



# JINKOSOLAR HOLDING CO., LTD.

Q4 2019 EARNINGS CALL PRESENTATION

MAR 13, 2020

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# Q4 2019 financial highlights


- ✓ Record quarterly shipments of 4,538 MW, up 36.4% QoQ and up 25.4% YoY
- ✓ Record quarterly revenue of US\$1.37bn, up 27.4% QoQ and up 23.4% YoY
- ✓ Record quarterly gross profit of US\$248.5mn, up 8.5% QoQ and up 52.7% YoY
- ✓ Gross margin of 18.1%, compared with 18.5% in Q3 2019 and 13.8% in Q4 2018 <sup>(1)</sup>
- ✓ Quarterly EBITDA of US\$160.6mn, up 56.3% QoQ and up 205.4% YoY
- ✓ Income from operations of US\$85.4mn, up 150.6% YoY
- ✓ Non-GAAP net income <sup>(2)</sup> of US\$62.1mn, up 43.5% QoQ and up 286.6% YoY
- ✓ Cash and short-term restricted cash of US\$894.9mn as of Q4 2019 vs US\$579.8mn as of Q3 2019
- ✓ Q1 2020 guidance: module shipments of 3.4GW-3.7GW, revenue of US\$1.00bn-1.08bn and gross margin of 19%-21%

Notes: YoY and QoQ changes calculated on the RMB basis.

(1) All excluding CVD / ADD reversal benefit.

(2) Attributable to ordinary shareholders.


# FY2019 financial highlights

-  Record full-year shipments of 14.3 GW, up 25.6% YoY

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-  Record full-year revenues of US\$4.27bn for 2019, up 18.8% YoY

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-  Record full-year gross profit of US\$780.2mn for 2019, up 54.6% YoY

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-  Gross margin of 18.3% for 2019, compared with 14.0% for 2018

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-  Record full-year EBITDA of US\$375.7mn for 2019, up 70.1% YoY


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-  Record full-year income from operations of US\$248.4mn, up 168.2% YoY

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-  Full-year non-GAAP net income <sup>(1)</sup> of US\$139.3mn, up 122.5% YoY

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-  Net debt <sup>(2)</sup> of US\$1030.9mn as of end 2019, compared to US\$905.3mn as of end 2018

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-  Net debt / EBITDA of 2.7x as of end 2019, compared to 4.0x as of end 2018

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-  Full-year 2020 module shipments guidance of 18.0–20.0 GW

Notes: YoY changes calculated on the RMB basis.

(1) Attributable to ordinary shareholders.

(2) Net debt calculated as total debt minus cash and short-term restricted cash. Short-term debt includes short-term borrowings, financing and operating lease liabilities and bond payable. Long-term debt includes long-term borrowings, convertible senior notes and financing and operating lease liabilities.

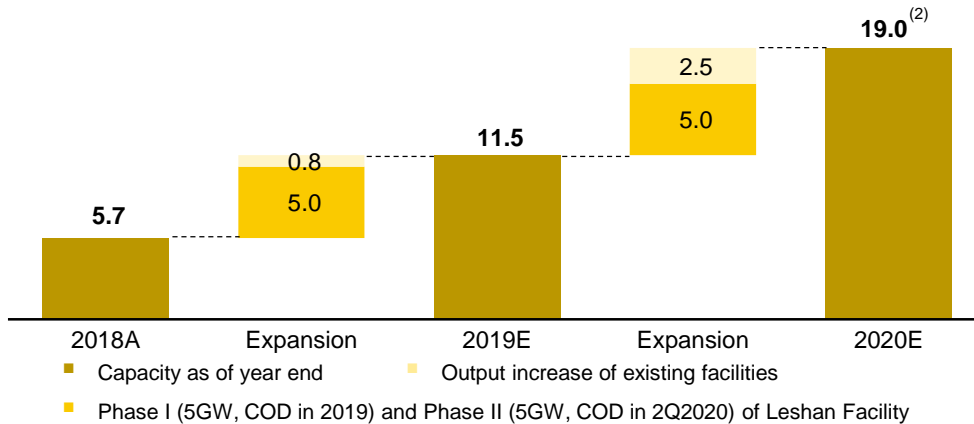
# Business highlights

- 1** Technology transformation towards high efficiency portfolio completed – mono wafer capacity to fully ramp up to 18GW by April 2020
- 2** Benefit of technology transformation reflected in gross margin reset  
– 18.3% in FY2019 ← 14.0% in FY2018 ← 11.3% in FY2017
- 3** Mono-based high efficiency products expected to make close to 100% of shipments in 2020E
- 4** Industry-leading integrated production cost driven by advanced technology and lean production
- 5** Best in-class product portfolio further accentuated by the successful launch of in-house developed N-type cell and tiling ribbon module technology
- 6** Sale of two solar power plants with a combined capacity of 155MW in Mexico expected to close in Apr 2020, and will lead to deleveraging of balance sheet by c. US\$131mn
- 7** Despite short-term fluctuation, no impact of COVID-19 on 2020 full-year shipment guidance and capacity expansion plan

