



MINGYANG WIND POWER

明阳风电

China Ming Yang Wind Power Group Limited CICC US Conference Presentation

April 2015



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Company Overview

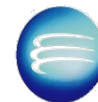
Ming Yang at a Glance – Competitive Strengths



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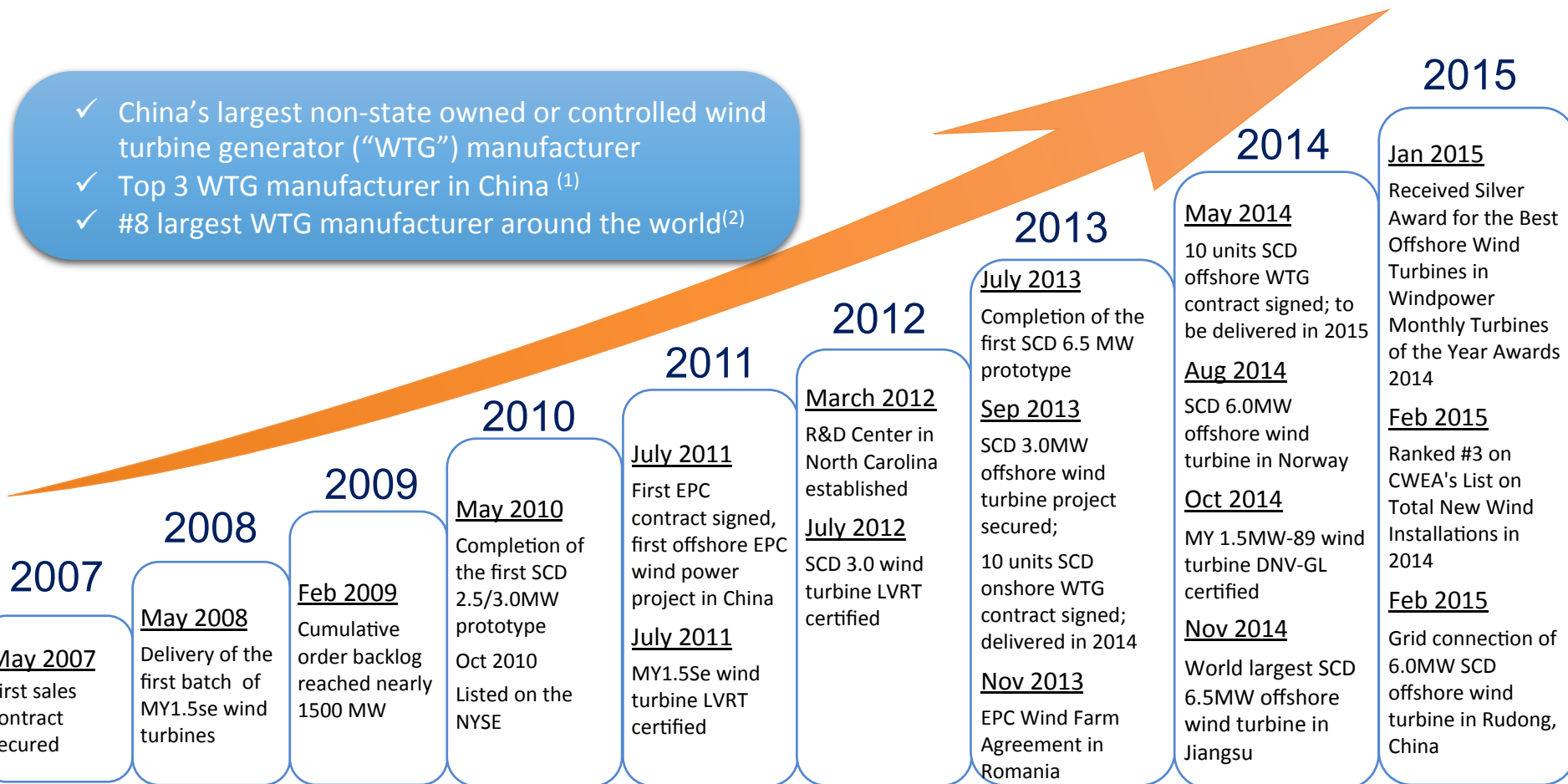


Corporate History and Milestones



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- ✓ China's largest non-state owned or controlled wind turbine generator ("WTG") manufacturer
- ✓ Top 3 WTG manufacturer in China ⁽¹⁾
- ✓ #8 largest WTG manufacturer around the world⁽²⁾

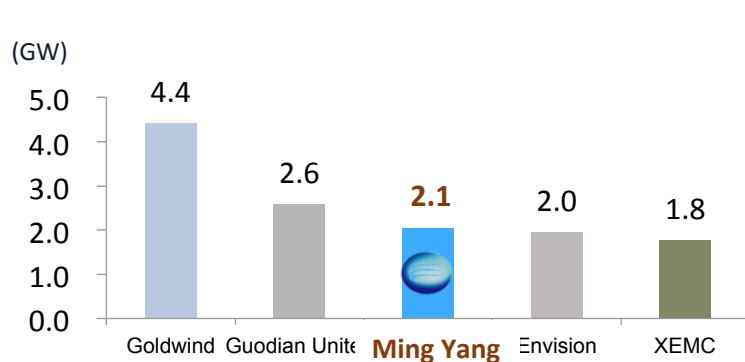


(1) Source: CWEA;

