



SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Financial Results 2020

Presented by Ulrich Hadding, CFO

March 25, 2021

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Review 2020



Sales grew by 12% and profitability improved significantly in 2020



Key financials (in € million)

	2019	2020	Change
MW sold	11,409	14,416	26%
Sales	915	1027	12%
Home Solutions	240	264	10%
Business Solutions	296	293	-1%
Large Scale & Project Solutions	379	470	24%
Gross margin¹	18%	16%	
EBITDA¹	34	72	109%
Depreciation	46	44	-5%
EBIT¹	-12	28	n.m.
Net result¹	-9	28	n.m.
Net cash	303	226	-25%
Net CapEx (incl. R&D)	28	39	41%



Comments

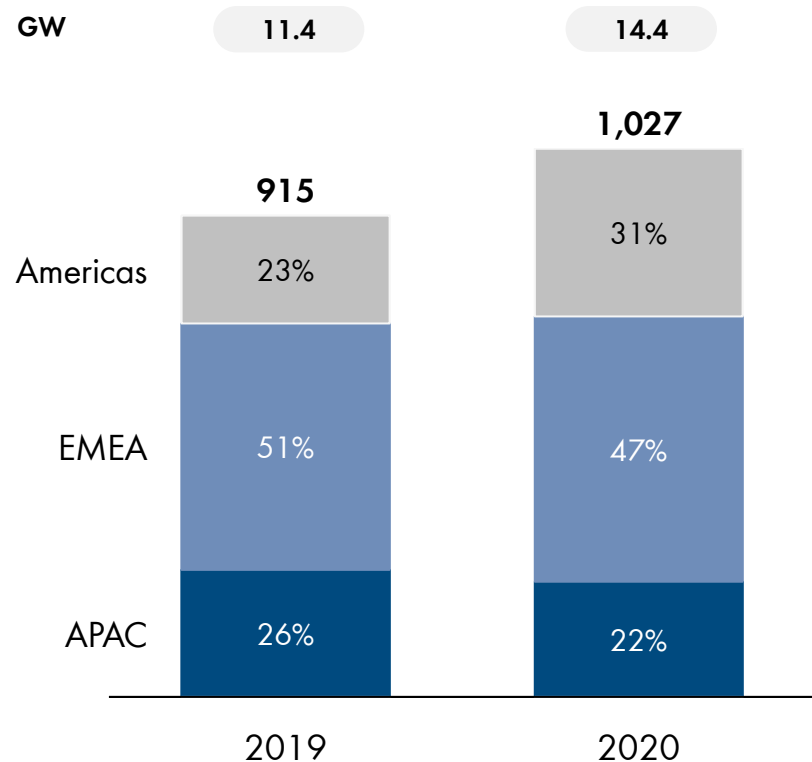
- 2020 Sales increased by 12% with strong growth in the Home Solutions and Large Scale & Project Solutions segments. Business Solutions sales decreased slightly due to price decline and postponed investments in key markets as a result of the COVID-19 crisis.
- Gross margin was below 2019 level due to one-time effects in Q4 2020.
- EBITDA improved significantly in 2020 driven by higher sales and improvements in our product portfolio. Our profitability was impacted by positive and negative one-time effects in Q4 2020.

