

Canadian Solar 1Q21 Earnings Call

May 20, 2021

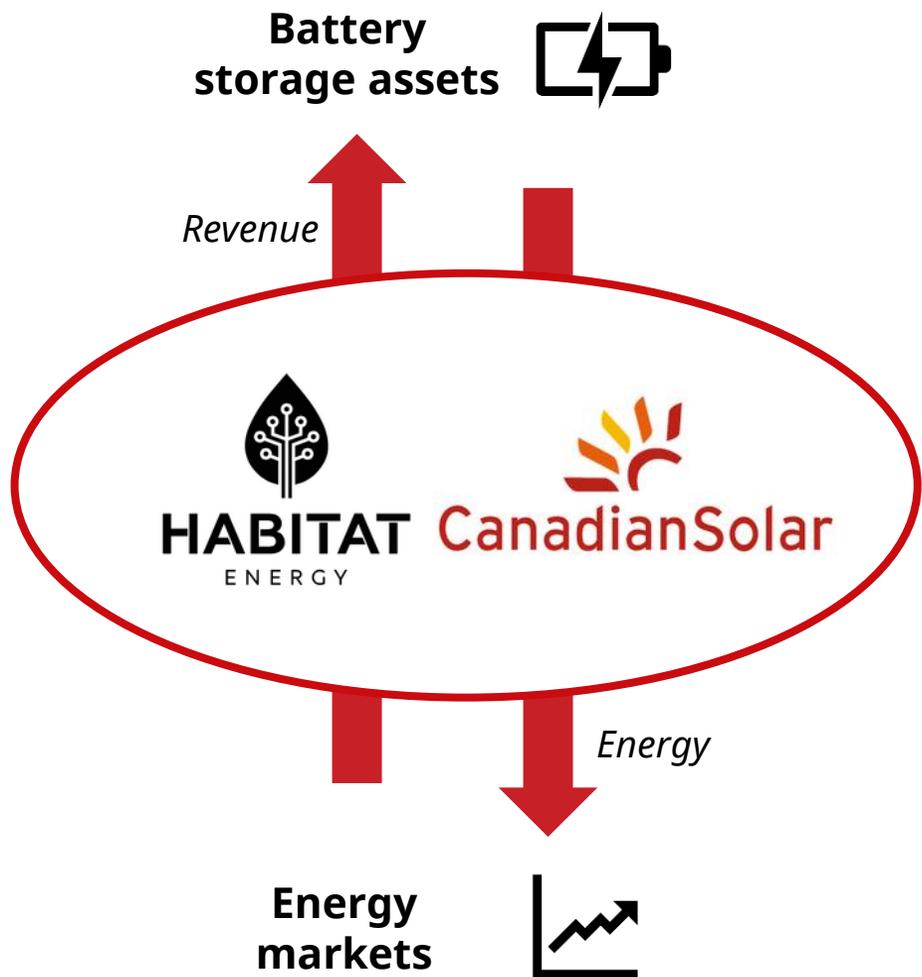
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Focus on solar plus battery storage to strengthen our competitive advantage

Enhance the value of our storage assets through AI, big data and machine learning tools

Fully integrating battery storage into our solar project development pipeline (MWh)



