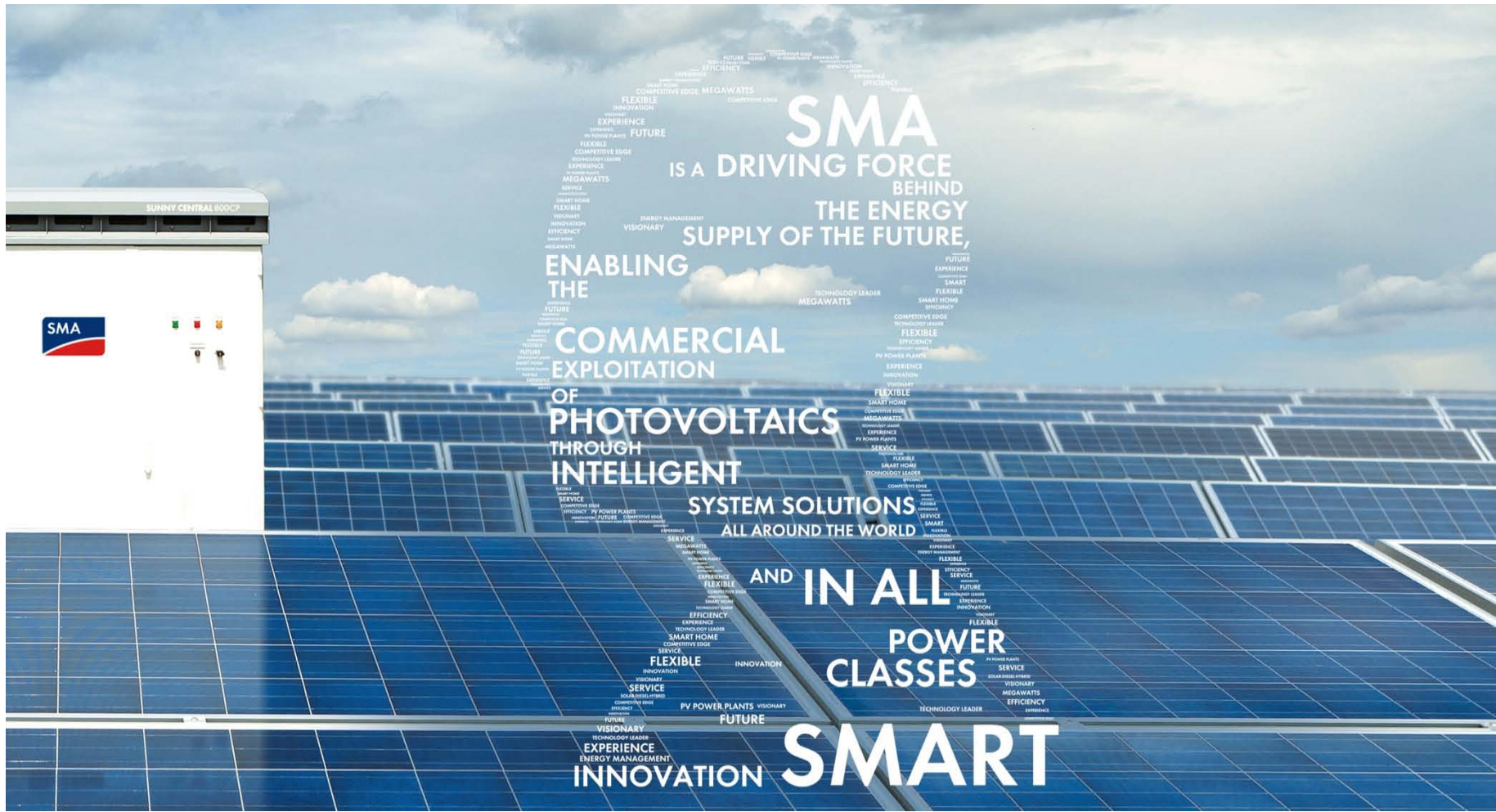


# Analyst / Investor Presentation

## Half-Yearly Financial Results: January to June 2013





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## By now 40% of revenues are derived from project business

- > 2.5 GW inverter output sold (−38%)
- > €462 million in sales due to a slow market development and accelerated price pressure (−45%)
- > 67% (H1 2012: 54%) of sales outside Germany underpins SMA's unique global footprint
- > Adj. EBITDA<sup>1</sup> of €29 million (H1 2012: €114) despite strong decline in sales; this equals 6% of sales (H1 2012: 14%)
- > Net Working Capital ratio<sup>2</sup> increased to 26% as of LTM sales due to international business and the integration of Zeyersolar
- > Net Capex amounted to €31 million (H1 2012: €59 million), including €12 million for capitalized R&D projects (H1 2012: €11 million)<sup>3</sup>
- > Solid balance sheet structure with equity ratio of 58% and net cash of €348 million

► **Positive Q2 result did not compensate negative Q1 result and one-offs for headcount adjustment.**



# SMA confirms sales and earning guidance for 2013<sup>1</sup>

	January – June 2012	January – June 2013	Changes
MW sold	4,029	2,505	-38 %
Sales	833.7	461.5	-45 %
Adj. EBITDA <sup>2</sup>	114.2	29.2	-74 %
Net Income /-loss	59.4	-16.2	-127%
Net Capex	58.6	31.2	-47%
Adj. Free Cash Flow <sup>3</sup>	-44.3	-25.9	41%
Net Cash	387.7	348.2	-10%
NWC ratio	19.4%	26.1%	

► Improved cash flow profile in Q2 2013 (Q1 2013: €-21 million; Q2 2013: €-5 million).

