





Solargiga Energy Holdings Limited  
陽光能源控股有限公司

# 2014 Annual Results Presentation 全年業績公告



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# Corporate Overview



# Corporate Profile



We focus on vertical integration for monocrystalline products, providing one-stop solutions from ingots, wafers, cells, modules and the development, design, construction, operation and maintenance of PV System

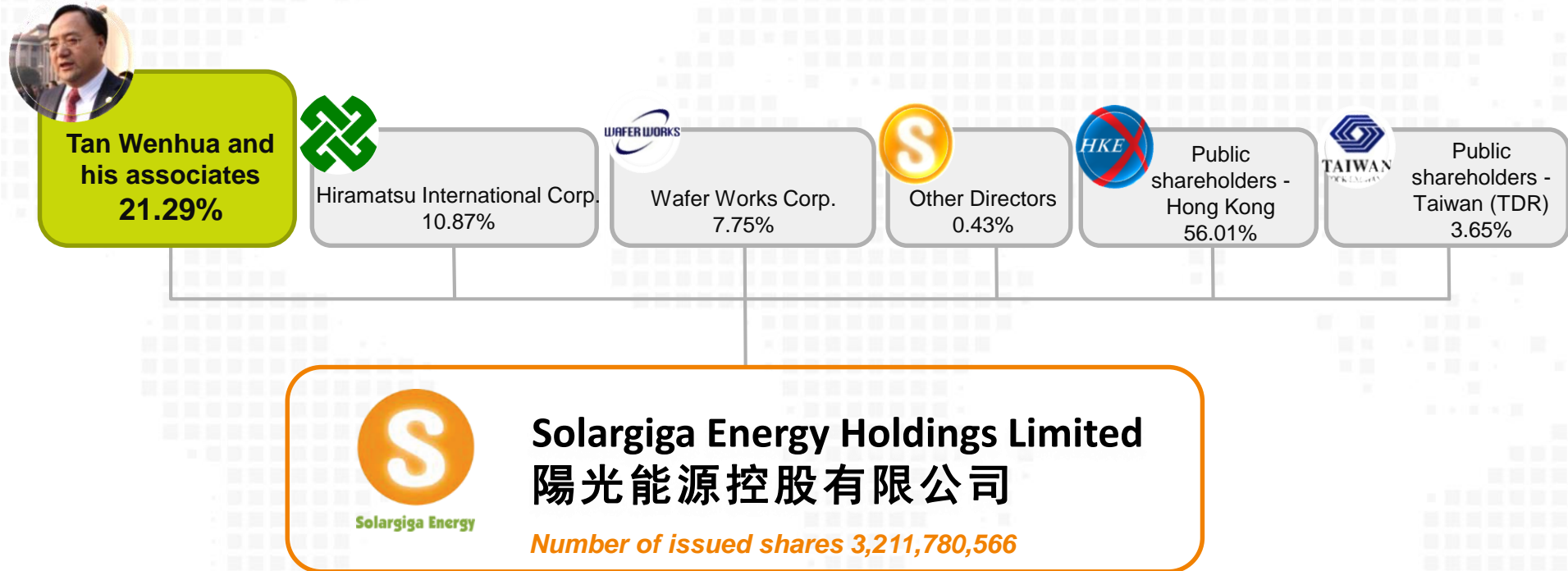


Cross-listed in Hong Kong (00757.HK) and Taiwan (9157.TT)





# Shareholding Structure as at 31 December 2014





# Manufacturing Base – China & Taiwan



## Jinzhou, Liaoning

- 800MW monocrystalline silicon ingots
- 900MW monocrystalline silicon wafers
- 300MW photovoltaic cells
- 600 MW photovoltaic modules
- Joint venture project of multicrystalline silicon ingots and wafers which is 37% owned by the Group

## Xining, Qinghai

Joint venture project of 400MW monocrystalline silicon ingots which is 51% owned by the Group (Phase One 200MW completed, Phase Two 200MW will be put into production successively upon reaching the conditions to achieve production levels, enabling the annual production capacity of silicon ingots to duly reach 1.2 GW)

## Shanghai

- Group marketing center, also includes multicrystalline silicon recycling and upgrading facilities

