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This document is not an offer of securities for sale in the United States of America. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933 as amended.
Investment Highlights: SMA is a technology driven company with an attractive business model

- Direct exposure to the global solar market
- SMA is the #1 for solar inverters for more than 2 decades
- Proven technology and game changing new products
- Flexible business model and best-cost sourcing strategy
- Powerful sales and service infrastructure
- Transformation process will lead to significant cost reduction
- Bankable partner due to high equity ratio and net cash position
- Conservative planning assumptions, despite unique positioning
- Stable shareholder structure with Danfoss as strategic anchor investor
1. Market environment and competitive landscape
New PV installations to reach 46 GW in 2015 and 51 GW in 2017 – US, JP, CN account for more than 50%

> Until 2017 SMA estimates a global market growth to 51 GWdc. This corresponds to a growth rate of 9% p.a.

> Germany has lost its pioneering role and accounts only for <5% of global demand (2010: ~50%) in GW. Since 2013, China has become the driving force of new installations with a global market share of roughly 25%.

> The relevance and share of the Chinese market will remain stable in future years. EMEA, Americas and Asia/Pacific\(^1\) will each account for approximately 20-30% of global demand.

> The Commercial segment will show the strongest development of all segments. Major mature markets shift policies to promote distributed generation over utility. In addition, correlation of solar energy production and energy consumption e.g. of mid-sized companies is particularly high.

> In 2010 EMEA was the world’s largest region with 13 GWdc (81% of global), thereof Germany 7.4 GWdc

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1. Excluding China
2. Excluding Off-grid systems
3. Source: SMA MI Market Model
SMA expects a declining PV inverter market in Euro terms until 2017

- The global market size in Euro will increase by 5% mainly due to volume effects in 2015. The continuous price pressure will lead to an overall decline in Euro terms until 2017.
- China will not contribute more than EUR 500 m p.a. to the global PV inverter market in the next years. Japan is more than twice as big as China in Euro terms.
- The Americas region will grow until 2016, when a policy change in the US is expected to result in a sudden drop of the utility segment.
- Despite losses in some mature European markets, the EMEA region will grow, mainly driven by growth in the Middle East (e.g. Turkey) and Africa.
- Residential and Commercial segments are driven by growth in the US and selected European countries.

Japan (EUR ~1.2 bn) and USA (EUR ~870 m) will be by far the largest markets in Euro terms in 2015, whereas the rest of the global PV market is highly fragmented.

1. Prices according to IHS World Market Report (July 2014); SMA MI Market Model
2. Excluding China
Only a few players serve all PV applications and all solar markets

- The solar market is highly concentrated. The top 5 players account for 53% of the global market in 2014.
- SMA is the only specialized PV manufacturer with a complete product portfolio, global reach and high innovation rate.
- Many competitors with a regional focus and limited product offering exited the market already or are about to exit (e.g. Advanced Energy, Solarmax, Sunways, Siemens, Satcon).
- Rise of few Japanese and Chinese players is mainly due to local market developments.

SMA is the #1 in the global PV industry and the trendsetter

1. Source: SMA analysis based on intern. financial reports and IHS market shares as well as SMA estimates
2. Source: Public Information
The solar inverter market has high market entry barriers.

SMA’s product offering and global presence is unmatched in the entire industry.

<table>
<thead>
<tr>
<th>Competitive Landscape</th>
<th>SMA</th>
<th>Comp. 1</th>
<th>Comp. 2</th>
<th>Comp. 3</th>
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<td>✗</td>
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</tbody>
</table>

> **Barriers to entry**

- Barriers from scale ($$$
- International sales networks
- Professional service offering
- Broad product portfolio
- Quality
- Excellent brand reputation
- Total Cost of Ownership
- Bankability
- Barriers of time (know-how)
- Innovative technologies (costs)
- System & storage technology know-how
- Grid connection know-how
- Early move into new markets
- Future proof (e.g. for grid comm. requirements

1. Source: Respective company website; SMA estimates
2. Source: IHS PV Inverter Report 2014; SMA estimates
3. Without Japan and China
The industry fundamentals differ strongly between module and inverter manufacturers

