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Solargiga drives margins for Wafer Works in 1H08

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Thanks to strong profit contributions from its China-based subsidiary Solargiga, Wafer Works reported gross margins of 35.5% in the first half of 2008, and rival solar wafer rivals may find it difficult to match such results.

Wafer Works announced that its consolidated sales surged 70% on year at NT\$5.53 billion (US\$174.9 million) in the first half of 2008, representing an on-year growth of 70%. Profits grew by 35% on year at NT\$902 million, translating to an earnings per share (EPS) of NT\$3.98. An average gross margin of 35.5% was primarily because of the strong gross margins at Solargiga, which recorded a gross margin of 40% in the first half of 2008.

Since Solargiga only started securing long-term contracts after its initial public offering (IPO) in March in Hong Kong, the uphill price trend of solar wafers in the spot market in the first half of 2008, helped spur profitability at the company.

In related news, Solargiga originally planned to invest HK\$71 million (US\$9.1 million) to jointly establish a polysilicon plant with Jinzhou New Century Quartz Glass. But the plan has been revised so that Solargiga will not need to place any investment while still obtaining a guaranteed supply quantity.

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