



The Global Specialty Foundry Leader



Driving Value Creation:
Business & Technology, Operations and Financials

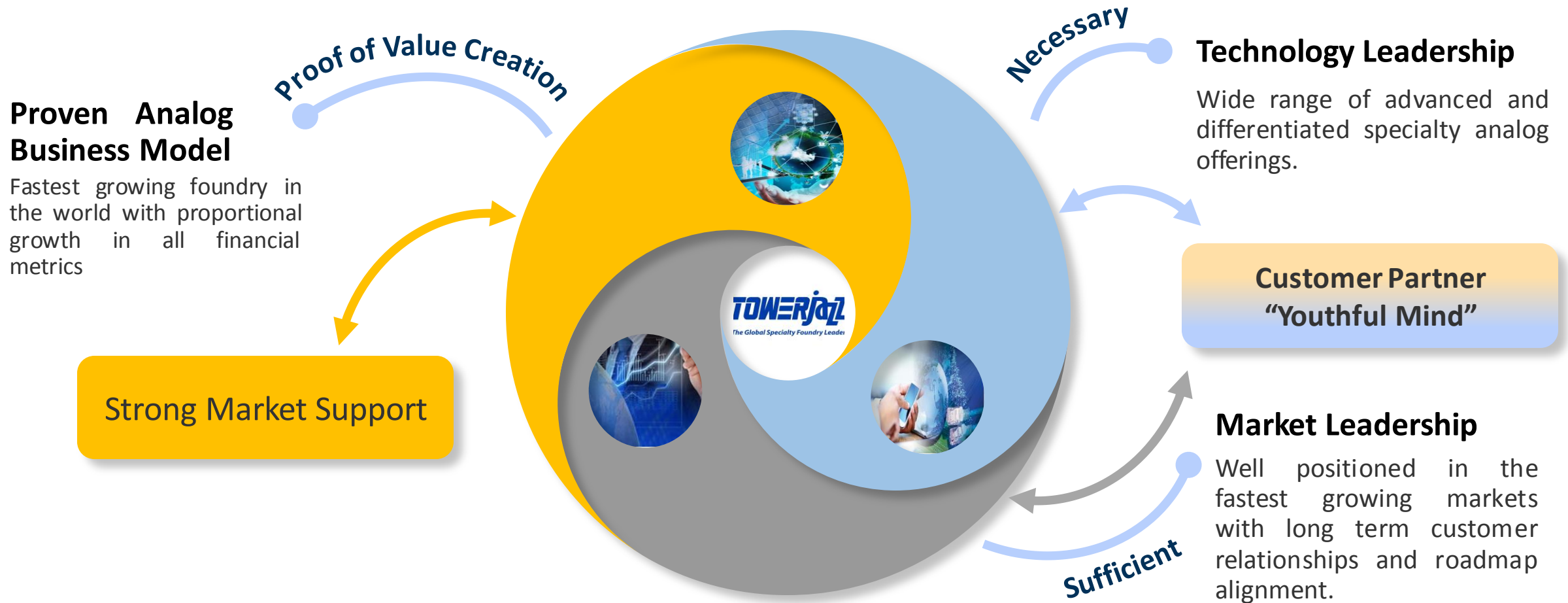
Mr. Russell Ellwanger, CEO
January 2018

Target Model

	Target Model	2017 Annual Run Rate
Revenues	\$3.5 billion	\$1.42 billion
EBITDA	\$1.05 billion	\$435 million
Net Profit	\$520 million	\$221 million
Free Cash Flow	\$476 million	\$177 million*

* Based on Q3'2017, excluding \$18 million cash receipt from Tacoma

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



High Quality and Flexibility of Worldwide Manufacturing Capabilities

Over 2.3 million wafers per year!



Migdal HaEmek, Israel

- 6", 150mm
- CMOS, CIS, Power, Discrete
- 1 μ m to 0.35 μ m



Migdal HaEmek, Israel

- 8", 200mm
- CMOS, CIS, Power, Discrete, MEMS, RF SOI
- 0.18 μ m to 0.13 μ m Cu



Newport Beach, USA

- 8", 200mm
- SiGe, MEMS, RF SOI
- 0.5 μ m to 0.13 μ m
- Al and Cu



San Antonio, USA

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



Tonami, Japan

- 8", 200mm
- Power, Discrete, NVM, CCD
- 0.35 μ m to 0.15 μ m



Arai, Japan

- 8", 200mm
- Analog, CIS
- 0.13 μ m to 0.11 μ m
- Thick Cu RDL



Uozu, Japan

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



Nanjing, China

**Announced agreement
with Tacoma
20K wpm future capacity**

CMOS, PMIC and RF flows are cross qualified at multiple TowerJazz sites for redundancy, flexibility & BCP

Financial Performance – Current Run Rate and Year over Year Comparison

	2017 Annual Run Rate	2016 Actual	2015 Actual
Revenues	\$1.42 billion	\$1.25 billion	\$0.96 billion
EBITDA	\$435 million	\$367 million	\$248 million
Net Profit	\$221 million	\$153 million**	\$51 million**
Free Cash Flow	\$177 million	\$118 million	\$30 million

