

Topsil Company presentation

LD
13 October 2010

AGENDA

2

Topsil business overview

12

Strategy 2010-2012

19

Appendix: Back up slides

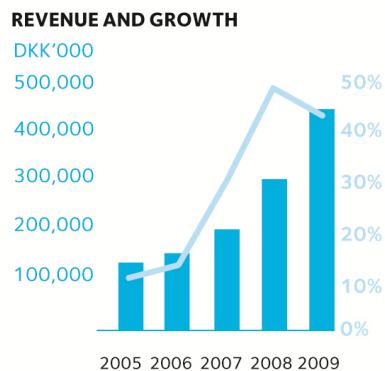
LINDEGAARD ANDERSEN (CEO)

+45 2170 8772,

keld.lindgaard.andersen@topsil.com

TOPSIL HAS BEEN IN BUSINESS FOR MORE THAN 50 YEARS

Founded: 1958
Structure: Listed on NASDAQ OMX Copenhagen stock exchange 1986
Group revenue: DKK 423.5 m (2009)
No. of employees: Approximately 375



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



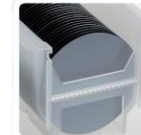
FZ PROCESS



IRRADIATION
(NTD)



WAFERING



FINISHED WAFER

CZHOCHRALSKI PROCESS - FROM CRUSHED POLYSILICON TO WAFER

CZ



STEP
2



POLYSILICON



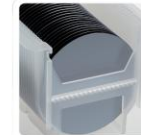
CZ PROCESS



WAFERING



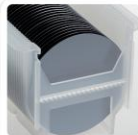
EPITAXY PROCESS



FINISHED WAFER

FROM TOPSIL TO CUSTOMER

STEP
3 AND 4



FINISHED WAFER



DIFFUSION



COMPONENT

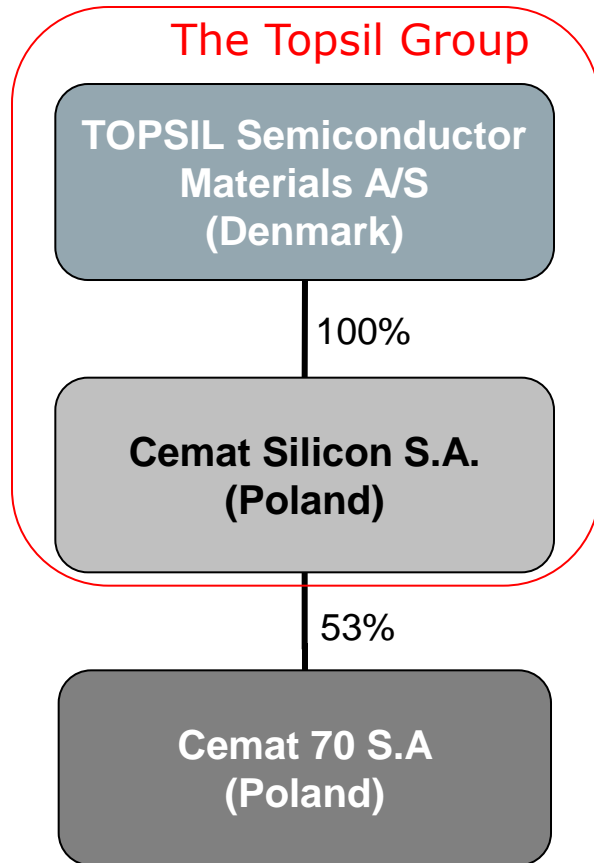


ELECTRONIC
CONTROL



END-USE

GROUP OVERVIEW

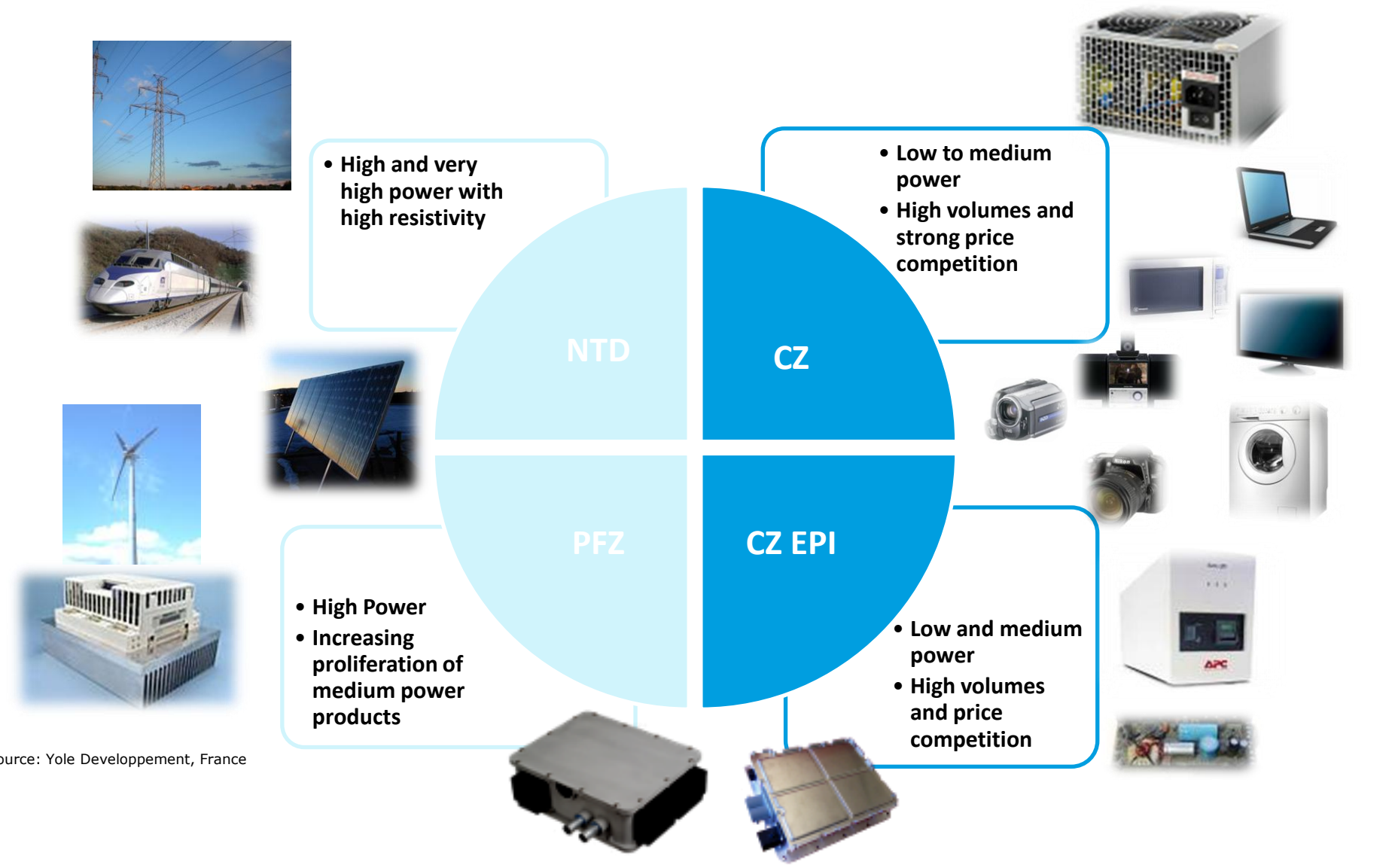


- Production based on FZ technology
- Head office with administrative functions
- Development of FZ-based production
- 82% of 2009 revenue – about 100 employees

- Production based on CZ technology and in-house production of CZ and FZ wafers
- Development of CZ-based production
- 18% 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

