



PV Crystalox Solar plc

2014 Interim Results

21 August 2014

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- Intensively competitive PV industry environment continues in H1 2014
 - Oversupply causing price pressure across the value chain (except polysilicon)
- Wafer prices have fallen back to mid-2013 levels
 - Spot prices below industry production costs
 - Polysilicon pricing has held on to most of gains
- Global PV installations lower than expected in H1 2014
 - Weaker demand in China but full year domestic target of 13GW affirmed
 - Strong growth in H2 expected to increase 2014 global full year installations by 20%
- PV trade disputes resume in USA and China
 - US imposes anti-subsidy and anti-dumping duties on China/Taiwan imports
 - China halts temporary polysilicon imports -Loophole used to circumvent anti dumping duties

- **Cash conservation strategy continues**
 - Some increase in wafer production levels
 - No further shipments to LT contract customers
 - Strengthening relationships with new customers in Taiwan and Europe
- **Revenues €30.1m (H1 2013: €28.3m)**
 - Shipment volumes increased by 18% to 99MW (H1 2013: 84MW)
 - Impact of lower market pricing
- **Net cash position remains healthy**
 - €35.4m at end of June 2014 (€39.2m at end 2013)
- **€8.7m to be received in customer settlement in September 2014**
 - Will be treated as income in H2



Financials

- Revenues €30.1m (H1 2013: €28.3m)
- LBIT on continuing operations €5.8m (H1 2013: Profit €4.0m)
- Loss from continuing operations €6.9m (H1 2013: Profit €1.3m)
- Net cash of €35.4m at 30 June 2014 (31 Dec 2013: €39.2m)

Financial Overview

(€'000)	30-Jun-14	30-Jun-13	31-Dec-13
Revenues	30,087	28,305	71,442
Cost of materials and services	(31,337)	(24,695)	(55,103)
Overheads	(6,127)	(5,880)	(11,572)
Other income	3,274	2,443	2,696
Currency (loss)/gain	(1,671)	3,778	3,081
EBIT	(5,774)	3,951	10,528
Net finance cost	(1,160)	(2,410)	(3,902)
Earnings before taxes (EBT)	(6,934)	1,541	6,626
Income taxes	(3)	(200)	(390)
(Loss)/earnings from continuing operations	(6,937)	1,341	6,236
Loss on discontinued operations	-	(3,360)	(2,577)
(Loss)/earnings	(6,937)	(2,019)	3,659
Earnings per share on continuing activities (€ cents)	(4.4)	0.3	1.7

