



PV Crystalox Solar plc

2011 Interim Results

18 August 2011

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- Wafer shipments up 23% to 204MW (H1 2010: 165MW)
- Revenues up by 16% at €129.6m (H1 2010: €111.7m)
- EBIT up by 161% to €24.3m (H1 2010: €9.3m)
- Net cash position at 30 June 2011 of €41.3m (31 Dec 2010: €54.8m)

*Strong H1 performance but continued expectation of difficult trading conditions in H2*

## Progress against Strategic Objectives

- Broadening geographical customer base with major PV companies
- Capacity increases on schedule and within budget
- 10% reduction in average wafer production cost in H1 2011
- Bitterfeld expected to operate at nameplate polysilicon production capacity in H2 2011



## Financials

# Financial Highlights

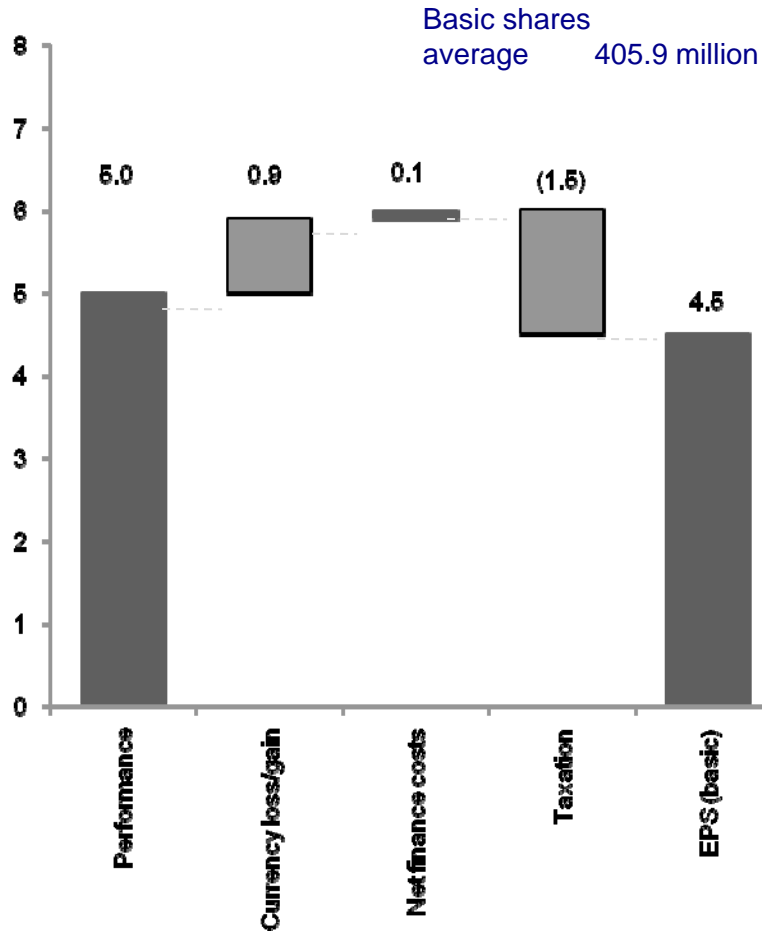
- Revenues at €129.6m (H1 2010: € 111.7m)
- Volume growth outperformed price decline
  - Volume growth of 23%
  - ASP decline of 6%, accelerated in Q2
- EBIT (excluding currency movements) of €20.3m (H1 2010: €12.4m)
  - Currency gain of €3.7m (H1 2010: loss of €3.1m)
  - €4.4m inventory write down
- Earnings after tax €18.4m (H1 2010: €6.7m)
- No dividend declared
- Net cash of €43.1m at 30 June 2011 (31 Dec 2010: €54.8m)

