JinkoSolar - Q4 2024 Transcript

03/26/2025

Transcript

Operator (participant)

Hello, ladies and gentlemen, and thank you for standing by for JinkoSolar Holding Co., Ltd.'s fourth quarter 2024 earnings conference call. At this time, all participants are in a listen-only mode. After management's prepared remarks, there will be a question-and-answer session. As a reminder, today's conference call is being recorded. I would now like to turn the meeting over to your host for today's call, Ms. Stella Wang, JinkoSolar's Investor Relations. Please go ahead.

Stella Wang (Investor Relations Officer)

Thank you, Operator. Thank you, everyone, for joining us today for JinkoSolar's fourth quarter 2024 earnings conference call. The company's results were released earlier today and available on the company's IR website at www.jinkosolar.com, as well as on newswire services. We have also provided a supplemental presentation for today's earnings call, which can also be found on the IR website. On the call today from JinkoSolar are Mr. Li Xiande, Chairman and CEO of JinkoSolar Holding Co., Ltd., Mr. Gener Miao, CMO of JinkoSolar Co., Ltd., Mr. Pan Li, CFO of JinkoSolar Holding Co., Ltd., and Mr. Charlie Cao, CFO of JinkoSolar Co., Ltd. Mr. Li will discuss JinkoSolar's business operations and company highlights, followed by Mr. Miao, who will talk about the sales and marketing, and then Mr. Pan Li, who will go through the financials.

They will all be available to answer your questions during the Q&A session that follows. Please note that today's discussion will contain forward-looking statements. Made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, forward-looking statements involve inherent risks and uncertainties. As such, our future results may be materially different from the views expressed today. Further information regarding this and other risks is included in JinkoSolar's public filings with the Securities and Exchange Commission. JinkoSolar does not assume any obligation to update any forward-looking statements except as required under the applicable law. It's now my pleasure to introduce Mr. Li Xiande, Chairman and CEO of JinkoSolar Holding. Mr. Li will speak in Mandarin, and I will translate his comments into English. Please go ahead, Mr. Li.

Xiande Li (Chairman and CEO)

凭借在 N型TOPCon 抗击技术和专利布局、有竞争力的产品、全球化的营销和市场布局等优势，我们在充满挑战的2024年取得更有韧性的经营业绩。全年组件出货量同比增长18.3%，达到了92.9个GW，位列行业第一。2024年持续的供需失衡导致了组件价格的下跌，叠加落后产能、淘汰等短期因素影响，我们的盈利水平同比大幅降低，全年毛利率为10.9%。相比2023年为16%，净利润为790万美金，同比下降98.3%。四季度组件出货量为25.2个GW，符合我们的指引。由于四季度有超过50%的组件销完价格较低的中国市场，同时海外高价订单占比环比减少，四季度组件交付价格与盈利均环比下降，四季度毛利率为3.6%，相比三季度的15.7%。净亏损为6,490万美金，相比三季度净利润为320万美金。

Stella Wang (Investor Relations Officer)

We delivered more resilient operating results in the challenging year of 2024 with our leading position in N-type TOPCon technology and patent portfolio, competitive products, as well as global sales and manufacturing networks. Our annual module shipments increased by 18.3% year over year to about 93 GW, ranking first in the industry. The ongoing imbalance between supply and demand led to a decline in the module prices in 2024. Combined with the impact of short-term factors such as the elimination of obsolete production capacity, our profitability dropped significantly year over year. Gross margin was 10.9% in 2024, compared to 16% in 2023. Net income was $7.9 million, down 98% year over year.

Module shipments were 25.2 GW in the fourth quarter, in line with our guidance, as over 50% of modules were shipped to the domestic market, where the price was lower, and the proportion of higher-priced overseas orders declined sequentially. Both module ASP and profits decreased sequentially. Gross margin was 3.6% in the fourth quarter, compared to 15.7% in the third quarter. Net loss was $64.9 million, compared to net income of $3.2 million in the third quarter.

