

# SUNPOWER GROUP LTD.

Investor Presentation

22 May 2018

- 1 Green Investment (GI), Our Value Creator and Growth Driver**
- 2 Significant Investments in GI**
- 3 Target to Build Sizeable GI Portfolio**
- 4 US\$70mm CB at S\$0.60, 25.5% Premium to 1M VWAP of S\$0.4782**
- 5 Rationale of Transaction**
- 6 Stable and Growing Manufacturing Services: Strong Order Book RMB 2 billion**
- 7 Sunpower Today: GI is Bulk of Our Value**
- 8 DCP and CDH Highlights**

## I Enormous Business Opportunities in China's Anti-smog Sector

- Government orders mandatory closure of small boilers. Manufacturing plants in industrial parks across China to use highly efficient centralised steam boilers
- Manufacturing plants are increasingly concentrated in industrial parks. Industrial parks continue to expand
- **De facto monopolistic supplier** to supply steam to industrial customers within industrial parks where we usually hold **30-years concession agreements** with first right to renew such concessions

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## II Scarce & Realisable Assets

- **High net present value (NPV) and attractive Double-Digit Project IRR. Long term & recurring cash flows.** Usually 30 years concession agreements + renewal rights
- **High quality cashflows and captive customers.** Steam, a non-discretionary input for production by our industrial customers. Pre-payment & strong tariff collections
- **Strong cashflow growth potential.** Increasing steam demand with
  - (i) immediate cross-over demand from mandatory closure of small boilers
  - (ii) natural expansion of industrial parks

## III Unique Competitive Edge



- **Proprietary energy-saving & long-distance distribution technology**
- **Experienced management with full interest alignment: strong discipline in project evaluation & low cost overrun risks**
- **Fully integrated capabilities: in-house design institute, environmental protection manufacturing & services**
- **Strong long-term capital support & shareholders base**
- **Robust pipeline with attractive projects**
- **First mover advantage: established market reputation in anti-smog**

## ■ Long Distance Steam Distribution Pipelines Technology

- Increase geographical reach to captive customers. Achieve economies of scale
- Reduce coal feedstock ~ minimal temperature lost in transmission

## ■ Environmental Protection Technology

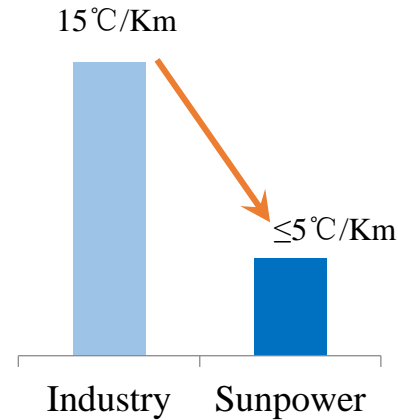
- Low nitrogen combustion technology
- Desulfurization and denitrification technology

## ■ Energy Saving Technology

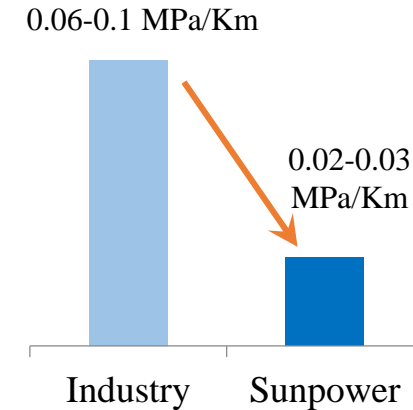
- High efficiency heat exchange technology
- Gas-gas heater technology
- Low temperature economizer technology

