



Topsil Semiconductor Materials A/S

Q1 2010

LD MARKETS
28 May 2010



AGENDA

- 3 Highlights and financial performance in Q1 2010
- 7 Strategy plan 2010-2012: Seizing the Opportunity
- 12 The Greenfield Project
- 16 Expectations for 2010
- 19 Appendix: Back up slides

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HIGHLIGHTS FROM Q1 2010

- **Positive market development continues**
 - FZ remains very strong with high demand for NTD products
 - CZ markets has rebounded further
 - Topsil's orderbook for both FZ and CZ is at all time high
- **New FZ poly contract signed (2010-2015) – will strengthen Topsil's competitive position considerably**
 - Access to higher volumes at more competitive prices
 - Access to new FZ poly for Medium Voltage segment (PFZ and CZ-EPI products)
- **New long term contracts (2010-2015) with five FZ customers**
 - Guarantee of minimum deliveries corresponding to 40% of expected 2010 revenue
- **Consolidated revenue up by 4% - earnings in line with expectations**
- **Full year guidance maintained**

MODERATE GROWTH IN Q1 AS EXPECTED

| DKKm | Q1 2010 | Q1 2009 |
|---|--------------------|--------------------|
| Revenue | 102.8 | 98.6 |
| Direct production costs | -49.5 | -42.8 |
| Other external costs & staff costs | -33.2 | -28.0 |
| EBITDA | 20.2 | 27.8 |
| Depreciation, amortisation and impairment | -3.8 | -4.4 |
| EBIT | 16.3 | 23.5 |
| Net financial items | 2.4 | -1.2 |
| Profit before tax | 18.8 | 22.3 |
| Tax on profit | -5.2 | -8.2 |
| Net profit | 13.5 | 14.1 |

- **Revenue up 4% in Q1 2010 (YoY)**
 - Lower settlement prices in Q1 as FZ customers have been offered more attractive prices and delivery terms in 2010 in return for new long-term contracts with greater volumes
 - Positive revenue trend in CZ activities continues (YoY and QoQ)
- **EBITDA of DKK 20.2m vs. DKK 27.8m in line with expectations**
 - Margin of 19.6% down YoY (28.2% in 2009), but on par with FY2009 as a whole.
 - Affected by lower settlement prices and use of FZ poly stock from 2009 at higher prices than current 2010 purchase level
- **Further improvements in revenue and earnings anticipated for the remainder of 2010 as a consequence of increasing sales volumes and new FZ poly contract**

REDUCTION IN NWC AS ACTIVITY LEVELS NORMALISE FOLLOWING STRONG Q4

| DKKm | Q1 2010 | Q1 2009 | FY 2009 |
|-------------------------------|--------------|--------------|--------------|
| Intangible assets | 33.3 | 42.7 | 31.5 |
| Property, plant and equipment | 100.1 | 143.3 | 94.1 |
| Financial assets | 82.5 | 68.9 | 80.1 |
| Non-current assets | 215.9 | 254.9 | 205.7 |
| Inventories | 115.8 | 94.5 | 108.0 |
| Receivables | 87.5 | 71.8 | 118.9 |
| Cash and cash equivalents | 29.5 | 83.0 | 11.8 |
| Assets held for sale | 156.1 | 0.0 | 147.4 |
| Current assets | 388.9 | 249.3 | 386.1 |
| ASSETS | 604.8 | 504.3 | 591.8 |

| | | | |
|--|--------------|--------------|--------------|
| Equity, Topsil | 259.2 | 178.0 | 236.0 |
| -minority interests | 69.3 | 61.3 | 64.6 |
| Non-current liabilities | 121.2 | 143.1 | 120.9 |
| Current liabilities | 140.5 | 122.1 | 157.3 |
| Liabilities relating to assets held for sale | 14.6 | 0.0 | 12.9 |
| Total liabilities | 276.3 | 265.0 | 291.2 |
| EQUITY AND LIABILITIES | 604.8 | 504.3 | 591.8 |

| | | | |
|---------------------------|-------|-------|-------|
| Capital invested | 325.5 | 230.2 | 330.8 |
| Net working capital | 114.5 | 44.2 | 132.2 |
| Investment in PPP | 5.6 | 9.9 | 22.2 |
| Net interest-bearing debt | (2.5) | 9.8 | 30.7 |

