



SOITEC ANNOUNCES FULL YEAR RESULTS FOR 2012-2013

- **Full year sales at 262.9 million Euros**
- **H2 current operating loss reduced to 52.8 million Euros**
- **Cash resources at 130.1 million Euros end of March 2013**
- **Future growth driven by a more balanced contribution from activities**

Bernin, France, May 23, 2013 – Soitec (Euronext), world leader in generating and manufacturing high performance semiconductor materials for electronics and energy, announced today its audited consolidated results for the 2012-2013 financial year.

For fiscal year 2012-2013, the Group posted consolidated sales of 262.9 million Euros, down 18.7% compared to last year driven by faster than expected industry wide declines of PC and related sales. This significant decrease in demand for 300 mm wafers, low asset utilization and continued investments in the Research and Development coupled with Solar division performance resulted in current operating loss of 123.0 million Euros compared to an operating loss of 45.9 million Euros for the previous fiscal year. After net financial expenses and non cash impairment charges, the net result (Group share) is a loss of 209.5 million Euros, compared to a loss of 56.3 million Euros in 2011-2012.

Operating cash flow approached breakeven with negative 1.3 million Euros in the second half of fiscal year 2012-2013, compared to negative 37.4 million Euros for the first half of fiscal year 2012-2013. The improvement was primarily attributable to the strong performance cost and working capital management strategies put in place 6 months ago for the electronic business. Operating cash flow for the full year was negative 38.7 million Euros.

The Group's cash resources amounted to 130.1 million Euros at the end of March 2013. Previously announced strategic investments, particularly the creation of manufacturing facilities and other operating functions for the Solar division have now been completed, and we do not expect to make further significant investments in the 2013-2014 fiscal year.

Financial highlights

(Euros millions)	2012-2013	2011-2012
Sales	262.9	323.4
Gross profit	(15.6)	50.4
<i>As a percentage of sales</i>	<i>(5.9%)</i>	<i>15.6%</i>
Research and Development	(48.2)	(41.5)
Selling, General and Administrative expenses	(55.6)	(50.1)
Solar projects development costs	(3.6)	(4.6)
Current operating income / (loss)	(123.0)	(45.9)
<i>As a percentage of sales</i>	<i>(46.8%)</i>	<i>(14.2%)</i>
Other operating expenses	(73.9)*	(1.4)
Operating income / (loss)	(197.0)	(47.2)
Net financial income/(expense)	(11.8)	(8.9)
		-
Net loss (Group Share)	(209.5)	(56.3)
<i>As a percentage of sales</i>	<i>(79.7%)</i>	<i>(17.4%)</i>
EBITDA	(61.7)	19.2
<i>As a percentage of sales</i>	<i>(23.5%)</i>	<i>5.9%</i>
Net earnings per share	(1.70)	(0.46)
*of which (59.7) million Euros for Electronic Segment and (14.2) million Euros for Solar Energy Segment		

Segment Analysis

Operating segments have been revised in line with Soitec's resource allocation and performance assessment methodology. The Group now operates under three segments: Electronic, Solar Energy and Lighting. It has also elected to report corporate headquarters support functions within "Other segment".

Electronic Segment

(Euros millions)	2012-2013	2011-2012
Sales	257.1	316.6
Gross profit	27.3	67.0
<i>As a percentage of sales</i>	<i>10.6%</i>	<i>21.1%</i>
Research and Development	(16.6)	(22.9)
Selling, General and Administrative expenses	(24.2)	(20.9)
Current operating income / (loss)	(13.5)	23.1
<i>As a percentage of sales</i>	<i>(5.3%)</i>	<i>7.3%</i>
<i>Other operating expenses</i>	<i>(59.7)</i>	-
Operating Income / (Loss)	(73.2)	23.1

Over the full year, Electronic sales declined by 18.8% to 257.1 million Euros. Total wafer sales for the full year were 30.1% lower. For the full year, 300 mm wafer sales linked to digital applications decreased by 40.0% in Euros as PC markets saw faster than expected declines. Other diameters wafer sales dedicated mainly to mobile applications increased by 13.4% in Euros and Other Electronic sales were up by 75.8% at 59.5 million Euros demonstrating the benefits of the Group's strategic investments in products related to smart phones, tablets and other mobile applications.