TOPSIL IS DEDICATED TO HIGH PERFORMANCE DEVICES

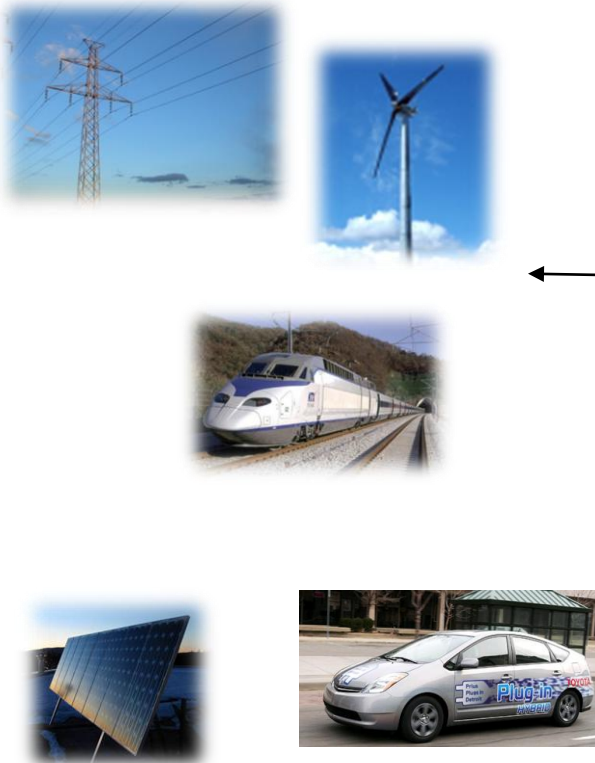


Source: Yole Developpement, France

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

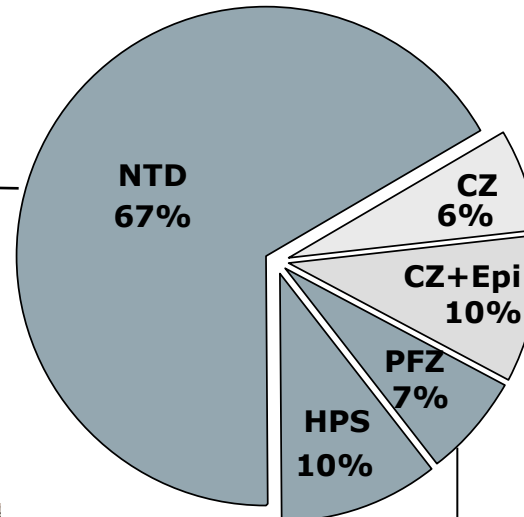


CZ market

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

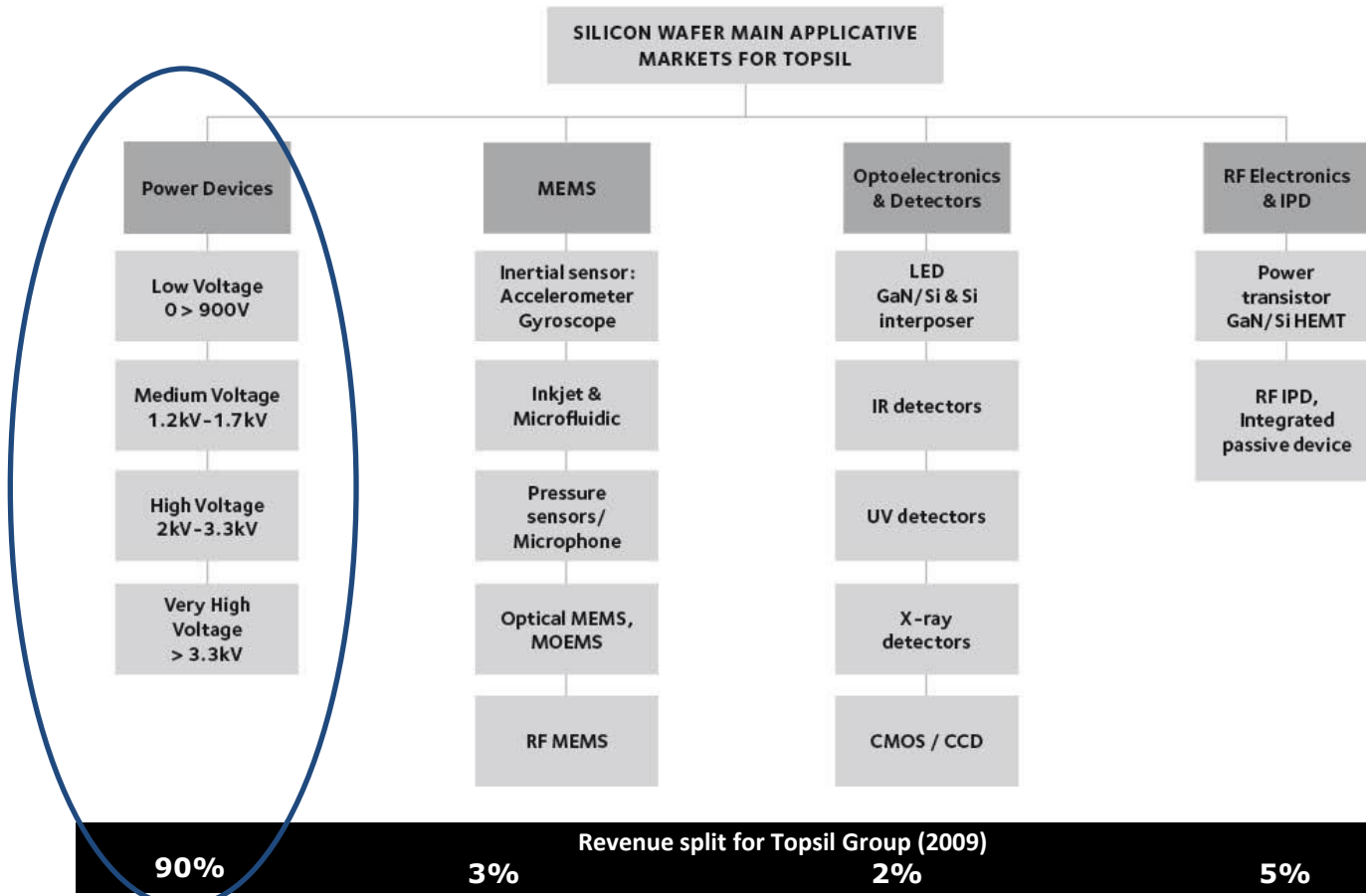


Topsil Group revenue by product, 2009