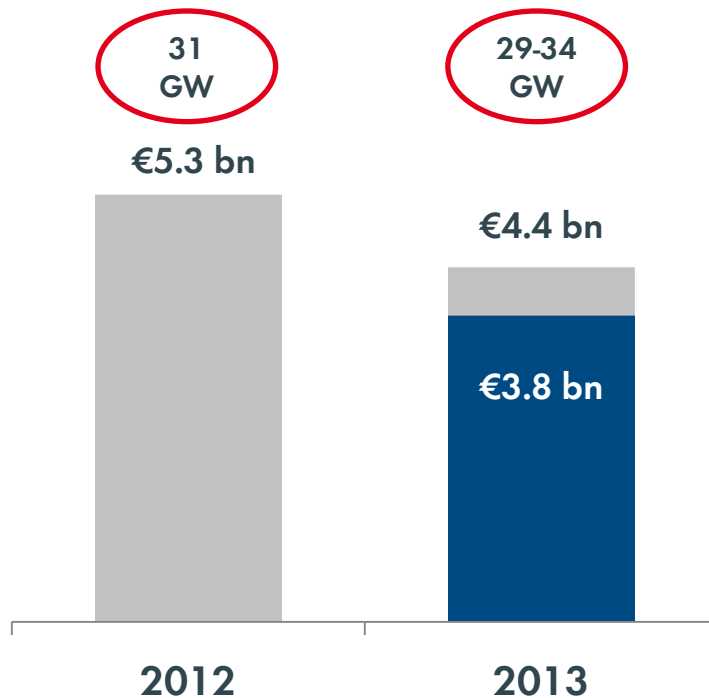




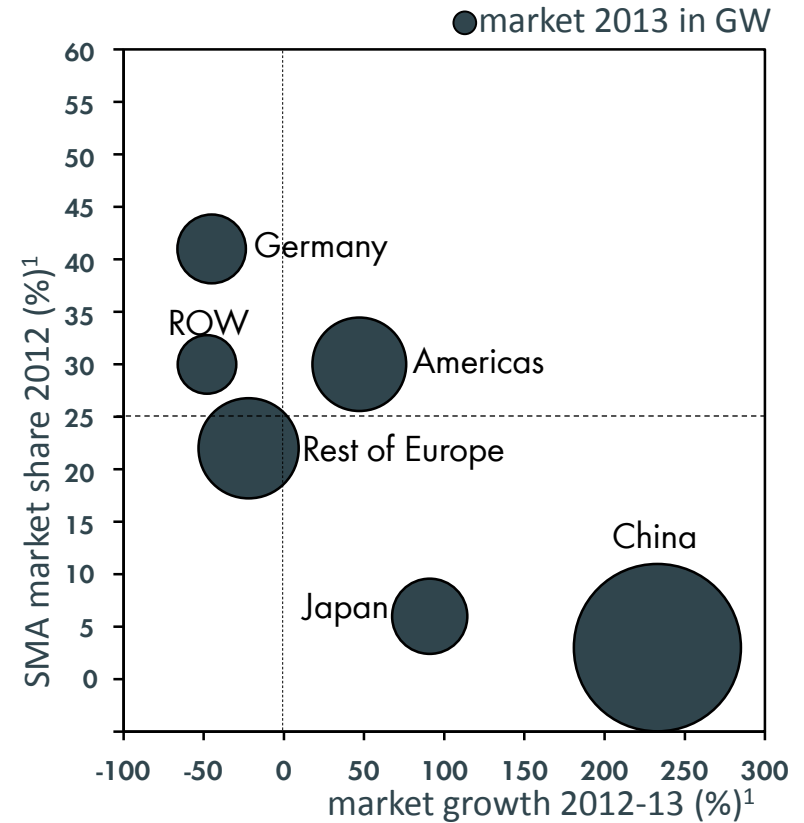
# High price pressure and a regional shift affect the market development



## Global PV Inverter Market



## Regions



►► SMA management expects longer lasting consolidation in the industry.



## SMA Smart Home for more independence



### Customer benefits

- > Easy to use – the Sunny Home Manager can be accessed via PC or smart phone, whether at home or on the move
- > Intelligent planning for automatic load control – using local weather forecasts to predict PV power generation
- > Storage integration – through the integration of battery storage into the intelligent energy management, self-consumption can be maximized
- > Future-proof – to enable seamless integration of various components in the intelligent energy management system, SMA works closely with renowned manufacturers





## A turnkey solution for utility-scale projects

### SMA Compact MV Power Platform



### Customer benefits

- > Cost-effective, integrated turnkey solution (2 Sunny Central CP-US inverters, Transformers and 2 DC Disconnect Units) with best-in-class system efficiencies
- > Forced air cooling to reduce the number of components and minimize maintenance efforts in harsh environments
- > Preconfigured system simplifies the project planning and delivery



