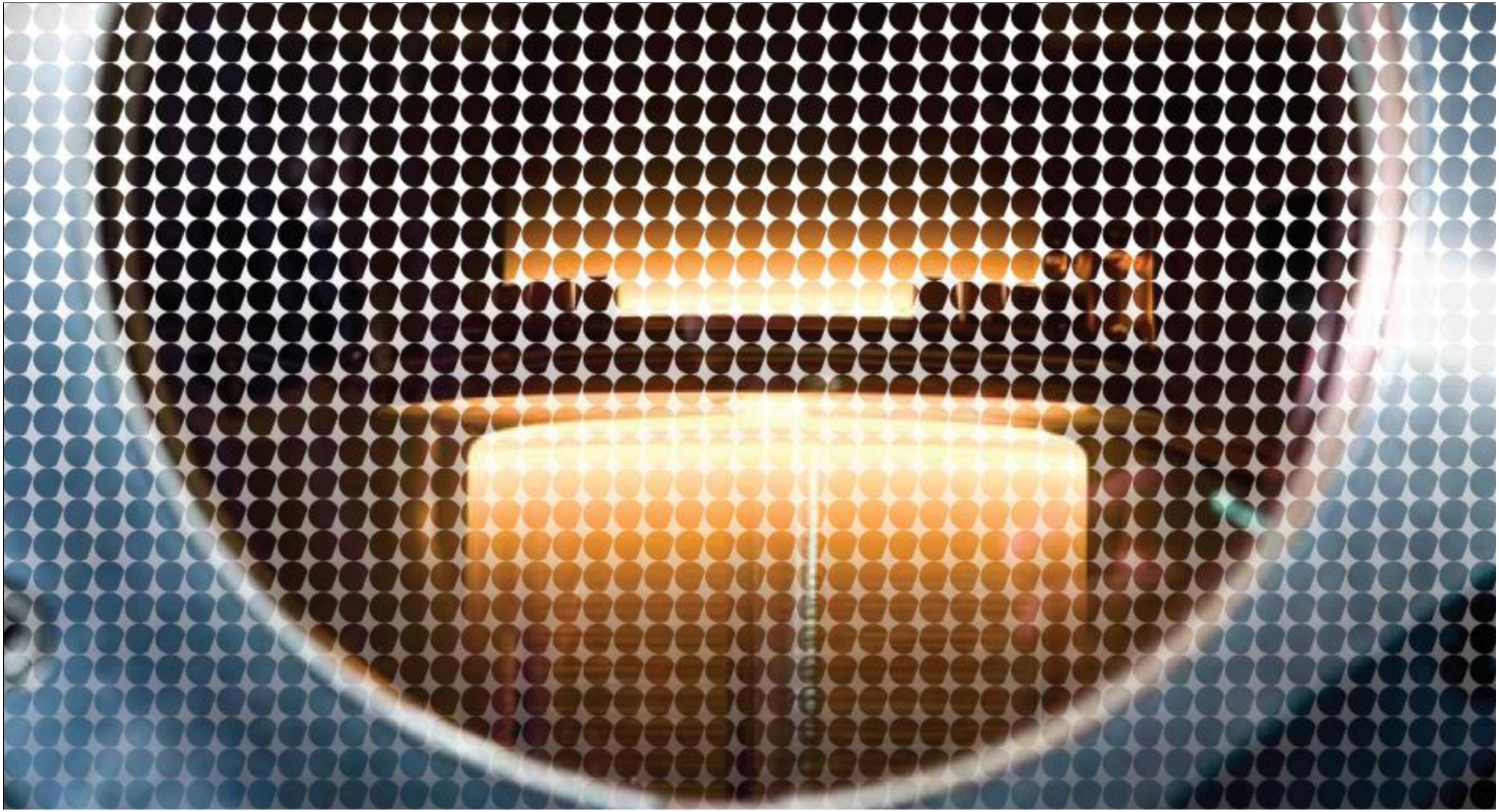

FINANCIAL RESULTS Q2 2011

Carnegie, August 26th 2011

TOPSIL

AGENDA

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OVERALL VIEW

- Delay in reaching profitability (CZ- EPI sales) in our CZ – business (CZ + CZ EPI), combined with
- A very sudden decrease in the market for NTD products mid 2011 (primarily in the very high voltage range – same situation with Topsil's customers), and
- Delay in start of PFZ sales
- Result is decline in revenue and earnings in 2011

