

The background of the slide is a photograph of a person and a dog standing on a rocky mountain peak at sunset. The person is wearing a dark jacket and jeans, and the dog is a black and white breed. In the distance, a valley is visible with a semi-transparent overlay of solar panels. The text is overlaid on the right side of the image.

SMA SOLAR TECHNOLOGY AG
Analyst / Investor Presentation
Half-Yearly Financial Results: January to June 2021

Presented by Ulrich Hadding, CFO
August 12, 2021

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Review H1 2021



Profitability increased significantly in H1 2021 despite lower sales



Key financials (in € million)

	H1 2020	H1 2021	Change
MW sold	7,105	6,798	-4%
Sales	514	488	-5%
Home Solutions	139	148	6%
Business Solutions	158	116	-26%
Large Scale & Project Solutions	217	224	3%
Gross margin	19%	22%	
EBITDA	24	38	59%
Depreciation	21	21	-2%
EBIT	3	17	558%
Net result	3	13	393%
Free cash flow (Adj.)	-100	-8	n.m.
Net CapEx (incl. R&D)	15	20	33%

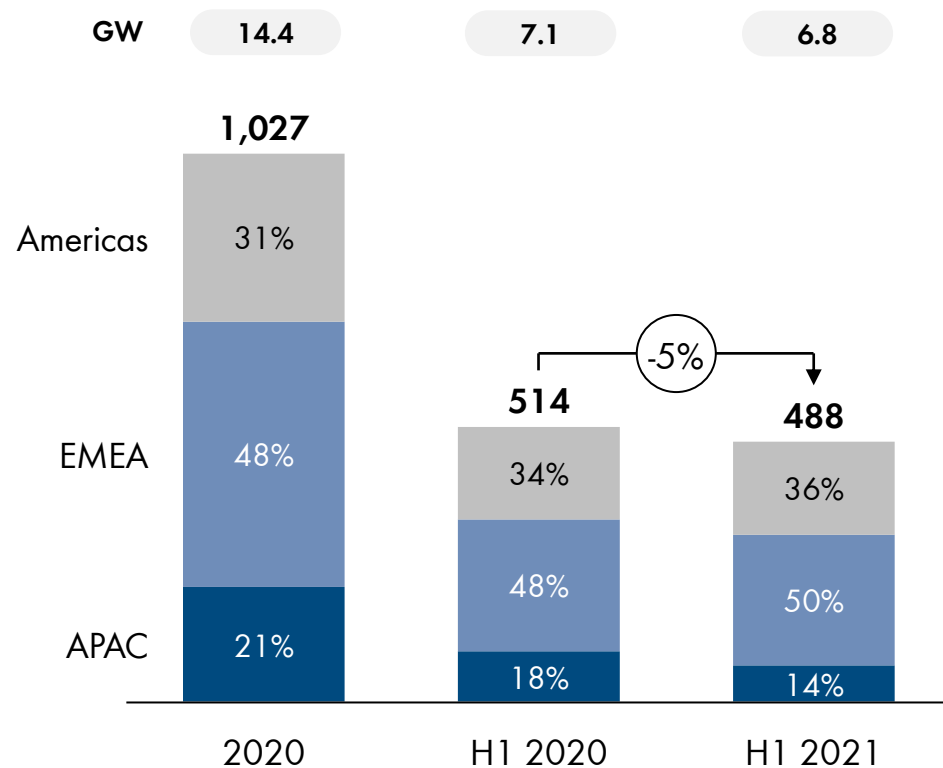
	2020/12/31	2021/06/30	Change
Net cash	226	170	-25%
Total assets	1,051	1,046	0%
NWC ratio (in %) ¹	21%	28%	

	2020/2021			
	Q3	Q4	Q1	Q2
Sales	259	254	240	248
Home Solutions	65	61	76	72
Business Solutions	67	68	61	55
Large Scale & Project Solutions	127	125	103	121
Gross margin	20%	7% ²	22%	22%
EBITDA	17	30 ²	20	18