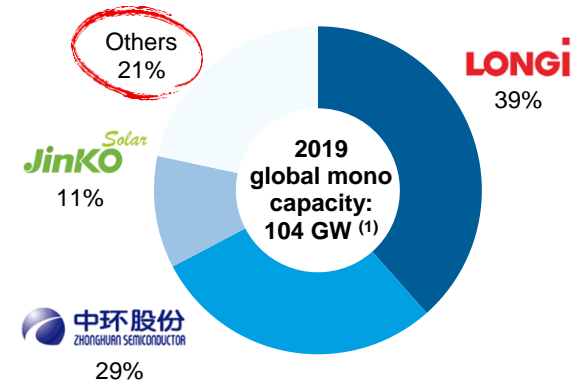
# Transition towards high efficiency mono completed

One of the largest mono wafer producer worldwide in a highly concentrated market

(GW) **Scheduled capacity expansion for mono wafer underway**

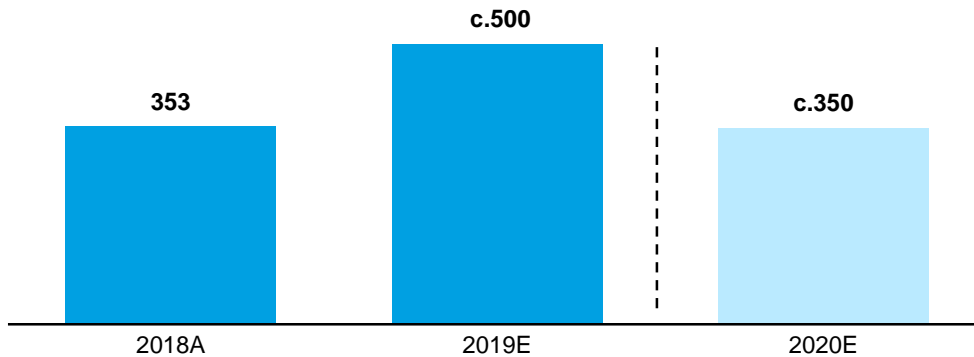


Top three players account for c. 80% of global mono wafer capacity



Capex complete: remaining to be primarily met through operating cash

(US\$m) **Capex towards high efficiency**



✓ **Bulk of capex requirements to be met by operating cash flow**

✓ **Flexibility of funding sources**

Source: Bloomberg New Energy Finance ("BNEF") and Company analysis.

Notes:

(1) As per 2019 PV Manufacturing Capacity Review of BNEF.

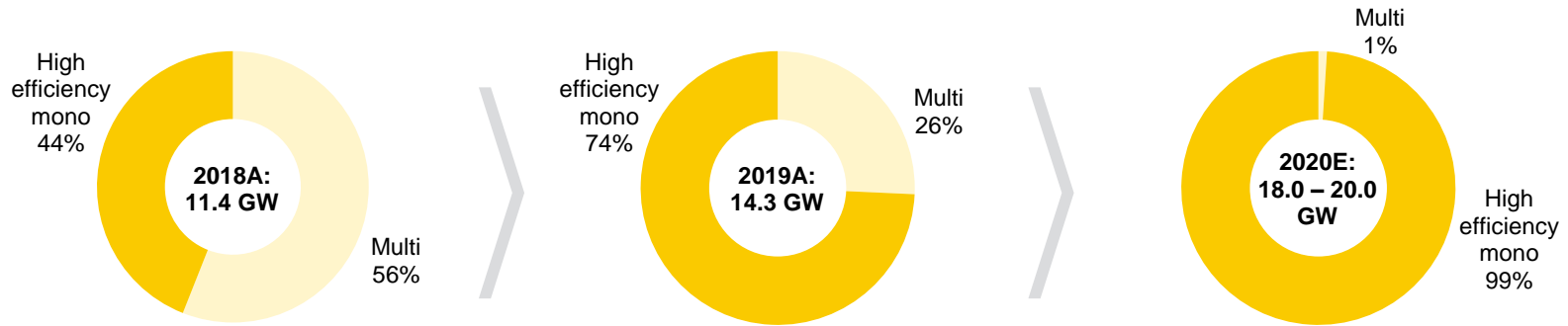
(2) 18.0GW by April 2020.

# Strong growth in mono wafer and module capacity



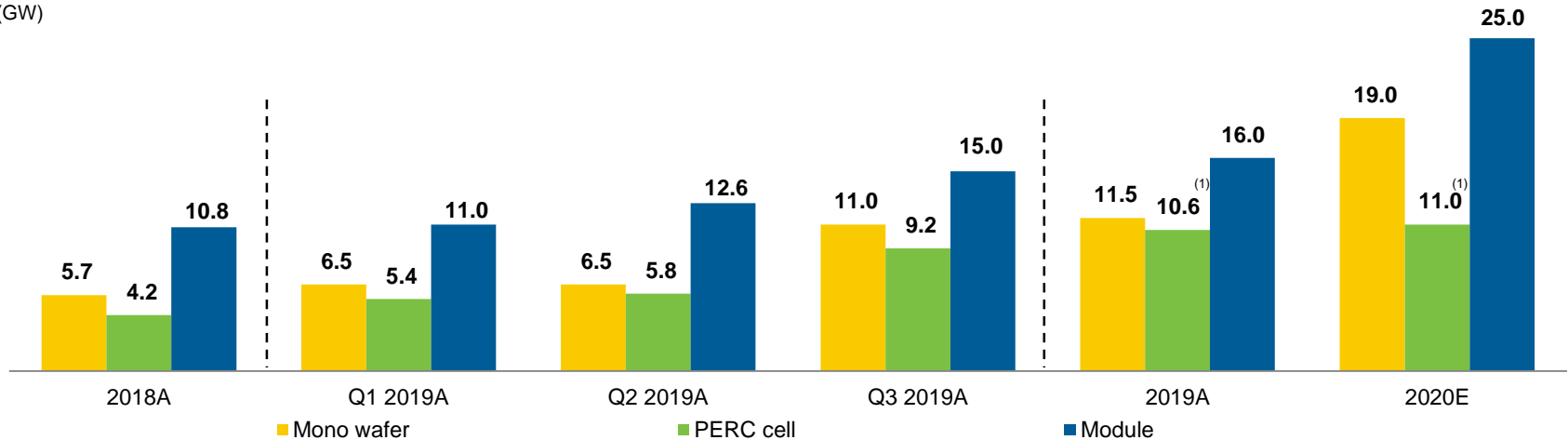
Mono products on track to account for nearly 100% of module shipments

