
FOURTH QUARTER
2015

PRESENTATION

A photograph of an industrial facility, likely a refinery or chemical plant, at dusk. The sky is a mix of blue and orange, with some clouds. The facility features various structures, including distillation columns, storage tanks, and piping, some of which are illuminated from within.

RECSILICON

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This presentation was prepared for the fourth quarter 2015 results presentation on February 12, 2016. Information contained herein will not be updated. The following slides should be read and considered in connection with the information given orally during the presentation.

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Agenda

REC Silicon Q4 Financial Results

T. Torvund, CEO

U.S. / China Trade

F. Sullivan, CLO

Market Outlook

K . Levens, VP Commercial

Financial Overview

J.A. May II, CFO

Near-term Strategy

T. Torvund

Guidance

T. Torvund

Q & A

REC Silicon ASA Fourth Quarter 2015 Highlights

Revenues: \$74.9 M

EBITDA: (\$29.6 M) Loss

December 31, 2015 Cash Balance of \$95.4 M

- Will Meet Existing 2016 Debt Obligations
- No Additional Requirements for Funding

Additional Production Capacity Curtailment in Moses Lake

- Optimize Cash Flow and Maintain Liquidity
- Anticipate Restart June 2016

Impairment Charges of \$151.5 million

- Current Decrease in Spot Prices
- Continued Uncertainty Caused by the Trade Dispute

REC Silicon ASA Q4 2015 Key Metrics

Polysilicon Sales Volume

Total 2,740 MT

Tolled Products 414 MT

Inventory Reduction 131 MT

FBR Production

Actual 2,321 MT

Guidance* 2,220 MT

Deviation 4.6%

FBR Cash Cost

Actual \$16.5/kg

Guidance* \$17.1/kg

Deviation - 3.5%

Total Polysilicon Production

Actual 3,022 MT

Guidance* 2,980 MT

Deviation 1.4%

Semiconductor Production

Actual 288 MT

Guidance* 300 MT

Deviation - 4.0%

Silicon Gases Sales Volume

Actual 709 MT

Guidance* 700 MT

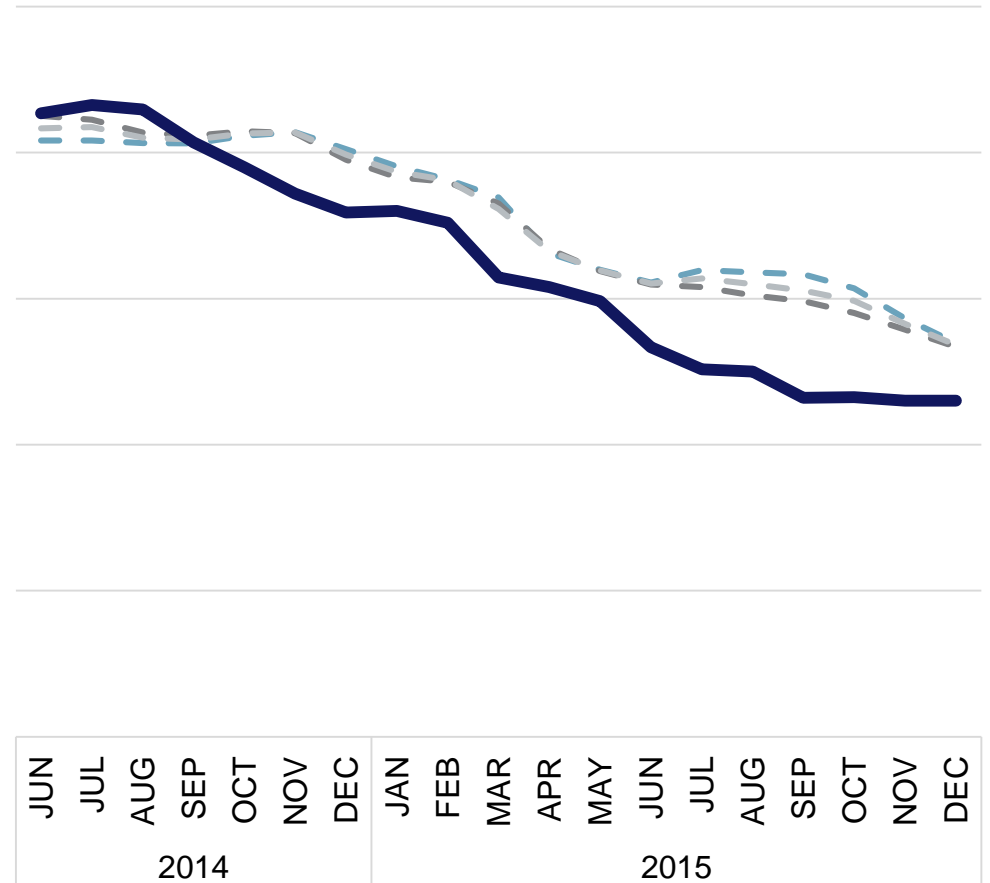
Deviation 1.3%

* Guidance presented November 4, 2015

Spot Market Polysilicon Price

FBR Prime vs. Spot Indices

— Index 1 — Index II — Index III — FBR PRIME



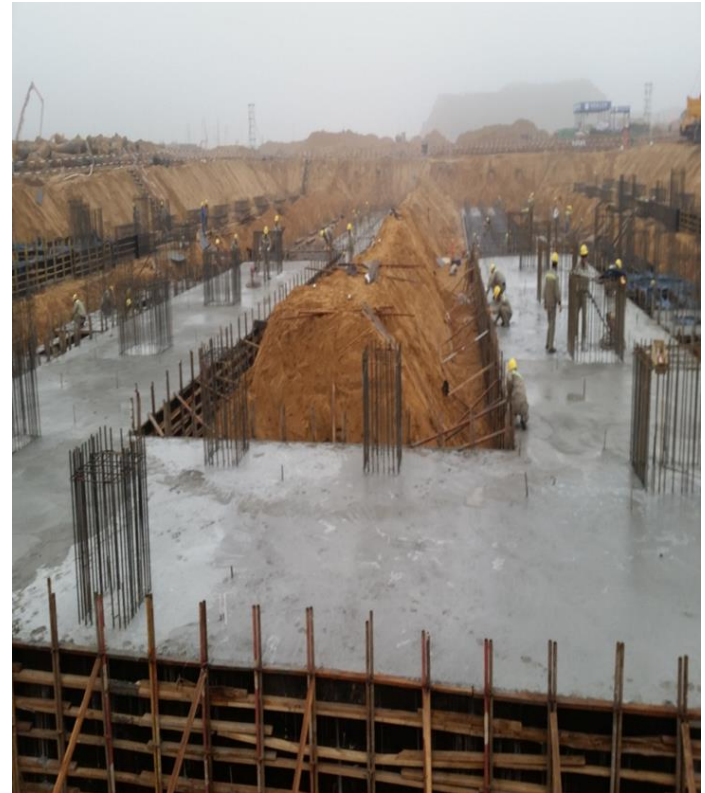
- › REC Silicon Average Solar Grade Sales Price Decreased 4% vs. Q3 2015
- › Average Spot Market Price Decreased 8.7% vs. Q3 2015
- › Spot Price Decline Due to Oversupply and Year End Inventory Liquidation



Yulin JV Update

Yulin JV – On Track

- › Equipment tendering in progress, 70% issued or awarded
- › Critical path equipment under fabrication (Hydrogenation and FBR reactors and compressors)
- › Critical excavation and foundation work for 2015 completed
- › Mechanical construction contracts tendering in January to start after 2016 Chinese New Year holiday
- › 2016 and 2017 Capital Contributions Might Be Deferred If Financial Situation Requires



Completed FBR Building Foundation



U.S. / China Trade War

U.S. / China Trade War

- Already In 2016, U.S. and China Have Restarted Discussions and Reiterated Commitment for a Resolution at the Highest Levels
 - MOFCOM Sent a Delegation to the U.S. For a Week in January to Discuss Resolution Structures
 - Met with Several US Senators
 - Important for U.S. & China's Climate Change Cooperation
 - U.S. Trade Ambassador Froman and China's Minister Gao Met in Beijing on February 2, 2016
 - China Requires a "Balanced and Reciprocal" Deal
 - U.S. Needs Reasonable Market Access For its Polysilicon Producers



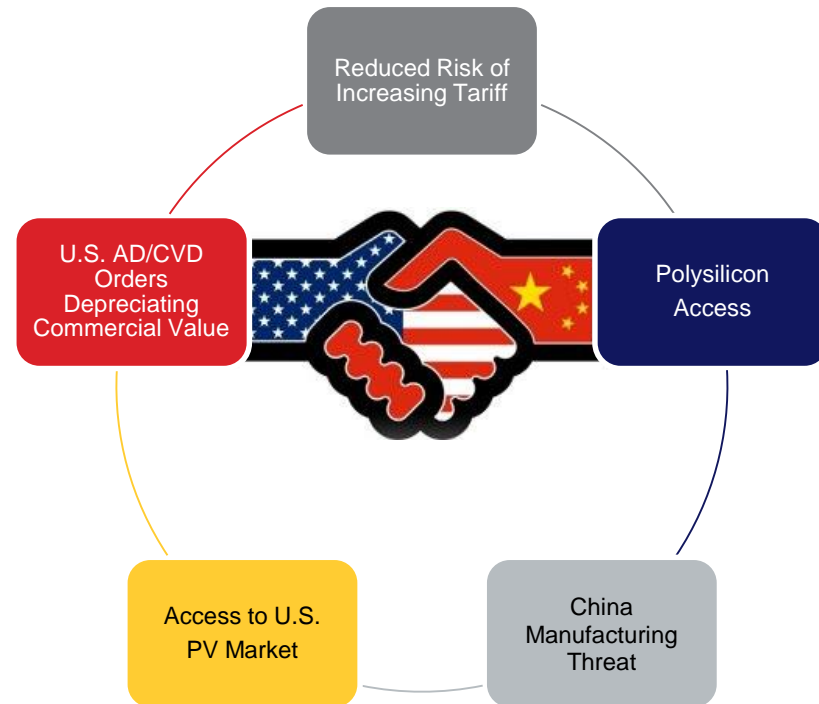
Why a Resolution Makes Sense for Both U.S. & China

> China

- Improved Access To U.S. Panel Market, Even More Valuable After ITC Extension
- Eliminate Risk Of Retrospective U.S. Duty Hikes
- Polysilicon Shortage Looming In China
- Incentivizing Movement of Solar Manufacturing Outside Of China Threatens China's Solar Dominance

> U.S.