	2020			
	Q1	Q2	Q3	Q4
Sales	288	226	259	254
Gross margin¹	17%	22%	20%	7%

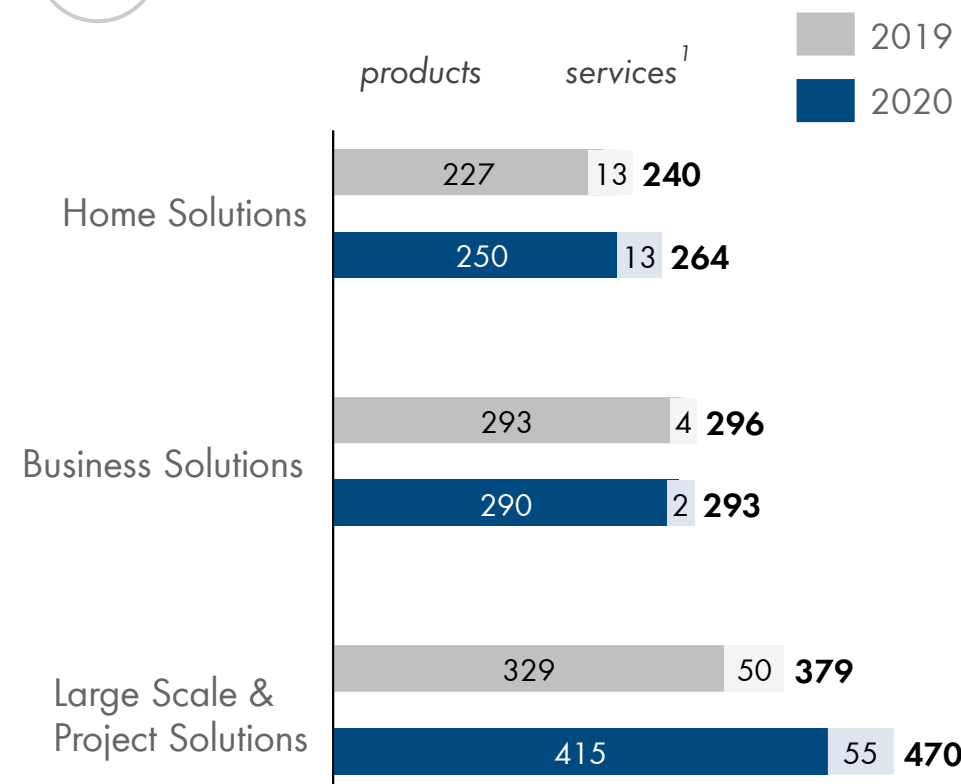
Revenues in Home Solutions grew by 10% and segment Large Scale & Project Solutions delivered growth of 24% mainly driven by strong US business



Sales (in € million)



Sales by segment (in € million)



EBITDA more than doubled driven by higher sales



EBITDA (in € million)

Margin

4%

7%

34

72

2019

2020¹

One-time Effects

0

15¹

Depreciation/
Amortization

46

44



Comments

- In 2020 profitability improved significantly driven by higher sales and improvements in our product portfolio. Our results were impacted by both positive and negative one-time effects in Q4 2020.
- Home Solutions and Large Scale & Project Solutions increased profitability, while Business Solutions on EBIT-level remained negative due to low sales volume.
- One-time effects affected the segments differently. On adjusted basis, profitability would be higher in Home much lesser in Large Scale; losses in Business would be smaller.

Net Working Capital increased due to lower trade payables and advanced customer payments



Net Working Capital (in € million)

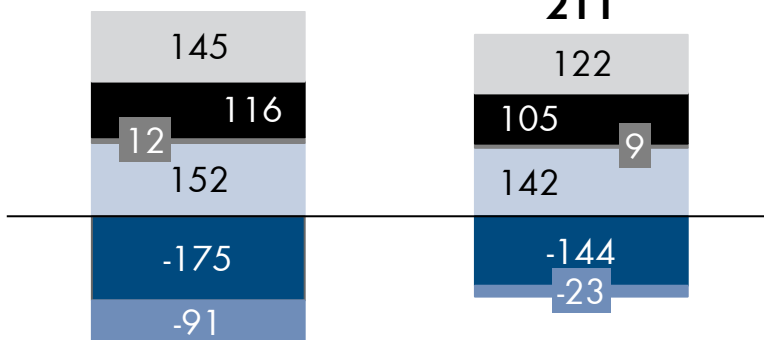
NWC ratio

17%

21%

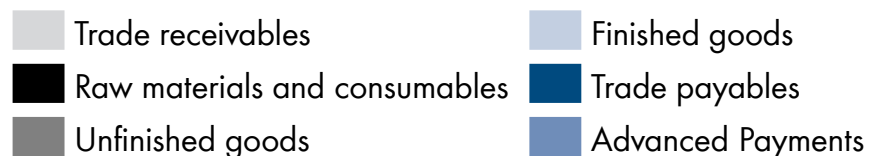
160

211



Dec. 31, 2019

Dec. 31, 2020



Group Balance Sheet (in € million)

	31.12.2019	31.12.2020	Change
Non-current assets	299	329	10%
Working capital	425	377	-11%
Other assets	65	108	65%
Total cash	318	237	-25%
Shareholder's equity	417	439	5%
Provisions ¹	153	167	9%
Trade payables	175	144	-18%
Financial liabilities ²	15	11	-23%
Other liabilities ¹	347	290	-17%
TOTAL	1,107	1,051	-5%

