



RECSiLICON

FOURTH QUARTER
2016

PRESENTATION

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Agenda

REC Silicon Q4 Financial Results

T. Torvund, CEO

Financial Overview

J.A. May II, CFO

Market Outlook

T. Torvund

U.S. / China Trade Dispute Update

T. Torvund

Near Term Strategy

T. Torvund

Yulin JV Update

T. Torvund

Guidance

T. Torvund

Q & A

Highlights

Revenues: **\$80.4M**

EBITDA: **\$ 4.9M**

FBR Cash Cost of \$11.2/kg

- Includes Impact of Cost Cutting Initiatives Announced on November 2, 2016
- Demonstrates Low Cost Capability at Reduced Production Rates

Solar Grade Polysilicon Market Recovery

- Solar Grade Polysilicon Sales Volumes Increased by 106% vs. Q3 2016
- Q4 Exit Average Price Indices Increased by 12.7% Compared to Q3 Exit

Strong Silicon Gas Sales Volumes

- Increased Volumes by 6.5% Compared to Q3 2016
- Stable Silane Gas Prices vs. Q3 2016

December 31, 2016 Cash Balance of \$65.8M

- Increased Working Capital Investment as Expected
- Expect to Remain Near Cash Neutral in 2017
- No Debt Maturities in 2017

Yulin JV on Track for Start-Up in Second Half of 2017

Key Metrics

Polysilicon Sales Volume **

Total	3,801MT
Inventory Decrease	585MT

FBR Production

Actual	2,308MT
Guidance*	2,260MT
Deviation	2.1%

FBR Cash Cost

Actual	\$11.2/kg
Guidance*	\$12.4/kg
Deviation	-9.6%

Total Polysilicon Production

Actual	3,218MT
Guidance*	3,280MT
Deviation	-1.9%

Semiconductor Production

Actual	587MT
Guidance*	680MT
Deviation	-13.7%

Silicon Gases Sales Vol.

Actual	822MT
Guidance*	800MT
Deviation	2.8%

* Guidance Presented November 2, 2016

** Excludes Fines and Powders

Strong Silicon Gas Sales

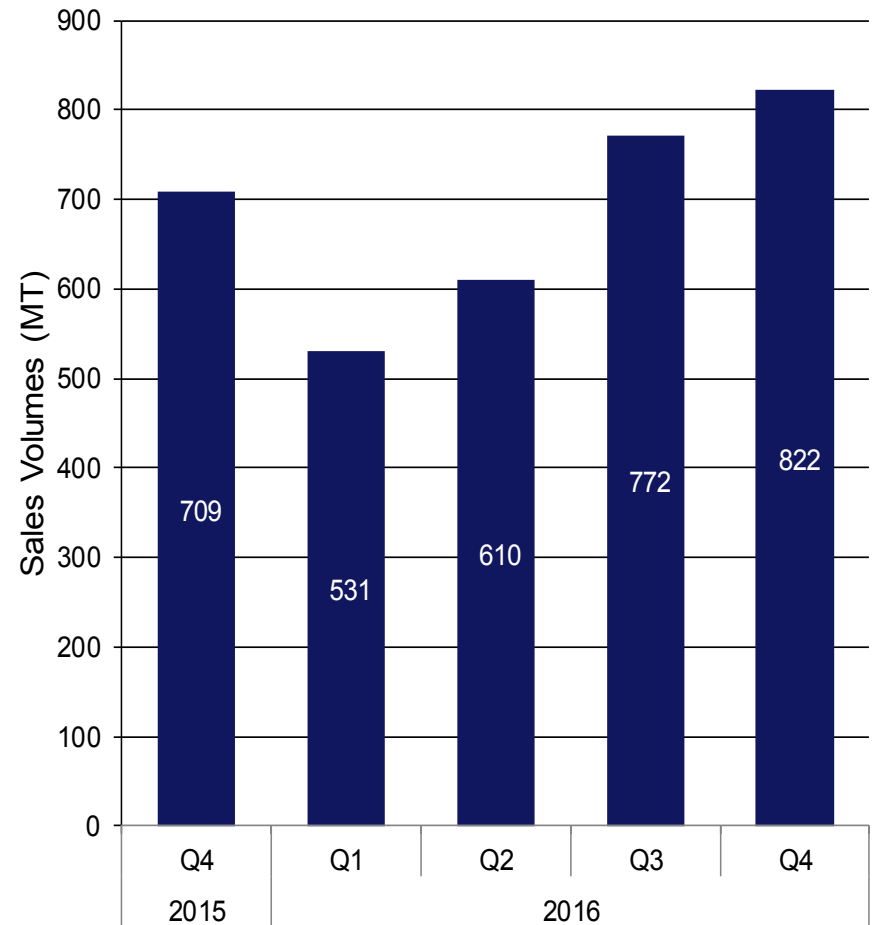
› Silicon Gas Sales Volumes 822MT

- 6.5% Volume Increase vs. Q3'16
- Silane Gas Price Unchanged vs. Q3'16

› Strong Underlying Growth in Silane and Silicon Gas Market

- Silane
- MCS
- DCS
- Disilane

Silicon Gases (MT)





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FINANCIAL REVIEW

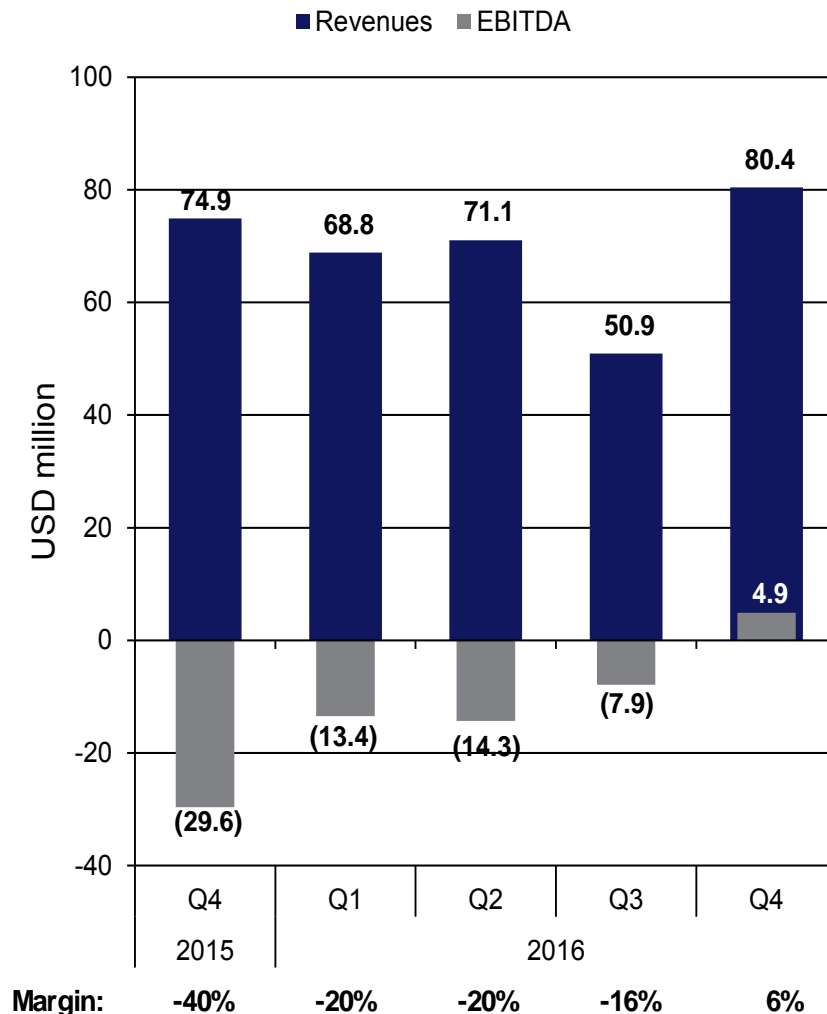
Key Financial Results – Return to Positive EBITDA

Revenues - \$80.4M

- › 58.0% Increase vs. Q3'16
- › Polysilicon Sales Volumes 3,801 MT
(Excluding Fines & Powders)
 - 114.2% Sales Volume Increase vs. Q3'16
 - (18.3%) Solar Grade Price Decrease vs. Q3'16
- › Silicon Gas Sales Volumes 822 MT
 - 6.5% Sales Volume Increase vs. Q3'16
 - Silane Price Unchanged vs. Q3'16

EBITDA of \$4.9M

- › Reflects:
 - Impact of Cost Cutting Initiatives
 - Increased Semiconductor Sales Volumes (682MT)
 - Continued Strong Silicon Gas Sales (882 MT)



