



SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Quarterly Statement: January to March 2021

Presented by Ulrich Hadding, CFO
May 12, 2021

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Review Q1 2021



Profitability increased significantly in Q1 2021 despite lower sales, which is largely a result of an extraordinary project which was completed in Q1 2020



Key financials (in € million)

	Q1 2020	Q1 2021	Change
MW sold	4,367	3,360	-23%
Sales	288	240	-17%
Home Solutions	71	76	6%
Business Solutions	79	61	-22%
Large Scale & Project Solutions	138	103	-25%
Gross margin	17%	22%	
EBITDA	12	20	63%
Depreciation	11	10	-1%
EBIT	2	10	533%
Net result	0	8	n.m.
Free cash flow (Adj.)	-58	7	n.m.
Net CapEx (incl. R&D)	7	9	31%

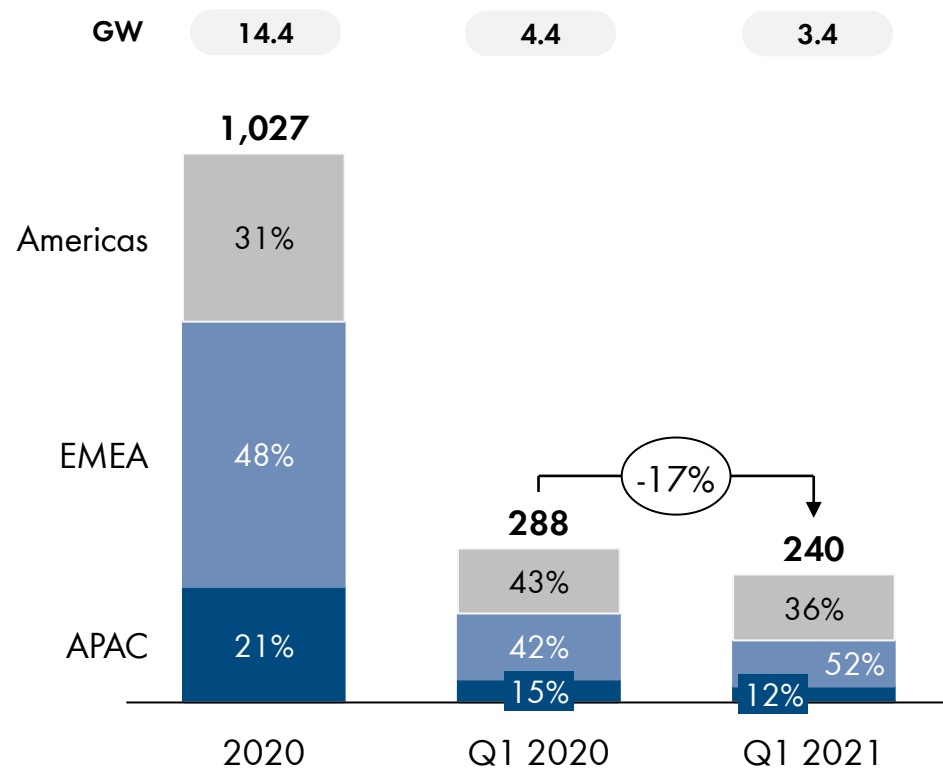
	2020/12/31	2021/03/31	Change
Net cash	226	227	0%
Total assets	1,051	1,077	2%
NWC ratio (in %) ¹	21%	24%	

	2020/2021			
	Q2	Q3	Q4	Q1
Sales	226	259	254	240
Home Solutions	68	65	61	76
Business Solutions	79	67	68	61
Large Scale & Project Solutions	79	127	125	103
Gross margin	22%	20%	7% ²	22%
EBITDA	12	17	30 ²	20