## Statement of comprehensive income (€000) Half Year to 30 June 2011

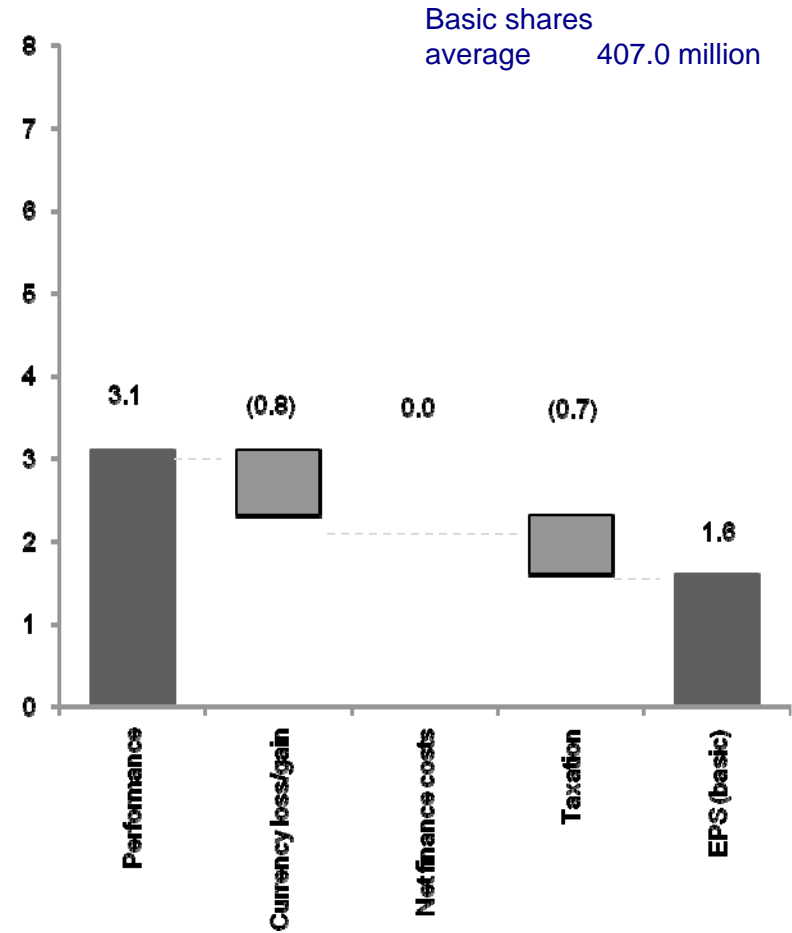
(€000)	30-Jun-11	30-Jun-10	Change
<b>Total Revenues</b>	<b>129,593</b>	<b>111,653</b>	<b>16.1%</b>
EBIT excluding currency (losses)/gains	20,624	12,395	66.4%
Currency gains/(losses)	3,719	-3,083	
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>24,343</b>	<b>9,312</b>	<b>161.4%</b>
Net interest income	262	143	83.2%
<b>Earnings before taxation</b>	<b>24,605</b>	<b>9,455</b>	<b>160.2%</b>
Taxation	-6,200	-2,803	121.2%
<b>NET INCOME</b>	<b>18,405</b>	<b>6,652</b>	<b>176.7%</b>
Basic Earnings per share (Euro cents)	4.5	1.6	181.3%

# Drivers of EPS

## H1 2011 (euro cents)



## H1 2010 (euro cents)





# Summary consolidated balance sheet

(€m)	30-Jun-11	31-Dec-10
Current Assets	215.3	232.9
Non-current Assets	196.5	179.0
<b>Total Assets</b>	<b>411.8</b>	<b>411.9</b>
Current Liabilities	106.9	95.4
Non-current Liabilities	24.0	35.7
Share Cap & Non-dist Reserves	76.2	76.0
Profit & Loss Reserves	204.7	204.8
<b>Total Liabilities and Shareholder Equity</b>	<b>411.8</b>	<b>411.9</b>

# Summary cash flow & net cash/(debt) analysis



(€m)	30-Jun-11	30-Jun-10	30-Dec-10
Adjusted Earnings before tax	32.4	14.3	41.5
Tax paid	-7.1	-3.0	-7.8
Adjusted Earnings after tax	25.3	11.3	33.7
Changes in working capital	-7.6	-5.7	-23.5
Net cash flows in investing activities	-14.9	-2.3	-16.5
<b>Free cash flow*</b>	<b>2.8</b>	<b>3.3</b>	<b>6.3</b>
Net cash flows used in financing activities	-20.2	28.9	7.2
Net change in cash in period	-17.4	32.2	0.9
Cash and equivalents, start of year	101.3	100.4	100.4
Cash and equivalents, end of period	83.8	132.6	101.3
Group loans	-42.5	-55.5	-46.5
<b>Cash / (net debt)</b>	<b>41.3</b>	<b>77.1</b>	<b>54.8</b>

