

Northern Colorado BUSINESS REPORT

Advanced Energy shares jump

By [Steve Lynn](#) November 5, 2013

FORT COLLINS - Advanced Energy Industries Inc. (Nasdaq: AEIS) shares surged Tuesday as company executives announced the completion of a two-year restructuring and a backlog of solar product orders.

Despite lower earnings, Advanced Energy shares jumped more than 20 percent by Tuesday afternoon. The Fort Collins-based company's stock gained more than 4 points to trade at \$24.81. Advanced Energy, which makes thin-films and solar products, reported Monday earnings of \$687,000 during the third quarter, down from \$5.7 million during the same quarter last year.

Fort Collins-based Advanced Energy began restructuring in November 2011. That effort included outsourcing manufacturing of its solar subassemblies from Fort Collins to Shenzhen, China, as well as consolidation of its solar operations from Bend, Ore., to Shenzhen and Fort Collins.

The restructuring will lead to annual savings of between \$72 million to \$77 million by next year.

Advanced Energy executives reported during an earnings call Tuesday a backlog of orders for solar invertors made by the company. The company saw increasing interest in its solar products in North America and Europe.

The company amassed inventory during the third quarter, but it plans to ship its new solar products late in the fourth quarter. The company's 1-megawatt invertors will be used in utility-scale solar farms, a new area of growth for the company.

"We should see improved profitability as volumes increase in 2014," Advanced Energy CEO Garry Rogerson said.

David Kaiser, research analyst for Robotti & Co., said the order backlog and restructuring as well as robust growth have drawn investors to the stock.

"The company has been talking for a long time about cutting costs and streamlining the business," Kaiser said. "It appears they're doing that effectively. When you back out the restructuring charges, their earnings are solid."

Advanced Energy had a third-quarter restructuring charge of \$19.9 million before taxes.

The company also has begun to see top-line growth, he said. Advanced Energy's thin-films

division third-quarter sales increased 33 percent to \$75.4 million from \$56.8 million during the previous third quarter. The company's solar energy division saw sales of \$67.5 million, an 11-percent increase from the \$60.7 million during the third quarter of 2012.

"If management continues to execute and revenue is able to grow, I think they can do very well," he said.

Advanced Energy anticipates sales of between \$145 million to \$155 million during the fourth quarter.

Needham & Co. rated the stock as a buy and raised its price target to \$27 from \$23, according to a report by analysts.

"Although revenue slightly missed on a lack of growth in solar, management reported strong backlog of the new 1-megawatt inverter product, supporting expected growth in 2014," reads the report. "We are encouraged by the strengthened thin-film business that will drive even higher earnings than our prior model, and look forward to greater revenue growth in solar."

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