

SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Quarterly Financial Results: January to September 2019

Presented by Ulrich Hadding (CFO)

November 7, 2019



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 Company shall assume no liability for errors contained in this document, unless damages are caused intentionally or through gross negligence by the Company. Furthermore, the Company shall assume no liability for effects of activities that evolve from the basis of data and information provided by this presentation.

The information contained in this presentation is subject to amendment, revision and updating, which does not underlie any prior announcement by the Company. 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 solely after prior consent of the Company. 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. The content of this presentation, meaning all texts, pictures and sounds, are protected by copyright. The contained information of the presentation is property of the Company.

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.

1. Review Q1-Q3/2019



Sales Growth to €630.8 million and EBITDA of €25.7 million in Q1-Q3 2019;
Positive EBIT in Q3 2019



Financial Highlights Q1-Q3/2019

Top Line

- SMA sales increased by 9.7% to €630.8m in Q1-Q3 2019, YoY sales growth is mainly attributable to very good performance in all segments in Q3.

Profitability, Bankability

- EBITDA of €25.7m, SMA generated positive EBIT again for the first time since the second quarter of 2018.
- Solid balance sheet structure with >40% equity ratio, ca. €260m net cash and €100m credit facility.

Outlook 2019

- Cost-saving program executed under supervision of Roland Berger is well on track.
- Based on good development in Q3 and high product-related order backlog of €429m, Managing Board confirms guidance for FY 2019 with sales of €800m to €880m and EBITDA of €20-50m, expecting SMA to reach top quarter of sales guidance.

Strategic Highlights

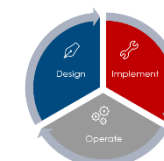
New Products



Strategic Initiatives



SMA Repowering



Sales Increased by 10% Driven By Growth in Home Solutions Sales & Strong Uptake in Project Business Revenues



Key Financials¹ (in € million)

	Q1-Q3 2018	Q1-Q3 2019	Change
MW sold	6,216	7,494	21%
Sales	575	631	10%
Home Solutions	136	175	28%
Business Solutions	221	209	-5%
Large Scale & Project Solutions	218	247	13%
Gross margin	23%	19%	
EBITDA	51	26	-49%
Depreciation	40	35	-13%
EBIT	11	-9	n.m.
Net income	9	-11	n.m.
Free Cash Flow (Adj.)	-66	-79	-21%
Net CapEx (incl. R&D)	27	20	-27%

	2018/12/31	2019/09/30	Change
Net cash	306	259	-15%
Total assets	989	1015	3%
NWC ratio (in %) ²	23%	25%	

	2018/2019			
	Q4	Q1	Q2	Q3
Sales	186	168	195	268
Home Solutions	51	45	57	73
Business Solutions	69	65	70	74
Large Scale & Project Solutions	66	58	68	121
Gross margin	-33%	19%	21%	17%
EBITDA	-120	1	8	17

2. Market



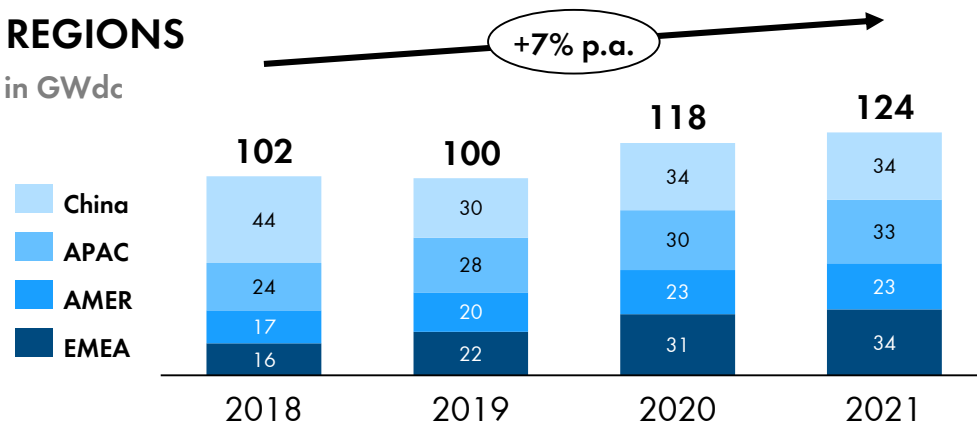
Global PV Installations Expected to Grow in all Regions, Except China