Trade War Results in Production Curtailments

2015 Inventory Increases

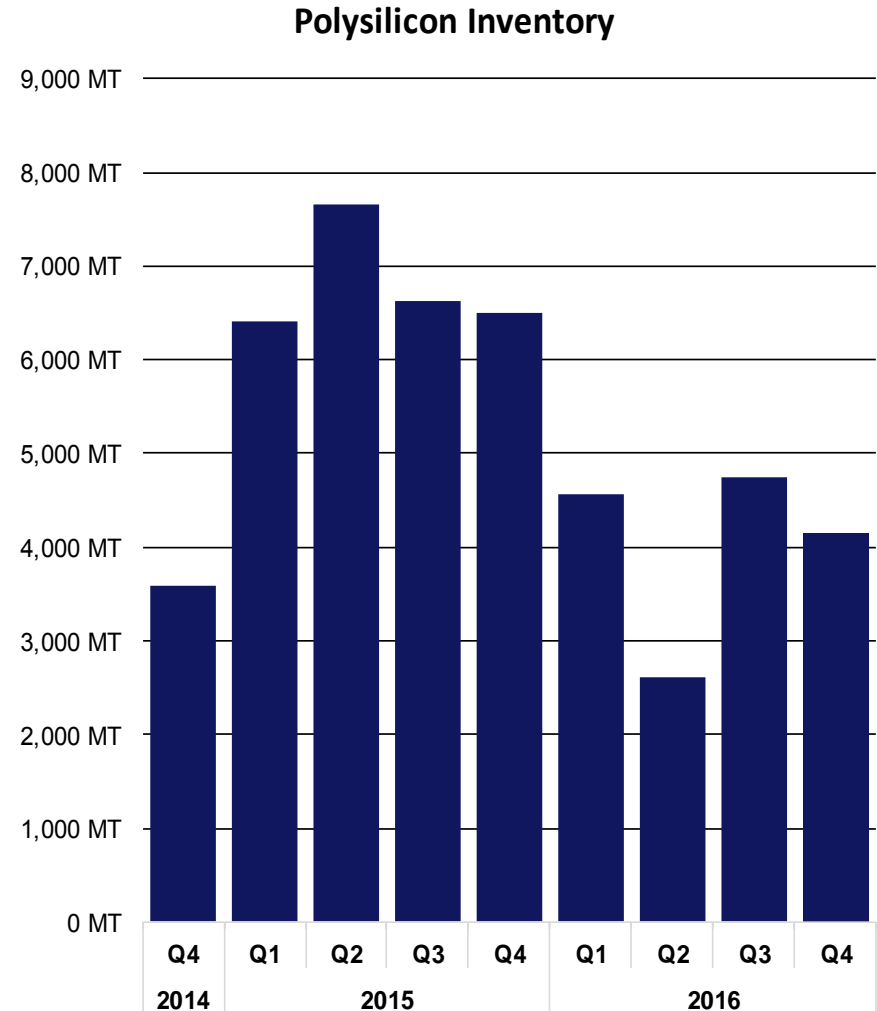
Due to:

- › Trade War (Limited Access to China)
- › Excess Polysilicon Supply

2016 Inventory Levels

- › 1st Half Capacity Curtailment in Moses Lake
- › Additional Production Curtailment Required due to Market Deterioration in Q3
- › Market Recovery Leads to Lower Inventories at Year End

- › 585MT Decrease in Q4'16



Cash Flows

Cash Outflows From Operating Activities (\$12.7M)

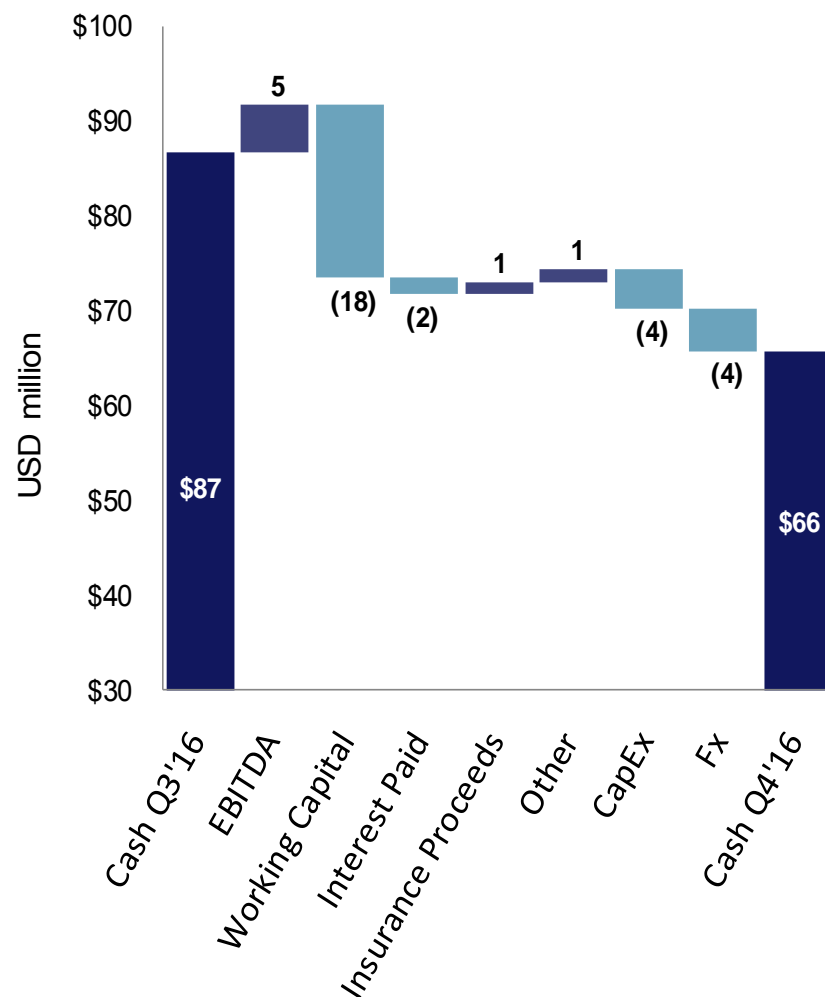
- › EBITDA of \$4.9M
- › Working Capital Increase (\$18.2M)
 - Increased Accounts Receivable (\$19.3M)
 - Decreased Accounts Payable (\$7.6M)
 - Decreased Inventories \$8.8M
- › Interest payments (\$1.8M)

Cash Outflows From Investing Activities (\$3.9M)

- › (\$4.2M) CapEx
- › \$0.3M Release of Restricted Cash

Currency Loss of (\$4.4M)

- › Stronger USD Relative to NOK



Liquidity Outlook at December 31, 2016

Nominal Debt - \$186M

- › Decreased by (\$5.4M) in Q4'16
 - Due to Stronger USD Relative to NOK

Nominal Net Debt - \$120M

- › Increased by \$15.7M in Q4'16
 - Decrease in Cash of \$21.0M
 - Decrease in Nominal Debt of (\$5.4M)

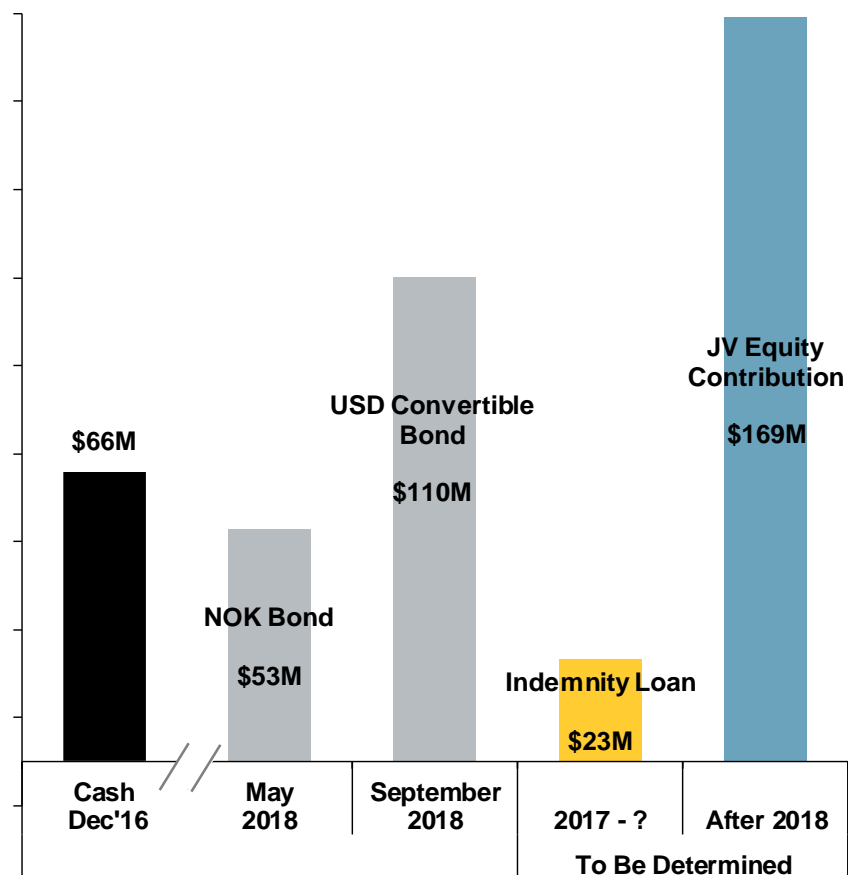
Indemnity Loan (Included in Net Debt)

- › Callable Beginning in February 2016
- › Has not Been Called
- › Due Date is Uncertain

