

RECSiLICON

SpareBank 
MARKETS

2018 Energy Conference

March 1, 2018

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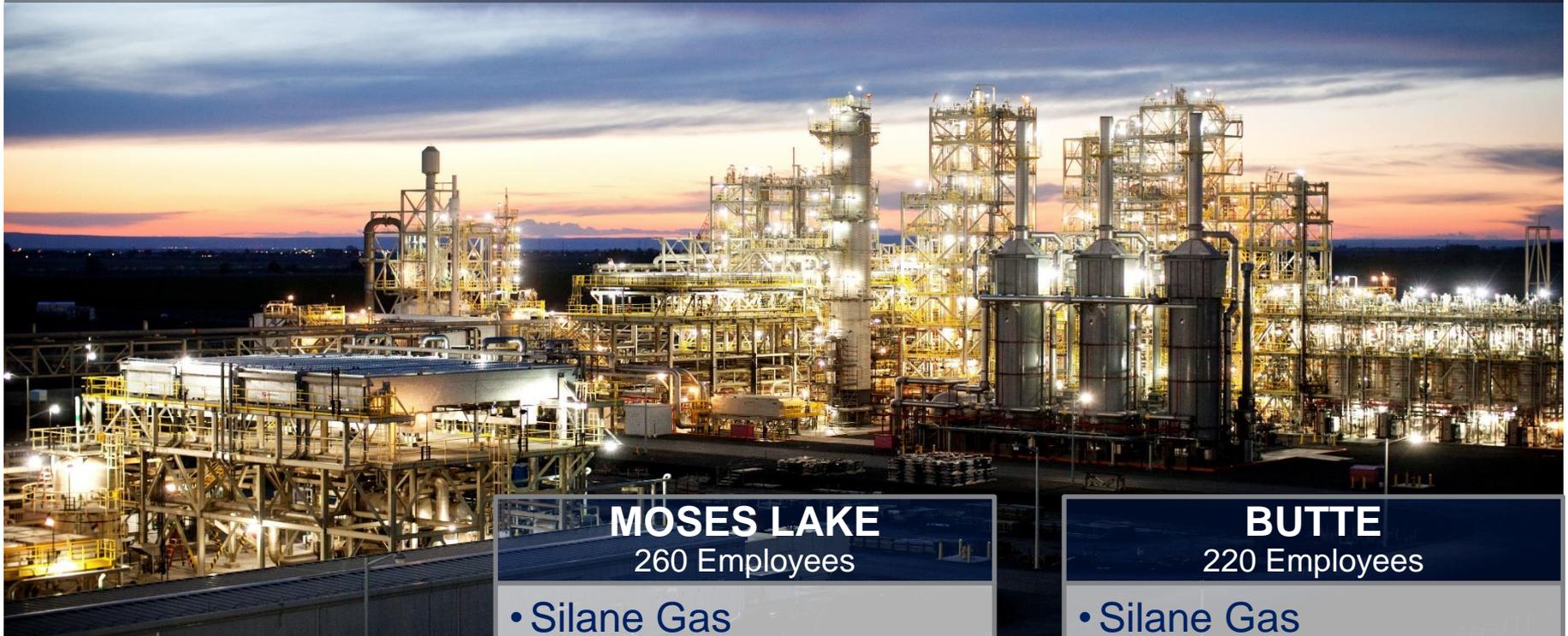
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RECSiLICON

ADVANCING MATERIALS, ADVANCING TECHNOLOGY.

- › World's Largest Producer of Silane Gas
- › World's Largest Producer of Granular (NextSi™) Polysilicon
- › World's Largest Producer of High Purity Float Zone Polysilicon



