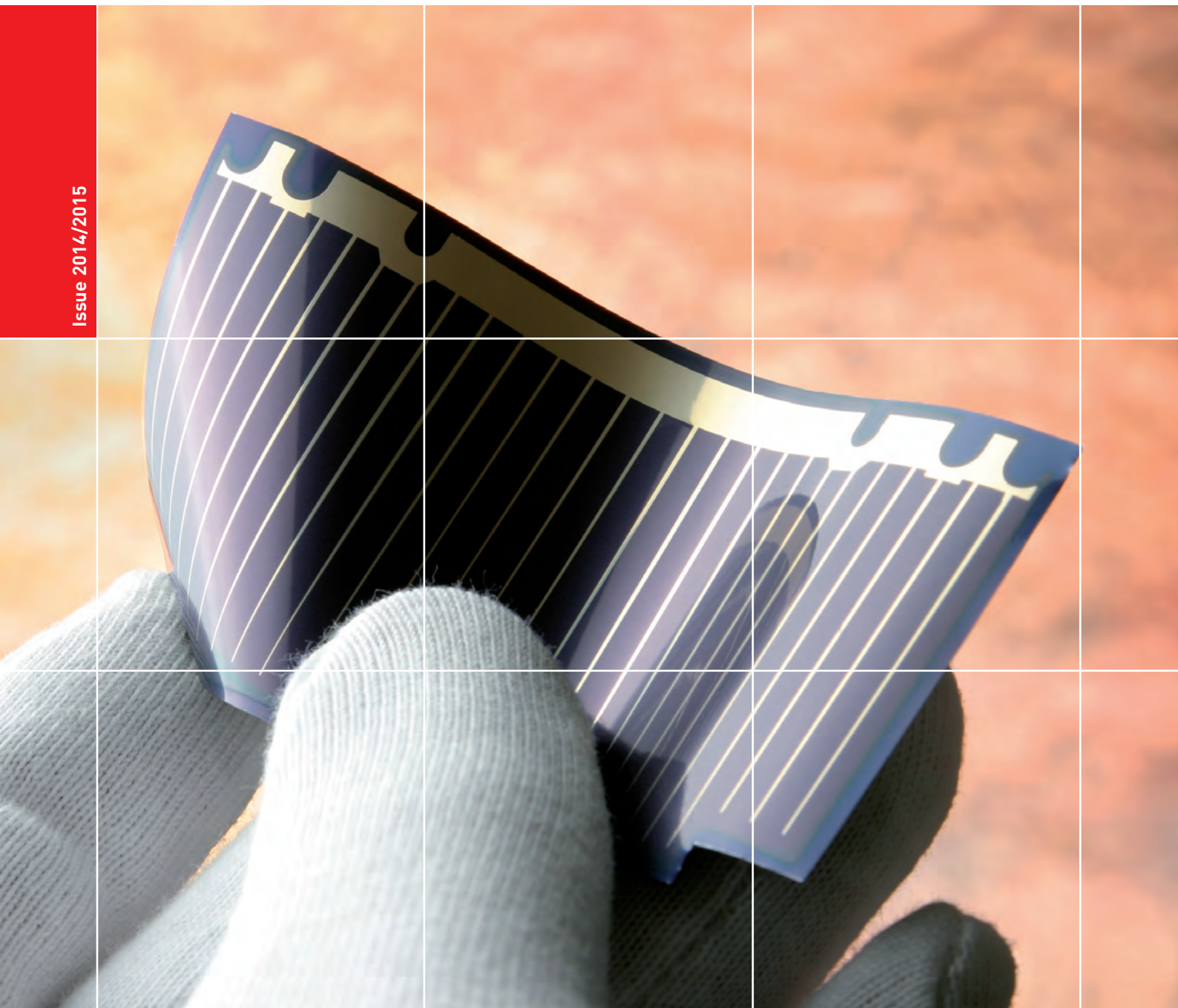


INDUSTRY OVERVIEW

The Photovoltaic Market in Germany

Issue 2014/2015



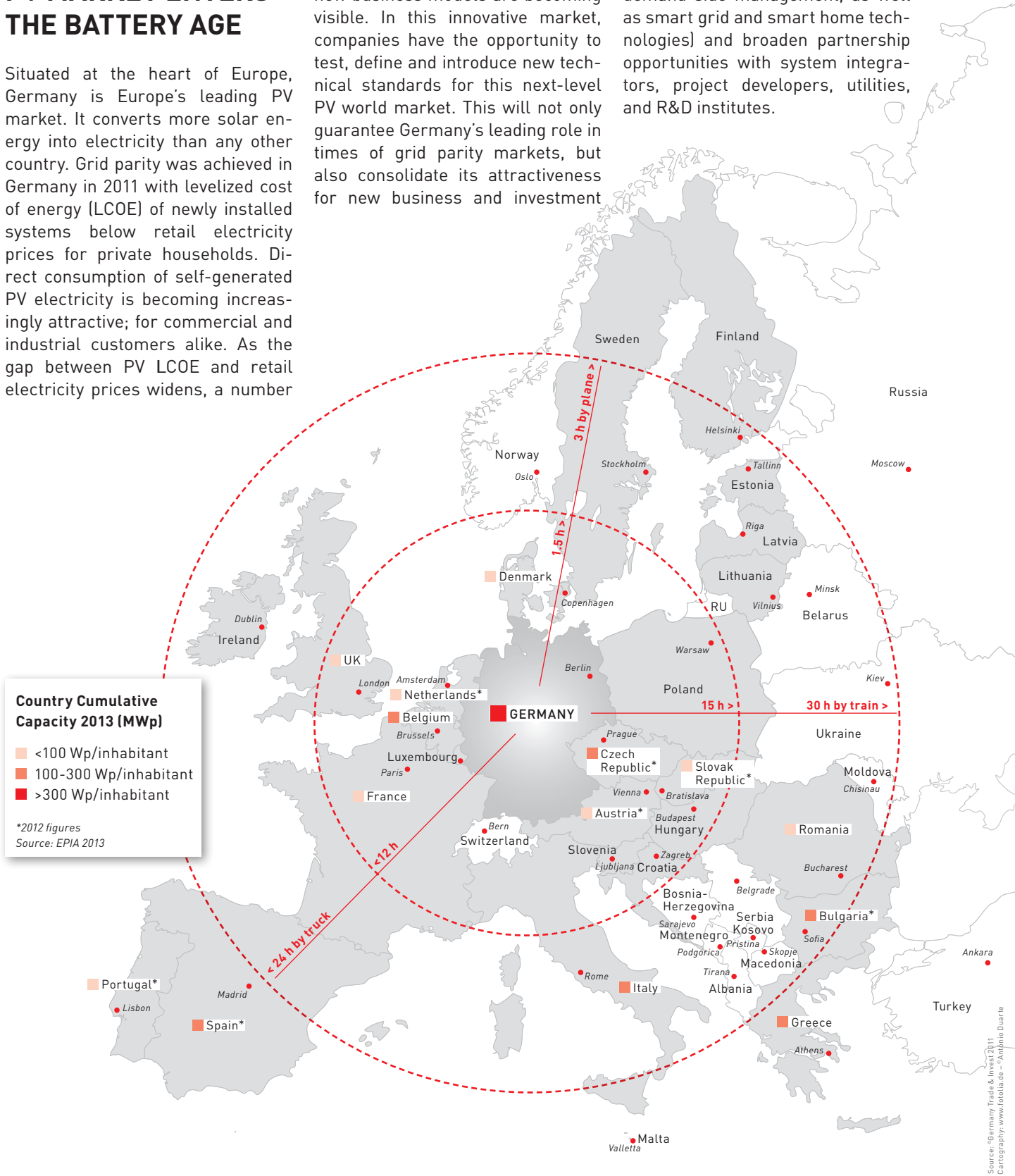
GERMANY
TRADE & INVEST

WORLD'S LARGEST PV MARKET ENTERS THE BATTERY AGE

Situated at the heart of Europe, Germany is Europe's leading PV market. It converts more solar energy into electricity than any other country. Grid parity was achieved in Germany in 2011 with levelized cost of energy (LCOE) of newly installed systems below retail electricity prices for private households. Direct consumption of self-generated PV electricity is becoming increasingly attractive; for commercial and industrial customers alike. As the gap between PV LCOE and retail electricity prices widens, a number

