



REC Silicon ASA

Q4 2013

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Investor Presentation Q4 2013

REC Silicon General Update

T. Torvund, CEO

Market Overview

K. Levens, VP Commercial

U.S. China Trade Update

K. Schultz, Assistant General Counsel

Financial Overview

J. May, CFO

Outlook – Q1 and 2014

T. Torvund, CEO

Q & A



- World's largest producer of Silane gas
- World's largest producer of Granular (NextSi™) polysilicon
- Second largest producer of high purity Float Zone polysilicon

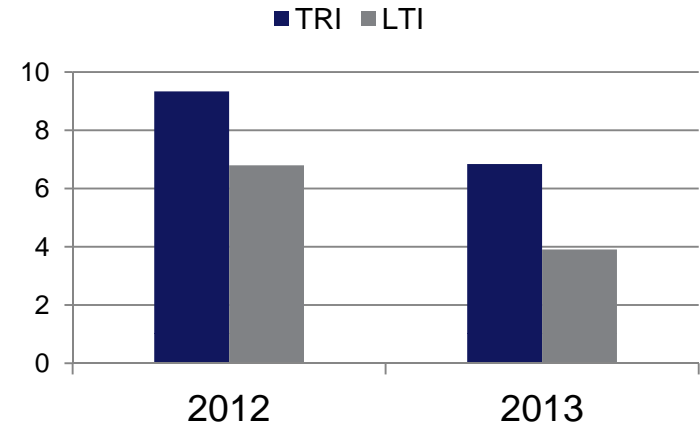
**Recognized as a technology
and cost leader**

Moses Lake 460 Employees	Silicon III, IV FBR	Silane gas Granular silicon
Butte 280 Employees	Silicon II	Silane gas Siemens

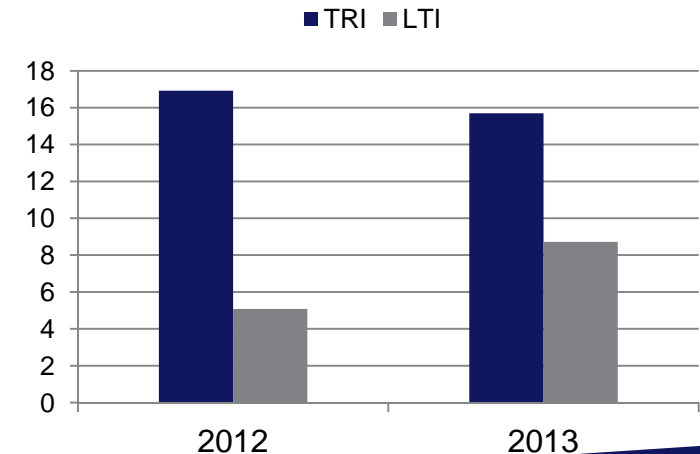
Safety and Regulatory Compliance

- › New safety initiatives implemented in late 2012
- › 15% reduction in Total Recordable Injuries from 2012
- › Environmental compliance maintained throughout 2013
- › Process Safety Management compliance maintained throughout 2013

Moses Lake



Butte



REC Silicon ASA Q4 Highlights

- › Strong, stable operations
- › Higher production at lower cost
- › Modest market improvement
- › Increased silicon gas sales volume

Revenue (Million NOK)

743 (752)*

FBR Production

4,307 MT

EBITDA (Million NOK)

