



ENERGY: *THINKING AHEAD*

QUARTERLY FINANCIAL REPORT
JANUARY TO MARCH 2015

SMA AT A GLANCE

| SMA Group | | Q1 2015 | Q1 2014 | Change | Year 2014 |
|---------------------------------|--------------|---------|-------------------|--------|-----------|
| Sales | in € million | 226.3 | 176.3 | 28% | 805.4 |
| International share | in % | 88.0 | 71.1 ¹ | - | 76.0 |
| Inverter output sold | MW | 1,710 | 956 | 79% | 5,051 |
| Capital expenditure | in € million | 19.4 | 12.1 | 60% | 75.5 |
| Depreciation and amortization | in € million | 18.8 | 19.9 | -6% | 106.5 |
| EBITDA | in € million | 13.4 | -2.5 | -636% | -58.4 |
| EBITDA margin | in % | 5.9 | -1.4 | -521% | -7.3 |
| Consolidated net result | in € million | -7.9 | -16.7 | -53% | -179.3 |
| Earnings per share ² | € | -0.23 | -0.48 | -0,52 | -5.16 |
| Employees ³ | | 4,768 | 5,039 | -5% | 5,037 |
| in Germany | | 3,331 | 3,627 | -8% | 3,515 |
| abroad | | 1,437 | 1,412 | 2% | 1,522 |

| SMA Group | | 03/31/15 | 12/31/14 | Change |
|--|--------------|----------|----------|--------|
| Total assets | in € million | 1,182.6 | 1,180.3 | 0% |
| Equity | in € million | 550.7 | 552.0 | 0% |
| Equity ratio | in % | 46.6 | 46.8 | - |
| Net working capital ⁴ | in € million | 253.2 | 251.0 | 1% |
| Net working capital ratio ⁵ | in % | 29.6 | 31.2 | - |
| Net cash ⁶ | in € million | 223.7 | 225.4 | -1% |

¹ Adjusted prior year's comparative

² Converted to 34,700,000 shares

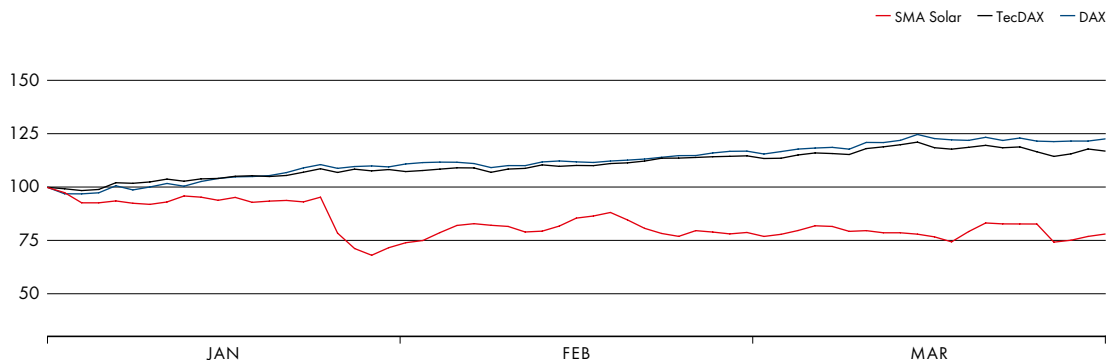
³ Average during the period; without temporary employees

⁴ Inventories and trade receivables minus trade payables

⁵ Relating to the last twelve months (LTM)

⁶ Cash holdings + time deposits + asset management + cash on hand pledged as collateral - loan liabilities (excluding derivatives)

SMA SHARE PERFORMANCE IN THE FIRST QUARTER OF 2015 in %



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The Share

Expansive Monetary Policy Stimulates Stock Markets

The capital markets developed pleasantly in the first quarter. The all-consuming topic was the start of government bond purchase by the European Central Bank (ECB), which thus reiterated its course of expansive monetary policy. Until at least September 2016, the ECB intends to pump €60 billion a month into the financial markets by buying government bonds to stimulate the economy in the single currency area and to counter potential deflation.

In the first three months, the DAX climbed from one new high to the next. Regardless of some minor dips, the most important German stock market barometer gained around 21.25% in the first quarter of 2015. The DAX exceeded 12,000 points in mid-March and reached a new record high on March 16, 2015, at 12,219.05 points. On the same day, it ceased trading at the highest ever closing level of 12,167.72 points. At the end of the first quarter, the DAX quoted at 11,966.17 points.

The TecDAX developed almost in parallel with the DAX. The stock market barometer for technology stocks rose by 17.84% in the first quarter. The index started the stock market year at 1,370.92 points (opening price) and counted 1,615.46 points on March 31. The TecDAX reached its record high to date on the basis of closing prices on March 16, 2015, at 1,673.11 points.

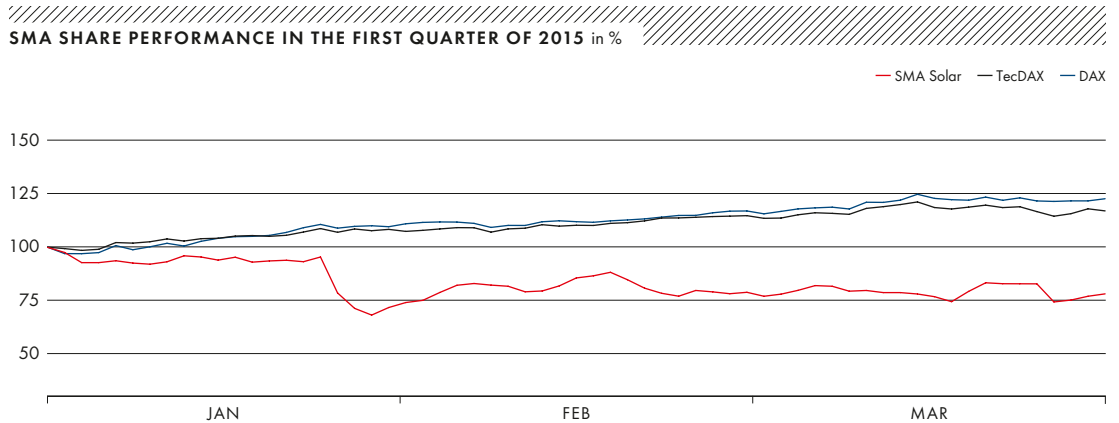
The Swiss National Bank (SNB) lifted the minimum rate for the Swiss franc against the euro, causing a lurch in the international capital markets. It ended its support buying to maintain the minimum rate of 1.20 EUR/CHF (euro to francs) on January 15, 2015. Subsequently, the euro also fell markedly against the dollar. It lost around 11% from the start of the year to the end of the first quarter and was ultimately listed at 1.0738 EUR/USD.

SMA Share Recovers After Details of Company Transformation

The SMA share started the 2015 stock market year at €15.32 (opening price on January 2, 2015, Xetra trading platform) but fell in value considerably during January. Shortly before the publication of the forecast for the 2015 fiscal year, the share marked its new all-time low at €10.28 on January 29, 2015 (intraday value). The SMA share thus lost around a third of its value in January.

The price then recovered following the 7th Capital Markets Day. During the event on January 30, 2015, the Managing Board announced details of the Company’s transformation for the first time, including the planned savings on fixed costs of more than €160 million and the global reduction of approximately 1,600 full-time positions. In the following weeks, the share recovered significantly and was temporarily listed at €13.49 (closing price on February 18, 2015, Xetra trading platform). That was simultaneously its highest level in the first quarter of 2015.

The share received no additional stimuli during the further course of February. The highest daily gain was achieved on March 20, 2015, when the share price rose by about 6% to €12.75. The SMA share was mid-table among the most actively traded shares in the TecDAX in the first quarter of 2015 (13th place). The average trading volume was 181,716 shares.



Focus on SMA Share Coverage

As a worldwide leading specialist in system technology, SMA operates in a challenging market. In recent years, listed solar stocks posted significant falls in 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 10 in the reporting period.

RESEARCH COVERAGE

| Institution | Name |
|------------------------------|---------------------|
| Citi | Jason Channell |
| Deutsche Bank | Alexander Karnick |
| HSBC Trinkaus & Burkhardt | Christian Rath |
| Independent Research | Sven Diermeier |
| Kempen & Co | Sebastian Masselink |
| Landesbank Baden-Württemberg | Erkan Aycicek |
| Main First | Andreas Thielen |
| MATELAN Research | Peter Wirtz |
| Natureo Finance | Ingo Queiser |
| Warburg Research | Arash Roshan Zamir |

Stable Shareholder Structure

The shareholder structure remained unchanged in the reporting period. 25.05% of the shares are in free float and 25.20% are bundled in a pooling agreement. The founders of SMA Solar Technology AG, their foundations and families hold 29.75% of the shares. With a shareholding of 20%, Danfoss A/S is an important anchor investor for SMA.

Press Conference on Financial Statements: Talking to Investors and the Media

At the press conference on financial statements in Frankfurt/Main on March 26, 2015, CEO Pierre-Pascal Urbon announced the business figures for 2014. Sales and operating earnings before restructuring expenses were slightly above or in line with the published forecast.

CEO Pierre-Pascal Urbon also confirmed the sales and earnings forecast for 2015 as a whole. The forecast predicts sales of between €730 million and €770 million. In light of the order backlog and sales, SMA had already achieved around 50% of its sales target by the end of the first quarter. The planned fixed cost savings will make their main impact in the second half of the year. SMA therefore expects operating earnings (EBIT) of €-30 million to €-60 million. Considering likely depreciation and amortization of approximately €70 million, SMA expects positive earnings (EBITDA) in 2015.

During the press conference on financial statements, CEO Pierre-Pascal Urbon also specified the sales forecast for the first quarter of 2015 (€210 million to €230 million) and revealed the current order backlog. He also issued a forecast for earnings: SMA is expected to generate an operating loss (negative EBIT) of €-5 million to €-10 million in the first quarter of 2015 (2014: loss of €-22.4 million). In addition, CEO Pierre-Pascal Urbon informed the press, investors and analysts that the transformation of the Company was going according to plan and that the unfortunately necessary staff reduction of approximately 1,600 full-time positions is expected to be implemented without any involuntary layoffs. The fast pace at which the transformation of SMA is being implemented and the conservative forecast for the current fiscal year were welcomed by many analysts.

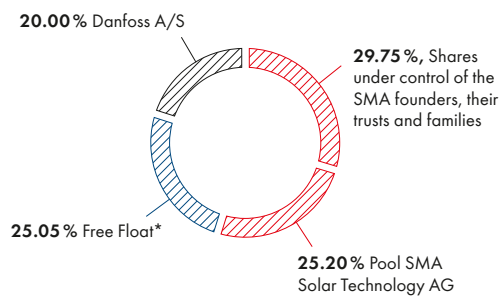
After the press conference, Pierre-Pascal Urbon was interviewed by the financial and business press. In addition, he held a roadshow at the Frankfurt financial center and answered analysts' and investors' questions.

Annual General Meeting: Dialogue With Shareholders

The SMA Annual General Meeting will be held at the Kongress Palais in Kassel on May 21, 2015. All information and documents are available on the SMA 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 second time in a row for the 2014 fiscal year.

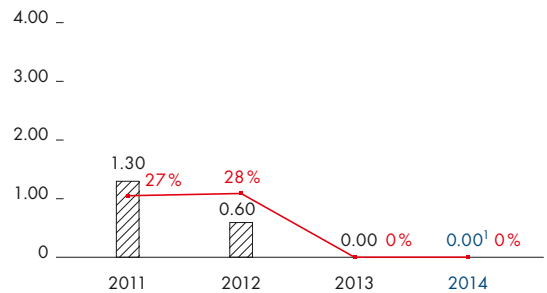
See website
www.SMA.de/AnnualGeneralMeeting

SHAREHOLDER STRUCTURE in %



*Free Float calculated according to guidelines for stock indices of Deutsche Börse

DIVIDEND in €



¹ dividend proposal
 — pay out ratio of consolidated earnings
 ▨ dividend

Capital Markets Day for Even More Transparency

SMA maintains 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 website
www.IR.SMA.de

On January 30, 2015, SMA held its 7th Capital Markets Day in Kassel. CEO Pierre-Pascal Urbon explained in detail the reasons for the high losses in the 2014 fiscal year and provided information on the market and competitive conditions as well as unique selling propositions of SMA. In addition, he gave comprehensive information on the corporate strategy. To return the Company to profitability, the Managing Board is currently mobilizing all forces. SMA's management has developed specific measures for all areas of the Company in order to lower fixed costs by more than €160 million. Besides a significant adjustment of the headcount in Germany and abroad, the concept also includes concentrating on strategically important development projects, reducing the real net output ratio and consolidating global infrastructure. Technical innovations and the customer benefits of the new products for the Residential, Commercial und Utility market segments were presented by the Heads of the business units by way of practical examples. Moreover, the Operations management team presented the results of the measures taken to improve production processes and reduce purchasing costs to the attendees. The SMA Corporate Development team also explained the methodology for determining market sizes and trends. The Capital Markets Day proved very popular with the 35 present investors, analysts and representatives of the press.

