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most important customer.
Our future.*

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



SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation Half-Yearly Financial Results: January to June 2022

Presented by Thomas Pixa, CFO

August 11, 2022

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Review H1 2022



H1 2022 profitability mainly impacted by under-utilization of production as a result of the ongoing supply constraints



Key financials (in € million)

	H1 2021	H1 2022	Change
MW sold	6,798	5,757	-15%
Sales	488	472	-3%
Home Solutions	148	136	-8%
Commercial & Industrial Solutions	116	118	2%
Large Scale & Project Solutions	224	218	-3%
Gross margin	22%	20%	
EBITDA	38	16 ²	-58%
Depreciation	21	19	-11%
EBIT	17	-3 ²	n.m.
Net result	13	-11 ²	n.m.
Free cash flow (Adj.)	-8	-42	n.m.
Net CapEx (incl. R&D)	20	28	45%

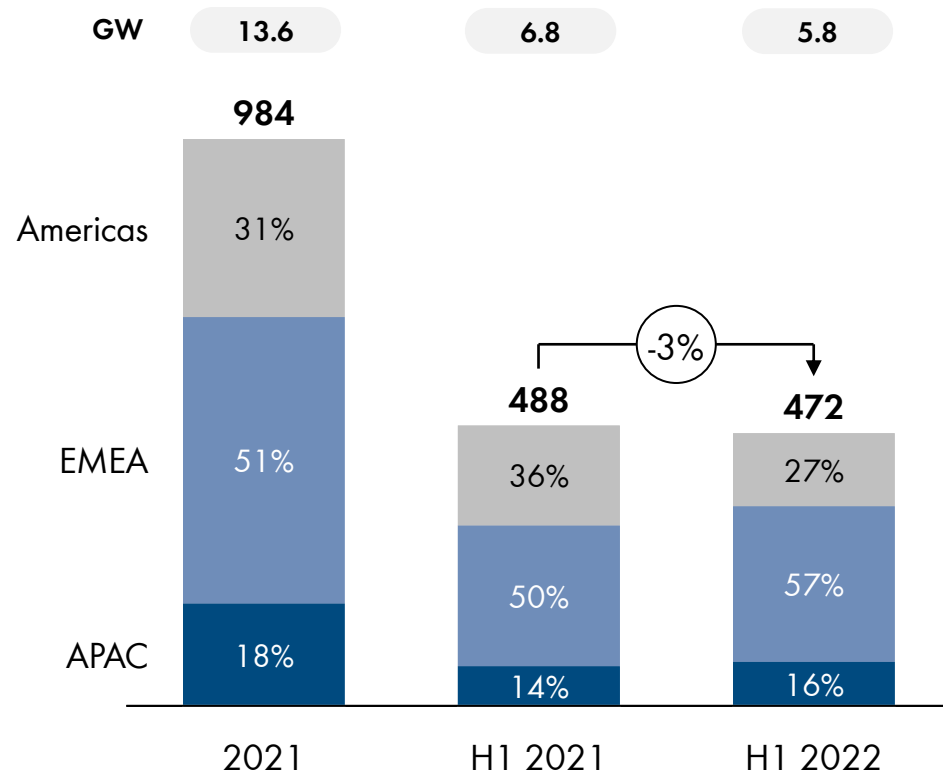
	2021/12/31	2022/06/30	Change
Net cash	222	176	-21%
Total assets	1,052	1,026	-3%
NWC ratio (in %)	26%	29%	

	2021/2022			
	Q3	Q4	Q1	Q2
Sales	257	239	221	251
Home Solutions	66	52	63	73
Commercial & Industrial Solutions	60	69	57	61
Large Scale & Project Solutions	131	118	101	117
Gross margin	20%	7% ¹	21%	20%
EBITDA	15	-44 ¹	15 ²	1

