SMA SOLAR TECHNOLOGY AG

Analyst / Investor Presentation

Berenberg and Goldman Sachs Eight German Corporate Conference / Roadshow London

Presented by Ulrich Hadding (CFO)

September 23-24, 2019
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1. Review H1/2019
Positive EBITDA and Sales of €363 million in H1 2019; Managing Board Expects significant Sales and Earnings Growth in H2 2019

Financial Highlights H1/2019

Top Line

• SMA generated sales of €363m in H1 2019, below prior year mainly as a result of project postponements in our Large Scale & Project Solutions segment.

Profitability, Bankability

• EBITDA of €9m, increased by €8m in Q2 2019 driven by higher sales and structural cost savings achieved in the second quarter of 2019.

• Solid balance sheet structure with >40% equity ratio, ca. €270m net cash and €100m credit facility

Outlook 2019

• Cost-saving program executed under supervision of Roland Berger is well on track.

• Based on high product-related order backlog of €453m, 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.
H1 Sales Decline 8% mainly as a Result of Projects Shifting into H2 2019

Key Financials¹ (in € million)

<table>
<thead>
<tr>
<th>MW sold</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>395</td>
<td>363</td>
<td>-8%</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>85</td>
<td>102</td>
<td>21%</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>153</td>
<td>135</td>
<td>-12%</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>157</td>
<td>126</td>
<td>-20%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>25%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>41</td>
<td>9</td>
<td>-79%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>26</td>
<td>23</td>
<td>-13%</td>
</tr>
<tr>
<td>EBIT</td>
<td>15</td>
<td>-14</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net income</td>
<td>11</td>
<td>-14</td>
<td>n.m.</td>
</tr>
<tr>
<td>Free Cash Flow (Adj.)</td>
<td>-44</td>
<td>-67</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net CapEx (incl. R&amp;D)</td>
<td>17</td>
<td>13</td>
<td>-25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net cash</th>
<th>2018/12/31</th>
<th>2019/06/30</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>306</td>
<td>268</td>
<td>-12%</td>
</tr>
<tr>
<td>Total assets</td>
<td>989</td>
<td>971</td>
<td>-2%</td>
</tr>
<tr>
<td>NWC ratio (in %)²</td>
<td>23%</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018/2019</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>180</td>
<td>186</td>
<td>168</td>
<td>195</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>52</td>
<td>51</td>
<td>45</td>
<td>57</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>67</td>
<td>69</td>
<td>65</td>
<td>70</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>61</td>
<td>66</td>
<td>58</td>
<td>68</td>
</tr>
<tr>
<td>Gross margin</td>
<td>20%</td>
<td>-33%</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>10</td>
<td>-120</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

¹ As of 2019, 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 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** in GWdc

- **China**: 44, 40, 30, 33
- **APAC**: 22, 20, 23, 23
- **AMER**: 17, 21, 29, 31
- **EMEA**: 16, 21, 29, 31

**+8% p.a.**

**SELECTIONS** in GWdc

- **Utility**: 70, 70, 77, 79
- **Commercial**: 21, 26, 31, 33
- **Residential**: 12, 13, 14, 16

**New installations**

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

**EMEA**

EMEA is the most promising region with >20% annual growth. MEA\(^2\) is expected to add huge potential from 2020.

**China**

Chinese installations decreased by 16% in 2018. A further decline is expected this year. 5-Year-Plan\(^3\) ends in 2020, forecast thereafter subject to uncertainty.

**Utility**

Utility remains the largest segment. Most promising markets are the 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
The U.S. remain to be the largest country in the Americas region, 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, Ut >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 are aiming at utility plants in particular and vary from full to partial.

1. SMA Market Model Q2 2019
2. SMA estimate of addressable market (limited number of countries) with currently available SMA home and business digital energy solutions; future offerings will increase addressable market systematically.
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. Generation of solar power
3. Energy storage
4. Energy management
5. Energy market integration

SMA internet portal
SMA PV inverters
SMA battery inverters
SMA IoT platform
SMA direct selling solution
SMA will Introduce Additional 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

**Medium Voltage Power Station**
- 4.6 MW

**Installer App**

**2019**

- ✓
- ✓
- ✓
- ✓
- ✓
- ✓
4. Financials & Guidance
H1 2019 Sales in Home Solutions Grew By 21%; Segment Large Scale & Project Solutions Affected by Project Postponements

**Sales (in € million)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Americas</th>
<th>EMEA</th>
<th>APAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GW</td>
<td>761</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1/18</td>
<td></td>
<td>395</td>
<td>363</td>
</tr>
<tr>
<td>GW</td>
<td>4.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>17%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1/19</td>
<td></td>
<td></td>
<td>4.0</td>
</tr>
<tr>
<td>GW</td>
<td>4.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sales by Segment**

- **Home Solutions**
  - **products**: H1 2018 - 76, H1 2019 - 85
  - **services**: H1 2018 - 97, H1 2019 - 102

- **Business Solutions**
  - **products**: H1 2018 - 149, H1 2019 - 153
  - **services**: H1 2018 - 132, H1 2019 - 135

- **Large Scale & Project Solutions**
  - **products**: H1 2018 - 139, H1 2019 - 157
  - **services**: H1 2018 - 101, H1 2019 - 126

