



SMARTER USE OF ENERGY

QUARTERLY FINANCIAL REPORT
JANUARY TO MARCH 2014

SMA AT A GLANCE

SMA Group		Q1 2014	Q1 2013	Change	Year 2013
Sales	in € million	176.3	212.3	- 17%	932.5
International share	in %	68.0	67.5	-	71.0
Inverter output sold	MW	956	1,167	- 18%	5,361
Capital expenditure	in € million	12.1	18.4	- 34%	53.2
Depreciation and amortization	in € million	19.9	17.8	12%	83.6
EBITDA	in € million	- 2.5	9.4	- 127%	- 5.5
EBITDA margin	in %	- 1.4	4.4	- 132%	- 0.6
Consolidated net result	in € million	- 16.7	- 5.8	188%	- 66.9
Earnings per share ¹	€	- 0.48	- 0.16	200%	- 1.92
Employees ²		5,039	5,602	- 10%	5,141
in Germany		3,627	4,516	- 20%	3,736
abroad		1,412	1,086	30%	1,405

SMA Group		03/31/14	12/31/13	Change
Total assets	in € million	1,237.0	1,259.9	- 2%
Equity	in € million	710.3	724.4	- 2%
Equity ratio	in %	57.4	57.5	-
Net working capital ³	in € million	234.0	247.6	- 5%
Net working capital ratio ⁴	in %	26.1	26.6	-
Net cash ⁵	in € million	314.0	308.1	2%

¹ Converted to 34,700,000 shares

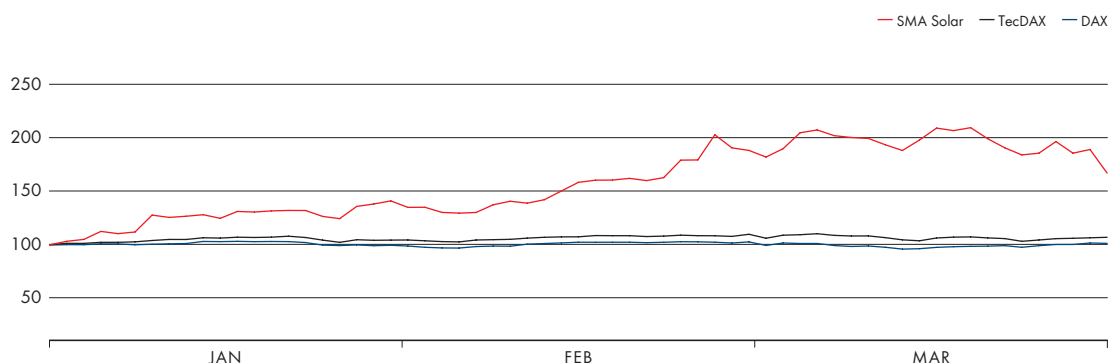
² Average during the period; without temporary employees

³ Inventories and trade receivables minus trade payables

⁴ Relating to the last twelve months (LTM)

⁵ Liquid funds and securities contained within net working capital less interest-bearing financial liabilities

SMA SHARE PERFORMANCE IN THE FIRST QUARTER OF 2014 in %



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The Share

Capital Market Environment

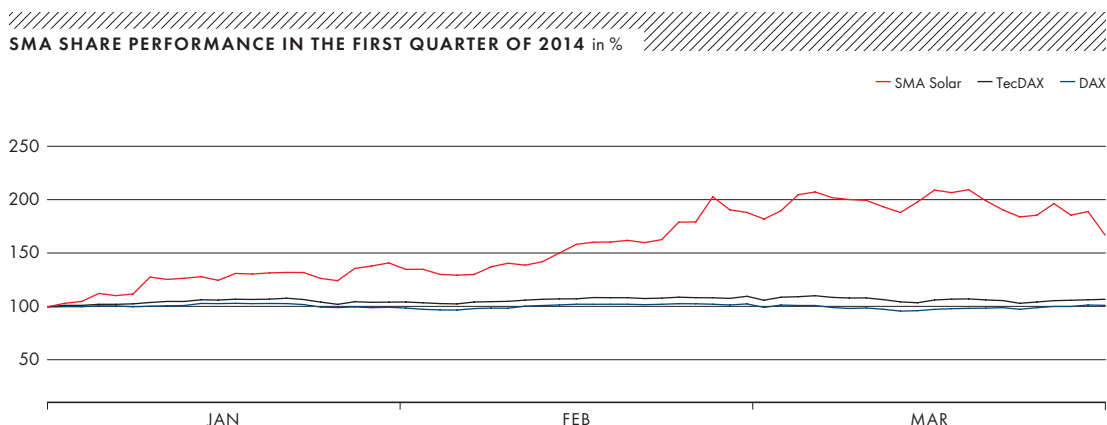
The atmosphere on the stock markets in the first quarter of 2014 has been characterized as highly volatile. Although many stock indexes temporarily hit new all-time highs, they also changed direction sharply several times. Positive economic data from industrialized countries and the central banks' continued expansive monetary policy led to price increases in the first few weeks of the year in particular, whereas the Crimea crisis in the Ukraine had a negative impact starting in late February. At the end of the quarter, most stock indexes were quoting at the levels they had been at the beginning of the year.

The DAX also hardly moved at all in net terms in the first quarter of the year. The leading German index closed the 2013 stock market year at 9,552.16 points (closing price on December 30, 2013). On March 31, 2014, the DAX was quoting at 9,555.91 points (closing price). The index reached its highest level to date on the basis of closing prices on January 17, 2014 at 9,742.96 points. On March 13, 2014, the DAX marked its lowest level in the first quarter at 9,017.79 points (closing price). This stock market slide was chiefly due to the political crisis in the Ukraine.

The German technology index TecDAX started the stock market year at 1,166.65 points (opening price). It performed considerably better than the DAX. By the end of the first quarter, the index had risen – interrupted by several setbacks – to a level of 1,251.98 points on March 31. This is a price increase of about 7.3%. The TecDAX reached its all-time highest level to date on the basis of closing prices on March 6 at 1,292.52 points.

SMA Share Performance

The SMA share started the 2014 stock market year at €23.86 (opening price on January 2, 2014, Xetra trading platform) and performed very positively for long periods in the first quarter. This was attributable both to positive data on the global economy and to company-specific information from SMA. The SMA share price reached its highest level in the first quarter of 2014 at €48.32 on March 19, 2014 (closing price, Xetra trading platform). The share price was thus higher than the issue price from SMA's IPO on June 27, 2008.



In February alone, the SMA share price climbed by more than 50%. The highest daily gain was achieved on February 26, 2014, when the share price rose by around 13.5% to €46.90. This was the day SMA announced that it would establish a strategic partnership with Danfoss. In the first three weeks of March, the share price was then subject to significant fluctuations at times, but moved sideways overall.

On March 27, SMA announced its business figures for 2013 at a press conference on the financial statements and reiterated its forecast for 2014, which is based on the assumption of a stable regulatory environment, particularly in Europe. SMA also published its sales and earnings forecast for the first quarter of 2014 for the first time. After the figures were announced, the SMA share price fell significantly and quoted at €38.50 on March 31, 2014 (closing price, Xetra trading platform). This is still an increase of about 61% in comparison to the price at the start of the year. The SMA share was one of the most actively traded shares in the TecDAX in the first quarter of 2014 (14th place), and the average trading volume was 128,635 shares during the same period.

SMA Share Coverage

As a worldwide leading PV inverter manufacturer and energy management Group, SMA operates in a challenging market. In recent years, listed solar stocks posted significant falls with regard to their market capitalization worldwide. Many investment banks adjusted their research activities for the solar sector accordingly. Despite difficult conditions, the number of banks and securities firms producing regular reports was 12 in the reporting period.

RESEARCH COVERAGE

Institution	Name
Citi	Jason Channell
Commerzbank	Georg Remshagen
Deutsche Bank	Alexander Karnick
Equinet Bank	Stefan Freudenreich
HSBC Trinkaus & Burkhardt	Christian Rath
Independent Research	Sven Diermeier
Kempen & Co	Serena Zuidema
Landesbank Baden-Württemberg	Erkan Aycicek
Main First	Andreas Thielen
MATELAN Research	Peter Wirtz
NATUREO FINANCE	Ingo Queiser
Warburg Research	Christopher Rodler

Shareholder Structure

The shareholder structure remained unchanged in the reporting period. 29.15% of the shares are in free float and 25.20% are bundled in a pooling agreement. Approximately 28% of the shares are held by the founders of SMA Solar Technology AG: Dr.-Ing. h. c. Günther Cramer, Peter Drews, Reiner Wettlaufer and Prof. (em.) Dr.-Ing. Werner Kleinkauf. The first three of those named hold voting rights as sole Managing Board members for their foundation with a further approximately 17% of the shares.

On February 26, 2014, SMA announced its intention to establish a strategic partnership with Danfoss A/S. Danfoss will acquire a 20% interest in SMA and plans to transfer all rights to its PV inverter portfolio to SMA. The closing for the share purchase and cooperation agreement is expected to take place in the third quarter of 2014, subject to approval by the responsible authorities.

March 27, 2014, Press Conference on Financial Statements

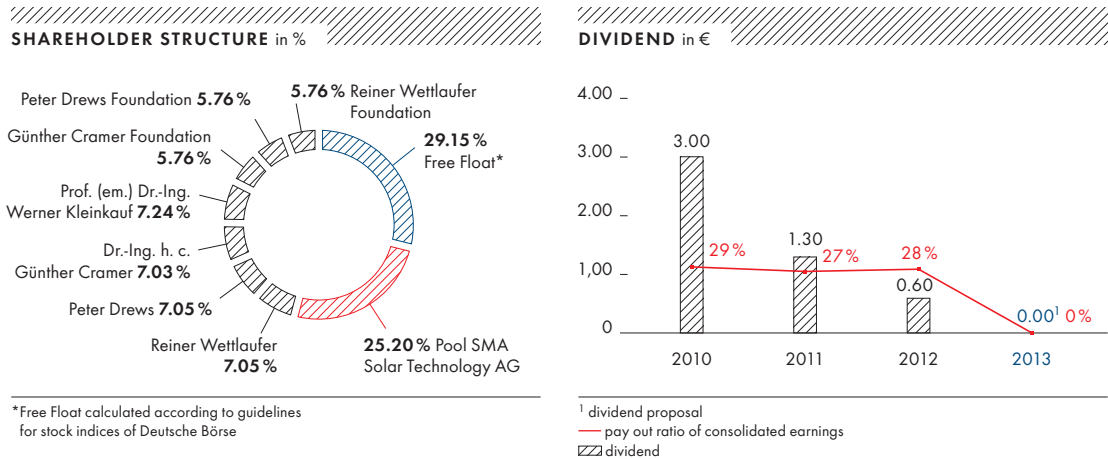
At the press conference on financial statements in Frankfurt/Main, Chief Executive Officer Pierre-Pascal Urbon and Lydia Sommer, Board Member for Finance & HR, announced the business figures for 2013 and confirmed the sales and earnings forecast for 2014 as a whole, which was first published in November 2013. The forecast anticipates sales of €1.0 billion to €1.3 billion and, at best, an operating profit of up to €20 million. The forecast is based on the assumption of a stable regulatory environment, particularly in Europe. In this context, the Managing Board specified its sales forecast for the first quarter of 2014 for the first time (€170 million to €200 million). The Managing Board also issued a forecast on earnings: SMA is expected to generate an operating loss (negative EBIT) of €-20 million to €-25 million in the first quarter of 2014 (2013: loss of €-8 million). The year on year decline in sales and earnings is primarily due to weaker project business.

During this press conference, the Managing Board also described the benefits that the strategic partnership with Danfoss A/S will bring to SMA. Thanks to considerable synergic effects, the Managing Board expects an improvement in SMA's competitiveness in the medium term. After the press conference, Pierre-Pascal Urbon was interviewed by the financial and business press and held talks with analysts and investors.

Annual General Meeting

The SMA Annual General Meeting will be held at Kongress Palais in Kassel on May 27, 2014. All information and documents are available on the website at www.SMA.de/AnnualGeneralMeeting. In light of the operating loss, the Managing Board and Supervisory Board will propose to the Annual General Meeting that no dividend be distributed for the 2013 fiscal year (2012: €0.60 per share).

See website
www.SMA.de/Annual-GeneralMeeting



Investor Relations

Credibility, transparency and up-to-dateness characterize SMA's communication culture and investor-oriented information policy. The company maintains a regular dialogue with the capital market. The Investor Relations website www.IR.SMA.de provides comprehensive and current information about the Company. This includes, for instance, financial publications and a financial calendar. In addition, an interactive share chart enables comparisons between SMA share prices and select stock market indices.

See
www.IR.SMA.de

On January 20, 2014, SMA held its 6th Capital Markets Day in Kassel. At this event, SMA presented its current corporate strategy, which includes further internationalization, cost reductions and new product launches. The Managing Board emphasized that SMA's research and development area will not be affected by cost-saving measures and will be expanded further. SMA intends to invest more than €130 million in research and development in the fiscal year in order to reinforce its technology leadership over its competitors.

SMA also presented itself to investors and analysts at roadshows in Frankfurt, Munich and London in the first quarter. The topics discussed included the planned partnership with Danfoss, the shift in demand from Europe to Asia and America in the photovoltaic market, and SMA's growth opportunities in international markets.

