

FINANCIAL RESULTS

Q3 2013

SEB Enskilda Bank 29 November 2013

AGENDA

- **Q3 2013 highlights**
- Financial Performance Q3
- Expectations for 2013

MARKET: VOLUME UP BUT INCREASED PRICE PRESSURE

MARKET DEVELOPMENT

- Silicon industry (Gartner, IDC, WSTS): Expected growth of total silicon market by 2-6%, primarily in the second half of the year.
- Yole Developpement: Retains its market expectations, growth forecast for the power electronics market in the range of 5% in 2013.
- Customers: Unchanged expectations of moderate positive growth for the year.
- Increased price pressure (SEMI, Topsisil).

POSITIVE REVENUE AND EARNINGS DEVELOPMENT

FINANCIAL RESULTS

- Revenue DKK 79.4 million, up 26.8% against year-earlier period which was characterised by unusually weak demand (Q3 2012: DKK 62.6 million).
- Contribution margin 42.4% against 43.3% Q3 2012.
- Other external costs and staff costs up by DKK 0.9 million compared to Q3 2012. Result inclusive of interim cost in region of DKK 1 million relating to parallel production lines at two locations in Topsil Denmark.
- EBITDA DKK 4.0 million (Q3 2012: DKK minus 1.6 million).
- Net working capital (NWC) DKK 142.0m, reduced by DKK 15.6m vs. 30th June 2012.
- Cash inflow from operating activities DKK 20.9 million. Investments DKK 4.5 million in production equipment and development projects (Q3 2012: Cash outflow of 8.3 million, investments of DKK 25.5 million).
- Relative to the increased revenue guidance announced on 27 August 2013, Topsil now gives a more precise guidance for 2013 at the level of DKK 310 million. The guidance for EBITDA is unchanged in the region of DKK 20 million.
- Management initiated renegotiations of credit facilities with Topsil's principal bankers.

STRATEGY UPDATE, EXECUTING ON OPPORTUNITIES

Four key points:

- **STRENGTHEN POSITION IN HIGH AND MEDIUM POWER, ESPECIALLY PFZ**
- **EXPAND POSITION IN JAPAN AND CHINA**
- **ENHANCE WAFER PRODUCTION EFFICIENCY**
- **SECURE AN IMPROVED CASH FLOW**

Execution in line with expectations:

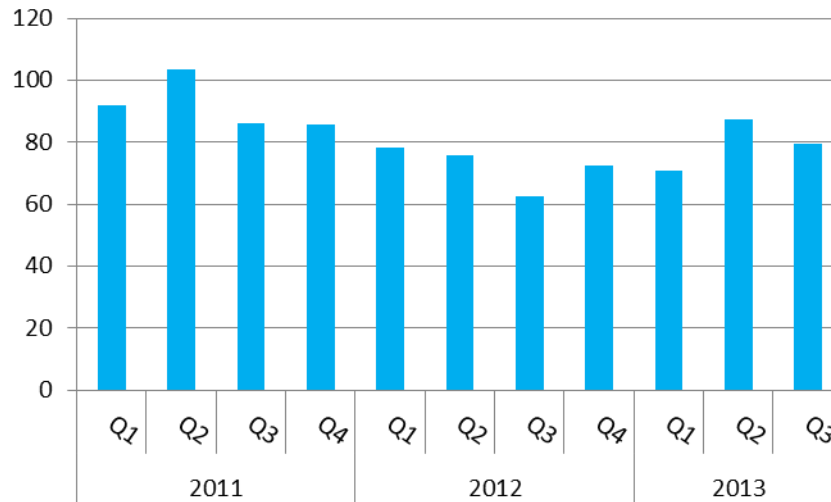
- Production initiated at new plant in continuation of successful internal qualification.
- First 200 mm HPS material submitted for customer qualification. 200 mm PFZ expected in continuation hereof.
- Start up of process to lead to the opening of a sales office in Japan.
- Negotiations with raw material supplier produced satisfactory results. Expectations: Eased procurement obligations for the rest of the year.
- Further update on achieved strategy results in Annual Report 2013 announcement.

