

SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Half-Yearly Financial Results: January to June 2015

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August 13, 2015



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1. Executive Summary

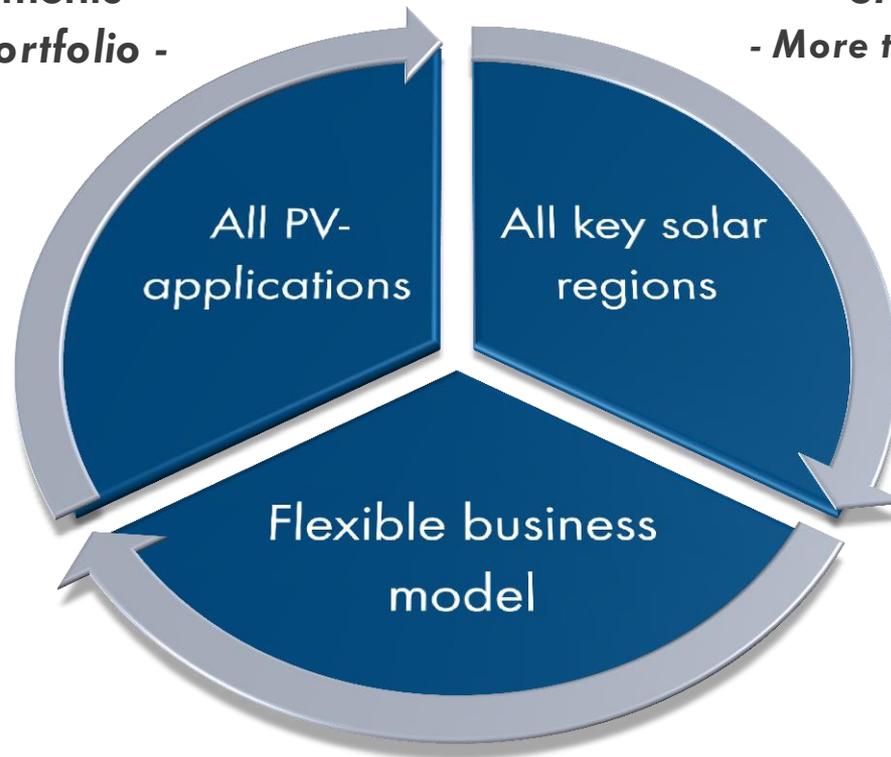


SMA is the Clear #1 in the Global PV Inverter Industry with a Sound Strategy and a Unique Positioning



SMA serves all segments
- Complete Product Portfolio -

SMA serves all markets
- More than 100 countries covered -



SMA performs under all conditions
- High Operational Leverage -
- Low Break Even Point -
- Low Capital Intensity -

SMA Increased Sales and Improved Profitability During the First Six Months of 2015



Key Financials (in € million)¹

	H1 2014	H1 2015	Change
Sales	341	429	26%
Gross Margin	14%	17%	
EBITDA	-17	21	n.m.
EBIT	-62	-15	n.m.
Free Cash Flow (Adj.) ²	-15	-22	n.m.
Net Cash	225	211	-6%
NWC Ratio ²	32%	26%	

Highlights H1 2015

- > Transformation project is on track and will deliver € >160 million fixed cost savings by the end of 2015
- > New products (high runner) for market segments Residential, Commercial and Utility launched on-time
- > Best positioned for energy storage demand and close cooperation with European and American car makers as well as with battery manufacturers
- > Strategically important projects won: e.g. c. 34 MW O&M in UK; c. 24 MW storage in South Korea

> **Guidance increase on July 9, 2015 is backed by good performance in H1 2015 and strong order backlog⁴**

1. Guidance H1 2015: Sales: €400 m to 450 m; EBIT: €-15 m to -25 m (no advanced payments included); As of last 12 months sales
 2. Cash Flow H1 2015 is impacted by severance payments
 3. Net Working Capital= Inventory+Trade Receivables- Trade Payables
 4. New full year guidance 2015: Sales: €800 m to 850 m; EBIT: €0 to -25 m

2. Market and SMA Segments



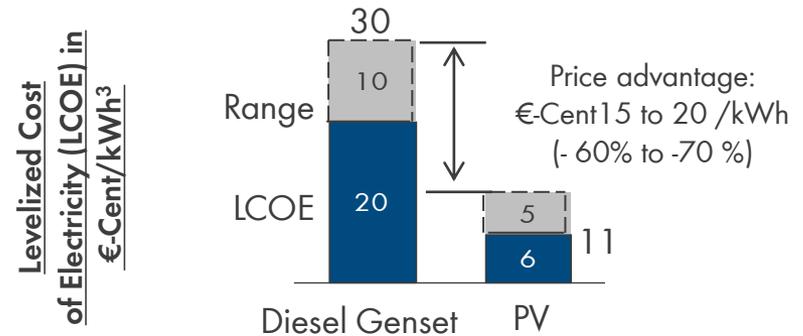
In the Past, Demand was Mainly Stimulated by Incentive Schemes - In the Future, Market Drivers will Change



Renewable Energy in Developed Markets

- > All key solar regions are driven by the regulatory environment - the main goal is to reduce CO₂-emissions and to change the energy mix towards renewable energies
- > In future, technology will predominately drive growth, not regulation
- > Technology improvement will allow i.e. the convergence of energy supply and demand and thus open up new business models¹
- > With the transition towards flexible, decentralized power generation the inverter is at the core of integrated, sophisticated energy systems

Renewable Energy in Emerging Markets²



- > Today, emerging markets mainly rely on diesel gensets for energy generation
- > Solar will become the key energy source in sunbelt regions due to the ease of installation and the attractive cost point
- > LCOE for diesel gensets depend on fuel price and genset efficiency (OpEx), while LCOE for PV depend on irradiation level and PV system costs (CapEx)

> SMA has the technology, which becomes pivotal for new business models and new markets