Value creation: Focus on Net Profit and Cash Generation

* Based on Q3'2017, excluding \$18 million cash receipt from Tacoma

** 2016 excluding \$50 million San Antonio acquisition gain; 2015 excluding \$81 million accelerated conversion of bonds non-cash financing expenses

Financial Focuses

Base

Strong Operating Model

Focuses

Margin Expansion

**Free Cash Flow
Generation**

Strategy

Mix Enhancement

**Served Market &
Capacity Expansion**
(organic, M&A)

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**

Technology Leadership

Market MEGATRENDS

Resulting in rapid growth in Specialty Analog applications



GREEN EVERYTHING
Energy Efficiency

~30% of
Revenues



WIRELESS EVERYTHING
Seamless Connectivity

~30% of
Revenues



SMART EVERYTHING
Embedded Systems

~16% of
Revenues

Specialty Analog Technologies

Power

RF and HPA

Sensors

Market MEGATRENDS driven by Automotive

Resulting in rapid growth in Specialty Analog applications



GREEN EVERYTHING
Energy Efficiency

EV and Hybrids



WIRELESS EVERYTHING
Seamless Connectivity

Connected
Vehicles



SMART EVERYTHING
Embedded Systems

ADAS and “Safety”

Specialty Analog Technologies

2x Semi content
5-6x Power Semi

4G, 5G Wireless, WiFi,
BT RF Content

Radar, CIS, LiDAR, Magnetic
Sensors

Market MEGATRENDS driven by Internet of Things

Resulting in rapid growth in Specialty Analog applications



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Specialty Analog Technologies

