



MEYER BURGER

1st Half-Year 2016 Presentation for investors, analysts, media

17 August 2016





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Highlights in H1 2016

Peter Pauli, Chief Executive Officer



Significant improvement of all key financials compared to previous years



Increase in incoming orders H1 2016

+20%

to MCHF 268

Net sales H1 2016 growing

+75%

to MCHF 218

Positive EBITDA

MCHF 6.2

achieved in H1 2016

Positive cash flow operating activities

MCHF 15.4

in H1 2016

Order backlog as at 30 June 2016

MCHF 307.4

Solid base for net sales in H2 2016

H2 2016 expectations positive

On track to reach and actually exceed targets of solid growth in net sales and break-even at the EBITDA level for fiscal year 2016

Good order basis

- Capacities at PV Tier 1 and 2 producers very well utilised in H1 2016
- Good incoming orders across all of our PV technologies
- **Large contract** from customer for diamond wire and cell upgrade technology for **MCHF 40**
- Various contracts for **MB PERC** technology upgrades → customers mostly in China, investment security at established providers
- Contract for **Heterojunction / SWCT** technologies from Hevel LLC
Innovation push for new market participants
- **Market introduction** of high efficiency **HJT / SWCT** solar modules in Swiss reference market
- **‘Proof of Technology’** - successful installations in Swiss reference market (Migros, Swiss Krono, CSEM and others)



Cell connection process
SmartWire/HJT

Heterojunction/SmartWire/Bifacial

Application example: Migros Aare, Switzerland



First bifacial, high efficiency, integrated solar system in Switzerland

- 2,500 high efficiency photovoltaic modules covering a total surface area of about 4,200 m²
- Centerpiece of the solar system is the 500 high performance bifacial heterojunction (HJT) / SmartWire Technology (SWCT) modules
- All production steps for the production of the modules along the entire value chain were done on Meyer Burger's high-tech equipment
- Resulting solar energy plant generates up to 900 MWh clear solar electricity annually, which Migros Aare uses directly in its local facility
- Migros Aare is making an important contribution to the Swiss Energy Strategy 2050 as well securing its own local independent energy supply for its distribution center in Schönbühl (Bern) in Switzerland with this solar energy system

High efficiency modules Glass-Glass/SmartWire

Application example: SWISS KRONO, Switzerland



- SWISS KRONO, a global leader in the production of engineered wood products with its headquarters in Menznau (LU) in Switzerland, has equipped its new office building on all sides with an active building skin
- Photovoltaic is setting new standards as an active and architecturally integrated construction material
- Meyer Burger manufactured and delivered the high performance solar modules for the wood and glass building
- Solar façade (30 x 18 m) is made up of 406 high efficiency glass-glass solar modules in 23 different formats
- 100% of the solar energy generated will be used on the company site

Pioneering achievement: Solar Impulse



Picture: Solar Impulse | Descloux | Rezo.ch

Picture: Solar Impulse | Descloux | Rezo.ch

Picture: Solar Impulse | Bertrand Piccard

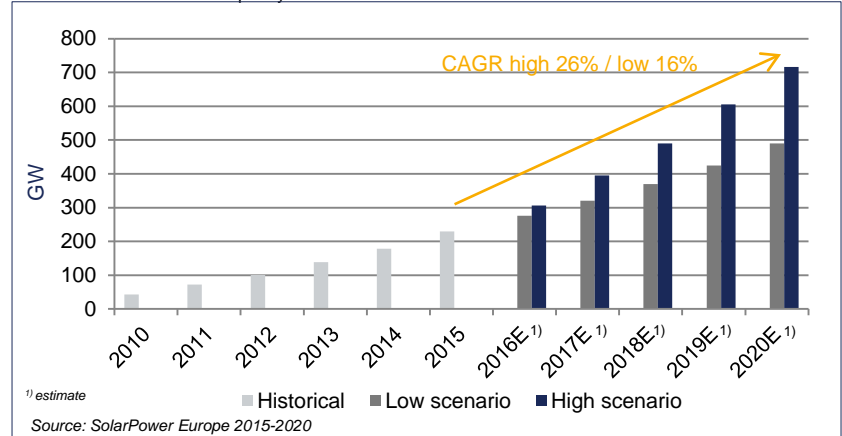
- Outstanding pioneering achievement by Solar Impulse travelling around the world in a solar powered aircraft
- Cell connection technology from Meyer Burger connected 17,000 solar cells on the 269.5 m² wing panel
- Successful global circumnavigation highlights the possibilities for solar energy and will drive further projects for sustainable energy sources

Long-term growth opportunities in the Solar market remain positive

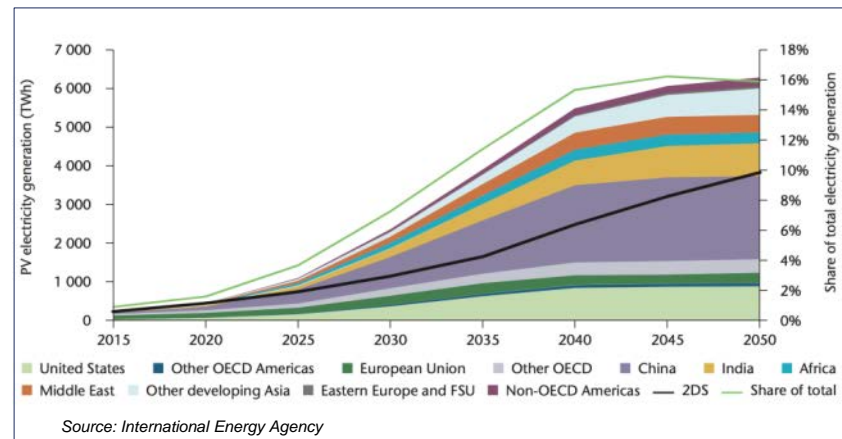
- Long-term megatrends (increase in primary energy demand, evolution in energy market with increasing PV share) consistently remain positive
- New Global Market Outlook Study by Solar Power Europe confirms between 490-716 GW of installed PV capacity (end market) in 2020
- **Meyer Burger** addresses this growth potential with a **unique, diversified technology and product portfolio** for high-end solutions in photovoltaics and other selected high-tech industries
- **Close proximity to our customers** and positioned with a **good footprint** in our markets
- Increased **flexibility** in order to quickly and proactively respond to the challenging global PV market environment

