



SOITEC ANNOUNCES HALF-YEAR RESULTS FOR 2014-2015

Bernin, France, November 19, 2014 – Soitec (Euronext), world leader in generating and manufacturing high performance semiconductor materials for electronics and energy, announced today its unaudited consolidated results for the first six months of its 2014-2015 financial year.

In the first half of the year, the Group posted consolidated sales of 106.0 million Euros, up 16.5% compared to the first six months of last year, taking into account an unfavorable 1.6% decrease in the dollar / euro exchange rate. The Group posted a current operating loss of 74.4 million Euros the first half of the year. After write-down of assets, impairment charges, restructuring expenses and net financial income, the net first half year result (Group share) shows a loss of 82.9 million Euros against a loss of 160.0 million Euros in the first half of 2013-2014.

Operating cash flow was positive at 24.6 million Euros mainly due to received payments from major solar project in South Africa amounting to 60.0 million Euros.

The Group's cash available resources amounted to 43.9 million Euros at the end of September 2014, almost unchanged compared to 44.7 million Euros at the end of March 2014. Net financial debt has been significantly reduced to 135.8 million Euros compared to 212.2 million Euros at the end of March.

Financial highlights

(Euros millions)	<u>H1 2013-2014</u>	<u>H1 2014-2015</u>
Sales	91.0	106.0
Gross profit	(31.4)	(29.8)
<i>As a percentage of sales</i>	<i>(34.5%)</i>	<i>(28.1%)</i>
Research and Development	(15.3)	(19.9)
Selling, General and Administrative expenses	(24.2)	(21.4)
Solar projects development costs	(1.1)	(3.3)
Current operating income / (loss)	(71.9)	(74.4)
<i>As a percentage of sales</i>	<i>(79.0%)</i>	<i>(70.2%)</i>
Other operating expenses	(69.3)*	(9.9)**
Operating income / (loss)	(141.2)	(84.3)
Net financial income/(expense)	(18.7)	3.5

Income tax		-
Net loss (Group Share)	(160.0)	(82.9)
<i>As a percentage of sales</i>	<i>(175.8%)</i>	<i>(78.2%)</i>
EBITDA	(42.5)	(36.8)
<i>As a percentage of sales</i>	<i>(46.7%)</i>	<i>(34.7%)</i>
Net earnings per share	(1.06)	(0.43)

*of which 18.8 million Euros for Electronic Segment and 50.5 million Euros for Solar Energy Segment

**of which 1.5 million Euros for Electronic Segment and 8.4 million Euros for Solar Energy Segment

Segment Analysis

The Group operates under three segments: Electronic, Solar Energy and Lighting. It has elected to report corporate headquarters support functions within “Other segment”.

Electronic Segment

(Euros millions)	<u>H1 2013-2014</u>	<u>H1 2014-2015</u>
Sales	89.9	69.5
Gross profit	1.6	2.5
<i>As a percentage of sales</i>	<i>1.8%</i>	<i>3.6%</i>
Research and Development	(5.3)	(6.5)
Selling, General and Administrative expenses	(10.4)	(7.9)
Current operating income / (loss)	(14.1)	(12.0)
<i>As a percentage of sales</i>	<i>(15.7%)</i>	<i>(17.2%)</i>
<i>Other operating expenses</i>	<i>(18.8)</i>	<i>(1.5)</i>
Operating Income / (Loss)	(32.9)	(13.5)

Digital sales for the first half were down by 46.6% at 18.1 million Euros on a year-on-year basis. Other electronic sales were slightly down by 1.8% at 46.7 million Euros. Licensing and Equipment sales were 1.8 million Euros and 0.7 million Euros for the half year, respectively. Sales related to disposed AsGA activities were 2.3 million Euros over the half year..

Reported gross margin came from 1.6 million Euros (1.8% of sales) in the first half 2013-2014 to 2.5 million Euros (3.6% of sales) in the first half 2014-2015 despite the sales decline and low current capacity utilization.

Net Research and development totaled 6.5 million Euros, or 9.4% of sales, compared to 5.3 million Euros for the first half-year of 2013-2014 or 5.9% of sales. Compared to first half last year, SG&A costs were reduced by 24% at 7.9 million Euros.

Current operating margin remains negative at 12.0 million Euros compared to a loss of 14.1 million Euros for the first half of last year.