MOSES LAKE
260 Employees

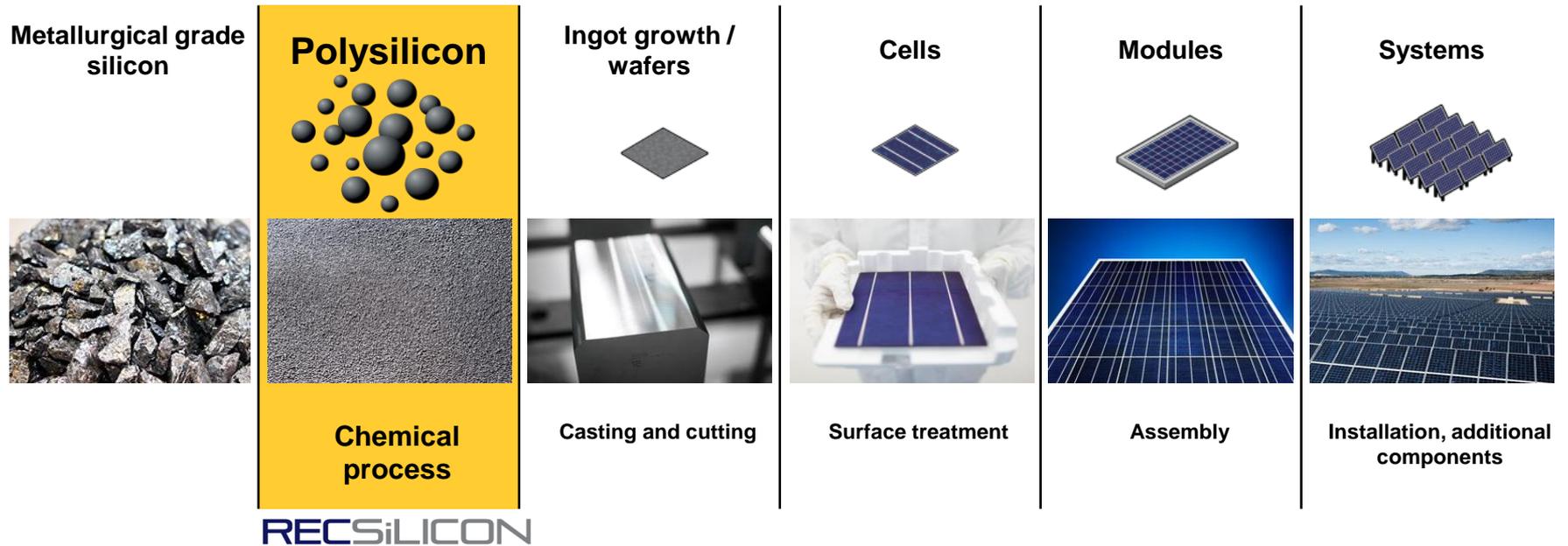
- Silane Gas
- Granular Polysilicon

BUTTE
220 Employees

- Silane Gas
- Siemens EG Polysilicon

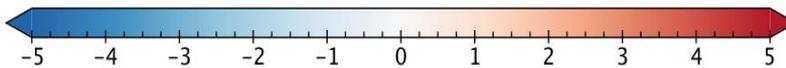
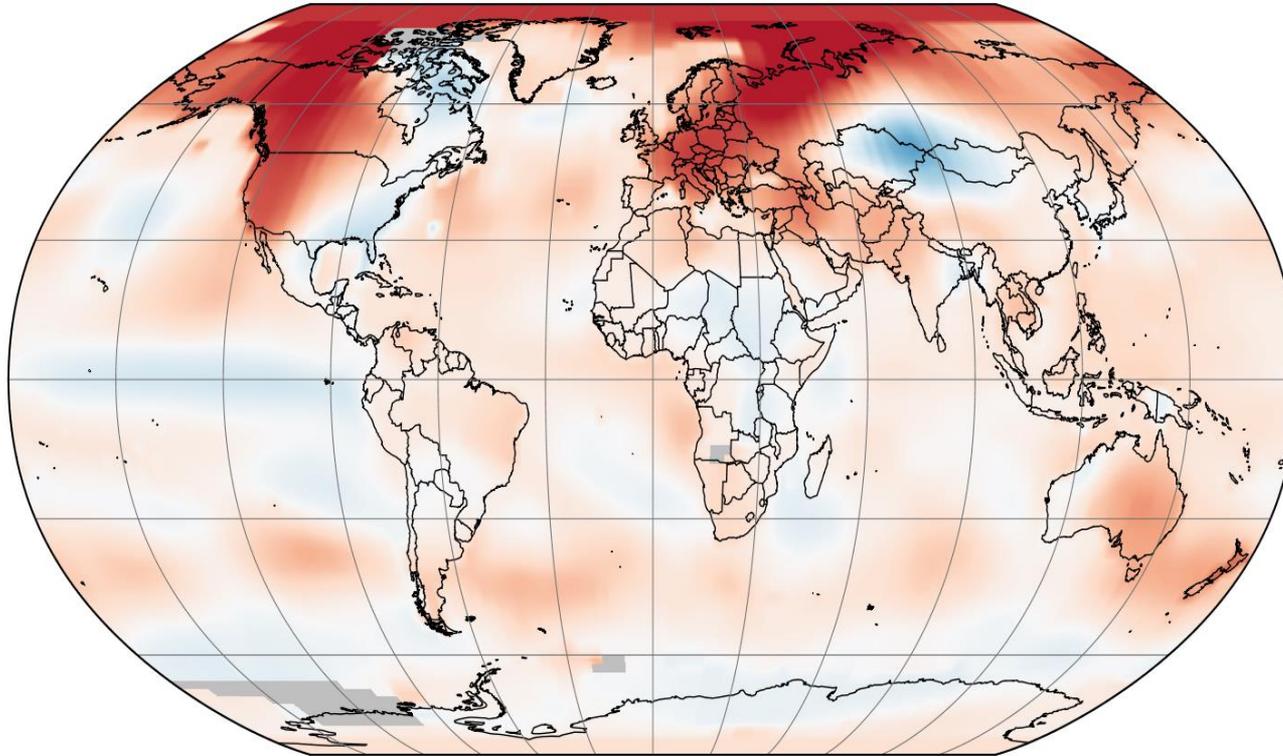
REC Silicon in the Solar Value Chain

- › REC's Manufacturing Processes use Metallurgical Grade Silicon, Which is Transformed into Silane Gas and Polycrystalline Silicon



