



协鑫新能源控股有限公司
GCL New Energy Holdings Limited



GCL New Energy 2018 Annual Results

March 2019

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Company Profile

- Renowned privately-owned solar IPP in China, equipped with self-development, construction and management, and operation and maintenance capabilities. Currently, GNE operates a national portfolio of 215 solar farms across 26 provinces, together with solar farms in the US and Japan, newly added installed capacity in FY18 was 1.3GW, with total installed capacity of 7.3GW
- A constituent of MSCI Global Small Cap Index - MSCI China Index, gaining recognition from international capital market
- Included in the trading list of Shenzhen-Hong Kong Stock Connect and Hang Seng Stock Connect Hong Kong Index, gaining recognition from Chinese capital market
- 2017 Corporate Social Responsibility Report was published and rating up half-star to Four-and-Half-Star Rating from China Academy of Social Sciences (with Five-Star the highest rating)
- Owned 62.3% by GCL-Poly (3800.HK), a world's leading polysilicon producer and largest wafer supplier

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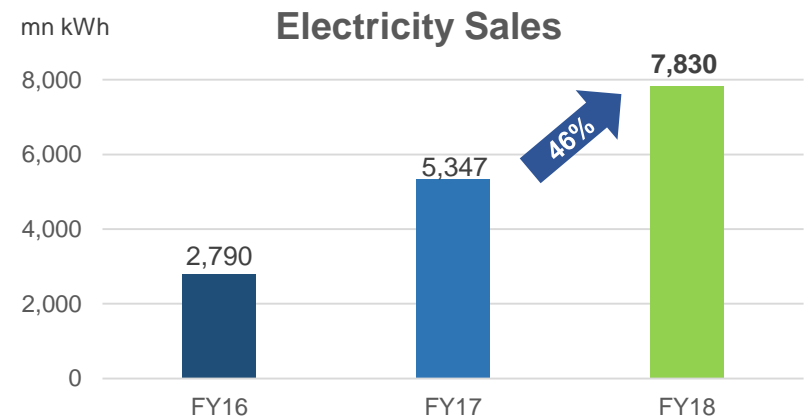
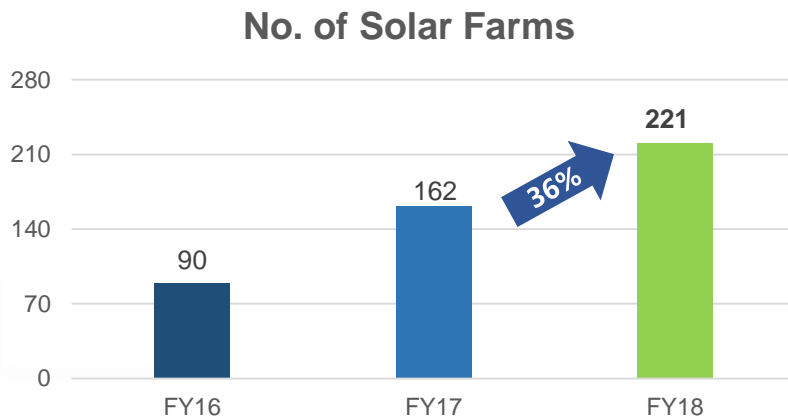
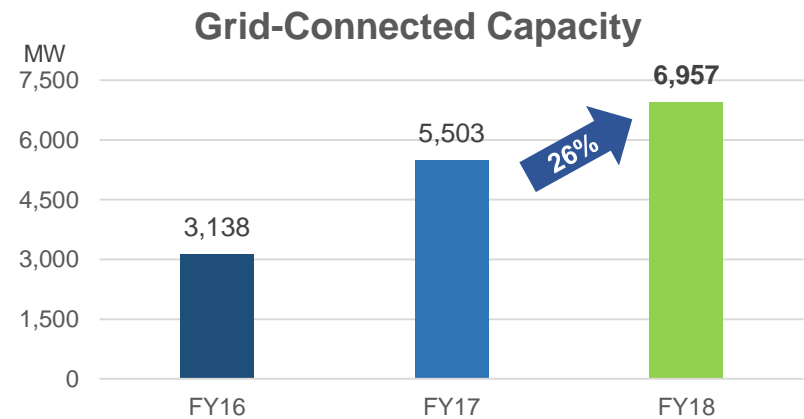
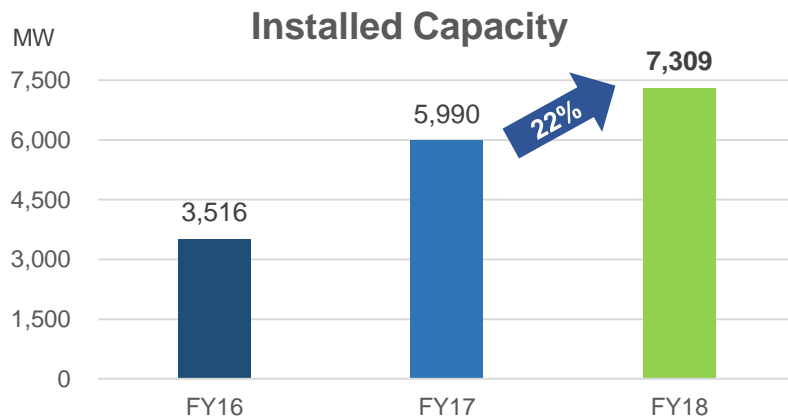
- **2018 Operational and Financial Highlights**
- **Future Development Strategies**



