



Canadian Solar
4Q23 Earnings Call
March 14, 2024

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FY2023 Overview

Key Financial Metrics

\$7.6 billion
Revenue

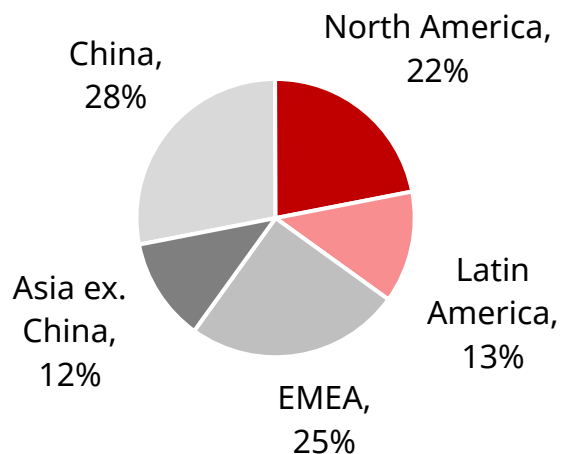
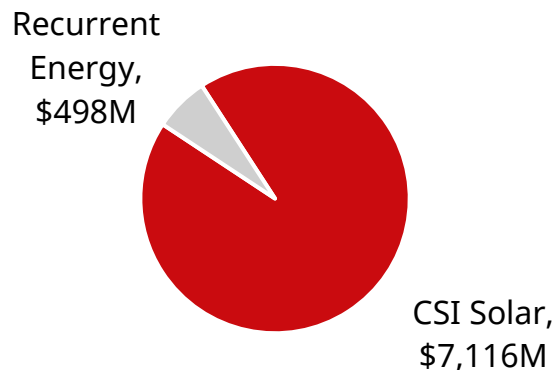
16.8%
Gross margin

\$793 million
EBITDA

\$274 million
Net income

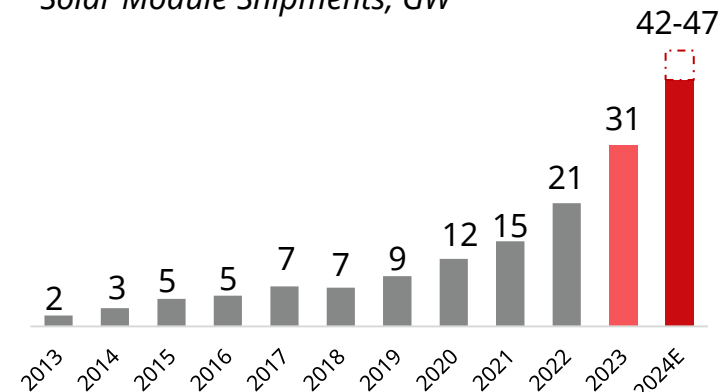
\$3.87
Diluted earnings per share to CSIQ

Revenue Breakdown

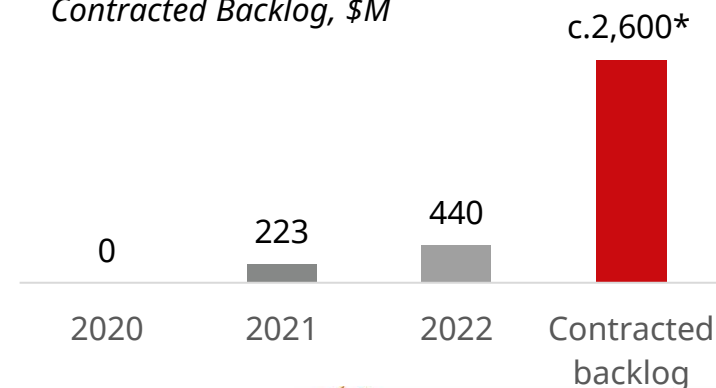


Solar and Storage Scale

Solar Module Shipments, GW



Turnkey Utility-Scale Storage Contracted Backlog, \$M



*As of January 31, 2024.

