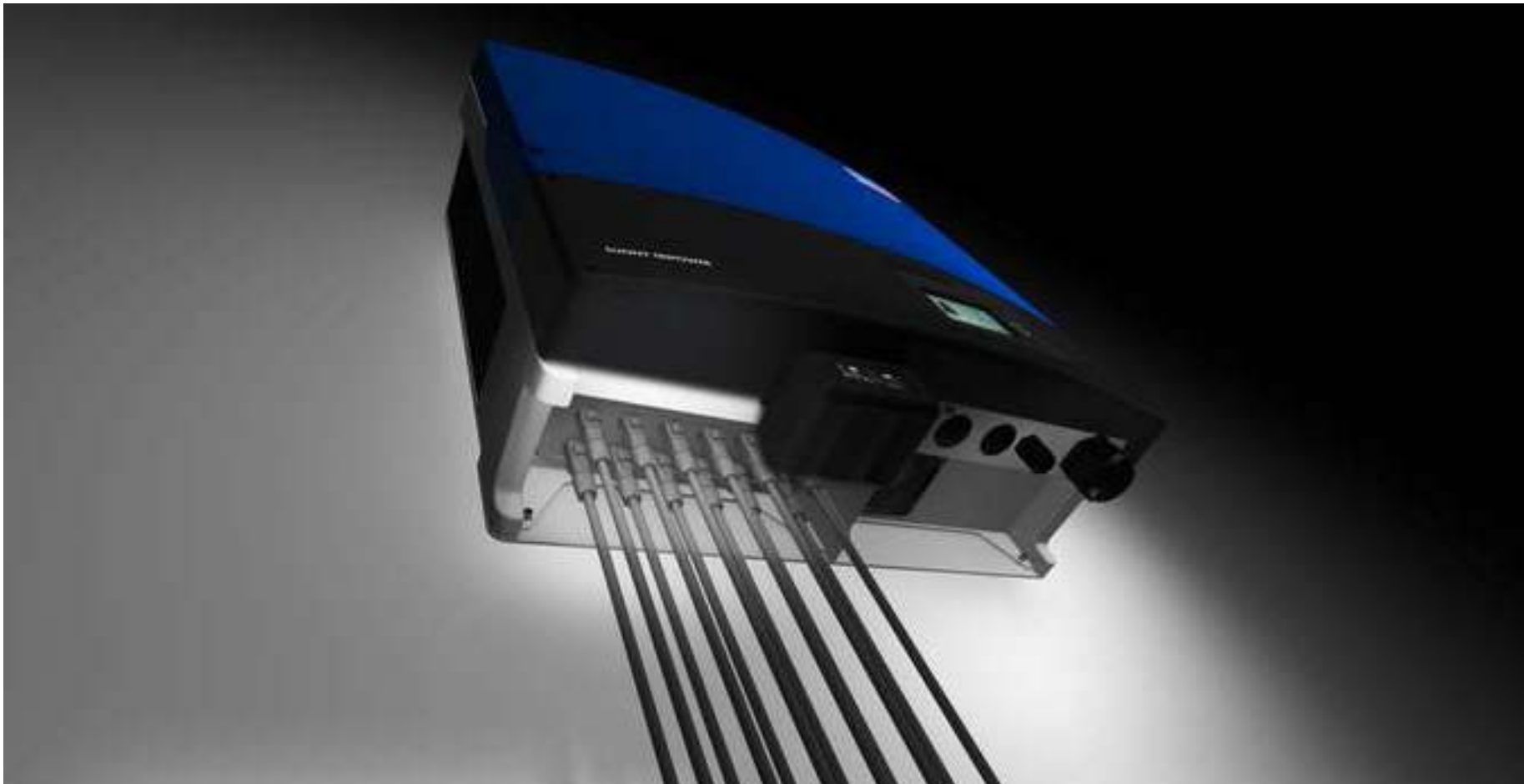


# SMA Solar Technology AG

## Quarterly Financial Results - January to March 2011





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# 1. Executive Summary





## SMA's first quarter results better than expected

- > Q1 2011 demand was impacted by high inventory level and uncertain regulatory environment
- > With € 255.9 million Q1 sales were better than estimated<sup>1)</sup>
- > Operating profit of € 13.7 million is slightly above management expectations<sup>1)</sup>
- > More than 1 GW inverter output sold in first quarter 2011
- > Export ratio of 66.4 % underlines our excellent international presence
- > Net Working Capital accounts for 17.1 % of sales (LTM)<sup>2)</sup> mainly due to delays in the realization of utility scale solar projects
- > Successful product launch of Sunny Tripower 8000TL for commercial solar applications in Europe and Sunny Boy 2000HF, Sunny Boy 2500HF and Sunny Boy 3000HF for residential solar applications in North America

### ► Despite the weak first quarter Managing Board confirmed the guidance for the full year 2011



## First quarter 2011 did not benefit from any pull-forward effect

	January – March 2011	January – March 2010	Changes
MW sold	1,019	1,288	- 21 %
Sales	255.9	339.3	- 25 %
Gross Profit	61.3	130.4	- 53 %
as % of sales	24.0%	38.4%	
EBIT	13.7	92.4	- 85 %
as % of sales	5.4%	27.2%	
Net Profit	10.3	66.6	- 85 %
as % of sales	4.0%	19.6%	
EPS <sup>1)</sup>	0.30	1.92	

