

# Half-year 2023 Presentation for Investors, Analysts, Media

August 17, 2023

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# Agenda

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Market and Business Review

Gunter Erfurt, CEO

2

Financial Statements H1 2023

Markus Nikles, CFO

3

Outlook

Gunter Erfurt, CEO

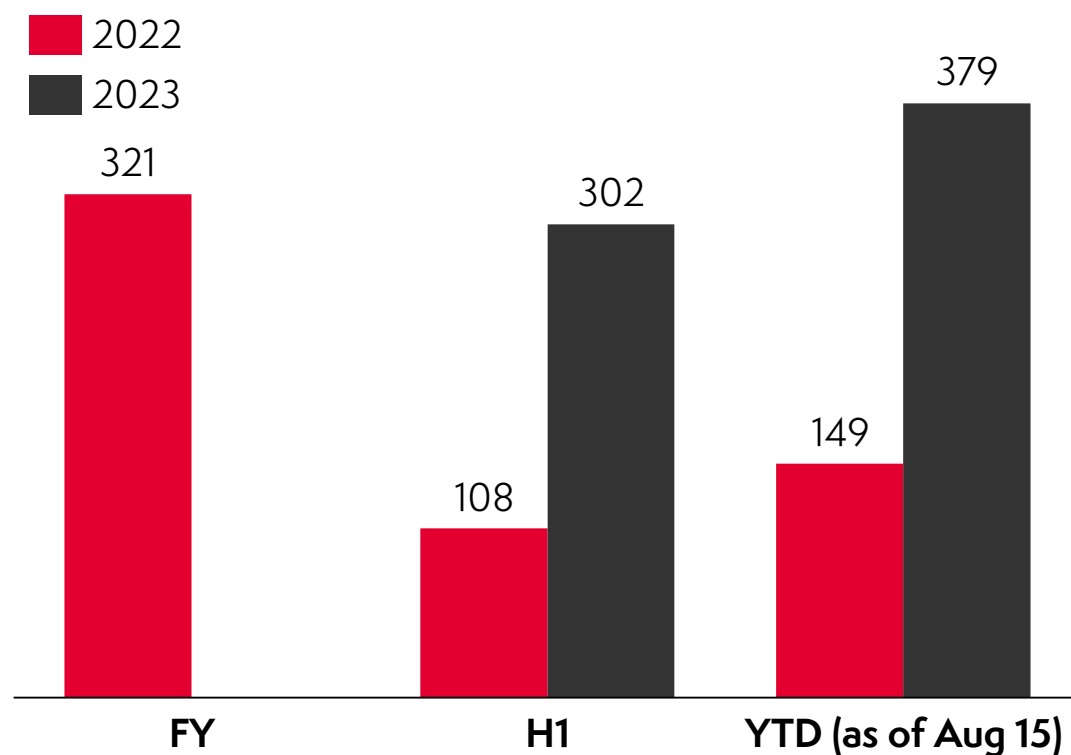




# Market and Business Review

# Production expanded and execution risk reduced

## Modules produced [MW]



## Significant increase in production volume comparing previous period

- Expansion of manufacturing in Germany and USA on track
- Initial supply chain problems solved and resilience increased
- Production learning curve yielding improved operational excellence
- Further throughput and cost optimization ongoing
- Average module power in production increased and further improvements to be expected
- **Meyer Burger's production has stabilized and future expansions (especially in the USA) will benefit from increased operational experience and thus reduced implementation risk ("copy exact" approach)**