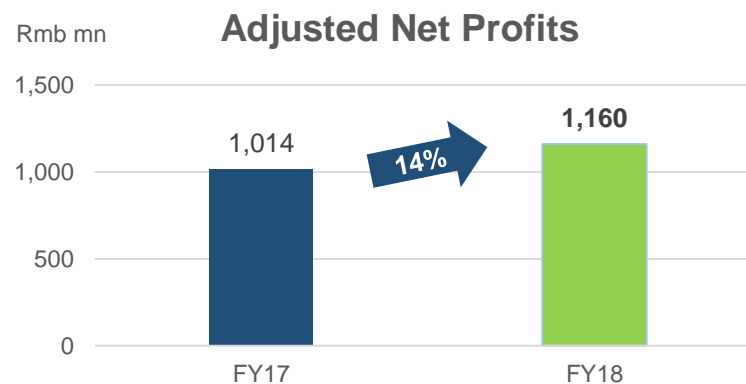
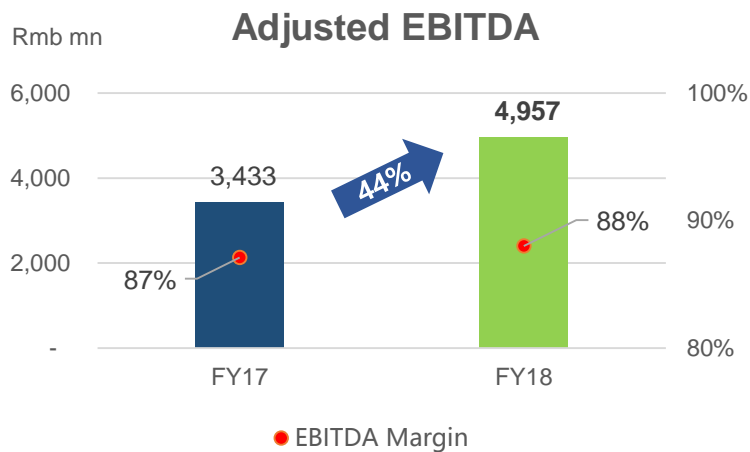
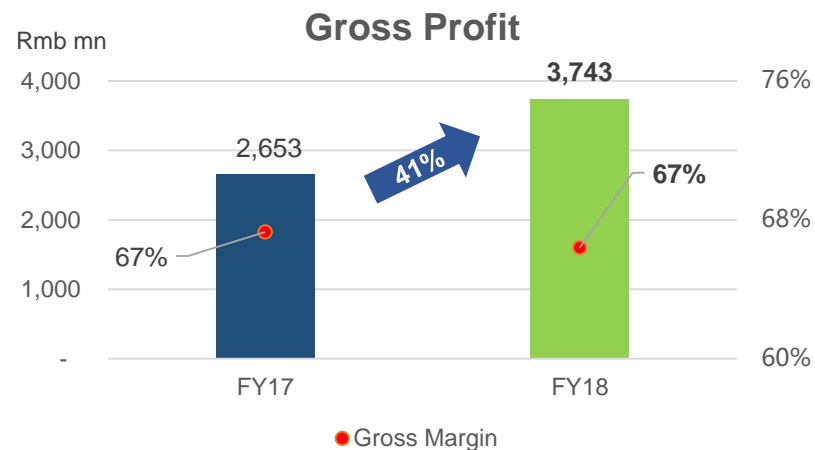
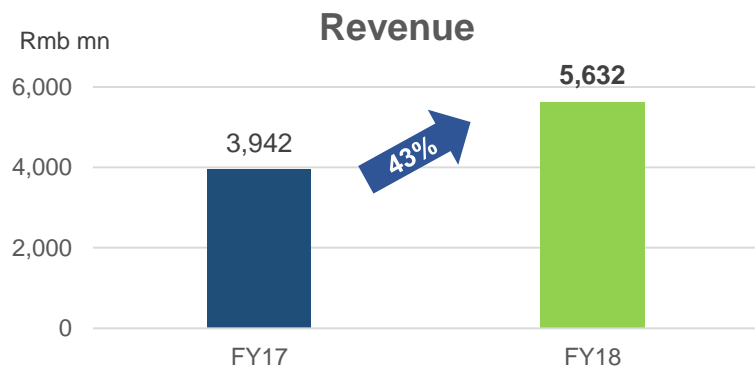
- **2018 Operational and Financial Highlights**

