

FINANCIAL RESULTS

Q2 2013

Carnegie Bank 28 August 2013

AGENDA

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

MARKET DEVELOPMENT AS EXPECTED

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 low order visibility. Expectations of moderate positive growth for the year as a whole, which is expected to be reflected in Topsil's sales performance for 2013.

POSITIVE REVENUE AND EARNINGS DEVELOPMENT

FINANCIAL RESULTS

- Revenue DKK 87.3 million up 14.8% due to a number of one-off projects (Q2 2012: DKK 76.0 million).
- Contribution ratio 48.7%, the same level as Q2 2012.
- Other external costs and staff costs down by DKK 0.8 million compared to Q2 2012. Result inclusive of interim cost of about DKK 1 million due to parallel production at two locations in Topsil Denmark.
- EBITDA DKK 11.6 million (Q2 2012: DKK 5.3 million).
- Net working capital (NWC) DKK 155,6m, increased by DKK 19,9m vs. December 31st 2012
- Cash outflow from operations DKK 9.1 million, and DKK 6.0 million investments in product equipment and product development. (Q2 2012: Cash outflow of 17.4 million, investments of DKK 36.2 million)
- Expectations for year upgraded:

Revenue: In the range of DKK 300 million (previously at least DKK 290 million)

EBITDA: In the range of DKK 20 million (previously at least DKK 13 million)

STRATEGY UPDATE, EXECUTING ON OPPORTUNITIES

STRENGTHEN POSITION IN HIGH AND MEDIUM POWER, ESPECIALLY PFZ

- New product qualifications initiated Q2.
- 200 mm NTD test wafers submitted to a number of customers, launch of 200 mm HPS expected H2, 200 mm PFZ in continuation hereof.

EXPAND POSITION IN JAPAN AND CHINA

- Preparation of improved sales set up in Japan progressing according to plan. Set up expected to be announced during 2013.
- New product qualifications, including next generation silicon wafers (200 mm) initiated with customers in Japan and China, Q2.

ENHANCE WAFER PRODUCTION EFFICIENCY

- Continued focus on production efficiency in organisation.
- Process improvements of silicon production, DK, resulted in better utilisation of raw material compared to last year, process development and upgraded production equipment, PL, resulted in more efficient production of wafers.

SECURE AN IMPROVED CASH FLOW

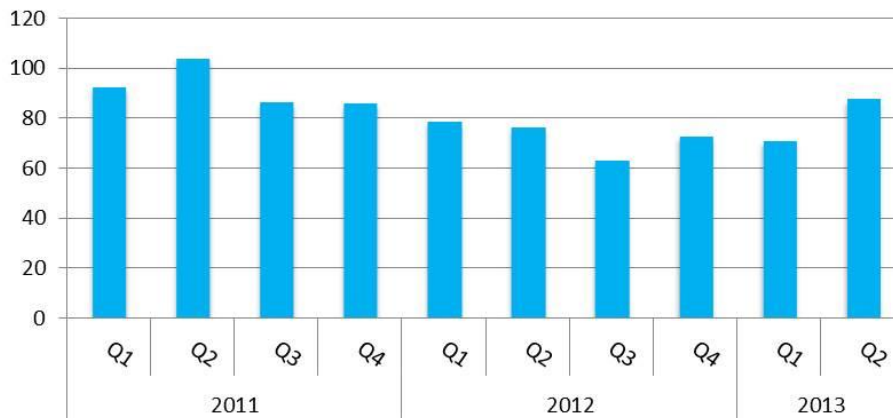
- Construction of new plant finalised on time and budget. New plant internally qualified – manufacture out of new plant to number of customers.
- New plant: Planning of external qualification on track regarding customers requesting own qualification processes.
- Ongoing negotiations with raw material supplier to reduce procurement obligations to avoid increase of inventories towards end of year.

