

SMT Scharf AG achieves revenue and earnings growth in first nine months of 2019, despite China effect

- **Group revenue rises to EUR 49.7 million**
- **Operating profit (EBIT) improves significantly to EUR 4.2 million**
- **Regulatory issues in China impact FY 2019 outlook**

Hamm, November 13, 2019 - SMT Scharf AG (WKN 575198, ISIN DE0005751986), one of the world's leading suppliers of customised transport solutions and logistics systems for underground mining, continued its positive business performance during the first nine months of the 2019 fiscal year. SMT Scharf grew its consolidated revenue by 5.6 % to EUR 49.7 million (9M/2018: EUR 47.1 million). Revenue in the new equipment business was at the previous year's level, while SMT Scharf improved its revenue in its high-margin service business by 9.9 % to EUR 28.8 million (9M/2018: EUR 26.2 million). In addition, the company generated a profit from operating activities (EBIT) of EUR 4.2 million in the first nine months of 2019, thereby increasing its profitability compared with the same period of the previous year (EUR 9M/2018: EUR 3.6 million). Consolidated net income rose to EUR 4.4 million in the reporting period (9M/2018: EUR 3.8 million).

Hans Joachim Theiss, CEO of SMT Scharf AG, comments: "We achieved revenue and earnings growth in the first nine months of 2019, and performed well overall against the weakening global economy. However, the new regulatory framework in China had an impact on our business in the third quarter, with machines for underground use having to comply with more stringent regulations there with immediate effect. This will continue to hamper our business in China for the time being."

Despite the current slowdown in momentum, China remained the strongest market for SMT Scharf at EUR 19.2 million (9M/2018: EUR 15.8 million). With the consolidation of the market in China having completed, Chinese mine operators will invest further in innovative transport logistics. At EUR 10.7 million, revenue in the important foreign market of Russia was slightly below the previous year's level, as expected. SMT Scharf has meanwhile gained ground in Poland, where revenue rose to EUR 7.7 million (2018: EUR 6.6 million). In the first nine months of 2019, the SMT Scharf Group's new order intake amounted to EUR 46.3 million (9M/2018: EUR 48.8 million). The order book position stood at EUR 16.3 million as of September 30, 2019.

"We will press further ahead with the implementation of our corporate strategy and – based on our strong market position – consistently leverage growth opportunities in our target markets worldwide. The approval issue in China will weigh on the Chinese market in both the final quarter and the first half of 2020. At the same time, we assume that corresponding catch-up effects will take effect from the second half of 2020 onwards," notes Theiss.

Given this, the Managing Board now anticipates consolidated revenue of between EUR 65 million and EUR 67 million for the 2019 fiscal year, and EBIT in a range between EUR 4.5 million and EUR 5.0 million.

The complete report for the third quarter of 2019 will be published during the course of today within the Investor Relations area of www.smtscharf.de.

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, as well as in mines for gold, platinum and other metals. They are required in order to transport material and personnel with payloads of up to 48 tonnes 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-tyred diesel and electric vehicles for mining and tunnel construction. As a leading supplier of battery-operated vehicles utilising 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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