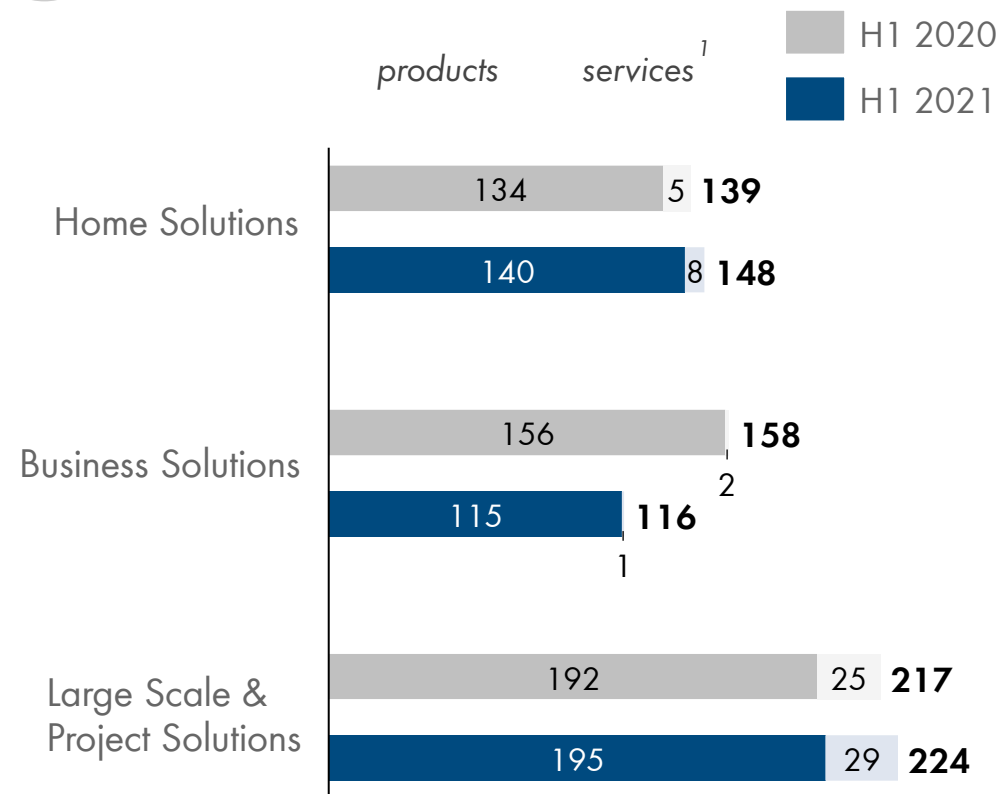
H1 2021 revenues slightly behind expectations mainly due to lower sales in our Business Solutions segment



Sales (in € million)



Sales by segment (in € million)



EBITDA is significantly higher than in H1 2020 mainly driven by product portfolio and cost improvements in our gross margin



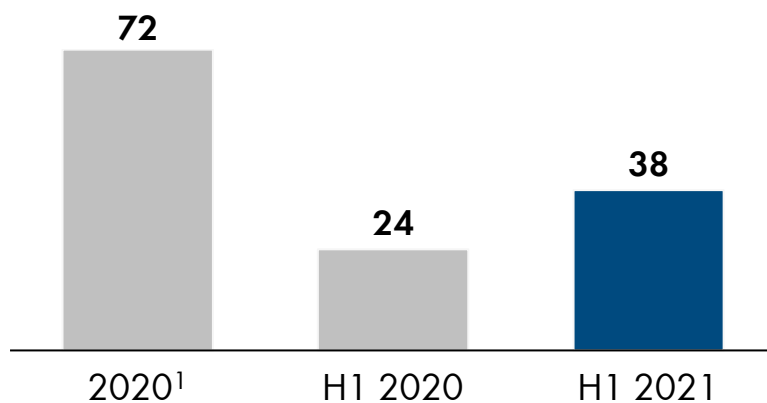
EBITDA (in € million)