Surge in Electricity Sales

- 7.3GW total installed capacity as of end-18 with 50MW large-scale solar farm projects commenced operation in Oregon, US in 1H18; 1.5 GW capacity connected to the grid in FY18 with grid-connected capacity increased to 7.0GW
- Electricity sales greatly increased 46% YoY to approximately 7,830 million kWh



Sustainable Performance

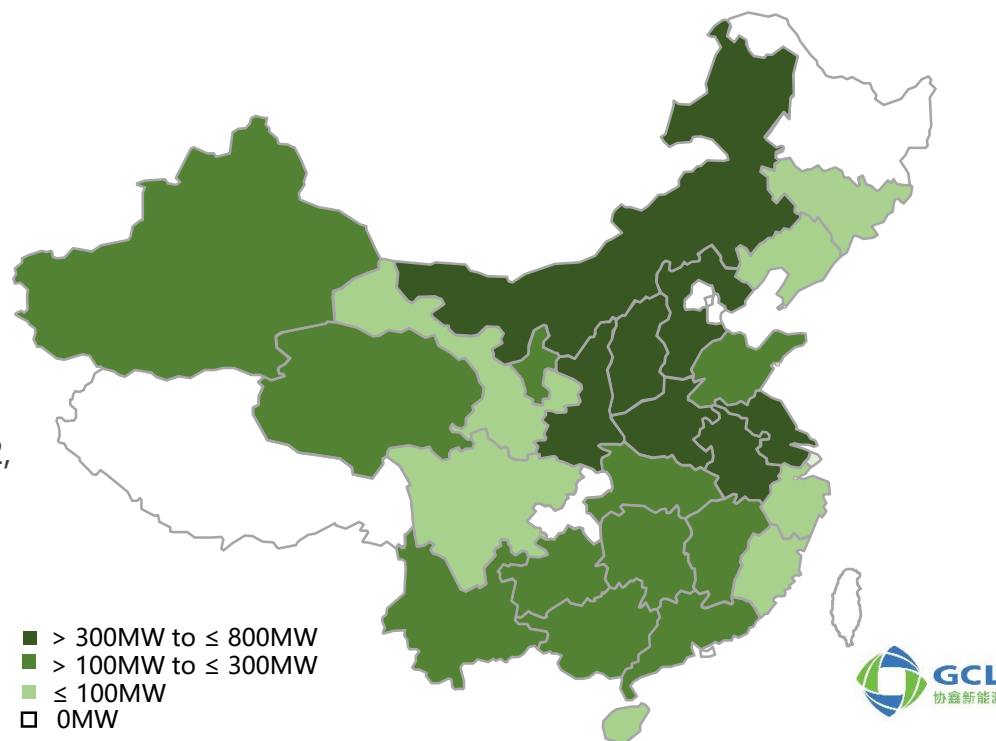
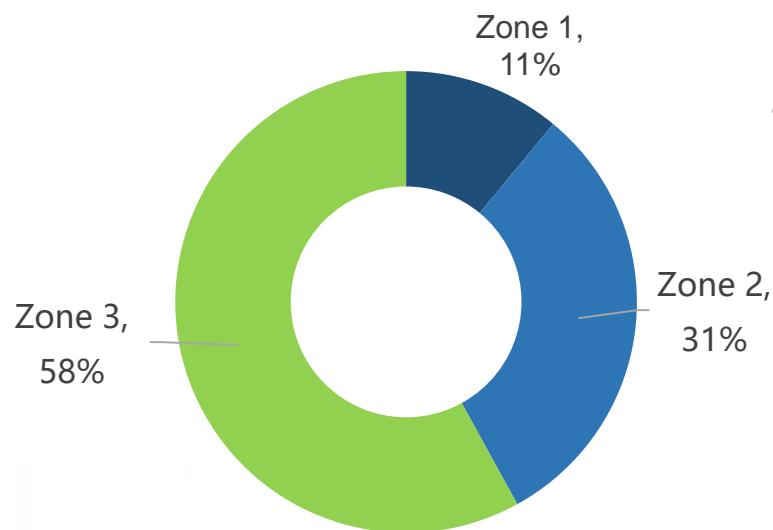


Notes: Adjusted EBITDA and Adjusted Net Profits do not include non-operating items

