



**CONERGY**

**Analyst / Investor Conference**

Frankfurt, 9 April 2008

## Agenda.

| Introduction

| Financials 2007

| Strategy

| Restructuring

| Planning 2008 / 2009

| Summary



## Key Messages.



### | **Company Crisis In 2007**

Over ambitiously growth and high complexity led to a severe liquidity crisis in October.



### | **November 2007: Strategic Repositioning and Restructuring Plan**

Introduction of a comprehensive strategic and operational restructuring plan in December 2007.



### | **February 2008: Banks Supportive**

Banks waived covenants until end of December 2008 and agreed additional financing: full support for restructuring concept.



### | **Restructuring Making Good Progress**

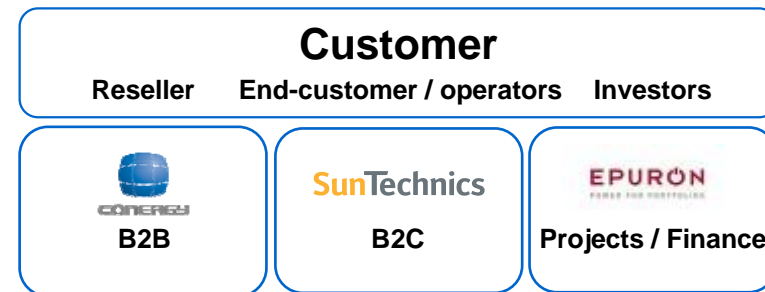
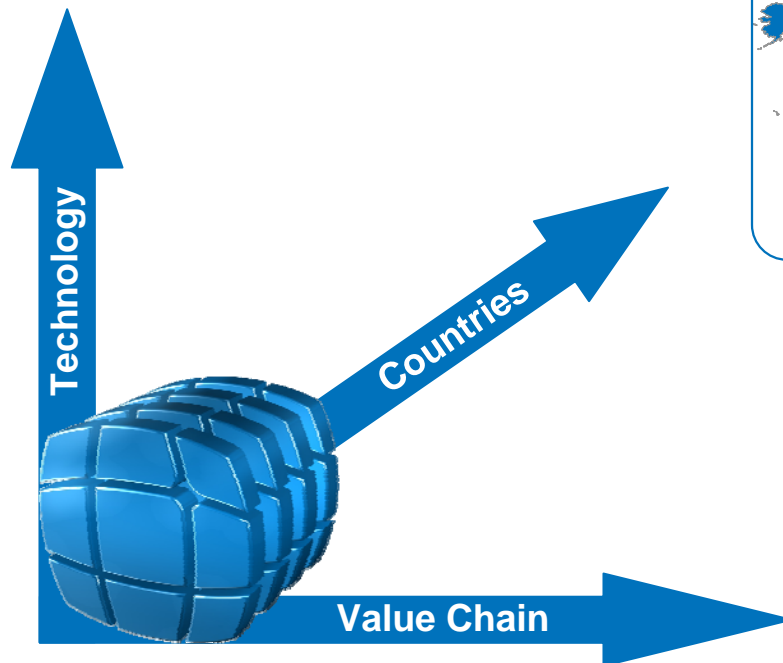
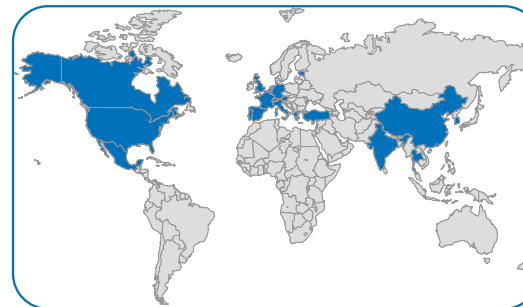
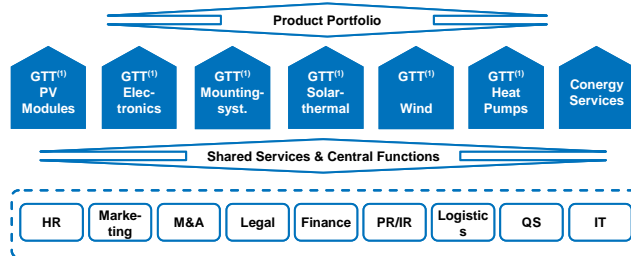
Initial results after 5 months are encouraging; 2008 still a year of turnaround.



### | **Planning 2009: Return To Profit / EBIT positive**

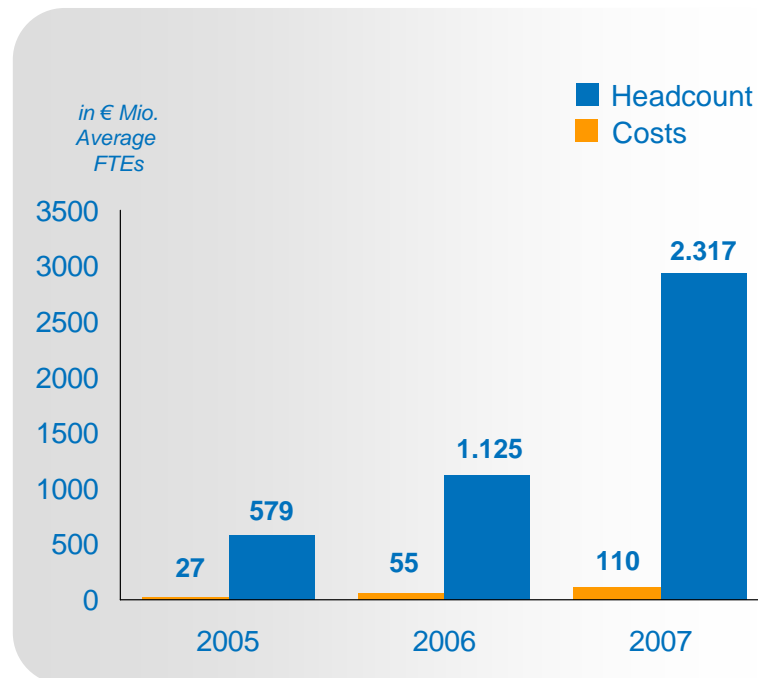
Planning a positive EBIT in double digit million region.