Interim Management Report

January to March 2015

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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, choke coils, monitoring and energy management systems for PV systems and power electronic components for railway technology. Another area of business is providing services such as operation and maintenance service for photovoltaic power plants (O&M business), in addition to other. Since the beginning of 2015, SMA Group has operated under its new functional organization.

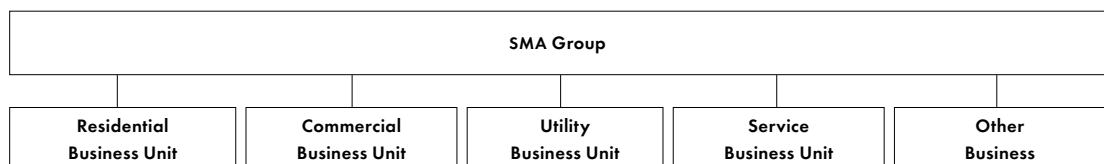
Legal Structure of the Group

As the parent company of SMA Group, SMA with its headquarters in Niestetal near Kassel, Germany, provides all of the functions required for its 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 SMA Group. As of March 31, 2015, SMA has a 99.25% majority shareholding in Jiangsu Zeversolar New Energy Co., Ltd. The quarterly financial report includes information regarding the parent company and, directly or indirectly, all 37 Group companies (Q1 2014: 35), including 8 domestic companies and 29 companies based abroad.

New Organizational Structure

In accordance with market requirements, SMA regularly reviews its organizational structure in order to make it as efficient as possible. Given the considerable decline in sales in recent years, SMA adjusted its organizational structure at the beginning of 2015. Since January 1, 2015, SMA Group has operated under its new functional organization. In the new organization, the Residential, Commercial, Utility and Service business units take overall responsibility and manage Development, Sales and Operations. Railway Technology Zeversolar as well as Off-grid and Storage business are combined under Other Business. This compact organization allows for faster decisions and a smaller management structure.

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 and grants or refuses discharge to the Managing Board and the Supervisory Board.

Downsizing of the Managing Board

The Supervisory Board of SMA Solar Technology AG reduced the number of Managing Board members as part of the Company's transformation. Lydia Sommer left the Managing Board at the end of February 2015. Lydia Sommer's duties were transferred to two of the remaining Managing Board members.

Since March 1, 2015, the SMA Managing Board has comprised the following members: SMA Chief Executive Officer Pierre-Pascal Urbon is responsible for Strategy and in addition as Chief Financial Officer (CFO) for Finance, Legal and Compliance as well as for Operations. Roland Grebe, formerly Board Member for Technical Innovation, is in charge of Human Resources and IT. In addition, he is the new Labor Director at SMA Solar Technology AG. Dr.-Ing. Jürgen Reinert has taken on overall responsibility for Technology. Martin Kinne has been responsible for the Sales and Service business areas since January 2015.

Changes to the Supervisory Board

The SMA Supervisory Board, which represents shareholders and employees equally, consists of Dr. Erik Ehrentraut (Chairman since February 11, 2015), Peter Drews, Kim Fausing (Deputy Chairman), Dr. Winfried Hoffmann and Reiner Wettlaufer. Sadly, Company founder and long-standing Supervisory Board Chairman Dr.-Ing. h. c. Günther Cramer died on January 6, 2015, after a long and serious illness. The vacant position on the SMA Supervisory Board was filled by Roland Bent, member of the Executive Board at Phoenix Contact GmbH & Co. KG. The employees are represented by Oliver Dietzel, Dr. Günther Häckl, Johannes Häde, Heike Haigis, Joachim Schlosser and Mirko Zeidler.

Research and Development

As the global market leader, SMA sets trends in the global photovoltaics industry and our development capabilities have received numerous accolades. Technological development is the key to achieving both a global energy transition and necessary cost cuts.

Modern Development Approach

Our development concepts enable us to anticipate future system technology requirements. Customers used to be concerned primarily with energy yield, service life and design flexibility. In the future, however, price, minimal energy costs and system integration will be the most important factors in making a purchasing decision.

As the technology leader for photovoltaic system technology, it is our aim to cut costs through developments while simultaneously designing complete system solutions. A focal point is the SMA Smart Home, which efficiently increases self-consumption of solar power in households and commercial enterprises. For large-scale PV power plants, we offer our customers a complete system comprising DC technology, inverter, medium-voltage transformer and switchgear. SMA is pursuing a platform strategy aimed at systematically cutting the cost of PV inverters. By standardizing the core inverter, we can increase the proportion of identical components across the entire portfolio. Customization in line with different markets and customer needs will be implemented through the connection area and the software.

New Products Set Standards

In the first quarter of 2015, SMA prepared the first products of its new inverter generation in the smaller rooftop system market segment (**Residential**) for their broad-based market launch in mid-April. Among other features, the brand-new Sunny Boy 1.5/2.5, with outputs of 1.5 kW and 2.5 kW, enables a high percentage of self-consumption, is extremely versatile and can be easily integrated into the home grid via plug and play in a matter of minutes. The newly integrated user interface makes it possible to monitor PV system data not only via SMA Sunny Portal and Sunny Places but also on any smartphone or tablet. Weighing only 9 kg, the device can also be mounted with just two screw fittings and does not require an additional wall mounting bracket.

During the reporting period, in March 2015, the medium-sized inverter segment (**Commercial**) had the new Sunny Tripower 60-US certified for the U.S. market as planned. In the U.S. market in particular, which is currently registering strong growth in this application segment, SMA gained additional market shares with the Sunny Tripower products. The extension of the product range to include 60 kW applications will further cement SMA's market position as a top player in the U.S. commercial segment.

SMA also launched a new central inverter for the large-scale PV power plant segment (**Utility**) in the first quarter of 2015. The Sunny Central 1000CP XT rounds off the Company's globally successful CP central inverter family with an additional power class. Photovoltaics projects requiring tenders for 1-MW blocks are particularly benefiting from the new device. As a component of the SMA Medium Voltage Power Station, the Sunny Central 1000CP XT devices deliver an output of 2 MW in the turnkey container station, which can be used globally. This enables solar power plant developers to face the high price pressure and tight schedules required under tendering procedures.

In the **Other Business** area, new battery inverters for small PV systems (Sunny Island 3.0M and Sunny Island 4.4M) have been available since January 2015. These products provide optimal energy supply in PV systems with an output of between 2 kW and 12 kW – individually tailored to installation plans for both grid-connected systems and standalone off-grid systems. These battery inverters allow PV system operators to cut their electricity procurement costs and become more independent in terms of their energy supply.

Renowned Partner for Research and Development

In Germany, SMA is involved in different expert committees, associations and research projects. For example, we work closely with the Competence Network for Decentralized Energy Technologies, Fraunhofer Institute for Wind Energy and Energy System Technology, Center of Competence for Distributed Electric Power Technology and the Institute for Decentralized Energy Technologies.

Solutions designed to integrate photovoltaics into the grid are a special focus of SMA's recently initiated research projects. Together with its strategic partners and with the backing of the German Federal Government (Future-Proof Power Grids funding initiative), SMA is preparing a new generation of system- and cost-optimized PV systems for supply reliability and system stability in utility grids. A number of new joint research projects have recently been started for this purpose.

SMA also has a broad international network of research and development partnerships. For instance, we are involved in a joint EU project called TILOS. The aim of this European demonstration project is to supply the inhabitants of the Greek island of Tilos with a photovoltaic/wind/diesel hybrid system, which is intended to be operated both parallel to the grid and as a stand-alone grid. SMA is contributing a new large-scale battery inverter in the megawatt class to the project.

First Test Center for Hybrid Energy Supply Put into Operation

In remote regions, integrating photovoltaics in combination with battery-storage systems into diesel power supplies produces a cost-efficient and sustainable supply of electricity. SMA's intelligent system technology paves the way for smooth and stable integration of a high share of PV power into diesel grids. In the reporting period, SMA also put into operation a test center for hybrid energy supply in Germany. Various scenarios can be simulated at the test facility, which is located at SMA headquarters in Niestetal. They range from simple hybrid village power supplies to industrial applications on a power plant scale.

This means that SMA customers benefit from the fact that specific local conditions can be reproduced in the test center and the system can be designed in line with their individual needs. Even the simulation of special load and generation scenarios as well as integration and qualification of different battery systems can be carried out effortlessly at any time with the test system. In this way, customers who have their systems reproduced and monitored at the SMA test center can rely on having a smooth hybrid electricity supply and benefit from rapid optimization at all times. SMA also uses the experiences gained from the test center to continuously enhance the SMA Fuel Save Solution.

SMA Smart Home Undergoes Practical Test

To demonstrate the potential of the SMA Smart Home, we participated in a project to construct an innovative Energy Saver Plus house from Dynahaus. The house is designed to generate more energy over the course of one year than it consumes, making it largely independent in supplying with heat and electrical power. Two model homes were built in Lohfelden, near Kassel, and in Hallbergmoos, near Munich, in 2014. At the turn of the year 2014/2015, a family moved into each of these houses on a trial basis for one year to put the buildings' energy concept to the test.

We are also using the model home in Hallbergmoos, whose demo phase started on March 9, 2015, to research integration of eMobility, which we believe offers considerable potential for private households with their own photovoltaic system. We are collaborating in a research consortium with the BMW Group, the Technische Universität München and the Fraunhofer IWES institute.

The family living in the Energy Saver Plus house has been loaned an electric car and electric bike that draw their energy from charging stations. This year-long experiment aims to prove that combining an intelligent energy management and optimal charging infrastructure significantly increases self-consumption of PV energy and, in turn, cuts energy costs.

Employees

Socially Responsible Staff Reduction Accomplished Within Short Time

The far-reaching structural transformation of the solar sector, changing legal conditions and the considerable price pressure in the markets still call for an extremely high degree of flexibility from our employees. The change of the organizational structure from divisional to functional, effective January 1, 2015, and the reduction of 1,600 full-time positions worldwide are direct consequences of these. Another factor is our internationalization strategy of tapping into foreign markets, which requires new channels of collaboration across national borders.

SMA has largely completed the most extensive round of personnel adjustments in the history of the Company. We are certain that only with an open communication policy and a corporate culture that values its employees we can meet these challenges and support our employees in the best way through the current transformation process. The severance program conducted during the reporting period was taken up by so many employees that SMA expects to be able to avoid involuntary layoffs. Measures for the still-to-be-implemented layoffs of 100 to 150 employees are in the process of being drawn up with the Works Council. The staff reduction is being supported by the Federal Employment Agency, which is making itself available to employees in offices on Company premises to give advice, help with the acceptance of applications and answer any questions. Only very few companies in Germany have reduced their workforce by such a high percentage in a socially responsible manner and in such a short period of time. This was possible at SMA with a process characterized by openness and fairness.

Headcount Considerably Reduced Worldwide

Compared with the 2014 reporting period, the headcount dropped considerably as of the reporting date. In Germany, the employee numbers fell by 8.48%, or 304 people, to a total of 3,283 employees (March 31, 2014: 3,587 employees, figures exclude temporary employees). The number of employees abroad also declined. The number fell by 39 to a total of 1,399 employees (March 31, 2014: 1,438 employees; figures exclude temporary employees).

| Reporting date | 03/31/2015 | 03/31/2014 | 03/31/2013 | 03/31/2012 | 03/31/2011 |
|--|--------------|--------------|--------------|--------------|--------------|
| Employees (excl. temporary employees) | 4,682 | 5,025 | 5,837 | 5,676 | 4,691 |
| of which domestic | 3,283 | 3,587 | 4,477 | 4,726 | 4,232 |
| of which abroad | 1,399 | 1,438 | 1,360 | 950 | 459 |
| Temporary employees | 316 | 684 | 714 | 1,154 | 1,114 |
| Total employees (incl. temporary employees) | 4,998 | 5,709 | 6,551 | 6,830 | 5,805 |

At the end of the reporting period, SMA Group had a total of 4,682 employees (March 31, 2014: 5,025 employees, figures exclude temporary employees). This equates to a decrease by 6.83% compared with the previous year.

To a lesser extent, SMA uses temporary employees to meet short-term fluctuations in demand. Their hourly rate of pay is in line with that of SMA employees. As of the reporting date (March 31, 2015), SMA employed a total of 316 temporary employees worldwide. This figure fell in the current reporting period as it did in the comparable period of the previous year. As of the reporting date, 368 fewer temporary employees were employed worldwide than in the previous year (March 31, 2014: 684 temporary employees).

Success Through Diversity and Mentoring

Mixed teams operate particularly successfully in the market. Diversity and company success are inextricably linked. SMA's German headquarters alone are home to employees from more than 70 different nations, bringing together a range of cultures, values and talents.