- **Cemat70 classified as Assets held for sale**
- **NWC down by DKK 18.3m since FY2009**
 - Receivables down as consequence of normalisation after very high Q4 2009 and lower activities in Q1
 - Slight increase in inventories
- **Minority interests up as a result of compulsory redemption of minority shareholders in Cemat Silicon S.A. at year end 2009 and FX**
- **Interest-bearing debt reduced to DKK 138.3m due to improvements in NWC**

STRONG CASH FLOWS DESPITE LOWER EBIT

| DKKm | Q1 2010 | Q1 2009 |
|---|-------------|--------------|
| EBIT | 16.3 | 23.5 |
| Adjustments | 5.4 | 4.8 |
| Change in net working capital | 16.1 | 12.3 |
| Cash flows from operating activities | 37.8 | 40.6 |
| Income tax paid | -1.5 | -0.5 |
| Financial income received | 2.4 | 1.3 |
| Financial income paid | 0.0 | -2.5 |
| Cash flows from operations | 38.7 | 38.9 |
| Cash flows from investing activities | -6.7 | -10.4 |
| Cash flows from financing activities | -1.2 | -7.0 |
| Cash flows | 30.7 | 21.5 |

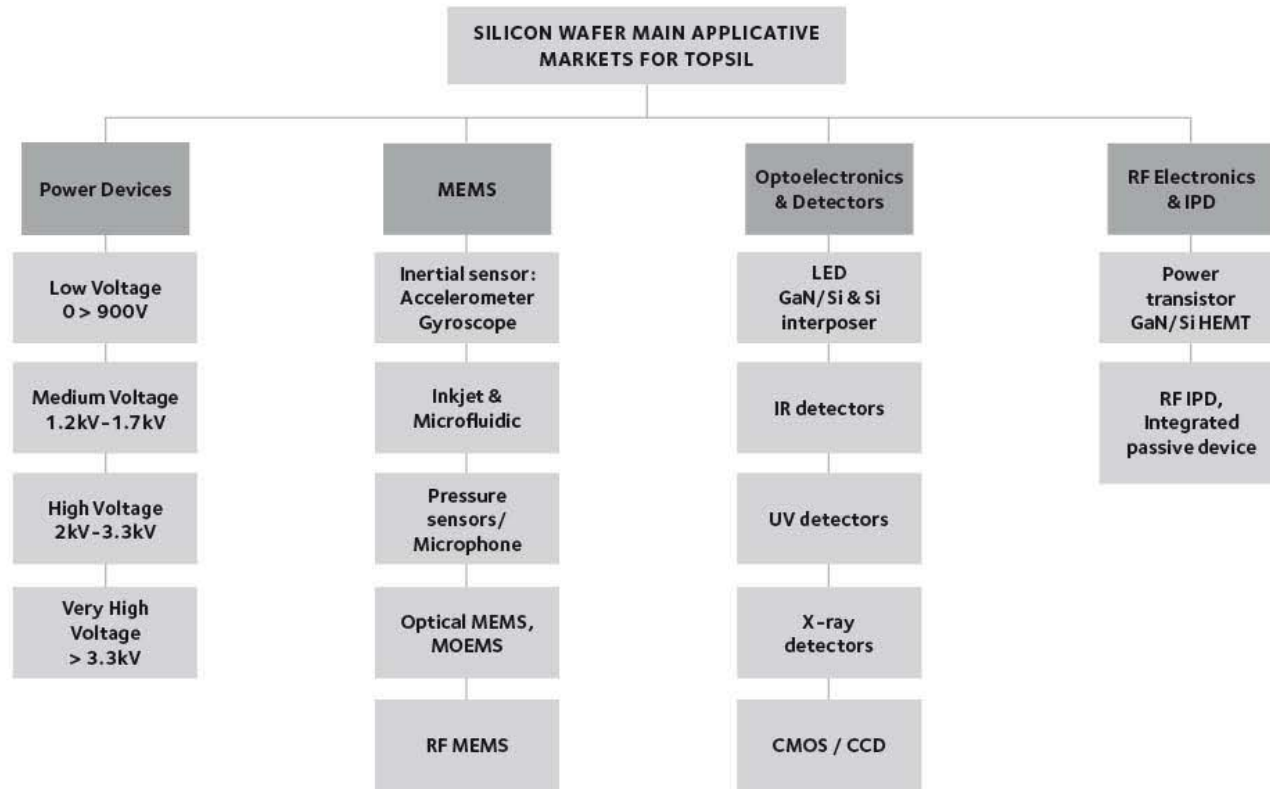
- **CFFO impacted by new long term agreements**
 - Lower EBIT
 - Improved NWC mainly as a result of lower receivables in Q1 2010
- **Fixed assets investments await Greenfield activities to accelerate**
- **Free cash flows of DKK 30.7m**
 - DKK 63.4m in Cemat70 S.A. Dividend paid out in Q2 2010

