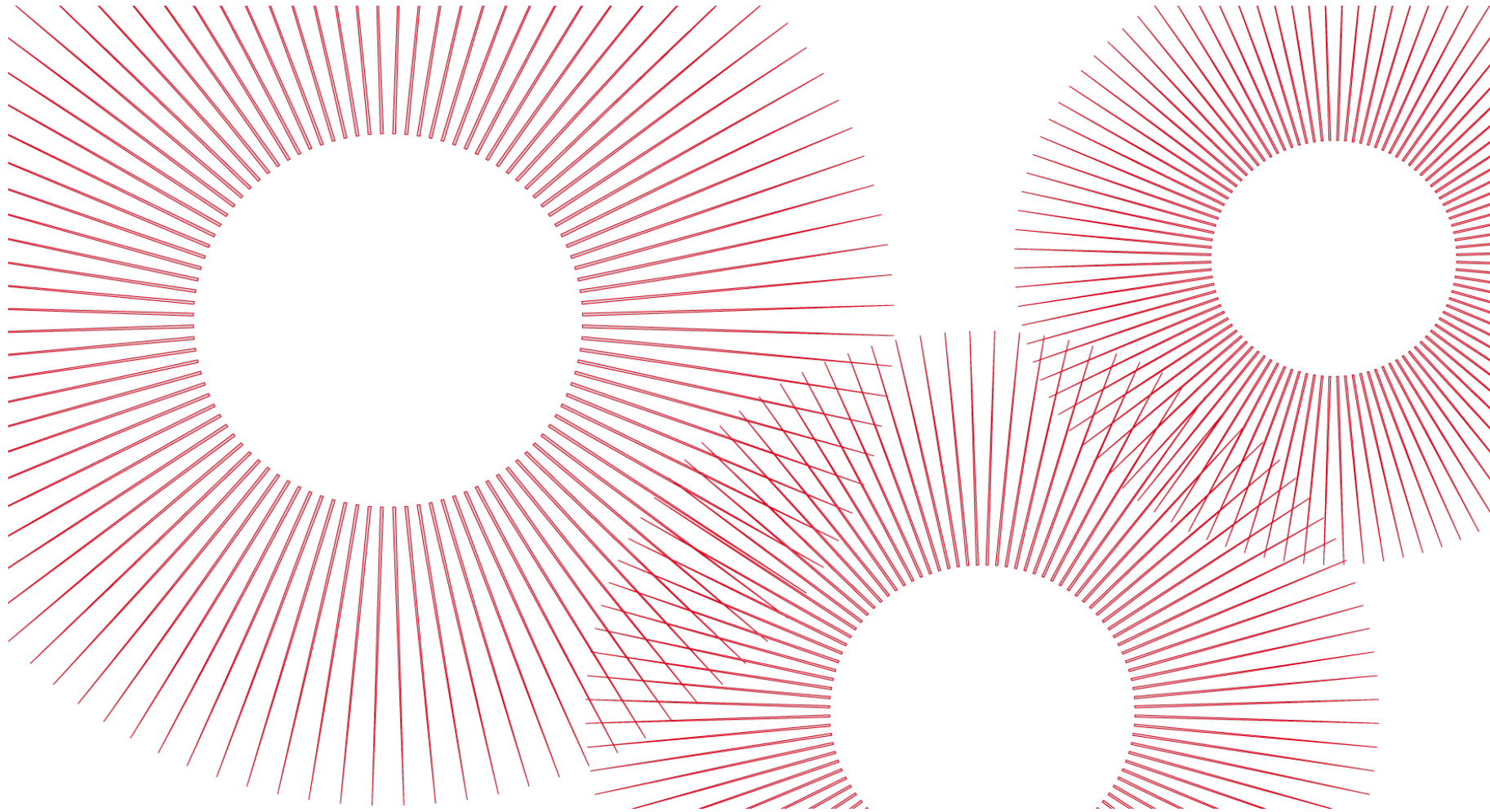




# Capital Markets Day 2011



Niestetal, September 15, 2011

SMA Solar Technology AG



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# 1. Equity Story



# SMA is the world market and technology leader in the field of solar inverters

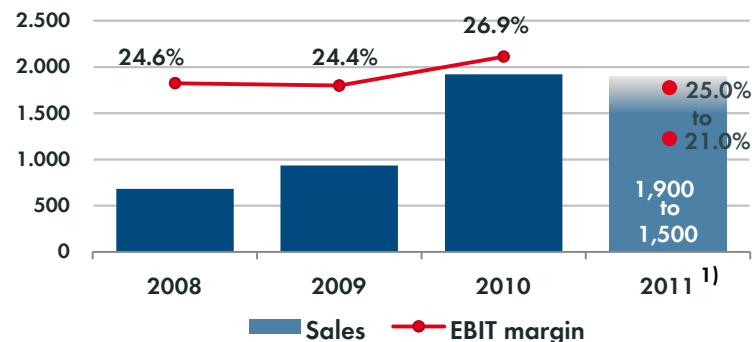


## Complete product portfolio

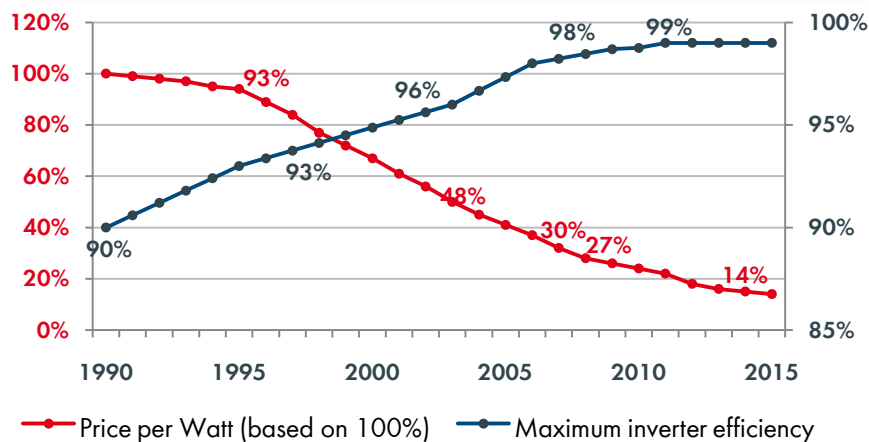
Sunny Home Manager    Sunny Boy    Sunny Boy HF    Sunny Tripower    Sunny Central CP



## Rock solid



## Technology leader

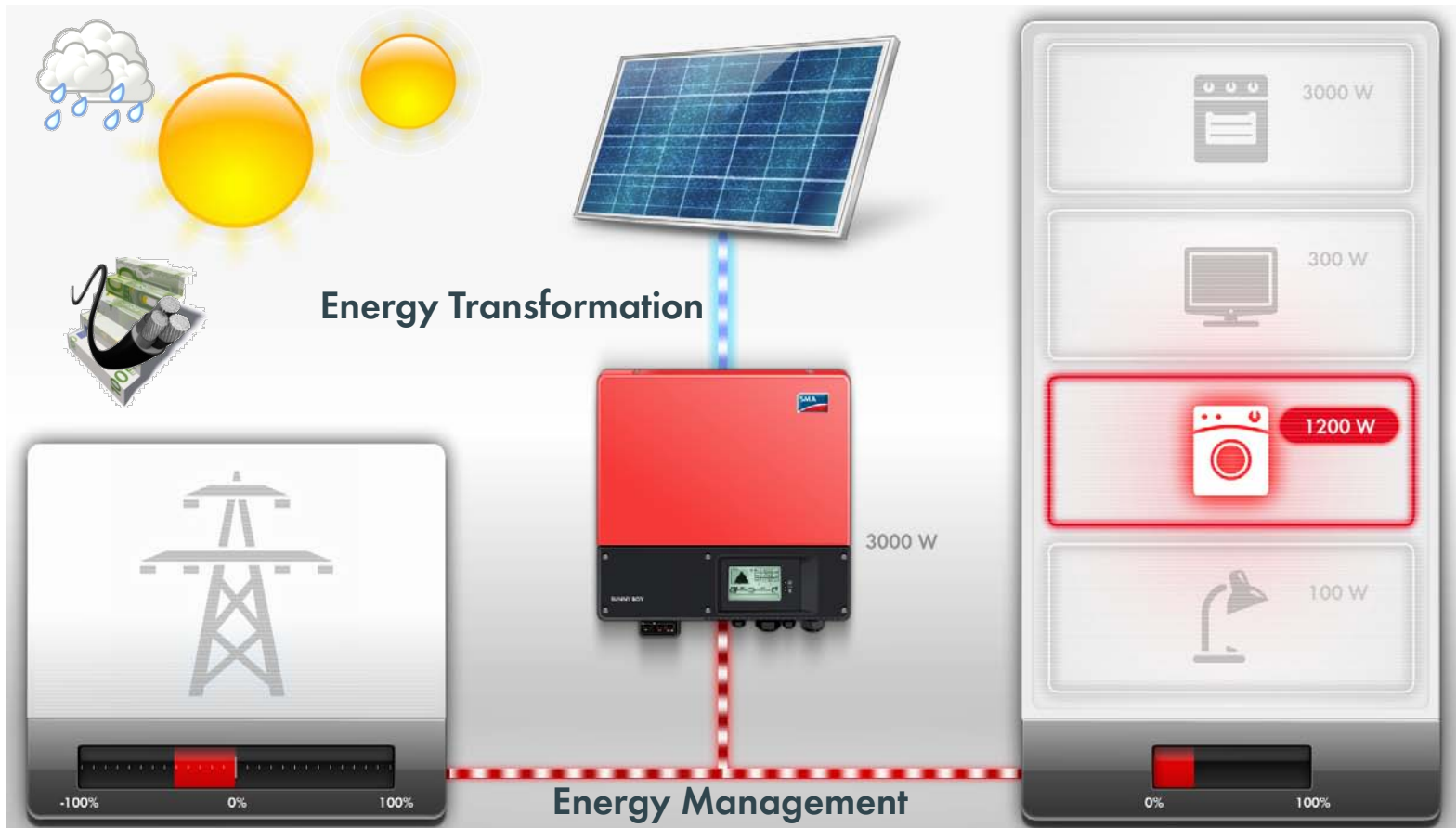


## Present in 19 markets





# SMA's technology places the solar inverter into the center of the PV-System



▶▶ PV system produces energy at the point of consumption; therefore, energy management is of great importance