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

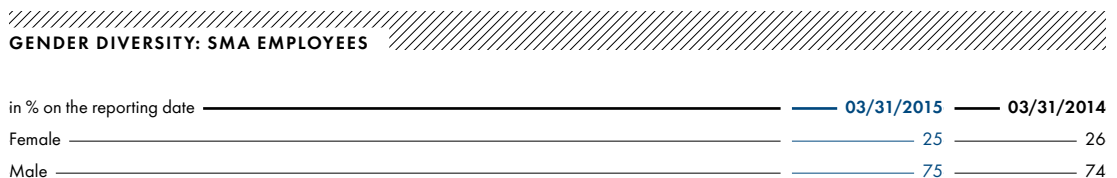
For our first priority under diversity management, in the 2014 fiscal year, we focused on women in management positions. In the medium term, we aim to reflect the proportion of female employees in the percentage of female executives. As of the reporting date (March 31, 2015), the share of female employees company-wide was 24.9%.

The “one4her” mentor program, which was initiated in the past fiscal year, constitutes an important pillar on the way to increasing the percentage of women in management positions. SMA aims to use this initiative to strategically support women in their professional development, to make them more visible in the Company and to improve their connections to each other.

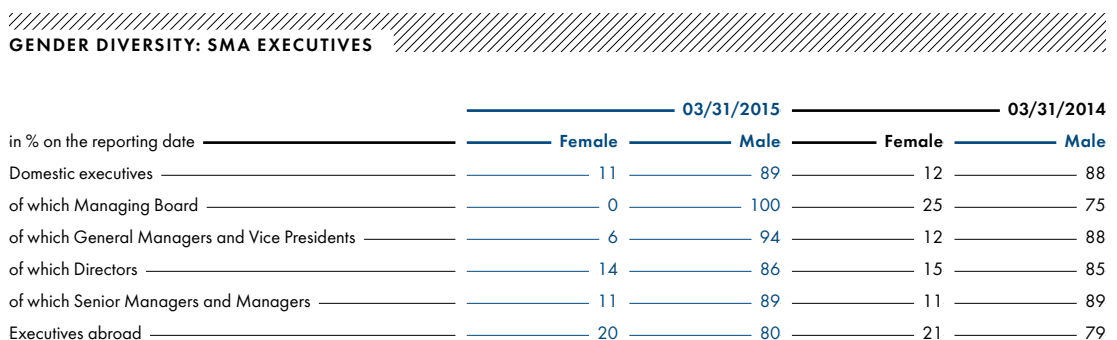
For a number of years, SMA has also been an important partner of the “MentorinnenNetzwerk für Frauen in Naturwissenschaft und Technik” (Mentor Network for Women in Science and Technology). Our involvement includes appointing mentors to this network, which consists of 10 universities in Hesse, and supporting female students and doctoral candidates in the STEM fields of study (science, technology, engineering and mathematics).

Achieving a pleasing 5th place among the 130 companies taking part in the Women’s Career Index of the German Federal Ministry of Family Affairs also serves as recognition of the measures we have thus far implemented to benefit women, with special emphasis on SMA’s numerous family-friendly offerings. Flexible working times, for example, help our employees achieve a work-life balance just as much as holiday activities for kids on Company premises, workshop series, placing company daycare centers and emergency or interim care.

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



The picture is as follows at the various management levels:



The concentrated effort to increase the share of women at the two uppermost management levels (Managing Board and General Managers/Vice Presidents) to 25% in the medium term was not achieved at the Managing Board level as of the reporting date (March 31, 2014: 25%) because Managing Board member Lydia Sommer left the Company on February 28, 2015. At the General Managers/Vice Presidents level, female employees represent only a share of 6% (March 31, 2014: 12%). Here, as with almost every other level of management, we are unfortunately registering a lower quota, which is directly related to the general staff reduction that took place in the reporting period. We aim to counteract this trend in the future when recruiting candidates to management positions.

At SMA's German site, many employees hold a foreign passport. Compared with the previous year, this number remained stable despite the personnel adjustment measures taken. At present, SMA employs 172 employees with foreign passports. This equates to 5.2% of the workforce in Germany (March 31, 2014: 4.9%).

As of the reporting date, the proportion of employees with disabilities as a ratio of the total workforce was at 5.5% (March 31, 2014: 4.6%) at SMA's site in Germany.

Vocational Training to Remain a High Priority in Future

Since 1985, SMA has been committed to providing vocational training for young people, which helps the Company to retain highly qualified skilled people with significant potential from within its own ranks. The high quality of the vocational training and support offered to students at SMA is also reflected in awards. For example, trainees at SMA are regularly among the best in their year groups in terms of their performance in final examinations. During the reporting period, a university graduate received an award from the Verband der Elektrotechnik, Elektronik und Informationstechnik (VDE; Association for Electrical, Electronic and Information Technologies) Rhein-Ruhr in March 2015 for his outstanding thesis, which he wrote at SMA in the area of electrical engineering. At SMA, vocational training will remain a key element in the professional qualification of new employees and likewise a component for securing and fostering the next generation.

As of the reporting date, a total of 136 young people were in vocational training at SMA (March 31, 2014: 173 people) in the three vocational training areas of mechatronics, device and system electronics and industrial business management. In the future, SMA will continue to provide more training places than are required for the Company to secure its next generation of young professionals.

Economic Report

General Economic Conditions and Economic Conditions in the Sector

General Economic Conditions in the First Quarter

The global economy continued to grow in the first quarter of 2015. According to the International Monetary Fund (IMF), this was primarily thanks to persistently and historically low oil prices. However, the U.S. economy grew not as much as expected. Exports were impacted by a strong dollar. Additionally, there were distinct warning signs from China in the first quarter. Foreign trade fell sharply in the world's largest trading nation. Exports fell in March by about 15% year on year. Experts had even forecast an increase by more than 10%. Imports also declined by about 12%. The World Bank subsequently reduced its growth forecasts for China and the entire East Asia/Pacific region.

From a European perspective, the start of the government bond purchase program (quantitative easing) by the European Central Bank (ECB) was a major event in the first quarter of 2015. The central bank thereby confirmed its course of a relaxed monetary policy. Until at least September 2016, the ECB intends to pump €60 billion a month into the financial markets by buying government bonds, in order to further stimulate the economy in the single currency area and to counter potential deflation.

According to Markit Economics, the Purchasing Managers' Index for incoming orders in the manufacturing industry and the service sector in the 19-member euro zone reached its highest level since 2011. Employment rose at the quickest rate in more than three and a half years. The ECB's quantitative easing is likely to lend added momentum to the burgeoning recovery, which means that business prospects are becoming increasingly brighter and upward adjustment of the forecast for the year is expected by the experts at Markit. The Purchasing Managers' Index compiled by Markit for the manufacturing industry and the service sector rose from 53.3 in February to 54 in March. So it is far above the 50 mark that divides growth and contraction. It was also the highest value since April 2014.

For the first quarter of this year, the Economic Barometer of the Deutsche Institut für Wirtschaftsforschung (DIW; German Institute for Economic Research) showed that the German economy could maintain its robust rate of growth from the end of 2014. According to the DIW, the gross domestic product (GDP) increased by 0.6% above the previous quarter in the first three months of this year. Here, the experts at the DIW also cite the historically low oil prices as a contributing factor. Additional support was provided by growing private consumption, which can be attributed to a good labor market and rising wages.

Economic Conditions in the Sector

The global photovoltaics industry saw strong growth stimuli in the first quarter of 2015. SMA expects newly installed PV power of approximately 13 GW (Q1 2014: approx. 8.4 GW). Immense pricing pressure is still being generated by the amendment to incentive programs for solar power. SMA estimates global sales of PV inverter technology at around €1 billion. According to the analysis agency IHS, the trend in prices is set to remain negative over the course of the next few years, falling at a rate of 8% per year. An additional regional shift in demand from Europe to other regions has not yet taken place in the first quarter of this year as a result of considerable growth in Great Britain. Accounting for roughly 26% of global sales, the significance of the European photovoltaic markets did not

change year on year (Q1 2014: 26%). The Chinese market gained in significance due to the considerably higher volume of new installations compared with the same period of the previous year and contributed around 16% of sales (Q1 2014: approx. 4%). According to official numbers currently available, American photovoltaic markets developed slightly negative, making up around 17% of global sales (Q1 2014: approx. 21%). The Asia-Pacific photovoltaic markets (excluding China) accounted for less than 40% of the global market, thereby losing market shares (Q1 2014: approx. 47%).

GREAT BRITAIN IS THE MOST IMPORTANT MARKET IN EUROPE

Sentiment of **Great Britain's** photovoltaic market remained positive. Although the incentive for ground-based PV systems starting at an output of 5 MW was withdrawn from April 1, 2015, in future incentive programs the British government will place emphasis instead on large roof-based systems (more than 250 kW). In addition, the government extended the deadline for connecting large-scale PV power plants to the grid under the current subsidy regime by one year to March 31, 2016. The boom in demand expected by many market participants in this segment materialized in the first quarter. With growth of 1.6 GW, Great Britain already achieved over 50% of the total forecast volume for the year as a whole. Owing to the extra time granted for connection to the grid, many large-scale PV power plants were completed, but have not yet been connected and therefore are not included in the statistics of the Department of Energy & Climate Change for January to March 2015.

Germany continued to decline. The weak demand can still be attributed to the amendment to the Renewable Energy Sources Act (EEG), which came into force in August 2014. The ongoing feed-in tariff degression led to further decline in new PV installations. In addition to this, there was a drastic change for PV system owners who now, for the first time, have to pay a portion of the EEG apportionment for the power they consume. Only operators of the smallest PV systems with an output of up to 10 kW – which is traditionally the private residential segment – were exempted from the levy. Consequently, insecurity among investors and planners remains high. Only 319 MW has been installed since the start of the year. This equates to a decrease of around 30% compared with the same quarter of the previous year (growth in Q1 2014: 460 MW). There was no tangible growth in other European countries such as **Italy**, **Spain** and **Greece**, either. This situation was partly due to legislative changes to subsidies in previous years. In the Benelux and Eastern European countries, demand remained stable. In **France**, photovoltaics is again expected to be better supported. For example, the government published tenders for PV systems of between 100 kW and 250 kW with a total capacity of 120 MW and for systems of more than 250 kW with a total capacity of 400 MW.

GROWTH IN THE NON-EUROPEAN MARKETS

For the **U.S.** market, SMA assumes growth of more than 1 GW for the first quarter. According to our estimates, more than half of new installations were large-scale solar projects with an output of at least 1 MW. The official numbers published by the Federal Energy Regulatory Commission (FERC) for large-scale solar projects disclose far less newly installed capacity, but according to experience they will be revised upward. Demand for solar power systems is being assisted in particular by tax incentive programs. In addition, portfolio standards are having an impact on the investing activities of electric utility companies. Portfolio standards ensure that electric utility companies include a certain share of renewable energy in their energy generation portfolios.

The PV market in **Japan** also continued to expand positively. In the first quarter, PV systems with an output totaling approximately 1.8GW were connected to the grid. More than 50% were attributable to medium-sized PV systems for commercial applications. Large-scale solar projects and smaller PV systems for private use constituted approximately 25% of demand respectively. The positive growth is primarily a result of attractive subsidies. However, these are expected to be scaled back over the course of the year.

The market in **China** posted strong growth year on year in the first quarter of 2015. With 5 GW of newly installed power, growth was five times higher than in the first quarter of 2014. 87% of the growth was attributable to large-scale solar projects and 13% to commercial applications. This development can be attributed mainly to project delays. A number of projects from the fourth quarter of 2014 were completed behind schedule, which meant that they were not connected to the grid until the first quarter of 2015. The considerable number of project delays is due to changes in subsidies and unclear implementation guidelines, which already had a postponing impact in 2014. The new regulations are expected to support medium-sized PV systems in particular.

Energy requirements and thus demand for photovoltaics are growing in **newly industrialized and developing countries**. In many countries, PV is already an economically attractive alternative to other methods of generating energy. Key growth regions include South America, Southeast Asia and the Middle East. In many countries located in what is known as the Earth's Sunbelt, high diesel prices, transportation and storage costs act as an incentive for expansion of photovoltaics. In these sunny regions, photovoltaics is already the more financially appealing alternative to other methods of power generation. With good solar irradiation, a PV-diesel system will pay for itself within a few years.

Impact of General Conditions on Business Development

Globally speaking, demand for solar power systems is still largely dependent on incentive programs. This makes photovoltaic markets volatile and difficult to forecast. The falling demand for PV inverters in Germany continued in the first quarter of 2015, but was more than offset by strong project-driven demand in Great Britain, North America and Asia. According to SMA Managing Board estimates, pricing pressure persisted in the PV inverter sector in the first quarter of 2015. Low interest rates had a positive impact on project business in particular.

Results of Operations

Group Sales and Earnings

SMA STARTS NEW FISCAL YEAR WITH GOOD FIRST QUARTER

The SMA Group had a good start to the new fiscal year, selling PV inverters with a total output of 1,710 MW in the first quarter of 2015. This equates to an increase of 78.9% compared with the same quarter of the previous year (Q1 2014: 956 MW). As a result of strong project business, SMA Group's sales climbed by 28.4% year on year to €226.3 million (Q1 2014: €176.3 million). The sales generated by SMA were in line with the published forecast for the first quarter of 2015 (forecast: €210 million to €230 million).

