

SMA SOLAR TECHNOLOGY AG

Investor Relations Event at Intersolar Europe 2019

Presented by Ulrich Hadding (CFO)

May 16, 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

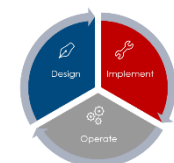
### New Products



### 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 %) <sup>1</sup>	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



## 2. Market Intelligence



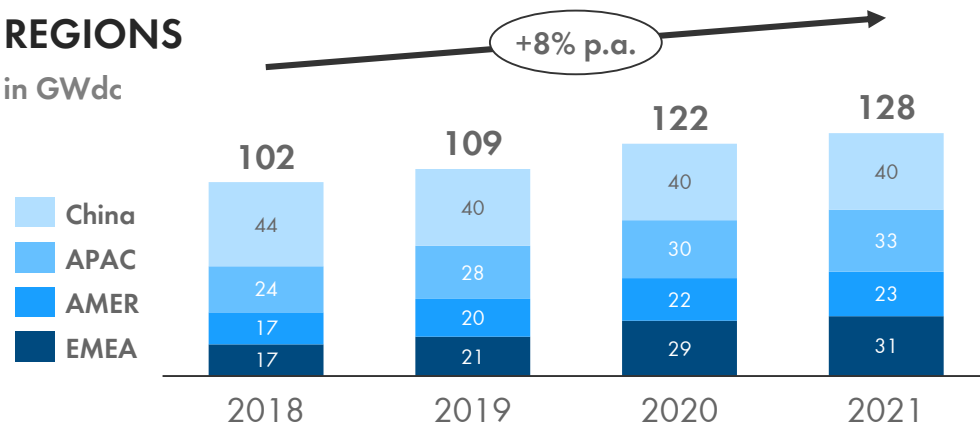
# Global PV Installations Expected to Grow in all Regions, Except China



## Core Business: PV Installations<sup>1</sup>

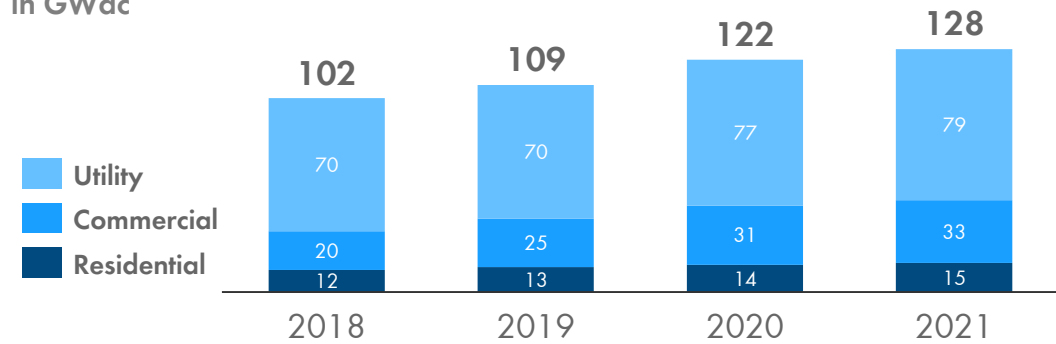
### REGIONS

in GWdc



### SEGMENTS

in GWdc



### 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<sup>2</sup> is expected to add huge potential from 2020.

### China

Chinese installations decreased by 16% in 2018. 5-Year-Plan<sup>3</sup> 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.

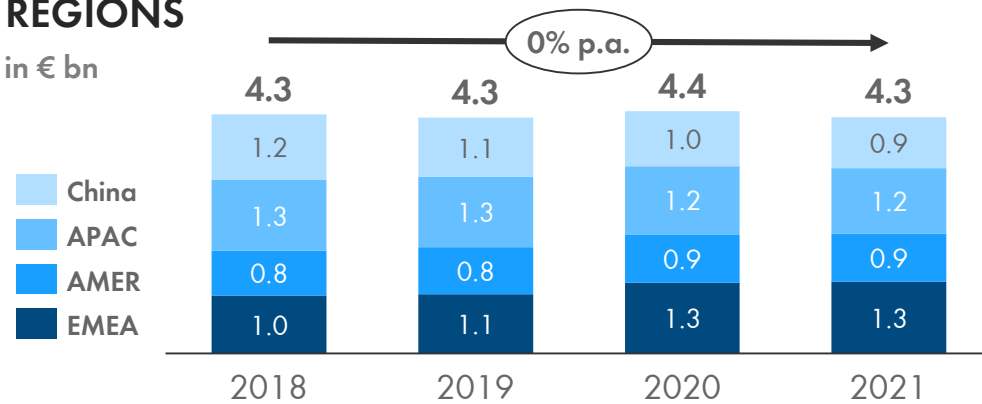
# Price Pressure will Largely Erode Growth in PV Installations