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1. As of 2019, 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 H1 2019 Mainly Due to Lower Sales Compared to Prior Year

EBITDA (in € million)

- Margin
  - H1 2018: -9%
  - H1 2019: 2%
  - H1 2018: 10%

- One-Offs
  - H1 2018: -86
  - H1 2019: 5

- Depreciation/Amortization
  - H1 2018: 83
  - H1 2019: 26

EBIT by Segment² (in € million)

- Home Solutions
  - H1 2018: 13
  - H1 2019: 1

- Business Solutions
  - H1 2018: 24
  - H1 2019: 1

- Large Scale & Project Solutions
  - H1 2018: -19
  - H1 2019: -11

1. H1 2018 net EBITDA effect of €8m from the release of general warranty provisions + €33m, devaluation of inventories - €14m and provisions for individual warranty claims - €11m
2. Segments reorganized and renamed; Storage and Digital Energy segments assigned to segments Home, Business and Large Scale & Project Solutions
Net Working Capital Increased Mainly Due to Higher Inventories

Net Working Capital (in €million)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2018</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>NWC ratio¹</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Trade receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>108</td>
<td>97</td>
</tr>
<tr>
<td>Unfinished goods</td>
<td>-111</td>
<td>-129</td>
</tr>
<tr>
<td>Finished goods</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Trade payables</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Advanced Payments</td>
<td>-14</td>
<td>-21</td>
</tr>
<tr>
<td>Total</td>
<td>177</td>
<td>184</td>
</tr>
</tbody>
</table>

Group Balance Sheet (in €million)

<table>
<thead>
<tr>
<th></th>
<th>2018/12/31</th>
<th>2019/06/30</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>283</td>
<td>299²</td>
<td>6%</td>
</tr>
<tr>
<td>Working capital</td>
<td>302</td>
<td>334</td>
<td>11%</td>
</tr>
<tr>
<td>Other assets</td>
<td>80</td>
<td>53</td>
<td>-34%</td>
</tr>
<tr>
<td>Total cash</td>
<td>324</td>
<td>285</td>
<td>-12%</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>425</td>
<td>407</td>
<td>-4%</td>
</tr>
<tr>
<td>Provisions³</td>
<td>157</td>
<td>146</td>
<td>-7%</td>
</tr>
<tr>
<td>Trade payables</td>
<td>111</td>
<td>129</td>
<td>17%</td>
</tr>
<tr>
<td>Financial liabilities⁴</td>
<td>18</td>
<td>16</td>
<td>-9%</td>
</tr>
<tr>
<td>Other liabilities³</td>
<td>279</td>
<td>272²</td>
<td>-2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>989</td>
<td>971</td>
<td>-2%</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 €19.6m
3. Not interest-bearing
4. w/o not interest-bearing derivatives: €2.6m (2018: €2.5m) and financial leases (€19.6m)
H1 2019 Cash Flow Negatively Effected by Build-up of Inventories and the Negative Result; Gross Cash Flow Positive

<table>
<thead>
<tr>
<th>Cash Flow (in € million)</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>11</td>
<td>-14</td>
</tr>
<tr>
<td>Gross Cash Flow</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Cash Flow from Operating Activities</td>
<td>-27</td>
<td>-54</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-17</td>
<td>-13</td>
</tr>
<tr>
<td><strong>Free Cash Flow (Adj.)</strong></td>
<td>-44</td>
<td>-67</td>
</tr>
<tr>
<td>Net Investments from Securities and Other Financial Assets</td>
<td>-6</td>
<td>66</td>
</tr>
<tr>
<td>Acquisitions/ Divestitures</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Free Cash Flow (IFRS)</td>
<td>-51</td>
<td>-1</td>
</tr>
</tbody>
</table>
Order Backlog for Products Increased by € 278 m or 158% since End 2018

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

Total order backlog: €819m (June 30, 2019)

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

Product order backlog by regions (in %)

- Americas
- EMEA
- APAC

H1/19 sales and product order backlog secure 2019 annual sales guidance.

Order Backlog Development (in € million)

- 31.12.2018
- 31.03.2019
- 30.06.2019
- 31.12.2017
- 30.06.2018

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)

Sales  
- 761  
800-880

EBITDA  
-20-50

-69

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.
• Price pressure remains high in all segments.
• Cost-saving program executed under supervision of Roland Berger is well on track, most measures will be effective in 2019 already.
• In 2019, the digital solution business will still only make limited sales contributions.

<table>
<thead>
<tr>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash</td>
<td>c. €300m</td>
</tr>
<tr>
<td>NWC-Ratio</td>
<td>19-24%</td>
</tr>
<tr>
<td>CapEx (incl. R&amp;D)¹</td>
<td>c. €60m</td>
</tr>
<tr>
<td>Depreciation / Amortization</td>
<td>c. €50m</td>
</tr>
</tbody>
</table>

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 >190 countries

• **Award winning production:** CO₂ neutral production with a capacity of 15 GW p.a. in Germany

• **Bankable partner:** >40% equity ratio and €270m net cash

• **Technological Know-how** & solutions to benefit from strong growth in future fields such as energy management, storage & repowering

• **Strong partnerships** to create a new energy ecosystem
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\(^1\)

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

1. as of January 23, 2019, Company Information