€314.0

MILLION IN NET CASH

WITH EXCELLENT LIQUIDITY RESERVES OF MORE THAN €300 MILLION, SMA HAS SUFFICIENT FINANCIAL STRENGTH TO ABSORB SHORT-TERM MARKET CHANGES AND ACHIEVE ITS STRATEGIC GOALS UNDER ITS OWN POWER.

Interim Management Report

January to March 2014

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Basic Information About the Group

Business Activity and Organization

SMA Solar Technology AG (SMA) and its subsidiaries (SMA Group) develop, produce and distribute PV inverters, transformers, chokes, monitoring and energy management systems for PV systems and power-electronic components for railway technology.

Legal Structure of the Group

As the parent company of the SMA Group, SMA Solar Technology AG (SMA) with its headquarters in Niestetal near Kassel, Germany, provides all of the functions required for the operative business. With the exception of Jiangsu Zeversolar New Energy Co., Ltd., the parent company holds, either directly or indirectly, 100% of the shares of all the operating companies that belong to the SMA Group. As of March 31, 2014, SMA has a 98.81% majority shareholding in Jiangsu Zeversolar New Energy Co., Ltd.

The Quarterly Report includes the parent company and, directly or indirectly, all 35 Group companies, including 7 domestic companies and 28 companies based abroad.

Strategic Alliance Sought With Danfoss A/S

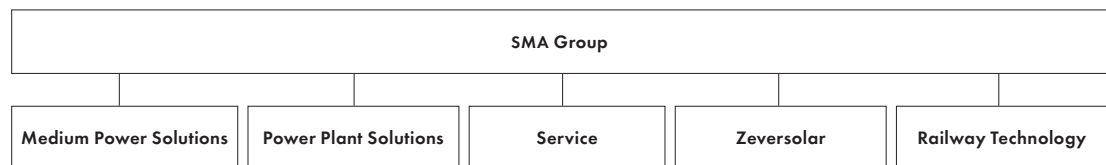
On February 26, 2014, SMA announced that it was seeking a strategic partnership with Danfoss A/S. Both companies want to improve their cost situation through economies of scale and use of shared development experience in order to increase their competitiveness. SMA benefits from the years of experience that Danfoss boasts in the drive converter sector. This market is dominated by fierce cut-throat competition, to which the Danfoss Group is already successfully responding by continuously reducing costs through innovation and through the use of global procurement opportunities. Together with Danfoss, SMA wants to transfer this extensive experience to the PV inverter market, lower costs and increase the rate of innovation.

Danfoss will take a 20% stake in SMA. Danfoss will acquire 6.94 million shares in SMA Solar Technology AG at a price of €43.57 from the Company's founders, their families and foundations. The purchase price corresponds to a premium of 50% in relation to the volume-weighted average price of the last 60 days before the announcement of the planned transaction. The total volume amounts to €302.38 million. Danfoss is also planning to transfer its entire inverter business to SMA and to withdraw from the solar business. The transaction is subject to approval by relevant authorities. The closing of the share purchase and cooperation agreement is expected in the third quarter of 2014.

Current Organizational Structure

SMA's structure includes the Medium Power Solutions, Power Plant Solutions, Service and Zeversolar divisions. The Railway Technology business area also belongs to the SMA Group. The divisions were endowed with the functions required for operating business. They are also responsible for international business. SMA has specifically bundled Finance, Human Resources, Legal and Compliance, Internal Auditing, Corporate Communication, Information Technology, Technology Predevelopment and Facility Management into Corporate Functions. The divisions report directly to the Managing Board. For reporting purposes, the operations of Zeversolar and Railway Technology are reported under the same segment names. In accordance with market requirements, SMA regularly reviews its organizational structure in order to make it as efficient as possible.

ORGANIZATIONAL STRUCTURE



Management and Control

As required by the German Stock Corporation Act (AktG), the executive bodies consist of the Annual General Meeting, the Managing Board and the Supervisory Board. The Managing Board manages the Company; the Supervisory Board appoints, supervises and advises the Managing Board. The Annual General Meeting elects the shareholder representatives to the Supervisory Board or refuses to grant discharge to the Managing Board and the Supervisory Board.

Changes to the Managing Board

Since May 15, 2013, the Managing Board of SMA Solar Technology AG has comprised the following members: Roland Grebe (Chief Technology Officer), Lydia Sommer (Chief Financial and Human Resources Officer), Pierre-Pascal Urbon (Chief Executive Officer) and Marko Werner (Chief Sales Officer). During the reporting period, SMA announced that the Technology board position will be split into Technical Innovation and Technical Development. The SMA Supervisory Board extended current Chief Technology Officer Roland Grebe's contract by another five years. In the future, as Board Member for Technical Innovation, Roland Grebe will be responsible for the development of product solutions for hybrid and storage applications, SMA Smart Home system solutions and the development of technical solutions for new business areas. In addition, Dr.-Ing. Jürgen Reinert was appointed as Board Member for Technical Development starting April 1, 2014. He is responsible for the development of new product platforms and the expansion of SMA's global development sites. His Managing Board contract has a term of five years. Marko Werner, Chief Sales Officer, is not available for further Managing Board duty. Starting June 11, 2014, he will head up Sales Europe as Executive Vice President.

Composition of the Supervisory Board

The SMA Supervisory Board, which represents shareholders and employees equally, consists of Dr.-Ing. h. c. Günther Cramer (Chairman), Peter Drews, Dr. Erik Ehrentraut (Deputy Chairman), Dr.-Ing. Winfried Hoffmann, Prof. (em.) Dr.-Ing. Werner Kleinkauf and Reiner Wettlaufer. Employees are represented by Dr. Günther Häckl, Oliver Dietzel, Johannes Häde, Alexander Naujoks, Joachim Schlosser and Mirko Zeidler.

Research and Development

As a technology leader in photovoltaic system technology, we attach a great deal of importance to forward-looking research and development work. This is the foundation of our innovative and competitive product portfolio. In further development of our technologies, integration of storage systems into complete PV systems, in particular, will gain increasingly greater significance. This also remained an important focus for our research and development work in the first quarter of 2014.

On average, about 1,000 employees work in SMA's Research and Development (R&D) area – approximately 18.5% of our workforce. Despite the prolonged consolidation phase in the PV industry, we have sustained a high level of R&D expenditure in order to respond to changes on the market and to set new standards with innovative technologies for an energy supply that is viable long-term. We invested €102.5 million in research and development in the last fiscal year.

SMA is a distinguished partner in different expert committees, associations and research projects. At a regional level, we work closely in Germany with the Competence Network Decentralized Energy Technologies, the Fraunhofer Institute for Wind Energy and Energy System Technology, the Centre of Competence for Distributed Electric Power Technology and the Institute for Decentralized Energy Technologies. SMA also has a broad international network of research and development partnerships. The Company is currently involved in 19 different collaborative research projects on new photovoltaic technologies.

Using Your Own Solar Power: The SMA Smart Home

In recent months, a focal point of our research and development work has been further development of the intelligent energy management system in households with a PV system. The SMA Smart Home increases self-consumption of solar electricity and makes owner-operators more independent from rising electricity prices. The system concept, which is the only one of its kind on the market to date, manages household devices on the basis of location- and system-specific PV generation forecasts, thus making the most effective use of the solar electricity generated. The heart of the SMA Smart Home is Sunny Boy Smart Energy. This device combines a full-fledged PV inverter with a battery that temporarily stores solar power. Owner-operators can thus increase their self-consumption share by up to 50% year-round.

Product Campaign: More Energy, Lower Costs

We have made significant progress with innovations for new inverters in the Sunny Boy and Sunny Tripower series. In total, we will launch two new Sunny Boy and five new Sunny Tripower inverters in the second and third quarters of 2014, which will feature considerably lower specific costs. With these new products, we hope to make our string inverter portfolio significantly more attractive and thus increase our market share.

Optimizing Inverters: PV Pack Research Project

Together with the Fraunhofer Institutes for Solar Energy Systems (ISE) and Manufacturing Technology and Advanced Materials (IFAM) and Phoenix Contact, we are developing innovative inverter concepts. To do so, we initiated the PV Pack research project at the start of the year. The primary aim of this project is to develop alternative solutions for cooling technologies and advanced packaging and the application of new cooling materials. The goal is to considerably improve the functionality, efficiency, economic viability and service life of three-phase photovoltaic inverters in the 10 kW to 40 kW range. We also hope that the project's optimization of mechanical and electromagnetic components will allow us to offer even more compact devices in the future.

Saving Fuel: PV Diesel Hybrid Systems

In the world's sunny regions, diesel generators are often used to supply electricity to off-grid regions or to supplement unstable grids. With intelligent system technology from SMA, photovoltaics can be integrated simply into those diesel-powered grids. SMA's integrated solution, which includes an inverter, Fuel Save Controller and an optional storage system, not only saves on expensive fuel, but also lowers the operating and maintenance costs of the energy supply system over the long term.

The first photovoltaic diesel hybrid system in the megawatt range with an energy storage system went into operation in the fall of 2013 on the Tongan island of Vava'u in the South Pacific. The PV system, which has an output of 512 kilowatts (kW), supports five diesel generators. During midday hours, the hybrid system covers up to 70% of the total electricity demand on Vava'u and meets around 13% of the island's total energy demand for a year.

Independent Energy Supply: PV Off-Grid Systems

In the Sunny Island product family, we have developed system solutions known as off-grid systems to ensure a completely independent energy supply for remote houses and villages. In many sunny regions, photovoltaics is the fastest, most sustainable and cost-efficient energy source. One of the world's largest PV off-grid systems commenced operations in Afghanistan in January 2014. The off-grid system with an output of 1 MW supplies 2,500 residential, commercial and government buildings in Bamyan Province with reliable, sustainable energy. The off-grid system includes Sunny Island inverters for control, Sunny Tripower inverters and a variety of charge controllers (Sunny Island Chargers).

Compact Large-Scale PV Power Plants: Solutions for International Markets

In the large-scale PV power plant segment, SMA focuses on turnkey medium-voltage solutions that can be deployed internationally and allow simple and direct connection to local medium-voltage grids. The main objective here is to meet the connection conditions of the relevant countries. In 2013, new certifications included system solutions for South Africa and Japan. The solutions for large-scale PV power plants include SMA inverters, transformers, communication products and a PV farm control.

In the first quarter of 2014, SMA constructed a megawatt-class PV power plant 40 kilometers east of Lisbon in Canha. The plant sees the first use of SMA Medium Voltage Power Stations (MVPS) in the world. Our main priorities during development of the MVPS were to reduce the system costs, achieve a high profit ratio and ensure a compact design. We also managed to significantly reduce transportation costs and maintenance and commissioning outlay.

Large-Scale Battery Storage System: Research Project in Aachen

In cooperation with the E.ON Energy Research Center at RWTH Aachen University, the electric utility company E.ON and the battery manufacturers Exide and Beta Motion, we are building the world's first modular large-scale 5-MW battery storage system in Aachen. The project, called "M5BAT" (Modular Multi-Megawatt, Multi-Technology Medium-Voltage Battery Storage System), is backed by a €6.5 million grant from the German Federal Ministry for Economic Affairs and Energy as part of its "Energy Storage Funding Initiative." The project is coordinated by RWTH Aachen University. SMA's primary goal for the research project is to obtain data on how large-scale battery inverters can be used in the utility grid in the future.

Employees

Our Success Is Based on a Culture of Appreciation

The solar sector remains in a period of profound structural transformation. However, we are certain that in the past two years we have set a strategic course for long-term earnings improvement at SMA. At the same time, we know how important every individual employee is for the success of the Company. Cooperative corporate governance, open communication and an appreciative corporate culture therefore remain essential to us and are the basis of our success.

The challenges currently faced by SMA's HR department include advancing internationalization and our target of achieving a status of excellence in all strategically important business areas along our value chain. In addition, by again taking part in the "Great Place to Work" competition for employers, we have identified potential areas of improvement, which we will implement in the Company before the end of 2014.

Employee Headcount

Compared to the 2013 reporting period, the headcount in this reporting period declined as a result of personnel adjustments. In Germany, our employee numbers thus fell by 20%, or 890 people, to a total of 3,587 employees (March 31 2013: 4,477, figures exclude temporary employees). Due to the strong growth in some foreign markets, however, the number of employees abroad rose by nearly 6% to 1,438. In the comparative period of the previous year, the number of employees abroad saw a disproportionately high increase as a result of the acquisition of Zeversolar.

EMPLOYEES						
Reporting date	03/31/2014	03/31/2013	03/31/2012	03/31/2011	03/31/2010	
Employees						
(excl. temporary employees)	5,025	5,837	5,676	4,691	3,299	
of which domestic	3,587	4,477	4,726	4,232	3,020	
of which abroad	1,438	1,360	950	459	279	
Temporary employees	684	714	1,154	1,114	1,577	
Total employees						
(incl. temporary employees)	5,709	6,551	6,830	5,805	4,876	

At the end of the reporting period, the SMA Group had 5,025 employees (March 31, 2013: 5,837 employees, figures exclude temporary employees). This equates to a considerable decrease of 14% year on year and a slight decline of 2.2% quarter on quarter (December 31, 2013: 5,141 employees, figures exclude temporary employees).

SMA uses temporary employees to meet short-term fluctuations in demand. They are paid the same hourly rate as all other employees. If the Company performs well, they are also given a share in the Company's success by way of a bonus payment. As of March 31, 2014, SMA employed 684 temporary employees worldwide. The figure fell by 30 temporary employees year on year (March 31, 2013: 714 temporary employees).

