PV Crystalox Solar

Interim Results 2009

19 August 2009

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Contents

2009 H1 Overview

Resilient performance despite challenging trading conditions

Market Dynamics

- Challenging market dynamics with general weaker demand and pricing pressure
  - 2009 module installations expected to be down between 20% and 30%

Key Metrics

- Wafer shipments 100MW (2008:110MW)
- Revenues broadly maintained
- Margins impacted
  - Lower volumes
  - Bitterfeld start up costs
  - 50MT of high priced polysilicon related to premium priced wafer contract
  - Negative currency impact
- Bitterfeld polysilicon production commenced
- Good cash generation

Financials

Financial Highlights

- Revenues of €121.6m (2008: €126.3m)
- EBIT excluding currency impact and Bitterfeld costs was €41.8m (H1 2008: €46.8 m)
  - Currency loss of €13.7m
  - Bitterfeld costs of €6.6m
- Reported EBIT €21.5m (H1 2008: €50.5m)
- Net cash of €77.5m at 30 June 2009 (31 Dec 2008: €81.1m)
- New banking facilities in Japan ¥2 billion
- Interim dividend of €0.02 per share (2008: €0.02)

Financial Highlights

(€'000)	30-Jun-09	30-Jun-08	Change
Total Revenues	**121,594**	**126,286**	**-3.7%**
EBIT exc currency gain/loss and Bitterfeld costs	41,839	46,760	-10.5%
Currency loss/gain	-13,694	3,746	
Bitterfeld costs	-6,609	0	
EBIT	21,536	50,506	-57.4%
Net Income	16,396	36,932	-55.6%
Earnings per share (euro cents)	4.0	9.0	-55.6%
Cash flow from operating activities	8,619	36,893	-76.6%
Cash balance	77,508	95,174	-18.6%

Key financial – Summary Income Statement

Income statement (€'000) Half Year to 30 June 2009

(€'000)	30-Jun-09	30-Jun-08	Change
Total Revenues	**121,594**	**126,286**	**-3.7%**
EBIT excluding currency (losses)/gains	35,230	46,760	-24.7%
Currency (losses)/gains	-13,694	3,746	
Earnings Before Interest & Tax (EBIT)	21,536	50,506	-57.4%
Net interest income	689	2,326	-70.4%
Earnings before taxation	22,225	52,832	-57.9%
Taxation	-5,829	-15,900	-63.3%
NET INCOME	**16,396**	**36,932**	**-55.6%**
Basic Earnings per share (Euro cents)	4.0	9.0	-55.6%

Summary consolidated balance sheet

(€m)	30-Jun-09	30-Jun-08	31-Dec-08
Current Assets	202.2	206.3	234.3
Non-current Assets	153.4	80.8	139.6
Total Assets	**355.6**	**287.1**	**373.9**
Current Liabilities	56.1	57.6	86.3
Non-current Liabilities	36.4	20.6	42.9
Share Cap & Non-dist Reserves	80.4	79.4	79.7
Profit & Loss Reserves	182.7	129.5	165.0
Total Liabilities and Shareholder Equity	**355.6**	**287.1**	**373.9**

Summary cash flow & net cash/(debt) analysis

(€m)	30-Jun-09	31-Dec-08	30-Jun-08
Earnings before tax	19.6	143.0	52.4
Tax paid	-25.6	-32.7	-17.4
Earnings after tax	-6.0	110.3	35.0
Changes in working capital	13.7	-26.4	-0.8
Net cash flows in investing activities	-14.7	-61.0	-29.8
Free cash flow*	**-7.0**	**22.9**	**4.4**
Net cash flows used in financing activities	2.6	-74.0	-43.87
Net change in cash in period	**-4.4**	**-52.1**	**-39.4**
Cash and equivalents, start of year	96.8	147.9	147.9
Cash and equivalents, end of period	92.4	96.8	108.5
Group loans	-14.9	-15.7	-13.3
Cash / (net debt)	**77.5**	**81.1**	**108.3**

