



# 2007 Q3 Results and Business Update

January 2008



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# LDK Solar Presenters



**Mr. Xiaofeng Peng**  
*Chairman and CEO*



**Mr. Jack Lai**  
*Executive VP and CFO*



**Mr. Nick Sarno**  
*SVP, Manufacturing*

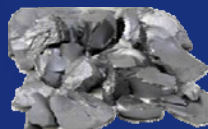
# LDK at a Glance

## Company Description

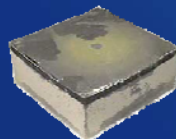
- Leading manufacturer of multicrystalline solar wafers
- Expanding production capacity to 800MW by end of 2008 and 1,600MW by end of 2009
- Constructing in-house polysilicon facilities
- Customers include 7 of the top 10 global PV cell makers
- **Strengths:** High growth, low cost, high quality
- **Strategy:** Securing polysilicon, reduce costs

## Key Figures

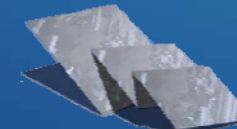
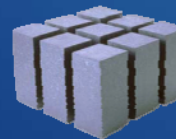
	Q4'06	Q1'07	Q2'07	Q3'07
Capacity (MW)	178	215	300	360
Production (MW) <sup>(1)</sup>	25.7	30.5	42.2	67.3
Sales	\$61.9	\$73.4	\$99.1	\$158.7
Growth		18.6%	35.0%	60.2%
Gross Profit	26.6	28.4	34.9	48.9
Margin	43.0%	38.7%	35.2%	30.8%
Operating Profit	24.6	26.1	30.8	43.2
Margin	39.7%	35.6%	31.1%	27.2%
Net Income	24.3	24.5	28.7	41.6
Margin	39.3%	33.4%	29.0%	26.2%



Silicon



Ingot and Block



Wafer

Note:

1 MW production excludes OEM

# Financial Overview

# Overview of 2007 Q3 Results

(USD\$MM unless noted otherwise)

	For the 3 Month Ended			% Change	
	<u>9/30/2007</u>	<u>6/30/2007</u>	<u>3/31/2007</u>	<u>3Q/2Q07</u>	<u>2Q/1Q07</u>
Capacity (MW)	360.0	300.0	219.0	20.0%	37.0%
MW Shipped <sup>(1)</sup>	67.3	42.2	30.5	59.5%	38.4%
ASP	\$2.27	\$2.25	\$2.25	0.9%	0.0%
Net sales	\$158.7	\$99.1	\$73.4	60.2%	34.9%
Gross profit	48.9	34.9	28.4	40.2%	23.0%
<i>Gross Margin</i>	30.8%	35.2%	38.7%		
Operating profit	43.2	30.8	26.1	40.1%	18.0%
<i>Operating Margin</i>	27.2%	31.1%	35.6%		
Net (loss) income	41.6	28.7	24.5	44.7%	17.2%
<i>Net Margin</i>	26.2%	29.0%	33.4%		
Net income per ADS, diluted	\$0.37	\$0.29	\$0.27	28.5%	7.4%

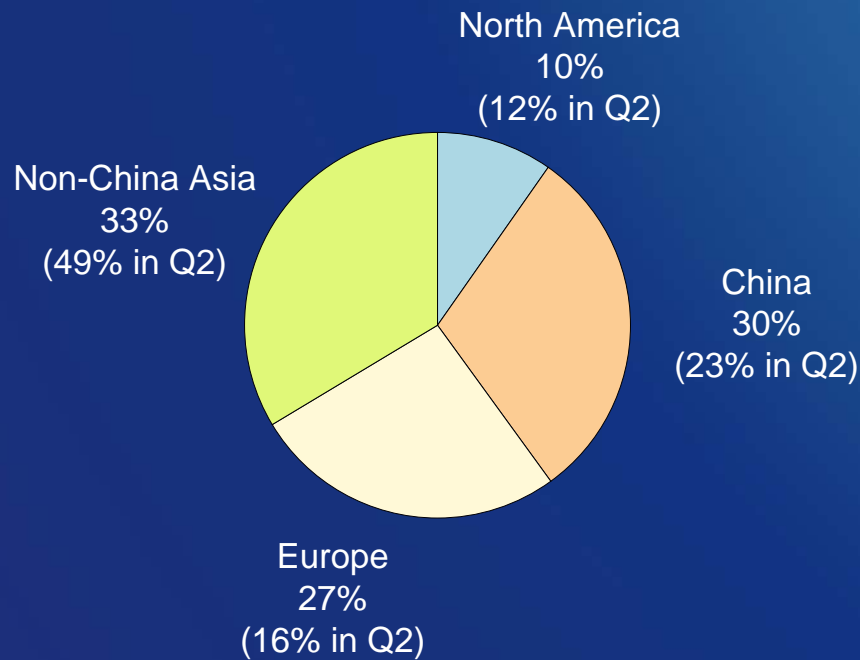
Note:

1 MW shipped excludes OEM

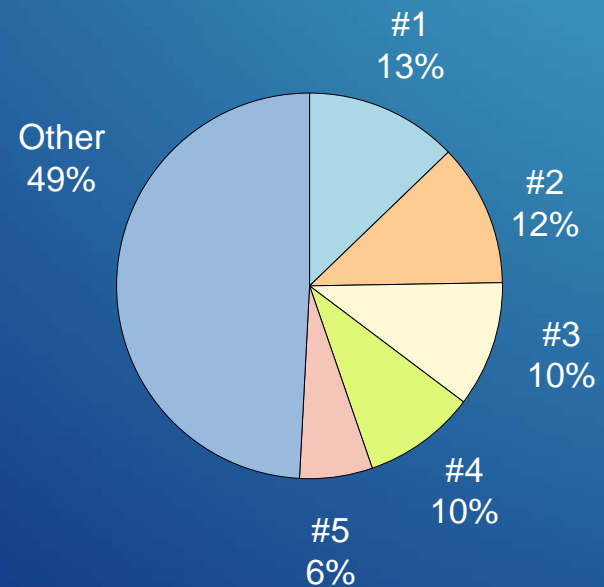
2 Company's Q3 guidance was \$115MM - \$125MM for revenue; \$0.29 – \$0.32 for EPS

# Top Customers by Revenue for Q3'07

By Geography



By Customer





# Balance Sheet

(US\$MM)

	As of	
	<u>9/30/2007</u>	<u>6/30/2007</u>
Cash & cash equivalents	126	251
Pledged bank deposit	107	3
Accounts receivable, net	9	8
Inventory, net	225	174
Prepaid to suppliers	183	130
Property, plant and equipment, net	224	169
Total assets	1,062	791
Total debt <sup>(1)</sup>	217	110
Leverage ratio	25.8%	16.3%
Trade accounts payable	23	10
Advance payments from customers	155	72
Accrued expenses and other payable	42	34
Total shareholder's equity	623	566
Inventory days (days)	187	247
Net working capital (% of annualized revenue)	38.5%	94.9%

Note:

1 Total debt includes short-term and long-term bank borrowings

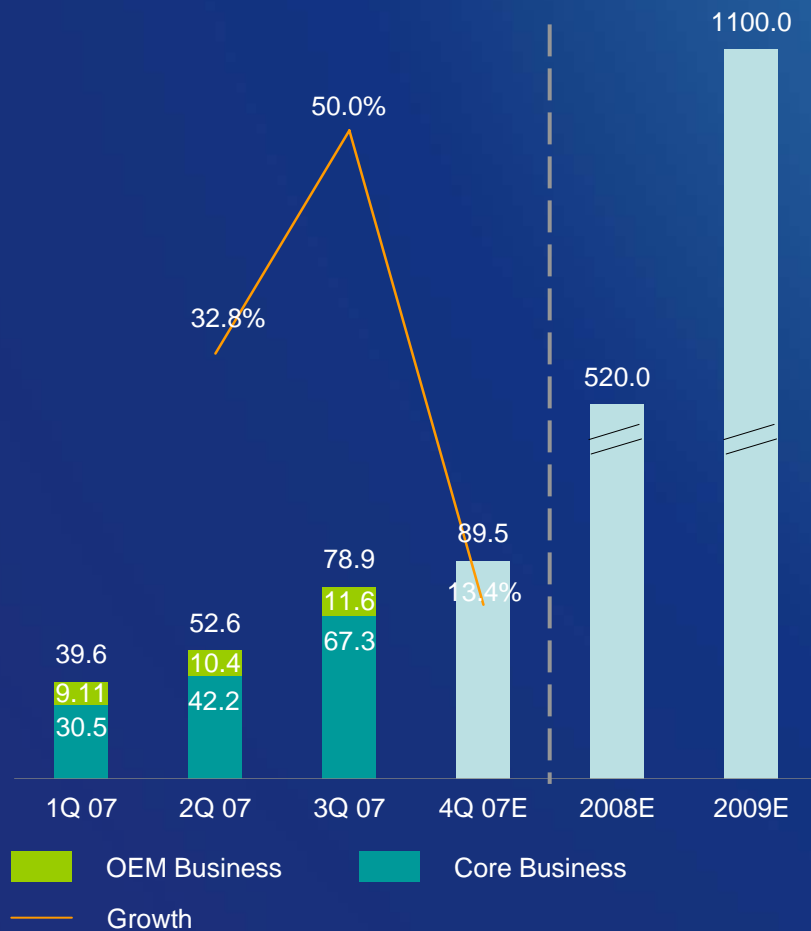
2 Leverage ratio = total debt / (total debt + total equity)