# Causes for the crisis: Too much, too soon, too ambitious.

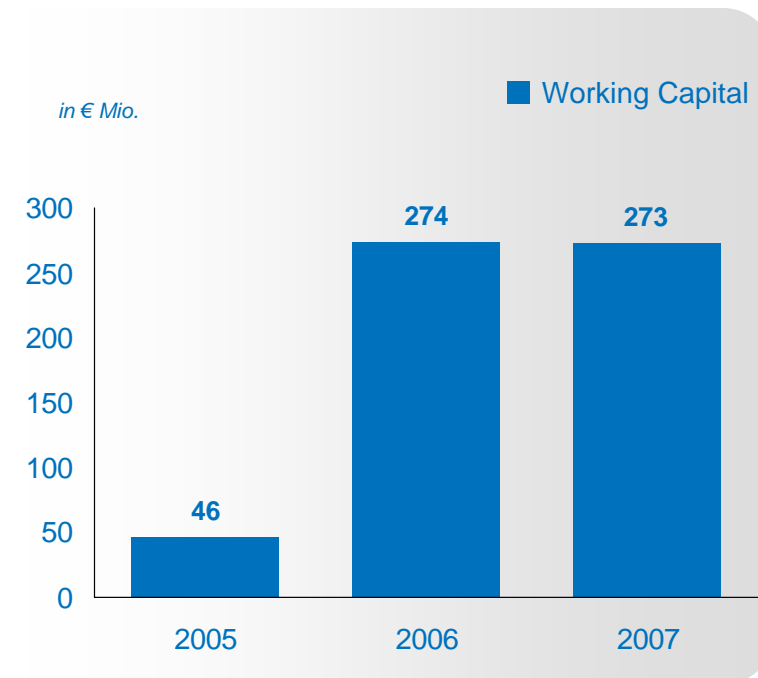


## Excessively fast growth: Headcount and working capital growth in the Group 2005 – 2007.

Growth in Headcount  
2005-2007



Growth in Working Capital  
2005-2007



## The main causes which led to the crisis.



| Excessively fast growth



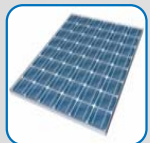
| Significant Increase In Cash Requirements



| Rapid Growth In Organisational Structure  
| High Overheads



| IT and Controlling Systems don't grow inline  
with complexity



| Delays In Deliveries Of Contracted Modules

Conergy



Company Crisis

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## Key Financial Data for 2007.

| Sales increased by 4% to EUR 706 million

| Sales by segment:

| Conergy up by 17% to EUR 321 million

| SunTechnics up by 18% to EUR 235 million

| EPURON – after restatement - down by 28% to EUR 150 million

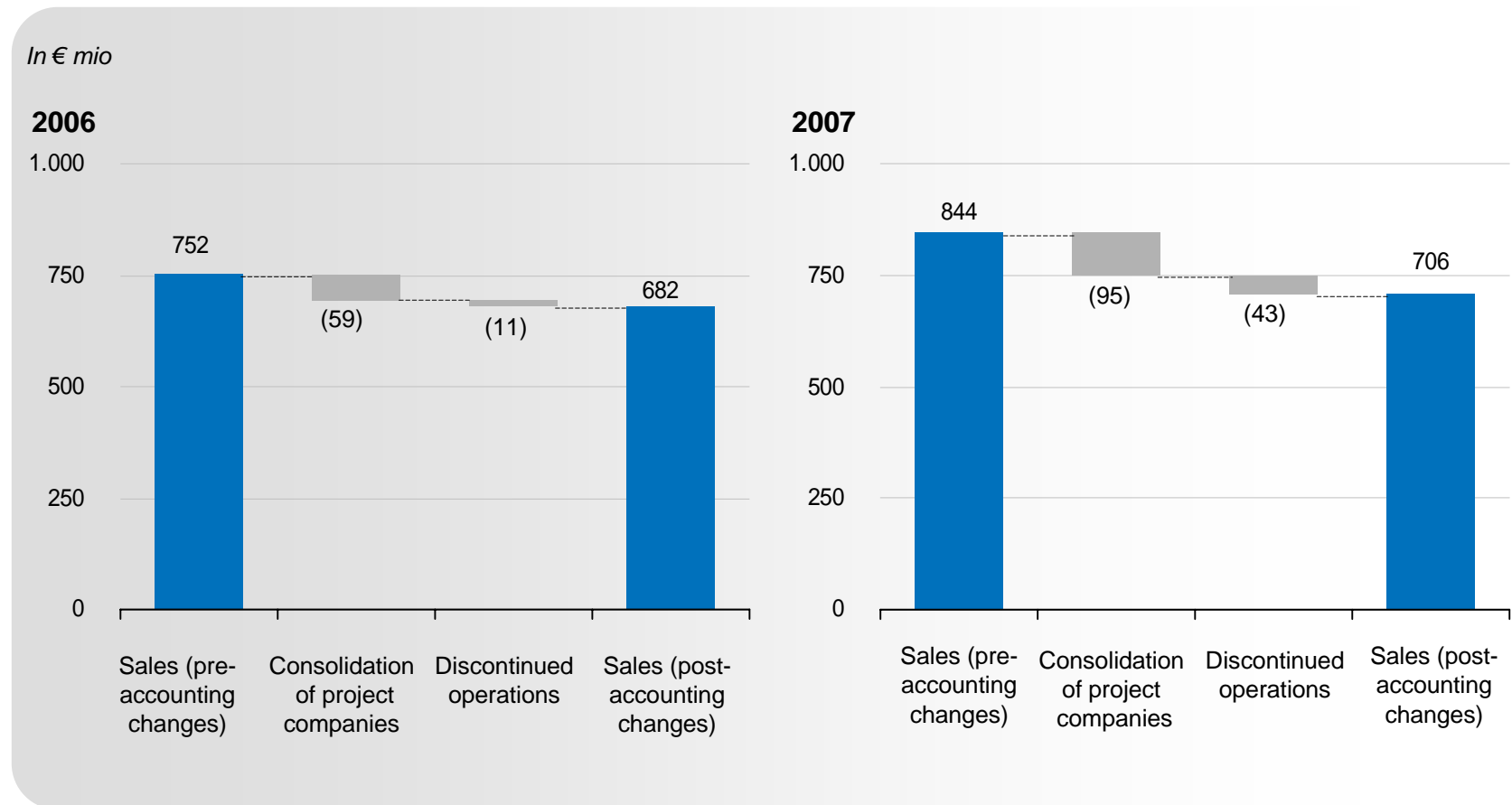
| EBIT at EUR -210 million (2006 restated to EUR 2 million)

| majority non-recurring effects associated with strategic repositioning and restructuring