1. The ability of classical market players to share the future market design is limited due to their financial situation

2. Many emerging markets subsidize diesel fuel prices but usually not renewable energies

3. SMA estimate

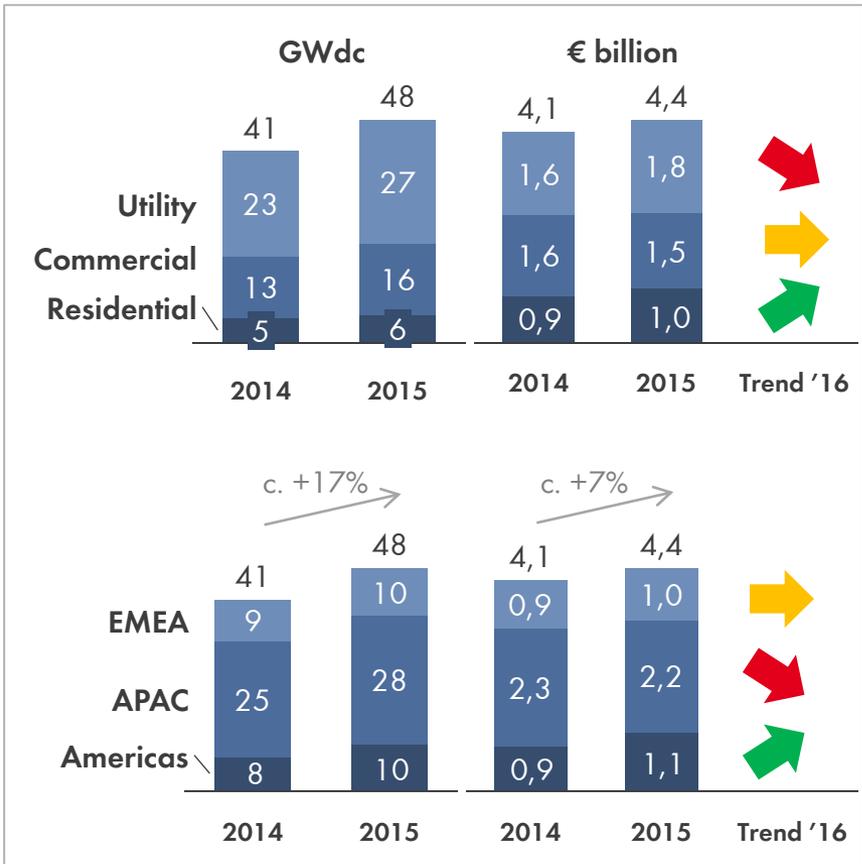
SMA's Market Outlook Improved Since the Beginning of the Year¹ – The PV Market Remains Volatile and therefore Difficult to Predict



Comments

- > In APAC (esp. China), growth in demand is higher than expected - Japan will experience a slight decline, whilst India is on its way to become a multi-GW-market
- > North America remains strong, esp. in the utility segment - Latin and South America announced programs to grow solar installations
- > In Europe the UK will lose importance in 2016 - at the same time France is expected to grow its share in renewable energies
- > New technologies and fast changing market dynamics will accelerate the consolidation process in the inverter industry (e.g. Advanced Energy exited the solar market in June 2015)

Global PV Installations per Segment/Region^{2,3}



> According to IHS, SMA is clearly the global #1 player in the solar industry⁴

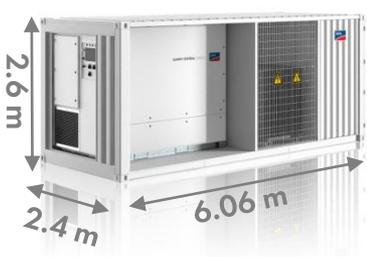
1. 2015: from 45 to 48 GW_{dc}, raise in forecast affects APAC, especially China
 2. Excluding Off-grid and Hybrid systems

3. Source: SMA MI Market Model, prices according to IHS World Market Report (July 2014)
 4. IHS PV Inverter Report Q2/2015

SMA has the World's Largest Installed Base with a Cumulative Power of > 35 GW¹



SMA Utility (>35 % of 2015 Group Sales)



- > New **2.5 MW turnkey solution²**
- > Less design work
- > Less working capital
- > More yield

Sunny Central

SMA Commercial (> 20 % of 2015 Group Sales)



- > New **60 kW US** unit & **25 kW JP** unit
- > Simple installation
- > Low maintenance costs
- > Comprehensive plant performance analysis

Sunny Tripower

SMA Residential (> 25 % of 2015 Group Sales)



- > New **1.5 kW** unit
- > Simple installation
- > Ease of integration into the home grid
- > PV Monitoring via smartphone or tablet

Sunny Boy

SMA Service (> 5 % of 2015 Group Sales)



- > **O&M Service³**
- > Largest service infrastructure for fast response
- > Advanced preventive monitoring features to secure investments

> **SMA is best positioned to serve all market segments and power ranges**

1. Thereof >12 GW for utility applications and > 23 GW of string inverters
 2. Sunny Central Inverter + MV transformer + MV Switchgear
 3. In Europe and North America