Q1 2021

In Operation	In Construction	Backlog	Pipeline	Total
3	1,201	1,100	14,574	16,878

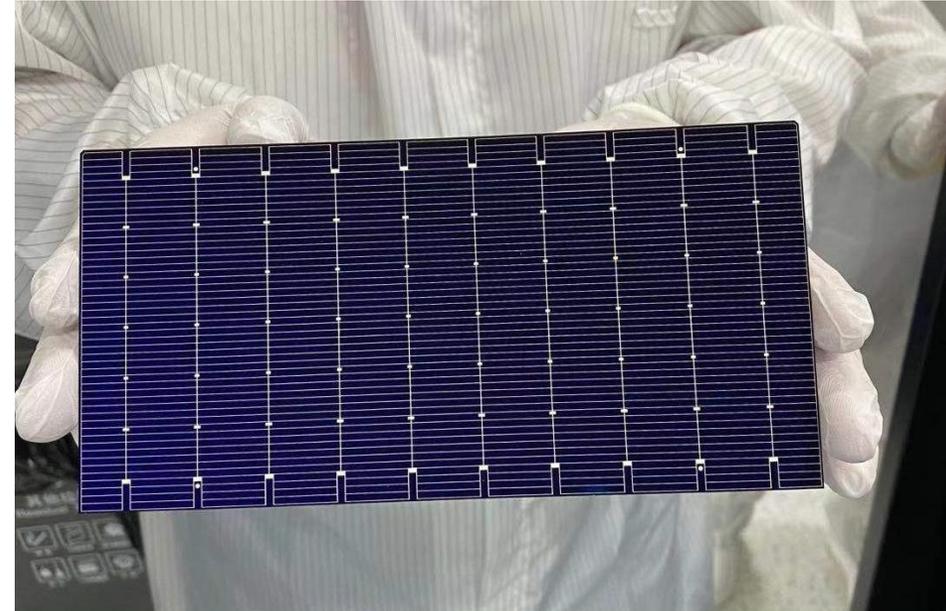
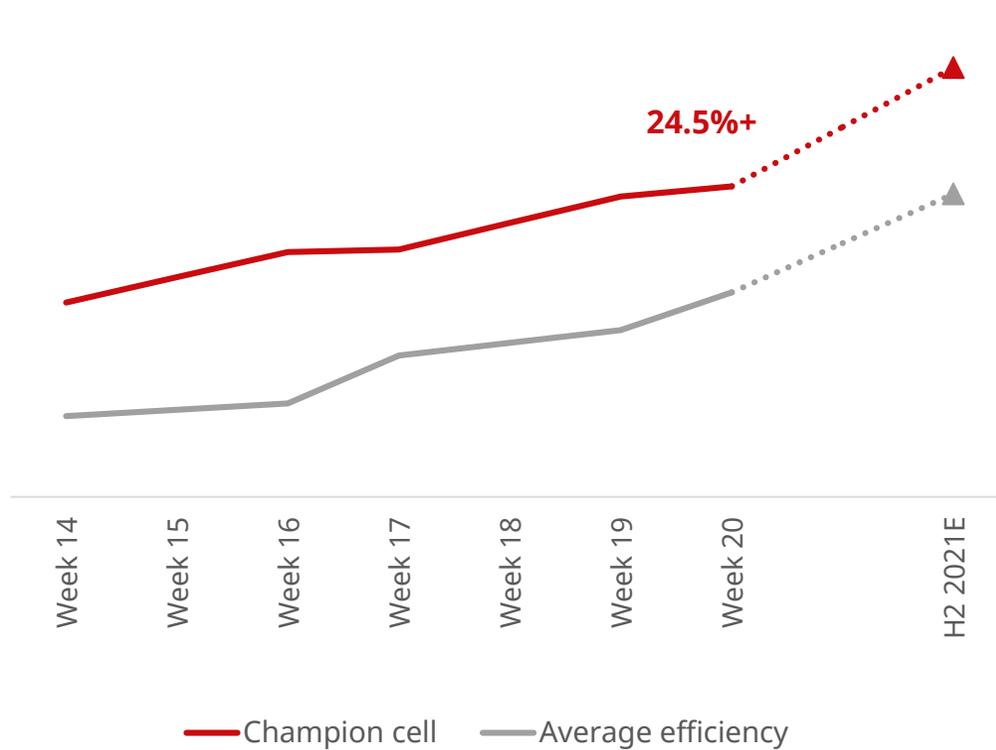
Q4 2020

In Operation	In Construction	Backlog	Pipeline	Total
3	913	1,388	6,467	8,771

c.2x

Production of new N-type heterojunction (HJT) solar cells from Q1 2021

CSIQ HJT pilot line cell efficiency ramp up

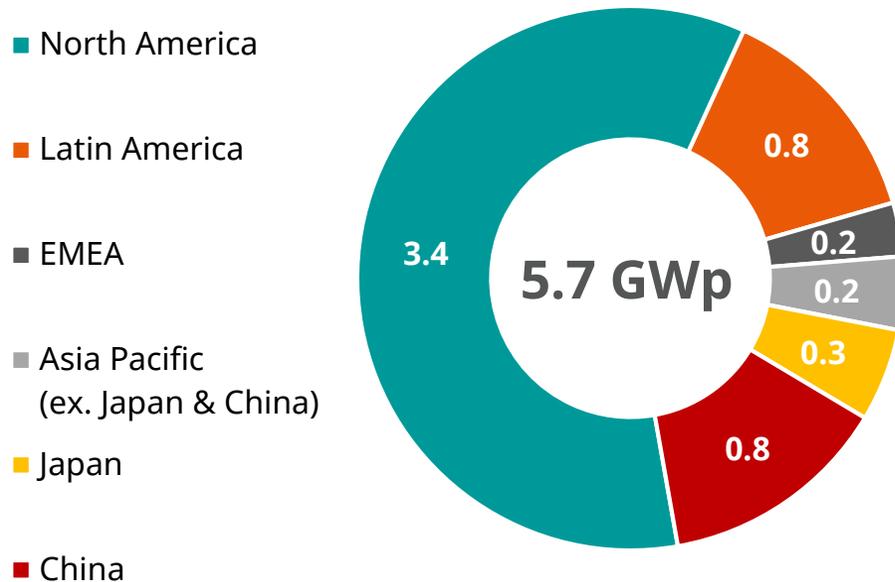


Delivery of latest technology solar modules to enhance CSIQ brand and pricing power

