



Solar panels operate full-time at a Solartron test facility in Pak Chong, Nakhon Ratchasima.

# Solartron plans new factory, IPO

**ARANEE JAIIMSIN**

**Nakhon Ratchasima** — Solartron Plc, a solar-cell module assembler, plans to invest 910 million baht to develop the country's first commercial solar cell manufacturing facility, aimed at aggressively expanding sales and reducing solar cell imports.

Chief executive Wandee Khunchornyakong said 400 million baht of the total investment would be raised through an initial public offering by floating 60 million new shares and 20 million existing shares at one-baht par value.

The remaining investment capital would come from the operating profit of last year and this year of around 200 million baht and the rest from bank loans.

Of the total investment, 720 million baht will go to machinery and equipment and training programmes, 160 million for the factory building and 30 million baht for a controlling system.

The company, with registered capital of 300 million baht, has submitted a filing for its initial public offering to the Securities and Exchange Commission. The shares are slated to be sold on Feb 24, 25 and 28 and to begin trading on the Stock Exchange

of Thailand on March 8. Globlex Securities is the financial adviser for the IPO.

Ms Wandee said the solar cell factory, located in Pak Chong, Nakhon Ratchasima, planned to start commercial production in 2007 with a capacity to make cells generating 20 megawatts per year.

The company's current capacity of assembled solar-cell modules is 30 MW per year.

According to the Energy Ministry, the country's demand for solar energy this year is projected at 50 MW with a market value of 1.4 billion baht and will increase to 250 MW worth 30 billion baht in 2010.

"The prices of the locally made solar cells will be 20-30% lower than those of imported products," Ms Wandee said.

The project is expected to break even in 2.8 years with an internal rate of return of 35%.

Ms Wandee said the business prospects were promising, mainly thanks to the government's policy to promote renewable energy use.

Under the government's policy, each new power plant after 2008 must have 5% of total capacity based on renewable power generation, including wind, biomass and solar.

From 2008-10, the Electricity Generating Authority of Thailand plans to construct four new power plants and after that, private investors will be allowed to participate in further additional plants.

"Those power projects are considered our key customers. In addition, another key market is the government-sponsored Ua-arthorn electricity project run by the Provincial Electricity Authority, which will install solar-cell modules for households in remote areas where power grid systems are unavailable," said Ms Wandee.

Solartron posted a net profit of 87 million baht in 2004 on sales of 1.1 billion baht.

After the IPO, public investors will hold 26.67% in the company and the share of existing major shareholders, mainly the Techanarong and Khunchornyakong families, would be diluted to 57.9% from 80%.

Dusit Krue-ngarm, an engineering lecturer of Chulalongkorn University and Solartron's adviser, said the company's business risk involved supplies of silicon, which is used as a raw material for solar cells. The material must be imported and supplies are short at the moment. However, silicon supply is expected to become level with demand in 2007 when the new factory starts operating.