Awards Show SMA Remains an Attractive Employer

In the reporting period, the Top Employers Institute honored SMA as a top employer for engineers. The independent certification company based in Düsseldorf and Amsterdam identifies organizations around the world that are distinguished by excellent working conditions and thus contribute to the personal and professional development of their employees. This award, presented to SMA for the third time after 2010 and 2011, is of great importance to us, especially in competing for young, talented employees and highly qualified engineers. In times of demographic change and a shortage of qualified staff in Germany, this further consolidates SMA's reputation as an attractive employer and also positions us well internationally.

The announcement of the results of the survey carried out in 2013 for the "Great Place to Work" competition was also made in this reporting period. After winning first place twice in 2011 and 2012, we were ranked in fifth place in the group of companies with more than 5,000 employees despite personnel reduction measures and difficult market conditions. We are taking the suggestions for improvement that our employees made in the survey very seriously and have already followed them up with concrete measures. We will monitor the success of these specific measures with the next "Great Place to Work" employee survey, which will take place this year.

Diversity Management and the Share of Women at SMA

SMA unites many cultures, ideas and talents around the world. We promote this diversity and use it as a basis for our creativity and flexibility. We see diversity as a requirement for innovation and customer focus and as a driver of our Company's transformation into a more open and flexible company. The objective of our diversity management is to raise awareness about social diversity at SMA, whereby diversity among employees is recognized and promoted as a business strength. In our view, diversity and the Company's success go hand in hand, above all because mixed teams have been proven to operate very successfully in the market.

Back in 2011, we signed the "Diversity Charter" in order to demonstrate our appreciation for all employees – regardless of gender, nationality, religion or ideology, disability, age or sexual orientation.

Since the start of 2014, a diversity management specialist has worked full time for the central management, communication and development of the entire spectrum of diversity at SMA. One of the focal points of our diversity management at present is the issue of women in management positions. As a manufacturing technology company, increasing the number of female employees in the Company is a particular challenge for us. Nonetheless, a higher ratio of women at all levels of the Company is an important goal for our HR department, which we are persistently pursuing.

At the end of the reporting period, only 26% of the total number of SMA employees were women. We are striving to increase the share of women in management positions over the long term. Our aim in the medium term is that the percentage of women at specific levels of management corresponds to the share of female employees in that area.

The measures in pursuit of this aim are varied. For example, the Company-wide mentor program "one4her" will start soon. The aim of this measure is to support women at SMA in their professional development, to make them more visible in the Company and to improve their connections to each other. In addition, SMA supports the "MentorinnenNetzwerk für Frauen in Naturwissenschaft und Technik" (mentoring network for women in science and technology) as a cooperation partner. This mentoring network is an inter-university institution made up of the 10 universities in Hesse that supports female students and doctoral candidates in the fields of science, technology, engineering and mathematics (STEM). We are involved in the network through appointment of mentors from our Company and benefit from the initiative in our search for talented young female employees.

Furthermore, SMA is involved in the annual Girls' Day and the collection of data for the German Federal Ministry for Family Affairs' Women's Career Index.

On the reporting date, the gender breakdown across SMA was:

GENDER DIVERSITY: SMA EMPLOYEES

in % on the reporting date	03/31/2014	03/31/2013
Female	26.0	25.8
Male	74.0	74.2

The breakdown of the various executive levels shows a very heterogeneous picture:

GENDER DIVERSITY: SMA EXECUTIVES

	03/31/2014		03/31/2013	
in % on the reporting date	Female	Male	Female	Male
Domestic executives	12.2	87.8	12.5	87.5
of which Managing Board	25.0	75.0	20.0	80.0
of which General Managers and Vice Presidents	12.2	87.8	8.0	92.0
of which Directors	15.2	84.8	17.7	82.3
of which Senior Managers and Managers	11.1	88.9	11.5	88.5
Executives abroad	21.1	78.9	23.1	76.9

The targeted increase in the share of women at the two uppermost management levels (Managing Board and General Managers/Vice Presidents) to 25% was achieved at the Managing Board level as of the reporting date (March 31, 2013: 20%). At the General Manager/Vice President level, the share of women has risen sharply to 12.2% as of the reporting date (March 31, 2013: 8%). The percentages also remain far below the target value at the other levels of management, as the table shows.

The number of employees working at our site in Germany, who have a foreign passport, underscores SMA's intercultural orientation as well. This figure fell in connection with the previous year's adjustments; at the end of the reporting period SMA had 175 SMA employees who held a foreign passport (March 31, 2013: 227).

The number of employees with a physical disability has declined slightly. In total, 166 people belonged to this employee group as of the reporting date (March 31, 2013: 174).

Vocational Training Situation and Acquisition of Young Professionals

At the end of the reporting period, a total of 173 young people were in vocational training at SMA (March 31, 2013: 274 trainees). Some of our trainees achieved particularly successful results in the recent final examinations. This shows the high quality of the vocational training in the Company. When vacancies arose, especially talented trainees received a contract of employment with the Company.

To assume social responsibility, SMA continues to train young people in promising careers in Germany, beyond its own needs. In light of the changes in market conditions, we are focusing on jobs that require professional training, such as industrial clerks, electronics technicians for devices and systems, mechatronics fitters as well as the electrical engineering dual study program in the 2014 training year.

Economic Report

General Economic Conditions and Economic Conditions in the Sector

General Economic Conditions

The global economy remains in growth mode after already having gained considerable momentum in the second half of 2013. According to the International Monetary Fund (IMF), the upturn was predominantly caused by the economic recovery in industrialized countries, which is characterized by a rise in production and an increase in exports. In newly industrialized countries, reduced purchasing of U.S. state bonds by the U.S. Federal Reserve led to a withdrawal of investor capital. This put national currencies in some newly industrialized countries under heavy pressure, which in turn resulted in economic turbulence. In the first quarter of 2014, however, newly industrialized countries again gained momentum. Not even the Crimea crisis in the Ukraine and the subsequently tense diplomatic relationship between Russia and the EU/U.S. changed the overall positive trend in the first quarter of 2014.

In 17 of the 20 largest national economies, the Purchasing Managers Indexes (PMI) were above the critical 50 mark at the end of the quarter. A value above 50 signals an expansion of industrial activity. The global business climate indicator determined by the Munich Ifo Institute also signals positive economic development. For the first quarter of 2014, the index rose to 103.2 after 98.6 in the previous quarter. A year earlier, the business climate index was at just 94.1.

In Germany, for the first quarter of this year, the Economic Barometer of the German Institute for Economic Research (DIW Berlin) indicates strong growth of 0.7% compared to the final quarter of 2013. According to DIW Berlin, construction spending and private consumption in particular saw a marked increase.

Economic Conditions in the Sector

The sale of PV systems increased around the world: According to the American market research institute NPD Solarbuzz, 9 GW of photovoltaic power were installed worldwide in the first quarter of 2014. This is a record for a first quarter and a 35% increase compared to the same period of the previous year.

EUROPE

In Europe, demand for photovoltaics did not reach the level of previous years in the first quarter of 2014. The 2013 fiscal year was shaped by significant adjustments to solar power tariffs in key European markets. Demand fell sharply. This trend continued in the first quarter of 2014.

In Germany, currently the largest market in Europe, the ongoing degression of the feed-in tariff and the political debate about new changes resulted in a further drop in demand. The German Federal Government is continuing to stick to its plan of withdrawing compensation under the Renewable Energy Sources Act (EEG) for new PV systems once they reach 52 GW of total installed power. Since the start of 2014, the market integration model for electricity from photovoltaics has taken effect in Germany. According to the new regulation enacted following the amendment of the EEG, only 90% of solar power will now receive the EEG feed-in tariff. For the remaining 10%, electricity fed into the utility grid will be compensated at market price. The regulations affect all PV systems with nominal power of more than 10 kWp to 1,000 kWp.

The PV market in Great Britain developed well in the reporting period, but this is partially attributable to sales being brought forward. On April 1, 2014, the feed-in tariff for solar power from PV systems with nominal power of less than 50 kW fell by 3.5%.

NON-EUROPEAN MARKET

The U.S. market for photovoltaics is also continuing to grow strongly. The major factors driving growth in the Industrial segment in the first quarter of 2014 included portfolio standards on the basis of which American electric utility companies must include a share of renewable energy in their portfolios. Tax incentive programs, the net metering tariff model and solar leasing offered by a number of companies also supported demand for PV systems in the Residential segment.

Japan developed very positively in the first quarter of 2014. Attractive subsidy programs, a high appreciation for renewable energies, low bank interest and the high demand for electricity as a result of the decision to disconnect the majority of Japanese nuclear power plants were the main drivers of the Japanese photovoltaics industry. However, as a result of the unique grid infrastructure and strict certification requirements, the Japanese market has relatively high entry barriers. In addition, the feed-in tariff for PV systems with nominal power of more than 10 kW sank by 11% to the equivalent of \$0.31 per kilowatt hour (kWh) as of April 1, 2014. For smaller systems, the feed-in tariff fell by 2.7% to \$0.35 per kWh.

In China, the government plans to achieve cumulative installed capacity of more than 40 GW by 2015, producing exact guidelines listing the provinces in which PV power is to be installed. Furthermore, the government also determines on an annual basis the numbers of private and commercial PV systems as well as industrial ground-based PV systems that are allowed to be built. Strict certification requirements continue to apply to foreign companies. The award of large-scale project orders is also determined by state tendering procedures. Thus, the barriers to entry are also comparatively high in China.

Energy requirements and thus demand for photovoltaics are growing in newly industrialized and developing countries. In South Africa, photovoltaics is in some cases already an economically attractive alternative to other methods of generating energy. Therefore, a market that is not reliant on subsidies is rapidly increasing in importance alongside a subsidized market. However, the local content requirements are increasing. These regulations stipulate that a high share of value creation must be achieved through local production.

The Thai government has doubled its target for the expansion of solar energy inside the country to 3 GW by 2021. The PV market in Thailand is developing positively as a result of the existing incentive programs and excellent solar irradiation. However, demand continues to be influenced negatively by political unrest.

In many countries located in what is known as the Sunbelt, high diesel prices and high transportation and storage costs act as an incentive for the expansion of photovoltaics. In these sunny regions, photovoltaics is already the more financially attractive alternative. With good solar irradiation, a photovoltaic diesel hybrid system will pay for itself in just a few years.

Impact of General Conditions on Business Development

In the first quarter of 2014, the negative trend in Europe continued and demand for PV inverters fell. The SMA Group had a weak start to the fiscal year and sold PV inverters with a total output of 956 MW in the reporting period. This equates to a decrease of 18% compared with the same quarter of the previous year (Q1 2013: 1,167 MW). SMA's sales fell by 17% to €176.3 million (Q1 2013: €212.3 million) and were thus in line with the forecast of €170 million to €200 million published on March 27, 2014. The lower sales in comparison with the same quarter of the previous year is particularly attributable to a decline in project business. The reasons for this included uncertainty in Europe due to the Ukraine crisis, project delays in the Middle East and monetary turmoil in India. Project business was poor in the first quarter in the U.S., too, but many projects are at the planning stage there. In the first quarter of 2014, earnings before interest and taxes (EBIT) fell to €-22.4 million (Q1 2013: €-8.4 million). The export ratio based on sales climbed from 67.5% to 68.0% year on year. This underscores SMA's outstanding international position. With gross sales of €57.2 million (Q1 2013: €71.3 million), Germany was the market with the strongest sales in the first quarter of 2014. Important foreign markets were the U.S., Canada, Great Britain and Australia.

SMA adjusted its corporate strategy to these changes. A product campaign, expansion of the service portfolio and further process and cost improvements are intended to secure the Company's outstanding competitive position in the next few months. Overall, the SMA Managing Board is therefore sticking to the sales and earnings forecast for 2014 as a whole that was first published in November 2013. This forecasts sales of €1.0 billion to €1.3 billion and, in the best-case scenario, operating earnings of up to €20 million. The forecast is based on the assumption of a stable regulatory environment, particularly in Europe.

Results of Operations

Group Sales and Earnings

SMA STARTS FISCAL YEAR WITH WEAK FIRST QUARTER

The SMA Group had a weak start to the fiscal year and sold PV inverters with a total output of 956 MW in the first quarter of 2014. This equates to a decrease of 18% compared with the same quarter of the previous year (Q1 2013: 1,167 MW). Due to weaker project business, the SMA Group's sales fell at almost the same rate as volumes year on year by 17% to €176.3 million (Q1 2013: €212.3 million). SMA was thus within the sales forecast indicated for the first quarter of 2014 of €170 million to €200 million.

The decline in sales compared to the same quarter of the previous year resulted primarily from weaker project business. Besides project delays and increased competitive pressure, SMA recorded weaker demand in the first quarter overall.

The export ratio increased slightly from 67.5% to 68.0% year on year. This underscores SMA's outstanding international position with excellent sales and service structures and an extensive range of products. The SMA Group's most important foreign markets in the first quarter of 2014 were the U.S., Canada, Great Britain and Australia.

EBIT declined to €-22.4 million due to low volumes as a result of project delays and the decrease in prices in project business. In the same quarter of the previous year, it was €-8.4 million because of higher sales. The EBIT margin declined from -4.0% to -12.7% year on year. The consolidated earnings amounted to €-16.7 million (Q1 2013: €-5.8 million). Earnings per share amounted to €-0.48 (Q1 2013: €-0.16).

