



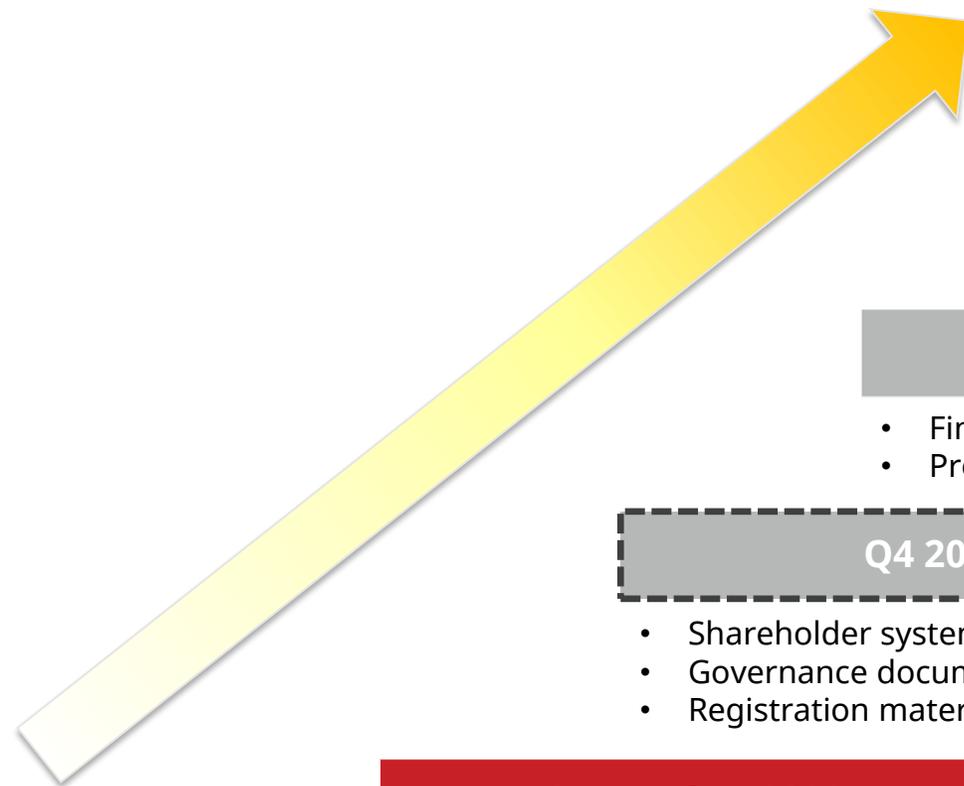
Canadian Solar
3Q20 Earnings Call
November 19, 2020

CSIQ
Nasdaq Listed

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China IPO progress on track



July 2020 ✓

- Announcement

September 2020 ✓

- Pre-IPO closing

Q4 2020

- Shareholder system reform
- Governance documents
- Registration materials

Q1 2021

- Financial, legal paperwork
- Prospectus

Q2 2021

- **Submit application to regulatory authorities and stock exchange**

Q2 – Q4 2021

- Feedback process with regulatory authorities and stock exchange
- Roadshow / PDIE
- **Official listing**



Note: Exact dates may be subject to change without notice.

Strategy update



1

MSS: Expand capacity and increase the level of vertical integration to gain market share, improve pricing power, better control costs and improve profitability

2

Energy: Expand market presence through localized large-scale project investment vehicles and retain partial ownership in selected solar and storage projects

