



PV Crystalox Solar plc
2011 Preliminary Results
28 March 2012

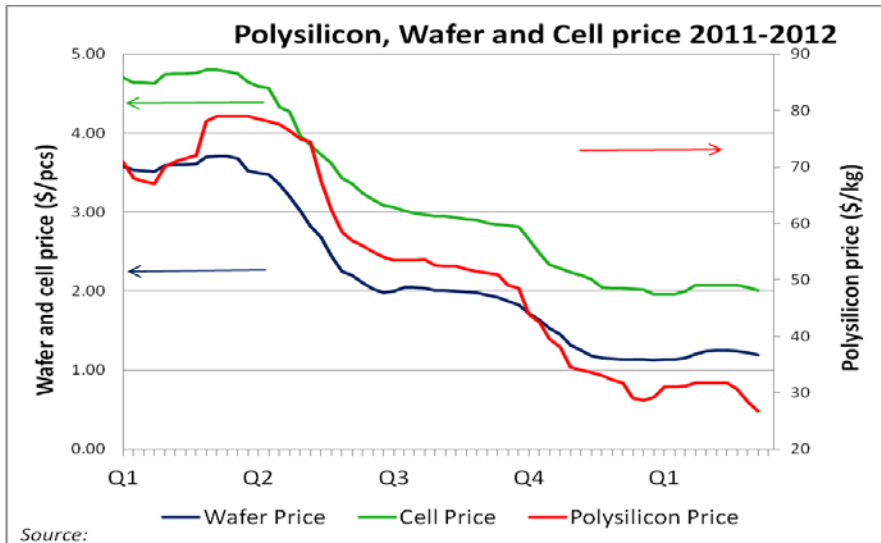
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- 2011 extremely challenging year for the PV industry

- Industry overcapacity
- Unprecedented price decline across value chain

- Wafer spot prices fell 69% in 2011

- Spot prices below industry production costs in latter part of H2

- 2011 Global PV installations increase by 70% to 27.7GW

- 75% installations in Europe
 - 7.5GW in Germany with 3GW in December alone

- Wafer shipments up 1.6% to 384MW (2010: 378MW)
- Revenues decline by 17% to €210.4m due to lower ASPs
- Cash conservation measures implemented in October 2011 as a necessary response to current market condition
 - Reduced production at UK ingot and German wafering operations
 - Polysilicon production temporarily suspended at Bitterfeld
 - Employment costs reduced by removing contract labour and short time working in Germany and redundancies in UK



Financials

- Revenues down 16.7% at €210.4m (2010: €252.6m)
- EBIT before exceptional items €4.1m (2010: €33.3m)
- Reported EBIT Loss of €67.5m (2010: Profit €33.3m)
 - Impairment of the polysilicon plant at Bitterfeld €27.9m
 - Inventory write down €22.9m
 - Onerous contract charge and provisions €20.8m
- Earnings after tax a loss of €60.9m (2010: profit €23.3m)
 - Basic EPS -€0.15 (2010: €0.06)
- Net cash of €22.6m at 31 December 2011 (31 Dec 2010: €54.8m)
 - Significantly increased at end February 2012 due to cash conservation measures

- **Impairment of assets €27.9 million**

- Polysilicon facility written down to reflect forecast polysilicon prices
- DCF analysis
- IHS study of long term polysilicon price development (December 2011)
- Discount rate 10.67%

- **Inventory write down €22.9 million**

- Written-down to net realisable value

- **Onerous contract charges and provisions €20.9 million**

- Against long-term purchase contracts of polysilicon and other raw materials
- Allows for some renegotiation of prices and volumes

Financial Overview

(€000)	2011 Before Exceptionals	2011 Exceptionals	2011 Total	2010 Total
Revenues	210,400		210,400	252,559
EBIT exc currency (losses)/gain	2,635	(71,609)	(68,974)	34,525
Currency (losses)/gain	1,438	-	1,438	(1,176)
EBIT	4,073	(71,609)	(67,536)	33,349
Net interest income	451	-	451	377
Earnings before taxes (EBT)	4,524	(71,609)	(67,085)	33,726
Income taxes	(13,598)	19,790	6,192	(10,462)
Earnings	(9,074)	(51,819)	(60,893)	23,264
Earnings per share (Euro cents)			(15.0)	5.7
Dividends			-	3.0
Free cash Flow			(20,008)	(9,251)
Net cash			22,618	54,838