The share of sales generated outside of Germany climbed from 71.1% to 88.0% year on year, underscoring the internationally outstanding position of SMA Group. No other competitor has a comparable international infrastructure or comparable product and service portfolio. SMA's most important foreign markets in the first three months were North America, Japan, Great Britain and Australia.

As a result of increased sales volumes, fixed cost reduction and positive exchange rate effects, EBITDA improved considerably to €13.4 million (EBITDA margin: 5.9%; Q1 2014: €-2.5 million, -1.4%). EBIT also improved in comparison to the previous year, but was still negative at €-5.4 million (EBIT margin: -2.4%) (Q1 2014: €-22.4 million, EBIT margin: -12.7%). The EBIT generated put SMA at the upper end of the earnings forecast for the first quarter of 2015 (forecast: €-5 million to €-10 million). Consolidated earnings amounted to €-7.9 million (Q1 2014: €-16.7 million). Earnings per share amounted to €-0.23 (Q1 2014: €-0.48).

Sales and Earnings per Segment

DECLINING BUSINESS IN EUROPE NEGATIVELY AFFECTS RESIDENTIAL BUSINESS UNIT

The Residential business unit serves the attractive long-term market of small PV systems for private applications. In particular, the portfolio comprises single-phase string inverters with the brand name Sunny Boy; three-phase inverters in the lower output range up to 12 kW with the brand name Sunny Tripower; energy management solutions, storage systems such as the Sunny Boy Smart Energy and Flexible Storage systems based on the Sunny Island; and communication products and accessories. With this portfolio of products and services, SMA offers a suitable technical solution for private PV systems in all major photovoltaic markets.

In the first three months of 2015, external sales of the Residential business unit fell by 19.7% to €48.2 million (Q1 2014: €60.0 million). Its share of SMA Group's total sales was 21.3% (Q1 2014: 34.0%). The significant decline in sales in Europe was partially offset by increases in sales in North America, in particular. Besides North America, the most important foreign markets also included Australia, Great Britain and Japan. In the first quarter of 2015, the major sales drivers were the Sunny Boy 3800 to 7700TL inverters.

Low sales levels following the market shift from Europe to Asia and the Americas are having a negative effect on earnings in the Residential business unit. Despite the significant decline in sales, EBIT improved by €3.0 million to €-6.7 million in the first quarter of 2015 (Q1 2014: €-9.7 million) due to increased productivity and new product launches. In relation to internal and external sales, the EBIT margin was -13.9% (Q1 2014: -16.2%).

COMMERCIAL BUSINESS UNIT GENERATES SALES AT PREVIOUS YEAR'S LEVEL

The Commercial business unit serves the fast-growing market of medium-sized PV systems for commercial applications. The portfolio comprises, for example, three-phase inverters with outputs of more than 12 kW as well as communication products and other accessories. SMA offers individual inverters and complete solutions for commercial PV systems in all major photovoltaic markets.

At €39.2 million, external sales of the Commercial business unit were on a par with the same quarter of the previous year (Q1 2014: €39.2 million). Its share of SMA Group's total sales was 17.3% (Q1 2014: 22.2%). Sales in the first quarter were affected by a realignment of the product portfolio and the sale of older inverter models. In addition, shifts towards more powerful types of inverters had an impact on the specific selling prices in the Commercial business unit. The sharp sales decline in Germany due to the reform of the Renewable Energy Sources Act (EEG) in mid-2014 was offset by sales increases in foreign markets. The most important foreign markets were Great Britain, North America and Japan. In the first quarter of 2015, the major sales drivers were the Sunny Tripower series inverters.

In the first quarter of 2015, EBIT was €-11.6 million (Q1 2014: €-8.6 million). The higher operating loss (EBIT) is particularly attributable to the lower gross margin, which was impacted by the sale of older products. In relation to internal and external sales, the EBIT margin was -29.6% (Q1 2014: -21.9%).

UTILITY BUSINESS UNIT THE KEY GROWTH DRIVER IN FIRST QUARTER OF 2015

The Utility business unit 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. In addition to medium- and high-voltage technology, the product and service portfolio also comprises grid service and monitoring functions as well as accessories.

The business unit's external sales more than doubled year on year to €113.6 million in the first quarter of 2015 (Q1 2014: €52.7 million) due to implementation of projects in North America and Great Britain. The Utility business unit's share in SMA Group's total sales increased to 50.2% (Q1 2014: 29.9%). It is thus the strongest-selling business unit in the Group. The most important foreign markets were North America, Great Britain and India. The most successful products included the Sunny Central Compact Power series of inverters.

In the first quarter of 2015, EBIT was €12.4 million and thus much higher than in the previous year (Q1 2014: €-0.9 million) as a result of strong sales growth. In relation to internal and external sales, the EBIT margin was 10.9% (Q1 2014: -1.7%).

SERVICE BUSINESS UNIT INCREASES SALES AND EARNINGS

SMA has its own service companies in all important photovoltaic markets. With an installed capacity of more than 35 GW worldwide, SMA leverages economies of scale to manage its service business profitably. Services offered include commissioning, warranty extensions, service and maintenance contracts, operational management, remote system monitoring and spare parts business.

In the first quarter of 2015, external service sales increased to €11.0 million (Q1 2014: €8.3 million). Its share of SMA Group's total sales was 4.9% (Q1 2014: 4.7%). Notable sales drivers were operational management (O&M business), maintenance and service contracts subject to charge and chargeable repairs. In the first quarter of 2015, EBIT was €1.5 million (Q1 2014: €0.0 million). In relation to internal and external sales, the EBIT margin was 5.5% (Q1 2014: 0.0%).

OTHER BUSINESS STILL GENERATING LOSSES

Other Business comprises Railway Technology and Zegersolar as well as Off-grid and Storage business.

In the first quarter of 2015, external sales totaled €14.3 million (Q1 2014: €16.1 million). Its share of SMA Group's total sales was 6.3% (Q1 2014: 9.2%). EBIT amounted to €-5.9 million and was thus at the same level as the previous year (Q1 2014: €-5.9 million). In relation to internal and external sales, the EBIT margin was -41.3% (Q1 2014: -36.6%).

Development of Significant Income Statement Items

GROSS MARGIN NEGATIVELY IMPACTED BY PORTFOLIO ADJUSTMENT

In the first quarter of 2015, cost of sales amounted to €187.9 million (Q1 2014: €145.7 million). Despite the positive performance in the first quarter, the gross margin decreased slightly from 17.4% in the previous year to 17.0%. The gross margin in the first quarter was mainly negatively impacted by the adjustment of the product portfolio.

Material costs rose by 37.6% to €128.9 million (Q1 2014: €93.7 million) due to strong sales volumes. The material cost ratio increased from 53.1% to 56.9%, resulting from impairment losses and shifts in the product mix. Average material costs per watt decreased to 7.5 cents per watt (Q1 2014: 9.8 cents per watt) as a result of the shift in the product mix towards central inverters.

Personnel expenses fell from €34.3 million in the same quarter of the previous year to €32.6 million. The effects of the personnel adjustments in 2014 were partly offset by the opposite effects resulting from the collectively agreed salary increase and exchange rate effects.

Depreciation and amortization decreased by 9.0% to €16.1 million (Q1 2014: €17.7 million). In the first quarter of 2015, they included depreciation of development projects in the amount of €1.3 million.

The €10.3 million rise in other expenses (Q1 2014: €0.0 million) primarily resulted from higher recognition of provisions for warranty obligations based on sales in comparison to the same quarter of the previous year.

Selling expenses rose slightly year on year to €14.8 million in the first quarter of 2015 (Q1 2014: €14.0 million). This rise was due to the first full consolidation of SMA Sunbelt Energy GmbH (first consolidation in August 2014) and to foreign currency effects. Due to considerably increased sales in the reporting period, the cost of sales ratio was 6.5% (Q1 2014: 7.9%).

Development expertise is a major and unique selling proposition for SMA. In the first quarter of 2015, research and development expenses not including capitalized development projects decreased to €19.4 million (Q1 2014: €21.5 million). Total research and development expenses including capitalized development projects amounted to €32.2 million (Q1 2014: €27.1 million). Development projects were capitalized in the amount of €12.8 million in the reporting period (Q1 2014: €5.6 million). The significantly higher number of capitalizations was mainly due to the completion of the new Sunny Central with an output of 2.5 MW.

Administrative expenses in the first quarter of 2015 totaled €15.9 million (Q1 2014: €18.7 million). The substantial decrease in administrative expenses of 15.0% is mainly attributable to the staff reduction last year. In relation to the considerably higher sales, the ratio of administrative expenses declined to 7.0% as of the first quarter of 2015 (Q1 2014: 10.6%).

The balance of other operating income and expenses amounted to €6.3 million in the first quarter of 2015 (Q1 2014: €1.2 million). This includes effects from foreign currency valuation and expenses for assets measured at fair value through profit or loss.

Financial Position

SMA Generates Significant Positive Gross Cash Flow - Net Liquidity at Same Level as December 31, 2014

In the first quarter of 2015, SMA Group generated significant positive gross cash flow of €16.1 million. In the same quarter of the previous year, this figure was €-9.4 million.

Despite strong sales in the first quarter of 2015, trade receivables declined by €3.1 million to €156.5 million (December 31, 2014: €159.6 million). Trade payables amounted to €103.5 million (December 31, 2014: €111.8 million). Inventories remained virtually unchanged at €200.2 million (December 31, 2014: €203.2 million). As a result of strong sales volumes in the first quarter of 2015, inventories of finished goods decreased. This was countered by an increase in raw materials, consumables and supplies resulting from the positive number of orders at present.

Net working capital increased slightly by 2.2% to € 253.2 million (December 31, 2014: €251.0 million). The net working capital ratio in relation to sales over the past 12 months improved to 29.6% (December 31, 2014: 31.2%) and is heading towards the range of 23% to 26% targeted by management for the end of the year.

Net cash flow from operating activities in the first quarter of 2015 amounted to €11.3 million (Q1 2014: €15.4 million). The decline in net cash flow is primarily due to the reduction in trade payables.

Net cash flow from investing activities amounted to €-21.3 million in the reporting period (Q1 2014: €2.2 million). The volume of investment in fixed and intangible assets totaled €19.4 million and was thus €7.3 million higher than in the same period of the previous year. A significant portion of the investments went to capitalized development projects for the introduction of a new product family of central inverters.

Cash and cash equivalents amounting to €180.9 million (December 31, 2014: €184.0 million) include cash in hand, bank balances and short-term deposits with an original term to maturity of less than three months. With time deposits that have a term to maturity of more than three months, fixed-interest-bearing securities, liquid assets pledged as collateral, and after deducting interest-bearing financial liabilities, this resulted in adjusted net cash of €223.7 million (December 31, 2014: €225.4 million). SMA protected its high liquidity reserve in the first quarter of 2015 and is therefore able to implement the strategy using its own resources.

Net Assets

SMA Has a Solid Equity Ratio of 46.6%

As of March 31, 2015, the balance sheet increased slightly to €1,182.6 million (December 31, 2014: €1,180.3 million). As of March 31, 2015, net working capital increased slightly to €253.2 million (December 31, 2014: €251.0 million) and thus amounted to 29.6% of sales of the past 12 months.

Trade receivables amounted to €156.5 million at the end of the first quarter of 2015, 1.9% lower than on December 31, 2014 (December 31, 2014: €159.6 million). Days sales outstanding increased to 67.4, mainly due to the higher international share (December 31, 2014: 64.3). Inventory decreased by 1.5% to €200.2 million (December 31, 2014: €203.2 million). Trade payables declined by €8.3 million to €103.5 million (December 31, 2014: €111.8 million). The share of trade credit in total assets decreased to 8.8% (December 31, 2014: 9.5%).

As of March 31, 2015, the Group's equity capital base fell by €1.3 million to €550.7 million (December 31, 2014: €552.0 million). With an equity ratio of 46.6%, SMA has a comfortable equity capital base and therefore a considerably solid balance sheet structure.

Capital Expenditure

Capital Expenditure Still High in First Quarter

SMA will significantly reduce and adapt investment to changes in the market. For the 2015 fiscal year, SMA Group is planning investments in fixed assets and buildings of up to €20 million (2014: €29.5 million). Investments in intangible assets primarily relate to the capitalization of development projects and are expected to amount to between €20 million and €25 million (2014: €46 million).

In the first three months of the 2015 fiscal year, investments in fixed assets and intangible assets totaled €19.4 million (Q1 2014: €12.1 million). €6.1 million thereof was invested in fixed assets, primarily for machinery and equipment (Q1 2014: €5.3 million). The investments were mostly made in connection with the launch of new products. Investments in intangible assets of €13.3 million (Q1 2014: €6.8 million) were primarily for capitalized development projects. The higher share of capitalization in comparison to the previous year is mainly attributable to the new Sunny Central with an output of 2.5 MW.

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 results of operations, financial position or net assets.

