

H1'21 Financial results



SOITEC

November 19, 2020



soitec

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The Company’s business operations and financial position are described in the Company’s 2019-2020 Universal Registration Document (which notably includes the 2019-2020 Annual Financial Report). The Company’s 2019-2020 Universal Registration Document was filed with the AMF and is available on the Company’s website in both French and English versions (www.soitec.com, in section “Company - Investors - Financial Reports”).

Your attention is drawn to the risk factors described in Chapter 2.2 of the Company’s 2019-2020 Universal Registration Document

This document contains summary information and should be read in conjunction with the 2019-2020 Universal Registration Document.

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 2.2 of the Universal Registration Document may have an impact on these forward-looking statements.

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Outline

1 H1'21 Highlights

2 Business Units highlights

3 H1'21 Financials

4 Outlook



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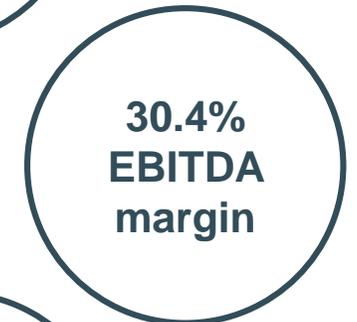
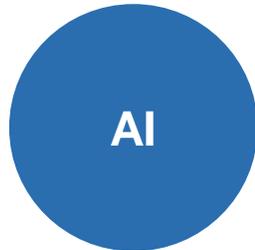
4 Outlook

H1'21 Highlights – Continuing our strong profitable growth and value creation trajectory

Semiconductor
megatrends

Differentiated engineered substrates to serve
our strategic end markets

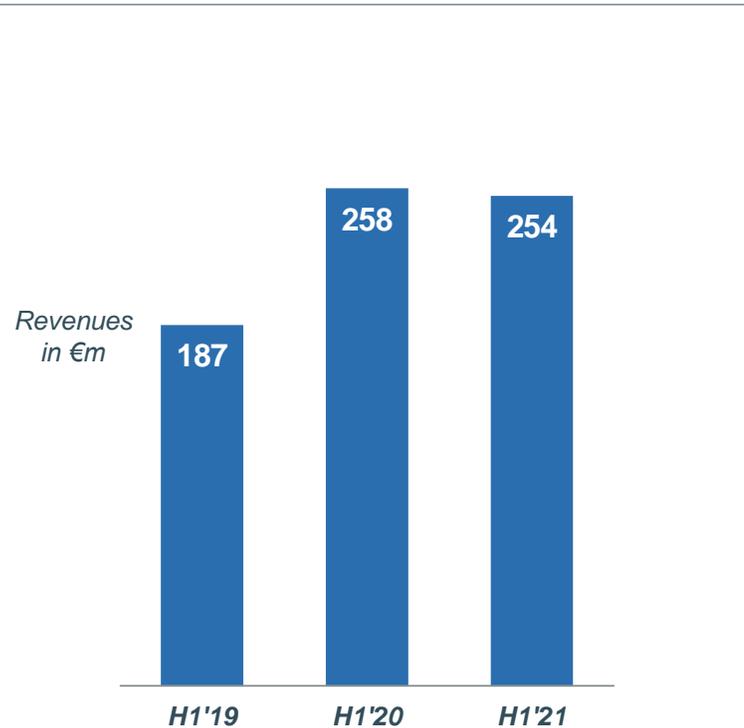
Key figures in H1'21



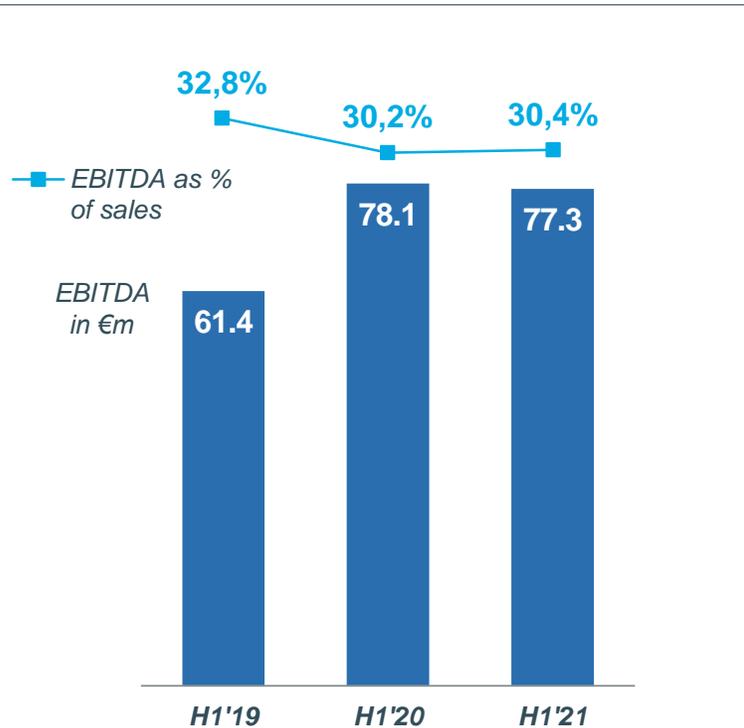
*Energy Efficiency

H1'21 – Financial highlights

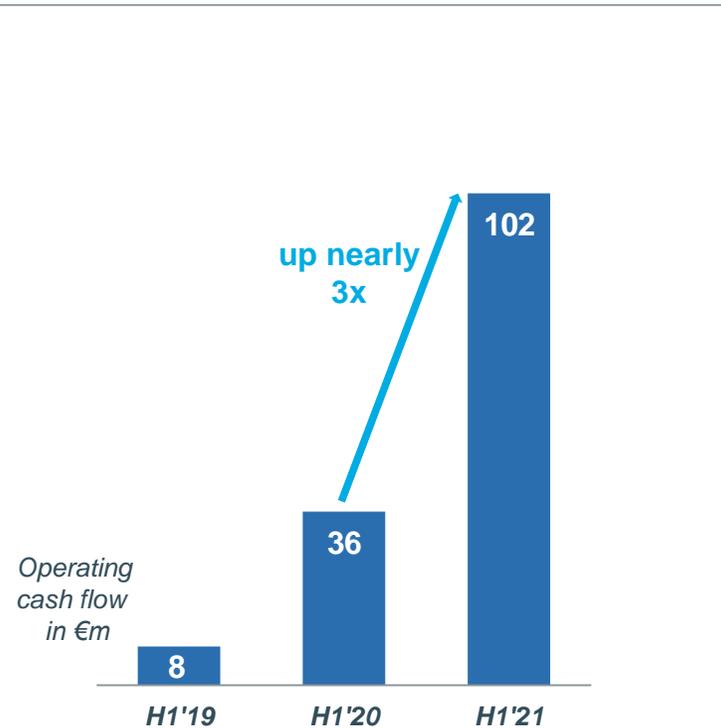
Stable revenues at constant exchange rates and perimeter



