



# Q2 2015 Earnings Presentation





**August 25, 2015**

# Safe Harbor Statement

This presentation may contain forward-looking statements and management may make additional forward-looking statements in response to your questions. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Statements that are not historical facts, including statements concerning our beliefs, forecasts, estimates and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that our results of operations may fluctuate from period to period; the risk of PRC governmental policy changes; the risk that we face intense competition from other solar companies; the risk that PRC economic, political and social conditions as well as government policies can affect our business and other risks outlined in our public filings with the Securities and Exchange Commission, including our annual report on Form 20-F.

The forward-looking statements made in this presentation relate only to events or information as of the date on which the statements are made in this presentation. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

## Second Quarter Highlights

-  Continued strategic focus on full-services and downstream projects business opportunities
-  Successful development and sale of utility scale projects in UK and signed new development projects in Japan
-  77.4 MW total existing completed projects  
>200 MW in late-development stage in the UK, U.S. and Japan
-  Total solar module shipments of 322.0 MW; total solar wafer and module shipments of 603.7 MW; overall gross margin 16.5%



# Business Highlights

# Project Business Update

## Global Project Pipeline



**Over 200 MW** in late-development stage

- added project pipeline in UK, USA and Japan

**Over 77.4 MW** in existing projects

- **51 MW** in two utility-scale projects in UK
  - o Closed sale of 6.4 MW plant and sold 13.5 MW project in Q2
- **1.2MW** completed projects in Japan
- **25.1 MW** in four utility-scale projects in Bulgaria and Romania in operation

## Existing Projects

Location	Project Name	MW	COD	Remarks
UK	Wedgehill	13.5	December 2014	Sold
	Field House	6.4	March 2015	Sold
	Membury	16.5	March 2015	Sale in Progress
	Port Farms	34.6	March 2015	Sale in Progress
Japan	Kyoto Project 1	0.3	September 2015	Construction Completed
	Tochigi Project 2	0.9	February 2015	Construction Completed
Bulgaria	NOVE Eco	5.0	July 2012	In operation
	MG Solar	4.7	July 2012	In operation
Romania	Lucas EST	9.4	April 2013	In operation
	Ecosfer Energy	6.0	August 2013	In operation
	<b>Total Existing</b>	<b>77.4</b>		

# Project Business Update

## Continuing to expand downstream initiatives in selective developed markets



### UK Project Pipeline

**28 MW** in 4 projects

-Expected to be completed and connected to the grid by Q1 2016

Project Name	MW*	Status	COD/Expected COD
Project CH	10	Project acquired	March 2016
Project RF	8	SPA signed	March 2016
Project Ain	5	In due diligence	February 2016
Project F2	5	In due diligence	February 2016
<b>Total Pipeline</b>	<b>28</b>		

