

PRESENTATION OF TOPSIL

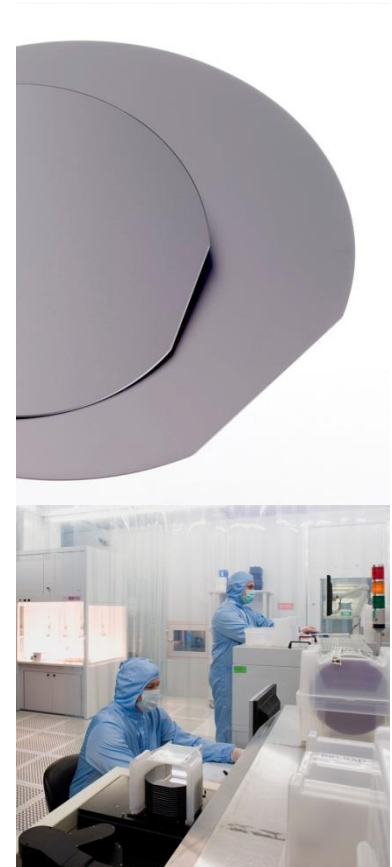
Small & Mid Cap seminar, ABG Sundal Collier
11th April 2013

AGENDA

- **Topsil in brief**
 - **Our business**
 - **Financial results, FY 2012**
 - **Expectations for 2013**
- Strategy "Executing on Opportunities"
- Questions

DEDICATED TO HIGH QUALITY SILICON MANUFACTURE SINCE 1959

- Highly specialised manufacturer of ultrapure 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.
- Located in Copenhagen Cleantech Park (Fr.sund), 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.

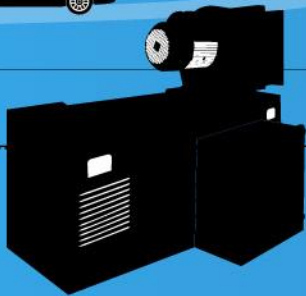


THE GRID

Conversion of
current, grid
connection,
Smart Grids.

PRODUCTION MACHINERY

Control and
energy efficient
adjustment of
speed.



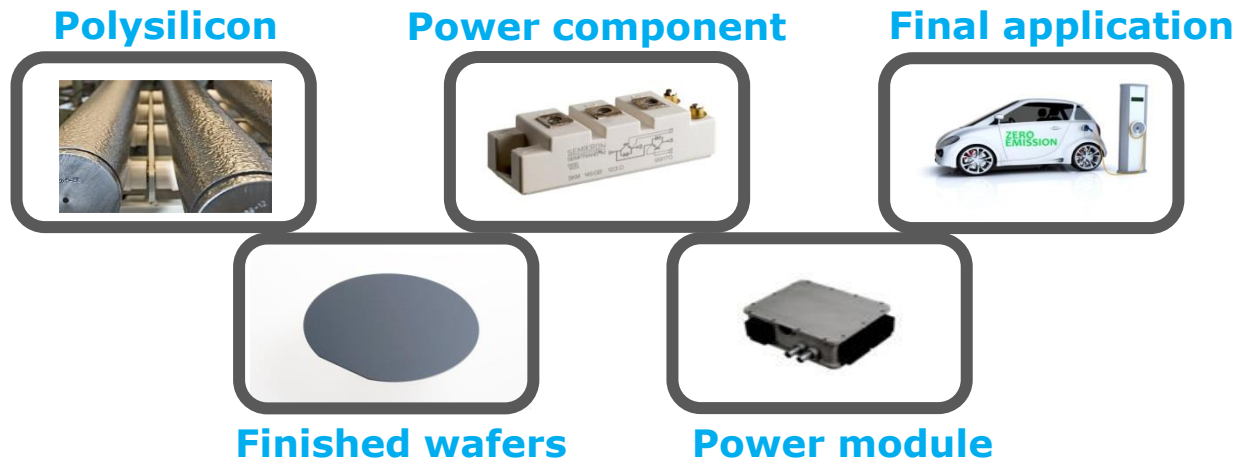
MACRO ECONOMIC DRIVERS ON POWER MARKET

- **Industry:** Continued focus on energy-efficient solutions in industry, e.g. industrial motors (“Smart power”).
- **Transportation:** Continued movement towards more efficient and more climate-friendly transport of people and goods.
- **Automotive:** Number of hybrid and electrical vehicles on the increase.
- **Renewable energy sources:** PV and wind on the increase.
- **Infrastructure:** Investments in integration of new energy sources in existing grids (Smart Grids etc.).
- **Main risks:** Financing, manufacturing and supply chain bottle necks, availability of raw materials, change of political focus (debt crisis, green power).



