



SOITEC REPORTS FY'19 FOURTH QUARTER REVENUES

- Q4'19 revenues reached €140m, up 45% at constant exchange rates and perimeter¹ compared with Q4'18
- 200-mm wafer sales increased by 21% at constant exchange rates compared with Q4'18
- 300-mm wafer sales up 95% at constant exchange rates versus Q4'18
- FY'19 revenues reached €444m, up 42% at constant exchange rates and perimeter¹ compared with FY'18
- FY'19 Electronics EBITDA² margin³ guidance upgraded to around 33%

Bernin (Grenoble), France, April 17th, 2019 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 140.3 million Euros for the fourth quarter of FY'19 (ended March 31st, 2019), up 53.0% compared with 91.7 million Euros in the fourth quarter of FY'18. This reflects a 44.7% growth at constant exchange rates and perimeter¹ as well as a positive currency impact of +2.1% and a scope effect of +6.2% that is related to the acquisition of Dolphin Integration assets in August 2018.

Sequentially, fourth quarter FY'19 revenues were up 20.1% on a reported basis and up 19.0% at constant exchange rates and perimeter¹ compared to the third quarter of FY'19.

Paul Boudre, Soitec's CEO, commented: ***“We posted another strong performance in the fourth quarter and are finishing the fiscal year well above our initial sales growth guidance, as anticipated in prior communications. It has been a productive quarter for Soitec in terms***

¹ At constant exchange rates and comparable scope of consolidation; scope effects relate to the acquisitions of Frec|n|sys in October 2017 and Dolphin Integration assets in August 2018, both included in the segment Royalties and other revenues.

² The EBITDA represents the operating income (EBIT) before depreciation, amortization, non-monetary items related to share-based payments, and changes in provisions on current assets and provisions for risks and contingencies, excluding income on asset disposals. The impact in equity of the first time application of IFRS 15 is included in EBITDA. This alternative indicator of performance is a non-IFRS quantitative measure used to measure the company's ability to generate cash from its operating activities. EBITDA is not defined by an IFRS standard and must not be considered an alternative to any other financial indicator.

³ Electronics EBITDA margin = EBITDA from continuing operations / Sales.

of new research alliances and strategic partnerships signed in the Silicon Valley, in Singapore and in China. In the meantime, we enhanced our industrial relationship with our Shanghai-based partner, opened a direct sales channel in China and expanded our collaboration with Samsung Foundry. We are confident in our ability to continue providing the semiconductor industry with innovative and effective engineered materials that enable mass deployment of new applications for 5G, AI, electric vehicles and many other market segments.”

Fourth quarter FY'19 business review by business unit

Communication & Power

Sales of products for radiofrequency applications continue to be driven by the increase in RF-SOI content and greater RF complexity. The adoption of advanced communication protocols enabling higher data transfer rates leads the latest generations of smartphones requiring more Antenna Tuners, more Switches and more LNAs (Low Noise Amplifiers) leading to additional volumes of RF-SOI. In the meantime, new solutions for most advanced 4G - LTE standards, as well as first 5G Sub-6GHz devices, require new solutions to serve the new generations of 5G smartphones, IoT devices and telecommunications infrastructure.

In the fourth quarter of FY'19, sales of RF-SOI 200-mm and 300-mm wafers continued at the same high level as in the third quarter of FY'19, but they were substantially higher than in the fourth quarter of FY'18. Soitec continues to enjoy sustained success in RF-SOI 200-mm wafers and has been benefiting since the beginning of FY'19 from the strong and fast adoption of its RF-SOI 300-mm wafers by several Tier 1 fabless and foundry customers.

Sales of Power-SOI wafers are driven by the increasing need for high reliability, energy-efficiency and cost-effectiveness in transceiver integrated circuits for the automotive industry, industrial applications as well as for consumer and white goods.

In the fourth quarter of FY'19, sales of Power-SOI wafers were slightly higher both on a sequential basis and on a year-on-year basis.

Digital

In the fourth quarter of FY'19, sales of wafers for digital applications recorded a significant growth both on a sequential basis and on a year-on-year basis, with a strong performance achieved in almost every digital product category.

