



RECSiLICON



The background image shows a large industrial facility, likely a power plant or refinery, at night. The facility is illuminated by numerous lights, creating a bright contrast against the dark sky. In the foreground, there are yellow metal railings that run diagonally across the frame, suggesting a walkway or viewing platform. The overall scene conveys a sense of industrial scale and energy.

PARETO SECURITIES' POWER & RENEWABLE ENERGY CONFERENCE

January 19, 2017

Jens Ulltveit-Moe
REC Silicon Chairman of the Board

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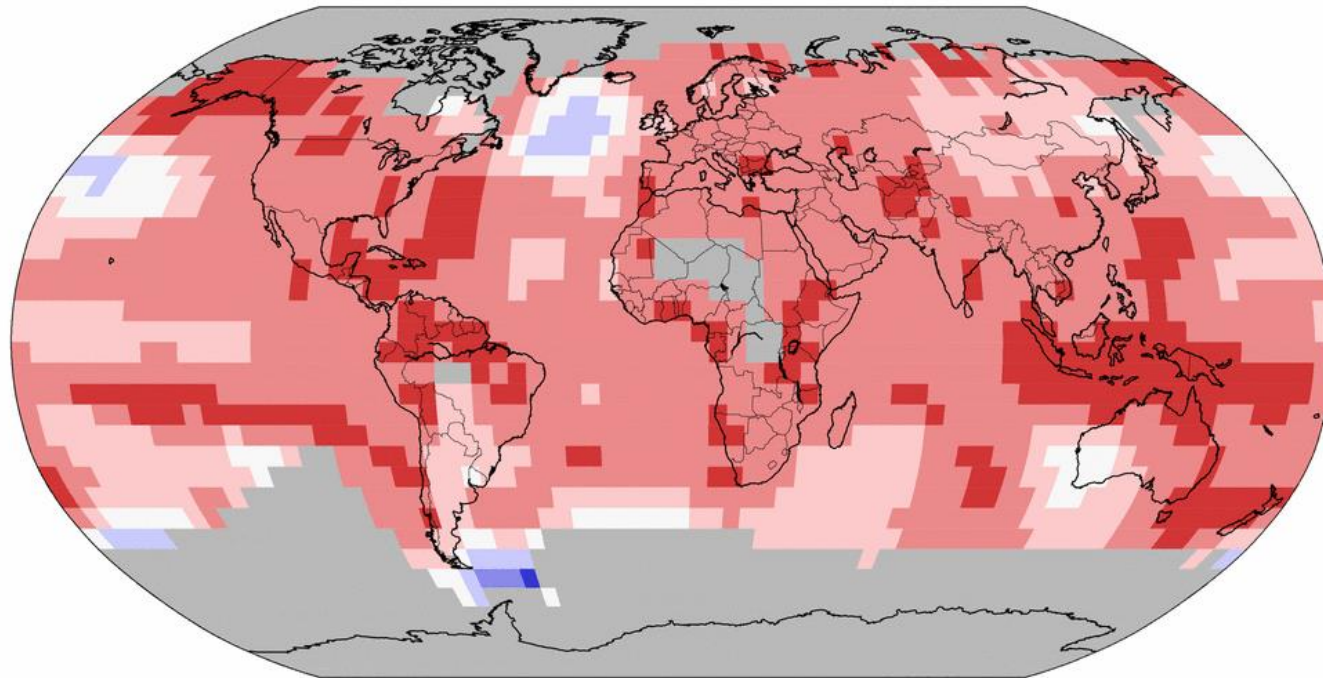
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Climate Change: a present strong reality

