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Press Release

Source: Taiwan External Trade Development Council

Taiwan Solar Cell Revenues Soar in First Half of 2008

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Revenues Jump 69.6 Percent From Same Period in 2007 on Strong Demand From Europe and Increases in Average Selling Prices

TAIPEI, Taiwan and SAN FRANCISCO, Sept. 18 /PRNewswire/ -- Taiwan's manufacturers of solar cells used to generate electricity reported revenues in the first half of 2008 that soared by 69.6 percent from the same period a year ago on strong demand from European nations such as Spain and Germany.

Six of the solar cell makers listed on Taiwan's stock exchange reported first half 2008 revenues of NT\$35.6 billion (US \$1.1 billion) compared with NT\$21 billion in the same period a year ago, based on information the companies provided to the stock exchange authorities.

The companies are Motech Industrial Inc., Gintech Energy Corp., E-Ton Solar Tech, Sino-American Silicon Products Inc., Sinonar Corp. and Green Energy Technology. Motech, Gintech and E-Ton are among the world's ten largest solar cell makers by revenues.

Demand for solar cells and other sources of alternative energy has taken off after prices of oil soared the past 12 months. Governments in Europe and Japan have subsidized the installation of solar energy facilities. Demand for solar

cells in the first half of this year has helped to boost average selling prices (ASPs), according to analysts who cover the companies.

"There has been an increase in ASPs due to supply constraints and strong demand from Spain," said Daiwa Securities analyst Pranab Kumar Sarmah. "There has also been a strong output ramp for a few new entrants such as Gintech."

Sarmah expects the next U.S. president to decide on a new Federal Income Tax Credit (ITC) for solar systems, which expires at the end of this year. Residential users may delay purchases until the new ITC is in place, and pent-up demand has the potential to explode from the second half of 2009, assuming the new president provides similar or better federal incentives, he adds.

Still, demand may slow during the rest of this year if some European nations cut subsidies, analysts say.

"While many seem to recognize the potential market impact from the reduced subsidy in Spain, industry players are still optimistic on the long-term growth prospects, which we agree with," says Citigroup Global Markets analyst George Chang.

This year, the solar cell manufacturers have been the best performing segment in Taiwan's high technology industry, which includes companies making everything from semiconductors, flat-panel displays, computers, mobile phones and digital music players, analysts say.

The strong outlook for the industry is attracting more investment and manufacturers in Taiwan's solar cell business.

Green Energy Technology, which makes silicon wafers that are used as a basic material in solar cells, announced on Sept. 1 it won annual orders worth of euro39.86 million (US\$58.77 million) to supply thin-film solar modules to Germany and Spain next year. The company has been cooperating with Applied Materials of the U.S. to develop a new 8.5 generation thin-film solar production line in Taoyuan that can produce large 2.2m x 2.6m thin-film modules with a power output of 343W per unit.

Applied Materials is the world's largest supplier of equipment used to make semiconductors, flat-panel displays and solar cells. The company in July broke ground for expansion of its Taiwan Manufacturing Center to meet demand for flat-panel display and solar cell manufacturing equipment. The company estimated the investment to be worth about US\$17 million.

Taiwan Glass Industrial Corp. said earlier this year that starting in August, it would invest US\$11.9 million to start production of special glass used in the production of solar cells. By 2012, the value of Taiwan's solar industry production may reach NT\$500 billion as the government promotes the use of sources of energy alternatives besides oil, according to Taiwan Premier Liu Chao-shiuan.

Taiwan should endeavor to develop green environmentally friendly industries and high value-added knowledge-intensive industries, the Taiwan Environmental Protection Administration said in a statement on its website. The government has helped to fund investments in solar cell research and technology as it aims for foster development of this new industry.

Motech Industrial Inc.
<http://www.motechind.com/>

Gintech Energy Corp.
<http://www.gintechenergy.com/>