164 (187)*

FBR Cash Cost

\$10.50/kg

EBITDA Margin

22.0% (25%)*

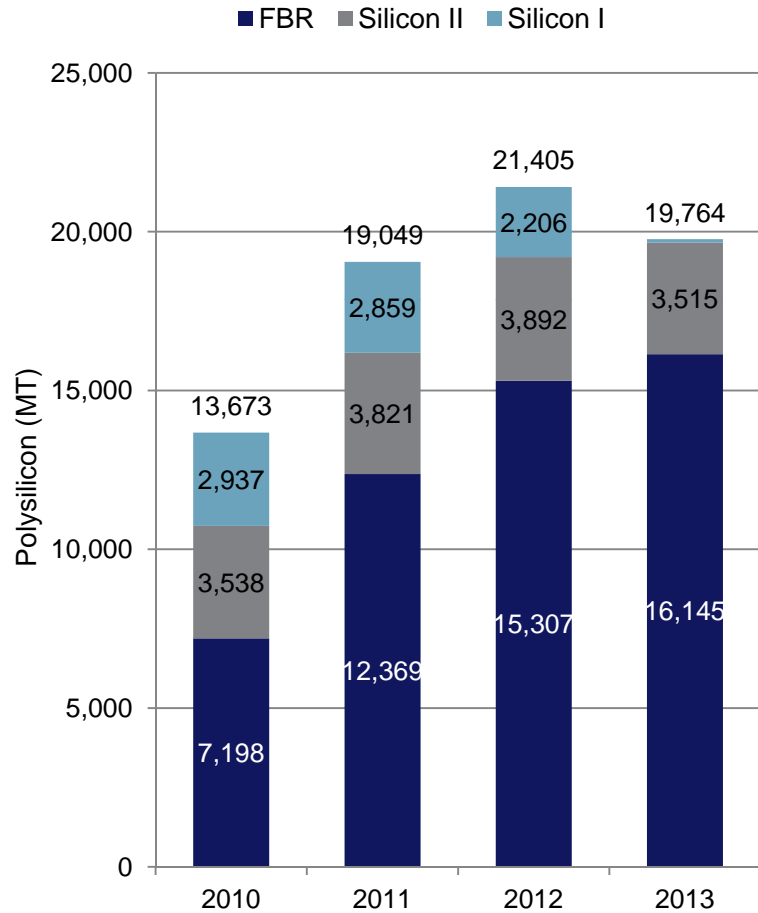
Silicon Gas Sales

778 MT

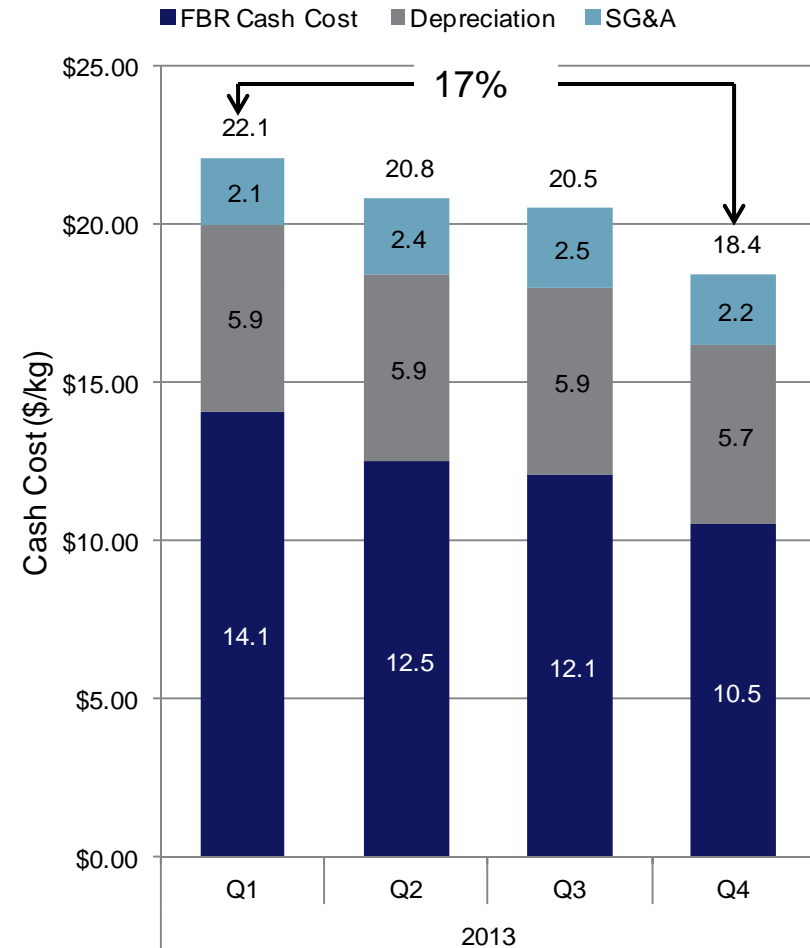
Note: * REC Silicon US Operations

2013: Increased FBR Production at Reduced Cost

Polysilicon Production



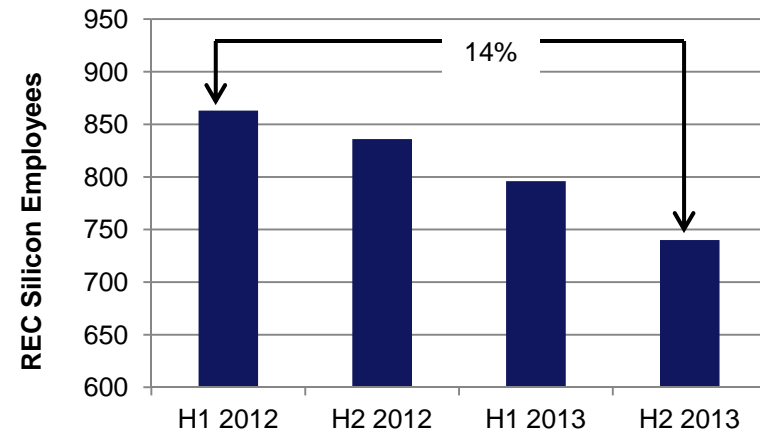
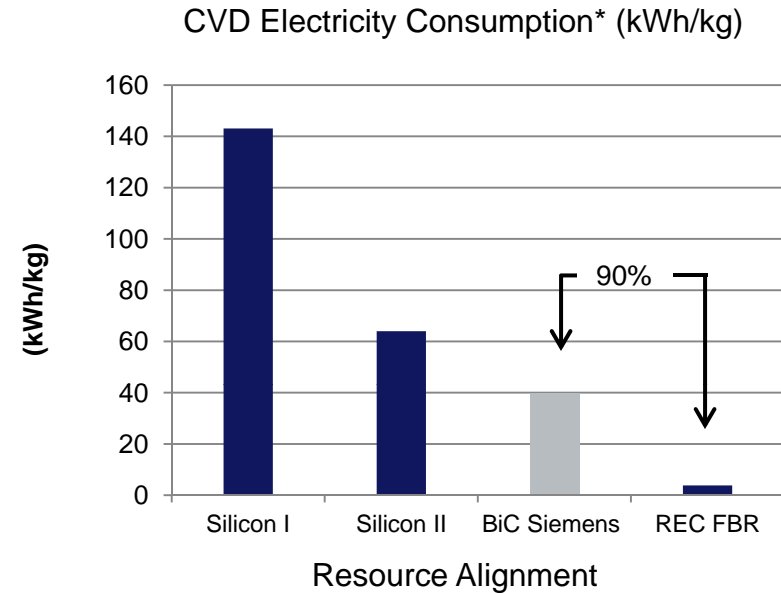
FBR Cash Cost



