Capital Markets Day 2010

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1. Equity Story
The inverter is the “heart” of every PV system

Visual representation of a PV System

1. Modules create direct current
2. Sunny Boy converts direct current into alternating current
3. Sunny Beam monitors the entire PV system

**Additional inverter tasks**
- Solar generator control
- MPP tracking
- System monitoring
- Grid monitoring + services

**Inverters are “high-tech products”:** The computing power of the seven microprocessors alone is comparable to that of a notebook.
SMA offers inverters for all applications in photovoltaics

SMA has more than 1,000 sales and service professionals in 13 countries on four continents
Every Solar application requires an individual inverter solution

SMA product families

- SUNNY BOY
- SUNNY MINI CENTRAL
- SUNNY ISLAND
- SUNNY TRIPOWER
- SUNNY CENTRAL
- COMMUNICATION PRODUCTS

SMA PRODUCT FAMILIES

Market segments

- Residential <15 kW
- Commercial <250 kW
- Commercial/Industrial
- Off Grid
- Back-up
- Monitoring Systems

SMA is present in the market with the largest range of products
Due to SMA’s unique flexibility it is possible to adapt the production to consumer demand quickly.

- Our Business model is unique in the Solar industry
- Order-based production
- Adjustment mechanism:
  - Temporary employees
  - Outsourcing
  - Interims-Solutions
- Due to insufficient supply of electronic components, SMA’s expansion plans are delayed

SMA has a maximum production capacity of 11 GW p.a.
2. Financials
During the first six months 2010, SMA tripled sales compared to the same period of the previous year.
SMA’s Managing Board again increases financial guidance for 2010

> SMA Managing Board expects a global PV-market of up to 17 GW in 2010

> Management further assumes a market share of >40 %

> SMA guides for € 1.7 to 1.9 billion in sales and an EBIT-margin of 26.5 % to 28.5 %

> Investments will increase to € 210 million in 2010

(1) SMA's guidance for 2010 (Ad-hoc announcement July 6, 2010): Sales of € 1.5 to € 1.8 bn, EBIT-Margin 2010: 24 % to 27 %

(2) Investments 2010 (March 31, 2010) formerly estimated to be € 160 million
Management is optimistic with regard to 2011

> Outlook for global PV-market 2011 is very difficult
> Changes are expected in certain national subsidy programs
> SMA’s business performance is directly linked to the global PV-market
> However, SMA is well positioned for various market scenarios

> After an exceptionally strong 2010, SMA expects changing growth dynamics in 2011
> The Managing Board assumes a growth of globally newly installed PV-power of up to 20 % in 2011
> At the same time, management cannot rule out a slight market decrease of up to 10 %

For 2011, SMA expects sales of € 1.5 to 1.9 billion and an EBIT-margin of 21.0 % to 25.0 %
3. Market
SMA is worldwide market and technology leader for PV inverters

Global Market:
- 2008: 5.7 GW
- 2009: 8.0 GW

SMA Marketshare
- 2008: 38%
- 2009: > 40%
SMA expects a further strong market growth in 2010

<table>
<thead>
<tr>
<th>Market</th>
<th>Estimated vol. 2009 in MW&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Estimated market segmentation 2009&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>&gt;3,800</td>
<td><img src="Diagram.png" alt="Diagram" /></td>
</tr>
<tr>
<td>North America</td>
<td>750</td>
<td><img src="Diagram.png" alt="Diagram" /></td>
</tr>
<tr>
<td>Italy</td>
<td>700</td>
<td><img src="Diagram.png" alt="Diagram" /></td>
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<tr>
<td>France</td>
<td>350</td>
<td><img src="Diagram.png" alt="Diagram" /></td>
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<tr>
<td>Czech Republic</td>
<td>400</td>
<td><img src="Diagram.png" alt="Diagram" /></td>
</tr>
<tr>
<td>Other Countries</td>
<td>2,000</td>
<td><img src="Diagram.png" alt="Diagram" /></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>&gt;8,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

SMA expects a PV world market size of up to 17 Gigawatt in 2010

<sup>(1)</sup> SMA estimates
Due to its unique positioning, SMA outperformed the market

