



SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Financial Results 2019

Presented by Ulrich Hadding, CFO
March 26, 2020



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1. Review 2019



Sales increased by 20% driven by growth in Home Solutions and Large Scale & Project Solutions segments



Key financials¹ (in € million)

	2018	2019	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	34	n.m.
Depreciation	83	46	-45%
EBIT	-152	-12	n.m.
Net result	-176	-9	n.m.
Free cash flow (Adj.)	-94	-29	69%
Net CapEx (incl. R&D)	40	28	-30%

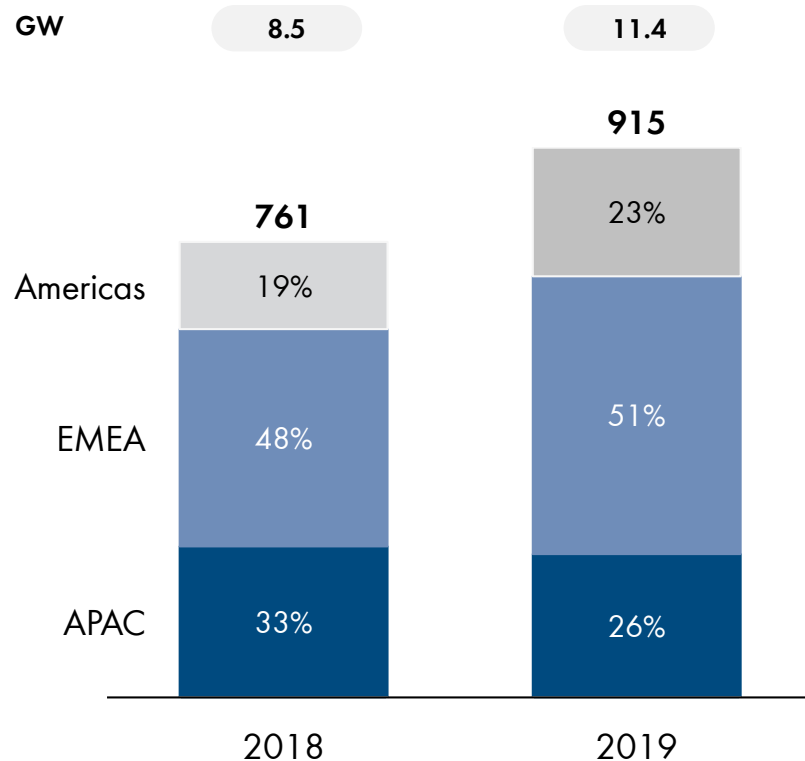
	2018	2019	Change
Net cash	306	303	-1%
Total assets	989	1107	12%
NWC ratio (in %)²	23%	17%	

	2019			
	Q1	Q2	Q3	Q4
Sales	168	195	268	284
Home Solutions	45	57	73	65
Business Solutions	65	70	74	87
Large Scale & Project Solutions	58	68	121	132
Gross margin	19%	21%	17%	17%
EBITDA	1	8	17	8

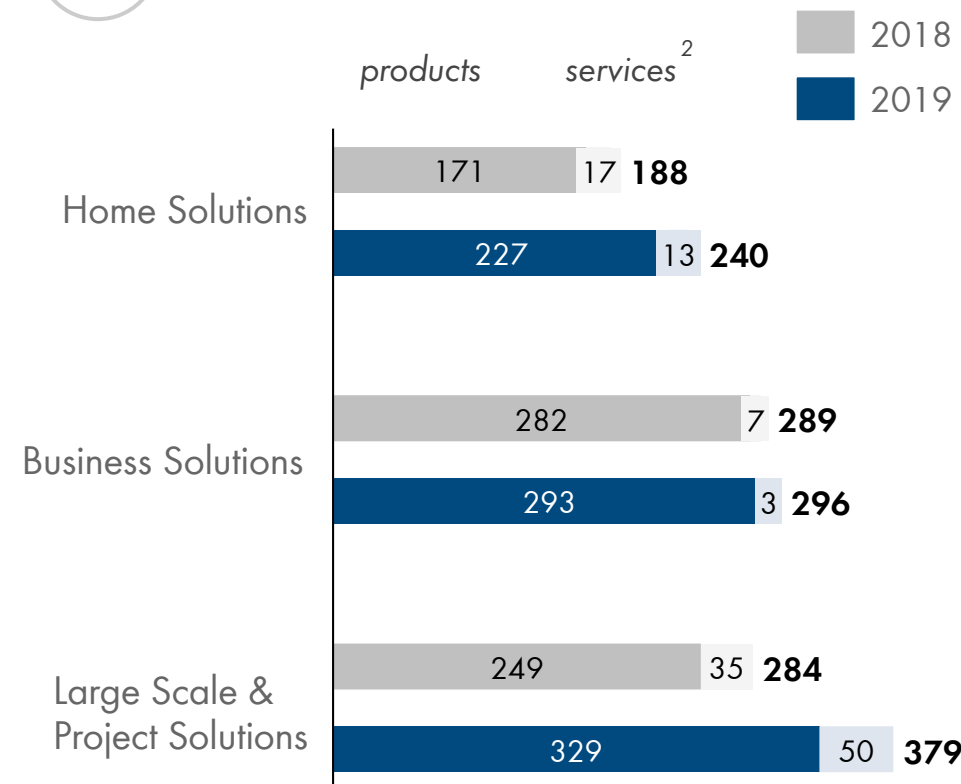
Revenues in Home Solutions grew by 28%; segment Large Scale & Project Solutions delivered growth of 33% driven by strong sales in H2 2019



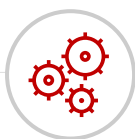
Sales (in € million)



