

TOWERJAZZ

The Global Specialty Foundry Leader



Strategy/ Performance: Leadership Growth

March 2017

Safe Harbor

This presentation contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, statements regarding expected (i) customer demand, (ii) utilization and cross utilization of our Fabs, (iii) growth in our end markets, (iv) market and technology trends, and (v) growth in revenues, cash flow, margins and net profits are all forward-looking statements. Actual results may differ materially from those projected or implied by such forward-looking statements due to various risks and uncertainties applicable to TowerJazz’s business as described in the reports filed by Tower Semiconductor Ltd. (“Tower”) with the Securities and Exchange Commission (the “SEC”) and the Israel Securities Authority (“ISA”), including the risks identified under the heading "Risk Factors" in Tower’s most recent filings on Forms 20-F and 6-K. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on the results of operations or financial condition of TowerJazz.

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TowerJazz: The Global Specialty Foundry Leader | A SNAPSHOT

Proven Analog Business Model

Fastest Growing Foundry in the world with Proportional Growth in All Financial Metrics

Technology Leadership

*Wide Range of
Advanced and
Differentiated
Specialty Analog
Offerings*



Market Leadership

*Well Positioned in the **Fastest Growing Markets** with **Long Term Customer Relationships** and Roadmap Alignment*



Operational Excellence

*Worldwide
Manufacturing
Capabilities and
Flexibility*



FY 2016 Financial Results: A Record Year

Record!

Revenue

\$1.25B

30% YoY growth

Record!

EBITDA

\$367M

48% YoY increase

Record!

Net Profit

\$204M

Compared to a **net loss in 2015**

Record!

EPS (diluted)

\$2.09

Compared to a **loss per share in 2015**

Record!

**Cash from
Operations**

\$327M

68% YoY increase

Record!

