



## NEWS

## Suntech Reports Fourth Quarter and Full Year 2007 Financial Results

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Chinese solar cell and module manufacturer, Suntech Power today announced fourth quarter and full year 2007 financial results.

Total net revenues for the fourth quarter of 2007 were \$397.5 million, representing an increase of 82.5% from the corresponding period in 2006. Non-GAAP gross profit for the fourth quarter of 2007 was \$85.8 million, an increase of 74.9% year-over-year. Non-GAAP gross margin for the Company's core wafer-to-module business was 23.3% and non-GAAP consolidated gross margin was 21.6%.

Total net revenues for the full year 2007 were \$1,348.3 million, representing a 125.1% increase from 2006. On a non-GAAP basis, for the full year 2007 gross profit was \$284.8 million, an increase of 88.3% year-over-year. Gross margin for the Company's core wafer-to-module business was 23.6% for the full year 2007. 2007 consolidated gross margin was 21.1% compared to 25.3% in 2006. Income from operations was \$202.7 million, an increase of 71.9% year-over-year. Net income was \$201.0 million, an increase of 67.8% year-over-year, or \$1.19 per diluted ADS.

"I am pleased to report healthy revenue growth and exceptional market demand for Suntech's solar products in the fourth quarter," said Dr. Zhengrong Shi, Suntech's Chairman and CEO. "We have a strong sales pipeline for the full year 2008 and expect robust demand to continue in 2009 as new solar markets in countries such as Italy, Greece and South Korea grow to complement demand in Germany, Spain and the U.S. Suntech is in a strong position to capitalize on this demand as we implement a range of cost reduction initiatives and we expect to simultaneously grow revenues and margins in 2009."

"In 2007, Suntech more than doubled revenues, successfully transitioned our 20% efficiency Pluto technology into pilot production, diversified our sales markets and expanded our product range. These achievements have laid a strong foundation for 2008 and we are confident that over the coming year our strategies for rapid capacity growth, low cost innovation, sales region and product diversification, and balanced silicon procurement will increasingly differentiate Suntech as a leading player in the solar industry," Dr. Shi concluded.

Commenting on Suntech's silicon supply, Dr. Shi said, "We successfully developed a strong silicon supply pipeline of 530MW for 2008. Suntech's silicon outlook for 2009 is even more promising. Due to the silicon supply contracts we signed in the fourth quarter with Asia Silicon (Qinghai), Nitel Solar, Renesola and a Korean conglomerate, we believe that our silicon costs will fall more than twice as fast as our projections of our average sales prices in 2009. We are confident that this will enable Suntech to expand production and improve profitability in 2009."

Suntech increased PV cell production capacity from 420MW at the end of the third quarter of 2007 to 540MW at the end of 2007. Dr. Shi commented, "Our current capacity expansion is on track to hit our stated goal of 1GW PV cell production capacity by the end of 2008. The majority of this expansion will occur in the second half of 2008. To optimize our production volume and margins, approximately 60% of our full year production target of 530MW will be produced in the second half of 2008."

Based on current operating conditions, Suntech expects revenues for the first quarter of 2008 to be in the range of \$370 million to \$380 million. Non-GAAP consolidated gross margin in the first quarter of 2008 is expected to be slightly higher than the fourth quarter of 2007. These expectations also take into account what is a seasonally slow quarter for Suntech due to the shorter month of February and the Chinese New Year holidays which were somewhat

worsened by the severe weather conditions experienced in the first quarter of 2008.

For the full year 2008, Suntech expects total PV module shipments to be 530MW and revenues to be in the range of \$1.9 billion to \$2.1 billion. Within 2008, Suntech believes that approximately 40% of this will be achieved in the first half of 2008 and 60% in the second half of 2008. Suntech expects that greater quantities of reasonably priced silicon will become increasingly available from mid-2008. Suntech targets to reach 1GW of installed PV cell production capacity by year-end 2008.

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