



PV Crystalox Solar plc
2014 Preliminary Results
19 March 2015

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- **Market conditions have deteriorated since Q1 2014**
 - Industry impacted by over-supply and trade disputes
- **Wafer prices have fallen back to mid-2013 levels**
 - Spot prices close to historic lows and below industry production costs
 - Polysilicon pricing has not fallen so sharply and is further pressurising margins
- **Global PV installations in 2014 at record levels of around 45-48GW**
 - China remains the major market with over 10GW of installations
 - Double digit growth forecast for 2015 global market
- **PV trade disputes between USA and China continue to plague PV industry**
 - US confirms anti-subsidy and anti-dumping duties on China/Taiwan imports
 - China halts temporary polysilicon imports -Loophole was used to circumvent anti-dumping duties

- **Cash conservation strategy continues**
 - No shipments to LT contract customers in 2014
 - Strengthening relationships with new customers in Taiwan and Europe
- **Shipment volumes held stable at 212MW (2013: 211MW)**
 - Shipments in line with production volumes
 - Impact of lower wafer ASPs without LT contract premium
- **Stronger US dollar providing some relief on margins**
 - Group costs incurred primarily in JPY and euros
 - Group revenues in USD
- **Request for ICC arbitration filed with one long term contract wafer customer**
 - Despite extensive negotiations we have been unable to agree pricing which would enable resumption of supply



Financials

- Revenues €53.3m (2013: €71.4m)
- Other Income €12.1m (2013: €2.7m)
- LBT €(4.7)m (2013*: Profit €6.6m)
 - Negative impact from revised assumptions on onerous contract provisions (OCP)
- Net cash flow from operating activities €(15.7)m (2013*: €4.4m)
- Net cash of €24.6m on 31 Dec 2014 (2013: €39.2m)
- Inventories of €28.6m on 31 Dec 2014 (2013: €13.0m)

** 2013 figures are for continuing operations*

Financial Overview

(€000)	31-Dec-14	31-Dec-13
Revenues	53,132	71,442
Cost of materials and services	(65,694)	(55,103)
Overheads	(11,120)	(11,572)
Other income	12,132	2,696
Currency (loss)/gain	9,043	3,081
EBIT	(2,306)	10,528
Net finance cost	(2,344)	(3,902)
Earnings before taxes (EBT)	(4,650)	6,626
Income taxes	(2)	(390)
(Loss)/earnings from continuing operations	(4,652)	6,236
Loss on discontinued operations	-	(2,577)
(Loss)/earnings	(4,652)	3,659
Earnings per share on continuing activities (€cents)	(3.0)	1.7