## Taiwan

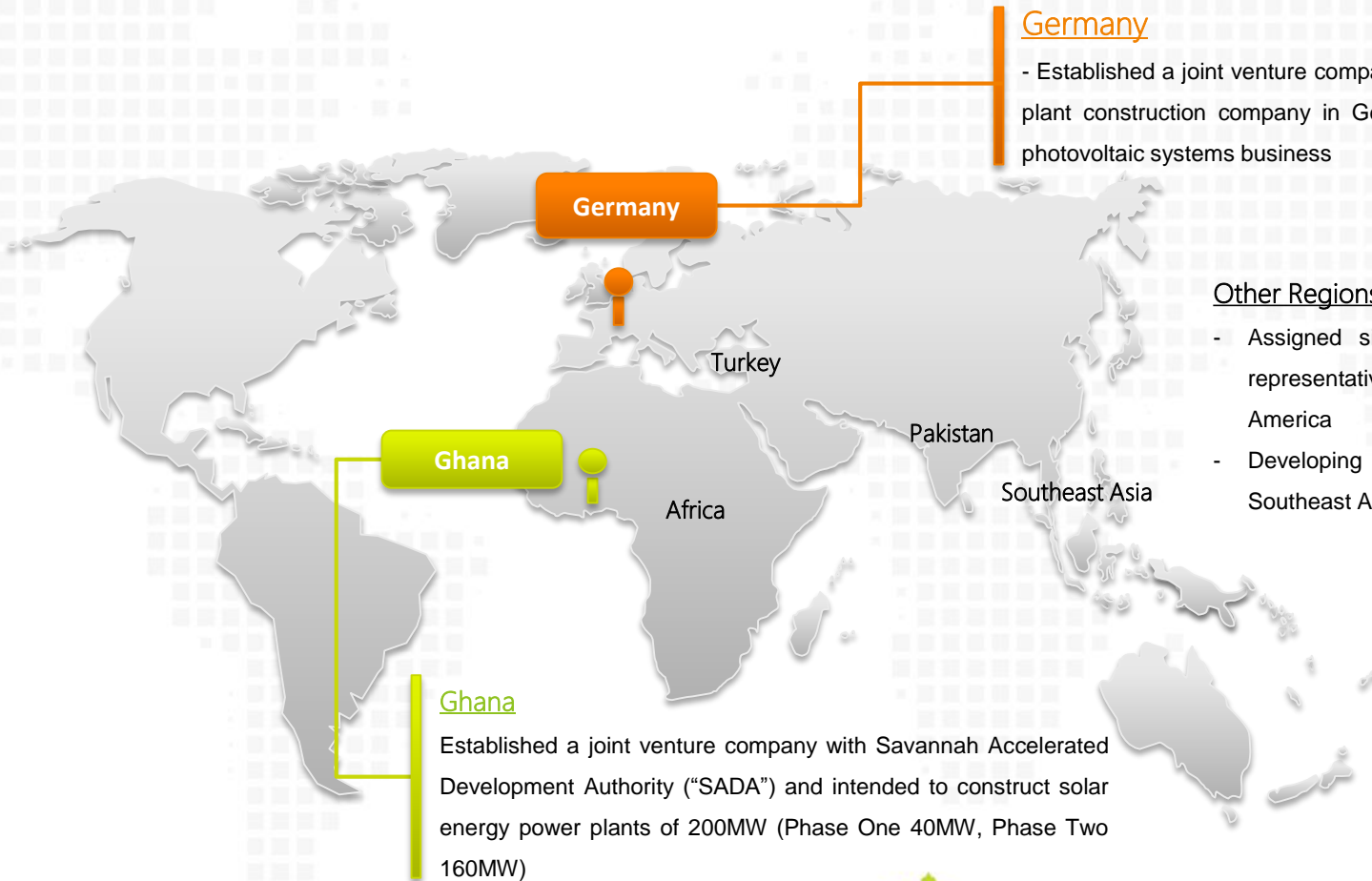
Established regional office, focusing on serving the local cell manufacturers and module manufacturers with silicon wafer.







# Manufacturing Base – Overseas







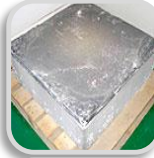
# Product Range



Solargiga Energy

Solargiga Energy Holdings Limited  
陽光能源控股有限公司

Ingot



- 800MW in Jinzhou + 400MW in Xining (put into production successively) = Total 1.2GW

Wafer



- 900MW

Cell



- 300MW

Module



- 600MW

System



- Established a subsidiary with SADA and intend to construct solar energy power plants of 200MW in Ghana
- German subsidiary as our overseas base for developing EPC business in emerging market
- Acquired a professional photovoltaic power plant construction company to expand EPC and O&M business in PRC
- Search for solar plant opportunities overseas and locally