of new technologies are gaining momentum - and with them a variety of new business models are becoming visible. In this innovative market, companies have the opportunity to test, define and introduce new technical standards for this next-level PV world market. This will not only guarantee Germany's leading role in times of grid parity markets, but also consolidate its attractiveness for new business and investment

opportunities (including energy storage systems, energy management, demand-side management, as well as smart grid and smart home technologies) and broaden partnership opportunities with system integrators, project developers, utilities, and R&D institutes.



THE GERMAN PV INDUSTRY AT A GLANCE

EUROPE'S LARGEST MARKET

Germany is Europe's strongest PV market with more than 35,700 MWp of cumulated installations in 2013. This is equivalent to more than a quarter of the world's PV installations, making Germany home to every fourth solar module in operation worldwide. Capacity of 3,300 MWp was installed in 2013 alone.

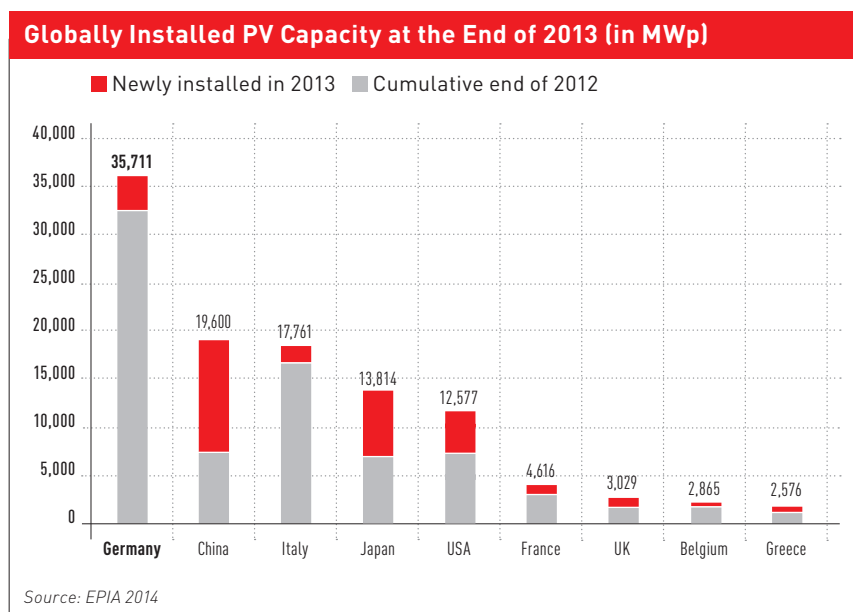
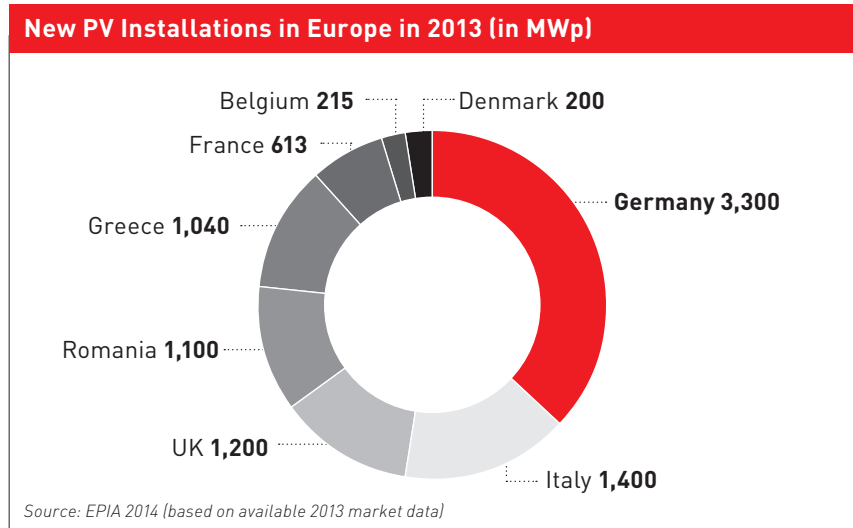
Total electricity consumption share of almost five percent (30 billion kWh) was produced with more than 1.4 million PV systems in 2013. PV energy has recorded the highest growth rates among all renewables in recent years, making it the third largest renewable electricity source after wind and bioenergy.

GERMANY – COMMITTED TO PV GROWTH

The German federal government has made a commitment to a total feed-in tariff-supported installation level of 52 GWp. This volume is expected to be reached within the next three years. The estimated PV share of total electricity consumption is expected to reach ten percent by this time.

HOLISTIC INDUSTRY CLUSTER

Germany is Europe's leading manufacturer of PV modules and components. High-tech PV technologies such as wafer-based, thin-film, and organic PV as well as new, innovative inverter and energy storage technologies are developed, produced and made commercially available in Germany. Leading global PV players, innovative small and medium-sized enterprises (SMEs), renowned research institutes, and equipment



and material suppliers help form the most innovative and holistic PV and PV battery industry clusters in the world. Germany is home to more than 40 manufacturers of silicon, wafers, cells, and modules. As well as this, there are more than 100 PV material and equipment suppliers, over 100 balance-of-system (BOS) component manufacturers and more than 70 PV research institutes as well as thousands of project development, system integration and installation companies.

The German PV industry currently employs a workforce of around 100 thousand people.

