SOITEC ANNOUNCES HALF-YEAR RESULTS FOR 2012-2013

- **Current Operating loss at 70.2 million Euros – Net loss at 132.3 million Euros – Cash resources at 131 million Euros at the end of September**
- **Strategic investments dedicated to industrial capacities for Solar activities almost complete – limited investments going forward**
- **Conservative outlook given the global economic environment - Sequential increase in Electronic sales - first significant sales in Solar activities and cost cutting programs could trigger improvement in results**

Bernin, France, November 14, 2012 – Soitec (Euronext), world leader in generating and manufacturing high performance semiconductor materials for electronics and energy, announced today its audited consolidated results for the first six months of its 2012-2013 financial year.

In the first half of the year, the Group posted consolidated sales of 130.2 million Euros, down 19.9% compared to the first six months of last year, taking into account an increase of 12.7% in the dollar / euro exchange rate. The significant decrease in 300 mm wafers demand, the acceleration in the Research and Development efforts and the strengthening of the Solar activities to meet the new strategic challenges have led to a current operating loss of 70.2 million Euros against an operating loss of 8.5 million Euros in the first six months of last year. After asset write-offs, an impairment charge and net financial expenses, the net first half-year result (Group share) shows a loss of 132.3 million Euros against a loss of 12.9 million Euros in the first half of 2011-2012. Operating cash flow was negative at 37.4 million Euros, which is close to the EBITDA at -37.9 million Euros mainly attributable to electronic related inventories being decreased to adjust to reduced demand. The Group's cash resources amounted to 131.0 million Euros at the end of September 2012.

Financial highlights

(Euros millions)	H1 2011-2012	H1 2012-2013
Sales	**162.6**	**130.2**
Gross profit	**36.6**	**(12.8)**
As a percentage of sales	*22.5%*	*(9.9%)*
Research and Development	(20.7)	(28.8)
Selling, General and Administrative expenses	(20.7)	(26.9)
Solar projects development costs	(3.7)	(1.6)
Current operating income / (loss)	**(8.5)**	**(70.2)**
As a percentage of sales	*(5.2%)*	*(53.9%)*
Other operating expenses	-	(56.3)*
Operating income / (loss)	**(8.5)**	**(126.5)**
Net financial income/(expense)	(4.5)	(5.5)
Income tax	(0.2)	-
Net loss (Group Share)	**(12.9)**	**(132.3)**
As a percentage of sales	*(7.9%)*	*(101.6%)*
EBITDA	**21.4**	**(37.9)**
As a percentage of sales	*13.6%*	*(28.0%)*
Net earnings per share	**(0.12)**	**(1.08)**

*of which 51.3 million Euros for Electronic Segment and 5.0 million Euros for Solar Energy Segment

Segment Analysis

Operating segments have been revised in a manner consistent with the new internal reporting provided to the Executive Team who are 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)	H1 2011-2012	H1 2012-2013
Sales	**162.6**	**126.0**
Gross profit	**41.7**	**7.6**
As a percentage of sales	*25.7%*	*6.1%*
Research and Development	(11.8)	(13.2)
Selling, General and Administrative expenses	(9.7)	(11.5)
Current operating income / (loss)	**20.2**	**(17.1)**
As a percentage of sales	*12.4%*	*(13.6%)*
Other operating expenses	-	*(51.3)*
Operating Income / (Loss)	**20.2**	**(68.4)**

Total wafer sales for the first half of the financial year were down by 35.8% to 95.2 million Euros (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 of the year, decreased by 42.7% (49.1% at constant exchange) compared to the first half of last year. All other wafer sales decreased by 7.6% (18.0% at constant exchange rates) compared to the first half of last year.

Specialty Electronics were at 5.4 million Euros and 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 totaled 2.1 million Euros for the half year.

The 300 mm wafer sales slowdown in volumes and pricing has led to a decrease in the reported gross margin, which came from 41.7 million Euros (25.7% of sales) in the first half-year 2011-2012 to 7.6 million Euros (6.1% of sales) in the first half-year of 2012-2013.

Net Research and Development effort has slightly increased with a net charge of 13.2 million Euros, or 10.5% of sales, compared to 11.8 million Euros for the first half-year of 2011-2012 or 7.3% of sales. This increase is directly related to lower funding, as gross research and development costs remain almost stable at 15.8 million Euros.

Compared to first half last year, the increase in SG&A costs is due to perimeter change after the integration of the Business Unit Equipment in January 2012 and to reinforcement of the marketing team to support developments of FDSOI technologies. Compared to the second half of last year SG&A costs are stable.

Current operating margin became negative at 17.1 million Euros compared to an income of 20.2 million Euros for the first half of last year. A reassessment of future capacity needs between Singapore and Bernin facilities have recently been initiated for the Electronics' Division. A one time charge has been booked for an amount of 51.3 million Euros for impairment and tool set write-off charges.