RF and HPA

RF HPA Enabled Markets and Technology

Wireless Front-Ends
SiGe and RF SOI



Wireline Optical and mmWave
HP SiGe and Si Photonics

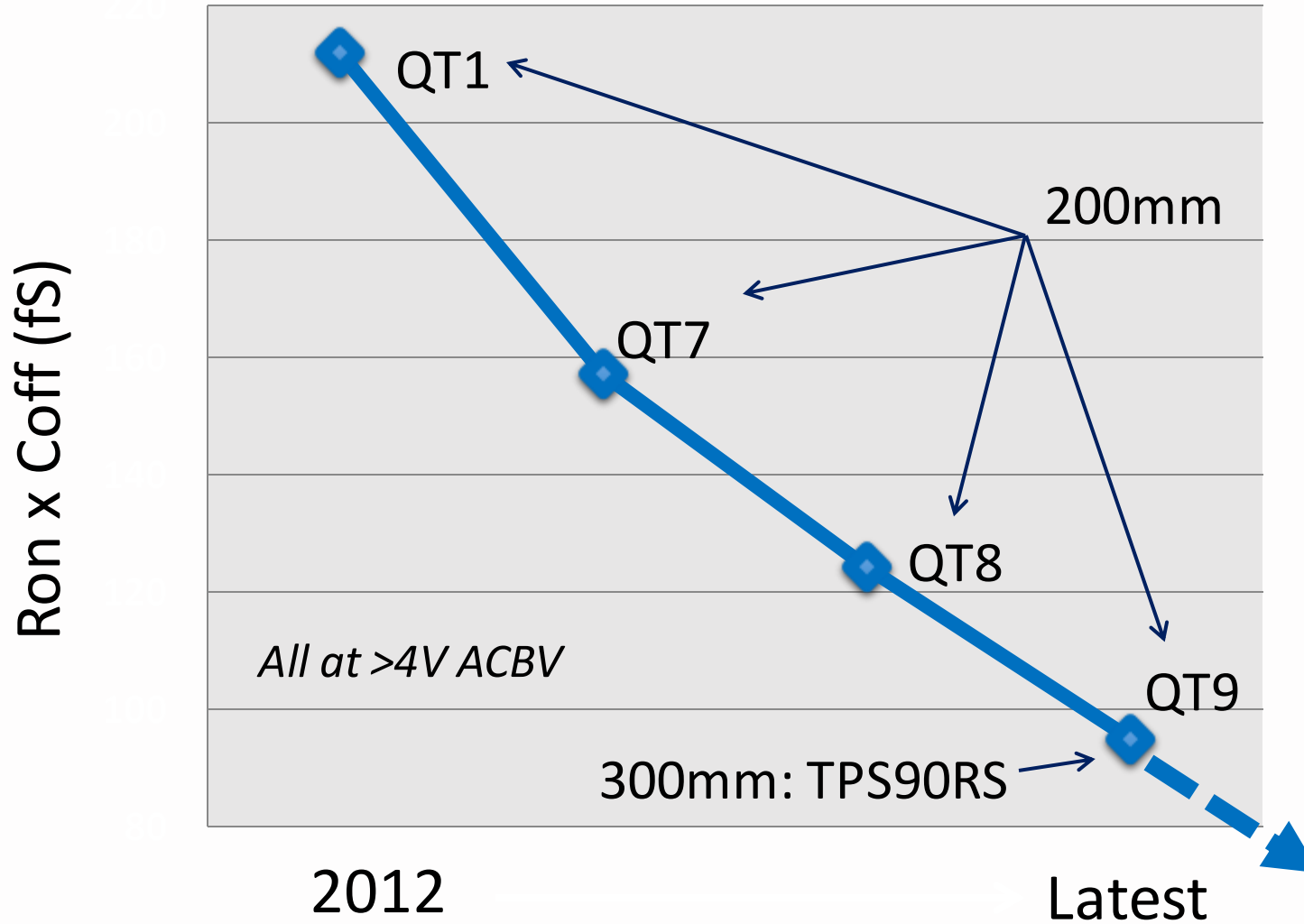
RF HPA Enabled Markets and Technology

Wireless Front-Ends
SiGe and RF SOI



Wireline Optical and mmWave
HP SiGe and Si Photonics

Lower Losses: Leading Ron-Coff RF SOI Switch Performance



TowerJazz SiGe Power Amplifier Leadership Example

TowerJazz Begins Mass Production of a new Integrated SiGe-Based “Front-End Module on a Chip”

RF Platform Tailored to Meet the Challenges of the Internet of Things Enables power amplifiers, low noise amplifiers and switches on a single chip

TowerJazz to participate at the International Microwave Symposium (IMS) in San Francisco, CA on May 22-27, 2016 MIGDAL HAEMEK, Israel, and NEWPORT BEACH, Calif., May 17, 2016 — TowerJazz, the global specialty foundry leader, today announced volume production of a new RF technology capable of integrating a wireless front-end module (FEM) on a single chip, tailored to meet the challenges of Internet of Things (IoT) applications. Analysts estimate that the number of IoT connected devices will grow at a 15-20% growth rate annually, reaching up to 30 billion units by 2020. McKinsey Global Institute recently estimated that IoT could generate up to \$11 trillion in global value by 2025. The TowerJazz process enables integration of power amplifiers (PAs), switches, and low noise amplifiers as well as CMOS digital and power control on a single die. TowerJazz is delivering this product today for smartphones, tablets and wearables, and this technology also meets the more universal requirements of IoT applications by providing cost, power, performance, and form factor benefits vs. competing solutions. As an example, TowerJazz has partnered with industry leader, Skyworks Solutions, Inc., an innovator of high performance analog semiconductors connecting people, places and things, to deliver a first of its kind integrated wireless FEM using this technology.



“We are pleased that our long partnership with TowerJazz on SiGe BiCMOS for PA based products is now in volume production for key customers of Skyworks Solutions,” said Bill Vaillancourt, GM/VP Skyworks Connectivity Solutions

Beyond RF SOI: RF MEMS

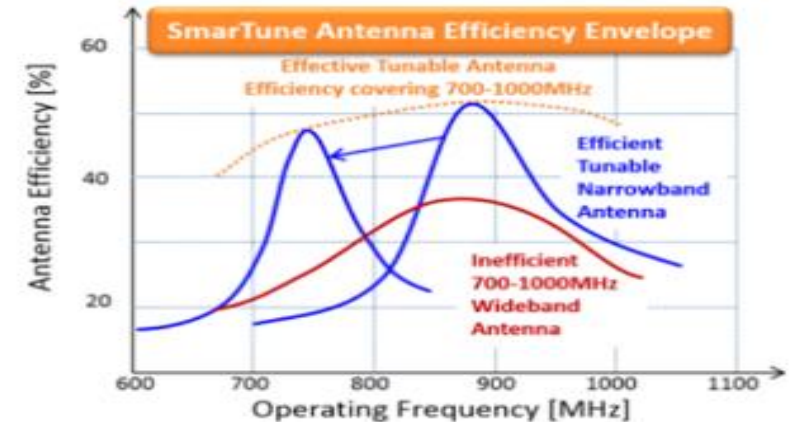
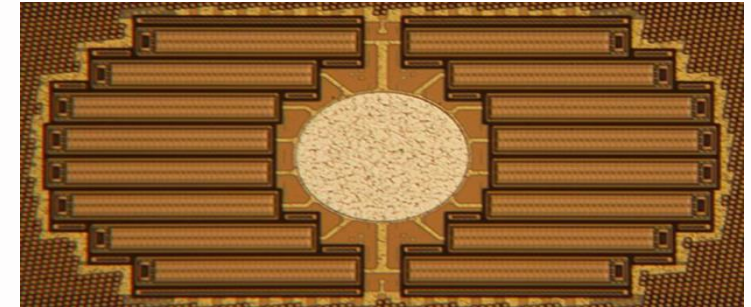
TowerJazz and Cavendish Kinetics Deliver High Volume RF MEMS with Unprecedented Reliability

40 smartphone handset design wins, including the 2016 Samsung Galaxy A8

Cavendish Kinetics and TowerJazz RF MEMS

NEWPORT BEACH and SAN JOSE, Calif., February 28, 2017 — TowerJazz, the global specialty foundry leader, announced today that it is the high volume technology manufacturer for Cavendish Kinetics, the leader in radio-frequency micro-electromechanical systems (RF MEMS). Together, the companies have demonstrated industry leading 100 billion cycle reliability. RF MEMS is becoming a key technology to improve smartphone antenna efficiency as LTE standards evolve and handset form factors get more aggressive.