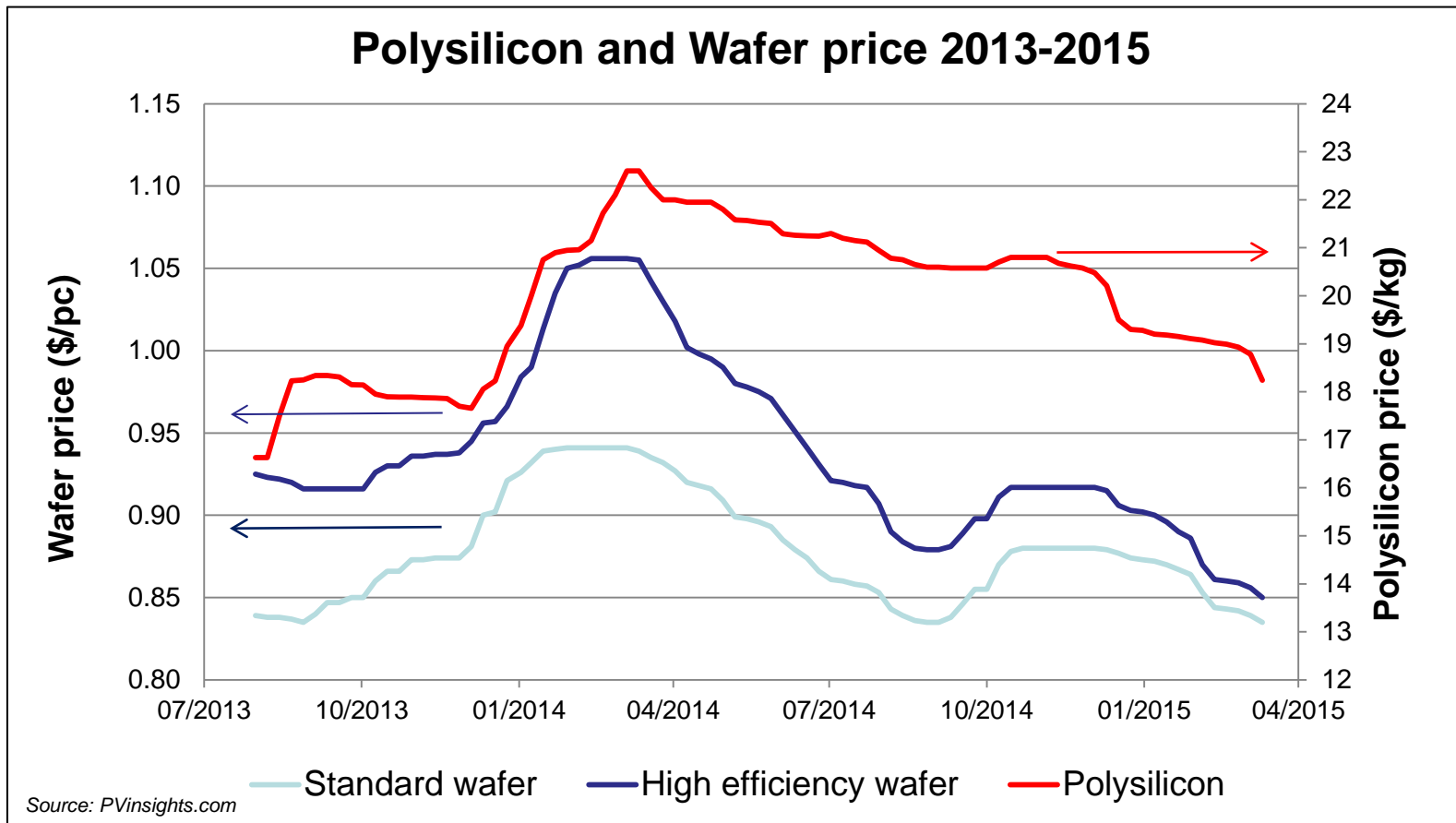
Summary consolidated balance sheet

(€m)	31-Dec-14	31-Dec-13
Current Assets	71.0	78.0
Non-current Assets	7.8	17.1
Total Assets	78.8	95.1
Current Liabilities	21.5	22.5
Non-current Liabilities	1.4	14.2
Share Cap & Reserves	55.9	58.4
Total Liabilities and Shareholder Equity	78.8	95.1

Summary cash flow analysis (€m)	31-Dec-14	31-Dec-13
Operating cash pre-working capital after taxes	(16.6)	(19.9)
Changes in working capital	0.9	24.2
Exchange difference	1.3	(2.3)
Net cash flows in investing activities	(0.2)	(1.4)
Cash return to shareholders	-	(36.3)
Other cash flows used in financing activities	(0.7)	(3.4)
Net cash flow from discontinued operations	-	(15.7)
Net change in cash in period	(15.3)	(54.8)
Cash and equivalents, start of year	39.9	94.7
Cash and equivalents, end of period	24.6	39.9
Group loans	-	(0.7)
Cash / (net debt)	24.6	39.2



Operational and Strategic Review



- Wafer prices have given up gains seen in Q1 2014 and fallen to historic lows
- Margins negatively impacted by lower pricing and higher polysilicon costs
 - Polysilicon pricing has been more resilient

