



NEWS

ReneSola Announces Third Quarter 2008 Results

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Chinese wafer manufacturer, ReneSola today reported net revenues for the third quarter of 2008 were US\$215.8 million, an increase of 25.5% sequentially and 197.4% year-over-year. The increase in third quarter revenues was primarily attributable to an increase in output from the expanded production capacity and an increase in wafer ASPs.

Gross profit for the third quarter of 2008 was US\$45.8 million, a 19.2% increase sequentially and 190.4% year-over-year. The gross margin for the third quarter of 2008 was 21.2% compared to 22.4% in the second quarter of 2008. The decrease in gross margin was primarily attributable to an increase in feedstock costs, higher non-material related production costs due to higher inflation and a write-down of approximately \$5.3 million on the value of certain raw materials. This was partially offset by a further reduction in the silicon consumption rate to 6.1 grams per watt from 6.24 grams per watt in the second quarter of 2008 and increases in wafer ASPs.

Operating profit for the third quarter of 2008 was US\$36.9 million, an increase of 20.8% sequentially and 174.6% year-over-year. The operating margin was 17.1% in the third quarter of 2008 compared to 17.8% in the second quarter of 2008. Total operating expenses in the third quarter of 2008 increased to US\$8.9 million from US\$7.9 million in the second quarter of 2008.

Earnings before income tax, minority interest and equity in earnings of investee for the third quarter of 2008 were US\$32.7 million, a 20.3% increase sequentially and 174.4% year-over-year. Finance costs increased by 19.0% sequentially, reflecting higher interest rates. Finance costs as a percentage of net revenue decreased from 1.6% in the second quarter of 2008 to 1.5% in the third quarter of 2008. The third quarter foreign exchange loss was approximately US \$1.2 million compared to a foreign exchange loss of US\$0.8 million in the second quarter of 2008 due to the significant depreciation of the Euro.

In the third quarter of 2008, the Company recognized income of US\$5.2 million from its equity investment in a 49% owned joint venture company, Linzhou Zhongsheng Semiconductor, which is engaged in virgin polysilicon production in Linzhou, Henan province, China.

The Company has completed and commissioned 110 MW of multicrystalline ingot and wafer capacity and 35 MW of monocrystalline ingot and wafer capacity on schedule, bringing the Company's annualized monocrystalline ingot production capacity to 325 MW and annualized

multicrystalline ingot production capacity to 270 MW. With the delivery of an additional 50 MW of multicrystalline furnaces expected during the fourth quarter, the Company expects to achieve its capacity expansion target of 645 MW in annualized ingot production capacity and 585 MW in annualized wafer production capacity by the end of 2008.

"We enjoyed an outstanding third quarter with continued significant growth driven by strong market demand for our quality wafer products, further reductions in our silicon consumption rate and the successful implementation of our expansion strategy," said Mr. Xianshou Li, ReneSola's chief executive officer. "Our third quarter expansion and ramp-up in wafer production capacity was smooth and keeps us on track to reach our 2008 full year capacity expansion target of 645 megawatts in annualized ingot production capacity."

Mr. Li continued, "The third quarter momentum continued through the first month of the fourth quarter and we saw strong results for October. However, since the beginning of November, we have seen downstream industry demand from Chinese customers being negatively impacted by various factors as a result of the global financial crisis."

"Whilst we may benefit from a lack of direct exposure to many of the negative factors, we recognize the challenges that the industry faces in the near term. Spot polysilicon prices have declined significantly in recent weeks. Although this will translate to a lower cost base for our wafer production, we are experiencing pressure on wafer ASPs. The combination of these factors is likely to have a negative impact on our operating and financial results for the fourth quarter of 2008 into the first quarter of 2009."

"Looking ahead, we are confident the current challenges in the industry are temporary and that the mid- to long-term prospects remain strong, particularly as lower raw material costs and ASPs should increase demand and lessen the industry's reliance on government subsidies. While the Company's cash position remains healthy and funding availability is further strengthened by the additional credit facilities from two of China's largest banks, we will continue to focus on streamlining our operations through strict cost controls while working to achieve further technological improvements as we position our company for continuing long-term success. The incremental supply from our upstream polysilicon manufacturing, combined with an expected increase in tolling production, and our continuing efforts in achieving productivity gains and diversifying our customer base, will help to alleviate the pressure on our business."

Despite the anticipated impact of the current industry environment on the results for the fourth quarter, the Company is currently in advanced negotiations to secure wafer sales. Therefore, the Company still maintains its full year output and revenue estimates for 2008. Annual production output is expected to be in the range of 340 MW to 350 MW and annual net revenues are expected to be in the range of US\$640 million to US\$670 million.

While the Company maintains its 2008 outlook, it does not believe it would be prudent to provide guidance for 2009 at this time given the current industry environment and the highly volatile global financial situation.

Further details about: [Renesola](#)