► Germany Trade & Invest regularly updates its PV market information to provide an accurate and up-to-date overview of the PV environment. Updates can be downloaded at the Germany Trade & Invest website: www.gtai.com/pv

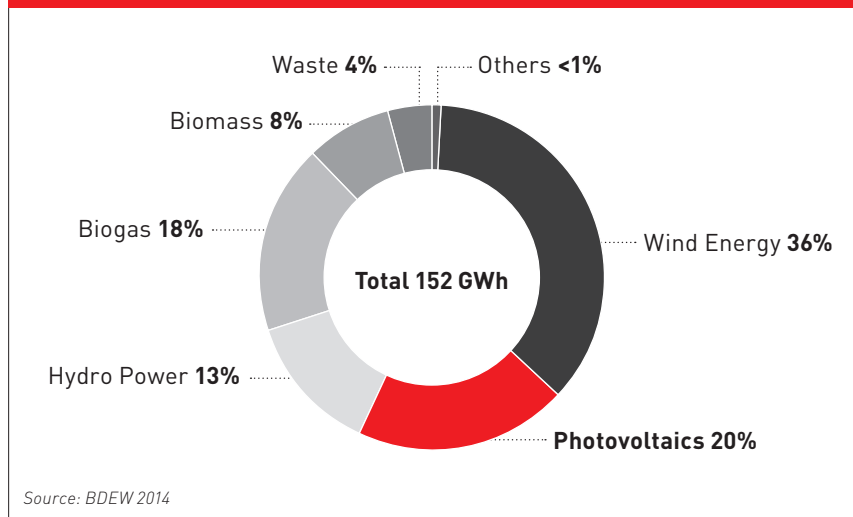
**MARKET DRIVER
GRID PARITY**

In 2013, Germany installed 3.3 GWp with 124,049 PV systems. The thriving German PV market will continue to receive further momentum in the coming years as PV-produced electricity achieves price parity with grid electricity prices in various customer segments. The private consumer segment with system sizes below 10 kWp is already enjoying price benefits of around 15 EUR ct/kWh for direct-produced PV electricity use compared to retail electricity prices (see 'Grid Parity Leading the Way to Battery Parity' opposite). This price trend will continue - opening up a number of new opportunities for energy storage technologies such as PV batteries and power-to-heat systems and associated services. More than 6,000 PV battery systems have already been sold in Germany in 2013. Numbers are expected to rise to more than 100,000 PV battery systems sold annually by 2018. The current PV-suitable area in Germany (excluding cropland) supports a potential installed capacity of more than 400 GWp, of which around 200 GWp will be on buildings.

THE RENEWABLE ENERGY SOURCES ACT - FRAMEWORK FOR MARKET INNOVATION

The Renewable Energy Sources Act (EEG) is one of the key components of Germany's ambitious green policy framework. Green sector growth is underpinned by fixed feed-in tariffs (FIT) for 20 years subject to type and size of renewable power plants. Since its introduction, the act has prompted the rapid expansion of PV systems in Germany by establishing a secured investment return for system operators. The act's proven success has led to the implementation of similar

Electricity Production from Renewable Energies in Germany 2013



legislation worldwide. A total PV installation commitment of 52 GWp is supported with feed-in tariffs. Once reached, PV battery systems will become an essential component of PV systems by 2017/2018; doubling the current direct consumption share of generated electricity of 30 percent to 60 percent. PV rooftop systems and batteries receive particular promotion as part of the latest incentive schemes.

PRIVATE DEMAND FOR PREMIUM PRODUCTS

Rooftop systems represent far and away the largest segment in Germany. These are mainly owned by private users who express a stated preference for high-quality, premium products with a local manufacturing presence as well as local service support. As such, manufacturers located in Germany are able to market a "Made in Germany" product and maintain close contacts to their customers for significant competitive advantage.

EXCELLENT EXPORT BASE

Foreign markets are a main driver of the PV industry in Germany. The country's excellent export conditions allow it to play a major role in meeting global PV demand. A number of contributory factors are central to this success. Chief among these are Germany's central location at the heart of Europe and rapid access to major and emerging markets. Market forecasts confirm Europe's continued importance as one of the world's leading PV markets, especially in the direct consumption and PV battery segments, with Germany as the leading market and sales platform.

INTEGRATED MARKET STRUCTURE

The presence of a number of highly experienced system integrators, project developers, and installers provides the necessary backbone for the mature sales structure imperative for rapid market growth. High installation numbers are responsible for creating the fastest project realization times and the lowest installation and BOS costs in the world.

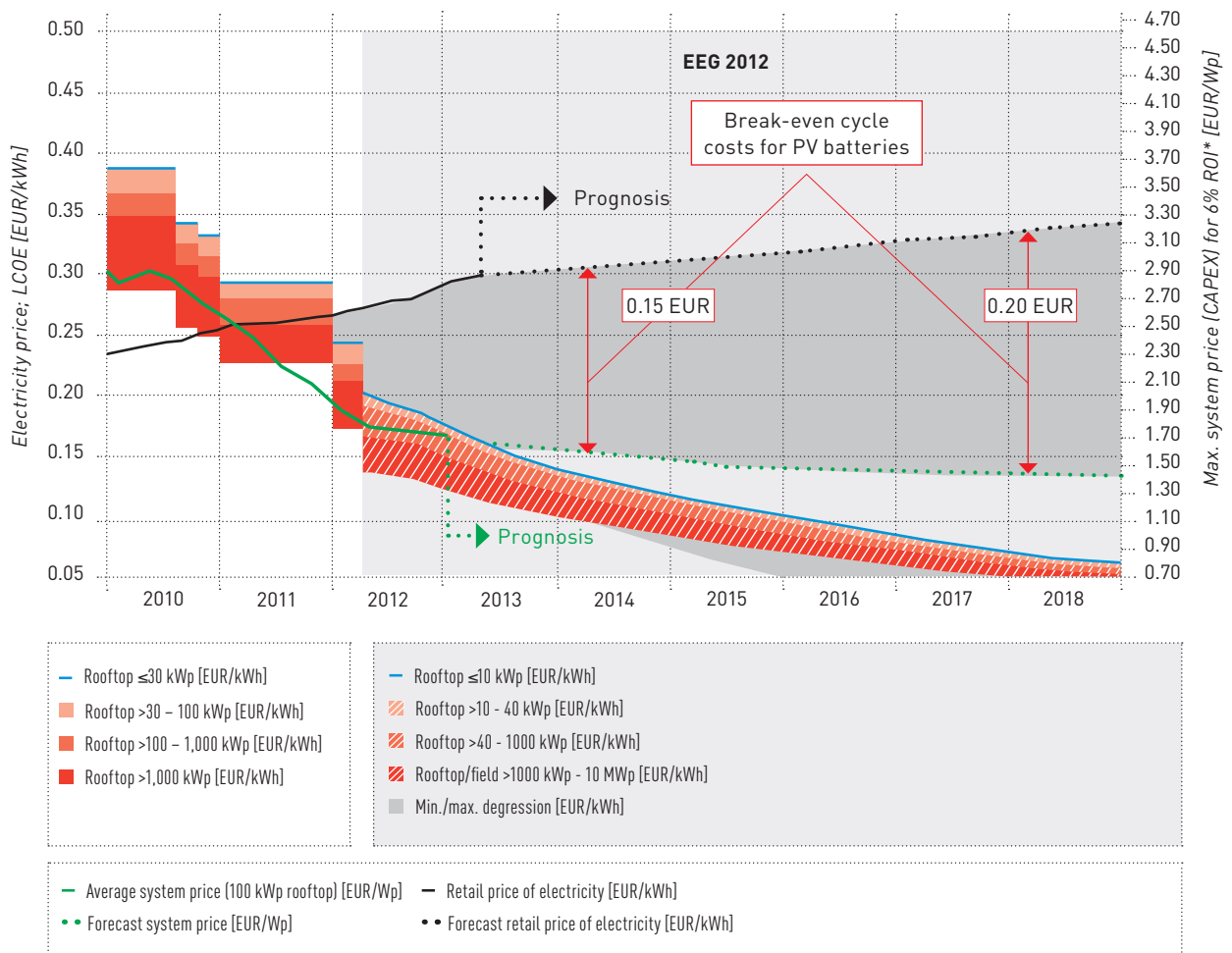
GRID PARITY DRIVING ENERGY STORAGE

Thanks to a sharp fall in PV rooftop system prices in recent years, many electricity customer segments in Germany (e.g. private households and SMEs) are now able to produce PV electricity more cheaply from their roofs than buying electricity from the grid. Today, the FIT for a

rooftop project is already below the level of domestic household electricity prices. This makes it financially more attractive for the PV system owner to directly consume the solar electricity generated than make use of the FIT (see example below). At the same time, energy storage becomes increasingly attractive as customers use their low-cost PV electricity beyond the daytime. To this end, the German government

introduced a new incentive scheme in 2013 which supports the installation of batteries and PV systems with up to 30 percent of battery costs. Germany offers a direct consumption potential of 76 TWh per year – equivalent to an installed capacity of around 80 to 100 GWp.