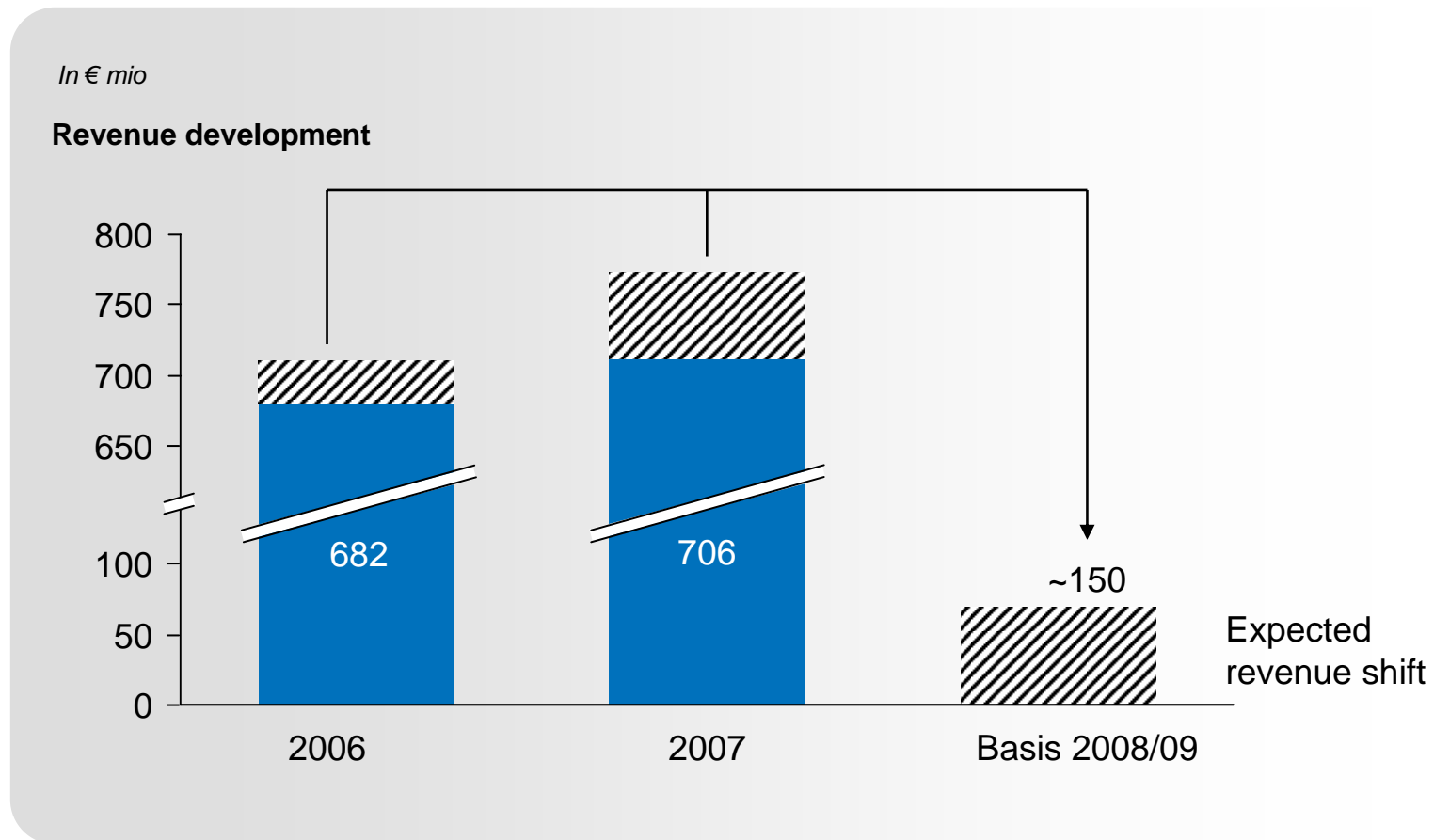
| Lower than anticipated deferred tax assets led to a net loss of EUR – 248 million