Proven track record developing & building over 5.7 GWp solar projects worldwide

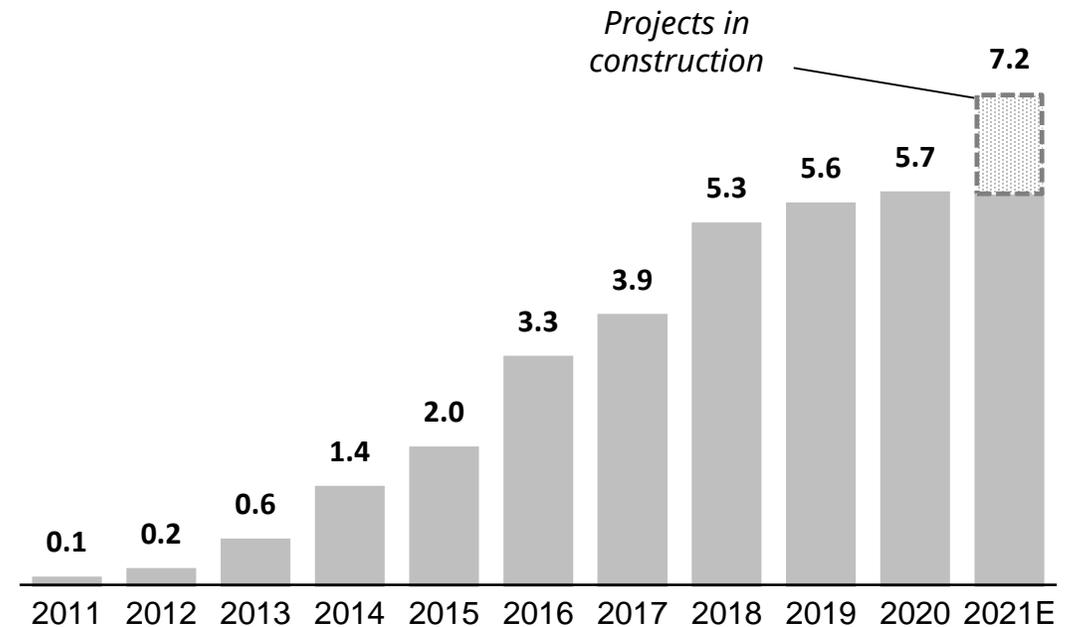
Expanded our solar project development track record to over 20 countries...