Continued Focus on Cost Improvement

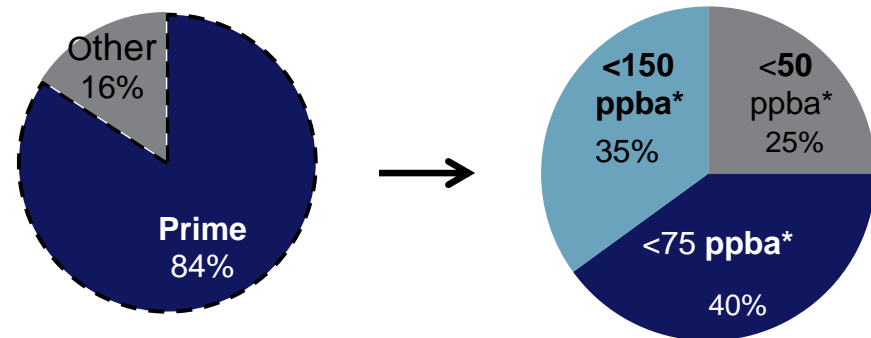
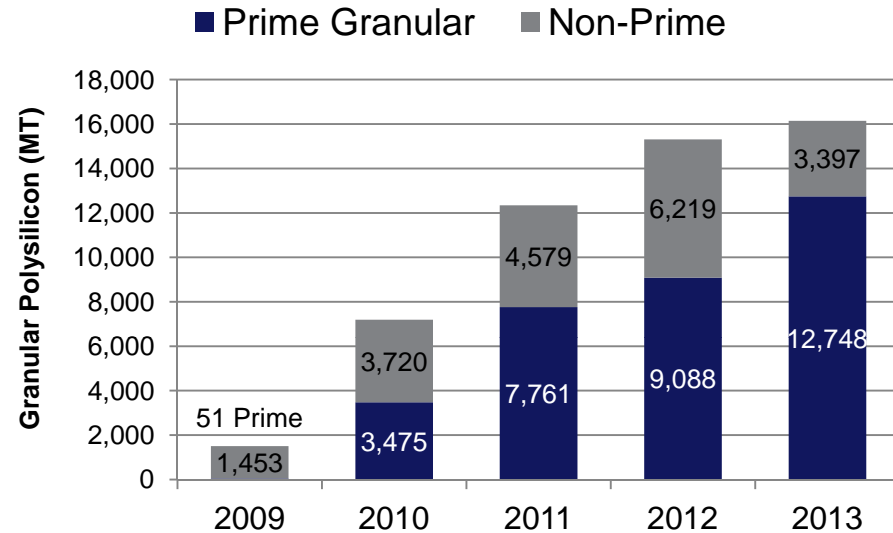
- › Lowest energy consumption in the industry
- › Strategic workforce reductions
- › Continued process and production improvements

Note: YTD 2013 actual production numbers and energy usage used in calculations
CVD: Chemical vapor deposition



Continued Focus on Quality Improvement

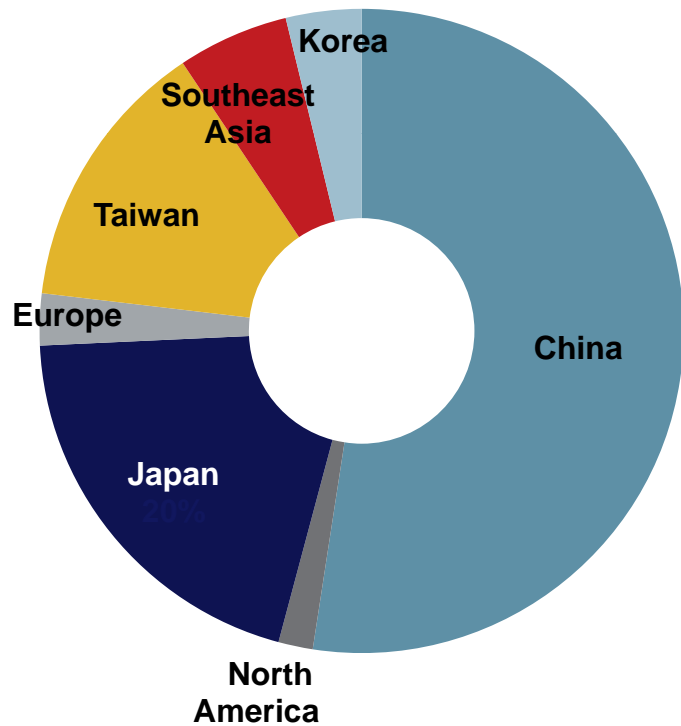
- › Improvements in process stability have increased reactor run lengths
- › Longer run lengths improved both yield and quality of polysilicon
- › New higher purity products currently being qualified



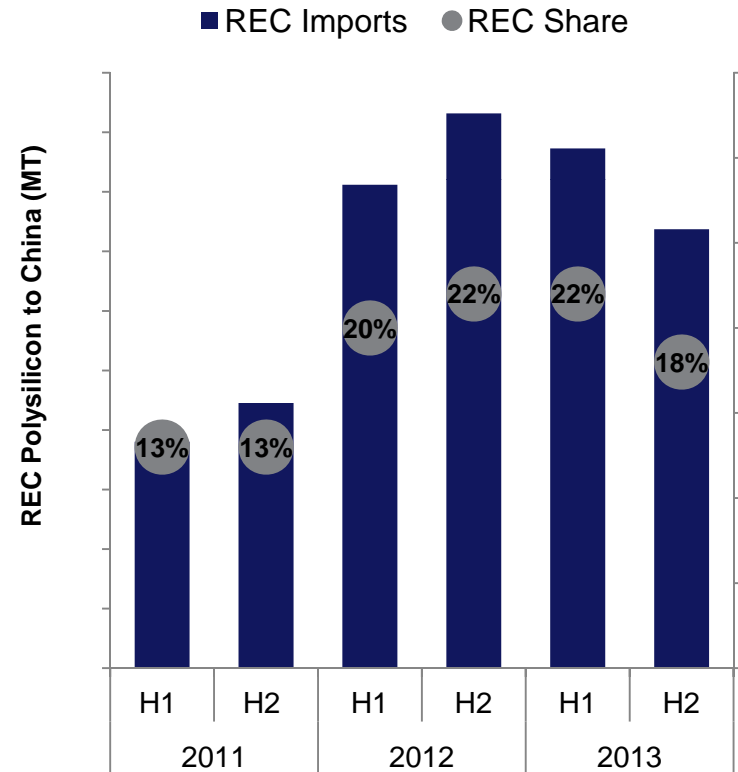
* July 2013 Analysis by FTIR Semi
Product breakdown based on Q2 2013 production average