Core Business: PV Installations¹

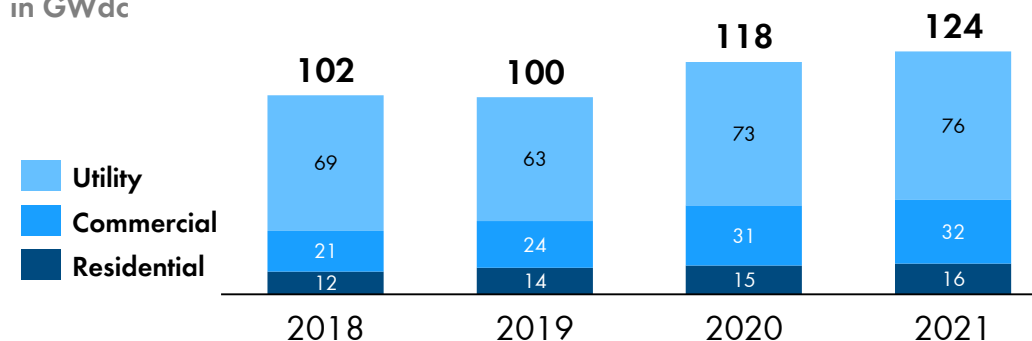
REGIONS

in GWdc



SEGMENTS

in GWdc



New installations

PV installations are expected to show an average growth of 7% p.a. until 2021.

EMEA

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

China

Chinese installations are expected to decrease by 32% in 2019 leading to a slight global market decrease in 2019 and an expected recovery from 2020.

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.

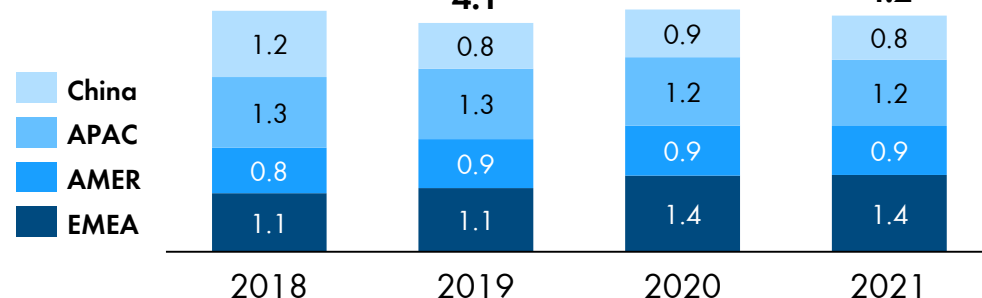
No Growth in Global Investments Because of High Price Pressure and Weaker Chinese Market¹



PV Inverter Revenue²

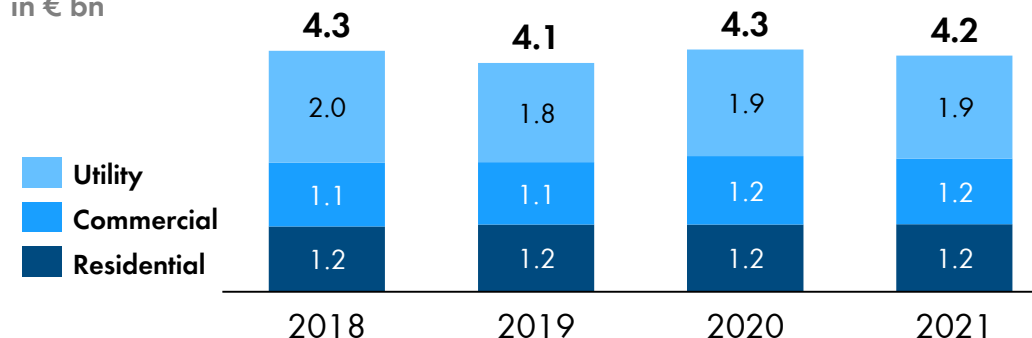
REGIONS

in € bn



SEGMENTS

in € bn



Revenue potential

Investments will stagnate because of high price pressure and weaker Chinese market¹. We expect a stabilization of prices towards 2021.