Module shipment breakdown by technology



With the mono wafer expansion, module shipments to be largely served by in-house capacity (2, 3)

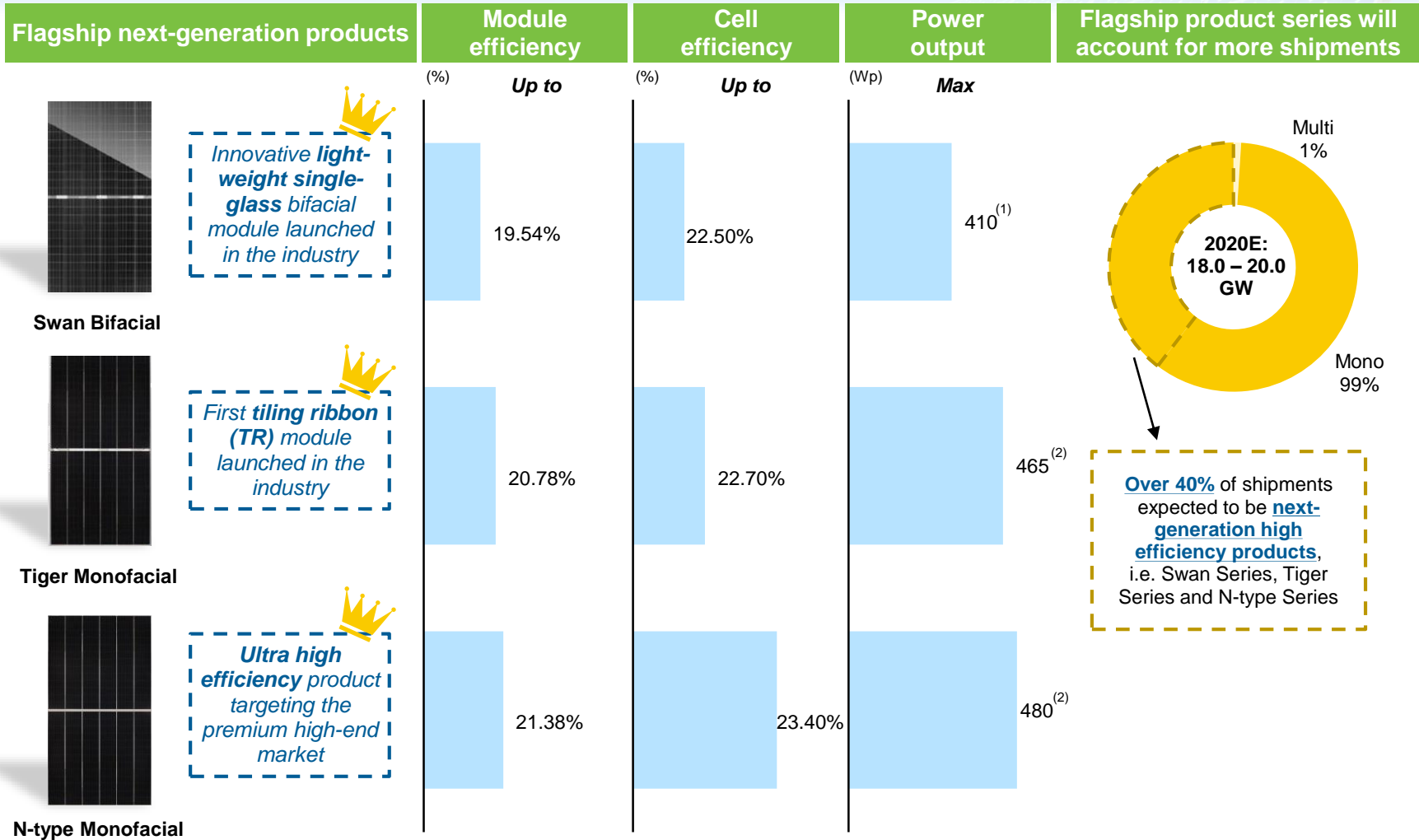
(GW)



Notes:

- (1) Include 800 MW / 900 MW of N-type cell in 2019A / 2020E.
- (2) Multi wafer capacity of 4.0GW / 4.0GW / 4.0GW / 3.5GW / 3.5GW / 3.5GW as of end 2018A / Q1 2019A / Q2 2019A / Q3 2019A / Q4 2019A / 2020E.
- (3) Non-PERC cell capacity of 2.8GW / 1.6GW / 1.6GW as of end 2018A / Q1 2019A / Q2 2019A and 0.0GW afterwards.