National & Overseas Portfolio

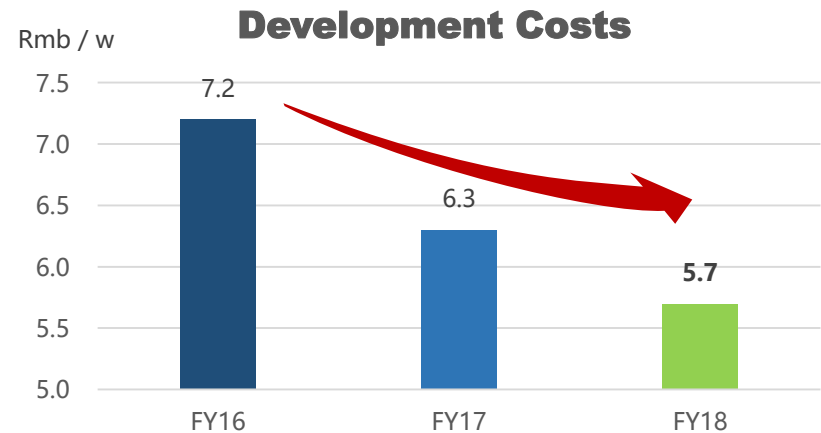
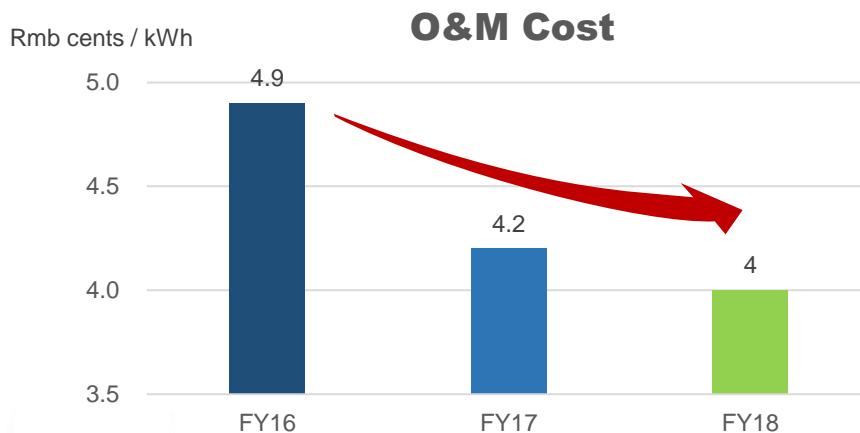
- 215 solar farms located in 26 provinces in China with most installed capacities situated in areas with stronger consumption capabilities
- Over 89% capacity located in zone 2 & 3, while less than 5% of total installed capacities located in areas with higher curtailment risk
- 134MW and 9MW of solar farm projects in the US and Japan respectively