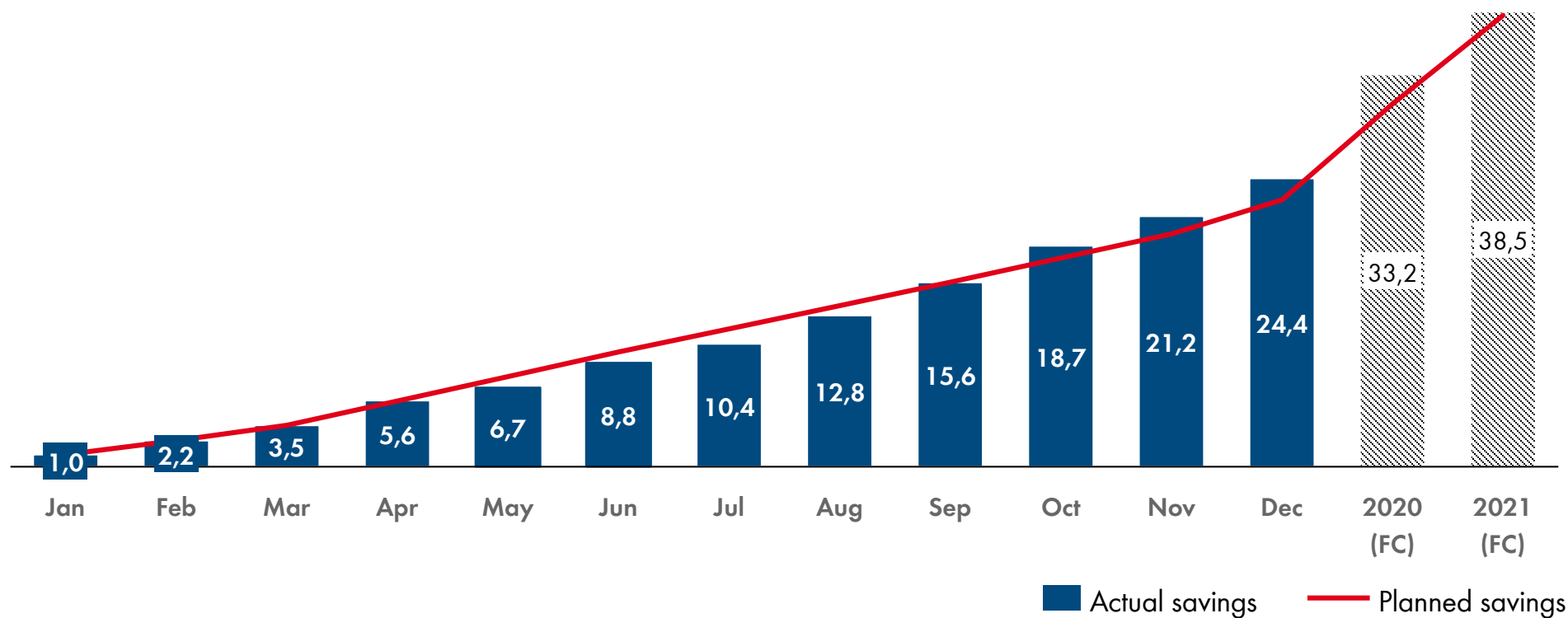
Sales by segment¹ (in € million)



Restructuring measures delivered savings as planned in 2019



Restructuring savings (in €m)



EBITDA significantly improved thanks to higher sales and restructuring savings



EBITDA (in € million)

Margin

-9%

4%

34

-69

2018¹

2019

Depreciation/
Amortization

83

46



EBIT by Segment² (in € million)

2018
2019

Home Solutions

-20

2

Business Solutions

-9

-7

Large Scale &
Project Solutions

-68

-5

Net Working Capital Increased Mainly Due to Higher Inventories

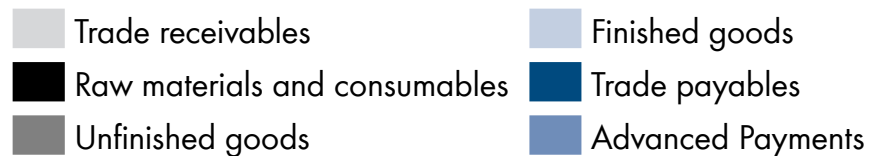
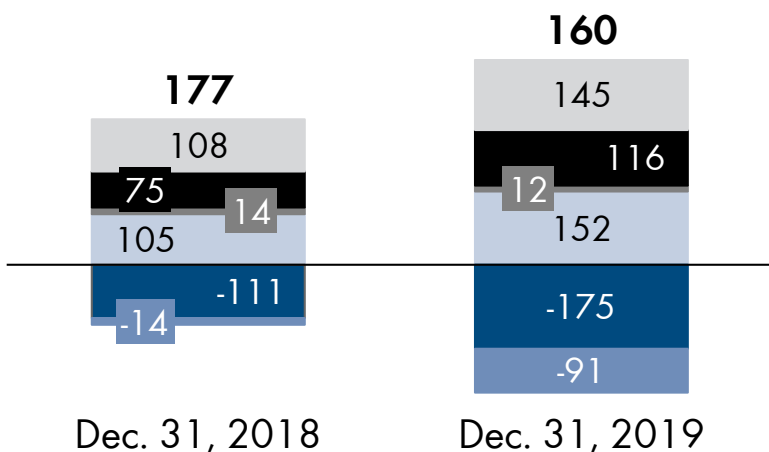


Net Working Capital (in €million)

NWC ratio¹

23%

17%



Group Balance Sheet (in €million)

	31.12.2018	31.12.2019	Change
Non-current assets	283	299 ¹	5%
Working capital	302	425	41%
Other assets	80	65	-19%
Total cash	324	318	-2%
Shareholder's equity	424	417	-2%
Provisions²	157	153	-2%
Trade payables	111	175	58%
Financial liabilities³	18	15	-18%
Other liabilities²	279	347 ¹	25%
TOTAL	989	1,107	12%

Gross Cash Flow Positive; Adjusted Free Cash Flow Negative mainly due to Build-up of Inventories



Cash Flow (in € million)

	2018	2019
Net Income	-176	-9
Gross Cash Flow	-39	31
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

Sales and earnings improved significantly in 2019



Financial highlights 2019

Top Line

- SMA sales increased by 20% to €915m in 2019, YoY sales growth is mainly attributable to strong performance in our Home and Large Scale & Project Solutions segments.

