TOWERJAZZ

The Global Specialty Foundry Leader

Driving Value Creation

May 2018

TowerJazz: The Global Specialty Foundry Leader | Full Circle Value Creation

Proven Analog Business Model

Fastest growing foundry in the world with proportional growth in all financial metrics

Technology Leadership

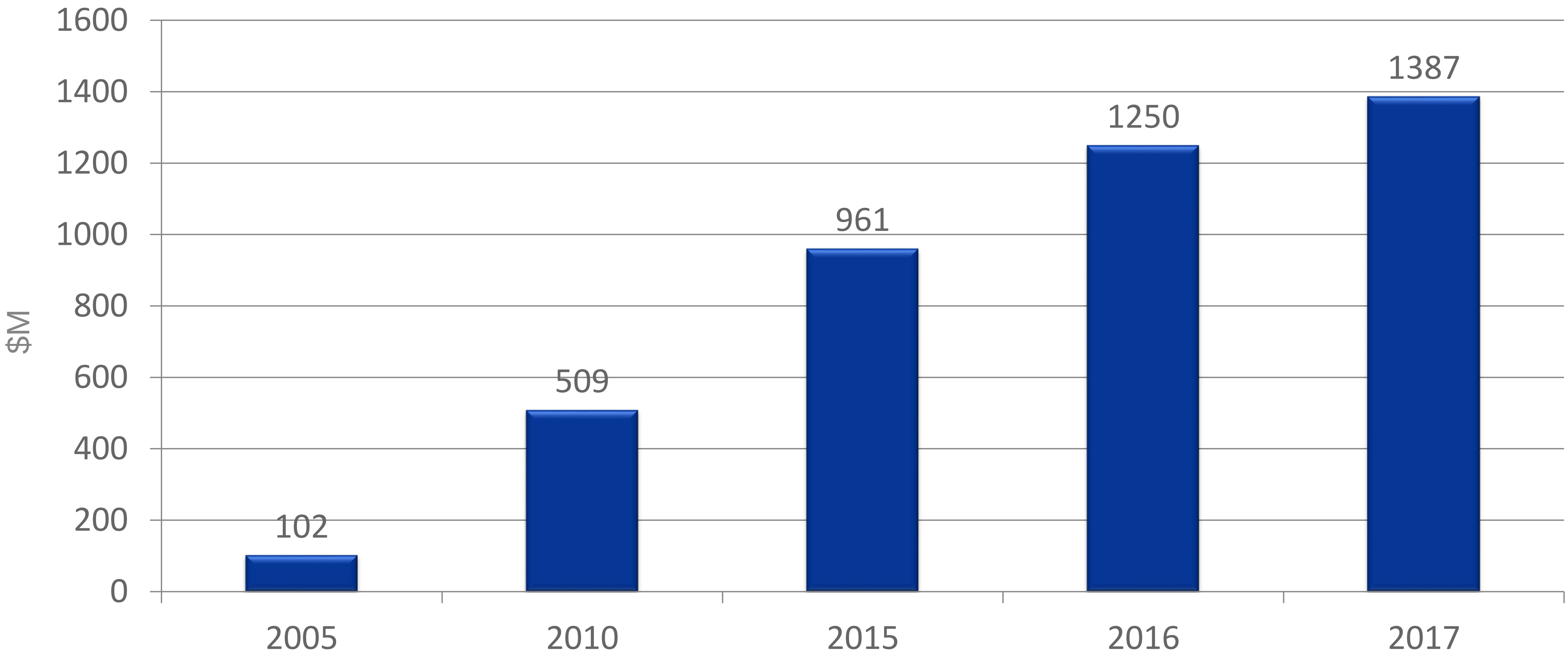
Differentiated specialty analog semiconductor technology

Market Leadership

Tier 1 customers with long term roadmap alignment in growth markets

Strong Market Support

Annual Revenues



Foundry Landscape

($M)	2005		2010		2015		2017		2017/16 Change	Accumulated Change
	TSMC	8,217	TSMC	13,307	TSMC	26,439	TSMC	32,040	8.8%	290%
	UMC	3,259	UMC	3,965	GF	4,990	GF	5,407	8.2%	378%*
	SMIC	1,171	GF	3,510	UMC	4,464	UMC	4,898	6.8%	50%
	PowerChip	1,587	PowerChip	2,424	SMIC	2,222	SMIC	3,099	6.3%	165%
	Chartered	1,132	SMIC	1,555	PowerChip	1,268	**TowerJazz**	**1,385**	**11.1%**	**1258%**
	Vanguard	353	**TowerJazz**	**509**	**TowerJazz**	**961**	Powerchip	1,035**	18.9%	(35%)**
	Dongbu	347	Vanguard	505	Vanguard	736	Vanguard	817	2.1%	131%
	HHNEC	313	Dongbu	495	Hua Hong	650	Hua Hong	807	12%	158%
	SSMC	280	SSMC	330	Dongbu	585	Dongbu	676	1.5%	95%
	He Jian	250	X-Fab	320	SSMC	460	X-Fab	578	13%	179%
	Tower	**102**								