# Market leader in R&D and production of next-generation high efficiency products



Source: Company information.

Notes:

- (1) Power output of the front side of 72P products.
- (2) Power output of 78P products.

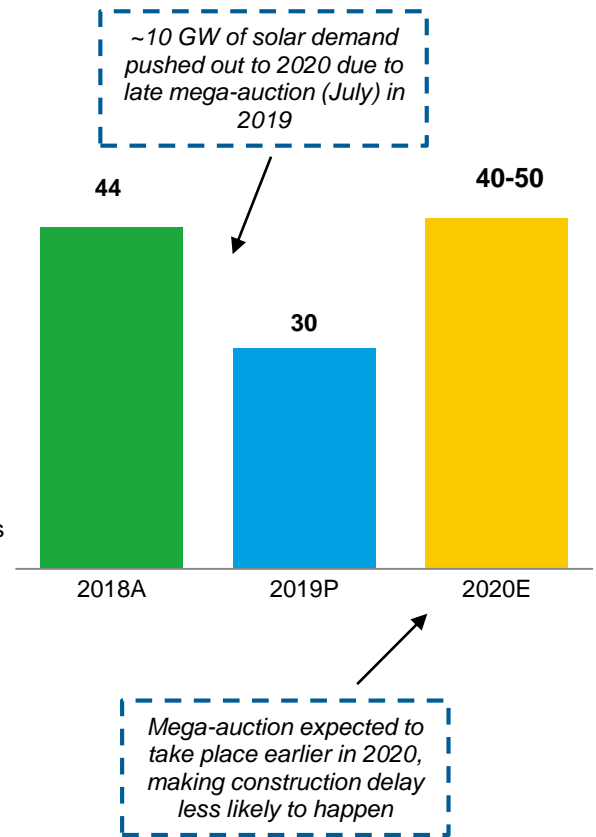
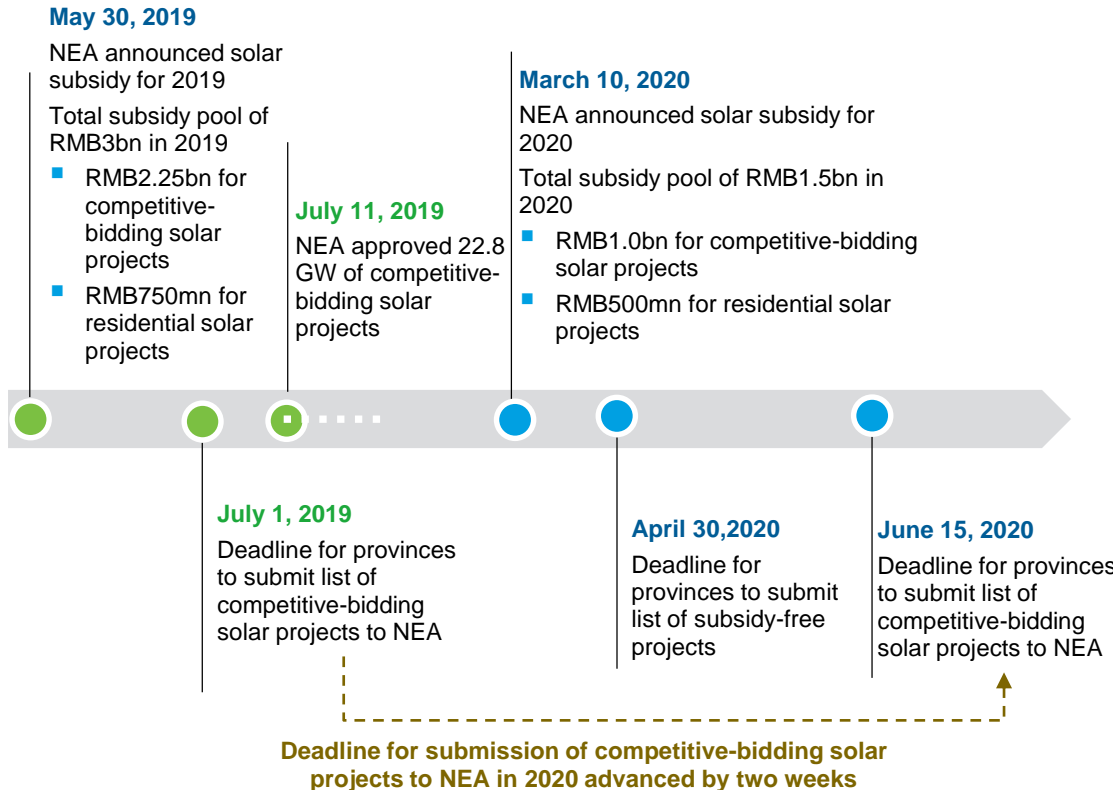


# Earlier auction in China expected to bring forward PV installation in 2020

## Earlier auction allows timely project completion in 2020

## China solar demand (1)

(GW) China solar demand in 2020 expected to bounce back to the normal level



Source: National Development and Reform Commission ("NDRC"), National Energy Administration ("NEA") and Bloomberg New Energy Finance ("BNEF").

Note:

(1) 2018 actual data and 2019 preliminary data as per BNEF. Forecast based on Company estimates.

