

A photograph of two men in industrial settings. The man on the left wears a blue hard hat with a headlamp and safety glasses, with his arms crossed. The man on the right wears a white hard hat with goggles and safety glasses, smiling. They are in front of industrial equipment, including a large grey tank and yellow railings.

RECSILICON

SECOND QUARTER
2016

PRESENTATION

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Agenda

REC Silicon Q2 Financial Results

T. Torvund, CEO

Financial Review

J.A. May II, CFO

Market Outlook

T. Torvund

U.S. / China Trade Dispute Update

T. Torvund

Yulin JV Update

T. Torvund

Guidance

T. Torvund

Q & A

REC Silicon ASA Second Quarter 2016 Highlights

Revenues: \$71.1M

EBITDA: (\$14.3M) Loss

June 30, 2016 Cash Balance of \$91.3M

- \$16.3M Cash Flows from Operating Activities
- \$21.2M Bond (REC02) Retired in May 2016
- Indemnification Loan Not Called in Second Quarter 2016

FBR Production Restarted in Moses Lake

- Silane III Restarted in May 2016 – Currently Producing Near Capacity
- Silane IV Currently in Restart

Substantial Increase in Solar Grade Polysilicon Prices

- 9.7% Solar Grade Polysilicon Price Increases

REC Silicon ASA Q2 2016 Key Metrics

Polysilicon Volumes **

Total Sales Volume 3,634MT

Inventory Reduction 1,963MT

FBR Production

Actual 1,026MT

Guidance* 1,370MT

Deviation -25.1%

FBR Cash Cost

Actual \$33.7/kg

Guidance* \$24.0/kg

Deviation 40.4%

Total Polysilicon Production

Actual 1,671MT

Guidance* 2,020MT

Deviation -17.3%

Semiconductor Production

Actual 155MT

Guidance* 190MT

Deviation -18.2%

Silicon Gases Sales Vol.

Actual 610MT

Guidance* 800MT

Deviation -23.8%

* Guidance presented May 3, 2016

** Excludes Fines and Powders



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FINANCIAL REVIEW

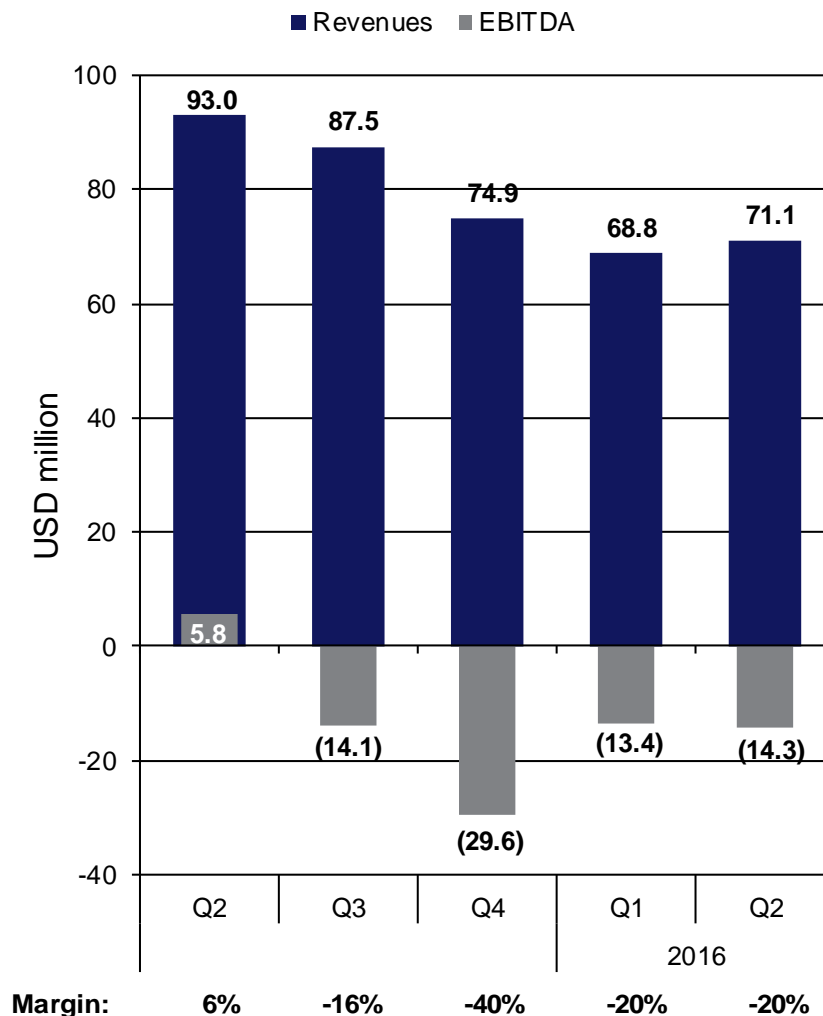
Q2 2016 Key Financial Results

Revenues - \$71.1M

- › 3.2% Increase from Q1 2016
- › Decreased Polysilicon Sales Volumes
(Excluding Fines & Powders)
 - (5.8%) Sales Volume Decrease from Q1 2016
 - 9.7% Solar Grade Price Increase from Q1 2016
- › Silicon Gas Sales Volumes 610MT
 - 14.8% Sales Volume Increase from Q1 2016
 - Silane Price Decrease of (2.8%) From Q1 2016

EBITDA – Loss of (\$14.3M)

- › Inefficiency due to Capacity Curtailment in Moses Lake
- › Electricity Refund of \$5.9M in Other Income



Q2 2016 Cash Flows

Cash Flows From Operating Activities \$16.3M

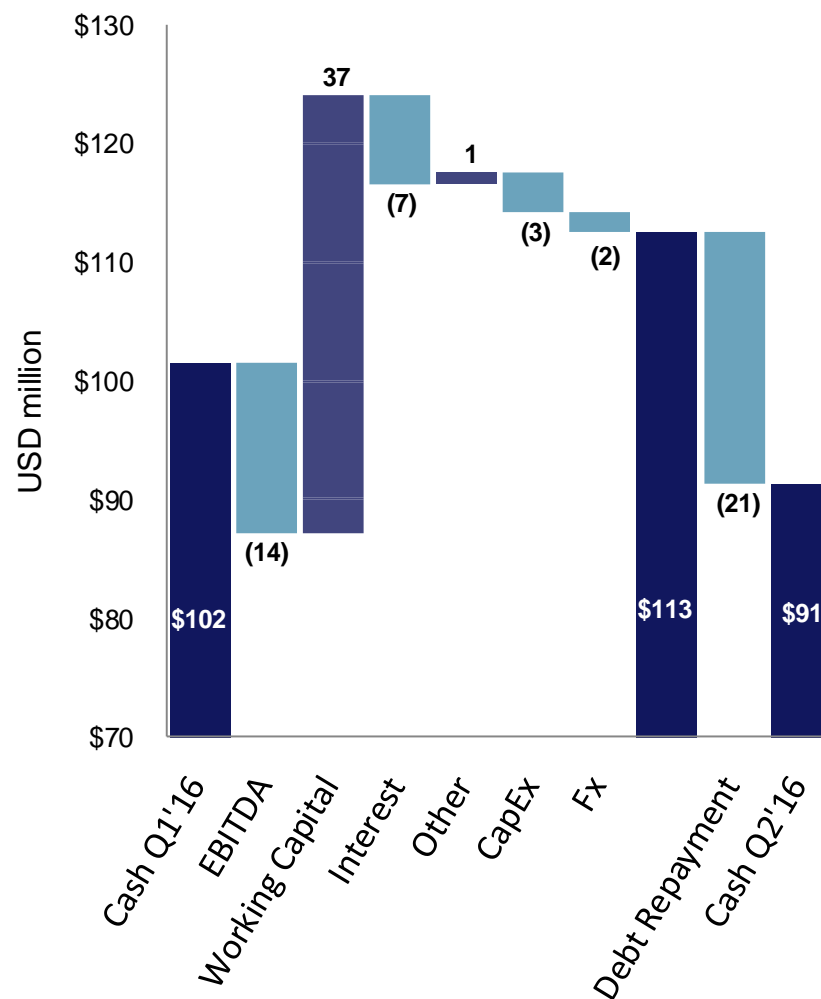
- › EBITDA - Loss of (\$14.3M)
- › Working Capital Decrease \$36.9M
 - Decreased Inventories \$28.0M
 - Decreased Accounts Receivable \$12.8M
 - Includes \$5.0M Customer Prepayment
 - Decreased Accounts Payable (\$4.0M)
- › Interest payments (\$7.4M)