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THE TOPSIL GROUP ADDRESSES FOUR SEMICONDUCTOR MARKETS

- THE POWER MARKET IS THE LARGEST BY FAR IN TERMS OF REVENUE

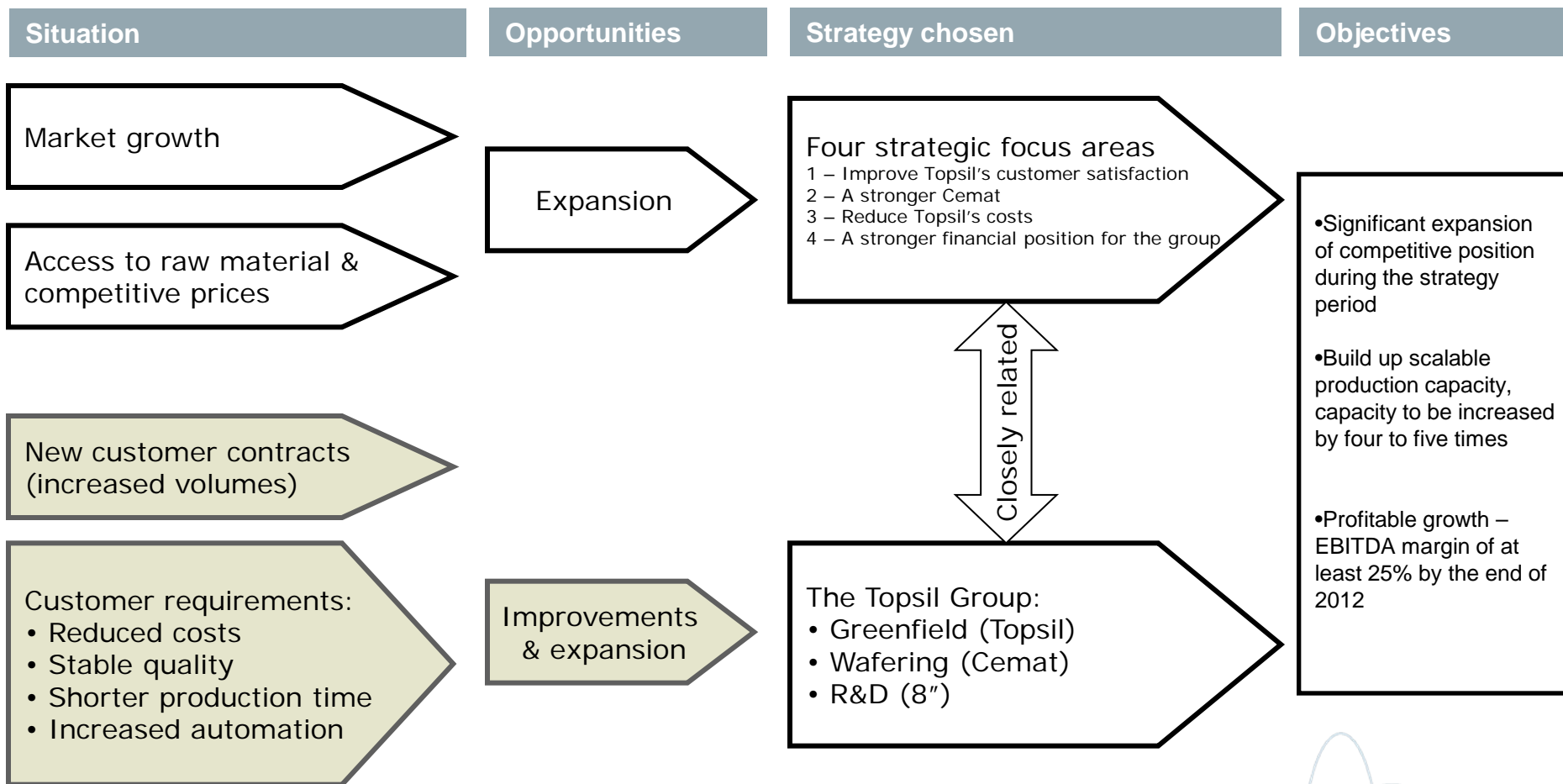


Source: Yole Developpement and the Topsil Group, 2009

THE TOPSIL GROUP'S PRODUCT RANGE MATCHES THE MOST SIGNIFICANT GROWTH DRIVERS

- **According to Yole Developpement, annual growth rates in the Topsil Group's four semiconductor markets from 2009 to 2012 will be between 8% and 20% (CAGR)**
- **CAGR for the Power market is expected to be 11%**
 - Above 3.3kV: Expected CAGR of 9% for NTD-based components used e.g. for the distribution of energy, a not so cyclical segment
 - 2kV-3.3kV: Expected CAGR of 15% for NTD and partly for other substrates used in e.g. industrial or transport applications or in wind turbines
 - 1.2kV-1.7kV: Expected CAGR of more than 15% for PFZ, and in some cases also CZ-EPI and CZ used in industrial applications, medical equipment and the automobile industry
 - Less than 900V: Expected CAGR of around 10% for applications based mainly on CZ substrates
- **Core products FZ-NTD, FZ-PFZ and CZ-EPI expected to generate the highest growth rates**

STRATEGY 2010-2012 – SEIZING THE OPPORTUNITY



RECENT COMPLETION OF SHARE ISSUE WITH PROCEEDS OF 87.0m TO PARTLY FINANCE GROWTH STRATEGY

- **12 May 2010 Topsil completed an offering of shares with pre-emptive rights for existing shareholders**
