

# Analyst / Investor Presentation

## Quarterly Financial Results: January to March 2012





# Disclaimer

## IMPORTANT LEGAL NOTICE

This presentation does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for, underwrite or otherwise acquire, any securities of SMA Solar Technology AG (the "Company") or any present or future subsidiary of the Company (together with the Company, the "SMA Group") nor should it or any part of it form the basis of, or be relied upon in connection with, any contract to purchase or subscribe for any securities in the Company or any member of the SMA Group or commitment whatsoever.

All information contained herein has been carefully prepared. Nevertheless, we do not guarantee its accuracy or completeness and nothing herein shall be construed to be a representation of such guarantee.

The information contained in this presentation is subject to amendment, revision and updating. Certain statements contained in this presentation may be statements of future expectations and other forward-looking statements that are based on the management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements as a result of, among others, factors, changing business or other market conditions and the prospects for growth anticipated by the management of the Company. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements which speak only as of the date of this presentation.

This presentation is for information purposes only and may not be further distributed or passed on to any party which is not the addressee of this presentation. No part of this presentation must be copied, reproduced or cited by the addressees hereof other than for the purpose for which it has been provided to the addressee.

**This document is not an offer of securities for sale in the United States of America. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933 as amended.**





## SMA outperformed its first quarter 2012 guidance

- > 1.9 GW sold inverter power represents an increase of 90% year-on-year
- > € 405 million sales thanks to pull-forward effects from proposed FIT-cuts and catch-up effects from commercial commissioning
- > 50% increase in sales outside Germany (export ratio: 61.2%)
- > With € 43 million operating profit SMA tripled EBIT year-on-year
- > 17.3% NWC<sup>1)</sup> ratio is well below management guidance<sup>2)</sup>

### ►► Managing Board confirms guidance<sup>3)</sup> for 2012



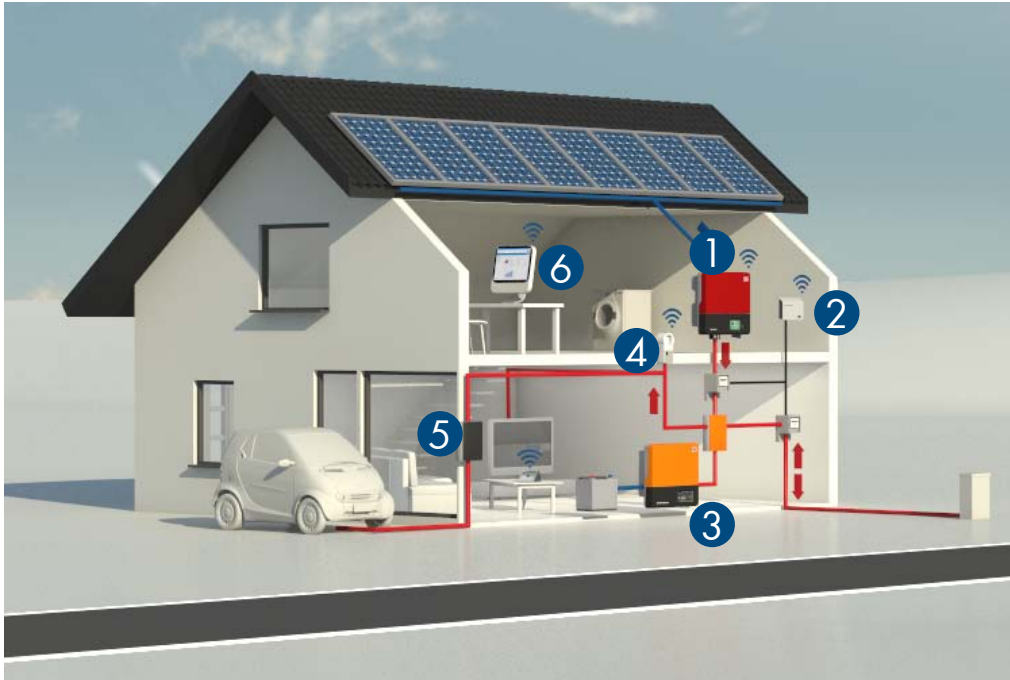
## € 468 million net cash is a priceless advantage in times of limited access to capital

	January – March 2011	January – March 2012	Changes
MW sold	1,019	1,885	85 %
Sales	255.9	405.0	58 %
EBIT	13.7	42.8	212 %
as % of sales	5.4%	10.6%	
Net Income	10.3	29.6	187%
Free Cash Flow	-61.0	-19.2	
Net Cash	462.0	468.7	1%
NWC ratio	17.1%	17.3%	

