



The Global Specialty Foundry Leader

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Company Overview

June 2015

Disclaimers

Forward Looking Statements

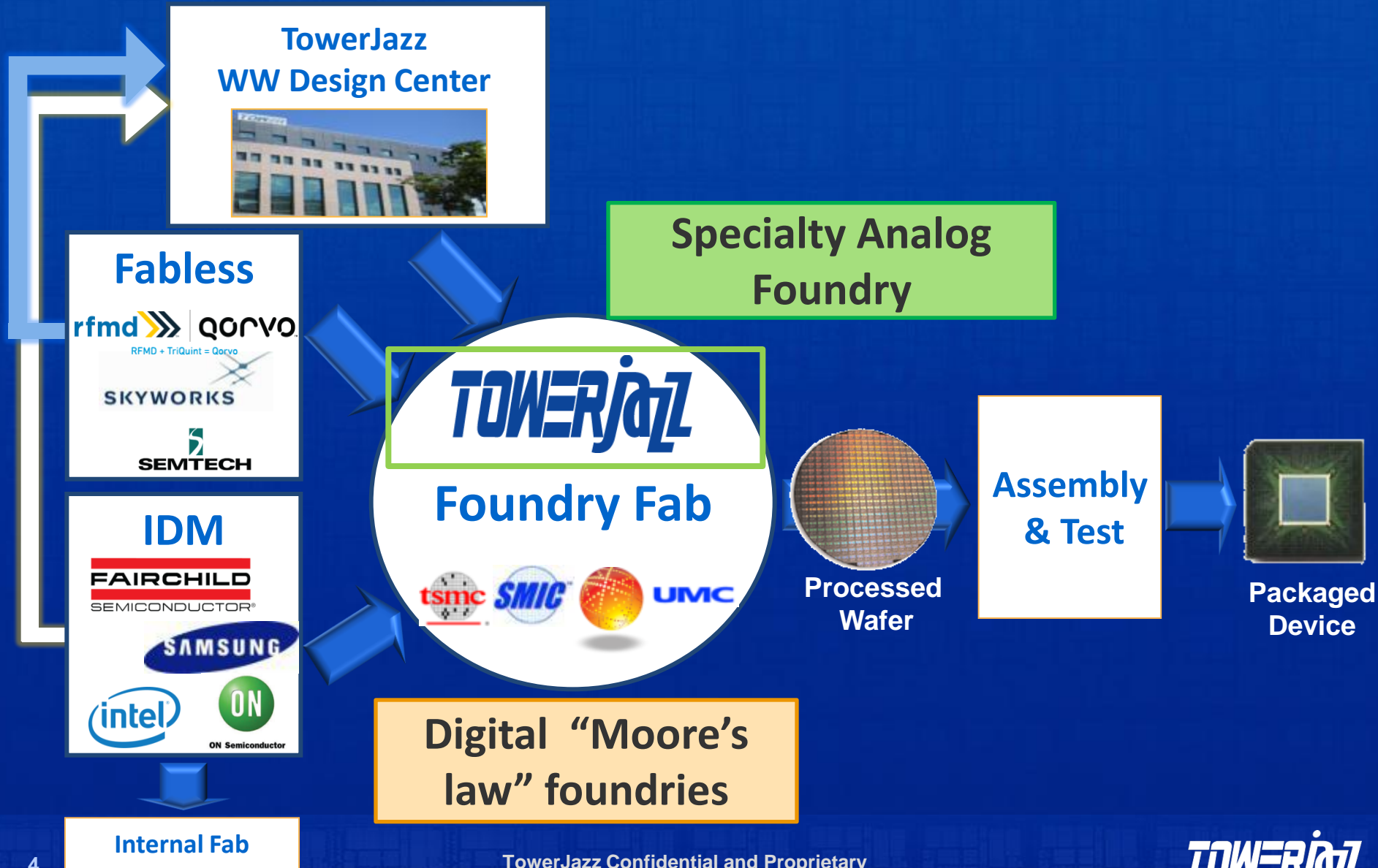
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TOWERjazz

