



Topsil Semiconductor Materials A/S

Carnegie Bank
24 June 2010

TOPSIL
PURE SILICON

AGENDA

- 3 **Topsil business overview**
- 8 Topsil's markets, expected market growth, competitive situation
- 16 Strategy 2010-2012: Seizing the Opportunity
- 21 Q1 key figures and expectations for 2010
- 24 Appendix: Back up slides

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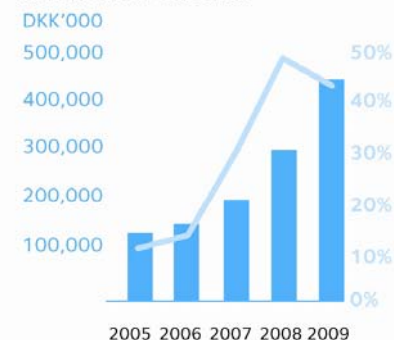
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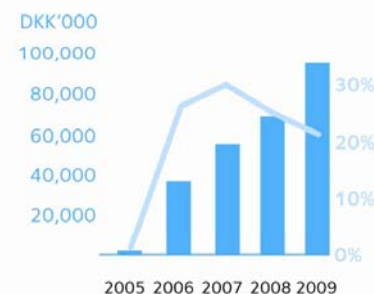
TOPSIL – A NICHE PRODUCER OF SILICON FOR THE SEMICONDUCTOR INDUSTRY

- **+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

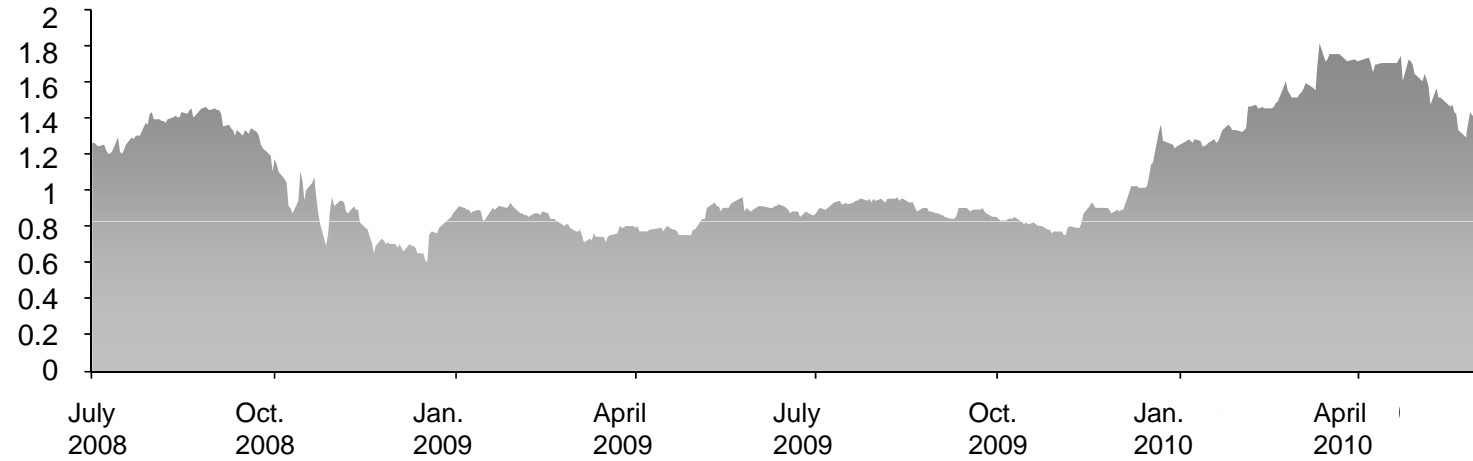


OPERATING PROFIT/(LOSS) AND PROFIT MARGIN



SHAREHOLDER INFORMATION

Share price development, Topsil



- Market value: DKK 727m (at DKK 1.40 per share)
- +7,300 shareholders, registered by name

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



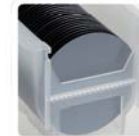
FZ PROCESS



IRRADIATION
(NTD)



