JinkoSolar - Q1 2025 Transcript

04/29/2025

Transcript

Operator (participant)

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, Stella Wang, JinkoSolar's Investor Relations. Please proceed, Stella.

Stella Wang (Head of Investor Relations)

Thank you, operator. Thank you, everyone, for joining us today for JinkoSolar's first quarter 2025 earnings conference call. The company's results were released earlier today and are 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, Mr. Xiande Li, Chairman and CEO of JinkoSolar Holding Co., Ltd.; Mr. Gener Miao, CMO of JinkoSolar Company Limited; Mr. Pan Li, CFO of JinkoSolar Holding Co., Ltd.; and Mr. Charlie Cao, CFO of JinkoSolar Company Limited. 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 be available to answer your questions during the Q&A session that follows. Please note that today's discussion will contain forward-looking statements. We, 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. Xiande Li, 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)

一季度组件出货量为10天低，17.5个G网，收入为19.1亿美金。一季度光伏行业主产业链价格整体处于低位，叠加国际贸易政策的变化，调动需求，行业一体化各环节利润水平承压。在市场充满挑战的情况下，我们依然履行了对客户的交付，并通过供应链优化、生产计划、经营计划的调整等降低成本。由于美国市场出货同比下滑，海外高价订单持续减少，一季度组件交货价格和盈利同比和环比均下跌，一季度净亏损为1.8亿美金。

Module shipments reached 17.5 GW, with revenues of $1.91 billion for the first quarter of 2025. Prices across the main solar industrial chain were low in the first quarter. This, combined with disruptions in demand caused by changes in international trade policies, pressured profit margins in each segment of the integrated solar supply chain. Despite this challenging market environment, we fulfilled our delivery commitments to our customers and reduced the costs through supply chain optimization, adjustments in production and operation plans, and other measures. Due to year-over-year decline in shipments to the U.S. market and a continued decline in higher price overseas orders, our module prices and profitability decreased both year-over-year and essentially in the first quarter. Net loss was approximately $180 million for the first quarter.

据国家能源局统计，2025年1月到3月国内新增装机59.7G网，同比增加31%。国内光伏需求在去年高基数被检查，仍体现韧性。市场自我调节和企业的高质量发展行动逐渐体现成效。1到3月后国内光伏组件招标月度均价稳步回升，报价回归理性。近期随着分布式政策和电力市场化政策强穿时点的临近，市场情绪有所降温。分布式组件价格较前期高点有所回落。与此同时，美国对等关税等国际贸易政策的变化持续对光伏行业带来一定调动。面对这诸多挑战，我们灵活调动了出货量区域布局和供应链策略，并与客户保持了密切的沟通和协商。凭借敏锐的市场判断和高效的执行力，我们始终致力满足客户对我们高效可靠产品的需求，在把握市场变化的同时保持经营的可持续性。目前我们的订单可见度在60%到70%，其中印太和中东非超过80%。

According to data from the NEA, new installations in China in the first quarter amounted to 59.7 GW, an increase of 31% year-over-year. Resilience was seen in domestic demand despite the higher comparison base in 2024. Market self-regulation and high-quality development initiatives by manufacturers were gradually effective. From January to March, average monthly bidding prices for solar modules steadily recovered in the domestic market, and bidding prices returned to a more rational level. Recently, as the policy cut-off deadlines for distributed solar regulations and market-based renewable price reform on April 30 and May 31st approached, market sentiment has cooled down to some extent, and distributed module prices have fallen back from their previous highs. At the same time, changes in international trade policies, such as reciprocal tariffs in the U.S., have continued to bring certain disruptions to the PV industry.

In response to these challenges, we have flexibly adjusted our supply chain strategy and regional shipment mix, while maintaining close communication and negotiation with our customers. Relying on our extensive market insights and efficient execution, we remain committed to meeting customer demands for our high-efficiency and reliable products, maintaining operations continuity while adapting to market dynamics. Currently, visibility of our order book stands at 60%-70%, with Indo-Pacific and Middle East and Africa exceeding 80%.