Risk and Opportunities Report

Risk and Opportunities Management

The 2014 Annual Report details risk and opportunity management, individual risks with a potentially significant negative impact on our business, results of operations, financial position and net assets and information on the Company's reputation. Our key opportunities are also outlined. Using our Risk Management System, we assess the overall risk situation to be manageable. The statements made in the 2014 Annual Report generally continue to apply. In the first three months of the 2015 fiscal year, we did not identify any additional significant risks or opportunities besides 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: Global Economy Is Growing, Albeit Slowly

In its World Economic Outlook (WEO) from April 15, 2015, the International Monetary Fund (IMF) indicates a clear trend: It is anticipated that, over the coming months, prosperous national economies will grow at a stronger rate than previously expected. By contrast, the IMF expects emerging and developing countries to register weaker economic development than in the previous year. The main global driver of economic growth is the oil price, which, despite recovering slightly, still remains at a comparatively low level. However, low energy costs are not having such a palpable impact across the board. IMF experts anticipate that wealthy, oil-importing national economies will benefit from the falling prices to a greater extent than oil-importing emerging and developing countries.

On the whole, the WEO indicates that in 2015 the global economy will grow at a slightly faster pace than in the previous year (growth of 3.5% as opposed to 3.4% in 2014). Among the industrialized countries, particularly the U.S. (3.1%) and Great Britain (2.7%) are again expected to register the strongest growth.

The euro zone with its 19 member states is expected to continue to recover tangibly. In addition to cheap oil prices, it is also benefiting from extremely low interest rates, which are boosting investments and consumer spending, and from the low euro exchange rate, which is making European exports to overseas more cost-effective. At 1.5%, growth is expected to be somewhat stronger than in the previous year (0.9%). Next year, it is projected to be 1.6%. Spain in particular is expected to post strong growth of 2.5% (2014: 1.4%). The forecast for Germany has improved to 1.6% for the current year, which is 0.3 percentage points higher than in the IMF's January projection. However positive the short-term outlooks may be, the IMF anticipates that the euro zone will have to adapt to a weak level of economic growth in the long term. For the time being, the current forecast does not indicate any real prospect of further improvement.

After a disappointing 2014, the Japanese economy, which significantly adjusted its energy imports upward following the Fukushima disaster, is expected to return to slight growth (1.0%) – which is also thanks to the cheaper yen.

The considerably slower growth in newly industrialized countries also applies to China, which is expected to post growth of only 6.8% in 2015 (2014: 7.4%). Although China, as an importer of crude oil, is benefiting from the lower energy prices, it is at the same time battling with an overheated real estate market, rising labor costs in the industrial areas and debt-ridden municipalities and companies. Growth recently weakened more markedly than anticipated, and IMF experts estimate that investments will continue to decline in the coming months.

Future General Economic Conditions in the Photovoltaics Sector

Key Trends in the Energy Sector

According to a study conducted by experts at the International Energy Agency (IEA), the global importance of photovoltaics is expected to increase steadily over the next years. By 2050, solar energy could be the main source of electric current – far ahead of fossil fuels, wind energy and nuclear power. Photovoltaic systems and solar thermal power plants could be generating 27% of electricity worldwide by this point. This would result in a reduction in climate-damaging CO₂ emissions of 6 billion tons per year. According to the IEA's scenario, renewable energies will contribute a total of between 65% and 80% to the electricity supply by 2050.

In further publications such as the "World Energy Outlook," which is published annually, IEA experts anticipate this development to be driven by certain trends, which include regionalization of the electricity supply. More and more households, cities and companies want to become less dependent on energy imports and rising fuel costs. This will lead to a rise in demand for energy storage solutions in the residential, commercial and industrial sectors. In addition, energy will be 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 in a few years. Integration of electric vehicles may also help increase self-consumption of renewable energies and offset fluctuations in the utility grid.

Photovoltaic Market Transformation

The global photovoltaic market is still undergoing a process of long-term transformation. In upcoming photovoltaic markets with low installed PV power output, installation of solar power systems is often boosted by attractive feed-in tariffs or other subsidies. In these markets, simple installation of the PV system, the service life of the components used and maximum energy production are matters of priority when it comes to making investment decisions. In photovoltaic markets with greater installed PV power output, issues such as grid integration and photovoltaics with power plant functionality are becoming increasingly important. In these markets, a fundamental paradigm shift is taking place from an economic perspective as well. 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 energy supply systems to be reorganized into decentralized structures based on renewable energies. Current and future objectives include intelligently linking different technologies and 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. In a growing number of regions around the world, solar power is now cheaper than conventional energy. In the long term, this is paving the way for the sector to grow, even without subsidization. For 2015, the SMA Managing Board anticipates newly installed power of 45 GW globally. This equates to growth of 10% compared with 2014. According to SMA Managing Board estimates, the worldwide volume of investment for new product business will increase by only approximately 4% to €4.2 billion (2014: €4.1 billion) as a result of continued high pricing pressure in all market segments.

Further Decline in Germany

Germany saw a strong decline in demand for PV systems again in 2014, particularly in the second half of the year. This was caused by a reduction in the feed-in tariff for solar power. The SMA Managing Board expects PV systems with an output of only about 1.4 GW to 1.6 GW (2014: around 1.9 GW) to be connected to the grid in Germany in 2015, which would equate to a decrease of roughly 15% to 25%. Germany is therefore registering the same level of growth as in 2008 (1.5 GW) and accounts for only around 3% of global photovoltaics growth. Hence, new installations would fall significantly below the German Federal Government's expansion target of a minimum of 2.5 GW per year.

Solid Growth in Europe, the Middle East and Africa

According to estimates by the SMA Managing Board, in 2015, demand for PV systems will pick up in the other European countries, the Middle East and Africa (EMEA). Positive growth stimuli are emanating from Great Britain and France in particular, which have already adopted attractive incentive programs. The upcoming markets of South Africa, Turkey, Eastern Europe and the Middle East are likewise showing promising growth. Overall, the SMA Managing Board anticipates newly installed PV power of approximately 10 GW in the EMEA region (including Germany). This equates to growth of over 15% compared with 2014. The Managing Board also expects the volume of investment to grow in the region, increasing by 16% to approximately €1.0 billion. EMEA thus accounts for around 25% of the global market, measured in euros.

Positive Development in The Americas and Asia

The SMA Managing Board still foresees strong growth stimuli from the markets in North and South America as well as Asia. The installation of photovoltaics in North and South America will be driven primarily by large-scale solar projects. Particularly in North America, demand for smaller and medium-sized PV systems is also likely to continue registering extremely positive development as a result of tax incentive programs. The most important markets in Asia include China and Japan. The Chinese government has outlined in more detail the implementation guidelines for installation of medium-sized PV power plants and a still very attractive feed-in tariff policy is providing growth momentum in Japan. The SMA Managing Board also expects to see a rise in demand in India and Thailand. According to an estimate by the SMA Managing Board, the markets in North and South America as well as Asia are expected to account for a total of over 70% of global PV demand in 2015. Estimates by the SMA Managing Board place the volume of investment in these regions at around €3 billion, of which around €2 billion is attributable to the U.S. and Japan alone.

Attractive Business Opportunities for PV-Diesel Hybrid Systems

In many countries in South America, the Middle East, Asia-Pacific and Africa, there are worthwhile business opportunities for PV-diesel hybrid systems. In these regions, energy needs are growing in line with increasing prosperity. Scalable electricity supply solutions are in demand, especially in areas without a grid connection. Intelligent system technology allows photovoltaics to be integrated well into already existing diesel-powered grids. However, business with PV-diesel hybrid systems is developing slower than originally anticipated because of technical complexity, limited financing options and the sharp decline of the oil price since mid-2014. However, the medium-term prospects are markedly good and continue to improve due to the high level of dependence on fuel imports in the target regions. The SMA Managing Board therefore specifically expects to see an increase in market demand for complete solutions for PV-diesel hybrid systems from 2015 onward.

Growing Market for Energy Management

As a manufacturer of innovative system technologies that temporarily store solar power and provide energy management for private households and commercial enterprises, SMA also envisages worthwhile business opportunities in this operating area. Demand for solutions to increase self-consumption of solar power is likely to rise in the European markets and Japan in particular. This is mainly attributable to rising prices for conventional domestic power and the desire of many private households and companies to drive forward the energy transition by making their contribution to a sustainable and decentralized energy supply.

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

The following statements on the future development of SMA Group are based on the estimates drawn up by the SMA Managing Board and the expectations concerning the progression of global photovoltaic markets set out above. Since the beginning of 2015, SMA Group has operated under its new functional organization. In this new organization, the Residential, Commercial, Utility and Service business units take overall responsibility and manage Development, Sales and Operations. Railway Technology and Zerversolar as well as Off-grid and Storage business are combined under Other Business.

SMA's sales and earnings situation depends on market share, price dynamics and global market growth. For the current fiscal year, the Managing Board expects to post a decline in sales and an operating loss. In light of the strong fluctuations in demand in the solar industry, the Managing Board's objective is to lower the break-even point for SMA Group to below €700 million. The measures for the transformation of the Group were presented to its employees, investors, banks and the press in January 2015.

Declining Sales Due to High Pricing Pressure

The sales forecast for the current fiscal year of between €730 million and €770 million was first published on January 30, 2015. At the upper end of the sales forecast of €770 million, the SMA Managing Board anticipates a moderate decrease in prices and marginal growth in volume. In this scenario, the fall in demand expected in Germany will be offset by foreign markets, in particular the U.S. and Japan. At the lower end of the sales forecast of €730 million, the Managing Board foresees a marginal decline in volume as well as an accelerated decrease in prices. In this scenario, SMA will have to cope with the drop in demand in Germany while dealing with the risk of market share losses through additional price concessions. The SMA Managing Board anticipates that more than 80% of sales will be attributable to international business.

In the world's sunny regions, we will take even greater advantage of the opportunities that present themselves in the field of PV-diesel hybrid applications. In these regions, in terms of investment costs, diesel generators are the cheaper method of supplying electricity to off-grid areas or supplementing unstable grids. With intelligent system technology from SMA, photovoltaics can be integrated simply into such diesel-powered grids. The integrated solution, comprising inverters, Fuel Save Controller and an optional storage system, not only saves on expensive fuel but also lowers the operating and maintenance costs of the electric utility company over the long term. In 2014, SMA founded SMA Sunbelt Energy GmbH to optimize its operations in this market. In the sales planning for 2015, business from PV-diesel hybrid applications was not taken into account in either scenario due to the long business initiation periods. The costs for SMA Sunbelt Energy GmbH are included in the earnings forecast.

Return to Profitability by Reducing Fixed Costs

SMA significantly raised its break-even point during the years it experienced significant growth by hiring employees and creating an international infrastructure. The measures taken to reduce fixed costs over the past few years are not sufficient to lead SMA to profitability from a sales level of less than €700 million. The Managing Board therefore resolved back in 2014 to further reduce personnel and material costs worldwide. On January 30, 2015, the SMA Managing Board presented the plans for the transformation of the Group. These plans call for SMA to focus on strategically important development projects, adjust its real net output ratio, consolidate its global infrastructure and systematically leverage the synergies from its partnership with Danfoss. SMA will also reduce the number of service providers used. Unfortunately, a staff reduction of 1,600 full-time positions worldwide, primarily at its headquarters in Niestetal/Kassel, is unavoidable. The SMA Managing Board is planning to save fixed costs totaling more than €160 million. The adjustment of Zerversolar's marketing strategy, process optimization and lowering production costs thanks to more cost-effective components and new technologies are bringing about additional cost reductions. All measures have been defined by specific tasks and have been explained in detail to the Works Council. More than 90% of the planned staff reduction was implemented in a socially responsible manner in the first quarter of 2015. Additional steps are due to be implemented in the second quarter and these will be closely monitored by a project management office.

Given that the savings from the transformation project will take effect mid-2015 at the earliest, the SMA Managing Board expects to post an operating loss (negative EBIT) of €-30 million to €-60 million in the current fiscal year. Depreciation and amortization are expected to amount to approximately €70 million. This means that positive operating earnings before interest, taxes, depreciation and amortization (EBITDA) are possible as early as 2015. The SMA Managing Board expects to return to positive operating earnings (EBIT) in 2016. The successful, on-schedule implementation of measures and planned sales progression are key drivers in boosting earnings.

Development in the Segments

According to Managing Board estimates, the Residential business unit will generate sales of €230 million to €240 million, accounting for approximately 30% of SMA Group consolidated sales (2014: €252.3 million; 31.3% of Group sales). In particular, the portfolio comprises single-phase string inverters with the brand name Sunny Boy; three-phase inverters in the lower output range up to 12 kW with the brand name Sunny Tripower; energy management solutions, storage systems such as the Sunny Boy Smart Energy and Flexible Storage systems based on the Sunny Island; and communication products and accessories. With an output of 3 kW to 5 kW, the Sunny Boy inverters account for a large share of the Residential business unit's sales. Europe, North America, Australia and Japan will remain the most important sales regions. Based on declining sales, the Residential business unit is expected to post a negative operating result.

