



Q1 2012 Earnings Call Presentation

2012-05-22



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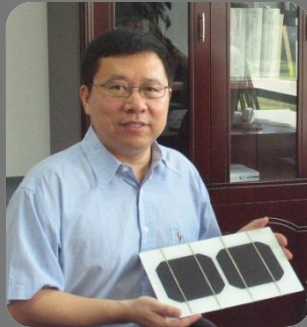
Senior Management Team



Chief Executive Officer
Stephen CAI



Chief Financial Officer
Yongfei CHEN



Chief Technology Officer
Jianhua ZHAO



Technology Vice President
Aihua WANG

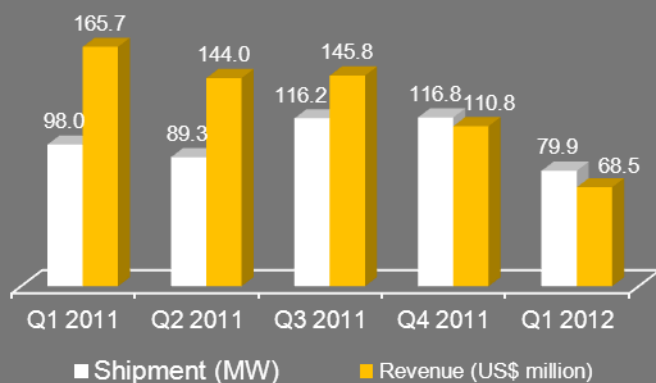
Earnings Call Agenda

- ❑ Q12012 Performance Overview — Stephen CAI
- ❑ Q12012 Financial Results — Yongfei CHEN
- ❑ Technology Innovation — Jianhua ZHAO
- ❑ Q2 2012 & FY2012 Guidance — Stephen CAI
- ❑ Q&A Session

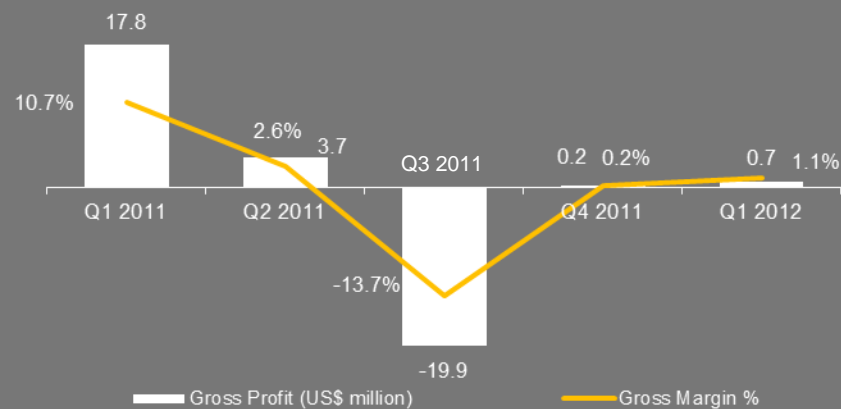
Q1 2012 Performance Overview

| Items | Q1 2012 Actual | Q4 2011 Actual | Q-o-Q% | Y-o-Y% |
|------------------------|----------------|----------------|--------|--------|
| Shipments (MW) | 79.9 | 116.8 | -31.6% | -18.5% |
| Revenue (US\$ million) | 68.5 | 110.8 | -38.2% | -58.7% |
| Gross Margin (%) | 1.1% | 0.2% | ↑ 0.9% | ↓ 9.6% |
| ASP (US\$ per watt) | 0.86 | 0.94 | -8.5% | -50.6% |
| EPS (US\$) | -0.71 | -3.71 | - | - |

