

## **SMT Scharf grows thanks to strong new systems business**

**Hamm, November 14, 2018 – SMT Scharf AG (WKN 575198, ISIN DE0005751986) is reporting a continued positive business trend in the third quarter of 2018. In the first nine months of the current fiscal year, the company boosted its consolidated revenue by 33.8 % year-on-year to reach EUR 47.1 million (9M / 2017: EUR 35.2 million). Profit from operating activities (EBIT) amounted to EUR 3.6 million in the same period, slightly below the previous year's level (9M / 2017: EUR 3.9 million). Given the year-on-year higher order book position of EUR 17.0 million as of September 30, 2018, the company is looking to the final quarter of 2018 with optimism.**

As Hans Joachim Theiss, CEO of SMT Scharf AG, commented on business trends: "We are well on track in our international markets and we have acquired important projects in recent months. This is reflected in strong new business, which in turn opens up new potentials for our very profitable after-sales business. As a worldwide leading provider of transportation solutions and logistics systems designed individually to meet customers' underground mining requirements, we are continuing to focus on implementing our strategy. We aim to benefit from the continued good trend in our sector."

During the first nine months of the fiscal year, SMT Scharf generated consolidated revenue of EUR 47.1 million, reflecting significant year-on-year growth of 33.8 % (9M / 2017: EUR 35.2 million). Observing the third quarter in isolation, revenue increased to EUR 18.9 million, which was 57.2 % up compared with the prior-year period (Q3 / 2017: EUR 12.0 million). China proved to be a central revenue driver in the reporting period, reconfirming its position as the most important foreign market for SMT Scharf with a revenue share of 35 percent, amounting to EUR 15.8 million. SMT Scharf is well positioned in the Chinese market with its established coal logistics business, thereby benefiting from rising demand for conventional monorail transportation systems. SMT Scharf also reported revenue growth in Poland and America, while revenue decreased slightly in Russia, as expected.

Revenue of EUR 38.8 million was attributable to the Rail Systems product area (9M / 2017: EUR 31.5 million), and EUR 3.6 million of revenue was generated by the business with Chairlifts (9M / 2017: EUR 3.7 million). The revenue share in the Rubber Wheeled Vehicles area, which was newly added in February with the acquisition of RDH Mining Equipment, amounted to EUR 4.7 million. SMT Scharf has meanwhile completed the financial and sales integration of RDH. The company has also launched measures for the technical integration of RDH, and is pushing ahead with their implementation.

The order book position as of the September 30 reporting date amounted to EUR 17.0 million, representing an increase of 11.1 % compared with the previous year's level (September 30, 2017: EUR 15.3 million). At the same time, new order intake in the first nine months of 2018 was up by 40.5 % to reach EUR 48.8 million (9M / 2017: EUR 34.7 million). Due to brisk business with new systems, the cost of materials rose by 42.3 % to EUR 28.3 million (9M / 2017: EUR 19.9 million). Personnel expenses reached EUR 11.3 million, which is equivalent to a year-on-year increase of 29.9 % (9M / 2017: EUR 8.7 million). This led to an almost unchanged personal expense ratio (in relation to total operating revenue) of 23.1 % (9M / 2017:

23.3 %). Profit from operating activities (EBIT) of EUR 0.5 million in the third quarter was significantly less than in the previous year (Q3 / 2017: EUR 2.8 million). On a nine-month view, EBIT of EUR 3.6 million came in slightly below the previous year's level (9M / 2017: EUR 3.9 million). This reduction in EBIT reflects, firstly, the marked increase in cost of materials in line with revenue growth. Furthermore, results were affected by the acquisition of strategic projects, in order to gain further market shares as well as projects for the high-margin after-sales business.

"Given the continued positive business trend, we are looking to the fourth quarter with optimism, during which we will further implement our strategy. With regard to the full 2018 fiscal year, we continue to anticipate consolidated revenue in a range between EUR 58 million and EUR 62 million and EBIT in a range between EUR 4.5 million and EUR 5.5 million."

The full report for the first nine months of 2018 is available on the company's website at [www.smtscharf.com](http://www.smtscharf.com) within the "Investor Relations" area.

### Company profile

The SMT Scharf Group develops, manufactures and services transportation equipment for underground mining as well as for tunnel construction. The main products are captivated railway systems that are deployed all over the world, primarily in hard coal mines, but also in mines for gold, platinum and other metals. They are needed to transport material and personnel with payloads of up to 48 tons and on gradients of up to 30 degrees. In addition, SMT Scharf supplies the mining sector with chairlifts. Through the newly acquired mining specialist RDH Mining Equipment, the company also offers rubber-wheeled diesel and electric vehicles for mining and tunnel construction. As a leading supplier of battery-operated vehicles harnessing lithium-iron technology for underground mining, RDH completes the portfolio of SMT Scharf with its varied product portfolio, ranging from front-end loaders and scissor lifts through to underground trucks. Overall, the SMT Scharf Group is active with subsidiaries in eight countries, as well as commercial agencies worldwide. SMT Scharf generates a large share of its revenue in growing foreign markets such as China, Russia, Poland and South Africa. SMT Scharf AG has been listed in the Prime Standard (Regulated Market) of the Frankfurt Stock Exchange since 2007.

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