The Commercial business unit comprises, for example, three-phase inverters with an output of more than 12 kW as well as communication products and other accessories. For the Commercial business unit, the SMA Managing Board forecasts sales of between €200 million and €210 million in 2015, likewise accounting for approximately 30% of Group sales (2014: €170.8 million; 21.2% of Group sales). The Sunny Tripower inverters with an output of more than 25 kW are expected to be a major sales driver. The primary sales markets include the U.S., Japan, Europe, Australia and India. The Commercial business unit is expected to post a negative operating result due to high pricing pressure.

With anticipated sales of between €230 million and €240 million, the Utility business unit is likewise expected to account for approximately 30% of Group sales (2014: €281.9 million; 35% of Group sales). In addition to central inverters from the Sunny Central brand, this business unit also comprises medium-voltage technology and accessories. Sales in 2015 will be determined largely by the Sunny Central CP product family. With an output of up to 2.5 MW, the new Sunny Central product family will only gain importance starting in the third quarter of 2015. North America is by far the most important sales market, followed by Great Britain, Japan, India and Chile. Through cost-optimized products, the Utility business unit is expected to post a positive operating result.

In 2015, our service business will continue to benefit from the high number of commissioned projects in the Utility and Commercial business units. We also expect to conclude further long-term service and maintenance contracts. Following the business success in this segment in 2014, SMA is working to acquire additional contracts for complete systems in Europe and North America. This will offset the decline in sales due to the completion of 50.2 Hz modifications in Germany. Overall, the SMA Managing Board expects its service business to achieve sales of more than €40 million in 2015. The Service business unit is working to achieve a positive operating result.

For Other Business comprising Railway Technology and Zegersolar as well as Off-grid and Storage business, the SMA Managing Board expects sales to drop to between €30 million and €40 million. These business areas are expected to generate a loss.

Decrease in Net Working Capital

Last year, the SMA Managing Board introduced extensive measures with the aim of reducing throughput speeds and eliminating interim storage by means of a systematic "pull principle" in production. The outsourcing of added-value steps and vendor-managed inventory concepts are further reducing the inventory. In the current fiscal year, the Managing Board expects net working capital to decrease to between 23% and 26% of sales (March 2015: 29.6%).

Reduced Capital Expenditure

Investments in fixed assets and buildings are expected to fall considerably to between €15 million and €20 million in fiscal year 2015 (2014: €29.5 million). Major investments in fixed assets include test equipment for new inverter generations. In addition, investments in buildings are necessary to consolidate the global locations more effectively. However, there are currently no plans to sell any land or buildings. Investments in intangible assets primarily relate to the capitalization of development projects and are expected to amount to between €20 million and €25 million (2014: €46.0 million).

Laying the Foundations for the Turnaround

SMA will not change its strategy and, as a specialist, will continue to offer complete PV system technology solutions for all appealing photovoltaic markets, all module types and all power classes. In 2014, SMA once again proved its position as a technology leader with 21 innovations. With our innovations, we have shown that higher switching frequencies, higher voltages and other topologies have the potential to significantly reduce specific production costs. For example, in Australia, Great Britain and Benelux, we are successfully serving the low-price segment with technologically simple products from our secondary brand Zegersolar. In addition to product business, SMA is expanding its service operations. In a matter of months, customers in Europe and North America assigned management and maintenance of their PV power plants with an output of more than 1 GW over to us. We are systematically tapping into the promising business of PV-diesel hybrid applications and off-grid applications with specialized teams. Thanks to continuous process improvement, our global purchasing and logistics structures and the systematic leveraging of synergies with Danfoss, we have laid the foundations to increase our competitiveness. However, the various measures aimed at generating sales and reducing costs are not sufficient to lead SMA to profitability, especially from a sales level of below €700 million. The Managing Board has therefore developed extensive measures to reduce fixed costs by more than €160 million within a short period of time. Unfortunately, the staff reduction that this requires is inevitable and has already largely been implemented during the first quarter of 2015. By adjusting the structure of our organization and processes, SMA will find its way back to small and medium-sized enterprise structures and sustainable profitability. This journey will be difficult for SMA, but the Group is characterized not least by an extraordinary corporate culture and motivated employees, who all make a decisive contribution to the Company's long-term success – even in challenging times.

Niestetal, May 5, 2015

SMA Solar Technology AG
The Managing Board

Interim Consolidated Financial Statements

January to March 2015

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Income Statement SMA Group

| in €'000 | Note | Jan. - March (Q1) 2015 | Jan. - March (Q1) 2014 |
|---|------|---------------------------|---------------------------|
| Sales | 4 | 226,265 | 176,348 |
| Cost of sales | 5 | 187,918 | 145,710 |
| Gross profit | | 38,347 | 30,638 |
| Selling expenses | 6 | 14,761 | 14,037 |
| Research and development expenses | 7 | 19,350 | 21,487 |
| General administrative expenses | 8 | 15,878 | 18,660 |
| Other operating income | 9 | 18,630 | 6,088 |
| Other operating expenses | 9 | 12,383 | 4,977 |
| Operating profit (EBIT) | | -5,395 | -22,435 |
| Financial income | | 478 | 873 |
| Financial expenses | | 970 | 1,463 |
| Financial result | 11 | -492 | -590 |
| Profit before income taxes | | -5,887 | -23,025 |
| Income taxes | | 2,055 | -6,304 |
| Consolidated net result | | -7,942 | -16,721 |
| of which attributable to non-controlling interests | | -19 | -46 |
| of which attributable to shareholders of SMA AG | | -7,923 | -16,675 |
| Earnings per share, basic (in €) | 12 | -0.23 | -0.48 |
| Earnings per share, diluted (in €) | 12 | -0.23 | -0.48 |
| Number of ordinary shares (in thousands) | | 34,700 | 34,700 |

Statement of Comprehensive Income SMA Group

| in €'000 | Jan. – March (Q1) 2015 | Jan. – March (Q1) 2014 |
|--|---------------------------|---------------------------|
| Consolidated net result | -7,942 | -16,721 |
| Changes in fair values of available-for-sale assets | 0 | -8 |
| Income taxes | 0 | 3 |
| Changes recognized outside profit or loss¹ (available-for-sale financial assets) | 0 | -5 |
| Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries | 6,601 | 2,558 |
| Changes recognized outside profit or loss¹ (currency translation differences) | 6,601 | 2,558 |
| Other comprehensive income | 6,601 | 2,553 |
| Overall comprehensive result | -1,341 | -14,168 |
| of which attributable to non-controlling interests | -19 | -50 |
| of which attributable to shareholders of SMA AG | -1,322 | -14,118 |

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

Balance Sheet SMA Group

| in €'000 | Note | 03/31/2015 | 12/31/2014 |
|---|------|------------------|------------------|
| Non-current assets | | | |
| Goodwill | 13 | 798 | 798 |
| Other intangible assets | 13 | 96,241 | 89,016 |
| Fixed assets | 14 | 320,339 | 323,332 |
| Other financial investments | | 5 | 5 |
| Other financial assets | 16 | 3,042 | 2,622 |
| Deferred taxes | | 81,785 | 72,497 |
| | | 502,210 | 488,270 |
| Current assets | | | |
| Inventories | 15 | 200,172 | 203,168 |
| Trade receivables | | 156,501 | 159,617 |
| Other financial assets | 16 | 113,273 | 108,393 |
| Claims for income tax refunds | | 5,096 | 12,576 |
| Other receivables | | 24,507 | 24,256 |
| Cash and cash equivalents | 26 | 180,864 | 183,988 |
| | | 680,413 | 691,998 |
| Total assets | | 1,182,623 | 1,180,268 |
| Shareholders' equity | | | |
| Share capital | | 34,700 | 34,700 |
| Capital reserves | | 119,200 | 119,200 |
| Retained earnings | | 396,753 | 398,075 |
| SMA Solar Technology AG shareholders' equity | | 550,653 | 551,975 |
| Equity attributable to non-controlling interests | | -32 | -13 |
| | 17 | 550,621 | 551,962 |
| Non-current liabilities | | | |
| Provisions | 18 | 91,818 | 87,119 |
| Financial liabilities | 19 | 43,818 | 42,840 |
| Other financial liabilities | 20 | 3,123 | 2,996 |
| Other liabilities | 21 | 132,762 | 126,929 |
| Deferred taxes | | 27,552 | 24,343 |
| | | 299,073 | 284,227 |
| Current liabilities | | | |
| Provisions | 18 | 127,623 | 126,059 |
| Financial liabilities | 19 | 32,156 | 26,515 |
| Trade payables | | 103,516 | 111,773 |
| Other financial liabilities | 20 | 8,466 | 10,869 |
| Income tax liabilities | | 9,805 | 14,583 |
| Other liabilities | 21 | 51,363 | 54,280 |
| | | 332,929 | 344,079 |
| Total equity and liabilities | | 1,182,623 | 1,180,268 |

Statement of Cash Flows SMA Group

| in TEUR | Note | Jan. - March (Q1) 2015 | Jan. - March (Q1) 2014 |
|---|------|---------------------------|---------------------------|
| Consolidated net result | | - 7,942 | - 16,721 |
| Income taxes | | 2,055 | - 6,304 |
| Financial result | | 492 | 590 |
| Depreciation and amortization | | 18,768 | 19,900 |
| Change in provisions | | 6,263 | - 16,027 |
| Losses from the disposal of assets | | 92 | 1,237 |
| Other non-cash expenses/revenue | | 2,761 | 1,694 |
| Interest received | | 58 | 505 |
| Interest paid | | - 970 | - 1,105 |
| Income tax paid | | - 5,431 | 6,866 |
| Gross cash flow | | 16,146 | - 9,365 |
| Change in inventories | | 102 | - 8,843 |
| Change in trade receivables | | 3,668 | 9,724 |
| Change in trade payables | | - 8,257 | 11,082 |
| Change in other net assets/other non-cash transactions | | - 406 | 12,798 |
| Net cash flow from operating activities | 23 | 11,253 | 15,396 |
| Payments for investments in fixed assets | | - 6,060 | - 5,289 |
| Proceeds from the disposal of fixed assets | | 19 | 101 |
| Payments for investments in intangible assets | | - 13,323 | - 6,770 |
| Proceeds from the disposal of securities and other financial assets | | 27,820 | 84,155 |
| Payments for the acquisition of securities and other financial assets | | - 29,731 | - 70,000 |
| Net cash flow from investing activities | 24 | - 21,275 | 2,197 |
| Changes in non-controlling interests | | - 19 | 0 |
| Proceeds of financial liabilities | | 4,794 | 415 |
| Redemption of financial liabilities | | - 736 | - 8,434 |
| Net cash flow from financing activities | 25 | 4,039 | - 8,019 |
| Net increase/decrease in cash and cash equivalents | | - 5,983 | 9,574 |
| Net increase due to exchange rate effects | | 2,859 | 3,229 |
| Cash and cash equivalents as of January 1 | | 183,988 | 192,366 |
| Cash and cash equivalents as of March 31 | 26 | 180,864 | 205,169 |

Statement of Changes in Equity SMA Group

| in TEUR | Share capital | Capital reserves |
|---|------------------|---------------------|
| 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 |
| | | |
| Shareholders' equity as of January 1, 2015 | 34,700 | 119,200 |
| Consolidated net result | 0 | 0 |
| Other comprehensive income after tax | 0 | 0 |
| Overall result | | |
| Shareholders' equity as of March 31, 2015 | 34,700 | 119,200 |

| Equity attributable to the shareholders of the parent company | | | | | | | Equity attributable to non-controlling interests | Consolidated shareholders' equity |
|---|--------------------------------------|-------------------------|---------|-----|---------|--|--|-----------------------------------|
| Market valuation of securities | Difference from currency translation | Other retained earnings | Total | | | | | |
| -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 | | | |
| -61 | -117 | 556,423 | 710,145 | 113 | 710,258 | | | |
| 0 | 2,658 | 395,417 | 551,975 | -13 | 551,962 | | | |
| 0 | 0 | -7,923 | -7,923 | -19 | -7,942 | | | |
| 0 | 6,601 | 0 | 6,601 | 0 | 6,601 | | | |
| 0 | 0 | 0 | 0 | 0 | -1,341 | | | |
| 0 | 9,259 | 387,494 | 550,653 | -32 | 550,621 | | | |

Condensed Notes as of March 31, 2015

Basic Information

1. Basics

The Condensed Interim Consolidated Financial Statements for SMA Solar Technology AG as of March 31, 2015, were prepared – as were the Consolidated Financial Statements as of December 31, 2014 – 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 2015, 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 with the Consolidated Financial Statements as of December 31, 2014, 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, 2014.

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 acquisition cost principle. Exceptions to this are provisions, deferred taxes, leases and derivative financial instruments.

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, 2015, 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.

The SMA Group develops, manufactures and distributes PV inverters, transformers, chokes, monitoring and energy management systems for PV systems and power-electronic components for railway technology.

See also Section 4
page 42 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, 2014, was expanded compared with December 31, 2013, to include the newly founded companies SMA Sunbelt Energy GmbH (Niestetal, Germany) and SMA Railway Technology (Guangzhou) Co., Ltd. (Guangzhou, China). Shanghai ZOF New Energy Co., Ltd., (Shanghai, China) was liquidated on February 25, 2014, and therefore left the scope of consolidation. The Group's shares in Jiangsu Zeversolar New Energy Co., Ltd., increased to 99.25% (December 31, 2013: 98.81%) through the conversion of a loan into equity. There were no other changes in shareholdings year on year.

