

## EEMS

## OUTPERFORM

SECTOR: Industrials

Price (Eu):

1.35

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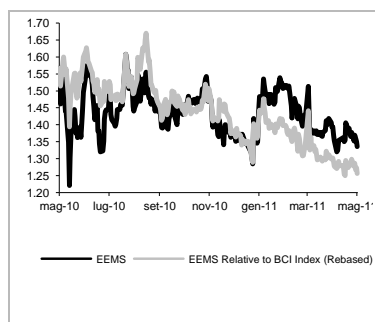
Target Price (Eu):

2.00

## Now the Target Is 23GW, But the Competition Will Be Hard

- A positive quarter.** 2011 got off to a great start thanks to backlog from peaking demand in 4Q10, but this was followed by a sharp slowdown in the last month due to major uncertainties over regulations in Italy, after the new renewable energy regulation decree law published on 3<sup>rd</sup> March. Revenues came in at Eu37.6mn (vs. Eu35mn expected) with EBITDA at Eu3.2mn (vs. Eu4.6mn expected) mainly due to lower than expected prices of PV modules due to a drop in demand and lower margins in the semiconductor business. The net loss closed in line with our estimates at Eu4.4mn, with financial expenses and taxes lower than expected. NFP rose to Eu40.9mn vs. Eu35mn expected, mainly due to CAPEX in the semiconductor business.
- New Incentive Scheme Approved.** After a 2-month period of great uncertainty, which almost paralyzed the entire Italian PV market, the outlook seems to be turning positive, after the Italian government finally found a solution and yesterday signed the law for the regulation of solar power incentives. The new regulations will ensure a clear long-term incentive scheme, with a target of 12,460MW of new incentivized capacity to be reached by 2016. Old incentives will be extended until 31st August in order to protect ongoing investments, followed by a transitory period until 2H12 with cuts of between 25% and 40% in 2011 and further cuts of 6-8% in each half of 2012. From 1st January 2013 the incentive system will switch to an All-in Feed-in-Tariff scheme, setting up a 4% cut every six months with targets for installed capacity and available funds, with an automatic reduction in incentives to the next step if either of these targets is reached before the end of the period. While the serious cuts in incentives may put pressure on margins, we see some positive aspects of the new regulation, such as the clear long term outlook and the 10% premium for plants that uses Italian and European components. We expect the extension of old incentives until 31st August to cause.
- Estimates update.** Our assumption for the semiconductor business remains unchanged, while we are updating our estimates for the photovoltaic business: in 2011 we expect the market to recover rapidly from the paralysis of the last two months, experiencing another peak in demand in order to get higher returns before incentive cuts kick in, a similar scenario to 4Q10. From 2012 onwards we maintain our old estimates, on which we had a very conservative approach, waiting to have a clearer view on the new scenario that will be outlined by the new incentives regulation.
- Investment case.** We maintain our positive view on the, waiting to define a clearer scenario for the photovoltaic market. Solsonica is mainly focused on mid-size PV systems, between 200kW and 1MW, and is therefore less exposed to the expected drop in large PV plant installations. The company is also entering the retail market through its new subsidiary Solsonica Energia. Moreover, the 10% premium for systems using at least 60% of materials produced in the EU will help the company in the competitive fight against huge Chinese module producers. Our valuation of Solsonica, already includes conservative assumptions (30% cuts on incentives), so we decide to maintain our view until the new scenario will be clearly outlined.

## EEMS - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

Change in EPS est: 2011E 2012E  
n.s. n.s.

