

Flattish week with Q1 updates in focus

- Both the **Dow Jones Solar Energy Index** and **MSCI World Index** ended flat during the week. No major changes in fossil fuel prices were seen as well, except for coal, whose price decreased by 5%. This week was marked by the updates on Q1 from the industry companies, most of which were positive. Moreover, we discuss the recent change in Isuppli outlook for PV industry demand for 2010-2011.
- Yesterday, **REC's** management commented that the **full capacity in Singapore** plant might be reached as soon as **Q4 2010**, but the ramp-up will depend on the market conditions. The news is positive, as it shows that project execution is on track. Nevertheless, the worrisome factor is the need to sell increasing production volumes in an oversupplied market. On Monday, the company also announced that legal issues in the USA were solved as agreement with the opponent had been reached.
- **Canadian Solar** came up with a **negative trading update** yesterday. A gross margin is seen at 13,0-13,5% versus earlier guidance of mid teens. Currency losses will also burden profits. Volume shipments guidance of 189-191MW, on the other hand, was in the higher range of guided 180-190MW. The company sees strong demand continuing into Q2, but margins in line with Q1.
- On Monday, **Evergreen Solar** reported **preliminary sales of USD 75,5m versus the consensus of USD 73,6m**. The average selling price was down 4% Q/Q, but mostly on the stronger dollar. Volume shipment guidance of 175MW was maintained for 2010. For Q2 it is expected that shipments should be 37-38MW.
- Yesterday **Isuppli** raised its **solar PV demand forecasts** for 2010 from 8,3GW to 13,6GW. Moreover, the industry research company expects that solar PV installations will continue to grow in 2011 to 20,3GW, which is almost a tripling compared to 2009. Importantly, a profile of global demand should be better diversified geographically going forward, reducing the industry's dependence on Germany. Isuppli mentions that even a shortage of supply could occur during the quarters of high demand in 2010 and a more pronounced supply shortage is possible in 2011. The projections from Isuppli seem bullish compared to other estimates and in case they materialize, this will be highly positive for the whole solar industry.