Grid Parity Leading the Way to Battery Parity



Example: With a system price of 3.30 EUR/Wp (right ordinate), the investor will require a feed-in tariff of 0.35 EUR/kWh (left ordinate) in order to receive an (ROI) of 6%. As the feed-in tariff is lower than the retail price of electricity, direct consumption becomes more attractive.

* Model calculation for rooftop systems, based on 802 kWh/kWp (Frankfurt/Main), 100% financing, 6% interest rate, 20 year term, 2% p.a. O&M costs

Sources: Feed-in Tariffs: BMU 2014 (assumed degredation of 1.4%); System Prices: BSW 2013; Model Calculation: Deutsche Bank 2010; Electricity Prices 2007-2013: Eurostat 2013.

GRID PARITY AND BATTERY PARITY – THE FUTURE

PV DIRECT CONSUMPTION MARKET OUTLOOK

From a manufacturer perspective, the direct consumption customer segment is highly attractive as it mainly consists of energy end-users. In this B2C market environment, PV competes with end-consumer electricity prices rather than with utility electricity purchase prices. Accordingly, the price pressure in this B2C segment is not necessarily as high as is the case with B2B target groups - with marketing, brand, quality, and proximity being uppermost in the customer's mind. The German market is not alone in

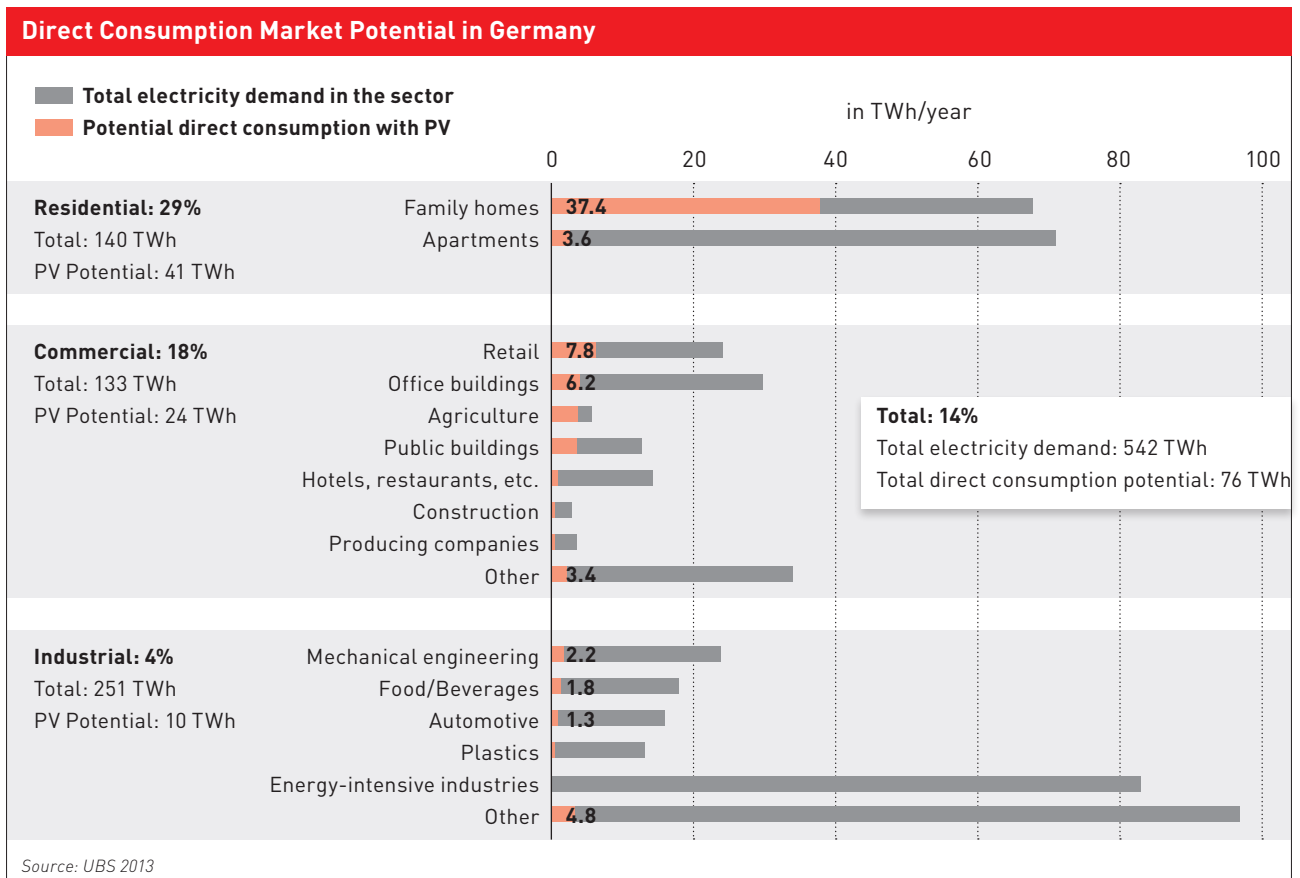
heading in this direction: globally, the direct consumption segment is expected to rise to more than 350 GWp and account for around 50 percent of total PV market installations by 2020 – half of which could be installed in Europe. Germany therefore has an excellent opportunity to establish itself as the pioneering market in this segment with the opportunity for companies to test, define and introduce new technologies and set global industry standards for this future world PV market.

TARGET GROUPS

Achieving price competitiveness will also provide a boost to the entire German PV market. However, the first group to enjoy grid parity benefits is the private electricity customer segment. The segment is currently the fastest growing, and with

the EEG as well as the new battery incentive program launched in 2013, Germany is specially promoting this segment to provide further incentive to this promising target group.

Target groups for direct consumption will diversify as it becomes more financially attractive in a number of electricity customer segments, e.g. public buildings, SMEs, and more energy-intensive industries. This guarantees high price elasticity and great growth potential for this segment in Germany in the future. With the direct consumption and PV storage model growing successfully in Germany, the German PV sector is developing a customer base independent of feed-in tariff-based subsidy schemes.



Independence from subsidies will help make the PV market even more stable in the future. New PV and PV battery market sales strategies, system configurations, and integration processes required in the future grid-parity environment are an intrinsic part of the specialist know-how currently being developed in Germany.

