

*Our energy inspires the world's
most important customer.
Our future.*

Unsere Energie begeistert die wichtigste Kunden der Welt. Unsere Zukunft.

SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation Financial Results 2021

Presented by Ulrich Hadding, CFO

March 31, 2022

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Review 2021



Sales declined by 4% as a result of the COVID-19 crisis and supply shortages;
Profitability impacted by provisions made related to an onerous O&M contract



Key financials (in € million)

	2020	2021	Change
MW sold	14,416	13,584	-6%
Sales	1027	984¹	-4%
Home Solutions	264	266	1%
Business Solutions	293	245	-16%
Large Scale & Project Solutions	470	473¹	0%
Gross margin	16%	18%¹	
EBITDA	72	9²	-88%
Depreciation	44	42	-4%
EBIT	28	-33²	n.m.
Net result	28	-23	n.m.
Net cash	226	222	-2%
Net CapEx (incl. R&D)	39	48	22%



Comments

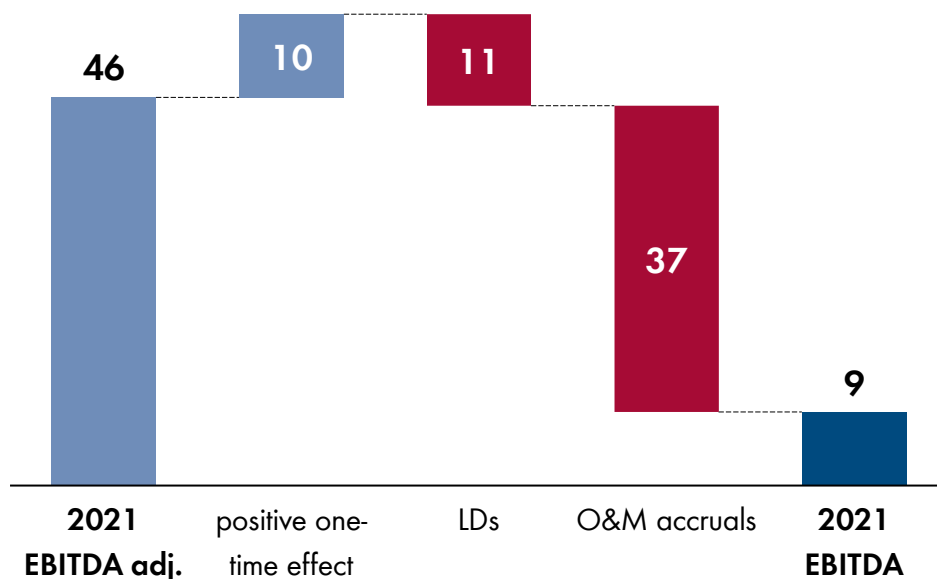
- 2021 Sales declined by 4% due to effects of the COVID-19 crisis on several markets and on supply chains resulting in material shortages limiting our ability to meet strong customer demand. In addition, sales include a revenue reduction in form of liquidated damages related to an onerous O&M contract for which we could not meet the contractually agreed performance targets.
- EBITDA was significantly affected by the liquidated damages and provisions booked related to the mentioned O&M contract.

	2021			
	Q1	Q2	Q3	Q4
Sales	240	248	257	239¹
Gross margin	22%	22%	20%	7%¹

Profitability 2021 is foremost affected by an onerous O&M contract



One-time effects¹



Comments

- SMA exited an unfavorable O&M-contract in order to cut losses and free consecutive fiscal years from ongoing disputes and financial burdens.
- Still for 2021 Liquidated Damages of 11 Mio. Euro had to be accrued. In addition, 37 Mio. Euro of accruals were built related to pending termination payments and guaranteed cash discounts on future business.
- There is no other contract in SMA's O&M portfolio that shows comparable conditions. It is a one-time effect.
- Consequences for SMA's O&M-business, processes and acting personnel are still under discussion.