Xiande Li (Chairman and CEO)

2024年全球光伏行业仍保持较高速的增长。根据国家能源局数据，2024年国内光伏新增装机规模约277个GW，同比增长28%，再创历史新高。根据第三方机构InfoLink数据显示，2024年中国光伏组件出货达236个GW，同比增长13%。与此同时，行业供需矛盾加剧导致终端价格下行，产业链可缓解盈利承压。为推动光伏行业尽早恢复健康发展，国家层面从供需两侧发力，化解产业链结构矛盾。行业协会、企业等各方面在努力推进和参与。11月，有关部委针对光伏行业在新增产能制造门槛提升、出口退税下调等方面陆续发布政策。12月，光伏行业龙头企业就现产价和现产达成自律联盟，并积极履行自律行动。近期，国家发改委和能源局联合发布了新能源上网电价市场化改革的政策，以促进行业高质量的发展。在行业自律和一系列政策引导下，叠加春节后的需求回暖，产业的价格及组件价格已企稳回升。

Stella Wang (Investor Relations Officer)

In 2024, the global PV industry maintained a fast growth momentum. According to NEA data, newly added installation in China was 277 GW in 2024, an increase of 28% year over year, setting a record high. According to InfoLink Consulting, China's module exports reached 236 GW in 2024, an increase of 13% year over year. Intensified supply and demand imbalances led to a downward trend in end product prices, putting profits under

pressure in all segments of the industrial chain. In order to return the industry to healthy development, the national authorities took steps to resolve the structural imbalance between supply and demand with the participation of industry associations and manufacturers. In November, state departments announced policies to raise entry barriers for new manufacturing capacities, reduce export tax rebates, and other measures. In December, leading PV enterprises signed a self-discipline pledge aimed to limit low-price competition and reduce production.

Recently, the NDRC and NEA announced a policy on market-based reforms for on-grid renewable energy pricing, aimed at promoting high-quality industry development. Guided by industry self-discipline and supportive policies, price in the industry, as well as other module prices, have stabilized and started to rebound.

Xiande Li (Chairman and CEO)

我们致力于持续地研发、投资和创新的产品的量产，来保持动态领先。截至四季度末，TOPCon电池平均量产的效率接近26.5%，黄金线达到了26.7%以上。近期我们已经开始布局超高效的Tiger Neo三代产品的量产，预计2025年底将形成较大规模的产能。

Stella Wang (Investor Relations Officer)

We are committed to maintaining technology leadership through continuous R&D investments and mass production of innovative products. By the end of the fourth quarter, the average mass-produced N-type cell efficiency reached nearly 26.5%, and the efficiency on the highest-performing production lines, our Golden area, reached over 26.7%. In addition, we have recently initiated production of third-generation Tiger Neo products, with large-scale production expected by the end of this year.

Xiande Li (Chairman and CEO)

我们持续淘汰落后产能，同时进一步完善全球制造的能力建设。我们在山西的N型超级工厂，我们持续通过自动化设备的投入、工艺改进等降低提效。美国两个计划N型组件产能基本满产，沙特项目努力推进中。随着我们本土化供应链的不断完善，我们有信心继续满足客户对本体生产的高质量和稳定供应产品的服务的需求。

Stella Wang (Investor Relations Officer)

We continue to phase out outdated production capacity while further enhancing our global manufacturing capabilities. At our Shanxi N-type Super Factory, we take ongoing efforts to reduce costs and improve efficiency through the introduction of automated equipment and process optimization. Our 2 GW N-type module production capacity in the U.S. is operating at nearly full capacity, while our Saudi Arabia project is progressing steadily. As we continue to strengthen our localized supply chain, we are confident in our ability to meet customer demands for locally produced high-quality and stable product supply and services.

Xiande Li (Chairman and CEO)

近期作为唯一一家组件企业，我们入选了标普全球发布的2025年可持续发展年鉴。在最新的标普CSA评级中获得69分，在行业前五大光伏组件企业中排名第一。此外，在国外权威指数机构MSCI发布的ESG评级中，我们连续两年获评BBB级。这些表彰是对我们在ESG方面不懈努力的高度肯定。

Stella Wang (Investor Relations Officer)

Recently, we were included in the S&P Global 2025 Sustainability Yearbook as the only solar module company. In the latest corporate sustainability assessment, CSA results released by S&P Global scored 69 points, ranking first among the top five PV module companies. In addition, we received a BBB rating for the second consecutive year in the MSCI ESG ratings. These recognitions are a strong testament to our continuous efforts in ESG.