WHAT DO WE DO

What Do We Do? Pure Play Foundry



What Do We Do? Pure Play Foundry



TOWERjazz

GLOBAL
FOOTPRINT

Global Footprint



> 2 million wafers per year (8" equivalent) and growing

All major flows are multi region qualified

Operations Overview

TOWERJAZZ



Midgal HaEmek, Israel

6", 150mm, 16K w/m (8" equiv.)
CMOS, CIS, Power,
Discrete
1 μ m to 0.35 μ m
Planarized BEOL, W and
Oxide CMP



Midgal HaEmek, Israel

8", 200mm, 43K w/m
CMOS, CIS, Power,
Discrete, MEMS
0.18 μ m to 0.13 μ m
Cu and Al BEOL
EPI, 193nm Scanner



Newport Beach, USA

8", 200mm, 24K w/m
CMOS, CIS, MEMS, RF
Analog
0.5 μ m to 0.13 μ m
Al BEOL
SiGe, EPI

TPSCo



Arai, Japan

8", 200mm, 14K w/m
Analog, CIS
0.13 μ m to 0.11 μ m
Thick Cu RDL



Tonami, Japan

8", 200mm, 51K w/m
Power Discrete, NVM, CCD
0.35 μ m to 0.15 μ m



Uozu, Japan

12", 300mm, 20K w/m (8" equiv.)
CMOS, CIS, RF
65nm to 45nm

FINANCIALS

Annual Revenues — 2005–2015*



* Annualized based on Q2'15 mid-range guidance

Competitive landscape – McClean Report (04.2015)

The fastest growing foundry in the world 2014/13

Leading Pure-Play Foundry Companies

2014 Rank	2013 Rank	Company (Headquarters)	2012 Sales (\$M)	12/11 % Change	2012 Share of Total	2013 Sales (\$M)	13/12 % Change	2013 Share of Total	2014 Sales (\$M)	14/13 % Change	2014 Share of Total
1	1	TSMC (Taiwan)	16,951	19%	55%	19,935	18%	56%	24,976	25%	59%
2	2	GlobalFoundries (U.S.)	4,013	26%	13%	4,122	3%	12%	4,355	6%	10%
3	3	UMC Group (Taiwan)	3,730	-1%	12%	3,959	6%	11%	4,350	10%	10%
4	4	SMIC (China) ¹	1,542	17%	5%	1,962	27%	5%	1,970	0%	5%
5	5	Powerchip (Taiwan) ²	0	N/A	0%	1,182	N/A	3%	1,282	8%	3%
6	8	TowerJazz (Israel)	639	5%	2%	505	-21%	1%	828	64%	2%
7	6	Vanguard (Taiwan)	582	12%	2%	713	23%	2%	790	11%	2%
8	7	Hua Hong Semi (China) ³	572	N/A	2%	585	2%	2%	685	17%	2%
9	9	Dongbu HiTek (S. Korea) ⁴	526	5%	2%	452	-14%	1%	541	20%	1%
10	12	X-Fab (Europe)	259	-7%	<1%	290	12%	<1%	330	14%	<1%

2015 Forward Looking

- In FY 2014 release we stated an expectation of:
 - Quarter over quarter growth throughout 2015
 - Annual revenue run rate of \$1 billion in Q4'15
 - Non-GAAP gross margin target increase to 40% in Q4'15 (as compared to 27% post TPSCo creation)
 - 2017 non-GAAP gross margin target hitting 50%

Revenues

\$226 million

up 71% year over year

■ Strong revenue growth and margins

- Revenues of \$226 million, up 71% year over year, including 33% organic growth (non-Micron and non-Panasonic);
- Organic top 10 customers' revenue growth of approximately 31% year-over-year;
- Record design wins for the first quarter and masks entering the factories, with masks' growth of 37% year-over-year and 45% including TPSCo 3rd party business.