Quarterly Revenue & Shipments

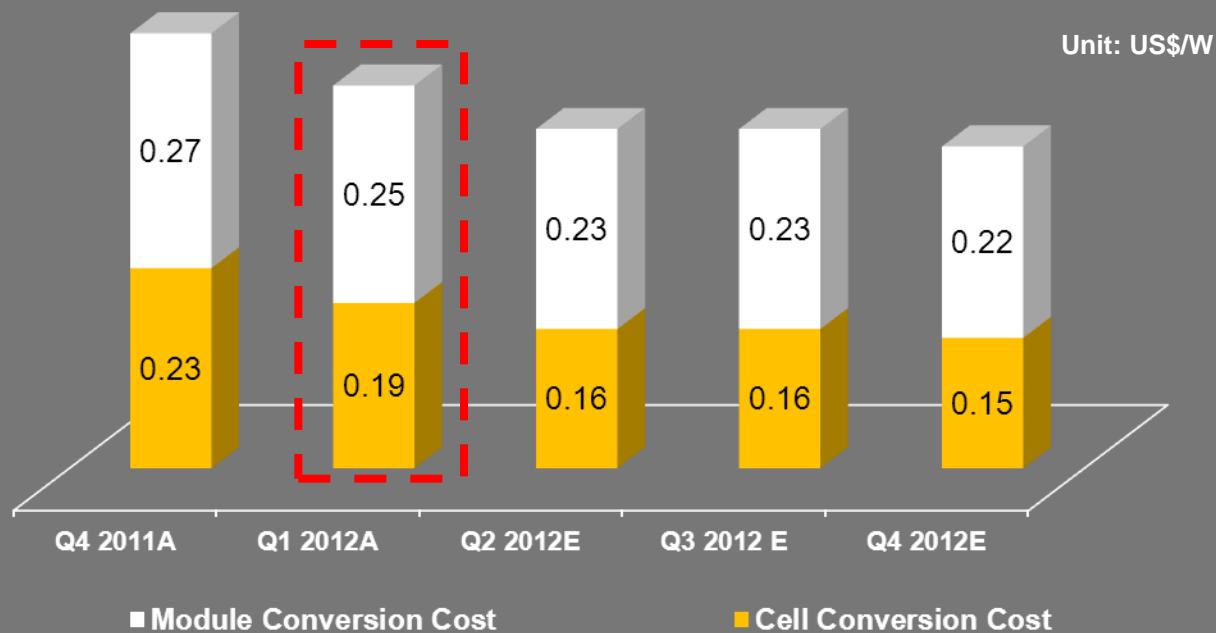


Quarterly Gross Profit & Gross Margin



Operation Highlights & Outlook

Quarterly Conversion Cost Reduction Roadmap



*Notes: manufacturing cost only, encapsulation loss etc. is not included.

- Significant progress in conversion cost reduction, estimate cell/ module to yearly reduce 21.1% and 12.0% respectively in 2012.
- Strategic partnership with DuPont offers best-in-class metal pastes and backsheets, also cost saving.

Operation Highlights & Outlook

□ Win-Win cooperation:



- ✓ Assembling solar modules in France through OEM cooperation with KDG Energy.
- ✓ The first order thereof was delivered to Akuo Energy.

□ Further market expansion in Central and Western Europe:



- ✓ Execution of 50MW module sales contract with Bull PowerTech GmbH.



- ✓ Shipped 54 MW solar modules to SUNfarming within 6 months.

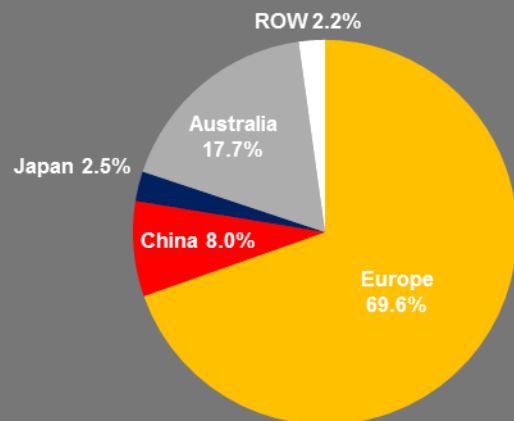
□ Warranty insurance:



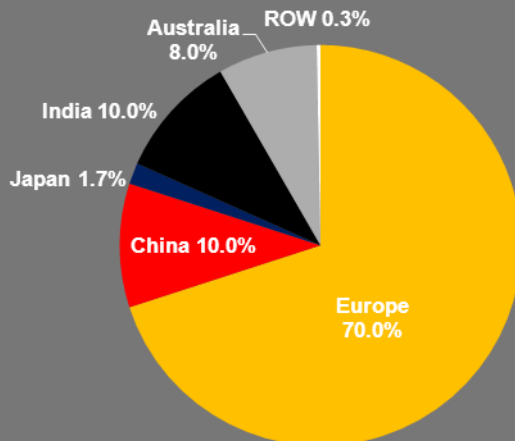
- ✓ Adopted the PowerClip extended warranty insurance solution for solar module.