Solar Energy Segment

(Euros millions)	H1 2011-2012	H1 2012-2013
Sales	**-**	**4.2**
Gross profit	**(5.1)**	**(20.5)**
As a percentage of sales	*N.S*	*N.S*
Research and Development	(5.2)	(9.5)
Selling, General and Administrative expenses	(3.5)	(8.4)
Solar Project development costs	(3.7)	(1.6)
Current operating income / (Loss)	**(17.5)**	**(40.0)**
As a percentage of sales	-	-
Other operating expenses	-	*(5.0)*
Operating Income / (Loss)	**(17.5)**	**(45.0)**

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 and San Diego with an annual total capacity of 210 MWp.

R&D efforts dedicated to the future high efficiency solar cell have also been strengthened to meet expected targets. The increase in SG&A costs relates mainly to the reinforcement of the marketing efforts and skills to capture further sales such as those recently recorded in Italy and develop new opportunities in high irradiance areas like one in South Africa.

The current operating loss increased from 17.5 million Euros to 40.0 million Euros. A total non current charge of 5.0 million Euros has been recorded relating to the Gen IV tool set write-off in Freiburg, as the fourth generation solar systems have now been successfully replaced by the fifth generation (Gen V).

Lighting Segment

(Euros millions)	H1 2011-2012	H1 2012-2013
Sales	**-**	**-**
Gross profit	**-**	**-**
As a percentage of sales	-	-
Research and Development	(3.7)	(6.1)
Selling, General and Administrative expenses	(0.1)	(0.3)
Current operating income / (loss)	**(3.8)**	**(6.4)**
As a percentage of sales	-	-

The lighting segment was created last year as the R&D costs to support the Group's strategic positioning on Lighting markets became significant. Current efforts are focused on developing advanced substrates to address the future high growth market of solid state lighting.
Current operating loss increased from 3.8 million Euros to 6.4 million Euros.

Other segment

(Euros millions)	H1 2011-2012	H1 2012-2013
Sales	**-**	**-**
Gross profit	**-**	**-**
As a percentage of sales	-	-
Research and Development	-	-
Selling, General and Administrative expenses	(7.4)	(6.7)
Current operating income / (loss)	**(7.4)**	**(6.7)**
As a percentage of sales	-	-

The Other segment is made up of corporate headquarters support functions.

Strategic investments dedicated to industrial capacities for Solar activities almost completed – limited investments going forward

In the first half-year, the cash flow generated from operations was negative at an amount of 37.4 million Euros but remained close to the EBITDA at negative 37.9 million Euros as no additional significant working capital requirements took place. The net cash flow devoted to investment increased to 100.4 million Euros. The Group had at its disposal at the end of September 2012, cash resources amounting to 131.0 million Euros. Net cash position stated at (45.1) million Euros compared to 96.4 million Euros end of March 2012. By the end of September 2012, the Group has almost completed its strategic investments dedicated mainly to solar activities. H2 total capex budget is expected to be reduced below 40.0 million Euros.

Conservative short-term outlook - Sequential increase in H2 Electronic sales - first significant sales in Solar activities and cost cutting programs could trigger improvement in results in H2

In the Electronics sector, global end-customer consumption remains uncertain, especially for high performance PC-related markets, but booming demand for mobility products (slates, mobile phones) drive technological changes for chip manufacturers. Soitec's historical major customers for 300 mm wafers face intense competition and have announced their willingness to propose new solutions based on bulk technology. At the same time, Intel's technological roadmap which relies on non-planar design, forces competition into technological choices for products based on 20nm nodes and below. While Soitec has devised SOI-based solutions which address both planar and non-planar designs for 20 nm nodes and below, these solutions have yet to be adopted on a large scale in order to offset the current trend observed for traditional 300mm SOI markets.

ST Microelectronics' recent announcement concerning fully-depleted SOI-based solutions demonstrates the value of Soitec's technological arsenal, but needs to translate into mass adoption by several other industry players in order to generate sufficient revenue for Soitec, directly or from royalties paid by its licensee, Shin Etsu Handotai with whom Soitec recently renewed its license agreement. Considering the general economic uncertainty, the semiconductor industry is however cautious about accelerated adoption of new technologies. As a consequence, activity is anticipated to remain soft in the Electronics division in the coming quarters with visibility limited to the second half of the current financial year.

Beyond this time frame, the major technological choices currently contemplated by the industry shall significantly affect the Group's prospects either positively or negatively considering the importance of the revenues stemming from the business concerned with such technological choices.