Analyst

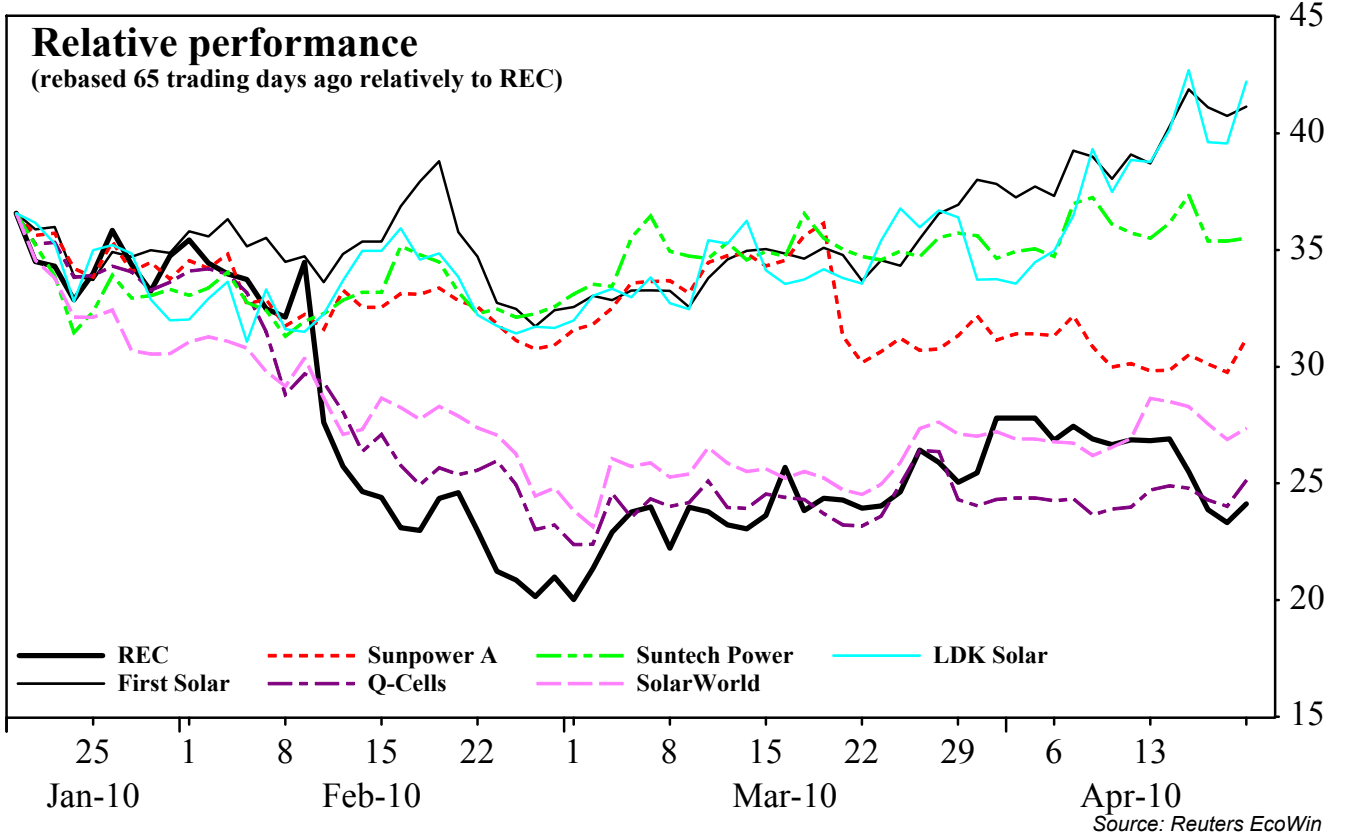
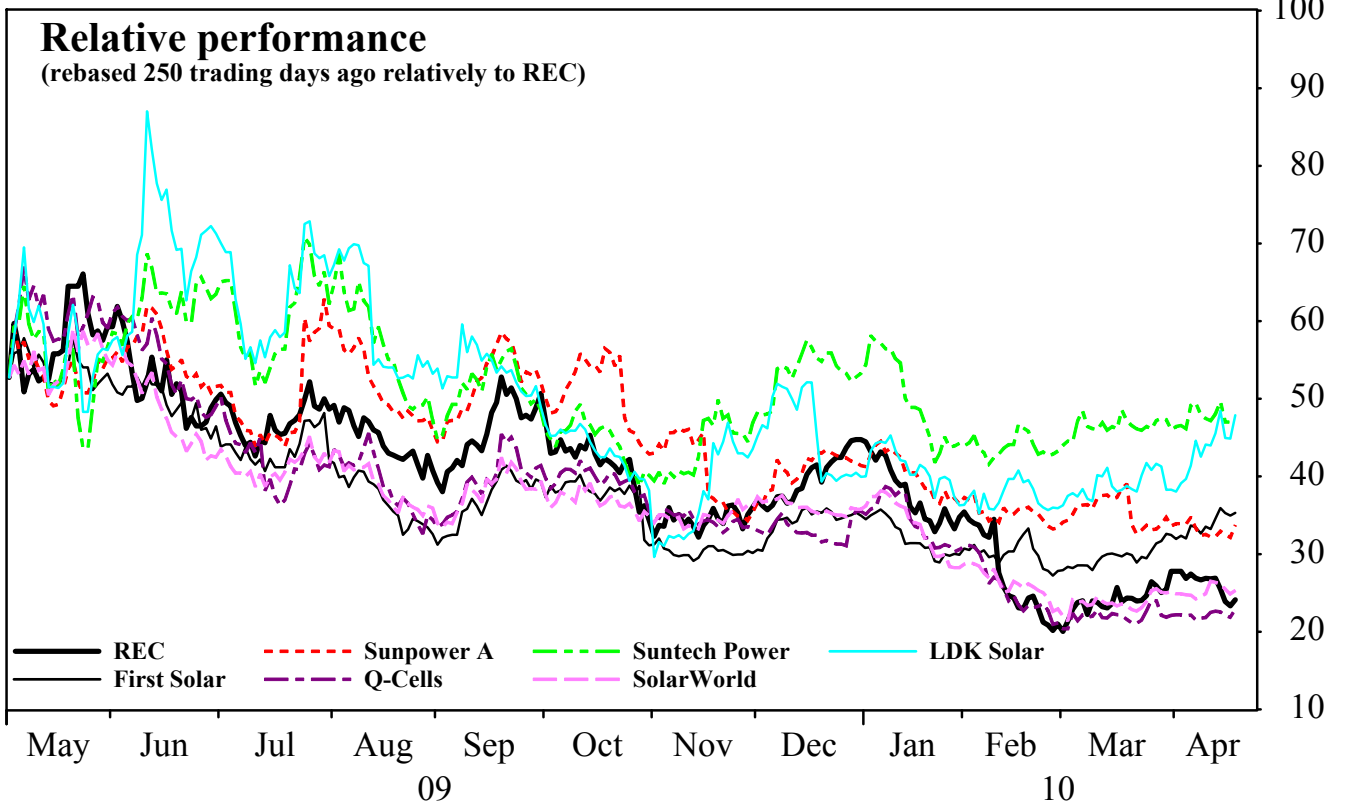
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