



## RESULTS FOR THE FIRST NINE MONTHS OF FY 2015-2016

- > **In the context of the announced proposed capital increases, Soitec is exceptionally reporting its financial statements for the first nine months of the fiscal year 2015-2016 ending on December 31, 2015**
- > **The interim financial report for the first nine months of fiscal year 2015-2016 is available on Soitec's website**

*Bernin, France, April 25, 2016* – Soitec (Euronext Paris), a world leader in generating and manufacturing revolutionary semiconductor materials, today announced its unaudited consolidated results for the first nine months of the 2015-2016 financial year. The auditors have issued a limited review report (*revue limitée*) on these results which is included in the interim financial report for the first nine months of fiscal year 2015-2016 available on Soitec's website.<sup>1</sup>

### Key financials for the first nine months of the fiscal year 2015-2016

#### *Income statement*

As already published on January 20<sup>th</sup>, 2016 (<http://soitec.com/en/investors/financial-press-releases/article-1818/>), total **Consolidated Revenues for the first nine months of FY 15-16 amounted to €171.7 million**, a 49% increase (a 27% increase at constant exchange rates) from €115.4 million for the first nine months of FY 14-15, restated to exclude the Solar activities<sup>2, 3</sup>.

**The growth of the Gross Profit, which reached €42.4 million** (25% of Sales), compared to €10.7 million for the first nine months of FY 14-15, results from an increase in volume and the positive evolution of exchange rates.

**Current Operating Income was positive, amounting to €8.4 million**, compared to the Current Operating Loss of €34.9 million recorded for the first nine months of FY 14-15 (*i.e.*, an increase of €43.3 million).

<sup>1</sup> This report of the auditors contains an observation as follows: "Without calling into question the conclusion expressed above, we draw attention to Note 7.2.4 to the appendices, specifying the assumptions underlying the maintenance of the principle of the Group's operating continuity".

<sup>2</sup> In accordance with the Group's decision in January 2015 to withdraw from the Solar activities, the related income and expenses are reported under discontinued operations. The financial statements for the first nine months of FY 14-15 have thus been restated to ensure comparability with the financial statements for the first nine months of FY 15-16.

<sup>3</sup> For the consolidated revenues of the fourth quarter of FY 15-16, please refer to the press release published by the Company on April 13, 2016 (<http://www.soitec.com/en/investors/financial-press-releases/article-1826/>).

As a result of **Other Operating Expenses of €29.2 million** mainly related to impairment test charges and Restructuring Expenses, **Operating Income was negative, amounting to €19.7 million** (compared to a €36.4 million loss for the first nine months of FY 14-15).

The main impact results from a €20.1 million depreciation, recorded at the close of the first nine months of FY 15-16, with respect to the clean room in Singapore and the impairment tests on non-current assets recorded on Altatech's asset values (€2.2 million on the basis of the price paid for the shares, it being specified that Soitec sold its entire stake in Altatech at the end of March 2016).<sup>4</sup>

**Consolidated Net Loss for the first nine months amounted to €69.1 million** (compared to a consolidated net loss of €115.2 million for the first nine months of FY 14-15), taking into account the net financial expenses amounting to €20.9 million and the net loss related to discontinued operations reported under discontinued operations (Solar activities) of €26.3m.

### *Cash generation*

**Net Cash used by operating activities (including restructuring costs of the Solar activities)** for the first nine months of FY 15-16 **amounted to €16.7 million** (compared with a positive net cash generation of €8.1 million in the first nine months of FY 14-15 mostly resulting from working capital variations). Group EBITDA for the first nine months of FY 15-16 was negative, amounting to - €18.0 million (compared to - €51.9 million in the first nine months of FY 14-15). However, EBITDA generated by continuing operation was positive at €19.9 million, compared to - €14.1 million for the first nine months of FY 14-15

**Net Cash generated by investment activities and asset disposals amounted to €26.3 million** in the first nine months of FY 15-16 (compared to a consumption of €23.7 million for the first nine months of FY 14-15), thanks to €32 million in proceeds from the sale of the San Diego building, equipment from San Diego and Freiburg and two solar power plants.

**Net Cash generated by financing activities amounted to €19.4 million** (compared to €4.6 million for the first nine months of FY 14-15), mainly as a result of:

- €65.4 million in new financing including a loan of €30 million from Shin Etsu Handotai (SEH), a major wafer supplier and longstanding shareholder in the Company, a loan of €15 million from Bpifrance Participations, another shareholder, a loan of €9 million from the CEA, Soitec's technology partner, and a €11 million financial lease.
- the repayments of €46,1 million in borrowings and interest, including the repayment of a €17.1 million loan related to discontinued activities.

