



Soitec announces full year results for 2011-2012

- **Consolidated Sales of 323.4 million Euros**
- **Gross profit at 50.4 million Euros**
- **Current operating loss of 45.8 million Euros**
- **Cash resources of 259.8 million Euros at year end**
- **Outlook: Slowdown anticipated in Electronic sales for first half 2012-2013 - Solar Energy industrial ramp up should start to deliver pipeline in the second half of the year**

Bernin, France, 21st May 2012 – Soitec (Euronext Paris), a world leader in generating and manufacturing revolutionary semiconductor materials for energy and electronics, today announced audited consolidated results for the financial year ended 31st March 2012. Total sales for the year of 323.4 million Euros were up by 15.1%. In line with guidance current operating loss was 45.8 million Euros. The Group booked net interest expense of 8.9 million Euros which results in a Group share of total net loss after tax of 56.3 million Euros. Operating cash flow for the year was slightly negative at 9.8 million Euros. At the year end cash resources were 259.8 million Euros.

Sales for the year increased from 281 million Euros last year to 323.4 million Euros, up 15.1%. Gross profit decreased from 66.2 million Euros last year (23.6% of sales) to 50.4 million Euros (15.6% of sales) including the unfavourable impact from exchange rates. At constant exchange rates, gross profit as a percentage of sales would have decreased from 23.6% to 17.2% i.e. 57.8 million Euros.

Under unfavorable exchange rates, current operating results decreased as a result of the lower contribution from the Electronic segment, the industrial ramp up of the Solar Energy segment, the acceleration of Research and Development efforts and the reinforcement of organizational structures to better serve new Group developments.

Sales and gross profit must be analyzed by segment as disclosed below.

Other operating expenses reflect the acquisition of the remaining minority interest in Soitec Solar GmbH (1.4 million Euros) in January 2012.

Net financial expense decreased from 19.4 million Euros last year to 8.9 million Euros. Last year, the Group recorded an exchange loss of 1.5 million Euros compared to an exchange gain of 3.1 million Euros this year. Last year, the call option for the acquisition of the minority interest of Soitec Solar GmbH was valued at 4.8 million Euros.

Despite the net loss of 56.1 million Euros, the Group operating cash flow was slightly negative at 9.8 million Euros. In line with the guidance announced prior to the July 2011 share capital increase, the net cash flow dedicated to industrial investment amounted to 100.2 million Euros. Building on the success of its recent capital increase, the Group significantly strengthened its consolidated shareholders' equity which amounted to 592.5 million Euros at March 31, 2012. Its available cash was 259.8 million Euros (net cash amounted to 96.4 million Euros). Recently, the Group has signed credit facilities with its banks for a total of 72 million Euros.

Financial highlights

(Euros millions)	2010-2011	2011-2012
Sales	281.0	323.4
Gross profit	66.2	50.4
<i>As a percentage of sales</i>	<i>23.6%</i>	<i>15.6%</i>
Research and Development	(24.0)	(41.5)
Selling, General and Administrative expenses	(35.0)	(50.1)
Solar projects development costs	(5.3)	(4.6)
Current operating income / (loss)	1.9	(45.8)
<i>As a percentage of sales</i>	<i>0.7%</i>	<i>(14.2%)</i>
Other operating expenses	-	(1.4)
Operating income / (loss)	1.9	(47.2)
Net financial income/(expense)	(19.4)	(8.9)
Income tax	(0.2)	-
Net loss (Group Share)	(17.9)	(56.3)
<i>As a percentage of sales</i>	<i>(6.2%)</i>	<i>(17.3%)</i>
EBITDA	64.9	17.4
<i>As a percentage of sales</i>	<i>23.1%</i>	<i>5.4%</i>
Net earnings per share	(0.20)	(0.46)

Segment Analysis

Operating segments have been revised in a manner consistent with the new internal reporting provided to the Executive Team responsible for allocating resources and assessing performance. The Group now operates under three segments: Electronic, Solar Energy and Lighting. It has also elected to report corporate headquarters support functions within “Other segment”.

Electronic Segment

(Euros millions)	2010-2011	2011-2012
Sales	275.2	316.6
Gross profit	75.6	67.0
<i>As a percentage of sales</i>	<i>27.5%</i>	<i>21.2%</i>
Research and Development	(12.6)	(22.9)
Selling, General and Administrative expenses	(18.7)	(20.9)
Current operating income / (loss)	44.3	23.2
<i>As a percentage of sales</i>	<i>16.1%</i>	<i>7.3%</i>

During a period in which the industry was focused on reduction in inventories and with a poor economic overall environment, Electronic sales were up 15.1% compared to last year. Wafer sales increased by 11.7% up to 282.8 million Euros or 16.3% at constant exchange rates as the Euro/Dollar parity moved from 1.32 to 1.38 over the year. 300 mm wafer sales represented 82% of total wafer sales and increased by 17.9% in Euros or 22.7% at constant exchange rates. Other diameters decreased by 9.2% in Euros or 5.5% at constant exchange rates as most mature markets suffered from the unfavourable environment. Other electronic sales including Layer Transfer Solutions, Specialty Electronics and Licensing were up by 53% at 33.8 million Euros for the full year.