<table>
<thead>
<tr>
<th>Top 5 Module Manufacturers¹ 2013</th>
<th>Top 5 Solar Inverter Manufacturers² 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Σ Top5: 26%</strong></td>
<td><strong>Σ Top5: 43%</strong></td>
</tr>
<tr>
<td>A 8%</td>
<td>SMA 21%</td>
</tr>
<tr>
<td>B 6%</td>
<td>Comp. 1 7%</td>
</tr>
<tr>
<td>C 4%</td>
<td>Comp. 2 6%</td>
</tr>
<tr>
<td>D 4%</td>
<td>Comp. 3 5%</td>
</tr>
<tr>
<td>E 4%</td>
<td>Comp. 4 4%</td>
</tr>
</tbody>
</table>

| > Supply driven market with low market entry barriers |
| > Costs reduction mainly driven by economies of scale (silicon, cells) |
| > Commodity product with little to none technical differentiation |
| > Growth requires investments in infrastructure |

| > Demand driven market with high market entry barriers |
| > Costs reduction mainly driven by technological innovation |
| > High-tech product that becomes even more relevant (smart grid/energy storage) |
| > Growth does **not** require significant investments in infrastructure |

Source: Global Data PV Industry Report 2014; Financial Reports of the companies

Source: SMA MI Market Model; IHS PV Inverter Report 2014; Financial Reports of companies

¹Market share as of revenue of modules shipped
²Market share as of revenue of inverter business
2. SMA’s PV System Technology
SMA will set new standards in the solar inverter industry with key innovations

**Highlights**

- Integrated web-interface and wireless connection for rapid configuration in the field
- Low weight for easy commissioning
- Higher switching frequencies and compact design to reduce material costs

- Extreme compact and light weight inverter (75 kg)
- Cost reduction through bundling of common central functions in the inverter manager
- High flexibility at optimized system costs due to decentralized layout for utility applications

- Central inverter with up to 2.5 MW power and attractive price point
- New 1500 V\textsubscript{DC} technology allows connection of more solar modules compared to the former 1000 V\textsubscript{DC} technology
- Complete solution incl. transformer and switch gear secures higher energy yield, plant availability and reduction of installation costs

**Facts**

- Efficiency (max): 97.2%
- Module Coverage: c. 80%
- Input Voltage Range: 80-600V

- Efficiency (max): 98.8%
- Module Coverage: c. 80%
- Input Voltage Range: 570-800V

- **System Solution available as well**

- Efficiency (max): 98.5%
- Module Coverage: c. 80%
- Input Voltage Range: 450-1500V

- **System Solution available as well**
SMA’s strength in innovation has been confirmed by external experts and its technology is well protected.

Selected Recent Awards

- Energy Award 2013
  - Hessian state award for intelligent energy for SMA Smart Home
- Spirit of Innovation Award 2014
  - Sunny Boy Smart Energy – SMA Benelux Trade Fair 2014
- INTERSOLAR Award 2013
  - for Sunny Boy Smart Energy
- INTERSOLAR Award 2014
  - for SMA Fuel Save Controller

Patents and Trademarks

1. As of Dec. 31, 2014
2. Thereof 287 applications, 664 filed

<table>
<thead>
<tr>
<th># Granted patents</th>
<th>561</th>
</tr>
</thead>
<tbody>
<tr>
<td># Pending patents applications</td>
<td>687</td>
</tr>
<tr>
<td># Trade marks</td>
<td>951</td>
</tr>
</tbody>
</table>

Fraunhofer IP-Management-Award 2013
SMA has a proven track record to reduce inverter prices through innovation

**Sunny Boy – 1 ph String inverter**

- Sunny Boy 700
- Sunny Boy 2100
- Sunny Boy 2.5

**Sunny Central – Central Inverter**

- Sunny Central 500 HE
- Sunny Central 900
- Sunny Central 2500

**Sunny Tripower – 3 ph String inverter**

- Sunny Tripower 17
- Sunny Tripower 20
- Sunny Tripower 60

**Comments**

- Technology leadership results in significant price reduction per Watt (Specific Selling Price)
- Equally strong engineering capabilities across all product groups
- 21 new products introduced only in 2014 will enhance our competitive edge

---

1. New inverter generations come with more functionality compared to the previous generation
2. 4 String inverter (1 ph); 8 String inverter (3 ph); 3 Central inverter, 1 Commercial product; 5 other product group
SMA has raised the bar for energy management solutions