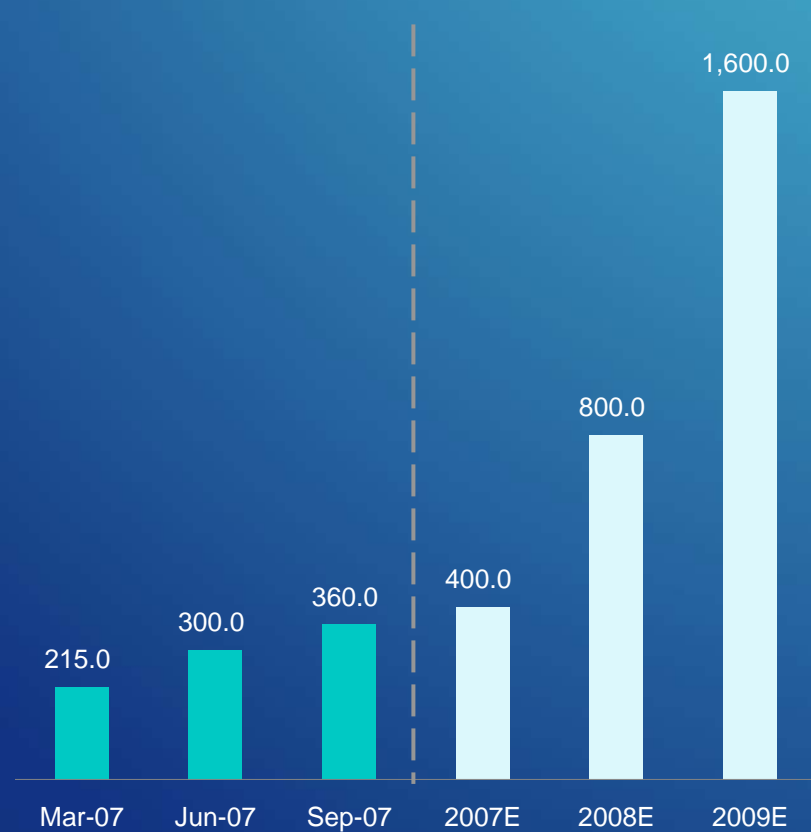
# Wafer Manufacturing Update

# Wafer Capacity Expansion and Shipment

Wafer Sales Volume (MW)<sup>(1)</sup>



Wafer Capacity Expansion Plan (MW)



Note:

1 The volume figures for Q4'07E, 2008E and 2009E are mid-points of guidance

# Cost Reduction Program

## Economies of Scale

- Cost degression due to increase of production/capacity

## Wafer Thickness Reduction

- 180 micron wafers in trial production
- 200 micron wafers in mass production

## In-House Polysilicon Production

- In-progress
- Begin production at the end of 2008

## Kerf Loss

- 130 micron wire thickness in trial production

## Recycling

- In-house slurry recycling system in place
- Continued gains in silicon recycling

## Yield Improvement

- Reduce wafer losses, such as breakage

# Recently Announced Customer Contracts

Dec. 10, 2007		<ul style="list-style-type: none"> <li>• 10 year supply contract (for wafers) for more than 6GW</li> <li>• 10% prepayment</li> </ul>
Oct. 22, 2007		<ul style="list-style-type: none"> <li>• 3 year supply contract with 50MW in 2008, valued at RMB 4Bn</li> </ul>
Oct. 16, 2007		<ul style="list-style-type: none"> <li>• 3 year supply contract valued at RMB 2Bn</li> <li>• Fixed pricing</li> </ul>
Oct. 10, 2007		<ul style="list-style-type: none"> <li>• 3 year supply contract valued at RMB 1Bn</li> <li>• Fixed pricing</li> </ul>
Oct. 3, 2007		<ul style="list-style-type: none"> <li>• 5 year supply contract</li> <li>• Fixed pricing and quantity for the first three years, leads the value during this period to approximately US\$224MM</li> </ul>