EMEA

Emerging PV markets in MEA³ contribute strongly to growth in EMEA, which is expected to reach 9% 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

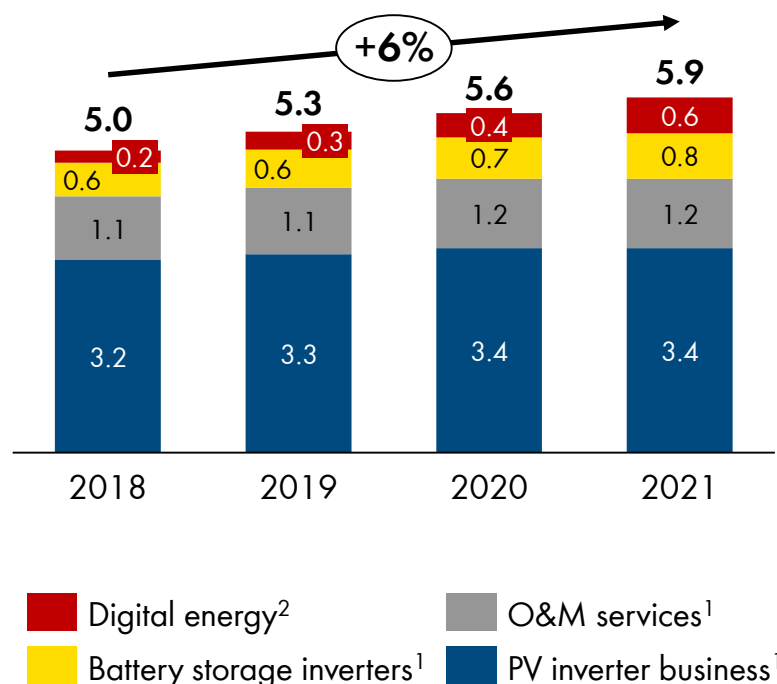
Revenue potential for each segment expected to remain rather stable, no significant shift among segments expected.

Storage and Digital Energy Solutions Drive Market Growth



Market Outlook by Sector for market addressable by SMA¹

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 outside of China will slightly grow over the next years. 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



Why SMA?

Because...

...35 years of experience

make SMA a pioneer in innovative PV and storage system technology.

...80 GW of SMA PV inverter power

installed in over 190 countries are proof of SMA's strong market position over many years.

...1 GW of SMA battery inverter power

ensures round-the-clock sustainable electricity supply worldwide and makes us the global leader in battery system technology.

