



SMA Solar Technology AG – Press Release

### **Managing Board of SMA Solar Technology AG Lowers the Forecast for the Current Fiscal Year**

**Niestetal, July 30, 2014—The Managing Board of SMA Solar Technology AG (SMA/FWB: S92) has adjusted its sales and earnings forecast for 2014. For the current fiscal year, the SMA Managing Board expects sales of between €850 million and €950 million (previously: €1.0 billion to €1.3 billion). The Managing Board can no longer rule out the possibility of a loss in the current fiscal year. The SMA Managing Board expects to break even at best. At the lower end of the sales forecast, the Managing Board expects a loss of approximately €45 million (previously: operating earnings of €20 million in the best-case scenario). As a result, the SMA Managing Board announced the layoff of SMA employees.**

“After intensive conversations with customers at the key trade fairs in China, Europe and North America as well as our own market analysis, we expect to see a stagnation in the worldwide demand for PV systems for 2014 as a whole. Particularly in the core markets in Europe, demand has collapsed even further than expected due to further cuts in subsidies. The SMA Managing Board believes that developments over the next few months will be far more dynamic than in the first half of 2014. In 2014, the most important foreign markets include North America, Japan and China. Together, these markets are expected to account for 60% of the global market. The cut-throat competition is keeping pricing pressure high in the industry,” said SMA Chief Executive Officer Pierre-Pascal Urbon.

According to Urbon, SMA will further optimize the product portfolio and take advantage particularly of the synergies resulting from the strategic alliance with Danfoss in order to return to sustained profitability. “The first products of a new generation of SMA inverters will be launched in the first quarter of 2015. By the end of 2015, SMA will focus even stronger on important strategic development projects and reduce the development budget to approximately €90 million p.a. In addition, we will step up our efforts to lower production costs for the existing product portfolio. SMA will also take advantage of the development and purchasing capabilities of the Chinese subsidiary Zeversolar,” said Urbon. Prompted by the regional shift in demand, SMA is also planning to bring together sales regions and streamline the organization in Service, Operations and Administration. By the end of 2015, SMA is planning to lay off approximately 600 employees worldwide. The temporary contracts that expire and the natural employee turnover are part of the



downsizing plan. Additionally, measures will be defined for downsizing of 400 employees from Sales, Operations and Administration areas.

“The additional measures are necessary because the profitability of our product portfolio has been adversely affected by the shift in demand to countries outside Europe. In order to generate sustainable earnings, SMA will therefore need to do even more than previously planned to reduce costs. We very much regret that further job cuts in Germany and abroad are unavoidable due to the changes in the market,” explained Pierre-Pascal Urbon.

With the implementation of the planned measures, the CEO believes that SMA is in a good position for the future: “As a specialist for system technology and a global market leader, SMA offers complete system solutions for all power classes. With the planned product offensive and the structural adjustments, we are going to create the conditions required to generate attractive margins even in a challenging market environment. In addition, we also anticipate a slight increase in our market share for 2014 to more than 15% worldwide. In the future, additional sales impulses will also be generated by our Service business and by the photovoltaic diesel hybrid business. With net liquidity of €250 million and an equity ratio of almost 60%, SMA will be able to implement this strategy under its own steam.”

### **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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