# Minimum impact from COVID-19 on JKS

JKS responded quickly and has minimized the impact from COVID-19 to the extent possible

## 1 Temporary logistics delay & supply shortage

- Breakout of the virus starting from January led to the extension of holidays, delay of resumption of work and restrictions on transportation and logistics across China
- Consequently, temporary supply shortage of certain raw materials for module manufacturing occurred in Q1

## 2 JKS responded quickly

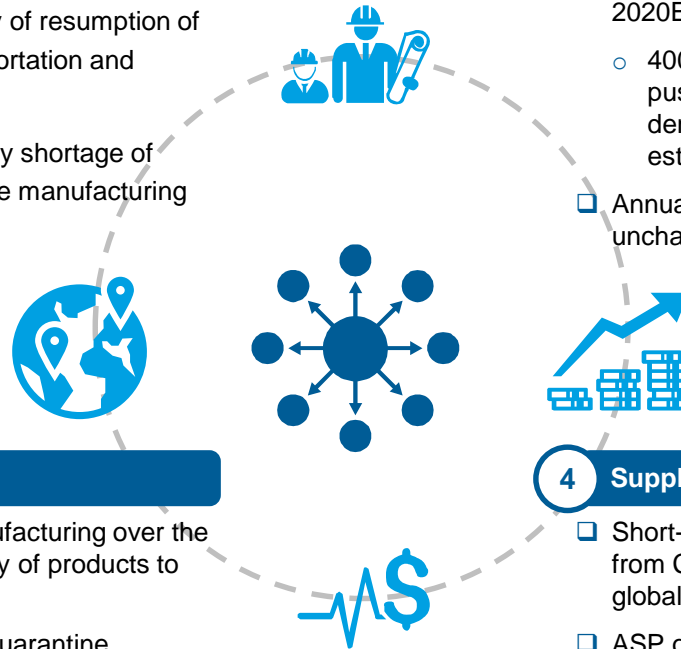
- JKS arranged continuous manufacturing over the holiday to ensure timely delivery of products to end customers
- Precautionary and necessary quarantine measures have been carried out across facilities to ensure the safety of employees
- Module production of JKS has already returned to the normal level in March

## 3 JKS annual guidance re-iterated

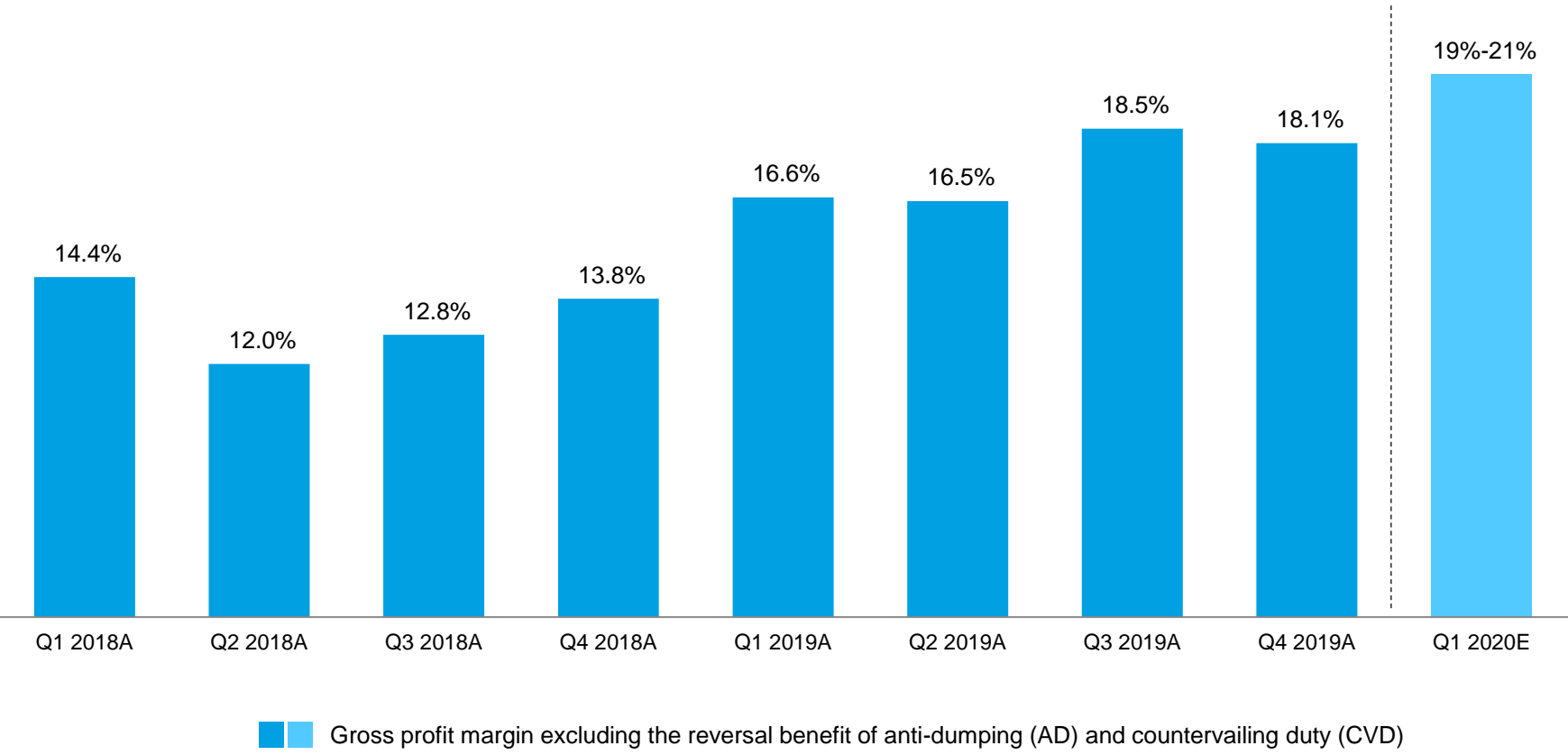
- Annual shipment guidance of 18.0-20.0 GW for 2020E remain unchanged
  - 400-500 MW of shipments estimated to be pushed out from Q1 to Q2 2020, making Q2 demand even stronger than previously estimated
- Annual capacity expansion plan of JKS remain unchanged