Margin

7%

5%

8%



One-Offs

15¹

0

0

Depreciation/
Amortization

44

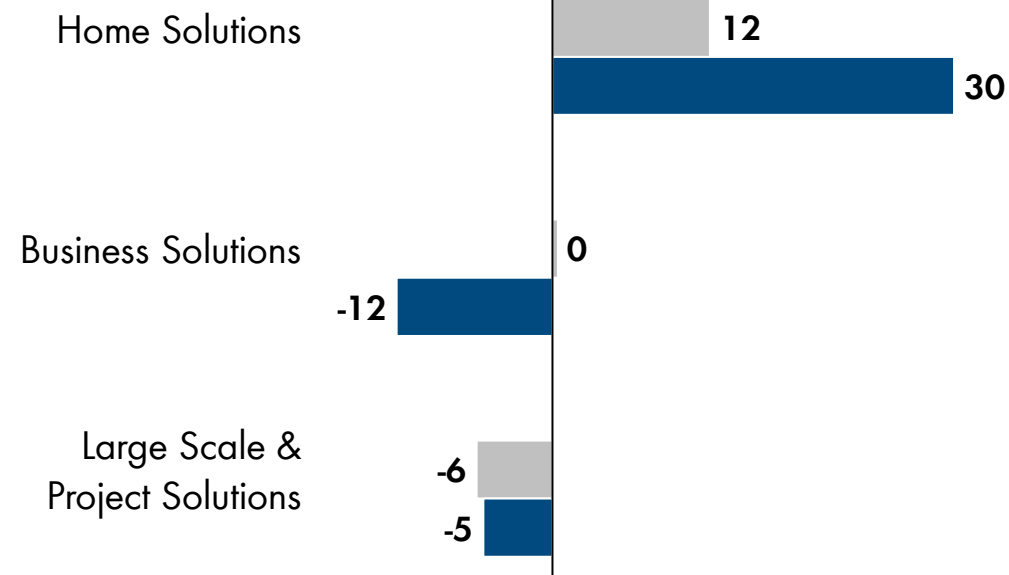
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EBIT by Segment (in € million)

H1 2020
H1 2021



Net Working Capital on a high level mainly driven by increased inventories which are necessary to ensure our ability to fulfill our product order backlog

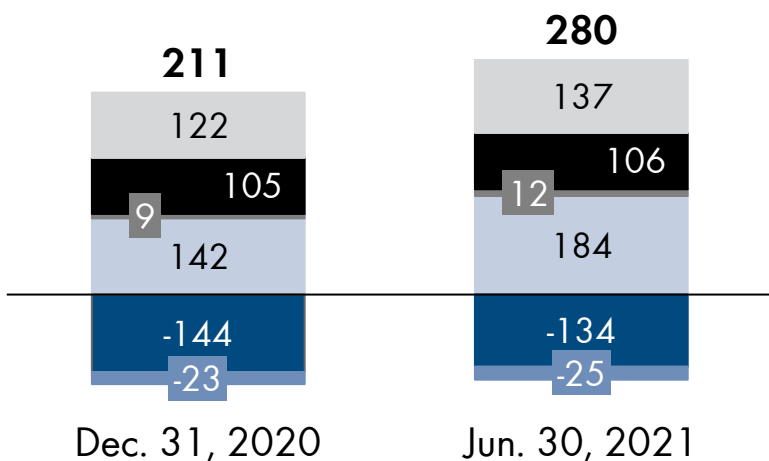


Net Working Capital (in €million)

NWC ratio

21%

28%



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



Group Balance Sheet (in €million)

	31.12.2020	30.06.2021	Change
Non-current assets	329	334	2%
Working capital	377	439	16%
Other assets¹	108	93	-14%
Total cash	237	180	-24%
Shareholder's equity	439	444	1%
Provisions²	168	153	-9%
Trade payables	144	134	-7%
Financial liabilities³	11	10	-14%
Other liabilities^{2,4}	289	305	6%
TOTAL	1,051	1,046	0%

1. Other assets include financial receivables, income tax assets and value added tax receivables

2. Not interest-bearing

3. Without not interest-bearing derivatives: €2.4m (2020: €0.6m) and IFRS16 Leases of €30.0m (2020: €29.1m)

4. Other liabilities include deferred income from extended guarantees and service & maintenance contracts, personnel-related liabilities, advanced customer payments and customer bonuses

Cash Flow from Operating Activities is positive in H1 2021 and significantly better than in H1 2020



Cash Flow (in € million)

	H1 2020	H1 2021
Net Income	3	13
Gross Cash Flow	28	32
Cash Flow from Operating Activities	-85	12
Net Capex	-15	-20
Free Cash Flow (Adj.)	-100	-8
Net Investments from Securities and Other Financial Assets	27	21
Free Cash Flow (IFRS)	-73	13

H1 2021 proved that SMA is on track to deliver increased profitability and positive cash flows from operating activities



Financial highlights H1 2021

Top Line

- H1 revenues slightly below expectations, YoY sales decline is due to price decline and COVID-19 effects in our Business Solutions segment. Our Home Solutions and Large Scale & Project Solutions sales increased YoY.