WAFERING



FINISHED WAFER

CZHOCHRALSKI PROCESS - FROM CRUSHED POLYSILICON TO WAFER

CZ



STEP
2



POLYSILICON



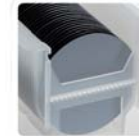
CZ PROCESS



WAFERING



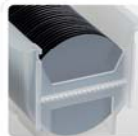
EPITAXY PROCESS



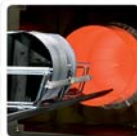
FINISHED WAFER

FROM TOPSIL TO CUSTOMER

STEP
3 AND 4



FINISHED WAFER



DIFFUSION



COMPONENT

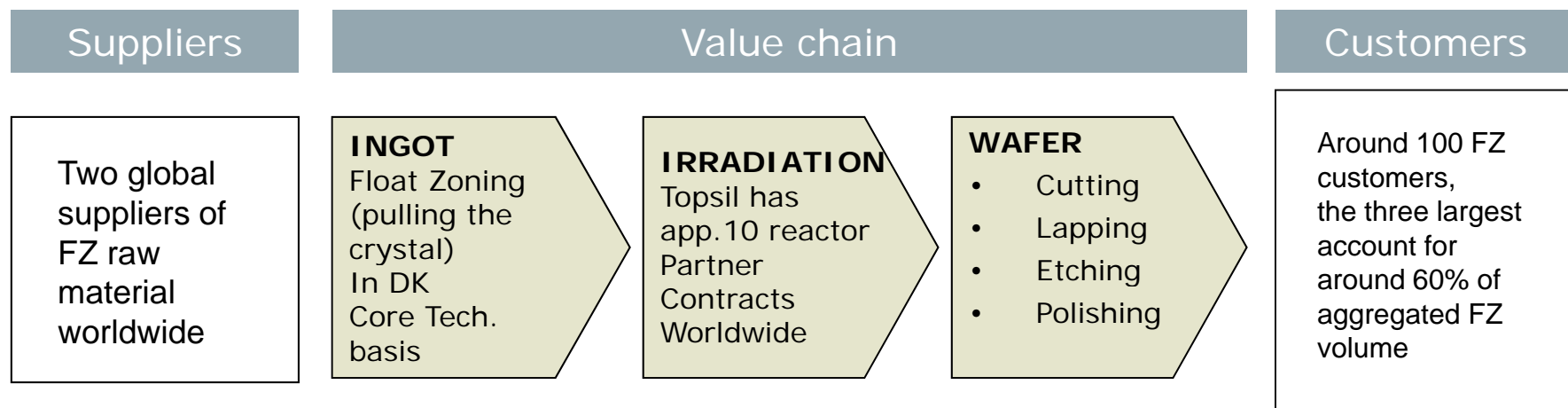


ELECTRONIC
CONTROL



END-USE

LONG TERM SUPPLIER AND CUSTOMER AGREEMENTS SIGNIFICANTLY INCREASE THE CERTAINTY OF FUTURE PROFITABILITY



Suppliers

- Long term agreements with both global suppliers of FZ silicon (2010-2015/2010-2017), supporting customers' extensive growth plans, offering guaranteed prices and the ability to offer the widest FZ range of all FZ suppliers