## PV Inverter Revenue<sup>1</sup>

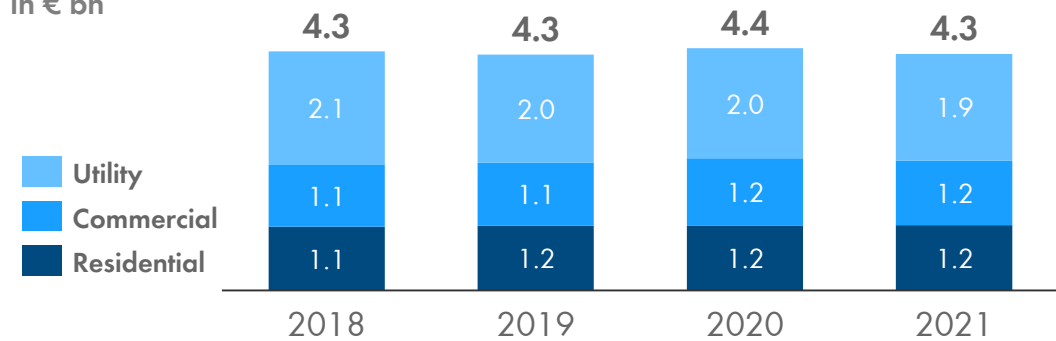
### REGIONS

in € bn



### SEGMENTS

in € bn



### Revenue potential

Price pressure will largely erode volume growth. We expect a stabilization of prices towards 2021.

### EMEA

Emerging PV markets in MEA<sup>2</sup> 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.

