



# Q-CELLS SE

REPORT AS OF 30 SEPTEMBER 2010

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# EXECUTIVE SUMMARY

1

- Restructuring completed and comprehensive refinancing achieved

2

- Strategic re-positioning with diversified product range underway

3

- Q3 figures showing operative improvement

4

- Internationalization, strict cost & cash management and further development of technology and products as key tasks for the near future

5

- Outlook 2010: Sales of >1.3 EURbn and EBIT of 75 - 80 EURm

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# REPORT AS OF 30 SEPTEMBER 2010

## SUMMARY

In EURm (except production volume/margins)	Q3 2009	Q2 2010	Q3 2010
Production Volume <sup>1</sup>	121 MWp	238 MWp	305 MWp
Sales	183.2	333.5	401.6
EBITDA	-35.1	50.2	58.4
EBIT	-105.0	27.1	36.7
EBIT Margin	n.a.	8.1%	9.1%
EAT from continuing operations <sup>2</sup>	-113.7	37.0	13.3
Working Capital <sup>3</sup>	467.8	486.7	646.3
Capex	68.4	37.4	14.6

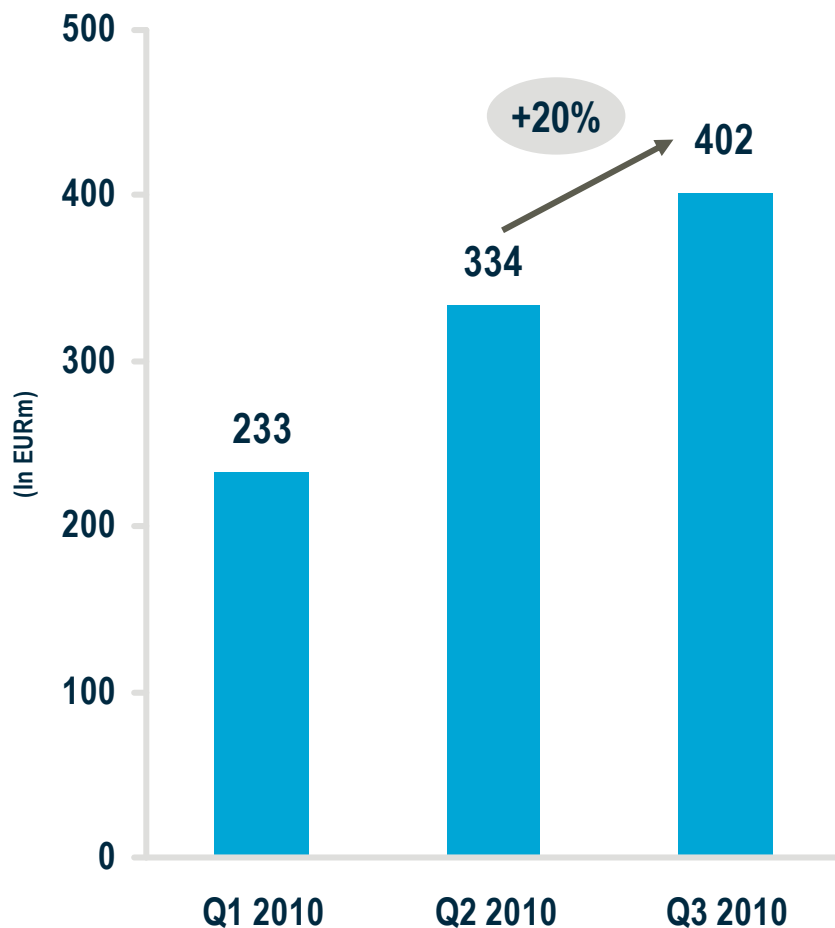
<sup>1</sup> Solar cells and CIGS thin-film modules

<sup>2</sup> Lower Q3 2010 figures mainly resulting from currency losses of 20 EURm; in Q2 2010 net currency gains of 24 EURm

<sup>3</sup> Received interim financing (Q2 2010: 52 EURm, Q3 2010: 172 EURm) not included (calculation see also appendix on page 33)