INTERDEPENDENT VALUE CHAIN

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

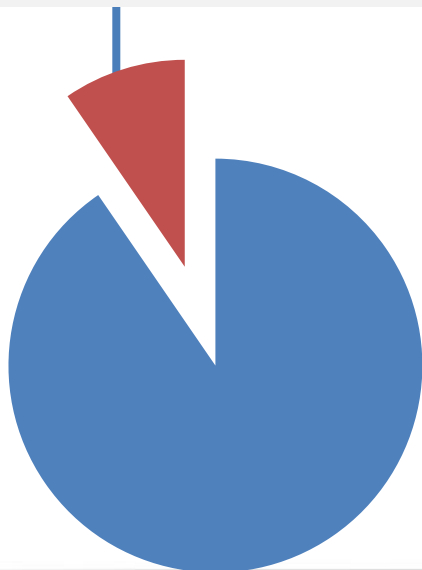


MAIN MARKET: POWER MARKET, MARKET SIZE 2012 AND STRATEGY PERIOD 2013-2015

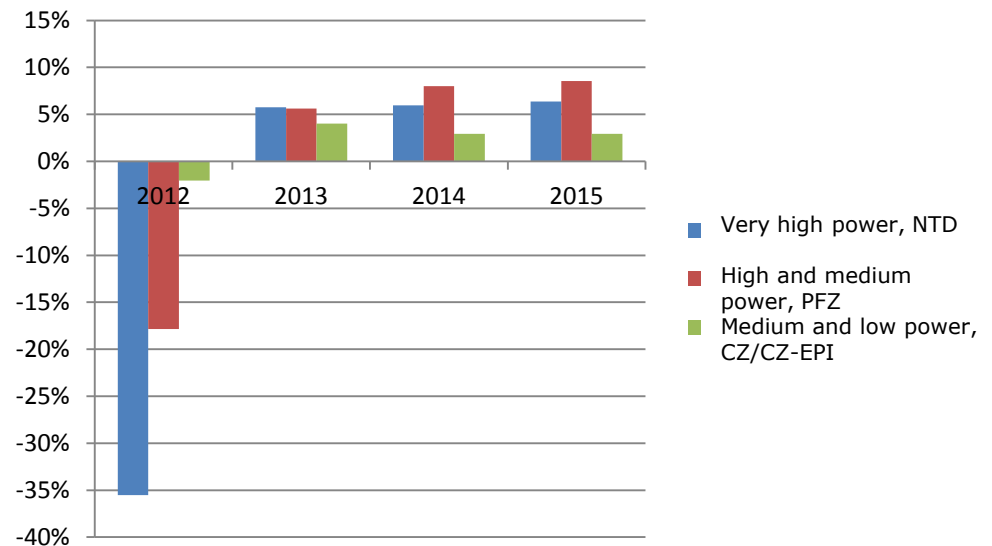
Aggregated silicon market worth around DKK 50 billion in 2012. The power market accounted for about 10% of this market.

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



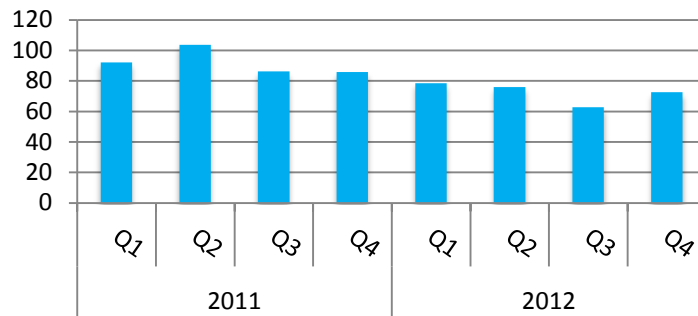
Expected market growth, YoY, 2012-2015



Source: Yole Developpement, February 2013

FY2012 RESULTS

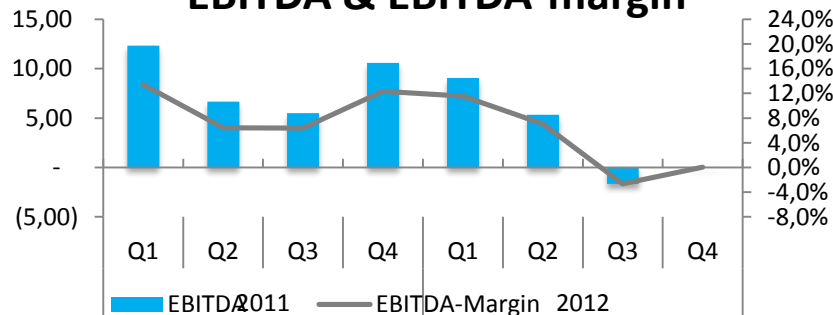
Revenue DKK m.



