

# SMA Solar Technology AG

## Half-Yearly Results - January to June 2011





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# 1. Executive Summary





## SMA outperformed the solar market in Q2-2011<sup>1)</sup>

- > Demand in Europe remained dulled and US market did not emerge to off-set European weakness in H1 2011
- > SMA shipped 3.1 GW solar inverter power during the first six months (H1 2010: 3.1 GW)
- > SMA benefitted from strong utility business and generated total sales of € 715.0 million (H1 2010: € 815.8 million)
- > SMA successfully established its brand in key solar regions and increased its export ratio to more than 56 % (H1 2010: 36.4 %)
- > SMA's topsellers Sunny Tripower and Sunny Central accounted for more than 50 % of total sales
- > SMA generated € 103.7 million operating profit (EBIT) during the first six months (H1 2010: € 219.9 million)
- > SMA increased net working capital to 18.7 % in light of the expected acceleration in demand in the second half of 2011

### ▶ SMA's Management confirms guidance for 2011<sup>2)</sup> based on improved fundamentals for the solar industry



## H1 2011 results are below previous years' record level

	January – June 2011	January – June 2010	Changes
MW sold	3,147	3,146	0 %
Sales	715.0	815.8	- 12 %
Gross Profit	208.2	307.3	- 32 %
as % of sales	29.1 %	37.7 %	
EBIT	103.7	219.9	- 53 %
as % of sales	14.5 %	27.0 %	
Net Profit	73.5	158.2	- 54 %
as % of sales	10.3 %	19.4 %	
EPS <sup>1)</sup>	2.12	4.56	

## 2. Market





## Demand in key regions remained subdued and US-market did not emerge to off-set European weakness during the first six months 2011

Market	Volume 2010 <sup>1)</sup>	Volume 2011 <sup>1)</sup>	Volume 2012 <sup>1)</sup>	Segments 2011		
				Residential	Commercial	Industrial
Germany	7.4	5.0	➔			
Italy	4.5	3.0	➔			
France	1.5	1.0	⬇			
North America	1.5	3.5	⬆			
Japan	1.5	1.5	⬆			
India	0.0	0.5	⬆			
ROW	0.6 - 3.6	2.5 - 5.5	⬆			
<b>Total</b>	<b>17 - 20</b>	<b>17 - 20</b>	↗			

▶▶ Based on existing FIT programs, lower total PV-System costs and low interest rates SMA expects an increase in demand in the second half of the year



## SMA will rock the Japanese solar market in 2012



### Market Environment

- > Due to the nuclear disaster and the frequent black-outs since then SMA perceived a growing social consensus for renewable energy in Japan
- > Japan plans a new FIT in April 2012<sup>1)</sup>
- > A trend towards larger solar installations is inevitable to off-set nuclear power
- > Furthermore, solar installers will start selecting the most efficient components to increase the energy harvest and reduce the total PV-System costs
- > SMA expects newly installed solar systems of more than 5.0 GW between 2011 and 2013

### SMA Japan

- > SMA established a sales and service subsidiary in Tokyo in Q2 2011 ✓
- > Certification of products is on track ✓
- > Competent team already hired; further recruitments planned ✓

▶ **SMA strives to offer a complete product range for the Japanese solar market**



