SMA SOLAR TECHNOLOGY AG

Investor Presentation: Jefferies Virtual European Renewables Tour

Presented by Ulrich Hadding, CFO
June 4th, 2020
Disclaimer

IMPORTANT LEGAL NOTICE
This presentation does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for, underwrite or otherwise acquire, any securities of SMA Solar Technology AG (the "Company") or any present or future subsidiary of the Company (together with the Company, the "SMA Group") nor should it or any part of it form the basis of, or be relied upon in connection with, any contract to purchase or subscribe for any securities in the Company or any member of the SMA Group or commitment whatsoever.
All information contained herein has been carefully prepared. Nevertheless, we do not guarantee its accuracy or completeness and nothing herein shall be construed to be a representation of such guarantee. The Company shall assume no liability for errors contained in this document, unless damages are caused intentionally or through gross negligence by the Company. Furthermore, the Company shall assume no liability for effects of activities that evolve from the basis of data and information provided by this presentation.
The information contained in this presentation is subject to amendment, revision and updating, which does not underlie any prior announcement by the Company. Certain statements contained in this presentation may be statements of future expectations and other forward-looking statements that are based on the management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements as a result of, among others, factors, changing business or other market conditions and the prospects for growth anticipated by the management of the Company. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements which speak only as of the date of this presentation.
This presentation is for information purposes only and may not be further distributed or passed on to any party which is not the addressee of this presentation solely after prior consent of the Company. No part of this presentation must be copied, reproduced or cited by the addressees hereof other than for the purpose for which it has been provided to the addressee. The content of this presentation, meaning all texts, pictures and sounds, are protected by copyright. The contained information of the presentation is property of the Company.
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.
SMA’s R&D Excellence in Numbers

> 35 years experience

> 1.500 patents and utility models

> 500 engineers

Data from

> 1.5 m inverters

> 85 GW installed base
SMA has a Complete Portfolio to Serve all PV Segments

SMA HOME
25% of Group net sales

SMA BUSINESS
27% of Group net sales

SMA LARGE SCALE & PROJECT SOLUTIONS
48% of Group net sales

1. All figures for Q1/2020
1. Financials Q1/2020
Sales increased by 72% with Home and Business Solutions segments delivering strong double-digit growth and Large Scale & Project Solutions growing by 140%.

### Key financials (in € million)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q1 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>MW sold</td>
<td>1,803</td>
<td>4,367</td>
<td>142%</td>
</tr>
<tr>
<td>Sales</td>
<td>168</td>
<td>288</td>
<td>72%</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>45</td>
<td>71</td>
<td>57%</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>65</td>
<td>79</td>
<td>21%</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>58</td>
<td>138</td>
<td>140%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>19%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1</td>
<td>12</td>
<td>n.m.</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11</td>
<td>11</td>
<td>-5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>-11</td>
<td>2</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net result</td>
<td>-11</td>
<td>0</td>
<td>n.m.</td>
</tr>
<tr>
<td>Free cash flow (Adj.)</td>
<td>-17</td>
<td>-58</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net CapEx (incl. R&amp;D)</td>
<td>6</td>
<td>7</td>
<td>14%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019/12/31</th>
<th>2020/03/31</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash</td>
<td>303</td>
<td>243</td>
<td>-20%</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,107</td>
<td>1,032</td>
<td>-7%</td>
</tr>
<tr>
<td>NWC ratio (in %)¹</td>
<td>17%</td>
<td>21%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2</td>
</tr>
<tr>
<td>Sales</td>
<td>195</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>57</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>70</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>68</td>
</tr>
<tr>
<td>Gross margin</td>
<td>21%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>8</td>
</tr>
</tbody>
</table>

¹. Net Working Capital ratio: inventory + trade receivables - trade payables (advance payments included); as of last twelve months sales
Americas and EMEA achieved strong revenue growth in Q1 2020

### Sales (in € million)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2019</th>
<th>Q1/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>GW</td>
<td>11.4</td>
<td>1.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Americas</td>
<td>915</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>51%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>26%</td>
<td>168</td>
<td>43%</td>
</tr>
</tbody>
</table>