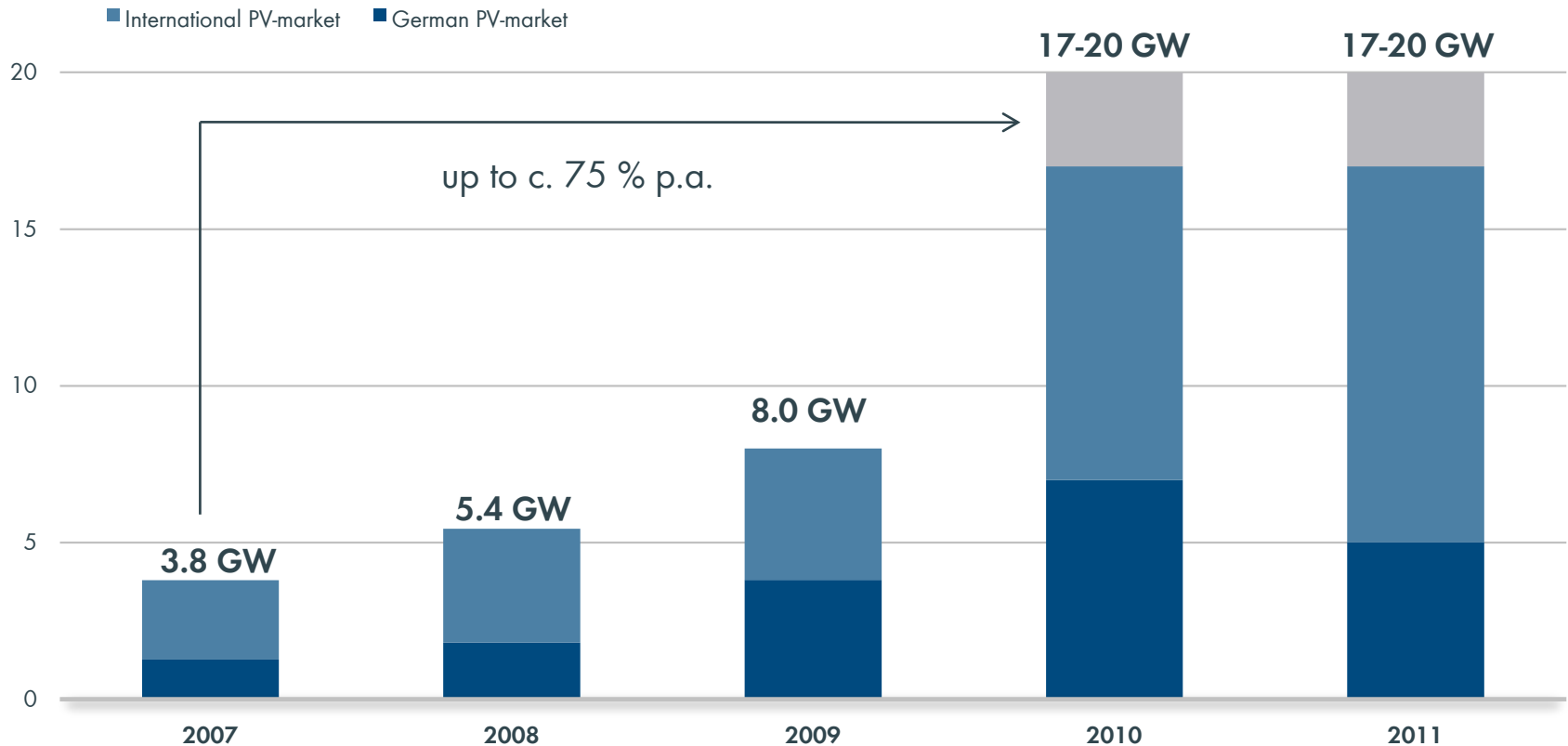
## 2. Market





## The second half of the year is supposed to be more dynamic compared to the first 6 months

Development of the PV-market (annual new installations)

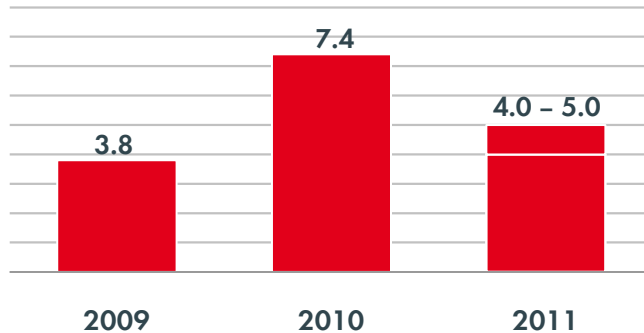


► **SMA is the clear world market leader with a market share between 39 % and 45 % in 2010<sup>1)</sup>**

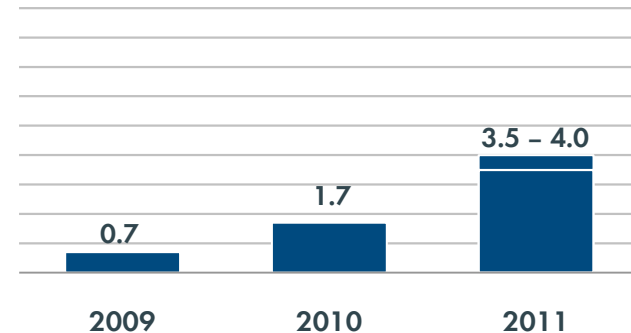


# Growth markets are outside Europe – with 17 foreign companies SMA is well positioned to benefit from market trends

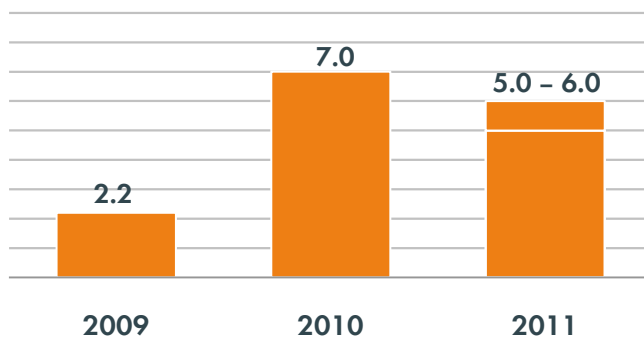
Germany<sup>1)</sup>



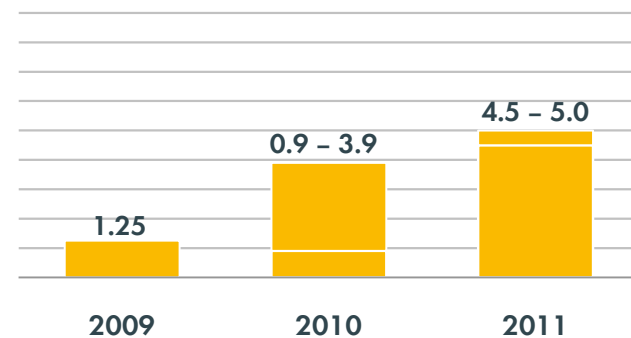
North America<sup>1)</sup>



Europe (without Germany)<sup>1)</sup>



Asia / Pacific / ROW<sup>1)</sup>



► SMA will establish new sales and service companies in Japan and Thailand





## Italy targets 23 GW solar power by 2016

### Regulatory Environment

- > Feed-in Tariff (FIT)
  - > Decrease in FIT by 20 % to 30 % starting in August 2011
  - > Tariff reductions are envisaged on the basis of plant size
  - > 10 % bonus for systems using at least 60 % of PV components made in the EU
  - > Between June 1 and August 31, 2011 installations can apply for grid connection without registration and approval process by the GSE<sup>1)</sup>
- > Cap only for large plants
  - > FIT for ground-mounted systems<sup>2)</sup> and large roof-top systems<sup>3)</sup> will be reduced to € 300 million until end of 2011 (€ 280 million for 2012)
  - > Between 2013 and 2016 FIT is limited to € 1.3 billion