## SMA sold more than 200 MW in India since 2010



### Market

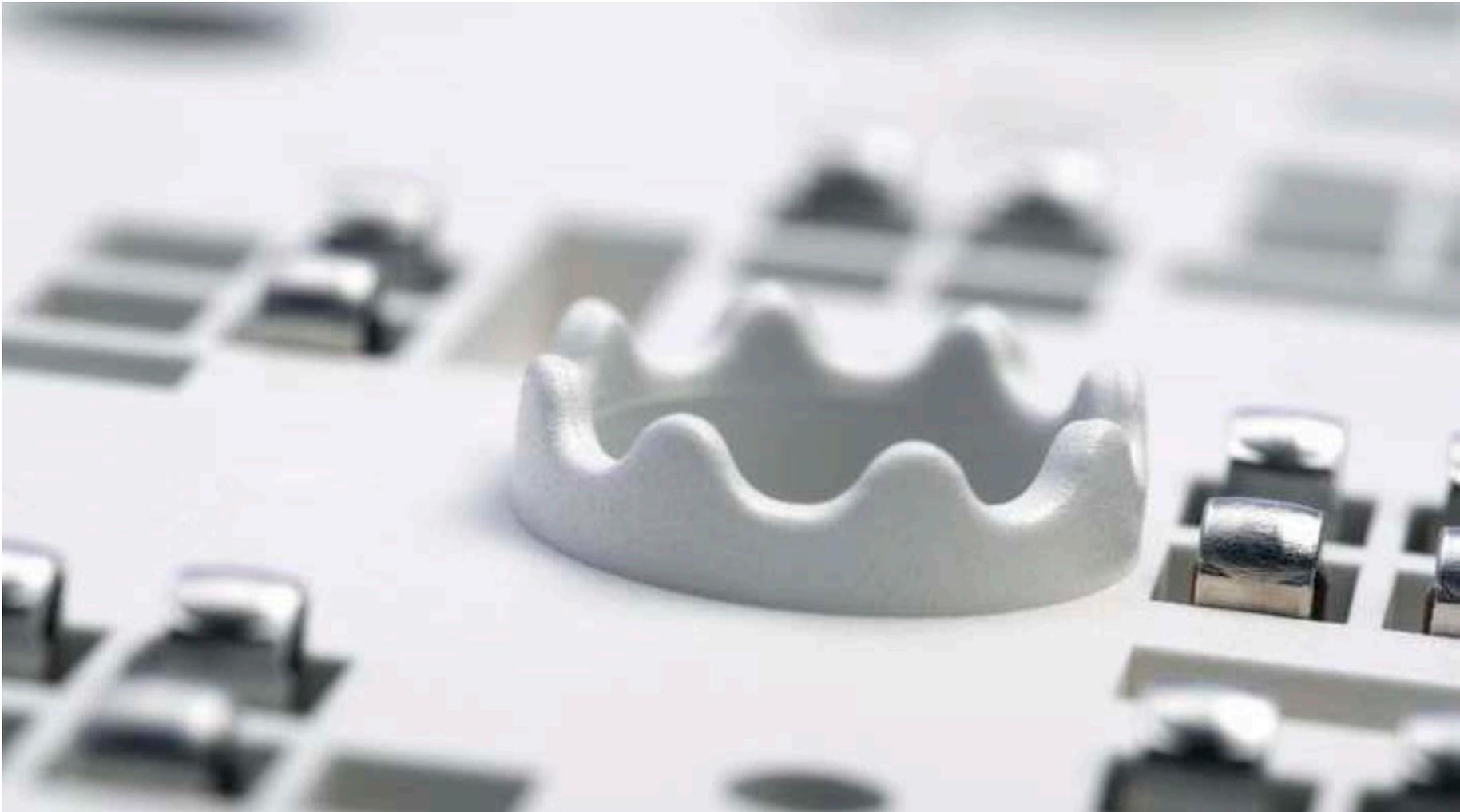
- > Attractive FIT support installations of more than 1.5 GW by 2013
- > Solar market is very much driven by utility-scale projects
- > SMA expects a growing demand for residential PV-Systems with back-up function in the coming years

### SMA

- > SMA established a sales and service subsidiary already in 2010 ✓
- > Complete product line from kilowatt to megawatt ✓
- > Well experienced sales and service team on the ground ✓

▶ **The award-winning Sunny Central 800CP is one of the most popular products in India because it is designed for any outdoor application and suitable for harshest environment**

### 3. Technology

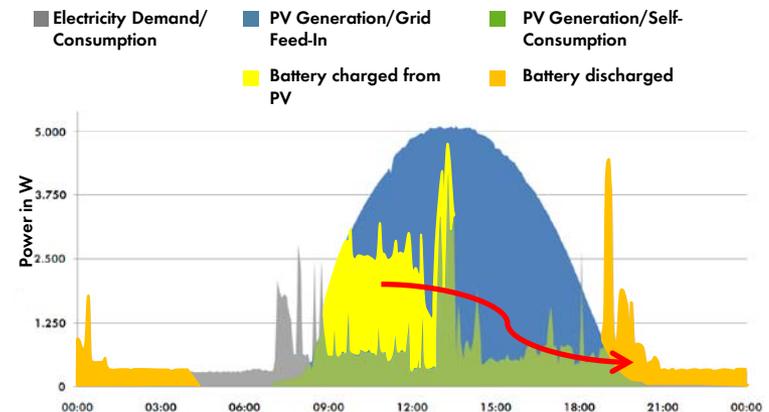




## Grid management is the hottest topic in the solar industry – Therefore, SMA presented the Sunny Home Manager during the Intersolar

