

SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

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Presented by Ulrich Hadding (CFO)

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1. Review H1/2019



Positive EBITDA and Sales of €363 million in H1 2019; Managing Board Expects significant Sales and Earnings Growth in H2 2019



Financial Highlights H1/2019

Top Line

- SMA generated sales of €363m in H1 2019, below prior year mainly as a result of project postponements in our Large Scale & Project Solutions segment.

Profitability, Bankability

- EBITDA of €9m, increased by €8m in Q2 2019 driven by higher sales and structural cost savings achieved in the second quarter of 2019.
- Solid balance sheet structure with >40% equity ratio, ca. €270m net cash and €100m credit facility

Outlook 2019

- Cost-saving program executed under supervision of Roland Berger is well on track.
- Based on high product-related order backlog of €453m, Managing Board expects significant sales and earnings growth in H2 2019 and confirms guidance for FY 2019 with sales of €800m to €880m and EBITDA of €20-50m.

Strategic Highlights

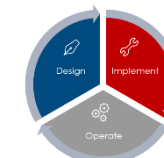
New Products



Strategic Initiatives



SMA Repowering



H1 Sales Decline 8% mainly as a Result of Projects Shifting into H2 2019



Key Financials¹ (in € million)

	H1 2018	H1 2019	Change
MW sold	4,305	3,973	-8%
Sales	395	363	-8%
Home Solutions	85	102	21%
Business Solutions	153	135	-12%
Large Scale & Project Solutions	157	126	-20%
Gross margin	25%	20%	
EBITDA	41	9	-79%
Depreciation	26	23	-13%
EBIT	15	-14	n.m.
Net income	11	-14	n.m.
Free Cash Flow (Adj.)	-44	-67	n.m.
Net CapEx (incl. R&D)	17	13	-25%

	2018/12/31	2019/06/30	Change
Net cash	306	268	-12%
Total assets	989	971	-2%
NWC ratio (in %) ²	23%	25%	

	2018/2019			
	Q3	Q4	Q1	Q2
Sales	180	186	168	195
Home Solutions	52	51	45	57
Business Solutions	67	69	65	70
Large Scale & Project Solutions	61	66	58	68
Gross margin	20%	-33%	19%	21%
EBITDA	10	-120	1	8

2. Market



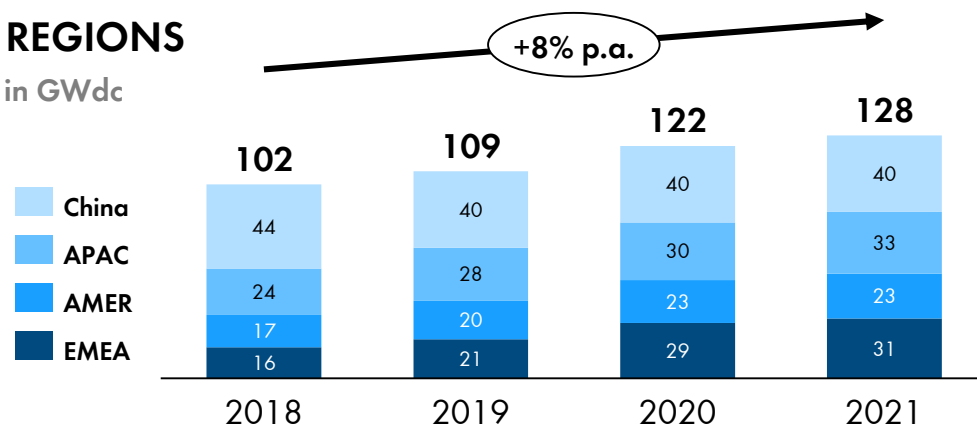
Global PV Installations Expected to Grow in all Regions, Except China