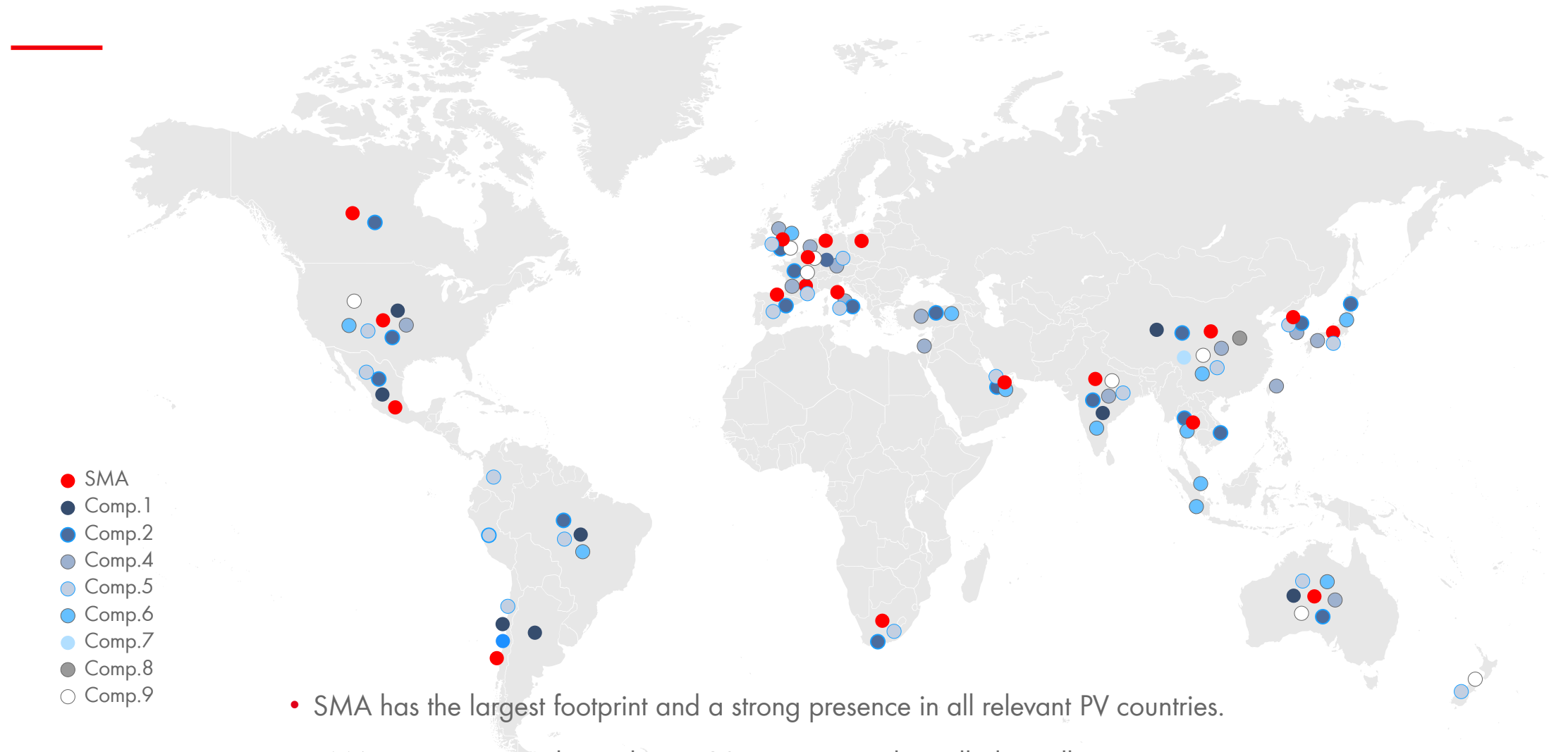


# SMA is the Most Experienced PV System Technology Provider with a Complete Portfolio as well as High Innovation Rate