## Effect of accounting changes on sales.

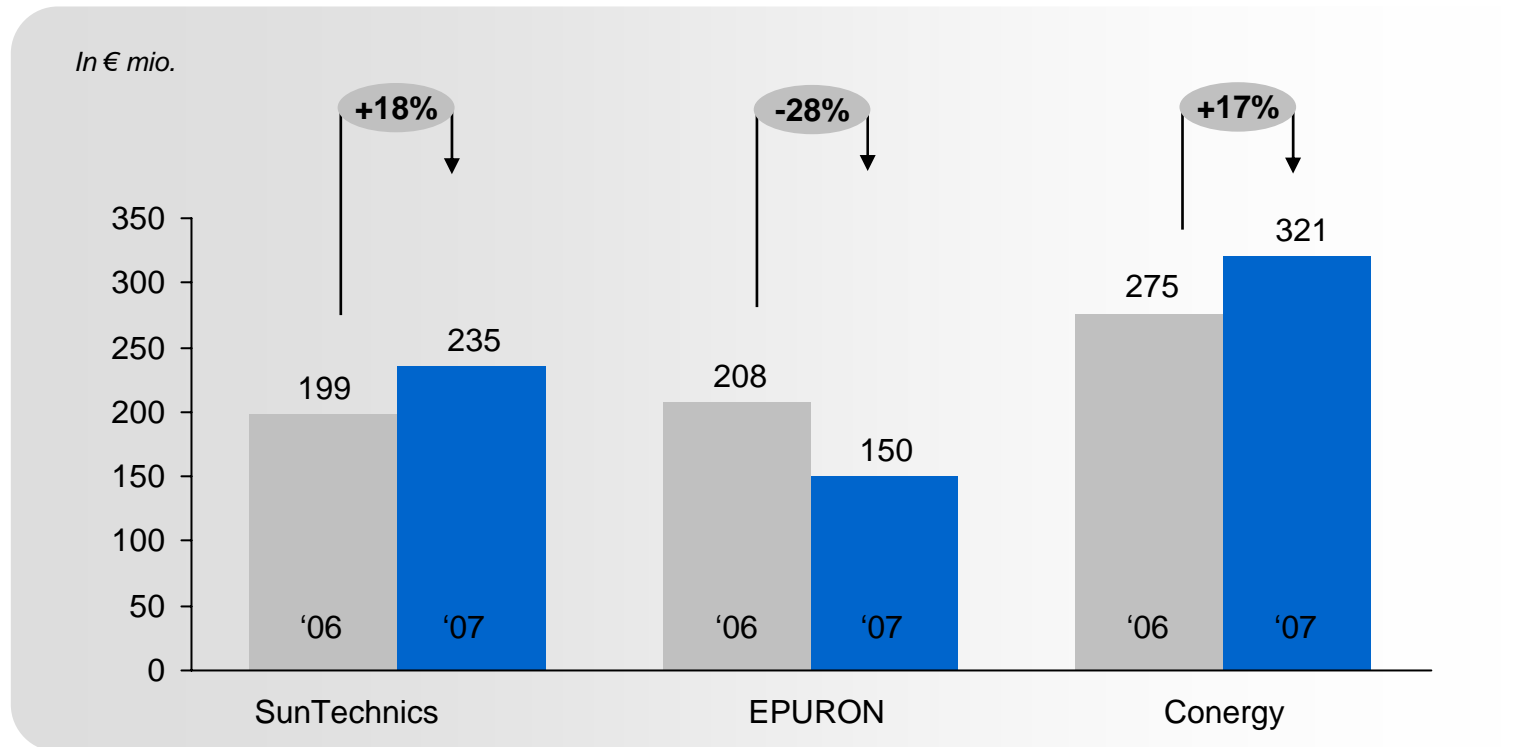


## Change in consolidation method will boost revenues in 2008/2009.



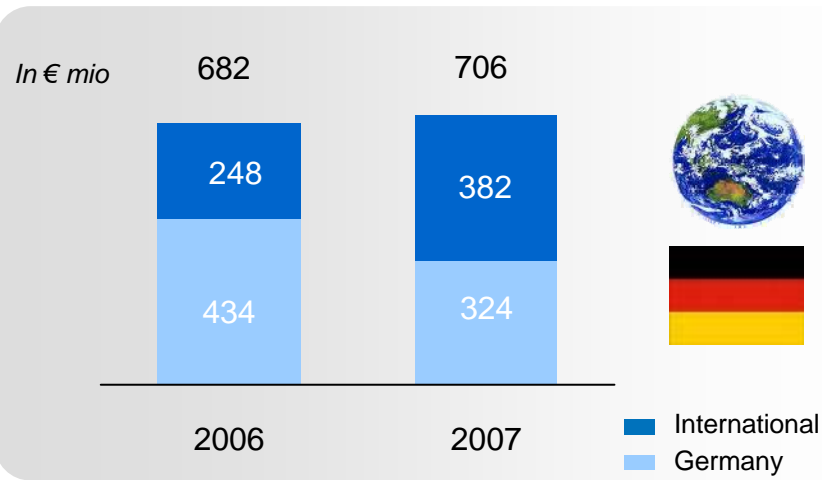
## Sales by Segments.

### Sales by Segments 2006-2007

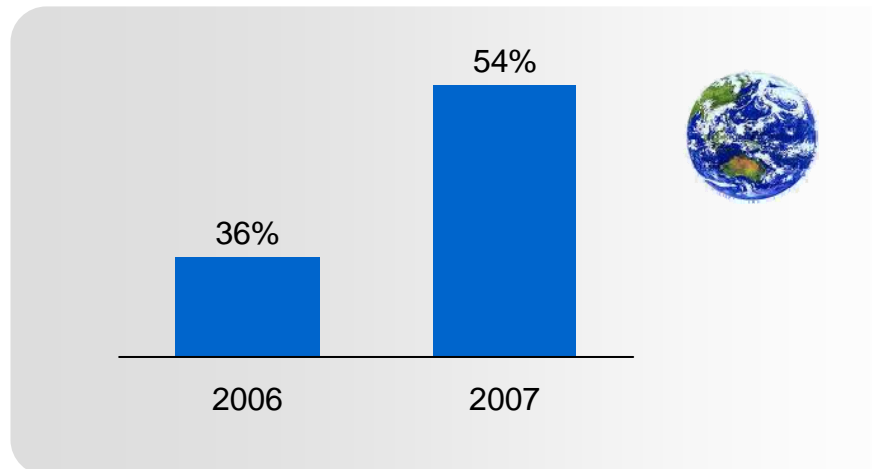


## Sales by Region: Significant increase in international sales.

Sales Germany  
– International



International Sales as  
percent of total sales





## 2006 / 2007 Income Statement

| In € mio.                                       | 2006       | 2006R <sup>(1)</sup> | 2007         |
|---|------------|----------------------|--------------|
| Revenues  | 752        | 682                  | 706          |
| <b>Gross Profit</b>                             | <b>145</b> | <b>108</b>           | <b>94</b>    |
| Other Operating Profit                          | 33         | 17                   | 30           |
| Personnel Expenses                              | (58)       | (55)                 | (110)        |
| Operating Expenses                              | (63)       | (63)                 | (182)        |
| <b>EBITDA</b>                                   | <b>57</b>  | <b>7</b>             | <b>(168)</b> |
| Depreciation & Amortization                     | (5)        | (5)                  | (42)         |
| <b>EBIT (Continuing Operations)</b>             | <b>52</b>  | <b>2</b>             | <b>(210)</b> |
| Financial Result                                | (6)        | (6)                  | (22)         |
| Income Tax                                      | (15)       | 4                    | 22           |
| <b>Earnings before Discontinuing Operations</b> | <b>-</b>   | <b>0</b>             | <b>(210)</b> |
| Earnings Discontinued Operations                | -          | (1)                  | (38)         |
| <b>Net Income</b>                               | <b>31</b>  | <b>(1)</b>           | <b>(248)</b> |