### Market Structure

	Market size 2010	Trend 2011
Residential		↑
Commercial		↘
Industrial		↓
Total	3.0 GW <sup>4)</sup>	3.0 GW <sup>4)</sup>

## ▶▶ SMA expects strong demand in the upcoming months



## SMA strives to gain market share with innovative product and service offerings

### SMA Italy

- > Since 2005 represented in Italy
- > 50 employees
- > 15 service hubs, 24hrs. exchange service, local helpline
- > Close contact to major customers in Italy
- > Nearly 300 Sunny PRO Club members

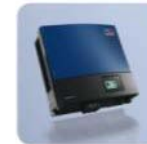
### Product Offering

Sunny Tripower Sunny Boy



Residential 1 - 30 kW

Sunny Tripower



Commercial 30 - 500 kW

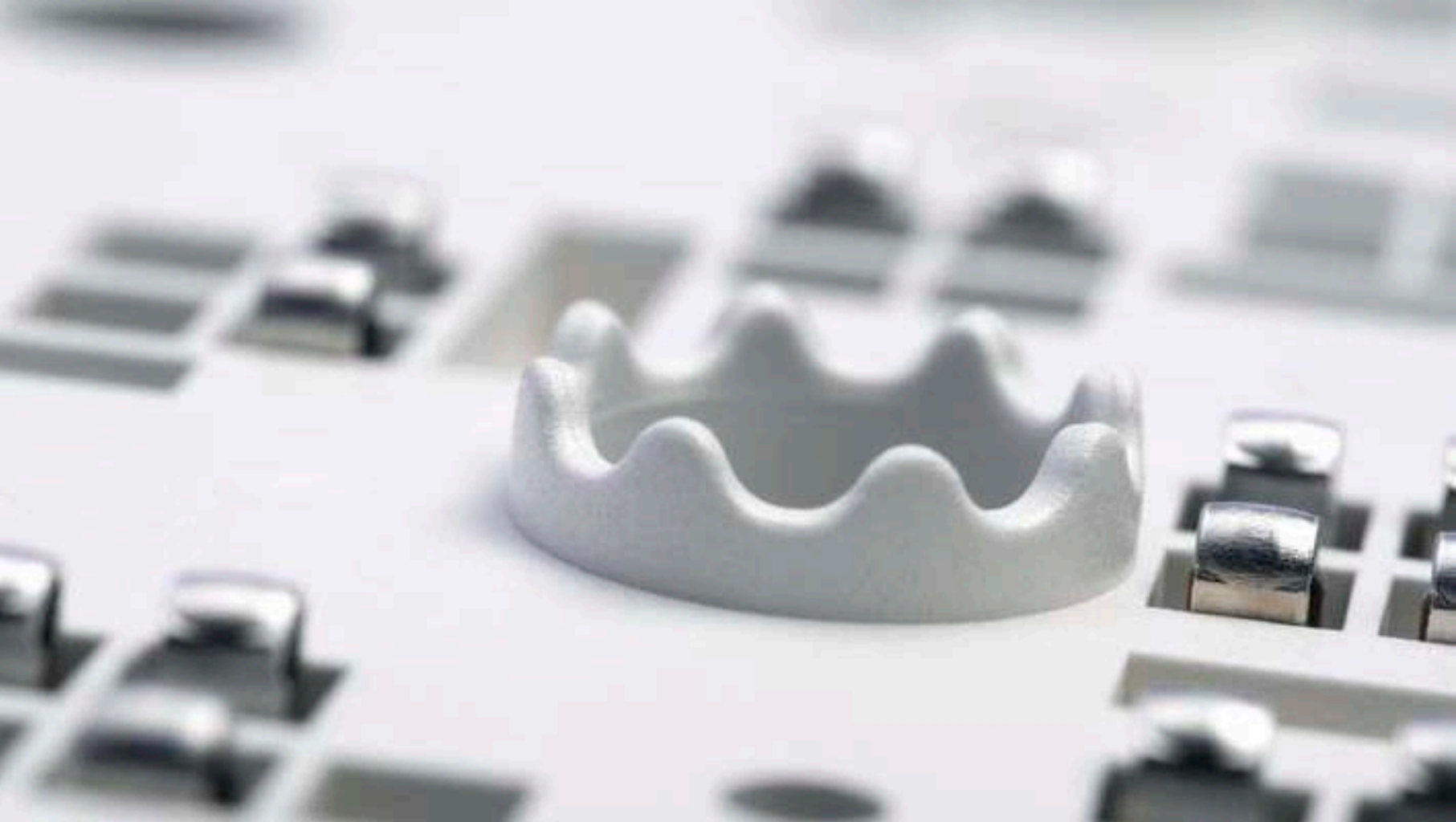
Sunny Central 800CP



Industrial > 500kW

►► **SMA's Italian Managing Director, Valerio Natalizia, acts also as the President of the Italian Solar Industry Association**

### 3. Technology





# Full product range for custom-fit system design

Sunny Boy/Sunny Mini Central/Sunny Tripower

Max. AC Output (W)



**With transformer (#13)**

1200	1700	2000HF 2500HF 3000HF	2500 3000	3300 3800	4600A	5000A	6000A	7000HV

**Without transformer (#19)**

1600TL	2100TL	3000TL	4000TL 5000TL		6000TL 7000TL 8000TL	8000TL 10000TL		9000TL/TLRP 10000TL/TLRP 11000TL/TLRP			12000TL 15000TL 17000TL		

**With UL certificate (#14)**

700-US	2000HF-US 2500HF-US 3000HF-US			3000-US 3800-US 4000-US			5000-US 6000-US		7000-US 8000-US		8000TL-US 9000TL-US 10000TL-US		