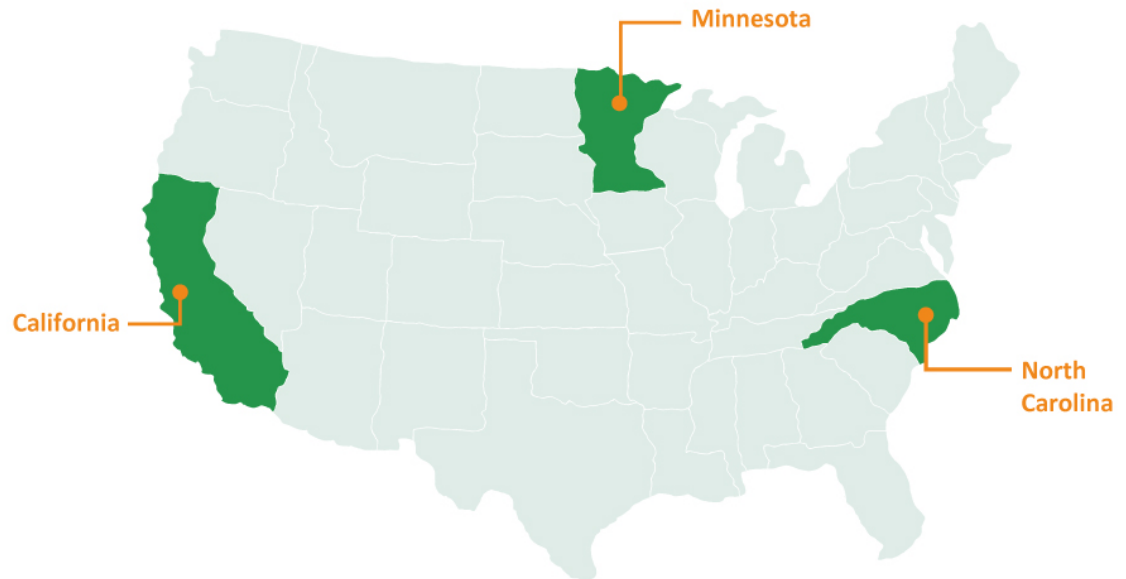
\* May be subject to change due to planning, permitting and module capacity

# Project Business Update

## Continuing to expand downstream initiatives in selective developed markets

### U.S. Project Pipeline

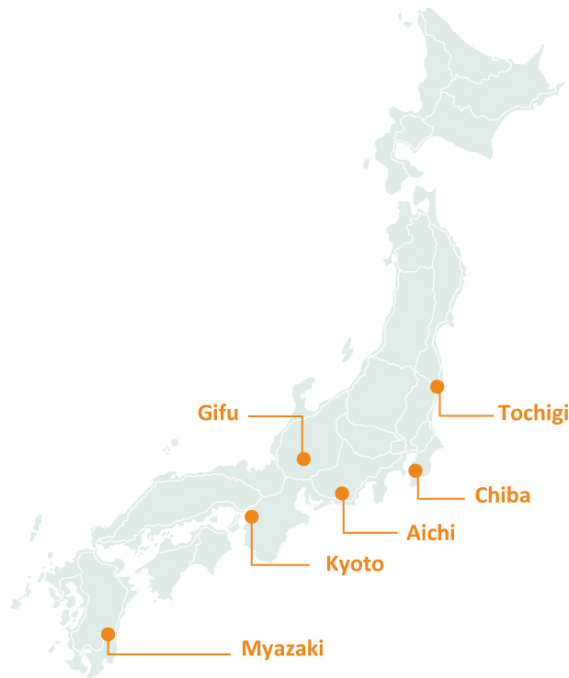
- Agreement signed with Pristine Sun to form “Baynergy, LLC” joint venture
- Baynergy will develop, build and operate over 300 MW of solar projects across the country
- First phase of 82 projects totaling 151.8 MW, most of which are distributed generation projects
- Currently Baynergy has 88 MW accepted in California, Minnesota and North Carolina, with expected completion by end of 2016



*88 MW out of 143.8 MW has been already accepted in three states, including California, Minnesota and North Carolina*

