



# Second Quarter 2015 Earnings Conference Call

August 13, 2015

This presentation contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to inherent risks and uncertainties. These forward looking statements present the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. The Company's encapsulant business remains challenging and there can be no assurance that the Company will be able to realize significant synergies from its Zhenfa transaction, be successful in exploring other strategic opportunities, or otherwise be successful in regaining compliance with NYSE listing requirements. In addition, the Company cannot assure that it will be able to sell its Malaysian real estate on a timely basis or on favorable terms, if at all, that the costs or closure of that facility will not be higher than anticipated, or that the Company will be able to achieve its expected tax savings. Other risks and uncertainties relating to the Company's business and future performance include, but are not limited to, the statements regarding the following: (1) incurring substantial losses for the foreseeable future and the Company's inability to achieve or sustain profitability in the future; (2) the potential impact of pursuing strategic alternatives, including dissolution and liquidation of our Company; (3) our reliance on a single product line; (4) our securing sales to new customers, growing sales to existing key customers and increasing our market share, particularly in China; (5) customer concentration in our business and our relationships with and dependence on key customers; (6) the outsourcing arrangements and reliance on third parties for the manufacture of a portion of our encapsulants; (7) technological changes in the solar energy industry or our failure to develop and introduce or integrate new technologies could render our encapsulants uncompetitive or obsolete; (8) competition; (9) excess capacity in the solar supply chain; (10) demand for solar energy in general and solar modules in particular; (11) our operations and assets in China being subject to significant political and economic uncertainties; (12) limited legal recourse under the laws of China if disputes arise; (13) our ability to adequately protect our intellectual property, particularly during the outsource manufacturing of our products in China; (14) our lack of credit facility and our inability to obtain credit; (15) a significant reduction or elimination of government subsidies and economic incentives or a change in government policies that promote the use of solar energy, particularly in China and the United States; (16) volatility in commodity costs; (17) our customers' financial profile causing additional credit risk on our accounts receivable; (18) our dependence on a limited number of third party suppliers for raw materials for our encapsulants and other significant materials used in our process; (19) potential product performance matters and product liability; (20) our substantial international operations and shift of business focus to emerging markets; (21) the impact of changes in foreign currency exchange rates on financial results, and the geographic distribution of revenues; (22) losses of financial incentives from government bodies in certain foreign jurisdictions; (23) compliance with the Continued Listing Criteria of the NYSE; (24) the ability to realize synergies from the transaction with Zhenfa Energy Group Co., Ltd., (25) the potential impact of the closure and planned sale of our Johor, Malaysia facility and any other restructuring transactions that we may pursue, and (26) the other risks and uncertainties described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in subsequent periodic reports on Form 10-K, 10-Q and 8-K. You are urged to carefully review and consider the disclosure found in our filings which are available on <http://www.sec.gov> or <http://www.strsolar.com>. Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove to be incorrect, actual results may vary materially from those projected in these forward looking statements. We undertake no obligation to publicly update any forward looking statement contained in this presentation whether as a result of new information, future developments or otherwise, except as may be required by law.