Regional mix



...and expect to exceed 7 GWp by the end of 2021

Cumulative power plants built and connected, GWp



100% track record in the delivery of projects in backlog

Large global project pipeline of 21 GWp of solar projects across the world

TOTAL
21 GWp

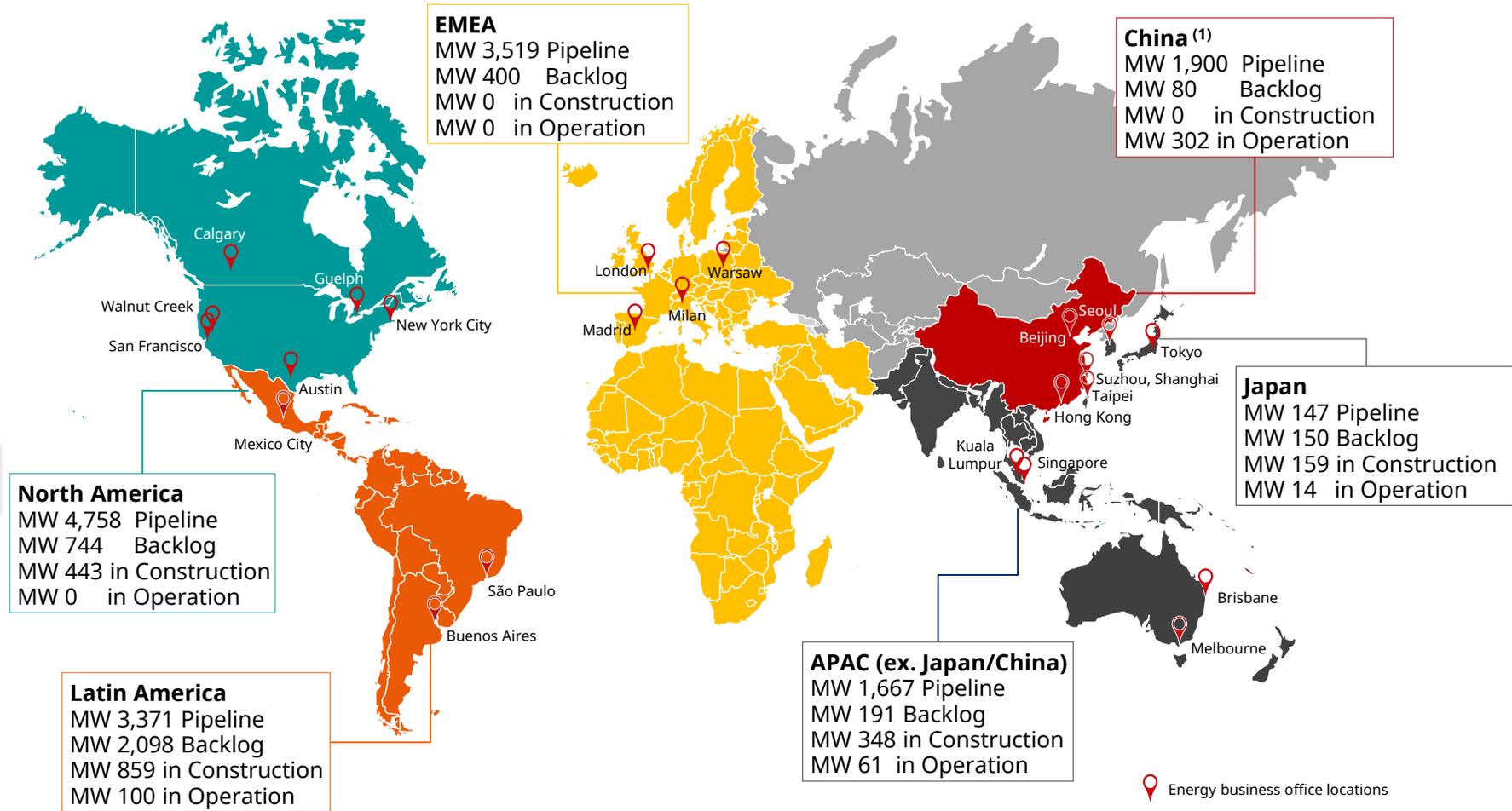
Plants in Operation
0.5 GWp

Plants in Construction
1.8 GWp

95%+
contracted

Backlog
3.7 GWp

Pipeline
15.4 GWp



To unlock value in 6 GWp⁽²⁾ of contracted solar projects while continuing to grow our total pipeline

As of March 31, 2021. **Backlog** = Projects that have passed Rick Cliff Date and are expected to be built in 1-4 years. RCD depends on the country where the project is located and is defined as the date in which the project passes the last high-risk development stage (e.g. secured FIT/PPA, interconnection, land, regulatory/environmental approvals etc.) **Pipeline** = early- to mid-stage project opportunities currently under development that are yet to be de-risked. Definitions of backlog/pipeline consistent with industry practice. For more details, see form 6-K Q1 2021.

(1) China portfolio is part of CSI Solar.

(2) Gross project capacity includes aggregate project stakes of c.680 MWp not owned by CSIQ.

Leading presence in markets with strong fundamentals

Focus on low-risk, high growth markets

- 🌟 **North America:** Potential legislations in the U.S. to allow CSIQ to capture greater value from solar and storage assets; future potential to build local investment vehicle.
- 🌟 **Latin America:** Growth through both public auctions and private PPAs. Brazil – over 2 GW of projects in backlog, which are expected to reach COD over the next few years; to feed into the FIP-IE vehicle. Mexico – executing projects with current partners, market with strong fundamentals. Projects under development in Chile, Colombia, Dominican Republic.
- 🌟 **EMEA:** Expect significant growth driven by net zero carbon emissions targets; Italy currently working through legislation that would simplify the project development process. CSIQ also entering new European markets.
- 🌟 **Japan:** Strong fundamentals; transition from feed-in-tariff to auctions market
- 🌟 **Asia Pacific ex. Japan and China:** Increase presence in markets such as South Korea and explore opportunities in markets such as Malaysia, Thailand and Vietnam. Completed exit from India market

Nearly 6 GW of contracted projects secured by long-term PPAs

Average length of FIT/PPA contracts

U.S.	12-20
Brazil	15-20
Europe	~ 10
Japan	~ 20
South East Asia	~ 20
Australia	10-20

Unparalleled expertise in the solar development value chain across 20+ jurisdictions

Development

- 🌞 Origination, site selection, M&A (*greenfield and brownfield opportunities*)
- 🌞 Environmental studies
- 🌞 System design
- 🌞 Financial modelling
- 🌞 Secure land and interconnection
- 🌞 PPA negotiation / auction participation
- 🌞 Energy storage integration

➔ Notice to Proceed (NTP)

Project exit at NTP:

- Smaller revenue, higher gross margin %
- Lower capital needs

Execution

- 🌞 Financing and structuring of debt and equity
- 🌞 EPC management:
 - Engineering
 - Procurement: Canadian Solar PV modules, centralized BOS
 - Construction management
- 🌞 Testing and commissioning

➔ Commercial Operation Date (COD)

Project exit at COD:

- Larger revenue, lower gross margin %
- Higher capital needs

Operation+

- 🌞 **Operations and maintenance (O&M):**
 - Maximize performance
 - Technical inspections and repairs
 - Real time remote monitoring
 - Performance reporting
- 🌞 **Asset management**
- 🌞 **Infrastructure fund / vehicles in Japan, Brazil, Europe for long term ownership**
- 🌞 **Energy trading platform for operating assets**

Maximize project valuation, accelerate cash turn, minimize risk exposure, focus on capturing long term returns of solar and battery storage project assets

Multiple levers of growth across project sales, services and investment vehicles

		2020 Actual	2021	2022	2023	2024	2025			
1	Development: Project sales	Annual project sales, GWp	1.4	1.8 – 2.3	2.4 – 2.9	3.2 – 3.7	3.6 – 4.1	4.0 – 4.5	+25% CAGR (market +20%)	<ul style="list-style-type: none"> COD MW mix approx. 30-50%, actual mix depends on market and project-specific conditions
2	Services: O&M⁽¹⁾ + Asset Mgmt	Operational O&M projects, GWp	2.2	2.6	4.0	6.5	9.2	11.0	+40-50% CAGR in cumulative retained assets or projects in service	<ul style="list-style-type: none"> Capture additional operational value throughout the partial ownership period Expand base of stable long-term cash flows, improve predictability of earnings Recycle a large portion of the capital into developing new solar projects for growth
3	Investment Vehicles: Partial ownership of solar projects	Cumulative projects retained (net & gross⁽²⁾), MWp	118	200	400	760	960	1,000	By 2025, recurring cash flows to drive c.50% of Global Energy CF (from <1/5)	<ul style="list-style-type: none"> *Power generation from partially-owned solar project vehicles reflected as earnings from unconsolidated investees
			220	650	1,300	2,650	3,150	3,400		

(1) O&M = Operations and Maintenance.