Solar Energy Segment

(Euros millions)	H1 2013-2014	H1 2014-2015
Sales	0.7	35.2
Gross profit	(33.2)	(33.3)
<i>As a percentage of sales</i>	<i>N.S</i>	<i>N.S</i>
Research and Development	(8.5)	(9.1)
Selling, General and Administrative expenses	(7.8)	(7.8)
Solar Project development costs	(1.1)	(3.3)
Current operating income / (Loss)	(50.6)	(53.5)
<i>As a percentage of sales</i>	-	-
<i>Other operating expenses</i>	<i>(50.5)</i>	<i>(8.4)</i>
Operating Income / (Loss)	(101.1)	(61.9)

For the first half Solar sales totaled 35.2 million Euros out of which 24.0 million Euros relate to the major South African project. Gross profit includes inventory provision up to 10.6 million Euros as several commercial contracts have not been finalized yet. R&D efforts dedicated to the development and commercialization of a next generation high efficiency solar cell continue to develop and Soitec is anticipating to release soon a new world record in conversion efficiency of its proprietary four junction solar cell.

The current operating loss increased from 50.6 million Euros to 53.5 million Euros. A total non current charge of 14.4 million Euros has been recorded relating to impairment but partially offset by capital gain on the acquisition of Optical Technology, prior joint venture with Reflexite Industries, dedicated to Fresnel lenses used in Soitec CPV technology.

Lighting Segment

(Euros millions)	H1 2013-2014	H1 2014-2015
Sales	0.4	1.3
Gross profit	-	1.0
<i>As a percentage of sales</i>	-	-
Research and Development	(1.3)	(4.2)
Selling, General and Administrative expenses	(0.7)	(1.0)
Current operating income / (loss)	(1.8)	(4.2)
<i>As a percentage of sales</i>	-	-

The lighting segment was created 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 1.8 million Euros to 4.2 million Euros, which included 3.9 million Euros in R&D subsidies last year compared to 1.6 million Euros this year.

Other segment

(Euros millions)	<u>H1 2013-2014</u>	<u>H1 2014-2015</u>
Sales	-	-
Gross profit	-	-
<i>As a percentage of sales</i>	-	-
Research and Development	(0.1)	-
Selling, General and Administrative expenses	(5.3)	(4.7)
Current operating income / (loss)	(5.4)	(4.7)
<i>As a percentage of sales</i>	-	-

The Other segment represents general corporate support functions.

Operating cash flow benefited from positive working capital change in relation with South African project

In the first half-year, total negative EBITDA was (36.8) million Euros out of which Solar Energy division accounted to (29.0) million Euros. The cash flow generated from operations was positive at an amount of 24.6 million Euros but included 60.0 million Euros allocated to working capital payments from the South African project.

Without significant investments, net cash flow devoted to investment strongly decreased from 116.0 million Euros to 15.0 million Euros.

The Group had at its disposal at the end of September 2014 cash available resources amounting to 43.9 million Euros after successfully completing a capital increase and convertible reimbursement. Net cash position stated at (135.8) million Euros compared to (212.2) million Euros end of March 2014.

Positive momentum going forward for FDSOI technology and anticipated short term rebound in Solar activities driven by ramp up in San Diego facility

Recent announcements concerning fully-depleted SOI-based opportunities from STMicroelectronics, Samsung Foundry or GlobalFoundries demonstrate the positive momentum for Soitec's technological solutions, but needs to translate into mass adoption by fabless chip suppliers in order to generate sufficient revenue for Soitec, directly or from royalties paid by its licensees.

Short term visibility remains limited to the second half of the current financial year and Electronic Division confirms full year sales guidance to be flat compared to last year. This limited visibility for digital sales outlook will be partially offset by the strong continuous adoption of Soitec technologies for RF and mobility applications.

In the second half, strong sequential growth guidance for solar revenue remains linked to the ramp up of San Diego facility in relation with anticipated green light for triggering the 150 MW recent commercial agreement signed with a US Independent Power Producer. After confirmation, this agreement will trigger revenue recognition accordingly with the Equipment Supply Agreement to be signed with the EPC company. As already stated, failing which such green-light shall not allow to record sales revenue in H2. Based on current time line and potential shift in closing transactions, contributions from the 150 MW contract or other current projects could be postponed and are not totally secured to have a significant revenue contribution for the Solar Energy division until the end of the current fiscal year. The Group is carefully monitoring any specific milestones which could negatively impact the implementation of its projects or should not satisfy the ultimate commissioning dates attached to them.

Based on the anticipated growth scenario from its Electronic and Solar Energy divisions the Group confirms it is on track to achieve Soitec 2015 objective to return to positive Ebit margin over 2015-2016 financial year.