A decline in 300 mm wafer sales in volumes related to the PC market, a lower of asset utilization, as well as, to a lesser extent, a deterioration of selling prices were the drivers behind a decrease in the reported gross margin. The gross profit for fiscal year 2012-2013 was 27.3 million Euros (10.6% of sales), down from 67.0 million Euros (21.1% of sales) in 2011-2012.

Net Research and Development spending has decreased to 16.6 million Euros in fiscal year 2012-2013, or 6.5% of sales, compared to 22.9 million Euros last year or 7.2% of sales. The decrease is due to both the ability to achieve higher funding including prototyping sales to customers and a reduction in Gross Research and Development spending. Gross Research and Development spending was 33.5 million Euros in fiscal year 2012-2013 compared to 36.8 million Euros the prior year.

Compared to last year, the increase in SG&A costs was mainly due to a change in perimeter with the acquisition of Altatech and its integration in the electronic segment. SG&A spending was 24.2 million Euros in fiscal year 2012-2013 compared to 20.9 million Euros the prior year.

Current operating profit was negative at 13.5 million Euros compared to a positive operating profit of 23.1 million Euros last year. Stronger demand for wafer sales and the 20 million Euros cost containment program announced in October 2012 led to a positive current operating profit of 3.5 million Euros in H2, compared to 17.0 current operating loss in H1.

With utilization of both the Singapore and Bernin facilities lower, capacity planning is a key focus for the Electronics division. A one-time charge has been recorded for an amount of 59.7 million Euros for impairment charges out of which 8.4 million Euros have been recognized in H2.

Solar Energy Segment

(Euros millions)	2012-2013	2011-2012
Sales	5.8	6.8
Gross profit	(42.9)	(16.6)
<i>As a percentage of sales</i>	<i>N.S</i>	<i>N.S</i>
Research and Development	(20.2)	(10.2)
Selling, General and Administrative expenses	(15.5)	(13.6)
Solar Project development costs	(3.6)	(4.6)
Current operating income / (Loss)	(82.3)	(44.9)
<i>As a percentage of sales</i>	-	-
<i>Other operating expenses</i>	<i>(14.2)</i>	<i>(1.4)</i>
Operating Income / (Loss)	(96.5)	(46.3)

The development and investment phase for the Solar Energy ended in March 2013. As of March 2013, the division has an installed capacity of 210 MWp and a pipeline of solar power plant projects of over 400 MWp of which a large part to be delivered and installed over the next 36 months.

We continue to install small scale solar power plants and now have demo plants operating in over 18 high irradiation countries worldwide. On April 30, we announced the issuance by our South African SPV of 1B South African Rands (~100M\$) bonds to finance our first utility-scale solar power plant of 44 MWp in South Africa. Construction of this project has commenced and is expected to be completed in fiscal year 2014-2015.

Sales were 5.8 million Euros and related to small scale installations. We expect the contribution of the Solar Energy division to total sales to increase proportionately in fiscal year 2013-2014 as current projects are implemented. R&D spending in the Solar Energy division was primarily dedicated to the development of a record efficiency solar cell. Subject to EU approval, we also expect to receive significant research development grants in 2013-2014 financial year that will allow us to accelerate this promising development.

The SG&A spending increased at 15.5 million Euros compared to 13.6 million Euros in fiscal year 2011-2012 and was dedicated to the development of projects and pipeline in high irradiance regions such as Southern California, South Africa, the Middle East and Latin America. The Solar Energy division has now established sales representations and created partnerships in most attractive markets.

The operating loss of the Solar Energy division increased from 44.9 million Euros to 82.3 million Euros in fiscal year 2012-2013. A non-cash charge of 14.2 million Euros has been recorded to reflect certain impairment charges.