- Long term growth scenario intact, however short term visibility lowered
- Strong focus on current challenges and cost reductions
- After a thorough analysis, Topsil is confident conc. the adjusted guidance for 2011
- Market share maintained
- Guidance for 2012 at release of Annual Report for 2011

REVENUE BELOW EXPECTATIONS FOR Q2
ADJUSTED GUIDANCE 2011

- **Revenue unsatisfactory due to:**
  - Short term drop in NTD sales
    - Late financial crisis impact
    - Situation in China (product mix)
  - Delay in sales of CZ-EPI and new 6” PFZ (qualification and ramp)
  - Production issues: Lower volume increases cost percentage, variable resistivity in the poly from one of the two FZ-poly suppliers, yield
- **Actions:**
  - Increased sales efforts
  - Full speed on 8’’ development
  - Optimisation and cost adjustments, particularly in Cemat
- **Downward adjustment of revenue and EBITDA, 2011:**
  - Revenue in the range of DKK 370m, EBITDA in the level of DKK 40m
- **Outlook**
  - Acc. To SEMI-analysts and customers: Market drop is temporary. Long term growth scenario intact.

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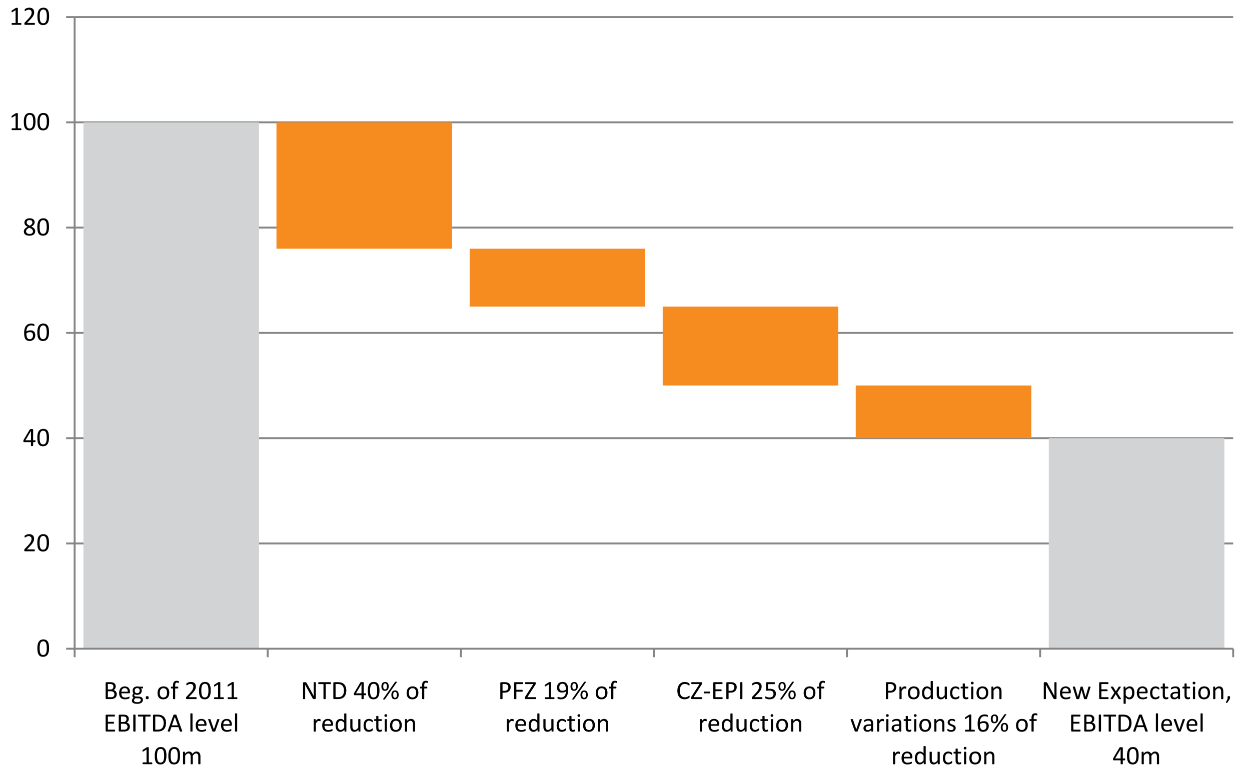
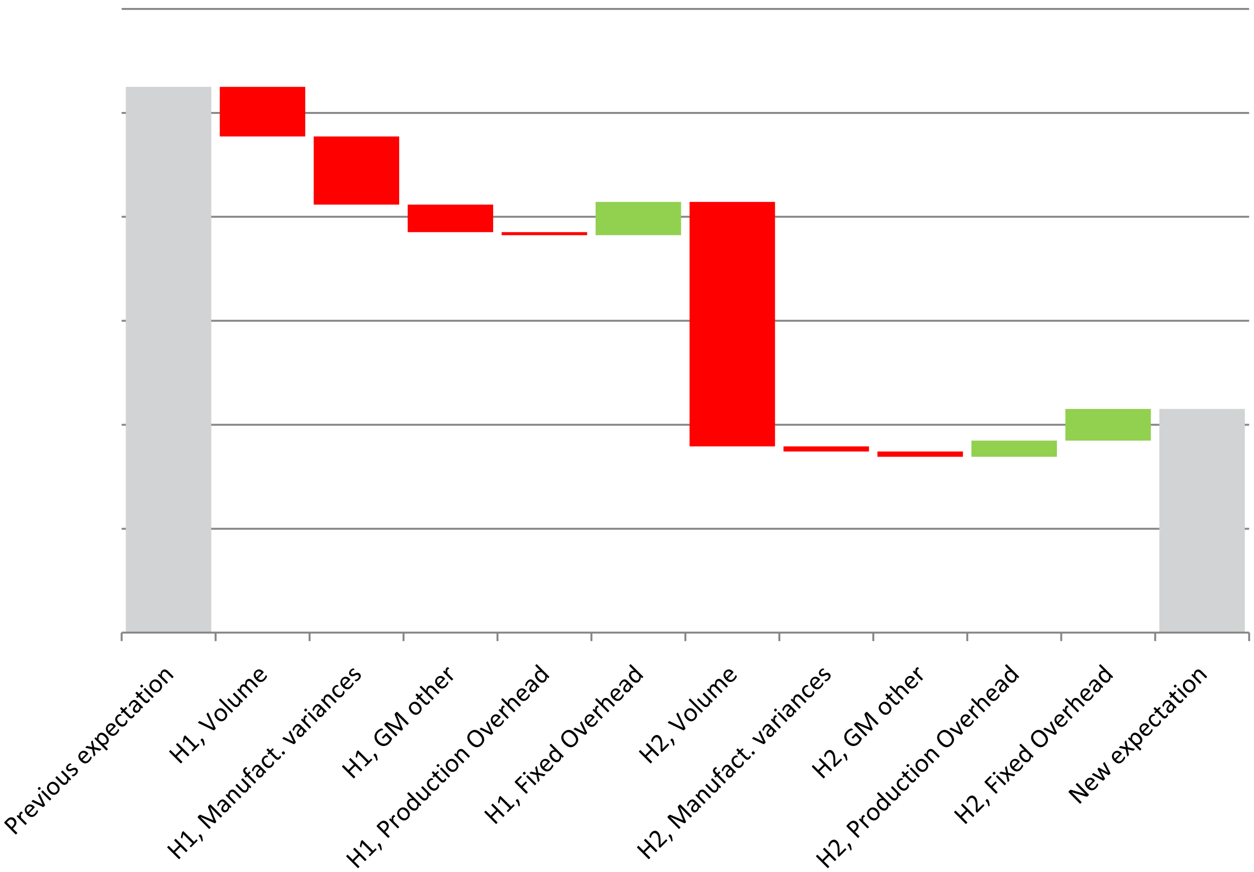
ADJUSTED EBITDA 2011



EBITDA EXPLANATIONS



STATUS, NTD

	NTD
Q2 2011	▪ NTD sales down late Q2/early Q3. Contract customers adjust present orders and downgrade number of orders for the year
Status 2011	▪ Market down on the short term. Late impact of financial crises ▪ Infrastructure and transport sectors hit ▪ Chinese decision on lowering maximum speed of high speed trains to direct affect Topsil sales ▪ Market share maintained
Future	▪ Growth is expected from 2H, 2012 and forward (based on customer expectations)

	NTD 2011	NTD Future
Market outlook	➡	⬈

Revised compared to Q1

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STATUS, CZ-EPI AND NEW PFZ PRODUCT

	EPI and PFZ

Q2 2011	▪ Qualification delay compared to original planning
	    ▪ CZ-EPI technical qualification issues
	    ▪ PFZ qualification running well, although delayed