Sales and Earnings per Segment

MEDIUM POWER SOLUTIONS REMAINS STRONGEST-SELLING DIVISION IN THE SMA GROUP

The Medium Power Solutions division covers the Sunny Boy, Sunny Mini Central, Sunny Tripower and Sunny Island product families. The division also develops products used for monitoring photovoltaic systems and energy management. The product families comprise 68 inverters and 15 communication products in total. SMA offers single-phase and three-phase inverters with capacities ranging from 240 W to 24 kW. SMA products achieve particularly high efficiency of up to 99%, easy installation and a service life of over 20 years. SMA has concluded cooperation agreements with Miele, Vaillant and Stiebel Eltron to jointly develop system solutions for energy management. The goal is more effective use of solar power.

In the first quarter of 2014, external sales of the Medium Power Solutions division fell by 8.9% to €104.8 million (Q1 2013: €115.1 million). The decline is due to a 12.4% reduction in power sold and the decline of the average sales price from €0.20 per watt to €0.198 per watt. Medium Power Solutions remains the strongest-selling division in the SMA Group. Its share of SMA Group's total sales was 59.4% (Q1 2013: 54.2%). The declines in sales in Europe and Germany were partially offset by increases in sales in Asia and the U.S. The most important foreign markets were the U.S., Australia, Great Britain and Japan. In the first quarter of 2014, the major sales drivers were the Sunny Tripower 12000TL to 17000TL and Sunny Boy 3000TL to 5000TL products. Low sales levels following the market shift from Europe to Asia and the Americas is having a negative effect on earnings in the Medium Power Solutions division. In the first quarter of 2014, EBIT was €-13.8 million (Q1 2013: €-16.5 million). In relation to internal and external sales, the EBIT margin was -11.3% (Q1 2013: -12.5%).

POWER PLANT SOLUTIONS DIVISION SUFFERS UNDER FLUCTUATIONS IN PROJECT BUSINESS

The Power Plant Solutions division serves the growing market for large-scale PV power plants with outputs ranging from 500 kW to the three-digit megawatt range with Sunny Central type central inverters. The product family contains central inverters with numerous different models that offer optimal technical solutions for any large-scale project. As the market leader in this segment, SMA also supplies central inverters that feed directly into the medium-voltage grid of electric utility companies, thus contributing to a greater energy yield of the overall system. The exceptional efficiencies of these devices reach up to 99%.

Due to project delays and a drop in prices, external sales fell by 37.0% year on year to €53.2 million in the first quarter of 2014 (Q1 2013: €84.5 million). Because of the shift in demand from Europe to North America and Asia, the trend toward large-scale solar projects will continue.

The Power Plant Solutions division's share in SMA Group's total sales fell to 30.2% (Q1 2013: 39.8%). The most important foreign markets included Canada, North America and Great Britain. The most successful products included the Sunny Central Compact Power series of inverters.

The Power Plant Solutions division was unable to fully compensate for volume decline and price reductions on the previous year by cutting the cost of materials and through advances in productivity. In the first quarter of 2014, EBIT was €-5.5 million and thus much lower than in the previous year (Q1 2013: €5.5 million). In relation to internal and external sales, the EBIT margin was -9.2% (Q1 2013: 6.2%).

HIGHER SALES IN THE SERVICE DIVISION

Alongside a broad product portfolio, excellent service is an important distinguishing feature of the SMA Group, and one that is going to become even more important in competing for business. In order to exploit this potential systematically, SMA has bundled its service activities into one division.

SMA is represented in all important photovoltaic markets with its own service companies. With an installed capacity of more than 30 GW worldwide, SMA leverages economies of scale to take its service business to profitability over the medium term. Services include warranty extensions, service and maintenance contracts, operational management, remote system monitoring and spare parts business. In February 2014, SMA took on operational management of a PV farm with an output of 100 MW in Ontario, Canada. The 10-year service contract is SMA's largest operation and maintenance contract worldwide so far.

In the first quarter of 2014, external service sales amounted to €8.3 million (Q1 2013: €6.0 million). Notable sales drivers were maintenance and service contracts subject to charge, 50.2-Hz modifications and chargeable repairs. In the first quarter of 2014, EBIT was €-0.6 million (Q1 2013: €-0.1 million).

ZEVERSOLAR HAS CONCLUDED MAJOR RESTRUCTURING

The Zegersolar division comprises Jiangsu Zegersolar New Energy Co., Ltd. – which was acquired in March 2013 – and its subsidiary companies, and serves the Chinese photovoltaic market, characterized by strong growth, with its central inverters. String inverters are offered in selected foreign markets. Restructuring measures were carried out in 2013 to allow Zegersolar to make positive earnings contributions in the medium term. In the first quarter of 2014, Zegersolar launched completely reworked string inverters for international markets and central inverters for China. In addition, international business showed positive growth. Domestic business is traditionally weak in the first quarter because of the Chinese New Year festival. In the first quarter, Zegersolar completely overhauled its brand presence. By specifying its brand values, Zegersolar has distinguished itself both from SMA services and from its Chinese competitors.

External sales amounted to €2.5 million in the first quarter of 2014 (first quarter of 2013 after closing on March 12, 2013: €0.1 million). EBIT amounted to €-3.5 million (in the comparative period of 2013, after closing on March 12, 2013, EBIT amounted to €-0.6 million).

RAILWAY TECHNOLOGY SHOWS SCHEDULED RESULTS

SMA Railway Technology GmbH and its Brazilian subsidiary manufacture converters as individual devices and complete energy supply systems for railway coaches and multiple-unit trains for short- and long-distance railway traffic. This business area primarily comprises multi-year project orders with customer-specific adaptive developments. Railway is developing a new, more efficient platform to supply energy to local trains, but its market launch will not have a positive impact until 2015.

The division's external sales rose by 13.6% to €7.5 million (Q1 2013: €6.6 million). EBIT fell slightly to €-1.0 million (Q1 2013: €-0.3 million). This equates to an EBIT margin in relation to internal and external sales of -13.2% (Q1 2013: -4.4%). Although the companies in the Railway Technology segment's focus on project business is showing initial success, earnings have not risen to the same degree because of associated costs.

Development of Significant Income Statement Items

PRICE PRESSURE AND UTILIZATION NEGATIVELY AFFECT GROSS MARGIN

In the first quarter of 2014, cost of sales amounted to €145.7 million (Q1 2013: €173.6 million). The decline in cost of sales compared to the same quarter of the previous year was 16.1%, but was therefore lower than the 17% decline in sales and the 18.1% decline in volume.

Material costs fell by 16.9% to €93.7 million (Q1 2013: €112.8 million). Material costs adjusted for impairment and scrapping fell to €91.8 million (Q1 2013: €111.1 million). Due to the cost-out measures, the adjusted material cost ratio was kept constant at 52.0% despite the decline in our selling prices (Q1 2013: 52.3%). Adjusted material costs per watt increased slightly to €0.096 per watt (Q1 2013: €0.095 per watt). The increase was the result of the significant shift in the product mix in favor of string inverters, for which the specific material costs are higher than for central inverters. This offsets the successes of the cost-out measures.

Personnel expenses fell from €35.6 million in the same quarter of the previous year to €34.3 million. The effects of the personnel adjustments in Germany are partially offset by collectively agreed salary increases and the first-time full consolidation of Zeyversolar in the first quarter of 2014 (2013: from March 2013). In addition, the purchasing and service organization abroad was expanded further.

Depreciation and amortization increased primarily as a result of scheduled depreciation and amortization of capitalized development projects, which increased from €16.0 million to €17.7 million.

The €9.1 million decline in other expenses resulted primarily from lower recognition of provisions for statutory warranties compared to the same quarter of the previous year based on sales and from a liquidation of other provisions that affected income.

The gross margin decreased from 18.2% in the previous year to 17.4%. In first quarter 2014, 64.3% of the cost of sales could be attributed to material expenses, 23.5% to personnel expenses and 12.2% to other expenses, depreciation and amortization.

Selling expenses remained stable year on year, amounting to €14.0 million in the first quarter of 2014 (Q1 2013: €14.1 million). The effects of the personnel adjustments in Germany are partially offset by collectively agreed salary increases, the expansion of the sales organization in Asia, and the first-time full consolidation of Zeyversolar in first quarter 2014 (2013: from March 2013). Due to the considerably lower sales in the first quarter of 2014, the cost of sales ratio was 7.9% (Q1 2013: 6.6%).

Development expertise is a major and unique selling proposition for SMA and has therefore been expanded rigorously. In the first quarter of 2014, research and development expenses not including capitalized development projects amounted to €21.5 million (Q1 2013: €18.8 million). Total research and development expenses including capitalized development projects were €27.1 million (Q1 2013: €24.3 million). Scheduled depreciation of capitalized development projects amounted to €3.5 million in the first three months of the year (Q1 2013: €2.6 million).

At the end of the first quarter of 2014, the SMA Group had 1,062 employees in research and development (March 31, 2013: 1,101 employees). The consistently high level of investment reflects the enormous amount of activity in the development of new devices.

Administrative expenses in the first quarter 2014 totaled €18.7 million (Q1 2013: €16.8 million). The effects of the personnel adjustments in Germany are partially offset by collectively agreed salary increases and the first-time full consolidation of Zeversolar in the first quarter of 2014 (2013: as of March 2013). In the first quarter of 2014, the ratio of administrative expenses to sales increased to 10.6% (Q1 2013: 7.9%).

Financial Position

SMA Generates Positive Operating Net Cash Flow

In the first quarter of 2014, SMA generated gross cash flow of €-9.4 million. In the same quarter of the previous year, this figure was €1.0 million.

Net Working Capital decreased by 5.5% to €234.0 million and amounted to 26.1% in relation to sales over the past twelve months. Due to low sales levels, receivables fell by €9.7 million compared to December 31, 2013. In view of the volume performance in the subsequent months, there was an €7.1 million increase in inventories. Unfinished and finished goods inventories increased slightly by €13.6 million due to project-related prefabrications. In contrast, raw materials, consumables and supplies inventories decreased by €6.6 million.

Overall, the net cash flow from operating activities amounted to €15.4 million in the first quarter of 2014 due to a reduction in net working capital (Q1 2013: €-3.3 million) and was thus positive again despite the strained sales situation.

Net cash flow from investing activities reflected the adjusted investment strategy and amounted to €2.2 million in the reporting period (Q1 2013: €6.5 million). The volume of investment in fixed and intangible assets totaled €12.1 million and was thus 34.2% lower than the €18.4 million of the previous year. A major portion of the investments went to capitalized development projects at €5.6 million.

Cash and cash equivalents amounting to €205.2 million (December 31, 2013: €192.4 million) include cash in hand, cash held at banks and short-term deposits with an original term to maturity of less than three months. With time deposits with a term to maturity of more than three months and fixed-interest-bearing securities, and after deducting interest-bearing financial liabilities, this resulted in net cash of €314.0 million (December 31, 2013: €308.1 million). SMA thus has excellent liquidity reserves.

Net Assets

High Equity Ratio of 57.4%

As of March 31, 2014, the balance sheet total decreased to €1,237.0 million (December 31, 2013: €1,259.9 million).

Net working capital decreased to €234.0 million as of March 31, 2014 (December 31, 2013: €247.6 million) and thus amounted to 26.1% of sales of the past twelve months. The ratio was therefore above the range of 20% to 23% targeted by management.

Trade receivables amounted to €114.6 million in the first quarter of 2014, 7.7% lower than on December 31, 2013 (December 31, 2013: €124.3 million). This included receivables of €16.1 million that were written down. Days sales outstanding increased to 48.6, mainly due to the higher export ratio (December 31, 2013: 47.9). Inventories increased by 3.9% to €191.2 million (December 31, 2013: €184.1 million). Trade payables increased by €11.1 million to €71.9 million (December 31, 2013: €60.8 million). The share of trade credit in total assets increased to 5.8% (December 31, 2013: 4.8%).

The Group's equity capital base fell by 1.9% to €710.3 million as of March 31, 2014 (December 31, 2013: €724.4 million). With an equity ratio of 57.4%, SMA has a very comfortable equity capital base and therefore boasts a very solid balance-sheet structure.

Capital Expenditure

SMA Continues to Invest in Research and Development

As planned, SMA has considerably reduced investment and adapted it to the changed market conditions. For the 2014 fiscal year, the SMA Group is planning investments in land and buildings of up to €10 million. SMA will invest up to €50 million in machinery and equipment. The investments in intangible assets, especially development projects, will amount to between €20 million and €30 million.

In the first three months of the 2014 fiscal year, investments in fixed assets and intangible assets totaled €12.1 million (Q1 2013: €18.4 million). 81.1% of the investments in fixed assets of €5.3 million (Q1 2013: €10.8 million) went towards machinery and equipment and 18.9% towards land and buildings. SMA spent 82.7% of the investments in intangible assets of €6.8 million (Q1 2013: €7.6 million) on capitalized development projects and 17.3% on other intangible assets.

Supplementary Report

Significant Events After the End of the Reporting Period

There were no significant events after the end of the reporting period that affected our net assets, financial position or operational results.

Risk and Opportunities Report

Risk and Opportunities Management

The 2013 Annual Report details risk and opportunities management, individual risks with a potentially significant negative impact on our business, our operational results, financial position and net assets and information on the company's reputation. Our key opportunities are also outlined. Based on our risk management system, we assess overall risks to be manageable. The statements made on this in the 2013 Annual Report generally continue to apply. In the first three months of the 2014 fiscal year, we did not identify any additional significant risks or opportunities than those presented in the section on business activity and organization and in the additional information on the results of operations, financial position and net assets.