## SMA's innovation unmet in the U.S.

### Product innovations



**Sunny Boy US**  
for residential PV systems



**Sunny Tripower US**  
for mid to large-scale  
decentralized PV systems

### Customer benefits

- > Unique Secure Power Supply provides daytime power even in the event of a grid outage
- > Flexible - two MPP<sup>1</sup> trackers provide numerous design options and increase system efficiency
- > Lower levelized cost of energy due to high maximum system voltage (Sunny Boy: 600 V DC; Sunny Tripower: 600 V DC - 1,000 V DC)
- > Integration of Webconnect to allow direct connection to Sunny Portal
- > Integrated arc fault circuit interrupter (AFCI) to avoid additional installation costs

### 3. Strategy



# SMA's strategy targets new business opportunities and sustainable cost savings



## Innovation Leadership

- > **New Markets**
  - > Energy Management Systems
  - > PV Diesel Hybrid Systems
- > **New Customers**
  - > Service Customers
  - > Regional Utilities
- > **New Offers**
  - > Skid Solution
  - > Operational Management

## Cost Reduction

- > **New Products**
  - > Platforms and Solutions (SMA)
  - > Simple and Reliable Products (Zeversolar)
- > **Adjustment of Organization**
  - > Headquarters
  - > Subsidiaries
- > **Increase of productivity**
  - > Lean Management
  - > Cost-out-Programs

## Internationalization

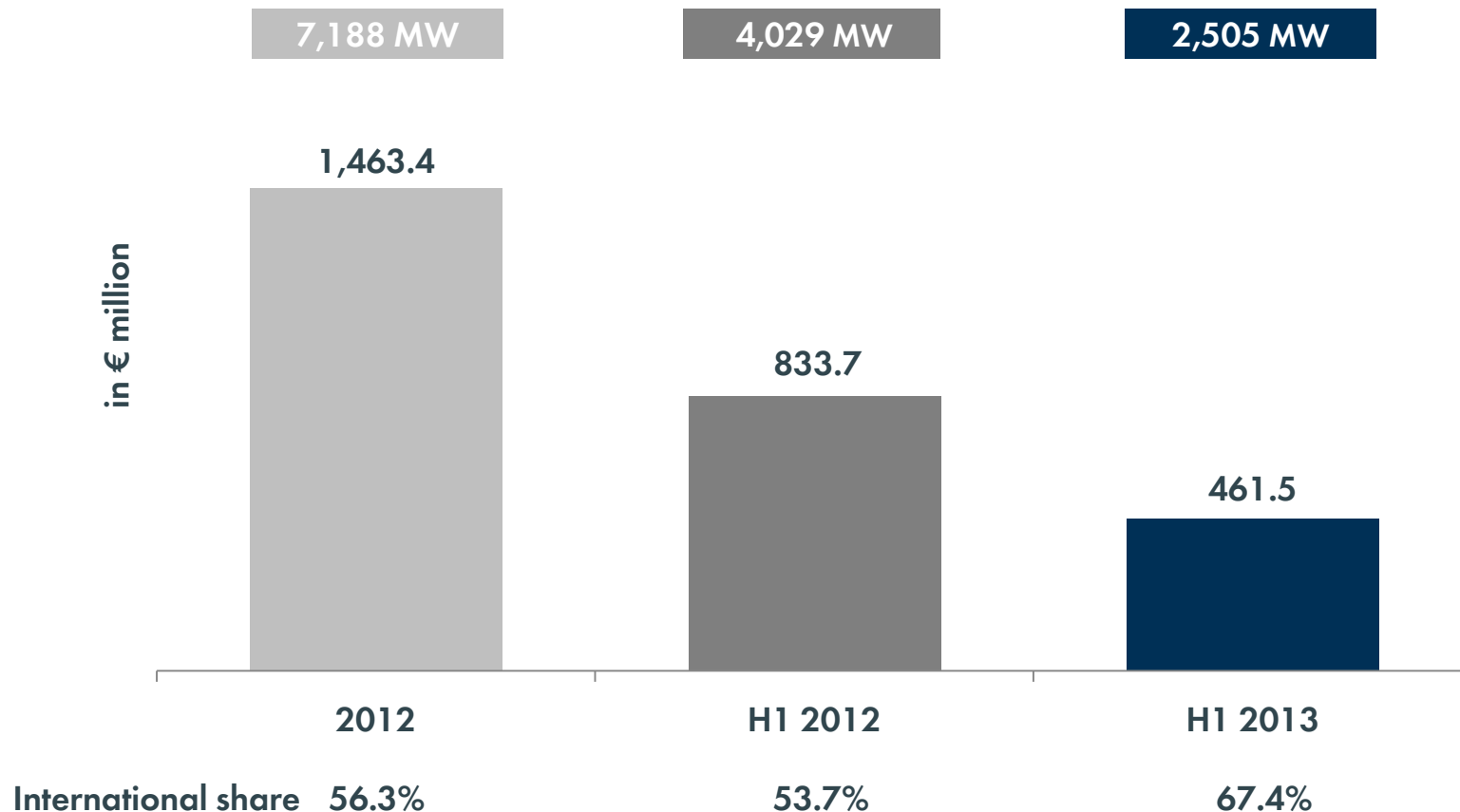
- > **New SMA Subsidiaries**
  - > South Africa
  - > Chile
  - > Middle East
- > **Go-to-market**
  - > Strategy for China