# Project Business Update

## Continuing to expand downstream initiatives in select developed markets



### Japan Project Pipeline

**32.4 MW** in 9 projects

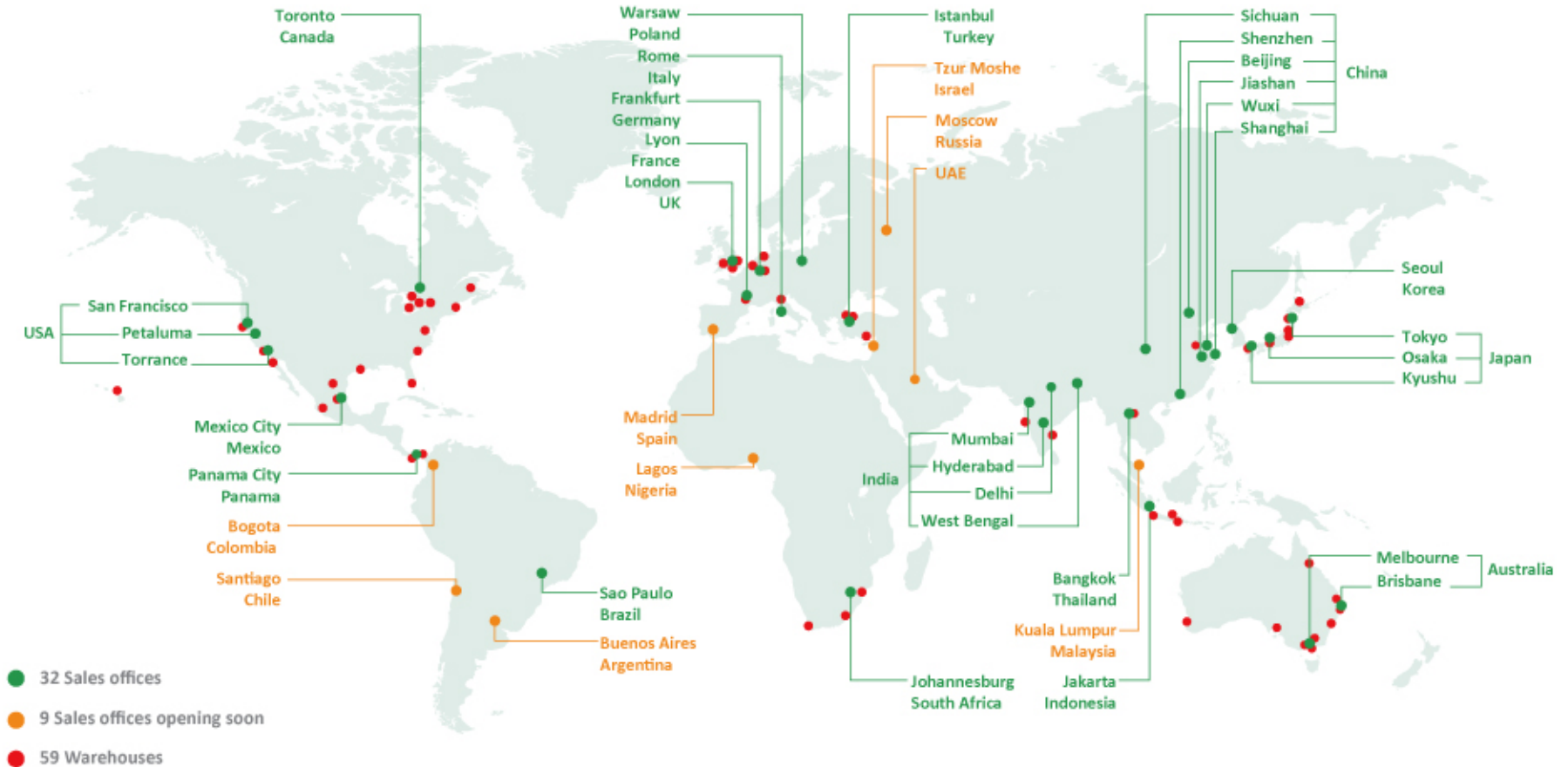
- 2 completed projects totaling 1.2MW

Project Name	MW*	Status	COD/Expected COD
Kyoto Project 1	0.3	Construction completed	September 2015
Tohigi Project 2	0.9	Construction completed	February 2015
Chiba Project 3	0.3	Developing	October 2016
Tohigi Project 4	0.6	Developing	February 2016
Aichi Project 5	0.9	Developing	June 2016
Aichi Project 6	1.0	Developing	June 2016
Gifu Project 7	1.0	Developing	March 2016
Kyoto Project 8	9.9	Developing	July 2017
Miyazaki Project 9	17.5	Developing	October 2017
Total Pipeline	32.4		