Status 2011	▪ Delay to have negative impact on sales
Future	▪ CZ volume growth from 2013 and forward ▪ PFZ volume growth from 2012 and forward

	2011	Future
Market outlook	↗	↗

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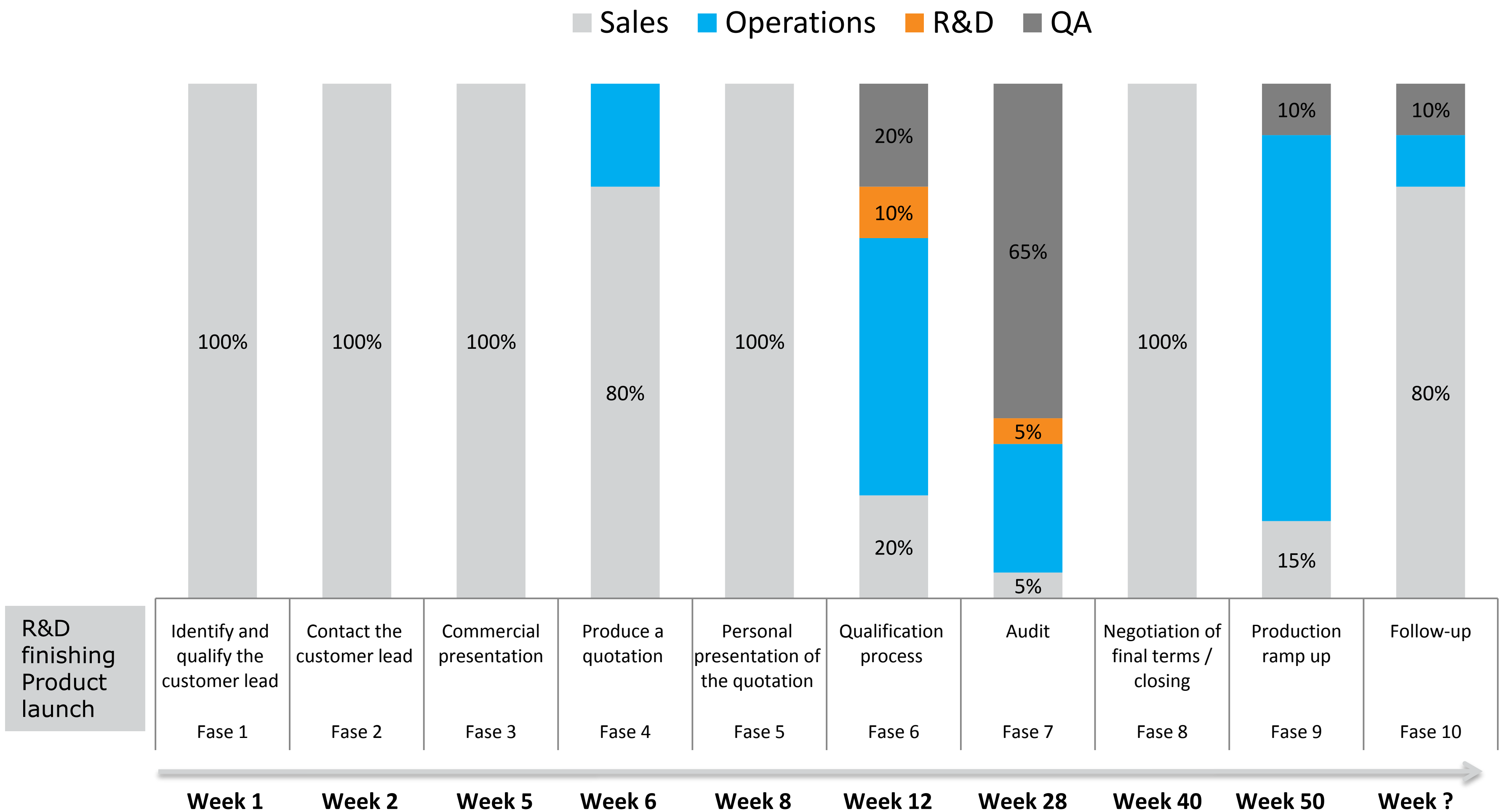
QUALIFICATION PROCESS
(APP. 3 ITERATIONS OF PHASE 6)



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PRODUCTION DEVIATION

Current situation

- Change in resistivity in poly from one of the two poly suppliers for FZ production
- Yield challenge
- Lower production volume increases cost percentage

Actions:

