SMA SOLAR TECHNOLOGY AG
Analyst / Investor Presentation
Quarterly Financial Results: January to March 2019
Presented by Ulrich Hadding (CFO)
May 9, 2019
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1. Review Q1/2019
EBITDA break-even, Sales of €168 million within Guidance; Managing Board Expects significant Sales and Earnings Growth in H2 2019

Financial Highlights Q1 2019

Top Line

• SMA generated sales of €168m in Q1 2019, below prior year mainly as a result of project postponements in our Large Scale & Project Solutions segment and price pressure

Profitability, Bankability

• Break-even EBITDA of €0.6m at upper end of guidance despite lower sales and price decline thanks to structural cost savings achieved in Q1.
• Solid balance sheet structure with >40% equity ratio, €290m net cash and €100m credit facility

Outlook 2019

• Cost-saving measures on track
• Based on high product-related order backlog of €233m, Managing Board expects significant sales and earnings growth in H2 2019 and confirms guidance for FY 2019 with sales of €800m to €880m and EBITDA of €20-50m

Strategic Highlights

New Products

Strategic Initiatives

SMA Repowering
Q1 Sales Decline 8% mainly Resulting From Projects Shifting into H2 2019

### Key Financials (in € million)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>MW sold</td>
<td>1,843</td>
<td>1,803</td>
<td>-2%</td>
</tr>
<tr>
<td>Sales</td>
<td>183</td>
<td>168</td>
<td>-8%</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>40</td>
<td>45</td>
<td>15%</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>71</td>
<td>65</td>
<td>-9%</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>72</td>
<td>58</td>
<td>-20%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>21%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>18</td>
<td>1</td>
<td>-97%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>13</td>
<td>11</td>
<td>-14%</td>
</tr>
<tr>
<td>EBIT</td>
<td>4</td>
<td>-11</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net income</td>
<td>3</td>
<td>-11</td>
<td>n.m.</td>
</tr>
<tr>
<td>Free Cash Flow (Adj.)</td>
<td>-3</td>
<td>-17</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net CapEx (incl. R&amp;D)</td>
<td>7</td>
<td>6</td>
<td>-9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018/12/31</th>
<th>2019/03/31</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash</td>
<td>306</td>
<td>290</td>
<td>-5%</td>
</tr>
<tr>
<td>Total assets</td>
<td>989</td>
<td>975</td>
<td>-1%</td>
</tr>
<tr>
<td>NWC ratio (in %)1</td>
<td>23%</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

### 2018/2019

<table>
<thead>
<tr>
<th></th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>212</td>
<td>180</td>
<td>186</td>
<td>168</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>45</td>
<td>52</td>
<td>51</td>
<td>45</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>82</td>
<td>67</td>
<td>69</td>
<td>65</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>85</td>
<td>61</td>
<td>66</td>
<td>58</td>
</tr>
<tr>
<td>Gross margin</td>
<td>27%</td>
<td>20%</td>
<td>-33%</td>
<td>19%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>23</td>
<td>10</td>
<td>-120</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Net Working Capital ratio: inventory + trade receivables - trade payables (advance payments included); as of last twelve months sales
2. Market
Global PV Installations Expected to Grow in all Regions, Except China

**Core Business: PV Installations**

**REGIONS**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>102</td>
<td>109</td>
<td>122</td>
</tr>
<tr>
<td>APAC</td>
<td>44</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>AMER</td>
<td>24</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>EMEA</td>
<td>17</td>
<td>20</td>
<td>22</td>
</tr>
</tbody>
</table>

**SEGMENTS**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>102</td>
<td>109</td>
<td>122</td>
</tr>
<tr>
<td>Commercial</td>
<td>70</td>
<td>70</td>
<td>77</td>
</tr>
<tr>
<td>Residential</td>
<td>20</td>
<td>25</td>
<td>31</td>
</tr>
</tbody>
</table>

New installations

From 2018 on PV installations are expected to show a continuous average growth of 8% p.a.

EMEA

EMEA is most promising region with >20% annual growth. MEA is expected to add huge potential from 2020.

China

Chinese installations decreased by 16% in 2018. 5-Year-Plan ends in 2020, forecast thereafter subject to uncertainty.

Utility

Utility remains largest segment. Most promising markets are U.S., Australia, Japan. While in 2019 most regions are growing in volume and revenue, China is decreasing.

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1. SMA Market Model Q2 2019, new PV installations, Res ≤10kW plants, Com 10kW-1MW plants, Uti >1MW plants
2. Middle East and Africa region
Price Pressure will Largely Erode Growth in PV Installations

Revenue potential
Price pressure will largely erode volume growth. We expect a stabilization of prices towards 2021.

EMEA
Emerging PV markets in MEA² contribute strongly to growth in EMEA, which is expected to reach 7% p.a.

Americas
Largest country in Americas region remains the USA. Latin America gains importance with revenue growth of 14% p.a.