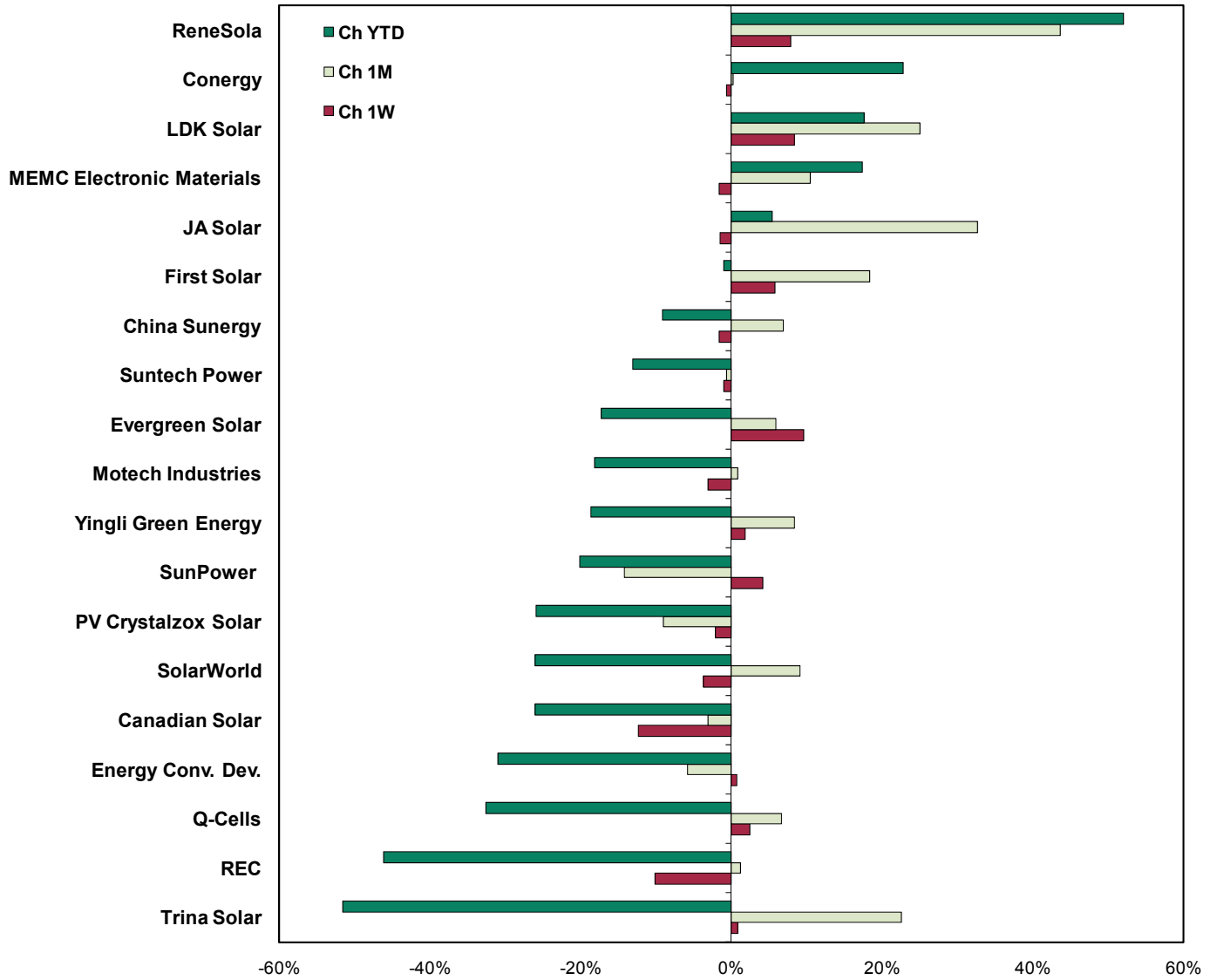
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Share price performance



