

Solar Snippet

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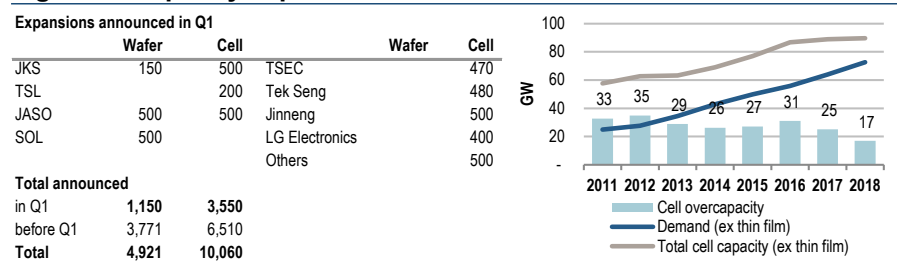
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COMMENT

Solar Manufacturing Oversupply: Likely Exacerbating Before Correcting

- Bottom line – More capacity expansion announced despite growing oversupply fears:** We believe solar manufactures face an exacerbated oversupplied environment in 2016; we tabulate the industry is planning on adding ~10 GW cell capacity to an already oversupplied market while we estimate demand only increases ~6.1 GW (~11.7% y/y). Compounding potential margin pressures from cell oversupply, the opposite looks to be occurring in the wafer segment, with wafer capacity growth of only ~4.9 GW which may continue to pressure margins for those with less in-house wafer capacity. We lower our estimates for JKS, TSL and JASO will also lowering our target prices for JKS and TSL (see material change table on page 3).
- Can't stop, won't stop... despite negative incremental demand indicators:** The announcements of cell expansions keep piling up, with ~3 GW of cell capacity expansions announced since December, despite indicators that would suggest expansions should be subdued. For instance, since December, the US subsidy (ITC) was expended resulting in likely demand-push outs (we estimate 1 GW) and YieldCo funding vehicles continue to tread water (yields increasing 250 to 650 bps since June 2015 with only one substantive equity raise in the last 5 months) calling into question the 6+ GWs of YieldCo-bound solar development globally. The more challenging capital markets could pressure demand beyond the impact of YieldCos, with even the bellwether DG solar companies SCTY, RUN and VSLR lowering growth by 0.6 GWs compared to our initial expectations 6 months ago (48 pts lower growth!). Furthermore, policy remains weak outside the US, where China's demand may be jeopardized by continued FIT payment delays/restructuring and FIT changes in the UK and Japan are likely to result in demand reductions y/y, in our view. While manufacturers are expecting solar module ASPs to decline by ~5%-10% in 2H16, we believe these pressures are only partially reflected in street estimates and could prove to more negative than many expect.