Sustained EBITDA margin ⁽¹⁾



Strong operating cash flow



⁽¹⁾ EBITDA margin = Electronics EBITDA (EBITDA from continuing operations) / Sales

H1'21 Highlights – Our priorities to manage the Covid-19 pandemic

Protecting our people



Operations and supply chain continuity



Supporting our clients



Helping our community



H1'21 Highlights – Steady expansion across the company to support profitable growth

TALENT



- › **1,600 employees globally**
 - › +200 recruitments expected in H2 FY'21

- › Free share allocation plan to all employees to acknowledge the efforts made by everyone to reach the company's targets and continue serving customers in recent months in spite of the constraints generated by the health crisis
- › Bernard Aspar appointed Chief Operating Officer
- › Arrival of Yvon Pastol as new Executive Vice President Customer group

INNOVATION



- › **30 M€ invested in innovation**
 - › Including 12 M€ in funding
- › **15 new patents families**

- › New POI products being developed with accelerated timeline
- › Silicon Carbide: Development pilot line now installed and running in Substrate Innovation Center in Leti
- › Demonstration of FD-SOI on high resistivity substrate to address additional 5G applications
- › On the road to 200mm GaN on Silicon and integrating EpiGaN technologies into advanced engineered substrates

SUPPLY CHAIN



- › **Raw materials sourcing**
- › **Long term contracts in place**

- › Long term contracts in place to secure a clear and predictable spending in raw materials over the next 2 to 3 years
- › Secured capacity expansion with manufacturing equipment vendors to support steep capacity ramp

H1'21 Highlights – Focus on Operations

150 mm

- › **Bernin 3 (POI substrates)**
 - › Ramping at a very fast pace: H1'21 capacity x2 vs H2'20
 - › Full capacity target of 500 kwpy
- › **Hasselt (GaN substrates)**
 - › High volume manufacturing MOCVD tool under qualification



200 mm

- › **Bernin 1 (SOI substrates)**
 - › Running close to full capacity in H1'21
 - › Strong demand in RF-SOI
 - › Lower demand in Power-SOI
- › **Simgui (SOI substrates)**
 - › Qualified for larger products portfolio (RF, automotive)



300 mm

- › **Bernin 2 (SOI substrates)**
 - › Reached lower utilization rate in H1'21
 - › Back to full capacity expected in H2'21
 - › Awarded “Factory of the year” in France thanks to Industry 4.0 initiatives
- › **Singapore (SOI substrates)**
 - › Capacity expansion for refresh and epitaxy (RF-SOI)
 - › Installing SOI capacity to prepare strong production ramp in FY'22



* Source: Usine Nouvelle (October 2020)



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H1'21 Highlights

Established standard for smartphone RF front-end modules

- › Cellular: mainstream for switch, low-noise amplifiers, antenna tuners
- › Connectivity: RF-SOI adoption for RFFE Wi-Fi 6 solutions including power amplifiers

Strong demand in both 200 mm and 300 mm fueled by 5G

- › 200 mm remains solid and in high volumes
- › Strong 300 mm demand growing fast at all major foundries

Soitec technology leadership

- › Developing product roadmaps covering both high end to low end markets addressing 5G sub-6 GHz, mmW and Wi-Fi 6

Market dynamics

Global smartphone market to decline ~10% Y/Y in 2020

Strong global smartphone rebound expected in 2021

- › 5G smartphones shipment estimated at 225Mu in CY20 and above 500 M units in CY21
- › Strong 5G adoption in China (sub-6 GHz)
- › Major smartphone OEM introducing mmW models

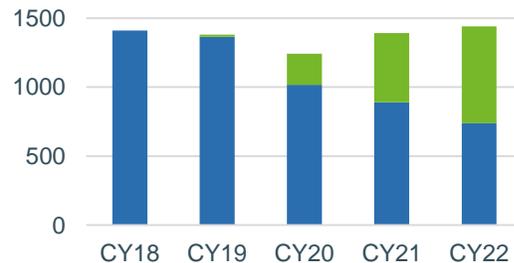
5G smartphones to drive significant RF-SOI content increase

- › Sub-6 GHz: in average RF-SOI content 60% higher on 5G vs 4G and up to 100% for mid Tier phones
- › mmW: RF-SOI design wins confirmed for indoor access point (infrastructure)
- › Wi-Fi 6: RF-SOI design wins in Wi-Fi 6 and Wi-Fi 6E MU-MIMO RF FE

100% penetration in 4G/5G

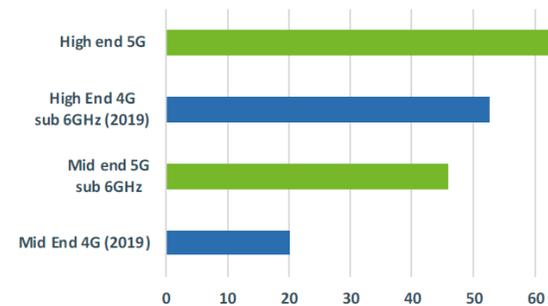


Global smartphone shipments (M units)