Xiande Li (Chairman and CEO)

我们高度重视对知识产权的保护，专注于通过广泛的知识产权保持在全球的技术领先。截至四季度末，我们建立了强大的专利组合，其中包括462项TOPCon的授权专利，是全球持有TOPCon授权专利最多的企业之一。我们的TOPCon授权专利覆盖了美国、欧洲、日本、澳大利亚、中国等多个国家和地区。近期我们收到了有关提起的专利侵权指控。经初步审查后，我们认为这些指控缺乏事实和法律依据，已在联合法律顾问、技术专家等积极应对。作为行业的创新引领者，我们充分尊重知识产权倡导、公平竞争，并将坚决捍卫自身的合法权益。我们相信，这也是推动行业健康发展的关键。

Stella Wang (Investor Relations Officer)

We place great importance on intellectual property protection and are committed to maintaining our global technological leadership through an extensive IP portfolio. By the end of the fourth quarter, we had built a strong patent portfolio, including 462 granted TOPCon patents, making us one of the world's leading holders of TOPCon-related patents. Our TOPCon patent portfolio covers a substantial number of countries and regions, including the United States, Europe, Japan, Australia, China. Recently, we received patent infringement claims from some competitors. After a preliminary review, we believe these allegations lack both factual and legal merits. We are actively responding in collaboration with legal advisors and technical experts. As an industry leader in innovation, we fully respect intellectual property rights and advocate for fair competition while firmly defending our legitimate rights and interests. We believe that upholding these principles is essential for the healthy development of the industry.

Xiande Li (Chairman and CEO)

短期来看，随着一些光伏行业头部企业的经营业绩陷入巨大亏损，行业或已进入深度的调整期。一些不具备成本和效率竞争者，产品和技术迭代能力以及全球化能力的企业会持续出清，推动行业恢复供需平衡。中长期来看，根据国家能源署IEA预测，到2030年可再生能源将满足全球近一半的电力需求，其中风能和太阳能光伏发电量所占份额将翻一番，达到30%。光伏的增长空间依然亮眼。我们凭借敏锐的市场判断和高效的执行力，曾多次创业行业的租金起伏。我们相信这些也将继续帮助我们应对未来的挑战，并在不断变化的市场机遇面前做好准备。

Stella Wang (Investor Relations Officer)

In the short term, as some leading PV companies face significant financial losses, the industry may have entered a deep adjustment period. Companies lacking competitive costs and efficiency, product and technology iteration capabilities, and global expansion capabilities are likely to be phased out, helping restore supply and demand balance to the industry. In the medium to long term, according to IEA data, renewable energy is expected to supply half of global electricity demand by 2030, with wind and solar PV generation doubling their share to 30%. This highlights the vast growth potential of the PV industry. With our extensive market insights and strong execution capabilities, we have successfully navigated industry cycles several times. We are confident these strengths will continue to help us overcome future challenges and position us strongly for emerging opportunities.

Xiande Li (Chairman and CEO)

话题交给Gener之前，我来介绍一下业绩指引。预计2025年底N型电池量产效率将达到27%左右。我们对2025年产能投资更谨慎。除了TOPCon技术升级之外，无其他新增产能。预计2025年底单晶硅片、高效电池和组件的产能达到120个GW、95个GW和130个GW。2025年第一季度组件出货量在16个GW到18个GW之间。2025年全球组件出货量85个GW到100个GW之间。我们也将持续优化资产负债结构，保持合理的现金储备，以提升抗风险能力。

Stella Wang (Investor Relations Officer)

Before turning over to Gener, I would like to go over our guidance for the first quarter and the full year of 2025. By the end of 2025, we expect mass-produced N-type cell efficiency to reach approximately 27%. We are taking a more cautious approach to capacity expansion in this year. Besides upgrades to TOPCon technology, there is no newly added capacity. We expect new production capacity for mono wafers, solar cells, and solar modules to reach 120, 95, and 130 gigawatts respectively by the end of this year. We expect module shipments to be between 16-18 gigawatts for the first quarter of 2025 and between 85-100 gigawatts for the full year 2025. We will also continue to optimize our assets and liability structure while maintaining a healthy cash reserve, further strengthening our resilience to risks.