Source: Yole Developement and The Topsil Group, 2009

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

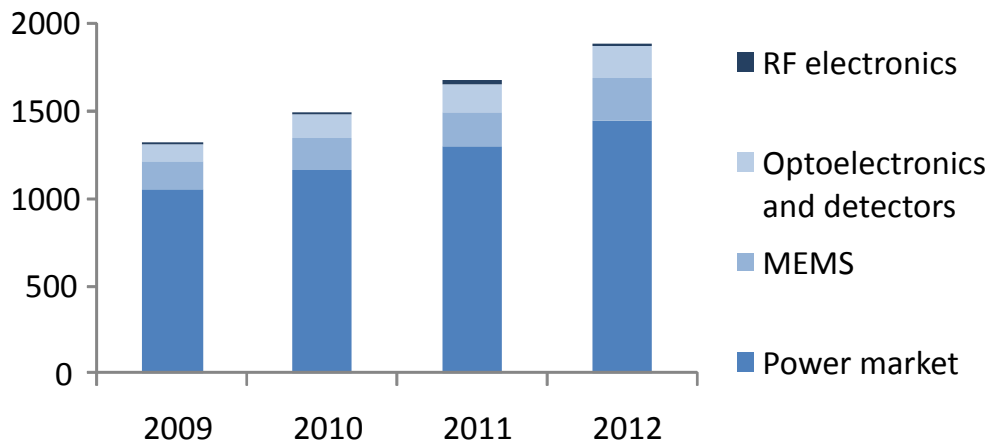


Source: Yole Developpement and the Topsil Group, 2009

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

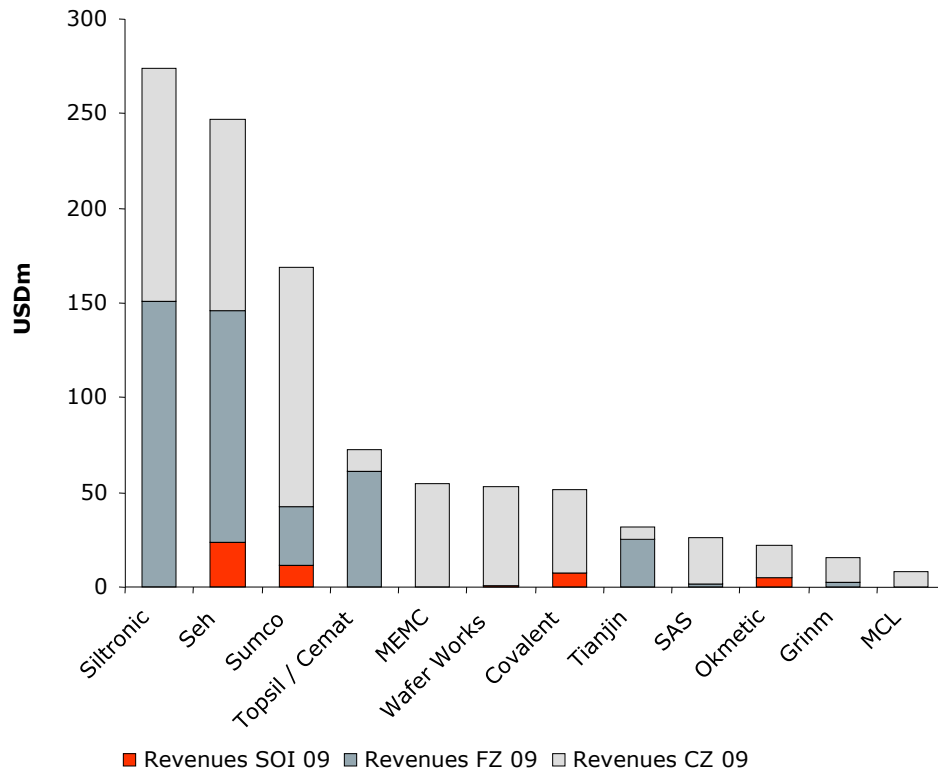
Expected development on the Topsil Group's four main markets 2010-2012



