

TOPSIL UPDATE Q3 2015

Jyske Bank 25 November 2015

AGENDA

- **Q3 Highlights**
- Financial Performance Q3
- Expectations for 2015

FULL-YEAR GUIDANCE FOR 2015 NARROWED

HIGHLIGHTS OF THE QUARTER

Market

- Several customers have reduced their forecasts, primarily as a result of the economic developments in China.

Financial performance

- Revenue was DKK 82.24m (2014: DKK 65.8m), up by 25%. The now settled complaint case contributed, as did earlier invoicing of sales expected in Q4.
- EBITDA was a profit of DKK 12.2m (2014: a loss of DKK 3.8m). Contribution ratio was 43.1%, an decline of 3.1 percentage points and fixed cost was reduced by DKK 1.7m against last year (excluding effect of settlement with third party supplier).
- Cash flow from operating activities in Q3 2015 were an inflow of DKK 3.6m (outflow of DKK 2.1m in Q3 2014). Investments DKK 2.4m in Q3 2015.

Updated strategy planned to be published in Q1 2016

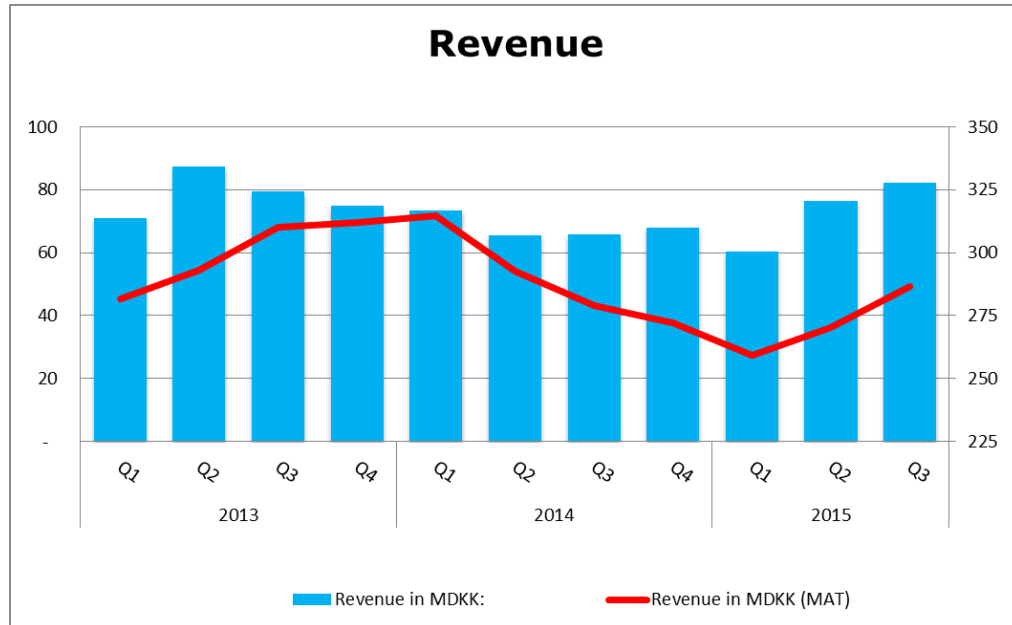
Outlook for 2015

The guidance range for 2015 is narrowed to revenue growth from 0-5% to 2-5% and EBITDA in the lower range of DKK 14-24m.

