



SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Quarterly Statement: January to September 2020

Presented by Ulrich Hadding, CFO

November 12, 2020

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.



Review Q1-Q3/2020

Global revenues increased by 23% and all segments deliver good top line growth



Key financials (in € million)

	Q1-Q3 2019	Q1-Q3 2020	Change
MW sold	7,494	10,651	42%
Sales	631	774	23%
Home Solutions	175	204	16%
Business Solutions	209	225	8%
Large Scale & Project Solutions	247	345	40%
Gross margin	19%	19%	
EBITDA	26	41	61%
Depreciation	35	32	-8%
EBIT	-9	10	n.m.
Net result	-11	9	n.m.
Free cash flow (Adj.)	-79	-107	n.m.
Net CapEx (incl. R&D)	20	24	22%

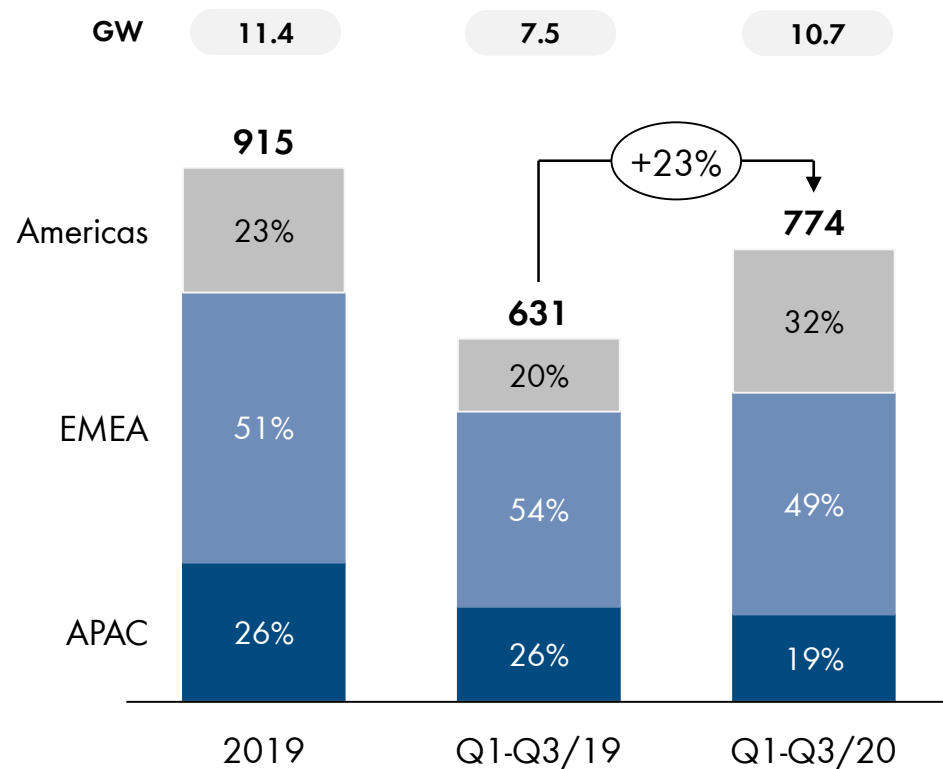
	2019/12/31	2020/09/30	Change
Net cash	303	194	-36%
Total assets	1,107	987	-11%
NWC ratio (in %)¹	17%	25%	

	2019/2020			
	Q4	Q1	Q2	Q3
Sales	284	288	226	260
Home Solutions	65	71	68	65
Business Solutions	87	79	79	67
Large Scale & Project Solutions	132	138	79	128
Gross margin	17%	17%	22%	20%
EBITDA	8	12	12	17

