

TOPSIL UPDATE

Q1 2015

Jyske Bank 27 May 2015

AGENDA

- **Q1 highlights**
- Financial Performance Q1
- Expectations for 2015

Q1 AS EXPECTED

HIGHLIGHTS OF THE QUARTER

Market

- Market expectations unchanged compared to outlook previously given.

Financial performance

- Revenue was DKK 60.1m (2014: DKK 73.4m), down 18%. In Q1 no deliveries were made to the customer involved in the complaint case.
- EBITDA was a loss of DKK 0.3m (2014: a profit of DKK 3.3m). Contribution ratio was 49.1%, an improvement of 1.2 percentage point and fixed cost was reduced by DKK 2.3m against last year
- Working capital stood at DKK 123.4m at 31 March 31 2015, down DKK 24.0m compared to 31 March 2014. Cash from operating activities of DKK 10.3m (2014: outflow of DKK 10.4m).

New strategy to be developed

- Continued focus on efficiency improvements and simplification.
- The potential of further strengthening our supply chain and sales efforts through strategic partnerships will be investigated.

Q1 AS EXPECTED

HIGHLIGHTS OF THE QUARTER

Business

- Long-term contract extended by 2 years to and including 2017 with one of Topsil's biggest customers.
- Staff reduced by 15 non-production employees in line with the announced cost saving programme.
- Customer complaint case settled with the customer and an agreement made to resume deliveries beginning in Q2. Negotiations about compensation from third-party contractor are still ongoing.
- Agreement renewed with principal bankers and facilities extended until 1 March 2016.
- Production equipment from old production plant installed and operating in the day-to-day production at the new plant.

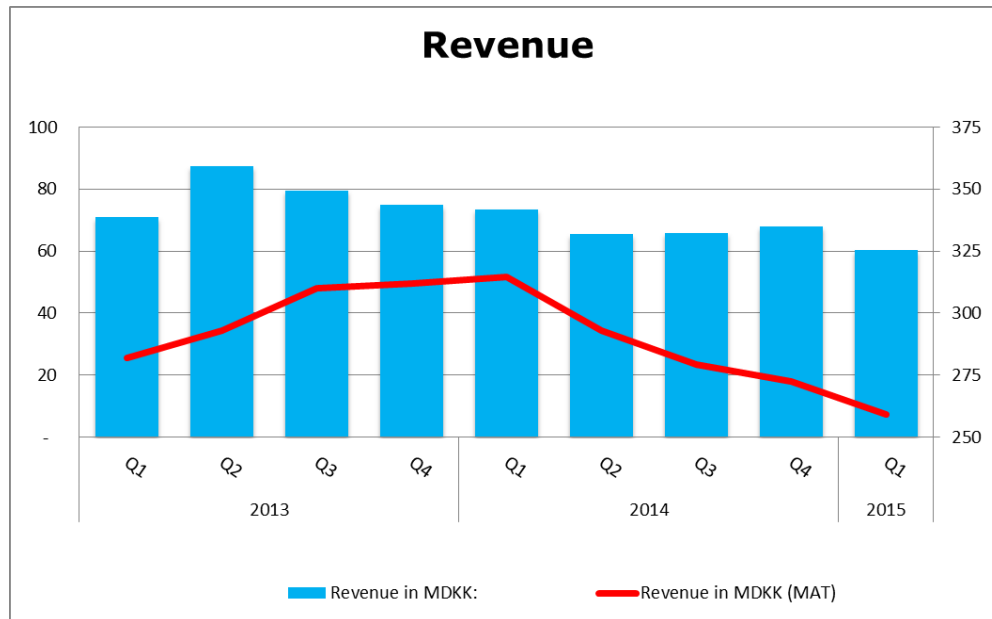
Outlook for 2015

- Maintain revenue growth of around 0-5% and an EBITDA in the range of DKK 10 – 20m.

