



# SMA SOLAR TECHNOLOGY AG

## Analyst / Investor Presentation: virtual Roadshow

Presented by Ulrich Hadding, CFO  
August 14 & 20, 2020





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# 1. Review H1/2020



Sales increased by 42% in H1 2020 with all segments delivering strong double-digit growth



## Key financials (in € million)

	H1 2019	H1 2020	Change
MW sold	3,973	7,105	79%
Sales	363	514	42%
Home Solutions	102	139	36%
Business Solutions	135	158	17%
Large Scale & Project Solutions	126	217	73%
Gross margin	20%	19%	
EBITDA	9	24	182%
Depreciation	23	21	-7%
EBIT	-14	3	n.m.
Net result	-14	3	n.m.
Free cash flow (Adj.)	-67	-101	n.m.
Net CapEx (incl. R&D)	13	15	15%

	2019/12/31	2020/06/30	Change
Net cash	303	201	-34%
Total assets	1,107	992	-10%
NWC ratio (in %) <sup>1</sup>	17%	24%	

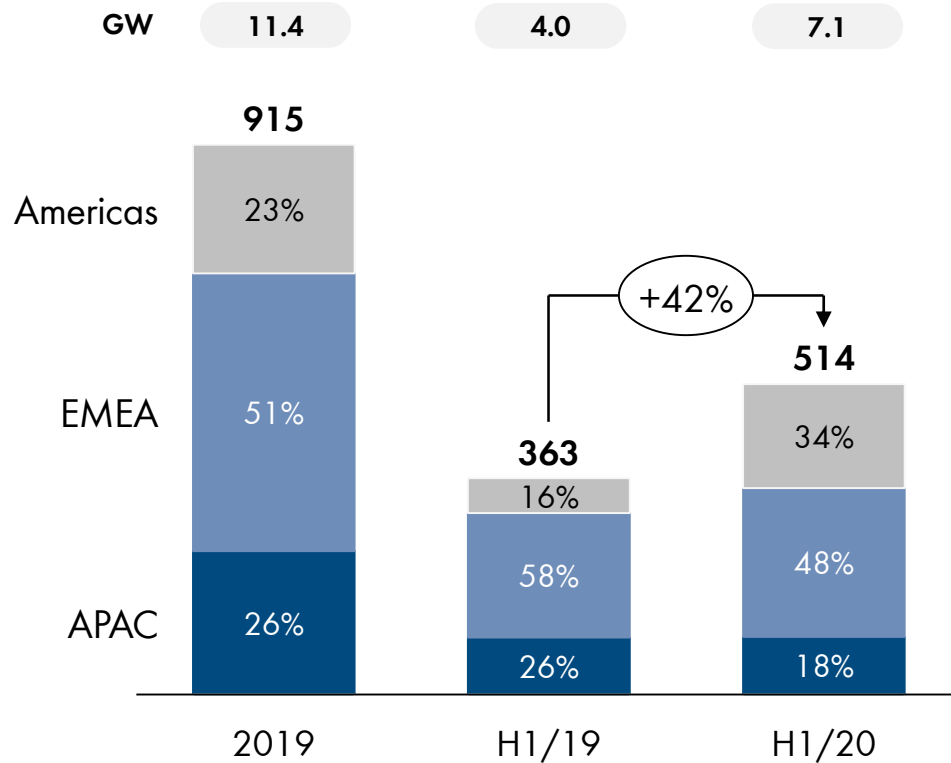
  

	2019/2020			
	Q3	Q4	Q1	Q2
Sales	268	284	288	226
Home Solutions	73	65	71	68
Business Solutions	74	87	79	79
Large Scale & Project Solutions	121	132	138	79
Gross margin	17%	17%	17%	22%
EBITDA	17	8	12	12

