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

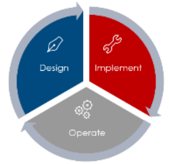
- Cost-saving measures on track
- Based on high product-related order backlog of €233m, Managing Board expects significant sales and earnings growth in H2 2019 and confirms guidance for FY 2019 with sales of €800m to €880m and EBITDA of €20-50m

Strategic Highlights

New Products

Strategic Initiatives

SMA Repowering



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

Key Financials (in € million)

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

	2018/12/31	2019/03/31	Change
Net cash	306	290	-5%
Total assets	989	975	-1%
NWC ratio (in %)[1]	23%	24%	

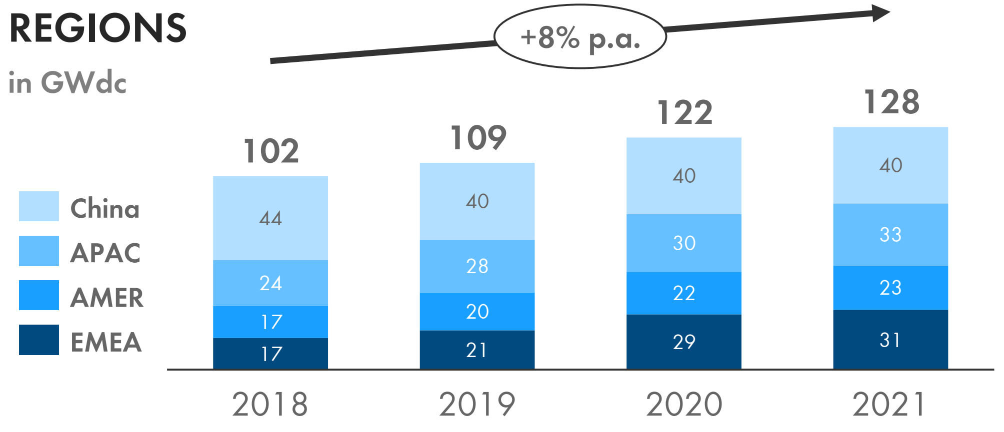
	2018/2019			
	Q2	Q3	Q4	Q1
Sales	212	180	186	168
Home Solutions	45	52	51	45
Business Solutions	82	67	69	65
Large Scale & Project Solutions	85	61	66	58
Gross margin	27%	20%	-33%	19%
EBITDA	23	10	-120	1

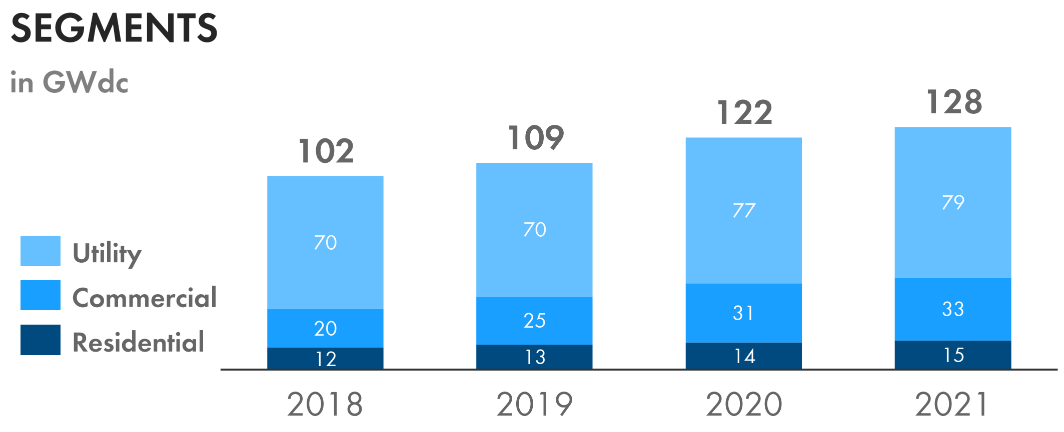
1. Net Working Capital ratio: inventory + trade receivables - trade payables (advance payments included); as of last twelve months sales

2. Market Intelligence

Global PV Installations Expected to Grow in all Regions, Except China

Core Business: PV Installations[1]





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[2] is expected to add huge potential from 2020.

China

Chinese installations decreased by 16% in 2018. 5-Year-Plan[3] ends in 2020, forecast thereafter subject to uncertainty.