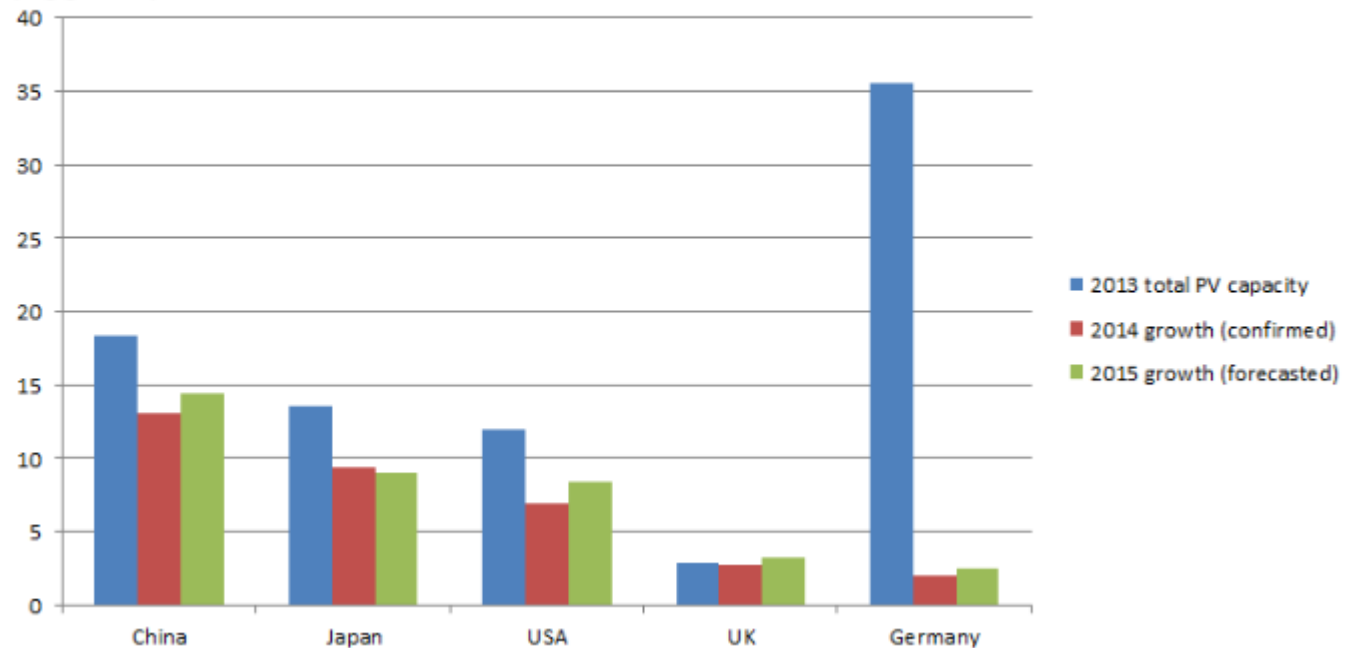
- **Output increased to around 30% of our maximum 750MW ingot capacity**
 - Developing new customer relationships in Taiwan and Europe
 - Group remains cautious in view of unfavourable market pricing
 - Weakening of JPY and euro against USD providing some relief on margins
- **Accommodation reached with two long term contract polysilicon suppliers**
 - Formal amendment of one contract concluded to reduce pricing and reschedule volumes
 - Adjustments to volumes and pricing of the other contract negotiated on periodic basis
 - Polysilicon inventory increased during H2 2014 as trading became more difficult
- **Three remaining long term contract wafer customers at start of 2014**
 - €8.7m final settlement received from customer in administration
 - Settlement with second customer in administration expected during 2015
 - Magnitude expected to be significantly lower
 - Arbitration request filed with ICC after failing to agree resumed supply to third customer



Global PV Market

PV capacity and growth of the five largest markets

(In gigawatts)



- Global PV installations expected to increase by around 20% in 2015
 - Analysts forecast a range 53-57GW
- China, Japan and USA are key markets
 - Importance of Europe greatly diminished. Europe market share >75% until 2011.
 - Total installed capacity in China expected to overtake Germany in 2015

- **China imposes 42% anti-dumping duties on polysilicon imports from Europe**
 - Duties up to 60% previously imposed on imports from US/Korea in 2013
 - Imports from Wacker exempted in view of minimum price commitments
- **China halting temporary polysilicon imports to close loophole**
 - Previously duties could be avoided if finished product was exported ie cells/modules
- **US imposes duties on modules partially manufactured in China**
 - Anti-subsidy duties up to 35% finalised in January 2015
 - Chinese manufacturers were avoiding duties by using cells manufactured in Taiwan.
- **US announces reduction of duties on Chinese modules in December 2014**
 - Duties of 30-35% imposed in 2012 have been reduced to 17.5%
- **EU belatedly taking a tougher stance on imports of Chinese modules**
 - Three companies suspected of flouting rules removed from the minimum price agreement
 - Investigations underway on the use imports from third party countries to evade restrictions



Outlook

- **Strong growth in global PV installations forecast for 2015**
 - Analyst forecasts in range 53-57GW
 - China, Japan and USA to remain dominant markets

- **Pressure on pricing across the value chain expected to remain in short term**

- **Cash conservation strategy continues**
 - Remaining cautious and limiting production output until pricing recovers
 - Preserving core production capabilities

- **Renewed focus on working capital management**
 - Some improvement in polysilicon trading seen in Q1 2015

- **Critical to establish during 2015 whether Group can achieve a competitive position**
 - Develop cost structure compatible with market pricing



Q&A