Core Business: PV Installations¹

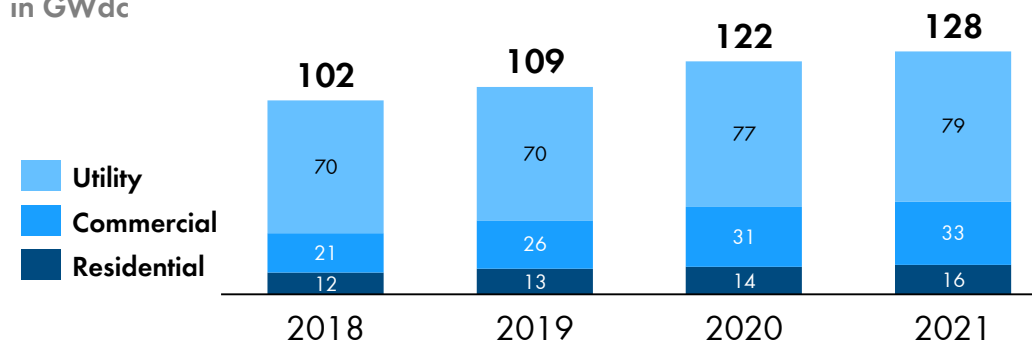
REGIONS

in GWdc



SEGMENTS

in GWdc



New installations

PV installations are expected to show a continuous average growth of 8% p.a.

EMEA

EMEA is the most promising region with >20% annual growth. MEA² is expected to add huge potential from 2020.

China

Chinese installations decreased by 16% in 2018. A further decline is expected this year. 5-Year-Plan³ ends in 2020, forecast thereafter subject to uncertainty.

Utility

Utility remains the largest segment. Most promising markets are the U.S., Australia, Japan. While in 2019 most regions are growing in volume and revenue, China is decreasing.

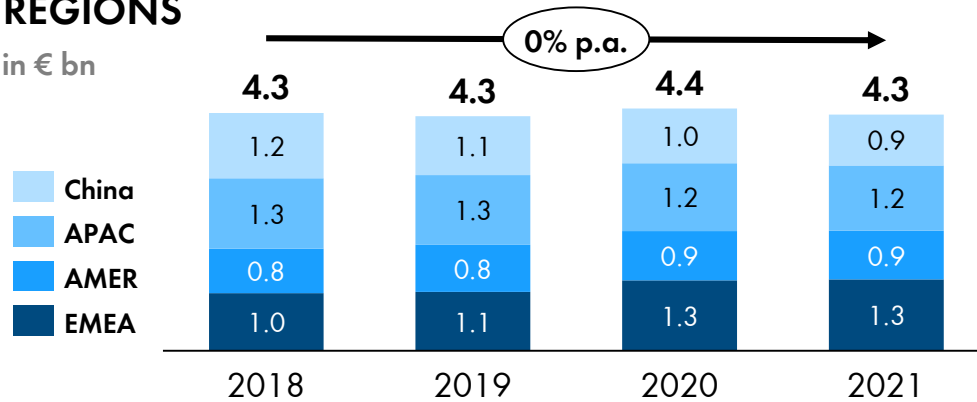
Price Pressure will Largely Erode Growth in PV Installations



PV Inverter Revenue¹

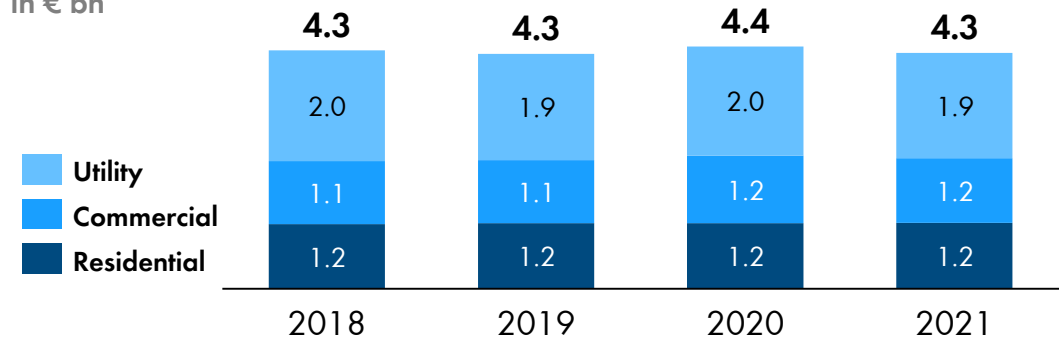
REGIONS

in € bn



SEGMENTS

in € bn



Revenue potential

Price pressure will largely erode volume growth. We expect a stabilization of prices towards 2021.

