



**Q-CELLS SE**

**REPORT AS OF 31 MARCH 2011**

DATE OF RELEASE: 12 MAY 2011

**Q.CELLS**



# OVERVIEW Q1– PART I

I

Introduction: Overview market environment Q1 2011

II

Q1 results reflect weak market development

III

Strengthening of international sales activities

IV

Further proof of technology leadership

V

Outlook



## OVERVIEW Q1– PART II

- **Unclear regulatory situation in Italy and France and a seasonal weak German market cause weak demand in Q1**
- **Production of 313 MWp (Q1 2010: 174 MWp), sales of 125.1 EURm (Q1 2010: 232.3 EURm)**
- **Decrease in EBIT year on year to -10.6 EURm (Q1 2010: -9.3 EURm)**
- **Reduction of cell and module production for Q2**
- **On-going strategic transformation despite challenging market environment**
- **New supervisory board member: Prof Dr Eicke Weber**
- **Chief Operating Officer (COO) Gerhard Rauter leaves Executive Board**



## KEY FIGURES

EURm (except production volume/margins)	Q1 2010	Q1 2011
Production volume (in MWp) <sup>1</sup>	174	313
Sales revenues	232.3	125.1
EBITDA	18.8	15.3
EBIT	-9.3	-10.6
Net result for the period (after minorities)	-46.4	-41.1
Net working capital	428.1	494.2
Capex	36.8	12.2

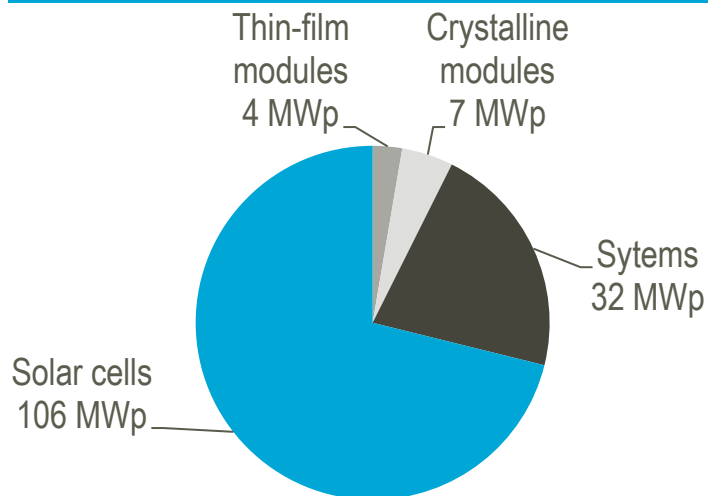
<sup>1</sup> Solar cells and CIGS thin-film modules

# REPORT AS OF 31 MARCH 2011

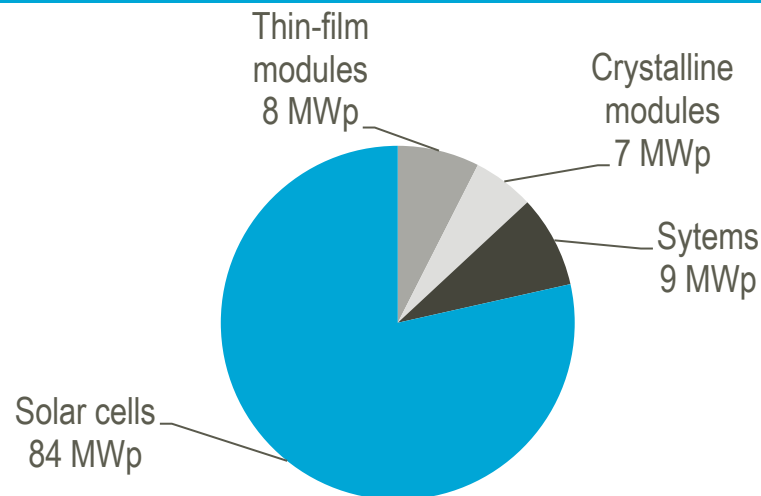
## PRODUCTION AND SHIPMENTS

- **Total production volume: 313 MWp or +84% (Q1 2010: 174 MWp)**
- **Production volume solar cells: 284 MWp or +72% (Q1 2010: 165 MWp)**
  - **Malaysia: 163 MWp or +213% (Q1 2010: 52 MWp)**
  - **Thalheim: 121 MWp or +7% (Q1 2010: 113 MWp)**
- **Production volume thin-film modules: 29 MWp or +222% (Q1 2010: 9 MWp)**