3. Financials & Investment Highlights



11240.32
+ 542.25
+ 1241.28
+ 640.39
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+ 1204.25
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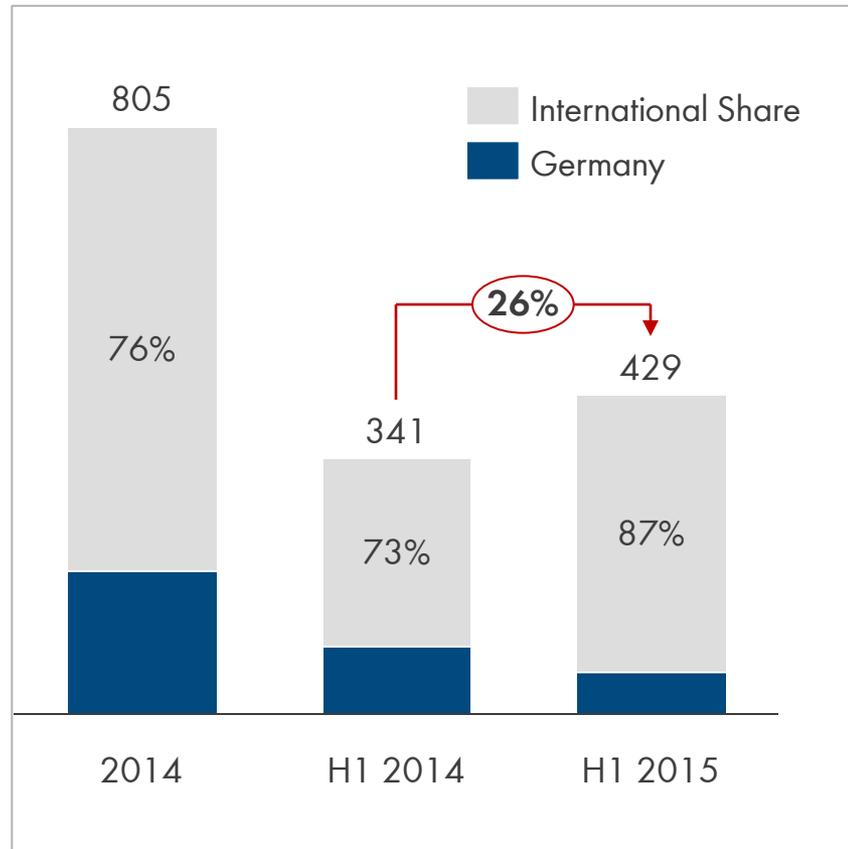
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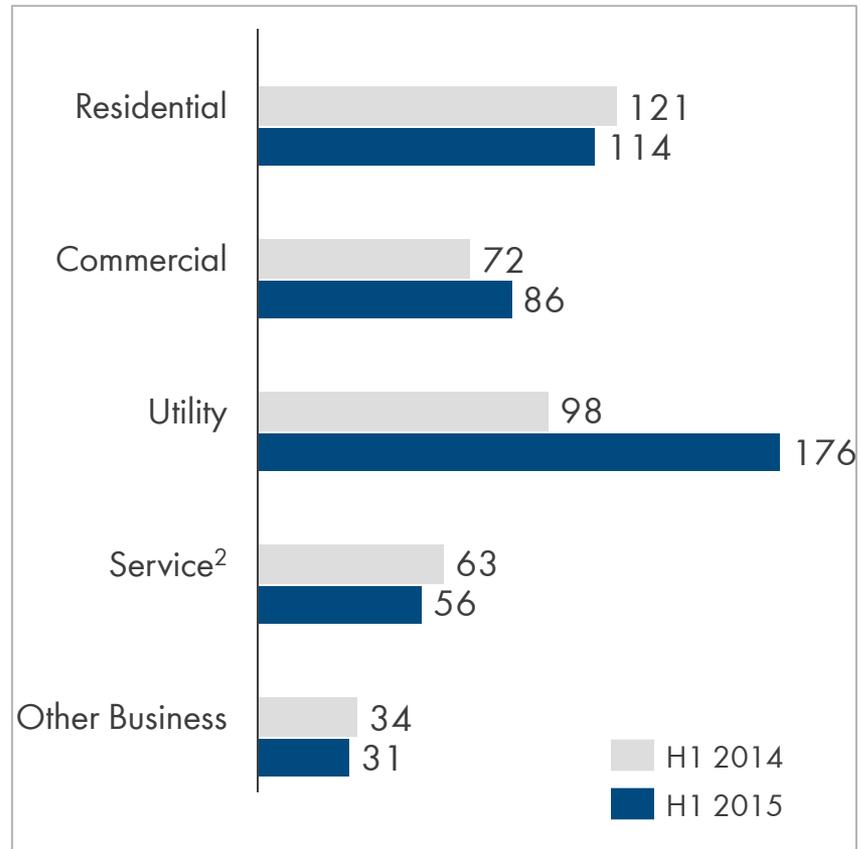
America and EMEA each Account for c. 40 % of SMA's Group Sales¹



Group Sales (in € million)



Sales by Segments (in € million)



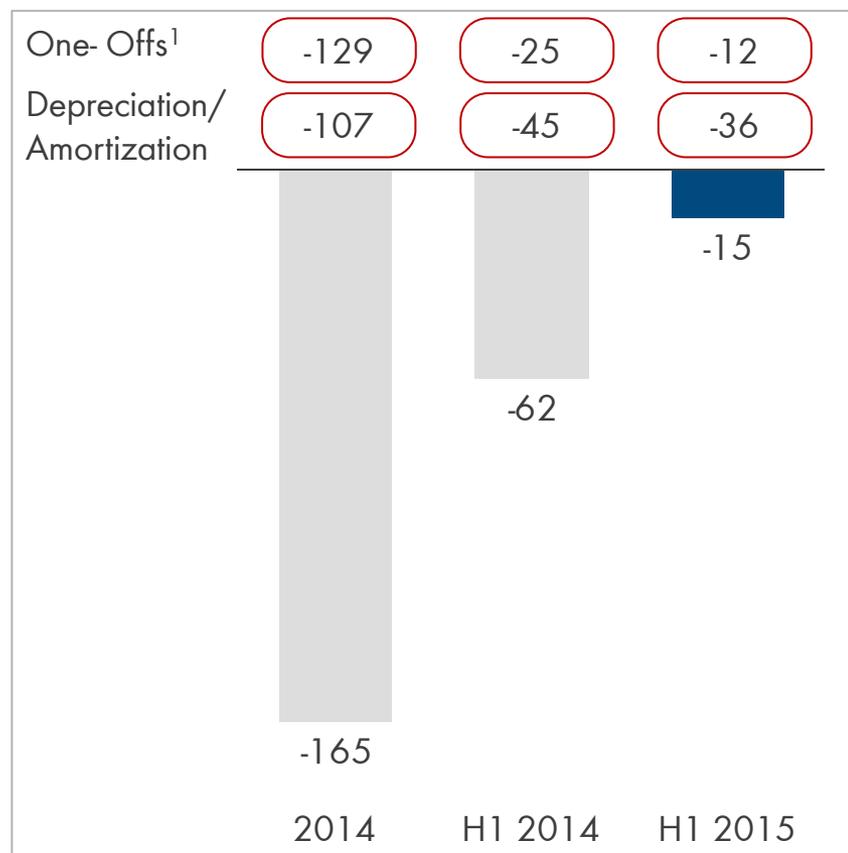
> The business unit Utility remains the strongest segment in Q2 2015 – however, the business units Residential and Commercial gained importance

