
SECOND QUARTER 2014

Presentation



RECSILICON

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Agenda

REC Q2 Results	T. Torvund, CEO
Market Overview <ul style="list-style-type: none">- Capacity expansion announcements- U.S. / China Solar Trade Issues- Yulin JV update	T. Torvund
Financial Overview	J. May, CFO
Guidance	T. Torvund
Q & A	

REC Silicon ASA Second Quarter Highlights

Revenues: USD 126.9 million

EBITDA: USD 31.6 million

Increased average polysilicon sales price

- ~4% polysilicon price increase over Q1
- FBR granular prices continue on par with spot indices

Total Polysilicon production

4,375 MT

- Silane III planned outage

Record Silicon gas sales

844 MT

- Increased volumes in all silicon gases
- ~5% silane gas price increase over Q1

FBR cash cost

\$14.30/kg

- Impacted by planned Silane III outage
- Silane III 5-year inspection costs exceeded expectations

REC Silicon ASA Q2 2014 Key Metrics

Financials	
Revenue	\$126.9 M
EBITDA	\$31.6 M
EBITDA Margin	25%

FBR Production	
Actual	3,686 MT
Guidance*	3,600 MT
Change	+2.4%

FBR Cash Cost	
Actual	\$14.30/kg
Guidance*	\$13.40/kg
Change	+6.7%

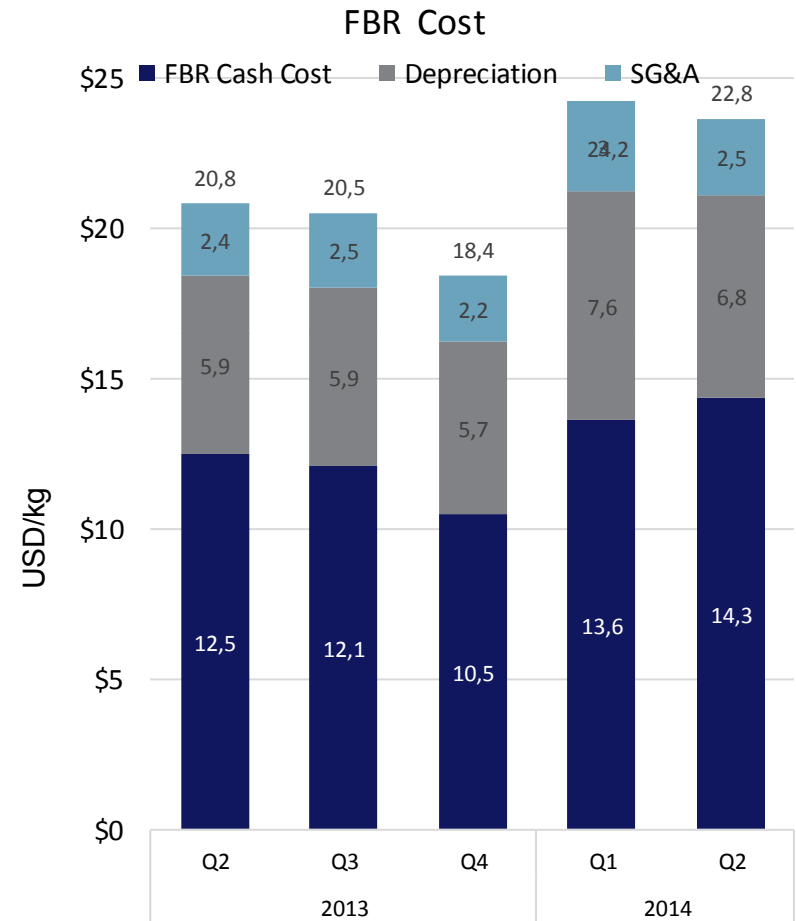
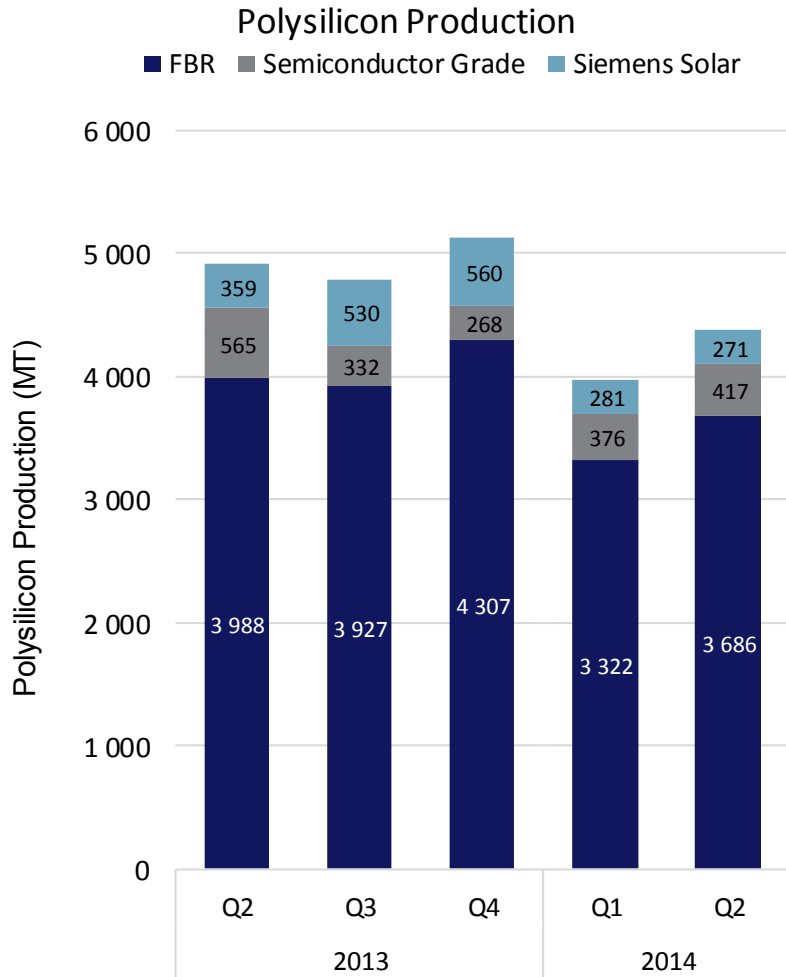
Total Polysilicon Production	
Actual	4,375 MT
Guidance*	4,350 MT
Change	+0.3%