Segments
Revenue potential for each segment expected to remain rather stable, no significant shift among segments expected.

1. SMA Market Model Q2 2019, incl. new and repowering installations, product mix in segments considered, Res ≤10kW plants, Com 10kW-1MW plants, Uti >1MW plants
2. Middle East and Africa region
Storage and Digital Energy Solutions Drive Global Market Growth

Global Market Outlook by Sector

- Power generation costs decrease, integrated energy and digitalization will lead to a higher share of renewable energy and its growth.
- The traditional PV inverter market revenue potential is expected to be stable. Digital solutions and battery storage are attractive additional value pools.
- PV inverters will serve as the backbone for smart grid solutions connecting the components and collecting data.
- Digital energy solutions gain importance for both homes and businesses, e.g. energy services for residential houses, food and non-food retail.
- O&M services remain important with continuously declining equipment prices and are key for sustainable PV investments. Service packages aim utility plants in particular and vary from full to partial.

1. SMA estimate of addressable market for home and business digital energy solutions
2. SMA Market Model Q2 2019
3. Positioning
SMA has a Complete Portfolio to Serve all PV Segments

As of 2019/01/01, the Storage and Digital Energy segments were reclassified to the Home Solutions (formerly Residential), Business Solutions (formerly Commercial), and Large Scale & Project Solutions (formerly Utility) segments.
SMA’s Portfolio Covers Every Stage of Energy Integration

1. Energy Monitoring
2. Solar Power Generation
3. Storage
4. Integrated Energy
5. Energy Market Integration

SMA’s Internet Portal  SMA’s PV Inverters  SMA’s Battery Inverters  SMA’s IoT Platform  SMA’s Direct Marketing Solution
SMA will Introduce New Products and Solutions in 2019

**SMA Energy Systems**
- Power class: 5 kW / 250 kW
- Pilot markets: Italy / Germany

**SMA + BYD Battery Solutions**
- 5–60 kW
- Securing battery availability

**Sunny Tripower**
- 8–10 kW

**Sunny Boy**
- 3–6 kW

**Sunny Highpower PEAK3**
- 150 kW, 1,500 V

**DC-DC Converter**

**Sunny Central UP**
- 4.6 MW

**Installer App**

**Medium Voltage Power Station**
- 4.6 MW
4. Financials & Guidance
Sales Q1 2019 Grew in EMEA By 28%; Segment Large Scale Projects & Solutions Affected by Project Postponements

1. As of 2019/01/01, the Storage and Digital Energy segments were reclassified to the Home Solutions (formerly Residential), Business Solutions (formerly Commercial), and Large Scale & Project Solutions (formerly Utility) segments

2. Services include commissioning, extended warranties, service and maintenance contracts, operational management, remote system monitoring and digital energy services
EBITDA Lower in Q1 2019 Mainly Due to Lower Sales Compared to Prior Year

EBITDA (in € million)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>-69</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>One-Offs</td>
<td>-861</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Depreciation/</td>
<td>83²</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Amortization</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBIT by Segment³ (in € million)

- Home Solutions: Q1 2018 = 1, Q1 2019 = -5
- Business Solutions: Q1 2018 = 5, Q1 2019 = 0
- Large Scale & Project Solutions: Q1 2018 = -7, Q1 2019 = -6

1. Costs related to restructuring of ca. €34m, working capital provisions of ca. €42m, other effects of €10m
2. Thereof €30m for extraordinary R&D impairments
3. Segments reorganized and renamed; Storage and Digital Energy segments assigned to segments Home, Business and Large Scale & Project Solutions
The Net Working Capital Ratio Q1 2019 was High-End of the Range of 19% to 24% Targeted by Management

### Net Working Capital (in €million)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2018</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>NWC ratio¹</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>108</td>
<td>107</td>
</tr>
<tr>
<td>Unfinished goods</td>
<td>75</td>
<td>79</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Finished goods</td>
<td>105</td>
<td>119</td>
</tr>
<tr>
<td>Trade payables</td>
<td>111</td>
<td>123</td>
</tr>
<tr>
<td>Advanced Payments</td>
<td>-111</td>
<td>-123</td>
</tr>
<tr>
<td>Other liabilities³</td>
<td>75</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>324</td>
<td>307</td>
</tr>
</tbody>
</table>

¹. Net Working Capital ratio: inventory + trade receivables - trade payables - advanced payments; as of last twelve months sales
². As of 2019, includes IFRS16 effect (financial leases) of €21m
³. Not interest-bearing
⁴. w/o not interest-bearing derivatives: €4.1m [2018: €2.4m] and financial leases (€21m)