Digital Deep Sub Micron

Specialty Analog

Highest Growth Foundry

Source: IC Insights, EE Times, TrendForce, Company Reports

** Compared to Chartered 2005 | ** Reported foundry business only, growth is against 2005 Powerchip revenue*

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Analog vs. Digital : Main Differences

	Digital Moore's Law Foundries	*Specialty Analog Foundries*
Capacity CapEx	**High**	**Low**
Technology CapEx	**High**	**Low**
Product Lifetime	**Short**	**Long**
Customer Engagement	**Typically multi-source**	**Sole or limited source**
Technology Differentiation	**At leading edge only**	**Across process technologies**
Segment Sizes	**Large**	**High value specialty through mid-size**
Process Technologies	**CMOS**	**CIS, SiGe, BCD, BiCMOS, MEMS**
Technology Nodes	**65nm-7nm**	**350nm-65nm – SPECIALTY**
	High speed data crunching and storage	Real world interfacing to digital world

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High Quality and Flexibility of Worldwide Manufacturing Capabilities

Over 2.3 million wafers per year!

Migdal HaEmek, Israel

- 6”, 150mm
- CMOS, CIS, Power, Discrete
- 1µm to 0.35µm

Migdal HaEmek, Israel

- 8”, 200mm
- CMOS, CIS, Power, Discrete, MEMS, RF SOI
- 0.18µm to 0.13µm Cu

Newport Beach, USA

- 8”, 200mm
- SiGe, MEMS, RF SOI
- 0.5µm to 0.13µm
- Al and Cu

San Antonio, USA

- 8" (200mm)
- Power, RF SOI
- 0.18µm
- Al BEOL

Tonami, Japan

- 8”, 200mm
- Power, Discrete, NVM, CCD
- 0.35µm to 0.15µm

Arai, Japan

- 8”, 200mm
- Analog, CIS
- 0.13µm to 0.11µm
- Thick Cu RDL

Uozu, Japan

- 12”, 300mm
- CMOS, CIS, RF SOI
- 65nm to 45nm

Nanjing, China

Announced agreement with Tacoma
20K wpm future capacity

Major technology is cross qualified at multiple sites for flexibility

2018 First Quarter Financial Results Highlights

- Revenues of $313 million resulted in EBITDA of $84 million and net profit of $26 million
  - Forecast second quarter revenue growth of 7% sequentially, with a mid-range guidance of $335 million
  - Target continued quarter over quarter growth throughout 2018
  - Target 4th quarter to demonstrate over 25% organic BU growth against 1st quarter with commensurate bottom line achievements
- Cash from operations of $75 million and free cash flow of $35 million
- Record net cash of $247 million
- Record Shareholders equity of $1.07 billion
- Received upgraded S&P rating from "ilA+ stable" to "ilAA- stable"

Market MEGATRENDS
Resulting in rapid growth in Specialty Analog applications

GREEN EVERYTHING
Energy Efficiency

~30% of Revenues

WIRELESS EVERYTHING
Seamless Connectivity

~29% of Revenues

SMART EVERYTHING
Embedded Systems

~15% of Revenues

Specialty Analog Technologies

Power

RF and HPA

Sensors

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RF HPA Enabled Markets and Technology

