



SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation: virtual Roadshow

Presented by Ulrich Hadding, CFO
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Review Q1-Q3 2021



Profitability increased significantly in 2021 compared to the first three quarters of 2020; Sales below last year's level as a result of material shortages



Key financials (in € million)

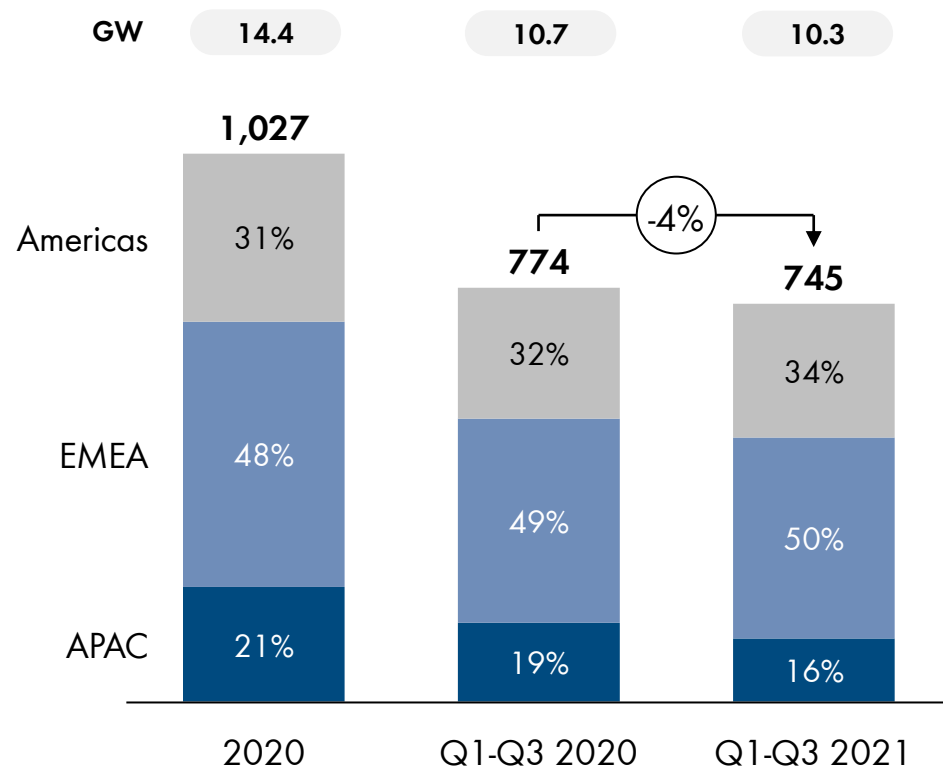
	Q1-Q3 2020	Q1-Q3 2021	Change		2020/12/31	2021/09/30	Change
MW sold	10,651	10,279	-4%	Net cash	226	169	-25%
Sales	774	745	-4%	Total assets	1,051	1,036	-1%
Home Solutions	204	214	5%	NWC ratio (in %) ¹	21%	28%	
Business Solutions	225	176	-22%				
Large Scale & Project Solutions	345	355	3%				
Gross margin	19%	21%					
EBITDA	41	53	28%				
Depreciation	32	32	0%				
EBIT	10	21	122%				
Net result	9	15	66%				
Free cash flow (Adj.)	-107	-7	n.m.				
Net CapEx (incl. R&D)	24	29	20%				

	2020/2021			
	Q4	Q1	Q2	Q3
Sales	254	240	248	257
Home Solutions	61	76	72	66
Business Solutions	68	61	55	60
Large Scale & Project Solutions	125	103	121	131
Gross margin	7% ²	22%	22%	20%
EBITDA	30 ²	20	18	15