## 4 Supply demand dynamics to improve

- Short-term supply shortage of solar modules from China may occur, especially in Q2 when global demand will likely be very robust
- ASP of solar modules may be strengthened in the short term globally, reflecting the change in the supply and demand dynamics

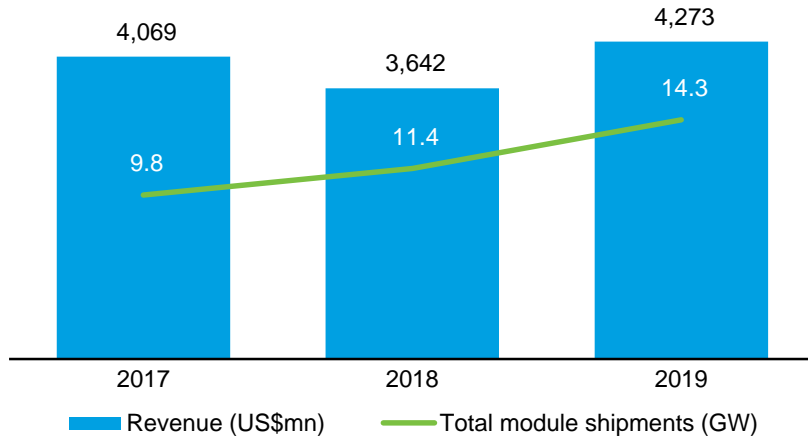


# Gross margin improving driven by increasing shift towards integrated mono capacity and cost reduction

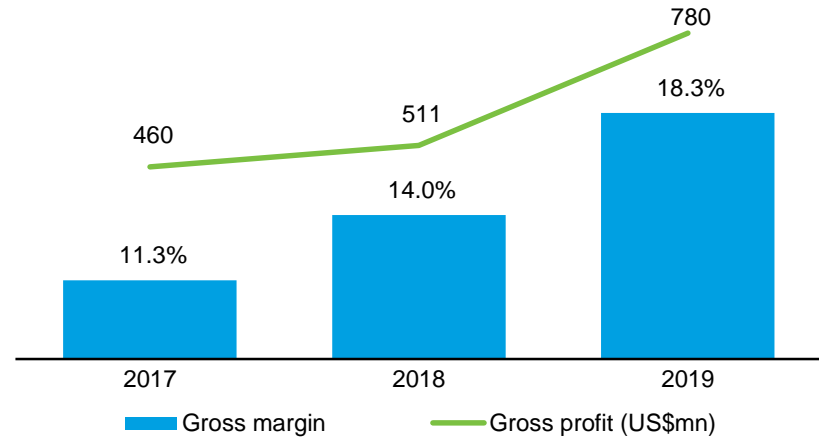


# Annual financial highlights

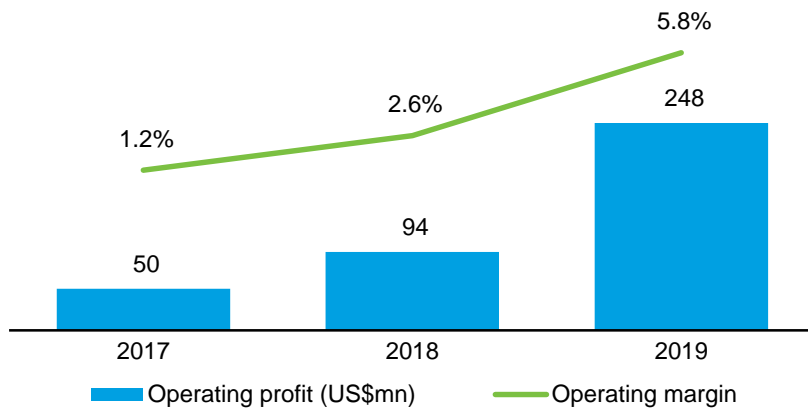
## Revenue and module shipments



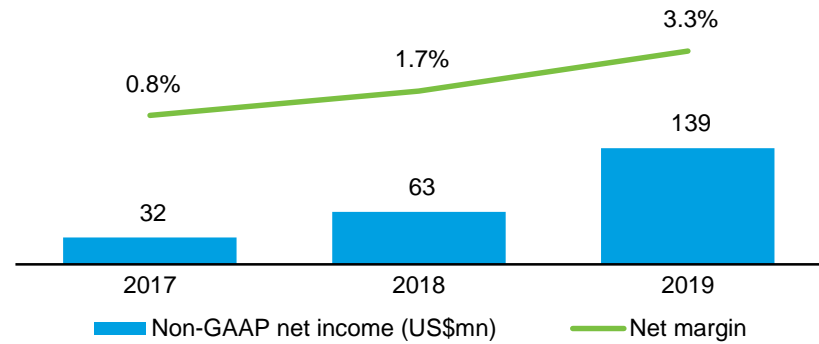
## Gross profit and gross margin



## Operating profit and operating margin



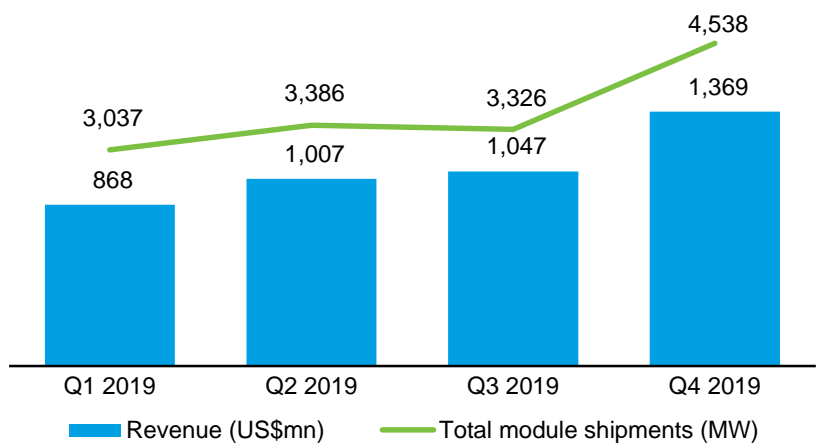
## Non-GAAP net income and net margin



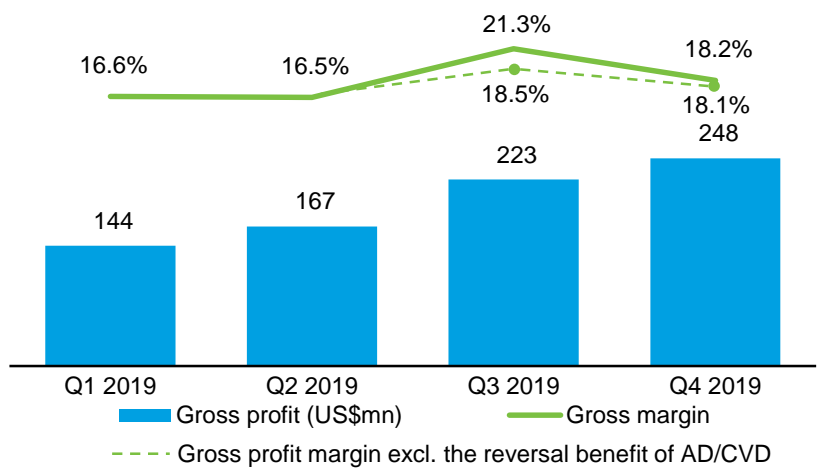
# Quarterly financial highlights



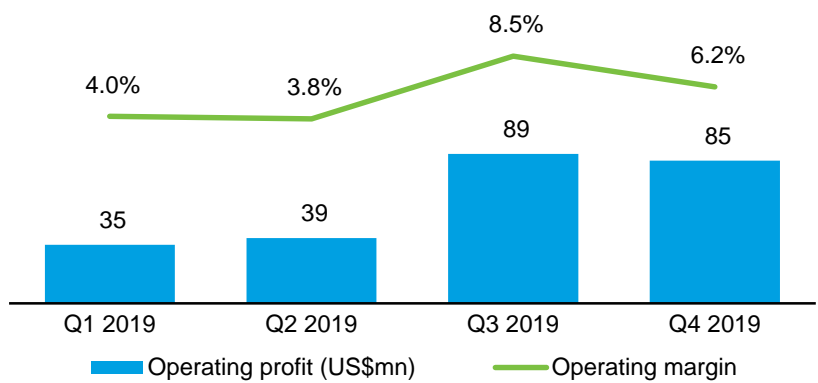
## Revenue and module shipments



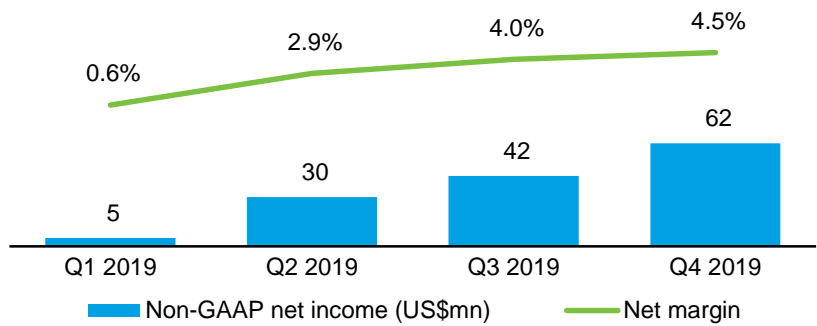
## Gross profit and gross margin



## Operating profit and operating margin



## Non-GAAP net income and net margin



# Income statement summary

|   | Quarterly (US\$m) |                 |                 | Change by RMB |            | Annually (US\$m) |                | Change by RMB |
|---|-------------------|-----------------|-----------------|---------------|------------|------------------|----------------|---------------|
|   | Q4 2018A          | Q3 2019A        | Q4 2019A        | QoQ change    | YoY change | FY2018A          | FY2019A        | YoY change    |
| <b>Total module shipments</b>               | <b>3,618 MW</b>   | <b>3,326 MW</b> | <b>4,538 MW</b> | 36.4%         | 25.4%      | <b>11.4 GW</b>   | <b>14.3 GW</b> | 25.6%         |
| <b>Revenue</b>                              | <b>1,123</b>      | <b>1,047</b>    | <b>1,369</b>    | 27.4%         | 23.4%      | <b>3,642</b>     | <b>4,273</b>   | 18.8%         |