Profitability, Bankability

- EBITDA of €34m in 2019 significantly improved compared to 2018, thanks to increased sales and restructuring savings.
- Solid balance sheet structure with c. 38% equity ratio, c. €300m net cash and €100m credit facility. Debt to equity ratio of 1.66.

Sales highlights 2019



Inverter output sold increased by 35% to 11.4 GW



Largest order ever received from a major US project developer



O&M portfolio expanded by 30% to 4.5 GW



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

2. Market & Competition

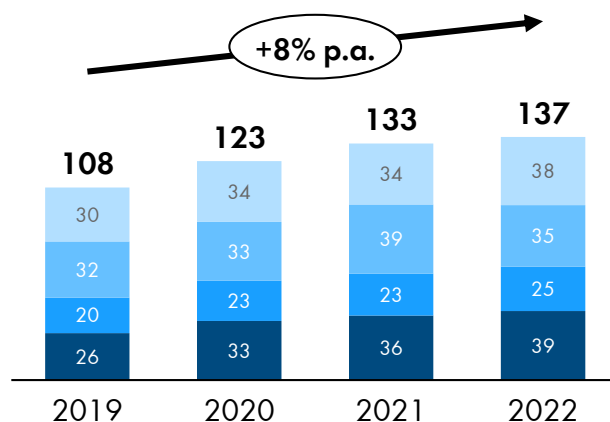
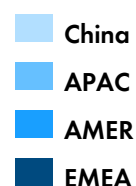


Global PV installations expected to grow by 8% p.a. in the medium term
Short-term market development is currently not predictable due to the Corona crisis

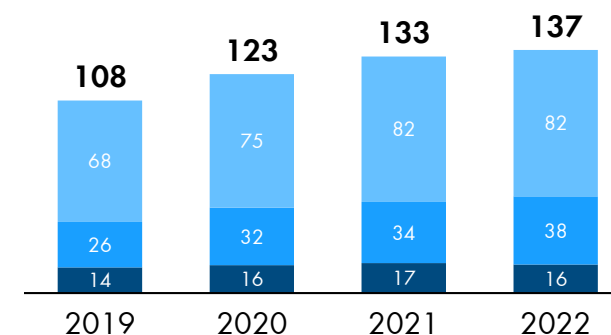


Core business: PV installations¹

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

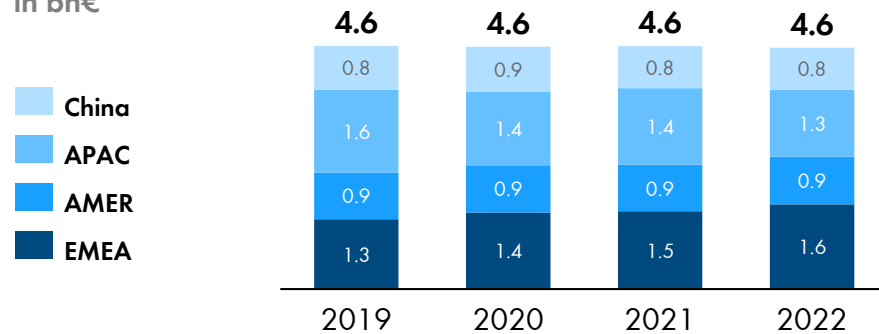
Short-term market development is currently not predictable due to the Corona crisis



PV inverter revenue¹

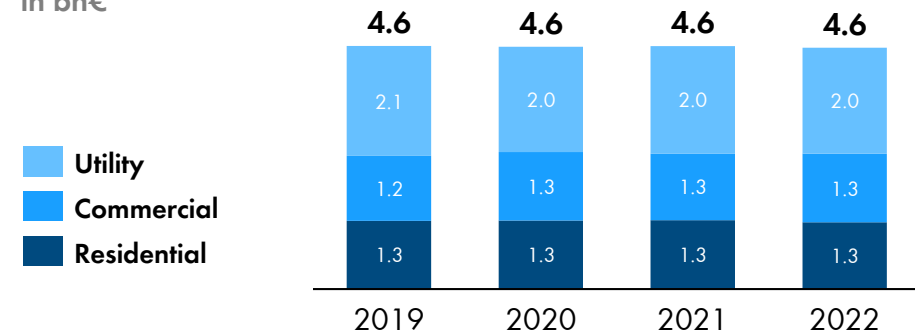
REGIONS

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.