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

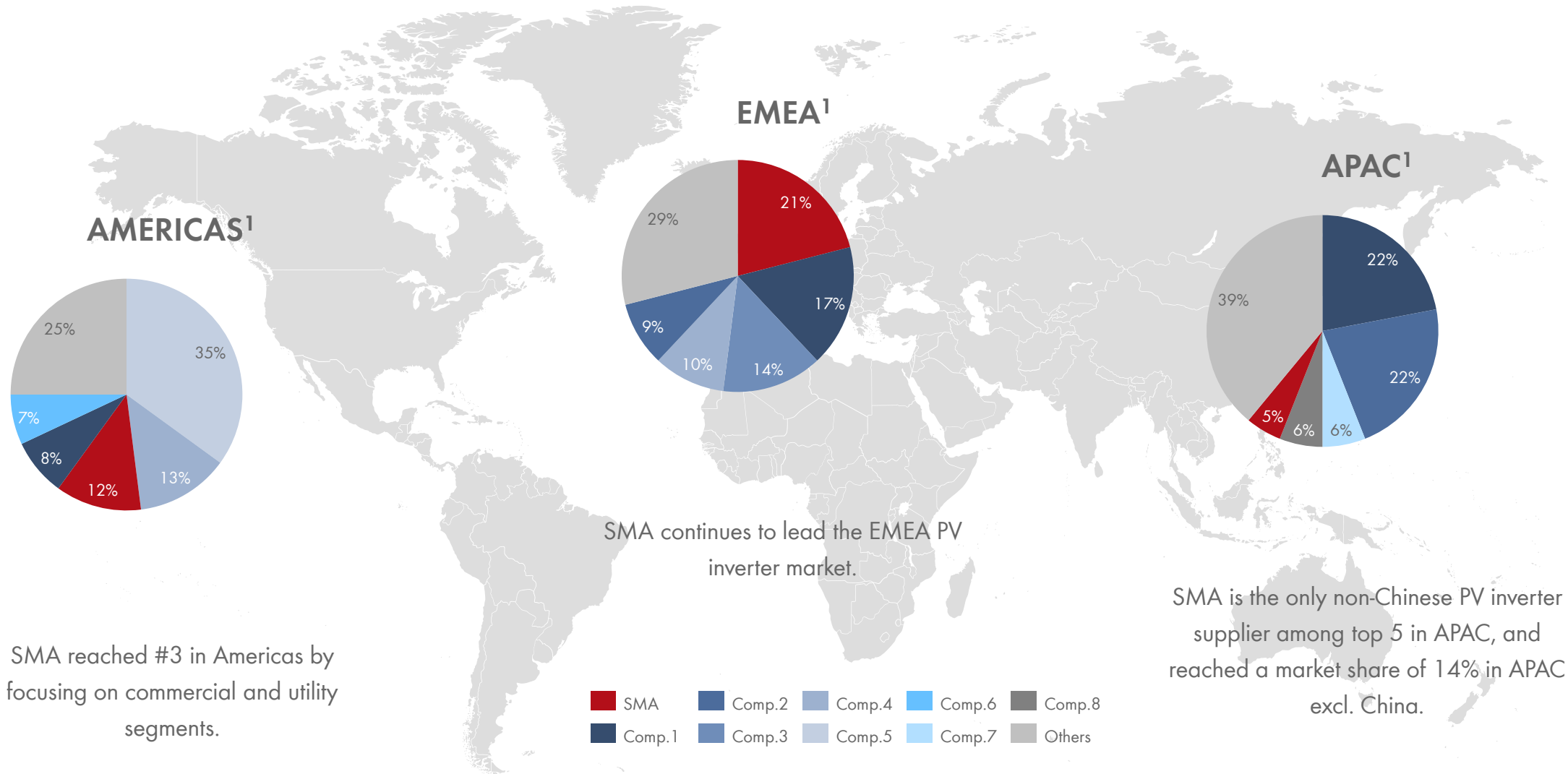
# SMA is Present in all Important PV Markets and does not Leave the Field to Competition