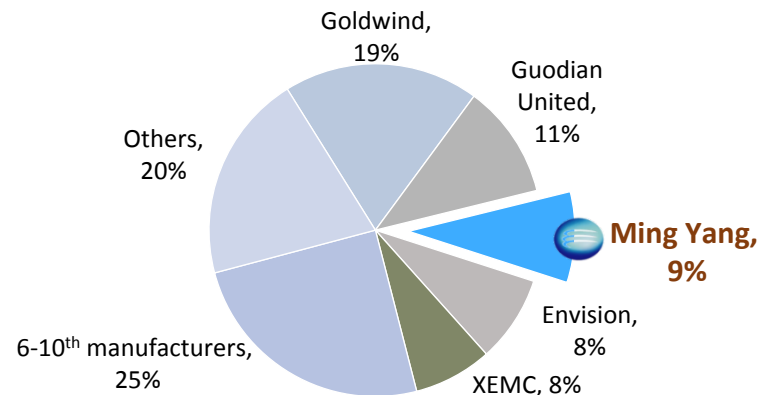
(2) Source: CREIA, CEWA and GWEC;

#3 in China for two consecutive years

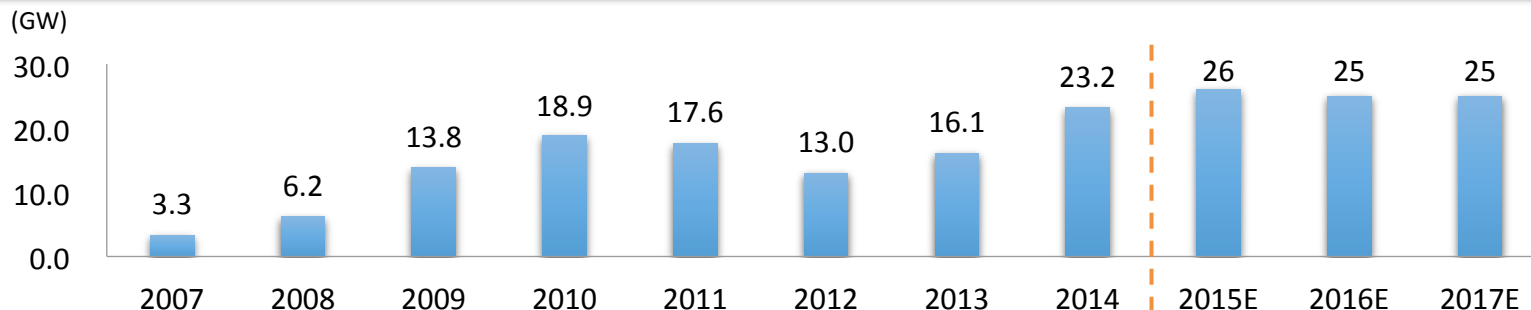
Market share based on 2014 new installations in China



Source: CWEA



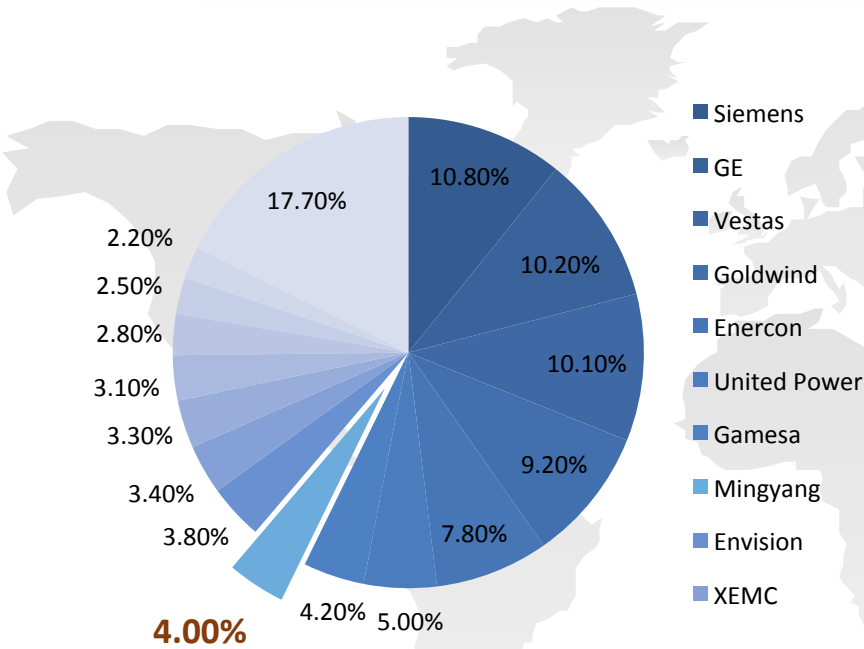
China Annual Newly Installed Wind Energy Capacity



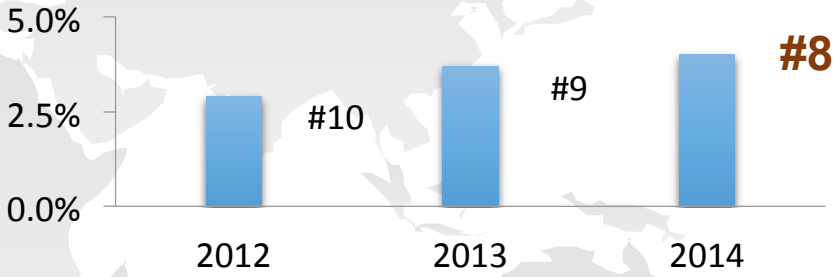
Source: historical data are compiled by CWEA; 2015-17E figures based on J.P. Morgan estimates