1. Sales by Regions: Americas 41%, EMEA 40%, APAC 19%
 2. Internal and external sales

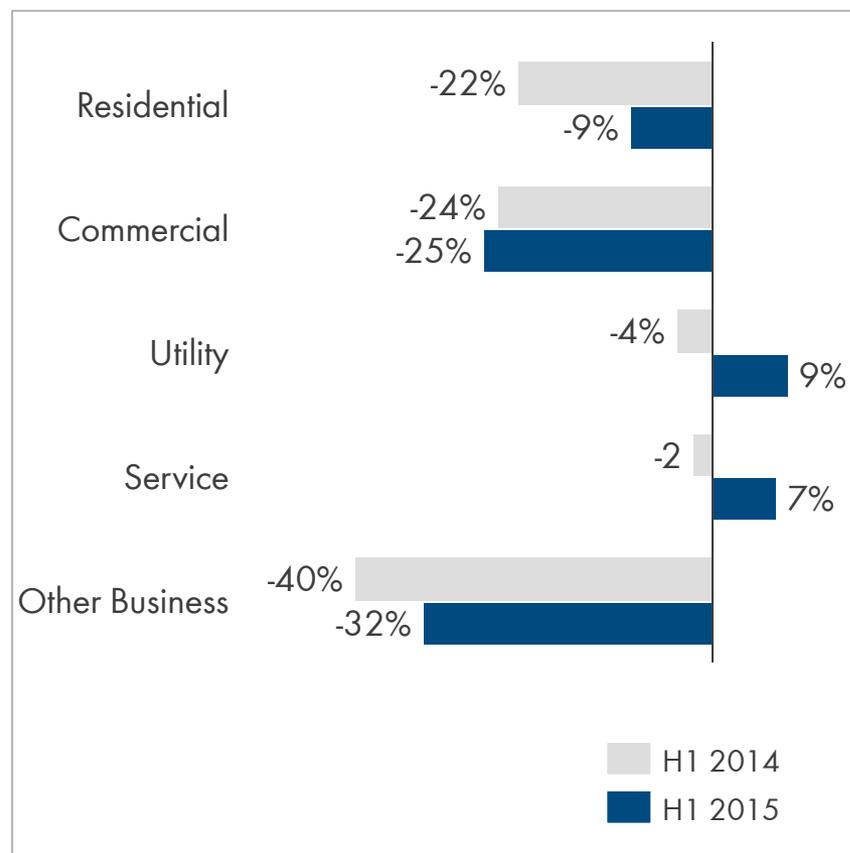
X-Rate and Higher Sales Have a Significant Positive Impact on EBIT



SMA EBIT (in € million)



EBIT-margin by Segments



> SMA reaches the upper end of the earnings forecast for the first six months of 2015²

1. H1 2014: €7.5 million Impairment on Working Capital; Loss in Zeversolar: €3.4 million; R&D impairment: €1.3 million
 €8.0 million; R&D impairment: €7.0 million; Others €2.6 million
 2. Ebit-Guidance H1 2015: € -15 to -25 million
 H1 2015: €7.3 million Impairment on Working Capital; Loss in Zeversolar:

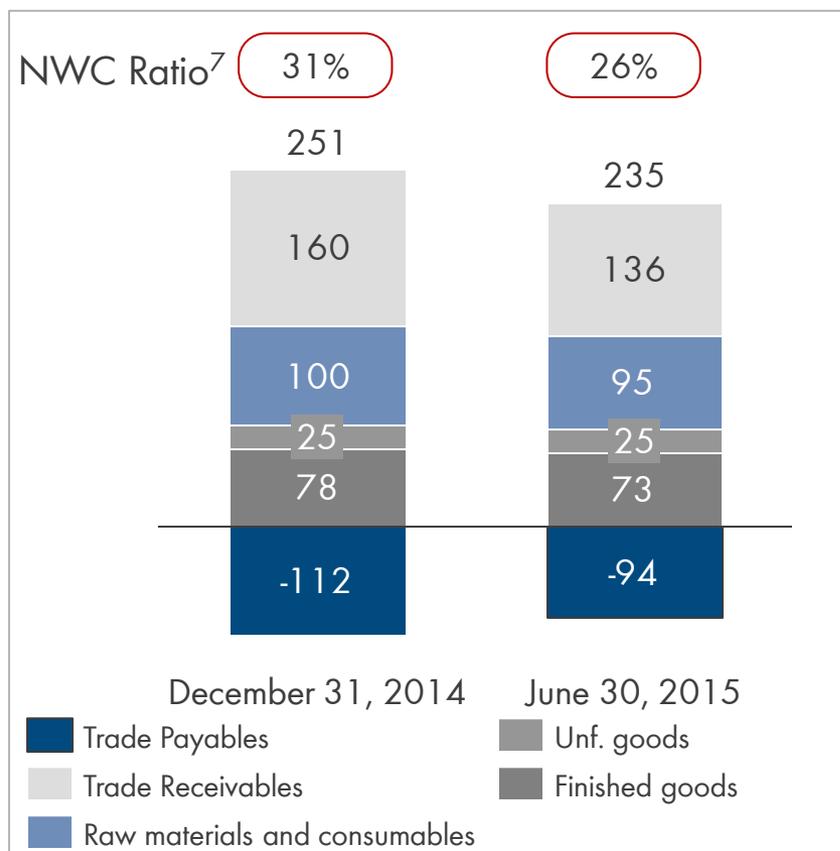
Net Working Capital Improved Since the Beginning of 2015



Group Balance Sheet (reclassified, in € million)

	12/31/2014	06/30/2015	Change
Non Current Assets ¹	488	494	+1%
Working Capital	363	329	-9%
Other Assets	42	35	-17%
Cash & Deposits ²	287	276	-4%
Shareholders' Equity	552	535	-3%
Provisions ³	213	186	-13%
Trade Payables	112	94	-16%
Financial Liabilities ⁴	62	65	+1%
Other liabilities ⁵	241	254	+6%
Total	1,180	1,134	-4%

Net Working Capital (in € million)⁶



> SMA has a high Net Cash position of 211 € million, despite cash outflow for severance payments

1. W/o rent deposits (€3 m)

2. Cash and cash equivalents (€166 m), time deposits (€35 m), asset mgmt (€49 m), pledges (€ 23 m), rent deposits (€3m)

3. Non-interest bearing

4. W/o derivative financial liabilities (€5m)

5. Incl. derivative financial liabilities (€5m)

6. NWC= Inventory+Trade Receivables- Trade Payables (no advanced payments included)

7. As of LTM sales

The Increase of Cash Flow from Operating Activities is Mainly due to Lower Trade Receivables



Cash Flow (in € million)

