

Excerpt from Bloomberg, January 22, 1015

<http://www.bloomberg.com/news/2015-01-22/-sexy-no-longer-solar-may-see-more-consolidation-hanwha-says.html>

## Sexy' No Longer, Solar May See More Consolidation, Hanwha Says

Tumbling oil prices will maintain pressure on the solar industry to consolidate by drying up investor interest in building new factories, according to an executive who just carried out a \$1.2 billion merger.

Dong Kwan Kim, chief commercial officer of [Hanwha SolarOne Co. \(HSOL\)](#), said the industry has been “unfairly penalized for oil prices” and that the company that ranks among the top three panel makers may return to [profit](#) this year for the first time since 2010.

“When oil prices were very high and green energy was a sexy, hot sector, I think a lot of money was pouring into overcapacity,” Kim said in an interview at the [World Economic Forum](#) in Davos today. “The oil price should help in that sense while not hurting our business materially.”

Oil's decline is thwarting the sort of deals that built China's solar industry in the last decade -- and left it with a crippling excess of capacity that gutted prices and margins across the industry.

Solar panels now are selling for about 70 cents a watt, down from more than \$2 in 2010. The slump in panel prices bankrupted at least two dozen producers, including Q-Cells of [Germany](#), which was once the industry's biggest producer and now is a part of SolarOne.

Shares of renewable energy companies have plummeted since June, when oil started its slide. Brent crude futures at less than \$50 a barrel today are less than half their peak last year, and the WilderHill New Energy Global Innovation Index of 105 clean-energy companies has fallen almost 20 percent since then.

### Malaysian Expansion

In the last decade, China's biggest solar panel makers sold billions of dollars worth of stock to Wall Street investors, using the proceeds to finance factory expansions. Panel production topped 40 gigawatts worldwide, up from little more than 1 gigawatt a decade ago.

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