Land & Ocean Temperature Percentiles Jan–Nov 2016

NOAA's National Centers for Environmental Information

Data Source: GHCN–M version 3.3.0 & ERSST version 4.0.0



Record Coldest



Much Cooler than Average



Cooler than Average



Near Average



Warmer than Average



Much Warmer than Average



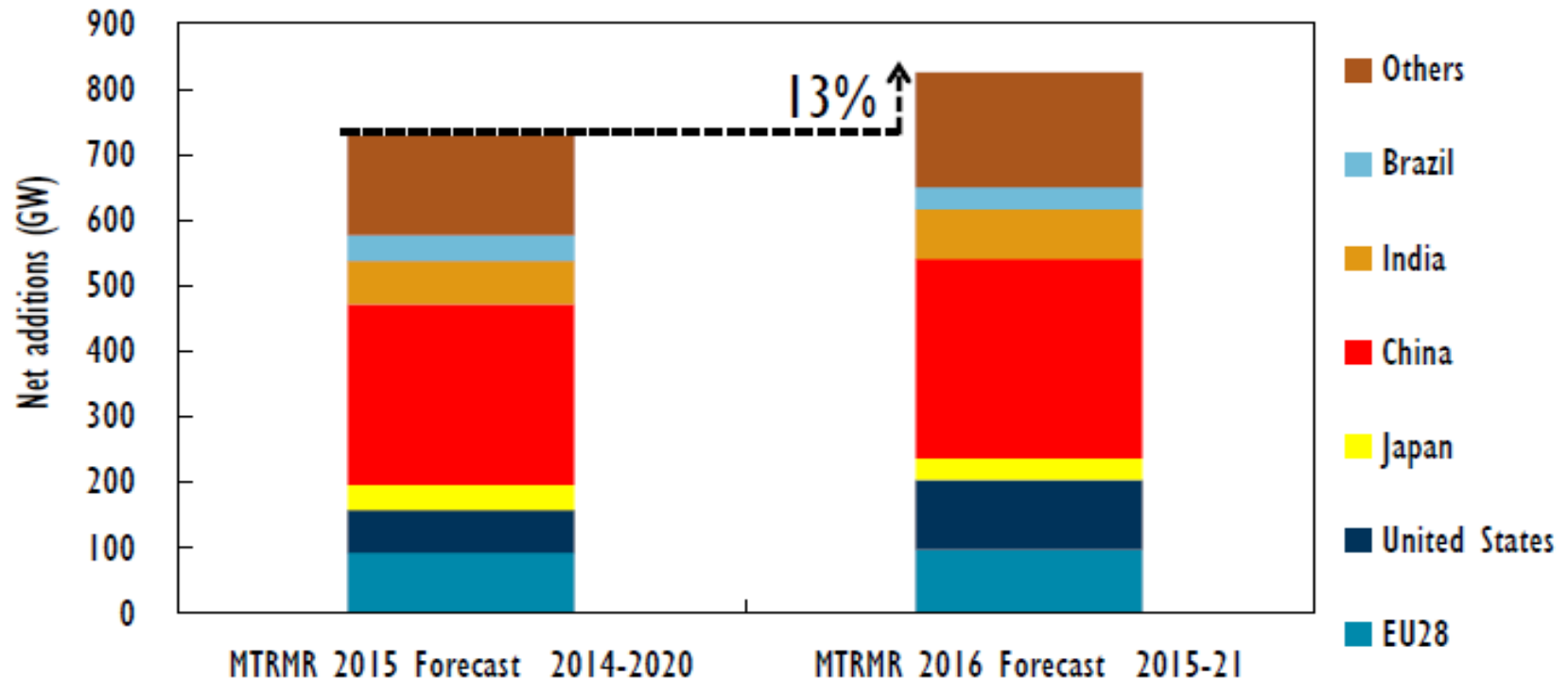
Record Warmest

Wed Dec 14 07:26:51 EST 2016

Source: NCDC, NOAA.gov

Renewable demand continues to be upgraded by IEA

Renewable electricity capacity growth (GW) in MTRMR's main case

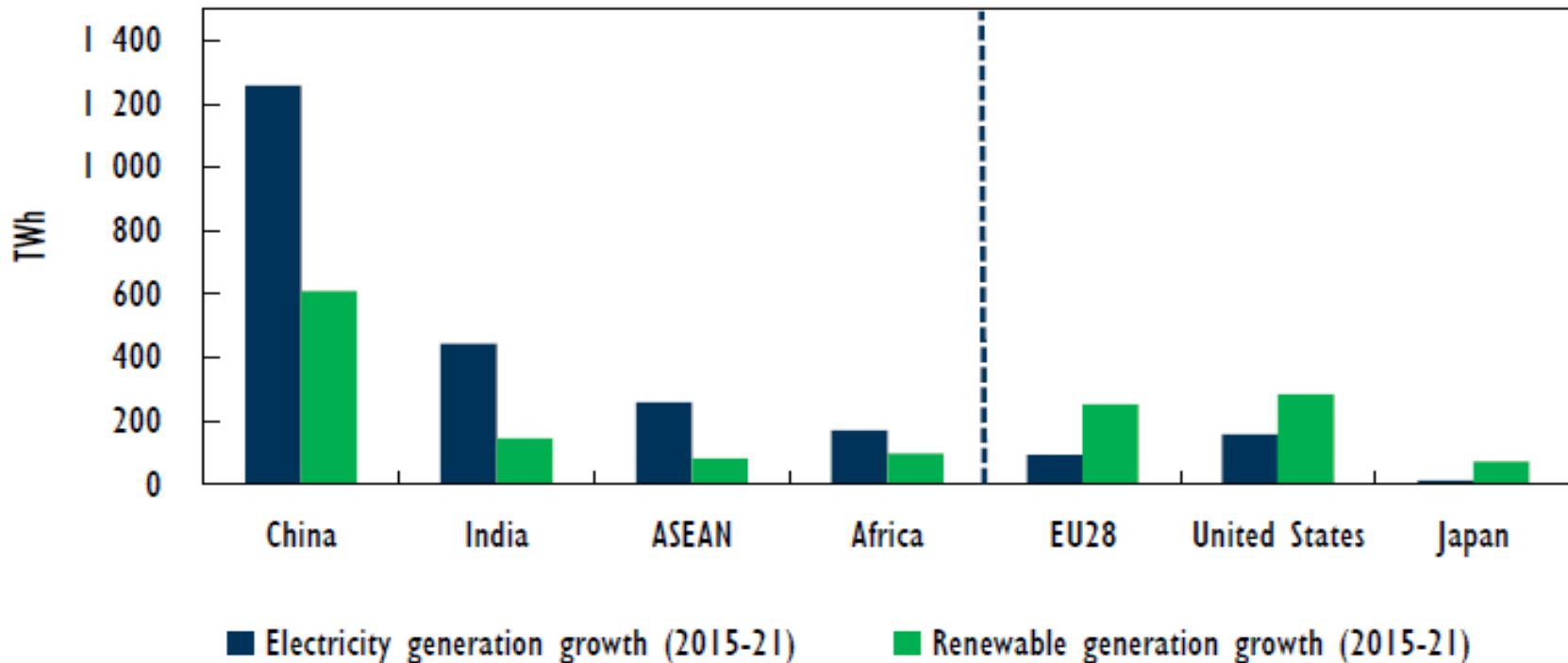


China remains key growth market for renewable capacity, while the United States surpasses the EU for the first time