### Sales by segment\(^1\) (in € million)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Products</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Solutions</td>
<td>43</td>
<td>2</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>69</td>
<td>71</td>
</tr>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>47</td>
<td>58</td>
</tr>
</tbody>
</table>

\(^1\) Services include commissioning, extended warranties, service and maintenance contracts, operational management, remote system monitoring and digital energy services
Significant increase in EBITDA driven by strong sales growth in Q1 2020

**EBITDA (in € million)**

- **Margin**
  - 2019: 4%
  - Q1/19: 0%
  - Q1/20: 4%
- **One-Offs**
  - 2019: 1
  - Q1/19: 0
  - Q1/20: 0
- **Depreciation/Amortization**
  - 2019: 11
  - Q1/19: 11
  - Q1/20: 11

**EBIT by segment (in € million)**

- **Home Solutions**
  - Q1 2019: -5
  - Q1 2020: 5
- **Business Solutions**
  - Q1 2019: 0
  - Q1 2020: 1
- **Large Scale & Project Solutions**
  - Q1 2019: -6
  - Q1 2020: -4
Net working capital increased mainly due to higher inventories

### Net working capital (in €million)

**NWC ratio**

<table>
<thead>
<tr>
<th></th>
<th>31.12.2019</th>
<th>31.03.2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>116</td>
<td>214</td>
<td>+92%</td>
</tr>
<tr>
<td>Working capital</td>
<td>120</td>
<td>120</td>
<td>+0%</td>
</tr>
<tr>
<td>Other assets</td>
<td>135</td>
<td>136</td>
<td>+1%</td>
</tr>
<tr>
<td>Total cash</td>
<td>252</td>
<td>286</td>
<td>+13%</td>
</tr>
</tbody>
</table>

**31.12.2019**

- Trade receivables: €152
- Raw materials and consumables: €12
- Unfinished goods: €135
- Finished goods: €116
- Trade payables: €160
- Advanced Payments: €-175
- Total cash: €318

**31.03.2020**

- Trade receivables: €152
- Raw materials and consumables: €12
- Unfinished goods: €135
- Finished goods: €116
- Trade payables: €160
- Advanced Payments: €-175
- Total cash: €257

### Group balance sheet (in €million)

<table>
<thead>
<tr>
<th></th>
<th>31.12.2019</th>
<th>31.03.2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets¹</td>
<td>299</td>
<td>305</td>
<td>2%</td>
</tr>
<tr>
<td>Working capital</td>
<td>425</td>
<td>399</td>
<td>-6%</td>
</tr>
<tr>
<td>Other assets</td>
<td>65</td>
<td>71</td>
<td>+9%</td>
</tr>
<tr>
<td>Total cash</td>
<td>318</td>
<td>257</td>
<td>-19%</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>417</td>
<td>415</td>
<td>0%</td>
</tr>
<tr>
<td>Provisions²</td>
<td>153</td>
<td>157</td>
<td>+2%</td>
</tr>
<tr>
<td>Trade payables</td>
<td>175</td>
<td>160</td>
<td>-9%</td>
</tr>
<tr>
<td>Financial liabilities³</td>
<td>15</td>
<td>14</td>
<td>-7%</td>
</tr>
<tr>
<td>Other liabilities¹,²</td>
<td>347</td>
<td>286</td>
<td>-18%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,107</strong></td>
<td><strong>1,032</strong></td>
<td><strong>-7%</strong></td>
</tr>
</tbody>
</table>

¹. Includes IFRS16 Leasing of €26.4m per 31.03.2020 (per 31.12.2019: €19.4m)
². Not interest-bearing
³. w/o not interest-bearing derivatives: €0.3m (2019: €0.3m) and IFRS 16 Leases of €26.4m (2019: €19.4m)
Gross Cash Flow significantly better than Q1 2019; Adjusted Free Cash Flow negative due to decreased liabilities in Q1 2020

<table>
<thead>
<tr>
<th>Cash Flow (in € million)</th>
<th>Q1 2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>-11</td>
<td>0</td>
</tr>
<tr>
<td>Gross Cash Flow</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Cash Flow from Operating Activities</td>
<td>-11</td>
<td>-51</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-6</td>
<td>-7</td>
</tr>
<tr>
<td><strong>Free Cash Flow (Adj.)</strong></td>
<td>-17</td>
<td>-58</td>
</tr>
<tr>
<td>Net Investments from Securities and Other Financial Assets</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Free Cash Flow (IFRS)</td>
<td>-10</td>
<td>-49</td>
</tr>
</tbody>
</table>
Order backlog for products of €376m at the end of Q1 2020 remains strong

