



SOITEC REPORTS FY'20 FIRST QUARTER REVENUES

- Q1'20 revenues reached €119m, up 30% versus Q1'19
- At constant exchange rates and perimeter¹, organic sales growth stands at +20% compared with Q1'19
- 200-mm wafer sales increased by 12% at constant exchange rates compared with Q1'19
- 300-mm wafer sales are up 32% at constant exchange rates versus Q1'19
- FY'20 guidance unchanged: sales growth expected around 30% at constant exchange rates and perimeter¹ and Electronics EBITDA² margin³ expected around 30%

Bernin (Grenoble), France, July 17th, 2019 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 119.4 million Euros for the first quarter of FY'20 (ended June 30th, 2019), up 29.9% compared with 91.9 million Euros in the first quarter of FY'19. This is the result of a 20.2% growth at constant exchange rates and perimeter¹ as well as a positive currency impact of +4.6% and a scope effect of +5.1%. First quarter of FY'20 sales reflected an average Euro / Dollar exchange rate of 1.120 compared to 1.163 in the first quarter of FY'19. The scope effect is essentially related to the acquisition of Dolphin Integration assets in August 2018 and to a small extent to the acquisition of EpiGaN in May 2019.

¹ At constant exchange rates and comparable scope of consolidation; scope effects relate to the acquisitions of Dolphin Integration assets in August 2018 and EpiGaN in May 2019, 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. Concerning FY'19, 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.

Paul Boudre, Soitec's CEO, commented: *"In our first quarter, we achieved a strong 20% organic growth and remain extremely confident in our prospects for the full year. It has been another productive quarter for Soitec with various initiatives that are consolidating our position at the forefront of leading innovative industry developments, strengthening our ties with key players of the semiconductor ecosystem and providing strong industrial and commercial avenues to ensure the adoption of our technologies.*

The acquisition of EpiGaN expands our engineered substrate portfolio beyond Silicon into Gallium Nitride epitaxial wafer materials, opening up opportunities to create new value-added products for both RF 5G and power systems. In the meantime, we further extended our close relationship with GlobalFoundries to ensure state-of-the-art high-volume 300-mm manufacturing for years to come. Finally, thanks to our enhanced R&D partnership with Kokusai, we will benefit from their unique expertise in thermal treatment and layer formation processes which is essential in building next generations of substrates for semiconductor devices," added Paul Boudre.

First quarter FY'20 consolidated sales (unaudited)

	Q1'19	Q1'20	Q1'20/Q1'19	
			<i>change reported</i>	<i>chg. at const. exch. rates and perimeter¹</i>
(Euros thousands)				
200-mm	50,889	59,469	+17%	+12%
300-mm	39,335	53,832	+37%	+32%
Royalties and other revenues	1,714	6,135	+258%	-17%
Total revenues	91,938	119,435	+30%	+20%

Compared to the first quarter of FY'19, 200-mm wafer sales enjoyed a 12% growth at constant exchange rates, whereas 300-mm wafer sales increased by 32%. Consequently, the proportion of 200-mm wafer sales went down from 56% to 52% of total wafer sales and 300-mm wafer sales reached 48% of total wafer sales compared to 44% in the first quarter of FY'19.

Sequentially, first quarter FY'20 revenues were down 14.9% on a reported basis compared to the fourth quarter of FY'19 and down 16.8% at constant exchange rates and perimeter¹. This is due to the usual seasonal effect resulting in high fourth quarter sales.

200-mm wafer sales

200-mm wafers are made of products for radiofrequency and power applications. In the first quarter of FY'20, 200-mm wafer sales rose by 12% at constant exchange rates, compared with the first quarter of FY'19. Driven by continued success in both RF-SOI and Power-SOI wafers, the sales increase mostly reflects higher volumes but also a more favorable product mix.

Additional volumes sold came partly from Bernin I – Soitec's production site dedicated to 200-mm wafers – which continued to operate at full capacity whereas its annual production capacity was raised from 900,000 wafers to 950,000 wafers in FY'19. In the meantime, the volumes of 200-mm wafers sold that came from the production outsourced to Simgui in Shanghai, have significantly increased. The output from Simgui represented more than 15% of the total 200-mm volumes sold by Soitec in the first quarter of FY'20 compared to 10% in the first quarter of FY'19.