JV Equity Contribution

- › Agreements Permit Company to Forego Making Remaining Contribution if Unable to Pay

USD Million



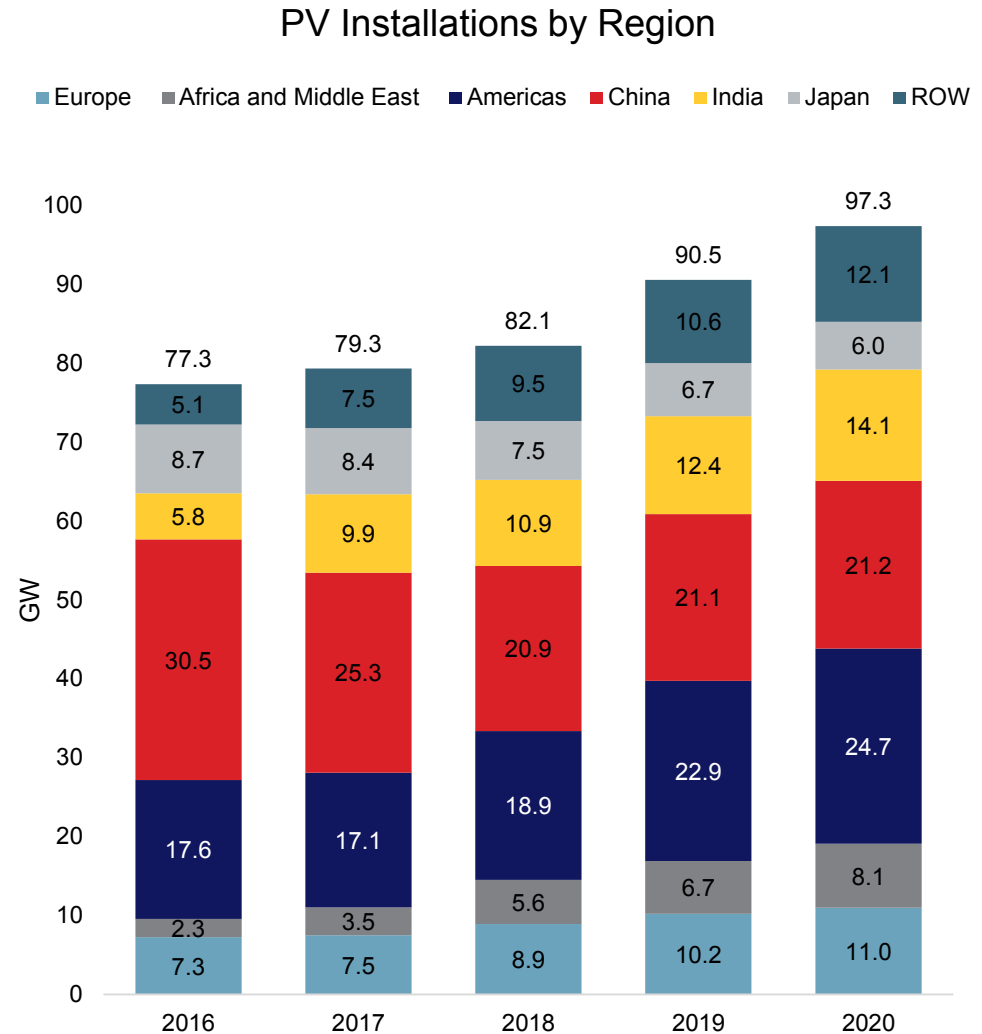


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MARKET
OUTLOOK

Steady Growth in PV, Notably in New Markets

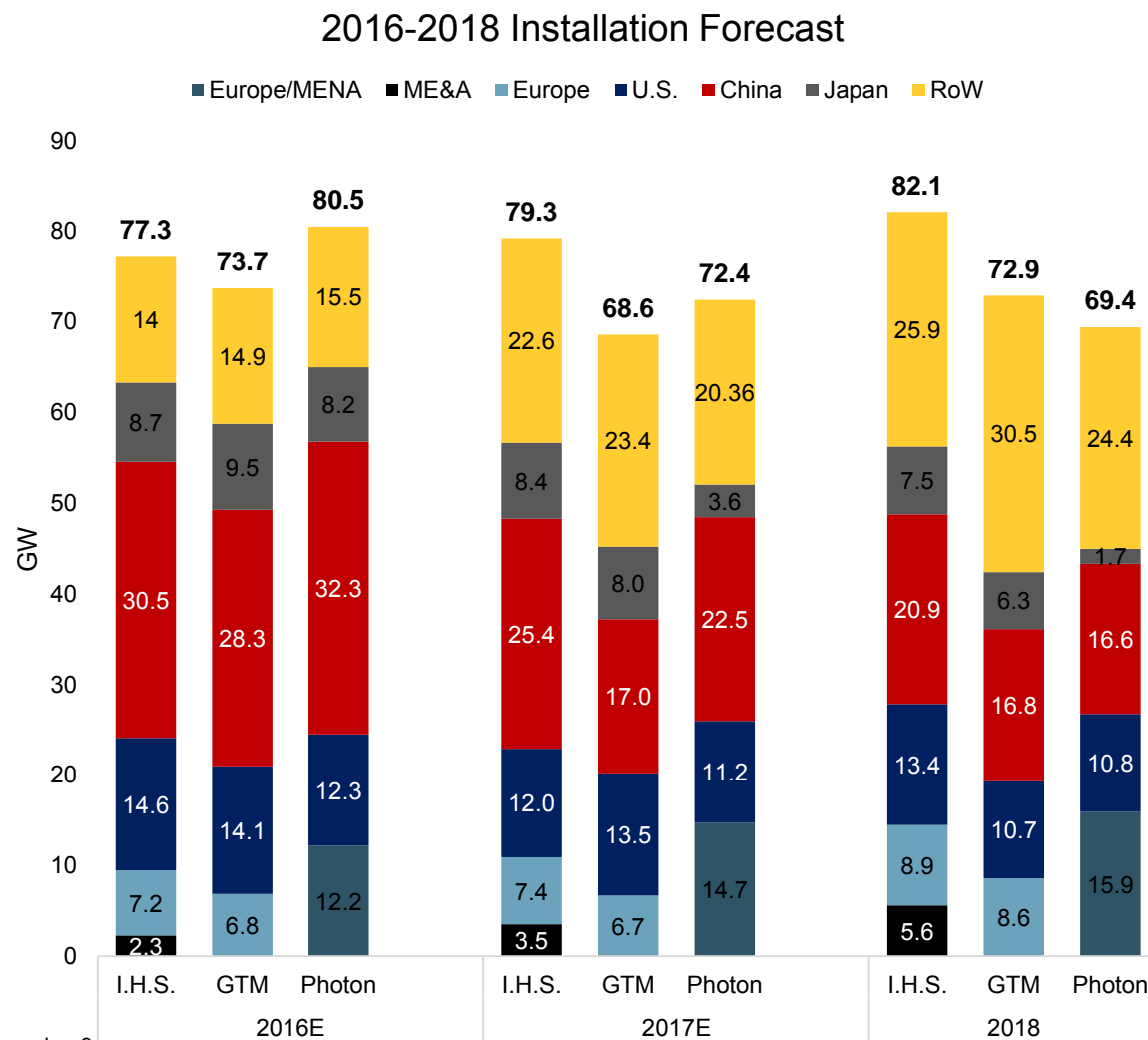
- › China Still Most Important Market, but Reduced Installations in Coming Years
- › India and Other Emerging Markets Will Continue to Grow
- › Long Term Market Outlook is Increasingly Geographically Diversified