Cumulated PV capacity increasing annually by 26% to 2020

End market installed PV capacity



Energy Market 2040 – increasing primary energy demand





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Financial statements 1st Half-Year 2016 in detail

Michel Hirschi, Chief Financial Officer



Incoming orders / order backlog



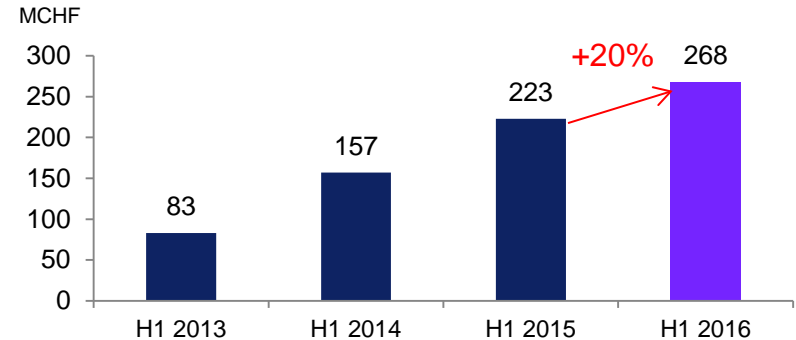
Incoming orders H1 2016

- **Incoming orders +20%** compared to H1 2015
- Substantial increase of incoming orders confirms trend for further increase in production capacities respectively upgrade of existing production lines, at wafer and cell manufacturers
- Capacities at Tier 1 and 2 producers very well utilised in H1 2016
- Incoming orders in “normal business” also increasing
- Substantial number of orders continuously being worked on
- Book to bill ratio 1.23 (H1 2015: 1.79)

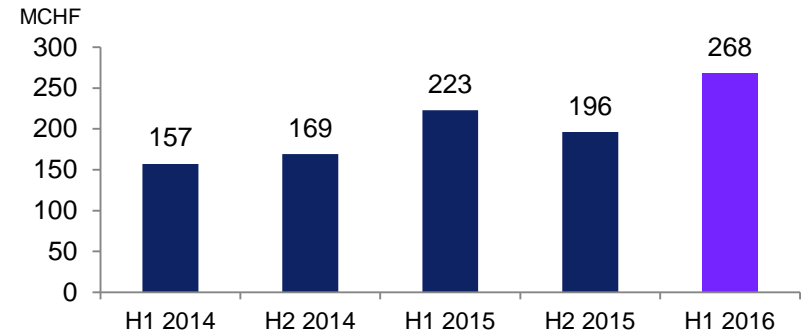
Order backlog 30 June 2016

- Order backlog **MCHF 307.4** (31.12.2015: MCHF 257.5)
- Order backlog as at 30 June 2016 consists of:
 - PV & Alternative Materials MCHF 271.4
 - Specialised Technologies MCHF 36.0
- Solid base for sales growth in H2 2016

