

SMA SOLAR TECHNOLOGY AG

12th Capital Markets Day

Presented by Ulrich Hadding (CFO) & Dr. Jürgen Reinert (CEO)

February 7, 2020



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12th Capital Markets Day agenda



1

Highlights 2019

Dr. Jürgen Reinert

2

Market and Competition

Pamela Fiume, Dr. Jürgen Reinert

3

Positioning of SMA

Dr. Jürgen Reinert

4

Financials & Guidance

Ulrich Hadding

5

Specialist Presentations

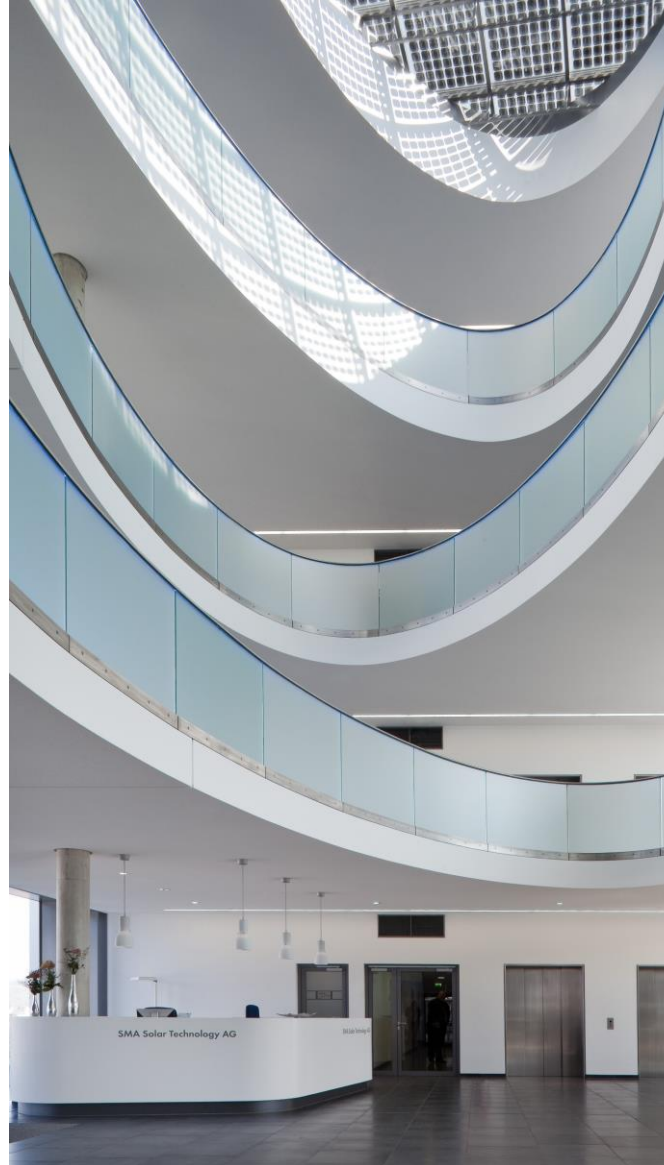
1. Highlights 2019

Presented by Dr. Jürgen Reinert (CEO)



SMA highlights 2019

After a difficult year 2018, SMA has significantly increased sales and earnings and achieved its guidance 2019.



>10 GW inverter output sold

With a total of 11.4 GW, SMA has increased inverter output sold by 35%.



Largest order ever received

In Q3, SMA has started to deliver 595 MVPS with the new Sunny Central UP to a major US project developer.



O&M portfolio expanded

SMA will deliver O&M services to TerraForm Power's 1 GW North American solar fleet for the next 10 years. The agreement expands SMA's global O&M portfolio to 4.5 GW.



Contracts for >1 GW utility-scale battery inverter capacity signed

SMA has concluded contracts for the delivery of utility-scale battery storage solutions with a total capacity of >1 GW.

2. Market & Competition



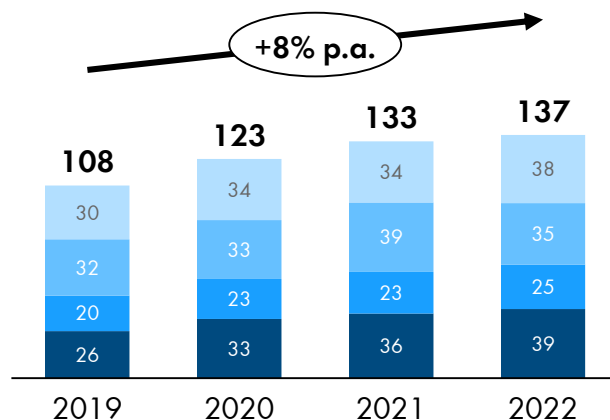
Presented by Pamela Fiume (Market Intelligence), Dr. Jürgen Reinert (CEO)

Global PV Installations expected to grow by 8% p.a. in the medium term

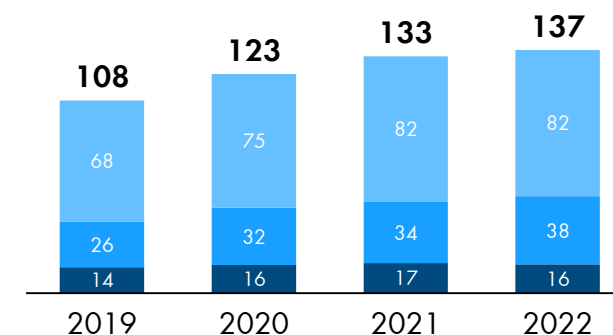


Core business: PV installations¹

REGIONS in GWdc



SEGMENTS in GWdc



- › The global PV installations grew by 7% from 2018 to 2019 and are expected to grow by 8% p.a. until 2022.
- › In the medium term, EMEA is the most promising region with around 15% annual growth thanks to MEA, Eastern European countries as well as Germany, France, Italy and the Netherlands.
- › Major APAC² countries are India, Japan and Australia covering more than 70% of new PV installations in this region over the next three years. Chinese installations are expected to recover after a strong drop following the peak year 2017³.

