



SMA Solar Technology AG Press Release

SMA Solar Technology AG Continues to Expand Technology Development and Internationalization in 2012. Future Outlook is Impacted by Radical Reduction in Feed-in Tariffs in Germany.

Kassel/Niestetal, March 2, 2012 – The Managing Board of SMA Solar Technology AG (SMA/FWB: S92) estimates that the global photovoltaic market will experience subdued growth in 2012. Forecasts are clouded by uncertainty about massive cuts to solar power subsidies and the expected decline in market development throughout Europe. The Managing Board believes that the radical reduction in subsidies, particularly in Germany, will lead to lower demand for medium to large-scale PV plants. At the moment, it cannot be predicted whether Asian and American markets can fully compensate for the decline. SMA will continue to pursue its 2012 internationalization strategy and invest even more into technology development.

The Managing Board of SMA Solar Technology AG is expecting only moderate growth in the global photovoltaic market in 2012, although a decline in the market remains a possibility. Growth in European markets will be impacted by massive cuts to incentive programs. In Germany especially, the radical cuts to solar power subsidies that were hastily adopted will lead to a market downturn for medium to large-scale PV plants. "SMA depends on the global market. Declining demand in Europe will thus affect the bottom line of SMA," says Pierre-Pascal Urbon, Speaker of the Managing Board and Chief Financial Officer.

In light of these changes in the solar industry, the SMA Managing Board predicts that 2012 sales will decline to €1.2 billion to €1.5 billion with an EBIT margin between 5 percent to 10 percent. "In terms of target profitability, SMA is above the German electrical industry but below the figures the company reported from the previous year. Technological innovations alone are not enough to compensate for such a sudden drop in sales. Given the current price level of PV plants, foreign markets will develop at a faster pace. In response we will pursue our internationalization strategy even more aggressively and increase foreign sales to over 80 percent. This will allow us to significantly reduce our dependence on the German photovoltaic market," explains Pierre-Pascal Urbon.

To drive the key technologies of tomorrow, SMA will invest over €100 million in research and development. "The success of the energy revolution depends on technologies for managing decentralized energy production and integrating energy storage solutions. By focusing on strategic areas such as energy management and grid integration at an early stage, SMA is currently able to offer solutions that can meet demands of the future," remarks Mr. Urbon. "Our expertise allows us to play an active role in ushering in the global energy revolution. It not only helps us stand apart from the competition, but also allows us to lower system costs."

PV plant prices have actually gone down by almost 60 percent since 2008. According to Mr. Urbon, the lower prices are primarily the result of technological innovations. "Today photovoltaics are becoming commercially competitive and increasingly being used on a global scale. Thanks to our wide range of high quality and flexible products combined



with our subsidiaries in 19 countries and a tight-knit service network, SMA is uniquely positioned in the photovoltaic market. SMA has the financial strength to take advantage of future growth opportunities on its own," says the Speaker of the Managing Board.

The Managing Board predicts an increase in sales in all business areas over the coming years. However, due to the foreseeable changes in different incentive programs and the generally high dynamism of global photovoltaic markets, accurate forecasts are currently not possible.

About SMA

The SMA Group generated sales of €1.9 billion in 2010 and is the global market leader for solar inverters, a key component of all PV plants. It is headquartered in Niestetal, near Kassel, Germany, and is represented in 19 countries on four continents. The Group employs more than 5,300 people worldwide, including temporary seasonal employees. SMA's broad product portfolio includes a compatible inverter for every type of module on the market and for all plant sizes. The product range covers both inverters for photovoltaic plants connected to the grid as well as inverters for off-grid systems. Therefore, SMA is able to provide ideal technical inverter solutions for all plant sizes and types. Since 2008, the Group's parent company, SMA Solar Technology AG, has been listed on the Prime Standard of the Frankfurt Stock Exchange (S92) and also in the TecDAX index. In recent years, SMA has received numerous awards for excellence as an employer and most recently achieved first place in the nationwide "Great Place to Work" competition.

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