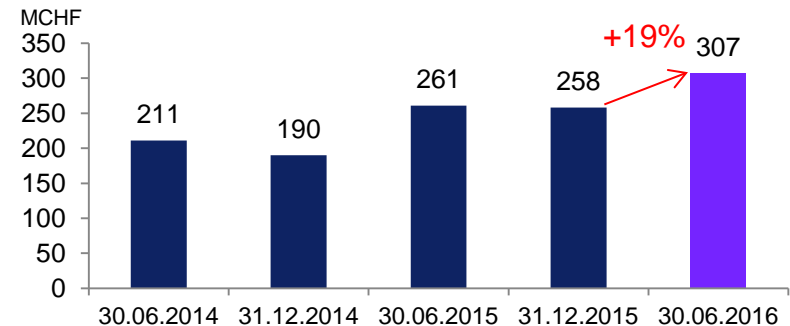
Incoming orders first Half-Year



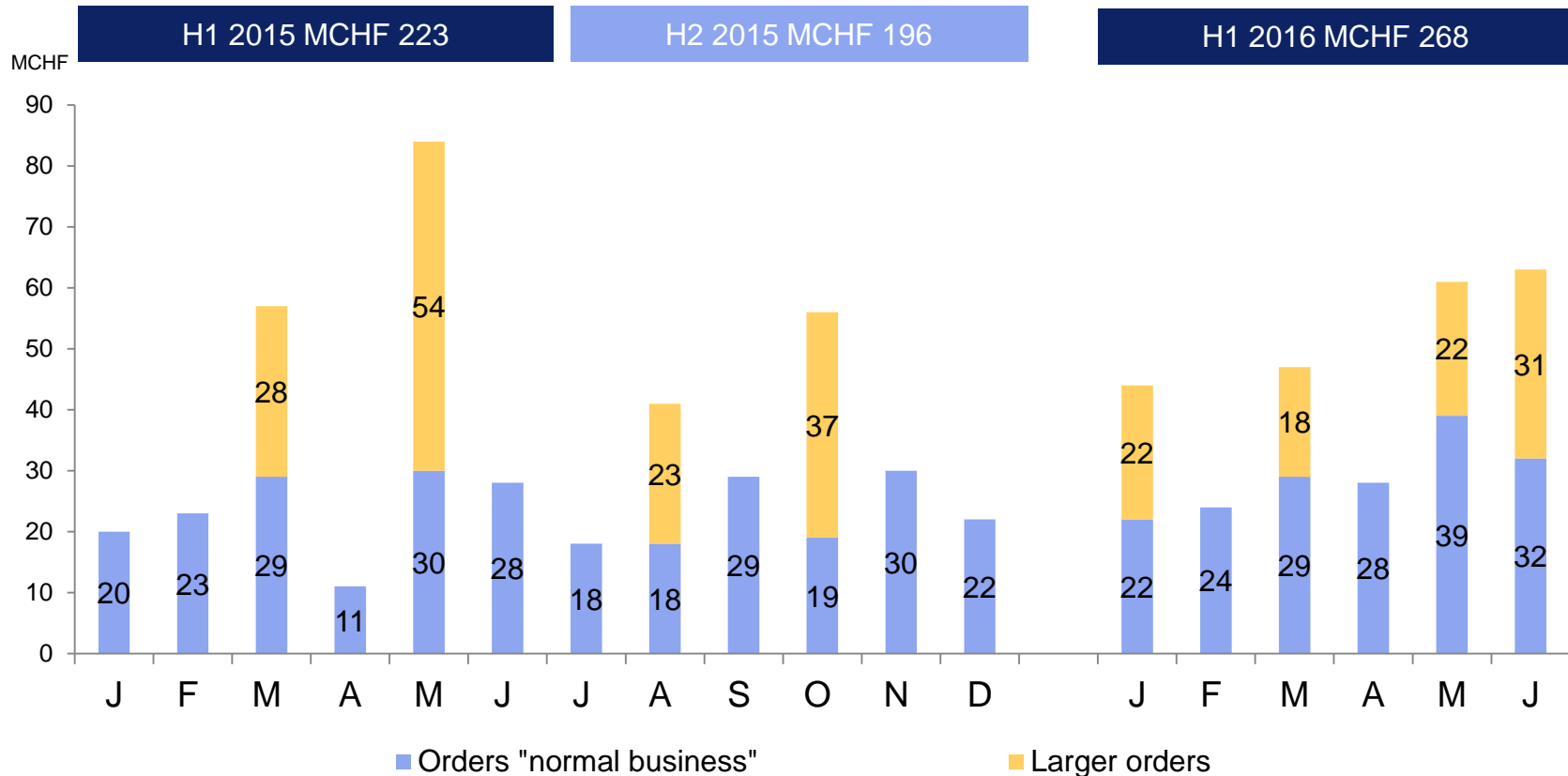
Incoming orders Half-Years 2014 - 2016



Order backlog last 5 Half-Years



Incoming orders per month “normal business” / “large orders”

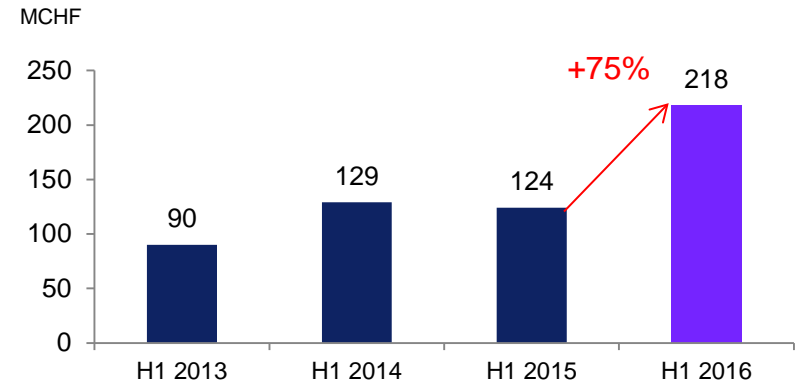


- **Further increase of activities for larger orders** → H1 2016 MCHF 93 (H1 2015: MCHF 82)
- **“Normal business” also increasing** → Ø Run rate H1 2016 MCHF 29 (H1 2015: MCHF 23.5)
- Total amount of incoming orders often doubles in those months in which larger incoming orders are received, larger orders will continue to have a substantial influence on the total incoming orders (irregular timing)

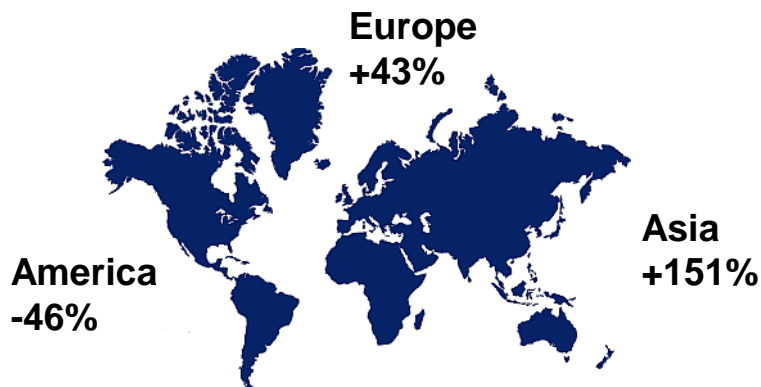
Net sales

- Net sales **+75%** to MCHF 217.8 (H1 2015 MCHF 124.4); slightly positive currency translation effects (especially Euro) of +2.5% in H1 2016
- Adjusted for currency translation effects and the divestment of R&R Ortner (in August 2015), the organic **sales growth like-for-like was 84%**
- Asia with 70% of net sales (esp. China) remained most important region