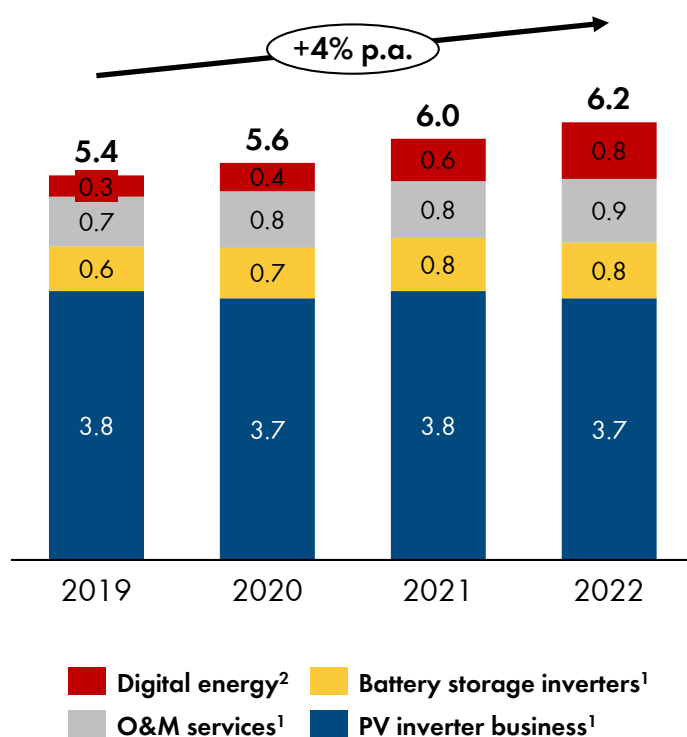
Storage inverter technology and digital energy solutions drive market growth

Short-term market development is currently not predictable due to the Corona crisis



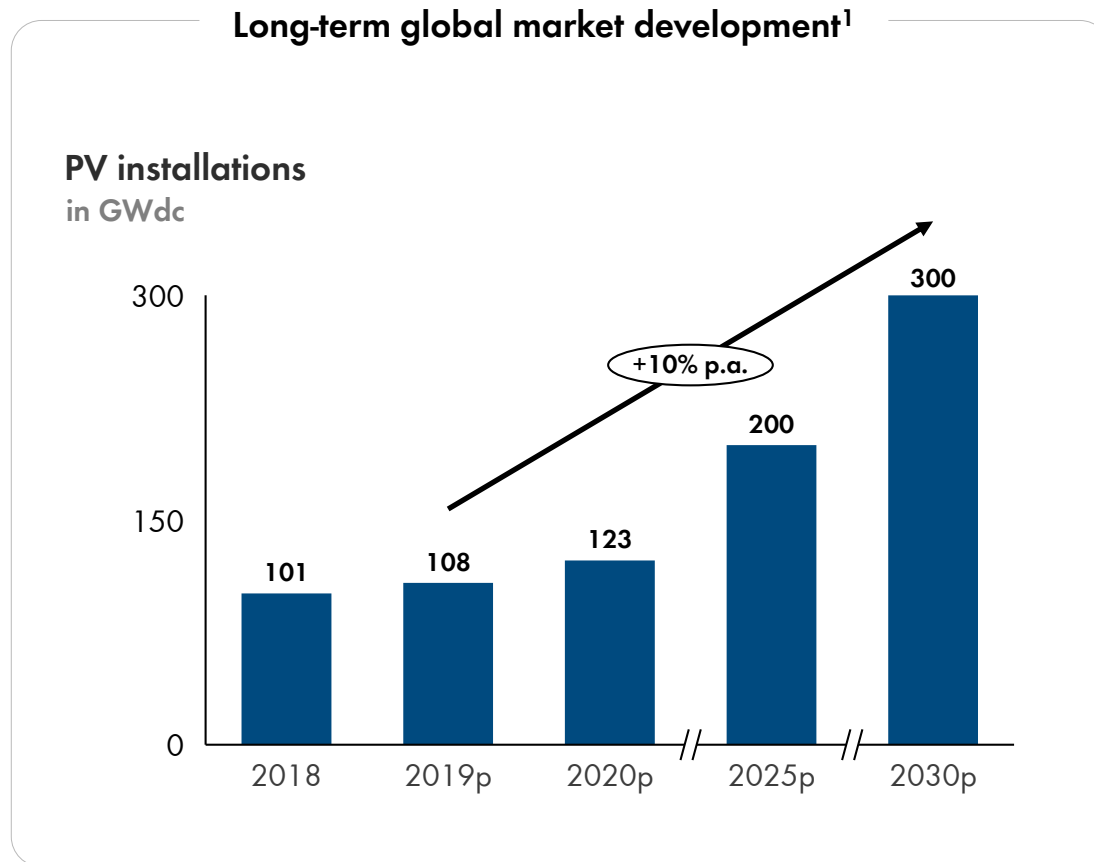
Market outlook by sector for market addressable by SMA¹

in € bn



- PV 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 be mostly stable 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.

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



- 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.

3. Positioning



Sustainability has been at the heart of SMA's people and business right from the beginning

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.



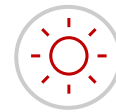
€10.5 billion

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.



2001

marks the installation of the first PV plant installed at our headquarters. Today, company-owned PV plants cover 38% of our total electricity consumption in Germany; the remaining electricity used is also renewable.



