



**ReneSola**  
Inspired by the Sun  
August 2011

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## **Business Highlights**

## Business Highlights



*Increased Virtus wafer capacity to 900 MW*



*Healthy gross margin despite significant ASP drop*



*Continuing to reduce in-house polysilicon costs*



*Continued focus on wafer processing cost reduction*

# Maintaining healthy margins despite a soft macro market

## Total Solar Wafer and Module Shipments

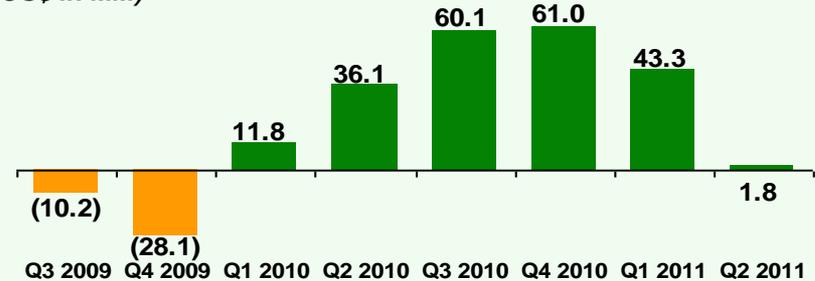
(Units in MW)



Note: The Company adjusted its efficiency calculation effective January 1, 2010. 2009 data is not adjusted.

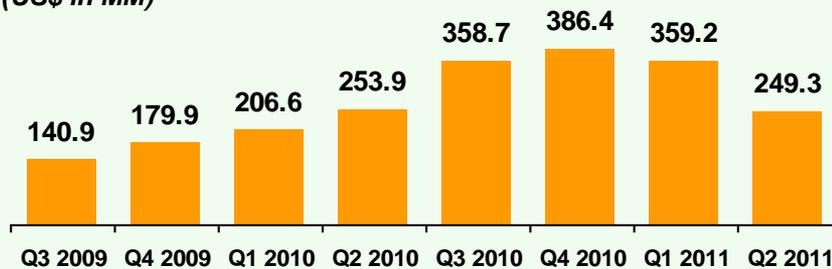
## Net Income

(US\$ in MM)



## Revenues

(US\$ in MM)