# China's anti-competition practices have created a challenging market situation especially in the EU

## European market needs industrial policy intervention to cure the prevailing market failure



Image: iStock by Getty Images

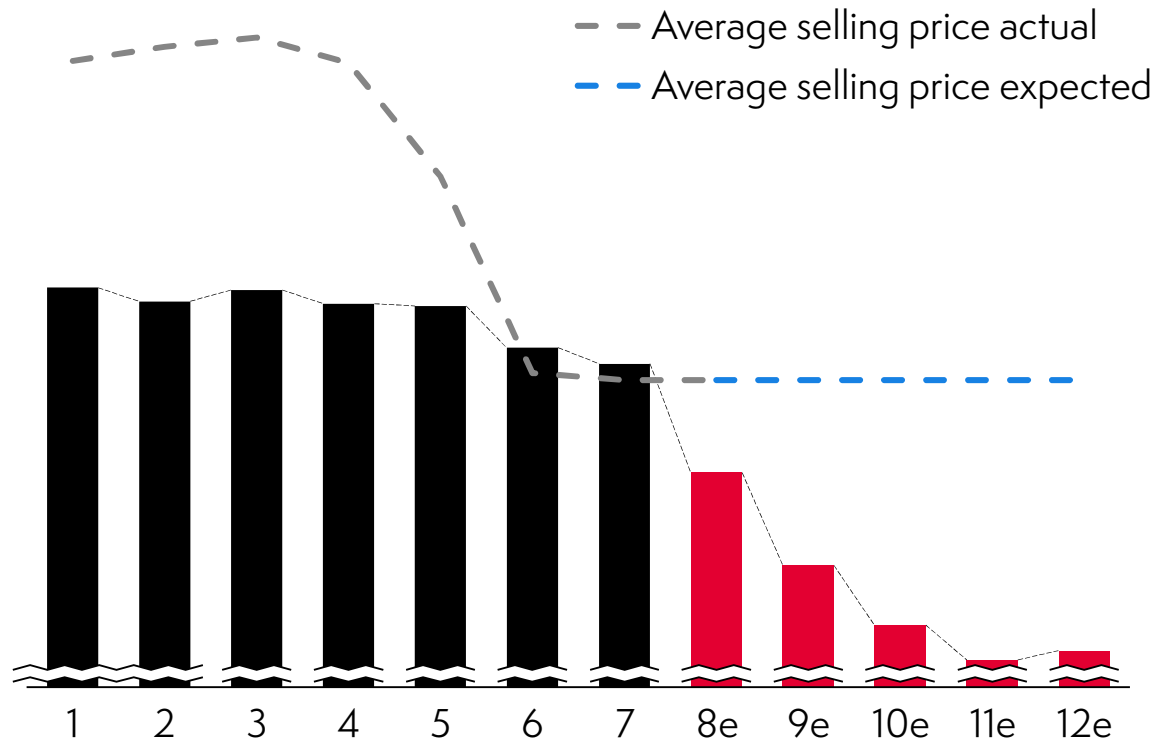
- In 2022 China exported 85 GW of PV modules to Europe, accounting for 56% of the total exported volume of 154 GW<sup>1</sup>
- Europe installed about 40 GW during the same year, leading to an oversupply of 45 GW of modules stocked in EU ports by Chinese companies by December 2022
- CIF prices of these Chinese modules remained stable between 25 and 30 USD cents in 2022, with reported production cost during the same year of 24 USD cents<sup>1</sup>
- These modules are now being sold at as low as 15 USD<sup>2</sup> cents what meets the definition of dumping
- Solar module imports from China into the EU continued to increase this year, despite the high inventory levels

- 1) Wood Mackenzie China's solar exports booming, up 64% in 2022 despite global trade tensions | Wood Mackenzie (2023)
- 2) Solar price index & Solar module price development (pvxchange.com)



# Path to profitability despite harsh market environment

COGS<sup>1</sup> development 2023 (actual/expected)  
in monthly breakdown (w/o depreciation)