Gener Miao (CMO)

Thank you, Mr. Li. We are proud to have reached a historical high quarterly and annual module shipments, leveraging our global sales network and product strength. Total shipments were approximately 26.5 GW in the fourth quarter, with module shipments accounting for 95%. Annual module shipments were 93 GW, ranking first in the industry. This marks the sixth year in the past decade that we have won the global module shipment championship. We continue to improve our product efficiency and quality and expand our client service network as our brand influence continues to grow. By the end of the fourth quarter, we were leading the industry as the first PV enterprise to reach the milestone of accumulative module shipment over 300 GW, covering nearly 200 countries and regions.

In terms of geographic mix for the full year, 60% of our modules were shipped overseas, primarily Europe, India, Asia-Pacific, Middle East, and Africa. Shipments to North America accounted for around 8%, in line with our expectations. We further optimized our product with the portion of N-type Tiger Neo series exceeding 95% in the fourth quarter and nearly 90% for the full year. Recently, we ranked number one in the Global Solar Module Manufacturer Ranking 2025 report published by Wood Mackenzie. In addition, we were ranked as the most bankable solar module company in the 2024 PV Module Bankability Survey by Bloomberg. We were also the only solar module company to receive a 100% bankability rating in this year's survey.

All these are strong evidence of recognizing our stable financial conditions, as well as high efficiency and reliable products and services by our global customers, financial institutions, and other industry stakeholders. In 2024, the newly added 277 gigawatts in domestic installation exceeded expectations, with 70 gigawatts in December, all historical highs. Looking forward to 2025, newly added installations in China are expected to be 270 gigawatts or higher, and the global PV demand is expected to be around 700 gigawatts. We will continue to leverage our advantage in products, brands, patent portfolios, and global channels to provide better products and services to our global clients. With that, I will turn the call over to Pan.

Pan Li (CFO)

We are pleased to report that our total module shipments increased 18.3% year over year in a challenging year. As module prices declined in the fourth quarter, we enhanced control over costs and expenses, reducing operating expenses by about 27% sequentially. In addition, we improved operating efficiency by optimizing our asset and liability structure, as well as operating cash flow. By the end of the fourth quarter, our asset liability ratio was 72%, a significant improvement from 75% at the beginning of the year. Our cash and cash equivalents were RMB 3.8 billion. We will continue to optimize our asset and liability structure and maintain healthy cash reserves in the new year, further strengthening our resilience to risks. Let me go into more details now. Total revenue was RMB 2.83 billion, down 15.7% sequentially, and down 37% year over year.

Gross margin was 3.6%, compared with 15.7% in the third quarter of 2024 and 12.5% in the fourth quarter of 2023. The sequential and year-over-year decreases were mainly due to the decrease in average selling price of solar modules. Total operating expenses were about $380 million, down about 26% sequentially and same year over year. The sequential and year-over-year decreases were mainly due to the decrease in shipping costs. Total operating expenses accounted for 13% of total revenues in the fourth quarter of 2024, compared to 15% in the third quarter. Operating loss margin was 9.8% in the fourth quarter, compared with operating profit margin of 0.3% in the third quarter. Now, a brief view on our 2024 full year financial results. Total module shipments were 92.87 GW, up 18.3% year over year. Total revenues were $12.64 billion, down 22% year over year.

For the full year 2024, gross profit was $1.4 billion, a decrease of 47% year over year. Gross margin was about 11% compared to 16% in 2023. The year-over-year decrease was mainly attributed to the decrease in the average selling price of modules. Total operating expenses were $1.84 billion, up about 4% year over year. The increase was mainly attributed to the write-off of net book value of equipment resulting from the fire accident in Shanxi Province, which was partially offset by the estimated insurance proceeds from the fire accident, and also an increase in the impairment loss of long-lived assets. Operating loss margin for full year was 3.7% compared with operating profit margin of 5% for full year last year of 2023.

Excluding the impact from a change in fair value of notes and a change in fair value of long-term investment, also our share-based compensation expenses, the net loss resulting from a fire accident in Shanxi Province in April 2024, and the impairment of long-lived assets, adjusted net income attributable to JinkoSolar Holding ordinary shareholders was about $78.3 million in 2024. Moving to the balance sheet, at the end of the fourth quarter,

our cash and cash equivalents were $3.8 billion, a significant increase compared with $3.2 billion at the end of the third quarter of 2024 and $2.7 billion at the end of the fourth quarter of 2023. AR turnover days were 80 days compared with 90 days in the third quarter of 2024. Inventory turnover days were 57 days compared with 66 days in the third quarter of 2024, as a result of improved operating efficiency.