EMEA

Emerging PV markets in MEA² contribute strongly to growth in EMEA, which is expected to reach 7% p.a.

Americas

The U.S. remain to be the largest country in the Americas region, Latin America gains importance with revenue growth of 14% p.a.

Segments

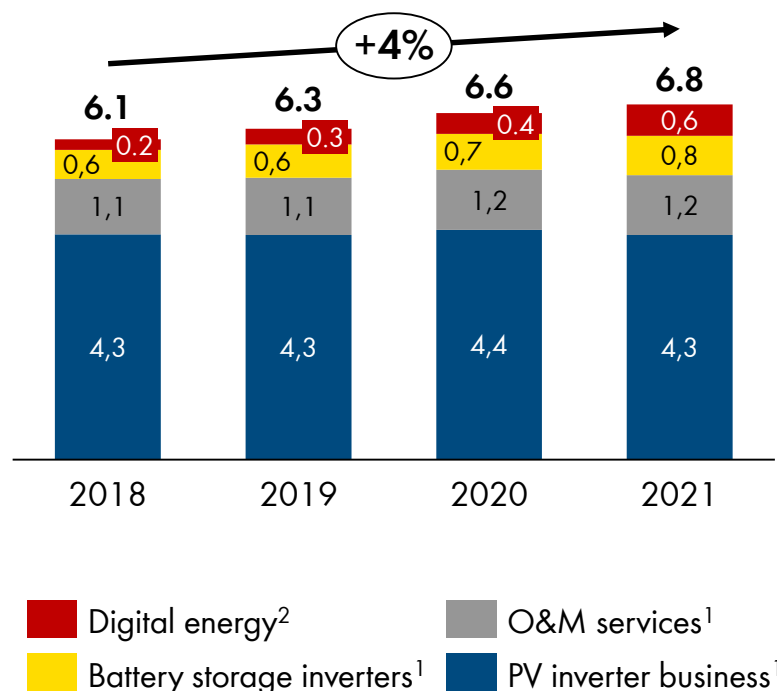
Revenue potential for each segment expected to remain rather stable, no significant shift among segments expected.

Storage and Digital Energy Solutions Drive Global Market Growth



Global Market Outlook by Sector

in € bn



- Power generation costs decrease, integrated energy and digitalization will lead to a higher share of renewable energy and its growth.
- The traditional PV inverter market revenue potential is expected to be stable. Digital solutions and battery storage are attractive additional value pools.
- PV inverters will serve as the backbone for smart grid solutions connecting the components and collecting data.
- Digital energy solutions gain importance for both homes and businesses, e.g. energy services for residential houses, food and non-food retail.
- O&M services remain important with continuously declining equipment prices and are key for sustainable PV investments. Service packages are aiming at utility plants in particular and vary from full to partial.

