



NASDAQ OMX Copenhagen  
Nikolaj Plads 6  
1067 København K

3rd July 2014

## **STOCK EXCHANGE ANNOUNCEMENT No. 10/14**

### **Topsil lowers its revenue and EBITDA expectations for 2014**

Topsil's financial performance for 2014 will expectedly be affected by the ongoing customer complaint, reported in the stock exchange announcement no. 9/2014. The claim is related to a major customer and comprises silicon wafers representing an estimated aggregated value of about DKK 20 million.

The complaint is under investigation. Following substantial technical analysis in close collaboration with the sub supplier and the customer, Topsil management retains its evaluation that it was caused by substantial, unapproved process changes launched by Topsil's sub supplier. The sub supplier has not confirmed this.

In continuation of the ongoing investigation, the customer decided to temporarily discontinue all Topsil silicon supplies. Topsil foresees an obligation to supply the full amount of replacement wafers, prior to reopening the ordinary supplies of wafers to this customer.

Topsil has prepared an extraordinary forecast of sales and shipments for the remaining part of 2014. Following from this Topsil lowers its revenue and EBITDA expectations for the year. Topsil now expects revenue in the range of DKK 270-290 million and EBITDA in the range of DKK 0-10 million. The previously announced expectations for 2014 were revenue at the level of 2013 (DKK 312m) and EBITDA at minimum at the 2013 level (DKK 21m).

Topsil's 2nd quarter 2014 revenue is expected in the range of DKK 65 million. The revenue includes silicon wafers affected by the complaint. EBITDA for the quarter will be negatively affected by lower sales, mix changes and extra irradiation expenditure following from planned temporary close down of the primary irradiation site.

It must be noted that the adjusted expectations for the year are subject to a larger amount of uncertainty than is usually the case. Technical analyses are ongoing, and the question of compensation concerning the sub supplier has not yet been dealt with. Furthermore uncertainties persist in relation to the aggregated costs of the claim, when to be able to reopen the ordinary supplies of wafers to the customer, and other risks related to the matter.

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As a consequence, Topsil is likely to breach its agreed covenants with its principal bankers with whom Topsil, therefore, will initiate discussions on revised covenants.

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

### **Topsil Semiconductor Materials A/S**

Jens Borelli-Kjær  
Chairman

Kalle Hvidt Nielsen  
Chief Executive Officer

Please note that this translation is provided for convenience only. The Danish version shall prevail in case of discrepancies.

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