Strong gross cash flow compared to prior year driven by improved results;
Adjusted free cash flow negative mainly due to increase of NWC



Cash Flow (in € million)

	2019	2020
Net Income	-9	28
Gross Cash Flow	31	76
Cash Flow from Operating Activities	-1	-31
Net Capex	-28	-39
Free Cash Flow (Adj.)	-29	-70
Cash inflow from divestitures	0	2
Net Investments from Securities and Other Financial Assets	111	0
Free Cash Flow (IFRS)	82	-68

2020 marks the financial turnaround of SMA and the resilience of business model versus Covid-19



Financial highlights 2020

Top Line

- SMA sales increased by 12% to €1,027m in 2020, YoY sales growth is attributable to strong performance in our Home Solutions and Large Scale & Project Solutions segments.

Profitability, Bankability

- EBITDA of €72m in 2020 significantly improved compared to 2019, thanks to increased sales and improved product portfolio.
- Solid balance sheet structure with c. 42% equity ratio, €226m net cash and €100m credit facility. Debt to equity ratio of 1.39.



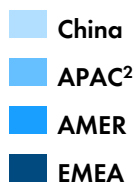
Market & Competition

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



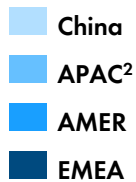
- Despite Corona crisis, a surge in installations in China, the USA and Vietnam led to 137 GW of new PV installations in 2020 (+23% compared to 2019).
- Major countries in Americas covering more than 80% of new PV installations in this region over the next three years will be USA, Brazil and Chile.
- China's target to be carbon neutral by 2060 will expedite renewables deployment, particularly PV, over the next years.
- After a small dip in 2021, APAC² 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.

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€



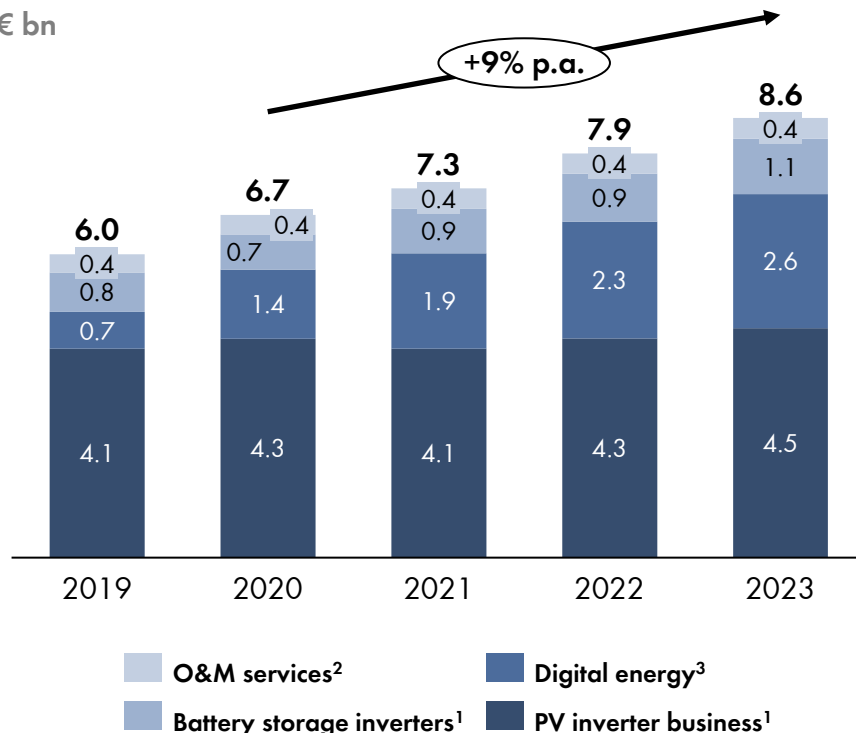
- Investments in PV system technology will slightly increase despite strong annual increase in new installations and growing repowering potential of existing plants.
- SMA expects further moderate price decrease in residential and commercial segments until 2023.
- In the Utility segment, the comparatively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