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

Currency (Loss)/Gains

(€m)	30-Jun-09	31-Dec-08
Revaluation of cash balances	-3.6	16.9
Revaluation of Group loans	-5.3	11.3
Revaluation of Group advances	-1.2	-
Debtor/creditor revaluation	-0.3	0.4
Revaluation of suppliers/customers deposits	-3.3	7.7
Total currency (loss)/gain	**-13.7**	**36.3**

Drivers of EPS

euro cents	30-Jun-09	30-Jun-08
Performance	10.2	11.4
Currency (loss)/gain	-3.4	0.9
Bitterfeld Start-up	-1.6	
Net Finance Costs	0.2	0.6
Taxation	-1.4	-3.9
EPS (Basic)	**4.0**	**9.0**
EPS (Adjusted for currency and Bitterfeld)	**7.5**	**8.4**
Basic shares average (000s)	**409,600**	**409,626**

Operational review

Operational Review

- Sales volumes down by 9% to 100MW
  - contract deferrals of 27MW
- Average wafer price maintained in H1
  - Existing sales contracts
    - Quantity of premium priced wafers
  - Strong customer relationships
  - Strengthening of Japanese Yen
- Focus on major PV companies
  - 85% of revenues to top 20 global producers in Japan, Germany and China
  - Our top 5 customers accounted for 80% of sales
- Ingot production capacity now at 350MW
- Polysilicon manufacturing facility in Bitterfeld - production commenced in July 2009

Development at Bitterfeld – New silicon production

- Production started July - 2MT produced during month
- All systems of the plant are working well.
- Ramp-up phase at low volume production to optimize process parameters

Development at Bitterfeld – New silicon production

- Chemical section of the plant operating to design specifications
  - transfer of chlorosilane via pipeline from adjacent Evonik plant,
  - tank farms
  - distillation columns
  - gas separation system
  - hydrogenation reactors to convert $SiCl_4$ into $SiHCl_3$
- Continuous training of operators with support from Evonik to maintain high level of plant safety
- Total staff of 97 permanent employees
- €6.6m start up costs in H1 (similar costs expected in H2)

Development at Bitterfeld – New silicon production (contd.)

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- Silicon production started in July 2009, successful silicon deposition runs resulted in rods with diameter of 100 mm to 150 mm
- Conversion of silicon to multicrystalline ingots and blocks successfully carried out.
- Analytical evaluation revealed resistivity and lifetime results consistent with standard production using bought in polysilicon feedstock
- Ramp-up to produce 200MT polysilicon in 2009
- Target for 2011 remains at 1800MT

Global PV Markets

Global PV Market

- Global economic downturn and financial crisis resulted in reduced customer demand for small PV roof-top systems and difficulties in financing large scale (multi-MW) systems

- Estimates for installed systems world-wide for 2009 are in the range of 4GW to 5GW. In 2008 ca. 5.6GW were installed

- Lower demand and increased production capacities in all steps of the value chain resulted in strong pressure on PV-system prices