Figure 1: Capacity expansions announced



Source: Company data, in MWs unless specified

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- **Stock calls – JASO & TSL most at risk, no one immune... but we still prefer JKS on a relative basis:** We see JASO, TSL as most at risk in this environment. We prefer low cost manufacturers, like JKS, with a higher degree of vertical integration which helps keep internal production & external sourcing costs low, and established capacity outside China resulting in higher margin on shipments to the US, but recognize an increased risk of oversupply pressuring margins beyond consensus estimates (See Figures 3, and 4 inside). We lower 2016/17/18 earnings estimates for JKS/TSL/JASO as we model slightly lower than expected margins and lower JKS target price to \$40 (from \$42), and TSL's target price to \$14 (from \$15). Our JASO TP of \$9.69 remains unchanged as it reflects the take-private offer. SOL estimates remain unchanged as we believe our estimates already prudently reflect lower module prices (see material change table on pg 3).
- **Don't blame me, blame them:** Manufacturers have acknowledged the growing overcapacity on their Q4 earnings calls, though they still announced capacity expansions, citing growth from efficiency improvements and higher capacity build outside China. We calculate an additional 3.5 GW/1 GW of cell/wafer capacity and multi-GWs of module capacity additions for 2016 announced in the past 3 months bring total expansions to ~10/4.9 GW of cell/wafer by 2H16. We appreciate the need for capacity expansion outside China, especially as the ITC extension improves the long-term demand outlook in the US, but we believe the timing and magnitude of new capacity builds may exacerbate oversupply and pressure margins.
- **Some markets are set to contract:** We expect demand in Japan to contract by ~2 GW in 2016 due to the declining FiT subsidy and potential replacement of FiT with bids for large scale solar projects which forced domestic manufacturers like Panasonic to suspended partial solar cell production in the country. The Japanese government is also planning to change FiT regulations and could introduce deadlines for signing PPAs and for beginning construction. UK solar demand likely declines by ~2.5 GW due to a lower FiT. Globally we forecast solar demand to grow by 11.7% y/y in 2016 to 58.8 GW vs a 17% growth in 2015 (see Figure 2).
- **Module manufacturer margins at risk – especially for those without non-china capacity and which are short wafer capacity:** 2016 consensus gross margins of mid-high teens for TSL, JASO, SOL and >20% for JKS reflect that nominal ASP decline in 2H is supported by continued decline in non-silicon costs, lower poly/wafer price, and lower duties paid on exports from non-China capacity. We believe consensus assumption of stable gross margins in 2H is optimistic given **(i) blended module ASPs could see further declines** due to ASP reduction across geographies and mix shift. ASPs are lower across regions due to a lower FiT in China (down ~2%-11% implying system price decline of ~5c-15c/watt to maintain current returns), lower FiT in Japan (11% FiT reduction proposed starting April 2016), lower ASP in US due to higher non-China capacity coming online through the year (South-east Asia manufacturing costs are just 3-5c/w higher but help avoid ~10c/w in duties) and due to oversupply since 1 GW of 2016 US demand has been pushed out to 2017. We see a mix shift due to lower shipments to higher ASP regions like US (demand pushout), EU (higher minimum import price), Japan (lower demand due to lower FiT) and higher shipments to lower ASP regions like China (for meeting annual target of ~15GW), India (growth in installations to fulfil bids). **(ii) Cost declines are difficult to come by** as even a 50-100 bps module efficiency growth can just result in ~3%-6% cost improvement (historically c-Si module efficiency has increased by ~60-80 bps y/y), non-silicon costs have only declined by 5%-9% during 2015 for industry cost leader JKS, and wafer price declines are unlikely since only 4.9 GW of wafer capacity expansion has been announced for the year vs demand growth of 6.1 GWs. **(iii) Implications.** We see higher downside risk to companies with lower or no production outside China and higher reliance on external wafers. Amongst our coverage we see lower risk to JKS (lowest cost manufacturer, less reliance on external wafer, highest non-China production compared to peers), and slightly higher risk for JASO and TSL (short on wafer, lower non-china production compared to JKS). SOL could see an even

higher impact from module price decline, despite having higher wafer exposure and lower external module shipments (~1.2 GW vs 4.7-5.9 GW for other Tier 1 players) due to the company's higher fixed costs (opex/interest expense) making earnings highly sensitive to small movements in gross margins. Though it is difficult to calculate the exact impact of gross profit declines, we estimate that a 1c/watt decline in module gross profits could reduce 2016 cons earnings for JKS by 33%, TSL by 38%, JASO by 58% all else remaining the same, see Figure 4. Current valuations of ~4.5x, 5.4x, 7.2x earnings for JKS, JASO, TSL screen attractive compared to historical P/E range of 7x-13x for JKS and JASO, and 7.5x-15x for TSL.

- **Polysilicon price at low levels, no need to climb the cost curve:** We expect polysilicon capacity to expand by 28k MT in 2016 and 21k MT in 2017, vs an installed capacity of ~ 418k MT in 2015 as companies finish previously announced expansions. Major expansions include Wacker's 4k MT debottlenecking and the new 20k MT Tennessee factory coming online in 2016, and the 11k MT of capacity starting in the Middle East. Growth in 2017 is driven by REC Silicon's potential 10k MT FBR expansion (subject to China trade tariff), Daqo's capacity expansion by ~5.8k MT, and a 5k MT expansion for GCL. We expect current capacity expansion plans in 2016 to be sufficient to meet solar demand for the next 3 years. Given the extra capacity build we expect polysilicon prices to remain bound in the \$13-\$15/kg range vs spot price of ~\$14/kg today.
- **Module spot prices remain pressured:** Solar module spot prices remain pressured and have declined ~3% YTD, compared to just a ~2%-4% decline in multi c-si cell prices, while multi c-si wafer prices have remained flat YTD (See Figure 16). Solar wafer prices have shown upward trend since Q3 due a shortage and seasonally higher installation runrate in Q4, but now seem to have stabilized. Solar cell prices saw a bump in Q4, we believe due to higher wafer prices and later in January due to silver powder shortage, though prices are on a downward trend since mid-February.
- **Equipment book-to-bill trends also indicate oversupply in the market:** Data from semiconductor industry association SEMI shows that PV equipment book-to-bill ratio peaked in 2Q15 at 1.58 vs prior peaks of ~1.2 in 1Q14, and ~0.8 in 1Q13. Bookings increased to ~\$370m in 2Q15 and remained healthy at ~\$200m in 3Q15, compared to average quarterly booking runrate of ~\$200m in 2014. Meyer Burger also saw strong demand with backlog increasing by 23% y/y and a book-to-bill ratio of 1.79 in 1H15 with strong bookings up 42% y/y and sales slightly declining by 4% y/y.