| <b>Gross profit</b>                         | <b>165</b>        | <b>223</b>      | <b>248</b>      | 8.5%          | 52.7%      | <b>511</b>       | <b>780</b>     | 54.6%         |
| <i>Gross margin</i>                         | 14.7%             | 21.3%           | 18.2%           | (3.1)ppt      | 3.5ppt     | 14.0%            | 18.3%          | 4.3ppt        |
| <b>EBITDA</b>                               | <b>54</b>         | <b>100</b>      | <b>161</b>      | 56.3%         | 205.4%     | <b>224</b>       | <b>376</b>     | 70.1%         |
| <i>EBITDA margin</i>                        | 4.8%              | 9.6%            | 11.7%           | 2.1ppt        | 6.9ppt     | 6.1%             | 8.8%           | 2.7ppt        |
| <b>Operating income</b>                     | <b>35</b>         | <b>89</b>       | <b>85</b>       | (6.9)%        | 150.6%     | <b>94</b>        | <b>248</b>     | 168.2%        |
| <i>Operating margin</i>                     | 3.1%              | 8.5%            | 6.2%            | (2.3)ppt      | 3.1ppt     | 2.6%             | 5.8%           | 3.2ppt        |
| <b>Non-GAAP net income <sup>(1)</sup></b>   | <b>16</b>         | <b>42</b>       | <b>62</b>       | 43.5%         | 286.6%     | <b>63</b>        | <b>139</b>     | 122.5%        |
| <i>Non-GAAP net margin</i>                  | 1.4%              | 4.0%            | 4.5%            | 0.5ppt        | 3.1ppt     | 1.7%             | 3.3%           | 1.6ppt        |
| <b>Net debt / LTM EBITDA <sup>(2)</sup></b> | <b>4.0x</b>       | <b>4.3x</b>     | <b>2.7x</b>     | -             | -          | <b>4.0x</b>      | <b>2.7x</b>    | -             |

Notes: Unaudited quarterly financials.

(1) Attributable to the Company's ordinary shareholders.

(2) Please refer to the next slide for the calculation of net debt.

# Balance sheet summary

| (US\$m)  | Q4 2018A     | Q3 2019A     | Q4 2019A     |
|--|--------------|--------------|--------------|
| <b>Cash and restricted cash <sup>(1)</sup></b> | <b>506</b>   | <b>580</b>   | <b>895</b>   |