Total Capacity by Zone



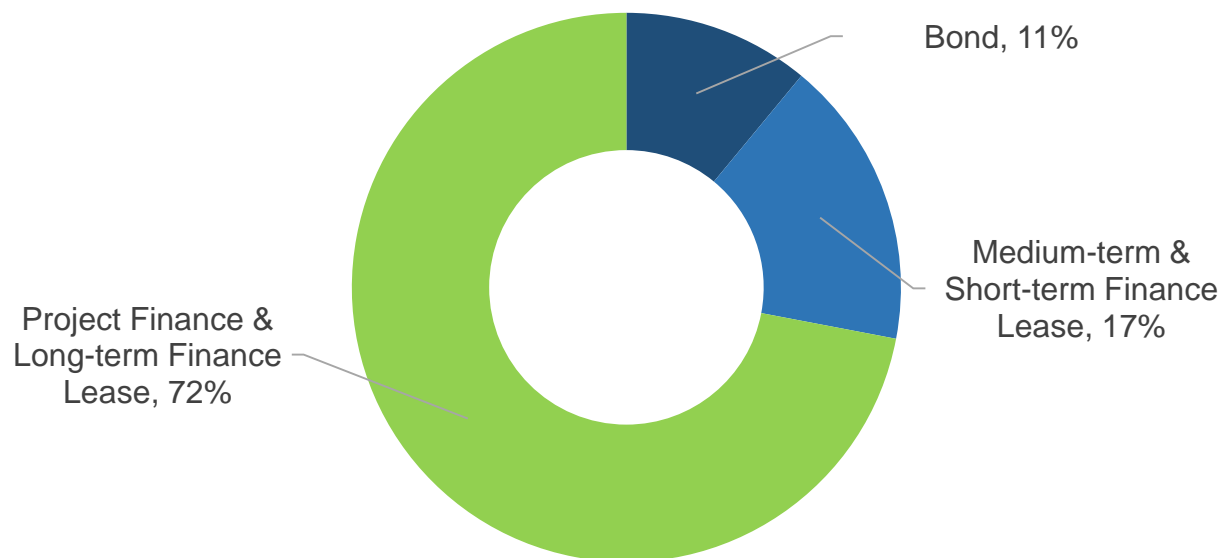
Development & O&M Costs Continue to Decline

- Increasing in-house development capabilities, through implementing centralized monitoring, centralized procurement, Solar+ development models etc. to effectively lower development costs
- Costs of newly added projects in FY18 was approximately Rmb5.7 per watt, 10% lower than FY17
- Established Internet of Things, Big Data, AI O&M Centers to lower per unit O&M cost from end-17 by 5% to Rmb4.0 cents per kWh at end-18
- O&M outsourcing services increased by 3 times from end-17 to 1GW, gaining stable recurring management fee income