## SMA serves all market segments worldwide

### All PV applications

On-grid



Off-grid



Back-up



### All performance ranges

Residential  
< 2 kW



Residential  
2 kW to 30 kW



Commercial  
30 kW to 500 kW



Industrial  
To >1 MW



### All module types

Crystalline  
modules



Concentrator  
modules



Thin film

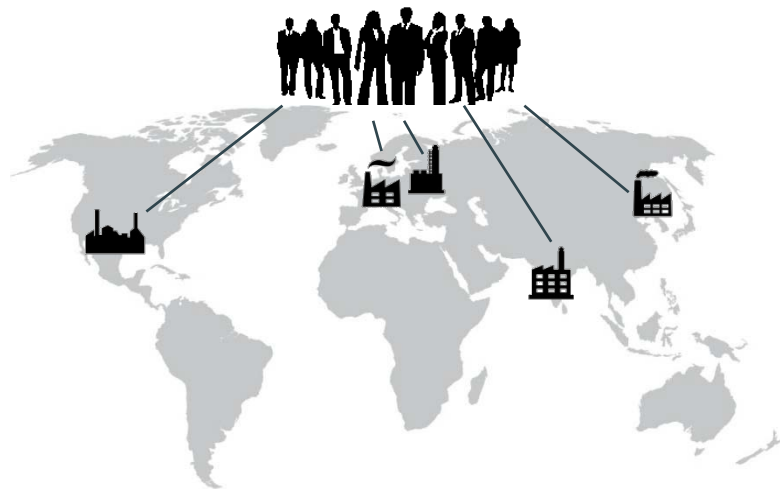


▶▶ Every market segment has different product requirements

# SMA only produces to order

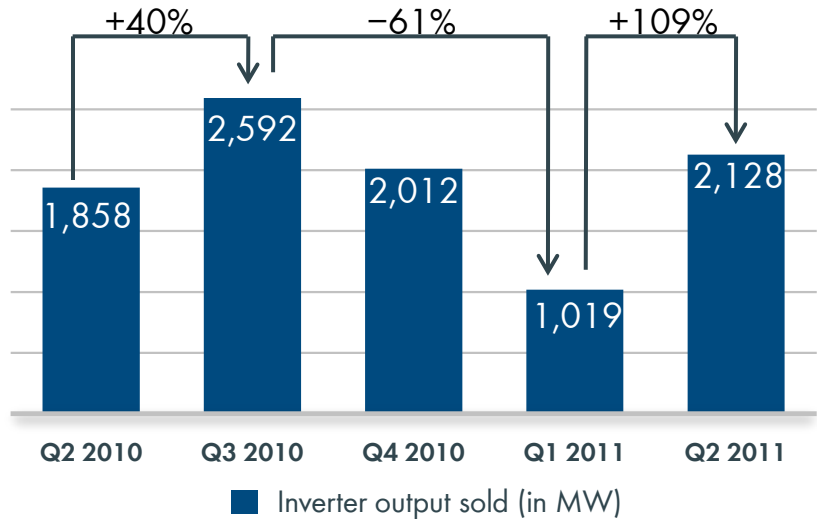


## Professional sourcing



- > Weekly forecast meetings
- > Global sourcing
- > Stock of critical components

## Flexible production

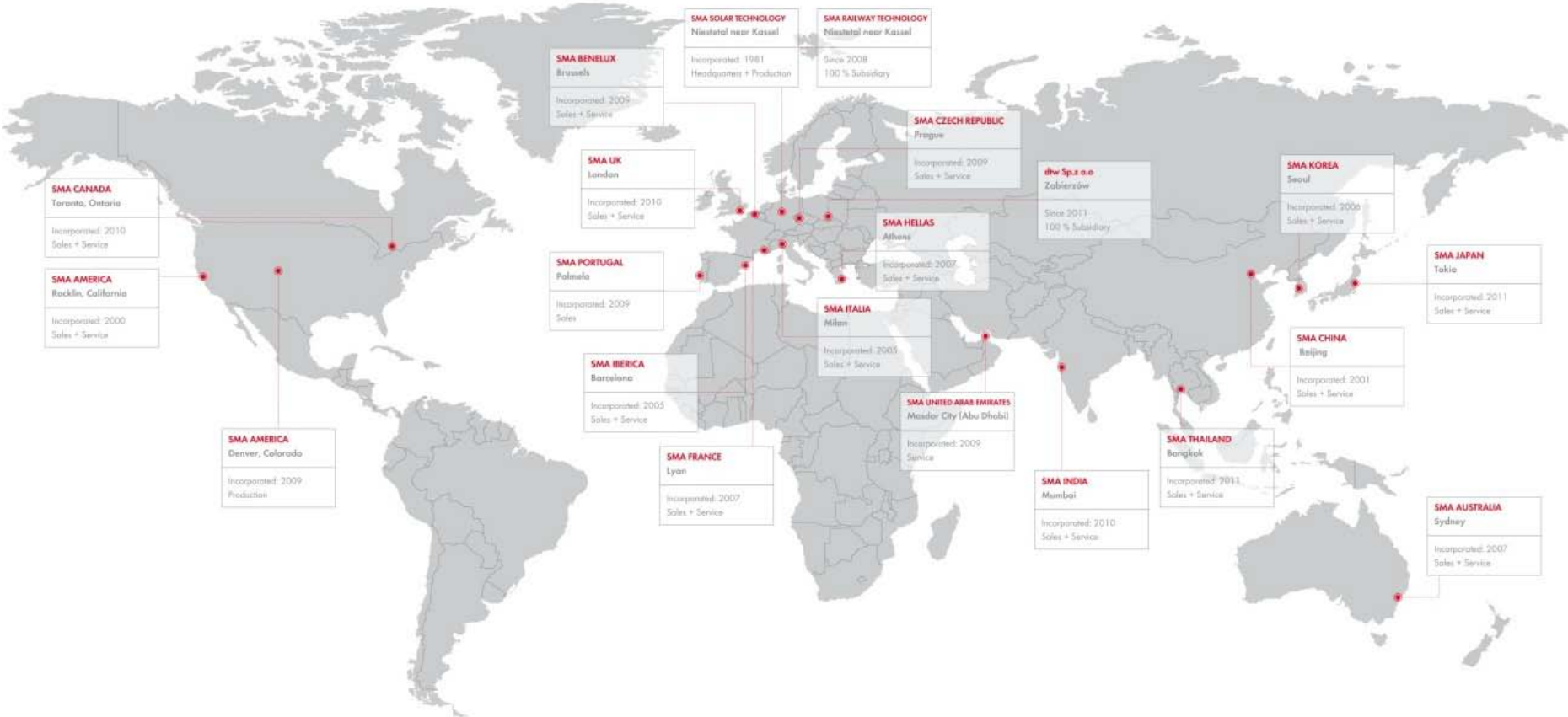


- > Low capital intensity
- > Outsourcing
- > Temporary employees

▶ SMA doubled the production capacity to 11.5 GW within three months



## SMA has a high customer proximity due to its subsidiaries in 19 markets

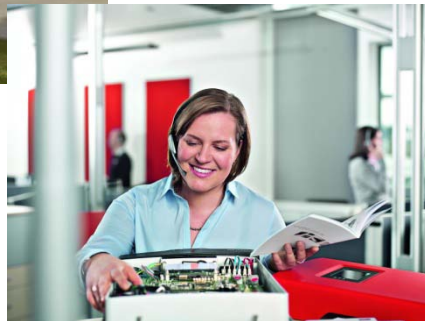


►► Our well designed processes distinguish us from other competitors





## SMA is the clear service leader in the solar industry<sup>1)</sup>



### Key Service Offerings

- > Warranty extensions
- > Service and maintenance contracts (up-time guarantee)
- > Repair / spare parts

### Service Performance

- > 90% accessibility of hotline within 1.5 minutes
- > 73% are exchanged on the same day

▶ With more than 20 GW installed capacity SMA has economies of scale to run a profitable service business



