ANNUAL REPORT 2013

SEB 26 MARCH 2014

TOPSIL

AGENDA

- **2013 in summary**
- Market update
- Strategy update
- Financial Performance 2013
- Expectations for 2014

IMPROVED PERFORMANCE IN A CONTINUED DIFFICULT MARKET

FINANCIAL RESULTS

- Revenue DKK 312.1 million (Expectation: region of DKK 310 million), up by 8% compared to 2012.
- EBITDA DKK 21.0 million (Expectation: region of DKK 20 million), up by 64% compared to 2012.
- Cash flows from operating activities inflow of DKK 18.3 million against outflow of DKK 3.8 million in 2012.
- Net result at DKK (9.8) million, against DKK (24.7) million in 2012.
- Management does not consider the financial results to be satisfactory and will work intensively to improve performance in 2014.

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MARKET

THE MARKET 2013

- SEMI: Unchanged market size of semiconductor market in terms of volume while the aggregated value of the silicon market declined by about 14%.
- Yole: Volume on power market increased marginally whereas the value decreased by 3% due to price pressure caused by overcapacity and a continuing low Japanese yen.

2014 AND BEYOND – YOLE

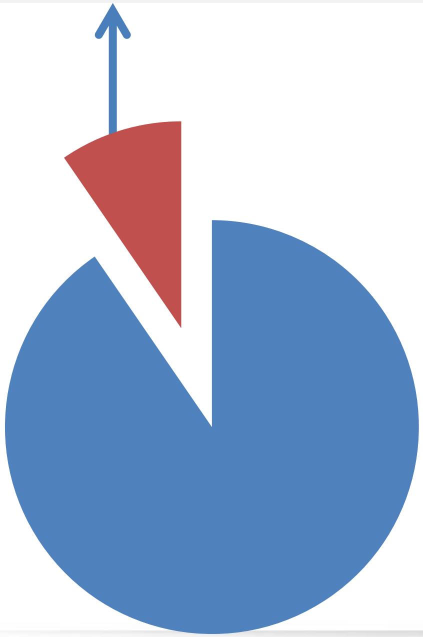
- Volume expected to go up in 2014, however prices will continue to be under pressure.
- The trend towards larger size wafers is expected to continue.
- Expectation that demand for power components will grow over the next years, driven by mega trends such as population growth, rising income in growth economies, increased urbanisation, green energy and energy efficiencies. Largest growth is expected in FZ-PFZ.

POWER MARKET, MARKET SIZE 2013 AND STRATEGY PERIOD

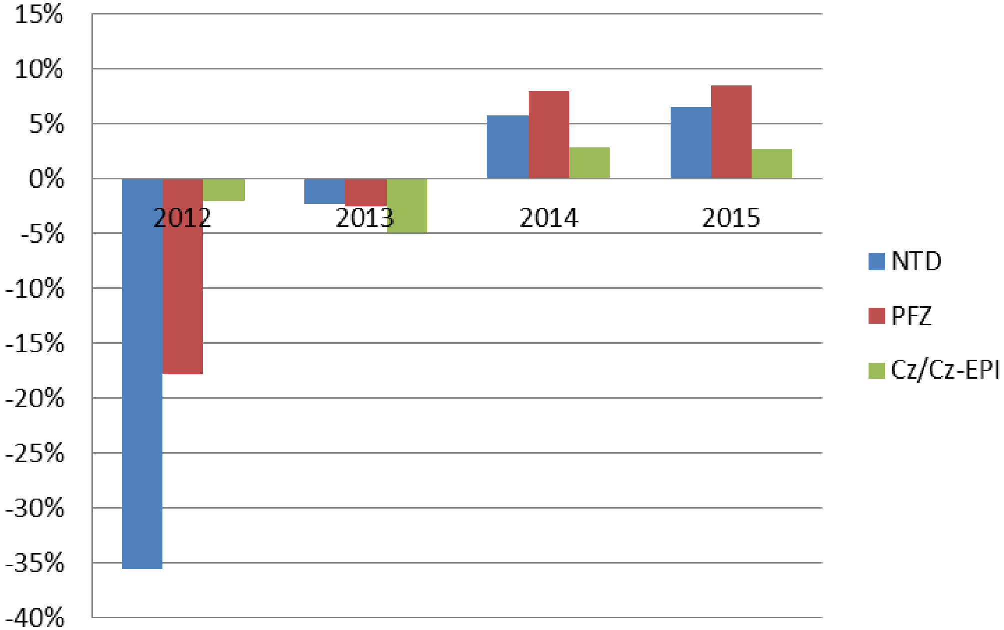
The aggregated silicon market worth around DKK 50 billion in 2013.