Summary consolidated balance sheet

(€m)	31-Dec-11	31-Dec-10
Current Assets	191.9	232.9
Non-current Assets	160.7	179.0
Total Assets	352.6	411.9
Current Liabilities	86.5	95.4
Non-current Liabilities	48.9	35.7
Share Cap & Non-dist Reserves	76.2	76.0
Profit & Loss Reserves	141.0	204.8
Total Liabilities and Shareholder Equity	352.6	411.9

Summary cash flow & net cash/(debt) analysis

(€m)	31-Dec-11	31-Dec-10
Adjusted Earnings before tax	16.5	41.5
Tax paid	-9.1	-7.8
Adjusted Earnings after tax	7.4	33.7
Changes in working capital	-6.7	-23.5
Net cash flows in investing activities	-20.7	-16.5
Free cash flow*	-20.0	-6.3
Net cash flows used in financing activities	-9.6	7.2
Net change in cash in period	-29.6	0.9
Cash and equivalents, start of year	101.3	100.4
Cash and equivalents, end of year	71.7	101.3
Group borrowings	-49.1	-46.5
Cash / (net debt)	22.6	54.8

* Free cash flow defined as net cash from operating activities less cash used in investing less interest received



Operational and Strategic Review

● 2011 characterised by increasing pressure on pricing

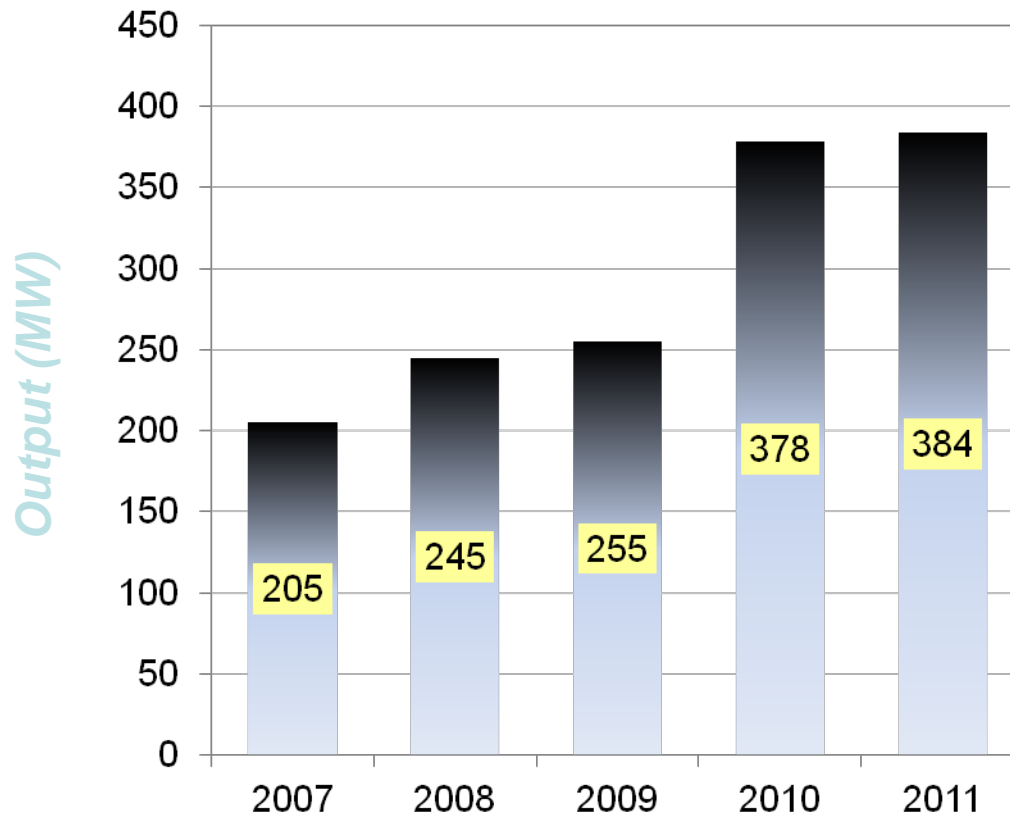
- Wafer ASPs for full year 2011 down 18% on 2010
- Volumes broadly stable at 384MW (378MW in 2010)

