

PRESENTATION OF TOPSIL

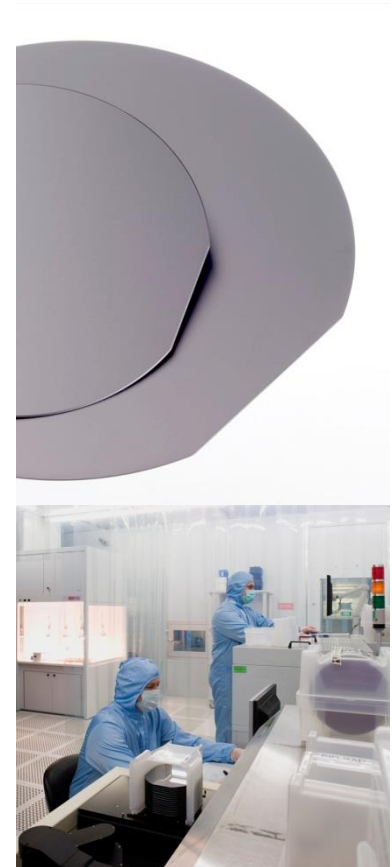
Danske Markets Winter Seminar
5 December 2013

AGENDA

- **Topsil in brief - our business**
- **The transformation: Strategy
"Executing on Opportunities"**
- **Questions**

DEDICATED TO HIGH QUALITY SILICON MANUFACTURE SINCE 1959

- Highly specialised manufacturer of silicon wafers for advanced electrical components on power market.
- Amongst only a handful of companies worldwide capable of manufacturing ultrapure silicon (float zone).
- Customers: Relatively few large multinational companies in the semiconductor industry & for a minor part, research institutions/universities.
- Substantial investment programme of DKK 300m 2010-2012 in facilities, technology and equipment to strengthen overall position in market.
- New plant in Copenhagen Cleantech Park (Fr.sund), production initiated, transfer from old plant in same area ongoing.
- Subsidiary in Warsaw, Poland.
- Listed on NASDAQ OMX Nordic stock exchange since 1986.



ULTRAPURE SILICON ENABLING THE WORLD OF TOMORROW

WIND TURBINES

Control of turbine,
distribution
of electricity
to grid.

ELECTRIC AND HYBRID CARS

Energy efficient
supply of
electricity,
regulation of
supply.



ELECTRIC TRAINS

Energy
efficient supply
of electricity,
regulation of
speed.



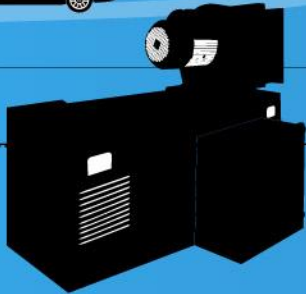
THE GRID

Conversion of
current, grid
connection,
Smart Grids.



PRODUCTION MACHINERY

Control and
energy efficient
adjustment of
speed.



MACRO ECONOMIC DRIVERS ON POWER MARKET

- Growing middle class worldwide, urbanisation. This calls for modern conveniences such as access to stable supply of electricity, well-functioning public transport, cars, white goods, etc.
- Development of green technologies driven by concern of increased levels of pollution, focus on CO2 emissions, anticipation that raw material prices will increase.
- Political action: Grid improvements and planning of public transport are in essence driven by governments, including size of investments and pace of implementation.