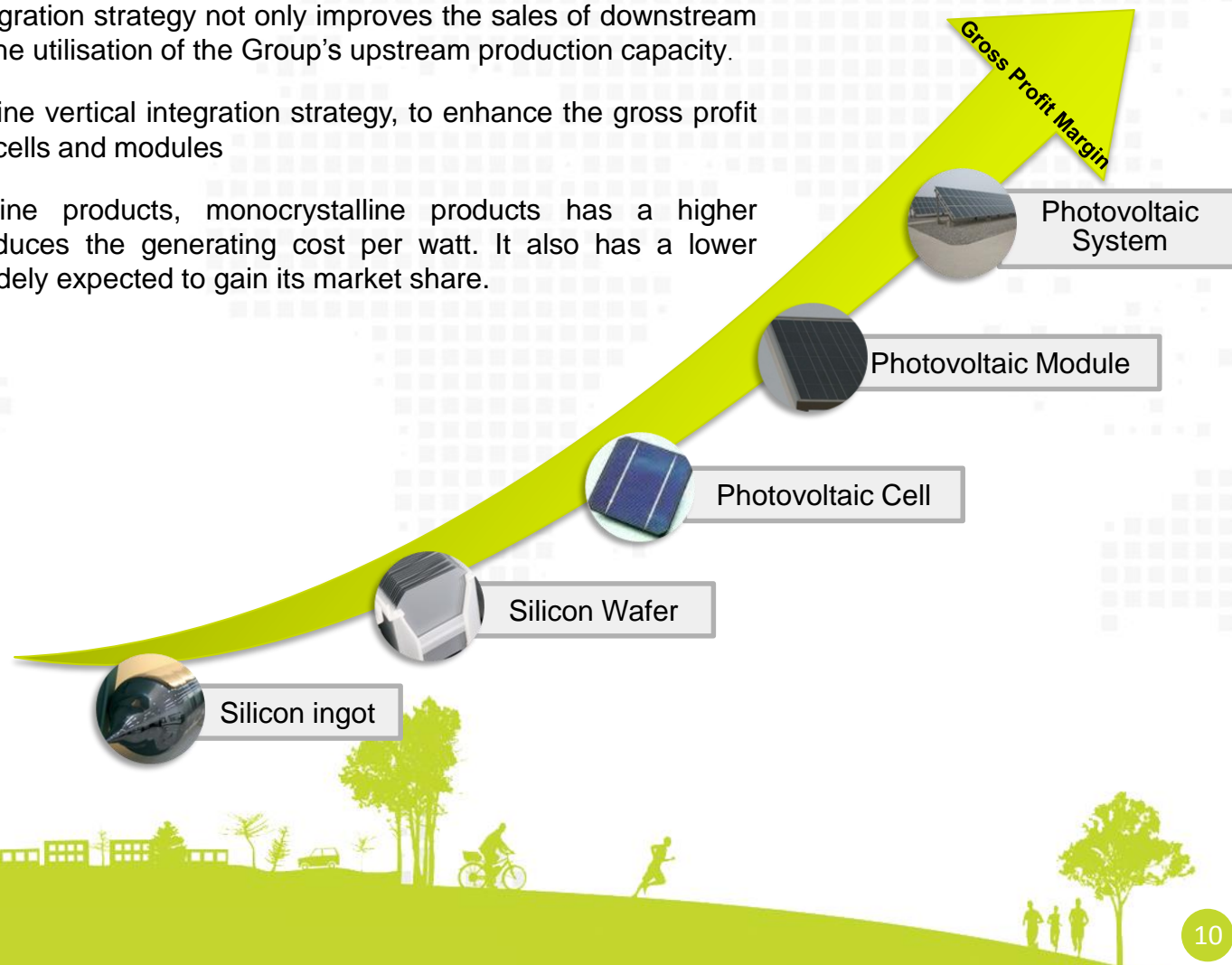
Vertical Integration Strategy





# Superiorities of Monocrystalline Vertical Integration Strategy

- Our products are not only sold to upstream and midstream customers in photovoltaic industry, but also directly to end-users. Through vertical integration strategy, the Group provides services for applications and development to our clients.
- Monocrystalline vertical integration strategy not only improves the sales of downstream products, it also enhances the utilisation of the Group's upstream production capacity.
- Leveraging on monocrystalline vertical integration strategy, to enhance the gross profit margins of monocrystalline cells and modules
- Compared to multicrystalline products, monocrystalline products has a higher conversion efficiency, it reduces the generating cost per watt. It also has a lower attenuation rate, which is widely expected to gain its market share.





# Financial Performance





# Results Highlight

- As a result, the general recovery of the global solar market, demand rebounded, price of raw material stabled. Coupled with the expansion of business cooperation between the Group and its largest customer, the Group recorded an increase in turnover in 2014. During the year, the Group achieved turnover of approximately RMB2,865 million, an increase of 33.2% as compared with 2013, with external shipment volume reaching 1,016.4MW, a significant Y-o-Y increase of close to 40%.
- While maintaining the highest of quality, the Group's latest cost reduction actions achieved remarkable results, driving significant in overall gross profit and gross profit margin. Gross profit for the year was RMB364 million, an increase of 142.6% as compared with the previous year. In recent two years, the Group's gross profit margin improved significantly from 2% in 1H2013 to 16% in 2H2014 (FY2014:12.7%). We will further capitalize on our advantages of monocrystalline vertical integration to drive further growth in the Group's gross profit margin.
- 2014 was a breakthrough for the Group. In 2014, the Group recorded operating profit of RMB171.085 million, compared to operating loss of RMB39.70 million in the corresponding period of last year. During the year, adjusted net profit of the Group was RMB53.58 million by excluding the one-off impairment losses amounted to RMB113 million, resulting from the uncertainty caused by anti-dumping and anti-subsidy investigation against solar grade polysilicon manufactured in the United States of America. EBITDA recorded a significant Y-o-Y increase of 70% in 2014.