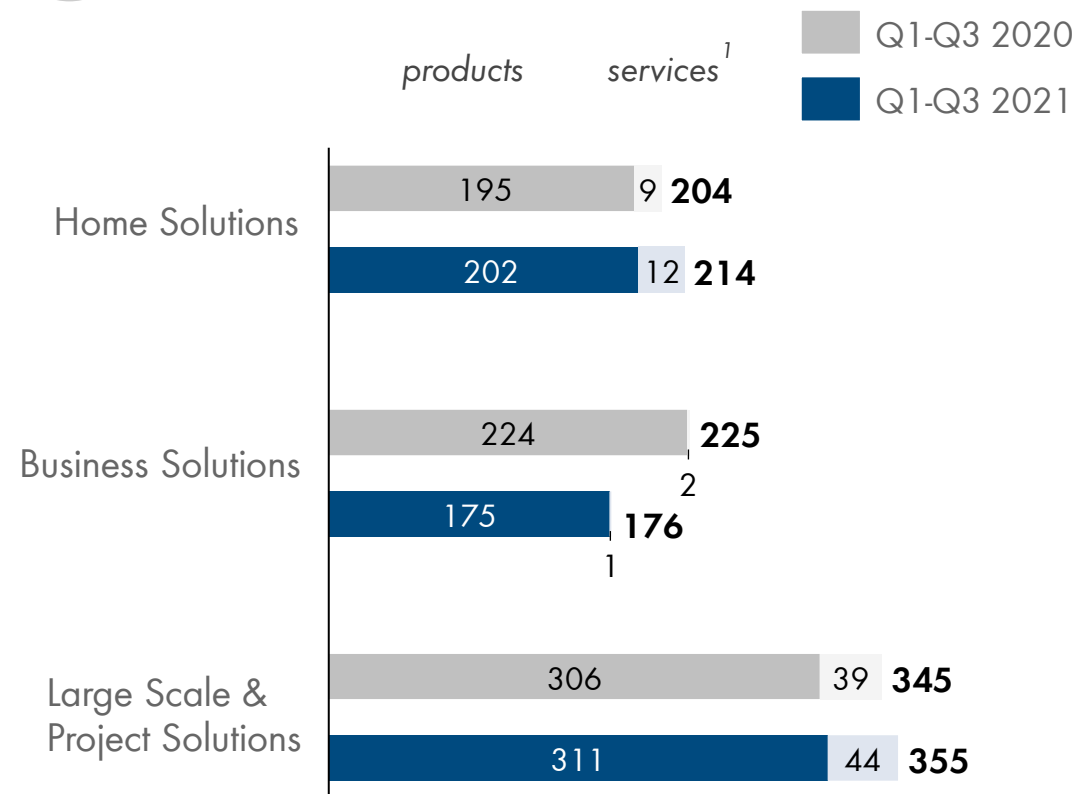
Revenues slightly below prior year mainly due to lower sales in our Business Solutions segment which is affected by Covid-19 and material shortages



Sales (in € million)



Sales by segment (in € million)



EBITDA is significantly higher than in the first three quarters of 2020 mainly driven by product portfolio and cost improvements in our gross margin



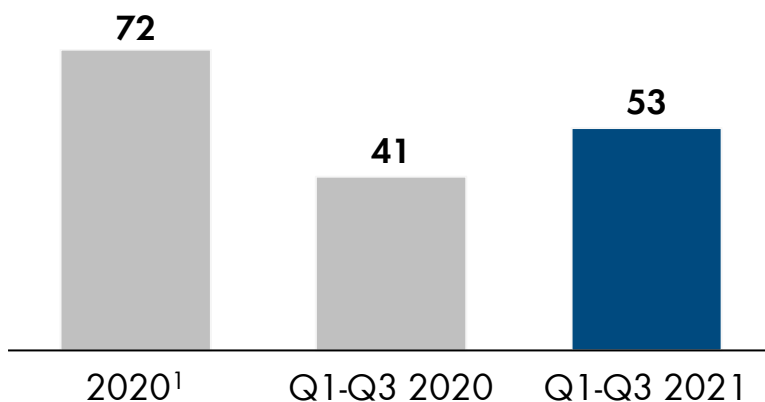
EBITDA (in € million)