All companies within the scope of consolidation were fully consolidated. Those companies entitled to investments in the list of shareholdings are not consolidated due to their subordinate importance. Non-controlling interests in equity of the consolidated companies is shown separately in equity.

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, 2014.

The scope of consolidation as of March 31, 2015, did not change in comparison with December 31, 2014.

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, 2015, in comparison with the Consolidated Financial Statements of SMA Solar Technology AG as of December 31, 2014.

In comparison with December 31, 2014, the following new accounting standards mandatory from fiscal year 2015 were to be observed in the preparation of the Interim Consolidated Financial Statements.

| Standard/interpretation | | Date of compulsory application ¹ | Endorsement (until March. 30, 2015) ² |
|-------------------------|----------------------------------|---|--|
| New | IRFIC 21 — Levies | 06/17/2014 | yes |
| | Annual | | |
| New | Improvements — Cycle 2011 - 2013 | 01/01/2015 | 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.

The first-time use of new IFRS to be applied has no essential effects on the representation of the Interim Consolidated Financial Statements of SMA Group.

The Group has not yet applied the new standards, interpretations or changes to the standards published that were not yet mandatory in 2015. The standards that are to be applied in the future can be found in the 2014 Annual Report, Chapter 3, Newly Published Accounting Regulations from the IASB.

4. Segment Reporting

At the beginning of fiscal year 2015, SMA Group reorganized its photovoltaics operations and adjusted the Group structure accordingly. Since January 1, 2015, SMA Group has operated under its new functional organization. In this organization, the Residential, Commercial, Utility and Service business units take overall responsibility and manage Development, Sales and Operations. They are presented as separate segments. The Railway Technology and Zevsolar subsidiaries and off-grid business are combined under "Other Business." The former segments have been absorbed into the new segment structure as follows. The former Medium Power Solutions (MPS) segment was split between the new Residential and Commercial business units. Inverters with an output range of up to 12 kW are assigned to the Residential business unit. The Commercial business unit is responsible for output ranges above 12 kW and for medium-voltage technology from the old Power Plant Solutions (PPS) segment. The new Utility business unit primarily comprises the old PPS segment. The Service segment continues to offer services in Germany and abroad, including, in particular, the assumption of warranty and maintenance services and operational management.

In association with this, the management of the Group and internal reporting have also changed.

In accordance with the regulations of IFRS 8 "Operating Segments," this organizational repositioning led to a change in the segment reporting for all comparative periods. The number of reportable segments is unchanged. On the basis of the information reported to the Group's chief operating decision maker for resource allocation and business performance, the above business units, the Service segment and the composite segment "Other Business" are identified as reportable segments under IFRS 8.

The business units report directly to the Managing Board. In accordance with market requirements, SMA regularly reviews its organizational structure in order to make it as efficient as possible.

Sales in the Business Units Residential, Commercial und Utility are subject to fluctuations, because of discontinuous incentive programs.

The segment information in accordance with IFRS 8 for the first quarter of 2015 and 2014 is as follows:

FINANCIAL RATIOS BY SEGMENTS AND REGIONS

| Segments in € million | Residential | | Commercial | | Utility | |
|-------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|
| | Q1 2015 | Q1 2014 | Q1 2015 | Q1 2014 | Q1 2015 | Q1 2014 |
| External sales | 48.2 | 60.0 | 39.2 | 39.2 | 113.6 | 52.7 |
| Internal sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total sales | 48.2 | 60.0 | 39.2 | 39.2 | 113.6 | 52.7 |
| Depreciation and amortization | 2.2 | 2.0 | 3.1 | 3.1 | 0.2 | 0.2 |
| Operating profit (EBIT) | -6.7 | -9.7 | -11.6 | -8.6 | 12.4 | -0.9 |
| Sales by regions | | | | | | |
| EMEA | 18.2 | 30.7 | 23.8 | 28.6 | 45.6 | 22.1 |
| Americas | 24.3 | 15.8 | 5.9 | 4.9 | 47.9 | 24.2 |
| APAC | 7.5 | 13.8 | 10.1 | 6.4 | 20.5 | 6.8 |
| Sales deductions | -1.8 | -0.3 | -0.6 | -0.7 | -0.4 | -0.4 |
| External sales | 48.2 | 60.0 | 39.2 | 39.2 | 113.6 | 52.7 |

FINANCIAL RATIOS BY SEGMENTS AND REGIONS

| Segments in € million | Service | | Other Business | | Reconciliation | | Continuing operations | |
|-------------------------------|-------------|------------|----------------|-------------|----------------|------------|-----------------------|--------------|
| | Q1 2015 | Q1 2014 | Q1 2015 | Q1 2014 | Q1 2015 | Q1 2014 | Q1 2015 | Q1 2014 |
| External sales | 11.0 | 8.3 | 14.3 | 16.1 | 0.0 | 0.0 | 226.3 | 176.3 |
| Internal sales | 16.4 | 22.1 | 0.0 | 0.0 | -16.4 | -22.1 | 0.0 | 0.0 |
| Total sales | 27.4 | 30.4 | 14.3 | 16.1 | -16.4 | -22.1 | 226.3 | 176.3 |
| Depreciation and amortization | 0.4 | 0.3 | 1.0 | 0.7 | 11.9 | 13.6 | 18.8 | 19.9 |
| Operating profit (EBIT) | 1.5 | 0.0 | -5.9 | -5.9 | 4.9 | 2.7 | -5.4 | -22.4 |
| Sales by regions | | | | | | | | |
| EMEA | 7.8 | 5.8 | 7.3 | 11.7 | 0.0 | 0.0 | 102.7 | 98.9 |
| Americas | 2.1 | 0.8 | 3.1 | 2.1 | 0.0 | 0.0 | 83.3 | 47.8 |
| APAC | 1.2 | 1.7 | 4.9 | 3.4 | 0.0 | 0.0 | 44.2 | 32.1 |
| Sales deductions | -0.1 | 0.0 | -1.0 | -1.1 | 0.0 | 0.0 | -3.9 | -2.5 |
| External sales | 11.0 | 8.3 | 14.3 | 16.1 | 0.0 | 0.0 | 226.3 | 176.3 |

Germany accounted for EUR 27.7 million in sales to third parties in the reporting period (Q1 2014: EUR 51.7 million).

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

| in € million | Q1 2015 | Q1 2014 |
|-------------------------------|---------|---------|
| Total segment earnings (EBIT) | - 10.3 | - 25.1 |
| Eliminations | 4.9 | 2.7 |
| Consolidated EBIT | - 5.4 | - 22.4 |
| Financial result | - 0.5 | - 0.6 |
| Earnings before income taxes | - 5.9 | - 23.0 |

Circumstances are shown in the 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 own buildings are included, the expenses of which are assigned to the segments. Business relations between the segments are eliminated in the reconciliation. Currency hedging is controlled centrally for the Group and is therefore not contained in the individual segments, but rather in the eliminations.

Segment assets as of March 31, 2015, did not change significantly in comparison with the reporting date of the last Annual Consolidated Financial Statements (December 31, 2014).

Condensed Notes to the Income Statement SMA Group

5. Cost of Sales

| in €'000 | Q1 2015 | Q1 2014 |
|-------------------------------|----------------|----------------|
| Material expenses | 128,893 | 93,673 |
| Personnel expenses | 32,589 | 34,320 |
| Depreciation and amortization | 16,137 | 17,709 |
| Other | 10,299 | 8 |
| | 187,918 | 145,710 |

Cost of sales includes, 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 expenses rose by 37.6% to €128.9 million (Q1 2014: €93.7 million) due to strong sales volumes. Average material costs per watt decreased to 7.5 cents per watt (Q1 2014: 9.8 cents per watt) as a result of the shift in the product mix towards central inverters.

Personnel expenses fell by 5% from €34.2 million in the same quarter of the previous year to €32.6 million. The effects of the personnel adjustments in 2014 were partially offset by the contrary effects of the collectively agreed upon wage increase and exchange rate effects.

Depreciation and amortization decreased by 9% to €16.1 million (Q1 2014: €17.7 million). In the first quarter of 2015, this included impairment on development projects of €1.3 million (Q1 2014: €0.0 million).

The €10.3 million rise in other expenses primarily resulted from the addition of sales-based provisions for warranty obligations in comparison with the same quarter of the previous year.

6. Selling Expenses

| in €'000 | Q1 2015 | Q1 2014 |
|-------------------------------|---------------|---------------|
| Material expenses | 218 | 196 |
| Personnel expenses | 9,484 | 8,442 |
| Depreciation and amortization | 134 | 242 |
| Other | 4,925 | 5,157 |
| | 14,761 | 14,037 |

Selling expenses include expenditure for global sales activities, internal sales and the marketing department. Selling expenses rose compared with the first quarter of 2014 and amounted to €14.8 million (Q1 2014: €14.0 million). This resulted primarily from the increase in personnel costs from €8.4 million to €9.5 million due to foreign currency effects and the first full consolidation of SMA Sunbelt Energy GmbH (first time consolidation in August 2014).

7. Research and Development Expenses

| in €'000 | Q1 2015 | Q1 2014 |
|----------------------------------|---------------|---------------|
| Material expenses | 2,936 | 1,336 |
| Personnel expenses | 16,711 | 16,732 |
| Depreciation and amortization | 2,101 | 1,614 |
| Other | 10,407 | 7,404 |
| | 32,155 | 27,086 |
| Capitalized development projects | - 12,805 | 5,599 |
| | 19,350 | 21,487 |

Research and development expenses include all costs that can be attributed to the areas of product development, development-related testing and product management.

Personnel costs remained constant compared with the same quarter of the previous year. The main reason for the substantial increase in material expenses and capitalized development projects is the completion of the new Sunny Central with an output of 2.5 MW. The other increased development expenses in the first quarter resulted from higher costs for employment of external service providers.

8. General Administrative Expenses

| in €'000 | Q1 2015 | Q1 2014 |
|-------------------------------|---------------|---------------|
| Material expenses | 66 | 368 |
| Personnel expenses | 8,577 | 11,361 |
| Depreciation and amortization | 386 | 335 |
| Other | 6,849 | 6,596 |
| | 15,878 | 18,660 |

Administrative expenses include expenses for the Managing Board and for Finance, Legal and Compliance, Human Resources, Quality Management and Corporate Communications. The sharp decline in personnel costs is largely the result of the personnel adjustment made last year.

9. Other Operating Income/Other Operating Expenses

Other operating income specifically includes income from foreign currency valuation as well as non-operative income, such as from assets measured at fair value through profit or loss, and reversal of revisions.

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

10. Employee and Temporary Employee Benefits

| in €'000 | Q1 2015 | Q1 2014 |
|---|---------------|---------------|
| Wages and salaries | 57,909 | 55,940 |
| Expenses for temporary employees | 2,828 | 4,565 |
| Social security contribution and welfare payments | 9,155 | 9,938 |
| | 69,892 | 70,443 |

The average number of employees in the Group amounted to:

| | Q1 2015 | Q1 2014 |
|--------------------------|--------------|--------------|
| Research and Development | 1,054 | 1,023 |
| Production and Service | 2,625 | 2,684 |
| Sales and Administration | 883 | 1,084 |
| | 4,562 | 4,791 |
| Apprentices and interns | 206 | 247 |
| Temporary employees | 354 | 657 |
| | 5,122 | 5,695 |

11. Financial Result

| in €'000 | Q1 2015 | Q1 2014 |
|---|-------------|--------------|
| Interest income | 396 | 749 |
| Other financial income | 82 | 124 |
| Financial income | 478 | 873 |
| Interest expenses | 970 | 952 |
| Other financial expenses | 0 | 454 |
| Interest portion from valuation of provisions | 0 | 57 |
| Financial expenses | 970 | 1,463 |
| Financial result | -492 | -590 |

Financial income fell compared with the first quarter of 2014, largely due to lower non-current financial assets. The decreased financial expenses reflect current price performance in the financial markets.

12. Earnings per Share

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

Consolidated earnings attributable to shareholders are the consolidated net profit after tax, excluding the portion attributable to non-controlling interests. Since there were 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 €-0.23 per share for the period from January 1 to March 31, 2015, on the basis of 34.7 million shares. For the period from January 1 to March 31, 2014, the calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 yielded earnings of €-0.48 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 | 03/31/2015 | 12/31/2014 |
|-------------------------------|---------------|---------------|
| Goodwill | 798 | 798 |
| Software | 11,651 | 12,729 |
| Licenses | 6,057 | 6,043 |
| Development projects | 21,421 | 24,892 |
| Intangible assets in progress | 57,112 | 45,352 |
| | 97,039 | 89,814 |

The goodwill results from dtw Sp. z o.o. and the asset deals with Danfoss Power Electronics A/S and Phoenix Solar AG.