Source: Yole Developpement, 2009

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

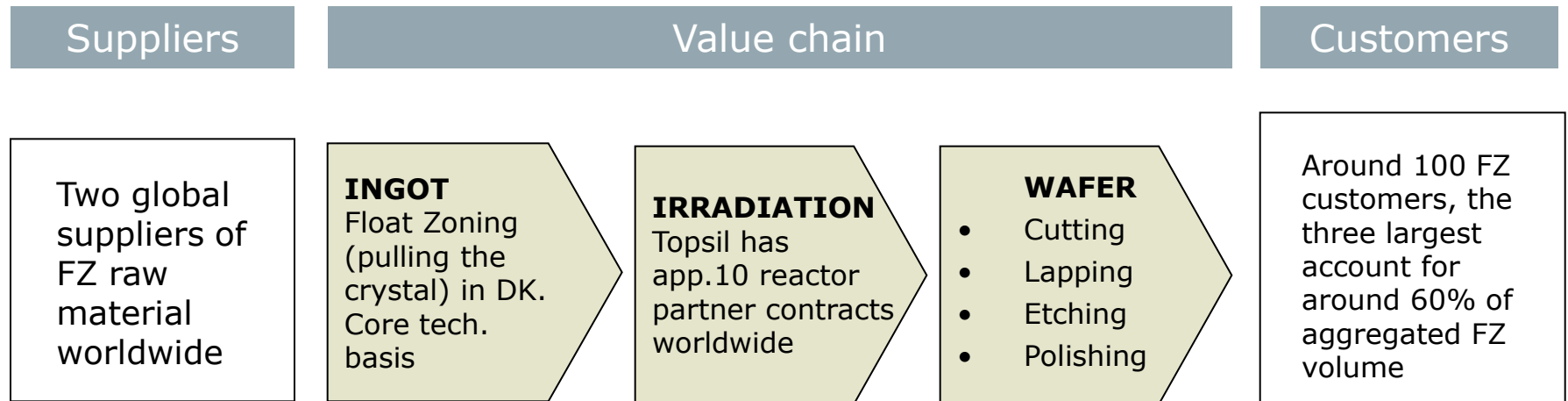
Revenue in the Power market, 2009



Source: Yole Developpement, 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