\* May subject to change due to planning, permitting and module capacity



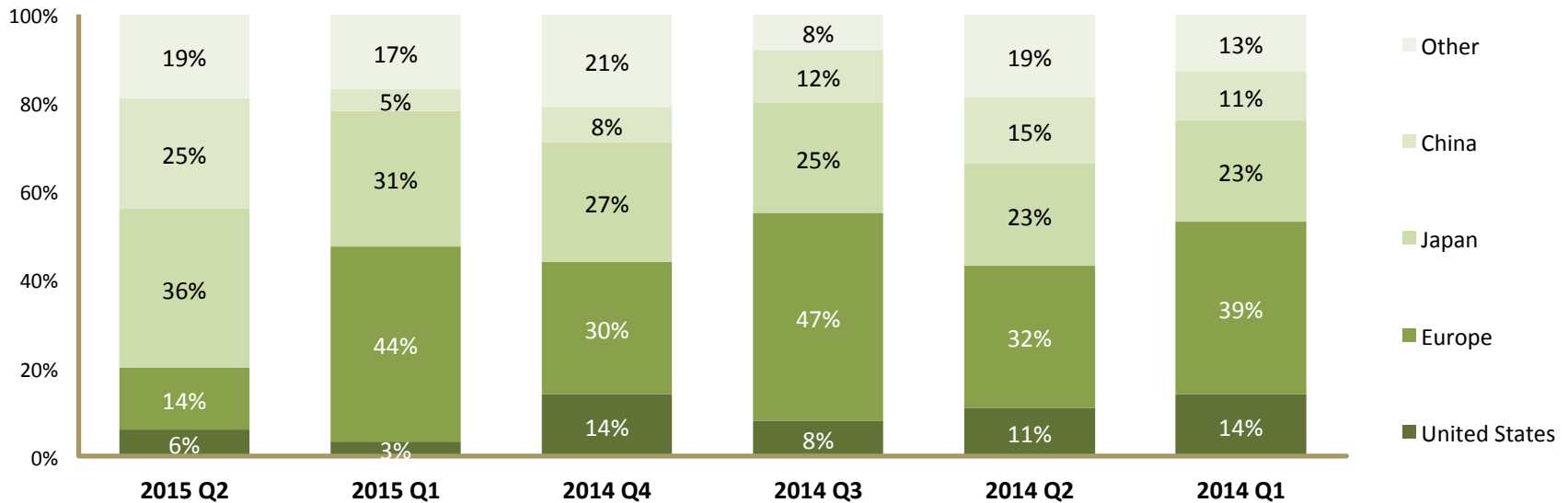
# Global Sales and Distribution Network



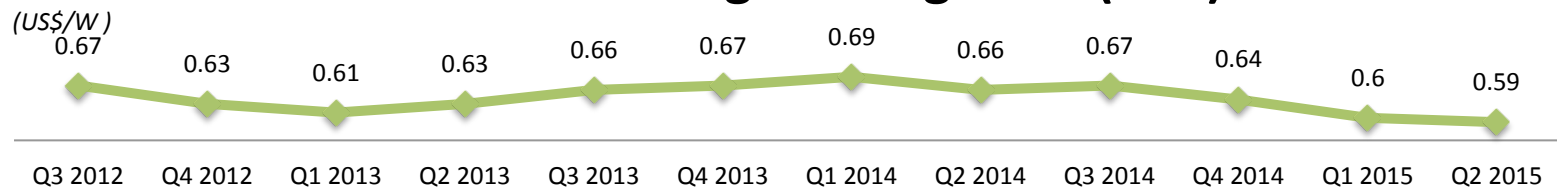
✓ Expansive sales and distribution network provides local support and in-time delivery to customers across the globe