- U.S. AD/CVD Orders Depreciating Commercial Value
 - Leading Panel Producers Reducing Costs, U.S. Prices Decreasing & Converging With Global Prices
 - Significant 3rd Country Panel & Cell Capacity Exists To Service U.S. "Tariff Free"
- Re-opening China Market For The High Tech U.S. Polysilicon Industry Creates More Value On Balance For U.S. Interests



Additional Pressure For a Resolution

› Hemlock Breach of Contract Litigation Against SolarWorld Subsidiary

- \$676 Million Case, Pending in US District Court in Michigan
- SolarWorld Lost Key Motion in October 2015, Resulting in Significant Drop in Share Price
- Trial Date in May 2016

› Hemlock: US Polysilicon Producer

- Owned by Dow Corning and Shin Etsu
- Polysilicon Capacity (Michigan Plant): Estimated at 32,000 MT



Hemlock litigation characterized as high risk in medium to long term: *"If courts should decide that the silicon supplier is entitled to damages from our subsidiary SolarWorld Industries Sachsen GmbH, this would have a **considerable negative impact on the company's liquidity position, possibly even threatening the company's continued existence.**"* – SolarWorld Group 2014 Annual Report (released March 2015)

ANNUAL GROUP REPORT

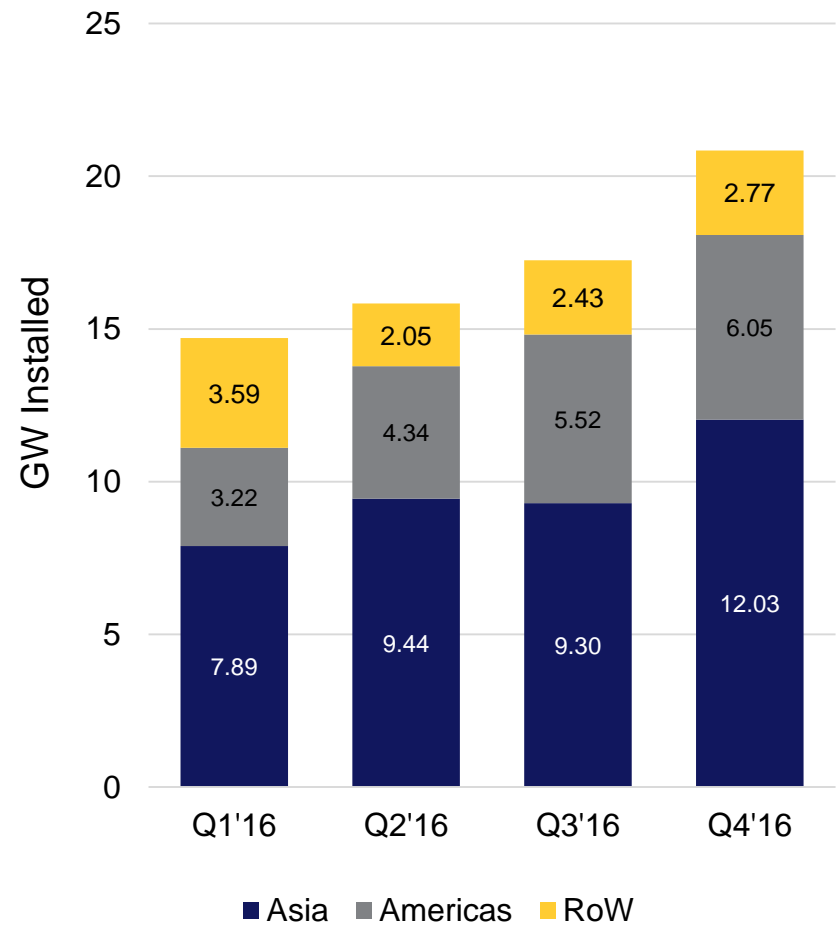
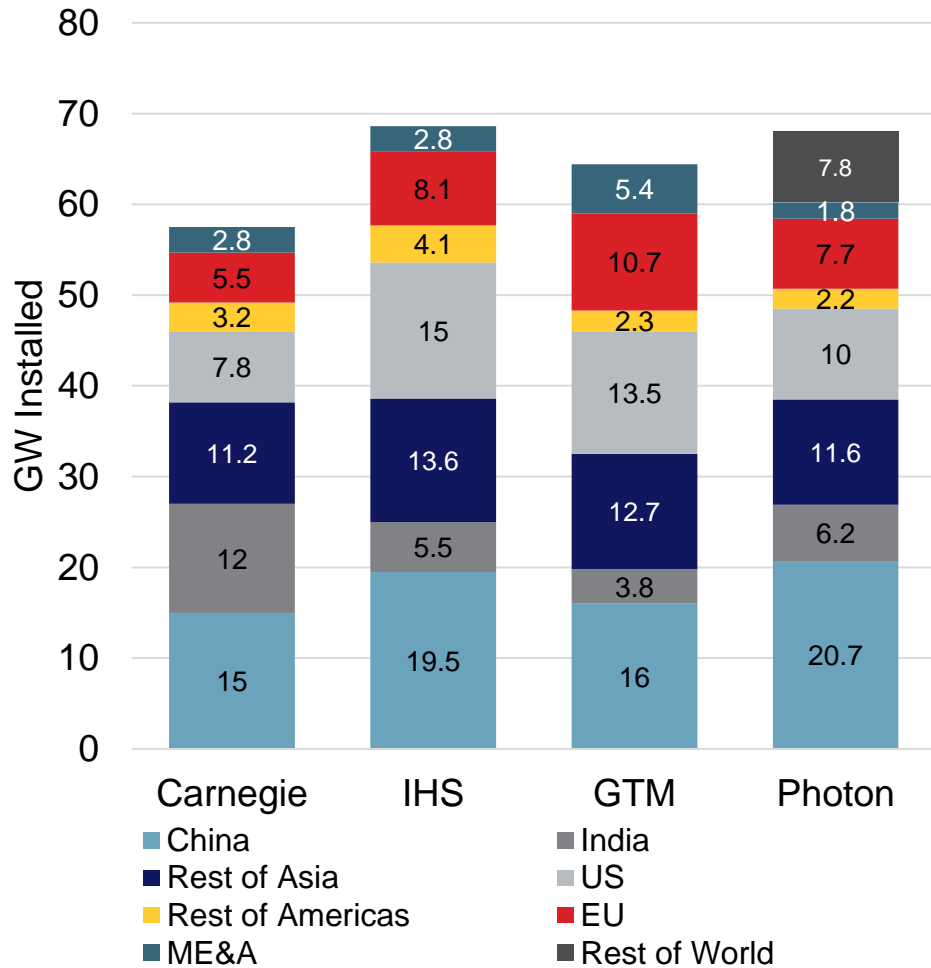
2014

IMPETUS FOR GROWTH



Market Outlook

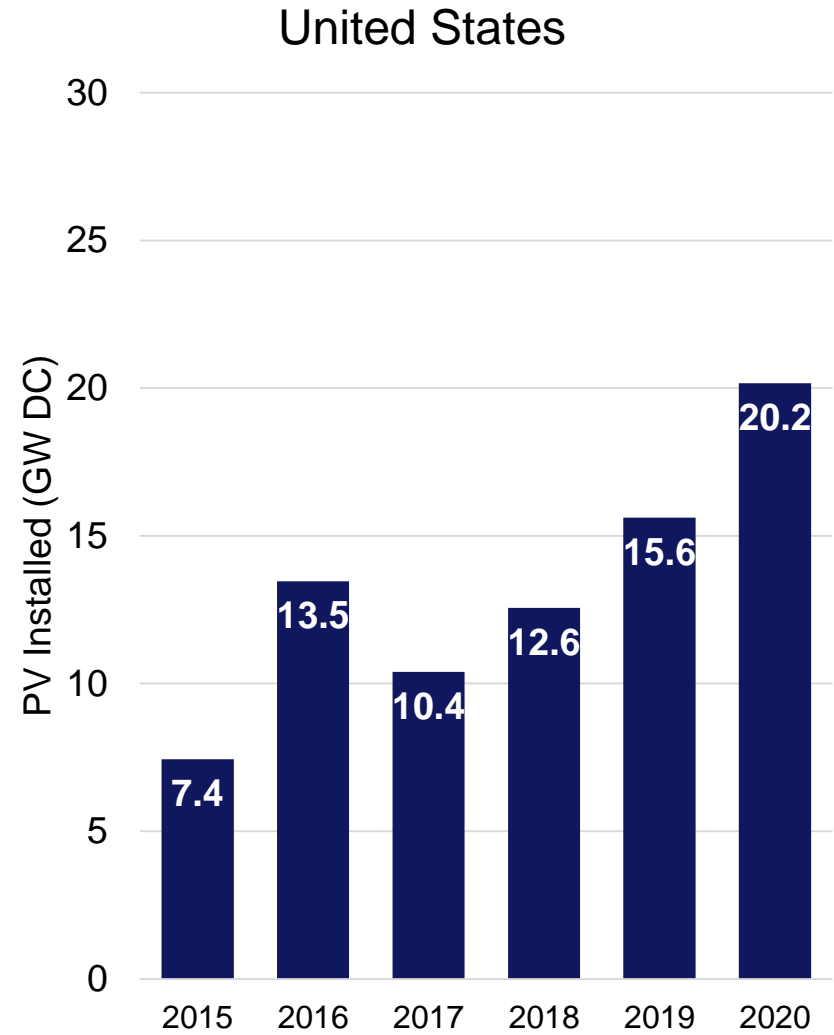
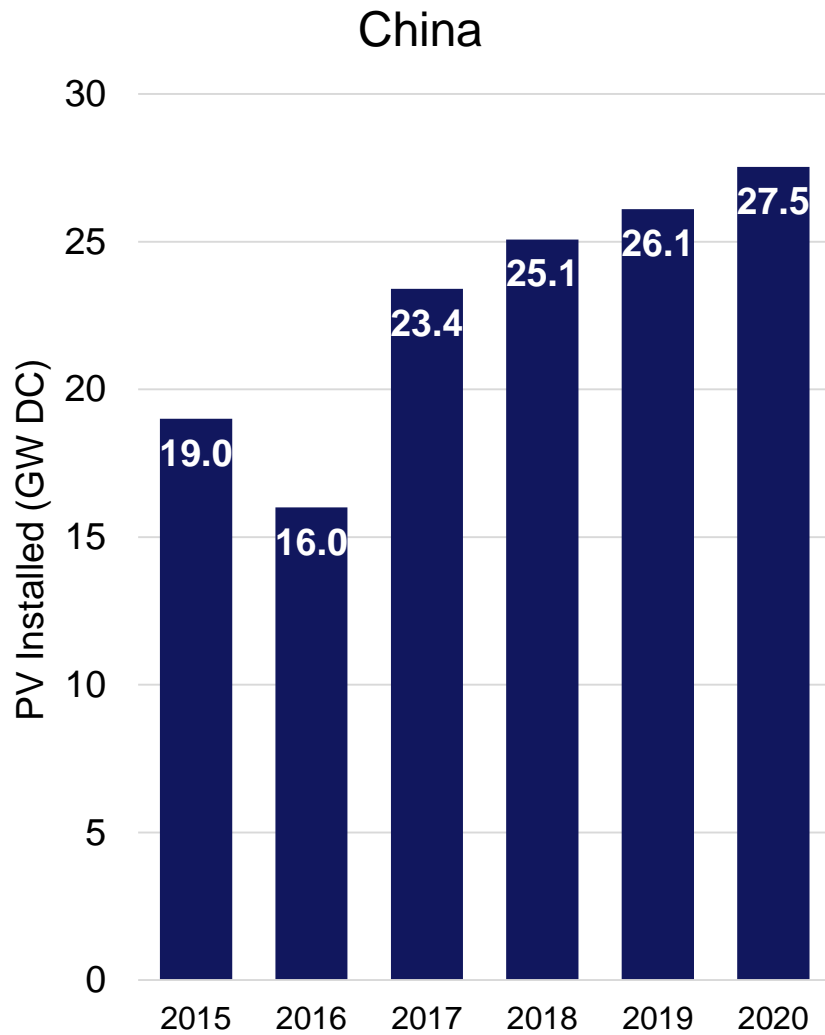
Continued Growth in PV Market in 2016