At the end of the fourth quarter, total debt was RMB 5.56 billion compared to RMB 4.38 billion at the end of the fourth quarter of 2023. Net debt was RMB 1.76 billion compared to RMB 1.63 billion at the end of the fourth quarter of 2023. This concludes our prepared remarks. We are now happy to take your questions. Operator, please proceed.

Operator (participant)

Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. Your first question comes from Brian Lee with Goldman Sachs. Please go ahead.

Tyler Bisset (Analyst)

Hey, guys. This is Tyler Bisset on from Brian. Thanks for taking our questions. We saw the U.S. Department of Commerce recently increase import tariffs from Vietnam. Can you share what you are embedding in your guidance and the potential impact of these tariffs on your margins, as well as any changes to your pricing strategy in the U.S. this year?

Gener Miao (CMO)

Can you rephrase which tariff you are mentioning? Is that just ADCVD or something else you are referring to?

Tyler Bisset (Analyst)

Yeah, the ADCVD ones.

Gener Miao (CMO)

Yeah, the ADCVD. I think we have prepared all the solutions on that. Currently, we are not suffering on the ADCVDs. Our current utilization in our U.S. factories is full. Also, we are utilizing the other supply chain to try to provide the solutions to the U.S. market without paying additional costs on the ADCVD tariffs. Currently, we do not expect that that will bring us a big negative impact on our margins. However, the demand in the U.S. is the key factors. If the demand in the U.S. market is weak, it probably will bring the whole market headwinds on the margin side. It is not quite related to the ADCVDs.

Tyler Bisset (Analyst)

Great. On that topic, can you share your expectations for U.S. shipments this year and whether you might potentially pull back from the U.S. market given the higher tariffs?

Gener Miao (CMO)

I don't think I got the full picture of your questions. I guess your question is more about the shipment to the U.S. Now, it's still early to define our shipment volumes to the U.S. because the policy is still uncertain. We have heard a lot of rumors regarding the trade barriers regarding these IRAs, etc. We are still expecting a reasonable range. How far it goes, we will try to define that once the policy is clear, and we can have more clarity on that. Thank you.

Operator (participant)

Your next question comes from Philip Shen with Roth Capital. Please go ahead.

Philip Shen (Analyst)

Hey, guys. Just following up on the recent import or recent CVD tariffs. You mentioned just now, Gener, that you could serve the U.S. with an alternative supply chain. Can you give us a little more clarity on that? Would you serve the U.S. from Saudi Arabia up and running yet? My sense is it might take a little more time. Just curious if you can share more color there. Thanks.

Gener Miao (CMO)

Yeah. I think there are still quite a lot of available capacities outside the ADCVD scope, which is, I think, four countries in Southeast Asia. Looking to the map, I do not want to mention any particular countries or supplier names. We see quite several availabilities on the market, which can supply to the U.S. market, which can be a short-term solution. For Jinko's strategy, we do not plan to invest on that. We probably will hire some OEMs to try to utilize the short-time opportunity together with our IP strengths.

Philip Shen (Analyst)

Okay. Got it. Thank you. And then shifting over to pricing, was wondering if you could give, well, actually, let's focus on margins. In terms of your Q4 margin, I heard the weakness was driven primarily by price and maybe greater mix to China. So can you share what your expectation is for Q1 margin and then how you think that margin trends in Q2 and Q3? Thanks.

Charlie Cao (CFO)

Philip, this is Charlie. In terms of the outlook for the gross margins and the Q4, the fourth quarter last year, it is a downward trend, right? We have a lot of shipments in China. The supply and the demand imbalance put the market price under pressure. The first quarter is a slack season for the solar sectors. We expect the gross margin will continue to be moderately declined. With the improvement outlook, we expect gradually a balance between the supply and the demand side. As well as China push demand, in the second quarter, the module price is gradually improved. We expect in the second quarter, there is high opportunities the gross margin will improve moderately. If you look for the long-term perspective, we strongly believe the solar sector is at the bottom side.

The top-tier companies are very disciplined in terms of output, in terms of pricing strategy. It still takes time for the balance, particularly from the supply side. For the long-term perspective, we are still optimistic.