The power market accounted for about 10% of this market. Main substrates are FZ-NTD, FZ-PFZ and CZ/CZ-EPI.

Sources: SEMI, Yole Developpement, Feb. 2014



Estimated market growth on power market, Yole, YoY 2012-2015



Source: Yole Developpement, February 2014

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STRATEGY UPDATE, EXECUTING ON OPPORTUNITIES

EXPAND POSITION JAPAN AND CHINA

- Qualification initiated at several key customers.
- Subsidiary established in Kyoto, Japan.
- Agreement signed with E&M to grow Japanese market and strengthen sales of ultrapure silicon.

INCREASE FOCUS ON PFZ

- PFZ sales increased in declining market, revenue up by 27%.
- 200mm FZ-PFZ samples shipped for customer qualification end of year.
- Qualifications currently in progress at several key customers.

ENHANCE WAFER PRODUCTION EFFICIENCY

- Production improvements, wafering efficiency and yield.
- Increased recycling of silicon waste (remelt).
- Increased efficiency of supply chain.
- General cost savings programmes.

SECURE AN IMPROVED CASH FLOW

- Adjustment of poly agreements in line with market terms.
- Tight control of working capital.
- Investments below level of depreciations.
- Cycle time of production reduced.

	Substrates 2013	
Markets	**FZ**	**CZ**
The EU	62%	9%
The US	4%	2%
Japan	1%	9%
China	12%	0%
Other	1%	0%

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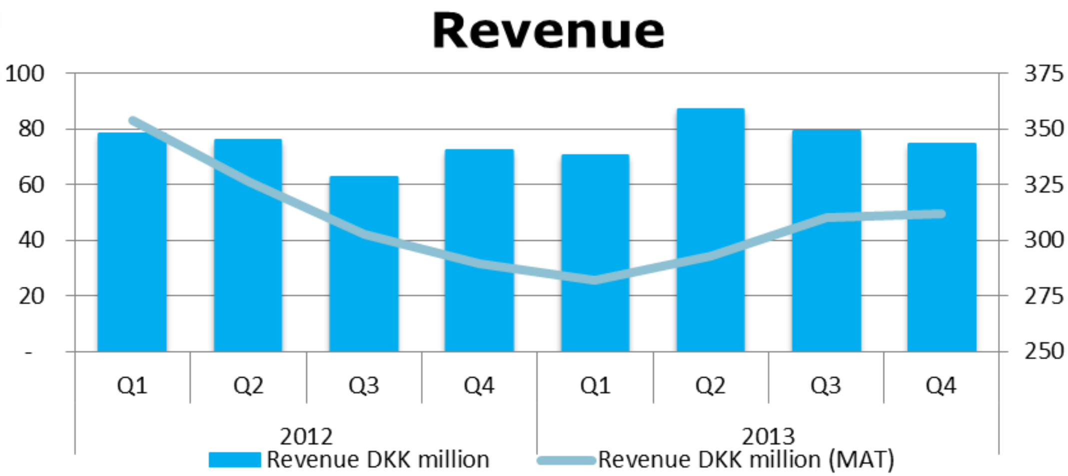
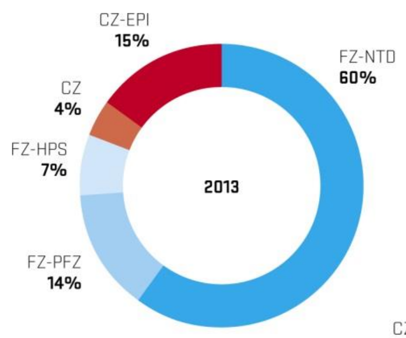
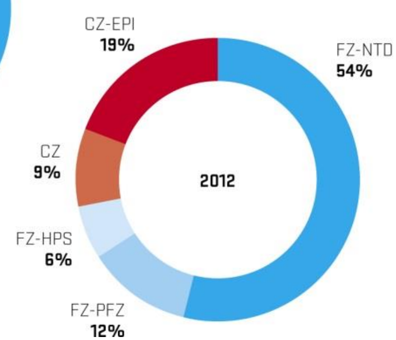
REVENUE DEVELOPMENT





Revenue by product type



– **Revenue in line with expectations**

- Q4 2013: DKK 74.7m (+3%).
- FY2013: DKK 312.1m (+8%).