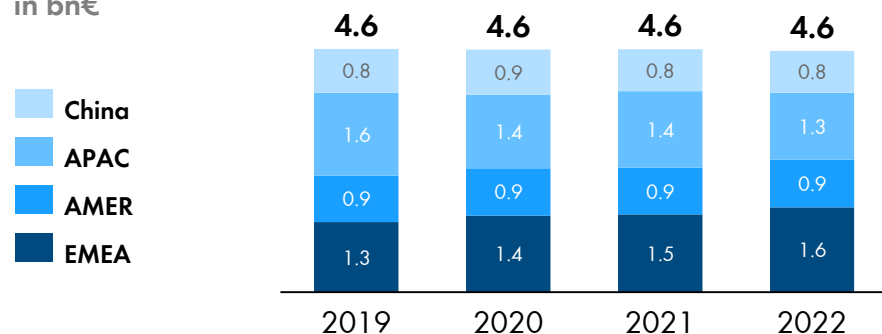
Stable global investments in PV inverter technology by 2022 expected



PV inverter revenue¹

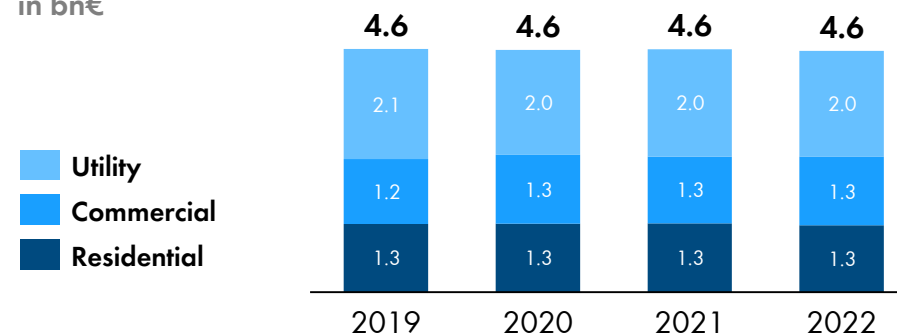
REGIONS

in bn€



SEGMENTS

in bn€



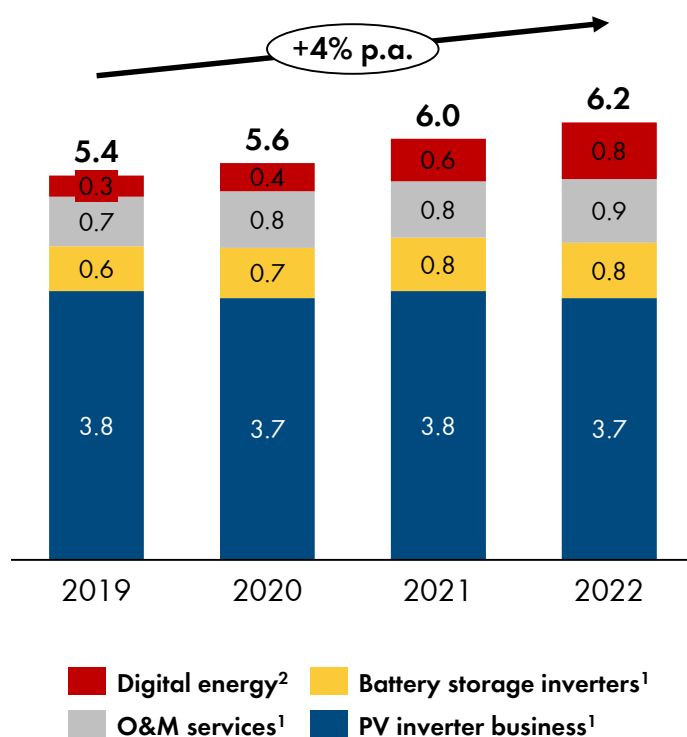
- › Investments in PV system technology will remain stable due to price decrease in all segments and regions, despite annual increase in new installations and growing repowering potential of existing plants.
- › There is no significant shift in revenue potential expected among segments, there is a balancing by both regional and product mix.
- › Price decrease is expected to stabilize gradually after the strong pressure experienced in 2018.

Storage inverter technology and digital energy solutions drive market growth



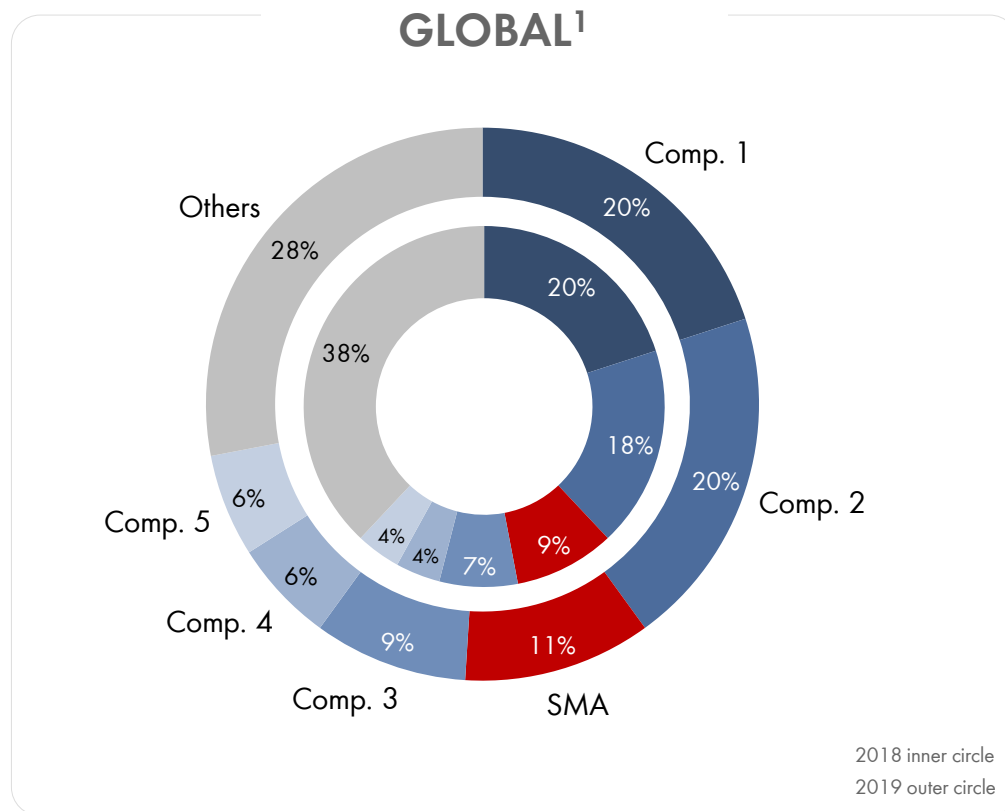
Market outlook by sector for market addressable by SMA¹

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.