## SMA is rock solid

### 30 years of experience

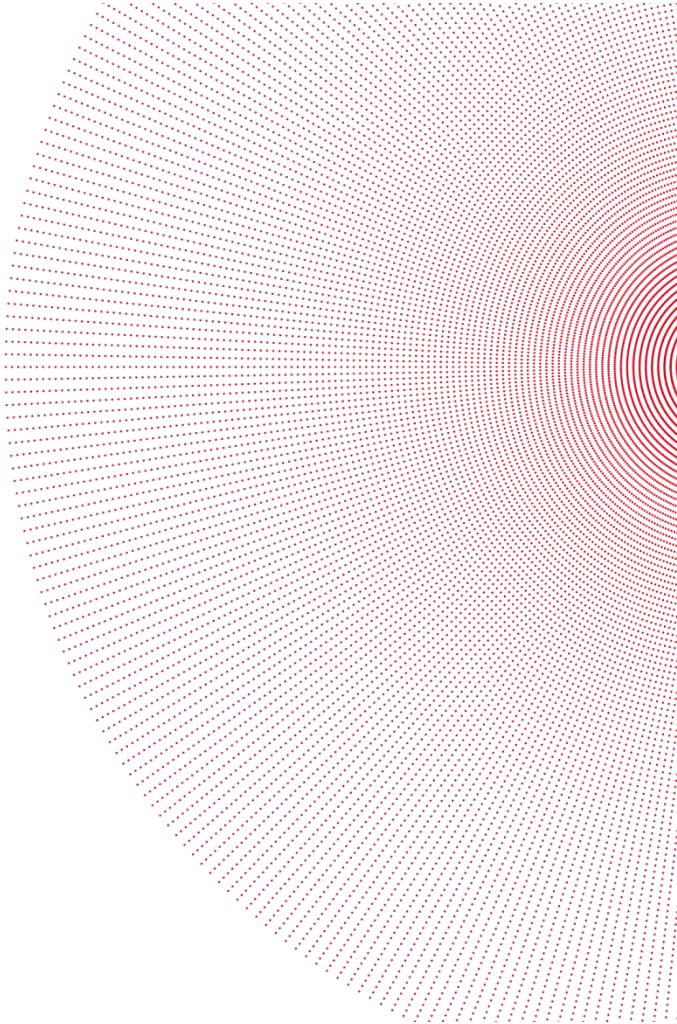
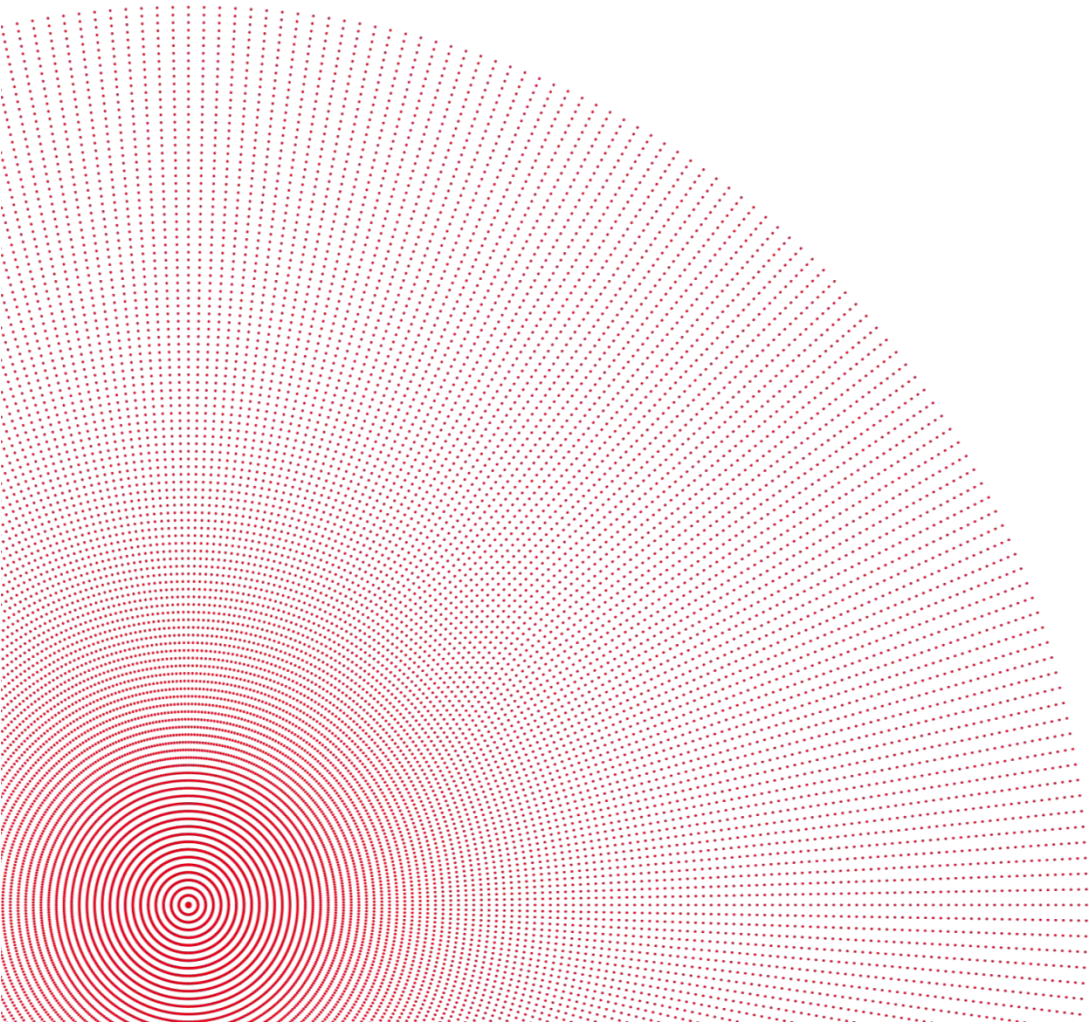


### Well set up for the future

- > Excellent track record
- > Complementary management team and second level with division heads
- > Nearly € 308 million net cash<sup>1)</sup>
- > Low financial gearing

► Financial strength is a key for success in a turbulent market environment

# 2. Markets



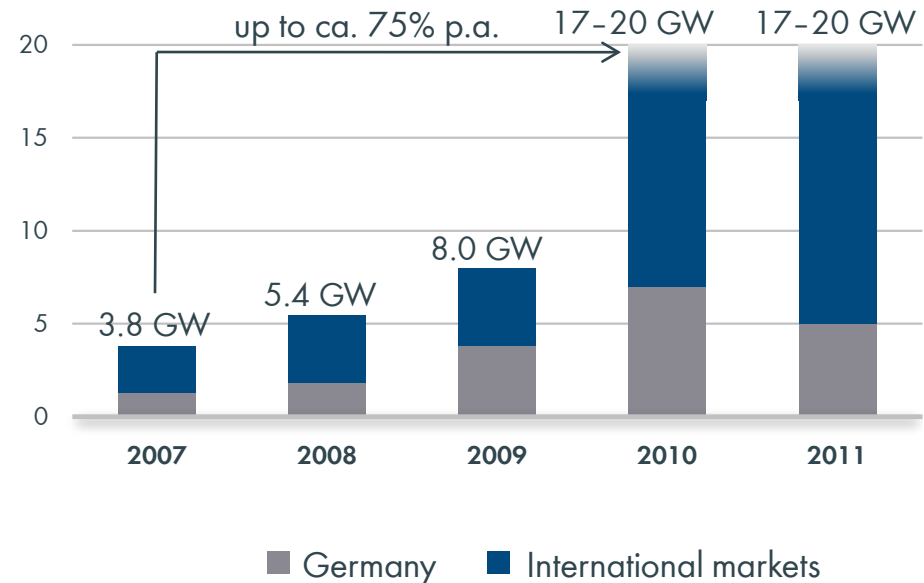


## The global PV market takes a break after impressive growth

### Fundamentals are in place

- > Broad social consensus for solar energy in many countries
- > Aggressive targets<sup>1)</sup>
- > Increasing demand for energy, particularly in emerging markets
- > Historically low interest rates
- > Attractive returns due to well-defined support programs in key markets

### PV market development



▶ **Visibility in the solar market is low – for all players**

Demand during the first 8 months has been below previous year's level<sup>1)</sup> – so far, the industrial segment performed better compared to 2010

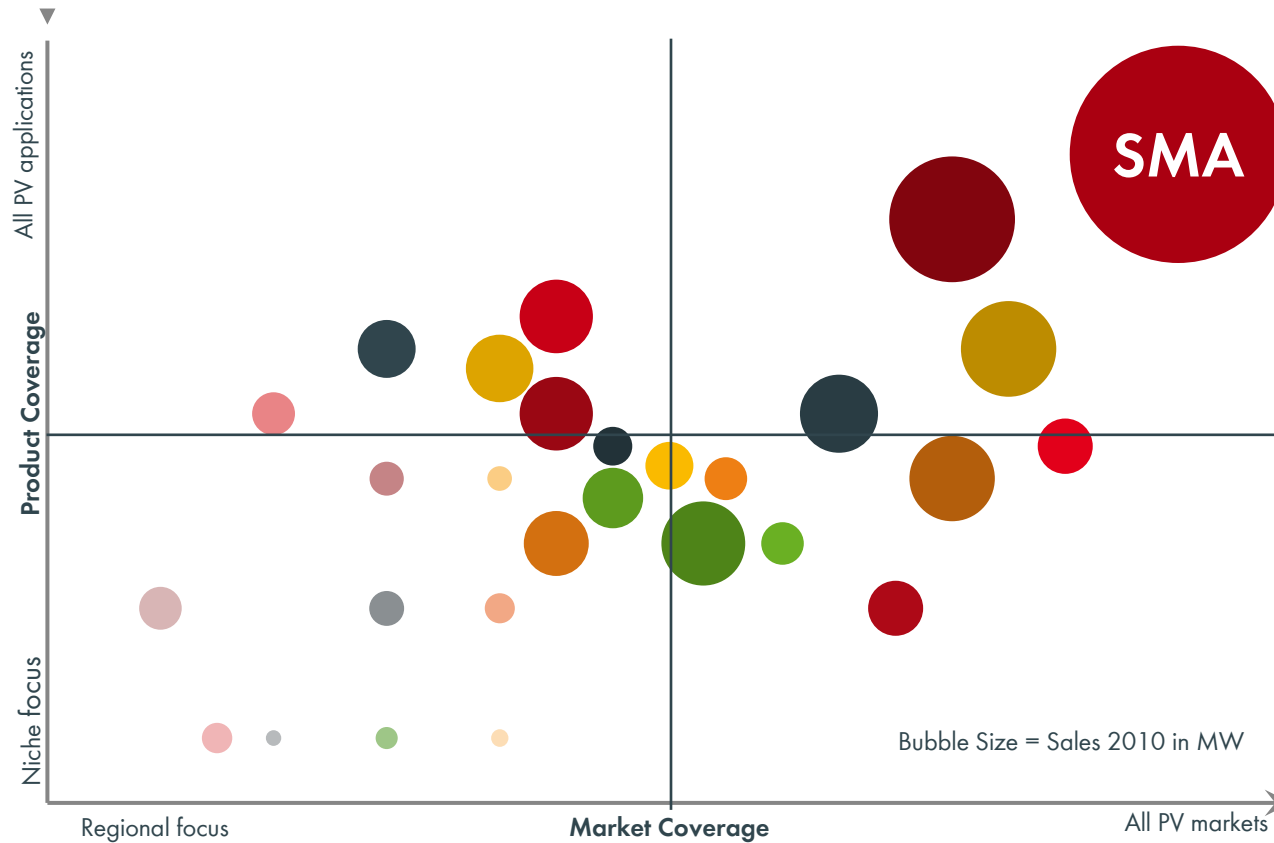


Market	Volume 2010 <sup>2)</sup>	Volume 2011 <sup>2)</sup>	Volume 2012 <sup>2)</sup>	Segments 2011		
				Residential	Commercial	Industrial
Germany	7.4	5.0	➔			
Italy	4.5	3.0	➔			
France	1.5	1.0	⬇			
North America	1.5	3.5	⬆			
Japan	1.5	1.5	⬆			
India	0.0	0.5	⬆			
ROW	< 3.6	2.5 - 5.5	⬆			
<b>Total</b>	<b>&lt; 20</b>	<b>17 - 20</b>	<b>➔</b>			