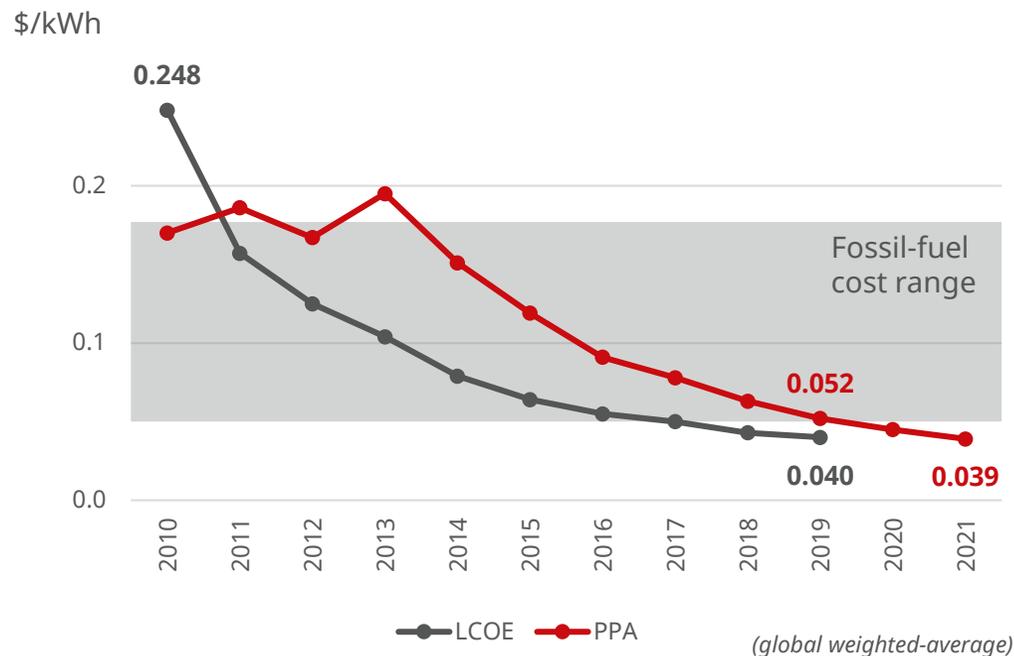
3

Execute on strategic growth areas: Solar PV + energy storage to contribute to revenue and earnings starting 2021

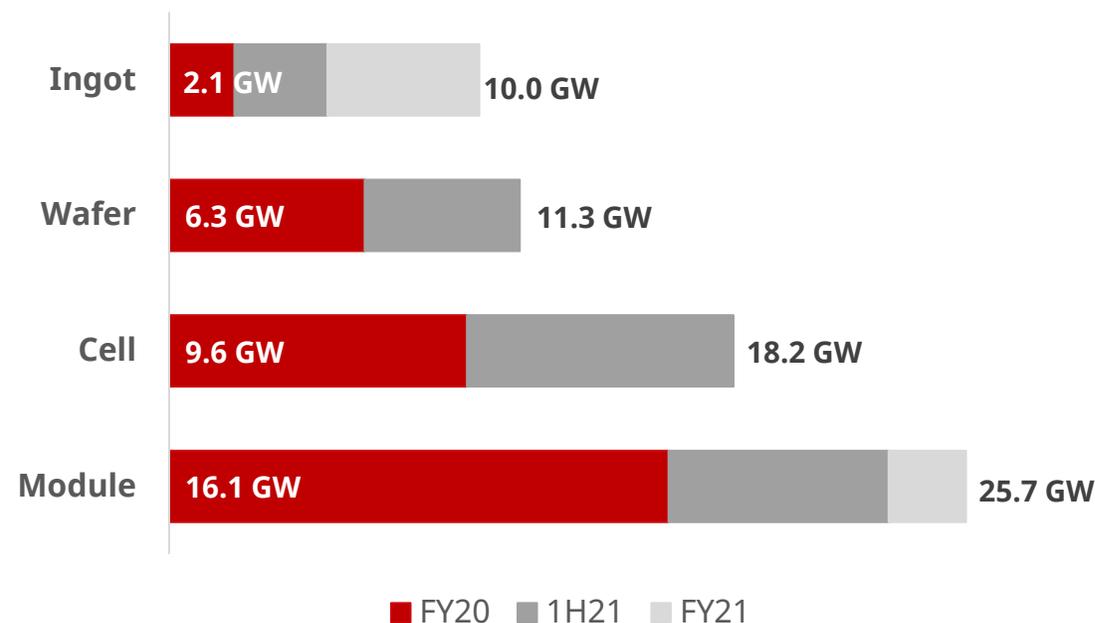
Module and System Solutions (MSS): Positioning for long-term growth

