

More makers join polysilicon manufacturing in Taiwan

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In light of strained supplies of polysilicon for solar cells, a growing number of Taiwanese manufacturers are gearing up to branch into the sector.

Everlight Electronics Co., Ltd. and Lee Chang Yung Chemical Industry Corp. recently drew up a plan to co-invest in polysilicon. The two companies set the venture's capitalization at NT\$4 billion (US\$121 million at US\$1:NT\$33), with initial capitalization to be NT\$500 million (US\$15 million). They projected to put NT\$10 billion (US\$303 million) into the business in the long run.

The deal, once realized, will make Everlight the first Taiwanese light-emitting diode (LED) maker to enter polysilicon segment. The company's executives pointed out that solar energy and LED are a perfect match. Prior to the polysilicon investment, the LED maker had already invested in solar-cell maker Gintech Energy Corp.

For Lee Chang Yung, the investment allows it to diversify into the solar-energy sector from the petrochemical industry. The company's executives noted that many of their industrial peers at home, like Formosa Plastics Group (FPG) and CPC Corp., also are planning to invest in polysilicon. However, they claimed their company would be the first one to begin volume production.

Although Lee Chang Yung said it and Everlight will in principle set up the polysilicon factory in Taiwan, the company has suggested the government offer preferential access to power and land, as well as taxation.

Mosel-Vitellic Inc., a memory chipmaker, is also said to form a polysilicon joint venture with Solartech Energy Corp. for around NT\$10 billion (US\$303 million) for a solar-cell business.

Mosel-Vitellic invested in a solar-cell factory last year. The factory's first production line began pilot production in the first quarter this year, with volume production to begin in the fourth quarter. The line is designed to have maximum output capacity of 30 megawatts of cells a year, likely pumping out revenues of NT\$100 million (US\$3 million) per month for the company. Once at full capacity, the line is projected to generate revenue at double the current pace and see gross profit margin over 20%.

The chipmaker is planning another production line, which is projected to boost the company's output of the cells to 60 megawatts in 2008.

Mosel-Vitellic's executives reported that the company's solar-cell unit has landed enough orders to fill its capacity. However, the company's chairman, M.L. Chen, said his company's solar-cell business has been saddled with serious shortage of polysilicon material and would consider every chance to secure a supply.

The joint venture is reportedly designed to have annual output of 1,000-1,500 metric tons of polysilicon for 100-150 megawatts of cells, larger than the output at Green Energy Technology Inc. of Tatung Co.

Although Mosel-Vitellic's executives have declined to comment on the reports addressing cooperation between their company and Solartech, they admitted that the company is planning to migrate upstream, as well as assessing all possibilities.

A few days ago, Solartech's director board passed a proposal to open a polysilicon factory in the United States at a cost of NT\$10 billion. The company's executives disclosed that their company would team up with a domestic listed firm. The company has declined to identify the partner, but some insiders believe that Mosel-Vitellic is the most qualified choice.

Solartech's executives said that the company already has a polysilicon-technology team and will sign the venture contract by the end of this quarter. They said the joint venture would enter into volume production in the near future and begin showing results in two years.

Prior to Solartech, Motech Industries Inc. opened a polysilicon factory in the United States through an affiliate.

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