Semiconductor Production	
Actual	417 MT
Guidance*	430 MT
Change	- 2.9%

Silicon Gases Sales Vol.	
Actual	844 MT
Guidance*	800 MT
Change	+5.6%

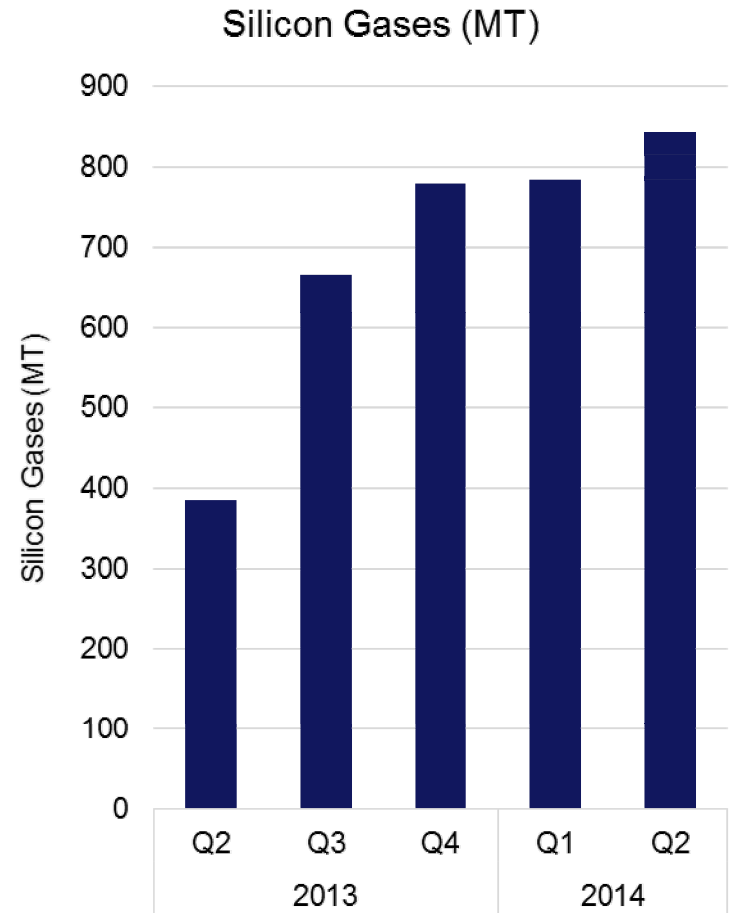
* Guidance presented May 9, 2014

Polysilicon Production and FBR Cost



Q2 2014 Silicon Gas Sales: Record Sales Volume

- › Volumes 5.6% over guidance
- › Silane gas price increase 5% over Q1
- › PV and Flat Panel Displays demand up slightly
- › Offline competitive capacity has not fully returned