● H1 2011

- Strong demand in first four months - slowdown in May and June
- Shipment volumes 204MW - 23.4% increase on H1 2010
- ASP approximately 9% below that reported for FY 2010

● H2 2011

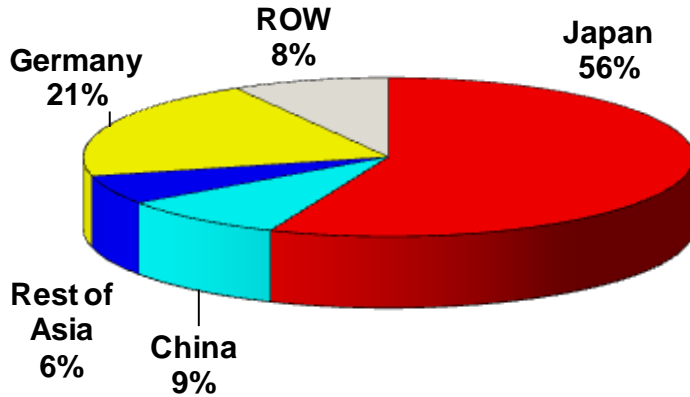
- Sharp decline in ASPs - down 20% on H1 2011
- Shipment volumes 180MW – 8.8% decrease on H1 2011



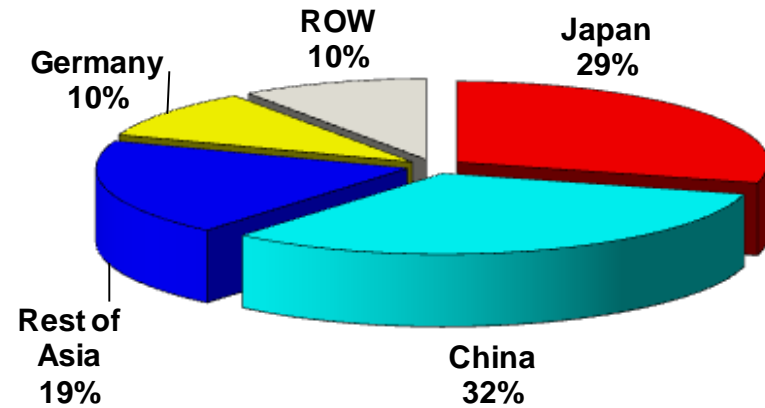
- 2012 Ingot capacity 750MW
- Further expansion on hold

Diversifying customer base

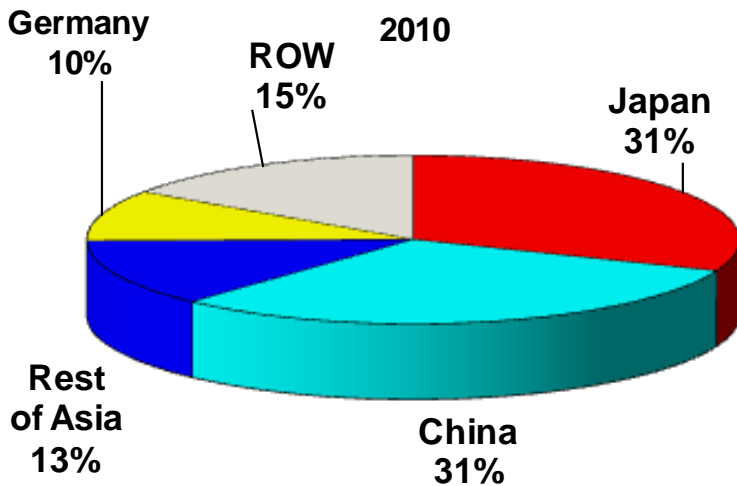
2009



2011



2010



- Shipments to customers in Asia exceeded 80% of revenues
- Shipments to Taiwan grew by over 50%

- Reduction in production output
 - Suspension of internal polysilicon production
 - Ingot wafer production reduced

- Focus on long term contract customers
 - enables prices to be negotiated above spot levels

- Pricing negotiations with suppliers successfully concluded for H1 2012
 - Will enable >20% reduction in direct production cost