### Shipments Q1 2010: 149 MWp



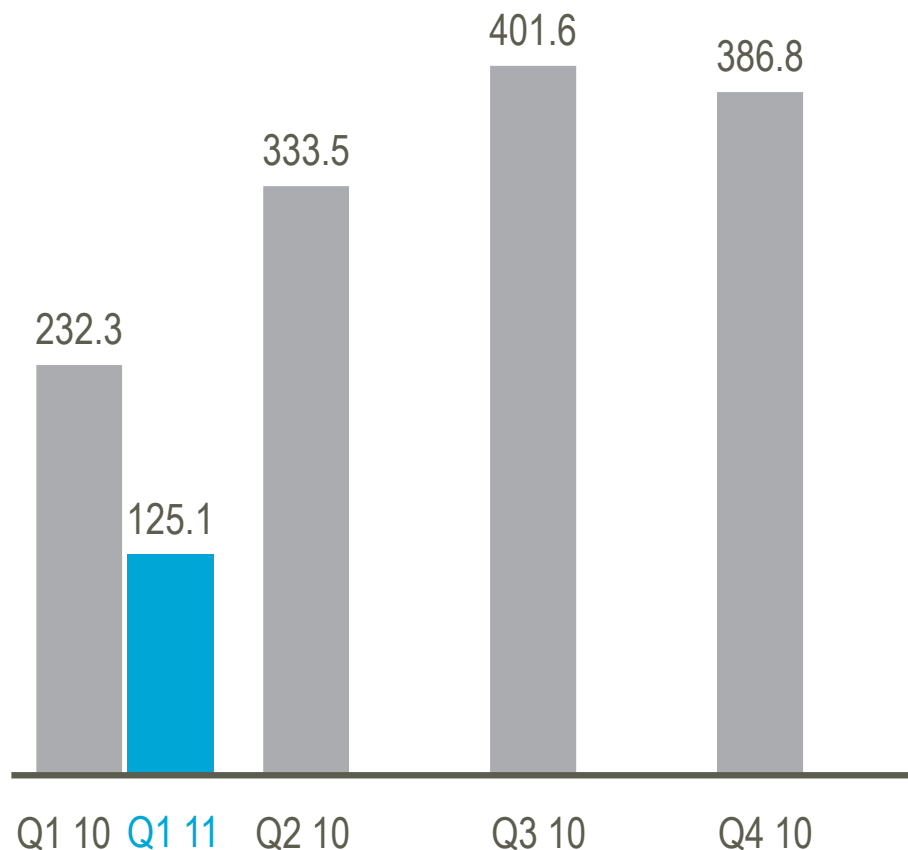
### Shipments Q1 2011: 108 MWp





# SALES REVENUES

(EURm)



- Q1 2010 influenced by sale of Strasskirchen project (72.5 EURm) and energy trading business (19.8 EURm, sold in Q4 2010) -> Comparable sales figure for Q1 2010: 140 EURm
- Q1 2011: no sales revenues from Finsterwalde II/III project (expected for Q2)
- Product business with very weak start due to difficult market environment in Europe

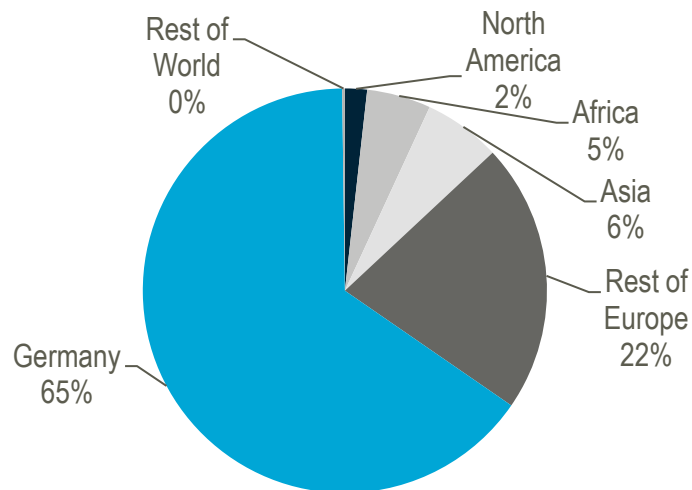
# REPORT AS OF 31 MARCH 2011

## REVENUES SPLIT BY REGION

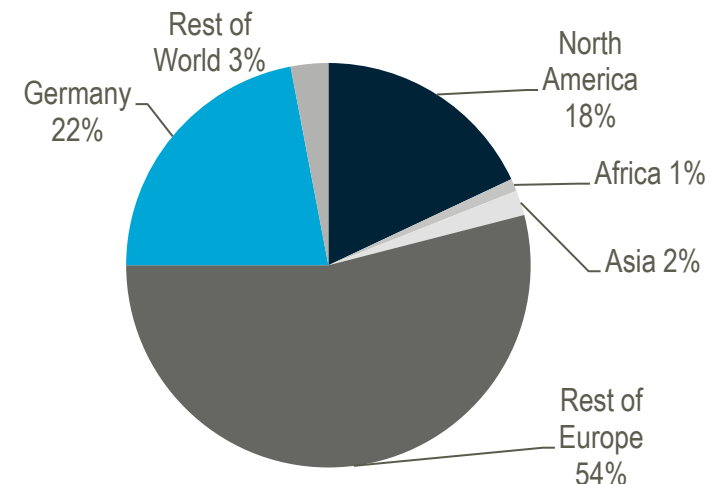
Export ratio in Q1 2011 around 78% (Q1 2010: ~35%)

- Cells: ~70% (sales to North American clients about 25 %; in addition contribution of south European markets)
- Modules: ~84% (significant shipments to Italy, Australia and France)
- Systems: ~93% (Canada contributed lion's share, France with significant share)

### Revenue split by region Q1 2010



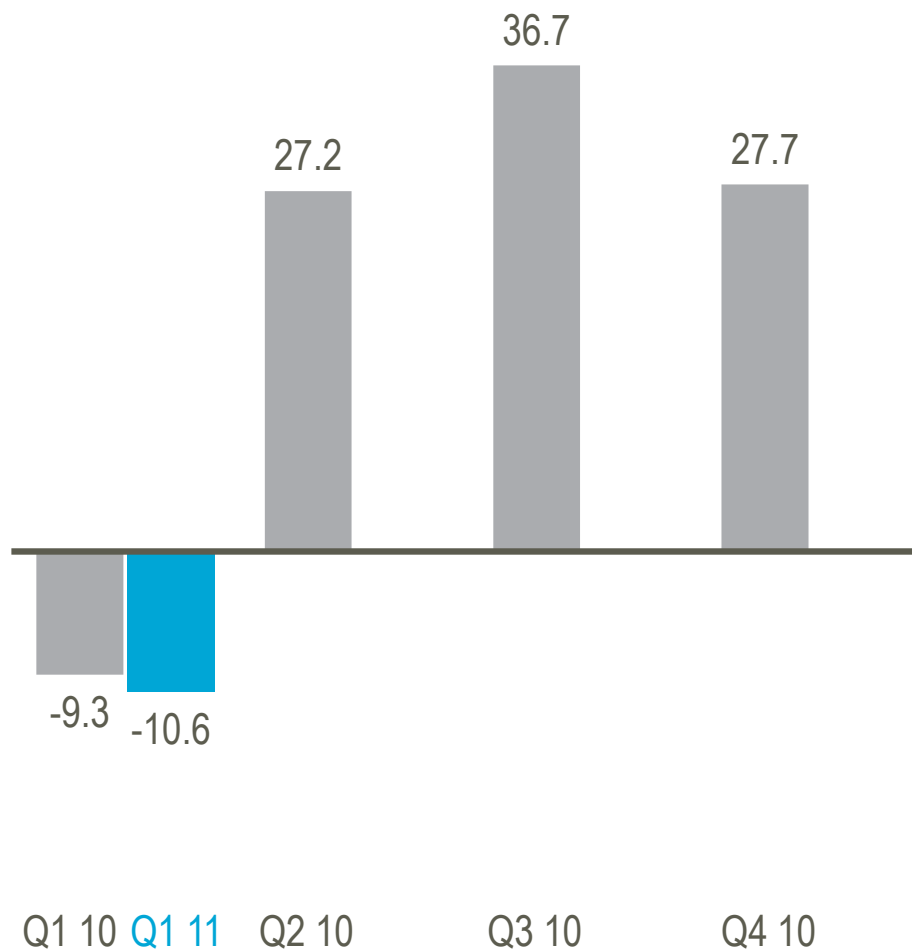
### Revenue split by region Q1 2011





## EBIT

(EURm)