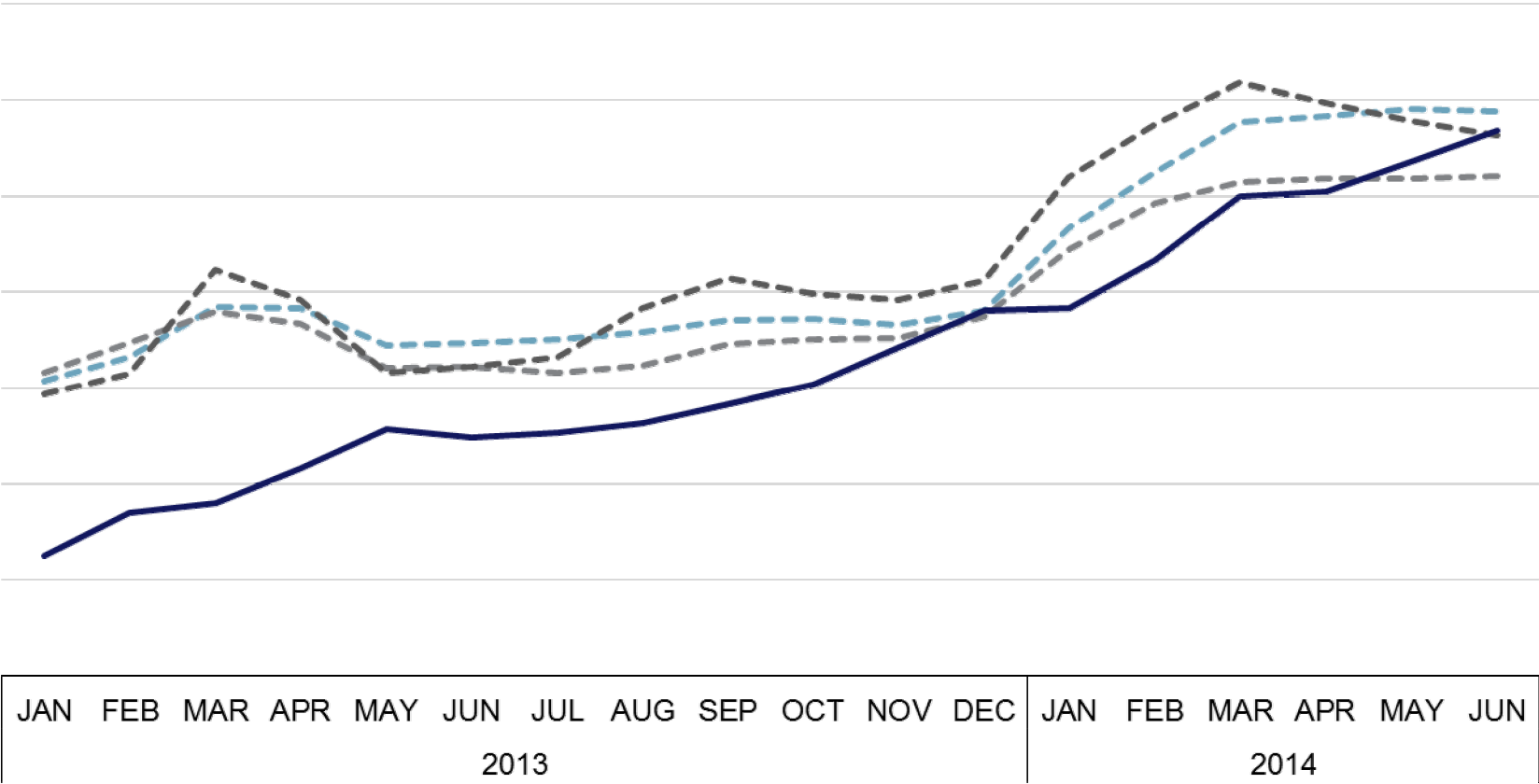




Polysilicon Market Landscape

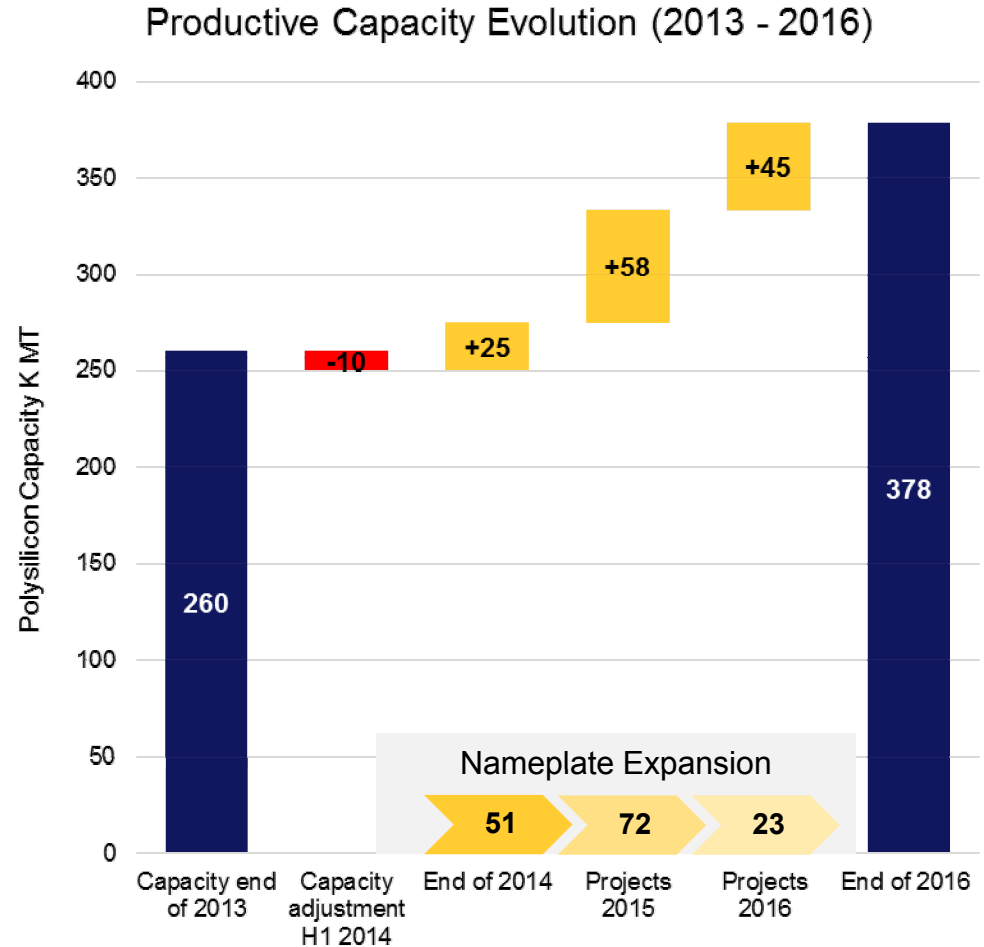
Spot Indices vs. REC Prime Granular

Index 1 Index 2 Index 3 FBR PRIME



Productive Capacity Evolution: 2013 - 2016

- > New capacity takes time to impact the market
- > Limited greenfield projects, recent additions are debottleneck and incremental additions only (replacing older capacity at site)
- > More balance upstream as polysilicon supplied to the market is aligned with wafer/cell production forecasts

