

## **SMT Scharf improves operating earnings on stable revenue in Q1 2015**

- Consolidated revenue of EUR 9.5 million stable at previous year's level (Q1/2014: EUR 9.6 million), good revenue contribution of 18.6 % from new equipment business in China
- EBIT rises to EUR 1.9 million, also due to currency gains (Q1/2014: EUR 0.1 million)
- First cost savings from CSI ("Costs, Sales, Innovation") programme tangible, further savings expected during course of year
- 2015 guidance confirmed: Revenue EUR 45 million, earnings EUR 2 million to EUR 3 million

**Hamm, May 18, 2015 – SMT Scharf AG (WKN 575198, ISIN DE0005751986), technology and world market leader for monorail transport systems for the underground mining sector, reports improved operating earnings (EBIT) of EUR 1.9 million due to higher other operating income and stabilised revenues (Q1/2014: EUR 0.1 million).**

"The first quarter confirms us in our view that the mining sector downtrend has found a floor. We are maintaining our forecast of EUR 45 million of revenue and earnings of between EUR 2 million and EUR 3 million for the current year," comments SMT Scharf AG CEO Christian Dreyer with regard to business trends during the first three months of 2015. "We are pleased with the higher share of the new equipment business in our revenue, which derives mainly from China. Our customers' propensity to invest remains low, but stable, although we do not see a rise in raw materials prices that would result in improvements. While a recovery in the Russian rouble exchange rate has led to currency gains in the first quarter of 2015, we are concerned about further volatility."

**Consolidated revenue** reported virtually no year-on-year decline, stabilising at EUR 9.5 million (Q1/2014: EUR 9.6 million). The share of new equipment business of total consolidated revenue grew to 47.7 % (Q1/2014: 36.7 %). New equipment's share of total revenue was the highest in China at 82.7 % (EUR 1.8 million out of EUR 2.1 million of revenue), whereas the service share of total revenue amounted to 99.9 % in Germany, by contrast (EUR 1.2 million out of EUR 1.2 million). Rail systems' share of total consolidated revenue stood at 89.8 % (Q1/2014: 91.7 %), and 10.2 % of revenue was generated with chairlifts.

The four largest **target markets** measured in terms of revenue in the first quarter 2015 comprised Poland (27.1 %), China (22.5 %), Africa (17.6 %) and Russia (15.8 %). Of the total consolidated revenue, EUR 7.6 million, or 80.5 %, was attributable to the **Coal segment**

(Q1/2014: EUR 8.4 million or 87.4 %), and an improved EUR 1.9 million, or 19.5 %, was attributable to the **Hardrock segment** (Q1/2014: EUR 1.2 million or 12.6 %).

"We are making constant progress in our strategic business area of hardrock mining, which accounted for as much as 12.6 % of our revenue in 2014. Our American pilot projects are developing very promisingly, although we do not anticipate any leaps in revenue and earnings in this business area over the next two to three years," explains Dreyer.

**Total operating revenue** – defined as revenue plus changes in inventories – amounted to a 1.6 % lower level of EUR 10.5 million (Q1/2014: EUR 10.6 million). **Other operating income** reported a sharp increase from EUR 2.4 million to EUR 2.8 million due to currency gains in the first quarter of 2015 (Q1/2014: EUR 1.1 million). **Other operating expenses** were down by 9.2 % to EUR 2.6 million (Q1/2014: EUR 2.8 million), although it should be noted that all currency gains and losses in these items are reported on a gross basis, in other words, they are not offset against each other.

The **cost of materials ratio** (in relation to total operating revenue) increased to 53.0 % (Q1/2014: 50.2 %) due to delayed revenue recognition as a consequence of a higher level of rental transactions. The **personnel expense ratio** (in relation to total operating revenue) fell to 28.1 % (Q1/2014: 29.5 %).

"In the previous year, personnel expenses grew mainly due to a higher service share of consolidated revenue. The results of the previous year's restructuring will gradually become evident within personnel expenses in 2015," notes Dreyer.

After deducting depreciation and amortisation, the Group generated EUR 1.9 million of **profit from operating activities (EBIT)** in the first quarter of 2015 (Q1/2014: EUR 0.1 million). At segment level, EBIT from the Coal segment improved from EUR 0.2 million in the first quarter 2014 to EUR 1.8 million. In the Hardrock segment, EBIT stood at EUR 0.1 million in the first quarter of 2015 (Q1/2014: EUR -0.1 million).

**Group net income** improved year-on-year to EUR 1.7 million (Q1/2014: EUR 0.4 million). This corresponds to **earnings per share** of EUR 0.41.

Compared with the end of 2014, **total assets** increased by 10.7 % to EUR 67.0 million as of March 31, 2015, mainly due to a higher level of inventories (December 31, 2014: EUR 60.5 million). The **equity ratio** of 60.6 % remains stable at a high level (December 31, 2014: 61.0 %).

The **order book position** improved to EUR 20.7 million as of March 31, 2015 (March 31, 2014: EUR 17.7 million), and **new order intake** also registered an increase to EUR 15.4 million in the first quarter 2015 (Q1/2014: EUR 11.2 million).

"We see a satisfactory order book position for the second quarter, although the outlook subsequently worsens somewhat. We aim to realise our announced second joint venture in China before the end of the first half of this year. Our proximity to our Chinese customers will comprise a decisive lever in the next upturn," explains Dreyer.

The full report for the first three months of 2015 will be available during the course of today at [www.smtscharf.com](http://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. SMT Scharf Group has subsidiaries in six countries and agents worldwide. SMT Scharf generates most of its revenues in growing foreign markets such as China, Russia and South Africa. 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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