 - The offering comprised 103,890,151 new shares of DKK 0.25 nominal value each with a subscription price of 0.90 per share
 - Offer was fully subscribed with net proceeds of 87m. Together with the expected cash flows from operations, proceeds will be used to implement Topsil's growth strategy and expand production capacity
 - The new shares were registered on 20 May 2010
 - As of 20 May 2010, total nominal share capital amounts to DKK 129,862,689, corresponding to 519,450,755 shares of DKK 0.25 nominal value each

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SUBSTANTIAL INVESTMENTS IN GREENFIELD PROJECT AND EXPANDED PRODUCTION CAPACITY FROM 2010

Future-proofed facilities

- The facilities will be scalable to allow new FZ machines to be installed in line with growing demand
- The new facilities support the development of new products and processes, including 8" products

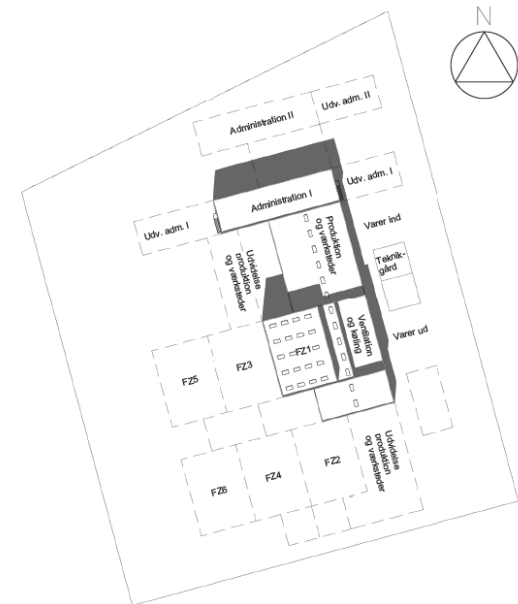
Implementation focusing on risk management

- The first FZ machines are expected to be put into operation at the existing facilities during H1 2010
- The project including buildings and facilities has been assessed in collaboration with NNE Pharmaplan, Rambøll and Alectia

Parallel scaling and updating in Poland

- Parallel with the greenfield project in Denmark, a number of investments will be made in Poland, mainly to expand the wafering capacity
- The investments in Cemmat Silicon strengthen the integration of the two units and supports the expansion of production capacity in the greenfield project