■ Q2 2015 Revenue Guidance

- Mid range guidance of \$235 million
 - Targeting quarter over quarter growth throughout the year

Financial Highlights | Q1 2015 (cont.)

- **EBITDA** of \$51 million, 86% higher than the first quarter of 2014
- Recorded \$81 million non-GAAP gross profit, reflecting 36% margins and an 81% year over year improvement . Targeting 40% by Q4'15.
- Non-GAAP net income of \$50 million, 2.5x times vs. Q1'14
- Strong **balance sheet** financial ratios and record shareholders' equity of \$292 million, with 49% increase quarter over quarter
- Net debt reduction to \$162 million vs. \$406M as of March 31, 2014 with present net debt to EBITDA ratio of 0.8X
- Cash on hand as of March 31, 2015 of \$134M

Customer Masks Entering Our Foundries

(new products entering the fabs)

Strong Organic Growth Indicator



CORE TOWERJAZZ
ANALOG SPECIALTY OFFERINGS

Specialty Technology Leader



RF and HPA



**Power
Management**



CIS



**Mixed-Signal
CMOS**



**Aerospace
& Defense**



TOPS

RF HPA Growth Driver: Our Solutions



Wireless Infrastructure

SiGe BiCMOS and RF CMOS

- Mature technologies for high reliability
- Wide range of options for integration
- Design Enablement fast time-to-market



Smartphones and Tablets

RF Front-End Technology: SOI/SiGe PA

- SOI for Antenna Switch
- SiGe Power Amplifier
- SOI/MEMS Antenna Tuning



High Speed Data Distribution

High Performance SiGe

- Strong market presence
- Best SiGe performance
- Strong roadmap for SiGe and Photonics



Internet-of-things

Sensor, WiFi, and Analog Technology

- WiFi Front-End Module
- C-BiCMOS for Analog
- MEMS for Sensors

Power Markets: Our Solutions



Flat Panel TV / Display / Audio

Driving the need for power components

- 0.35μm modular BCD
- Low Rdson for small die
- Design Enablement fast time-to-market



Automotive & Communication

Driving the need for more integrated PMICs

- Feature-rich 0.18μm modular BCD
- Embedded NVM (no mask adder)
- High digital density



LED Lighting

Replacing commercial lighting

- 700V production technology
- Low mask count for cost-sensitive market
- Extensions to 900V to cover all standards



Industrial & Infrastructure

Growing the motor-driver market

- High-side 700V platform
- Gate driver for IGBT
- Will mirror growth of IGBT / Motor Drivers

Specialty CIS Growth Markets: Our Solutions



Professional Photography

- Best in class pixels
- Low dark current
- Accurate stitching



X-Ray

- Excellent flexible pixels
- Stitching for 1 DPW
- Very high yields



Industrial

- Special fast pixels
- Unique features: Bathtub
- Network of leading customers

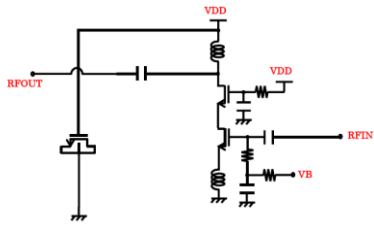


Automotive & 3D



- Unique near IR sensitive pixels
- High QE
- Very fast pixels
- High DR

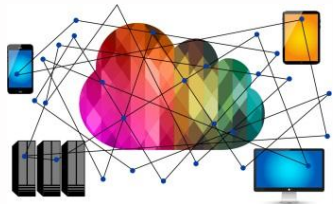
Digital, Mixed-Signal and RFCMOS



CMOS Technology

Digital, MS/CMOS and RFCMOS

- 0.18um, 0.16/0.152, 0.13, 0.11, 65nm, 45nm nodes, GP, LP processes, multi-fab
- Timing controllers, RF transceivers, WiFi/WiMax and 110Ghz automotive radar
- Best in class EDA, large IP portfolio