Company	Price Ccy	Price 18 Mar 16	Rating		Target Price		Year End	EPS Ccy	EPS FY1E		EPS FY2E		EPS FY3E	
			Prev	Cur	Prev	Cur			Prev	Cur	Prev	Cur	Prev	Cur
JA Solar Holdings (JASO.OQ)	US\$	8.93		N*[V]	-	9.69	Dec-15	US\$	1.72	1.56	1.89	1.87	1.38	1.35
Jinko Solar (JKS.N)	US\$	23.31		O*[V]	42.00	40.00	Dec-15	US\$	6.48	5.70	6.98	6.60	6.09	6.01
Trina Solar Ltd (TSL.N)	US\$	10.74		N*[V]	15.00	14.00	Dec-15	US\$	1.41	1.30	1.33	1.28	1.02	1.02

*O - Outperform, N - Neutral, U - Underperform, R - Restricted
Company data, Credit Suisse estimates

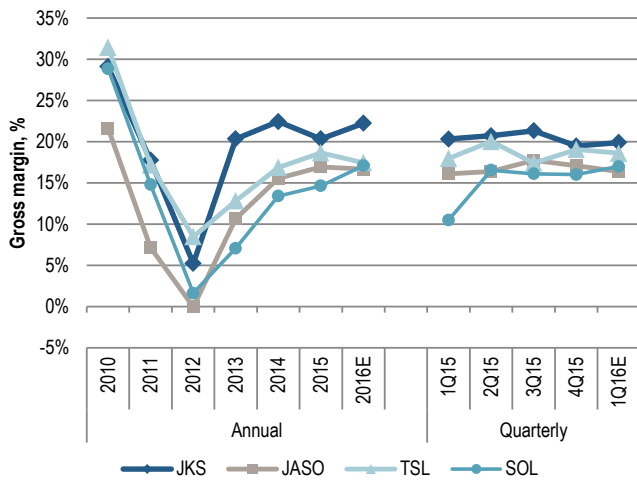
[V]= Stock consider volatile (see Disclosure Appendix).

Figure 2: CS solar demand model – expect growth at 14.6% CAGR 2015-2020

Solar demand total, MW	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
China	530	2,900	4,200	11,300	10,590	15,130	16,100	18,515	20,367	22,403	22,403
US	949	1,750	3,313	4,751	6,201	7,286	11,018	12,721	14,635	17,057	19,895
Japan	960	1,200	1,864	6,026	9,424	8,000	6,000	5,500	5,775	6,064	6,367
India	22	590	790	1,020	1,108	2,000	4,000	6,000	8,000	12,000	18,000
Germany	7,400	7,500	7,634	3,304	2,030	1,480	1,500	1,500	1,500	1,500	1,500
France	720	1,500	1,115	613	745	900	1,000	1,000	700	700	700
UK	77	850	960	1,450	2,249	3,506	1,000	500	525	551	579
Rest of Europe	8,474	7,754	4,829	2,570	2,359	2,434	3,000	3,760	4,238	4,351	4,465
Saudi Arabia		25	25	25	24	25	100	130	169	220	286
Chile			2	6.7	493	346	700	500	500	750	1,000
Mexico	5	7	18	61	67	100	350	700	1,000	1,500	2,000
Brazil		5	17	19	22	400	500	1,700	1,870	2,057	2,263
Thailand	20	120	230	480	384	250	1,000	1,200	1,400	1,600	1,800
Canada	200	300	500	200	810	300	315	331	347	365	383
South Africa			300	300	891	300	300	300	300	300	300
Australia	385	700	700	610	755	942	1,036	1,140	1,254	1,379	1,517
Taiwan	13	96	105	170	228	500	500	500	500	500	500
S. Korea	127	79	295	531	926	1,300	1,800	2,200	2,400	2,600	2,800
Others	1,226	1,525	2,395	2,981	5,832	7,457	8,575	9,861	11,341	13,042	14,346
Global	21,107	26,900	29,291	36,417	45,138	52,656	58,795	68,058	76,820	88,938	101,104

Source: Credit Suisse, Industry associations, Government data. Model available on request