50,000 customers

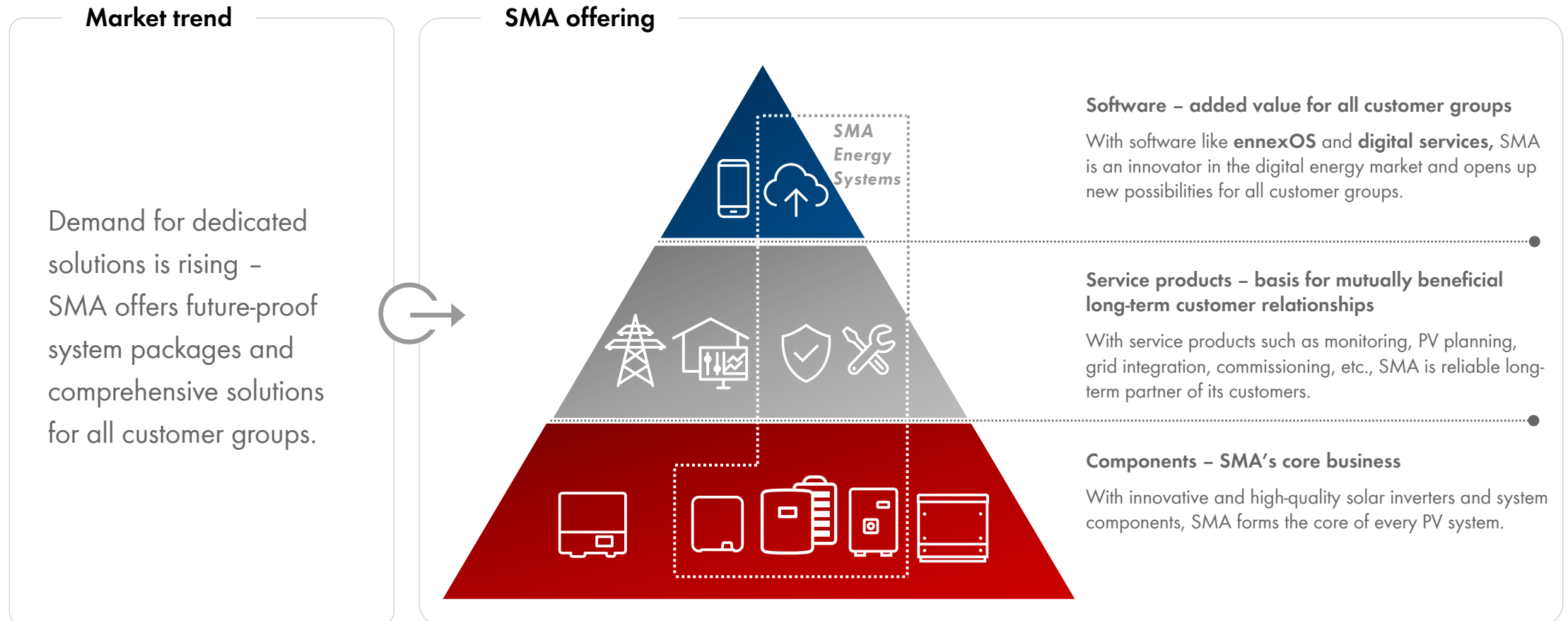
from all segments were asked for their feedback in our global customer satisfaction survey 2019.



100%

transparency on our sustainability activities is secured by our sustainability reporting according to the GRI standard².

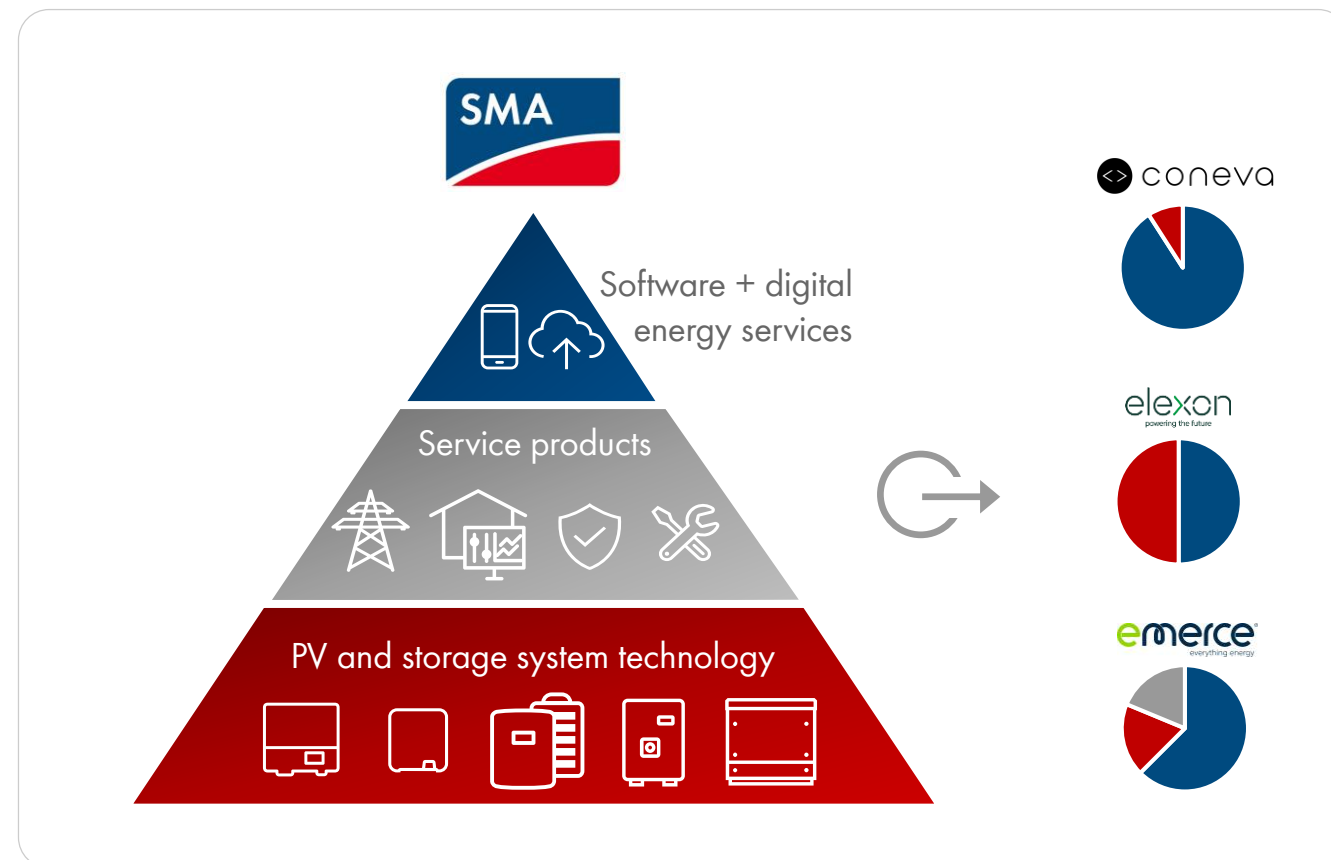
Our perfectly matched hardware, software and services enable customers to participate in tomorrow's integrated and interconnected energy system, today



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.