A Global Solar and Storage Manufacturing and Project Development Business

Canadian Solar (NASDAQ: CSIQ)

\$7.61B FY23 Revenue	16.8% FY23 Gross Margin	\$793M FY23 EBITDA
\$274M FY23 Net Income	\$3.87 FY23 Diluted EPS ⁽¹⁾	

62%

80%⁽²⁾

CSI Solar (SSE: 688472)
Vertically Integrated Manufacturing

Recurrent Energy
Global Project Development

Solar	Battery Energy Storage
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Solar	Battery Energy Storage
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30.7 GW
FY23 Shipments

1.9 GWh⁽³⁾
FY23 Shipments

10 GWp
Track Record⁽⁴⁾

>3 GWh
Track Record⁽⁴⁾

>118 GW
Cumulative Shipments

\$2.6B
Contracted Backlog⁽⁴⁾

27 GWp
Pipeline⁽⁴⁾

55 GWh
Pipeline⁽⁴⁾

(1) Diluted EPS includes the dilutive effect of convertible bonds. \$3.87/share is calculated from total earnings of \$279M (including 2.5% coupon of \$5.3M) divided by diluted shares 72.2 million shares (including 6.3 million shares issuable upon the conversion of convertible bonds).

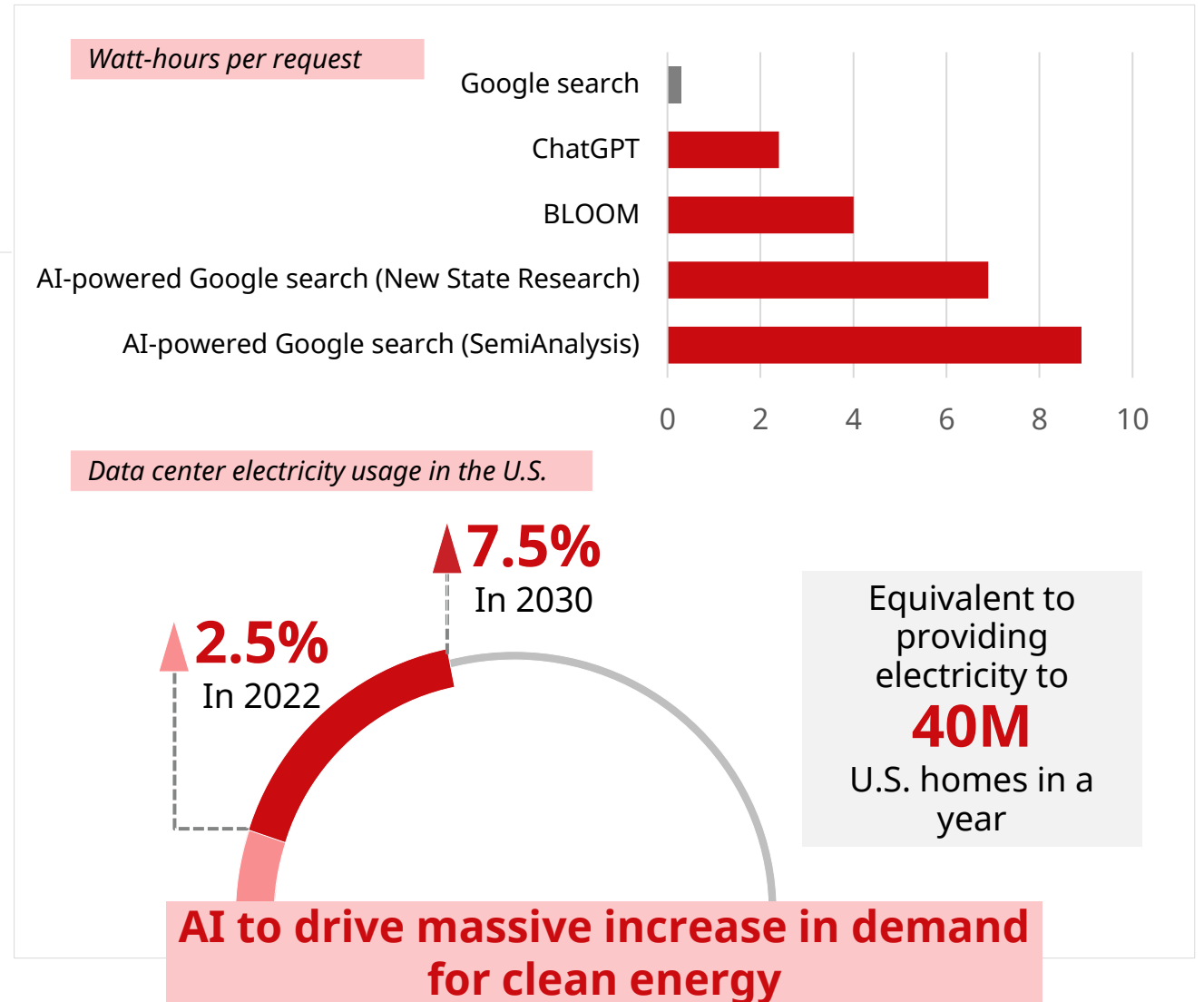
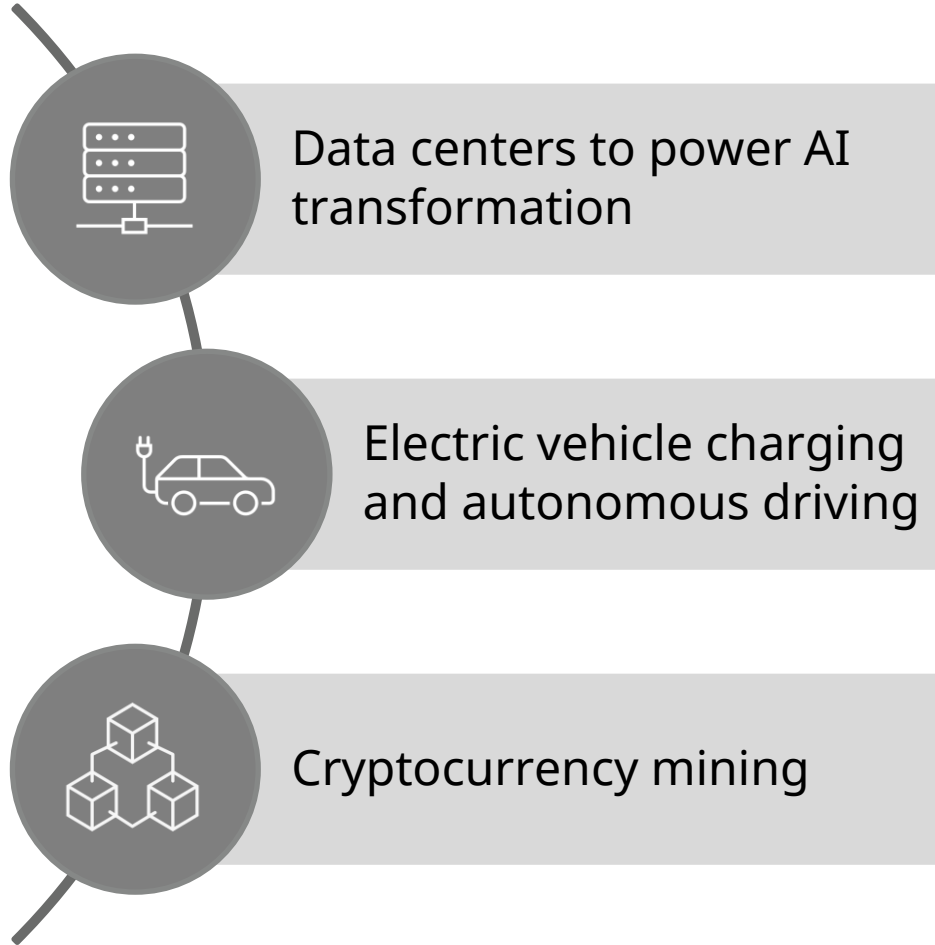
(2) In January 2024, Recurrent Energy secured a \$500 million preferred equity investment commitment, convertible into common equity, from BlackRock, representing 20% of the outstanding fully diluted shares of Recurrent Energy on an as-converted basis.