## **Zhenfa Coordination Update and Strategy**

Robert S. Yorgensen,  
Chairman, President and Chief Executive Officer



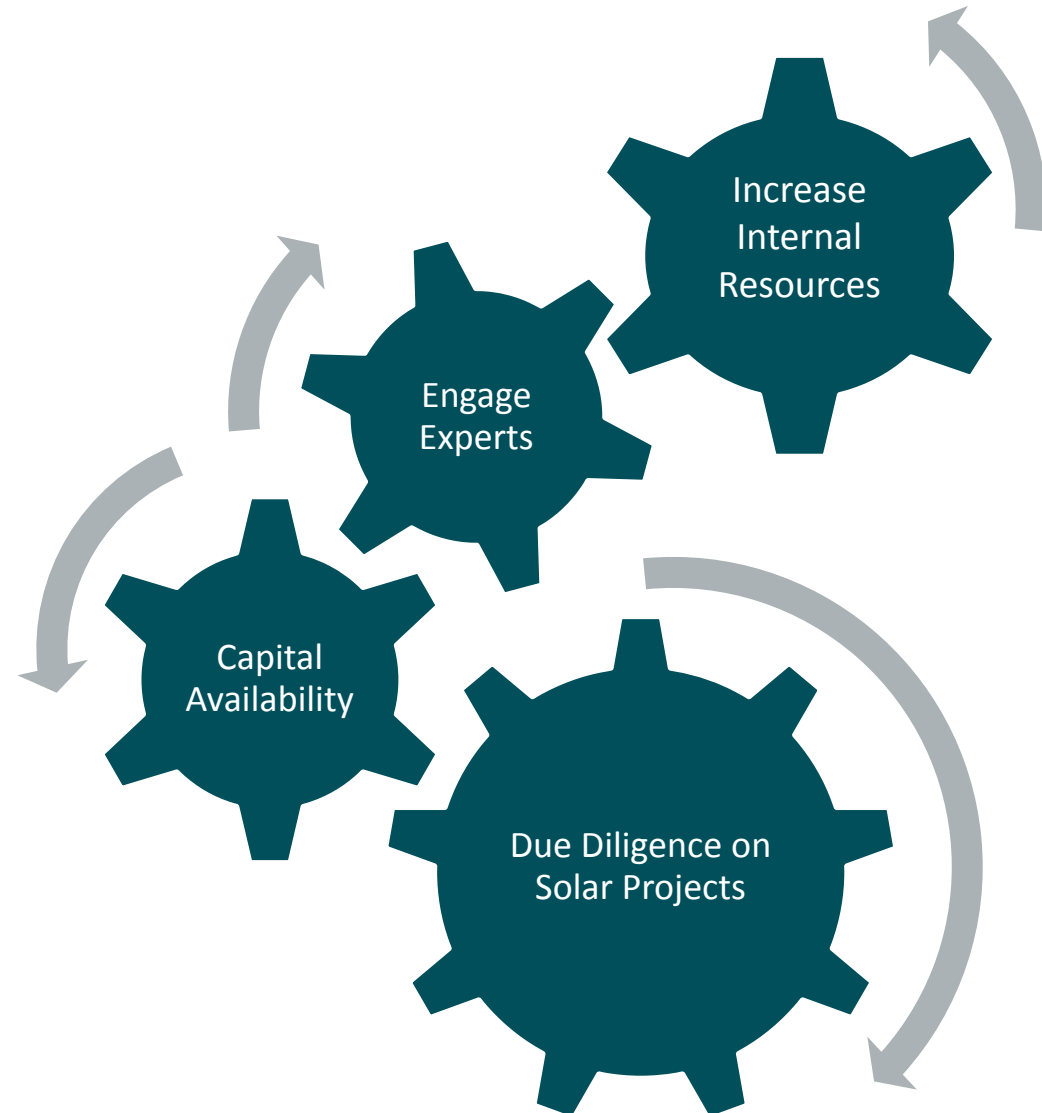
## NYSE Listing Requirements

- **Avg. closing price of stock > \$1 over consecutive 30 trading days**
  - Non-compliant on Aug. 5, 2015
  - 6 month cure period if NYSE approves plan
    - Feb. 5, 2016
  - No reverse stock split planned at this time
- **Avg. market cap > \$15M for consecutive 30 trading days**
  - In compliance
  - No cure period
- **Maintain either \$50M of market cap or \$50M of stockholder's equity**
  - In compliance
  - 6 month cure period if NYSE approves plan

## Potential Stock Catalysts

- **Recent stock decline w/o an apparent catalyst**
  - NBV per share = \$2.83 as of 6/30/2015
- **Zhenfa synergies**
  - Qu Chao and Kong Weijie appointments
  - Module-for-encapsulant swap
  - Global downstream relationships
  - A/R collection assistance
- **Downstream solar opportunity**
- **Increase sales in China**
- **Redeploy Malaysia invested capital**
- **M & A**

- **Hired Qu Chao**
  - Vice President of Strategic Investment
  - Focus on downstream sector
  - Built Zhenfa downstream business
  - Key financing relationships
- **Engaged Cohn Reznick Capital Markets, LLC**
  - Solar downstream experts
- **Areas of Solar Downstream Focus**
  - Project development
  - Project financing
  - Ownership of IPP assets
- **Due Diligence Commenced**
  - East Coast U.S. based assets



## Operations

- **Hired Kong Weijie**
  - Vice President of Business Development and General Manager China
  - Lead STR China
  - Unlock Zhenfa synergies
  
- **Additional STR China operational resources**
  - Plant manager from competitor
  - Supply chain
  
- **Malaysia plant closure**
  - Production ceased and wind down commenced
  - ~\$1.5M of restructuring and exit costs
  - ~\$2.4M of pre-tax annual savings
  - ~\$8.0M real estate appraised value

## Commercialization Efforts

- **Zhenfa/STR/ReneSola module-for-encapsulant swap**
  - \$7.5M
  - \$2.2M collected in Q2 2015
  - Remainder in Q3 2015
  
