

Canadian Solar 2Q24 Earnings Call

August 22, 2024

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FY2024 Q2 Overview

Key Quarterly Financial Metrics

\$1.6 billion
Revenue

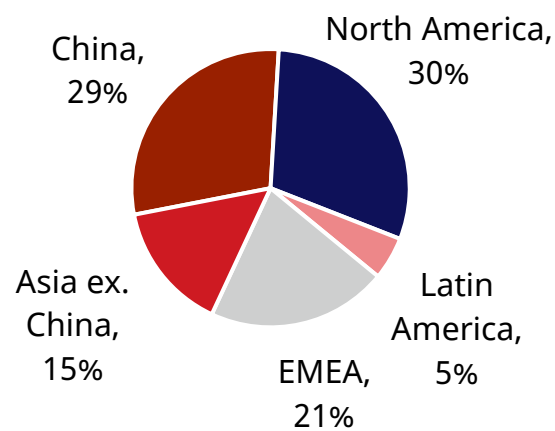
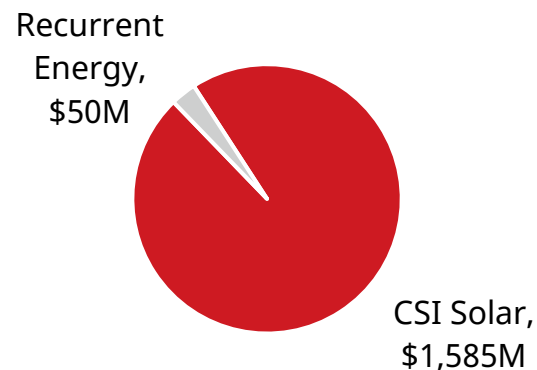
17.2%
Gross margin

\$174 million
EBITDA

\$4 million
Net income

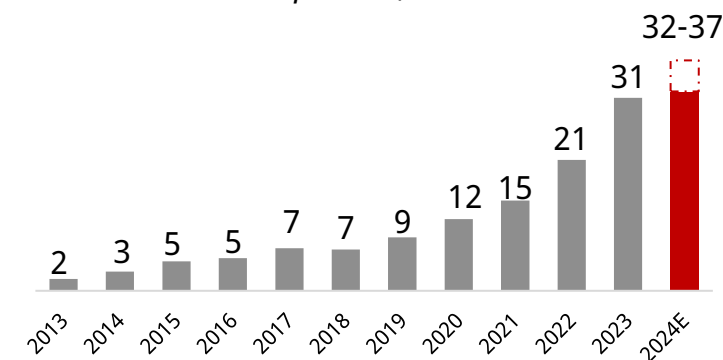
\$0.02
Diluted earnings per share to CSIQ