There are currently no discernible risks that, either alone or combined with other risks, could seriously jeopardize the livelihood of the company or significantly impair business performance. For more information, please refer to the forward-looking statements in the forecast report.

Forecast Report

The General Economic Situation: Robust Growth of Global Economy

According to the International Monetary Fund (IMF), the global economy will continue to grow – with declining growth in some newly industrialized countries. After growth of 3% in the past year, the IMF's updated annual outlook from April 3, 2014, anticipates global growth of 3.6%. According to this forecast, not all risks have been averted, particularly in relation to the geopolitically sensitive Ukraine conflict, but the risk of a renewed global economic crisis has decreased significantly in comparison to previous years. The recovery is mainly driven by the major national economies, but emerging markets in Asia and southern Africa will also act as driving forces for global economic growth in 2014.

In the euro-zone, which numbers 18 member states, the economy is expected to grow by 1.2% in 2014. This is 0.2 percentage points higher than anticipated in January. According to the IMF, the recession will end in 2014 for Italy (0.6%) and Spain (0.9%), while in France the slow rising trend is expected to continue with growth of 1.0% in 2014 after only 0.3% in the past year. The International Monetary Fund also improved its forecast for Germany, predicting that German gross domestic product (GDP) will rise by 1.7% this year. In January, the IMF had forecasted growth of 1.6%. According to the IMF outlook, the British (2.9%) and U.S. (2.8%) economies will also gain considerable momentum in 2014.

By contrast, the outlook for Japan and some newly industrialized countries is a slight deterioration in the market. In Japan, the economy is expected to grow by 1.4% this year and thus more slowly than in the previous year (2013: 1.5%), in Brazil the IMF anticipates growth of only 1.8% (2013: 2.3%), and in Russia the International Monetary Fund has lowered its forecast for this year from 1.9% to 1.3% (2013: 1.3%) in light of imminent Western sanctions in connection with the Ukraine crisis.

China's growth is expected to amount to 7.5% (2013: 7.7%), while in India the IMF anticipates a 5.4% (2013: 4.4%) increase in GDP. International trade was expected to increase by 4.3%. In January 2014, the IMF had forecast growth of 4.5%. According to the IMF, the slight decrease over the forecast is attributable to the current currency problems in developing and newly industrialized countries.

Future General Economic Conditions in the Photovoltaics Sector

Key Trends in the Energy Sector

According to the Energy Outlook 2013 of the International Energy Agency (IEA), renewable energies will equate to about half of the rise in global power generation by 2035. Fluctuating resources such as wind energy and photovoltaics alone will make up a share of 45%. The IEA experts predict that these specific trends are being driven, for example, by the regionalization of the electricity supply and the resulting need for independence from energy imports and rising fuel costs. There will be a further rise in demand for energy storage solutions in the residential, commercial and industrial sectors as well. In addition, energy is increasingly distributed via smart grids in order

to manage electricity demand, avoid consumption peaks and take the strain off utility grids. eMobility is expected to become an important pillar of these new energy supply structures. Integration of electric vehicles may help increase self-consumption of renewable energies and offset fluctuations in the utility grid.

Photovoltaic Market Undergoing Change

The global photovoltaic market is currently undergoing a process of long-term transformation. In the large-scale PV power plant (Industrial) segment, issues such as grid integration and photovoltaics with a power plant function are gaining importance. From an economic perspective as well, a fundamental paradigm shift is taking place: Potential operators no longer view the PV system as a mere income-producing asset but rather see photovoltaics as a cost-efficient, environmentally friendly and independent way of supporting their own electricity supply. The use of innovative system technology is a basic prerequisite for the reorganization of energy supply systems along the lines of decentralized structures based on renewable energies. Future objectives include intelligently linking different technologies, providing intermediate storage solutions for generated energy thereby ensuring a reliable electricity supply based on renewable energies.

Global Market Growth

Photovoltaics has proven to be increasingly competitive in recent years and is gaining importance around the world. Although price pressure in the industry is still high and the fragmentation of the photovoltaic markets in both subsidized and non-subsidized markets is likely to continue, the SMA Managing Board estimates that the medium-term prospects for the global photovoltaic sector nonetheless remain good.

According to the U.S. market research company NPD Solarbuzz, PV systems with an output of around 9 GW were connected to the utility grid worldwide in the first quarter of 2014 – the highest ever level for the first three months of a year. For the current fiscal year, the SMA Managing Board estimates a global rise in new PV installations of approximately 15%. The Managing Board assumes global market growth of up to 48 GW (2013: about 40 GW). The experts at NPD Solarbuzz forecast the additional installation of around 50 GW.

The SMA Managing Board expects further decline in demand for PV systems in Germany. This is mainly due to the reduction in the solar power feed-in tariff. However, strong growth stimuli are especially expected in China, North America and Japan. The Managing Board estimates that they will account for well over half of global demand by 2014 as a result of favorable market conditions. The Chinese government has increased expansion targets for photovoltaics to 40 GW by 2015 with the enactment of an incentive program. In Japan, attractive compensation rates are still acting as strong market drivers, while in North America tax incentive programs are a powerful motivating factor for investing in a PV system.

The SMA Managing Board also expects to see a positive demand trend in newly industrialized countries. Significant growth is possible particularly in South Africa, India and Thailand as a result of their appealing subsidy programs. In Chile, Mexico and the Middle East, the Managing Board also expects the photovoltaic markets to show positive development. Additionally, there are worthwhile business opportunities for photovoltaic diesel hybrid systems in countries in the Sunbelt, for example in the regions of South America, the Middle East, Asia/Pacific and Africa. These countries have an increasing energy demand because of their economic growth and are looking for efficient access to electrical energy. Intelligent system technology allows photovoltaics to be well integrated into already existing diesel-powered grids.

Energy Management – Market of the Future

The SMA Managing Board sees excellent market potential for manufacturers of innovative system technologies that provide energy management for private households and commercial enterprises, due in no small part to the constantly rising prices of conventional household electricity in Europe and North America. These technologies use both storage systems and predictive instruments and connect electrical devices to the system to bring about a targeted increase in self-consumption.

Overall Statement by the Managing Board on the Expected Development of the SMA Group

The following statements on the future development of the SMA Group are based on the estimates drawn up by the SMA Managing Board and the expectations concerning development of the global photovoltaic markets set out above.

SMA's sales and earnings situation depends on market share, price dynamics and the development of the global market. For the current fiscal year, the Managing Board has set the objectives of increasing sales and securing a return to profitability. With SMA's wide range of products, international presence and its access to the Chinese market via Zeyersolar, the Managing Board also expects SMA to improve upon its market share of 13% (discounting China: 20%) in 2014. As a market and technology leader, SMA has resolutely focused its strategy on successfully exploiting international growth opportunities in a market characterized by strong competition and price pressure, responding flexibly to demand fluctuations and maximizing the opportunities from the transition to a new supply system based on renewable energies. With its strategy, the Managing Board laid the foundation for this early on and has uniquely positioned SMA as a system technology specialist in a changing market landscape.

Increased Sales Through New Technologies and Development of New Business Areas

The sales forecast for the 2014 fiscal year of €1.0 billion to €1.3 billion was published for the first time on November 4, 2013, and is based on the assumption of a stable regulatory environment, particularly in Europe. At the upper end of the sales forecast of €1.3 billion, the Managing Board anticipates that SMA will benefit from the expanded product range for Japan and the U.S., which was launched in 2013, and the successful restructuring of Zeyersolar in China, profiting from the subsequent rise in demand in these markets. The Managing Board also expects significant growth stimuli in the Asian and South American markets in this scenario. These non-European photovoltaic markets should compensate for the continued decline expected in demand in Europe. At the lower end of the sales forecast of €1.0 billion, the Managing Board also anticipates that SMA will achieve global growth. However, in this scenario, SMA will not benefit as strongly from the growth stimuli in Asia and America. The Managing Board estimates that international business will account for more than about 75% of business in 2014 (2013: 71%).

SMA is a technology-driven company. Hence, at the heart of SMA's corporate strategy lie long-term expansion of its research and development work and safeguarding its technological leadership for developing new business areas. At the end of the fiscal year, SMA employed over 1,000 employees worldwide in the area of research and development and set new standards for the photovoltaics industry in all fields of application from PV inverters to energy management systems. The Managing Board sees significant sales potential in the coming years predominantly in the marketing of modern storage technologies for energy management systems in all power classes. In line with this, SMA's approach will include both small power range business and the medium and large power ranges. For the current fiscal year, the Managing Board expects development expenditure, including capitalized development projects, to increase to about €130 million. In addition, we will expand our network of collaborative strategic research and development in a targeted fashion.

In sunny regions, we will take even greater advantage of the opportunities that present themselves in the field of photovoltaic diesel hybrid applications. In terms of capital expenditure, diesel generators are the most cost-efficient method of supplying electricity to off-grid areas or supplementing unstable grids in the world's sunny regions. With intelligent system technology from SMA, photovoltaics can be integrated simply into such diesel-powered grids. The integrated solution, comprised of an inverter, Fuel Save Controller and an optional storage system, not only saves on expensive fuel, but also lowers the operating and maintenance costs of the energy supply system over the long term.

So that we can service the growing market of large-scale PV power plants as effectively as possible, we are continually expanding our technical know-how in medium-voltage technology and developing system technology and services to meet demanding requirements, such as installation in harsh environments and extreme weather conditions.

Return to Profitability Through Progressive Cost Reduction and Process Optimization

For its earnings target, SMA aims to generate an operating profit (EBIT) of up to €20 million. The main drivers for this will be the planning and successful implementation of existing projects to reduce costs. In addition, we will also ramp up our sales activities with the help of a global customer- and solutions-focused sales strategy. It is the technological advantages brought about by new products, the service business and financial stability that set us apart from the many generalists among our competitors. With the specific aim of improving our cost situation and developing new markets more effectively, SMA is working to set up a strategic alliance with the Danfoss Group.

One concrete measure aimed at reducing material costs over the long term is the expansion of strategic purchasing. With a global procurement process made up of purchasing offices in Germany, Poland, China and the U.S., we have created a solid basis for systematic reduction of material costs. Zeyersolar's resources are also being used in tandem to qualify new suppliers and accelerate our measures. To optimize processes, SMA has also set up market-specific production centers and developed a standardized global logistics concept in order to significantly reduce product transportation and wait times. To dramatically reduce the production costs of our products, we are also pursuing a rigorous design-to-cost policy. This focuses on using new technologies and a higher proportion of carry-over parts as well as integrating additional functions. On the whole, the Managing Board estimates that implementing these steps will save total costs of between €80 million and €100 million in 2014.

Two-Brand Strategy to Improve Market Share

Another key element of the Group's strategy is to improve our market share of 13% in 2013 (discounting China: 20%). With the goal of increasing our market share as a global market leader even further, we are pursuing a clearly-defined two-brand strategy. While SMA positions itself worldwide as a technological leader and specialist in system technology, the Chinese inverter manufacturer Zegersolar, which SMA acquired in 2013, operates in what is referred to as the budget market (low-price segment) in both the Chinese and international markets.

Our primary objective is to use technological unique selling propositions to further improve SMA's strong market position. To consolidate our innovation leadership, we are focusing on development of system solutions that are precisely tailored to the specific requirements of global photovoltaic markets across all power ranges. By contrast, Zegersolar acts as an independent brand with specific unique selling propositions in what is known as the budget market (low-price segment). With the restructuring of Zegersolar nearing completion in the first quarter of 2014, SMA has also laid the foundations to benefit from the considerable growth opportunities, particularly in the Chinese market. At the SNEC PV POWER EXPO trade fair in Shanghai, China, Zegersolar will present its new brand strategy and completely overhauled products to Chinese customers for the first time.

Development in the Segments

According to estimates by the Managing Board, the Medium Power Solutions (MPS) division will generate sales of between €600 million and €700 million in 2014, accounting for approximately 50% to 60% of SMA's total sales. Our three-phase inverters have contributed significantly to MPS sales. Their share in the division's total revenues is expected to rise to as high as 60% in 2014. With regard to the operating result, the Managing Board estimates that MPS will break even. This is due to the successful implementation of our savings targets, newly launched products in the U.S. and Japan and the market launch of the new Sunny Boy Smart Energy inverter, which took place this year.

In the global photovoltaic market, demand for larger PV systems has grown in 2014. This trend will continue to be reflected in the distribution of SMA's sales. The Managing Board anticipates that large-scale PV power plants with an output of over 500 kW will generate sales of between €300 million and €400 million in 2014, accounting for approximately 30% to 40% of sales. Above all, a decisive contribution to sales in the Power Plant Solutions (PPS) division in 2014 will be made by international business in North America, Asia and South Africa. The Sunny Central Compact Power is expected to be one of the central inverters that generates the greatest sales in this segment in 2014 alongside the complete solution including medium-voltage technology. The SMA Managing Board estimates an EBIT margin of as high as 4% (2013: 9.5%). The decline in the EBIT margin can be attributed to rising price pressure and shift in markets as well as the fact that the market launch of a new system solution for medium-voltage grids will not take place until the end of 2014.

Our service business will continue to benefit in 2014 from the high level of commissioning in the Power Plant Solutions division. We also anticipate new acquisitions through long-standing service and maintenance contracts with larger volumes. Long-term contracts for operational management of large-scale PV power plants in particular form the basis of a profitable service business. After a successful start in North America, SMA is working to acquire further complete plant service contracts in 2014. We also intend to develop our portfolio in the service business in 2014 with additional new services, thus taking advantage of new sales potential. The 50.2-Hz switchover in

Germany, in which we are acting as a service provider for grid operators, is also likely to considerably revive the German service business in the current year. Overall, the SMA Managing Board expects service business to achieve sales of between €35 million and €50 million in 2014. The target EBIT margin is between 2% and 5%.