Free Cash Flow

\$118M

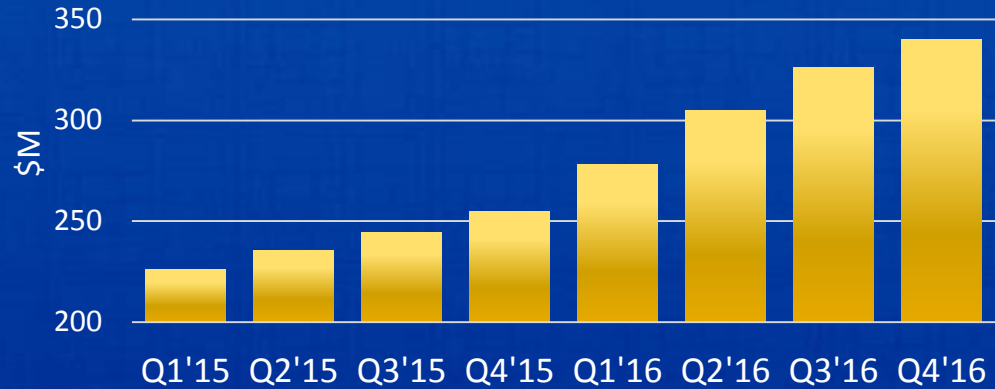
4X YoY

Continuous Quarterly Revenue Growth

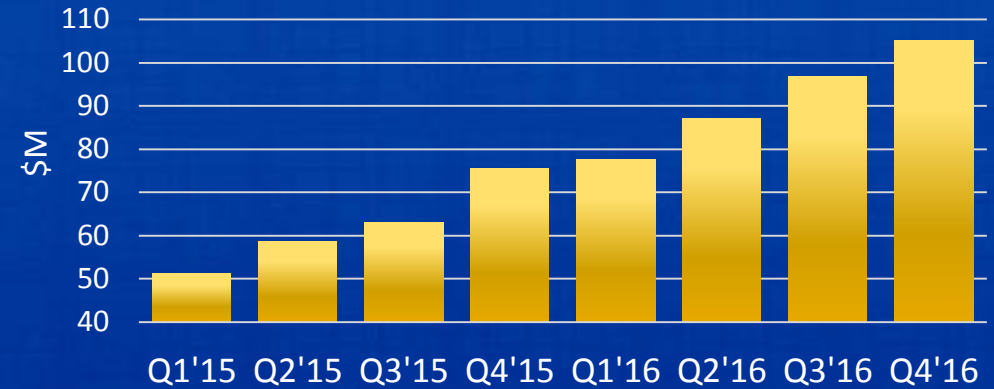


Key Financial Metrics

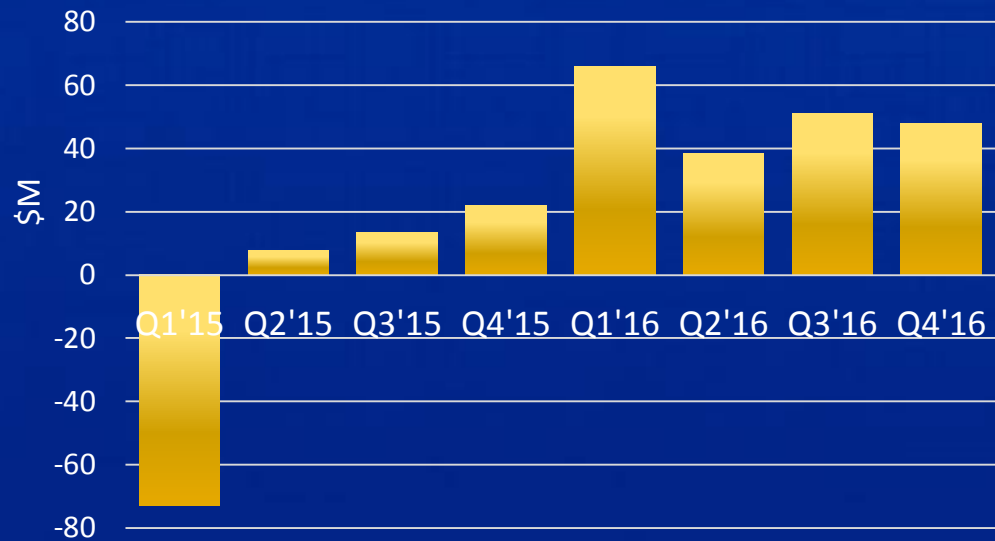
Revenue



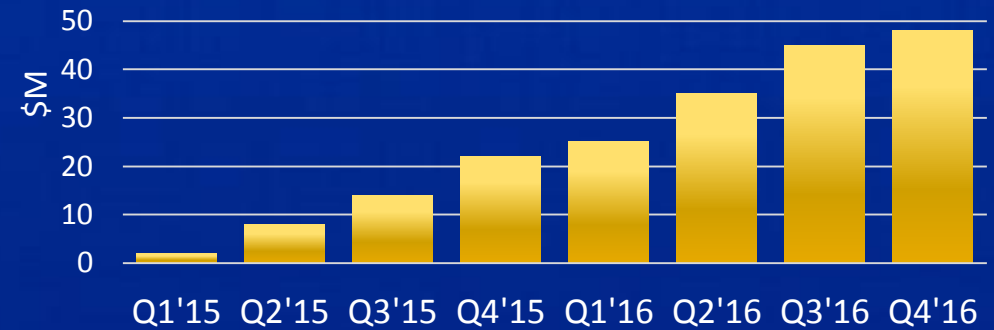
EBITDA



Net Profit



Net Profit (excluding one-time items)