This was notably the case of FD-SOI wafers for application and AI (Artificial Intelligence) processors and connectivity system-on-chips (SoC), demonstrating the sustained pace of adoption of the FD-SOI technology with wafers delivered to several foundries for products

manufactured at the 65nm, 28nm and 22nm nodes and initial shipments to support 18nm node development. FD-SOI provides strong value to many applications in automotive, AI, IoT smart home, industrial devices and first chips used in 5G communication. In the fourth quarter of FY'19, Soitec benefitted in particular from a significant delivery to one of its key customers allowing FD-SOI wafer sales to be twice higher than in the third quarter of FY'19 and three times higher than in the fourth quarter of FY'18.

In the fourth quarter of FY'19, sales of Imager-SOI substrates, which provide high level performance in 3D imaging for consumer applications, were much higher than in the third quarter of FY'19 and higher than the strong level of sales achieved in the fourth quarter of FY'18.

The level of Photonics-SOI sales in the fourth quarter of FY'19 was also higher both on a sequential basis and on a year-on-year basis. Sales of Photonics-SOI wafers for silicon-based optical transceivers are supported by the demand for increasing data transmission speed and cost-effective optical transmissions required for the new generation of data centers and telecommunication networks, notably for 5G infrastructure.

Sales of PD-SOI wafers, Soitec's legacy digital technology that is still used for ASICs, servers and networking applications, were, as expected, much lower than the high level achieved in the third quarter of FY'19 and slightly lower than in the fourth quarter of FY'18.

Fourth quarter FY'19 consolidated sales (unaudited)

	Q4'18	Q4'19	Q4'19/Q4'18	
(Euros thousands)			<i>change reported</i>	<i>chg. at const. exch. rates and perimeter¹</i>
200-mm	49,136	60,206	+23%	+21%
300-mm	36,495	72,300	+98%	+95%
Royalties and other revenues	6,055	7,776	+28%	-65%
Total revenues	91,686	140,282	+53%	+45%

Compared to the fourth quarter of FY'18, 200-mm wafer sales enjoyed a 21% growth at constant exchange rates, whereas 300-mm wafer sales have nearly doubled. This resulted in a significant shift in Soitec wafer sales breakdown: for the first time since FY'13, 300-mm wafer sales have exceeded those of 200-mm wafers: 300-mm wafer sales reached 55% of total wafer sales compared to 43% in the fourth quarter of FY'18; consequently, the proportion of 200-mm wafer sales went down from 57% to 45% of total wafer sales.

200-mm wafer sales

In the fourth quarter of FY'19, sales of 200-mm wafers rose 21% at constant exchange rates, compared with the fourth quarter of FY'18. Mostly driven by RF-SOI wafers sales, this increase reflects higher volumes as well as a more favorable combined product mix.

Additional volumes sold came partly from Bernin I – Soitec's production site dedicated to 200-mm wafers – of which annual production capacity was raised from 900,000 wafers in FY'18 to 950,000 wafers in FY'19. It also came from the increasing production of 200-mm wafers outsourced to Simgui, Soitec's Chinese partner who is using Soitec's proprietary Smart Cut™ technology in its manufacturing facility in Shanghai. The output from Simgui represented more than 15% of the total 200-mm volumes sold by Soitec in the fourth quarter FY'19, helping Soitec to better meet customers demand for 200-mm SOI wafers.

On a sequential basis, fourth quarter FY'19 sales of 200-mm wafers were 2% higher at constant exchange rates than in the third quarter of FY'19.

300-mm wafer sales

In the fourth quarter of FY'19, sales of 300-mm wafers were up 95% at constant exchange rates compared with the fourth quarter of FY'18.

This essentially comes from much higher volumes, but also, to a lesser extent, from a better combined product mix and price effect. By product type, the sales increase reflects a very strong surge in sales of both FD-SOI and RF-SOI 300-mm wafers which are the two most important components of 300-mm wafer sales. Sales of both Imager-SOI and Photonics-SOI were higher than in the fourth quarter of FY'18. Sales of PD-SOI product line were lower than in the fourth quarter of FY'18.

On a sequential basis, 300-mm wafer sales were 37% higher at constant exchange rates in the fourth quarter of FY'19 than in the third quarter of FY'19. The capacity utilization rate of Bernin II 300-mm production site has exceeded an average of 80% during the fourth quarter of FY'19.

Additionally, the 300-mm wafer production site in Singapore is now qualified by several customers.

