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PRESS RELEASE

goetzpartners study: The number of solar market participants will decrease dramatically until 2015

Munich, September 18th, 2009. It is expected that by 2015, the solar market will be characterized by drastic consolidation effects: The number of solar cell and module producers will reduce by 40%. At the same time, the market share of the top 10 will increase from 44% today to 57% in 2015. Only these companies will be among the long-term winners who consequently use their already strong strategic and/or financial position to further expand their competitive advantages and actively take part in the consolidation process. This is the result of an analysis of 100 international solar cell and module manufacturers carried out by goetzpartners. The consultancy has analyzed their financial ratios as well as market data and extrapolated them in planning scenarios up to 2015.

The global solar industry is under severe pressure. A lot of companies having been aligned for strong growth are no longer able to sustain their enormous financing cost in the currently difficult market environment characterized by overcapacities and mounting price pressure. “Besides a tough energy market environment the solar cell and module producers suffer from the capital market’s high deductions on their multiples as well as a fundamentally inexplicable value gap”, reveals Michael Sanktjohanser, Managing Director and head of Industry Line Energy at goetzpartners.

goetzpartners has determined that 40% of the currently active companies will vanish from the market during the consolidation phase from 2010 to 2015, either due to acquisitions (77%) or bankruptcy (23%). “Long-term winners will be using this phase to make acquisitions and further expand their strategic and financial strengths. Weakly positioned players have no chance of survival“, states Partner Guenther Schermer, who is in charge of the study.

In their study, the management consultants classified 100 international solar cell and module manufacturers according to their strengths and weaknesses into five status clusters. Building on this understanding the relevant strategic courses of action for each player cluster were derived.

- “The Newly Rich”: Being a new market participant with solid management skills, the “Newly Rich” has a strong financial negotiating position yet few strategic resources. Since his financial power dwindles he needs to make acquisitions quickly – otherwise market exit is the only option left to him.
- “The Happily Married/The Happy Bachelor”: This market participant is well-established, building on a strong financial negotiating position and sophisticated strategic resources. For him it is necessary to secure and continually improve his current position. Alliances with “Cinderellas” have the potential to close minor operational gaps.
- “The Prom Queen”: Due to management shortcomings and weakness in earnings the “Prom Queen” lacks negotiation power though having well-developed strategic resources at her disposal. In order to be able to stay independent and close financial gaps she

needs to dress as a “bride” for investors as well as for further selective acquisitions. In parallel she should offer her strategic advantages and competencies as shared services in the market.

- “The Second”: This player has failed to develop over the last one to two years. He has a weak negotiating position and modest strategic resources. In order to enhance his internal structures and close strategic gaps he should use the help of external investors to try to acquire “Prom Queens” or invest in the improvement of his strategic position.
- “The Cinderella”: Neither being in funds nor possessing noteworthy strategic resources she has the most unfavourable of all starting positions. To remain in the market the “Cinderella” must successfully forge alliances with “Happy Bachelors” in the short run - otherwise she envisages market exit.

“One thing holds true for all players: Take action now and examine carefully how much added value alliances and acquisitions present. The faster and better companies are prepared for consolidation the higher their chances for a sustainable and successful development”, says Sebastian Olbert, Manager in the Industry Line Energy at goetzpartners

About goetzpartners

goetzpartners is one of the leading independent advisory firms in Europe, offering M&A (Mergers & Acquisitions), Management Consulting and Interim Management services under one roof. The group stands for an innovative consulting approach and tailor-made solutions that are successfully implemented together with their clients. goetzpartners has offices in Munich, Düsseldorf, Frankfurt, Freienbach near Zurich, London, Paris, Madrid and Prague as well as co-operations in New York, San Francisco, Los Angeles, Bangalore, Mumbai, Moscow and Budapest.

goetzpartners Corporate Finance is focused on M&A. goetzpartners Management Consultants specializes in the fields of strategy, organization, operational excellence, sales and marketing, restructuring, interim management and strategic due diligence. goetzpartners is "Hidden Champion" 2009 in the fields of strategic due diligence, financial and merger strategies as well as post-merger integration (Corporate Finance Advisory).

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