Wireless Front-Ends

SiGe and RF SOI

Wireline Optical and mmWave

HP SiGe and Si Photonics

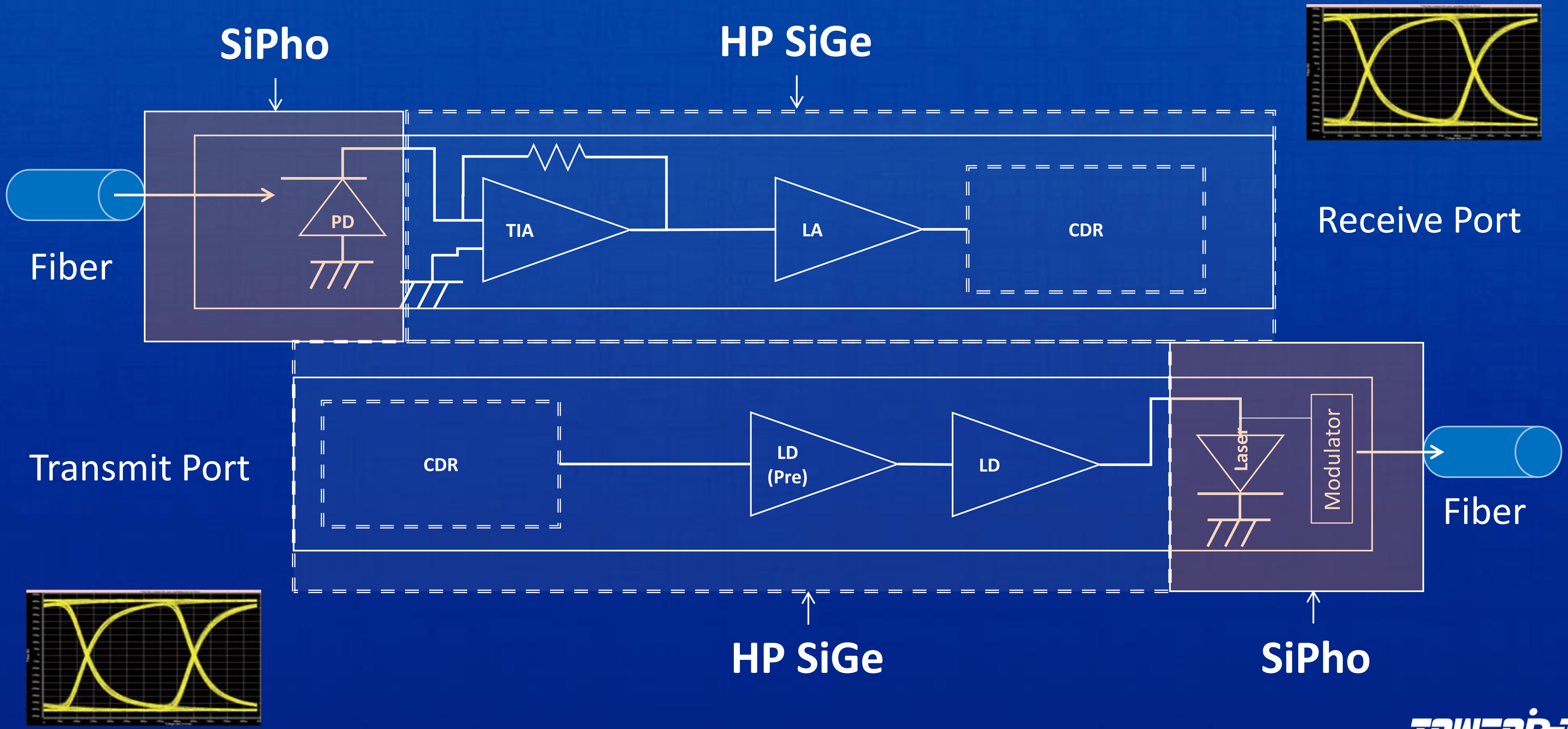
TowerJazz Announces its SiGe Terabit Platform Enabling High Speed Wireline Communications

MIGDAL HA'EMEK, Israel and NEWPORT BEACH, Calif., April 5, 2016—TowerJazz, the global specialty foundry leader, today announced its SiGe Terabit Platform targeting high-speed wireline communications for the terabit age. Wireline data traffic is increasing dramatically, with traffic at Google famously increasing by 50 times over the last six to seven years, or at 75 percent per year. Estimates vary, but experts agree on double digit CAGRs and a 2020 market for high speed optical components in excess of $9 billion. TowerJazz addresses this market through a family of customized foundry silicon-germanium (SiGe) BiCMOS technologies and is today announcing availability of its highest performance process to date: S4.

TowerJazz customers include the who's-who for components that carry the world's high-speed data traffic:

BROADCOM MACOM SEMTECH Inphi Think fast.