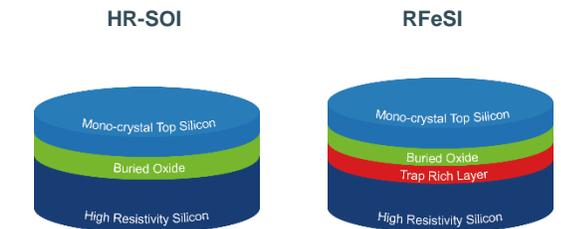
■ 3G/4G ■ 5G Source: Soitec estimates

RF-SOI content per sub-6 GHz smartphone (mm²)

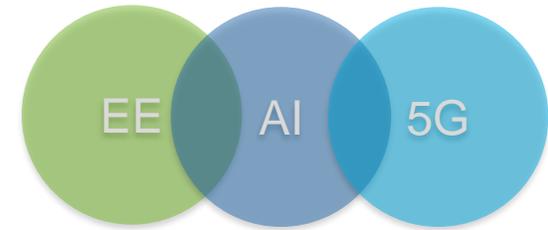


➤ Soitec proprietary

RF-SOI substrates



FD-SOI Business Unit



H1'21 Highlights

- Advances in FD-SOI technology, foundry offering and recognition
- › Lattice wins EM Best-in-Industry for CrossLink FPGA platform
 - › ST Microelectronics unveils Stellar MCU platform
 - › Globalfoundries unveils 22FDX RF+, advancing RF capabilities
 - › Dual-mode Bluetooth IP in 22FDX reduces power consumption by 50% while extending into through wireless stereo / hearing aid applications
 - › Samsung Foundry Forum (SAFE) promotes FD-SOI + eMRAM as foundry-first

FD-SOI Edge processors (e.g., GreenWaves GAP9) adapts power per application
 300 mm FD+HR wafers sampling for next-generation 5G, radar, Sub-THz

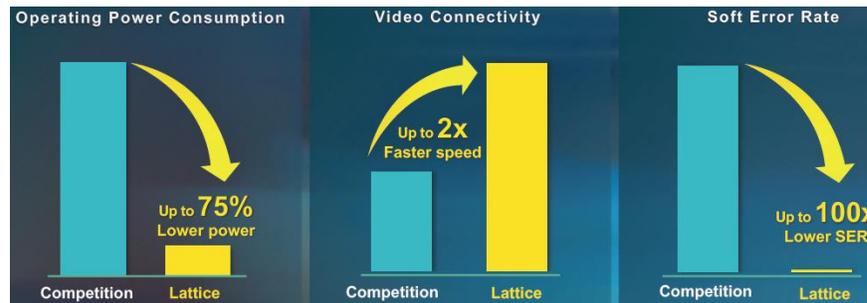
Market dynamics

- FD-SOI continues adoption for ultra low power applications
- Adding radio connectivity to the cloud with RF-to-Bits SoC(s) managed by AI & using next-generation Soitec
- › Cost-efficient integrated radio in 5G (mmWave), Wi-Fi 6 & radar
 - › Energy-efficient analog / mixed-signal solutions (data converter)
 - › Compute-efficient automotive with eMRAM memory
 - › Next-generation Soitec solution for Sub-THz design
- FD-SOI connects the cloud with low power efficiency and new architecture
 Foundries developing technology nodes at 18nm and 12nm

“Vision” processors for autonomous driving



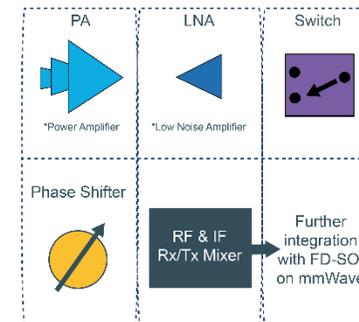
Lattice Semiconductor FD-SOI based “Nexus” FPGA platform



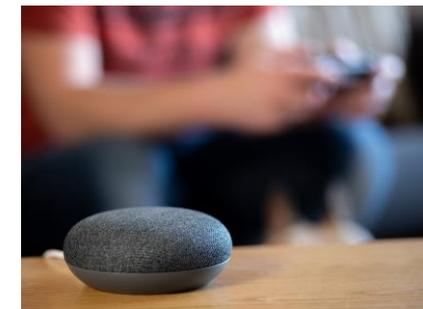
Source: Lattice

› Soitec proprietary

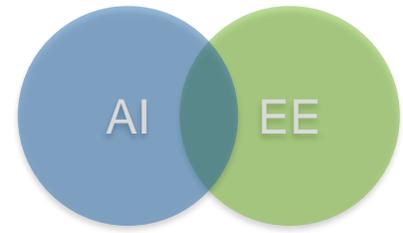
FD-SOI for mmWave



Synaptics 22nm FD-SOI far-field voice processing



Specialty-SOI Business Unit



H1'21 Highlights

Power-SOI for management control

- › Limited automotive revenue but secured by long term contract, product extension in 300 mm confirmed

Imager-SOI for facial recognition

- › Sustained facial recognition demand for high-end smartphones

Photonics-SOI as a standard for datacenters optical transceivers

- › Steady demand of multiple IDMs and foundries for 100G transceivers

Market dynamics

Automotive market – Weak demand in 2020, solid recovery ahead

- › Innovation to fuel Power-SOI demand for Battery Management System (BMS) and high voltage gate drivers based on SOI

3D sensing for smartphones

- › Success of facial recognition smartphones expected
- › Image sensing is expanding with demanding features

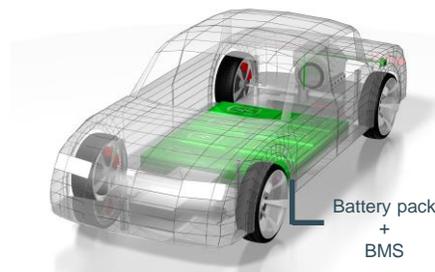
Datacenters demand – Healthy growth for cloud data center traffic