Revenue and Shipment Breakdown

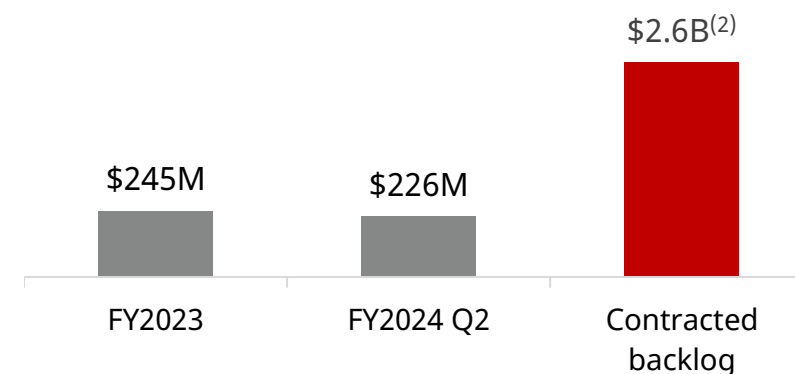


Solar and Battery Energy Storage Scale

Solar Module Shipments, GW



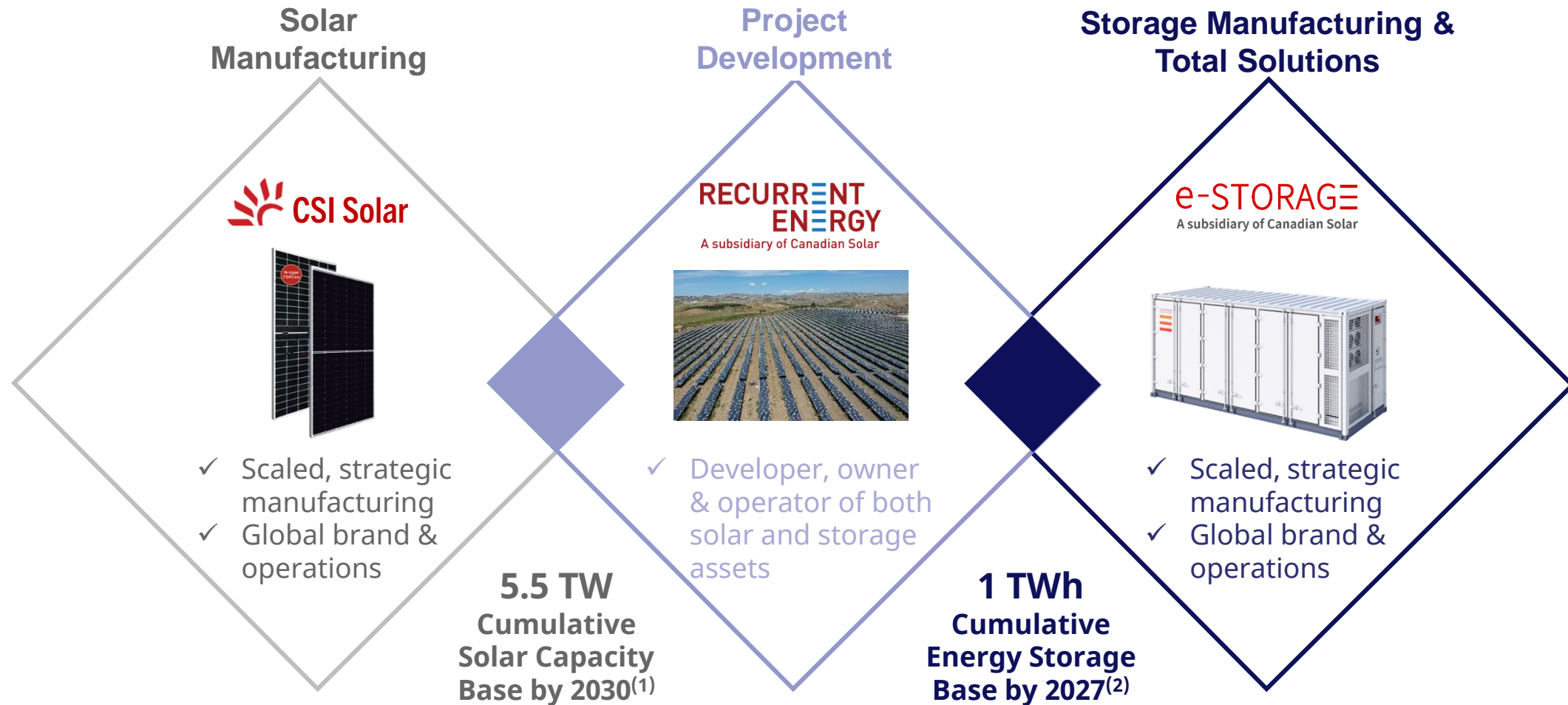
Energy Storage Revenue and Contracted Backlog⁽¹⁾



(1) Includes revenue from small but growing residential energy storage business. Contracted backlog for utility-scale energy storage business only.

(2) As of June 30, 2024.

