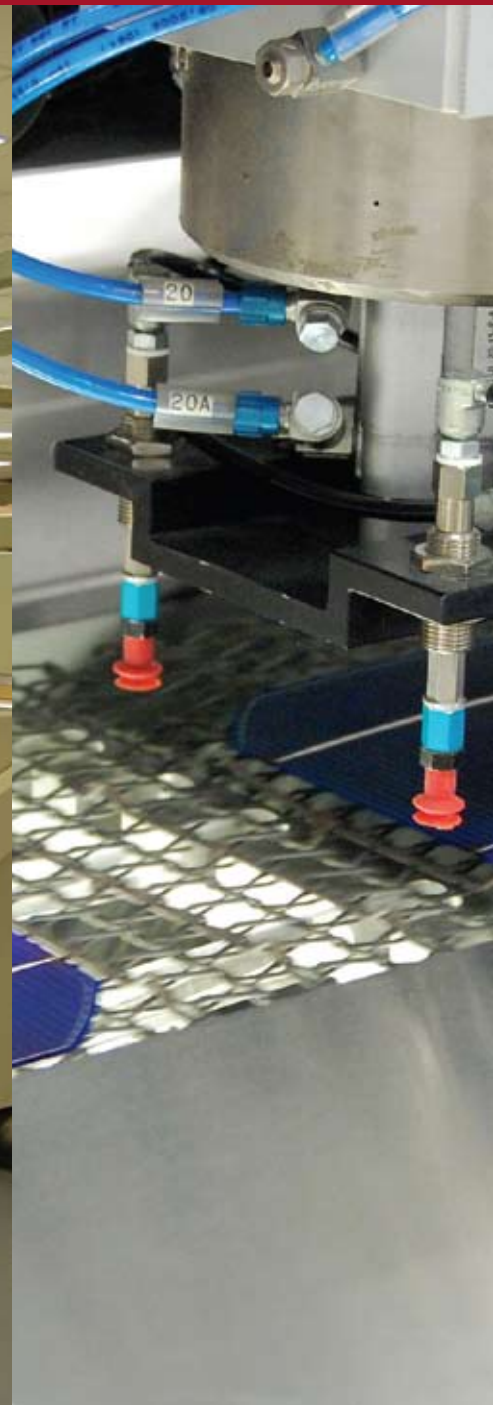
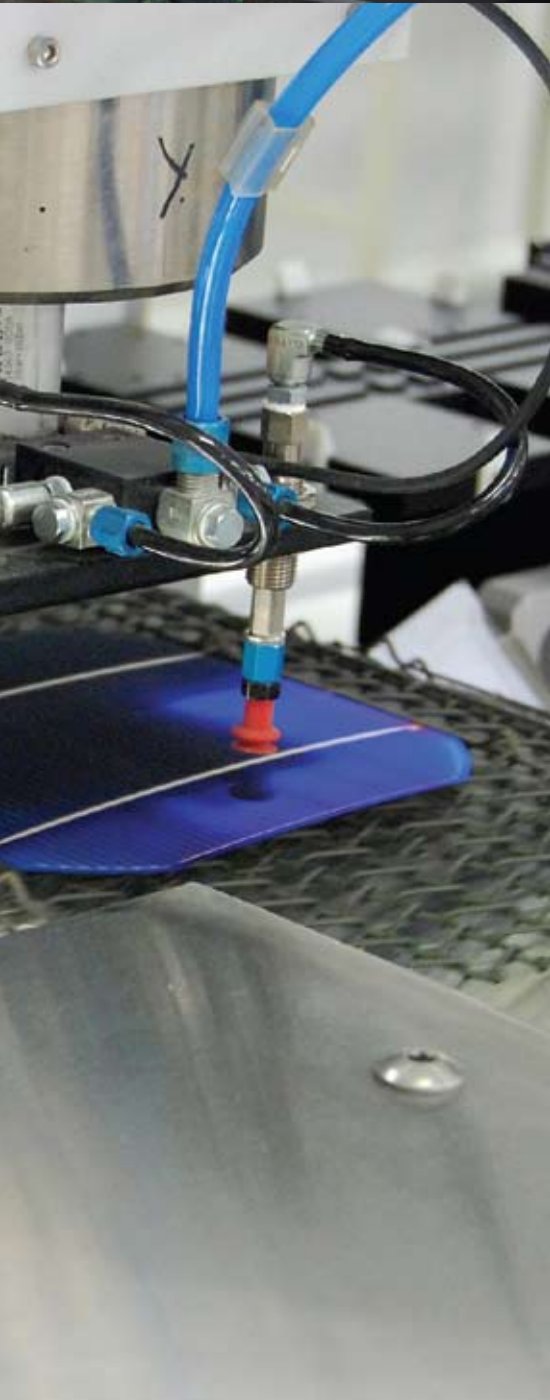