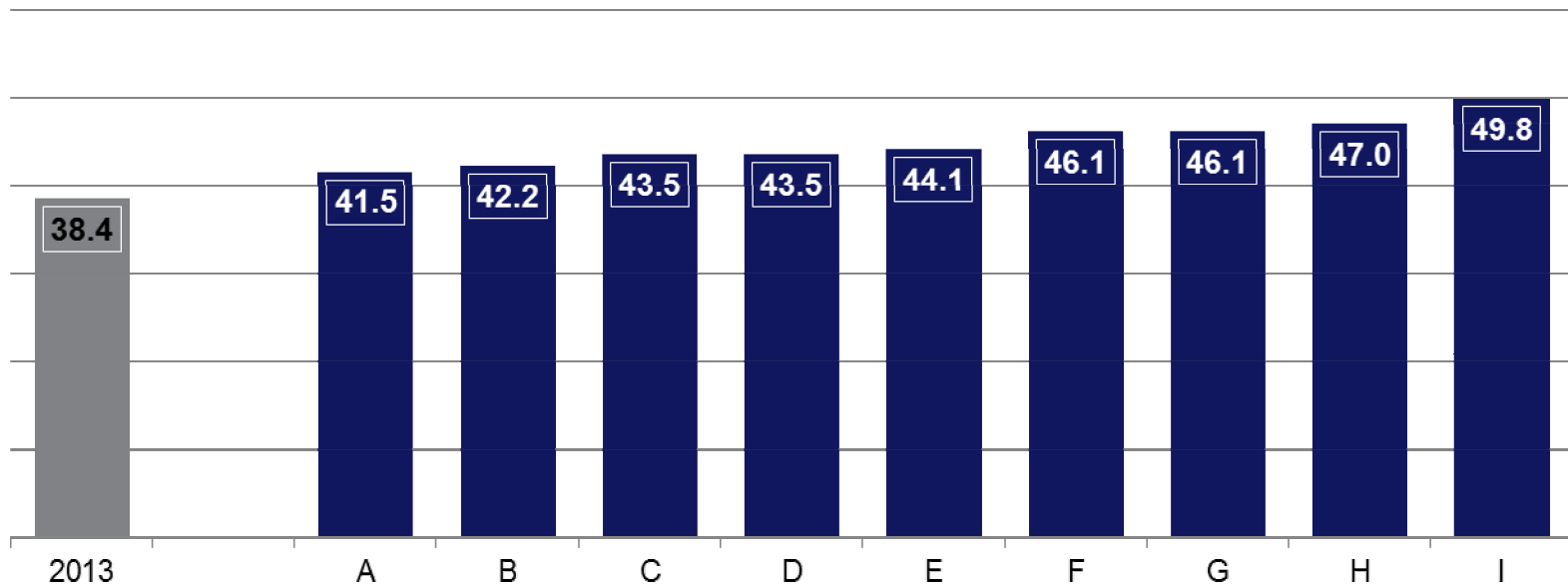


Note: Estimated incremental capacity is the realistic additional capacity able to supply the market at that given year. This takes into account a ramp factor and commissioning schedules. The balance from nameplate is carried over to Year 2 of operations.

External View on PV Demand 2014

- › Estimates have narrowed to 42-50 GW (40-56 GW prior), but demand likely to end up in the lower range due to recent market developments
 - China now expects 2014 installations to come in at 10 GW compared to prior target of 14 GW
 - Distributed Grid (Rooftop) PV from 8GW to 4 GW
 - AD/CVD ruling in the US creates uncertainty in the US demand

New PV Installations Forecast (GW)
(45 GW Avg)



Note: Based on available PV demand forecasts as of end-May 2014.

US/China Solar Trade Update

- › REC is continuing to sell its solar grade polysilicon into China by working with customers to utilize available options under existing laws, namely the “Process in Trade,” under China Customs laws
- › New US trade cases filed at the end of 2013 against China and Taiwan resulted in preliminary CVD duties against Chinese panel producers on June 2, 2014, preliminary AD orders against China & Taiwan are scheduled to be announced July 24, 2014
- › We understand that the Chinese panel makers have lower costs workarounds to the new duties and are continuing to ship panels into the US, and continue to have access to the US panel market
- › Political and diplomatic negotiations between the US and China are underway to resolve but outcome and timing are uncertain

Market Update

› Solar Grade Polysilicon

- Installation for Q2 sequentially flat, but demand normally back-loaded every 2nd half
- Average spot indices up approximately 4% from the previous quarter
- After a sustained increase earlier in the year, indices have stabilized around \$21/kg since March
- Major market influences
 - Distributed Generation PV deployment in China
 - US AD/CVD decision
 - Upside in Japan due to more competitive system pricing and land integration resolution

› Semiconductor Polysilicon

- In terms of unit shipment, market continues to be flat due to excess inventories
- Prices remain stable and are not sensitive to short term changes in demand