SMA increased market share in 2019 compared to 2018 ranking #3 on a global level



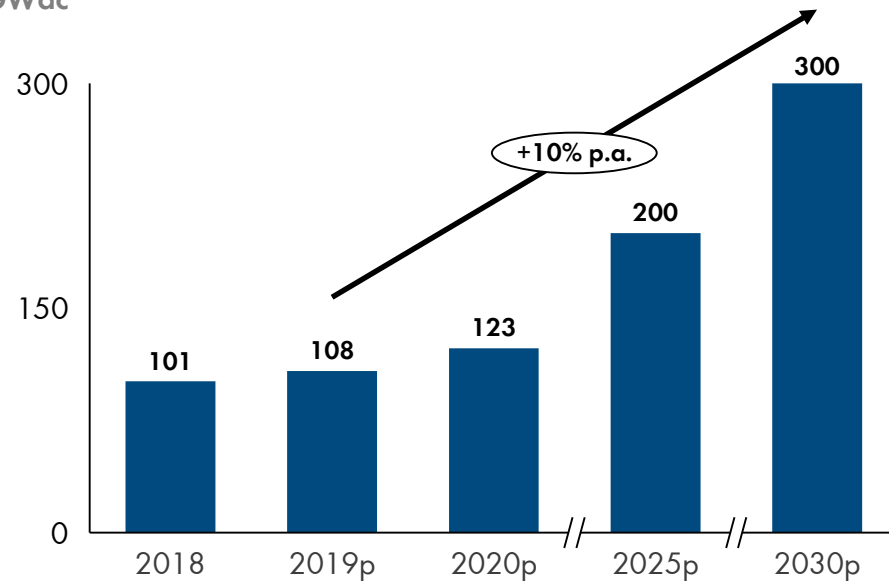
- The inverter industry continued to experience a consolidation. The large inverter suppliers were able to gain market shares and strengthen their position.
- The top 6 players covered around 70% of the global inverter market in 2019.
- SMA was able to defend its market position ranking #3 globally and increased its market share.

PV is key for a cost-effective, secure and sustainable energy generation –
Annual installations are expected to triple by 2030



Long-term market development

PV installations
in GWdc



- Digitalization accelerates the transition towards a decentralized energy supply system based on renewable energies.
- With the electrification of additional sectors, electricity is expected to become the main energy source, contributing almost 50% to final consumption in 2050. This means gross electricity consumption would more than double.
- PV will become the preferred energy source in the decentralized, digital energy supply system of tomorrow. This will lead to records in installations year over year.

Climate change and the trend towards sustainability are major drivers for future development



1.4 million people around the globe took to the streets to protest for climate protection on September 20, 2019.

90% of asset owners and managers expect ESG centered investment to grow further in the next two years.²



2020 theme of the World Economic Forum meeting in Davos was "Stakeholders for a cohesive and sustainable world".



81% of global consumers expect companies they are buying from to implement environmental programs.¹

3. Positioning of SMA

Presented by Dr. Jürgen Reinert (CEO)



Sustainability is at the heart of SMA's people and business

From the very beginning, our goal has been to combine long-term business success with environmental protection and social responsibility.

That is why sustainability has been firmly anchored in our corporate mission since SMA was founded.



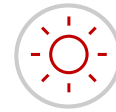
€10.5 billion

of environmental damage was prevented in 2019 through the use of SMA inverters.¹



63%

less energy is used today per kW of inverter power produced than four years ago.



38%

of our total electricity consumption in Germany is covered by solar power from our own PV systems; the remaining electricity used is also renewable.



6,400 tons of CO₂

were saved by company-owned PV systems in 2019. All SMA PV inverters produced to date help to save 59 million tons of CO₂ annually.



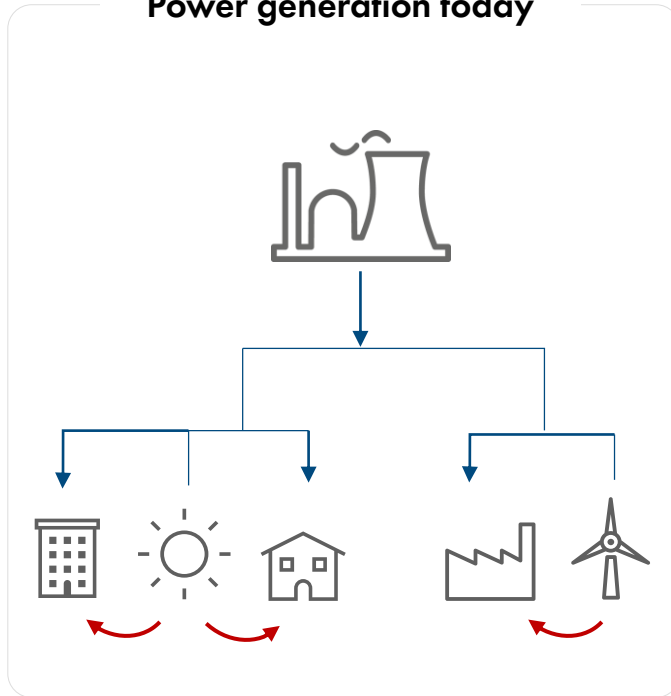
50,000 customers

from all segments were asked for their feedback in our global customer satisfaction survey 2019.

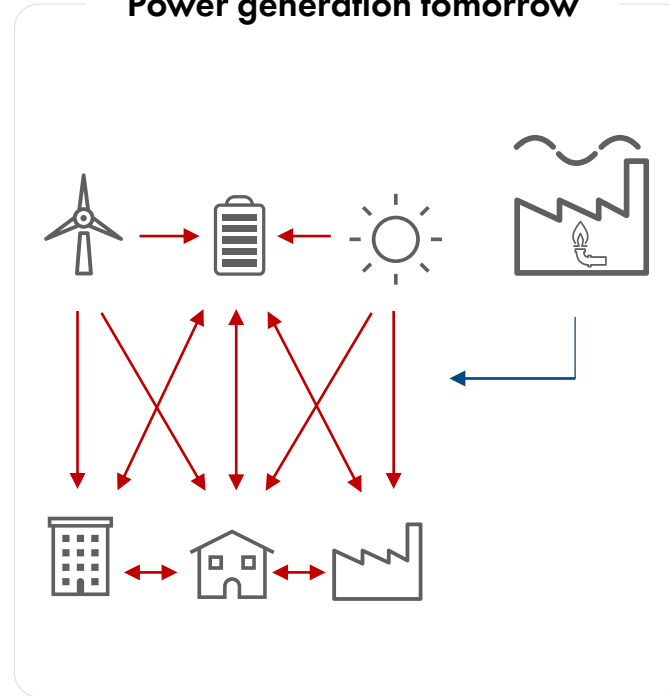
With increasing decentralization, the electricity supply system will become more complex



