SMA Solar Technology AG
5th Capital Markets Day

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Market development is impacted by high price pressure and regional shift in demand

The demand drivers for the solar industry will change quickly. System technology is the gateway to an energy transition.
Photovoltaics are already an economic energy source in many countries

With photovoltaics...

...residential buildings become smart
...commercial enterprises enhance their competitiveness
...industrial enterprise save diesel

Low PV system costs will open up new business opportunities for the PV-Industry.
SMA aligned its strategy to benefit from new business opportunities

Innovation Strategy

Internationalization Strategy

Cost reduction Strategy

2015:
SMA is world market leader in system technology for photovoltaics
Solar power generation costs for residential application already reached “socket parity” and thus energy management becomes increasingly important.

**Market Residential**

- **Retail Price**
  - 20-28 ct / kWh
  - <25,000 kWh
- **PV energy – Price**
  - 13-15 ct / kWh
  - 10% – 50% typical self consumption

**SMA Solutions**

- Sunny Boy SE
- Sunny Home Manager
- Sunny Portal

**SMA cooperations & research projects**

> Through strategic collaborations with leading suppliers, SMA shapes a comprehensive energy management system.

- BMW Group
- Volkswagen AG
- Miele
- Stiebel Eltron
- Vaillant

**Innovative system technology is paramount for an easy load shift.**
Due to its favorable load profile, solar is an economic energy source for many small and midsized companies.

### Markets Commercial / Industrial

**Retail Prices - Commercial**

- 12-20 ct / kWh
- <100,000 kWh

**Retail Prices – Industrial**

- 5-12 ct / kWh
- >> 100,000 kWh

**PV energy – Price**

- 8-13 ct / kWh
- 10% – 100% typical
- Self-consumption

### SMA Solution

- Sunny Tripower
- Fuel Save Controller
- Sunny Cluster Controller
- Sunny Central
- Sunny Portal
- Operative Management

SMA will transform a highly complex system into a simple solution with high customer value.

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1. Prices are valid for Germany
2. SMA estimates
As an expert SMA is improving its product portfolio to differentiate itself from diversified conglomerates.

Power Plant Technology

- SMA offers complete power plant technology
- New skid solution for the US-market includes
  - 2 Sunny Central CP-US inverters, Transformers and
  - 2 DC Disconnect Units
- First products already shipped in Q2-2013

Service Intelligence

- SMA has expanded its product portfolio offering new operational management services
- Operational management services include remote monitoring, preventive and corrective maintenance and environmental service
- First contracts in the U.S. are under negotiation

SMA’s innovation strategy secures high return on investment for our customers.
SMA will expand its success with German Engineering

German Engineering. At home in South Africa.

German Engineering. At home in Japan.

German Engineering. At home in Australia.

German Engineering. At home in USA.

SMA operates 27 subsidiaries world wide and our global footprint is unmatched in the solar industry.
SMA will develop an entirely new product platform and increase productivity

**New Product Platform**

- Cost reduction
  - Cost out programs to reduce COGS
  - Increase productivity using e.g. new work flow design and building consolidation
  - Introduction of shared service concept
  - Downsizing of employees in Europe
  - Total savings of €180 - €220 million

- 2/3 of R&D resources will be allocated to new product platform development
- Increase number of comparable parts and reduction of component number
- Utilization of Zerversolar R&D team and set up of new R+D team in the U.S.
- SMA will replace almost the entire product portfolio within the next two to three years

**SMA realigns the company and the product portfolio.**
SMA confirms its full year guidance 2013\(^1\); figures will be impacted by restructuring changes

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<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
<td></td>
<td>Q1 2013</td>
<td>Q2 2013</td>
</tr>
<tr>
<td>Sales</td>
<td>212</td>
<td>429</td>
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<tr>
<td>Export ratio</td>
<td>68%</td>
<td>61%</td>
</tr>
<tr>
<td>EBITDA(^3)</td>
<td>9</td>
<td>57</td>
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<tr>
<td>CapEx(^4)</td>
<td>13</td>
<td>21</td>
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<tr>
<td>NWC-Ratio(^5)</td>
<td>23%</td>
<td>18%</td>
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<tr>
<td>Free Cash Flow(^6)</td>
<td>-21</td>
<td>-21</td>
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For Q2 2013 SMA expects revenues between €240 - €280 million, a positive EBITDA and a negative free cash flow before dividend payment and acquisitions.

1. SMA’s Managing Board will review the full year guidance 2013 frequently, but especially once customer meetings at the Intersolar trade fairs in Germany and America as well as the negotiations with the SMA Workers’ Council have been concluded
2. Q2 2013 trend compared to the first Quarter 2013; 2HY 2013 trend refers to the estimated first six months of 2013
3. 2013 figure without restructuring costs
4. Without capitalized R+D projects
5. As of last twelve months sales
6. Before dividend payment & acquisition; without time deposits
SMA is a specialist for system technology for photovoltaics

Customer benefits:

> SMA has the competence to equip the world’s largest PV projects with inverter technology

> SMA set the pace for intelligent energy management systems for residential applications

> SMA’s swift and professional service is unmet in the solar industry

> SMA is a true global player

> With the majority stake in Zerversolar, SMA has access to the fastest growing PV market

> SMA is highly flexible and has proven its ability to cope with rapid changes over the last years

SMA is the number 1 player in the solar inverter industry.
ENERGY THAT CHANGES