PV market demand

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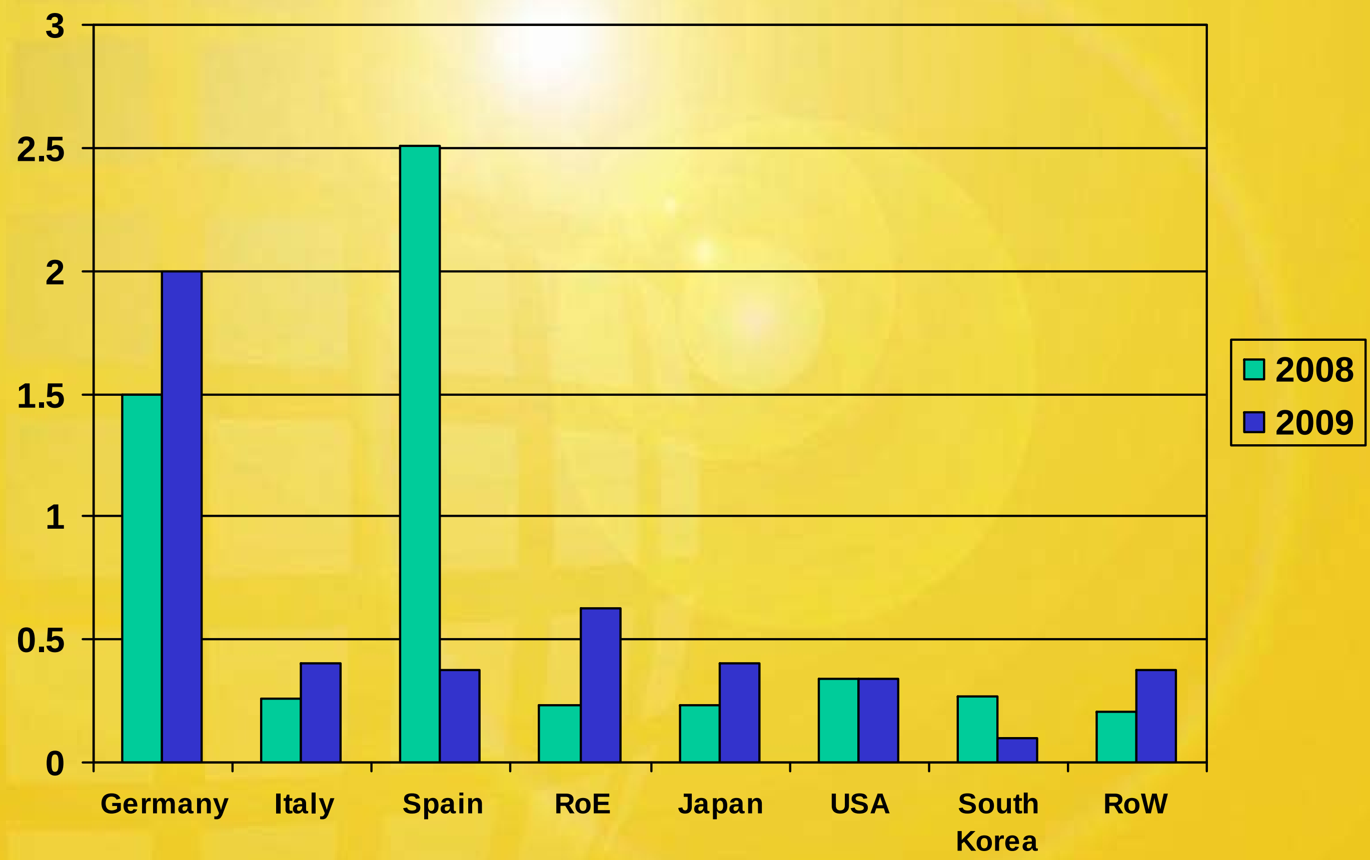
2008: 5.56GW

2009: 4.62GW (estimated)



