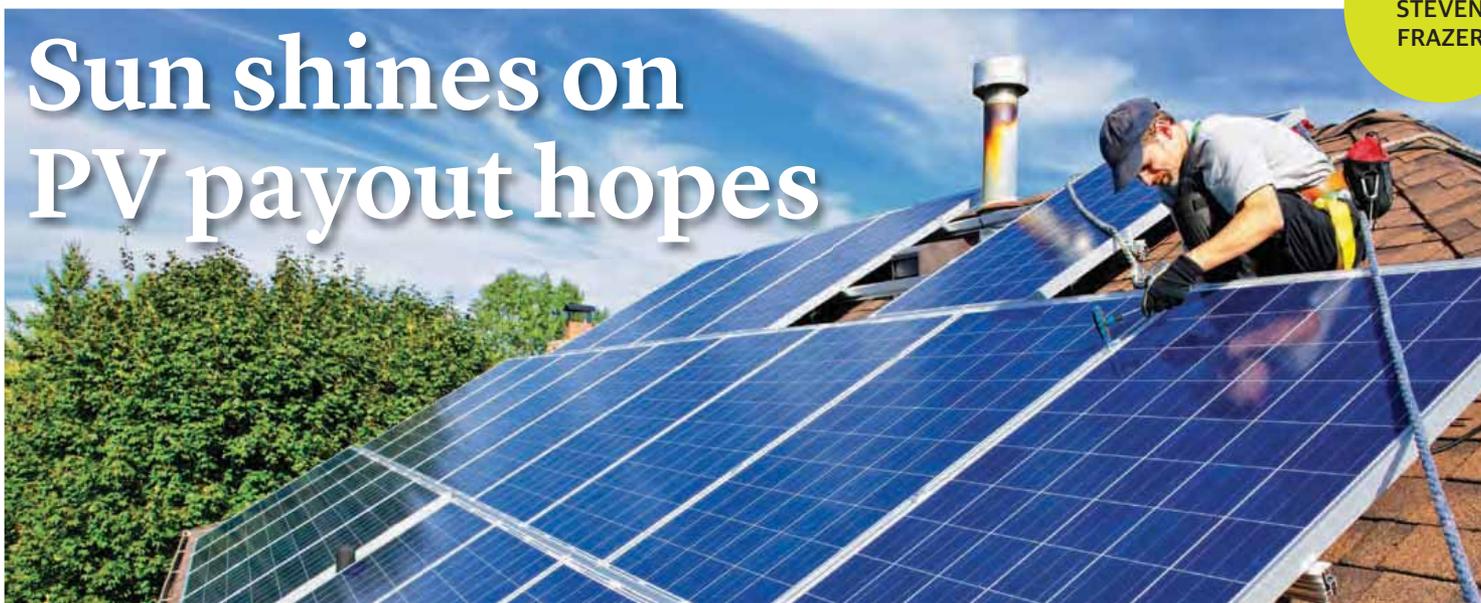


# Sun shines on PV payout hopes

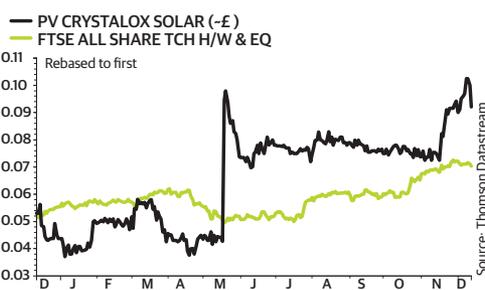


» Solar panel maker's strategic rethink to spark big cash return promise

Steven Frazer

**R**isk-tolerant investors should consider buying into the special situation developing at solar panels manufacturer **PV Crystalox Solar (PVCS)** that could net them a cash return of close on twice the current share price. Back-of-notebook calculations suggest around 17p per share could be paid to shareholders before July next year. The shares swap hands for 9.1p at the time of writing.

The Abingdon-based £38 million cap has seen its market value collapse from more than £250 million over the last 18 months as cheap solar panel components from China have flooded the market. Spot wafer prices have dropped 77% since April 2011. This



is sparking a massive strategic rethink that will see PV Crystalox close its polysilicon production facility in Bitterfeld, Germany, drastically cut all production and lay off hundreds of staff. At August's interim results PV Crystalox reported €122.4 million (£99.1 million) in cash on its books. Analysts at

broker JP Morgan believe at least €87.6 million (£70.9 million) of that remains, equivalent to roughly 17p per share.

Even assuming around £20 million is needed to cover tax and cancelled contract pay-offs, this would still leave over 12p per share that could be handed back. This would imply a profit of 33% to 87% either via the one-off payment or a pre-cash return share price rally, effectively giving shareholders a free ride the admittedly limited prospects for a recovery in the company's trading fortunes.

**Shares says: A risky play but the chance to nearly double your money in six months is compelling. + SPECULATIVE BUY PV Crystalox Solar 9.1p.**

# Empyrean is producing the goods

» Corporate activity suggests stock is undervalued

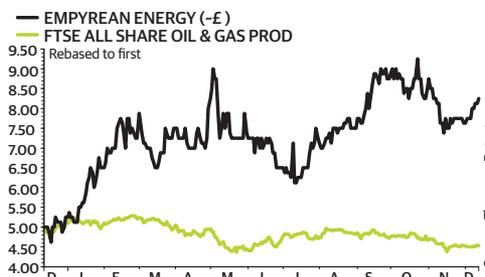
Tom Sieber

## BUY EMPYREAN ENERGY (EME:AIM)

following an encouraging update on production (13 Dec) and positive independent audit (14 Dec) on its gas and condensate Sugar Loaf project in the Eagle Ford shale basin in Texas.

The reserves upgrade saw a 36% increase in proved and probable (2P) reserves to 4.4 million barrels of oil equivalent. Further updates are likely as output ramps up and they should drive demand for the shares.

At the time of writing Empyrean's shares trade at a discount to the value of its 3% stake



in Sugar Loaf as implied by a transaction on the development earlier this year. In July Empyrean's partner **Aurora Oil & Gas (AUT:ASX)** acquired a 6% interest from a private individual for \$95 million.

A read across from this deal suggests Empyrean's interest in Sugar Loaf could be worth \$47.5 million against a current market cap of \$28.7 million. A \$50 million debt facility agreed with Macquarie Bank in May should take care of the group's immediate funding needs.

**Shares says: + BUY Empyrean Energy at 8.32p.**