### Changes in 2006

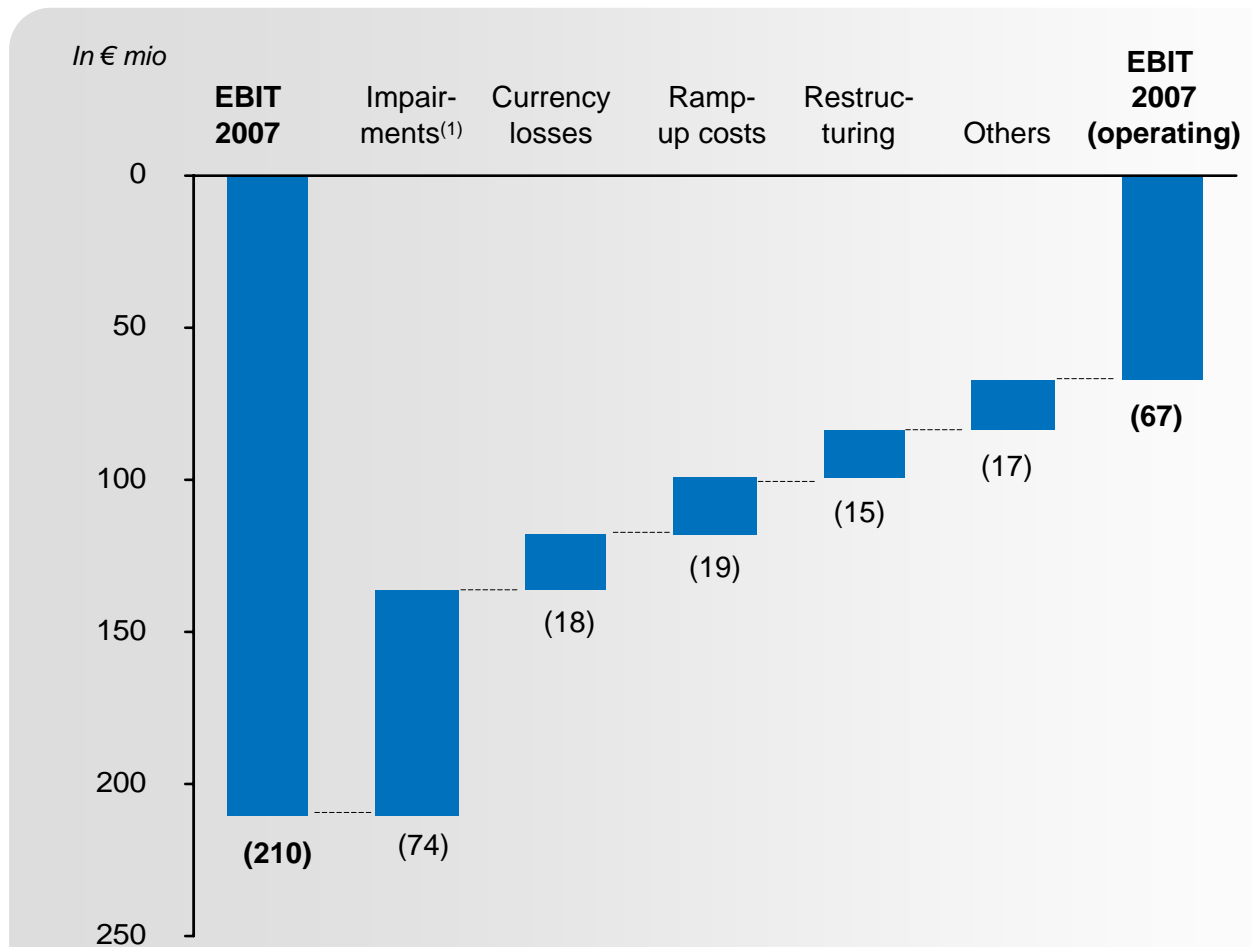
- | More conservative accounting policy for large projects (POC)
- | Additional restatements regarding:
  - | Sale and lease back Frankfurt(Oder)
  - | Hedge Accounting
  - | Acquisition in Turkey

### Comments on 2007

- | Mainly non-recurring costs

(1) Restated 2006 sales figures reflecting change of PoC-Accounting rules, excl. Discontinued Operations

## Negative impact on EBIT in 2007 is mostly driven by one-off effects.



(1) Impairments of EUR 74m are comprised of: Goodwill EUR 16m, Intangibles EUR 9m, tangibles EUR 9m, Inventories EUR 12m, Receivables EUR 28m

## Balance Sheet.

| In €mio.                                  | 31.12.2006 | 31.12.2007   |
|---|------------|--------------|
| <b>Non current assets</b>                 |            |              |
| Goodwill                                  | 29         | 21           |
| Other intangible assets                   | 22         | 23           |
| Property, Plant and equipment             | 63         | 211          |
| Others*                                   | 37         | 55           |
| <b>Current Assets</b>                     |            |              |
| Inventories                               | 135        | 342          |
| Trade accounts receivable                 | 328        | 213          |
| Others                                    | 58         | 83           |
| Cash and cash equivalents                 | 26         | 62           |
| Assets related to Discontinued Operations | -          | 26           |
|   |            |              |
| <b>Total Assets</b>                       | <b>698</b> | <b>1,036</b> |

| In €mio.                                       | 31.12.2006 | 31.12.2007   |
|--|------------|--------------|
| <b>Non current liabilities</b>                 |            |              |
| Provisions                                     | 2          | 14           |
| Financial liabilities                          | 1          | 120          |
| Other liabilities                              | 17         | 13           |
| Deferred Tax                                   | 23         | 20           |
| <b>Current Liabilities</b>                     |            |              |
| Provisions                                     | -          | 6            |
| Financial liabilities                          | 241        | 347          |
| Trade accounts payable                         | 189        | 282          |
| Others   | 74         | 90           |
| Liabilities related to Discontinued Operations | -          | 19           |
| <b>Equity</b>                                  | <b>151</b> | <b>125</b>   |
| <b>Total Equity and liabilities</b>            | <b>698</b> | <b>1,036</b> |