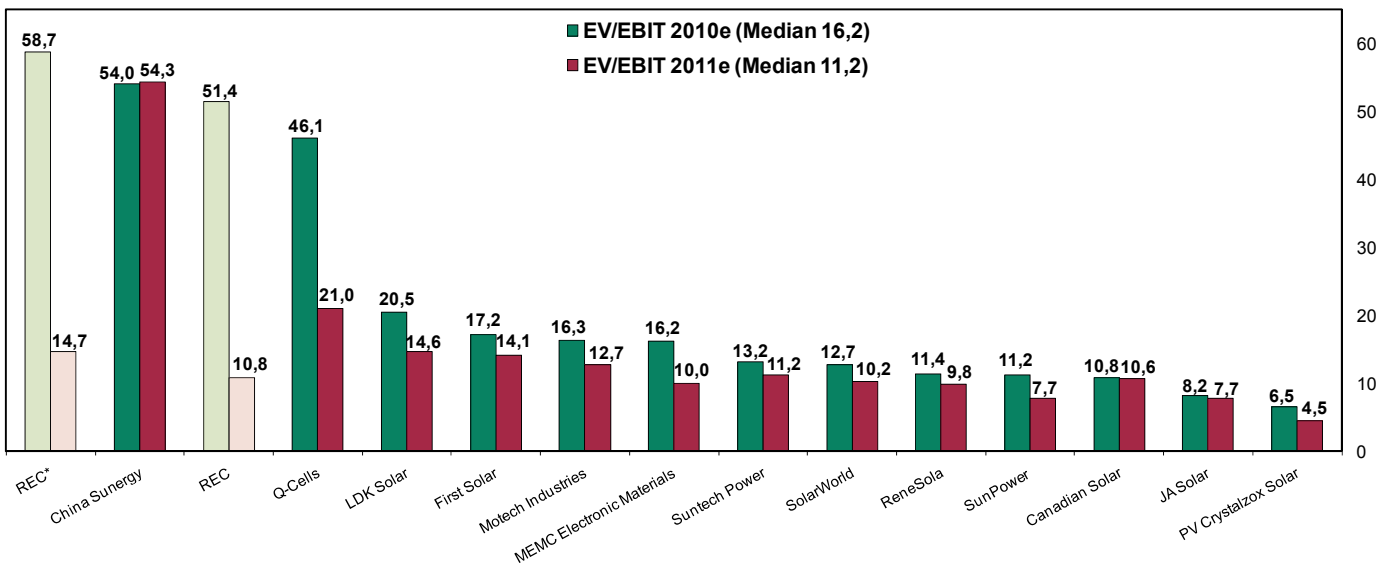
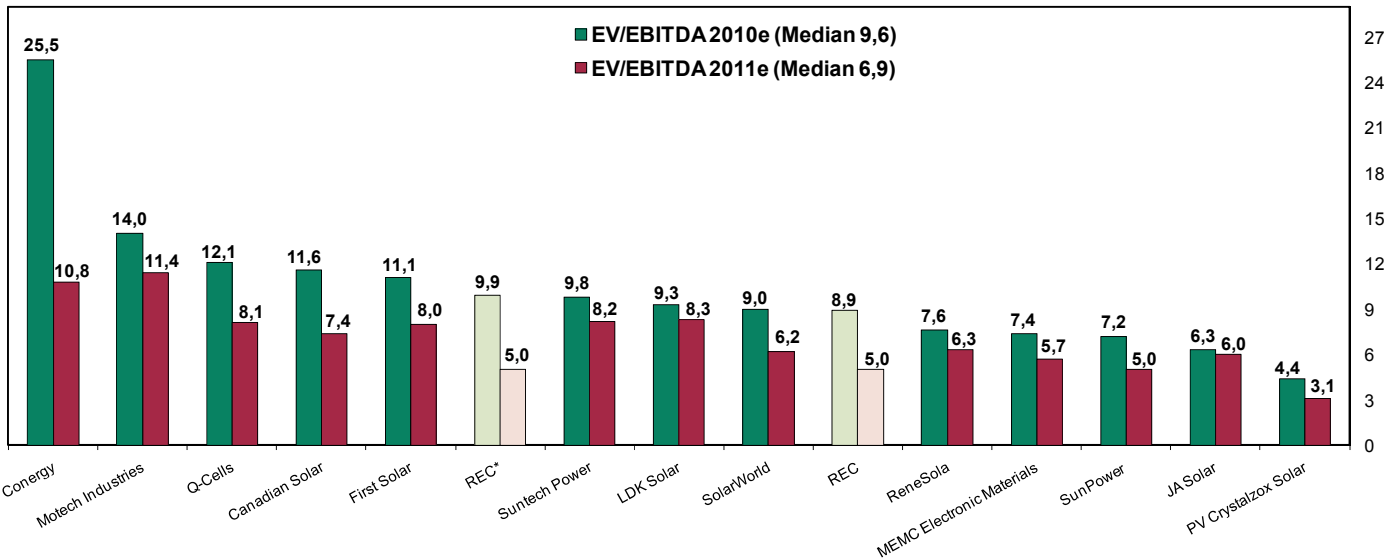
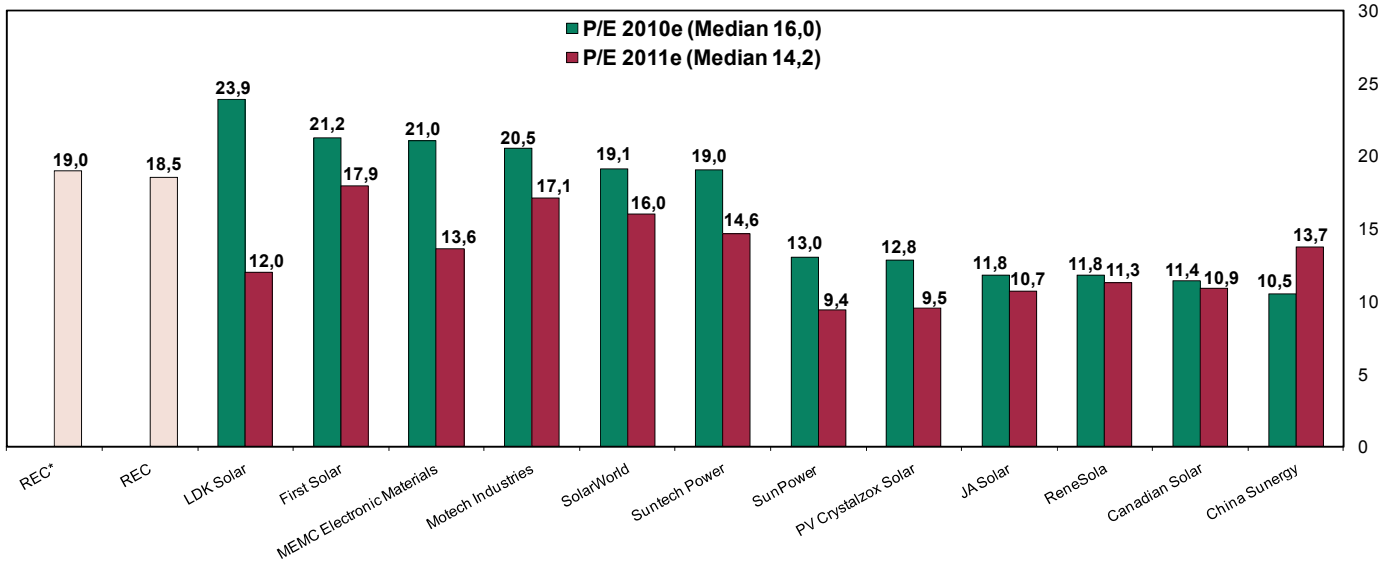
Source: Reuters EcoWin, Terra Markets