DRAFT OF TOPSIL'S NEW PRODUCTION FACILITIES



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LEVEL OF ACTIVITIES EXPECTED TO INCREASE IN 2010

- **Favourable development in the Power market expected to continue in 2010 – Yole Developpement estimates market growth of around 10% driven by substantial volume growth**
 - Topsil's large order book for FZ products, strong interest, not least in FZ-NTD products, and the conclusion of long-term FZ customer contracts confirm the positive outlook
 - The CZ market now seems to be back at all times highest level in 2007-2008
- **New FZ raw materials contract can be used for strengthening customer relations**
 - Contract customers being offered more favourable price and delivery terms in 2010 in return for long term contracts, which creates a stronger foundation for higher revenue and earnings
- **Focus in 2010 will be on optimisation through a reduction of lead times, increased yields and better utilisation of in-house wafering capacity in Poland. Cemat Silicon is expected to contribute positively to consolidated EBITDA**
- **For FY2010 we expect**
 - Revenue: DKK 440-460m (+5-10% rel. to 2009)
 - EBITDA: DKK 100-110m, maintaining the EBITDA margin at 23-24%
 - In order to adjust capacity to growing demand, the Topsil Group will increase its investments substantially in 2010 in the range of DKK ~60m



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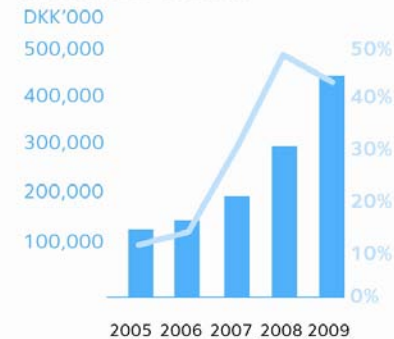
APPENDIX

Back up slides

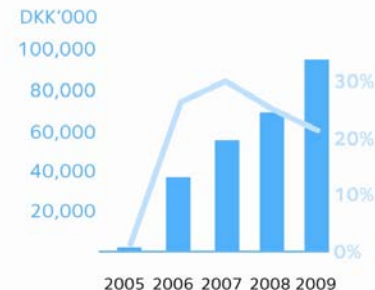
TOPSIL – A NICHE PRODUCER OF SILICON FOR THE SEMICONDUCTOR INDUSTRY

- **+50 years' experience in the processing of silicon to the semiconductor industry**
 - Strong position within the production of float zone (FZ) and since 2008 czochralski (CZ) silicon
 - Sells mainly to semiconductor markets, the Power market, MEMS, Optoelectronics & detectors as well as RF electronics / IPD, a market totalling USD 1.3bn or around 10% of the total silicon market for the semiconductor industry (2009)
 - Favourable position among the four largest suppliers of silicon with a global market share of 7% of the Power market
 - Professionalism and technological weight as core competencies
- **Strong customer and supplier relations**
 - Niche plus strategy focusing on high/medium power products for selected customers
 - Long-term contracts running until the end of 2015 and 2017 with the only two producers of the FZ raw material (polysilicon)
 - Long-term contracts running until the end of 2015 with the largest and most important customers, ensuring a significant part of revenue

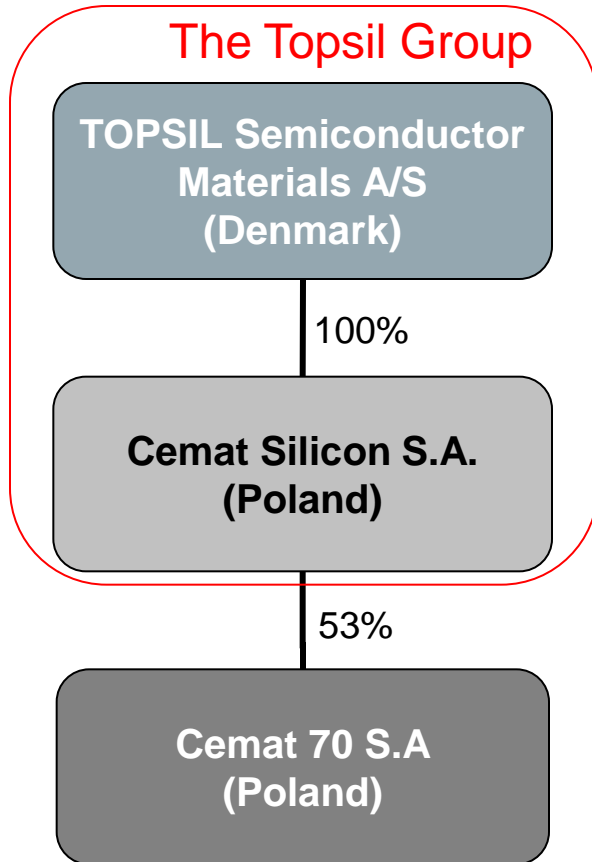
REVENUE AND GROWTH



OPERATING PROFIT/(LOSS) AND PROFIT MARGIN



GROUP OVERVIEW



- Production based on FZ technology
 - Head office with administrative functions
 - Development of FZ-based production
 - 82% of 2009 revenue – about 100 employees
-
- Production based on CZ technology and in-house production of CZ and FZ wafers
 - Development of CZ-based production
 - 15% of 2009 revenue – about 220 employees
-
- Property company – non-core activity – held for sale
 - 47% owned by the Polish state (24.7%), SPEC (9.4%) and other private investors (12.9%)
 - Earnings and cash flow neutral - 55 employees