Sources: Carnegie, Sector Report, Jan 11th 2016
 IHS, PV demand market tracker_Q4 2015 updated, Jan 16th 2016
 GTM Research, PV Pulse, Jan 2016
 Photon Consulting 2-10-16

Source: IHS Research, January 2016

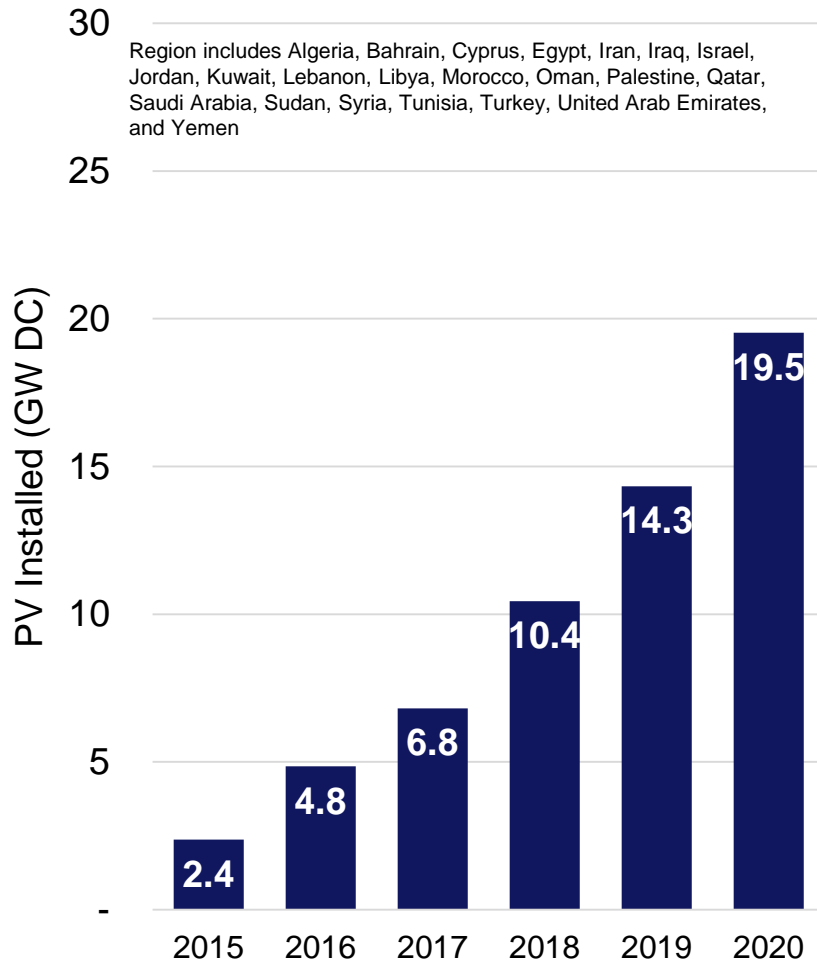
Regional Solar Installation Forecasts



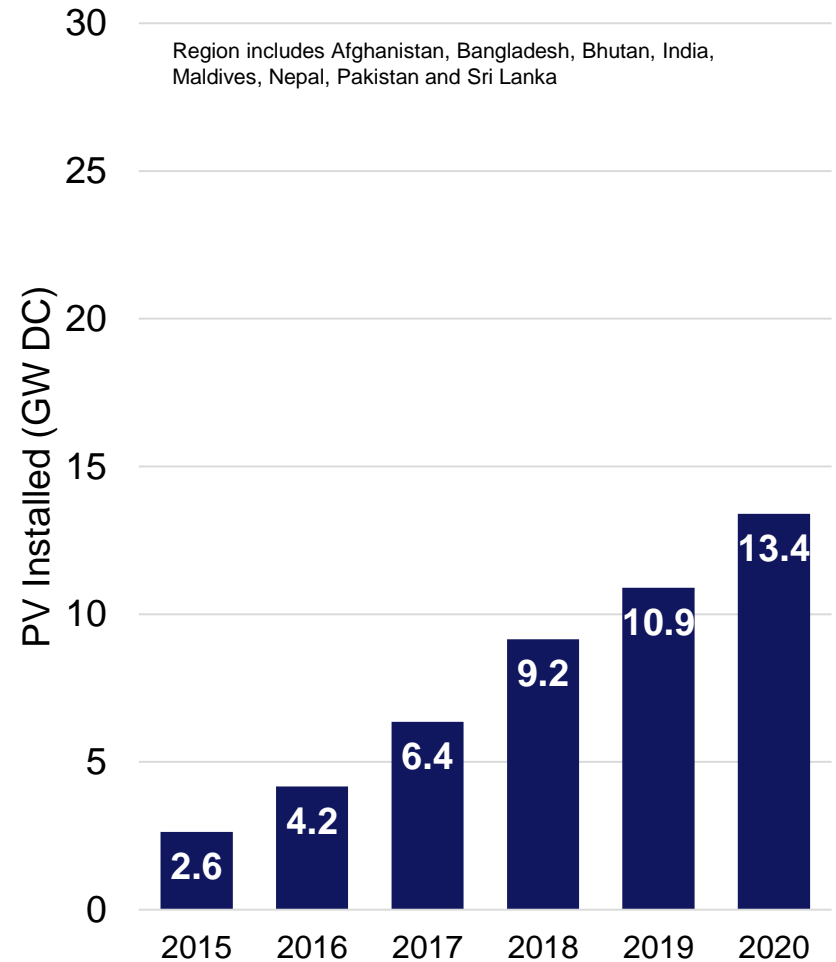
Source: GTM Research Solar Executive Briefing Q4 2015 Provisional

Emerging Markets Installation Forecasts

Middle East and Africa



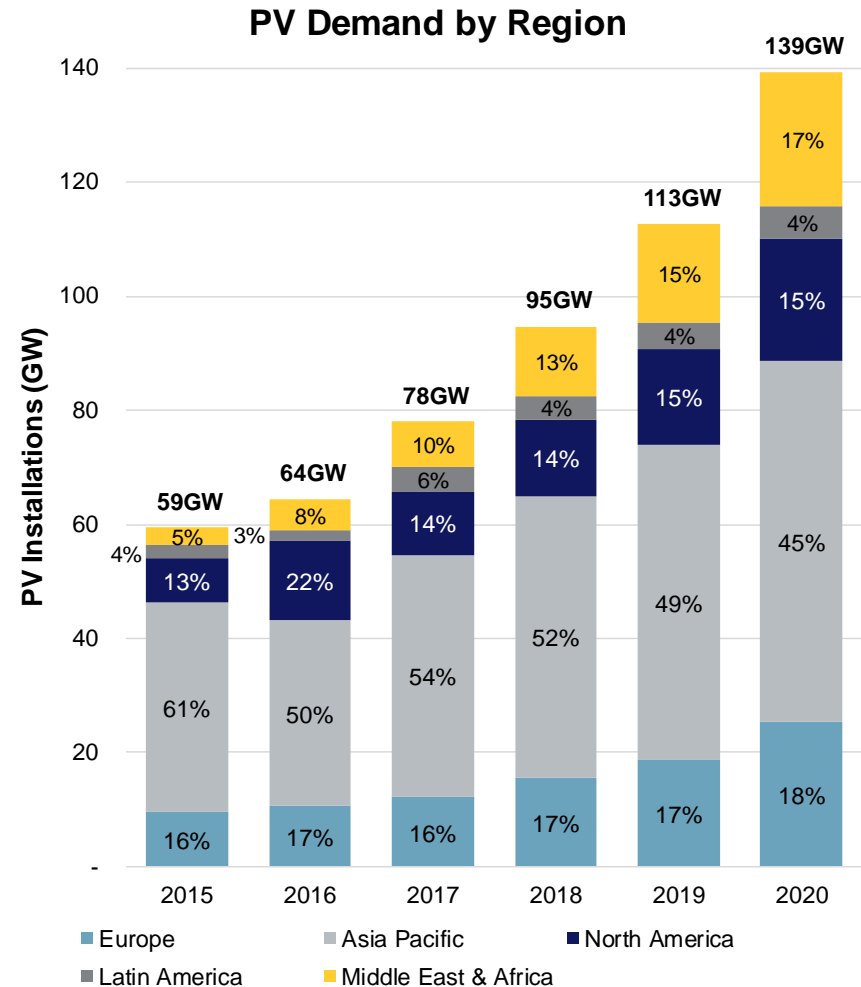
India & Surrounding Area



Source: GTM Research Solar Executive Briefing Q4 2015 Provisional

Expected PV Demand Growth: 19% CAGR

- › Extension of ITC Credit in the US
- › United Nations Conference on Climate Change (COP21: Paris)
- › Higher Growth Expectations for Emerging Markets



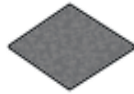
Source: : GTM Research Solar Executive Briefing Q4 2015 Provisional

Recent Price Increases Due to Reduced Inventory

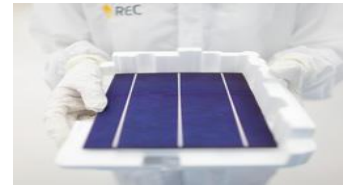
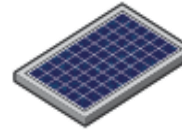
Polysilicon