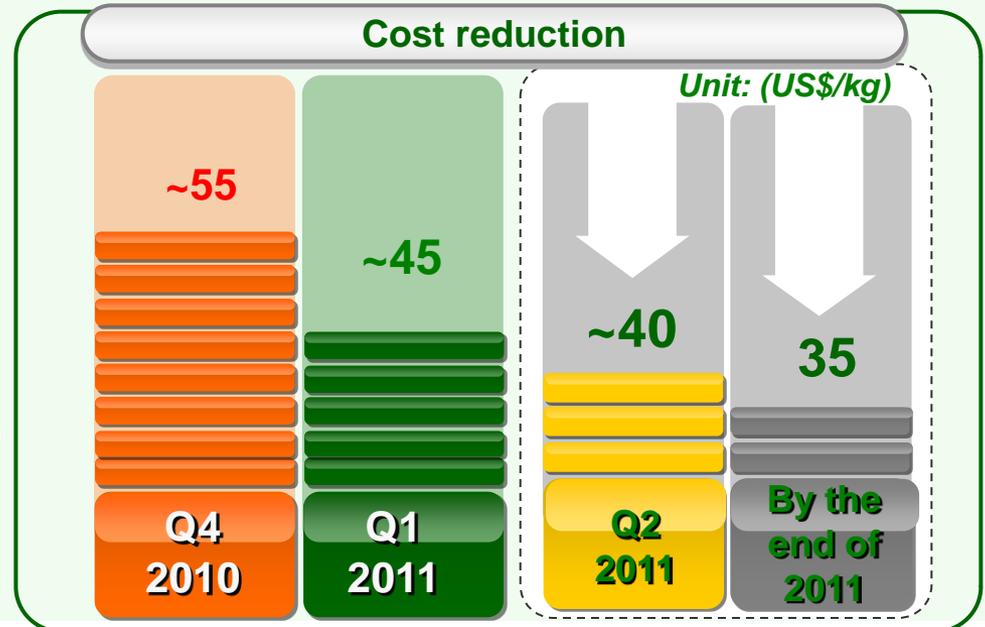
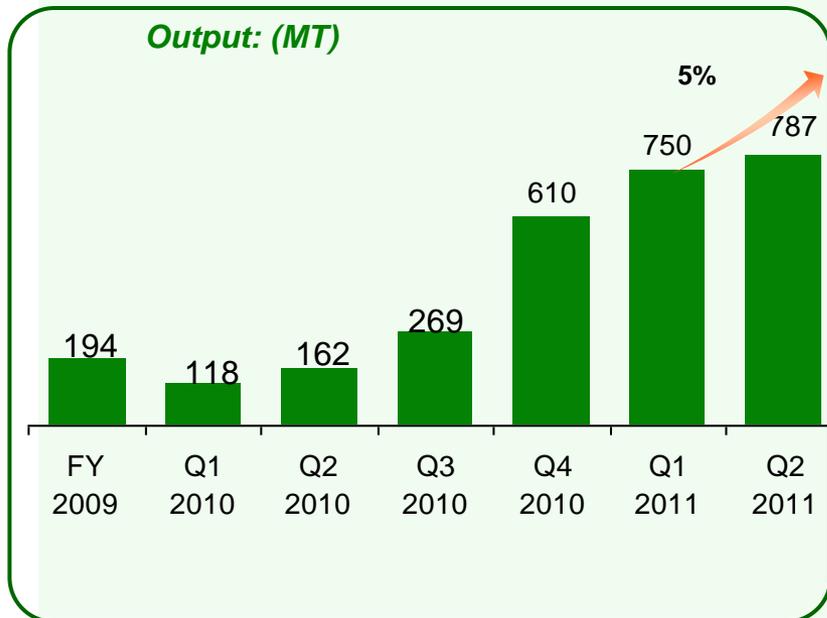
## Gross Profit and Margin



Revenues and gross margins dropped due to a significant ASP decline in Q2 2011, but ASPs have since stabilized

# Polysilicon Production – Making increasing contributions to profitability

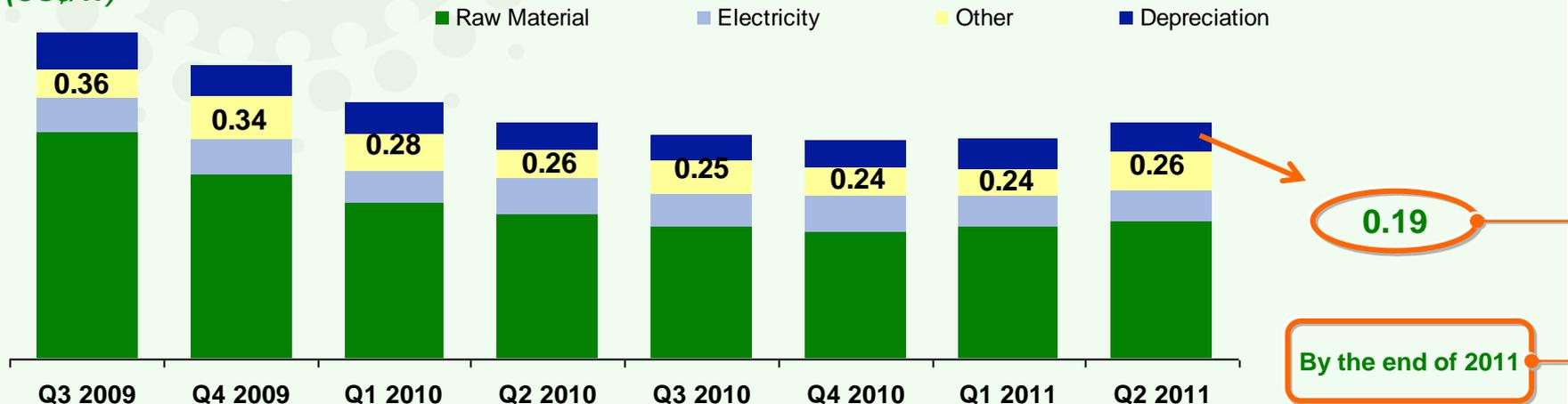
- Produced 787 MT in Q2 2011, slightly higher than our production in Q1 2011
- Average production cost expected to be under US\$40/kg in Q3 2011, and we are targeting to reduce the production cost to US\$35/kg by the end of 2011
- We expect to produce 600~700 MT in Q3 2011, due to some temporary electricity stoppages (as a result of local infrastructure upgrades) as well as upgrades to our existing facility
- We have begun Phase II, which will expand capacity to 8,500 MT and bring us closer to complete vertical integration in the upstream segment



