



SMA Solar Technology AG – Press Release

SMA Solar Technology AG Generates Sales Record in 2016 and Substantially Increases Operating Earnings According to Provisional Figures

New Products and Digital Energy Management Set to Improve Profitability in the medium term

Niestetal, January 26, 2017 – SMA Solar Technology AG (SMA/FWB: S92) generated a sales record in 2016 with more than 8 GW of inverter output sold (2015: 7.3 GW). According to provisional estimates by the Managing Board, SMA generated sales of more than €940 million in continuing operations in 2016 (pro-forma 2015: €981.8 million) and substantially increased operating earnings before interest and taxes (EBIT) to approximately €65 million (pro-forma 2015: €43.3 million) despite an unexpectedly sharp decline in average selling prices of nearly 20%. Sales and operating earnings are in line with the Managing Board's forecast. For the fiscal year 2017, the SMA Managing Board expects the continued high price pressure as well as market and segment shifts to reduce sales to between €830 million and €900 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to decline to between €70 million and €90 million. According to estimates by the Managing Board, SMA will generate high operating cash flow thanks to its attractive business model and increase net cash to more than €400 million in 2017. At tomorrow's Capital Markets Day, the SMA Managing Board will present new products and innovative solutions for the digitization of the energy industry, which will lead to an improvement in profitability and a sustainable boost to SMA's competitiveness from 2018 onward.

"In 2016, SMA continued successfully on the path to more profit and higher cash flow. SMA has been the global market leader for more than two decades in one of the most exciting industries of the 21st century. Through enormous technological progress, photovoltaics is now one of the most efficient energy carriers and will therefore push environmentally damaging coal-fired power generation out of the energy mix over the next few years," said SMA CEO Pierre-Pascal Urbon. "Future energy generation will be decentralized, renewable and digital. This will provide attractive opportunities for specialists in environmental and communication technology. SMA will use digital energy management to create transparency of energy flows across various sectors, such as photovoltaics, heating and e-mobility, and to optimize total energy costs at the local level. With our innovation, we are breaking new technological ground and entering strategic partnerships in a targeted way. With its future service range, SMA will make photovoltaics an integral component of the new energy market."



Due to the high price pressure, the SMA Managing Board forecasts sales of €830 million to €900 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of €70 million to €90 million for the current fiscal year. Net cash will rise to more than €400 million thanks to high operating cash flow.

“The fiscal year 2017 will certainly not be easy for SMA,” explained Pierre-Pascal Urbon. “We have already demonstrated on several occasions in the past that we can counter the enormous price pressure in our industry with technical innovation and the systematic reduction of fixed costs. At tomorrow’s Capital Markets Day, we will therefore present the new products and services with which we will increase SMA’s cross margin from 2018 onward. In addition, we will provide information about the market and competitive situation and our strategic direction.”

The presentation on Capital Markets Day containing additional information can be found at <http://www.sma.de/en/investor-relations/publications/presentations.html> from the beginning of the event. SMA will publish the complete consolidated financial statements for 2016 on March 30, 2017.

Comparison of Key Financial Data

		2015 ¹	Forecast 2016 (Oct. 24, 2016)	Provisional figures 2016 ¹	Forecast 2017 (Jan. 26, 2017) ¹
Inverter output sold	GW	7.3	-	>8.0	-
Sales	€ million	981.8	900-950	>940	830-900
EBITDA	€ million	121.1	130-140	>140	70-90
Working capital ratio	in %	22.3%	20%-23%	approx. 24%	22%-25%
CapEx (incl. capitalized R&D)	€ million	48.3	20-25	approx. 25	approx. 50
Net cash	€ million	285.6	-	>360	>400

¹Not including Railway Technology business division (discontinued operations)

About SMA

The SMA Group with anticipated sales of about €1 billion in 2016 is the global market leader for solar inverters, a key component of all PV plants, and offers innovative key technologies for future power supply structures. It is headquartered in Niestetal, near Kassel, Germany, and is represented in 20 countries. The Group employs more than 3,000 people worldwide. SMA has an extensive range of products, which offers the right inverters for all module types and plant sizes; for small residential systems as well as large-scale plants, grid-connected photovoltaic systems as well as off-grid and hybrid systems. Moreover, SMA offers system technology for various battery technologies and system sizes and collaborates with renowned battery manufacturers and companies from the automotive industry. The SMA technology is protected by about 700 patents and utility models worldwide. The range of services is supplemented by comprehensive services and operational management of large-scale PV power plants. 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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