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



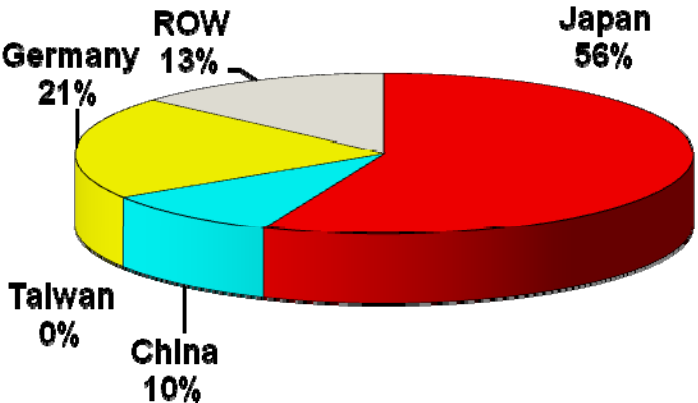
## Strategy and Operational Review

- Continued focus on operating cost reduction
  - Operating Bitterfeld polysilicon facility at full capacity
  - Production efficiencies
  - Higher yields
- Flexibility of production
  - diversity in sourcing polysilicon
  - optionality in wafering
- Continued focus on major PV companies
  - Diversifying customer base
  - Enhance relationship with existing customers
  - New customers in major markets Taiwan
- Further development of the leading silicon processing technology
  - Working with customers to increase product quality and develop next generation of wafer technology

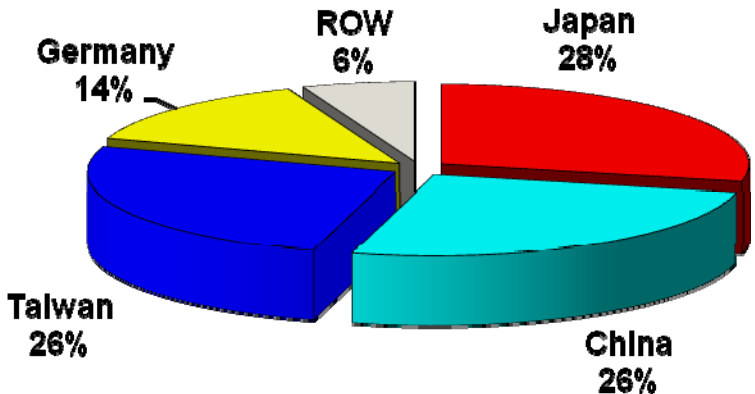
Strengthen position as a leading pure-play solar wafer manufacturer