January 2018 was the Fifth Warmest January on Record

GISTEMP LOTI Anomaly (°C)
January 2018



Base Period: 1951-1980

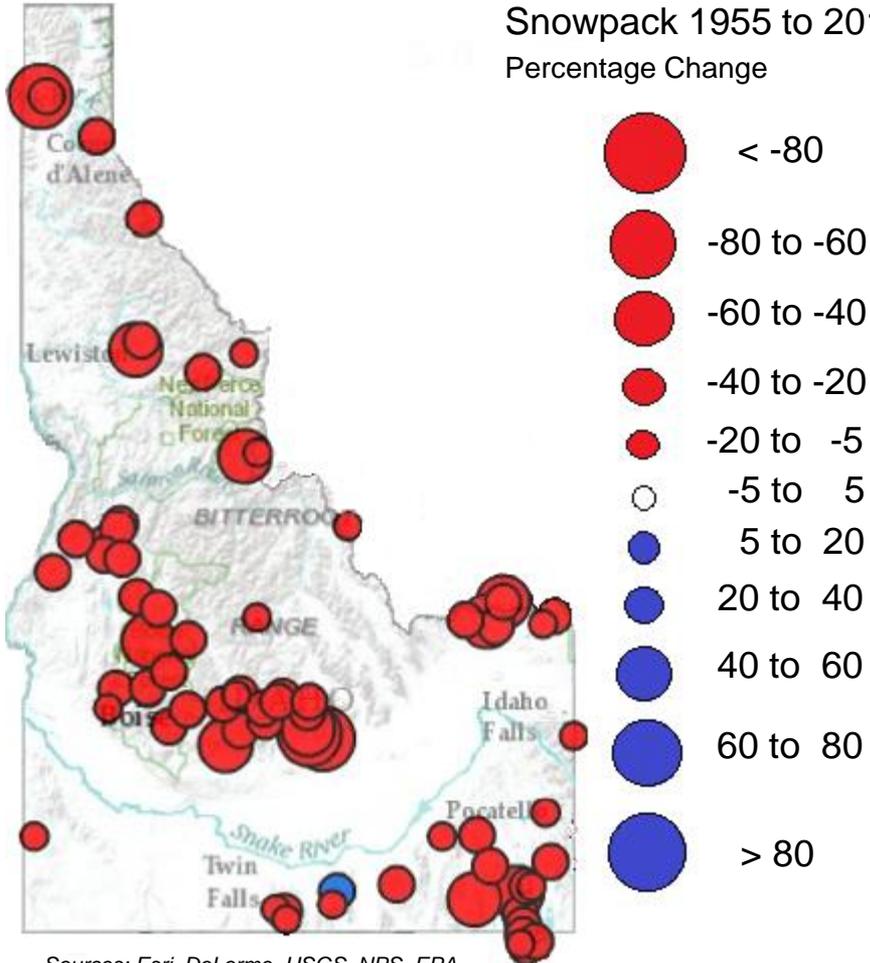
Data Min = -3.42, Max = 6.59, Mean = 0.78

NASA/GISS/GISTEMP

It is the
view from
your own
window that
counts.

The "View" from Idaho

Snowpack 1955 to 2015
Percentage Change



Sources: Esri, DeLorme, USGS, NPS, EPA



A Commitment to Ignorance

The New York Times

Idaho Stripped Climate Change From School Guidelines. Now, It's a Battle.



Gov. C. L. Otter of Idaho in the State Legislature last month. He supports efforts to implement new standards that include climate science education. Otto Kitsinger/Associated Press

By Livia Albeck-Ripka Feb. 6, 2018

The political fight over global warming has extended to science education in recent years as several states have attempted to weaken or block new teaching standards that included information about climate science. But only in Idaho has the state legislature stripped all mentions of human-caused climate change from statewide science guidelines while leaving the rest of the standards intact.

- › U.S. Politics are “Interesting”
- › We Want to Believe Only Those Things That Benefits Us
- › Attempt to Legislate Alternative Facts
- › Now, It's a Battle

Solar Gains Traction in Idaho



Utility DIVE

BRIEF

Idaho Power pushes early closure of North Valmy coal plant co-owned with NV Energy

Dive Brief:

- Idaho's largest utility filed a settlement stipulation with state regulators last week to shut down the 522 MW North Valmy coal power plant a decade sooner than originally planned, saying it would not benefit consumers past 2025.
- Idaho Power's settlement with state and federal stakeholders outlines how the utility plans to allocate costs and revenues associated with closing the Nevada power plant. The utility filed an application last year to raise rates by as much as \$28 million to allow for the accelerated depreciation of the coal generator
- Idaho Power plans to work with plant co-owner NV Energy to reach a deal to shut down plant on the new accelerated timeline. The utilities' original plan would have seen the plant's two generating units close in 2031 and 2035, respectively.

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Utility DIVE

BRIEF

Idaho could soon have the most solar per-capita of any state

Dive Brief:

- Officials at Idaho's largest utility believe plans for new solar projects in the state could soon make Idaho the national leader in solar on a per-capita basis.
- The Times-News reports Idaho Power has contracts for more than 450 MW of solar capacity and there are also projects capable of generating hundreds of megawatts seeking contracts.
- Because all of the projects are qualifying facilities under the Public Utility Regulatory Policies Act, the utility must purchase the power they produce.

