



# Q3 2014 Earnings Presentation

2015-06-12

# Disclaimer & Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts in this presentation are forward-looking statements. These forward-looking statements are based on current expectations, assumptions, estimates and projections about the Company and the industry, and involve known and unknown risks and uncertainties, including but not limited to, the Company's failure to maintain its listing qualification due to, among other things, volatility in the Company's ADS price; the Company's ability to raise additional capital or renew existing bank borrowings as they become due to finance the Company's activities; the Company's customers' financial condition and creditworthiness, and their ability to settle accounts receivables; the effectiveness, profitability, and the marketability of its products; litigations and other legal proceedings, including any decisions by the US International Trade Committee and Department of Commerce on the petitions filed; the economic slowdown in China and elsewhere and its impact on the Company's operations; demand for and selling prices of the Company's products, execution of our strategy to expand into downstream solar power businesses, the future trading of the common stock of the Company; the ability of the Company to operate as a public company; the period of time for which its current liquidity will enable the Company to fund its operations; the Company's ability to protect its proprietary information; general economic and business conditions; the volatility of the Company's operating results and financial condition; the Company's ability to attract or retain qualified senior management personnel and research and development staff; future shortage or availability of the supply of raw materials; impact on cost-competitiveness as a result of entering into long-term arrangements with raw material suppliers and other risks detailed in the Company's filings with the Securities and Exchange Commission.

The Company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward looking statements are reasonable, it cannot assure you that its expectations will turn out to be correct, and investors are cautioned that actual results may differ materially from the anticipated results.

# Agenda



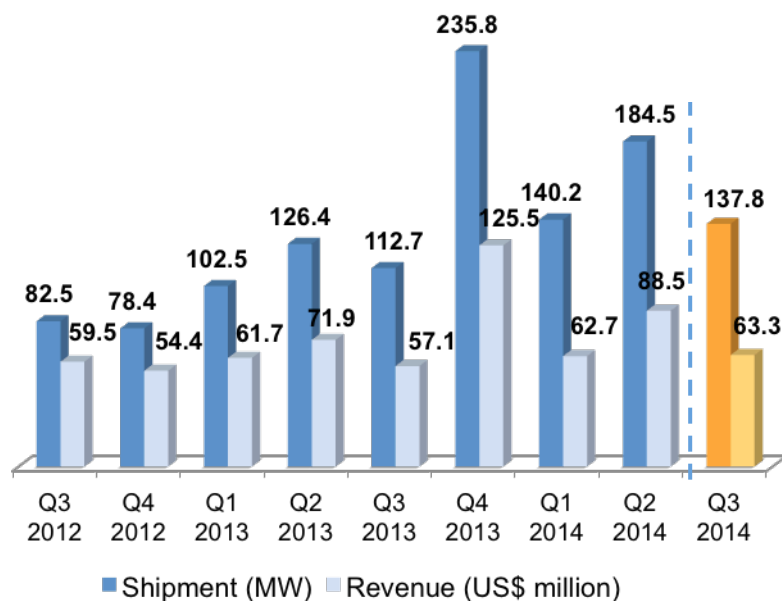
- Q3 2014 Performance Overview
- Q3 2014 Financial Details
- Technology Updates