- ☀️ Arrival of grid parity and increasing competitiveness of solar energy to drive sustainable growth in global demand for solar
- ☀️ Canadian Solar's strategy to expand capacity, increase the level of vertical integration – gain global market share, enhance pricing power and improve long term profitability

Solar LCOE and PPAs already well below the cheapest fossil-fuel generation



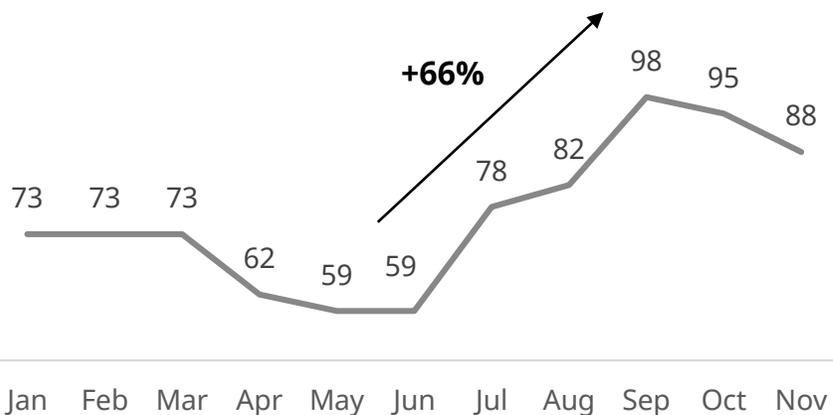
To expand capacity and increase vertical integration to gain market share and sustain profitability



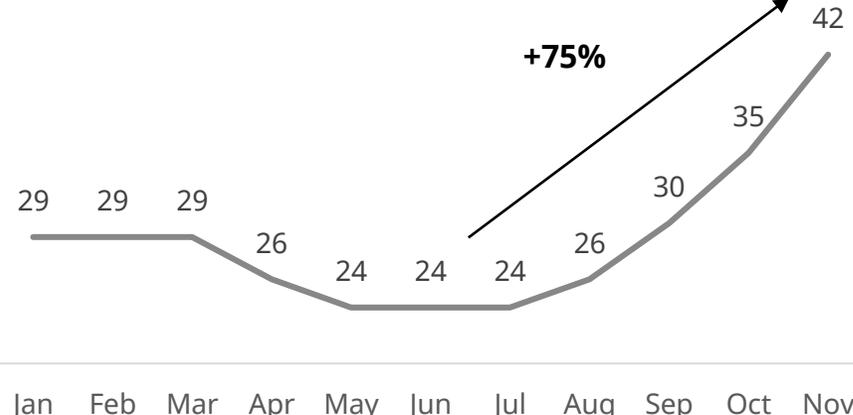
Source: Lazard 2019 LCOE Report, IRENA Renewable Power Generation Costs in 2019, Carbon Tracker 2018, BNEF New Energy Outlook 2019.

Short term margin pressure from rapid inflation of raw material costs, shipping costs and unfavorable FX movements

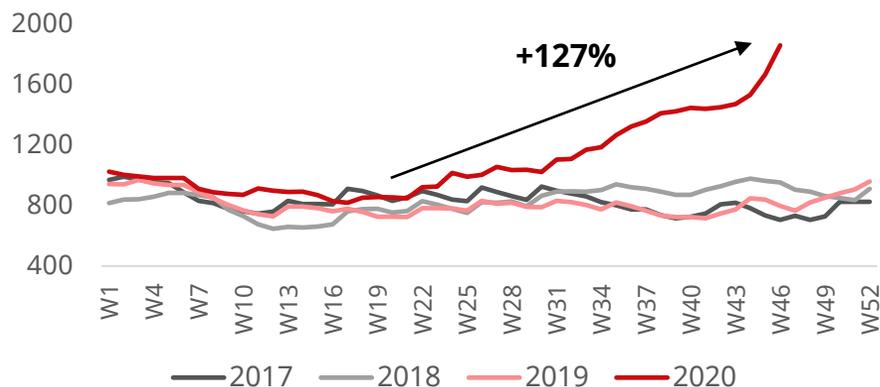
Polysilicon price (RMB/kg)