– **Revenue development in a declining market, FY**

- FZ-NTD up by 20%.
- FZ-PFZ up by 27%.
- CZ-EPI and CZ down by 37% in particular impacted by the weak Japanese yen.

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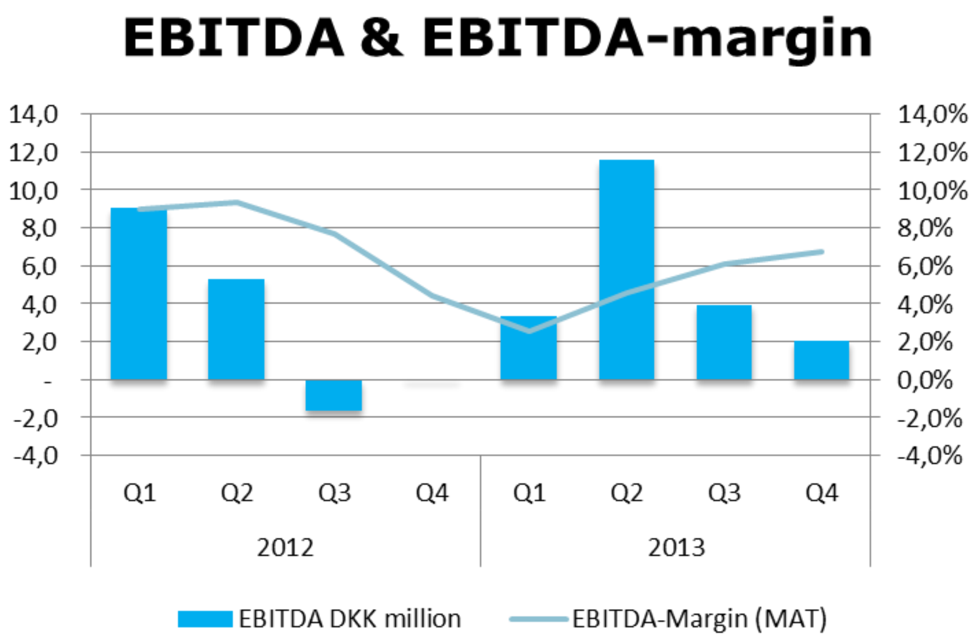
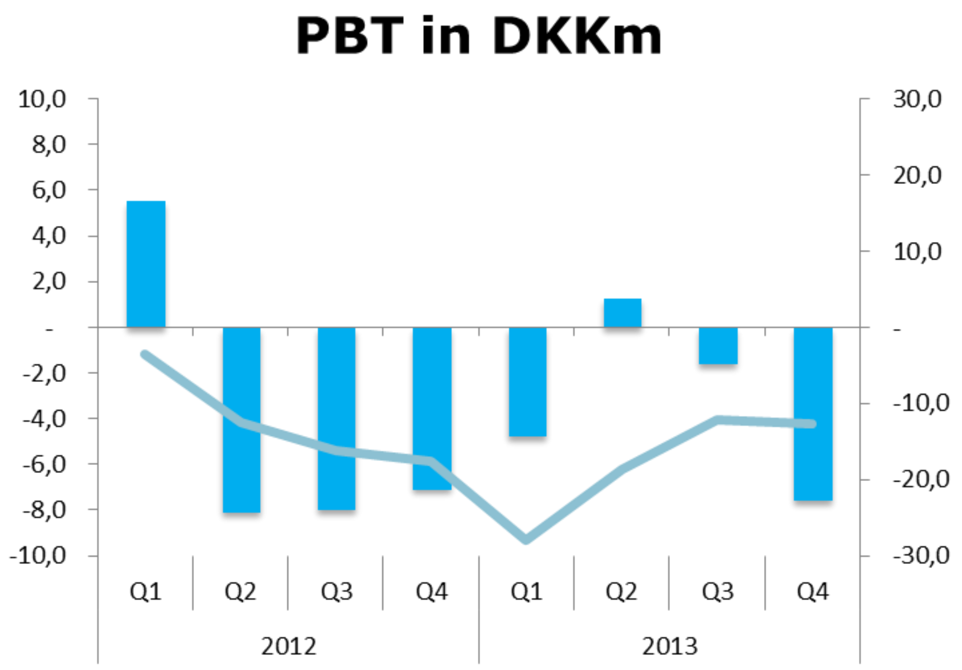
EBITDA



