



## Soitec announces full year results for 2010-2011

- **Strong improvement in gross profit to 66.2 million Euros**
- **Current operating income of 1.9 million Euros**
- **Positive operating cash flow of 43.4 million Euros**
- **Positive outlook for electronics markets for the financial year 2011-2012 and strong momentum for Solar Energy business**

*Bernin, France, 18<sup>th</sup> May 2011* – Soitec (Euronext Paris), a world leader in generating and manufacturing revolutionary semiconductor materials at the frontier of the most exciting challenges for energy and electronics, today announced audited consolidated results for the financial year ended 31<sup>st</sup> March 2011. Total sales for the year of 281.0 million Euros were up by 34.4% in Euros having benefited from a significant rebound in demand in the fourth quarter. In line with guidance current operating income was 1.9 million Euros. The Group booked net interest expense of 19.4 million Euros which results in a Group share of total net loss after tax of 17.8 million Euros. The business generated 43.4 million Euros of positive operating cash flow for the year. At the year end cash resources were 268 million Euros.

(Euros millions)	2009-2010	2010-2011
Sales	209.1	<b>281.0</b>
Gross Profit	26.5	<b>66.2</b>
Research & Development	27.7	<b>24.0</b>
SG&A	27.3	<b>35.0</b>
Solar projects development costs	0.4	<b>5.3</b>
Current Operating Income / (loss)	(28.9)	<b>1.9</b>
Other operating expenses	5.1	-
Operating income/(loss)	(33.9)	<b>1.9</b>
Net interest (exp)/inc	(10.9)	<b>(19.4)</b>
Net income/(loss) – Group share	(44.0)	<b>(17.8)</b>
Net earnings per share (Euros – undiluted)	(0.51)	<b>(0.20)</b>

## **Sales confirmed positive momentum for overall Soitec semiconductor markets**

For the full year, total SOI wafer sales (i.e. Microelectronics division) were 253.1 million Euros, up over the prior year by 30.7% or 22.4% at constant exchange. 300mm wafer sales (77.3% of all wafer sales) growth narrowed to 15.0% at constant exchange. All other diameter wafer sales were up by 57.1% at constant exchange reflecting the successful ramp up in the automotive market and other more recent contributions from RF or lighting markets. Picogiga sales (i.e. Specialty Electronics division) grew by 18.6% to 9.3 million Euros. Tracit (i.e. Layer Transfer Solutions division) sales doubled to 9.6 million Euros. Royalties were down by 8.5% at 3.2 million Euros. Solar Energy division sales totalled 5.8 million Euros.

## **Operating results benefited from higher sales and favourable exchange rate**

Improved industrial efficiency, cost cutting measures and favourable Euro/Dollar exchange rate led to a significant gross margin improvement with a reported gross margin of 23.6% of sales compared to 12.7% of sales last year. On a like for like basis (i.e. excluding Solar Energy contribution) the gross margin increased to 27.2% of sales demonstrating the favourable exchange effect and the on going positive leverage impact of cost reduction initiatives including benefits from using in-house capacity for the refresh activity in Singapore.

In absolute terms gross research and development expense was 5.0 million Euros above the prior year including the full year impact of expense in the Solar Energy business for the development of high efficiency solar cells and additional expense dedicated to lighting development. Net research and development expense was 3.7 million Euros below the prior year due to higher research tax credit, other subsidies and cash advances. Solar project development costs also impacted full year operating costs. On a like for like basis SG&A decreased to 11.2% of sales including legal fees related to an on-going case in defence of our IP portfolio. Reported current operating margin was positive at 0.7% of sales or an income of 1.9 million Euros compared to a loss of 28.9 million Euros or -13.8% of sales in the prior year. On a like for like basis the current operating income was 26.8 million Euros or 9.7% of sales and offset the Solar Energy loss of 24.9 million Euros.

Net interest expense for the year was 19.4 million Euros and with no charge for income tax the total net loss after tax for the year was 17.8 million Euros (Group Share) equal to a loss of 20 cents per ordinary share on an undiluted basis. Despite the net loss, the Group generated positive cash flow from operations of 43.4 million Euros. Total investment was limited to 30.0 million Euros. In total for the year cash resources decreased by 9.9 million Euros to 268 million Euros after repayment of capital leases. Net cash of 100 million Euros at year end includes the potential debt related to the call option arising from the Concentrix acquisition which was valued at 8.2 million Euros at the end of March 2011 taking into account the high probability of its exercise by Soitec.