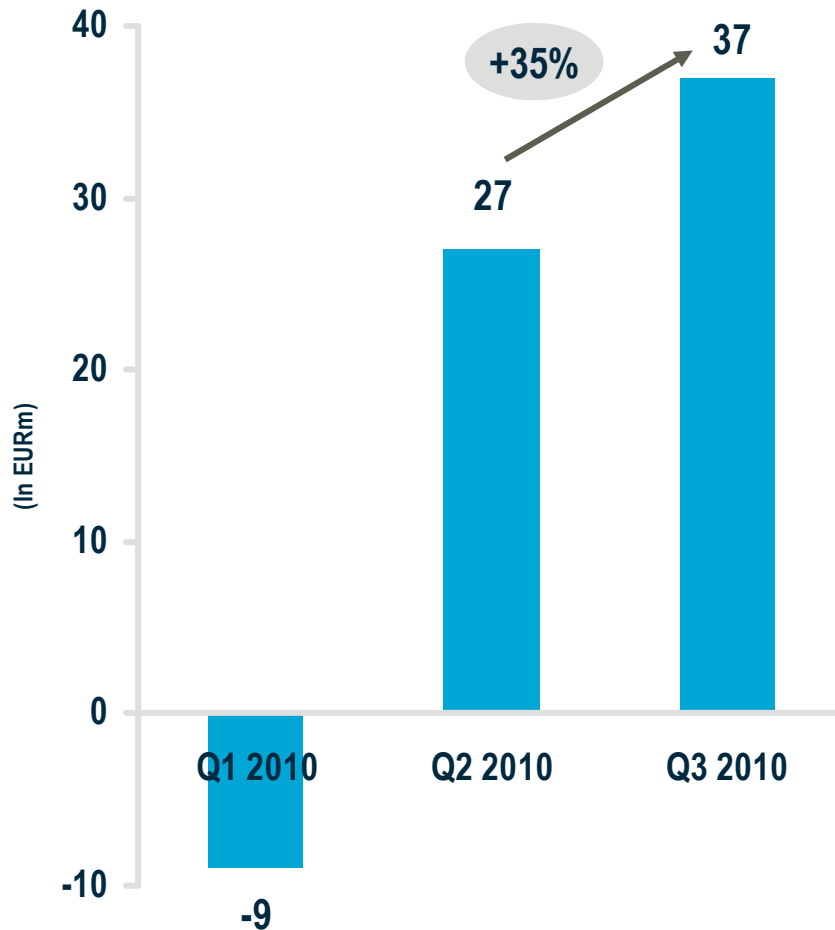
# REPORT AS OF 30 SEPTEMBER 2010

## SALES



- Sales Q3 2010: Increase of 20% compared to Q2 2010
- Firm price development for cells and modules during quarter
- Further growth of cell shipments from 160 MWp in Q2 to 186 MWp in Q3
- 26 MWp of crystalline modules shipped (Q2: 44 MWp)
- CIGS module shipment of 7 MWp (Q2: 8 MWp)
- System business: revenues mainly from Fiwa I and Starwood





EBIT Margin

n.a.

8.1%

9.1%

- EBIT improvement driven by:
  - Strong cell business
  - Stable pricing environment for cells and modules
  - Sales of Finsterwalde project
  - Still favorable sourcing conditions
- Extraordinary effects:
  - Additional costs of 6 EURm due to quality issues at module processing partners
  - Take or pay compensation from customer of 3 EURm



# REPORT AS OF 30 SEPTEMBER 2010

## ADJUSTED OVERVIEW BUSINESS SEGMENTS

In EURm	Products		Systems		Others		Group	
	Q3	Q1-Q3	Q3	Q1-Q3	Q3	Q1-Q3	Q3	Q1-Q3
Sales	240.0	598.0	134.9	274.0	26.7	95.3	401.6	967.3
EBIT	25.6	35.8	8.1	12.2	3.0	6.6	36.7	54.6

**Overview business segments adjusted by reclassifications from Others into Systems**



# REPORT AS OF 30 SEPTEMBER 2010

## CASH, CAPEX AND WORKING CAPITAL

EURm	Q1 2010	Q2 2010	Q3 2010	Comments
Liquidity	280	254	389	<ul style="list-style-type: none"> <li>- Repayment of LDK loan</li> <li>- Received interim financing for projects</li> </ul>
Net debt*	639	692	678	
Capex	37	37	15	- FY 2010: ~150 EURm
Working Capital**	430	487	646	- Delays in module shipments and increase in project business