**Order backlog by segment (in €m) and region (in %)**

<table>
<thead>
<tr>
<th>Segment/Region</th>
<th>Jan. 31, 2020</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Scale &amp; Project Solutions</td>
<td>208</td>
<td>421</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>74</td>
<td>208</td>
</tr>
<tr>
<td>Home Solutions</td>
<td>94</td>
<td>175</td>
</tr>
<tr>
<td>Service</td>
<td>403</td>
<td>387</td>
</tr>
</tbody>
</table>

**Order backlog development (in €m)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Products</th>
<th>Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2018</td>
<td>403</td>
<td>175</td>
<td>578</td>
</tr>
<tr>
<td>03/31/2019</td>
<td>387</td>
<td>233</td>
<td>620</td>
</tr>
<tr>
<td>12/31/2019</td>
<td>371</td>
<td>175</td>
<td>766</td>
</tr>
<tr>
<td>03/31/2020</td>
<td>421</td>
<td>766</td>
<td>797</td>
</tr>
</tbody>
</table>

**Q1 sales and product order backlog already secure more than 60% of our 2020 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.
Management continues to expect strong sales and profitability growth for 2020. Covid-19 impact on our supply chain could be mitigated.

**Guidance 2020 (in €m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>915</td>
<td>34</td>
</tr>
<tr>
<td>2020</td>
<td>1,0 - 1,1 bn</td>
<td>50-80</td>
</tr>
</tbody>
</table>

**Management comments**

- Management remains confident to grow sales to more than 1 billion Euros in 2020, building on our strong Q1 result. Our Large Scale and Business segments do not expect to be significantly affected by the Covid-19 situation.
- SMA continues to strive to increase market share in all key markets, building on order intake of over 1 billion Euros in 2019 and more than 330 million Euros in Q1 2020.
- All segments are expected to experience less price pressure in comparison to prior years.
- Restructuring savings continue to contribute to profitability in 2020.

**CapEx (incl. R&D & leasing)**
- c. €50m

**Depreciation / amortization**
- c. €45m

1. incl. ca. €10m for R&D and ca. €15m from leasing
2. Market
With increasing decentralization, the electricity supply system will become more complex.

- Decentralized solar power is becoming increasingly cost-effective.
- Storage systems and digital solutions balance out generation and consumption, and enable households and businesses to share their electricity with other consumers.
- To provide a sustainable, secure and cost-effective electricity supply, all players will have to be seamlessly integrated and interconnected.
- In order to integrate them seamlessly and secure a reliable power supply, a comprehensive understanding of the system is essential.
PV will become the preferred energy source in the decentralized, digital energy supply system of tomorrow

Market outlook by sector for market addressable by SMA\(^1\)

Market outlook by sector for market addressable by SMA\(^1\)

Long-term global market development\(^3\)

PV installations in GWdc

1. SMA Market Model Q2 2020; global PV inverter market excluding China where SMA is not doing any business
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
Sustainability has been at the heart of SMA’s people and business right from the beginning.

From the very beginning, our goal has been to combine long-term business success with environmental protection and social responsibility.

That is why sustainability has been firmly anchored in our corporate mission since SMA was founded.

€10.5 billion of environmental damage was prevented in 2019 through the use of SMA inverters.\(^1\)

58% less energy is used today per kW of inverter power produced than four years ago.

2001 marks the installation of the first PV plant installed at our headquarters. Today, company-owned PV plants cover 38% of our total electricity consumption in Germany; the remaining electricity used is also renewable.

50,000 customers from all segments were asked for their feedback in our global customer satisfaction survey 2019.