China and Japan are Primary Markets, New Focus on Taiwan

2013 Revenue by Region



REC Silicon Imports to China



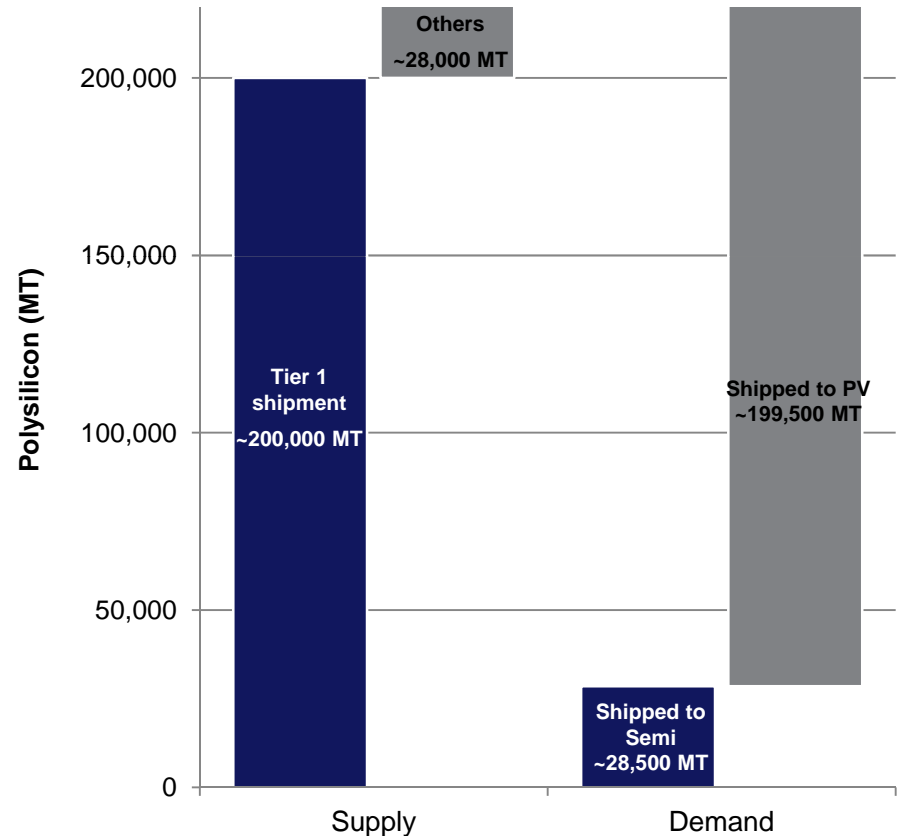


Polysilicon Market Landscape

2013 Polysilicon Market Mass Balance

- › 200K MT shipped to PV value chain*
- › ~25% more material shipped in H2' 13 from H1 '13
- › Tier 1 still “base load”
- › Semi shipments remain flat

Approximately 228,000 MT of virgin material shipped to market in 2013*



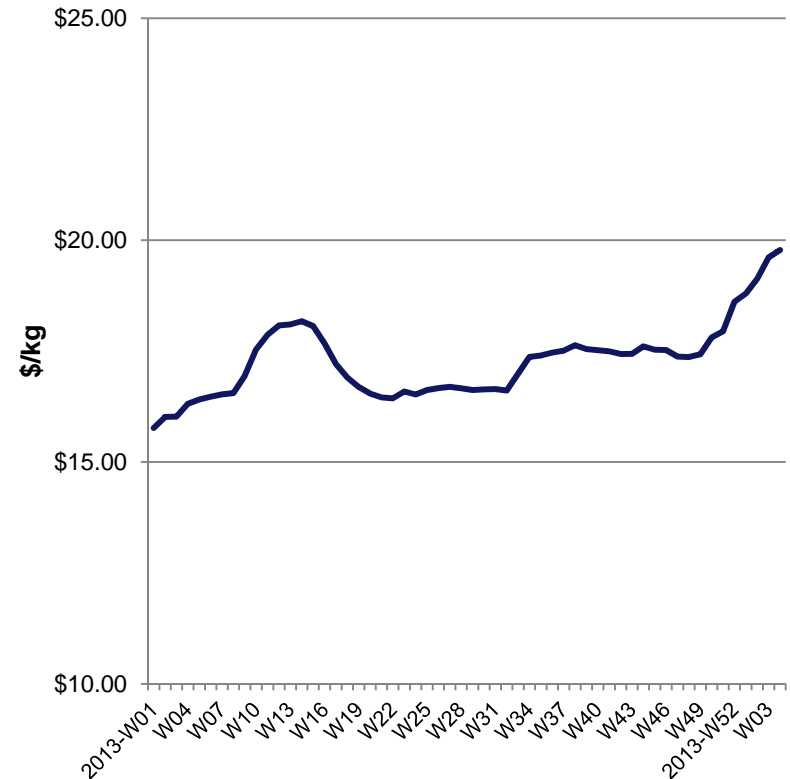
Note: *Preliminary estimates only.

Sources: SEMI Polysilicon Shipment survey, NPD Solarbuzz
Polysilicon and Wafer Supply Chain Quarterly & IHS Global Silicon Forecast Market Tracker.