On the radiofrequency side, **RF-SOI 200-mm** wafer sales continue to be driven by the increase in RF-SOI content and greater RF complexity in the latest generations of smartphones which are requiring more Antenna Tuners, more Switches and more LNAs (Low Noise Amplifiers). In the first quarter of FY'20, sales of RF-SOI 200-mm wafers were slightly higher than in the first quarter of FY'19 and achieved the same high level as in the fourth quarter of FY'19.

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 first quarter of FY'20, sales of Power-SOI wafers were higher both on a year-on-year basis and on a sequential basis.

300-mm wafer sales

300-mm wafers are made of products for both digital and radiofrequency applications. In the first quarter of FY'20, 300-mm wafer sales rose by 32% at constant exchange rates, compared with the first quarter of FY'19. Such sales increase reflects much higher volumes as well as a more favorable product mix across all products with strong progression of RF-SOI and Photonics-SOI. As a result, the capacity utilization rate of Bernin II 300-mm production site stood on average at 80% during the first quarter of FY'20 compared to 55% in the first quarter of FY'19.

The pace of adoption of the FD-SOI remains buoyant as FD-SOI provides strong value to many applications in automotive, AI, IoT smart home, industrial devices and first chips used in 5G communication. As an illustration, two recent notable achievements of FD-SOI adoption can be mentioned: first, NXP and Microsoft announcement of bringing Microsoft Azure Sphere Security to NXP "Intelligent Edge" processor build on FD-SOI technology; secondly, ARM presenting at Semicon West show in San Francisco, the industry first PSA certified IOT device built on Samsung FD-SOI technology with eMRAM.

In the meantime, Soitec continues to benefit from the strong and fast adoption of its **RF-SOI 300-mm** wafers by several Tier 1 fabless and foundry customers. As for RF-SOI 200-mm, the adoption of advanced communication protocols enabling higher data transfer rates is critical. Indeed, most

advanced 4G - LTE standards, as well as first 5G Sub-6GHz devices, require new solutions to serve the latest generations of 5G smartphones, IoT devices and telecommunications infrastructure.

Sales of **Photonics-SOI** wafers for silicon-based optical transceivers continue to be 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.

Imager-SOI products, which provide a high level of performance in 3D imaging for consumer applications, will continue to benefit from adoption in mobile devices.

Finally, **PD-SOI** product line, Soitec's legacy digital technology is still used for some ASICs, servers and networking applications.,

Overall, on a sequential basis, total 300-mm wafer sales in the first quarter of FY'20 were down by 26% on a reported basis compared with the fourth quarter of FY'19 or down 27% at constant exchange rates. This well-anticipated decline is essentially due to two factors: typical seasonal slowdown and particularly strong sales at the end of FY'19 related to additional orders from key FD-SOI and RF-SOI customers.

Royalties and other revenues

Thanks to the acquisition of Dolphin Integration assets in August 2018 and, to a small extent, to the acquisition of EpiGaN in May 2019, total Royalties and other revenues reached 6.1 million Euros in the first quarter of FY'20 compared to 1.7 million Euros in the first quarter of FY'19. At constant exchange rates and perimeter¹, sales were down 17%. This essentially reflects the fact that last year royalties and intellectual property revenues were including a service contract provided to Simgui. It also results from a temporary drop in the revenues generated by Frec|n|sys in the first quarter of FY'20 compared to the first quarter of FY'19.

Key events of Q1'20

On May 7th, 2019, Soitec signed a share purchase agreement in order to sell its 20% stake in **CPV Power Plant No. 1** (CPV #1), the special purpose company hosting the Touwsrivier solar power plant in South Africa. The sale, made to Pele Green Energy, still needs to be authorized by the bondholders of CPV #1 as well as by South African authorities. This equity stake is recorded in Soitec's balance sheet for a value of 5.2 million Euros. In addition, a loan granted to Pele Green Energy, which is valued at 11.3 million Euros in Soitec's balance sheet, would be redeemed.

On May 13th, 2019, Soitec announced the acquisition of 100% of the share capital of **EpiGaN**, a leading European supplier of GaN epitaxial wafer (epiwafer) materials, to expand its engineered

substrate portfolio into GaN (Gallium Nitride) and therefore accelerate its penetration across high-growth 5G, power and sensor market segments. EpiGaN's products are used primarily within RF 5G, power electronics, and sensor applications. The amount for this acquisition is 30 million Euros in cash, plus an additional earn-out payment based on completion of certain milestones.