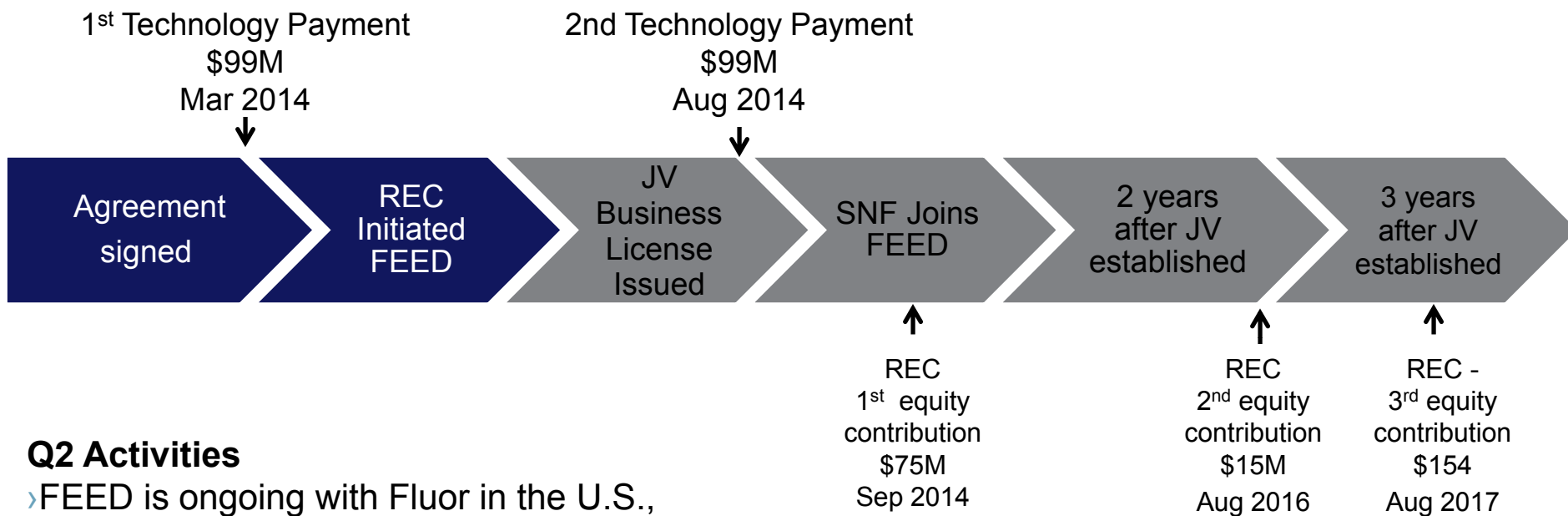
› Silicon Gases

- Demand continued to be robust due to strong PV and TFT markets



Yulin JV:
Shaanxi Non-ferrous (SNF)
&
REC Silicon

Yulin JV Update



Q2 Activities

- › FEED is ongoing with Fluor in the U.S., delivery scheduled for August
- › Business License approval process is on schedule for issuance by August

Q3 Activities

- › Business License and establishment of Yulin JV company
- › Completion of FEED in the U.S., Project to move to China
- › Second \$99 Million Technology Payment
- › SNF and REC make first capital contributions



Financial Review

Financial Results – Total and Continuing Operations

(USD million)	Q2 2014			Q1 2014		
	<u>Revenues</u>	<u>EBITDA</u>	<u>EBIT</u>	<u>Revenues</u>	<u>EBITDA</u>	<u>EBIT</u>
REC Silicon	126.8	33.1	(0.2)	113.3	19.5	(13.9)
Other & eliminations	<u>0.0</u>	<u>(1.5)</u>	<u>(1.5)</u>	<u>0.1</u>	<u>(2.0)</u>	<u>(2.0)</u>
REC Silicon & Other	126.9	31.6	(1.7)	113.4	17.5	(15.9)
REC Solar	-	-	-	-	-	-
Gain/Loss on disposal of disc. oper.	-	0.3	0.3	-	(1.5)	(1.5)
Eliminations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations	126.9	31.9	(1.4)	113.4	16.0	(17.4)
Discontinued operations	<u>-</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>-</u>	<u>1.5</u>	<u>1.5</u>
Continuing Operations	<u>126.9</u>	<u>31.6</u>	<u>(1.7)</u>	<u>113.5</u>	<u>17.6</u>	<u>(15.9)</u>

› REC Silicon & Other

- The continuing operations

› EBITDA of USD 31.6 million

- US Operations EBITDA USD 33.1 million
- Parent Company Expenditures of USD 1.5 million