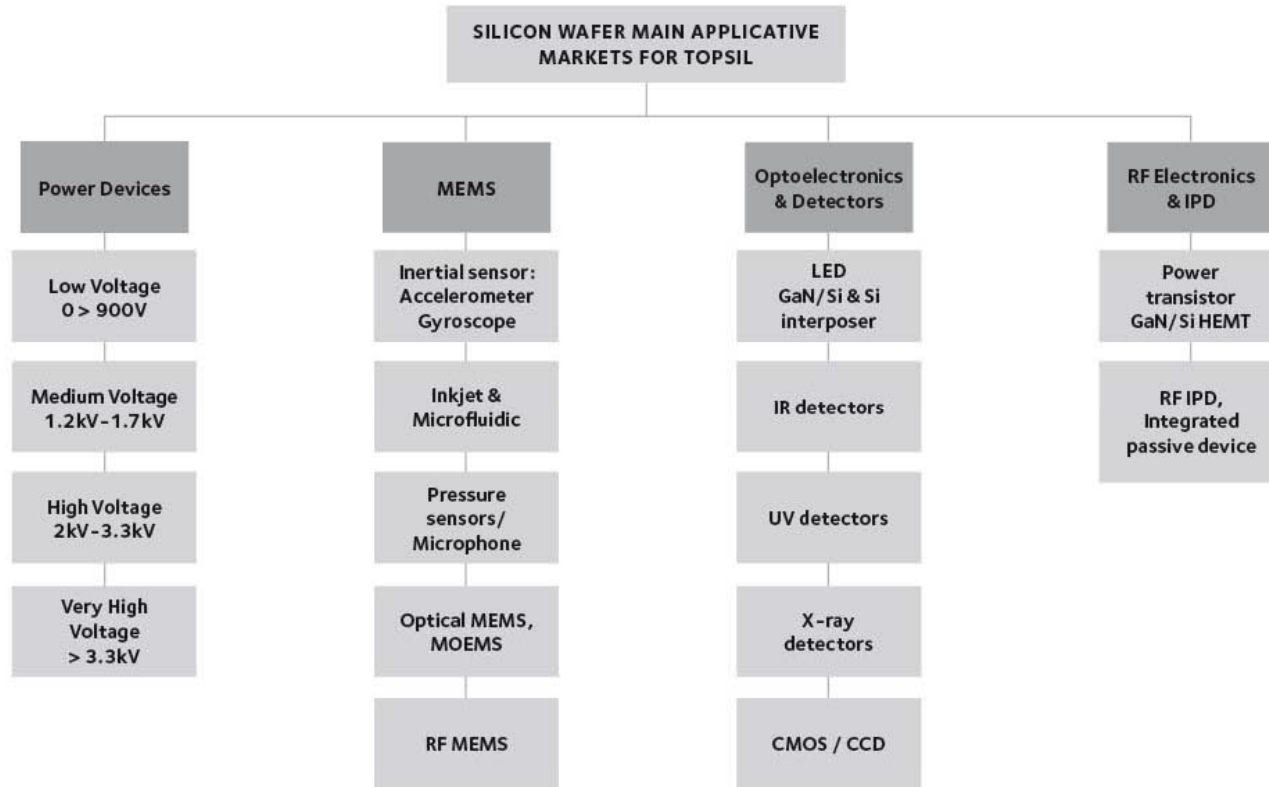
Customers

- Long term sales contracts on both minimum volumes and pricing with our six largest customers for 2010-2015
- Contracts add up to around 40% of Topsil Group's forecast revenue for 2010, more than three times the amount of previous contracts
- Beyond the minimum levels, the contracts signal strong confidence and commitment from the customers

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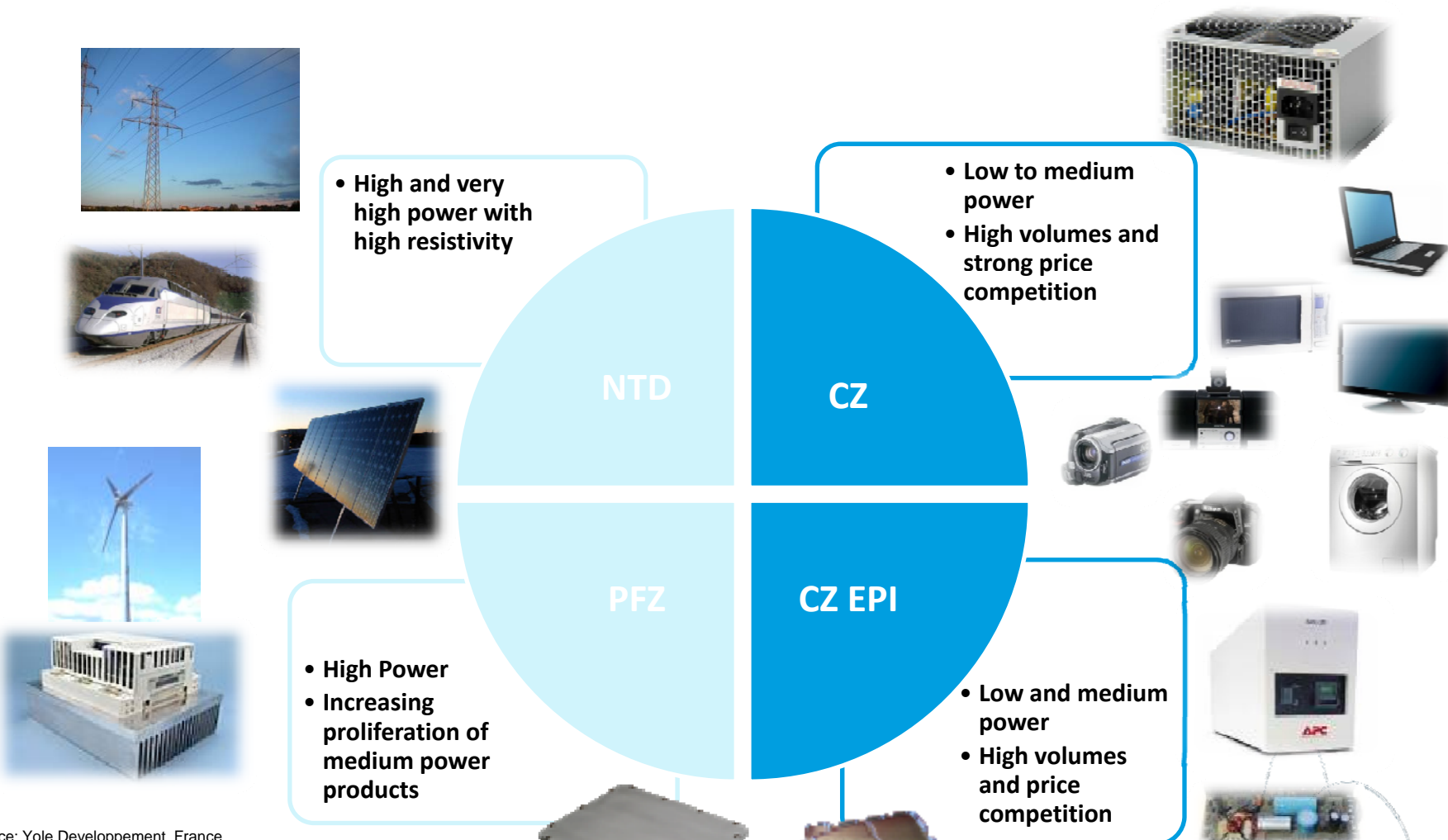
THE TOPSIL GROUP ADDRESSES FOUR SEMICONDUCTOR MARKETS - THE POWER MARKET IS THE LARGEST BY FAR IN TERMS OF REVENUE