Royalties and other revenues

Total Royalties and other revenues reached 7.8 million Euros in the fourth quarter of FY'19 compared to 6.1 million Euros in the fourth quarter of FY'18.

Revenues from royalties and intellectual property reached 2.1 million Euros in the fourth quarter of FY'19, down 65% at constant exchange rates compared to 6.1 million Euros achieved in the fourth quarter of FY'18 when Soitec benefitted from the completion of a technology transfer service provided to Simgui, as well as from the recognition of remaining revenue related to a no longer used license.

Other revenues, amounting to 5.6 million Euros, essentially came from the first consolidation of Dolphin Integration assets, an industry recognized provider of semiconductor design, silicon IP and SoC solutions for low power applications. The acquisition took place in August 2018.

FY'19 consolidated sales (unaudited)

(Euros thousands)	FY'18	FY'19	FY'19/FY'18	
			change reported	chg. at const. exch. rates and perimeter ¹
200-mm	192,413	220,991	+15%	+17%
300-mm	106,300	205,671	+93%	+97%
Royalties and other revenues	11,918	17,284	+45%	-43%
Total revenues	310,631	443,946	+43%	+42%

In FY'19, revenues reached 443.9 million Euros, up 43% on a reported basis, or 42% at constant exchange rates and perimeter¹ compared with FY'18.

Soitec indicates that its FY'19 sales reflected an average euro / dollar exchange rate of 1.1539.

200-mm wafer sales were up 17% at constant exchange rates compared to FY'18 while 300-mm wafer sales were up 97% at constant exchange rates.

Key events of Q4'19

During the fourth quarter of FY'19, Soitec has made several important announcements, consolidating the firm's position at the forefront of leading innovative industry initiatives, strengthening its ties with key players of the semiconductor ecosystem and providing strong industrial and commercial avenues to ensure the adoption of its technologies:

- In January, Soitec announced an expanded collaboration with Samsung Foundry to ensure the volume supply of FD-SOI wafers, extending the existing partnership between

the two companies and providing a solid foundation to strengthen the FD-SOI supply chain and guarantee high-volume manufacturing for customers.

- In February, Silicon Valley-based Silicon Catalyst, the world's only incubator focused exclusively on accelerating solutions in silicon, announced Soitec as its first European Strategic Partner, providing Soitec with access to early-stage silicon technology innovation targeting consumer, AI, IoT and automotive segments and applications.
- In February, Soitec announced an enhanced partnership with Simgui, including an increase in annual production capacity of 200-mm SOI wafers from 180,000 to 360,000 at Simgui's manufacturing facility in Shanghai to better serve the growing global market of RF-SOI in mobile and Power-SOI products.
- In February, Soitec announced it was the first materials supplier to join the China Mobile 5G Innovation Center, an international alliance chartered to develop 5G communication solutions for China, the world's largest wireless communications market with 925 million mobile subscribers.
- In March, Soitec announced the opening of direct sales operations in China, allowing its Chinese customers to benefit from direct contact and support relationships with its local sales and technical support as well as to access Soitec's global technical expertise and network across engineered substrates addressing the full range of applications for China's growing electronic markets.
- In March, Soitec and the Singapore-based Agency for Science, Technology and Research (A*STAR) Institute of Microelectronics (IME) announced the launch of a joint program to develop and integrate a new layer transfer process within advanced wafer level multi-chip packaging techniques.

In summary, these recent announcements show the growing importance of Engineered Substrates electronics across the value chain to enable new wave of applications and markets.

Change in governance

In the fourth quarter of FY'19, Soitec also announced changes to its Board of Directors, Eric Meurice having been elected by its peers as Chairman of the Board during the Board meeting held in Singapore on March 27th. Eric Meurice succeeds Thierry Sommelet. A heartfelt tribute was paid by the Board to Thierry Sommelet, who assumed the role of Chairman of the Board during a prolonged 16-month transition period.

Outlook

Soitec is upgrading its FY'19 Electronics EBITDA² margin³ guidance to “around 33%” against “around 30%” previously.

Disclaimer

This document was prepared by Soitec (the “Company”) on April 17th, 2019 in connection with the announcement of the sales figures of the fourth quarter of fiscal year 2018-2019.

This document is provided for information purposes only. It is public information only.