- › 400G Silicon Photonics
- › Proof-of-concept for co-packaged optics

Power-SOI for management control



Power-SOI opportunities for BMS



Imager-SOI for facial recognition

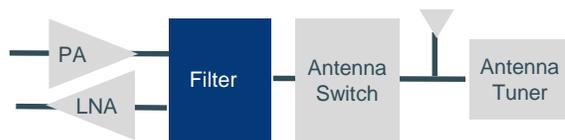


Photonics-SOI for datacenters

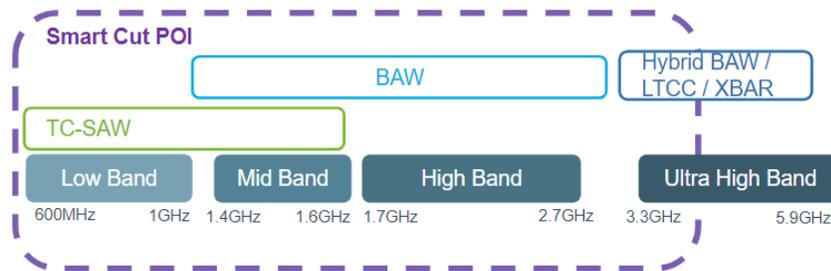


H1'21 Highlights	Market dynamics
<p>POI – Ideal substrate to extend SAW filters technology reach, new paradigm addressing Sub-6 GHz</p> <ul style="list-style-type: none"> › Signed business agreement with Qualcomm Technologies on supply of POI substrates for 4G/5G RF filters › Accelerating 150 mm POI ramp in high volume manufacturing › Preparing fab expansion to reach 500K wafers/year <p>Frec n sys – Accelerating POI product development and adoption</p>	<p>5G Sub-6 GHz adoption driving the demand for new high-performance filters</p> <ul style="list-style-type: none"> › POI substrates bring the performance (larger bandwidth, lower loss, superior temperature stability, efficient rejection) required for 5G filters <p>Product roadmap to address several bands and new 5G requests</p>

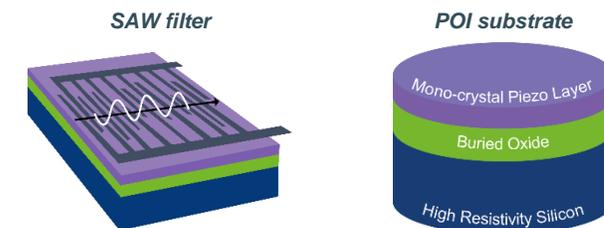
Smartphone RF front-end module block diagram



Filters technologies and POI positioning



Soitec POI substrate



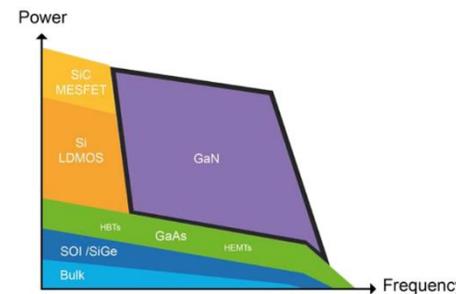


H1'21 Highlights	Market dynamics
<p>Successful integration within Soitec</p> <ul style="list-style-type: none"> › Continue production ramp and synergies with Soitec manufacturing <p>Multiple customer qualifications on-going</p> <ul style="list-style-type: none"> › RF GaN/Silicon (150 mm-200 mm) in IDMs and foundries <p>Product roadmap</p> <ul style="list-style-type: none"> › New products in 200 mm for both RF and Power applications › Gan/Silicon and GaN/Silicon carbide 	<p>GaN epiwafers for RF</p> <ul style="list-style-type: none"> › Base stations: strong traction for GaN RF infrastructure (power amplifiers) › Smartphones: GaN/Si considered for 5G mmWave and sub-6 GHz (power amplifiers) <p>GaN epiwafers for Power</p> <ul style="list-style-type: none"> › Start customer evaluation of GaN/Si for Power (200 mm)

GaN epiwafer for 5G base stations, smartphone power amplifiers



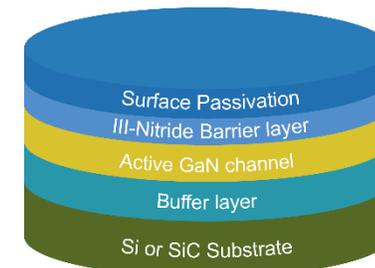
GaN differentiation

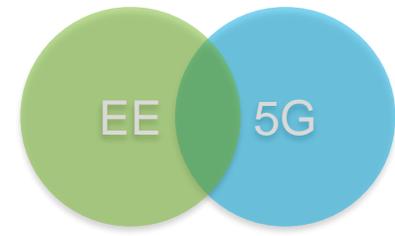


Source: Figure adapted from Analog Device 2017

Soitec proprietary

GaN epiwafer substrate



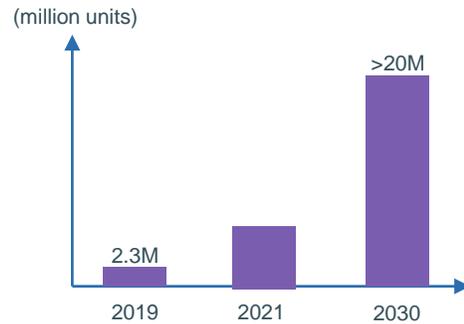


H1'21 Highlights	Market dynamics
<p>Smart Cut™ based Silicon Carbide</p> <ul style="list-style-type: none"> › Pilot line fully operational as per plan jointly with Applied Materials › First R&D samples delivered › Smart Cut™ technology capability validated through test device results 	<p>Silicon Carbide</p> <ul style="list-style-type: none"> › Qualification products ready in calendar Q121 › Strategic interest from major automotive device/system makers

SiC substrates for electric vehicles

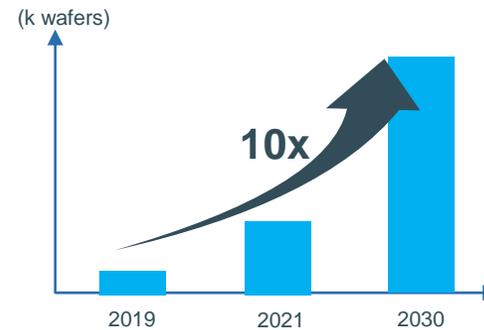


Electric vehicles demand (M units)