\* Before refinancing measures

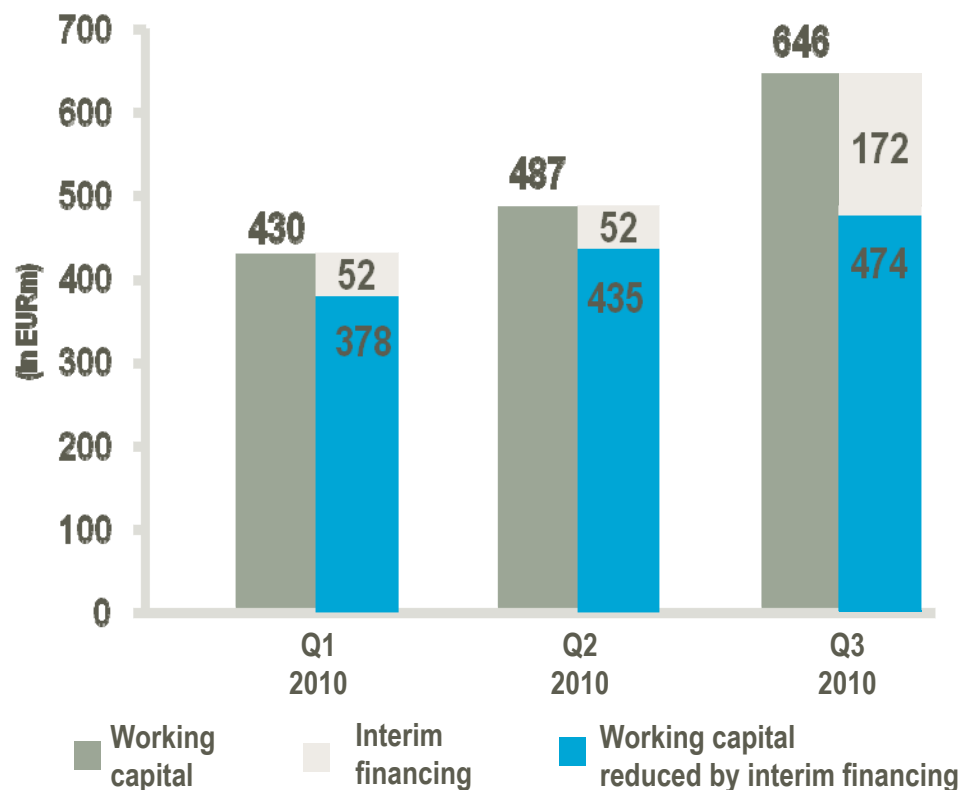
\*\*Adjusted definition incl. additional working capital relevant balance sheet items; received interim financing (Q1/Q2 2010: 52 EURm, Q3 2010: 172 EURm) not included (calculation see also appendix on page 33)



# REPORT AS OF 30 SEPTEMBER 2010

## TOTAL NET WORKING CAPITAL

Calculation please refer to Appendix



### Cell and module business:

- Increase mainly due to higher inventories (delayed module shipments in connection with quality issues at suppliers) and higher receivables (in line with revenues increase)

### System business:

- Higher number for Fiwa I after project sale in Q3
- Construction progress for new projects (Starwood)
- Interim financing of 172 EURm not included in figure (Q2: 52 EURm)

Sales in EURm	232	334	414
Cash Conversion Cycle in Days*	169	133	143

\* Based on sales per quarter



# REPORT AS OF 30 SEPTEMBER 2010

## SPLIT OF NET WORKING CAPITAL

In EURm	End Q3 2010
Cell and Module Business	269
Systems	398
Consolidation & Disco. Operations	-21
<b>Extended NWC</b>	<b>646*</b>

- **Cell and module business:**
  - Increase of 33 EURm during Q3
- **System business:**
  - Increase of 127 EURm during Q3
  - Fiwa I: 1) after project sale in Q3 the receivables include VAT; 2) payment to LDK
  - Construction progress of Starwood project in Canada (PoC revenues -> in receivables)
  - Construction progress for project Fiwa II and III (no PoC revenue -> included in inventories)

\* Received interim financing of 172 EURm not included

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# RESTRUCTURING COMPLETED

- **Restructuring started August 2009 has now been successfully completed**
- **Early refinancing ensures medium-term liquidity**
- **Strict management of costs, investments and liquidity will be continued as part of daily business**
- **Remaining to do's for the ongoing business:**
  - **Further focusing of investment portfolio (Calyxo, VHF/flexcell)**
  - **Working capital in systems business**



