

Company Overview

Canadian Solar Inc. (NASDAQ: CSIQ) is one of the world's largest solar power companies, serving as a leading manufacturer of solar PV modules and provider of solar energy solutions. With state-of-the-art manufacturing facilities in Canada, China, and Vietnam, and 617 global patents under its belt, Canadian Solar Inc. is set to establish itself as a recognized innovator of the solar industry.

EBITDA	172 million USD
Earnings Per Share	1.13
Gross Profit Margin	14.62%

	Q4 2016		Q3 2016		Q4 2015	
	US\$M	%	US\$M	%	US\$M	%
The Americas	\$138.1	20.7	\$270.2	41.1	\$581.0	51.9
Asia	419.3	62.7	280.6	42.7	460.2	41.1
Europe and Others	111.0	16.6	106.5	16.2	79.1	7.0
Total	668.4	100	657.3	100	1,120.3	100

Average Growth Rates Canadian Solar Inc.

Past Five Years

Ending 12/31/2016 (Fiscal Year)

Revenue +24.07%	Net Income -26.68%	Earnings Per Share -24.97%
Capital Spending +347.55%	Gross Margin +18.91%	Cash Flow +61.22%

Investment Theses

Solar Market Growth; Solar Energy will grow from ~1% of global electricity generation today to >10% by 2030. China's increasing focus on curbing pollutions is upside factor to short-term demand for solar panels as country turns to alternative sources for energy. Canadian Solar stands to gain both in short-term and long-term from renewable energy demand which is currently at unprecedented highs.

Strong Order Book; Canadian Solar's 1.42Gwp of solar plants and 1.60GWp late-stage project pipeline, combined with 12GWp total development pipeline in the future brings valuation to about US\$17billion, driving revenue and asset growth.

Increasing Manufacturing Capacity; The company anticipates average 2018 module capacity of 9.70 GW or an almost 30% increase over 2017. That increase should increase the company's revenue to more than \$3.65 billion, a massive revenue for an almost \$1 billion company.

Industry Outlook

Trump's Policies:

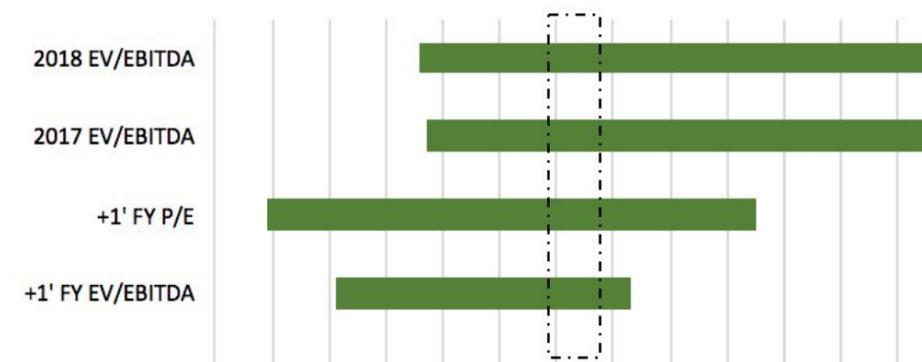
A 30 per cent tariff will be imposed on imported solar cells and modules in 2018r, with the tariffs declining to 15 per cent by the fourth year. The tariff allows 2.5 gigawatts of unassembled solar cells to be imported tariff-free in each year.

The solar industry has been split over the tariffs. Companies that develop large-scale solar farms, as well as purchasers of solar power such as retailers and tech companies, opposed the tariffs over concerns that they would cost them more money and make solar power less competitive with other energy sources, at least in the short term.

Solar Power Installations to grow by 15% in the next few years:

The cost of producing and installing solar energy worldwide has fallen by at least 25% and this continues to boost the growth of solar power by at least 15% since 2017. With countries such as China and India being more aware of their excessive levels of pollution, they are turning towards renewable energy, with solar capacity being the biggest growth in energy-producing technology.

Valuations



Our 12 month target price from date of coverage is US\$18.55. This translates to a 17.03% upside from its current share price of US\$15.85. This is in line with Canadian Solar's aggressive expansion strategies that it plans to undertake in the recent years to come. Canadian Solar is also one of the biggest companies in the PV market, they stand a chance to benefit greatly from the increase in focus towards renewable energy by many countries. These factor contribute to a strong buy call proposition.

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