Cavendish Kinetics' SmarTune™ products are used to fine tune smartphone antennas across the ever-growing spectrum of LTE frequency bands, maximizing RF performance for better signal strength, faster data rates and longer battery life. Recently, Cavendish has received a wave of positive press for its RF MEMS based SmarTune mobile products, after announcements of 40 smartphone handset design wins, most notably the 2016 Samsung Galaxy A8. Cavendish also won The Linley Group award for "Best Mobile Chip" in January 2017.



<http://www.towerjazz.com/prs/2017/0228.html>

RF HPA Enabled Markets and Technology

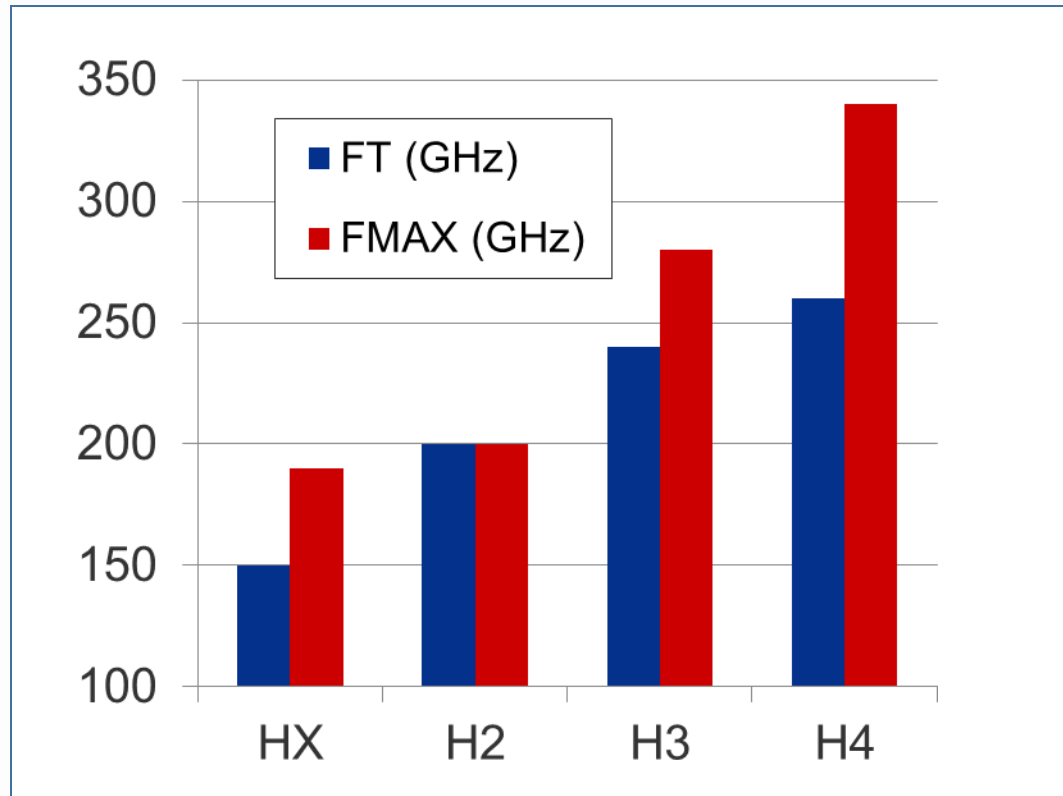
Wireless Front-Ends
SiGe and RF SOI



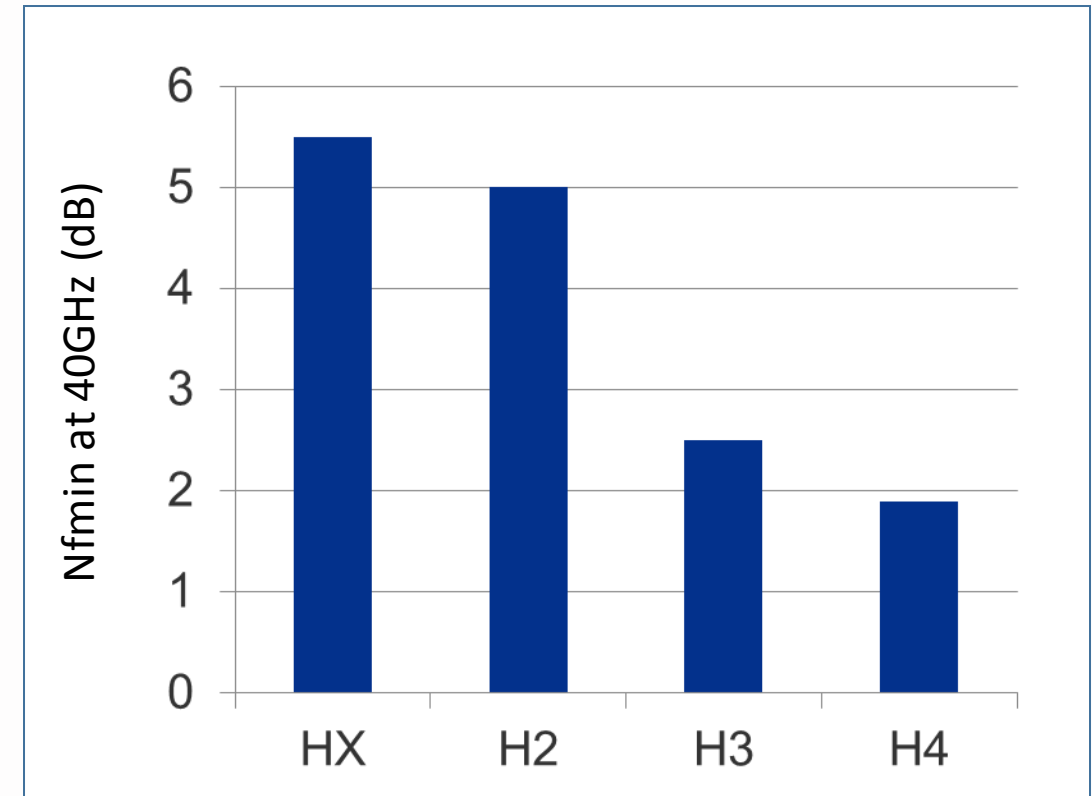
Wireline Optical and mmWave
HP SiGe and Si Photonics