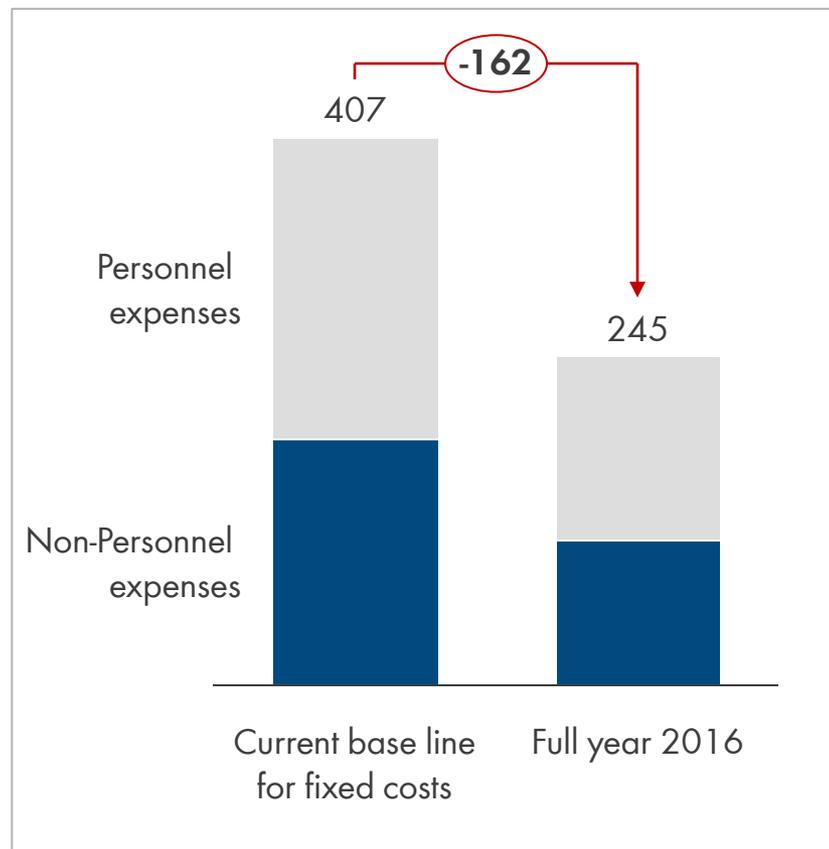
	H1 2014	H1 2015	Change
Net Income	-45	-21	n.m.
Gross Cash Flow	-42	-5	n.m.
Cash Flow from Operating Activities	-33	12	n.m.
Net Capex ¹	32	32	0%
Free Cash Flow (Adj.)	-65	-20	n.m.
Net Investments from Securities and Other Financial Assets	50	-2	n.m.
Free Cash Flow (IFRS)	-15	-22	-51%

> The Free Cash Flow is impacted by severance payments

SMA is Well on Track to Reduce its Fixed Cost Base by 40% by the End of 2015



Fixed cost base (in MEUR)



Key transformation measures (FTE)¹

Technology	<ul style="list-style-type: none"> > Downsizing Kassel, Denver, Suzhou > Reduction of ext. service providers > Focus R&D projects / portfolio
Operations	<ul style="list-style-type: none"> > Outsourcing of non-core activities > Phase out interim managers > Improvement of SCM and central inverter production
Administration	<ul style="list-style-type: none"> > Restructuring CFO/CEO functions > Centralization of administration funct. > Reduction of non-personnel expenses
Sales & Marketing	<ul style="list-style-type: none"> > Reduction of back office staff > Downsizing of communication & marketing > Closure of subsidiaries
Service	<ul style="list-style-type: none"> > Rightsizing infrastructure EMEA/APAC > Reduction of service level
Others	<ul style="list-style-type: none"> > Reduction of office/production space > Restructuring of IT services

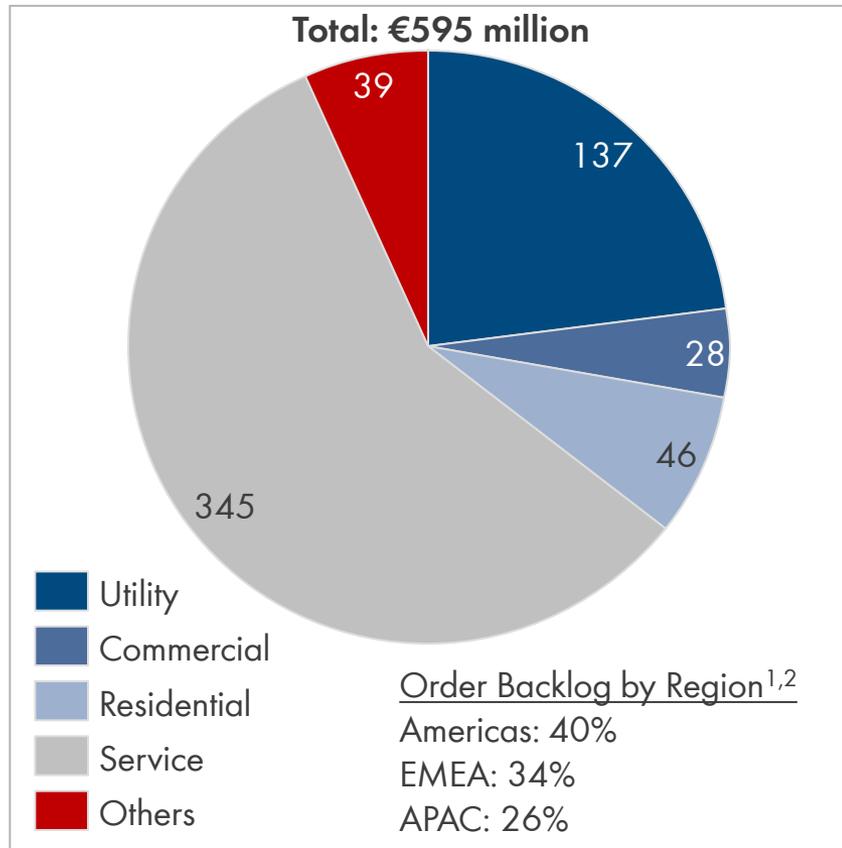
> **Approx. 1,000 employees left the company already; 350 will leave until Q4 2015, the gap to the overall target will be closed with the normal employee turnover**