Electronic sales for the second half of the 2012-2013 financial year are thus expected to be flat for segments linked with the current PCs market (300 mm) but will continue to benefit from anticipated strong growth for those related to RF, mobility and smart phones (smaller diameters).
In the second half, major driver for solar revenue growth remain linked to the South African related sign-off on project financing and successful completion of Italian projects which will trigger associated revenues. The recognition of the systems sales for this project is dependent upon the full refinancing of such project, failing which such sales to a group affiliate shall not be recorded as revenue. No other current project shall have a significant revenue contribution for the Solar Energy division until the end of the current fiscal year.

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, negotiations with unions on ways of making savings on Bernin payroll expenses are in progress. The company will provide update at the end of the negotiation process. Other sites in the Electronics segment are also currently implementing measures to reduce costs.

The Group anticipates that its consolidated results for the full-year 2012-2013, will show EBIT margin remaining negative, while its cash resources end of September 2012 should remain sufficient to address challenges and opportunities for its financial year 2013-2014.

Agenda

Half year management report shall be available on Soitec's web site on November 19th.
The sales for the third quarter of the 2012-2013 fiscal year will be published on January 14, 2013, after the closing of the Paris stock exchange.

About Soitec

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

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Consolidated financial statements for the 6 month period ended September 30, 2012

Consolidated income statement

(in thousand Euros)	September 30, 2012	September 30, 2011
Sales	**130 243**	**162 574**
Cost of sales	(143 091)	(125 933)
Gross profit	**(12 848)**	**36 641**
Selling and marketing expenses	(8 154)	(4 374)
Research and development expenses	(28 831)	(20 709)
Photovoltaic project development costs	(1 592)	(3 725)
General and administrative expenses	(18 750)	(16 299)
Current operating income	**(70 175)**	**(8 466)**
Other operating income	-	-
Other operating expenses	(56 260)	-
Operating income	**(126 435)**	**(8 466)**
Finance income	8 598	7 819
Finance costs	(14 060)	(12 326)
Net finance costs	**(5 462)**	**(4 506)**
Loss before income tax	**(131 897)**	**(12 792)**
Income tax	-	3
Consolidated net loss for the period	**(131 897)**	**(12 969)**
Share of loss of associates	(441)	-
Loss for the period	**(132 338)**	**(12 969)**
Non-controlling interests	-	(61)
Net loss (Group share)	**(132 338)**	**(12 908)**
Basic net earnings per share in Euros	(1.08)	(0.12)
Diluted net earnings per share in Euros	(1.08)	(0.12)

Comprehensive income

(in thousand Euros)	September 30, 2012	September 30, 2011
Net loss	**(132 338)**	**(12 969)**
Exchange gains arising on translation of foreign operations	4 666	6 110
Actuarial gains/(losses) on pension obligations and other post-retirement benefits	-	-
Total income and expenses for the period recognized directly in equity	**4 666**	**6 110**
Total comprehensive loss for the period	**(127 672)**	**(6 859)**
Non-controlling interests	-	(17)
Total comprehensive loss for the period (Group share)	**(127 672)**	**(6 842)**

Consolidated Balance sheet

Assets (in thousand Euros)	September 30, 2012	March 31, 2012
Non-current assets :		
Goodwill and intangible assets	64 619	63 259
Capitalized development projects	3 155	3 339
Property, plant and equipment	348 066	328 974
Deferred tax assets	-	-
Investments in associates	14 506	14 353
Non-current financial assets	6 223	5 938
Other non-current assets	19 402	6 689
Total non-current assets	**455 971**	**422 552**
Current assets :		
Inventories	67 172	66 623
Trade receivables	45 755	47 161
Other current assets	35 328	55 931
Current financial assets	9 600	9 232
Cash and cash equivalents	130 956	259 804
Total current assets	**288 811**	**438 751**
Total assets	**744 782**	**861 303**

Equity and liabilities (in thousand Euros)	September 30, 2012	March 31, 2011
Equity :		
Share capital	12 231	12 213
Share premium	640 378	641 663
Treasury shares	(478)	(478)
Retained earnings	(198 244)	(67 120)
Other reserves	10 899	6 233
Total shareholders' equity	**464 786**	**592 511**
Non-controlling interests	-	-
Total equity	**464 786**	**592 511**
Non-current liabilities :		
Long-term financial debt	138 713	139 702
Deferred tax liabilities	-	-
Provisions and other non-current liabilities	8 092	10 186
Total non-current liabilities	**146 806**	**149 888**
Current liabilities :		
Short term financial debt	37 310	23 674
Trade payables	46 659	41 267
Provisions and other current liabilities	49 221	53 963
Total current liabilities	**133 190**	**118 904**
Total liabilities	**744 782**	**861 303**

