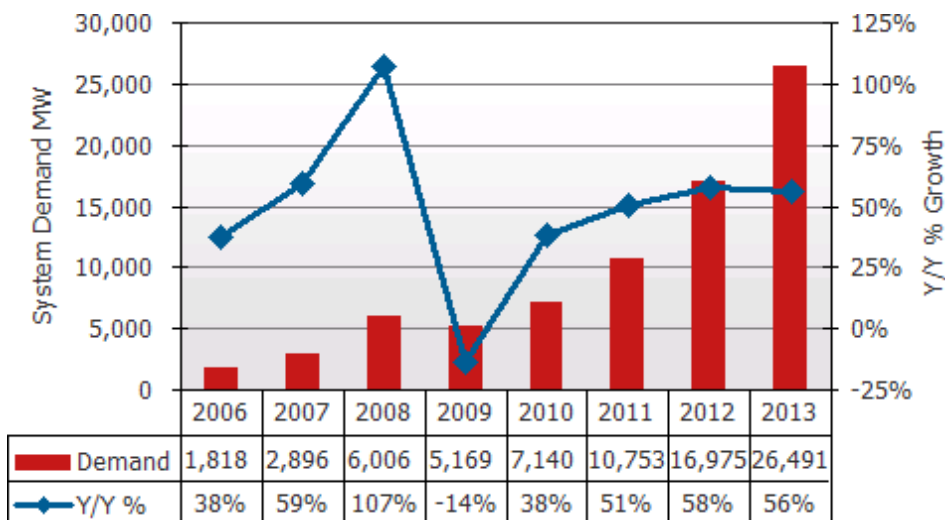


## ■ PV Industry Expected to Return to High Growth in 2010

AUSTIN, TEXAS, December 7, 2009—2009 marked the PV industry’s first “Solar Cycle,” with end-market demand shrinking 14% Y/Y, according to the DisplaySearch Q4’09 [Quarterly PV Cell Capacity Database & Trends Report](#). The contraction was caused by changes in Spain’s generous incentive policy, and was severely aggravated by the worldwide economic crisis and tight credit markets. Excess manufacturing capacity has helped push average PV system prices down more than 25%. But these lower prices, diversification of the demand base and positive incentive movement in multiple regions are now expected to drive substantially higher demand in 2010.

Figure 1: Solar Cell End Market Demand



Source: DisplaySearch Q4’09 [Quarterly PV Cell Capacity Database & Trends Report](#)

“Despite the long term bright outlook for solar, 2009 demonstrated the industry’s cyclicity and that it is still highly dependent on incentives,” stated [Charles Annis](#), DisplaySearch Vice President of Manufacturing Research. “During 2009 there has been nearly 60% over-supply in cell capacity, which means that average fab utilization rates have only been around 40% industry-wide. In the first half of 2009, most solar cell manufacturers were under severe pressure and were losing money. However, because the PV industry is so broad-based and diverse, many of the leading producers have already returned to profitability and are running factories at high utilization and moving forward with expansion plans. Demand in 2H’09 is proving to be robust and setting the stage for 38% growth next year.”

In 2009, solar cell manufacturing capacity will grow 56% to more than 17 GW. Cell capacity growth is expected to slow somewhat in 2010 and 2011 as demand starts catching up to capacity.

Due to the current cell overcapacity, some companies are shuttering older lines and delaying ramp up and new investments. For example, Q-Cells is shutting down its first four lines in Germany, as they are not as productive as newer fabs, and adjusting its ramp-up at newer Malaysian lines.

This leaves Q-Cells with 836 MW of ramped capacity, so they have slipped to fourth place in the 2009 capacity ranking behind First Solar, Suntech and Sharp, with cell capacities of 1092 MW, 950 MW, and 870 MW, respectively.

On the other hand, many other companies clearly believe in the long-term, high-demand growth scenario and are moving forward with large-scale capacity projects. In Japan, Showa Shell Solar is expected to start construction next year on a 900 MW CIGS factory in Miyazaki, and Sharp just reiterated its plans to begin ramping its 480 MW thin-film line in Sakai by March 2010 producing triple junction a-Si modules at 10% efficiency.

Supply/demand analysis in the Q4’09 [Quarterly PV Cell Capacity Database & Trends Report](#) supports this outlook; by 2012/2013 solar cell manufacturers will likely need to be adding more capacity in order to keep up with forecast demand. The second edition of the [Quarterly PV Cell Capacity Database & Trends Report](#) has been expanded to include a bottoms-up demand database, supply/demand analysis, and a new section covering current events. For more information on the report, please contact Charles Camaroto at 1.888.436.7673 or 1.516.625.2452, e-mail [contact@displaysearch.com](mailto:contact@displaysearch.com) or contact your regional DisplaySearch office in [China](#), [Japan](#), [Korea](#) or

[Taiwan.](#)

#### About DisplaySearch

Since 1996, DisplaySearch has been recognized as a leading global market research and consulting firm specializing in the \$770 billion display supply chain, as well as the emerging photovoltaic/solar cell industries. DisplaySearch provides trend information, forecasts and analyses developed by a global team of experienced analysts with extensive industry knowledge and resources. In collaboration with the NPD Group, its parent company, DisplaySearch uniquely offers a true, end-to-end view of the display supply chain from materials and components to shipments of electronic devices with displays to sales of major consumer and commercial channels. For more information on DisplaySearch analysts, reports and industry events, visit us at <http://www.displaysearch.com/>. Read our blog at <http://www.displaysearchblog.com/> and follow us on Twitter at [@DisplaySearch](#).

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