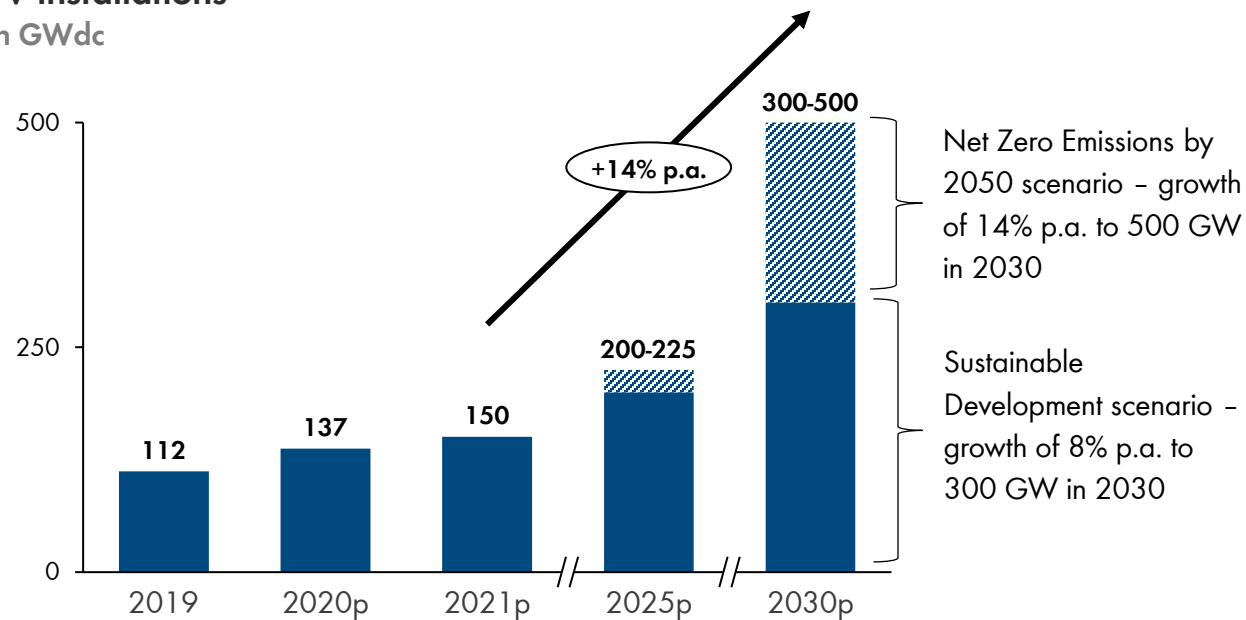
- The traditional PV inverter market outside of China will increase slightly over the next years. Digital solutions and battery storage are attractive additional value pools seeing strong growth.
- PV inverters will serve as the backbone for smart grid solutions connecting the components and collecting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

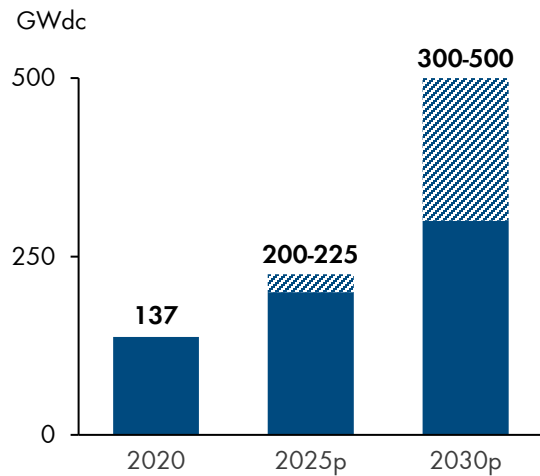


- Digitalization accelerates the transition towards a decentralized energy supply system based on renewable energies.
- With the electrification of additional sectors, electricity is expected to become the main energy source, contributing almost 50% to final consumption in 2050. This means gross electricity 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.