### Sunny Home Manager

- > Up to 10 standard home appliances can be controlled
- > Sunny Home Manager will learn the household's typical consumption behavior
- > SMA is the only vendor with a product to connect the consumption information with the PV-Forecast data and electrical tariffs
- > Simple operation from mobile devices or PC
- > Available in 2012



▶▶ The Sunny Home Manager in combination with the Sunny Back up can increase the self-consumption by more than 100 %



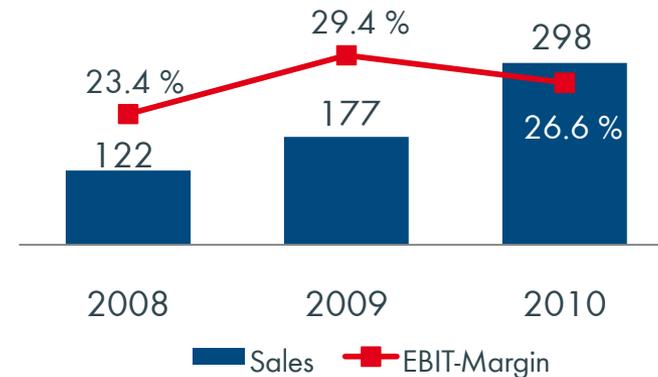
## Strategic important acquisition closed on August 1, 2011

- > Supplier of excellent chokes and transformers
- > Modern production facilities<sup>2)</sup> in Zabierzów, Poland, with annual output up to 800,000 units
- > Industry leading quality standard and reliable processes
- > Extensive R&D experience in the field of magnetics
- > 530 employees, incl. temporary employees
- > dtw will be a SMA subsidiary and global center of competency for electro-magnetic components
- > dtw will contribute with € 20 to € 25 million to SMA's operating profit