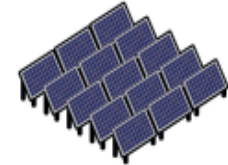
Wafer



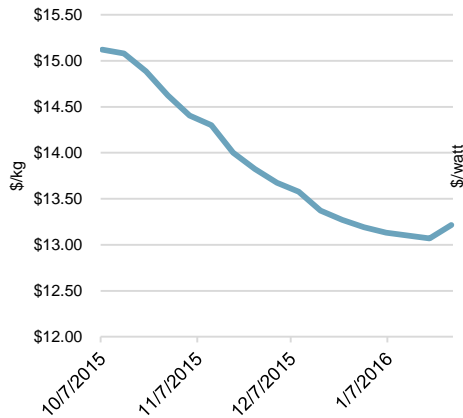
Cells



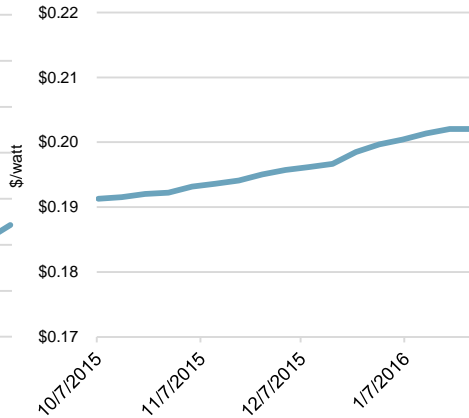
Modules



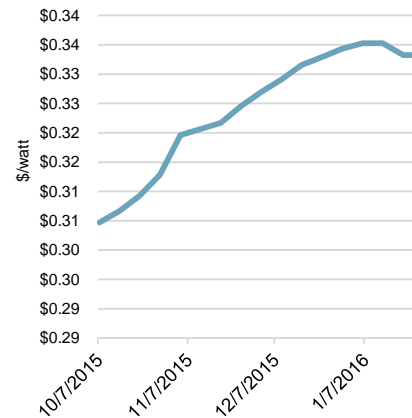
Polysilicon



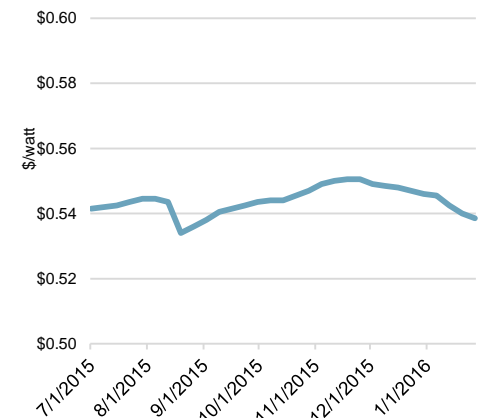
Multi Wafer



Multi Cell



Module



Source: GTM Research, PV Pulse February 2016

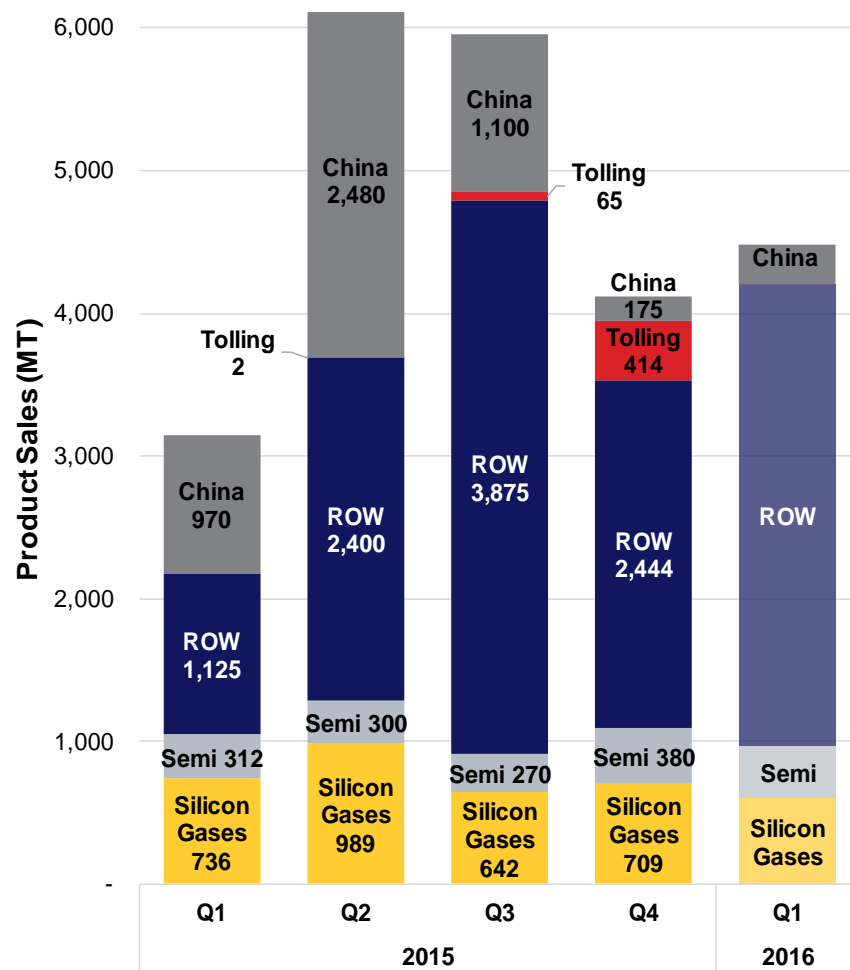
Decrease Reliance on Chinese Markets

Market Outside China

- › Continue Qualification and Optimization Plan
- › Continue to Discount Aggressively if Required to Maximize Volumes

Target Sales to Reduce Inventory and Generate Cash

- › Sales Supported by On Hand Inventories Until Restart



Sales Strategy Outside of China – Maximize Volume

Market Dynamics

- Timing of Product Transition With Customers
- Qualification Plans/Schedules
- Logistics, Customer Inventory Effects and Timing

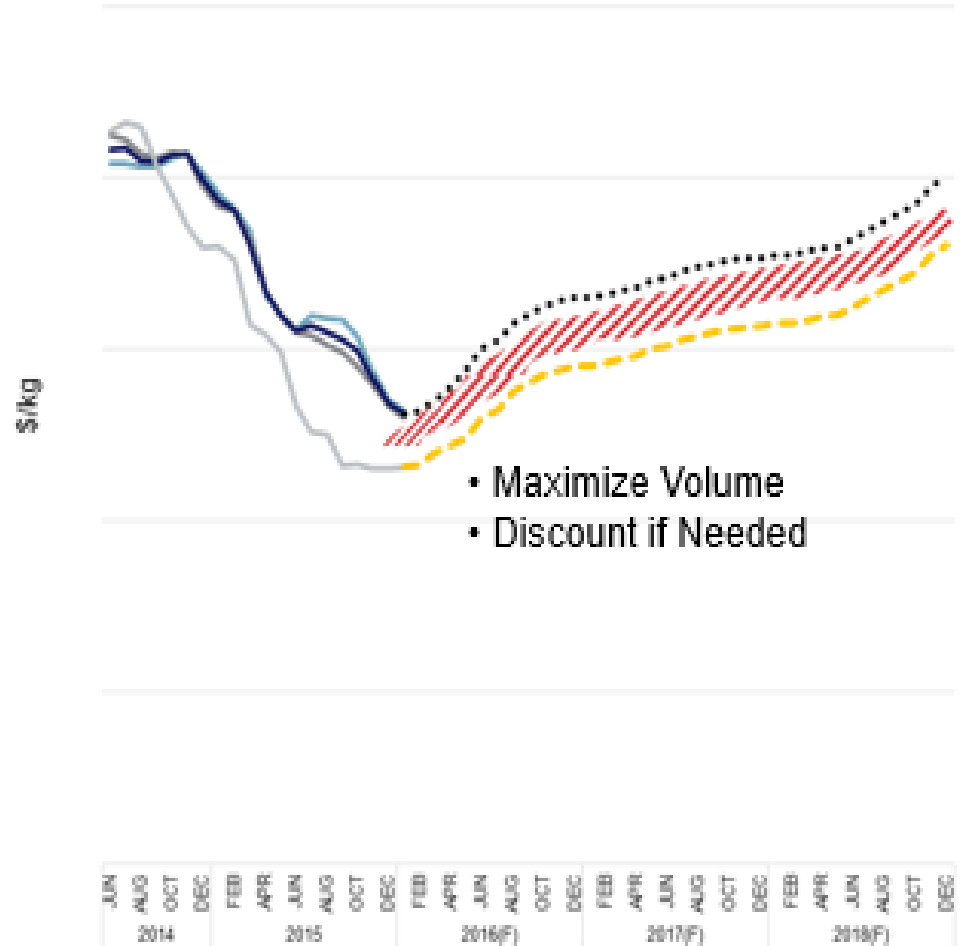
Market Penetration Efforts

- New Customer Qualification
- Additional Applications
- Increase Crucible Share

New Opportunities

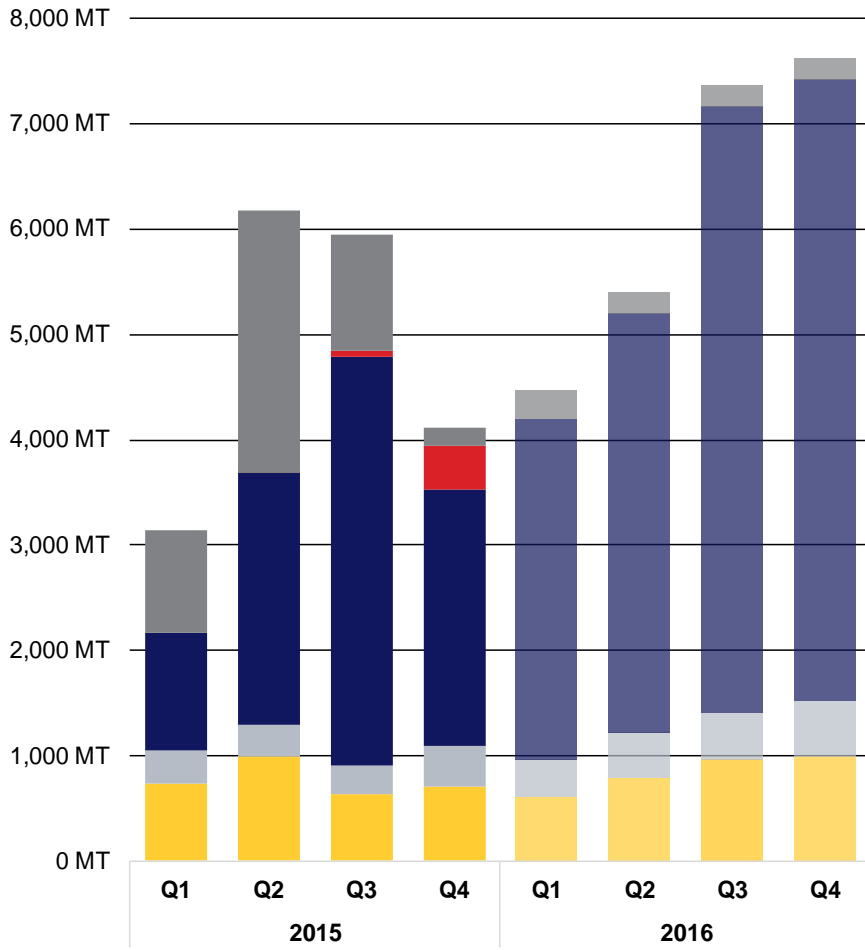
- Wafer Capacity Increasing Outside of China