(RMB'000)	FY2014	FY2013	Change
<b>Turnover</b>	<b>2,864,699</b>	2,150,328	33.2%
<b>Reported Gross Profit</b>	<b>363,917</b>	149,993	142.6%
<b>Gross Margin (%)</b>	<b>12.7%</b>	7.0%	5.7PP
<b>Profit/(Loss) from Operations</b>	<b>171,085</b>	(39,704)	N/A
<b>(Loss) Attributable to Equity Shareholders of the Company</b>	<b>(63,846)</b>	(135,504)	(52.9%)
<b>Basic (Loss) Per Share (RMB cents)</b>	<b>(1.99)</b>	(4.57)	(56.5%)
<b>Net Profit/(Loss) (Adjusted)</b>	<b>53,580</b>	(116,567)	N/A
<b>EBITDA</b>	<b>258,244</b>	152,574	69.3%



# Financial Position

As at 31 December (RMB '000)	FY2014	FY2013	Change
<b>Current Assets</b>	<b>1,798,519</b>	1,603,618	12.2%
<b>Current Liabilities</b>	<b>2,477,881</b>	2,176,101	13.9%
<b>Total Assets</b>	<b>4,281,040</b>	4,240,174	1.0%
<b>Total Liabilities</b>	<b>3,105,022</b>	3,001,378	3.5%
<b>Net Assets</b>	<b>1,176,018</b>	1,238,796	(5.1%)





# Key Financial Ratios

As at 31 December	FY2014	FY2013	Change
<b>Turnover Day Analysis</b>			
Trade Receivables Turnover (Days)	40	56	(16)
Trade Payable Turnover (Days)	89	67	22
Inventory Turnover (Days)	81	79	2
<b>Gearing Analysis</b>			
Current Ratio (Times)	0.73	0.74	(0.01)
Net Debt to Equity Ratio (%)	124.6%	126.3%	(1.7PP)



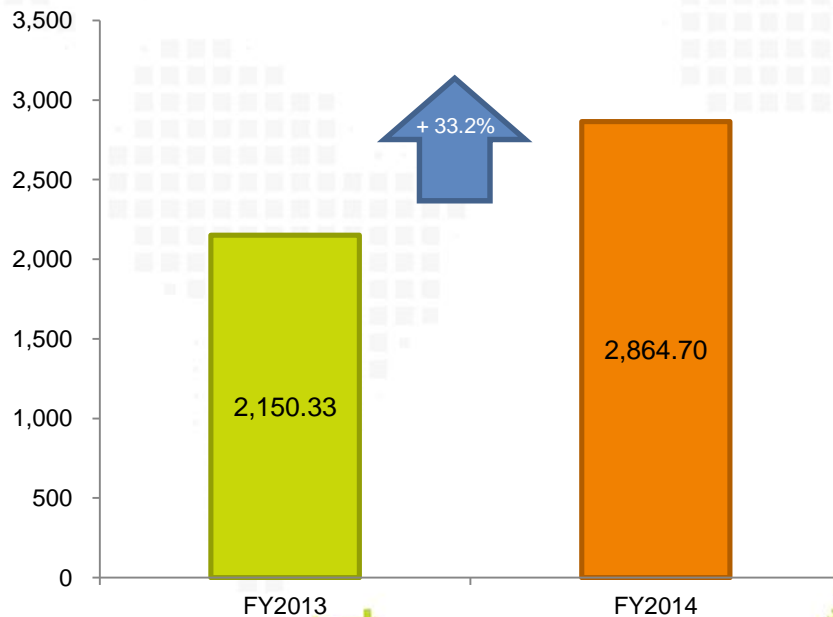




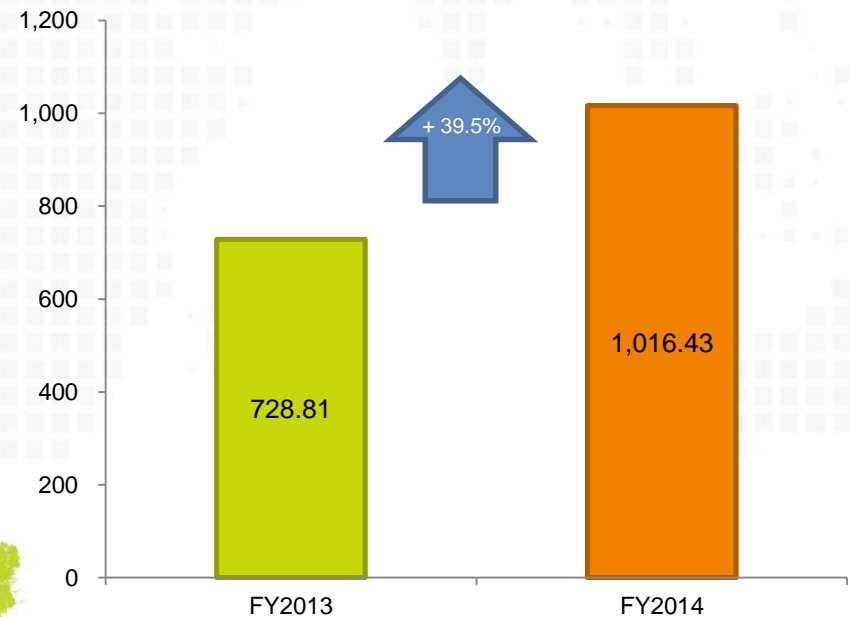
# Revenue and Shipment Volume

In 2014, external shipment of production business increased by 39.5% to 1,016.4MW compared with 728.8MW in 2013. The increase was mainly driven by increasing market demand and business development of major customers. The Group achieved a breakthrough in the module business in 2014. On top of the current ingot and wafer businesses, the Group entered into a contract for processing 73MW solar modules with CPI Group, representing the first cooperation between the Group and CPI Group in module business.