### Group Balance Sheet (in €million)

<table>
<thead>
<tr>
<th></th>
<th>2018/12/31</th>
<th>2019/03/31</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td>283</td>
<td>302²</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td>302</td>
<td>319</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>80</td>
<td>47</td>
<td>-41%</td>
</tr>
<tr>
<td><strong>Total cash</strong></td>
<td>324</td>
<td>307</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Shareholder’s equity</strong></td>
<td>424</td>
<td>411</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Provisions³</strong></td>
<td>157</td>
<td>156</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Trade payables</strong></td>
<td>111</td>
<td>123</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Financial liabilities⁴</strong></td>
<td>18</td>
<td>17</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Other liabilities³</strong></td>
<td>279</td>
<td>268²</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>989</td>
<td>975</td>
<td>-1%</td>
</tr>
</tbody>
</table>
### Q1 2019 Cash Flow Negatively Effected by the Operating Loss

#### Cash Flow (in € million)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>3</td>
<td>-11</td>
</tr>
<tr>
<td>Gross Cash Flow</td>
<td>21</td>
<td>1</td>
</tr>
<tr>
<td>Cash Flow from Operating Activities</td>
<td>4</td>
<td>-11</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-7</td>
<td>-6</td>
</tr>
<tr>
<td><strong>Free Cash Flow (Adj.)</strong></td>
<td>-3</td>
<td>-17</td>
</tr>
<tr>
<td>Net Investments from Securities and Other Financial Assets</td>
<td>-21</td>
<td>7</td>
</tr>
<tr>
<td>Acquisitions/ Divestitures</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Free Cash Flow (IFRS)</td>
<td>-24</td>
<td>-10</td>
</tr>
</tbody>
</table>
Implementation of Cost-saving Measures is well on Plan

**Implementation Status March 2019**

- **14** Ebit Impact measures
- **83** Started measures
- **27** Open measures
- **16** Overdue measures

**Cumulated savings plan 2019**

**Highlights Q1 2019**

**Consolidation**
- The sale of SMA’s Chinese companies to the local management, including the reduction of c. 300 FTE, has been successfully concluded.

**Focus**
- Ongoing activities to reduce our product platforms/families.

**Optimization**
- The reduction of c. 100 FTE in Germany was executed in a social manner through a voluntary severance program. The majority of savings will materialize in H2 2019.
Product-related Order Backlog Increased by 33% since End 2018

Order Backlog by Segment (in €m) and Region (in %)

Total order backlog: €620m (March 31, 2019)

- Large Scale & Project Solutions\(^1\)
- Business Solutions\(^1\)
- Home Solutions\(^1\)
- Service\(^2\)

Product order backlog by regions (in %)

- Americas: 31%
- EMEA: 24%
- APAC: 45%

Order Backlog Development (in € million)

- 31.03.2019: 647
- 31.03.2018: 403
- 07.05.2019: 305

Q1/19 sales and product order backlog secure approximately 50% of 2019 annual sales guidance.

1. w/o „Service“
2. Order backlog attributable to the former segment „Service“, which will be recognized over a period of 5 to 10 years
Managing Board Confirms Sales and Earnings Guidance

Guidance 2019 (in € million)

<table>
<thead>
<tr>
<th>Sales</th>
<th>761</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>20-50</td>
</tr>
<tr>
<td>NWC</td>
<td>-69</td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
</tbody>
</table>

Net Cash       c. €300m
NWC-Ratio      19-24%
CapEx (incl. R&D)¹ c. €60m
Depreciation / Amortization c. €50m

Management Comments

- SMA strives to increase market share, especially in the U.S.
- System offerings will address new customer groups.
- Management expects growth in all segments, especially in Large Scale & Project Solutions, and in our storage business.
- In 2019, the digital solution business will still only make limited sales contributions.
- Price pressure remains high in all segments.
- Cost-saving measures are well on track, most measures will be effective already in 2019.

¹ incl. c. €10m for R&D and a one-off effect from IFRS 16 – Leases of c. €25m
SMA Continues to be a Leading Player in the PV Industry

Investment Highlights

- **Focus**: A leading global specialist for photovoltaics system technology with 75 GW installed base
- **Complete portfolio** to serve all PV segments
- **Global reach**: Present in 18 countries with a strong sales and service infrastructure; serving > 180 countries
- **Award winning production**: CO$_2$ neutral production with a capacity of 15 GW p.a. in Germany
- **Bankable partner**: > 40% equity ratio and €290m net cash
- **Technological Know-how** & products to benefit from strong growth in future fields such as energy management, storage & repowering
- **Strong partnerships** to create a new energy ecosystem

Strategic Highlights

New Products

Strategic Initiatives

SMA Repowering
Back up
Managing Board and Shareholder Structure

Managing Board

Juergen Reinert
CEO
born 1968
With SMA since 2011
Contract 2024

Ulrich Hadding
CFO
born 1968
With SMA since 2009
Contract 2019

Shareholder Structure

- SMA founders, their trusts and families: 25.17%
- Danfoss A/S: 54.83%
- Freefloat: 20.00%

1. as of January 23, 2019, Company Information
Thank you