Example: Discount Scenario

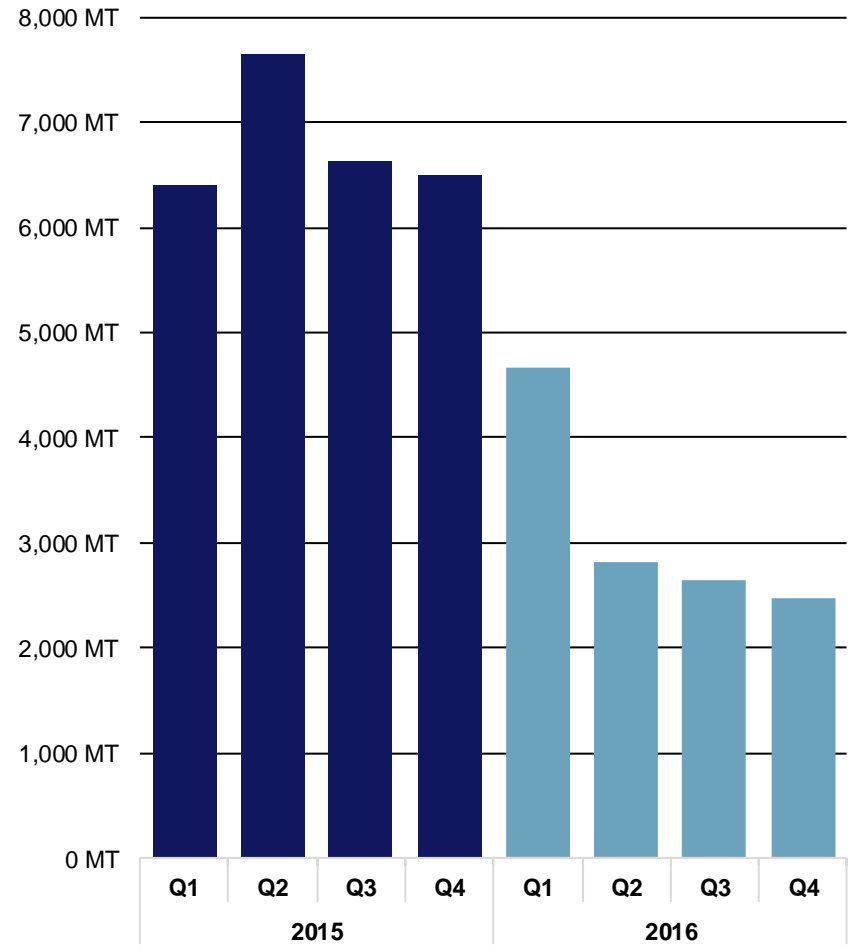


Maximize Sales Volume and Reduce Inventory

Product Sales



Polysilicon Inventory



■ Silicon
 ■ Semi
 ■ ROW
 ■ Tolling
 ■ China
 Gases



Financial Review

Q4 2015 Key Financial Results

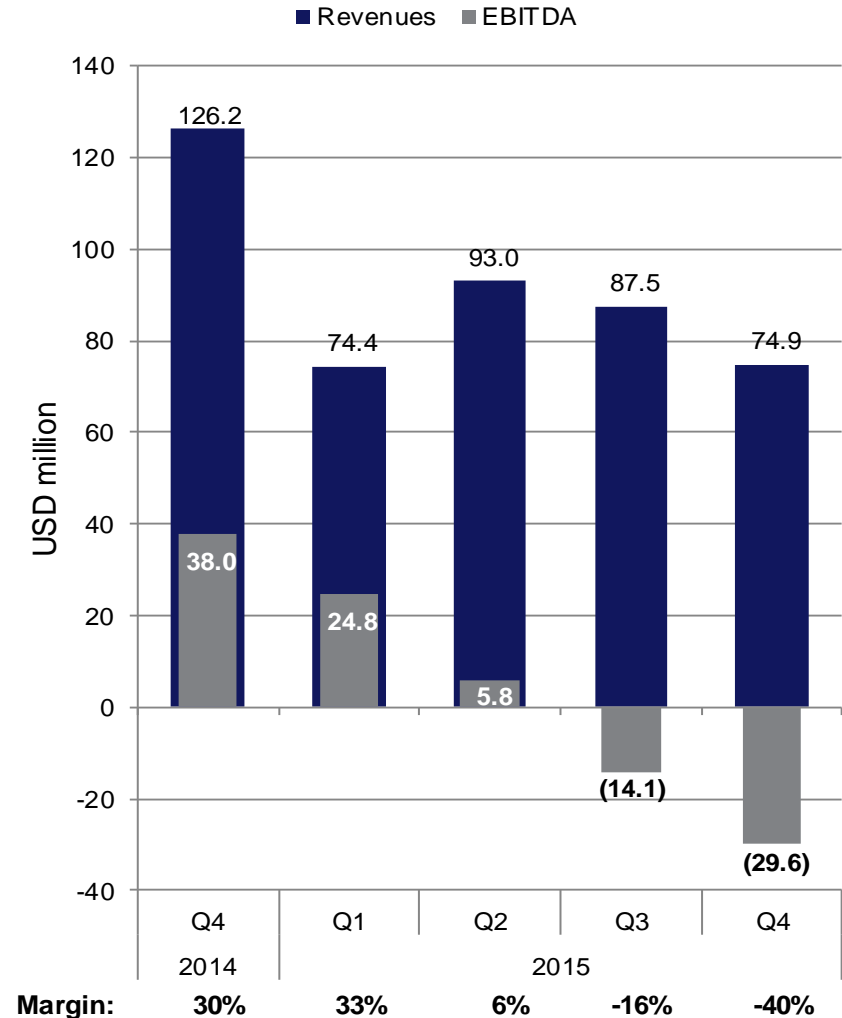
Revenues - \$74.9 M

- > Decreased Polysilicon Sales Volumes
 - 39% Sales Volume Decrease from Q3 2015
 - (4%) Solar Grade Price Decrease from Q3 2015 (Excluding Fines & Powders)
 - 414 MT Sales From Tolling Activities

- > Silicon Gas Sales Volumes 709 MT
 - 10% Sales Volume Increase from Q3 2015
 - Silane Price Decrease of (2%) From Q3 2015

EBITDA – Loss of (\$29.6 M)

- Lower Polysilicon Volumes
- Lower Polysilicon Prices
- \$6.1 M Inventory Write-downs
- \$7.0 M Bad Debt Expense



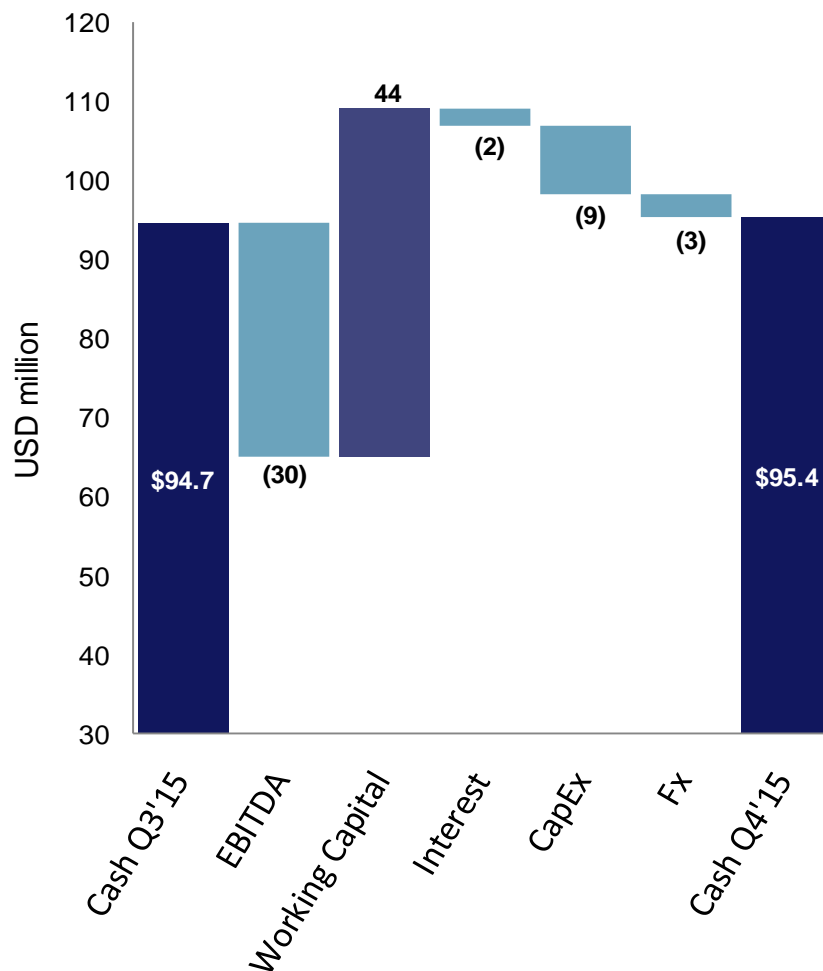
Q4 2015 Cash Flows

Cash Flows From Operating Activities \$12 M

- › EBITDA - Loss of (\$29.6 M)
- › Working Capital Decrease \$44.1 M
 - Decreased Inventories \$25.6 M
 - Decreased Accounts Receivable \$23.0 M
 - Decreased Accounts Payable (\$4.5 M)
- › Interest payments (\$2.3 M)

Cash Outflows From Investing Activities (\$8.6 M)

- › Purchases of Property Plant and Equipment \$8.6M



Debt Coverage at December 31, 2015

Nominal Net Debt - \$109 M

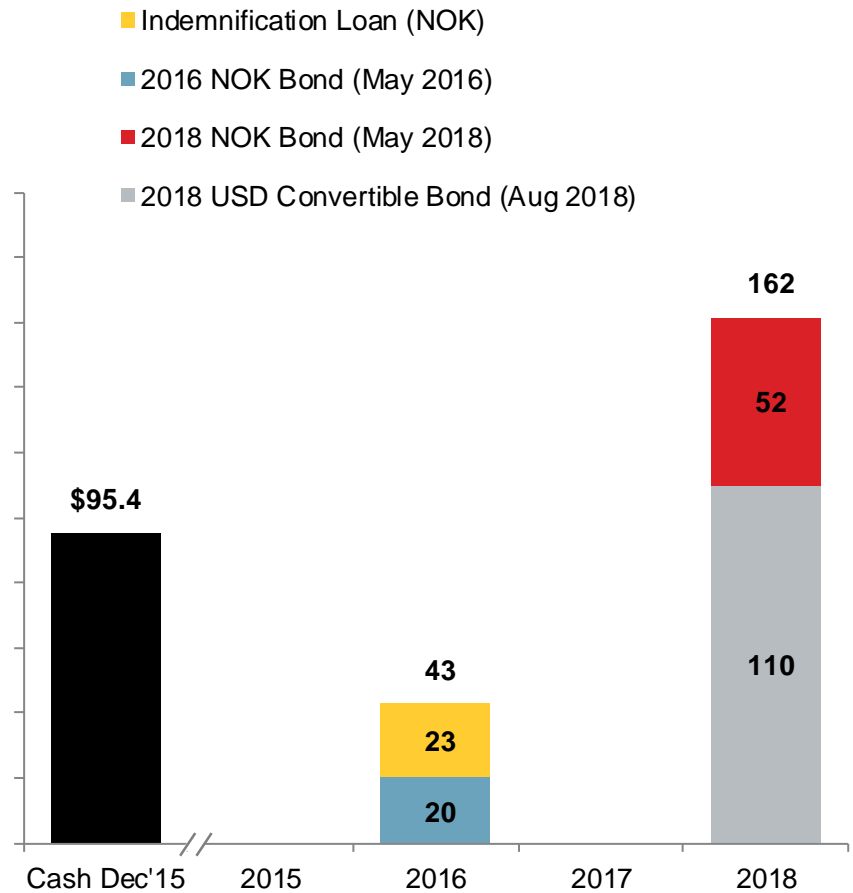
- › Decreased by \$4.2 M during Q4 2015
 - › Increase in Cash of \$0.7 M
 - › Decrease in Nominal Debt of \$3.4 M