- EBIT Q1 2011 on the level of Q1 2010
- Price reduction for solar cells and modules during Q1 in combination with still relatively high wafer prices and further increased silver costs
- Lower volume in Systems business
- Other effects:
  - Release of provision for supply contract: 15 EURm
  - Write-downs of inventories: 12 EURm





## OVERVIEW BUSINESS SEGMENTS

EURm	Products		Systems		Others/ Reconciliation		Group	
	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
Revenues	120.1	98.7	91.3	22.4	20.8	4.0	232.3	125.1
EBIT	-17.1	-13.2	5.1	-0.1	2.7	2.7	-9.3	-10.6

→ **Products: Lower volumes and prices**  
**Systems: Q1 2010 included 74 EURm sales from project Strasskirchen**

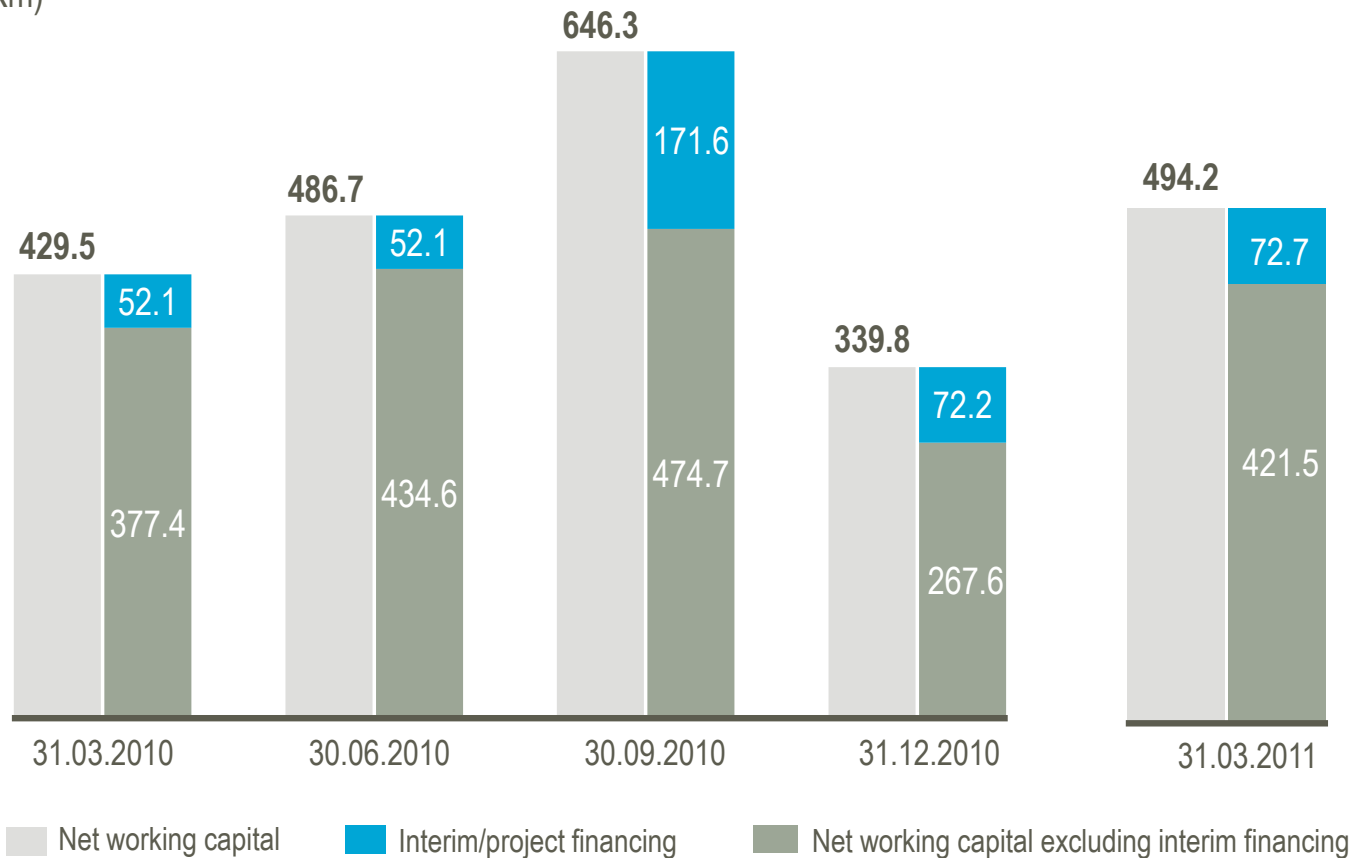


EURm	Q1 2010	Q1 2011
Result from operating activities (EBIT)	-9.3	-10.6
Result from financial assets accounted for using the equity method	-4.2	-1.0
Interest result	-10.4	-14.8
Net currency gains/losses	27.9	-6.3
Result from financial instruments	0.1	0.8
Result before tax from continuing operations	4.1	-31.9
Income taxes	13.7	9.2
Result from continuing operations (net of income tax)	-9.6	-41.1
Result from discontinued operations (net of income tax)	-41.5	0.0
Net result for the period	-51.1	-41.1
Net result for the period attributable to Q-Cells SE shareholders	-46.4	-41.1



# NET WORKING CAPITAL DEVELOPMENT

(EURm)



→ Increase of net working capital in Q1 2010 driven by higher inventory levels of solar cells and modules