Source: OECD/IEA 2016

Renewables grow rapidly in electricity

Electricity and renewable generation growth by country/region

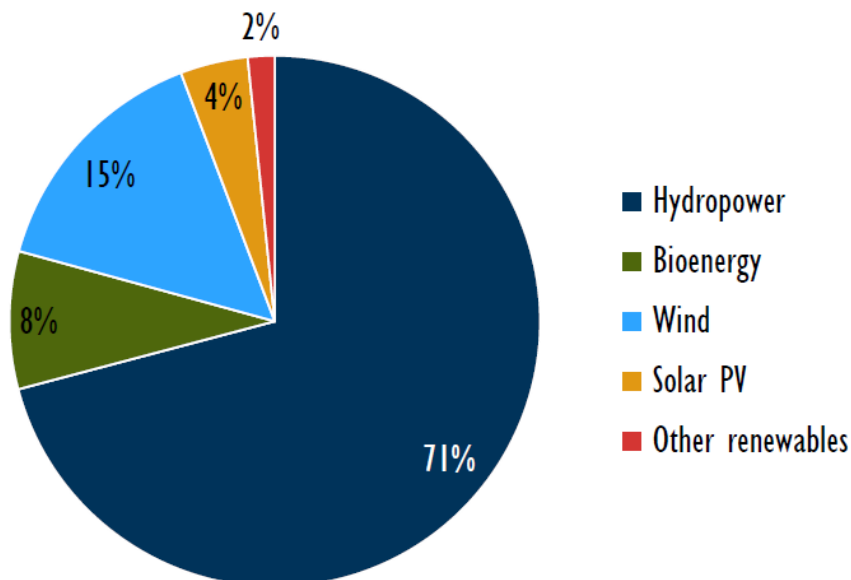


The increase in generation from renewables in 2015-2021 represents 60% of the global increase in electricity output, but prospects vary across regionally

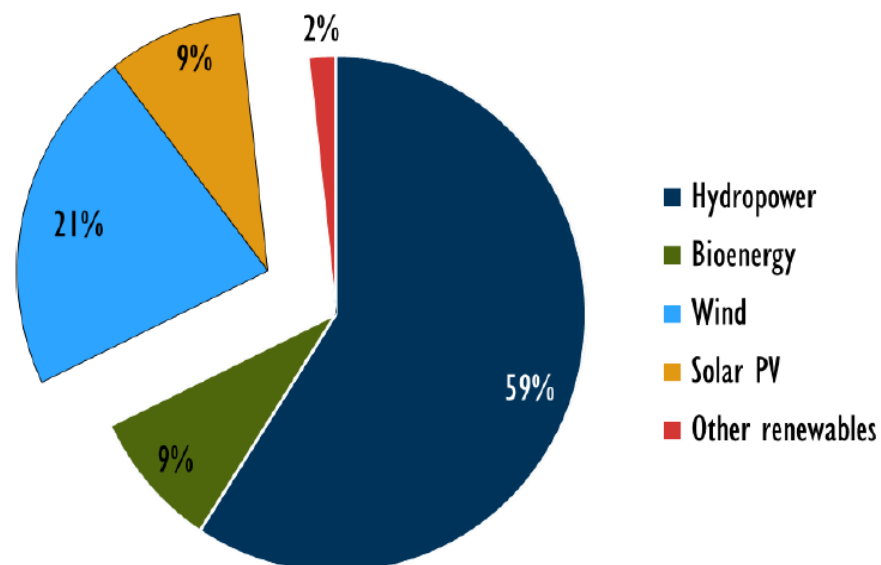
Source: OECD/IEA 2016, Total electricity generation from World Energy Outlook 2016, forthcoming

Solar PV doubles share of electricity in 6 years

Renewable electricity generation by source 2015



Renewable electricity generation by source 2021

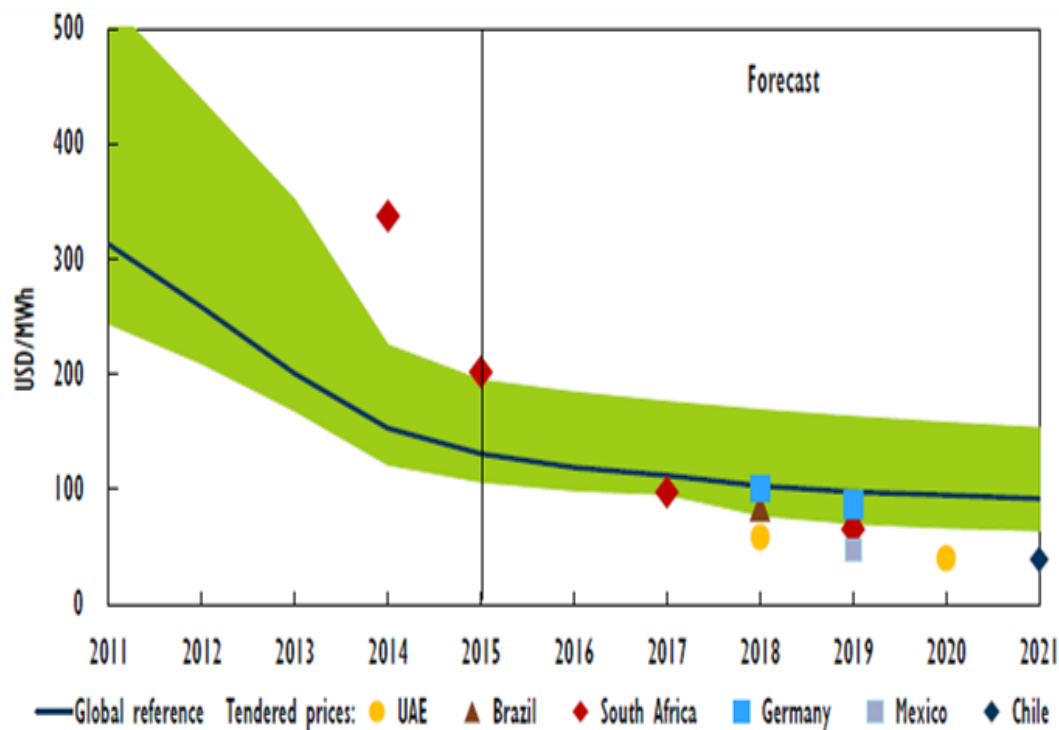


Solar PV & wind account for almost 2/3 of rise in renewables generation; total renewable electricity overpasses 7600 TWh by 2021, equivalent to EU+US today