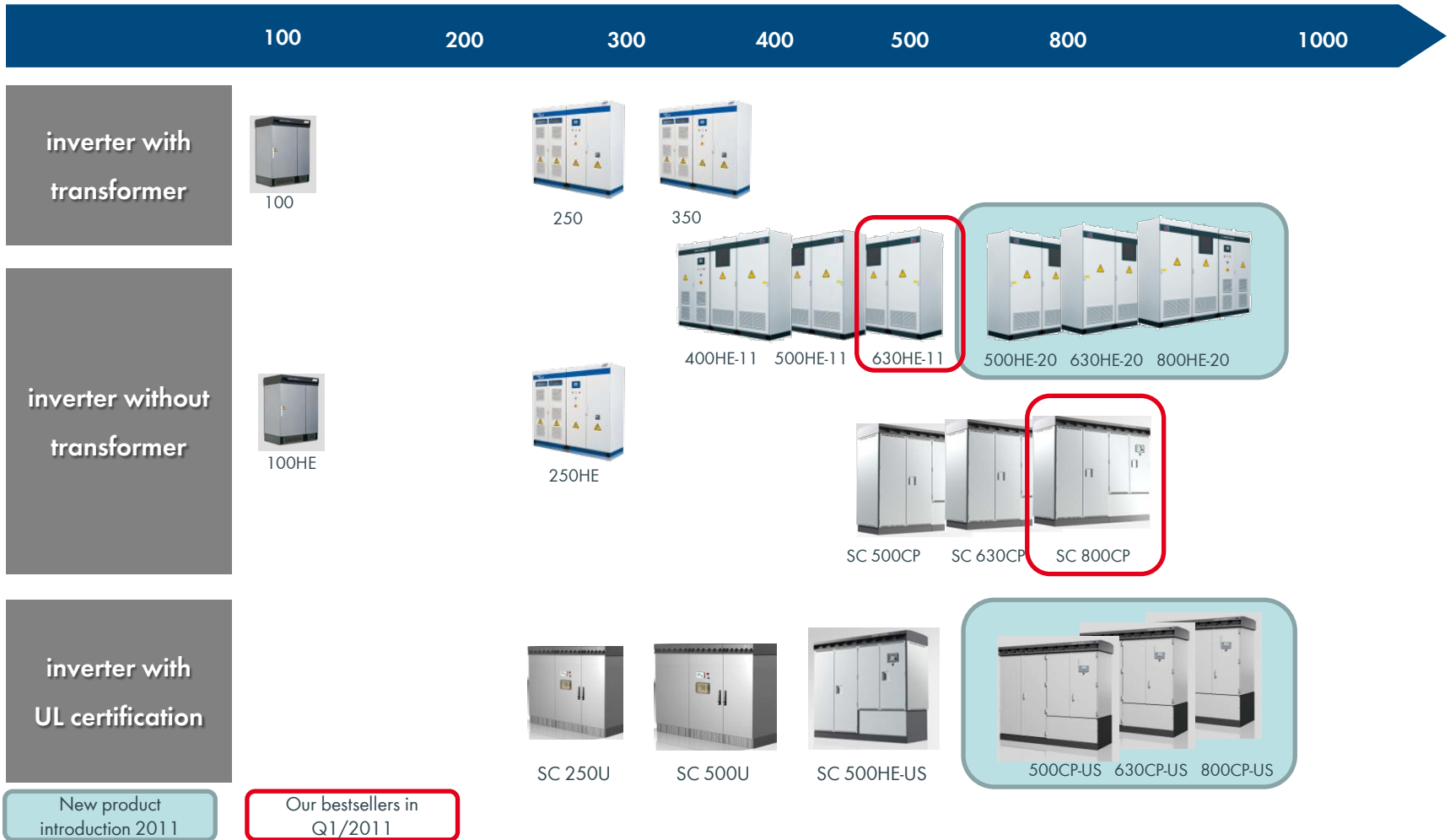
New product introduction 2011

Our bestsellers in Q1/2011



# Sunny Central inverters are designed to reduce the Total Cost of Ownership

Sunny Central – AC Output Range (kVA)





# SMA also offers turn-key-solutions for utility scale projects

Sunny Central – AC Output Range (kVA)



