



***SOLON Investor Presentation  
Analyst Meeting  
November 18, 2011***



- Recent Events
- Financials
- Outlook



# Recent events - markets

- **Germany:** Only minor pick-up in demand in H2; expected year-end rally has not materialized so far; continued erosion in module prices (-38% YoY)
- **Italy:** Market picked up again after implementation of Conto Energia IV; numerous large power plant projects concluded until end of August to benefit from the higher compensation rates; shift toward commercial rooftop segment
- **USA:** U.S. market still well on track mainly driven by utility pipeline; but US module manufacturers also affected by module price erosion across the globe, with several module producers declaring insolvency in recent weeks

## *Recent events – company*

- U.S. manufacturing site closed-down in October
- 12.3 MW rooftop power plant inaugurated at Interporto di Padova in September
- SOLON Blue 230/07 solar module awarded top mark in PV+ test conducted by TÜV Rheinland and Solarpraxis AG
- SOLON supplies modules for 5.5 MW solar power plant in Leipzig, Saxony
- SOLON to build 1,5 MW power plant in Lübesse, Mecklenburg-Pomerania
- 21 MW APS and 18 MW PG&E projects completed; another 10 MW project in Arizona in preparation



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# Normalized Income Statement

P&L million €	P&L Sep 2011	One-Offs	Normalized P&L	P&L YTD Sep 2011	One-Offs	Normalized P&L
	Actual		Sep 2011 Actual	Actual		YTD Sep 2011 Sep 11
Revenue	44,7	-11,8	56,6	358,2	-15,1	373,3
Changes in WIP and finished goods	-37,7	-21,2	-16,5	2,3	-33,1	35,4
Own work capitalized	0,6	0,0	0,6	1,1	0,0	1,1
Other operating income	4,2	2,1	2,1	19,9	5,1	14,8
<b>TOTAL OPERATING PERFORMANCE</b>	<b>11,9</b>	<b>-30,9</b>	<b>42,8</b>	<b>381,6</b>	<b>-43,1</b>	<b>424,6</b>
Cost of material	35,8	4,6	31,1	364,6	13,8	350,8
<b>GROSS PROFIT</b>	<b>-23,9</b>	<b>-35,6</b>	<b>11,7</b>	<b>16,9</b>	<b>-56,9</b>	<b>73,8</b>
Personnel expenses	4,1	0,8	3,4	30,7	0,8	30,0
Depreciation and amortization	16,4	14,8	1,6	27,1	14,8	12,3
Other operating expenses	27,1	23,9	3,2	72,9	30,6	42,4
<b>EBIT</b>	<b>-71,5</b>	<b>-75,0</b>	<b>3,5</b>	<b>-113,8</b>	<b>-103,0</b>	<b>-10,8</b>
At-equity result	0,5	0,0	0,5	0,9	0,0	0,9
Other investment result	-49,0	-48,9	-0,1	-68,1	-68,0	-0,1
Interest income	0,7	0,0	0,7	6,4	0,0	6,4
Interest expenses	-8,7	-4,2	-4,5	-33,1	-9,5	-23,6
<b>NET INCOME BEFORE TAXES</b>	<b>-128,0</b>	<b>-128,1</b>	<b>0,1</b>	<b>-207,8</b>	<b>-180,6</b>	<b>-27,2</b>
Income taxes	2,8	2,8	0,0	0,5	2,8	-2,2
<b>NET INCOME</b>	<b>-130,7</b>	<b>-130,9</b>	<b>0,1</b>	<b>-208,3</b>	<b>-183,3</b>	<b>-25,0</b>



# One-off effects

	9/2011	YTD 9/2011
	mill. €	mill. €
<b>EBIT</b>	-72	-114
<b>Net result</b>	-131	-208
<b>Devaluation of inventories and projects</b>	43	57
<b>Cost related to US factory closing</b>	16	16
<b>Restructuring cost (operational restructuring)</b>	1	5
<b>Cash-driven sales</b>	8	11
<b>Operational losses (US business)</b>	1	10
<b>Other</b>	6	4
<b>One-time effects impacting the EBIT</b>	75	103
<b>EBIT SOLON Group excl. one-time effects</b>	3	-11
<b>Devaluation of participations (BCE, GSE and other)</b>	49	68
<b>Restructuring cost (financial restructuring)</b>	3	9
<b>Other</b>	4	4
<b>One-time effects impacting the net result</b>	56	80
<b>One-time effects in TOTAL</b>	131	183
<b>Net result SOLON Group excl. one-time effects</b>	0	-25