## FINANCING SECURED AT AN EARLY STAGE

- **Successful placement of capital market transactions end of September/ beginning of October ensures medium-term financing at an early stage**
  - **Capital increase**
  - **New convertible bond 2010/2015**
  - **Buyback of more than half of the convertible bond 2012**
- **Sound cash position (>400 EURm at the end of 2010) enables:**
  - **Full refinancing and repayment of outstanding convertible 2012**
  - **Further growth/investments**





# OVERVIEW CAPITAL MARKET TRANSACTION

Sources		Uses
<b>Rights Issue</b>	<ul style="list-style-type: none"><li>▪ 58.8 million ordinary shares</li><li>▪ Subscription price: 2.16 EUR</li><li>▪ Gross proceeds: 127.6 EURm</li><li>▪ Good Energies invested around 23 EURm fresh money</li></ul>	<ul style="list-style-type: none"><li>▪ Total gross proceeds of 256 EURm</li><li>▪ Net proceeds of ~242 EURm and existing cash of 27 EURm used for buyback of convertible bond 2012 (total nominal value of the bond was 492.5 EURm)</li><li>▪ Nominal value of 281.8 EURm repurchased at a price of 94.5% plus accrued interest (cash outflow of around 269 EURm)</li><li>▪ Remaining outstanding amount of convertible bond 2012: 210.7 EURm</li><li>▪ Repayment in February 2012 with proceeds from early repayment LDK loan and cash inflow from existing projects</li></ul>
<b>Convertible Bond</b>	<ul style="list-style-type: none"><li>▪ Underlying capital of 29.4 million shares</li><li>▪ Principal amount (conversion price) of 4.38 EUR (conversion premium of 27.5%)</li><li>▪ Coupon of 6.75%</li><li>▪ Maturity: October 2015</li><li>▪ Gross proceeds: 128.7 EURm</li></ul>	



# NET FINANCIAL POSITION AFTER TRANSACTION

EURm		Comments
Cash and cash equivalents	389	
- Convertible bonds 2012 and 2014	-689	IFRS liability components*
- Non-current financial liabilities	-198	Thereof 197 EURm loan Malaysian government due H2 2014
- Current financial liabilities	-180	Thereof 172 EURm bridge financing for system business
<b>Net financial position as of 30 September 2010</b>	<b>-678</b>	<b>Net debt/EBITDA**: 4.0</b>
+ Net proceeds capital market transactions	242	Gross proceeds 256 EURm
- Cash outflow buy back convertible bond 2012	-269	94.5% of nominal 282 EURm + accrued interest 3 EURm
+ Reduction debt buy back convertible bond 2012	266	IFRS liability component
- New convertible bond 2015	-91	IFRS liability component
<b>Pro forma net financial position as of 30 Sep. 2010</b>	<b>-530</b>	<b>Net debt/EBITDA**: 3.1</b>

\* Thereof: convertible bond 2012 -459 EURm, convertible bond 2014 -230 EURm

\*\* Calculated with an annualised EBITDA 2010 of 170 EURm based on a reported EBITDA 9M 2010 of 128 EURm