Current Market Development – PV Polysilicon

- › Modest, steady improvement in spot prices
- › Spot ASPs still have upward pull in Q1
- › 8% growth in shipment CY 12-13*

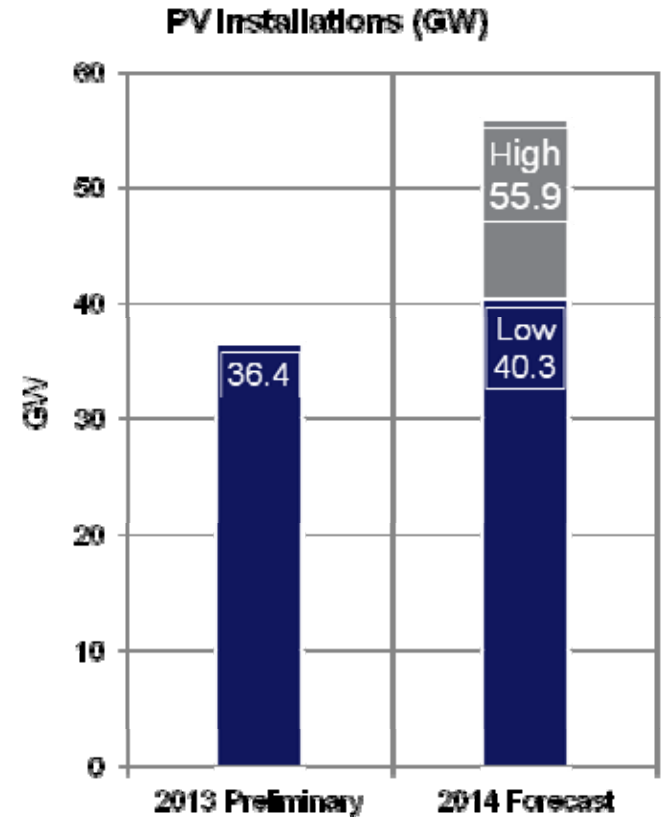
Spot Index (2013 to Jan 2014)



Note: *Based on 2013 preliminary all shipment data of 228,000 MT compared to 210,000 MT in 2012. Data reflects the average of weekly spot indices (PV grade) from Bloomberg New Energy Finance, EnergyTrend & PV Insights.

External View on PV Demand Development

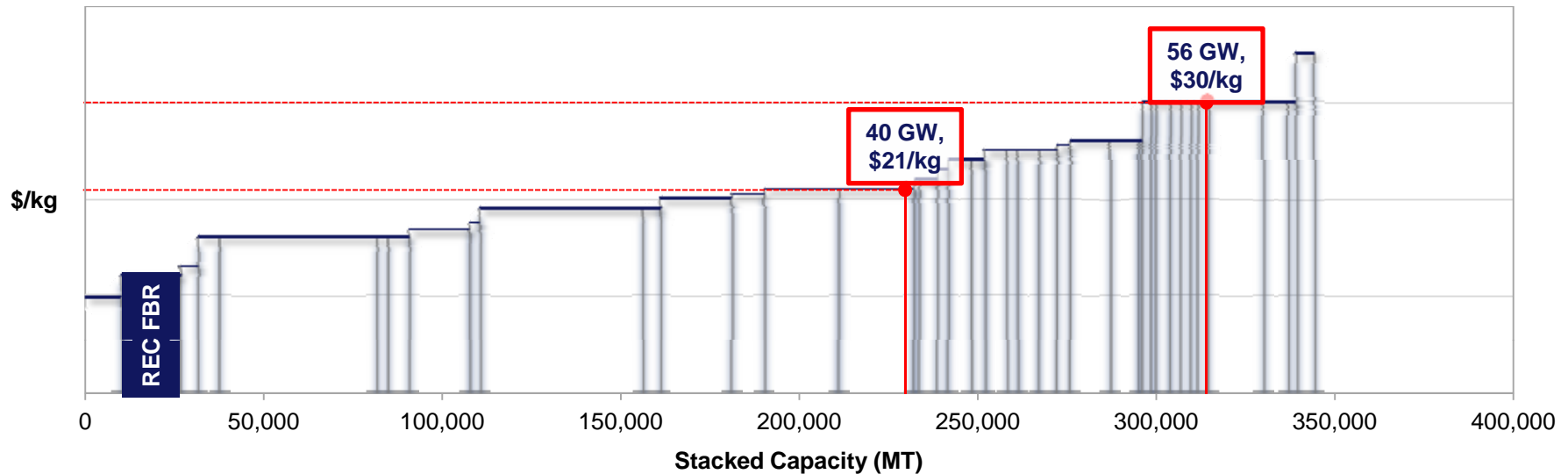
- › 2013 at 36 GW*
- › Wide range of forecasts for 2014 - Demand to rise in all scenarios
- › Q1 already on pace with Q4 2013
- › Current demand visibility through Q3 2014



*Preliminary estimates only.

Note: 2013 installation data is still coming in; the figure is the average of all compiled third party estimates. 2014 installation forecasts are the lower and upper limits of this year's demand as predicted by market consultants and outside analysts.