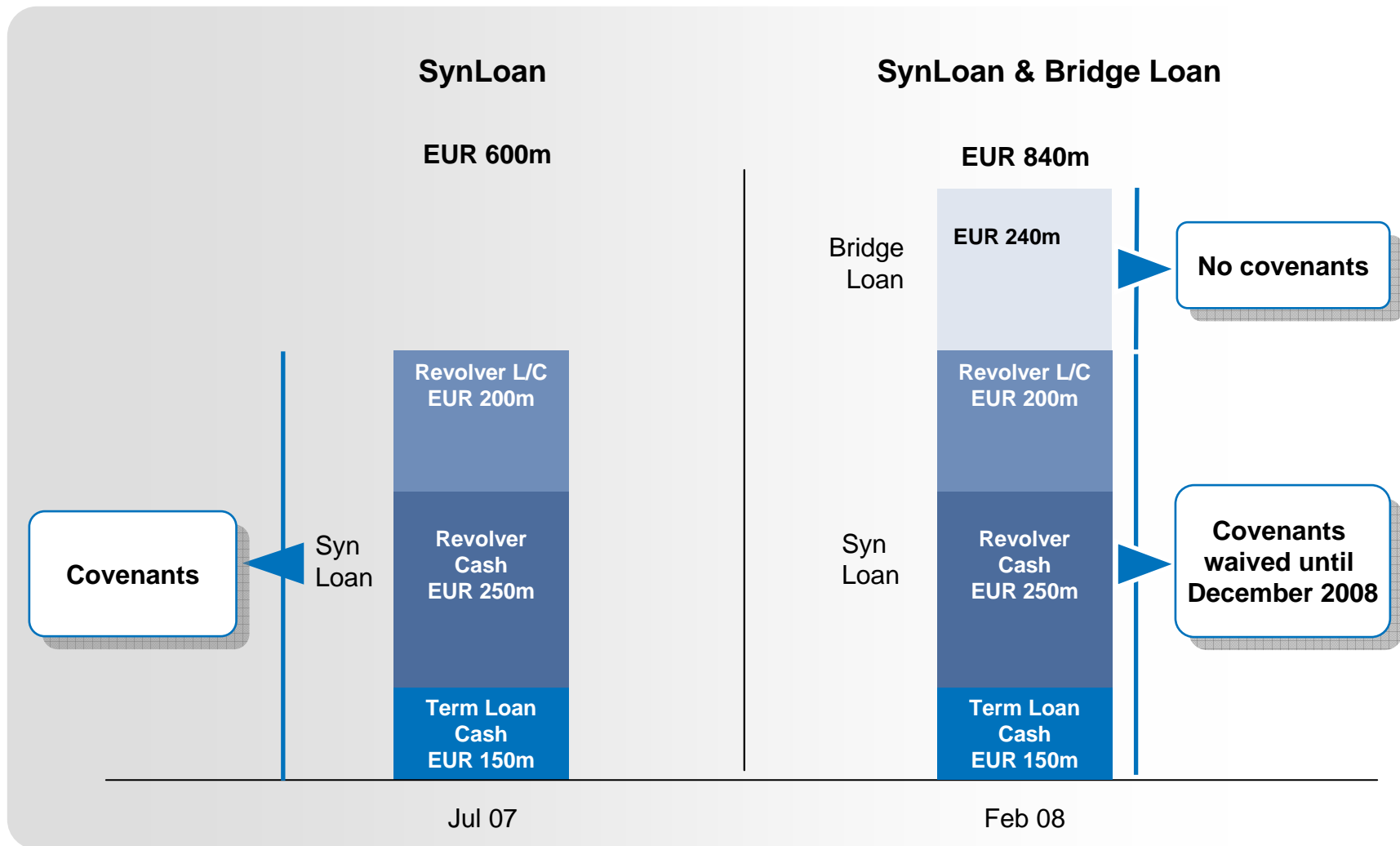
\* Thereof: €33 mio deferred tax in 2006, €50 mio deferred tax in 2007

## Working Capital Development.

| In €mio.                       | 2006       | 2006*      | 2007       |
|--------------------------------|------------|------------|------------|
| <b>Sales</b>                   | <b>752</b> | <b>683</b> | <b>706</b> |
| Inventory                      | 107        | 135        | 342        |
| Trade Receivables              | 373        | 328        | 213        |
| Trade Payables                 | -182       | -189       | -282       |
| <b>Working Capital</b>         | <b>298</b> | <b>274</b> | <b>273</b> |
| <b>Working Capital / Sales</b> | <b>40%</b> | <b>40%</b> | <b>39%</b> |

\* Restated 2006 sales figures reflecting change of PoC-Accounting rules, excl. Discontinued Operations

## Development of financing.



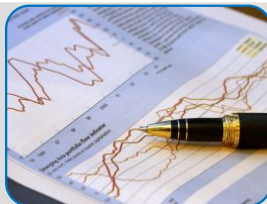
## Summary Financials.



| **2006 figures restated**



| **Risks 2007 reflected in accounts**



| **2008 financing agreed**

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## Change in strategy: Conergy clearly refocused.