...18 countries on 6 continents

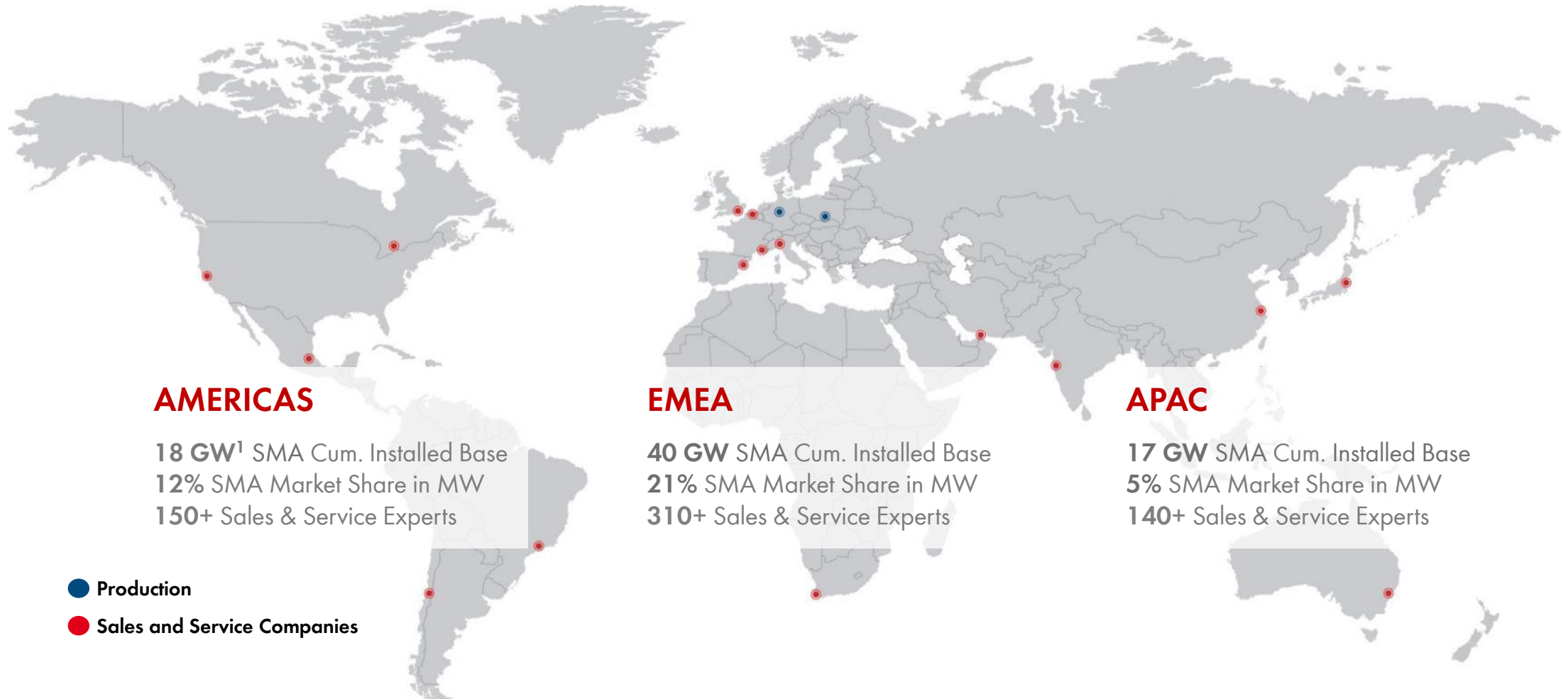
are part of the global SMA sales and service structure, with access to all customer groups.



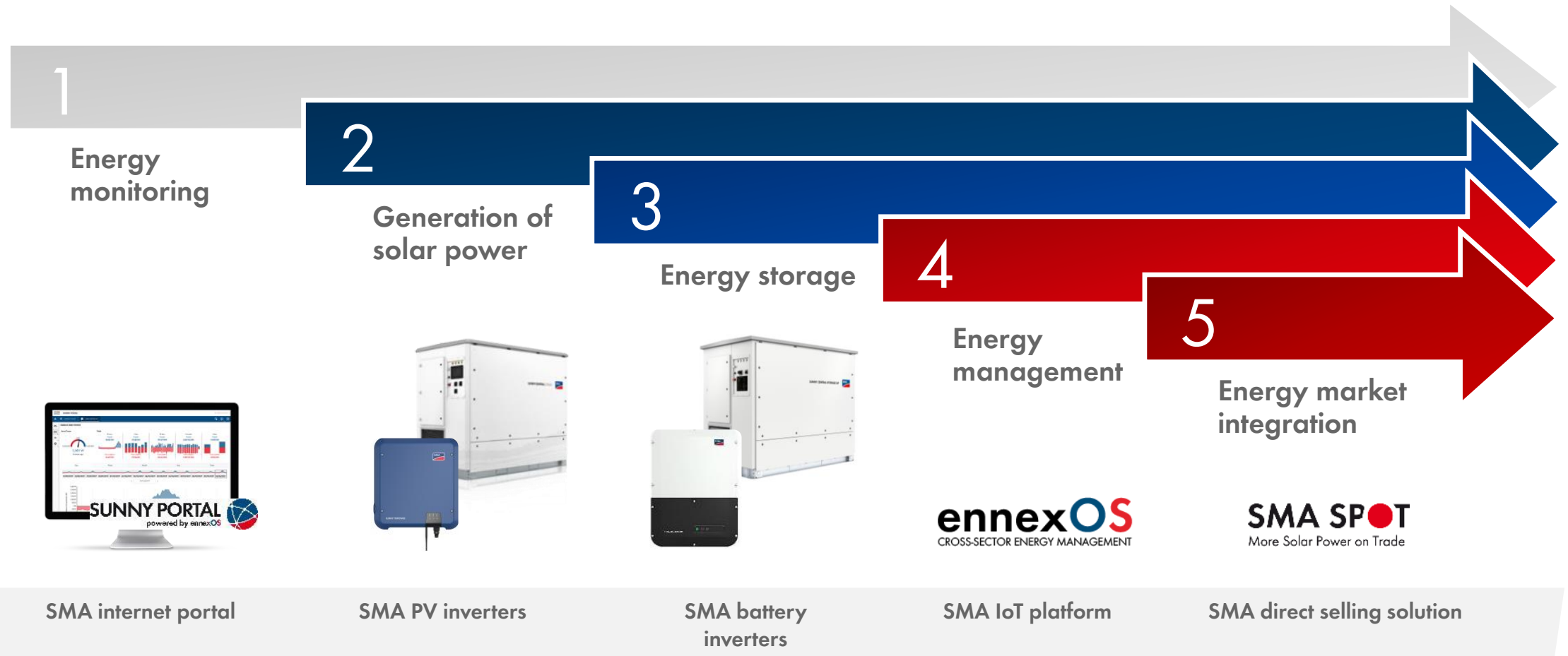
SMA is a leading global specialist in PV and storage system technology.