## SPLIT OF NET WORKING CAPITAL

EURm	30.09. 2010	31.12. 2010	31.03. 2011
Products	262.2	250.3	414.3
Systems	398.2	112.1	98.9
Consolidation & others	-14.1	-22.6	-19.0
Net working capital*	646.3	339.8	494.2

\* Received interim financing of 171.6 EURm (30.09.2010), 72.2 EURm (31.12.2010) and 72.7 EURm (31.03.2011) not included

**Products:**

- Increase of 164 EURm in Q1 2011 due to weak market environment
- Mainly increase of inventory of cells and modules

**Systems:**

- Further reduction of 13 EURm in Q1 2011
- Split as of 31.03.2011:  
77 EURm FiWa II/III  
22 EURm new projects



# FINANCIAL LIABILITIES AND NET DEBT

## Financial liabilities (EURm)

## Cash and net debt (EURm)

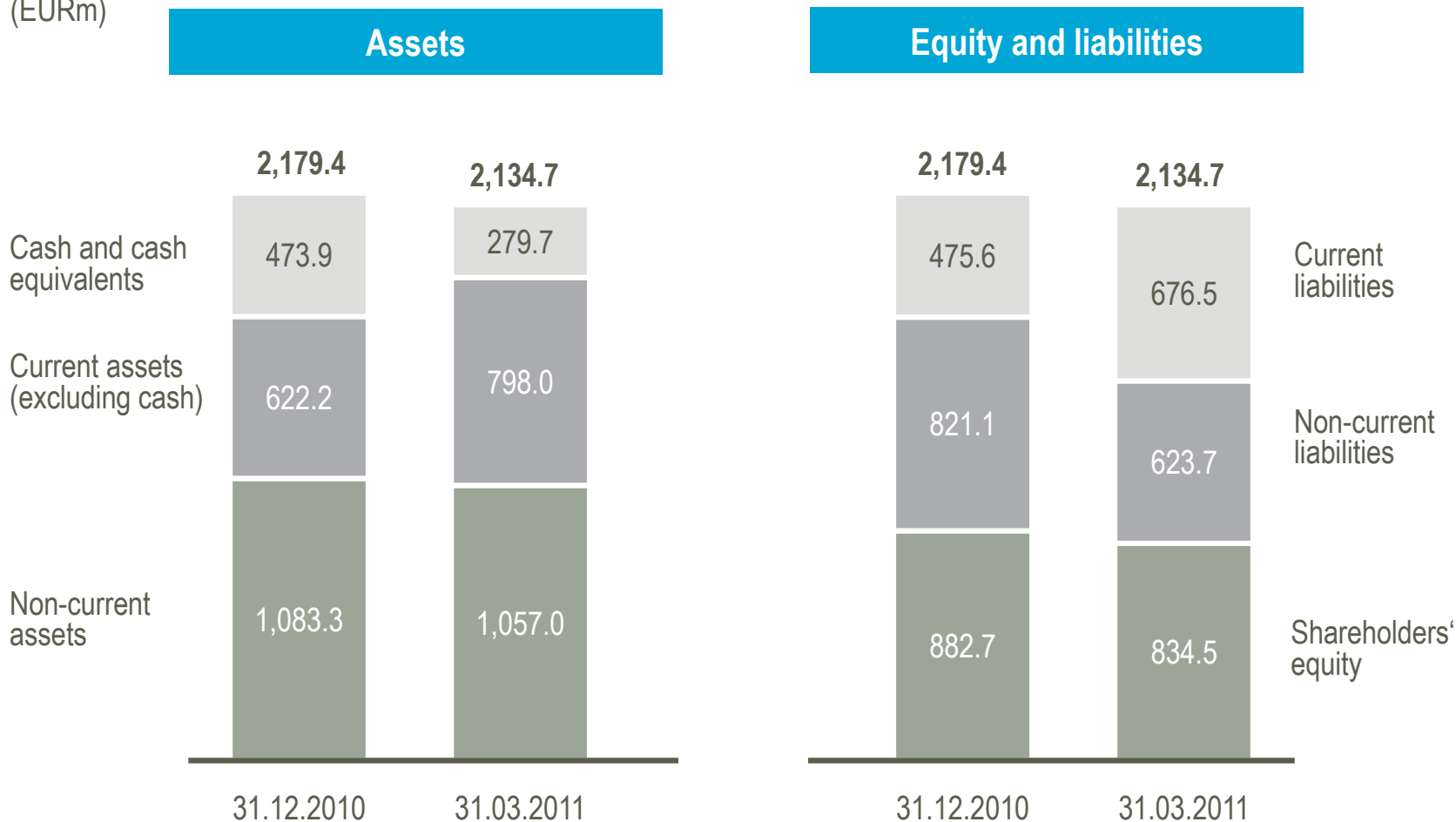


→ Strong increase of net debt (+58%) in Q1 due to reduction of cash



## BALANCE SHEET

(EURm)