Source: OECD/IEA 2016

Continued sharp cost decrease for solar

Utility-scale solar PV generation cost and contract prices

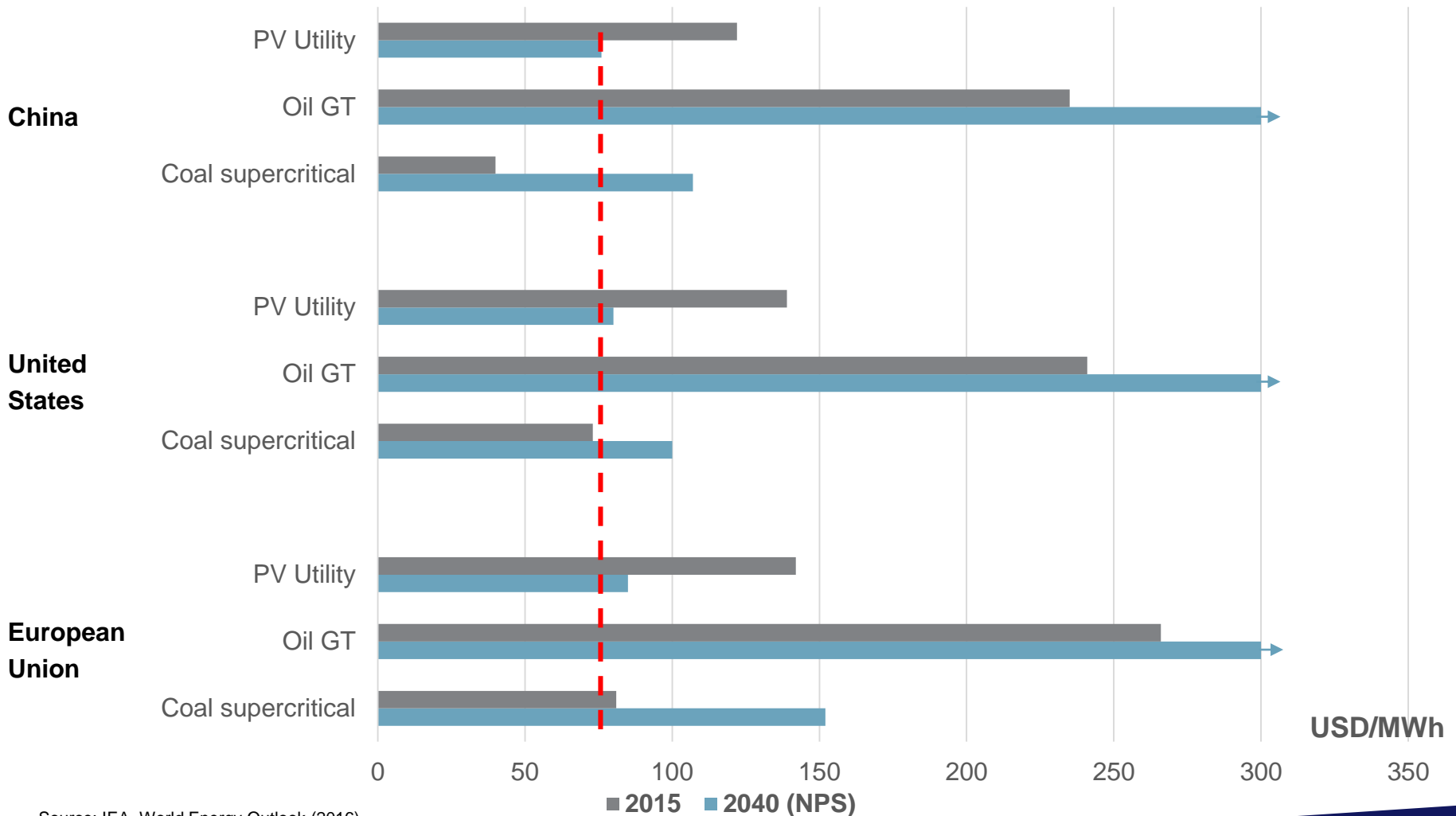


Utility-scale solar PV generation costs to fall by another quarter over 2015-21; competitive tenders may result in even faster cost reductions

Source: Renewable energy medium-term market report 2016 IEA

PV utility beats fossil by 2040

Average levelised cost of electricity by region and technology



Source: IEA, World Energy Outlook (2016)

Impacts of new US presidential administration uncertain



Trump will kill Clean Power Plan, solar ITC next on chopping block, say finance experts

By Danielle Ola | Nov 09, 2016 5:40 PM GMT



California Governor Jerry Brown Calls for 50% Renewables by 2030



Big increase in solar and wind, doubling building efficiency and fuel economy, are on inaugural wish list