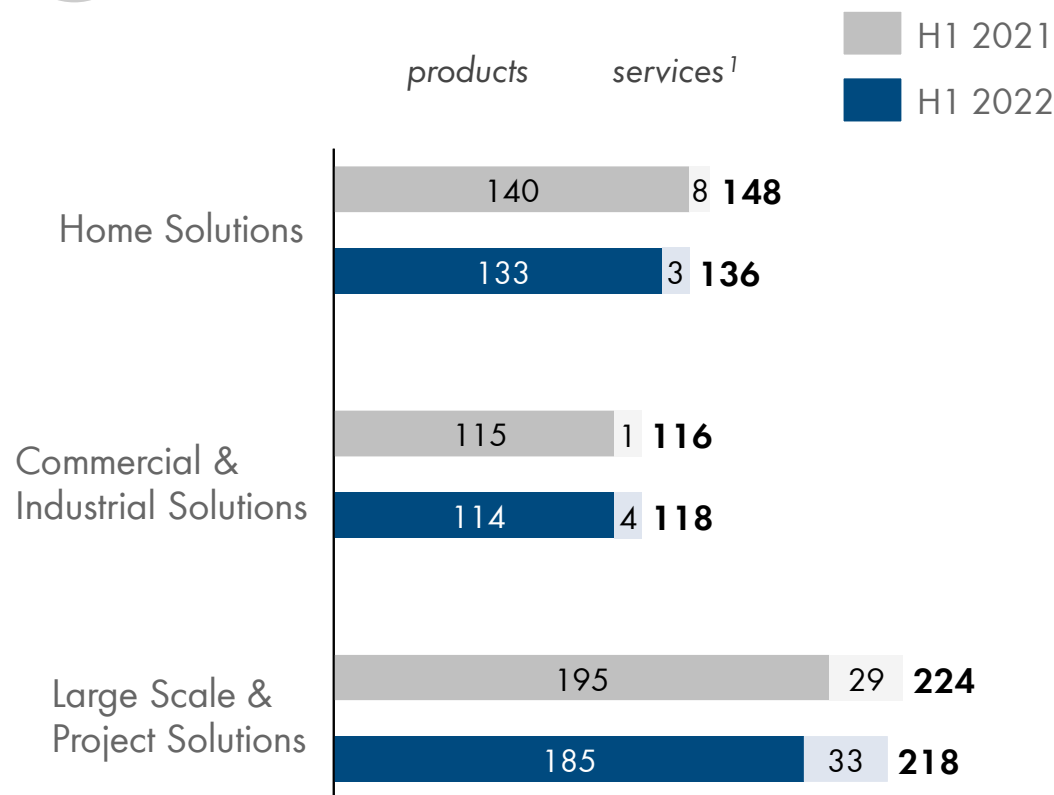
Revenues below prior year in Home Solutions and Large Scale & Project Solutions due to effects of material shortages and project postponements



Sales (in € million)



Sales by segment (in € million)



H1 2022 EBITDA below H1 last year as a result of the lower level of sales and under-utilization of production due to the ongoing supply challenges



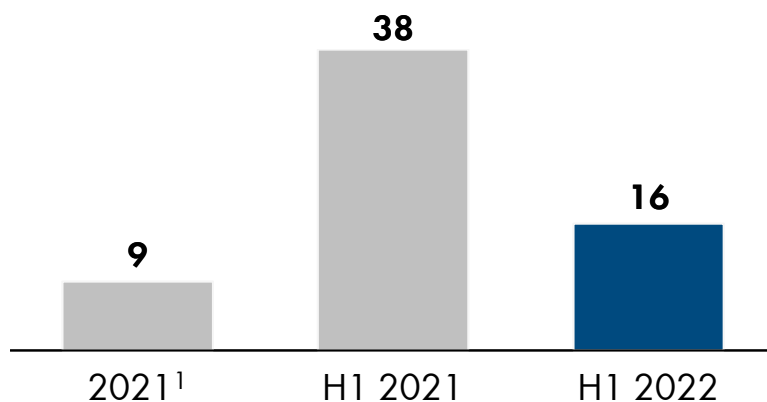
EBITDA (in € million)