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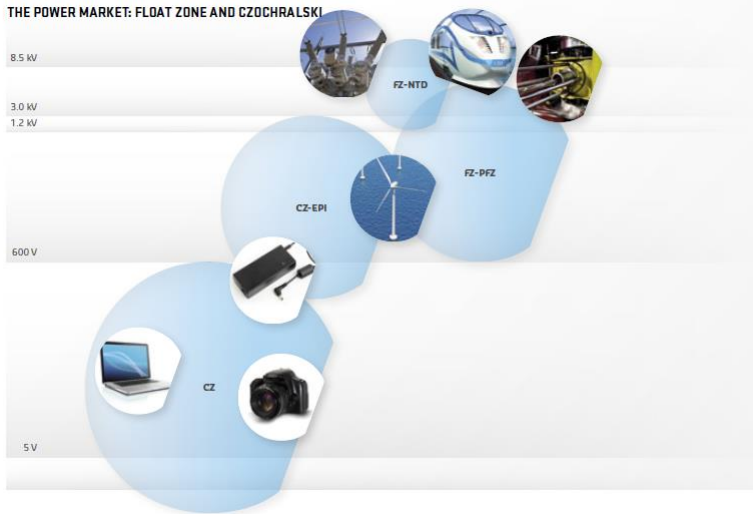
REVENUE



- Revenue in Q3 DKK 82.2m (up by 24.9%). Organic growth rate 17.5%.
- The now settled complaint case contributed to the good performance, as did earlier invoicing of sales expected in Q4.
- Remelt sales of DKK 3.3m in Q3 close to cost price.
- Revenue first 9 months 2015 at DKK 218.8m (DKK 204.8m in 2014).
- Additionally, prices remain squeezed due to the continuing surplus capacity in the industry.