- **A/R collection assistance**
  - \$2.1M long-overdue receivable collected in August via bank acceptance note
  
- **14 module manufacturers in certification testing**
  - 8 completed certification testing
  - 2 require re-test
  - 6 placed orders in Q2 2015
    - Huhui delayed until Q4 2015
    - Tailoring cycle for largest prospect based upon initial production



## Q2 Financial Performance

Joseph C. Radziewicz,  
Vice President and Chief Financial Officer



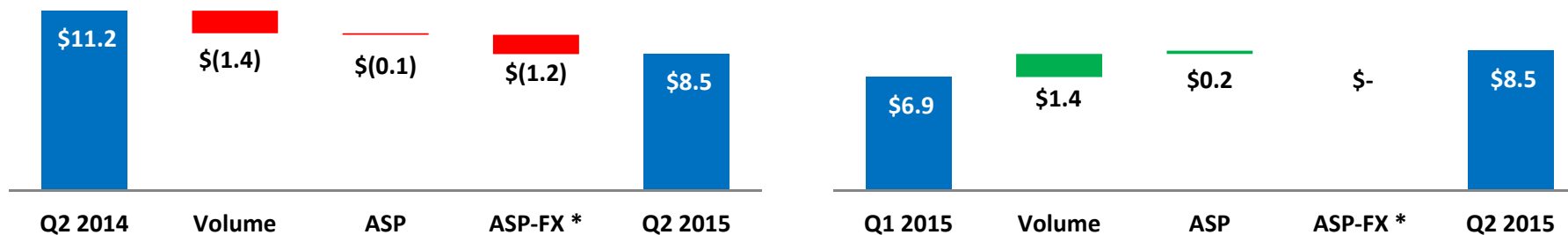
## Year over Year

## Sequential Quarter

**-24%**

**24%**

All amounts in millions except percentages.



\*Represents change in ASP due to foreign currency translation into U.S. Dollars.

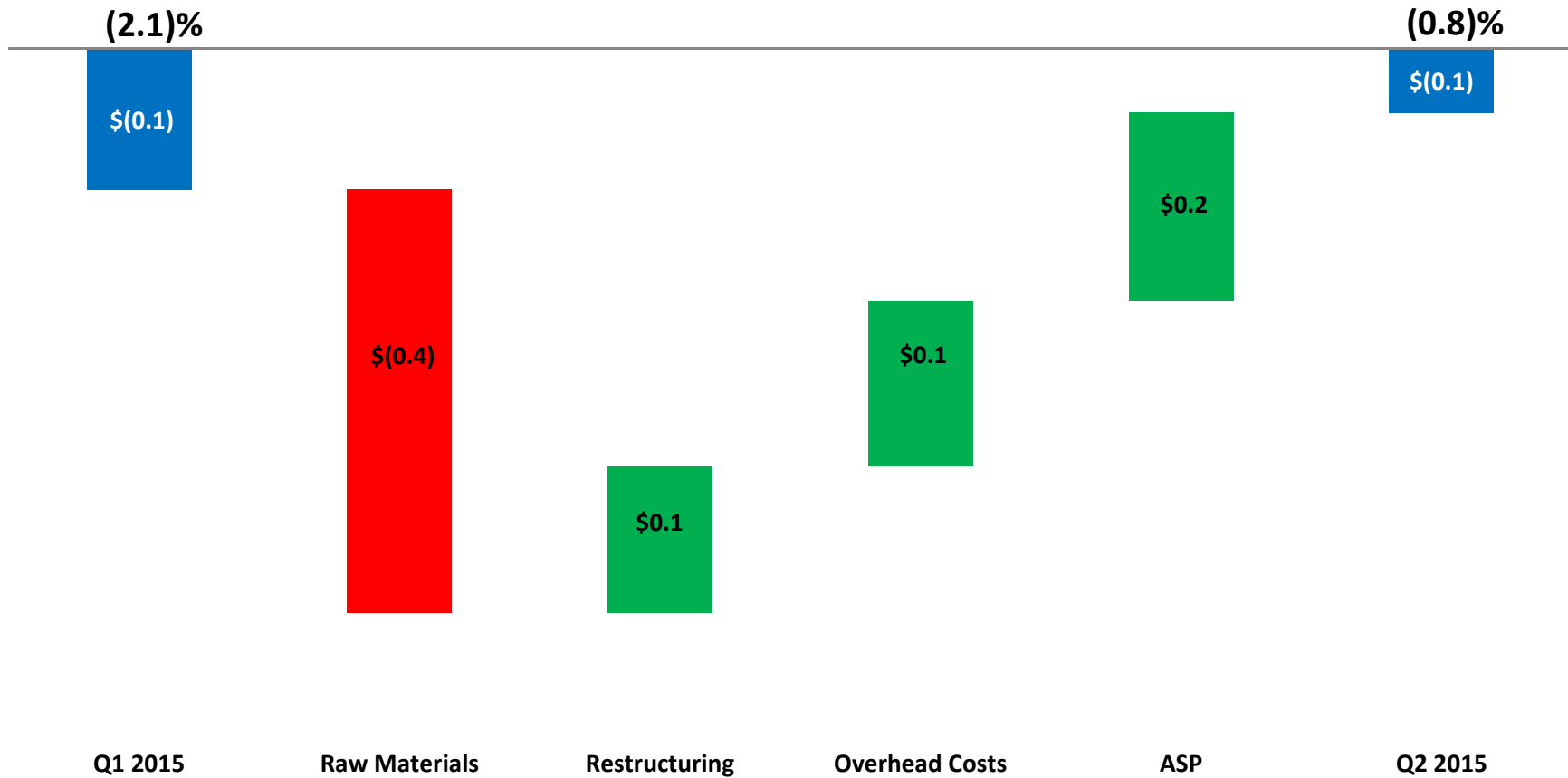
**- Volume decreased 13% Year over Year and increased 21% Sequentially -  
- ASP decreased 13% Year over Year and increased 3% Sequentially -**