Key figures

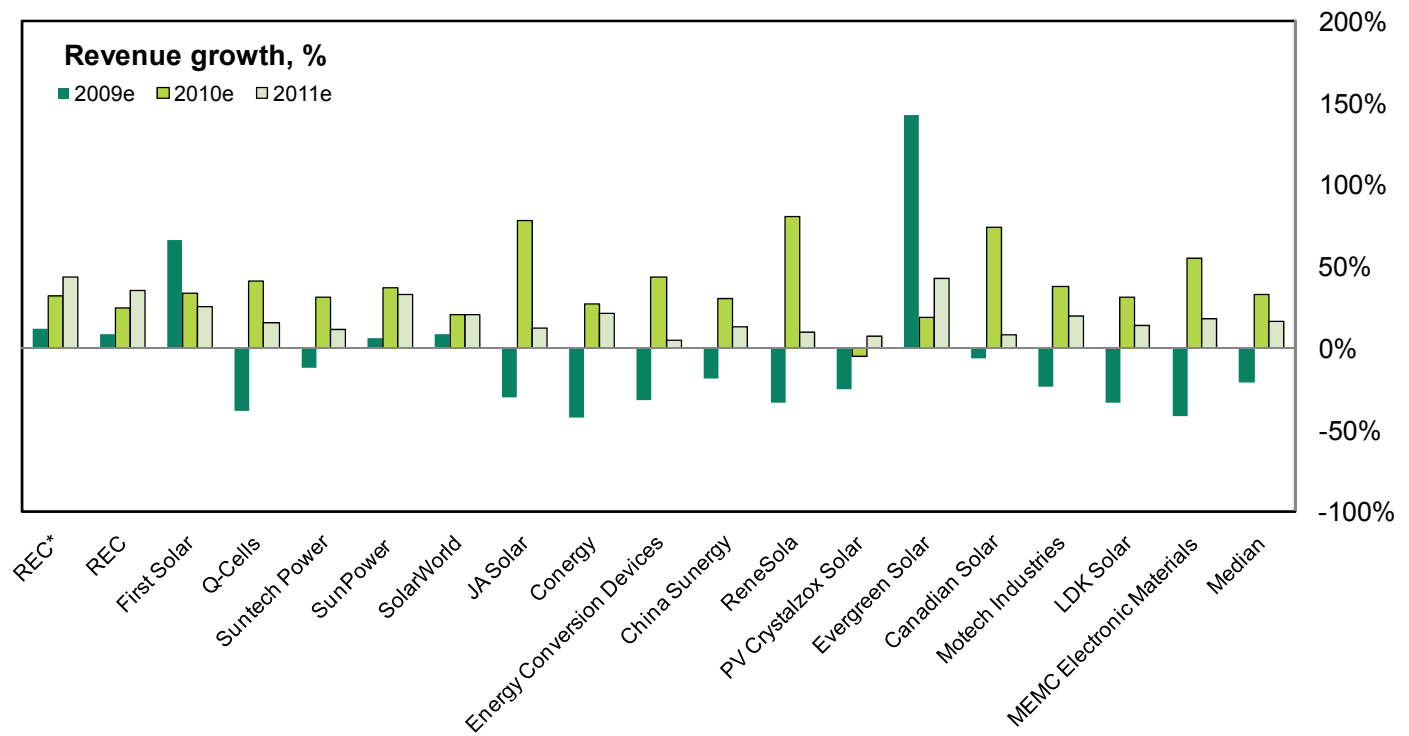
Company	Source	Mkt. cap. USDm	EV* USDm	P/E		EV/EBITDA*		EV/EBIT*	
				2010e	2011e	2010e	2011e	2010e	2011e
REC	Terra Markets	2 715	4 478	neg	19,0	9,9	5,0	58,7	14,7
REC	Consensus**	2 715	3 803	nm	18,5	8,9	5,0	51,4	10,8
First Solar	Consensus**	11 318	10 821	21,2	17,9	14,0	11,4	17,2	14,1
Q-Cells	Consensus**	887	1 903	nm	35,3	12,1	8,1	46,1	21,0
Suntech Power	Consensus**	2 538	3 023	19,0	14,6	9,8	8,2	13,2	11,2
SunPower	Consensus**	1 763	2 011	13,0	9,4	7,2	5,0	11,2	7,7
SolarWorld	Consensus**	1 704	2 101	19,1	16,0	7,6	6,3	12,7	10,2
JA Solar	Consensus**	968	973	11,8	10,7	6,3	6,0	8,2	7,7
Conergy	Consensus**	434	823	nm	40,6	25,5	10,8	nm	19,0
Energy Conversion Devices	Consensus**	326	371	nm	nm	nm	20,9	nm	nm
China Sunergy	Consensus**	187	1 126	10,5	13,7	nm	32,1	54,0	54,3
ReneSola	Consensus**	598	824	11,8	11,3	7,4	5,7	11,4	9,8
PV Crystalzox Solar	Consensus**	288	18	12,8	9,5	4,4	3,1	6,5	4,5
Evergreen Solar	Consensus**	260	471	nm	nm	39,7	6,2	nm	33,5
Canadian Solar	Consensus**	892	1 119	11,4	10,9	9,3	8,3	10,8	10,6
Motech Industries	Consensus**	1 439	1 155	20,5	17,1	11,1	8,0	16,3	12,7
LDK Solar	Consensus**	1 084	2 495	23,9	12,0	11,6	7,4	20,5	14,6
MEMC Electronic Materials	Consensus**	3 695	3 334	21,0	13,6	9,0	6,2	16,2	10,0
Average				16,3	16,9	12,1	9,1	23,6	15,7
Median				16,0	14,2	9,6	6,9	16,2	11,2