## ■ Ability to Reform and Upgrade Acquired Plants to Improve Operation Efficiency

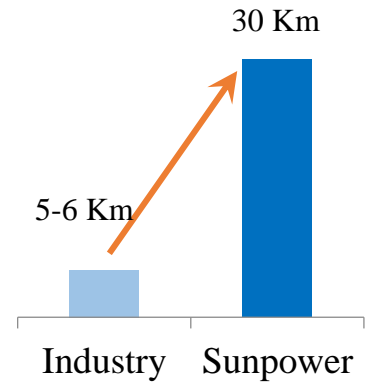
### Temperature Loss



### Differential Pressure



### Coverage Radius



Emission Limit (mg/m <sup>3</sup> )	New National Standard for New Build Coal-fired Boilers <sup>(1)</sup>	New National Standard for Coal-fired Power Boilers	New National Standard for Coal-fired Power Plants in Key Areas <sup>(2)</sup>	New National Standard for Natural Gas	Sunpower's Capability
Dust	50	30	20	5	<5
Sulphur Dioxide, SO <sub>2</sub>	300	100	50	35	<35
Nitrogen Oxide, NO <sub>x</sub>	300	100	100	50	<50

(1) Standard applies to coal-fired power-generating boilers with a unit capacity of 65 tons/hour (t/h) or below

(2) Key Area refers to Beijing-Tianjin-Hebei region, Yangtze River Delta and Pearl River Delta of China

Source: Emission Standard of Air Pollutants for Boilers enacted by Ministry of Environmental Protection of PRC.

## 2 Significant Investments in GI - With the Capital of CBs & Internal Fund

	Projects	Total Investments (RMB mm) <sup>(1)</sup>	Total Investments (USD mm) <sup>(2)</sup>	SP Stake %	SP Equity (RMB mm)	SP Equity (USD mm) <sup>(2)</sup>	Funding Sources
In Operation	Changrun Project (Phase-1)	934.1	146.4	100%	434.1	68.1	CB1 and Cashflows from Operations
	Xinyuan Thermal Power Plant	250.0	39.2	85%	85.0	13.3	
	Lianshui Project	103.2	16.2	95%	38.3	6.0	
	Quanjiao Project	78.2	12.3	100%	49.2	7.7	
	<b>Subtotal</b>	<b>1,365.5</b>	<b>214.1</b>	<b>-</b>	<b>606.6</b>	<b>95.1</b>	
Under Construction	Shantou Project-phase1	760.0	119.1	51%	155.0	24.3	
	Xintai Zhengda Project	604.1	94.7	71% <sup>(3)</sup>	171.6	26.9	
	<b>Subtotal</b>	<b>1,364.1</b>	<b>213.9</b>	<b>-</b>	<b>326.6</b>	<b>51.2</b>	
<b>In Operation &amp; Under Construction Subtotal</b>		<b>2,729.6</b>	<b>427.9</b>	<b>-</b>	<b>933.2</b>	<b>146.3</b>	
To be Constructed	Liutuan Project-phase1	340.0	53.3	70%	95.2	14.9	CB2, Cash in Hand and Cashflows from Operations <sup>(6)</sup>
	Xinjiang Project-phase 1	260.0	40.8	100%	104.0	16.3	
	Yingtian Project-phase 1	53.0	8.3	100%	21.2	3.3	
	Projects in Pipeline <sup>(4)</sup>	3,347.0	524.7	n/a	1,338.8 <sup>(5) (7)</sup>	209.9	
	<b>Subtotal</b>	<b>4,000.0</b>	<b>627.1</b>	<b>n/a</b>	<b>1559.2</b>	<b>244.4</b>	
<b>Total (until 2021)</b>		<b>6,729.6</b>	<b>1055.0</b>	<b>n/a</b>	<b>2,492.4 <sup>(7)</sup></b>	<b>390.7</b>	<b>All Above</b>

Notes: based on current estimates or forecast

(1) In arriving at the figures for “Total Investments”, it is assumed that the banks will lend up to 60% of the capital structure of the projects against 40% equity component, which is in line with the typical capital structure of the Company’s existing GI portfolio.