Statement of changes in equity

(in thousand Euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total shareholders' equity	Non-controlling interests	Total equity
March 31, 2011	**87 487 811**	**8 749**	**492 318**	**(210)**	**(16 671)**	**(233)**	**483 953**	**421**	**484 374**
Exchange gains arising on translation of foreign operations	-	-	-	-	-	6 066	6 066	44	6 110
Actuarial gains/(losses) on pension obligations and other post-retirement benefits	-	-	-	-	-	-	-	-	-
Total income and expenses for the period directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**6 066**	**6 066**	**44**	**6 110**
Loss for the period	-	-	-	-	(12 908)	-	(12 908)	(61)	(12 969)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(12 908)**	**6 066**	**(6 842)**	**(17)**	**(6 859)**
Stock options, warrants and free shares	216 403	22	-	-	-	(22)	-	-	-
ABSAAR transactions	1 100 000	110	13 530	-	-	-	13 640	-	13 640
Proceeds from share issues	33 301 578	3 330	146 527	-	-	-	149 857	-	149 857
Share issuance expenses, net	-	-	(8 122)	-	-	-	(8 122)	-	(8 122)
Change in equity component of compound financial instruments	-	-	271	-	-	(271)	-	-	-
Share-based payments	-	-	-	-	2 930	-	2 930	-	2 930
Purchase of treasury shares	-	-	-	210	-	(423)	(213)	-	(213)
Other items	-	-	-	-	-	30	30	-	30
September 30, 2011	**122 105 792**	**12 211**	**644 524**	**-**	**(26 649)**	**5 147**	**635 233**	**404**	**635 637**

(in thousand Euros)	Number of shares	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total shareholders' equity	Non-controlling interests	Total equity
March 31, 2012	**122 128 392**	**12 213**	**641 663**	**(478)**	**(67 120)**	**6 233**	**592 511**	**0**	**592 511**
Exchange gains arising on translation of foreign operations	-	-	-	-	-	4 666	4 666	-	4 666
Actuarial gains/(losses) on pension obligations and other post-retirement benefits	-	-	-	-	-	-	-	-	-
Total income and expenses for the period directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**4 666**	**4 666**	**-**	**4 666**
Loss for the period	-	-	-	-	(132 338)	-	(132 338)	-	(132 338)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(132 338)**	**4 666**	**(127 672)**	**-**	**(127 62)**
Stock options, warrants and free shares	184 451	18	-	-	(18)	-	-	-	-
ABSAAR transactions	-	-	(1 286)	-	-	-	(1 286)	-	(1 286)
Share-based payments	-	-	-	-	1 273	-	1 273	-	1 273
Other items	-	-	-	-	(39	-	(37)	-	(37)
September 30, 2012	**122 312 843**	**12 231**	**640 378**	**(478)**	**(198 242)**	**10 899**	**464 787**	**-**	**464 787**

Statement of cash flows

(in thousand Euros)	September 30, 2012	September 30 , 2011
Consolidated net loss for the period	**(132 338)**	**(12 969)**
Adjustments for non cash items :		
Share of profit from associates	441	-
Depreciation, amortization	52 991	26 962
Provisions	2 452	643
Provision for retirement indemnities	349	253
Impairment charge	33 600	-
Loss on disposal of assets	(753)	(264)
Income tax charge	-	(3)
Net finance costs	5 461	4 509
Share based payments	1 273	2 930
Total non cash items	**95 814**	**35 030**
Increase/(decrease) in cash in :		
Inventories	(5 787)	(22 094)
Trade receivables	2 387	4 219
Other receivables	15 086	(8 249)
Trade payables	1 364	1 075
Other liabilities	(13 895)	(3 930)
Variation in working capital	**(845)**	**(28 979)**
Net cash generated by (used in) operating activities	**(37 369)**	**(6 918)**
Purchase of intangible assets	(8 459)	(6 160)
Purchase of tangible assets	(88 590)	(18 107)
Proceeds from sales of tangible and intangible assets	739	786
Proceeds from sales/(purchases) of financial assets	2 921	(385)
Settlement of shares in the Reflexite JV	(4 147)	-
Net cash generated by (used in) investing activities	**(97 536)**	**(23 866)**
Proceeds from issuance of ordinary shares and exercise of stock options	1	155 405
Purchase of treasury shares	-	(213)
Purchase of ABSAARS	(1 286)	-
Utilization of credit lines	20 001	-
Repayment of borrowings (including finance leases)	(5 503)	(5 545)
Interest received	2 351	2 369
Interest paid	(10 276)	(9 694)
Net cash generated by (used in) financing activities	**5 288**	**142 322**
Effects of exchange rate fluctuations	769	2 068
Change in net cash	**(128 848)**	**113 606**
Cash at beginning of the period	259 804	267 745
Cash at end of the period	130 956	381 351