1. Without temporary employees, trainees, interns

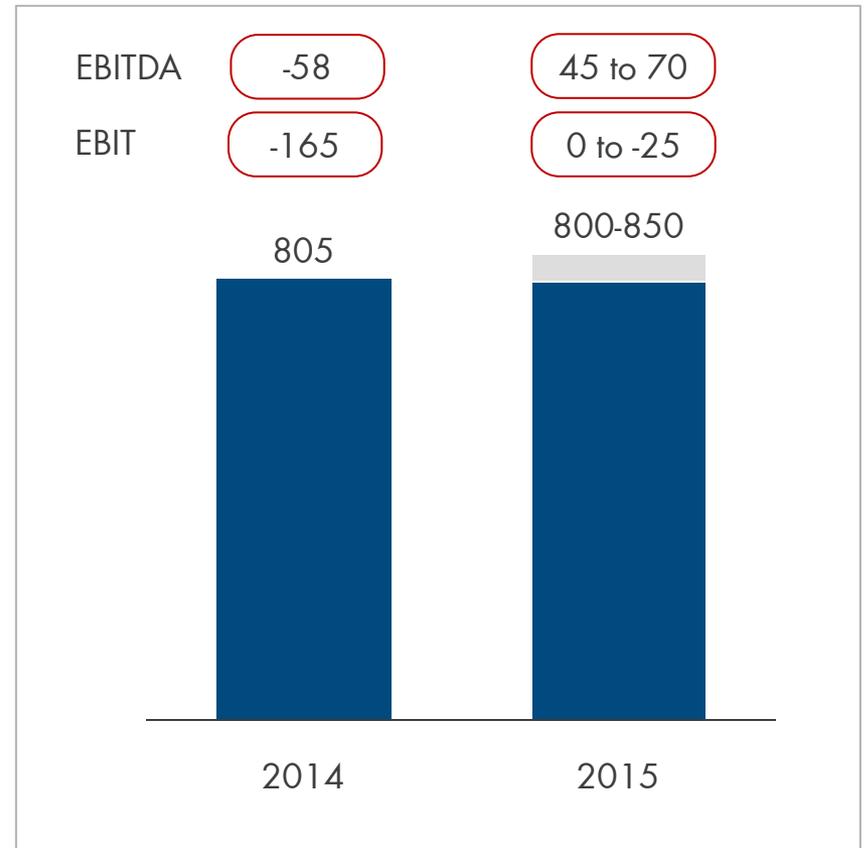
SMA Increased its Guidance in Light of Successful First Six Months and Strong Order Backlog



Order Backlog by Segments (in € million)¹



2015 Sales & EBIT-Guidance (€ million)



> **The order intake remained strong in July 2015; SMA targets a positive free cash flow in 2015**

1. As of June 30, 2015

2. Only Utility, Commercial, Residential, Others

SMA is a Technology Driven Company With a Global Presence and a Flexible Business Model



- ✓ Direct exposure to the global solar market
- ✓ SMA has been 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

Backup



SMA is Covered by 9 Research Analysts



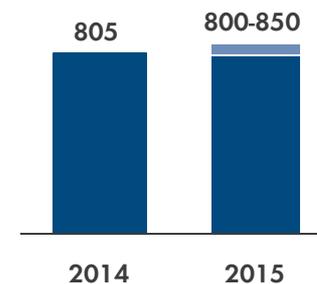
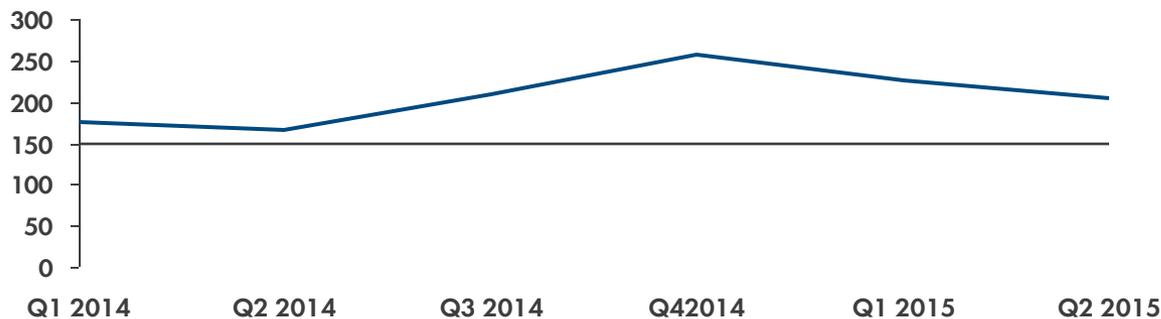
SMA 2015 Est (in € million)	SMA Guidance	Bloomberg Consensus ¹	Bank A	Bank B	Bank C	Bank D
Sales	800-850	850	860	864	844	887
EBIT	-25 to 0	-8	-6	11	-18	5
EPS	-	-0.376	0.33	0.18	-0.85	0.11
WACC	-	-	8.70%	9.00%	11.75%	8.21%

> The consensus does not reflect the combined estimates of the analysts covering SMA

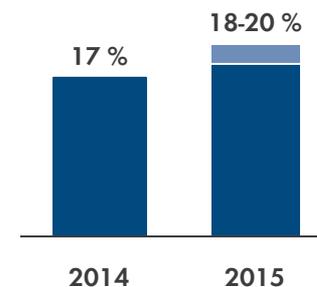
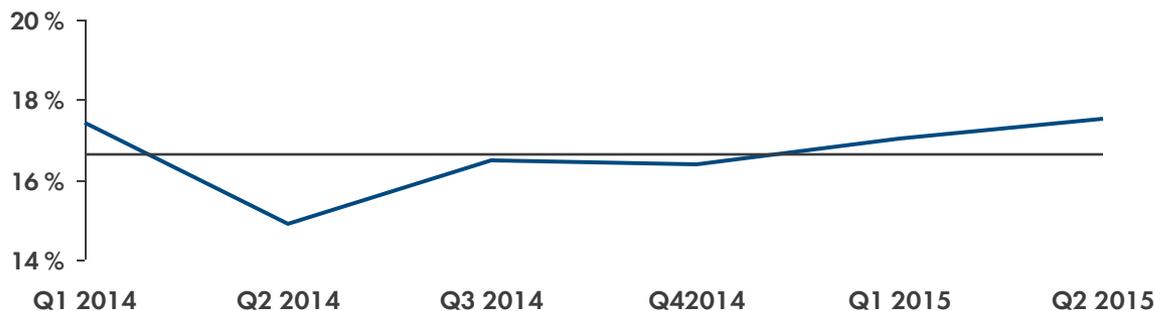