(3) Including approx. 760 MWh expected to be recognized as revenues in 2024 due to being shipments in late Q4 2023.

(4) Developed, built, and connected as of January 31, 2024; pipeline as of the same date.



Massive Growth in Clean Energy Demand Over the Next Decade



Source: Nathaniel Bullard, Boston Consulting Group (BCG).

Well-Positioned to Excel in the U.S.

Long-Term Investments



Strong Track Record with a Leading Brand



This is the first Super Bowl powered by 100% renewable energy

Catherine Boudreau Feb 10, 2024, 6:17 PM GMT+8

Share Save



The Las Vegas Raiders have a 25-year deal to buy renewable power for Allegiant Stadium.



CSI Solar: Record Full Year Revenue and Solar Module Shipments in FY2023

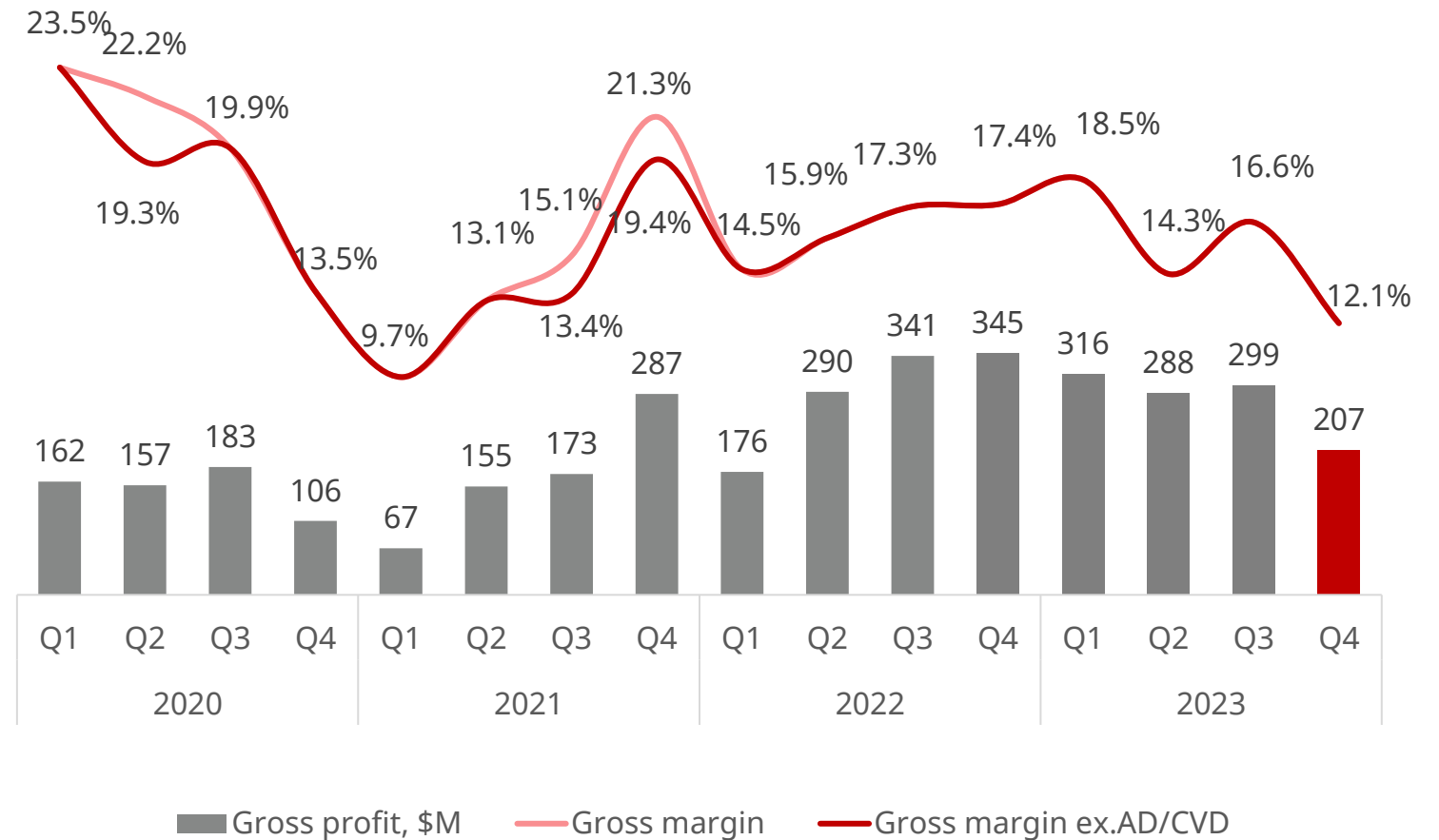
CSI Solar FY2023

- ☀️ Module shipments: 30.7 GW
- ☀️ Storage shipments: 1.9 GWh
- ☀️ Revenue: \$7.2 billion
- ☀️ Gross profit: \$1.1 billion
- ☀️ Gross margin: 15.3%
- ☀️ Operating profit: \$456 million

CSI Solar Q4 2023

- ☀️ Module shipments: 8.2 GW
- ☀️ Storage shipments: 879 MWh
- ☀️ Revenue: \$1.7 billion
- ☀️ Gross profit: \$207 million
- ☀️ Gross margin: 12.1%
- ☀️ Operating profit: \$40 million

