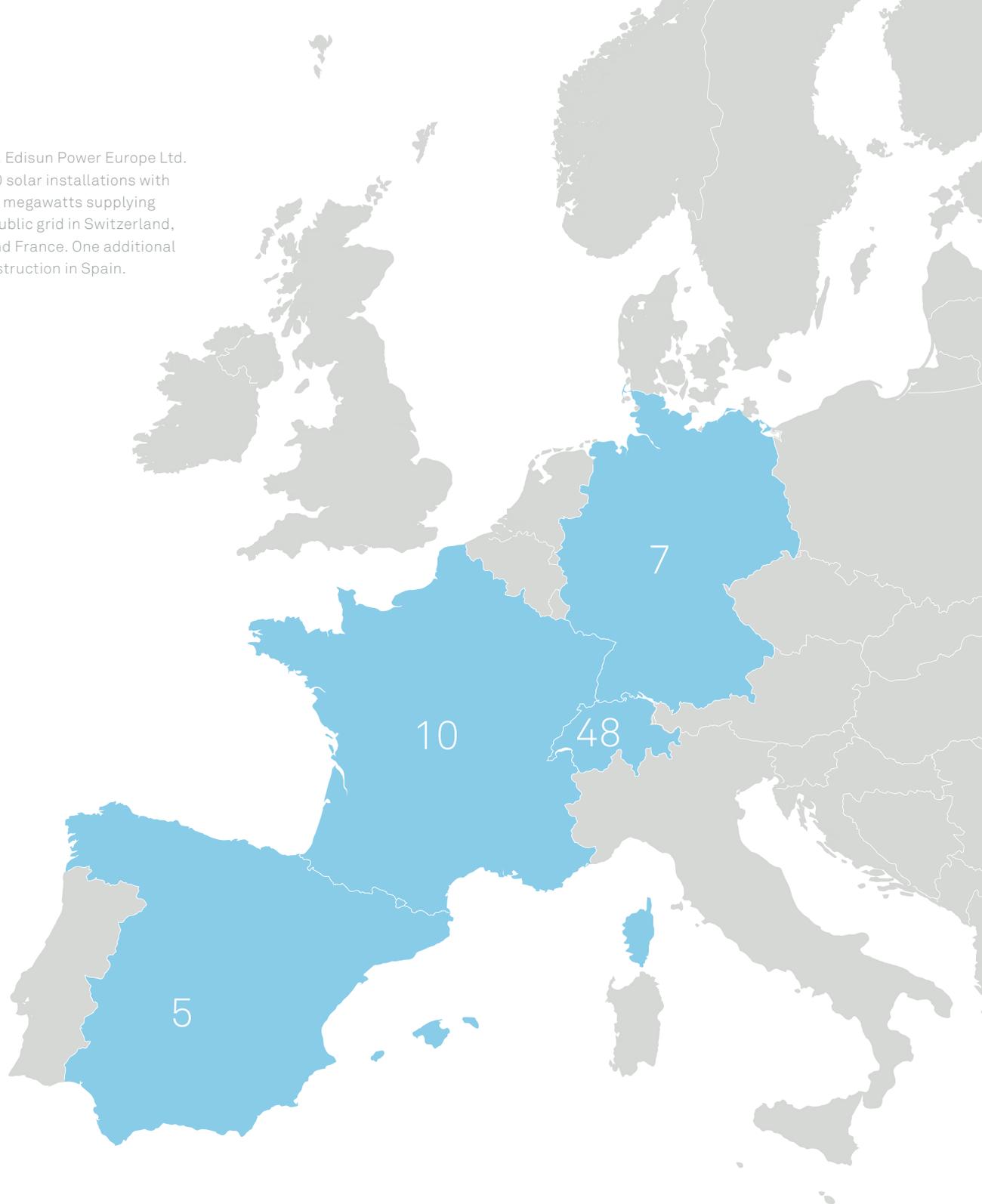


**Edisun Power Europe Ltd.**  
Annual Report 2011



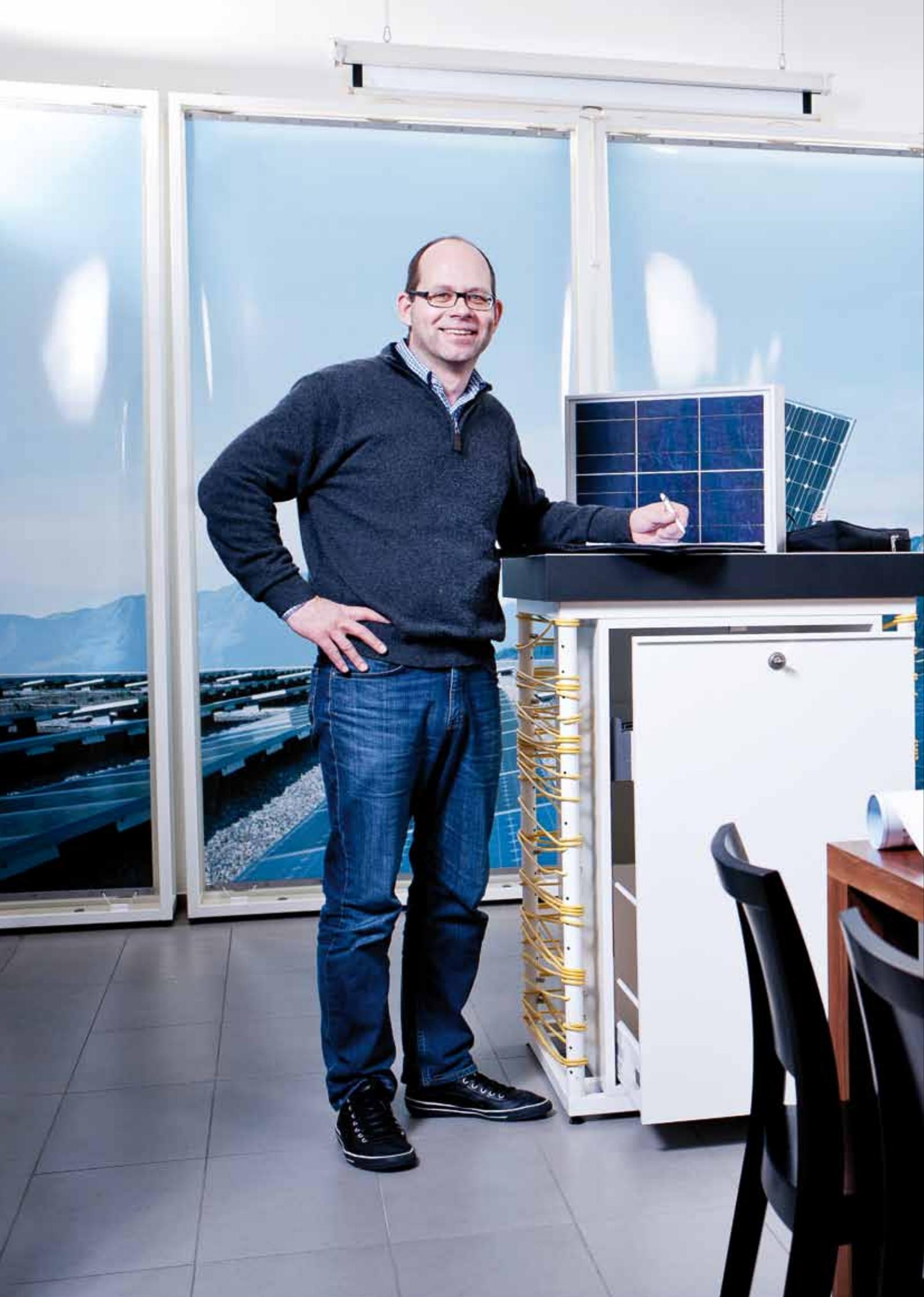
By the end of 2011, Edisun Power Europe Ltd. owned a total of 70 solar installations with a capacity of 11.75 megawatts supplying electricity to the public grid in Switzerland, Germany, Spain and France. One additional facility was in construction in Spain.



## Content

06	Foreword by the Chairman of the Board
10	Interview with the Executive Board
14	The Market in Switzerland
15	The Market in Germany
16	The Market in Spain
17	The Market in France
18	Financial Overview 2011
20	Financial Commentary
21	Edisun Power Group Board of Directors
22	Outlook for 2012







«Like us, solar power pioneer Edisun Power was putting solar power on the map long before politicians recognized its potential, dependability and sustainability. We have been planning and building solar power facilities for Edisun Power and others since 1994 throughout Switzerland.»