Source: Yole Development and the Topsil Group, 2009



TOPSIL IS DEDICATED TO HIGH PERFORMANCE DEVICES



Source: Yole Developpement, France



THE TOPSIL GROUP'S SILICON IS USED AS CRITICAL COMPONENTS IN NUMEROUS SMART POWER SOLUTIONS

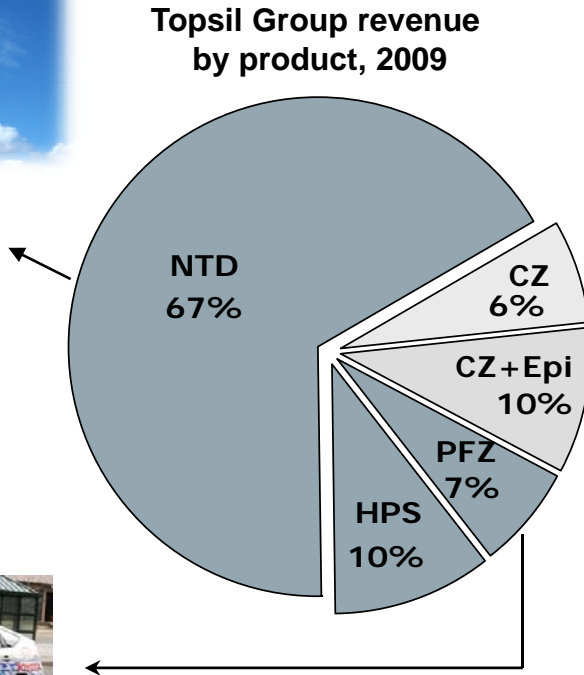
FZ market

