

GE Power & Water

# PV Market Overview

## Northeast Photovoltaic Roundtable

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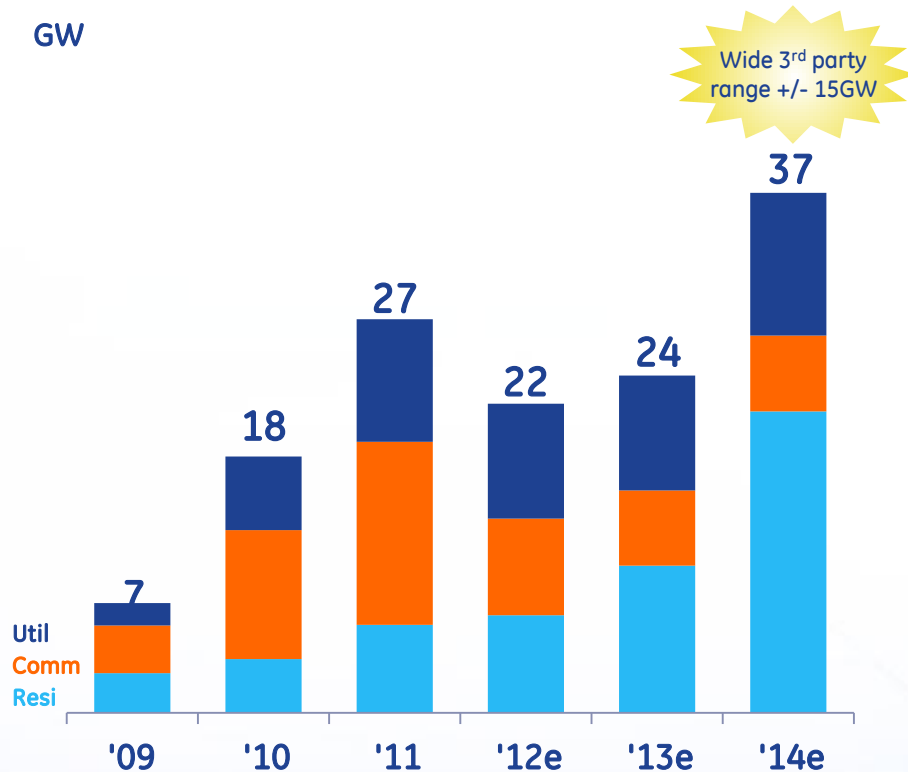
imagination at work



# PV industry booms in '11 ... uncertainty in '12

## Global PV Installations

GW



Source: Bloomberg New Energy Finance (Feb 27, 2012)

## EU fades ... Asia and US rise

- Italy & Germany fall as annual costs reach €12B
- China likely to absorb oversupply
- US builds existing pipeline

## Low pricing ... capacity >> demand

- Prices hit record lows
- Inventory & capacity correction inevitable
- Failures and consolidation

Can new markets emerge to replace Germany/Italy?

# Closures ↑, utilization ↓, losses mount

## Bankruptcies



- One of Germany's largest module maker files for insolvency Dec '11
- Valuation peaked at \$1B in '07



- VC darling CIGS player files Ch. 11 in Sept '11
- Raised ~\$1B in equity & \$535MM in DOE loans



- German developer files for insolvency in Dec '11
- Unable to transition CSP pipeline to PV

## Closures



- Reduced utilization at some facilities to 50%
- Auctioning equipment from Norwegian factory



- German factories at 50% utilization
- Selling non-core TF business



- Idles Italy facility, reduces production in US
- Cutting 20% of workforce impacting 1,300 employees