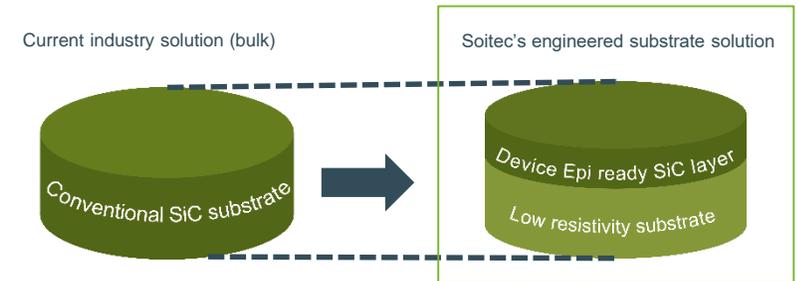
Source: Soitec estimates

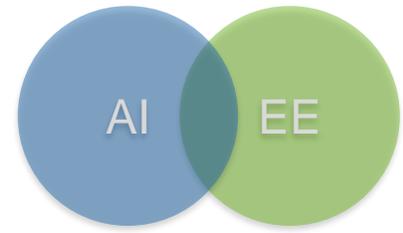
Projected SiC wafers demand



Source: Soitec estimates

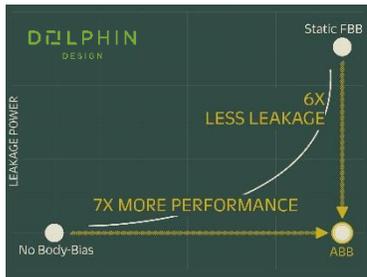
Soitec SiC engineered substrate solution





H1'21 Highlights	Market dynamics
<p>IP business</p> <ul style="list-style-type: none"> › More than 20 GlobalFoundries-FD-SOI Adaptive-Body-Biasing IP licenses › Launched new IP R&D (focused on 22nm FD-SOI & 22nm ultra low leakage) › Introduced energy-efficient MCU sub-system platform for IoT (audio, MEMS) <p>ASIC</p> <ul style="list-style-type: none"> › Re-built solid physical implementation teams › Strengthening of aerospace and defense business development › 1st design wins in consumer IoT (wearables, video codec) 	<p>IP business</p> <ul style="list-style-type: none"> › Introduce DSP platform to address AI & edge applications (smart meters) › Launch of new platforms: power management, MCU sub-system, digital signal processing (standard and AI with neuronal networks), audio detection and emission › Launch FD-SOI demo-chip for “Silicon proven” IP platforms. <p>ASIC</p> <ul style="list-style-type: none"> › Leverage IP platforms on AIoT, industrial & defense

Adaptive Body Biasing (ABB)



IP for earbuds



IP for wearables



IP for smart meters



ASIC for aerospace





Outline

1 H1'21 Highlights

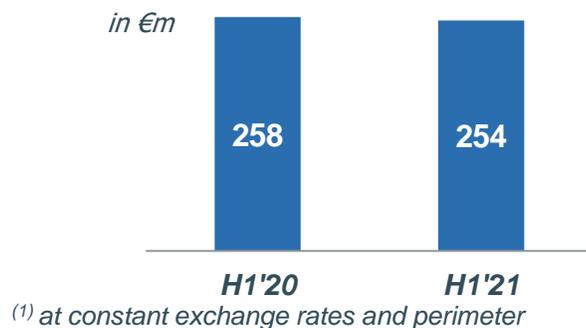
2 Business Units highlights

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H1'21 Highlights

Stable revenue (1)



Decrease in gross profit



Stable Electronics EBITDA



Strong operating cash flow



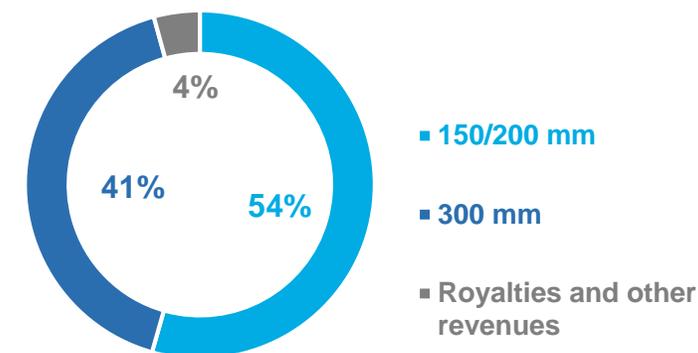
The income and expenses related to discontinued operations are directly reported as "Net result from discontinued operations". Down to the line "Net result after tax from continuing operations", the Group consolidated P&L account exclusively and fully reflects the Electronics activities as well as corporate expenses.

H1'21 Sales performance

In €m

	H1'21	H1'20	Change vs H1'20	
			%	% at constant FX and scope
150/200 mm wafer sales	138	121	+14%	+15%
300 mm wafer sales	105	125	-16%	-15%
Royalties and other revenues	10	11	-8%	-8%
Total sales	254	258	-1.6%	-0.4%

H1'21 Sales breakdown



150/200-mm wafer sales up 15% (at constant exchange rates)

- › Slight increase in volumes
- › More favorable product mix
- › Sustained growth in RF-SOI
- › Lower sales of Power-SOI
- › POI sales ramp-up