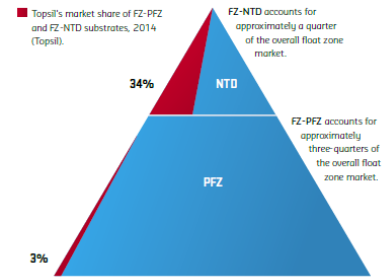
OPTIMIZING SALES PROCESS

THE POWER MARKET: FLOAT ZONE AND CZOCHRALSKI

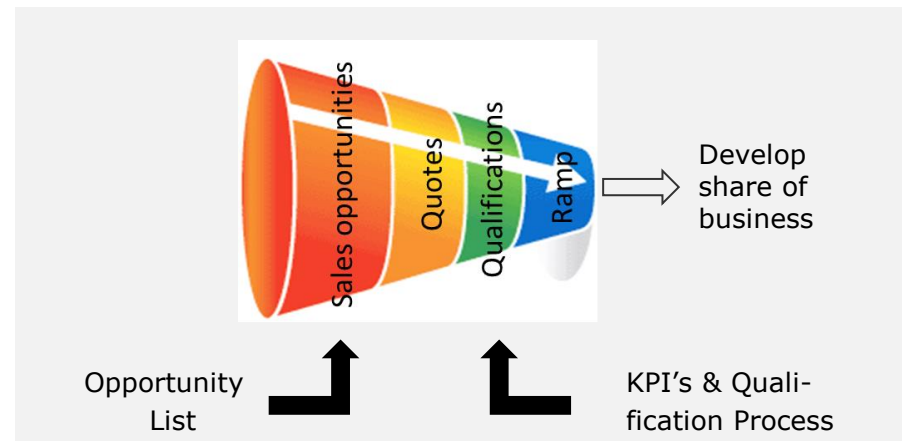


- Topsil sales funnel process

FLOAT ZONE MARKET, FZ-NTD AND FZ-PFZ

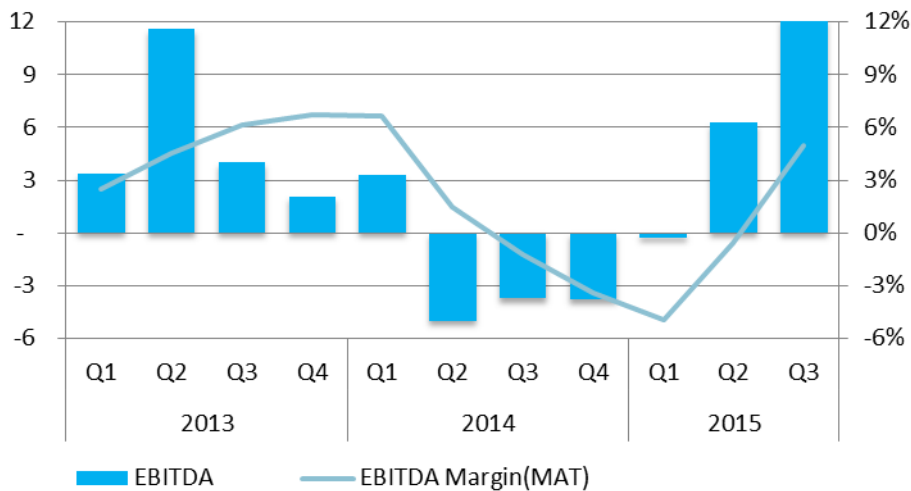


- Power market overview and Topsil market share in FZ from Annual Report 2014



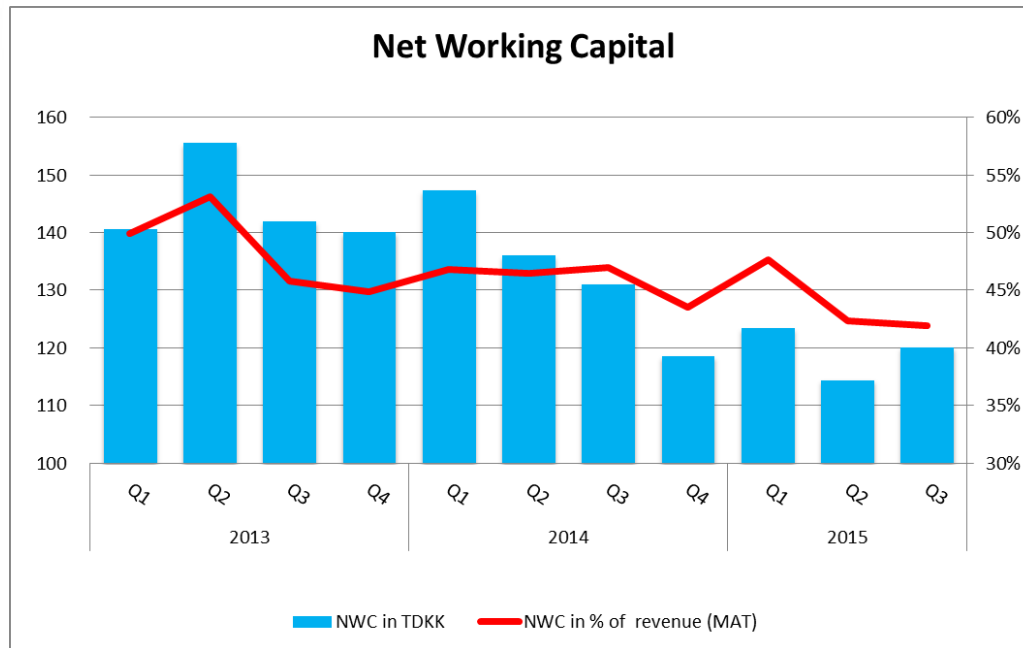
EBITDA

EBITDA



- Contribution ratio 43.1% in Q3 (Q3 2014: 46.2%), partly due to running-in and scale-up costs in connection with the 8" production and remelt sales close to cost.
- Fixed costs decreased by DKK 10.9m in Q3
 - Cost savings of DKK 1.7m
 - Settlement with supplier DKK 4.2m in Q3 2015 (in 2014 a write down of DKK 5.0m).
- FTE's 332 in Q3, representing a year-on-year reduction by 35.
- Depreciation was DKK 7.4m (2014: DKK 7.1m).
- Net financials were an expense of DKK 5.7m (DKK 3.2m in 2014), whereof DKK 1.5m is due to a registration fee and appr. DKK 1.2m is due to FX-impacts.
- Loss after tax DKK 1.8m (Loss of DKK 13.7m in Q3 2014).