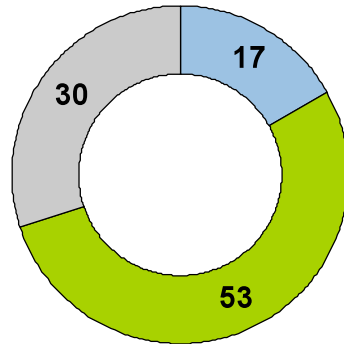
# Balance sheet

€ million	Sep 30, 2011	Dec 31, 2010
Trade receivables	110.3	170.7
Inventories	96.0	108.4
Trade payables	76.2	106.6
Working capital	130.0	172.5
<i>Working capital-to-revenues ratio</i>	23%	43%
Net debt	396.0	369.1
Shareholders' equity	-103.1	107.8
<i>Equity-to-assets ratio</i>	-	16.2%
Balance sheet total	466.3	667.5

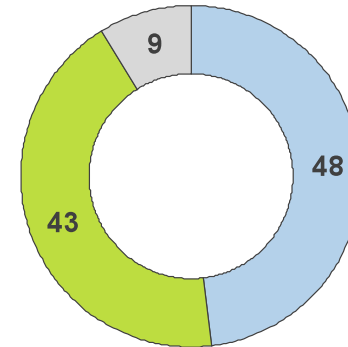


# Revenue split by region

Jan-Sep 2011



Jan-Sep 2010

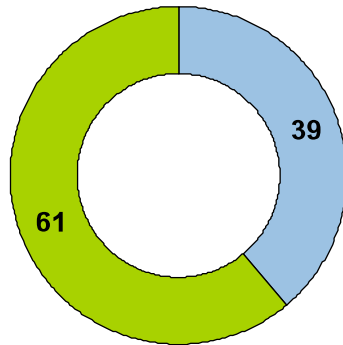


■ Germany ■ Europe other ■ RoW in %

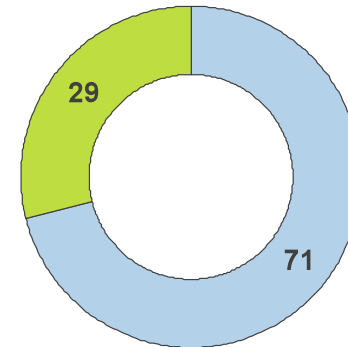
- 83% of nine-months revenues generated outside of Germany
- majority of other EU revenues coming from Italy
- RoW revenues constantly increasing, mostly resulting from strong US business