## 2008 – 2018 Sales Backlog (in MW)

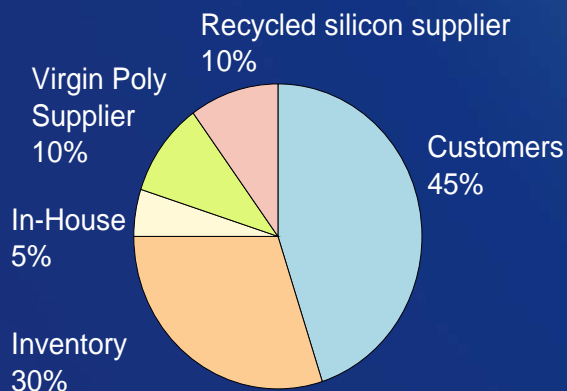


# Polysilicon Supply Status

## Silicon Sources

**Over 75% of 2008's required silicon is secured with fixed pricing**

Breakdown of the secured 75%:



Powder Silicon



Granular Polysilicon



Chunk Polysilicon



Pot Scrap



Tops and Tails



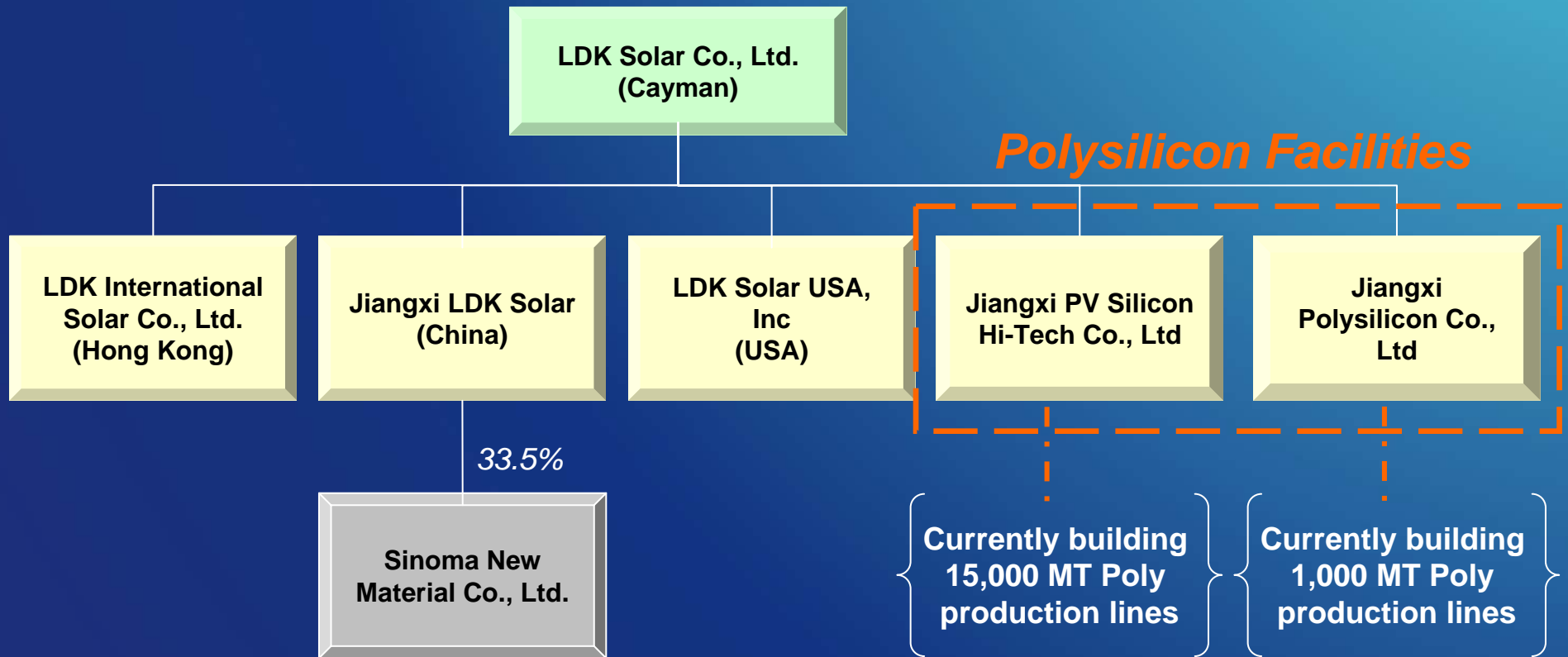
Broken Wafers

## Strategy to Bridge Polysilicon Gap

- Framework contracts with fixed quantities, but at a discount to market prices:
  - ~600 MT from local virgin polysilicon providers
  - ~800 MT from local trading houses for recycled materials
- Other methods:
  - Spot market (able to procure 50–80 MT per month)
  - Auctions
  - Recycled silicon
  - Currently testing metallurgical silicon