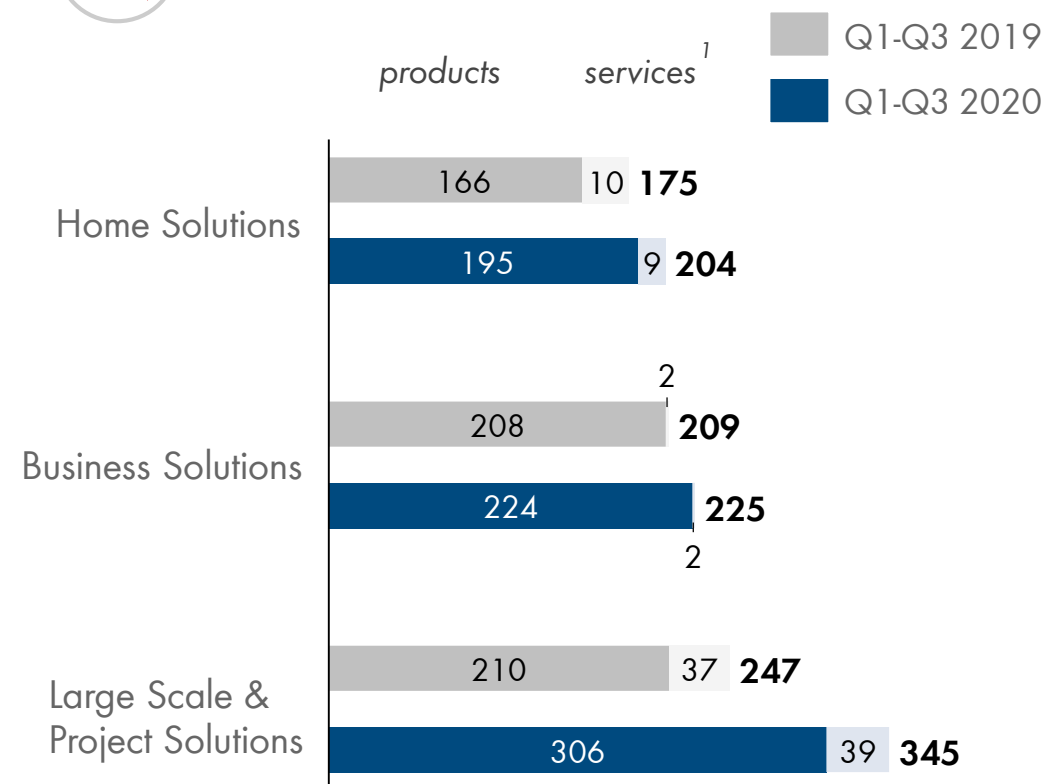
Americas has nearly doubled its revenues and EMEA achieved sales growth compared to the first three quarters of 2019



Sales (in € million)



Sales by segment¹ (in € million)



EBITDA is 61% higher than in Q1-Q3 2019 driven by strong sales growth in the first nine months of 2020



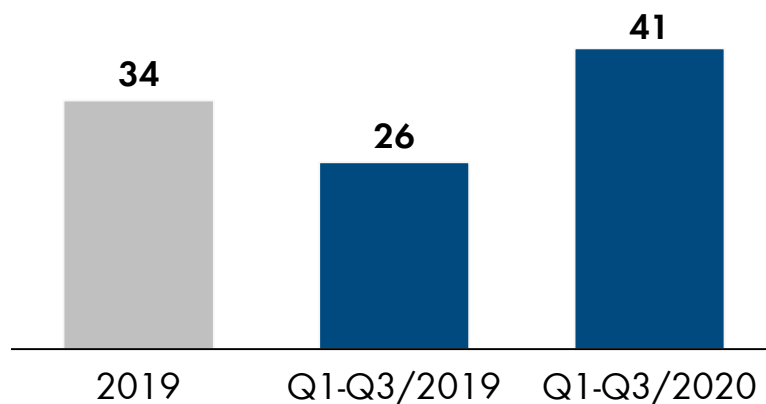
EBITDA (in € million)