Lighting Segment

(Euros millions)	2012-2013	2011-2012
Sales	-	-
Gross profit	-	-
<i>As a percentage of sales</i>	-	-
Research and Development	(11.3)	(8.5)
Selling, General and Administrative expenses	(0.7)	(0.1)
Current operating income / (loss)	(12.0)	(8.6)
<i>As a percentage of sales</i>	-	-

The Lighting segment develops advanced substrates to address the future growth market of solid state lighting. In fiscal year 2012-2013, we announced licensing agreements with Sumitomo and GT technologies, and expect the receipt of certain R&D grants in the coming year. We also announced a first reference contract with RATP this year.

Current operating loss increased from 8.6 million Euros to 12.0 million Euros primarily due to continued strategic R&D investments in the segment. We do not expect to have significant capital expenditures in this segment in the 2013-2014 fiscal year.

Other segment

(Euros millions)	2012-2013	2011-2012
Sales	-	-
Gross profit	-	-
<i>As a percentage of sales</i>	-	-
Research and Development	-	-
Selling, General and Administrative expenses	(12.7)	(11.8)
Current operating income / (loss)	(12.7)	(11.8)
<i>As a percentage of sales</i>	-	-

The Other segment is made up of corporate headquarters support functions. Total spending in Other increased nominally by 0.9 million Euros as the Group evolves from a one segment company into a company with three segments and related operating, control and management functions.

Strategic investments dedicated to the building of industrial capacities for solar activities completed

Cash flow used in operating activities was negative 38.7 million Euros for fiscal year 2012-2013. However, the full year result remained close to cash flow from operations of negative 37.4 million Euros reported for H1 as demand improved and cash and cost containment measures took effect.

The net cash flow devoted to industrial investment totaled 118.2 million Euros for fiscal year 2012-2013, compared to 100.2 million Euros for the prior year. Strategic investments in the Solar Energy segment have now been completed.

As of March 31, 2013, cash, cash equivalents, and marketable securities were 130.1 million Euros. Net debt position was (66.5) million Euros.

Future growth driven by a more balanced contribution from activities

Group should deliver strong double digit growth in 2013-2014. The Group anticipates a more balanced revenue contribution from the Electronics and Solar segments. For the Electronics segment, we expect that demand for mobility products (slates, mobile phones) will partially offset the expected declines for PC and gaming related sales. We expect the Solar segment to contribute a significant amount to Group sales.

The Group expects to finalize arrangements for the sale and lease back of certain assets before the end of the 2013-2014 financial year. In parallel, in order to better serve our customers and shareholders Soitec will continue to optimize its cost structure versus different market trends under a strategic program called "Soitec 2015". Soitec 2015 will drive profitability back in the period and will focus cost, speed and manufacturing excellence.

Agenda

The sales for the first quarter of the 2013-2014 fiscal year will be published on July 15, 2013, after the closing of the Paris stock exchange.

Consolidated financial statements as at March 31, 2013

Consolidated income statement

(in thousand Euros)	March 31, 2013	March 31, 2012
Revenue	262,863	323,423
Cost of sales	(278,434)	(273,055)
Gross profit	(15,571)	50,368
Sales and marketing expenses	(15,677)	(13,801)
Research and development expenses	(48,196)	(41,520)
Solar plant projects launch expenses	(3,638)	(4,563)
General and administrative expenses	(39,926)	(36,339)
Current operating income	(123,007)	(45,855)
Other operating income	-	-
Other operating expenses	(73,948)	(1,372)
Operating income	(196,955)	(47,227)
Financial income	16,083	19,170
Financial expense	(27,865)	(28,043)
Net financial expense	(11,782)	(8,873)
Profit / (loss) before tax	(208,737)	(56,100)
Income tax	(28)	(28)
Consolidated net profit / (loss) for the year	(208,765)	(56,128)
Share of profit / (loss) of associates	(925)	(135)
Net income	(209,690)	(56,263)
Non-controlling interests	(193)	-
Net income (Group share)	(209,497)	(56,263)
Basic net earnings per share in Euros	(1.70)	(0.46)
Diluted net earnings per share in Euros	(1.70)	(0.46)