REC Silicon & Other

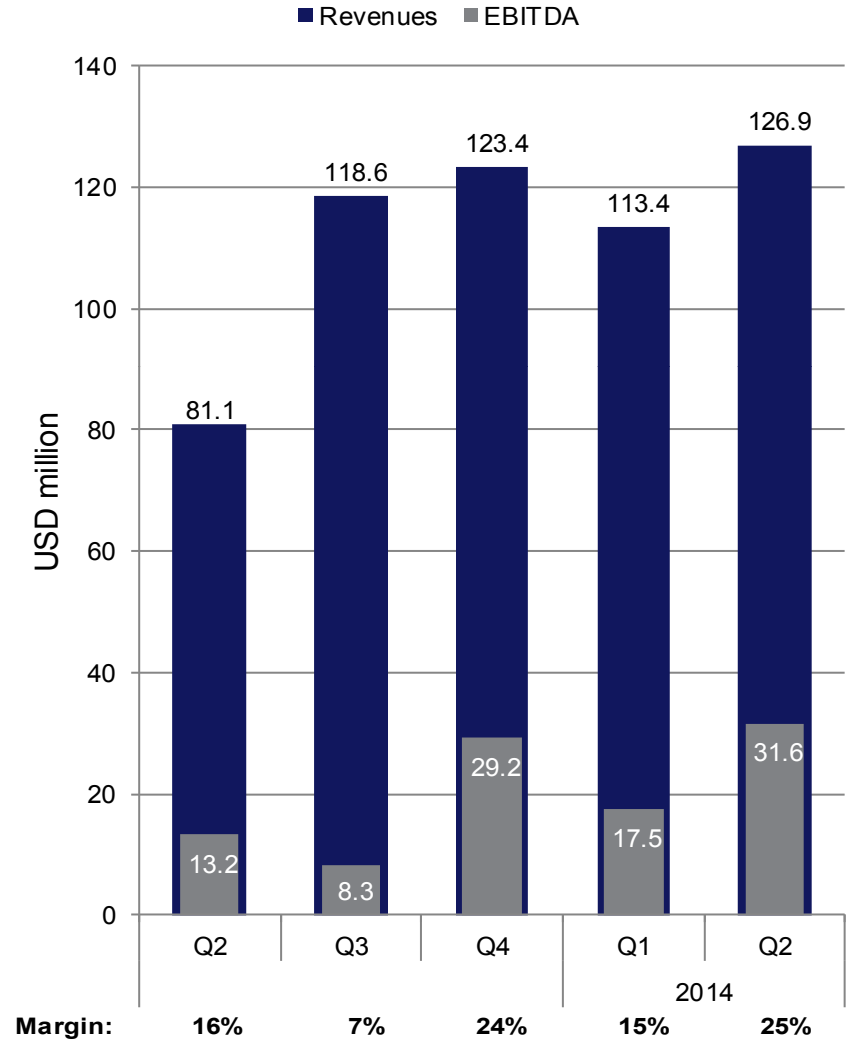
Key Financial Results

Revenues - USD 126.9 million

- > Increased polysilicon revenues
 - ~4% Price increase from Q1'14
 - ~2% Volume increase from Q1'14 (Excluding Fines & Powders)
- > Continued strong silicon gas volume
 - High spot market sales due to offline competitive capacity