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REVENUE BETTER THAN EXPECTED Q2

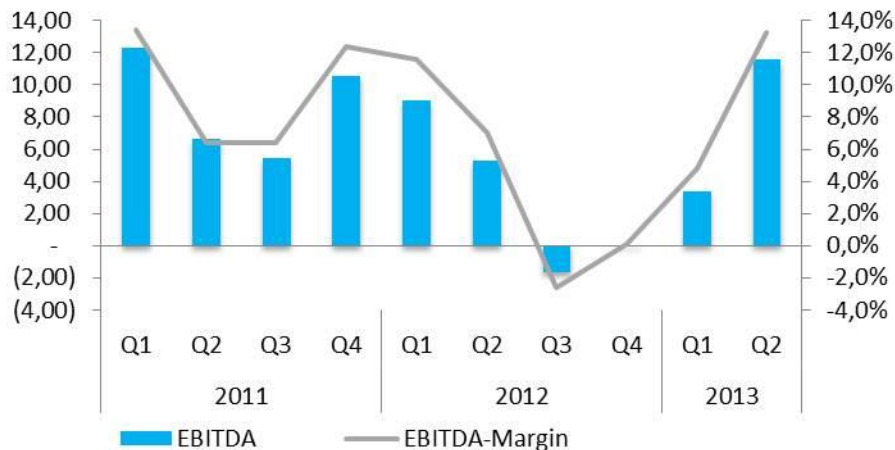
Revenue in DKKm:



- **Positive revenue development**
 - Q2 2013: DKK 87.3m (+14,8%)
 - H1 2013: DKK 158.0m (+2.3%)
- **Increase of revenue driven by sales to a number of one-off projects**
- **Sales of silicon ingots and wafers increase of DKK 11.2m (+15.4%)**

EBITDA MARGIN UP FOLLOWING REVENUE

EBITDA & EBITDA-margin



– **Contribution margin 48.7%, at level with corresponding period of 2012**

- Cost improvements
- Changes in product mix

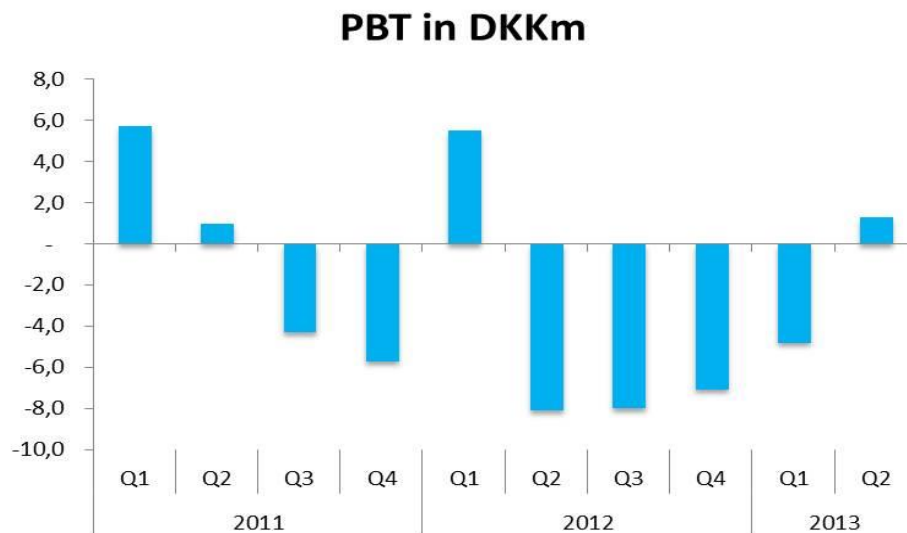
– **Fixed costs reduced by DKK 0.8m (2,6%) in Q2.**

- Additional costs in Q2 2013 running two facilities app. DKK 1m. (+3% to cost base)
- FTE's reduced by 21 vs. last year
- Strict cost control

– **Consolidated EBITDA of DKK 11.6m (DKK 5.3m) following increased sales**

- EBITDA-margin of 13.3% (7.0%)