Figure 3: Consensus 2016 gross margin expectations vs historical



Source: Company data, I/B/E/S

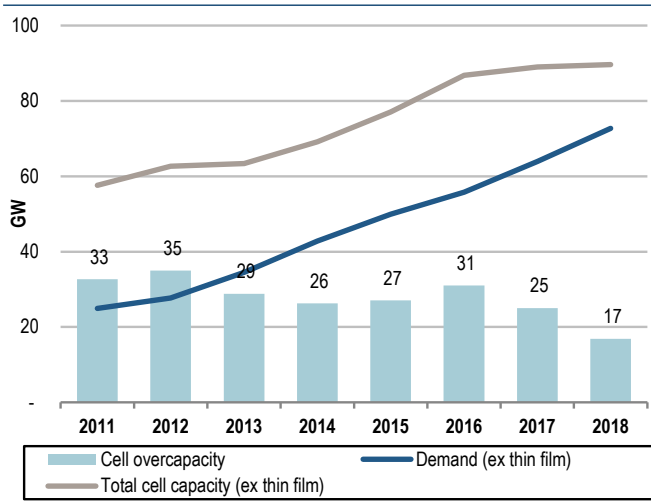
Figure 4: Downside risk to 2016 cons EPS from decline in module prices

2016 cons EPS decline sensitivity

	2016 gross profit decline, \$/w		
	\$ 0.005	\$ 0.01	\$ 0.02
JKS	17%	33%	67%
JASO	29%	58%	115%
TSL	19%	38%	77%
SOL	145%	290%	579%

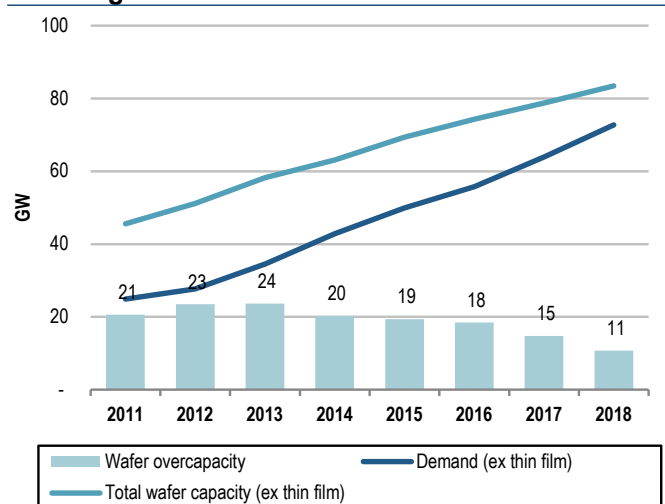
Source: Credit Suisse, Company data, I/B/E/S

Figure 5: Cell oversupply grows in 2016...



Source: Company data, Credit Suisse estimates
Model available on request

Figure 6: .. while wafer oversupply has been declining



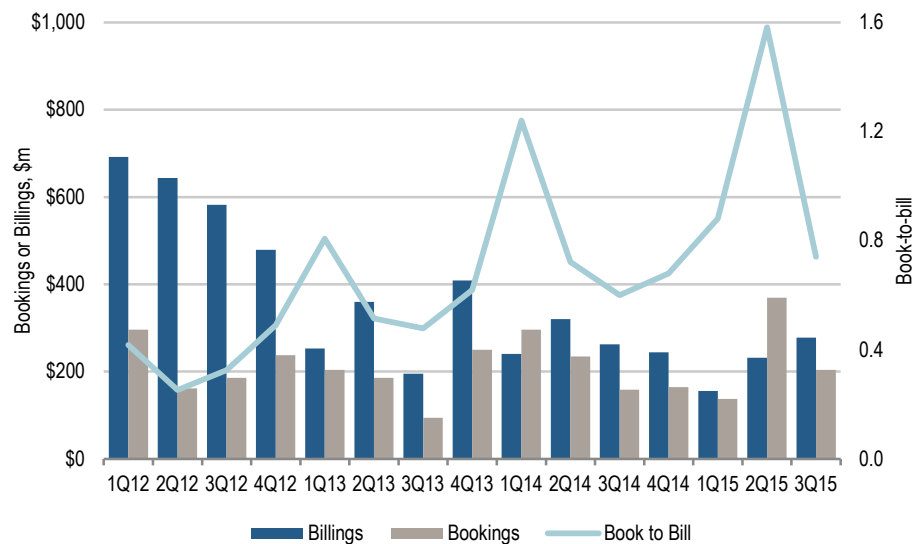
Source: Company data, Credit Suisse estimates
Model available on request