相比增加原是光伏行业的主权发展的主旋律，终端客户对高功率产品的需求在快速增长，以进一步降低度电成本。由于行业大部分常规TOPCon产能在升级改造方面存在限制，不同的企业在TOPCon电池效率、产品功率和成本端的差异逐渐拉大。我们认为，拥有高效电池产能和高功率产品的企业在市场竞争中掌握主动权。

Cost reduction and increasing efficiency remain the main things in the development of the PV industry, and customers' demand for high-power products is growing rapidly to further reduce LCOE. Due to limitations in the upgrading and transformation of most conventional TOPCon capacity in

the industry, differences between manufacturers in TOPCon cell efficiency, product performance, and cost are gradually widening. We believe that companies with high-efficiency cell capacity and high-power products will have a competitive advantage in the market.

截至一季度末，我们的TOPCon三代产品的电池量产效率已超过26.6%。我们持续推进对现有TOPCon产能的升级改造，通过导入半片动化、无阻栓等技术，预计TOPCon三代产品相较行业常规TOPCon产品的功率上有20瓦到30瓦的领先。同时，我们在研发端持续突破。截至一季度末，基于TOPCon技术的盖带宽叠层电池实验室效率达到34.22，再次刷新记录。

By the end of the first quarter, the mass-produced cell efficiency for our third-generation TOPCon products exceeded 26.6%. We continued to upgrade existing TOPCon capacity with the introduction of technologies such as half-cell passivation max and 20 busbar. We expect the power of our third-generation TOPCon products to have a 20 W-30 W advantage compared to previous generation TOPCon products in the industry. Meanwhile, we kept making breakthroughs in our R&D. By the end of the first quarter, our laboratory efficiency for perovskite tandem solar cells based on TOPCon reached 34.22%, once again setting a new record.

我们在储能领域的研发、制造和售服务等能力的投入也逐渐体现成效。今年一季度储能系统的出货量超过300个兆瓦时，相比去年同期有大幅增长。预计2025年储能系统的出货量在6个G瓦时左右。海外项目将是我们的战略重心。截至目前，储能系统的在售订单超过达到50%到60%，另外有20%到30%的项目具备签单潜力。依托公司在光伏领域的龙头优势，我们将积极探索光伏一体化的创新业务模式，为全球客户提供高效智能的绿色能源解决方案，为全球能源的可持续发展贡献力量。

Our investments in R&D, manufacturing, and after-sales service capabilities in energy storage are gradually showing results. In the first quarter, shipments of our ESS exceeded 300 megawatt-hours, a large increase compared to the same period last year. We expect our ESS shipments to be around 6 GWh for the full year 2025, with the overseas market as our strategic priority. Confirmed orders for energy storage systems accounted for 50%-60%, with another 20%-30% showing strong potential for signing. Leveraging our leading position in the PV industry, we will proactively explore the innovative business models that integrate solar and storage solutions, providing high efficiency and smart green energy solutions to global clients and contributing to the sustainable development of the global energy.

话题交给Gener之前，我来介绍一下业绩指引。预计2025年底，单晶硅片高效电池和组件的产能达到120个G瓦、95个G瓦和130个G瓦。三代TOPCon高效率产能将达到40个G瓦到50个G瓦。2025年第二季度，组件出货量在20个G瓦到25个G瓦之间。2025年全年组件出货量85个G瓦到100个G瓦之间。我们将积极应对行业需求和政策变化，持续优化市场策略和供应链管理，并不断提升技术和产品的竞争力，努力保持行业领先地位。

Before turning over to Gener, I would like to go over our guidance for the second quarter and the full year 2025. We expect our annual production capacity for mono wafers, solar cells, and solar modules to reach 120 GW, 95 GW, and 130 GW, respectively, with annual production capacity of our third-generation TOPCon modules to reach 40 GW-50 GW by the end of 2025. We expect module shipments to be between 20 GW-25 GW in the second quarter of 2025 and between 85 GW-100 GW for the full year 2025. We will actively respond to changes in market demand and policy, continuously optimize market strategies and supply chain management, and consistently improve technology and product competitiveness to maintain a leading position in the industry.