→ Equity ratio slightly down from 41% to 39%



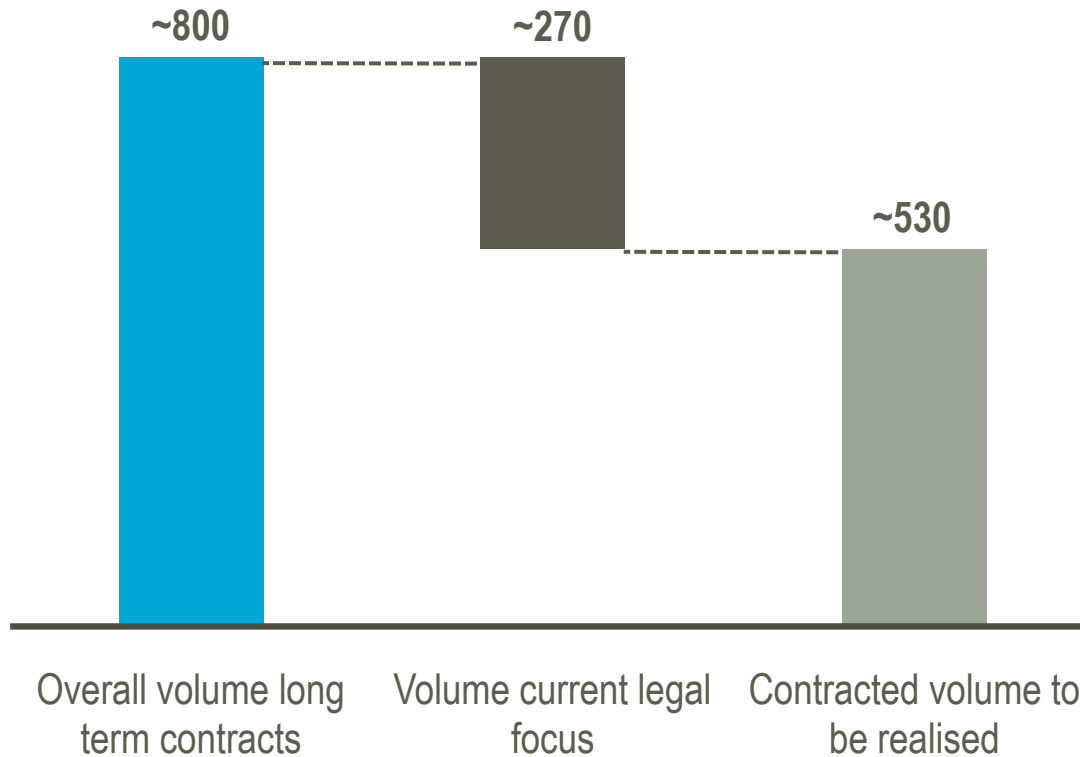
# MARKET AND DEMAND DEVELOPMENT

- **Situation end of Q1 2011:**
  - **Unclear regulatory situation in Italy and France and seasonal low volume in Germany resulted in weak demand in Q1**
  - **Price declines for cells and modules**
  - **Market upturn for beginning of Q2 2011 expected**
- **Situation in Q2 2011:**
  - **New Italian feed-in tariff system as per May**
  - **First signs of market upturn in April/May**
  - **Temporary reduced production in Q2**



# LONG TERM CELL CONTRACTS STATUS 2011

(in MWp)



Number of  
Customers: 55

32

23

- In Q1 2011 volume cell customers about 30 % below contractual obligations
- Order cancellations from some cell customers on very short notice
- For about two thirds of the contracted volume 2011 of ~530 MWp already amendment agreements signed



# Q. FLEXIBLE MODULE PRODUCTION

## Crystalline solar module strategy

### Flexible manufacturing concept with external processing partners

- Existing capacities:
  - Flextronics Malaysia with ~200 MWp solar module line in full production
  - OEM China (Hanwha SolarOne) with ~200 MWp solar module capacity for systems business
  - EMS partner Eastern Europe: ~200 MWp
- New capacities:
  - Internal line with capacity of ~130 MWp at already existing site for high-efficiency premium product (Q.PEAK)
- Total production capacity of >700 MWp at year end 2011
- Official introduction of next generation solar modules at industry fair Intersolar in Munich (June 2011)

## CIGS thin-film solar module strategy

Increase production to up to ~100 MWp in 2011 (from 75 MWp in 2010) at Thalheim production site, Germany



# COMMERCIAL & INDUSTRIAL BUSINESS

- Applications:
  - Industry roofs, inroof system, or parks etc.
- Projects in pipeline: >100 MWp
- Regions: Germany, Italy, France, UK, Malaysia, Thailand, Middle East
- Target for realisation in 2011: ~25 MWp





# UTILITY-SCALE SYSTEMS: PROJECT LIST

Country/Region	Projects (selection)	Size (MWp)	Comments
Germany	Zerbst	43	- Total size of pipeline: 177 MWp - Finsterwalde II/III already constructed and connected, revenue expected for Q2 2011 - <b>Target for realisation in 2011: up to 140 MWp</b>
	Briest West	30	
	Briest Ost	30	
	Briest Havelsee	31	
	Finsterwalde II/III	40	
	Holzgünz	3	
Italy	Leverano	6	- Total size of pipeline: 53 MWp - <b>Target for realisation in 2011: depending on market environment</b>
	Mancini	4	
	Novi Ligure	3	
	Ruvo Zella	2	
	Other projects	38	
France	Les Mees 2	12	- Total size of pipeline: 20 MWp - <b>Target for realisation in 2011: up to 20 MWp</b>
	Avignonet	4	
	Chaillac	4	
North America	Starwood 2	34	- Total size of pipeline: 109 MWp - <b>Target for realisation in 2011: up to 45 MWp</b>
	Starwood 3	11	
	ATS JV	64	

