



THIRD QUARTER

2016

PRESENTATION

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Agenda

REC Silicon Q3 Financial Results

T. Torvund, CEO

Financial Review

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

REC Silicon ASA Third Quarter 2016 Highlights

Revenues: \$50.9M

EBITDA: (\$ 7.9M) Loss

Solar Grade Polysilicon Market Disruption

- Due Primarily to Expiration of 2015 Feed in Tariffs (FiT) in China
- Demand Expected to Stabilize in Q4 2016

Maximize Efficiency at Lower Utilization in Moses Lake

- Additional Cost Cutting Initiatives
- Will Return to Full Utilization When Trade Dispute Resolved or Market Conditions Dictate

FBR Cash Cost of \$9.9/kg

- Includes \$0.9/kg Favorable Adjustments
- Demonstrates Low Cost Advantage of FBR

September 30, 2016 Cash Balance of \$86.8M

- Anticipate Decline in Cash During Q4 2016 to Meet Working Capital Requirements
- Expect to Remain Near Cash Neutral for 2017

REC Silicon ASA Q3 2016 Key Metrics

Polysilicon Sales Volume **

Total	1,775MT
Inventory Increase	2,132MT

FBR Production

Actual	3,354MT
Guidance*	3,830MT
Deviation	-12.4%

FBR Cash Cost

Actual	\$ 9.9/kg
Guidance*	\$12.0/kg
Deviation	-17.5%

Total Polysilicon Production

Actual	3,903MT
Guidance*	4,490MT
Deviation	-13.1%

Semiconductor Production

Actual	231MT
Guidance*	250MT
Deviation	-7.4%

Silicon Gases Sales Vol.

Actual	772MT
Guidance*	800MT
Deviation	-3.5%

*Guidance presented July 21, 2016 ** Excludes Fines and Powders



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FINANCIAL REVIEW

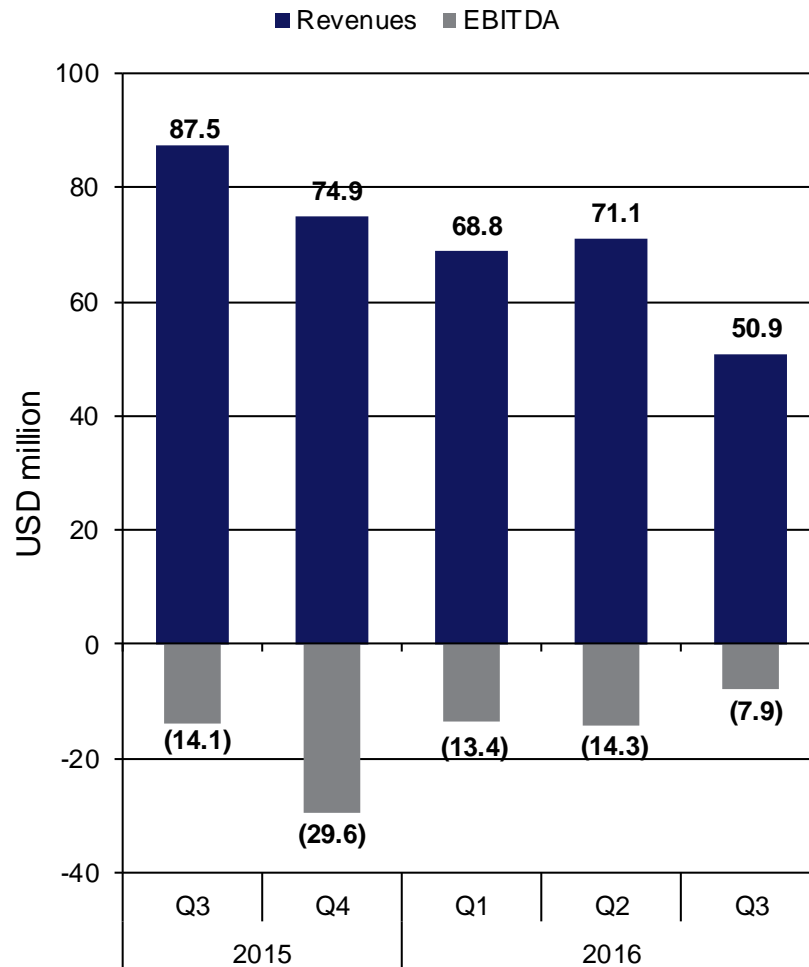
Q3 2016 Key Financial Results

Revenues - \$50.9M

- › 28.4% Decrease from Q2 2016
- › Decreased Polysilicon Sales Volumes
(Excluding Fines & Powders)
 - (51.2%) Sales Volume Decrease from Q2 2016
 - 1.4% Solar Grade Price Increase from Q2 2016
- › Silicon Gas Sales Volumes 772MT
 - 26.6% Sales Volume Increase from Q2 2016
 - Silane Price Decrease of (1.4%) From Q2 2016

EBITDA – Loss of (\$7.9M)

- › Includes:
 - Cost Efficiency due to Higher Production Volumes
 - \$4.7M Favorable Adjustments Related to Changes in Accrual Estimates
 - (\$1.4M) Loss due to Hot Oil Heater Fire in Other Income (\$3.8M Insurance Proceeds Accrual)