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

AGENDA

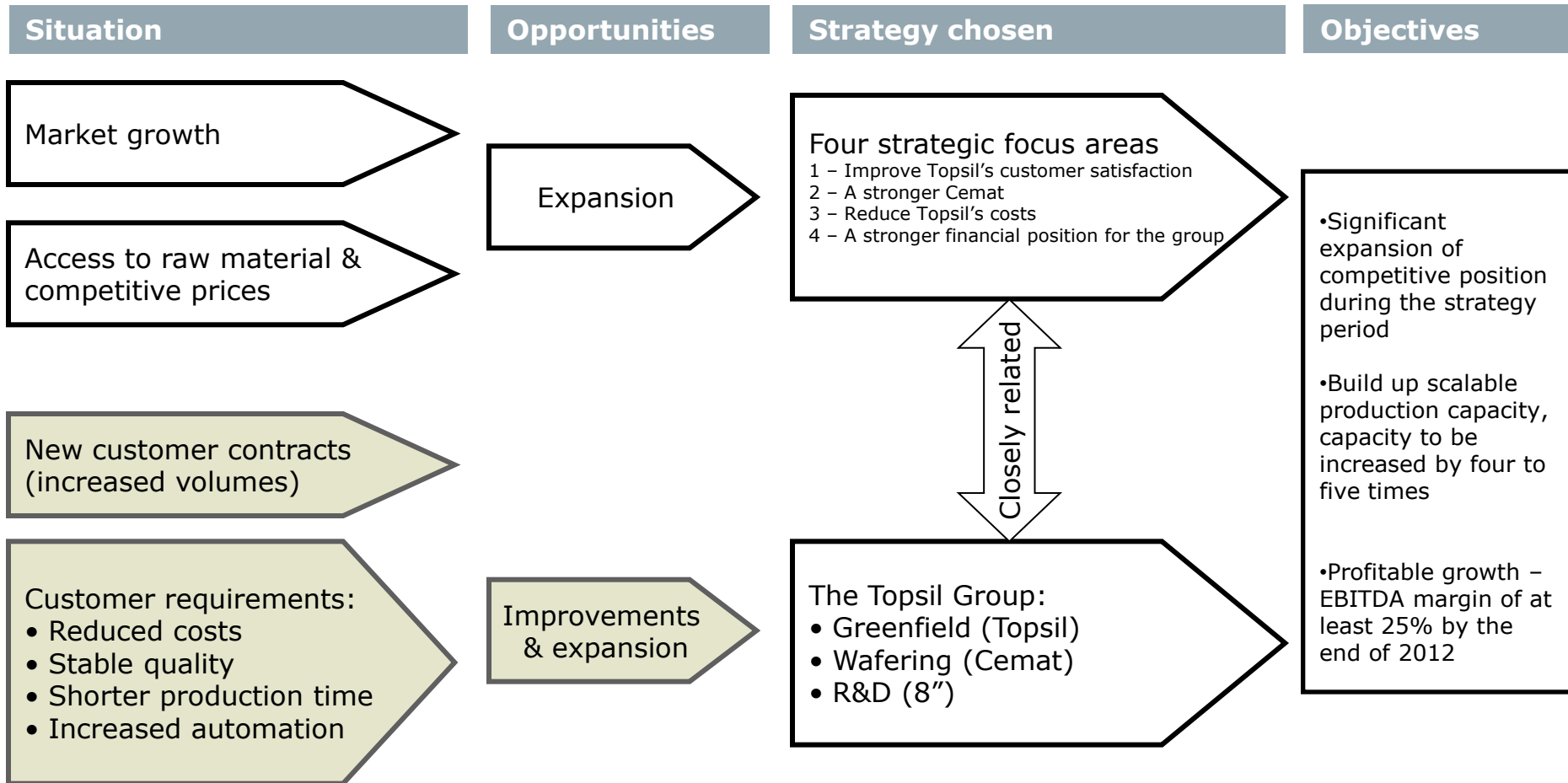
2 Topsil business overview

12 Strategy 2010-2012

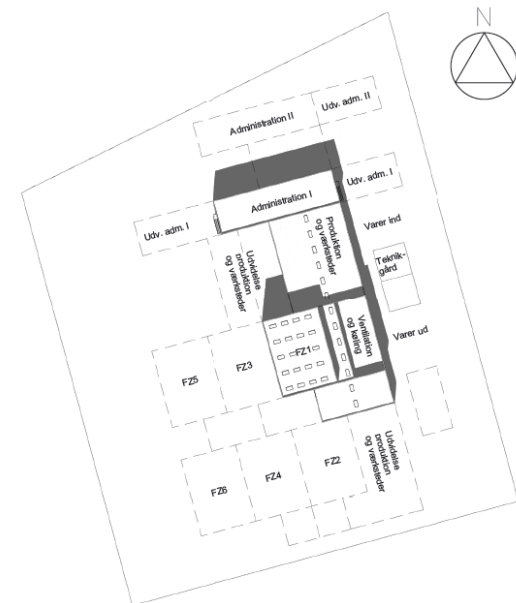
19 Appendix: Back up slides

LINDEGAARD ANDERSEN (CEO)
+45 2170 8772, KLA@TOPSIL.COM

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