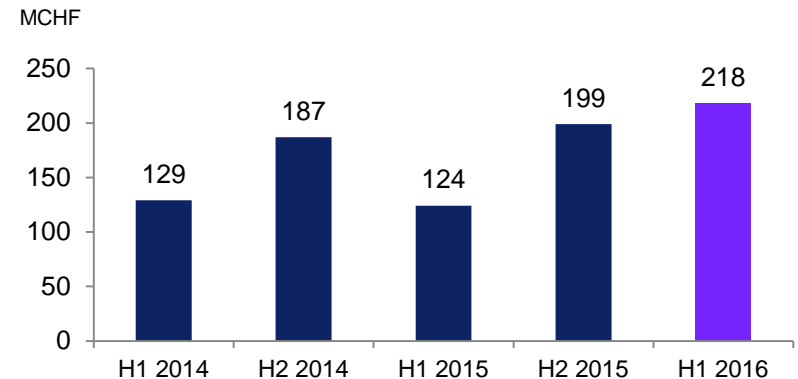
Net sales first Half-Year



Change in net sales by region



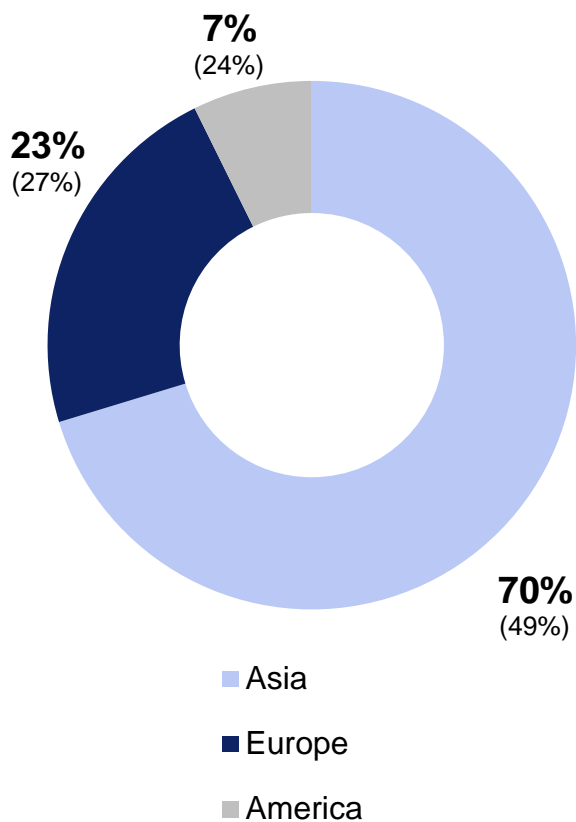
Net sales Half-Years 2014 – 2016



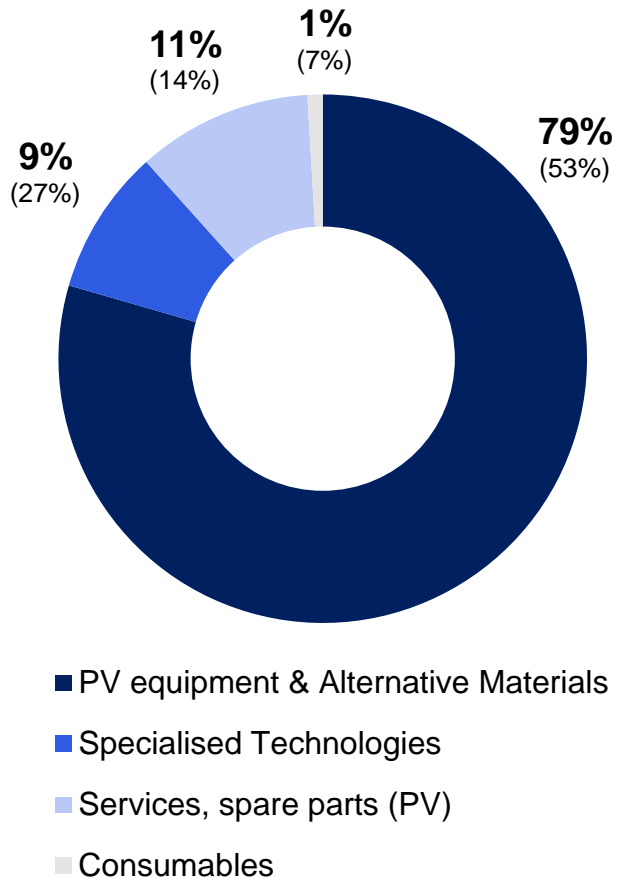
Split of net sales MCHF 217.8



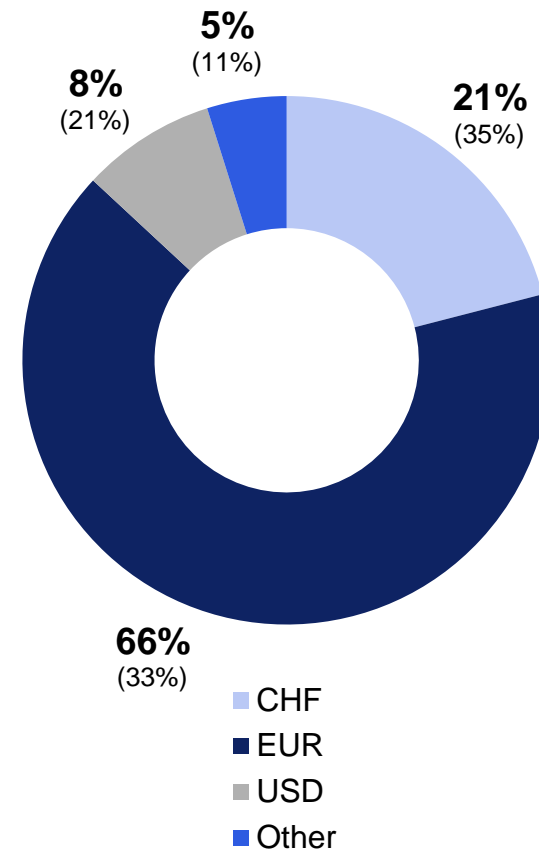
By region



By type of sales



By currencies



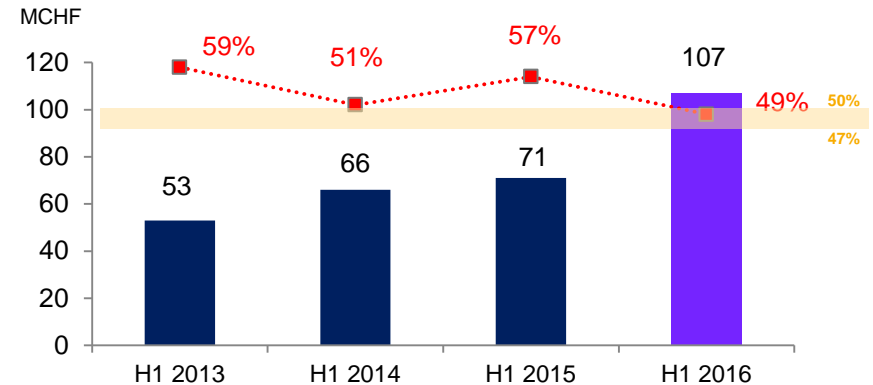
Note: Comparative figures reflecting H1 2015 are shown in brackets