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REVENUE IN LINE WITH EXPECTATIONS Q3

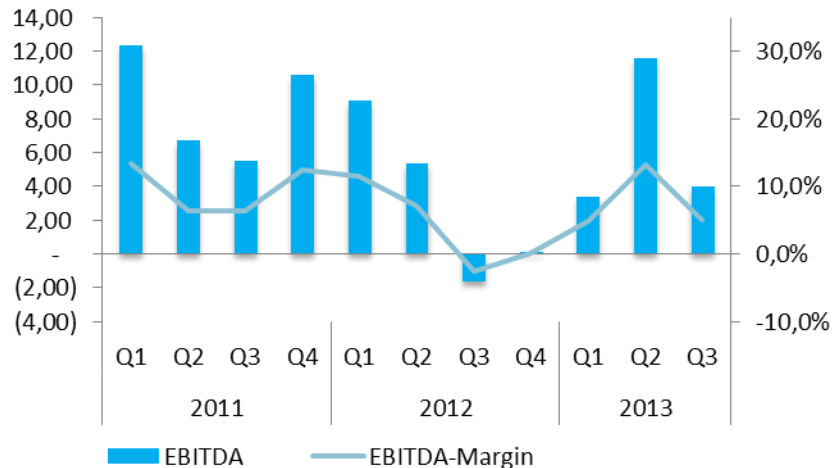
Revenue in DKKm:



- **Positive revenue development**
 - Q3 2013: DKK 79.4m (+26.8%)
 - YTD:DKK 237.4m (+9.4%)
- **Increase of revenue in line with expectations. Q3 2012 characterised by unusually weak demand**
- **Sales of silicon ingots and wafers up DKK 17.5m (+29.8%)**

EBITDA MARGIN UP FOLLOWING REVENUE

EBITDA & EBITDA-margin



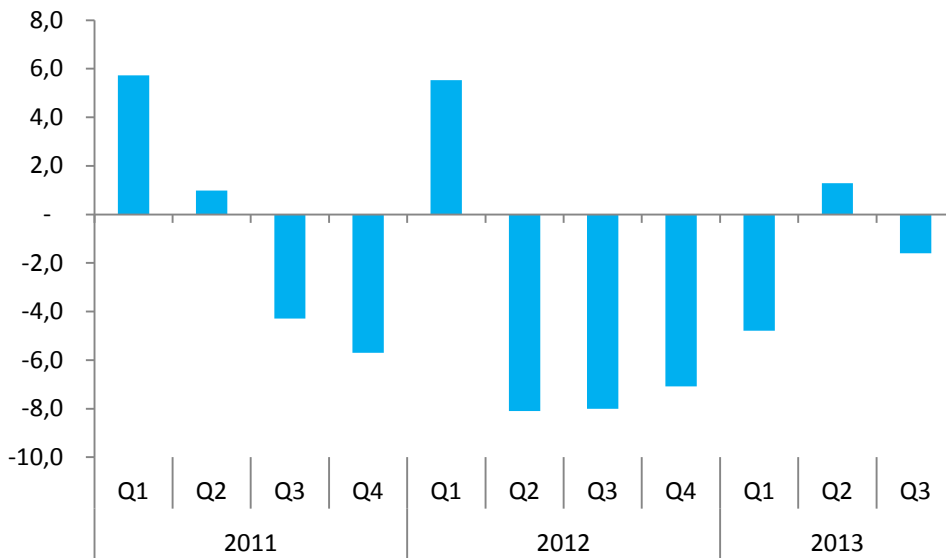
- **Contribution margin 42.4% (Q3 2012: 43.3%)**
 - Cost improvements
 - Changes in product mix
 - Increased price pressure

- **Fixed costs increased by DKK 0.9m (3%) in Q3 compared to Q3 2012.**
 - Additional costs in Q3 2013 running two facilities app. DKK 1m. (+3% to cost base)

- **Consolidated EBITDA of DKK 4.0m (Q3 2012 DKK minus 1.6m) following increased sales**
 - EBITDA-margin of 5.0% (Q3 2012 (2.6%))