# Wafer Business – Shifting towards Virtus wafers and continuing to reduce costs

## Wafer Processing Cost Breakdown

(US\$/W)



- Processing cost increased due to Virtus Wafer production
- We are targeting a cost of \$0.19/W by the end of 2011 through advancements in technology and manufacturing
- Horizontal expansion into steel wires and slurry recyclables
  - Steel wire production should begin production by the end of Q3 2011 and be in full production by YE 2011

## Module Business

- We are increasing our sales force to help increase module sales
- Delivered shipments of 65.0 MW with a module ASP of \$1.53/W
- Expect to deliver more modules to the China market, in line with market growth
- No module capacity expansion planned for Q3 2011; Q4 2011 contingent on market conditions

### Shipments for 2010

(MW)





## **Financial Highlights**

## Q2 2011 Financial Highlights



*Good gross margins despite challenging industry conditions*



*In-house polysilicon cost continues to drop*



*Still at full utilization for wafers and still selling all wafer output*



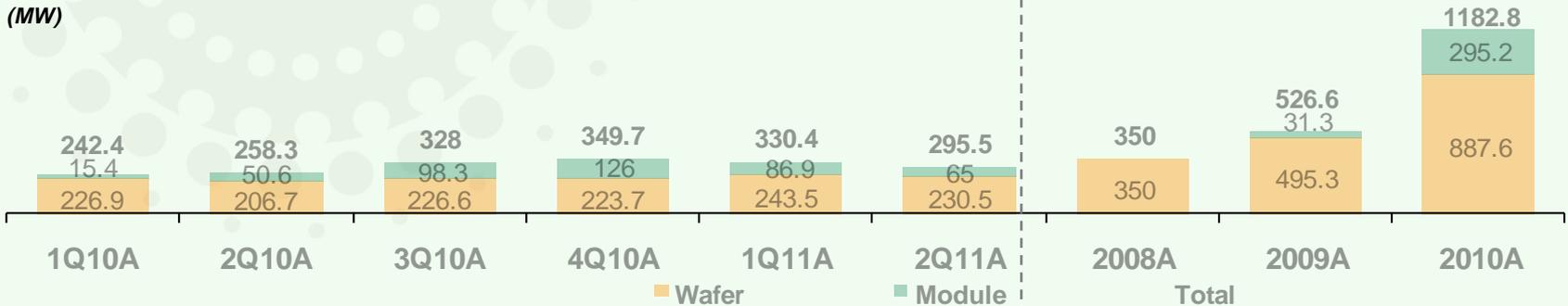
*Much of the negative results are due to non-ordinary items, primarily FX-related*



*Continuing focus on cost reduction, which will drive future margins*

# Financials at a glance

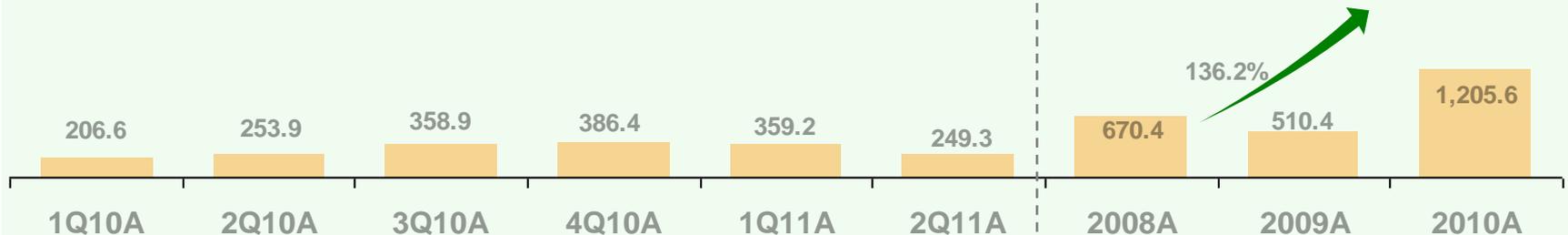
## Total Solar Wafer and Module Shipments



Note: The Company adjusted its efficiency calculation effective January 1, 2010. 2008 and 2009 data are not adjusted.