MV station  
with 1 inverter



400MV



500MV



630MV



800MV

MV station  
with 2 inverters



1000MV



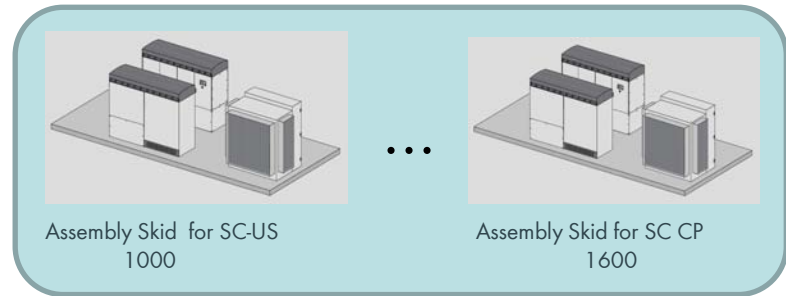
1250MV



1600MV

Assembly Skid  
Solution for  
North America

New product  
introduction 2011

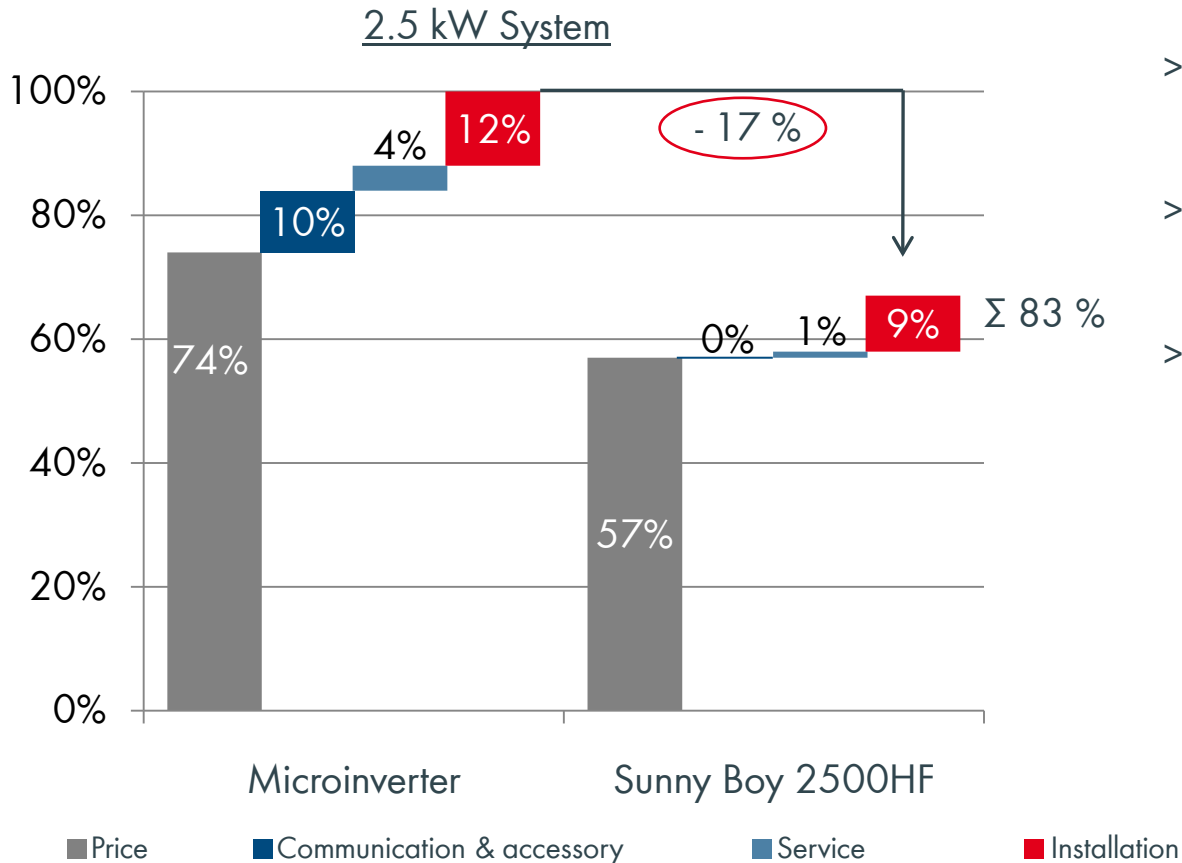


Assembly Skid for SC-US  
1000

Assembly Skid for SC CP  
1600



# The Sunny Boy HF string inverter is the most economic solution for residential applications



- > Higher energy harvest due to higher efficiency and higher system reliability
- > Sunny Boy inverters come with a communication interface (Bluetooth )
- > Lower TCO<sup>1)</sup> due to less labor intensive installation and service costs

▶ **Micro inverters are a valid concept but only for small and strongly shaded roofs**