In the Zeyversolar division, we anticipate sales of between €50 million and €70 million. With the acquisition of the Chinese inverter manufacturer Zeyversolar, SMA has secured access to the world's largest photovoltaic market in China. Once the restructuring is complete, the Managing Board expects SMA to benefit from this division in 2014 with higher-quality products and a new international Sales team. Given the growth forecast in China and the attractiveness of the international budget segment, the Managing Board expects Zeyversolar to break even in 2014.

In the Railway Technology business area, the SMA Managing Board anticipates sales of between €30 million and €40 million. The operating result is particularly dependent on further development of business in Brazil and China. Given that the market launch of the new, high-performance platform for supplying energy to local passenger trains will only begin to have a positive impact in 2015, the SMA Managing Board believes that an EBIT margin of between 1% and 4% is realistic for Railway Technology for 2014.

Decrease in Net Working Capital

The Managing Board expects net working capital to decrease in the current fiscal year. In the future, this is expected to amount to between 20% and 23% of sales (March 31, 2014: 26,1%). We aim to progressively reduce inventories further through various optimization projects. Compared with the reporting date, we expect to see an additional increase in receivables, primarily due to stronger foreign and project business. These business areas are generally accompanied by longer payment periods.

Stable Investment Volumes and Solid Financial Basis

For the 2014 fiscal year, SMA is planning investments of between €70 million and €90 million. Investments in land and buildings will amount to as much as €10 million. SMA is expected to invest up to €50 million in machinery and equipment. Parts of these investments are scheduled for the start of production of our new product families in 2014 and 2015. Investments in intangible assets primarily concern the capitalization of development projects and amount to between €20 million and €30 million. In the medium term, SMA is planning on total annual investments of up to 8% (2013: 5.7%) of sales. SMA will continue with its successful strategy of production primarily based on orders received. SMA's production capacity of 15 GW is sufficient to meet global demand. A net working capital ratio of between 20% and 23%, an equity ratio of almost 60% and net cash of more than €300 million underline SMA's eligibility for financing and help toward generating sales.

Laying Foundations Early for Long-Term Success

As a specialist for system technology and a global market leader, SMA offers complete system solutions for all markets, module types and power classes. None of our competitors has an innovation rate that even comes close to rivaling SMA's or has such a solid positioning as a technological leader. In addition to this, our strong sales and service structures are also extremely well positioned to use the opportunities presented by a globally growing photovoltaic market to the best possible advantage and successfully achieve our target of increased sales. Our flexible business model and solid financial basis help us to exploit new markets. By significantly reducing production costs, optimizing our processing and making extensive structural adjustments across the entire organization, we have also met all the conditions required to achieve a return to profitability in the current fiscal year. The acquisition of Zeyersolar will help us to take advantage of growth in the Chinese market and improve our market share. SMA is characterized by an extraordinary corporate culture and motivated employees, who all make a decisive contribution to the Company's long-term success – even in a challenging market environment.

Niestetal, May 5, 2014

SMA Solar Technology AG
The Managing Board

57.4

% EQUITY RATIO

THE COMPANY'S EQUITY AMOUNTS TO
€710.3 MILLION BASED ON THIS, WE ARE ABLE
TO LARGELY FINANCE OUR CONTINUED
GROWTH WITH EQUITY.

Interim Consolidated Financial Statements

January to March 2014

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Income Statement SMA Group

in €'000	Note	Jan. – March (Q1) 2014	Jan. – March (Q1) 2013
Sales	4	176,348	212,308
Cost of sales	5	145,710	173,622
Gross profit		30,638	38,686
Selling expenses	6	14,037	14,061
Research and development expenses	7	21,487	18,789
General administrative expenses	8	18,660	16,773
Other operating income	9	6,088	14,909
Other operating expenses	9	4,977	12,415
Operating profit (EBIT)		-22,435	-8,443
Financial income		873	881
Financial expenses		1,463	769
Financial result	11	-590	112
Profit before income taxes		-23,025	-8,331
Income tax		-6,304	-2,529
Consolidated net result		-16,721	-5,802
of which attributable to non-controlling interest		-46	-195
of which attributable to shareholders of SMA AG		-16,675	-5,607
Earnings per share, basic (in €)	12	-0.48	-0.16
Earnings per share, diluted (in €)	12	-0.48	-0.16
Number of ordinary shares (in thousands)		34,700	34,700

Statement of Comprehensive Income SMA Group

in €'000	Jan. – March (Q1) 2014	Jan. – March (Q1) 2013
Consolidated net result	- 16,721	- 5,802
Changes in fair values of available-for-sale assets	- 8	- 22
Income tax	3	6
Changes recognized outside profit or loss¹		
(available-for-sale financial assets)	- 5	- 16
Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries	2,558	284
Changes recognized outside profit or loss¹		
(currency translation differences)	2,558	284
Other comprehensive income	2,553	268
Overall comprehensive result	- 14,168	- 5,534
of which attributable to non-controlling interest	- 50	- 201
of which attributable to shareholders of SMA AG	- 14,118	- 5,333

¹ Items of other comprehensive income may be reclassified to profit or loss.

Balance Sheet SMA Group

in €'000	Note	03/31/2014	12/31/2013
Non-current assets			
Goodwill	13	13,173	13,173
Other intangible assets	13	78,363	78,974
Fixed assets	14	339,692	348,886
Other financial investments		5	5
Other financial assets	16	53,423	53,451
Deferred taxes		69,441	63,782
		554,097	558,271
Current assets			
Inventories	15	191,174	184,131
Trade receivables		114,650	124,259
Other financial assets	16	144,762	169,194
Claims for income tax refunds		8,287	12,996
Other receivables		18,907	18,725
Cash and cash equivalents	26	205,169	192,366
		682,949	701,671
Total assets		1,237,046	1,259,942
Shareholders' Equity			
Share capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		556,245	570,363
SMA Solar Technology AG shareholders' equity		710,145	724,263
Equity attributable to non-controlling interests		113	163
	17	710,258	724,426
Non-current liabilities			
Provisions	18	95,198	101,752
Financial liabilities	19	45,455	46,714
Other financial liabilities ¹	20	1,543	1,598
Other liabilities ¹	21	118,090	113,658
Deferred taxes		22,428	23,320
		282,714	287,042
Current liabilities			
Provisions	18	87,330	96,804
Financial liabilities	19	20,320	26,665
Trade payables		71,888	60,806
Other financial liabilities ¹	20	8,015	11,789
Income tax liabilities		4,669	2,267
Other liabilities ¹	21	51,852	50,143
		244,074	248,474
Total equity and liabilities		1,237,046	1,259,942

¹ As of fiscal year 2014, liabilities in the Human Resources area are reported under other liabilities in accordance with IAS 32. This involves adjustment of comparative figures.

Statement of Cash Flows SMA Group

in €'000	Note	Jan. – March (Q1) 2014	Jan. – March (Q1) 2013
Consolidated net result		- 16,721	- 5,802
Income tax		- 6,304	- 2,529
Financial result		590	- 112
Depreciation and amortization		19,900	17,797
Change in other provisions		- 16,027	- 5,606
Losses from the disposal of assets		1,237	107
Other non-cash expenses/revenue		1,694	1,040
Interest received		505	527
Interest paid		- 1,105	- 146
Income tax paid		6,866	- 4,275
Gross cash flow		- 9,365	1,000
Increase in inventories		- 8,843	- 9,509
Decrease in trade receivables		9,724	4,756
Increase in trade payables		11,082	3,081
Change in other net assets/other non-cash transactions		12,798	- 2,669
Net cash flow from operating activities	23	15,396	- 3,341
Payments for investments in fixed assets		- 5,289	- 10,822
Proceeds from the disposal of fixed assets		101	1,044
Payments for investments in intangible assets		- 6,770	- 7,596
Payments for the acquisition of companies net of cash/payments for the acquisition of business units		0	- 22,125
Proceeds from the disposal of securities and other financial assets		84,155	131,000
Payments for the acquisition of securities and other financial assets		- 70,000	- 85,000
Net cash flow from investing activities	24	2,197	6,501
Proceeds of financial liabilities		415	8,806
Redemption of financial liabilities		- 8,434	- 3,402
Net cash flow from financing activities	25	- 8,019	5,404
Net increase/decrease in cash and cash equivalents		9,574	8,565
Net increase/decrease due to exchange rate effects		3,229	- 2,949
Cash and cash equivalents as of 01/01		192,366	185,299
Cash and cash equivalents as of 03/31	26	205,169	190,915

Statement of Changes in Equity SMA Group

in €'000	Share capital	Capital reserves
Shareholders' equity as of January 1, 2013	34,700	119,200
Consolidated net result	0	0
Other comprehensive income after tax	0	0
Overall result		
Additions of non-controlling interests	0	0
Put option on non-controlling interests	0	0
Shareholders' equity as of March 31, 2013	34,700	119,200
Shareholders' equity as of January 1, 2014	34,700	119,200
Consolidated net result	0	0
Other comprehensive income after tax	0	0
Overall result		
Shareholders' equity as of March 31, 2014	34,700	119,200

¹ Previous year's figure was adjusted based on final purchase price allocation

Equity attributable to the shareholders of the parent company

	Market valuation of securities	Difference from currency translation	Other retained earnings	Total	Equity attributable to non-controlling interests	Consolidated shareholders' equity
	271	1,202	665,288	820,661	2	820,663
	0	0	- 5,607	- 5,607	- 195	- 5,802
	- 16	290	0	274	- 6	268
						- 5,534
	0	0	0	0	3,933 ¹	3,933 ¹
	0	0	- 4,822	- 4,822	0	- 4,822
	255	1,492	654,859	810,506	3,734¹	814,240¹
	- 56	- 2,679	573,098	724,263	163	724,426
	0	0	- 16,675	- 16,675	- 46	- 16,721
	- 5	2,562	0	2,557	- 4	2,553
						- 14,168
	- 61	- 117	556,423	710,145	113	710,258

Condensed Notes as of March 31, 2014

Basic Information

1. Basics

The Condensed Interim Consolidated Financial Statements for SMA Solar Technology AG as of March 31, 2014, were prepared – as were the Consolidated Financial Statements as of December 31, 2013 – in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU as well as in compliance with the regulations of Section 315a of the German Commercial Code (HGB). In fiscal year 2014, the Interim Financial Statements for SMA Solar Technology AG are therefore prepared in accordance with IAS 34 Interim Financial Reporting. Pursuant to the regulations of IAS 34, a condensed scope of reporting in comparison to the Consolidated Financial Statements as of December 31, 2013, was chosen. The Condensed Financial Statements do not include all information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the Consolidated Financial Statements as of December 31, 2013.

The Condensed Interim Consolidated Financial Statements were prepared in euros. Unless indicated otherwise, all amounts stated were rounded to full thousands of euros (€'000) or millions of euros (€ million) in order to improve clarity.

The Consolidated Financial Statements are prepared on the basis of the amortized historical cost principle. Exceptions to this are provisions, deferred taxes, leases, derivative financial instruments and available-for-sale securities.

The income statement is classified according to the cost of sales method.

The Managing Board of SMA Solar Technology AG authorized the Interim Consolidated Financial Statements on May 5, 2014, for submission to the Supervisory Board.

The registered office of the Company is Sonnenallee 1, 34266 Niestetal, Germany. The shares of SMA Solar Technology AG are traded publicly. They are listed in the Prime Standard of the Frankfurt Stock Exchange. Since September 22, 2008, the Company's shares have been listed in the technology index TecDAX.

SMA Solar Technology AG (SMA) and its subsidiaries (SMA Group) develop, produce and distribute PV inverters, transformers, chokes, monitoring and energy management systems for PV systems and power-electronic components for railway technology.

See also Section 4
page 45 et seqq.

More detailed information on segments is provided in Section 4.

2. Scope of Consolidation and Consolidation Principles

The scope of consolidation as of December 31, 2013, was expanded compared with December 31, 2012, to include the newly founded companies SMA New Energy Technology (Shanghai) Co., Ltd. (Shanghai, China) and SMA Sub - Sahara Production Pty. Ltd. (Randburg, South Africa) and the acquisition of the subgroup Jiangsu Zeyersolar New Energy Co., Ltd. (Suzhou, China). All companies were fully consolidated. Those companies entitled investments in the list of shareholdings are not consolidated due to their subordinate importance. Non-controlling interests, share in equity of the consolidated companies is shown separately within equity.

See Annual
Report 2013
page 135 et seqq.

The subgroup Jiangsu Zeversolar New Energy Co., Ltd. was consolidated for the first time as of March 12, 2013. The first-time consolidation was performed in the Interim Consolidated Financial Statements as of March 31, 2013, on the basis of a provisional purchase price allocation. The purchase price allocation was completed in fiscal year 2013. The previous year's figures as of March 31, 2013, were adjusted retrospectively based on the final purchase price allocation. With the exception of the statement of changes in equity as of March 31, 2013, there were no material changes in the previous year's figures as presented in the Interim Financial Statements. In the statement of changes in equity, the addition to non-controlling interests is reported in the amount of €3.9 million in line with the final purchase price allocation; the provisional figure as of March 31, 2013, was €0.7 million. The final purchase price allocation is presented on page 135 of the 2013 Annual Report.