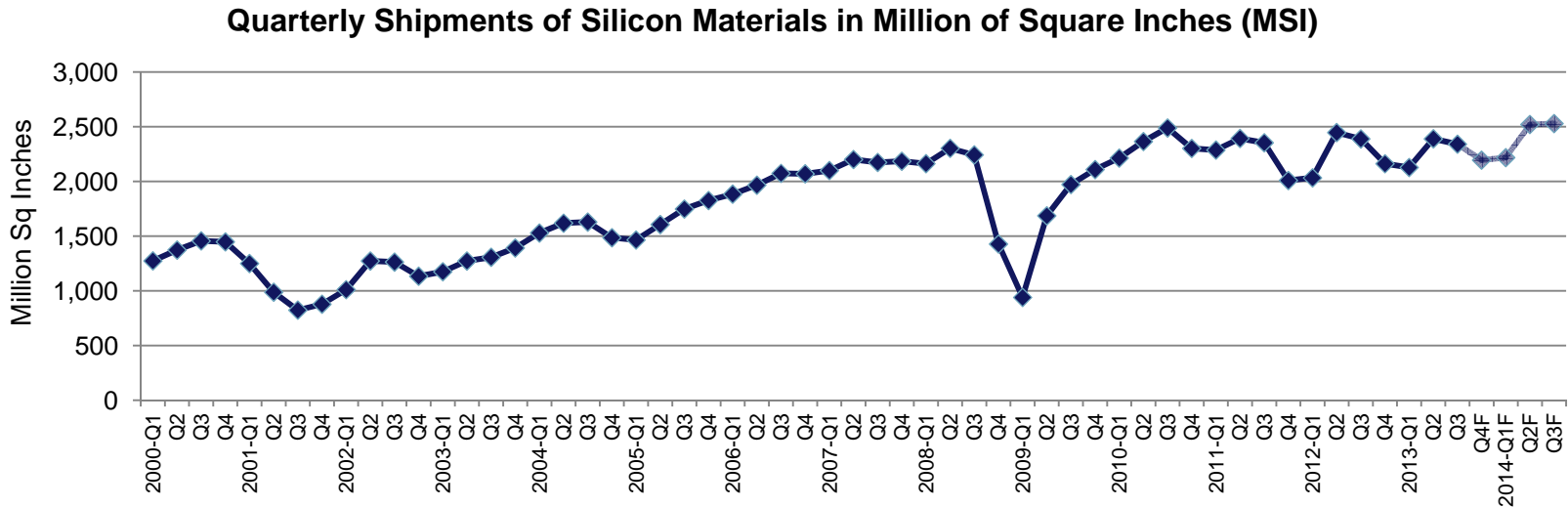
2014 Polysilicon Supply/Demand/Price Curve



- › Some higher-cost plants will continue to operate
- › Increased low-cost supply likely this year
- › Most likely market price between \$21-30/kg

Notes: Estimated cash costs by production line & location of all currently active and new plants to be commissioned in 2014. Assumptions of 3.5 GW Thin Film & 30K MT of semi demand. New capacity w/ 50% ramp factor vs. installed nameplate.

Current Market Development – Semiconductor Polysilicon

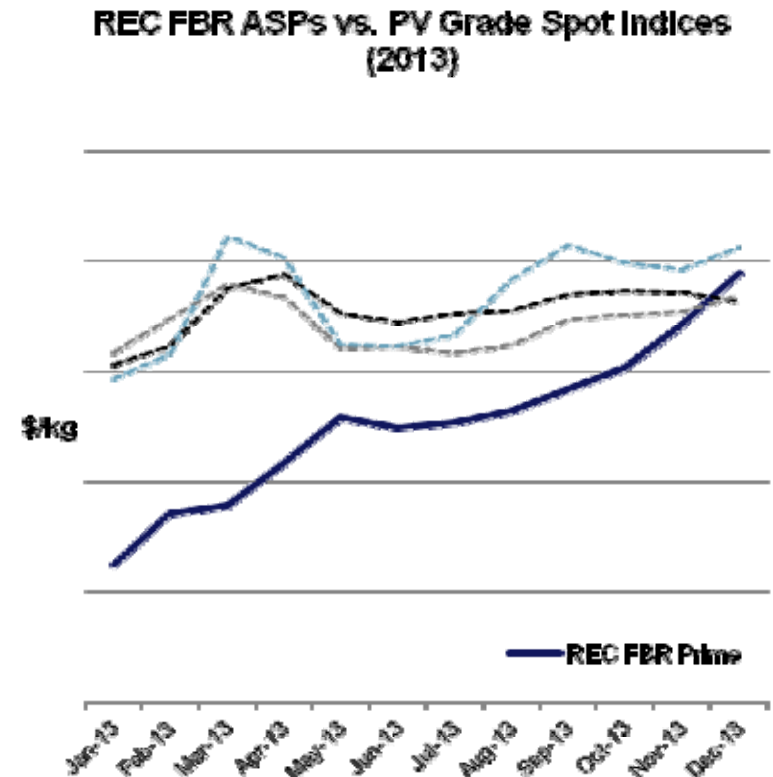


Sources: SEMI & Linx-Consulting.

- › Industry is correlated to global macroeconomics
- › 2013 was flat; slight growth predicted in 2014
- › Currently excess polysilicon inventory at semi wafer manufacturers

Granular Polysilicon Value Proposition

- › FBR Prime ASP consistent with spot price indices
 - Improved product quality & consistency
 - Preferred form factor
 - Commercial strategy
 - Increased market demand



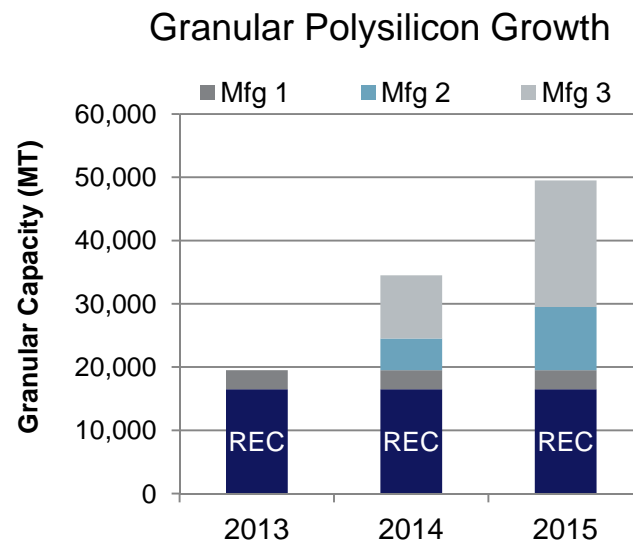
Note: REC Silicon FBR Prime ASP, benchmarked against data from Bloomberg New Energy Finance, EnergyTrend & PV Insights.