3.2 mm glass price (RMB/m2)



Shanghai Containerized Freight Index (TEU)



USD/CNY



Gross margin improvement and growth roadmap

1. Glass capacity increase and glass replacement (e.g. transparent backsheet etc.)
2. Increase market presence in China – strong demand, not affected by shipping or FX
3. ASP increases
4. Investment in new capacity and upstream integration to contribute to gross margin as soon as Q2 2021
5. Earnings contribution from energy storage
6. Growth in the high-margin DG sector

Energy Business: Focus on growth, execution and monetization

Project Pipeline (Sep 30, 2020) – MWp

| Region | Construction | Backlog | Pipeline | Total |
|--------------------|--------------|--------------|---------------|---------------|
| North America | 514 | 1,022 | 3,763 | 5,299 |
| Latin America | 731* | 1,539* | 3,765 | 6,035 |
| EMEA | - | 382* | 2,628 | 3,010 |
| Japan | 70 | 220 | - | 290 |
| Asia Pac ex. Japan | 6 | 533 | 1,043 | 1,582 |
| China** | - | 80 | - | 80 |
| Total | 1,321 | 3,776 | 11,199 | 16,296 |

DEVELOPMENT

- 🌟 862 MWp in new PPAs in Brazil (private auction & corporate PPA)
- 🌟 22 MWp in Japan's 6th FIT Auction

EXECUTION

- 🌟 Financial closing and construction of 514 MWp Maplewood and Pflugerville projects in the U.S.
- 🌟 Financial closing and construction of 126 MWp Tastiota project in Mexico
- 🌟 Construction of 5 MWp industrial rooftop project with Muda Paper Mills in Malaysia

SALES

- 🌟 200 MWp COD sales of two projects in China**
- 🌟 32 MWp COD sale of Suffield project in Canada
- 🌟 3 MWp COD sales of projects in Japan to the Canadian Solar Infrastructure Fund (CSIF)
- 🌟 Sale of 49% stake in Roserock project
- 🌟 559 MWp early-stage NTP sale of Scarlet project in the U.S.

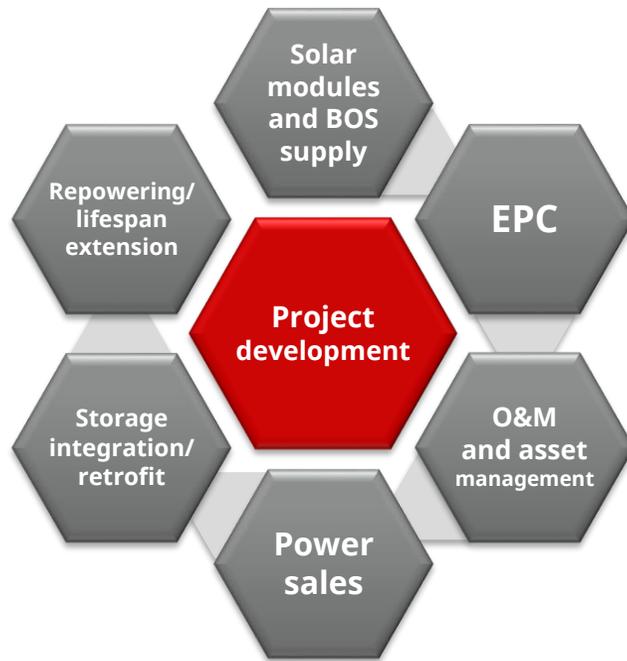
*Gross MWp size of projects, including 508 MWp and 63 MWp of projects in construction and backlog respectively in Latin America, and 123 MWp in backlog in EMEA that are not owned by Canadian Solar or have been sold to third parties.

**China Energy is part of CSI Solar Co., Ltd., and will be managed alongside the MSS business, not the global Energy business.