Margin

4%

4%

5%



One-Offs

5

2¹

Depreciation/
Amortization

46

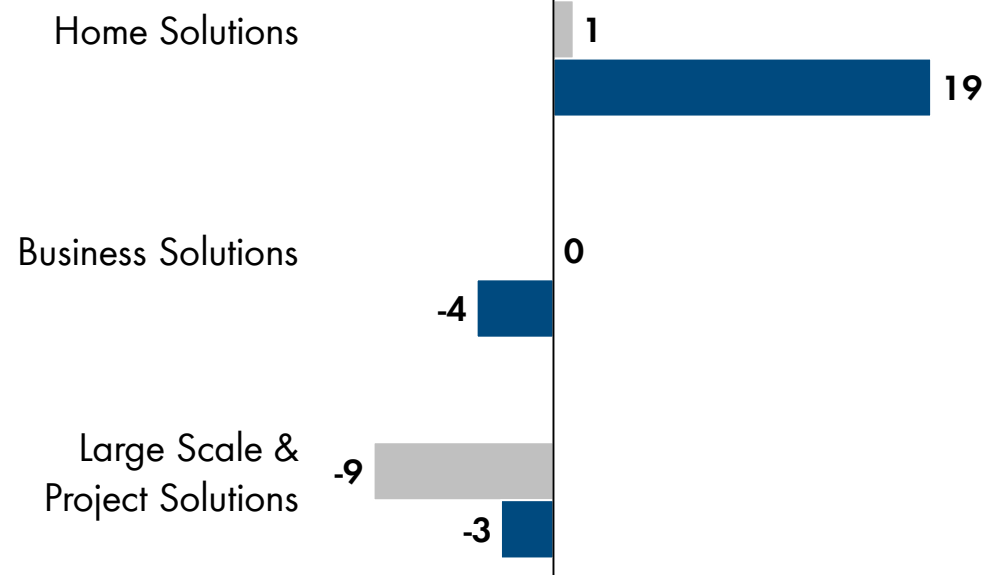
35

32



EBIT by Segment (in € million)

Q1-Q3 2019
Q1-Q3 2020



Net Working Capital increased as a result of decreased liabilities

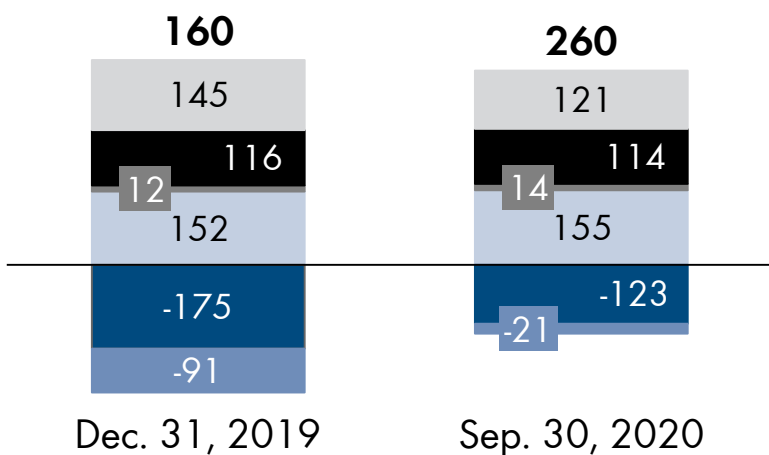


Net Working Capital (in €million)

NWC ratio

17%

25%



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



Group Balance Sheet (in €million)

	31.12.2019	30.09.2020	Change
Non-current assets	299	307	3%
Working capital	425	403	-5%
Other assets	65	71	9%
Total cash	318	206	-35%
Shareholder's equity	417	422	1%
Provisions¹	153	145	-5%
Trade payables	175	123	-30%
Financial liabilities²	15	12	-19%
Other liabilities¹	347	285	-18%
TOTAL	1,107	987	-11%

Gross Cash Flow is significantly higher than in Q1-Q3 2019; Adjusted Free Cash Flow is negative mainly due to decreased liabilities



Cash Flow (in € million)

	Q1-Q3 2019	Q1-Q3 2020
Net Income	-10	9
Gross Cash Flow	19	43
Cash Flow from Operating Activities	-59	-83
Net Capex	-20	-24
Free Cash Flow (Adj.)	-79	-107
Net Investments from Securities and Other Financial Assets	74	45
Free Cash Flow (IFRS)	-5	-62

Sales and earnings developed positively despite the COVID-19 crisis in Q1-Q3 2020



Financial Highlights Q1-Q3 2020

Top Line

- SMA sales increased by 23% reaching €744m in the first 3 quarters of 2020.
- All segments grew their top line and the Home Solutions and Large Scale & Project Solutions segments achieved double-digit growth.