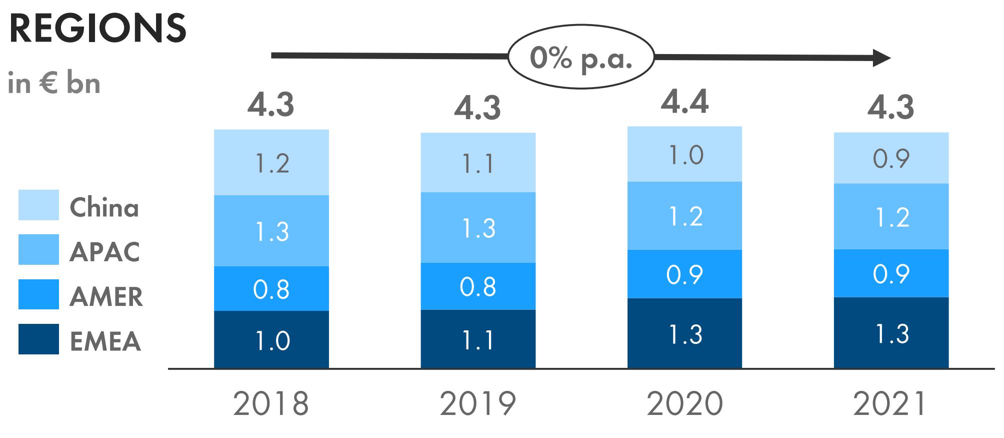
Utility

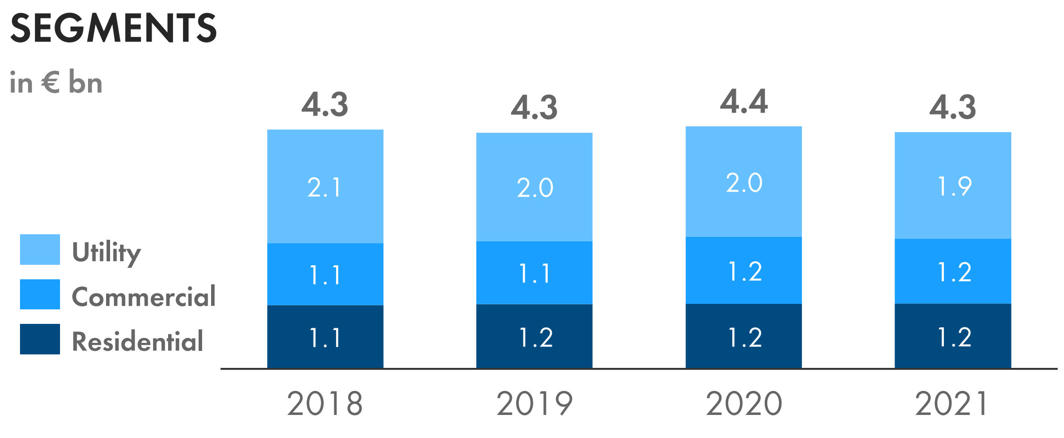
Utility remains largest segment. Most promising markets are U.S., Australia, Japan. While in 2019 most regions are growing in volume and revenue, China is decreasing.

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
3. Chinese 13th Renewable Energy Development Five Year Plan (2016-2020)

Price Pressure will Largely Erode Growth in PV Installations

PV Inverter Revenue[1]





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.

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

SMA

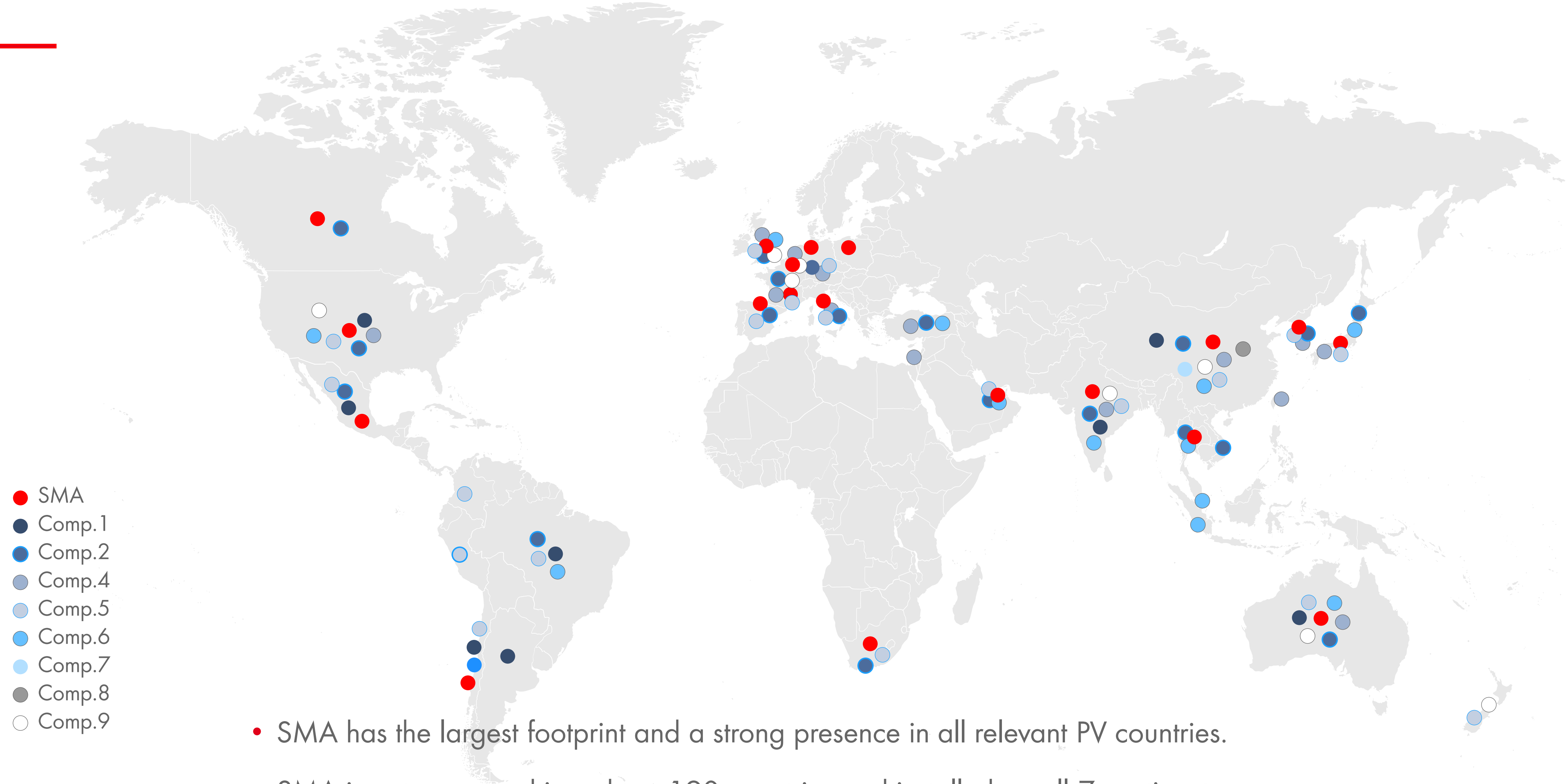
Competitor Environment[1]							
	SMA	**Comp.A**	**Comp.B**	**Comp.C**	**Comp.D**	**Comp.E**	**Comp.F**
Company							
PV = Core business	✓	✓	✗	✓	✓	✓	✗
PV Market Exp. >10 years	✓	✓	✗	✓	✓	✓	✗
Inst. Inverter Cap. >25 GW	✓	✓	✓	✗	✗	✗	✗
MLPE[2]	✓	✗	✓	✓	✓	✗	✗
String Inverter	✓	✓	✓	✓	✗	✗	✗
Central Inverter	✓	✓	✗	✗	✗	✓	✓
Energy Management	✓	✓	✓	✓	✗	✗	✗
O&M	✓	✗	✗	✗	✗	✗	✗
Regions							
EMEA	✓	✓	✓	✓	✓	✓	✓
Americas	✓	✓	✓	✓	✓	✓	✓
APAC	✓	✓	✓	✓	✓	✓	✓

