

A low-angle, upward-looking photograph of a complex yellow metal framework, possibly a staircase or a modern architectural sculpture. The structure is composed of numerous intersecting beams and curved supports, creating a sense of height and geometric complexity. The background is a clear, vibrant blue sky, with a bright sun in the upper left corner creating a lens flare effect. The overall composition is dynamic and modern.

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# ANNUAL GENERAL MEETING

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May 3, 2017

# Agenda

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1. Opening of the meeting by the Chairman of the Board
2. Election of Chairman of the meeting and not less than one person to co-sign the minutes with the Chairman
3. Approval of the notice of the meeting and the agenda
4. Directors' remuneration and remuneration for the members of the Nomination Committee
5. Approval of auditor's remuneration
6. Approval of Annual Financial Statements and Directors' Report for 2016
7. The Board's statement regarding determination of salary and other compensation to leading employees
8. Authorization to issue shares
9. Authorization to acquire treasury shares
10. Election of members to the Board of Directors
11. Election of members to the Nomination Committee

# Item 1 - Opening of the meeting by the Chairman of the Board and registration of attending shareholders

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## Item 2 – Election of Chairman of the meeting and not less than one person to co-sign the minutes with the Chairman

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- The Board's proposal for resolution:
- «*Thomas Aanmoen is elected to chair the meeting. James May is elected to co-sign the minutes.*»

## Item 3 – Approval of the notice of the meeting and the agenda

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- The Board's proposal for resolution:
- «*The notice of and agenda for the meeting are approved.*»

## Item 4 – Directors' remuneration and remuneration for the members of the Nomination Committee

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➤ The proposal for resolution by the Nomination Committee is:

*«The recommendation from the Nomination Committee was approved. The remuneration for the period from 3 May 2017 to the annual general meeting of 2018 for the Chairman of the Board, Deputy Chair, Board members, members of Board committees and members of the Nomination Committee shall be:*

<i>Chairman of the Board</i>	<i>NOK 500,000</i>
<i>Deputy Chair</i>	<i>NOK 350,000</i>
<i>Other Board members</i>	<i>NOK 300,000</i>
<i>Members of Board committees</i>	<i>NOK 50,000</i>

*The remuneration to the Nomination Committee for the period from the Annual General Meeting in 2017 to the Annual General Meeting in 2018 shall be:*

<i>Chairman of the Committee</i>	<i>NOK 30,000</i>
<i>Members of the Committee</i>	<i>NOK 25,000»</i>

## Item 5 – Approval of auditor's remuneration

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- The Board's proposal for resolution:
- «*The general meeting approves the auditor's remuneration for audit of the Annual Financial Statements of REC Silicon ASA for the financial year of 2016 in accordance with invoice.*»





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The background of the slide is a photograph of an industrial facility, likely a refinery or chemical plant, at night. The scene is viewed through a yellow metal railing in the foreground. The facility is illuminated by numerous lights, creating a bright contrast against the dark blue night sky. The lights are arranged in a way that highlights the complex structure of the plant, including various towers, pipes, and storage tanks. The overall atmosphere is industrial and modern.

# Annual General Meeting Oslo Norway

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May 3, 2017



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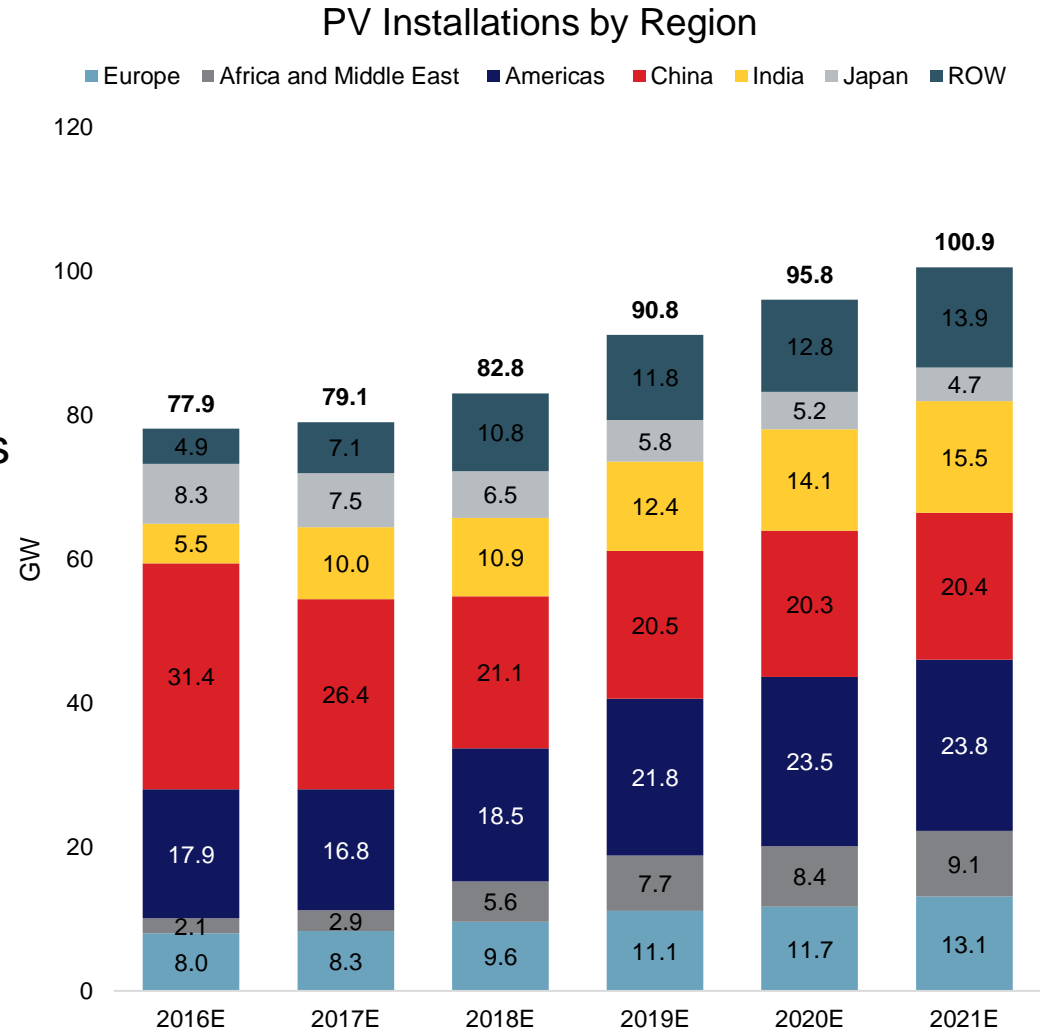
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# Strong Global PV Demand Through 2021