►► **SMA is the specialist for system technology and number 1 player in the solar industry.**





## Strong U.S. business could not compensate weak demand in European markets

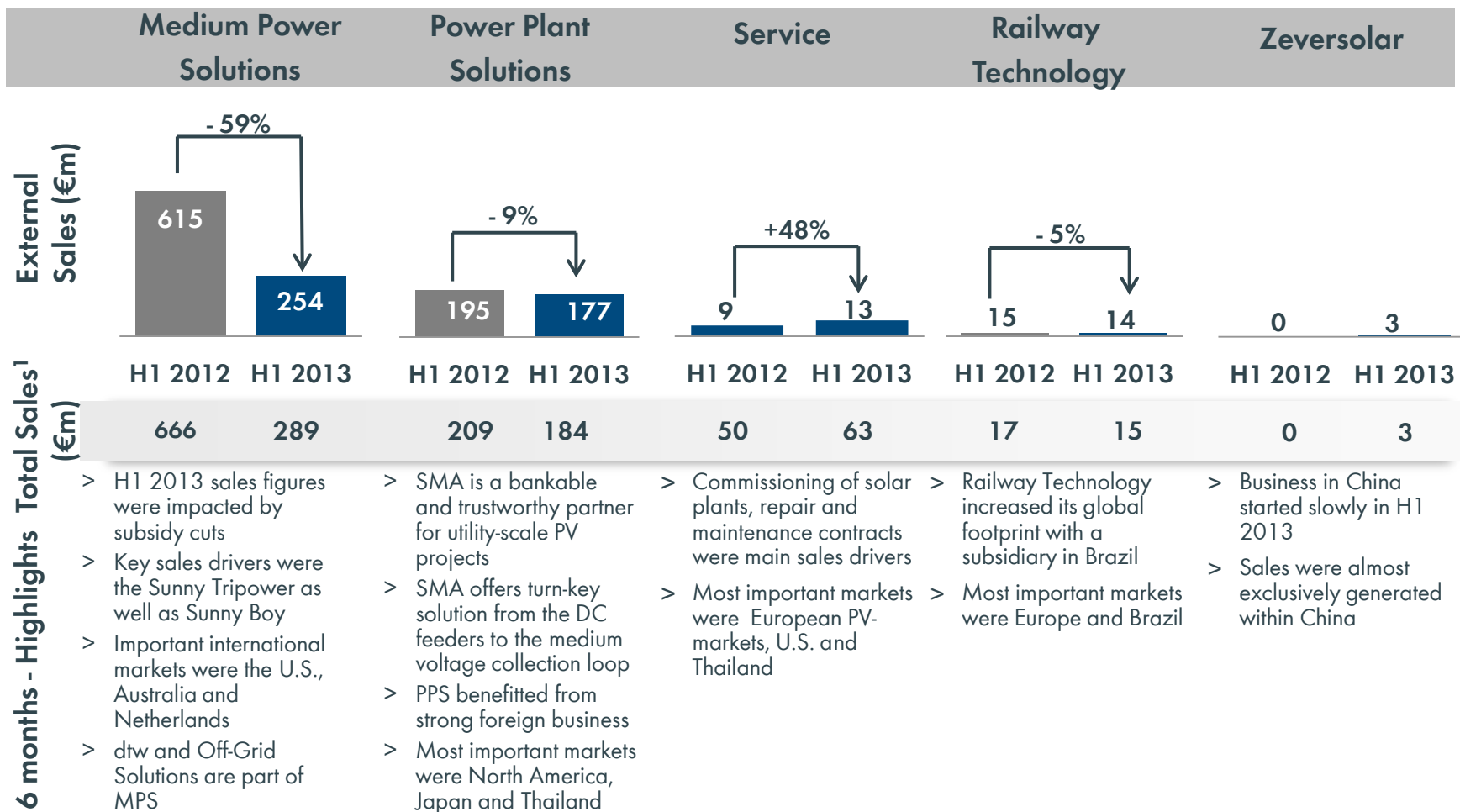


► **SMA has reached H1 2013 target <sup>1</sup>**





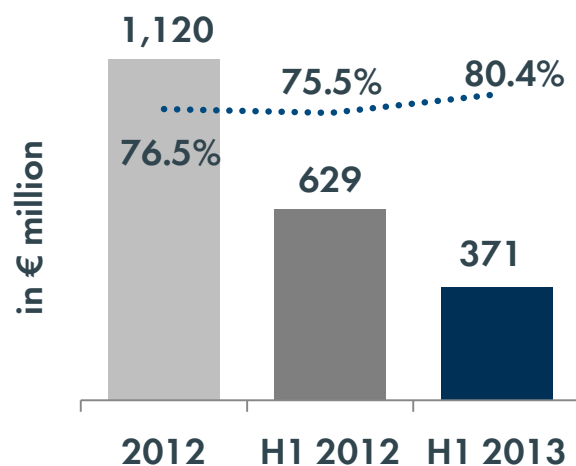
## MPS affected by changes in European market environment