Profitability, Bankability

- EBITDA of €41m in the first 3 quarters of 2020 is significantly better than in the same period of 2019.
- SMA's business performance only mildly impacted by the COVID-19 crisis.
- Our financial position remains solid with an equity ratio of 43%, €194m net cash and a €100m credit facility. SMA's debt to equity ratio of 1.34 also confirms our solid financial position.

Product Highlights

SMA EV Charger



SMA Apps



SMA Power Plant Manager





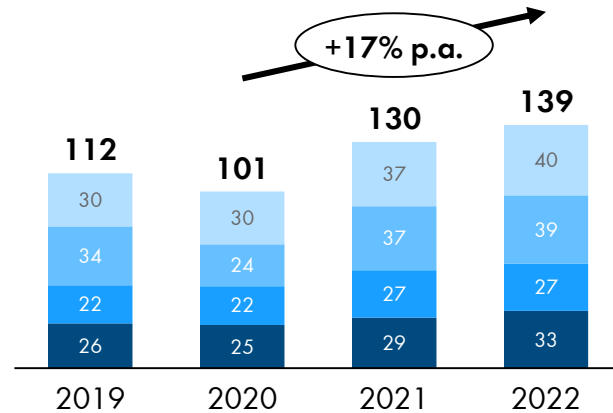
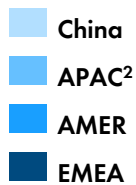
Market & Competition

Global PV installations expected to grow by 17% p.a. in the medium term after slow-down in 2020

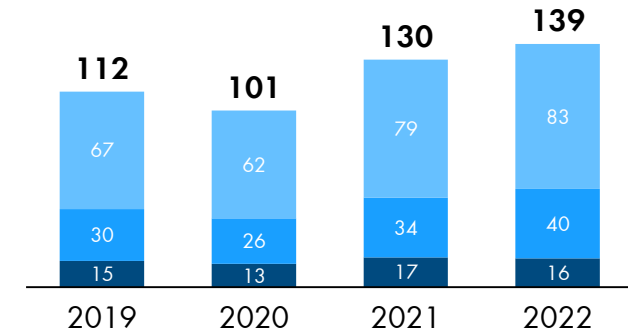


Core business: PV installations¹

REGIONS in GWdc



SEGMENTS in GWdc



- We continue to observe global PV installations closely to reflect the impact by the Corona crisis. For 2020, we expect a total of 101 GW of new PV installations followed by a growth of 17% p.a. until 2022. Due to lockdown measures and investment restraints the installations slowed down in some countries in the third quarter of 2020.
- Taking renewable energy goals, e.g. European Green Deal, and already permitted and financed projects into consideration, PV development is expected to recover soon.
- Emerging markets are likely to be more affected by the current situation than mature markets and residential/commercial segments more than the utility segment due to investment restraints from private households and smaller businesses.

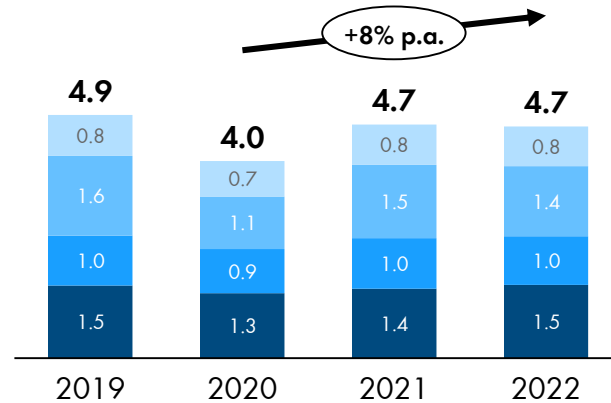
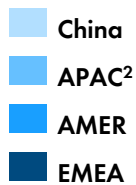
Recovery of global investment level in PV inverter technology after Corona-affected installation decrease