DRIVING PV INNOVATION

Increased opportunities and potential for innovation open up as grid parity is reached in increasingly more electricity consumer segments within the German PV market. Pioneering utility business models, innovative financing and leasing concepts, energy trading, and PV plant management will play an increasingly important role in the service sector, while technological

innovations are spurred on by the integration of decentralized storage and smart home technologies into the system. Flexible demand-side management, power-to-heat and innovative energy storage technologies as well as smart grid technologies are already being tested in several pilot projects across Germany. It is to be expected that this development will continue and that the first commercial markets for these new technologies to integrate renewable energies into the German grid will soon open.

PV BATTERY MARKET OPPORTUNITIES

A solar storage incentive program ("KfW 275") for private customers, was launched by the Federal Environment Ministry (BMU) in cooperation with the state-owned KfW bank

in 2013. Interest-reduced loans and investment grants of up to 30 percent of battery costs and EUR 660 per PV capacity (kWp) are respectively provided (subject to eligibility) for the purchase of batteries in conjunction with PV systems smaller than 30 kWp. With further incentives programs supporting a variety of potential storage projects and customer groups as well as a legal framework enabling the direct consumption and sale of electricity to third parties, Germany offers attractive opportunities for implementing new technologies and testing new business models in a grid-parity market environment. This market will set new industry and product standards for global PV solutions beyond the subsidy age.

Energy Storage System Incentive Schemes in Germany			
Loan Program	Target group	What can be financed?	Program specifics
KfW 203	Municipalities	Extension or new construction of storage facilities	Interest rates from 0.6% to 1.3%, up to 30 years loan duration
KfW 204	Municipal utilities and public-private partnerships (PPPs)	Extension or new construction of storage facilities	Loans of up to EUR 50 million available
KfW 274	Private consumers	Energy storage facilities connected to renewable generators	Interest-reduced loans with fixed interest rates from 1.4% to 7.6% for 5, 10 or 20 years, covering up to 100% of project costs
KfW 275	Private consumers	<ul style="list-style-type: none"> ■ PV-connected batteries ■ Newly installed PV systems ■ Retrofit for existing PV systems 	<ul style="list-style-type: none"> ■ Investment grants up to 30% of battery costs ■ Interest-reduced loans (similar to KfW 274)
KfW 291	Large enterprises situated in Germany	Large-scale investments supporting the German <i>Energiewende</i> (energy supply, efficiency, storage and transmission)	Loans of EUR 25 to EUR 100 million available
KfW 230	Enterprises situated in Germany	Large-scale pilot projects	<ul style="list-style-type: none"> ■ Investment grants of up to 30% of investment costs ■ Interest-reduced loans

OPPORTUNITIES FOR MANUFACTURERS

Local manufacturers profit from direct access to one of the world's largest markets and partnership opportunities with local market players. This guarantees strong R&D close to the market with flexible reaction times, eliminates lengthy and expensive transportation and long-term inventory. The concentrated presence of the whole value chain in both PV and battery manufacturing has created highly developed industry clusters and efficient sales channels facilitating distribution and easy access to the end customer. European and international markets are easily served by Germany's sophisticated distribution infrastructure.

FUTURE ENERGY STORAGE MARKET POTENTIAL

The PV battery market is forecast to grow by an average of more than 100 percent per year over the next five years, reaching nearly 7 GWh in 2017. Around 6,000 PV batteries have already been installed in Germany in 2013. Experts expect more than 100,000 systems to be sold annually by 2018. Market potential for PV batteries is provided by more than 1.4 million PV systems currently operated in Germany: Having reached the end of their 20 year feed-in tariff contracts, refitting PV systems with residential batteries will become very attractive for system operators as they will want to increase direct consumption of low-cost PV electricity to a maximum level. Feed-in tariff expiration will start in 2021. All PV systems currently installed (of which more than one million in private homes) will have exited their feed-in tariff contracts by 2033.

Manufacturing Investment Opportunities

Industry segment	Segment-specific benefits
PV battery systems	<ul style="list-style-type: none"> High demand through growing direct consumption and KfW storage incentive program launched in 2013. Easy market access to end-customers and system installers. Best marketing options through German warranty agreements and local customer service centers. Efficient system development taking into account market needs and country-specific product standards. Excellent cooperation opportunities with German companies (system level). Chemical industry and material supplier infrastructure and expertise. Lower transportation costs and reduced long-term transport inventories.
PV modules	<ul style="list-style-type: none"> Direct link to customer (e.g. "transparent factory" concept). Reduced price risks thanks to Eurozone. Easier customization (e.g. BIPV) and distinction against competitors. Smaller carbon footprint. Swift market reaction time, just-in-time delivery. Access to automation expertise and customized equipment suppliers. Optimized supply chain: excellent supplier base of materials, chemicals and glass.
Next generation PV technologies (thin-film, CPV, OPV)	<ul style="list-style-type: none"> Chemical industry and material science infrastructure. Chemical company partnering opportunities. Specialized venture capital companies.
Glass production	<ul style="list-style-type: none"> Largest module manufacturing cluster in Europe. Sand pits with low iron sand. Excellent power and gas infrastructure.
Inverter production	<ul style="list-style-type: none"> Power electronics, system integration and smart grid knowledge base. Own consumption drives introduction of innovative products (e.g. integration of storage, smart home and monitoring systems).
PV mounting system production	<ul style="list-style-type: none"> Metal & plastics processing infrastructure. Excellent material sourcing conditions. System integration knowledge base.
Equipment and machinery	<ul style="list-style-type: none"> Strong and diversified client base with constant innovation need. Excellent tooling, machine component, and material supplier infrastructure & expertise. Easy access to and transfer of technologies and processes from traditionally strong industries (e.g. automotive, chemicals and microelectronics).

Service Provider Investment Opportunities	
Industry segment	Segment-specific benefits
R&D centers	<ul style="list-style-type: none"> ▪ Large pool of experienced scientists and university graduates in PV-related subjects. ▪ Generous public R&D support schemes.
Project services	<ul style="list-style-type: none"> ▪ Large pool of developers and engineers with unique project development experience. ▪ Access to experienced private and institutional equity investors. ▪ Access to grid integration expertise. ▪ Large customer base for services including insurance, monitoring, and O&M and system optimization.
System integration	<ul style="list-style-type: none"> ▪ Global acceptance of reference projects located in Germany. ▪ Among the lowest installation costs and shortest realization times in the world. ▪ Strong presence of experienced installers. ▪ New business through the integration of storage, heat pumps, smart home appliances and services: strong and growing demand due to higher income streams through own consumption and direct selling. ▪ PV as home power supply: More emphasis on service, quality, and long-term performance.
3 rd party ownership	<ul style="list-style-type: none"> ▪ High PV acceptance among German electricity customers. ▪ New business models required for financing (e.g. leasing), operation and integration. ▪ Strong insurance industry offering PV tailored solutions.
Energy trading	<ul style="list-style-type: none"> ▪ EEG sets legal framework for direct sale of PV electricity to the electricity exchange and surrounding consumers. ▪ New opportunities through pooling of systems and virtual power plants.

MANUFACTURING KNOW-HOW AND FULL SERVICE INFRASTRUCTURE

Close proximity to and cooperation with world-class R&D institutions, universities, and leading material and equipment suppliers helps manufacturers optimize production technologies and processes. The ready availability of superior facility and process engineers also helps save time and slash costs during ramp-up and maintenance phases. The existence of a complementary SME landscape in all PV and storage technologies provides excellent opportunity for joint product development, with cluster participants enjoying the benefits of supply and delivery economies of scale. State-of-the-art infrastructure ensures production sites which provide closed loops from materials to recycling on top of industry-specific utilities and services.