Operating income after costs of products and services

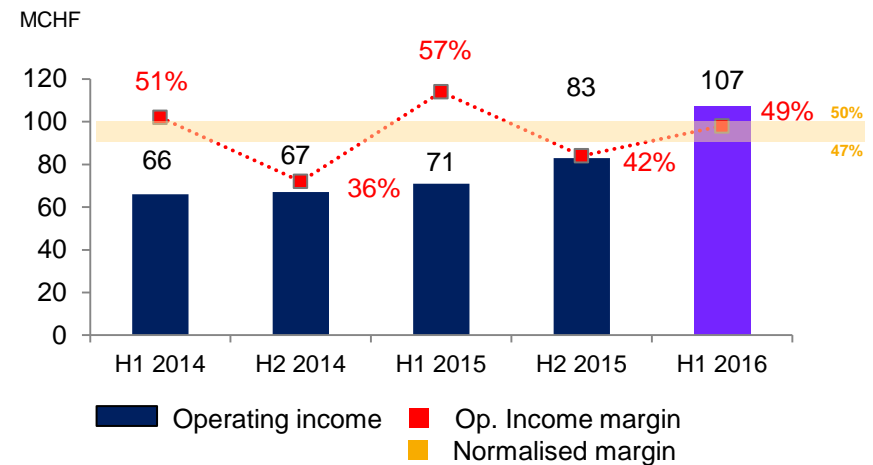


- Margin in H1 2016 of 49.2% (H1 2015: 57.0%)
- Only few events that had a marginal one-time effect on the results for H1 2016
- Events that had a positive influence on the exceptionally high margin for H1 2015:
 - Recognised net sales in conjunction with GTAT claim with positive effect in H1 2015
 - One-time positive cost effects on materials
 - Change in product mix
- Normalised margin for H1 2016 was 48.3% (H1 2015 about 48%)

Op. income a c o p a s first Half-Year



Op. income a c o p a s Half-Years 2014 – 2016



OPEX ⁽¹⁾ – Personnel



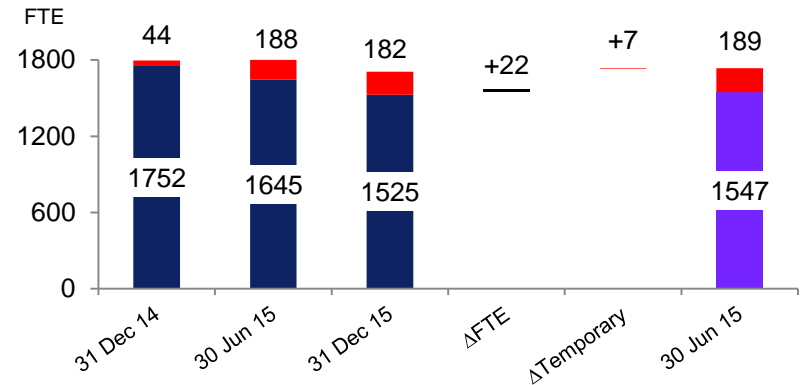
Employees

- **H1 2016** small increase **+22 FTE** to 1,547 (at balance sheet date) mainly at technology centre Hohenstein-Ernstthal and in Services Asia; on the other hand small decrease in Switzerland
- Small increase also for temporary employees **+7**; movements between the different manufacturing sites

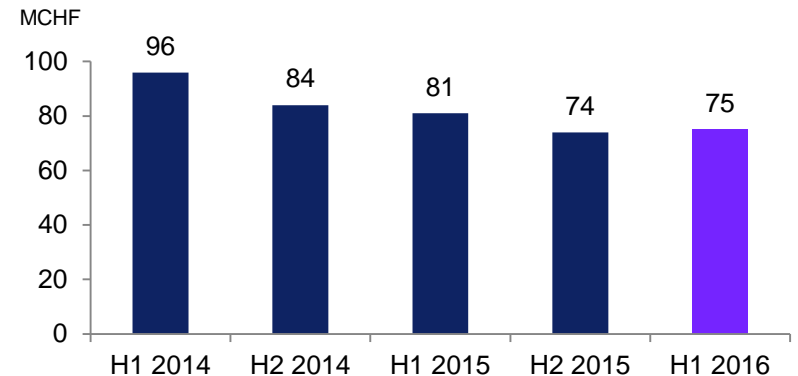
Personnel expenses

- **Personnel expenses H1 2016 declined by MCHF 5.7** compared with H1 2015 to MCHF 74.9 (H1 2015: MCHF 80.6)
- At constant exchange rates (H1 2015) personnel expenses would even have declined by MCHF 6.9
- Cost savings mainly from the reduction measures respectively optimisations in 2015
 - Costs structures at site Thun and DMT optimised
 - Specialised Technologies also has lower personnel expenses compared to H1 2015. Sale of Roth & Rau Ortnern companies in August 2015

Number of employees



Personnel expenses Half-Years 2014 – 2016



- Employees (permanent positions)
- Temporary employees

OPEX ⁽²⁾ / EBITDA



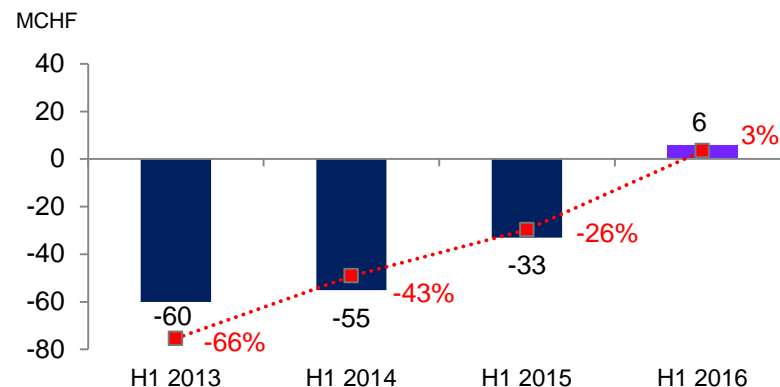
Other operating expenses

- Total other operating expenses MCHF 26.1 (H1 2015: MCHF 23.1)
- Only moderate increase by about 13% in other operating expenses despite the growth in net sales of +75% and the substantially increased business volume