# Revenue split by sales unit

Jan-Sep 2011



Jan-Sep 2010



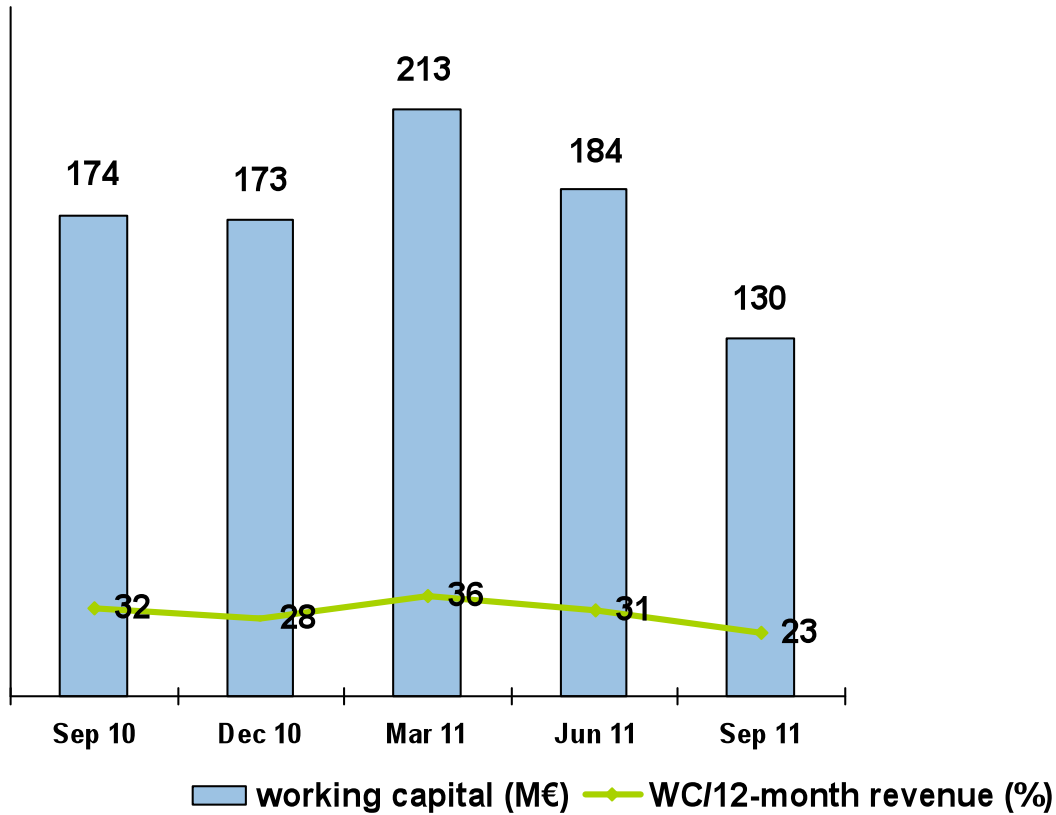
■ Components ■ Power plants in %

- Business in QIII 2011 dominated by strong power plant business, i.e. in Italy and the U.S.
- Components sales in Germany remaining below expectations