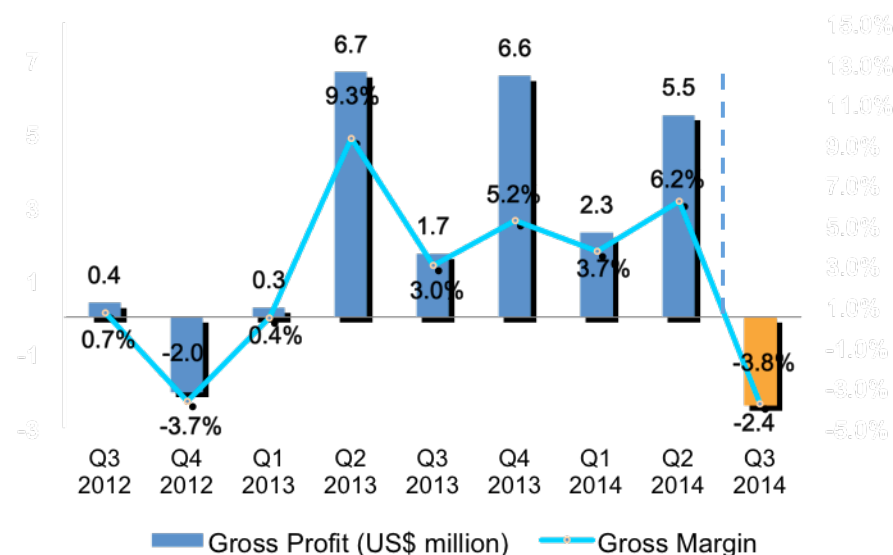
# Q3 2014 Performance Overview

Items	Q3 2014	Q2 2014	Q3 2013
Shipments (MW)	137.8	184.5	112.7
ASP for Modules (US\$)	0.63	0.66	0.62
Revenue (US\$ million)	63.3	88.5	57.1
Gross Margin (%)	-3.8%	6.2%	3.0%
EPS (US\$)	-1.73	-0.39	-0.99

Quarterly Revenue & Shipments



Quarterly Gross Profit & Gross Margin (GAAP)



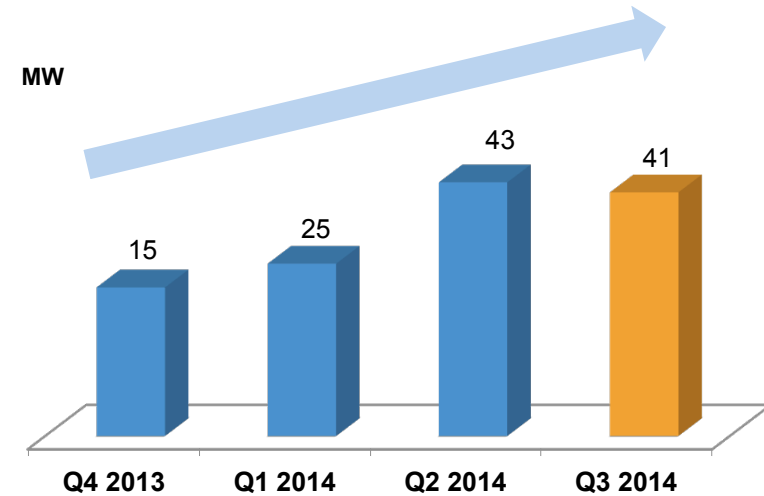
# Turkey Plant- Optimize Global Supply Chain



**Turkey Plant**



## Ramping up Shipment from Turkey Plant

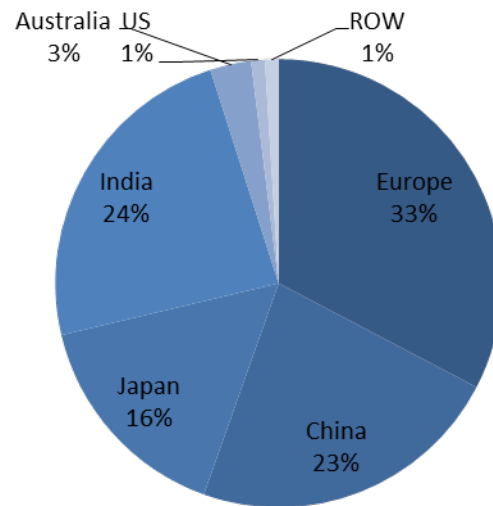


- Ramped up production utilization quarter by quarter;
- Achieved gross margin of approximately 2.7% in Q3 2014;
- Broadened local financing channels;
- Strengthened customer base in Turkey and surrounding markets.