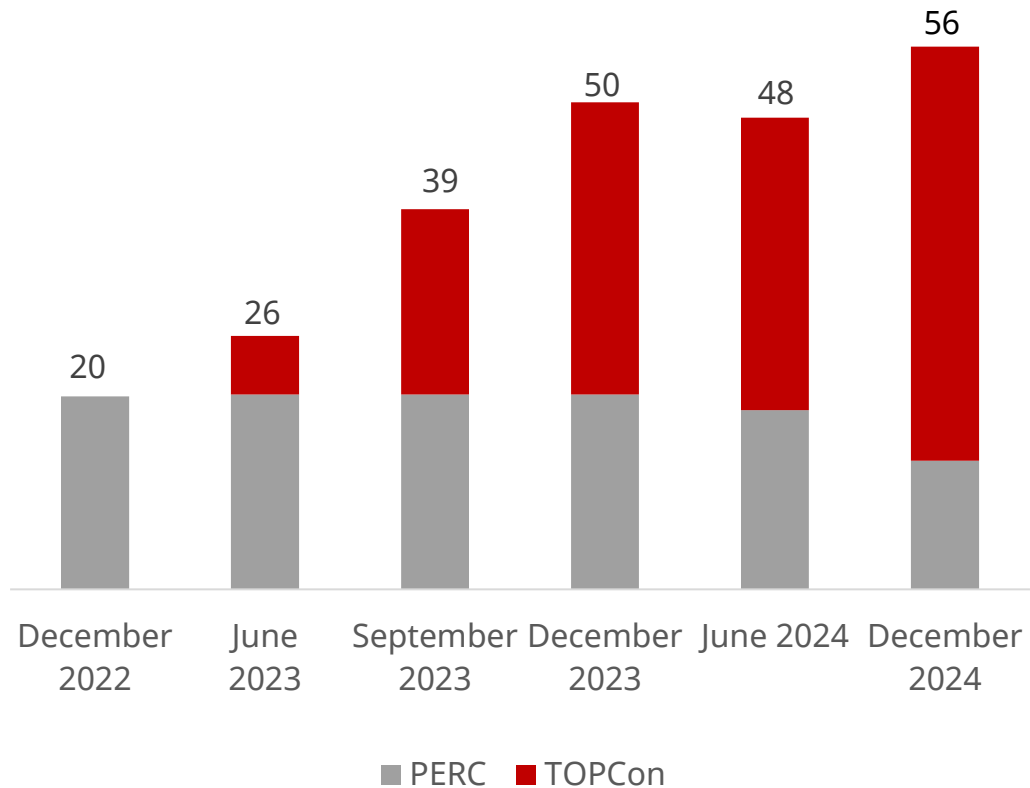
Gross Margin



Excluding the impact of intercompany elimination.

N-type TOPCon to Comprise Near 80% of Total Cell Capacity by Year End

Solar Cell Manufacturing Capacity Breakdown, GW



Manufacturing Capacity Expansion Roadmap

Capacity, GW	Country	Dec 2023A	Jun 2024E	Dec 2024E
Ingot	Total	20	20	50
Wafer	China	21	23	45
	Thailand	-	5	5
	Total	21	28	50
Cell	China	38	36	44
	Thailand	12	12	12
	U.S.*	-	-	-
	Total	50	48	56
Module	China	44	45	45
	Thailand	11	11	11
	U.S.	2	4	5
	Total	57	60	61

*U.S. cell production expected to commence by the end of 2025.