Foundry Landscape

(\$M)	2005		2010		2015		2016		2016/15 Change	Accumulated Change
A	TSMC	8,217	TSMC	13,307	TSMC	26,439	TSMC	29,488	11%	259%
B	UMC	3,259	UMC	3,965	GlobalFoundries	4,990	GlobalFoundries	5,545	10%	390%
C	SMIC	1,171	GlobalFoundries	3,510	UMC	4,464	UMC	4,582	3%	41%
D	PowerChip	1,587	PowerChip	2,424	SMIC	2,222	SMIC	2,921	31%	150%
E	Chartered	1,132	SMIC	1,555	PowerChip	1,268	PowerChip	1,275	1%	-20%
1	Vanguard	353	TowerJazz	509	TowerJazz	961	TowerJazz	1,249	30%	1125%
2	Dongbu	347	Vanguard	505	Vanguard	736	Vanguard	800	9%	127%
3	HHNEC	313	Dongbu	495	Hua Hong Semi	650	Hua Hong Semi	712	10%	127%
4	SSMC	280	SSMC	330	Dongbu HiTek	585	Dongbu HiTek	672	13%	94%
5	He Jian	250	X-Fab	320	SSMC	460	X-Fab	510	54%	146%
11	Tower	102								

Digital Deep Sub Micron

Specialty Analog

The fastest growing foundry in the world

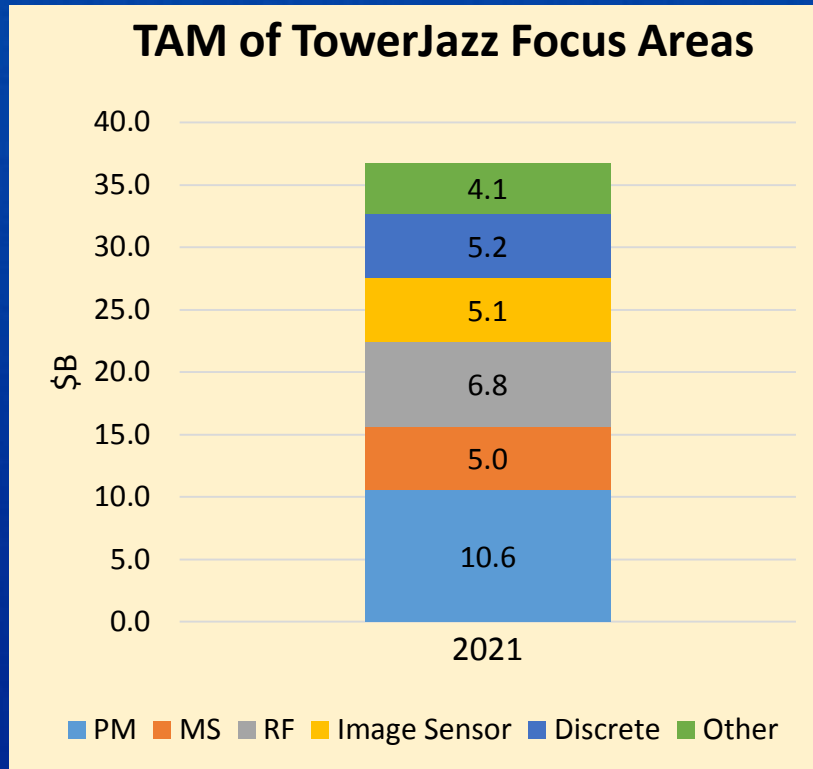
Source: IC Insights, EE Times, Company Reports