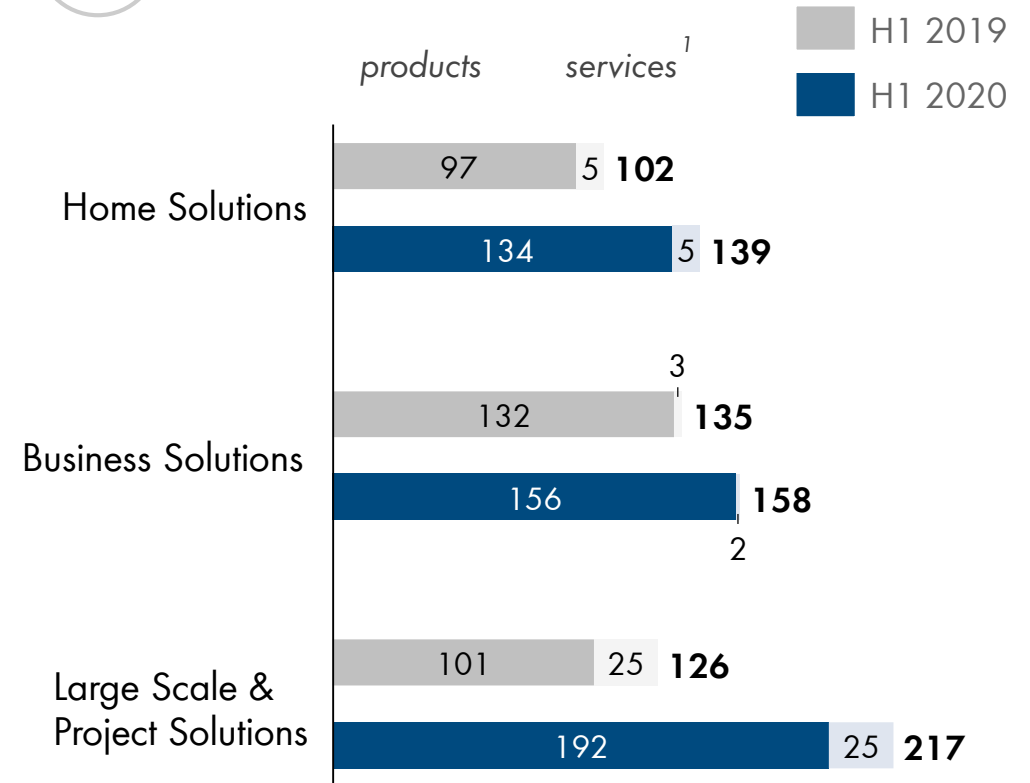
# Americas and EMEA achieved strong revenue growth and the Large Scale & Project Solutions segment grew sales by 73% in H1 2020



## Sales (in € million)



## Sales by segment<sup>1</sup> (in € million)



# Significant increase in EBITDA driven by strong sales growth in H1 2020



## EBITDA (in € million)

Margin

4%

2%

5%

34

9

24

2019

H1/19

H1/20

One-Offs

5

0

Depreciation/  
Amortization

46

23

21



## EBIT by Segment (in € million)

H1 2019  
H1 2020

Home Solutions

-4

12

Business Solutions

1

0

Large Scale &  
Project Solutions

-11

-6



# Net Working Capital Increased Mainly Due to Higher Inventories

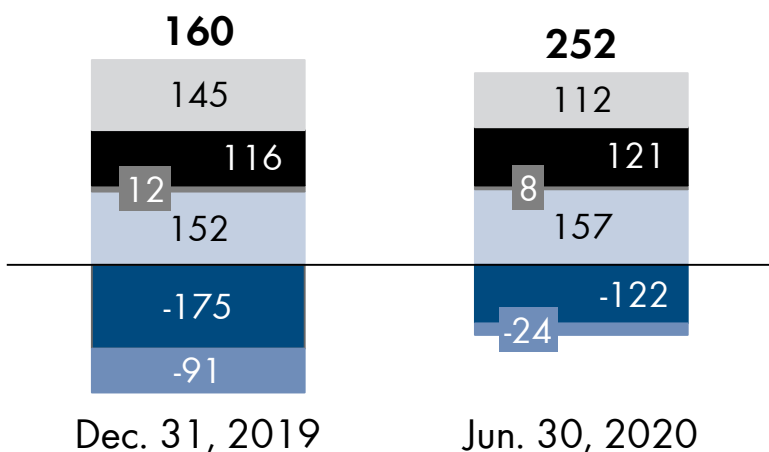


## Net Working Capital (in €million)

NWC ratio

17%

24%



- Trade receivables
- Raw materials and consumables
- Unfinished goods
- Finished goods
- Trade payables
- Advanced Payments