Cash Outflows From Investing Activities – CapEx (\$3.3M)

Cash Outflows From Financing Activities – (\$21.2M)

- › Repayment of NOK 179.5M Bond (REC02)

Currency Loss of (\$1.7M)



Debt Coverage at June 30, 2016

Nominal Debt - \$188M

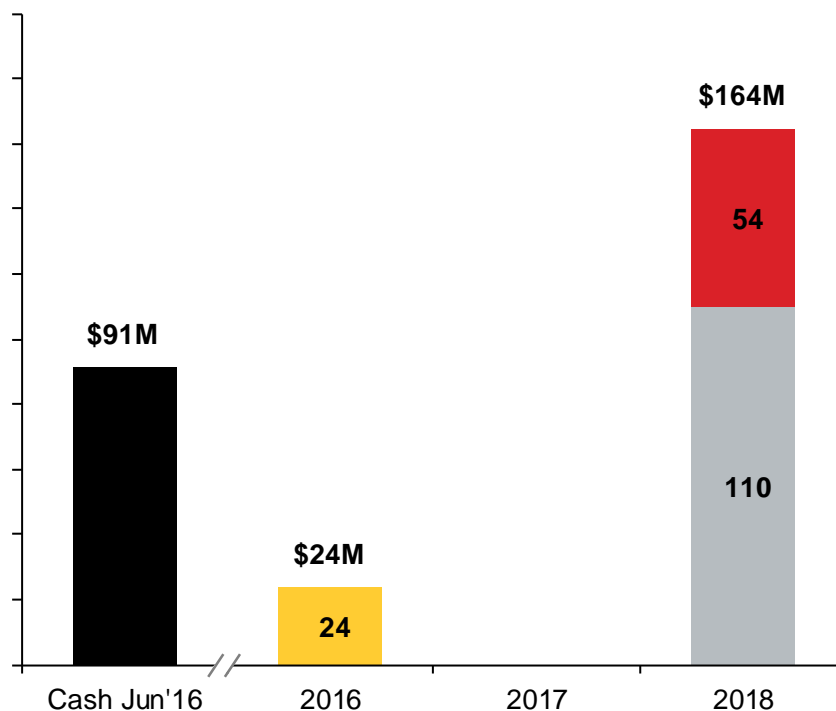
- › Decreased by \$22.7M in Q2 2016
 - \$21.2M Maturity of NOK Bond (REC02)
 - Decreased by \$1.5M due to Weaker US Dollar

Nominal Net Debt - \$97M

- › Decreased by \$12.6M in Q2 2016
 - Decrease in Cash of \$10.2M
 - Decrease in Nominal Debt of \$22.7M

USD million

- Indemnification Loan (NOK)
- 2018 NOK Bond (May 2018)
- 2018 USD Convertible Bond (Aug 2018)



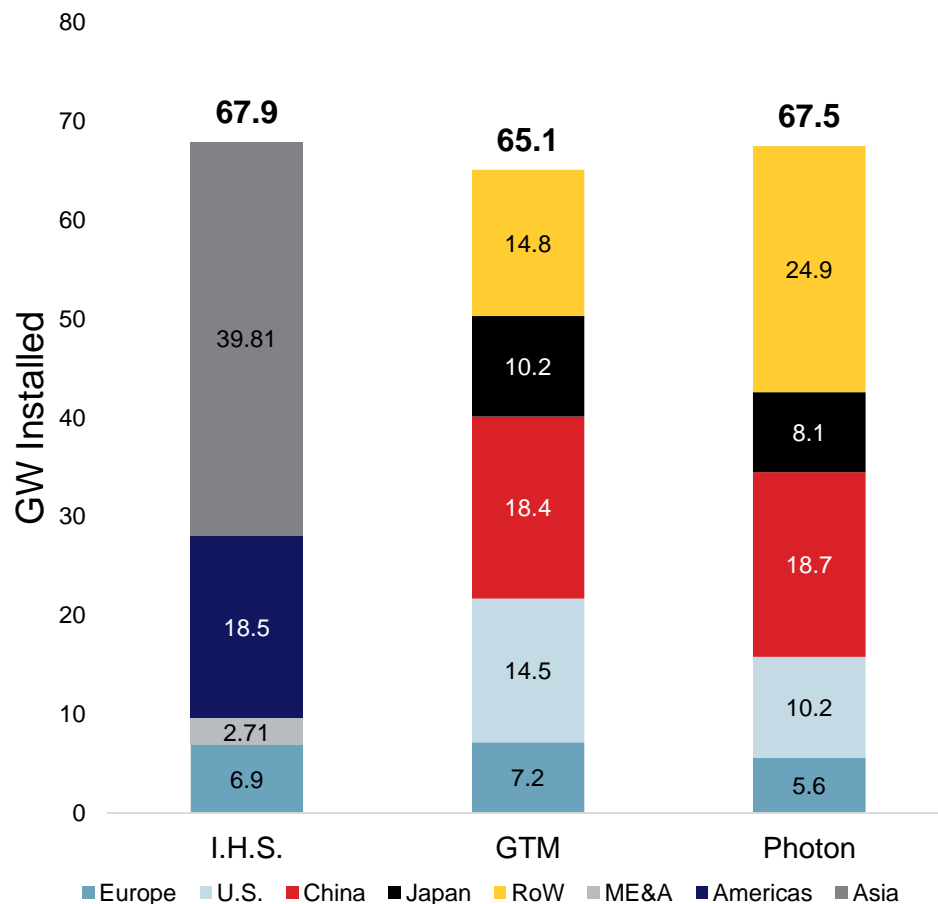
The background of the slide features a close-up photograph of silicon. In the foreground, there are several large, irregular, metallic-looking chunks of silicon with sharp edges and reflective surfaces. Behind these, a large, dark, cylindrical object, possibly a silicon ingot, is visible. The entire scene is set against a deep blue background. A bright yellow diagonal line runs from the bottom left towards the middle right, separating the image from the text area.