Increasing global market share in a growing sector

Global market share based on total installations in 2014



Global Market Share of MY 2014



Global ranking moved up from #9 to **#8**

2014 Global wind turbine manufacturer market share



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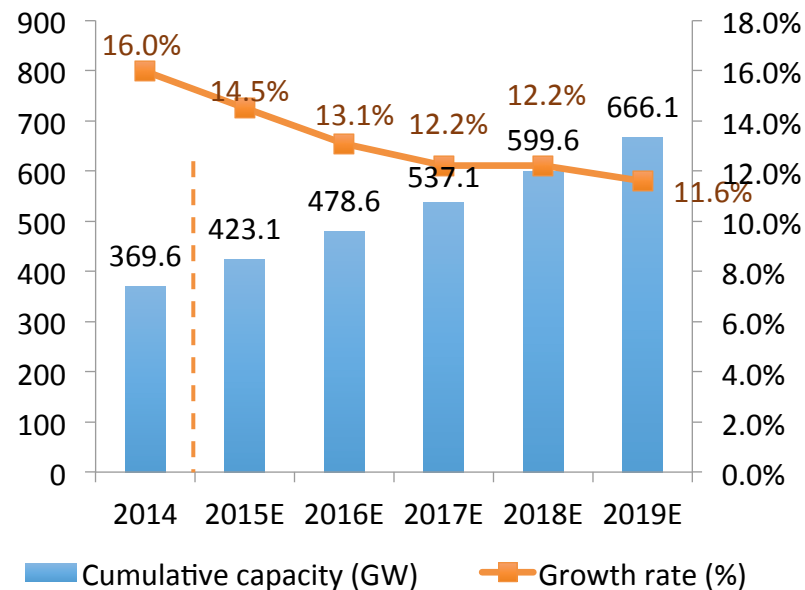
Industry Review

Recovery in global wind power sector

2014: An exceptional year Worldwide wind market grew by 44%

- Global annual installations reached **51GW**, up 44% yoy, exceeding GWEC's projection of 47GW and 50GW milestone
- Total cumulative installations stood at **369.6GW**
- Total investments in the wind energy sector reached a high of **US\$99.5b** during 2014, up 11% yoy
- Wind becomes a rapid maturing technology: **low-price, cost-stable, reliable**
- Growing concerns about climate change – COP 21 summit to be held in Paris in December 2015
- No evidence of negative impact from lower oil prices

Cumulative capacity to continue to enjoy a double-digit growth

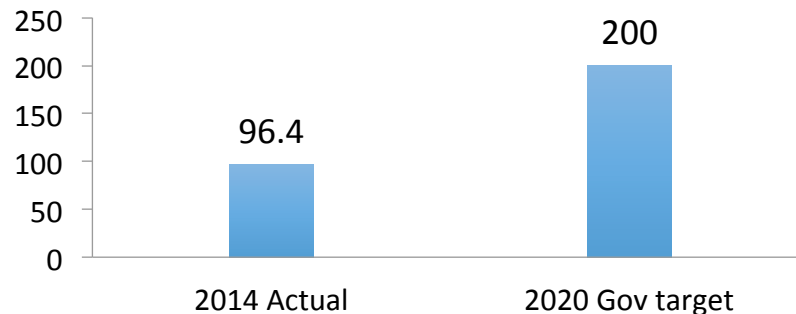


Global cumulative installed wind power capacity forecast

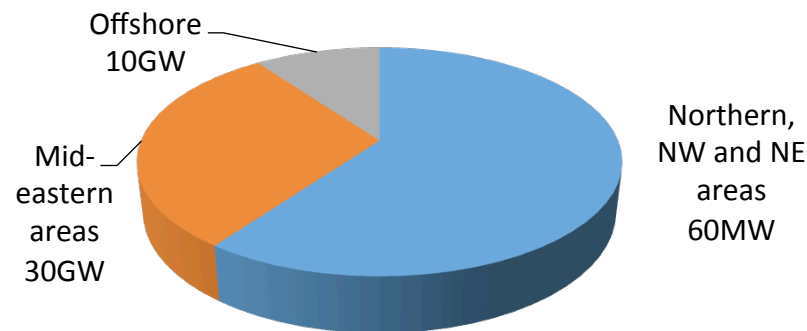
Unwavering support from Chinese government

- New grid-connected capacity in 2014 hit a record **19.81 GW**, **up 23.1% yoy**, exceeding the 18GW government target
- Cumulative grid-connected capacity achieved **100GW** milestone and 2015 government target in Feb 2015
- Wind power no longer an “alternative energy”, now a **“major power source”** together with thermal power and hydropower, said NEA
- Benchmark wind power on-grid prices in certain regions cut by RMB0.02/kwh, **better than expected**; wind farm operators likely to install as much capacity as they can before the next adjustment in 2016
- **“Enlighten Silk Road Economic Belt with Clean Energy”** – an effort from Chairman Chuanwei Zhang to boost wind energy sector as a member of National People’s Congress

Cumulative Grid-connected
Wind Power Capacity in China



China plans to add 100GW new capacity in 2016-2020



More benefits as electricity reform unveiled

Chinese government is undertaking a nationwide top-down electricity reform and issued a high-level guideline in Mar 2015, aiming to shift a certain percentage of power consumption from traditional energy to renewable energy

More concrete targets at provincial level

- Central government is setting quotas for provincial and regional governments and asking local grid companies to give priority to electricity from renewable sources:
 - Countrywide: at least **2-10%/5-13%** of electricity consumption will come from non-hydro renewable energy by 2015/2020 (**VS 2.7% in 2013**)
 - Hubei Province: new energy represents **3%/6%/10%** of total installed capacity by 2015/2017/2020 (**VS 1.2% in 2014**)
 - Inner Mongolia: renewable energy represents **15%/20%** of total on-grid power generation by 2015/2020 (**VS 10% in 2014**); limits wind curtailment rate **within 15%** by 2015
 - Other provinces expected to issues similar policies soon

Policies in place to improve operation and tackle curtailment

- National Energy Administration issued an urgent notice in Apr 2015 to address curtailment issues in the wind energy sector:
 - Local governments and grids asked to submit wind power **grid connection target**
 - Local energy departments urged to speed up wind farm projects' **approval process**
 - Wind farm development priority: **eastern and southern areas** (with higher power consumption but lower wind speed) over traditionally wind-rich northwestern regions (with significant curtailment in the past)
 - Wind farm owners encouraged **improve operation** by adopting high quality management and monitoring systems



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Wind Turbine Solution Business