## 2. Equity Story



## The inverter is the center of gravity in intelligent energy management systems



- 1 **Sunny Boy** converts direct current into alternating current and provides reactive power to stabilize the grid
- 2 **Sunny Home Manager** controls consumers and Sunny Backup system
- 3 **Sunny Backup system** provides for temporary storage and offers a grid-quality power supply with protection against outages
- 4 **Bluetooth® radio-controlled socket with measuring function** provides for the activation of appliances via the Sunny Home Manager
- 5 Bi-directional **battery charger**
- 6 **SMA Sunny Portal** for energy forecast, remote monitoring and home energy management

►► With SMA products, the solar power can be consumed directly in the place where it is produced



## High process maturity and long-term experience drive SMA's outstanding quality level

### Testing Processes

- > Pre-Production testing in our self-developed test center
  - > Accelerated life-time test
  - > Fully automated simulation of different grid-situations
- > Production testing
  - > Taking samples during production
  - > Continuous test at the end of production (100% control)
- > UL-Authorization / ISO 17025 / JET Certification
  - > Data Acceptance Programme (DAP)
  - > Client Test Data Programme (CTDP)
  - > Yearly audits

►► **At SMA reproducible quality is not a coincidence**

### Testing Equipment



Test / simulation center



Continuous testing



Accelerated life time test (Shaker)



Accelerated life time test (Simulation)



Accelerated life time test (Climate)



Accelerated life time test (EMV)

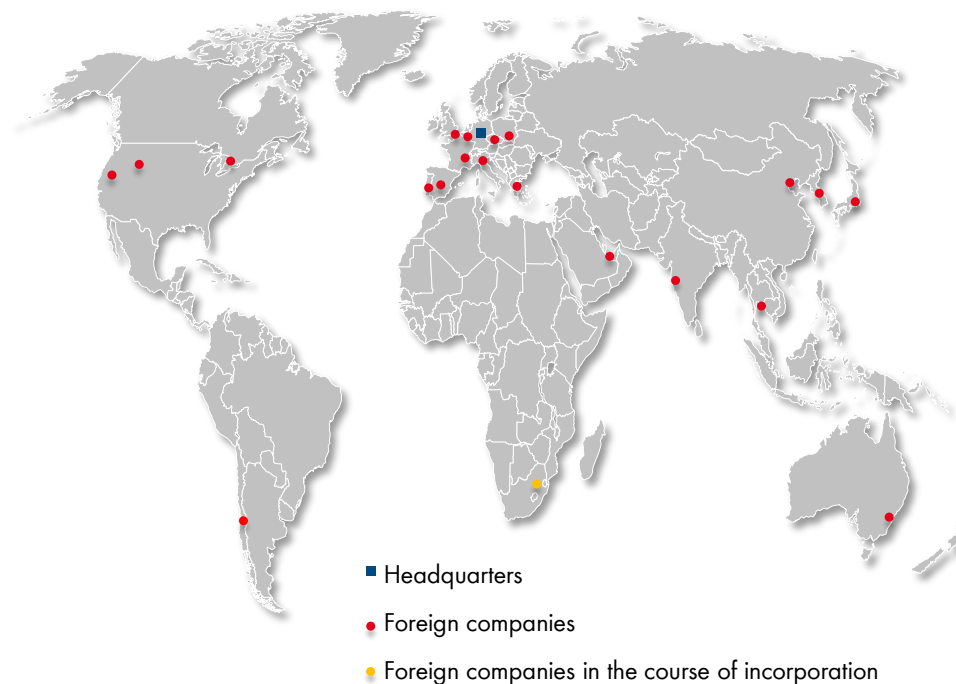


## Sales and service infrastructure is a high market entry barrier

### SMA's competitive advantages

- > More than 500 sales professionals to serve customers locally
- > Global service support with more than 700 service professionals
- > Local subsidiaries in 20 markets; South Africa is scheduled for 2012