Gener Miao (CMO)

Thank you, Mr. Li. First quarter total shipments were 19.1 GW, with module shipment accounting for approximately 90%. Although demand was impacted by the off-season, we sustained the industry's highest shipment levels by leveraging our global sales network and the strength of our products. Shipments to overseas markets accounted for around 70%. We proactively embraced the surge in the demand in the Indo-Pacific and the North Asia markets. Shipments to Indo-Pacific market grew by nearly 10% year-over-year and 150% sequentially, while shipments to North Asia increased by nearly 20% year-over-year. U.S. shipment accounted for approximately 5%, in line with our guidance. On the product side, customer demand for our third-generation high-power TOPCon products continued to grow. Our third-generation high-power TOPCon is expected to have a mainstream output over 650 watt-peak, with a maximum of 670 watt-peak.

Thanks to lower degradation, lower temperature coefficient, higher bifaciality, and enhanced reliability, it can deliver better power generation yields for end customers. Currently, customers are willing to pay a premium for such high power generation. Recently, we were once again recognized as a tier-one energy storage provider by Bloomberg. We have been listed in the BNEF rankings for four consecutive quarters, a strong recognition from a third party and customers of our safe and reliable energy storage solution, as well as our timely delivery and deployment capabilities. With the increasing economics of integrated solar and storage solutions and the continued expansion in the application scenarios, particularly against the backdrop of high energy consumption driven by AI, integrated solar and storage solutions are increasingly becoming feasible. The overseas market has always been one of our strengths.

In 2025, we will further expand the energy storage business globally while continuing to focus on and explore technological innovation and application in specific application scenarios. We believe that the synergy between our solar and storage business will further increase our market competitiveness. On the demand side, we expect the global module demand to remain about 700 GW in 2025, with strong growth in Asia-Pacific, Europe, and the Middle East. Following the recent rush installation in China with the initiation of utility-scale projects in August and September, the overall demand is expected to continue to be in line with module supplies under the industry high-quality development initiatives. In the U.S., due to current shortage in local cell production capacity and the impact of reciprocal tariffs, there is likely to be a wave of early purchases of cell and modules. We remain optimistic about the long-term demand in the U.S. market.

In addition to the announced Saudi projects and existing U.S. domestic operations, we are actively pursuing diverse solutions to strengthen our position in this market to enhance our long-term competitiveness. We are confident that our extensive cell network and deeply localized customer service system will help us respond to the market dynamics, make flexible adjustments, and continue to satisfy customers' demand for more high-efficient, reliable, and sustainable products. Pan.

Pan Li (CFO)

Thank you, Gener. During the challenging first quarter, we continued to control costs and expenses, leading to a significant year-on-year decrease in comprehensive costs and operating expenses. In addition, we continued to optimize our asset and liability structure, as well as cash reserves. By the end of the first quarter, our asset liability ratio was approximately 74%, lower from nearly 75% at the end of the first quarter last year.

By the end of the first quarter, our cash and cash equivalent were $3.77 billion, a significant increase from $2.44 billion at the end of the first quarter last year. We will continue to optimize our asset and liability structure and maintain healthy cash reserves in 2025, further strengthening our resilience to risks. Let me go into more details now. Total revenue was $1.9 billion, down 33% sequentially, and down 40% year-on-year. The sequential decrease was primarily due to a decrease in shipments of solar modules, and the year-on-year decrease was also due to a decrease in average selling price of modules. Gross margin decreased both sequentially and year-on-year, mainly due to the decrease in ASP of solar modules. Total operating expenses were $350 million, down 8% sequentially, and down 18% year-on-year.

The sequential decrease was mainly due to the decrease in the impairment of long-lived assets and a decrease in the losses resulting from disposal of long-lived assets. The year-on-year decrease was primarily due to the decrease in shipping costs as we shipped fewer solar modules. Total operating expenses accounted for 18% of total revenues compared to 13% in the fourth quarter last year and 13% in the first quarter last year. Operating loss margin was about 20%, compared with 9% in the fourth quarter last year and 1.5% in the first quarter last year. Moving to the balance sheet, at the end of the first quarter, our cash and cash equivalent were $3.77 billion compared with $3.8 billion at the end of the fourth quarter and $2.44 billion at the end of the first quarter last year.