Strong R&D Capability and Quality Control

Strong In-house R&D Capabilities

Dedicated R&D team with 380 members
as of December 31, 2014



A-Type Certificate of MY 1.5MW-77, MY 1.5MW
-89 and MY1.5MW-82 wind turbine certified by DNV-GL



Obtained 196 patents and has 165 patent applications in
progress as of February 28, 2014

Established research centers in Denmark
(1 researcher) and USA (6 researchers)



Co-operation with leading academic
institutions



First-class strategic cooperators worldwide



Stringent Quality Control Process

Design



- Partnership with Aerodyn and certification authorities

Purchase of Raw Materials



- Strategic relationship with key suppliers

Operation



- Functionality test
- Durability test
- Maintenance

Manufacturing

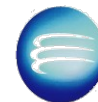


- On-going quality control
- Failure analysis

Top technology suppliers that has an R&D
team of over 60 people



Customized Products to Fit all Conditions in China



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G
E
A
R
B
O
X

S
C
D

W

Product
Line



Low
Temperature
Sand

Low Wind
Speed

Tidal Flat

High Altitude

Anti-typhoon

1.5M
W

Huaneng power, Jilin
Taobei Project

1.5MW X 33 units

2.0M
W

Withstand temperature as
low as -40°C, anti-freeze
ability of blades, anti-snow /
frost

Zhongshui invest,
HunanXinshao Project

2.0MW X 25 units

5.0-6.5 m/s
Type III Wind Farm

Yudean power,
Shiqian Project

2.0MW X 24 units

Adapt to locations 3,500m
above sea level

2.5M
W

Huaran power,
Xinjiang Dabancheng
Project

SCD 3.0MW X17 units

Withstand temperature as
low as -40°C (-40°F), anti-
freeze ability of blades, anti-
snow / frost

Longyuan power,
Jiangsu Rudong Project

SCD 2.5MW X1unit

Withstand salty
environment

3.0M
W

Huangneng power,
Guang dong Haifeng Project

SCD 3.0MW X10 units

Withstand wind speeds of
up to 70m/s (157mph)

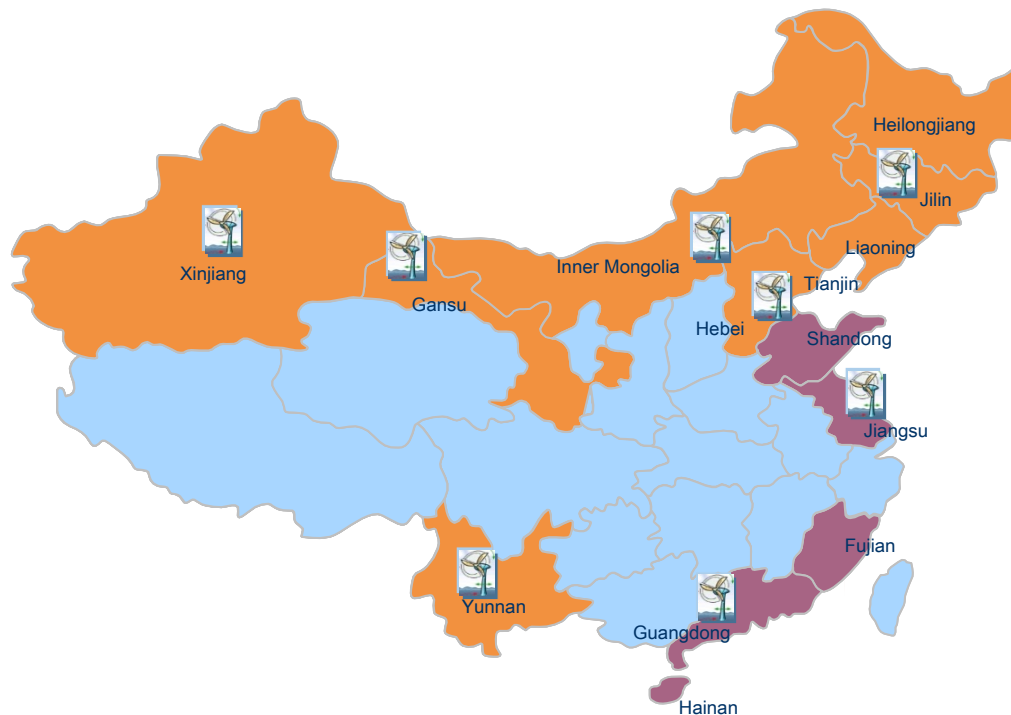
6.0M
W

Longyuan power,
Jiangsu Project

SCD 6.0MW X1 unit

Withstand salty
environment

Strategically-located Production Facilities



- Prompt response to our clients' requests via our hub-and-spoke network
- Fast delivery time, lower cost
- Preferential Tax Treatment

- key areas for wind generation in the 13th five-year plan
- areas with rich offshore wind resource

Full Product Lifecycle Business Model

EPC services



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A solution provider

- Provides full outsourcing service for the wind farm owners other than just being an equipment supplier
- Our expertise and experience contribute to wind farm owners' IRR via add-on services

Wind test and
feasibility study

Micro-siting
and wind farm
design

WTG
Delivery

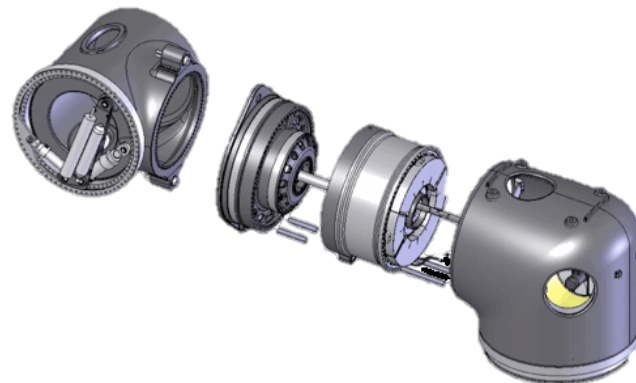
WTG
Installment

Operating
Maintenance

Lease financing/ Commercial Credit

Latest R&D Developments: SCD

- SCD – Super Compact Drive, the latest technological advance in Ming Yang's turbines
- Proprietary technology with extremely high efficiency and durability
- Medium ratio gearbox paired with medium generator for maximum efficiency in all wind conditions
- 98.5% efficiency, higher than all mainstream products in the market
- 6 months to 1 year lead time for new products using SCD technology
- MY's Zhongshan production base and Tianjin production base are able to produce SCD units