Profitability, Bankability

- EBITDA of €38m in H1 2021 significantly improved compared to H1 2020 driven by improved product mix and lower product costs.
- Solid balance sheet structure with c. 42% equity ratio, €170m net cash and €100m credit facility renewed in April for minimum 3-year period. Debt to equity ratio of 1.36.



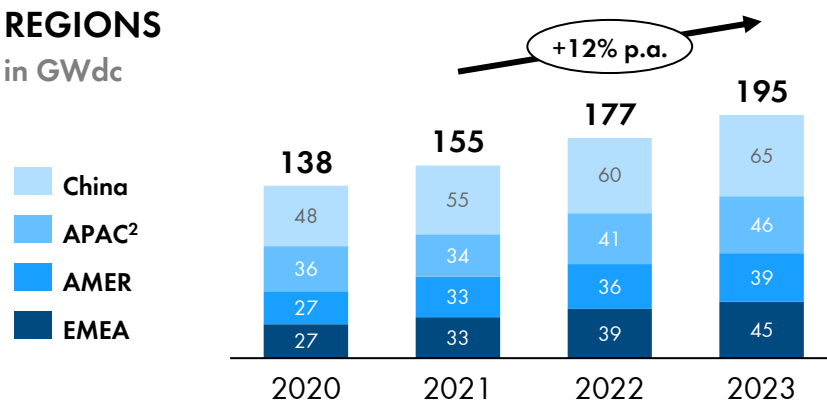
Market & Competition

Global PV installations expected to grow by 12% p.a. in the medium term

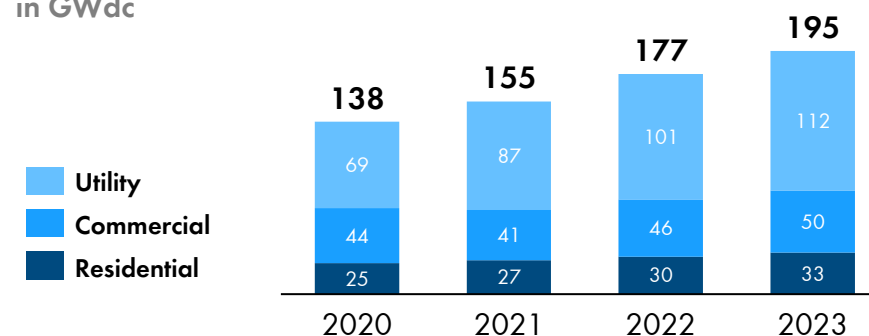


Core business: PV installations¹

REGIONS in GWdc



SEGMENTS in GWdc



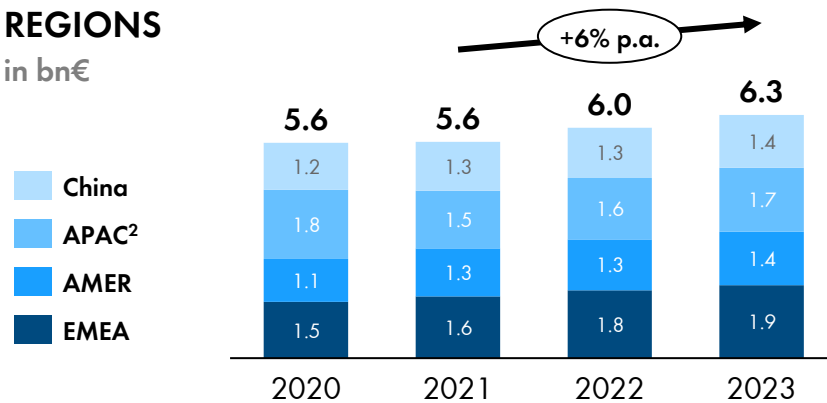
- The global PV installations grew by 24% from 2019 to 2020. For 2021 a total of 155 GW new PV installations are expected followed by a growth of 12% p.a. until 2023.
- The decline in PV installations in Vietnam in 2021 will lead to a dip in the APAC region that cannot be compensated by the other countries in APAC. After 2021, the APAC region will see growth.
- The extension of the ITC until the end of 2022 with 26%, until the end of 2023 with 22% and a permanent 10% credit beginning in 2024 will lead to a boost in the U.S. PV market.
- EMEA is the most promising region with a growth of 17% p.a. until 2023 led by Germany, Italy and Eastern European countries.