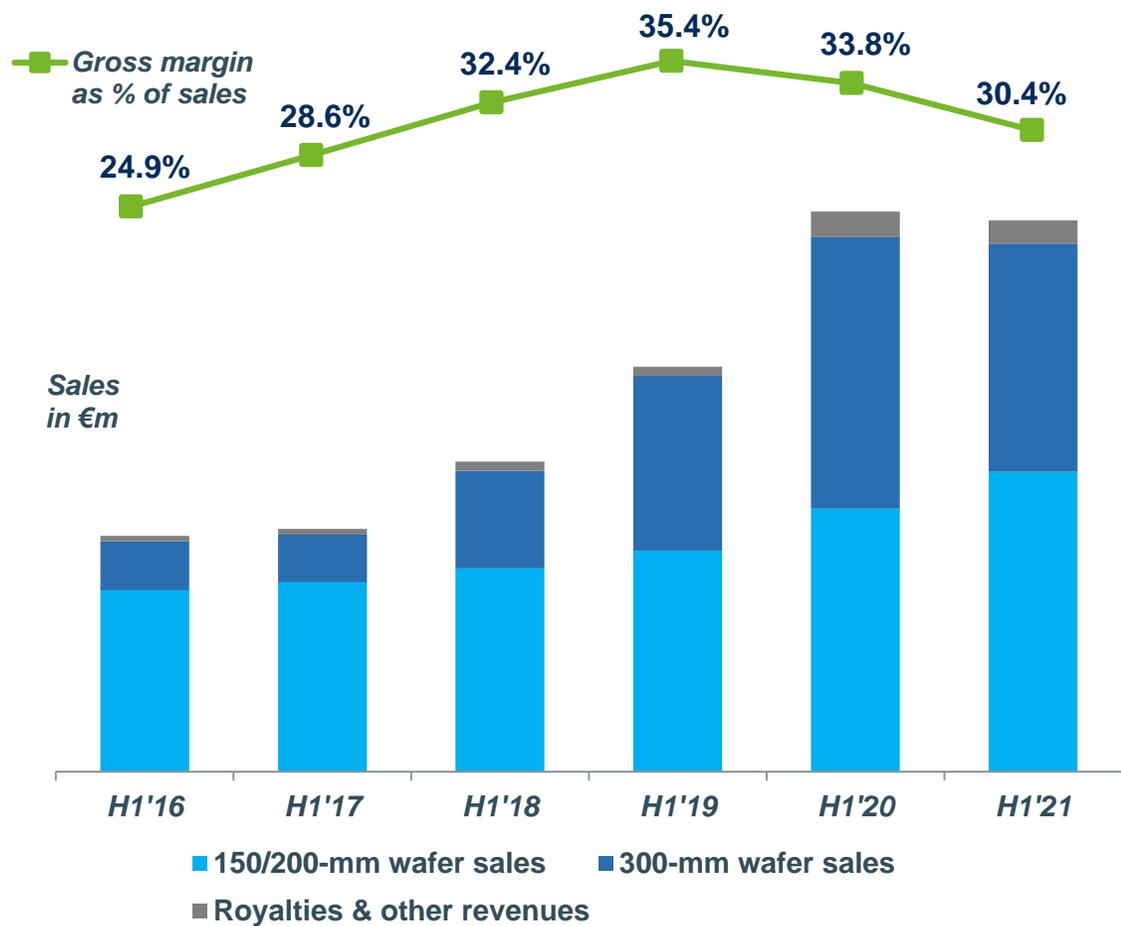
300-mm wafer sales down 15% (at constant exchange rates)

- › Lower sales essentially reflects decline in volumes
- › Sales of RF-SOI 300-mm remained at high level
- › Significantly lower sales of FD-SOI
- › Robust sales of Photonics-SOI and Imager-SOI

Royalties and other revenues down 8%

- › Includes €8.5m contribution from Frec|n|sys, Dolphin Design and EpiGaN

Gross margin evolution



Gross margin tailwinds

› Favorable bulk material prices



Gross margin headwinds

› Impact of capacity increase

- › Higher depreciation costs
- › Ramp-up costs of Bernin III 150 mm facility

Current operating income

<i>In €m</i>	H1'21	H1'20	Change
Sales	254.4	258.5	-2%
Gross profit	77.4	87.4	-11%
<i>As a % of sales</i>	<i>30.4%</i>	<i>33.8%</i>	
Gross R&D expenses	(31.2)	(30.8)	+1%
Prototype sales and others	1.5	4.1	-64%
Subsidies and income tax credit	12.2	10.7	+14%
Net R&D expenses	(17.5)	(16.0)	+10%
<i>As a % of sales</i>	<i>6.9%</i>	<i>6.2%</i>	
Sales & Marketing expenses	(5.5)	(4.9)	+12%
General and administrative expenses	(17.3)	(15.3)	+13%
Total SG&A expenses	(22.7)	(20.2)	+13%
<i>As a % of sales</i>	<i>8.9%</i>	<i>7.8%</i>	
Current operating income	37.2	51.3	-28%
<i>As a % of sales</i>	<i>14.6%</i>	<i>19.9%</i>	

› **Net R&D expenses up 10%, represents less than 7% of sales:**

- › Slightly higher gross R&D expenses
 - › Higher resources allocated to projects
 - › Higher depreciation
- › Lower prototype sales
- › Higher subsidies and research tax credits

› **SG&A expenses up 13%, remains at less than 9% of sales:**

- › Increase in charges related to employee compensation schemes
 - › Higher number of employees
 - › Share-based payment plans
- › Continued effort to structure the Group in order to support future growth

The income and expenses related to discontinued operations are directly reported as "Net result from discontinued operations". Down to the line "Net result after tax from continuing operations", the Group consolidated P&L account exclusively and fully reflects the Electronics activities as well as corporate expenses.