Power generation today



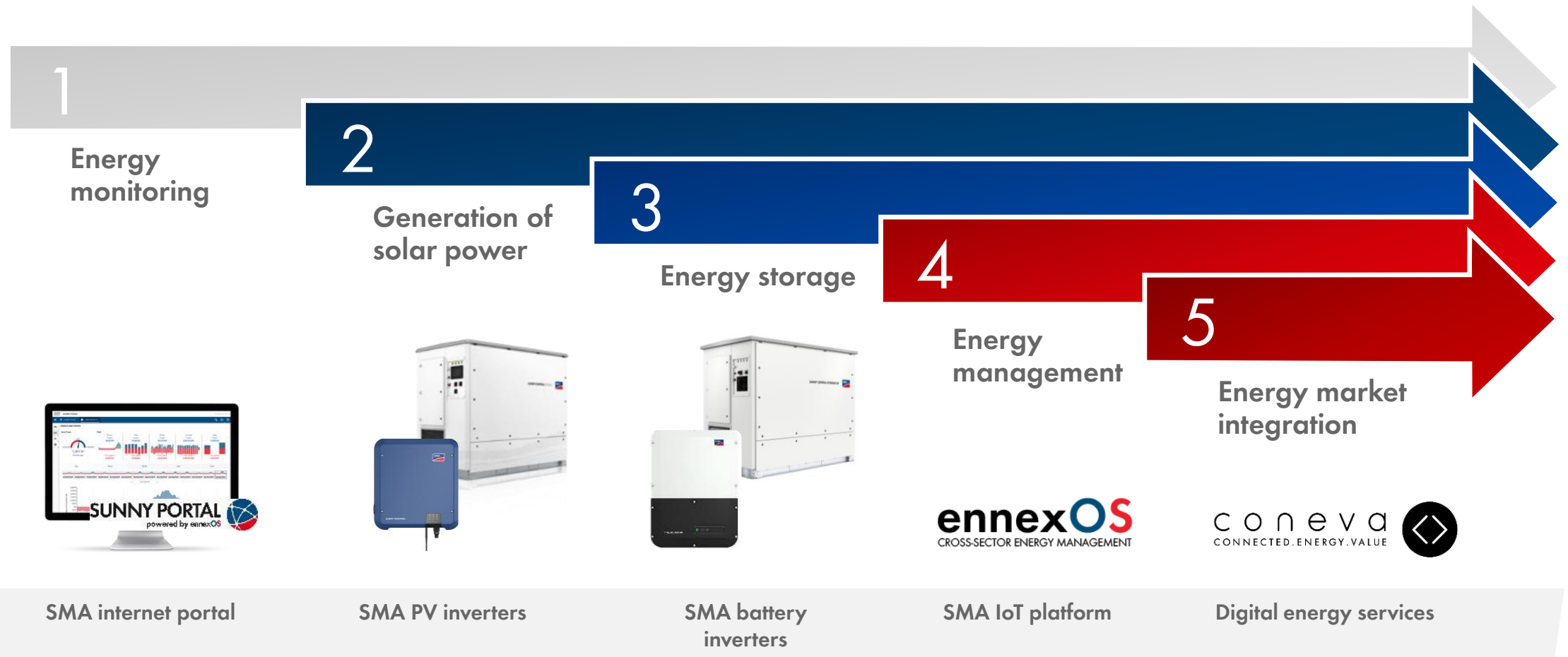
Power generation tomorrow



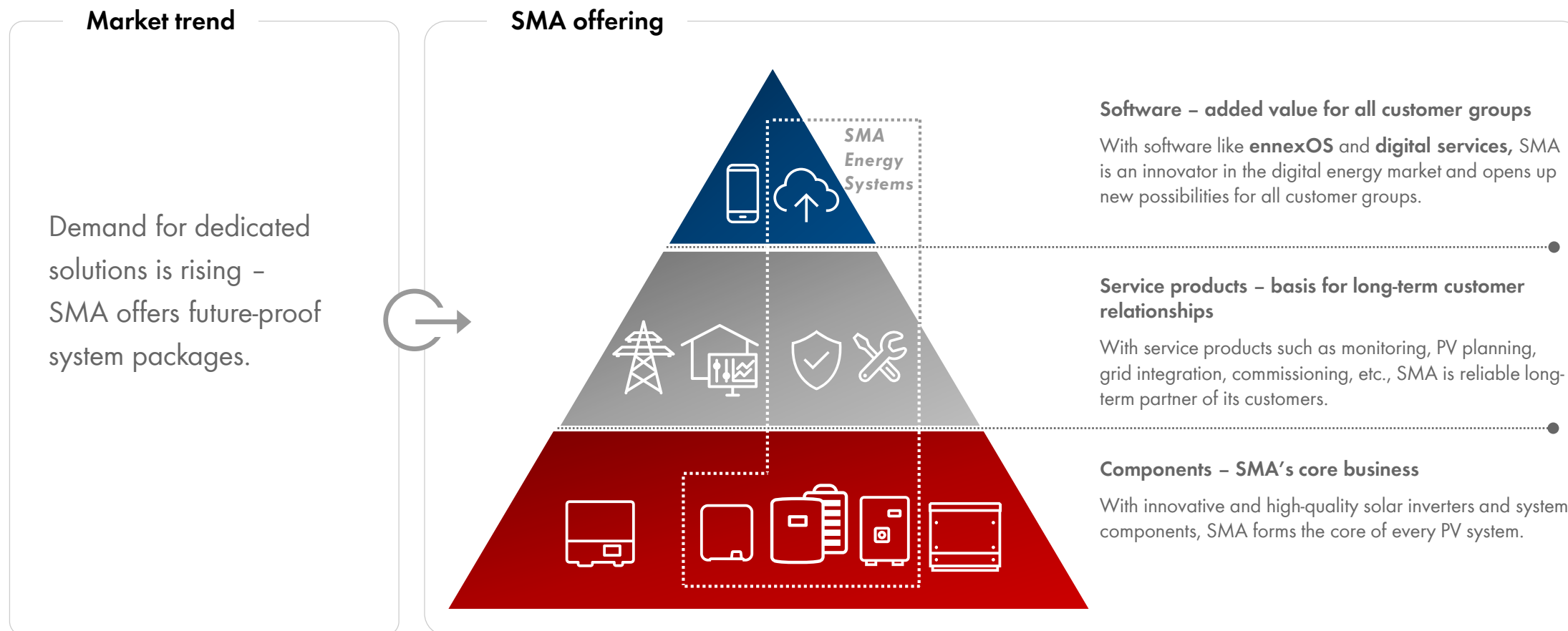
- Renewable energies and storage systems form the backbone of future energy supply.
- In order to integrate them seamlessly and secure a reliable power supply, a comprehensive understanding of the system is essential.

