



**PV Crystalox Solar plc**  
**2016 Preliminary Results**  
**23 March 2017**

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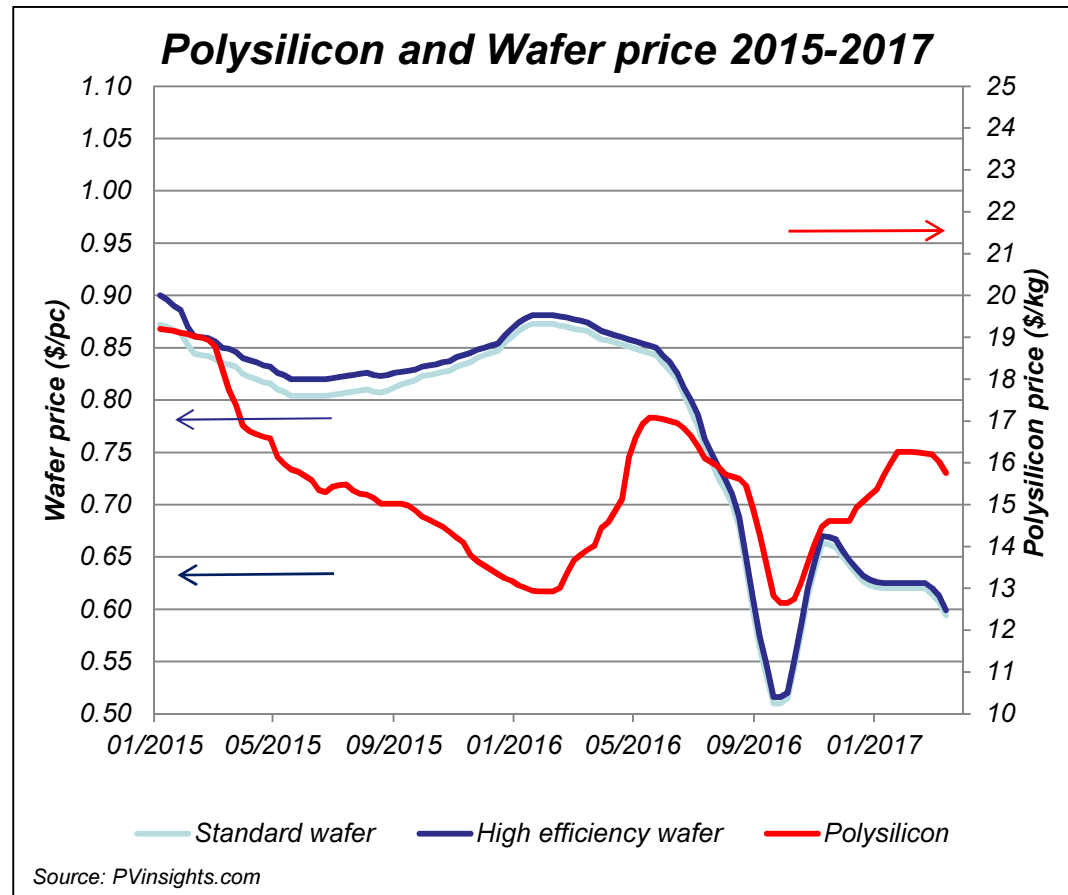
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- **Industry environment deteriorated sharply during H2 2016**
  - Favourable conditions experienced in H1
  - Multicrystalline silicon wafers/cells plagued by overcapacity primarily in China
  - Wafer prices collapsed to new historic lows in H2 due to slowdown in China installations
  - Recent recovery in polysilicon pricing negatively impacting wafer production costs
- **Global PV installations above expectations >20% growth to 75GW in 2016**
  - Dramatic growth in China with installations more than doubling to 34GW
  - Weaker growth forecast for global market in 2017 and 2018
- **PV trade disputes between USA/Europe and China continue**
  - China maintains anti dumping duties on polysilicon imports
  - Minor adjustments to US duties on Chinese module imports
  - EU minimum import price agreement (MIP) on Chinese modules extended for 18 months
    - Negligible impact as most companies have exited agreement and shipping modules from SE Asia



- Polysilicon and wafer pricing following different trajectories
  - H1 Market environment relatively favourable for wafer producers
  - Wafer prices plunged precipitously during H2 with only a modest recovery

# 2016 Overview

- **Shipment volumes much reduced at 114MW (2015: 203MW)**
  - Wafer production now only in our internal facility in Germany
    - Production at subcontractor in Japan suspended in 2015
  - Additional block shipments equivalent to 10MW
- **Burden of final long term polysilicon contract removed**
  - Agreement reached with supplier to terminate contract in September 2016
  - Significant portion of advance payment returned
- **Significant reduction in polysilicon inventory and release of cash**
  - Polysilicon inventory reduced by 85% during 2016
  - Significant reduction in working capital
- **Arbitration with long term wafer supply contract customer**
  - Contract with major PV company signed in 2008 with deliveries over seven year period
  - No shipments since 2013 and arbitration request filed with ICC in March 2015
  - Mediation process in Q4 2016 unsuccessful

- **Niche French low carbon footprint wafer market**
  - Group enjoys competitive advantage
  - Some limited shelter from market pricing pressure
  