On June 6th, 2019, Soitec and **GlobalFoundries** announced that they have signed multiple long-term supply agreements, which took effect immediately, regarding 300mm silicon-on-insulator (SOI) wafers to secure a high-volume supply and meet the growing demand from GlobalFoundries customers for its differentiated RF-SOI, FD-SOI and silicon photonics technology platforms.

On June 13th, 2019, Soitec hosted its **2019 Capital Markets Day**, providing an updated vision of the Company's market potential. Within the next five years Soitec's SOI core business is expected to reach a served addressable market of 1.6 to 2.4 billion Dollars, representing a 15 to 25% annual growth, and new products (POI, GaN) a served addressable market of 0.5 billion Dollars. In addition, Soitec technologies open new business opportunities in compound semiconductors with a served addressable market estimated above 1.0 billion Dollars within 5 years. Soitec's mid-term ambition is to reach approximately 900 million Euros of revenues in FY'22 with an EBITDA² margin³ of around 31%, these figures being based on a Euro / Dollar exchange rate of 1.13. To capture this growth Soitec will be adding further capacity, focusing in priority on extending its current industrial sites.

Outlook

Soitec continues to expect FY'20 sales to grow by around 30% at constant exchange rates and perimeter¹.

Soitec also confirms expecting its Electronics EBITDA² margin³ to reach around 30% based on a Euro / Dollar exchange rate of 1.13 (the sensitivity of EBITDA² to a 10 cents fluctuation of the Euro / Dollar exchange rate being estimated at 23 million Euros).

Disclaimer

This document was prepared by Soitec (the "Company") on July 17th, 2019 in connection with the announcement of the sales figures of the first quarter of fiscal year 2019-2020.

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 2018-2019 registered by the Autorité des marchés financiers (the "AMF") on July 4th, 2019 under visa D.19-0649 (the "Document de Référence"). Copy of the Document de Référence is available in French language through the Company and may also be consulted and downloaded on the Company's website (www.soitec.com). It is also available on the AMF's website (www.amf-france.org). The English version will be made available quickly. Your attention is drawn to the risk factors described in Chapter 2 of the Document de Référence.

This document contains summary information and should be read in conjunction with the Document de Référence. In the event of a discrepancy between this document and the Document de Référence, the Document de Référence shall prevail.

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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/20190717_1/

Agenda

Soitec's Annual General Meeting will be held on July 26th, 2019 at the company's headquarters in Bernin (France).

Q2'20 sales are due to be published on October 15th, 2019 after market close and not on October 16th as previously indicated.

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 3,500 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.

Appendix

Consolidated sales (Q1 FY'20 unaudited)

Quarterly sales (Euros thousands)	Q1		Q2		Q3		Q4		Q1	
	'18	'19	'18	'19	'18	'19	'18	'19	'19	'20
200-mm	46,534	50,889	47,389	51,150	49,355	58,747	49,136	60,206	50,889	59,469
300-mm	21,124	39,335	23,743	41,261	24,938	52,775	36,495	72,300	39,335	53,832
Royalties and other revenues	1,973	1,714	2,214	2,547	1,677	5,246	6,055	7,776	1,714	6,135
Total revenues	69,630	91,938	73,345	94,957	75,969	116,768	91,686	140,282	91,938	119,435

Quarterly sales Q1'19 Q2'19 Q3'19 Q4'19 Q1'20

<i>(vs previous year)</i>	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	+9.4%	+16.4%	+7.9%	+10.6%	+19.0%	+20.2%	+22.5%	+20.7%	+16.9%	+12.5%
300-mm	+86.2%	+98.2%	+73.8%	+78.0%	+111.6%	+113.7%	+98.1%	+95.2%	+36.9%	+31.7%
Royalties and other revenues	-13.1%	-7.5%	+15.1%	-26.2%	+212.9%	-22.4%	+28.4%	-65.4%	+257.9%	-17.0%
Total revenues	+32.0%	+40.5%	+29.5%	+31.3%	+53.7%	+50.0%	+53.0%	+44.7%	+29.9%	+20.2%

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