by Jeff St. John
January 05, 2015

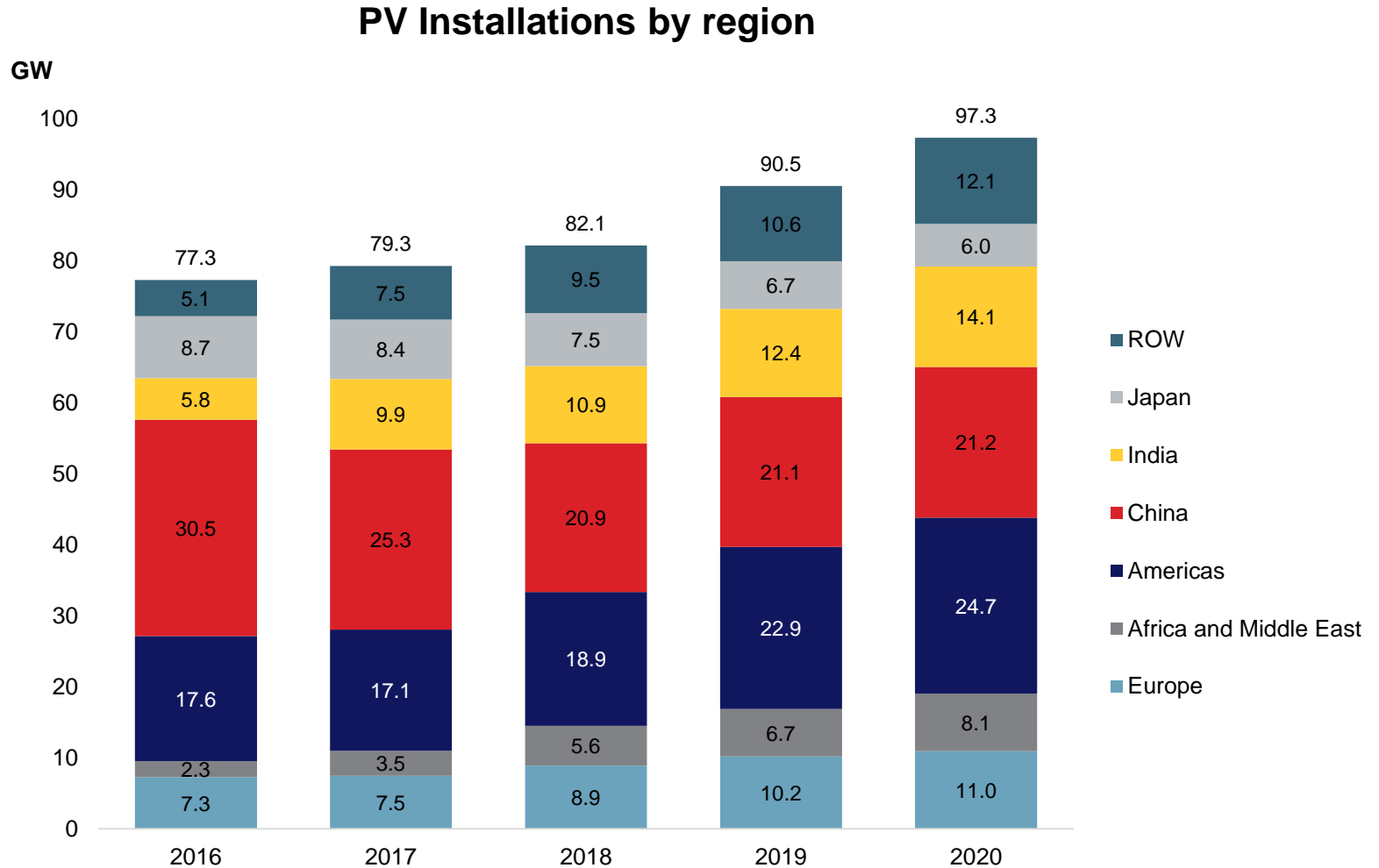
California Gov. Jerry Brown has upped the ante on the state's green energy goals, calling for a big increase in renewable energy, alternative fuels and building efficiency over the next fifteen years -- along with the smart grid investments to put them to use.

The background of the slide features a close-up, high-contrast photograph of several broken silicon wafers. The wafers are light-colored, possibly silver or grey, and show distinct concentric circular patterns, which are typical of silicon wafers used in semiconductor manufacturing. They are scattered across a dark, textured surface that appears to be a bed of small, dark granules. The lighting is dramatic, highlighting the sharp edges and the smooth, reflective surfaces of the broken pieces.