Global investments in PV inverter technology will see a moderate growth

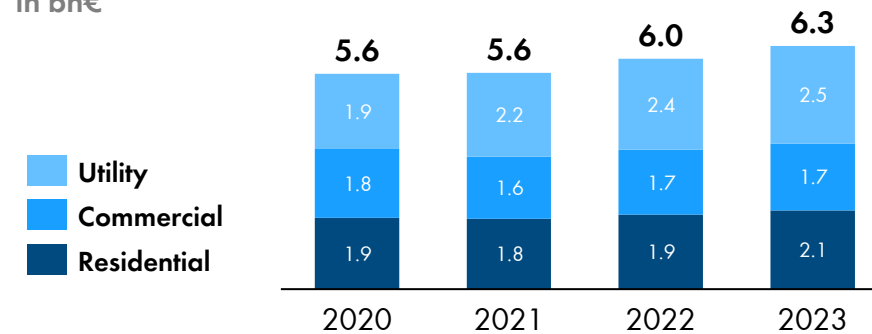


PV inverter revenue¹

REGIONS in bn€



SEGMENTS in bn€

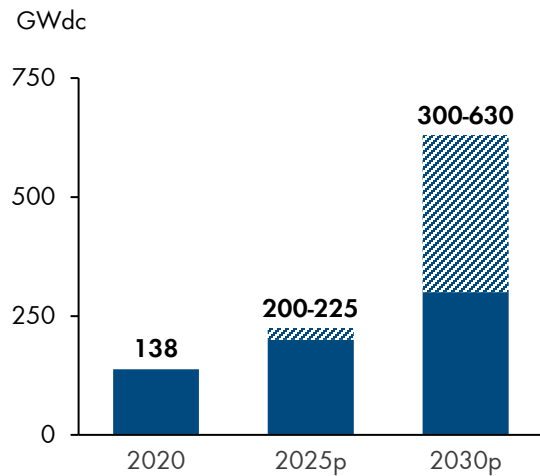


- Growing PV installation volumes with changes in country and product mix will see stable investments in 2021.
- Despite strong annual increase in new installations and growing repowering potential of existing plants, investments in PV system technology will only slightly increase due to price declines in all segments and regions.
- SMA expects further price pressure in all segments until 2023.

