



PV Crystalox Solar

Interim Results 2008

August 2008

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H1 2008 Highlights

- Revenue growth 32% for core silicon products
 - €126.1m (2007: €92.8m)
- Net profit growth 172%
 - €36.9m (2007:€13.6m)
- Wafer shipments 110MW (2007:89MW)
- Bitterfeld silicon production facility—construction on schedule
 - Capital spend expected within revised €100m budget
- Net cash €95.2m (2007:€93.7m)
- Interim dividend of €0.02 per share

PV Crystalox Solar plc interim results 2008

<u>(€m)</u>	<u>H12008</u>	<u>H12007</u>	<u>Change</u>
Sales – Silicon Products	126.3	92.8	32%
Sales – Equipment, Parts & Trading	0.2	30.8	-99%
Total Sales	126.3	123.6	2%
EBIT	50.5	22.6	123%
EBIT Margin	40%	18.3%	



Operational review

Operational Review

- Shift in product mix completed
 - All ingots now processed into wafers
- Leading PV industry on wafer thickness reduction
 - All wafers supplied at 200µm or below
 - 40% of wafers shipped at 180µm
- Focus on major PV companies
 - 77% of silicon product sales to top 15 global producers
 - 86% of silicon product sales to Japan, Germany and China
- Six new long term wafer supply agreements secured during H1 with leading PV companies including;
 - Suntech
 - Schott Solar
 - Q Cells
 - SpectraWatt

- Increased polysilicon supply in 2008
 - Total contracted polysilicon for 2008: 1540MT (2007:1280 MT)
 - 1010MT silicon processed in H1 2008
- Long term supply contracts have enabled control of material costs
 - Gross profit increased
- Impact of tight scrap supply situation has been limited by:
 - increased in-house recycling
 - improved silicon utilisation
- Supply contract with one of current polysilicon suppliers extended to 2014

- Construction of buildings to house production, facilities, administration and warehouse/machine shops is finished
- Chemical equipment (distillation columns, gas separation, tanks, etc.) on site
- Steelwork to support chemical equipment and pipe bridges with connection to Evonik/Degussa for delivery of chlorosilane are nearly finished (90%)
- Installation of Siemens reactors for silicon deposition underway and progressing as planned
- Recruiting and training of personnel is progressing well
- Total investment for the plant within budget
- Start commissioning and ramp up as planned in December
- Silicon production scheduled to start early 2009
 - 500-650MT expected to be converted into wafers in 2009

Silicon Plant – Reactor Building for silicon deposition



Silicon Plant – Reactor Building with lower section of reactors



Silicon Plant – Chemical equipment for gas separation and distillation





1. Administration and silicon processing, 2. Reactor Building for silicon deposition
3. Warehouse/machine shops

Silicon Plant – View from cooling tower to
1. Pipe bridges to
2. Evonik/Degussa plant



- **Germany**

- In July 2008 a new feed-in-tariff for solar electricity with increase in annual regression was approved by Parliament:

Annual regression in Feed-in Tariff				
	Current	2009	2010	2011
Roof top <100kW	5%	8%	8%	9%
Roof top >100kW	5%	10%	10%	9%
ground mounted	6.5%	10%	10%	9%

- In addition a “growth corridor” is defined where tariff is adjusted by +/-1% depending on market growth:

	“Growth corridor”
2009	1000 MWp – 1500 MWp
2010	1100 MWp – 1700 MWp
2011	1200 MWp – 1900 MWp

- The PV Industry estimates that there is enough potential for cost reduction to cope with the new and more demanding regulation.

- **Spain**

- In September 2008 installations will reach market cap of ca. 1200 MWp and a new feed-in tariff will be established. Proposal from the Government calling for reduction of current feed-in-tariff and a cap of 300 MWp per year is under discussion and decision expected in Q4.

- **Other European Countries**

- Subsidies and feed-in-tariffs in place in Belgium, France, Greece and Italy. These markets are small at present in comparison with Germany and Spain but are expected to grow considerably in the future.