AR turnover days were 111 days compared with 80 days in the fourth quarter and 100 days in the first quarter both last year. Inventory turnover days were 84 days compared with 57 days in the fourth quarter and 89 days in the first quarter of last year. At the end of the first quarter, total debt was $6.4 billion compared to $5.5 billion at the end of the fourth quarter. Net debt was $2.6 billion compared to $1.7 billion at the end of the fourth quarter last year. 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. Your first question comes from Brian Lee with Goldman Sachs & Co.

Tyler Bisset (Equity Research Associate)

Hey, guys. This is Tyler Bisset on for Brian. Thanks for taking our questions. Appreciate the ESS guidance of 6 GWh. I am wondering if you can give a little bit more details on kind of where these shipments are going. Is this more in line with your module shipments today? I am also curious where you guys are sourcing your battery cells.

Gener Miao (CMO)

It's mainly dominated. The ESS shipments are mainly dominated by Asia-Pacific region, Europe region, and emerging markets. Together with China, those four regions are our main target in terms of 2025, which is slightly different from what we have for modules. For the key markets, it's a very, let's say, it's a very like to each other. In terms of geographic mix, because of the trade barrier in the U.S., etc., it's difficult to extend the ESS business in the U.S. right now.

Tyler Bisset (Equity Research Associate)

Thank you. Given the final determination on AD/CVD, which was, I guess, relatively more favorable for Malaysia, how are you thinking about your future imports to the U.S.? Could you see that potentially increasing at all, or do you think it's more likely to stay in the 5% range?

Gener Miao (CMO)

I think the AD/CVD is only preliminary tariffs. They still have what they call sunset termination after 12 months of customer clearance, which brings the company a lot of uncertainty. In that case, we are trying to look into the different options we have in order to provide more certainties and provide more competitive in terms of the cost as well. Right now, we are still working hard on that for the short term because the recent hike or change on the AD/CVD together with trade barriers is pretty new. In the long term, we still have our commitment to the U.S. market with our strategy in joint venture factories in the Middle East together with our local operation in the U.S. We are still fully committed.

Tyler Bisset (Equity Research Associate)

All right. Thank you very much.

Gener Miao (CMO)

Thank you.

Operator (participant)

Your next question comes from Philip Shen with Roth Capital Partners.

Philip Shen (Managing Director and Senior Research Analyst)

Hi, everyone. Thanks for taking my questions. You guys had negative gross margins for the first time in a long time in Q1. I was wondering if you can talk through what you expect for margins for Q2 and Q3. When do you expect the margins to go back positive? Thanks.

Charlie Cao (CFO)

In a fair way, the gross margin and the risk to negative is very extreme cases in the last five years and reflecting the supply and demand imbalance throughout last year. On top of that, the first quarter is the slack season, and we have more exposures to the China market. In the short term we expect the gross margin to improve and slice in the second quarter given the module price is in upward trend with the push demand from China and other

regions. In the second half year, we expect it to be stable, maybe have the chance to improve. We believe the current situation is not sustainable even for the top-tier companies. From the supply side, we are seeing more and more companies and phase out in the solar industries. On top of that, there's uncertainty on international trade.

We believe by the end of this year, we will have more clarifications. Thank you.

Philip Shen (Managing Director and Senior Research Analyst)

Thank you, Charlie. Shifting to the U.S. market, there is the 145% tariff. I wanted to understand, what's the update on your plans to ramp up U.S. cell manufacturing in Florida or wherever that might be? Also, with the 145% tariff, are you able to import solar cell tools without, is there an exemption for the tools, or is there no exemption for the tools? It makes the ramping of U.S. cell manufacturing more difficult. Thanks.

Charlie Cao (CFO)

I think it's more kind of the board questions. From the long-term belief, we believe local production in the U.S. for local customers in the United States is a trend that is consistent with, I think, the long-term policies from the current Trump administrations. For the short term, there's a lot of uncertainties. The budget cuts, there's an IRA incentive. There is maybe what we are interested in, the FEOC, kind of this kind of things. While we take our approaches, we consistently evaluate the policies from the different angles. As long as there is some kind of uncertainty, we strongly believe U.S. solar market will bump next year. Specifically, if we want to build the solar cell facilities and we import the equipment from China under the current tariff, it's a crazy rate, right?