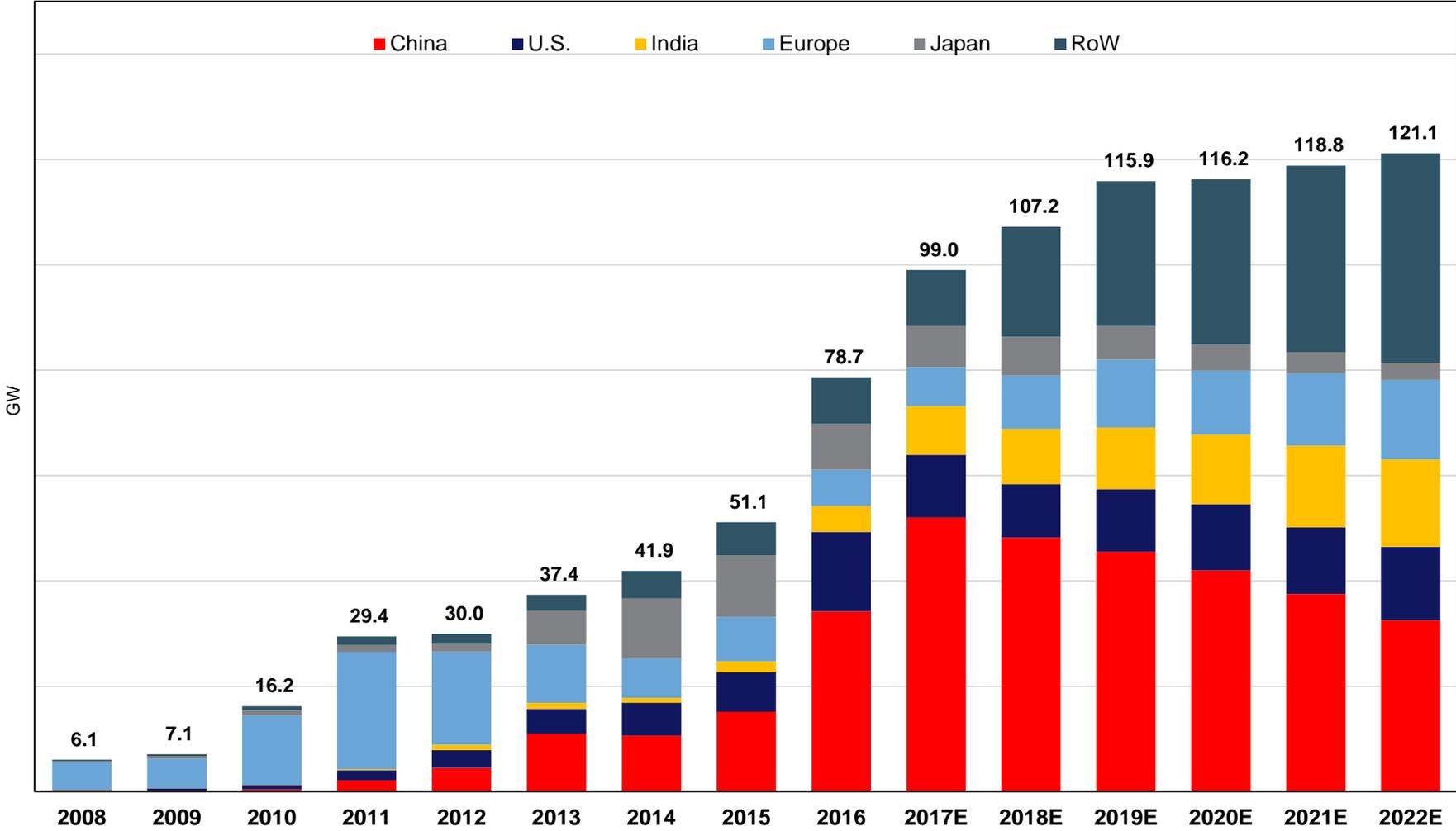
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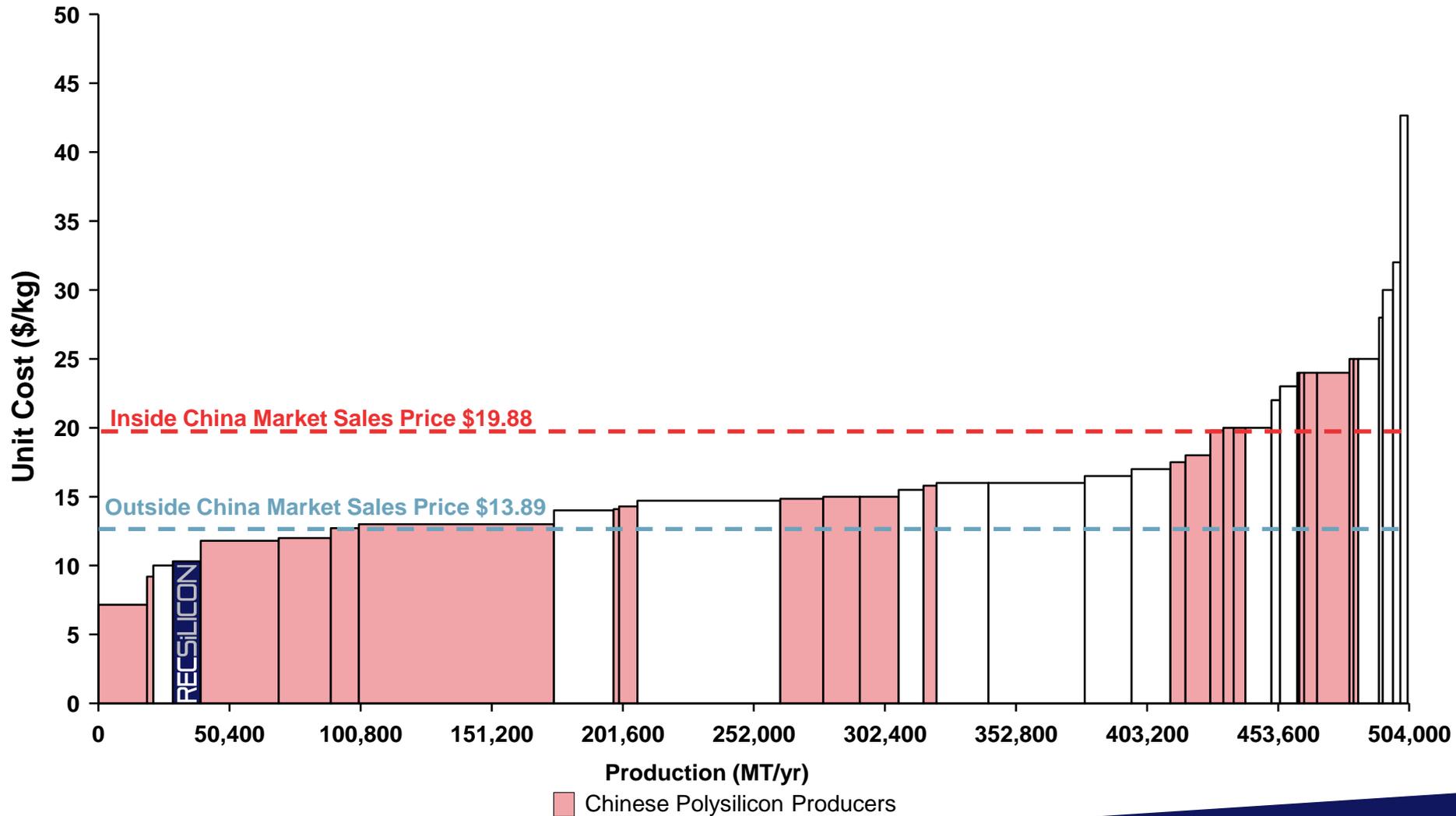
PV Markets