Despite supply chain challenges and effects of COVID-19 on several markets, revenues in Home Solutions and Large Scale slightly above previous year

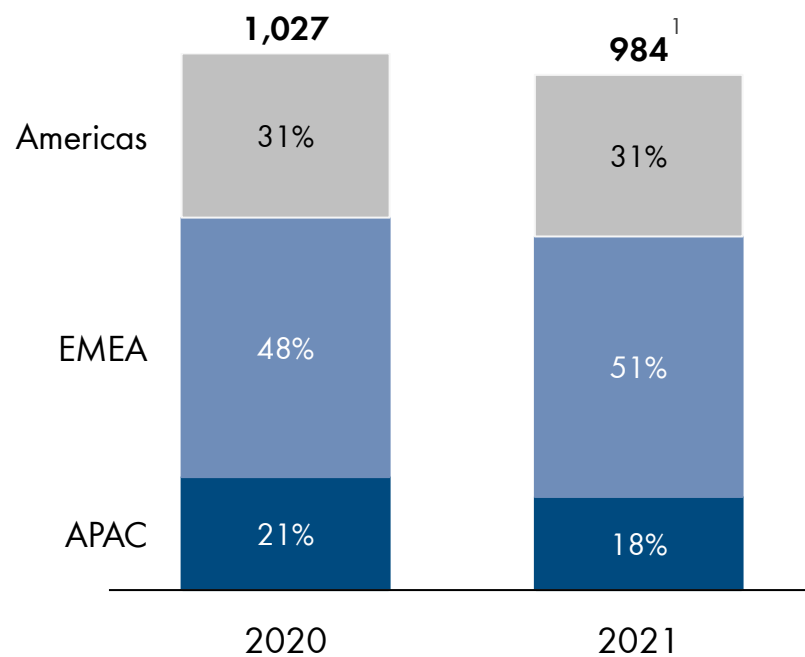


Sales (in € million)

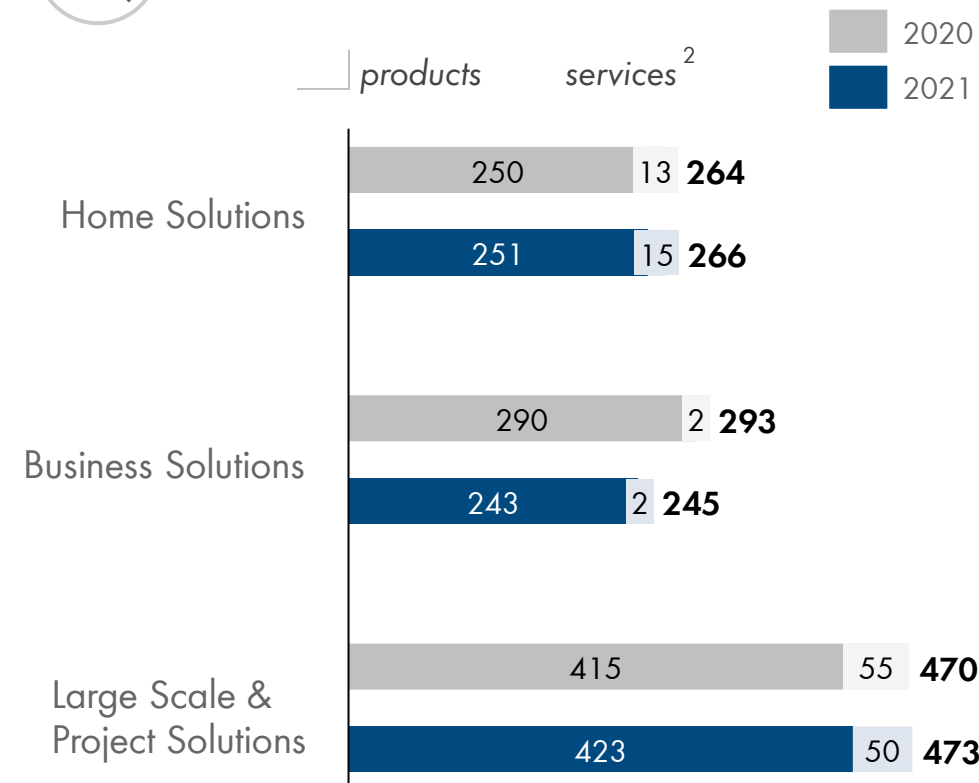
GW

14.4

13.6



Sales by segment (in € million)