High Purity Granular is the Future

- › Became available to market in 2011
 - › Enables increased crucible charge weight
 - › Reduces ingot cost
-
- › Demand outpacing supply in coming years
 - › REC Silicon is the leader in Silane and Fluid Bed Reactor technology

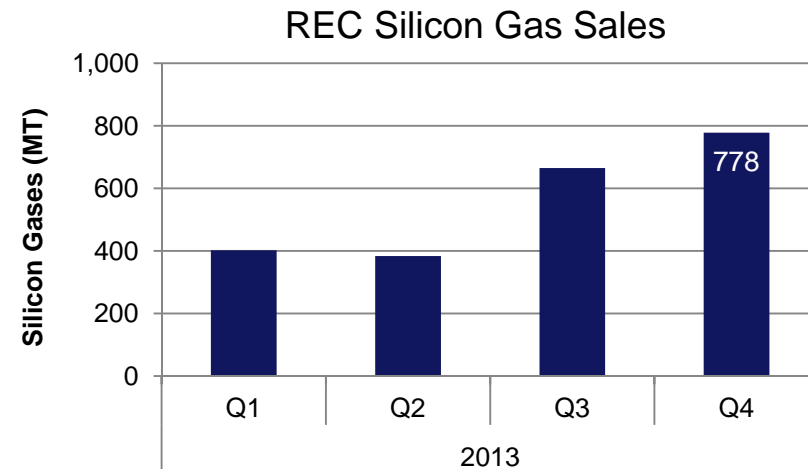
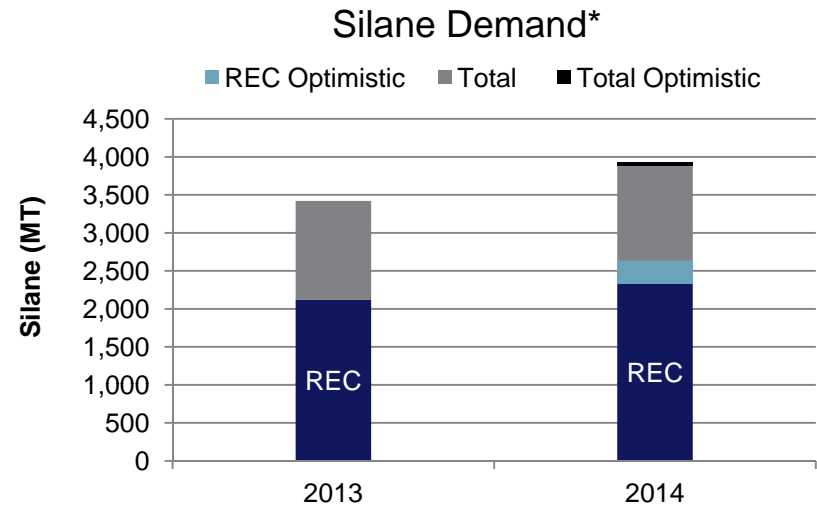


Granular / Siemens Blend



Current Market Development – Silicon Gases

- › Market growth anticipated
- › Shipments increased H2'13
 - Excessive inventory cleared
 - “One-off” spot activity



*Preliminary Estimates

Silicon Gases – More than just a molecule

- › Signature Silane®
 - Highest purity
 - Supply security
 - Infrastructure & service
 - Experience
 - Safety stewardship
- › Premium relative to competition





China / US Trade Update

US/China Solar Trade Issues

- › US imposed AD and CVD orders against Chinese solar panel companies exporting to the US in 2011/2012
- › China then issued Preliminary AD (July 2013) and CVD Orders (Sep 2013) against US polysilicon producers
- › Final Determination issued on January 20, 2014
 - 57% AD tariff and 0% CVD tariff imposed on REC
- › REC is continuing to sell its solar grade polysilicon into China by working with customers to utilize available options under existing laws, including current “Process in Trade,” under China Customs laws
- › Political and diplomatic negotiations between the US and China are underway to resolve but outcome and timing are uncertain



Financial Review

REC Silicon Group

Financial Results – Total and Continuing Operations

(NOK million)	Q4 2013			Q3 2013			2013		
	Revenues	EBITDA	EBIT	Revenues	EBITDA	EBIT	Revenues	EBITDA	EBIT
REC Silicon	752	187	(38)	738	80	(135)	2,543	492	(311)
REC Solar	328	27	11	917	59	26	3,061	111	11
Other & eliminations	(9)	(11)	(11)	(33)	(35)	(35)	(90)	(94)	(94)
Total segments	1,071	203	(38)	1,621	105	(143)	5,514	510	(395)
Adj. gain on disposal REC Wafer	-	85	85	-	1	1	-	84	84
Loss on disposal of REC Solar	-	(1,118)	(48)	-	(182)	(1,251)	-	(1,299)	(1,299)
Total Operations	1,071	(829)	(1)	1,621	(75)	(1,393)	5,514	(706)	(1,610)
Discontinued operations	(328)	993	(60)	(917)	111	1,214	(3,060)	1,004	1,104
Continuing Operations	743	164	(62)	705	36	(179)	2,453	298	(505)

› REC Silicon Segment

- Represents the continuing operations

› Other & eliminations includes:

- NOK 13 million Q4 Parent Company Expense
- NOK 94 million 2013 Parent Company Expense
- Remainder is Elimination of Internal Profit

