

REC Silicon – Shutdown of Polysilicon Business in Butte

Moses Lake, Washington USA – February 7, 2024: REC Silicon ASA (“REC Silicon”), announced that its wholly owned subsidiary REC Advanced Silicon Materials LLC is shutting down its polysilicon production capacity at its Butte, Montana facility.

The shutdown of the polysilicon business in Butte is primarily necessary due to the regional structural imbalance in supply and demand for electricity and is part of REC Silicon's strategy to ensure long-term profitable operations. Discontinuing the polysilicon production at Butte will significantly reduce annual energy consumption and operating costs.

The polysilicon business will continue to produce for approximately six to nine months to fulfill polysilicon supply obligations to the company's customers. After the supply obligations are satisfied, the company expects that the workforce in Butte will be reduced accordingly, along with some others across the company that support the Butte business line. The company is working out the details with respect to the shutdown and will provide additional information to impacted stakeholders as it becomes available.

“The decision to shut down the polysilicon business in Butte was very difficult from a human perspective because of the impact on REC's workforce. The team in Butte has been resilient and resourceful, making vast improvements in our offerings and gaining a significant presence with key customers while balancing a focus on quality and cost. I am grateful for their hard work and dedication. We did everything in our power to return profitability to the polysilicon business in Butte, however, forecasts for sustained high electricity costs that are outside of our control necessitated this decision. After the transition has been fully executed, we expect an accretive impact to our earnings. Most importantly, we will have full focus on Butte's globally leading silicon gases business. We will work towards executing more investment and product opportunities available due to that leading position as well as the tailwinds the Chips, IRA and Infrastructure Acts are providing,” said Kurt Levens, CEO.

The short and mid-term increased electricity pricing in the region is not expected to abate and will not allow for profitable operations in the polysilicon business line. The company took short-term mitigative measures that included electricity hedging, optimized production, and increased sales prices. These efforts minimized the losses in the short-term, however, the decision taken is primarily about the mid to long-term viability of a very power-intensive polysilicon process located in a high electricity cost region, particularly relative to alternative manufacturers and regions. In keeping with our long relationships and significant continuing presence in the Semiconductor materials supply chain, REC Silicon will execute the shutdown in a manner that balances the best interests of all stakeholders and previous commitments.

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About Us

REC Silicon is a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gas to the solar and electronics industries worldwide. We combine over 30 years of experience and proprietary technology with the needs of our customers, with annual production capacity of more than 20,000 MT of polysilicon from our two US-based manufacturing plants. Listed on the Oslo Stock Exchange (ticker: RECSI), the Company is headquartered in Lysaker, Norway.

For more information, go to: www.recsilicon.com

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Attachments

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