Source: I.H.S. PV Demand Market Tracker - Q4 2016

2016 – 2018 Analysts' Installation Views

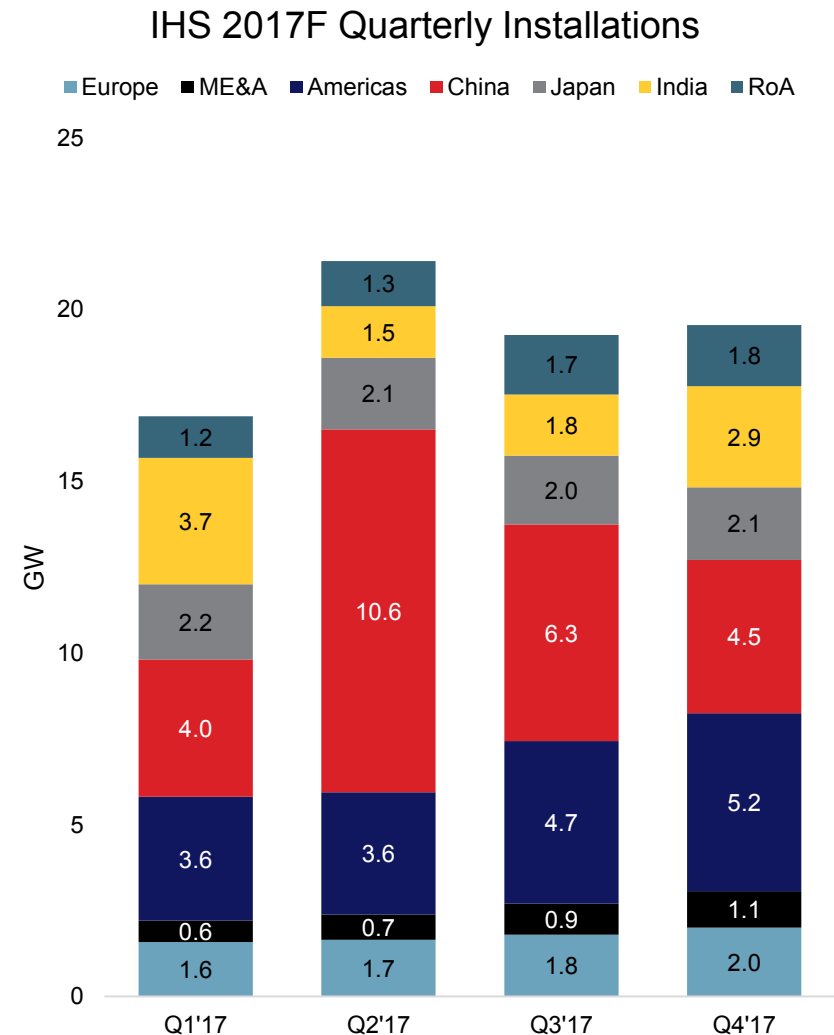
- › Analysts' Views Differ, but Market Expected to Remain Stable 2016-2018
- › H2 2017 Uncertain Due to FIT Cuts in China
- › Additional Uncertainty in the US Due to Political Policy Changes



Source: IHS Markit Technology, Global PV Installations by Region, December 9, 2016, GTM Research, PV Pulse: January 2017, Photon Consulting, Installation Volume Outlook February 8, 2016

Quarterly Module Installations by Region

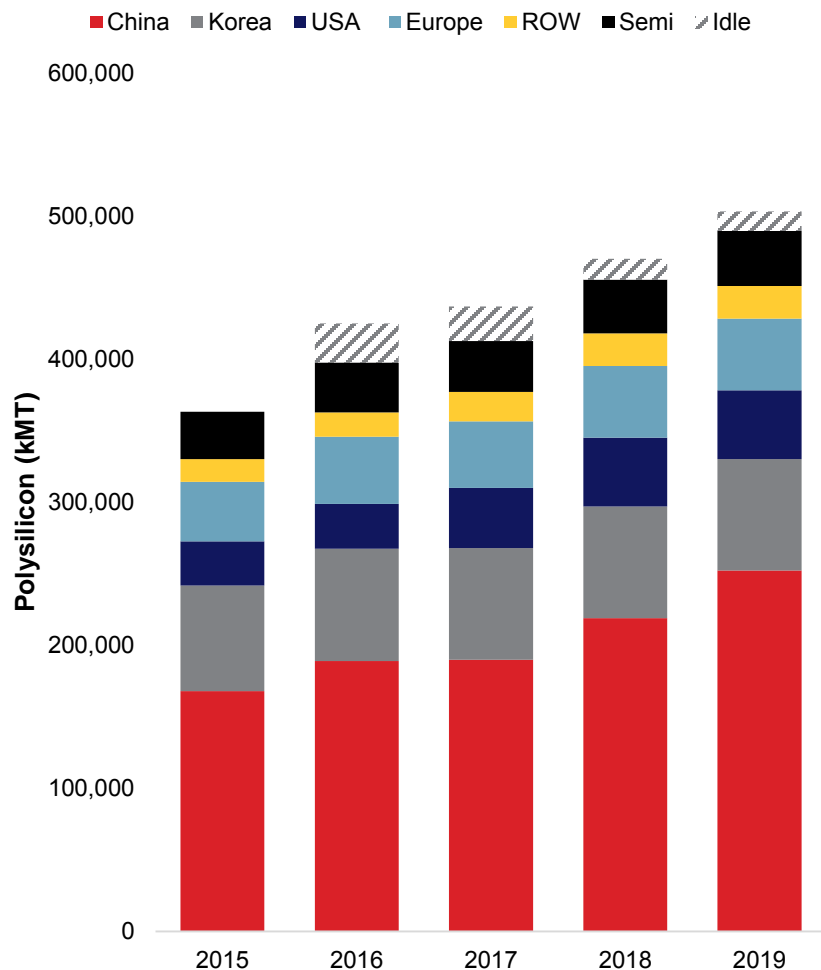
- › Global Installations in Q2 will be Strong Due to 2016 China FIT
 - Grace Period Expires June 2017
- › Balanced H2 2017 Still Expected Due to Increased Installations in the Americas and India
- › I.H.S. Expects a 2017 Total Installment of 79.3 GW
 - Increase of ~2 GW from 2016



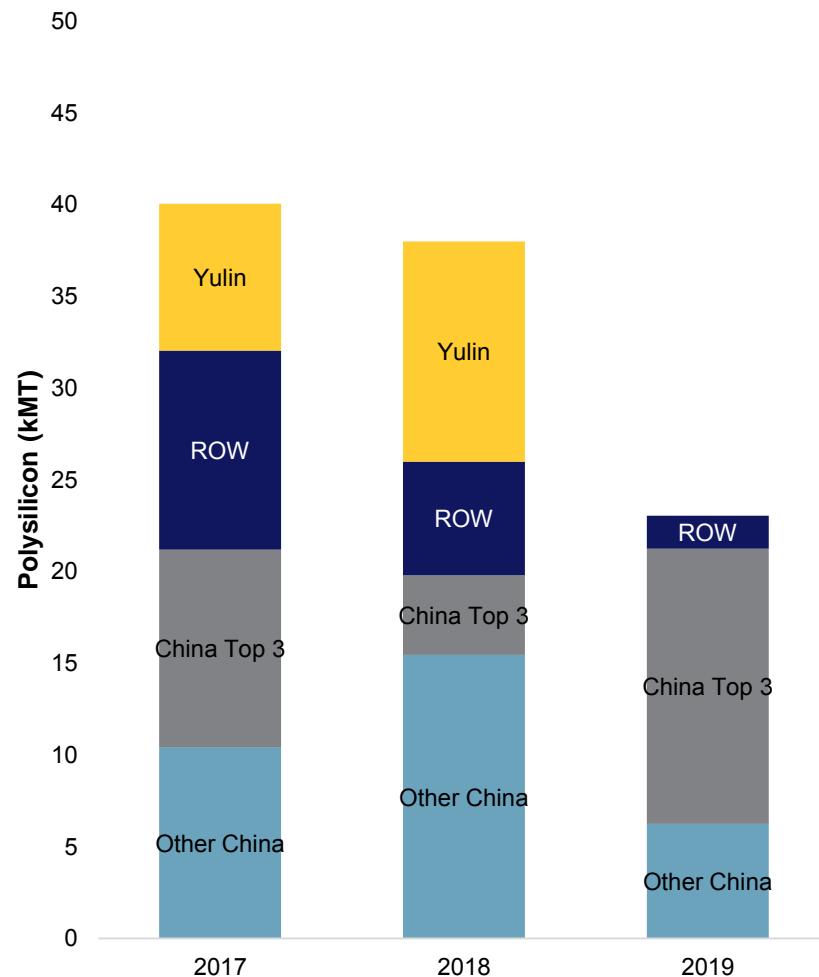
Source: I.H.S. PV Demand Market Tracker - Q4 2016

Limited New Polysilicon Capacity Expansion 2017-2019 2016

Supply 2015-2019



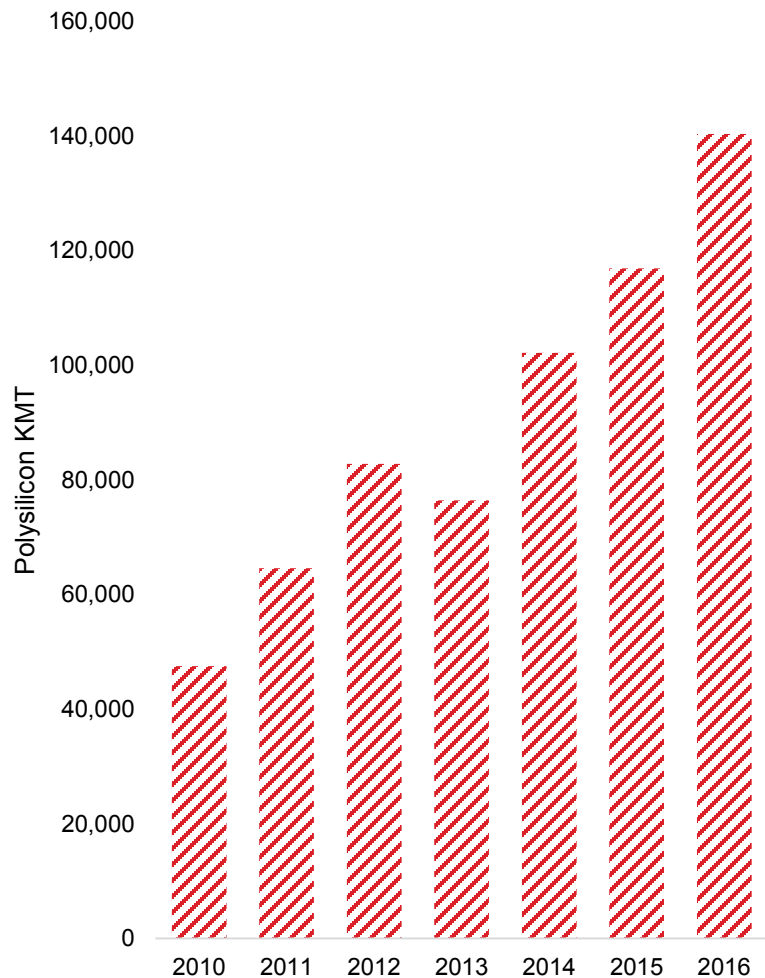
New Polysilicon Capacity



Source: January 2017 Competitor releases, industry analysts, REC Market Intelligence