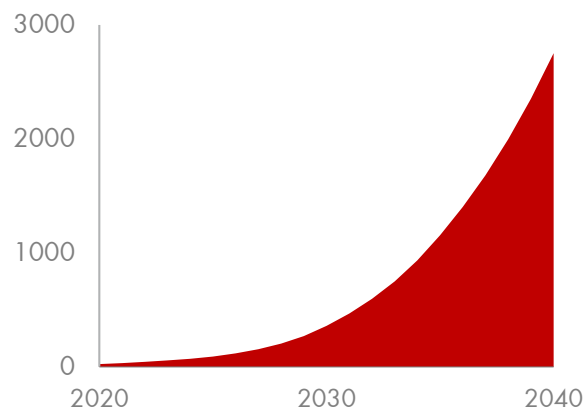
Battery storage is the enabler for a secure and sustainable energy supply – SMA is the #1 battery inverter manufacturer in a rapidly growing market



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



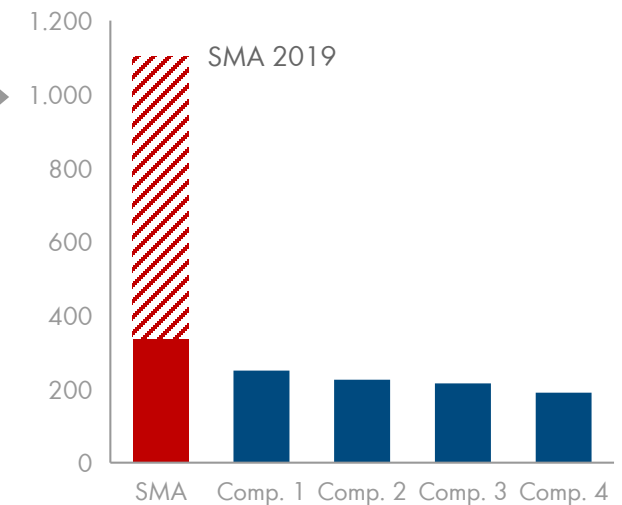
Off-grid solutions



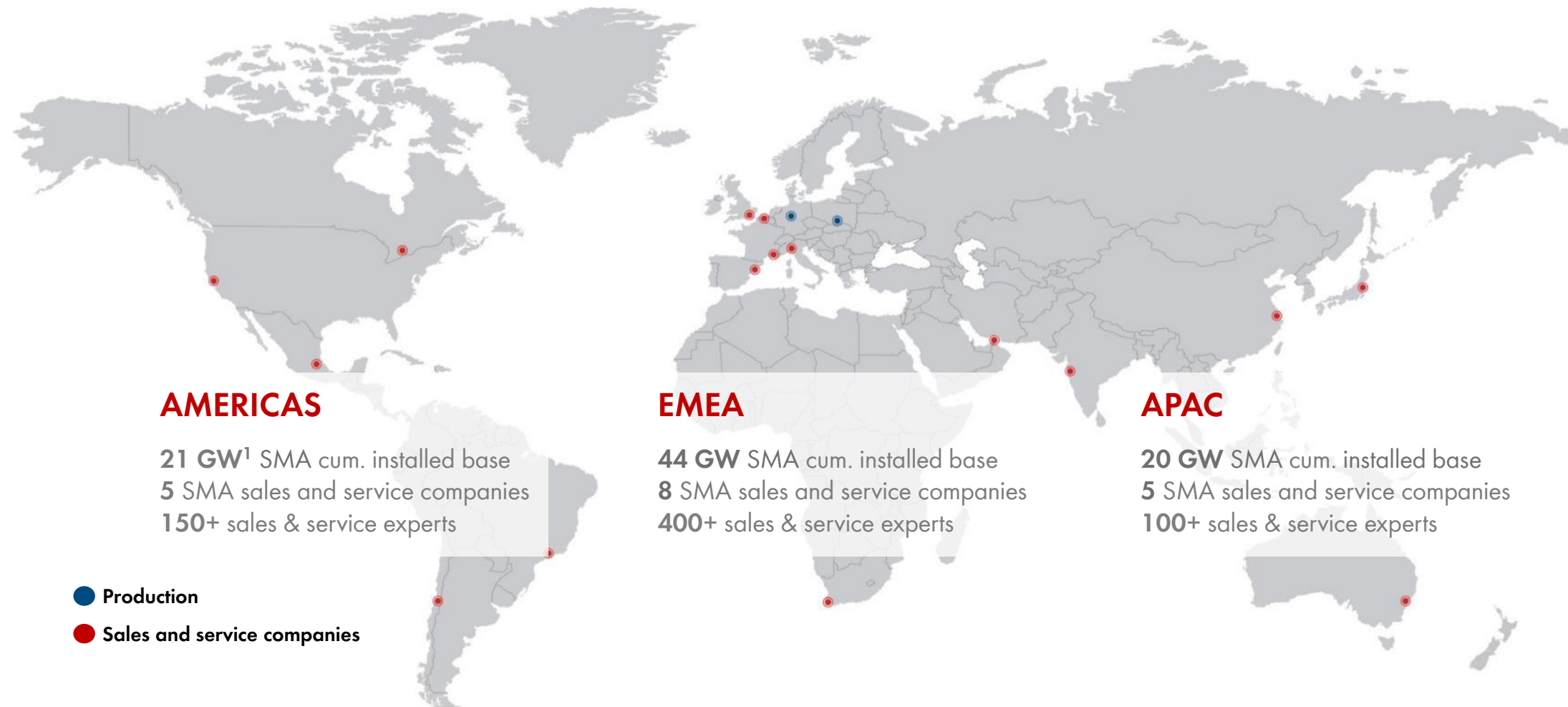
SMA is by far the market leader in battery system technology