✓ Applicable/Strong Presence

✗ Not applicable/No Presence

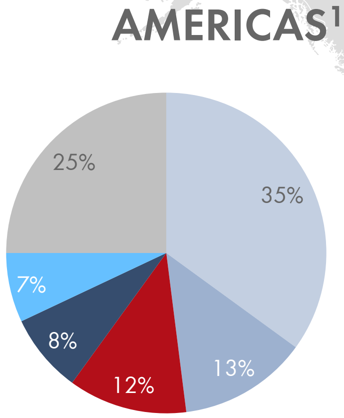
1. Source: Company websites; SMA estimates
2. Module-level Power Electronics

SMA is Present in all Important PV Markets and does not Leave the Field to Competition

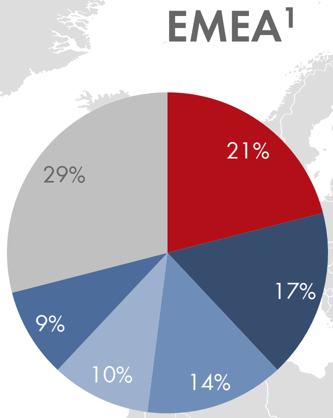


- SMA has the largest footprint and a strong presence in all relevant PV countries.
- SMA inverters were shipped to >190 countries and installed on all 7 continents.

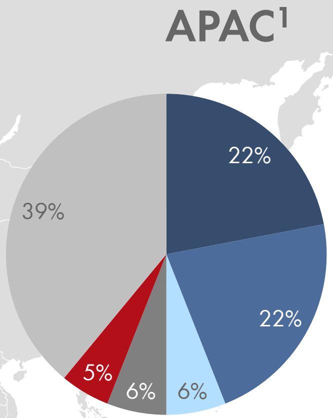
SMA has held a good market position despite challenges in 2018