The Group anticipates that its consolidated results for the full-year 2014-2015 will show EBIT margin remaining negative. Based on most updated forecast total available cash resources over the next 12 months should be improved but should remain below 100 Million Euros. The group continues to pursue opportunities for increasing its liquidity position from asset monetization and other well suitable financing transaction which should support its development.

Agenda

Half year management report shall be available on Soitec's web site on November 24th.

The sales for the third quarter of the 2014-2015 fiscal year will be published on January 19, 2015, 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.

For more information, visit www.soitec.com.

For all information, please contact :

Investor Relations

Olivier Brice
+33 (0)4 76 92 93 80
olivier.brice@soitec.com

Media Contact

Marylen Schmidt
+33 (0)6 21 13 66 72
marylen.schmidt@soitec.com

Consolidated income statement

(in thousand Euros)	September 30, 2014	September 30, 2013
Revenue	106 009	90 992
Cost of sales	(135 779)	(122 384)
Gross profit	(29 770)	(31 392)
Sales and marketing expenses	(6 415)	(8 700)
Research and development expenses	(19 876)	(15 254)
Solar plant projects launch expenses	(3 299)	(1 136)
General and administrative expenses	(15 041)	(15 456)
Current operating income	(74 401)	(71 939)
Other operating income	8 132	2 687
Other operating expenses	(18 013)	(71 977)
Operating income	(84 281)	(141 230)
Financial income	24 647	13 520
Financial expense	(21 173)	(32 211)
Net financial expense	3 474	(18 691)
Profit / (loss) before tax	(80 807)	(159 921)
Income tax	(2)	(4)
Consolidated net profit / (loss) for the year	(80 809)	(159 925)
Share of profit / (loss) of associates	(2 118)	(305)
Net income	(82 926)	(160 230)
Non-controlling interests	-	(194)
Net income (Group share)	(82 926)	(160 037)
Basic net earnings per share in Euros	(0,43)	(1,06)
Diluted net earnings per share in Euros	(0,43)	(1,06)

Consolidated statement of other comprehensive income

(in thousand Euros)	September 30, 2014	September 30, 2013
Net income	(82 926)	(160 230)
Reclassifiable components of other comprehensive income :		
Exchange gains (losses) on translation of foreign operations	4 337	(8 808)
Non reclassifiable components of other comprehensive income :		
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-
Income and expenses recognized directly in equity	4 337	(8 808)
Total comprehensive income for the year	(78 590)	(169 039)
Non-controlling interests	-	(176)
Total comprehensive income for the year (Group share)	(78 590)	(168 862)

Consolidated balance sheet

Assets (in thousand Euros)	September 30, 2014	March 31, 2014
Non-current assets:		
Goodwill and intangible assets	12 750	17 032
Capitalized development projects	2 411	2 597
Property, plant and equipment	270 751	280 810
Solar power plant – non current	16 218	15 427
Deferred tax assets	-	-
Investments in associates	7 373	6 886
Non-current financial assets	3 140	2 046
Other non-current assets	25 388	29 010
Total non-current assets	338 030	353 807
Current assets:		
Inventories	39 437	58 767
Trade receivables	48 241	88 811
Solar power plant – current	-	-
Other current assets	20 753	22 766
Current financial assets	22 978	15 873
Cash and cash equivalents	43 885	44 728
Total current assets	175 293	230 945
Total assets	513 321	584 752
Equity and liabilities (in thousand Euros)		
	September 30, 2014	March 31, 2014
Equity :		
Share capital	22 509	17 258
Share premium	778 658	704 157
Treasury shares	(475)	(478)
Retained earnings	(577 666)	(503 453)
Other reserves	(1 283)	3 077
Group equity	221 743	220 561
Non-controlling interests	-	-
Total equity	221 743	220 561
Non-current liabilities :		
Long term financial debt	129 292	118 721
Deferred tax liability	-	-
Provisions and other non-current liabilities	14 002	18 358
Total non-current liabilities	143 294	137 079
Current liabilities :		
Short term financial debt	50 356	138 200
Trade payables	49 216	45 972
Provisions and other current liabilities	48 713	42 940
Total current liabilities	148 284	227 112
Total liabilities	513 321	584 752