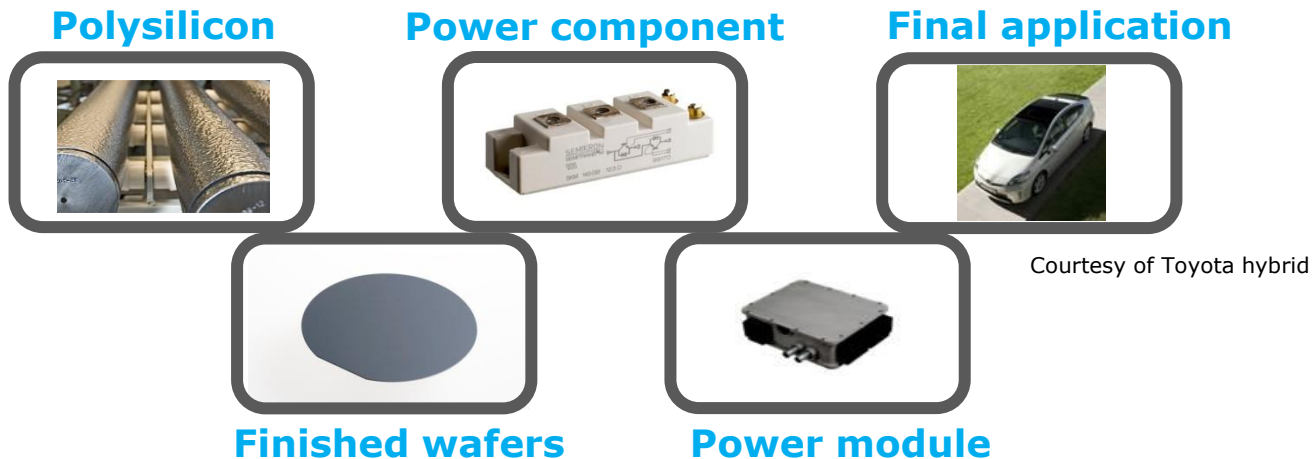


Courtesy of Toyota hybrid



MARKET CHARACTERISTICS

- High entrance barriers to industry
 - Long production cycles,
 - Inter-dependency - long term relations in value chain
 - Long and costly qualification processes
- Topsil: Long term agreements with raw material suppliers and main customers
- Customer requirements: Uniform, high quality products, on time delivery and price
- Step-change in technology opening new opportunities
 - Towards larger size wafers (200mm.).

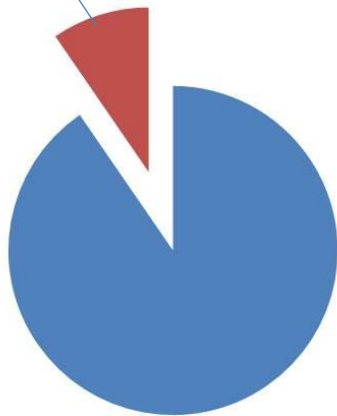


MAIN MARKET: POWER MARKET, MARKET SIZE 2012 AND STRATEGY PERIOD 2013-2015

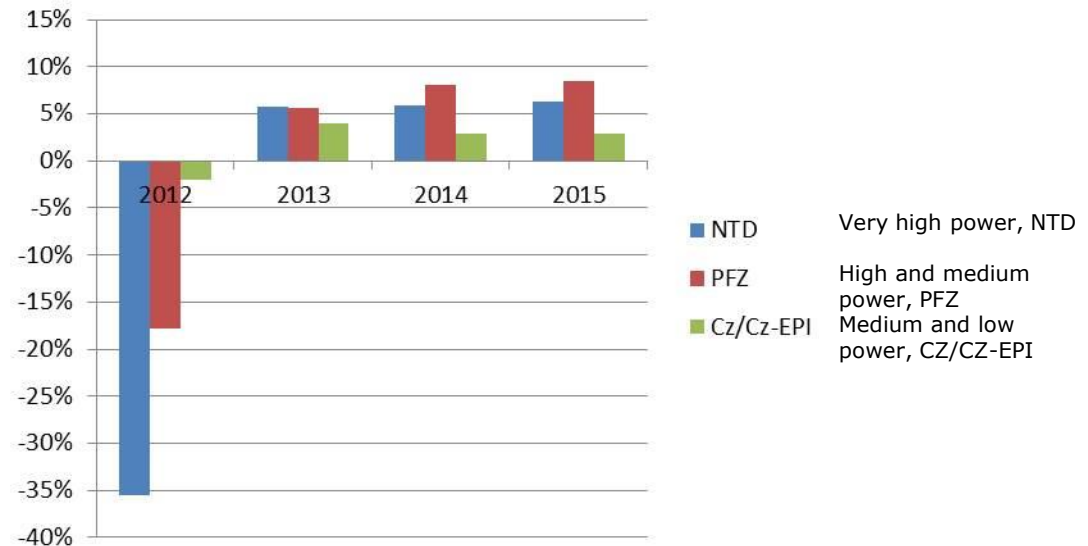
Aggregated silicon market worth around DKK 50 billion in 2012. The power market accounted for about 10% of this market.

Main types of silicon on power market are NTD for very high power, PFZ for high and medium power and CZ/CZ-EPI for medium and low power.

Sources: SEMI, Yole Developpement, Feb. 2013



Expected market growth, YoY, 2012-2015



Source: Yole Developpement, February 2013

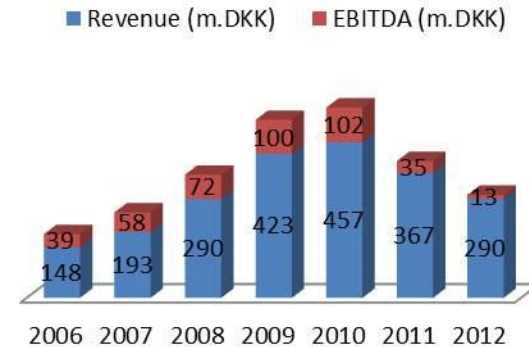
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BACKGROUND, STRATEGY