Project sales to grow by 25% pa while accumulating 1 GW in minority stakes by 2024

| Energy Business Targets ⁽¹⁾ | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------|---------|---------|---------|---------|
| Annual project sales, GWp | 1.1-1.3 | 1.8-2.3 | 2.4-2.9 | 3.2-3.7 | 3.6-4.1 |
| Cumulative projects retained, MWp | 40 | 200 | 400 | 760 | 960 |

Canadian Solar Ecosystem



Retain minority ownership in certain markets to:

- ☀️ Capture higher margin income and additional operational value throughout partial ownership holding period, while recycling a large portion of the capital deployed
- ☀️ Over time, improve predictability and reduce volatility of future cash flows, smoothing the typical lumpiness associated with the development and sale of solar projects

Capital partnerships with long-term investors through public or private vehicles – next milestones in Latin America and Europe

Quarterly income statement highlights

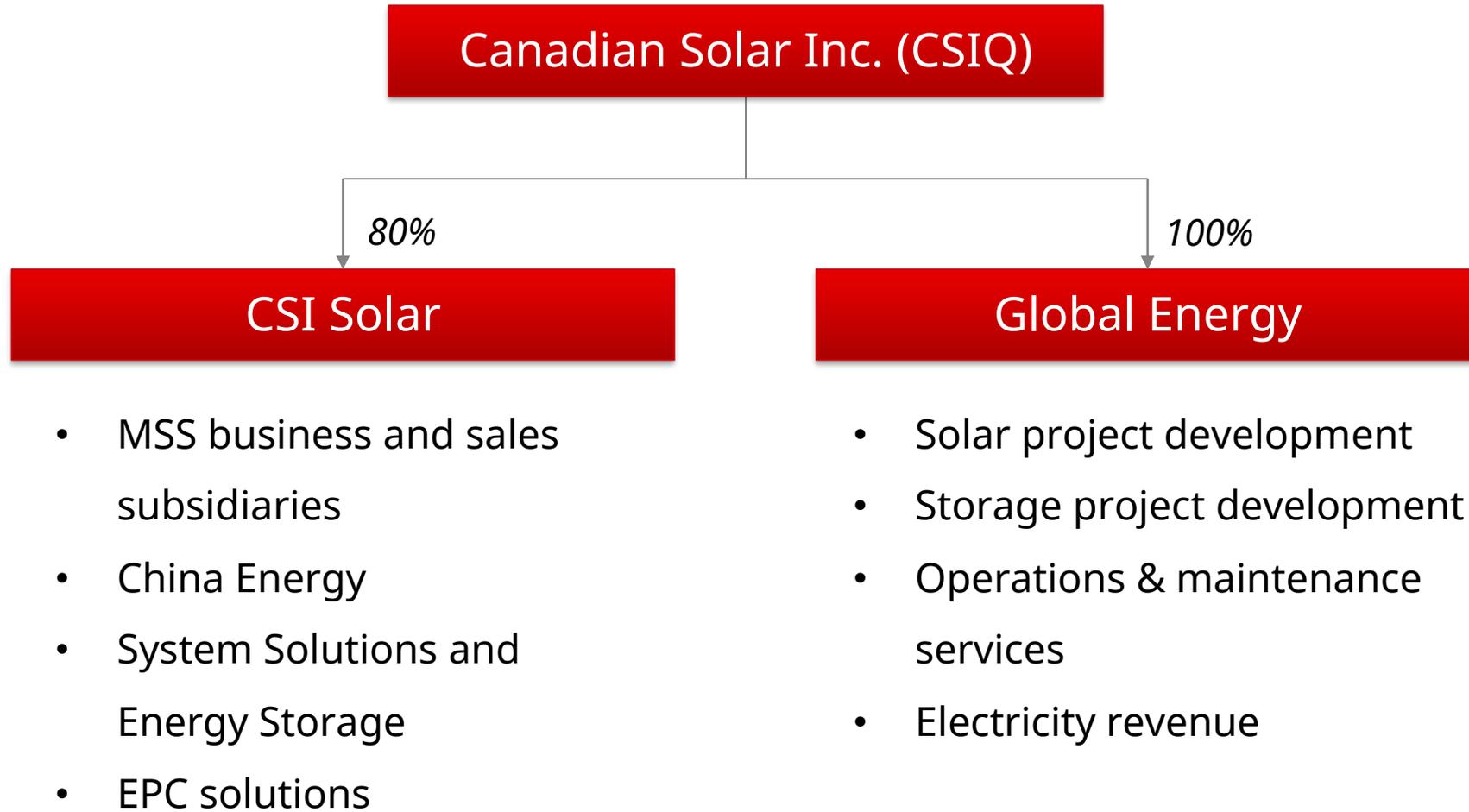
| USD millions except per share data | 3Q19 | 2Q20 | 3Q20 | qoq | yoy | 9M19 | 9M20 | yoy |
|---|-------------|-------------|-------------|-------------|-------------|--------------|--------------|------------|
| Net revenues | 760 | 696 | 914 | 31% | 20% | 2,281 | 2,436 | 7% |
| <i>Gross margin</i> | 26.2% | 21.2% | 19.5% | -164 bp | -666 bp | 21.4% | 22.5% | 109 bp |
| <i>Gross margin ex. AD/CVD</i> | 23.0% | 18.2% | 19.5% | 129 bp | -347 bp | 19.4% | 21.7% | 227 bp |
| Selling expenses | 47 | 53 | 54 | | | 130 | 160 | -3% |
| General and admin expenses | 61 | 46 | 56 | | | 179 | 155 | |
| R&D expenses | 12 | 11 | 14 | | | 37 | 35 | |
| Operating income | 80 | 45 | 59 | 30% | -26% | 147 | 218 | 48% |
| Net interest expense | -17 | -15 | -16 | | | -53 | -47 | |
| Net FX gain or (loss) | 1 | -5 | -13 | | | -9 | -19 | |
| Income tax | -10 | -9 | -21 | | | -17 | 0 | |
| Net income attributable to Canadian Solar Inc. | 58.3 | 20.6 | 8.8 | -57% | -85% | 104 | 140 | 35% |
| Diluted EPS | 0.96 | 0.34 | 0.15 | -56% | -85% | 1.71 | 2.31 | 35% |