Analog vs. Digital : Main Differences

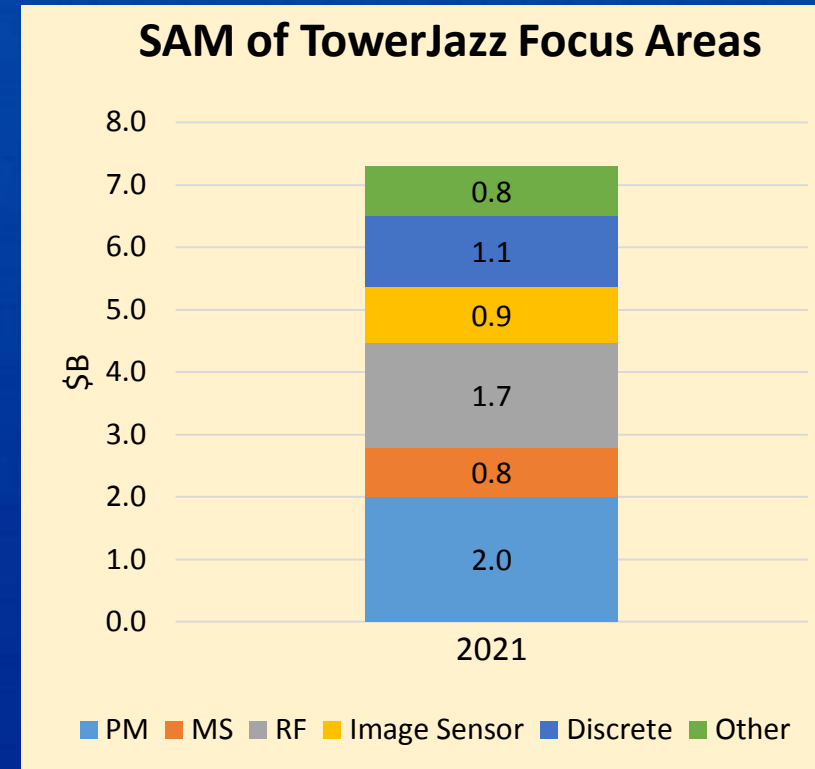
	<i>Digital Moore's Law Foundries</i>	<i>Specialty Analog Foundries</i>
Capacity CapEx	High	Low
Technology CapEx	High	Low
Product Lifetime	Short	Long
Customer Engagement	Typically multi-source	Sole or limited source
Technology Differentiation	At leading edge only	Across process technologies
Segment Sizes	Large	High value specialty through mid-size
Process Technologies	CMOS	CIS, SiGe, BCD, BiCMOS, MEMS
Technology Nodes	65nm-16nm 10nm prototyping	350nm-65nm – SPECIALTY
	High speed data crunching and heavy storage	Real world interfacing to digital world

Our TAM and SAM:

Focus on Analog Power, CIS Imaging and RF End Market Application Viability



Source: 1. World Semiconductor Trade Statistics Organization
2. Internal and IDM data



Our present served applications represent ~\$7.5 billion of wafer based revenues opportunity and a total analog opportunity of ~\$40 billion in 2021