REC Silicon Segment

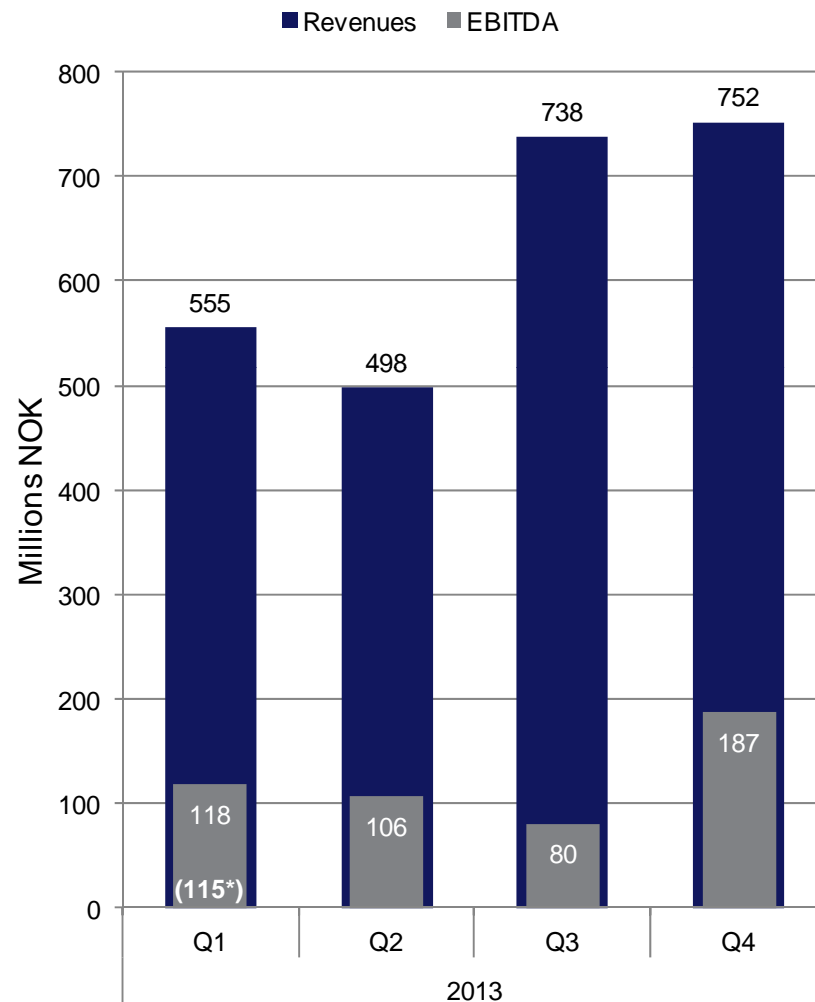
Key Financial Results (Q4 vs. Q3)

Revenues NOK 752 million

- › Increased polysilicon ASP
 - 6% Price increase
- › Increased silicon gas sales volume
 - 12% Increase in silicon gas revenues
 - Increased spot market sales

EBITDA NOK 187 million

- 134% increase
- › Improved cost profile
 - Resource alignment
 - 7% Increase in polysilicon production

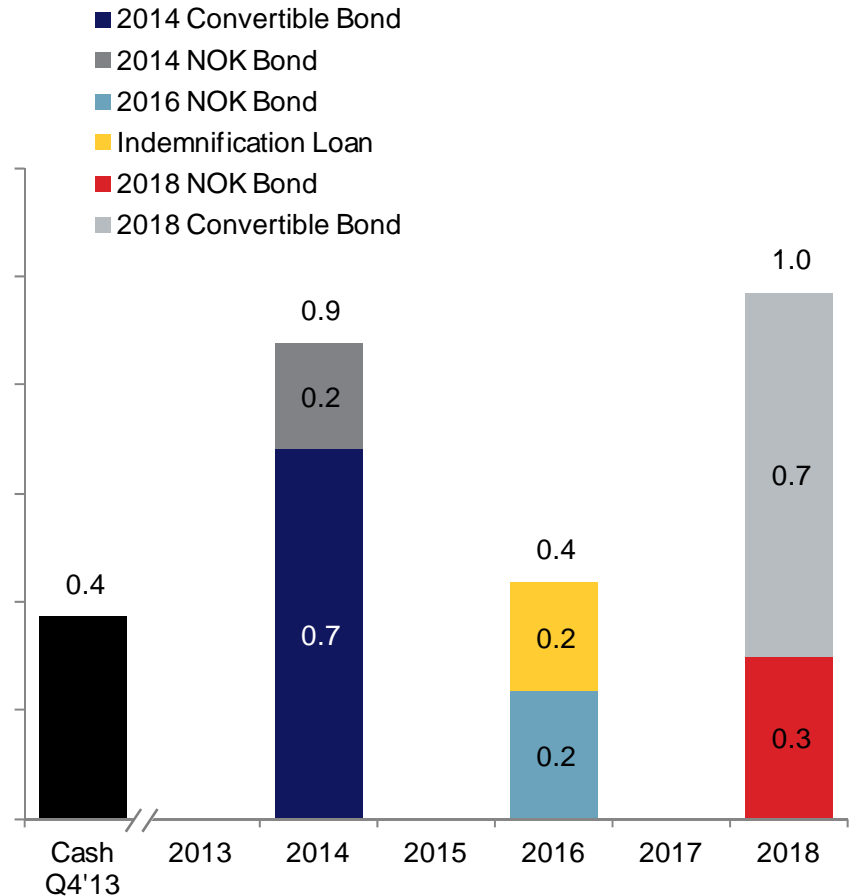


* Q1 EBITDA Includes special items of NOK 115 million associated with the cancellation of a sales contract

Financial Status

- › Net Debt reduced NOK 0.7 Billion
- › Debt reduced NOK 1.5 Billion
- › Cash flows from operations
 - Will contribute
 - Not sufficient to meet requirements
- › Additional sources of cash
 - Short-term Revolving Credit Facility
 - Re-issue/exchange into 2016 NOK bonds
- › Do not expect to issue equity

Q4 2013 Maturity Profile
(NOK billion)





Q1 and 2014 Outlook

Key Performance Parameters – Q1 and 2014

FBR Production

Q1	3,700 MT
2014	16,000 MT

FBR Cash Cost

Q1	\$12.80/kg
2014	\$11.70/kg

Silicon Gas Sales

Q1	700 MT
2014	2,500 MT

Semiconductor Prod

Q1	380 MT
2014	1,750 MT

Total Polysilicon Production

Q1	4,340 MT
2014	19,400 MT

CapEx

2014	\$25 M
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Thank you.