- Inventory and working capital management
 - Trading excess polysilicon

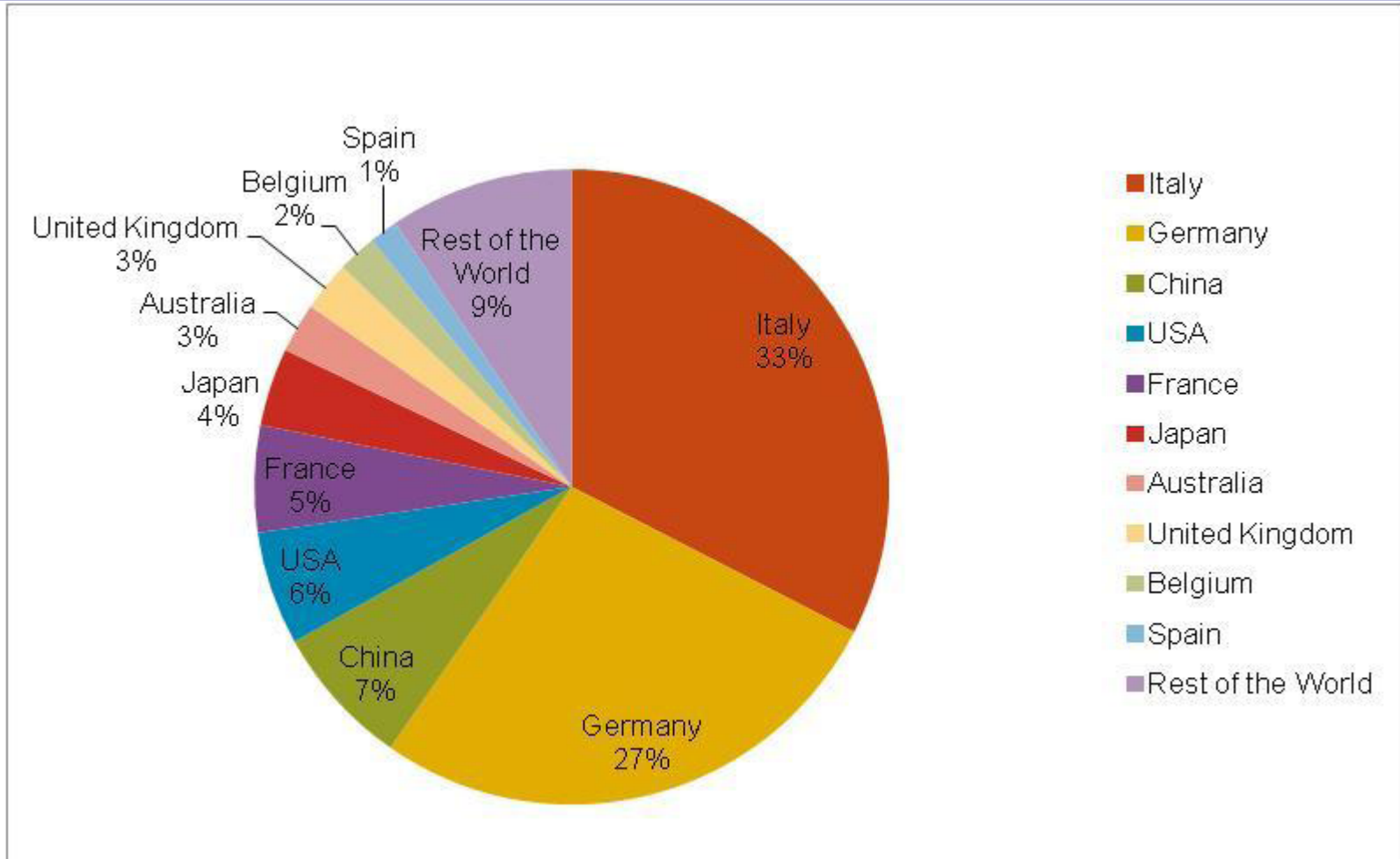


- Increase in output to 1218MT in 2011
 - Up from 823MT in 2010
- Bottleneck identified limiting nameplate capacity to 1600MT
- Investment of €4m would increase capacity to 2000MT
 - Not currently under consideration
- Production temporarily suspended from December 2011
 - Short-term working hours