## **Positive outlook for Electronics markets for the financial year 2011-2012 and strong momentum for Solar Energy business**

Business remains very robust at the beginning of the new financial year with short term demand increasing strongly in the coming quarters. The Company confirms that its initial sales expectation for the first half of the financial year 2011-2012 derived from its Microelectronics division (i.e. SOI wafer sales) will outperform current market outlook in the high performance segments. Management believes that a sequential increase in wafer sales at a constant exchange rate will exceed 20% compared to the second half of last year. The Solar Energy division is benefiting from a strong momentum in California. Including the 125 MW contract released today with SDG&E, total US solar projects amount to c. 300MW. This should be delivered over 3 years starting at the end of calendar 2012. These contracts should generate significant additional sales for Soitec. Revenues derived from the sale of CPV systems to these projects are expected to be c.a. \$ 2.5 / Watt with potential additional revenues from other services related to full turn-key solutions for solar farms.

This positive outlook and further strategic business opportunities will drive a significant investment program in the coming years. An increase in production capacity for small diameter wafers in Bernin and future 300 mm ramp up in Pasir Ris will drive investment for the Microelectronics division. In the Solar Energy business, a 50 MW extension of the assembly line in Freiburg and the establishment of a 200 MW per annum San Diego facility will support the deliveries related to current solar projects. The Company will also initiate its first pilot line in Bernin dedicated to high efficiency solar cells and LEDs. The expected multiannual investment budget is c. 250 Million Euros including maintenance. Related cash outflow over the 2011-2012 financial year should reach 100 Million Euros. The unfavourable recent trend in the Dollar will limit the potential increase in operating results for financial year 2011-2012 but the future industrial presence in the U.S. and ramp up of the Singapore plant should mitigate the long term exchange rate impact.

### **Agenda**

Shareholder's Meeting is scheduled on 24 June 2011.

### **About Soitec:**

[Soitec](#) (Euronext Paris) 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 encompass substrates for micro and nanoelectronics (most notably SOI : Silicon-On-Insulator) and concentrating photovoltaic systems (CPV). The company's core technologies are Smart Cut™, Smart Stacking™ and Concentrix™, as well as expertise in epitaxy. Soitec delivers enhanced performance and energy efficiency to a broad range of applications including 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.

For more information, visit [www.soitec.com](http://www.soitec.com).

**For all information, please contact:**

**Investor Relations Contact**

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

**International Media Contact**

Camille Darnaud-Dufour  
+33 (0)6 79 49 51 43  
camille.darnaud-  
dufour@soitec.com

**French Media Contact**

Marie-Caroline Saro  
H&B Communication  
+33 (0)1 58 18 32 44  
mc.saro@hbcommunication.fr

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## Consolidated income statement

(in thousands of euros)	Year ended March 31, 2011	Year ended March 31, 2010
Sales	280 995	209 123
Cost of sales	( 214 786)	( 182 619)
<b>Gross profit</b>	<b>66 209</b>	<b>26 504</b>
Selling ad marketing expenses	( 7 153)	( 6 360)
Research and development expenses	( 23 954)	( 27 662)
Photovoltaic projects development costs	( 5 323)	( 366)
General and administrative expenses	( 27 874)	( 20 983)
<b>Current operating income/ (Loss)</b>	<b>1 905</b>	<b>( 28 867)</b>
Other operating income	-	993
Other operating expense	-	( 6 065)
<b>Operating income</b>	<b>1 905</b>	<b>( 33 939)</b>
Financial income	5 328	2 669
Financial expense	( 24 719)	( 13 582)
<b>Net financial income</b>	<b>( 19 391)</b>	<b>( 10 913)</b>
<b>Income (loss) / before tax</b>	<b>( 17 486)</b>	<b>( 44 852)</b>
Income tax	( 247)	87
<b>Net income of fully consolidated company</b>	<b>( 17 733)</b>	<b>( 44 765)</b>
Minority interests	115	( 719)
<b>Group share of net income</b>	<b>( 17 848)</b>	<b>( 44 046)</b>
Basic earnings per share in euros	(0,20)	(0,51)
Diluted earnings per share (€)	(0,20)	(0,51)