Internet of Things

Low-Power solutions

- Large device list, dedicated Low-leakage devices for max performance of high-precision analog/RF
- Large IP List, dedicated IPs for low dynamic power, low stdby currents



Display Driver IC

HVCMOS Solutions for LCDs and Automotive

- Core of 1.8V or 3.3V, HV modules of 9~20V
- Scaled cost effective process
- Isolation modules, HV Analog modules
- Customization and flexibility



Automotive

Best standards of Quality and reliability

- Technologies of 0.6um ~ 45nm, Multi-fabs
- >10years, hundreds of products in the field
- State-of-the-art Zero defect methodology

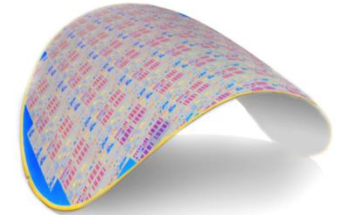
We are capable.

- Best in class technology transfer teams
- Focused, experienced professionals
- Know-how in diverse technologies



We are flexible.

- Adapting business models and production flows to customer requirements



We secure your IP.

- TowerJazz is ISO27001 certified
- We foster a culture of trust and respect for customer IP



We use established methodologies.

Transfers typically achieve higher yields than the 'parent' fab.

- Copy smart to use existing toolset
- Use internal library of recipes
- Copy exact where necessary