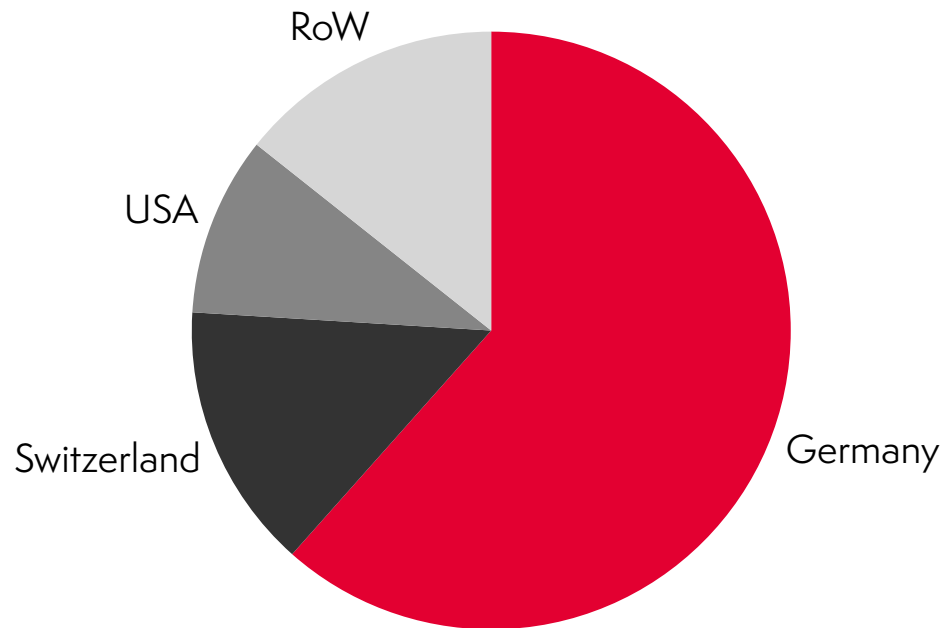
1) For illustration purposes only, COGS referred to P&L by function

**Full utilization of production capacity as well as stable selling prices and high volumes are key to staying on the successful cost-cutting course**

- In the first quarter of the year, Meyer Burger was able to keep its 2022 price level broadly stable and achieve a growing gross margin through increased production volumes
- As a reliable partner, Meyer Burger provides its customers with limited stock protection, which retroactively led to a reduced gross margin in the second quarter
- Meyer Burger plans to remain at current price level for the remainder of the year
- Based on continuous market observation, the company retains the option of adjusting production volumes accordingly
- Company expects to see positive impact from wafer price reduction which will show effect in the second half of 2023

# First-half sales volumes reflect Meyer Burger's growth but also challenging market situation

Split of sales in global regions YTD (as of Aug 15, 2023)



Sales activity review H1 2023

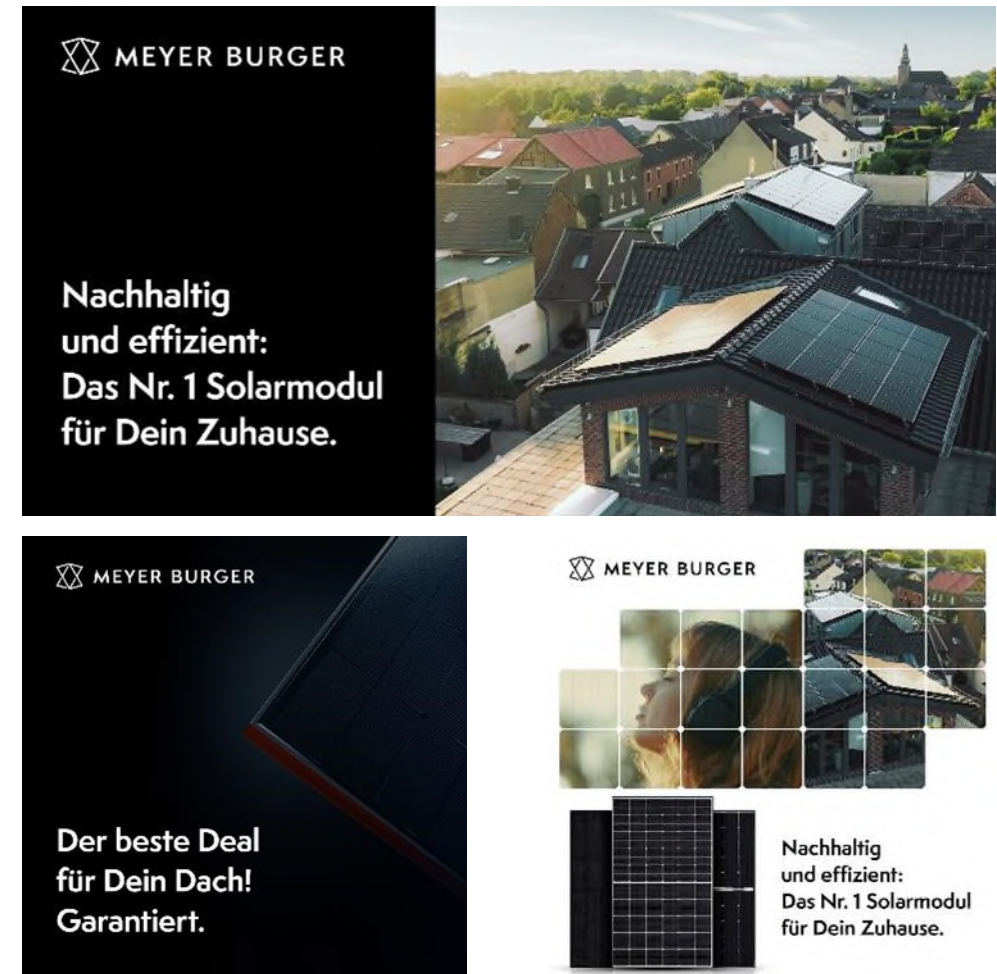
- 207 MW recognized at 0.45 CHF/Wp average selling price, focus on primarily residential, some C&I
- Majority of product sold in Germany and Switzerland
- Estimated total of >30,000 end customer projects (roof installations) achieved via estimated >4000 installers worldwide (of which approx. 1400 are registered with Meyer Burger)
- Achievement of further offtake agreements with USA customers (Ingka, BayWa) with which planned production volume from USA factory for the utility segment will be sold out until 2029
- Start of sales of MB Tiles business and signing of second distribution agreement (Magog)