NEW FUTURE PROOF FLOAT ZONE MACHINES INSTALLED

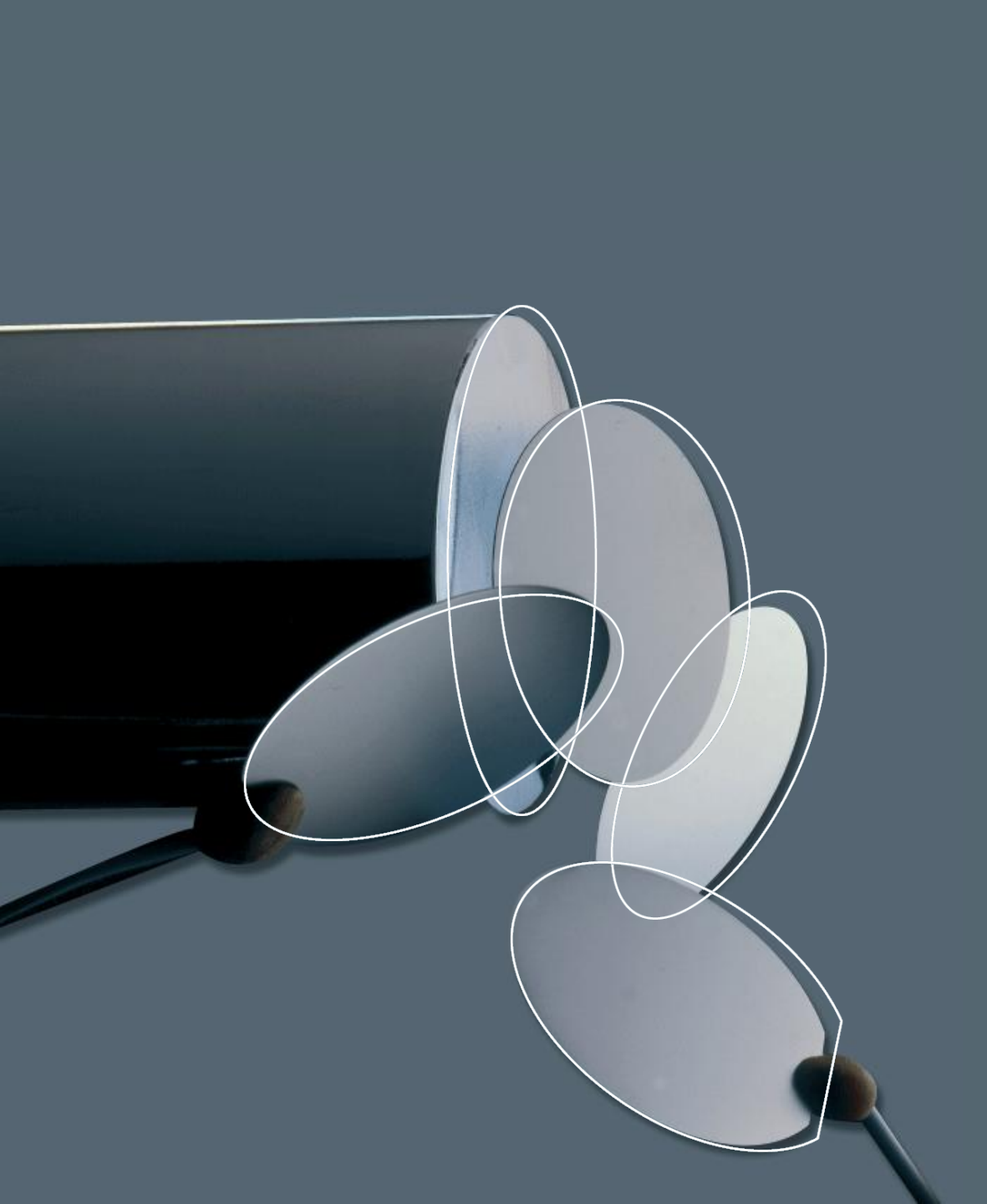
- Installation completed June 2010.
- Tested and running according to plan.
- New pullers improved in a number of ways, compared to earlier models.
- Designed to be able to manufacture 8" FZ wafers.



