

Trina Solar (TSL)

Reports 4th Quarter and Full Year 2009 Results
 Maintaining 2010 EPS Estimate at \$2.24
 Introducing 2011 EPS Estimate of \$2.45
 Reiterate Strong Buy with New Price Target of \$38

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COMPANY UPDATE

RATING: STRONG
 BUY

4th Quarter Earnings and 2010 Guidance

Trina reported 4th quarter diluted EPS of \$0.74 which significantly beat both our estimate of \$0.56 and consensus estimates of \$0.60. The beat was attributable to strong volumes (164MW versus 154MW expected), a higher than expected ASP (\$1.90/watt versus our estimate of \$1.85/watt, driven partly by a strong Euro), a continued drop in polysilicon raw material costs (down over 20% sequentially) and consequent higher gross margin (32.6% versus 26.9% expected). Overall, it was a well-executed quarter despite a \$6 million writeoff of A/R and some FX losses.

Management issued a healthy forecast for 2010 with volume guidance of 750-800MW, up from shipments of 399MW in 2009, and noted that visibility through the first half of the year is good. For April and May, pricing appeared flat from Q1, while June could see modest declines.

Trina also noted that Germany represented approximately 30% of sales in the latest quarter. Management expects this proportion to stay constant in 2010.

We feel confident in our above-consensus forecast for 2010 and are maintaining our EPS estimate of \$2.24, while our EBITDA forecast increases from \$246MM to \$266MM.

We are introducing our 2011 estimates. Our EPS forecast of \$2.45 represents 10% growth over 2010 – earnings growth is relatively restrained despite volume growth of 35% (1,056MW in 2010) as forecast ASP and margins decline faster than costs.

We reiterate our Strong Buy on Trina with a revised price target of \$38/share (previously \$45/share), 77% above the current share price of \$21.44. We have lowered our target multiple from 20x forward EPS to 17x to account for the revaluation that has taken place across the industry over the past two months.

Company Description

Trina Solar is a leading Chinese solar module manufacturer; it produces silicon based ingots, wafers, cells and modules. The company's products globally.

Stock Data

Ticker/Exchange:	TSL/NYSE (ADS)
Price:	\$21.44
Price Target:	\$38
52-week Range:	\$2.88 – 31.19
ADS ratio:	50 shares = 1 ADS
ADS Equiv. Out (Diluted, mm):	69.346
Market cap (\$mm):	\$1,302
EV (\$mm):	\$1,477
Avg. Daily Trading Vol (\$mm):	\$70.8

Revenues (US\$ million)

	2009	2010EOld	2010ENew	2011E
Q1	\$132A	\$257E	\$316E	\$261E
Q2	\$150A	\$287E	\$334E	\$313E
Q3	\$250A	\$324E	\$290E	\$390E
Q4	\$313A	\$342E	\$305E	\$429E
Total	\$845A	\$1,210E	\$1,246E	\$1,393E

Earnings Per ADS

	2009	2010EOld	2010ENew	2011E
Q1	(\$0.21)A	\$0.53E	\$0.50E	\$0.28E
Q2	\$0.35A	\$0.61E	\$0.71E	\$0.56E
Q3	\$0.65A	\$0.56E	\$0.45E	\$0.67E
Q4	\$0.74A	\$0.54E	\$0.58E	\$0.93E
Total	\$1.68A	\$2.24E	\$2.24E	\$2.45E
P/E	12.8x	9.6x	9.6x	8.8x

EBITDA (US\$ million)

	2009	2010EOld	2010ENew	2011E
Q1	\$14A	\$57E	\$65E	\$45E
Q2	\$26A	\$65E	\$75E	\$71E
Q3	\$53A	\$63E	\$57E	\$82E
Q4	\$73A	\$62E	\$69E	\$107E
Total	\$167A	\$246E	\$266E	\$305E
EV/EBITDA	8.8x	6.0x	5.5x	4.8x

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