SMA is perfectly positioned to profit from long-term megatrends

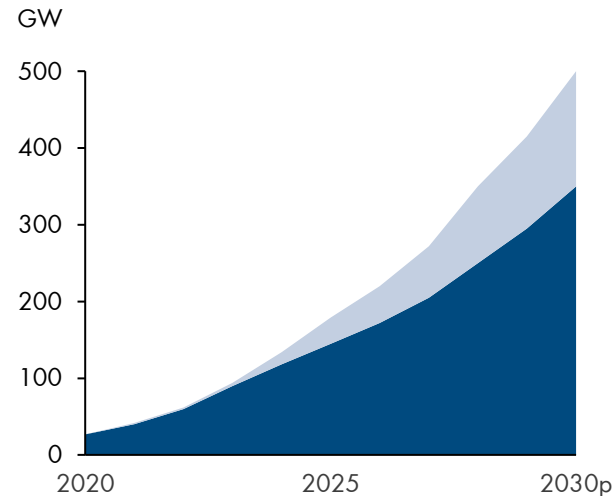


Annual PV Capacity Additions by scenario¹



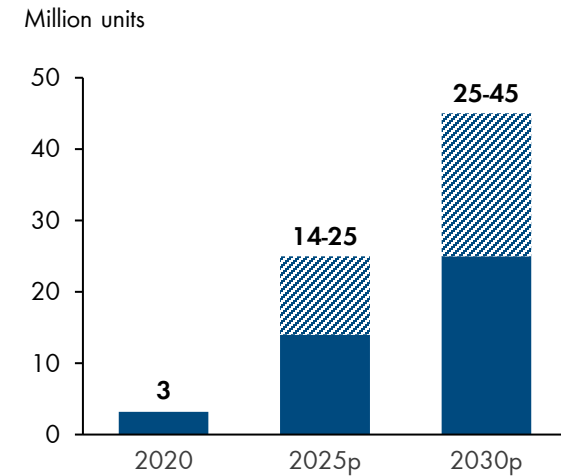
Zero carbon policies, electrification of additional sectors and strong growth in primary energy demand drive expansion of PV capacity.

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



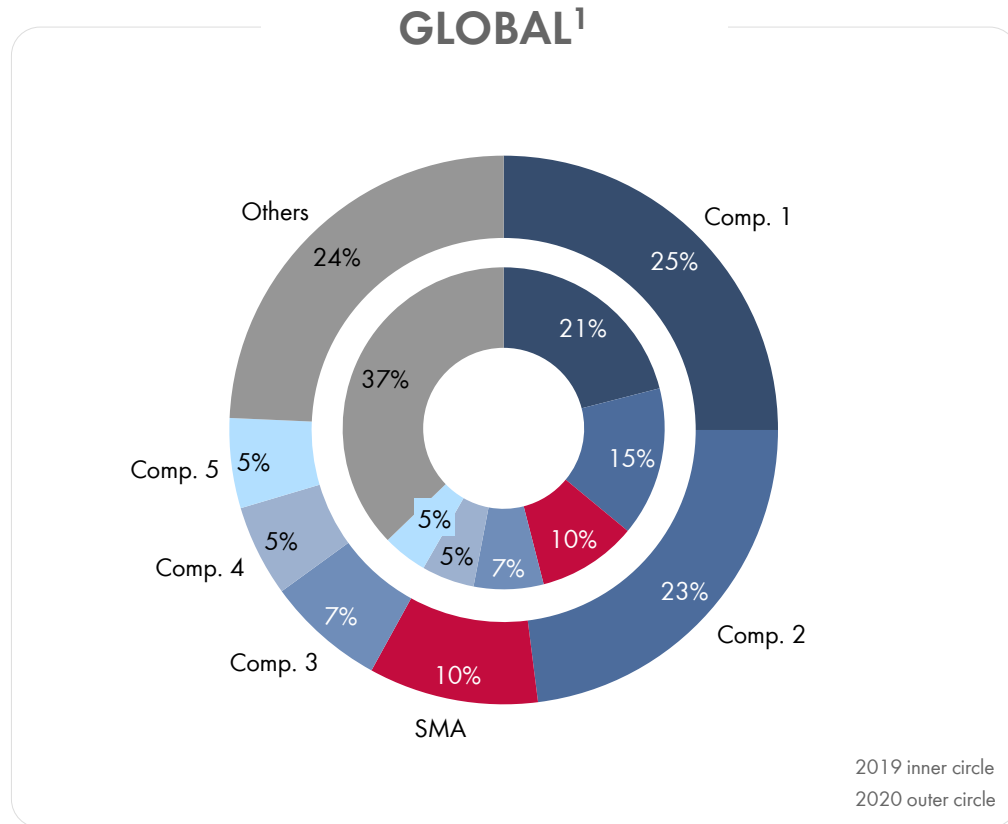
The annual electric vehicle market is expected to grow tenfold until 2030. Correspondingly, the expected average year-on-year growth rate for the EV charger market is at more than 30%.

