

Suntech Reports Fourth Quarter and Full Year 2008 Financial Results

SAN FRANCISCO and WUXI, China, Feb. 18 /PRNewswire-Asia/ -- Suntech Power Holdings Co., Ltd. (NYSE: [STP](#)), the world's largest photovoltaic (PV) module manufacturer, today announced financial results for the fourth quarter and full year ended December 31, 2008.

Fourth Quarter 2008 Financial Highlights(1)

- Total net revenues grew 4.2% year-over-year to \$414.4 million.
- GAAP gross margin was 0.6% and non-GAAP(2) gross margin was 0.9%. Excluding the provision for inventory and purchase commitments, adjusted non-GAAP consolidated gross margin in the fourth quarter was 13.1%.
- GAAP net loss was \$65.9 million, or negative \$0.42 per diluted American Depository Share (ADS). On a non-GAAP basis, Suntech's net loss was \$42.4 million, or negative \$0.27 per diluted ADS. Each ADS represents one ordinary share.
- Net debt decreased by \$273.7 million to \$1,117.8 million as of December 31, 2008.

Full Year 2008 Financial Highlights(1)

- Total net revenues grew 42.7% year-over-year to \$1,923.5 million.
- Full year 2008 total shipments of solar products grew 36.0% year-over-year to 497.5 MW.
- GAAP gross margin was 17.8% and non-GAAP(2) gross margin was 18.2%.
- GAAP net income for the full year was \$111.0 million or \$0.66 per ADS. On a non-GAAP basis, Suntech's net income for the full year was \$149.7 million or \$0.89 per diluted ADS.
- Achieved 1GW solar cell and module production capacity.

"Customer recognition of Suntech's high performance and premium quality modules enabled us to deliver close to 500MW in the full year 2008 and extend our position as a world leader in solar," said Dr. Zhengrong Shi, Suntech's Chairman and CEO. "During 2008, we bolstered our on-the-ground customer service and support capability by opening branches in key markets and hiring experienced solar professionals, achieved 1GW production capacity, and demonstrated our strength in solar innovation with the successful commercialization of our Pluto technology."

"We believe that we are now in a position to service all avenues of solar demand globally, including residential roof-top, commercial roof-top, ground mounted and utility scale. In particular, our continued investment in the U.S. should position us for strong growth in that key market and its burgeoning utility-scale segment via our systems integration unit, Suntech Energy Solutions, and our project development joint venture, Gemini Solar."

"Despite the challenging market conditions, we are confident that we are well positioned to expand our market share in 2009. We believe that the project financing environment is improving and will continue to do so as the year progresses, leading to further growth of the solar industry. We are confident that Suntech's reputation as a global solar leader will benefit us as more and more customers realize the value in partnering with a company that offers stability, first class service, industry-leading scale, superior technology, quality and a broad product portfolio," added Dr. Shi.

RECENT BUSINESS HIGHLIGHTS

Silicon Procurement

- Suntech and MEMC Electronic Materials amended their 10-year silicon wafer supply agreement. As amended, the dollar value of silicon wafer purchases from MEMC remains unchanged, but a volume increase and a price reduction for 2009 have been effectuated.
- Suntech acquired a minority stake in Asia Silicon Co. Ltd, an independent polysilicon producer, for a total cash consideration of approximately \$8.1 million. Suntech previously entered into an agreement to purchase up to \$1.5 billion high purity polysilicon from Asia Silicon over a seven-year period. Polysilicon cost decreases to less than \$40 per kilogram during the term of the agreement.

Notable PV Projects

- Suntech was chosen to design and construct a BIPV system totaling 3MW on the China and Theme Pavilions at the World Expo Shanghai 2010. The project will be the largest BIPV installation in China.

-- Suntech supplied 5MW of Suntech solar panels for the largest solar plant in the Middle East, a 10MW solar electricity system to power Masdar City, the world's first carbon neutral city being built in Abu Dhabi, United Arab Emirates. The solar system is being built and designed by leading Abu Dhabi based solar power system integrator, Enviromena Power Systems.

Product Offering Expansion

-- Suntech entered into an exclusive agreement giving Suntech rights related to the worldwide manufacturing, distribution and marketing of Applied Solar's building integrated solar roof tile product, SolarBlend(TM), and roof membrane product, SolarEze(TM). The agreements combine Suntech's industry-leading products with **Applied Solar's** innovative BIPV applications to provide a more comprehensive set of product offerings to the residential and commercial market.

U.S. Dealer Network

-- Suntech continued expanding its dealer network of residential rooftop installers and integrators in the U.S. Currently, Suntech's network includes over 100 dealers, up from 30 at the end of the third quarter of 2008.

Technology

-- Suntech has a fully operational 34MW Pluto PV cell line and is in the process of adding another 68MW of Pluto capacity. Suntech expects to receive industry certification for Pluto PV modules in the second quarter of 2009 and targets shipments of more than 50MW of Pluto modules in 2009.

-- The Pluto high efficiency technology consistently achieves conversion efficiencies of close to 17% on multi-crystalline PV cells and close to 19% on mono-crystalline PV cells. Suntech anticipates that the higher conversion efficiencies will improve power output by up to 12% above conventional screen-printed PV cells, enable improved space utilization and reduce installation and other balance of system costs.

Convertible Senior Note Repurchase

-- Through December 31, 2008, Suntech repurchased \$93.8 million aggregate principal amount of its 0.25% Convertible Senior Notes due 2012 for cash consideration of \$61.0 million. As a result, Suntech realized a net gain of approximately \$31.1 million.

Capital and Credit Facilities

-- Suntech had approximately \$2.4 billion of approved credit lines to be used for fixed asset purchase, working capital or trade financing as of December 31, 2008. Of these credit facilities approximately \$1.2 billion had been drawn down as of December 31, 2008. Suntech expects that its capital will be sufficient to cover its capital expenditures in 2009 while maintaining adequate working capital to support its operations.