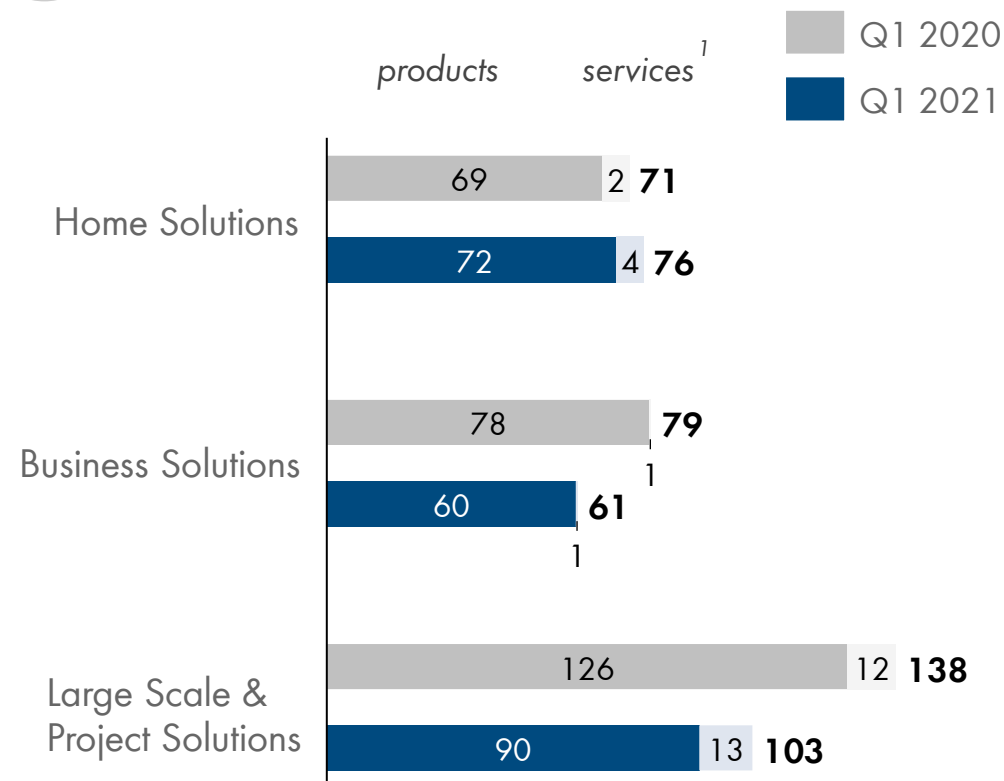
Q1 2021 revenues in line with expectations, the decline compared to Q1 2020 is mainly related to the extraordinary project completed in Q1 last year



Sales (in € million)



Sales by segment¹ (in € million)



EBITDA is significantly higher than in Q1 2020 driven by portfolio and cost improvements in our gross margin



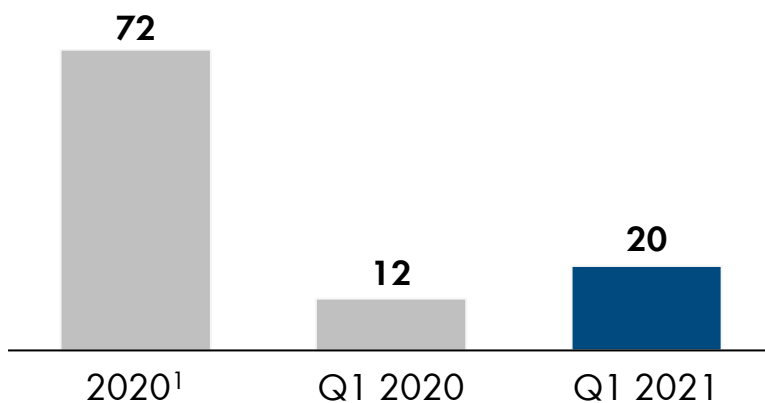
EBITDA (in € million)