# Diversifying customer base

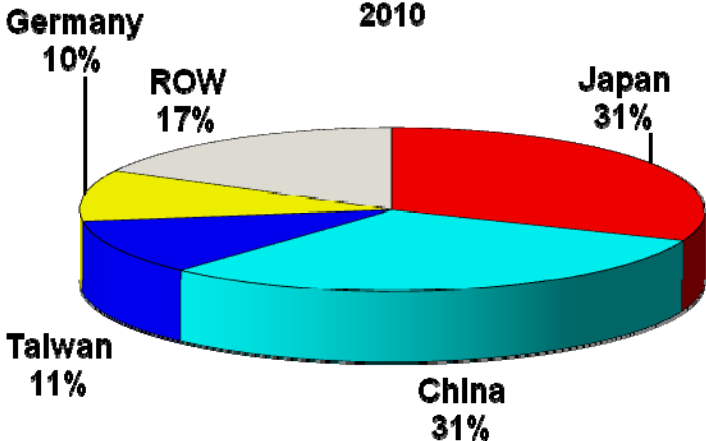
2009



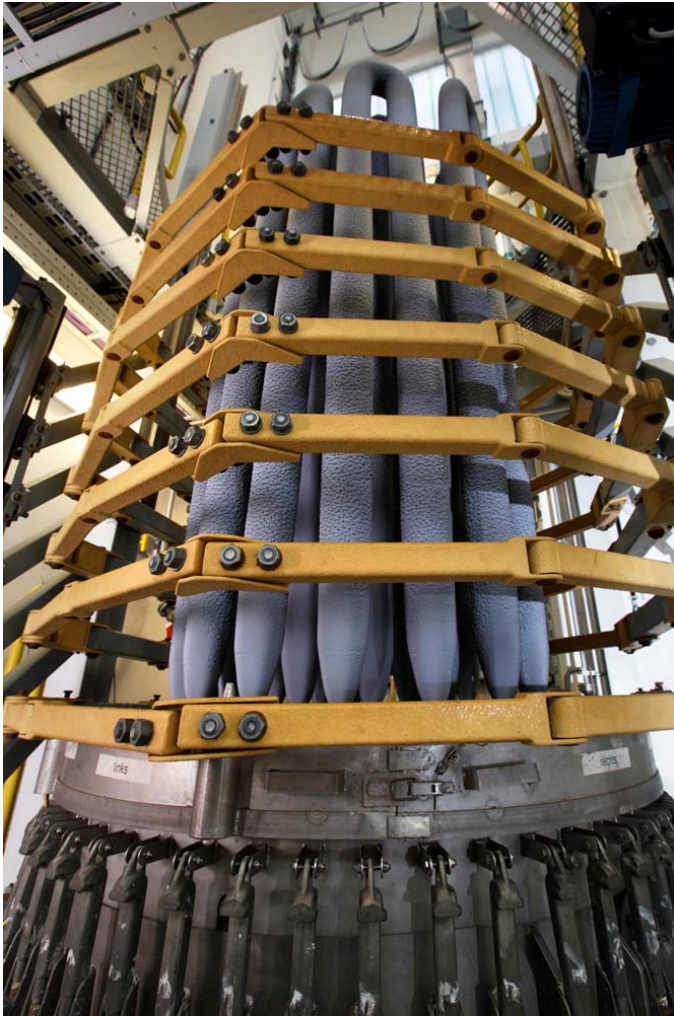
H1 2011



2010



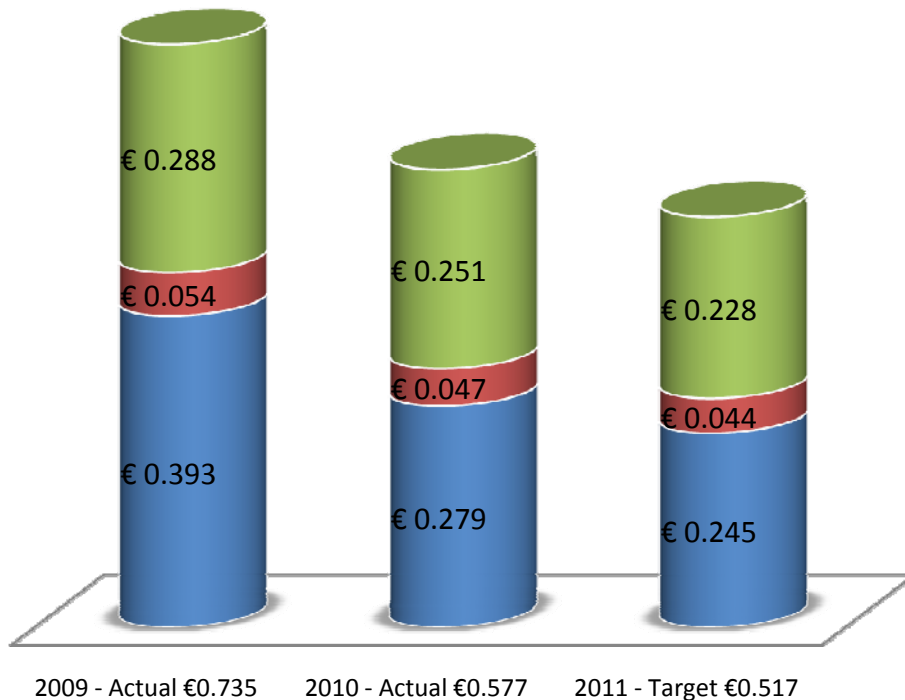
- Good progress in expanding and broadening geographical customer base
- Shipments to customers in Asia exceeded 80% of revenues
- Japan, Taiwan and China each account for in excess of 25% of revenues