Margin

1%

8%

3%



One-Offs

-37¹

0

5²

Depreciation/
Amortization

42

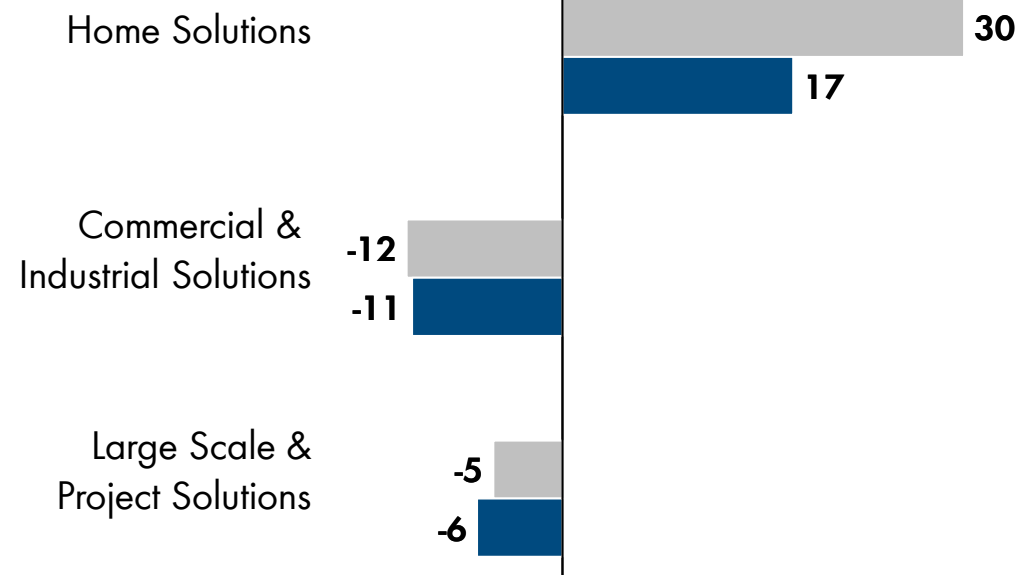
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19



EBIT by Segment (in € million)

H1 2021
H1 2022

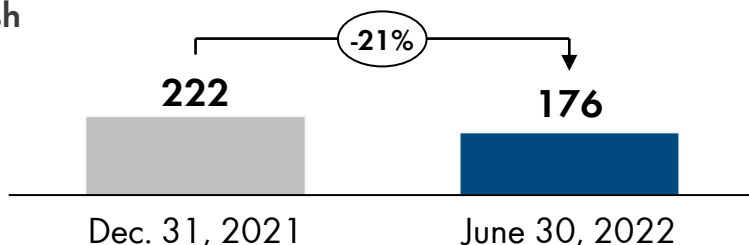


Net Working Capital increased due to higher inventories as a result of stockpiling measures to mitigate effects of material shortages

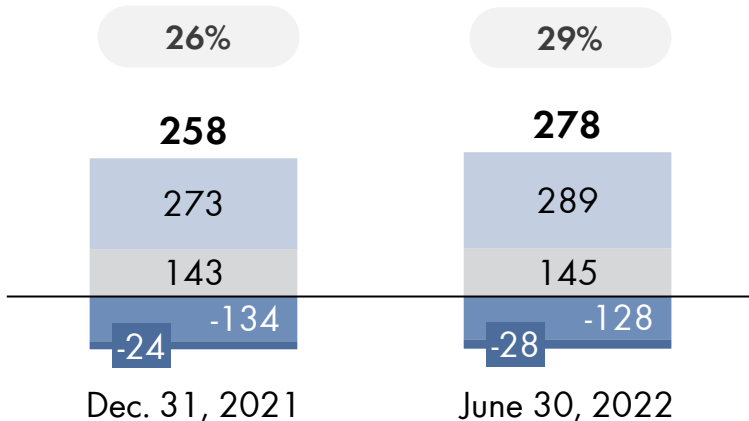


Net Cash | NWC (in € million)

Net Cash



NWC



■ Inventories
 ■ Trade receivables
 ■ Trade payables
 ■ Advanced Payments



Group Balance Sheet (in € million)