Together with our partners and customers, we work to pave the way for the energy supply of tomorrow, today.

SMA Has a Global Sales and Service Infrastructure with Access to all Customer Groups



The SMA Portfolio Covers All PV Segments and All Stages of Energy Integration



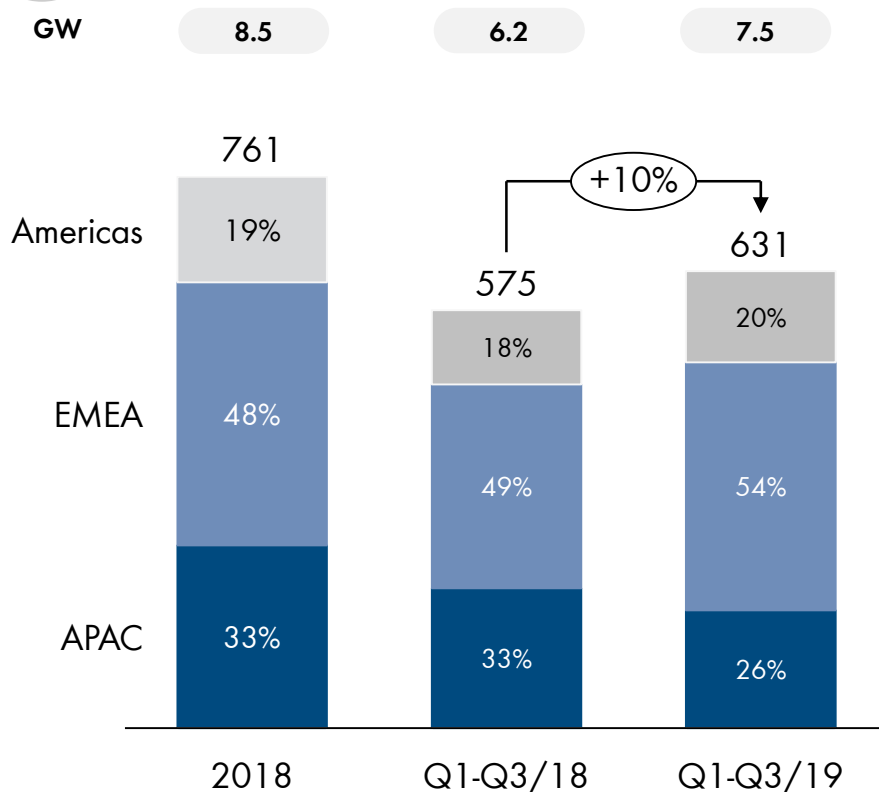
4. Financials & Guidance



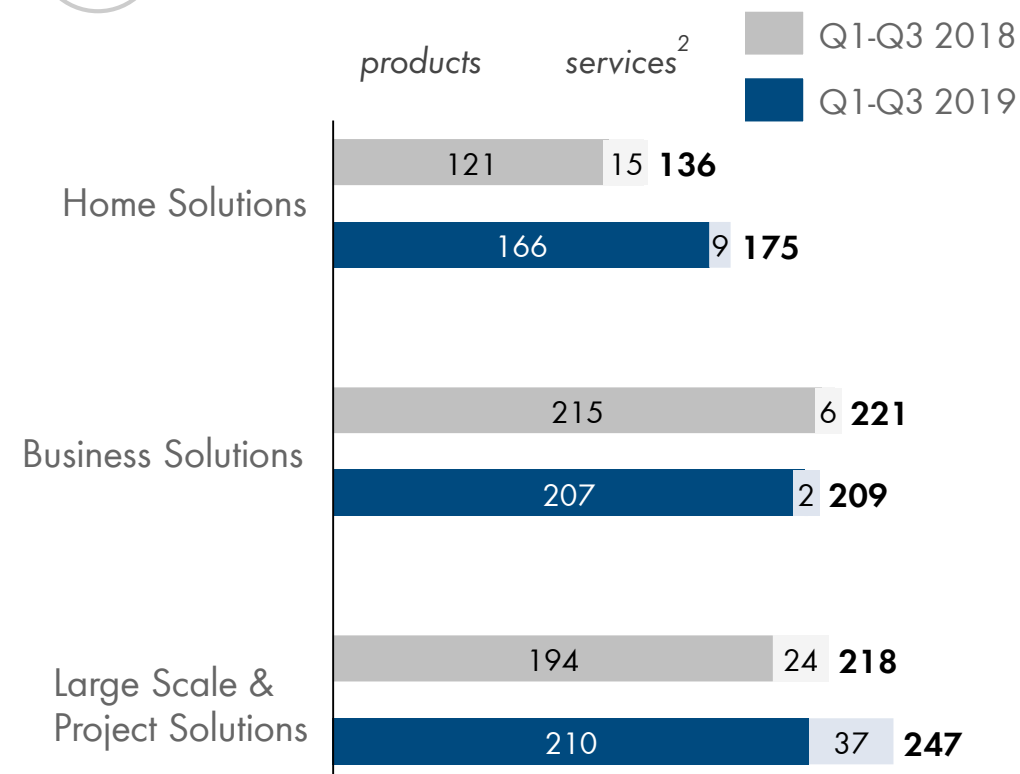
Revenues in Home Solutions Grew By 28%; Segment Large Scale & Project Solutions Delivers Growth of 13% Driven by Strong Sales in Q3 2019



Sales (in € million)