HIGHLIGHTS FROM Q2

- **Positive market development to continue**
 - Demand for FZ remains strong, especially for NTD products
 - CZ markets have rebounded further
- **Consolidated growth of 21.7% (YoY) in Q2 – earnings in line with expectations**
 - Growth in both FZ and CZ
- **Fully subscribed share issue completed – generating proceeds of DKK 86m**
- **New bank arrangement**
 - Committed three year loan facilities
- **For FY2010 we expect**
 - Revenue: DKK 440-460m (+5-10% rel. to 2009)
 - EBITDA: DKK 100-110m, maintaining the EBITDA margin at 23-24%





Q&A

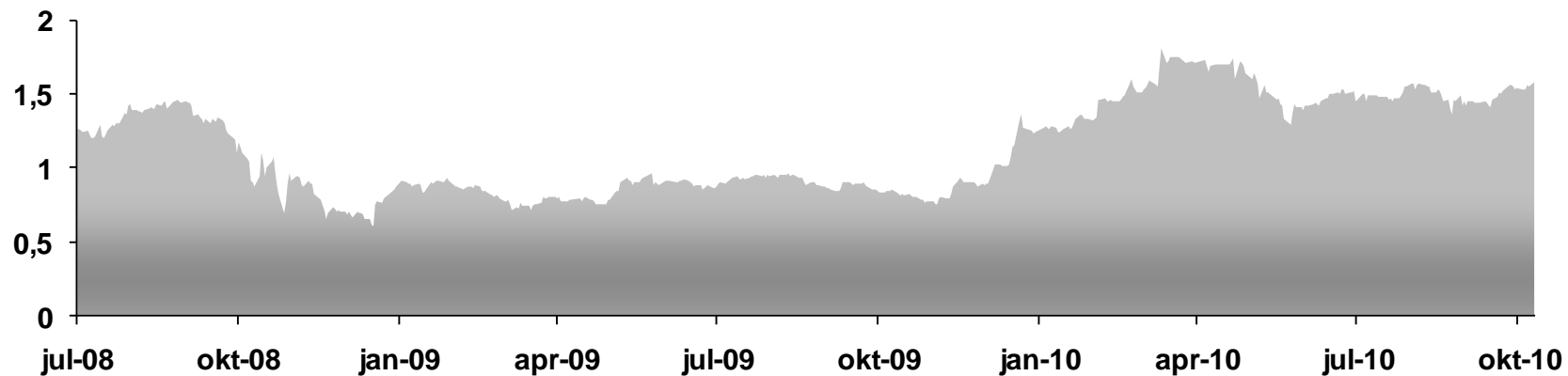
Back up slides

TOPSIL

CEMAT
SILICON

SHAREHOLDER INFORMATION

Share price development, Topsil



- Market value: DKK 727m (DKK 1.40 per share)
- +7.300 shareholders, registered by name