- Market for high / very high power and high resistivity



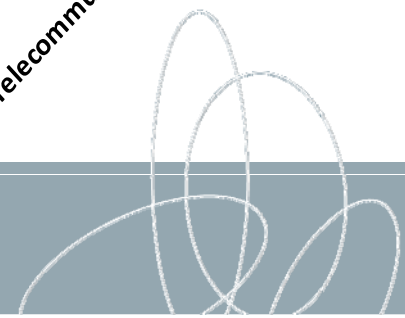
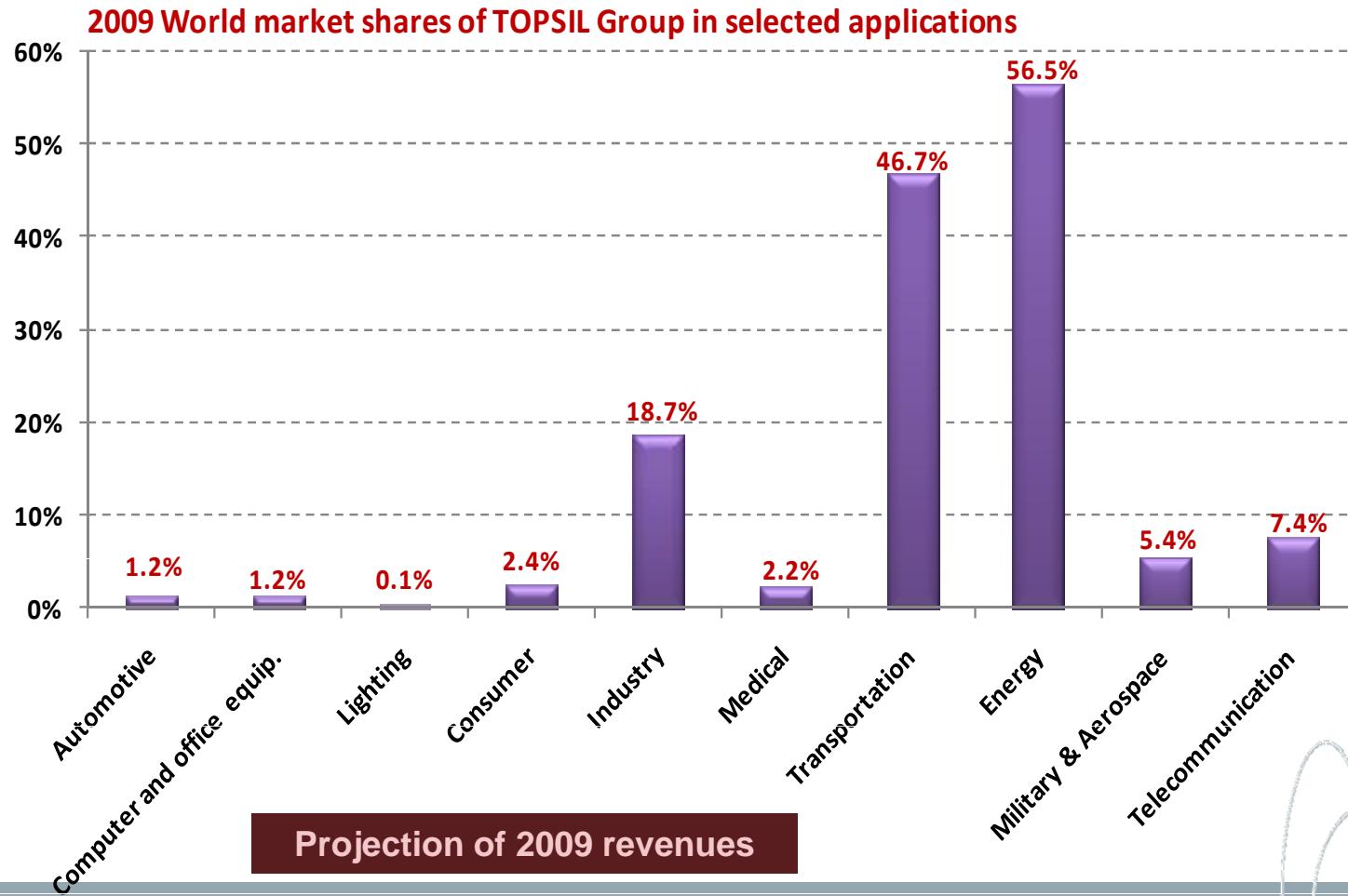
CZ market

- Low and medium power markets
- High-volume, low-cost market



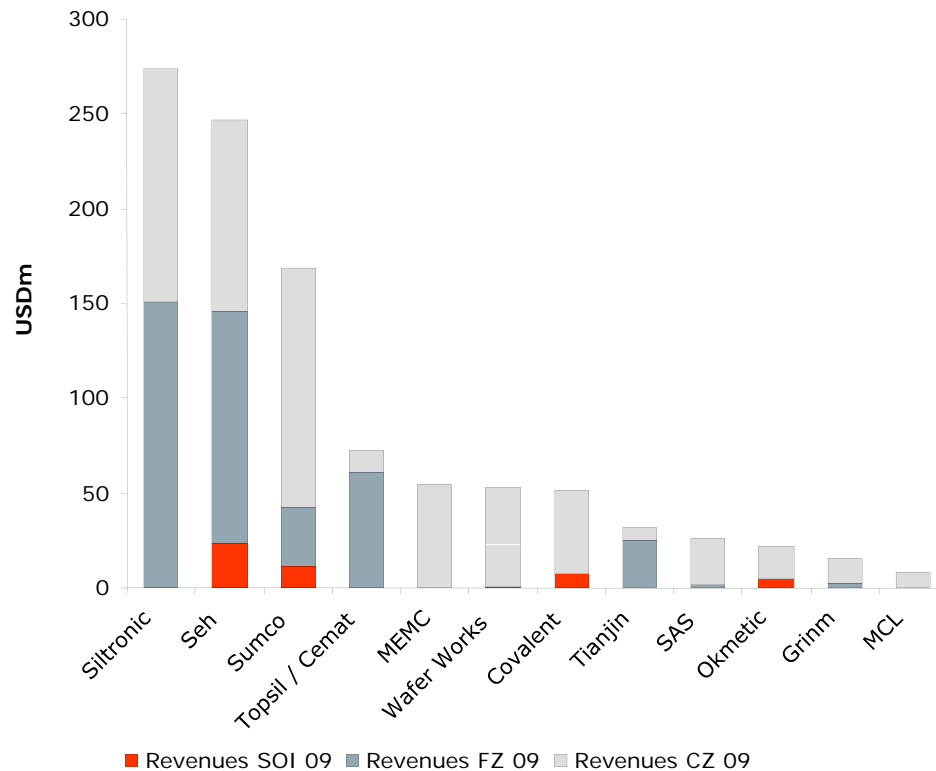
Source: Yole Developpement and The Topsil Group, 2009

