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<http://www.reuters.com/article/2011/10/12/us-solar-inverters-idUSTRE79B6XD20111012>

Analysis: Solar inverter makers set for soft landing

Most solar power component makers are coping with lower margins these days because of an industry downturn -- but solar inverter makers are suffering less.

Unlike companies that make solar panels and cells, solar inverter makers enjoy some insulation from competition and the weak [economy](#). Their products are complex and harder to make, and prices have stayed relatively stable.

Inverter profit margins will shrink in the \$6 billion inverter market, but not as much as they have for other solar power parts makers, analysts say.

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DOWN, NOT OUT

Asian companies, which have participated in the module and cell price declines with gusto, are wary of inverters.

"Unlike modules production, of which Chinese suppliers control around 40 percent of the market, for inverters this was around 5 percent last year and is not increasing very quickly," said

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While prices for panels have fallen about 40 percent so far this year, retail prices for inverters are down about 10 percent to 15 percent. Panels make up 40 percent of the cost of a solar system and inverters contribute up to 15 percent.

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Power-One shares have lost almost half their value this year, while SMA Solar is down more than 40 percent. The WilderHill Clean Energy index has fallen 45 percent.

"SMA and Power One are seeing very volatile demand and pricing and are being punished by the stock market, but their outlook for the longer term is still very promising," ... said.

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