Q3 2016 Cash Flows

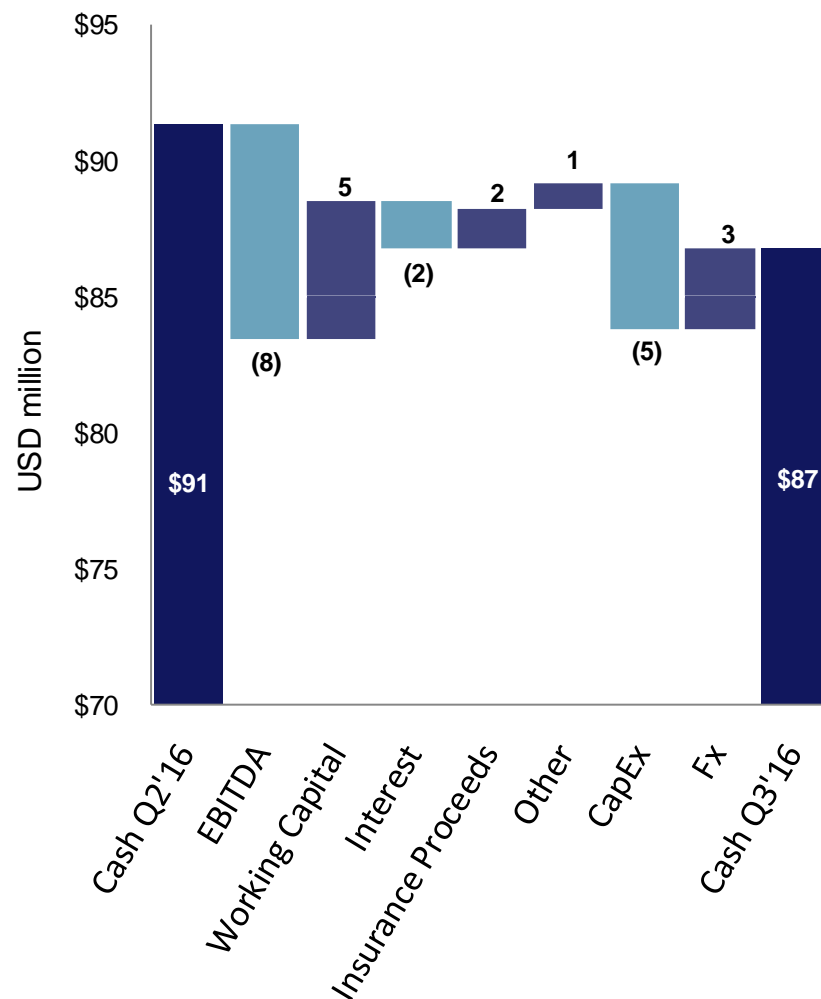
Cash Outflows From Operating Activities (\$2.3M)

- › EBITDA - Loss of (\$7.9M)
- › Working Capital Decrease \$5.1M
 - Increased Inventories (\$15.3M)
 - Decreased Accounts Receivable \$9.8M
 - Increased Accounts Payable \$10.6M
- › Interest payments (\$1.8M)

Cash Outflows From Investing Activities – CapEx (\$5.3M)

- › Hot Oil Heater Repairs

Currency Gain of \$3.0M



Debt Coverage at September 30, 2016

Nominal Debt - \$191M

- › Increased by \$3.2M in Q3'16
 - Due to Changes in Exchange Rates

Nominal Net Debt - \$105M

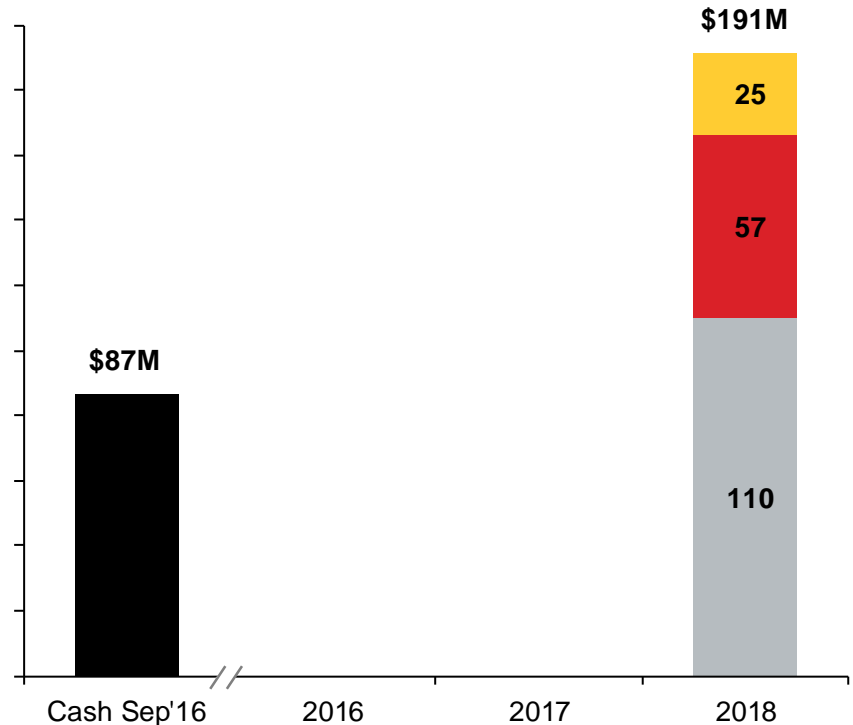
- › Increased by \$7.7M in Q3'16
 - Decrease in Cash of \$4.6M
 - Increase in Nominal Debt of \$3.2M

Indemnity Loan

- › Callable Beginning in February 2016
- › Has not Been Called
- › Not Expected to be Called Before 2018