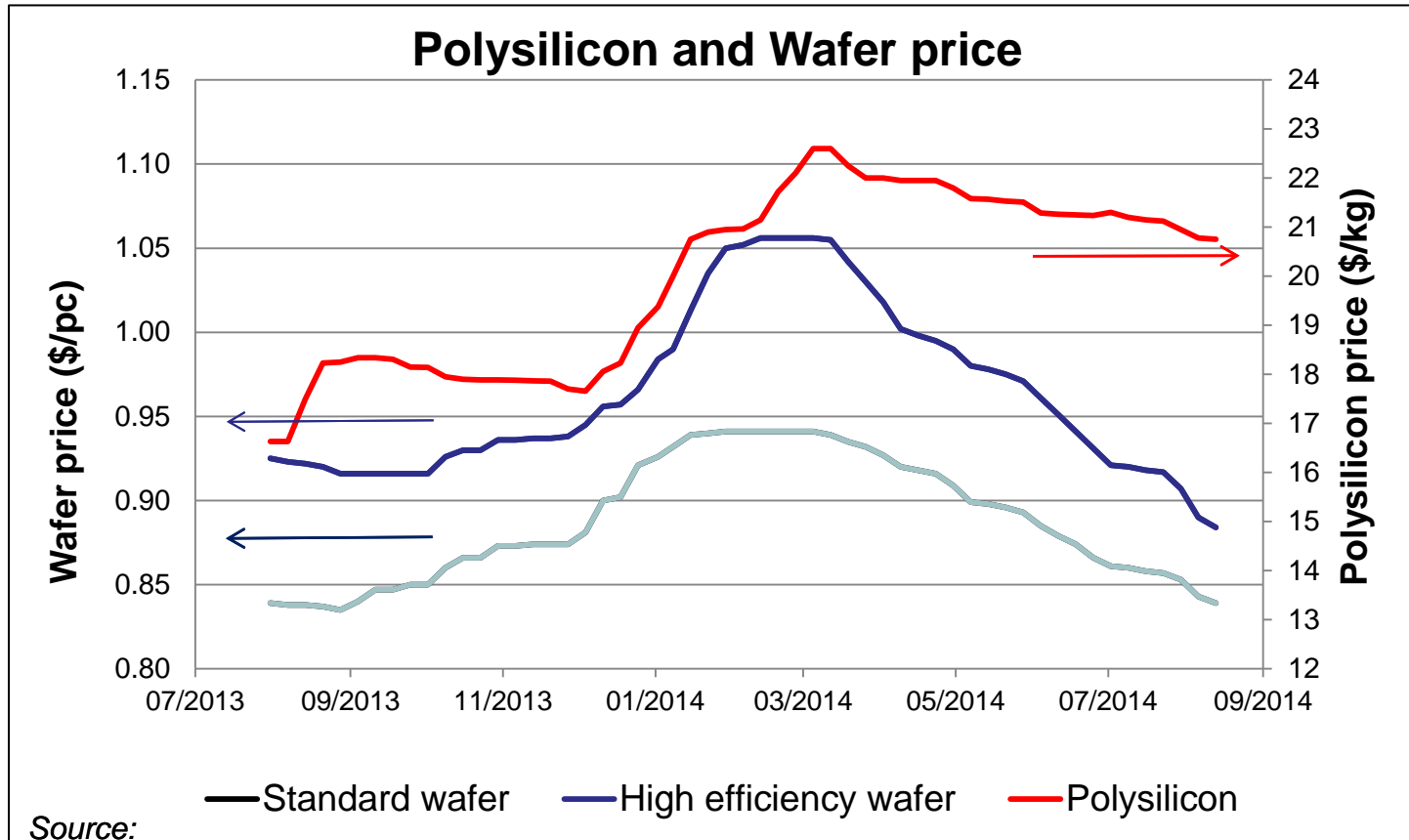
Summary consolidated balance sheet

(€m)	30-Jun-14	30-Jun-13	31-Dec-13
Current Assets	70.5	123.7	78.0
Non-current Assets	13.8	22.8	17.1
Total Assets	84.3	146.5	95.1
Current Liabilities	21.7	26.0	22.5
Non-current Liabilities	8.9	31.9	14.2
Share Cap & Reserves	53.7	88.6	58.4
Total Liabilities and Shareholder Equity	84.3	146.5	95.1

Summary cash flow analysis (€m)	30-Jun-14	30-Jun-13	31-Dec-13
Continuing operations			
Operating cash pre-working capital after taxes	(10.6)	(12.1)	(19.9)
Changes in working capital	5.9	5.3	24.2
Exchange difference	1.0	(1.9)	(2.3)
Net cash flows in investing activities	(0.1)	(1.7)	(1.4)
Cash return to shareholders	-	-	(36.3)
Other cash flows used in financing activities	(0.7)	0.8	(3.4)
Net cash flow from discontinued operations	-	(15.7)	(15.7)
Net change in cash in period	(4.5)	(25.3)	(54.8)
Cash and equivalents, start of year	39.9	94.7	94.7
Cash and equivalents, end of period	35.4	69.4	39.9
Group loans	-	(5.4)	(0.7)
Cash / (net debt)	35.4	64.0	39.2