**Revenue (RMB million)**



**Shipment Volume (MW)**

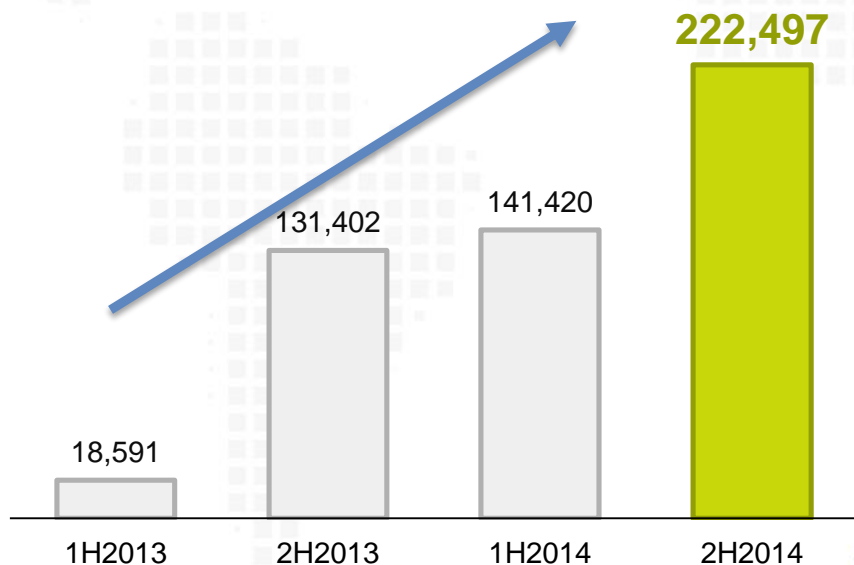




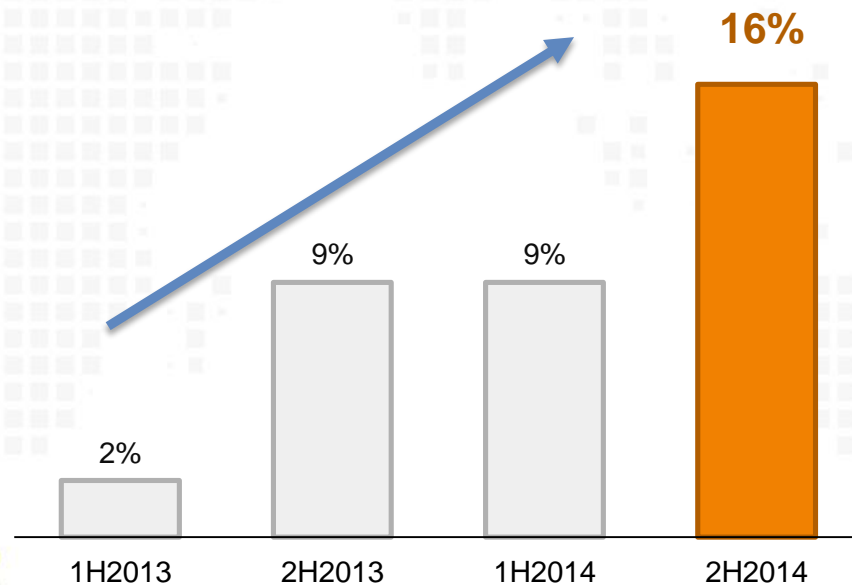
# Gross Profit and Gross Profit Margin

The Group's latest cost reduction actions achieved remarkable results, driving significant growth in overall gross profit and overall gross profit margin. In recent two years, the Group's gross profit margin improved significantly from 2% in 1H2013 to 16% in 2H2014. The Group will capitalize on our advantages of monocrystalline vertical integration to drive further growth of the Group's gross profit margin.