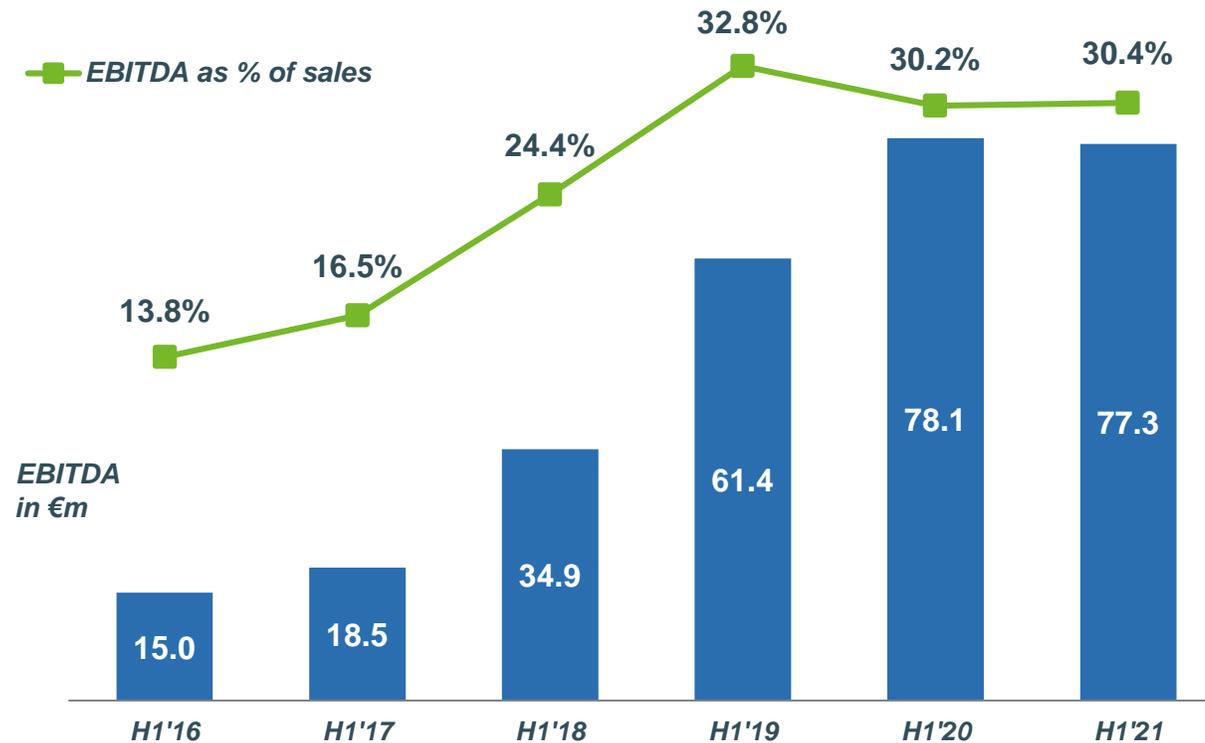
Net profit

<i>In €m</i>	H1'21	H1'20
Current operating income	37.2	51.3
Other operating income and expenses	(0.0)	1.8
Operating income	37.1	53.2
Financial expenses	(3.8)	(3.8)
Net foreign exchange gain / (loss)	(6.4)	2.1
Net financial result	(10.2)	(1.7)
Income tax	(4.8)	(9.9)
Net profit from continuing operations	22.2	41.6
Net loss from discontinued operations	(0.0)	(0.0)
Net profit (Group share)	22.2	41.5

- › **In H1'20, other operating income** included a gain on the disposal of an industrial site
- › **Net financial loss:**
 - › Stable financial expenses (mostly includes non-cash financial interests related to OCEANES 2023)
 - › Net foreign exchange loss of €(6.4)m recorded in H1'21 vs a gain of €2.1m in H1'20
- › **Income tax** continues to benefit from tax loss carryforwards

The income and expenses related to discontinued operations are directly reported as "Net result from discontinued operations". Down to the line "Net result after tax from continuing operations", the Group consolidated P&L account exclusively and fully reflects the Electronics activities as well as corporate expenses.

Slight increase in Electronics EBITDA margin (continuing operations)



- › H1'21 EBITDA almost stable
- › H1'21 EBITDA margin slightly up despite lower gross margin

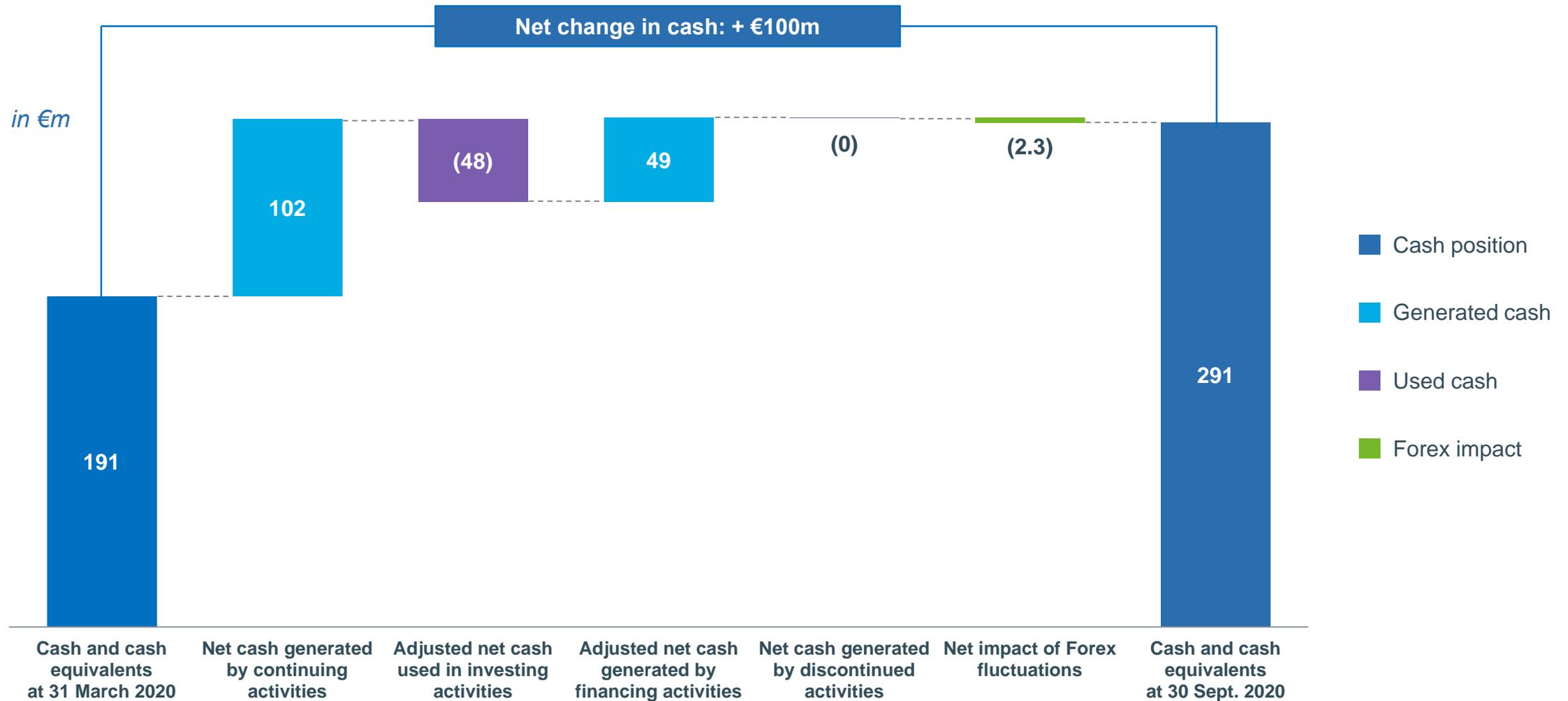
Sharp increase in operating cash flow

Operating cash-flows from continuing operations

In €m	H1'21	H1'20
Net profit	22.2	41.6
Depreciation and amortization	27.4	19.4
Other items	27.7	17.1
EBITDA	77.3	78.1
Change in working capital	31.2	(27.6)
<i>Incl. inventories</i>	(24)	(47)
<i>Incl. receivables</i>	60	21
<i>Incl. others</i>	(4.8)	(1.6)
Tax paid	(6.3)	(14.2)
Net cash generated by operating activities	102.3	36.3