SCD Turbines: Cutting-Edge Technology



- **Highly adaptable** manufacturing platform
- Leading technology in the sector for at least **5 years**
- Backlog of **29** new turbines
- **25% fewer standard components, 30-40% lighter** than standard turbines

Looking Ahead: Growth Strategies

Transition to a solutions provider

- Broadening services offerings to expand revenue stream
- Transitioning into a full-product-lifecycle model, including manufacturing, installation, and maintenance

Continued global expansion

- Exploring overseas markets including England and France
- To participate in Chinese companies' wind farm projects in Pakistan
- To cooperate with CGN Europe Energy

Increase manufacturing efficiency

- Implementation of robotic arms in factories
- Additional hiring of workers to increase factories' utilization rate



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Downstream Business

Strong downstream pipeline

Abundant resources, great market potential

- 1GW wind resources in hand
- 2GW grid-connected wind farms in the coming 3 years
- Expected IRR: 12-16% (VS industry average 10%)

Synergies from vertical integration

- Extensive experience in wind farm project EPC services and operation management -> better potential return than industry average
- To use latest wind turbine models and demonstrate the products' reliability and cost-effectiveness
- Testing of new measures to improve operation, e.g. big data, remote monitoring system, smart wind farm system

General characteristics of downstream investment

- Two business models: own & operate model + wind farm sales model
- Stable and highly visible cash flow
- Relatively high margin
- More upsides from more policies support





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Financial Summary

Financial performance highlights

2014 – a turn-around year for MY

2014 Unaudited Results

Revenue
¥5,872m
(\$946m)

Gross profit
¥813m
(\$131m)

Adj. EBITDA¹
¥521m
(\$84m)

Adj. Net profit²
¥230m
(\$37m)

2015 – to set another milestone

2015 Earnings Guidance³

Revenue
¥8,000m
(\$1,289m)

↑ 36%

Gross profit
¥1,080m
(\$174m)

↑ 33%

Adj. EBITDA¹
¥632m
(\$102m)

↑ 21%

Net profit
¥320m
(\$52m)

↑ 39%

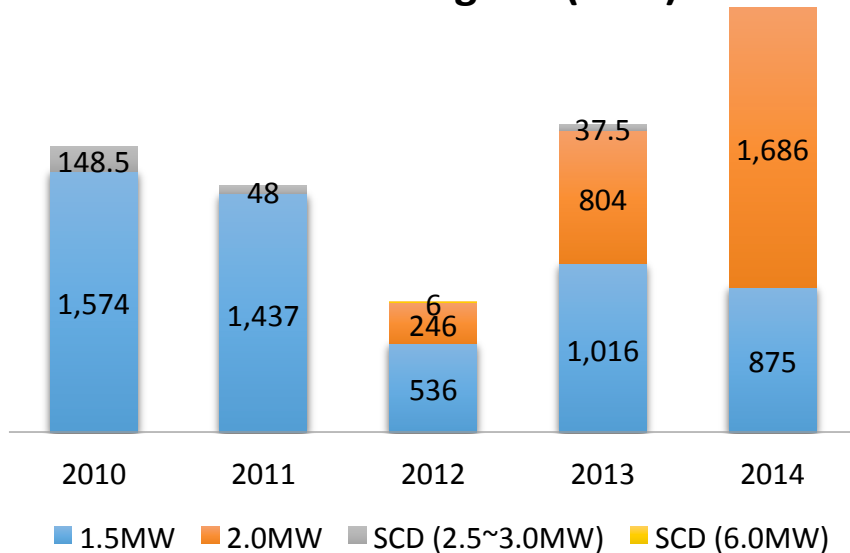
Note 1: Adjusted EBITDA refers to EBITDA adjusted for the share-based compensation expenses and EPC interest income

Note 2: Adjusted Net profit refers to net profit adjusted to exclude gain on loss of control of GWPL

Note 3: It refers to the upper end of estimates. The lower end of 2015 estimated revenue, gross profit, adj. EBITDA and net profit are RMB7,200m, RMB972m, RMB 569m and RMB 290m, respectively.
USD/RMB currency rate to translate RMB amounts into U.S. dollar amounts:6.2046

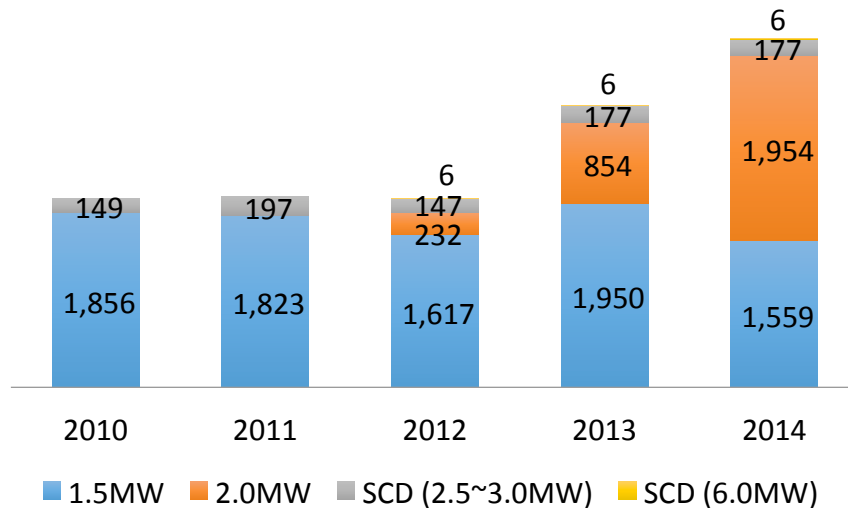
Operational performance

New orders signed (MW)