(2) Net projects retained represents CSIQ's net partial ownership of solar projects, the gross number represents the aggregate size of projects including the share which is not owned by CSIQ.

(3) NTP = Notice to Proceed (pre-construction). COD = Commercial Operation Date (post-construction).

Note: Final timing and recognition of project sales may be impacted by various external factors. Targets are subject to change without notice; investors are encouraged to review the Risks section of the Company's annual report on Form 20-F.

Increase value capture and earnings stability through capital partnerships

Entity	Location	CSIQ ownership	Type of assets	Gross volume, MWp	AUM, \$mn	Equity, \$mn	Avg market CAFD \$/MW
CSIF ⁽¹⁾ (Canadian Solar Infrastructure Fund, TSE: 9284)	Japan	15%	Operational assets	184	740	450	>\$200k
JGIF (Japan Green Infrastructure Fund)	Japan	67%	Development & construction assets	>200 ⁽²⁾	N/D ⁽³⁾	N/D	First offer rights to CSIF
FIP-IE (Listed Brazilian Participation Fund in Infrastructure – to be launched)	Brazil	Up to 20%	Operational assets	>600 ⁽⁴⁾	N/D	N/D	c.\$40k
Various private and public vehicles (to be launched)	Europe (various)	c.40%	Construction & operational assets	>150 ⁽⁴⁾	N/D	N/D	c.\$20k

 **Optimize and maximize project valuation relative to individual project sales strategies**

 **Grow base of operating solar assets through partial ownerships and increase share of recurring income**

 **Mobilize and leverage 3rd party capital partners for growth**

 **Capture additional value in O&M, asset management, storage retrofit etc.**

(1) CAFD \$/MW for CSIF are actuals.

(2) Assumes full deployment, as JGIF is a development fund and will not hold projects for long term cash flow.

(3) Not disclosed or not available.

(4) Initial asset dropdown, expected to grow over time. Total existing backlog in Brazil is >2 GW. E.U. funds to grow to >1 GW.

Note: Table shows estimated projections for the Brazilian and European vehicles. Values are indicative and subject to change without notice.

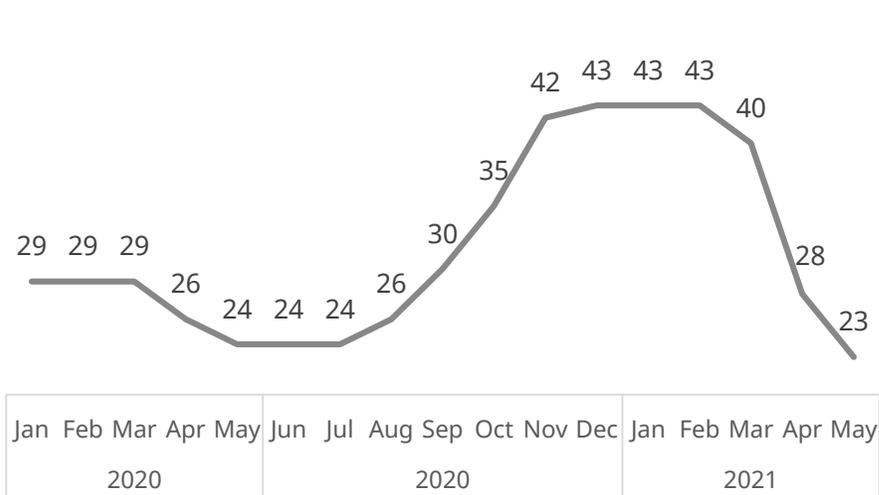
Early developer of standalone and hybrid battery storage projects

Total Battery Storage Development Pipeline, MWh

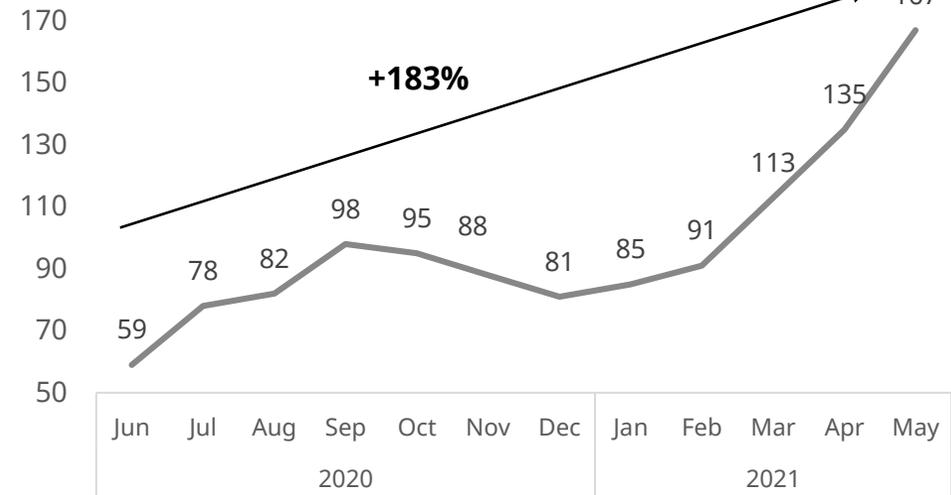
Region	In Operation	In Construction	Backlog	Pipeline	Total
North America	3	1,201	1,100	8,405	10,709
Latin America	0	0	0	3,200	3,200
EMEA	0	0	0	1,314	1,314
Japan	0	0	0	5	5
Asia Pac ex. Japan	0	0	0	1,650	1,650
Total	3	1,201	1,100	14,574	16,878