Does not make sense to make the decisions even from that specific angle. Back to your questions, we do not have the plan in the short term for solar cell we build in the U.S. We have the plan and consistently evaluate the policies, the potential site, the potential tariff situations.

Philip Shen (Managing Director and Senior Research Analyst)

Okay. Thank you very much. I'll pass it on.

Charlie Cao (CFO)

Welcome.

Operator (participant)

Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from Alan Lau with Jefferies.

Alan Lau (VP of Equity Research)

Thank you for taking my question. My first question is on it is the first time, I think, the company has provided the guidance on ESS. We'd like to know if there's any indication on the margins on ESS, like some ballpark range, because ESS has been quite competitive in the Middle East as well.

Charlie Cao (CFO)

You mean the margin, right?

Alan Lau (VP of Equity Research)

Yeah. Yeah, gross margin.

Charlie Cao (CFO)

Yeah, yeah, gross margin. I think we target 5%-10%. It's not a very big target. Given the business we developed, and starting from the kind of very small scale, last year, we achieved 1 GW. This year, we have confidence, we have the confidence to penetrate the market, particularly in Asia-Pacific, North America, or some emerging markets. The profitability is not the first priorities. In terms of gross margin, we expect in kind of the range of 5%-10%.

Alan Lau (VP of Equity Research)

5%-7%, right?

Charlie Cao (CFO)

5%-10%.

Alan Lau (VP of Equity Research)

Okay, okay. Thank you. My next question is about, did the company receive IRA credits for the production last year at this point in time, or if the company has sold any of the IRA 45X credits already?

Charlie Cao (CFO)

Last year, I think we filed the filings, and it's kind of the deduction of the tax payable for the facilities. This year, we are exploring the opportunities to sell the credit to the outside investors, and it's in the process.

Alan Lau (VP of Equity Research)

You managed to get the credits already, just managing to sell it to financial institutions, right, for this year?

Charlie Cao (CFO)

Yeah, this year we planned. It's because we have 2 GW for operations, and there's a lot of potential investors who are interested to procure the credit from the facilities. We are in the process of communication and negotiation.

Alan Lau (VP of Equity Research)

Thank you. Another question is, what is the U.S. shipment target approximately for this year? There are a lot of changes since last time we talked. Is there already some inventory in the U.S. to support that shipment?

Charlie Cao (CFO)

The range is 5%-10%, but you're right. Uncertainty, I think, is the big headwind. I think if the headwind, uncertainty will not be, let's say, clear in the short term, it will have the impact on the shipment to the U.S. I think 5% is kind of the base, let's say, the low case. We are confident that we can achieve at least 5%. If the uncertainty is, it's kind of to have more clarity. If the supply chain is there, is available supply chain to the U.S., we can ship more. Again.

Alan Lau (VP of Equity Research)

5%. Yeah. 5% of total shipment, right? If it is 85 GW-100 GW for this year, it is around 4 GW-5 GW.

Charlie Cao (CFO)

Yes, roughly. Yes.

Alan Lau (VP of Equity Research)

I see. I see. Thank you. My last question is on the shareholders' return program. I think after the announcement of fourth quarter results and first quarter result now, I wonder if the company can start buying back the shares given the shares actually have also run down quite a bit. What will the pace of the buyback look like?

Charlie Cao (CFO)

Yeah. After the release of the first quarter, we plan to buy back from the market, we think it's a good timing given the valuation is very low. On top of that, we plan to declare dividends, which is subject to full. I think it's on our schedule.

Alan Lau (VP of Equity Research)

To my understanding, the dividends will be approximately like $50 million, right, if it's around $1 per share, say, for example. Would the buyback look like $150 million then?

Charlie Cao (CFO)

We have not decided, but it's roughly, I think, at least $100 million. We split into the dividend plus the purchase. This is the first step. I think we communicate privilege there. We like to monetize financial investment for some companies which were listed in recent years. On top of that, we may explore other options to monetize some assets from the U.S. holding perspective.