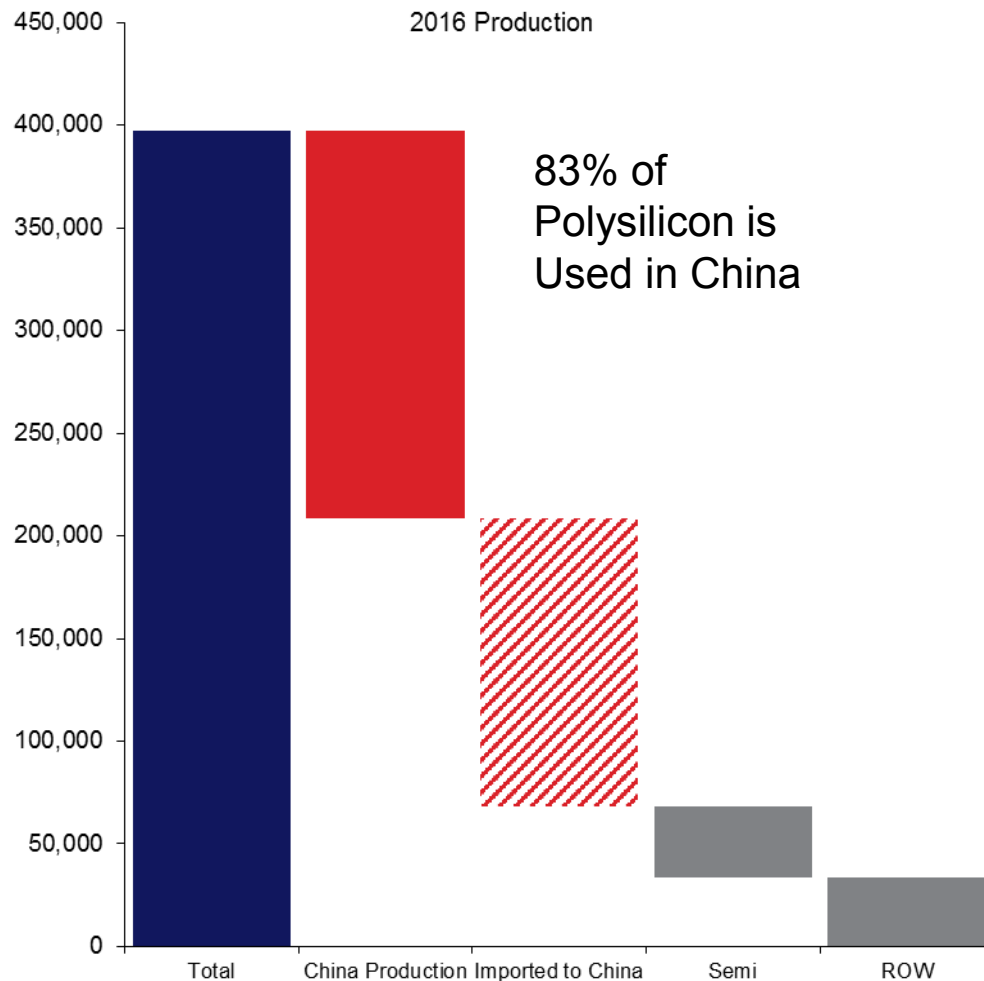
China Still Dependent on Polysilicon Imports

China Polysilicon Annual Import Totals



Source: China customs

2016 Production



Source: REC estimates

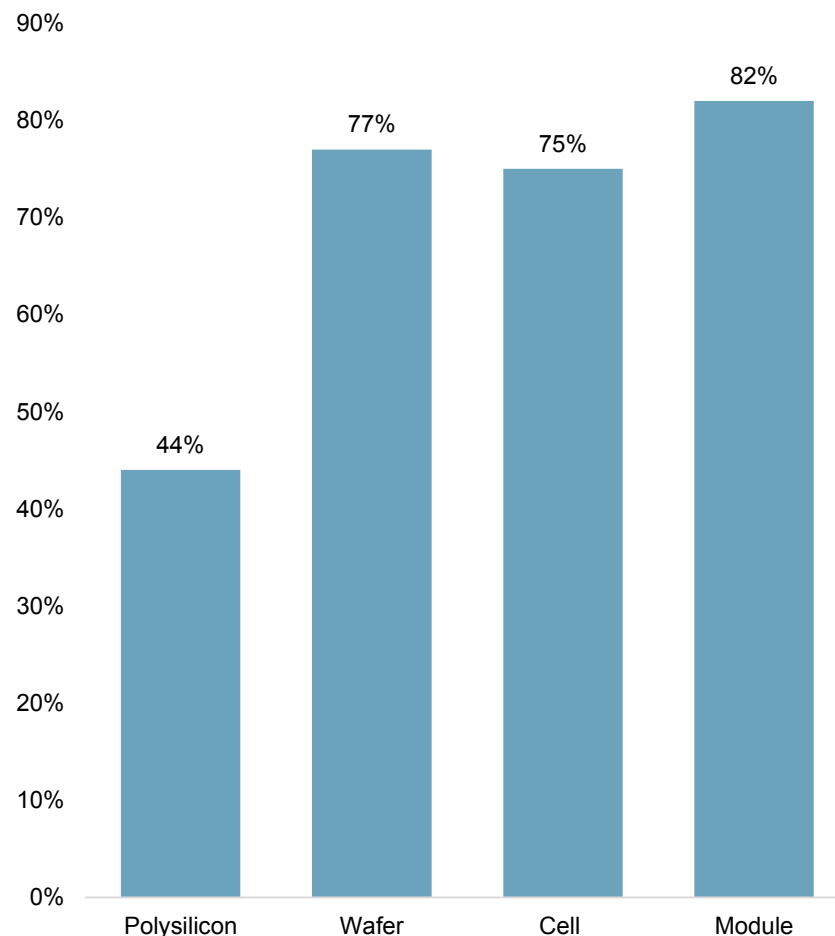
China's Solar Supply Chain Dominance and Widening Price Difference

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Polysilicon Prices



Chinese Solar Manufactures' Capacity as a Share Global Total (H1'16)