- › 70% of 2017 PV Market Demand will Come from Top Four Markets: China, U.S., India, and Japan
- › Lower System Costs Support Demand Growth in New Regions and Emerging Markets
- › 64 GW of Capacity from 2017-2021 Expected from Emerging Markets, Including:
  - Brazil
  - Mexico
  - South Africa

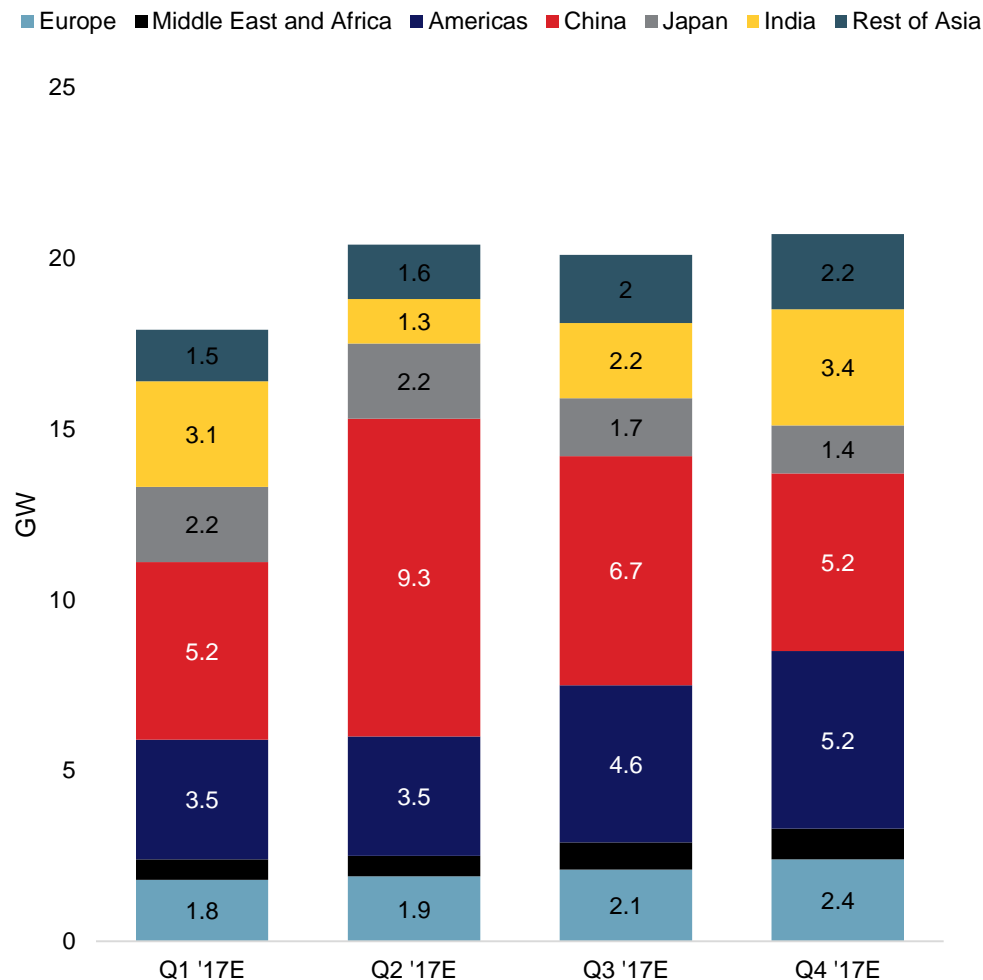


Source: IHS Markit, Technology Group, PV Demand Market Tracker – March 31, 2017

# 2017 Quarterly Module Installations by Region

- › I.H.S. Continues to Expect Higher Installations in Q2 Than Q1
  - China Accounts for Roughly 40% of H1 2017 Demand
  - China 2016 FIT Grace Period Expires June 30, 2017, but Rumors of Further Extension
  - H2 2017 Installations in China Also Dependent on Timing of 2017 FIT Expiration
  
- › More Balanced Demand Profile in H2 2017 Predicted Compared to H2 2016
  - Strong Demand in India, Americas and Europe Offsets Slowdown in China

IHS 2017F Quarterly Installations



Source: IHS Markit, Technology Group, PV Demand Market Tracker – March 31, 2017

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REC Silicon ASA

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

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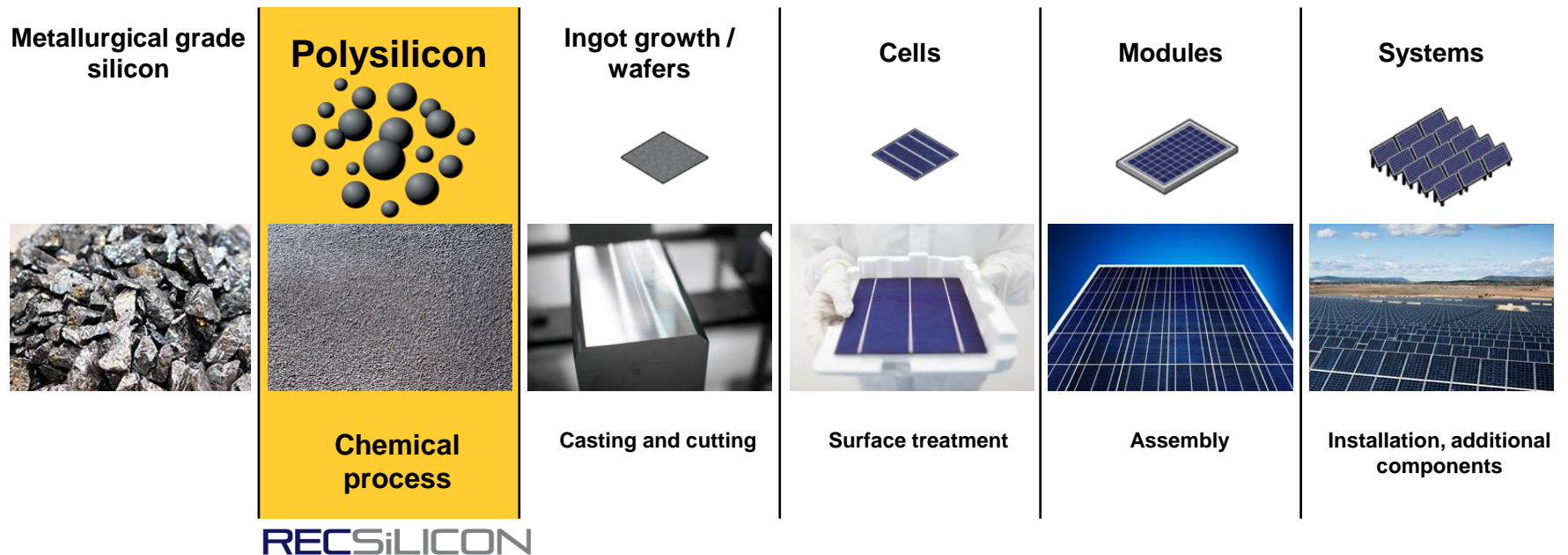
- › World leading operator of FBR technology
- › Moses Lake FBR-A capacity:
  - 16,000 MT annually
- › FBR production:
  - lowers cost of making solar products
  - reduces energy consumption by 90%
- › REC Silicon also produces:
  - semiconductor polysilicon
  - silicon gases