Nominal Debt - \$205 M

- › Decreased by \$3.4 M in Q4 2015 Due to Stronger US Dollar

No Further Debt Obligations until May 2018

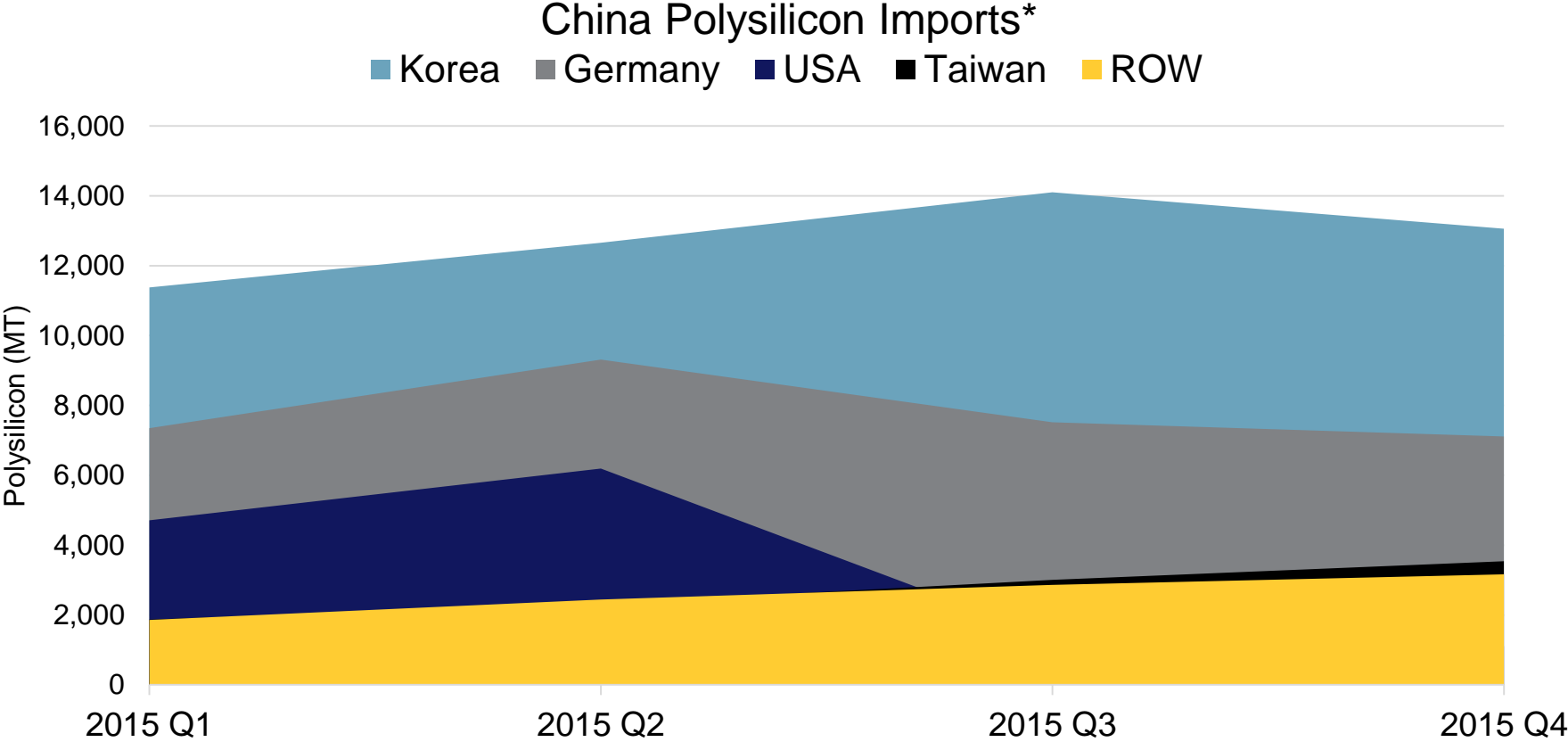
USD million





Near Term Strategy

2015 Year of Polysilicon Imports Into China

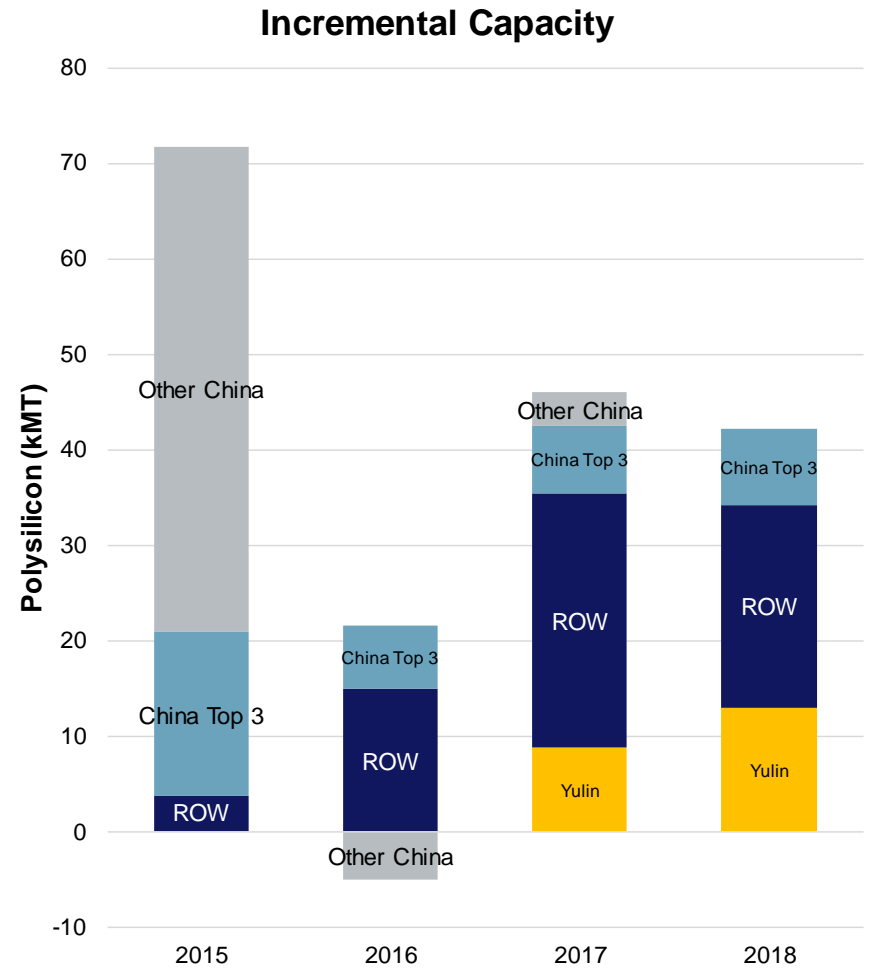
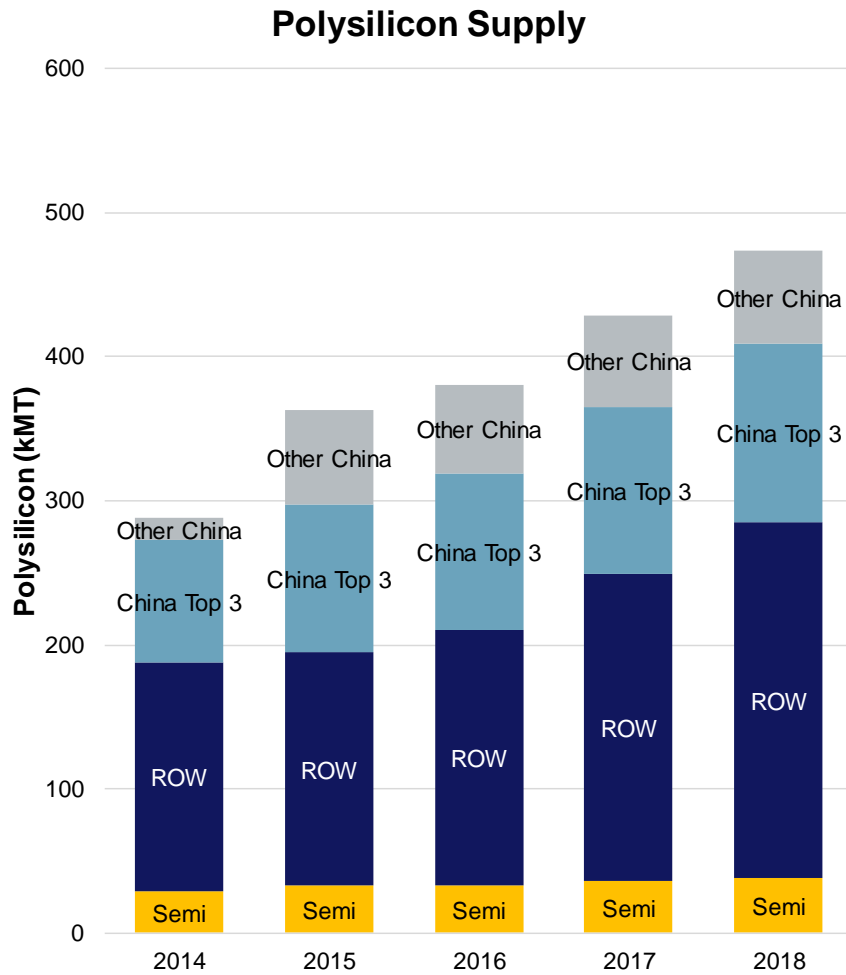