e-STORAGE FY2023 Performance Overview

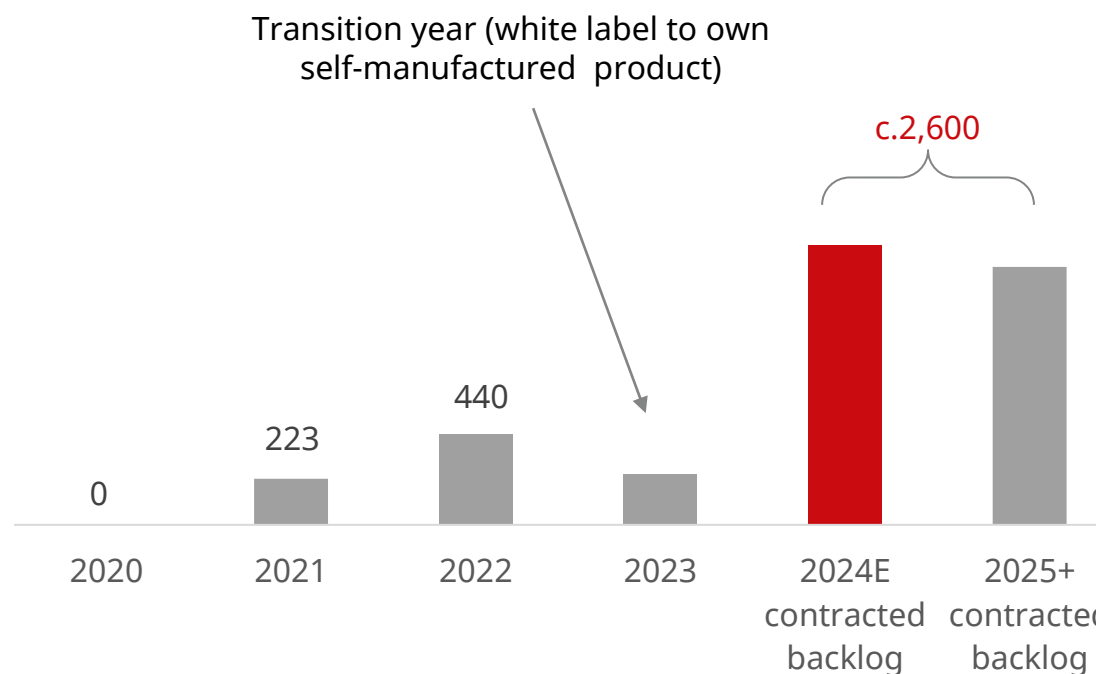
Contracted backlog*
\$2.6 billion

2024 shipments guidance
6.0 – 6.5 GWh

2024 year-end capacity
20 GWh

Total pipeline*
63 GWh

Turnkey Utility-Scale Battery Energy Storage Revenue, \$M



*As of January 31, 2024

\$500 Million Investment By BlackRock to Drive Business Model Transformation

“We are excited to partner on behalf of our clients with Recurrent Energy. We believe this partnership will help unlock the full potential of Recurrent Energy’s impressive renewable energy project development platform. Recurrent Energy is emblematic of our strategy of investing in leading renewable power generation assets and transition-enabling infrastructure, and we are pleased to make this first investment commitment from the fourth vintage of BlackRock’s Climate Infrastructure fund franchise.”

David Giordano, Global Head of Climate Infrastructure and Chief Investment Officer of Transition Capital, BlackRock



Empowering our transition from a pure developer to a developer plus long-term owner and operator in select markets, enabling a more diversified portfolio and stable, long-term earnings