SiGe Terabit Platform

High Speed and Low Power



Low Noise



Several generations of leading SiGe technology and Tier 1 customer base

SiGe Terabit Platform

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:



RF HPA Enabled Markets and Technology

Wireless Front-Ends
SiGe and RF SOI



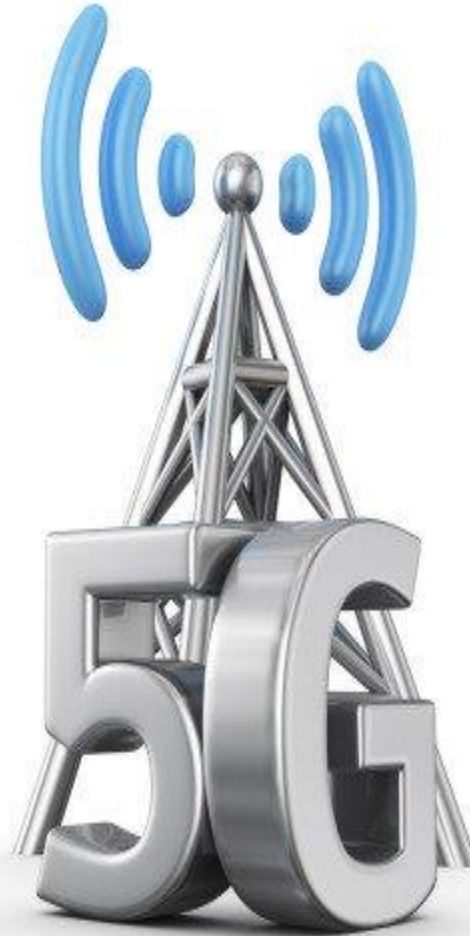
Wireline Optical and mmWave
HP SiGe and Si Photonics