SOURCE: EPIA MODERATE

Growth in the long term

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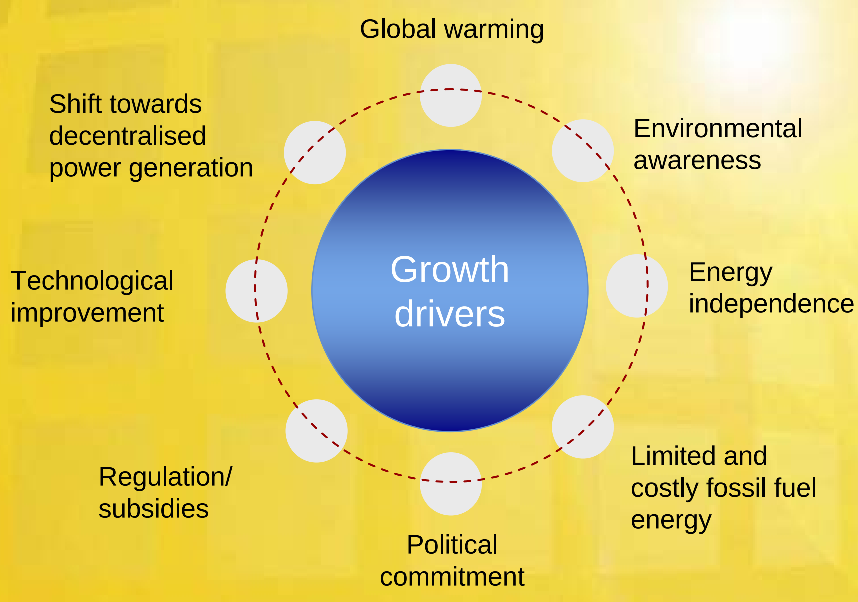
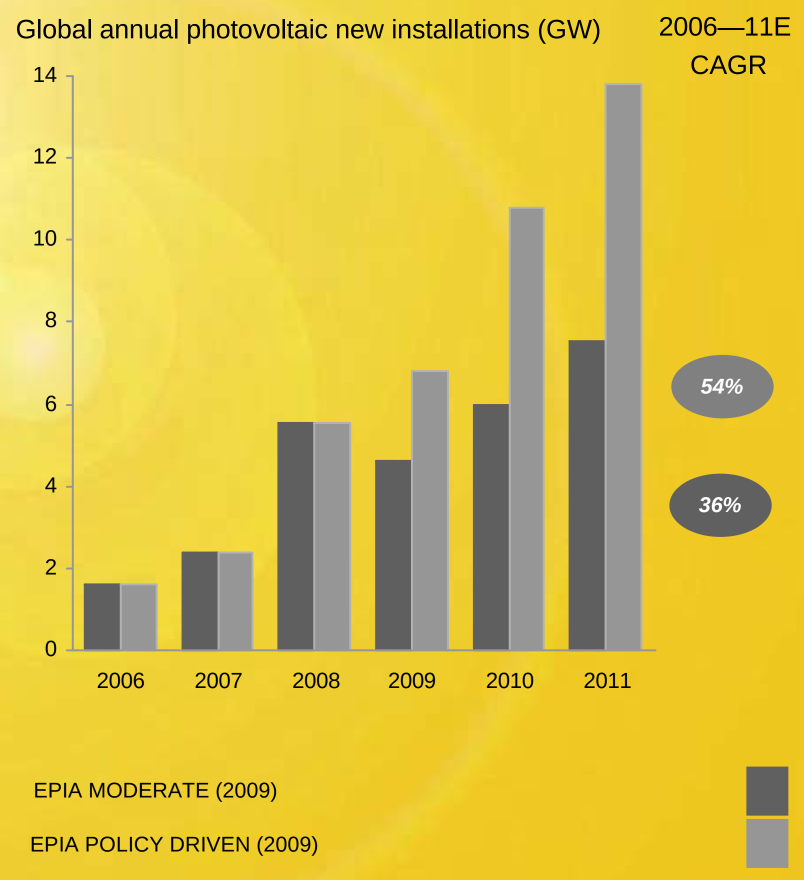
Key drivers for solar electricity market