> SMA’s Integrated Storage System with Sunny Boy Smart Energy is a fully integrated solution to maximize self-consumption (up to 55%)

> An even higher level of self-consumption is possible with SMA’s Home Manager (SMART Home)

> The lithium-ion battery (2 kWh) is dimensioned to have the lowest possible cost point for residential application

> SMA’s solution does not require a complex layout of batteries for easy planning and installation

> Low weight solution (inverter and battery) allows one-man installation

> The new Sunny Boy SE is the first standard product for sales approach which is based on energy cost reduction rather than FIT

SMA’s Integrated Storage System (incl. 2 kWh lithium-ion battery and 5.5 kWp PV-system, modules, rack and installation). Retail price: ca. € 13,000 – 15,000¹

1. All figures are based on an annual PV generation of 5,000 kWh, annual power consumption of the equivalent amount, an effective battery capacity of 2 kWh and the use of a Sunny Home Manager; SMA estimates
SMA’s flexible storage system is the most successful system technology for residential storage application in Germany

> The SMA Flexible Storage system is designed for new and existing PV-plants (1ph/3ph)

> The system stores generated solar power, offers a secure power function and works with SMA’s Home Manager as well

> Customers have free choice of battery brand, battery size and battery technology

> Households with an energy consumption of 5,000 kWh (4 people) can cover >65% of their energy demand with a 5.5 kWp PV system and a 4.0 kWh battery storage

> In 2014 SMA sold more than 4,000 on-grid storage systems into the German market – this equals a market share of ca. 40%

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**SMA’s Flexible Storage System**

(incl. 4 kWh lead battery and 5.5 kWp PV-system, module, rack and installation).

Retail price: ca. € 16,000 – 18,000

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**The SMA Flexible Storage System is available in all solar markets**

1. All figures are based on an annual PV generation of 5,000 kWh, annual power consumption corresponding to PV generation, an effective battery capacity of 4 kWh and the use of a Sunny Home Manager; SMA estimates

2. SMA estimate
The modular inverter design will pave the way for further cost reduction in the future

- Offering the simplest inverter as a basic version allows us to achieve similar manufacturing costs compared to Asian competitors
- With new components and topologies as well as higher switching frequencies we will cut costs significantly
- Thanks to high voltages and optimized integration of transformers and switchgear we cut system costs
- A modular approach is a cost-efficient solution enabling us to achieve local added value even with small quantities
- Interfaces and additional functions (e.g. Battery, Energy Management) are integrated via a modular approach

> SMA's system features in grid management, storage systems and energy management are a Unique Selling Proposition in markets with an increasing share of photovoltaics
3. SMA’s flexible business model
SMA will consolidate its global footprint to reduce costs – Kassel/Niestetal remains SMA’s headquarters

The new Sunny Central will be produced in Germany due to the state-of-the-art production and testing facilities in Kassel / Niestetal

### Global Footprint

![Map showing SMA’s global footprint](image)

### Transformation 2015

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>In Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>String Inverter</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Central Inverter</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Logistics</td>
<td>51</td>
<td>33</td>
</tr>
<tr>
<td>Procurement</td>
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<td>4</td>
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<tr>
<td>Technology</td>
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<td>4</td>
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<tr>
<td>Sales</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Service</td>
<td>25</td>
<td>21</td>
</tr>
</tbody>
</table>
SMA has a production flexibility of 1:4 for string inverters and 1:2 for central inverters.\(^1\)

The annual production capacity totals up to 15 GW.

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1. Flexibility ranges are based on units
2. Illustration
With our category management and global supply chain management we will drive down material costs.

The Danfoss alliance creates value due to joint volumes, but also in terms of changes within supply base, materials and design.
Our process and performance excellence initiatives will result in lower inventory levels

SMA Process House

Elements of Process & Performance Excellence

Effectiveness

Managed Processes
- Holistic processes
- Structure follows process
- Leadership = Process responsibility
- Process Mgmt. with KPIs

SMA Process House

Efficiency

Value not Waste
- Quality & Profitability
- Customer-/value-stream-oriented
- Flow/Pull principles
- Six Sigma and standardized methods/tools

Lean thinking

Excellence

Continuous Improvement
- Paradigm shift
- Best practice=benchmark
- Change Management
- Innovation Management