EBITDA significantly affected by adverse one-timer from onerous O&M contract and lower sales due to material shortages and COVID-19



EBITDA (in € million)

Margin

7%

1%

5%

72

46

9

2020¹

2021²

2021 adj.

One-time Effects

+15¹

-37²

Depreciation/
Amortization

44

42

42



EBIT by Segment² (in € million)

2020

2021

2021 adj.

Home Solutions

13

38

Business Solutions

-30

-18

Large Scale &
Project Solutions

-63

-16

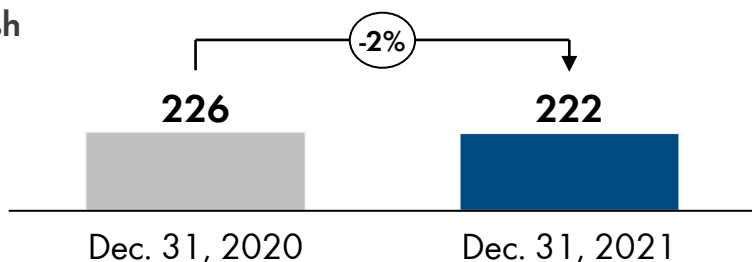
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Net Working Capital increased trade receivables and inventories as well as lower trade payables. Net cash decreased slightly compared to prior year.



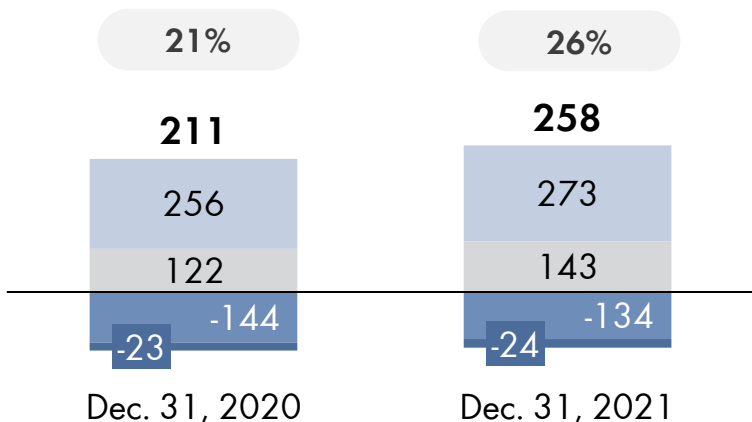
Net Cash | NWC (in € million)

Net Cash



■ Inventories
 ■ Trade receivables
 ■ Trade payables
 ■ Advanced Payments

NWC



Group Balance Sheet (in € million)

	31.12.2020	31.12.2021	Change
Non-current assets	329	333	1%
Working capital	377	416	10%
Other assets	108	60	-44%
Assets held for sale	0	13	n.m.
Total cash	237	230	-3%
Shareholder's equity	439	410	-7%
Provisions ¹	168	209	25%
Trade payables	144	134	-7%
Financial liabilities ²	11	8	-27%
Other liabilities ¹	289	291	1%
TOTAL	1,051	1,052	0%

Strong gross cash flow and adjusted free cash flow driven by operating profits before non-cash effects such as provisions and accruals



Cash Flow (in € million)

	2020	2021
Net Income	28	-23
Gross Cash Flow	76	85
Cash Flow from Operating Activities	-31	94
Net Capex	-39	-48
Free Cash Flow (Adj.)	-70	47
Cash inflow from divestitures	2	-1
Net Investments from Securities and Other Financial Assets	0	-34
Free Cash Flow (IFRS)	-68	12

So, what do we take away from 2021?

