



NEWS

ReneSola Announces Second Quarter 2008 Results

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Wafer manufacturer, ReneSola today announced its unaudited financial results for the second quarter of 2008.

Net revenues for the second quarter of 2008 were US\$173.0 million, an increase of 40.7% sequentially and 289.0% year-over-year. Under the Equity Accounting Method, net revenues for the second quarter of 2008 were US\$171.9 million, an increase of 39.9% sequentially and 286.5% year-over-year. The increase in second quarter revenues was primarily attributable to an increase in output from the expanded production capacity and increasing wafer ASPs.

Gross profit for the second quarter of 2008 was US\$42.8 million, a 57.1% increase sequentially and 330.0% year-over-year. The gross margin for the second quarter 2008 was 24.7% compared to 22.1% in the first quarter of 2008. Under the Equity Accounting Method, the gross margin for the second quarter of 2008 increased to 22.4% from 22.1% in the first quarter of 2008 despite the increase in average feedstock costs of 6.4% sequentially. The increase in gross margin was primarily attributable to a further reduction in the silicon consumption rate to 6.24 grams per watt from 6.30 grams per watt in the first quarter of 2008, the continuing reduction in non-raw material related production costs, and increases in wafer ASPs due to a high demand for our wafer products.

Operating profit for the second quarter of 2008 was US\$34.5 million, an increase of 48.9% sequentially and 328.4% year-over-year. The operating margin was 20.0% in the second quarter compared to 18.9% in the first quarter of 2008. Under the Equity Accounting Method, the operating margin for the second quarter of 2008 was 17.8% compared to 19.0% in the first quarter of 2008. Total operating expenses in the second quarter of 2008 increased to US\$8.3 million from US\$4.0 million in the first quarter of 2008. The increase in operating expenses was primarily attributable to a substantial increase in R&D expenditure relating to our investment in developing alternative silicon feedstock materials.

Profit before tax for the second quarter of 2008 was US\$31.2 million, a 46.6% increase sequentially and 442.6% year-over-year. Under the Equity Accounting Method, profit before tax for the quarter was US\$28.2 million, an increase of 32.0% sequentially and 389.7% year-over-year. Finance costs increased by 28.5% sequentially, reflecting increased bank borrowings and interest rates. Finance costs as a percentage of net revenue decreased from 1.7% in the first quarter of 2008 to 1.6% in the second quarter of 2008. The second quarter foreign exchange loss was US\$0.8 million compared to a foreign exchange loss of US\$0.06 million in the first quarter of 2008.

"We achieved significant growth and exceeded our targeted output for the quarter as we continued to execute our growth strategies," said Mr. Xianshou Li, ReneSola's chief executive officer. "We experienced strong market demand for our wafer products and successfully extended our customer base by entering into a number of wafer sales contracts during the quarter."

"We are excited about the results from our operational and R&D efforts. By the end of the quarter, our annualized production capacity reached 450 MW and it remains on track to achieve the targeted capacity of 645 MW by the end of the year. We continued to improve our production efficiency by further reducing our average silicon consumption rate to 6.24 grams per watt in the second quarter of 2008 from 6.3 grams per watt in the previous quarter. In addition, with a strong focus on R&D, we made significant advancements in the utilization of alternative silicon materials for future wafer production including the use of metallurgical grade silicon."

"We completed our equity follow-on offering in June 2008, generating net proceeds of approximately US\$185.2 million. The additional funding provides ReneSola with sufficient cash sources to fund our 2009 expansion plan," continued Mr. Li.

On May 14, 2008 ReneSola announced that it had increased the planned annual polysilicon manufacturing capacity to 3,000 tonnes at the wholly-owned facility in Meishan, Sichuan Province, China. Construction of this facility is on track, with completion expected in early 2009. The facility is expected to be operational in the first half of 2009.

As a part of ReneSola's diverse feedstock procurement strategy, the Company recently signed a number of polysilicon procurement contracts with international and domestic suppliers with terms ranging from one to five years. With two long term polysilicon procurement contracts signed in 2007, a total of 2,500 tonnes of polysilicon will be delivered during 2008 and 2009, with the majority to be delivered in 2009.

As a part of ReneSola's ingot manufacturing capacity expansion to 645 MW by the end of 2008, the construction of a facility to house 160 MW of multicrystalline furnaces is now complete and ready for delivery of the furnaces which will occur during the third and fourth quarters of 2008.

Construction has begun on a new multicrystalline wafer facility that will hold an additional 355 MW of multicrystalline furnaces as a part of ReneSola's 2009 wafer manufacturing capacity expansion plan. The facility is expected to be complete in January 2009. The furnaces are contracted to be delivered in batches, and the last shipment is expected to be delivered in early third quarter of 2009.

Production output in the third quarter of 2008 is expected to be in the range of 90 MW to 95 MW, compared to 82.5 MW in the second quarter of 2008 and 36.0 MW in the third quarter of 2007. Gross margin for the second half of 2008 is expected to remain stable at the level under the Equity Accounting Method for the Company's investment in the Joint Venture.

Based on strengthened wafer ASPs and increased production output we are once again increasing our annual production output and revenue estimates for 2008 and expect output to be in the range of 340 MW to 350 MW from the previously guided 330 MW to 340 MW, and expect estimated annual net revenues to be in the range of US\$640 million to US\$670 million from the previously guided US\$570 million to US\$590 million.

The company maintains its wafer production capacity target at 1 GW by the end of 2009 and our 2009 annual production output is expected to be in the range of 650 MW to 750 MW, including

output from tolling arrangements in the range of 100 MW to 150 MW.

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