# Sales Breakdown by Geography

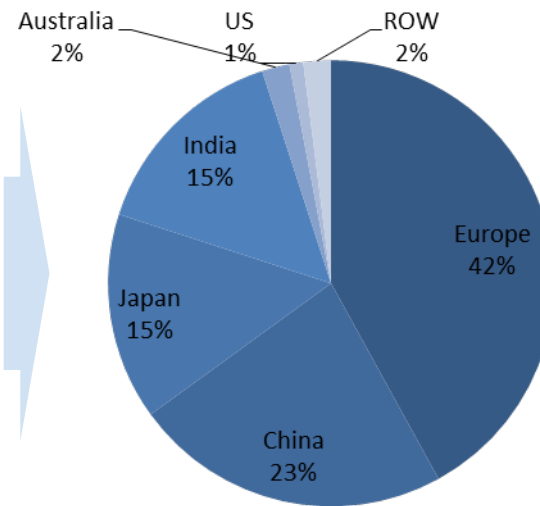
**Q3 2013 Actual**

**US\$:57.1 million**



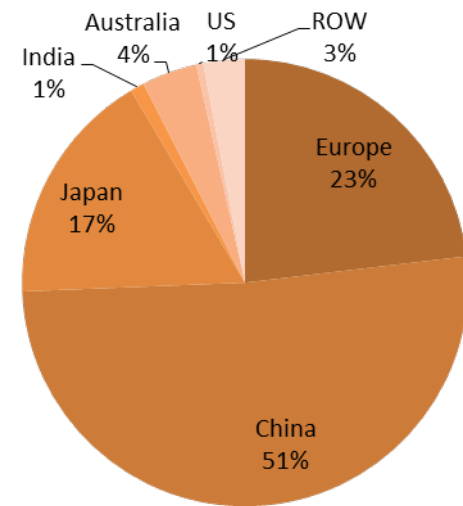
**Q2 2014 Actual**

**US\$:88.5 million**

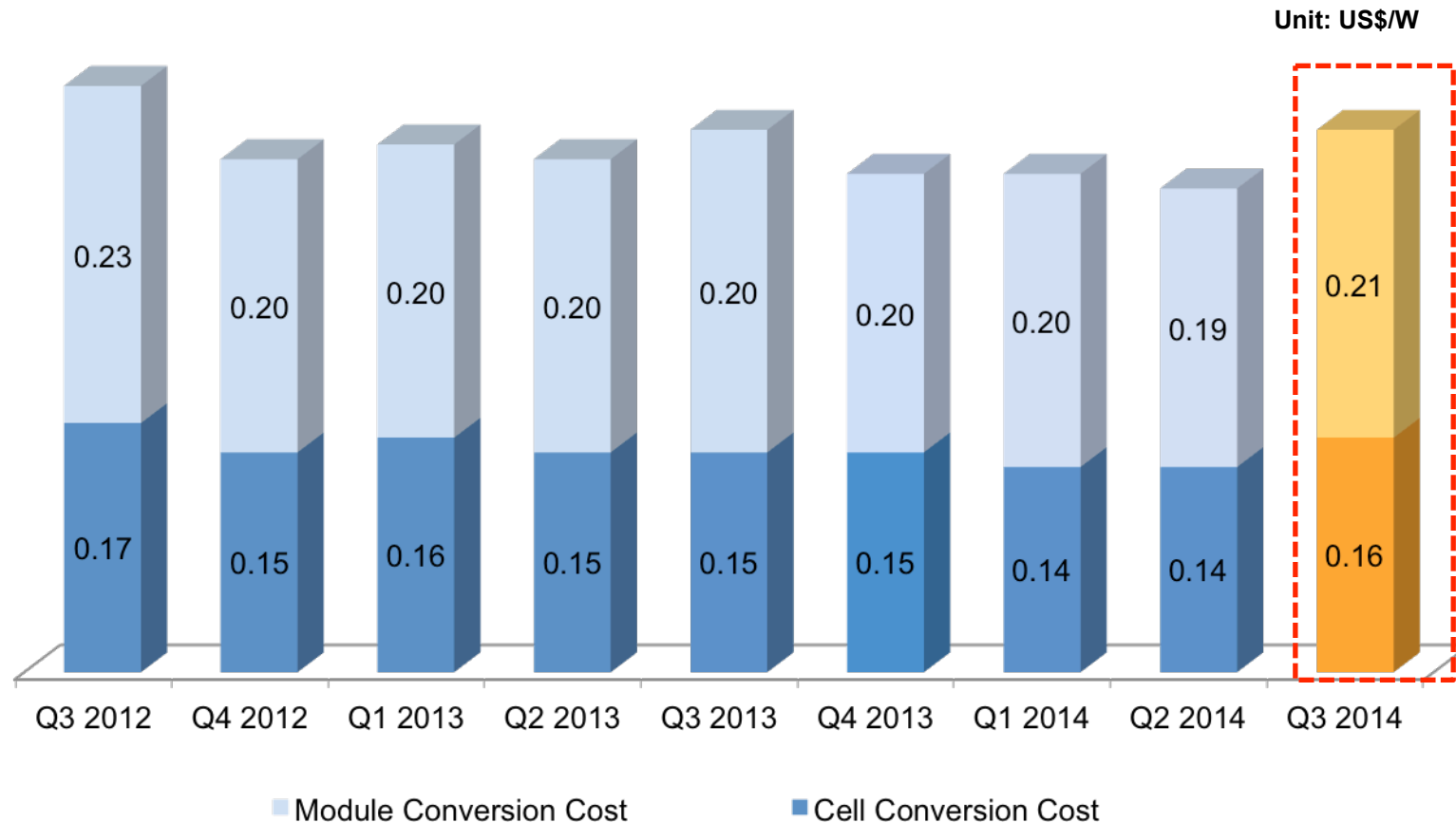


**Q3 2014 Actual**

**US\$:63.3 million**



# Conversion Cost Roadmap



- Blended wafer costs in the third quarter of 2014 were US\$0.24 per watt, unchanged from the previous quarter;
- Confident to further decrease blended conversion cost, as Turkey ramps up production volume and efficiency.

**\*Note:** Conversion cost refers to all manufacturing costs, excluding wafer cost

# Q3 2014 Income Statement



<b>Key Income Statement Data</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q3 2013</b>
<b>(US\$ million, except share and per share data)</b>			
<b>Sales</b>	<b>63.3</b>	<b>88.5</b>	<b>57.1</b>
<b>Cost of goods sold</b>	<b>(65.6)</b>	<b>(83.0)</b>	<b>(55.4)</b>