Canadian Solar's Foundation and Growth Pillars



(1) To achieve the 1.5°C Paris Agreement goal according to IRENA World Energy Transitions Outlook 2023.

(2) Wood Mackenzie.

2023 Corporate Sustainability Report



- Report covers CSI Solar and Recurrent Energy
- On track to achieve environmental goals and reduce the environmental footprint of operations
- Adherence to ethical labor practices in our operations and supply chain
- Advocacy for diversity, equity, and inclusion to cultivate a more productive workforce and provide diverse perspectives in decision-making processes
- Reporting disclosures aligned with SASB and GRI standards, with reference to ISSB guidelines

Expanded External ESG Recognitions and Initiatives

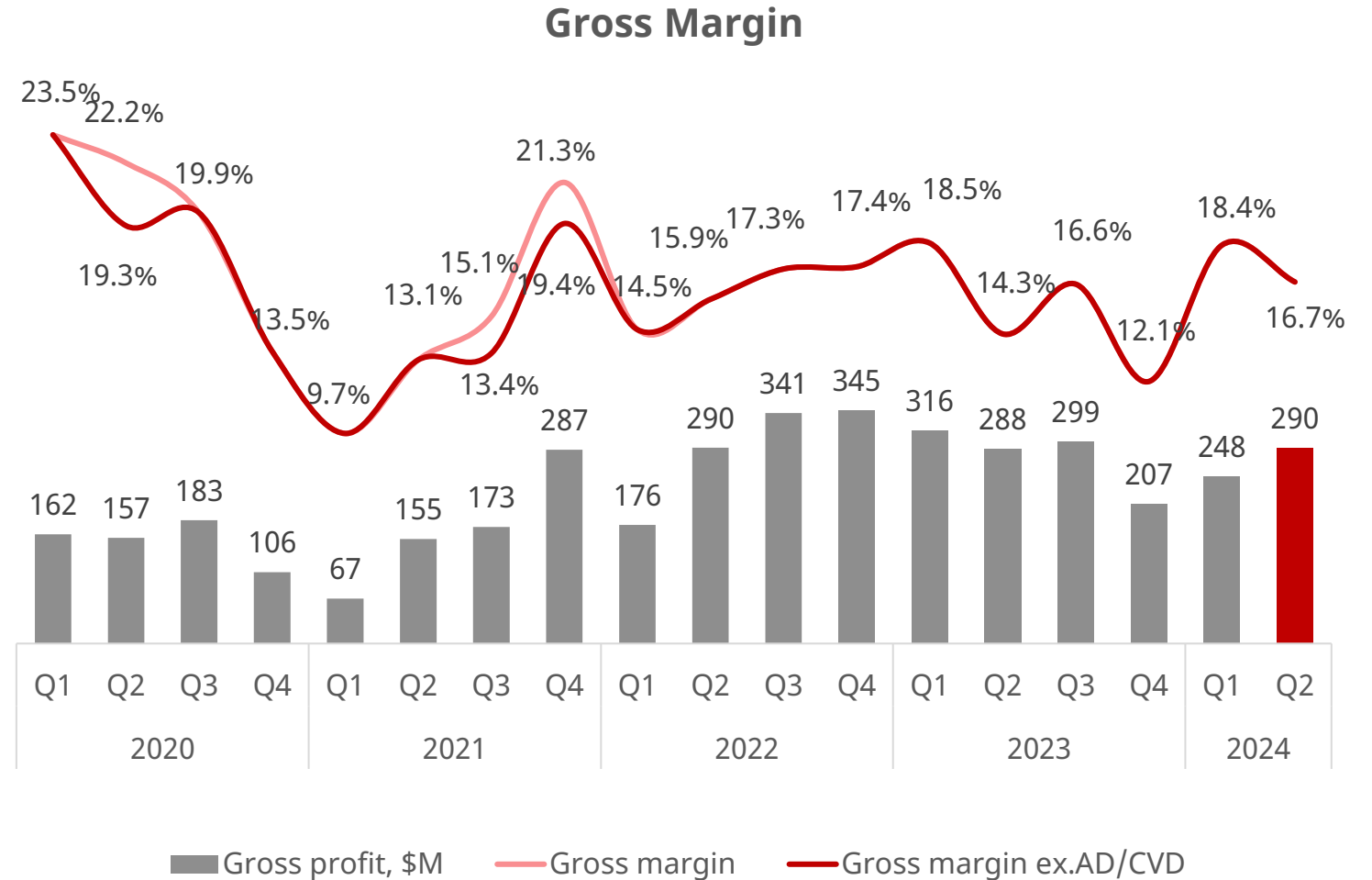


The Corporate Sustainability Report was published in May 2024 and is available on the Canadian Solar website ([link](#)).

CSI Solar FY2024 Q2 Performance Overview

CSI Solar FY2024 Q2

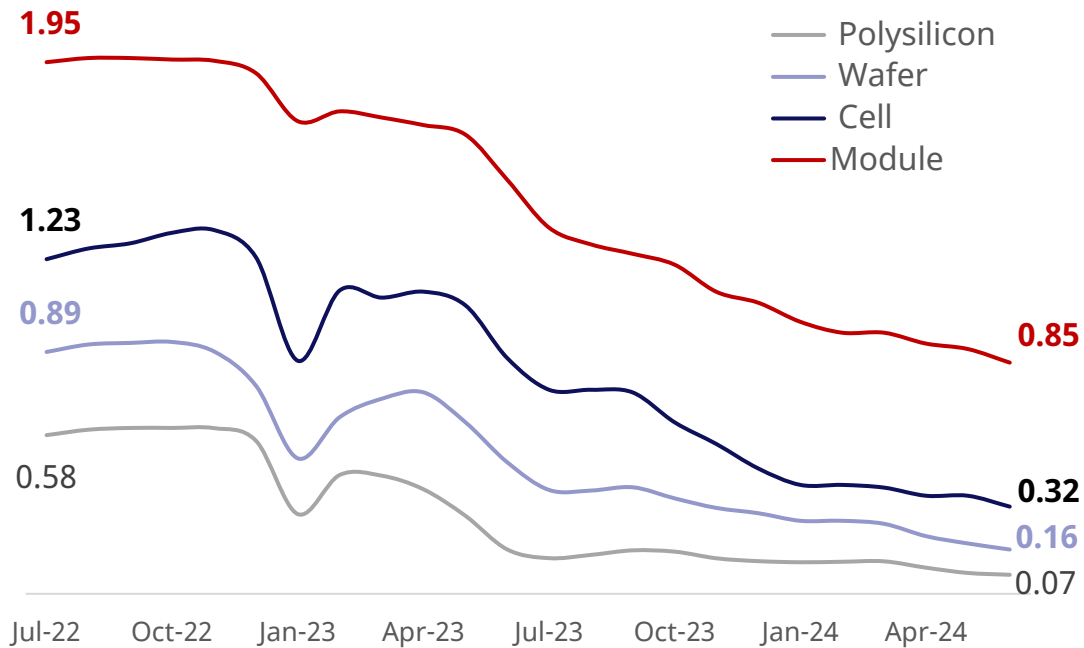
- ☀️ Module shipments: 8.2 GW
- ☀️ Storage shipments: 1.5 GWh
- ☀️ Revenue: \$1.7 billion
- ☀️ Gross profit: \$290 million
- ☀️ Gross margin: 16.7%
- ☀️ Operating profit: \$93 million



Excluding the impact of intercompany elimination.