As a percentage of sales, gross profit decreased from 27.5% to 21.2% mainly as a result of the unfavorable exchange rates (circa 7 million Euros) and price erosion. The relatively low demand for small diameter wafers over the year and the focus put by the company in reduction on finished products inventories led to a reduction in total SOI wafers manufacturing margin from 31.0 % of sales in the first half of the year to 21.9 % of sales in the second half. A significant rebound of the demand for small diameter wafers is anticipated in the coming year as the early adoption of most advanced substrates like BSOS should continue to pick up.

The increase in R&D costs is mainly related to the FDSOI strategic program dedicated to provide a technology value proposal to the industry which is looking for planar low power/high performance solution for geometries beyond 28nm. The increase in SG&A costs reflects newly hired employees with skills dedicated to support the growth strategy for the small diameter wafers business.

Current operating income decreased from 44.3 million Euros last year to 23.2 million Euros.

Solar Energy Segment

(Euros millions)	2010-2011	2011-2012
Sales	5.8	6.8
Gross profit	(8.6)	(16.6)
<i>As a percentage of sales</i>	<i>(148.3%)</i>	<i>(244.1%)</i>
Research and Development	(6.7)	(10.2)
Selling, General and Administrative expenses	(4.3)	(13.6)
Solar Project development costs	(5.3)	(4.6)
Current operating income / (loss)	(24.9)	(44.9)
<i>As a percentage of sales</i>	-	-

Solar Energy sales are marginal as this segment is still in the development phase.

Significant investments have been made in the Solar Energy segment to support the industrial ramp up in Freiburg where the most advanced modules and systems (i.e. Gen V) are developed. R&D efforts dedicated to the future high efficiency solar cell have also been accelerated. The increase in the SG&A costs relates mainly to the reinforcement of the marketing efforts and skills to develop new opportunities in high irradiance areas.

Current operating loss increased from 24.9 million Euros to 44.9 million Euros.

Lighting Segment

(Euros millions)	2010-2011	2011-2012
Sales	-	-
Gross profit	-	-
<i>As a percentage of sales</i>	-	-
Research and Development	(4.6)	(8.5)
Selling, General and Administrative expenses	-	-
Current operating income / (loss)	(4.6)	(8.5)
<i>As a percentage of sales</i>	-	-

The lighting segment has been created this year as it involves significant R&D costs to support the Group's strategic positioning on Lighting markets. Current efforts are focused on developing advanced substrates to address the future high growth market of solid state lighting.

Current operating loss increased from 4.6 million Euros to 8.5 million Euros;

Other segment

(Euros millions)	2010-2011	2011-2012
Sales	-	-
Gross profit	-	-
<i>As a percentage of sales</i>	-	-
Research and Development	-	-
Selling, General and Administrative expenses	(12.8)	(15.5)
Current operating income / (loss)	(12.8)	(15.5)
<i>As a percentage of sales</i>	-	-

The Other segment comprises the corporate headquarters support functions.

Outlook: Slowdown anticipated in Electronic sales for the first half of 2012-2013 - Solar Energy industrial ramp up should start to deliver pipeline in the second half of the year

Based on the most up-to-date information, the Group reiterates its recent guidance and outlook. Electronic sales for the first half of 2012-2013 financial year are expected to be around 140 million Euros assuming exchange rates at 1.30 Euros to the Dollar. A significant sequential decrease is anticipated for the first quarter which should be almost offset during the second quarter.

Recently, Soitec and the industry have announced several initiatives supported by the Electronic Segment. On 12 March 2012, Soitec announced that ST-Ericsson, a leader in wireless platforms and semiconductors, had selected planar fully depleted silicon on insulator (FD-SOI) technology for use in future mobile platforms such as the upcoming NovaThor high performance, low power application processors. Building on its successes with SOI technology, IBM made public that the company will move to finFETs based on silicon-on-insulator wafers at the 14nm node as well as continuous launch of new products on 45 nm SOI and 32 nm such as the eDRAM on SOI for high performance markets.