## Group Balance Sheet (in €million)

	31.12.2019	30.06.2020	Change
<b>Non-current assets</b>	299	305	2%
<b>Working capital</b>	425	398	-7%
<b>Other assets</b>	65	75	+16%
<b>Total cash</b>	318	214	-33%
<b>Shareholder's equity</b>	417	418	0%
<b>Provisions<sup>1</sup></b>	153	153	0%
<b>Trade payables</b>	175	122	-30%
<b>Financial liabilities<sup>2</sup></b>	15	13	-12%
<b>Other liabilities<sup>1</sup></b>	347	286	-18%
<b>TOTAL</b>	<b>1,107</b>	<b>992</b>	<b>-10%</b>

Gross Cash Flow significantly improved compared to H1 2019; Adjusted Free Cash Flow negative due to decreased liabilities in H1 2020



### Cash Flow (in € million)

	H1 2019	H1 2020
Net Income	-14	3
Gross Cash Flow	5	28
Cash Flow from Operating Activities	-54	-86
Net Capex	-13	-15
<b>Free Cash Flow (Adj.)</b>	<b>-67</b>	<b>-101</b>
Net Investments from Securities and Other Financial Assets	66	27
Free Cash Flow (IFRS)	-1	-74



# Sales and earnings continued to improve significantly in H1 and Q2 2020



## Financial highlights H1 2020

### Top Line

- Despite the COVID-19 crisis, SMA sales increased by 42% reaching €514m in H1 2020, with all three segments delivering strong double-digit sales growth. Our Large Scale & Project Solutions segment achieved nearly €100m more revenues compared to H1 2019, Q2 development was also positive.

### Profitability, Bankability

- EBITDA of €24m in H1 2020 more than doubled the profitability of H1 2019, driven by significantly higher sales achieved despite effects of the COVID-19 crisis in Q2.
- SMA maintains a solid balance sheet structure with an equity ratio of 42%, €201m net cash and a €100m credit facility. SMA's debt to equity ratio of 1.37 confirms our solid financial position.

## Product Highlights

### SMA EV Charger



### SMA 360° App



### SMA Power Plant Manager



## 2. Market & Competition

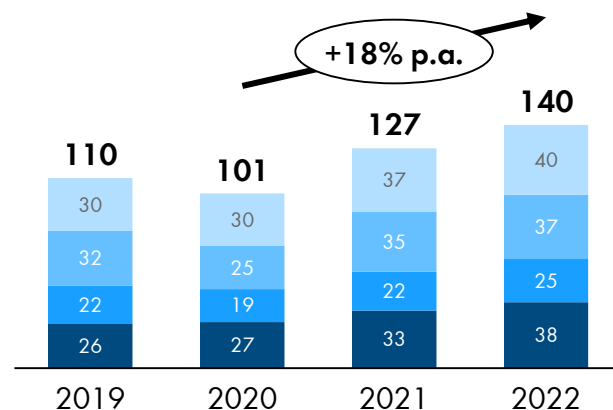
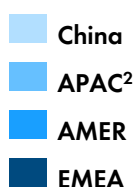


# Global PV installations expected to grow by 18% p.a. in the medium term after slow-down in 2020

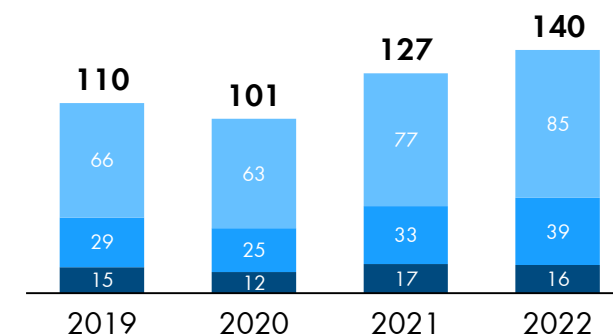


## Core business: PV installations<sup>1</sup>

### REGIONS in GWdc



### SEGMENTS in GWdc



- Global PV installations are continued to be observed closely to reflect the impact by the Corona crisis. For 2020 a total of 101 GW new PV installations are expected followed by a grow of 18% p.a. until 2022. Due to lockdown measures and investment restraints the installations slowed down in some countries in the second quarter of 2020.
- Taking renewable energy goals, e.g. European Green Deal, into consideration and already permitted and financed projects, PV development is expected to recover soon.
- It is assumed that emerging markets are more affected by the current situation than mature ones and residential/commercial segments more than the utility segment due to investment restraints from private households and smaller businesses.