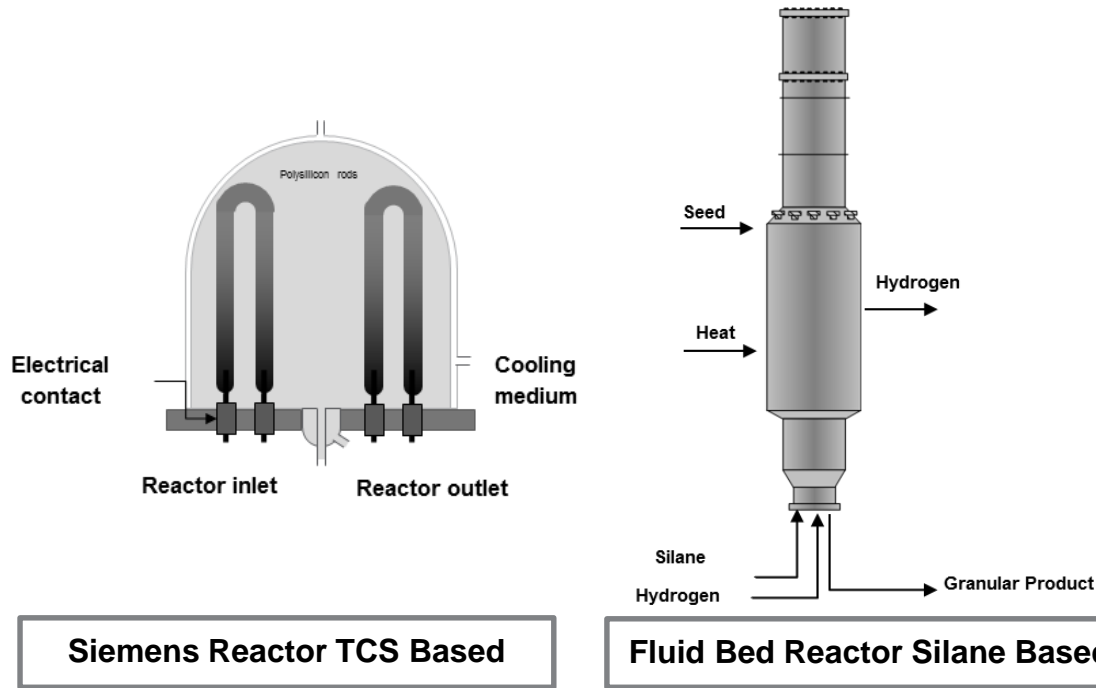


# REC Silicon in the PV Value Chain

- › REC's manufacturing process utilizes readily available metallurgical grade silicon, which is transformed into silane and polycrystalline silicon (polysilicon)