### SMA's global footprint



► **SMA strives to increase its direct export ratio to 70% - 80 % in 2012**

### 3. Market & Competition

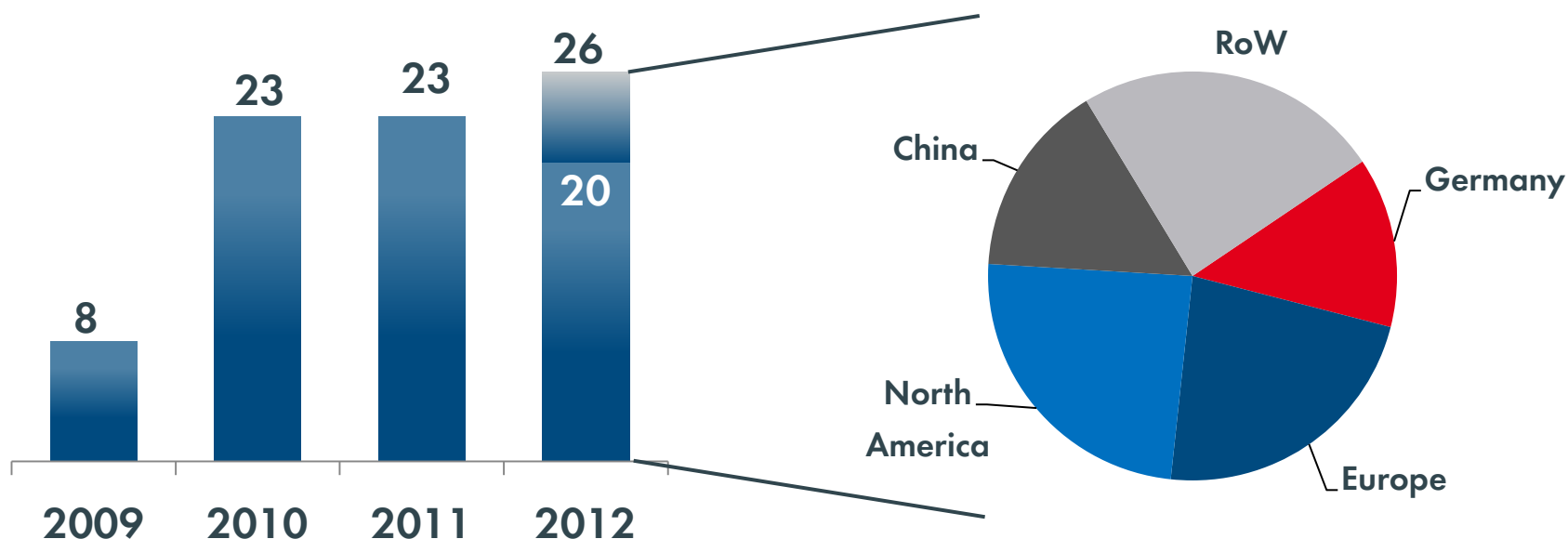




**SMA expects only moderate growth in 2012. Due to the uncertain political environment a slow down in demand can not be ruled out**