# Gross Loss



All amounts in millions except percentages.

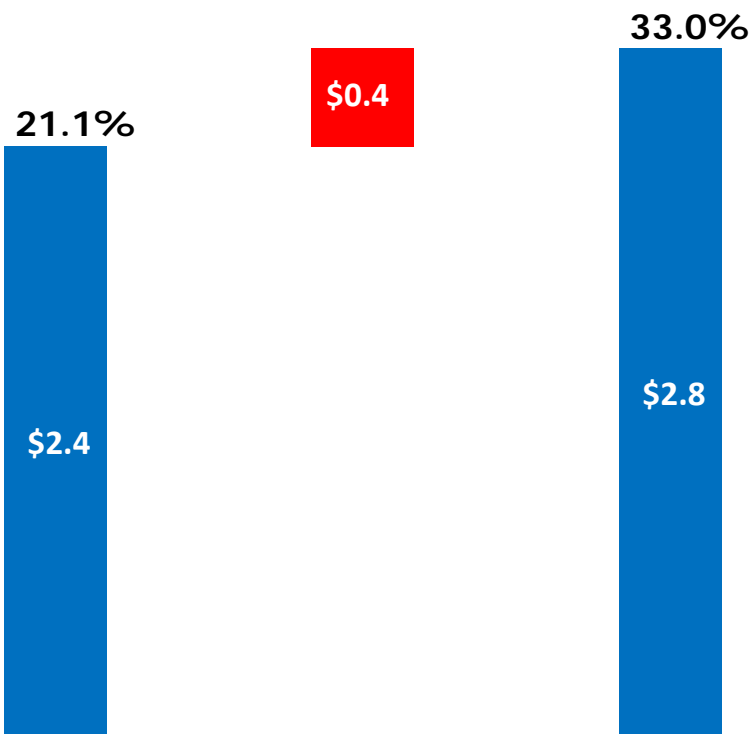


Change in ASP/SM= 2%  
Change in COS/SM= 1%

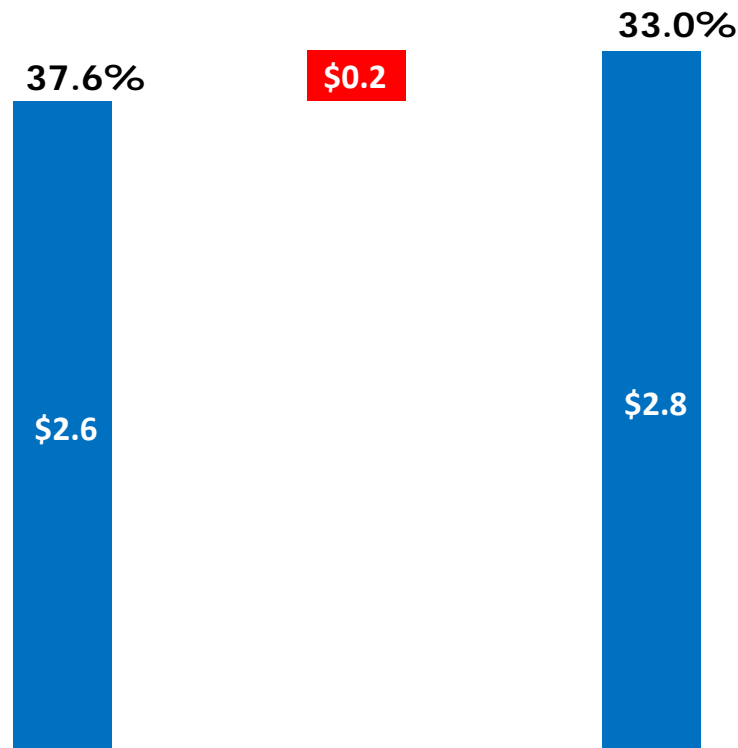