Adrian Kottmann, general manager and owner,  
BE Netz AG, the solar energy and heating specialist  
in Ebikon.

# Financing and adding new facilities is paramount

Ignored in the past, photovoltaics is today a recognized technology: all of our facilities produce power dependably. As an energy provider specializing in the production of solar power, we work daily to change the face of energy, and the financing and secure operation of facilities is our declared goal.

By investing in and running solar power facilities we are part of a worldwide photovoltaic network. Our experts adapt and implement reliable, forward-looking technologies in our plants. Sharing experience across national borders and with other sectors makes it possible for us to recognize potential opportunities and risks, to make the right decisions and investments. In doing so, we rely on our 14 years in the business, and bring our experience with project implementation and operation profitably to new projects.

## **Flexibility paired with know-how**

Investing in the solar power sector as we do, we need to be able to react quickly to the speedy pace of change in political conditions. But we also have to be prepared as

a business for the supply of modules and plant components, which can go from scarcity to over-supply in no time at all. So as to be able to react competently and speedily, we work in Switzerland as well as in Germany, Spain and France with reliable partners who can help us as we seek out and implement projects and enable us to quickly adapt our capacities. These partnerships allow us to keep our costs as low as possible while still maintaining a high standard of quality in our facilities, which in turn is the precondition for high power production. In addition, in times of cyclical overloads in planning and implementation we also share the burden of our work with several partners, and thus keep our own structures lean and efficient.

Edisun Power has expanded its business successively: experience in Switzerland bears fruit in Germany, Spain and France. Increasingly larger projects are being implemented in all countries in ever less time. In Mallorca, for example, we were able in October to commence construction of our largest facility to date, with a capacity of 2.2 megawatts. As an investor, Edisun Power takes



## **A LOOK BACK AT 2011**

### **January**

Solar power production in 2010 amounted to 7.6 million kilowatt-hours, 35.7 percent more than in 2009.

«In 2011, for the first time ever, we produced more than 10 million kilowatt-hours per year.»

responsibility for the totality of its projects, from termination to costs to quality assurance, achieved with the help of solid agreements and comprehensive procurement ability. As eventual facility operator, meanwhile, we minimize our risk by depending on the expertise of our employees and partners in construction and operations, a surefire recipe for future success-oriented decision-making in a highly volatile market environment.

#### New CEO

From March 1, 2012 we will welcome Rainer Isenrich as the new CEO/CFO of Edisun Power Europe, a manager with international experience and a seasoned solar power expert. As the former CEO of Multi-Contact he will bring valuable know-how to our company, which is small but professional and on its way up. Isenrich will succeed Mirjana

Blume, who has done much to shape Edisun Power since February 2008, first as CFO and then as CEO and CFO. Until Isenrich takes over, Markus Kohler, CTO of Edisun Power, will direct operations. Our power yield is a further indication that Edisun Power is on the right track: for the first time ever, we produced more than 10 million kilowatt-hours per year.



Heinrich Bruhin, Chairman of the Board of Directors



September

In France, three plants with a total output of 2.1 megawatts go online.



October

Construction begins on the largest facility to date, a 2.2-megawatt plant in Mallorca.



December

For the first time ever, annual power production tops 10 million kilowatt-hours.





«Long years of experience, a focus on quality and high outputs – that’s what we have in common with Edisun Power. We have been planning and building solar power facilities for Edisun Power and others for 16 years and, like them, we have successfully managed the move beyond our national border.»

Pascal Affolter and Jacques Bonvin, co-general managers, Solstis in Lausanne

Plant in the background: 1-megawatt facility on the swisspor Romandie building in Châtel-St-Denis. The plant belongs to Greenwatt AG.

# Photovoltaic sector in flux



Markus Kohler, CEO/CFO ad interim and CTO

Module and component manufacturers had a bumpy year in 2011. The sharp decline in prices, however, proved an advantage to Edisun Power. Grid parity will be attained sooner than expected, which will open up new business fields for Edisun Power.

A conversation with Markus Kohler, CEO and CFO ad interim as well as CTO.

## What were the high points in 2011?

The completion and on-time operational commencement of the three facilities in France with a total output of 2.1 megawatts was a highlight, which doubled the installed capacity in that country to 3.8 megawatts (MW). A further milestone was certainly the construction start of a 2.2-MW solar power facility in Mallorca in October 2011. It will be Edisun Power's highest-capacity plant by far.