The Company’s business operations and financial position is described in the Company’s registration document 2017-2018 registered by the Autorité des marchés financiers (the “AMF”) on June 18th, 2018 under visa D.18-0586 (the “Document de Référence”) and in the Company’s FY’19 half-year report released on November 28th, 2018. Copies of the Document de Référence and of the FY’19 half-year report are available in French and English languages through the Company and may also be consulted and downloaded on the Company’s website (www.soitec.com). The Document de Référence is also available on the AMF’s website (www.amf-france.org).

Your attention is drawn to the risk factors described in Chapter 4 of the Document de Référence. A review of these risk factors has been conducted after the closing of FY’19 first half and no new risk was found.

This document contains summary information and should be read in conjunction with the Document de Référence and the FY’19 half-year report. In the event of a discrepancy between this document and the Document de Référence or the FY’19 half-year report, the Document de Référence or, as the case may be, the FY’19 half-year report, shall prevail.

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The Company’s actual financial position, results and cash flows, as well as the trends in the sector in which the Company operates may differ materially from those contained in this document. Furthermore, even if the Company’s financial position, results, cash-flows and the developments in the sector in which the Company operates were to conform to the forward-looking statements contained in this document, such elements cannot be construed as a reliable indication of the Company’s future results or developments.

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Analysts conference call held in English today at 18:15 CET

To listen to the 6:15pm conference call, the audiocast is available in live and in replay at the following address:

https://channel.royalcast.com/webcast/soitec/20190417_1/

Agenda

Soitec will publish its FY'19 annual results on June 12th, 2019 after market close. These results will be commented as part of a Capital Markets Day which will be held on the next day, i.e. on June 13th, 2019, in Paris.

About Soitec

Soitec (Euronext, Tech 40 Paris) is a world leader in designing and manufacturing innovative semiconductor materials. The company uses its unique technologies and semiconductor expertise to serve the electronics markets. With more than 3,000 patents worldwide, Soitec's strategy is based on disruptive innovation to answer its customers' needs for high performance, energy efficiency and cost competitiveness. Soitec has manufacturing facilities, R&D centers and offices in Europe, the U.S. and Asia.

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Soitec is a French joint-stock corporation with a Board of Directors (Société Anonyme à Conseil d'administration) with a share capital of € 62,762,070.50, having its registered office located at Parc Technologique des Fontaines - Chemin des Franques - 38190 Bernin (France), and registered with the Grenoble Trade and Companies Register under number 384 711 909.

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Appendix

Consolidated sales (Q3 and Q4 FY'19 unaudited)

Quarterly sales (Euros thousands)	Q4		Q1		Q2		Q3		Q4	
	'17	'18	'18	'19	'18	'19	'18	'19	'18	'19
200-mm	47,215	49,136	46,534	50,889	47,389	51,150	49,355	58,747	49,136	60,206
300-mm	21,266	36,495	21,124	39,335	23,743	41,261	24,938	52,775	36,495	72,300
Royalties and other revenues	2,026	6,055	1,973	1,714	2,214	2,547	1,677	5,246	6,055	7,776
Total revenues	70,506	91,686	69,630	91,938	73,345	94,957	75,969	116,768	91,686	140,282

Quarterly sales (vs previous year)	Q4'18		Q1'19		Q2'19		Q3'19		Q4'19	
	change reported	chg. at const. exch. rates and perimeter ¹	change reported	chg. at const. exch. rates and perimeter ¹	change reported	chg. at const. exch. rates and perimeter ¹	change reported	chg. at const. exch. rates and perimeter ¹	change reported	chg. at const. exch. rates and perimeter ¹
200-mm	+4.1%	+13.9%	+9.4%	+16.4%	+7.9%	+10.6%	+19.0%	+20.2%	+22.5%	+20.7%
300-mm	+71.6%	+87.8%	+86.2%	+98.2%	+73.8%	+78.0%	+111.6%	+113.7%	+98.1%	+95.2%
Royalties and other revenues	+198.9%	+227.0%	-13.1%	-7.5%	+15.1%	-26.2%	+212.9%	-22.4%	+28.4%	-65.4%
Total revenues	+30.0%	+42.3%	+32.0%	+40.5%	+29.5%	+31.3%	+53.7%	+50.0%	+53.0%	+44.7%

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