- **Contribution margin down by 1.3%-points**
  - Price pressure.
  - Partially offset by production efficiency and focus on sourcing collaboration.
- **Cost development**
  - Lower staff costs.
  - Implemented cost savings programmes.
  - Increased cost of parallel production (DKK 4m).
  - Average FTE 344 in 2013 (2012: 358).
- **Consolidated EBITDA of DKK 21.0m (DKK 12,8m) in line with expectations**
  - FY2013 EBITDA-margin of 6.7% (4.4%).

RESULT



Depreciations

- 2013: DKK 27.4m vs. DKK 26.7m 2012.
- New plant and machinery finalised and brought into use, depreciation commenced totalling DKK 3.6 million (DKK 6.8 million per year going forward).
- Additional charges in 2012 of DKK 1.6m related to assets that could not be transferred to new plant.

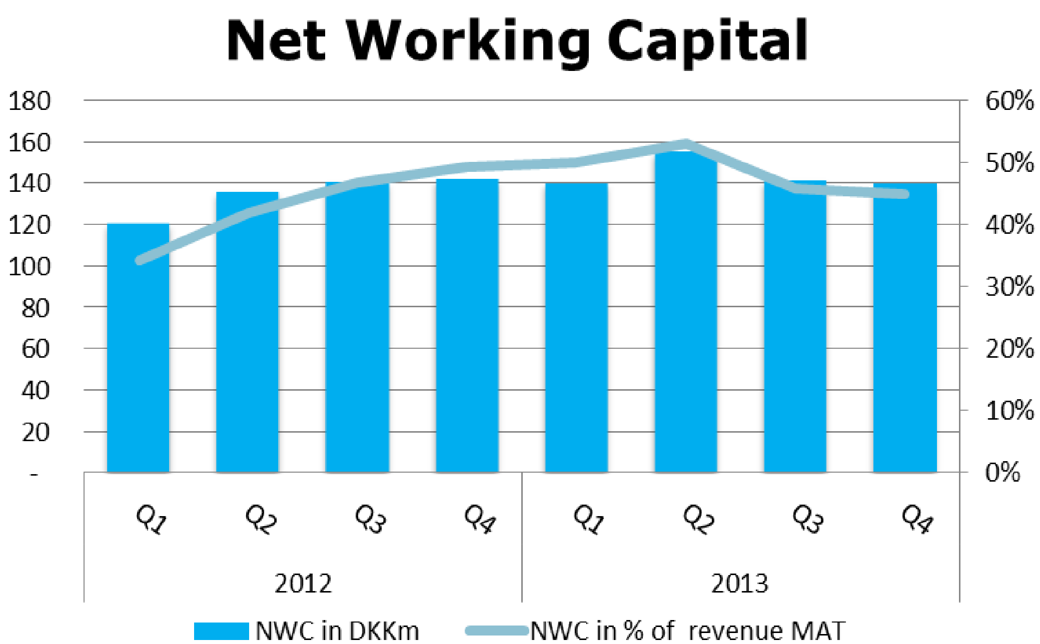
Net financials

- Financial expenses up to DKK 6.3m from DKK 3.7m due to increased interest of bank debt.
- Interest of DKK 2.1m capitalised related to property, plant and equipment against DKK 3.5m 2012