A large and exciting growth opportunity for TowerJazz

Market **MEGATRENDS** driven by Internet of Things

Key megatrends driving rapid growth in Specialty Analog applications



GREEN EVERYTHING
Energy Efficiency

~28% of
Revenues



WIRELESS EVERYTHING
Seamless Connectivity

~30% of
Revenues



SMART EVERYTHING
Embedded Systems

~18% of
Revenues

Specialty Analog Technologies

**Power
Management**

RF and HPA

**Sensors
(Imaging, MEMS)**

End-to-End View of Our RF Markets

Mobile

Smartphones



IoT



Connections at <100 Mbps
Built in RF SOI, SiGe

Infrastructure

Base Stations



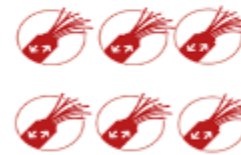
Satellite Links



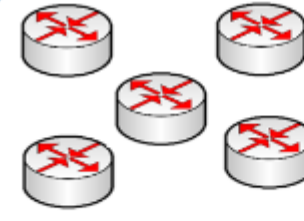
Fiber/Copper



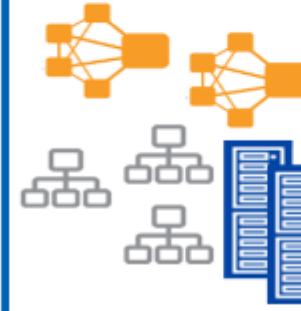
Microwave backhaul



Optical Transport Network



Network Routers



Aggregation Hubs



Data Centers



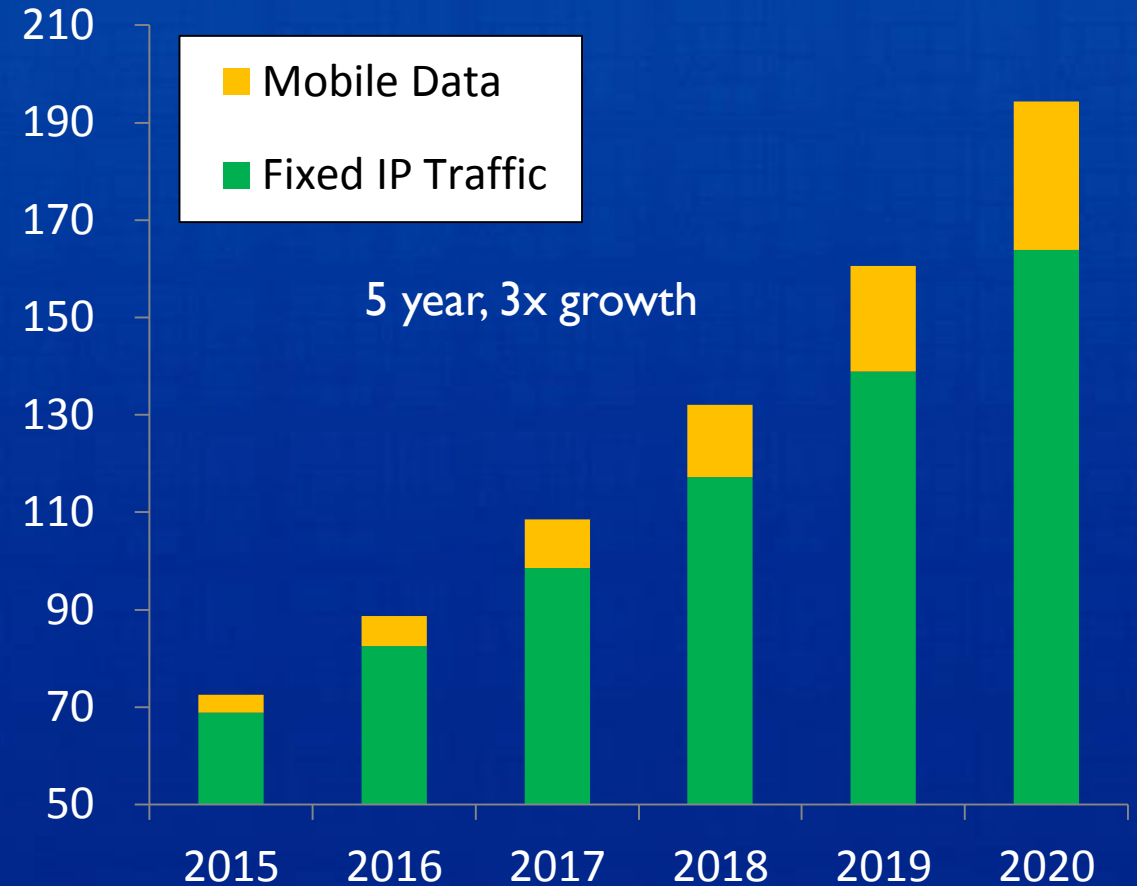
Connections Up to 100 Gbps
Built in High Speed SiGe

Infrastructure: Exploding Data Traffic Driving Analog Content in Infrastructure

- Data Traffic Growth* ('15 to '20)
 - Mobile 53% CAGR
 - Overall 22% CAGR
- Driving need for
 1. Higher data rates
 - High margin, faster network components
 2. More connections
 - Increasing total volume of our served Analog ICs

