



SOITEC REPORTS FY'20 THIRD QUARTER REVENUES

- Q3'20 revenues reached €135m, up 16% versus Q3'19
- At constant exchange rates and perimeter¹, organic sales growth stands at +11% compared with Q3'19
- 150/200-mm wafer sales increased by 2% at constant exchange rates compared with Q3'19
- 300-mm wafer sales are up 19% at constant exchange rates versus Q3'19
- First nine months of FY'20 revenues reached €394m, up 30% on a reported basis i.e. up 23% at constant exchange rates and perimeter²
- FY'20 guidance confirmed: sales growth expected around 30% at constant exchange rates and perimeter² and Electronics EBITDA³ margin⁴ expected around 30%

Bernin (Grenoble), France, January 21st, 2020 – Soitec (Euronext Paris), a world leader in designing and manufacturing innovative semiconductor materials, today announced consolidated revenues of 135.3 million Euros for the third quarter of FY'20 (ended December 31st, 2019), up 15.9% compared with 116.8 million Euros in the third quarter of FY'19. This is the result of an 11.3% growth at constant exchange rates and perimeter¹ as well as a positive currency impact of +4.1% and a scope effect of +0.5% which is related to the acquisition of EpiGaN in May 2019.

¹ At constant exchange rates and comparable scope of consolidation; in Q3'20, scope effects relate to the acquisition of EpiGaN in May 2019, included in the segment Royalties and other revenues.

² At constant exchange rates and comparable scope of consolidation; in the first 9 months of FY'20, 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.

³ 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.

⁴ Electronics EBITDA margin = EBITDA from continuing operations / Sales.

Paul Boudre, Soitec's CEO, commented: ***“We achieved double-digit organic growth in the third quarter, in line with our expectations. Based on our strong order book, we anticipate a sharp revenue increase in the fourth quarter driven by demand from our customers in Asia. We therefore reiterate our full-year guidance of an organic growth of around 30% for the current fiscal year. Our growth is founded on the success of our radiofrequency products, notably in the context of the deployment of 4G and 5G cellular generations, as well as on the ongoing adoption of our digital products platform for IoT and automotive market.***

We are very proud of our first revenue recognition of POI products designed for RF filters. The good level of revenues generated by Dolphin Design demonstrates their increased performance since we acquired these assets in 2018. We are also developing our Silicon Carbide offering, to overcome industry challenges critical for electrical vehicles.

These are important steps in our strategy to expand beyond SOI core business.” added Paul Boudre.

Third quarter FY'20 consolidated sales (unaudited)

	Q3'19	Q3'20	Q3'20/Q3'19	
(Euros thousands)			change reported	chg. at const. exch. rates and perimeter ¹
150/200-mm	58,747	61,885	+5%	+2%
300-mm	52,775	65,133	+23%	+19%
Royalties and other revenues	5,246	8,264	+58%	+41%
Total revenues	116,768	135,282	+16%	+11%

Compared to the third quarter of FY'19, 150/200-mm wafer sales enjoyed a 2% growth at constant exchange rates, whereas 300-mm wafer sales increased by 19%. Consequently, the proportion of 300-mm wafer sales went up from 47% to 51% of total wafer sales and 150/200-mm wafer sales reached 49% of total wafer sales compared to 53% in the third quarter of FY'19.

150/200-mm wafer sales

150/200-mm wafers are made of substrates for radiofrequency and power applications. In the third quarter of FY'20, 150/200-mm wafer sales rose by 2% at constant exchange rates, compared with the third quarter of FY'19. 150/200-mm sales increase reflects a combination of slightly lower volumes and a more favorable product mix. By type of products, Soitec achieved further growth in RF-SOI wafers but a small decline in Power-SOI wafers compared to the third quarter of FY'19.

Third quarter of FY'20 saw the very first revenue recognition of 150-mm POI wafers for filters produced at Bernin III; these are included in the combined 150/200-mm segment.

300-mm wafer sales

300-mm wafers are made of products for both digital and radiofrequency applications. In the third quarter of FY'20, 300-mm wafer sales rose by 19% at constant exchange rates, compared with the third quarter of FY'19. This increase in sales essentially reflects higher volumes in RF-SOI wafers.

Compared to the third quarter of FY'19, increase in **RF-SOI 300-mm** wafer sales reflected higher demand for radiofrequency applications related the still growing 4G market as well as the deployment of first generations of 5G networks and smartphones. 5G communication standards require significantly increased radiofrequency components such as Antenna Switches, Antenna Tuners, LNA's (Low Noise Amplifiers), content where RF-SOI has become the industry standard.

FD-SOI wafers sales were slightly lower than in Q3 FY'19. Soitec is monitoring FD-SOI inventory levels in the supply chain and managing its capacity accordingly. Recent product announcements (Google, Lattice) confirm the adoption of FD-SOI in various AIoT, connectivity and automotive applications, demonstrating the strong value brought by this technology.

Sales of **Imager-SOI** products, which have been low in the first half of FY'20, enjoyed a rebound in the third quarter of FY'20 to a slightly higher level than in the third quarter of FY'19. They provide a high level of performance in 3D imaging for consumer applications and benefit from adoption in mobile devices.

Royalties and other revenues

Total Royalties and other revenues reached 8.3 million Euros in the third quarter of FY'20 compared to 5.2 million Euros in the third quarter of FY'19. At constant exchange rates and perimeter¹, Royalties and other revenues were up 41% in the third quarter of FY'20 compared to the third quarter of FY'19.