### *Balance sheet*

The **Group's Cash and Cash Equivalents improved during the first nine months of FY 15-16 to reach €51.8 million** on 31 December 2015, representing an increase of €22.9 million compared to March 31, 2015. The main

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<sup>4</sup> For purposes of the financial statements for the first nine months of the fiscal year 2015-2016, the Company has completed impairment tests that are usually conducted for its full year financial statements.

factor underpinning this improvement was the new financing arranged with Soitec's partners. Therefore **Soitec's total Gross Financial Debts** increased from €173.0 million on March 31, 2015 to €217.5 million on December 31, 2015. Consequently, **Net Debt reached €165.7 million at the end of December 2015** compared to €150 million on March 31, 2015. As a result of the net loss generated over the period Soitec's consolidated equity declined from €50.0 million to €-0.8 million. As already publicly announced, the Company is in the process of strengthening its equity through capital increases designed to ensure the continuity of its business and the restructuring of its financial debt.

### *Outlook concerning the Electronics business*

For FY 15-16 (ending on March 31, 2016), Soitec foresees an EBITDA margin (EBITDA/revenues) of approximately 15% for the Electronics business.

For FY 16-17, growth in demand for products used in radio-frequency applications (RF) and power applications should be robust and compensate the impact associated with the end of the lifecycle of PD-SOI. If this is the case, the Company would target (at constant exchange rates) a single-digit revenue growth for the Electronics business from FY2015-2016 and an EBITDA margin of the Electronics business of the same order than in FY 15-16. Regarding more specifically the first quarter of FY 16-17, Soitec expects its Electronics revenues to be substantially in line with those generated in the first quarter of FY 15-16 at constant exchange rates (*i.e.*, a sequential decrease of approximately 15% compared with the fourth quarter of FY 15-16).

Also, in the longer run, Soitec intends to benefit from attractive perspectives associated with the adoption of FD-SOI on a large scale in the semiconductor industry.

*For more details on the forecasts, objectives and trends for FY 15-16, FY 16-17 and subsequent years, please refer to the information set forth in sections 12 and 13 of the update to Soitec's 2014-2015 registration document filed with the French stock market authority (Autorité des Marchés Financiers, the "AMF") on March 7, 2016 under number D.15-0587-A01 as well as in sections B.4.a and B.9 of the summary of the prospectus approved by the AMF on March 18, 2016 under no. 16-085 (the "Prospectus"). Soitec S.A. draws the public's attention to the "Risk factors" sections of the Prospectus, set out in chapter 4 of the registration document filed with the AMF on June 10, 2015 under no. D.15-0587 and in chapter 4 of the update filed to the registration document with the AMF on March 7, 2016 under no. D-15-0587-A01 as well as in chapter 2 of the securities note forming part of the Prospectus. The realization of all or part of these risks is likely to have a material adverse effect on the business, assets, financial situation, results or prospects of the Soitec group as well as on the market price of the Soitec S.A. shares.*

## Agenda

Shareholders will be invited to meet at an Extraordinary General Meeting on second notice on April 29, 2016.

Given the current capital increase project, the date of publication of the FY 15-16 results has not yet been decided.

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## **About Soitec**

Soitec (Euronext, Paris) is a world leader in designing and manufacturing high performance semiconductor materials. The company uses its unique technologies to serve the electronics and energy markets. With 3,600 patents worldwide, Soitec's strategy is based on disruptive innovation to respond to its customers' needs for high performance, energy efficiency and cost competitiveness. Soitec has manufacturing facilities, R&D centers and offices in Europe, US and Asia. For more information, please visit [www.soitec.com](http://www.soitec.com).

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## Consolidated income statement for the first nine months of fiscal year 2015-2016\*

(in thousands of euros)	Nine months ended December 31, 2015	Nine months ended December 31, 2014
<b>Sales</b>	<b>171,675</b>	<b>115,446</b>
Cost of sales	(129,248)	(104,747)
<b>Gross profit</b>	<b>42,427</b>	<b>10,699</b>
Sales and marketing expenses	(6,660)	(5,904)
Research and development costs	(13,771)	(24,213)
Solar power plant project development costs	-	-
General and administrative expenses	(13,563)	(15,503)
<b>Current operating income/(loss)</b>	<b>8,432</b>	<b>(34,921)</b>
Other operating income	1,065	2,343
Other operating expenses	(29,233)	(3,783)
<b>Operating loss</b>	<b>(19,736)</b>	<b>(36,362)</b>
Financial income	2,325	20,931
Financial expense	(23,230)	(29,222)
<b>Net financial expense</b>	<b>(20,905)</b>	<b>(8,291)</b>
<b>Loss before tax</b>	<b>(40,641)</b>	<b>(44,653)</b>
Income tax	(1,986)	(8)
Share of loss of equity-accounted companies	(207)	(2,583)
<b>Net loss from continuing operations</b>	<b>(42,834)</b>	<b>(47,244)</b>
<b>Net loss from discontinued operations</b>	<b>(26,256)</b>	<b>(67,983)</b>
<b>Consolidated net loss for the period</b>	<b>(69,091)</b>	<b>(115,227)</b>
Non-controlling interests	-	-
<b>Net loss (attributable to owners of the parent)</b>	<b>(69,091)</b>	<b>(115,227)</b>
Basic loss per share in euros	(0.30)	(0.51)
<i>Of which continuing operations</i>	(0.18)	(0.20)
<i>Of which discontinued operations</i>	(0.11)	(0.30)
Diluted loss per share in euros	(0.30)	(0.51)
<i>Of which continuing operations</i>	(0.18)	(0.20)
<i>Of which discontinued operations</i>	(0.11)	(0.30)