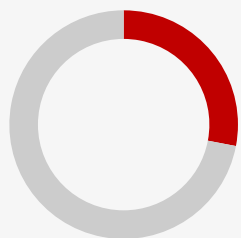
3. Positioning



SMA has a Complete Portfolio to Serve all PV Segments



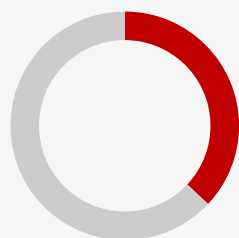
SMA HOME SOLUTIONS



28%
of Group net sales



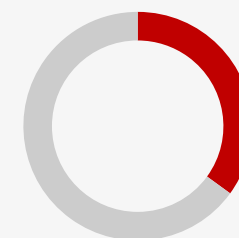
SMA BUSINESS SOLUTIONS



37%
of Group net sales

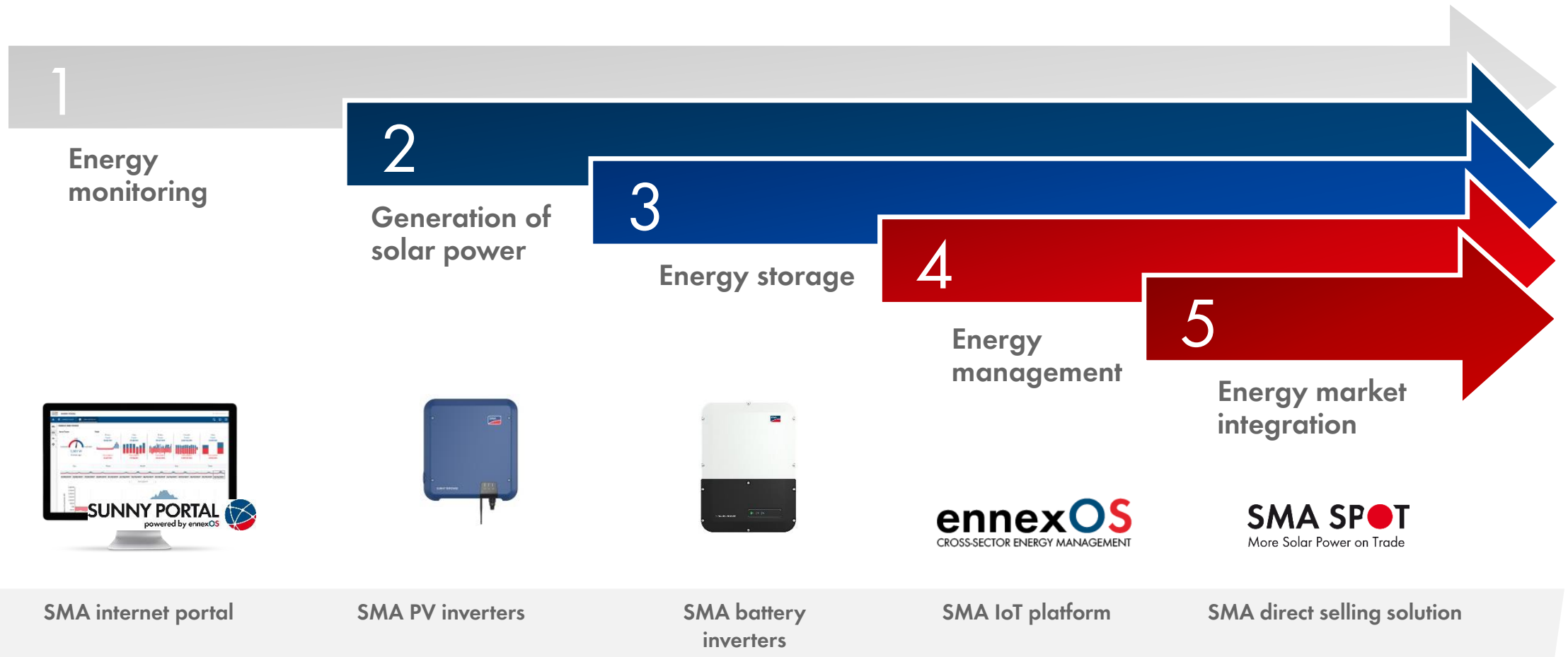


SMA LARGE SCALE & PROJECT SOLUTIONS



35%
of Group net sales

SMA 's Portfolio Covers Every Stage of Energy Integration



SMA will Introduce Additional New Products and Solutions in 2019



Sunny Tripower
• 8–10 kW



Sunny Boy
• 3–6 kW

DC-DC Converter



Sunny Central UP
