

China Solar Sector

3Q15 Result Summary of Module Manufacturers

Company	Ticker	Close (Local\$)	Mkt cap (US\$m)	EPS Growth (%)		ROE (%)		PER (x)		PBR (x)		Net Gear (%)		Net debt / EBITDA (%)		EV/EBITDA (x)	
				FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16
Canadian Solar	CSIQ US	23.0	1,270	-40%	14%	17.1	19.1	9.3	8.2	1.6	1.3	154%	111%	376	217	8.0	5.5
Trina	TSL US	9.7	889	24%	46%	8.1	11.3	10.5	7.2	0.7	0.7	91%	97%	350	359	6.8	5.5
Jinko	JKS US	25.5	792	22%	21%	19.9	19.3	7.4	6.1	1.1	1.0	115%	143%	338	346	7.7	5.6
JA Solar	JASO US	8.7	441	77%	9%	8.4	6.9	5.6	5.1	0.5	0.4	45%	46%	158	148	3.8	3.5
Renesola	SOL US	1.3	131	-21%	48%	(21.5)	(14.2)	(4.3)	(8.2)	1.2	1.1	352%	293%	512	374	8.6	7.5
Yingli	YGE US	0.7	119	-19%	65%	(460.8)	75.9	(0.5)	(1.3)	(0.3)	(0.3)	-689%	-659%	823	578	9.8	7.1
Average						(71.5)	19.7	4.7	2.9	0.8	0.7	11%	5%	426	337	7.4	5.8

Source: Company data, CSCI estimates

- Leading US-listed module manufacturers delivered solid 3Q15 results, beating market expectations.
- Strong shipment guidance reaffirms our view on robust global solar demand in 2015E and 2016E.

Market leaders delivered results beating market expectations.

Leading solar module manufacturers have delivered strong 3Q15 shipment, exceeding their guidance by 3-14%. In particular, the Top 3, CSIQ, Trina and Jinko all ran at full capacity and utilized third-party OEM production to meet demands. Moreover, their financial results also beat market expectations and received upward EPS revision after their earnings call. Trina missed earnings forecast due to law dispute costs, its gross margin indeed expanded year-over-year.

Strong shipment reaffirm our view on robust solar demand in 2015-16E.

Except JA Solar (JASO), leading manufacturers have revised up their 2015 shipment guidance on robust demands from China, US, Japan and India. Based on the low-end of their revised 2015 guidance, Trina, CSIQ, Jinko and JASO expect YoY module shipment growth of 50%, 48%, 73% and 41% respectively. We forecast global solar demand to grow 20%/15% YoY in 2015/16E, with upside from rush installation in China and US extending ITC.

Quarterly module shipment and guidance

(MW)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	3Q15 Guidance	Revised 2015 Guidance	original 2015 Guidance
Trina	558	943	1,064	1,099	1,026	1,232	1,703	1,450-1,500	5.5-5.6GW	4.4-4.6GW
CSIQ	500	646	770	1,189	1,230	809	1,150	970-1,025	4.6-4.9GW	4.0-4.3GW
Jinko	455	571	658	739	704	913	1,135	1,000-1,100	4.2-4.5GW	3.3-3.8GW
JA Solar	388	446	694	880	584	717	1,074	900-950	3.4-3.5GW	3.6-4.0GW
Yingli	631	888	903	939	754	725	450	500-580	2.5-2.8GW	3.6GW
ReneSola	521	499	462	488	496	322	405	400		

Source: Company data, CSCI Research

Quarterly results beat consensus

Company	Ticker	Mkt cap (USD mn)	Cmcy	EPS Adj.		EPS Revision		3Q15 Results			YoY%			vs. 3Q Consensus			1-3Q15 vs. FY15		
				2015E	2016E	2015E	2016E	Revenue	Net Profit	EPS Adj.	Revenue	Profit	EPS Adj.	Revenue	Profit	EPS Adj.	Revenue	Profit	EPS Adj.
Midstream																			
Canadian Solar	CSIQ US	1,241	USD	2.6	2.8	9.3%	6.7%	850	46	0.79	-7%	-56%	-55%	16%	191%	186%	78%	90%	90%
Trina	TSL US	894	USD	0.9	1.4	-16.9%	3.8%	793	38	0.11	28%	233%	-22%	4%	18%	-61%	74%	89%	67%
Jinko	JKS US	777	CNY	21.9	26.5	-0.2%	2.2%	4,053	253	6.52	58%	-21%	-21%	12%	24%	1%	73%	82%	83%
JA Solar	JASO US	430	CNY	10.0	10.9	27.1%	42.2%	3,820	255	4.35	26%	227%	235%	20%	175%	112%	69%	90%	87%
Renesola	SOL US	132	USD	(0.3)	(0.2)	-26.8%	-40.3%	368	7	0.07	-1%	160%	154%	8%	-248%	-461%	81%	4%	5%

Source: Bloomberg, CSCI Research

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Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index; Time Horizon: 12 months

Outperform	Relative Performance >10%
Neutral	Relative Performance is -10% to 10%
Underperform	Relative Performance <10%

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