\* Unaudited information

### Results for the Electronics segment \*

(in thousands of euros)	Electronics 9m FY15-16	Electronics 9m FY14-15	% Change
Sales	167,762	111,876	50%
<b>Gross profit/(loss)</b>	<b>42,690</b>	<b>10,084</b>	<b>323%</b>
<i>in % of sales</i>	25.4%	9.0%	
<b>Net research and development costs</b>	<b>-10,104</b>	<b>-19,156</b>	<b>-47%</b>
<i>in % of sales</i>	-6.0%	-17.1%	
<b>Sales and marketing expenses</b>	<b>-4,000</b>	<b>-3,980</b>	<b>1%</b>
<i>in % of sales</i>	-2.4%	-3.6%	

<b>General and administrative expenses</b>	<b>-12,893</b>	<b>-14,684</b>	<b>-12%</b>
<i>in % of sales</i>	<i>-7.7%</i>	<i>-13.1%</i>	
<b>Current operating income/(loss)</b>	<b>15,692</b>	<b>-27,734</b>	
<i>in % of sales</i>	<i>9.4%</i>	<i>-24.8%</i>	
<b>Other operating income and expenses, net</b>	<b>-26,652</b>	<b>-1,440</b>	
<b>EBIT</b>	<b>-10,961</b>	<b>-29,174</b>	
<b>EBITDA</b>	<b>27,292</b>	<b>-8,294</b>	
<i>in % of sales</i>	<i>16.3%</i>	<i>-7.4%</i>	

\* Unaudited information

### Results for the Other segment\*

<b>(in thousands of euros)</b>	<b>Other Activities 9m FY15-16</b>	<b>Other Activities 9m FY14-15</b>	<b>% Change</b>
Sales	3,913	3,570	9.6%
<b>Gross profit/(loss)</b>	<b>-263</b>	<b>615</b>	<b>-142.8%</b>
<i>in % of sales</i>	<i>-6.7%</i>	<i>17.2%</i>	
<b>Net research and development costs</b>	<b>-3,667</b>	<b>-5,057</b>	<b>-27.5%</b>
<b>Sales and marketing expenses</b>	<b>-2,660</b>	<b>-1,924</b>	<b>38.3%</b>
<b>General and administrative expenses</b>	<b>-670</b>	<b>-820</b>	<b>-18.3%</b>
<b>Current operating income/(loss)</b>	<b>-7,259</b>	<b>-7,187</b>	
<b>Net income/(loss) from discontinued operations</b>			
Other operating income	1065	-	
Other operating expenses	-2,581	-	
<b>Other operating income and expenses, net</b>	<b>-1,516</b>	<b>-</b>	
<b>EBIT</b>	<b>-8,775</b>	<b>-7,187</b>	
<b>EBITDA</b>	<b>-7,322</b>	<b>-5,779</b>	

\* Unaudited information

### Balance sheet at the end of December 31, 2015\*

<b>Assets</b> <i>(in thousands of euros)</i>	<b>December 31, 2015</b>	<b>March 31, 2015</b>
<b>Non-current assets:</b>		
Goodwill and intangible assets	4,323	8,842
Capitalized development projects	1,944	2,226
Property, plant and equipment	123,930	156,736
Solar power plant projects	-	1,600
Deferred tax assets	-	-
Investments in equity-accounted companies	-	-
Non-current financial assets	9,417	5,739
Other non-current assets	22,225	28,961
<b>Total non-current assets</b>	<b>161,839</b>	<b>204,104</b>
<b>Current assets:</b>		
Inventories	36,484	33,073