Substantial financial incentives for investment costs (subject to project type, location, company size, and investment volume) plus incentives reducing operational costs (R&D and labor) are provided by the EU and the German government to support investors.

OPPORTUNITIES FOR SERVICE COMPANIES

CLOSE TO MARKET R&D

Companies seeking to engage in PV service segments (e.g. R&D, PV systems planning, and project development and implementation) can access know-how from the largest pool of specialists in these fields worldwide. Company R&D centers not only profit from cluster knowledge transfer, but also from information sharing with other R&D centers and companies. Generous public R&D support schemes facilitate the development and the implementation of new products and technologies.

GRID PARITY PULLING INNOVATIVE SERVICES

Increased demand generated by direct consumption and sales models add to the complexity of the PV market, while demand-side management, energy trading and virtual power plants are creating innovative new business models for energy storage. This in turn creates demand for new service models in ownership, financing, marketing, and energy management. A significant pool of more than 1.4 million existing PV installations across Germany can be used to test and measure new products on a large scale. New entrants in these fields can benefit from the supportive policy framework and secure legal structure when testing and introducing innovative products and systems. Local authorities actively assist the industry and guarantee fast grid access. Established sales structures of existing system integrators and project developers facilitate distribution and provide easy end-customer access.

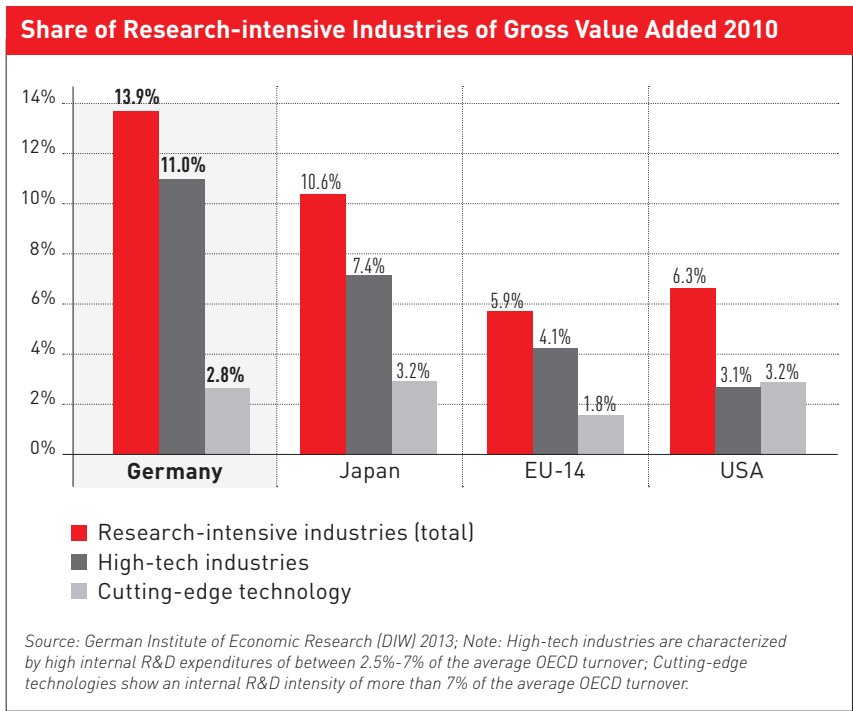
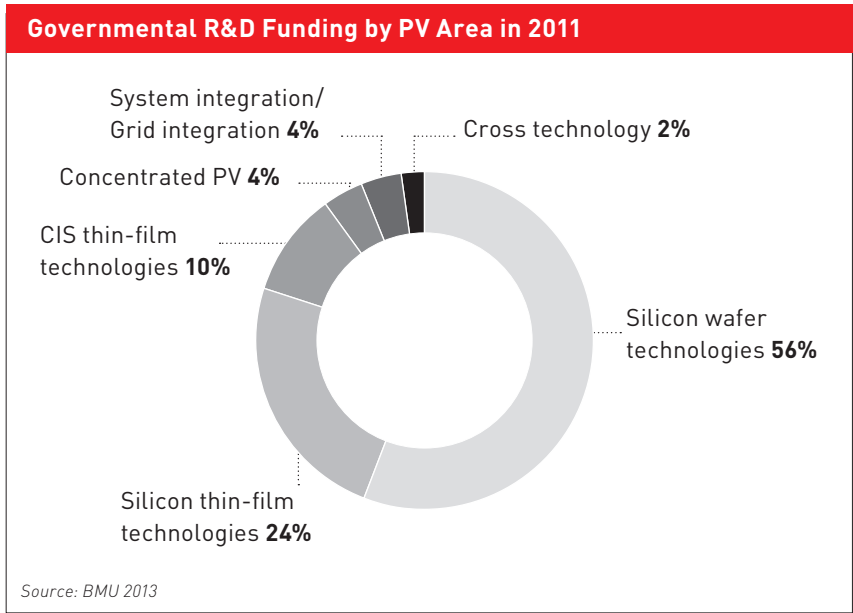
CUTTING-EDGE R&D LANDSCAPE

THE WORLD'S LEADING PV R&D HUB

Germany has the highest density of PV institutes and companies conducting research worldwide. More than 70 research organizations are capable of meeting PV R&D challenges at all stages of production. The partnership between science and industry increases competitiveness and creates mutually beneficial synergies. Ready access to cutting-edge production technologies and processes helps significantly reduce costs. An impressive 280 solar patents were registered in Germany in 2012.

LOCATION ADVANTAGE: INNOVATION VALUE-ADD

Germany's innovation profile is dominated by manufacturing industry spending; with EUR 54.6 billion in outgoings more than 86 percent of the total economy's R&D expenditure. Many of these high-tech industries have a significant impact on domestic economic performance. The latest data by the German Institute of Economic Research (DIW) finds that no other industrialized country produces a larger share of gross value added in research-intensive industries than Germany. The share of total value creation exceeds that of Japan and the US, and is more than double the share of France, UK, and Italy. A broad base of foreign investors in R&D underlines Germany's strong position.



According to a DIW study, around 85,000 employees work in R&D in foreign-owned German subsidiaries. With an annual R&D budget of EUR 15.2 billion, these companies account for more than 27 percent of total industry innovation expenditure. Most R&D facilities are still operated by European and US compa-

nies. However, Germany's innovation landscape is very firmly on China's radar. In a 2012 Ernst & Young study of 400 Chinese managers, 72 percent of respondents identified Germany as Europe's best location for establishing an R&D center.