Mindset → Perfection

Implementation

In line with the SMA strategy we design, steer and optimize our End-to-End processes following lean principles to gain a “lean mindset” throughout the company – striving towards Excellence
4. SMA’s Sales and Service Structure
No other competitor has a similar specialized global sales & service infrastructure

---

**AMERICAS**

Sales + Service Subs.:\(^2\) 3
Sales + Service Prof.:\(^2\) 149 FTE
Sales\(^1\) as of Total: 40%
O+M under contract: 840 MW

**EMEA**

Sales + Service Subs.:\(^2\) 8
Sales + Service Prof.:\(^2\) 334 FTE
Sales\(^1\) as of Total: 40%
O+M under contract: 180 MW

**APAC**

Sales + Service Subs.:\(^2\) 5
Sales + Service Prof.:\(^2\) 115 FTE
Sales\(^1\) as of Total: 20%
O+M under contract: 0 MW

---

1. Target market view; without Zeversolar, Sunbelt and SMA Railway Technology
2. Target structure 2015
SMA was one of the first players with a local presence in key Asian markets. Japan is already an important market for SMA.

### Product Range

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Australia</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro</td>
<td>1</td>
<td>–</td>
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</tr>
<tr>
<td>1 phase</td>
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<tr>
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<tr>
<td>Central/TK</td>
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<td>✓</td>
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<tr>
<td>Off-grid</td>
<td>5</td>
<td>–</td>
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</tr>
<tr>
<td>O+M</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Technical/Relevant Requirements

- Very difficult and long certification process in Japan (JET)
- Adjustment to two different voltage conditions in Japan (110 V/60 Hz; 220 V/50 Hz)
- High quality & service expectations in Japan
- Grid integration and storage becomes key topic
- Harsh environment with high temperature, humidity and dust in India, Japan and Australia

### Success Stories

- 18 new products introduced in the region last year
- Largest utility project in Japan (70 MW, 07/2014)
- 90% of utility projects in Australia won (largest project 100 MW, Q1/2015)
- Qualified as preferred supplier by key Japanese players, Kyocera and Sharp.
- Successful dual brand strategy reduced market share of Chinese competitors in Australia

### Comments

- Broad portfolio in all key markets, strong sales&service team in the region
- Our technical experience is particularly helpful in markets with growing share of PV
- China is only served by Zeversolar and plays minor importance in future
- High market share in Australia (c. 45%), India (>20%), Philippines (c. 40%), strong growth in Japan

---

1. SMA estimates
SMA is the clear market leader in America with a market share of c. 30% in 2014 \(^1\)

### Product Range

<table>
<thead>
<tr>
<th>Product Range</th>
<th>North America</th>
<th>Latin America</th>
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</thead>
<tbody>
<tr>
<td># of Products</td>
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<td>Latin America</td>
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<tr>
<td>Off-grid</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>O+M</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Technical/Relevant Requirements

- Long UL certification processes, 110V/60Hz
- Complicated installation process in North America (all wires are in conduits; fire protection)
- Various local requirements in Latin America
- Unstable grids in Latin America
- Harsh environment (high altitude, dust, seismic, desert, etc.) in Latin America

### Success Stories

- 20 new products introduced in Americas region last year
- World’s largest PV-diesel-hybrid system installed in Bolivia (5.2 MW PV + 2.2 MW storage)
- 450 MW O+M business won within last 12 months
- First new Sunny Central (2.5 MW blocks) as complete utility Power solution sold into US market
- Only manufacturer who offers secure power function for residential applications

### Comments\(^1\)

- Broad product and service portfolio offers best solution for each customer segment and application
- Most powerful sales and service organization in the region of any PV inverter manufacturer
- Local production in Denver, Colorado
- Dominating market position in North America in the utility segment (market share c. 50%)
SMA is clear market leader in EMEA with a market share of more than 20% in 2014\(^1\)

### Product Range

<table>
<thead>
<tr>
<th># of Products</th>
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<td>3 phase</td>
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<td>Off-grid</td>
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<td>✓</td>
</tr>
<tr>
<td>O+M</td>
<td>✓</td>
<td>✓</td>
<td>-</td>
</tr>
</tbody>
</table>

### Technical/Relevant Requirements

- Technical complexity of individual certification process in each country
- Loyal installers as key decision makers for residential systems
- Grid integration and energy management become key topics with larger shares of PV
- Low FIT drive storage business and energy management