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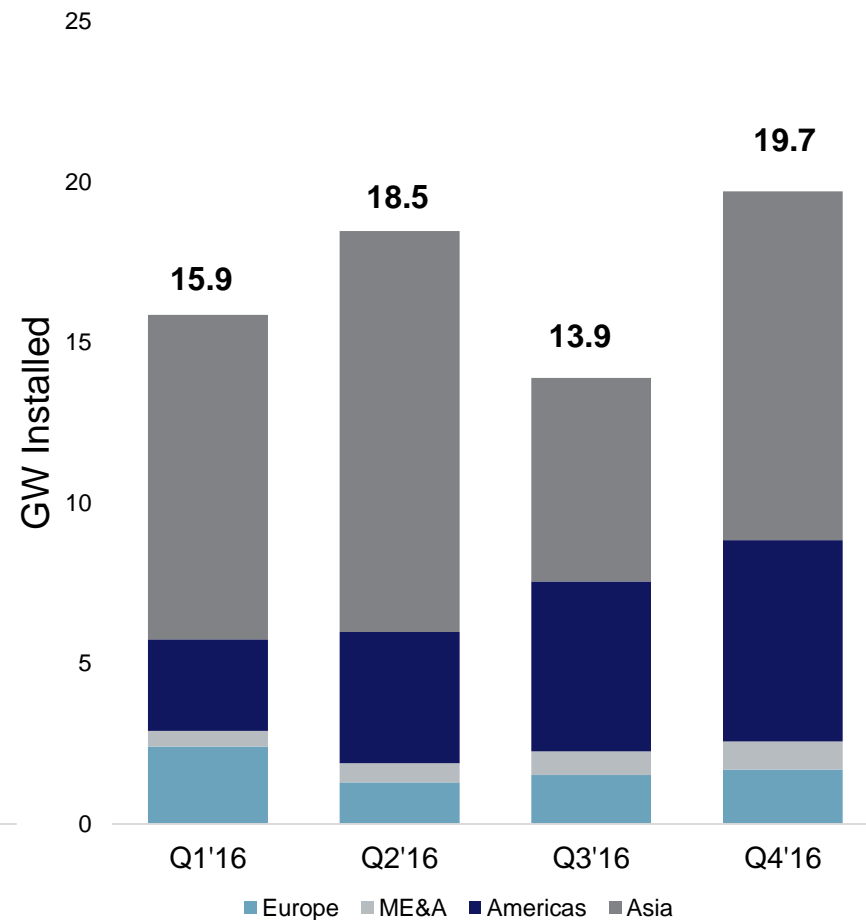
MARKET OUTLOOK

Market Expectations for H2 2016

2016 Installation Forecast



2016 Quarterly Installations



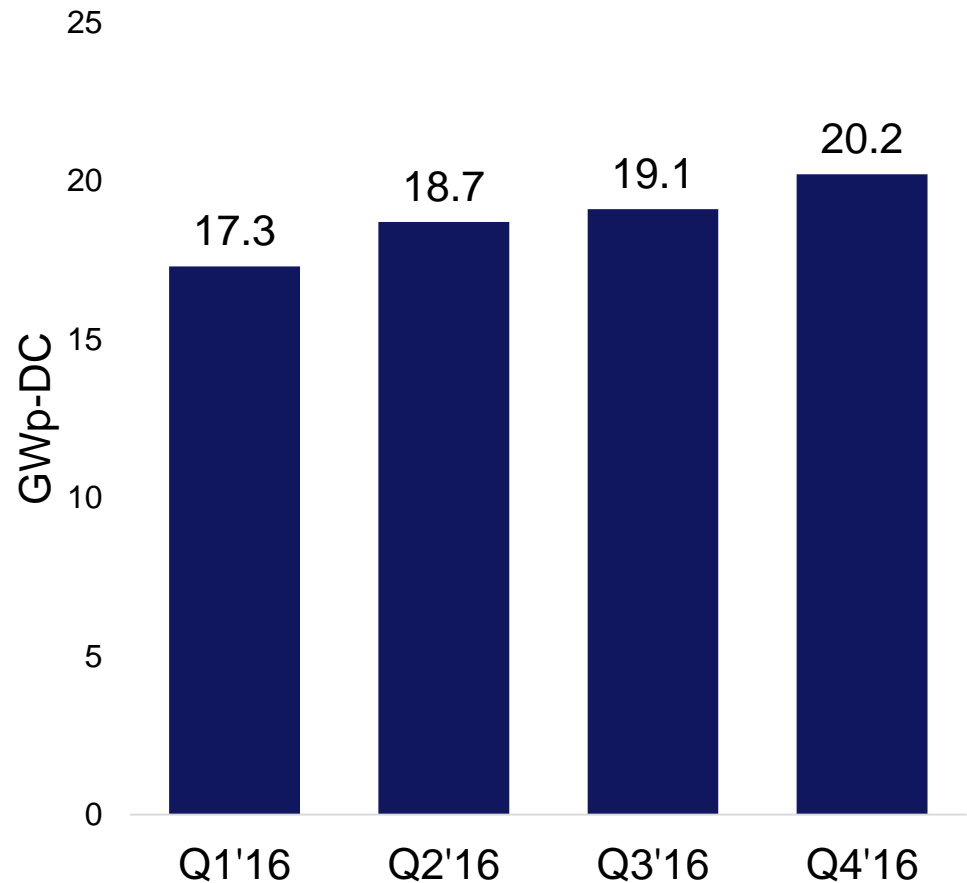
I.H.S PV Demand Market Tracker Q2 2016
 GTM Research: Global Solar Demand Monitor Q2 2016
 Photon Consulting June 2016

I.H.S PV Demand Market Tracker Q2 2016

Wafer Production Remains Stable

- › Polysilicon Demand Driven by Wafer Production
- › Wafer Production Driven by Increased PV Installations in Q4 2016 and 2017