(2) Exchange rate RMB6.3786: US\$1 as of May 18, 2018

(3) Including additional 20% of equity that the Company is in process of acquisition

(4) 28 projects under evaluation as of May 18, 2018

(5) Assuming SP stake 100%

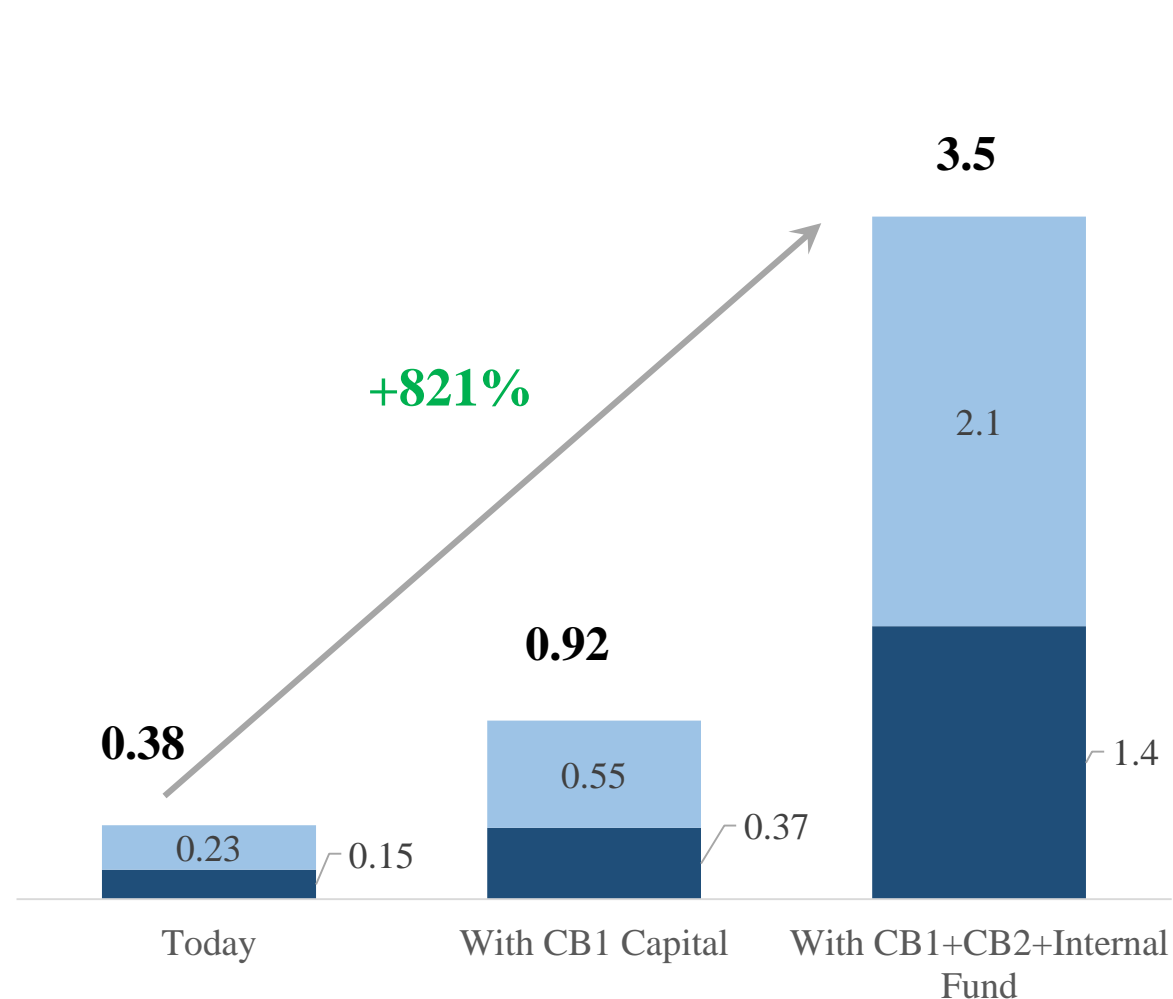
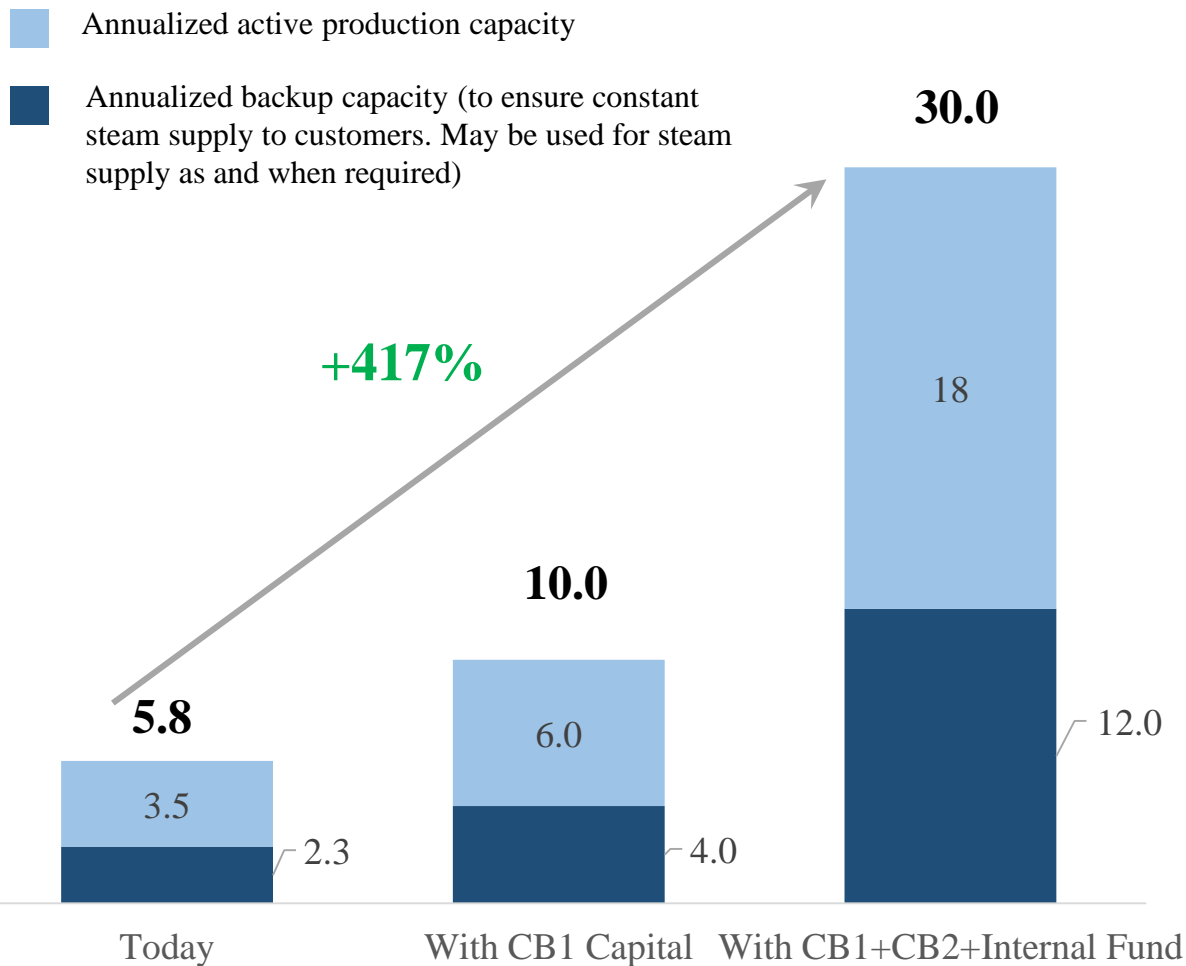
(6) This includes estimated future cashflows from GI and Manufacturing and Services divisions between 2018 and 2021

