SMA Solar Technology AG – Corporate News

SMA publishes figures for the first nine months of 2024, reduces its sales and earnings guidance and sets out details of restructuring and transformation program

- **Sales for the first nine months come in at €1,059.7 million (9m 2023: €1,337.4 million)**
- **Large Scale & Project Solutions segment has shown once again disproportionate development**
- **EBITDA of €83.5 million (9M 2023: €231.2 million)**
- **Order backlog of €1.44 billion (September 30, 2023: €2.02 billion)**
- **Strong equity ratio of 41.8% (December 31, 2023: 42.3%)**
- **Restructuring and transformation program for the entire group initiated**
- **The Managing Board adjusts the full-year guidance: sales of between €1,450 million to €1,500 million; EBITDA of between -€20 million to €20 million**

Niestetal, November 14, 2024 – As expected, sales and earnings for SMA Solar Technology AG (SMA/ISIN: DE000A0DJ6J9/FWB: S92) have been lower in the first nine months of 2024 compared with the previous year. Group sales reached €1,059.7 million compared with €1,337.4 million in the year before. Sales in the Home Solutions and Commercial and Industrial Solutions segments were significantly influenced by a sustained market slowdown. Against this backdrop, sales in the Home Solutions segment amounted to €147.0 million (9M 2023: €486.2 million) and in the Commercial & Industrial Solutions segment to €148.7 million (9M 2023: €333.7 million). As planned, the Large Scale & Project Solutions segment posted significant sales growth, achieving €764.0 million compared with €517.5 million in the same period of 2023.

Due to the decrease in sales volume, which was accompanied by an increase in the Group's cost base, earnings before interest, taxes, depreciation and amortization (EBITDA) fell to €83.5 million (EBITDA margin: 7.9%) compared with €231.2 million (EBITDA margin: 17.3%) in the first nine months of 2023. EBITDA of the current fiscal year includes the income from the sale of the shares in elexon GmbH amounting to €19.1 million in the first quarter of 2024. In addition, the subsidiary SMA Altenso GmbH successfully sold a project company in September 2024. The contribution to earnings from the sale recognized in other operating income lies in the low double-digit million euro range.

Earnings before interest and taxes (EBIT) amounted to €46.0 million compared with €201.6 million in the same period of the previous year. This corresponds to an EBIT margin of 4.3% (9M 2023: 15.1%). Due to the lower sales and price level, a reduced utilization and the corresponding lack of coverage of fixed costs, the EBIT for the Home segment amounted to –€46.6 million (9M 2023: €136.9 million) and for the Commercial & Industrial segment –€77.2 million (9M 2023: €15.8 million) and were thus significantly below the value of the previous year. The Large Scale & Project Solutions segment significantly improved its profitability compared with the same period of the previous year thanks to the high level of sales and associated fixed cost degressions, as well as a profitable product mix, achieving an EBIT of €154.4 million (Q1–Q3 2023: €47.3 million).

"Our Large Scale & Project Solutions segment saw another strong upswing in the third quarter of 2024 and recorded a disproportionately strong increase in its sales and earnings once again," said Jürgen Reinert, CEO of SMA. "Meanwhile, the market continues to be very challenging for the Home and C&I segments. To counter this trend, we initiated a comprehensive restructuring and transformation program for the entire group at the end of September. In the coming months, we will be laying the financial and organizational foundation to be able to position SMA in the future even more decisively as a leading global provider of systems and solutions. Our approach will be to make the Home and C&I segments viable for the future and continue building on our competitive edge in the Large Scale & Project Solutions segment."

"The results for the first nine months of this year in the Home and C&I segments highlight the importance of moving ahead with the implementation of our restructuring and transformation program we just started," said Barbara Gregor, CFO at SMA. "We are putting the company on more streamlined, efficient and flexible footing to build profitable growth in the future. We will be adjusting the cost base to the lower sales volume and changes in demand. The solar industry is going through a transformation. The measures we have now introduced will ensure that we will continue to play an important role in shaping this market in the future."

Net income came to €34.7 million (9M 2023: €180.4 million). Earnings per share thus amounted to €1.00 (9M 2023: €5.20).

The SMA Group's free cash flow fell to –€220.3 million after €78.6 million in the previous year as a result of higher net working capital. At €45.1 million, net cash on September 30, 2024, was below the level at the end of the previous year (December 31, 2023: €283.3 million). With an equity ratio of 41.8% (December 31,2023: 42.3%), SMA continues to have a solid equity capital base.

The order backlog was €1,438.3 million as of September 30, 2024 (June 30, 2024: €1,348.6 million; September 30, 2023: €2.020.7 million). At €1,098.7 million, three quarters of this is attributable to the product business (June 30, 2024: €988.0 million; September 30, 2023: €1,647.0 million).

Restructuring and transformation program

In the future, SMA will strengthen its position as a leading global provider of systems and solutions. In September, the company initiated a group-wide restructuring and transformation program to consistently advance this strategic direction and simultaneously adapt to the persistently challenging market in the Home and C&I sectors. In addition to significantly reducing the cost base and improving liquidity, the focus is on achieving sustainable and profitable growth with an optimized service portfolio, a new market presence, and a strong commitment to quality and service. To increase efficiency and agility, the company is also optimizing its organizational structure and processes. In addition to operational savings, the aforementioned measures and envisaged cost savings amounting to €150 to €200 million will result in job cuts by the end of 2025 affecting up to 1,100 full-time positions worldwide, about two-thirds of which will be in Germany. A proportion of these savings has been achieved since September, for example, based on terminations during the probationary period as well as at the subsidiary in Poland. The workforce reduction measures are still pending approval from the employee representatives.

The sustained slowdown in the Home Solutions and Commercial & Industrial Solutions markets and the initiatives derived from the restructuring and transformation program announced in September 2024 are resulting in several one-off effects for this fiscal year that include inventory value adjustments as well as restructuring expenditures amounting to an estimated €100 million to €140 million. Additionally, accounting depreciation and amortization will lead to a further estimated €20 million to €30 million reduction in EBIT as part of the Annual Financial Statement. The Managing Board now expects EBITDA of between minus €20 million to €20 million and EBIT of between minus €100 million to minus €50 million. The amount of the provisions is subject to further reviews.

Due to the aforementioned market weakness, the group revenue will be slightly adjusted downwards to a range of €1,450 million euros to €1,500 million.

Additional Information

The quarterly statement for January to September 2024 will be available at 7 a.m. on November 14, 2024, at www.sma.de/en/investor-relations/publications. SMA will discuss its business development during a conference call for analysts and investors on November 14, 2024, at 1:30 p.m. An overview of analyst estimates (consensus) is available at Analyst Coverage & Consensus | SMA Solar.

About SMA

As a leading global specialist in photovoltaic and storage system technology, the SMA Group is setting the standards today for the decentralized and renewable energy supply of tomorrow. SMA's portfolio contains a wide range of efficient PV and battery inverters, holistic system solutions for PV and battery-storage systems of all power classes, intelligent energy management systems and charging solutions for electric vehicles and power-to-gas applications. Digital energy services as well as extensive services round off SMA's range. SMA inverters installed throughout the world within the last 20 years with a total output of approximately 132 GW help avoid the emission of more than 70 million tons of CO_2. SMA's multi-award-winning technology is protected by more than 1,600 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 on the SDAX and TecDAX index.

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