

COMPANY PRESENTATION

Danske Markets, December 1st 2011



AGENDA

1. Introduction to Topsil
2. Market outlook
3. Strategy
4. Financials

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. Topsil is only obliged to update and adjust the expectations if so required by Danish legislation and the Danish law on securities trading, etc.

TOPSIL IN BRIEF

- Technology based company –
High performance silicon for global semiconductor industry
- Strong position in power electronics,
market leadership in niche segments
- Patented and proprietary technology –
product development in close customer
cooperation
- Growth market, driven by energy efficiency,
need for stable energy supply, urbanisation,
transportation, from fossils towards
renewables
- Expansion strategy to follow market growth
and enter new market segments



GENERAL INFORMATION

Structure:	Listed on OMX Copenhagen
Founded:	1958
Share capital:	\$ 24 m*
Market Cap.:	\$ 35m*
Group revenue:	\$ 86.8m* (2010)/\$ 67.3 (E2011)
No. of employees:	375 (Nov. 2011)

* Based on USD 5.5 exchange rate

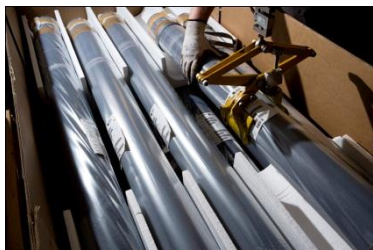


● Sales and production

● Sales representation

POSITION IN THE VALUE CHAIN ENABLING CLEANTECH

Raw material



Silicon wafers



Power components

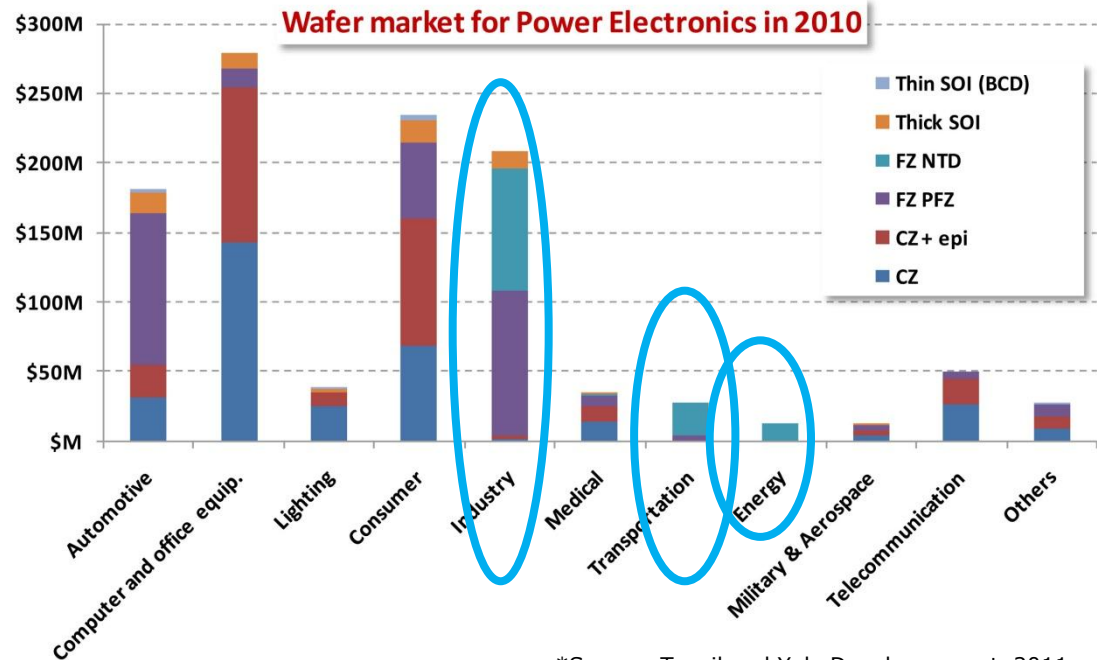
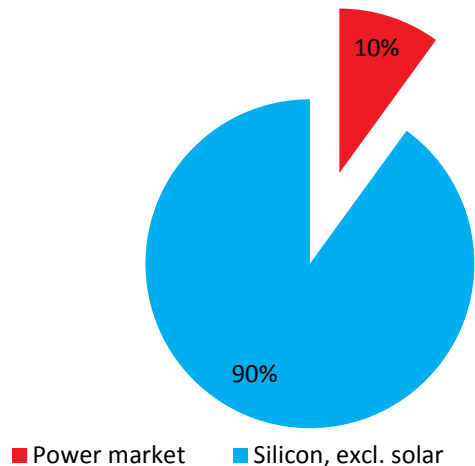