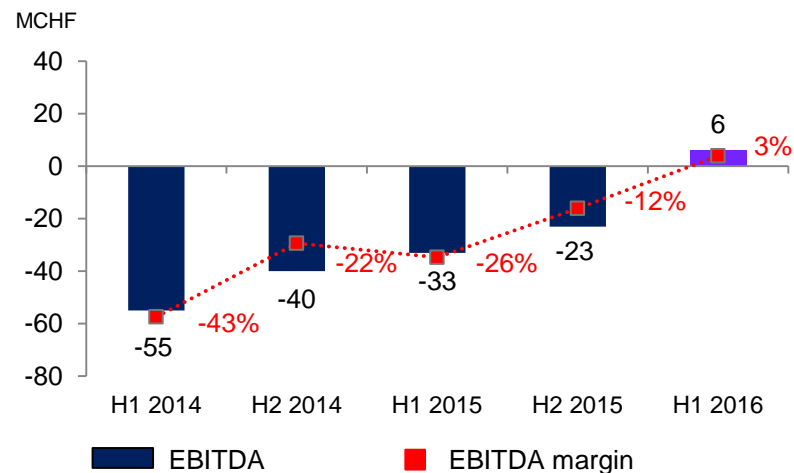
Positive EBITDA of MCHF 6.2 – Turnaround achieved

- H1 2016 MCHF 6.2; positive margin of 2.9% (H1 2015 MCHF -32.7)
- First time since 2012 that positive EBITDA in the first half-year period was achieved (last H1 profit at EBITDA level was in 2012 with MCHF 4.6)
- Substantial improvement of EBITDA situation due to higher net sales and optimised cost base

EBITDA first Half-Year



EBITDA Half-Years 2014 – 2016



EBIT

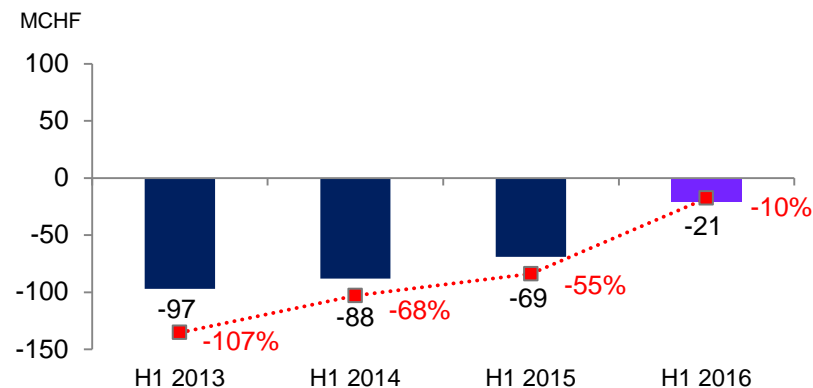
Depreciation and amortisation continue to decline.
For H1 2016 at MCHF 27.0 (H1 2015 MCHF 35.8)

Scheduled depreciation and amortisation

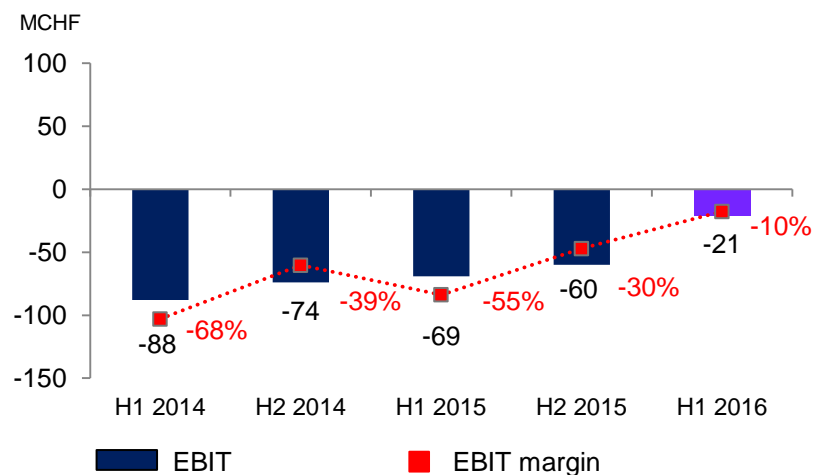
- Property, plant and equipment
 - Depreciation of MCHF 9.0
- Intangible assets
 - Amortisation of intangible assets of MCHF 18.0 mainly related to M&A activities in 2011 and previous years

EBIT also headed towards break-even (half-year trend)

EBIT first Half-Year



EBIT Half-Years 2014 – 2016



Financial result / Taxes



Financial result

- Financial result, net, of MCHF -7.9 (H1 2015 MCHF -25.3)
 - Financial income:
 - Interest income MCHF 0.2
 - Valuation of intercompany loans to foreign subsidiaries as at 30 June 2016 without major changes in unrealised foreign currency translation effects; neither positive nor negative
 - Other unrealised positive foreign currency translation effects of MCHF 0.4
 - Financial expenses:
 - Interest expenses MCHF 3.3 for 5 % straight bond and MCHF 2.9 for 4 % convertible bond (coupon and effective interest), MCHF 0.3 for bank loans, MCHF 0.5 for loan secured by mortgage certificates on building in Thun
 - Other financial expenses MCHF 1.5 (amongst others amendment fees and bank guarantees)

Taxes

- Tax income of MCHF 3.2 (H1 2015 tax income of MCHF 0.8)
 - Current income taxes MCHF 0.2 (H1 2015 MCHF 0.1)
 - Deferred income taxes MCHF 3.0 (H1 2015 MCHF 0.7); mainly MCHF 3.1 of deferred income taxes due to reduction of deferred tax liabilities on intangible assets as well as foreign currency translation effects