FROM SAND TO HIGH END PRODUCT

THE FLOAT ZONE PROCESS - FROM POLYSILICON TO WAFER

STEP
1



QUARTZ SAND



REDUCTION



DISTILLATION



SIEMENS PROCESS



POLYSILICON

THE FLOAT ZONE PROCESS - FROM POLYSILICON TO WAFER

FZ



STEP
2



POLYSILICON



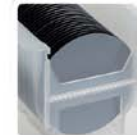
FZ PROCESS



IRRADIATION
(NTD)



WAFERING



FINISHED WAFER

CZHOCHRALSKI PROCESS - FROM CRUSHED POLYSILICON TO WAFER

CZ



STEP
2



POLYSILICON



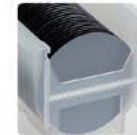
CZ PROCESS



WAFERING



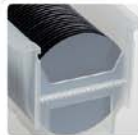
EPITAXY PROCESS



FINISHED WAFER

FROM TOPSIL TO CUSTOMER

STEP
3 AND 4



FINISHED WAFER



DIFFUSION



COMPONENT

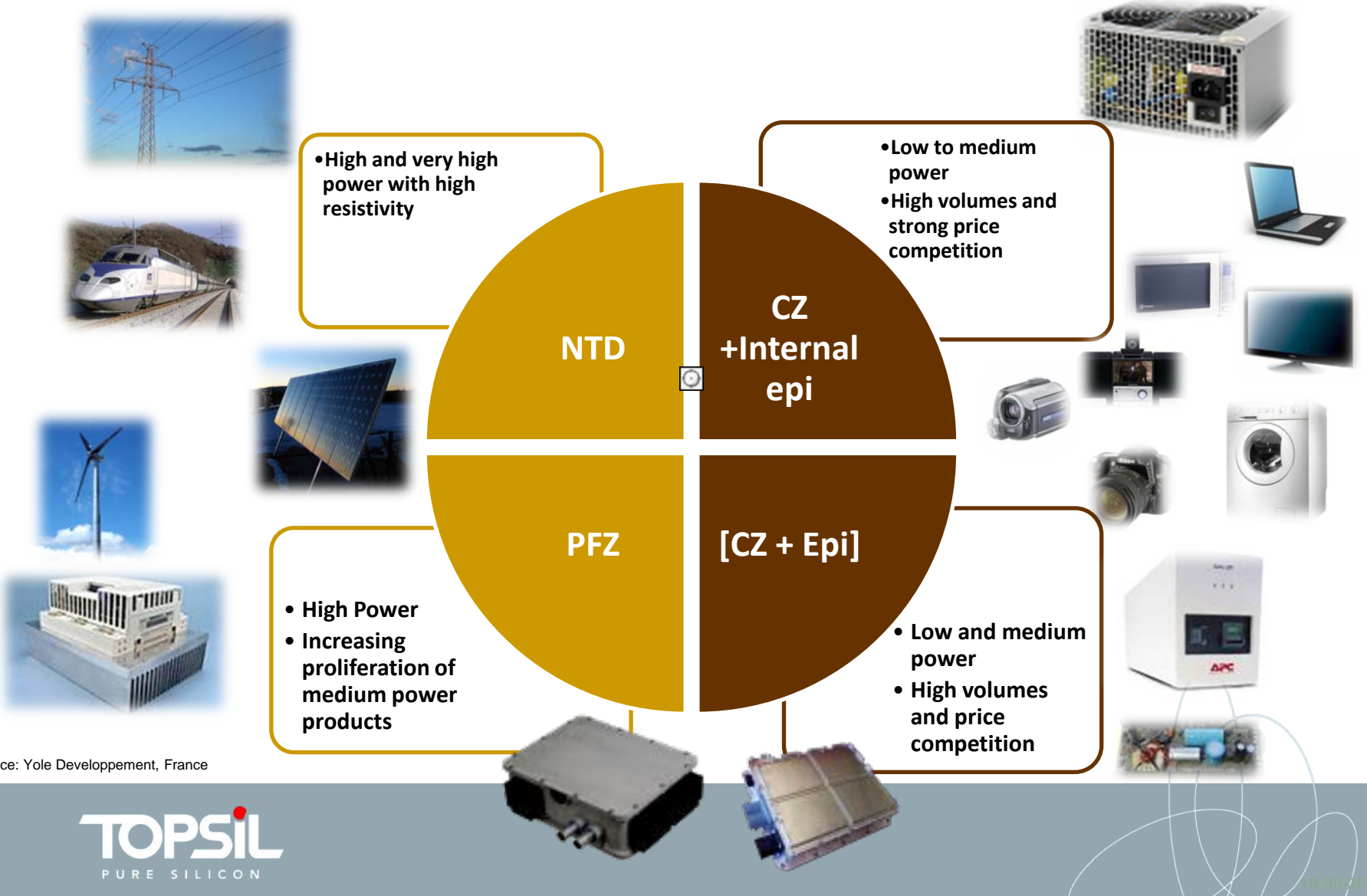


ELECTRONIC
CONTROL



END-USE