Module Pricing and Input Costs Reaching Record Lows

Below Cost Supply Chain Price (RMB/W)



Manufacturing Capacity Roadmap

Capacity, GW	Country	Jun 2024A	Sep 2024E	Dec 2024E
Ingot	Total	20	25	25
	Wafer			
	China	23	26	26
	Thailand	5	5	5
	Total	28	31	31
Cell	China	36	36	36
	Thailand	12	12	12
	U.S.*	-	-	-
	Total	48	48	48
Module	China	45	45	45
	Thailand	11	11	11
	U.S.	4	5	5
	Total	60	61	61

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

e-STORAGE FY2024 Q2 Performance Overview

Contracted backlog⁽¹⁾
\$2.6 billion

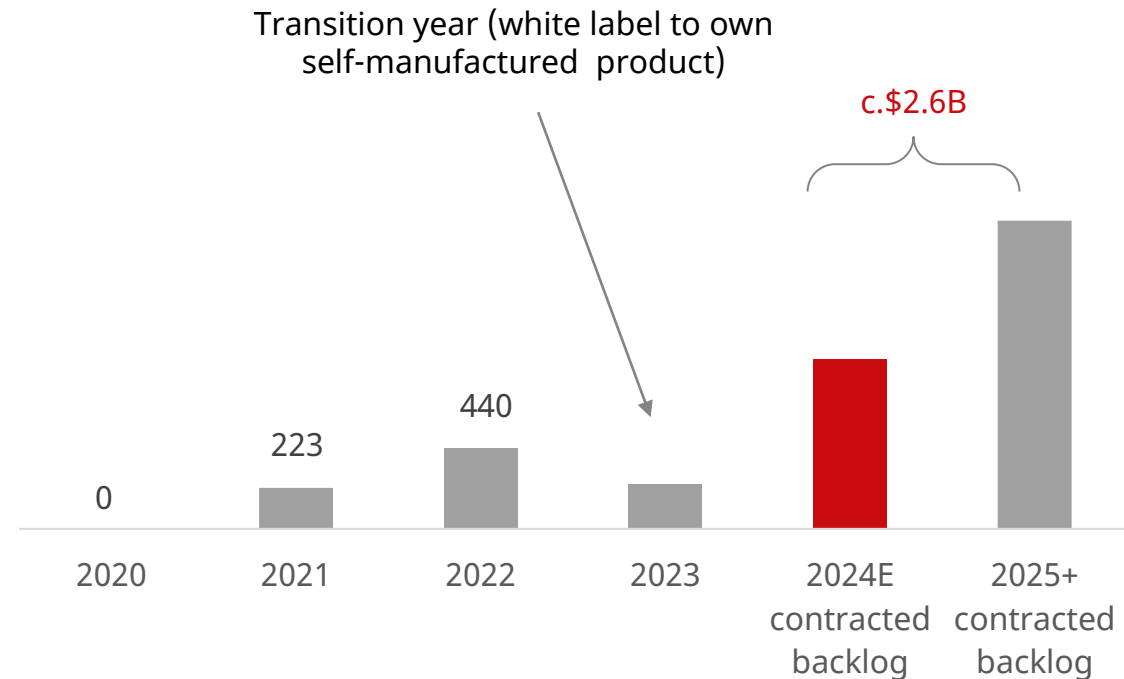
2024 shipments guidance
6.5 – 7.0 GWh

2025 year-end capacity
30 GWh

Total pipeline⁽¹⁾
66 GWh

Operating projects contracted under LTSA⁽¹⁾
3 GWh

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

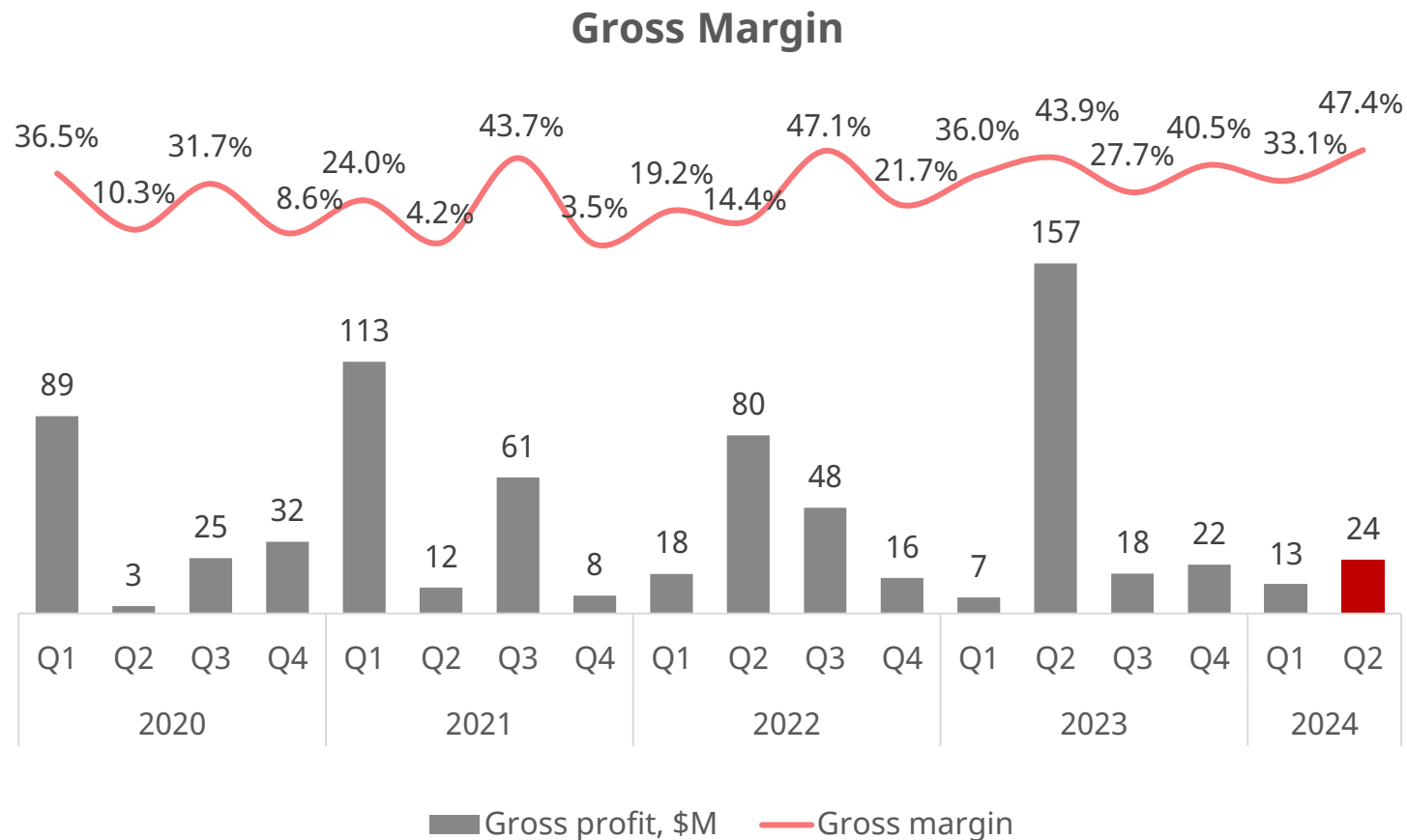


(1) As of June 30, 2024.

