



Where **Analog** and **Value** Meet

# COVID-19 Corporate Update

March 31, 2020

[www.towersemi.com](http://www.towersemi.com)



# COVID-19 Corporate Update | March 31, 2020

To Our Valued Customers and Partners,

As concerned and responsible world citizens, with factories, employees and customers spanning many geographic regions, we are vigilantly tracking the Coronavirus pandemic outbreak. During these uniquely challenging times, we at Tower Semiconductor remain committed to provide reliable technology and manufacturing solutions to answer your needs and at the same time keeping health and well-being of our employees and partners as our top priority.

Tower's Fabs continue to operate uninterrupted. We have taken measures and actions to ensure business continuity and a safe environment for our employees, aligned with the governmental instructions and requirements, often exceeding the minimum guidelines set forth. Some of these proactive measures are enumerated here.

Tower Semiconductor is a well experienced, mature, strong global company with an exceptional base of talented and dedicated employees. We remain committed to do everything we can to support your business needs and strengthen the trust you have placed in us. Our best wishes to all of you for your welfare and the health of your employees and loved ones.

Please do not hesitate to reach out to your Tower Semiconductor point of contact with any additional questions or specific concerns.

Sincerely,

Tower Semiconductor Management Team



# Corporate Update | March 31, 2020

## Business & Market

On track with Q1 guidance.

Q2 outlook as per the beginning of the year expectation of quarter-over-quarter growth.

Business unit activities continue focus on key analog industry growth drivers.

## Operations

All factories operating with no measurable impact from COVID-19.

Global/ regional diversity minimizes potential future disruptions.

## Financial

Strong financial and coverage ratios.

Comfortable Net Cash position with Cash at ~3X of debt.

# High Quality and Flexibility of Worldwide Manufacturing Capabilities

March 31, 2020 update:

All seven fabs have and continue to operate with good performance.

Migdal Haemek, Israel



6", 150mm  
Sensors, Power  
1 $\mu$ m to 0.35 $\mu$ m

Migdal Haemek, Israel



8", 200mm  
Sensors, Power, RF SOI  
0.18 $\mu$ m to 0.13 $\mu$ m

Newport Beach, USA



8", 200mm  
SiGe, MEMS, RF SOI  
0.5 $\mu$ m to 0.13 $\mu$ m

San Antonio, USA



8", 200mm  
RF SOI, Power  
0.18 $\mu$ m

Tonami, Japan



8", 200mm  
Power  
0.18 $\mu$ m

Arai, Japan



8", 200mm  
Sensors, RF SOI  
0.13 $\mu$ m to 0.11 $\mu$ m

Uozu, Japan



12", 300mm  
Power, Sensors, RF SOI  
65nm to 45nm

# Measures to ensure business continuity and safer environment for employees:

- We have taken, and in many cases gone well beyond, measures and actions aligned to the relevant governmental instructions and requirements.
- Implemented a Work from Home policy for all jobs that can be done remotely.
- For onsite, implemented multiple protocols, including:
  - Social distancing
  - Minimizing frequency and attendance of in-person/ face-to-face meetings
  - Frequent cleaning of all public areas, including intense comprehensive clean of all heavy traffic areas before and after shift changes
  - Hygiene education
  - Implementing temperature measurement upon entering the facility
  - Video conferencing with customers and business partners rather than face-to-face meetings
  - All employee travel has been canceled.