## Exits



- Winding down PV operations
- Exiting solar after 40 years in industry



- Exiting solar wafer business
- 1,300 jobs eliminated in Japan



- Exiting wire saw business
- 1,800 job losses in China and Belgium

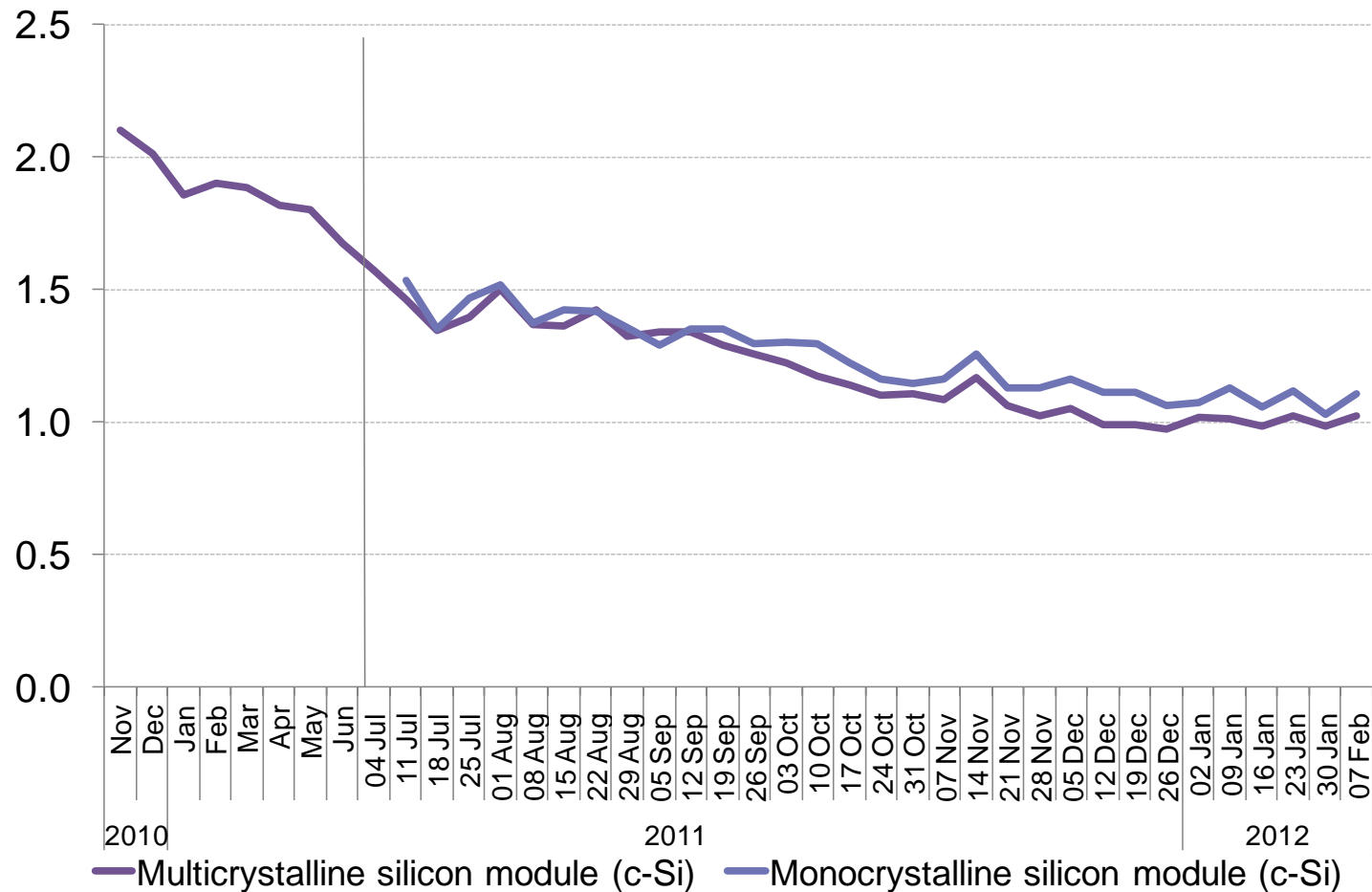
## Losses



- Selling at or below cost ...OM% (0-10%) expected for CY '11
- Citi estimates >\$600MM loss combined in '12