Margin

7%

5%

7%



One-Offs

15¹

0

1

Depreciation/
Amortization

44

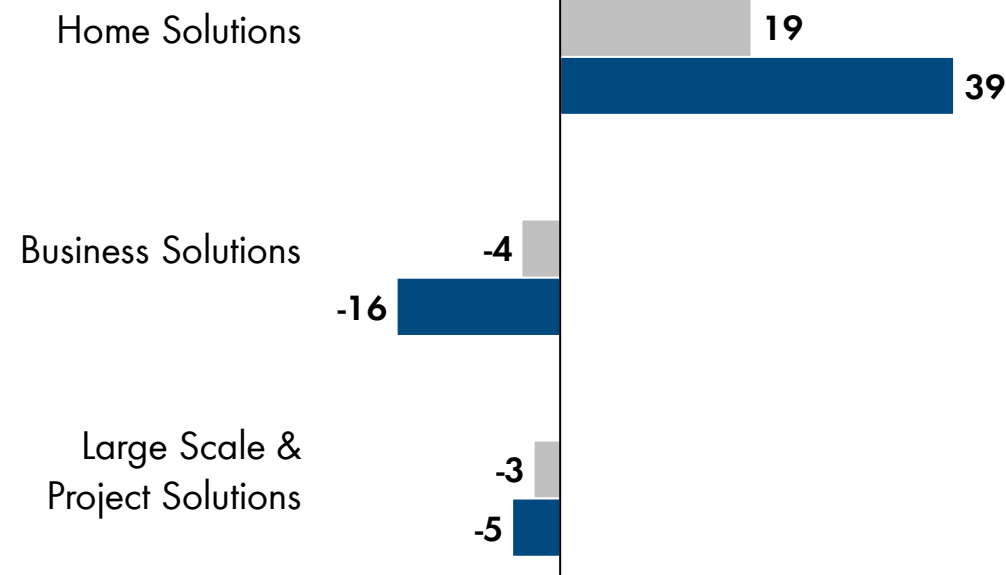
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32



EBIT by Segment² (in € million)

Q1-Q3 2020
Q1-Q3 2021



NWC on a high level mainly driven by the increased level of raw materials needed to mitigate supply constraints and finished goods related to Large Scale projects

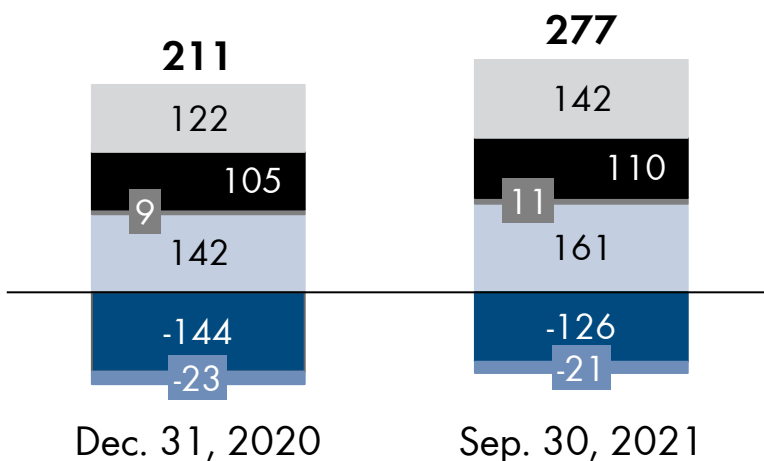


Net Working Capital (in €million)

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	30.09.2021	Change
Non-current assets	329	327	-1%
Working capital	377	424	13%
Other assets¹	108	107	-1%
Total cash	237	178	-25%
<hr/>			
Shareholder's equity	439	447	2%
Provisions²	168	148	-12%
Trade payables	144	126	-13%
Financial liabilities³	11	9	-18%
Other liabilities^{2,4}	289	306	6%
TOTAL	1,051	1,036	-1%

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

2. Not interest-bearing

3. Without not interest-bearing derivatives: €5.1m (2020: €0.9m) and IFRS16 Leases of €30.2m (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 remains positive in 2021 and is significantly better compared to the first three quarters of 2020



Cash Flow (in € million)

	Q1-Q3 2020	Q1-Q3 2021
Net Income	9	15
Gross Cash Flow	43	48
Cash Flow from Operating Activities	-83	22
Net Capex	-24	-29
Free Cash Flow (Adj.)	-107	-7
Net Investments from Securities and Other Financial Assets	45	21
Free Cash Flow (IFRS)	-62	14

After the first three quarters of 2021, SMA remains on track to deliver increased profitability and positive cash flows from operating activities in 2021



Financial highlights Q1-Q3 2021

Top Line

- Q1-Q3 revenues slightly below expectations, YoY sales decline is due to COVID-19 and material shortages mainly impacting our Business Solutions segment. Our Home Solutions and Large Scale & Project Solutions sales increased YoY.