Recurrent Energy FY2024 Q2 Performance Overview

Recurrent Energy FY2024 Q2

- ☀ Revenue: \$50 million
- ☀ Gross profit: \$24 million
- ☀ Gross margin: 47.4%
- ☀ Operating loss: \$9 million



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

Solar Development Project Pipeline – MWp⁽¹⁾

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	261	224	1,244	4,374	6,103
EMEA	783 ⁽²⁾	2,465	1,578	5,539	10,365
Latin America	450 ⁽²⁾	486	83	4,540	5,559
Asia Pac ex. China & Japan	-	173	708	1,413	2,294
China	100	1,320 ⁽²⁾	-	1,390	2,810
Japan	59	131	-	49	239
Total	1,653	4,799	3,613	17,305	<u>27,370</u>

c.10 GW with interconnection

Securing interconnection

Battery Energy Storage Development Project Pipeline – MWh⁽¹⁾

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	1,400	600	1,580	15,444	19,024
EMEA	-	1,580	4,627	26,612	32,819
Latin America	-	1,765	-	-	1,765
Asia Pac ex. China & Japan	444	-	400	1,240	2,084
China	2,000	-	-	2,600	4,600
Japan	-	727	449	1,350	2,526
Total	3,844	4,672	7,056	47,246	<u>62,818</u>

c.16 GWh with interconnection

Securing interconnection

(1) All numbers are gross MWp; As of June 30, 2024.

(2) Including 74 MWp in construction and 551 MWp in backlog that are owned by or already sold to third parties.

Quarterly Income Statement Highlights

<i>\$ in millions except per share data</i>	2Q23	3Q23	4Q23	1Q24	2Q24	qoq	yoy
Net revenues	2,364	1,846	1,702	1,329	1,635	+23%	-31%
-CSI Solar	2,014	1,806	1,701	1,342	1,731	+29%	-14%
-Recurrent Energy	360	64	54	39	50	+28%	-86%
-Elimination	(10)	(24)	(53)	(52)	(146)		
Gross margin	18.6%	16.7%	12.5%	19.0%	17.2%	-180 bp	-140 bp
-CSI Solar margin	14.3%	16.6%	12.1%	18.4%	16.7%	-170 bp	+240 bp
-Recurrent Energy margin	43.9%	27.7%	40.5%	33.1%	47.4%		
Selling and distribution expenses	88	100	94	89	132	+49%	+50%
General and admin expenses	139	114	108	95	101	+7%	-28%
R&D expenses	23	29	32	34	25	-25%	+11%
Other operating income	(34)	(18)	(21)	(14)	(24)		
Total operating expenses	216	225	213	204	234	+15%	+8%
Operating income	224	83	1	49	48	-3%	-79%
Net interest expense	(21)	(11)	(18)	(1)	(19)		
Net FX gain or (loss)	34	(17)	0	(4)	13		
Income tax (expense) or benefit	(46)	11	5	(10)	(5)		
Net income (loss)	198	62	(3)	36	27	-24%	-86%
Net income (loss) attributable to Canadian Solar Inc.	170	22	(1)	12	4	-69%	-98%
Diluted Earnings (loss) per Share	2.39	0.32	(0.02)	0.19	0.02⁽¹⁾	-89%	-99%

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

(1) Diluted EPS excludes the effect of convertible bonds, as they were anti-dilutive. \$0.02/share is calculated from total earnings of \$4M divided by diluted shares of 67.0 million shares.

Diluted earnings per share includes Recurrent Energy redeemable preferred shares dividends payable in kind. As a result, an EPS effect of 3 cents was deducted on a dilutive basis.

Quarterly Cash Flow and Balance Sheet Highlights

<i>\$ in millions</i>	2Q23	3Q23	4Q23	1Q24	2Q24
Working capital days	9	5	(1)	63	24
Operating cash inflow (outflow)	290	158	190	(291)	(429)
Cash and equivalents	2,011	1,921	1,939	2,077	1,620
Restricted cash	1,239	1,072	1,008	817	572
Short-term borrowings ⁽¹⁾	1,899	1,706	1,805	2,180	2,036
Financing liabilities – current	42	6	-	-	-
Finance lease liabilities – current	49	63	88	87	87
Long-term borrowings	1,013	1,072	1,266	1,588	1,624
Green bonds and convertible notes ⁽²⁾	260	382	389	380	375
Financing liabilities – non-current	-	17	28	42	76
Finance lease liabilities – non-current	37	81	72	61	43
Total debt	3,300	3,327	3,648	4,338	4,241
Net debt⁽³⁾	1,289	1,406	1,709	2,261	2,621
Non-GAAP EBITDA	338	139	100	156	174
Net debt / EBITDA (trailing 12 months)	1.4x	1.6x	2.0x	3.1x	4.6x
Net interest expense	21	11	18	1	19
EBITDA / net interest coverage (trailing 12 months)	22.7x	15.7x	12.7x	14.5x	11.6x