# FBR 90% Reduction in Electricity Consumption Compared to Siemens



Low energy efficiency -  
High cash cost

Batch Process

Requires post processing

High energy efficiency -  
Lowest cash cost

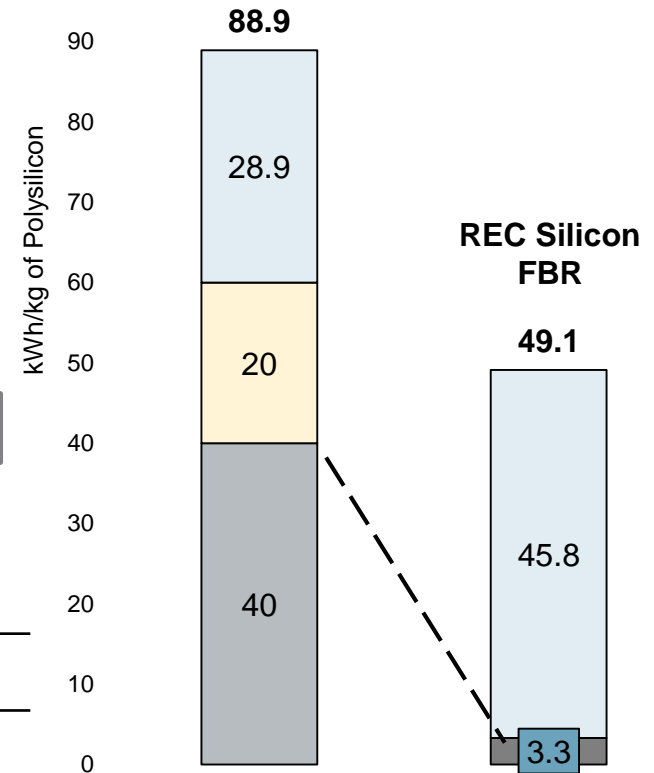
Continuous production

Ready for use

## Energy Consumption Comparison

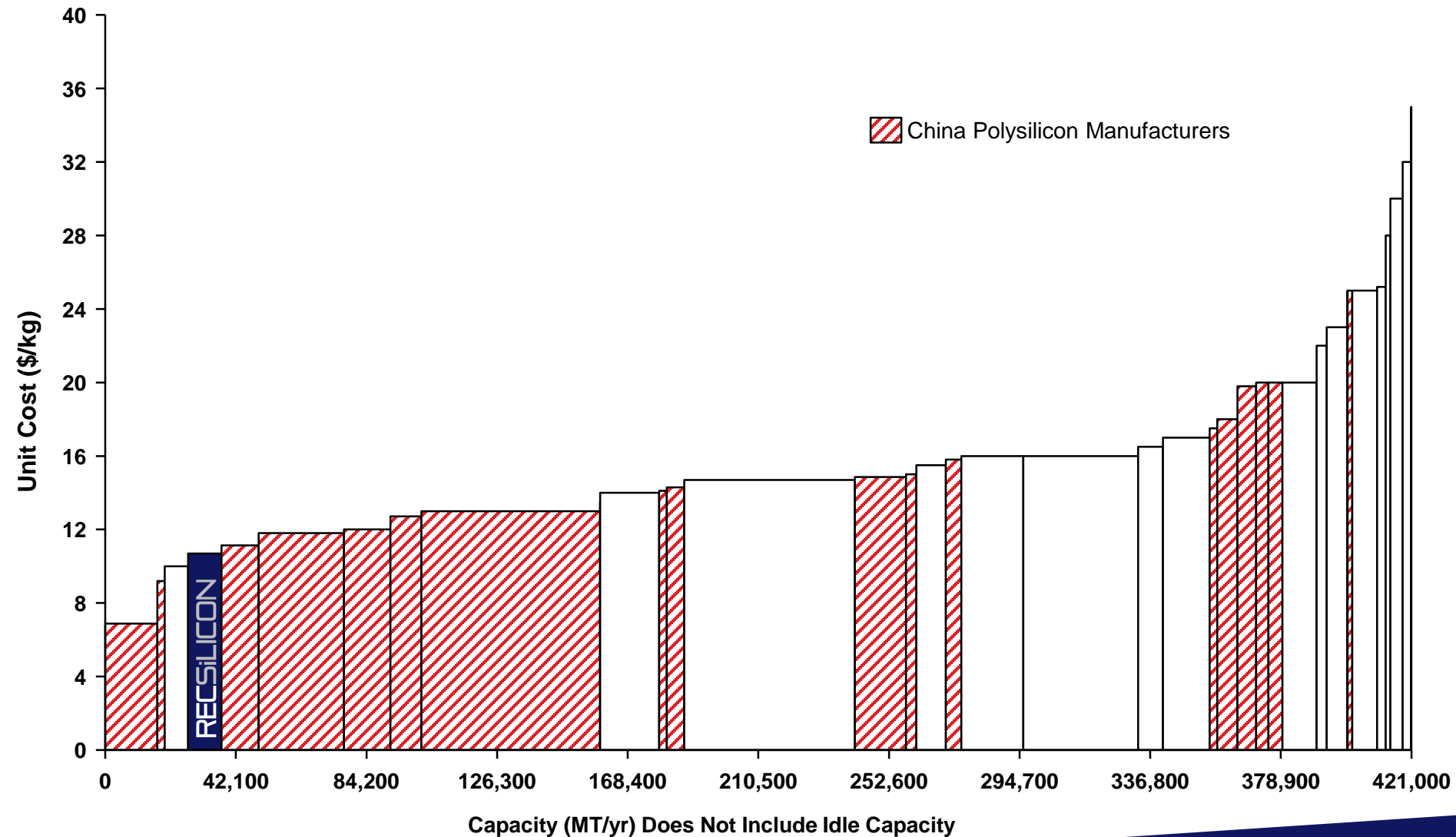
- Polysilicon
- CVD & Heat Recovery
- Balance of Plant
- Silane
- Feed Gas

### Siemens

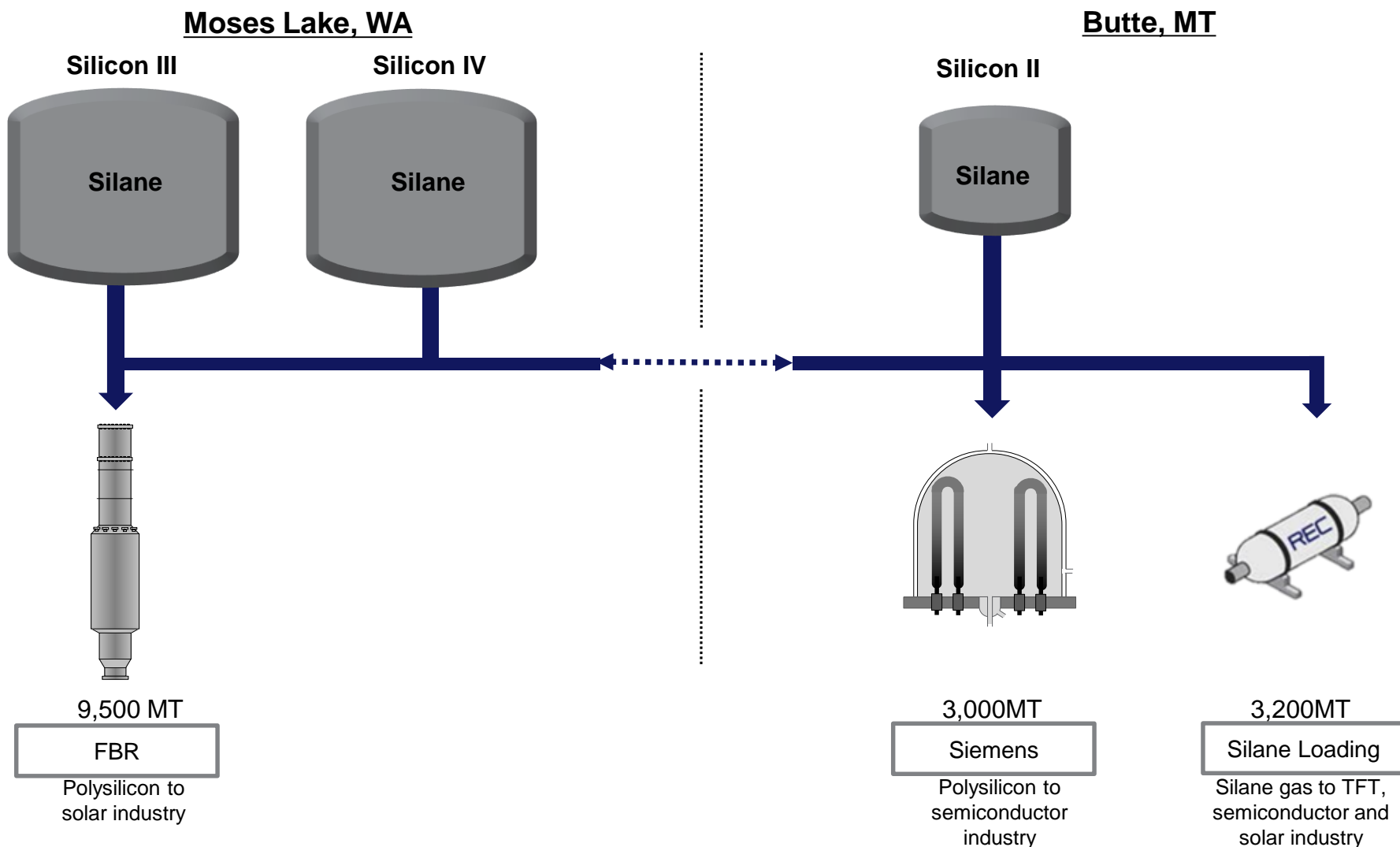


Note 1 REC silicon data based on 2014 measured energy consumption and actual production. This includes consumption for operations, maintenance, and analytical functions.  
 Note 2 REC data includes the buildings (lights/HVAC) along with processing, packaging, treatment, and support equipment.  
 Note 3 Competitive technology data appears to be based on simulations of power consumption for only the process equipment to manufacture Polysilicon when it is operating at 100% utilization.