ATTRACTIVE POOL OF PV EXPERTISE

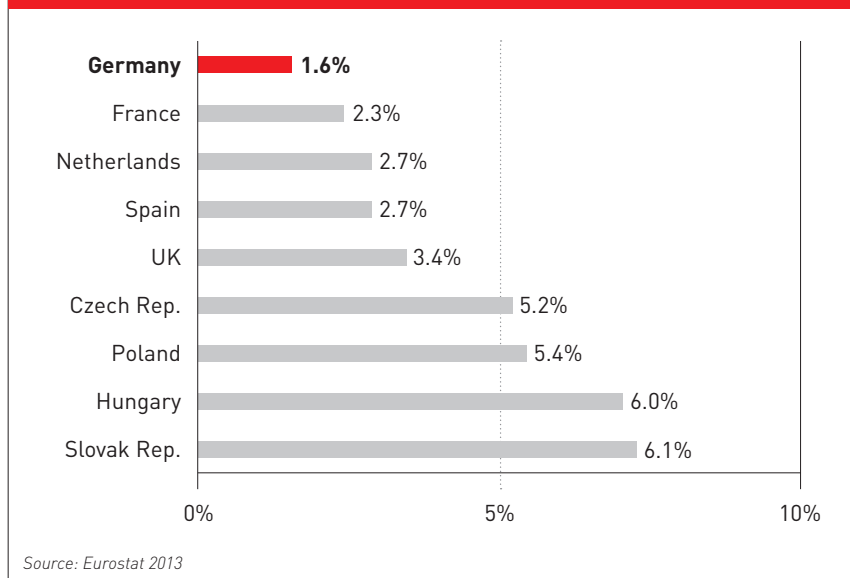
OUTSTANDING QUALITY THROUGH LONGSTANDING EXPERIENCE

Germany enjoys a long and successful tradition in machinery and equipment development: researchers, companies and employees alike all benefit from this world class know-how. The “Made in Germany” quality seal has long been recognized as a sign of engineering excellence and precision across the globe. The PV battery industry in Germany is ideally placed to profit from this expertise.

ENGINEERING EXCELLENCE

Highly skilled and specialized employees are a key feature of the German labor market and will remain so in the future. According to OECD statistics, Germany has one of the highest rates of doctoral degree graduate levels in the world: With 334 PhD graduates per million inhabitants it ranks second in a global comparison of OECD countries. German universities have also introduced masters and bachelor degree programs for improved international acceptance and recognition. There are more than 500 renewable energy university degree courses, many of them with a strong focus on PV and storage technologies. Close synergies between the chemistry, power electronics, semiconductor and microelectronics industry create a readily employable workforce.

Labor Cost Growth in Total Economy 2003-2012
(annual average growth in percent)



DUAL EDUCATION SYSTEM

Germany provides direct access to a highly qualified and flexible labor pool. The country's dual education system – unique in combining the benefits of classroom-based and on-the-job training over a period of two to three years – is specifically geared to meet industry needs. The German Chambers of Industry and Commerce (IHKs) ensure that exacting standards are adhered to, guaranteeing the quality of training provided across Germany.

STABLE LABOR COSTS

Another decisive argument in favor of Germany as a premium business location has been the significant closing of the labor cost gap between Germany and its eastern European neighbors. While some countries – particularly those in eastern Europe – experienced a rise of five to six percent, Germany recorded the lowest labor cost growth within the EU at just 1.6 percent.

HIGH PRODUCTIVITY

Measured in unit labor costs, Germany experienced a major increase in productivity the past decade. In marked contrast to many other European countries (which have experienced an increase in unit labor costs), Germany's unit labor costs decreased by a yearly average of 0.3 percent for the period 2002 to 2012. This made the economy more competitive – particularly manufacturing.

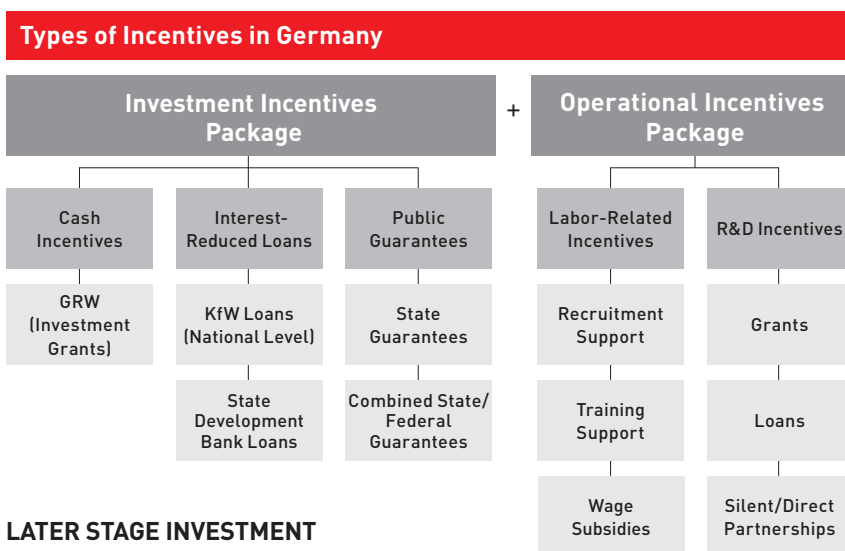
Highly flexible working practices such as fixed-term contracts, shift systems, and 24/7 operating permits contribute to enhance Germany's international competitiveness as a suitable investment location for internationally active businesses.

FINANCING & INCENTIVES IN GERMANY

In Germany, investment projects can receive financial assistance through a number of different instruments. These instruments may come from private sources or consist of public incentives programs available to all companies – regardless of country of provenance. They fit the needs of diverse economic activities at different stages of the investment process.

EARLY STAGE INVESTMENT PROJECT FINANCING

Technologically innovative start-ups in particular have to rely solely on financing through equity such as venture capital (VC). In Germany, appropriate VC partners can be found through the *Bundesverband Deutscher Kapitalbeteiligungsgesellschaften e.V.* (BVK – “German Private Equity and Venture Capital Association”). Special conferences and events like the *Deutsches Eigenkapitalforum* (“German Equity Forum”) provide another opportunity for young enterprises to come into direct contact with potential VC partners. Public institutions such as development banks (publicly owned and organized banks which exist at the national and state level) and public VC companies may also offer partnership programs at this development stage.



LATER STAGE INVESTMENT PROJECT FINANCING

Debt financing is a central financing resource and the classic supplement to equity financing in Germany. It is available to established companies with a continuous cash flow. Loans can be borrowed for day-to-day business (working capital loans), can help bridge temporary financial gaps (bridge loans) or finance long-term investments (investment loans). Besides offers from commercial banks, investors can access publicly subsidized loan programs in Germany. These programs usually offer loans at attractive interest rates in combination with repayment-free start-up years, in particular for small and medium-sized companies. These loans are provided by the state-owned KfW development bank and also by regional development banks.

When it comes to setting up production or service facilities, investors can count on a number of different public funding programs. These programs complement the financing of an investment project. Most important are cash incentives provided in the form of non-repayable grants applicable to co-finance investment-related expenditures such as new buildings, equipment or machinery.

LABOR-RELATED INCENTIVES AND R&D PROJECT GRANTS

After the location-based investment has been initiated, companies can receive further subsidies for building up a workforce or the implementation of R&D projects. Labor-related incentives play a significant role in reducing the operational costs incurred by new businesses. The range of programs offered can be classified into three main groups: programs focusing on recruitment support, training support, and wage subsidies respectively. R&D project funding is made available through a number of different incentives programs targeted at reducing the operating costs of R&D projects. Programs operate at the regional, national, and European level and are wholly independent from investment incentives. At the national level, all R&D project funding has been concentrated in the so-called High-Tech-Strategy to push the development of cutting-edge technologies. Substantial annual funding budgets are available for diverse R&D projects.