- Signed new orders **624MW** in 4Q 2014 and **2.5GW** during 2014
- Cumulative tender won **1.3GW** in 2014

Backlog overview (MW)

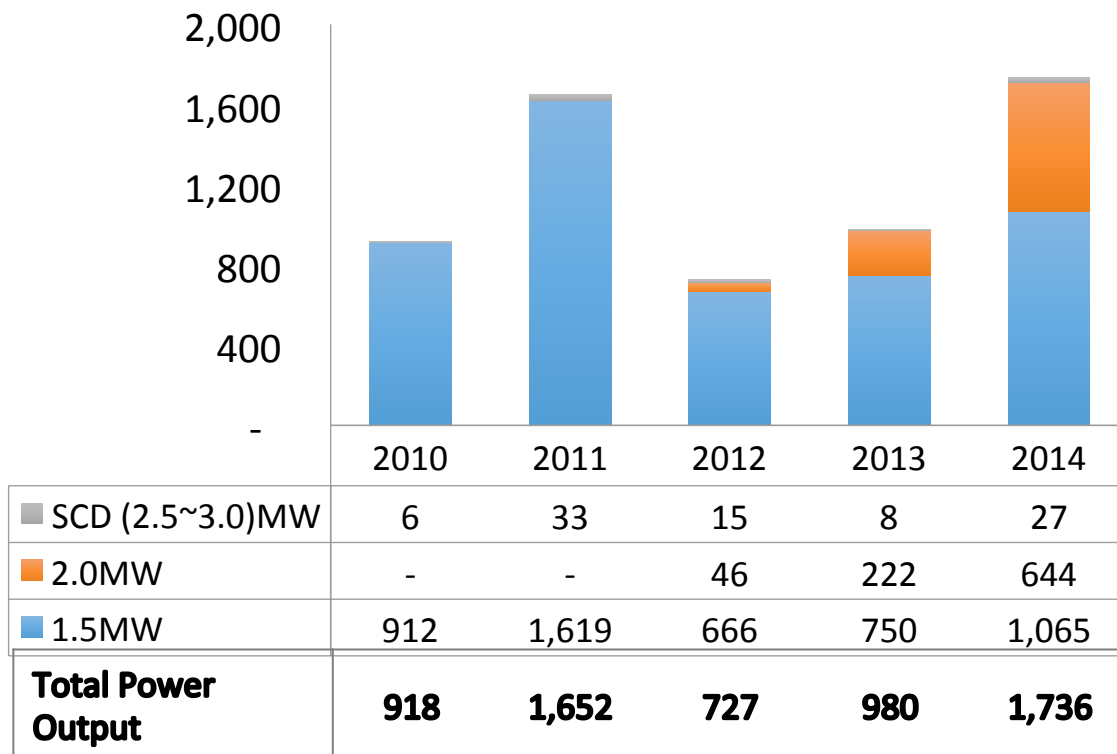


- Total backlog as at the end of 2014: **3.7GW**
- Increasing demand for 2.0MW products
- SCD well received by customers

Total signed order-backlog and tender won **5.0GW**

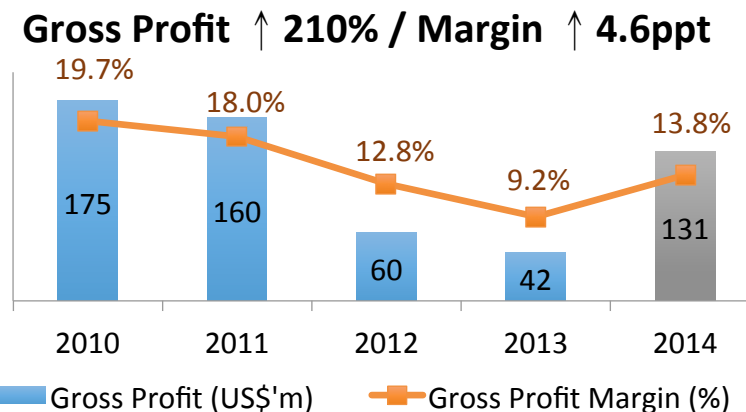
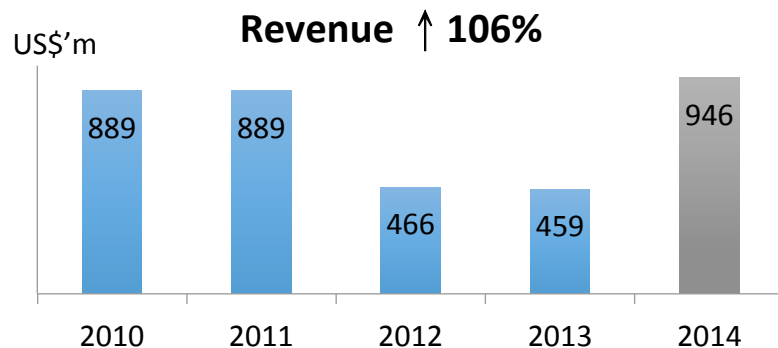
Strong recovery in sales volume

Sales Volume Delivered (MW)