USD million

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



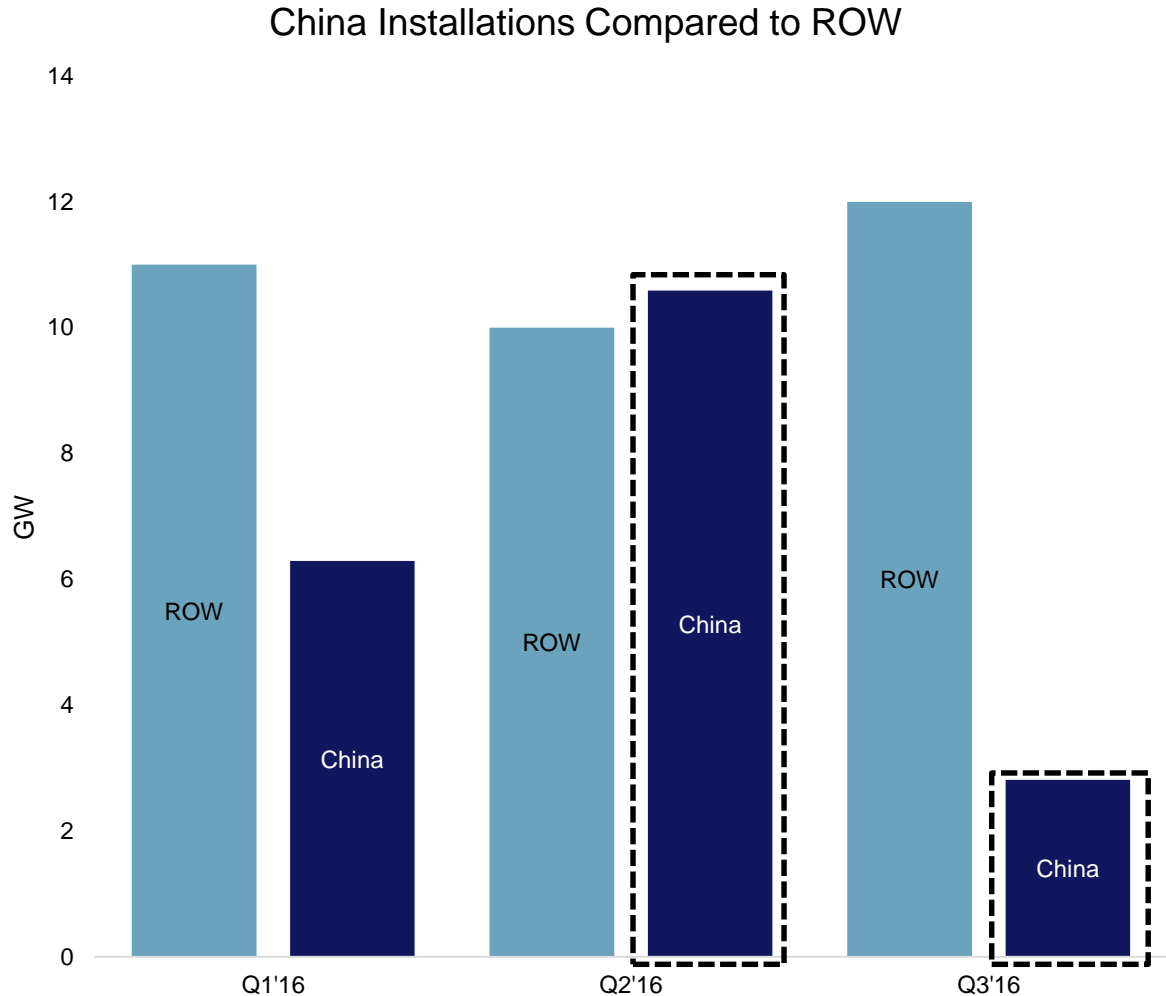


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MARKET OUTLOOK

Global Demand Stable While China Fluctuated

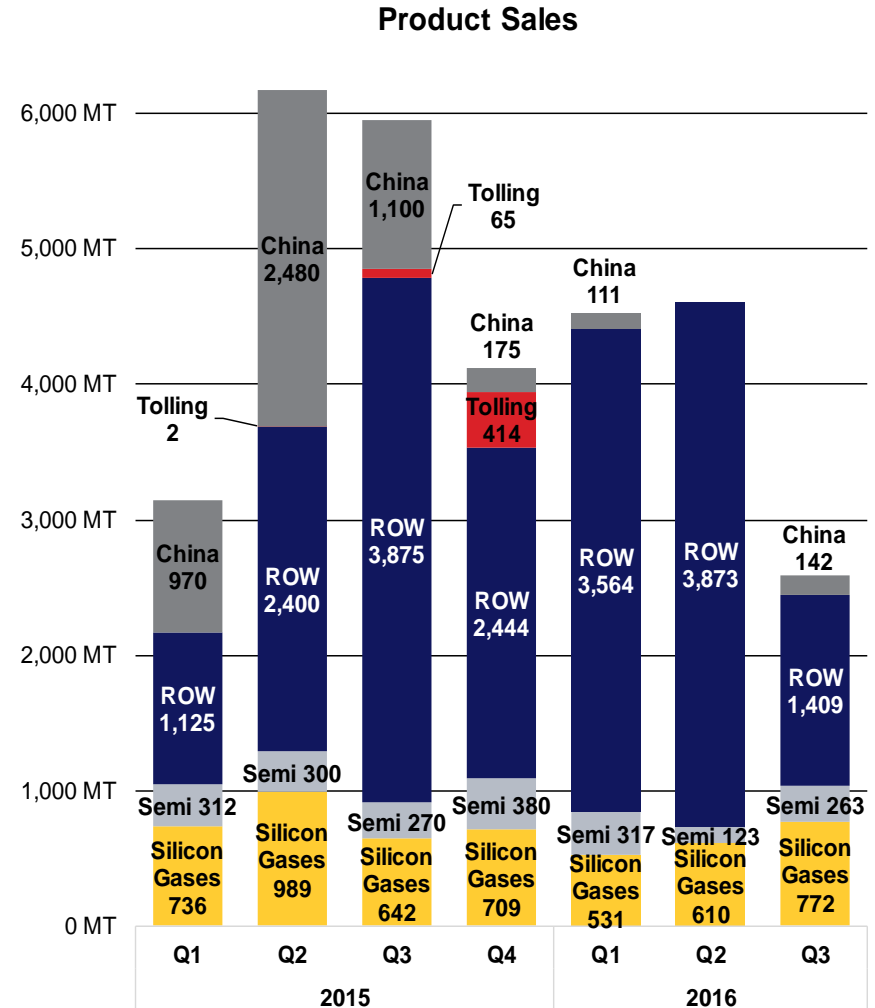
- › Strong H1 2016 Installations in China
 - ~17 GW
- › 2015 FiT Expired July 1, 2016 Resulting in Record Q2 2016 Followed by Sharp Decline in Q3 2016
- › Dramatic Installation Reduction in Q3 2016 in China, ROW Not Affected
- › Swift Action Along Value Chain to Avoid Inventory Build



Results based on IHS Markit Technology PV Demand Market Tracker, October 2016. Results are not an endorsement of REC Silicon. Any reliance on these results is at the third party's own risk. Visit www.technology.ihs.com for more details.