Recurrent Energy FY2023 Performance Overview

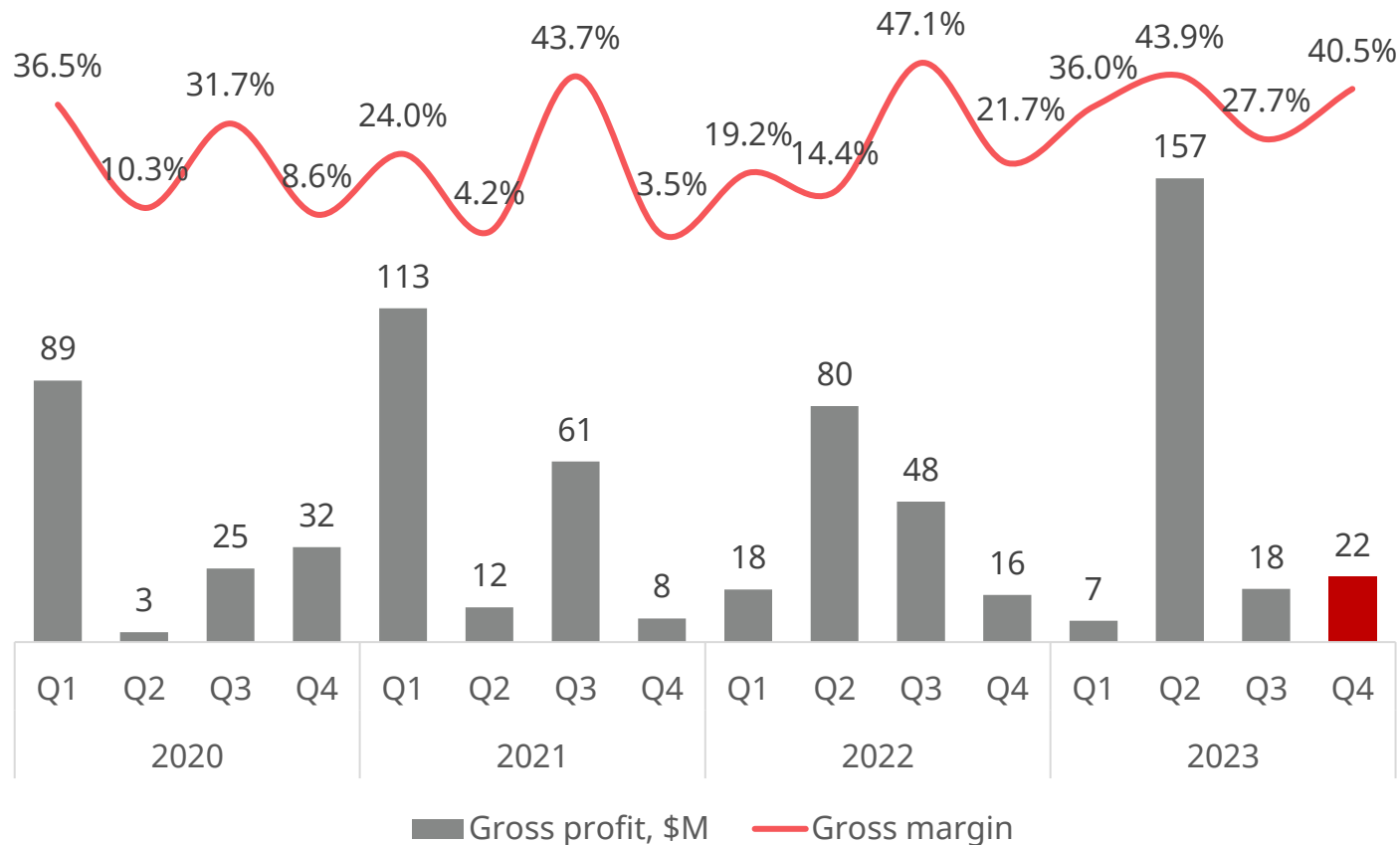
Recurrent Energy FY2023

- ☀️ Project sales: 280 MW
- ☀️ Revenue: \$498 million
- ☀️ Gross profit: \$205 million
- ☀️ Gross margin: 41.1%
- ☀️ Operating income: \$97 million

Recurrent Energy Q4 2023

- ☀️ Project sales: 154 MW
- ☀️ Revenue: \$54 million
- ☀️ Gross profit: \$22 million
- ☀️ Gross margin: 40.5%
- ☀️ Operating loss: \$1 million

Gross Margin



One of the Largest and Most Mature Global Solar and Storage Project Pipelines

Solar Development Project Pipeline – MWp*

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	424	212	1,467	4,343	6,446
Latin America	1,188**	867	83	2,954	5,092
EMEA	51**	2,300	2,361	5,203	9,915
Japan	32	135	14	32	213
China	200	1,845**	-	1,260	3,305
Asia Pac ex. Japan & China	-	173	708	1,430	2,311
Total	1,895	5,532	4,633	15,222	<u>27,282</u>

c.12 GW with interconnection

Securing interconnection

Battery Energy Storage Development Project Pipeline – MWh

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	-	1,600	2,180	15,284	19,064
Latin America	-	965	1,000	-	1,965
EMEA	-	110	5,943	17,334	23,387
Japan	-	-	776	600	1,376
China	400	-	-	6,500	6,900
Asia Pac ex. Japan & China	8	440	400	1,240	2,088
Total	408	3,115	10,299	40,958	<u>54,780</u>