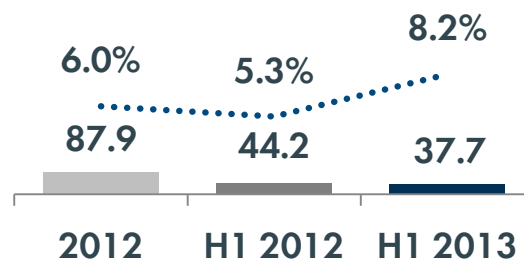
## Cost out measures of €70 million within the first six months

### COGS<sup>1,2</sup>



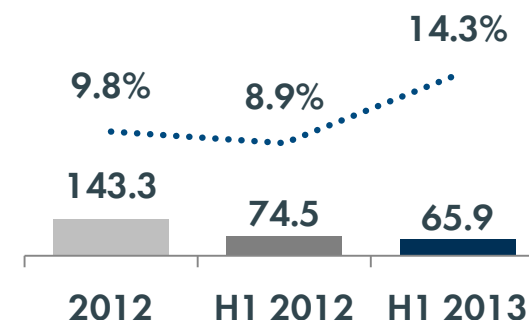
- > Ongoing measures to boost productivity and savings in material costs could not compensate for the strong decline in sales
- > Material expenses accounted for 66%; personnel expenses for 19% and other expenses for 15%

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



- > SMA invested €49.7 million in R&D in H1 2013 (incl. capitalized R&D projects)
- > SMA further expanded development cooperations and intensified the measures to protect intellectual property
- > Zeyersolar concentrates on cost down and quality improvements as well as cost initiatives for SMA
- > Reduction in R&D expenses result of a decrease in personnel expenses (Bonus for employees and reduced head counts) and other expenses

### SGA expenses<sup>1,3</sup>

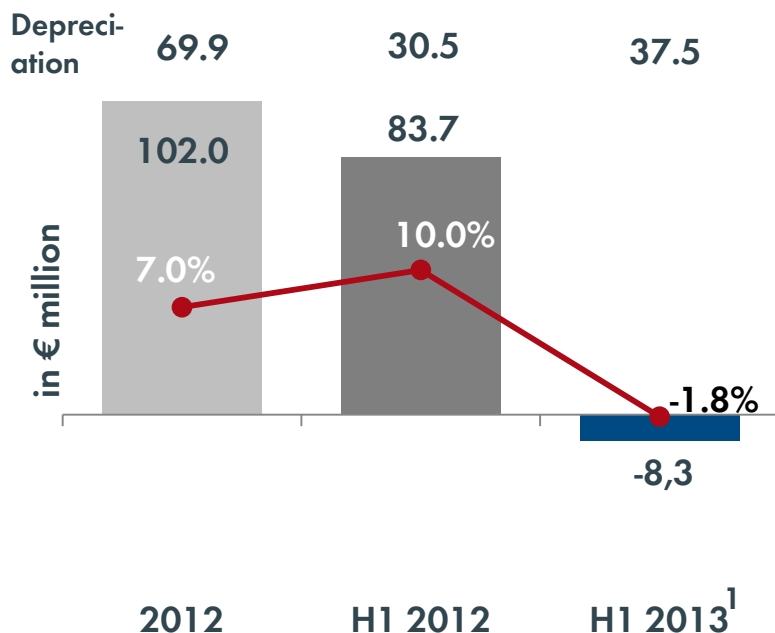


- > Reduction in SGA expenses result of a decrease in personnel expenses (Bonus for employees and reduced head counts) and other expenses