### Key Products



### Key Financials <sup>1)</sup>



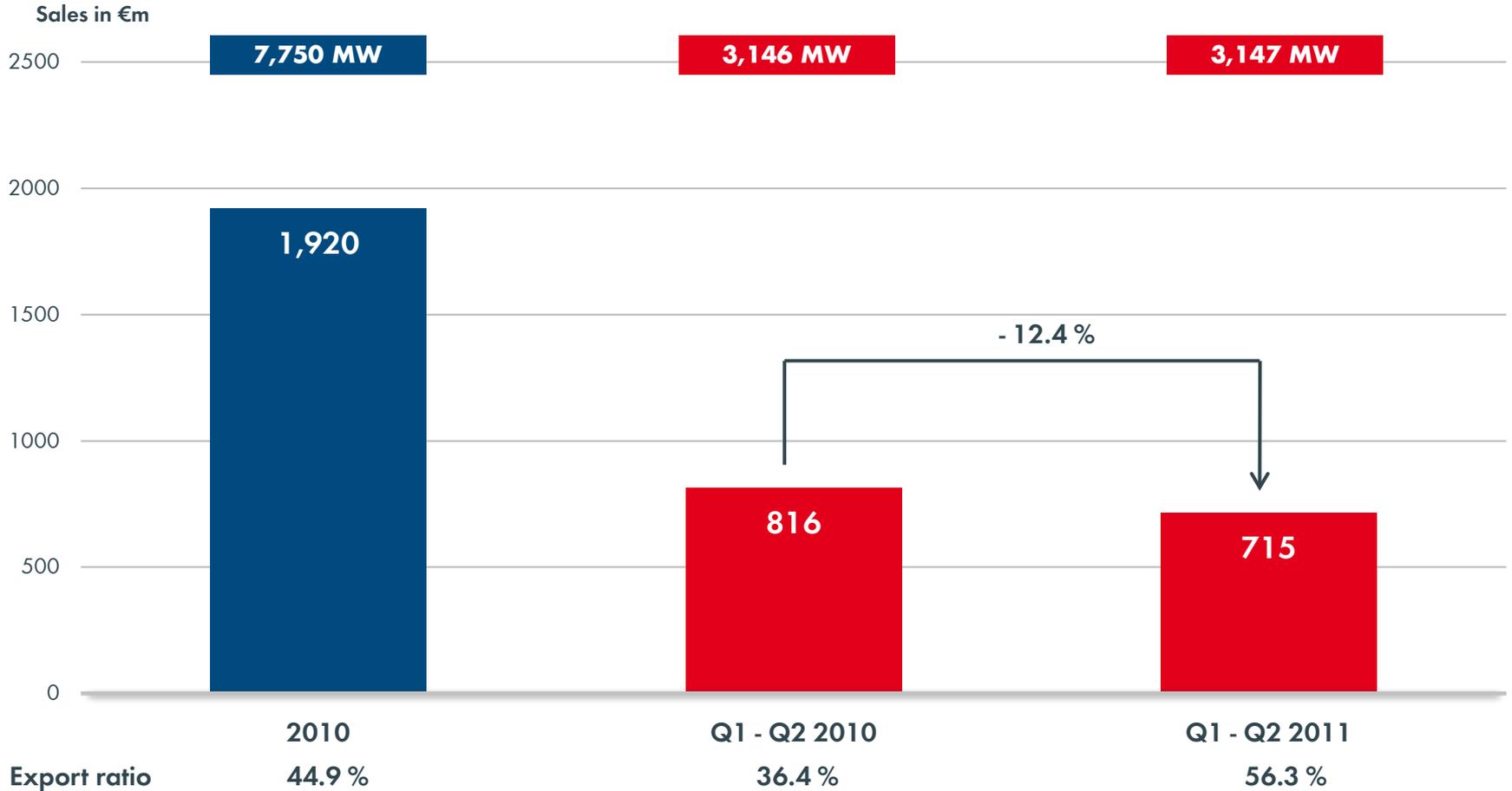
▶▶ dtw and SMA have been close business partners since 10 years