## STOCK DATA

Reuters code: EEMS.MI  
Bloomberg code: EEMS IM

Performance	1m	3m	12m
Absolute	-3.2%	-10.4%	-12.9%
Relative	-2.2%	-8.8%	-19.7%
12 months H/L:	1.61/1.22		

## SHAREHOLDER DATA

No. of Ord. shares (mn):	43
Total No. of shares (mn):	43
Mkt Cap Ord (Eu mn):	57
Total Mkt Cap (Eu mn):	57
Mkt Float - ord (Eu mn):	42
Mkt Float (in %):	72.6%
Main shareholder:	
Mutti family	21.7%

## BALANCE SHEET DATA

	2011
Book value (Eu mn):	103
BVPS (Eu):	2.41
P/BV:	0.6
Net Financial Position (Eu mn):	-32
Enterprise value (Eu mn):	110

Key Figures	2009A	2010A	2011E	2012E	2013E
Sales (Eu mn)	134	192	220	201	219
Ebitda (Eu mn)	26	31	37	32	34
Net profit (Eu mn)	-24	-3	0	-2	1
EPS - New (Eu)	-0.47	-0.06	0.00	-0.05	0.01
EPS - Old (Eu)	-0.47	-0.06	-0.14	-0.05	0.02
DPS (Eu)	0.00	0.00	0.00	0.00	0.00

Ratios & Multiples	2009A	2010A	2011E	2012E	2013E
P/E	nm	nm	nm	nm	nm
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Ebitda	5.4	3.4	3.0	3.3	3.3
ROCE	-7.9%	-0.4%	1.4%	-0.6%	2.4%

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**EEMS - KEY FIGURES**

		<b>2009A</b>	<b>2010A</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>
	Fiscal year end	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	134	192	220	201	219
	EBITDA	26	31	37	32	34
	EBIT	(15)	(1)	2	(1)	3
	Financial income (charges)	(6)	(5)	(2)	(2)	(2)
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	(21)	(5)	0	(3)	1
	Taxes	1	1	(0)	1	(1)
	Tax rate (%)	5.3%	9.5%	110.8%	27.9%	55.3%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	-24	-3	0	-2	1
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	26	31	37	32	34
	Ebit excl. extraordinary items	(15)	(1)	2	(1)	3
Net profit restated	(20)	(3)	(0)	(2)	1	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	43	43	43	43	43
	EPS stated fd	-0.55	-0.06	0.00	-0.05	0.01
	EPS restated fd	-0.47	-0.06	0.00	-0.05	0.01
	BVPS fd	2.73	2.44	2.41	2.38	2.37
	Dividend per share (ord)	0.00	0.00	0.00	0.00	0.00
	Dividend per share (sav)	0.00	0.00	0.00	0.00	0.00
	Dividend pay out ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	17	30	35	31	31
	Change in NWC	(12)	(0)	(0)	2	(0)
	Capital expenditure	(12)	(30)	(37)	(30)	(33)
	Other cash items					
	Free cash flow (FCF)	(7)	(1)	(2)	4	(2)
	Acquisitions, divestments & others	0	0	0	0	0
	Dividend	0	0	0	0	0
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	(7)	(1)	(2)	4	(2)	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	182	135	137	136	142
	Net working capital	13	14	14	11	12
	Long term liabilities	(2)	(50)	(65)	(63)	(68)
	Net capital employed	189	143	144	140	145
	Net financial position	(81)	(29)	(32)	(30)	(28)
	Group equity	105	103	103	101	101
	Minorities	0	0	0	0	0
Net equity	105	103	103	101	101	
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	57	57	57	57	57
	Adjustments (associate & minorities)	0	0	1	2	3
	Net financial position	(81)	(29)	(32)	(30)	(28)
	Enterprise value	138	108	110	107	112
<b>RATIOS(%)</b>	EBITDA margin*	19.1%	16.4%	16.8%	16.1%	15.3%
	EBIT margin*	nm	nm	0.9%	nm	1.5%
	Gearing - Debt/equity	76.9%	28.2%	31.1%	29.7%	27.6%
	Interest cover on EBIT	nm	nm	1.2	nm	1.5
	Debt/Ebitda	3.17	0.92	0.86	0.93	0.83
	ROCE*	-7.9%	-0.4%	1.4%	-0.6%	2.4%
	ROE*	-20.2%	-2.5%	0.0%	-2.0%	0.5%
	EV/CE	0.7	0.6	0.8	0.8	0.8
	EV/Sales	1.0	0.6	0.5	0.5	0.5
	EV/Ebit	nm	nm	nm	nm	32.9
Free Cash Flow Yield	-12.3%	-1.4%	-4.0%	7.2%	-4.6%	
<b>GROWTH RATES (%)</b>	Sales	-13.4%	43.8%	14.5%	-8.7%	9.2%
	EBITDA*	-33.9%	23.2%	17.6%	-12.4%	3.7%
	EBIT*	nm	nm	nm	nm	nm
	Net profit	nm	nm	nm	nm	nm
	EPS restated	nm	nm	nm	nm	nm