5G Wireless Likely Deployment

mmWave: 28GHz 5G



**HP SiGe Technology is
Well Positioned**

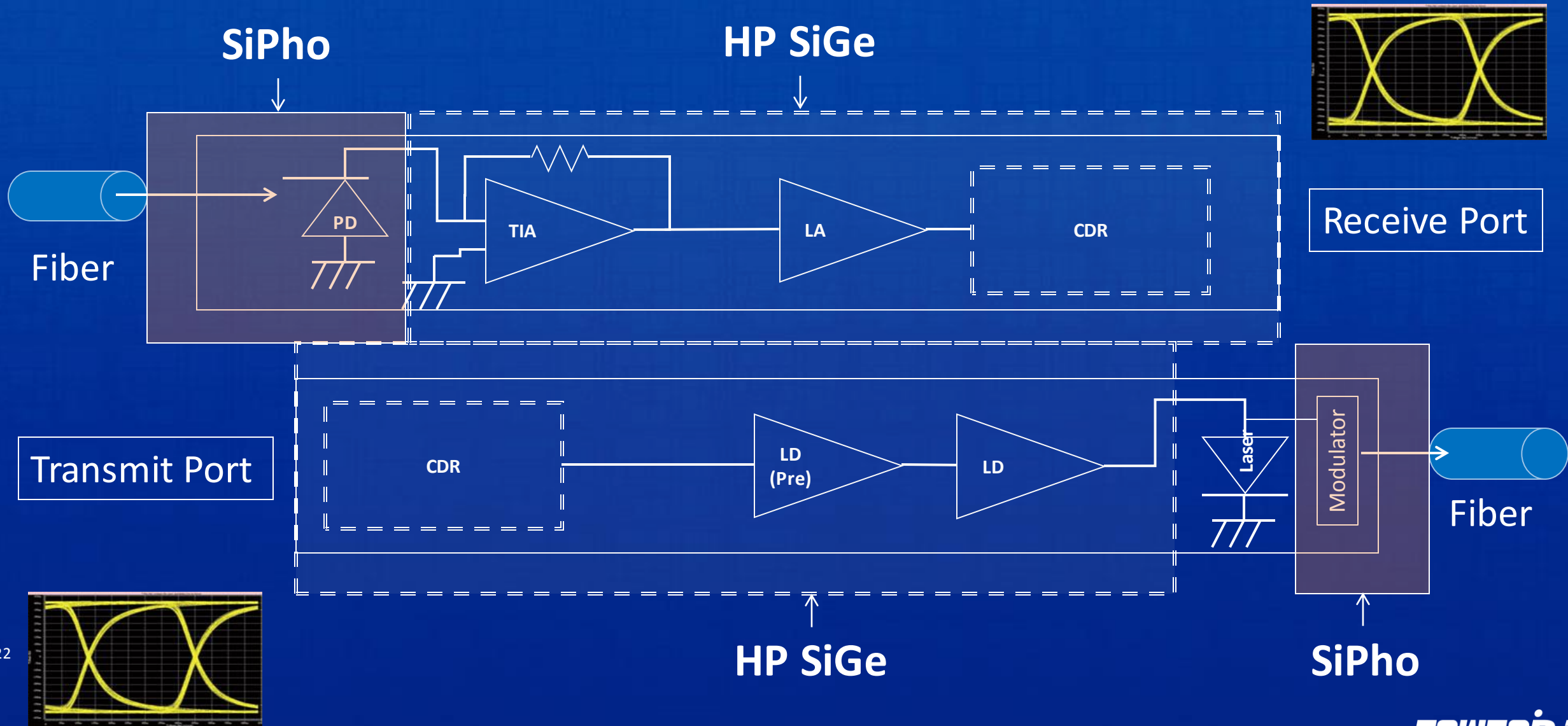


< 6GHz 5G



**Evolutionary Front-End in
SiGe and RF SOI**

Optical Fiber Components Enabled by TowerJazz HP SiGe and Si Photonics



Market MEGATRENDS driven by Internet of Things

Resulting in rapid growth in Specialty Analog applications



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~30% of
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SMART EVERYTHING
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Specialty Analog Technologies

Sensors

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 Fluoro

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*

Machine Vision and 3D sensors technology: Global Shutter + NIR

Industrial / Machine Vision



2D barcode reader
Traffic control
Industrial QA
Food automation

3D, Gesture control, AR/VR



Gesture control
Augmented Reality
Virtual Reality

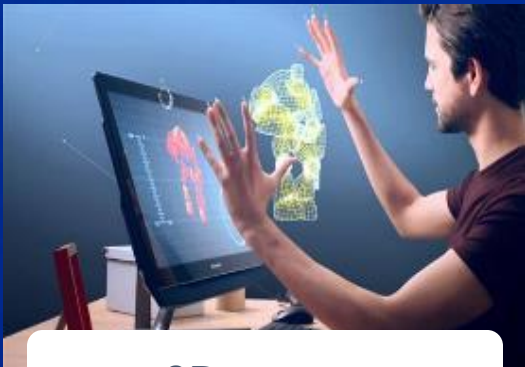
High Speed Global Shutter

High Resolution Sensors

Replacing Old CCD Technology



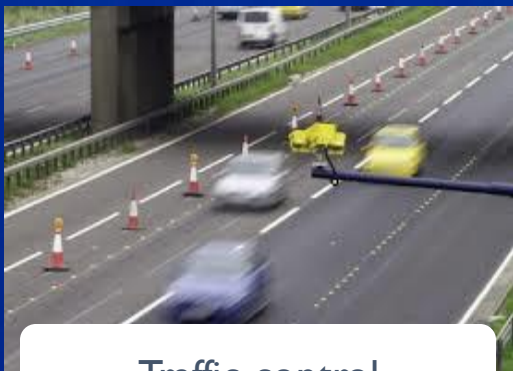
2D barcode scanner



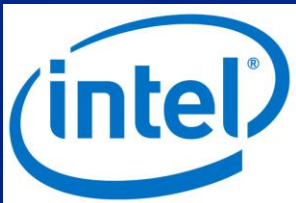
3D sensors



Inspection and QA



Traffic control



Professional Photography – Video & Still

High end
photography and
Cinematography



Cinematography
High end DSLR
Mirror less (ILC)

- Supplying to THE market leaders
- Hundreds of cinema, award winning movies already shot using our technology
- Received several technology awards



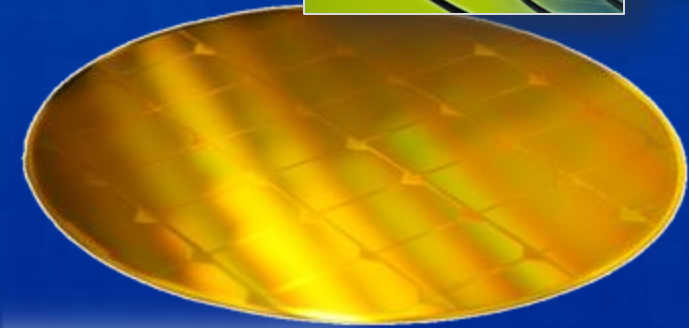
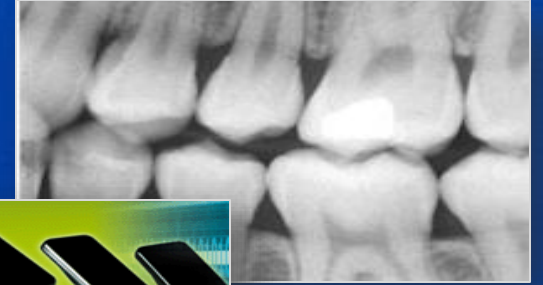
Medical X-Ray CMOS Sensors