Operational and Strategic Review

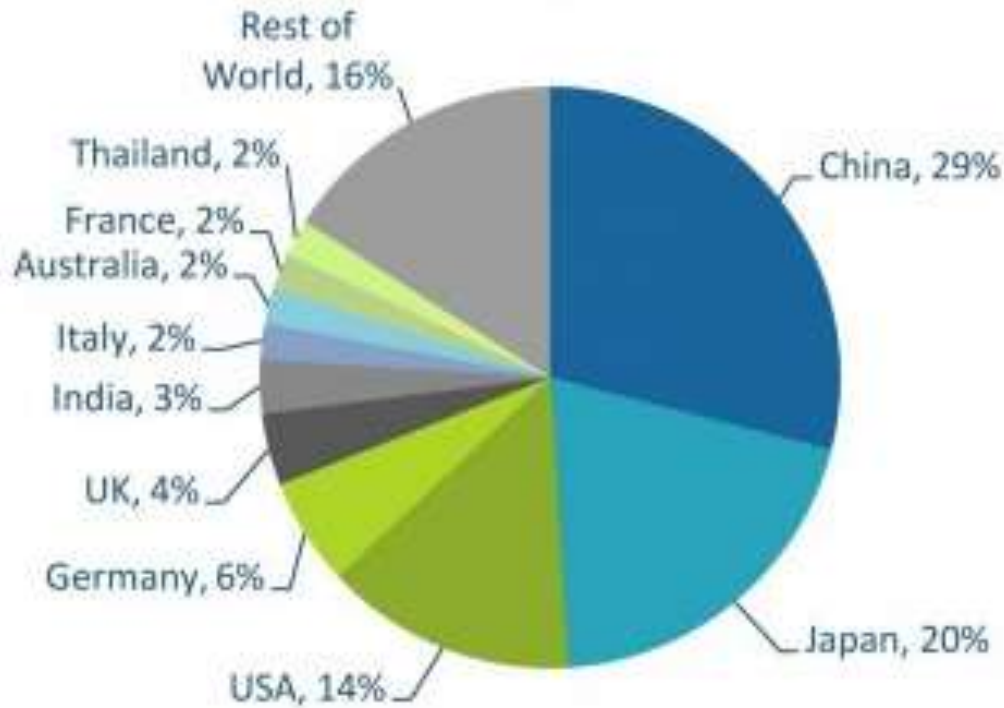


- Margins negatively impacted by lower pricing and higher polysilicon costs
 - Polysilicon pricing has risen by over \$4/kg since mid-2013
 - Wafer prices failed to hold on to earlier gains and have fallen back to mid-2013 levels

- Operating at around 30% of our maximum 750MW ingot capacity
 - Developing new customer relationships in Taiwan and Europe
 - Modest increase in shipments expected in H2
 - Group remains cautious in view of unfavourable market pricing
- Accommodation reached with 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
 - Excess polysilicon traded during 2014 to manage inventories
- Status of three remaining long term contract wafer customers
 - €8.7m settlement agreed with customer in administration
 - Settlement with other customer in administration expected within 12months
 - Magnitude expected to be significantly lower
 - Discussions ongoing with customer still active in the PV industry



Global PV Market



- **Global PV Installations expected to increase by around 20% in 2014**
 - Weak demand in China in H1-only 3.3GW installed
- **Global PV market in transition**
 - China, Japan and USA are key markets
 - Importance of Europe diminished

- **China extends polysilicon anti dumping duties to imports from Europe**
 - Duties of 42% announced on 1 May 2014
 - Imports from Wacker exempted in view of minimum price commitments
 - Duties up to 60% previously imposed in July 2013 on imports from US/Korea
- **US imposes duties on modules partially manufactured in China**
 - Anti-subsidy duties up to 35% announced on 4 June 2014
 - Anti-dumping duties of 26-165% announced on 25 July 2014 - Final decision in Jan 2015
 - Chinese manufacturers were avoiding duties previously imposed in 2012 by using cells manufactured overseas, particularly in Taiwan.
- **China to halt temporary polysilicon imports from 1 September 2014**
 - Announcement on 15 August 2014 will close loophole
 - Previously duties could be avoided if finished product – ie cells/modules was exported.



Outlook

- **Strong market growth expected in H2 2014**
 - Global installations up 20% on 2013 expected to positively impact wafer prices
 - China and Japan to dominate in H2

- **Positive long term outlook for PV industry**

- **Final US decision on anti dumping duties**
 - Expected in January 2015

- **Cash conservation strategy continues**
 - Remaining cautious and limiting production until pricing recovers
 - Group full year 2014 shipments expected to be 200-220MW (2013: 211MW)

- **Retaining full ingot/wafer operating capability**
 - Positioning Group for return of more rational market



Q&A