- **Rising order backlog** and improved gross margin confirms SMA's path to concentrate on high margin products, transforming into a provider of energy management platforms
- Covid-19 related effects on customer behavior and **distressed supply chains** prevented the envisaged increase in turnover
- Profitability was negatively affected by reduced sales volumes and **one-time effects**
- **Balance Sheet** and Net Cash position alongside its 100 Mio. Euro Syn-loan confirm SMA's **robustness**
- **High order intake** shows that customers endorse SMA's new positioning and give evidence to SMA's mid-terms prospects
- **Shortage of electronic components** however will pin down SMA's growth path in 2022



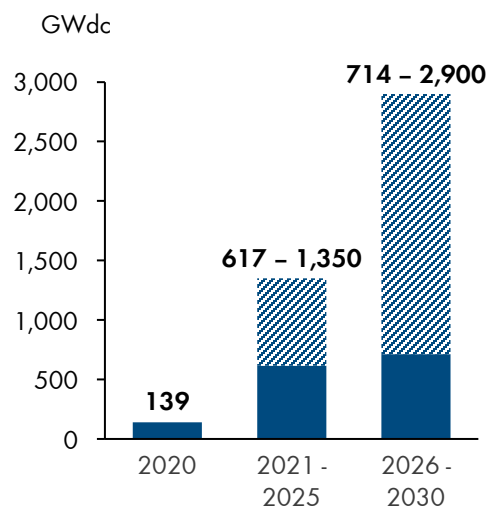


Market & Competition

Both the core business with PV system technology and the new business fields offer enormous growth potential for SMA

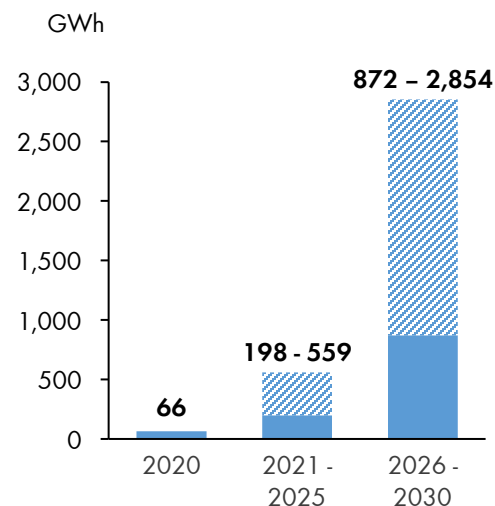


Global PV market
by scenario



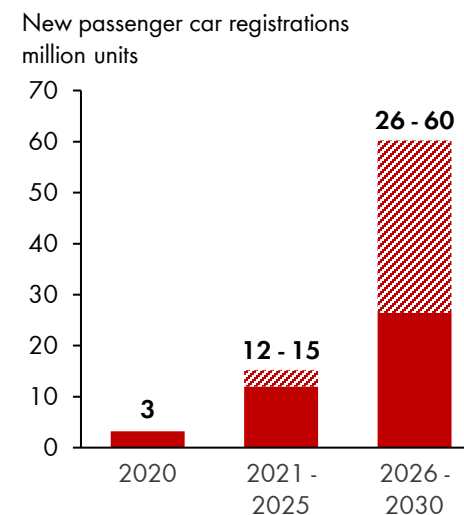
Decarbonization targets, electrification of additional sectors, and a strong increase in primary energy demand are driving PV additions.

Global storage market
by scenario



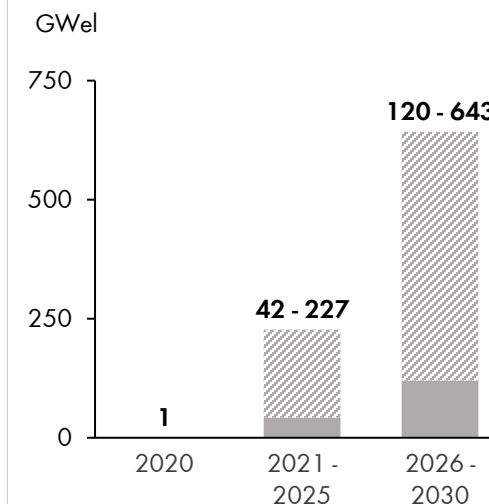
A high proportion of fluctuating renewable energies requires capacity balancing through storage systems.