SMA is perfectly positioned to profit from long-term megatrends

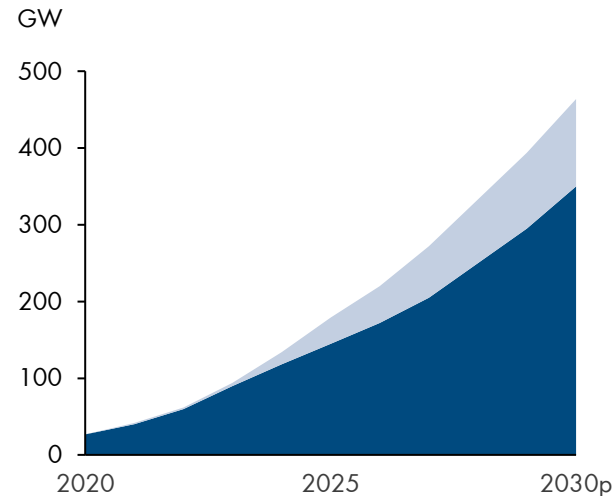


Annual PV Capacity Additions
by scenario¹



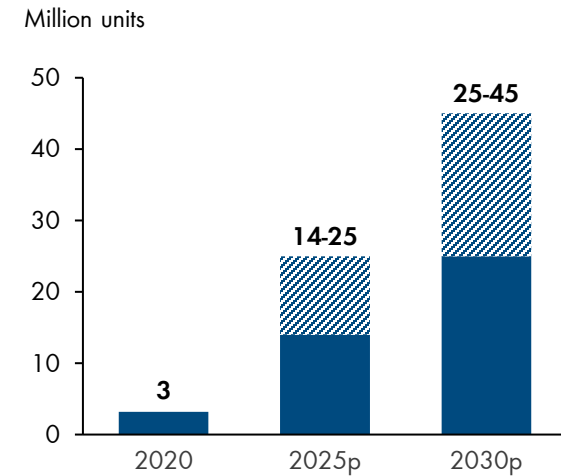
Zero carbon policies, electrification of additional sectors and strong growth in primary energy demand drive expansion of PV capacity.

Cumulative Global Storage Power²



High share of renewables results in increased volatility and requires capacity balancing and optimization through battery and hydrogen storage systems.

Annual Electric Vehicle Sales
by scenario³



The annual electric vehicle market is expected to grow tenfold until 2030. Correspondingly, the expected average year-on-year growth rate for the EV charger market is at more than 30%.

1. SMA Market Model Q1-2021, IRENA (2020) Global Renewables Outlook: Energy Transformation 2050, IEA World Energy Outlook 2020

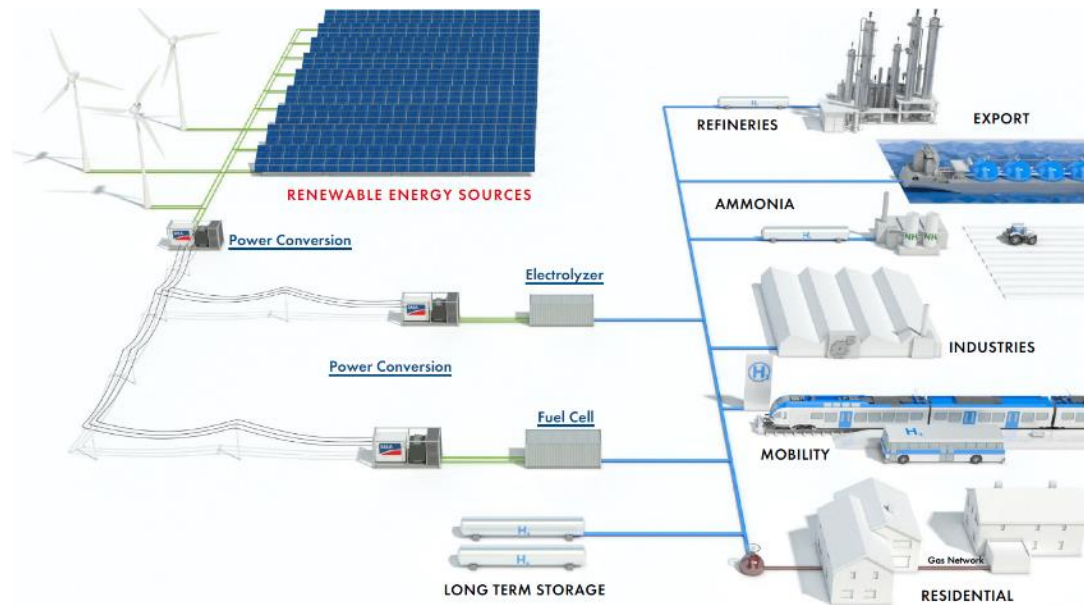
2. ■ BNEF Energy Storage Outlook 2019: Global market small and utility scale batteries;
■ IHS, Nov. 2020: European electrolyzer market (cumulative installed capacity in GW)