### Success Stories

- 19 new products introduced in the region last year
- 170 MW O+M business acquired
- SMA is an inverter manufacturer who fulfills the strict local content requirements in South Africa\(^2\)
- Introduction of 3-phase inverters was very successful, mainly in project business
- First large-scale plants with new Sunny Centrals are realized
- IKEA sells SMA Sunny Boy in PV-packages

### Comments\(^1\)

- Broad portfolio and professional service team is key in the region
- Our good reputation and technical expertise helped us to protect our high market share
- C. 40% of storage systems in Germany are from SMA
- C. 30% market share in booming UK market and c. 15% market share in Italy (+5% pts)

---

1. SMA estimates
2. BEE
SMA protected its #1 position with best-in-class practice

### Power Plant Simulation
- SMA delivered inverters and Balance of System for the largest solar farm on the planet (550 MW, United States)
- Our knowledge of the grid and understanding of connection conditions in key markets are important to ensure stability of transmission network
- SMA is in the position to simulate the power plant and to fasten the grid-connection process

### Training and Customer Support
- Conduct trainings for customers’ sales force and engineering department
- Training of more than 11,000 installers worldwide in SMA’s Solar Academy per annum
- Support customers in the design of complex large scale PV-projects, off-grid and hybrid systems
- SAP-links, harmonized forecast procedures and customized services make it easy to do business with SMA
- Professional project management to ensure fast delivery of complete solutions to the construction site
Blue chip customer base with longstanding customer relationships

Overview of customer base 2014

Top 10 customers: <40%
International customers: <75%
Total customers: 100%

Comments:

- High class customer base (Distributors, EPC’s, module manufacturers)
- Excellent customer loyalty
  - On average more than 10 years customer relation with top 10 customers
- High level of customer service
- Support customers to expand into upcoming markets
- Significant pull from installers and investors

SMA has a strong foothold in key solar markets and managed to enter successfully into upcoming markets (e.g. Chile, Philippines)
5. Financials
SMA increased the break-even point in times of rapid growth

Phase 1

2008-2010
Rapid growth due to German market
(CAGR: 70% p.a.)

<table>
<thead>
<tr>
<th>Gross margin(^1)</th>
<th>2008</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>682</td>
<td>1,920</td>
</tr>
</tbody>
</table>

Phase 2

2011-2014
Sudden decline due to collapse of EU-markets (CAGR: -20%)

<table>
<thead>
<tr>
<th></th>
<th>2012(^2)</th>
<th>2014(^2,3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,463</td>
<td>&gt;790</td>
</tr>
<tr>
<td>EBITDA</td>
<td>12%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

COUNTER-ACTIONS

> Acquisition of dtw to improve material costs for string inverter (2011)
> Acquisition of Zeversolar to expand into China, improve sourcing and strengthen engineering (2012)
> Downsizing of more than 800 FTE in Germany 2012/2013 (c. 20% of German workforce)
> Entered into the O&M service business (2013)
> Strategic alliance with Danfoss to increase competitiveness (2014)
> >100 cost improved new products since 2012

1. Without one-off items
2. Including dtw [299FTE as of December 31, 2014]
3. Including Zeversolar [360 FTE as of December 31, 2014]
4. As of December 31 (without temporary employees, trainees and interns)
The 2014 financials are impacted by overcapacity, Zeversolar and one-offs

### Key financials (MEUR)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar Inverter Power (GW)</td>
<td>5.4</td>
<td>&gt;5.1</td>
</tr>
<tr>
<td>Sales</td>
<td>933</td>
<td>&gt;790</td>
</tr>
<tr>
<td>Export Quota</td>
<td>71%</td>
<td>c. 75%</td>
</tr>
<tr>
<td>EBITDA&lt;sup&gt;2&lt;/sup&gt;</td>
<td>20</td>
<td>c. -8</td>
</tr>
<tr>
<td>EBIT&lt;sup&gt;2&lt;/sup&gt;</td>
<td>-64.1</td>
<td>c. -115</td>
</tr>
<tr>
<td>Net cash&lt;sup&gt;3&lt;/sup&gt;</td>
<td>341</td>
<td>c. 228</td>
</tr>
<tr>
<td>NWC-Ratio&lt;sup&gt;4&lt;/sup&gt;</td>
<td>26.5%</td>
<td>c. 31.4%</td>
</tr>
</tbody>
</table>