The Interim Consolidated Financial Statements are based on the financial statements of SMA Solar Technology AG and the subsidiary companies included in the scope of consolidation, which were prepared using uniform accounting policies throughout the Group.

Further details can be found in the Notes to the Consolidated Financial Statements as of December 31, 2013.

The scope of consolidation as of March 31, 2014, changed in comparison to December 31, 2013, as a result of the liquidation of Shanghai ZOF New Energy Co., Ltd. (Shanghai, China) as of February 25, 2014. The functions of this company have been assumed by the parent company Jiangsu Zeversolar New Energy Co., Ltd.

3. Accounting and Valuation Policies

There were no changes in the accounting and valuation policies in these Interim Consolidated Financial Statements as of March 31, 2014, in comparison to the Consolidated Financial Statements of SMA Solar Technology AG as of December 31, 2013, with the exception of the newly applicable accounting standards shown below.

In comparison to December 31, 2013, the following new accounting standards, which are mandatory starting in fiscal year 2014, were to be observed in the preparation of the Interim Consolidated Financial Statements.

Standard/Interpretation				Date of compulsory application ¹	Endorsement (up to March 31, 2014) ²
Amendment	IAS 27	Separate Financial Statements (2011)		01/01/2014	yes
Amendment	IAS 28	Investments in Associates and Joint Ventures		01/01/2014	yes
Amendment	IAS 32	Offsetting Financial Assets and Financial Liabilities		01/01/2014	yes
Amendment	IAS 36	Disclosures on Recoverable Amount of Non-Financial Assets		01/01/2014	yes
Amendment	IAS 39	Novation of Derivatives and Ongoing Hedge Accounting		01/01/2014	yes
New	IFRS 10	Consolidated Financial Statements		01/01/2014	yes
New	IFRS 11	Joint Arrangements		01/01/2014	yes
New	IFRS 12	Disclosure of Interests in Other Entities		01/01/2014	yes

¹ Application to the first reporting period of a fiscal year beginning on or after that date. First-time application in the EU may deviate.

² Adoption of IFRS standards or interpretations by the EU Commission.

IFRS 10 Consolidated Financial Statements

The newly applicable IFRS 10 supersedes the SIC 12 assessment of opportunities and risks. The sole decisive factor for consolidation is control over the investee. IFRS 10 has to be applied retrospectively. This will not lead to any changes in the presentation of the SMA Group.

IFRS 11 Joint Arrangements

IFRS 11 deals with joint ventures and joint operations and the different ways they are recognized. Joint ventures must be included in the Consolidated Financial Statements at equity; the option to apply proportionate consolidation has been discontinued. At the moment, this standard does not apply to the SMA Group.

IFRS 12 Disclosure of Interests in Other Entities

The new IFRS 12 summarizes the disclosure requirements from IAS 27, 28 and 31 and adds additional ones. It is to be applied starting in 2014.

A more detailed description of the new accounting standards relevant to the SMA Group is included in the Consolidated Financial Statements as of December 31, 2013.

FINANCIAL RATIOS BY SEGMENTS AND REGIONS

Segments	Medium Power Solutions		Power Plant Solutions		Service	
in € million	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
External sales	104.8	115.1	53.2	84.5	8.3	6.0
Internal sales	17.8	16.6	6.3	3.8	22.1	24.3
Total sales	122.6	131.7	59.5	88.3	30.4	30.3
Depreciation and amortization	9.1	8.5	0.8	1.1	0.3	0.7
Operating profit (EBIT)	-13.8	-16.5	-5.5	5.5	-0.6	-0.1
Sales by regions						
Germany	40.2	57.1	11.6	11.6	2.6	1.1
European Union	23.2	32.9	7.6	13.6	3.7	3.0
Third-party countries	43.4	32.1	34.1	59.5	2.0	2.0
Sales deductions	-2.0	-7.0	-0.1	-0.2	0.0	-0.1
External sales	104.8	115.1	53.2	84.5	8.3	6.0

4. Segment Reporting

The SMA Group's structure includes the Medium Power Solutions, Power Plant Solutions, Service and Zeversolar divisions. The Railway Technology business area also belongs to the SMA Group. The divisions were endowed with the functions required for operating business. They are also responsible for international business. SMA has specifically bundled Finance, Human Resources, Legal and Compliance, Internal Auditing, Corporate Communication, Information Technology, Technology Predevelopment and Facility Management into Corporate Functions. The divisions report directly to the Managing Board. For reporting purposes, the operations of Zeversolar and Railway Technology are shown under the correspondent segment names. In accordance with market requirements, SMA regularly reviews its organizational structure in order to make it as efficient as possible.

The segment information in accordance with IFRS 8 for the first quarter of 2014 and 2013 is as follows:

	Zeversolar		Railway Technology		Reconciliation		Continuing Operations	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
	2.5	0.1	7.5	6.6	0.0	0.0	176.3	212.3
	0.0	0.0	0.1	0.2	-46.3	-44.9	0.0	0.0
	2.5	0.1	7.6	6.8	-46.3	-44.9	176.3	212.3
	0.3	0.1	0.2	0.2	9.2	7.2	19.9	17.8
	-3.5	-0.6	-1.0	-0.3	2.0	3.6	-22.4	-8.4
	0.0	0.0	2.8	1.5	0.0	0.0	57.2	71.3
	0.0	0.0	1.1	2.4	0.0	0.0	35.6	51.9
	2.5	0.1	4.0	2.7	0.0	0.0	86.0	96.4
	0.0	0.0	-0.4	0.0	0.0	0.0	-2.5	-7.3
	2.5	0.1	7.5	6.6	0.0	0.0	176.3	212.3

The **reconciliation** of total segment earnings (EBIT) in accordance with IFRS 8 with earnings before income taxes is as follows:

in € million	Q1 2014	Q1 2013
Total segment earnings (EBIT)	- 24.4	- 12.0
Eliminations	2.0	3.6
Consolidated EBIT	- 22.4	- 8.4
Financial result	- 0.6	0.1
Profit before income taxes	- 23.0	- 8.3

Circumstances are shown in reconciliation which by definition are not part of the segments. In addition, unallocated parts of the Group head office, including cash and cash equivalents, and owned buildings are included, the expenses of which are assigned to the segments. Business relations between the segments are eliminated in the reconciliation.

Segment assets as of March 31, 2014, did not change significantly in comparison to the reporting date of the last Annual Consolidated Financial Statements (December 31, 2013).

Condensed Notes to the Income Statement SMA Group

5. Cost of Sales

in €'000	Q1 2014	Q1 2013
Material expenses	93,673	112,786
Personnel expenses	34,320	35,639
Depreciation and amortization	17,709	16,048
Other	8	9,149
	145,710	173,622

Cost of sales include, as direct costs, product-related material expenses as well as all other expenses for the areas of Production, Purchasing, Service, Facility Management and IT.

Material costs fell by 16.9% to €93.7 million (Q1 2013: €112.8 million). Material costs adjusted for impairment and scrapping fell to €91.8 million (Q1 2013: €111.1 million). Due to cost-out measures, the adjusted material cost ratio was kept constant at 52.0% despite the decline in our selling prices (Q1 2013: 52.3%).

Personnel expenses fell by 3.7% from €35.6 million in the same quarter of the previous year to €34.3 million. The effects of personnel adjustments in Germany are partially offset by the collectively agreed upon salary increase and the first-time full consolidation of Zeversolar in the first quarter of 2014 (2013: starting March 2013). In addition, purchasing and service organizations abroad were expanded further.

Depreciation and amortization increased as a result of scheduled depreciation and amortization for newly completed development projects. The decline in other expenses resulted primarily from lower recognition of provisions for statutory warranties compared to the same quarter of the previous year on the basis of sales and from liquidations of provisions that affected income.

6. Selling Expenses

in €'000	Q1 2014	Q1 2013
Material expenses	196	113
Personnel expenses	8,442	8,037
Depreciation and amortization	242	190
Other	5,157	5,721
	14,037	14,061

Selling expenses include expenditure for global sales activities, internal sales service and marketing. Overall, selling expenses remained largely constant in comparison to the previous year. However, the effect of personnel adjustments on personnel costs was more than offset by a number of effects including a collectively agreed upon salary increase, an increase in the number of staff abroad, particularly in Asia, and the first-time full consolidation of Zeversolar in the first quarter of 2014 (2013: starting March 2013). The decline in other expenses is attributable to savings in marketing and advertising costs.

7. Research and Development Expenses

in €'000	Q1 2014	Q1 2013
Material expenses	1,336	1,394
Personnel expenses	16,732	14,578
Depreciation and amortization	1,614	1,244
Other	7,404	7,092
	27,086	24,308
Capitalized development projects	-5,599	-5,519
	21,487	18,789

Research and development expenses include all costs that may be attributed to the areas of product development, development-related testing and product management. In order to further strengthen its technological leadership, SMA systematically expanded the area of development. An increase in the number of staff and a salary increase as a result of the adjustment to the collective wage agreement led to a 14.8% rise in personnel costs compared to the same quarter of the previous year. The Development area was not affected by the personnel adjustments in Germany. Capitalized development projects are at roughly the same level as in the previous year.

8. General Administrative Expenses

in €'000	Q1 2014	Q1 2013
Material expenses	368	12
Personnel expenses	11,361	10,516
Depreciation and amortization	335	315
Other	6,596	5,930
	18,660	16,773

Administrative expenses include expenses for the Managing Board, division management and the areas of Finance, Human Resources, Legal and Compliance, Corporate Communication and Quality Management. The effects of the staff reduction in Germany are offset by a collectively agreed upon salary increase and the first-time full consolidation of Zeversolar in the first quarter of 2014 (2013: starting March 2013). The increase in other expenses is due to higher infrastructure costs.

9. Other Operating Income/Other Operating Expenses

Other operating income primarily includes income from foreign currency valuation and non-operating income, for example from assets at fair value through profit or loss and the reversal of provisions.

Other operating expenses particularly include expenses from foreign currency valuation, impairment losses on receivables and expenses from the disposal of non-current assets and from assets at fair value through profit or loss.

10. Employee and Temporary Employee Benefits

in €'000	Q1 2014	Q1 2013
Wages and salaries	55,940	54,471
Expenses for temporary employees	4,565	4,524
Social security contribution and welfare payments	9,938	9,764
	70,443	68,759

The average number of employees in the Group amounted to:

	Q1 2014	Q1 2013
Research and Development	1,023	990
Production and Service	2,684	3,118
Sales and Administration	1,084	1,107
	4,791	5,215
Apprentices and interns	247	387
Temporary employees	657	724
	5,695	6,326

11. Financial Result

in €'000	Q1 2014	Q1 2013
Interest income	749	855
Other financial income	124	26
Financial income	873	881
Interest expenses	952	556
Other financial expenses	454	131
Interest portion from valuation of provisions	57	82
Financial expenses	1,463	769
Financial result	-590	112

Expenses from the revaluation of the put option in connection with minority interests of Zeyersolar were recognized in the amount of €0.3 million under other financial expenses. The decreased financial income reflects current price performance on the financial markets. The rise in interest expenses is attributable to the change in the scope of consolidation.

12. Earnings per Share

Earnings per share are calculated by dividing the consolidated earnings payable to the shareholders by the weighted average of ordinary shares in circulation during the period.

The consolidated earnings payable to the shareholders are the consolidated net profit after tax, excluding the portion attributable to non-controlling interests. Since there are no shares held by the Company on the reporting date or any other special cases, the number of ordinary shares issued equates to the number of shares in circulation.

The calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 results in earnings of €-0.48 per share for the period from January 1 to March 31, 2014, on the basis of 34.7 million shares. For the period from January 1 to March 31, 2013, the calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 produces earnings of €-0.16 per share on the basis of 34.7 million shares.

There are no options or conversion options as of the reporting date. Therefore, there are no diluting effects and the diluted and basic earnings per share are the same.

Condensed Notes to the Balance Sheet SMA Group

13. Goodwill and Other Intangible Assets

in €'000	03/31/2014	12/31/2013
Goodwill	13,173	13,173
Software	11,269	12,536
Licenses	11,439	13,966
Development projects	30,970	34,101
Intangible assets in progress	24,685	18,359
Prepayments	0	12
	91,536	92,147

The goodwill results from the companies Jiangsu Zevsolar New Energy Co., Ltd. (Suzhou, China) and dtw Sp. z o.o.

The additions to intangible assets in progress reflect extensive development activities undertaken to ensure the SMA Group's position as a technology leader.

14. Fixed Assets

in €'000	03/31/2014	12/31/2013
Land and buildings incl. buildings on third-party property	224,036	227,635
Technical equipment and machinery	39,834	40,872
Other equipment, fixtures and furniture	64,259	71,917
Prepayments	11,563	8,462
	339,692	348,886

The additions to prepayments for the period from January 1 to March 31, 2014, include investments for the extension or conversion of buildings in the amount of €0.7 million.

15. Inventories

in €'000	03/31/2014	12/31/2013
Raw materials, consumables and supplies	93,131	99,688
Unfinished goods, work in progress	31,483	27,491
Finished goods and goods for resale	65,899	56,292
Prepayments	661	660
	191,174	184,131

Inventories are measured at the lower value of acquisition or production costs and net realizable value. The increase in finished goods in particular results from volume performance in the subsequent months and project-related prefabrications. The change in impairment on inventories, included under expenses as cost of sales, amounts to €2.0 million (Q1 2013: €1.7 million).

