

SMT Scharf AG publishes figures for Q1 2010

- Revenue of €8.8 million after €12.2 million in the previous year
- Increase in EBIT to €1.4 million from €1.2 million
- EBIT margin risen to 16.4% from 9.8% in the previous year

Hamm, May, 14 2010 – SMT Scharf AG (German securities code (WKN) 575198, ISIN DE0005751986), technology and global market leader for rail-bound railway systems for the mining industry, has improved its earnings year-on-year although revenue was lower. While revenue declined from €12.2 million in the prior year to €8.8 million (-28%), EBIT for the same period increased to €1.4 million from €1.2 million (+20%). Markets outside Germany contributed 86% to total revenue (previous year: 76%). In particular, the Chinese market enjoyed positive growth from January to March 2010.

At the same time, the EBIT margin increased to 16.4% in comparison to 9.8% in the previous year. Profit growth benefited from lower other operating expenses, in particular lower distribution costs, and favorable exchange rates. Consolidated net income also increased to €1.0 million this year from €0.8 million for the same period last year.

“We are pleased that we have enjoyed positive earnings growth in the first quarter of 2010 despite the challenging economic environment on several of our key markets,” commented Dr. Friedrich Trautwein, SMT Scharf AG’s CEO, on the figures. “The successful development of our international business in 2009 as well as profit growth in the first quarter of 2010 strengthen our faith in our strategy to continue to drive our business in dynamic foreign markets such as China, Russia or South Africa.”

The company expects to achieve additional growth potential from the two British mining suppliers it acquired at the beginning of May. The acquisition is expected to have a positive impact on the SMT Scharf Group’s earnings in the current fiscal year.

The full financial report for the first quarter of 2010 will be published in the course of today on the company’s Web site www.smtscharf.com in the Investor Relations section.

Company profile

The SMT Scharf group develops, builds and maintains rail-bound railway systems for mining and use in tunnels. The trains are used all over the world, primarily in hard coal mines, in gold mines and underground mining for platinum, diamonds, copper and nickel. They are used to transport material and personnel with working loads of up to 35 tons. Rail-bound railways are the only means of underground transport that can be used on branching lines to cope with inclines of more than 13 degrees. The SMT Scharf Group has its own companies in Germany, Poland, South Africa, China and Russia and additional dealerships. The railways that SMT Scharf develops are characterized in particular by their high-performance engines, great transport performance and low operating and maintenance costs. SMT Scharf records more than 80% of its revenue in high-growth foreign markets, such as Russia, China and South Africa. Business with replacement parts and repairs accounts for around 40% of revenue. As a result of the continuing depletion of deposits and due to increasingly difficult conditions, high-tech transport solutions are needed for mining operations. The entire market for underground transport technology comprises €5 billion to €7 billion per year according to the company's estimates. 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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