# REC Silicon Remains Cost Leader of Outside China Polysilicon Manufacturers at Half Capacity



# FBR Serves the PV Market, Siemens and Silicon Gas Serve the Semiconductor Market



Spring 2015   Spring 2017

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YULIN JV UPDATE



# TianREC: Youser Group and REC Silicon's Yulin JV

- › Partnership:
  - Established Chinese SOE Youser Group
  - US Proven Technology Leader REC Silicon
- › 51% - 49% Partnership
- › REC Transferred Technology to TianREC – \$198M
- › 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  
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# Yulin JV – On Track for H2 2017 Start-up

## Construction Progressing

- › Over 6.3 Million Man-hours Worked To Date - No Reported Safety or Environmental Incidents
- › Majority of Project Equipment and Supplies On-site, Quality Testing of Welded Pipe, Electrical and Instrumentation Systems Underway
- › REC Silicon Commissioning Team and Start-up Support Personnel Already On-site in Yulin

## Capital Contributions

- › Continued Negotiations to Defer Remaining Contributions Until After 2018
- › Agreements Permit Company to Forego Making Remaining Contribution if Unable to Pay



A photograph of silicon materials. In the foreground, there are several large, dark, metallic-looking silicon crystals with sharp, angular facets. Behind them is a large, dark, cylindrical silicon ingot. The background is a solid blue color. A yellow diagonal line runs across the bottom of the image, separating the photograph from the white text area.

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## FINANCIAL REVIEW

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# Financial Results

(USD million)	2016			2015		
	<u>Revenues</u>	<u>EBITDA</u>	<u>EBIT</u>	<u>Revenues</u>	<u>EBITDA</u>	<u>EBIT</u>
<b>US Operations</b>	271.2	(29.0)	(121.2)	329.9	(10.9)	(145.1)
<b>Special Items</b>	-	-	-	-	-	-
<b>Impairment</b>	-	-	(93.1)	-	-	(151.6)
<b>Parent Company &amp; Other</b>	-	(1.7)	(1.7)	0.0	(2.1)	(2.1)
<b>REC Silicon</b>	<u>271.2</u>	<u>(30.8)</u>	<u>(216.0)</u>	<u>329.9</u>	<u>(13.0)</u>	<u>(298.8)</u>
<b>Gain/Loss on disposal of disc. oper.</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.2</u>
<b>Total Operations</b>	271.2	(30.8)	(216.0)	329.9	(12.8)	(298.5)
<b>Discontinued operations</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.2)</u>	<u>(0.2)</u>
<b>Continuing Operations</b>	<u><u>271.2</u></u>	<u><u>(30.8)</u></u>	<u><u>(216.0)</u></u>	<u><u>329.9</u></u>	<u><u>(13.0)</u></u>	<u><u>(298.8)</u></u>



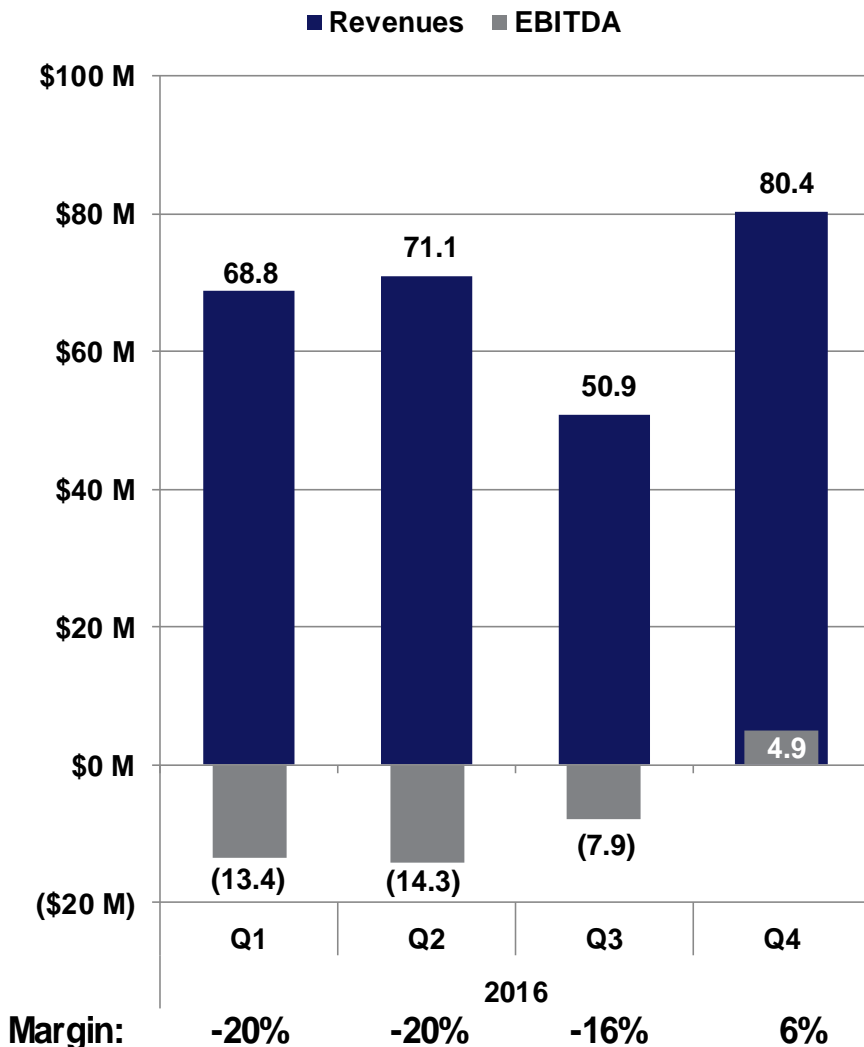
# 2016 Key Financial Results

## Revenues \$271M in 2016

- › \$59M Decrease from 2015
- › Polysilicon Revenues
  - Average Solar Grade Prices Decreased by 6.5% vs 2015
  - Total Polysilicon Sales Volumes Decreased by 3% vs 2015 (2,345MT Inventory Decrease)
- › Silicon Gas Revenues
  - 11% Decrease in Volumes vs 2015

## EBITDA Loss of (\$30.8M) in 2016

- › Compared to (\$13M) Loss in 2015
- › Impact of FBR Curtailment From February Through May





# 2016 Cash Flows

## Cash Flows From Operating Activities \$3.8M

- › EBITDA - Loss of (\$30.8M)
- › Working Capital Decrease \$42.7M
- › Interest payments (\$13.2M)
- › Insurance Proceeds \$2.8M
- › Other \$2.0M