Solar Energy sales for the first quarter should remain non significant, however in the second half of the year sales should benefit from the contribution of the South African 50 MW contract which will be shipped from the German factory. In the second half, US operations should also benefit from the first deliveries related to the strong pipeline in California of up to 355 MW to support further growth. Over the year, the Solar Energy segment will continue to carry out significant investment to deliver revenue streams in financial year 2013-2014.

Agenda

Shareholder's Meeting is scheduled on July 3rd, 2012.

About Soitec:

Soitec (Euronext Paris) is an international manufacturing company, a world leader in generating and manufacturing revolutionary semiconductor materials, at the frontier of the most exciting energy and electronic challenges. Soitec's products encompass substrates for micro and nanoelectronics (most notably SOI : Silicon-On-Insulator) and concentrating photovoltaic systems (CPV). The company's core technologies are Smart Cut™, Smart Stacking™ and Concentrix™, as well as expertise in epitaxy. Soitec delivers enhanced performance and energy efficiency to a broad range of applications including consumer and mobile electronics, microelectronics-driven IT, telecommunications, automotive electronics, lighting products and solar power plants for large scale utilities. Soitec has manufacturing plants and R&D centers in France, Singapore, Germany, and the United States.

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Consolidated income statement

(in thousand euros)	March 31, 2012	March 31, 2011
Sales	323,423	280,995
Cost of sales	(273,055)	(214,786)
Gross profit	50,368	66,209
Sales and marketing expenses	(13,801)	(7,153)
Research and development expenses	(41,520)	(23,954)
Photovoltaic projects launch expenses	(4,563)	(5,323)
General and administrative expenses	(36,339)	(27,874)
Current operating income	(45,855)	1,905
Other operating income	-	-
Other operating expenses	(1,372)	-
Operating income	(47,227)	1,905
Financial income	19,170	5,328
Financial expense	(28,043)	(24,719)
Net financial expense	(8,873)	(19,391)
Profit / (loss) before tax	(56,100)	(17,486)
Income tax	(28)	(247)
Consolidated net profit / (loss) for the year	(56,128)	(17,733)
Share of profit / (loss) of associates	(135)	-
Net income	(56,263)	(17,733)
Non-controlling interests	-	115
Net income (Group share)	(56,263)	(17,848)
Basic net earnings per share in euros	(0.46)	(0.20)
Diluted net earnings per share in euros	(0.46)	(0.20)

Consolidated statement of comprehensive income

(in thousand euros)	March 31, 2012	March 31, 2011
Net income	(56,263)	(17,733)
Exchange gains (losses) on translation of foreign operations	6,210	(6,099)
Actuarial gains (losses) on pensions and other post-retirement benefits	(526)	(1,003)
Income and expenses recognized directly in equity	5,684	(7,102)
Total comprehensive income for the year	(50,579)	(24,835)
Non-controlling interests	-	133
Total comprehensive income for the year (Group share)	(50,579)	(24,968)

Consolidated Balance sheet

Assets (in thousand euros)	March 31, 2012	March 31, 2011
Non-current assets:		
Goodwill and intangible assets	63,259	50,117
Capitalized development projects	3,339	3,710
Property, plant and equipment	328,974	282,469
Deferred tax assets	-	-
Investments in associates	14,353	-
Non-current financial assets	5,938	4,687
Other non-current assets	6,689	58
Total non-current assets	422,552	341,041
Current assets:		
Inventories	66,623	51,307
Trade receivables	47,161	44,858
Other current assets	55,931	37,491
Current financial assets	9,232	2,171
Cash and cash equivalents	259,804	267,745
Total current assets	438,751	403,572
Total assets	861,303	744,613
Equity and liabilities (in thousand euros)	March 31,	March 31,
	2012	2011
Equity		
Share capital	12,213	8,749
Share premium	641,663	492,318
Treasury shares	(478)	(210)
Retained earnings	(67,120)	(16,671)
Other reserves	6,233	(233)
Group equity	592,511	483,953
Non-controlling interests	-	421
Total equity	592,511	484,374
Non-current liabilities		
Long term financial debt	139,702	143,416
Deferred tax liabilities	-	-
Provisions and other non-current liabilities	10,186	7,755
Total non-current liabilities	149,888	151,171
Current liabilities:		
Short term financial debt	23,674	24,493
Trade payables	41,267	44,123
Provisions and other current liabilities	53,963	40,451
Total current liabilities	118,904	109,067
Total liabilities	861,303	744,613

