

21st January 2016

TMT

Soitec

Price EURO.58

Results in line. Discussions underway with different investors to improve financial situation

Fair Value EURO.8 (+38%)

NEUTRAL

Bloomberg	SOI.FP
Reuters	SOIT.PA
12-month High / Low (EUR)	1.0 / 0.5
Market Cap (EURm)	134
Avg. 6m daily volume (000)	1,343

ANALYSIS

- **Soitec has published FQ3-16e results in line with our expectations.** FQ3-16e sales were up 10% sequentially and 36% yoy to EUR60.8m vs. BG. ests. at EUR59.7m. The group benefited from strong momentum in its electronic business and especially good traction for RF-SOI products. As a result, 200mm wafer sales rose 38% yoy to EUR44.2m over FQ3-16e. Note that virtually all smartphones use Soitec wafers for RF chips, while Soitec's 200mm wafers are also used for automotive applications. The group added that its 200mm production capacities are fully loaded until the end of 2016. 300mm sales of EUR13.1m, including legacy PD-SOI wafer sales (c. 70/80%) and new FD-SOI products, increased by 28% yoy. Finally, royalties from SEH and SunEdison came out at EUR1.6m, up 97% yoy.
- **The group's guidance is for a 10% sequential increase in electronic sales in FQ4-16e (ending march).** As such, FQ4-16e electronic sales should come in close to EUR65m, in line with our forecast for EUR64m. In addition, the group stated it is working on a plan to improve its financial situation and added that discussions are underway with different investors. During Q3-16e, gross cash decreased to EUR51m (vs. EUR71m at the end of FQ2-16e), leading to a net debt of EUR220m.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-10.8%	-28.4%	-21.6%	-9.4%
Semiconductor s	-9.3%	-4.9%	-18.1%	-10.5%
DJ Stoxx 600	-10.8%	-11.1%	-20.8%	-11.9%
	03/15	03/16e	03/17e	03/18e
P/E	NS	NS	32.8x	9.9x
Div yield (%)	NM	NM	NM	NM

VALUATION

- Soitec shares trade at 2016e EV/sales of 1.0x.

NEXT CATALYSTS

- FQ4-16e and FY16e sales to be published on 18th April 2016.

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Distribution of stock ratings

BUY ratings 59.4%

NEUTRAL ratings 31.6%

SELL ratings 9%

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