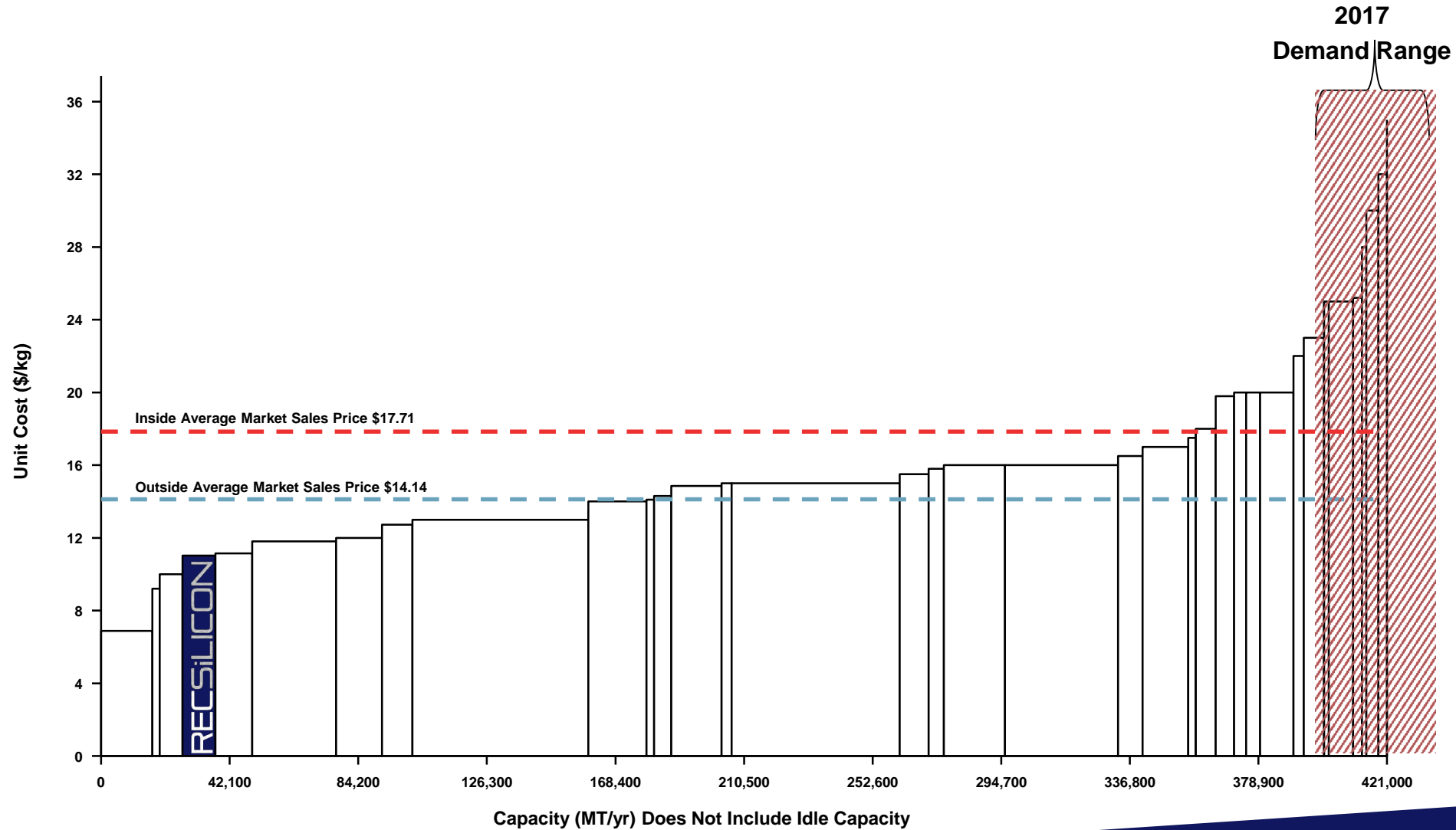


Source: HSBC Global Research January 24, 2017

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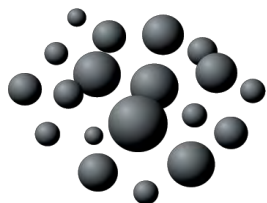
Polysilicon ASP Approaches Cash Cost of Marginal Producers

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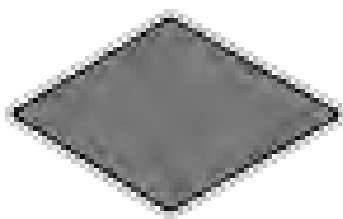
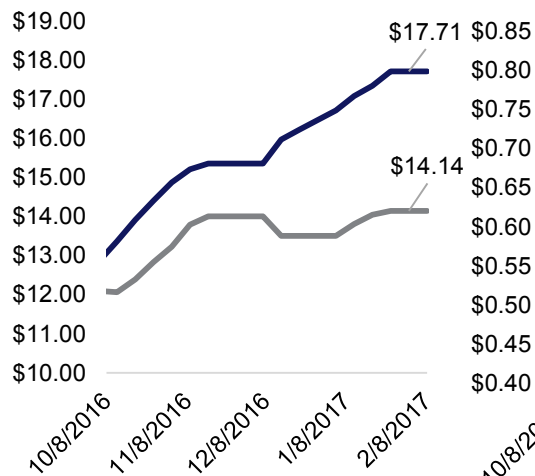
Polysilicon Prices Increase, While Prices Stabilize Across the Supply Chain

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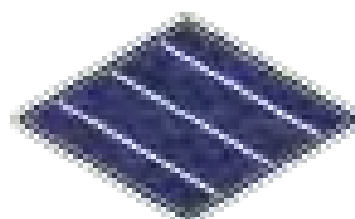
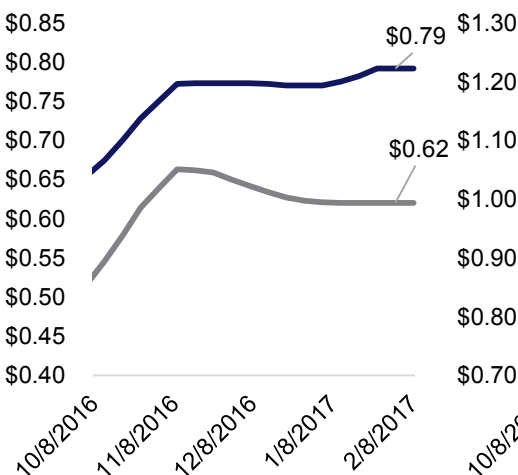
Polysilicon

— Inside China Avg.
— Outside China Avg.



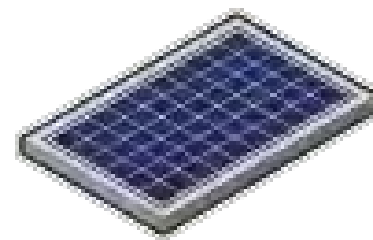
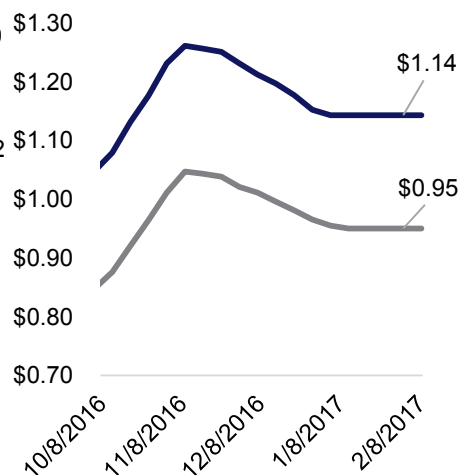
Wafer

— Multi Wafer Avg.
— Mono Wafer Avg.



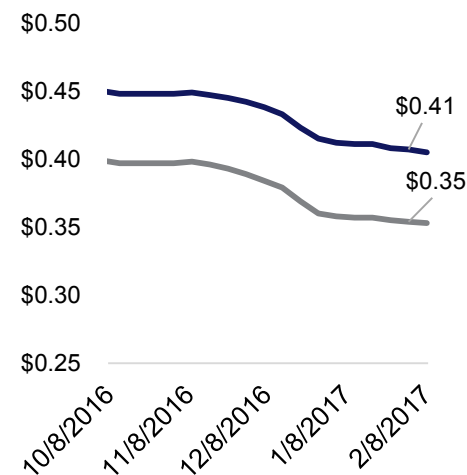
Cell

— Multi Solar Cell Avg.
— Mono Wafer Avg.



Module

— Multi Module Avg.
— Mono Module Avg.



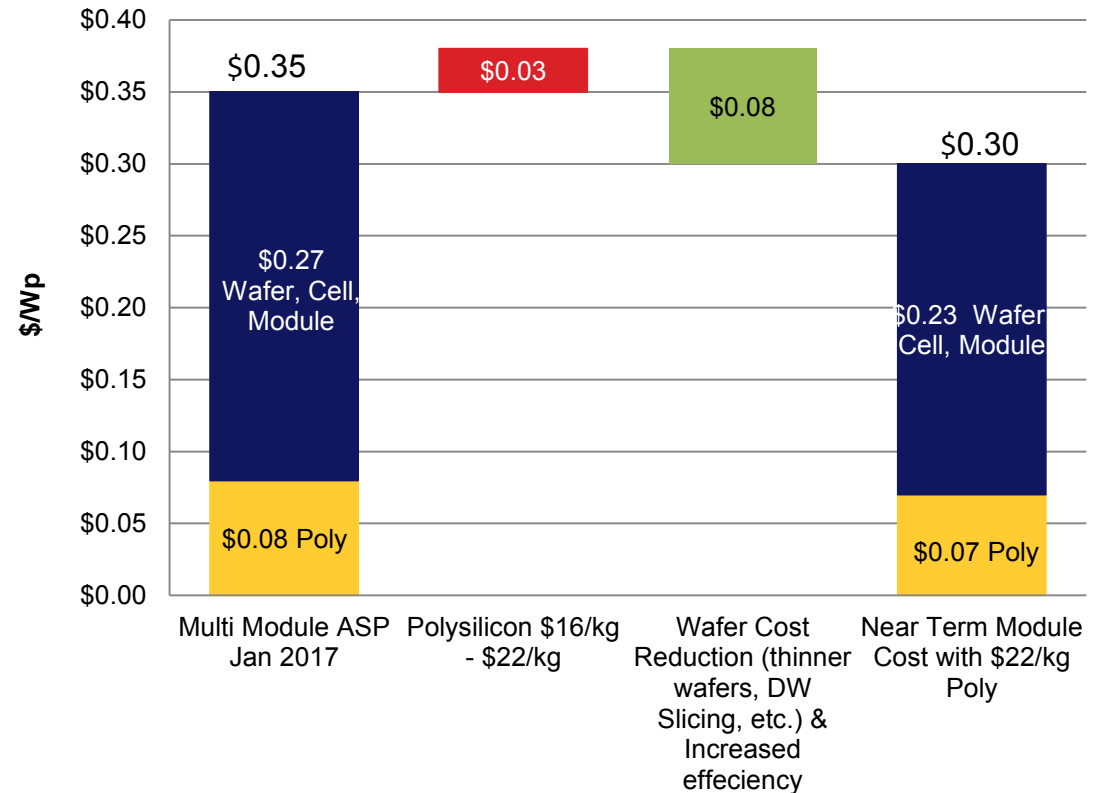
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Polysilicon Price Can Increase Without Demand Destruction