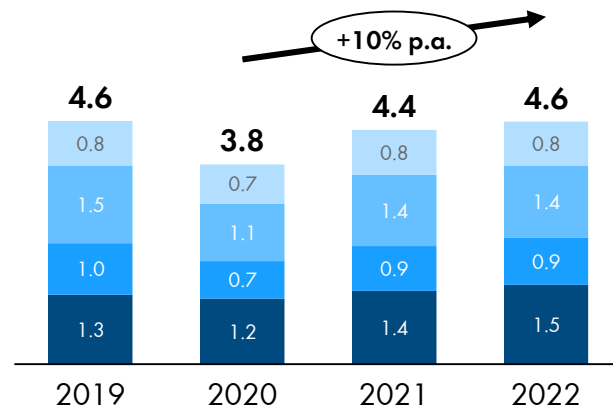
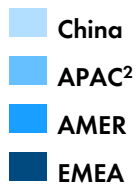


# Recovery of global investment level in PV inverter technology after Corona-affected installation decrease

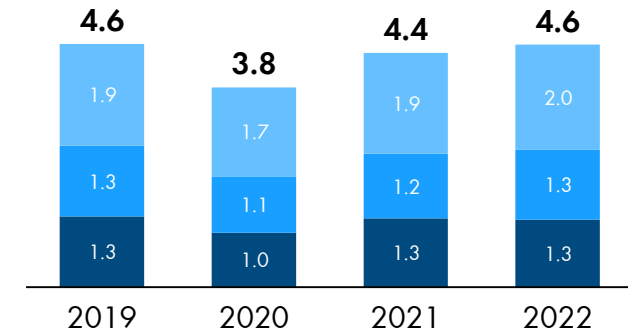


## PV inverter revenue<sup>1</sup>

### REGIONS in bn€



### SEGMENTS in bn€



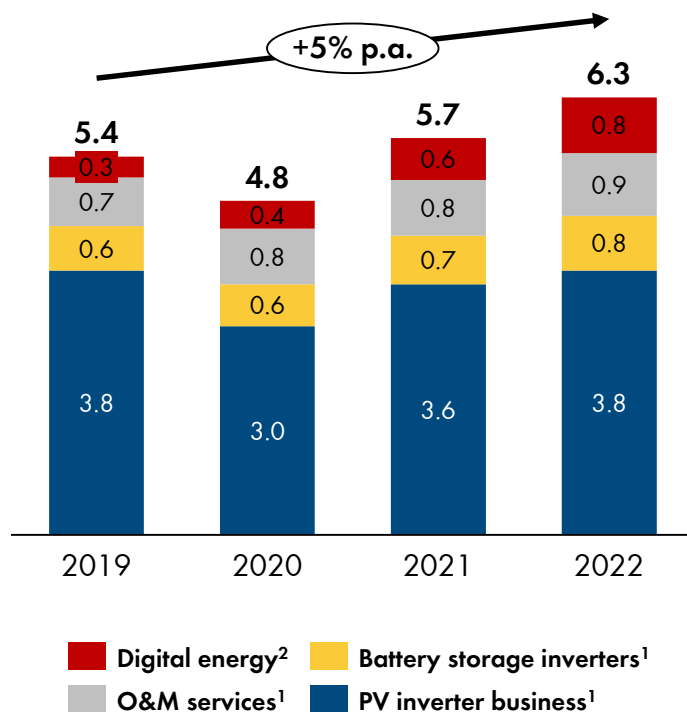
- Investment in PV system technology will develop according to installations and recover by showing a growth rate of 10% p.a. until 2022, after a decrease in 2020 in all segments and regions.
- In 2020, the lowest decrease in inverter revenue is expected in EMEA region, the highest decrease in APAC<sup>2</sup> region, especially impacted by countries like India and Vietnam having been two of the largest markets in the previous year.
- The investment in PV inverters is expected to reach pre-Corona level in 2022.