PV inverter revenue¹

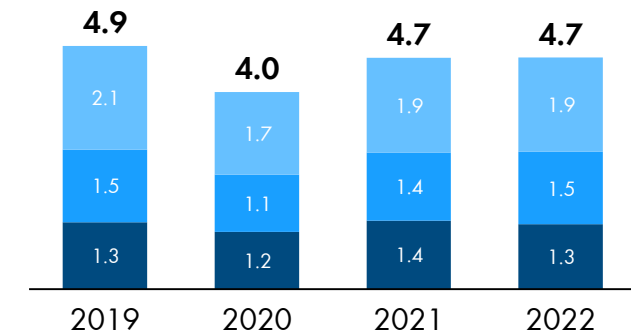
REGIONS

in bn€



SEGMENTS

in bn€



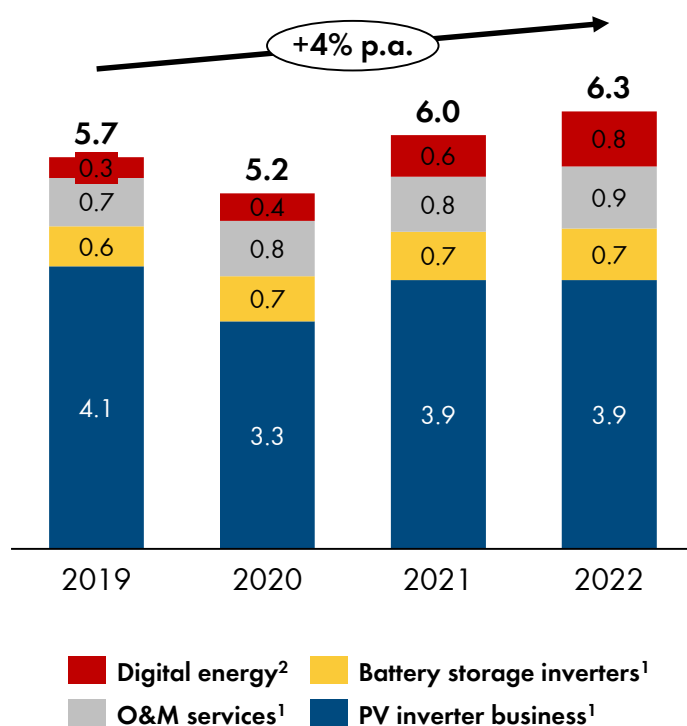
- Investment in PV system technology will develop according to installations and recover by showing a growth rate of 8% p.a. until 2022, after a decrease in 2020 in all segments and regions.
- In 2020, the lowest decrease in inverter revenue is expected in the Americas region, the highest decrease in the APAC² region, especially impacted by countries like India and Vietnam having been two of the largest markets in the previous year.

Storage inverter technology and digital energy solutions drive market growth



Market outlook by sector for market addressable by SMA¹

in € bn



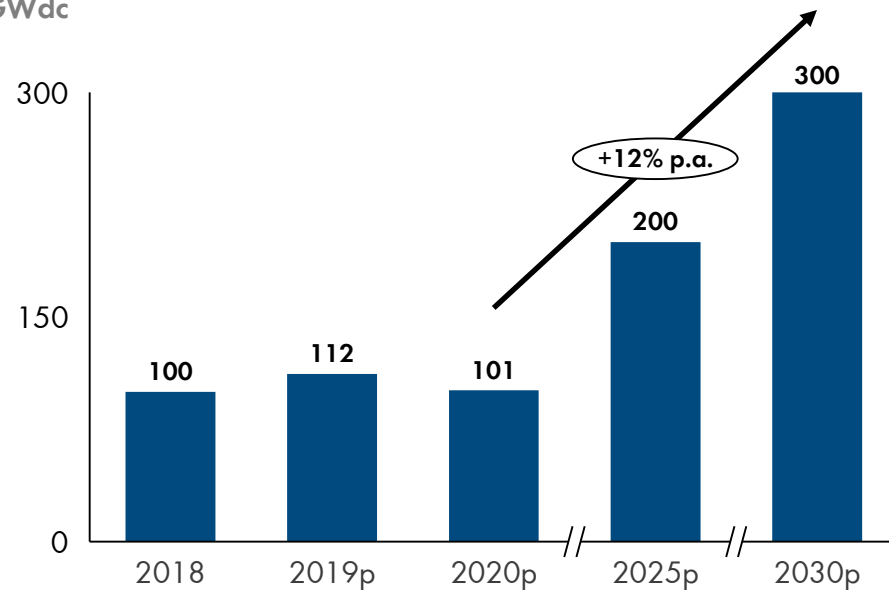
- PV power generation costs decrease, integrated energy and digitalization will lead to a higher share of renewable energy and its growth.
- After a Corona-related dip in 2020, the traditional PV inverter market outside of China will go back almost to pre-Corona level and be mostly stable over the next 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 development¹

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.