WORLD MAP OF THE TOPSIL GROUP

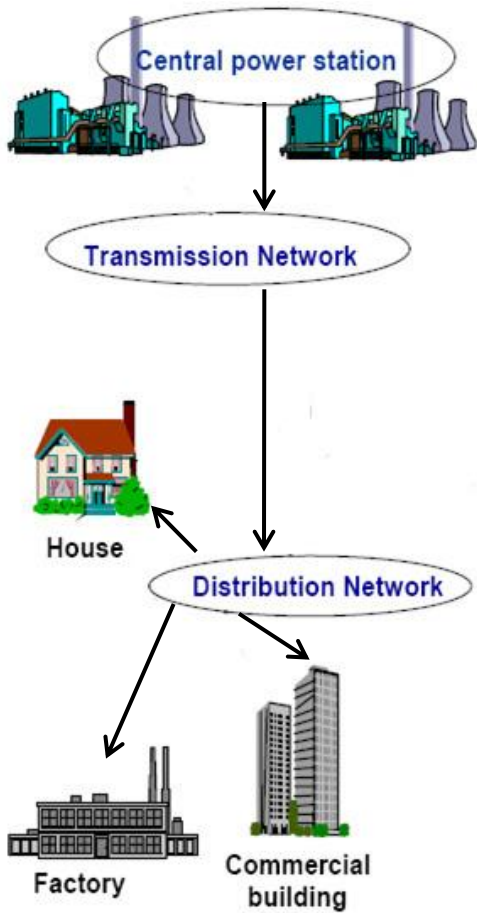


- Sales and production
- Contract manufacturing sites
- Sales representation

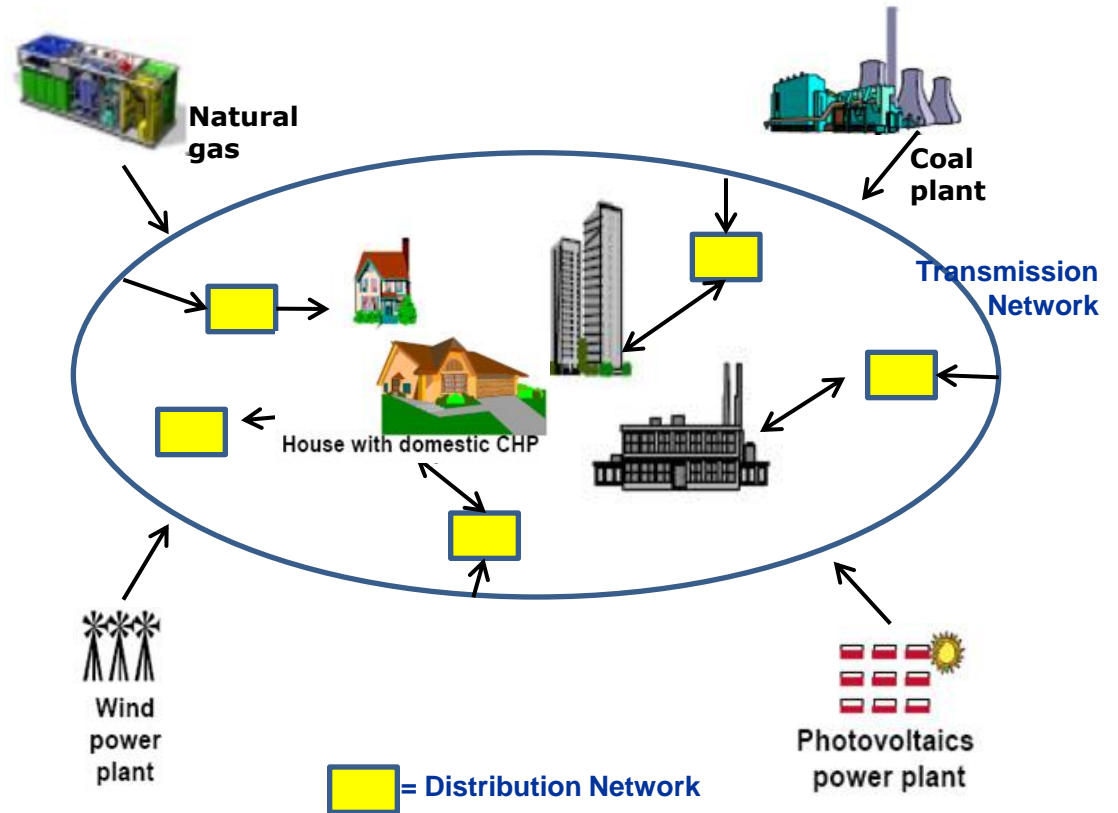


TRANSITION FROM TODAY TO TOMORROW

Today



Tomorrow: Decentralised network with more power variation



Source: Yole Developpement and Topsil