# Storage inverter technology and digital energy solutions drive market growth



## Market outlook by sector for market addressable by SMA<sup>1</sup>

in € bn



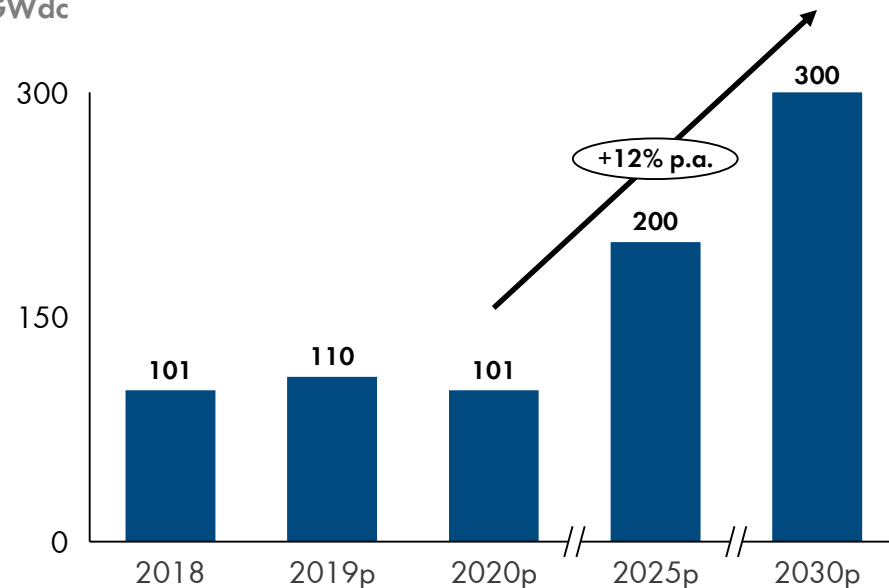
- PV power generation costs decrease, integrated energy and digitalization will lead to a higher share of renewable energy and its growth.
- After a Corona-related dip in 2020, the traditional PV inverter market outside of China will go back to pre-Corona level and be mostly stable over the next years. 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



Long-term global market development<sup>1</sup>

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.



### 3. Current Developments



# Current external developments: No significant impact on SMA



## **Covid-19 crisis: SMA was able to maintain supply chain and delivery times**

- With targeted changes in production processes and logistics, we have been keeping up our production capacity.
- Through close cooperation with suppliers and service providers, we largely avoid component shortages and significant restrictions in delivery times.
- Despite the COVID-19-related restrictions we continue to work closely with our customers.



## **The US-China trade war has no effect on SMA**

- SMA has sold its Chinese operations in 2019.
- All products for the U.S. market are manufactured at our state-of-the-art and CO<sub>2</sub>-neutral production facilities at our headquarters in Germany with an annual capacity of 15 GW.
- SMA has been well established in the U.S. market since 2001 with an own sales and service company.



# SMA is tapping into new business fields – Holistic EV charging solutions for businesses and private households



## EV charging for businesses and fleets

Products, planning, installation and servicing of/for company charging infrastructure



## Energy management and services

E.g. managed reduction of peak load to reduce costs of energy and investments



## EV charging solution at home

The new SMA EV charger enables fast, reliable and cost-effective charging with maximum use of solar power and integrates seamlessly into the SMA Energy System Home.

> **SMA combines the competencies of different entities to offer holistic solutions based on the open ennexOS platform.**



## 4. Outlook & Guidance 2020

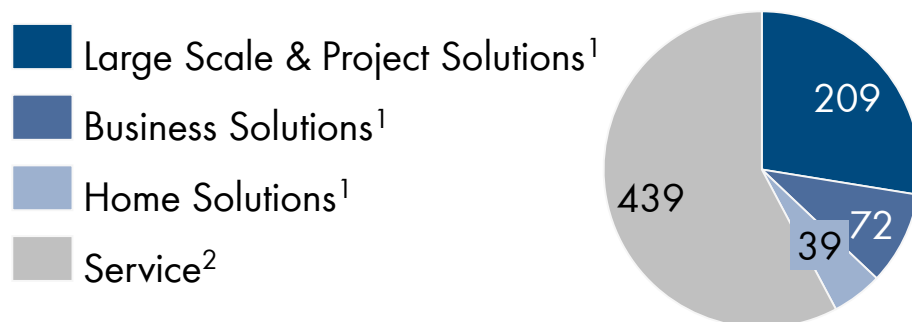


Solid order backlog for products of €321m at the end of Q2 2020 secures more than 80% of full year sales guidance