# SG&A Expense and % of Net Sales



## Year over Year



## Sequential Quarter

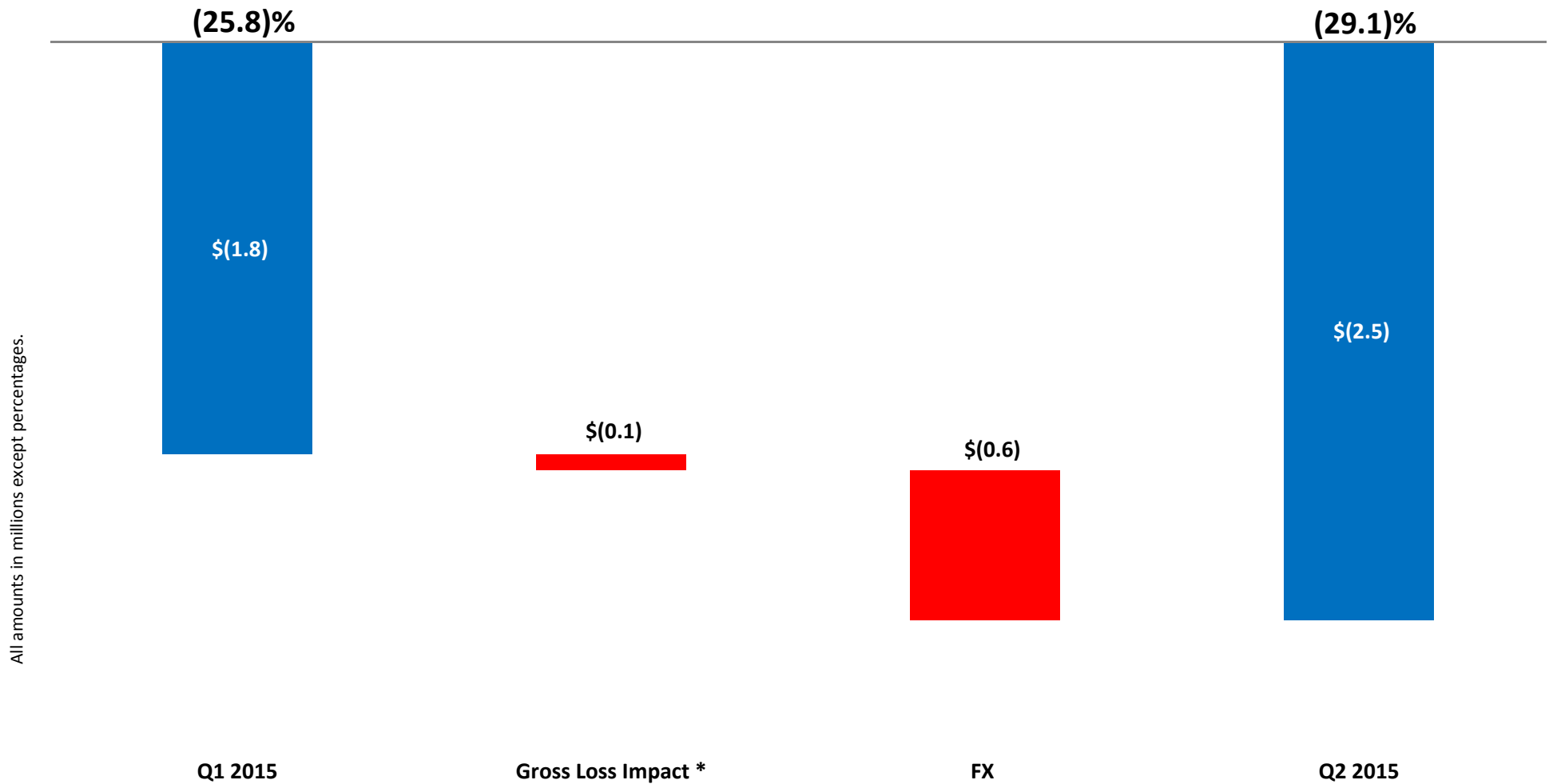


All amounts in millions except percentages.