Global e-vehicle market
by scenario



The market for electric vehicles is expected to multiply by 2030. The EV charging market will benefit strongly from this.

Global electrolyzer market
by scenario



Green hydrogen is the key to decarbonization of e.g. the industry and transport sectors.



Current Developments

Chip shortage remains challenging, expansion of renewables gets further boost in face of high energy prices



Electronic chips remain scarce

- Manufacturers in Europe are particularly affected by the global chip shortage, as suppliers are mainly based in the U.S. and China.
- The tight supply situation is expected to continue.
- The war in Ukraine could lead to additional disruptions in global supply chains.



Independent energy supply is becoming increasingly important

- Energy prices are at an all-time high.
- In addition to the fight against the climate crisis, independence from fossil fuel imports is becoming another driving factor for the transformation of the global energy supply.
- Businesses and politics are investing in the decentralization and decarbonization of the energy industry.



In 2021, SMA has reached further milestones on the way to becoming an innovative and sustainable energy transition company



coneva has expanded its range of **intelligent charging solutions for electric vehicles** and in 2021 delivered, among other things, a solution for dynamic load management for optimized, automatically controlled loading of e-vehicles to the parcel service provider DHL.



In the area of **storage solutions**, SMA will supply the world's largest grid-forming storage power plant in Torrens Island, Australia. The project has global significance for the transition from centralized to decentralized and renewable power supply.



In the business field of **green hydrogen generation**, projects with SMA system technology have gone into operation in the USA, Europe, Asia and Australia. In total, the plants already realized or under construction with SMA technology have an output of over 300 MW.



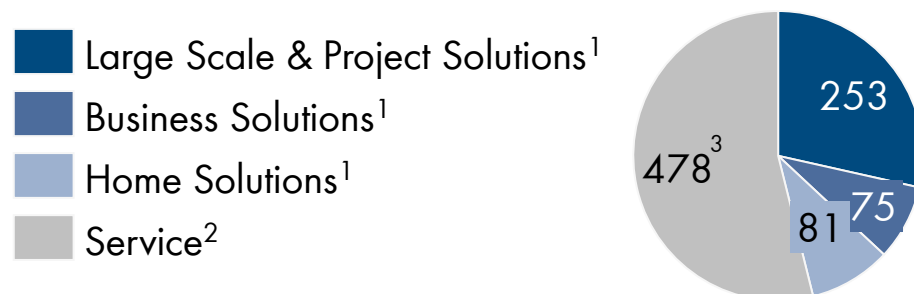
Outlook & Guidance 2022

Order backlog for products remained on a high level with €409m at the end of 2021 and has since then rapidly increased



