

## Timminco Tumbles After Silicon Sales Trail Forecasts (Update1)

By Rob Delaney

Aug. 12 (Bloomberg) -- Timminco Ltd., the Canadian solar-grade silicon maker that had more than doubled in the past year, fell the most in 18 months in Toronto trading after second-quarter sales trailed some analysts' estimates.

The shares slid C\$5.47, or 27 percent, to C\$14.50 at 12:06 p.m. in Toronto Stock Exchange composite trading. A close at that price would be the biggest drop for Toronto-based Timminco since Feb. 9, 2007.

Second-quarter sales of 221 metric tons of solar-grade silicon trailed the 291 tons expected by Raymond James Ltd. analyst Andy Nasr. The shortfall raises concerns that Timminco's low-cost technology may not be producing enough silicon that meets solar-cell manufacturers' specifications, Nasr said.

“What's going on with the shares highlights the execution risk in ramping up production over the next 18 months,” Nasr said in a telephone interview. “They'll be able to sell, providing they meet customer specifications, but the bigger issue is how much of that they'll be able to produce.”

Timminco's second-quarter sales rose 49 percent to C\$63.3 million (\$59.4 million), the company said yesterday in a statement. Nasr said in a research note today that he'd expected sales of C\$74 million.

The company plans to invest \$65 million to quadruple production at a plant in Quebec. The investment, which would increase annual production of solar-grade silicon to 14,400 tons a year, will be completed midway through next year, the company said in February.

On March 27, Timminco announced that its Becancour Silicon unit agreed to supply Thalheim, Germany-based Q-Cells AG with 410 tons of solar-grade silicon in 2008 and 3,000 tons in 2009.

The company said yesterday its second-quarter net loss widened to C\$7.05 million, or 7 cents a share, from C\$1.5 million, or 2 cents, a year earlier. Timminco had a one-time charge in the most recent quarter to close a magnesium facility in Ontario.

To contact the reporter on this story: Rob Delaney in Toronto at [robdelaney@bloomberg.net](mailto:robdelaney@bloomberg.net).

*Last Updated: August 12, 2008 12:21 EDT*