**World demand in GW<sup>1)</sup>**

**World demand 2012 by region<sup>1)</sup>**

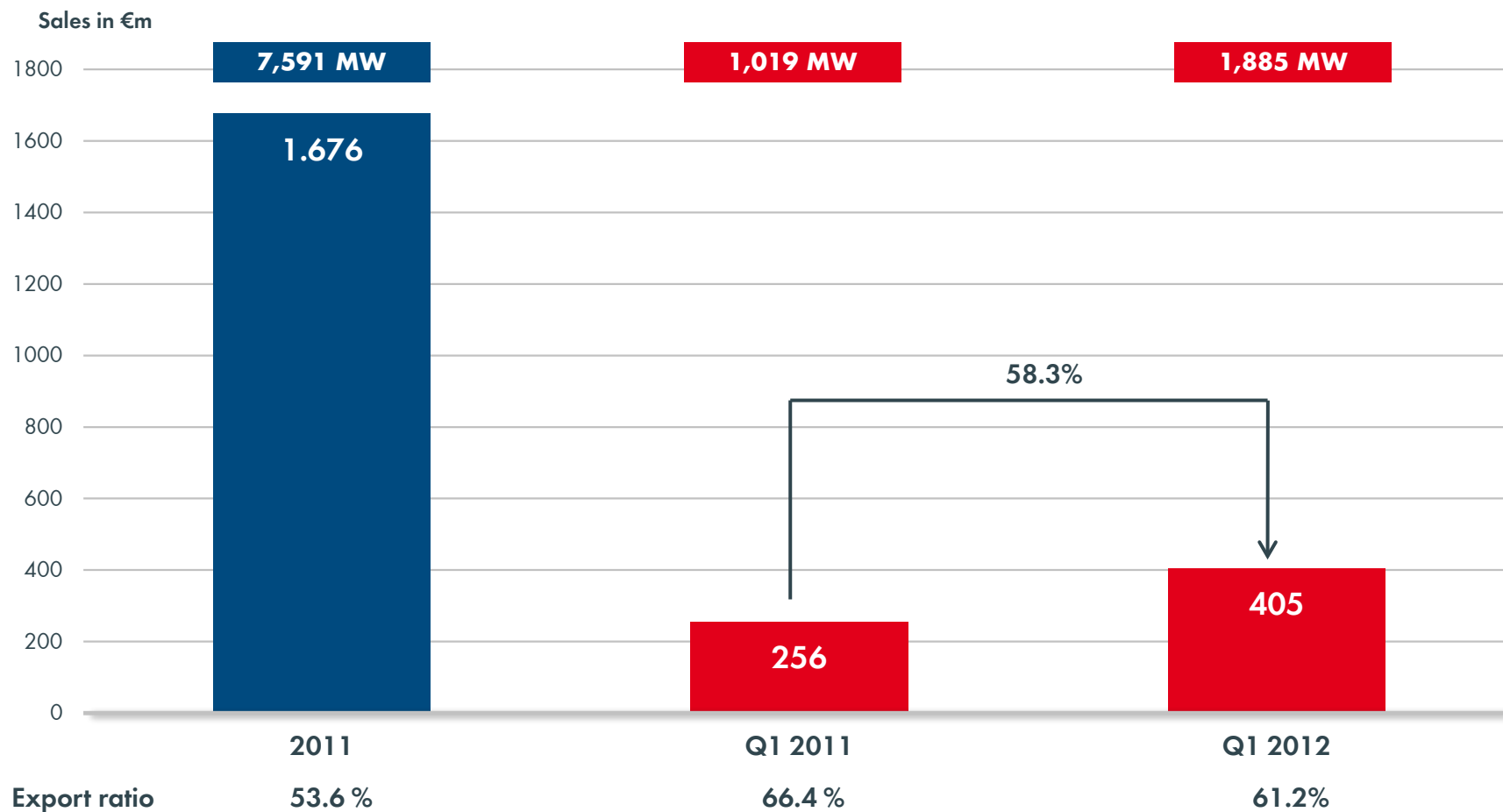


► The future of the solar industry is influenced by several megatrends (e.g. smart grid, Energy Management Systems, storage, variable tariffs)



