

Soitec reports total consolidated sales of 130.2 million Euros for H1 2012-2013

- H1 Consolidated sales down by 19.9% year on year
- H1 Current operating loss expected to be around 70 million Euros
- H1 Asset write-offs and impairment charges expected
- H2 PC-related Electronic sales flat consistent with market trends

Bernin, France, 15th October 2012 – Soitec (Euronext Paris), a world leader in generating and manufacturing revolutionary semiconductor materials for energy and electronics, today announced total consolidated sales of 130.2 million Euros for the first half down by 19.9% on a yearly basis.

Consolidated Sales Euros millions	2012-2013	2011-2012	Change
1st quarter	60.3	82.8	-27.2%
2 nd quarter	69.9	79.8	-12.3%
First Half Total	130.2	162.6	-19.9%
Made up of:			
Electronic business segment	126.0	162.6	-22.5%
Solar Energy business segment	4.2	-	not significant
Lighting business segment	-	-	-

Consolidated sales

Electronic Business Segment

Electronic Sales <i>Euros millions</i>	2012-2013	2011-2012	Change
1st quarter 2 nd quarter	60.3 65.7	82.8 79.8	-27.2% -17.6%
First Half Total	126.0	162.6	-22.5%

Second quarter

Second quarter Electronic segment reported a 9.0% revenue improvement over first quarter with sales of 65.7 million Euros. Markets dedicated to mobility and smart phones continued to deliver strong growth. However, major customers in high performance markets remain focused on reducing their inventories in line with the weakness of the PC market.

Layer Transfer Solutions sales increased quarter to quarter by 15.1% to 11.7 million Euros. Wafer sales for the second quarter were down by 30.9% at 48.9 million Euros, (38.6% at constant exchange rates) 300 mm wafer sales were down by 42.9% while other diameters increased by 21.7% year on year. Specialty Electronics sales were up by 22.7% at 2.8 million Euros compared to the second quarter of last year. Licensing revenues were 0.7 million Euros and Equipment sales (i.e. Altatech) were 1.6 million Euros in the second quarter.

First half

Compared to the second half of last year, total wafer sales for the first half of the financial year were down by 29.3% at 95.2 million Euros (32.7% at constant exchange rates) compared to the second half of last year and down by 35.8% (43.0% at constant exchange rates) compared to the first half of last year. 300 mm wafer sales which represented 72% of total wafer sales in the first half, decreased by 39.0% (41.9% at constant exchange) compared to the second half of last year and by 42.7% (49.1% at constant exchange) compared to the first half of last year. All other wafer sales were up by 18.2% (12.6% at constant exchange rates) compared to the second half of last year and decreased by 7.6% (18.0% at constant exchange rates) compared to the first half of last year.

Specialty Electronics were up by 22.0% at 5.4 million Euros for the first half of the year compared to the second half of last year. Licensing revenues were 1.4 million Euros for the half year. Layer Transfer Solutions tripled its sales to 21.9 million Euros compared to the first half of last year. Equipment sales totalled 2.1 million Euros for the half year.

Solar Energy Business Segment

The Solar Energy division reported 4.2 million Euros related to modules sales in Italy for a total of 3.3 MWp.

H1 Operating Loss

The first half current operating loss is now expected to be around 70 million Euros.

The company reduced electronics inventories to more closely match reduced customer demand resulting in lower absorption of fixed costs.

Additionally, a reassessment of future capacity needs between Singapore and Bernin facilities have recently been initiated for the Electronics' Division. A one time charge is currently estimated at 45 million Euros for impairment and tool set write-off charges.

The Solar Division is estimating tool set write-offs in Freiburg. These assets were primarily associated with fourth generation (Gen IV) solar systems which have now been successfully replaced by the fifth generation (Gen V). The total charge is estimated to be 5 million Euros.

Both of these non-cash transactions are expected to be finalized and included in the H1 financial results to be released on November 14, 2012.

Cost and Spending Reductions

In order to restore its profitability and continue to support its customers, the Electronic Division has instituted a program to achieve additional cost savings of 20 million Euros on an annual basis. As part of this program, union and employee representatives at the Bernin facility were invited to attend negotiations with a view to agreeing on ways of making savings on payroll expenses. Other sites in the Electronics segment are also currently implementing measures to reduce costs.

Capital spending for all activities after completion of the program currently in progress for the Solar Division's San Diego operation, has been limited to critical needs

The company's cash resources at the end of September 2012 are approximately 130 million Euros.

Outlook

Electronic sales for the second half of the 2012-2013 financial year are expected to be flat for segments linked with the current PCs market but will continue to benefit from anticipated strong growth for those related to RF, mobility and smart phones.

In the second half, major drivers for solar revenue growth remain linked to the South African approval from authorities and related sign-off on project financing and successful completion of Italian projects which will trigger associated revenues. Over the second half of the year, the Solar Energy division will continue to monitor its industrial ramp up in line with the demand.

Recent development

Soitec and Shin-Etsu Handotai Co., Ltd (SEH), the world leader in the manufacturing of silicon wafers recently announced a Smart CutTM licensing extension and expanded technology cooperation agreement. The new partnership includes an extended 10-year licensing agreement between the two companies and establishes a new level of joint technology cooperation. It will facilitate the development and wafer supply of Silicon on Insulator (SOI) wafers to meet major market opportunities such as SOI for RF devices, FinFETs on SOI and Fully Depleted (FD) planar circuits. It demonstrates the strength of Soitec IP for existing and future products for mobile applications.

Agenda

H1 results for the financial year 2012-2013 will be published on 14 November 2012 before the opening of the Paris Stock Exchange.

About Soitec:

Soitec 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 include substrates for microelectronics (most notably SOI : Silicon-on-Insulator) and concentrating photovoltaic systems (CPV). The company's core technologies are Smart CutTM, Smart StackingTM and ConcentrixTM, as well as expertise in epitaxy. Applications include 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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