Improving Debt Structure

- Average finance cost dropped 0.1ppt YoY to 6.5%
- Total borrowings increased by approximately Rmb5.3bn YoY to approximately Rmb40.7bn at end-18
- Issued 3-year USD500mn bond in Jan 18 to raise USD493mn, accounted for approximately 11% of total borrowings
- Medium-term & short-term finance leases accounted for approximately 17%, while project finance and long-term finance lease accounted for approximately 72% of total borrowings



Debt Structure at End-18

Asset-Light Transformation Achieved Major Milestones

CGN Solar Energy

- Disposed 80% equity interests of 160MW at a consideration of ~Rmb306mn in Oct 18
- Reduced liabilities by ~Rmb920mn

Three Gorges New Energy

- Disposed entire equity interests of 140MW at a consideration of ~Rmb164mn in Dec 18
- Reduced liabilities by ~Rmb700mn

Wuling Power

- Announced to dispose 55% equity interests of 280MW at a consideration of ~Rmb250mn on 28 Mar 19
- Reducing liabilities by ~Rmb1.5bn

Shanghai Rongyao New Energy

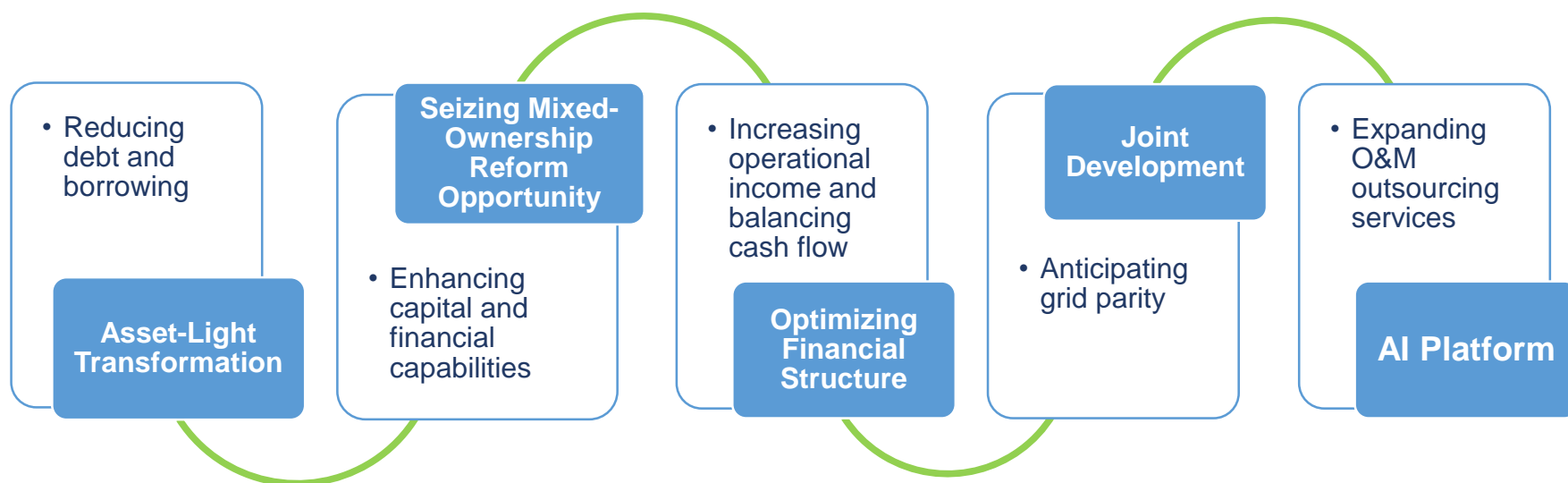
- Announced to dispose 70% equity interests of 977MW on 23 May 19, cash derived will be ~Rmb2.06bn
- Reducing liabilities by ~Rmb5.8bn