c.14 GWh with interconnection

Securing interconnection

*All numbers are gross MWp

** Including 594 MWp in construction and 741 MWp in backlog that are owned by or already sold to third parties

As of January 31, 2024

Quarterly Income Statement Highlights

<i>\$ in millions except per share data</i>	4Q22	1Q23	2Q23	3Q23	4Q23	qoq	yoy
Net revenues	1,972	1,701	2,364	1,846	1,702	-8%	-14%
-CSI Solar	1,976	1,709	2,014	1,806	1,701	-6%	-14%
-Recurrent Energy	74	20	360	64	54	-16%	-27%
-Elimination	(78)	(28)	(10)	(24)	(53)		
Gross margin	17.7%	18.7%	18.6%	16.7%	12.5%	-420 bp	-520 bp
-CSI Solar margin	17.4%	18.5%	14.3%	16.6%	12.1%	-450 bp	-530 bp
-Recurrent Energy margin	21.7%	36.0%	43.9%	27.7%	40.5%		
Selling and distribution expenses	126	88	88	100	94	-6%	-26%
General and admin expenses	89	79	139	114	108	-5%	+21%
R&D expenses	21	17	23	29	32	+9%	+53%
Other operating income	(23)	(12)	(34)	(18)	(21)		
Total operating expenses	213	172	216	225	213	-5%	-0%
Operating income	136	146	224	83	1	-99%	-100%
Net interest expense	(11)	(12)	(21)	(11)	(18)		
Net FX gain or (loss)	(15)	(13)	34	(17)	0		
Income tax (expense) or benefit	(22)	(29)	(46)	11	5		
Net income (loss)	99	107	198	62	(3)	-105%	-103%
Net income (loss) attributable to Canadian Solar Inc.	78	84	170	22	(1)	-106%	-102%
Diluted Earnings (loss) per Share	1.11	1.19	2.39	0.32	(0.02)*	-106%	-102%

Note: Elimination effect from inter-segment sales not included in segment margin. Please refer to 6-K for further details.

*Loss per share excludes any dilutive effects. \$0.02/share is calculated from total loss of \$1M divided by 66.0M shares.

Quarterly Cash Flow and Balance Sheet Highlights

<i>\$ in millions</i>	4Q22	1Q23	2Q23	3Q23	4Q23
Working capital days	8	9	9	5	(1)
Operating cash inflow	397	47	290	158	190
Cash and equivalents	981	848	2,011	1,921	1,939
Restricted cash	988	1,227	1,239	1,072	1,008
Short-term borrowings	1,350	1,665	1,757	1,596	1,729
Long-term borrowings on project assets – current	94	97	142	110	76
Financing liabilities – current	49	50	42	6	-
Finance lease liabilities – current	15	36	49	63	88
Long-term borrowings	813	863	1,013	1,072	1,266
Convertible bonds and green bonds*	258	258	260	382	389
Financing liabilities – non-current	-	-	-	17	28
Finance lease liabilities – non-current	14	30	37	81	72
Total debt	2,593	2,999	3,300	3,327	3,648
Net debt**	1,612	2,151	1,289	1,406	1,709
Non-GAAP EBITDA	182	216	338	139	100
Net debt / EBITDA (trailing 12 months)	2.5x	2.8x	1.4x	1.6x	2.0x
Net interest expense	11	12	21	11	18
EBITDA / net interest coverage (trailing 12 months)	19.4x	22.1x	22.7x	15.7x	12.7x

*Beginning 3Q23, green bonds are classified under “Green bonds and convertible notes”.

**Net debt does not include restricted cash.

Guidance as of March 14, 2024

	Q4 2023 Actual	Q1 2024 Guidance
Solar Module Shipments (DC)	8.2 GW	6.1 – 6.4 GW
Utility Scale Battery Energy Storage Shipments (DC)	879 MWh	~1 GWh
Revenue	\$1.7B	\$1.2B – \$1.4B
Gross Margin	12.5%	17% – 19%

	FY2023 Actual	FY2024 Guidance	2023-24E yoy Δ%
	30.7 GW	42 – 47 GW	c. +45%
	1.9 GWh*	6.0 – 6.5 GWh	c. +240%
	\$7.6B	\$8.5B - \$9.5B	c. +18%
	16.8%	n/a	n/a

- ☀️ Q1 anticipated to be a seasonally softer quarter, impacted by tactical decision to manage volume and enhance gross margins
- ☀️ Accelerated growth momentum expected in the second half of 2024 driven by clearance of channel inventory in distributed generation markets and burgeoning demand unleashed by emerging markets
- ☀️ e-STORAGE expected to be one of the fastest growing segments in 2024, contributing meaningfully to 2024 profitability

*Including approx. 760 MWh expected to be recognized as revenues in 2024 due to being shipments in late Q4 2023.



Thank you

CSIQ
Nasdaq Listed