The PV-inverter market has high market-entry barriers (e.g. product range, innovation rate, service, global customer access, flexibility)


Next 5 players had a combined market share of 30% in 2009

- SMA: 43%
- Fronius: 8%
- Kaco: 9%
- Siemens: 5%
- Sputnik: 5%
- Schneider Electric: 5%
- Others: 4%

2008 (Total market size: 5.7 GW)  |  2009 (Total market size: 8.0 GW)

Market share based on companies’ sold MW production (Sonne Wind & Wärme, SMA estimates) in relation to PV-market size of 5,750 MW (BSW, 2/2009) and 8,000 MW (SMA estimates)
4. Technology
Reduction of Total Cost of Ownership (TCO) is main target of SMA’s R&D department

- Reduction of specific inverter prices
- Further improvement of inverter efficiency
- Reduction of installation and service costs
- Increased reliability of our products
- Improved monitoring solutions

It’s minimizing the Total Cost of Ownership what primarily determines the profitability of PV plants in the future – rather than material costs
Strongly growing share of PV in electrical grids requires additional functions in solar inverters

> Large PV-power plants with medium voltage connection:
  > Compliant with Medium Voltage Grid Code (static and dynamic grid support)
> PV-plants >100 kW:
  > Interfaces for active power reduction via remote control
> Small PV-plants:
  > Intelligent control to increase direct consumption compliant with
    Low Voltage Grid Code (reactive power control) measures to avoid costs for
    grid extension

- Measures for grid integration increase the requirements for controlling and communication functions: The inverter becomes a system manager
- PV will be generated decentrally and closely to the customer to avoid grid expansion costs also in the future
Sunny Central 800CP

Compact Power = more power – less material – more innovations
Sunny Central 800CP – Highlights and Innovations

1. Considerable cost reduction due to innovative outdoor concept
2. Higher yields with intelligent power management
3. Cost-optimized condition monitoring with Optiprotect®
4. Future-proof due to integrated grid support technologies
The innovative outdoor concept

**Sunny Central MV**

30\(\text{t}\) incl. MV transformer

**Sunny Central CP**

1,9\(\text{t}\) incl. compact substation approx. 5 t

Significant *cost reduction* by dispensing with concrete substations
Higher performance = higher yields!

Higher yields due to higher performance in continuous operation!
Optiprotect® – the cost-optimized monitoring system

Maximum system availability due to automatic operation!
With an increasing share of renewable energies in the grid, PV must make a contribution to grid support.

Instruments for grid stabilization and grid support:
- Grid Stability Management
- Reduction of active power in cases of over-frequency
- Provides reactive power in normal operation
- Delivers short-circuit current in cases of failure

Sunny Central CP meet the requirements of grid support worldwide.

Sunny Central HE-11 is the first PV inverter to be issued with a unit certificate acc. to BDEW’s Medium-Voltage Directive.
SUNNY TRIPOWER – A new standard

1. **Favorable specific price due to the highest efficiency on the market**, as confirmed by independent PHOTON Professional test

2. **Maximum plant design flexibility** due to a wide input voltage range and the new Multistring® concept "Optiflex"

3. **Reduction of total system costs by more than 1 %** with highest yield security and operating safety

4. **Simple installation** without the need for special tools with the new PV plug system "SUNCLIX"
SUNNY TRIPOWER – Awards in 2010

Innovation Award 2010
PV Symposium in Bad Staffelstein

PHOTON Inverter Test 2010

A new standard

"The Sunny Tripower by SMA has a great deal that other inverters don't have – also including the highest-ever measured Photon efficiency"
1. The highest efficiency in the market: $\text{eta}_{\text{max}} = 98.2\%$

**Efficiencies compared to (Photon efficiency)\(^1\)**

<table>
<thead>
<tr>
<th>System</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunny Tripower 17000 TL</td>
<td>97.3%</td>
</tr>
<tr>
<td>Sunny Mini Central 11000 TL</td>
<td>96.9%</td>
</tr>
<tr>
<td>Competitor “A”</td>
<td>96.9%</td>
</tr>
<tr>
<td>Competitor “B”</td>
<td>96.4%</td>
</tr>
</tbody>
</table>

**Value Impact**

> With each extra percentage point of higher efficiency, the system costs (module and installation costs) can be reduced by the same ratio

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\(^1\) The definition of Photon efficiency can be found at www.photon.de
Optiflex – for *any* roof shape and *any* number of modules!