## Module prices were under heavy pressure in 2011. Why?

Solar module and component manufacturers sharply increased their capacities in the second half of 2010, while at the same time various state subsidy programmes were cut, which led to an over-supply of modules, and thus to a steep drop in prices. The industry is now in a consolidation phase, and the market is shaking out accordingly. Companies like Solon and Solar Millenium of Germany or Solyndra and Evergreen Solar in the US have now been forced to file for bankruptcy. On the one hand, many European markets are stagnating or declining, and on the other, new photovoltaic markets, like those in China, India and Malaysia, are developing and posting robust growth.

## What market developments do you expect in 2012?

The consolidation of module and component manufacturers and project developers will continue. We assume, however, that the prices will not drop as sharply as in 2011. In our view, the European market will decline somewhat in significance worldwide following the enormous growth of recent years, but the markets will continue to develop at various rates until grid parity is reached.

## What does this development mean for Edisun Power's business?

As an energy producer specializing in solar power and investing in new facilities, we profit from the cost pressure on the production side of the photovoltaic industry since we purchase components rather than producing them. Of course subsidies are also in decline. But the sale of solar power from existing plants is based on 20 and 25-year agreements with fixed tariffs, which remain unchanged, while at the same time, in addition to purchasing cheaper facility components, we can build in countries where conditions are favorable to economic plant construction, and thus concentrate on profitable facilities and markets.

Although we are one of the largest solar power producers in Switzerland, we are not among the major players on the European market, which means we have the flexibility needed to respond quickly to new conditions. Even if the market does not grow, or grows only slowly, there are enough opportunities for Edisun Power to secure our growth in the European environment.

#### Will Edisun Power be able to make the necessary investments even if European growth slows?

The sharp downturn in price is making photovoltaics ever more competitive against other means of power production, which means grid parity will be reached sooner than had been predicted a few years ago. Since 2012, solar power in Germany costs the same as conventional household power. This grid parity, as those of us in the business call it, could drive the market. Edisun Power is following this development closely and will

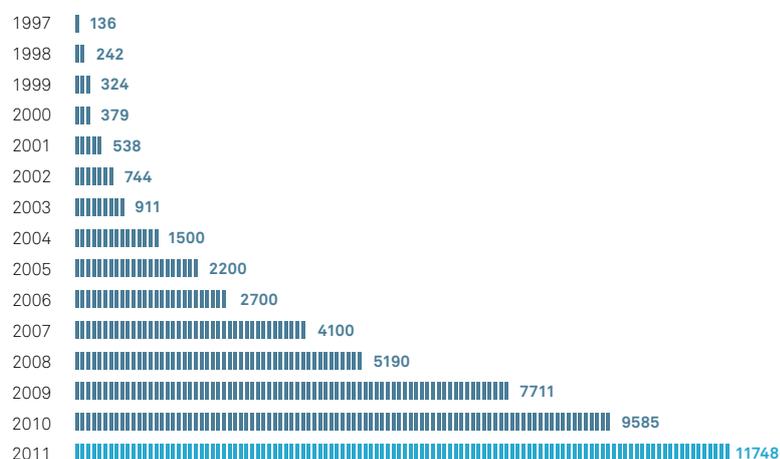
#### «The construction start of a 2.2-megawatt facility in Mallorca was a milestone.»

take advantage of the concomitant changes in the market so as to continue to play a key role in the solar market in future.

#### What are you particularly looking forward to in 2012?

Rainer Isenrich, our new CEO/CFO, who will begin his work with us on March 1. His energy and experience running international companies is of great value to the continuing market expansion of Edisun Power.

Total installed capacity in kW



«We maintain solar power facilities for Edisun Power. Where the solar power pioneer has been showing the way for a long time has become a trend: ever more people are planning a solar power facility for their home in order to do their part for the revolution in energy.»

Marcel Walder, photovoltaics project director at Hans K. Schibli AG, an electro-technical company in Zurich.



Plant in background: the 145-kilowatt facility at the Messe Zürich.



# Over 15 percent higher yields

Switzerland: as of the end of 2011 Edisun Power owned and operated 48 facilities in Switzerland with total installed capacity of 3686.2 kilowatts (kW).



