

SMT Scharf AG feels mining sector slowdown in H1 2013

- **Core business revenue down 12 % to EUR 31.9 million.**
- **EBIT declines by 12 % to EUR 6.1 million**
- **Lower order book position at EUR 18.3 million, new order intake up by 18 %**
- **Consolidated net income down 49 % to EUR 3.0 million**

Hamm, August 14, 2013 – SMT Scharf AG (WKN 575198, ISIN DE0005751986), the technology and world market leader for captivated railway systems for underground mines, has been markedly impacted by the mining sector's weakness in the first half of 2013. Revenue in the core business (excluding Dosco) fell from EUR 36.3 million to EUR 31.9 million. This is attributable to considerably weaker business with new systems, which was only partially offset by the strong service business which has increased its share of total revenue to 54 %.

Once again, China, Russia and Poland were the main customer countries for SMT Scharf products during the January to June months, with a continuously high export share of 89.5 % (H1/2012: 88.9 %). The change in inventories of EUR 4.1 million was significantly above the figure in the comparable prior-year period (EUR -933 thousand) due to manufactured trains that have not yet been delivered. In total, the Group increased operating output slightly to EUR 36.0 million (H1/2012: EUR 35.3 million).

While the cost of materials ratio fell 1.6 percentage points year-on-year to 48.5 %, the personnel expenses ratio registered a marked increase from 16.5 % to 19.3 %. This is due to hiring in foreign subsidiaries as part of the Group's localisation strategy. In total, the SMT Scharf Group generated EUR 6.1 million of profit from operating activities (EBIT) in the first half of 2013 (H1/2012: EUR 6.9 million), representing a 16.9 % EBIT margin (H1/2012: 19.6 %).

After taking into account a final EUR -2.0 million of operating loss and deconsolidation of the divested roadheader division (H1/2012: EUR 242 thousand) SMT Scharf AG shows EUR 3.0 million of consolidated net income (H1/2012: EUR 5.9 million). Therefore, earnings per share are down 49 % to EUR 0.72, compared with EUR 1.42 a year earlier.

While the order book position has decreased by 9 % year-on-year to EUR 18.3 million (June 30, 2012: EUR 20.0 million), SMT Scharf AG boosted its new order intake by 18 % from EUR 30.0 million to EUR 35.2 million.

In view of the mining sector's weakness, Christian Dreyer, CEO of SMT Scharf AG, expressed caution regarding short-term expectations: "Our mining customers are currently holding back investments for two reasons: firstly, low commodity prices, especially for coal. Secondly, the further downgrade to only 7 % of the growth target for China, a country whose hunger for raw materials has fuelled the recent ten years' mining boom. Consequently, we are no longer assuming that we will achieve last year's revenue level of EUR 76.6 million in the remaining segment of trains. We don't expect the economic climate in the mining industry to brighten up before mid-2014 or start of 2015. Nevertheless, we are confident about our revenue and earnings growth opportunities in the medium term."

The full half-year report 2013 will be available during the course of today at www.smtscharf.com in the Investor Relations section.

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 more than 90 % of revenues in growing foreign markets such as China, Russia and South Africa. Business with replacement parts and repairs contributes about half of revenue. The entire market for underground transport equipment is estimated to be EUR 5 to 7 billion per year. SMT Scharf AG has been listed in the Prime Standard (Regulated Market) of the Frankfurt Stock Exchange since April 11, 2007, and has been included in the selective SDAX index since September 2012.

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