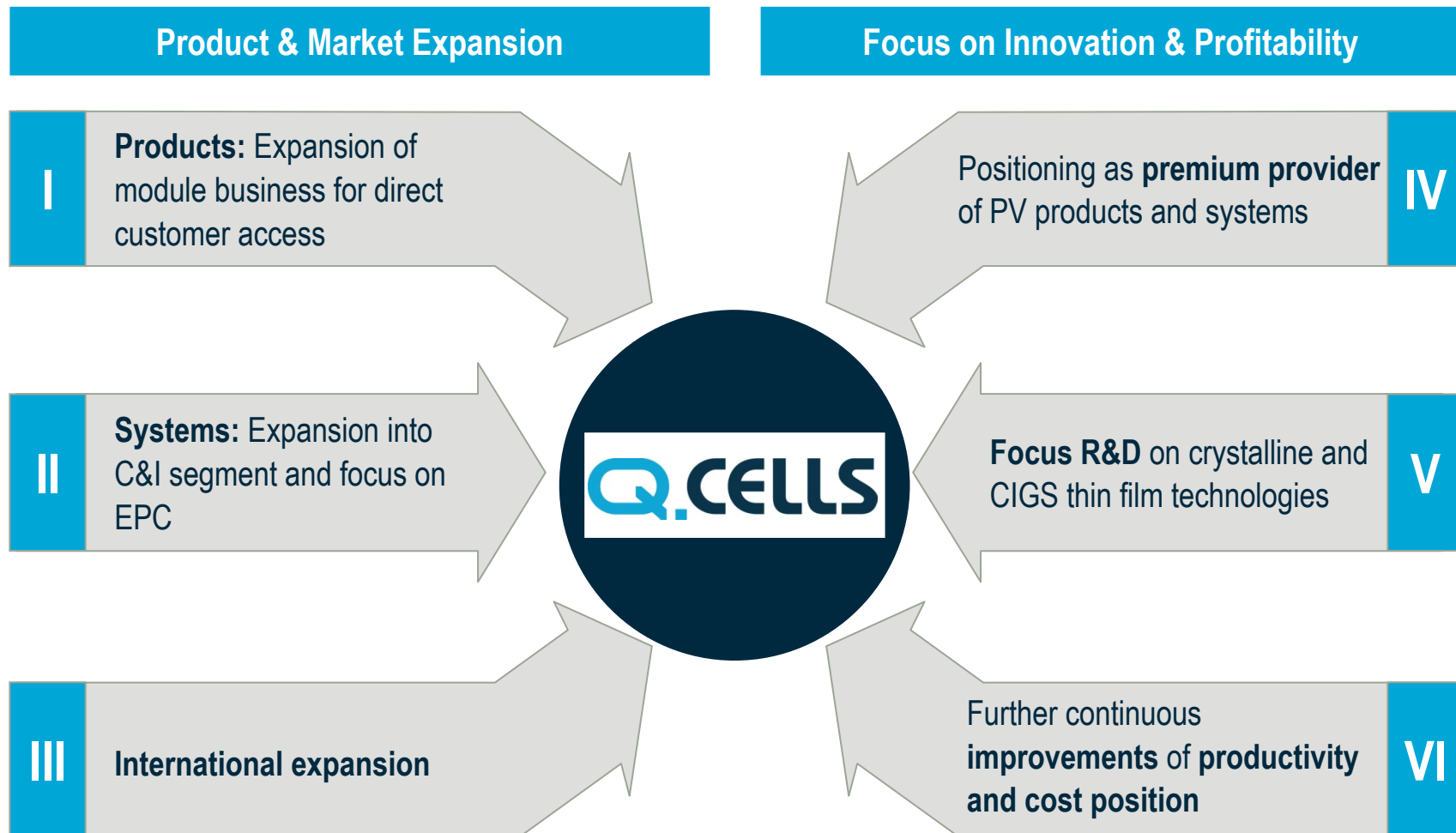
# SHARES OUTSTANDING

	Before Transaction	Capital Increase	After Transaction
Ordinary Shares	90,695,264	58,765,955	149,461,219
Preference Shares	26,881,911	0	26,881,911
Total Shares	117,577,175	58,765,955	176,343,130

- **Current shareholding Good Energies:**

- 26.7% resp. 47,132,113 shares (therof 20,250,202 ordinary shares and 26,881,911 preference shares)
- 40.3% resp. 71,132,113 shares including the lending of 24m ordinary shares for the issuance of the convertible bonds 2014 and 2015

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# STRATEGIC ROADMAP (I)

**I**  
Products:  
Expansion of module  
business with broad  
product portfolio

- Move into downstream business to benefit from premium image, secure client access and achieve price premiums
- Improvement of operating margins by using own cells for module business
- A wide range of applications and client groups

**II**  
Systems:  
Focus on EPC business  
and expansion into C&I  
segment

- Expansion into the more attractive and strongly growing medium-sized commercial and industrial systems business (0.3 - 5 MWp)
- Emphasis on EPC in large-scale utilities system construction and O&M services with a focus on Germany, Italy, France as well as North America and Australia
- Own project developments are limited to Germany with focus on early sale and financing of projects prior to start of construction

**III**  
International expansion

- Build-up of presence in fast-moving regional PV markets
- Q-Cells' products presently distributed in 48 countries
- Further international expansion of sales network going forward (e.g. England, Czech Republic, China, India, Japan, Australia)