## Comprehensive income

(in thousands of euros)	Year ended March 31, 2011	Year ended March 31, 2010
<b>Net income of fully consolidated company</b>	<b>( 17 733)</b>	<b>( 44 765)</b>
Translation adjustments	( 6 099)	( 2 541)
Actuarial gains and losses on pensions and other post-retirement benefit	( 1 003)	-
<b>Income and expenses recognised directly in equity</b>	<b>( 7 102)</b>	<b>( 2 541)</b>
<b>Comprehensive income for the year</b>	<b>( 24 835)</b>	<b>( 47 306)</b>
Non-controlling interests	133	( 707)
<b>Comprehensive income (Group share)</b>	<b>( 24 968)</b>	<b>( 46 599)</b>

## Balance sheet

(in thousands of euros)

Year ended March 31, 2011 Year ended March 31, 2010

### Non-current assets

Intangible assets	50 117	98 430
Capitalized development projects	3 710	-
Property, plant and equipment	282 469	313 475
Deferred tax assets	-	1 146
Financial assets	4 745	1 093
	<b>341 041</b>	<b>414 144</b>

### Current assets

Inventories	51 307	30 268
Accounts receivable	44 858	40 978
Other current assets	37 889	30 123
Short-term financial assets	1 773	1 490
Cash and cash equivalents	267 745	277 603
	<b>403 572</b>	<b>380 462</b>
<b>Total asset</b>	<b>744 613</b>	<b>794 606</b>

### Liabilities

(in thousands of euros)

Year ended March 31, 2011 Year ended March 31, 2010

### Shareholder's equity and liabilities

#### Shareholder's equity

Share capital	8 749	8 615
Additional paid-in capital	492 318	483 379
Treasury shares	( 210)	( 210)
Retained earnings	( 16 671)	( 487)
Other reserves	( 233)	6 887
<b>Shareholder's equity, Group share</b>	<b>483 953</b>	<b>498 184</b>
Non-controlling interests	421	289
<b>Total shareholder's equity</b>	<b>484 374</b>	<b>498 473</b>

#### Non-current liabilities

Long-term financial liabilities	143 416	200 358
Deferred tax liabilities	-	-
Provisions and other non current liabilities	7 755	2 247
	<b>151 171</b>	<b>202 605</b>

#### Current liabilities

Short-term financial liabilities	24 404	31 713
Accounts payable	53 078	35 348
Provisions and other current liabilities	31 586	26 467
	<b>109 068</b>	<b>93 528</b>
<b>Total liabilities</b>	<b>744 613</b>	<b>794 606</b>

## Statement of changes in equity

	Ordinary shares		Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Shareholder's equity, Group share	Non-controlling interests	Total shareholder's equity of fully consolidated company
	Number of shares	Share capital							
(in thousands of euros except per share data)									
<b>At March 31, 2009</b>	<b>85 119</b>	<b>8 512</b>	<b>479 602</b>	<b>( 210)</b>	<b>15 297</b>	<b>9 144</b>	<b>512 345</b>	<b>239</b>	<b>512 584</b>
Translation adjustments on foreign affiliates	-	-	-	-	( 296)	( 2 257)	( 2 553)	12	( 2 541)
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 296)</b>	<b>( 2 257)</b>	<b>( 2 553)</b>	<b>12</b>	<b>( 2 541)</b>
Net income	-	-	-	-	( 44 046)	-	( 44 046)	( 719)	( 44 765)
<b>Total income and expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 44 342)</b>	<b>( 2 257)</b>	<b>( 46 599)</b>	<b>( 707)</b>	<b>( 47 306)</b>
Stock options and warrants exercised	725	73	3 337	-	99	-	3 509	-	3 509
ABSAAR transaction	-	-	-	-	-	-	-	-	-
Capital transactions	300	30	832	-	-	-	862	-	862
Issue of share capital expense	-	-	( 392)	-	-	-	( 392)	-	( 392)
Change in equity component of compound financial instruments	-	-	-	-	23 918	-	23 918	-	23 918
Share-based payment	-	-	-	-	4 710	-	4 710	-	4 710
Change in scope of consolidations	-	-	-	-	-	-	-	757	757
Other	-	-	-	-	( 169)	-	( 169)	-	( 169)
<b>At March 31, 2010</b>	<b>86 145</b>	<b>8 615</b>	<b>483 379</b>	<b>( 210)</b>	<b>( 487)</b>	<b>6 887</b>	<b>498 184</b>	<b>289</b>	<b>498 473</b>