# Meyer Burger piloting cost-effective direct-referral campaign

## Media campaign has achieved remarkable traction among end users and installers

- In under three weeks, over 1.2 mn impressions generated with minimal media spend compared to competitors
- Meyer Burger leads in searches, well ahead of direct-sales PV peers
- High-quality leads will be transferred to selected installers (“Performance Partner” network) who prioritize and expediently process them
- Direct-referral campaign will be expanded to the Netherlands with selected installers beginning of September 2023
- By Q4 2023 automated lead referral tool will have been implemented and campaign will be rolled-out in all main sales markets



# Meyer Burger will enter attractive balcony solar systems market with new direct sales channel



- Meyer Burger plans to launch ready-to-use solar system for private applications on balconies which is incentivized through government programs, e.g. in Germany
- New system will combine outstanding quality and sustainability with components Made in Germany only in a plug-and-use set for private customers
- New system consists of up to two Meyer Burger solar modules with easy to install mounting system and a flexible micro inverter prepared for the future with up to 800 W
- Launch of the balcony solar system is planned for early Q4 2023
- New system will be sold via a newly established Meyer Burger online shop
- Pre-ordering option for private customers will be available from September 2023

# Meyer Burger leads solar technology development



- Meyer Burger's ring-fenced approach of process, production equipment and product development within the captive business model yields strategic advantage
- **Phase I:** Current technology generation is undergoing continuous improvements (increased efficiencies, patented "Smart Corner" (prevention of soiling/moss formation for sustained high yields), glass-glass, M10 upgrade, etc.)
- **Phase II** (see photo): Process development for patented, indium- and (planned soon) silver-free, ultra-low degradation and manufacturing-cost-reduced back-contacted heterojunction solar cells for planned SWCT® module efficiencies of >24% without showstoppers ready for M10 wafers completed, now industrialization for fast manufacturing implementation (expected 2025) has started
- **Phase III:** Perovskite tandem development with industrialization focus in the works with 29.6% cell efficiency achievement<sup>1</sup>

<sup>1</sup>) Meyer Burger | Perovskite technology's potential to boost Europe's solar energy supply (csem.ch)