Cost inflation pressures have continued despite the recent decline in glass prices

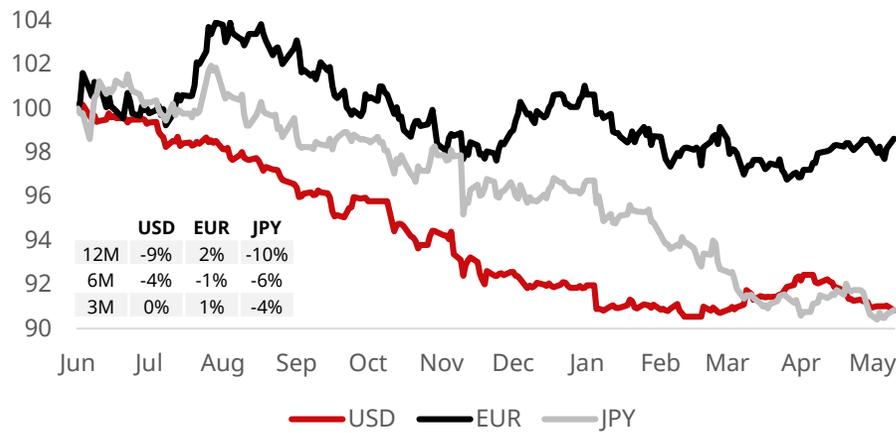
3.2 mm glass price (RMB/m2)



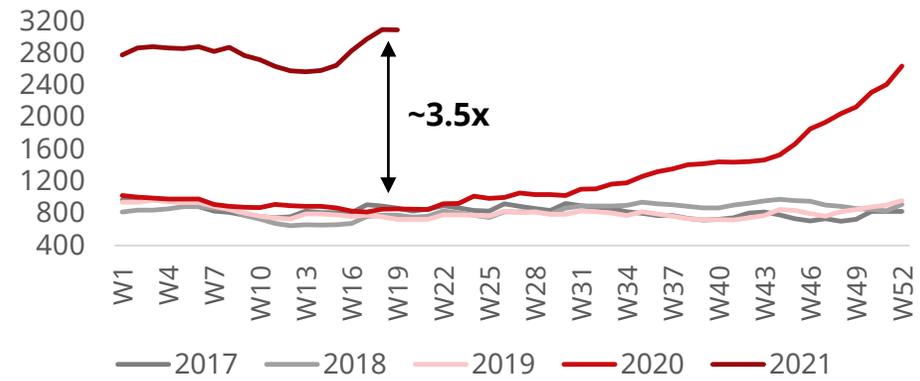
Polysilicon price (RMB/kg)



FX to RMB (indexed)



Shanghai Containerized Freight Index (TEU)



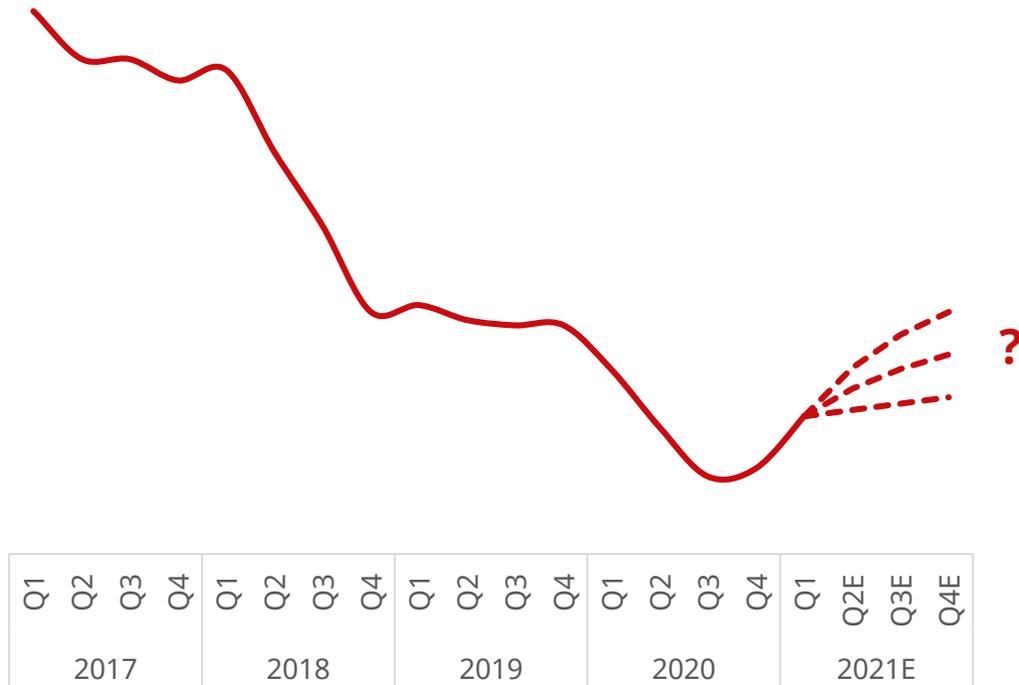
Source: PV Infolink, Shanghai Shipping Exchange, Factset.

