EDISON

SCHMID

Q226 trading update

Upgrading on positive order outlook

Technology

15 July 2026

In its Q226 trading update, SCHMID raised guidance for FY26 order intake from c €114m to a range of €125–150m. FY26 revenue and EBITDA margin guidance have been maintained; we expect that the majority of order upside will be shipped in FY27. The new $20m convertible notes have been issued providing working capital funding for the growing backlog. We have revised our forecasts to factor in higher revenues and profitability in FY27 and FY28 and the dilution from the new convertible notes. Overall, we reduce FY26 normalised EPS by 37%, increase FY27 by 22% and FY28 by 12%.

Year end	Revenue (€m)	EBITDA (€m)	EPS (€)	DPS (€)	P/E (x)	EV/sales (x)	EV/EBITDA (x)
12/24	60.8	(2.9)	(0.34)	0.00	N/A	4.7	N/A
12/25	66.9	1.7	(0.15)	0.00	N/A	4.3	170.4
12/26e	100.3	15.7	0.08	0.00	51.3	2.9	18.4
12/27e	132.5	27.8	0.22	0.00	17.9	2.2	10.4

Note: EBITDA and diluted EPS are normalised, excluding share-based payments and exceptional items.

Positive order momentum

SCHMID recently announced a single €37m order from a Chinese customer and has raised its order guidance for FY26 from €114m to a range of €125–130m, which implies a significant step up in orders in H2. H126 revenue was €45.9m, orders were €44.3m and order backlog was €54.8m at the end of H126. Revenue and EBITDA guidance for FY26 were maintained. We have upgraded our FY27 and FY28 revenue and EBITDA forecasts on the higher expected FY26 order intake.

Financing growth

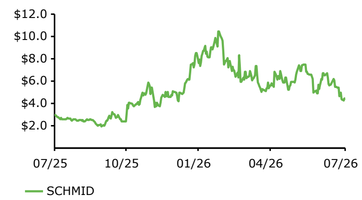
As the backlog is growing and SCHMID plans to invest in its own facility in China, the company has undertaken further measures to boost cash, including issuing $20m in convertible notes and issuing shares via its standby equity facility. While this has increased dilution (we expect the new convertible notes to be fully converted over the next 12 months), it puts the company in a stronger position to support its customers as they see continued high demand for AI server board and optical module applications.

Valuation: Long-term growth potential

SCHMID is trading at a discount to peers (PCB and packaging equipment manufacturers) on an EV/sales and EV/EBITDA basis, while recent debt/equity swaps mean it trades at a premium on a P/E basis. A reverse discounted cash flow (DCF) analysis implies that the market is factoring in only low-single-digit growth after the forecast period, with flat EBITDA margins, below the industry average. Triggers for upside from the current level include: evidence of large orders that support FY26 guidance, profitability improving towards the peer group average and, in the longer term, adoption of SCHMID's embedded trace and glass substrate tools for high-volume manufacturing. Visibility over moderating dilution would also improve investor confidence.

Price	**$4.52**
Market cap	**$274m**
	$1.14:€1
Net cash/(debt) at end FY25 adjusted for debt/equity swaps year-to-date.	€(48.0)m
Shares in issue	60.7m
Free float	29.0%
Code	SHMD
Primary exchange	NASDAQ
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(27.4)	(20.3)	47.7
52-week high/low		$10.6	$2.0

Business description

SCHMID develops customised equipment and process solutions for multiple industries including high-tech electronics, photovoltaics, glass and energy systems.

Next events

H126 results	25 August

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

Edison profile page

SCHMID is a research client of Edison Investment Research Limited

H126 trading update

SCHMID provided an update on trading in Q226. The company generated revenue of €27.7m and order intake of €30.7m. For H126, revenue was €45.9m and order intake €44.3m, with equipment order backlog of €54.8m at the end of H126 (8% h-o-h).

Management maintains FY26 outlook for revenue of more than €100m and an EBITDA margin of at least 12%. Order intake guidance is raised, from growth of 25% to €114m to a range of €125–150m (+37–65% y-o-y). As revenue for H126 was less than half the full-year guidance, the company expects the H126 EBITDA margin to be below 12%.