The advantages of vertical integration

With the solar marketplace becoming increasingly competitive, some manufacturers and suppliers are reformulating their business strategies to strengthen their footing in the industry. And, for solar photovoltaic specialist Trina Solar, a vertically integrated model is now paying dividends in terms of profit and investor confidence





Since its debut on the New York Stock Exchange (NYSE) on December 19, 2006, Trina Solar Ltd has achieved some important milestones in terms of sales and marketing, with particular focus in the European market.

The company has diversified its customer base and established itself as a key figure in European PV markets such as Germany, Spain, and Italy, where it offers an accessible approach to customers, with local offices and sales managers. This means Trina Solar can ensure good service and respond quickly to customer needs.

In Germany and Spain, two of most important European PV markets, Trina Solar has signed several major long-term contracts, which will help to accelerate expansion and Trina Solar brand-building across Europe.

Trina Solar recently announced new sales contracts and initial shipments involving three Italian companies and one of Germany's largest PV suppliers, equal to around 99 MW in total.

The company has also expanded its business network into new markets in Europe, including Austria, the Netherlands and Belgium.

Due to an established technical service base in Europe, Trina Solar can offer added value to its customers when compared to other solar PV manufacturers. Technical support is provided throughout the project, installation and post-sale stages. The company has also set up a warehouse in Spain to reduce supply lead times. On the marketing side, Trina Solar has been present at the most important renewable energy and solar PV events this year, including Genera in Madrid and Intersolar in Freiburg. The firm has also acted as a sponsor for key European PV events and has plans to be visible at scheduled events in Milan, Athens and Rome this autumn. In terms of financial performance, Trina Solar has seen healthy growth since its NYSE listing and has consistently achieved its quarterly sales and expansion targets. All this has been possible due to an experienced international management team and a vertically integrated business model.

Vertical integration enables a manufacturer to participate in all key stages of the value chain. Trina Solar manufactures all key

components of the solar PV module in-house, from ingots, wafers and cells, to the assembly of solar modules.

There are numerous benefits to vertical integration including reduced costs, improved quality control and better organised shipping and manufacturing processes. But possibly the best advantage is that the company captures a greater share of profits at every stage of the supply chain.

As they say in manufacturing, "it is always better to build than it is to buy". Solar PV manufacturers that produce everything in-house are less dependent on third-party suppliers for various materials. As well as cutting costs, it enables the company to realise greater technical and financial synergies that can cushion the company during times of margin compression.

A vertical integration business model results in a more streamlined manufacturing process, with shorter production cycles than non-integrated companies. All of Trina Solar's research, development and manufacturing facilities are centrally located on a 53,000 sq m site near Shanghai. This means the company does not need to repeat tasks such as packing, unpacking and shipping ingots, wafers and cells prior to their respective processing within the value chain.

It is difficult for solar PV manufacturers, as well as other manufacturers, to efficiently examine and test, on a large scale, the technical parameters of materials procured by third-party suppliers. The fact that Trina Solar manufactures its products in-house means the company can manage the quality-control process internally. This also enables the company to realise R&D synergies, as improvements at one stage of production can be co-ordinated with the objectives or requirements of the subsequent stages of production.

Trina Solar is now in a position to outperform other solar PV manufacturers that rely on toll manufacturing throughout the solar PV supply chain. It will also enable the company to meet its aggressive target of €217m in revenue and 150 MW in total annual production capacity by the end of 2007, and 350 MW by the end of 2008. ■

Trina Solar Ltd manufactures high-quality monocrystalline modules and has a long history as a solar PV pioneer. For product and investor information visit www.trinasolar.com.