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

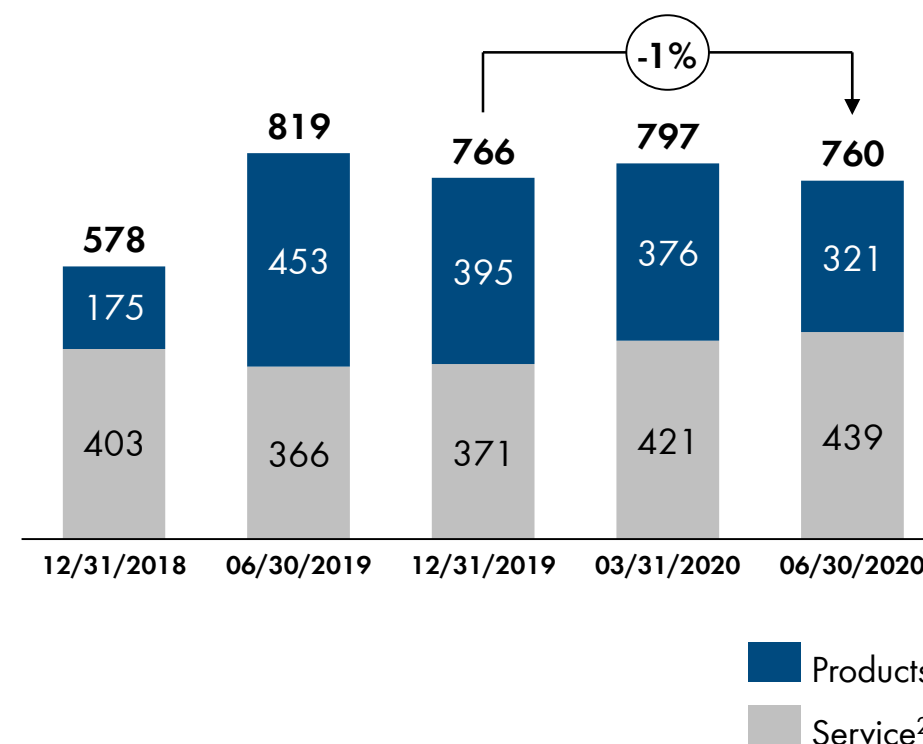
Total order backlog: €760m (Jun. 30<sup>th</sup>, 2019)



Product order backlog by regions (in%)



### Order backlog development (in €m)

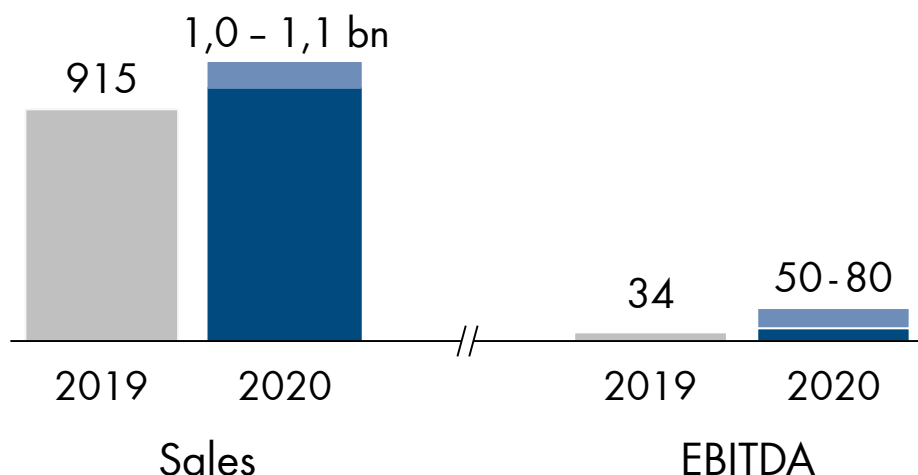


> H1 sales and product order backlog secure more than 80% of our 2020 annual sales guidance.

# Management confirms 2020 guidance with strong sales and profitability growth expected for this year; effects of Covid-19 on supply chain mitigated



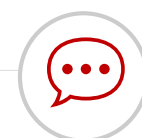
## Guidance 2020 (in €m)