Margin

7%

4%

8%



One-Offs

15¹

0

0

Depreciation/
Amortization

44

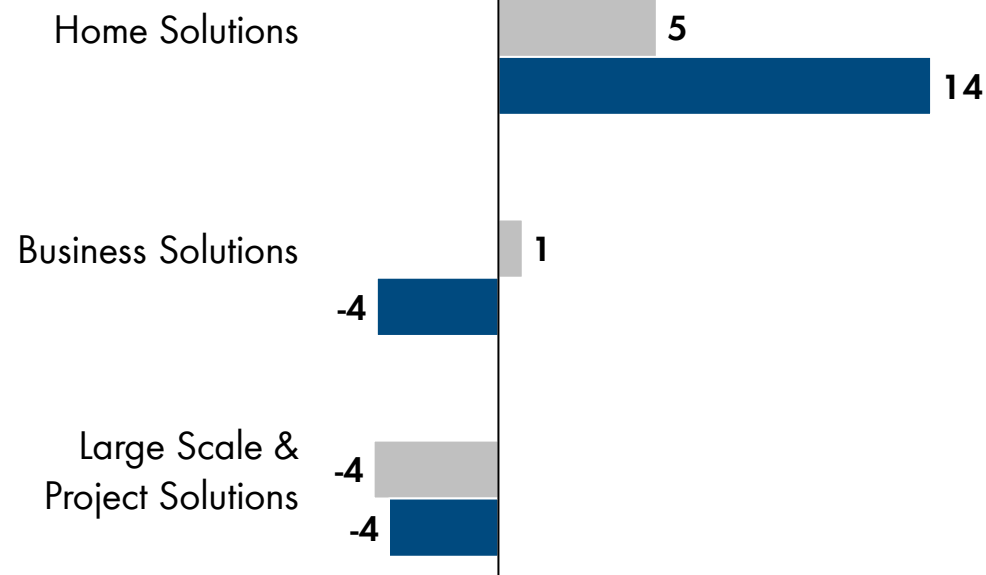
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EBIT by Segment (in € million)

Q1 2020
Q1 2021



Net Working Capital increased as a result of increased inventories which are necessary to ensure our ability to fulfill our high level of product orders

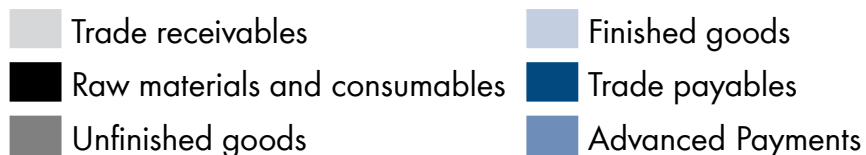
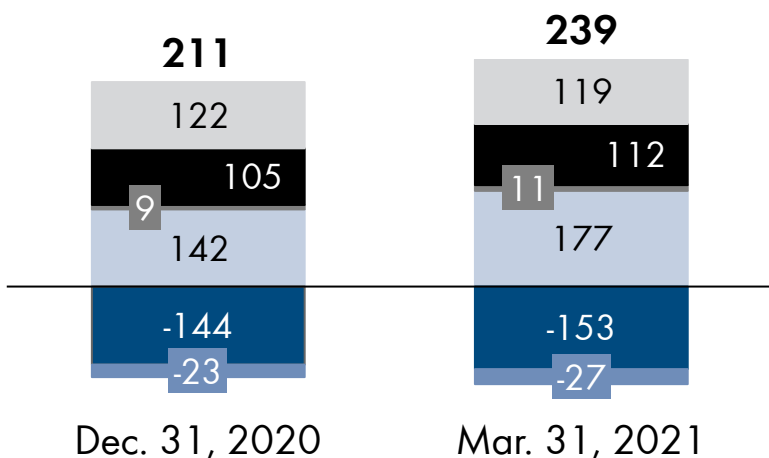


Net Working Capital (in €million)

NWC ratio

21%

24%



Group Balance Sheet (in €million)

	31.12.2020	31.03.2021	Change
Non-current assets	329	332	1%
Working capital	377	419	11%
Other assets	108	89	-17%
Total cash	237	237	0%
<hr/>			
Shareholder's equity	439	450	2%
Provisions¹	168	164	-2%
Trade payables	144	153	6%
Financial liabilities²	11	10	-9%
Other liabilities¹	289	300	4%
TOTAL	1,051	1,077	2%

Gross cash flow is significantly higher than in Q1 2020; adjusted free cash flow also positive in Q1 2021



Cash Flow (in € million)

	Q1 2020	Q1 2021
Net Income	0	8
Gross Cash Flow	16	30
Cash Flow from Operating Activities	-51	17
Net Capex	-7	-10
Free Cash Flow (Adj.)	-58	7
Net Investments from Securities and Other Financial Assets	9	21
Free Cash Flow (IFRS)	-85	28

2021 started well with increased profitability, positive adjusted free cash flow and revenues in line with our expectations



Financial highlights Q1 2021

Top Line

- Q1 revenues in line with our expectations, YoY sales decline is mainly due to the extraordinary project in our Large Scale & Project Solutions segment completed in Q1 last year.