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## EEMS 1Q11 Results

### EEMS - 1Q11 Results

(Eu mn)	1Q10	2Q10	3Q10	4Q10	1Q11A	1Q11E	1Q chg.			FY chg.		
							YoY	QoQ	AvE	2010	2011E	YoY
<b>Revenues</b>	<b>28.3</b>	<b>50.8</b>	<b>58.0</b>	<b>54.9</b>	<b>37.6</b>	<b>35.0</b>	<b>33%</b>	<b>-32%</b>	<b>7%</b>	<b>192.0</b>	<b>220.0</b>	<b>15%</b>
Operating Costs	-28.3	-39.9	-48.7	-10.0	-37.6	-30.4	33%	277%	24%	-161.0	-183.0	14%
<b>EBITDA</b>	<b>4.5</b>	<b>10.9</b>	<b>9.3</b>	<b>6.3</b>	<b>3.2</b>	<b>4.6</b>	<b>-29%</b>	<b>-48%</b>	<b>-29%</b>	<b>31.0</b>	<b>37.0</b>	<b>19%</b>
Margin (%)	16.1%	21.4%	16.0%	11.4%	8.6%	13.1%				16.1%	16.8%	
Depr., prov., write-downs	-7.7	-5.7	-8.5	-4.1	-7.6	-7.0	-1%	85%	8%	-31.6	-35.0	11%
<b>EBIT</b>	<b>-3.2</b>	<b>2.6</b>	<b>0.8</b>	<b>-0.9</b>	<b>-4.3</b>	<b>-4.0</b>	<b>38%</b>	<b>390%</b>	<b>9%</b>	<b>-0.6</b>	<b>2.0</b>	<b>-433%</b>
Margin (%)	-11.1%	5.2%	1.4%	-1.6%	-11.6%	-11.4%				-0.3%	0.9%	
Net Financial Charges	-1.8	1.1	-2.6	6.8	1.2	-0.7	-165%	-83%	-269%	-4.8	-1.7	-65%
Other Charges/Income	0.0	0.0	0.0	0.0	0.0	0.0				0.0	0.0	
<b>Net Operating Margin</b>	<b>-3.2</b>	<b>1.9</b>	<b>-1.8</b>	<b>-2.3</b>	<b>-3.2</b>	<b>-4.7</b>	<b>0%</b>	<b>39%</b>	<b>-33%</b>	<b>-5.4</b>	<b>0.3</b>	<b>-106%</b>
Taxes	0.5	0.4	-1.5	-2.6	-1.2	0.4	-346%	-51%	-411%	2.5	-0.3	-111%
Tax Rate (%)	16.0%	-18.9%	-79.3%	-112.2%	39.4%	-8.5%				-46.3%	-90.0%	
<b>Net Income</b>	<b>-2.7</b>	<b>2.2</b>	<b>-3.3</b>	<b>0.8</b>	<b>-4.4</b>	<b>-4.3</b>	<b>66%</b>	<b>-633%</b>	<b>2%</b>	<b>-2.9</b>	<b>0.0</b>	<b>-101%</b>
Results from discontinued op.	1.7	2.6	0.8	0	0	0	-100%			5	0	-100%
Minorities	0	0	0	0	0	0				0	0	
<b>Group Net Income</b>	<b>-1.0</b>	<b>4.9</b>	<b>-2.5</b>	<b>0.8</b>	<b>-4.4</b>	<b>-4.3</b>	<b>354%</b>	<b>-633%</b>	<b>2%</b>	<b>2.2</b>	<b>0.0</b>	<b>-99%</b>
<b>Adj. Net Income</b>	<b>-2.7</b>	<b>2.2</b>	<b>-3.3</b>	<b>0.8</b>	<b>-4.4</b>	<b>-1.5</b>	<b>66%</b>	<b>-633%</b>	<b>192%</b>	<b>-2.9</b>	<b>0.0</b>	<b>-101%</b>
<b>Capex</b>	<b>3.2</b>	<b>2.7</b>	<b>3.5</b>	<b>11.2</b>	<b>3.4</b>	<b>3.0</b>	<b>6%</b>	<b>-70%</b>	<b>13%</b>	<b>20.7</b>	<b>25.0</b>	<b>21%</b>
<b>Equity</b>	<b>110.8</b>	<b>123.6</b>	<b>110.4</b>	<b>110.8</b>	<b>110.8</b>	<b>105.8</b>				<b>110.8</b>	<b>106.0</b>	<b>-4%</b>
<b>Net Debt</b>	<b>81.0</b>	<b>88.3</b>	<b>38.8</b>	<b>29.0</b>	<b>40.9</b>	<b>35.0</b>	<b>-49%</b>	<b>41%</b>	<b>17%</b>	<b>29.0</b>	<b>40.0</b>	<b>38%</b>
<b>CE</b>	<b>191.8</b>	<b>211.9</b>	<b>149.2</b>	<b>139.8</b>	<b>151.7</b>	<b>140.8</b>				<b>139.8</b>	<b>146.0</b>	<b>4%</b>
<b>D/E Ratio</b>	<b>0.73</b>	<b>0.71</b>	<b>0.35</b>	<b>0.26</b>	<b>0.37</b>	<b>0.33</b>				<b>0.26</b>	<b>0.38</b>	