## 4. Financials



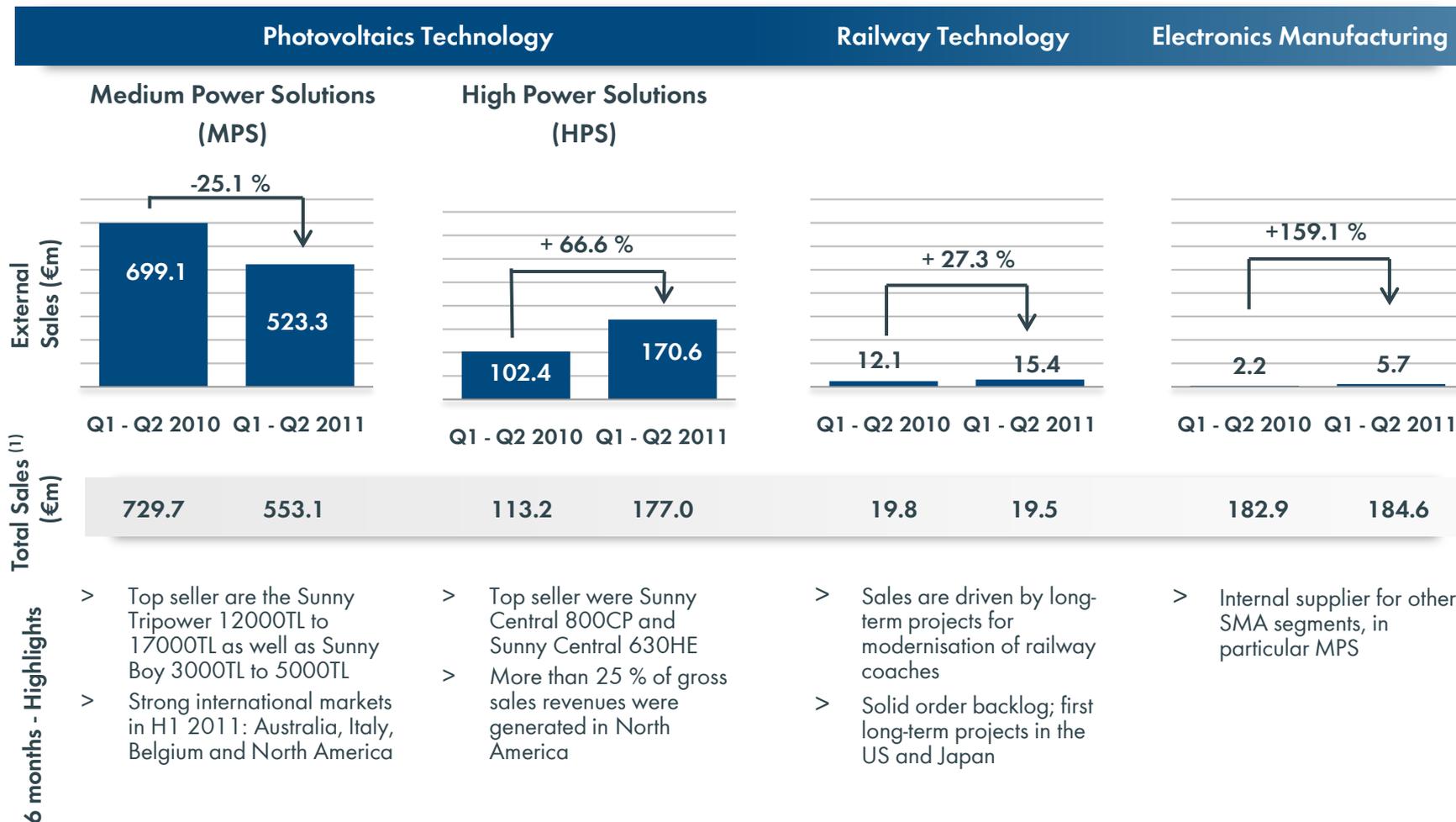


## During the first six months SMA shipped as much as last year





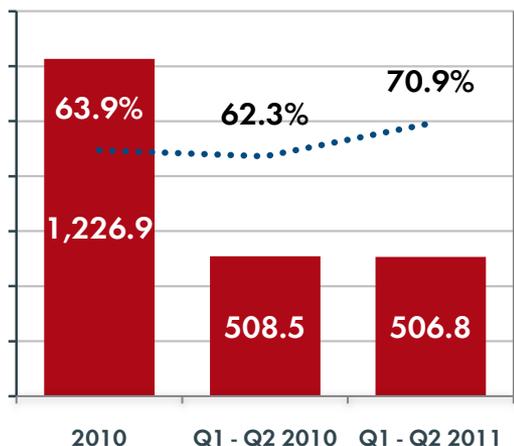
# Medium Power Solutions benefited from strong German demand in Q2



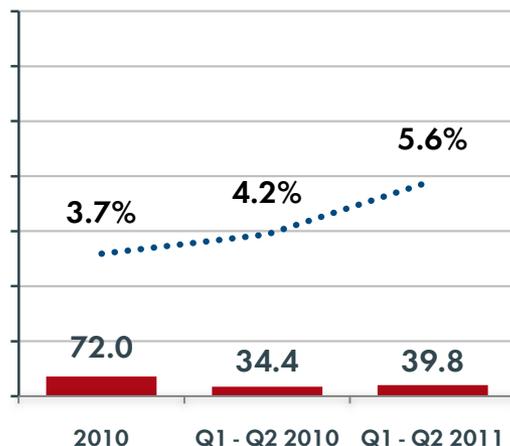


## Gross margin reflects the change in the product mix

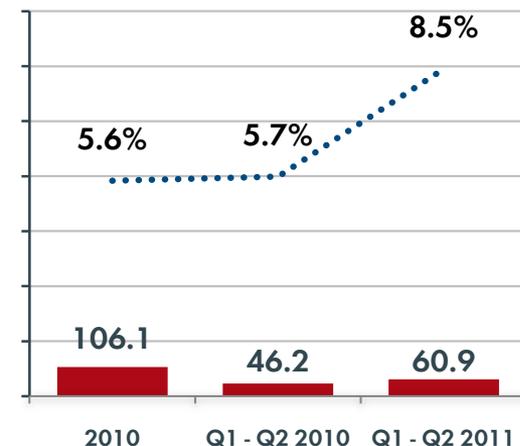
### COGS<sup>1)2)</sup>



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



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



- > Change in product mix is key driver for gross margin development
- > The increase in COGS is partially compensated by the discontinuation of provisions