1. SMA Market Model Q2-2021, IEA Sustainable Development Scenario (dark blue) and Net Zero Emissions by 2050 Scenario (shaded blue); p - preliminary

2. ■ BNEF Energy Storage Outlook 2019: Global market small and utility scale batteries;
■ IHS, Feb. 2021: Global Electrolyzer Market (cumulative installed capacity in GW)

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

SMA maintained its market position ranking #3 globally



- In 2020, the PV inverter industry continued to experience a consolidation.
- The top two Chinese inverter suppliers were able to gain market shares and strengthen their position – especially in their home market China.
- The top 6 players covered around 75% of the global PV inverter market in 2020.
- In the global market outside of China, SMA increased market share from 14% to 16%.



Current Developments

H1 negatively impacted by coronavirus crisis, management expects sales to accelerate, current political developments support positive outlook



Management expects sales to accelerate

- Companies challenged by the pandemic have been reluctant to invest in PV in the business solutions segment.
- Based on our current order intake, we expect sales to accelerate in the coming months.



Supply shortage of electronic components

- The supply of electronic components is still very tight worldwide. This situation is likely to continue.
- SMA has implemented suitable measures to keep up delivery capability. These include tighter and more intensive supplier management as well as increased inventories.



Political focus on fighting climate change

- The EU has published its “fit for 55 package” outlining comprehensive measures to achieve the EU’s 2030 carbon reduction target.
- The German government has acknowledged that electricity demand will substantially grow until 2030. Based on this, the next Federal government is very likely to enhance renewable energy installation targets.





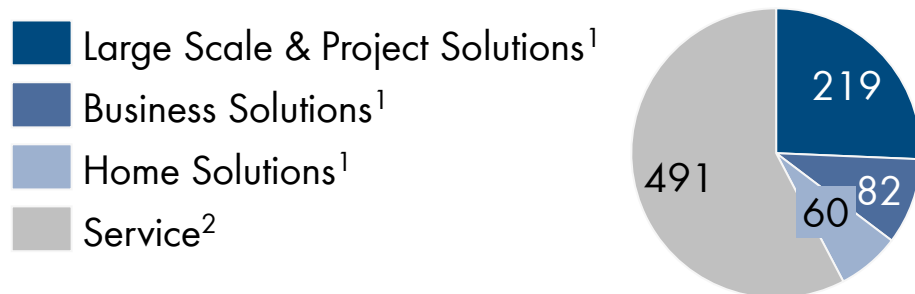
Outlook & Guidance 2021

Order backlog for products remains on a high level with €361m at the end of H1 2021 and is 12% higher compared to H1 2020



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

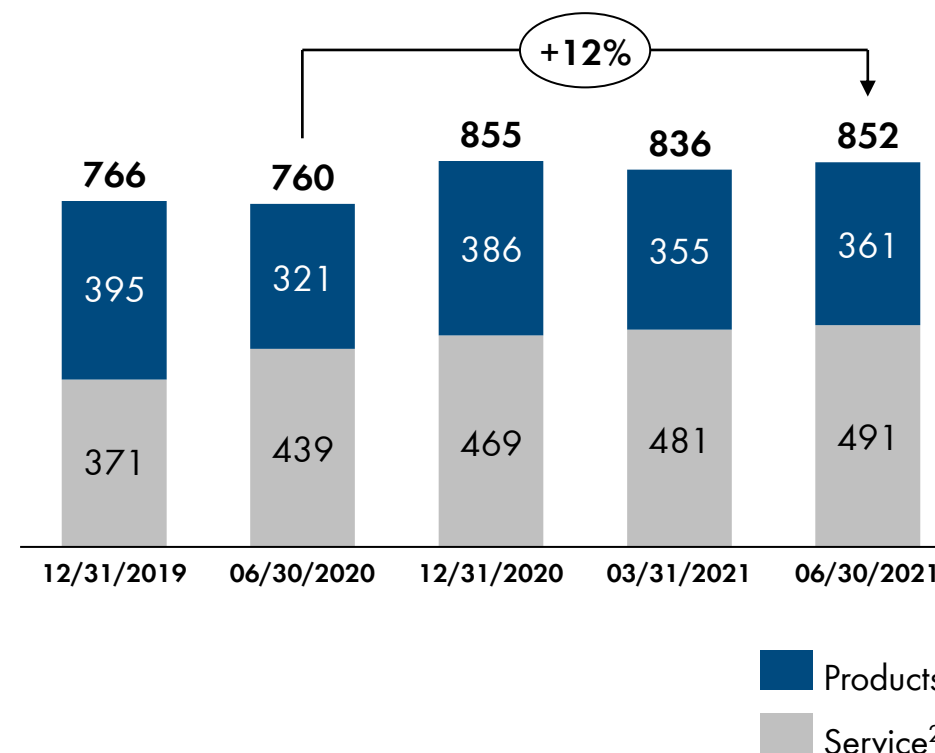
Total order backlog: €852m (June 30th, 2021)