Figure 7: 2016 capacity structure for the manufacturers

Capacity (MW)	TSL	JASO	JKS	SOL
Wafer Capacity	2,300	2,000	3,450	2,900
Cell Capacity	5,000	5,500	3,500	240
Module Capacity	6,000	5,500	6,300	1,202
CS module sale est	5,925	4,738	5,550	1,215
CS wafer sale est	-	-	-	1,565

Source: Company data, Credit Suisse

Figure 8: PV equipment book-to-bill



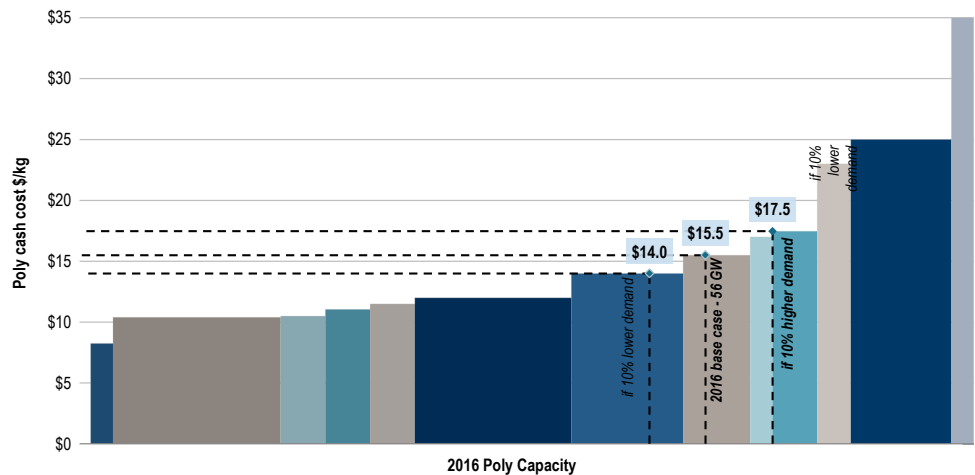
Source: SEMI
Note: Data from SEMI's survey of ~50 global PV equipment companies

Figure 9: Poly capacity coming online

Polysilicon Capacity (MT)	2013	2014	2015	2016	2017	2018
Tier 1 Suppliers						
Hemlock Semiconductor	32,000	32,000	32,000	32,000	32,000	32,000
Wacker Polysilicon	52,000	52,000	56,000	80,000	80,000	80,000
REC Silicon	17,500	20,000	20,000	20,000	30,000	40,000
Tokuyama	17,200	22,000	22,200	25,200	28,200	28,200
Daqo	5,000	6,150	12,150	12,150	18,000	18,000
SunEdison	9,000	19,000	22,500	22,500	22,500	22,500
OCI	42,000	42,000	52,000	52,000	52,000	52,000
GCL Silicon	65,000	65,000	75,000	75,000	80,000	80,000
Tier 1 Capacity	239,700	258,150	291,850	318,850	342,700	352,700
<i>Tier 1 Growth</i>	<i>2.0%</i>	<i>7.7%</i>	<i>13.1%</i>	<i>9.3%</i>	<i>7.5%</i>	<i>2.9%</i>
Tier 2 Capacity	52,300	69,300	74,300	85,300	85,300	85,300
Tier 3 Capacity	43,260	47,260	47,260	47,260	47,260	47,260
Total Capacity	335,260	374,710	413,410	451,410	475,260	485,260

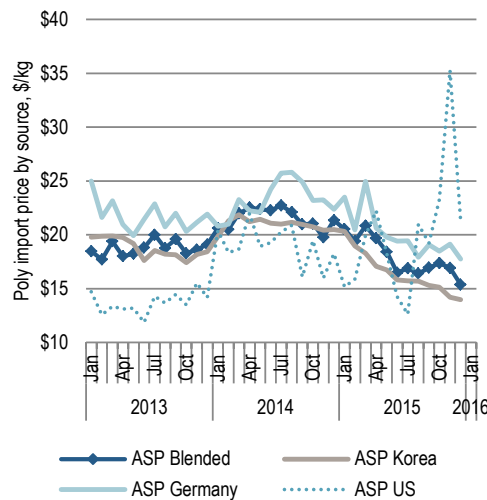
Source: Company data, Credit Suisse estimates
 Model available on request