Development of Key Financials

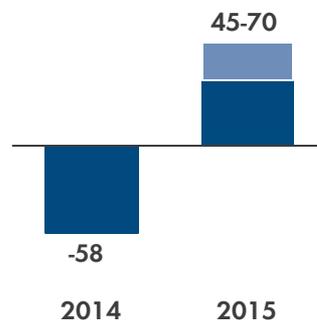
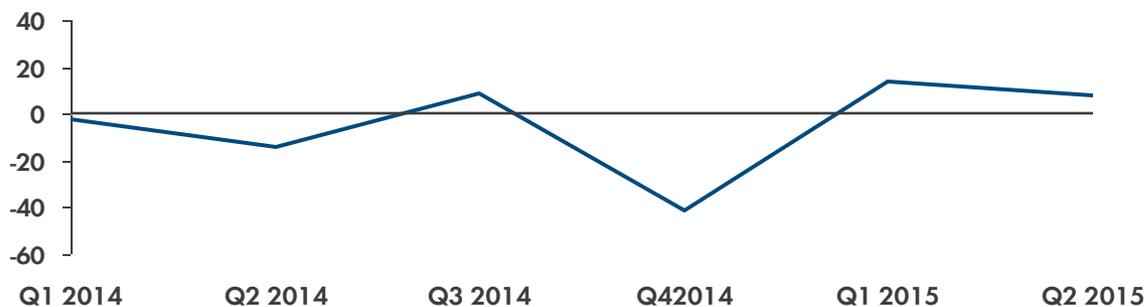
Sales in € million



Gross margin



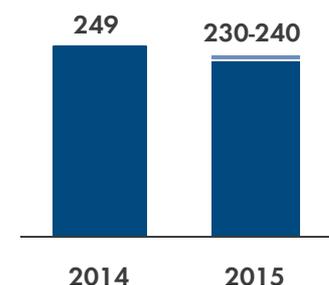
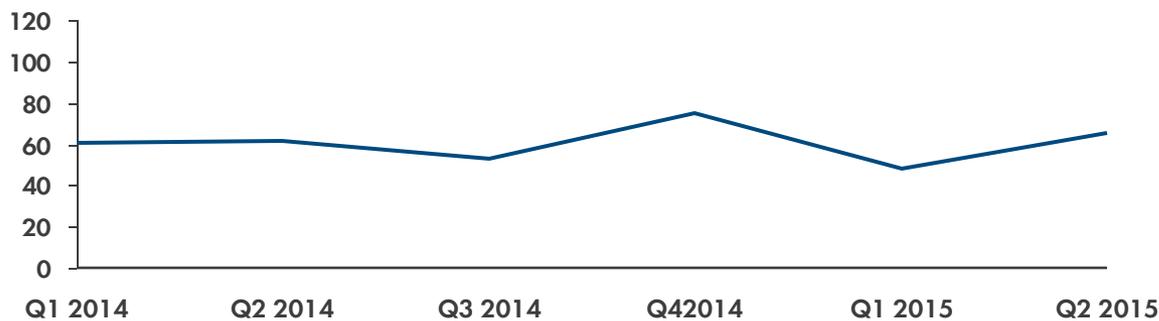
EBITDA in € million



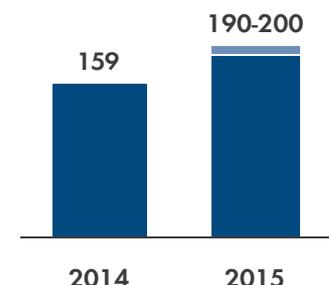
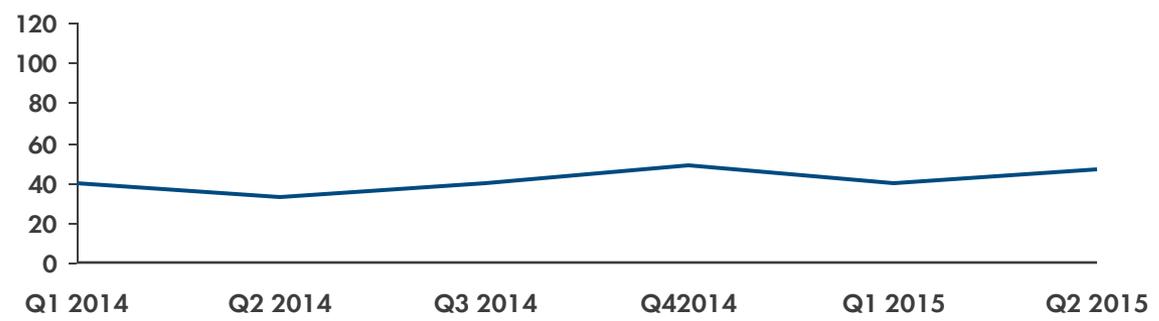


Development of Key Financials (Cont') - Sales Development by Segment in (€ million)

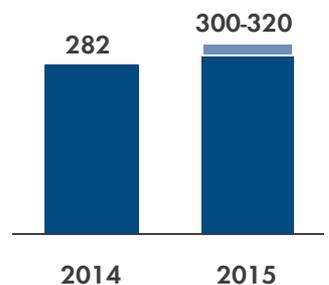
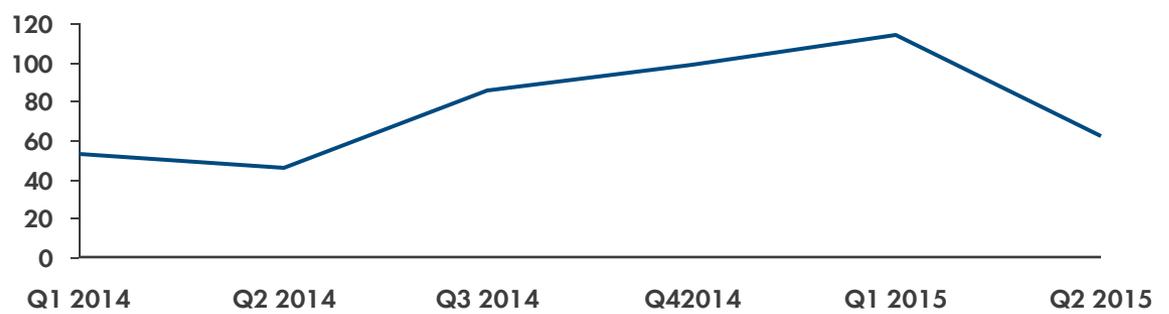
Residential