- **USA**

- Both Presidential candidates favour increased usage of renewable energies but without any indication of detailed strategy
- Increasing support for solar electricity on the state level.



Financials

Financial Highlights

PV Crystalox plc Group Consolidated Income Statement

	30-Jun-08	30-Jun-07	
	€000	€000	Change
Revenues - Silicon Products	126,061	92,796	+35.8%
Revenues - Equipment, Parts & Trading	225	30,762	-99.3%
Total Revenues	126,286	123,558	+2.2%
Net Profit	52,832	22,922	+130.5%
Cash flow from operating activities	36,893	15,874	+132.4%

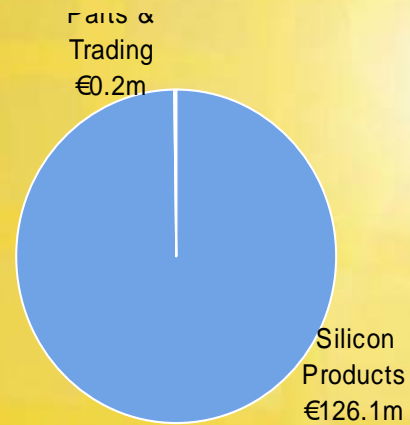
- Higher volume
- Higher sales prices
- Trading activity curtailed
- Higher margins
- Strong cash flow

Key financial – Summary Income Statement

Income statement (€m) Half Year to 30 June

	30-Jun-08	30-Jun-07	
	€000	€000	Change
Total Revenues	126,286	123,558	+2.2%
Earnings Before Interest & Tax (EBIT)	50,506	22,607	+123.4%
Earnings Before Interest, Tax, Dpcn & Amrtn (EBITDA)	52,884	24,758	+113.6%
NET INCOME	36,932	13,576	+172.0%
Basic Earnings per share (Euro cents)	9.0	3.6	+150.0%

Sales breakdown by activity (2008)



Total revenues = €126.3 million

Silicon products and trading operations

- Facilitated major supplier and customer relationships
- As expected not resumed at request of our customer

Summary balance sheet

Consolidated Balance Sheet (€m)	30-Jun-08	30-Jun-07	31-Dec-07
Current Assets	206.3	247.0	243.9
Non-current Assets	80.8	23.4	42.4
Total Assets	287.1	270.4	286.3
Current Liabilities	57.3	87.5	77.6
Non-current Liabilities	21.3	13.5	17.2
Share Cap & Non-dist Reserves	78.7	78.7	78.7
Profit & Loss Reserves	129.8	90.7	112.8
Total Liabilities and Shareholder Equity	287.1	270.4	286.3

Summary cash flow & net cash/(debt) analysis

Summary cash flow & net cash/(debt) analysis (€m)	30-Jun-08	30-Jun-07
Earnings after taxes	37.7	20.5
Changes in working capital	-0.8	-4.6
Net cash flows in investing activities	-29.8	-2.7
Free cash flow	7.1	13.2
Net cash flows used in financing activities	-46.5	73.3
Net change in cash in period	-39.4	86.5
Cash and equivalents, start of year	147.9	61.5
Cash and equivalents, end of period	108.5	148.0
Group loans	-13.3	-54.3
Cash / (net debt)	95.2	93.7



Outlook

Outlook

- Secured polysilicon supply
 - Contract with major polysilicon supplier extended to 2014
 - Bitterfeld solar-grade silicon production site progressing to plan
- Improved silicon utilisation
 - Wire sawing for internal block production-90% reduction in kerf loss
 - Continued transition to 180 μm wafers
 - Increased recycling
- Expected 2008 output 220-225MW
 - H2 2008 wafer output secured at H1 pricing
- Ingot production capacity expansion underway from 290MW to 350MW by Q1 2009
- Further long term wafer supply contracts expected to secure >95% sales for 2009-2011
- Expected 2009 output 280-295MW
- Confident of outlook for the full year 2008