Optical Fiber Components Enabled by TowerJazz HP SiGe and Si Photonics



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TowerJazz Addressed CIS Markets

Automotive

ADAS and Autonomous driving

Industrial / Machine Vision

2D barcode reader
Traffic control
Industrial QA
Food automation

Medical

Intra-oral
Extra Oral
Mammography
Surgery
C-Arm and Flouro

High end photography and Cinematography

Cinematography
High end DSLR
Mirror less (ILC)

3D, Gesture control, AR/VR

Gesture control
Augmented Reality
Virtual Reality

Security

City safety
Borders camera
House safety

Automotive, Industrial, Security and Medical Total CIS Content Expected to Double 2016 to 2020*

*Source: Yole 2015 Report

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Power IC Markets and Technology

Modular platform provides:

- IP re-use across many products
- Time to market
- Low development cost

Low Rdson provides:

- Smaller dies size (lower cost)
- Longer battery life
- Less heat

Latest: 300mm 65nm Low Voltage Platform

Power Discrete Market: Most Trusted TOPS Business Model

Transfer
Optimization
and Development
Process
Services

Transferring customer process flows to and from TowerJazz fabs

Researching and developing new processes with our customers

Culture of IP Security

Highly experienced and professional transfer and development team

Established methodologies

Capabilities to run and manage different transfers in parallel

Discrete Power Market >$13B in 2017

Today building devices for Tier 1 customers with several billions of units shipped in 2017

Our business helped by industry consolidation and fab closures

Automotive Market Focus

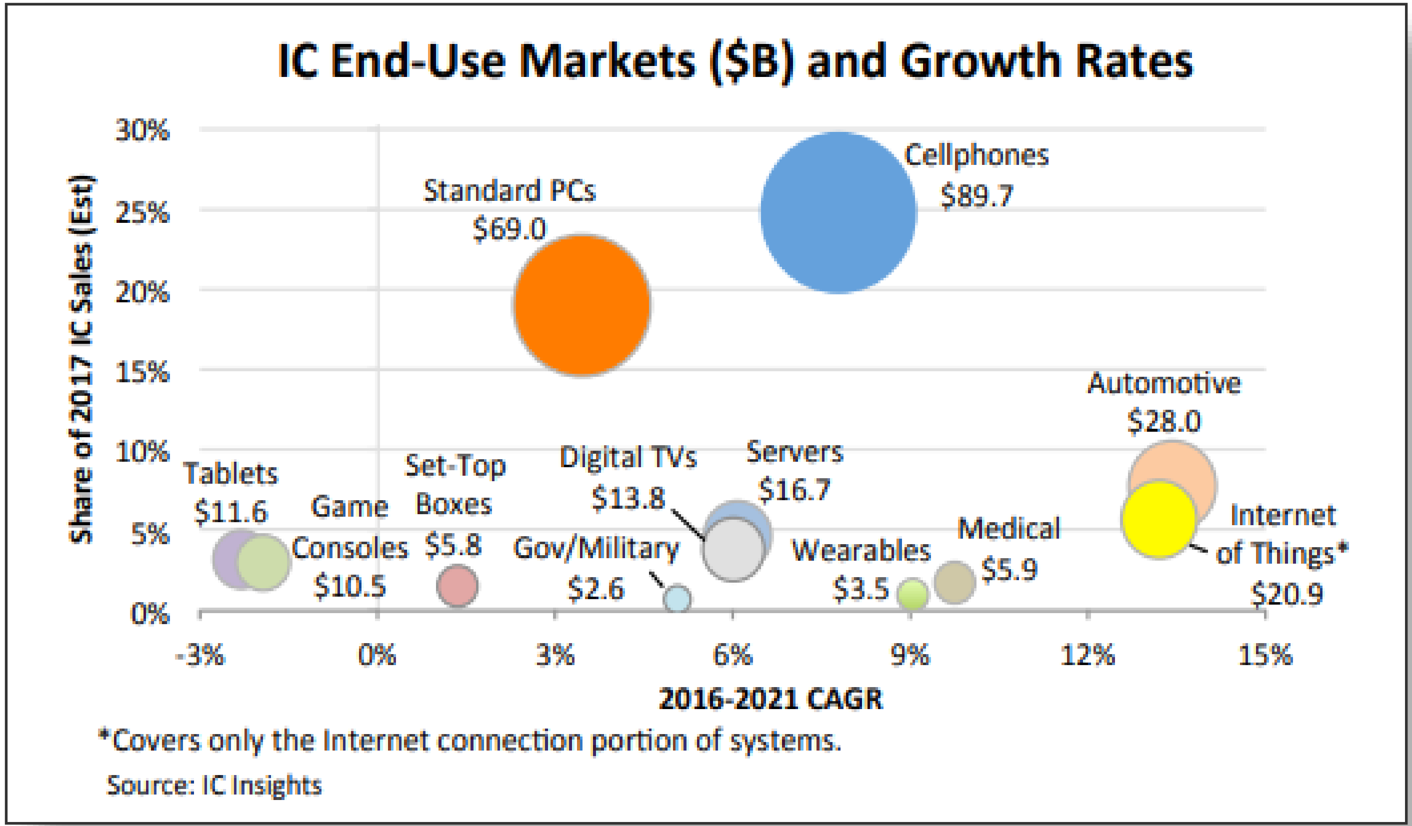
- Automotive is the **fastest growing** and the **third largest** end-use IC market