Net result



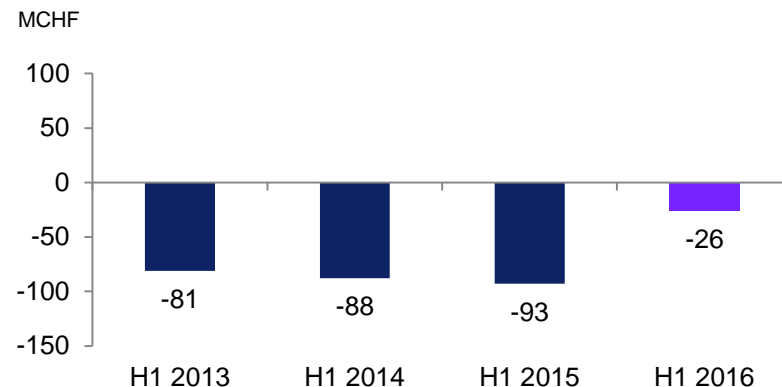
Net result

- Net result H1 2016 MCHF -25.6
(H1 2015 MCHF -93.0)
- Attributable to the shareholders of MBTN
MCHF -25.4
- Minority interests MCHF -0.2

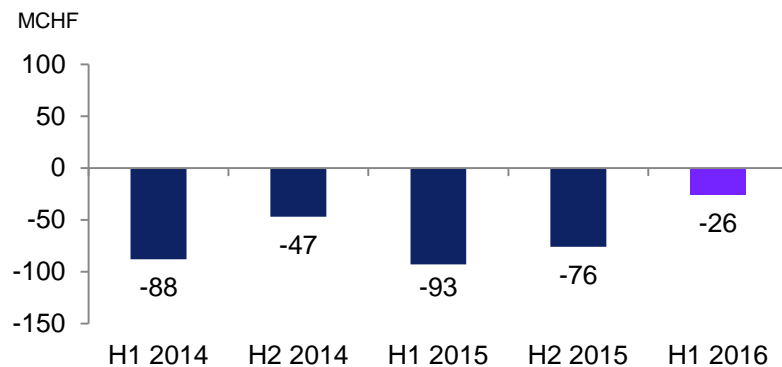
Earnings per share in the first Half-Year

- Losses substantially reduced; already achieved
positive EPS on Cash EPS basis
- EPS CHF -0.28
(H1 2015 CHF -1.03)
- Ø Number of outstanding shares
90,550,630 (H1 2015: 90,070,839)
- Cash EPS CHF +0.17
(H1 2015: CHF -0.31)

Net result first Half-Year



Net result Half-Years 2014 – 2016



Income statement in detail



TCHF	H1 2016	in %	H1 2015	in%
Net sales	217 759	100.0%	124 425	100.0%
Other income	2 955		6 063	
Income	220 714		130 488	
Changes in inventories of finished products and work in process	20 439		30 012	
Costs of products and services	-136 594		-92 106	
Capitalised services	2 667		2 513	
Operating income after costs of products and services	107 226	49.2%	70 907	57.0%
Personnel expenses	-74 862		-80 591	
Other operating expenses	-26 117		-23 064	
EBITDA	6 247	2.9%	-32 749	-26.3%
Depreciation and impairment property, plant and equipment	-9 010		-13 879	
Depreciation and impairment intangible assets	-18 039		-21 872	
EBIT	-20 802	-9.6%	-68 500	-55.1%
Financial result	-7 915		-25 309	
Earnings before taxes	-28 717	-13.2%	-93 810	-75.4%
Income taxes	3 158		800	
Result	-25 559	-11.7%	-93 009	-74.8%

Balance sheet



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- Small increase in total assets of MCHF 13.5
- Liquidity increased by MCHF 12.1 mainly through positive cash flow from operating activities
- Equity ratio of 25.6%
- Financial liabilities:
 - MCHF 130 5% straight bond 2017
 - MCHF 30 loan secured by mortgage certificates 2017
 - MCHF 89 4% convertible bond (equity component of MCHF 11 recognised in equity as this reflects the convertible bond's conversion right)
 - Straight bond and loan secured by mortgage certificates were reclassified to current liabilities
- Working on various alternatives, and having intensive discussions and negotiations with relevant parties regarding bond maturing in 2017

TCHF	30.06.2016	in %	31.12.2015	in %
Cash and cash equivalents	113 514		101 457	
Trade and other receivables	64 556		45 200	
Inventories	128 001		117 829	
Other current assets	8 045		15 009	
Total current assets	314 116	53.6%	279 495	48.8%
Other long-term receivables	1 907		2 045	
Property, plant and equipment	113 993		120 318	
Intangible assets	60 628		77 888	
Deferred tax assets	95 135		92 558	
Total non-current assets	271 663	46.4%	292 809	51.2%
Total assets	585 779	100%	572 304	100%
Current financial liabilities	160 409		702	
Trade payables	50 897		36 138	
Customer prepayments	68 919		46 241	
Current provisions	8 480		10 028	
Other current liabilities	48 136		44 270	
Total current liabilities	336 841	57.5%	137 380	24.1%
Non-current financial liabilities	91 582		250 111	
Non-current provisions	3 011		5 101	
Deferred tax liabilities	2 028		2 364	
Other non-current liabilities	2 217		2 345	
Total non-current liabilities	98 838	16.9%	259 920	45.4%
Equity incl. minority interests	150 100	25.6%	175 003	30.6%
Total liabilities and equity	585 779	100%	572 304	100%

Analysis Net Working Capital

Increase in receivables by about MCHF 19.4 (mainly high amount of invoices in June and VAT receivable Germany)

Increase in inventories again financed through higher customer prepayments

Reclassification of 5% straight bond 2017 (MCHF 130) and loan secured by mortgage certificates (MCHF 30) from non-current to current liabilities. Non-cash item!