Medical



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

- Market leader for dental x-ray CMOS sensors
- Intra-Oral / Panoramic / Coned Beam CT (CBCT) / Cephalography
- Supplying all Tier-1 vendors
- Global customer base (US, Europe, and Asia)



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Specialty Analog Technologies

Power

Power Management Markets

Largest of all Specialty Markets (>\$28B in 2017 with 8% CAGR)*



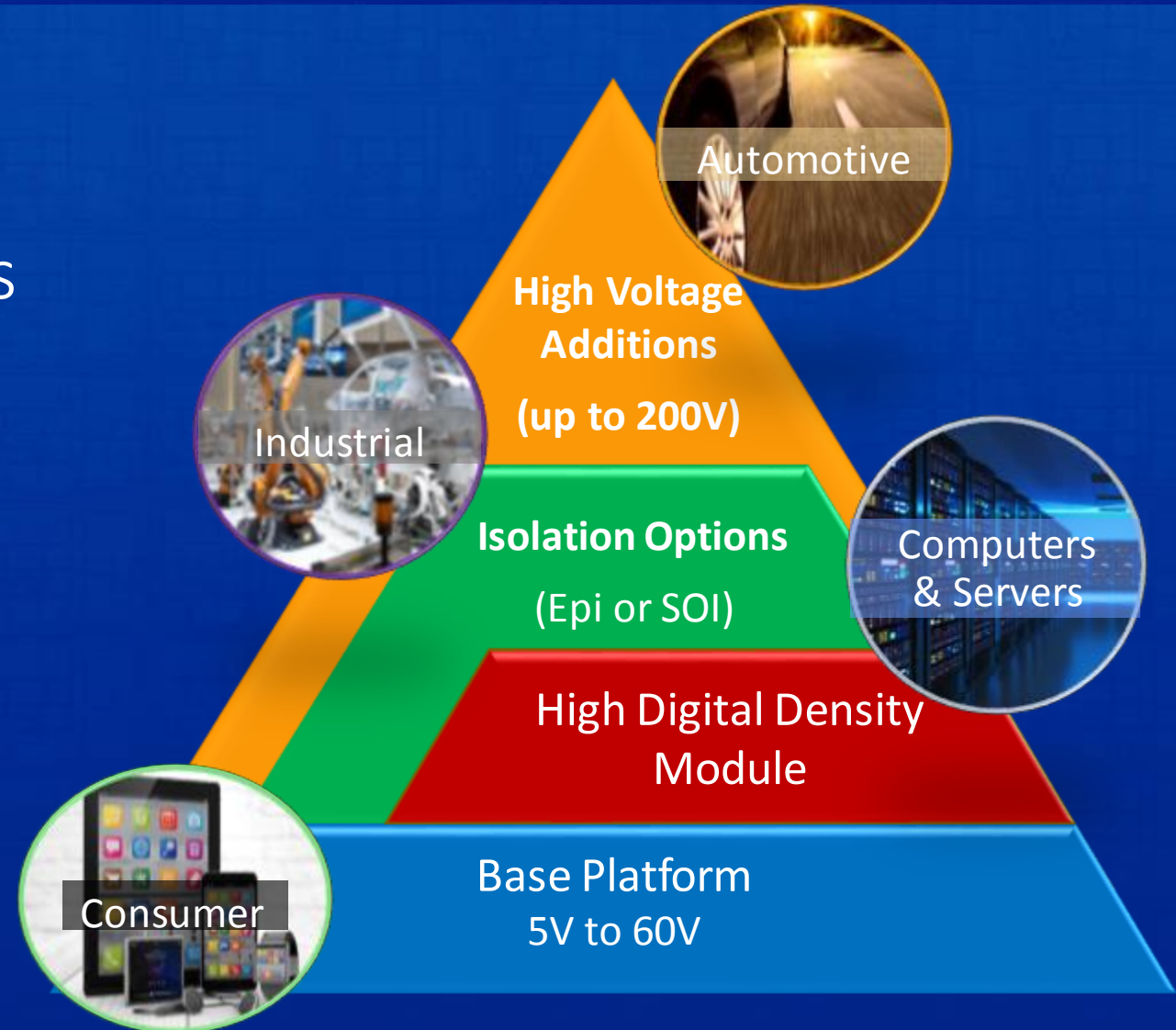
Power IC Market: TowerJazz Unique Modular, Low Rdson Platform

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



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

Market MEGATRENDS driven by Automotive

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GREEN EVERYTHING
Energy Efficiency

EV and Hybrids



WIRELESS EVERYTHING
Seamless Connectivity

Connected
Vehicles



SMART EVERYTHING
Embedded Systems

ADAS and “Safety”