### A positive Quarter

2011 got off to a great start thanks to backlog from peaking demand in 4Q10, but this was followed by a sharp slowdown in the last month due to major uncertainties over regulations in Italy, after the new renewable energy regulation decree law published on 3rd March. Revenues came in at Eu37.6mn (vs. Eu35mn expected) with EBITDA at Eu3.2mn (vs. Eu4.6mn expected) mainly due to lower than expected prices of PV modules due to a drop in demand and lower margins in the semiconductor business. The net loss closed in line with our estimates at Eu4.4mn, with financial expenses and taxes lower than expected. NFP rose to Eu40.9mn vs. Eu35mn expected, mainly due to CAPEX in the semiconductor business.

## Change in Estimates

Our assumption for the semiconductor business remains unchanged, while we are updating our estimates for the photovoltaic business: in 2011 we expect the market to recover rapidly from the paralysis of the last two months, experiencing another peak in demand in order to get higher returns before incentive cuts kick in, a similar scenario to 4Q10. From 2012 onwards we maintain our old estimates, on which we had a very conservative approach, waiting to have a clearer view on the new scenario that will be outlined by the new incentives regulation.

### EEMS - Change in Estimates

(Eu mn)	new		old		% chg.	
	2011E	2012E	2011E	2012E	2011E	2012E
<b>Revenues</b>	<b>220.0</b>	<b>200.9</b>	<b>158.1</b>	<b>200.9</b>	<b>39%</b>	<b>0%</b>
Operating Costs	-183.0	-168.5	-128.3	-168.5		
<b>EBITDA</b>	<b>37.0</b>	<b>32.4</b>	<b>29.8</b>	<b>32.4</b>	<b>24%</b>	<b>0%</b>
Margin (%)	16.8%	16.1%	18.8%	16.1%		
Depr., prov., write-downs	-35.0	-33.2	-37.2	-33.2		
<b>EBIT</b>	<b>2.0</b>	<b>-0.8</b>	<b>-7.4</b>	<b>-0.8</b>	<b>n.s.</b>	<b>0%</b>
Margin (%)	0.9%	-0.4%	-4.7%	-0.4%		
Net Financial Charges	-1.7	-2.0	-2.0	-2.0		
Other Charges/Income	0.0	0.0	0.0	0.0		
<b>Net Operating Margin</b>	<b>0.3</b>	<b>-2.8</b>	<b>-9.4</b>	<b>-2.8</b>	<b>n.s.</b>	<b>0%</b>
Taxes	-0.3	0.8	3.0	0.8		
Tax Rate (%)	-89.3%	-28.5%	-31.9%	-28.5%		
<b>Net Income</b>	<b>0.0</b>	<b>-2.0</b>	<b>-6.4</b>	<b>-2.0</b>	<b>n.s.</b>	<b>0%</b>
Results from discontinued op.	0	0	0	0		
Minorities	0	0	0	0		
<b>Group Net Income</b>	<b>0.0</b>	<b>-2.0</b>	<b>-6.4</b>	<b>-2.0</b>	<b>n.s.</b>	<b>0%</b>
<b>Adj. Net Income</b>	<b>0.0</b>	<b>-2.0</b>	<b>-6.4</b>	<b>-2.0</b>	<b>n.s.</b>	<b>0%</b>
<b>Capex</b>	<b>25.0</b>	<b>30.0</b>	<b>25.0</b>	<b>30.0</b>	<b>0%</b>	<b>0%</b>
<b>Equity</b>	<b>106.0</b>	<b>102.0</b>	<b>100.0</b>	<b>102.0</b>	<b>6%</b>	<b>0%</b>