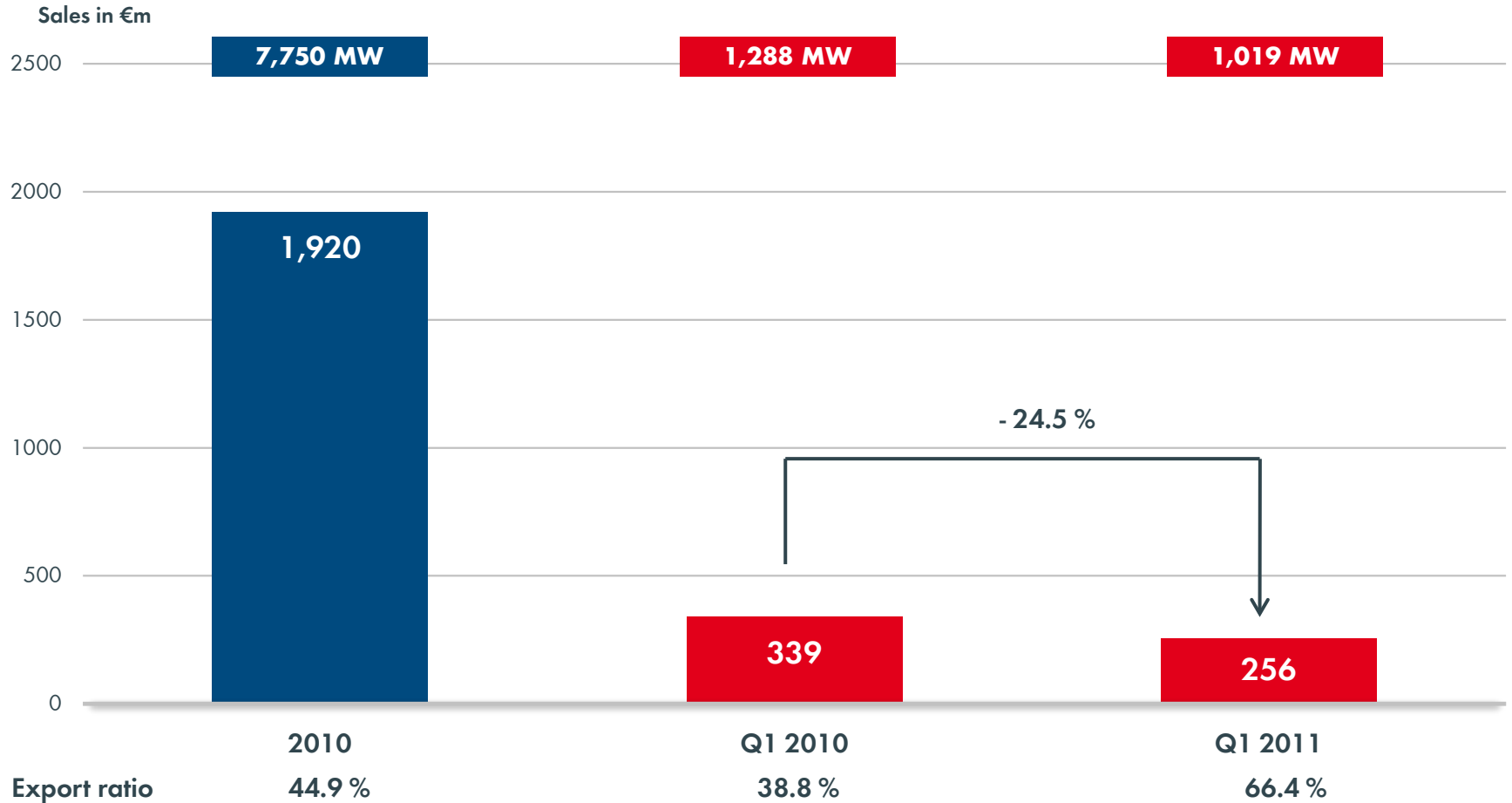
# 4. Financials





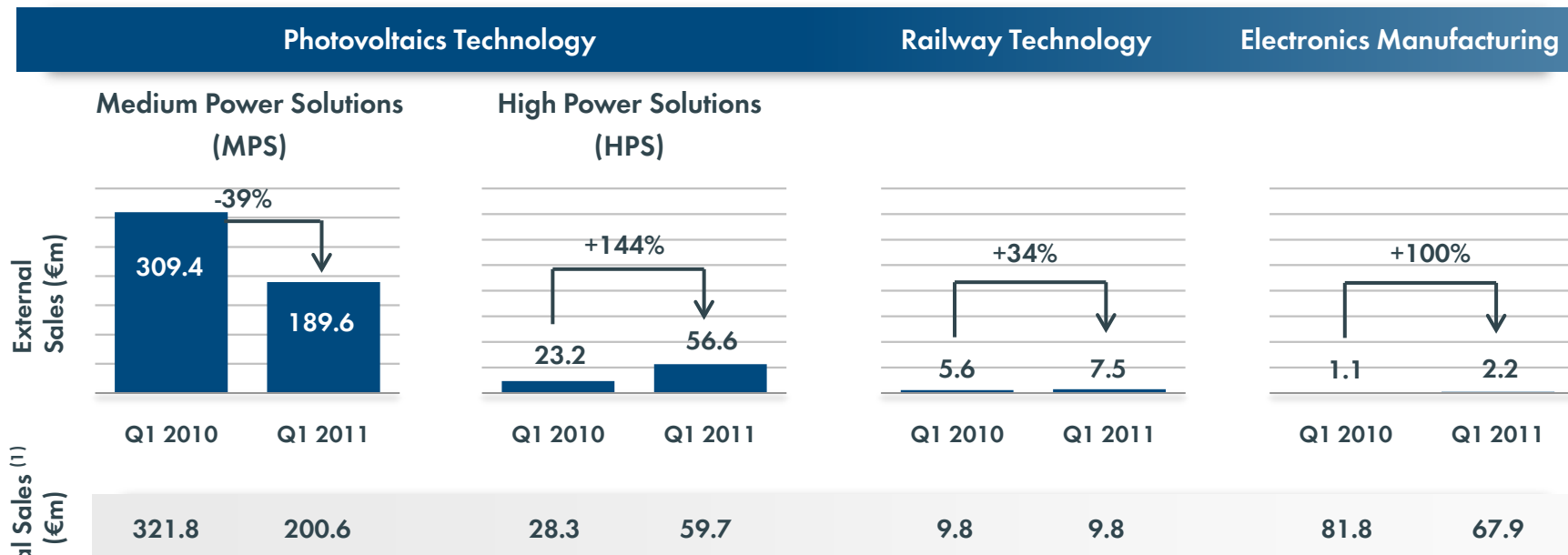


## Strong international demand in Q1 2011





# High Power Solutions sales benefited from strong demand in North America



Total Sales <sup>(1)</sup> (€m)

3 months - Highlights

- > Change in product mix towards Sunny Tripower
- > Top seller were Sunny Tripower 12000TL and 17000TL as well as Sunny Boy 3000TL to 5000TL
- > Strong international markets in Q1 2011: France, Italy, USA and Australia

- > 30 % of gross sales revenues were generated in North America
- > Top Seller were Sunny Central 800CP and Sunny Central 630HE

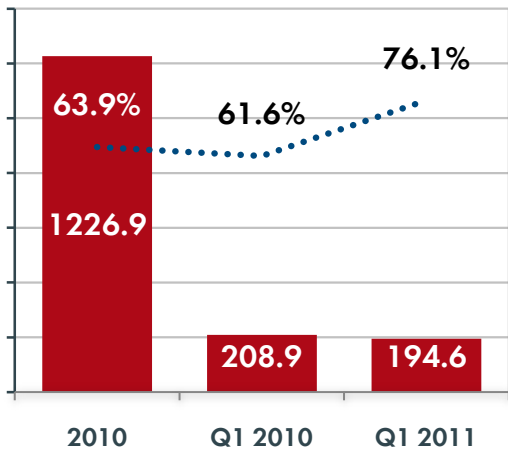
- > Sales are driven by long-term projects for modernisation of railway coaches
- > Solid order backlog

- > Internal supplier for other SMA segments, in particular MPS



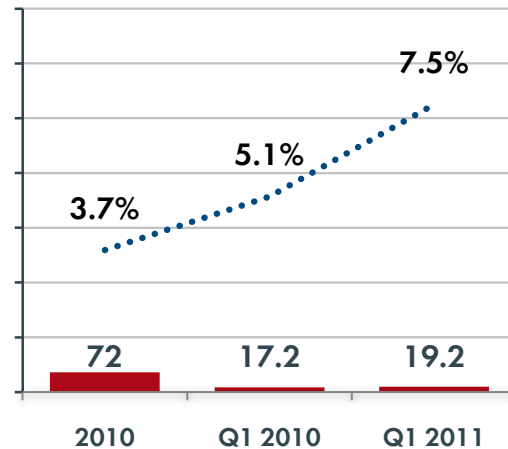
## Gross margin reflects the change in the product mix

### COGS<sup>1)2)</sup>



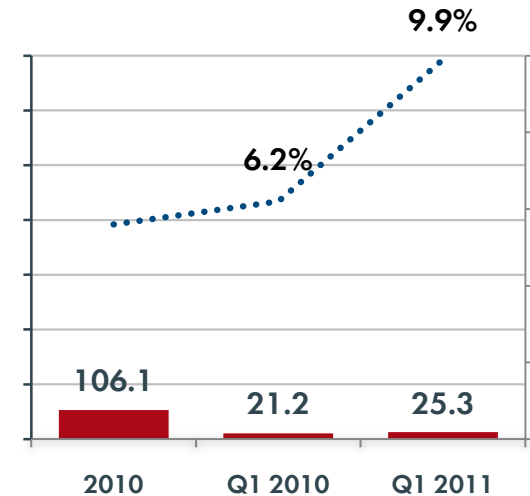
- > Change in product mix had major impact
- > Lower utilization of production capacity and continued expansion of the service infrastructure led to a reduced gross margin