Commercial



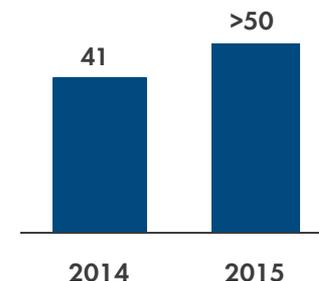
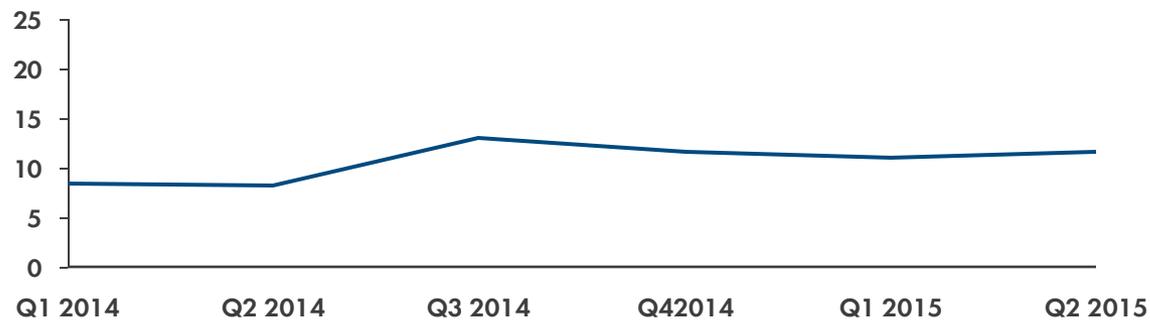
Utility



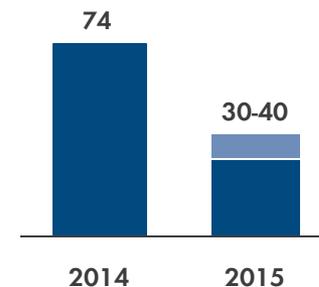
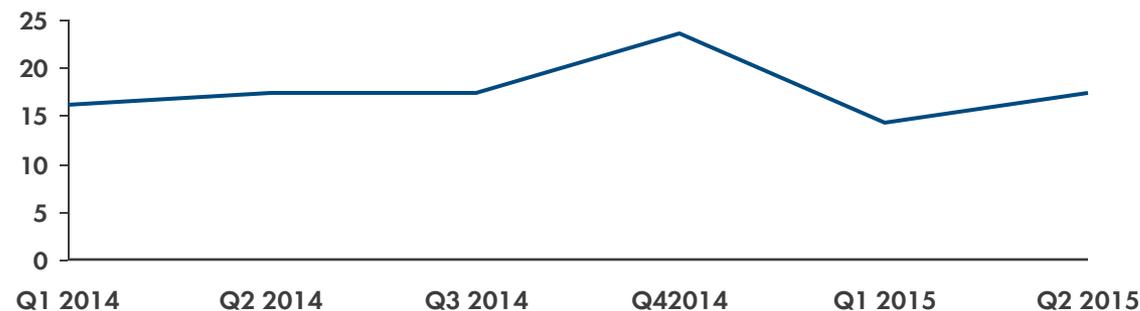


Development of Key Financials (Cont') - Sales Development by Segment in (€ million)

Service



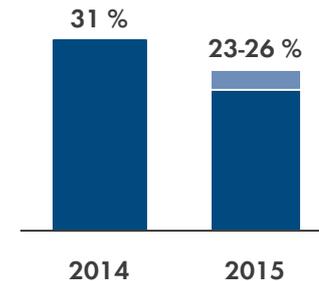
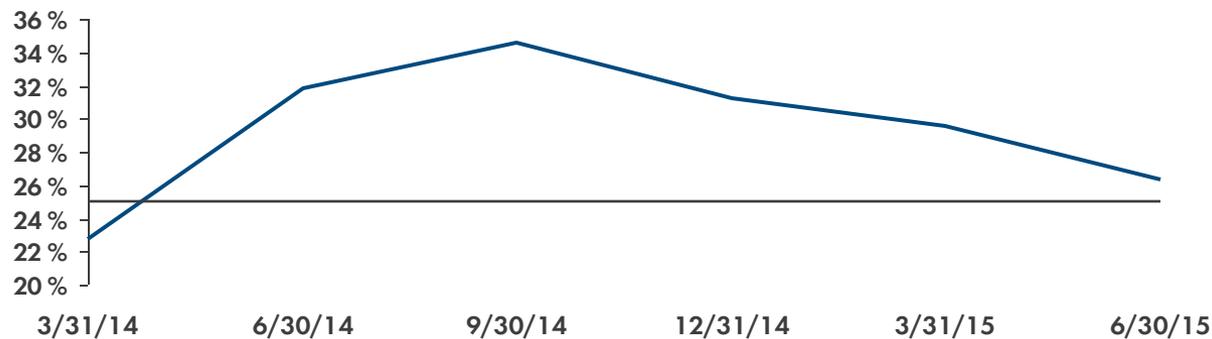
Others



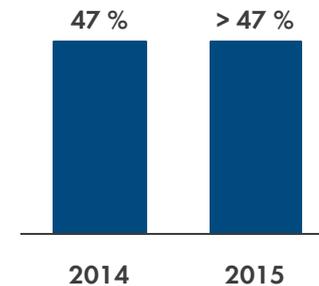
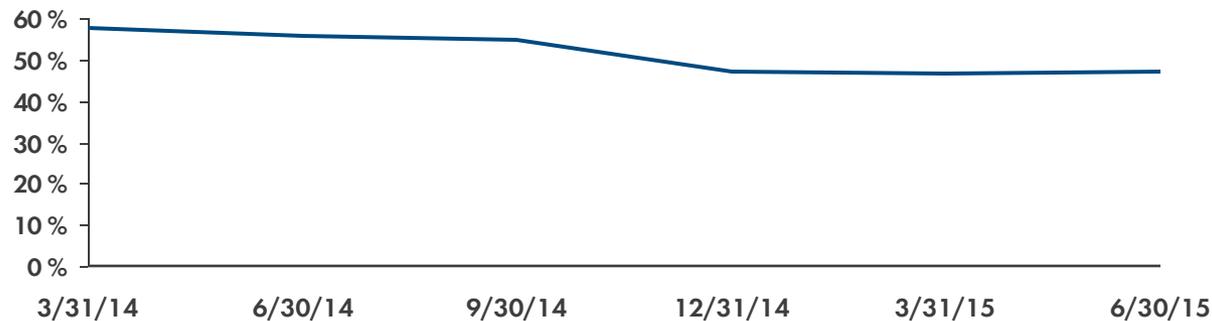


Development of Key Financials (Cont')

NWC ratio



Equity ratio



ENERGY
THAT
CHANGES



SOCIAL MEDIA
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