# STRATEGIC ROADMAP(II)

<p><b>IV</b> Implementation of the new sales approach</p>	<ul style="list-style-type: none"><li>▪ Positioning as premium provider of PV products and solutions</li><li>▪ Centralisation of sales activities covering all products and services from cells over modules to systems business</li><li>▪ Co-branding strategy for cell business</li></ul>
<p><b>V</b> Focus R&amp;D on crystalline and CIGS thin film technologies</p>	<ul style="list-style-type: none"><li>▪ R&amp;D activities focused on core technologies c-Si (from cells to systems) and CIGS</li><li>▪ Efficiency targets: mono crystalline 20%, multi crystalline 18% both in pilot production by end of 2011 while CIGS already achieved 16.7% in laboratory tests*</li><li>▪ R&amp;D focus on reduction of production costs per Wp</li></ul>
<p><b>VI</b> Further improvements in the cost position</p>	<ul style="list-style-type: none"><li>▪ Additional improvements through:<ul style="list-style-type: none"><li>– ongoing process optimisation</li><li>– higher automation and implementation of MES**</li><li>– lower procurement costs</li></ul></li></ul>

\* Aperture area of 5cm<sup>2</sup>

\*\* MES = Manufacturing Execution System (fully automated production control system)



- **Branded OEM/solar cells:**
  - Cell production capacity of 1.1 GWp at the end of Q3 2010
  - In Q3 production in Malaysia was higher than in Germany for the first time
  - Further potential to increase cell output in 2011
- **Crystalline modules:**
  - Problems in ramp-up and production at processing partners led to delay in volume shipments
  - Meanwhile processes have been optimized and meet Q-Cells quality standards
- **Thin-film modules (CIGS):**
  - Production runs stable, high efficiency results, ramp-up in plan
  - Sales volumes lower than expected; sales force will intensify focus on CIGS customers





# C&I SYSTEMS BUSINESS WELL UNDERWAY



## C&I business successfully launched:

- Overall capacity built in C&I segment is 21 MWp (10 MWp in Q3)
- First large rooftop system realized in Oschersleben (Saxony-Anhalt) with a capacity amounting to almost 1 MWp
- All projects financed before start of construction; milestone payments agreed (very low working capital requirements)
- Access to another big part of the PV market (30%), which is the medium sized project market where investors are private persons and medium sized companies

## Strategy:

- Further position Q-Cells C&I business in Germany and other European key markets, i.e. France, Italy and UK
- Increase share of rooftop systems to 80% in 2011 (in 2010 80% share by Greenfield installations)



# Q-CELLS' PRESENCE IN NORTH AMERICA



- **Projects in Ontario, Canada, to be realized with local partners**
  - 50 MWp (5 plants with 10 MWp each) with Starwood Energy in Sault Ste. Marie
  - 64 MWp (7 plants) in a JV with ATS Automation Tooling Systems Inc.; realization starts 2011; equals 10% of new FiT program of Province of Ontario
- **New country office inaugurated in San Francisco**
- **Portfolio showcase at Solar Power International, Los Angeles, in October**
- **Expected market potential for North America >2 GWp in 2011**

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- **Capacities and production volume:**
  - Cell production capacity 1.1 GWp at the end of Q3 2010
  - Cell production: >900 MWp
  - CIGS thin-film module capacity 135 MWp until end of 2010
  - CIGS thin-film module production: >70 MWp
- **Shipments/installations:**
  - Shipments crystalline modules: 100 - 150 MWp
  - System business: ~150 MWp (thereof C&I business: 30 -40 MWp)
- **Financials:**
  - Sales: >1.3 EURbn
  - EBIT: 75 - 80 EURm
  - Cash at year end: >400 EURm



# OBJECTIVES 2011

- **Continuous increase in productivity and cost optimization**
- **Further realization of module launch via improvement of supply chain – as first step towards to become a PV solutions provider**
- **Potential expansion of CIGS technology for thin-film modules (Solibro)**
- **Internationalization and development of new markets**
- **Profitable growth in challenging market conditions**



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# NET WORKING CAPITAL

- **Previous net working capital did not fully reflect the product and system business**  
(the following items were not included: cash investments in and cash receipts from joint ventures related to the project business, advance payments received, loans made to customers and suppliers, accrued liabilities)
  
- **Net working capital does also include the following items:**
  - **At-equity value of joint ventures related to the project business**
  - **Other current financial assets (loans made to customers and suppliers)**
  - **Other current liabilities (project business, advance payments received, accrued liabilities)**