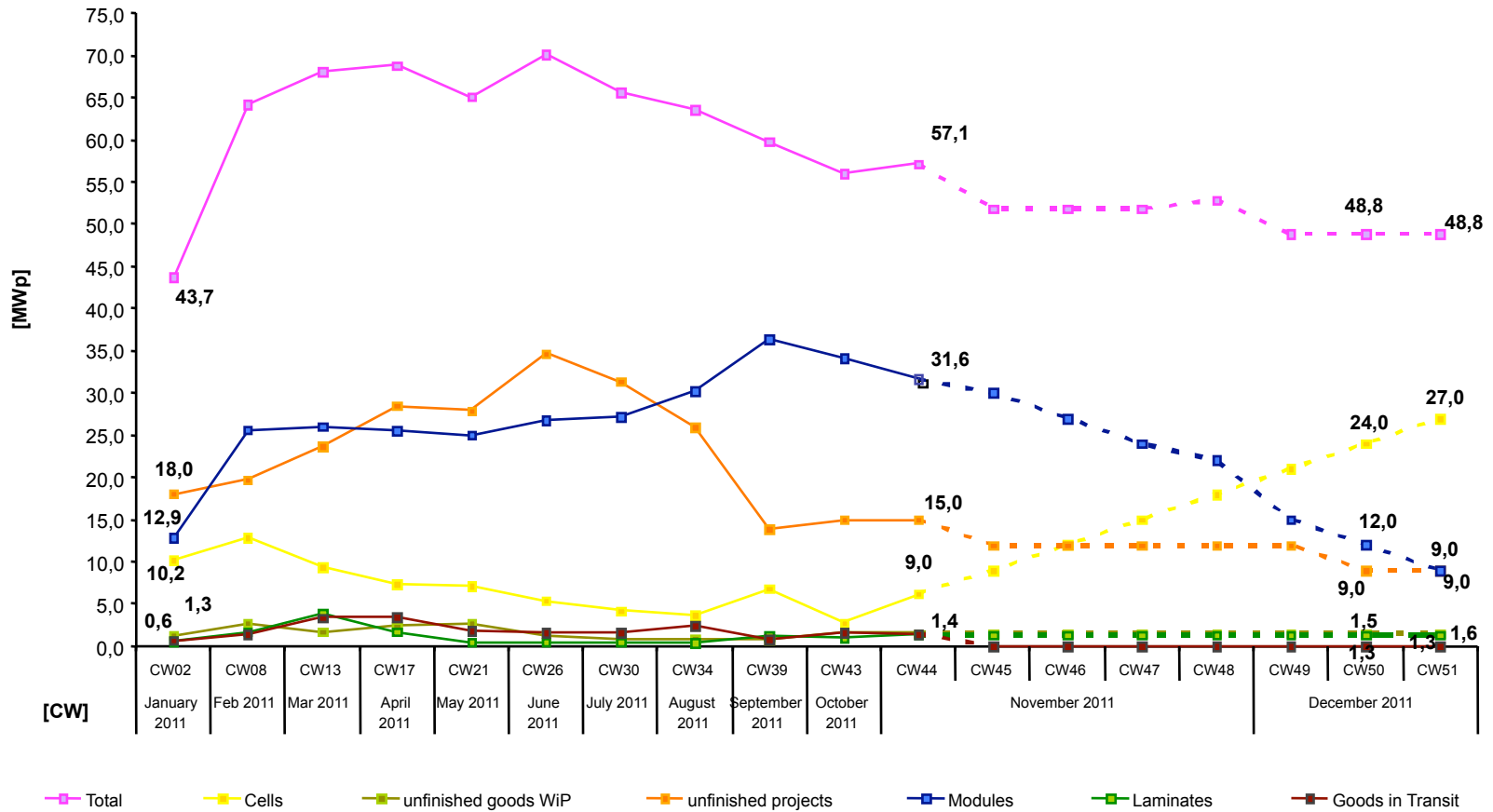
# Cash flow

Cash Flow Statement Mio.€	Sep - 11			Sep - 11 YTD		
	FC	Ist	Delta	FC	Ist	Delta
<b>Net result / loss before taxes</b>	<b>-106.9</b>	<b>-128.0</b>	<b>-21.1</b>	<b>-179.,5</b>	<b>-207.8</b>	<b>-28.3</b>
Investment result, other financial result, interest result	45.4	56.5	11.1	81.1	94.0	12.9
<b>EBIT</b>	<b>-61.6</b>	<b>-71.5</b>	<b>-9.9</b>	<b>-98.5</b>	<b>-113.8</b>	<b>-15.3</b>
Amortization and impairment losses	44.7	515	6.8	62.8	65.9	3.1
Changes in provisions	4.7	14.4	9.7	-0.6	11.9	12,5
Other	0,0	-2,0	-2,0	12,6	4,7	-7,9
<b>Cash flow from operating activities before changes in net current assets</b>	<b>-12,2</b>	<b>-7,6</b>	<b>4,6</b>	<b>-23,7</b>	<b>-31,3</b>	<b>-7,6</b>
Change in working capital	17,4	21,9	4,5	-32,3	12,8	45,1
Change in other balance sheet items	-0,3	4,8	5,1	17,7	12,9	-4,8
<b>Cash flow from operating activities</b>	<b>4,9</b>	<b>19,1</b>	<b>14,2</b>	<b>-38,3</b>	<b>-5,6</b>	<b>32,7</b>
Capital expenditure for and proceeds from disposal of intangible assets	-0,9	2,1	3,0	-2,9	0,3	3,2
Proceeds from government grants	0,0	0,0	0,0	10,3	10,3	0,0
Other	0,0	0,0	0,0	0,2	0,3	0,1
<b>Cash flow from investing activities</b>	<b>-0,9</b>	<b>2,1</b>	<b>3,0</b>	<b>7,6</b>	<b>10,9</b>	<b>3,3</b>
Change in financial liabilities	-1,4	-8,4	-7,0	49,3	17,9	-31,4
Interest paid	-2,8	-5,4	-2,6	-20,0	-24,5	-4,5
Other	0,0	0,0	0,0	-3,2	0,0	3,2
<b>Cash flow from financing activities</b>	<b>-4,2</b>	<b>-13,8</b>	<b>-9,6</b>	<b>26,1</b>	<b>-6,6</b>	<b>-32,7</b>
<b>Net change in cash and cash equivalents</b>	<b>0,0</b>	<b>7,5</b>	<b>7,5</b>	<b>-4,5</b>	<b>-1,3</b>	<b>3,2</b>
Changes in cash due to exchange rate changes	0,0	-3,3	-3,3	0,0	-1,7	-1,7
Cash and cash equivalents at beginning of period	10,8	8,1	-2,7	15,3	15,3	0,0
<b>Cash and cash equivalents at end of period</b>	<b>10,8</b>	<b>12,3</b>	<b>1,5</b>	<b>10,8</b>	<b>12,3</b>	<b>1,5</b>