Royalties and intellectual property revenues increased slightly from 1.3 million Euros in the third quarter of FY'19 to 1.4 million Euros in the third quarter of FY'20.

Other revenues – encompassing sales generated by Frec|n|sys, Dolphin Design and EpiGaN – reached 6.8 million Euros in the third quarter of FY'20 compared to 4.0 million Euros in the third quarter of FY'19, reflecting a much stronger contribution from Dolphin Design (+57%) and, to a lower extent, the scope effect related to the integration of EpiGaN.

Nine months FY'20 consolidated sales (unaudited)

	9m'19	9m'20	9m'20/9m'19	
(Euros thousands)			<i>change reported</i>	<i>chg. at const. exch. rates and perimeter¹</i>
150/200-mm	160,786	183,310	+14%	+10%
300-mm	133,371	190,468	+43%	+38%
Royalties and other revenues	9,508	19,954	+110%	+31%
Total revenues	303,664	393,733	+30%	+23%

For the first nine months of FY'20, revenues reached 393.7 million Euros, up 30% or up 23% at constant exchange rates and perimeter² compared with the first nine months of FY'19.

150/200-mm wafer sales were up 10% at constant exchange rates compared to the first nine months of FY'19 while 300-mm wafer sales were up 38% at constant exchange rates.

Key event of Q3'20

Joint development program with Applied Materials on next-generation silicon carbide substrates

Following the announcement of a joint development program with Applied Materials, a silicon carbide engineered substrate pilot line is being installed at the Substrate Innovation Center located at CEA-Leti. Soitec expects to deliver silicon carbide wafer samples using its Smart Cut™ technology in the second half of 2020.

The objective is to overcome challenges related to supply, yield and cost of silicon carbide substrates to efficiently address surging demand from electric vehicles, telecommunication and industrial applications.

Outlook

Soitec continues to expect FY'20 sales to grow by around 30% at constant exchange rates and perimeter². This guidance is supported by the strong level of sales expected in the fourth quarter of FY'20, which the Group will be able to supply thanks to anticipated manufacturing done over the past quarters.

Soitec also confirms expecting its FY'20 Electronics EBITDA³ margin⁴ to reach around 30% based on a Euro / Dollar exchange rate of 1.13 (the sensitivity of EBITDA³ to a 10 cents fluctuation of the Euro / Dollar exchange rate being estimated at 23 million Euros).

Disclaimer

This document is provided by Soitec (the "Company") for information purposes 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") and in the Company's FY'20 half year report released on December 2nd, 2019. Copies of the Document de Référence and of the FY'20 half-year report are available in French and English language 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 2 of the Document de Référence.

This document contains summary information and should be read in conjunction with the Document de Référence and the FY'20 half-year report.

This document contains certain forward-looking statements. These forward-looking statements relate to the Company's future prospects, developments and strategy and are based on analyses of earnings forecasts and estimates of amounts not yet determinable. By their nature, forward-looking statements are subject to a variety of risks and uncertainties as they relate to future events and are dependent on circumstances that may or may not materialize in the future. Forward-looking statements are not a guarantee of the Company's future performance.

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.

The Company does not undertake any obligation to update or make any correction to any forward-looking statement in order to reflect an event or circumstance that may occur after the date of this document. In addition, the occurrence of any of the risks described in Chapter 2 of the Document de Référence may have an impact on these forward-looking statements.

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Analysts conference call held in English today at 6:15 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/soitec/#!/soitec/20200121_1

Agenda

Fourth quarter FY'20 sales are due to be published on April 22nd, 2020 after market close (instead of April 15th, 2020 as previously indicated on the Company's website).

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 € 65,298,269.80, 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 FY'20 unaudited)

Quarterly sales (Euros thousands)	Q3		Q4		Q1		Q2		Q3	
	'18	'19	'18	'19	'19	'20	'19	'20	'19	'20
150/200-mm	49,355	58,747	49,136	60,206	50,889	59,469	51,150	61,957	58,747	61,885
300-mm	24,938	52,775	36,495	72,300	39,335	53,832	41,261	71,504	52,775	65,133
Royalties and other revenues	1,677	5,246	6,055	7,776	1,714	6,135	2,547	5,555	5,246	8,264
Total revenues	75,969	116,768	91,686	140,282	91,938	119,435	94,957	139,015	116,768	135,282

Quarterly sales (vs. previous year)	Q3'19		Q4'19		Q1'20		Q2'20		Q3'20	
	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
150/200-mm	+19.0%	+20.2%	+22.5%	+20.7%	+16.9%	+12.5%	+21.1%	+17.3%	+5.3%	+1.7%
300-mm	+111.6%	+113.7%	+98.1%	+95.2%	+36.9%	+31.7%	+73.3%	+67.9%	+23.4%	+19.1%
Royalties and other revenues	+212.9%	-22.4%	+28.4%	-65.4%	+257.9%	-17.0%	+118.1%	+45.5%	+57.5%	+40.6%
Total revenues	+53.7%	+50.0%	+53.0%	+44.7%	+29.9%	+20.2%	+46.4%	+40.0%	+15.9%	+11.3%

¹ At constant exchange rates and comparable scope of consolidation;

- in Q3'19 and Q4'19, scope effects relate to the acquisition of Dolphin Integration assets in August 2018
- in Q1'20 and Q2'20, scope effects relate to the acquisitions of Dolphin Integration assets in August 2018 and the acquisition of EpiGaN in May 2019
- in Q3'20, scope effects relate to the acquisition of EpiGaN in May 2019

Both Dolphin Integrations assets and EpiGaN are included in the segment Royalties and other revenues.

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