



SMA Solar Technology AG – Press Release

Result 2013: SMA Solar Technology AG Reports Significant Drop in Sales and Earnings Following Downturn in the European Market

Overview 2013:

- **5.4 gigawatts of inverter output sold (2012: 7.2 GW)**
- **Sales in line with guidance at €932.5 million (2012: €1.5 billion)**
- **International share increased to 71.0% (2012: 56.3%)**
- **Earnings before interest and taxes (EBIT) of €-89.1 million (2012: €102 million) impacted by one-time items**
- **Financial independence—net liquidity of €308.1 million (December 31, 2012: €446.3 million)**
- **Managing Board confirms sales and earnings guidance for fiscal year 2014**

Niestetal, March 27, 2014—SMA Solar Technology AG (SMA/FWB: S92) sold PV inverters with an output of 5.4 GW in the fiscal year 2013 (2012: 7.2 GW) and thus defended its position as a global market leader in a highly competitive environment. The demand for solar power systems worldwide increased by approximately 25% to over 40 gigawatts (GW) in 2013. A 50% drop in the European market was more than compensated for by the extraordinarily strong demand in China and Japan. Roughly half of the newly installed photovoltaic power worldwide is accounted for by these two markets alone. In 2012, Japan and China accounted for approximately 20% of the global market. As a specialist for PV system technology, SMA is particularly affected by the strong shift in regional demand.

The major decline in demand in Europe and high price pressure reduced SMA sales in the reporting period by 36.3% to €932.5 million (2012: €1.5 billion). Sales are within the sales guidance of €0.9 billion to €1.0 billion given by the Managing Board. The international share increased to 71.0% (2012: 56.3%). In such a short period of time, SMA was unable to compensate for the decline in European demand through the internationalization it has been pursuing for many years. In the key growth markets China and Japan, countries with high market entry barriers, SMA is still in the early stages of the market development process.

The earnings before interest and taxes (EBIT) amounted to €-89.1 million. The EBIT margin was -9.6% (2012: 7.0%). EBIT includes one-time items of €41 million for inventory and accounts receivables write-downs, €25.1 million for severance payments as well as start-up losses of €15 million for the Chinese subsidiary Zeversolar. The consolidated earnings amounted to €-66.9 million in the reporting period (2012: €75.1 million).



Total assets fell by 5% to €1.26 billion (2012: €1.33 billion). Despite high losses, SMA remains financially sound with net liquidity of more than €308 million and an equity ratio of almost 58%.

“For the first time in the company’s history, we had to post a high annual net loss due to the dramatic decline in the European market. Despite this difficult situation, the SMA Managing Board has not reduced investments in technology development. Expenditure on development of future products was again at more than €100 million. By this, we defend our position as a technological market leader in a highly competitive market. We have also raised our global presence through new companies abroad and with the acquisition of the Chinese inverter manufacturer Zerversolar. To be able to further improve our competitiveness in the medium term, SMA intends to build a strategic partnership with Danfoss. Overall, we are of course not pleased with these financial results. Nevertheless, we are convinced that we have laid the strategic foundation for sustainable financial improvements,” explained Chief Executive Officer Pierre-Pascal Urbon.

For the first quarter of 2014, the SMA Managing Board expects sales of €170 million to €200 million in a continuing difficult market environment (Q1 2013: €212 million). This decline compared to the previous year is largely due to project business. For the first quarter of 2014, SMA expects a negative EBIT of €-20 million to €-25 million (2013: €-8 million). The SMA Managing Board confirms the sales and earnings guidance for the entire 2014 fiscal year, first published in November 2013. As a best case scenario, it predicts an operating result of up to 20 million with sales of €1.0 billion to €1.3 billion. The guidance depends on a stable regulatory environment, particularly in Europe.

The annual report for 2013 is available online at www.SMA.de/IR/FinancialReports.

About SMA

The SMA Group generated sales of €932.5 million in 2013 and is the global market leader for solar inverters, a key component of all PV plants. As an energy management group, 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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