# Working capital



# Inventories

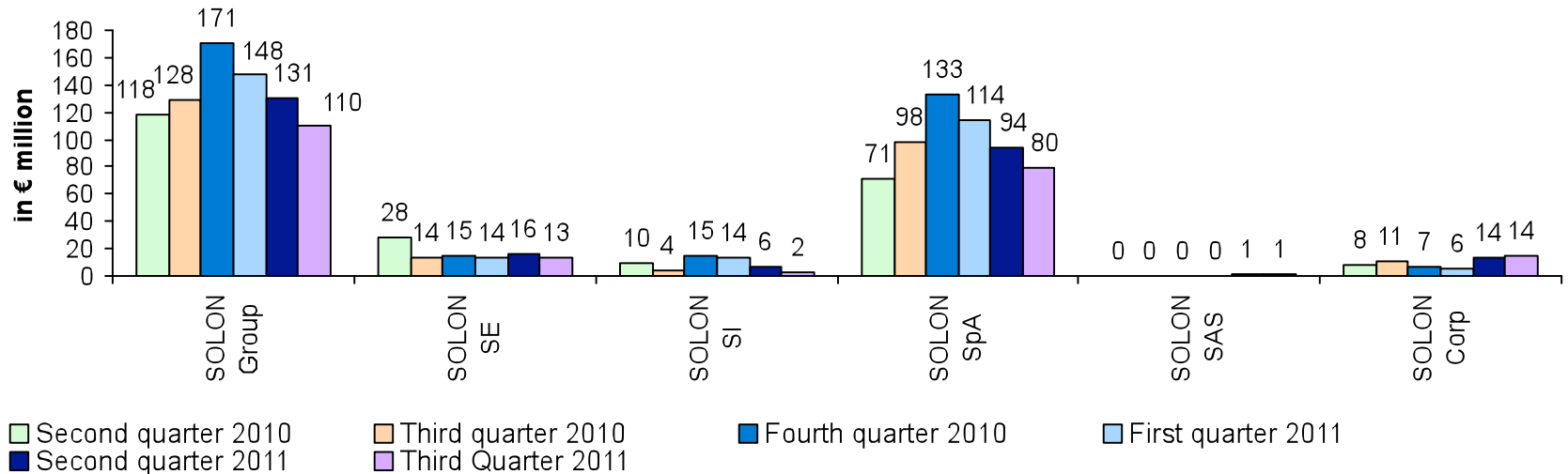


November 18, 2011

# Trade receivables

- Trade receivables reduced to 110 Mio. € (Q2/11: 131 Mio. €; Q1/11: 148 Mio. €)
- Reduction mainly in Italy

Trade Receivables in € million



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# *Status restructuring program*

## *Operations*

- **Strategic Focus:**  
BU structure implemented and reorganization of sales initiated (Components, Commercial Rooftops, Power Plants)
- **Cost Structure:**
  - Closure of US production implemented in October 2011
  - Contract with industrial services provider renegotiated
  - Optimization of non-personnel expenses on track
- **Personnel measures:**  
Cutbacks in non-operational departments under implementation

## *Financing*

- **Status:**  
Refinancing concept currently under negotiation with banks and guarantors
- **Goals:**  
Reduction of net debt, strengthening of equity base
- **Timeline:**  
Process under way; closing expected by April 2012



# Outlook 2011

## *Markets*

- Further pick-up of demand expected in Germany for QIV
- Shift towards industrial roof-top business in Italy
- Strategy shift in US taking effect; new projects in preparation

## *Financial Guidance*

- Revenues of appr. €500 million
- Substantial loss in EBIT and net result
- Results burdened by extraordinary effects from higher restructuring cost and write-down of participations



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