### 2020

CapEx (incl. R&D & leasing)<sup>1</sup> c. €50m

Depreciation / amortization c. €45m

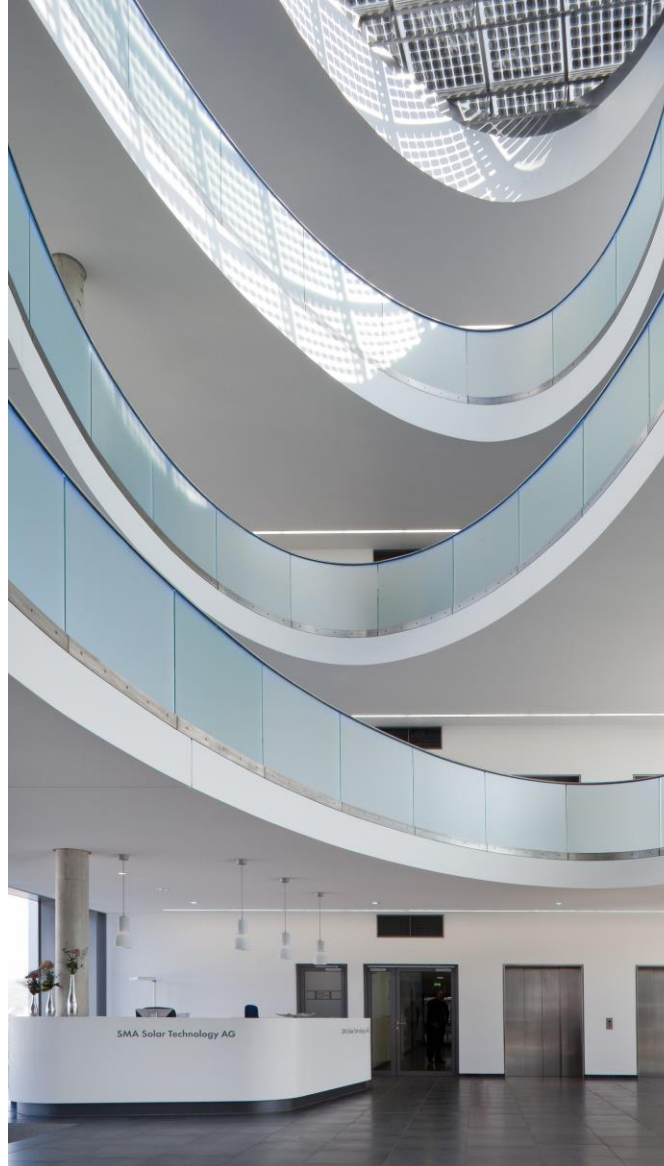


## Management comments

- Management remains confident to grow sales to over 1 billion Euros in 2020, building on our strong level of sales in H1. Our supply chain is stable and customer demand remains on a good level despite the Covid-19 crisis.
- SMA is gaining market share in several markets, building on order intake of over 1 billion Euros in 2019 and 531 million Euros in H1 2020.
- All segments are experiencing less price pressure in comparison to prior years.
- 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 CO<sub>2</sub>-neutral.



## Financial stability

is secured by c. 42% equity ratio and c. €200 million net cash.



## Clear focus

as a leading specialist for PV system technology with 90 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**

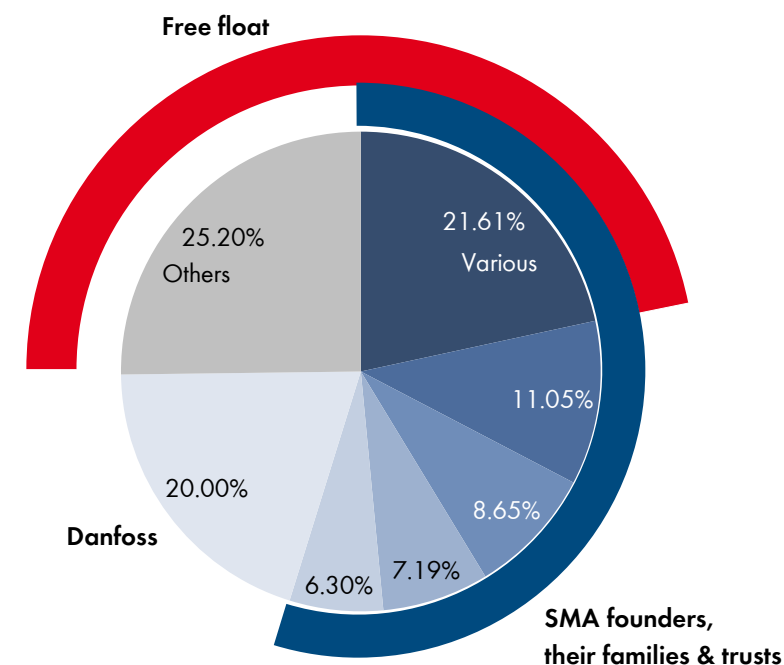
Sales & Service, Technology,  
Operations, Business Units



**Ulrich Hadding, CFO**

Finance, HR, Legal, Investor Relations

## Shareholder Structure<sup>1</sup>



- No pre-emption rights or other restrictions

# Thank you.

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