Sales by Segment¹ (in € million)



EBITDA Lower Mainly Due to Price Pressure Effects on Operating Margins



EBITDA (in € million)

Margin

-9%

9%

4%

51

26

-69

2018

Q1-Q3/2018

Q1-Q3/2019

One-Offs

-86

8¹

5

Depreciation/
Amortization

83

40

35



EBIT by Segment² (in € million)

Q1-Q3 2018

Q1-Q3 2019

Home Solutions

18

1

Business Solutions

24

0

Large Scale &
Project Solutions

-25

-9

Net Working Capital Increased Mainly Due to Higher Inventories

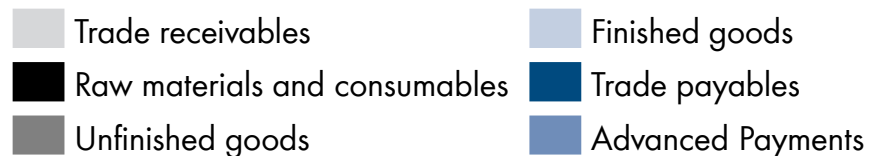
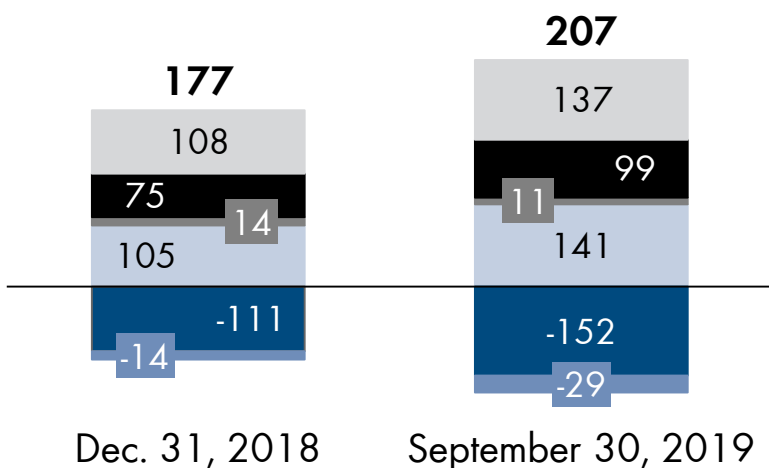