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 HOME SOLUTIONS

27%

of Group net sales

SMA BUSINESS SOLUTIONS

39%

of Group net sales

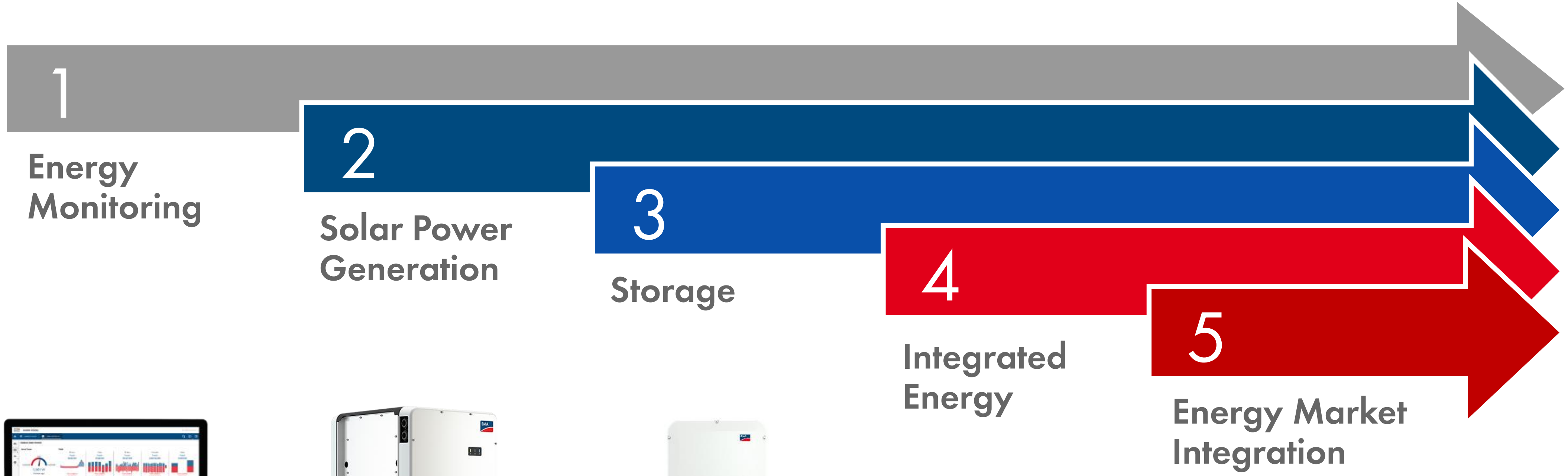
SMA LARGE SCALE & PROJECT SOLUTIONS

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

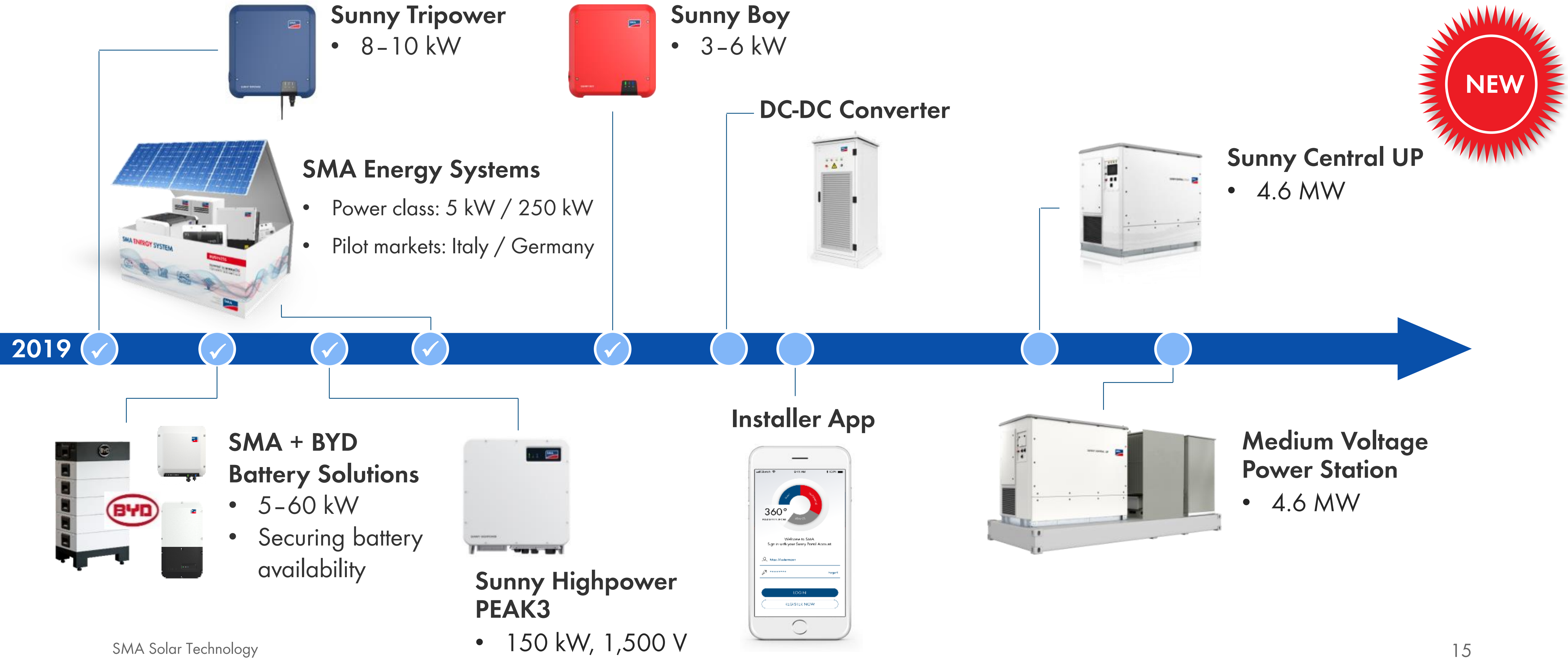


ennexOS
CROSS-SECTOR ENERGY MANAGEMENT

SMA SPOT
More Solar Power on Trade

SMA's Internet Portal	SMA's PV Inverters	SMA's Battery Inverters	SMA's IoT Platform	SMA's Direct Marketing Solution