▶ SMA experienced a slight increase in demand in September; we will gather further market intelligence during the Sunny Pro Club event later this week

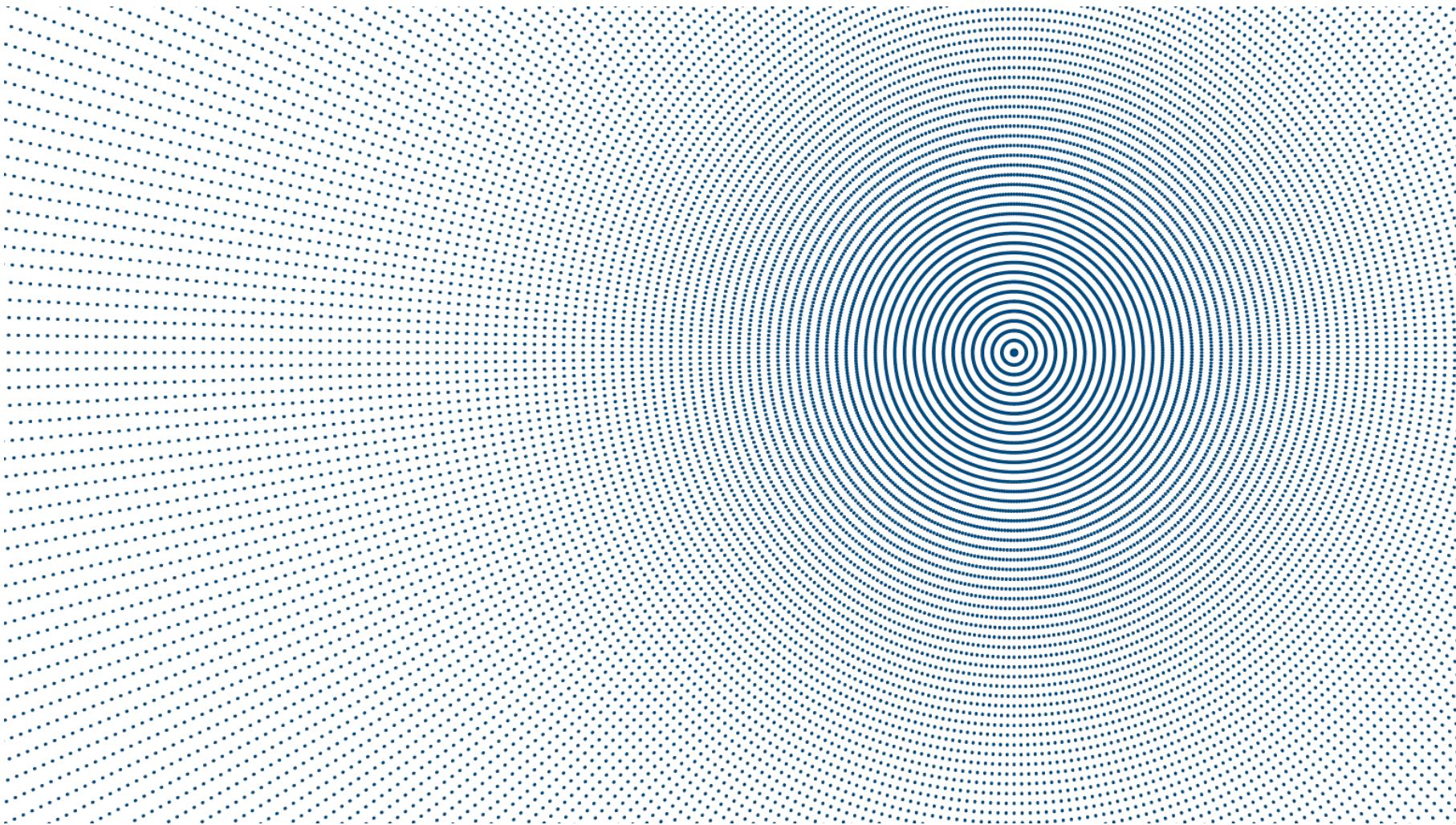


## Only very few inverter manufacturers serve all markets and all PV applications



►► No asian player is among the top 5 inverter companies.  
Technology is the key barrier to enter the market

# 3. Technology





# Technology remains the main driver of the solar inverter business

## Selected innovations 2011

SUNNY  
TRIPower 20000TL  
High Efficiency



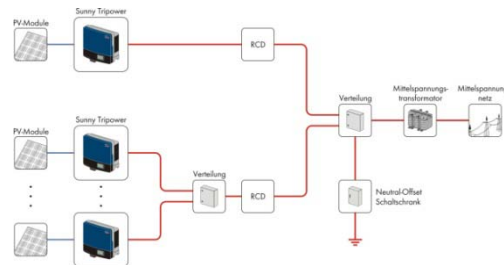
Customer Value

- > 99% efficiency
- > Lower specific price

Target market

- > Commercial / Industrial

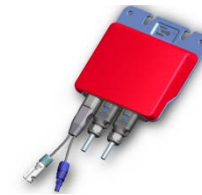
TL Grounding Solution



- > Higher system efficiency (up to + 3%)
- > Lower specific system cost due to transformerless technology

- > Commercial / Industrial (Thin-film modules)

SUNNY BOY



- > High reliability due to lower number of components
- > Ease of installation
- > Panel level monitoring

- > Residential < 2 kW

SUNNY VIEW



- > Convenient monitoring
- > Colorful touch display
- > Social media functions

- > Residential

▶ SMA invests up to € 100 million in research & development in 2011





## SMA has a defined roadmap to reduce the specific costs of inverters

### Earnings-Impact

	2012	2013	2014	2015
Product update	+	+	+	+
Product innovation	+	++	++	++
New product platform			+++	+++

- + Marginal improvement
- ++ Considerable improvement
- +++ Quantum leap

### Research & development focus

- > Analysis of those components that represent 80% of the material costs
- > Change of assembly and testing processes
- > Increase the speed of switching and thus reduce the size of windings
- > Highly integrated microelectronics
- > Reduction of housing size and packages

▶ SMA strives to reduce the specific costs of a solar inverter by 50% until 2015



## Energy management is the current topic in the solar industry

### Fundamental concept

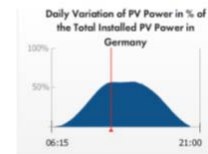
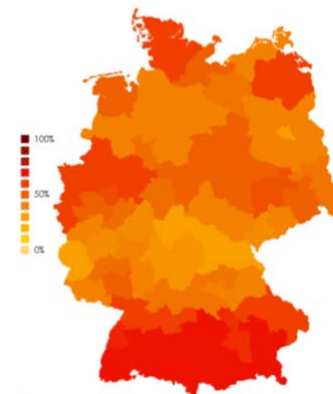
- > PV is generated near to the point of consumption at the time of the day with the highest energy need
- > Solar energy feeds into the low voltage grid
- > A growing number of installations require the management of decentralized power plants for grid stability
- > Less investment in high voltage lines and distribution grid infrastructure due to higher self-consumption

### Application



#### Performance of Photovoltaics (PV) in Germany

Relative output from 04/17/2011 - 12:15 CET



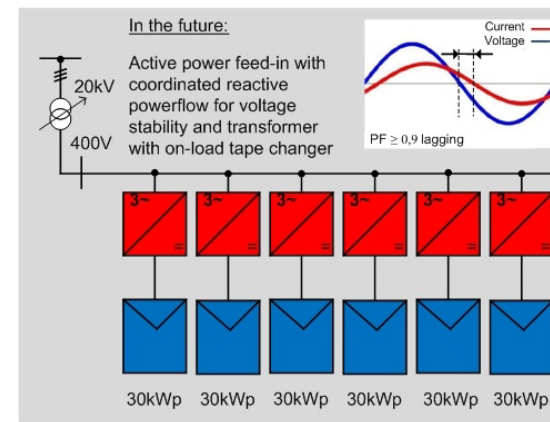
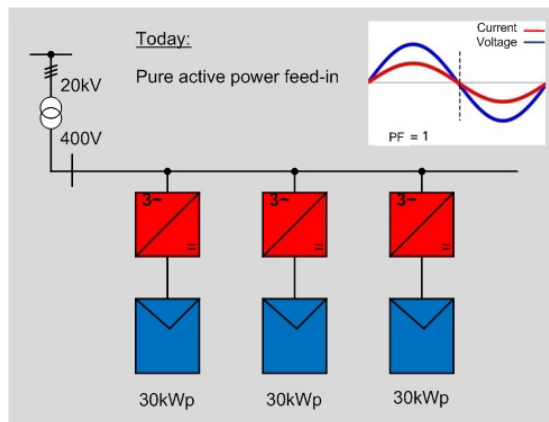
\*projected, current output of all PV plants installed before 03/31/2011 with a total 17.81 GW nominal power according to the German Federal Network Agency.