Net Working Capital (in €million)

NWC ratio¹

23%

25%



Group Balance Sheet (in €million)

	2018/12/31	2019/09/30	Change
Non-current assets	283	296 ²	4%
Working capital	302	388	29%
Other assets	80	56	-30%
Total cash	324	275	-15%
Shareholder's equity	424	411	-3%
Provisions ³	157	150	-5%
Trade payables	111	152	37%
Financial liabilities ⁴	18	16	-14%
Other liabilities ³	279	286 ²	3%
TOTAL	989	1,015	3%

Cash Flow Negative mainly due to Build-up of Inventories and Net Loss; Gross Cash Flow Positive



Cash Flow (in € million)

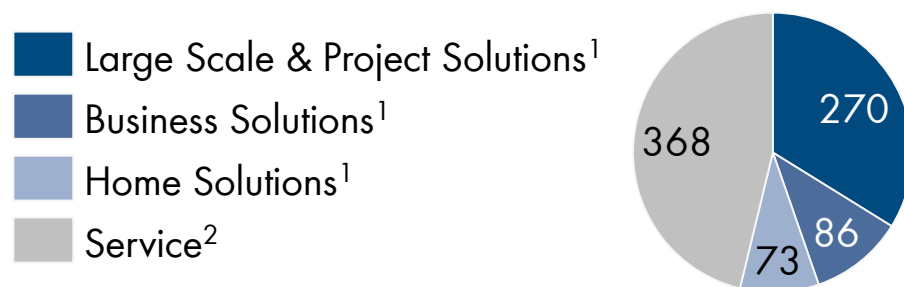
	Q1-Q3 2018	Q1-Q3 2019
Net Income	9	-11
Gross Cash Flow	10	19
Cash Flow from Operating Activities	-39	-60
Net Capex	-27	-20
Free Cash Flow (Adj.)	-66	-79
Net Investments from Securities and Other Financial Assets	14	75
Free Cash Flow (IFRS)	-52	-5

Order Backlog for Products of €429m increased by 144% since End 2018



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

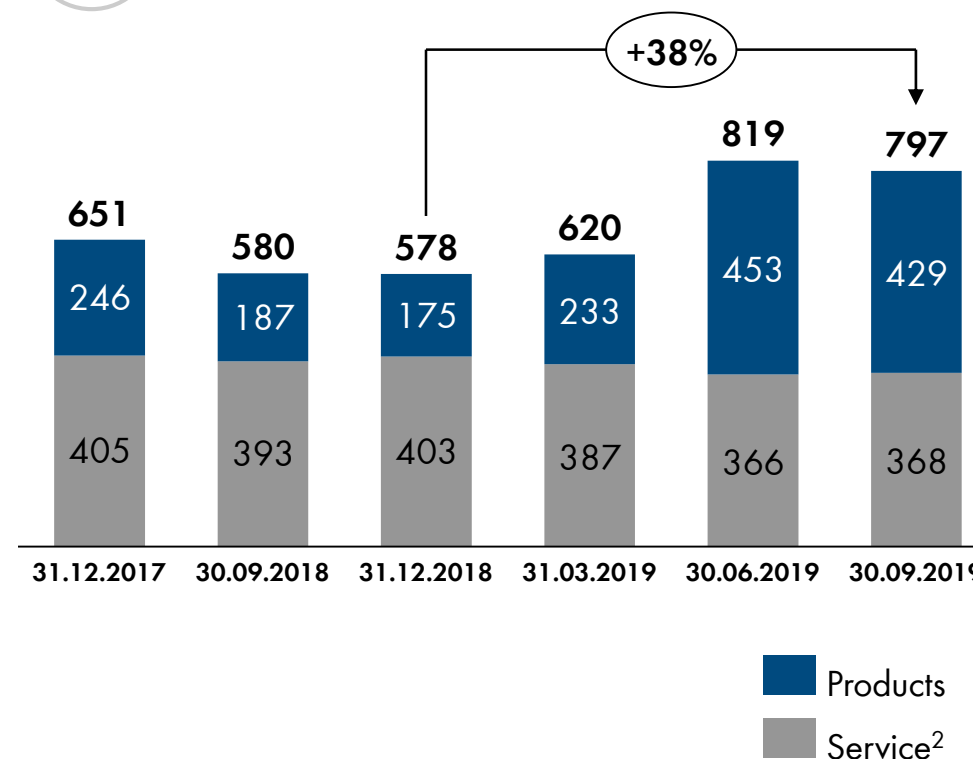
Total order backlog: €797m (Sept. 30, 2019)