### Comments

- Promising order intake of c. 80 MEUR in January 2015
- Solid order backlog of 542 MEUR, thereof 341 MEUR from service<sup>5</sup> (31.12.13: 387 MEUR, thereof 225 MEUR from service)
- Sales decline mainly due to the sudden collapse of continental European markets, esp. Germany<sup>6</sup>
- Regular depreciation amount to 74 MEUR (2013: MEUR 76)
- One-offs total approx. 60 MEUR and include amongst others the impairment loss of Zeversolar and R+D projects as well as write downs on production equipment, inventory and accounts receivable
- Zeversolar had an operating loss of c. 15 MEUR in 2014

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1. Preliminary figures
2. Without restructuring charges for headcount reduction
3. Cash and cash equivalents minus interest bearing debt
4. NWC: Net Working Capital (Inventory+Accounts Receivable-Accounts Payable)
5. As of Dec. 31, 2014; service backlog mainly from service contracts (O&M, warranty extension)
6. SMA lost c. 90-100 MEUR sales in Germany due to sudden market decline
SMA strives to reduce its break-even point to less than 700 MEUR by the end of 2015

98% of measures are backed with specific and measurable tasks. The implementation will be monitored by a Project Management Office.

Key transformation measures (FTE)

<table>
<thead>
<tr>
<th>Category</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Downsizing Kassel, Denver, Suzhou</td>
</tr>
<tr>
<td></td>
<td>Reduction of ext. service providers</td>
</tr>
<tr>
<td></td>
<td>Focus R&amp;D projects / portfolio</td>
</tr>
<tr>
<td>Operations</td>
<td>Outsourcing of non-core activities</td>
</tr>
<tr>
<td></td>
<td>Phase out interim managers</td>
</tr>
<tr>
<td></td>
<td>Improvement of SCM and central inverter production</td>
</tr>
<tr>
<td>Administration</td>
<td>Restructuring CFO/CEO functions</td>
</tr>
<tr>
<td></td>
<td>Centralization of administration funct.</td>
</tr>
<tr>
<td></td>
<td>Reduction of non-personnel expenses</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>Reduction of back office staff</td>
</tr>
<tr>
<td></td>
<td>Downsizing of communication &amp; marketing</td>
</tr>
<tr>
<td></td>
<td>Closure of subsidiaries</td>
</tr>
<tr>
<td>Service</td>
<td>Rightsizing infrastructure EMEA/APAC</td>
</tr>
<tr>
<td></td>
<td>Reduction of service level</td>
</tr>
<tr>
<td>Others</td>
<td>Reduction of office/production space</td>
</tr>
<tr>
<td></td>
<td>Restructuring of IT services</td>
</tr>
</tbody>
</table>

1. Without temporary employees, trainees, interns
SMA will reduce its global workforce by up to 1,600 employees

**Headcount reduction (FTE)**

<table>
<thead>
<tr>
<th>Function</th>
<th>Germany 2014</th>
<th>Germany 2015</th>
<th>Abroad 2014</th>
<th>Abroad 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>440</td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>510</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>230</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>80</td>
<td>110</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>40</td>
<td>40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments:

- SMA introduced a functional organization as of Jan 1, 2015
- SMA will implement flat hierarchies and lay-off c. 50% of its managers world-wide
- SMA will reorganize the R+D department to increase the efficiency and reduce cost
- SMA will consolidate its global footprint and outsource non-core activities

The concept will be presented to SMA's workers council during the coming weeks
The SMA Management Board estimates a sales decline of up to 10% for 2015

<table>
<thead>
<tr>
<th>SMA sales (MEUR)</th>
<th>2014¹</th>
<th>2015²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export quota</td>
<td>c.75%</td>
<td>&gt;80%</td>
</tr>
<tr>
<td></td>
<td>&gt; 790</td>
<td>730-770</td>
</tr>
</tbody>
</table>

Comments

> The estimated sales figure 2015 assumes a slight increase of inverter power sold in the best case
> The sales range is based on further price concessions (ASP)³ compared to 2014
> String inverters will account for more than 50% of sales in 2015. The large string inverters will gain importance. Central inverters will account for >30% and service for >5% in 2015
> More than 80% of sales will be generated outside Germany – Key international markets are North America, Japan, UK and Australia

1. Preliminary figures
2. Sales Guidance 2015
3. ASP: Average Selling Price
SMA’s profitability and cash flow is very much determined by the speed of the implementation of restructuring measures.