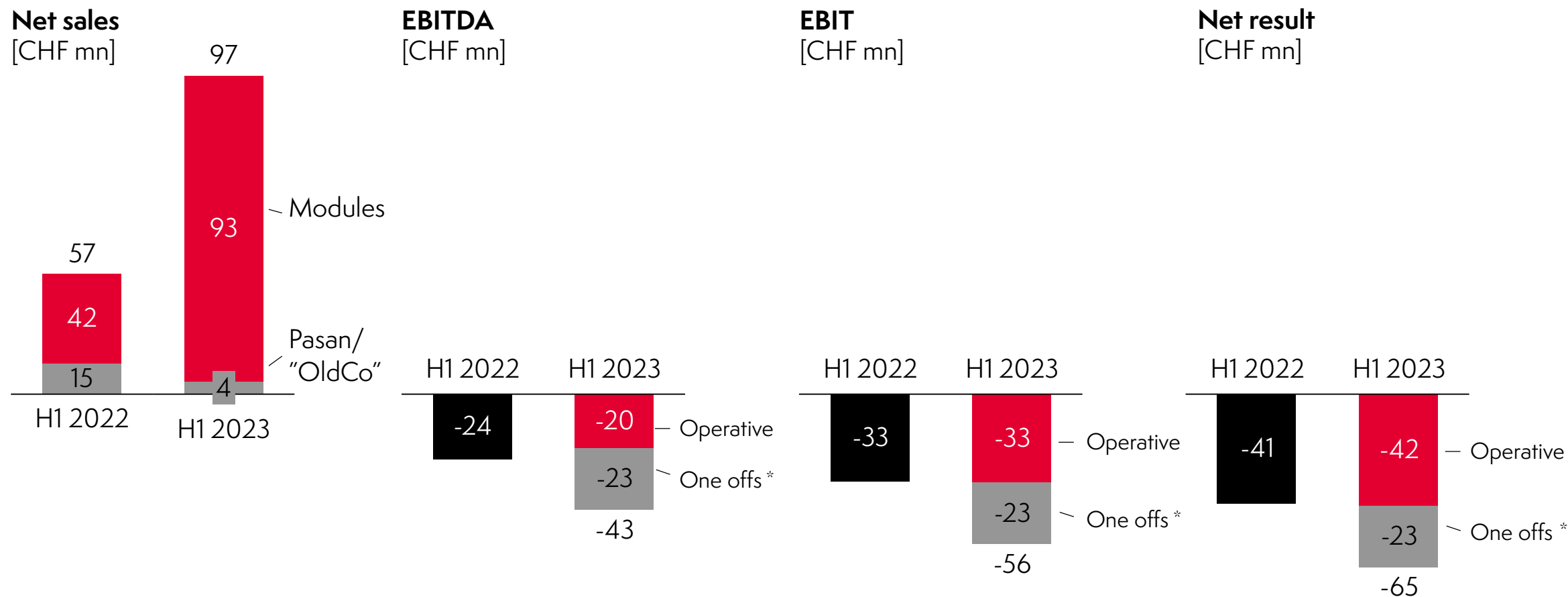


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# Financial statements 1H 2023