### CONERGY 1.0



| Product Portfolio too complex, difficult to manage



| Significant Increase In Cash Requirements



| Rapid Growth In Organisational Structure  
| High Overheads



| IT and Controlling Systems don't grow inline with complexity



| Delays In Deliveries Of Contracted Modules

### CONERGY 2.0



| Focus On PV



| Significantly reduced Working Capital Requirements, etc.



| Lean Organisational Structure



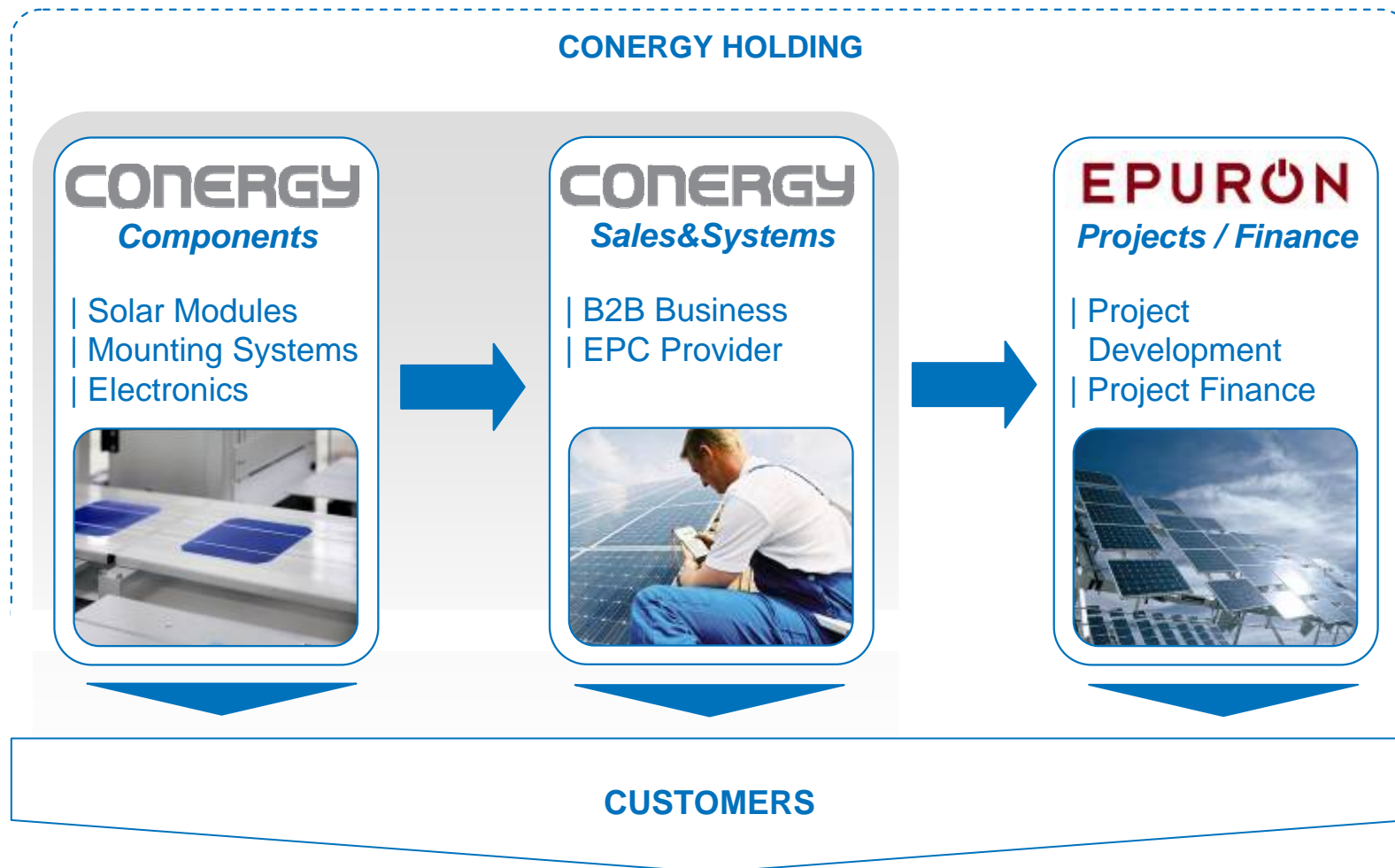
| Introduction of SAP, new more effective Controlling Instruments



| Secure supply from 3rd party suppliers and Frankfurt (Oder)



## The new group structure: Focus on core competencies.



## Restructuring measures initiated: The new business model.



### Strategy

- 1 Focus on core PV business
- 2 Focus on key markets
- 3 Reliable agreements with long-term partners

#### Key steps\* Examples to date



Fewer, bigger and better (Products, SBUs, countries, etc.)

Withdrawal from unprofitable markets and countries planned



Divestment of discontinued operations (HVAC and biogas)

Sales of solar thermal activities in Belgium, Netherlands and Austria; Germany, Switzerland and USA in progress; SunTechnics bio activities discontinued



Redefinition of market penetration strategy

Withdrawal from small projects business



Clear focus on profitability by transaction and markets

Definition of hurdle rates

Identification of mature, growth and exit markets



Acquiring further third-party suppliers for raw materials

Negotiations initiated

\*taken or to be taken

## Restructuring measures initiated: streamlined structure.



### Strategy

- 1 Flexible organisation; clear responsibilities and targets
- 2 Effective cost structures in labor, material costs and processes
- 3 Introduction of best practice IT systems
- 4 Reduction of working capital

#### Keysteps taken or to be taken

- | Measurement Control Office (MCO) set up to track implementation and progress
- | Analysis and optimization of cost structures
- | Implementation of new management information system
- | Introduction of SAP and CRM systems
- | Optimization of supply chain management
- | Introduction of central accounts receivable management
- | Reduction of intercompany relationships
- | Reorganisation into independent business units

#### Examples to date

- | Reduction of legal entities on plan
- | Standardisation and optimisation of payments terms with suppliers
- | All important management positions in the divisions have been filled
- | Conergy has cut the number of its full-time employed staff worldwide by more than 550 up to now

## Restructuring measures initiated: Company Culture.



### Strategy

- 1 New incentive scheme to come
- 2 Profit before growth
- 3 Entrepreneurial responsibility culture
- 4 German „Mittelstand“ culture

Keysteps taken or to be taken

- | Introduction of new incentive scheme
- | Clear P&L responsibilities for heads of business

Examples to date

- | Bonus scheme installed linked to profit (EBITDA) of the company, business units targets as well as to individual performance