- SMA
- Comp.1
- Comp.2
- Comp.4
- Comp.5
- Comp.6
- Comp.7
- Comp.8
- Comp.9

- 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



# 3. Positioning





# SMA has a Complete Portfolio to Serve all PV Segments



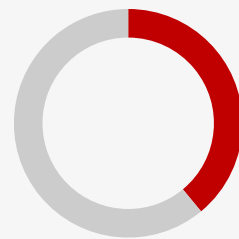
## SMA HOME SOLUTIONS



**27%**  
of Group net sales



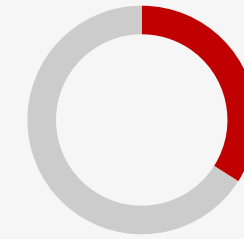
## SMA BUSINESS SOLUTIONS



**39%**  
of Group net sales

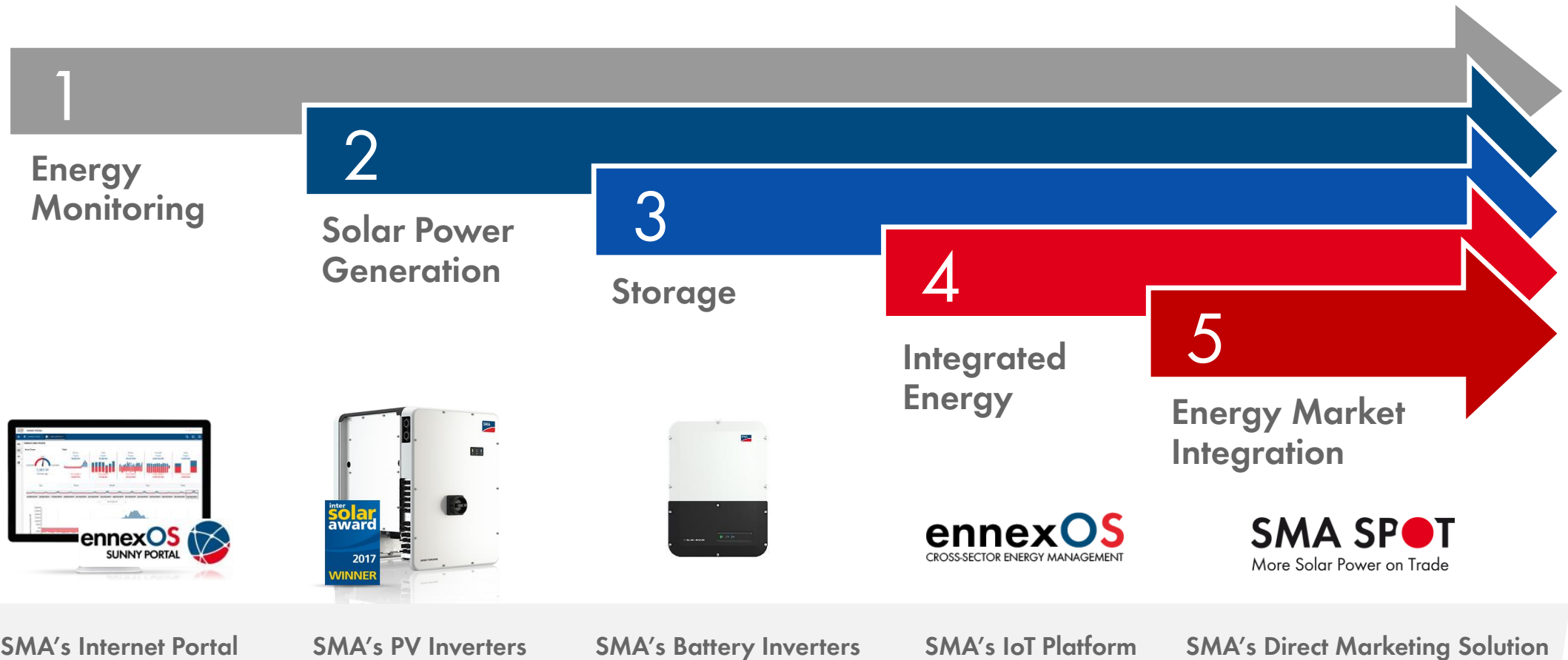


## SMA LARGE SCALE & PROJECT SOLUTIONS



**34%**  
of Group net sales

# SMA 's Portfolio Covers Every Stage of Energy Integration



# SMA will Introduce New Products and Solutions in 2019



**Sunny Tripower**  
• 8-10 kW



**Sunny Boy**  
• 3-6 kW