- High performance silicon wafers enable more efficient power devices and reduce energy losses

TOPSIL'S MAIN MARKETS

HIGHEST VOLTAGE LEVELS

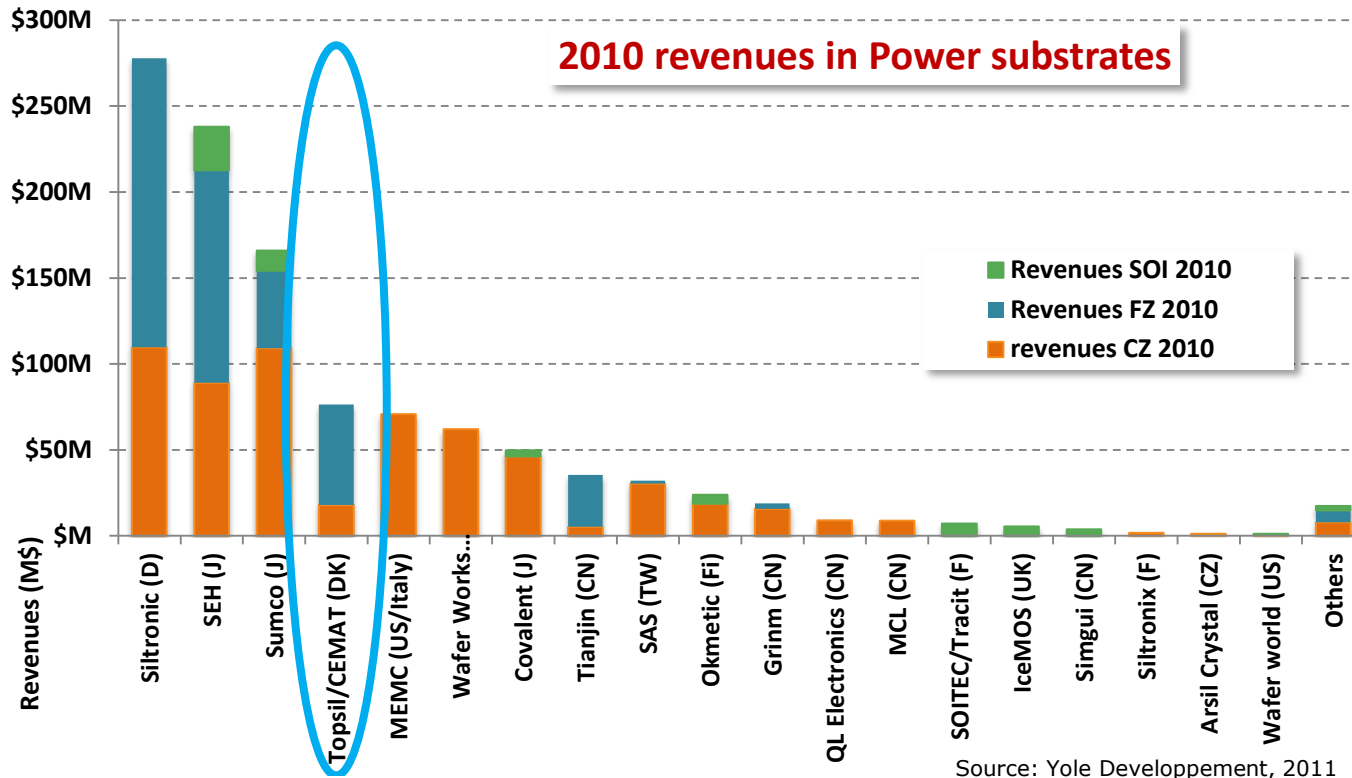
Total Silicon market,
USD14bn 2010*



*Source: Topsil and Yole Developpement, 2011

- Topsil has global market share of 7% in power electronics and up to 50% in some niche segments