	Ordinary shares		Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Shareholder's equity, Group share	Non-controlling interests	Total shareholder's equity of fully consolidated company
	Number of shares	Share capital							
<b>(in thousands of euros except per share data)</b>									
<b>At March 31, 2010</b>	<b>86 145</b>	<b>8 615</b>	<b>483 379</b>	<b>( 210)</b>	<b>( 487)</b>	<b>6 887</b>	<b>498 184</b>	<b>289</b>	<b>498 473</b>
Translation adjustments on foreign affiliates	-	-	-	-	-	( 6 117)	( 6 117)	18	( 6 099)
Actuarial gains and losses on pensions and other post-retirement benefit	-	-	-	-	-	( 1 003)	( 1 003)	-	( 1 003)
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-	-	<b>( 7 120)</b>	<b>( 7 120)</b>	<b>18</b>	<b>( 7 102)</b>
Net income	-	-	-	-	( 17 846)	-	( 17 846)	113	( 17 733)
<b>Total income and expense for the year</b>	-	-	-	-	<b>( 17 846)</b>	<b>( 7 120)</b>	<b>( 24 966)</b>	<b>131</b>	<b>( 24 835)</b>
Stock options and warrants exercised	226 297	23	268	-	( 99)	-	192	-	192
ABSAAR transaction	750 000	75	9 825	-	-	-	9 900	-	9 900
Capital transactions	366 281	37	1 492	-	-	-	1 529	-	1 529
Issue of share capital expense	-	-	( 2 647)	-	-	-	( 2 647)	-	( 2 647)
Change in equity component of compound financial instruments	-	-	-	-	( 3)	-	( 3)	-	( 3)
Share-based payment	-	-	-	0	1 810	-	1 810	-	1 810
Other	-	-	-	-	( 46)	-	( 46)	1	( 45)
<b>At March 31, 2011</b>	<b>87 487</b>	<b>8 749</b>	<b>492 318</b>	<b>( 210)</b>	<b>( 16 671)</b>	<b>( 233)</b>	<b>483 953</b>	<b>421</b>	<b>484 374</b>



## Consolidated statement of cash flow

<b>(in thousands of euros)</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
<b>Net income of fully consolidated companies</b>	<b>( 17 733)</b>	<b>( 44 765)</b>
<b>Adjustments to reconcile net income / (loss) to net cash used in operating activities</b>	<b>-</b>	<b>-</b>
Depreciation, amortisation and impairment	57 434	62 657
Gain / Loss on disposal of assets	507	2
Change in taxes	247	( 87)
Cost of net debt	19 390	10 599
Expenses linked to stock options and employees warrants	1 810	4 710
<b>Increase / (Decrease) in cash and cash equivalents from:</b>	<b>-</b>	<b>-</b>
Inventories	( 21 288)	14 280
Accounts receivable	( 6 158)	( 21 044)
Other receivable	( 7 537)	( 820)
Accounts payable	15 313	11 277
Other liabilities	1 443	8 592
<b>Cash flow provided by operating activities</b>	<b>43 428</b>	<b>45 401</b>
Purchases of intangible assets	( 9 398)	( 612)
Purchase of property, plant and equipment	( 18 852)	( 5 899)
Proceeds from sales of property, plant and equipment and of intangible assets	1 333	334
Proceeds from sales / (purchases) of financial assets	( 3 049)	( 47)
Impact of Soitec Solar GmbH acquisition net of treasury acquired	-	( 36 746)
<b>Cash flow provided by / (used in) investing activities</b>	<b>( 29 966)</b>	<b>( 42 970)</b>
Amounts received from shareholders from capital increase and warrants exercised	10 590	3 880
Resale / (Repurchase) of treasury shares	-	-
Amounts provided by new borrowings	-	145 091
Repayment of borrowings (including finance leases)	( 24 060)	( 37 659)
Interest received	1 370	1 208
Interest paid	( 10 691)	( 3 260)
<b>Cash flow provided by / (used in) financing activities</b>	<b>( 22 791)</b>	<b>109 260</b>
Impact of exchange rate fluctuations on cash and cash equivalents	( 529)	( 1 368)
<b>Change in net cash</b>	<b>( 9 858)</b>	<b>110 323</b>
Cash at the beginning of the year	277 603	167 280
Cash at the end of the year	267 745	277 603