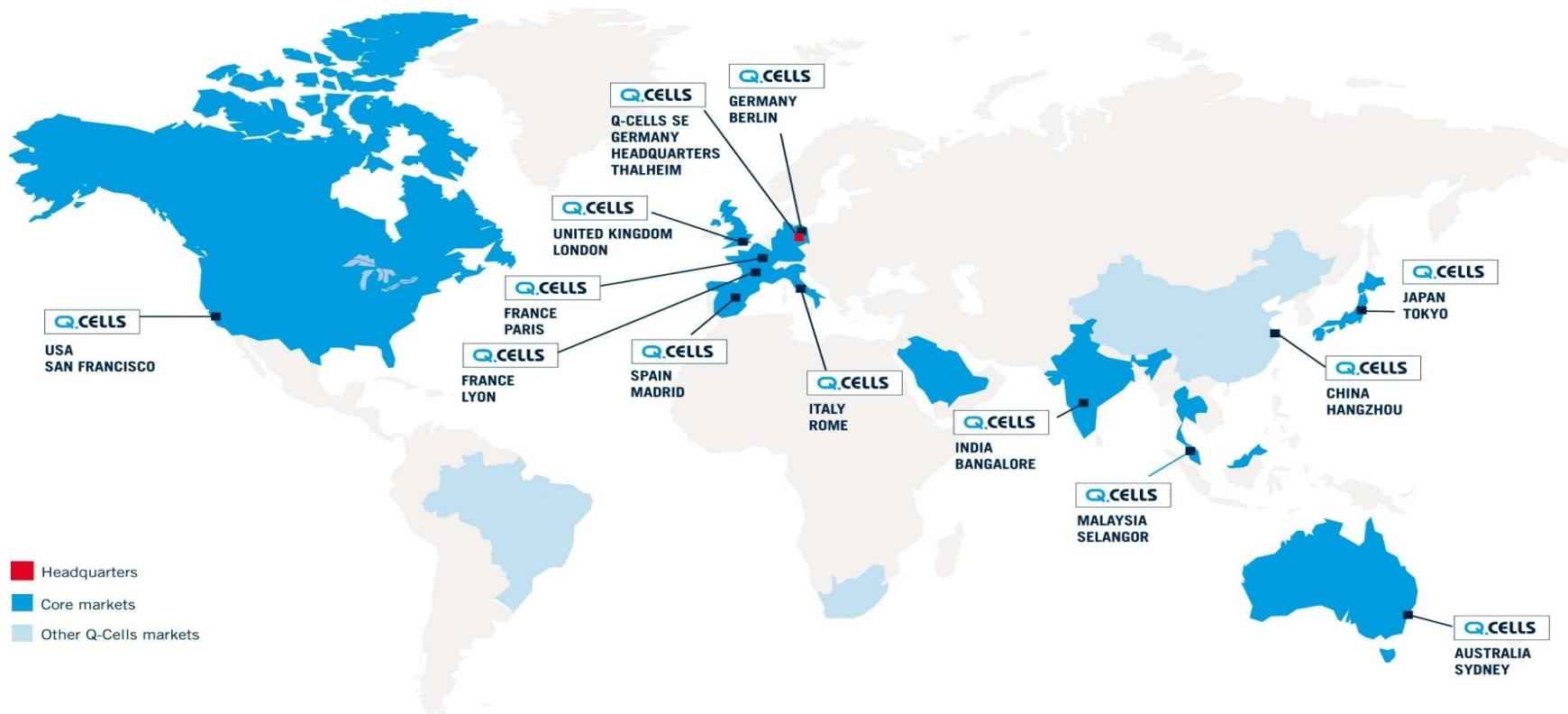
## Utility-scale systems:

- Total current pipeline for 2011/2012: >300 MWp
- Target for realisation in 2011: >200 MWp
- Realisation of Italy pipeline depending on regulatory environment



# FURTHER INTERNATIONALISATION UNDERWAY

## Branches and global markets



→ Market entry in 15 key markets with >80% of the global PV market  
Export ratio Q1 2011: 78 %, target for 2011: >50 %



## FURTHER INTERNATIONALISATION UNDERWAY

- New country offices opened in India and UK (turn of year 2010/11)
- Solar installations started in France, United Arab Emirates and Japan
- North America: start of construction Starwood II (33.6 MWp) and solar cell contract with SunPower
- Sales of Q.SMART modules for reference project at Venice airport, Italy
- Japan: foundation of Q-Cells „Meister Club“ (QMC), an innovative sales network of Japanese installers, offering clients integral residential PV solutions
- UK: Q-Cells achieved MCS accreditation for best suited modules for the local market, Q.SMART and Q.PRO

# OVERVIEW INTERNATIONAL REFERENCES

## International references in Q1 2011

- Starwood II  
(North America)**
- 33.6 MWp (ground-mounted installation)
  - Under construction

- Chaillac  
(France)**
- 4.5 MWp (ground-mounted installation)
  - To be completed summer 2011

- Avignonet Lauragais  
(France)**
- 4.5 MWp (ground-mounted installation)
  - To be completed in July 2011

- Venice Airport  
(Italy)**
- 612 kWp (rooftop installation)
  - Sales of 6,800 Q.SMART modules

- Osaka  
(Japan)**
- 9.7 kWp (residential installation)
  - Completed in March 2011



Rooftop installation Venice Airport, Italy



Residential installation in Osaka, Japan

## Technological achievements in Q1 2011

### 1. Q-Cells develops two world-record setting solar modules

- Multi crystalline solar module efficiency of 17.8% on aperture area
- Thin-film module (CIGS technology) reaches total area efficiency of 13.4%

### 2. Q-Cells solar modules are top performers at DKASC test centre in Alice Springs, Australia

- Q.SMART: average energy yield of 5.8 kWh per installed kWp per day – average of similar systems between 5.1 to 5.3
- QC-C05 (prototype of Q.BASE): average energy yield of 5.3 kWh per kWp per day – average of systems with similar systems configuration ranged from 4.6 to 5.1 kWh/kWp/day

### 3. Q-Cells offers high quality products branded “Q-Cells Yield Security”

- **New Anti-PID (potential induced degradation) technology:** Q-Cells optimized production processes to prevent PID on solar cell level
- **Hot-spot protect:** Q-Cells detects and sorts out Hot Spot solar cells
- **New traceable quality Tra.Q™ signature technology:** increase in quality and cost reduction

# Q CELLS OUTLOOK FINANCIAL YEAR 2011

## Capacities and production volume

- Cell production capacity: ~1.2 GWp at year end 2011
- Cell production: ~900 MWp depending on demand in H2 2011
- ~50% of cell production for module processing
- CIGS thin-film module production: ~100 MWp

## Financials

- Sales target: depending on demand situation (volumes, prices, mix) in H2 2011 around 2010 level
- EBIT: no guidance due to unclear pricing trends on sourcing and sales side



## Q-Cells holds on to its strategy, despite the challenging market environment:

I

Continued focus on the strategic realignment from cell manufacturer to PV-solution provider

II

Further strengthening and internationalisation of sales

III

Continuous innovation through new products and high quality applications

IV

Further process optimisation and ongoing cost reductions

V

All of that with highly qualified and motivated employees

The logo for Q.CELLS, featuring a stylized blue 'Q' followed by the word 'CELLS' in a bold, dark blue sans-serif font.