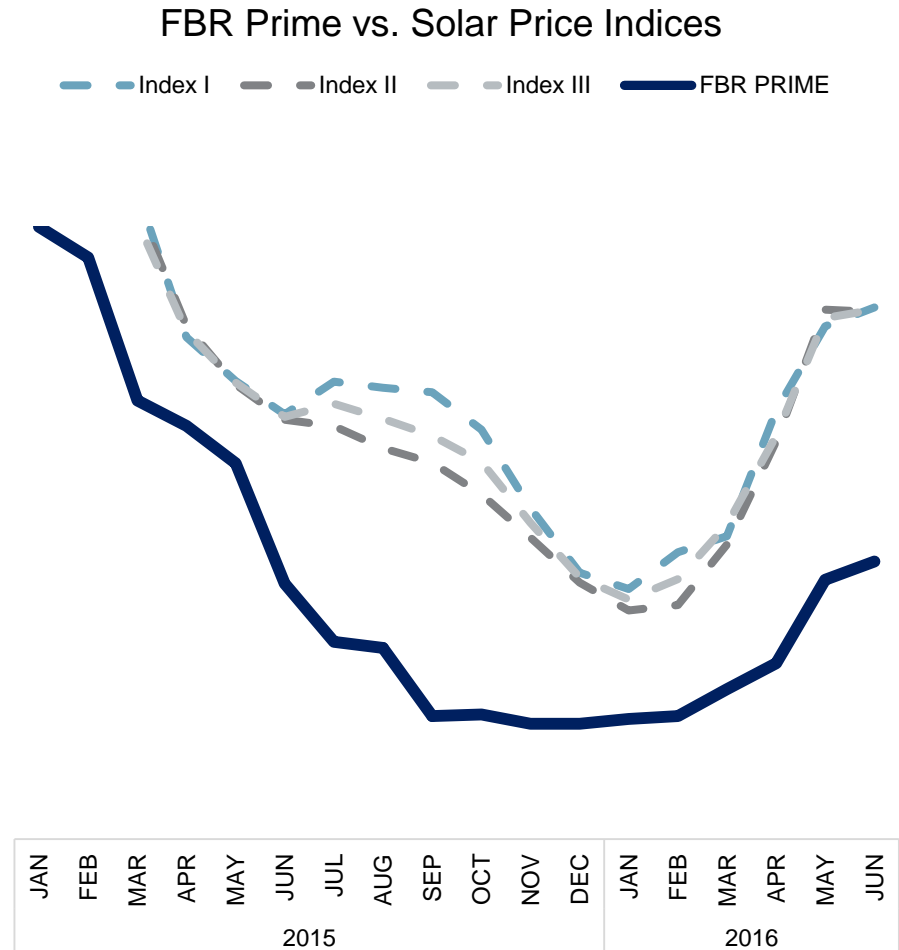
Quarterly Wafer Production Forecast



Source: I.H.S Technology PV Integrated Tracker Q2 (June 2016)

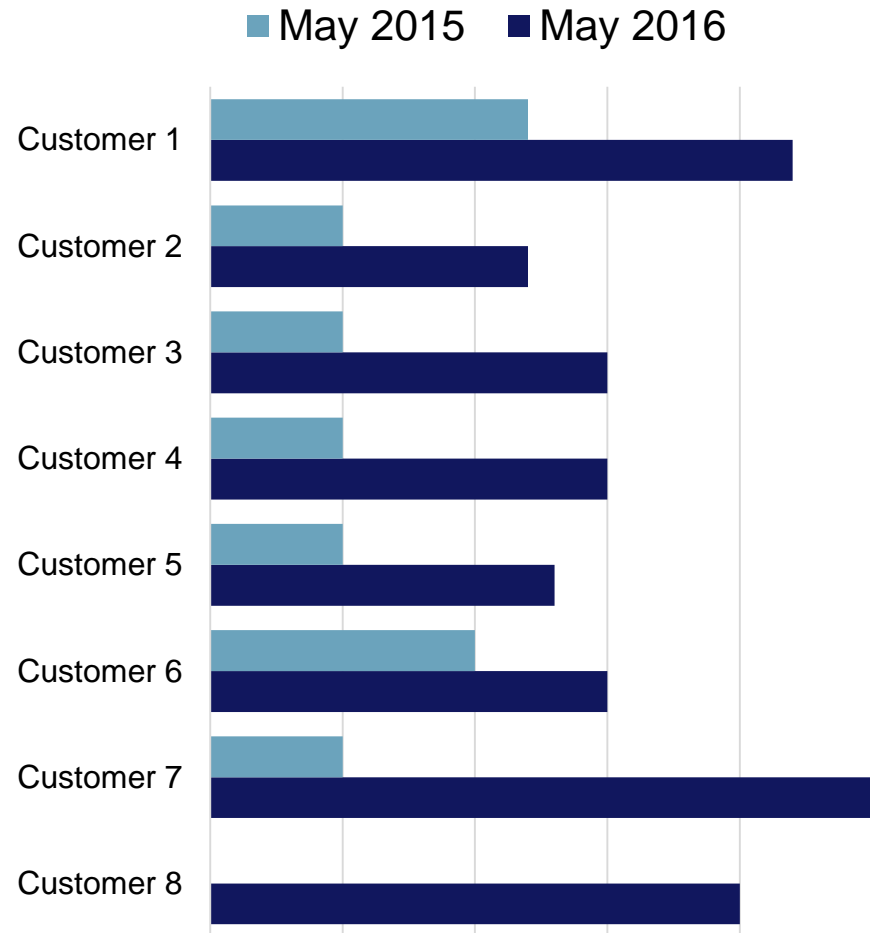
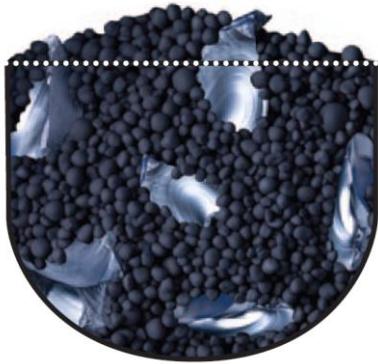
Polysilicon Spot Price Rebounds in H1 2016

- › REC Silicon Average Solar Grade Sales Price Increased 9.7% vs. Q1 2016
- › Average Solar Spot Market Price Increased 21.1% vs. Q1 2016
- › Spot Price Increase Due to:
 - Continued Strong End Use Demand
 - High Wafer Capacity Utilization



Increased Crucible Share Drives Demand Outside China

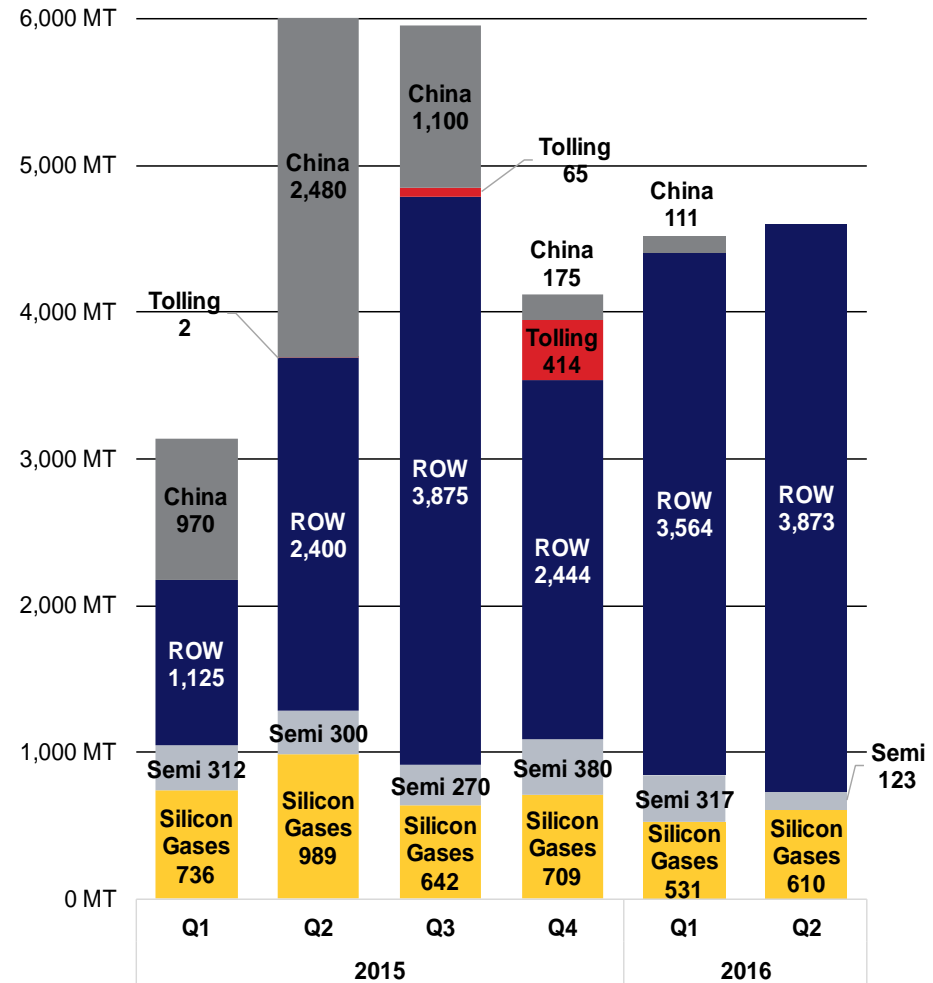
- › Leverage Low Cost to Increase Market Access
- › Successful Customer Qualifications