First major module price hike in recent history

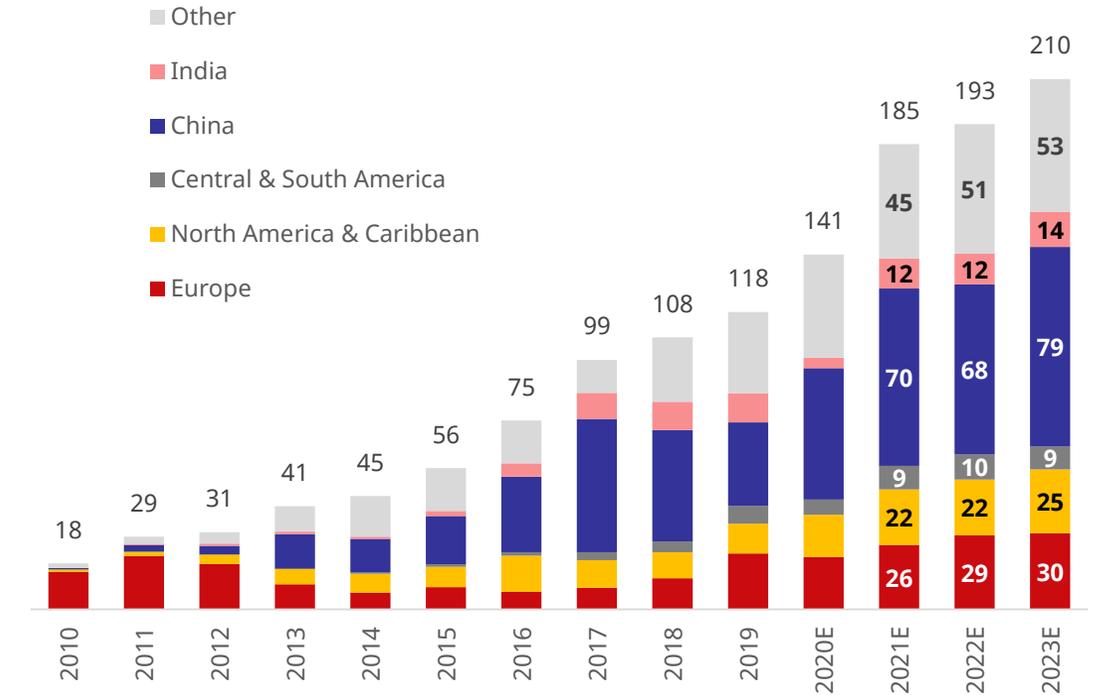
Module prices will continue to increase as long as input costs do not adjust

Strong underlying demand, but in the short term, some projects may be delayed

Module ASP, USD/W



Global solar PV annual installations, GW



Forecasts are BNEF-estimated mid-points

Quarterly income statement highlights

USD millions except per share data	1Q20	4Q20	1Q21	qoq	yoy	FY19	FY20	yoy
Net revenues	826	1,041	1,089	5%	32%	3,201	3,476	9%
<i>Gross margin</i>	<i>27.0%</i>	<i>13.6%</i>	<i>17.9%</i>	<i>430 bp</i>	<i>-917 bp</i>	<i>22.4%</i>	<i>19.8%</i>	<i>-260 bp</i>
Selling expenses	53	64	84			180	224	
General and admin expenses	53	70	67			243	226	
R&D expenses	10	10	12			47	45	
Operating income	113	2	43	1,654%	-62%	259	220	-15%
Net interest expense	-16	-16	-11			-69	-63	
Net FX gain or (loss)	-1	4	-7			-12	-15	
Income tax	29	2	-14			-42	2	
Net income attributable to Canadian Solar Inc.	111	7	23	243%	-79%	172	147	-15%
Diluted EPS	1.84	0.11	0.36	227%	-80%	2.83	2.38	-16%

Quarterly balance sheet highlights

<i>USD millions</i>	1Q20	2Q20	3Q20	4Q20	1Q21
Cash and equivalents	619	579	1,103	1,179	981
Restricted cash	504	416	459	461	542
Inventory	632	547	625	696	934
Short-term borrowings	910	1,016	1,065	1,202	1,217
Long-term borrowings on project assets - current	183	180	238	199	264
Capital leases - current	20	15	24	15	17
Long-term borrowings	666	580	624	446	467
Convertible notes	-	-	223	223	224
Financing liabilities - non-current	75	75	78	82	81
Capital leases - non-current	12	9	4	14	14
Total debt	1,867	1,876	2,257	2,181	2,284
Net debt*	1,248	1,297	1,154	1,002	1,303
Non-GAAP EBITDA	143	92	101	79	101
Net debt / EBITDA (trailing 12 months)	2.3x	2.5x	2.3x	2.4x	3.5x
EBITDA / net interest coverage (trailing 12 months)	8.3x	7.9x	7.7x	6.6x	8.1x