Q3 Market Disruption Resulted in Limited Sales Opportunities

- › Decline in PV Demand in China Impacted Entire Value Chain
- › Wafer Producers Outside China Impacted Immediately
- › Wafer Producers Curtailed Capacity Rapidly to Prevent Excessive Inventory Build



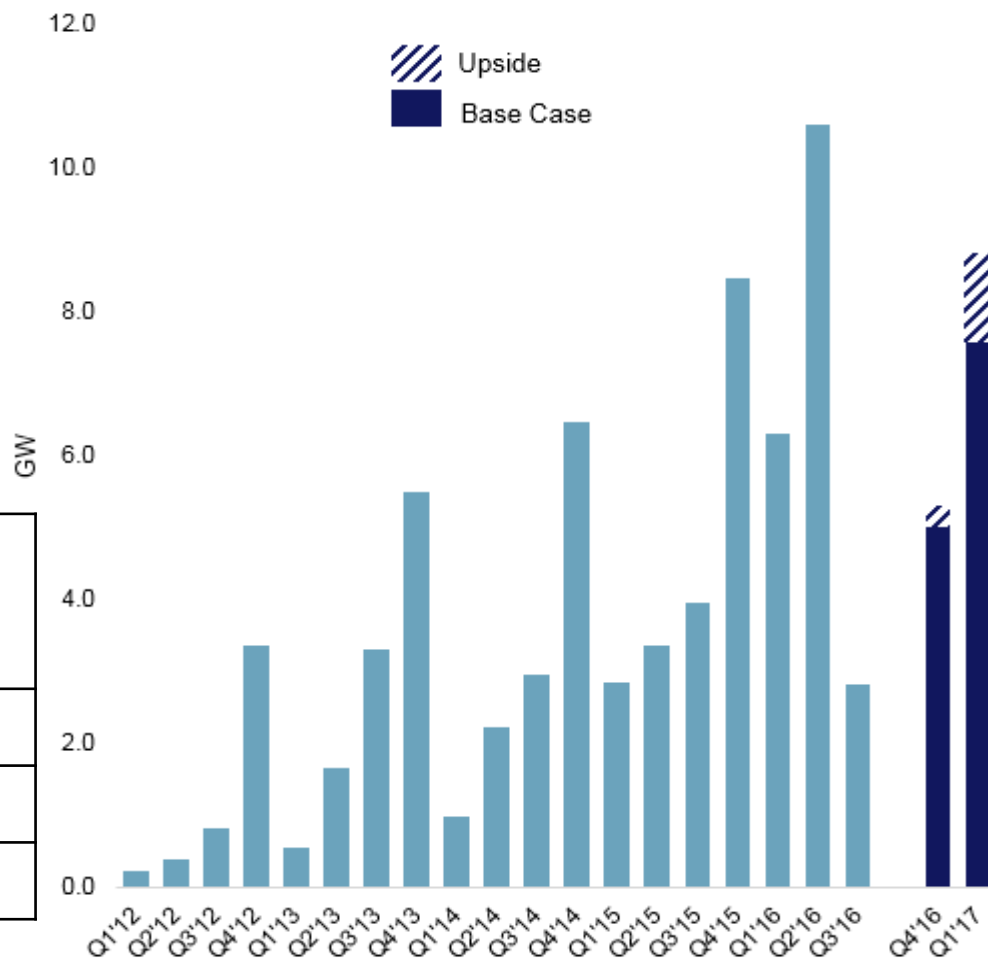
Demand Recovery in China Depends on FiT Decisions

- › Current Draft 2016 FiT Policy:
 - Applicable to Projects Approved in 2016 and Installed by September 30, 2017 (Deadline Extended Compared to 2016)
- › Demand Expected to Recover in H1 2017
- › Uncertainty for H2 2017 Still Remains

	Ground project 2015 RMB/KWH (Approved: 2015; Expiration: July 2016)	Ground project 2016 RMB/KWH (Approved: 2016; Expiration: September 2017)	Ground project 2017 RMB/KWH (Approved: 2017)
Region-I	0.90	0.80	0.55
Region-II	0.95	0.88	0.65
Region-III	1.00	0.98	0.75

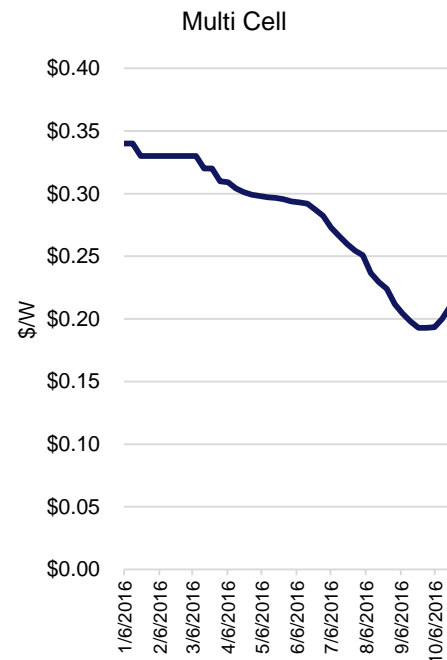
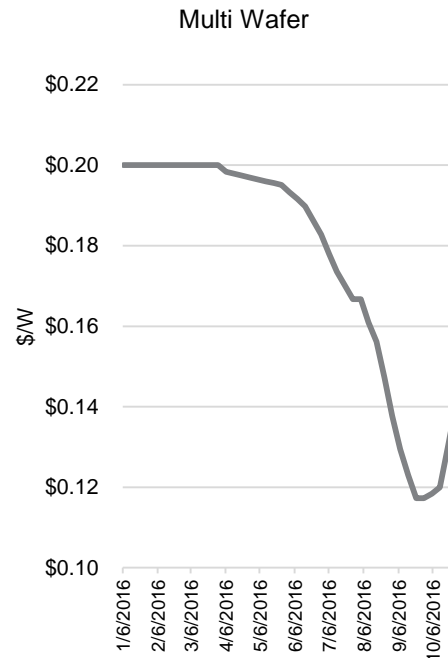
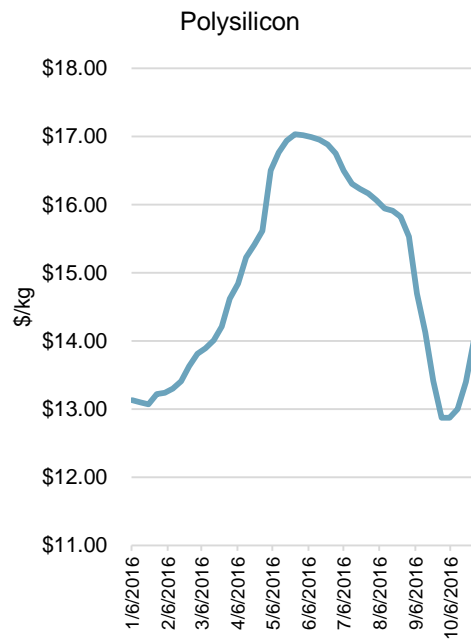
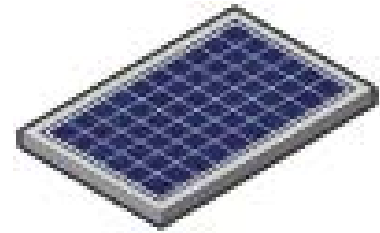
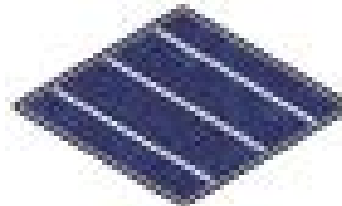
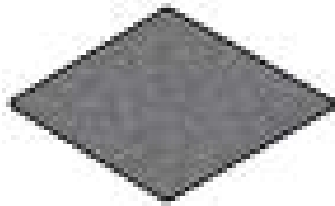
As of 26th October, the FiT policy amendment for China is yet to be finalized and the details have the potential to change, including current discussions around an extension of the proposed grace period. Until the FiT policy is finalized, the demand forecast for China remains uncertain