## Despite the crisis Conergy is well positioned in the market.

### Positioning

- | one of the leading global downstream players with strong presence in all major growth markets
- | solutions for B2B and B2C projects
- | one stop shop for solar energy
- | development of upstream capacity

### Technology

- | Multi-PV-technology portfolio
- | Strong system integration background

### Project Finance

- | Highly skilled, experienced team with long track record
- | Strong global network

### EPC knowhow & references

- | Long track record in project development
- | Strong engineering background. Providing solutions for complex challenges
- | Comprehensive industry contact network

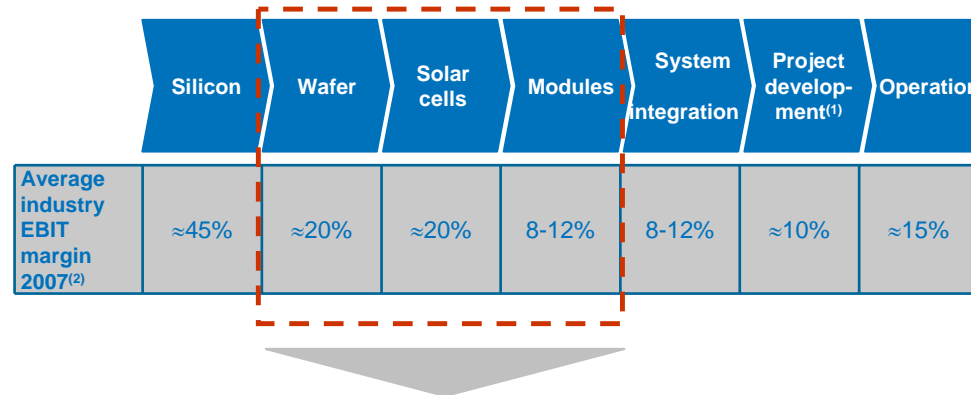
„Sanierungsfähigkeit und -würdigkeit gutachterlich geprüft und bestätigt“

 **ERNST & YOUNG**



## Update Frankfurt (Oder) : The key strategic decision to secure the business model by building own state-of-the-art production.

### Integrated PV module factory



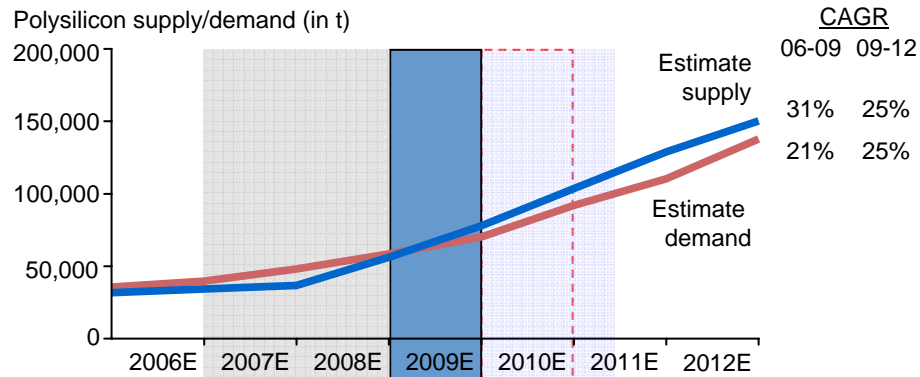
### Frankfurt (Oder)



- (1) Without financing
- (2) Mid-term expectation in 2007
- (3) EUR 215m presents Conergy's part of total capex of EUR 253m; thereof EUR 38m subsidies

## Conergy will benefit from the expected change in market structure.

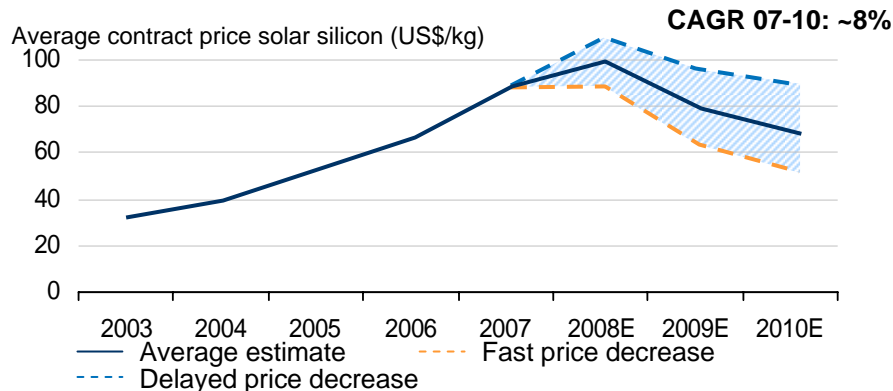
### Solar-grade silicon supply compared to market demand (in t)



| Announcement of large scale ramp-up of new silicon production capacity by existing players and new entrants (especially from China)

| Current market reports estimate a significant improvement in silicon supply in 2009/2010; market expected to change from a sellers' to a buyers' market (Piper Jaffray: 2010/2011)

### Consequently, solar-grade silicon prices expected to decrease



Sources: Bain analysis, Kaupthing Bank 2007, Societe General 2007, RBC 2007, ABN Amro 2007; Solarbuzz 2007; Sarasin 2006; Expert interviews; Bain analysis

## Planning 2008 / 2009.



### | 2008 – the year of turnaround

| Measures initiated will be implemented in 2008



### | Sales of more than EUR 1 billion from continuing operations expected in 2008

| Shift in revenues from 06/07 into 08/09: approx. EUR 150 million  
Higher sales volume



### | Substantial improvement in EBITDA; targeting breakeven at EBITDA level before non-recurring items

| economies of scale      | restructuring measures begin to take effect



### | EBT

| Without taking into account one-time and special items, significant negative earnings before tax (EBT) in the high double-digit millions expected



### | Frankfurt (Oder) to reach full capacity in 2009

| State of the art production plant in Frankfurt (Oder): in the second half of 2009 the company is aiming for margins in line with those of the industry



### | From 2009: Further growth and positive EBIT in 2009

| Further growth in sales and a positive EBIT in double digit million region planned for 2009



**CONERGY**

**Our world is full of energy.**



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