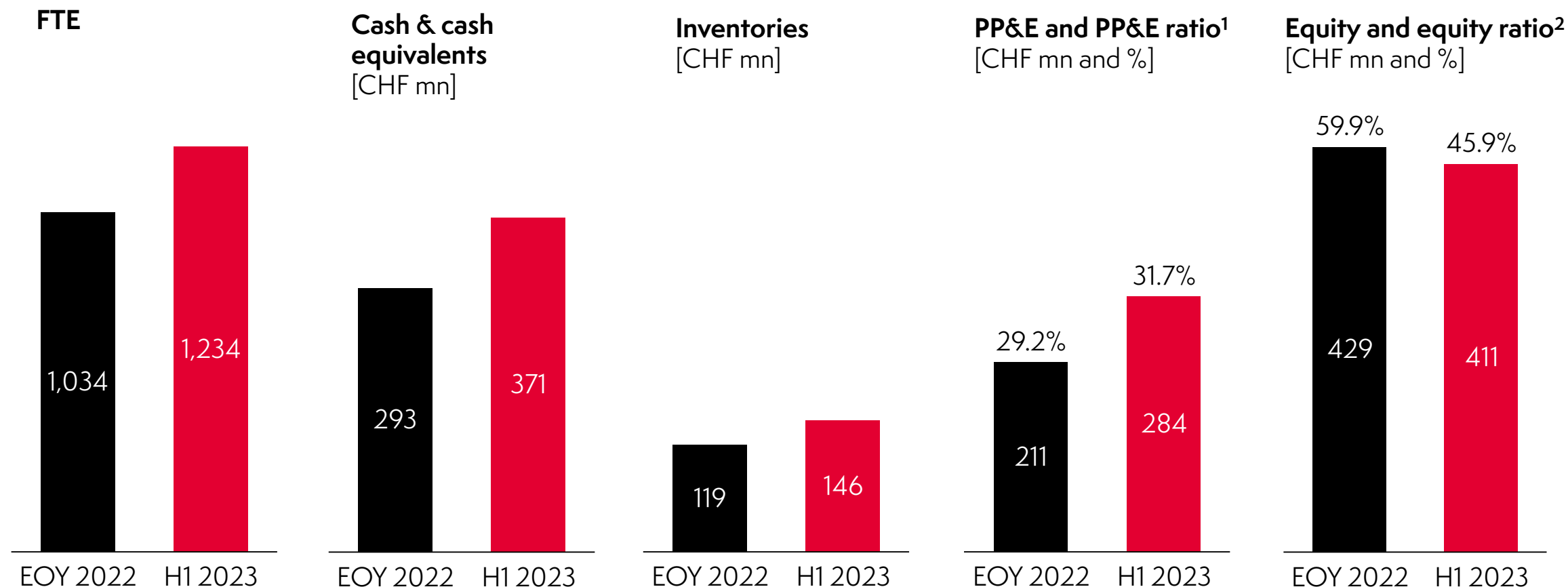


# Key figures P&L H1 2023



- One offs include impairment of solar module inventories, stock protection, ramp up and frontloaded costs for ongoing expansions

# Key metrics H1 2023



<sup>1</sup> PP&E ratio reflects the proportion of PP&E on total assets; <sup>2</sup> Equity ratio reflects the proportion of equity on total liabilities and equity

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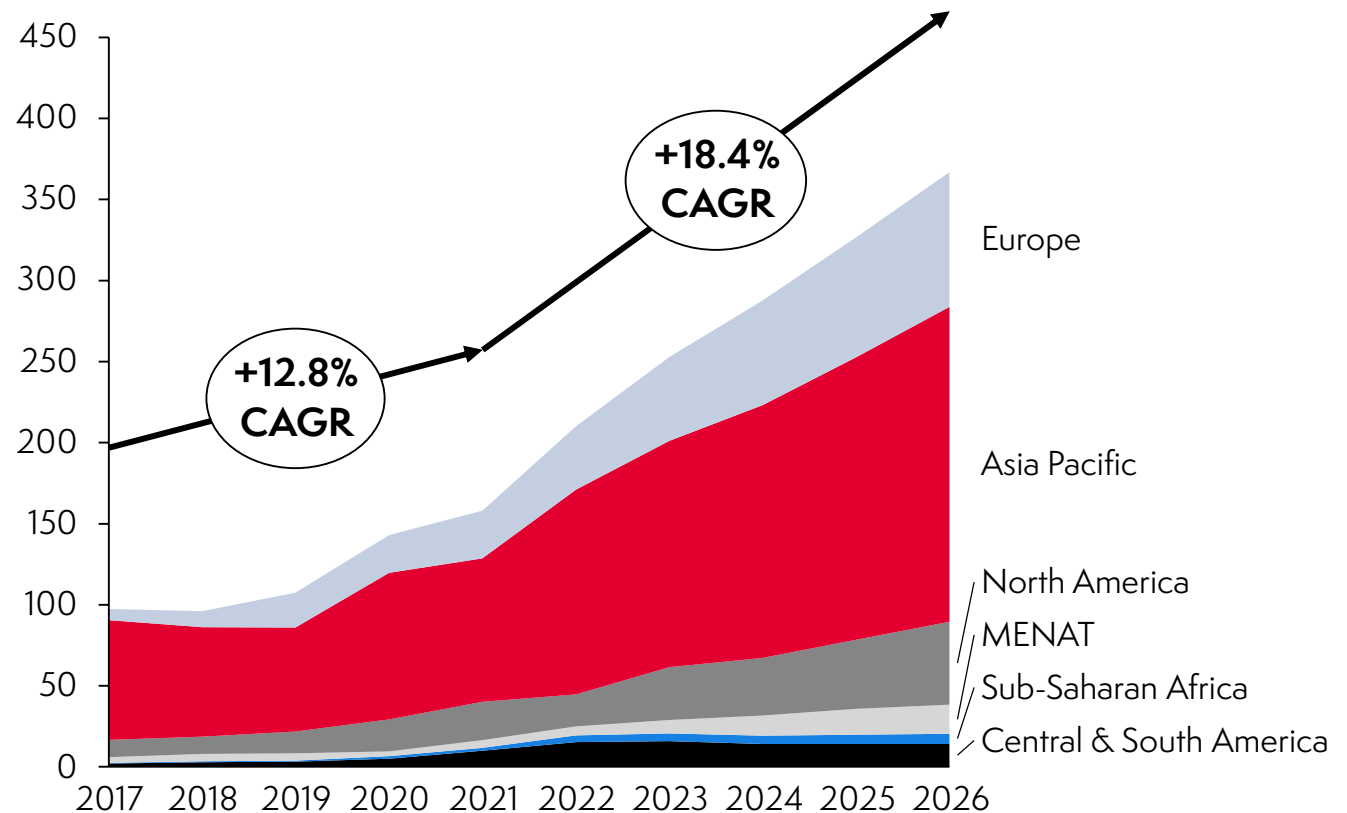
# Outlook