EBITDA - USD 31.6 million

- ~80% increase from Q1'14
- Higher Prices
- Higher Volumes



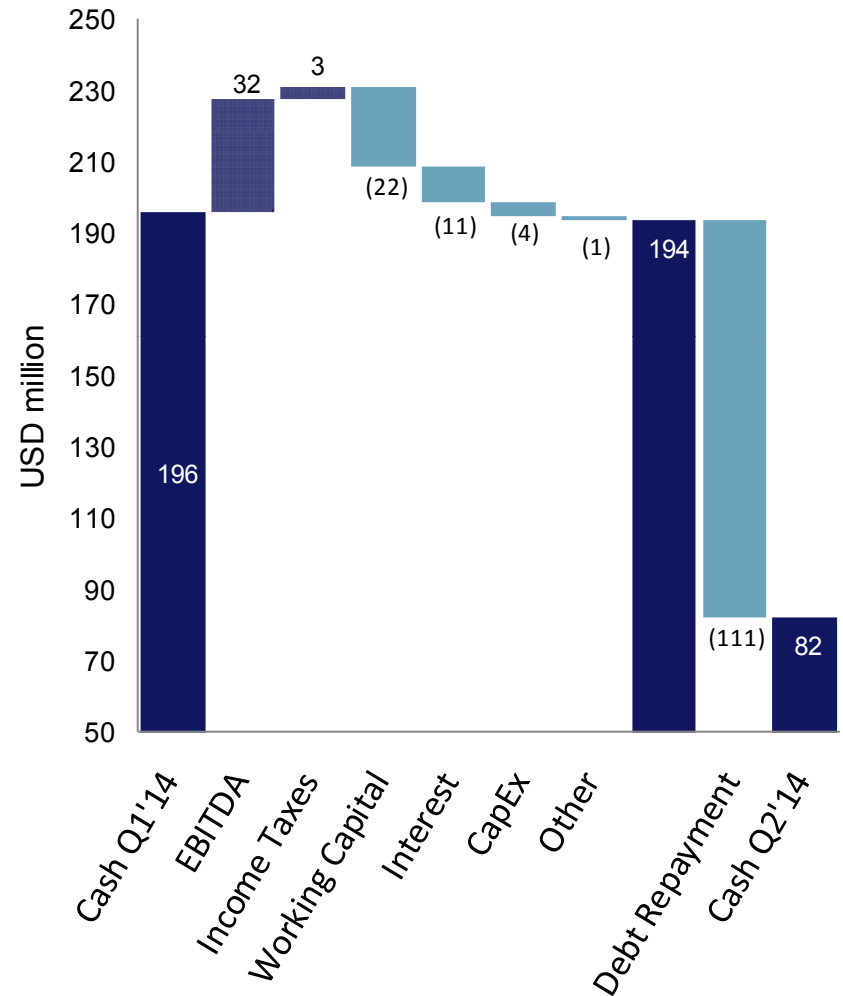
Cash Flows

Operations - USD 1.5 million

- › Working capital change due to:
 - Increased accounts receivable
 - Increased inventory

Repayment of Debt

- › EUR 81.2 million convertible bond on June 4, 2014



Debt Maturity Profile

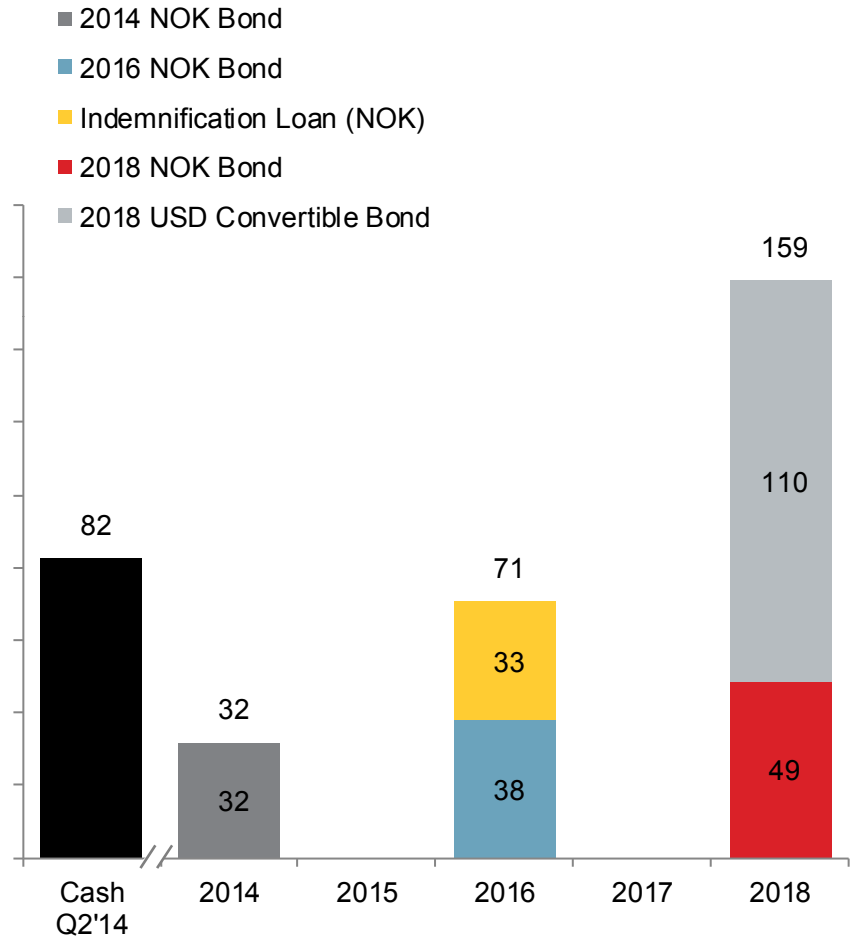
Nominal Net Debt - USD 179 million

- › Reduced by USD 134 million from Q4'13

Nominal Debt - USD 261 million

- › Reduced by USD 116 million during 2014
- › Repayment of EUR 81 million convertible bond

USD million





Q4 and 2014 Outlook

Key Performance Metrics – Looking Forward

FBR Production

Q3	4,250 MT
Q4	4,400 MT
2014	15,650 MT

FBR Cash Cost

Q3	\$11.20/kg
Q4	\$11.10/kg
2014	\$12.50/kg

Silicon Gas Sales

Q3	800 MT
Q4	800 MT
2014	3,200 MT

Semiconductor Production

Q3	350 MT
Q4	320 MT
2014	1,450 MT

Total Polysilicon Production

Q3	5,000 MT
Q4	5,260 MT
2014	18,600 MT

CapEx

2014	\$25 M
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Q3 Reporting
November 4, 2014