



STR HOLDINGS, INC



SECTOR ENERGY

REGION AMERICAS, ASIA-PACIFIC, EUROPE

STR Holdings, Inc. (STR), is a publicly-listed US company that researches, develops and produces polymer based encapsulants for the solar industry. Encapsulants hold solar modules together and protect them so they can generate power efficiently. Based in Connecticut, US, STR enjoys collaborative long-term relationships with solar module manufacturers in Asia, Europe and North America, providing technical support from product development to manufacture. The company is also preparing to move into the high-end plastic packaging sector.

CHALLENGE

Founded in 1944 as a plastics and industrial materials research and development company, STR created many innovative plastics still in use today. During the 1970s, the company's expertise in polymer-based substances started to service a tiny solar energy sector. STR's decade-long encapsulant development programme gave rise to 30 years of growth and international expansion.

By 2012, STR had secured a leading position in the global encapsulant market, with operations in Spain and Malaysia, as well as the US. Solar was now big business, with new players entering the sector. STR was squeezed by conglomerates like 3M and low-cost providers in Asia, either competing directly or undercutting its customers.

With its unparalleled product expertise, STR decided to reposition as a high-quality niche manufacturer and began a process of strategic consolidation supported by UHY LLP in New York. Thomas D. Vitro, STR's vice president and chief accounting officer, says, "The company changed auditors from a Big Four firm to UHY LLP in 2013, a firm providing more personal service at a more reasonable fee level. STR was not



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satisfied with the level of service from its previous auditors. We chose UHY based on past experience of working with them and the quality of the engagement team presented to the management team of STR and its audit committee."

SOLUTION

Michael Burke, audit and assurance partner and his team at UHY LLP in New York started building relationships with STR's executive team and understanding its challenges. Over the last five years, as the business looked to reinvent itself, UHY's engagement and attention to detail has remained solid throughout.

"We receive more attention from senior members of the engagement team at UHY LLP who have always been there for us when we have encountered reporting and accounting issues," says Thomas.

STR has also drawn on the expertise of the wider UHY network. Member firms Zhonghua Certified Public Accountants LLP, Shanghai, UHY Fay & Co, Madrid, UHY in Malaysia and Chandabhoy & Jassoobhoy, Mumbai have contributed local knowledge to STR's statutory audits and strategic planning.

RESULT

The last few years have been challenging, but advice from UHY has helped STR navigate accounting and reporting complexities arising from its decision to dispose of loss-making manufacturing sites in Malaysia and China, reorganise its encapsulant business to better serve its customers and convert assets to cash for potential reinvestment.

The company is now smaller and more agile, retaining a sophisticated research, development and pilot manufacturing base in Connecticut, and a high-tech manufacturing centre in Asturias, Spain.



It retains its expertise in researching and developing sophisticated polymer-based solutions and has entered into a partnership with a toll processing (outsourcing) operation in India to better serve customers there.

STR is well-placed to exploit any upturn in solar – but also recognises the need to diversify. UHY member firms have helped STR plan a new product launch, with investment secured for entering the high-end packaging manufacturing business in 2019. UHY LLP and member firms in Spain and elsewhere will continue to offer support during the next phase of STR's development.

UHY IN THE MANUFACTURING SECTOR

Member firms across the UHY network have extensive experience in offering tailored services to the manufacturing sector, including tax and corporate services, advice on corporate structure, finance and transfers of going concerns. Businesses looking to expand overseas also benefit from the relationships between UHY member firms globally.