TOPSIL 2009 MARKET SHARES IN THE MARKET SEGMENTS (TAM)



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**

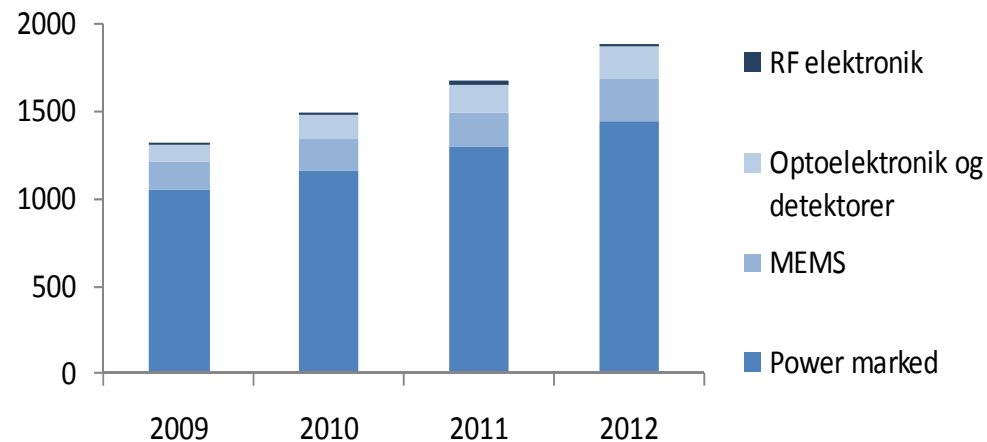
Source: Yole Developpement, 2009



STRONG SUSTAINED GROWTH IN THE TOPSIL GROUP'S NICHE MARKETS

- **INDUSTRY:** Continued focus on energy-efficient solutions in industry, e.g. industrial motors ("Smart power")
- **TRANSPORTATION & AUTOMOTIVE:** Continued movement towards more efficient and more climate-friendly transport of people and goods including electric vehicles
- **ENERGY:** New investments in infrastructure and integration of new energy sources in existing grids

Forventet udvikling på Topsil Gruppens fire hovedmarkeder, 2009-2012 (USD mio.)