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# OVERVIEW NON-CURRENT FINANCIAL LIABILITIES

EURm	Nominal value at date of issue	Outstanding nominal value (31.03.2011)	IFRS liability component (31.03.2011)	Annual coupon	Due date
Convertible bond 2007/2012	492.5	201.7	193.0	1.375%	Feb 2012
Convertible bond 2009/2014	250.0	247.0	229.3	5.75%	May 2014
Convertible bond 2010/2015	128.7	128.7	92.9	6.75%	Oct 2015
<b>Total convertible bonds</b>	<b>871.2</b>	<b>577.4</b>	<b>515.2</b>		

	MYRm	EURm (31.03.2011)	Due date
Malaysian loan	850.0	191.9	Second half 2014



# NET WORKING CAPITAL DEVELOPMENT

In EURm	End Q4 2009	End Q1 2010	End Q2 2010	End Q3 2010	End Q4 2010	End Q1 2011
+ Inventories	302.1	361.4	387.9	452.3	365.7	585.0
+ Trade Accounts Receivable	198.2	195.3	267.0	369.0	108.7	71.9
- Trade Accounts Payable	- 99.8	- 128.6	- 109.2	-139.4	- 148.8	- 152.0
<b>Previous NWC</b>	<b>400.5</b>	<b>428.1</b>	<b>545.7</b>	<b>681.9</b>	<b>325.6</b>	<b>504.9</b>
+ Financial Assets accounted for using the Equity Method <sup>1</sup>	92.9	99.1	35.6	65.4	62.2	63.1
+ Other Current Financial Assets <sup>2</sup>	40.0	36.6	50.1	72.5	92.0	74.0
- Other Current Liabilities <sup>3</sup>	- 158.9	- 134.3	- 144.7	-173.4	- 140.0	- 147.8
<b>Net Working Capital</b>	<b>374.5</b>	<b>429.5</b>	<b>486.7</b>	<b>646.3</b>	<b>339.8</b>	<b>494.2</b>

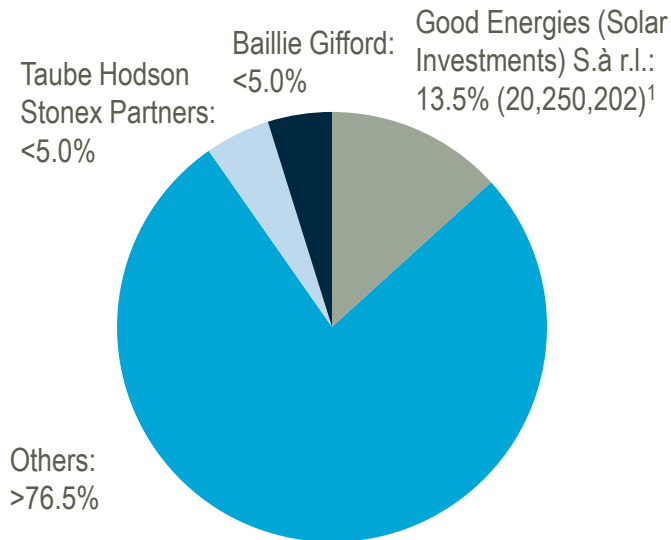
<sup>1</sup> Project business only

<sup>2</sup> Only assets from operating business

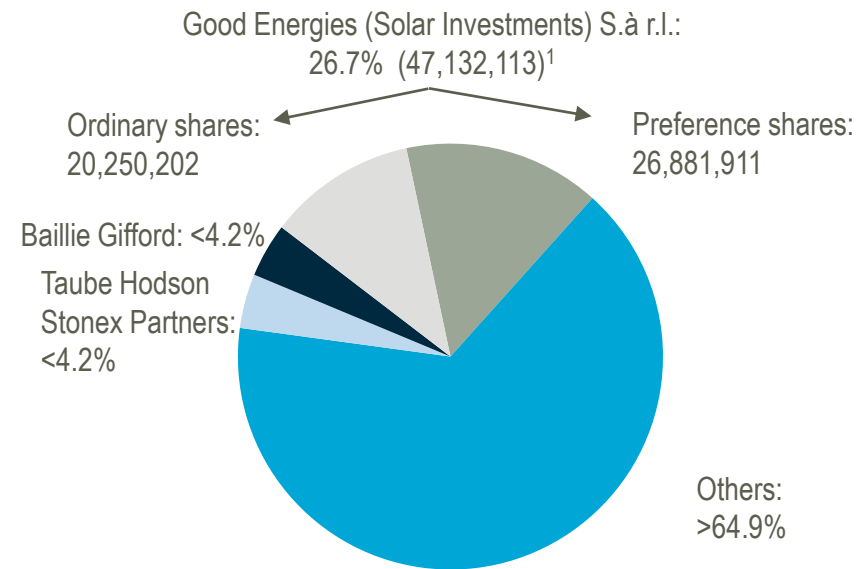
<sup>3</sup> Including project business, accrued liabilities and advance payments received

# SHAREHOLDER STRUCTURE (MAY 2011)

Ordinary shares: 149,461,719



Total shares: 176,343,630



1 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: 0.03 Euro
- Right for conversion into ordinary shares



# INCOME STATEMENT

EURm	01 January – 31 March 2010	01 January – 31 March 2011
<b>Revenues</b>	232.3	125.1
Change in stocks of finished and unfinished products	57.4	223.7
Other operating income	15.7	21.5
Cost of materials	232.9	295.8
Personnel expenses	23.1	29.8
Depreciation and amortisation	28.1	25.9
Other operating expenses	30.6	29.4
<b>Result from operating activities (EBIT)</b>	<b>-9.3</b>	<b>-10.6</b>
Result from financial assets accounted for using the equity method	-4.2	-1.0
Interest and similar income	3.9	1.1
Interest and similar expenses	14.3	15.9
Net currency gains/losses	27.9	-6.3
Result from financial instruments	0.1	0.8
<b>Result before tax from continuing operations (EBT)</b>	<b>4.1</b>	<b>-31.9</b>
Income taxes	13.7	9.2
Result from continuing operations (net of income tax)	-9.6	-41.1
Result from discontinued operations (net of income tax)	-41.5	0.0
<b>Net result for the period</b>	<b>-51.1</b>	<b>-41.1</b>
Result attributable to other shareholders	-4.7	<b>0.0</b>
<b>Net result for the period attributable to Q-Cells SE shareholders</b>	<b>-46.4</b>	<b>-41.1</b>
thereof from continuing operations	-9.6	-41.1
thereof from discontinued operations	-36.8	0.0