Profitability, Bankability

- EBITDA of €20m in Q1 2021 significantly improved compared to Q1 2020 driven by improved product mix and lower costs.
- Solid balance sheet structure with c. 42% equity ratio, €227m net cash and €100m credit facility renewed in April for minimum 3-year period. Debt to equity ratio of 1.40.



Current Developments

Demand negatively impacted by coronavirus crisis, management expects demand to accelerate, current political developments support positive outlook



Management expects demand to accelerate

- Due to the Coronavirus crisis and higher module prices, a number of large PV projects have been postponed in Q1.
- Companies challenged by the pandemic have been reluctant to invest in PV in the business solutions segment.
- We expect demand to accelerate in the coming months.



Supply shortage of electronic components

- The supply of electronic components is currently very tight worldwide.
- SMA is implementing suitable measures to keep up delivery capability.
- The SMA Managing Board is monitoring the further development of the situation very closely.



Political focus on fighting climate change

- The EU has confirmed a higher carbon reduction target of -55% by 2030. The German government also plans to raise its renewables expansion targets.
- U.S. President Biden has introduced a \$2 trillion climate / infrastructure plan.
- At Biden's Climate summit, the U.S. committed to double its carbon reduction target to -50% by 2030, other countries also announced stricter targets.





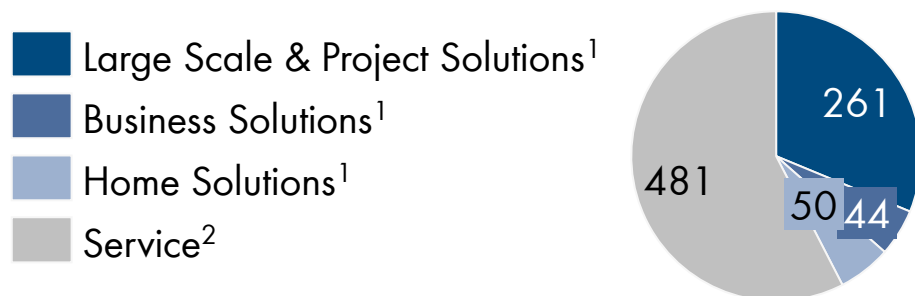
Outlook & Guidance 2021

Order backlog for products remains on a high level with €355m at the end of Q1 2021