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

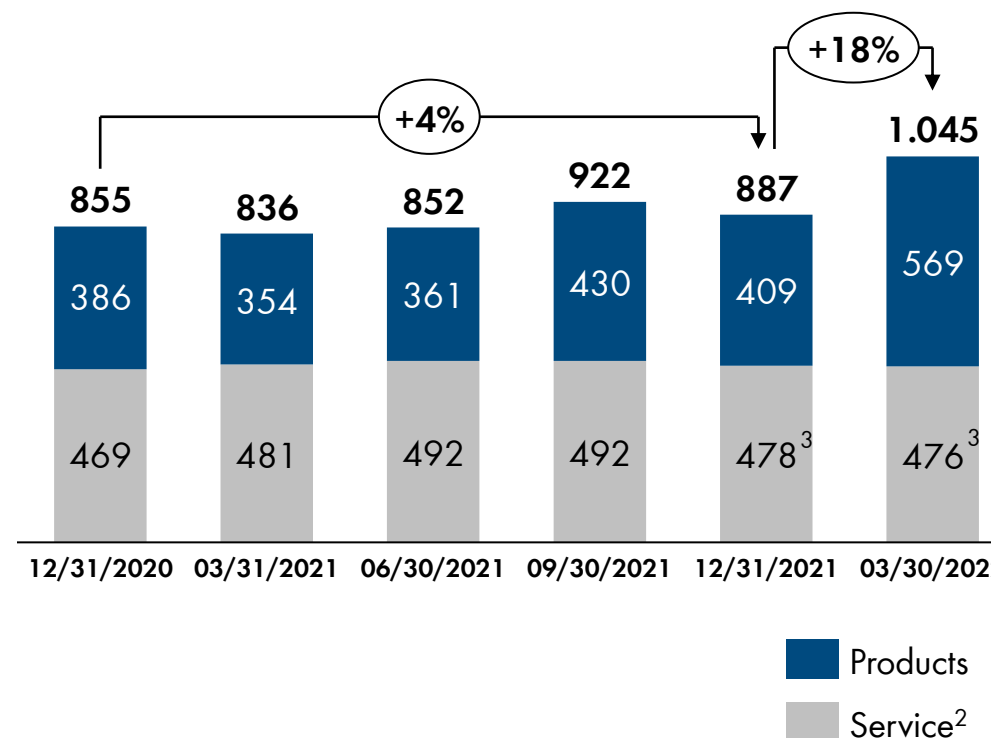
Total order backlog: €887m (Dec. 31st, 2021)



Product order backlog by regions (in%)

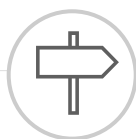


Order backlog development (in €m)

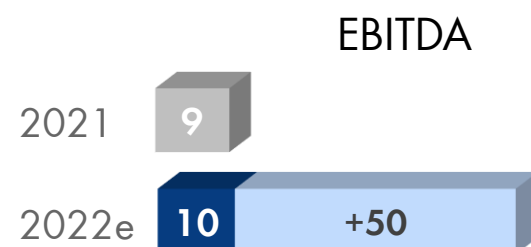
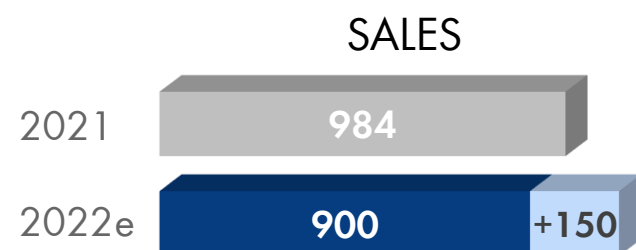


> SMA expects that the majority of the current product order backlog will be recognized as revenue in 2022, however order fulfillment is affected by the ongoing supply constraints and therefore sales conversion is partially delayed.

Management has extended the 2022 guidance range due to ongoing challenges regarding the supply of electronic components



Guidance 2022 (in €m)



2022

CapEx (incl. R&D & leasing) ¹	c. €60m
Depreciation / amortization	c. €40m



Management comments

- For Q1 2022 management expects sales of 210 to 220 million Euros and EBITDA of 12 to 16 million Euros.
- Based on market and customer demand, 2022 sales potential is currently well above 1 billion Euros, however our sales expectation is affected by ongoing supply constraints.
- As of Q2 2022 management expects supply constraints to slowly improve, however the situation remains unstable and highly volatile.
- The guidance range for profitability is the result of the wide sales guidance range and potential upsides and downsides related to material cost developments.

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: 19.6² (17th out of 216 companies)
- CDP: B-³

EU taxonomy-eligible

- In the scope of an audit with limited assurance, the independent auditor has confirmed that 100% of the SMA group's business activities are EU taxonomy-eligible.

Commitment to UN SDGs

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





**Thank you
for
participating!**

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