Current Developments

Current external developments: No significant impact from Covid-19 crisis, positive outlook for PV after U.S. election



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.



Joe Biden's electoral victory is a positive signal for PV in the U.S.

- Joe Biden's commitment to decarbonization targets and international treaties like the Paris Climate Agreement will foster a stable and supportive environment for PV growth.
- In addition, state-level targets for renewable energies and corporate PPA's are already driving U.S. utility-scale PV growth. We expect this positive development to be accelerated by the Biden administration.

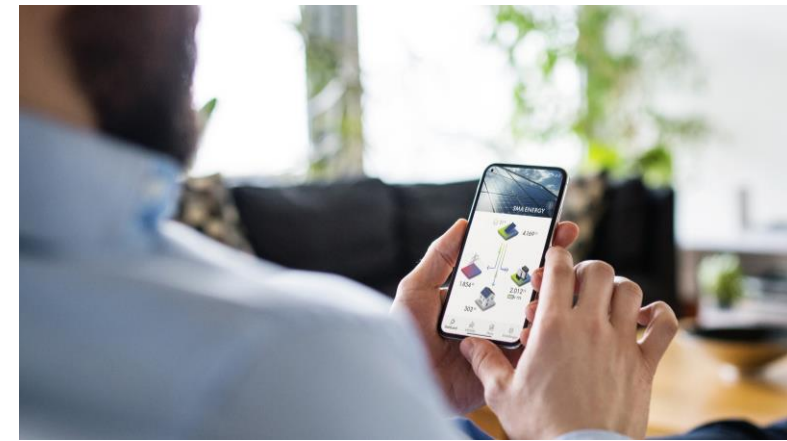


SMA has successfully launched comprehensive apps for installers and end customers



SMA 360° App

The SMA 360° App offers all-round support for solar installers. It connects PV system simulation, planning, commissioning and monitoring as well as automatic notification in case of service.



SMA Energy App

The new SMA Energy App allows residential PV plant owners to visualize power production and consumption, optimize their energy use and intelligently charge their electric vehicles.

> **The new apps are another step in SMA's development towards becoming a provider of systems and solutions.**



Outlook & Guidance 2020

Solid order backlog for products of €332m at the end of Q3 2020 includes a high amount of orders that help us to secure the full year sales guidance



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

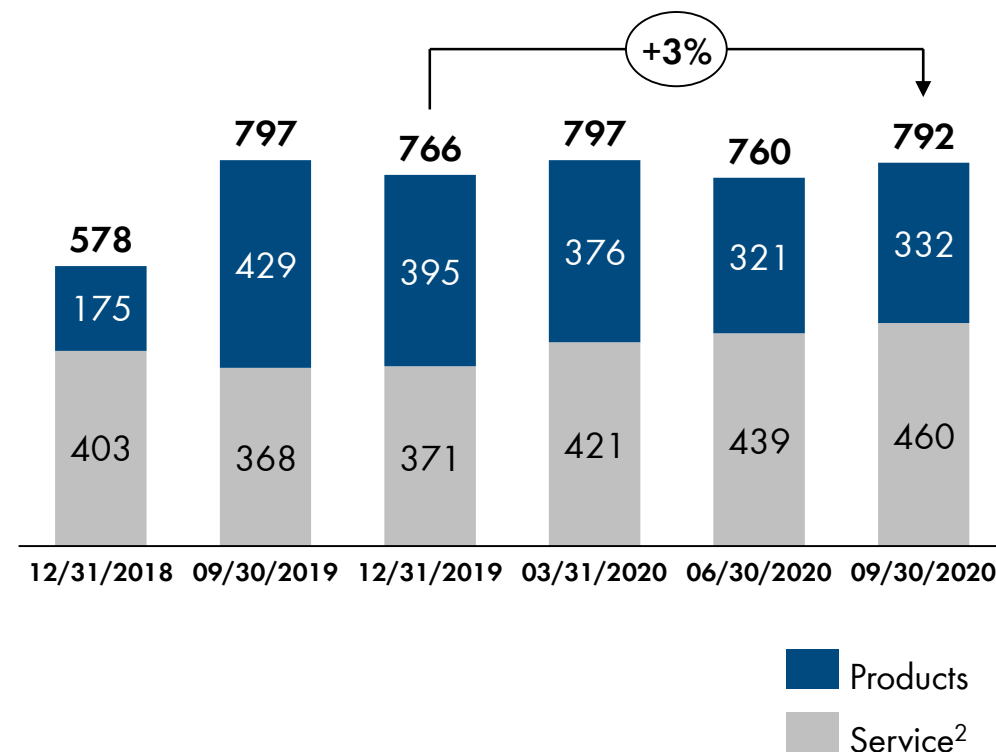
Total order backlog: €792m (Sep. 30th, 2020)