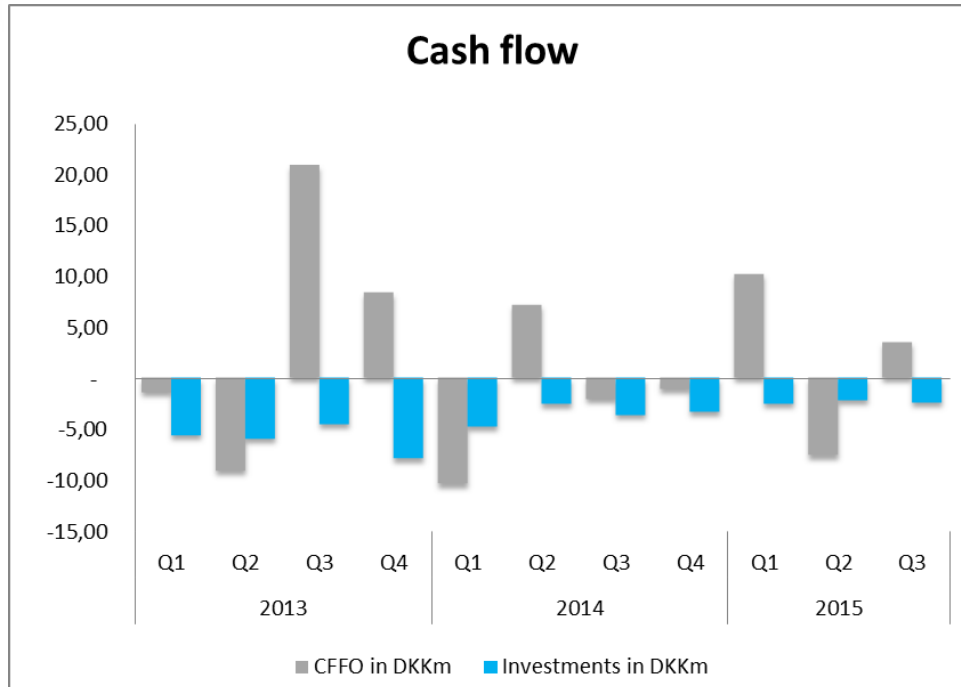
NET WORKING CAPITAL



Net working capital (NWC) of DKK 119.1m, representing a growth of DKK 0.5m compared to the end of 2014.

- Inventories DKK 159.8m, up DKK 3.7m, compared to the end of 2014. Inventories are expected to increase towards the end of the year as a result of raw material procurement commitments.
- Prepayments from customers were DKK 18.7m higher than at end of 2014 due to extension of a long-term contract with one of Topsil's biggest customers.
- Trade creditors stood at DKK 40.5m at 30 September 2015, representing a reduction of DKK 8.2m compared to 31 December 2014.

CASH FLOW DEVELOPMENT



- Cash flow from operations (CFFO) totalled an inflow of DKK 3.6m in Q3 2015 and an inflow of DKK 6.2m for the first 9 months of 2015 (outflow of DKK 5.1m for the first 9 months of 2014)
- CAPEX driven by investments of DKK 0.6m in production equipment, and DKK 1.8m in development projects (2014: DKK 3.6m).
- Net interest-bearing debt stood at DKK 181.0m at 30 September 2015, an increase of DKK 0.4m compared to the end of 2014.
- Credit facilities with principal bankers run until 1 March 2016, at which time they will be up for renegotiation.

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EXPECTATIONS FOR 2015 NARROWED

- The guidance range for 2015 is narrowed to revenue growth from 0-5% to 2-5% and EBITDA in the lower range of DKK 14-24 million.
- The good performance in Q3 will be offset by the final quarter of the year, as revenue expected in Q4 was recognised in Q3. Moreover, several customers have reduced their forecasts as a result of the economic developments in China.
- Market volume is expected to grow, but prices are expected to remain squeezed as a result of surplus capacity.

The guidance is based on exchange rates of DKK 650/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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