The $20m convertible notes announced last week were issued on 14 July. The notes pay a coupon of 5% and mature on 14 January 2029. The exercise price is the lower of $10.50 and 97% of the volume weighted average price, with a floor of $1.93.

Outlook and changes to forecasts

We have upgraded our forecasts for order intake, forecasting orders of €129m in FY26 (€85m in H226), which is towards the lower end of the company's €125–150m range. The company announced last week that it had received one order worth €37m in early July, and we believe that the upper end of the range could be reached if another similarly large order is received. We forecast moderating order growth of 10% for FY27 and 7% for FY28.

We leave our FY26 revenue forecast unchanged, but we reduce our FY26 gross profit and adjusted EBITDA forecasts to reflect the skew towards lower gross margin Chinese shipments in FY26. We increase our FY27 revenue forecast by 16% (32% growth) and FY28 by 14% (11% growth). We maintain our FY27 and FY28 gross margins at 35% as we expect a more balanced geographical spread. This drops through to adjusted EBITDA resulting in a 23% increase in our FY27 forecast and a 17% increase for FY28.

We have also updated our forecasts to reflect the new convertible notes. We assume that the notes are converted over the next 12 months, with $10m outstanding at year-end and that interest is paid in kind. Our new share count forecasts assume that all remaining convertible notes ($32m in total) convert at a price of $4.50. The stock price is very volatile, and the $18m of converted notes from the previous $30m issue had an average conversion price of $5.40.

Once the increased dilution is taken into account, our normalised diluted EPS is 37% lower in FY26, 22% higher in FY27 and 12% higher in FY28.

The receipt of the convertibles in July results in a lower net debt forecast at the end of FY26, shifting to a net cash position by the end of FY27 (excluding lease liabilities). However, we have not yet factored in the build of the new Chinese facility. In June, the company signed a preliminary manufacturing letter of intent and investment framework agreement with local authorities in the Banfu Industrial Zone in Guandong Province to establish a new manufacturing campus. The new facility will consolidate the existing two operations and is expected to nearly double capacity. The total cost of the land, construction and related infrastructure is expected to be c €11m, and SCHMID expects to fund this through local Chinese bank financing. Our model currently factors in the rental costs of the existing Chinese manufacturing facilities; we will update the model to reflect the expansion when financing and the investment timetable is confirmed. Management estimates that the total of depreciation of the new assets and interest costs of the debt will be only marginally higher than the existing rental costs.

Exhibit 1: Changes to forecasts

€m	FY26e Old	FY26e New	Change	y-o-y	FY27e Old	FY27e New	Change	y-o-y	FY28e Old	FY28e New	Change	y-o-y
Revenues	100.3	100.3	0.0%	49.8%	114.7	132.5	15.5%	32.2%	129.5	147.3	13.8%	11.2%
EBITDA	18.1	15.7	-13.3%	988.0%	22.7	27.8	22.6%	77.1%	27.5	32.2	17.4%	16.0%
EBITDA margin	18.1%	15.7%	-2.4pp	13.5pp	19.8%	21.0%	1.2pp	5.3pp	21.2%	21.9%	0.7pp	0.9pp
Normalised operating profit	11.4	9.0	-21.1%	-354.1%	15.7	20.8	32.6%	131.3%	20.1	24.9	23.7%	19.5%
Normalised operating margin	11.4%	9.0%	-2.4pp	14.3pp	13.7%	15.7%	2.0pp	6.7pp	15.5%	16.9%	1.4pp	1.2pp
Reported operating profit	10.5	8.1	-23.0%	459.7%	14.8	19.9	34.6%	146.5%	19.2	24.0	24.9%	20.4%
Reported operating margin	10.5%	8.1%	-2.4pp	5.9pp	12.9%	15.0%	2.1pp	7.0pp	14.8%	16.3%	1.4pp	1.2pp
Normalised PBT	8.2	5.4	-34.2%	-173.0%	14.6	19.5	33.5%	260.4%	19.1	23.9	24.9%	22.5%
Reported PBT	7.3	4.5	-38.5%	-106.3%	13.7	18.6	35.8%	314.4%	18.2	23.0	26.2%	23.6%
Normalised net income	6.4	4.2	-34.2%	-173.7%	11.4	15.2	33.5%	260.4%	14.9	18.6	24.9%	22.5%
Reported net income	5.7	3.5	-38.5%	-104.9%	10.7	14.5	35.8%	314.4%	14.2	17.9	26.2%	23.6%
Normalised basic EPS (€)	0.130	0.081	-37.4%	-154.1%	0.185	0.225	21.4%	176.2%	0.239	0.267	11.9%	18.8%
Normalised diluted EPS (€)	0.123	0.077	-37.2%	-151.2%	0.182	0.221	21.6%	186.4%	0.234	0.263	12.1%	18.9%
Reported basic EPS (€)	0.115	0.067	-41.5%	-103.6%	0.174	0.214	23.4%	217.6%	0.227	0.257	13.0%	19.9%
Net debt/(cash)	33.1	18.1	-45.3%	-87.0%	15.3	(9.0)	-158.7%	-149.5%	0.3	(27.6)	N/A	N/A