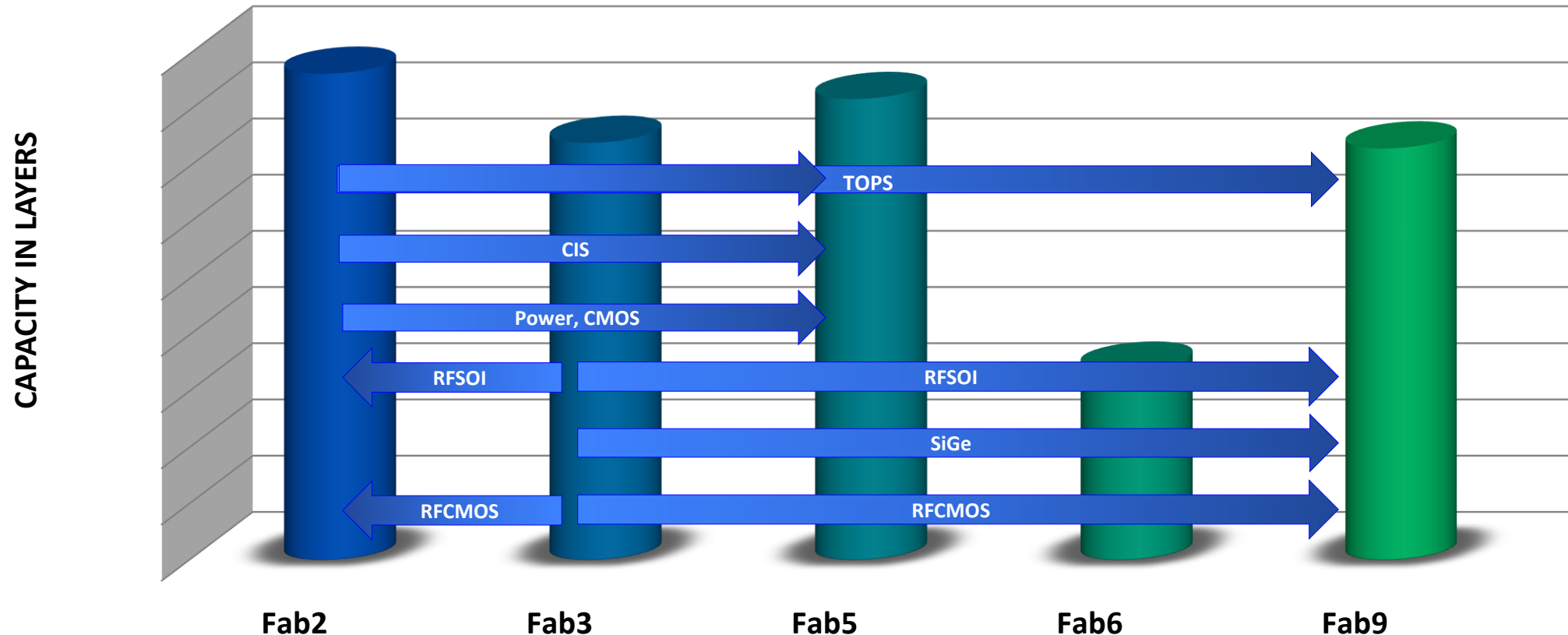
# Additional measures to ensure business continuity:

- Supply Chain (as of March 31, 2020):
  - Increased inventory of indirect materials and silicon.
  - All major supply chain materials are without interruption. There were small item issues that we have mitigated well.
  - Air and sea freight lines remain open. Some delays have required close follow up. Have increased amount of air cargo freight, in place of the lost passenger freight capacity.
  - Some delays regarding vendor on site services, due to travel restriction, are being mitigated with local vendor employees and Tower teams.
- We continually assess the impact of the Coronavirus situation taking the appropriate actions.
- **The key: being proactive-smart.**

# Tower Operations - differentiation factors: Global capacity assurance

## Enabling 200mm multi-fab wafer production

- Cross qualified platforms enabling maximized utilization and customer assurance
- Cross qualification answers customers' BCP needs



# Financial Stability | March 31, 2020



## Strong and stable financial position: Balance sheet, net cash and financial ratios

- Comfortable Net Cash position of \$435M with Cash at ~3X of bank & bond debt.
- Debt/EBITDA ratio 0.9X with minimal interest
- Current ratio of 4.3X, quick ratio of 3.5X
- Shareholders equity 70% of total balance sheet
- Cash and available credit line allow continued focus on growth activities.



## Inventory Management and Business Continuity

- Have increased inventory levels with tight monitoring, in particular indirect materials and silicon.
- No interruptions to major supply chain materials.
- No impact to export and import.



## Business performance – revenues

- Have not changed Q1 guidance which we provided pre-COVID19 outbreak.
- Customer forecast of Q2/Q1 growth.



# A Resilient Growth Company in a Challenging Environment

- **Well experienced, matured and strong global company** – with solid and enviable balance sheet and net cash financial position, exceptional analog technology solutions and manufacturing capabilities, high level expertise and talents.

## **Excellence in leadership, partnership, impact & innovation**

- **Long-term partnerships** – based upon unparalleled trust, mutual roadmap creation and shared success.
- **Leading the analog ecosystem in exciting growth markets, providing strong competitive advantage with full circle value creation.**



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# Thank You

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