Consolidated statement of comprehensive income

(in thousand Euros)	March 31, 2013	March 31, 2012
Net income	(209,690)	(56,263)
Exchange gains (losses) on translation of foreign operations	4,561	6,210
Actuarial gains (losses) on pensions and other post-retirement benefits	(264)	(526)
Income and expenses recognized directly in equity	4,297	5,684
Total comprehensive income for the year	(205,393)	(50,579)
Non-controlling interests	(164)	-
Total comprehensive income for the year (Group share)	(205,229)	(50,579)

Consolidated Balance sheet

Assets (in thousand Euros)	March 31, 2013	March 31, 2012
Non-current assets:		
Goodwill and intangible assets	66,920	63,259
Capitalized development projects	2,968	3,339
Property, plant and equipment	346,016	328,974
Deferred tax assets	-	-
Investments in associates	14,150	14,353
Non-current financial assets	3,601	5,938
Other non-current assets	18,730	6,689
Total non-current assets	452,385	422,552
Current assets:		
Inventories	66,236	66,623

Trade receivables	42,414	47,161
Other current assets	25,140	55,931
Current financial assets	2,937	9,232
Cash and cash equivalents	130,127	259,804
Total current assets	266,855	438,751
Total assets	719,240	861,303

Equity and liabilities (in thousand Euros)	March 31, 2013	March 31, 2012
Equity		
Share capital	12,263	12,213
Share premium	641,233	641,663
Treasury shares	(478)	(478)
Retained earnings	(270,661)	(67,120)
Other reserves	8,736	6,233
Group equity	391,093	592,511
Non-controlling interests	(119)	-
Total equity	390,974	592,511
Non-current liabilities		
Long term financial debt	139,663	139,702
Provisions and other non-current liabilities	13,133	10,186
Total non-current liabilities	152,796	149,888
Current liabilities:		
Short term financial debt	56,999	23,674
Trade payables	57,593	41,267
Provisions and other current liabilities	60,879	53,963
Total current liabilities	175,470	118,904
Total liabilities	719,240	861,303

Statement of changes in equity

(in thousand Euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2011	87,487,811	8,749	492,318	(210)	(16,671)	(233)	483,953	421	484,374
Exchange gains (losses) on translation of foreign operations	-	-	-	-	-	6,210	6,210	-	6,210
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(526)	(526)	-	(526)
Total income and expenses for the year directly recognized in equity	-	-	-	-	-	5,684	5,684	-	5,684
Profit/(loss) for the year	-	-	-	-	(56,263)	-	(56,263)	-	(56,263)
Total comprehensive income for the year	-	-	-	-	(56,263)	5,684	(50,579)	-	(50,579)
Stock options, warrants and free shares	239,003	24	67	-	(22)	-	69	-	69
ABSAAR transactions	1,100,000	110	10,427	-	-	-	10,537	-	10,537
Proceeds from share issue	33,301,578	3,330	146,527	-	-	-	149,857	-	149,857
Share issuance expenses, net	-	-	(7,946)	-	-	-	(7,946)	-	(7,946)
Share based payments	-	-	-	-	5,745	-	5,745	-	5,745
Convertible bond – Equity component	-	-	271	-	-	(271)	-	-	-
Purchase of treasury shares	-	-	-	(267)	-	1,023	756	-	756
Reflexite JV	-	-	-	-	766	-	766	-	766
Acquisition of non-controlling interests of Soitec Japan	-	-	-	-	(744)	-	(744)	(341)	(1085)
Other items	-	-	-	-	69	30	98	(80)	18
31 mars 2012	122,128,392	12,213	641,663	(478)	(67,120)	6,233	592,511	0	592,511