# NET WORKING CAPITAL DEVELOPMENT

In EURm	End Q1 2009	End Q2 2009	End Q3 2009	End Q4 2009	End Q1 2010	End Q2 2010	End Q3 2010
+ Inventories	300.1	369.2	362.7	302.1	361.4	387.9	452.3
+ Trade Accounts Receivable	274.2	217.1	182.3	198.2	195.3	267.0	369.0
- Trade Accounts Payable	- 127.8	- 97.0	- 123.4	- 99.8	- 128.6	- 109.2	-139.4
<b>Previous NWC</b>	<b>446.5</b>	<b>489.3</b>	<b>421.6</b>	<b>400.5</b>	<b>428.1</b>	<b>545.7</b>	<b>681.9</b>
+ Financial Assets accounted for using the Equity Method <sup>1</sup>	-	40.3	91.8	92.9	99.1	35.6	65.4
+ Other Current Financial Assets <sup>2</sup>	0.7	0.9	-	40.0	36.6	50.1	72.5
- Other Current Liabilities <sup>3</sup>	- 38.8	- 46.7	- 45.6	- 158.9	- 134.3	- 144.7	-173.4
<b>Net Working Capital</b>	<b>408.4</b>	<b>483.8</b>	<b>467.8</b>	<b>374.5</b>	<b>429.5</b>	<b>486.7</b>	<b>646.3</b>

1 Project business only

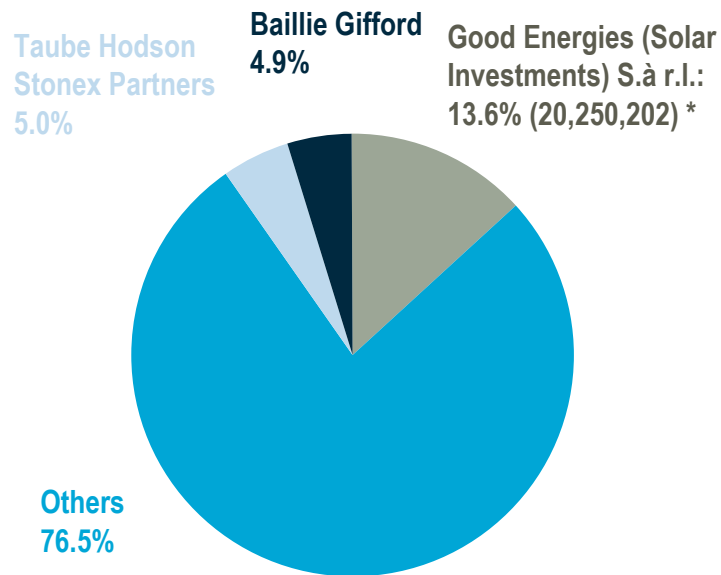
2 Only assets from operating business

3 Including project business, accrued liabilities and advance payments received

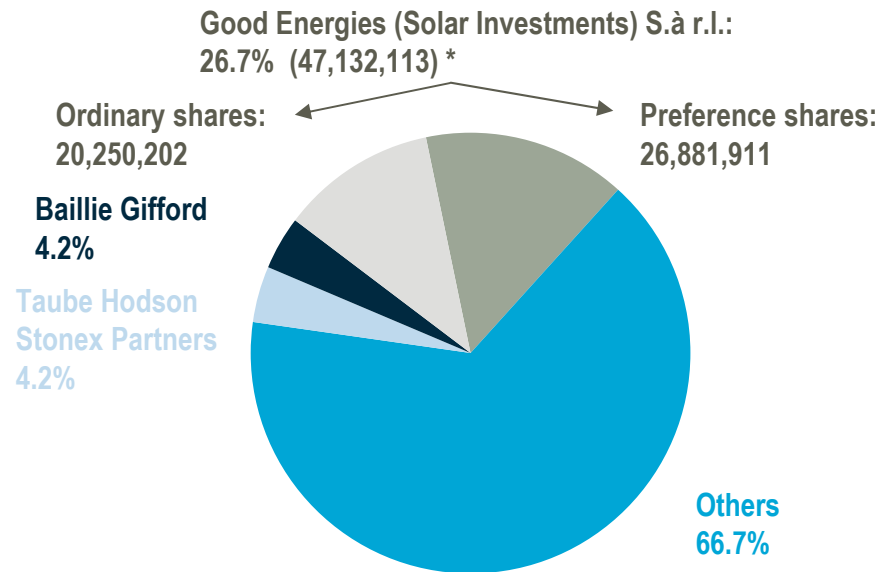


# SHAREHOLDER STRUCTURE (NOVEMBER 2010)

## Ordinary shares: 149,461,219



## Total shares: 176,343,130



\* Good Energies (Solar Investments) S.à r.l. has temporarily lent 24 million shares within the framework of the issuance of the convertible bonds 2009/2014 and 2010/2015. Thus the share of Good Energies (Solar Investments) S.à r.l. is temporarily reduced by ~16.1% (ordinary shares) respectively by ~ 13.6% (total shares).

