



SMA Solar Technology AG Press Release

## **SMA Managing Board Expects Severe Decline in Sales in 2013: Forecast is Influenced by the Massive Subsidy Cuts in the European Market**

- Due to massive subsidy cuts for photovoltaics, steep downturn in Europe expected
- Global market leader SMA cannot dissociate itself from the market development
- Managing Board predicts 2013 sales between € 0.9 and 1.3 billion (2012: € 1.3 to 1.5 billion) with, at best, a balanced result, but does not rule out a loss
- Gradual reduction of 450 employees worldwide and 600 temporary employees
- Focus of technology development on new product platforms and cost reduction

Niestetal, October 19, 2012 – Due to massive subsidy cuts for photovoltaics in Europe, the Managing Board of SMA Solar Technology AG (SMA/FWB: S92) expects a steep downturn and growing price pressure next year as well as projects a significant drop in sales to between € 0.9 billion and € 1.3 billion for 2013 (2012: € 1.3 to 1.5 billion). "The growth impulses of the non-European photovoltaic markets are not sufficient to compensate for the expected decrease in European demand," says Pierre-Pascal Urbon, Speaker of the Managing Board. He also states that as world market leader for PV inverters, SMA depends on global demand development. "Due to a strongly growing price pressure we cannot compensate for such a drop in sales in such a short time only through productivity improvements and technical innovations. In the best case scenario, we expect a balanced operating result for 2013. At present, we cannot exclude the possibility of a loss," says Pierre-Pascal Urbon.

The company plans to adjust the personnel structures due to the declining sales. It is planned that SMA will gradually cut 450 employees worldwide and end the use of 600 temporary employees. No personnel changes will be made in development. In the coming year, SMA will invest over € 100 million in research and development to drive the key strategic technologies of tomorrow. Developing completely new product platforms should reduce production costs significantly by 2014, while at the same time setting new standards for energy management. According to Pierre-Pascal Urbon, self-consumption – the portion of electric current from the PV plant consumed by the household itself – will increase greatly in importance in Europe and America in the future. "Particularly in this attractive growth segment, we can differentiate ourselves from competitors through innovative technologies and make an efficient energy supply without subsidies possible. SMA has energy management products such as the Sunny Home Manager for intelligent increased self-consumption and the Sunny Boy Smart Energy for temporary storage of solar power that are tailored to the exact requirements of our future energy supply," says Pierre-Pascal Urbon.

The Speaker of the Managing Board also sees great opportunities for PV plants in the power plant class in sunny regions, as well as for supplementing stationary diesel engines through PV with so-called solar diesel hybrid solutions. With high energy demand, PV is already economically attractive here, too. According to Urbon, to tap this potential market requires a combination of innovative technologies, quality and extensive expertise in the areas of system technology, as well as a strong global presence. SMA has the required know-how and is very well positioned with subsidiaries in 21 countries on six continents. With the focus on the appropriate future markets, the company intends to expand in the business area of solar diesel hybrid systems and expand its international sales and service infrastructure. "Should we succeed in reducing production costs through technical innovation and open the market for energy management and solar diesel hybrid systems, we will be able to return to profitability from 2014," says Pierre-Pascal Urbon, giving his estimation of the medium-term perspectives.



## **About SMA**

The SMA Group generated sales of €1.7 billion in 2011 and is the global market leader for solar inverters, a key component of all PV plants and, as an energy management group, offers innovative key technologies for future power supply structures. It is headquartered in Niestetal, near Kassel, Germany, and is represented in 21 countries on six continents. The Group employs more than 5,500 people worldwide, plus a number of temporary employees that varies on a seasonal basis. SMA's broad product portfolio includes a compatible inverter for every type of module on the market and for all plant sizes, as well as monitoring and energy management systems. The product range includes both inverters for photovoltaic plants connected to the grid as well as inverters for off-grid systems. SMA is therefore able to provide ideal technical inverter solutions for all plant sizes and types. 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. In recent years, SMA has received numerous awards for excellence as an employer and achieved first place in the nationwide "Great Place to Work<sup>®</sup>" competition in 2011 and 2012.

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