Net result

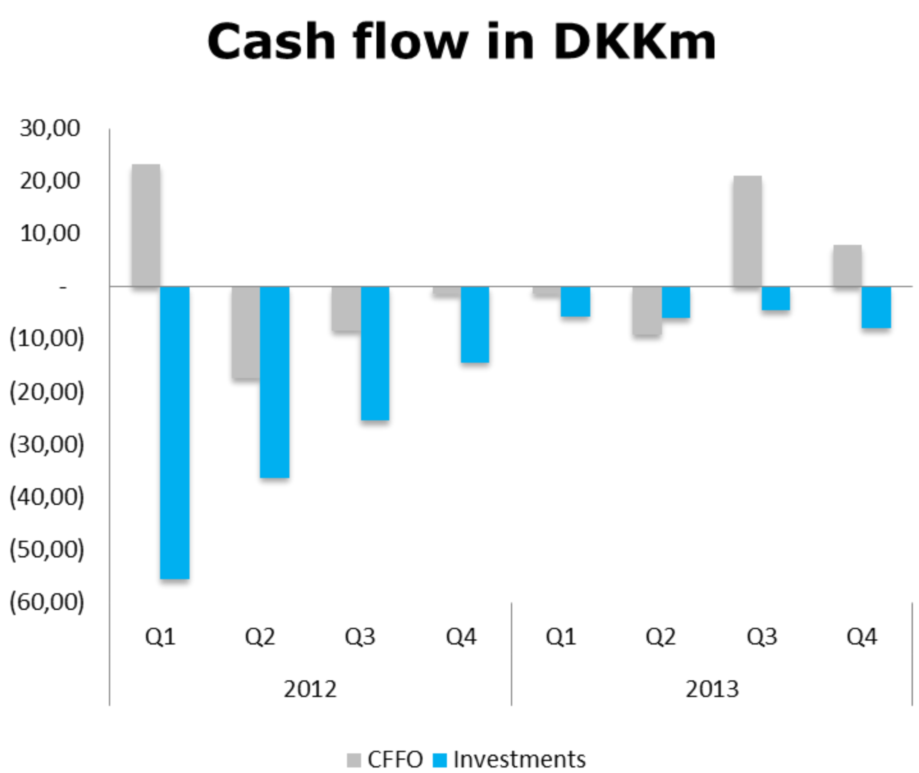
- Net loss reduced to DKK 9.8m 2013 against DKK 24.7 in 2012, still not satisfying.

NET WORKING CAPITAL



- **Net working capital (NWC) at DKK 140.1m, decreased by DKK 2.4m**
- **Inventories down by DKK 14.6m**
  - Tight inventory management.
  - Reduced raw material procurement obligations.
  - Increased demand.
- **Reduction of payables by DKK 13.5m**
  - Reduced raw material procurement obligations.
  - 2012 figure included creditors related to construction project.

CASH FLOWS FROM OPERATING ACTIVITIES



- Cash flows from operating activities inflow of DKK 18.3m against an outflow of DKK 3.8m last year due to improved result and continuing focus on working capital.
- CAPEX driven by investments in new production facilities and equipment accumulating DKK 15.6m and in development projects of DKK 8.5m.
- NIBD increased by DKK 6.2 million to DKK 158.5 million end of year.
- Agreement with principal bankers renewed, existing facilities extended until 1 March 2015.

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EXPECTATIONS FOR 2014

Revenue for 2014 is expected to be at the 2013 level, which was positively affected by extraordinary orders in Q2 to the extent of DKK 10 million.

For 2014, EBITDA is expected, as a minimum, to be at the 2013 level, as efficiency improvements and cost reductions in production and the supply chain are expected to compensate for the adverse effect of lower sales prices. This guidance includes temporary costs of operating at two locations in Denmark and one-off costs related to the planned move of all production to the new plant and closure of the old plant. These costs are estimated to be in the region of DKK 5 million.

Demand for semiconductors is expected to rise over the next 12 months (Gartner, IDC, Semico), and volume growth is expected in the market for silicon wafers, although prices will continue to be squeezed as a result of surplus capacity and price adjustments reflecting the lower exchange rate of the Japanese yen (Yole, SEMI). Topsil's customers confirm this projection.

Topsil expects that its strategic growth initiatives will help win further market share in 2014. The highest growth is expected in Asia, and especially in the market for silicon products for the medium voltage segment (PFZ).

The guidance is based on exchange rates of DKK 550/USD 100 and DKK 180/PLN 100..

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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.

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