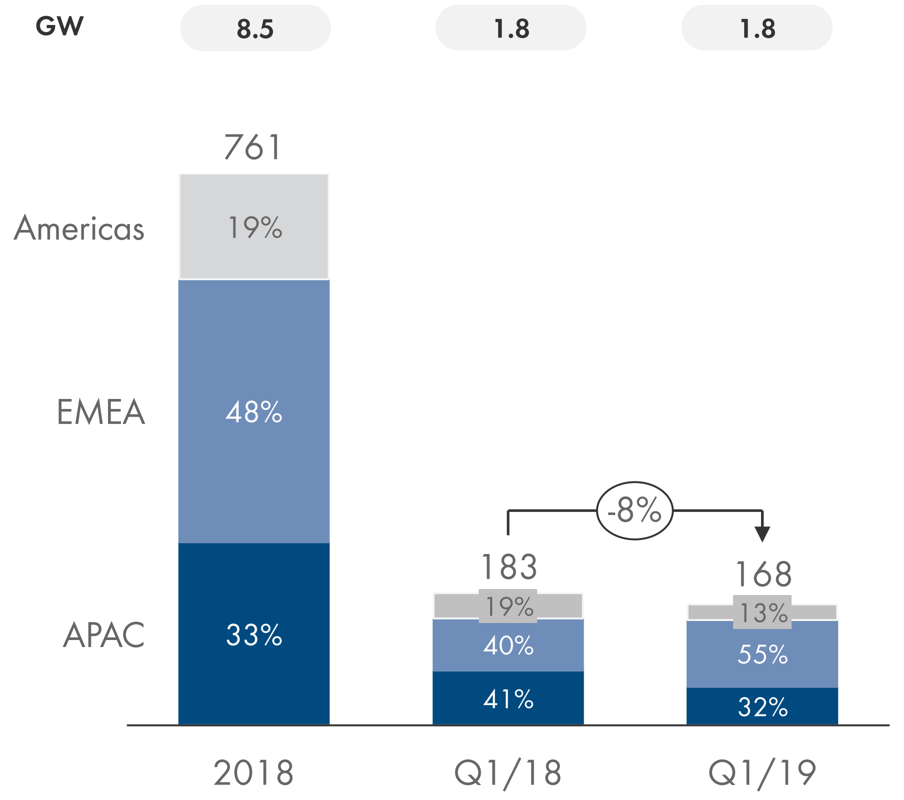
SMA will Introduce New Products and Solutions in 2019



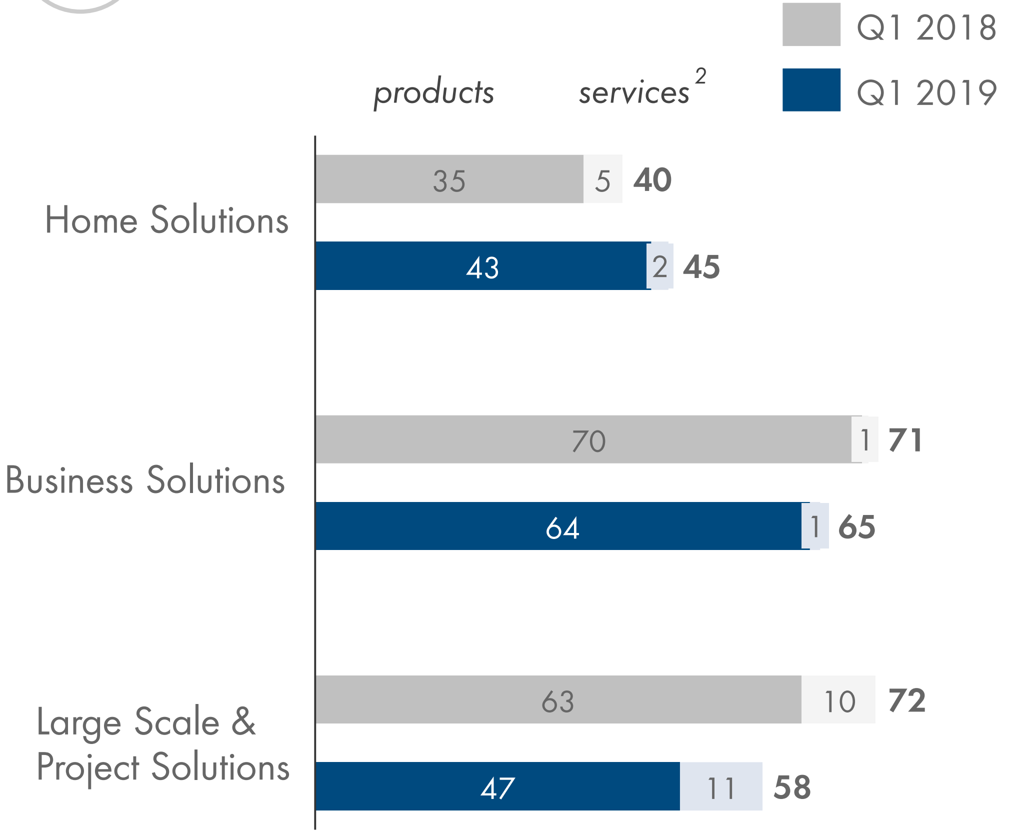
4. Financials & Guidance

Sales Q1 2019 Grew in EMEA By 28%; Segment Large Scale Projects & Solutions Affected by Project Postponements