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

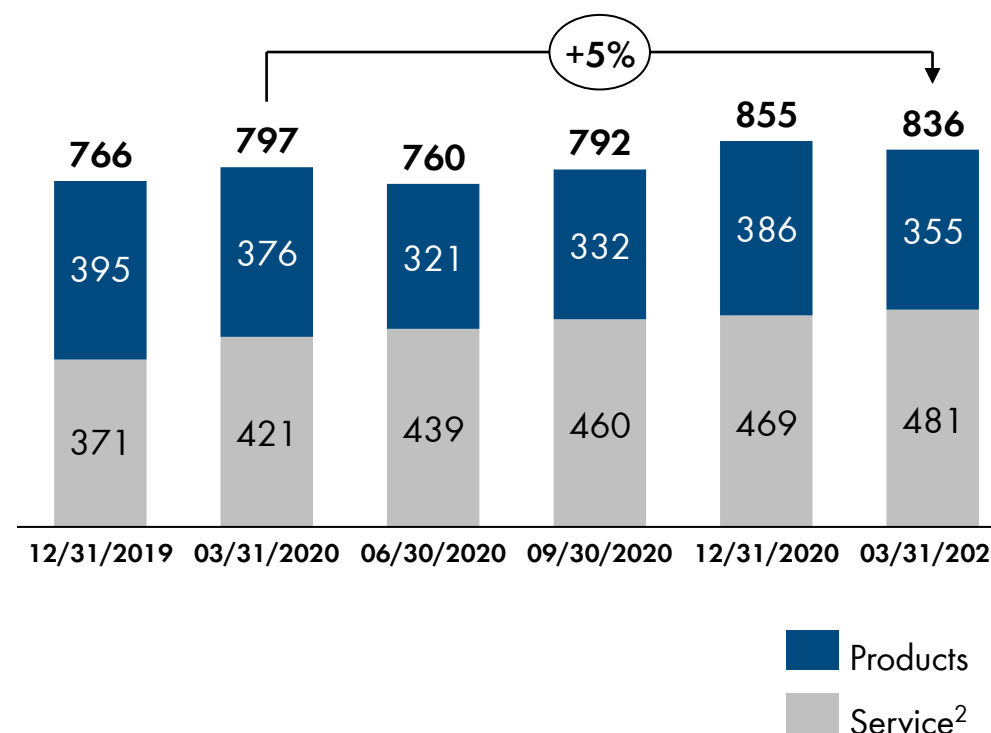
Total order backlog: €836m (Mar. 31st, 2021)



Product order backlog by regions (in%)



Order backlog development (in €m)

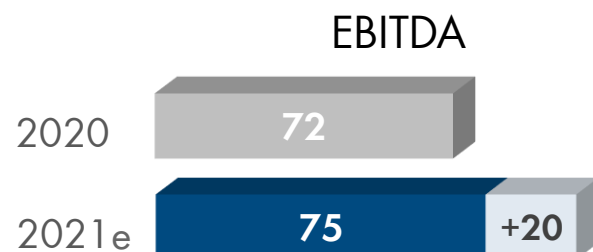
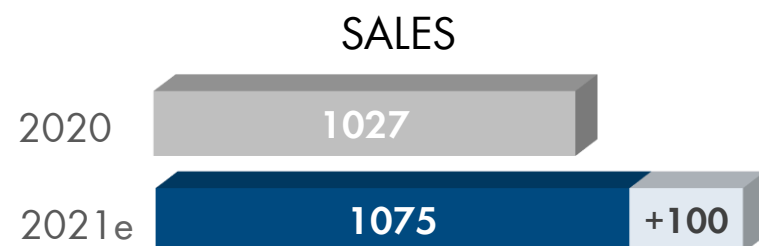


> Q1 sales and current product order backlog secure approx. 60% of 2021 annual sales guidance.

Management confirms sales and profitability guidance for 2021



Guidance 2021 (in €m)



