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## **Solar Equipment Industry Consolidates to fight Bankruptcy**

The solar equipment industry is seeing many of its companies merge to face stiff competition as prices of photovoltaic cells plunge. Mergers between smaller companies and acquisitions so far total \$3.3 billion up by 33% compared to \$2.47 billion in total the whole of last year. All this has largely been sparked by cheaper solar cells coming out of China resulting in a 42% price drop in 2011.

Evergreen Solar Inc. has already filed for bankruptcy and has set September 20 for a meeting with creditors to whom the company owes \$456 million. Hopewell Junction and cell-maker SpectraWatt Inc. have also filed for protection from creditors. Other solar energy companies have fared just slightly better. Q-Cells SE (QCE), the solar panel maker from Germany which has convertible bonds trading at a 64% discount to face value, has declared itself open to takeover bids. Likewise, California's Sunpower Corporation (SPWRA) and Roth & Rau AG (R8R) of Germany have agreed to takeovers. Another company, Ascent Solar Inc, has just taken a Chinese partner.

According to Christopher Blansett, analyst for JP Morgan Securities LLC, "Weaker companies who did not get their product costs down to competitive levels are going to disappear. They'll be bought up. They'll go away. There is significantly more supply of solar modules than demand."

On the other hand, the picture when it comes to acquisitions is not much different. In

2009, the total value of acquisitions hit an all-time high of \$6 billion. The biggest deals that year involved GCL- Poly Energy Holdings Ltd., the Chinese maker of polysilicon, the raw material used for solar energy cells. But this year's acquisitions have been at the fastest pace since 2009.

Among the many solar equipment companies struggling to stay afloat are Energy Conversion, Daystar Technologies Inc. and Q-Cells. Energy Conversion and Daystar Technologies have both lost more than 80% of their market value this year to-date.

Q-Cells was once the world's leading manufacturer of solar cells but this year the company forecasted a 'three digit million euro loss' resulting in its shares plummeting to a record low on August 10. But according to Q-Cells spokeswoman Ina von Spies, the company is "well-positioned" to compete. She said Q-Cells is already an established brand in the market, with an innovative portfolio of solar cells and modules, backed up by technological know-how and a strategy to "continuously drive down costs".

With the many mergers, acquisitions and bankruptcy filings, the companies that are likely to survive are those with innovative and efficient designs and products. Companies that rely merely on low-cost production of parts will have difficulty attracting investors.