Philip Shen (Analyst)

Okay. Thank you, Charlie. Hey, I want to make sure I heard you right. Did you say Q1 margins could be lower than Q4?

Charlie Cao (CFO)

Yes, you're right. It is a slack season. We expect several orders we signed in the first half of last year, the price is relatively lower, and the volume is lower. The gross margin we expect is relatively lower in the first quarter.

Philip Shen (Analyst)

Got it. We have negative margin in Q1?

Charlie Cao (CFO)

We'll improve, but improve in the second quarter. What are you talking about, net margin?

Philip Shen (Analyst)

No, we're talking about gross margins.

Charlie Cao (CFO)

Sorry. Gross margin, yes. Q1 is slightly lower than Q4 and improved moderately in the second quarter.

Philip Shen (Analyst)

Okay. Thank you. One last housekeeping question. What's your expectation for CapEx for 2025?

Pan Li (CFO)

Hello.

Charlie Cao (CFO)

Repeat your remarks.

Sorry, Philip.

Pan Li (CFO)

Yeah. For CapEx in 2025, we expect it will be much lower than this year. It's approximately RMB 4-5 billion, yeah.

Philip Shen (Analyst)

Okay. Great. Thank you for taking my questions. I'll pass it on.

Operator (participant)

Your next question comes from Alan Lau with Jefferies. Please go ahead.

Alan Lau (Analyst)

Thanks for taking my question. I would like to follow up Philip's question on margin. The margin in Q4 was affected by a couple of things, like higher China shipment and module prices was lower. 2Q is expected to be better. How about second half, considering because before we were discussing, there might be more US shipment in the second half, and utilization rates are likely to be higher in the second half as well. We'd like to know what's the view after 2Q in terms of margin.

Charlie Cao (CFO)

It depends on the market situation in the second half year. We expect maybe a little bit soft demand in the third quarter after the push demand from China pick up in the fourth quarter. The most important thing is the capacity, the capacity phase-out in industries, and the demand gradually pick up,

including the U.S. U.S. now, the policy is uncertain. It's not only the ADCVD; it includes the tariffs, reciprocal tariff, aluminum tariffs. A lot of uncertainties. We expect after the policy to be finalized, the U.S., from the long-term perspective, we are very optimistic given the AI innovations and leading significant demand in electricity. For the short term, the first half year, U.S., and we expect relatively soft. It's highly possible it's going to improve after the finalization of the policies.

Alan Lau (Analyst)

Yep. Thank you. Following on the previous share buyback plan, we'd like to know after the result announcement right now, will the company start buyback? Also, would there be another period of blackout after 31st of March, which is a couple of days from now? How does the management consider in terms of the buyback pace? Is it linked to the issuance of GDR of the Asia subsidiary?

Charlie Cao (CFO)

It's a non-necessary link to the GDR timetables. We plan to increase the total shareholder returns this year up to $200 million, including the dividend and including the purchase of shares. We believe we have sufficient cash positions, including the U.S. holding company as $120 million cash. For the ecosystem investment portfolio, financial investment, we have roughly, I think, $150 million. We're trying to divest of the ecosystem of the investment. In terms of timings, it's a very short-term window this quarter because it's going to be, it's reaching to the end of the first quarter. I don't believe we have sufficient days to start the purchase of the shares this quarter after Q1 earning release. I think we are thinking of both of the dividends and the purchase of shares.

Alan Lau (Analyst)

Okay. To confirm, first of all, it's not related to GDR, right?

Charlie Cao (CFO)

Yes, yes. We do not believe that is related to GDR. GDR is the issuer. It is planning to issue the GDR in Germany and by the US. I do not believe that is as relevant because we plan to divest the ecosystem investment. We have some portfolio companies which have been listed in Asia. We take a minority interest so we can cash out the investment.

Alan Lau (Analyst)

Understood. First of all, the company already has $120 million in HoldCo. Secondly, we'd like to know, is there any lockup period in terms of the minority financial investment in Asia? Because sometimes there may be lockup period, etc.

Charlie Cao (CFO)

Yes. Some of the investments, it did have some lockup period. Some of the investment, we try to do the private sale. We have completed one private sale and one public sale around $20 million in the first quarter. Some of the investment, we are not able to sell until the fourth quarter of this year. It is under our schedule.