## Net Revenues

(US\$ in MM)



# Financials at a glance (cont'd)

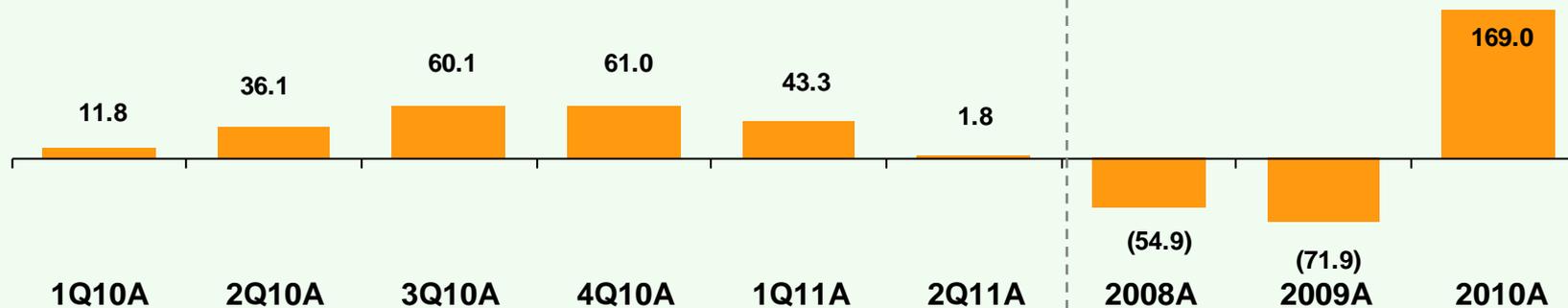
## Gross Margin

(%)



## Net Income

(US\$ in MM)



## Financial Performance – Financial Ratio

Financial Ratio	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2009 Q4
Trade Receivable Turnover Days	41	34	24	28	49
Trade Payable Turnover Days	75	70	72	74	44
Inventory Turnover Days	70	60	56	61	77
Interest Coverage Ratio	2	11	12	14	-4
Net debt to equity	44%	42%	34%	50%	105%

# Financial Performance – Income Statement Summary



US\$ Million	2006	2007	2008	2009	2010	Q1 2011	Q2 2011
<b>Revenue</b>	84.4	249.0	670.4	510.4	1,205.6	359.2	249.3
<b>Gross Profit</b>	24.7	53.5	-14.3	-43.2	348.0	101.2	45.9
<b>Gross Margin</b>	29.3%	21.5%	-2.1% (18.3%*)	-8.5% (5.5%*)	28.9%	28.2%	18.4%
<b>Operating Expense</b>	2.5	10.1	34.2	47.4	102.0	25.6	22.9
<b>Oper. Margin</b>	27.2%	16.6%	-6.8%	-17.7%	20.4%	21.0%	9.2%
<b>Interest Expense</b>	0.3	4.5	11.9	17.1	23.2	7.0	9.1
<b>Tax Benefits (Expense)</b>	2.7	6.2	2.4	41.2	-60.0	-10.6	-2.7
<b>Net Income (Loss)</b>	25.3	42.9	-54.9	-71.9	169.0	43.3	1.8
<b>Net Margin</b>	30.0%	17.2%	-8.2% (12.2%*)	-14.1% (3.7%*)	14.0%	12.1%	0.7%

Note: \* Excludes inventory write-downs of \$137.0 million in 2008, inventory write-downs of \$71.3 million in 2009 and provision of \$8.6 million in 2009

