



PV Crystalox Solar plc

2012 Interim Results

16 August 2012

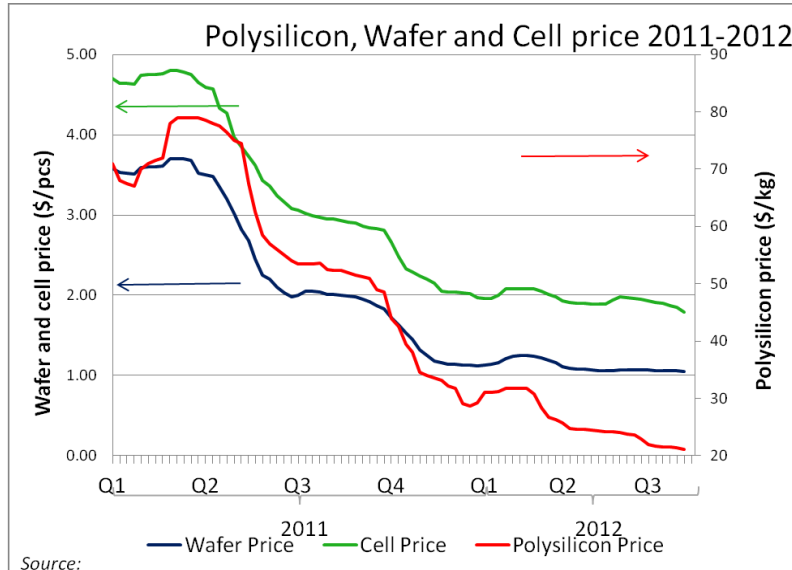
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- Intensively competitive PV industry environment continues in H1 2012
 - Price pressure across the value chain
 - Vast industry overcapacity primarily in China

- Wafer spot prices fell 70% in 12 months from April 2011. Continuing to fall at slower rate
 - Spot prices remain below industry production costs
- Formal antidumping investigations in USA, China and Europe

- **Cash conservation strategy continues**
 - Operating at significantly reduced wafer production levels
 - Sales to LT contract customers with prices at a premium to spot prices

- **Revenues €32.6m (2011: €129.6m)**
 - Shipment volumes reduced to 61MW (2011: 204MW)
 - Includes trading of polysilicon

- **Compensation for termination of a LT wafer supply contract in H1**
 - Cash settlement of approximately €90m

- **Net cash position significantly strengthened**
 - €122.4 million at end of June 2012 (€22.6m at end 2011)

- **No satisfactory agreement on wafer prices and volumes with two customers**
 - Seeking resolution through arbitration



Financials

- Revenues €32.6m (H1 2011: €129.6m)
- Pre-exceptional EBITDA -€7.1m (H1 2011: €36.4m)
- EBIT loss €14.2m before exceptional items (H1 2011: Profit €28.8m)
- Reported EBIT loss €12.2m (H1 2011: Profit €24.3m)
- Net cash of €122.4m at 30 June 2012 (31 Dec 2011: €22.6m)

Financial Overview

(€'000)	06/2012 Before Exceptionals	06/2012 Exceptionals	06/2012 Total	06/2011 Before Exceptionals	06/2011 Exceptionals	06/2011 Total
Revenues	32,632		32,632	129,593		129,593
Other income	2,074	98,700	100,774	2,582		2,582
EBIT exc currency gain	(15,012)	1,994	(13,018)	25,073	(4,449)	20,624
Currency gain	850	-	850	3,719	-	3,719
EBIT	(14,162)	1,994	(12,168)	28,792	(4,449)	24,343
Net interest income	255	-	255	262		262
Earnings before taxes (EBT)	(13,907)	1,994	(11,913)	29,054	(4,449)	24,605
Income taxes	(9,761)	(6,270)	(16,031)	(7,321)	1,121	(6,200)
Earnings	(23,668)	(4,276)	(27,944)	21,733	(3,328)	18,405
Earnings per share (€ cents)			(6.9)			4.5
Free cash Flow			97,479			2,720
Net cash			122,426			41,322

Exceptional items

(€m)	30-Jun-12
Onerous contract provision and charge	(37.5)
Payment by customers for settlement or amendment to contracts	98.4
Impairment	(44.7)
Inventory write down	(14.2)
Total exceptional items	<u>2.0</u>

Summary consolidated balance sheet

(€m)	30-Jun-12	30-Jun-11	31-Dec-11
Current Assets	204.8	215.3	191.9
Non-current Assets	90.6	196.5	160.7
Total Assets	296.4	411.8	352.6
Current Liabilities	43.8	106.9	86.5
Non-current Liabilities	60.5	24.0	48.9
Share Cap & Non-dist Reserves	76.4	76.2	76.2
Profit & Loss Reserves	115.7	204.7	141.0
Total Liabilities and Shareholder Equity	296.4	411.8	352.6

Summary cash flow & net cash/(debt) analysis

(€m)	30-Jun-12	30-Jun-11	31-Dec-11
Adjusted Earnings before tax	87.3	36.8	16.5
Tax paid	-0.1	-7.1	-9.1
Adjusted Earnings after tax	87.2	29.7	7.4
Changes in working capital	11.2	-12.1	-6.7
Net cash flows in investing activities	-0.9	-14.9	-20.7
Free cash flow*	97.5	2.7	-20.0
Net cash flows used in financing activities	-42.3	-20.3	-9.6
Net change in cash in period	55.2	-17.4	-29.6
Cash and equivalents, start of year	71.7	101.3	101.3
Cash and equivalents, end of period/year	126.9	83.9	71.7
Group borrowings	-4.5	-42.6	-49.1
Net Cash	122.4	41.3	22.6

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



Operational and Strategic Review

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

- Focus on long term contract customers
 - Prices negotiated above spot levels

- Pricing negotiations with polysilicon suppliers and subcontractors concluded for H2 2012
 - Will enable >20% reduction in direct production cost to be maintained

- Inventory and working capital management
 - Trading excess polysilicon to avoid excess inventories



Global PV Market

- **Formal antidumping investigations in USA, China and Europe**
 - Interim duties of 30-250% levied on Chinese cells in USA
 - China launches investigation of polysilicon imports from USA and South Korea
 - 20 European PV companies file complaint to EU commission accusing Chinese competitors of unfair trade practices
- **Global PV market in transition**
 - Incentives in key European markets declining but growth in Japan and China expected to compensate
- **Europe**
 - Germany FIT reduction backdated to April. Monthly degressions aimed at restricting annual installations to 2.5-3.5GW
 - Italian PV incentive budget expected to be halved
- **China**
 - PV installation targets raised to 21GW by 2015 and 50GW by 2020
 - 4GW expected in H2 2012 alone
- **Japan**
 - JPY42 FIT now finalised. Fixed for 20 years



Outlook

- **Challenging conditions maintained in H2 2012**
 - Pressure on pricing and intensely competitive market to continue
 - Growth in installations in China, Japan and USA to compensate for reductions in Europe

- **Cash conservation strategy will continue for the foreseeable future**
 - Production currently running at 20% of capacity
 - Wafer ASPs in H2 expected to be maintained significantly above spot levels
 - Group expects to incur operating loss in H2

- **Shipments expected to be in the range of 100-120MW for 2012**

- **Board to make necessary decisions during H2 to serve shareholders best interests**



Q&A