* Calculated by applying the last reported Balance Sheet and last Market Capitalization

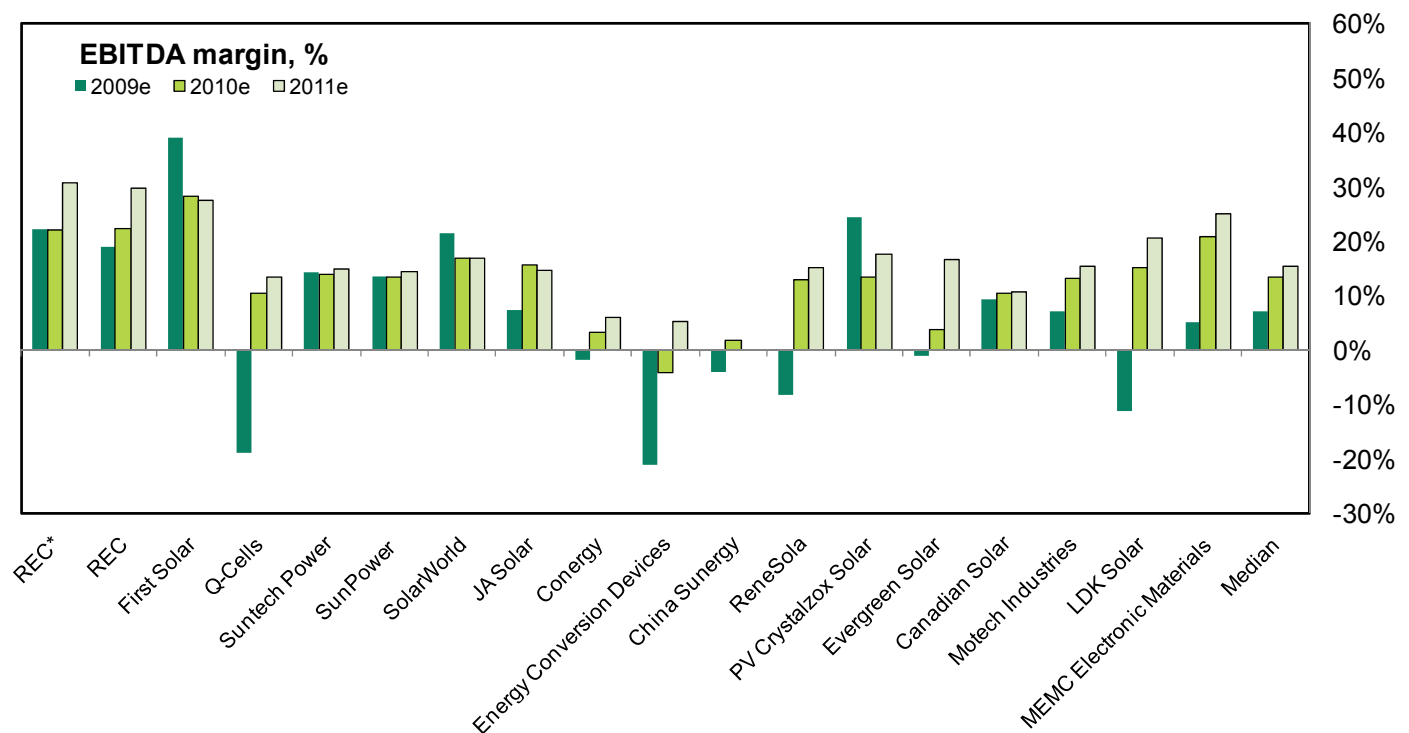
** Infinancials



