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news asia-pacific

## CSI installs first of four cell lines but reports profit loss

**May, 2007: Four months after going public with an IPO (see PI 2/2007, p. 90), China-based PV cell and module manufacturer Canadian Solar Inc. (CSI) says it installed the first of four 25 MW cell lines on Feb. 10.**

According to CSI CEO Shawn Qu, a second line is scheduled to be completed by the end of June, with the third and fourth lines expected to be in place by the middle of the fourth quarter.

The company provided no guidance on anticipated cell production for the year. But judging by its fourth quarter and year-end financial results published on March 14, the ramp-up had better be fast. While reporting an increase in net revenues of \$24.4 million in the fourth quarter from module sales, a 259-percent growth over \$6.8 million a year earlier, net income showed a loss of \$5.2 million, compared to a profit of \$688,000 in the fourth quarter of 2005. Gross margins for 2006 were more than halved to 18.3 percent, reaching just 0.7 percent for the quarter. But Qu, expecting annual net revenue to more than triple in 2007 to between \$220 and \$230 million from a production of 64 MW, is predicting gross margins of about 14 percent for this year. As of mid-March, CSI says it had secured 70 percent of its silicon,

wafer, and cell supply requirements for 2007.

Germany, its largest module market in the third quarter with 73.8 percent of sales, fell to 23.3 percent in the fourth quarter. But during the same period, sales in China rose from 3.2 to 54.8 percent.

And domestic revenue could improve. On March 20, CSI announced a contract to supply a BIPV solar glass roof system to China's Luoyang Polysilicon Company. But, CSI provided no details on the cost or size of the project - or how much of Luoyang's 1,000 ton capacity would be for solar and whether the deal included a slice of the action for CSI.

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