AGENDA

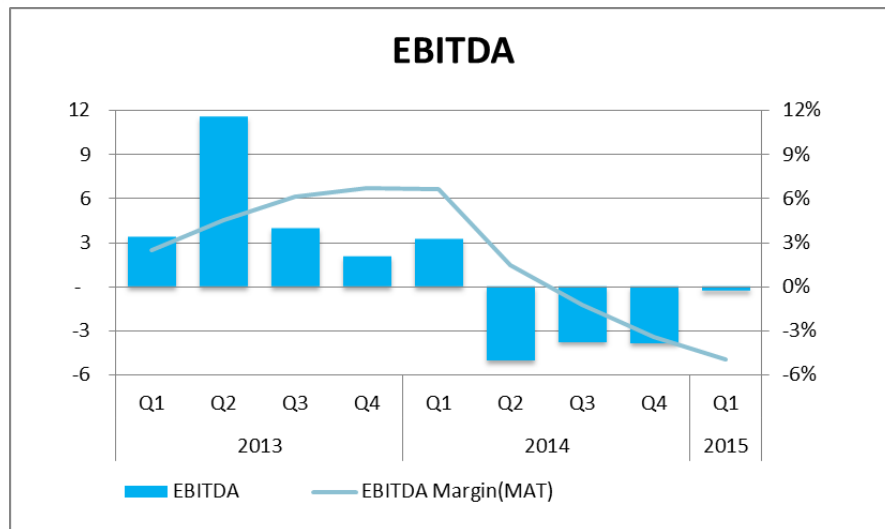
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REVENUE



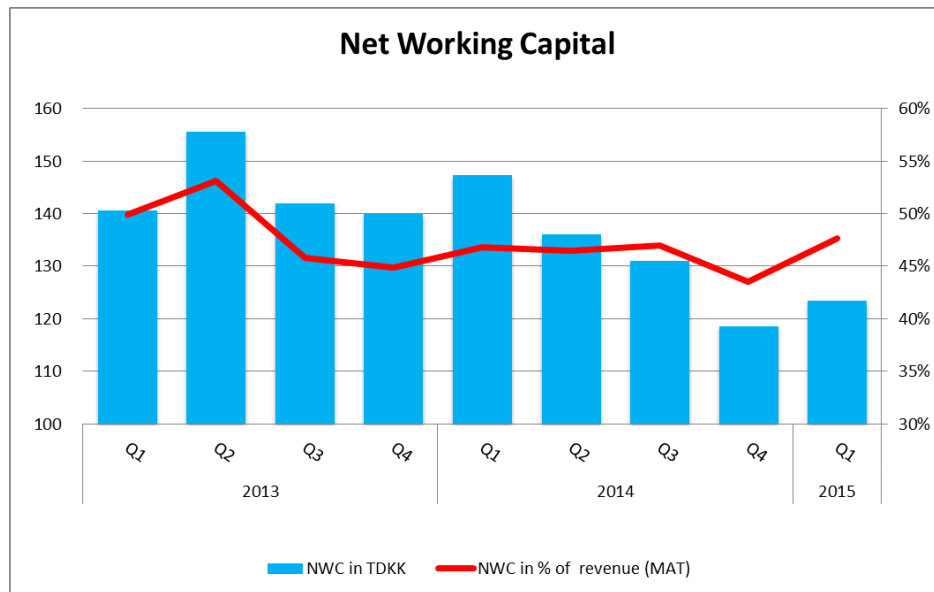
- Revenue in Q1 DKK 60.1m (down 18%). Revenue negatively impacted by customer claim.
- Customer complaint settled with the customer. Customer's minimum purchase obligations distributed over 2015 and 2016, entailing a carefully monitored start-up phase. Deliveries expected to be resumed in Q2.
- Long-term contract with another big customer extended by 2 years to and including 2017.
- Additionally, prices remain squeezed due to the continuing surplus capacity in the industry.