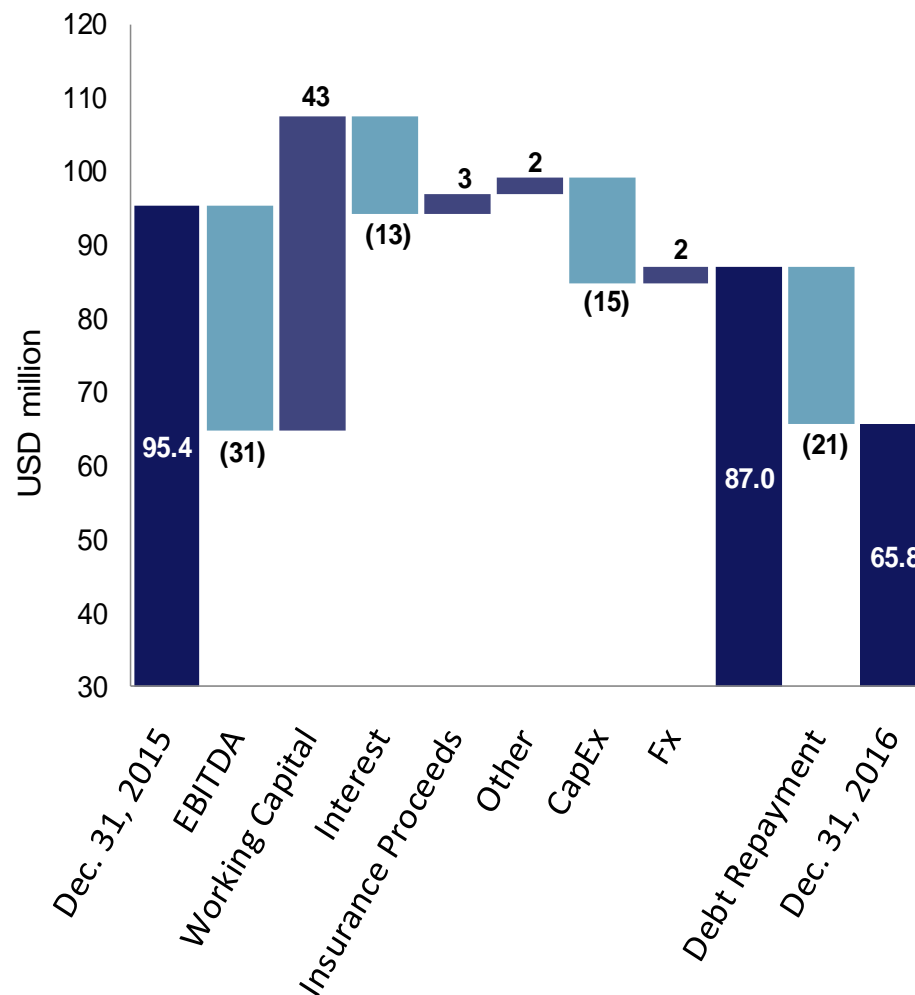
## Cash Outflows From Investing Activities (\$14.4M)

- › Capital Expenditures (\$14.5M)
- › Restricted Cash and Other (\$0.1M)

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

- › Repayment of NOK 179.5M Bonds (REC02)

## Currency Gain of \$2.2M



# Liquidity Outlook at December 31, 2016

## Nominal Net Debt - \$120M

- › Increased by \$11M vs 2015
  - › Repayment of (\$21M) REC02 Bonds
  - › Cash Decrease of \$30M
  - › Increased by \$2M due to Weaker US Dollar

## Nominal Debt - \$186 M

- › Reduced by \$19M vs 2015
  - › Repayment of (\$21M) REC02 Bonds
  - › Increased by \$2M due to Weaker US Dollar

## 2016 Extinguishment of Debt

- › NOK 179.5 M REC02 (\$21.2M)

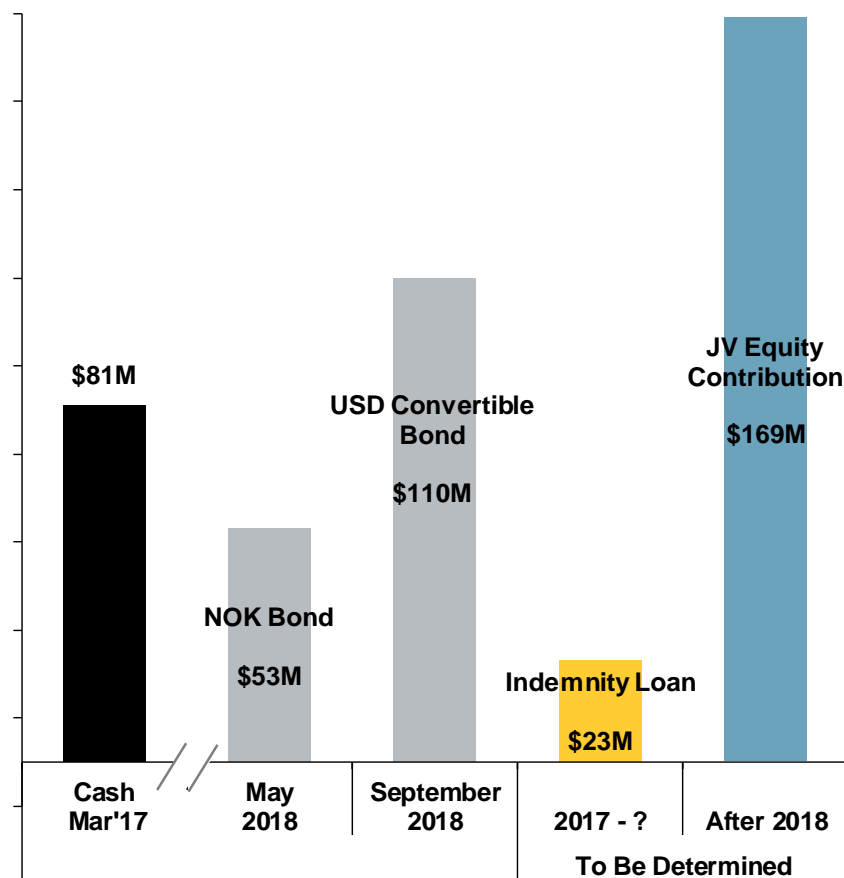
## Indemnity Loan (Included in Net Debt)

- › Callable Beginning in February 2016
- › Has not Been Called and Due Date is Uncertain

## JV Equity Contribution

- › Continued Negotiations to Defer Remaining Contributions Until After 2018
- › Agreements Permit Company to Forego Making Remaining Contribution if Unable to Pay

USD Million



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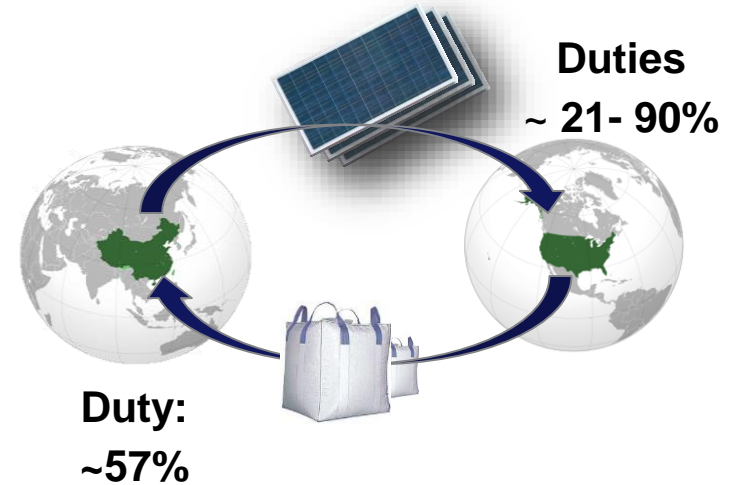


