

SMT Scharf AG publishes final FY 2013 results

- SMT Scharf Group revenue reports sharp decline to EUR 63.3 million (-17.5 %)
- EBIT of EUR 6.6 million down significantly year-on-year (-48.7 %), exacerbated by extraordinary items
- EUR 0.25 dividend per share proposed for 2013 fiscal year
- 2014 forecast: revenue, operating output and EBIT to experience similar percentage decline as in 2013

Hamm, March 24, 2014 – SMT Scharf AG (WKN 575198, ISIN DE0005751986), the technology and world market leader for captivated railway systems for underground mines, achieved EUR 63.3 million of revenues in the 2013 fiscal year – -17.5 % less than in the previous year (2012: EUR 76.6 million) – according to final figures. A total of 91 % of revenues were generated abroad, 51 % deriving from business with new systems. As in previous years, most of the revenues were attributable to China, Russia and Poland, although sales growth was achieved only in Poland.

Operating output (revenue plus changes in inventories) stood at EUR 63.4 million, compared with EUR 75.6 million in the previous year (-16.2 %). Other operating income was up slightly from EUR 1.7 million to EUR 2.2 million due to the release of provisions. At the same time, the cost of materials ratio (cost of materials in relation to operating output) also fell, from 53.0 % in the previous year to 50.8 %. Due to lower utilisation, and hiring in foreign subsidiaries as part of the company's localisation strategy, the personnel expense ratio increased to 21.6 % (previous year: 16.7 %). Depreciation and amortisation amounted to EUR 1.7 million (previous year: EUR 1.5 million), while other operating expenses stood at EUR 11.4 million (previous year: EUR 10.3 million). The net financial result (profit) increased to EUR 0.8 million (previous year: EUR 0.2 million) as a consequence of higher income from participating interests and a marked reduction in interest expenses.

Due to the fixed-costs, profit from operating activities (EBIT) shrank over proportionally to EUR 6.6 million in the reporting year, compared with EUR 12.9 million in the previous year (-48,7 %), equivalent to a 10.4 % EBIT margin (previous year: 17.0 %). Besides the expansion of the localisation strategy, EBIT was also impacted by currency losses and additions to provisions. Including the loss on discontinued operations (roadheader technology), consolidated net income amounted to EUR 3.2 million, a -72.5 % decline compared with the previous year's EUR 11.7 million. Earnings per share amounted to EUR 0.77 (previous year: EUR 2.82).

SMT Scharf AG has used the past year to improve the structures for the future. The company will now focus entirely on its core "railway systems" business, and is currently testing a new operator model to generate additional sales revenue. In Chile, too, the company is specifically examining new application areas for its monorails in hard rock mining, which could generate additional demand over the coming years. With its localisation strategy, SMT Scharf AG also aims to continue to further expand its competences at its subsidiaries located close to its mining customers.

Christian Dreyer, CEO of SMT Scharf AG, is dampening expectations for 2014: "The weak investment climate on the global mining equipment market set us back a lot last year. We currently see no brightening of the situation in the short term, however. For this reason, we anticipate that our current-year revenue, operating output and EBIT will register a further similar percentage decline to that in 2013. In light of the weak market situation continuing for the time being, the Managing and Supervisory Boards are proposing to the Annual General Meeting the payment of a significantly reduced dividend of EUR 0.25 per share for the 2013 fiscal year (previous year: EUR 0.98)."

After deducting treasury shares, this dividend corresponds to a total dividend payout of EUR 1.039 million. The dividend yield stands at 1.3 % in relation to the closing price of the SMT Scharf share on December 31, 2013. The company plans to hold its AGM on May 7, 2014.

The complete Group annual report for the 2013 fiscal year will be available on the company's website 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. In addition the company supplies mines with chairlifts. 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.

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