



SMA Solar Technology AG – Press Release

2014 Result: SMA Solar Technology AG Reports Considerable Loss Due to Market Downturn in Europe, Weak Business in China and One-Time Items

Overview:

- **Sales decline to €805.4 million due to weak business in Europe and heavy price pressure (2013: €932.5 million)**
- **Operating earnings (EBIT) of €-164.9 million (2013: €-89.1 million) impacted by high fixed costs, business in China and one-time items**
- **Financial stability thanks to high amount of net cash of €225.4 million (Dec. 31, 2013: €329.7 million) and a high equity ratio of 46.8% (Dec. 31, 2013: 57.5%)**
- **Implementation of transformation on schedule – planned staff reduction is expected to be realized without involuntary layoffs**
- **Managing Board confirms sales and earnings forecast for fiscal year 2015**

Niestetal, March 26, 2015—In the fiscal year 2014, SMA Solar Technology AG (SMA/FWB: S92) recorded a sales decline of 13.6% to €805.4 million (2013: €932.5 million) primarily as a result of the market development. In Europe and China, demand for PV inverters fell last year due to a change in political conditions. The decline was not offset by the growth in North America. In 2014, the heavy price pressure continued in all markets and market segments. As measured by the volume of investment, global demand fell by 10% year on year to €3.9 billion (approximately 40 GW of newly installed power). With a share of approximately 20%, SMA defended its position as a global market leader in a dynamic and highly competitive market environment.

In 2014, the international share of sales increased to 76.0% (2013: 71.0%). The most important foreign markets were North America, Australia, Japan and Great Britain. Operating earnings (EBIT) were €-164.9 million (2013: €-89.1 million). The EBIT margin was -20.5% (2013: -9.6%). The operating result includes provisions for the planned staff reduction, further one-time items, for example such as impairment, and the losses of Chinese subsidiary Zeyversolar totaling €129.7 million. The operating result before provisions for the staff reduction is in line with the published forecast. The consolidated earnings amounted to €-179.3 million in the reporting period (2013: €-66.9 million).

“We are not satisfied with our business performance in 2014. Due to our high fixed costs, we were not able to respond to the significant decline in demand in Europe fast enough. Demand in Germany almost halved last year as a result of political decisions. For the current fiscal year, we are expecting a further decline in the installation of new PV systems in Germany. In addition, our result in 2014 was impacted by the losses of our Chinese subsidiary Zeyversolar and



considerable one-time items. We are planning extensive transformation measures to generate profits from sales of only €700 million. In this regard, SMA unfortunately needs to lay off approximately 1,600 employees (full-time positions) worldwide. In the scope of the severance program that ended on March 25, 2014, SMA was expected to be able to realize the staff reduction in a short period of time without involuntary layoffs. Currently, there is a gap of approx. 100 full-time-positions in Kassel/Niestetal in order to achieve the planned target for staff reduction. The fact that we will be able to realize the planned staff reduction without involuntary layoffs in a short period of time is a very good result. While the personnel adjustments are extremely painful for SMA, they are unfortunately necessary to return to profitability. With net cash of €225.4 million and an equity ratio of approximately 47%, we can finance the transformation from our own resources,” explained SMA Chief Executive Officer Pierre-Pascal Urbon. Especially the SMA workers council declared its will to find alternative solutions to involuntary layoffs for the remaining staff reduction.

For the first quarter of 2015, the SMA Managing Board is anticipating sales of €210 million to €230 million (Q1 2014: €176.3 million) and operating earnings (EBIT) of €-5 million to €-10 million. It is therefore expecting business performance to be more positive than in the same period of the previous year (Q1 2014: €-22.0 million). SMA will make a strong start to the second quarter with an order backlog of more than €150 million (excluding service business). The Managing Board therefore confirms the sales and earnings forecast for the current fiscal year and predicts sales of €730 million to €770 million. Given that the savings from the transformation measures currently being implemented will only be recognized in profit or loss from mid-2015 at the earliest, the SMA Managing Board is forecasting negative operating earnings (EBIT) of €-30 million to €-60 million for the current year. The SMA Managing Board expects to return to positive operating earnings (EBIT) in 2016.

The annual report for 2014 is available online at www.SMA.de/IR/FinancialReports.

About SMA

The SMA Group with sales of more than €800 million in 2014 is the global market leader for solar inverters, a key component of all PV plants and 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 PV system sizes. The repeatedly awarded product range includes system technologies for grid-connected photovoltaic systems as well as off-grid and hybrid systems. The technology is protected by more than 550 patents. The range of services is supplemented by comprehensive services and operational management of large-scale PV power 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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