China PV Installations



Results based on IHS Markit Technology PV Demand Market Tracker, October 2016. Results are not an endorsement of REC Silicon. Any reliance on these results is at the third party's own risk. Visit www.technology.ihs.com for more details.

Recent Recovery Trend in the Solar Industry Value Chain

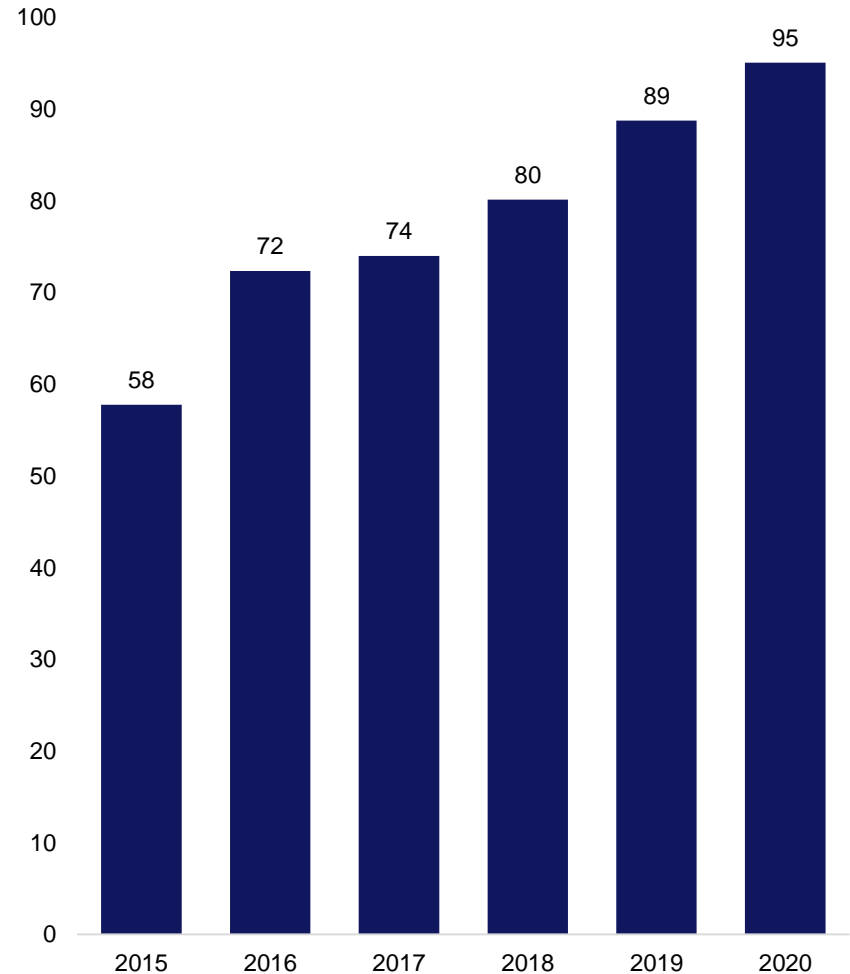


Source: GTM Research PV Pulse October 2016 and GTM Research special inquiry 10-26-16

Long Term Growth Expected Despite Limited Growth in 2017

- › China and US Will Continue to Lead Globally
- › High Growth in India
- › Japan Will Remain Strong
- › New Markets Picking Up

Global Installation



Source: IHS PV Demand Market Tracker - Q3 v2 2016

Results based on IHS Markit Technology PV Demand Market Tracker, October 2016. Results are not an endorsement of REC Silicon. Any reliance on these results is at the third party's own risk. Visit www.technology.ihs.com for more details.