### Preference shares:

- No voting rights
- No stock listing
- Small dividend premium: 3 Cent (Euro)
- Right for conversion into ordinary shares

# REPORT AS OF 30 SEPTEMBER 2010

## BALANCE SHEET: ASSETS

In EURm	30 September 2010	31 December 2009
<b>Non-current assets</b>	<b>1,023.2</b>	<b>1,216.3</b>
Intangible assets	14.2	14.6
Property, plant and equipment	814.7	843.6
Financial assets accounted for using the equity method	65.0	92.9
Financial assets	14.9	113.4
Other non-current assets	50.6	64.8
Deferred taxes	63.8	87.0
<b>Current assets</b>	<b>1,353.5</b>	<b>1,011.4</b>
Inventories	452.3	302.1
Trade account receivable	369.0	198.2
Financial assets at fair value through profit or loss	0.6	2.0
Other financial assets	93.8	40.0
Other receivables and assets	45.1	57.2
Cash and cash equivalents	389.2	411.9
Assets held for sale	3.5	0.0
<b>Total assets</b>	<b>2,376.7</b>	<b>2,227.7</b>



# REPORT AS OF 30 SEPTEMBER 2010

## BALANCE SHEET: EQUITY AND LIABILITIES

In EURm	30 September 2010	31 December 2009
<b>Shareholders' equity</b>	<b>727.6</b>	<b>737.0</b>
Subscribed capital	127.5	117.5
Capital reserve	304.9	294.3
Revenue reserve	288.2	319.3
Other reserves	7.0	1.2
Non-controlling interests	0.0	4.7
<b>Non-current liabilities</b>	<b>1,013.4</b>	<b>974.9</b>
Convertible bonds	689.0	669.1
Profit participation capital	14.9	14.8
<b>Non-current financial liabilities</b>	<b>197.8</b>	<b>168.2</b>
Deferred income from government grants	54.7	64.5
Provisions	31.5	20.9
Other non-current liabilities	21.5	31.7
Deferred taxes	4.0	5.7
<b>Current liabilities</b>	<b>635.7</b>	<b>515.8</b>
<b>Current financial liabilities</b>	<b>180.4</b>	<b>63.5</b>
Trade accounts payable	139.4	99.8
Tax liabilities	10.9	11.7
Deferred income from government grants	9.3	9.2
Financial liabilities at fair value through profit and loss	0.0	0.4
Provisions	75.3	102.6
Other current liabilities	220.4	228.6
<b>Total shareholder's equity and liabilities</b>	<b>2,376.7</b>	<b>2,227.7</b>

# REPORT AS OF 30 SEPTEMBER 2010

## INCOME STATEMENT

In EURm	01 January – 30 September 2010	01 January – 30 September 2009
Revenues	967.3	539.9
Change in stocks of finished and unfinished products	173.9	118.1
Other own work capitalised	0.1	0.7
Other operating income	45.7	63.5
Cost of materials	869.4	594.7
Personnel expenses	77.1	69.8
Depreciation and amortisation	72.9	102.0
Other operating expenses	113.0	105.6
Result from operating activities (EBIT)	54.6	-149.9
Result from financial assets accounted for using the equity method	-4.6	-16.7
Interest and similar income	27.4	5.8
Interest and similar expense	43.2	45.3
Net currency gains/losses	31.7	-10.9
Result from financial instruments	1.9	-3.3
Result before taxes (EBT)	67.8	-220.3
Income taxes	27.1	-27.1
Net result from continuing operations	40.7	-193.2
Result of discontinued operations after tax	-76.9	-751.5
Net result for the period	-36.2	-944.7
Result attributable to other shareholders	-5.1	-12.9
Net result for the period attributable to Q-Cells shareholders	-31.1	-931.8



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