



**Soitec reports good sequential growth in Q2 2007-2008.  
H1 consolidated sales total 152.0 million Euros**

- **300mm wafer sales sequential Q2 growth of 32.0% at constant exchange**
- **H1 wafer sales below last year by 12.7% or 6.5% at constant exchange**
- **Lower volumes and a weak Dollar to have significant unfavourable impact on H1 margins**
- **Group maintains cautious stance for the full year, but is confident that the outlook is improving**

*Bernin, France, October 15, 2007* – Soitec (Euronext Paris), the world’s leading supplier of silicon-on-insulator (SOI) wafers and other engineered substrates, today confirmed the anticipated improvement over the first quarter and reported consolidated sales of 83.5 million Euros for the second quarter of the financial year 2007-2008 equal to sequential growth of 21.9%. The first half year’s consolidated sales of 152.0 million Euros are below last year by 13.3%. This is the result of the low activity recorded in the first quarter combined with the impact of the weak Dollar that moved unfavourably against the Euro by 7.2% in the first six months compared to last year.

Sales	2007-2008	2006-2007	Change
<i>Millions of Euros</i>			
First quarter	68,5	85,6	-20,0%
Second quarter	83,5	89,7	-6,8%
<b>First Half Total</b>	<b>152,0</b>	<b>175,3</b>	<b>-13,3%</b>

**Sequential growth confirmed in the second quarter**

Demand for 300 mm wafers picked up significantly in the second quarter rising by 30.2% (32.0% in performance at constant exchange rates) over the first quarter. Total wafer sales rose to 80.7 million Euros in the quarter representing sequential growth of 22.4% (23.9% in performance) but a decrease of 5.9% on a year-on-year basis. Excluding exchange or in performance year on year total wafer sales were flat.

In the first half of the financial year 300 mm sales were lower than the prior year by 13.3% (6.6% at constant exchange) and represented 67% of total wafer sales. Similarly all other wafer sales were down by 11.4% (6.5% at constant exchange) on a year on year basis.

Licensing revenues were 1.1 million Euros for the second quarter and 2.0 million for the half year. Tracit successfully relocated manufacturing operations to Bernin during the quarter and recorded second quarter sales of 0.4 million Euros and 0.8 million Euros for the first half of the year.

In the face of continuing weakness in its traditional markets Picogiga recorded sales of 1.2 million Euros in the quarter and 2.4 million Euros for the first half of the year.

## **Significant impact on first half results from lower sales and unfavourable exchange rate**

The lower SOI wafer volumes experienced in the first half of the year, which resulted from customer inventory supply chain issues and the timing of new product launches by some of our customers have had an unfavourable impact on capacity utilisation leading to a significant reduction in Group results and margins. In addition the activity levels achieved in the other divisions, Picogiga and Tracit, are not yet sufficient to cover their fixed production and R&D costs. This operating climate has been compounded by the continued rise of the Euro, which moved by 7.2% against Dollar from 1.26 in the prior year to 1.35 in the first half of 2007-2008. Taking these factors into account the Group nevertheless anticipates reporting a positive operating income for the period.

## **Cautious stance for the full year maintained but confident that the outlook is improving**

The Group remains cautious for the second half of the financial year until the success of new products recently launched by major customers is better quantified. However the Group is confident that the outlook is improving and anticipates sequential improvement in business at constant exchange based on higher sales volumes across all activities for the second half of the year.

The objective of Group's strategic initiatives, such as the partnership with ARM and the participation in the SOI Industry Consortium, is to accelerate and expand the use of SOI into new applications. A number of recent announcements in the field of RF in mobile telephony and network management reflect this positive momentum. The Group believes that this increasing interest should bring new business in line with the timing of the Singapore fab, which remains unchanged. Production equipment is currently being installed with a view to starting customer qualification in the Spring of next year.

## **Recent development**

On October 8, Soitec reported that it would participate in an SOI industrial consortium to be known as SOI Industry Consortium ([www.soiconsortium.org](http://www.soiconsortium.org)). André-Jacques Auberton-Hervé, Soitec 's CEO, has been elected as the Consortium's first chairman.

SOI Industry Consortium is a non-profit organisation with initially 19 member companies from throughout the electronics industry aimed at accelerating silicon-on-insulator (SOI) innovation into broad markets by promoting the benefits of SOI technology and reducing the barriers to adoption.

## **Agenda**

The consolidated results of the first half of the 2007-2008 financial year will be published on 7 November 2007 after closing of the Paris Bourse.

**About Soitec:** Soitec is the world's leading supplier of engineered substrates for advanced microelectronics. The Group produces a wide range of advanced materials, especially silicon-on-insulator (SOI) wafers based on its Smart Cut™ technology—the first high-volume application for this proprietary technology. SOI is currently seen as the platform of the future, paving the way to higher-performance, faster, and more economical chips.

Soitec currently produces over 80% of SOI wafers. Headquartered at Bernin in France, with two high-volume production units on site, Soitec also has offices in the US, Japan, and Taiwan, and a new production site is under construction in Singapore.

The Group has two other divisions: Picogiga International at Les Ulis in Paris and Tracit Technologies in Bernin. Picogiga is specialized in the development and manufacture of engineered substrates, from group III-V epitaxial semiconductor wafers and gallium nitride (GaN) wafers to composite substrates for the manufacture of high-frequency electronics and optoelectronic devices. Tracit is specialized in thin-film layer transfer technologies, used to manufacture engineered substrates for power ICs and microsystems, as well as generic circuit transfer technology for applications such as image sensors and 3D integration. Both shares and convertible bonds for the Soitec Group are listed on Euronext Paris. More information is available at [www.soitec.com](http://www.soitec.com)

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