# Geographic Distribution of Modules & ASP Trend

## Module Shipments by Region



## Modules Average Selling Price (ASP)



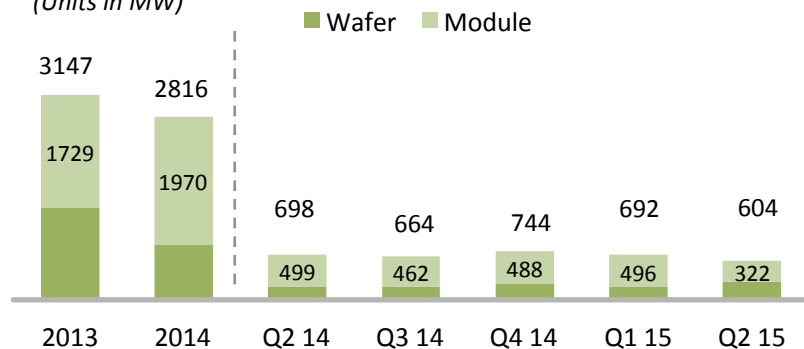


# Financial Highlights

# Second Quarter Snapshot

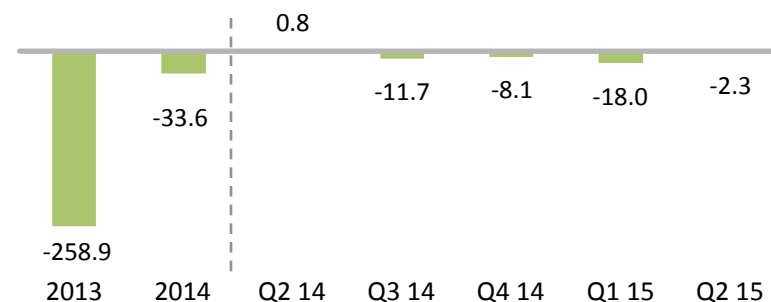
## Total Solar Wafer and Module Shipments

(Units in MW)



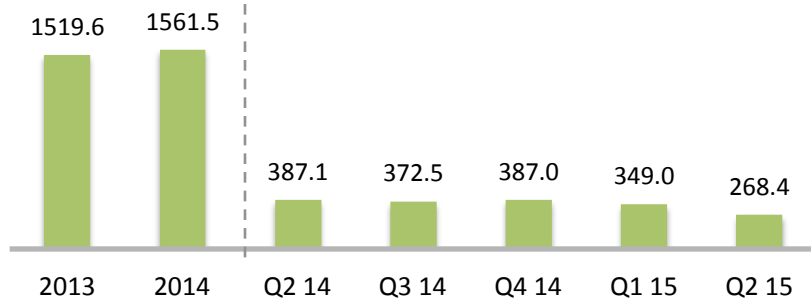
## Net Income

(US\$ in MM)



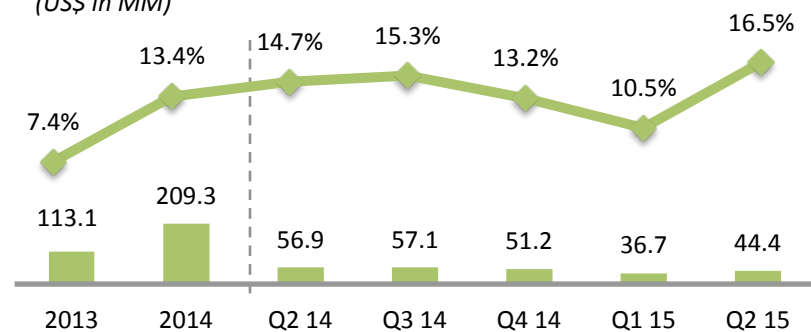
## Revenues

(US\$ in MM)



## Gross Profit and Gross Margin\*

(US\$ in MM)



\*Starting from Q1 2014, the Company changed its accounting classification of warranty expense, which was previously classified as cost of goods sold, to better reflect its global OEM business operations and align its accounting policy to industry peers. Accordingly, warranty expense has been recognized in the selling expense. The change in classification has been retroactively applied for all periods presented.