Source: Internal data

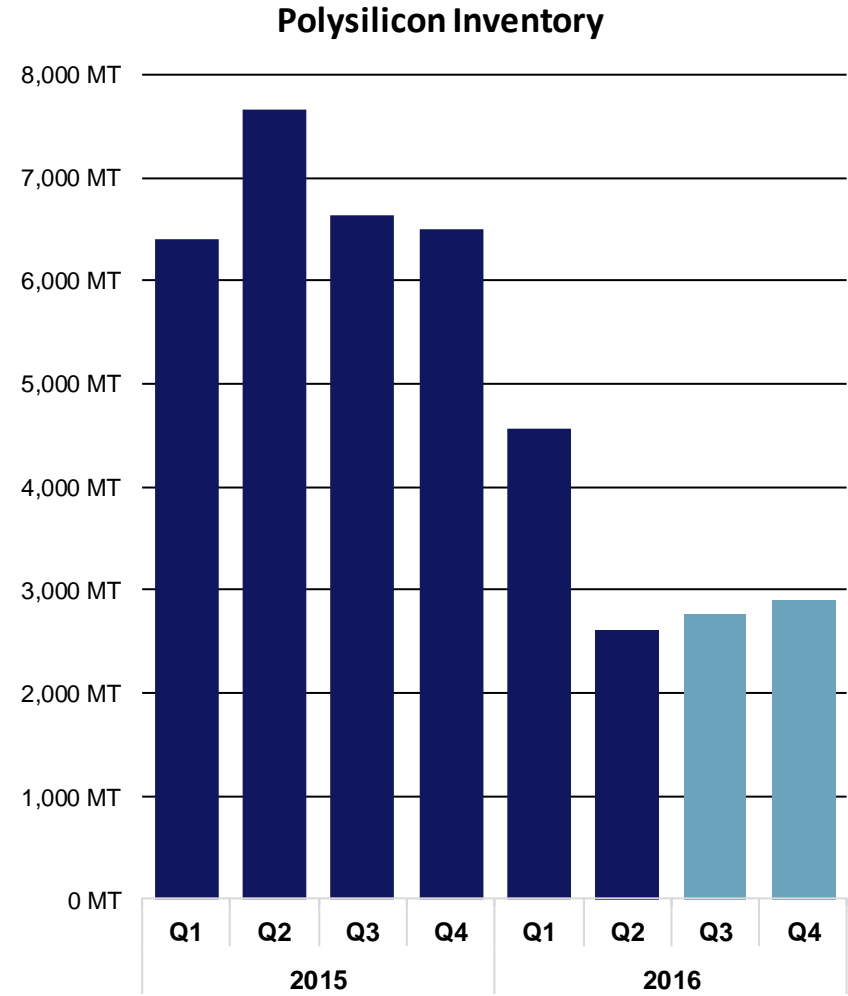
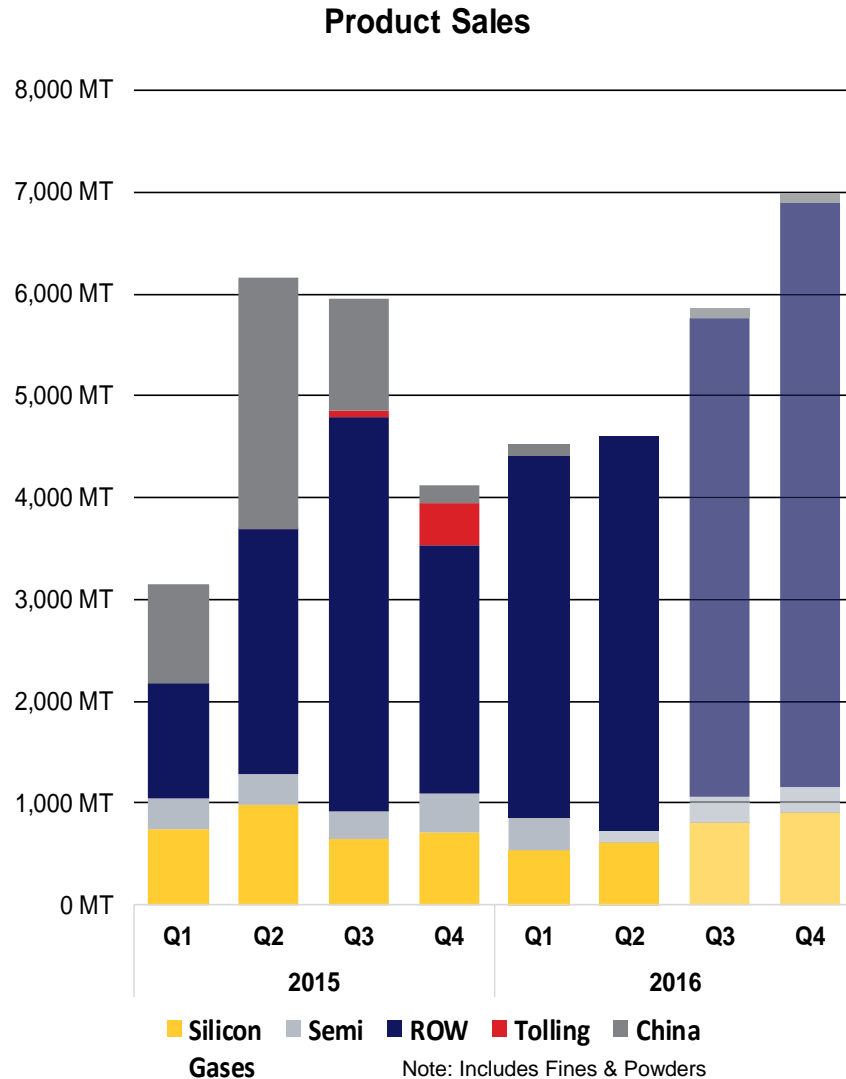
Reduced Reliance on Markets in China

