



SMA Solar Technology AG – Press Release

Effects of the Market Slump in China Negatively Impact Sales and Results of SMA Solar Technology AG in the First Nine Months of 2018

Overview January to September 2018:

- **6.2 GW inverter output sold (Q1–Q3 2017: 5.9 GW)**
- **Sales at €575.1 million (Q1–Q3 2017: €592.5 million) and earnings before interest, taxes, depreciation and amortization (EBITDA) at €50.5 million (Q1–Q3 2017: €55.3 million) slightly down on the previous year's level**
- **Financial stability thanks to solid equity ratio of 53.3% (December 31, 2017: 50.3%) and high net cash of €373.2 million (December 31, 2017: €449.7 million)**
- **Managing Board confirms its sales and earnings guidance for the current fiscal year adjusted on September 27, 2018**

Niestetal, November 8, 2018 – From January to September 2018, SMA Solar Technology AG (SMA/FWB: S92) sold PV inverters with a total output of around 6.2 GW (Q1–Q3 2017: 5.9 GW). Despite the increase in sales volume, sales decreased by 2.9% compared with the same period of the previous year to €575.1 million (Q1–Q3 2017: €592.5 million). From January to September 2018, EBITDA also fell slightly to €50.5 million (EBITDA margin: 8.8%; Q1–Q3 2017: €55.3 million; 9.3%). EBITDA in the reporting period and in the same period of 2017 was influenced by positive one-time effects. The gross margin was 23.1% (Q1–Q3 2017: 21.1%). The decline in sales and results is due in particular to increased price pressure in all markets and regions as a consequence of the market slump in China and the related shift of major PV projects to the coming year.

Net income amounted to €8.5 million from January to September 2018 (Q1–Q3 2017: €25.0 million). Earnings per share thus amounted to €0.24 (Q1–Q3 2017: €0.72). With net cash of €373.2 million (December 31, 2017: €449.7 million) and an equity ratio of 53.3% (December 31, 2017: 50.3%), SMA continues to have an extremely solid balance-sheet structure. In addition, the company has a long-term credit line of €100 million from domestic banks.

“For 2018, we expect a market slump of 26% in China, the world’s largest photovoltaic market,” said SMA Chief Executive Officer Dr. Jürgen Reinert. “The PV projects already planned before the unexpected and significant curtailment of the PV expansion targets by the Chinese government have since been implemented. Thus, Chinese manufacturers of modules and inverters are now increasingly pushing into international markets and creating massive price pressure. To benefit from even lower prices in the coming months, project developers and investors are increasingly postponing the construction of large PV projects until next year. Against this background, orders received



at SMA lagged significantly behind expectations in recent months. The SMA Managing Board has already reacted to this development. We will adjust our structures to react even more flexibly to the new conditions and to increase SMA's profitability quickly and sustainably. By the end of this year, the restructuring measures will be agreed upon and adopted with the employee representatives. In addition, we will introduce more new developments into the markets along with our existing cost-optimized products to counter the increasing price pressure in the component business. It is our long-term goal to tap into the higher-margin system and service business on the basis of our comprehensive experience and competence in energy management and the integration of battery storage."

The SMA Managing Board confirms its sales and earnings guidance for fiscal year 2018 adjusted on September 27, 2018. With sales of between €800 million and €850 million (previously: €900 million and €1,000 million), the guidance anticipates a break-even or slightly negative EBITDA after one-time items from restructuring (previously: between €90 million and €110 million). For the first time, EBITDA includes expenses of more than €10 million for setting up the digital business. The Managing Board estimates that depreciation and amortization will amount to approximately €50 million.

The quarterly statement for January to September 2018 can be found at www.SMA.de/IR/FinancialReports.

About SMA

The SMA Group with sales of around €900 million in 2017 is a global 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 and digital energy 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 19 countries and has more than 3,000 employees worldwide, including 500 working in Development. SMA's multi-award-winning technology is protected by more than 1,200 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 listed in the SDAX 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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