FEW PLAYERS IN POWER MARKET



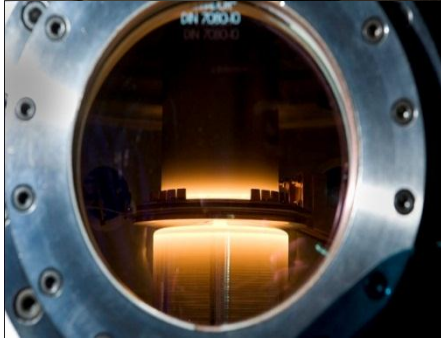
- Topsil is the fourth largest silicon manufacturer in the global Power electronics market and no. three in the "FZ" (Float Zone) market

■ INDUSTRY CHARACTERISTICS



SUPPLY SIDE

- Two raw material suppliers worldwide, high entrance barriers
- Bargaining power at supplier
- Long Term Agreements (LTAs) industry standard



MANUFACTURER

- Close customer partnerships
- tailormade wafer solutions

TOPSiL



DEMAND SIDE

- About 100 potential customers worldwide
- Long Term Agreements (LTA) to balance supply of raw materials with sales, build customer relations
- Six largest customers has entered LTAs 2009/2010, covering 40% of 2010 revenue

MARKET DRIVERS

- **Industry:** Continued focus on energy-efficient solutions in industry, e.g. industrial motors ("Smart power")
- **Transportation:** Continued movement towards more efficient and more climate-friendly transport of people and goods
- **Automotive:** Development of market for Hybrid and electrical vehicles : 2010: 1m units 2014: 3m units, 2018: 12m units
- **Renewable energy sources**
 - Solar generation: 2010: 30GW, 2014: 120GW 2018 310 GW
 - Wind generation (# units): 2010: 80K, 2014:130K, 2018: 230K
- **New investments in infrastructure and integration of new energy sources in existing grids (smart Grids etc.)**
- **Main risks:** Financing, manufacturing and supply chain bottle necks, availability of rare metals, change of political focus

STRATEGY 2010-2012

“SEIZING THE OPPORTUNITY”

Market situation

- Long term market growth
- Main customer expand their production capacity to accommodate growth over the coming 3-5 years

Main elements of strategy

- Build new state of the art factory in order to meet future demand from current and new customers
- Drive cost down and increase volume
- Enlarge product range to meet customer demands of tomorrow
- Develop sales into new customer segments
- Focus on merging Topsil and subsidiary Cemat in Warsaw into one company