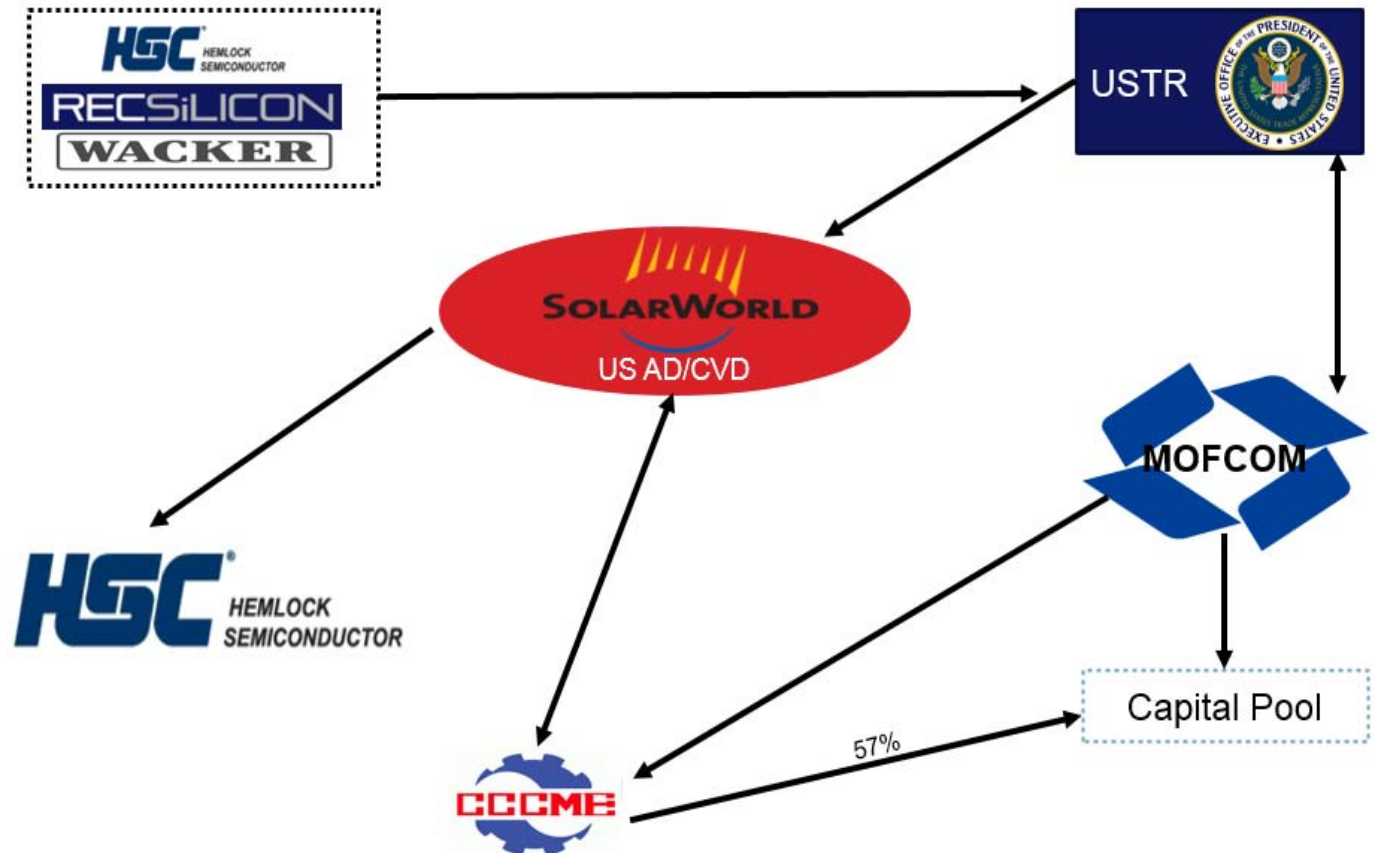
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U.S./ CHINA TRADE DISPUTE UPDATE

U.S. / China Trade Update

- › Pressure on Both US and China Due to the Impending Change in the US Administration
- › US and China Governments Continue to Work on Resolution Options and Proposals



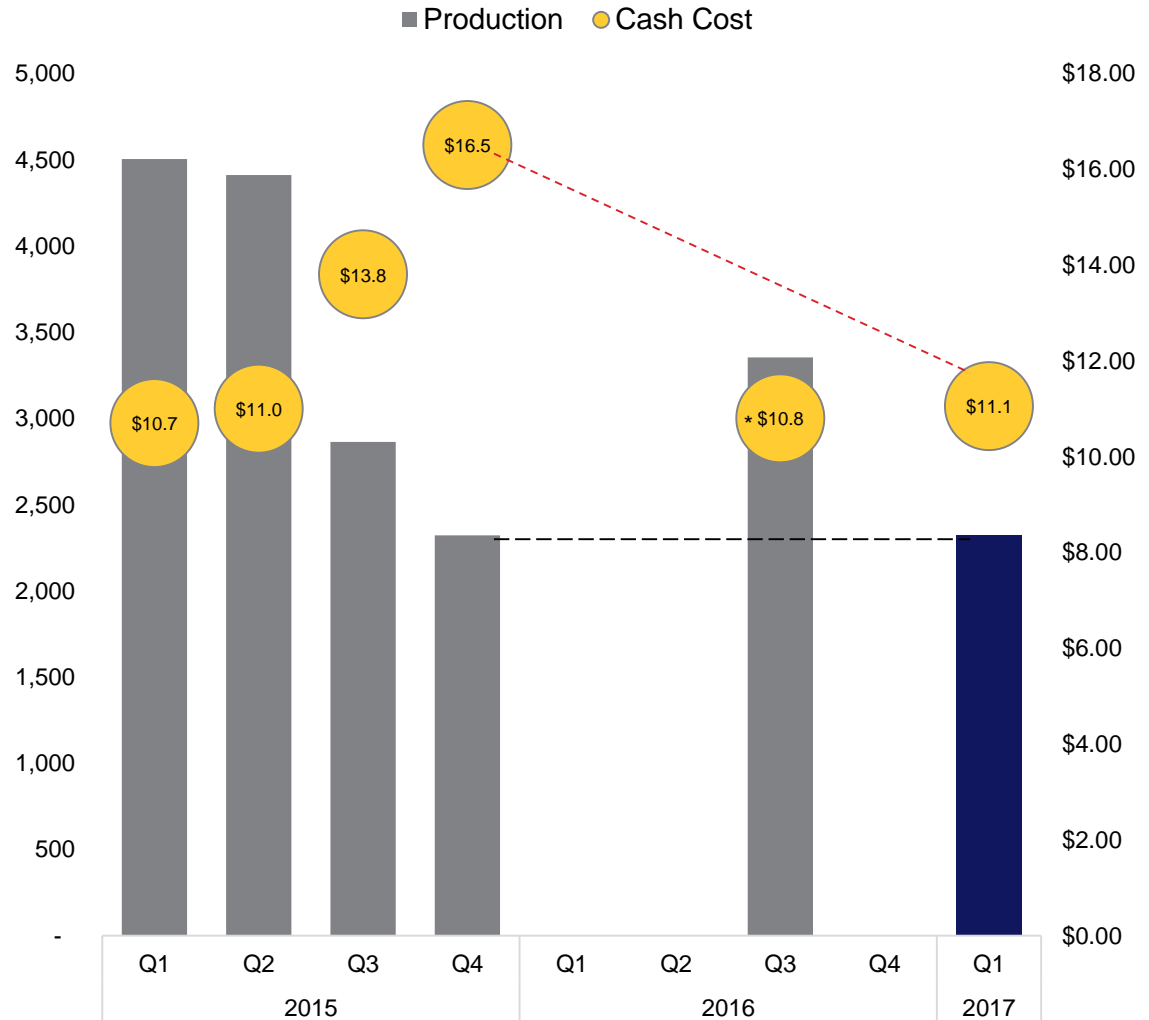
A low-angle, upward-looking photograph of a complex yellow metal framework, possibly a staircase or industrial structure, set against a clear blue sky. A bright sun is visible in the upper left corner, creating a lens flare effect. The structure consists of numerous intersecting yellow beams and curved supports.