- › Discounts to Maximize Sales Volumes
- › Increased Crucible Share
- › Increased Wafer Capacity Utilization



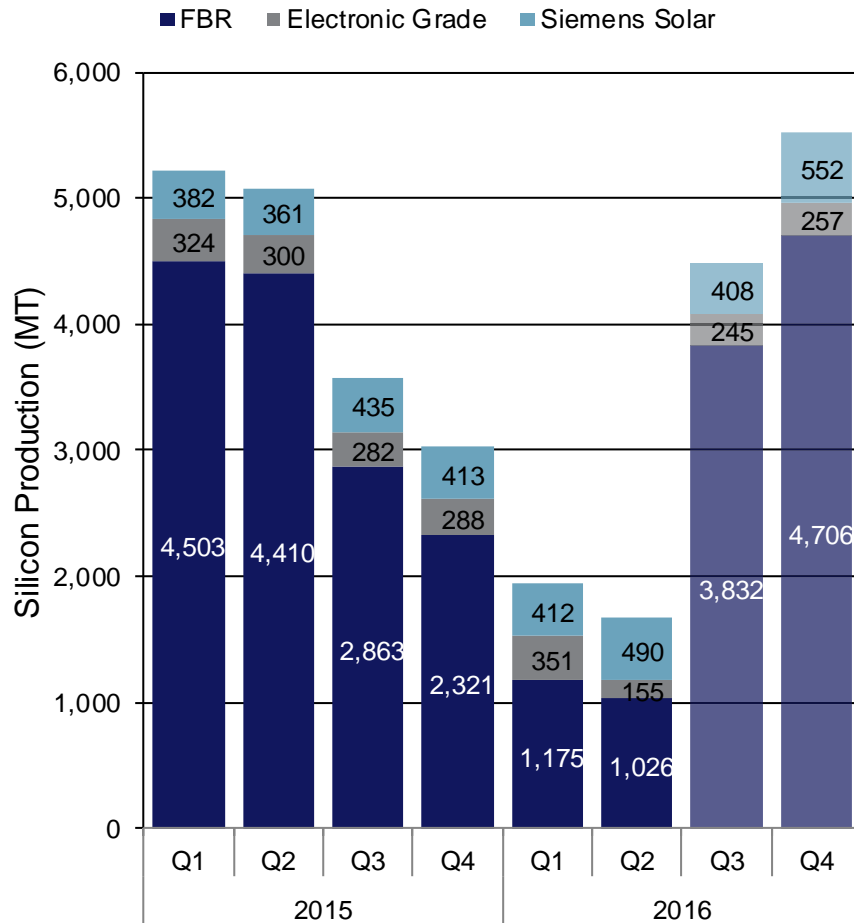
Note: Includes Fines & Powders

Increased Sales Volume and Stable Inventory in H2 2016

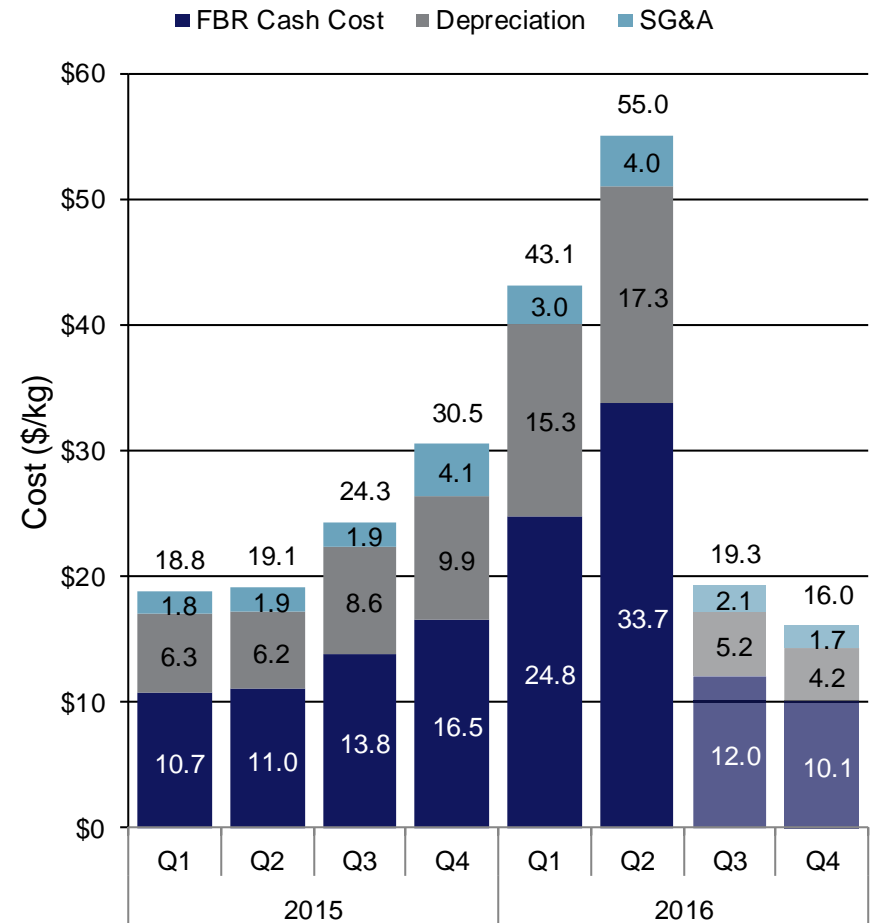


FBR Production Resumes Resulting in Industry Leading Cost

Polysilicon Production

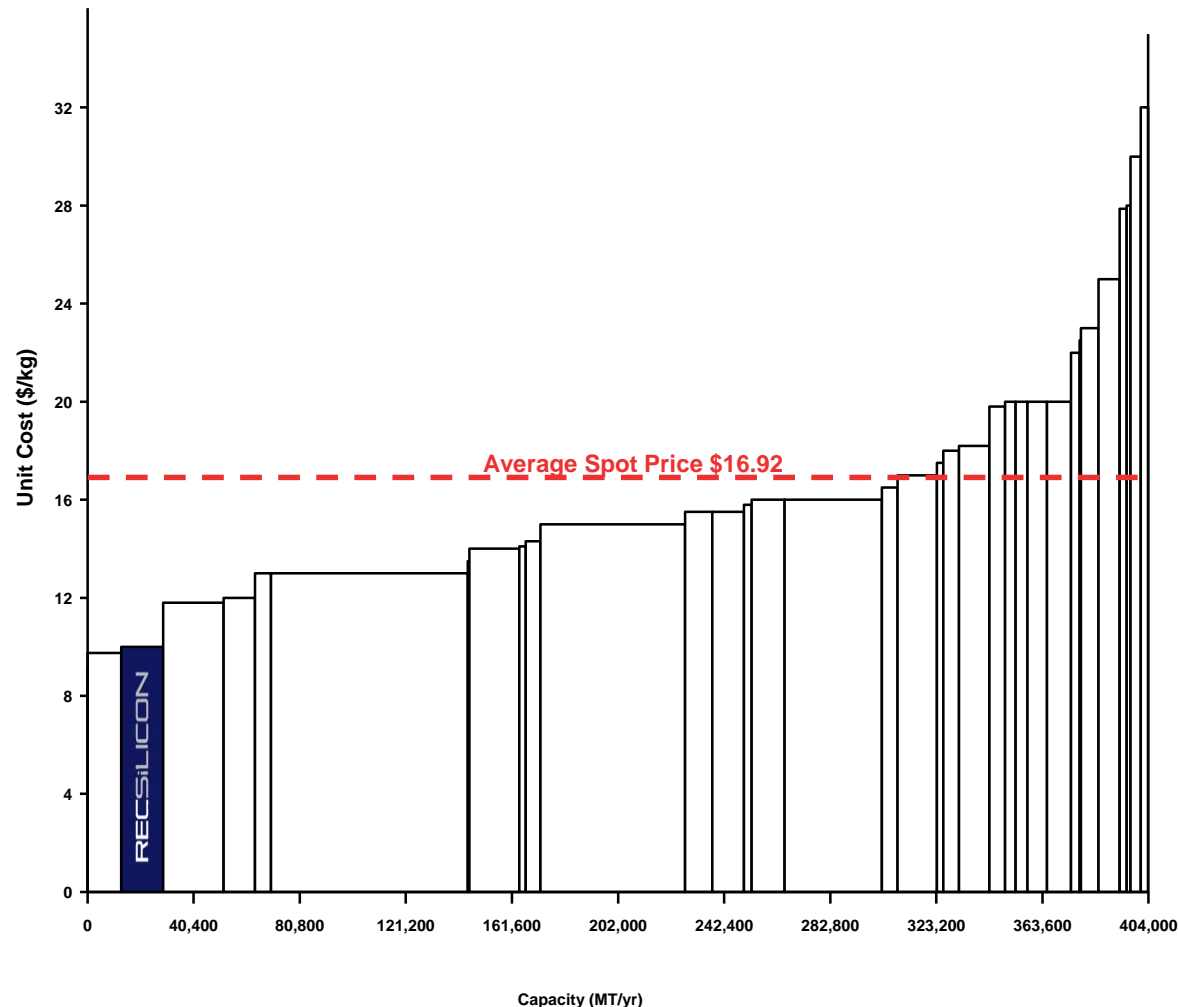


FBR Cost



Low FBR Cash Cost Makes REC Competitive in Global Market

- › Return to Full Production Will Reduce Cash Cost to Industry Leading Levels