TECHNOLOGY DEVELOPMENT LONG R&D TRACK RECORD

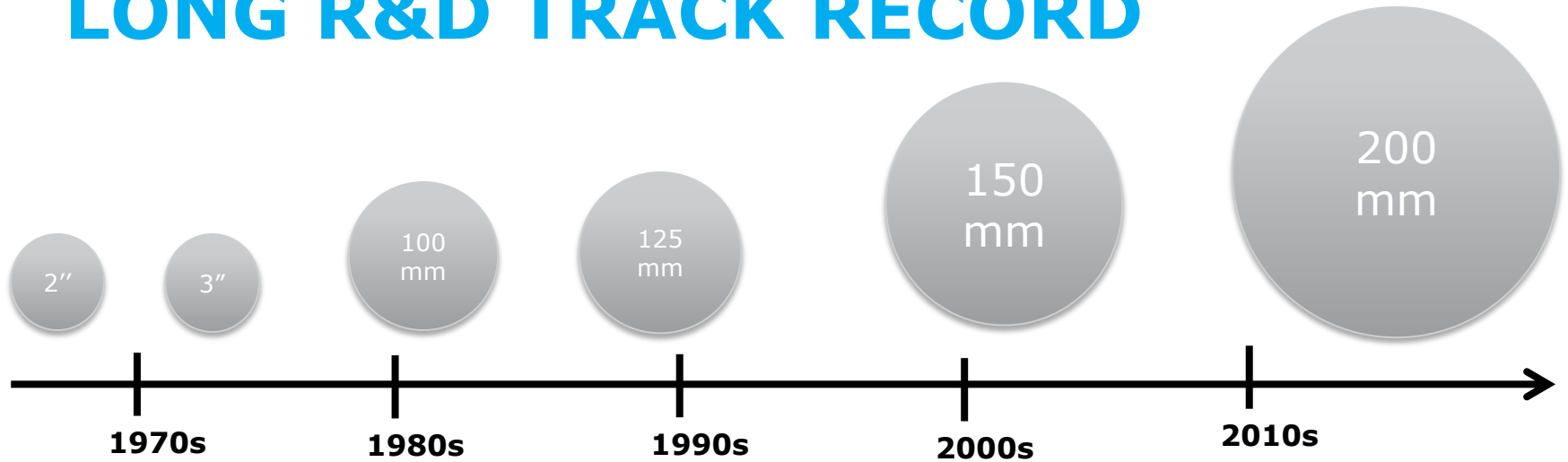


Photo: Courtesy of Risoe

NTD co-invented by
Topsil & Risoe in the
1970s , customer
driven development

Three Gorges Dam, China 2009, product
development driven by the Chinese



Photo:
http://en.wikipedia.org/wiki/Three_Gorges_Dam

NEW PRODUCTS

2010-2012

150 mm SILICON, EXISTING PLATFORM, IMPROVED PROPERTIES, LAUNCHED 2011

- Optimised electrical parameters for industrial and automotive applications
- Qualification on-going at existing and new customers - launch delayed 1-1½ years
- Applications represent majority of Float Zone market, Topsil's current market share below one percent



200 mm SILICON – ENLARGED DIAMETER, PLANNED LAUNCH 2012

- Product development following plan
- Target market - high and medium power components
- Customers are currently developing new power devices based on 200 mm Float Zone wafers, qualification window open

NEW PLANT

CONSTRUCTION - ON PLAN



23 November 2011



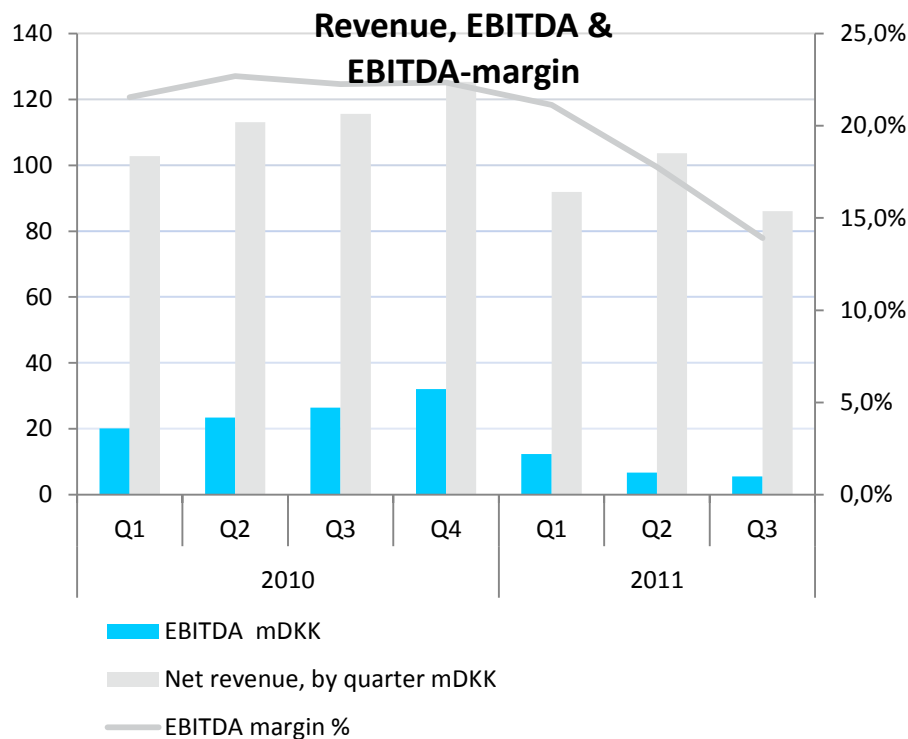
Model plant

- Completion H1 2012, followed by step-by-step transfer of technology and people
- Increased capacity and capability, including 200 mm silicon wafers
- Modern, scalable facility - Optimised flow and clean rooms to improve quality, lead time and cost
- Environmental initiatives to cut consumption and improve performance
- 6 km south of present plant, enabling easier transfer
- Allocated DKK 200m investment programme: Expenditure in level of DKK 120m in 2011, DKK 80m in 2012