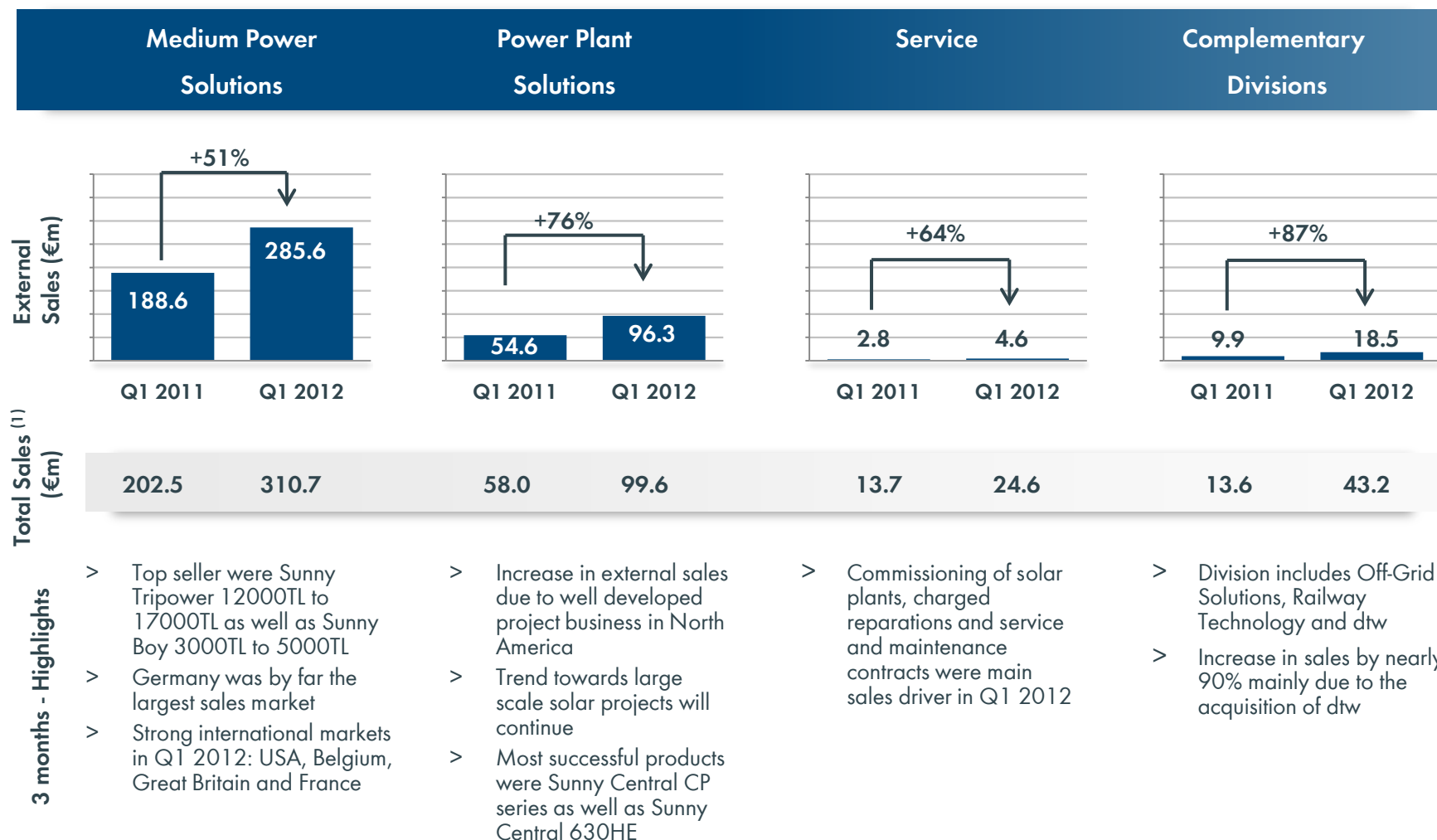


## SMA accomplished a very good start into 2012





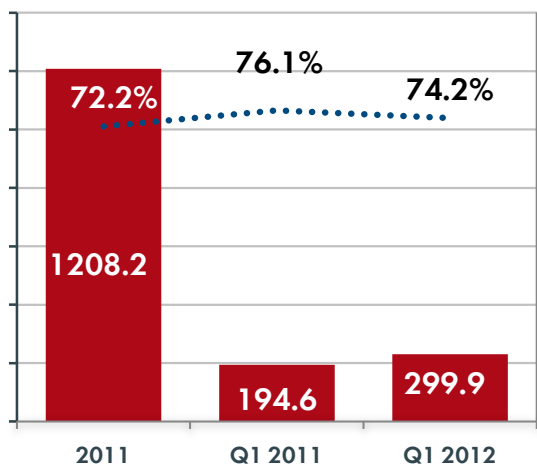
## Medium Power Solutions contributed almost $\frac{3}{4}$ of total sales





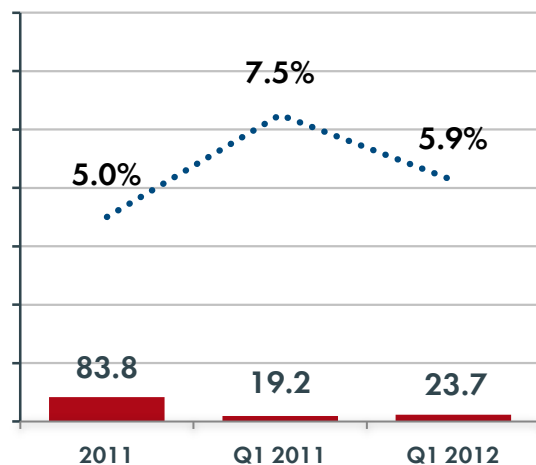
## Gross margin improved slightly year-on-year

COGS<sup>1)2)</sup>



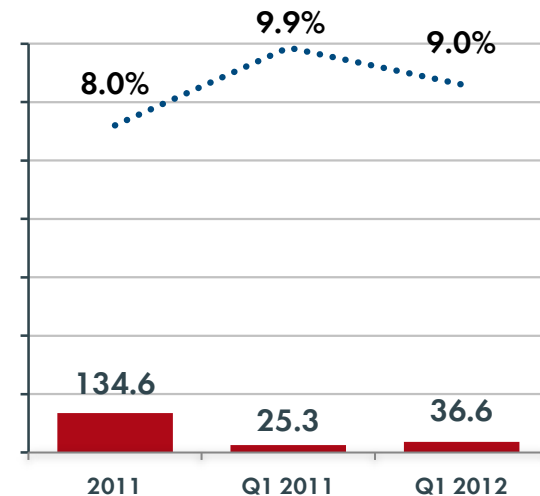
- > Improved gross margin due to product mix, a better workload in the production as well as process and product optimization programs
- > Material expenses accounted for 72.5%; personnel expenses for 15.7% and other expenses for 11.8%