- Nearly **70%** of Automotive IC content is **Analog** well **aligned to TowerJazz** Specialty Analog technologies

Power for EV/Hybrid battery management

RF for connectivity and Radar (Example: Denso/Toyota partnership announced)

Sensors for ADAS (Example: FLIR IR night vision partnership announced)



Partnerships and M&A Strategy

- **Increase Served Market and Technology Offering**
  - Acquire new technologies w/ established customer base
  - Acquire new technologies which serves existing base
  - Acquire existing foundry (manufacturing and business)
  - Green field predominantly funded by partners

- **Increase Operational Capacity and Flexibility**
  - Acquiring capacity at substantial lower cost than organic growth coupled with long-term supply agreement
  - Green field predominantly funded by partners

Increased technology offerings/ Geographic representation

Capacity

Target Acquisitions

High end technology outside of present portfolio	Low cost, regional focused capacity expansion	Under valued high revenue asset acquisition

End Market Diversification – Top Customers

	Power	Radio Frequency / High Performance Analog		CMOS Image Sensors	Others (A&D, Mixed-Signal, Sensors, Embedded Memory, ESD etc.)
	30%	21% mobile	8% Infrastructure	15%	26%
Customer 1	✓	✓	✓	✓	✓
Customer 2		✓	✓		
Customer 3	✓		✓		✓
Customer 4	✓				
Customer 5		✓	✓		✓
Customer 6	✓			✓	✓
Customer 7	✓		✓		✓
Customer 8		✓	✓		
Customer 9					✓
Customer 10				✓	
Customer 11-15	✓	✓	✓	✓	✓

Top 20 semi manufacturers by revenue

2016 Rank	2015 Rank	Company	Headquarters /Ownership	2015 Tot IC	2015 Tot O-S-D	2015 Tot Semi	2016 Tot IC	2016 Tot O-S-D	2016 Tot Semi	2016/2015 % Change
1	1	Intel (3)	U.S.	52,144	0	52,144	56,313	0	56,313	8%
2	2	Samsung	South Korea	39,831	2,212	42,043	40,835	2,700	43,535	4%
3	3	TSMC (1)	Taiwan	26,574	0	26,574	29,488	0	29,488	11%
4	5	Qualcomm (2,3)	U.S.	16,541	0	16,541	15,436	0	15,436	-7%
5	6	Broadcom Ltd. (2,3)	Singapore	13,933	1,250	15,183	13,848	1,370	15,218	0%
6	4	SK Hynix	South Korea	16,195	454	16,649	13,848	410	14,258	-14%
7	7	Micron	U.S.	15,136	0	15,136	13,490	0	13,490	-11%
8	8	TI	U.S.	11,341	771	12,112	11,524	825	12,349	2%
9	10	Toshiba	Japan	8,009	1,420	9,429	9,740	1,030	10,770	14%
10	9	NXP (3)	Europe	8,259	2,304	10,563	7,400	2,098	9,498	-10%
11	11	MediaTek (2,3)	Taiwan	7,360	0	7,360	8,800	0	8,800	20%
12	12	Infineon (3)	Europe	4,156	2,760	6,916	4,369	2,914	7,283	5%
13	13	ST	Europe	5,078	1,786	6,864	5,204	1,740	6,944	1%
14	17	Apple* (2)	U.S.	5,531	0	5,531	6,493	0	6,493	17%
15	14	Sony	Japan	921	5,189	6,110	855	5,516	6,371	4%
16	19	Nvidia (2)	U.S.	4,696	0	4,696	6,340	0	6,340	35%
17	16	Renesas	Japan	4,413	1,269	5,682	4,434	1,245	5,679	0%
18	15	GlobalFoundries (1,3)	U.S.	5,729	0	5,729	5,545	0	5,545	-3%
19	20	SanDisk/WD	U.S.	4,620	0	4,620	5,310	0	5,310	15%
20	18	ON Semi (3)	U.S.	2,114	2,752	4,866	2,108	2,750	4,858	0%

Source: IC Insights

Of the 16 that buy from foundries – we serve 14

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