

## Cut-throat Competition on the Polysilicon Market

**New report from Bernreuter Research: Capacities exceed demand by far**

**Würzburg (Germany), November 24, 2016** – The polysilicon industry will experience severe cut-throat competition in 2018. According to the *Polysilicon Market Outlook 2020*, the new report from polysilicon market research firm Bernreuter Research, half a dozen polysilicon manufacturers could be pushed out of business by the end of 2018. “Slowing demand from the photovoltaic industry on the one hand and increasing production capacities on the other will cause turmoil on the polysilicon market,” says Johannes Bernreuter, head of Bernreuter Research and author of the report. The polysilicon spot price will slump from more than 14 US\$/kg currently below 12 \$/kg in 2018, forecasts Bernreuter.

Already in 2014 and 2015, supply of polysilicon grew more rapidly than demand from the photovoltaic (PV) industry, which consumes approx. 90% of polysilicon produced worldwide. The global output of 313,000 and 363,000 metric tons (MT), respectively, led to swelling inventories, which drove the spot price down to a record low of 12.93 \$/kg in January 2016. “Only the massive Chinese PV installation rally in the first half of 2016 saved the polysilicon industry from even more serious oversupply,” says report author Bernreuter.

Between 2017 and 2019, however, new capacities of up to 141,000 MT – 70% of them in China – are planned to come on stream while the annual growth rate of new PV installations will sink below 10%. This disparity between supply and demand will result in strong cut-throat competition. “We expect that some projects will be deferred, others will end up as stranded investments, and several existing manufacturers will disappear from the market,” says Bernreuter.

Chinese polysilicon producers are not only expanding the capacity for solar-grade polysilicon, but a few are also trying to break the oligopoly that six incumbent manufacturers hold in the production of electronic-grade polysilicon for the semiconductor industry. “It remains to be seen if Chinese producers can meet the high purity requirements for semiconductors,” comments Bernreuter.

Regarding fluidized bed reactor (FBR) technology, the high hopes that were pinned on it for producing low-cost solar-grade polysilicon have not been fulfilled so far. “Obviously, the technical challenges of keeping silicon dust formation low have been underestimated,” says Bernreuter. As a result, the established Siemens process will continue to be the dominant production method. Bernreuter Research predicts that the market share of FBR will fall below 3% in 2016 and remain in the single-digit range over the coming years.

More details on the polysilicon, solar and semiconductor markets are provided in *The Polysilicon Market Outlook 2020*. The 70-page report contains elaborate scenarios of supply and demand, detailed forecasts of polysilicon prices and manufacturing costs through 2020 as well as the latest development of FBR technology. For more information on the report, please go to:

<http://www.bernreuter.com/en/shop/polysilicon-market-reports/market-outlook/report-details.html>



**The Polysilicon Market Outlook 2020 provides forecasts on polysilicon supply, demand and prices through 2020.**

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### **About Bernreuter Research**

Bernreuter Research was founded in 2008 by Johannes Bernreuter, one of the most reputable photovoltaic journalists in Germany, to publish global polysilicon market reports. As early as 2001, Bernreuter authored his first analysis of an upcoming polysilicon bottleneck and new production processes. Since publishing its first report in 2010, Bernreuter Research has gained a reputation of providing the most comprehensive and accurate polysilicon reports on the market.

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