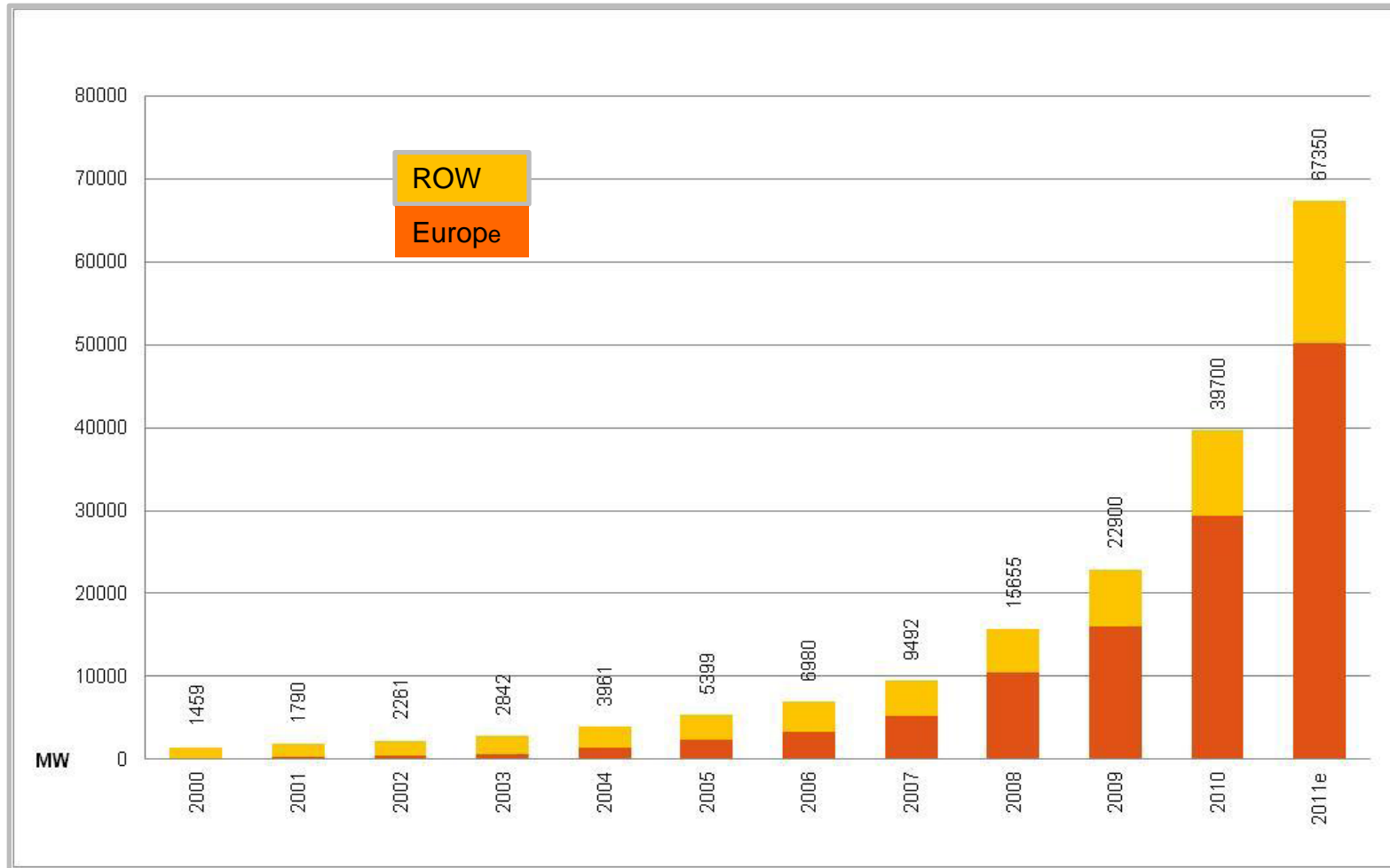


Global PV Market

2011 Global PV installations



- 27.7GW in 2011
- 70% Growth on 2010
- Europe remains dominant market





Outlook

- Challenging conditions maintained in 2012
 - Industry predicts little growth in global PV demand in 2012
 - Reduced demand in Europe following policy adjustments in two key markets
- Compensation for termination of long term wafer supply contract expected by year end
- Accelerate cost reduction and efficiency programmes
 - >20% reduction already achieved through negotiations with suppliers
 - Improved crystallisation and development of diamond wire technology
- Cash conservation strategy will continue for the foreseeable future
 - Production currently running at 40% of the average 2011 levels
- Shipments expected to be in the range of 80-100MW in H1 2012
- Trading excess polysilicon in order to optimise inventory levels



Q&A