Figure 10: Polysilicon cost curve



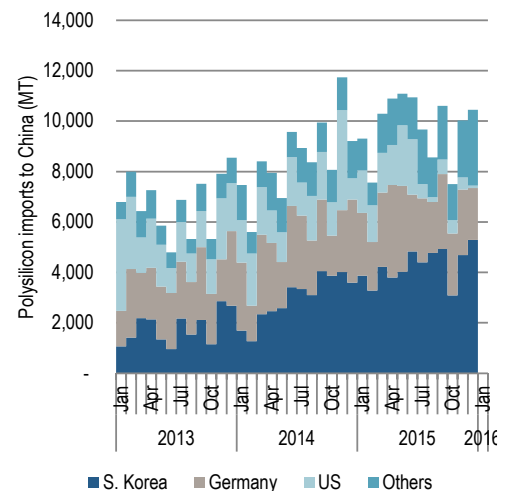
Source: Company data, Credit Suisse estimates

Figure 11: Polysilicon imports are below \$15/kg...



Source: SiliconChina, Ministry of Commerce & Customs

Figure 12: ... Korea overtakes US/EU polysilicon producers in China



Source: SiliconChina, Ministry of Commerce & Customs

Figure 13: Valuation comps on consensus metrics

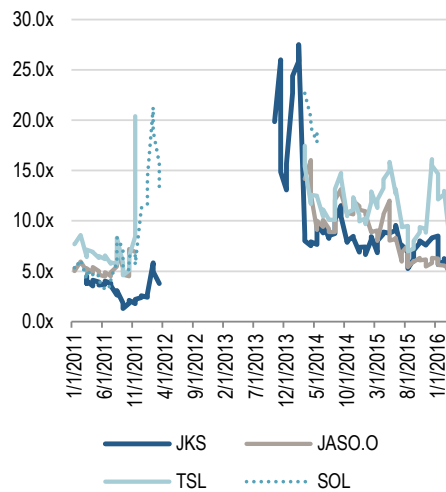
	Price	Mkt Cap	EV	P/E			EV/EBITDA		
				2016	2017	2018	2016	2017	2018
JKS	\$ 23.48	\$ 752	\$ 1,410	4.5x	4.0x	3.9x	3.4x	2.9x	2.6x
JASO	\$ 8.92	\$ 444	\$ 652	5.4x	5.3x		2.4x	2.1x	
TSL	\$ 10.58	\$ 1,117	\$ 2,378	7.2x	6.4x	6.1x	5.8x	5.3x	4.7x
SOL	\$ 1.49	\$ 152	\$ 682	36.3x	33.1x	53.2x	5.3x	5.3x	5.2x

2016 P/E assuming 1c/w decline in module price

JKS	6.8x
JASO	12.7x
TSL	11.7x
SOL	na

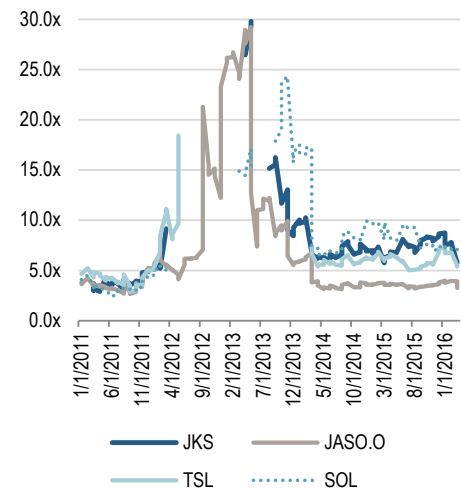
Source: I/B/E/S, Company data. As of 3/15/16