<b>Net Debt</b>	<b>40.0</b>	<b>57.0</b>	<b>25.0</b>	<b>57.0</b>	<b>60%</b>	<b>0%</b>
<b>CE</b>	<b>146.0</b>	<b>159.0</b>	<b>125.0</b>	<b>159.0</b>	<b>17%</b>	<b>0%</b>
<b>D/E Ratio</b>	<b>0.38</b>	<b>0.56</b>	<b>0.25</b>	<b>0.56</b>		

Source: Intermonte SIM

## New Regulation

After a 2-month period of great uncertainty, which almost paralysed the entire Italian PV market, the outlook seems to be turning positive, after the Italian government finally found a solution and yesterday signed the law for the regulation of solar power incentives. The new regulations will ensure a clear long-term incentive scheme, with a target of 12,460MW of new incentivised capacity to be reached by 2016. Old incentives will be maintained until 31st August in order to protect ongoing investments, followed by a transitory period until 2H12 with a progressive series of cuts to current tariffs, with a fixed target for 2,690MW of new incentivised capacity, (Eu580mn of funds available) for industrial-size plants (over 200KW). From 1st January 2013 the incentive system will switch to an All-in Feed-in-Tariff scheme similar to those used in Germany, setting targets for installed capacity and available funds for each half-year, with an automatic reduction in incentives to the next step if either of these targets is reached before the end of the period.

### Capacity Targets

	Capacity	Fund
	Target*	Limitation**
1/8 - 31/12	1,200	300
1H2012	770	150
2H2012	720	130
1H2013	1,115	240
2H2013	1,225	240
1H2014	1,130	200
2H2014	1,300	200
1H2015	1,140	155
2H2015	1,340	155
1H2016	1,040	86
2H2016	1,480	86

\* in MW

\*\* in Eu mn

In 2011 incentives will be cut slowly each month, by between 3-5% each month depending on the size and type of plant, and in 2012 there will be a cut of between 8% and 12% each half year. From 1st January 2013 with the new All-in Feed-in-Tariff incentive scheme, the average will be 4% every six months or alternatively each time one of the targets for the current half-year period is reached.

### Eu/MWh Incentives - New Regulation

	jun-dec 2011		1H2012		2H2012		1H2013	
	Premium Price*		Premium Price		Premium Price		All-in Feed in Tariffs	
	Rooftop	Ground	Rooftop	Ground	Rooftop	Ground	Rooftop	Ground
1-3 kW	387-289	344-261	274	240	252	221	375	346
3-20 kW	356-268	319-238	247	219	227	202	352	329
20-200 kW	338-253	306-224	233	206	214	189	299	276
0.2-1 MW	325-246	291-189	224	172	202	155	281	239
1-5 MW	314-212	277-181	182	156	164	140	227	205
> 5MW	299-199	264-172	171	148	154	133	218	199