- › **40% increase in D&A, mainly resulting from:**
 - › Continuous investments carried out in previous years
- › **Strong decrease in WCR due to:**
 - › Sharp decrease in accounts receivables: -€60m
 - › Partially offset by:
 - › Higher level of inventories to meet sequential sales increase expected in H2'21: +€24m
 - › Decrease in other liabilities
 - › €31m decrease in WCR compares to €28m increase in H1'20
- › **€102 m cash generated by operating activities, up nearly threefold versus H1 FY'20**

Strong increase in cash position

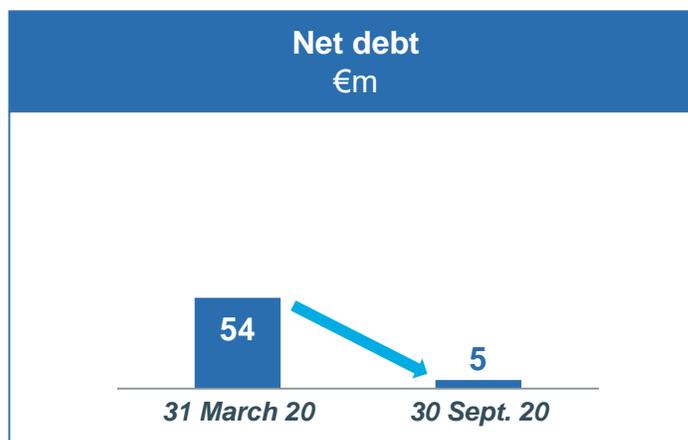
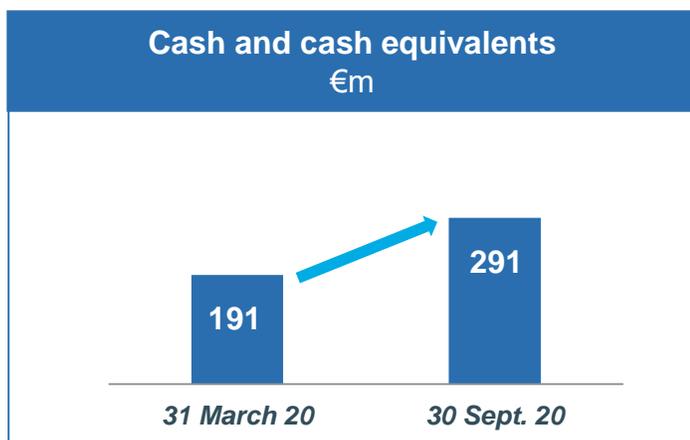
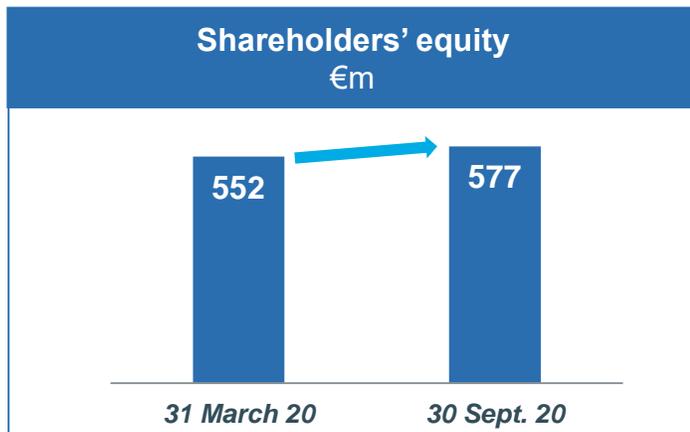


Balance sheet

<i>In €m</i>	30 Sept 2020	31 March 2020
Intangible assets	92	88
Tangible assets	324	297
Other non-current assets	30	23
Deferred tax assets	37	37
Total non-current assets	482	445
Inventories	144	123
Trade receivables	112	167
Other current assets	70	74
Cash and cash equivalents	291	191
Total current assets	617	556
Total assets	1 099	1 001

<i>In €m</i>	30 Sept 2020	31 March 2020
Total equity	577	552
Long-term financial debt	254	193
Provisions and other non-current liabilities	44	41
Total non-current liabilities	297	233
Trade payables	70	76
Other current liabilities	113	88
Short-term financial debt	43	52
Total current liabilities	225	217
Total liabilities and equity	1 099	1 001

A solid financial structure



- › **Equity further reinforced:**
 - › Mainly thanks to H1'21 result
- › **Gross debt increased by €52m:**
 - › €58m first partial drawdown on €200m L/T loan granted by Banque des Territoires as part of Nano 2022 plan
- › **Increase in cash position reflects:**
 - › Strong free cash-flow
 - › New financing
- › **Net debt / Equity ratio: 0.01**



Outline

1 H1'21 Highlights

2 Business Units highlights

3 H1'21 Financials

4 Outlook



Outlook – FY'21 & FY'22

FY'21 guidance

- › Confirmed stable revenues at constant exchange rates and perimeter
- › Confirmed Electronics EBITDA margin of around 30%
- › Planned Electronics adjusted net cash out related to CAPEX of €135m vs. at least €100m previously announced

FY'22 outlook

- › Revenues now expected above \$900m (i.e. above €800m based on a €/€ rate of 1.13)

Thank you

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