



Associated Press

Canadian Solar cuts 4Q forecast on weak demand

Associated Press, 11.21.08, 10:17 AM EST



Solar cell maker **Canadian Solar Inc.** on Friday lowered its fourth-quarter revenue forecast, citing declining demand, tight [credit markets](#) and its plans to reduce year-end shipments.

The company estimates fourth-quarter revenue between \$70 million and \$85 million. It slashed its fiscal 2008 revenue forecast to between \$650 million and \$750 million from an earlier range of \$850 million to \$970 million.

Analysts have forecast much higher quarterly sales of \$270.1 million and full-year revenue of \$901.9 million.

"We are operating in a challenging macroeconomic environment with a very volatile foreign exchange situation, which continues to impact our bottom line," said Shawn Qu, chairman and chief executive. The company said it has hedged against [currency risk](#), which will help offset the negative effect of the stronger dollar against the euro in the 2008 fourth quarter and the first quarter of fiscal 2009.

Canadian Solar (nasdaq: [CSIQ](#) - [news](#) - [people](#)) also said it is focusing on preserving cash amid the current credit environment and therefore will slow or delay capacity expansions, pending further evaluation of supply and demand. The company further cited uncertain project and customer financing as well as softening solar market demand in Europe and the U.S.

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The company said its cash position is sound, and it expects to maintain about \$100 million in cash in the fourth quarter with \$40 million available in unused credit lines by the end of period. It is "actively negotiating" more credit facilities with local banks.

"We have delayed our [capital expenditures](#) temporarily in order to conserve cash as the company currently has both ample capacity and wafer supply to match the current market demand," said Chief Financial Officer Arthur Chien. "We do not foresee the need for additional capital expenditures until the first or second quarter of next year."

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For 2009, Canadian Solar, which operates manufacturing plants in China, maintained its guidance of 500 to 550 megawatts.

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Separately Friday, the company reported a jump in third-quarter earnings to \$11.1 million, or 31 cents per share, from \$522,000, or 2 cents per share, during the same period last year. The company cited increased production and sales of low-cost products which helped strengthen margins for the quarter.

But results widely missed analyst expectations of 54 cents per share.

In morning trading, shares tumbled 49 cents, or 13 percent, to \$3.29, having earlier reached a new all-time low of \$3.11.

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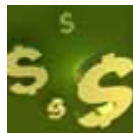
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