EARNINGS REFLECTING POSITIVE DEVELOPMENT IN SALES



– **Depreciations at DKK 6,8m (DKK 6,3m)**

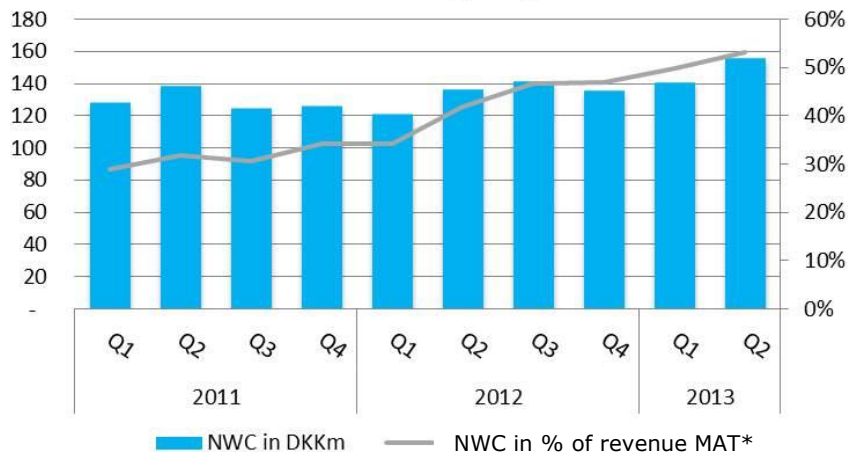
- New facility in Frederikssund finalised April 2013
- New facility depreciated from April 1st. Full year depreciation on new facility DKK 3,2m
- Last year included increased depreciations (DKK 0.4m)

– **Net financials at DKK -3,4m (DKK -7,1m). Net financials 1H DKK 5,8m (DKK -4,4m)**

- Capitalised interest on new facility DKK 1,0m covering first 4 months
- No more interest expense expected to be capitalised concerning new plant

NET WORKING CAPITAL STILL HIGH

Net Working Capital



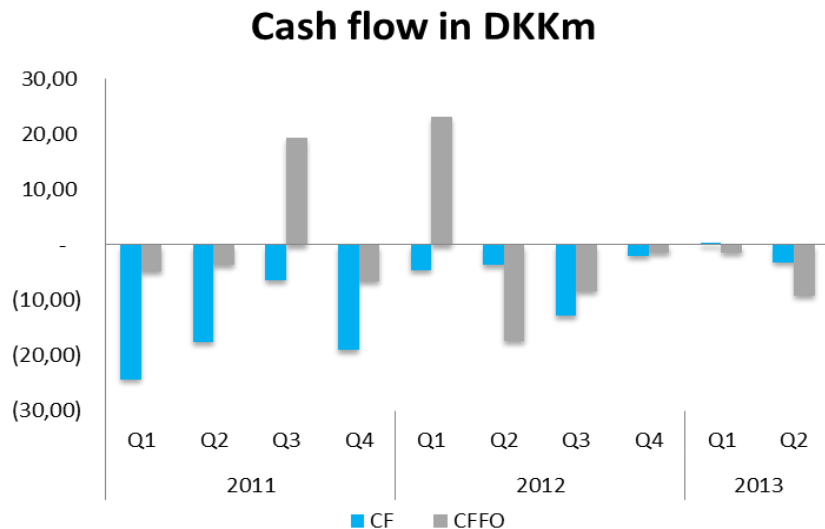
* Moving Annual Total

– **Net working capital (NWC) DKK 155,6m, increased by DKK 19,9m vs. December 31st 2012**

- Inventories DKK 143.0m, down DKK 16.0m (-10%) vs. end of 2012 (end of Q2 2012: DKK 162.0m)
- Accounts receivables DKK 65,4m, increased DKK 15,4m (+31%) vs. end of 2012 (end of Q2 2012: DKK 50.9m)
- Accounts payables DKK 36,8m, decreased DKK 13,2m (-26%) vs. end of 2012 (end of Q2 2012: DKK 66.1m)

– **NWC/Revenue ratio 53% compared to 47% as of December 31st 2012**

CASH FLOW DEVELOPMENT



- Cash flow from operations (CFFO) totaling DKK -9,1m in Q2 (Q2 2012 DKK -17,4m). Positive development primarily due to improved result.
- CAPEX driven by investments in new production facilities DKK 5,0m and in development projects of DKK 1,0m. (Q2 2012: DKK 36.2m)
- Cash flow from financing totaling DKK 12,0 primarily related to existing loan facilities

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Expectations for 2013

Following positive revenue development, primarily related to increased sales to a number of one-off projects in Q2, and unchanged expectations for the second half of the year 2013, Topsil upgrades its revenue expectations for the year.

The guidance for 2013 is increased to revenue in the region of DKK 300 million and EBITDA in the region of DKK 20 million from the previous guidance of revenue of at least DKK 290 million and EBITDA of at least DKK 13 million.

Expectations based on exchange rates of DKK 575/USD 100 and DKK 180/PLN 100/ previous expectations based on exchange rates of DKK 600/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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