### R&D expenses<sup>1)</sup>



- > SMA will invest € 100 million in R&D in 2011
- > More than 800 R&D employees strive to develop technology leading products
- > R&D focus is on reduction of inverters' specific costs, reduction of Total Cost of Ownership and grid integration

### SGA expenses<sup>1)</sup>

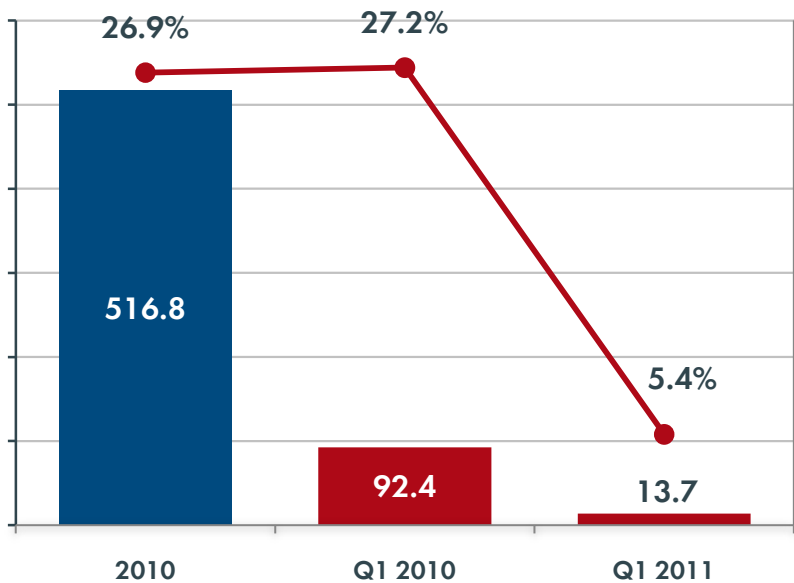


- > Increase in SGA-expenses is driven by expansion of sales in Germany and abroad
- > In view of the expected growth and increasing internationalization SMA adapted its structures