- Annualised output averaging 1475MT during the first five months of 2011, prior to scheduled maintenance shutdown in June
- Expected to operate at nameplate capacity of 1800MT during H2 2011
- Fully loaded production cost since August 2010 has been below the average price of our contracted polysilicon from external suppliers.
- Significant driver of future profitability

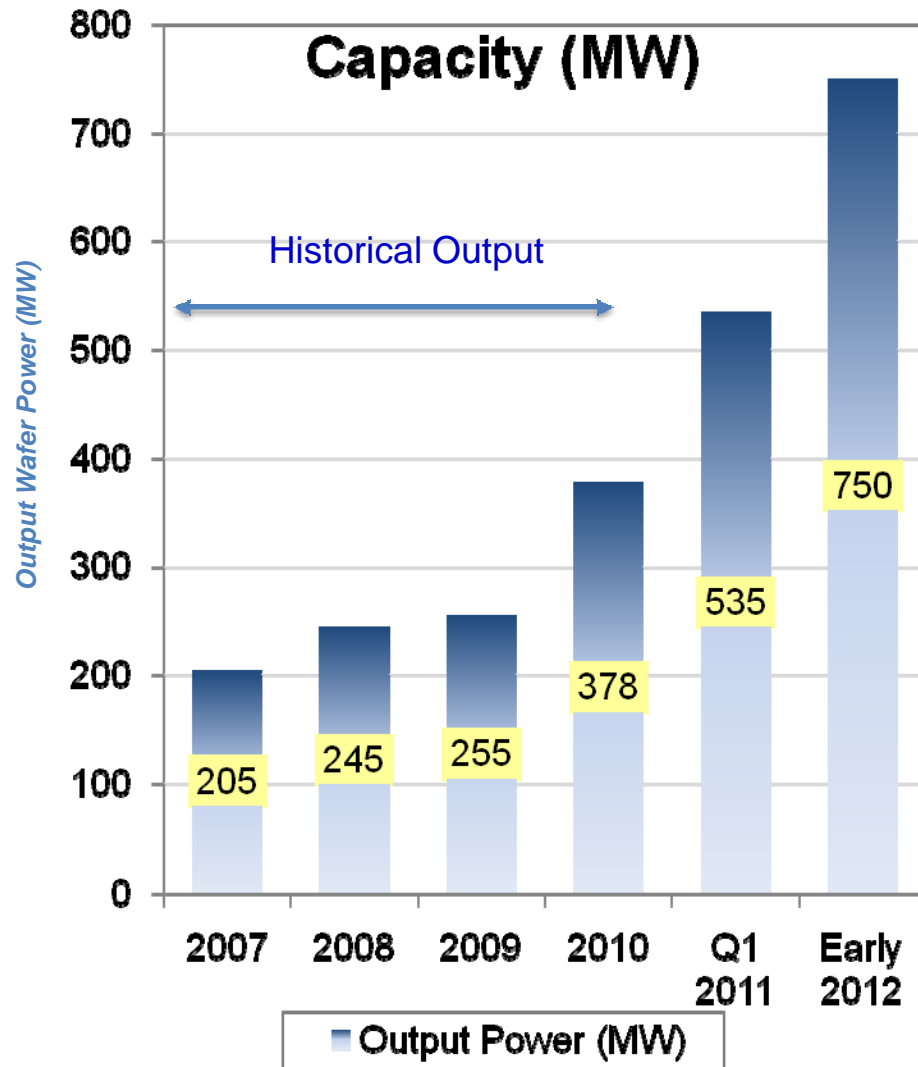
## PVCS Wafer Cost (€/W)