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, 2013	122 626 743	12 263	641 233	(478)	(270 661)	8 736	391 093	(119)	390 974
Reclassifiable components of other comprehensive income :									
Exchange gains (losses) on translation of foreign operations	-	-	-	-	(4 673)	(4 152)	(8 825)	17	(8 808)
Non reclassifiable components of other comprehensive income :									
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	-	-	-	-
Total income and expenses for the year directly recognized in equity	-	-	-	-	(4 673)	(4 152)	(8 825)	17	(8 808)
Profit /(loss) for the year	-	-	-	-	(160 037)	-	(160 037)	(194)	(160 230)
Total comprehensive income for the year	-	-	-	-	(164 710)	(4 152)	(168 862)	(176)	(169 038)
Stock options, warrants and free shares	582 040	58	-	-	(58)	-	-	-	-
Proceeds from share issue	49 283 512	4 928	66 533	-	-	-	71 461	-	71 461
Share issuance expenses	-	-	(3 440)	-	-	-	(3 440)	-	(3 440)
Océanes 2014 : impact of early partial repayment	-	-	-	-	(1 863)	-	(1 863)	-	(1 863)
Convertible bond – Equity component (Océances 2018)	-	-	-	-	13 208	-	13 208	-	13 208
Acquisition of non-controlling interests	-	-	-	-	105	-	105	78	183
Share based payments	-	-	-	-	(1 517)	-	(1 517)	-	(1 517)
September 30, 2013	172 492 295	17 250	704 326	(478)	(425 496)	4 584	300 185	(218)	299 968

(en milliers d'euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2014	172 580 795	17 258	704 158	(478)	(503 453)	3 077	220 562	-	220 562
Reclassifiable components of other comprehensive income :									
Exchange gains (losses) on translation of foreign operations	-	-	-	-	8 697	(4 360)	4 337	-	4 337
Non reclassifiable components of other comprehensive income :									
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	-	-	-	-
Total income and expenses for the year directly recognized in equity	-	-	-	-	8 697	(4 360)	4 337	-	4 337
Profit /(loss) for the year	-	-	-	-	(82 926)	-	(82 926)	-	(82 926)
Total comprehensive income for the year	-	-	-	-	(74 229)	(4 360)	(78 590)	-	(78 590)
Stock options, warrants and free shares	561 695	56	-	-	(56)	-	-	-	-
Proceeds from share issue	51 942 942	5 194	77 915	-	-	-	83 110	-	83 110
Share issuance expenses	-	-	(3 415)	-	-	-	(3 415)	-	(3 415)
Transaction in shares held in treasury	-	-	-	3	-	-	3	-	3
Share based payments	-	-	-	-	71	-	71	-	71
Other	-	-	-	-	2	-	2	-	2
September 30, 2014	225 085 432	22 509	778 658	(475)	(577 666)	(1 283)	221 743	-	221 743

Statement of cash flows

(en milliers d'euros)	September 30, 2014	September 30, 2013
Consolidated net profit / (loss) for the year	(82 926)	(160 230)
Elimination of non cash items :		
Share of profit / (loss) of associates	2 118	305
(Reversal) / Depreciation of investments in associates	(5 509)	13 211
Depreciation of goodwill	-	30 668
Amortization expenses	24 831	28 905
Depreciation of fixed assets	14 534	17 756
Provisions, net	16 613	9 090
Provision for retirement indemnities	143	524
Profit / (loss) on disposal of assets	(3 073)	103
Income tax charge	2	4
Cost of net financial debt	(3 475)	18 689
Share-based payments	71	(1 517)
Total non cash items	46 112	117 738
Increase (decrease) in cash on:		
Inventories	4 020	(18 813)
Solar power plant	-	(7 498)
Trade receivables	53 691	15 431
Other receivables	10 041	(13 019)
Trade payables	1 914	(11 212)
Other liabilities	(8 221)	(7 453)
Variation in working capital	61 445	(42 564)
Net cash generated by (used in) operating activities	24 630	(85 057)
Purchase of intangible assets	(296)	(1 807)
Capitalization of power plant project development fees	-	(1 631)
Purchase of tangible assets	(5 175)	(28 584)
Proceeds from sales of tangible and intangible assets	6 048	1 096
(Acquisition) and disposal of financial assets	(7 617)	(84 850)
Capital contributions to Reflexite Soitec Optical Technology	(5 727)	-
Entry of minority shareholders - CPV Power Plant 1 (South Africa)	(2 247)	(1 047)
Net cash generated by (used in) investing activities	(15 014)	(116 023)
Proceeds from capital increases and exercise of stock options	79 880	68 022
Loan issuance	4 889	172 580
Drawing on credit lines	7 200	26 015
Repayment of borrowings (including finance leases)	(99 502)	(65 356)
Interest received	4 010	4 537
Interest paid	(9 762)	(14 234)
Net cash generated by (used in) financing activities	(13 285)	191 564
Impact of exchange rate fluctuations	2 826	(2 762)
Change in net cash	(843)	(13 078)
Cash at beginning of the year	44 728	130 127
Cash at end of the year	43 885	117 049