| Positive Impact          | Negative Impact               |
|--------------------------|-------------------------------|
| Labor & benefits         | Stock-based compensation      |
| Insurance & property tax | Annual incentive compensation |
| Professional fees        | Restructuring                 |

| Positive Impact | Negative Impact       |
|-----------------|-----------------------|
|                 | Professional fees     |
|                 | State sales tax audit |
|                 |                       |

# Sequential Adjusted EBITDA



\* Represents gross loss less depreciation expense and restructuring which are not included in adjusted EBITDA metric.

# Non-operating Items and EPS



| Non-operating Items and EPS                                    | Q2 2015    | Q1 2015    | Q2 2014    |
|--|------------|------------|------------|
| FX (Loss) Gain   | \$ (0.1)MM | \$ 0.5MM   | \$ 0.0MM   |
| Effective Tax Rate Expense from Continuing Operations          | 1.6%       | 2.1%       | 57.1%      |
| Net Loss from Continuing Operations                            | \$ (3.3)MM | \$ (2.6)MM | \$ (1.6)MM |
| Diluted EPS from Continuing Operations                         | \$ (0.18)  | \$ (0.14)  | \$ (0.19)  |
| Non-GAAP Net Loss from Continuing Operations <sup>(1)</sup>    | \$ (3.2)MM | \$ (2.4)MM | \$ (3.9)MM |
| Non-GAAP Diluted EPS from Continuing Operations <sup>(1)</sup> | \$ (0.18)  | \$ (0.13)  | \$ (0.44)  |

(1) Please see appendix for reconciliation of non-GAAP measures.

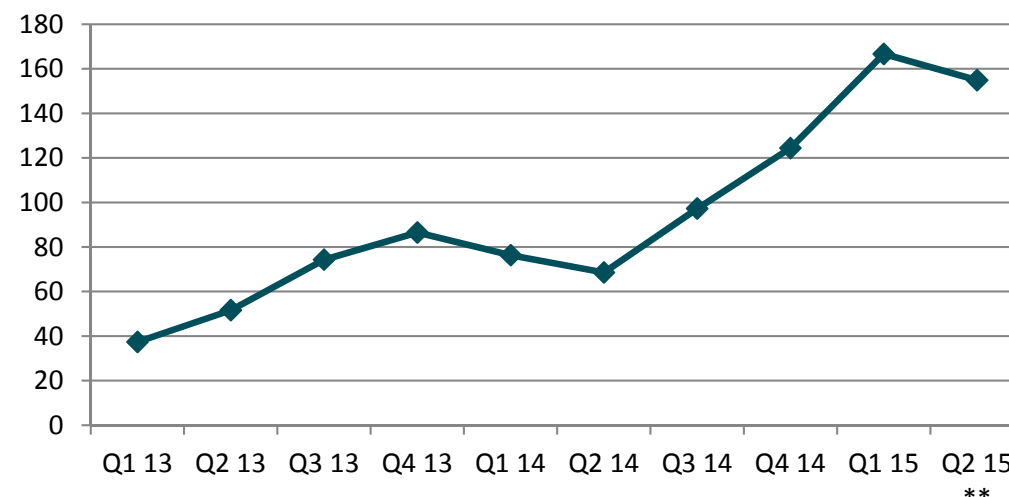
| Balance Sheet Liquidity | Q2 2015  |
|-------------------------|----------|
| Cash                    | \$10.4MM |
| Due from Zhenfa         | \$5.3MM  |
| Income Tax Receivable   | \$8.3MM  |
| Net Working Capital*    | \$5.9MM  |

\*Net working capital=accounts receivable plus inventory minus accounts payable, accrued liabilities and income tax payable

## Other Liquidity Sources

- Obtain bank acceptance notes
- Sale of Malaysia real estate and fixed assets
- Factoring arrangements
  - Spain credit facility near closing
  - Investigating facilities in China

## Quarterly DSO 2013 - 2015



\*\* Due from Zhenfa included

*Heightened Focus on Acceleration of Receivable Collections*



## Question & Answer Session