

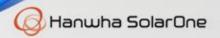
**Review and Update** 

May 14th 2014





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## 1Q Summary



- Maintained strong presence in Japan and penetrated growing UK market
- Soft China market demand impacted revenues and shipments
- ASP increased and remains among the highest of Chinese Tier 1 companies
- Gross margins stable at 13.9%
- Return to operating profitability
- Net loss impacted by foreign exchange and changes in fair value of derivative contracts
- Following end of quarter appointed proven Chairman and CEO

## Financial Highlights of 1Q 2014

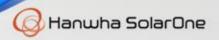


Categories	First Quarter 2014	
Revenue	\$183.1 million (-12.1%) Q/Q	
Shipments	323.6 MW (-8.1%) Q/Q	
ASP	\$0.69 (+4.4%)	
Gross Margin	13.9%	
GAAP Earnings per Basic ADS	(\$0.24)	
Non-GAAP Earnings per Basic ADS 1	(\$0.17)	

#### Note:

All non-GAAP numbers exclude the accounting impact from the adoption of ASC 815-40, which relates to the accounting treatment for the convertible bonds. Non-GAAP financial results for prior quarters have been adjusted for comparability with the current quarter.

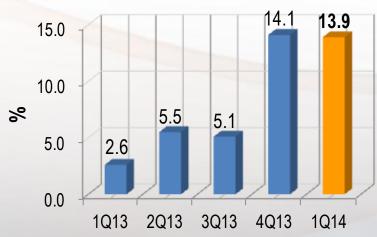
### **Financial Trends**



#### **Module Shipment**



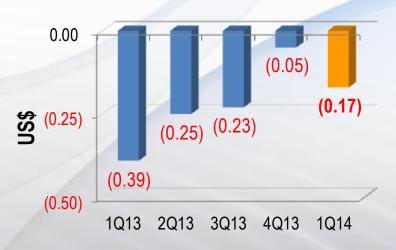
#### **Gross Margin**



#### Revenues



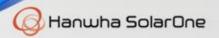
#### Non-GAAP Earnings / Basic ADS<sup>1</sup>

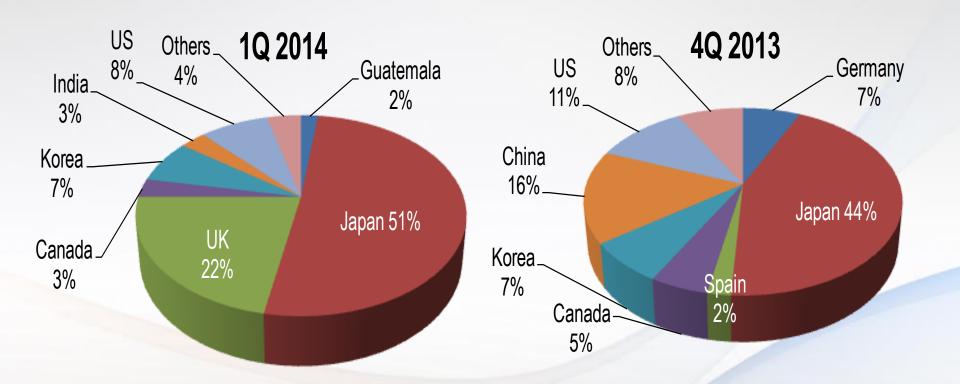


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## Module Revenue by Shipping Destination



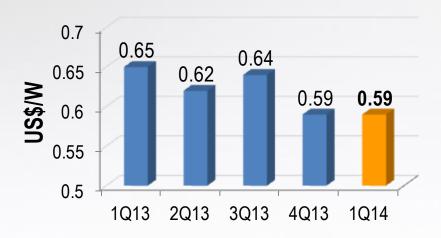


- Continued to leverage first-mover advantage and brand in Japan (51%)
- Substantial increase in shipments to the UK (22%) due to strong demand for utility-scale solar projects
- China market experiences pause in demand
- Maintained presence in the US (8%) and Korea (7%)
- Growth in emerging markets, such as India (3%) and Guatemala (2%)

### Other Financial Metrics



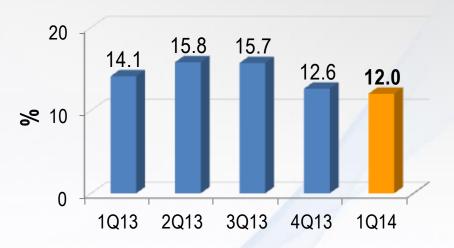




#### **Days Inventory Outstanding**



#### Operating Expenses as % of Revenue<sup>1</sup>



#### **Days Sales Outstanding**



#### Notes:

<sup>1 4</sup>Q13 figures excludes non-cash charges

## China Market Update





#### First quarter demand slow

- Seasonality and customers await new and more attractive government incentives
- Overall market demand may have been 1 GW or less

#### Remainder of 2014

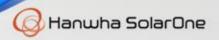
- Signs of renewed demand in late April/early May with 1H14 of 2-4 GW
- Requires 10-12 GW in 2H14 to meet 14 GW government goal
  - China installed 8 GW in 2H13
- Utility-scale/distributed generation mix may be changed and DG subsidies enhanced
- State owned banks now supplying credit to selected companies



#### Strategic partnerships

- Signed MOU with Wuxi New District Administrative Committee
  - Own and operate 100 MW of DG projects
- Relationship with Shanghai HuiTianRan growing stronger and expanding
  - 700 MW module and/or EPC opportunity
  - New JV company including 2 large SOE with 300 MW project potential

## Manufacturing update



- Shift to module automation completed by early 2015
  - Equipment designed and manufactured by Hanwha Tech M
  - Will reduce cost and improve quality
- Cell and module capacity expansion completed by year end
  - Cell to 1.5 GW and module to 2.0 GW
  - Positions us to meet our 2015E demand
  - Use of existing infrastructure lowers capital investment
- | Improvements in ingot/wafer operations
  - Will contribute to a reduction in non-poly processing cost by year end
  - Higher utilization, improved yields and quality, equipment upgrades
  - Hired experienced engineers, quality managers and high-skilled operators

## Chairman and CEO Commentary



- Primary goal
  - Lead an aggressive transformation and turnaround of the company
  - Achieve a Tier 1 position in the industry within 2 years
- ➡ Initial areas of focus
  - Marketing: target Japan, the EU and China
  - Manufacturing: improve midstream capabilities to create competitive advantage
  - Quality and low cost: manufacture high-quality, high-performance products
- Areas targeted for improvement (non-material cost reductions)
  - Manufacturing and engineering
  - Supply chain management
  - Logistics
  - Inventory management

## 2014 Outlook Remains Unchanged



- More efficient ingot and wafer facility further reducing cost
- Cell efficiencies above 18% by year end
- Expand cell and module capacity to 1.5 and 2.0 GW, respectively
- Q CELLS synergies (technology exchange/supply chain/tolling)
- Establish a downstream business in China
- ⇒ Shipment growth up to 25%
- Target gross margins of 15-20%

# Market Guidance



	Shipments	Q2 2014	350 – 370MW
		2014	1.5~1.6GW
FY 2014			
2014	Gross Margin	2014	15-20%
	Capital Expenditure	2014	\$80 million