Standard solution:
One MPP input
> Exclusively for unshaded plants
> Configuration to match the required number of modules is not possible in all cases.

Sunny Tripower with Optiflex:
2 MPP inputs (A,B) "asymmetrical"
> Optimum utilization of any roof shape and any number of modules!
> Solution for *partly shaded units*
> *Best price/performance ratio* in the market

Optiflex: the highest degree of flexibility in plant design
Optiprotect, the intelligent threefold protection system

Integrated overvoltage protection (type II)

- Easy integration of inverters into lightning protection concepts
- First-ever solution which can be integrated into the inverter
- No additional installation costs!
- Integrated monitoring feature
- Typically reduces specific inverter costs by 3.5 %

Electronic string fuse

- Safer compared to thermal fuses
- No aging effects, no losses
- No additional costs, maintenance-free
- No dimensioning required
- Continuous monitoring
- Typically reduces specific inverter costs by 2.0%

Auto-adaptive string-failure detection

- Automatic detection of faulty strings, no risk of unnoticed yield losses
- Auto-adaptive procedures, no configuration required
- Typically reduces specific inverter costs by 2.0%

Customer benefit due to the specific inverter cost of approx. 7.5%!

(1) External solution: typically 200 € per 20 kWp, corresponding to approx. 0.5% of plant costs = 3.5% of inverter costs
(2) Version with 6 thermal fuses: per 20 kWp, typically 80 €, corresponding to approx. 0.3% of plant costs / 2% of inverter costs
(3) External solution (e.g. Sunny String Monitor): typically 500 € (60 kWp), corresp. to approx. 0.3% of plant costs / 2% of inverter costs
The new SUNCLIX DC plug System.

A secure connection in an instant

> Tool-free assembly
> Independent of the module supplier’s plug system (field plugs are included free of charge)
> Simple and fast removal of plugs
> Reduction of installation times (takes a maximum of 15 seconds per plug)
> Reduction of plug installation time by up to 1 hour!¹

SUNCLIX –

Quick, easy, independent of the plug system

¹ In a 100-kW PV plant compared to crimped plugs.
Sunny Backup System
Sunny Backup – Highlights and Innovations

1. **Increase of direct consumption** by temporary storage of solar power

2. **Reduction of grid load** by prevention of feed-in peaks
Increasing direct consumption

Significant increase in direct consumption (up to 50%) by storage of PV energy for use in the evening.

Solar power available for night use!
The reduction of feed-in and consumption peaks provides significant grid relief and long-term market security!
5. Appendix
Cost of Goods Sold decreased due to shift in the product mix towards inverters with larger power sizes during the first six months 2010.

> Significant improvement of gross margin due to product mix
> COGS include costs for service infrastructure

> Primarily personnel expenses (approx. 75 %); SMA employs more than 600 engineers as of June 30
> R&D budget of € 80 million in 2010 (plus capitalized R&D projects)
> Decrease of SGA expenses as 5.7 % of sales underpins scalability of SMA’s business model

(1) €m and as % of sales    (2) COGS: Cost of Goods Sold
Total assets amount to € 1 billion as of June 30, 2010

SMA increased its cash position\(^1\) to more than € 376 million

\(^1\) Cash plus time deposits with duration of > 3 months
Increase in Net Working Capital mainly due to raw materials

Net Working Capital as of June 30, 2010

- Inventory: 52.5, 60.1, 58.1
- Trade Receivables: 69.0, 104.1, 97.6
- Trade Payable: -72.1, -71.1, -119.0
- LTM sales: 98.6, 199.6, 252.6

1) Working Capital = Inventory + Trade Receivable - Trade Payable
2) LTM = Last twelve months