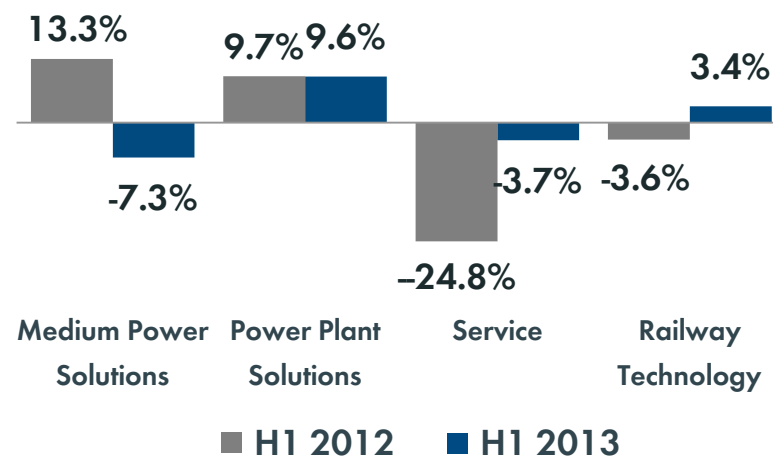


# Positive Q2 result did not compensate negative Q1 result and one-offs for headcount adjustments

## Adj. EBIT and EBIT margin SMA Group



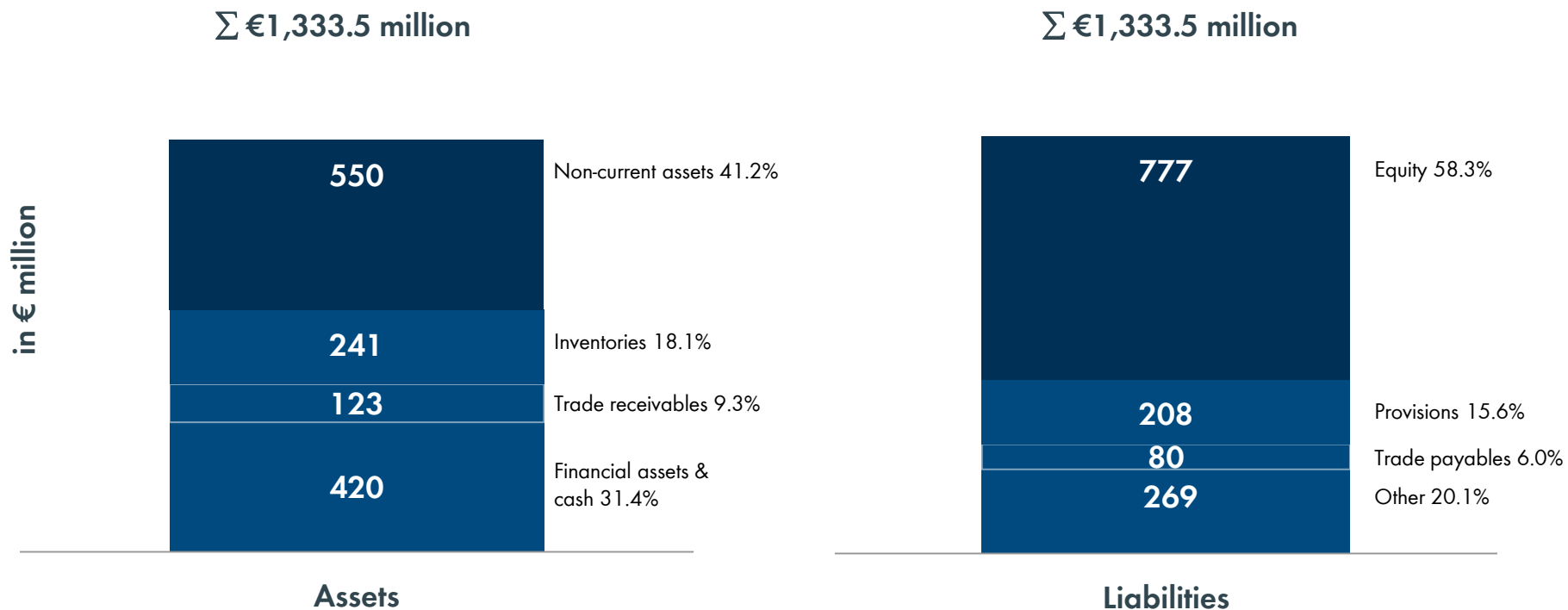
## EBIT margin by segment<sup>2</sup>



► The Medium Power Solutions division experienced a harsh decline in profitability due to a much slower business and price erosion.