\*monthly cutback

### Incentive Reduction

	jun-dec 2011		1H2012		2H2012		1H2013	
	Premium Price*		Premium Price		Premium Price		All-in Feed in Tariffs	
	Rooftop	Ground	Rooftop	Ground	Rooftop	Ground	Rooftop	Ground
1-3 kW	-1%   -23%	-1%   -24%	-8%	-8%	-8%	-8%	n.s.	n.s.
3-20 kW	-1%   -25%	-1%   -25%	-8%	-8%	-8%	-8%	n.s.	n.s.
20-200 kW	-1%   -25%	-1%   -27%	-8%	-8%	-8%	-8%	n.s.	n.s.
0.2-1 MW	-3%   -24%	-4%   -35%	-9%	-9%	-10%	-10%	n.s.	n.s.
1-5 MW	-5%   -32%	-4%   -35%	-14%	-14%	-10%	-10%	n.s.	n.s.
> 5MW	-4%   -33%	-4%   -35%	-14%	-14%	-10%	-10%	n.s.	n.s.

\*monthly cutback

Most Italian photovoltaic industry representatives complained about excessive incentive cuts and a lack of protection for works in progress, which may only be eligible for lower returns than expected when the projects were begun. We think that the decision to extend current regulations until August 31st, along with the indemnity granted to installers in case of delays in connection to the national grid if caused by the grid operator, constitutes good news in terms of investor protection.

## Impact on Expected Returns

We think that an 8% IRR on investments would be a reasonable return (considering that in Germany, similar projects have a 6% IRR, while the 10-year BTP-Bund spread is 140bps). According to our CAPEX reduction assumptions for the next few years, we expect that from 2013 onward, new incentives will assure an IRR of slightly above 8% for rooftop systems. In the transitory period (late 2011 and 2012), though, we think incentives are too low (expected IRR of around 6%). As such, we would expect another rush of new installations in 2011 in order to take advantage of the old incentives, which will expire on 31st August, followed by a substantial slowdown in demand starting later this year.

In the following tables, we show four examples of different type of plants, in which we display our CAPEX assumptions and expected IRR based on the new incentive system. As can be seen, the most penalised category of installations is large, ground-mounted plants. The evidence shows that rooftop integrated plants have a significantly higher IRR than ground-mounted ones, in keeping with the political motivation to reduce speculation on agricultural fields. On the right side of the tables, we also show what the maximum cost for a solar power installation would be in order to assure an 8% IRR. We can observe that in 2013, the CAPEX for integrated plants are in line with our current assumption.

### Example 1: Small Rooftop Plant (20kW)

	our capex assumption				allowed capex with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.50	247	2.85	6.2%	2.04	247	2.75
2H2012	2.45	227	2.69	5.8%	1.89	227	2.55
1H2013	2.40	352*	3.00	8.8%	2.55	352*	3.03

\*all-in feed-in-tariff

### Example 2: Large Rooftop Plant (1MW)

	our capex assumption				allowed capex with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.30	224	2.61	6.1%	1.87	224	2.52
2H2012	2.15	202	2.41	6.0%	1.70	202	2.30
1H2013	2.00	281*	2.32	8.0%	2.00	281*	2.32

\*all-in feed-in-tariff

### Example 3: Medium Ground Plant (500kW)

	our capex assumption				allowed capex with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.20	172	2.15	4.6%	1.48	172	2.00
2H2012	2.05	155	1.99	4.5%	1.34	155	1.81
1H2013	1.90	239*	1.94	6.3%	1.64	239*	1.89

\*all-in feed-in-tariff

### Example 4: Large Ground Plant (5MW)

	our capex assumption				capex required with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.10	148	1.93	4.0%	1.31	148	1.77
2H2012	1.95	133	1.78	3.9%	1.17	133	1.59
1H2013	1.80	199*	1.59	4.4%	1.28	199*	1.48