Statement of changes in equity

(in thousand euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2010	86,145,233	8,615	483,379	(210)	(487)	6,887	498,184	289	498,473
Exchange gains (losses) on translation of foreign operations	-	-	-	-	-	(6,117)	(6,117)	18	(6,099)
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(1,003)	(1,003)	-	(1,003)
Total income and expenses for the year directly recognized in equity	-	-	-	-	-	(7,120)	(7,120)	18	(7,102)
Profit/(loss) for the year	-	-	-	-	(17,846)	-	(17,846)	113	(17,733)
Total comprehensive income for the year	-	-	-	-	(17,846)	(7,120)	(24,966)	131	(24,835)
Stock options, warrants and free shares	226,297	23	268	-	(99)	-	192	-	192
ABSAAR transactions	750,000	75	9,825	-	-	-	9,900	-	9,900
Proceeds from share issue	366,281	37	1,492	-	-	-	1,529	-	1,529
Share issuance expenses, net	-	-	(2,647)	-	-	-	(2,647)	-	(2,647)
Convertible bond – Equity component	-	-	-	-	(3)	-	(3)	-	(3)
Share based payments	-	-	-	-	1,810	-	1,810	-	1,810
Other items	-	-	-	-	(46)	-	(46)	1	(45)
March 31, 2011	87,487,811	8,749	492,318	(210)	(16,671)	(233)	483,953	421	484,374

Statement of changes in equity

(in thousand euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
March 31, 2010	87,487,811	8,749	492,318	(210)	(16,671)	(233)	483,953	421	484,374
Exchange gains (losses) on translation of foreign operations	-	-	-	-	-	6,210	6,210	-	6,210
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(526)	(526)	-	(526)
Total income and expenses for the year directly recognized in equity	-	-	-	-	-	5,684	5,684	-	5,684
Profit/(loss) for the year	-	-	-	-	(56,263)	-	(56,263)	-	(56,263)
Total comprehensive income for the year	-	-	-	-	(56,263)	5,684	(50,579)	-	(50,579)
Stock options, warrants and free shares	239,003	24	67	-	(22)	-	69	-	69
ABSAAR transactions	1,100,000	110	10,427	-	-	-	10,537	-	10,537
Proceeds from share issue	33,301,578	3,330	146,527	-	-	-	149,857	-	149,857
Share issuance expenses, net	-	-	(7,946)	-	-	-	(7,946)	-	(7,946)
Share based payments	-	-	-	-	5,745	-	5,745	-	5,745
Convertible bond – Equity component	-	-	271	-	-	(271)	-	-	-
Purchase of treasury shares	-	-	-	(267)	-	1,023	756	-	756
Reflexite JV	-	-	-	-	766	-	766	-	766
Acquisition of minority interests of Soltec Japan *	-	-	-	-	(744)	-	(744)	(341)	(1,085)
Other items	-	-	-	-	69	30	99	(80)	18
March 31, 2012	122,128,392	12,213	641,663	(478)	(67,120)	6,233	592,511	0	592,511

Statement of cash flows

(in thousand euros)	March 31, 2012	March 31, 2011
Consolidated net profit / (loss) for the year	(56,263)	(17,733)
Elimination of non cash items		
Share of profit / (loss) of associates	135	-
Depreciation, amortization and provisions, net	58,795	57,073
Provision for retirement indemnities	507	361
Profit / (loss) on disposal of assets	(601)	507
Income tax charge	28	247
Cost of net financial debt	8,869	19,390
Expenses linked to stock options	5,745	1,810
Buy out of Soitec Solar minority interests through net income	1,372	-
Total non cash items	74,850	79,388
Increase (decrease) in cash on:		
Inventories	(14,021)	(21,288)
Trade receivables	(1,209)	(6,158)
Other receivables	(8,662)	(7,537)
Trade payable	(4,759)	15,313
Other liabilities	1,643	1,443
Variation in working capital	(27,008)	(18,227)
Net cash generated by (used in) operating activities	(8,421)	43,428
Purchase of intangible assets	(11,847)	(9,398)
Purchase of tangible assets	(89,361)	(18,852)
Proceeds from sales of tangible and intangible assets	969	1,333
Purchase of financial assets	(9,911)	(3,049)
Acquisition of Altatech, net of cash acquired *	(12,837)	-
Creation of the Reflexite JV	(6,535)	-
Acquisition of minority interests of Soitec GmbH	(3,549)	-
Net cash generated by (used in) investing activities	(133,071)	(29,966)
Proceeds from capital increases and exercise of stock options	152,455	10,590
Sale of treasury shares	(656)	-
New borrowings	-	-
Repayment of borrowings (including finance leases)	(11,298)	(24,060)
Interest received	4,163	1,370
Interest paid	(10,526)	(10,691)
Net cash generated by (used in) financing activities	134.138	(22,791)
Impact of exchange rate fluctuations	(587)	(529)
Change in net cash	(7,941)	(9,858)
Cash at beginning of the year	267,745	277,603
Cash at end of the year	259,804	267,745