

21st July 2016

TMT

**Soitec**

Price EURO.75

With FQ1 sales slightly above forecasts, the group is confident in achieving FY 2017 growth

Fair Value EURO.5 vs. EURO.45 (-33%)

NEUTRAL

Bloomberg	SOI FP
Reuters	SOIT.PA
12-month High / Low (EUR)	0.8 / 0.4
Market Cap (EURm)	455
Avg. 6m daily volume (000)	1,342

#### ANALYSIS

- **Yesterday, Soitec announced fiscal Q1 2017 sales of EUR55.4m, slightly above company guidance and expectations.** At constant change, fiscal Q1 2017 sales were up 4% (+3% unadjusted) compared to a year ago. As expected, this performance was mainly driven by 200mm wafer sales, which rose 7% at constant change (+5% unadjusted). Note that the contribution from Chinese partner Simgui remains limited at present, but is expected to be fully contributive as of fiscal Q4 2016/Q1 2017.
- **The group reiterated FY17 guidance for single digit growth and also expects fiscal Q2 2017 to be slightly up.** We understand that the group remains very confident in achieving a higher level of sales in FY17 than in FY16 and the seasonal pattern should be similar to last year, i.e. a fiscal year back-end loaded with slight growth in fiscal Q2 and stronger growth momentum during fiscal H2. We understand that the second part of the fiscal year should benefit from the progressive ramp-up of 300mm RF-SOI and also some orders for FD-SOI, compensating the downwind from PD-SOI products.

#### VALUATION

- We are making no change to our estimates, on the basis of which Soitec shares trade at a 2017e P/E ratio of 15.7x.

#### NEXT CATALYSTS

- By October 2016: Fiscal Q2 2017 sales

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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