- › Anticipate Production Near Maximum Rates for Next Two Years
- › Current Spot Prices Insufficient to Support Marginal Producers



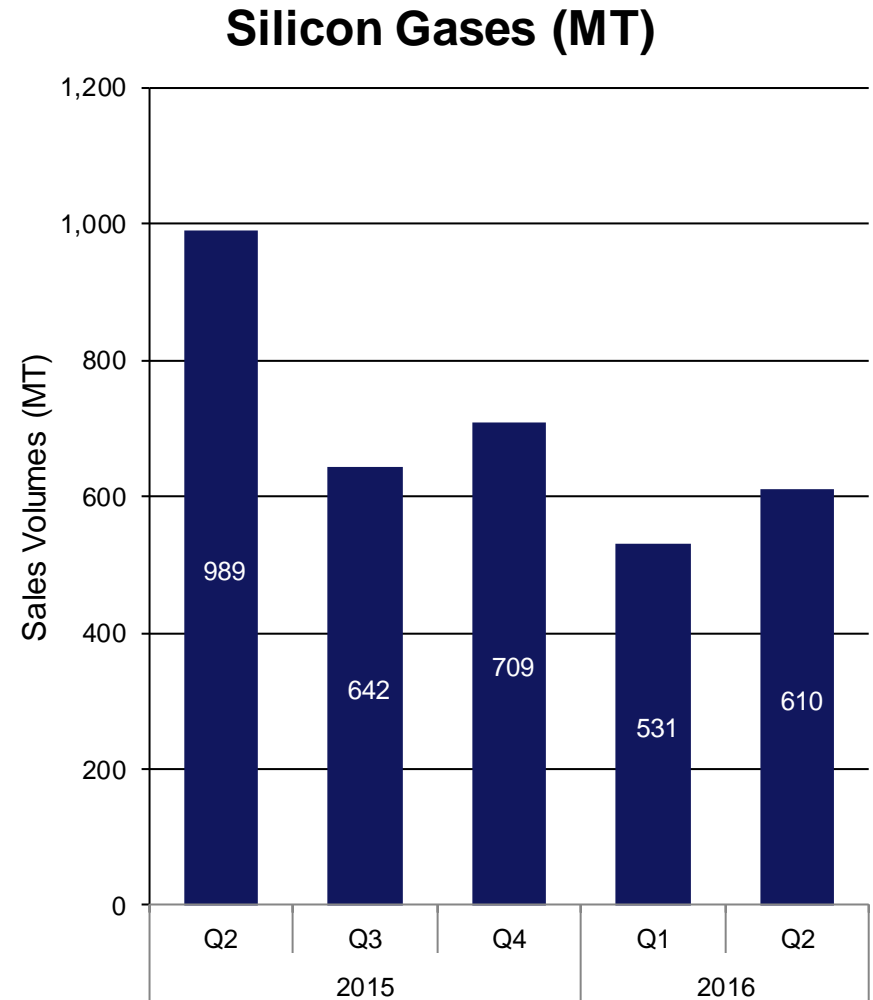
Increased Silicon Gas Sales in Q2 2016

› Silicon Gas Sales Volumes 610 MT

- 14.8% Volume Increase vs. Q1 2016
- 2.8% Silane Gas Price Decrease vs. Q1 2016

› Increased Demand Expected in H2 2016

- Q3 2016 Sales Increase to 800MT
- Q4 2016 Sales Increase to 900MT



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U.S./ CHINA TRADE DISPUTE UPDATE