16. Other Financial Assets

As of March 31, 2014, other current financial assets include in particular financial assets, time deposits with a term to maturity of over three months and accrued interest totaling €119.0 million (December 31, 2013: €133.8 million). The other non-current financial assets primarily include financial assets of €51.2 million (December 31, 2013: €51.3 million) and a rent deposit for buildings in the U.S. amounting to USD 2.5 million (December 31, 2013: USD 2.5 million).

17. Shareholders' Equity

The change in equity, including effects not shown in the income statement, is presented in the statement of changes in equity.

18. Provisions

Provisions account for all discernible risks and contingent liabilities at the balance sheet date and break down as follows:

in €'000	03/31/2014	12/31/2013
Warranties	152,210	158,717
Other	30,318	39,839
	182,528	198,556

Warranty provisions consist of general warranty obligations (periods of between five and ten years) for the various product areas within the Group. In addition, provisions are set aside for individual cases, which are expected to be used the following year.

Other provisions contain obligations for the voluntary severance program agreed upon by the Managing Board and the Works Council, for restoration obligations, risks from purchase commitments with regard to suppliers and obligations for long-service anniversaries, death benefits, partial retirement and service-related benefits. SMA expects that these provisions will affect cash normally within the next 12 months to 20 years.

19. Financial Liabilities

in €'000	03/31/2014	12/31/2013
Liabilities towards credit institutions	61,436	69,455
Derivative financial liabilities	4,339	3,924
	65,775	73,379

Liabilities to credit institutions mainly include the financial liabilities included in SMA's consolidated financial statements as a result of the first-time consolidation of the subgroup Jiangsu Zeyersolar New Energy Co., Ltd. in March 2013. The further liabilities due to credit institutions were incurred to finance SMA Immo properties and an SMA AG PV system, average time to maturity is 10 years.

The significant reduction in the level of loan liabilities results from repayments by Zeyersolar in the first three months of the current fiscal year.

Derivative financial liabilities mainly consist of a written put option of Jiangsu Zeyersolar New Energy Co., Ltd. shares. Interest derivatives are also recognized, as in the previous year.

20. Other Financial Liabilities

in €'000	03/31/2014	12/31/2013
Liabilities Sales department	3,356	8,070
Other	6,202	5,317
	9,558	13,387

Starting in fiscal year 2014, liabilities in the Human Resources department are reported under other liabilities in accordance with IAS 32. The disclosure involves adjustment of comparative figures from the previous year in the amount of €25.9 million. The liabilities in the Sales area primarily contain liabilities to customers from advance payments received and bonus agreements.

21. Other Liabilities

in €'000	03/31/2014	12/31/2013
Deferred income for extended guarantees	119,250	115,392
Liabilities Human Resources department	28,059	25,887
Liabilities from prepayments received	18,054	18,120
Liabilities due to tax authorities	2,302	1,997
Liabilities from subsidies received	1,054	1,077
Other	1,223	1,328
	169,942	163,801

The accrual item for extended warranties includes liabilities from chargeable guarantee extensions granted for products in the Medium Power Solutions segment. Starting in fiscal year 2014, liabilities in the Human Resources department are reported under other liabilities in accordance with IAS 32. The disclosure involves adjustment of comparative figures from the previous year. Liabilities in the Human Resources area contain obligations towards employees regarding positive vacation and flextime balances as well as variable salary components and contributions to the worker's compensation association and to social insurance systems. The main items included in the liabilities towards tax authorities are tax liabilities from payroll accounting and sales tax liabilities. The liabilities from subsidies received relate to taxable government grants from funds of the common-task program "Improvement of the Regional Economic Structure" (EU GA), granted as investment subsidies. The total amount of retransfer of government grants is stated under other operating income.

22. Financial Instruments

As of March 31, 2014, there were six forward transactions, which are intended to hedge against the currency risks associated with anticipated future sales with customers. The derivatives were still classified as held for trading. They are not part of a hedging relationship as defined by IAS 39. For the interest risks arising for SMA Immo due to financial liabilities, interest derivatives were concluded for a part of these financial liabilities. The derivatives are classified as held for trading. They are not part of a hedging relationship as defined by IAS 39.

in €'000	Assessment category according to IAS 39	03/31/2014		12/31/2013	
		Market value	Book value	Market value	Book value
Assets					
Cash and cash equivalents	LaR	205,169	205,169	192,366	192,366
Trade receivables	LaR	114,650	114,650	124,259	124,259
Other financial investments	AfS	5	5	5	5
Other financial assets		198,185	198,185	222,645	222,645
of which debentures	AfS	51,459	51,459	51,725	51,725
of which institutional mutual funds	FAHfT	48,358	48,358	48,276	48,276
of which other (time deposits)	LaR	97,630	97,630	121,177	121,177
of which derivatives that do not qualify for hedge accounting	FAHfT	738	738	1,467	1,467
Liabilities					
Trade payables	FLAC	71,888	71,888	60,806	60,806
Financial liabilities		65,775	65,775	73,379	73,379
of which liabilities towards credit institutions	FLAC	61,436	61,436	69,455	69,455
of which derivatives that do not qualify for hedge accounting	FLHfT	4,339	4,339	3,924	3,924
Other financial liabilities	FLAC	9,558	9,558	13,387 ¹	13,387 ¹
Summarized by categories according to IAS 39:					
Loans and receivables	LaR	417,449	417,449	437,802	437,802
Financial liabilities measured at amortised cost	FLAC	142,882	142,882	143,648 ¹	143,648 ¹
Financial assets held for trading	FAHfT	49,096	49,096	49,743	49,743
Financial liabilities held for trading	FLHfT	4,339	4,339	3,924	3,924
Available for sale financial assets	AfS	51,464	51,464	51,730	51,730

¹ adjusted prior-year figures in accordance with IAS 32

Cash and cash equivalents, trade receivables and time deposits mainly have short terms to maturity. Accordingly, their book values on the reporting date are almost identical to their fair value.

The fair values of other non-current receivables correspond to the present values of payments related to assets while taking into account current interest parameters, which reflect market- and partner-related changes to conditions and expectations.

The item 'other financial investments' relates to investments not included in the scope of consolidation. However, since no active market exists for these investments and a reliable measurement of their fair value was not possible, measurement on the relevant reporting dates was effected at amortized cost.

Trade payables and other current financial liabilities normally have short terms to maturity. Recognized values are almost identical to fair values.

Fair values of other non-current financial liabilities are determined by referring to the present values of payments associated with the debts. For discounting, term-related commercially available interest rates were used (Level 2).

Derivative financial instruments are used to hedge against currency risks arising from operative business. These include currency futures and options. In principle, these instruments are only used for hedging purposes. As is the case with all financial instruments, they are recognized at fair value upon initial recognition. Fair values are also relevant for subsequent measurements. The fair value of traded derivative financial instruments is identical to the market value. This value may be positive or negative. The measurement of forward transactions is based on forward contract rates. Options are measured following the Black-Scholes and Heath-Jarrow-Morton option pricing models. The parameters that were used in the valuation models are in line with market data.

The put option in the amount of the present value of the redemption amount of shares granted in connection with the acquisition of Zeversolar shares is posted under derivative financial liabilities without a hedge relationship. As of the reporting date, the put option is valued at €3.6 million (December 31, 2013: €3.3 million).

There was a change in the present value of the redemption amount recognized in profit and loss between December 31, 2013, and the balance sheet date amounting to €0.3 million. This change results from interest and currency effects.

The present value of the redemption amount was determined using a discounted cash flow methodology (level 3 of the fair value hierarchy), taking into account the adjusted contractual regulation of the put option. This regulation stipulates that the redemption amount lies within a contractually agreed upon corridor of between RmB 27.4 million (March 31, 2014: €3.2 million) and RmB 41.1 million (March 31, 2014: €4.8 million). Within this corridor, the redemption amount varies mainly depending on EBIT as a non-observable input factor, which is derived from Zeversolar's internal planning. A sensitivity analysis shows that a 10% increase in the Zeversolar EBIT, taking into account the corridor, would not result in a substantial change in the present value of the redemption price, and that a 10% reduction in its EBIT also would not have any effects with regard to the range. An increase or decrease in the interest rate of 100 basis points would result in a change in the present value of the redemption amount of approximately €0.1 million in both directions.

The following table shows the allocation of our financial assets and liabilities measured at fair values in the balance sheet using the three levels of the fair value hierarchy:

03/31/2014	Level 1	Level 2	Level 3	Total
in €'000				
Financial assets, measured at fair value				
Debentures	51,459	-	-	51,459
Institutional mutual funds	48,358	-	-	48,358
Derivative financial instruments	-	738	-	738
Financial liabilities, measured at fair value				
Derivative financial instruments	-	744	3,595	4,339
12/31/2013				
in €'000				
Financial assets, measured at fair value				
Debentures	51,725	-	-	51,725
Institutional mutual funds	48,276	-	-	48,276
Derivative financial instruments	-	1,467	-	1,467
Financial liabilities, measured at fair value				
Derivative financial instruments	-	667	3,257	3,924

Notes to the Statement of Cash Flows SMA Group

The liquid funds shown in the Statement of Cash Flows correspond to the balance sheet item "Cash and cash equivalents."

23. Net Cash Flow From Operating Activities

In the first quarter of 2014, SMA generated a gross cash flow of €-9.4 million. In the same quarter of the previous year, this figure was €1.0 million. It declined congruent with the operating result.

Net cash flow from operating activities in the first quarter of 2014 amounted to €15.4 million (Q1 2013: €-3.3 million).

The change in net working capital is mainly due to a €9.7 million decline in trade receivables that affects the Statement of Cash Flows. The increase in inventories was slightly lower than in the first quarter of the previous year. The change in inventories relevant to the Statement of Cash Flows amounts to €8.8 million. Furthermore, a €11.1 million increase in trade payables relevant to the Statement of Cash Flows occurred.

The changes in other net assets particularly relate to effects from future benefit commitments from extended warranties, liabilities from prepayments received and security deposits paid.

24. Net Cash Flow From Investing Activities

Net cash flow from investing activities decreased to €2.2 million in the first quarter of 2014 after €6.5 million in the previous year. The outflow of funds for investments in fixed assets and intangible assets amounted to €12.1 million (Q1 2013: €18.4 million). The comparative figures from the previous year include the outflow of funds from the acquisition of 72.5% of the shares carrying voting rights in Jiangsu Zeyersolar New Energy Co., Ltd.

Monetary investments with a term to maturity of more than three months are allocated to the net cash flow from investing activities.

25. Net Cash Flow From Financing Activities

In the reporting period, net cash flow from financing activities chiefly consisted of the repayment of loan liabilities of Jiangsu Zeversolar New Energy Co., Ltd.

26. Cash and Cash Equivalents

Cash and cash equivalents amounting to €205.2 million (March 31, 2013: €190.9 million) include cash in hand, bank balances and short-term deposits with an original term to maturity of less than three months.

Other Disclosures

27. Events After the Balance Sheet Date

There were no significant events on or after the balance sheet date other than those presented in or recognizable from the statements in the Notes to the Consolidated Financial Statements.

28. Related Party Disclosures

The group of related parties was extended, in comparison to December 31, 2013, with the new Executive Vice President Manuel Hüsken in the MPS division. In the reporting period, there were no significant transactions with related parties.

Niestetal, May 5, 2014

SMA Solar Technology AG
The Managing Board

Roland Grebe

Dr.-Ing. Jürgen Reinert

Lydia Sommer

Pierre-Pascal Urbon

Marko Werner

Auditor's Report

To SMA Solar Technology AG, Niestetal

We have reviewed the Condensed Interim Consolidated Financial Statements - comprising the Condensed Income Statement, the Condensed Statement of Comprehensive Income, Condensed Balance Sheet, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and Selected Explanatory Notes - together with the Interim Group Management Report of SMA Solar Technology AG, Niestetal, for the period from January 1, 2014 to March 31, 2014, which are components of the Quarterly Financial Report pursuant to Section 37x (3) of the German Securities Trading Act (WpHG). The preparation of the Condensed Interim Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the Interim Group Management Report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company's Managing Board. Our responsibility is to issue a review report on the Condensed Interim Consolidated Financial Statements and on the Interim Group Management Report based on our review.

We conducted our review of the Condensed Interim Consolidated Financial Statements and of the Interim Group Management Report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the Condensed Interim Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU or that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the Condensed Interim Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hannover, May 5, 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Scharpenberg
Wirtschaftsprüfer
(German Public Auditor)

Schwibinger
Wirtschaftsprüfer
(German Public Auditor)

REGISTERED TRADEMARKS

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DISCLAIMER

The quarterly financial report, in particular the forecast report included in the management report, includes various forecasts and expectations as well as statements relating to the future development of the SMA Group and SMA Solar Technology AG. These statements are based on assumptions and estimates and may entail known and unknown risks and uncertainties. Actual development and results as well as the financial and asset situation may therefore differ substantially from the expectations and assumptions made. This may be due to market fluctuations, the development of world market prices for commodities, of financial markets and exchange rates, amendments to national and international legislation and provision or fundamental changes in the economic and political environment. SMA does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this quarterly financial report.

FINANCIAL CALENDAR

05/27/2014	Annual General Meeting 2014
08/07/2014	Publication of Half-Yearly Financial Report: January to June 2014
	Analyst Conference Call: 09:00 a.m. (CET)
11/06/2014	Publication of Quarterly Financial Report: January to September 2014
	Analyst Conference Call: 09:00 a.m. (CET)

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