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COMPANY ANNOUNCEMENT NO. 12/12

Topsil launches its new "Executing on Opportunities" strategy for 2013-2015

Topsil is launching its new "Executing on Opportunities" strategy for the period covering 2013 to 2015. The strategy will focus on creating shareholder value and improving liquidity primarily through full exploitation of investments in equipment, technology and buildings already made.

The strategy is based on four main themes:

- Strengthening the company's market position in the high and medium-voltage segments (PFZ)
- Expanding Topsil's position in Japan and China
- Securing an improved cash flow
- Enhancing wafer production efficiency

New strategy in continuation of the "Seizing the Opportunity" strategy, 2010-2012

The "Executing on Opportunities" 2013-2015 strategy is a natural continuation of "Seizing the Opportunity" 2010-2012, which was a proactive growth strategy based on expectations of continued very favourable market conditions in the short and long term.

The "Seizing the Opportunity" strategy involved major investments in expanding and upgrading the company's production capacity, building a new state-of-the-art plant and acquiring new equipment. Topsil's growth expectations were, however, not met in the short term since its primary market, the power market, has proved particularly challenging since mid-2011 especially in the sectors, in which Topsil has a large market share (NTD).

Despite current market conditions, Topsil maintains its expectations for demographic growth and growing prosperity, implying increasing demand for energy, which again will turn Topsil's market into a growth market.

"Executing on Opportunities" is therefore based on a low visibility market and – in essence – builds on investments already made. Applying a niche focus, the strategy aims to balance its proactive market activities with a strengthening of the company's future competitiveness by enhancing efficiency.

As a result of the current low market visibility, Topsil will not provide any guidance for revenue and EBITDA covering the overall strategy period.

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Strengthening the company's market position in the high and medium-voltage segments (PFZ)

With the newly launched technically improved products to high and medium-voltage segments (PFZ silicon products) and new 200 mm (8-inch) silicon wafers, Topsil intends to strengthen its position in the power market for high and medium-voltage segments in the coming years.

Expanding geographically – focus on Japan and China.

During the strategy period, Topsil will particularly focus on expanding its position in Japan, since the country accounts for an estimated 35% of the global FZ market and Topsil's current market share in Japan is limited.

Furthermore, Topsil aims to strengthen its position in the strategically important Chinese market by providing support locally to Chinese customers currently being served out of the company's headquarters in Frederikssund, Denmark.

Improving cash flows

During the strategy period, Topsil will work to exploit the potential inherent in already made investments and reduce its working capital. Consequently, investments are expected to be lower than depreciation charges in the period. Furthermore, focus will be on reducing working capital and increasing cash flows from operations.

Enhancing wafer production efficiency

As a result of investments made during the previous strategy period, from 2010 to 2012, Topsil has optimum technical conditions for future-proofing its production, although it is still important that Topsil makes considerable production efficiency enhancements to improve its competitive strength. Topsil will therefore improve its raw materials utilisation rate and enhance efficiency in all parts of the production chain and across locations.

Targets for the strategy period

The objective of the strategy is for Topsil to increase its market share on the power market through notable growth in the high and medium-voltage segments (PFZ) and by strengthening its market position in Japan and China in the period from 2013 to 2015.

Through the implementation of comprehensive improvements and efficiency enhancements of its production, the company will aim to reduce the average variable cost per wafer by a minimum of 15% during the strategy period.

With the level of investments expected to be lower than the level of depreciation charges and while focusing on reducing the company's working capital, Topsil expects cash conversion in excess of 100% during the period. Cash conversion is defined as (cash flow from operations and cash flow from investments) / (profit/loss after tax).

The increased cash flow is expected to be used to comply with the company's dividend policy and to reduce the company's bank debt. Going forward, it is company dividend policy to have a pay-out ratio of about one third of the profit for the year after tax, with due consideration, however, of the capital structure, investment requirements and investment opportunities. As announced in the company's Annual Report 2011, Topsil does not expect to distribute dividends in respect of the financial year 2012 due to relocation to the new plant.

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Best regards

Topsil Semiconductor Materials A/S

Jens Borelli-Kjær
Chairman of the Board

Kalle Hvidt Nielsen
CEO

Further information

Any queries regarding this stock exchange announcement may be addressed to the company's CEO through: Christina Fris Bjørling, Communications, tel.: +45 2152 1011.

This announcement has been prepared in a Danish-language and an English-language version. In case of discrepancies, the Danish version will prevail.

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