## SMA Energy Systems

- Power class: 5 kW / 250 kW
- Pilot markets: Italy / Germany

## DC-DC Converter



**Sunny Central UP**  
• 4.6 MW



2019



## SMA + BYD Battery Solutions

- 5-60 kW
- Securing battery availability



## Sunny Highpower PEAK3

- 150 kW, 1,500 V

## Installer App



## Medium Voltage Power Station

- 4.6 MW

# 4. Financials & Guidance

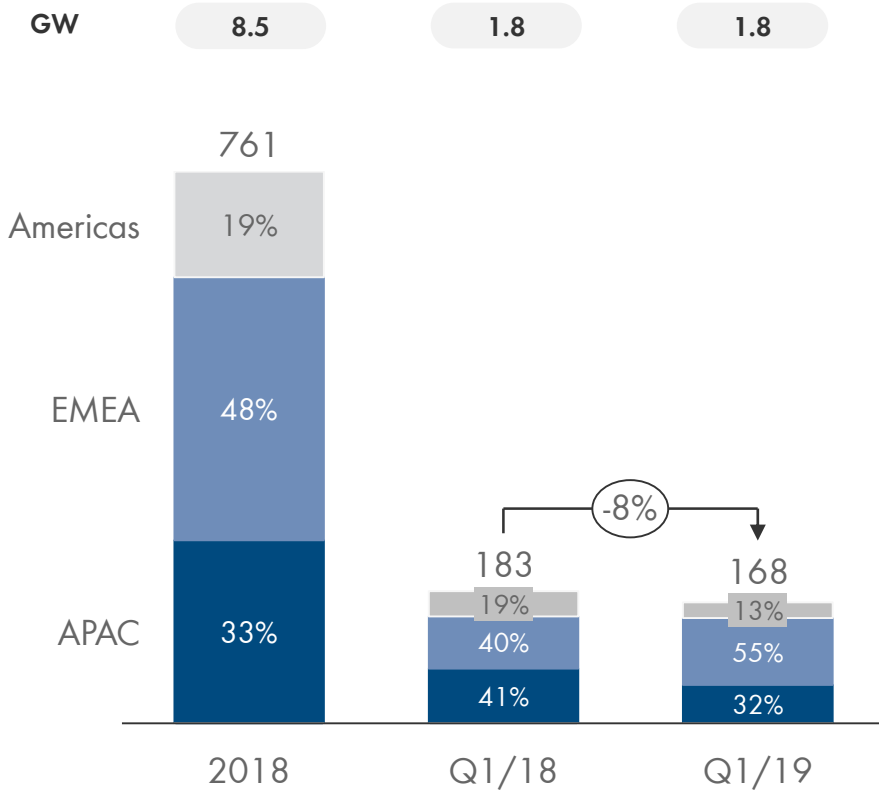




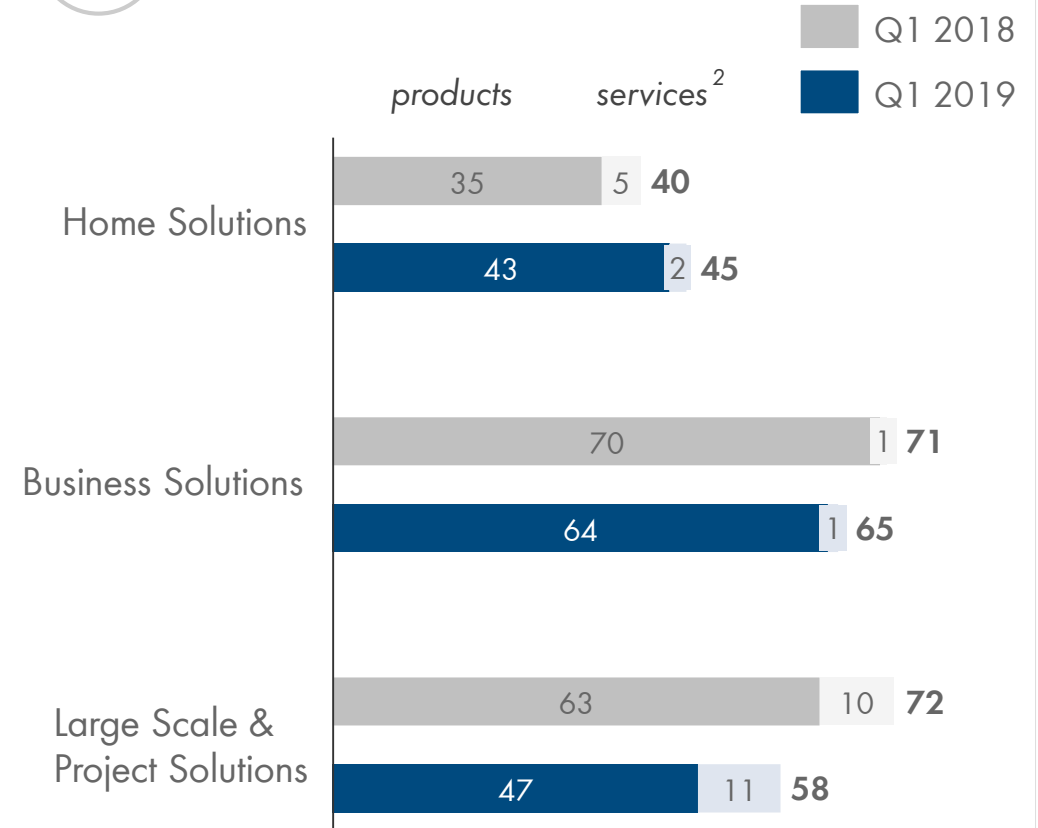
# Sales Q1 2019 Grew in EMEA By 28%; Segment Large Scale Projects & Solutions Affected by Project Postponements



**Sales (in € million)**



**Sales by Segment<sup>1</sup> (in € million)**



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



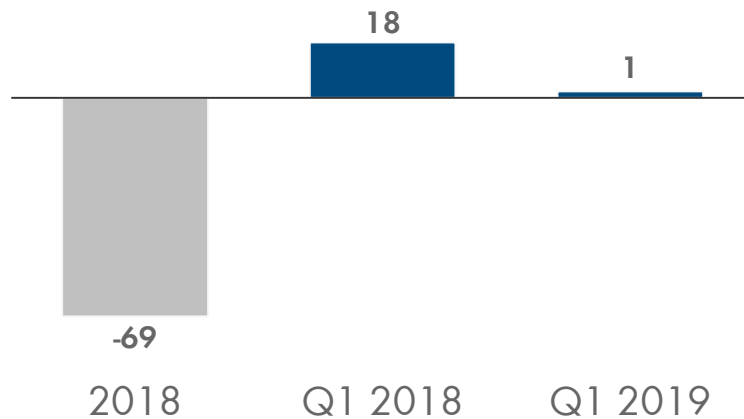
## EBITDA (in € million)