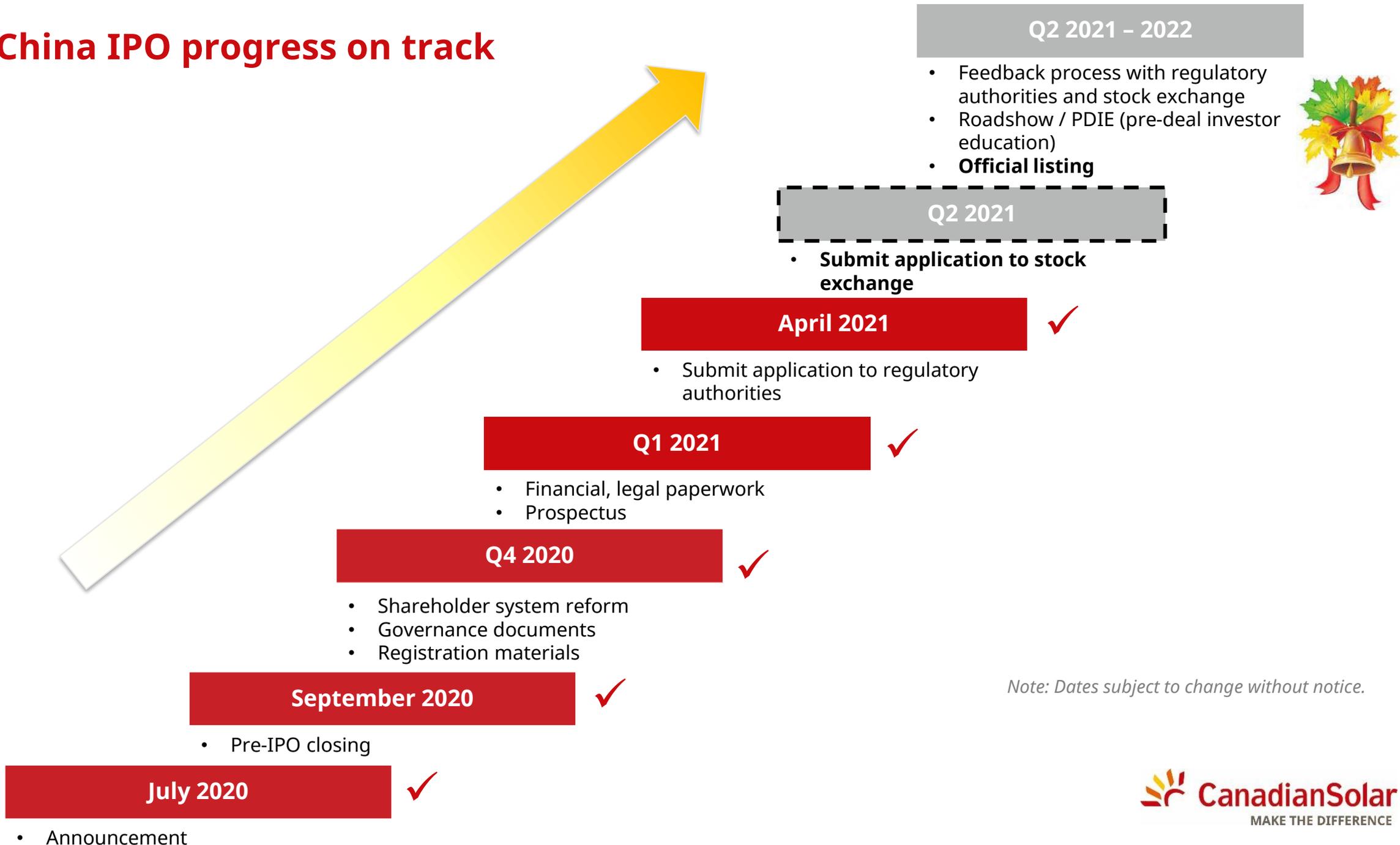
*Net debt does not include restricted cash.

Guidance as of May 20, 2021

	Q1 2021	Q2 2021G	FY2020	FY2021G	yoy Δ%
Module Shipments	3.1 GW	3.5 – 3.7 GW	11.3 GW	18 – 20 GW	c. +65%
Revenue	\$1.1 bn	\$1.4 bn – \$1.5 bn	\$3.5 bn	\$5.6 bn – \$6.0 bn	c. +70%
Gross Margin	17.9%	9.5% – 10.5%	19.8%	n/a	n/a

- 🌅 Q1 margin driven by contribution of high margin project sales and higher module ASPs
- 🌅 Q2 significant shipment and revenue growth despite unfavorable supply side trends
- 🌅 Q2 revenue includes significant contribution from battery storage

China IPO progress on track



Note: Dates subject to change without notice.



 **CanadianSolar**

Thank you

CSIQ
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