- Receiving a total of ~Rmb2.8bn in cash to repay debt
 - Reducing liabilities by ~Rmb8.9bn in total as project related debts will be deconsolidated
- Will provide O&M service to most disposed solar farms to generate stable management fee income
 - Buyers leverage on its financial strengthen to replace project related debts, hence reducing financial cost and enhancing project return



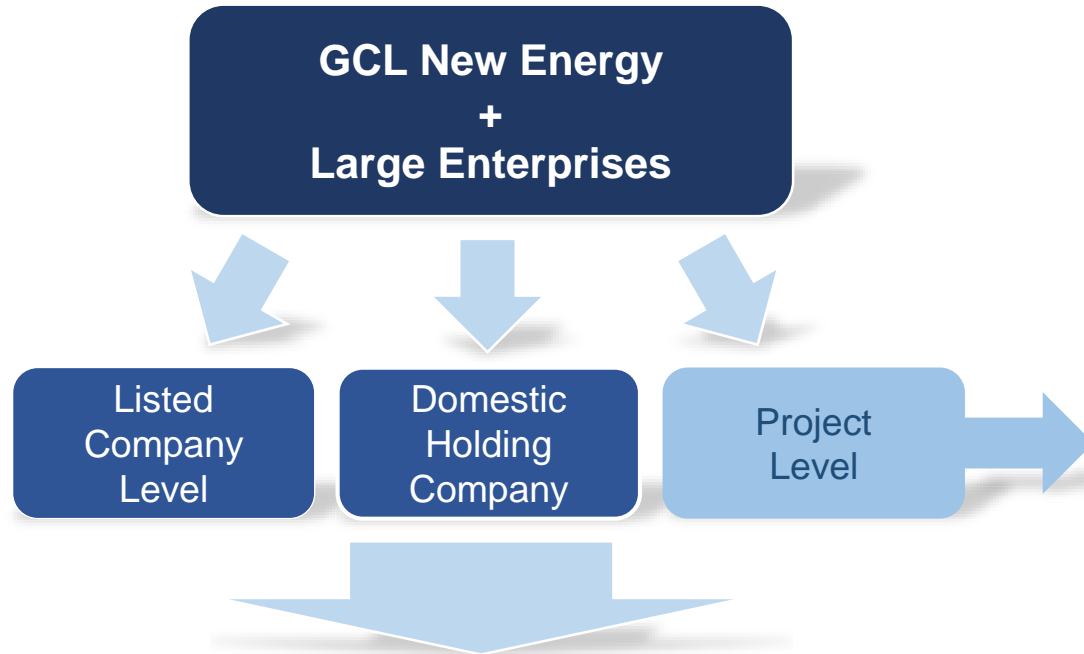
- **Future Development Strategies**

Future Development Strategies



With an aim to seizing opportunities arise from grid party, GNE will response proactively to new business model and new market environment, through implementing strategic transformation and introducing strategic partners

Introducing Strategic Investors to Lower Gearing Ratio



Asset Light Model

- GNE disposes majority stakes in solar projects
- Debts no longer be consolidated
- GNE provides O&M services in exchange for stable recurring management fees

Leverage on competitive advantages of each other to

- Optimize shareholders structure
- Better utilize each parties' resources especially lower project finance costs
- Lower gearing

Adopt multi-channel financing strategy

Improving Liquidity

Long-term Finance Lease & Bank Loans

- Expedited the replacement of existing short-term loans by securing funding with over 5 years term; Expanding the proportion of project loan