(1) Includes current portion of long-term borrowings on project assets

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

(3) Net debt does not include restricted cash.

Issuance of US\$200 Million Convertible Bond to PAG

Transaction Rationale

- Optimize CSIQ's capital structure and further strengthen the Company's balance sheet
- Refinance maturing financial liabilities with a flexible drawdown schedule and reasonable funding costs
- Establish partnership with a reputable institutional investor, PAG, who is a long-term supporter of the renewable and solar energy industry

Summary Terms of the PAG Private CB

Issuer:	Canadian Solar Inc (CSIQ US, "CSIQ")
Investor:	PAG
Amount:	Up to USD\$200 million with flexible drawdown schedule
Use of Proceeds:	<ul style="list-style-type: none">• Optimisation of capital structure• Repayment of indebtedness• Investments in solar development projects
Maturity / Put Date:	5 years, with CB holder put on a business day during the three-month period commencing on the 3 rd year anniversary date ("Put Date")
Coupon:	6.0% cash coupon, paid quarterly
Conversion Price	Conversion price: US\$18.2 per share, which represents a premium of approximately 23.4% above the Company's last reported stock price of US\$14.75 per common share on the Nasdaq Global Select Market on August 16, 2024, subject to customary adjustments

Issuance of US\$200 Million Convertible Bond to PAG Cont'd

“With two decades of experience in the solar industry, Canadian Solar has established a solid foundation as a globally leading solar player. Today, it is well-positioned for growth, propelled by its scaled module business, rapidly expanding energy storage segment, and renewable energy project development platform. We are pleased to partner with Canadian Solar in the global clean energy transition.”

Dr. Weijian Shan
Executive Chairman of PAG



About PAG

PAG is a leading alternative investment firm, managing over US\$55 billion in assets. PAG has consistently supported renewable and solar energy, with a strong track record in both private equity and infrastructure investments within the sector. As one of the few investment managers with a well-established pipeline of solar investments in the Asia-Pacific, PAG remains committed to driving growth in renewable energy.

Guidance as of August 22, 2024

	FY2024 Q2 Actual	FY2024 Q3 Guidance	FY2023 Actual	FY2024 Guidance	FY2023-24E yoy Δ%
Solar Module Shipments (DC)	8.2 GW	9.0 – 9.5 GW ⁽²⁾	30.7 GW	32 – 36 GW	c. +11%
Utility Scale Battery Energy Storage Shipments (DC)	1.5 GWh ⁽¹⁾	1.4 – 1.7 GWh ⁽²⁾	1.9 GWh ⁽³⁾	6.5 – 7.0 GWh	c. +250%
Revenue	\$1.6B	\$1.6B – \$1.8B	\$7.6B	\$6.5B – \$7.5B	c. -8%
Gross Margin	17.2%	14% – 16%	16.8%	n/a	n/a

- ☀️ Continued strategic management of volume in Q3, as market conditions remain challenging
- ☀️ Smaller e-STORAGE contribution to CSIQ, driven by unique quarter of large eliminations
- ☀️ Updated full year shipment and revenue guidance reflecting strategy to prioritize profitable growth

(1) Including over 600 MWh to the Company's own projects.

(2) Including around 100 MW of solar and 1.2 GWh of BESS to the Company's own projects.

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

Thank You

Let's Connect

Wina Huang

Investor Relations

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