# Demand for solar technology remains unbroken worldwide, market opportunities huge

**Favorable and fair market conditions depend on country-specific industrial policies**

- USA has set all the course and is taking the path with impressive political consistency, there is both production location incentive (IRA) and protection against unfair market behavior by Chinese manufacturers
- Europe has announced it will also help scale its own strategic solar industry, but implementation of tangible measures (TCTF "matching clause") and market protection (Net Zero Industry Act) are both critical conditions for success
- **Meyer Burger has all options, for the time being the focus will be on the USA and further expansion in Europe will be pursued as soon as the market conditions will ensure a sustained level playing field**

Expected global solar market size by region [GW]



Source: Apricum – The Cleantech Advisory, Q1 2022, center scenario, Q1 2023 Europe + U.S., center scenario



# For the time being we assume that the EU will finally tackle its ambitious solar industry targets - we stand ready

- Fast and tangible implementation of the proposed Net Zero Industry Act (NZIA) is required to provide rewards for resilience, human rights compliance, and low carbon footprints which Meyer Burger all meets already today
- A funding application for EUR 200 mn in the EU-wide selection process of the European Innovation Fund submitted by Meyer Burger has prevailed as eligible for funding for a 3.5 gigawatt expansion in Europe
- On August 15, 2023, Meyer Burger submitted a project for a 5 GW expansion in the expression of interest procedure of the Federal Republic of Germany, potentially eligible for TCTF “matching clause” incentives, which may possibly be combined with the Innovation Fund project application
- German Solar Industry Association (BSW) endorses the inclusion of resilience bonuses<sup>1)</sup> (in anticipation of the planned NZIA) in Germany already with the implementation of the amendment to the Renewable Energy Sources Act (EEG), which - subject to the decision of the German government and parliament - could come into force as early as Jan 1, 2024

