



Market Scan

Canadian Solar Loses Its Gleam

Melinda Peer, 11.21.08, 02:40 PM EST

The solar cell manufacturer dimmed its outlook, pointing to poor credit and weak currency.



Canadian Solar drastically dimmed its outlook, citing bleak [credit conditions](#) and the negative impact of currency rates, when it reported weaker-than-expected third-quarter earnings on Friday.

Shares of the China-based solar cell manufacturer fell

10.9%, or by 41 cents, to \$3.37, during Friday's afternoon trading session as Chairman **Shawn Qu** warned that the difficult macroeconomic environment and volatile foreign [exchange rates](#) continues to hurt the company. Qu said Canadian Solar has taken measures to hedge against currency fluctuations of the Euro against the [U.S. dollar](#), which should help results in upcoming quarters.

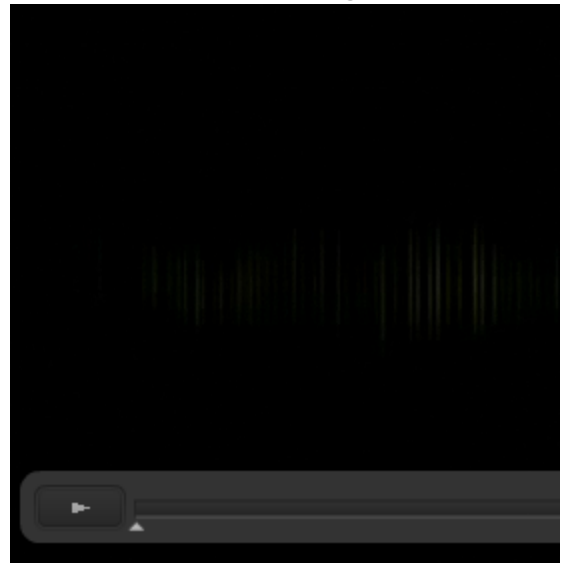
On Friday, **Canadian Solar** (nasdaq: [CSIQ](#) - [news](#) - [people](#)) said net earnings rose to \$11.1 million, or 31 cents a share in the third quarter, from \$0.5 million, or 2 cents a share, a year ago. Earnings, adjusted to exclude special items were 41 cents a share, which missed the 54-cent estimate projected by analysts.

Sales more than doubled, to \$252.4 million, from \$97.4 million in 2007's third quarter and surpassed analysts' expectations for

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Sales of \$248.0 million.

"Given the uncertainty of project and customers' financing coupled with softening solar market demand in Europe and the U.S. at the year end, the company has shifted its short-term operational emphasis to preserving cash and minimizing risk from the credit environment," Canadian Solar said, adding that fourth-quarter shipments are now expected to be between 20 and 25 megawatts for fourth-quarter sales between \$70.0 million and \$85.0 million. The new guidance is far below the \$270.1 million in sales that analysts have been expecting.

The company, which is incorporated in Canada but has solar cell and module plants in China, said it would temporarily delay [capital expenditures](#) because of market conditions. The weakened financial environment could also require certain write-downs on inventory and receivables that could result in a fourth-quarter net loss.

For 2008, Canadian Solar now projects sales in the range of \$650.0 million to \$750.0 million, down from between \$850.0 million and \$970.0 million previously. Analysts polled by Thomson Financial have been expecting sales of \$901.9 million.

Reuters contributed to this article.

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