Sales (in € million)



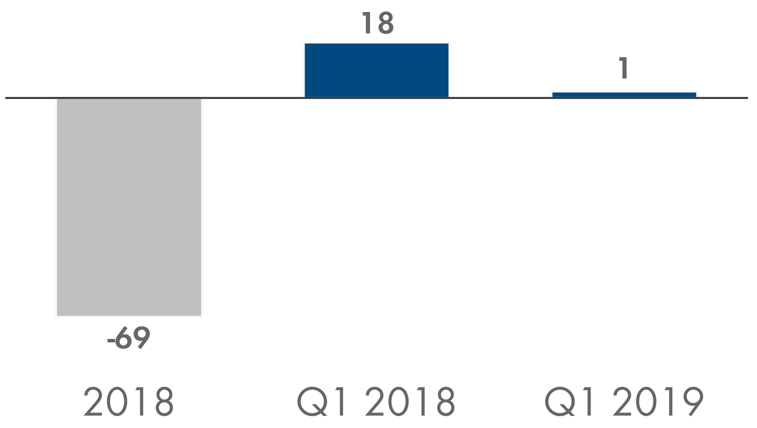
Sales by Segment[1] (in € million)



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

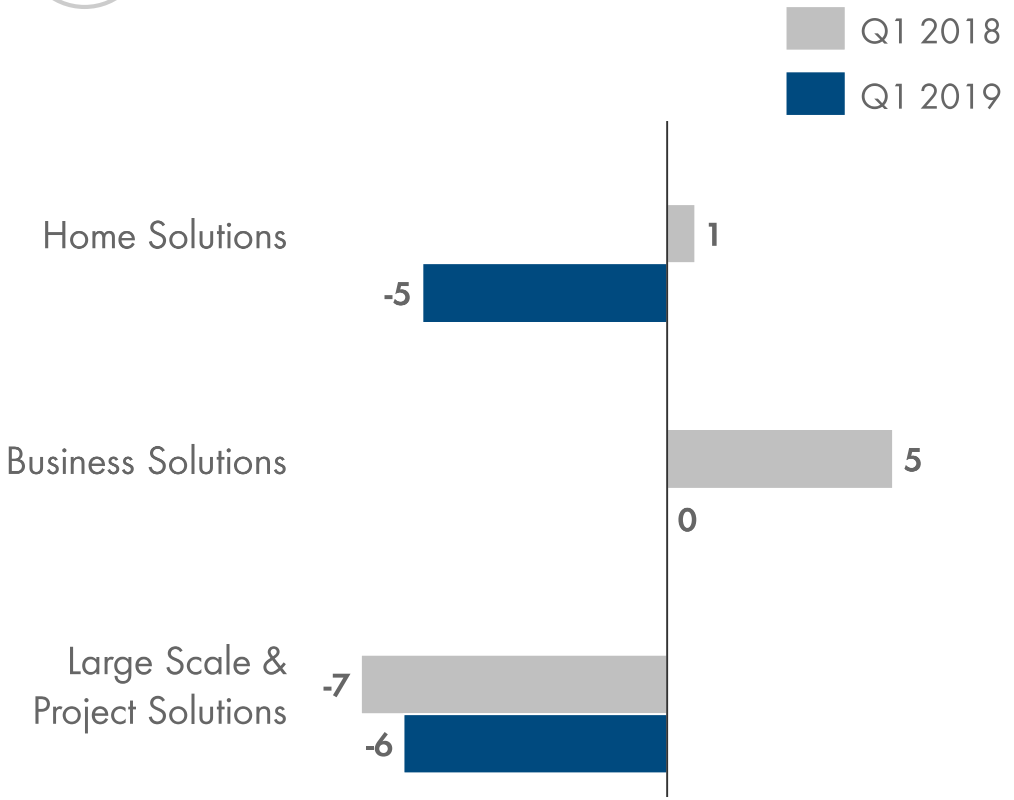
EBITDA Lower in Q1 2019 Mainly Due to Lower Sales Compared to Prior Year

EBITDA (in € million)