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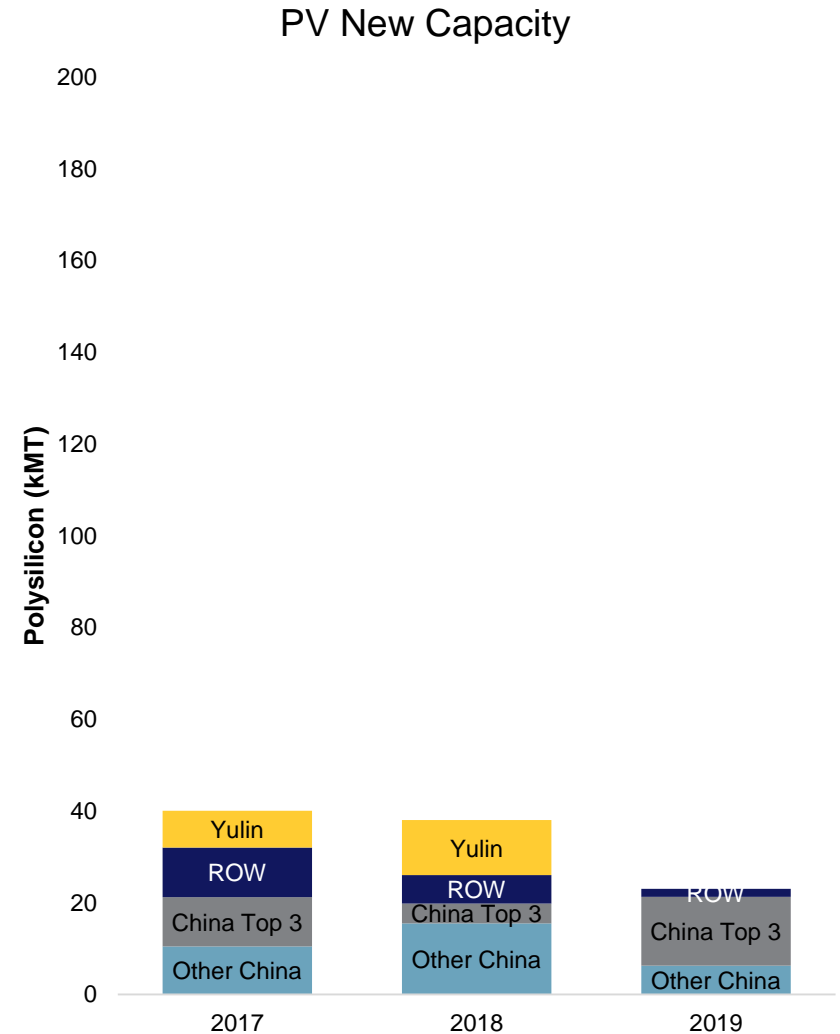
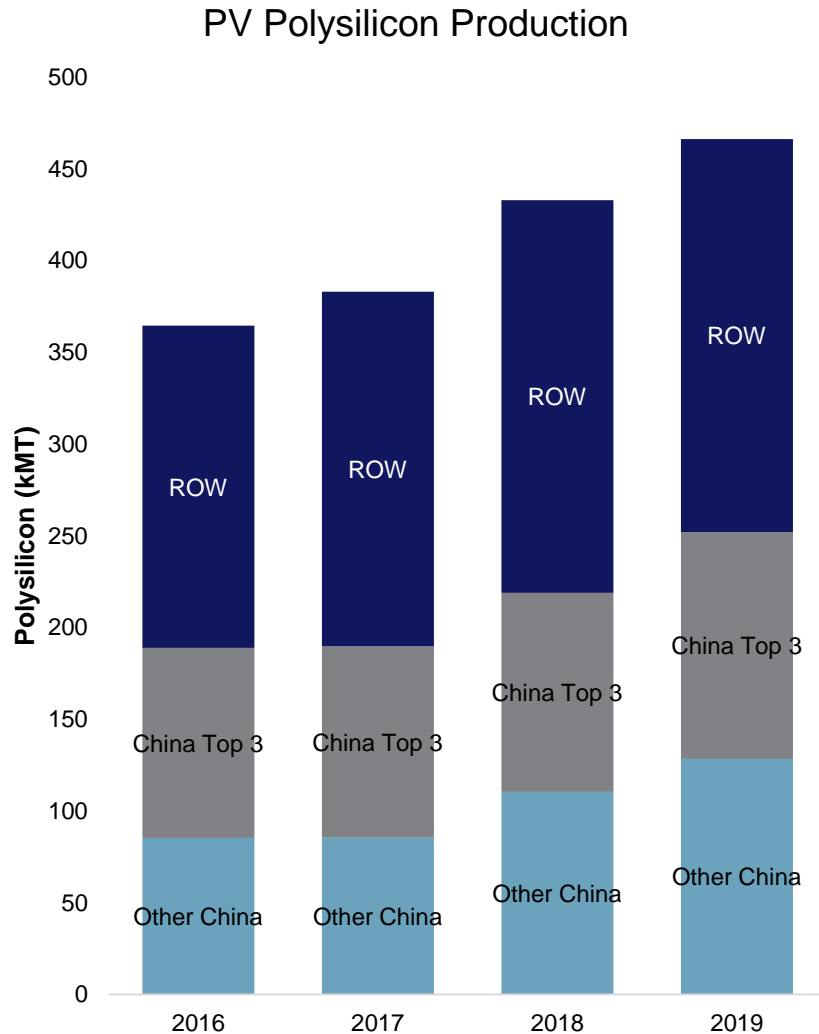
PV MARKET OUTLOOK

Steady growth in PV, notably in new markets



Source: I.H.S. PV Demand Market Tracker - Q4 2016

Decreasing capacity expansion



Source: January 2017 Competitor releases, industry analysts, REC Market Intelligence
Does not include semiconductor

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REC SILICON

REC utilizes FBR to produce high-quality, low-cost granular polysilicon

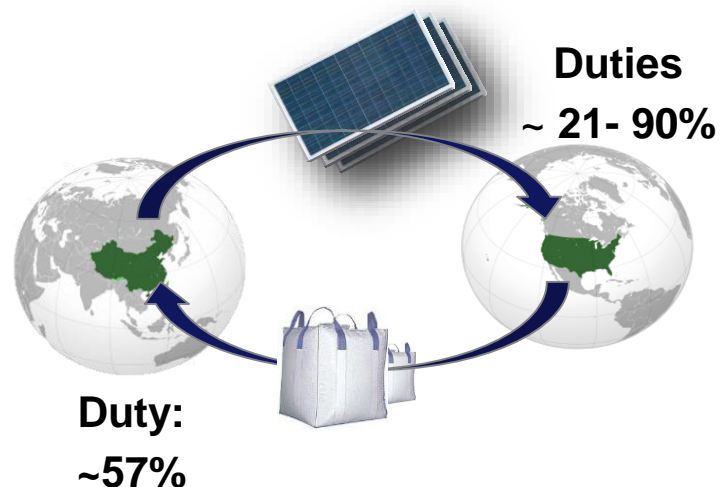
- › World leading operator of FBR technology
- › Moses Lake FBR-A capacity:
 - 16,000 MT annually
- › FBR production:
 - lowers cost of making solar products
 - reduces energy consumption by 90%
- › REC Silicon also produces:
 - semiconductor polysilicon
 - silicon gases



US / China solar trade dispute continues

Record imports of polysilicon into China

- High duties on US polysilicon have prevented US companies from taking advantage
 - Korea and Germany have increased imports as a result
-
- › ~\$3/kg higher prices inside China
 - › China investigates Korean polysilicon
 - › US panel prices down due import of low-cost, non-Chinese panels
 - › SolarWorld remains key to trade dispute