- Negotiating with supplier to deliver required resistivity
- Negotiating compensation package
- Yield activities to increase output

TOPSIL’S MARKET OUTLOOK

2010

- Strong underlying market, market growth on high and very high voltage levels, long visibility, 20% increase in wafer volume, analyses pointed towards continuous, very favorable growth rates

2011

- Shorter visibility – late impact of financial crisis, apparent short term market fluctuations
- Traction – reduction of speed (China). Direct impact on NTD mix towards lower voltage levels
- Slow down in the introduction of renewables (e.i. infrastructure and transformers)

2012

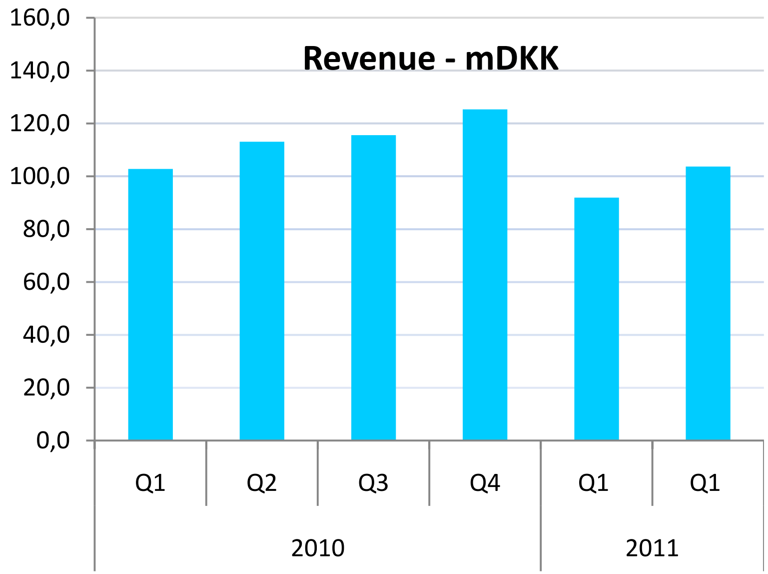
- To be communicated March 2012 (Annual report)

Long term

- Overall market expectations remains intact acc. to analysts and main customers

COMMENTS TO Q2 2011 FINANCIALS

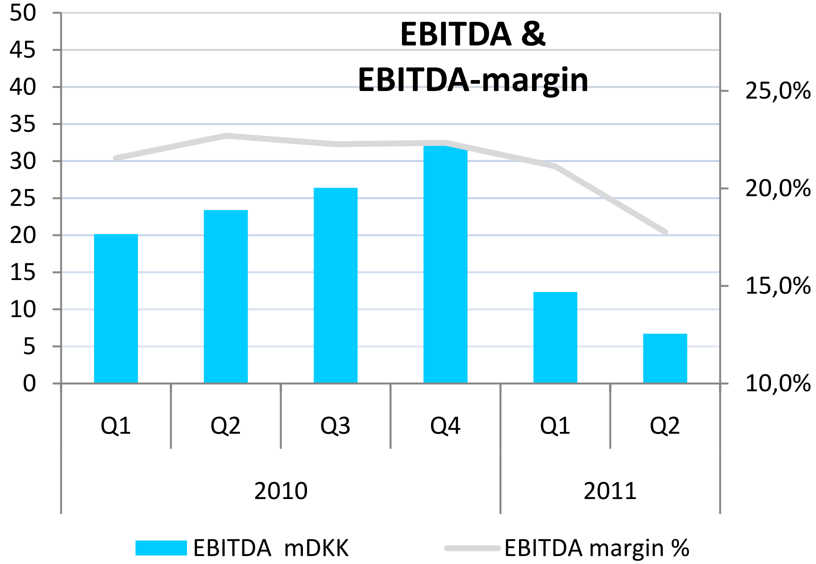
REVENUE BELOW EXPECTATIONS IN Q2



- **Q2 2011 revenues of DKK 103.7m (Q2 2010: DKK 113.1m) – decrease of 8.3%**
  - NTD: Lower than expected sales in Q2
  - CZ: Change of product mix, bulk CZ down, however CZ-EPI not yet up
  - New PFZ: Delays in qualification and ramp