➤ To provide a sustainable, secure and cost-effective electricity supply, all players will have to be seamlessly integrated and interconnected.

With a portfolio that covers all stages of energy integration, SMA supports the transition to a sustainable, interconnected electricity supply



Our perfectly matched hardware, software and services enable customers to participate in the energy system of tomorrow, today



With the SMA 360° Support, we assist installers in their daily business and open up new business potential for them



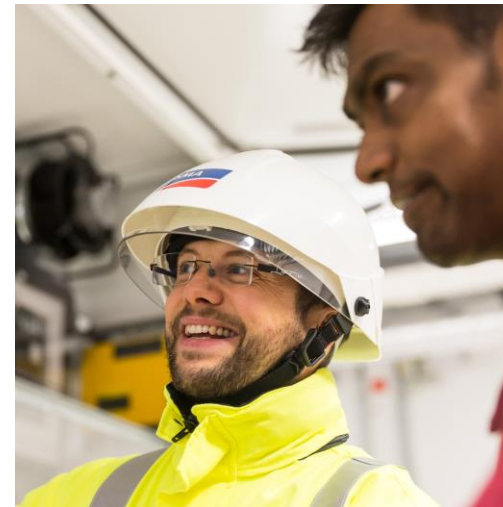
SMA system packages

The SMA Energy Systems for residential and commercial applications combine perfectly matched hardware and software for PV, storage, energy management and market integration with service components from a single source.



SMA partner programs

The SMA partner programs provide installers and distributors with special offers, training, and marketing and sales support.



SMA Solar Academy

The comprehensive training courses and webinars of the SMA Solar Academy impart specialist knowledge on SMA solutions, current PV topics, storage solutions and energy management.



SMA 360° App

With the new app, SMA supports installers at every stage of their business – from customer acquisition through to system planning, commissioning, monitoring and servicing.

With SMA Large Scale & Project Solutions, we help PV investors, developers and operators to optimize their core business and develop new business models



Generate
solar power

SMA inverters guarantee highest yields and efficient system design in PV power plants – even under harshest conditions.



Store
solar power

SMA large-scale storage solutions secure electricity supply even in the event of grid failure and make additional business potential accessible.



Optimize yields

SMA 360° Business Support, including grid studies for optimal grid integration of PV power plants, enhances performance, protects yields and opens up new business models.

With the comprehensive SMA Service offering, we establish mutually beneficial long-term partnerships



SMA Repowering for modernizing PV systems of all sizes to enhance performance and profit from new business models



Engineering services, virtual support, 24/7 monitoring and operations & maintenance for PV power plants

SMA Smart Connected for free inverter monitoring in residential and commercial systems



Extended warranties and system checks

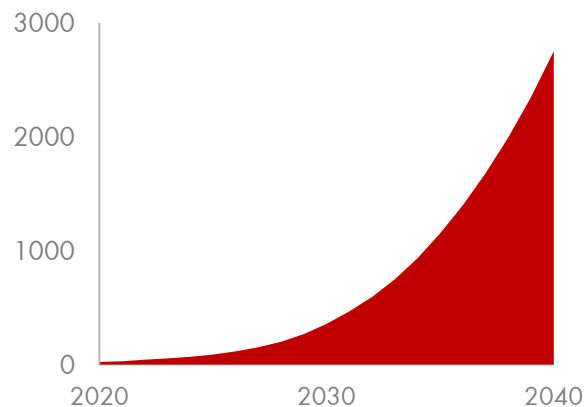
Battery storage is the enabler for a secure and sustainable energy supply – SMA is the #1 battery inverter manufacturer in a rapidly growing market



Battery storage is the backbone of the future energy supply¹

In combination with battery storage, renewable energies are available 24/7 and can contribute flexibly to grid support.

Cumulative global storage capacity GWh



SMA offers storage solutions for all segments and applications

Home solutions



Business solutions



Utility PV and storage plants



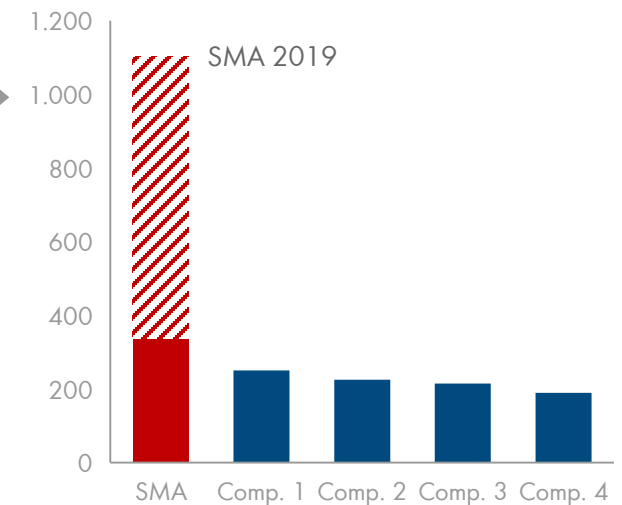
Off-grid solutions



SMA is by far the market leader in battery system technology

SMA's experience and long-standing expertise are unrivalled in the industry.