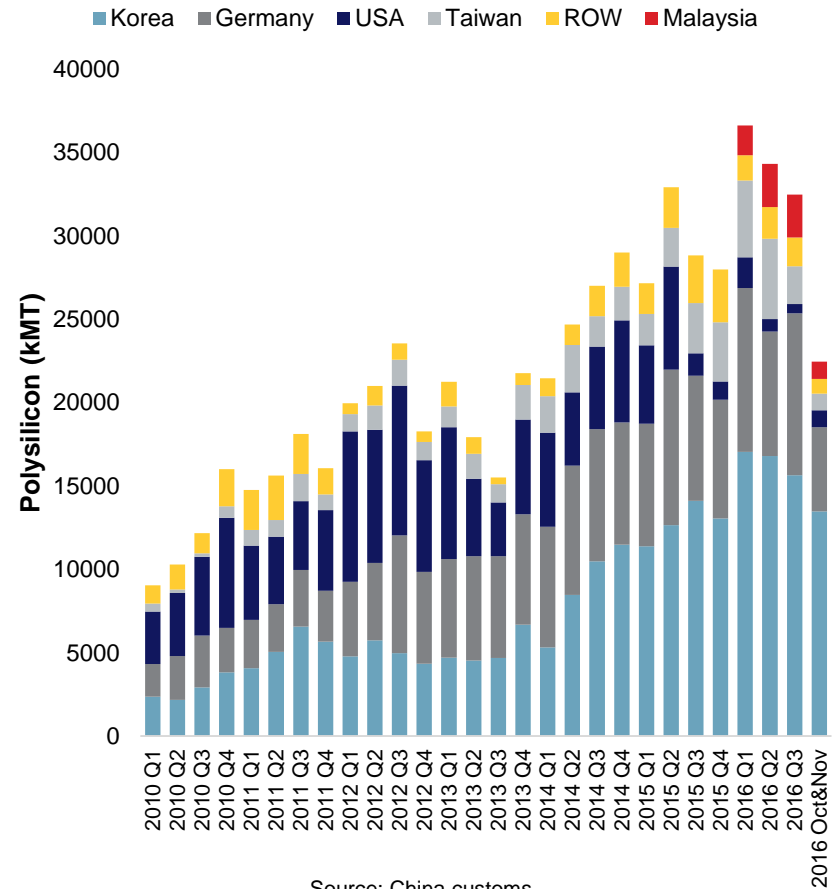
Increasing prices and imports indicate tightening supply

**Polysilicon prices
inside China vs outside China**



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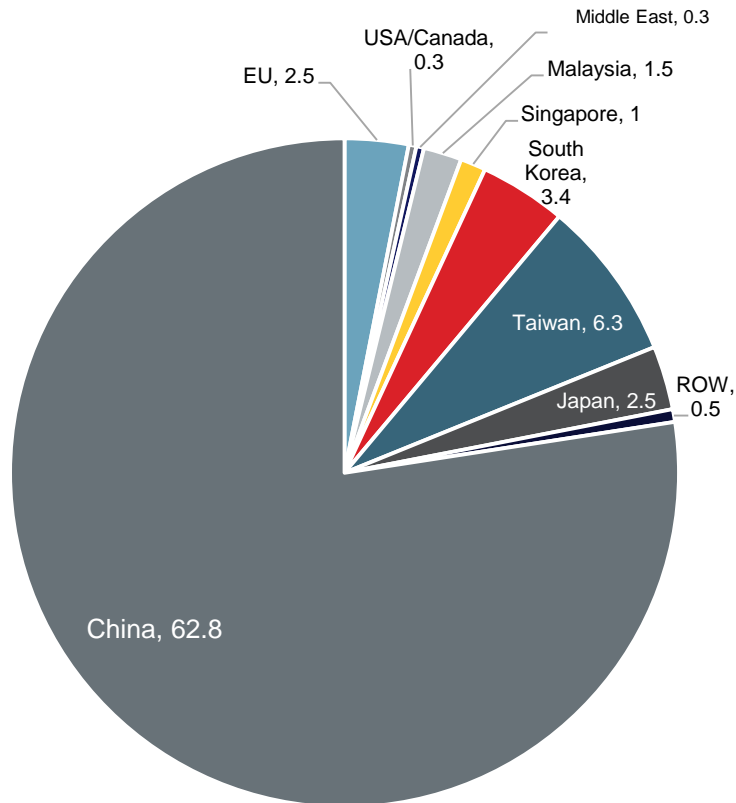
China polysilicon imports