<b>Gross margin%</b>	<b>-3.8%</b>	<b>6.2%</b>	<b>3.0%</b>
<b>R&amp;D</b>	<b>(0.9)</b>	<b>(0.6)</b>	<b>(1.5)</b>
<b>General &amp; administrative expense</b>	<b>(5.6)</b>	<b>(10.4)</b>	<b>(8.4)</b>
<b>Selling &amp; marketing expense</b>	<b>(2.7)</b>	<b>(3.2)</b>	<b>(4.9)</b>
<b>Total operating expense</b>	<b>(9.2)</b>	<b>(14.2)</b>	<b>(14.8)</b>
<b>(Loss) from operations</b>	<b>(11.6)</b>	<b>(8.7)</b>	<b>(13.1)</b>
<b>Interest expense</b>	<b>(7.1)</b>	<b>(7.2)</b>	<b>(7.1)</b>
<b>(Loss) before income tax</b>	<b>(26.5)</b>	<b>(4.2)</b>	<b>(14.8)</b>
<b>Income tax benefit (expense)</b>	<b>(0.2)</b>	<b>1.1</b>	<b>(1.2)</b>
<b>Net (loss) attributable to ordinary shareholder</b>	<b>(25.6)</b>	<b>(5.7)</b>	<b>(13.2)</b>
<b>Weighted average ADS outstanding (diluted)</b>	<b>14,849,292</b>	<b>14,849,292</b>	<b>13,372,292</b>
<b>Net (loss) per ADS (diluted)</b>	<b>(1.73)</b>	<b>(0.39)</b>	<b>(0.99)</b>