• 4.6 MW



SMA Energy Systems

- Power class: 5 kW / 250 kW
- Pilot markets: Italy / Germany

2019



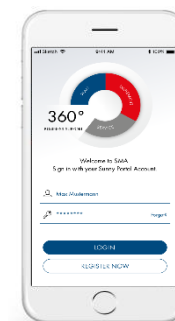
**SMA + BYD
Battery Solutions**

- 5–60 kW
- Securing battery availability



Sunny Highpower PEAK3
• 150 kW, 1,500 V

Installer App



**Medium Voltage
Power Station**
• 4.6 MW

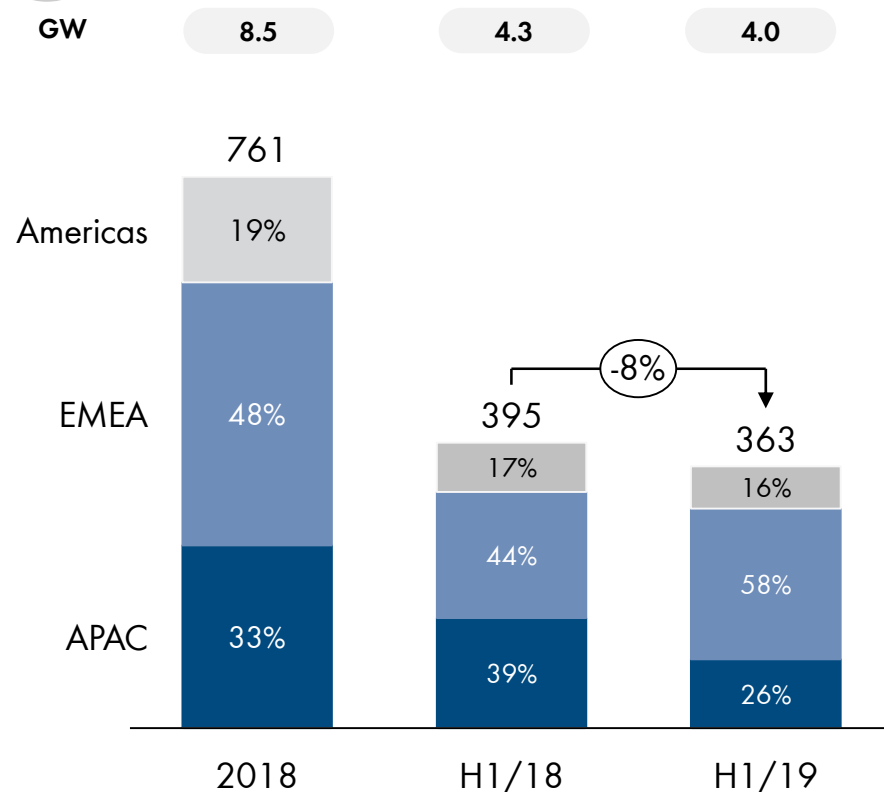
4. Financials & Guidance



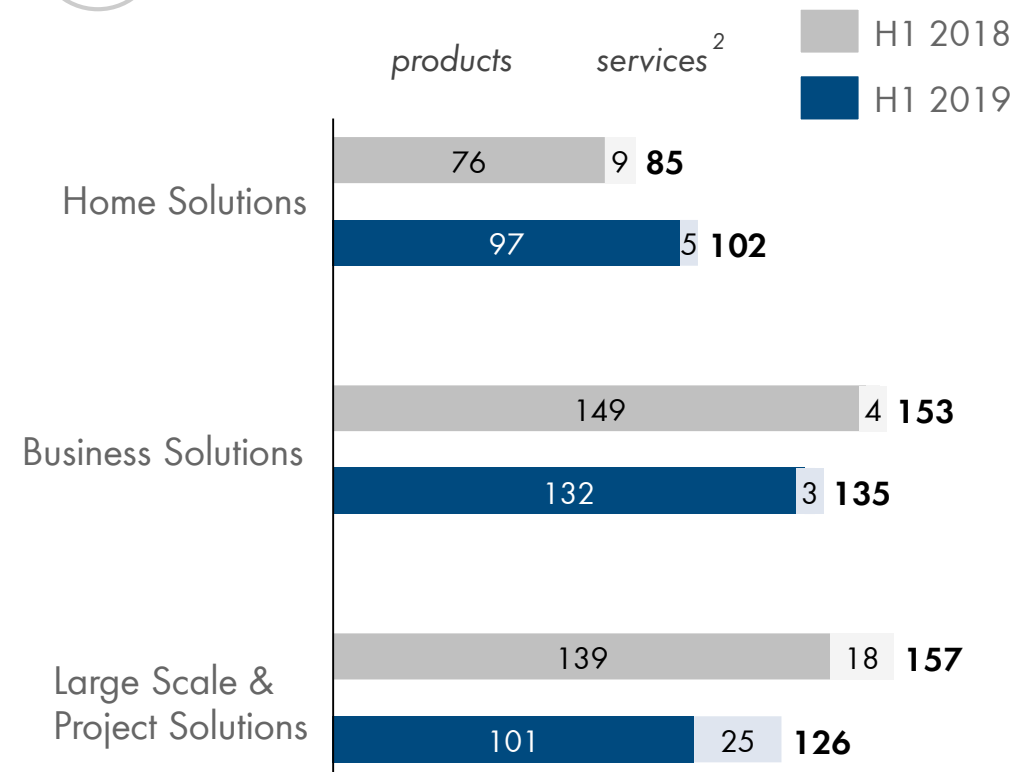
H1 2019 Sales in Home Solutions Grew By 21%; Segment Large Scale & Project Solutions Affected by Project Postponements



Sales (in € million)



Sales by Segment¹ (in € million)



