

Japan's SOI Deployment in Consumer Markets Further Validates Soitec's Strategic Investments in Production Capacity

Soitec Confirms Readiness to Support Rapid SOI Growth in Gaming, Entertainment and Portable Electronics

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SEMICON Japan 2005, Chiba, Japan, Dec. 7 /PRNewswire-FirstCall/ -- Soitec (Euronext, Paris), the world's leading producer of silicon-on-insulator (SOI) substrates for the global semiconductor industry, today confirmed that its business strategy to invest and develop SOI production capacity to meet demand is further validated by Japan's move to high-volume SOI applications for consumer markets. The company cites the current manufacturing ramp, the burgeoning SOI-based game console market, and the active promotion of new SOI-based chips for consumer products as key drivers in today's markets. With such strong demand, Soitec remains on track to deliver minimum sales growth for the full year-similar to the growth recorded in the first half, when the company announced an increase of 72.6 percent in consolidated sales on a year-on-year basis. Soitec's sales in the Asia-Pacific region increased to 18 percent of total sales in the first half of the current fiscal year, up from 4 percent in the same period of the previous year.

According to Soitec's CEO Andre-Jacques Auberton-Herve, there are some clear trends emerging. "Japan is instrumental in driving SOI into consumer markets," he says. "Leading-edge consumer electronics demand the lower power consumption and higher performance characteristics that SOI enables. As the world's leading SOI supplier, Soitec is ready to support the industry's growth with our expanded production capacity and strategic, focused R&D."

In the coming year, the SOI market is expected to undergo substantial growth in Japan, and in foundries throughout the greater Asia-Pacific region. The emergence of SOI in today's consumer world demonstrates the scalability of this technology in serving as the building block for mainstream consumer electronic devices. Manufacturers in Japan and around the world have come to realize that advanced substrates like SOI are the key to balancing speed and power for both high-end applications, such as home servers and HDTVs, and low-power applications for the growing array of mobile products.

Phoenix, Ariz.-based market research firm SEMICO Research Corporation, also predicts a bright future for SOI. In fact, according to SEMICO's managing director Joanne Itow, "The accelerating growth in the SOI market underscores the rising importance of this technology. While SOI has been around for years, we're now seeing this sector really take off as leading chipmakers populate their future roadmaps with SOI-based devices. SEMICO projects that electrical and process challenges will be the catalyst for increased growth of SOI-resulting in dramatic growth of this sector for many years to come," she said.

Soitec's complete portfolio of SOI substrates, including its next-generation strained SOI solutions, can be seen during SEMICON Japan, December 7-9, 2005, at Makuhari Messe, Chiba. Editors are invited to visit Soitec's booth # 7B-909, or contact blee@mcapr.com to set up briefings with key executives during the show.

About The Soitec Group:

The Soitec Group is the world's leading innovator and provider of the engineered substrates that serve as the foundation for today's most advanced electronic products and nanotechnologies. Headquartered in Bernin, France, the company manufactures its comprehensive portfolio of engineered substrates, including silicon-on-insulator (SOI) and strained SOI (sSOI), using Soitec's proprietary Smart Cut(TM) technology-the de facto industry standard. With its strong global presence, patented technology and industry-leading production capacity, Soitec is helping to drive the performance and power advantages that are key to the smaller, more power efficient, and increasingly mobile electronic products favoured by consumers worldwide. Both shares and

convertible bonds are listed on Euronext Paris. For more information, visit the company's website located at <http://www.soitec.com>.

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