▶ On a sunny day solar power already contributes up to 25% of the power consumption at lunch time in Germany



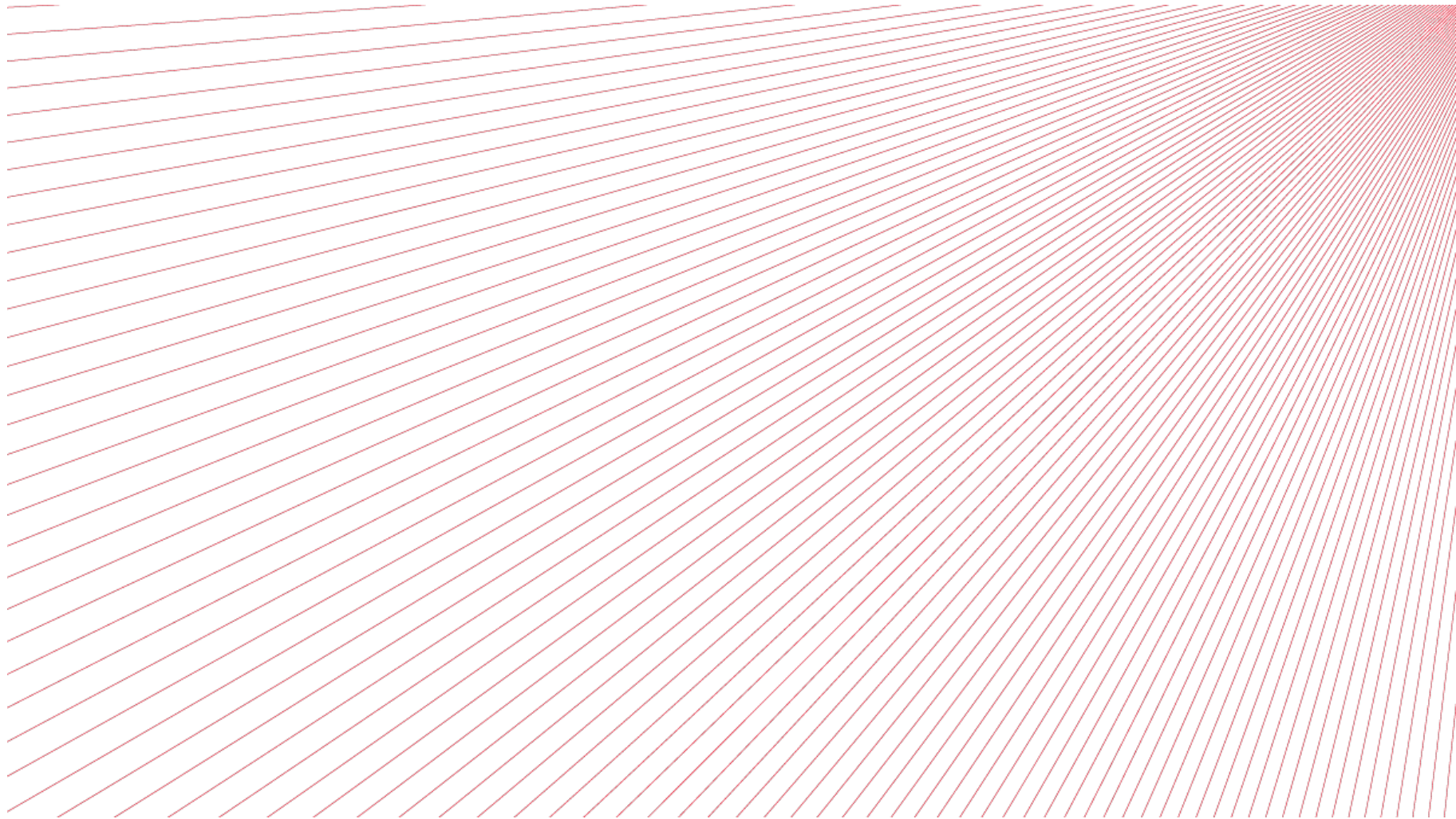
## SMA supports the new Low-Voltage Directive and is prepared to meet the new requirements

- > Requirements of the Low-Voltage Directive:
  - > In case of over frequency, active power reduction enhances the stability of the European power distribution grid (50.2 Hz)
  - > Remote power limitation for plants > 30 kW
  - > Provision of reactive power to increase the share of PV power in the low-voltage grid – this enables to feed-in twice as much PV power into the grid without complex grid extension



► **Competitors may not have the R&D resources or funds to comply with the new regulations in time**

## 4. Organizational structure





## SMA has a new divisional structure with a broad management basis



- > Divisional organization reduces complexity
- > Different customer needs can be served more efficiently
- > Business units are empowered to react faster

▶▶ **With new structures SMA is better positioned to serve the different customer groups**

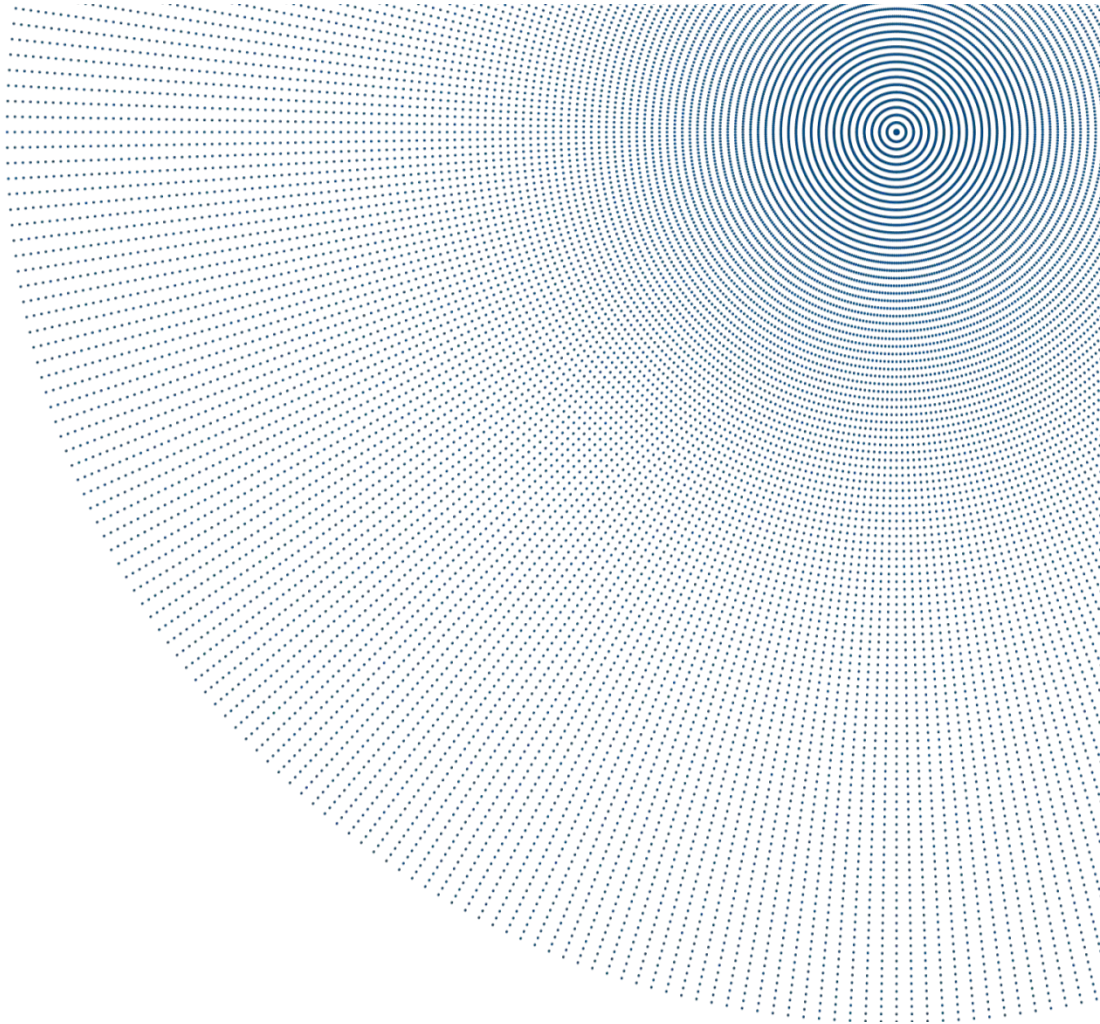
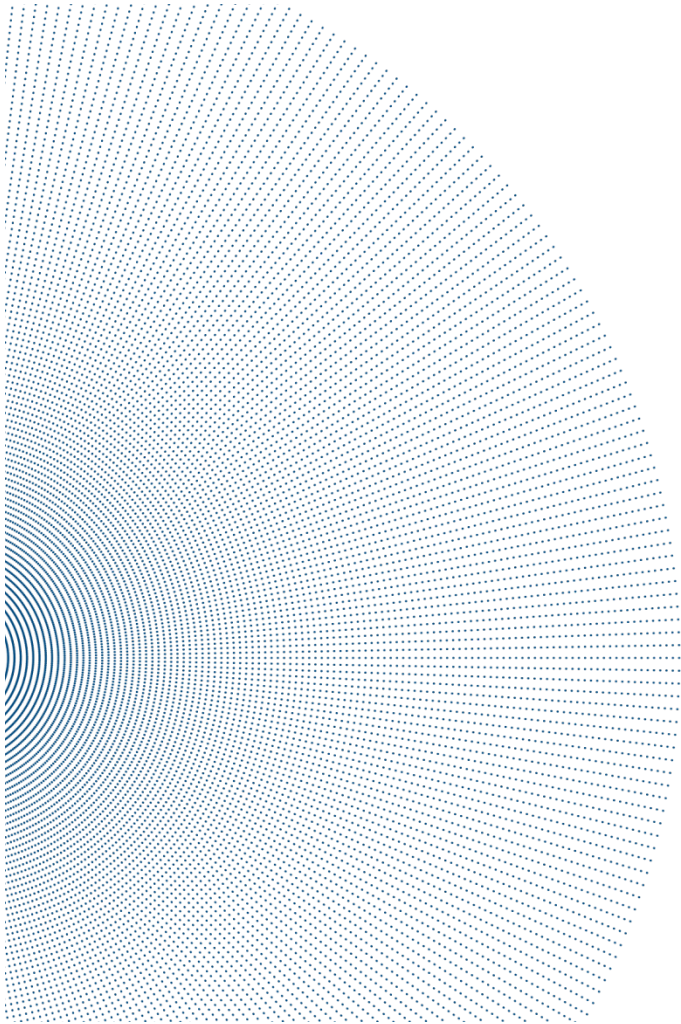
## The Board is a strong team with enormous experience