# Q3 2014 Balance Sheet



## Key Balance Sheet Data

(US\$ in million)

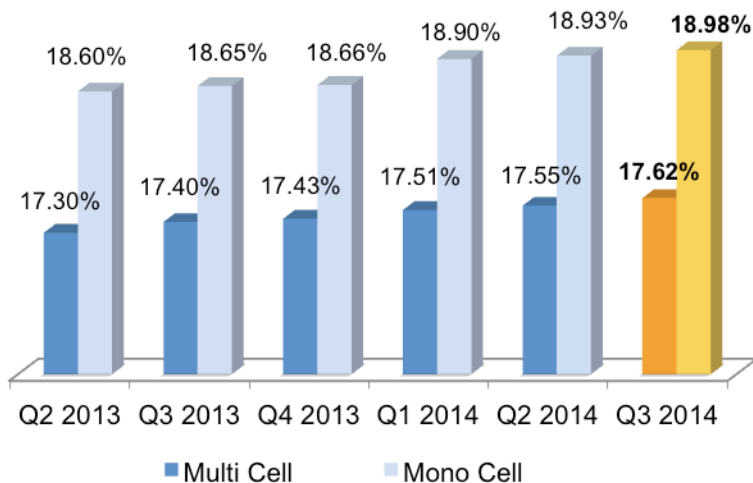
Q3 2014

Q2 2014

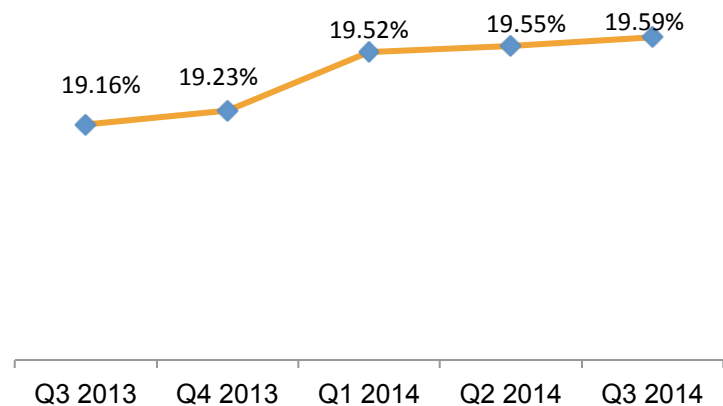
Cash and cash equivalents	21.5	30.8
Restricted cash	182.3	201.9
Accounts receivable (net)	58.1	72.9
Inventory	69.6	55.9
Project asset	8.6	10.5
Net PP&E	228.1	229.1
Total asset	711.8	747.6
Accounts payable	(94.6)	(88.9)
Short-term loans	(356.8)	(375.2)
Long-term debt	(268.5)	(264.0)
Total liabilities	(801.7)	(812.1)

# Technology Updates

## Cell Average Efficiency Roadmap



## QSAR II Batch Average Efficiency



- **PID free:** -1000V, -1500V, double 85, water film
- Average power output : **270W/60 pc**
- **Unique structural design:** effectively decreases power loss
- Piece highest efficiency reached 20.03%

**QSAR II**™



- Received Black & Vitch certification for all of China-based plants
- Applying Black & Vitch as well as UL certifications in Turkey plant
- Turkey plant produced PV modules passed salt mist and ammonia test conducted by TUV Rhineland
- Five-year collaborative research agreement with the University of New South Wales, and New South Innovations, Australia

# *Thank You*

**China Sunergy Co., Ltd**

**E-mail: IR@chinasunergy.com**