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

Battery inverter output sold in 2018²
MW



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. Outlook & Guidance 2020

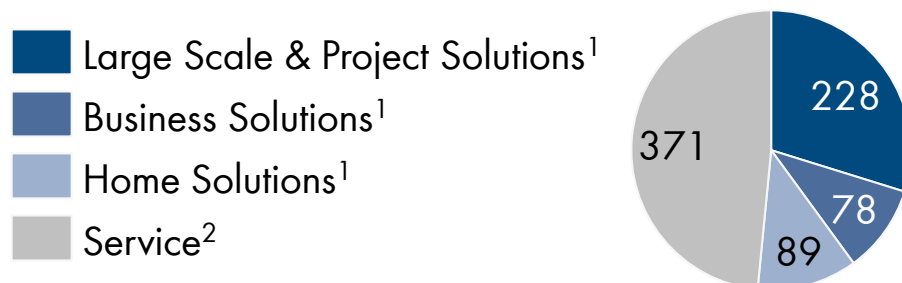


Order backlog for products increased by 125% in 2019 to €395m



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

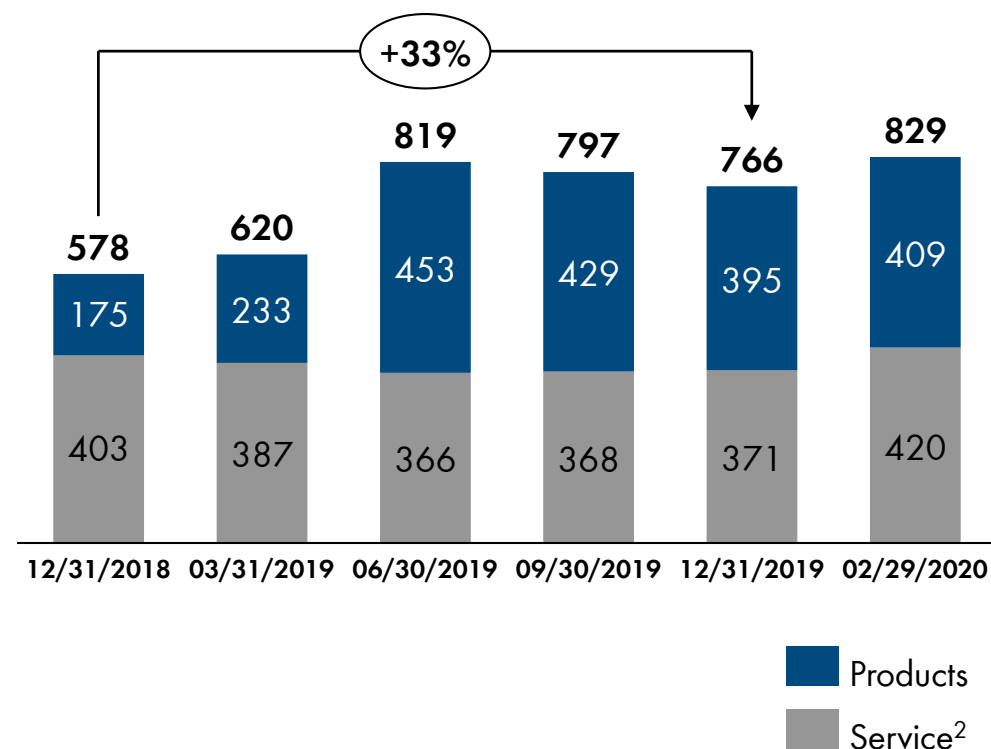
Total order backlog: €766m (Dec. 31st, 2019)



Product order backlog by regions (in%)



Order backlog development (in €m)

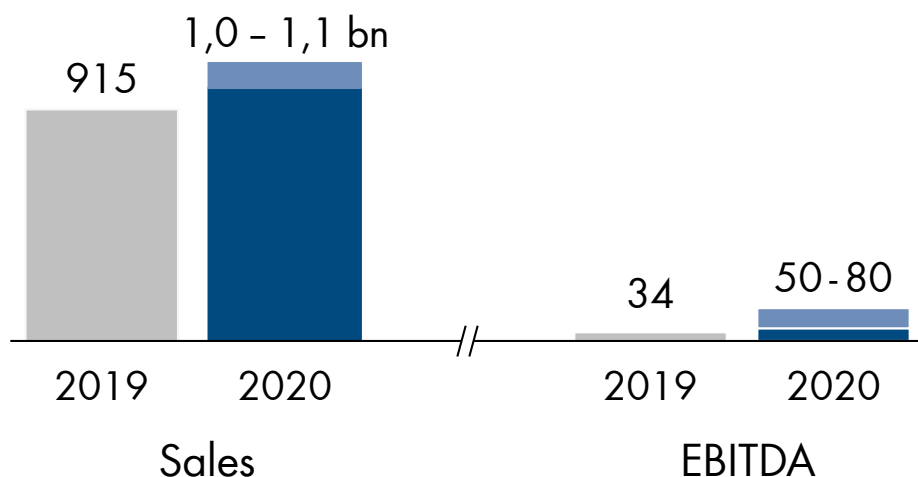


> Current sales and product order backlog already secure more than 50% of our 2020 annual sales guidance.