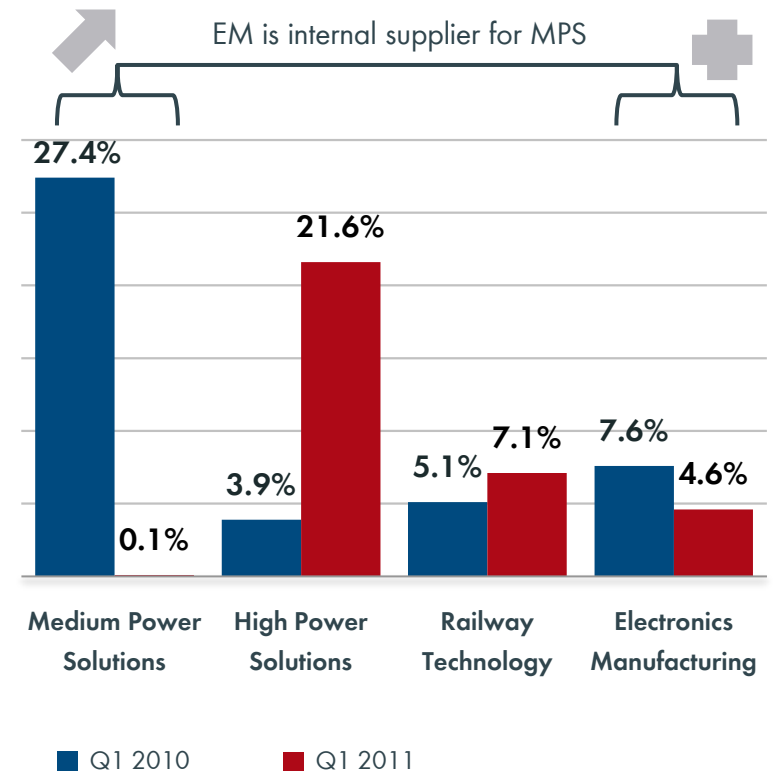


# SMA generated a positive EBIT although sales almost halved compared to Q4 2010

## EBIT and EBIT margin SMA Group



## EBIT margin by Segment

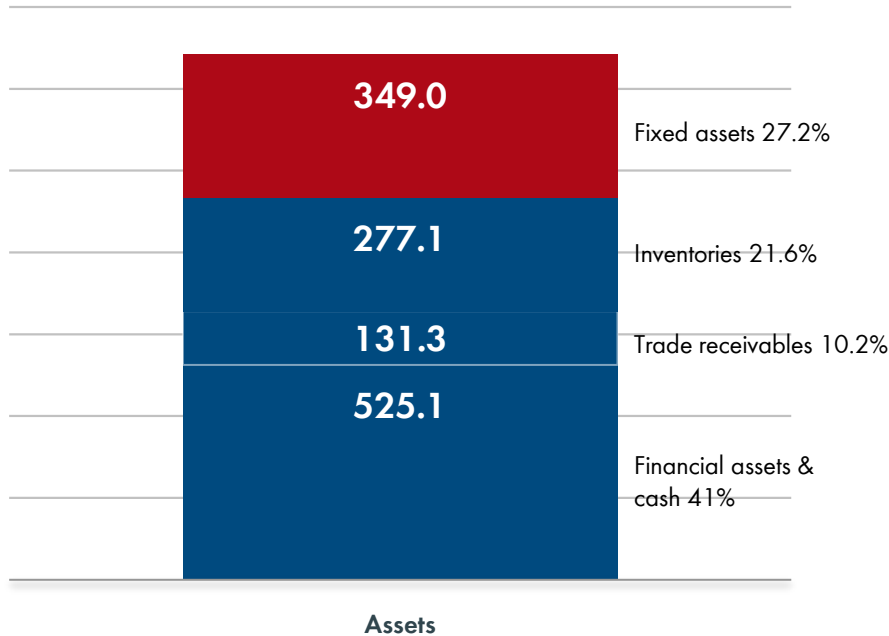


▶▶ EBIT margin of High Power solutions benefited from one-off item

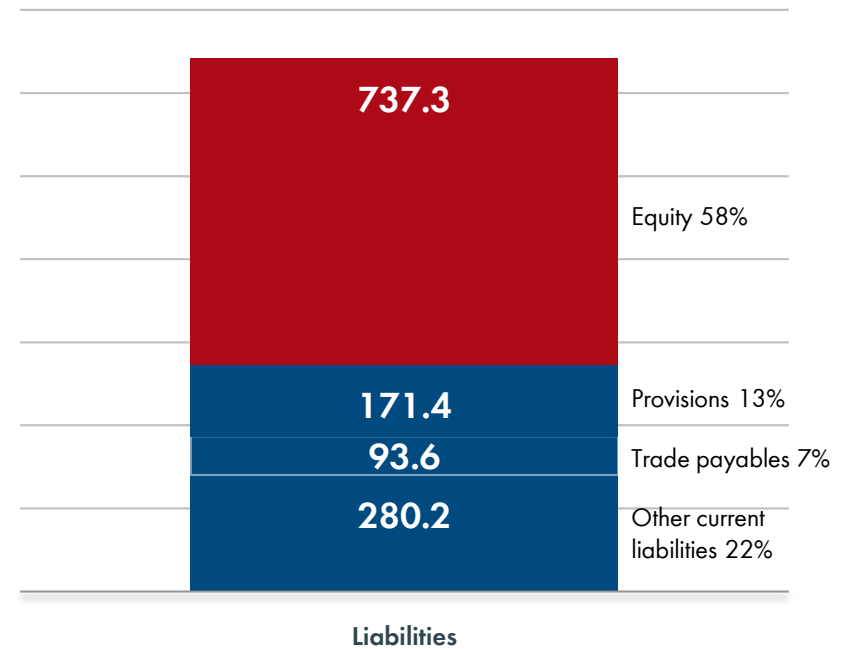


## SMA still has a very solid balance sheet structure

Σ € 1,282.5 million



Σ € 1,282.5 million

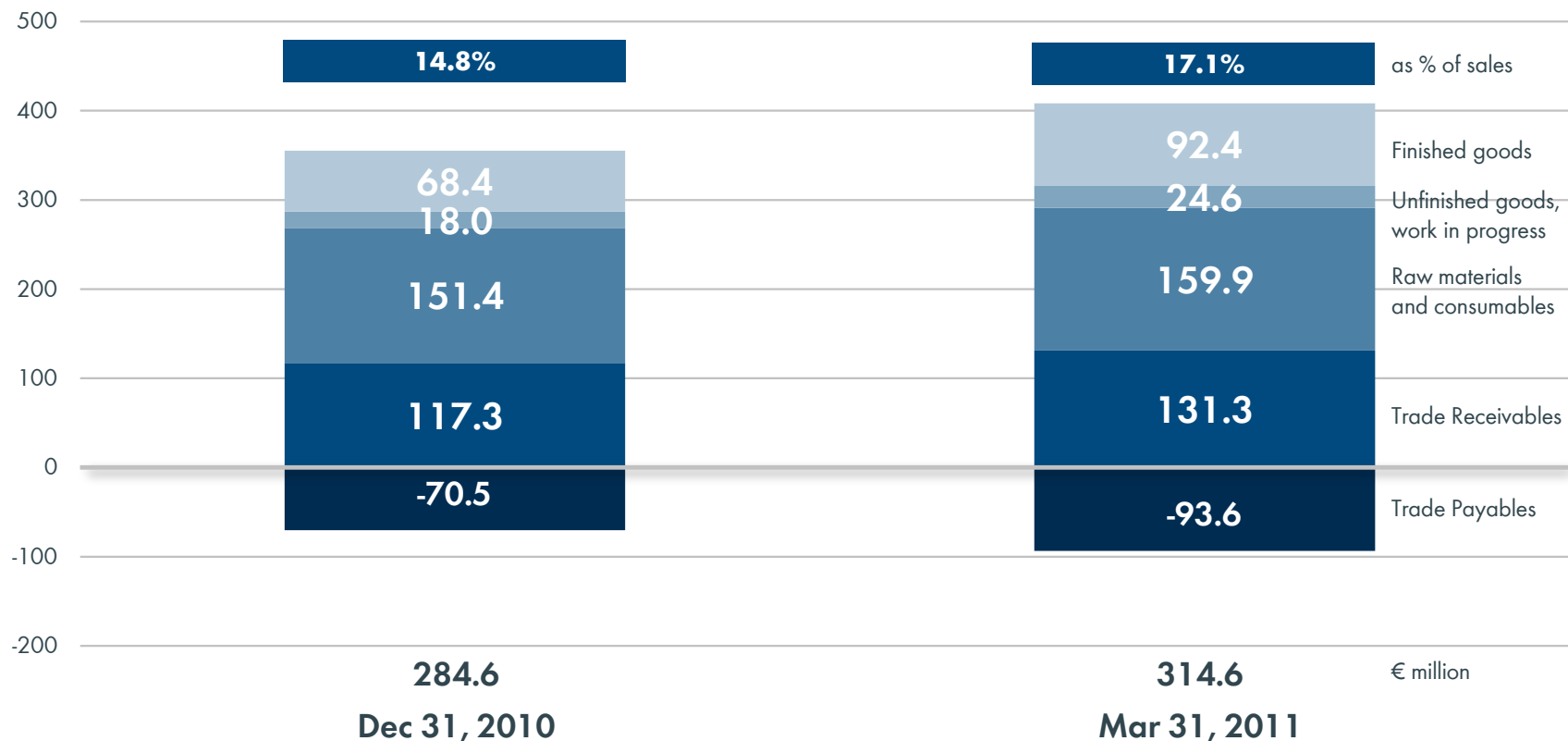


▶ SMA has an equity ratio of 57.5 % and cash of € 482.3 million



## With 17.1 % NWC ratio SMA was below the guidance of 18 % to 20 %

### Net Working Capital<sup>1)2)</sup>



► Increase in finished goods is mainly due to delay in utility scale projects



# 6. Strategy





## Never change a winning business strategy

### Technology leadership

5 to 6 innovations per year

### Comprehensive product portfolio

For all applications, module types and power classes

### High flexibility

Enables a quick adjustment to high market volatility

### Dedicated global sales and service team

More than 900 sales and service professionals

### Low capital intensity

High Return on Capital Employed







## Contacts and Financial Calendar

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### > Financial Calendar Q2/2011

May 19, 2011	HSBC Luxembourg Event, Luxembourg
May 20, 2011:	Deutsche Bank & Austrian Corporate Conference, Frankfurt
May 26, 2011:	Annual General Meeting 2011, Kassel

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