(7) Target equity investment

### 3 Target to Build Sizeable GI Portfolio

#### Gross Annualized Steam Capacity (million tons)

#### Gross Annualized Electricity Capacity (million MWh)

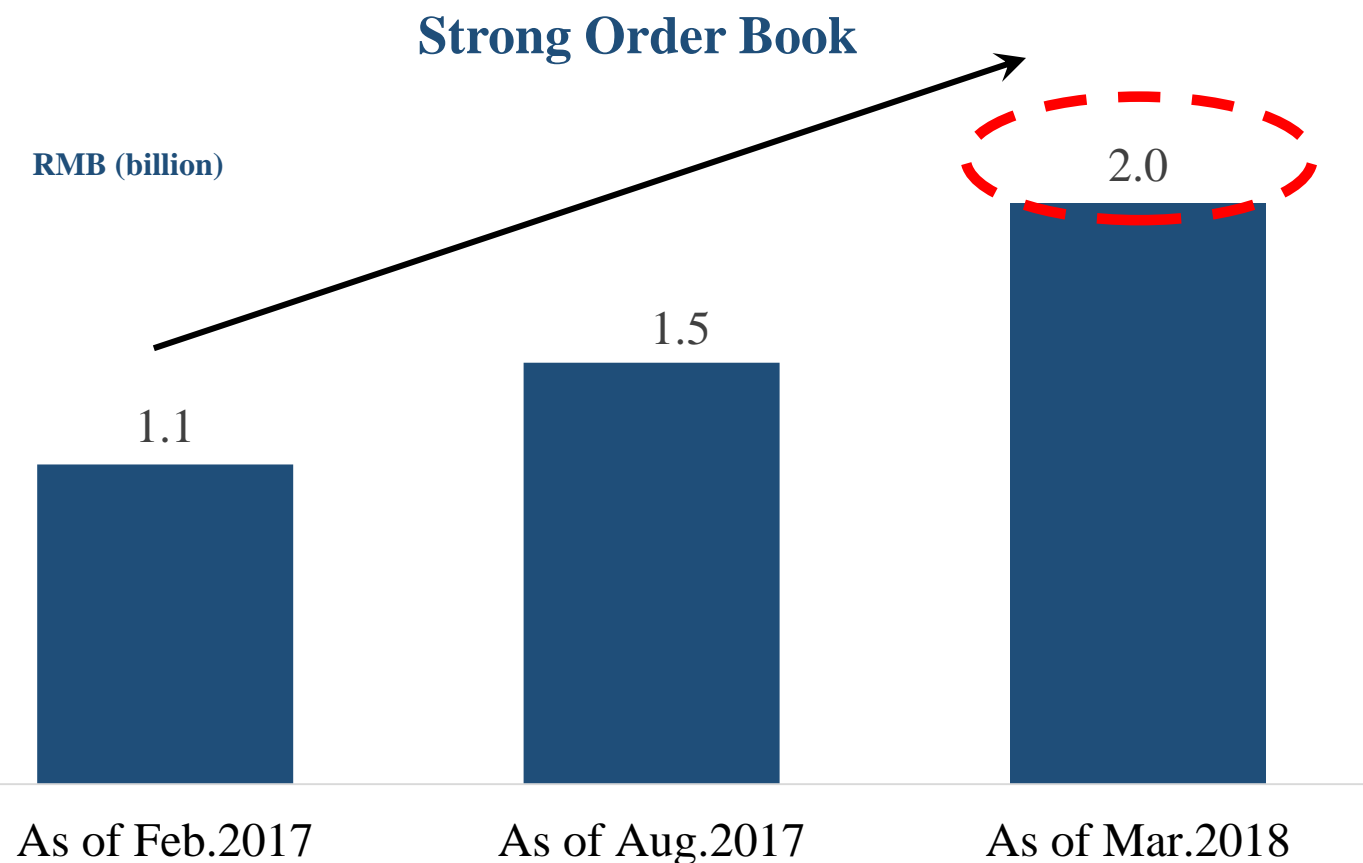


## 4 US\$70mm CB at S\$0.60, 25.5% Premium to 1M VWAP of S\$0.4782<sup>(1)</sup>

<b>CB Issue Size</b>	US\$70mm
<b>Subscribers</b>	Existing Bondholders, DCP (US\$60mm) and CDH (US\$10mm)
<b>Conversion Price</b>	S\$0.60, 25.5% premium to 1M VWAP of S\$0.4782
<b>Cash Coupon</b>	2.5% p.a.
<b>Fully-diluted ownership</b>	12.38% (CB2)
<b>Conversion Period</b>	At any time, before redemption
<b>Maturity</b>	the later of (1) March 3, 2022 and (2) the date that is the 15th Business Day after the date on which the Issuer's audited financial statements for 2021 are issued
<b>Warrant</b>	US\$30mm equivalent, exercisable in part or full, at S\$0.70 by 2019, or S\$0.80 in 2020
<b>Adjusted PATMI Performance Targets</b>	RMB370 mm for FY2020 and RMB460mm for FY2021
<b>Redemption Yield</b>	8% p.a.
<b>Appointment of Directors</b>	Initial 2 Investor Directors (will be part of Remuneration Committee and Nominating Committee) Bondholders have the right to appoint directors according to fully-diluted shareholdings