	2021/12/31	2022/06/30	Change
Non-current assets	333	341	2%
Working capital	416	434	4%
Other assets¹	73	75	1%
Total cash	230	176	-23%
Shareholder's equity	410	401	-2%
Provisions²	209	195	-7%
Trade payables	134	128	-4%
Financial liabilities³	8	0 ⁵	-100%
Other liabilities^{2,4}	291	302	4%
TOTAL	1,052	1,026	-3%

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

2. Not interest-bearing

3. w/o not interest-bearing derivatives: €18.6m (2021: €7.6m) and IFRS 16 Leases of €27.2m (2021: €30.7m)

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

5. After loan repayment in Q2 2022

Negative H1 result and build-up of inventories lead to negative cash flow from operating activities and negative adjusted free cash flow



Cash Flow (in € million)

	H1 2021	H1 2022
Net Income	13	-11
Gross Cash Flow	32	-3
Cash Flow from Operating Activities	12	-14
Net Capex	-20	-28
Free Cash Flow (Adj.)	-8	-42
Cash inflow from divestitures	0	0
Net Investments from Securities and Other Financial Assets	21	67 ¹
Free Cash Flow (IFRS)	13	25

So, what do we take away from H1/2022?

- Strong demand for SMA's products and solutions confirmed **with the highest order intake** in the first half year **over the last 10-years**.
- **Sales** achievement was **subdued** by the ongoing **shortage** of electronic components.
- **Profitability** was **impacted** by a **low level of sales** due to still ongoing material constraints, **under-utilization** in production as well as increasing purchasing prices. Profitability will improve as soon as material shortages are overcome.
- Despite the **decrease of Net Cash** to €176m we continue to have **sufficient** liquidity to finance our operations and we are implementing measures to further **improve** our cash position.
- SMA's **Equity Ratio** remains **robust**.





Current Development & Outlook 2022

Revenues and sales pipeline remain affected by material shortages, high module prices and project postponements



The Situation

- Manufacturers in Europe continue to be affected by the global material shortage
- The war in Ukraine and lockdowns in China have led to additional disruptions in global supply chains
- Project developers and investors specifically in the U.S. have postponed utility-scale projects due to limited availability of solar modules and high prices

BUT:

- Market and customer demand remains very strong
- As a result of the war in Ukraine, renewable energies have experienced an additional political boost in many countries, especially in Europe
- The tight supply situation should start to improve in H2 2022

Mitigation Measures

- SMA has taken measures to increase ability to deliver, such as:
 - Even tighter collaboration with suppliers and realizing long-term agreements with key component suppliers
 - Securing additional material at the spot market
 - Redesigning of products to substitute scarce components
- SMA will continue to launch new products and services to gain market shares and improve profitability.

Additional Measures

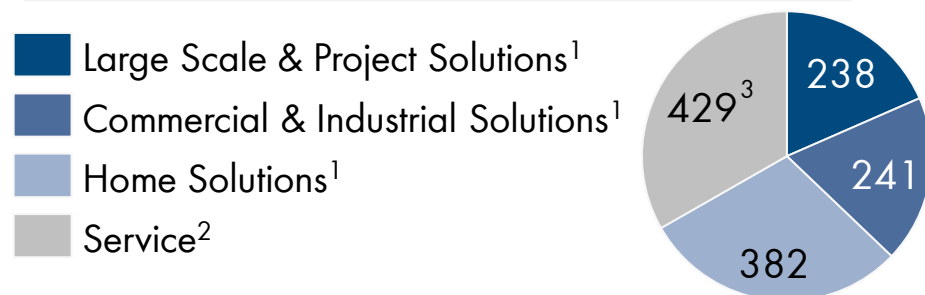
SMA's Management continues to keep track of cutting operational and capital expenditures to protect liquidity and improve profitability.