Source: China customs

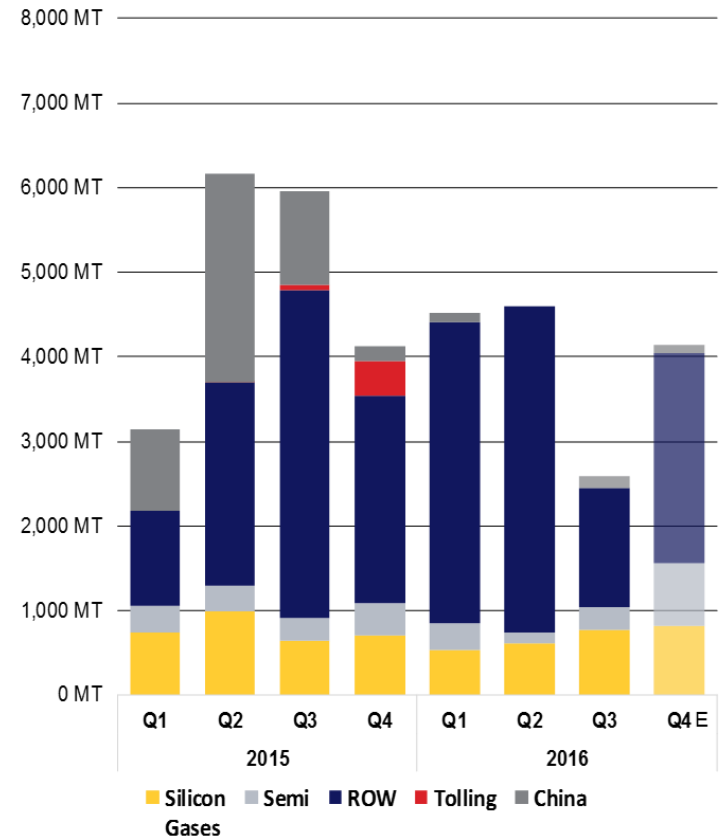
REC volume constant after loss of China

2016 Wafer capacity (GW)



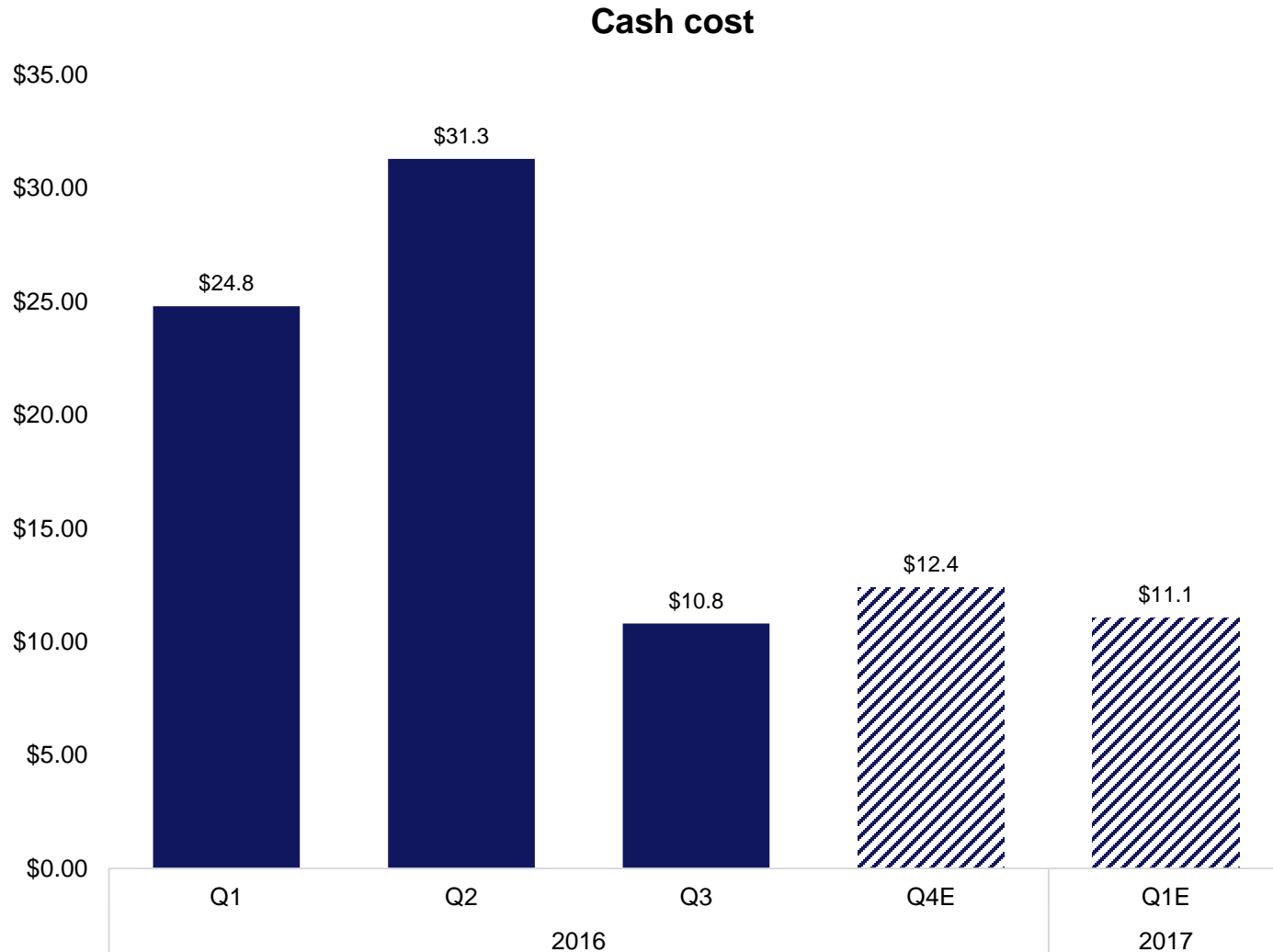
Source: GTM PV Pulse August 2016

Product sales



Source: Q3 2016 release

Cash cost low despite volume reduction





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YULIN JV UPDATE

youser 天瑞硅材料
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TianREC: Youser Group and REC Silicon's JV

- › Partnership:
 - Established Chinese SOE Youser Group
 - US proven technology leader REC Silicon
- › 51% - 49% Partnership
- › REC transferred technology to TianREC
- › TianREC benefiting from Youser Group experience in China
- › Construction of TianREC plant currently well underway



Yulin JV Signing Ceremony
February 2014

youser **天瑞硅材料**
RECSILICON

Yulin JV – On track for H2 2017 start-up

Yulin plant production capacity:

- › 19,000 MT granular polysilicon
 - FBR-B: next generation technology
- › 300 MT Siemens polysilicon
 - Semiconductor Grade
- › 500 MT silane gas loading

- › Capital contributions
 - 2016 \$15 million contribution already deferred
 - Negotiations underway to defer remaining contributions until after 2018
 - Agreements permit REC to forego remaining contribution if unable to pay



The investment case



Strong long-term growth in PV demand
Polysilicon market balance expected by YE 2017

Proprietary FBR technology
Leading cost position in polysilicon and
silicon gases

Available capacity to meet increased demand
Limited industry expansion in short to mid-
term

Presence in China through joint venture =
Increasing position in core markets outside China



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Thank you.

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