3. IEA Global EV Outlook 2020; EV-Volumes.com



Current Developments

Power-to-Gas for SMA is not the “latest fashion”, but rather a consistent enhancement of our strategy



Decarbonization requires CO₂ neutral energy carriers



Growing share of renewables requires storage



Green Hydrogen will soon become economically feasible



SMA is well positioned as early mover in an upcoming mass market

SMA is well positioned to participate in this new upcoming growth market, as

- additional renewable capacities are required for the envisaged increase of green hydrogen production, and
- our offering will be vital to optimize electrolyzer performance & functionality.

Both factors will contribute to the optimization of green hydrogen production and thereby increase its economic feasibility.

SMA has anticipated major trends and developments early on and has developed perfectly fitting answers in all key areas



Political developments



- EU climate target increase
- New U.S. administration with strong climate agenda
- Green recovery programs
- Supportive regulation in key markets

Market trends



- PV and battery storage market growth
- Accelerated digitization and energy integration
- E-mobility and green hydrogen are becoming serious

SMA solutions



- PV and storage solutions for all segments
- Grid integration and ancillary services
- Energy management and digital energy
- E-mobility
- Power conversion for hydrogen applications

➤ **With its high systems expertise and innovative hardware, software and service solutions, SMA is on its way to become an “energy transition company”.**



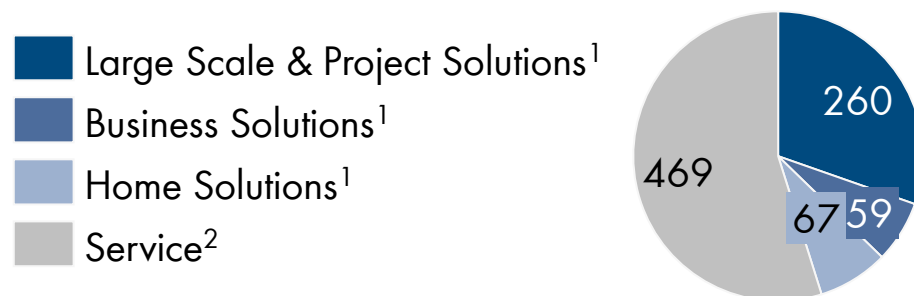
Outlook & Guidance 2021

Order backlog for products remained on a high level with €386m at the end of 2020



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

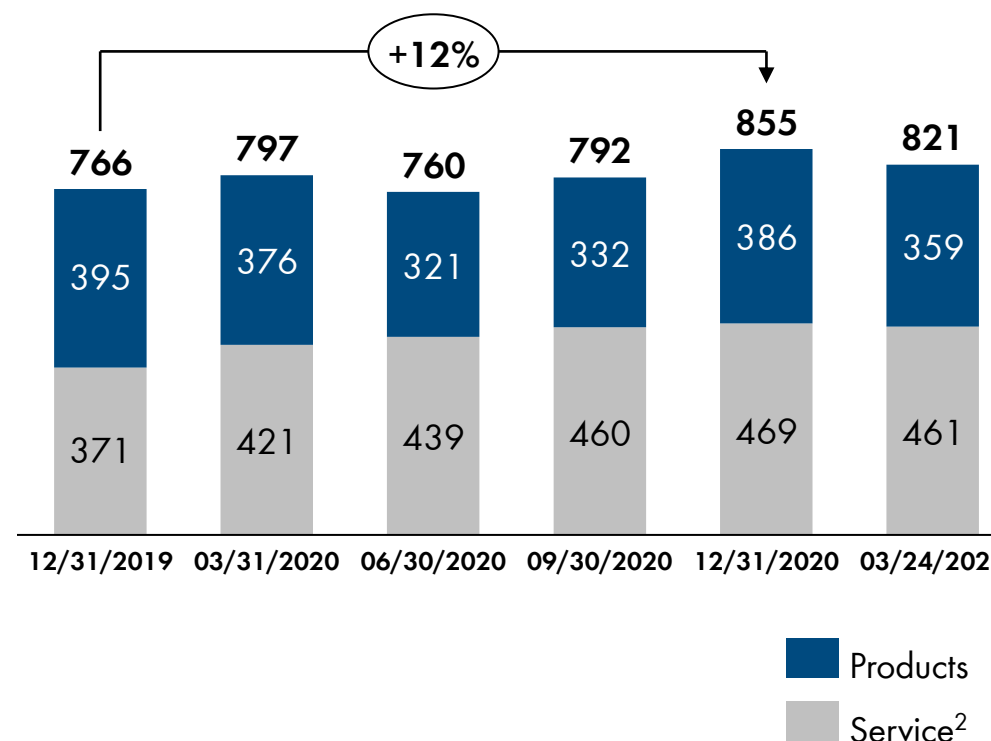
Total order backlog: €855m (Dec. 31st, 2020)



