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Associated Press

Suntech Power preliminary '08 results beat Street

Associated Press, 01.23.09, 01:55 PM EST

Suntech Power Holdings Co., Ltd. on Friday reported preliminary fourth-quarter and 2008 results that beat Wall Street expectations, announced it had cut 800 positions in the fourth quarter and said it has suspended the hiring of another 2,000 employees.

The China-based solar module maker said it expects 2008 revenue to range between \$1.91 billion and \$1.93 billion, compared with analyst estimates of \$1.88 billion, on average. The company expects full-year photovoltaic product shipments of 493 to 496 megawatts.

These preliminary revenue numbers beat the company's most recent outlook, which had been slashed in November to between \$1.85 billion and \$1.87 billion, from a previous estimate of \$2.05 billion to \$2.15 billion. Suntech cut the outlook due to concerns over the weakened euro to the [U.S. dollar](#) and tightening [credit markets](#), which hurt sales prices and caused some customers to defer orders.

For the fourth quarter the company expects revenue to range between \$405 million and \$420 million, above previously issued guidance of \$345 million to \$360 million, and Wall Street's forecast of \$357.7 million.

The company also said it had cut 800 workers in the fourth quarter and suspended the hiring of an additional 2,000 employees, in line with the company's decision to maintain production capacity at 1 gigawatt as a result of the difficult

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economic environment. The company's headcount at the end of the year was 9,070.

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Due to the rapid fourth-quarter decline in silicon prices, Suntech said it expects to make an inventory provision in the range of \$46 million to \$58 million, which would negatively impact

gross margin by 11 percent to 14 percent.

The company also said its repurchase of 0.25 percent convertible senior notes resulted in a net gain of about \$30 million.

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Suntech also expects to incur an expense related to the impairment of Suntech's investments in Nitol Solar and Hoku Materials, due to the drop in silicon prices and tight credit markets. The total value of the investment impairment is expected to be in the range of approximately \$49 million to \$52 million.

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Shares of Suntech rose 71 cents, or 8.1 percent, to \$9.49 in Friday afternoon trading. The share price has ranged between \$5.36 and \$58.90 over the last 52 weeks.

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