Profitability, Bankability

- EBITDA of €53m significantly improved compared to the first three quarters of 2020 driven by improved product mix and higher gross margins, especially in our Home Solutions segment.
- Solid balance sheet structure with c. 43% equity ratio, €169m net cash and €100m credit facility. Debt to equity ratio of 1.32.



Current Developments

Supply situation of electronic components has worsened in Q3 negatively impacting FY guidance, current political developments support positive outlook



Supply shortage of electronic components

- The supply situation of electronic components has worsened in Q3, causing the SMA Board to adjust its FY sales and earnings guidance.
- SMA has implemented suitable measures, but management expects the strained situation to continue into H1 2022.



Accelerated long-term growth potential

- The share of electricity in global final energy demand is set to double from 19% to 38% until 2050, solar and wind energy will account for 69% of grid-connected electricity.¹
- To decarbonize the power sector, up to 455 GW of new PV capacity and up to 245 GWh of battery storage capacity must be added annually on average by 2030.²



Political focus on fighting climate change

- Political leaders from all over the world are currently discussing suitable measures to effectively fight the global climate crisis at COP26 in Glasgow.
- The three parties currently negotiating a new governing coalition in Germany have expressed their will to drastically accelerate the expansion of renewable energies and remove all obstacles and hurdles.





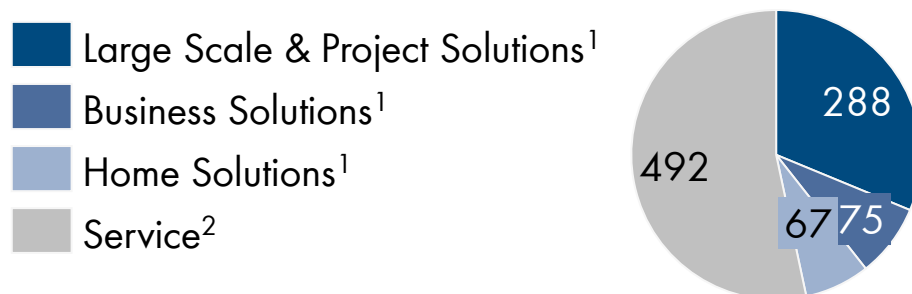
Outlook & Guidance 2021

Order backlog for products increased to €430m at the end of Q3 2021 and is 11% higher compared to end of 2020



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

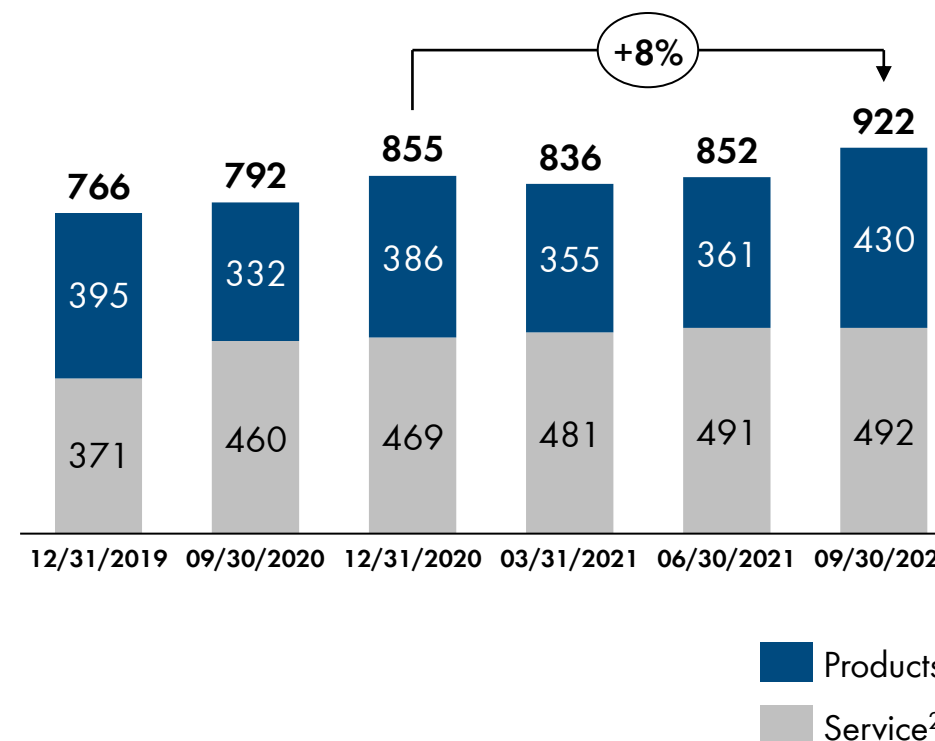
Total order backlog: €922m (Sept. 30th, 2021)