Sales Breakdown by Region

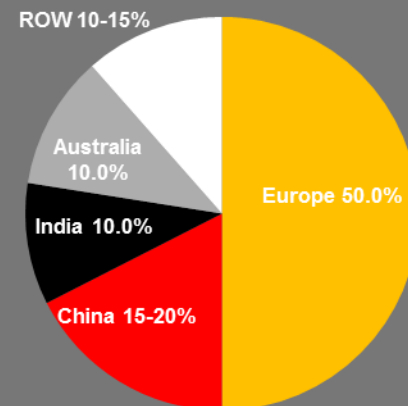
Q1 2012 Actual



Q2 2012 Estimate



FY2012 Estimate



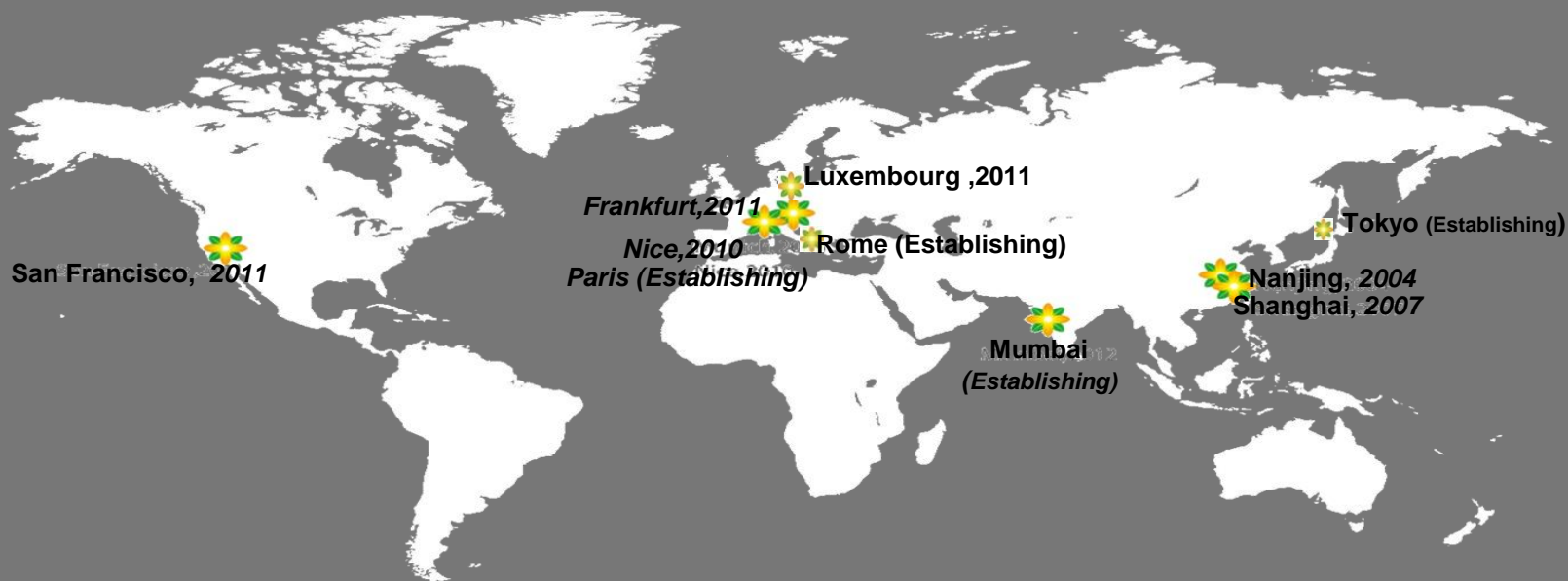
- ❑ **Australia Market:** demand mainly driven by commercial-scale solar roof top projects.
- ❑ **China Market:** actively pursuing projects in Northwest China.
- ❑ **Japan Market:** registering a Tokyo sales office, hired a Japanese sales director.
- ❑ **U.S. Market:** planning to use cells outside China; investigating investment in module assembly plant.