Product order backlog by regions (in%)



Order backlog development (in €m)

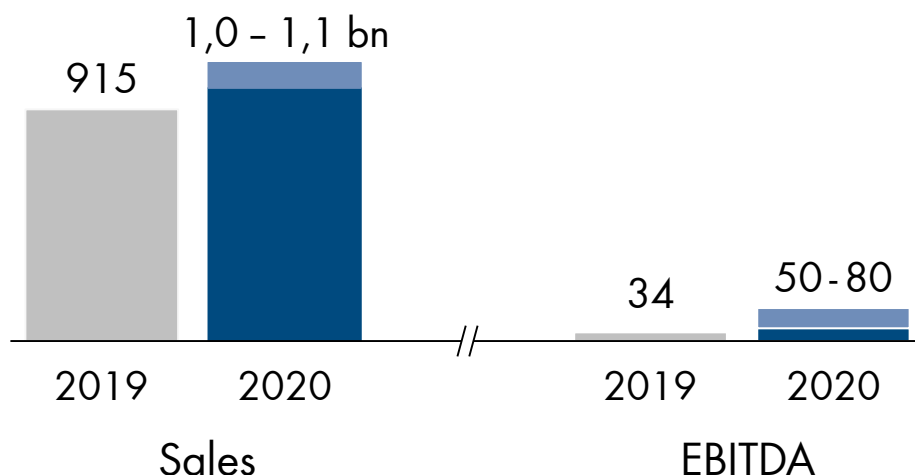


> Q1-Q3/2020 sales and product order backlog secure 2020 annual sales guidance.

Management confirms 2020 guidance based on strong sales and earnings in Q1-Q3 despite negative effects on order intake from the COVID-19 crisis



Guidance 2020 (in €m)