## Recent installations

As early as May 2008, Edisun Power registered several projects under the aegis of cost-covering remuneration for feed-in to the electricity grid (CRF), projects which, however, are still on the waiting list at Swissgrid. For this reason there were no new plants built in 2011. Four small facilities were sold or dismantled after their agreed life had elapsed, or were transferred to rooftop owners as contractually regulated.

## Facility operations

The sun really came out in 2011: the yield of all facilities, with a plus of 15 percent, significantly exceeded expectations. Facility operations were very sound, with no extraordinary work done.

## Energy policy

The National and State Councils, the two houses of the Swiss parliament, sent the Federal Council a motion in the fall of 2011 calling for a repeal of the financial cap on CRF. The parliament thus charged the government with working out a revised bill, which the parliament will in turn subject to renewed debate. According to Swissgrid, however, the proposed legislation will not be ready until 2013, or perhaps even later. At the end of 2011 there were 13 846 photovoltaic facilities with a capacity of 473 megawatts on the CRF waiting list.

1



2



1 The 30.6-kilowatt Huob facility in Pfäffikon

2 The 155.8-kilowatt Tramonhalle facility in Zurich

# Solar power subsidies cut by 25 percent

Germany: as of the end of 2011 Edisun Power owned and operated seven facilities in Germany with total installed capacity of 2105 kilowatts (kW).



## Facility operations

No new facilities were built in Germany in 2011. As in Switzerland, however, the seven Edisun Power plants there exceeded forecasts by delivering 15 percent more power than expected. The facilities functioned without a hitch, and no extraordinary work was done.

## Energy policy

The reduction of remuneration for feed-in by 25 percent as of January 2011 set the tone for the solar power market, with comparatively few facilities constructed in the first half of the year. All the same, in 2011 with a new installed capacity of 7.5 gigawatts the same capacity was installed as in 2010. According to the Federal Association of the German Energy and Water Industries

(BDEW), solar power accounted for 3.2 percent of gross power production as against just 1.9 percent in the previous year. Especially on sunny days, solar power facilities in Germany deliver the lion's share of the peak current required at midday. In 2012 solar power subsidies were decreased in two phases, with the first, as of January 1, 2012, amounting to 15 percent and the second expected to be similar. In addition to these reductions, as provided for in the Renewable Energies Act (EEG), further steps are under discussion at the political level.

1



2



1 The 447.1-kilowatt Lebert facility in Erbach

2 The 187.4-kilowatt Petersen-Allpa facility in Aitrach

# Largest Edisun Power facility in construction

Spain: as of the end of 2011 Edisun Power owned and operated five facilities in Spain with total installed capacity of 2152.3 kilowatts (kW).



## Recent installations

At the end of October, work began on the construction of what will be Edisun Power's largest solar power plant to date: the free-standing facility in Mallorca will have a capacity of 2.2 megawatts. Edisun Power has charged Energes of Seville, a skilled and dependable company and a partner of long standing, with planning and construction.

## Facility operations

Facilities in Spain also outperformed expectations, producing a plus of 3 percent. The plants operated very well, with no extraordinary work done. Unfortunately, because of the restriction on maximum remuneration for energy – from 2011 to 2013 feed-in remuneration has been capped at a maximum amount of energy per year – total production could not be posted as income at the feed-in

tariff. Depending on region and type of facility, this limited remuneration has meant a drop in yield of an average 25 percent. In order to compensate for these losses, the feed-in tariffs will be paid out for 28 years, rather than 25.

## Energy policy

Spain too has a waiting list for solar power projects. Subsidy tariffs for new projects are less than EUR 0.15, which means that grid parity is within reach in Spain as well. For this reason it can be expected that coming years will see solar power facilities constructed beyond the state's guaranteed feed-in tariff.

1



2



1 Construction work on the 2.2-megawatt Cortadeta plant in Mallorca

2 Progress on building the Mallorca facility

# Capacity doubled against 2010

France: as of the end of 2011 Edisun Power owned and operated 10 facilities in France with total installed capacity of 3804.5 kilowatts (kW).



## Recent installations

In late 2011 three new solar power facilities went online in France with a total capacity of 2.1 megawatts. The facilities are installed on warehouses and production buildings.

## Facility operations

With one percent output below prognoses, our French facilities are virtually on track. Year on year, the facilities have thus also increased in proportion of yield to forecast.