Solar: Fastest Growing Renewable Energy Globally



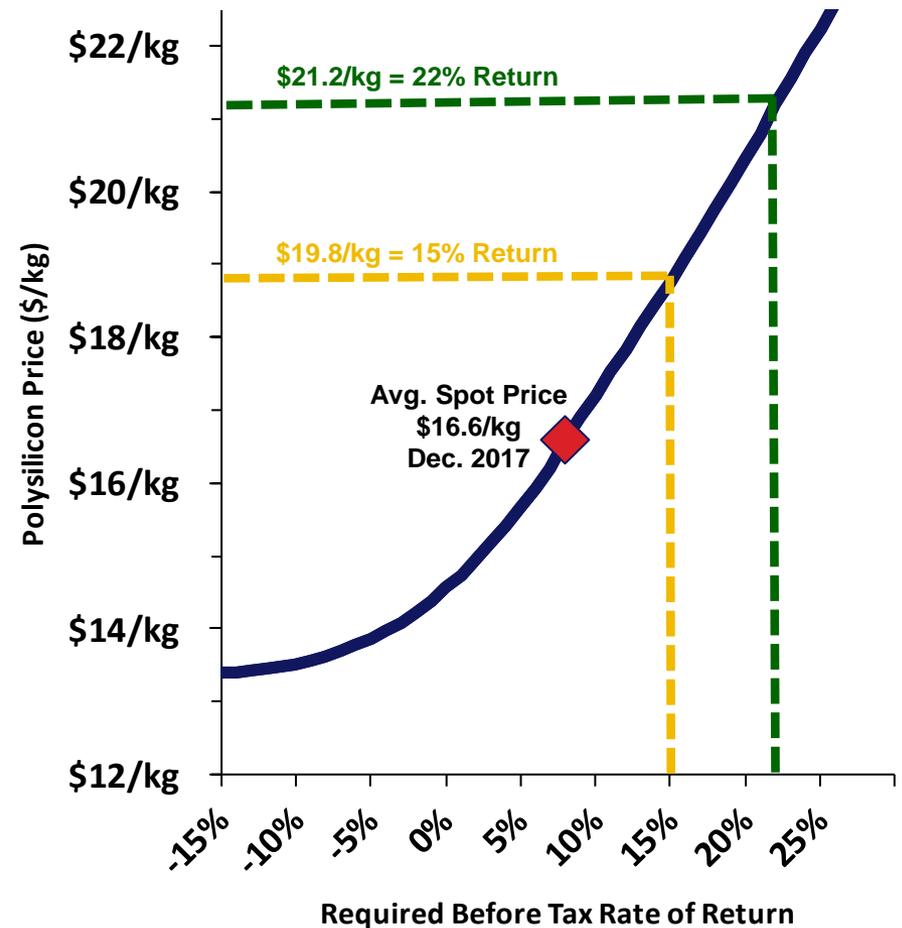
Source: GTM Market Demand Tracker – February 1, 2018

REC Silicon Is a Low Cost Leader



Investment Economics for Polysilicon Capacity Expansion

- › Assumes “World Class Plant”
 - 2017 FBR Cost of \$10.6/kg
 - \$1/kg SG&A
 - \$35/kg Capital Cost
- › Dec ‘17 Spot Price \$16.6/kg
 - Negative Return for “Best” Competition
 - 8% Return for FBR
- › ~15% Industry WACC
 - FBR Threshold Price \$19.8/kg
 - “Best” Competitor Price \$21.2/kg



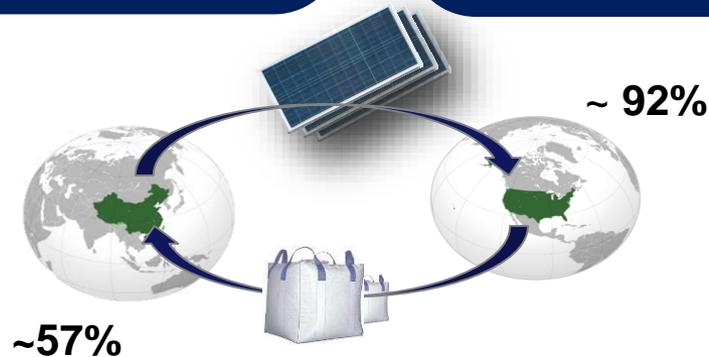
Solar Trade War

AD/CVD

- › China and Taiwan Accused of Dumping
- › US Initiates Tariff – Currently 62%
- › China Responds – 57% Tariff on US Polysilicon
- › REC Access to Chinese Markets Restricted Since 2015

Section 201

- › US Module Producers File for Protection
- › Affects ALL US Imports of Cells and Modules
- › President Trump's Ruling:
 - › 30% tariff on cells & modules
 - › Stepdown to 5% over 4 years
 - › 2.5 GW cell quota