**Gross Profit (RMB'000)**



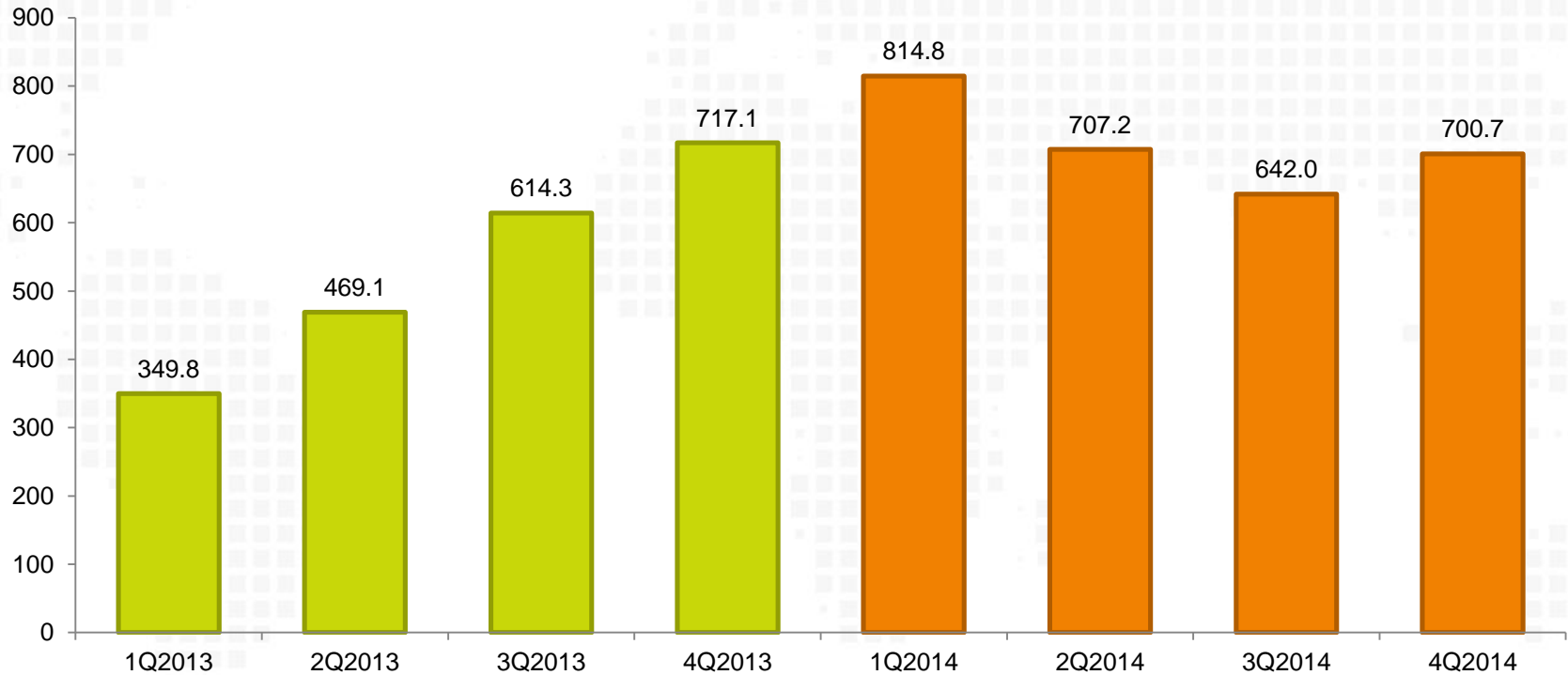
**Gross Profit Margin (%)**





# Quarterly Revenue

Quarterly Revenue (RMB million)







# Revenue – Quarterly by Products

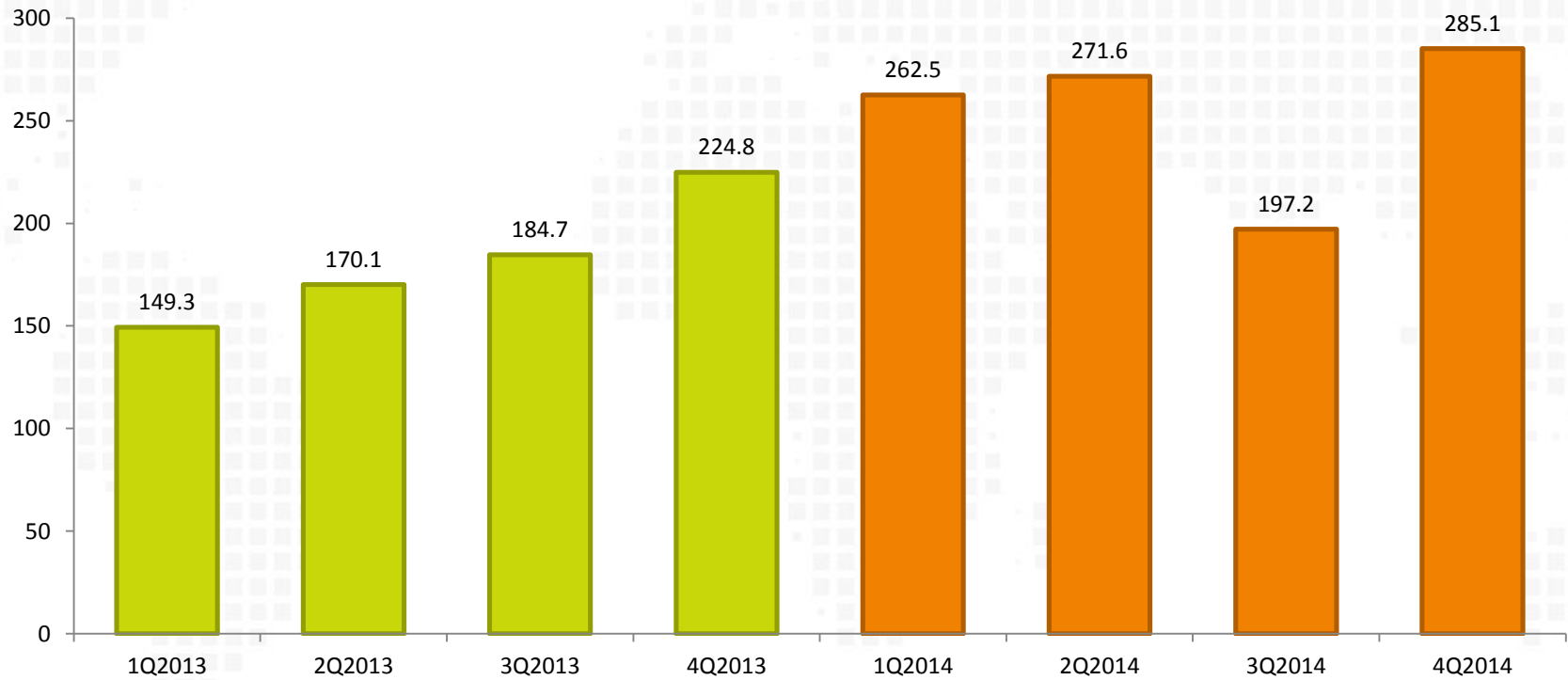
(RMB million)	1Q2013	2Q2013	3Q2013	4Q2013	FY2013	1Q2014	2Q2014	3Q2014	4Q2014	FY2014
<b>Processing Business</b>	9.8	27.9	31.1	-	68.8	15.6	64.9	10.3	191.5	282.3
<b>Sell - Ingot</b>	39.1	27.9	26.6	21.5	115.1	22.5	3.0	2.4	0.5	28.4
<b>Sell - Wafer</b>	157.2	90.9	38.2	116.3	402.6	107.8	91.2	35.2	49.4	283.6
<b>Sell - Cell</b>	47.1	79.6	39.9	38.1	204.7	88.3	79.7	71.0	46.6	285.6
<b>Sell - Monocrystalline module</b>	96.3	114.6	209.5	239.5	659.9	218.3	165.4	132.5	177.2	693.4
<b>Sell – Multicrystalline module</b>	-	121.6	263.1	281.3	666.0	344.6	289.5	354.2	218.6	1,206.9
<b>Power Plant EPC Business</b>	-	-	-	-	-	-	-	21.8	4.9	26.7
<b>Electricity income</b>	-	-	1.5	10.6	12.1	8.4	7.1	8.7	8.5	32.7
<b>Reclaiming and others</b>	0.3	6.6	4.4	9.8	21.1	9.3	6.4	5.9	3.5	25.1
<b>Total</b>	349.8	469.1	614.3	717.1	2150.3	814.8	707.2	642	700.7	2,864.7