From left to right:  
Marko Werner (CSO), Roland Grebe (CTO), Pierre-Pascal Urbon (CEO/CFO), Jürgen Dolle (CHRO) and Uwe Hertel (COO)

▶ **The Board is well prepared for the future and will conduct SMA successfully into the advanced solar age**

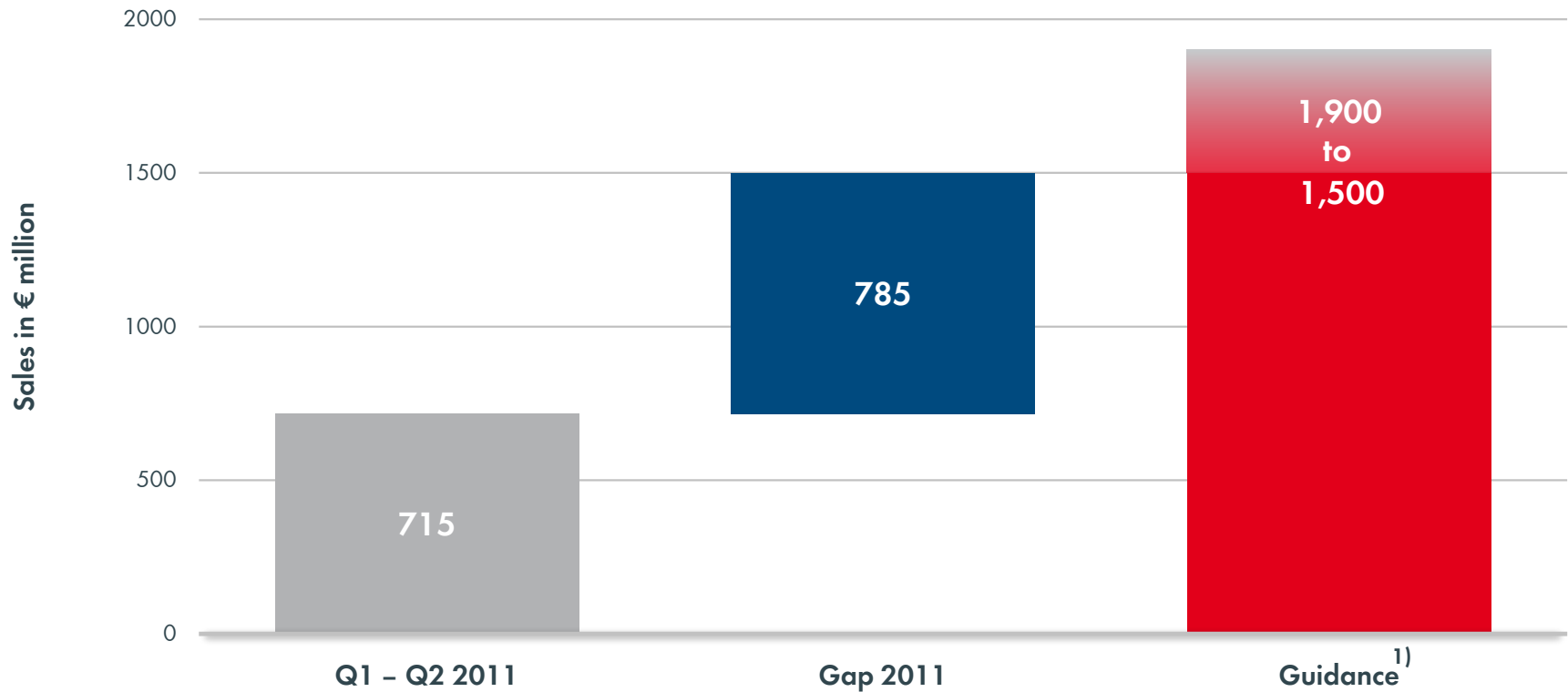
# 5. Financials





## SMA has a € 785 million gap to reach lower end of sales guidance

### Sales SMA group

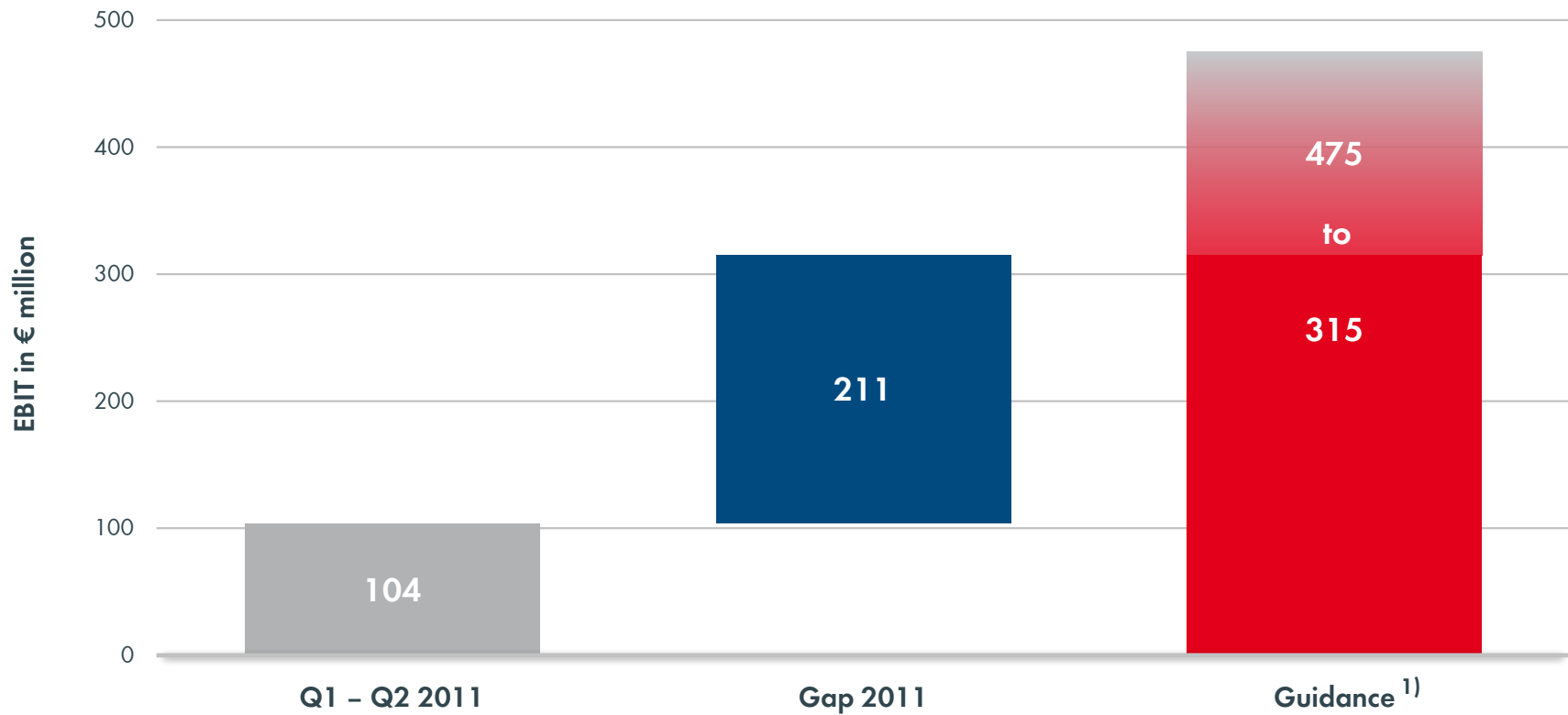




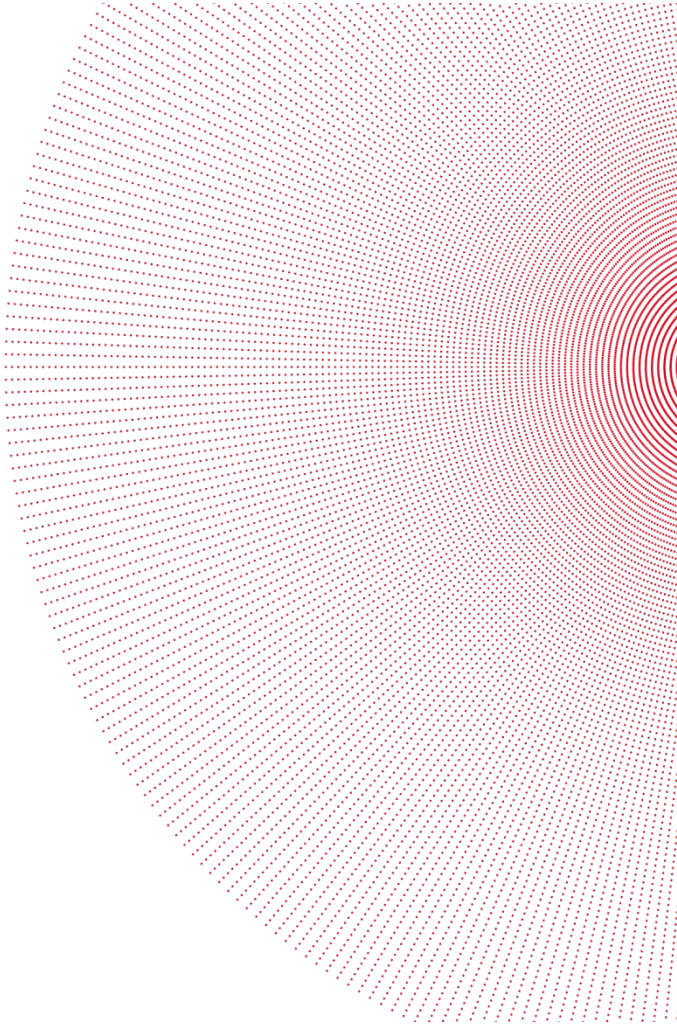
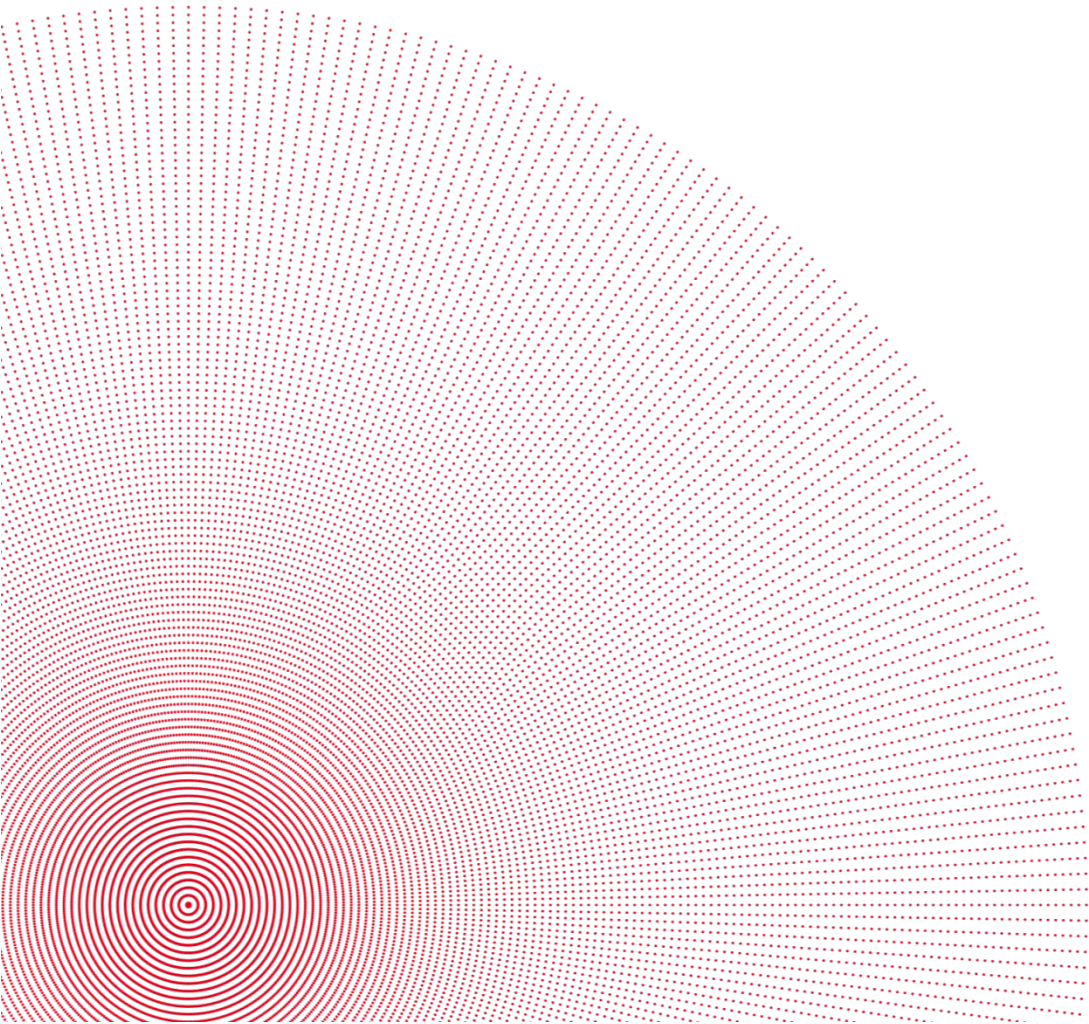


## SMA has a € 211 million gap to reach lower end of EBIT guidance

### EBIT SMA group



# 6. Outlook





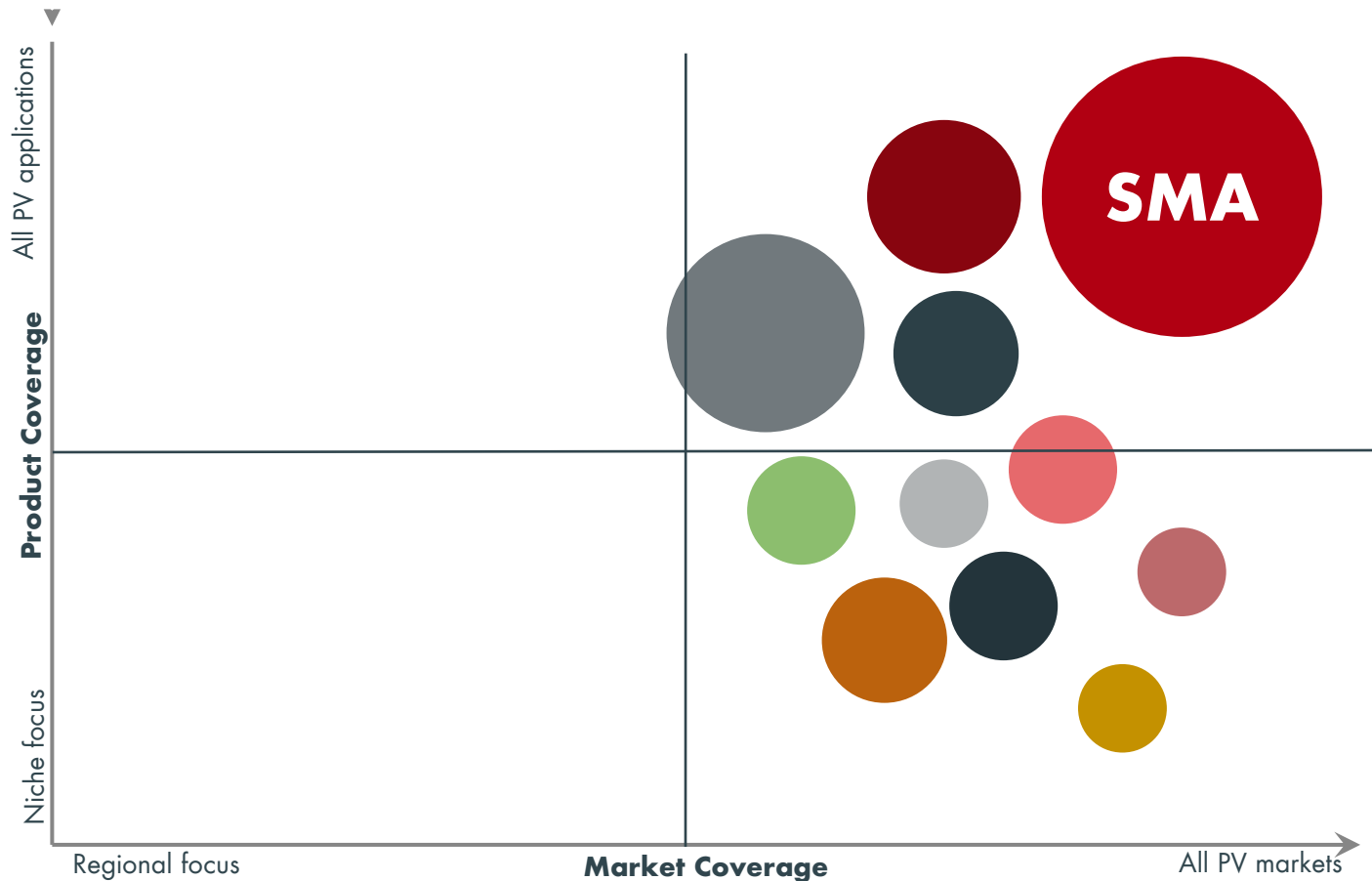
## We expect a stronger demand in the second half of the year 2011

- 1** FIT-programs in key solar markets (Germany and Italy) are secured and thus allow attractive returns on PV investments
- 2** Lower interest rates and system costs compared to the beginning of 2011; returns of more than 10% are achievable
- 3** Distributors have reduced the inventory level to avoid write-downs
- 4** Vacation period in Germany, Italy and France impacted the order intake in August

**▶▶ SMA will gather further information about the near-term perspective during the Sunny Pro Club event later this week**



## SMA expects a shake out of smaller competitors



▶▶ The future inverter market will be characterized by a few big players with an international approach and an excellent global service network