2021

CapEx (incl. R&D & leasing) ¹	c. €60m
Depreciation / amortization	c. €45m

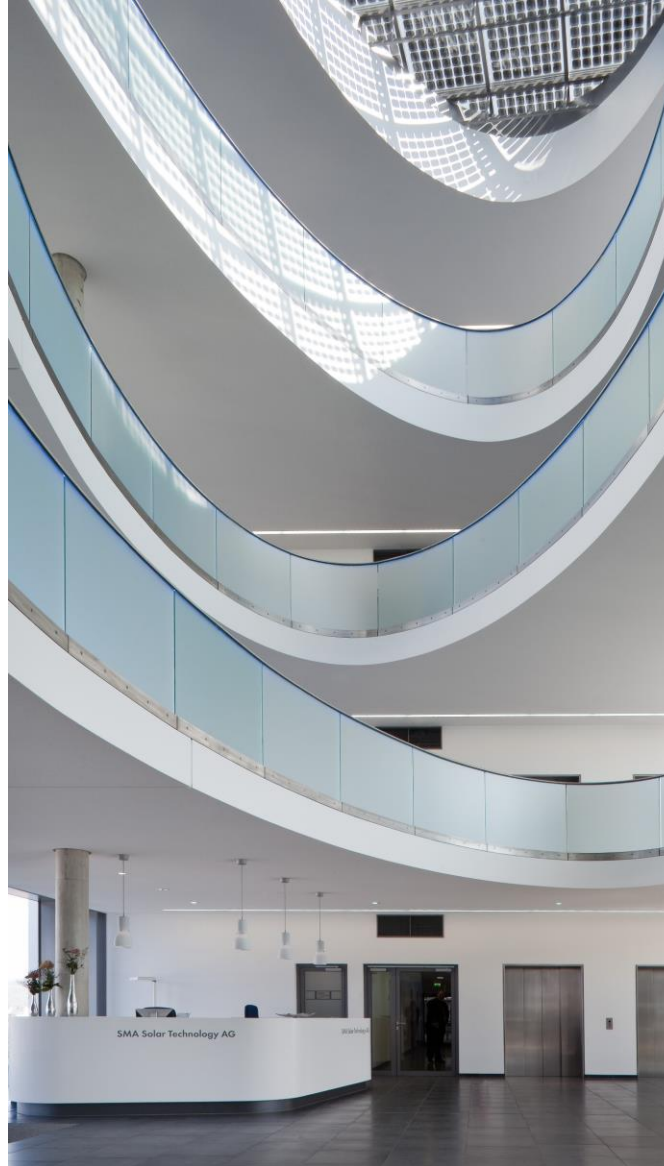


Management comments

- For the next three quarters of 2021, management expects sales and profitability to increase compared to Q1 2021.
- Positive product mix effects and cost savings in Q1 are expected for the next quarters as well.
- Q1 sales & high level of product order backlog secures approx. 60% of our full year sales guidance.
- Supply constraints of electronic components may result in postponed projects, but we expect this situation to improve over the next months.

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. We combine long-term economic success with environmental protection, social responsibility and sound governance.



Carbon neutrality

on a global scale is our goal for 2025.



Financial stability

is secured by c. 42% equity ratio, €227 million net cash and long-term credit facility.



Global reach

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



Strategy 2025

paves the way for our further transformation into a systems and solutions provider – and an energy transition company.



Backup



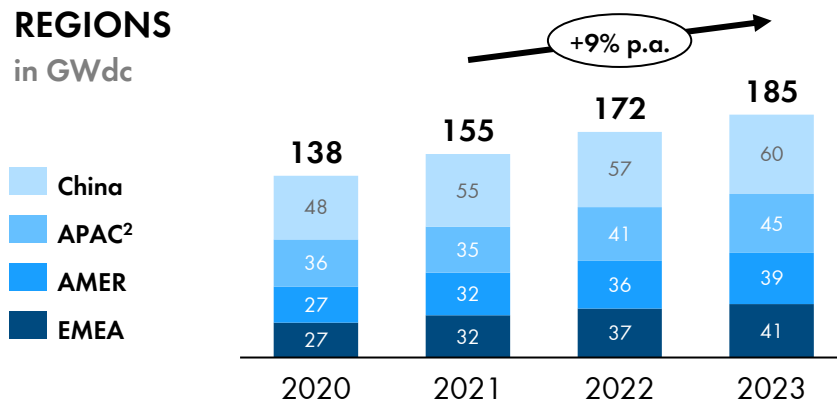
Market & Competition

Global PV installations expected to grow by 9% p.a. until 2023, mainly driven by EMEA and Americas regions