FINANCIALS

REVENUE AND EBITDA

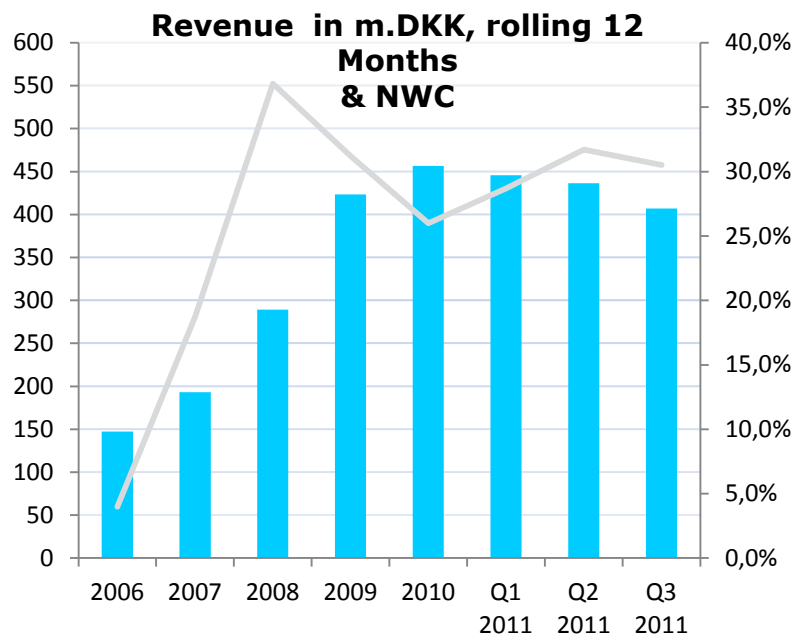


- Q3 2011 revenues of DKK 86.1m (Q3 2010: DKK 115.6m) – decrease of 25.5%
- Cost reductions implemented Q3, effect DKK 10m FY11, DKK 20m 2012
- Consolidated EBITDA of DKK 5.5m (DKK 14.1m) – below expectations
- 2011 expectations

Revenue DKK 370m
EBITDA DKK 35m

INVESTMENTS IN SEIZING THE OPPORTUNITY

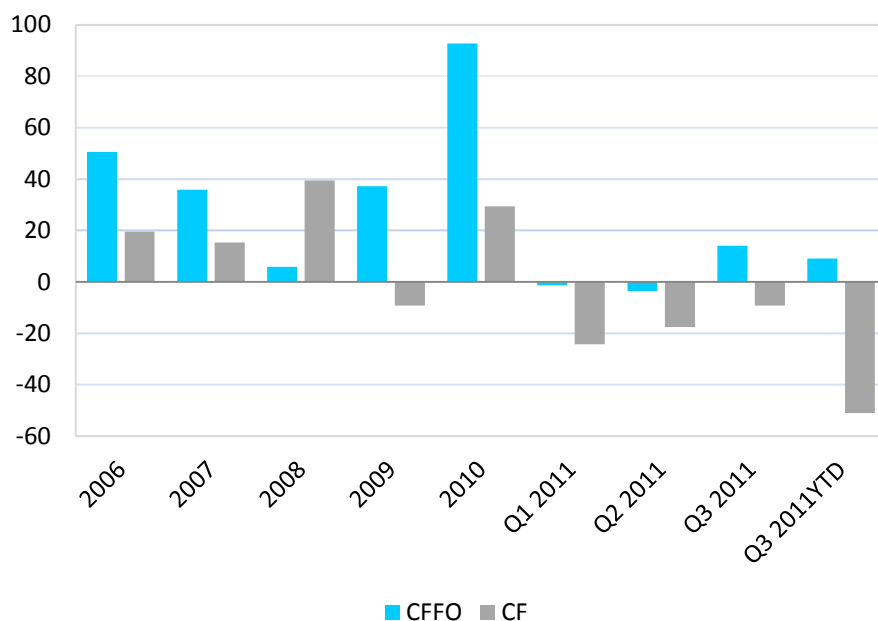
NWC UP DUE TO HIGHER INVENTORIES



- Investment programme increases property, plant and equipment by approx. DKK 57m since beginning of year
- Net working capital (NWC) up DKK 5.6m to DKK 124.2m since beginning of year, due to increase in inventories
- Net interest bearing debt (NIBD) an asset of DKK 24.0m (DKK 92.6m primo 2011)
- New programme focussing on working capital optimisation

CFFO INFLUENCED BY HIGHER NWC AND LOWER EARNINGS

Cash Flow in m.DKK



- Cash flow from operations (CFFO) from DKK 77.1m to DKK 20.3m
- EBIT down from DKK 23.1m to DKK 0.3m
- NWC change from DKK 3.9m to DKK (8.0m)
- Net investment of DKK 65.3m since beginning of year, expected to end at DKK 120m end of year

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