Alan Lau (Analyst)

That's right. I think the next question is about the China supply side reform policies because there has been a lot of discussions on government policies. We'd like to know the company's view, given that Jinko is the leader in the self-discipline initiative. We'd like to know, do you see any policies coming out from the government as well?

Charlie Cao (CFO)

We are not in a position to comment on the details. Again, I think the solar sector, the EV sector is a key sector. I think the government keeps an eye. I think in the last national NPC meetings, there is some kind of general release from the government. We would expect some supply reform policies coming out.

Alan Lau (Analyst)

Thank you. Thank you. My last question is about updates on the Saudi capacity. Is it on schedule to be completed by first quarter 2026? How is the orders contracted in that plant?

Charlie Cao (CFO)

Saudi's Super Factory is a strategic move for Jinko to do the globalizations. We work with PIF and the Vision Industries. It is in the early preparation stage. There is a lot of work in progress. We target to break the ground by the end of the second quarter. We expect the fully operational and the ramp up will be the end of next year.

Alan Lau (Analyst)

Thank you. I'll pass on. Thanks a lot, Charlie.

Operator (participant)

Your next question comes from Rajiv Chaudhri with Sunsara Capital. Please go ahead.

Rajiv Chaudhri (Analyst)

Good morning. I have a couple of questions. The first is about market share. If last year, 2024, was around 600-625 gigawatts, and you can confirm that number, and this year you're expecting 700 gigawatts, then I'm curious why you think that your market share this year will actually be slightly down or not more than flat from last year. Actually, you are saying that your market share will be slightly down. Could you elaborate on that, please?

Charlie Cao (CFO)

Rajiv, I think we did not look at it from that perspective. We did expect the total market size will improve moderately, but not significantly this year. What we guide is a kind of very broad range, 85 gigawatts-100 gigawatts. The industry is under the consolidation stage. The more important thing is we keep the investment on the technology and the capabilities to make Jinko has the capabilities to go through the cycles. We do not believe that is so important. We stick to some fixed numbers of market share. After the consolidations, I think Jinko will be in a good position to increase the market shares. I think our marketing department has a long-term vision, and we are able to achieve 20%-25% global market share from the long-term perspective.

Rajiv Chaudhri (Analyst)

Okay. You are saying that even though in the near term, your market share may not go up, you are basically letting the people who have the highest costs and the highest losses sell whatever they can produce this year, and then you will be back in subsequent years. Another question is on depreciation. Could you give the number for the fourth quarter and for 2025?

Charlie Cao (CFO)

Yeah. Maybe Pan will provide your numbers.

Rajiv Chaudhri (Analyst)

Okay.

Charlie Cao (CFO)

Do you have your numbers?

Pan Li (CFO)

Yeah. Thank you for the first question. The number would be approximately RMB 1.6 billion-RMB 1.7 billion in the Q4.

Rajiv Chaudhri (Analyst)

Can you give the number for the expectation for 2025?

Pan Li (CFO)

Rajiv, this number is still pending for check for the 2025.

Rajiv Chaudhri (Analyst)

Okay. Final question. Can you talk about free cash flow expectations for 2025?

Charlie Cao (CFO)

Rajiv, from the operating cash flow perspective, we target to be positive. This year, you understand, and it's still a challenge year, particularly we believe the first half year. From an operation perspective, we try to, let's say, improve the cash inflow as well as cutting operating expenses and to achieve at least the positive operating cash flows. For the CapEx, we estimate RMB 4 billion, which is focused on the upgrade of the TOPCon technology and make sure Jinko is in the best position to lead from the product perspective as well as some automation upgrades and to further reduce our production cost. Back to your question, free cash flow may be negative, but not so significant. If the outlook and the supply-demand balance situation improves significantly, we expect we will achieve better numbers. Now we play a conservative approach.

If you look at last year, even we did deliver a very good operating cash flow, roughly CNY 8.5 billion versus roughly CNY 9 billion CapEx. Free cash flow is kind of near to zero. This year, 2025, I think we focus on the key operating metrics, operating cash flows.

Rajiv Chaudhri (Analyst)

Thank you. Thank you.

Operator (participant)

There are no further questions at this time. That does conclude our conference for today. Thank you for participating. You may now disconnect.