Source: Edison Investment Research

Exhibit 2: Financial summary

€'m	2022	2023	2024	2025	2026e	2027e	2028e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue	95.1	90.2	60.8	66.9	100.3	132.5	147.3
Gross profit	33.3	26.4	12.0	16.0	32.8	46.4	51.6
Adjusted EBITDA	16.7	16.5	(2.9)	1.7	15.7	27.8	32.2
Normalised operating profit	10.6	9.5	(10.2)	(3.5)	9.0	20.8	24.9
Exceptionals	3.1	22.7	(71.6)	5.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	(0.9)	(0.9)	(0.9)
Reported operating profit	**13.7**	**32.2**	**(81.8)**	**1.4**	**8.1**	**19.9**	**24.0**
Net Interest	(13.7)	(6.2)	(4.9)	(3.5)	(3.6)	(1.3)	(1.0)
Joint ventures & associates (post tax)	0.0	(1.1)	0.0	(0.4)	0.0	0.0	0.0
Exceptionals	1.7	15.8	1.0	(68.7)	0.0	0.0	0.0
Profit Before Tax (norm)	(3.1)	2.2	(15.0)	(7.4)	5.4	19.5	23.9
Profit Before Tax (reported)	1.7	40.7	(85.6)	(71.1)	4.5	18.6	23.0
Reported tax	1.9	(2.8)	1.5	0.0	(1.0)	(4.1)	(5.1)
Profit After Tax (norm)	**(2.4)**	**1.7**	**(11.7)**	**(5.8)**	**4.2**	**15.2**	**18.6**
Profit After Tax (reported)	**3.6**	**38.0**	**(84.1)**	**(71.1)**	**3.5**	**14.5**	**17.9**
Minority interests	(2.0)	(1.1)	(0.0)	0.1	0.0	0.0	0.0
Net income (normalised)	**(4.5)**	**0.7**	**(11.7)**	**(5.7)**	**4.2**	**15.2**	**18.6**
Net income (reported)	**1.6**	**36.9**	**(84.1)**	**(71.0)**	**3.5**	**14.5**	**17.9**
Basic average number of shares outstanding (m)	29	29	35	38	52	68	70
EPS - basic normalised (€)	(0.16)	0.02	(0.34)	(0.15)	0.08	0.22	0.27
EPS - normalised fully diluted (€)	(0.16)	0.02	(0.34)	(0.15)	0.08	0.22	0.26
EPS - basic reported (€)	0.05	1.28	(2.41)	(1.87)	0.07	0.21	0.26
Dividend (€)	0	0	0	0	0	0	0
Revenue growth (%)		(5.1)	(32.6)	10.0	49.8	32.2	11.2
Gross margin (%)	35.1	29.3	19.8	23.9	32.7	35.0	35.0
EBITDA Margin (%)	17.5	18.2	(4.7)	2.5	15.7	21.0	21.9
Normalised Operating Margin (%)	11.1	10.5	(16.7)	(5.3)	9.0	15.7	16.9
BALANCE SHEET							
Fixed Assets	33.2	32.4	32.3	49.1	49.7	48.9	48.6
Intangible Assets	15.8	15.0	14.9	17.3	17.8	18.2	18.5
Tangible Assets	14.7	14.8	13.1	12.2	12.7	12.8	12.7