Specialty Analog Technologies

2x Semi content
5-6x Power Semi

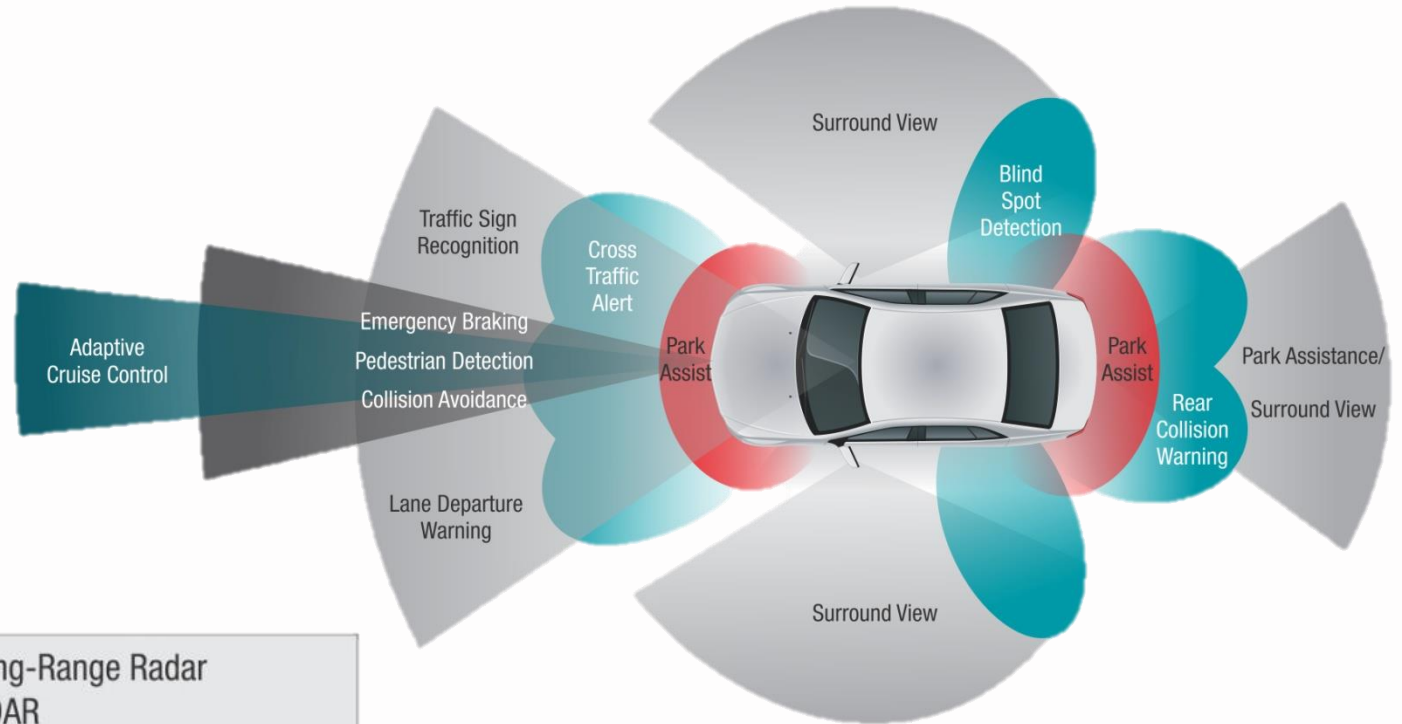
4G, 5G Wireless, WiFi,
BT RF Content

Radar, CIS, LiDAR, Magnetic
Sensors

Automotive market - high end image sensors for LIDAR 3D mapping

Advanced Driver Assistance Systems (ADAS) and Autonomous Driving

- 360° coverage required
- 6-8 cameras per car
- VGA moving to HD
- High Dynamic Range
- Near IR vision
- LIDAR for accurate ranging



- Long-Range Radar
- LIDAR
- Camera
- Short-/Medium Range Radar
- Ultrasound

Who Are Our Customers?

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%

Of the 16 that buy from foundries – we serve 14

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

Why We Are Confident In Our Future?



Eleanor Roosevelt

“If life were predictable, it would cease to be life and be without flavor.”

■ Past

- From \$100 million to \$1.4 billion revenue and \$120 million to \$3.5 billion market cap

Based upon personal capability and passion.

■ Present

- Net cash, strong free cash flow and freedom from restrictive bank covenants
- Flexibility to engage in full spectrum of opportunities

Walk Among the People

External

Focus on Your Customers

Have Relationships at all levels

Be consistent with formal activity reviews

Focus on frequent informal updates

Internal

Focus on Your Employees

Best executive team
Identify and “develop” young stars

Regular reviews
w/ a x-section of presenters

“Manage” by walking the hallways

Listen, evaluate, **ACT**, and “close circle”

■ Past

- From \$100 million to \$1.4 billion revenue and \$120 million to \$3.5 billion market cap
- **Based upon personal capability and passion.**

■ Present

- Net cash, strong free cash flow and freedom from restrictive bank covenants
- Flexibility to engage in full spectrum of opportunities

■ Future

- From \$1.4 billion to \$3.5 billion revenue and beyond, to fulfill our mission to continue to increase shareholder value
- Based upon an even increased personal capability and passion but now with financial metrics.**

TOWERjazz

www.towerjazz.com