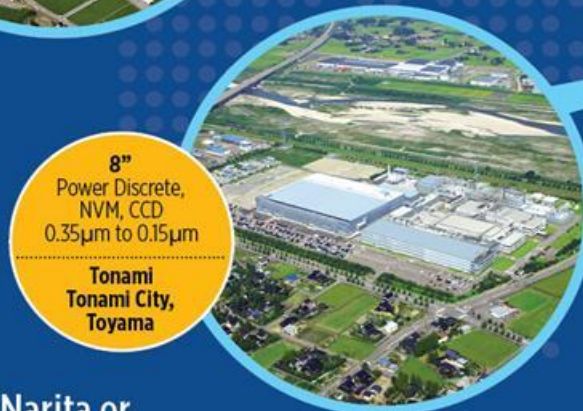




A Revolutionary Foundry Concept



TowerJazz Panasonic Locations



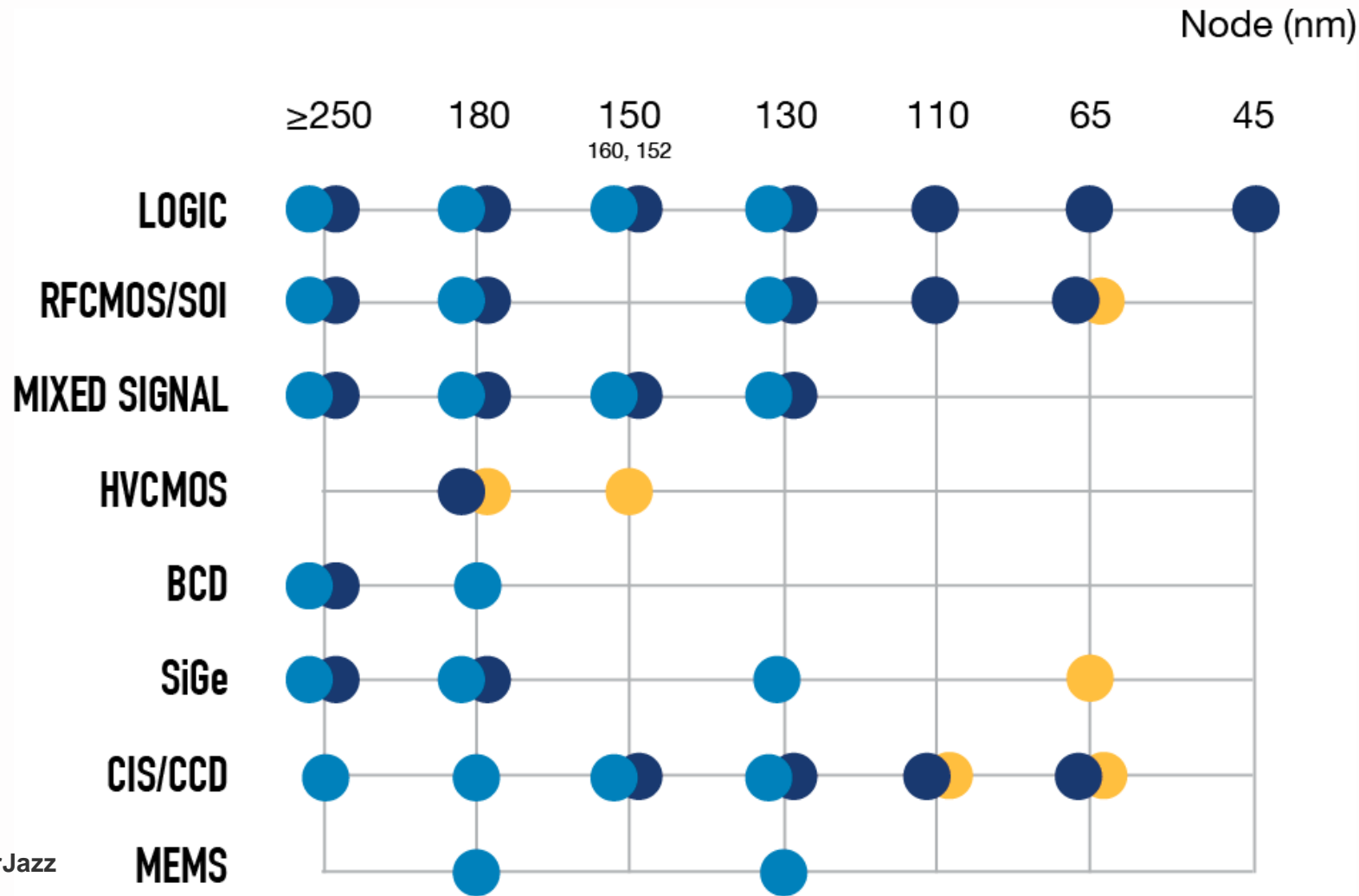
Access:



- ~ 2.5 hours by bus/flight from Tokyo Narita or,
- ~ 3.0 hours by train/Shinkansen from Tokyo Narita, or,
(The Hokuriku Shinkansen will start in March 14, 2015)
- ~ 4.5 hours by train from Osaka Kansai Airport

- TowerJazz to hold 51% of the TowerJazz Panasonic Semiconductor Company (TPSCo)
- Provides TowerJazz with incremental annual revenues of approximately \$400 million, can vary quarterly from approximately \$90-105 million (Forex @100Yen/\$)
- Substantial capacity for additional foundry business growth -- added available capacity of about 1 million wafers per year (8 inch equivalent) in three manufacturing facilities in Japan
- Panasonic committed to acquire its products from TPSCo for a period of at least five years of volume production
- Complimentary capabilities creating excellent synergy: expanding TowerJazz leadership to include a state of the art 300 mm analog technology fab including best of class 65nm CMOS image sensor dark current and quantum efficiency performance and additional 45 nm digital technology.

