



SMA Solar Technology AG – Press Release

SMA Solar Technology AG's Financial Result from January to September 2014: Significant Sales Increase in Third Quarter Cannot Compensate for Low Level of Previous Months

Overview January to September 2014:

- **3.3 gigawatts of inverter output sold (Q1–Q3 2013: 4.0 GW)**
- **€549.3 million in sales (Q1–Q3 2013: €709.3 million)**
- **International share increased further to 72.1% (Q1–Q3 2013: 69.3%)**
- **Earnings before interest and taxes (EBIT) of €-72.7 million (Q1–Q3 2013: €-30.1 million)**
- **Net cash of €224.8 million (December 31, 2013: €308.1 million) and equity ratio of 54.7% (December 31, 2013: 57.5%)**
- **Managing Board confirms sales and earnings forecast for the current fiscal year as adjusted on July 30, 2014, and expects greater demand in the fourth quarter of 2014**

Niestetal, November 6, 2014 – In the third quarter of 2014, SMA Solar Technology AG (SMA/FWB: S92) saw a considerable increase in sales compared to the two previous quarters. With 1.3 gigawatts of inverter output sold, the Company was nearly at the level of the good third quarter of 2013. From January to September 2014 as a whole, however, SMA could not reach the sales volume of the same period of the previous year due to the weak first half of the year. In the reporting period, SMA sold PV inverters with an output of 3.3 gigawatts (Q1–Q3 2013: 4.0 GW) and generated sales of €549.3 million (Q1–Q3 2013: €709.3 million).

The decline in sales in the reporting period is primarily attributable to project delays in important foreign markets and a sharp reduction in demand in Europe as a result of a significant deterioration of subsidy conditions. This affected Germany, Spain, Italy and Greece in particular. Demand in Thailand also decreased as a result of subsidy cuts and political unrest. The decline was not completely offset by stronger demand in North and South America.

In the first nine months of the year, the international share in sales rose to 72.1% (Q1–Q3 2013: 69.3%). The most important foreign markets for the company included North America, Australia, Japan and Great Britain.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were positive for the first time this year in the third quarter at €8.8 million (Q3 2013: €12.7 million). The improvement in earnings is attributable to the measures introduced to reduce material and operating costs. The staff reduction that has already been completed was also reflected in earnings. Due to the weak order situation and the high price pressure in the first half of the year, however,



SMA posted negative EBITDA of €-8.2 million in the reporting period (Q1–Q3 2013: €26.9 million). In the reporting period, EBIT fell to €-72.7 million (Q1–Q3 2013: €-30.1 million). This corresponds to an EBIT margin of -13.2% (Q1–Q3 2013: -4.2%). The consolidated earnings for the period amounted to €-54.1 million (Q1–Q3 2013: €-22.0 million).

“The increase in demand in the third quarter was not as sharp as expected. First, projects were postponed until the fourth quarter of 2014 and next fiscal year. Second, commercial business in Europe deteriorated again compared to the first half of the year. For the fourth quarter of 2014, we expect a better sales situation, which we can already discern in SMA’s high order backlog. Overall, the market for PV inverters will remain volatile and dominated by high price pressure. Our strategy is aimed at returning SMA to profitability in this market environment. With an equity ratio of almost 55% and net cash of around €225 million, SMA will be able to implement the required measures with its own resources. The acquisition of Phoenix Solar’s European service portfolio, which was concluded last Friday, is an important component of this strategy,” explains SMA CEO Pierre-Pascal Urbon.

The SMA Managing Board confirms its sales and earnings forecast for fiscal year 2014 as adjusted on July 30, 2014. It predicts sales of €850 million to €950 million for the SMA Group. In the best-case scenario, the Managing Board also expects to break even in terms of operating earnings. At the lower end of the sales forecast, the SMA Managing Board anticipates a loss of approximately €45 million. To achieve the lower end of the sales forecast, the contracts expected to be concluded in the project business in the fourth quarter would have to be turned around in the current fiscal year. The SMA Managing Board also expects commercial business to pick up as usual toward the end of the year. The earnings forecast does not take into account any non-recurring expenses from the staff reduction announced on July 30, 2014.

The financial report for January to September 2014 is available online at www.SMA.de/IR/FinancialReports.

About SMA

The SMA Group generated sales of more than €930 million in 2013 and is the global market leader for solar inverters, a key component of all PV plants. SMA offers innovative key technologies for future power supply structures. It is headquartered in Niestetal, near Kassel, Germany, and is represented in 21 countries. The Group employs more than 5,000 people worldwide. SMA’s broad product portfolio includes a compatible inverter for every type of module on the market and for all plant sizes. The product range includes both inverters for grid-connected photovoltaic plants as well as off-grid and hybrid system technology. The product portfolio is supplemented by comprehensive services and



operational management of utility-scale PV plants. Since 2008, the Group's parent company, SMA Solar Technology AG, has been listed on the Prime Standard of the Frankfurt Stock Exchange (S92) and also in the TecDAX index.

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