Source: Yole Developpement, 2009

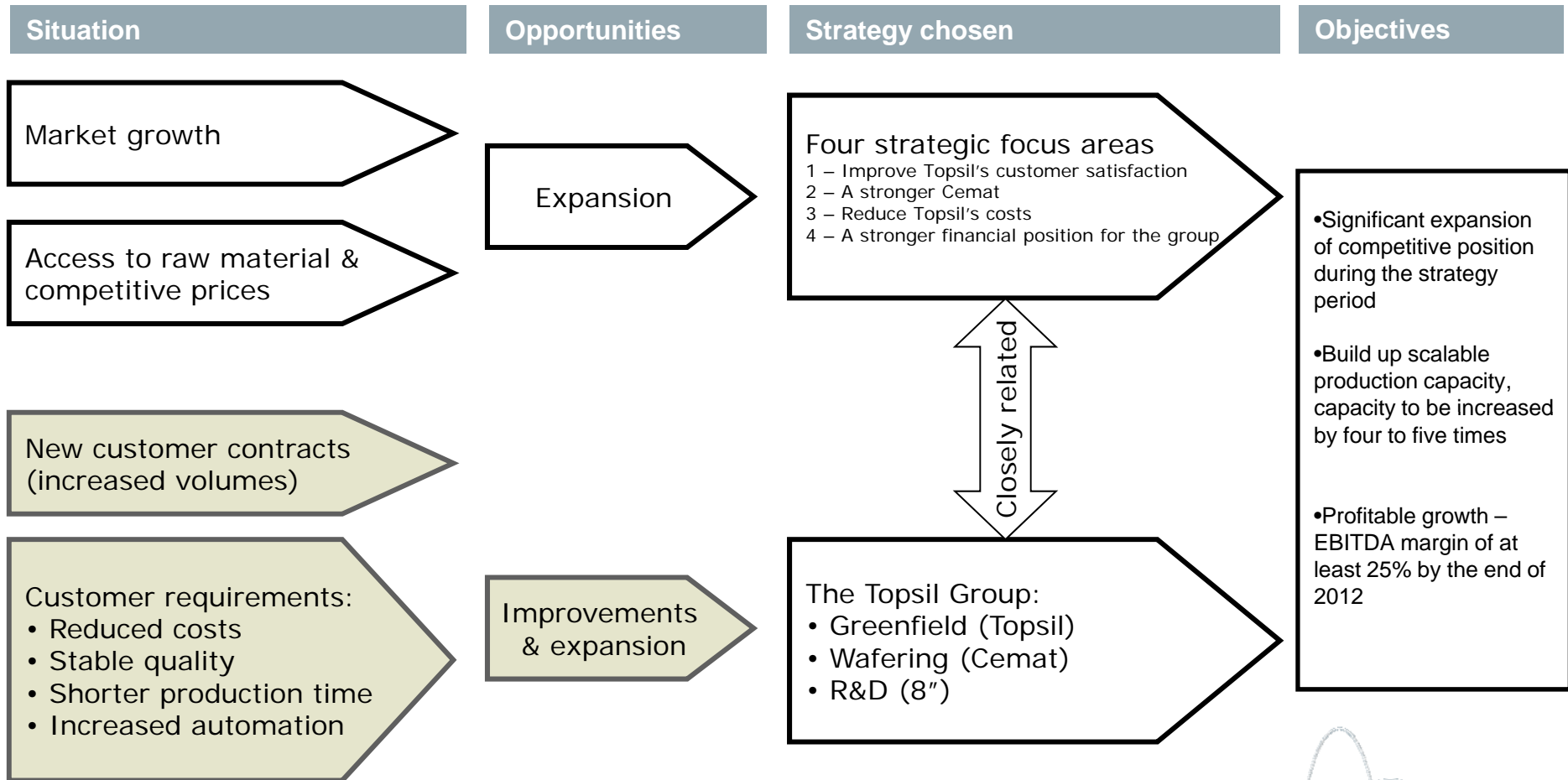
THE TOPSIL GROUP'S PRODUCT RANGE MATCHES THE MOST SIGNIFICANT GROWTH DRIVERS

- **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**

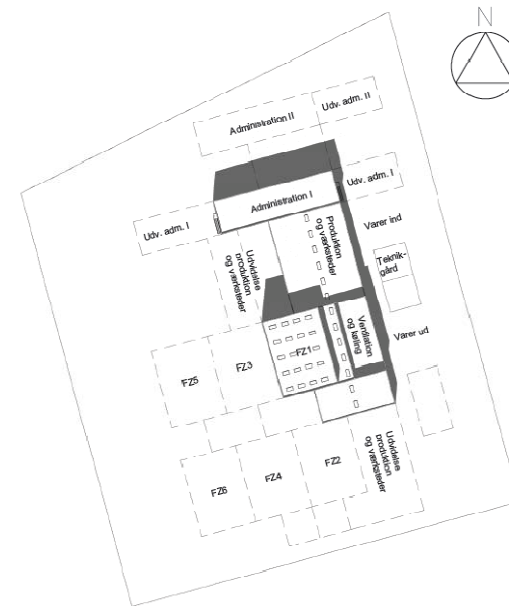
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STRATEGY 2010-2012 – SEIZING THE OPPORTUNITY



DRAFT OF TOPSIL'S NEW PRODUCTION FACILITIES



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 Cemat Silicon strengthen the integration of the two units and supports the expansion of production capacity in the greenfield project

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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**
- **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

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



THANK YOU FOR
YOUR ATTENTION

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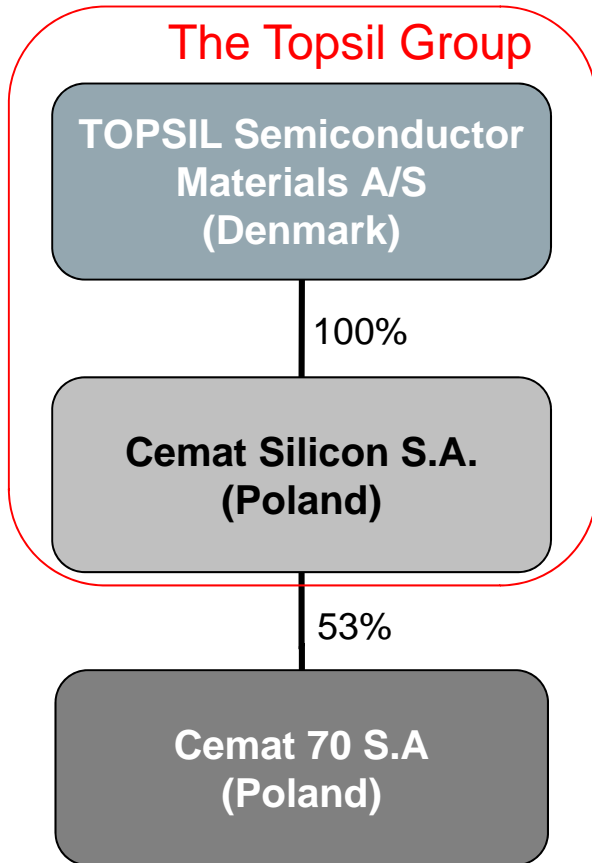