## Energy policy

In 2011 the French state completely redefined its policy with regard to renewable energies: instead of a periodically determined feed-in remuneration per type of facility, quotas for a range of categories are now being auctioned off. The first auctions, in which Edisun Power will be participating, are to take place in early 2012.

1



2



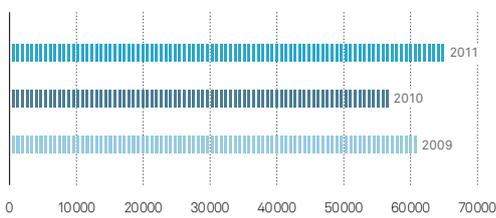
1 The 469-kilowatt HEF facility in St. Etienne

2 The 860.9-kilowatt La Gravona facility in Corsica

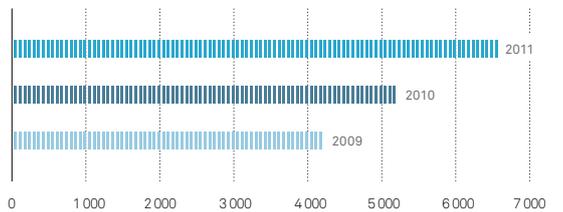
# 3-Year Overview

Key Figures Edison Power Europe Group	2011 TCHF	2010 TCHF	2009 TCHF
<b>Balance Sheet</b>			
Land, plants and equipment	65 596	57 713	60 580
Total assets	74 120	69 441	73 758
Equity	18 644	21 744	30 339
in % of total assets	25.2 %	31.3 %	41.1 %
<b>Income Statement</b>			
Total revenues	6 856	15 703	7 127
Sale of electricity	6 613	5 252	4 280
Revenues other	243	10 451	2 847
EBITDA	3 681	2 920	2 145
in % of total revenues	54 %	19 %	30 %
Depreciation and amortization	- 2 194	- 2 132	- 1 813
EBIT	1 017	60	332
in % of total revenues	14.8 %	0.4 %	4.7 %
Net profit / (loss)	- 917	- 1 073	- 120
in % of total revenues	- 13.4 %	- 6.8 %	- 1.7 %
<b>Cash-flow</b>			
From operating activities	1 936	992	3 020
From investing activities	- 10 842	- 7 139	- 22 008
From financing activities	8 533	6 162	8 800
<b>Employees</b>			
Number per year-end	11	13	9
Revenues per employee	623	1 208	792
<b>Per share information</b>			
Nominal value	100	100	100
Share price at 31.12.	58.00	57.00	93.40
High	85.00	89.00	104.00
Low	45.00	52.70	78.70
Earnings per share	- 2.57	- 3.03	- 0.35

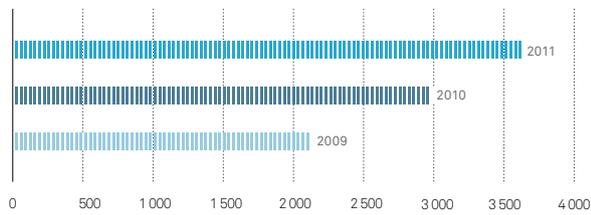
**Land, plants and equipment**  
in TCHF



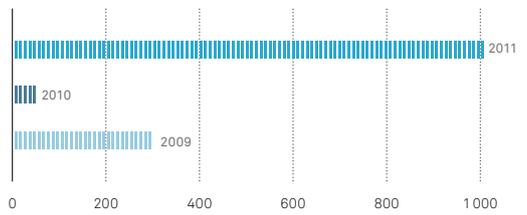
**Revenues from sale of electricity**  
in TCHF



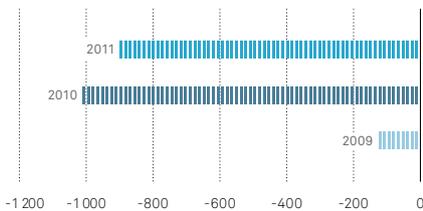
**EBITDA**  
in TCHF



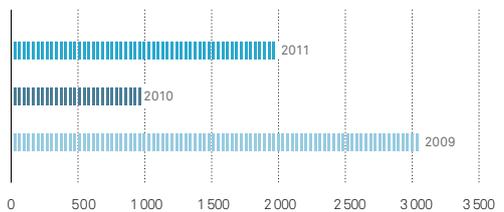
**EBIT**  
in TCHF



**Net profit/(loss)**  
in TCHF



**Operating cash-flow**  
in TCHF



**Corporate Governance**

Further information on finances and corporate governance is to be found in a separate report, available for download at [www.edisunpower.com/en/home-en/investors-en/corporate-governance-en](http://www.edisunpower.com/en/home-en/investors-en/corporate-governance-en).