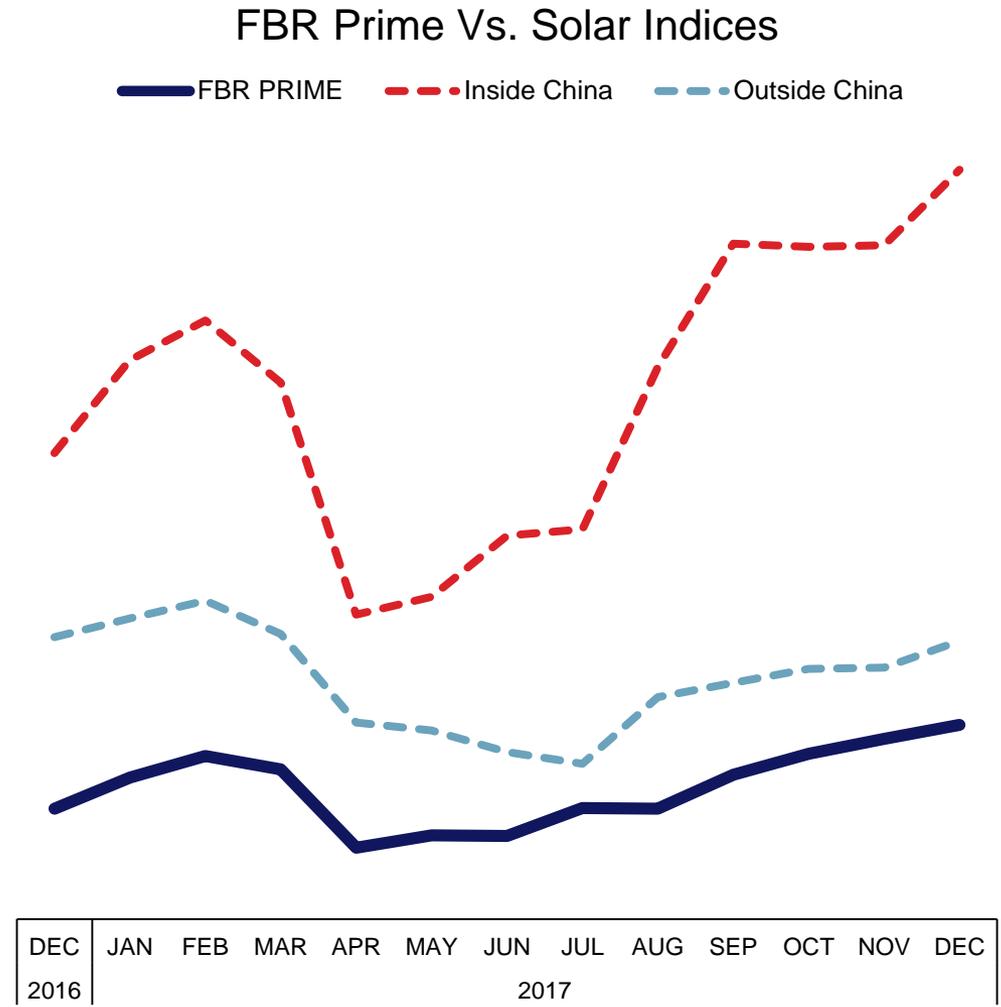
US Government Expresses Commitment to Pursue Settlement for US Polysilicon

- › US Government is Focused on Value of US Polysilicon Industry
- › Section 201 Announcement Noted:

“The U.S. Trade Representative will engage in discussions... that could lead to positive resolution of the separate antidumping and countervailing duty measures currently imposed on Chinese solar products and U.S. polysilicon.”

Difference in Prices Inside vs. Outside of China

- › Tight Polysilicon Supply Inside China
- › Price Difference Approximates Tariff
- › REC Discounts to Maintain Market Share Outside China



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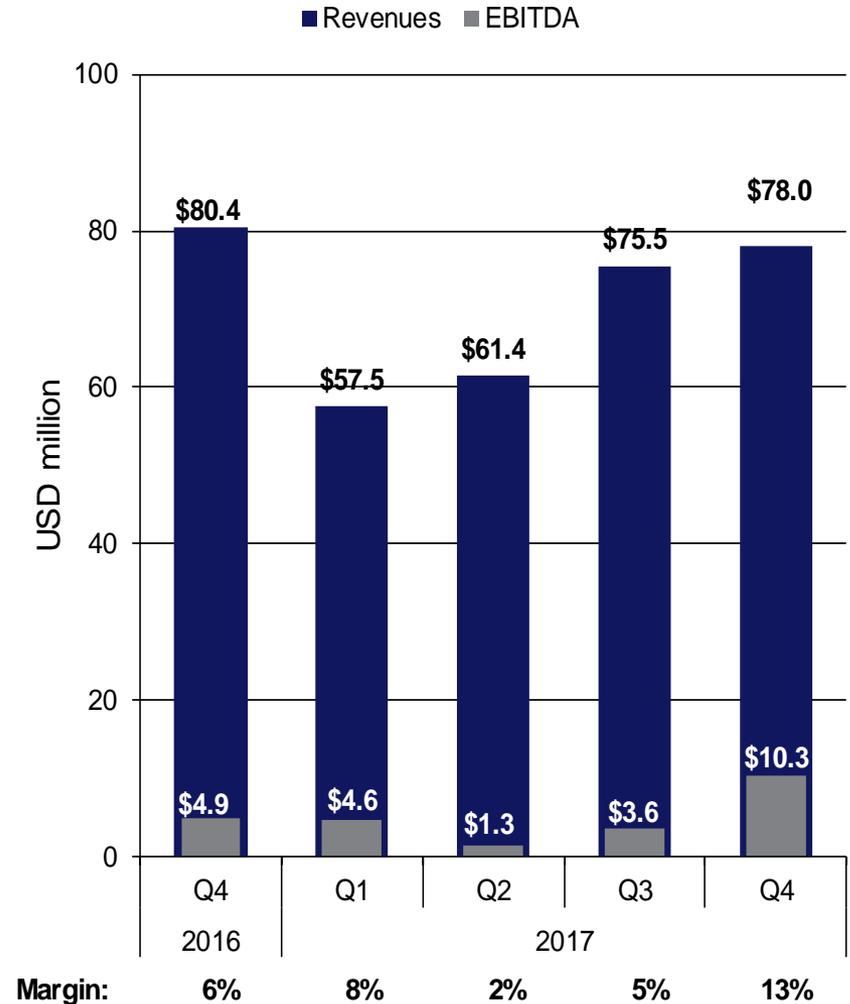
Key Financial Results

Increasing Revenues

- › Solar Price Increases Reflect Tight Market
- › Polysilicon Sales Limited by Production
- › Increasing Silicon Gas Sales
- › Decreased Investment in Working Capital