- Process technology focus includes: high dynamic range image sensors (CIS and CCD), integrated power devices (BCD, SOI, and LDMOS) and high frequency silicon RF CMOS
- Focus areas: automotive & high reliability processes, high-end image sensors and mobile communications for the Internet of Things (IoT)
- Enhancing 65nm RFCMOS process to be suitable to run 77GHz mm wave technology for collision avoidance systems and collaborating with TowerJazz on a 65nm RF SOI offering
- In less than a year, TPSCo has engaged in 21 third-party foundry projects with 13 different customers; active engagements with additional 12 customers on 15 projects
- Mass production started at Tonami, Japan fab for Fairchild Semiconductor; a process transfer of multiple high performance discrete devices for industrial and consumer markets

TowerJazz Panasonic Combined Portfolio



 TowerJazz
 TPSCo
 Joint Development/Transfer to TPSCo

TowerJazz Confidential and Proprietary
 Information herein shall not be furnished to third parties or made public.

TowerJazz Diversified Customer Base

AIROHA

SEMTECH



GENORAY



CAVENDISH KINETICS

rfmd >>> qorvo
RFMD + TriQuint = Qorvo

FLIR

ENTROPIC
communications

D·M·B TECHNOLOGY
DIGITAL MEDIA BRIDGE

e2v

ON
ON Semiconductor®

FAIRCHILD™

intel®

CMOSIS
image sensors

SAMSUNG

IOR

SKYWORKS™
BREAKTHROUGH SIMPLICITY

Panasonic

VISHAY®

MACOM™

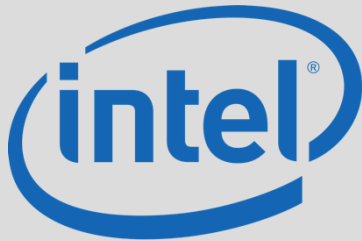
AVAGO
TECHNOLOGIES

Himax

Recent Customer Announcements



- TowerJazz and FLIR Systems Partner to Deliver Next Generation Commercial Infrared Technology



- TowerJazz Begins Mass Production of IR Sensor used by Intel in one of its new 3D Sensing Solutions



- TowerJazz Announces Successful Transfer of Fairchild Semiconductor's Discrete Devices to TowerJazz Panasonic Semiconductor's Japan Fab

TOWERjazz

**BUSINESS AND
MARKET OPPORTUNITIES**

Market MEGATRENDS

Key megatrends driving rapid growth in Analog/Mixed-Signal applications



GREEN EVERYTHING

Energy Efficiency



WIRELESS EVERYTHING

Seamless Connectivity



SMART EVERYTHING

Embedded Systems

Analog/Mixed-Signal Applications

High-Performance
Analog

Power
Management

RF

Sensors
(Imaging, MEMS)

TOWERJAZZ

is well positioned to benefit from the megatrends and ride them through diversified leading edge RF-AMS technologies.

Internet of Things (IoT)

IoT related designs require high reliability, low power and low cost foundry technologies



**SOI
Technology**

**Low power
consuming
CMOS transistors
and IPs**

**RF front-end
modules**
(SOI antenna switches)

**Ultra-low power,
low cost non-
volatile memories**
(NVM)

**Embedded MRAM
modules**
(joint project with
Crocus Technologies)

IoT demands diverse silicon chips with integrated sensors, memories, processors, energy harvesting blocks, communication means, interfaces and security systems.

This will extend the markets of mobile applications, power management and data processing, opening new business opportunities for TowerJazz.

**Patented Y-Flash
and C-Flash
memories**

**Working to introduce
ReRAM ultra-low
power flavors**

Summary

Well Positioned in Growth Markets

- RF SOI and SiGe for wireless smartphone and data networks
- CMOS Image Sensor and 3D Gesturing
- Power management and conversion
- Strong available capacity and interesting new technology opportunities

Strong Financial Performance

- Q1 revenues of \$226 million, up 33% organically and 71% overall year over year
- Q1 EBITDA of \$51 million vs. \$27.5 million in Q1'2014
- Net debt reduced from ~\$406M in Q1'2014 to ~\$162M presently with net debt to EBITDA ratio of 0.8X
- Expecting continuous quarter over quarter growth during 2015

TOWERjazz

www.towerjazz.com