## Sharp rise in power output and intensive building activities

In 2011 Edisun Power for the first time exceeded 10 million kilowatt-hours power production. Power revenue rose 25% year on year. Edisun Power posted earnings before interest, tax, depreciation and amortization (EBIT-DA) of CHF 3.7 million, or 26% higher than the previous year (2010: CHF 2.9m).

The operating result, too, increased to a striking CHF 1.02 million (2010: CHF 0.06m). In exchange-rate adjusted terms, power revenue rose by a robust 35%. Power sold abroad accounts for 62% of the revenue (2010: 65%).

### **CHF 13 million for new facilities**

Installed capacity rose by 21.9% to 11.7 megawatts (2010: 9.6 MW). The fall saw 2.1 megawatts (MW) of new capacity go online in France, a doubling of French facilities over 2010. Revenue from this power, however, will only go into full swing in 2012, since the plants were connected to the grid in the fall, the beginning of the winter half-year, a period of less sunshine and lower yields. The commencement of construction of the 2.2-MW facility in Spain, Edisun Power's largest, generated investment costs, and revenue will only begin to flow when it goes online in 2012. All in all Edisun Power invested CHF 13 million (2010: CHF 9m) in new facilities. With this expansion and local refinancing, Edisun Power has been able to take a step in the direction of the critical mass absolutely necessary for a stable positive result.

### **Double burden due to young facilities**

Financing costs for the facilities are at their highest in the years immediately following grid connection. Together with linear depreciation over 25 years, the non-operational double burden of facilities is high in start-up years, and since Edisun Power's facilities are young, this had a negative effect on its net result of TCHF -917 (2010: TCHF -1073). This system of posting business results is thus to be distinguished from the evaluation of long-term profitability, which is clearly determined by calculable projects. This is also borne out by the sharp rise in operational cashflow, which at CHF 1.9 million is two times the previous year's (2010: CHF 1.0 m).