EARNINGS REFLECTING IMPROVED SALES

PBT in DKKm



– **Depreciations at DKK 7.0m (DKK 6.5m)**

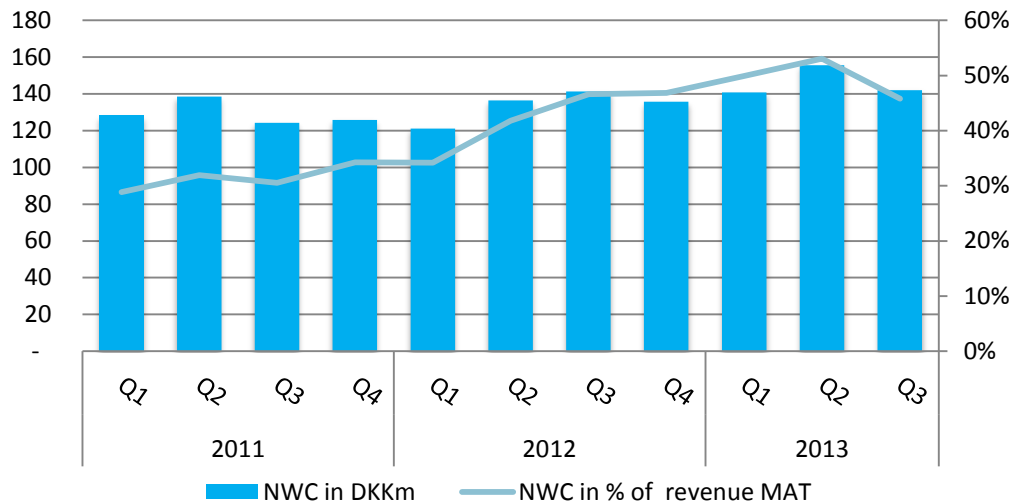
- New equipment commenced production Q3 2013
- New equipment depreciated from Sept. 2013. Full year depreciations of DKK 3.6m
- Last year included additional depreciations (DKK 0.4m) per quarter

– **Net financials at DKK 1.5m (DKK 0.2m).**

- Favourably affected by exchange rate adjustments of DKK 2.6m (DKK 2.2m in 2012) and capitalisation of interests, DKK 1.0m relating to new production equipment.

NET WORKING CAPITAL ON THE DECREASE

Net Working Capital



– **Net working capital (NWC) DKK 142.0m, representing a reduction of DKK 15.6m vs. 30th June 2013**

- Inventories DKK 147.1m, down DKK 11.9m (-8%) vs. end of 2012.
- Accounts receivables DKK 55.6m, increased DKK 5.6m (+11%) vs. end of 2012.
- Accounts payables DKK 41.7m, reduced DKK 8.3m (-17%) vs. end of 2012.

– **NWC/Revenue ratio 60% compared to 47% as of December 31st 2012**

CASH FLOW DEVELOPMENT

Cash flow in DKKm



- Cash flow from operations (CFFO) totaling DKK 20.9m in Q3 (Q3 2012: (DKK 8.3m)). Positive development primarily due to improved result and reduction of NWC.
- CAPEX driven by investments in production equipment DKK 2.7m and in development projects of DKK 1.8m. (Q3 2012: DKK 25.5m)
- Net interest bearing debts reduced by DKK 16.5m in quarter.

AGENDA

- Q2 2013 highlights
- Financial Performance Q2
- **Expectations for 2013**

EXPECTATIONS FOR 2013

Relative to the increased revenue guidance announced on 27 August 2013, Topsil now gives a more precise guidance for 2013 at the level of DKK 310 million. The guidance for EBITDA is unchanged in the region of DKK 20 million.

Efficiency measures from production to positively affect EBITDA, however partly offset by increased price pressure, interim costs related to parallel production at two sites in Frederikssund, customer qualification of the new plant and relocation to the new facilities.

Expectations based on exchange rates of DKK 575/USD 100 and DKK 180/PLN 100.

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. Topsisil 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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