



Timminco upgraded to 'market perform' at Raymond James

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Andy Nasr isn't quite ready to jump in with both feet following Timminco Ltd.'s conference call to discuss the operational review of its facilities, but the Raymond James analyst is certainly feeling a little more confident about the company's prospects thanks in large part to higher-than-anticipated contract prices.

"While [Tuesday's] conference call only modestly allayed our concerns regarding execution risk, we were admittedly surprised to learn that the company had and could enter into supply agreements to sell its solar-grade silicon at prices of greater than \$60 per kilogram," he wrote in a note to clients, "We had previously assumed that solar-grade silicon shipments would be transacted at prices of approximately \$45 per kilogram.

Mr. Nasr also noted that the independent review concluded that Timminco will be able to hit its production targets and increase its capacity from 3,600 metric tonnes to over 14.4 metric tonnes by mid-2009. As well, Timminco to produce between 5 to 10 thousand tonnes of solar grade silicon in 2009 and 12 to 20 thousand tonnes in 2010, with costs declining from \$16 to \$30 per kilogram in 2009 to \$13 to \$22 by 2010.

Nonetheless, Mr. Nasr remains cautious about further upside in the stock, which climbed another 7% to \$26.58 in morning trading on Thursday. He upgraded his rating on Timminco from "underperform" to "market perform" and raised his price target from \$19 to \$27.

"We remain reluctant to recommend that investors buy the stock, given the execution risk and long-term silicon supply concerns that we previously highlighted."

David Pett