The business model of SMA is profitable after the implementation of the restructuring measures.

- Depreciation/Amortization: 74 (2014) vs. c. 70 (2015)

### Comments

- Most of the restructuring measures are factored into the 2nd half 2015.
- Cost-out initiatives and programs to improve efficiency total up to 10-20 MEUR and will support gross margin.
- R+D expenditure will be limited to less than 10% of sales.
- Due to the downsizing of Zeversolar the Management Board does not assume further operating losses in 2015.
- Capital expenditures (w/o cap. R+D) will be reduced to 15-20 MEUR.
- Operating cash flow is expected to be negative despite NWC-deployment (target 23-26% of sales).
SMA will keep the strategy unchanged

SMA's strategic pillars

**Market development**
- System technology for storage application
- PV Diesel hybrid systems
- O+M service

**Process improvement**
- Global sales excellence
- Global performance excellence
- Global leadership excellence

**Two-brand strategy**
- SMA product/solution portfolio
- Zeversolar product portfolio

➤ SMA will focus on profitability rather than market share
Summary: SMA will reduce the overcapacity and cut losses in China to become break-even with sales of less than 700 MEUR

Market & Competition

- The global PV inverter market is expected to grow by 5% to 4.1 bn Euro in 2015. Japan and USA are key growth markets.
- Until 2017, the global PV inverter market is expected to decline to 3.7 bn Euro due to price pressure and slow-down of US-utility segment (ITC expires).
- The PV inverter market has high market entry barriers and is therefore highly concentrated (Top 5 players account for 53% of global demand).
- SMA is the clear market leader in revenue terms (market share 2014: 20%) and almost twice as big as next player.

Positioning

- SMA will continue to serve all market segments and all attractive solar markets.
- SMA will maintain its technology leadership position to drive the trend towards decentralized power solutions.
- SMA will capitalize on its global infrastructure and expand market position in individual markets.
- SMA is highly flexible and prepared for faster than expected market growth.
### Summary: SMA will reduce the overcapacity and cut losses in China to become break-even with sales of less than 700 MEUR

<table>
<thead>
<tr>
<th>Key Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Continuous sales decline since 2010 is due to the collapse of European markets.(^1) Decline accelerated during last 48 months.</td>
</tr>
<tr>
<td>&gt; Overcapacity, loss from Chinese activities and one-off items are main reasons for high loss in 2014.</td>
</tr>
<tr>
<td>&gt; SMA expects sales between 730-770 MEUR and an EBIT of -30 to -60 MEUR in 2015. Depreciation and amortization will total c. 70 MEUR.</td>
</tr>
<tr>
<td>&gt; With net cash of nearly 230 MEUR as of December 31, 2014 and the high equity ratio SMA is financially stable.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Management initiated a bold transformation program to cut fixed costs by more than 160 MEURO within next 6 months.</td>
</tr>
<tr>
<td>&gt; SMA plans to reduce the number of employees by 1,600 (FTE) to 3,070 by mid-2015.</td>
</tr>
<tr>
<td>&gt; SMA plans to reduce non-personnel costs, consolidate its global footprint, concentrate on strategic important R+D projects and outsource non-core activities.</td>
</tr>
<tr>
<td>&gt; 98% of restructuring measures are clearly defined and the implementation will be closely monitored.</td>
</tr>
</tbody>
</table>

---

1. SMA lost ca. 1 bn EUR sales due to market decline in Germany since 2010
SMA has set up a core team to manage the complex transformation process.

Net Cash, Dec 31, 2014 [MEUR]

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash + Cash equivalent</td>
<td>291 MEUR</td>
</tr>
<tr>
<td>Interest bearing debt</td>
<td>63 MEUR</td>
</tr>
<tr>
<td><strong>Net Cash</strong></td>
<td><strong>228 MEUR</strong></td>
</tr>
</tbody>
</table>

SMA has an additional 16 MEUR of revolving credit facilities available for cash drawings as of December 31, 2014.

1. Includes restricted cash due to pledge of securities of 24.3 MEUR as of Dec 31, 2014