# Cash and Debt Positions

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## Cash Flow

- Net cash outflow from operating activities was US\$11.6 million in Q2 2015, compared to net cash outflow of US\$9.0 million in Q1 2015.

## Cash Balance

- Net cash and cash equivalents plus restricted cash totaled US\$185.1 million as of June 30, 2015, compared to US\$228.1 million as of March 31, 2015.

## Debt

- Total bank borrowing was US\$694.7 million as of June 30, 2015, compared to US\$723.0 million as of March 31, 2015.
  - Short-term borrowings were US\$653.6 million at June 30, 2015, compared to US\$681.7 million at March 31, 2015.
  - US\$62.2 million of convertible notes due March 15, 2018 with a put option on March 15, 2016, unless repurchased or converted at an earlier date.
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# Income Statement Summary

US\$ millions	2012	2013	2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Revenue	969.1	1,519.6	1561.5	387.1	372.5	387.0	349.0	268.4
Gross Profit**	-38.1	113.1	209.3	56.9	57.1	51.2	36.7	44.4
Gross Margin**	-3.9%	7.4%	13.4%	14.7%	15.3%	13.2%	10.5%	16.5%
Operating Expense	140.9*	334.6	201.1	46.3	48.6	53.4	46.2	33.9
EBITDA	-60.7	105.4	105.3	29.3	22.3	28.8	14.1	33.7
Interest Expense	50.6	52.1	49.0	11.2	12.2	12.3	10.8	11.2
Net Income (Loss)	-242.5	-258.9	-33.6	0.8	-11.7	-8.1	-18.0	-2.3
Net Margin	-25.0%	-17.0%	-2.2%	0.2%	-3.2%	-2.1%	-5.2%	-0.9%

\*Includes a one-time gain of \$13.5 million arising from the forfeiture of a prepaid deposit due to the breach of a solar wafer contract by one of our clients in 2011, an impairment loss on long-lived assets of \$6.4 million, a goodwill impairment charge of \$6.2 million in 2012, an impairment loss of \$202.8 million, and a one-time gain of \$34.7 million from forfeiture of a deposit in connection with a long-term supply contract in Q32013.

\*\* Warranty cost adjusted



# Balance Sheet Summary

US \$ millions	As of December 31,			As of 6/30	As of 9/30	As of 12/31	As of 3/31	As of 6/30
	2012	2013	2014	2014	2014	2014	2015	2015
<b>Cash and Equivalents, plus Restricted Cash</b>	268.1	348.9	221.7	218.8	196.7	221.7	228.1	<b>185.1</b>
<b>Accounts Receivable</b>	216.8	236.6	125.7	212.5	212.3	125.7	133.5	<b>89.8</b>
<b>Inventory</b>	254.9	359.6	357.4	390.0	405.7	357.4	268.5	<b>277.7</b>
<b>Accounts Payable</b>	483.0	656.2	461.5	509.2	513.9	461.5	478.6	<b>405.9</b>
<b>Short-term Borrowings</b>	733.6	673.1	654.7	696.2	692.2	654.7	681.7	<b>653.6</b>
<b>Long-term Borrowings</b>	56.6	69.5	43.5	64.0	56.7	43.5	41.3	<b>41.1</b>
<b>Convertible Notes</b>	111.6	111.6	94.6	111.6	111.6	94.6	62.9	<b>62.2</b>
<b>Shareholders' Equity</b>	364.4	169.0	135.2	157.3	146.6	135.2	124.3	<b>115.1</b>

# Guidance

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## Q3 2015 Guidance

- Net revenue is expected in the range of US\$330 million to US\$340 million
- Gross margin is expected to be in the range of 15% to 16%





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www.renesola.com

Email: [ir@renesola.com](mailto:ir@renesola.com)