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NEAR TERM
STRATEGY

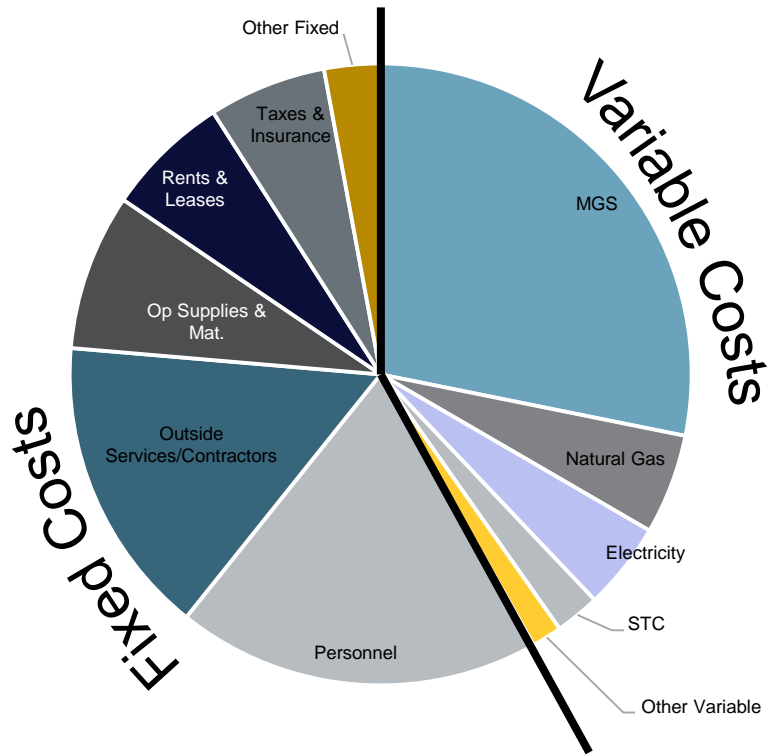
Remain Cash Cost Competitive at Half Rates in Moses Lake

- › Cash Cost Advantage Has Historically Been Tied to Operating At Full Rates
- › Cost Reduction Plans will be Implemented to be Cost Competitive At Half Rates

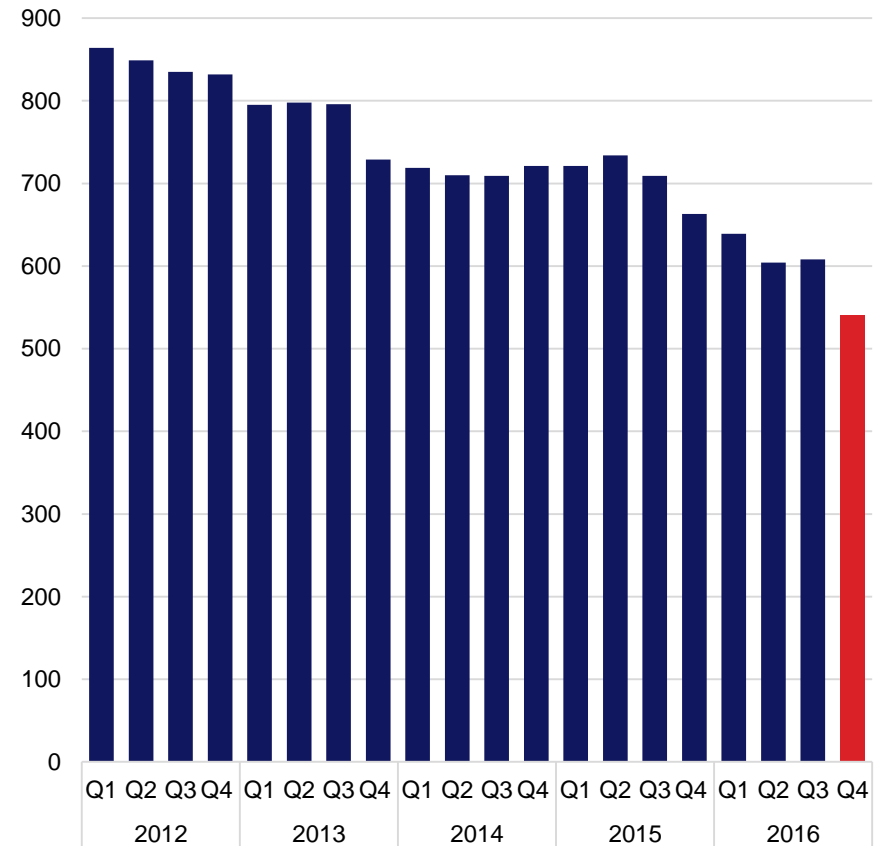


*Removes Accrual Adjustments

Fixed Cost Reductions to Maintain Low Cash Cost



REC Silicon ASA Headcount
Q1 2012-Present



Source: REC Internal Data based on 2014 costs

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YULIN JV UPDATE

youser 天瑞硅材料
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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

› Project Status:

- Zero Project Safety Incidents Reported
- Detailed Design Engineering: Complete
- Procurement: 95% Complete
- Structural Steel Installation: 60% Complete
- 20% Equipment Arrived to Site
- Pipe Fabrication Underway

› Training Ongoing at Moses Lake and Butte

- 50 JV Employees from China Continue Training by REC Experienced Personnel

› Capital Contributions

- 2016 \$15 Million Contribution Already Deferred
- Negotiations Underway to Defer Remaining Contributions Until After 2018
- Agreements Permit Company to Forego Making Remaining Contribution if Unable to Pay