# Quarterly Shipment Volume

Shipment Volume (MW)





# Shipment Volume – Quarterly by Products





(MW)	1Q2013	2Q2013	3Q2013	4Q2013	FY2013	1Q2014	2Q2014	3Q2014	4Q2014	FY2014
<b>Processing Business</b>	9.53	11.79	30.38	-	51.70	15.60	64.80	25.60	131.00	237.0
<b>Sell - Ingot</b>	21.82	12.51	12.94	12.67	59.94	9.70	3.60	2.20	0.40	15.90
<b>Sell - Wafer</b>	79.61	68.93	30.36	86.98	265.88	79.80	66.50	25.70	40.80	212.80
<b>Sell - Cell</b>	18.35	27.34	13.79	14.30	73.78	32.90	29.00	25.70	17.30	104.90
<b>Sell – Monocrystalline module</b>	19.95	24.77	42.96	51.20	138.88	47.70	38.40	32.10	41.90	160.10
<b>Sell – Multicrystalline module</b>	-	24.73	54.22	59.66	138.61	76.80	69.30	85.90	53.70	285.70
<b>Total</b>	149.26	170.07	184.65	224.81	728.79	262.50	271.60	197.20	285.10	1,016.4







# Silicon materials long-term supply contracts

-  In order to secure a stable supply of polysilicon materials, the Group entered into short-term and long-term contracts with certain raw material suppliers and made advance payments to these suppliers which are to be offset against future purchases.
-  As at 31 December 2014, management assessed the prepayment for potential impairment and identified a supplier. Due to the uncertainty caused by anti-dumping and anti-subsidy investigation against solar grade polysilicon manufactured in the United States of America, the Group did not purchase the stated quantities from the year 2012 to 2014 under a long-term contract. We are currently in discussion with this supplier to seek a solution acceptable to both parties on the performance of the long-term supply contract and management is confident in reaching a resolution.
-  However, exercising prudence in preparation of the financial statements, a provision for prepayment for raw materials of RMB70,369,000 and a provision for inventory purchase commitment of RMB43,582,000 have been recognized.
-  By excluding the one-off provisions mentioned above, adjusted net profits was RMB53,580,000.





# Business Review



# Monocrystalline Solar Ingots and Wafers



## Silicon Ingot Business

- ■ Annual production capacity of silicon ingots will soon reach 1.2GW.
- ■ The Group provides mass production of N-type high performance products with a photovoltaic conversion efficiency of 22-23%. In 2014, the external shipment volume of self-manufactured and processed N-type silicon ingots contributed approximately 89.1% of aggregate external shipment volume of all types of silicon ingots in aggregate. N-type products are mainly targeted at Japanese market where the requirements on quality standard is most stringent.