Margin

-9%

10%

0%



One-Offs

-86<sup>1</sup>

0

1

Depreciation/  
Amortization

83<sup>2</sup>

13

11



## EBIT by Segment<sup>3</sup> (in € million)

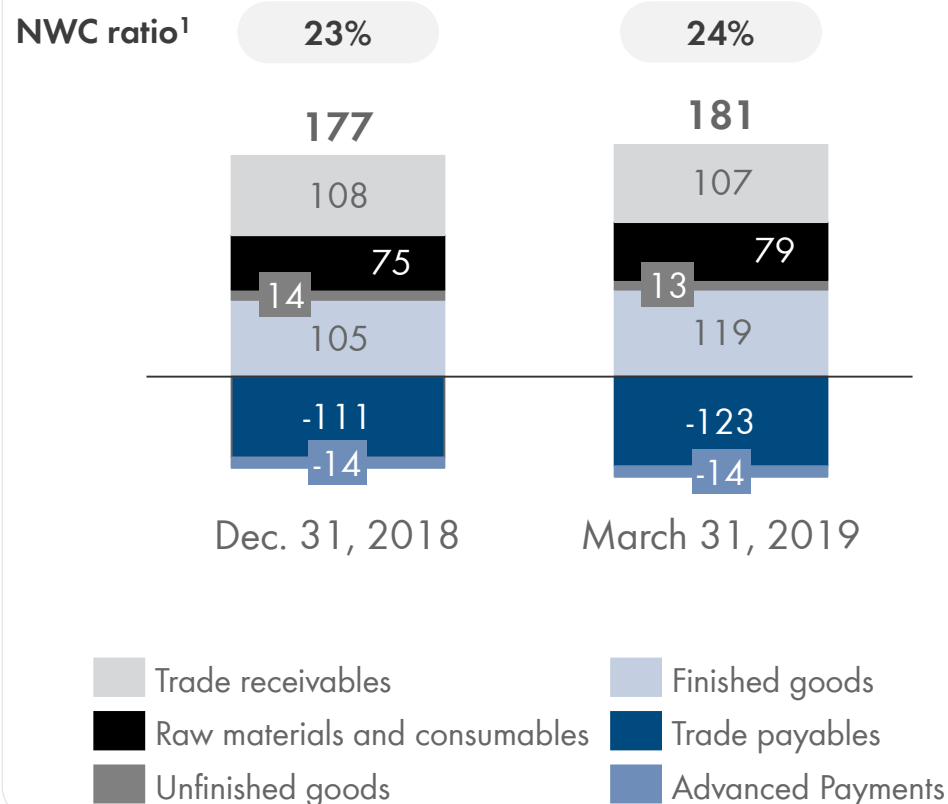
Q1 2018  
Q1 2019



# 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 <sup>2</sup>	7%
Working capital	302	319	5%
Other assets	80	47	-41%
Total cash	324	307	-5%
Shareholder's equity	424	411	-3%
Provisions <sup>3</sup>	157	156	-1%
Trade payables	111	123	11%
Financial liabilities <sup>4</sup>	18	17	-6%
Other liabilities <sup>3</sup>	279	268 <sup>2</sup>	-4%
<b>TOTAL</b>	<b>989</b>	<b>975</b>	<b>-1%</b>

# Q1 2019 Cash Flow Negatively Effected by the Operating Loss



## Cash Flow (in € million)

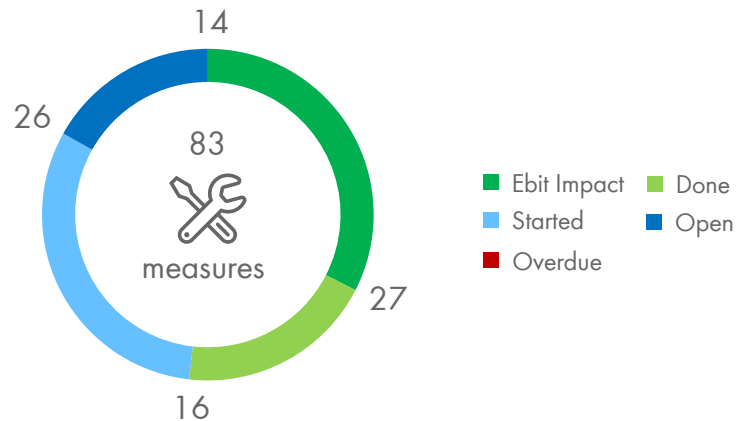
	Q1 2018	Q1 2019
Net Income	3	-11
Gross Cash Flow	21	1
Cash Flow from Operating Activities	4	-11
Net Capex	-7	-6
<b>Free Cash Flow (Adj.)</b>	<b>-3</b>	<b>-17</b>
Net Investments from Securities and Other Financial Assets	-21	7
Acquisitions/ Divestitures	0	0
Free Cash Flow (IFRS)	-24	-10



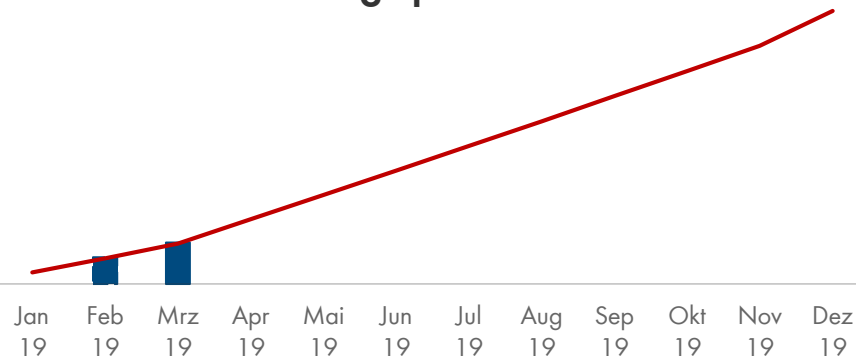
# Implementation of Cost-saving Measures is well on Plan



## 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

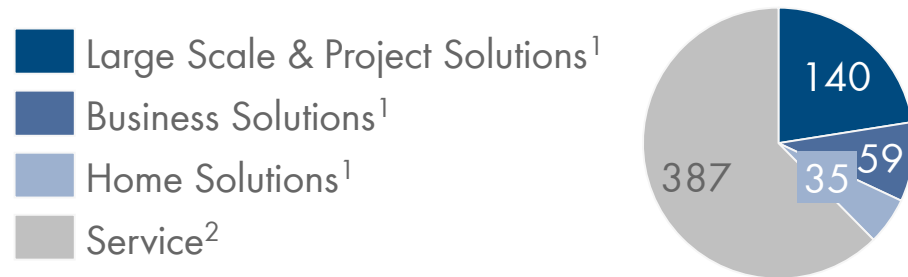
- The reduction of c. 100 FTE in Germany was executed in a social manner through a voluntary severance program. The majority of savings will materialize in H2 2019.