2020

CapEx (incl. R&D & leasing)¹ c. €50m

Depreciation / amortization c. €45m

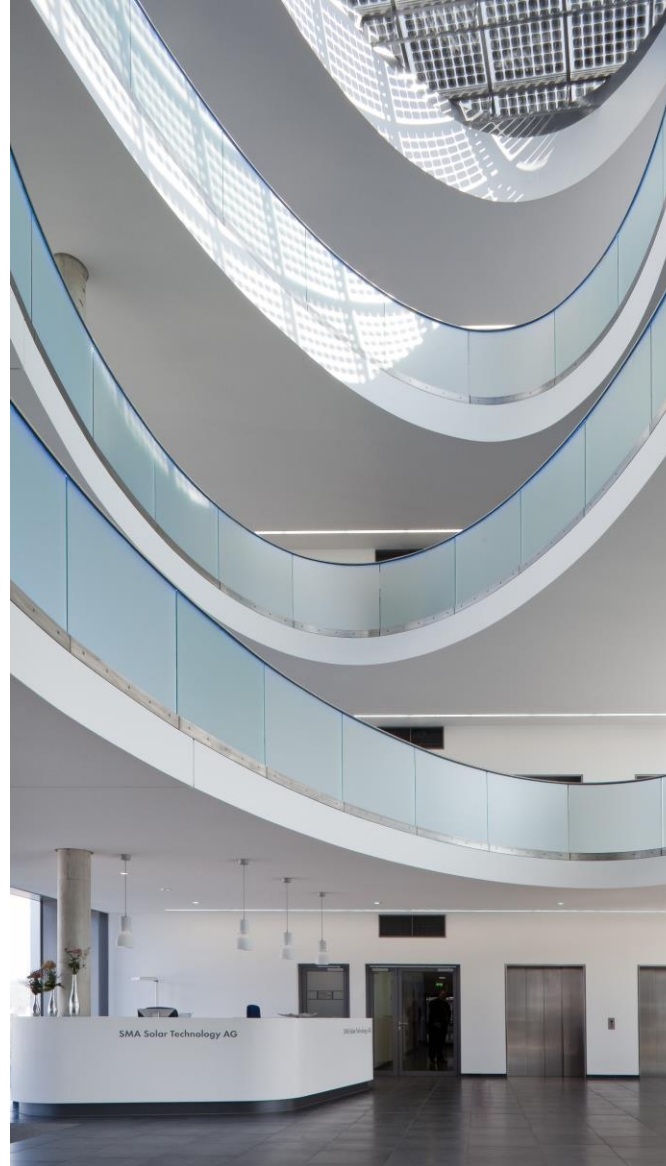


Management comments

- Management remains confident to grow sales to over 1 billion Euros in 2020 based on strong level of sales in first three quarters and solid order backlog. Our supply chain is stable and customer demand has picked up slightly after the weak development in Q2 due to the COVID-19 crisis.
- Profitability is also well on track to fulfill the Full Year Guidance of 50 – 80 million Euros with an EBITDA of 41 million Euros after the first three quarters of the year.
- Home Solutions and Large Scale & Project Solutions segments are experiencing less price pressure in comparison to prior years.

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. 43% equity ratio and nearly €200 million net cash.



Clear focus

as a leading specialist for PV system technology with 95 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

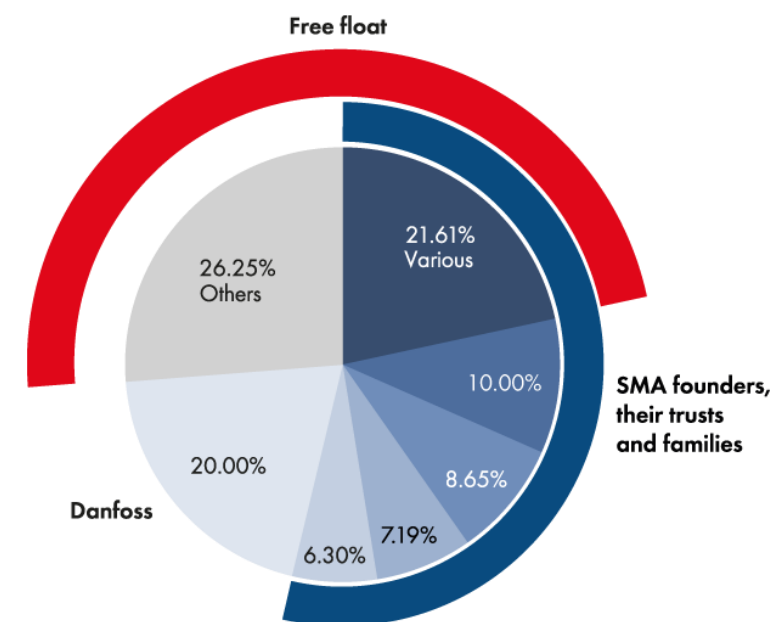
Sales & Service, Technology,
Operations, Business Units



Ulrich Hadding, CFO

Finance, HR, Legal, Investor Relations

Shareholder Structure¹



- No pre-emption rights or other restrictions

Thank you.



SMA Solar Technology AG

Sonnenallee 1
34266 Niestetal, Germany

Tel. +49 561 9522 0

Fax +49 561 9522 1133

www.sma.de/investor-relations
IR@SMA.de