Product order backlog by regions (in %)



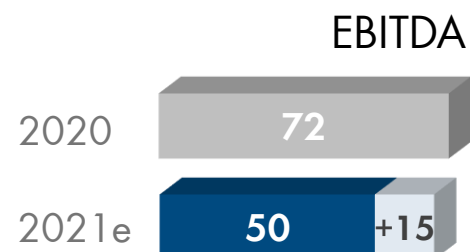
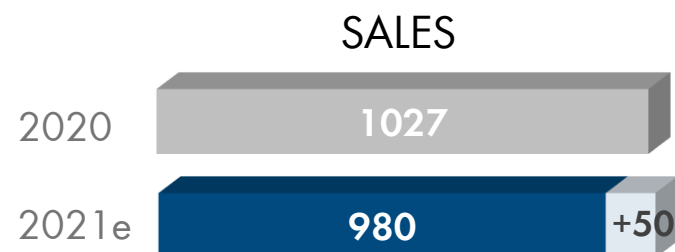
Order backlog development (in €m)



Management confirms the adjusted sales and profitability guidance for 2021



Guidance 2021 (in €m)



2021

CapEx (incl. R&D & leasing) ¹	c. €55m
Depreciation / amortization	c. €40m



Management comments

- For Q4 2021, management expects revenues to decrease compared to Q3 due to supply constraints and postponed projects as a result of higher module prices.
- On the supply side, we are closely managing the situation with our suppliers and working with 2nd source suppliers to continue to mitigate effects on our business as far as possible.
- Increased material and freight costs are considered in our selling prices.
- 2022 to benefit from strong order backlog and market growth, but material shortages expected to affect business during the first half of the year.

SMA is a truly sustainable investment



Excellent ESG rating scores

- MSCI: AA (from AAA to CCC)
- ISS ESG: Prime (B-)¹ (from A+ to D-)
- Sustainalytics: 22.2² (23rd out of 174 companies)

Awarded sustainability

- SMA is among the selected group of finalists for the German Sustainability Award 2022 – the largest and most prestigious in Europe.

Commitment to UN SDGs

- Our business activities contribute to 9 of the 17 UN Sustainable Development Goals:



Backup



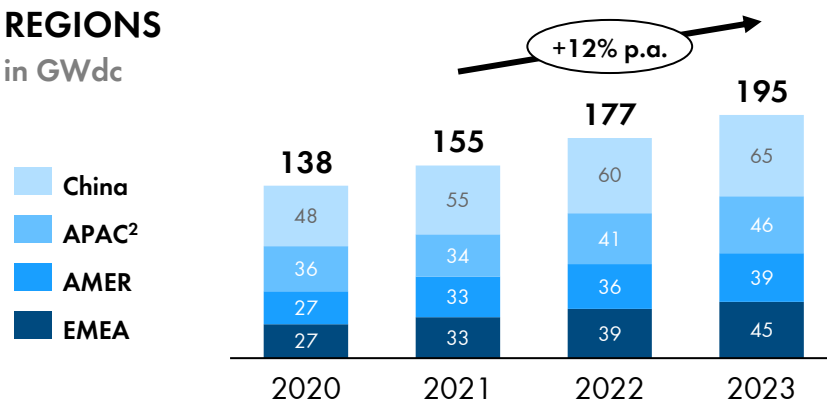
Market & Competition

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

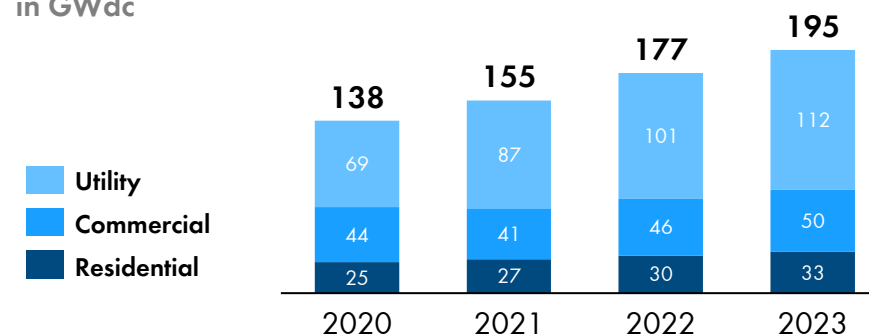


Core business: PV installations¹

REGIONS in GWdc



SEGMENTS in GWdc



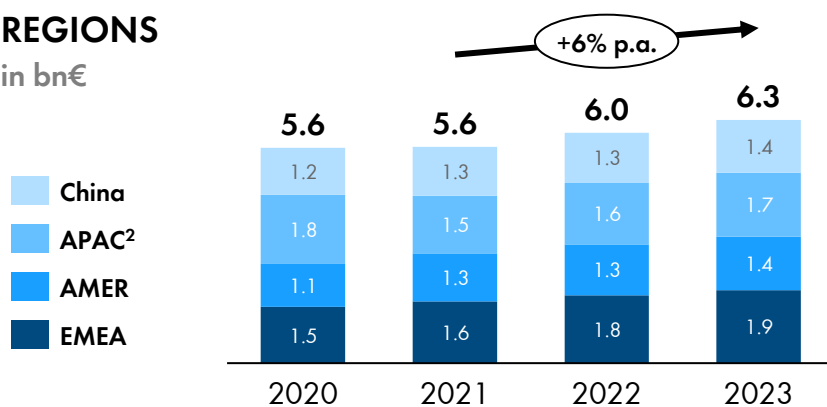
- The global PV installations grew by 24% from 2019 to 2020. For 2021 a total of 155 GW new PV installations are expected followed by a growth of 12% p.a. until 2023.
- The decline in PV installations in Vietnam in 2021 will lead to a dip in the APAC region that cannot be compensated by the other countries 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

