

2nd May 2016

TMT

Soitec

Price EURO.59

The group get shareholders' approval for the capital increases and hires a new CFO

Fair Value EURO.5 (-15%)

NEUTRAL

Bloomberg	SOI FP
Reuters	SOIT.PA
12-month High / Low (EUR)	0.9 / 0.5
Market Cap (EURm)	136
Avg. 6m daily volume (000)	687.2

ANALYSIS

- **Today, Soitec reports FY16 net results of -EUR72m.** As previously reported, FY16 sales stood at EUR238m, to be compared to EUR178m given the refocus on Electronics activities. Thanks to high level of demand in 200mm wafers, gross margin came out at 25.6% yielding a gross profit of EUR60m (BG. ests. EUR54m). As such, current operating result came out above our expectation at EUR12.4m (BG. ests. EUR8m) to be compared to losses of EUR32m a year ago. Net result for FY16 is negative, at -EUR72m, mainly due to non-current assets depreciation and discontinued activities and is to be compared to net loss of EUR259m a year ago. At the end of FY16, the net debt was EUR170m including gross cash of EUR49.1m and gross debt of EUR218.9m.
- **On Friday, shareholders voted in favour of the two proposed capital increases.** The group said that a large majority of shareholders approved the capital increases at the Extraordinary General Meeting held on Friday April 29th. We remind that the group had to set up a second General Meeting due to a lack of quorum during the General Meeting held on April 11th. The overall project does not change with 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, then a second capital increase with preferential subscription rights for a total amount to be determined in the range of EUR53.5m to EUR103.5m.
- **In addition, the group hires Rémy Pierre as CFO.** Previously, Pierre was CFO of the Lagardère Active group, Lagardère's Media & Entertainment division. As such, Grégoire Duban steps down. Duban has been appointed as CFO in July 2015 and replaced Olivier Brice. We remind that Duban's expertise is focused on improving operational performance, redesigning business models, industrial restructuring and refocusing of activities to strengthen the profitability of companies in transition like Soitec.

VALUATION

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

NEXT CATALYSTS

- Detailed accounts will be reported on a later date.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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