## U.S./ CHINA TRADE DISPUTE

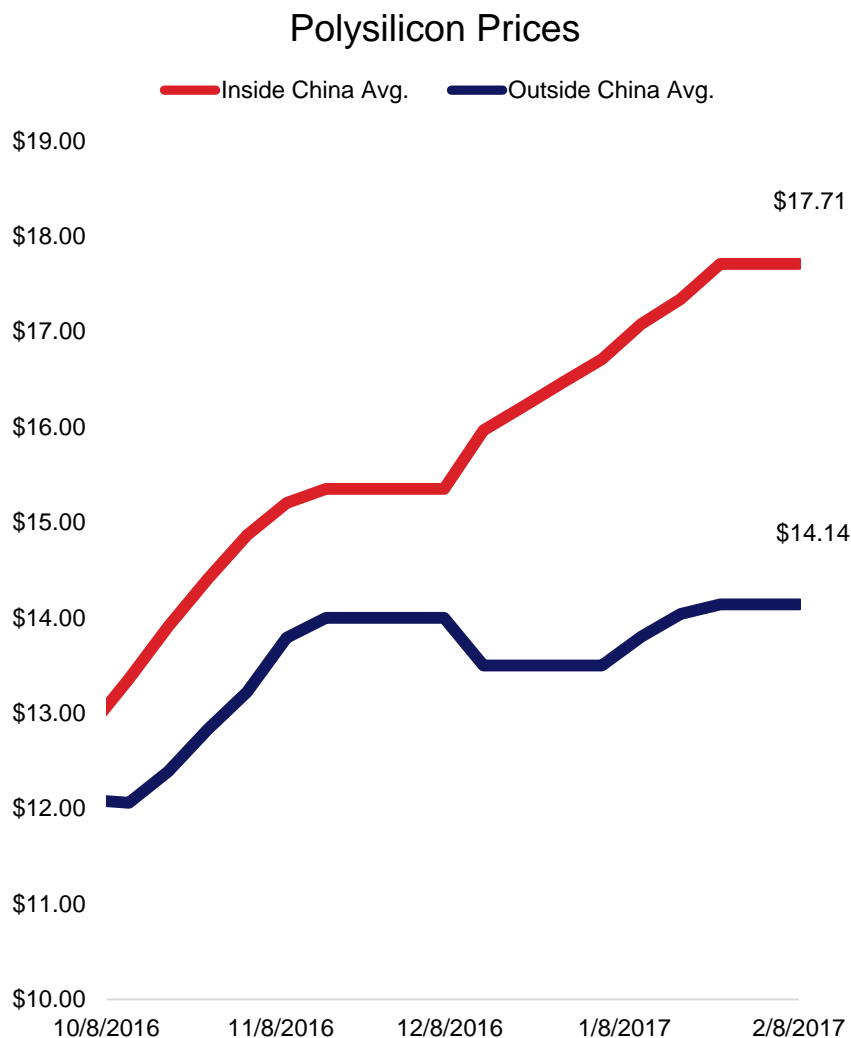
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# US / China Solar Trade Dispute Continues

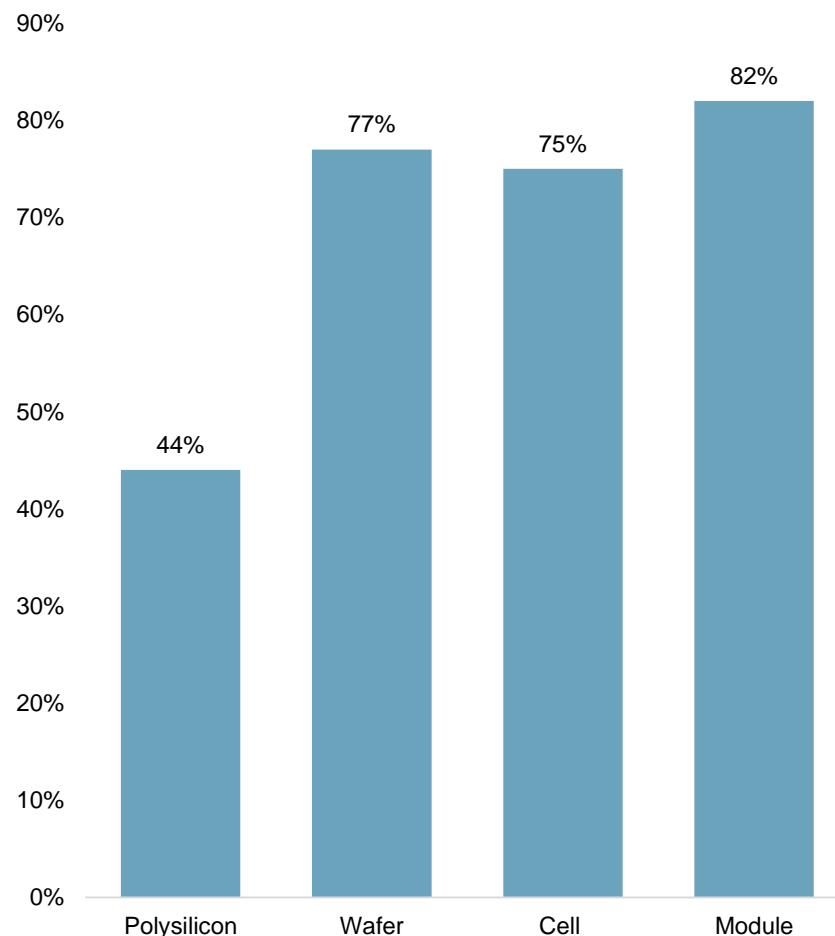
- › Higher Prices Inside China Continue
- › China Investigation of Korean Polysilicon On-going
- › Following Recent Xi Jinping Meeting with Trump in Florida, US and China Focus on Trade Wins and Cooperation
- › New USG Rhetoric Suggests It Values US Polysilicon Manufacturing Capacity – Material Potential Contributor to Reduction in Trade Deficit



# China's Solar Supply Chain Dominance and Widening Price Difference



### Chinese Solar Manufactures' Capacity as a Share Global Total (H1'16)



Source: HSBC Global Research January 24, 2017

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# REC Silicon – The Investment Case

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- › Strong long-term growth in PV demand polysilicon market
- › Proprietary FBR technology is the most energy efficient way to make polysilicon
- › REC Silicon is the only company with commercial FBR operation
- › Limited industry expansion in short to mid-term
- › Presence in China through Yulin Joint Venture