EBITDA Lower in H1 2019 Mainly Due to Lower Sales Compared to Prior Year



EBITDA (in € million)

Margin

-9%

10%

2%

41

9

-69

2018

H1 2018

H1 2019

One-Offs

-86

8¹

5

Depreciation/
Amortization

83

26

23



EBIT by Segment² (in € million)

H1 2018
H1 2019

Home Solutions

13

-4

Business Solutions

24

1

Large Scale &
Project Solutions

-19

-11

Net Working Capital Increased Mainly Due to Higher Inventories

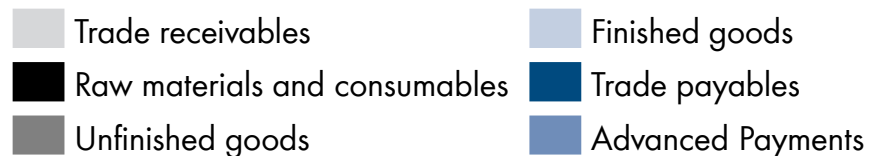
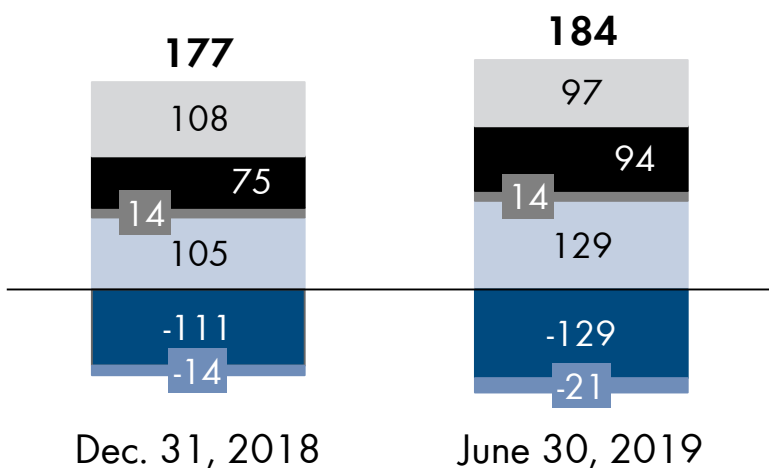


Net Working Capital (in €million)

NWC ratio¹

23%

25%



Group Balance Sheet (in €million)

