

14th April 2016

TMT

Soitec

Price EURO.59

FQ4-16 sales in line with expectations, no surprise for FQ1-17

Fair Value EURO.5 (-15%)

NEUTRAL

Bloomberg	SOI FP
Reuters	SOIT.PA
12-month High / Low (EUR)	0.9 / 0.5
Market Cap (EUR)	136
Avg. 6m daily volume (000)	912.0

ANALYSIS

- **Yesterday, Soitec reported FQ4-16 sales of EUR65.7m, up 8% on year, in line with our expectations (BG ests. FQ4-16 sales of EUR64.2m).** As a result, FY16 sales (FYE 31/03) came out at EUR237.5m, up 32% on year (BG ests. FY16 sales of EUR236m) excluding discontinued activities. The main driver remains the 200mm business which corresponds to sales of wafers named RF-SOI for Smartphone and Automobile. The gross cash position is expected to be stable compared to December quarter.
- **For FQ1-17, Soitec expects to see a flat growth yoy.** This implies a decrease of 15% compared to FQ4-16. Again, this is not a surprise in the guidance since FD-SOI sales are not expected to be significant in H1-17.
- **Capital increases on hold due to a lack of quorum.** On Monday April 11th, Soitec held an Extraordinary General Meeting in order to vote in favour or against the proposed capital increases. However, due to a lack of quorum, the EGM was unable to vote on resolution which concerned the planned capital increases. As a result, Soitec invites shareholders to meet on a second call on April 29th 2016 in order to vote.
- **We remind that Soitec prepares two successive capital increases.** First, a reserved capital increase of EUR76.5m for BPI France, CEA and a Chinese investment fund National Silicon Industry Group. At the closing of this operation, all of these investors will hold about 14.5% of Soitec shares. This reserved capital increase will be at a price of EURO.55 per share. Then, the group is preparing a second capital increase with preferential subscription rights for a total amount to be determined in the range of EUR53.5m to EUR103.5m. **Note that the implementation of both capital increases depends on the favourable vote at the new call.**

VALUATION

- Soitec shares are trading on FY17e EV/Sales of 0.8x and FY17e EV/EBIT of 19.7x.

NEXT CATALYSTS

- April 13th: Q4 FY16e sales.

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Distribution of stock ratings

BUY ratings 56.8%

NEUTRAL ratings 35.3%

SELL ratings 7.9%

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