Management expects sales and profitability growth for 2020



Guidance 2020 (in €m)



2020

CapEx (incl. R&D & leasing) ¹	c. €50m
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Depreciation / amortization	c. €45m
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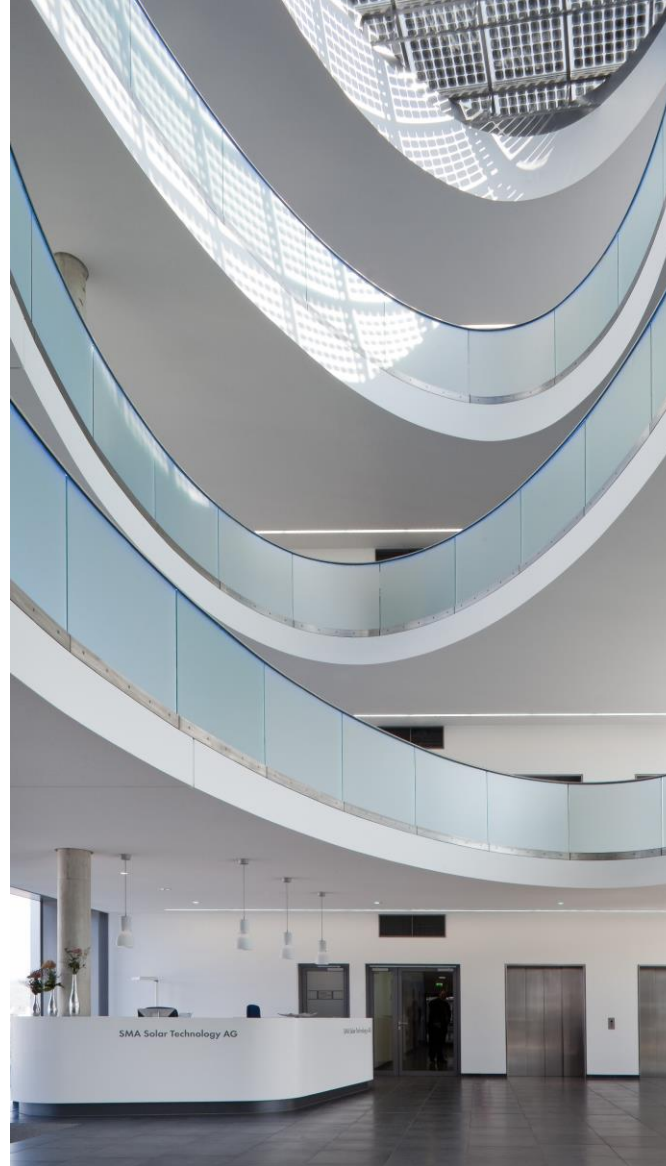


Management comments

- 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.

Why invest in SMA?

SMA is a truly sustainable and financially solid company with a clear focus, comprehensive portfolio and global reach in one of the most exciting industries of the future.



Sustainability

has been anchored in our corporate mission since SMA was founded. Our state-of-the-art inverter production in Germany is CO₂-neutral.



Financial stability

is secured by c. 38% equity ratio and c. €300 million net cash.



Clear focus

as a leading specialist for PV system technology with 8.5 GW installed base.



Comprehensive portfolio

of components, services, software and complete solutions for all PV segments and markets as well as for future business fields such as energy management, storage and repowering.



Global reach

with a strong sales and service infrastructure in 18 countries, serving customers in more than 190 countries on all continents.

Back up



Managing Board and shareholder structure



Managing Board



Dr. Jürgen Reinert, CEO

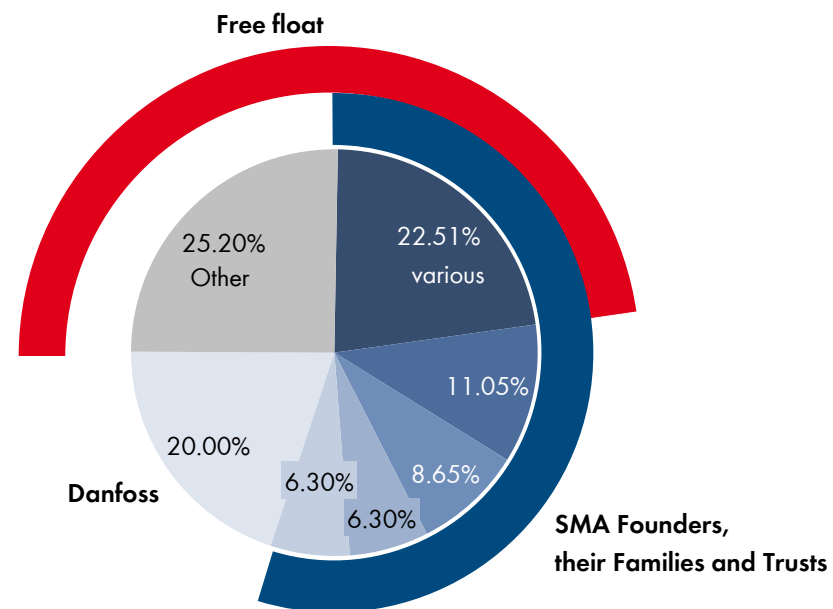
Sales & Service, Technology,
Operations, Business Units



Ulrich Hadding, CFO

Finance, HR, Legal, Investor Relations

Shareholder Structure¹



- No pre-emption rights or other restrictions

Thank you.

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