	2018	Q1 2018	Q1 2019
Margin	-9%	10%	0%
One-Offs	-86[1]	0	1
Depreciation/ Amortization	83[2]	13	11

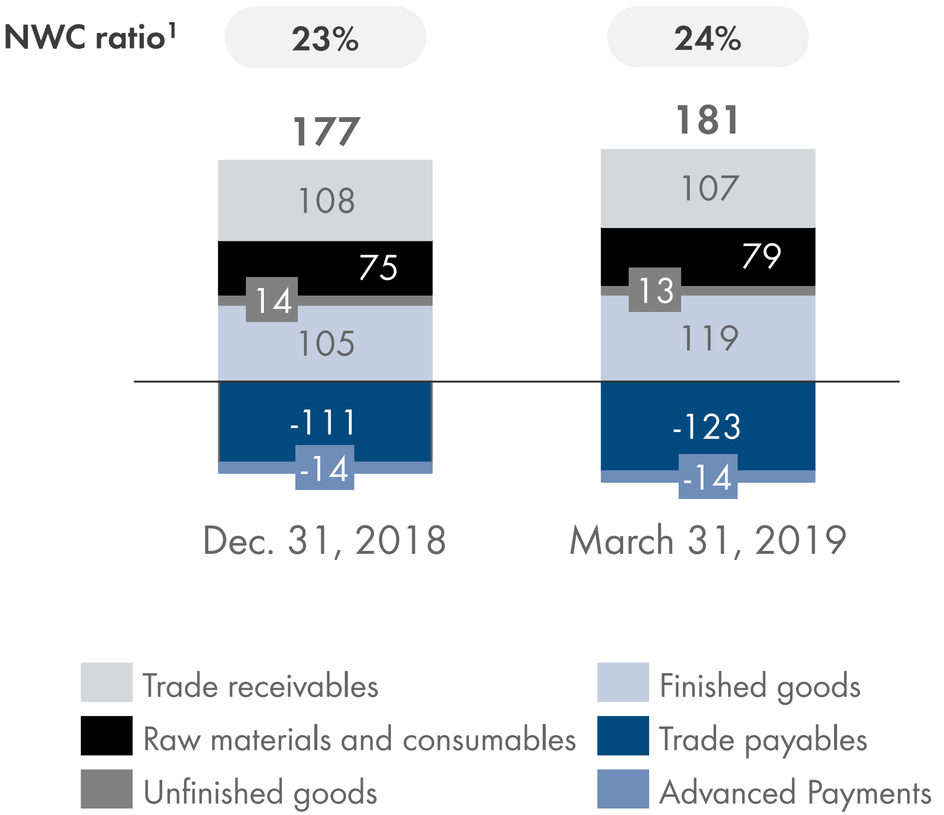
EBIT by Segment[3] (in € million)



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)



Group Balance Sheet (in €million)

	2018/12/31	2019/03/31	Change
Non-current assets	283	302[2]	7%
Working capital	302	319	5%
Other assets	80	47	-41%
Total cash	324	307	-5%
Shareholder's equity	424	411	-3%
Provisions[3]	157	156	-1%
Trade payables	111	123	11%
Financial liabilities[4]	18	17	-6%
Other liabilities[3]	279	268[2]	-4%
TOTAL	989	975	-1%

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)

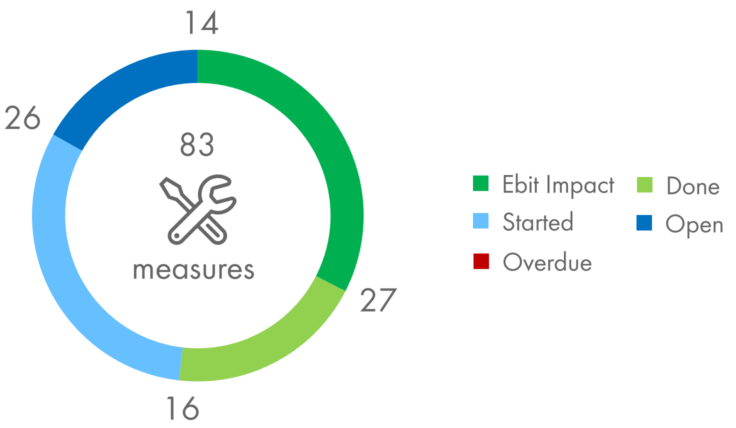
Q1 2019 Cash Flow Negatively Effected by the Operating Loss

Cash Flow (in € million)

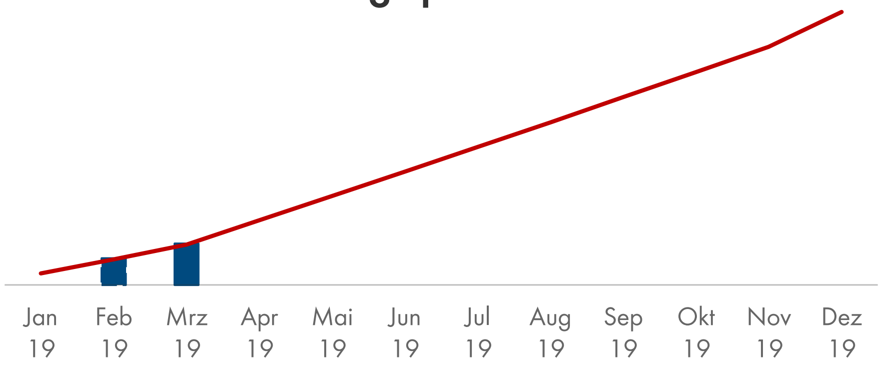
	Q1 2018	Q1 2019
Net Income	3	-11
Gross Cash Flow	21	1
Cash Flow from Operating Activities	4	-11
Net Capex	-7	-6
Free Cash Flow (Adj.)	-3	-17
Net Investments from Securities and Other Financial Assets	-21	7
Acquisitions/ Divestitures	0	0
Free Cash Flow (IFRS)	-24	-10

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.