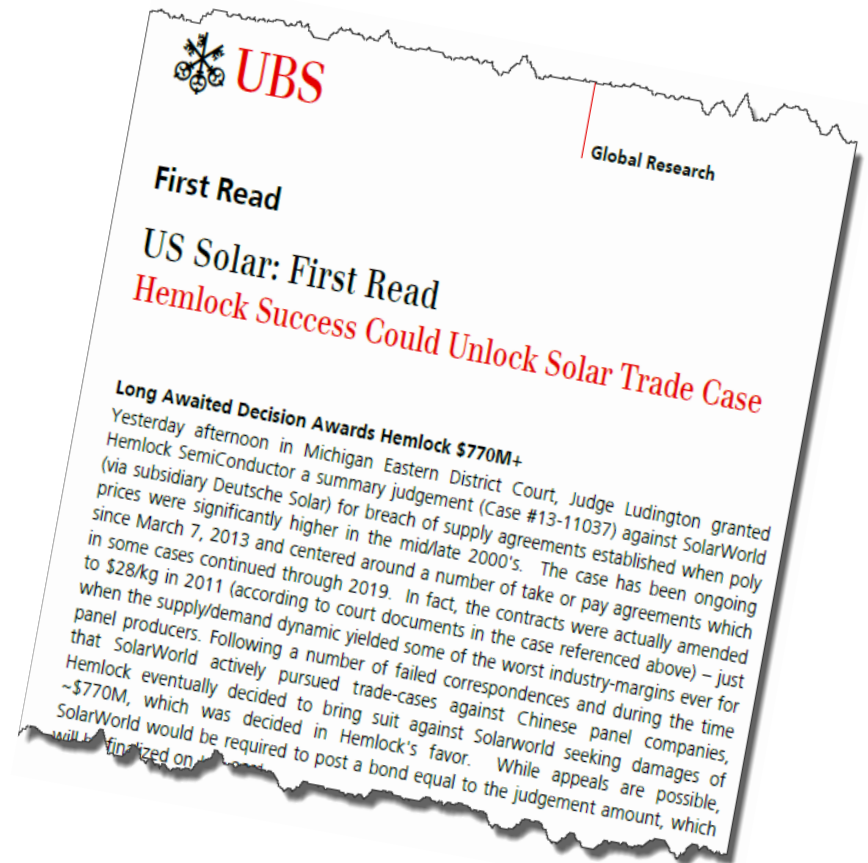
U.S. / China Trade Dispute Update

› SolarWorld Under Pressure

- Hemlock Comprehensive Win Against Solarworld in Lawsuit on July 13, 2016
- Trade Dispute Resolution has Value for Hemlock

› MOFCOM and USTR Continue to Focus on Trade Dispute Resolution

- Administration Change Could Create Risk for all Stakeholders
- Renewed Momentum to Resolve Solar and Polysilicon Trade Disputes



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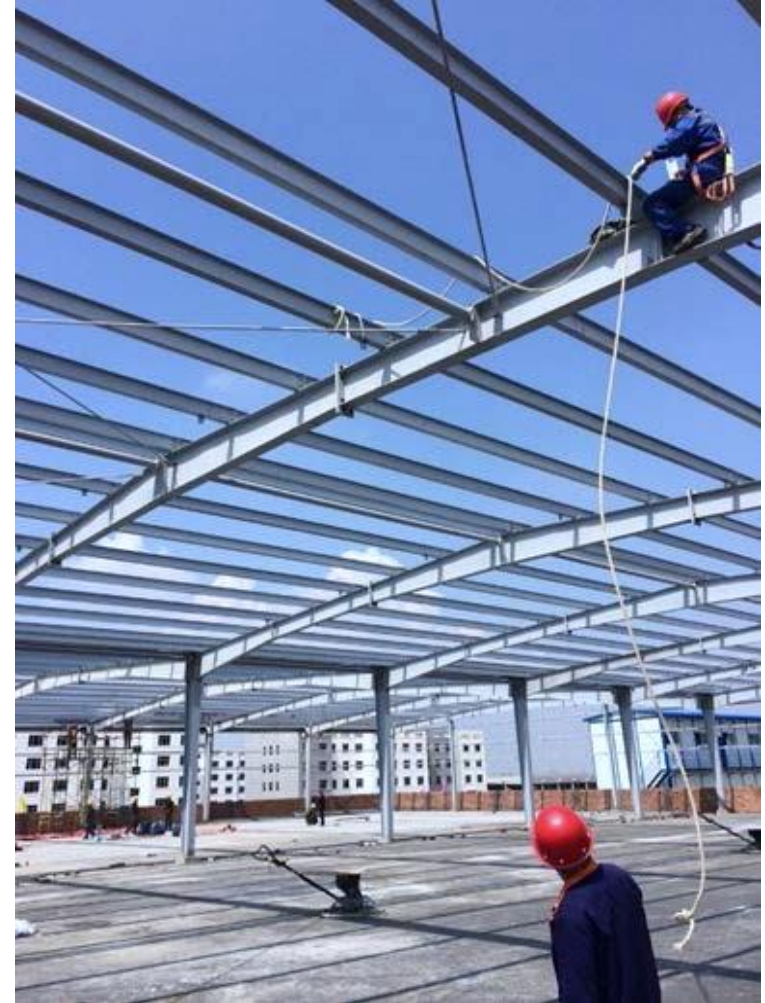


YULIN JV
UPDATE

Yulin JV – On Track for H2 2017 Start-up

Yulin Plant Production Capacity:

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



Yulin JV – Current Status

- › Zero Project Safety Incidents
- › Detailed Design Engineering: 85% Complete
- › Procurement: 85% Complete
- › Structural Steel Installation Underway
- › Equipment Installation Contracts Awarded
 - Mobilized in Q2 2016
- › Training Underway at Moses Lake and Butte
 - 50 JV Employees from China Trained by REC Experienced Personnel



A low-angle, upward-looking photograph of a complex yellow metal framework, possibly a staircase or industrial structure, set against a clear blue sky. The sun is visible in the upper left corner, creating a bright lens flare. The structure consists of numerous intersecting yellow beams and circular frames, creating a geometric pattern. The perspective makes the structure appear to converge towards the top of the frame.

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GUIDANCE

Updated 2016 Guidance

| FBR Production | |
|----------------|----------|
| Q3 | 3,830MT |
| Q4 | 4,710MT |
| 2016 | 10,741MT |

| FBR Cash Cost | |
|---------------|-----------|
| Q3 | \$12.0/kg |
| Q4 | \$10.1/kg |
| 2016 | \$14.6/kg |

| Total Polysilicon Production | |
|------------------------------|----------|
| Q3 | 4,490MT |
| Q4 | 5,520MT |
| 2016 | 13,618MT |

| Semiconductor Production | |
|--------------------------|---------|
| Q3 | 250MT |
| Q4 | 260MT |
| 2016 | 1,016MT |

| Silicon Gas Sales | |
|-------------------|---------|
| Q3 | 800MT |
| Q4 | 900MT |
| 2016 | 2,840MT |

| CapEx * | |
|-------------|-------|
| Maintenance | \$ 9M |
| Expansion | \$ 2M |
| 2016 Total | \$11M |

* CapEx Excludes any potential impact due to the July 1, 2016 Incident at the Moses Lake facility.

REC Silicon Summary & Outlook

- › June 30, 2016 Cash Balance of \$91.3M
 - Retired NOK Bond (REC02) of \$21.2M in May 2016
 - Improved Liquidity

- › Silane III Restarted, Q3 FBR Volume 3,830MT and Cash Cost Expected at \$12.0/kg
 - Silane IV in Restart

- › Q2 Polysilicon Sales of 3,634MT in Line with Expectations
 - Increased Sales Expected in Q3

- › Q3 Market for Polysilicon Expected to Remain Stable
 - Some Uncertainty in the Following Quarters
 - Silicon Gas Market Expected to Improve during H2 2016

- › Positive Development in Trade Dispute, Uncertainty Remains

- › Yulin JV on Track for Start-up H2 2017

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Q3 2016 Reporting
November 2, 2016