Bonds

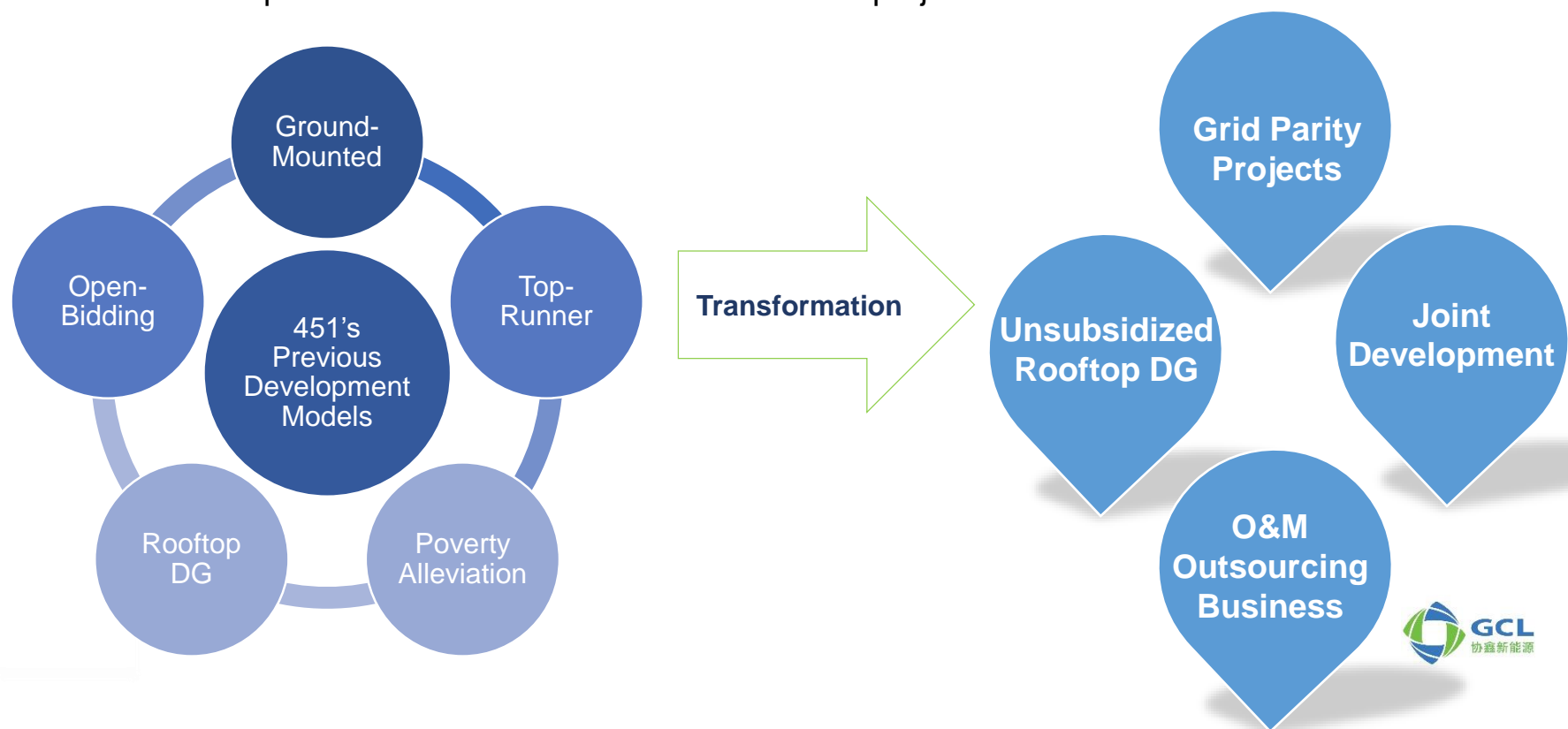
- Approximately Rmb3bn of quota was granted for the issuance of medium term notes in 18
- Obtained another approximately Rmb3bn of quota for the issuance of onshore bond in 18

Asset Securitization

- Subsidy Receivable Securitization
- Project operating cash flow securitization

Transforming Development Models

- After launching new policy on the development of new solar power projects, GNE has transformed its development model to joint develop with large enterprises on: 1) ground-mounted projects with grid parity, 2) unsubsidized rooftop distributed solar power projects, 3) joint development of new projects, and further develop 4) O&M outsourcing business
- It could improve GNE's cash inflow as well as lower project risks





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