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**Topsil concludes new raw material agreement
and is planning an expansion of its production capacity**

Today Topsil concluded a new long-term agreement for supplies of raw material (polysilicon) with a view to increasing the Float Zone (FZ) production in Frederikssund. The agreement was concluded with Wacker Chemie AG, who is one of two global suppliers of raw material for Topsil's Float Zone production, and it is complementing the current long-term agreement made in 2006 with the other supplier on deliveries in the period 2007 to 2012.

The new long-term agreement will secure further supplies of polysilicon in the period 2010 to 2017, and already on a continuing basis in 2009, Topsil will receive deliveries from Wacker to be able to scale its production to increased volumes as from 2010.

The agreement has been concluded on market terms. As part of the agreement Topsil is effecting a prepayment. The prepayment will be used for payments of raw materials from Wacker in step with the supplies in the period 2010 to 2017.

At the moment Topsil is evaluating the commercial possibilities to sell the increased volume in similar long-term agreements to its customers.

Expansion of production capacity and diversification

Polysilicon is the most important raw material in Topsil's Float Zone production, and with the conclusion of the new long-term agreement Topsil expects to be able to increase its production output by approx. 10-15% in 2009, approx. 20-25% in 2010, and approx. 30% in the subsequent years compared to the volumes produced in 2008.

Including the increased raw material volume the total production volume in 2009 is already fully allocated to customers. Topsil is going to increase its production volume in two areas. During the first half of 2009 the opening hours of the existing production equipment will be increased from the present five days per week to continuous operation (24 hours per day, 7 days a week). Furthermore, Topsil will start establishment of a new modern production plant for clean room production in the beginning of 2010 in Frederikssund. The new production plant will house new Float Zone pullers, and the production capacity can be scaled in line with the future sales potential.

STOCK EXCHANGE ANNOUNCEMENT

Page 1 of 2



Moreover, the new supply agreement will enable Topsil to develop new products based on larger diameters (8 inch) than the present product range, which is primarily composed of 4-6 inch products. Topsil expects a demand for 8 inch products as from 2010.

New long-term agreement with huge strategic value

The agreement with Wacker has not only a considerable commercial value for Topsil to implement the company's long-term growth plan. It is also a matter of strategic importance, as the market for raw materials for Topsil's Float Zone production has changed during the last few years, implying that supplies of polysilicon for Float Zone can only be guaranteed in larger volumes by entering long-term agreements with the two global suppliers.

The customers in the semiconductor industry require guarantees for stable supplies from the Float Zone manufacturers. Topsil has now secured supplies from both suppliers of raw materials in the world market, and through the acquisition of Cemat Silicon in the fourth quarter of 2008 Topsil will be able to use the cheaper Czochralski material as feedstock for Float Zone production to the extent it is considered commercially relevant.

The company estimates that the market for polysilicon will change in the years to come, so in the future Topsil will have easier access to conclude new long-term agreements for raw materials in line with the increasing demand.

This will place Topsil in a favourable position to meet the customers' increasing demand and has established the best possible platform for the implementation of Topsil's growth strategy.

Outlook for 2008

The conclusion of the raw material agreement with Wacker Chemie AG is not going to affect the revenue and profit forecasts for 2008.

Consequently, Topsil maintains its revenue forecast at a level of DKK 260-280m and a pre-tax profit forecast at a level of DKK 50-60m, as announced in connection with the interim report for the nine months ended 30 September 2008.

Please direct any questions regarding this announcement to:
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STOCK EXCHANGE ANNOUNCEMENT

Page 2 of 2