	2018/12/31	2019/06/30	Change
Non-current assets	283	299 ²	6%
Working capital	302	334	11%
Other assets	80	53	-34%
Total cash	324	285	-12%
Shareholder's equity	425	407	-4%
Provisions ³	157	146	-7%
Trade payables	111	129	17%
Financial liabilities ⁴	18	16	-9%
Other liabilities ³	279	272 ²	-2%
TOTAL	989	971	-2%

H1 2019 Cash Flow Negatively Effected by Build-up of Inventories and the Negative Result; Gross Cash Flow Positive



Cash Flow (in € million)

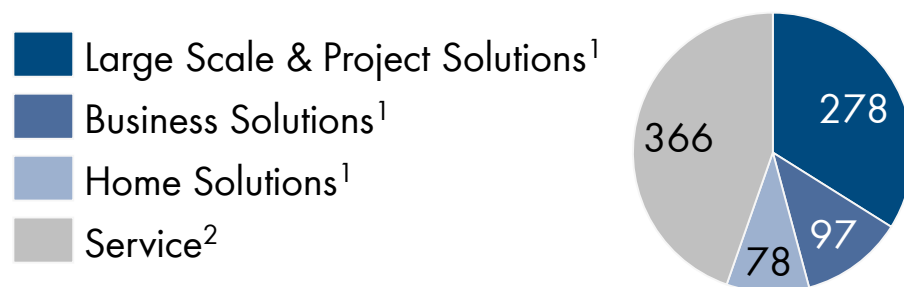
	H1 2018	H1 2019
Net Income	11	-14
Gross Cash Flow	3	5
Cash Flow from Operating Activities	-27	-54
Net Capex	-17	-13
Free Cash Flow (Adj.)	-44	-67
Net Investments from Securities and Other Financial Assets	-6	66
Acquisitions/ Divestitures	0	0
Free Cash Flow (IFRS)	-51	-1

Order Backlog for Products Increased by € 278 m or 158% since End 2018



Order Backlog by Segment (in €m) and Region (in %)

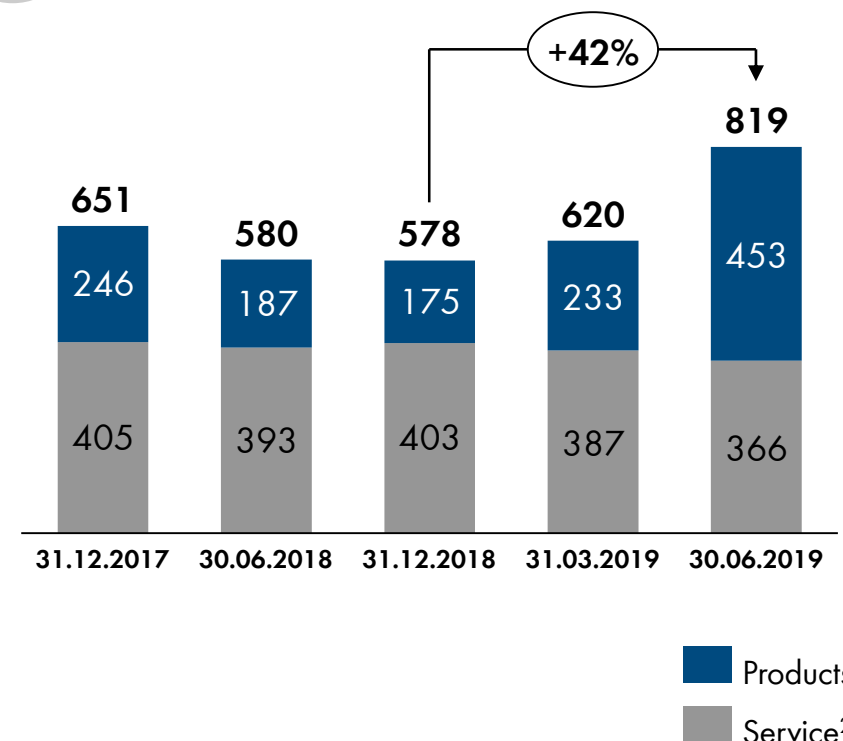
Total order backlog: €819m (June 30, 2019)