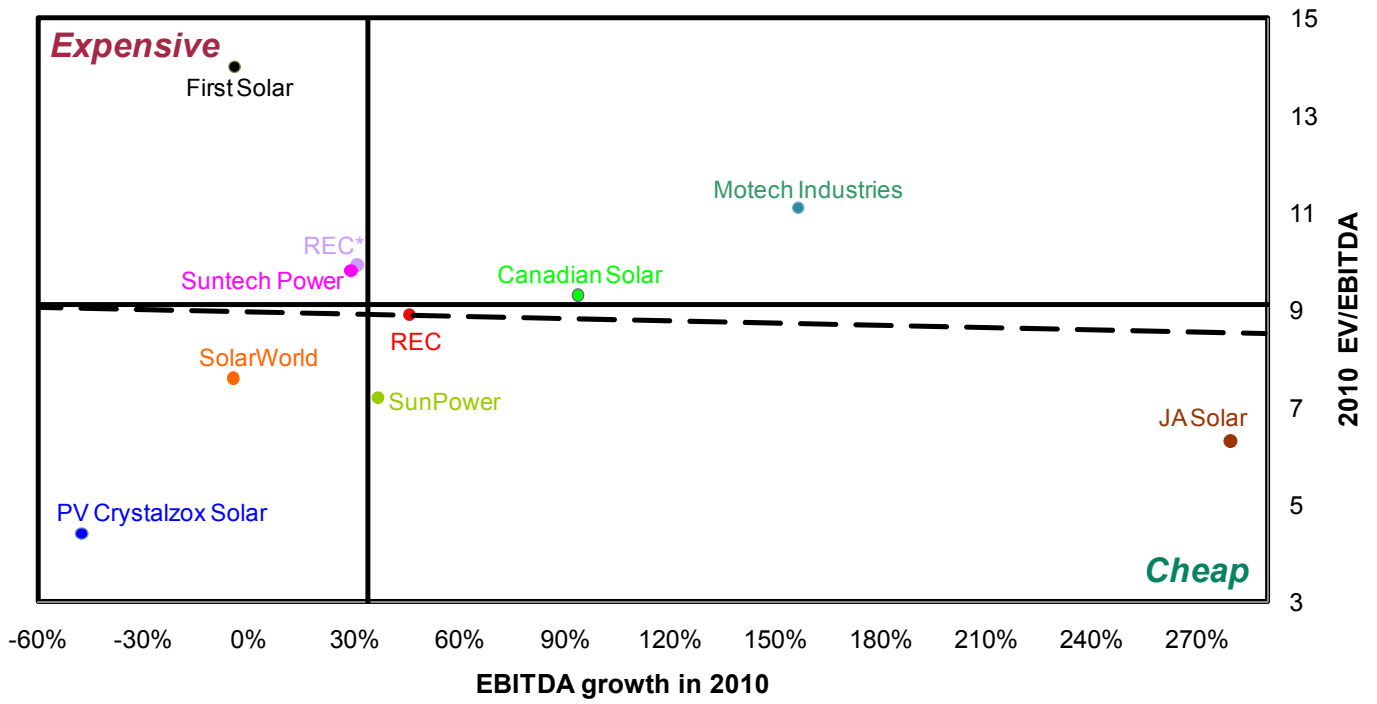
Source: Infonancials, *Terra Markets



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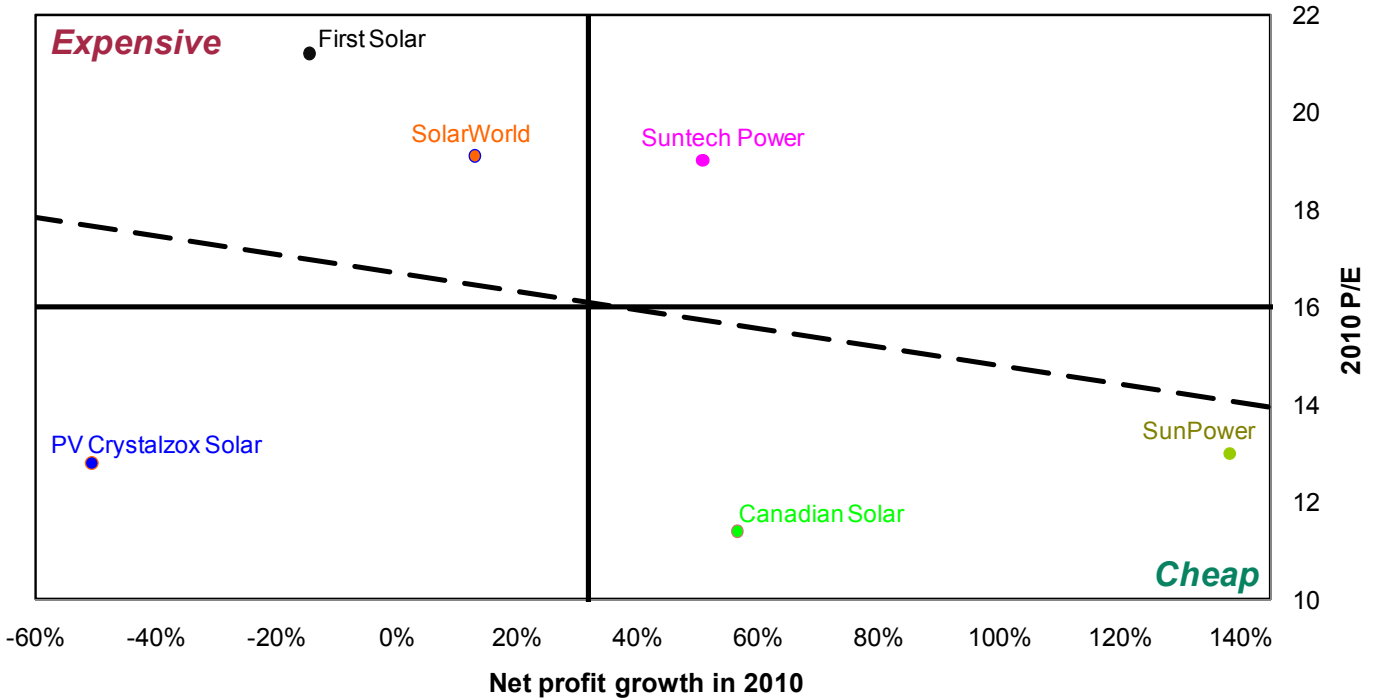