## SMA is a bankable partner with an equity ratio of 58%

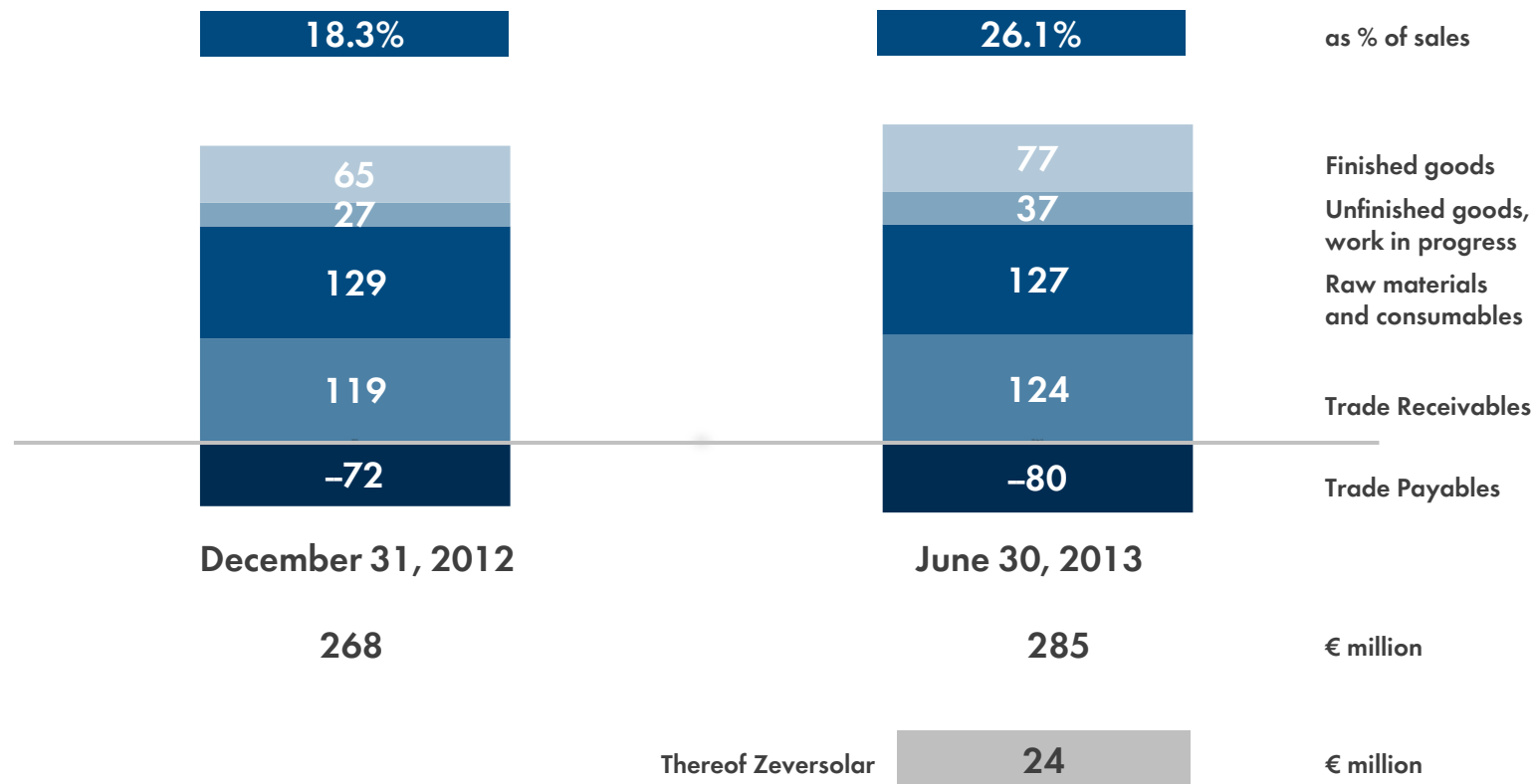


►► Net cash amounted to €348.2 million at the end of June 2013.

# Net Working Capital ratio<sup>1</sup> of 26.1% mainly due to the acquisition of Zeversolar



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



► In 2013 SMA targets to drive down raw materials and finished goods.



## SMA improved its cash flow profile

	H1 2012 <sup>1</sup>	H1 2013 <sup>1</sup>
Gross Cash Flow	+104	+21
Cash Flow from Operating Activities	+14	+5
Net Capex <sup>2</sup>	-59	-31
Free Cash Flow (Adj.)	-44	-26
Acquisition <sup>3</sup>	0	-22
Net investments from securities and other financial assets	1	+66
Free Cash Flow (IFRS)	-43	+18



## 5. Outlook & Summary



# SMA confirms its full year guidance 2013 before restructuring charges



	2013			2012		
	Q1 2013	Q2 2013 <sup>1</sup>	2 HY 2013 <sup>1</sup>	Q1 2012	Q2 2012	2 HY 2012
Sales	212	249	➡	405	429	629
International Share	68%	67%	➡	61%	47%	60%
Adj. EBITDA <sup>2</sup>	9	20	➡	57	57	58
Net CapEx <sup>3</sup>	12	7	➡	21	27	32
NWC-Ratio <sup>4</sup>	23%	26%	➡	17%	19%	18%
Adj. Free Cash Flow <sup>5</sup>	-21	-5	➡	-19	-25	60

▶▶ **As a world market leader SMA depends on the market development.**

1. 2HY 2013 trend refers to the first six months of 2013

2. 1HY 2013 figure without accruals for personnel restructuring charges

3. Without capitalized R+D projects

4. As of last twelve months sales

5. Before acquisition and Net investments from securities



## SMA is a specialist for system technology



- > SMA has the competence to equip the world's largest PV projects with inverter technology
- > SMA sets the pace for intelligent energy management systems for residential applications
- > SMA's swift and professional service is unmet in the solar industry
- > SMA is a true global player
- > With the majority stake in Zeyversolar, SMA has access to the Chinese solar market
- > SMA is highly flexible and has proven its ability to cope with rapid changes over the last years