| <b>Accounts and notes receivable</b>           | <b>1,036</b> | <b>963</b>   | <b>1,054</b> |
| <b>Inventories</b>                             | <b>835</b>   | <b>850</b>   | <b>836</b>   |
| <b>Net PPE</b>                                 | <b>1,204</b> | <b>1,218</b> | <b>1,466</b> |
| <b>Total assets</b>                            | <b>5,215</b> | <b>6,299</b> | <b>6,872</b> |
| <b>Total debt</b>                              | <b>1,412</b> | <b>1,709</b> | <b>1,926</b> |
| <b>Short-term debt <sup>(2)</sup></b>          | <b>1,035</b> | <b>1,142</b> | <b>1,343</b> |
| <b>Long-term debt <sup>(3)</sup></b>           | <b>377</b>   | <b>567</b>   | <b>583</b>   |
| <b>Net debt <sup>(4)</sup></b>                 | <b>905</b>   | <b>1,129</b> | <b>1,031</b> |
| <b>Total liabilities</b>                       | <b>3,985</b> | <b>4,731</b> | <b>5,085</b> |
| <b>Total shareholders' equity</b>              | <b>1,140</b> | <b>1,252</b> | <b>1,336</b> |

**Near-term monetization of two operational downstream assets in Mexico with total net capacity of c. 155 MWp expected to lead to debt reduction of c. US\$131mn**

Notes: Unaudited quarterly financials.

(1) Including short-term restricted cash only.

(2) Short-term debt includes short-term borrowings, financing and operating lease liabilities and bond payable.

(3) Long-term debt includes long-term borrowings, convertible senior notes and financing and operating lease liabilities.

(4) Total debt minus cash and short-term restricted cash.

# Operating and financial guidance



|                               | 2019A       | Q1 2020E          | FY2020E        |
|-------------------------------|-------------|-------------------|----------------|
| <b>Total module shipments</b> | 14.3 GW     | 3.4GW-3.7GW       | 18.0GW-20.0 GW |
| <b>Revenue</b>                | US\$4,273mn | US\$1.00bn-1.08bn | N/A            |
| <b>Gross margin</b>           | 18.3%       | 19%-21%           | N/A            |



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