Product order backlog by regions (in%)



Order Backlog Development (in € million)

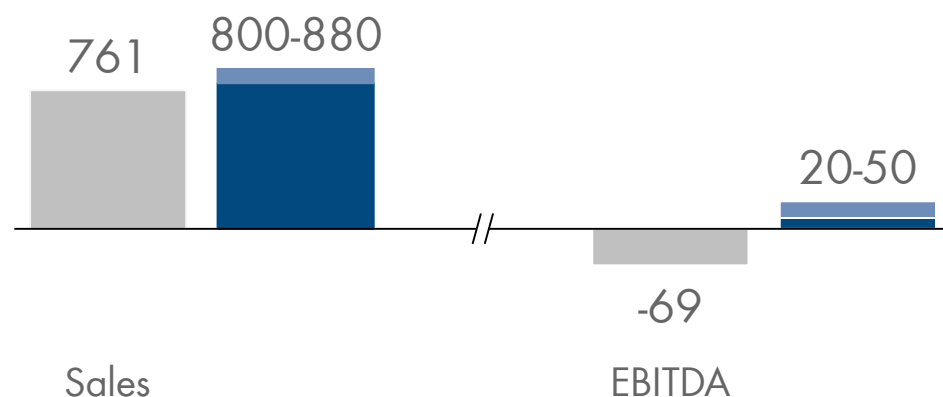


> H1/19 sales and product order backlog secure 2019 annual sales guidance.

Managing Board Confirms Sales and Earnings Guidance



Guidance 2019 (in € million)



2019

Net Cash	c. €300m
NWC-Ratio	19-24%
CapEx (incl. R&D) ¹	c. €60m
Depreciation / Amortization	c. €50m



Management Comments

- SMA strives to increase market share, especially in the U.S.
- System offerings will address new customer groups.
- Management expects growth in all segments, especially in Large Scale & Project Solutions, and in our storage business.
- Price pressure remains high in all segments.
- Cost-saving program executed under supervision of Roland Berger is well on track, most measures will be effective in 2019 already.
- In 2019, the digital solution business will still only make limited sales contributions.

SMA Continues to be a Leading Player in the PV Industry



Investment Highlights

- **Focus:** A leading global specialist for photovoltaics system technology with 75 GW installed base
- **Complete portfolio** to serve all PV segments
- **Global reach:** Present in 18 countries with a strong sales and service infrastructure; serving >190 countries
- **Award winning production:** CO₂ neutral production with a capacity of 15 GW p.a. in Germany
- **Bankable partner:** >40% equity ratio and €270m net cash
- **Technological Know-how** & solutions to benefit from strong growth in future fields such as energy management, storage & repowering
- **Strong partnerships** to create a new energy ecosystem

Strategic Highlights

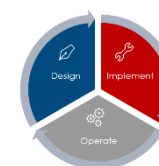
New Products



Strategic Initiatives



SMA Repowering



Back up



Managing Board and Shareholder Structure



Managing Board

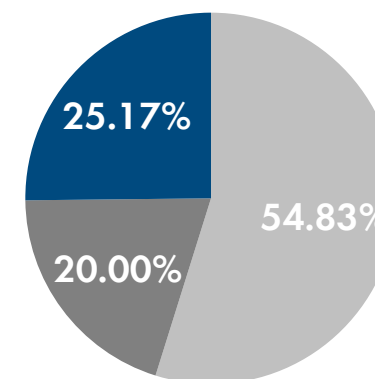


Juergen Reinert
CEO
born 1968
With SMA since 2011
Contract 2024



Ulrich Hadding
CFO
born 1968
With SMA since 2009
Contract 2019

Shareholder Structure¹



- SMA founders, their trusts and families
- Danfoss A/S
- Freefloat

Thank you



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