Product order backlog by regions (in %)



Order backlog development (in €m)

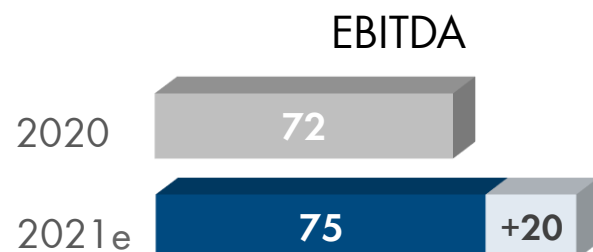


> H1 sales and current product order backlog secure approx. 80% of 2021 annual sales guidance.

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

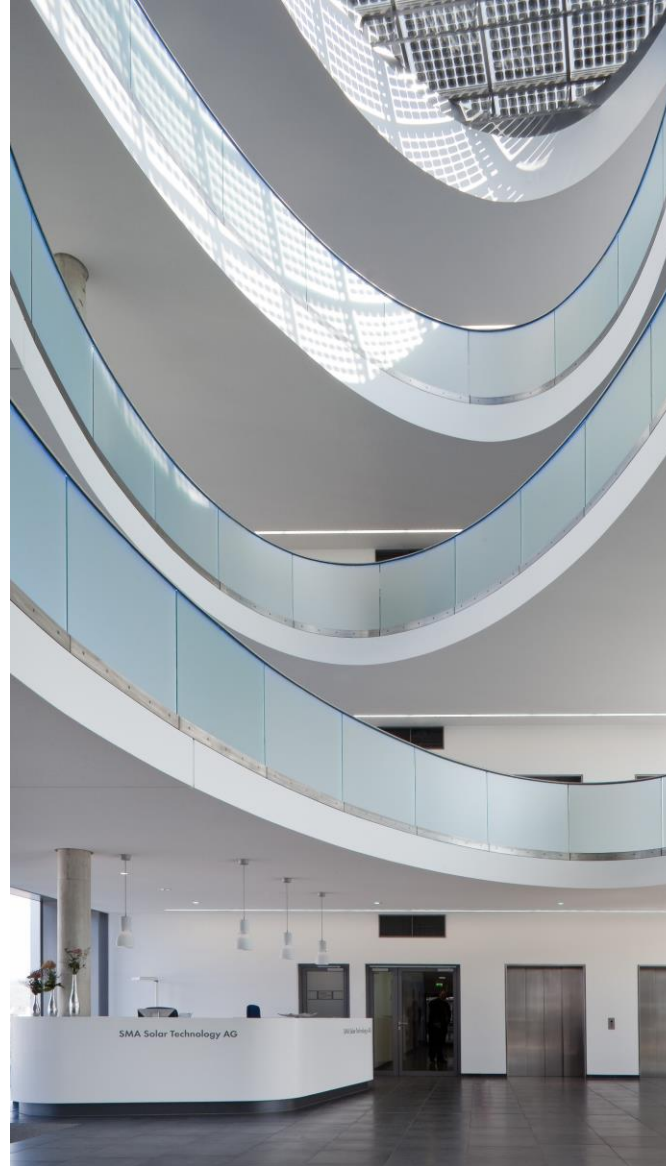


Management comments

- For H2 2021, management expects sales and profitability to increase compared to H1 2021.
- Increased material and freight costs are largely offset by lower-than-expected declines of selling prices.
- H1 sales & high level of product order backlog secures approx. 80% of our full year sales guidance.
- Supply constraints of electronic components has resulted in postponed projects, but we are managing the supply situation with our suppliers and could successfully mitigate effects so far.

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, €170 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.



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