*Includes all Imported Polysilicon: EG, Bricks, Solar Grade and Exports



Source: China Customs

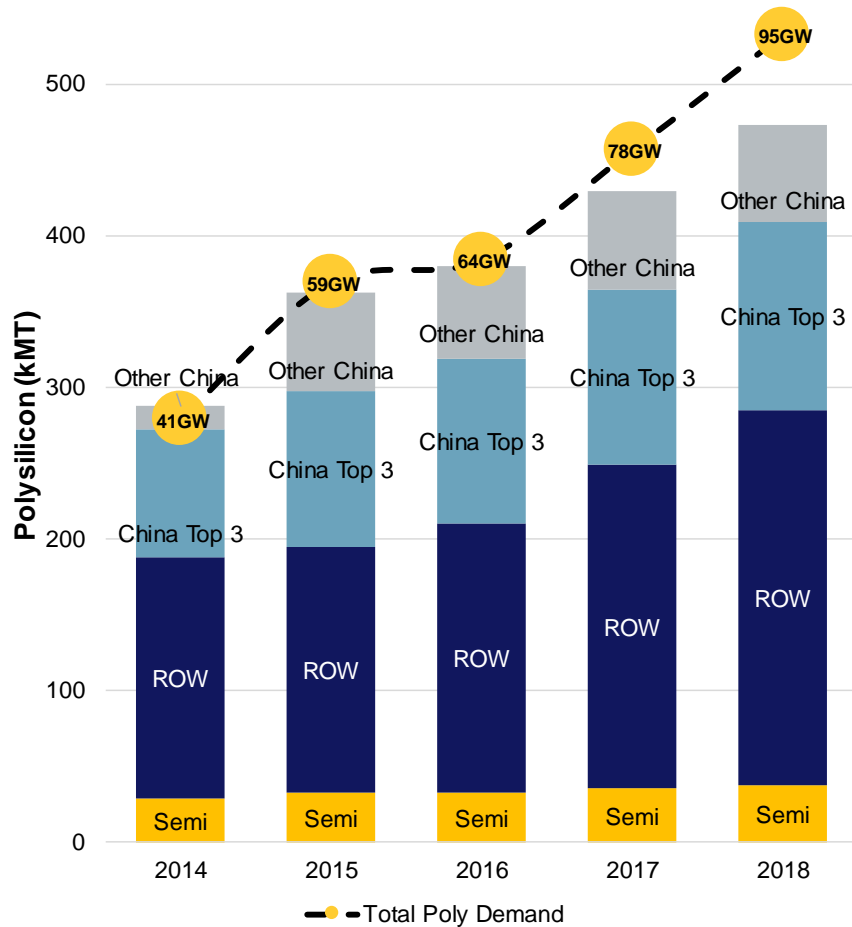
Polysilicon Industry Supply Forecast



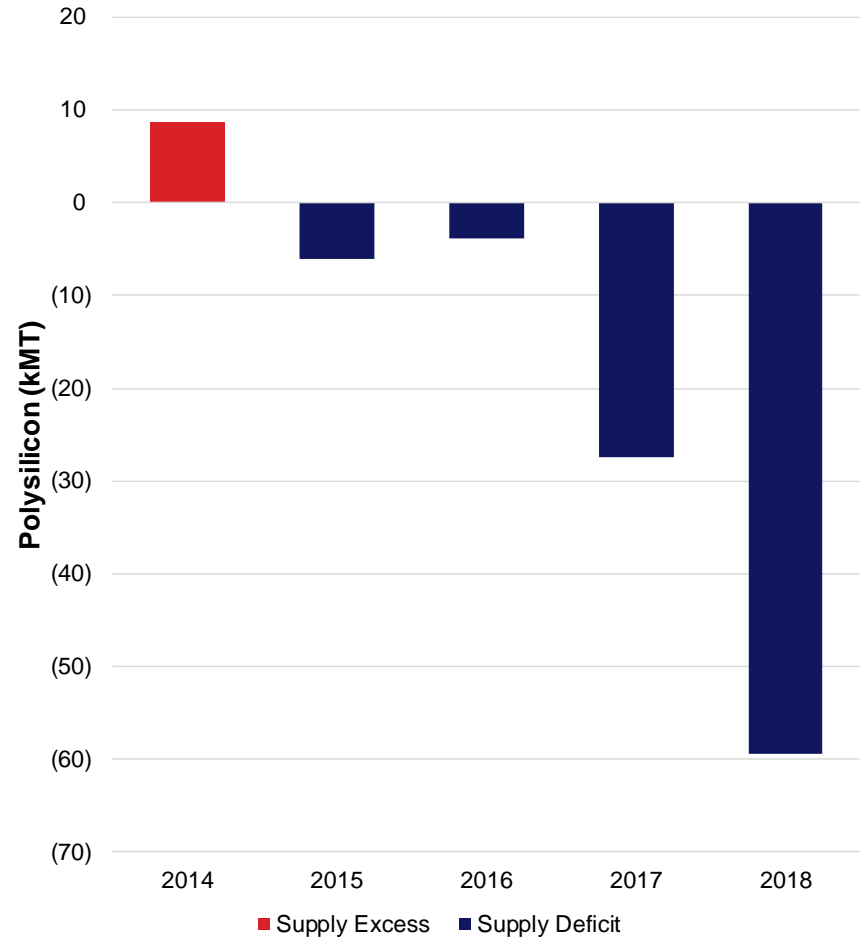
Source: Competitor releases, industry analysts, REC Market Intelligence

Polysilicon Will Become Limiting Factor for PV Market Growth

Polysilicon Supply/Demand



Polysilicon Market Balance



Source: Demand Data Installations: GTM Research, PV Pulse, January 2016
 Supply Data: Competitor releases, industry analysts, REC Market Intelligence

High Inventory Levels Lead to Production Curtailment

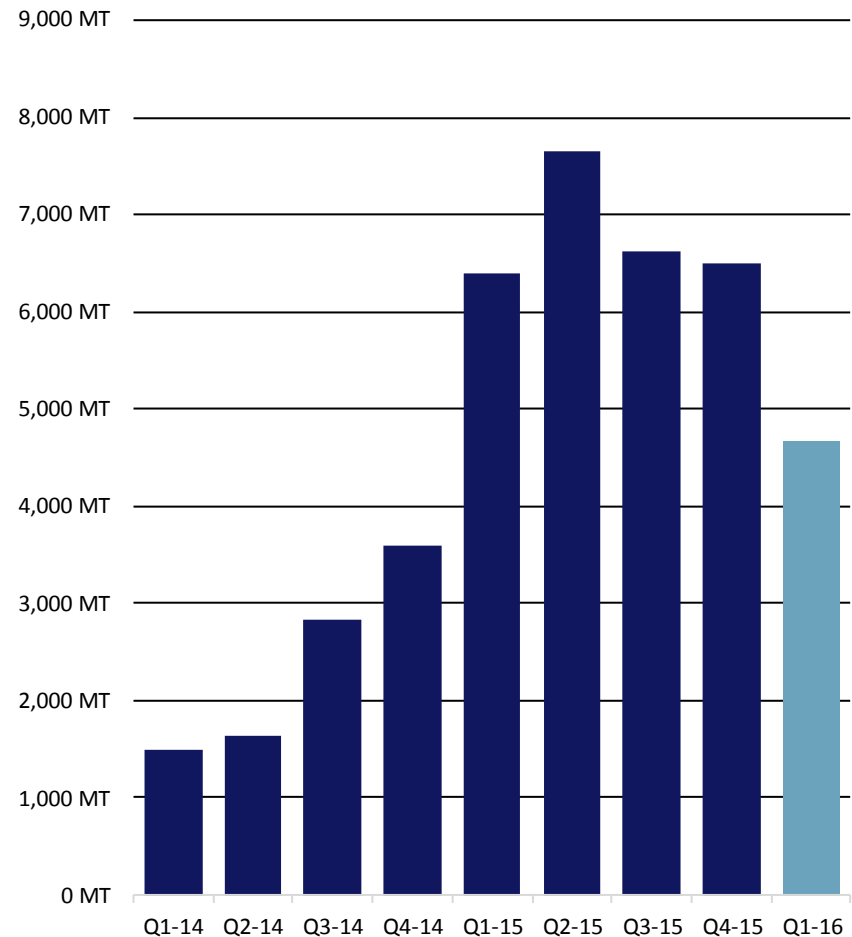
Inventory Increase in 2015

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

Inventory Reduction in 2016

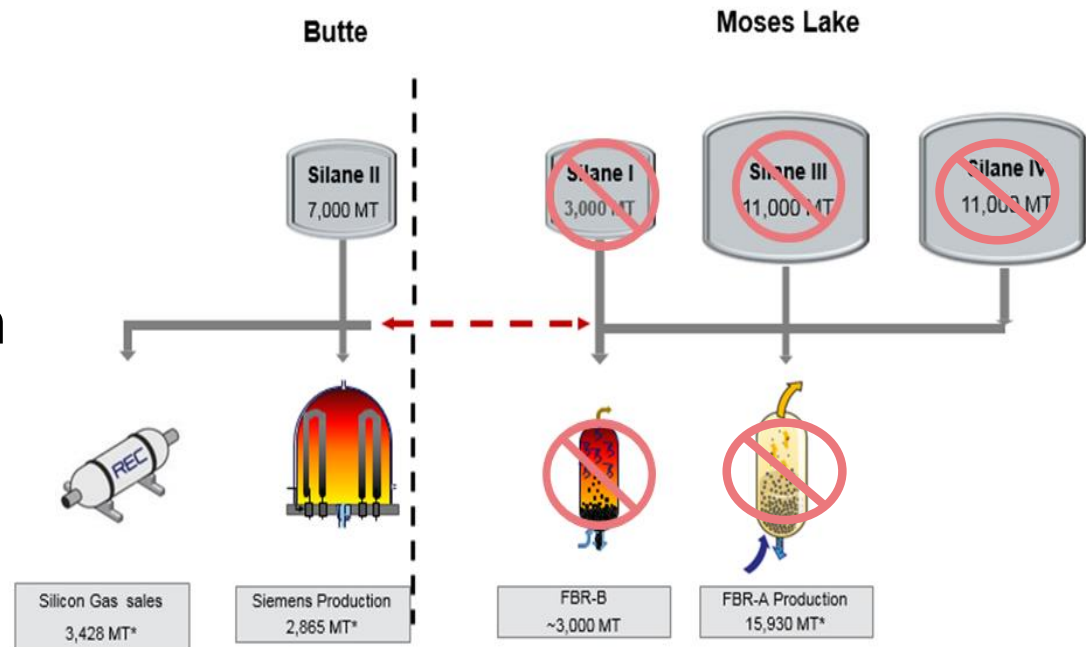
- › Capacity Curtailment in Moses Lake
- › Increasing Polysilicon Sales Volumes