R&D expenses<sup>1)</sup>



- > SMA invested € 29.5 million in R&D in Q1 2012 (incl. capitalized R&D projects)
- > The increase in expenses was mainly driven by the growth in the number of R&D employees
- > R&D focuses on new products, cost reduction, grid and energy management

SGA expenses<sup>1)3)</sup>

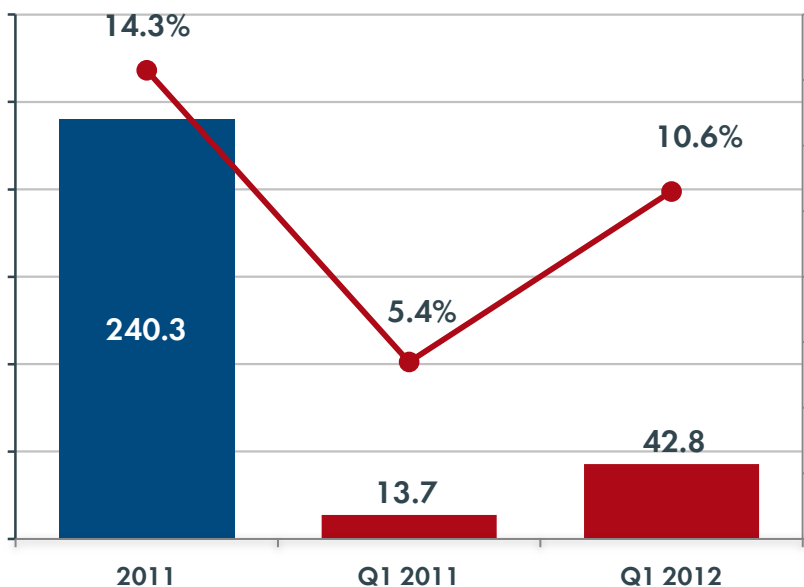


- > In view of the increasing internationalization SMA created new structures abroad as well as in the headquarters
- > SMA expanded its international sales and marketing structures