Widespread consolidation and failures in '12

# “Grid parity” as module prices drop

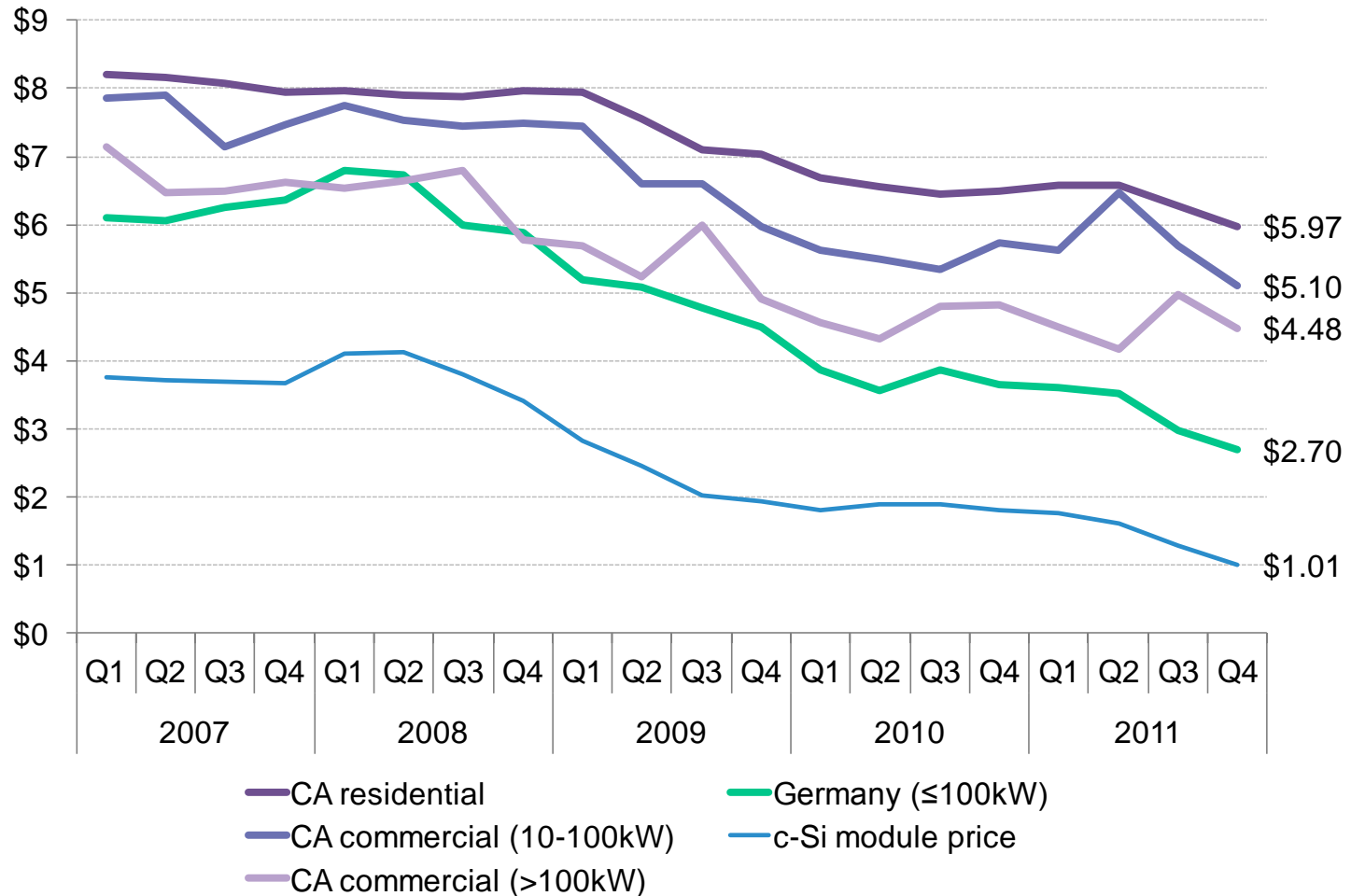


Source: Bloomberg New Energy Finance (Feb 27, 2012)



Largest portion of PV system down ~75% in last 4 years

# But, installed cost disparity



Source: Bloomberg New Energy Finance (Feb 27, 2012)