Trade receivables	36,455	43,812
Other current assets	20,221	18,894
Current financial assets	1,330	1,311
Cash and cash equivalents	51,757	22,911
<b>Total current assets</b>	<b>146,247</b>	<b>120,001</b>
Assets held for sale	21,827	69,435
Assets related to discontinued operations	6,259	-
<b>Total assets</b>	<b>336,172</b>	<b>393,540</b>
<b>Equity and liabilities</b>		
(in thousands of euros)	December 31, 2015	March 31, 2015
<b>Equity:</b>		
Share capital	23,132	23,119
Share premium	781,382	782,058
Treasury shares	(475)	(475)
Retained earnings	(813,239)	(737,473)
Other reserves	8,389	(17,270)
<b>Equity attributable to owners of the parent</b>	<b>(811)</b>	<b>49,958</b>
Non-controlling interests		-
<b>Total equity</b>	<b>(811)</b>	<b>49,958</b>
<b>Non-current liabilities:</b>		
Long-term debt	156,507	123,552
Deferred tax liabilities	-	-
Provisions and other non-current liabilities**	14,920	17,543
<b>Total non-current liabilities</b>	<b>171,427</b>	<b>141,095</b>
<b>Current liabilities:</b>		
Short-term debt	60,980	49,455
Trade payables	36,402	52,279
Provisions and other current liabilities**	40,820	83,902
<b>Total current liabilities</b>	<b>138,202</b>	<b>185,635</b>
Liabilities held for sale	-	16,852
Liabilities related to discontinued operations	27,354	-
<b>Total equity and liabilities</b>	<b>336,172</b>	<b>393,540</b>

\* Unaudited information



## Statement of cash flows for the first nine months of fiscal year 2015-2016\*

(in thousands of euros)	Nine months ended December 31, 2015	Nine months ended December 31, 2014
Net loss from continuing operations	(42,834)	(47,244)
Net loss from discontinued operations	(26,256)	(67,983)
<b>Consolidated net loss for the period</b>	<b>(69,091)</b>	<b>(115,227)</b>
<b>Elimination of non-cash items:</b>		
Share of profit/(loss) of equity-accounted companies	207	2,583
(Reversal)/Impairment of investments in equity-accounted companies		
Depreciation and amortization expenses	20,665	25,835
Impairment of non-current assets and accelerated depreciation/amortization	20,283	572
Provisions, net	(1,354)	(377)
Provision for retirement benefit obligations	396	317
Proceeds from disposals of assets	(28)	(3,297)
Change in taxes	1,986	8
Net financial income	20,904	8,296
Share-based payments	(254)	28
Impact of IFRIC 21 (included in operating income/loss)		(795)
Non-cash items relating to discontinued operations	(11,747)	30,169
<b>Total non-cash items</b>	<b>51,057</b>	<b>63,340</b>
<i>Of which continuing operations</i>	<i>62,804</i>	<i>33,170</i>
<b>EBITDA</b>	<b>(18,033)</b>	<b>(51,887)</b>
<i>Of which continuing operations</i>	<i>19,970</i>	<i>(14,073)</i>
<b>Increase/(decrease) in cash relating to:</b>		
Inventories	(8,973)	(8,599)
Trade receivables	(2,061)	13,798
Other receivables	(1,395)	6,367
Trade payables	(10,641)	3,631
Other liabilities	3,694	7,975
Change in working capital related to discontinued operations	20,707	36,852
<b>Change in working capital</b>	<b>1,331</b>	<b>60,025</b>
<i>Of which continuing operations</i>	<i>(19,376)</i>	<i>23,173</i>
<b>Net cash generated by/(used in) operating activities</b>	<b>(16,702)</b>	<b>8,138</b>
<i>Of which continuing operations</i>	<i>594</i>	<i>9,100</i>
Purchases of intangible assets	(473)	(369)
Purchases of property, plant and equipment	(4,934)	(5,903)
Proceeds from sales of intangible assets and property, plant and equipment	312	5,706
(Acquisition) and disposal of financial assets (1)	(827)	(4,115)
Capital contribution to an equity-accounted company		(2,521)
Investment/divestment flows related to discontinued operations (2)	32,222	(16,465)
<b>Net cash generated by/(used in) investing activities</b>	<b>26,301</b>	<b>(23,667)</b>
<i>Of which continuing operations</i>	<i>(5,921)</i>	<i>(7,202)</i>

Proceeds from shareholders: capital increases and exercise of stock options (3)	474	79,450
ABSAAR redeemable warrants	(675)	
Issuance of debt (4)	65,427	11,000
Drawdowns of credit lines	173	7,200
Repayment of borrowings (including finance leases) (5)	(23,687)	(99,936)
Interest received	95	4,255
Interest paid	(5,232)	(10,059)
Financing flows related to discontinued operations (6)	(17,183)	3,504
<b>Net cash generated by/(used in) financing activities</b>	<b>19,393</b>	<b>(4,586)</b>
<i>Of which continuing operations</i>	<i>36,576</i>	<i>(8,090)</i>
Effects of exchange rate fluctuations	(146)	3,800
<b>Change in net cash</b>	<b>28,846</b>	<b>(16,315)</b>
Cash at beginning of the period	22,911	44,728
Cash at end of the period	51,757	28,413

\* Unaudited information