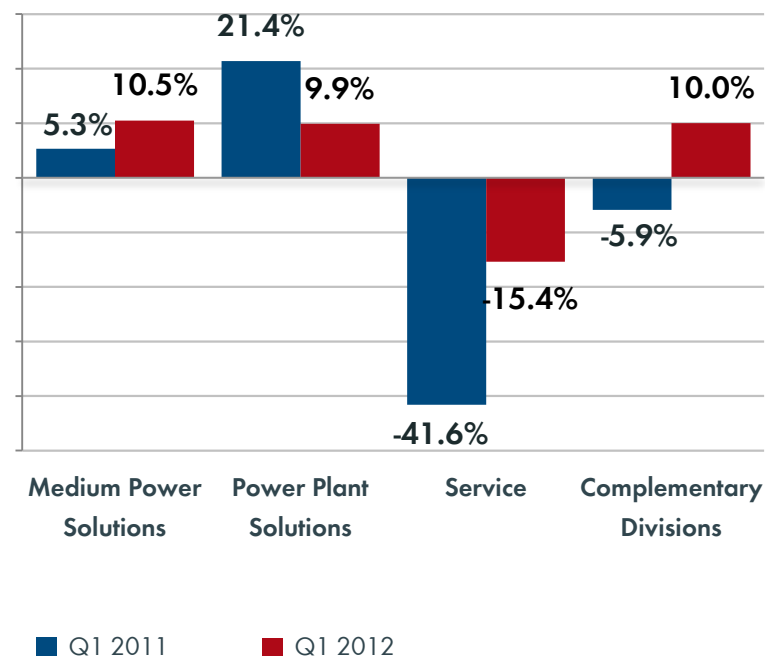


## SMA tripled the operating profit year-on-year

### EBIT and EBIT margin SMA Group



### EBIT margin by Segment

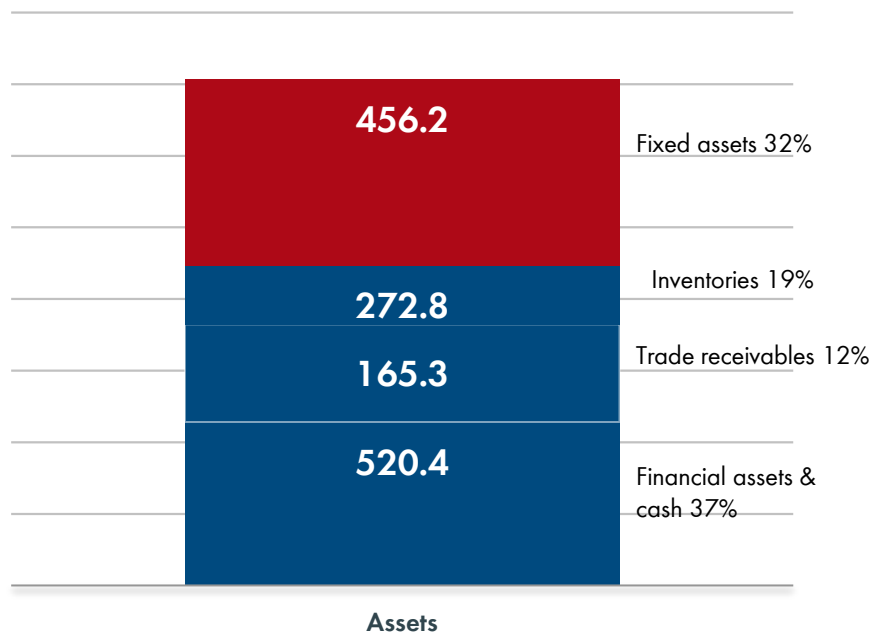


► The service business will become profitable once the warranty of the majority of the installed inverters expires<sup>1)</sup>