## Wafer Business

- ■ Annual production capacity of wafers: 900MW.
- ■ During the year, the external shipment volumes of self-manufacturing and processing of silicon solar wafers of the Group were approximately 331.5MW, representing an increase of 11.9% in total compared with 296.2 MW for the same period of last year.
- ■ Benefited from the gradual recovery of solar industry from previous years, supply to our downstream production and also external shipment volume of wafer increased.





## Cell Business

- The manufacturing base of the Group in Jinzhou is equipped with production lines of solar cells having a production capacity of 300MW, which mainly provides cells for the production of the Group's downstream modules.
- The external shipment volume of solar cells was approximately 110.6MW, representing an increase of 49.9% in total compared with 73.8MW in 2013. It contributed turnover of approximately RMB303.1 million, accounting for 10.6% of the Group's turnover.

## Module Business

- The Group has expanded into the downstream photovoltaic module business by holding a 96% interest in Jinzhou Jinmao Photovoltaic Technology Company Limited. The Group has expanded its production capacity to 600MW at the end of 3Q2014 to better satisfy the procurement demand of its customers.
- During the year, the external shipment volume of solar modules increased substantially to 518.4MW, an increase of 80% from 288MW from the corresponding period last year.
- In August 2014, on top of the current ingot and wafer businesses, the Group entered into a contract for processing 73MW solar modules with CPI Group, representing the first cooperation between the Group and CPI Group in module business
- During the year, the Group successfully developed and put into mass-production 280W solar module products.







## Photovoltaic Power Plant Projects

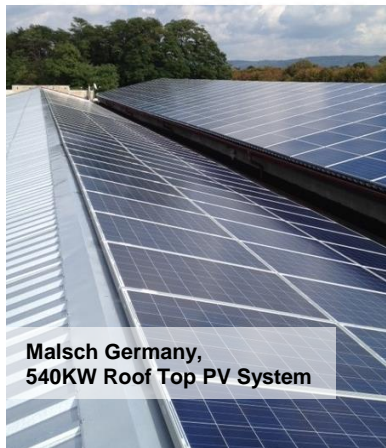
- The Group fully utilized the advantages of its vertical integration, actively expanding the business of end market, which increased the demand of the products from downstream to upstream.
- The Group's 20MW largescale photovoltaic power plants project in Golmud, Qinghai Province is in operation, and generates an average of approximately 33 million kWh electricity per year. The project enjoys the photovoltaic power generation feed-in tariff policy of RMB 1.15 per kWh as set out by the National Development and Reform Commission.
- The Group acquired a professional photovoltaic power plant construction (EPC) company in PRC to expand further into photovoltaic power plant construction business and strengthen integration development.
- During the year, our system installation business contributed segment turnover of RMB59.2 million, accounting for 2.1% of the Group's total turnover.





# Photovoltaic System Installations (Overseas)

- In December 2013, DCH Solargiga, a subsidiary in Germany which is held 70% interest by the Group, and Savannah Accelerated Development Authority (“SADA”) established a subsidiary which is held as to 90% by the Group and intended to construct solar energy power plants of 200MW in aggregate in Ghana.
- The first stage of 40MW solar energy power plants project is currently under the initial stage of planning and financing, and is expected to provide power of approximately 60 million kWh per annum in average upon completion.
- Through its base in Germany, DCH Solargiga marched in Turkey and Pakistan and other areas to develop its EPC business.









# Future Plans and Strategies



# Our Mission



 Global leading vertically integrated solar power play with exclusive strengths to provide better services for applications, development and one-stop solutions to our clients from every segment in photovoltaic industry.

 Leveraging on its current German design and crafts, the quality of products recognized by the Japanese market and the cost advantages of China production. The Group actively develops its EPC business and O&M business so as to contribute our endless efforts to protect our green living environment.







# Action Plans in 2015

## Policy Guidance

A major document on the photovoltaic industry named “Opinions on Further Optimizing the Market Conditions for Mergers and Restructuring for the Photovoltaic Industry (the “Opinions”) issued by the Ministry of Industry and Information Technology of China in late 2014 pointed to the strengthened financial support for photovoltaic enterprises for their expedited structural optimization, transformation and upgrade through mergers and acquisitions, and to the formation of some core enterprises in the industry with strong international competitiveness by the end of 2017. In accordance with national policy, the Group will consolidate its industry leading position through the following action plans. .

## Action Plans

-  Adhering to vertical integration strategy, the Group will focus on the development of monocrystalline products by fully leveraging its technological advantage in monocrystalline products
-  Leveraging monocrystalline vertical integration strategy to integrate the Group’s production capacity with a view to improving the gross profit of the Group’s module products and driving the Group’s profit growth
-  Apart from maintaining a stable cooperation with its customers in Japan, the Group will also take an active role in expanding its cooperation with Mainland and Taiwan customers
-  The Group will actively expand its downstream business of constructing, operating and maintaining photovoltaic power plants with a view to promoting the development of power plants projects in emerging markets including Africa, Southeast Asia, Turkey. Pakistan and other Balkan countries





## Q & A

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