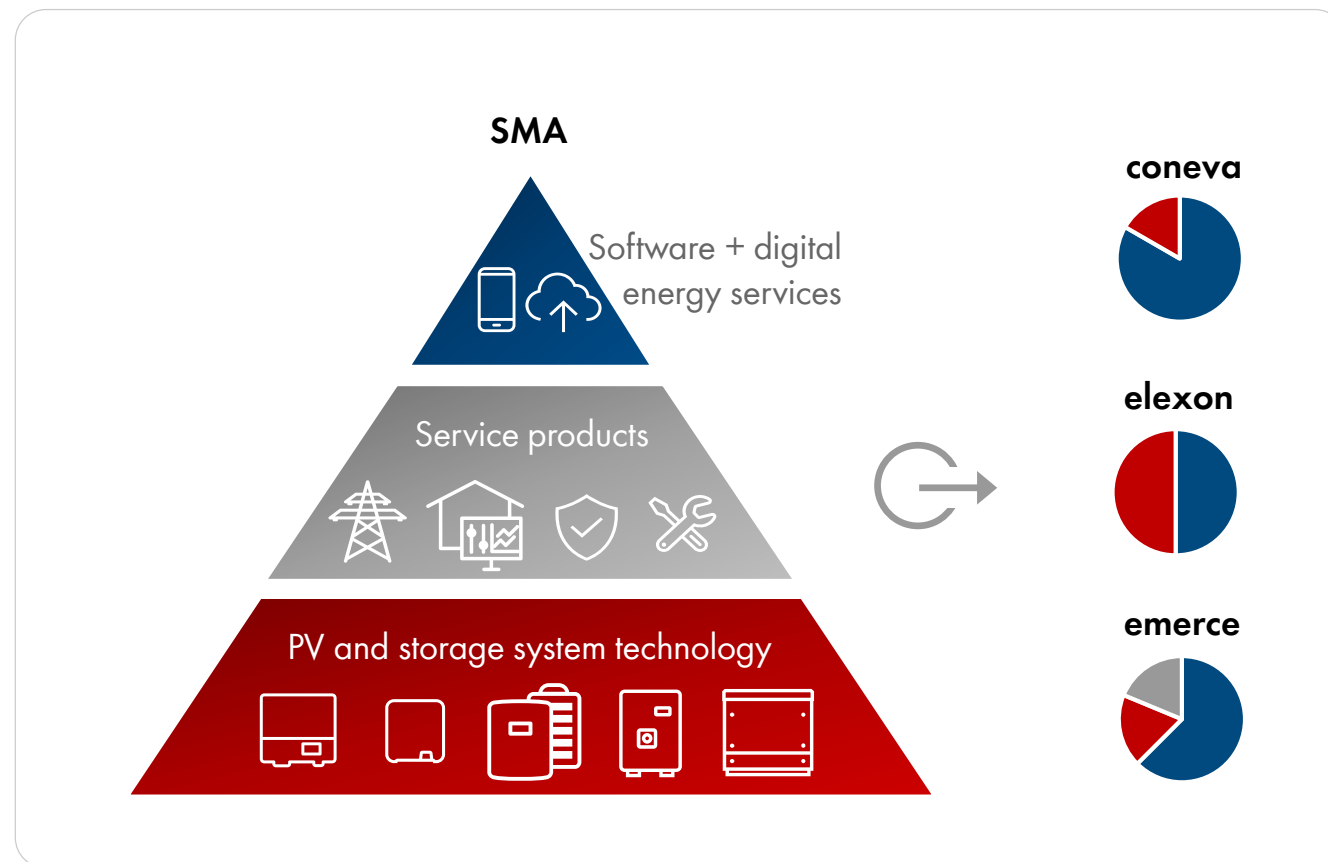
Battery inverter output sold in 2018²
MW



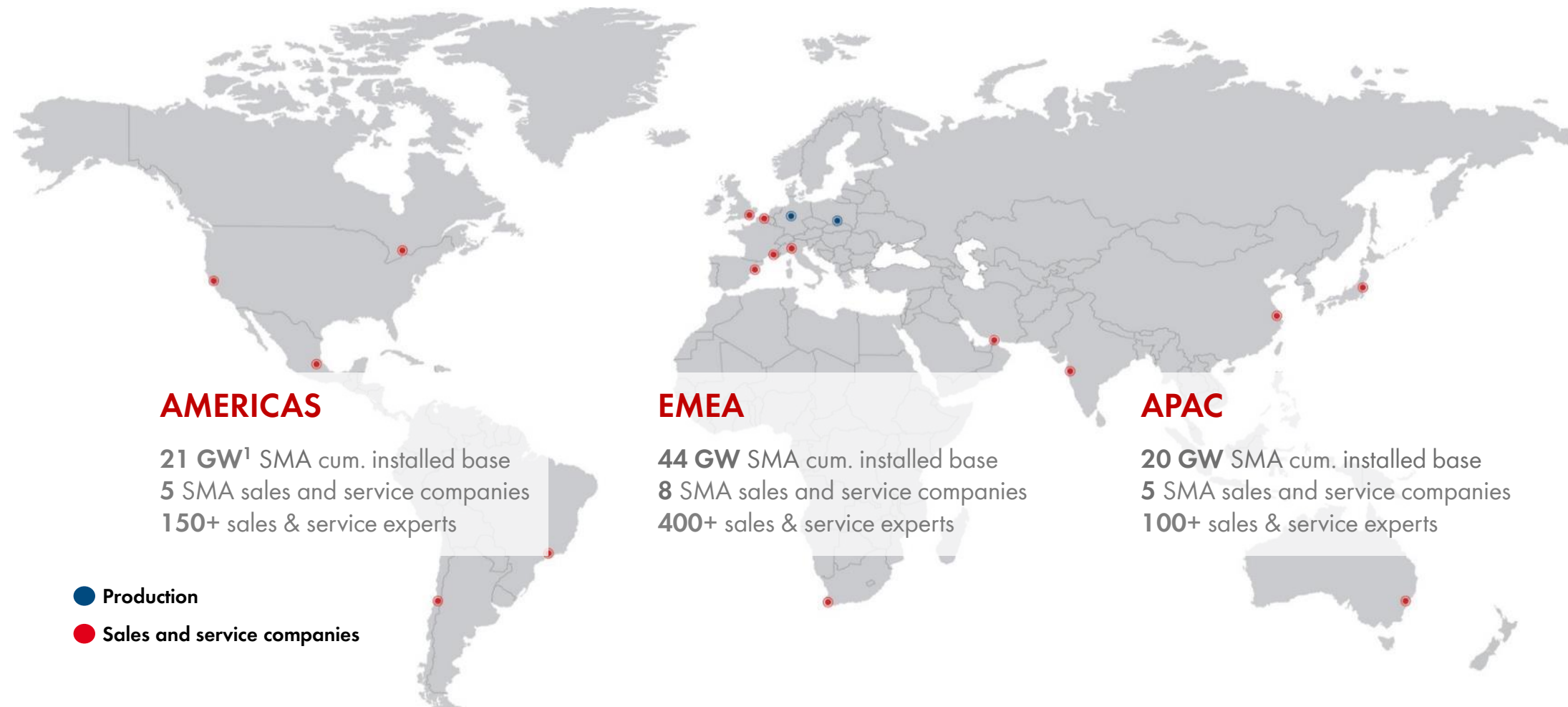
We leverage our digital abilities to foster our start-ups for future business fields, thereby extending our comprehensive offerings



With the establishment of innovative start-ups and joint ventures in the areas of digital energy services, EV-charging and e-commerce, SMA is tapping into new business fields that are opened up by rapidly evolving digitalization.



