PV Crystalox Solar plc

2018 Interim Results

14 September 2018

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Market Overview

- Prices continue to decline across the PV value chain
  - Prices for wafers have fallen by 50% and for polysilicon by 35% since beginning of 2018
  - High efficiency monocrystalline silicon products increasing market share
- China imposes cap on domestic PV installations
  - Surprise announcement made on 31 May
  - 2018 Chinese PV demand expected to fall to 29GW -down from 53GW in 2017
- Global PV Installations expected to decline year on year for first time
  - 85GW forecast for 2018
  - China has accounted for over 50% of global installations in recent years

2018 H1 Overview

- Wafer shipment volumes at 47MW (2017: 61MW)
  - Wafer inventory almost cleared-less than 3MW remain

- Multicrystalline wafer production operations terminated in Germany
  - Operations ceased during April
  - Significant reduction in employees-only 22 now remaining following restructuring

- Operations in Germany now focus on cutting of quartz and glass
  - Funded R&D activities continue
  - Silicon wafering capabilities retained

- UK closure completed following production shutdown in 2017
  - All production buildings cleared and all leases surrendered
  - One employee remains-dealing with residual trading and administration

- Agreement with customer now reached following ICC arbitration award
  - All claims and obligations under the wafer supply contract and arbitration award settled
  - Customer agreed to make payments totalling €28.8m and waive right for delivery of wafers
  - €14.5m received on 8 May 2018 and final payment of €14.3m due on 30 November

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Financials

Financial Overview

- Revenues €6.2m (H1 2017: €12.6m)
- EBT of €2.7m (H1 2017: Loss of €5.4m)
- Net cash €36.9m (31 Dec 2017: €26.9m)
- Inventories €0.2m (31 Dec 2017: €3.9m)
- Other income of €8.2m recognised in relation to arbitration settlement
- Impact of restructuring of German operating subsidiary :
  - €1.5m restructuring cost-€0.5 paid end-H1
  - €0.8m inventory write-down
  - €0.8m fixed asset impairment charge

Summary consolidated income statement

(€'000)	30-Jun-18	30-Jun-17	31-Dec-17
Revenues	**6,171**	**12,587**	**26,364**
Cost of materials and services	(7,075)	(12,845)	(24,681)
Overheads	(5,393)	(6,396)	(13,554)
Other income	9,058	1,161	23,800
Currency gains/(loss)	(99)	106	33
Profit /(loss) before interest and taxes (EBIT)	**2,662**	**(5,387)**	**11,962**
Net finance income	24	20	40
Profit /(loss) before taxes (EBT)	**2,686**	**(5,367)**	**12,002**
Income taxes	(68)	-	(1,084)
Earnings / (loss)	**2,618**	**(5,367)**	**10,918**
Earnings per share (€ cents)	**1.7**	**(3.4)**	**6.9**

Summary consolidated balance sheet

(€m)	30-Jun-18	30-Jun-17	31-Dec-17
Current Assets	57.3	37.6	55.1
Non-current Assets	0.5	1.2	1.1
Total Assets	**57.8**	**38.8**	**56.2**
Current Liabilities	3.3	2.9	4.5
Non-current Liabilities	0.0	0.1	0.0
Share Cap & Reserves	54.5	35.8	51.7
Total Liabilities and Shareholder Equity	**57.8**	**38.8**	**56.2**

Summary consolidated cash flow

Summary cash flow analysis (€m)	30-Jun-18	30-Jun-17	31-Dec-17
Operating cash pre-working capital after taxes	3.7	(3.3)	13.8
Changes in working capital	8.9	3.1	(15.0)
Exchange difference	0.1	(0.7)	(1.0)
Net cash flows from investing activities	0.0	-	0.3
Net change in cash in period	12.7	(0.9)	**(1.9)**
Cash and equivalents, start of year	26.9	28.8	28.8
Cash and equivalents, end of period	39.6	27.9	26.9

Outlook

Outlook

- Final €14.3m payment under customer settlement agreement due 30 Nov
- Board reviewing viability of remaining small scale operation in Germany
  - Possibility of shutdown cannot be excluded
  - Preliminary discussions held with management team regarding transfer of business
- Board continue to explore options for future of the Group in order to maximise shareholder value
  - Substantial cash position expected following receipt of final customer payment
  - Options to include cash return or acquisition of existing business
  - Decision to be made by end of year