# Polysilicon Manufacturing Update

# Corporate Structure





# Overview of Sinoma New Material

## Overview

- Designs, manufactures/produces and packages crucibles
- Conducts R&D on various materials and technologies used for crucibles
- Started ramping its crucible capacity in May of 2007, and had reached an annual capacity of approximately 30,000 crucibles as of November 2007
- Targeting to reach a capacity of more than 80,000 crucibles by the end of 2008

## Benefits to LDK

- Low cost crucible manufacturer based in China
- Reduces transportation costs
- Reduces inventory of crucibles
- Secures crucible supplies

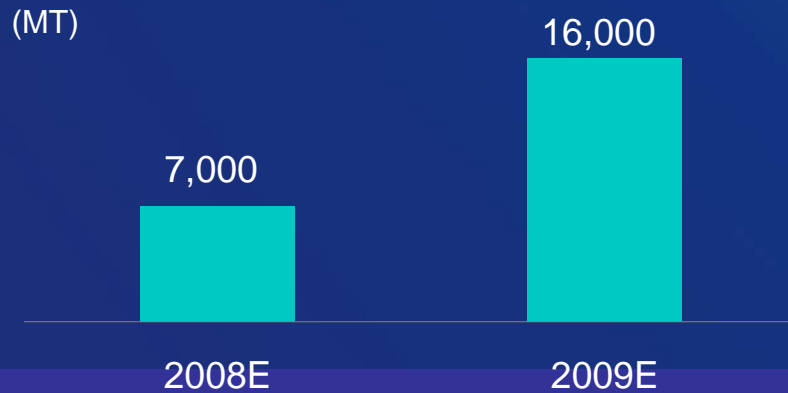


# Key Milestones

## 15,000 MT Factory

- *July 20, 2007*
  - Announced expansion into polysilicon and purchasing of equipment from GT Solar
- *August 18, 2007*
  - Groundbreaking ceremony for polysilicon facilities
- *Q1'08*
  - Complete building for reactors
- *Q2'08*
  - Expect initial shipments of GT Solar equipment
- *Q4'08*
  - Initial production of polysilicon

## Annual Polysilicon Production Capacity



## 1,000 MT Factory

- *August 18, 2007*
  - Groundbreaking ceremony for polysilicon facilities
- *September 24, 2007*
  - Announced wafer sales and equipment purchase agreements with Sunways AG
- *Q4'07*
  - Begin receiving and installation of Sunways AG equipment
- *Q2'08*
  - Initial production of polysilicon

## Overview of Sunways Agreement

- Agreement to purchase equipment from Sunways and to deliver 1GW of wafer over the next 10 years
- 2 readily available Siemens technology reactors
- LDK gains access to Sunways engineers
- Production capacity of 1,000 MT by the end of 2008
- Begin initial production by the end of Q2'08

# Current Status of Polysilicon Facilities

## Announced Partnerships

- EPCM
- Equipment
- TCS
- Gas Recovery

**FLUOR**

**GTS LAR**  
INCORPORATED

**CDI**



## Updates

- **Construction**
  - Completed the clearing and site preparation phase and are currently pouring a concrete pad for the reactor
- **Management**
  - Hired Fluor to oversee the construction
  - Hired a senior team of 6 polysilicon experts from China, Europe and USA
- **Engineers**
  - Built a team of over 100 engineers, and researchers
- **Capex**
  - Approximately \$1.2Bn to be invested into the poly plant construction



# Guidance

# Management Guidance

	Q4'07	2008E	2009E
Wafer Capacity <sup>(1)</sup>	400MW	800MW	1,600MW
MW Shipped - Wafer	87MW - 92MW	510MW - 530MW	1,050MW - 1,150MW
Silicon Production	-	100MT- 350MT	5,000MT - 7,000MT
Revenue	\$180MM - \$185MM	\$960MM - \$1Bn	-
Gross Margin	-	26% - 31%	42% - 50%
EPS	\$0.40 - \$0.43	-	-

Note:

1 The stated capacity figures are as of year-end