<sup>(1)</sup> One month prior to 18 May 2018 (Source : Bloomberg)

- **Capitalise on significant market opportunities.** First mover advantage to further secure market leadership. Robust pipeline of attractive projects. War chest of approx. US\$627 mm towards 2021 with CB2 of US\$70 million, operating cashflows of the Company and bank loans
- **Secure capital to build and acquire scarce and attractive assets immediately.** Value accretive in both net present value and earnings per share for all Shareholders
- **Attractive premium to market.** CB at S\$0.60, 25.5% premium to last 1M VWAP
- **Strong vote of confidence from leading Chinese private equity firms, DCP and CDH.**  
More monies, at higher price



- **Proven track record over 13 years**
  - Stable and growing revenue
  - Positive operating cash-flow
- **Resilient and sustainable development**
  - 70% repeat customers
  - Customers from diversified downstream industries
  - Global geographical markets
- **Advanced proprietary technologies**

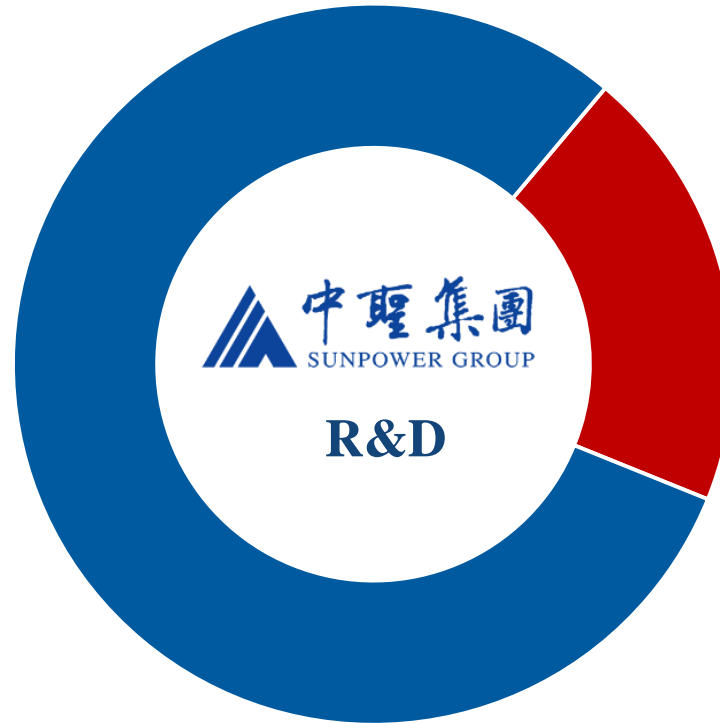
## 7 Sunpower Today: GI is Bulk of Our Value<sup>(1)</sup>