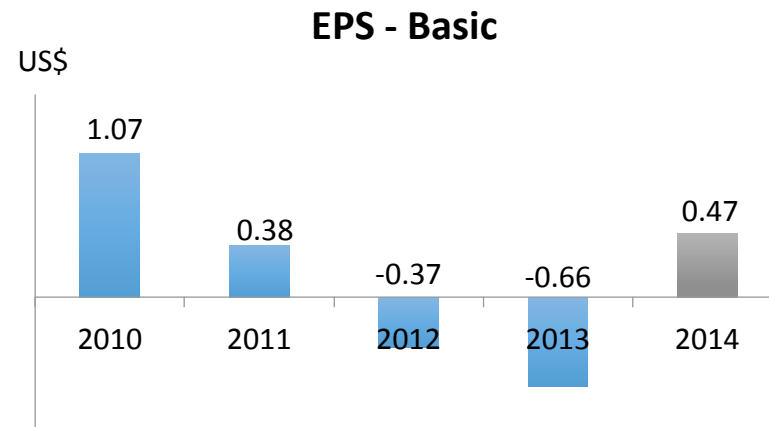
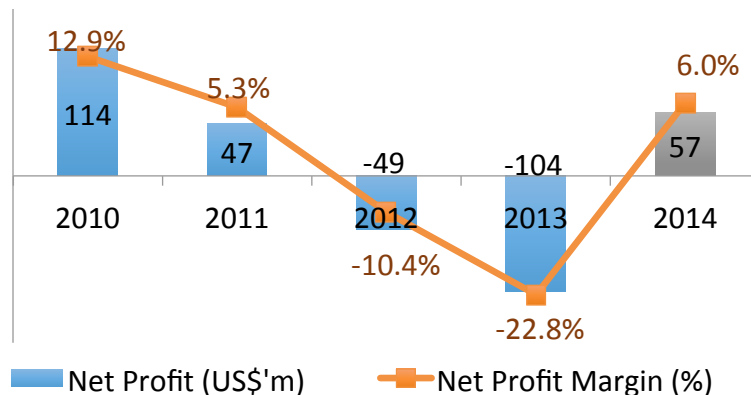


- Total volume increased **77%** to 1.7GW, a historical high
- Sales volume of 2.0MW products **almost tripled**, driven from strong customer need
- 6.0MW SCD began **commercial trial operation**, to provide future momentum

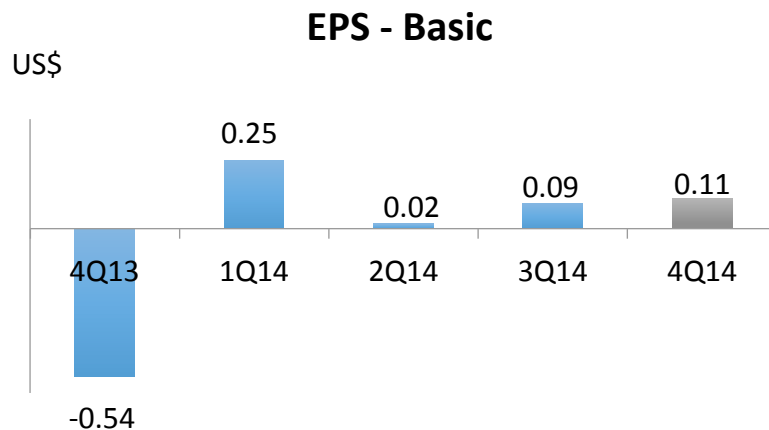
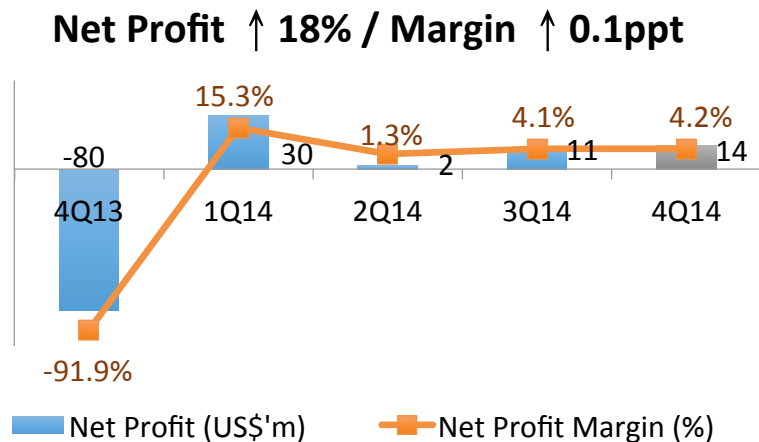
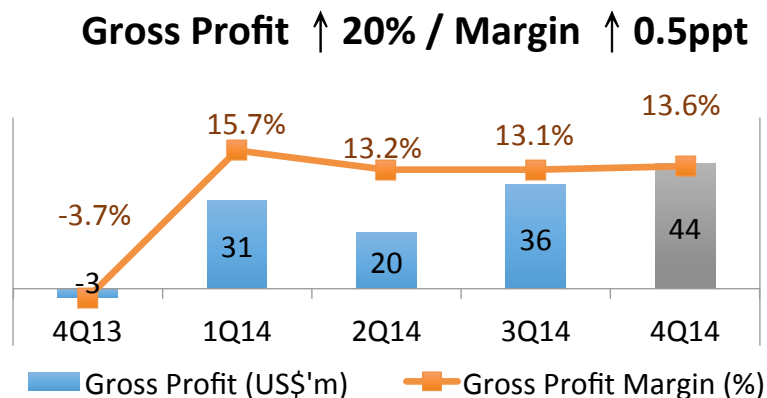
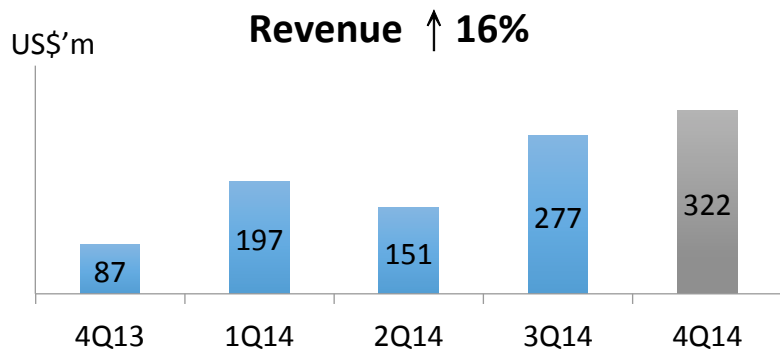
Yearly revenue and margin analysis



