

## Q-Cells backs challenged silicon supplier Timminco

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FRANKFURT, April 22 (Reuters) - Germany's Q-Cells (QCEG.DE: [Quote](#), [Profile](#), [Research](#)), the world's largest solar cell maker, stood behind its Canadian silicon supplier, Timminco (TIM.TO: [Quote](#), [Profile](#), [Research](#)), which has recently drawn criticism about its operations.

Q-Cells Chief Executive Anton Milner told Reuters in an interview on Tuesday: "I sat down personally with the management to find out how they are doing, what they are doing and I had a very intensive discussion. We have a very high regard (for) the company and its management and what they've been able to achieve."

Timminco's stock fell C\$3.92, or 17.6 percent, to close at C\$18.23 on the Toronto Stock Exchange. The shares are off nearly 29 percent since Wednesday as questions mounted about the firm's silicon-purifying process.

A report in Barron's financial magazine questioned the company's claim that its technology can purify silicon for solar cells at a low cost, while the Globe and Mail newspaper reported that Wall Street investor Manuel Asensio, a short-seller with a reputation for bringing down companies, has also challenged Timminco's assertion.

Q-Cells signed a supply contract for directly purified metallurgical silicon with Timminco's subsidiary Becancour Silicon Inc (BSI) in March, which sees Q-Cells getting 410 metric tons this year and 3,000 tons in 2009, with prices fixed.

Q-Cells is negotiating a follow-up contract for up to 6,000 tons annually from 2010 to 2013, it said.

"The results that we have got on the Timminco product are with cell efficiency rates of well above 15 percent, which makes it a very interesting product, particularly given the cost of the alternative products," Milner said.

"The results on the sell side were positive and the product is very good and we are happy with the contract," he added.

Alternative products include polysilicon, whose prices have risen 20-fold in recent years as the solar sector began to compete with the semiconductor industry for the ingredient and supplies tightened.

Timminco has said it can purify metallurgical grade silicon at about half of what it costs its competitors. Last year, it shipped 89 tonnes of solar grade silicon to customers.

"With all technological developments there is risk. The largest risk is technology and they seem to have mastered that very well. There are normal ramp up risks beyond that, but those affect everybody," Milner said.

Q-Cells's Milner confirmed the company's outlook, which it raised in March after securing further silicon supplies.

Q-Cells expects sales to rise to 1.275 billion euros (\$2.02 billion) this year and to more than 2 billion euros in 2009, while striving for a production volume at its core business of more than 1.5 gigawatt peak in 2010.

(Reporting by Eva Kuehnen, editing by Richard Chang)

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