



SMA Solar Technology AG—Press Release

### **Managing Board of SMA Solar Technology AG Lowers Guidance for the Current Fiscal Year**

**Niestetal, September 27, 2018 – The Managing Board of SMA Solar Technology AG (SMA/FWB: S92) is adjusting its sales and earnings guidance for the current fiscal year. The SMA Managing Board expects sales of between €800 million and €850 million for 2018 (previously: €900 million to €1,000 million). The background for this is a further sharp fall in prices and project postponements as a result of the market downturn in China. The Managing Board is announcing structural adjustments to SMA. Corresponding measures are to be established by the end of the year. These will incur one-off costs that will negatively affect SMA's earnings. The Managing Board is therefore expecting break-even to slightly negative EBITDA (after one-off effects from restructuring) for 2018 (previously: EBITDA of €90 million to €110 million). The SMA Managing Board is anticipating sales growth and positive EBITDA for 2019.**

“The massive and unexpected reduction of the PV expansion targets by the Chinese government has led to enormous excess capacity in module and inverter production in China. As a result, Chinese manufacturers are putting increasing pressure on international markets,” explained SMA CEO Pierre-Pascal Urbon. “This has once again exacerbated the already steep decline in prices in all markets and segments. In recent weeks, we have seen that project developers and investors are increasingly delaying the implementation of PV projects in the coming year in anticipation of even lower prices. Against this backdrop, SMA is currently recording incoming orders below our expectations.”

In order to quickly return SMA to profitability under the changed conditions, the Managing Board has decided to adjust the company's structures. “We will be introducing product innovations in the major photovoltaic markets in the coming months and into 2019 that will allow us to counter the increasing price pressure in the components business. Our expertise in the field of energy management and the integration of battery storage systems is making a decisive contribution in penetrating the higher-margin systems and services business in the long term. In the medium term, we will also be making structural adjustments to be able to react even more flexibly to market-specific changes,” said Pierre-Pascal Urbon. “The planned measures are to be adopted by the end of the year. They concern issues such as the reduction of complexity in the areas of operations and technology, the outsourcing of activities and the global adjustment of administrative areas. Due to the strength of its balance sheet and its experience in the consistent



implementation of restructuring measures, SMA is well equipped to benefit from the expected market consolidation and to quickly return to profitability.”

### **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 1,100 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.

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