# Financial Performance – Balance Sheet Summary



US\$ Million	Balance Sheet Summary						
	As of December 31					2011	
	2006	2007	2008	2009	2010	31-Mar-10	30-Jun-2011
<b>Cash and Cash Equivalents</b>	9.9	53.1	112.3	106.8	290.7	388.6	438.1
<b>Restrictive cash</b>	0	0	6.0	25.3	33.6	47.2	42.7
<b>Accounts Receivable</b>	0.7	8.8	43.2	108.0	81.5	124.7	104.7
<b>Inventory</b>	44.8	110.6	193	137.8	170.6	152.4	162.6
<b>Accounts Payable</b>	4.9	13.1	37.9	93.4	220.8	177.7	162.4
<b>Short-term Borrowings</b>	14.7	71.7	192.0	358.6	400.8	404.0	428.0
<b>Long-term Borrowings</b>	-	17.8	32.8	189.3	121.5	118.8	132.7
<b>Convertible Notes</b>	-	128.3	138.9	32.5	-	175.0	200.0
<b>Shareholder Equity</b>	72.5	125.7	381.8	396.3	586.5	618.1	629.6

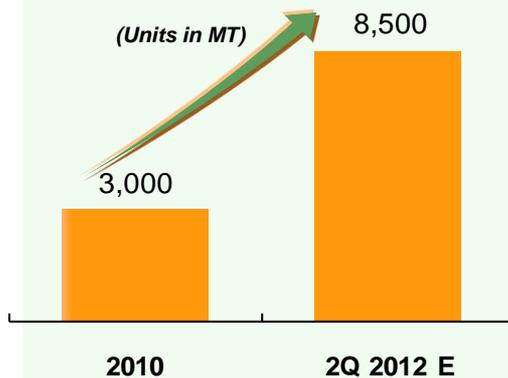


## **Capital Expenditures and Guidance**

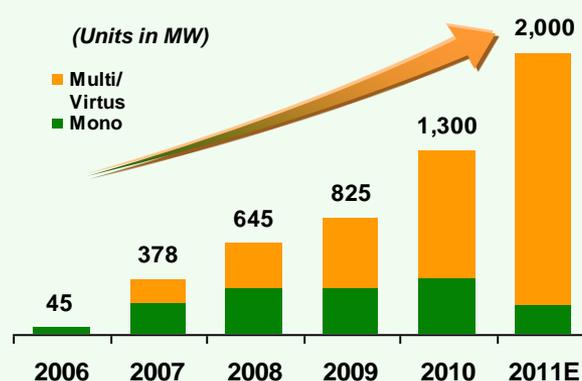
2011

- Spent US\$54.8 million in 1H 2011 and US\$22.8 million in 2Q2011
- Expect to spend US\$270 million in 2011 to:
  - Expand wafer capacity from 1.3 GW to 2.0 GW
  - Increase module capacity from 400 MW to 600 MW
  - Expand polysilicon capacity from 3,000 MT to 8,500 MT by 2Q 2012
  - Launch steel wire production with capacity of 8,400 MT
  - Reduction in expected capex this year due to delay in Phase II of our poly plant

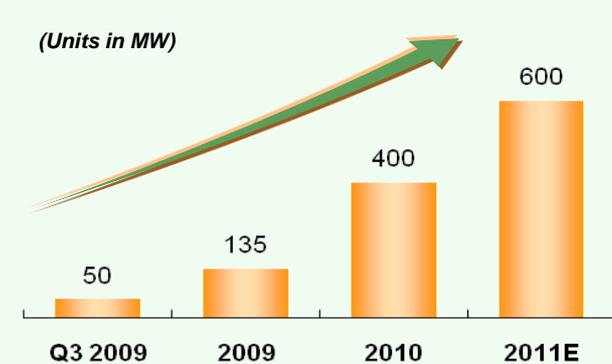
## Polysilicon



## Wafer



## Module



# Guidance

## Q3 2011 Guidance

- Total solar wafer and module shipments to be in the range of 330-350 MW
- Revenues to be in the range of \$220 million ~ \$240 million
- Gross profit margin to be 6-8%
- We are withdrawing our full year 2011 guidance



Thank you!



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