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

14. Fixed Assets

| in €'000 | 03/31/2015 | 12/31/2014 |
|--|----------------|----------------|
| Land and buildings incl. buildings on third-party property | 215,912 | 218,063 |
| Technical equipment and machinery | 42,879 | 43,399 |
| Other equipment, plant and office equipment | 53,804 | 56,993 |
| Prepayments | 7,744 | 4,877 |
| | 320,339 | 323,332 |

The additions to prepayments for the period from January 1 to March 31, 2015, include investments for the extension or conversion of buildings in the amount of €1.4 million.

15. Inventories

| in €'000 | 03/31/2015 | 12/31/2014 |
|---|----------------|----------------|
| Raw materials, consumables and supplies | 105,475 | 100,301 |
| Unfinished goods, work in progress | 24,113 | 25,102 |
| Finished goods and goods for resale | 70,352 | 77,453 |
| Prepayments | 232 | 312 |
| | 200,172 | 203,168 |

Inventories are measured at the lower value of acquisition or production costs and net realizable value. In total, the balance of impairment accounts amounted to €58.2 million on March 31, 2015 (December 31, 2014: €58.2 million). The addition to impairment on inventories, included under expenses as cost of sales, amounted to €3.0 million (Q1 2014: €2.0 million).

16. Other Financial Assets

As of March 31, 2015, other current financial assets include, in particular, financial assets, time deposits with a term to maturity of over three months and accrued interest totaling €84.4 million (December 31, 2014: €82.5 million). The other non-current financial assets primarily include a rent deposit for buildings in the U.S. amounting to USD 2.5 million (December 31, 2014: 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 on the balance sheet date and break down as follows:

| in €'000 | 03/31/2015 | 12/31/2014 |
|------------|----------------|----------------|
| Warranties | 141,948 | 139,817 |
| Personnel | 54,018 | 53,848 |
| Other | 23,475 | 19,513 |
| | 219,441 | 213,178 |

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 that are expected to be used in the following year.

Personnel provisions mainly include obligations for planned restructuring measures. The provision for the layoffs is expected to affect cash in 2015 and was thus not discounted. Also included are obligations for long-service anniversaries, death benefits and partial retirement benefits.

Other provisions include restoration obligations, purchase commitments and obligations for service-related benefits.

SMA expects that these provisions will, in general, affect cash within the next 12 months to 20 years (long-term service contracts).

19. Financial Liabilities

| in €'000 | 03/31/2015 | 12/31/2014 |
|---|---------------|---------------|
| Liabilities towards credit institutions | 66,652 | 62,592 |
| Derivative financial liabilities | 9,322 | 6,763 |
| | 75,974 | 69,355 |

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. In addition, liabilities to credit institutions were incurred for financing of SMA Immo properties and a PV system for SMA AG. They have an average time to maturity of 10 years.

The increase in loan liabilities results from Zegersolar borrowings being higher valued as of the reporting date due to currency effects.

Derivative financial liabilities mainly consist of a written put option on Jiangsu Zegersolar New Energy Co., Ltd., shares. Currency futures and options are also recognized, as in the previous year.

20. Other Financial Liabilities

| in €'000 | 03/31/2015 | 12/31/2014 |
|------------------------------|---------------|---------------|
| Sales department liabilities | 4,388 | 5,237 |
| Other | 7,201 | 8,628 |
| | 11,589 | 13,865 |

Sales department liabilities primarily consist of liabilities to customers from advance payments received and bonus agreements.

21. Other Liabilities

| in €'000 | 03/31/2015 | 12/31/2014 |
|---|----------------|----------------|
| Accrual item for extended warranties | 133,991 | 129,715 |
| Liabilities in the Human Resources department | 22,989 | 23,669 |
| Liabilities from prepayments received | 21,893 | 21,106 |
| Liabilities due to tax authorities | 3,311 | 3,606 |
| Liabilities from subsidies received | 610 | 986 |
| Other | 1,331 | 2,127 |
| | 184,125 | 181,209 |

The accrual item for extended warranties includes liabilities from chargeable extended warranties granted for products of the Residential and Commercial business units. Liabilities in the Human Resources department contain obligations towards employees regarding positive vacation and flextime balances as well as variable salary components and contributions to the workers' 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, 2015, there were eight currency futures, 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 | 03/31/2015 | | 12/31/2014 | |
|---|---|----------------|----------------|----------------|----------------|
| | | Market value | Book value | Market value | Book value |
| Assets | | | | | |
| Cash and cash equivalents | LaR | 180,864 | 180,864 | 183,988 | 183,988 |
| Trade receivables | LaR | 156,501 | 156,501 | 159,617 | 159,617 |
| Other financial investments | AFS | 5 | 5 | 5 | 5 |
| Other financial assets | | 116,315 | 116,315 | 111,015 | 111,015 |
| of which institutional mutual funds | FAHFT | 49,110 | 49,110 | 47,480 | 47,480 |
| of which other (time deposits) | LaR | 66,280 | 66,280 | 63,310 | 63,310 |
| of which derivatives that do not qualify for hedge accounting | FAHFT | 925 | 925 | 225 | 225 |
| Liabilities | | | | | |
| Trade payables | FLAC | 103,516 | 103,516 | 111,773 | 111,773 |
| Financial liabilities | | 75,974 | 75,974 | 69,355 | 69,355 |
| of which liabilities towards credit institutions | FLAC | 66,652 | 66,652 | 62,592 | 62,592 |
| of which derivatives that do not qualify for hedge accounting | FLHFT | 9,322 | 9,322 | 6,763 | 6,763 |
| Other financial liabilities | FLAC | 11,589 | 11,589 | 13,865 | 13,865 |
| Of which grouped by categories according to IAS 39: | | | | | |
| Loans and receivables | LaR | 403,645 | 403,645 | 406,915 | 406,915 |
| Financial liabilities measured at amortized cost | FLAC | 181,757 | 181,757 | 188,230 | 188,230 |
| Financial assets held for trading | FAHFT | 50,035 | 50,035 | 47,705 | 47,705 |
| Financial liabilities held for trading | FLHFT | 9,322 | 9,322 | 6,763 | 6,763 |
| Available for sale financial assets | AFS | 5 | 5 | 5 | 5 |

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 the payments related to the assets while taking into account current interest parameters, which reflect market- and partner-related changes to conditions and expectations.

Other financial investments relate 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 of acquisition.

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

Fair values of other non-current financial liabilities are determined by referring to the present values of the 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. The 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 in line with 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 €3.7 million (December 31, 2014: €3.7 million).

The present value of the redemption amount was determined using a discounted cash flow methodology (level 3 of the fair value hierarchy), taking account of 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, 2015: €3.2 million) and RMB 41.1 million (March 31, 2015: €4.8 million). Within this corridor, the redemption amount varies mainly depending on EBIT as a non-observable input factor. This 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 in the interest rate of 100 basis points would result in an increase in the present value of the redemption amount of €0.2 million. In contrast, a decrease in the interest rate of 100 basis points would have nearly no effect.

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:

| 03/31/2015 | | | | | |
|---|---------|---------|---------|--------|--|
| in €'000 | Level 1 | Level 2 | Level 3 | Total | |
| Financial assets, measured at fair value | | | | | |
| Institutional mutual funds | 49,110 | - | - | 49,110 | |
| Derivative financial instruments | - | 925 | - | 925 | |
| Financial liabilities, measured at fair value | | | | | |
| Derivative financial instruments | - | 5,574 | 3,748 | 9,322 | |
| 12/31/2014 | | | | | |
| in €'000 | Level 1 | Level 2 | Level 3 | Total | |
| Financial assets, measured at fair value | | | | | |
| Institutional mutual funds | 47,480 | - | - | 47,480 | |
| Derivative financial instruments | - | 225 | - | 225 | |
| Financial liabilities, measured at fair value | | | | | |
| Derivative financial instruments | - | 3,015 | 3,748 | 6,763 | |

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

The gross cash flow of €16.1 million (Q1 2014: €-9.4 million) reflects the operating income prior to commitment of funds. It increased primarily because of the improvement of consolidated earnings before taxes, by €25.5 million year on year.

Net cash flow from operating activities in the first quarter of 2015 amounted to €11.3 million (Q1 2014: €15.4 million).

The change in net working capital is chiefly due to a €3.7 million increase in trade receivables that affects the Statement of Cash Flows. Inventories remained virtually unchanged at €200.2 million (December 31, 2014: €203.2 million). As a result of the strong sales volumes in the first quarter of 2015, inventories of finished goods decreased. This was countered by an increase in raw materials, consumables and supplies due to the positive order situation at present. The change to inventories relevant to the Statement of Cash Flows amounts to €0.1 million. Furthermore, a €8.3 million decline in trade payables relevant to the Statement of Cash Flows occurred.

24. Net Cash Flow From Investing Activities

In the first quarter of 2015, net cash flow from investing activities amounted to €-21.3 million compared with the previous year's figure of €2.3 million. The outflow of funds for investments in fixed assets and intangible assets amounted to €19.4 million and was thus €7.3 million more than in the comparative period. A significant portion of the investments went to capitalized development projects for introduction of a new product family for central inverters.

Pursuant to IAS 7.17, 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 Jiangsu Zeversolar New Energy Co., Ltd. borrowings.

26. Cash and Cash Equivalents

Cash and cash equivalents amounting to €180.9 million (March 31, 2014: €205.2 million) include cash on 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

SMA adjusted its organizational structure at the beginning of 2015. In the new organization, the Residential, Commercial, Utility and Service business units take overall responsibility and manage Development, Sales and Operations. Railway Technology, Zerversolar as well as Off-grid and Storage are combined under Other Business. There is no longer a decision-making level corresponding to the Executive Vice Presidents below the Managing Board. Thus, this step in the decision-making process has been eliminated, which streamlines the entire process.

Since March 1, 2015, the SMA Managing Board has comprised the following members:

SMA Chief Executive Officer Pierre-Pascal Urbon is responsible for Strategy and in addition as Chief Financial Officer (CFO) for Finance, Legal and Compliance as well as for Operations. Roland Grebe, formerly Board Member for Technical Innovation, is in charge of Human Resources and IT. In addition, he is the new Labor Director at SMA Solar Technology AG. Dr.-Ing. Jürgen Reinert has taken on overall responsibility for Technology. Martin Kinne has been responsible for the Sales and Service business areas since January 2015.

Sadly, Company founder and long-standing Supervisory Board Chairman Dr.-Ing. h. c. Günther Cramer died on January 6, 2015, after a long and serious illness. The vacant position on the SMA Supervisory Board was filled by Roland Bent, member of the Executive Board at Phoenix Contact GmbH & Co. KG.

Danfoss A/S has a 20% stake in SMA. There is a strategic partnership between SMA and Danfoss in order to cooperate in the areas of Purchasing, Sales and R&D. SMA will also perform services on behalf of Danfoss. All agreements were concluded under fair market conditions. Business relations between SMA and Danfoss in the fiscal year are presented in the table below. There are no material collaterals or guarantees.

| in €'000 | Q1 2015 | Q1 2014 |
|--|---------|---------|
| Goods acquired from Danfoss | 4,085 | 0 |
| Services acquired from Danfoss | 3,197 | 0 |
| Services sold to Danfoss | 652 | 0 |
| Outstanding receivables as of the reporting date | 652 | 0 |
| Outstanding liabilities as of the reporting date | 5,573 | 0 |

In the reporting period, there were no other significant transactions with other related parties.

Niestetal, May 5, 2015

SMA Solar Technology AG
The Managing Board

Roland Grebe Martin Kinne Dr.-Ing. Jürgen Reinert Pierre-Pascal Urbon

Auditor's Report

(Translation – the German text is authoritative)

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, 2015, to March 31, 2015, 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). 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 IFRS 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 of SMA Solar Technology AG, Niestetal, have not been prepared, in all material respects, in accordance with the IFRS 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.

Hanover, May 5, 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Scharpenberg
Wirtschaftsprüfer
(German Public Auditor)

Meier
Wirtschaftsprüfer
(German Public Auditor)

REGISTERED TRADEMARKS

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Zeversolar is a registered trademark of Jiangsu Zeversolar New Energy Co., Ltd.

DISCLAIMER

The annual 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 provisions 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 annual report.

FINANCIAL CALENDAR

| | |
|------------|---|
| 05/21/2015 | Annual General Meeting 2015 |
| 08/13/2015 | Publication of Half-Yearly Financial Report: January to June 2015 Analyst Conference Call: 9:00 a. m. (CET) |
| 11/12/2015 | Publication of Quarterly Financial Report: January to September 2015 Analyst Conference Call: 9:00 a. m. (CET) |

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Photos
Andreas Berthel

Contact

SMA Solar Technology AG
Sonnenallee 1
34266 Niestetal
Germany
Phone: +49 561 9522-0
Fax: +49 561 9522-100
e-mail: info@SMA.de
www.SMA.de

Investor Relations
Phone: +49 561 9522-2222
Fax: +49 561 9522-2223
e-mail: IR@SMA.de

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SMA Solar Technology AG
Sonnentallee 1
34266 Niestetal
Germany
Phone: +49 561 9522-0
Fax: +49 561 9522-100
e-mail: info@SMA.de