



SMA Solar Technology AG – Press Release

2016 Results: SMA Solar Technology AG Successfully Continues on Path to More Profit and Higher Cash Flow

Overview of fiscal year 2016:

- **Inverter output sold rises to a record level of 8.2 GW (2015: 7.3 GW)**
- **Sales nearly at the previous year's level at €946.7 million (2015: €981.8 million)**
- **Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to €141.5 million (2015: €121.1 million)**
- **Operating cash flow considerably increased to €147.5 million (2015: €102.7 million)**
- **Financial stability thanks to solid equity ratio of 48.3% (December 31, 2015: 49.1%) and high net cash of €362.0 million (December 31, 2015: €285.6 million)**
- **Managing Board and Supervisory Board recommend dividend payment of €0.26 per share**
- **Managing Board anticipates sales of up to €175 million and EBITDA of up to €18 million in first quarter of 2017 and confirms sales and earnings forecast for the year as a whole**

Niestetal, March 30, 2017—SMA Solar Technology AG (SMA/FWB: S92) successfully continued on its path to more profit and higher cash flow in 2016 and achieved a sales record by selling inverter output of 8.2 GW (2015: 7.3 GW). SMA Group sales were nearly at the previous year's level at €946.7 million (2015: €981.8 million). Despite an unexpectedly sharp decrease in average selling prices, earnings before interest, taxes, depreciation and amortization (EBITDA) increased significantly to €141.5 million (EBITDA margin: 14.9%; 2015: €121.1 million, 12.3%). The main earnings driver was still the segment for large-scale PV power plants (Utility). At the same time, the segment for commercial PV systems (Commercial), among others, recorded strong business performance. The most important markets were North America, Japan, India, Great Britain and Germany.

Net income doubled to €29.6 million in the past fiscal year (2015: €14.3 million). Earnings per share thus amounted to €0.85 (2015: €0.41). Due to its attractive business model and increased flexibility, SMA generated high operating cash flow of €147.5 million (2015: €102.7 million). With net cash of €362.0 million (2015: €285.6 million) and an equity ratio of 48.3% (2015: 49.1%) at the end of 2016, the company has an extremely solid balance-sheet structure. A long-term credit line of €100 million from domestic banks underscores SMA's investment-grade credit rating. The Managing Board and the Supervisory Board will recommend that the Annual General Meeting on May 23, 2017, set a dividend of €0.26 per share for fiscal year 2016. This corresponds to a dividend payout ratio of 31% of net income.

¹ Railway Technology is no longer included in the figures for 2016 as the Group intends to sell this division. The comparative figures for the previous year were therefore adjusted retroactively.



“In addition to extremely low power generation costs, climate targets are also an important growth driver for the photovoltaics industry,” said SMA Chief Executive Officer Pierre-Pascal Urbon. “However, the fundamental change in the energy sector will only be possible with digitization. Thanks to automation, in the future supply and demand will be reconciled more cost-effectively than before. SMA has focused its strategy on benefiting from attractive growth opportunities. This year, for example, we are launching a new energy management platform that allows commercial customers to monitor energy flows across different sectors (photovoltaics, heating, ventilation and air conditioning technology, and storage systems) for the first time. In developing our platform further, we will optimize total energy costs at a local level and facilitate interconnection with global IoT platforms. With SMA’s range of solutions, companies can develop new business models and increase their competitiveness. With our innovative inverter solutions, we also ensure high connectivity, grid stability and reliability. These are important prerequisites for an even faster expansion of photovoltaics.”

For the first quarter of 2017, the SMA Managing Board is anticipating sales of €165 million to €175 million (Q1 2016: €248.1 million) and earnings before interest, taxes, depreciation and amortization (EBITDA) of €15 million to €18 million (Q1 2016: €41.3 million). The SMA Managing Board is confirming the sales and earnings guidance for fiscal year 2017 as published on January 26, 2017, which forecasts sales of between €830 million and €900 million and EBITDA of between €70 million and €90 million. Net cash will rise to more than €400 million thanks to high operating cash flow.

“Fiscal year 2017 will undoubtedly be a challenge for the entire photovoltaics sector,” said SMA Chief Financial Officer Ulrich Hadding. “The continued high pricing pressure in all markets and segments combined with poor weather conditions in important sales markets such as the U.S. are also impacting SMA’s business performance in the first quarter. However, we expect business to pick up over the coming quarters and are therefore confirming our forecast for the year as a whole. Due to the low capital intensity of our business model, we will continue to build our financial strength in the current fiscal year.”

The SMA Annual Report for 2016 is available online at www.SMA.de/IR/FinancialReports.



Comparison of Key Financial Data

		2015 ¹	2016 ¹	Forecast 2017 (Jan. 26, 2017) ¹
Inverter output sold	GW	7.3	8.2	-
Sales	€ million	981.8	946.7	830-900
EBITDA	€ million	121.1	141.5	70-90
Working capital (% of sales)	%	22.3%	23.8%	22%-25%
CapEx (incl. capitalized R&D)	€ million	48.3	29.0	approx. 50
Net cash	€ million	285.6	362.0	>400

¹Not including Railway Technology business division (discontinued operations)

About SMA

The SMA Group with sales of around €1 billion in 2016 is the global market leader for solar inverters, a key component of all PV plants. SMA offers a wide range of products and solutions that allow for high energy yields for residential and commercial PV systems and large-scale PV power plants. To increase PV self-consumption efficiently, SMA system technology can easily be combined with different battery technologies. Intelligent energy management solutions, comprehensive services and operational management of PV power plants round off SMA's range. The company is headquartered in Niestetal, near Kassel, Germany, is represented in 20 countries and has more than 3,000 employees worldwide, including 500 working in Development. SMA's multi-award-winning technology is protected by approximately 900 patents and utility models. Since 2008, the Group's parent company, SMA Solar Technology AG, has been listed on the Prime Standard of the Frankfurt Stock Exchange (S92) and is currently the only company in the solar industry that is listed in the TecDAX index.

SMA Solar Technology AG

Sonnenallee 1
34266 Niestetal
Germany

Head of Corporate Communications:

Anja Jasper
Tel. +49 561 9522-2805
Presse@SMA.de



Press Contact:

Susanne Henkel

Manager Corporate Press

Tel. +49 561 9522-1124

Fax +49 561 9522-421400

Presse@SMA.de

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