Substantial growth potential for solar electricity



Source: EPIA (European Photovoltaic Industry Association), Photon

Political commitment to develop solar electricity

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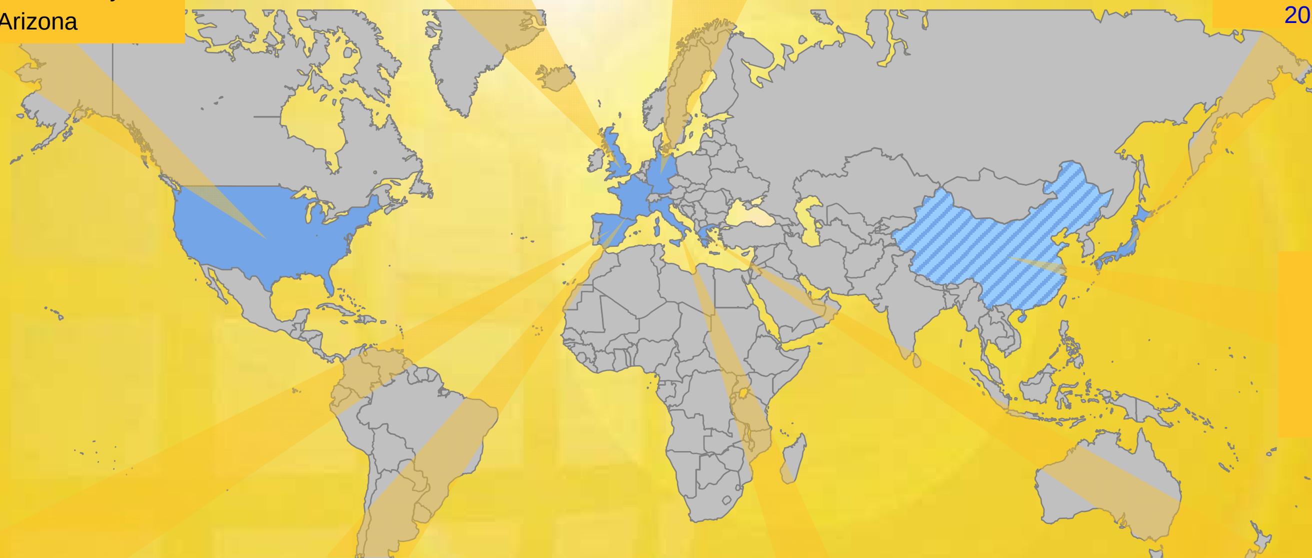
Governments have put in place subsidy schemes to prompt photovoltaic electricity development

USA
- Federal PV tax credit
- State initiatives
  - California
  - NY
  - New Jersey
  - Arizona

UK
- £2000 grant for residential applications
- feed-in tariff expected in 2010

Germany
- Feed-in tariff of €0.43/kWhr guaranteed for 20 years
- 8-9% annual regression
- No program cap

Japan
- JPY9bn subsidy program reintroduced in 2009.
- Feed-in tariff expected in 2010.
- 14GW target by 2020



China
- Golden Sun program provides 50% subsidies
- Feed-in tariff scheme announced

Spain
- Feed-in tariff of €0.33/kWhr (capped at 500MW)

France
- €0.55/kWhr feed-in tariff for BIPV
- 160MW cap
- Lower VAT
- Tax credit

Italy
- €0.48/kWhr feed-in tariff with 2% annual decrease
- 20-year contract
- 1200MW program cap

Greece
- €0.46/kWhr Feed-in tariff
- Grants for 20–40% of costs of commercial systems
- Tax deductibility of installation costs

Strategy

Strategy – cost leadership + production flexibility

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- Operate new Bitterfeld polysilicon plant to increase growth, flexibility and profitability

- Enhance relationships with existing customers
  - Retain flexibility of wafer production by using sites in the major world markets
  - Utilising our ability to rapidly address changes in customer needs

- Focus on further development of the leading silicon processing technology
  - Working with customers to increase product quality and develop next generation of wafer technology

- Continued focus on operating cost reduction

Strengthen position as a leading pure-play solar wafer manufacturer

Outlook

Outlook

- Challenging Global market continues in H2
  - Global economic recession
  - Pricing pressure
  - Some improvement in solar market environment
- Mid-term market drivers remain positive
  - US economic stimulus bill
  - EU renewed commitment to meeting 2020 climate change goals
  - China Golden Sun scheme (50% subsidies for large solar projects) and expectation of generous feed in tariff
- Expected 2009 output 210-230MW
  - H2 wafer sales volumes higher in H2 than in H1
  - H2 pricing significantly lower than H1 due to price competition and weak PV market.
- Strong focus on production cost reduction
  - Higher wafer yields
  - Lower wafering costs

Summary

- Resilient performance in difficult market
- Robust cash position
- Volume deliveries, yield and cost efficiencies give us confidence that we will produce another robust performance in the second half

- Well positioned for the long term:
  - Solid fundamentals
  - Strong balance sheet
  - Excellent customer base
  - Favourable regulatory environment

Q&A