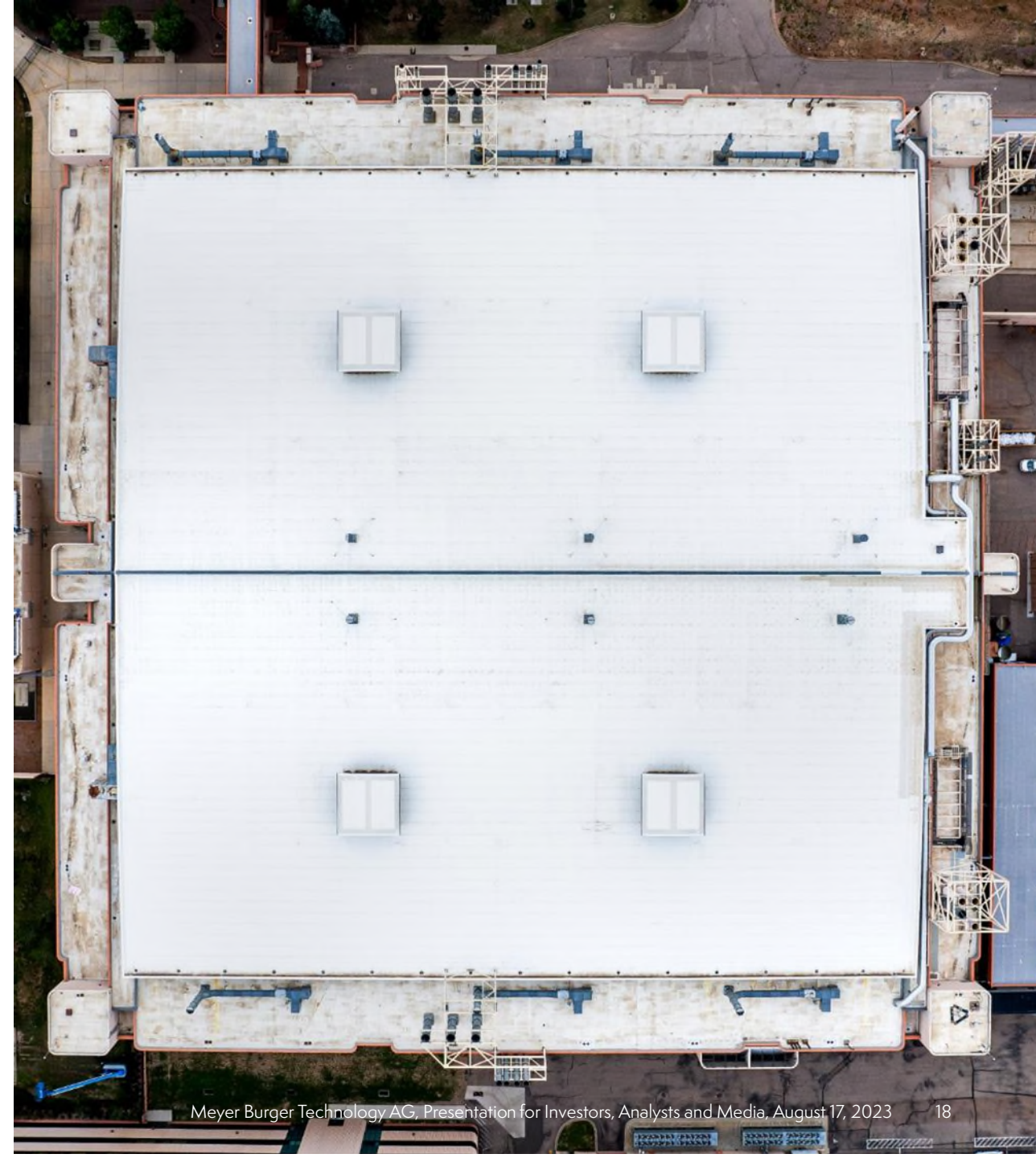


1) Source: [Statement of the BSW](#)

Image: iStock by Getty Images

# Start of USA production is planned for H2 2024

- 1.44 mn high efficiency heterojunction (HJT) solar cells per day, 10,000 solar modules „Made in USA“ per day
- USD 1.4 bn for US cell production under the Inflation Reduction Act from 2024-2032
- More than USD 300 mn through additional pre-payments by module offtake partners and a Department of Energy (DoE) loan are anticipated
- USD 90 mn local incentives by City of Colorado Springs and State of Colorado
- Accelerated manufacturing timeline in the US is made possible by re-directing production equipment from Germany
- Equipment originally intended for 2 gigawatt solar cell expansion of Thalheim site in Bitterfeld-Wolfen, Germany







# Extremely attractive USA business case with upside

## Bright outlook on the basis of

- Firm multi gigawatt offtake by DESRI, Ingka and BayWa of cumulated 5.4 GW until 2029
- IRA incentive for cell remains fully with Meyer Burger, IRA incentive for module will be shared according contracts with offtake customers (not for residential customers)
- Wafer price risk borne by customers, sales price over contract term fixed, achievability of cost structure already demonstrated in ongoing production in Germany
- **EBITDA margins for US business of >25% expected upon completion of ramp-up in 2025**
- Meyer Burger working on further offtake agreements in the USA (utility and possibly also rooftop), potentially signed within 2023 and selection process for additional production site in the works



With the right energy, anything is possible.