SMT Scharf reports H1 2015 revenue growth

- **Consolidated revenue up 5 % to EUR 22.5 million (H1/2014: EUR 21.4 million) – strongest revenue growth in China**
- **EBIT drops to EUR -0.4 million due to write-downs and impairment losses for risk provisioning (H1/2014: EUR 0.9 million)**
- **CSI program ("Costs, Sales, Innovation") measures take effect and increasingly bear fruit**
- **Managing Board looks at opening up company addressing further mining-related markets**

Hamm, August 17, 2015 – The announced risk provisioning measures at SMT Scharf AG (WKN 575198, ISIN DE0005751986) are already showing their impact on the consolidated financial statements for the first half of 2015, resulting in a consolidated net loss of EUR -0.6 million (H1/2014: EUR 1.2 million).

The company's new CEO, Hans Joachim Theiss, who was appointed in July, comments on the half-year financial results: "Our results dipped into the red due to the adjustment measures that we announced. Therefore, we are adjusting our full-year forecast accordingly: although we continue to expect EUR 45 million of revenue in this context, we are now anticipating achieving only breakeven at the operating result level. This forecast remains subject to the well-known risk factors, especially the continued strained geopolitical situation and China's growth slowdown."

Following on from stable revenue trends during the first quarter 2015, SMT Scharf is reporting accelerated growth during the second quarter. During the first six months of 2015, **consolidated revenue** advanced to EUR 22.5 million, compared with the previous year's EUR 21.4 million. The major share of the revenue (28 %) was generated in Russia (H1/2014: 33 %), where unexpected additional projects contributed to a lower revenue decline. The share of the Chinese business in relation to total revenue rose to 21 % (H1/2014: 12 %), thereby proving less strong than hoped due to continued demand weakness. Of the total consolidated revenue, 83 % was attributable to the Coal segment (H1/2014: 87 %), while the Hardrock segment contributed 17 % (H1/2014: 13 %). Due to stock cutting, **total operating revenue** – comprising both sales revenues and changes in inventories – was up by 3 % to EUR 22.3 million (Q1/2014: EUR 21.6 million). **Other operating income** reported a sharp increase of EUR 3.7 million due to currency gains that were already recognised in the first quarter 2015 (H1/2014: EUR 1.7 million). As a consequence of the formation of provisions and value allowances applied to outstanding receivables, **other operating expenses** increased at a faster rate than the total operating revenue growth rate, and reached

EUR 6.2 million (H1/2014: EUR 5.7 million). The **cost of materials ratio** rose sharply year-on-year to 58.2 % due to write-downs applied to inventories as part of risk provisioning (H1/2014: 45.4 %). The **personnel expenses ratio** fell to 27.0 %, including due to the CSI program (H1/2014: 29.3 %). The number of employees increased mainly in China, Poland and Russia, whereas the headcount in Germany declined, as planned. **Depreciation, amortisation and impairment losses** of EUR 1.1 million were up 74 % year-on-year, which also comprised an impairment loss that was applied (H1/2014: EUR 0.7 million). Due to the aforementioned effects, the **operating result (EBIT)** declined to EUR -0.4 million (H1/2014: EUR 0.9 million). The consolidated net result depreciated to a loss of EUR -0.6 million (H1/2014: EUR 1.2 million), equivalent to undiluted **earnings per share** of EUR -0.14 (H1/2014: EUR 0.29). The **equity ratio** of 61.2 % remains stable at a high level as of June 30, 2015 (December 31, 2014: 61.0 %).

Mr. Theiss assesses the company's current situation: "We regard ourselves as well positioned to seize new opportunities given our impressive capital strength, our international structure with subsidiaries in Russia, China, Poland and South Africa, and our technical expertise. In light of the mining sector crisis, the Managing Board is examining options to open up the company to further markets outside the core business with monorail hanging railways for coal and hardrock mining."

The full report for the first half of 2015 will be available during the course of today from the company's website at www.smtscharf.com within the "Investor Relations" area.

Company profile

SMT Scharf Group develops, manufactures and services transport equipment for underground mines. The main products are captivated railways that are used all over the world, primarily in black coal mines, but also in mines for gold, platinum and other metals. These are needed to transport material and personnel with payloads of up to 45 tons on gradients of up to 35 degrees. SMT Scharf Group has subsidiaries in six countries and agents worldwide. SMT Scharf generates most of its revenues in growing foreign markets such as China, Russia and South Africa. SMT Scharf AG has been listed in the Prime Standard (Regulated Market) of the Frankfurt Stock Exchange since April 11, 2007.

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