Yingli Searches for Silicon
Miao Qing, director of investor relations, discusses company growth, competition and investor's flaws in evaluating Chinese solar companies.

by: Rachel Barron October 4, 2007 Greetech Media

It's comfy being a top solar-industry producer. Just ask Germany. But that could change. China is jockeying to take over the position. Advantages like low labor costs and manufacturing incentives are fueling the country's rise

In fact, China has already surpassed the United States in solar-electric production, and now sits in third place, behind Europe and Japan, according to PV News, an analyst-written newsletter published by Greentech Media and the Prometheus Institute.

Yingli Green Energy Holding Co. is among the companies helping to fuel the Asian country's industry growth. Since going public on the New York Stock Exchange in June, the company's stock has climbed from $10.80 to its Wednesday close of $29.76.

It's an even more impressive feat considering a number of Chinese solar companies haven't faired as well. In the last few months, many Chinese solar stocks have had a rocky ride (see Could China Steal the Solar Throne?).

Part of Yingli's success has been its ability to land long-term silicon agreements - the latest one with German silicon manufacturer Wacker Chemie - in the midst of a silicon shortage.

The contract, which was announced in late September, calls for Wacker to supply Yingli with silicon from 2009 to 2011, enabling the Chinese company to produce more than 80 megawatts of solar modules. While the deal doesn't solve Yingli's whole silicon deficit, it is a step in the right direction.

Greentech Media sat down with Miao Qing, Yingli's director of investor relations, to talk about the company's next moves, why other Chinese company stocks have struggled and the mistakes made by investors when placing their bets on the Chinese solar industry.

Q: Quite a few Chinese solar companies have struggled with their stock prices. Despite having low cost structures, some analysts chalk it up to the silicon shortage. How did Yingli, for the most part, buck the trend?

A: It's a business strategy for Suntech and for other companies in China to only engage in one part of the value chain. Whereas we are involved in everything, not including polysilicon manufacturing. We produce ingot, wafers, cells, to module and the application system. We are an integrated PV player.

Q: How much do you expect Yingli's production capacity to grow?

A: The current capacity is 200 megawatts across the board, from ingot to module. By late 2008 we will have another 200 megawatts. And in 2010 we will have 600 megawatts.

Q: Do you have enough polysilicon for the growth you anticipate?

A: Yes, we already secured 100 percent for this year, and for next year we have already locked up over 50 percent.

Q: Yingli has secured more than 50 percent of the silicon for next year. In light of the silicon shortage are you concerned about getting the rest and price that will be paid for it?

The price will probably be followed up by the spot-market price for the remaining quantity. But we are pretty confident to get enough supply from suppliers like Wacker Chemie (and others).

Q: When do you think the silicon shortage will end?

A: We estimate probably [it will] be in 2009. Because for those existing polysilicon suppliers, their expansion plan will be released by 2009. And for China there are many green-field projects that are also going to come online by 2009.

Q: Yingli appears to be charging ahead. Any expansion plan for its sales teams?

A: We already have an 11 member sales team in the European countries. We are also going to add more people in the U.S. Right now we only have two, one is [in] New Jersey and the other is in New York. But we are going to add more. By next year we will probably have over five people working here. And we will have another subsidiary or branch in the U.S.

Q: As we talked about before, publicly listed Chinese solar companies haven't had a smooth ride with their stocks. What are some of the biggest mistakes investors make when evaluating Chinese solar companies?

A: Most of them do not have the chance to visit the facility. If you go to the facility, you will differentiate it from other facilities. Another thing is they don't have too much communication with those Chinese companies, and they do not have enough [feasible] studies about the company. They do not look at each individual company. They say the China stock overall is going very good so they will up follow that.