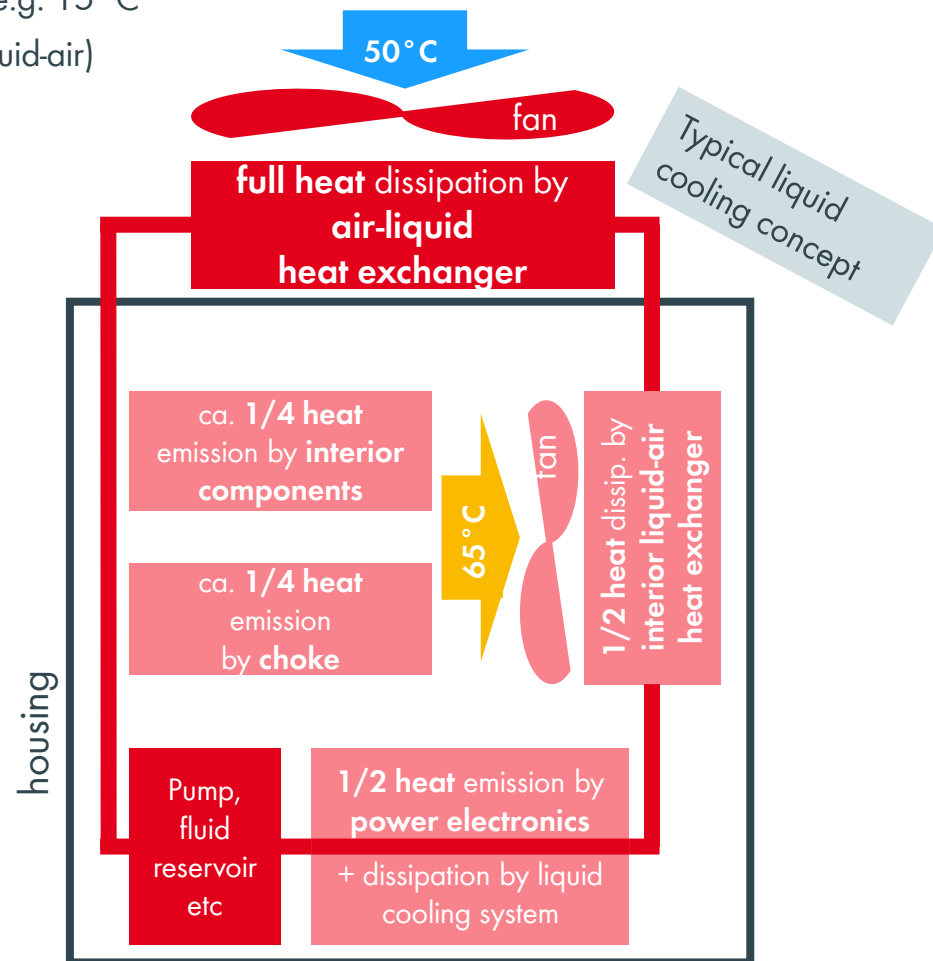
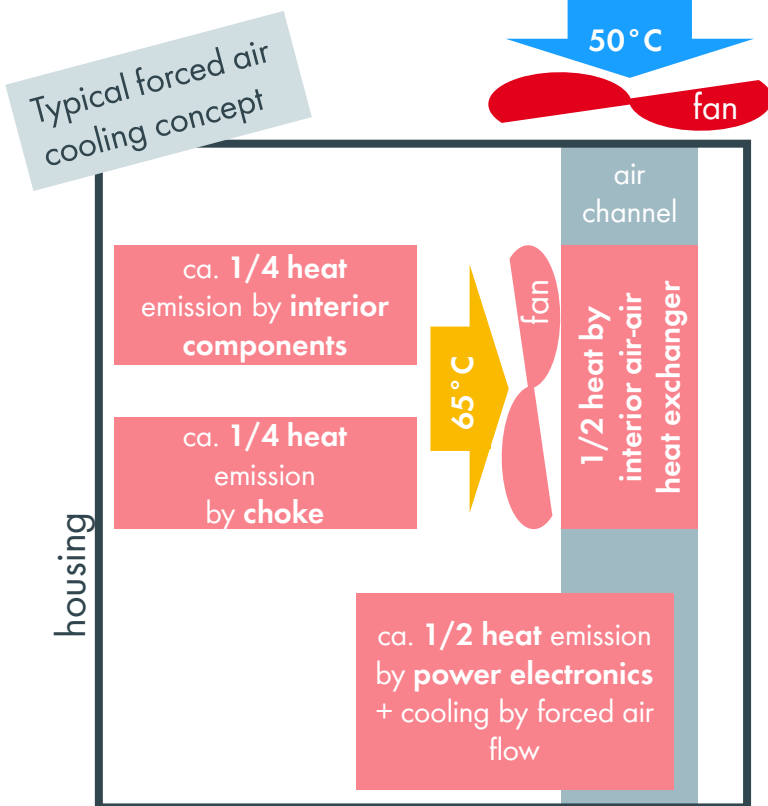
►► **SMA is the number 1 player in the solar inverter industry.**





## Complexity of liquid cooling concepts

- > liquid cooling needs additional components – without getting rid of air cooling components like fans
- > Difficult interior cooling: same temperature difference of e.g.  $15^{\circ}\text{C}$  has to serve for 2 transfers between heat carriers (air-liquid-air) compared to only 1 (air-air) with air cooling





# SMA's innovation strategy secures high return on investment for our customers



## Key MPS project in Germany



- > 16,000 kWh of electricity generated every year (in Gerichstetten)
- > Complex interaction between Sunny Tripower 15000TL, Sunny Boy 5000TL, Sunny Island 6.0H, Sunny Home Manager and batteries of German manufacturer Hoppecke
- > Intelligent interaction between all components through SMA technology

## Key PPS project in the U.S.



- > With 9.5 MW nominal power the largest solar project in Tennessee (in Chattanooga)
- > Largest Solar Park of the Volkswagen brand
- > 5 MV Power Platforms with 10 SMA Sunny Central 760 CP
- > Annual yield of 13,100 MWh
- > Solar plant will contribute 12.5% of manufacturing facility's energy needs during full production times; 100% in non-production periods



# Photovoltaics are already an economic energy source in many countries



## HES project in South Africa



- > First off-grid solar diesel hybrid power plant generating power in the megawatt range in Thabazimbi, South Africa with inverters and intelligent system management from SMA
- > 63 Sunny Tripower inverters
- > Has been complementing the diesel energy supply of a chrome ore mine since November 2012 with a yearly yield of up to 1.8 GWh of solar energy

## Key Service project in Germany



- > 50.2 Hz modification in compliance with the system stability act
- > Goal: Ensure grid stability for all current consumers
- > Approx. 120 utility companies are SMA customers
- > Cooperation with 100 installation companies that retrofit on behalf of SMA



**Energy that Changes**