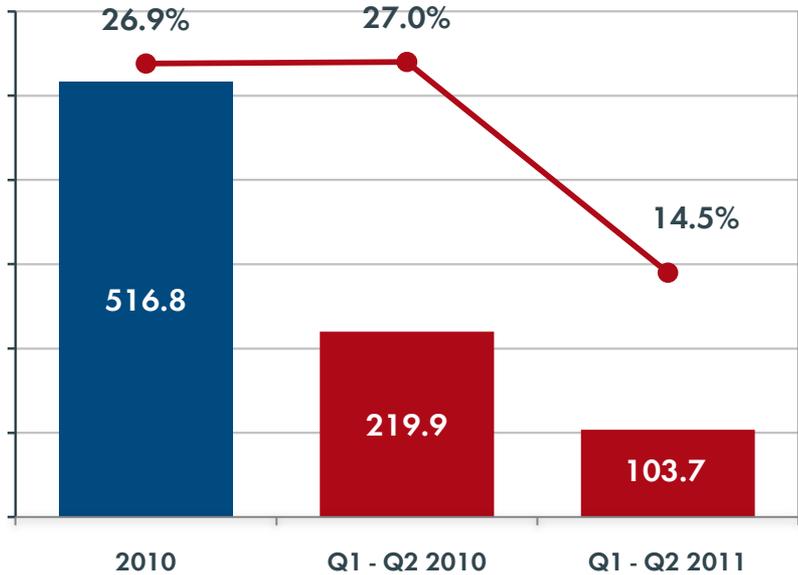
- > SMA will invest € 100 million in R&D in 2011
- > More than 920 R&D employees strive to develop technology leading products; approx. 100 new hires within first six months of 2011
- > R&D focus is on reduction of inverters' specific costs, reduction of Total Cost of Ownership and grid integration

- > SMA changed cost splitting for IT and Facility Management in 2011; this is the main driver for SGA increase
- > Implementation of strategic projects and marketing initiatives had an impact on SGA expenses as well