Markus Kohler, CEO/CFO ad interim and CTO

# The Board of Directors



Heinrich Bruhin, President of the Board of Directors



Peter Toggweiler, Vice-Chairman of the Board of Directors

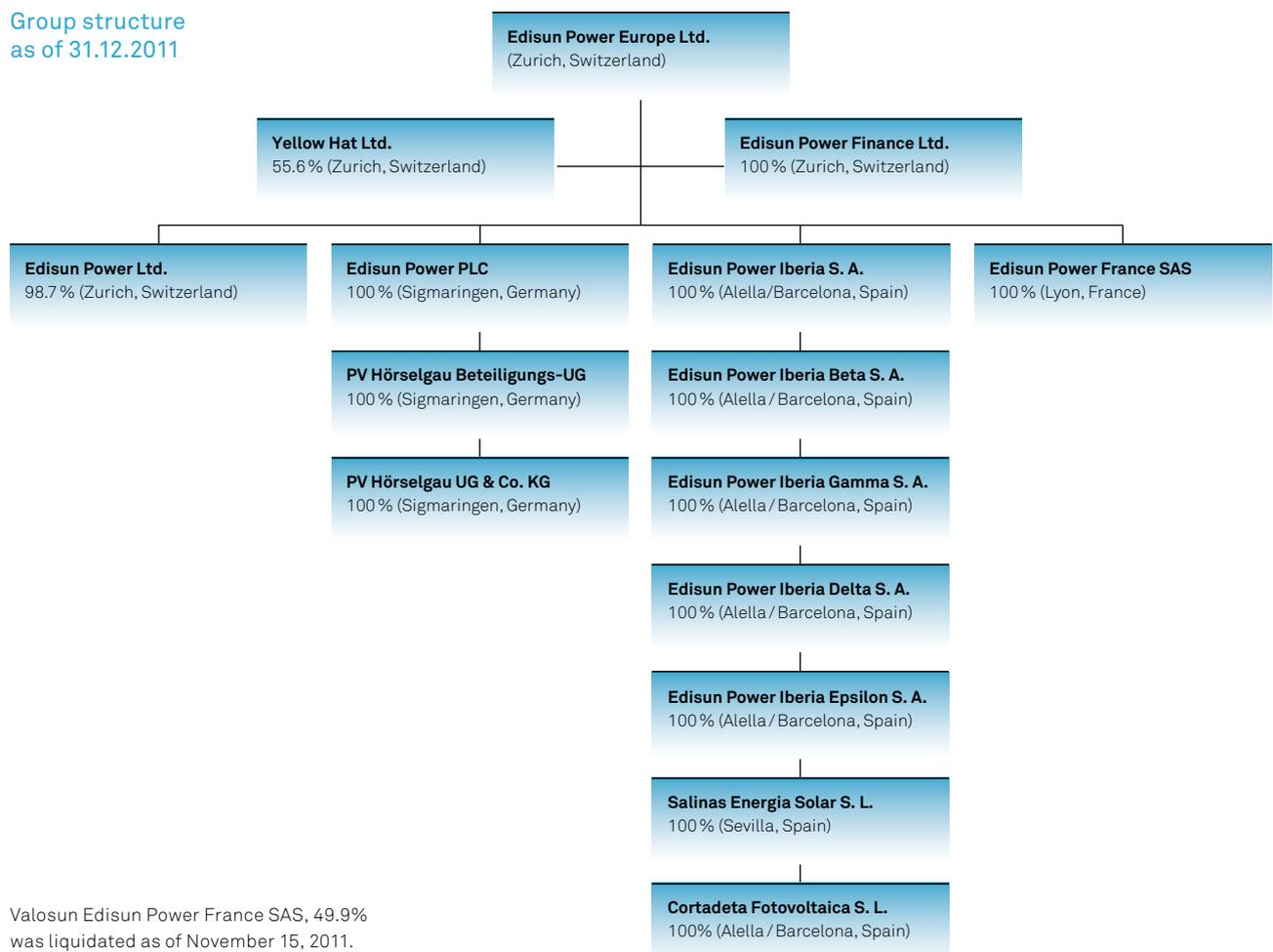


Pius Hüsser, Member of the Board of Directors



Martin Eberhard, Member of the Board of Directors

## Group structure as of 31.12.2011



# 18 percent average annual growth

Over-capacities and price collapse led to a shake-out of the market for component manufacturers in the solar sector, as predicted by Bank Sarasin\* in the fall of 2011. Installed capacity, however, is expected to rise annually by 18 percent.

A market shake-out in the components sector was inevitable, said the bank, with the imbalance between supply and demand having grown too great. By late 2011, a sales potential of 21 gigawatts would be confronted by some 50 gigawatts of production capacity for solar modules, and a shake-out would bring about the rebalancing needed to improve the growth outlook. Sarasin is forecasting growth rates of 18 percent a year for newly installed solar power capacity by 2015.

## Market prognosis to 2015

For 2011 Bank Sarasin expects newly installed solar power capacity of 21 gigawatts worldwide, which means growth of 3 percent. In 2012 the market, especially in Europe, will find itself in a difficult transition phase. Globally, demand in 2012 could nevertheless grow by 20 percent with the help of booming markets in the US, China and Japan, predicts Sarasin. From 2010 to 2015 it expects the

capacity of plants built around the world to grow at an average rate of 18 percent per year. By 2013 the bank predicts a total of more than ten solar power markets seeing an annual increase of at least 500 megawatts.

## Subsidy programmes soon no longer necessary

Sarasin reports that solar energy has experienced the steepest cost drop of all renewable energies over the past ten years, thanks to intensive cost reduction, and will thus very soon be at a competitive price level. Coming years will see solar power achieving price parity in terms of end-user tariffs in a growing number of regions, Sarasin predicts, which will render subsidy programmes superfluous.

\* Source: «Solarwirtschaft: Hartes Marktumfeld – Kampf um die Spitzenplätze» (Solar power: tough market environment – battle for the top spots), a sustainability study by Bank Sarasin





**Edisun Power Europe Ltd.**

Universitätstrasse 51  
8006 Zurich, Switzerland

Phone +41 44 266 61 20  
Fax +41 44 266 61 22

info@edisunpower.com  
www.edisunpower.com