APPENDIX

Back up slides



GROUP OVERVIEW



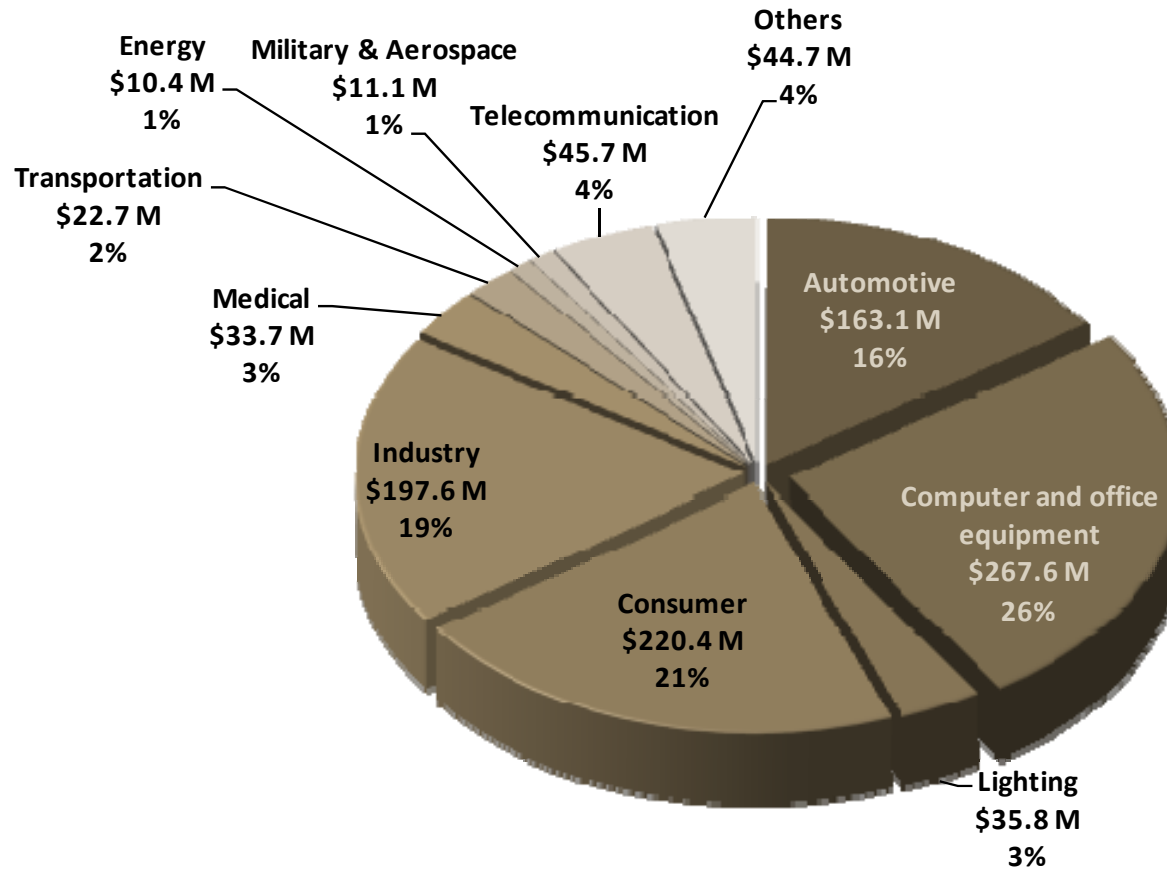
- Production based on FZ technology
- Head office with administrative functions
- Development of FZ-based production
- 82% of 2009 revenue – about 100 employees

- 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

THE POWER ELECTRONICS MARKET (2009E)

2009 power wafer market size in, split by application



Kilde: Yole Developpement, France

Breakdown over a total wafer market size of \$1,052M