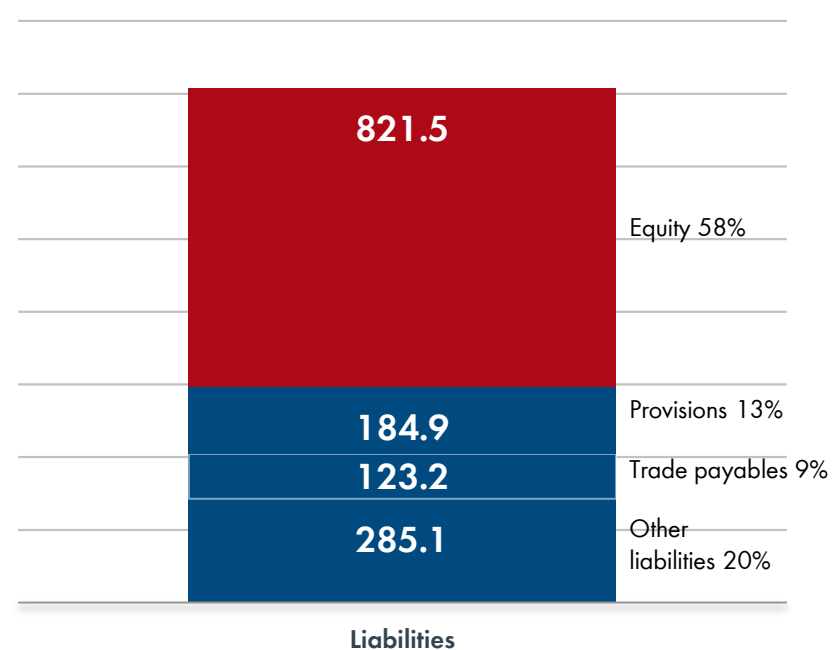


## SMA has an equity ratio of 58.1%

**Σ € 1,414.7 million**



**Σ € 1,414.7 million**

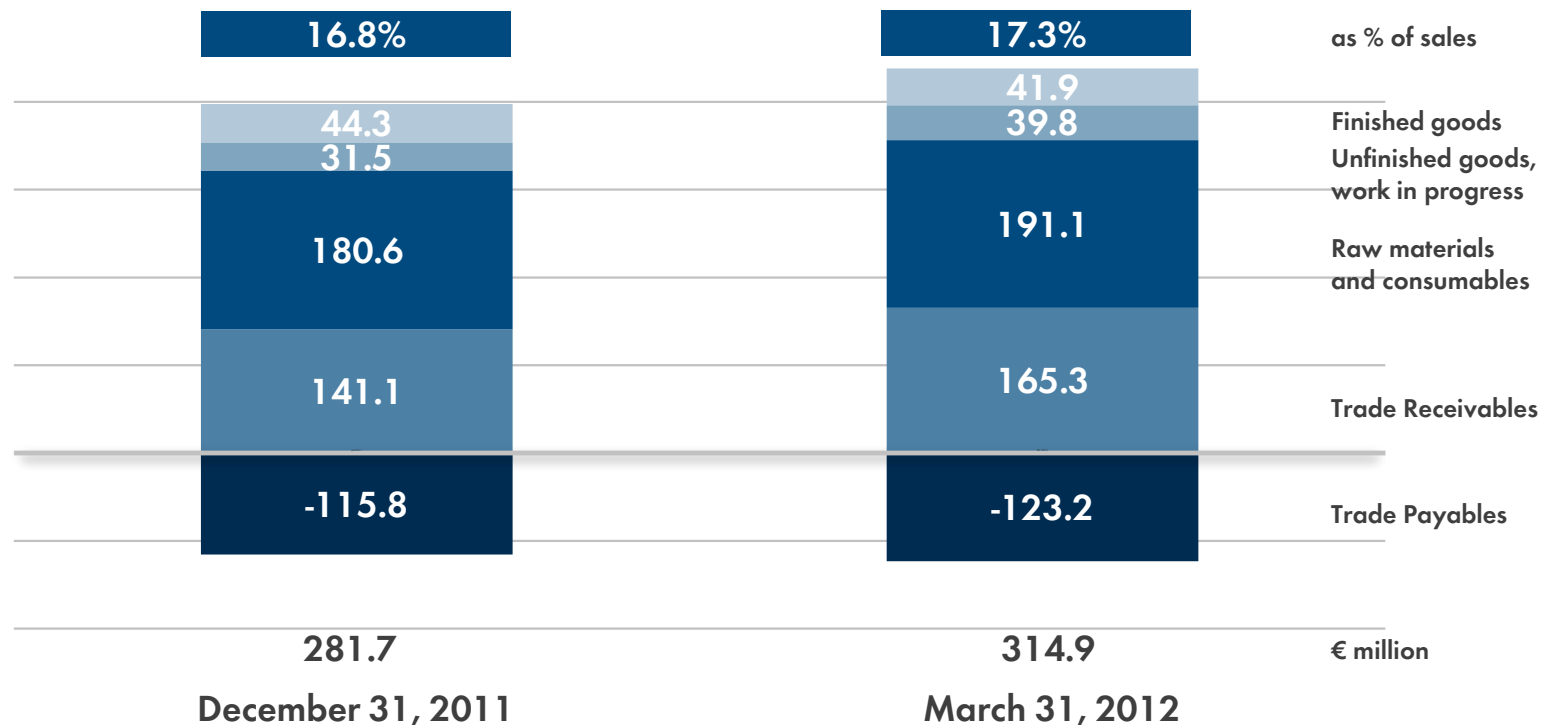


►► With € 468,7 million net cash SMA has an excellent liquidity reserve



## With 17.3% NWC ratio SMA was below the guidance of 19% to 21%

### Net Working Capital<sup>1)2)</sup>



### ►► Increase in trade receivables due to stronger international business



## SMA improved the cashflow profile

	Q1 2011	Q1 2012
Gross Cash Flow	+2.6	53.5
Net Cash Flow from Operating Activities	-26.0	+7.9
Net investments in fixed and financial assets	-35.0	-27.1
Net investment from acquisitions	0	0
Free Cash Flow	-61.0	-19.2
Net investments from securities and other financial assets	-109.1	-59.9
Free Cash Flow (IFRS)	-170.1	-79.1

## 5. Strategy



## With our comprehensive know how in system technology SMA will play an active role in energy transition



### Expansion of technology leadership

(cost reduction, energy management, grid integration)

### Further internationalization

(20 countries + South Africa)

### Increase of value added

(increase in efficiency, strategic HR management)



► **SMA is well prepared for all kinds of market scenarios**

## 6. Backup





## Capital Markets Day will be held on June 14, 2012 during the Intersolar in Munich

### Investor Events

- > May 15; Deutsche Bank-Conference, Frankfurt
- > May 22; Annual General Meeting, Kassel
- > June 14; Capital Markets Day, Munich

### IR-Contacts

Julia Damm

Investor Relations Officer

E-mail: [IR@SMA.de](mailto:IR@SMA.de)



» Visit our IR website <http://www.IR.SMA.de>