Product order backlog by regions (in%)



Order backlog development (in €m)

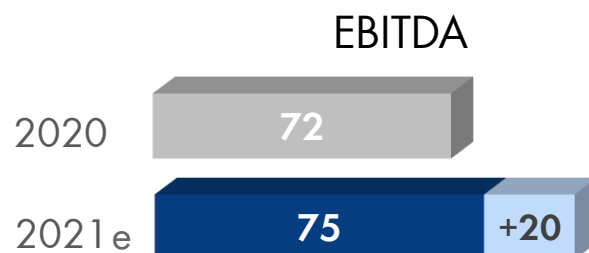
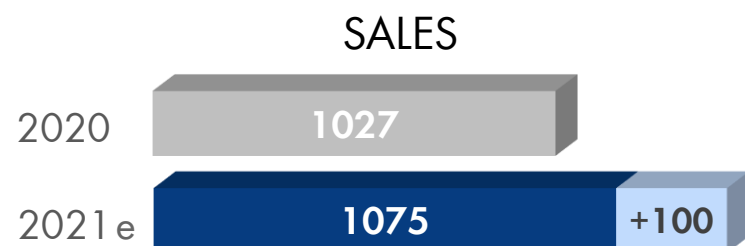


> YTD sales and current product order backlog secure approx. 50% of 2021 annual sales guidance.

Management expects further sales growth and increased profitability for 2021



Guidance 2021 (in €m)



2021

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

- For Q1 2021 management expects sales of 235 to 245 million Euros and EBITDA of 14 to 17 million Euros.
- 2020 order intake of nearly 1.2 billion Euros and high level of product order backlog at beginning of 2021 help secure our sales guidance for the full year.
- Price pressure is expected to continue for all segments in 2021.
- Continuous improvement of our product portfolio and increased revenue will drive sustained profitability in 2021.
- For 2021 Management sees profitability rising for all three segments.



Backup

Managing Board and shareholder structure



Managing Board



Dr. Jürgen Reinert, CEO

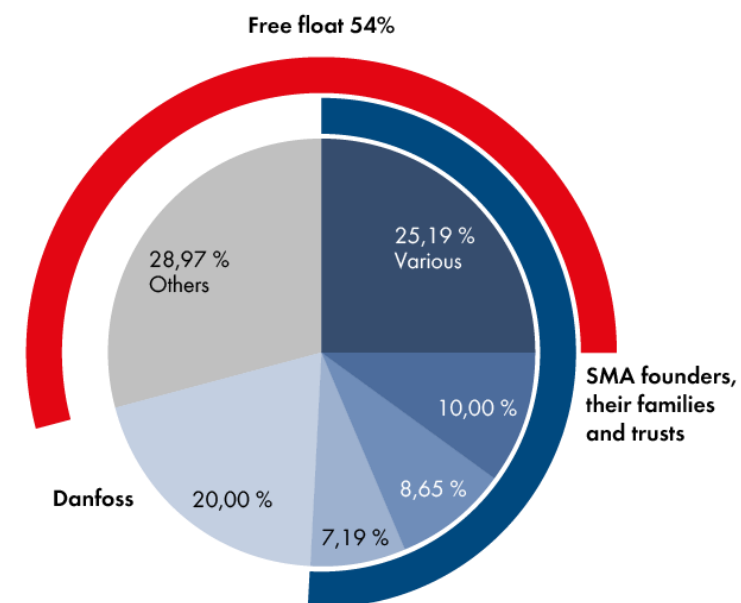
Sales & Service, Technology,
Operations, Business Units



Ulrich Hadding, CFO

Finance, HR, Investor Relations

Shareholder Structure¹



- No pre-emption rights or other restrictions



**Thank you
for
participating!**

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