■ Blocking & Wafering ■ Ingot Production ■ Silicon Cost



- 10% reduction in wafer cost in H1
- H1 2011 Actual 0.512/W, ahead of full year target
- Further 5% to 10% cost reduction expected in H2 2011

Cell efficiency assumed at 16.0%



- Ingot production capacity increasing
  - Expansion to 535MW completed on schedule and within budget during Q1 2011
  - Next phase underway and will reach 750MW by early 2012

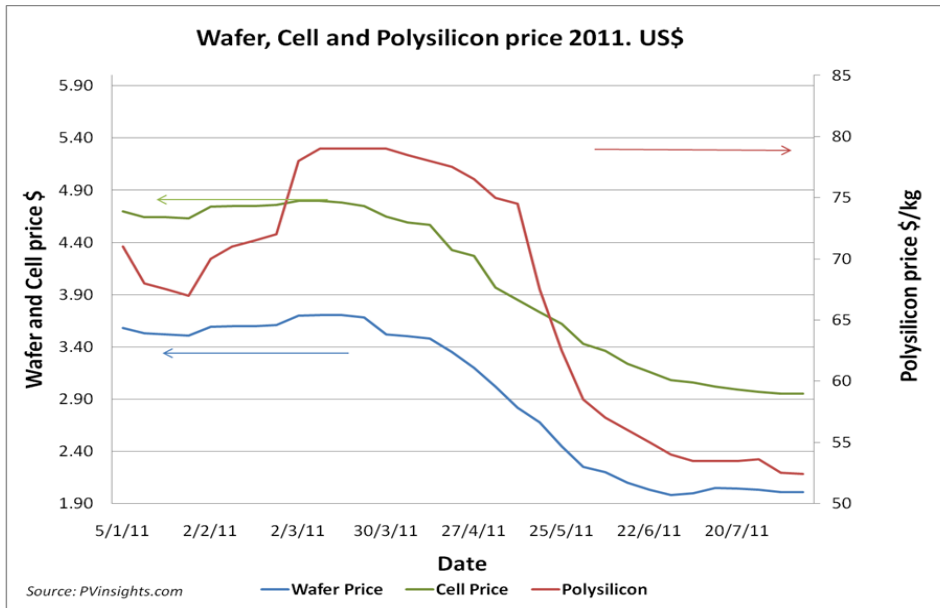


	<b>430 MW to 535MW</b>	<b>535 MW to 750MW</b>
	2010 – Q1 2011	2011- Early 2012
Ingot production	Y	Y
Blocking and wafering	Y	
Polysilicon plant	Y	
Estimated Total	€25m	€10m

- 535MW to 750MW ingot production only – previously planned €30m including blocking and wafering
- Option for further capacity expansion to 1GW in 2013 remains under consideration.



## Global PV Market and Outlook



## ● 2011 Market conditions

- Weak H1 PV end market demand in key markets Germany and Italy
- Full year global installations still expected to be 19–21GW, compared to 6-7GW in H1
- High levels of inventory and weaker demand led to collapse in spot pricing across value chain late in H1
- Pricing pressure currently persisting

## ● Measures being undertaken

- Accelerated cost reduction of 10% in H1
- Further production cost reductions planned for H2
  - Targeting a minimum further 5-10% reduction in 2011
  - Lower polysilicon cost from our internal production will be a key contributor
  - Negotiating price reductions with key suppliers

## Challenging trading conditions

- FY global installations 19GW to 21GW
  - In advance of FIT cuts in 2012 in Germany and Italy
- Recent pricing pressures currently persisting
- PVCS expected 2011 output 400MW - 450MW

## Actions being taken

- Minimum 5% -10% cost reductions expected in H2 2011
  - Negotiating supplier price reductions
  - Lower wafering costs
  - Lower internal polysilicon costs
- Capacity expansion
  - 750MW by early 2012
  - expansion to 1GW remains under review

## Medium Term

- Increased demand expected in a number of significant markets, particularly China, Japan and the US

- Strong performance in H1 despite difficult conditions
- Good progress against strategic objectives
- 45% reduction in wafer spot price in May and June
- Recent pricing pressures persisting
- Medium term developments in China, Japan and US, markets should assist in growth of the industry