Source: Infinancials, *Terra Markets



— Median
 - - - Trendline

Source: Infinancials, *Terra Markets

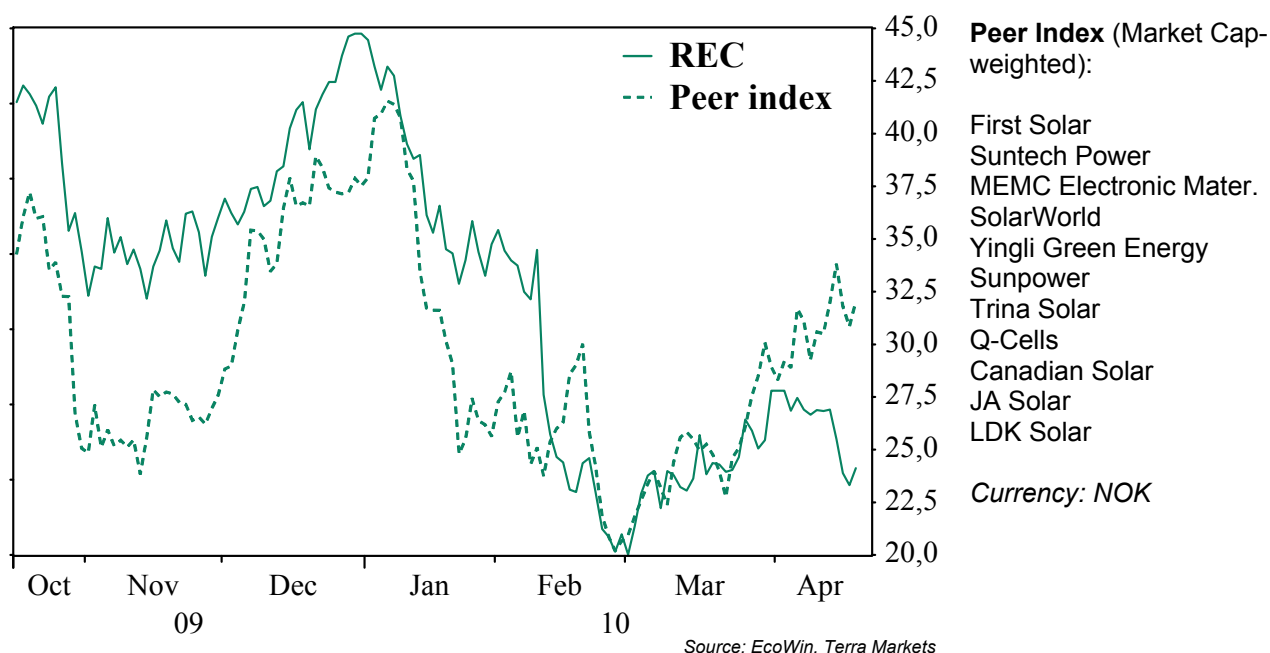


— Median
 - - - Trendline

Source: Infinancials, *Terra Markets

News flow

Date	Event
28.04.2010	REC Q1 2010 report
28.04.2010	First Solar Q1 2010 report
29.04.2010	Expected rights issue terms announcement of REC
29.04.2010	REC EGM related to the rights issue
29.04.2010	MEMC Q1 2010 results
30.04.2010	Expected ex-rights date for REC
04.05.2010	Evergreen Solar Q1 2010 results
10.05.2010	Energy Conversion Devices Q1 2010 results
11.05.2010	JA Solar Q1 2010 results
06-20.05.2010	Expected subscription period for REC's rights issue
19.05.2010	REC AGM



Note: the chart is based on yesterday's closing prices

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Company reports

Terra Markets' recommendations are based on a six-month time horizon and absolute performance adjusted for risk. Near-term dividends are included into return. The table below shows our general guidelines for determining our recommendations:

Risk	Buy / Strong Buy	Hold	Reduce / Sell
Low	> 10%	2% - 10%	< 2%
Medium	> 15%	3% - 15%	< 3%
High	> 30%	5% - 30%	< 5%

The percentages are defined as an upside to our price target plus eventual dividends within six months. Whether a Buy or Strong Buy / Reduce or Sell recommendation is given, depends on the analyst's conviction in the case.

Price targets are based on a combination of several valuation methods. The most frequently used are the Discounted Cash Flow (DCF), Sum Of The Parts (SOTP) and relative valuation methods, depending on the nature of the company.

Our risk assessments range from high risk to medium risk and low risk and are based on a subjective assessment of the following factors: 1) volatility in the share price, 2) liquidity in the share, 3) strength of the balance sheet, 4) the absolute earnings level and trend and 5) estimate risk.

Recommendation distribution as of April 8, 2010

Company reports	Strong Buy	Buy	Hold	Reduce	Sell
Total	5	75	27	9	4
% of total	4%	63%	23%	8%	3%
Corporate clients	1	20	4	0	0
% of total	4%	80%	16%	0%	0%

The table above shows recommendation distribution for all company reports issued during the last three months.

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Recommendation distribution as of April 8, 2010

Weekly Casebook	Strong Buy	Buy	Hold	Reduce	Sell
Total	8	70	42	15	1
% of total	6%	51%	31%	11%	1%
Corporate clients	2	16	5	2	0
% of total	8%	64%	20%	8%	0%

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