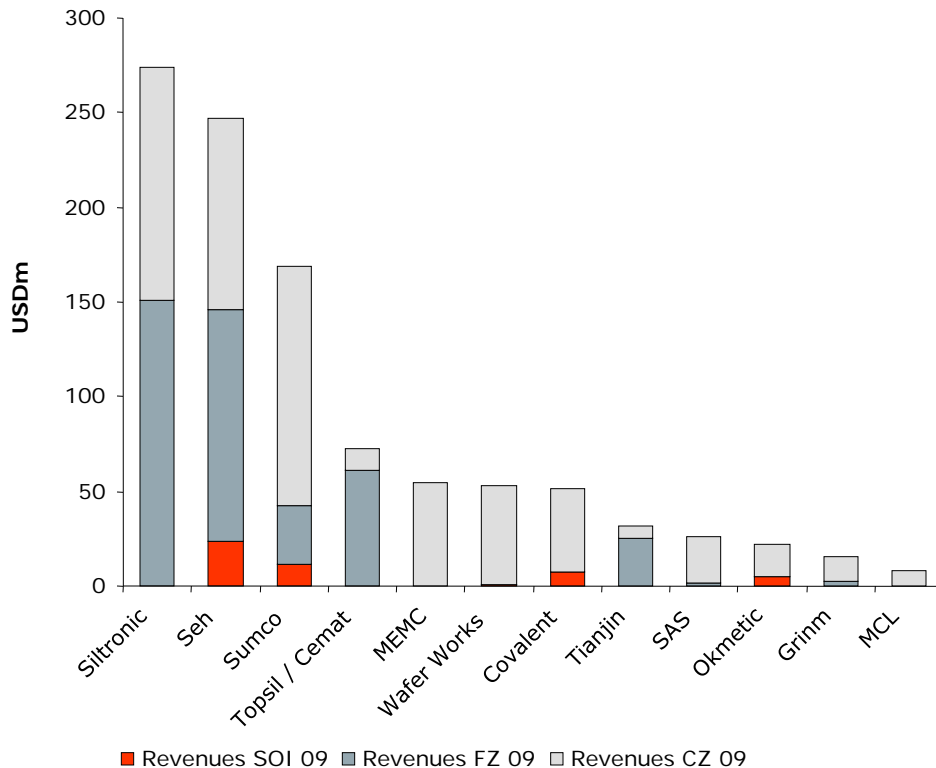
MARKETS FOR THE TOPSIL GROUP'S APPLICATIONS



Source: Yole Developpement, France

THE GROUP IS ONE OF FOUR LARGE PLAYERS IN THE POWER MARKET

Revenue in the Power market, 2009



- **Topsil has a substantial share of the FZ market and ranks as number four in the Power market with a global market share of around 7%**
- **Management believes Topsil has won substantial market share during the past few years**
- **The CZ segment is more competitive while CZ-EPI is more of a protected niche segment**
- **The industry (especially the FZ market) is characterised by the products' long life cycles and significant switching costs / barriers to entry in terms of quality**

Source: Yole Developpement, 2009