Investments & other	2.7	2.7	4.3	19.6	19.1	17.9	17.4
Current Assets	147.0	74.2	60.8	57.3	104.4	134.0	161.4
Inventories	25.0	16.4	15.7	18.1	19.4	24.8	27.5
Debtors	108.8	47.0	38.2	33.7	43.2	55.6	61.3
Cash & cash equivalents	8.3	5.7	3.8	1.6	37.8	49.7	68.6
Other	4.8	5.1	3.1	3.9	3.9	3.9	3.9
Current Liabilities	(195.6)	(87.3)	(100.4)	(156.6)	(77.9)	(85.4)	(92.4)
Creditors	(25.4)	(25.9)	(28.2)	(38.1)	(29.1)	(35.5)	(38.9)
Tax and social security	(1.6)	(1.9)	(1.4)	(0.5)	(0.5)	(0.5)	(0.5)
Short-term borrowings	(128.9)	(27.6)	(41.9)	(88.5)	(21.5)	(16.2)	(16.2)
Other	(39.6)	(32.0)	(29.0)	(29.5)	(26.7)	(33.2)	(36.8)
Long-Term Liabilities	(39.0)	(37.1)	(53.1)	(81.9)	(63.7)	(53.8)	(55.1)
Long-term borrowings	(35.2)	(31.6)	(45.2)	(52.6)	(34.4)	(24.5)	(24.8)
Other long-term liabilities	(3.7)	(5.5)	(7.9)	(29.3)	(29.3)	(29.3)	(30.3)
Net Assets	(54.3)	(17.8)	(60.4)	(132.2)	12.5	43.7	62.6
Minority interests	(6.7)	(7.4)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)
Shareholders' equity	(61.0)	(25.2)	(61.1)	(132.7)	11.9	43.1	62.0
CASH FLOW							
Op Cash Flow before WC and tax	9.9	44.9	(76.2)	(66.3)	10.2	21.5	25.3
Working capital	(17.2)	(4.9)	1.5	11.9	(21.5)	(4.9)	(1.5)
Exceptional & other	(2.5)	(23.1)	70.0	(16.9)	0.9	0.9	0.9
Tax	(1.9)	1.6	(1.8)	0.0	0.4	1.2	1.5
Net operating cash flow	(11.7)	18.4	(6.4)	(71.3)	(9.9)	18.7	26.2
Capex	(4.6)	(6.9)	(5.1)	(6.4)	(6.0)	(6.2)	(6.4)
Acquisitions/disposals	0.0	0.0	1.0	0.0	0.0	0.0	0.0
Net interest	10.3	(10.5)	3.7	71.7	2.5	0.6	0.3
Equity financing	0.0	0.0	0.0	0.0	8.9	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(2.4)	79.8	3.5	0.2	0.0	0.0	0.0
Net Cash Flow	(8.5)	80.9	(3.4)	(5.8)	(4.5)	13.1	20.1
Opening net debt/(cash)	147.4	155.9	53.4	83.3	139.5	18.1	(9.0)
FX	0.0	(0.8)	0.8	(0.2)	0.0	0.0	0.0
Other non-cash movements	0.0	22.4	(27.3)	(50.2)	125.9	13.9	(1.5)
Closing net debt/(cash)	155.9	53.4	83.3	139.5	18.1	(9.0)	(27.6)
Closing net debt/(cash) excluding leases	154.5	42.5	73.6	131.0	9.5	(17.5)	(36.2)

Source: SCHMID, Edison Investment Research