High volume and margin growth in a market where we enjoy > 60% share

Global Monthly Data Traffic in Billions of GBytes



* Source: CISCO VNI, 2016

CIS market segments and trends

Automotive



**ADAS and
Autonomous
driving**

Industrial / Machine Vision



**IoT and food
automation**

Medical



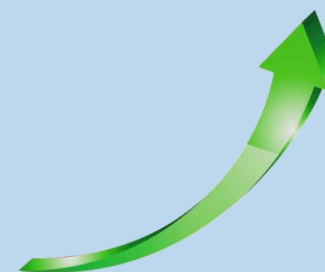
Technology shift

High end photography and Cinematography



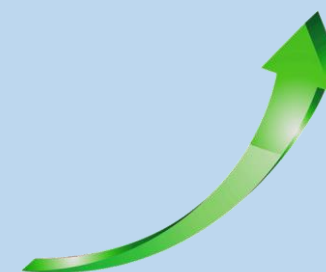
**Market share
increase**

3D, Gesture control, AR/VR



**Disruptive new
market**

Security



IoT

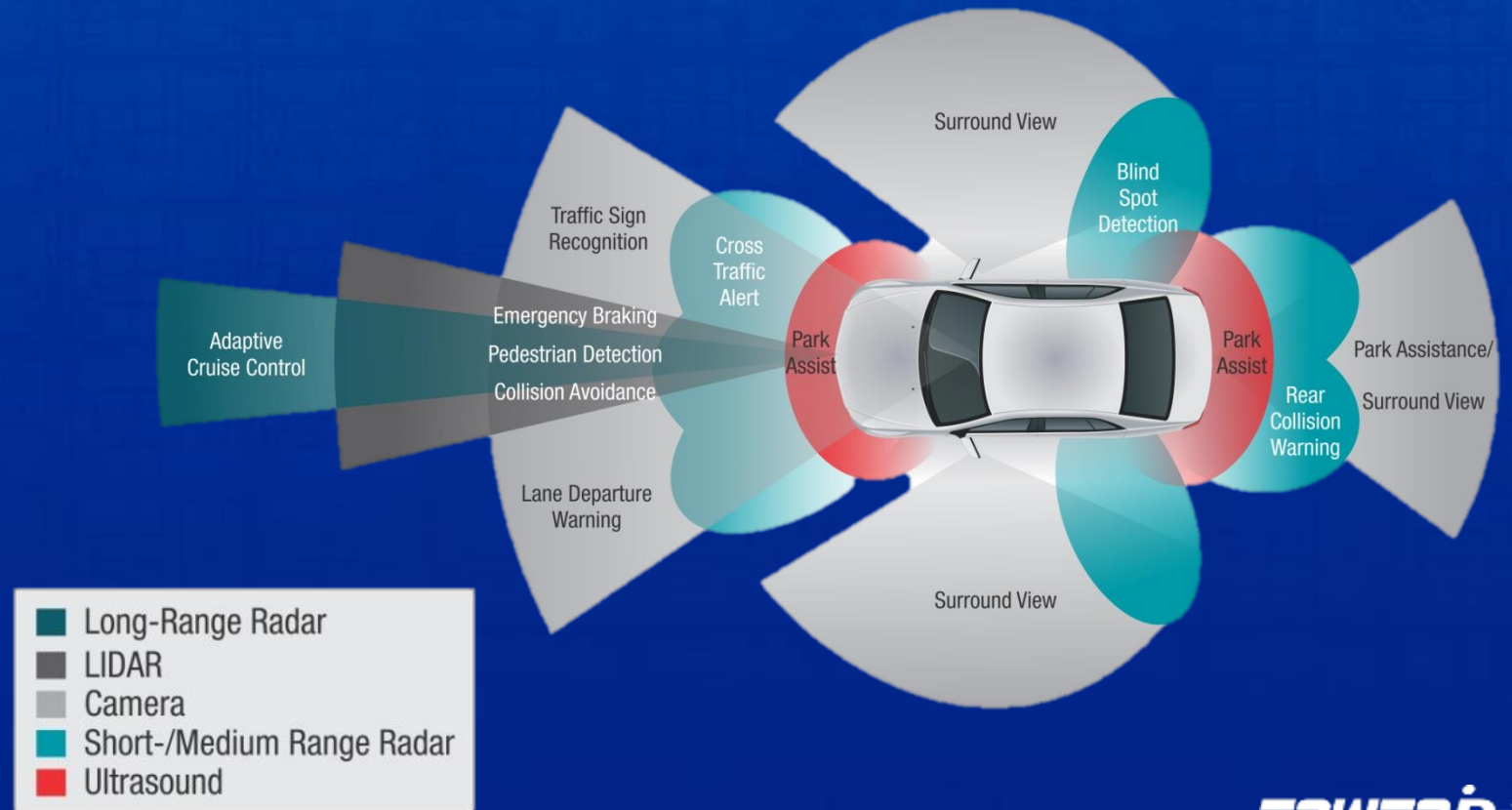
Fast growing markets – Automotive (RF and CIS)