Figure 14: Historical FY1 forward P/E



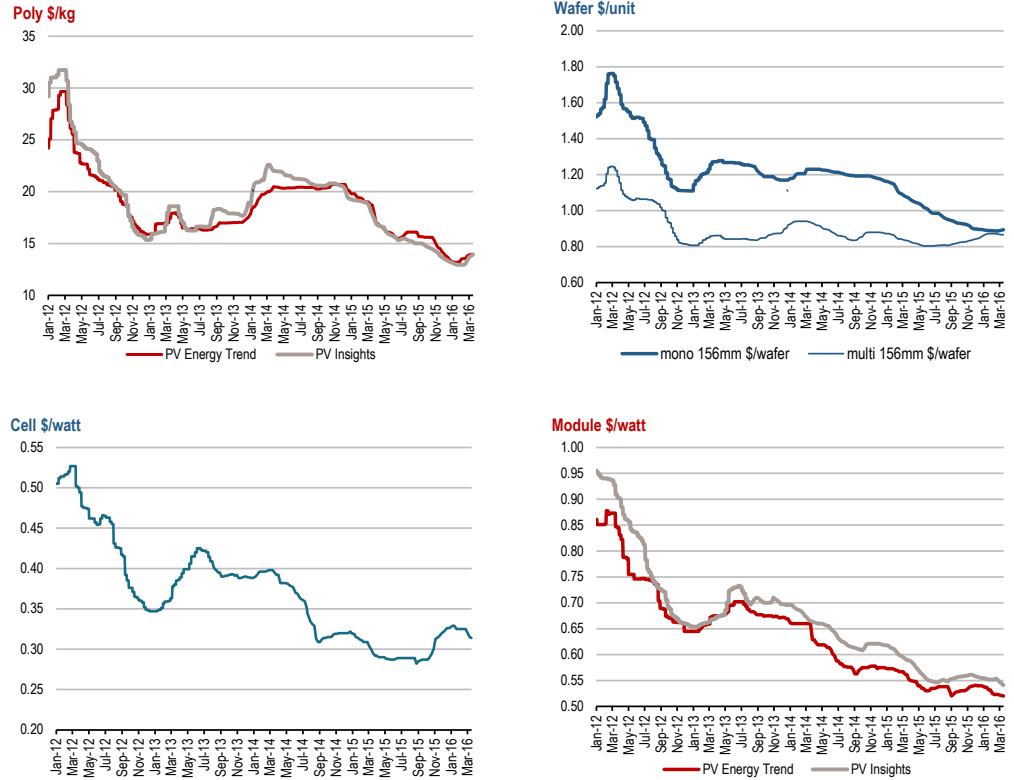
Source: Thomson Reuters Datastream, Credit Suisse
Data till 3/16/16

Figure 15: Historical FY1 forward EV/EBITDA



Source: Thomson Reuters Datastream, Credit Suisse
Data till 3/16/16

Figure 16: Solar spot prices – Module prices remain pressured despite rising wafer prices



Last Updated on 3/16/2016

Spot ASP	Price	1-wk	1-mth	QTD	YTD
Poly - spot \$/Kg	13.92	▲ 0.9%	▲ 7.0%	▲ 5.6%	▲ 5.6%
Wafer multi 156mm \$/wafer	0.87	▼ (0.1)%	▼ (0.6)%	▲ 0.7%	▲ 0.7%
Cell (China) \$/watt	0.33	▼ (0.6)%	▼ (2.1)%	▼ (1.8)%	▼ (1.8)%
Cell (Taiwan) \$/watt	0.34	▼ (0.6)%	▼ (1.8)%	▼ (1.2)%	▼ (1.2)%
Module Price \$/watt	0.54	▼ (0.6)%	▼ (2.3)%	▼ (2.5)%	▼ (2.5)%

Source: pvinsights.com

Last Updated on 3/16/2016

Spot ASP	Price	1-wk	1-mth	QTD	YTD
Poly - spot \$/Kg	14.10	▲ 0.9%	▲ 2.2%	▲ 6.8%	▲ 6.8%
Wafer multi 156mm \$/wafer	0.88	▼ (0.2)%	▼ (0.7)%	- 0.0%	- 0.0%
Cell (China) \$/watt	0.31	▼ (0.3)%	▼ (3.4)%	▼ (4.0)%	▼ (4.0)%
Cell (Taiwan) \$/watt	0.34	▼ (0.9)%	▼ (2.0)%	▼ (1.2)%	▼ (1.2)%
Multi module price \$/watt	0.52	- 0.0%	▼ (0.6)%	▼ (3.2)%	▼ (3.2)%

Source: pv.energytrend.com

Source: PV Energytrend, PV Insight

Companies Mentioned (Price as of 18-Mar-2016)

Daqo New Energy (DQ.N, \$17.8)
Daqo New Energy (DQ.N, \$17.8)
Hemlock Semiconductor (Unlisted)
JA Solar Holdings (JASO.OQ, \$8.89, NEUTRAL[V], TP \$9.69)
Jinko Solar (JKS.N, \$22.93, OUTPERFORM[V], TP \$40.0)
ReneSola Ltd (SOL.N, \$1.51, UNDERPERFORM[V], TP \$1.5)
Renewable Energy (REC.OL, Nkr1.473)
Trina Solar Ltd (TSL.N, \$10.68, NEUTRAL[V], TP \$14.0)
Wacker Chemie (WCHG.DE, €77.6)
Yingli Green Energy Holding (YGE.N, \$5.0)

Disclosure Appendix

Important Global Disclosures

I, Patrick Jobin, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for JA Solar Holdings (JASO.OQ)

JASO.OQ	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
26-Mar-13	3.74	3.50	N
22-May-13	8.17	6.50	
25-Jul-13	9.05		*
29-Aug-13	7.41	7.50	N
17-Oct-13	10.48	9.00	
26-Nov-13	9.54	12.00	
19-Jun-14	10.76		*
31-Jul-14	8.78	12.00	N
11-Aug-15	7.85	9.69	

* Asterisk signifies initiation or assumption of coverage.