The global SMA sales and service infrastructure supports all customer groups –
Our state-of-the-art production sites are located in Germany and Poland



4. Financials & Guidance

Presented by Ulrich Hadding (CFO)



Sales grew by 20% and profitability improved significantly in 2019



Preliminary key financials¹ (in €m)

	2018	2019e	Change
MW sold	8,449	11,409	35%
Sales	761	915	20%
Home Solutions	188	240	28%
Business Solutions	289	296	2%
Large Scale & Project Solutions	284	379	33%
Gross margin	10%	18%	
EBITDA	-69	35	n.m.
Depreciation	83	46	-45%
EBIT	-152	-11	n.m.
Net result	-176	-8	n.m.
Net cash	306	303	-1%
Net CapEx (incl. R&D)	40	28	-30%



Comments

- Sales 2019 grew by 20% and all segments increased sales compared to 2018 with strong growth in the Home Solutions and Large Scale & Project Solutions segments.
- Gross margin improved compared to 2018, but was affected by price decline in the Large Scale & Project Solutions business.
- EBITDA 2019 positive and in the middle of the guidance range presented at the 2019 Capital Markets Day.
- 2019 Net result includes a positive financial result and slightly positive tax result from recognition of deferred tax assets.

Gross cash flow positive in 2019



Preliminary group balance sheet¹ (in €m)

	31.12.2018	31.12.2019e	Change
Non-current assets	283	299 ²	5%
Working capital	302	425	41%
Other assets	80	62	-22%
Total cash	324	318	-2%
Shareholder's equity	424	414	-3%
Provisions³	157	153	-2%
Trade payables	111	175	58%
Financial liabilities⁴	18	15	-18%
Other liabilities³	279	347 ²	25%
TOTAL	989	1,104	12%



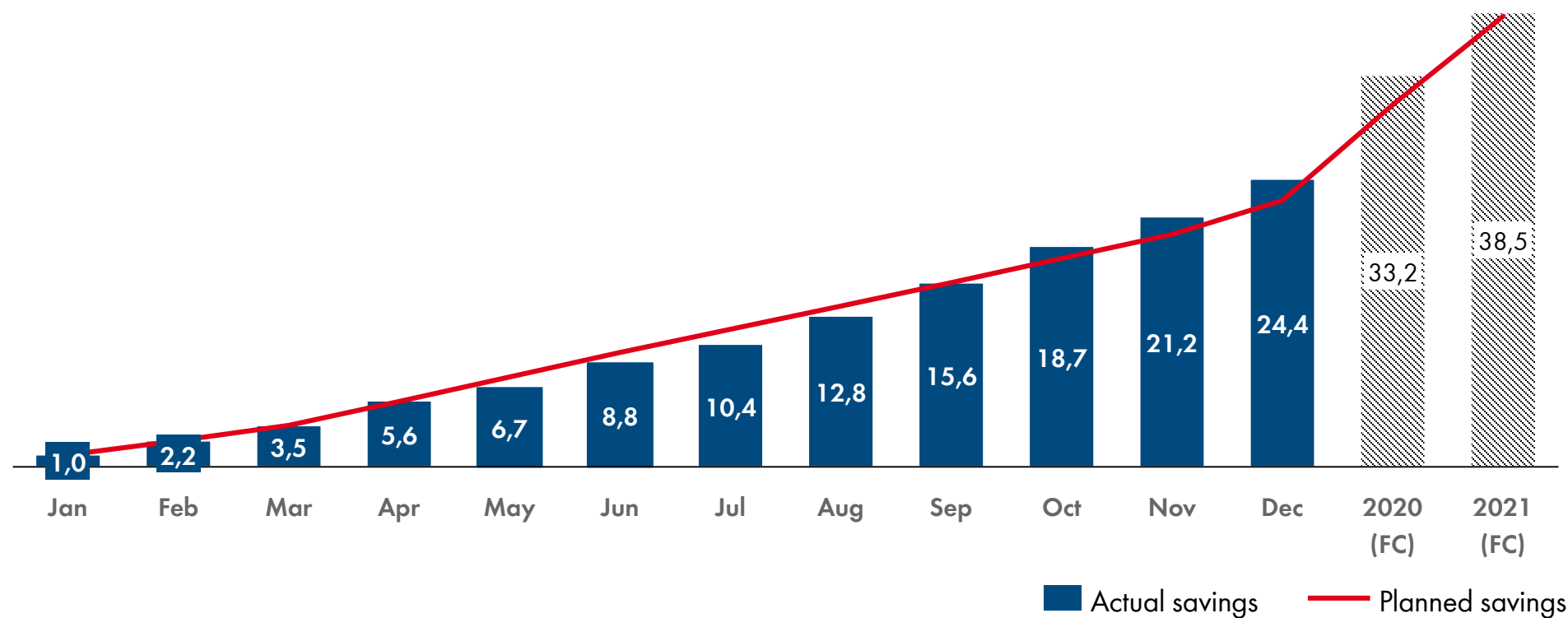
Preliminary cash flow (in €m)

	2018	2019e
Net income	-176	-8
Gross cash flow	-39	32
Cash flow from operating activities	-54	-1
Net capex	-40	-28
Free cash flow (Adj.)	-94	-29
Net investments from securities and other financial assets	47	111
Free cash flow (IFRS)	-47	82

Restructuring measures delivered savings as planned in 2019



Restructuring savings (in €m)

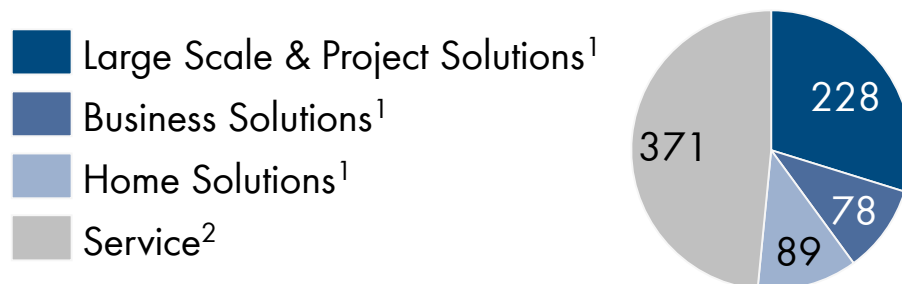


Order backlog for products increased by 125% in 2019 to €395m



Order backlog by segment (in €m) and region (in %)