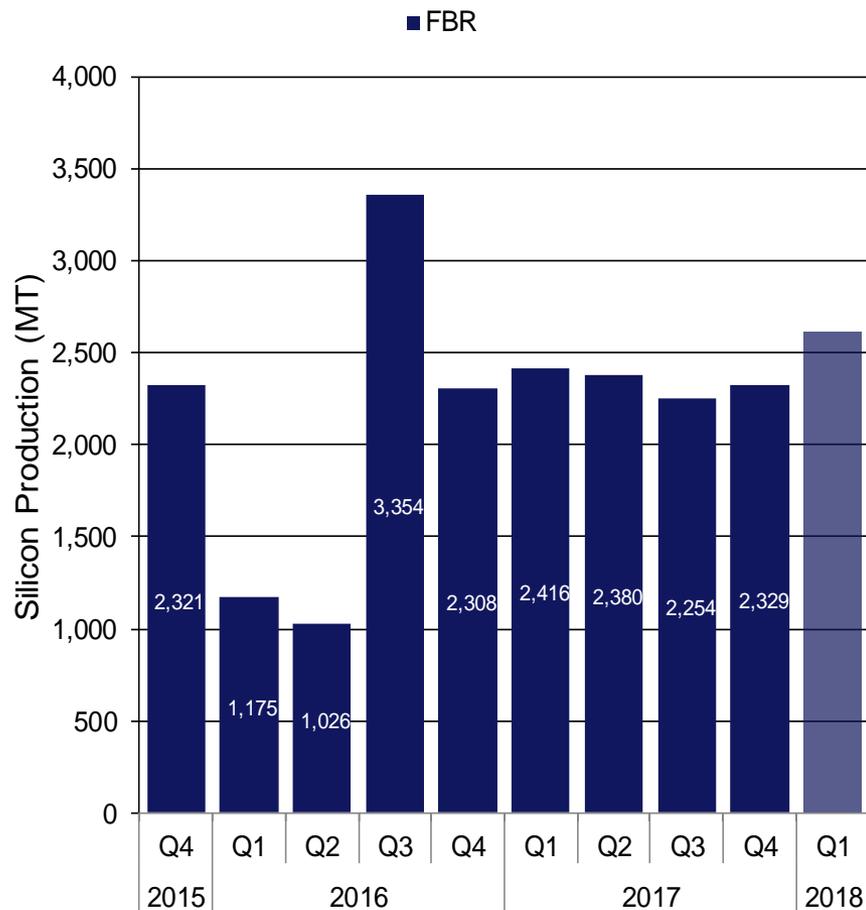
Increasing EBITDA

- › High Margin Silicon Gas Sales
- › Prime Solar Grade Price Increase
- › FBR Cash Cost of \$10.4/kg