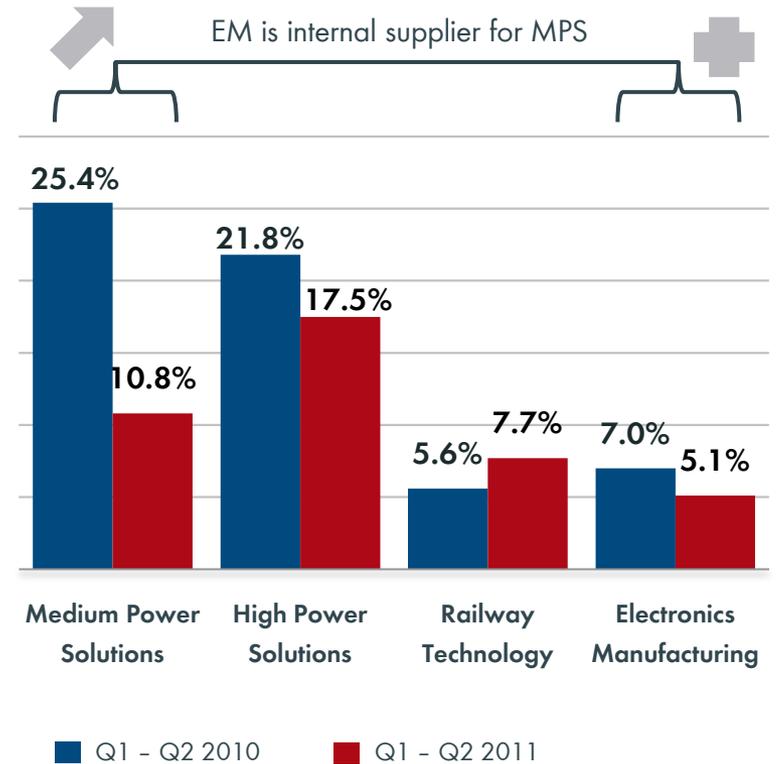


# During the first six months SMA generated more than € 100 million in operating profit

## EBIT and EBIT margin SMA Group<sup>1)</sup>



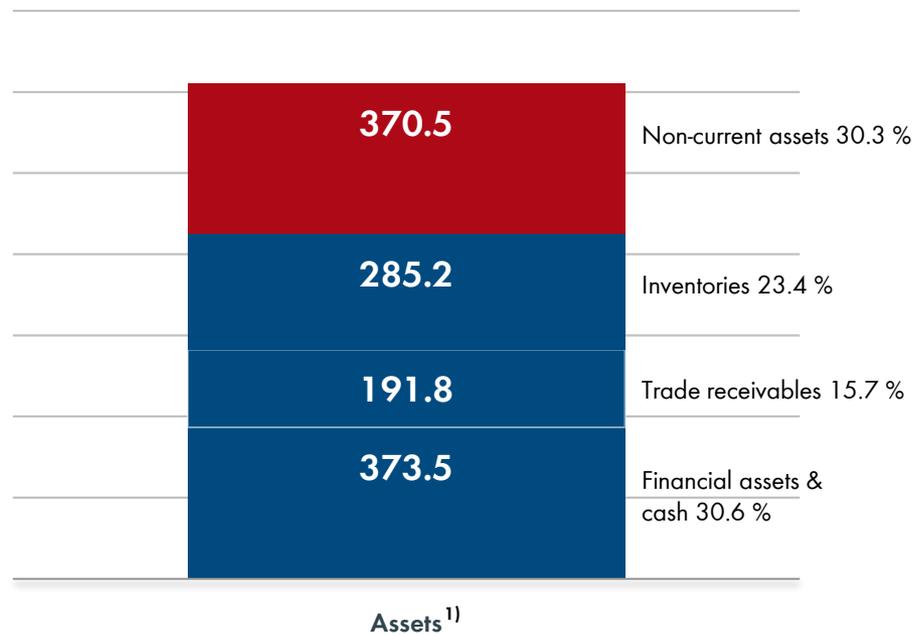
## EBIT margin by Segment



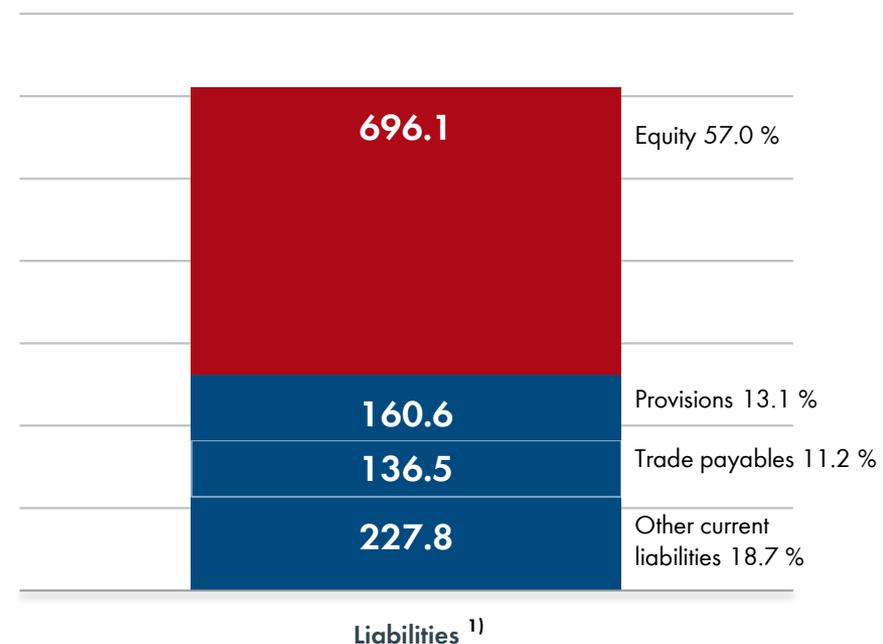


## With nearly € 308 million Net cash SMA has one of the best balance sheets in the solar industry

**Σ € 1,221.0 million**



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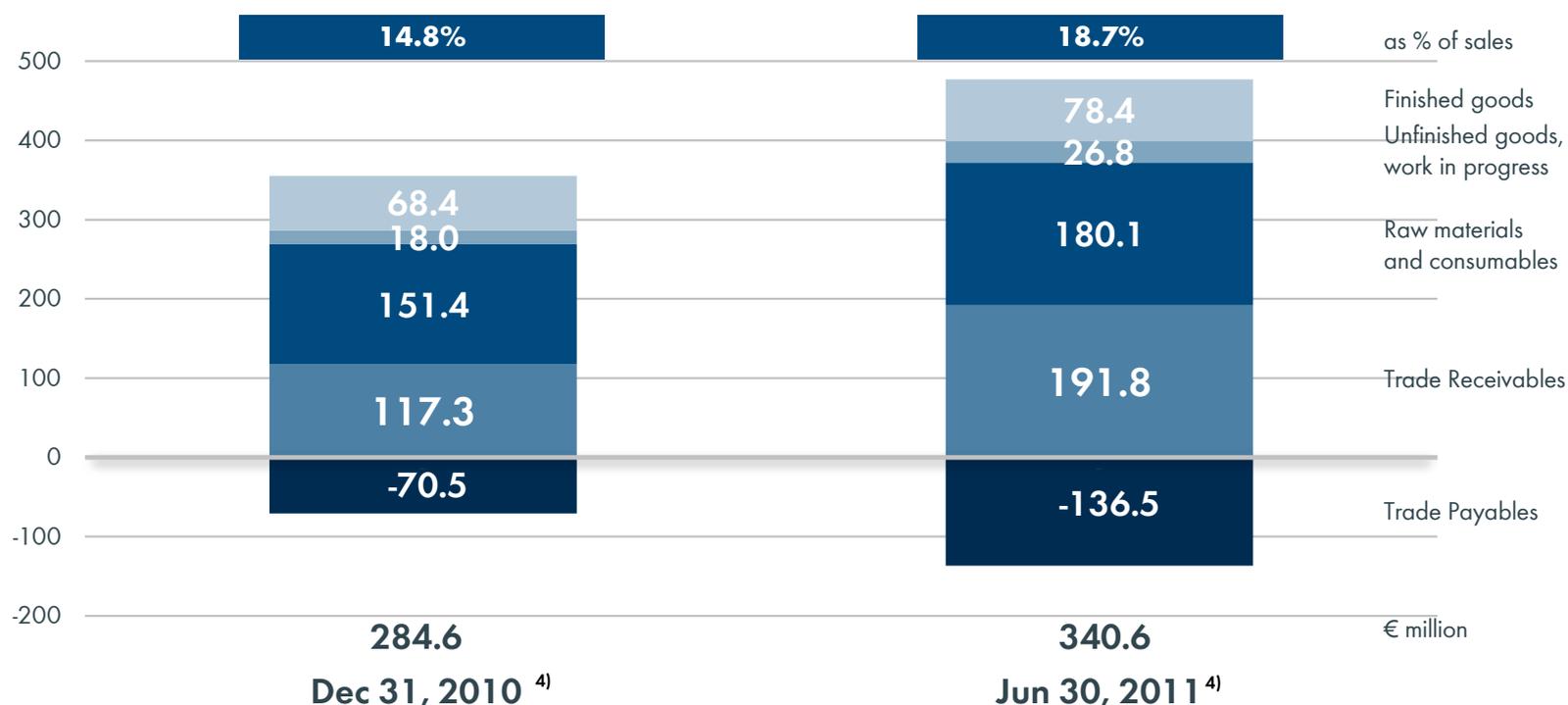


▶ SMA maintains its expansion plans with capital expenditures of € 150 to € 200 million in 2011



## Net Working Capital is in line with SMA's guidance<sup>1)</sup>

Net Working Capital<sup>2) 3)</sup>



▶▶ SMA plans to deploy the majority of finished goods by the end of the year



## 5. Strategy / Outlook





## 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





## Contacts and Financial Calendar

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### > Financial Calendar 2011

September 15, 2011: Capital Markets Day

November 11, 2011: Publication of Quarterly Financial Report January - September 2011

November 23, 2011: German Equity Forum

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