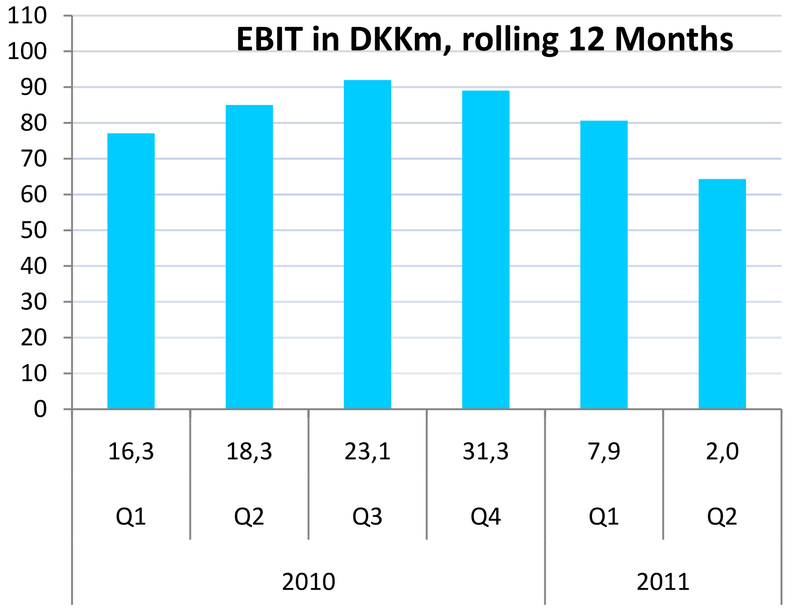
- **CZ revenues of DKK 21.7m in Q2 (Q2 2010: DKK 24.7m)**

REDUCED EBITDA MARGINS TRIGGER
INCREASED FOCUS ON COST



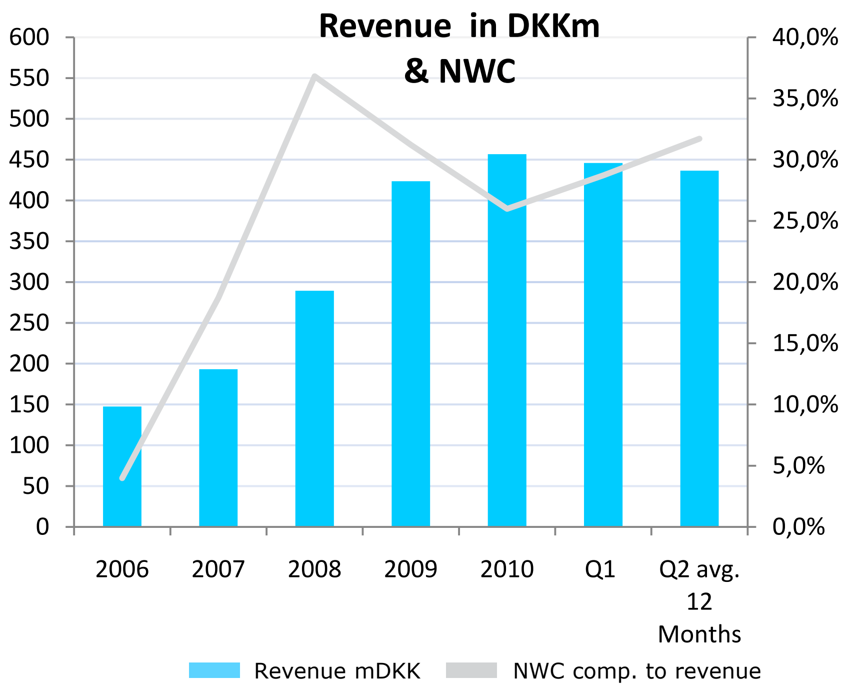
- **Contribution margin down due to**
  - Less NTD sales in Q2
  - NTD towards specs. with lower margins
  - Lower capacity utilisation (NTD, PFZ, CZ-EPI)
  - Production issues (deviations)
- **Cost reductions implemented Q2, effect DKK 10m FY11**
- **Consolidated EBITDA of DKK 6.7m (DKK 23.4m) – below expectations**
  - EBITDA-margin of 6.4% (Q2 2010: 20.7%) due to low level of activity