Quarterly balance sheet highlights

| <i>USD millions</i> | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|--|--------------|--------------|--------------|--------------|
| Cash and equivalents | 669 | 619 | 579 | 1,103 |
| Restricted cash | 537 | 504 | 416 | 459 |
| Short-term borrowings | 933 | 910 | 1,016 | 1,065 |
| Long-term borrowings on project assets – current | 286 | 183 | 180 | 238 |
| Capital leases - current | 25 | 20 | 15 | 24 |
| Long-term borrowings | 619 | 666 | 580 | 624 |
| Convertible notes | - | - | - | 223 |
| Financing liabilities – non-current | 77 | 75 | 75 | 78 |
| Capital leases - non-current | 14 | 12 | 9 | 4 |
| Total debt | 1,955 | 1,867 | 1,876 | 2,257 |
| Net debt* | 1,286 | 1,248 | 1,297 | 1,154 |
| Non-GAAP EBITDA | 155 | 143 | 92 | 101 |
| Net debt / EBITDA | 2.9x | 2.3x | 2.5x | 2.3x |
| EBITDA / net interest coverage | 6.3x | 8.3x | 7.9x | 7.7x |

*A previous version of this table included restricted cash to secure debt in the net debt calculation – this version excludes all restricted cash and is a stricter measure of leverage.

New corporate structure as of September 30, 2020



Guidance as of November 19, 2020

| | Q3 2020 | Q4 2020E |
|-------------------------|----------|------------------------|
| Module Shipments | 3,169 MW | 2.9 GW to 3.0 GW |
| Revenue | \$914 mn | \$980 mn to \$1,015 mn |
| Gross Margin | 19.5% | 8.0% to 10.0% |

| | FY2019 | FY2020E | yoy Δ% |
|-------------------------|----------|----------------------|------------|
| Module Shipments | 8,579 MW | 11.2 GW to 11.3 GW | c. +30% |
| Revenue | \$3.2 bn | \$3.4 bn to \$3.5 bn | c. +8% |
| Gross Margin | 22.4% | 18.0% - 18.9% | c. -400 bp |



CanadianSolar

Thank you

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