

SMA Solar Technology AG – Press Release

## **Weak Demand in Europe Negatively Affects Consolidated Earnings of SMA Solar Technology AG in the First Half of 2014**

### **Overview January to June 2014**

- **2.0 gigawatts of inverter output sold (Q1–Q2 2013: 2.5 GW)**
- **€341.2 million in sales (Q1–Q2 2013: €461.5 million)**
- **International share increased to 70.8% (Q1–Q2 2013: 67.4%)**
- **Earnings before interest and taxes (EBIT) of €-62.4 million (Q1–Q2 2013: €-23.3 million)**
- **Net cash of €244.8 million (Dec. 31, 2013: €308.1 million) and equity ratio of 55.5% (Dec. 31, 2013: 57.5%)**
- **Managing Board confirms sales and earnings forecast for the current fiscal year amended on July 30, 2014 and expects greater demand in the second half of 2014**

Niestetal, August 7, 2014—From January to June 2014, SMA Solar Technology AG (SMA/FWB: S92) sold PV inverters with an output of 2.0 gigawatts (Q1–Q2 2013: 2.5 GW) and generated sales of €341.2 million (Q1–Q2 2013: €461.5 million) in a market dominated by high price pressure. The main reasons for the decline in sales were the slump in demand in Europe and the high price pressure.

The large proportion of sales outside Germany of 70.8% (Q1–Q2 2013: 67.4%) underscores SMA's strong international position. The most important foreign markets for the company included North America, Australia, Japan and Great Britain. Demand from Europe declined sharply again, primarily because of adjustments to subsidy conditions in major European markets. In Germany alone, demand fell 40% year on year. After the modest development in the first half of the year, the SMA Managing Board expects a significant increase in global demand for PV inverters in the coming months, especially in North America, Japan, Great Britain and China.

Due to low sales and the further decline in selling prices, earnings before interest and taxes (EBIT) fell to €-62.4 million (Q1–Q2 2013: €-23.3 million). This corresponds to an EBIT margin of -18.3%. The operating result includes one-time items resulting from impairment losses of €7.0 million. The consolidated earnings for the period amounted to €-44.9 million (Q1–Q2 2013: €-16.2 million).

With net cash of €244.8 million (Dec. 31, 2013: €308.1 million) and an equity ratio of 55.5% (Dec. 31, 2013: 57.5%), SMA continues to have a good financial position and can finance further development from its own resources.



"In the coming months, we expect a considerable rise in demand, especially in the international project business. Thanks to our global presence, we will benefit from the forecast development. The Managing Board's objective is to further extend SMA's market leadership. By significantly reducing the cost of sales, optimizing our processes and making extensive structural adjustments across the entire organization, we have also satisfied all the conditions required to achieve a return to profitability in the next year," explained SMA Chief Executive Officer Pierre-Pascal Urbon.

The SMA Managing Board confirms its sales and earnings forecast for the 2014 fiscal year amended 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 Managing Board anticipates a loss of approximately €45 million. The earnings forecast does not take account of any non-recurring expenses from the reduction of 600 staff members announced on July 30, 2014.

You can find the half-yearly financial report for January to June 2014 at [www.SMA.de/IR/FinancialReports](http://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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