100% transparency on our sustainability activities is secured by our sustainability reporting according to the GRI standard.\(^2\)

---

1. Calculation basis: 85 GW total installed SMA inverter capacity, x 1,300 kWh power generation/year/kW x 0.53 kg CO\(_2\)/kWh, x 180 Euro cost per ton CO\(_2\) emissions avoided (costs according to Federal Environment Agency Germany)

2. GRI = Global Reporting Initiative www.globalreporting.org
Our perfectly matched hardware, software and services enable customers to participate in tomorrow’s integrated and interconnected energy system, today.

**Market trend**

Demand for dedicated solutions is rising – SMA offers future-proof system packages and comprehensive solutions for all customer groups.

**SMA offering**

- **Software** – added value for all customer groups
  With software like ennexOS and digital services, SMA is an innovator in the digital energy market and opens up new possibilities for all customer groups.

- **Service products** – basis for mutually beneficial long-term customer relationships
  With service products such as O&M, monitoring, PV planning, grid integration, commissioning, etc., SMA is reliable long-term partner of its customers.

- **Components** – SMA’s core business
  With innovative and high-quality solar inverters and system components, SMA forms the core of every PV system.
Battery storage is the enabler for a secure and sustainable energy supply – SMA is the #1 battery inverter manufacturer in a rapidly growing market.

1. Bloomberg NEO 2017
2. IHS Energy Storage Inverter (PCS) Report 2019 for 2018 figures; SMA for figure „SMA 2019“ (= total battery inverter output, for which SMA has signed contracts in 2019)
The global SMA sales and service infrastructure supports all customer groups –
Our state-of-the-art production sites are located in Germany and Poland

**AMERICAS**
- 21 GW\(^1\) SMA cum. installed base
- 5 SMA sales and service companies
- 150+ sales & service experts

**EMEA**
- 44 GW SMA cum. installed base
- 8 SMA sales and service companies
- 400+ sales & service experts

**APAC**
- 20 GW SMA cum. installed base
- 4 SMA sales and service companies
- 100+ sales & service experts

---

\(^1\) All figures as per 2019/12/31
SMA has introduced innovative solutions for all segments in Q1/2020

**SMA Shadefix: No need for module optimizers**

- Effective shade management is a key to maximum yields in solar arrays.
- With Shadefix, SMA has introduced an intelligent software in all its string inverters, that optimizes PV systems on string level – with the same or even better results than optimizers at less costs, except in strongly shaded PV arrays.
- Cost and material savings are good for our customers and for the environment.

**SMA 360° App: all-round support for PV professionals**

- The new SMA 360° App supports installers and other PV professionals in all aspects of their daily business.
- It is the only app in the industry that connects PV system simulation, planning, commissioning and monitoring as well as automatic notification in case of service.
- All data and documents are available via cell phone 24/7, making the business of our customers more efficient.

**SMA Power Plant Manager: ready for the future energy supply**

- With the new Power Plant Manager, SMA makes sure that decentralized energy systems in the megawatt range meet all requirements for networking, digitalization and data security and gets them ready for new business models.
- The SMA Power Plant Manager monitors, optimizes, controls and visualizes grid-conform energy generation and enables the integration of large battery-storage systems and other decentralized energy generators into the overall system.
SMA is a truly sustainable and financially solid company with a clear focus, comprehensive portfolio and global reach in one of the most exciting industries of the future.

**Sustainability**
has been anchored in our corporate mission since SMA was founded. Our state-of-the-art inverter production in Germany is CO₂-neutral.

**Financial stability**
is secured by c. 40% equity ratio and c. €240 million net cash.

**Clear focus**
as a leading specialist for PV system technology with 85 GW installed base.

**Comprehensive portfolio**
of components, services, software and complete solutions for all PV segments and markets as well as for future business fields such as energy management, storage and repowering.

**Global reach**
with a strong sales and service infrastructure in 18 countries, serving customers in more than 190 countries on all continents.
Back up
Managing Board and shareholder structure

Managing Board

- Dr. Jürgen Reinert, CEO
  - Sales & Service, Technology, Operations, Business Units
- Ulrich Hadding, CFO
  - Finance, HR, Legal, Investor Relations

Shareholder Structure

- SMA founders, their families & trusts: 25.20%
- Danfoss: 20.00%
- Various: 11.05%
- Free float: 7.19%
- Other: 6.30%

- No pre-emption rights or other restrictions

1. as of February 7, 2020, Company Information
Thank you.