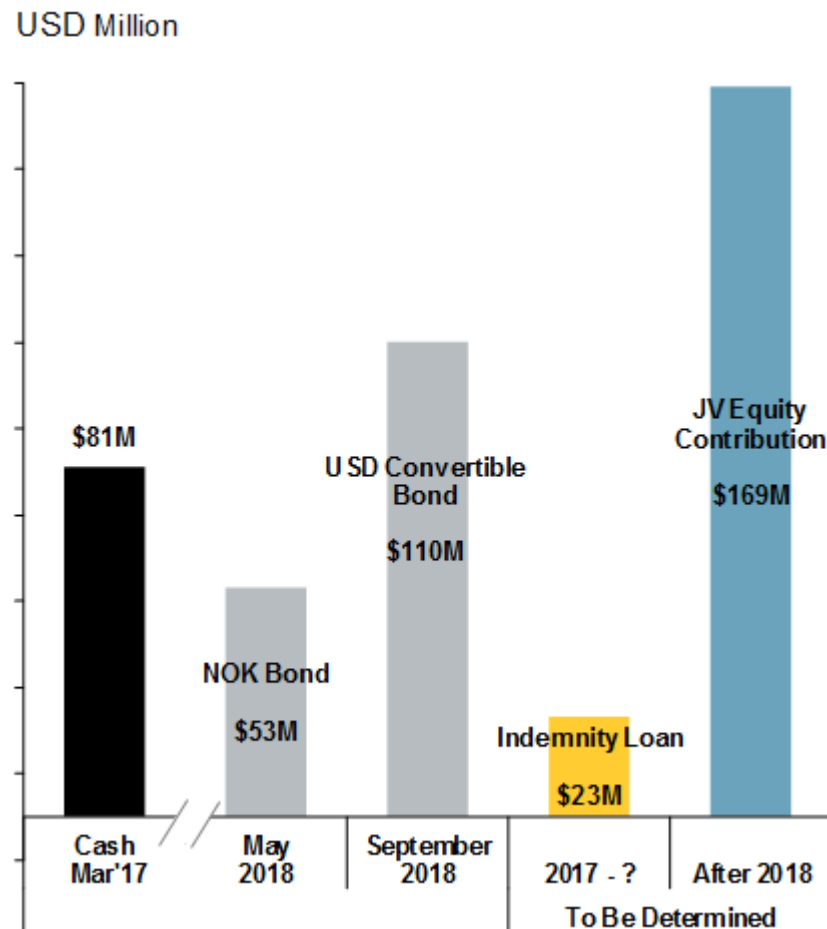
# Financial Options: 2018 Bonds and the Yulin JV Contribution

## Nominal Net Debt - \$120M

- › Several Sources will be Evaluated in H2 2017 for the 2018 Bonds and Indemnification Loan
  - I. Cash from Operation
  - II. Refinancing
  - III. Divestment of Non-core Assets
  - IV. New Equity

## JV Equity Contribution

- › Continued Negotiations to Defer Remaining Contributions Until After 2018
- › Agreements permit company to forego making remaining contribution if unable to pay





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Questions?

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# Item 6 – Approval of Annual Financial Statements and Directors' Report for 2016

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- The Board's proposal for resolution:
- «*The General Meeting approves the Annual Financial Statements and the Directors' Report for 2016.*

# To Item 7 – Option Program 2017

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## ➤ Synthetic option program

- Cash bonus corresponding to the positive share price development
- Easier to manage for US employees

## ➤ 6 year program

- 3 year lock-up, then disbursement over the following 3 years (provided the share price has increased above price at grant)
- Price at grant = 110 % of average price the last 5 days ahead of grant
- Cap on yearly disbursements equal to base salary for the calendar year
- Conditional on continued employment
- Incentives for leading employees in critical areas

## ➤ Total cost of the program

- Equals 0.47% of the share capital (12,000,000/2,543,818,785)
- Total cost if the share price increases 100 % = approx MNOK 12.2



# Item 7 – The Board's statement regarding determination of salary and other compensation to leading employees

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## ➤ The Board's proposal for resolutions:

- «1: *"The General Meeting supports the statement of the Board regarding compensation to leading employees."*
- 2. *The General Meeting adopts the statement of the Board regarding long term incentive plans and measures for keeping key personnel.»*

## Item 8 – Authorization to issue shares – general financing purposes

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### ➤ The Board's proposal for resolution:

- *«The Board is granted authorization to increase the share capital with up to NOK 254,000,000, which equals approx. 10 % of the existing share capital, by issuing up to 254,000,000 shares through one or several share capital increases. The authorization to acquire shares shall be used for one or more of the following purposes: (i) in connection with investments, mergers and acquisitions; (ii) in connection with effectuation of mandatory share issues and to carry out the consolidation of shares and/or; (iii) to provide the Company with financial flexibility. Price and conditions for subscription will be determined by the Board on issuance, according to the Company's needs and the shares' market value at the time. Shares can be issued in exchange for cash settlement or contribution in kind. The existing shareholders preemptive rights to subscribe shares can be deviated from in connection with the effectuation of this authorization. The Board's authorization is valid until the Annual General Meeting in 2018, but shall in any event expire at the latest 15 months from the date of this General Meeting. The Board is at the same time given authorization to make the necessary amendments to the articles of association on execution of the authorization. This authorization replaces all previous authorizations to increase the share capital.»*

## Item 9 – Authorization to acquire treasury shares

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### ➤ The Board's proposal for resolution:

- «*The Board is granted authorization to acquire shares in REC Silicon ASA on behalf of the Company for one or more of the following purposes: (i) in connection with the Company's share option program for its employees, and/or (ii) to increase return on investment for the Company's shareholders. The authorization covers purchase(s) of up to 10% of the face value of the share capital of the Company, cf. the public limited liability companies act §§ 9-2 and 9-3. Shares may be acquired at minimum NOK 0.10 per share and maximum NOK 10 per share. The shares shall be acquired through ordinary purchase on the stock exchange. The Board's authorization is valid until the Annual General Meeting in 2018 or until it is revoked by a General Meeting resolution passed with simple majority, but shall in any event expire at the latest 15 months from the date of this General Meeting.*»

# Item 10 – Election of members to the Board of Directors

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## ➤ Proposed resolution:

➤ *«The following are elected as members of the Board of directors for a period of one (1) year until the next Annual General Meeting:*

- Jens Ulltveit-Moe
- Espen Klitzing
- Ragnhild Wiborg
- Inger Berg Ørstavik
- Terje Osmundsen»

# Item 11 – Election of members to the Nomination Committee

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## ➤ Proposed resolution:

- *«Ole Jacob Ræstad is elected as a member of the Nomination Committee for a period of two (2) years. Live Haukvik Aker is re-elected as a member of the Nomination Committee for a period of two (2) years. Rune Selmar has one (1) year left of his service period as member of the Nomination Committee. Rune Selmar is elected as the Chairman of the Nomination Committee.»*





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