# Product-related Order Backlog Increased by 33% since End 2018



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

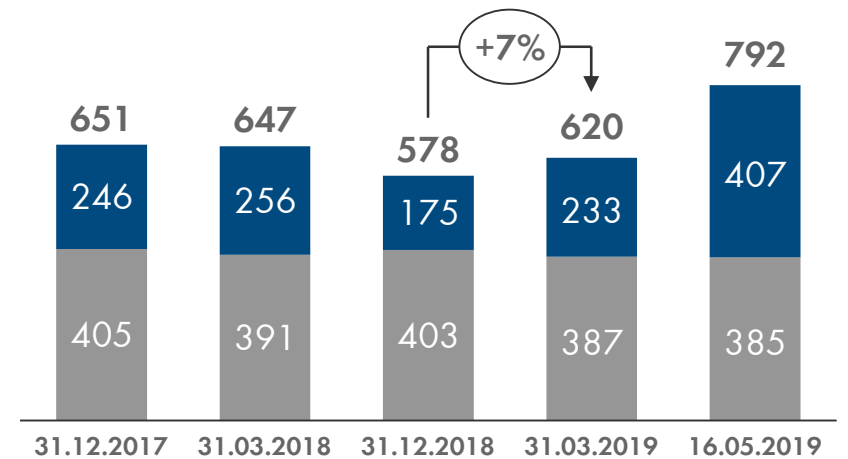
Total order backlog: €620m (March 31, 2019)



## Product order backlog by regions (in%)



## Order Backlog Development (in € million)



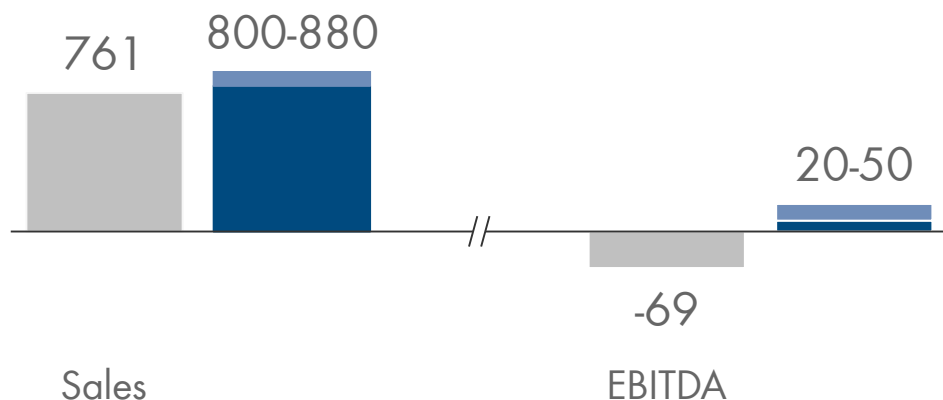
■ Products  
■ Service<sup>2</sup>

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

# Managing Board Confirms Sales and Earnings Guidance



## Guidance 2019 (in € million)



### 2019

Net Cash	c. €300m
NWC-Ratio	19-24%
CapEx (incl. R&D) <sup>1</sup>	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.

# 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<sub>2</sub> 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

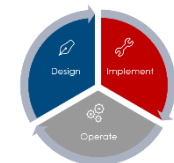
### New Products



### Strategic Initiatives



### SMA Repowering





Back up



# Managing Board and Shareholder Structure



## Managing Board

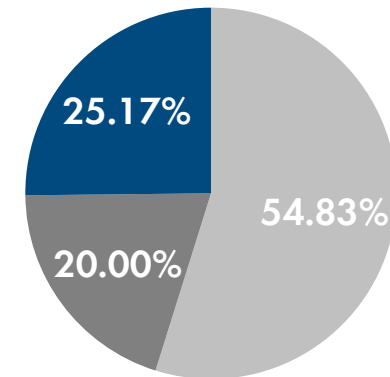


**Juergen Reinert**  
CEO  
born 1968  
With SMA since 2011  
Contract 2024



**Ulrich Hadding**  
CFO  
born 1968  
With SMA since 2009  
Contract 2019

## Shareholder Structure<sup>1</sup>



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

# Thank you

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