Global Vision — Strengthen Sales Capability

Expand our SOLAR business with GLOBAL presence

Hired a European marketing director and a Japanese Sales Director

Currently 50 overseas sales staff in field



Technology Innovation



R&D Center

R&D center is nearing completion

will be ready for research and production by the end of this year

QSAR™

*Formerly referred as QUASAR



QSAR265

QSAR Cell: average efficiency reached 19.1% , topped 19.3% at times

Certification: ETL, TÜV

Q1 2012 Shipment: 2.1 MW

PSAR™ Module

Mono-like



PSAR300

PSAR Cell: average efficiency reached 18%

Certification: ETL, in TÜV certification testing

Q1 2012 Shipment: 0.2 MW

Quarterly Income Statement

| Key Quarterly Income Statement Data | Q1 2012 | Q4 2011 | Q1 2011 | Q-o-Q% | Y-o-Y% |
|---|------------|------------|------------|--------|--------|
| (US\$ million, except share and per share data) | | | | | |
| Sales | 68.5 | 110.8 | 165.7 | -38.2% | -58.7% |
| Cost of goods sold | (67.7) | (110.6) | (147.9) | -38.8% | -54.2% |
| Gross Margin% | 1.1% | 0.2% | 10.7% | 0.9% | -9.6% |
| R&D | (2.4) | (2.2) | (1.3) | 9.1% | 84.6% |
| Administration | (12.1) | (31.1) | (5.1) | -61.1% | 137.3% |
| Selling & Marketing Expense | (4.3) | (5.8) | (3.4) | -25.9% | 26.5% |
| Total operating expense | (18.8) | (39.1) | (9.8) | -51.9% | 91.8% |
| Income (loss) from operations | (18.0) | (38.9) | 8.0 | - | - |
| Interest expense | (6.4) | (9.5) | (3.2) | -32.6% | 100.0% |
| Income(loss) before income tax | (12.5) | (54.9) | 4.2 | - | - |
| Income tax benefit (expense) | 3.0 | 5.3 | (0.7) | - | - |
| Net income (loss) | (9.6) | (49.6) | 3.5 | - | - |
| Weighted average ADS outstanding (diluted) | 13,372,292 | 13,372,292 | 13,372,587 | - | - |
| Net Income (loss) per ADS (diluted) | (0.71) | (3.71) | 0.27 | - | - |

Notes*: On December 21, 2011, we effected an ADS to ordinary share ratio change, from one ADS representing six ordinary shares to one ADS representing 18 ordinary shares. The ratio change has the same effect as a one-for-three ADS consolidation.

Quarterly Balance Sheet Data & Cash Flow

| Key quarterly balance sheet data | Q1 2012 | Q4 2011 | Q1 2011 |
|----------------------------------|---------|---------|---------|
| (USD\$ in million) | | | |
| Cash and cash equivalents | 233.2 | 209.5 | 79.6 |
| Restricted cash | 129.5 | 84.4 | 82.3 |
| Accounts receivable (net) | 125.5 | 152.3 | 156.3 |
| Inventory | 55.0 | 44.0 | 124.1 |
| Advance to suppliers | 5.4 | 5.4 | 13.5 |
| Net PP&E | 180.5 | 164.5 | 116.6 |
| Total asset | 859.8 | 809.9 | 705.3 |
| Accounts payable | (62.6) | (47.7) | (97.6) |
| Short-term loans | (319.2) | (322.2) | (209.2) |
| Long-term debt | (131.1) | (125.4) | (30.5) |
| CB payable | (10.0) | (27.5) | (44.0) |
| Total liabilities | (729.6) | (670.8) | (475.6) |
| Total equity | (130.2) | (139.1) | (229.7) |

Key cash flow data:

□ Net operating cash inflow increased by 3 times to US\$85.0 million for the first quarter of 2012.

Q1 2012 & Q4 2011 Key Financial Ratios

| Financial Index | Q1 2012 | Q4 2011 |
|-----------------------------------|---------|---------|
| Accounts receivable turnover days | 185 | 131 |
| Accounts payable turnover days | 66 | 50 |
| Inventory turnover days | 66 | 52 |
| Return on equity (Yearly) | -29.3% | -142.6% |
| Return on assets (Yearly) | -4.4% | -24.5% |
| OPEX of revenue | 27.4% | 35.3% |

| Financial Ratios | Q1 2012 | Q4 2011 |
|-------------------------|---------|---------|
| Interest coverage ratio | -96% | -478% |
| Debt /equity ratio | 560% | 482% |
| Debt /asset ratio | 85% | 83% |
| Current ratio | 106% | 113% |
| Quick Ratio | 95% | 102% |

Q2 2012 and Full Year Guidance & Assumptions

Guidance

□ Q2 2012:

Shipments: 145-155MW

Gross margin: mid single digits, hopefully ~5%

□ FY2012:

Shipments: approx. 500-550MW



Q2 2012 Financial Guidance Assumptions

- ✓ Blended exchange rate USD/RMB: 6.3
- ✓ Blended exchange rate EURO/RMB: 8.3
- ✓ Estimated ASP: \$0.76/W
- ✓ Cell conversion cost: \$0.16/W
- ✓ Module conversion cost: \$0.23/W



Thank You

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