Advanced Driver Assistance Systems (ADAS) and Autonomous Driving systems

- 360° coverage
- 6-8 cameras per car
- VGA moving to HD
- High Dynamic Range (HDR)
- Near IR vision
- LIDAR



“The global autonomous car market is expected to witness a CAGR of over 10% through 2035” (Markets and Markets)



Power Management Growing Markets

Power Management ICs are needed in every electronic system to efficiently deliver the required voltages and currents while reducing the drain on the power grid and maximizing battery life



Leading the Foundry Arena with High-Performance Power Management Platforms

End Market Diversification – Top Customers

	Power	Radio Frequency / High Performance Analog		CMOS Image Sensors	Others (A&D, Mixed-Signal, Sensors, Embedded Memory, ESD etc.)
	~28%	~22% mobile	~8% Infrastructure	~18%	~25%
Customer 1	✓	✓	✓	✓	✓
Customer 2		✓	✓		
Customer 3	✓		✓		✓
Customer 4	✓				
Customer 5		✓	✓		✓
Customer 6		✓	✓		
Customer 7	✓			✓	✓
Customer 8	✓		✓		✓
Customer 9					✓
Customer 10	✓				
Customer 11-15	✓		✓	✓	✓

Revenue Build



Global Footprint



Strategy Behind M&As

1. Increase Served Market

- Acquire new technologies w/ established customer base
- Acquire new technologies which serves existing base

2. Increase Operational Capacity

- Acquiring capacity at substantial lower cost than organic growth

3. Create Geographic Alignment

- Improved customer alignment through local manufacturing (e.g. JDP execution)
- Operational optimization and reduced customer risk through flow cross qualification

TowerJazz M&A Model for Advanced Analog Capacity at Minimal Cost and Minimal Risk

- Acquire existing factories from system or device maker companies with
 - Long term loading agreements to cover first multiple years running costs
 - Available capacity for incremental business from day one
 - Employee base and expertise within our defined strategic core analog capabilities

TowerJazz Announces Completion and Kick-off of its Joint Venture with Panasonic Corporation

Joint Venture to include three Semiconductor Factories in Japan, Manufacturing of Panasonic and Additional Products

April 1, 2014

TowerJazz Completes Acquisition of Maxim's Fabrication Facility in San Antonio, Texas

Acquisition to expand TowerJazz's worldwide manufacturing capacity and capabilities; Supporting Company's excess customer demand