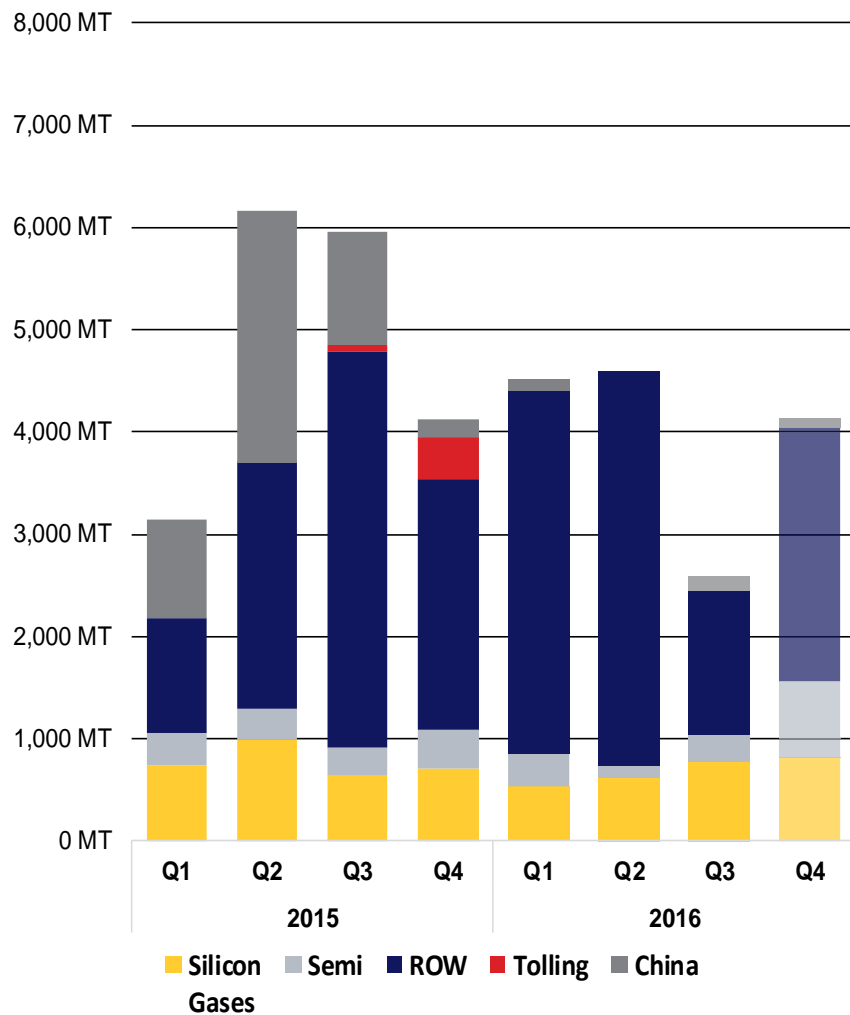
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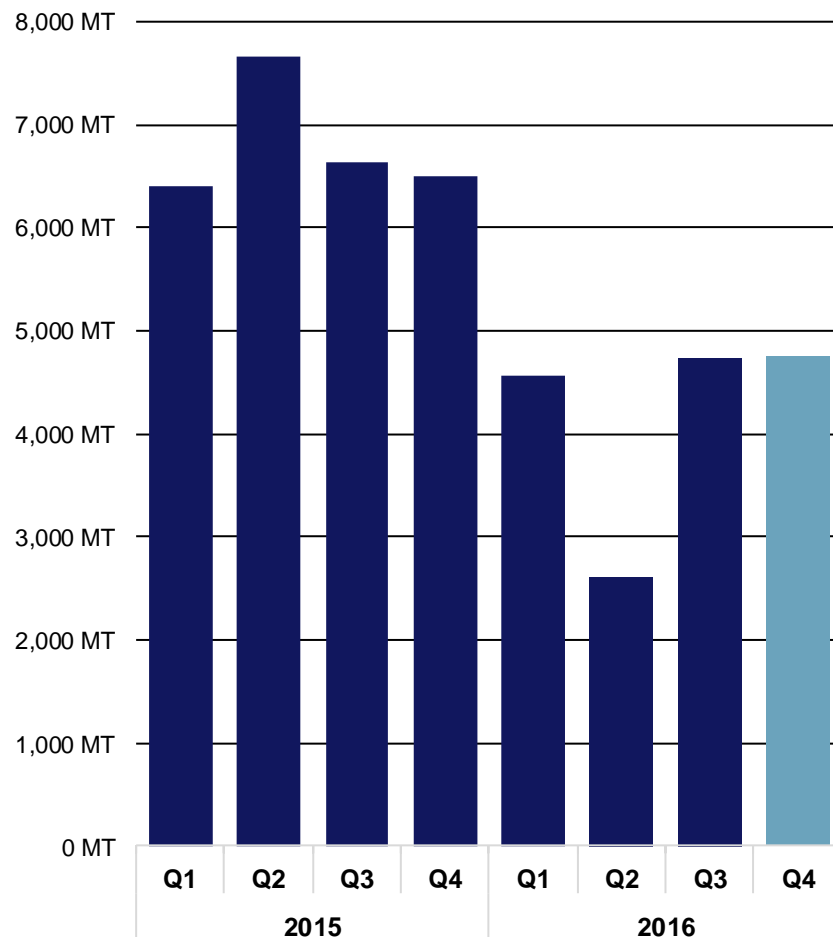
GUIDANCE

Q3 2016 Results in Inventory Growth, Q4 2016 Expected to Be in Balance

Product Sales



Polysilicon Inventory



Updated Q4 and 2016 CapEx Guidance

FBR Production	
Q4	2,260MT
Q4*	4,710MT

FBR Cash Cost	
Q4	\$12.4/kg
Q4*	\$10.1/kg

Total Polysilicon Production	
Q4	3,280MT
Q4*	5,520MT

Semiconductor Production	
Q4	680MT
Q4*	260MT

Silicon Gas Sales	
Q4	800MT
Q4*	900MT

CapEx	
Maintenance	\$11M
Expansion	\$ 2M
2016 Total	\$13M

*Guidance given on July 21, 2016

REC Silicon Summary & Outlook

- › September 30, 2016 Cash Balance of \$86.8M, Maintaining Sufficient Liquidity
- › PV Demand Recovery Expected in Coming Quarters, Dependent Upon FiT Decisions in China
- › Actions to Retain Cost Advantage:
 - Capacity Curtailment Until Trade War Resolved or Market Conditions Outside China Support Full Rates
 - Headcount Reduction of Approximately 70 Employees
 - Focus on Reduced Costs
- › Target Cash Cost in The Range of \$11/kg at Reduced Utilization
- › Negotiations Ongoing Towards Resolution of Trade Dispute, Uncertainty Remains
 - Continuously Seeking New Markets and Cooperation Outside China to Counter the Impact of the Trade War
- › Yulin JV on Track for Start-up H2 2017

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Q4 2016 Reporting
February 16, 2017