Alan Lau (VP of Equity Research)

I see. Before that happens, actually, you can already start, and there's at least $100 million, which is like 10% of those spending shares, right?

Charlie Cao (CFO)

Yeah. $100 million, I think it's kind of include dividend plus the purchase share. That's a plan.

Alan Lau (VP of Equity Research)

I see. I see. After you liquidate some of your financial assets, there may be upside to this $100 million dividend plus buyback?

Charlie Cao (CFO)

We may increase, but depending on the timing and how quick we can monetize the assets.

Alan Lau (VP of Equity Research)

Thanks a lot. Thanks a lot. I will pass on. Thank you, Charlie.

Operator (participant)

Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. That's star one on your telephone and wait for your name to be announced if you have any questions. Your next question comes from Rajiv Chaudhri with Sunsara Capital.

Rajiv Chaudhri (President)

Hello, Charlie. The first question is about market share. You mentioned that this year, the market might go to about 700 GW, and last year, it was a little bit around 600+ GW. I'm wondering, even if you do the high end of your range, which is 100 GW, your market share looks like it might be lower than last year and lower than 2023. Could you clarify that discrepancy?

Charlie Cao (CFO)

I think last time we talked about our strategy is not to increase or penetrate more market share under the imbalance of the supply and demand side. Particularly, the industry is losing the money. What we are doing is we want to be flexible in the total shipments, which we guided at 85 GW-100 GW. What it means is we want to balance the utilization, shipment, and profitabilities, as well as the cash flow perspective. On top of that, we need to select customers. We have a lot of potential customers and interest orders, but we need to be more selective. For the long term, long term, I think last time we talked about we target at least 20% market share for the module business. It is not a one-night target, and we need to be what is the focus?

We need to focus on our product competitiveness. We continue to invest in R&D and penetrate the market with some kind of premium, make sure the business is sustainable.

Rajiv Chaudhri (President)

Okay. Thanks. Along the same lines on the market growth, can you talk about which geographic regions are going to get the 100 GW of growth from last year? How much growth do you expect in China and the U.S., for example, and also in Europe and India?

Pan Li (CFO)

Sure. I can roughly talk about it. At the top level, we are looking at the global demand at roughly 700 GW, of which the largest market is believed to be China, same as last year. On the volume side, China is expected to grow roughly 10%-15%, which will account for around 45% of the global demand. The second largest after China is believed to be, we say, Europe, the pan-Europe region. The whole Europe will be over 100 GW level. I think that's the only two markets past the 100 GW threshold in 2025. For sure, there are other markets that are very interesting and sizable, such as the U.S. We are roughly looking at 50 GW-55 GW level. India, we are looking at around 30 GW-35 GW level.

Yeah, so that's all the big numbers on my mind. For sure, the attractive growth is mainly coming from the emerging markets, for example, the Asia-Pacific region and also the African regions. Because of the low basis from last year, the growth rate is pretty high. If you look into the absolute growth numbers in terms of gigawatts, definitely the top four markets, which I just mentioned, are still the key focus ones.

Rajiv Chaudhri (President)

Just to clarify, you're expecting that China will grow by 10-15% this year?

Pan Li (CFO)

10 to 15, yes.

Rajiv Chaudhri (President)

I see. Okay. Final question, are you still getting a premium pricing for your top-one products based on the technology?

Pan Li (CFO)

It depends on which technology or which product you are comparing with, right? Definitely from the customer end, as long as the product is generating more power output or technically more yield, more IRRs returns, customers are more than happy to pay premium on such kind of product.

Rajiv Chaudhri (President)

I see. Can you also give the breakdown you expect between the DG and the utility scale for this year for Jinko?

Pan Li (CFO)

Yeah. Strategically, we lower the DG numbers a little bit based on the price trend. Last year, the DG ratio is roughly high 40s, so close to 40, 50, but the high 40s, let's say 47, 46. This year, the number will go down to roughly 30-35 range.

Rajiv Chaudhri (President)

I see. Okay. Thank you.

Pan Li (CFO)

Yeah. Thank you.