3-Year Price and Rating History for Jinko Solar (JKS.N)

JKS.N	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
10-Apr-13	5.40	5.50	N
07-Jun-13	9.20	9.50	
25-Jul-13	13.30		*
14-Aug-13	14.21	9.50	N
16-Sep-13	18.72		R
23-Sep-13	17.90	22.00	N
17-Oct-13	26.00	32.00	O
19-Nov-13	31.13	39.00	
14-Jan-14	36.25		R
16-Jan-14	35.39	45.00	O
19-Jun-14	27.81		*
31-Jul-14	24.76	45.00	O
21-Dec-15	28.47	42.00	

* Asterisk signifies initiation or assumption of coverage.



3-Year Price and Rating History for ReneSola Ltd (SOL.N)

SOL.N	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
22-May-13	2.42	1.50	U
25-Jul-13	4.33		*
08-Aug-13	3.96	2.50	U
30-Aug-13	4.77	3.00	
17-Oct-13	5.43	5.00	
05-Dec-13	3.58	3.00	
25-Mar-14	3.92	3.25	
19-Jun-14	2.99		*
11-Aug-14	2.84	3.25	U
13-Jan-15	1.27	1.75	
02-Jun-15	1.37	1.50	

* Asterisk signifies initiation or assumption of coverage.



3-Year Price and Rating History for Trina Solar Ltd (TSL.N)

TSL.N	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
30-May-13	6.18	6.00	N
25-Jul-13	7.36		*
08-Aug-13	7.22	7.00	N
17-Oct-13	16.47	20.00	
12-Jun-14	11.42	19.00	
19-Jun-14	12.68		*
11-Aug-14	11.89	19.00	N
29-Sep-14	13.20		R
01-Oct-14	11.40	19.00	N
24-Nov-14	10.36	16.00	
21-Dec-15	11.17	15.00	

* Asterisk signifies initiation or assumption of coverage.



The analyst(s) responsible for preparing this research report received Compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

*Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.

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Target Price and Rating

Valuation Methodology and Risks: (12 months) for JA Solar Holdings (JASO.OQ)

Method: Our Neutral rating and TP of \$9.69 reflect the take-private offer.

Risk: The main risk to our Neutral rating and \$9.69 price target for JASO is the take-private offer not closing.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Jinko Solar (JKS.N)

Method: We use a sum of the parts valuation for Jinko Solar to value the manufacturing and downstream projects business and arrive at our target price of \$40/sh and Outperform rating. Our PT of \$40 represents a 6.5x earnings multiple on module manufacturing business and a 12% yield on cash flows from initial solar project portfolio of >1000 MW on hand as of YE15.

Risk: Risks to our \$40 target price and Outperform rating for JKS are (1) end demand weakness as subsidies across major markets are expected to decline with potential caps to market size contributing to oversupply; (2) foreign exchange fluctuations and tariffs; (3) technology risk; (4) demand could be weak; (5) JKS brand recognition doesn't improve; (6) policy risks; (7) and debt maturities.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for ReneSola Ltd (SOL.N)

Method: We are using a ~0.7x enterprise value to the replacement value of capacity for valuation of SOL at a target price of \$1.50 and Underperform rating.

Risk: Risks to our Underperform rating and \$1.50 target price for SOL are (1) Market Subsidy Risk. (2) Customer risk. (3) Financing risk. SOL customers may require external funds for executing solar projects. Given tight financial markets, SOL customers may not be able to honor existing contracts if they are unable to sell through to final markets. (4) Margin Risk. (5) foreign exchange rate risk.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Trina Solar Ltd (TSL.N)

Method: We use a sum of the parts valuation for Trina Solar to value the manufacturing and downstream projects business, and to arrive at our Neutral rating. Our PT of \$14 represents a 6.0x earnings multiple on module manufacturing business, and a 10% yield on cash flows from HoldCo projects of ~1.2 GW starting 2016.

Risk: Risks to our Neutral rating and \$14 target price for TSL are (1) silicon prices; (2) falling module prices; (3) end demand weakness and oversupply; (4) solar financing environment does not improve, resulting in reduced growth rates; (5) foreign exchange rates; and (6) policy risks.

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