- **20 Years of Proven Track Record:** Established in 1997, listed on SGX since 2005
- **Strong R&D Capabilities:** 143 patents, 306 researchers and design engineers
- **Synergistic Business Model:** Strong execution capabilities and cost efficiencies

### Green Investments (GI)



- Ramp up operations rapidly
- Long-term, recurring & stable cashflow ( usually 30 years concessions + first right to renew)
- Strong attractive pipeline
- Target to invest a total of approx. RMB2.5 billion in equity by 2021



### Environment Protection Manufacturing & Services (M&S)



- Served ~1500 customers to date in over 15 industries across 30 countries
- Reputable customer base includes BASF, BP, Shell, CNOOC, CNPC, SINOPEC etc.
- Top-tier position in the industry
- Superior quality and services, pursuit of win-win partnership

(1) Based on invested capital

## 8 DCP and CDH Highlights

- Among the largest and most experienced Chinese PE investors
- Both investors inject capital as well as provide institutional support for Sunpower's long-term growth
- Invested in and nurtured many leading companies in China

### DCP and CDH team's Selected Portfolio

**BELLE** 百麗

**Belle International**  
(百丽鞋业)

China's Leading  
Women Shoes Retailer

**蒙牛**

**Mengniu Dairy**  
(蒙牛乳业)

China's Leading  
Dairy Company

**NANFU**

**Nanfu Battery**  
(南孚电池)

China's Leading  
Alkaline Battery  
Producer

**Haier**

**Qingdao Haier**  
(青岛海尔)

Global Leader in  
Home Appliances

**恒安集团**  
HENGAN

**Hengan International**  
(恒安集团)

China's Largest Napkin  
and Diaper Producer

**中国平安**  
PING AN OF CHINA

**Ping An Insurance**  
(平安保险)

China's Leading  
Insurance Provider

**现代牧业**

**Modern Dairy**  
(现代牧业)

China's Leading  
Dairy Company

**萬洲國際**  
WH GROUP

**WH Group**  
(万州国际)

Global Leader in  
Meat Processing

**绿地集团**  
GREENLAND GROUP

**Greenland Group**  
(绿地集团)

China's Leading  
Real Estate  
Conglomerate

**Midea**

**Midea Group**  
(美的集团)

Global Leader in  
Home Appliances

**CICC**  
中金公司

**CICC**  
(中国国际金融有  
限公司)

China's Leading  
Investment Bank

**Focus Media** 分众传媒

**Focus Media**  
(分众传媒)

China's Largest Out-of-  
home Advertising  
Network

**中糧**  
COFCO

**COFCO Meat**  
(中糧肉食)

China's Leading  
Meating Processing  
Company

**优信拍**

**Uxin**  
(优信拍)

China's Leading  
Online Used-car  
Platform

Source: DCP and CDH, as of Mar 2018. Please note that all risk disclosure, disclaimers and other similar content in the Private Placement Memorandum, dated February 22, 2018, and the Preliminary Information Document, dated August 10, 2017, of DCP Capital Partners, L.P. apply to the information above.

DCP 德弘資本

- **DCP is a leading private equity firm focused on Greater China**
  - The DCP team is one of the most experienced private equity investors in China with an outstanding long-term track record achieved across multiple cycles
- **Founder - Mr. David Liu**
  - Prior to founding DCP, Mr. Liu was a Partner of KKR, Co-head of KKR Asia Private Equity and CEO of KKR Greater China
  - Mr. Liu has established one of the leading investment track records in Greater China over the past 25 years and was responsible for a number of successful and innovative investments including:



- **DCP team members have accumulated deep industry knowledge and strong operational capabilities**
- **As a long-term value investor, DCP is committed to building long-term, win-win partnerships with portfolio companies and help support value creation initiatives**

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