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- › Polysilicon ASP is Relatively Small Compared to Total Module Costs
- › Near Term Wafer, Cell, and Module Improvements Can Absorb Price Increases

Polysilicon vs. Multi Module Price Bridge \$/Wp



Source: REC Internal Modeling, PV Insights, ITRPV 7th Edition 2016

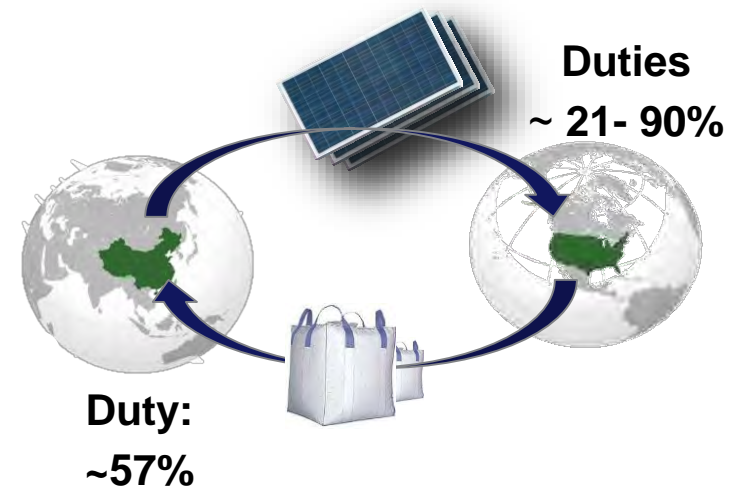
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U.S./ CHINA TRADE DISPUTE UPDATE

US / China Solar Trade Dispute Continues

- › Record Imports of Polysilicon into China
 - High Duties on US Polysilicon Have Prevented US Companies From Taking Advantage
 - Korea and Germany Have Increased Imports as a Result
- › ~\$3/kg Higher Prices Inside China Continue
- › China Investigation of Korean Polysilicon On-going
- › US Panel Prices Down Due to Imports of Tariff Free Non-Chinese Panels
- › Current Transition Process for New USG Necessarily slows Resolution Progress
- › New USG Rhetoric Suggests That it Values US Polysilicon Manufacturing Capacity & Jobs



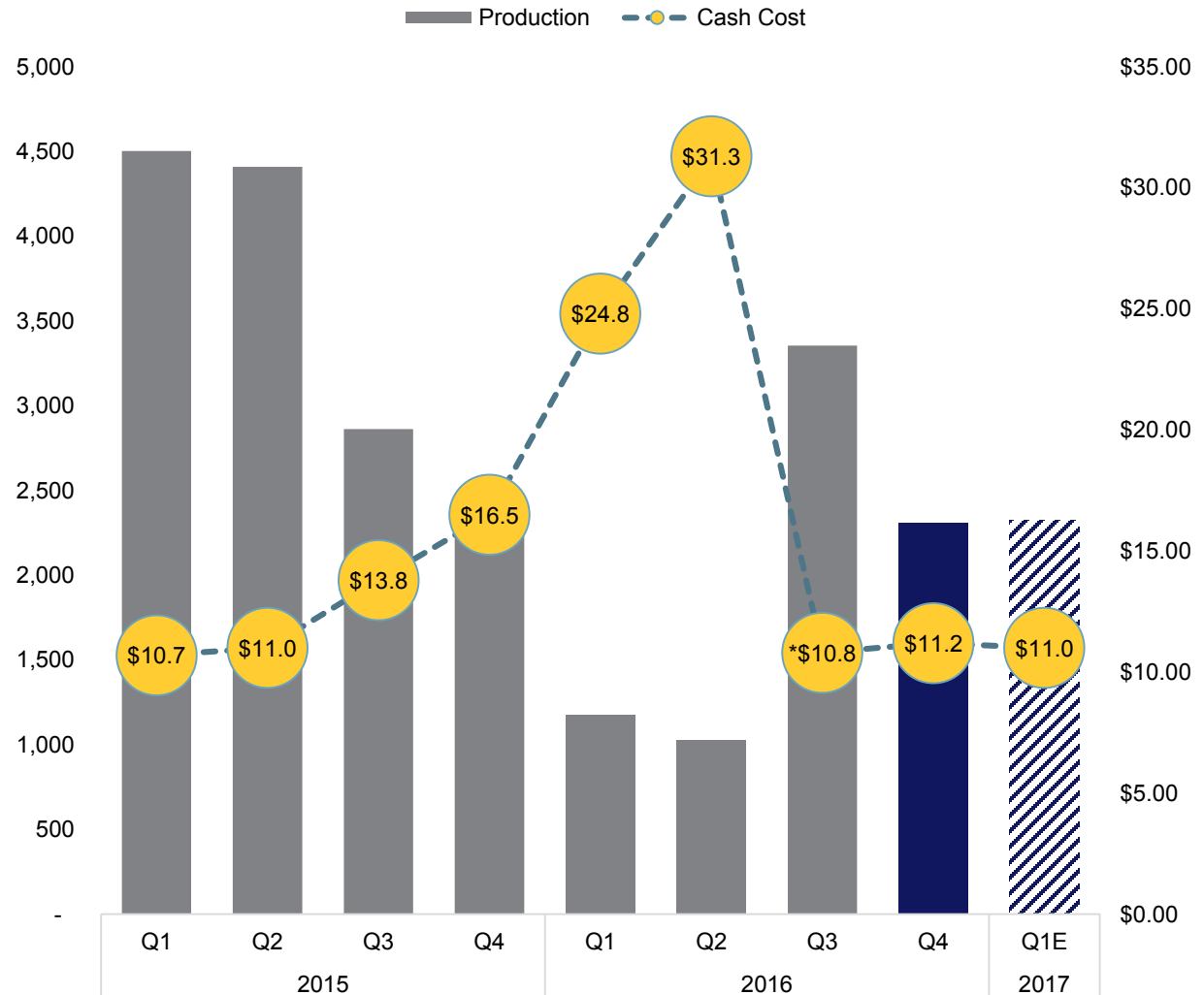


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NEAR TERM
STRATEGY

Competitive Cash Cost in Moses Lake

- › Successful Implementation of Cost Reduction Initiatives
- › Competitive at Reduced FBR Production Rates
- › FBR Production Matches Market Demand