TOPSIL, BEGINNING OF 2012

- 2006-2010 strong growth and high profitability
- Focus on many small segments
- Market downturn started early 2011, continued 2012
- New top management in 2012
- Production yield and efficiency below market standard
- Lack of execution: Historically too many significant delays in key projects
- Topsil acquired Polish subsidiary in 2008 – slow pace of integration
- European focus
- Construction of state-of-art float zone plant initiated
- New equipment, DK and PL
- World class in-house power silicon and float zone competences
- Next generation silicon, larger diameters (200mm) under development



STRATEGY "EXECUTING ON OPPORTUNITIES "

FOCUS ON LARGEST AND MOST PROFITABLE SEGMENT: POWER MARKET, UTILISING INVESTMENTS ALREADY MADE:

- **Strengthen market position** in high and medium power (PFZ), believed to generate highest growth rates in coming years
- Expand position in **Japan and China**, Japan accounts for 1/3 of market for ultrapure silicon
- Improve **cash flow**
- Enhance wafer production **efficiency**



Courtesy of Toyota hybrid



STRATEGY UPDATE, EXECUTING ON OPPORTUNITIES

EXPAND POSITION JAPAN AND CHINA

- Sales effort in Japan and China intensified significantly. New product qualifications initiated.
- Japan will have first priority: Topsil Japan under establishment.
- Expect to announce plan for further improved sales setup in Japan by end 2013.

INCREASE FOCUS ON PFZ

- Development of 200mm FZ products on track. First qualification samples submitted end of 2012, as planned.
- TS16949 certification to facilitate easier access to the strategically important automotive market.
- PFZ sales increased in declining market in 2012 (+4%) and a number of new qualifications ongoing.

SECURE AN IMPROVED CASH FLOW

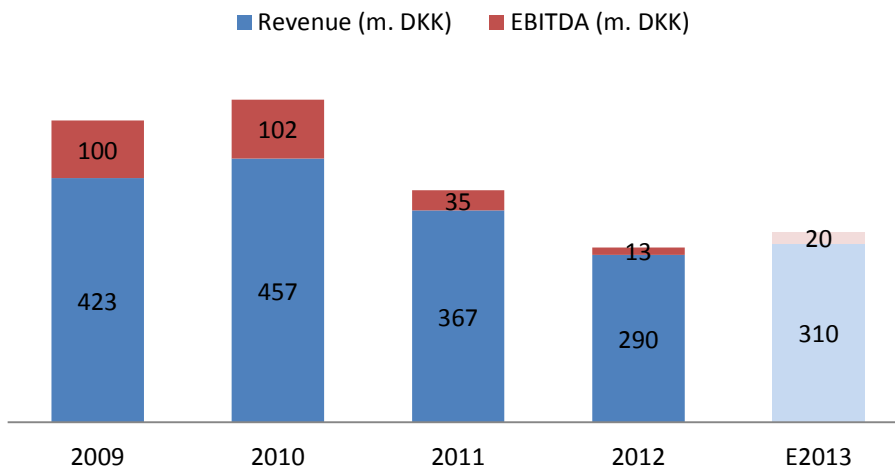
- Investment programme in new plant finalised on budget.
- Cycle time reduction programme established.
- Investment expected to be below depreciation.

ENHANCE WAFER PRODUCTION EFFICIENCY

- Significantly improved cooperation with key poly supplier.
- Yield improvement programmes initiated in Denmark and Poland.
- Manufacturing management strengthened in Denmark.
- Integration of manufacturing and logistics processes across sites.

REVENUE AND EBITDA

Revenue and EBITDA development



- **Positive revenue development YTD: DKK 237.4m (DKK 217.1m)**
- **Consolidated EBITDA of DKK 18.9m YTD (DKK 12.7m) following increased sales**
- **EBITDA margin YTD 8.0% (DKK 5.9%)**
- **Cash flow from operations totaling DKK 10.5m YTD (minus DKK 3.8m). Positive development primarily due to improved result and reduction of NWC.**

OUR BUSINESS CASE IN SHORT

- Currently the power market is in a downturn
 - Over capacity
 - Price pressure
- Attractive market mid- to long term
 - Favourable mega trends
 - High entrance barriers to industry
- Improved business platform
 - State-of-art plant and equipment
 - Next generation products started in customer qualification
 - Quality level lifted to automotive industry level
- Focused strategy
 - Sales expansion possibilities
 - Efficiency gains

**THANK YOU
FOR YOUR
ATTENTION**

DISCLAIMER: This presentation includes forward-looking statements reflecting management's current expectations for certain future events and financial performance. Forward-looking statements are inherently subject to uncertainties, and results may differ significant from expectations. Factors that may cause the actual results to differ from expectations includes, but are not limited to, developments in the economy and financial markets, changes in the silicon market, market acceptance of new products and the introduction of competing products. Topsil is only obliged to update and adjust the expectations if so required by Danish legislation and the Danish law on securities trading, etc.

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