EARNINGS BELOW EXPECTATIONS
Q2 UNSATISFACTORY RESULTS



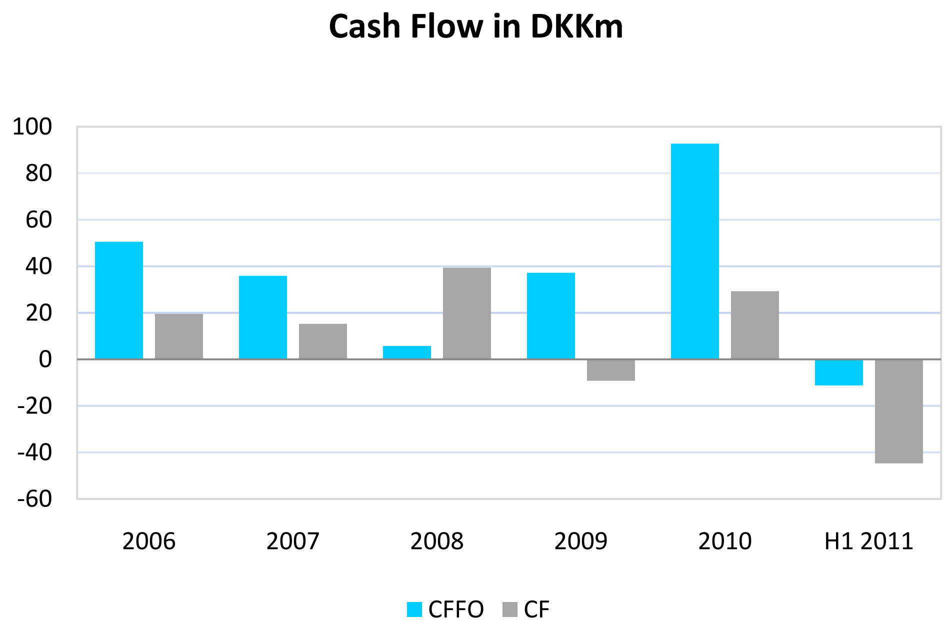
- Q2 2011 EBIT at DKK 2.0m (Q2 2010: DKK 20.9m) corresponding to EBIT-margin of 2.0% (Q2 2010: 18.5%)
- Net financial costs of DKK 1.0m compared to a profit of DKK 3.6m last year (fluctuations in USD)
- PBT at DKK 1.0m (Q2 2010: DKK 17.2m) and net profit decreased to DKK 1.1m (Q2 2010: DKK 13.3m)

INVESTMENTS IN SEIZING THE OPPORTUNITY
NWC UP DUE TO HIGHER INVENTORIES



- Investment programme increase property, plant and equipment by approx. DKK 30m since beginning of year
- Net working capital (NWC) up DKK 19.8m to DKK 138.5m since beginning of year due to increase in inventories
  - Receivables and supplier debt on par with ultimo 2010
- Net interest bearing debt (NIBD) an asset of DKK 34.3m (DKK 92.6m primo 2011)

CFFO INFLUENCED BY
HIGHER NWC AND LOWER EARNINGS



- Cash flow from operations (CFFO) at DKK (1.6m) (DKK 40.4m)
  - EBIT down from DKK 20.9m to DKK 2.0m
  - NWC change from DKK (5.6m) to DKK (18.9m)
- Net investment of DKK 39.4m since beginning of year (DKK 6.7m)

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ACTIONS AND KEY FOCUS 2011

ACTIONS AND KEY FOCUS 2011

- **Revenue & EBITDA Actions:**
  - Focus on regaining momentum for NTD (existing + new customers)
  - Focus on ramp for PFZ and CZ-EPI
  - Thorough review of Cemat ongoing, pointing towards large scale trim
  - Short term capacity filling at Cemat, selected CZ-products
  - Further cost reductions, efficiency measures, Topsil and Cemat
  - Full speed on 8" NTD and PFZ development