(in thousand Euros)	Number of shares	Share Capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total Equity
March 31, 2012	122,128,392	12,213	641,663	(478)	(67,120)	6,233	592,511	-	592,511
Exchange gains (losses) on translation of foreign operations	-	-	-	-	1,765	2,767	4,532	29	4,561
Actuarial gains (losses) on pensions and other post-retirement benefits	-	-	-	-	-	(264)	(264)	-	(264)
Total income and expenses for the year directly recognized in equity	-	-	-	-	1,765	2,503	4,268	29	4,297
Profit/(loss) for the year	-	-	-	-	(209,497)	-	(209,497)	(193)	(209,691)
Total comprehensive income for the year	-	-	-	-	(207,732)	2,503	(205,230)	(164)	(205,394)
Stock options, warrants and free shares	190,101	19	-	-	(19)	-	-	-	-
ABSAAR transactions	-	-	(1,286)	-	-	-	(1,286)	-	(1,286)

Proceeds from share issue	308,250	31	856	-	-	-	887	-	887
Share based payments	-	-	-	-	4,419	-	4,419	-	4,419
Entry of minority shareholders	-	-	-	-	(206)	-	(206)	45	161
Other items	-	-	-	-	(2)	-	(2)	-	(2)
March 31, 2013	122,626,743	12,263	641,233	(478)	(270,661)	8,736	391,093	(119)	390,974

Statement of cash flows

(in thousand Euros)	March 31, 2013	March 31, 2012
Consolidated net profit / (loss) for the year	(209,690)	(56,263)
Elimination of non cash items		
Share of profit / (loss) of associates	925	135
Depreciation and amortization expenses	84,467	56,238
Provisions, net	6,407	2,557
Provision for retirement indemnities	605	507
Impairment charge	39,148	-
Profit / (loss) on disposal of assets	516	(601)
Income tax charge	28	28
Cost of net financial debt	11,783	8,869
Share-based payments	4,419	5,745
Buy out of Soitec Solar non-controlling interests through net income	-	1,372
Total non cash items	148,298	74,850
Increase (decrease) in cash on:		
Inventories	(6,172)	(14,021)
Trade receivables	7,536	(1,209)
Other receivables	23,101	(8,662)
Trade payables	11,340	(4,759)
Other liabilities	(13,130)	1,643
Variation in working capital	22,675	(27,008)
Net cash generated by (used in) operating activities	(38,717)	(8,421)
Purchase of intangible assets	(15,404)	(11,847)
Purchase of tangible assets	(103,533)	(89,361)
Proceeds from sales of tangible and intangible assets	747	969
(Acquisition) and disposal of financial assets	10,746	(9,911)
Acquisition of Altatech, net of cash acquired	-	(12,837)
Capital contributions to Reflexite Soitec Optical Technology	(7,267)	(6,535)
Acquisition of non-controlling interests of Soitec Solar GmbH	-	(3,549)
Entry of minority shareholders - CPV Power Plant 1 (South Africa)	138	-
Net cash generated by (used in) investing activities	(114,573)	(133,071)
Proceeds from capital increases and exercise of stock options	887	152,455
Sale of treasury shares	-	(656)
ABSAAR transactions	(1,286)	-
Drawing on credit lines	41,180	-
Repayment of borrowings (including finance leases)	(10,249)	(11,298)
Interest received	2,943	4,163
Interest paid	(10,656)	(10,526)
Net cash generated by (used in) financing activities	22,819	134,138
Impact of exchange rate fluctuations	794	(587)
Change in net cash	(129,677)	(7,941)
Cash at beginning of the year	259,804	267,745
Cash at end of the year	130 127	259 804

About Soitec

[Soitec](#) (Euronext Paris) is an international manufacturing company, at the heart of generating and manufacturing extreme performance semiconductor materials. Soitec's products encompass substrates for micro and nanoelectronics (most notably SOI : Silicon On Insulator) and concentrating photovoltaic systems (CPV), and company's core technologies Smart Cut™, Smart Stacking™ and Concentrix™, as well as expertise in epitaxy make it a world leader. Soitec delivers enhanced performance and energy efficiency to a broad range of applications including consumer and mobile electronics, telecommunications, automotive electronics, lighting products and solar power plants for large scale utilities. Soitec has manufacturing plants and Research and Development centers in France, Singapore, Germany, and the United States.

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