- **Further restructuring measures to reduce production costs and overheads**
  - UK Ingot production will be phased out during 2017
  - Closure of ingot production facilities
  - Ingots will be purchased from external supplier
  - Blocking continues in the UK
  - Wafer production in Germany to be maintained
  
- **ICC arbitral evidentiary hearing scheduled for end-March 2017**
  - Filed for arbitration in March 2015 after being unable to agree terms with long term wafer contract customer which would have enabled resumption of supply
  
- **Strategy review extended until judgment received from arbitral tribunal**
  - Judgement expected Q3 2017



## Financials

# Financial Overview

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- Revenues €56.7m (2015: €64.5m)
- EBT of €1.7m (2015: LBT of €(13.7)m)
- Net cash from operating activities €18.0m (2015: €(12.9)m)
- Net Cash €28.8m (2015: €12.7m)
- Inventories €11.2m (2015: €23.2m)



# Financial Overview



(€'000)	31-Dec-16	31-Dec-15
<b>Revenues</b>	<b>56,732</b>	<b>64,464</b>
Cost of materials and services	(48,622)	(64,268)
Overheads	(15,707)	(14,219)
Other income	5,376	1,187
Currency (loss)/gain	3,860	(184)
<b>EBIT/LBIT</b>	<b>1,639</b>	<b>(13,020)</b>
Net finance income/(cost)	61	(643)
<b>Earnings before taxes (EBT)</b>	<b>1,700</b>	<b>(13,663)</b>
Income taxes	44	(94)
<b>Profit/(Loss) from operations</b>	<b>1,744</b>	<b>(13,757)</b>
<b>Earnings per share (Euro cents)</b>	<b>1.1</b>	<b>(8.8)</b>

# Summary consolidated balance sheet



(€m)	31-Dec-16	31-Dec-15
Current Assets	43.8	44.9
Non-current Assets	1.8	7.2
<b>Total Assets</b>	<b>45.6</b>	<b>52.1</b>
Current Liabilities	3.5	7.1
Non-current Liabilities	0.3	0.2
Share Cap & Reserves	41.8	44.8
<b>Total Liabilities and Shareholder Equity</b>	<b>45.6</b>	<b>52.1</b>

# Cash flows

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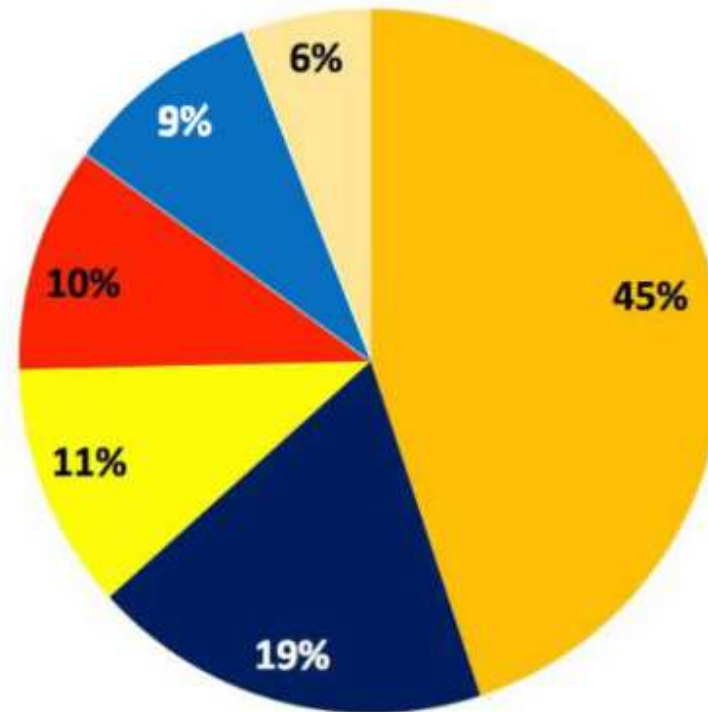
Summary cash flow analysis (€m)	31-Dec-16	31-Dec-15
Operating cash pre-working capital after taxes	2.7	(25.3)
Changes in working capital	15.2	12.4
Exchange difference	(1.7)	0.8
Net cash flows from investing activities	(0.1)	0.2
<b>Net change in cash in period</b>	<b>16.1</b>	<b>(11.9)</b>
Cash and equivalents, start of year	12.7	24.6
Cash and equivalents, end of period	28.8	12.7

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## Global PV Market

# 2016 Global PV Demand



Source: Solar Power Europe

■ China ■ USA ■ Japan ■ RoW ■ Europe ■ India

- Global PV installations increased to 75MW
  - Market heavily dependent on growth in Asia, particularly China
- Global installed PV capacity exceeded 300GW at end 2016.
  - Almost eightfold growth since 40GW at end of 2010
  - Total installed capacity in China overtook Germany during 2015



## Outlook

- Only weak growth forecast for global PV installations in 2017
  - China and USA to remain major markets
- Industry prospects bleak without price recovery
  - Oversupply of multicrystalline wafers/cells expected to continue
- Ingot production to be phased out during 2017
  - Block and wafer production to be maintained using ingots from external supplier
- Arbitration judgement on wafer contract expected during Q3
  - Evidentiary hearing scheduled to take place 27-29 March
- Strategic review to be concluded following receipt of arbitration judgement



Q&A

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