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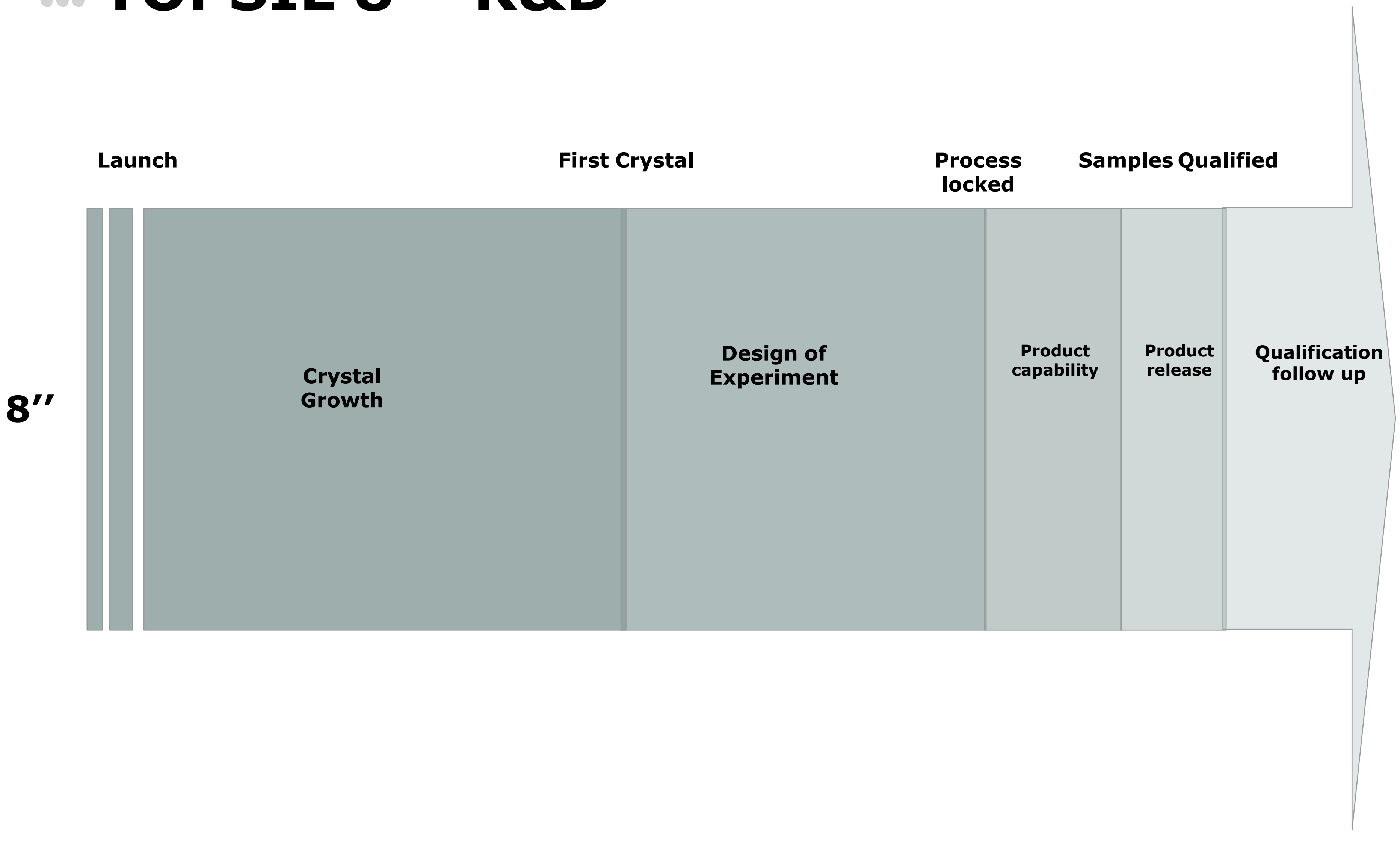
GREENFIELD AND 8’’

NEW PLANT, GREENFIELD
CONSTRUCTION 2011-2012

August 2011

- Construction according to plan, concreting of basement and sewage system finalised beg. August 2011
- Construction to be completed 2012, followed by step-by-step transfer of technology and people

TOPSIL 8”- R&D


Launch
First Crystal
Process locked
Samples
Qualified
8’’
Crystal Growth
Design of Experiment
Product capability
Product release
Qualification follow up

GUIDANCE 2011

TOPSIL GUIDANCE ADJUSTED

- **Market growth expected to continue long term, but short term fluctuations**
- **Low activity in Q2 affects Topsils full year growth target**
  - Qualification with new PFZ and CZ-EPI customers has caused delays and uncertainty of production start. Slow take off from Q2 with slow growth in the following quarters
  - Downward modification of NTD volumes on the short term
  - Revenue guidance for 2011 adjusted to level DKK 370m
- **EBITDA guidance lowered, focus on costs increase**
  - Further cost reductions, efficiency measures, Topsil and Cemat. Thorough review of Cemat ongoing, capacity filling
  - EBITDA guidance downgraded to level DKK 40m for 2011
- **Investment programme FY2011 unchanged in the range of DKK 200m**
- **Guidance based on DKK525/USD100 and DKK190/PLN100**

BACK UP SLIDE

LONG TERM MARKET DRIVERS INTACT

- **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
- **Main customers maintain to expect strong growth over the coming 3 years**

Sources: Yole Developpement and Topsil

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