SMA SOLAR TECHNOLOGY AG

Investor Presentation: ROTH London Conference

Presented by Ulrich Hadding (CFO)
June 19, 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
### 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 %)</td>
<td>23%</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<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>
</tr>
<tr>
<td>Home Solutions</td>
<td>45</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>82</td>
<td>67</td>
<td>69</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>85</td>
<td>61</td>
<td>66</td>
</tr>
<tr>
<td>Gross margin</td>
<td>27%</td>
<td>20%</td>
<td>-33%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>23</td>
<td>10</td>
<td>-120</td>
</tr>
</tbody>
</table>

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

**Core Business: PV Installations**

**REGIONS** in GWdc

- **China**: 102, 109, 122, 128
- **APAC**: +8% p.a.
- **AMER**: 44, 40, 30, 33
- **EMEA**: 17, 21, 29, 31

**SECTIONS** in GWdc

- **Utility**: 70, 109, 77, 79
- **Commercial**: 20, 25, 31, 33
- **Residential**: 12, 13, 14, 15

**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 MEA\(^2\) 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.

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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
SMA is the Most Experienced PV System Technology Provider with a Complete Portfolio as well as High Innovation Rate

<table>
<thead>
<tr>
<th>Competitor Environment¹</th>
<th>SMA</th>
<th>Comp.A</th>
<th>Comp.B</th>
<th>Comp.C</th>
<th>Comp.D</th>
<th>Comp.E</th>
<th>Comp.F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PV = Core business</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>PV Market Exp. &gt;10 years</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>Inst. Inverter Cap. &gt;25 GW</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td><strong>MLPE²</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>String Inverter</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Central Inverter</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Energy Management</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>O&amp;M</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td><strong>Regions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Americas</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>APAC</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

¹ Source: Company websites; SMA estimates
² Module-level Power Electronics

✓ Applicable/Strong Presence
✗ Not applicable/No Presence
SMA is Present in all Important PV Markets and does not Leave the Field to Competition

- SMA has the largest footprint and a strong presence in all relevant PV countries.
- SMA inverters were shipped to >190 countries and installed on all 7 continents.
SMA has held a good market position despite challenges in 2018

SMA reached #3 in Americas by focusing on commercial and utility segments.

SMA continues to lead the EMEA PV inverter market.

SMA is the only non-Chinese PV inverter supplier among top 5 in APAC, and reached a market share of 14% in APAC excl. China.

1. Shares in MW terms, based on installed inverter capacity. SMA Market Model Q2 2019 and IHS Markit – Inverter Market Tracker Q1 2019
3. Positioning
SMA has a Complete Portfolio to Serve all PV Segments

SMA has a Complete Portfolio to Serve all PV Segments

**SMA HOME SOLUTIONS**

- **27%** of Group net sales

**SMA BUSINESS SOLUTIONS**

- **39%** of Group net sales

**SMA LARGE SCALE & PROJECT SOLUTIONS**

- **34%** of Group net sales

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

- **Sunny Tripower** • 8–10 kW
- **Sunny Boy** • 3–6 kW
- **SMA Energy Systems** • Power class: 5 kW / 250 kW • Pilot markets: Italy / Germany
- **SMA + BYD Battery Solutions** • 5–60 kW • Securing battery availability
- **Sunny Highpower PEAK3** • 150 kW, 1,500 V
- **DC-DC Converter**
- **Sunny Central UP** • 4.6 MW
- **Medium Voltage Power Station** • 4.6 MW
- **Installer App**
4. Financials & Guidance
Sales Q1 2019 Grew in EMEA By 28%; Segment Large Scale Projects & Solutions Affected by Project Postponements

Sales (in € million)

- **Americas**: 761
  - Q1/19: 19%
  - 2018: 19%
- **EMEA**: 8.5
  - Q1/19: 48%
  - 2018: 41%
- **APAC**: 1.8
  - Q1/19: 33%
  - 2018: 40%

Sales by Segment<sup>1</sup> (in € million)

- **Home Solutions**
  - Products: 35
  - Services: 5
- **Business Solutions**
  - Products: 43
  - Services: 2
- **Large Scale & Project Solutions**
  - Products: 63
  - Services: 10

---

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)**

- Margin
  - 2018: -69%
  - Q1 2018: 10%
  - Q1 2019: 0%

- One-Offs
  - 2018: -861
  - Q1 2018: 0
  - Q1 2019: 1

- Depreciation/Amortization
  - 2018: 832
  - Q1 2018: 13
  - Q1 2019: 11

**EBIT by Segment**

- **Home Solutions**
  - Q1 2018: -5
  - Q1 2019: 1

- **Business Solutions**
  - Q1 2018: 0
  - Q1 2019: 5

- **Large Scale & Project Solutions**
  - Q1 2018: -7
  - Q1 2019: -6

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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>NWC ratio¹</th>
<th>23%</th>
<th>24%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 31, 2018</td>
<td>177</td>
<td>181</td>
</tr>
<tr>
<td>108</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>75</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>105</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>-111</td>
<td>-123</td>
<td></td>
</tr>
<tr>
<td>-14</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>March 31, 2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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>Non-current assets</td>
<td>283</td>
<td>302²</td>
<td>7%</td>
</tr>
<tr>
<td>Working capital</td>
<td>302</td>
<td>319</td>
<td>5%</td>
</tr>
<tr>
<td>Other assets</td>
<td>80</td>
<td>47</td>
<td>-41%</td>
</tr>
<tr>
<td>Total cash</td>
<td>324</td>
<td>307</td>
<td>-5%</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>424</td>
<td>411</td>
<td>-3%</td>
</tr>
<tr>
<td>Provisions³</td>
<td>157</td>
<td>156</td>
<td>-1%</td>
</tr>
<tr>
<td>Trade payables</td>
<td>111</td>
<td>123</td>
<td>11%</td>
</tr>
<tr>
<td>Financial liabilities⁴</td>
<td>18</td>
<td>17</td>
<td>-6%</td>
</tr>
<tr>
<td>Other liabilities³</td>
<td>279</td>
<td>268²</td>
<td>-4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>989</td>
<td>975</td>
<td>-1%</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)
# Q1 2019 Cash Flow Negatively Affected 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><strong>Free Cash Flow (IFRS)</strong></td>
<td>-24</td>
<td>-10</td>
</tr>
</tbody>
</table>
Implementation of Cost-saving Measures is well on Plan

Implementation Status March 2019

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.
In Q1 2019, Product-related Order Backlog Increased by 33%

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

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

- Large Scale & Project Solutions
- Business Solutions
- Home Solutions
- Service

Product order backlog by regions (in %)

- Americas
- EMEA
- APAC

Order Backlog Development (in € million)

<table>
<thead>
<tr>
<th>Date</th>
<th>Products</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2017</td>
<td>651</td>
<td>246</td>
</tr>
<tr>
<td>31.03.2018</td>
<td>647</td>
<td>256</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>578</td>
<td>175</td>
</tr>
<tr>
<td>31.03.2019</td>
<td>620</td>
<td>233</td>
</tr>
<tr>
<td>14.06.2019</td>
<td>446</td>
<td>367</td>
</tr>
</tbody>
</table>

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></th>
<th>761</th>
<th>800-880</th>
<th>20-50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td>-69</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**2019**

- **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
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

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Fax +49 561 9522 100

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IR@SMA.de