Order backlog for products increased significantly to €861 m at the end of H1 2022 reflecting high demand for SMA's products



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

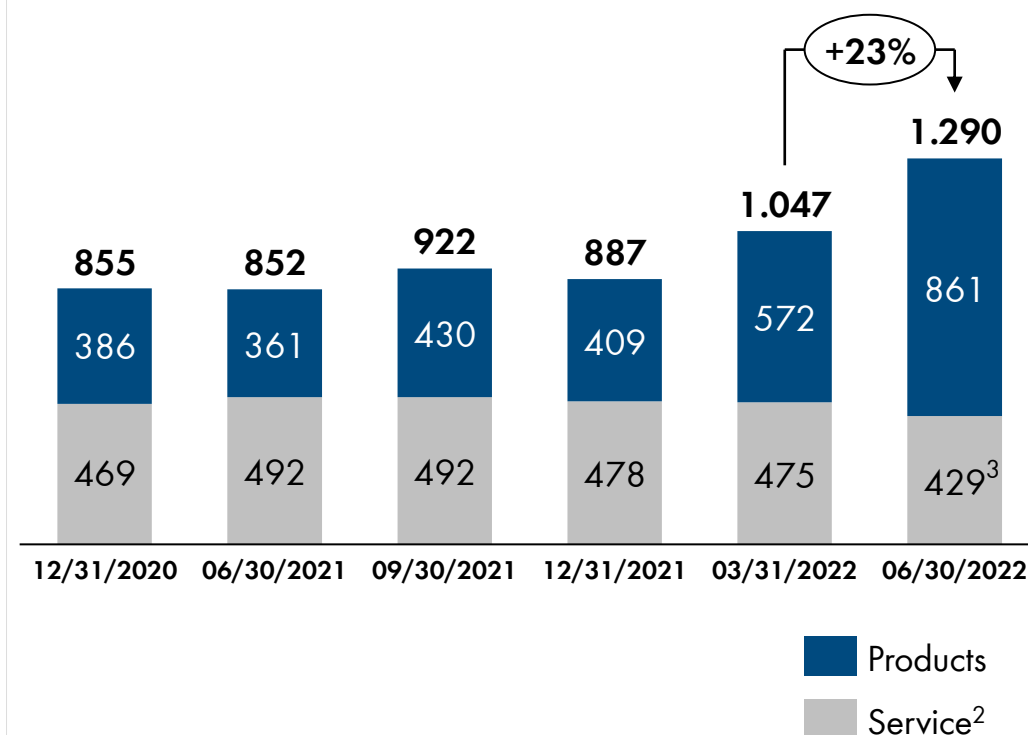
Total order backlog: €1,290m (June 30, 2022)



Product order backlog by regions (in%)



Order backlog development (in €m)

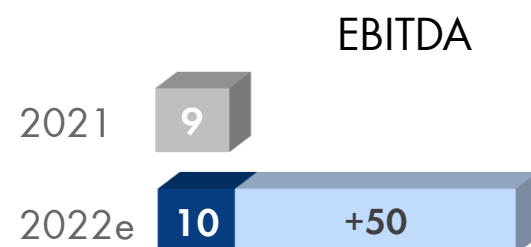
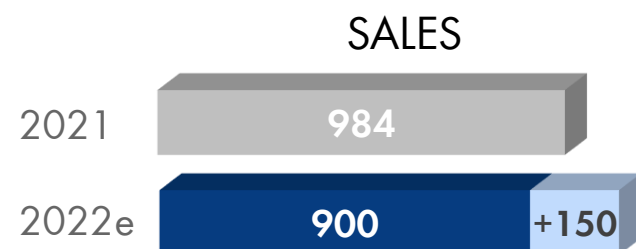


> SMA's order backlog more than secures the 2022 sales guidance. Despite ongoing supply challenges, the Management Board expects a significant part of the current product order backlog to be realized as revenue in 2022.

Management confirms sales and profitability guidance for 2022



Guidance 2022 (in €m)



2022

CapEx (incl. R&D & leasing) ¹	c. €65m
Depreciation / amortization	c. €40m



Management comments

- H1 2022 sales and EBITDA within our expectations as mentioned on our Capital Markets Day in May.
- Supply constraints continue to limit SMA's ability to convert the very strong demand to revenue and the situation remains highly volatile.
- However, management foresees improvements in the supply chain starting in H2 2022 and expects higher sales, profitability and improved cashflow.



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