– **Revenue in line with expectations (DKK 260-280m)**

- FY2012: DKK 289.6m
- Down by 21% compared to 2011 due to weak market

EBITDA & EBITDA-margin



– **Consolidated EBITDA of DKK 12,8m (DKK 35,1m) in line with expectations**

- FY2012 EBITDA-margin of 4.4% (9.6%) mainly affected by lower revenues
- Cost reduction programmes and strict cost control resulting in decrease in fixed cost DKK 20m
- Average FTE 358 in 2012 (2011: 383)

EXPECTATIONS FOR 2013

- Following a relative drop in market value from 2011 to 2012, the silicon industry expects the market to recover slightly in 2013 (Gartner, WSTS, SEMI), due to an increasing number of infrastructure projects which are expected to materialise primarily in the second half of 2013. Topsil's customers confirm this picture.
- Based on the above, Topsil expects to generate revenue for 2013 at least in line with revenue for 2012.
- Topsil expects a more efficient wafer production to help improve the Company's earnings for 2013, but it will be partly offset by the costs relating to temporary parallel production lines in two locations in Frederikssund, Denmark, customer qualification of the new plant and the relocation to the new facilities. Overall, the Company expects that EBITDA in 2013 will at least be in line with EBITDA for 2012.

Expectations based on exchange rates of DKK 600/USD 100 and DKK 180/PLN 100.

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BACKGROUND, STRATEGY

TOPSIL, BEGINNING OF 2012

- 2006-2010 strong growth and high profitability
- Market downturn started in 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 subsidiary in 2008 – slow pace of integration
- European focus
- State-of-art float zone plant close to completion
- New equipment, DK and PL
- World class in-house power silicon and float zone competences
- New products with improved capabilities
- Next generation silicon, larger diameters (200mm.)

STRATEGY "EXECUTING ON OPPORTUNITIES "

FOCUS ON VALUE/IMPROVING LIQUIDITY, 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**



STRATEGY UPDATE, EXECUTING ON OPPORTUNITIES

EXPAND POSITION JAPAN AND CHINA

- Sales effort in Japan and China intensified significantly in 2012.
- Japan will have first priority due to the size and attractiveness of this market. Next generation silicon wafers (200mm) to facilitate access.
- Expect to announce plan for significant improved sales setup in Japan during 2013.

INCREASE FOCUS ON PFZ

- Development of 200mm. FZ products on track. First qualification samples submitted end of 2012, as planned.
- TS16949-certification (DK) 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.

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.

SECURE AN IMPROVED CASH FLOW

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

Markets	Division of revenue, substrates 2012	
	FZ	CZ
The EU	49%	11%
The US	4%	3%
Japan	0%	12%
China	13%	0%
Other	1%	0%

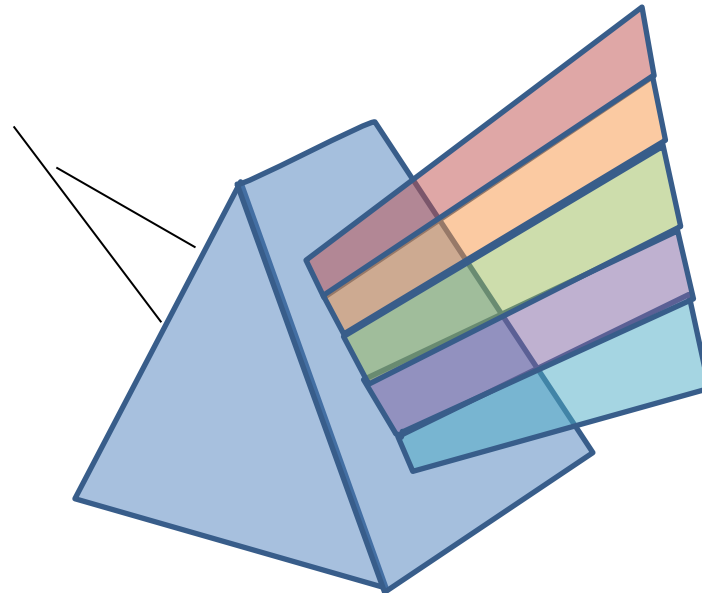
MANAGEMENT FOCUS

FROM

- Two companies (Topsil, DK & Topsil, PL)
- European focussed business
- High dependency on only one product
- Unclear application focus
- Cash consumption

TO

- One integrated global business
- Focus on wafers for power
- Two legs – NTD and PFZ
- World class float zone manufacturing
- Cash generation



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