# BALANCE SHEET: ASSETS

EURm	31 December 2010	31 March 2011
<b>Non-current assets</b>	<b>1,083.2</b>	<b>1,057.0</b>
Intangible assets	14.2	13.9
Property, plant and equipment	880.2	858.9
Financial assets accounted for using the equity method	62.2	63.1
Financial assets	2.4	2.3
Other non-current assets	53.8	53.7
Deferred taxes	70.4	65.1
<b>Current assets</b>	<b>1,096.2</b>	<b>1,077.7</b>
Inventories	365.7	585.0
Trade accounts receivable	108.7	71.9
Financial assets at fair value	0.3	0.0
Other financial assets	92.5	74.0
Other receivables and assets	52.5	64.7
Cash and cash equivalents	473.9	279.7
Assets held for sale	2.6	2.4
<b>Total assets</b>	<b>2,179.4</b>	<b>2,134.7</b>



# BALANCE SHEET: EQUITY AND LIABILITIES

EURm	31 December 2010	31 March 2011
<b>Shareholders' equity</b>	<b>882.7</b>	<b>834.5</b>
Subscribed capital	176.3	176.3
Capital reserve	359.1	359.5
Revenue reserve	338.2	297.1
Other reserve	9.1	1.6
<b>Non-current liabilities</b>	<b>821.1</b>	<b>623.7</b>
Convertible bonds	510.2	322.2
Borrowings	199.3	191.9
Deferred income from government grants	55.3	53.6
Provisions	26.2	25.9
Other non-current liabilities	27.0	27.0
Deferred taxes	3.1	3.1
<b>Current liabilities</b>	<b>475.6</b>	<b>676.5</b>
Convertible bonds	7.9	201.6
Borrowings and profit participation capital	87.2	87.7
Trade accounts payable	148.8	152.0
Other financial liabilities	106.3	105.8
Tax liabilities	23.1	16.2
Deferred income from government grants	9.4	11.0
Financial liabilities at fair value	0.2	5.4
Provisions	47.2	31.7
Other liabilities	45.5	65.1
<b>Total equity and liabilities</b>	<b>2,179.4</b>	<b>2,134.7</b>



# CASH FLOW STATEMENT (1/3)

EURm	01 January – 31 March 2010	01 January – 31 March 2011
Net result for the period	-51.1	-41.1
Income tax expenses	13.7	9.2
Result from financial instruments	-0.1	-0.8
Interest and similar expense	14.3	15.9
Interest and similar income	-3.9	-1.1
Result from financial assets accounted for using the equity method	4.2	1.0
Depreciation and amortisation	60.9	25.9
Investment subsidies and grants recognised	-7.0	-2.5
Loss on the disposal of intangible assets and property, plant and equipment	1.1	0.1
Other non-cash expenses and income	-33.7	6.4
Change in inventories, receivables and other assets	-74.7	-196.5
Change in provisions	-17.1	-15.8
Change in other liabilities	36.5	24.5
Interest paid	-7.1	-4.0
Interest received	0.9	0.5
Income taxes paid	0.0	-1.7
<b>Cash flow from operating activities</b>	<b>-63.1</b>	<b>-180.0</b>

# Q. CASH FLOW STATEMENT (2/3)

EURm	01 January – 31 March 2010	01 January – 31 March 2011
Payments for capital expenditure on intangible assets	-0,5	-1,0
Payments for capital expenditure on property, plant and equipment	-36,3	-11,2
Payments for equity investments	-56,5	0,0
Proceeds from the repayment of loans granted	13,9	0,0
Proceeds from government grants	5,6	1,4
Changes in restricted assets	5,6	-5,1
<b>Cash flow from investing activities</b>	<b>-68,2</b>	<b>-15,9</b>
Repayment of convertible loans	0,0	-2,1
Repayment of loans	0,0	-0,1
Changes in restricted assets	0,0	30,9
<b>Cash flow from financing activities</b>	<b>0,0</b>	<b>28,7</b>

# CASH FLOW STATEMENT (3/3)

EURm	01 January – 31 March 2010	01 January – 31 March 2011
Change in liquid funds	-131.3	-167.2
Effects of foreign exchange	15.6	-1.2
Liquid funds at the beginning of the period	375.6	360.6
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>259.9</b>	<b>192.2</b>
<b>LIQUID FUNDS AT THE BEGINNING OF THE PERIOD</b>	<b>375.6</b>	<b>360.6</b>
Plus restricted cash	36.3	113.3
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD AS REPORTED IN THE BALANCE SHEET</b>	<b>411.9</b>	<b>473.9</b>
<b>LIQUID FUNDS AT THE END OF THE PERIOD</b>	<b>259.9</b>	<b>192.2</b>
Plus restricted cash	30.7	87.5
Cash liquid funds attributable to discontinued operations	10.7	0.0
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD AS REPORTED IN THE BALANCE SHEET</b>	<b>279.9</b>	<b>279.7</b>



# NEXT GENERATION SOLAR CELLS AND MODULES

**Q-Cells next generation products range among the safest and most reliable in the international market**

## **New Anti-PID (potential induced degradation) technology <sup>1</sup>**

- High system voltages can cause potential differences and leakage currents in modules
- PID can lead to system power losses of up to 20%
- **Q-Cells** optimized production processes prevent PID on solar cell level

## **Hot-spot protect**

- Small material defects can cause overheating of solar cells in solar modules
- Hot Spots can lead to strong degradation and in worst cases to fire
- **Q-Cells** detects and sorts out Hot Spot solar cells

## **New traceable quality Tra.Q™ signature technology**

- An individual laser code on each solar cell secures a 100% traceability of Q-Cells products along the whole value chain. Q-Cells patented the Tra.Q signature technology
- **Q-Cells'** Tra.Q leads to an increase in quality and reduction in costs of products

<sup>1</sup> APT Test conditions: cells at -600 V against frame, wet module surface, 25°C, 300 h

**Q.CELLS**  
YIELD SECURITY

- ✓ ANTI PID TECHNOLOGY (APT)
- ✓ HOT-SPOT PROTECT (HSP)
- ✓ TRACEABLE QUALITY (TRA.Q™)