Returns to profit after two years of loss

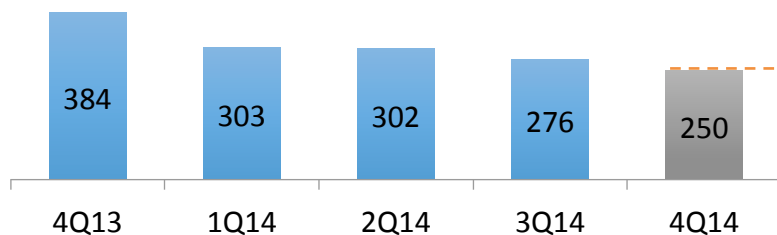


Quarterly revenue and margin analysis

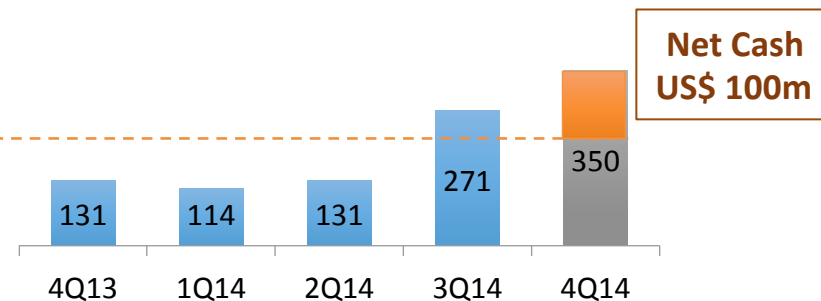


Financial indicators

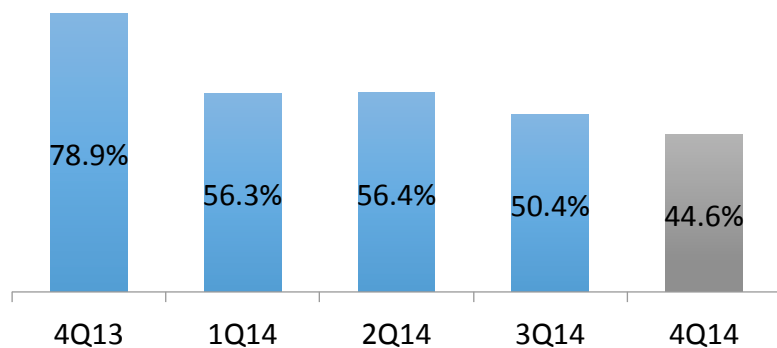
Debt (US\$'m)



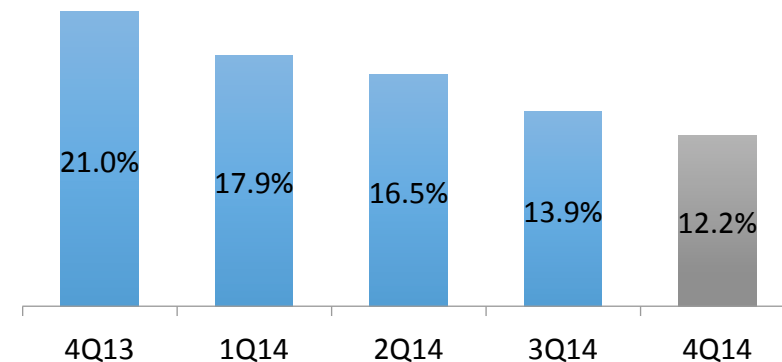
Cash and cash equivalents (US\$'m)



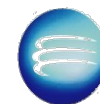
Debt to equity (%)



Debt to assets (%)

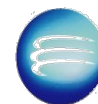


Income Statement Summary



	For the three months periods ended		
	<i>December 31,2013</i>	<i>December 31,2014</i>	<i>December 31,2014</i>
	RMB'000	RMB'000	USD'000
Revenue	541,189	1,995,988	321,695
Gross profit	(19,997)	271,943	43,829
Other income	19,190	9,722	1,567
Selling and distribution expenses	(83,966)	(79,153)	(12,757)
Administrative expenses	(410,762)	(99,024)	(15,960)
Research and development expenses	(36,217)	(23,229)	(3,744)
(Loss)/profit from operations	(531,752)	84,046	13,546
Net finance expenses	(30,084)	9,600	1,547
Gain on disposal of subsidiary	-	7,831	1,262
Share of loss of associates	(1,782)	(155)	(25)
(Loss)/profit before income tax	(563,618)	97,535	15,720
(Loss)/profit for the period	(496,888)	84,046	13,546

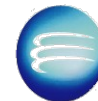
Balance Sheet Summary



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	As of December 31, 2013	As of December 31, 2014	
	RMB'000	RMB'000	USD'000
Assets			
Cash and cash equivalents	811,848	2,169,810	349,710
Trade and other receivables	5,145,319	5,530,166	891,301
Inventories	2,235,459	2,015,820	324,891
Property, plant and equipment	1,001,678	781,224	125,910
Intangible assets	195,816	76,426	12,318
Other assets	1,946,140	2,081,534	335,483
Total assets	11,336,260	12,654,980	2,039,613
Liabilities and Equity			
Trade and other payables	4,363,126	5,948,080	958,656
Short-term bank and other borrowings	1,283,055	551,450	88,878
Deferred revenue	817,596	741,313	119,478
Provisions	404,050	500,915	80,733
Other liabilities	1,453,113	1,435,069	231,291
Total Equity	3,015,320	3,478,153	560,577
Total equity and liabilities	11,336,260	12,654,980	2,039,613

USD/RMB currency rate to translate RMB amounts into U.S. dollar amounts: 6.2046



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Thank you!