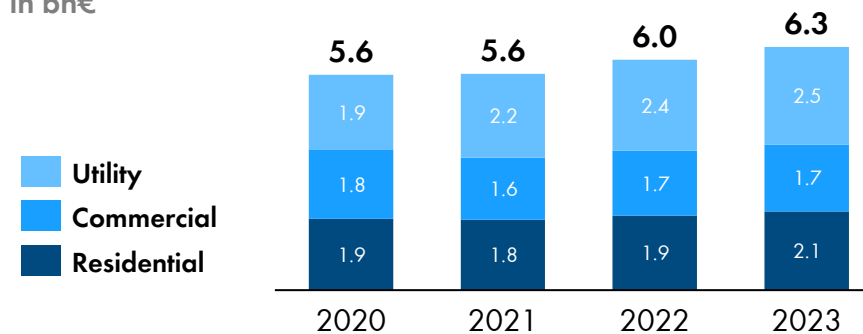


PV inverter revenue¹

REGIONS in bn€



SEGMENTS in bn€



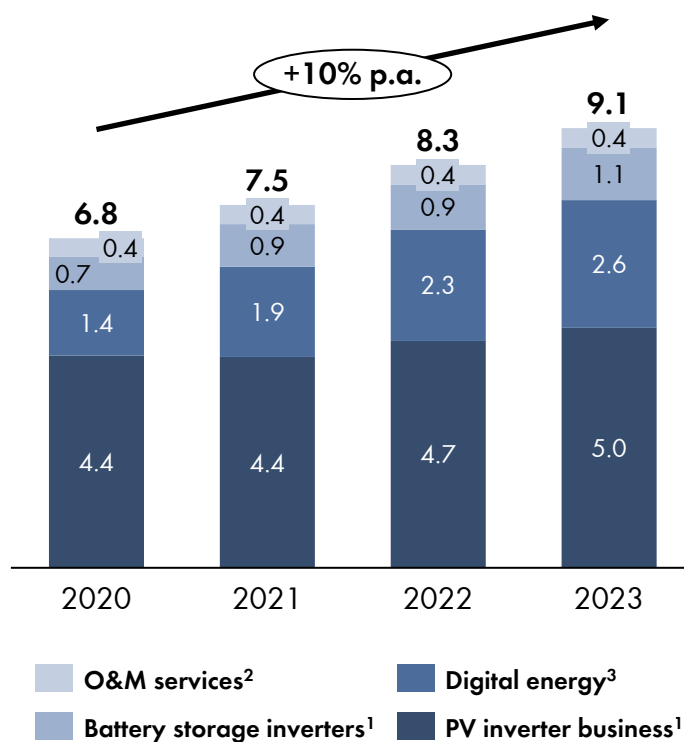
- Growing PV installation volumes with changes in country and product mix will see stable investments in 2021.
- Despite strong annual increase in new installations and growing repowering potential of existing plants, investments in PV system technology will only slightly increase due to price declines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

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



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

in € bn



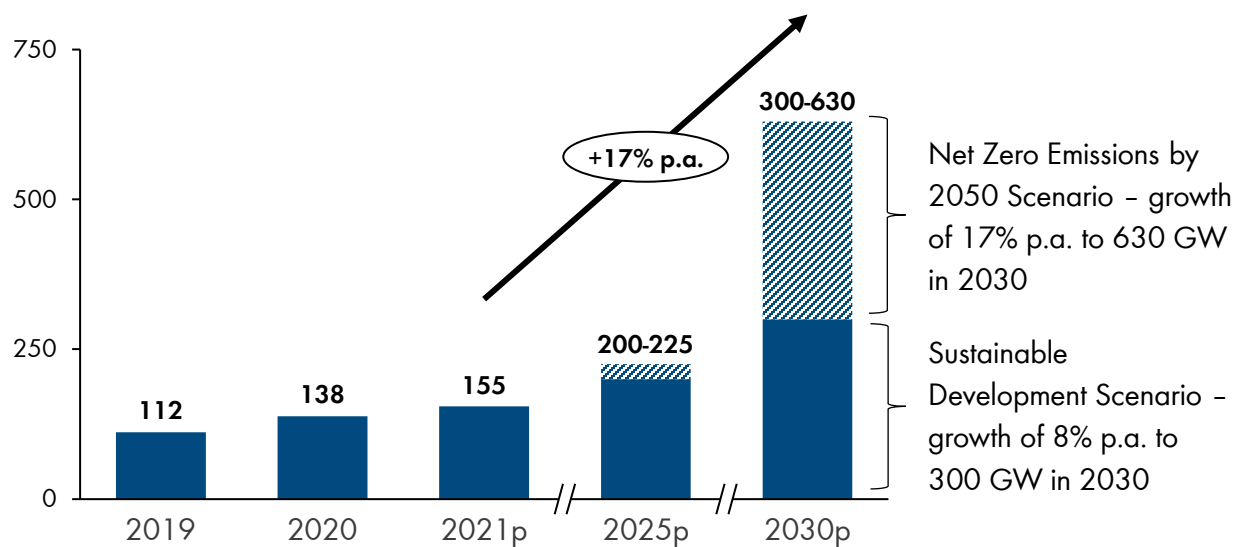
- The traditional PV inverter market outside of China will increase slightly over the next years. Digital solutions and battery storage are attractive additional value pools seeing strong growth.
- PV inverters will serve as the backbone for smart grid solutions connecting the components and collecting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