Product order backlog by regions (in%)



Order Backlog Development (in € million)

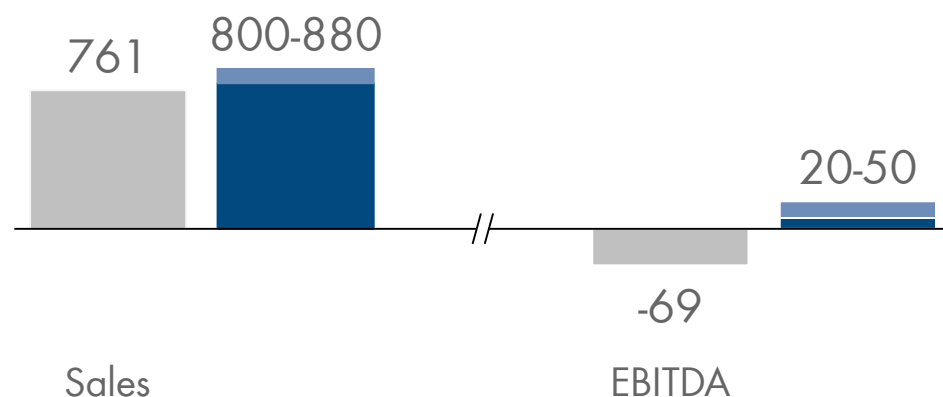


> Q1-Q3/2019 sales and product order backlog secure 2019 annual sales guidance.

Managing Board Confirms Sales and Earnings Guidance



Guidance 2019 (in € million)



2019

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



Management Comments

- Based on good performance in Q3 and consistently high order intake, Managing Board expects sales to reach top quarter of its sales guidance.
- Managing Board expects growth in all segments, especially in Large Scale & Project Solutions, and in storage business.
- System offerings will address new customer groups.
- 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 80 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 c. €260m 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

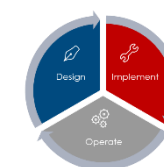
New Products



Strategic Initiatives



SMA Repowering



Back up



Managing Board and Shareholder Structure



Managing Board

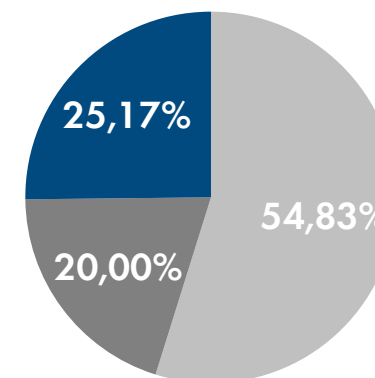


Juergen Reinert
CEO
born 1968
With SMA since 2011
Contract 2024



Ulrich Hadding
CFO
born 1968
With SMA since 2009
Contract 2022

Shareholder Structure¹



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

Thank you



SMA Solar Technology AG

Sonnenallee 1
34266 Niestetal, Germany

Tel. +49 561 9522 0
Fax +49 561 9522 100

www.SMA.de
IR@SMA.de