EBITDA



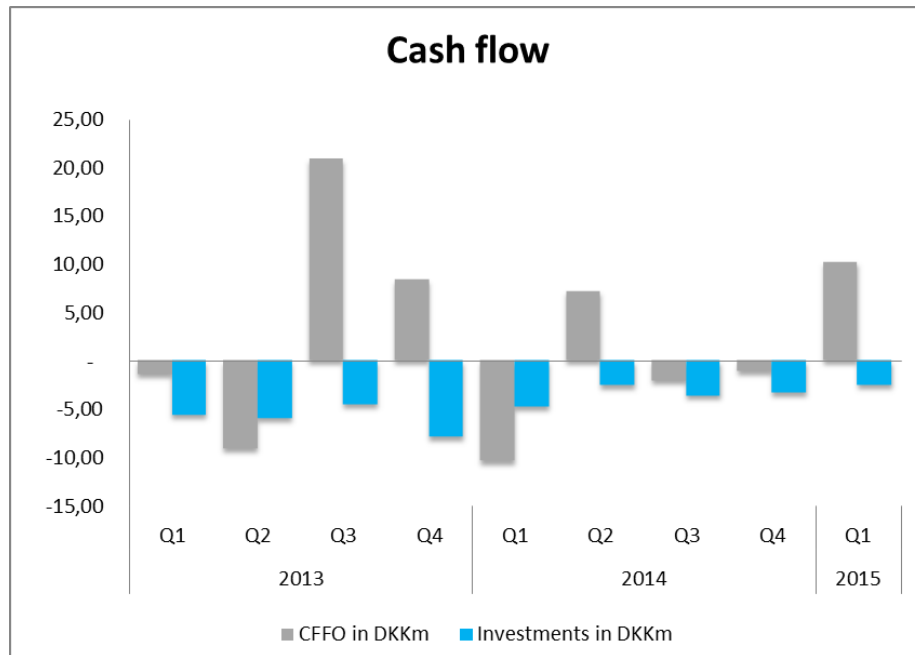
- Contribution ratio 49.9% in Q1 (Q1 2014: 48.7%)
- Fixed costs decreased by DKK 2.3m in Q1
 - Production at one plant in DK and announced cost saving program
 - One-off costs related to transfer DKK 1.2m
 - Reduction of 15 non-production employees in January 2015
- EBITDA was a loss of DKK 0.3m against a profit of DKK 3.3m in Q1 2014
- Depreciation was DKK 7.4m, unchanged from the year-earlier period
- Net financials were an expense of DKK 6.0m against an expense of DKK 1.3m in 2014
 - Negative FX impact of DKK 2.8m against a year-on-year positive impact of DKK 0.9m
- Loss after tax DKK 13.7m (Loss of DKK 5.2m in Q1 2014)

NET WORKING CAPITAL



- Net working capital (NWC) of DKK 123.4m, representing a year-on-year decline of DKK 24.0m
- Inventories DKK 159.9m, up DKK 10.7m, compared to the end of March 2014
 - Purchase commitments
 - Low level of sales
- Prepayments from customers were DKK 16.9m higher than at 31 March 2014 due to extension of a long-term contract with one of Topsil's biggest customers.
- Trade creditors increased by DKK 17.2m year-on-year, partly as a consequence of the raw material obligations.

CASH FLOW DEVELOPMENT



- Cash flow from operations (CFFO) totalled an inflow of DKK 10.3m in Q1 2015 (Q1 2014: outflow of DKK 10.4m). Q1 2014 positively affected by prepayments from customers.
- CAPEX driven by investments of DKK 1.8m in production equipment, and DKK 0.7m in development projects (2014: DKK 4.8m).
- Net interest-bearing debt decreased by DKK 2.8m compared to 31 March 2014; standing at DKK 170.9m.
- Agreement with principal bankers renewed, existing facilities extended until 1 March 2016.

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EXPECTATIONS FOR 2015 MAINTAINED

- Topsil expects revenue growth in 2015 of around 0-5% and EBITDA in the range of DKK 10-20 million.
- Revenue is expected to grow in 2015, which is based on the strategic growth initiatives, the positive trend in the market and a gradual resumption of deliveries to the customer involved in the complaint in 2014. The highest growth rates are expected in Asia, especially in the market for silicon products for the medium-voltage segment (FZ-PFZ).
- The underlying volume growth will be somewhat higher, but prices are expected to remain squeezed as the surplus capacity in the market continues. However, the lower selling prices are expected to be offset by efficiency improvements and cost reductions.

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. 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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