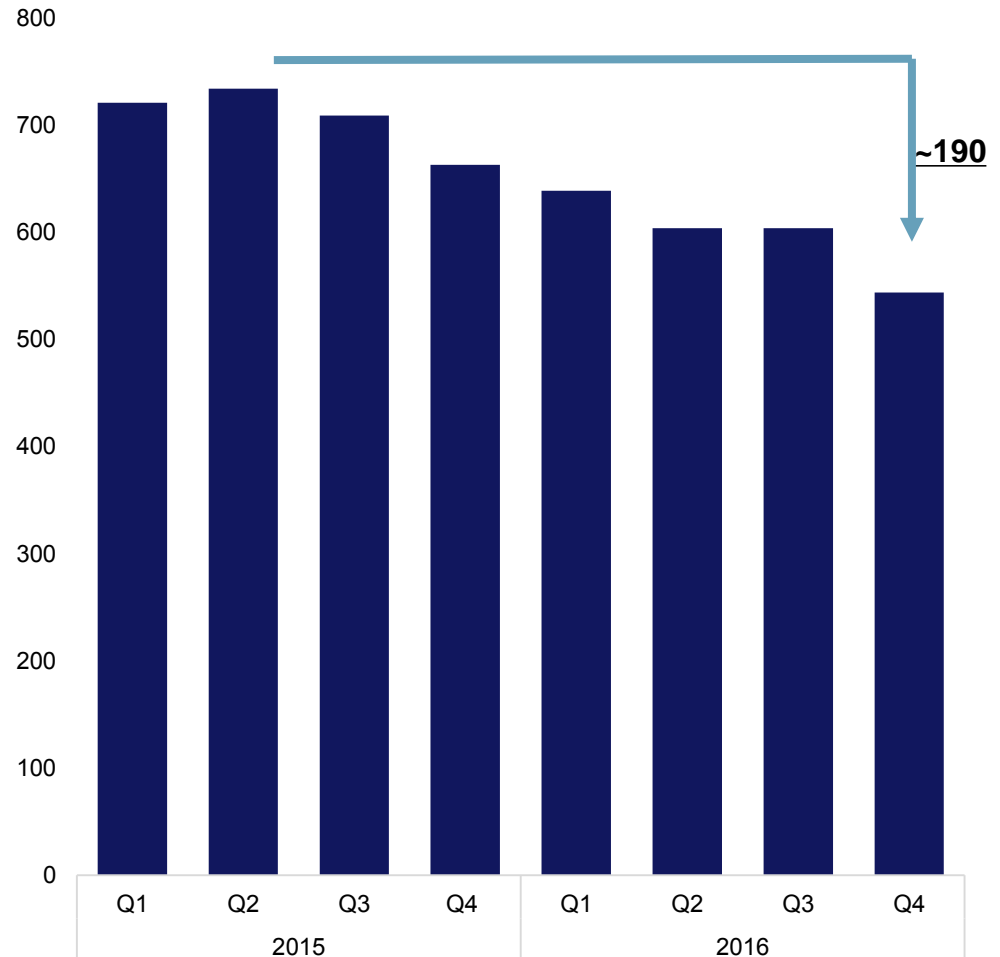


*Removes Accrual Adjustments

Initiatives to Maintain Competitive Cash Cost

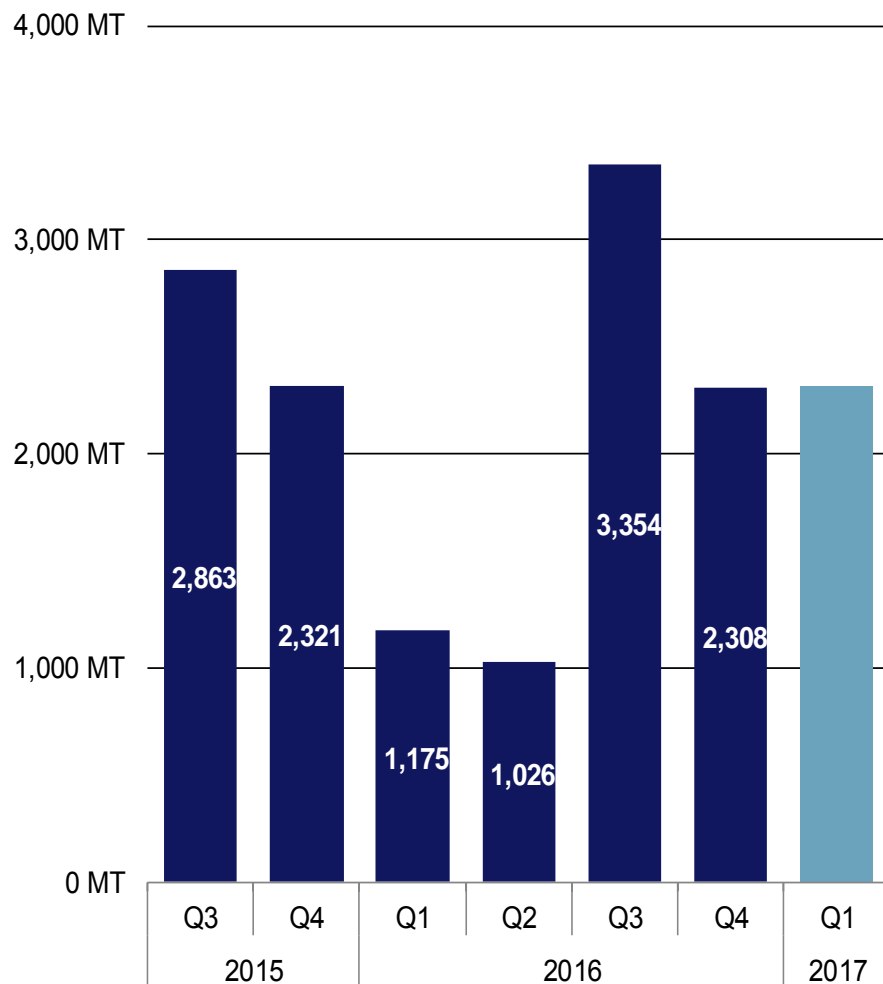
- › Headcount Reduced to 540
- › Company Wide Initiatives to Reduce Fixed Costs
- › Cash Cost of \$11.2/kg Compared to Guided \$12.4/kg

REC Silicon ASA Headcount
Q1 2015-Q4 2016

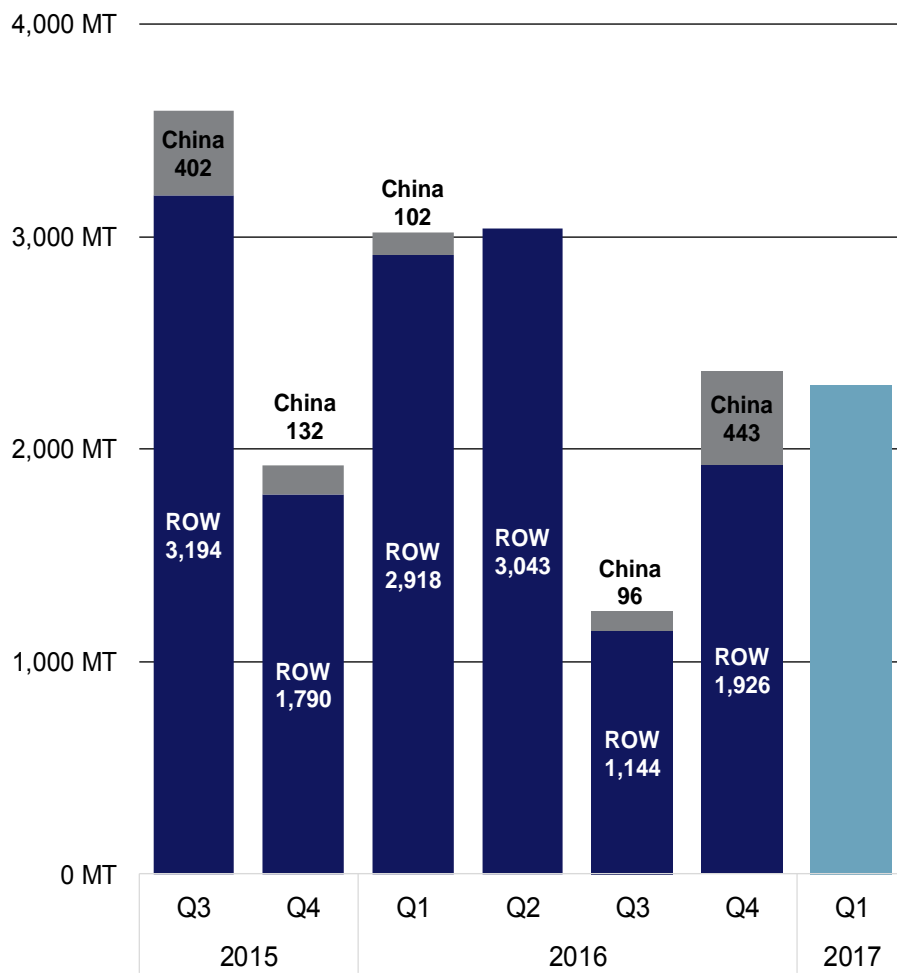


FBR Production Aligned with Market Demand

FBR Production



FBR Sales



Note: Excludes Fines & Powder

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YULIN JV UPDATE

Yulin JV – On Track for H2 2017 Start-up

Yulin Plant Production Capacity:

- › 19,000 MT Granular Polysilicon
 - FBR-B: Next Generation Technology
- › 300 MT Siemens Polysilicon
 - Semiconductor Grade
- › 500 MT Silane Gas Loading

Capital Contributions

- › Negotiations Underway to Defer Remaining Contributions Until After 2018
- › Agreements Permit Company to Forego Making Remaining Contribution if Unable to Pay



Yulin JV – Successful Cooperation To Date

- › JV Executive Leadership Combination of REC and JV Partner
 - Leverages JV Partner's Substantial Experience and Expertise in China

- › Extensive Training Completed at Moses Lake and Butte
 - 6-12 Months of Operator and Field Training by REC Experienced Personnel in US
 - ~50 JV Employees from China Now Have Hands-on Experience

- › Detailed Engineering Complete

- › Construction Progressing Well
 - Over 4.5 Million Man Hours Worked
 - Zero Safety Incidents Reported





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GUIDANCE

2016 Results vs. Guidance

FBR Production

2016	7,863MT
Guidance*	7,815MT
Deviation	0.6%

FBR Cash Cost

2016	\$15.3/kg
Guidance*	\$15.7/kg
Deviation	-2.5%

Total Polysilicon Production

2016	10,729MT
Guidance*	10,791MT
Deviation	-0.6%

Semiconductor Production

2016	1,324MT
Guidance*	1,418MT
Deviation	-6.6%

Silicon Gas Sales

2016	2,734MT
Guidance*	2,712MT
Deviation	0.8%

2016 CapEx **

Maintenance	\$11M
Expansion	\$ 1M
Total	\$12M

* Guidance Presented November 2, 2016

** Additions to Property Plant and Equipment

Q1 and 2017 Guidance

FBR Production	
Q1	2,320MT
2017	9,420MT

FBR Cash Cost	
Q1	\$11.0/kg
2017	\$11.0/kg

Total Polysilicon Production	
Q1	3,080MT
2017	12,500MT

Semiconductor Production	
Q1	350MT
2017	1,170MT

Silicon Gas Sales	
Q1	750MT
2017	3,200MT

CapEx *	
Maintenance	\$10M
Expansion	\$ 0M
2017 Total	\$10M

* Additions to Property, Plant and Equipment



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Q1 2017 Reporting
May 3, 2017