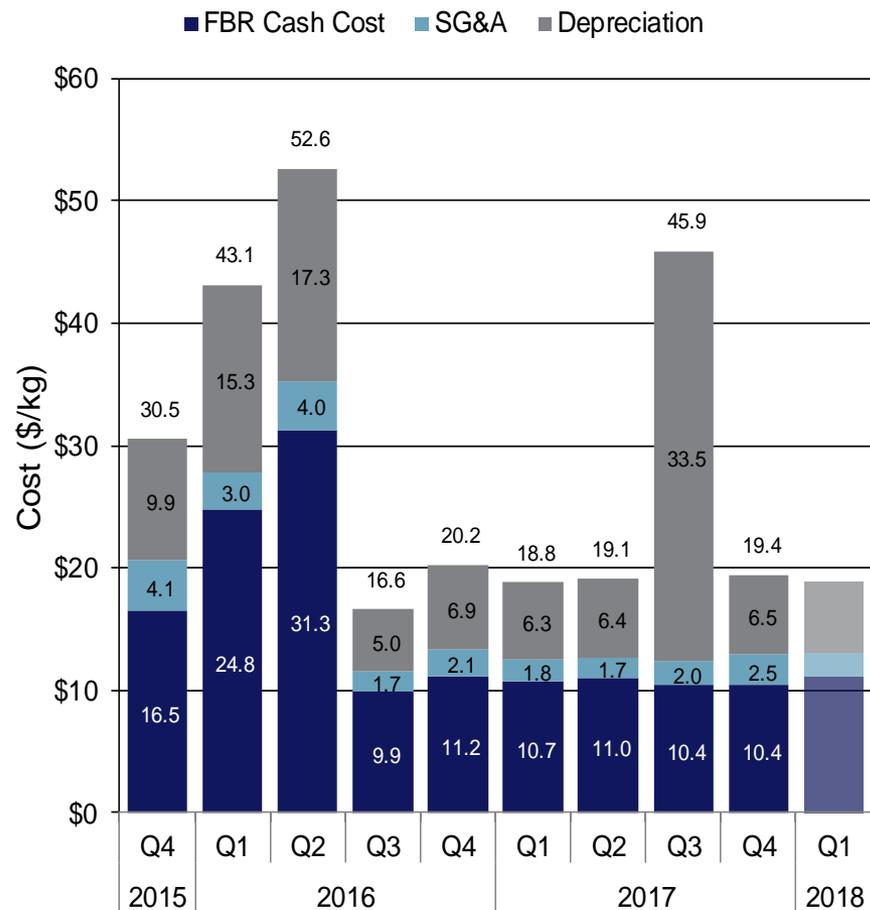


Polysilicon Production and FBR Cost

Polysilicon Production



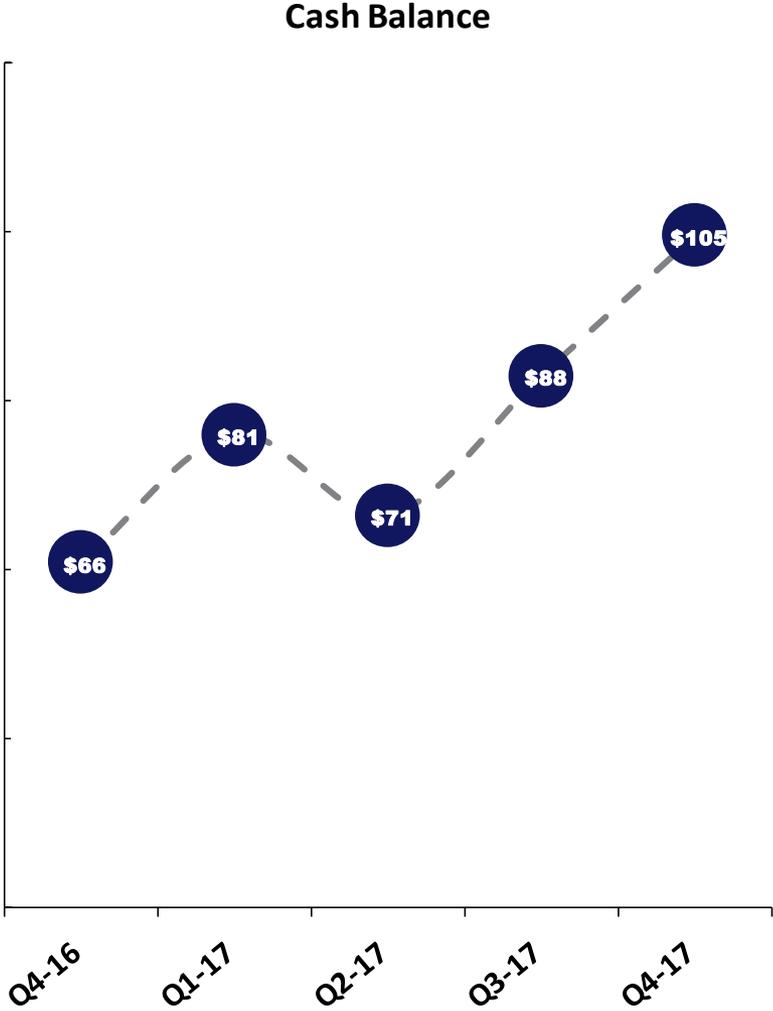
FBR Cost



* Q3'17 Depreciation Includes \$65.7M Due to the Derecognition of a Grant Receivable

Continued Positive Cash Flows From Operations

- › Reduction of Working Capital
- › World Class FBR Cash Cost
- › Increasing Silicon Gas Sales
- › Solar Polysilicon Price Increases



Refinance Current Debt

Debt Maturities

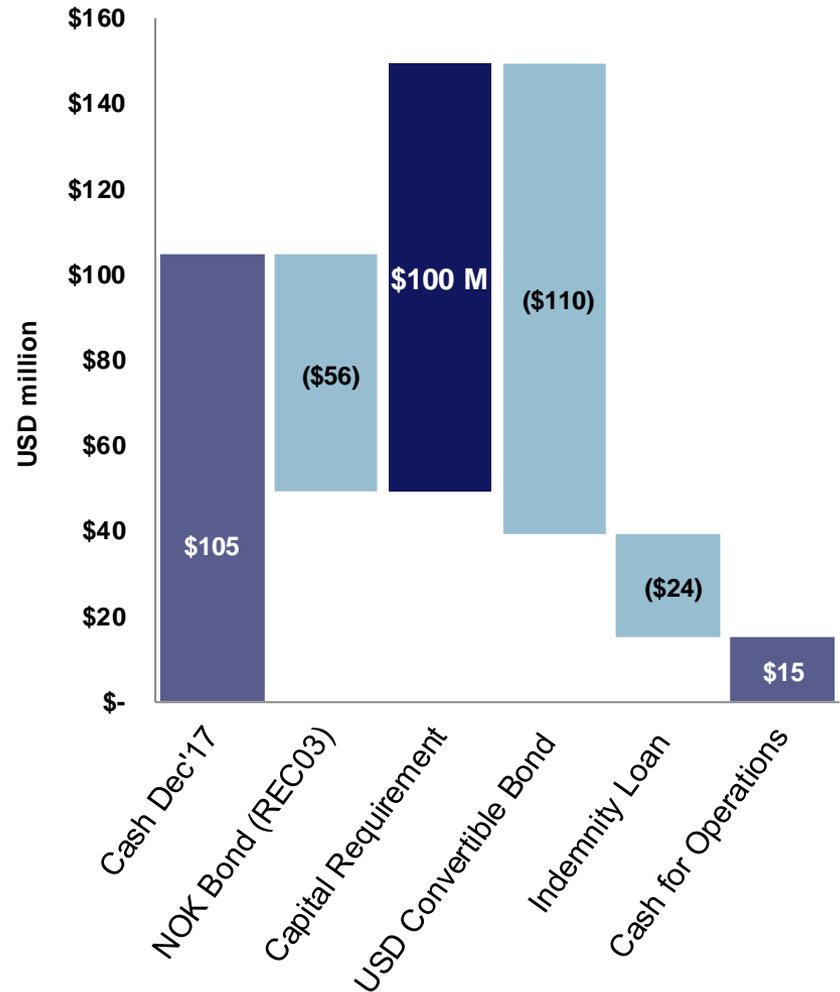
- › \$ 55.5M NOK Bond (REC03) Due in May 2018
- › \$110.0M USD Convertible Bond Due in Sept. 2018

Expect to Repay REC03 with Cash on Hand

- › Continued Positive Cashflows Expected in Q1 2018

\$100M Additional Capital Required

- › Evaluating Alternatives to Restructure the Company's Debt



Summary

- › Exposure to Substantial Growth
- › Best in Class Cost Performance
- › Impact of Solar Trade War
- › The Time For Solar Energy is Now



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Be still sad heart and cease repining;
above the clouds is the sun still shining...
- Henry Wadsworth Longfellow

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