\*all-in feed-in-tariff

### Our Capex Assumption

	Small Rooftop	Module	Inverter	Works	Authorization	Total
1H2012		1.40	0.15	0.95	0.0	<b>2.50</b>
2H2012		1.35	0.15	0.95	0.0	<b>2.45</b>
1H2013		1.30	0.15	0.95	0.0	<b>2.40</b>
<b>Large Rooftop</b>						
1H2012		1.20	0.14	0.66	0.3	<b>2.30</b>
2H2012		1.15	0.14	0.66	0.2	<b>2.15</b>
1H2013		1.10	0.14	0.66	0.1	<b>2.00</b>
<b>Medium Ground</b>						
1H2012		1.25	0.15	0.50	0.3	<b>2.20</b>
2H2012		1.20	0.15	0.50	0.2	<b>2.05</b>
1H2013		1.15	0.15	0.50	0.1	<b>1.90</b>
<b>Large Ground</b>						
1H2012		1.15	0.14	0.41	0.4	<b>2.10</b>
2H2012		1.10	0.14	0.41	0.3	<b>1.95</b>
1H2013		1.05	0.14	0.41	0.2	<b>1.80</b>

## 10% Premium for EU Components

If at least 60% of the materials and components in the system to be installed comes from Italy and/or elsewhere in the EU, there will be a 10% premium on incentives allowed. This premium is likely to be obtained by all installations that use Solsonica modules, since modules generally account for about 50% of total project costs. Solsonica is exposed mainly to small and mid-sized projects, which will be less penalised than large ground-mounted solar parks. In this way, Italian and European companies will have a chance to compete against huge Chinese module manufacturers that can currently sell modules for about 20% less than the main Italian and European producers.

### Example 1: Small Rooftop Plant (20kW)

	our capex assumption				allowed capex with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.50	272	3.05	6.9%	2.22	272	3.00
2H2012	2.45	250	2.86	6.4%	2.05	250	2.78
1H2013	2.40	387*	3.29	10.2%	2.85	387*	3.39

\* all-in feed-in-tariff

### Example 2: Large Rooftop Plant (1MW)

	our capex assumption				allowed capex with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.30	246	2.80	6.9%	2.03	246	2.74
2H2012	2.15	222	2.57	6.7%	1.85	222	2.50
1H2013	2.00	309*	2.55	9.4%	2.25	309*	2.61

\* all-in feed-in-tariff

### Example 3: Medium Ground Plant (500kW)

	our capex assumption				allowed capex with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.20	189	2.30	5.3%	1.61	189	2.18
2H2012	2.05	171	2.11	5.1%	1.47	171	1.99
1H2013	1.90	263*	2.14	7.7%	1.85	263*	2.13

\* all-in feed-in-tariff

### Example 4: Large Ground Plant (5MW)

	our capex assumption				capex required with IRR of 8%		
	Capex/MW**	Eu/MWh	EV/MW	% IRR	Capex/MW	Eu/MWh	EV/MW
1H2012	2.10	163	2.05	4.6%	1.41	163	1.91
2H2012	1.95	146	1.88	4.5%	1.30	146	1.75
1H2013	1.80	219*	1.75	5.7%	1.46	219*	1.68

\* all-in feed-in-tariff

### Our Capex Assumption

	Small Rooftop	Module	Inverter	Works	Authorization	Total
1H2012		1.40	0.15	0.95	0.0	<b>2.50</b>
2H2012		1.35	0.15	0.95	0.0	<b>2.45</b>
1H2013		1.30	0.15	0.95	0.0	<b>2.40</b>
<b>Large Rooftop</b>						
1H2012		1.20	0.14	0.66	0.3	<b>2.30</b>
2H2012		1.15	0.14	0.66	0.2	<b>2.15</b>
1H2013		1.10	0.14	0.66	0.1	<b>2.00</b>
<b>Medium Ground</b>						
1H2012		1.25	0.15	0.50	0.3	<b>2.20</b>
2H2012		1.20	0.15	0.50	0.2	<b>2.05</b>
1H2013		1.15	0.15	0.50	0.1	<b>1.90</b>
<b>Large Ground</b>						
1H2012		1.15	0.14	0.41	0.4	<b>2.10</b>
2H2012		1.10	0.14	0.41	0.3	<b>1.95</b>
1H2013		1.05	0.14	0.41	0.2	<b>1.80</b>

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Stock NAME	EEMS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	2.00	Previous Target (Eu):	2.00
Current Price (Eu):	1.35	Previous Price (Eu):	1.36
Date of report:	16/05/2011	Date of last report:	27/04/2011

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