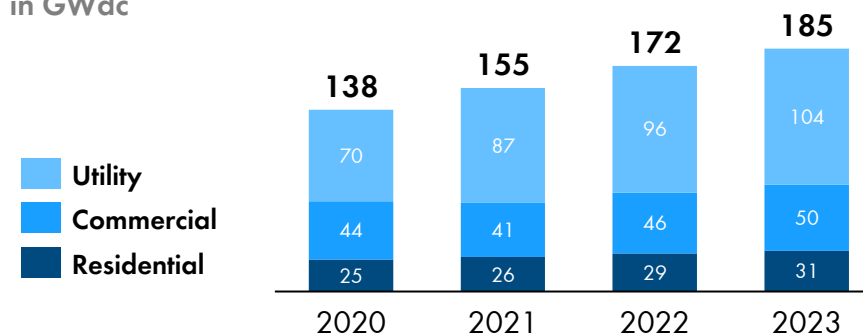


Core business: PV installations¹

REGIONS in GWdc



SEGMENTS in GWdc



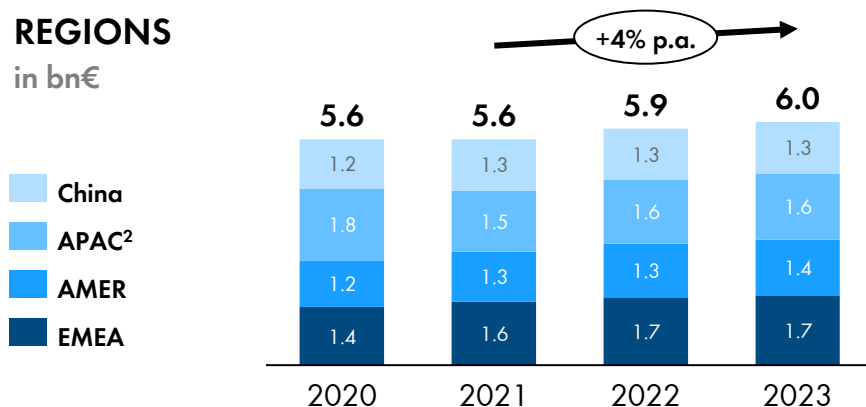
- For 2021 a total of 155 GW new PV installations are expected followed by a grow of 9% p.a. until 2023.
- Major countries in Americas covering more than 90% of new PV installations in this region over the next three years will be USA, Brazil, Chile and Mexico.
- China's target to be carbon neutral by 2060 will expedite renewables deployment, particularly PV, over the next years.
- After a dip in 2021, APAC region will see growth led by Japan, Australia and India.
- EMEA region will see a good growth led by France, Germany, Italy and Eastern European countries. MEA³ is expected to add huge potential from 2021.

Growing PV installation volumes with changes in country and product mix will see slight increase in investments until 2023