## Never change a winning business strategy

### Technology leadership

Energy management and cost reduction

### Comprehensive product portfolio

For all applications, module types and power classes

### High flexibility

Enables a quick adjustment to high market volatility

### Dedicated global sales and service team

More than 1,300 sales and service professionals

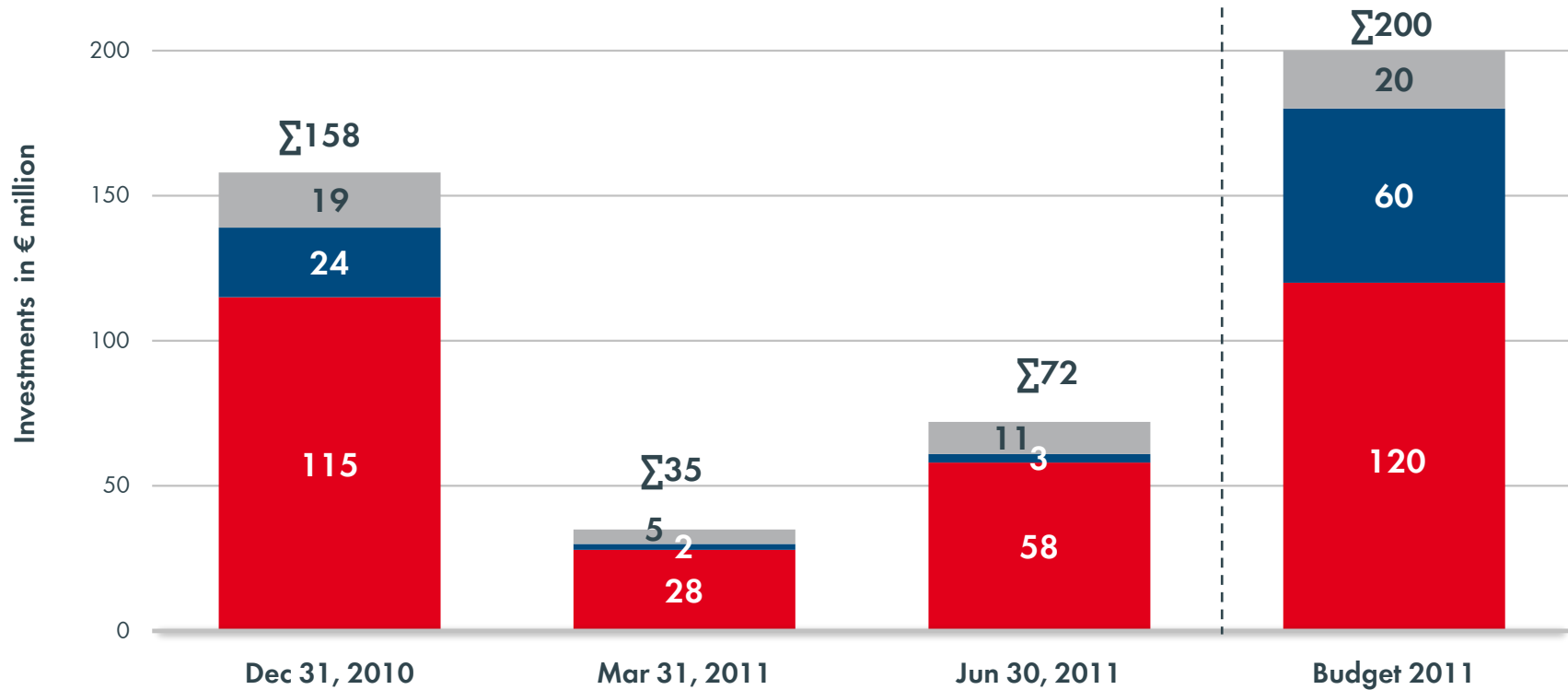


**Thank you for your interest!**



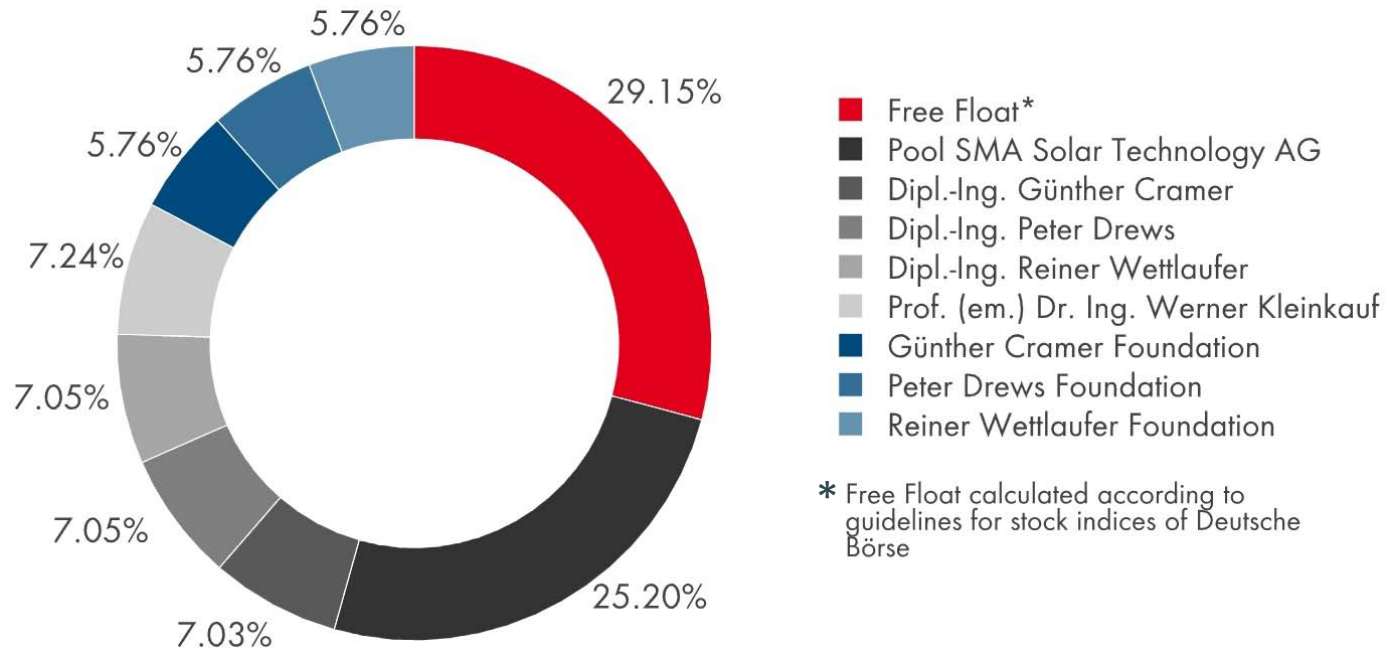
## SMA plans investments in 2011 of € 200 million

### Investments SMA group





## SMA has a solid shareholder structure



\* Free Float calculated according to guidelines for stock indices of Deutsche Börse

> 20% of SMA shares are fixed in a family pool (2010)

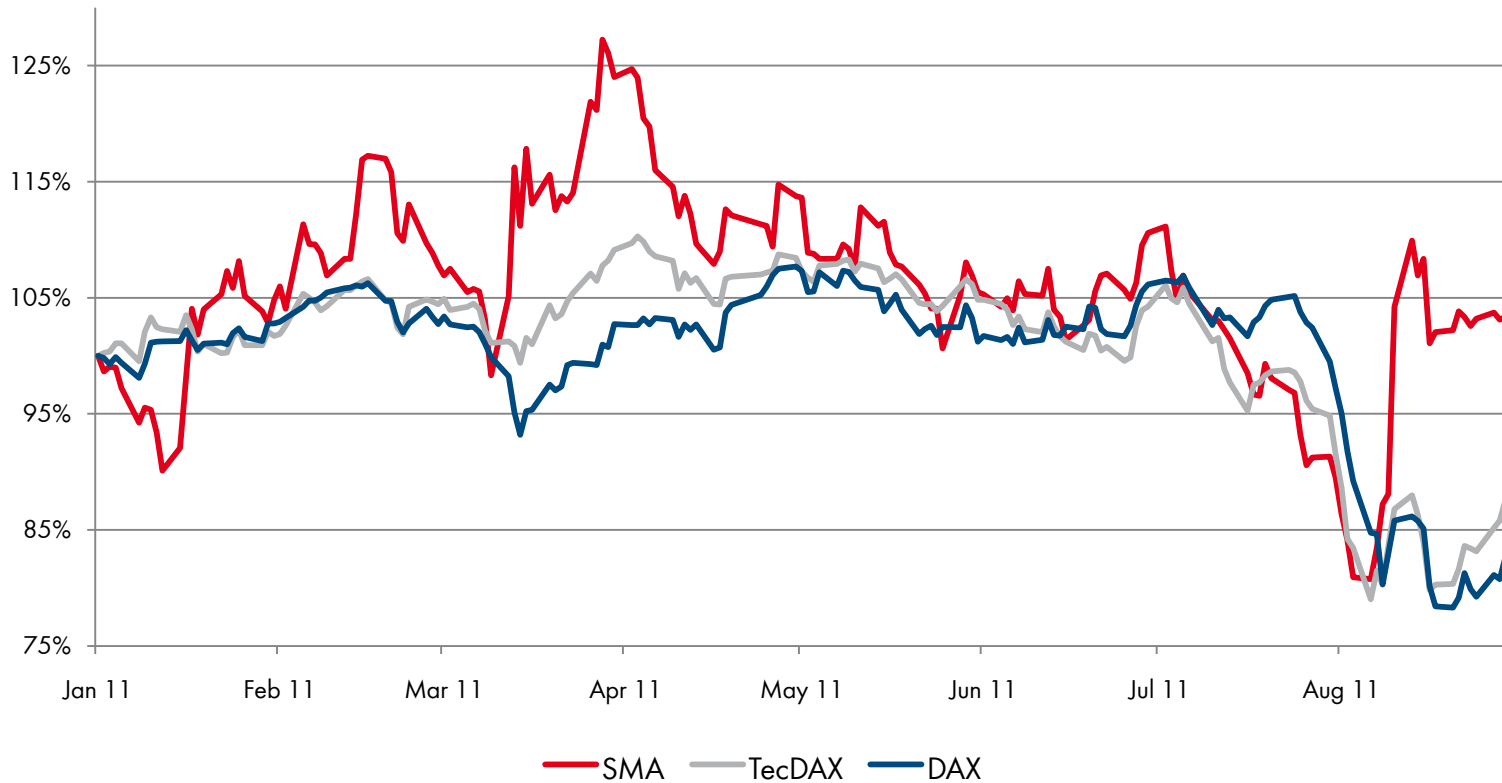
> 17.28% of SMA shares are fixed in three charitable foundations of the SMA founders Cramer, Drews and Wettlaufer (2011)

▶▶ **The shareholder structure ensures a stable development**





## Dynamic first nine months for SMA shares



▶ **SMA shares have outperformed DAX and TecDAX**



## Contact and Financial Calendar

### > Investor Relations Contact

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### > Financial Calendar 2011

November 11, 2011: Publication of Quarterly Financial Report January – September 2011

November 23, 2011: German Equity Forum

▶▶ **Visit our IR web site <http://www.IR.SMA.de>**