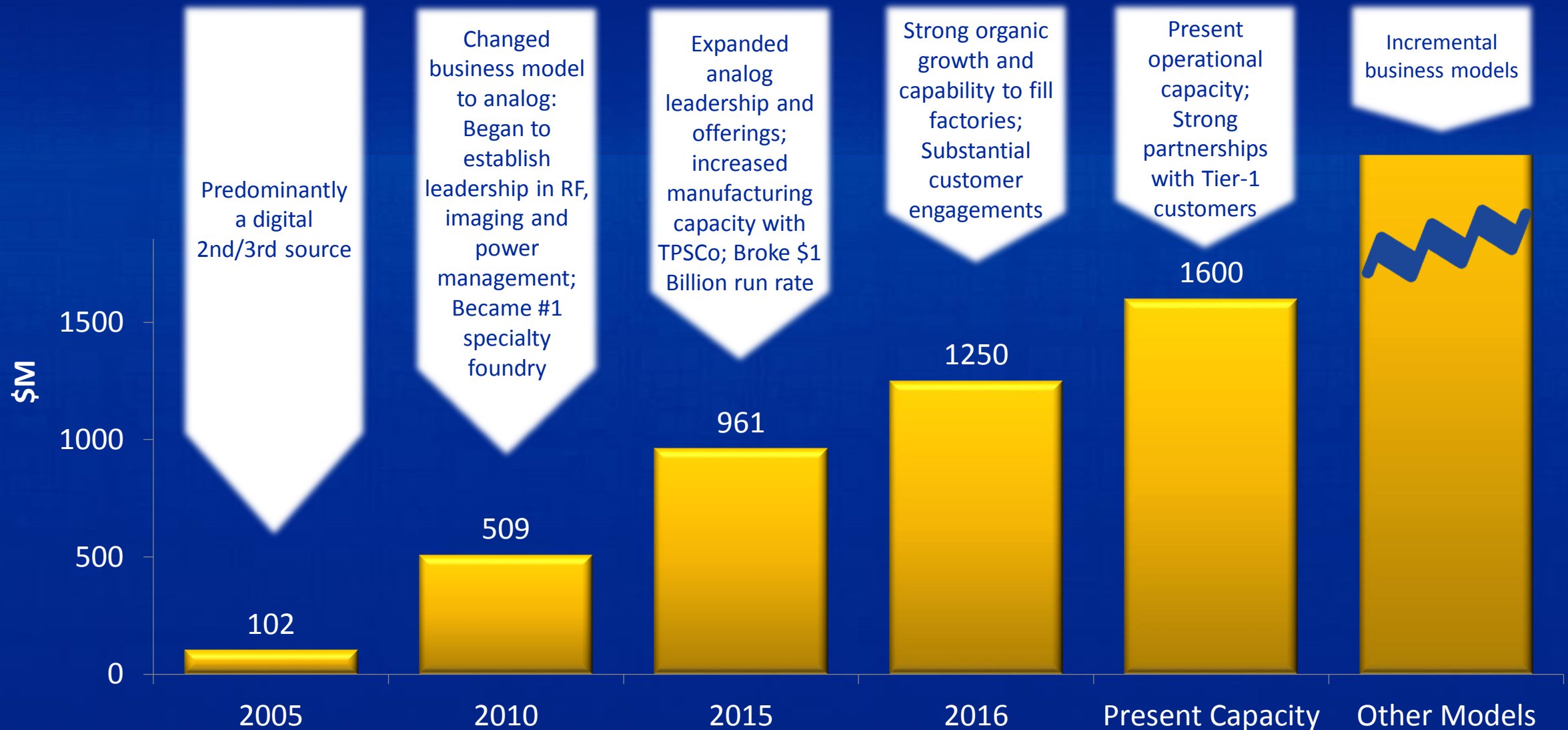
February 2, 2016

Industry Consolidations

- To date, the major consolidations have opened up greater opportunities for us because we were a trusted supplier of either the acquiring or the acquired company or both
- Examples of consolidations with TowerJazz press released relationships (there are additional):



Summary: Major Company Milestones



Where We Are Going

Continuing Company's proven successful business model driving **analog leadership** with **low cost capacity expansion** resulting in **growing revenue** (35% CAGR since 2013) with **proportional growth in margins, profit and free cash flow**, focusing on **shareholder value**.

TOWERjazz
www.towerjazz.com