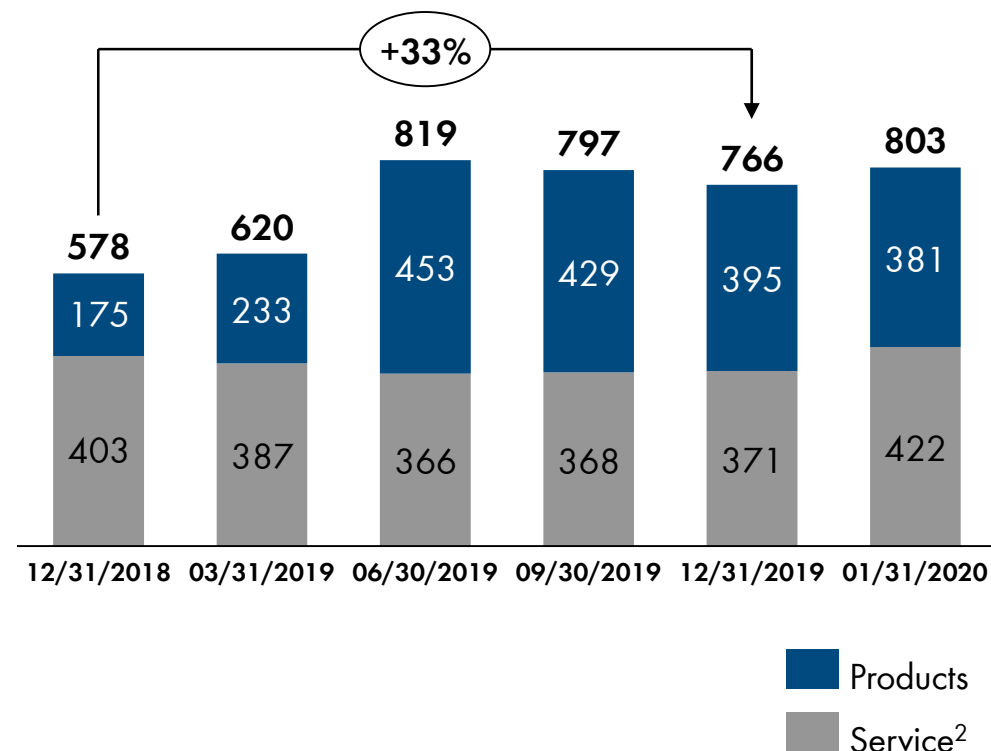
Total order backlog: €766m (Dec. 31st, 2019)



Product order backlog by regions (in%)



Order backlog development (in €m)

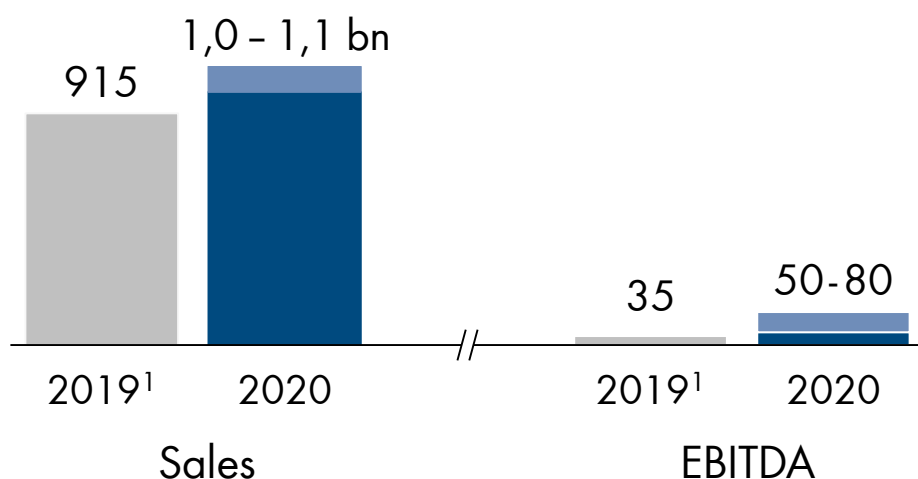


> Product order backlog at end of 2019 already secures approx. 40% of 2020 annual sales guidance.

Management expects sales and profitability growth for 2020



Guidance 2020 (in €m)



CapEx (incl. R&D & leasing)²

c. €50m

Depreciation / amortization

c. €45m



Management comments

- Management expects sales growth in all segments, especially in our Large Scale and Business segments.
- SMA strives to increase market share in all key markets, building on 2019 order intake of over 1 billion Euros.
- Price pressure is expected to ease off compared to prior years for all segments.
- Restructuring savings continue to contribute to profitability in 2020.

Backup



Managing Board and shareholder structure



Managing Board



Dr. Jürgen Reinert, CEO

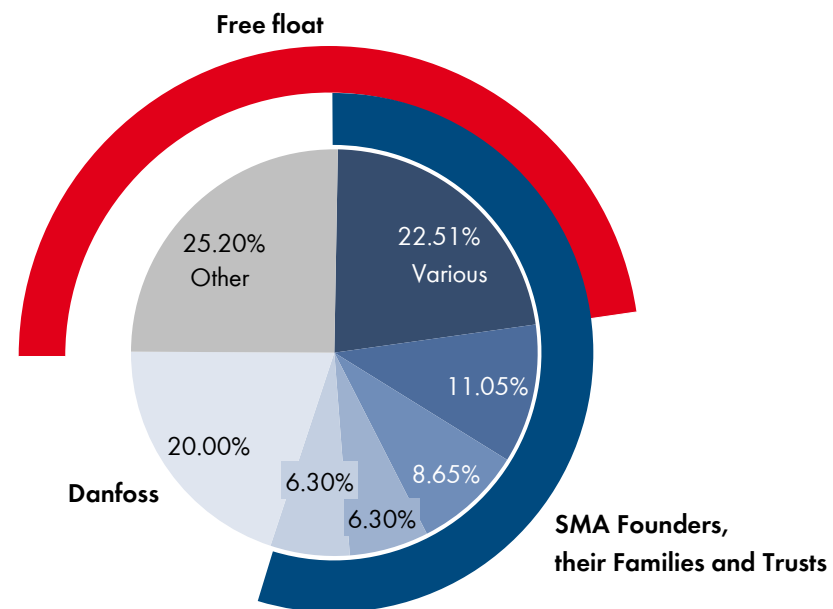
Sales & Service, Technology,
Operations, Business Units



Ulrich Hadding, CFO

Finance, HR, Legal, Investor Relations

Shareholder Structure¹



- No pre-emption rights or other restrictions

Thank you.

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