BEST PRACTICE: SKELETON TECHNOLOGIES, GERMANY

Germany Trade & Invest provides a range of inward investment-related services to international investors. After careful consultation with the individual investor, a support program of consultancy and information services is provided to help set the stage for investment success. Here we provide a typical example of the types of services we provided to a recent investment project.

COMPANY INFORMATION

- Estonian company with R&D location in Tartu, Estonia
- Development of highly efficient energy storage solutions for industrial applications in the energy, automotive, space, and consumer technology sectors

PRODUCT INFORMATION

- Ultracapacitors and tailor-made ultracapacitor modules with superior energy and power density

LOCATION REQUIREMENTS

The company was looking for:

- German-based production site for the creation of its high-value products to be labeled as “Made in Germany”
- Central European headquarters with ready access to European markets.

PROJECT INFORMATION

- Investment volume: EUR 13.6 million
- Jobs to be created: 100+ by the end of 2015
- Location: Headquarters in Berlin and production site in Dresden, Saxony

“Germany’s pioneering role in power electronics, its highly interconnected R&D infrastructure and the pool of highly trained professionals provide the ideal basis for our production facility in Dresden.”

Taavi Madiberk, CEO, Skeleton Technologies

GERMANY TRADE & INVEST SUPPORT

- Site selection
- Market and business development services
- Tax & legal information
- Financing & incentives consulting

CREATING NEW BUSINESS IN RECORD TIME

Skeleton Technologies was looking for a European production site for its high-tech ultracapacitors developed in Estonia as well as a central European headquarters providing access to both western and eastern European markets. The company first contacted Germany Trade & Invest in 2012 at the EcoSummit convention in Berlin. Germany Trade & Invest’s industry experts helped provide a market overview and several site proposals for Skeleton Technologies. They initialized contact with potential partners and multipliers, with all necessary legal and financial information made available in customized form.

Germany proved to be the ideal production location for Skeleton Technologies, providing access to a highly trained workforce and excellent industry infrastructure with an interconnected R&D landscape – all essentials for the production of Skeleton Technology’s ultracapacitors. Germany’s central location within Europe also provides quick and easy access to both eastern and western European markets.

Germany Trade & Invest prepared all relevant information to identify the appropriate location for establishing Skeleton Technology’s production site. The team also provided supplementary support services specific to company formation, personnel recruitment, incentives application processes, and company expansion procedures.

Exemplary Project Milestones

September 2009

Company formation in Estonia (R&D center)

June 2012

Introduction of the new SkelCap series ultracapacitor family ranging from 2.47 to 12.53 kW storage capacity

October 2012

Initial contact with Germany Trade & Invest at the EcoSummit convention

April 2013

EUR 2.2 million raised in round A financing

April 2014

Investment incentives approval

2014-2016

Start of production site construction

GERMANY TRADE & INVEST HELPS YOU

Germany Trade & Invest's teams of industry experts will assist you in setting up your operations in Germany. We support your project management activities from the earliest stages of your expansion strategy.

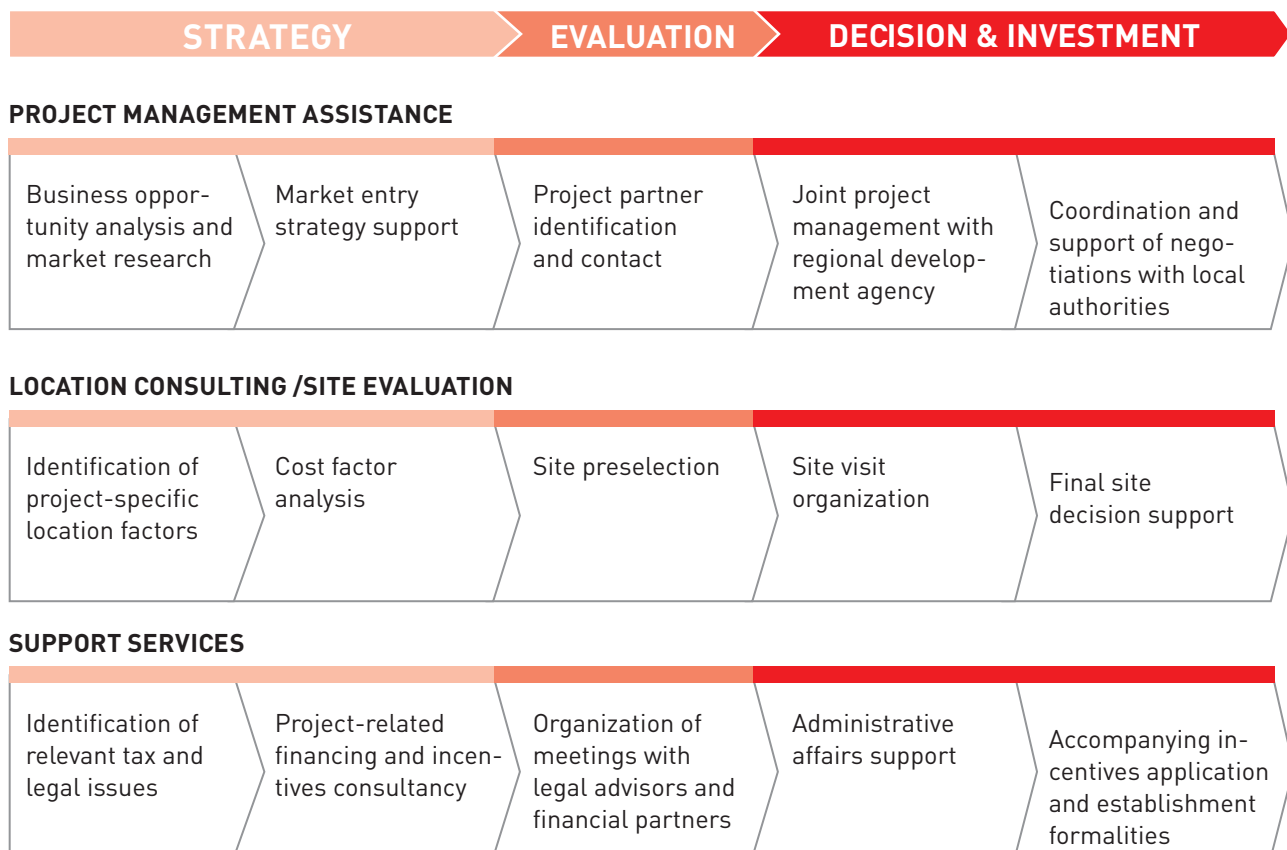
We provide you with all of the industry information you need – covering everything from key markets and related supply and application sectors to the R&D landscape. Foreign companies profit from our rich

experience in identifying the business locations which best meet their specific investment criteria. We help turn your requirements into concrete investment site proposals; providing consulting services to ensure you make the right location decision. We coordinate site visits, meetings with potential partners, universities, and other institutes active in the industry.

Our team of consultants is at hand to provide you with the relevant background information on Germany's tax and legal system, industry regulations, and the domestic labor market. Germany Trade & Invest's

experts help you create the appropriate financial package for your investment and put you in contact with suitable financial partners. Incentives specialists provide you with detailed information about available incentives, support you with the application process, and arrange contacts with local economic development corporations.

All of our investor-related services are treated with the utmost confidentiality and provided free of charge.



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