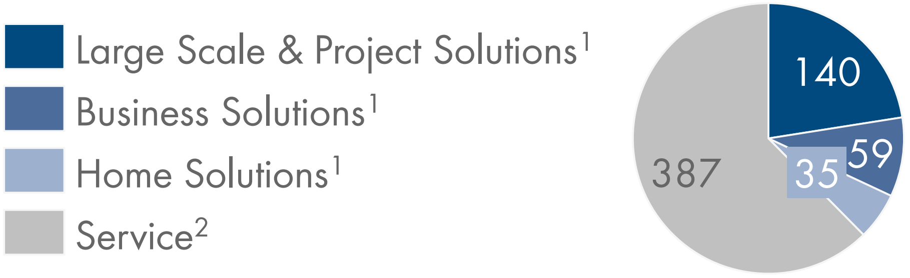
Optimization

- 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%

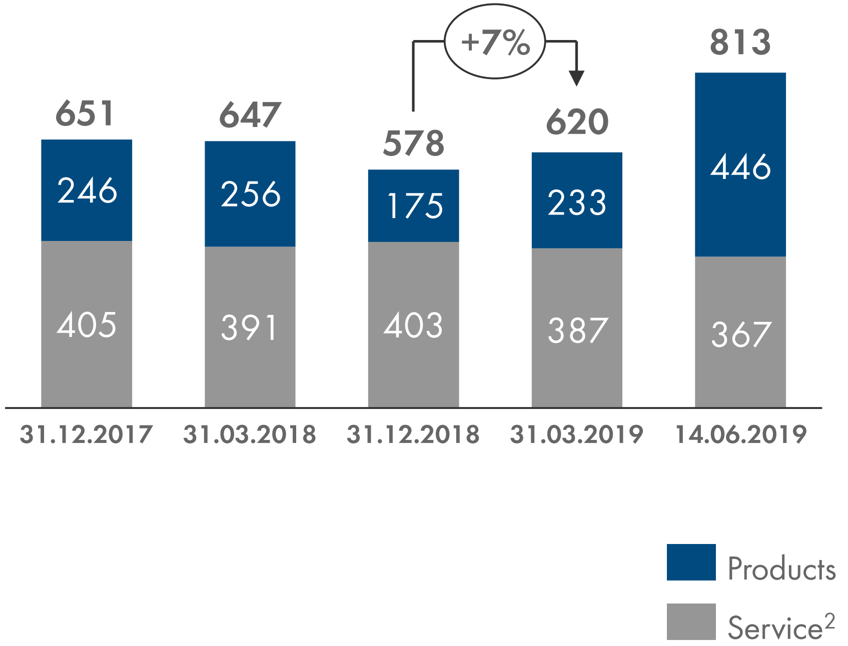
Order Backlog by Segment (in €m) and Region (in %)

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



Product order backlog by regions (in%)

Order Backlog Development (in € million)

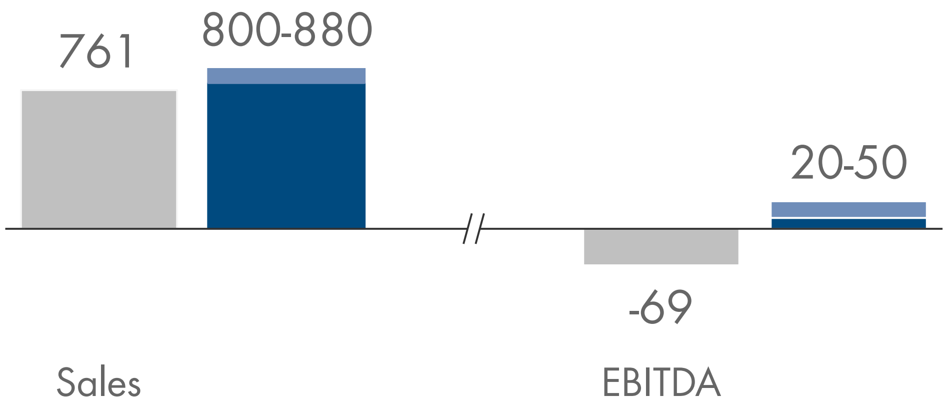


> **Q1/19 sales and product order backlog secure approximately 50% of 2019 annual sales guidance.**

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)



	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

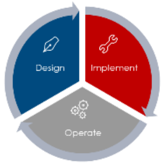
- **Focus:** A leading global specialist for photovoltaics system technology with 75 GW installed base
- **Complete portfolio** to serve all PV segments
- **Global reach:** Present in 18 countries with a strong sales and service infrastructure; serving > 180 countries
- **Award winning production:** 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



Back up

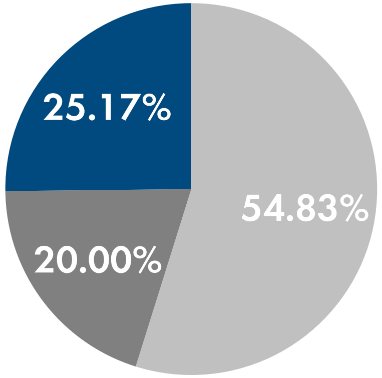
Managing Board and Shareholder Structure

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[1]



SMA founders, their trusts and families
Danfoss A/S
Freefloat

1. as of January 23, 2019, Company Information

Thank you

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