Increase in incoming orders also reflected in the substantial increase of customer prepayments

TCHF	30.06.2016	31.12.2015	31.12.2014
Trade and other receivables	64 556	45 200	61 425
Inventories (gross)	221 986	201 655	189 808
./. Allocated customer prepayments	-93 985	-83 826	-55 389
Inventories (net)	128 001	117 829	134 418
Other current assets (excluding cash and cash equivalents)	8 045	15 009	4 936
Current assets excluding cash and cash equivalents	200 602	178 038	200 780
Current financial liabilities	160 409	702	305
Trade payables	50 897	36 138	35 771
Customer prepayments	68 919	46 241	50 926
Provisions	8 480	10 028	16 777
Other current liabilities	48 136	44 271	40 914
Current liabilities	336 841	137 380	144 693
Net working capital	-136 239	40 658	56 087
Without reclassified financial liabilities (bond + mortgage loan)	159 837	N/A	N/A
Net working capital	23 598	40 658	56 087

In H1 2016, **change in NWC of MCHF -17.1**

Decline in NWC despite increase in production volumes (inventories gross MCHF +20.3 on NWC) and despite increase in trade receivables (MCHF +19.4 on NWC) mainly due to strong increase in customer prepayments (MCHF -32.8 on NWC) and higher trade payables (MCHF -14.8 on NWC).

Cash flow



CF from operating activities MCHF +15.4

- Turnaround in operating CF achieved
- After a substantial reduction of the operating cash drains in FY 2015, MBT now achieved positive operating cash flow of MCHF 15.4 in H1 2016

CF from investing activities

- Normal conservative investments in non-current assets of MCHF 2.9

CF from financing activities

- No particular financing activities in H1 2016
- Purchase of further shares in Meyer Burger (Germany) AG (former Roth & Rau AG)

TCHF	H1 2016	H1 2015
Result	-25 559	-93 009
Non-cash items	22 554	57 684
CF from op. activities before changes in NWC	-3 005	-35 325
Change in NWC (cash related)	18 450	7 322
Cash flow from operating activities	15 445	-28 003
Investments in property, plant, equipment, net	-2 428	-2 790
Investments in intangible assets, net	-486	-82
Cash flow from investing activities	-2 914	-2 872
Capital increases (incl. premium)	43	-
Purchase shares of MB (Germany) after change control	-485	-1 406
Repayment current financial liabilities	-36	-34
Cash flow from financing activities	-478	-1 440
Cash, cash equivalents at beginning of period	101 547	169 768
Change in cash, cash equivalents	12 053	-32 314
Currency translation effects on cash, cash equivalents	4	-3 525
Cash, cash equivalents at end of period	113 514	133 929

Cash flow from operating activities

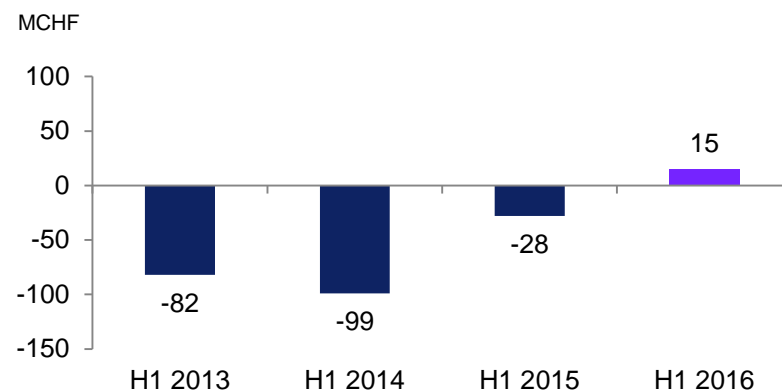


Turnaround of cash flow from operating activities

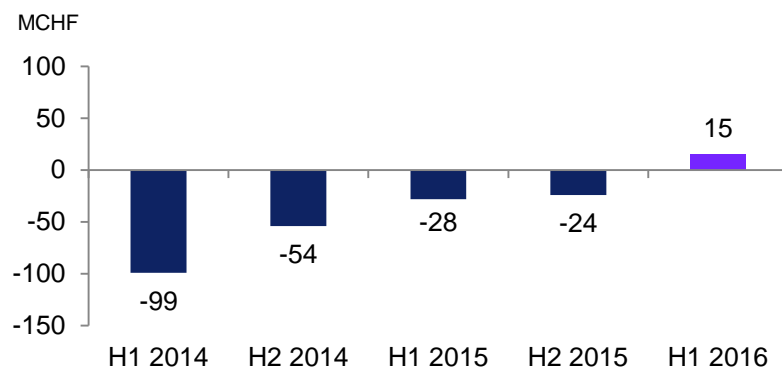
- First time since 2011 that positive CF from operating activities was achieved during the first half-year period (last positive CF from operating activities during H1 was in 2011 with MCHF +178)
- The executed cost reduction measures positively influence the cash flow
- Substantial increase in customer prepayments received and trade payables that are not yet due and not yet paid had a positive influence on the cash flow

Positive cash flow from operating activities also expected for H2 2016

Cash flow from operating activities first Half-Years



CF from operating activities Half-Years 2014 – 2016



Growth path for coming years

Road 2020/21 targets



H1 2016

Achievements H1 2016

- ✓ Net sales growth 75% to MCHF 217.8
- ✓ Costs under control
- ✓ EBITDA positive MCHF 6.2
- ✓ CF from op. activities positive MCHF 15.4

2016 – 2020/21

Sales growth of between 20% and 40% per annum (different growth rates in the different years)

Break-even with positive EBITDA in 2016, afterwards continuous improvement of EBITDA margin

Achieving positive cash flows

2020/21

Targets

Net sales of CHF 1.3 billion

EBITDA margin 13-15%

High cash flows from operating activities

- Fiscal year 2016 started in line with expectations.
- Strong increases in incoming orders and net sales, and substantial improvements in financial results expected for the entire Fiscal Year 2016 (compared to FY 2015).
- On track, to reach and actually exceed targets of solid growth in net sales and break-even at EBITDA level.
- PV market offers good growth potential.

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