Polysilicon Inventory



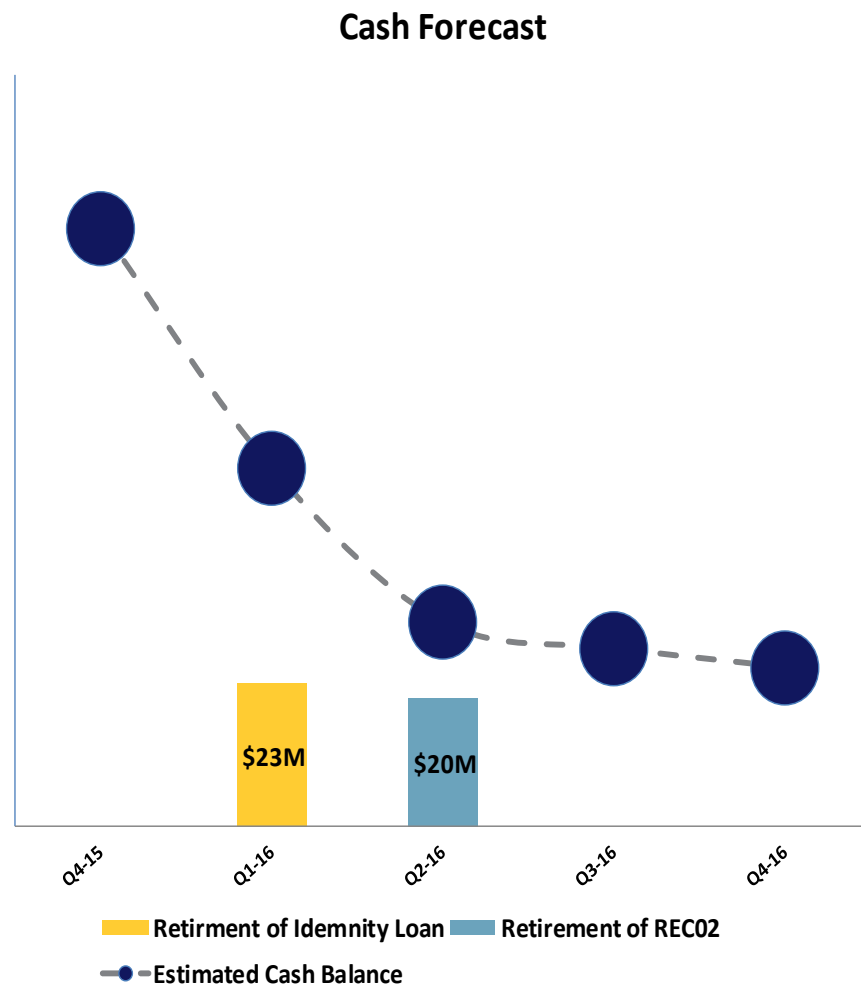
Shutdown of Moses Lake Production February – June 2016

- › Managing Inventory Levels to Maintain Cash
- › Inspection & Maintenance Activities Will Be Performed With REC Employees
- › No Layoffs Expected
- › Butte Remains At Full Capacity



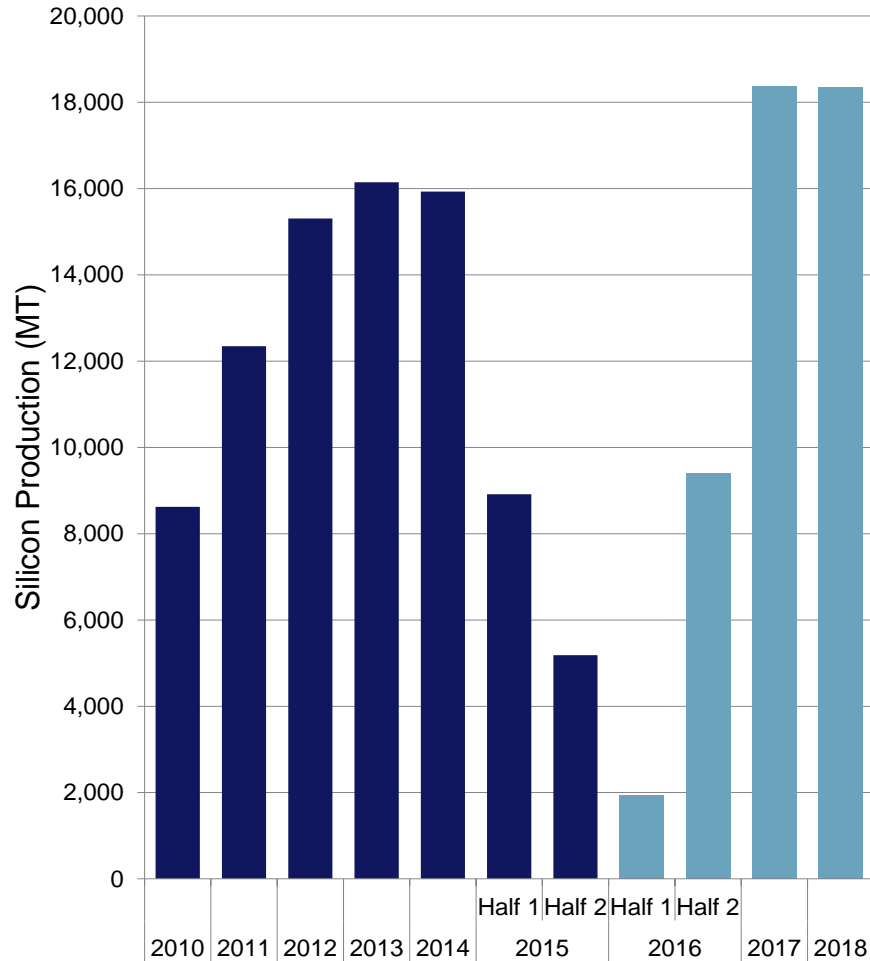
2016 Debt Obligations Met With Current Cash Forecast

- › Moderate Solar Grade Price Increases in 2016
- › Silane III and IV Startup Expected in June 2016
 - Restart Dependent on:
 - Trade War Status
 - Market Conditions
- › Maintain Liquidity
 - Silane III and IV Capacity Curtailment
 - Reduce Polysilicon Inventory Levels
 - Limit Capital Expenditures

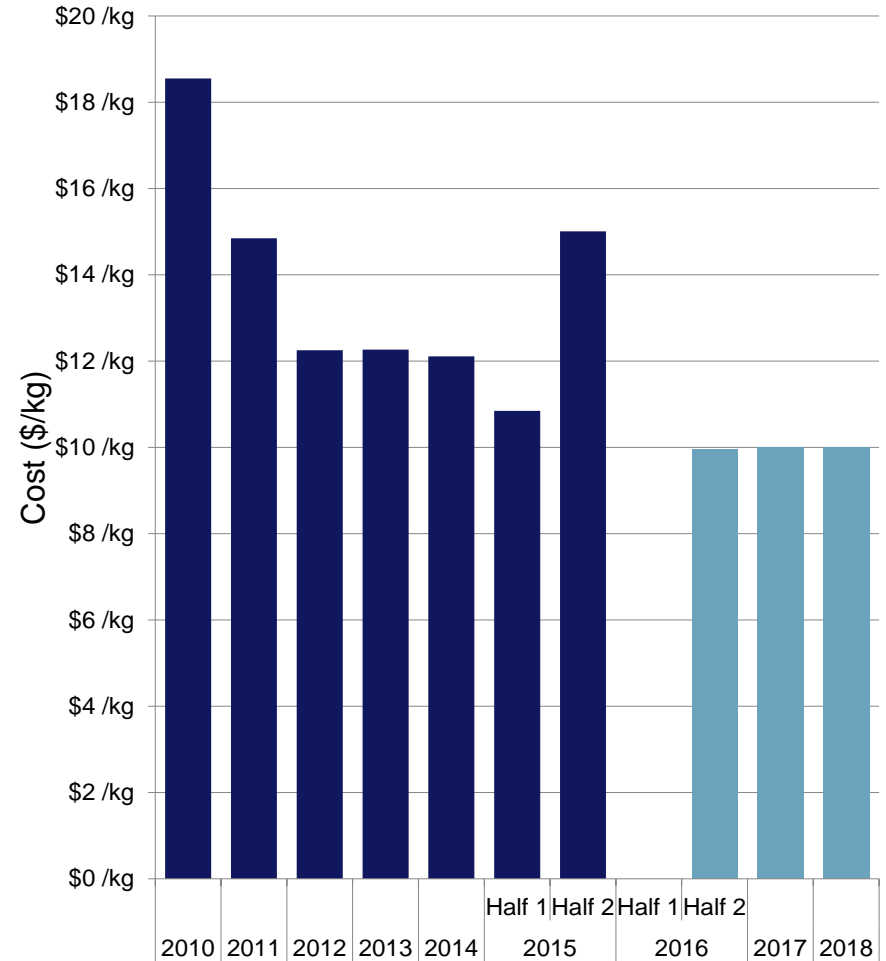


Full Capacity at ~\$10/kg Cash Cost for Next Two Years

FBR Production



FBR Cash Cost



REC Silicon Near Term Strategy Summary

- › Will Meet 2016 Debt Obligations Without Additional Funding
 - No Further Debt Obligation Until May 2018
 - Capital Contributions to Yulin JV Might be Deferred if Financial Situation Requires
- › Strong Momentum to Resolve U.S. China Trade Dispute
- › Temporary Shut-down of Moses Lake Will Allow Return to Normal Inventory Levels
- › Return to Full Capacity June 2016 With Industry Leading Cash Costs
- › Moses Lake Production Units Capable of Running for Two Years Without a Planned Maintenance Outage
- › Low Cash Costs Make REC Silicon Competitive at Discounted Prices



Guidance

2015 Results vs. Guidance

FBR Production

2015 Actual	14,098 MT
Guidance	14,000 MT
Change	0.7%

FBR Cash Cost

2015 Actual	\$12.4/kg
Guidance	\$12.4/kg
Change	0.0%

Silicon Gas Sales

2015 Actual	3,076 MT
Guidance	3,060 MT
Change	0.5%

Semiconductor Production

2015 Actual	1,194 MT
Guidance	1,210 MT
Change	-1.3%

Total Polysilicon Production

2015 Actual	16,883 MT
Guidance	16,840 MT
Change	0.3%

CapEx

Maintenance	\$12 M
Expansion	\$43 M
Total	\$55 M

* Guidance presented November 4, 2015

Updated Q1 and 2016 Guidance

FBR Production	
Q1	820 MT

FBR Cash Cost	
Q1	N/A

Total Polysilicon Production	
Q1	1,540 MT

Semiconductor Production	
Q1	450 MT
2016	1,650 MT

Silicon Gas Sales	
Q1	600 MT
2016	3,360 MT

CapEx	
Maintenance	\$ 9 M
Expansion	\$ 7 M
2016 Total	\$16 M



Q1 2016 Reporting

May 3, 2016

RECSiLICON

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About REC Silicon ASA

REC Silicon ASA is a leading producer of advanced silicon materials, supplying high-purity polysilicon and silicon gases to the solar and electronics industries worldwide. We combine 30 years' experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a capacity of more than 20,000 MT high-purity polysilicon. REC Silicon is listed on the Oslo stock exchange under the ticker: REC.

For more information, go to: www.recsilicon.com