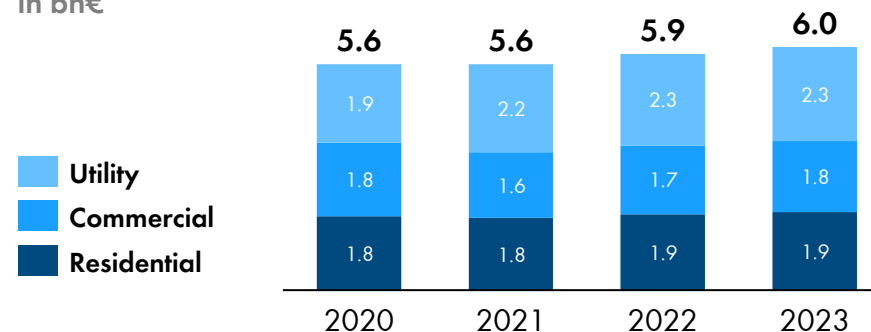


PV inverter revenue¹

REGIONS in bn€



SEGMENTS in bn€



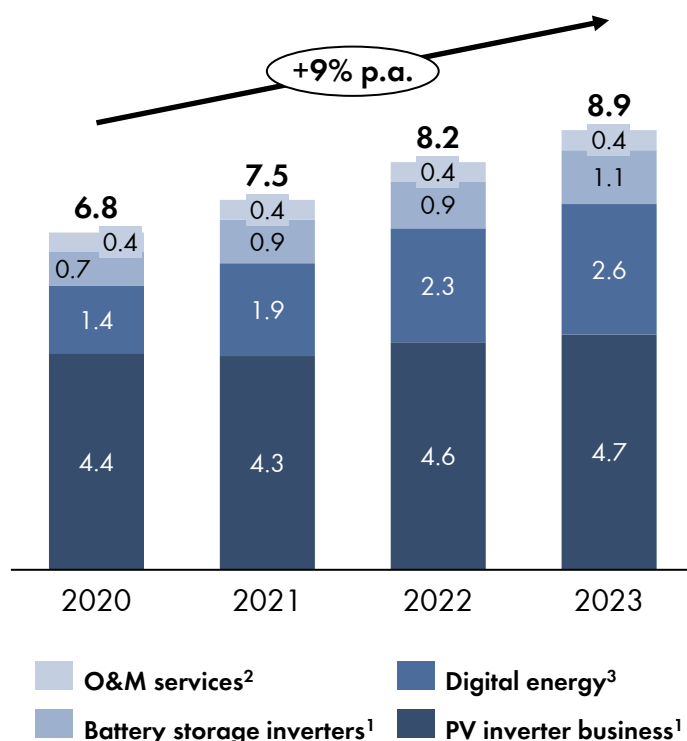
- Investments in PV system technology will slightly increase despite strong annual increase in new installations and growing repowering potential of existing plants.
- SMA expects further moderate price decrease in residential and commercial segments until 2023.
- In the Utility segment, the comparatively higher price pressure is expected to continue due to competitive tenders.

Market for battery storage inverters and digital energy solutions is growing rapidly



**Market outlook by sector
for market addressable by SMA¹**

in € bn



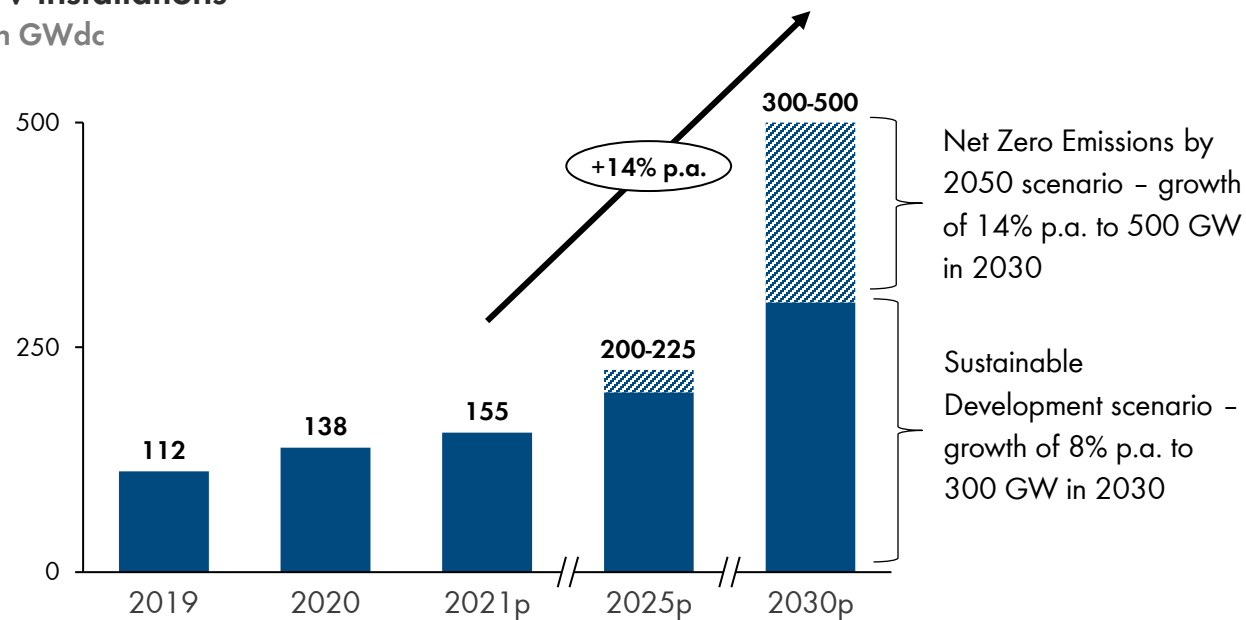
- The traditional PV inverter market outside of China will increase slightly over the next years. Digital solutions and battery storage are attractive additional value pools seeing strong growth.
- PV inverters will serve as the backbone for smart grid solutions connecting the components and collecting 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.

PV is key for a cost-effective, secure and sustainable energy generation



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.



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