

SMT Scharf boosts profitability on reduced revenue

Hamm, November 14, 2016 – SMT Scharf AG (WKN 575198, ISIN DE0005751986) is reporting a considerable improvement in its operating results during the first time months of the current fiscal year. The declining revenue trend at the start of the year stabilised in the third quarter, reflecting robust service business offsetting reductions in new equipment business.

As Chief Executive Officer Hans Joachim Theiss comments on current business trends: "Although our customers in our target markets continue to invest very defensively, prospects in the mining sector and among its suppliers have improved markedly. There is much that would suggest that the cyclical low has been traversed. We are observing a stabilisation of raw materials prices on the most important markets and noting that the restructuring of the Chinese economy is being advanced further – domestic coal producers' supply overhang is being increasingly reduced. At the same time, demand for high-quality coking coal is on the way up."

Consolidated revenue was recorded at 24.6 % below the corresponding prior-year period, amounting to EUR 26.7 million (9M/2015: EUR 35.4 million). When viewing the third-quarter in isolation, revenue stood at EUR 7.6 million (Q3/2015: EUR 12.9 million). Overall, the relationship between revenue generated in Germany and abroad was almost unchanged during the nine-month period. The revenue share of rail systems continued to grow, while new equipment's revenue share declined further in the period under review. **Total operating revenue** (consolidated revenue plus changes in inventories and work in progress) in the third quarter of 2016 amounted to EUR 8.2 million (Q3/2015: EUR 13.6 million). In a comparison of the first nine months of year, total operating revenue was recorded 23.9 % below the prior year figures at EUR 27.4 million (9M/2015: EUR 36.0 million)

Other operating income was down by 50.8 % year-on-year to EUR 2.3 million during the first nine months of 2016 (9M/2015: EUR 4.7 million). This decrease is mainly attributable to one-off effects in the previous year, including the release of provisions, as well as currency gains. **Other operating expenses** were down by 41.2 % to EUR 5.7 million, also as a consequence of the expiring effect of one-off items (9M/2015: EUR 9.8 million).

In parallel, the **cost of materials** lessened by 34.9 % to EUR 13.1 million (9M/2015: EUR 20.1 million). The **cost of materials ratio** (in relation to total operating revenue) consequently stood at 47.6 % (9M/2015: 55.8 %).

Personnel expenses amounted to EUR 8.4 million, an 11.2 % year-on-year reduction (9M/2015: EUR 9.4 million), with the **personal expense ratio** (in relation to total operating revenue) increasing to 30.5 % (9M/2015: 26.2 %).

Due to the aforementioned effects during the reporting period, the **result from operating activities (EBIT)** dropped to EUR 1.6 million during the first nine months of 2016 (9M/2015: EUR -0.1 million). The EBIT margin (in relation to total operating revenue) stood at 0.3 % in the third quarter of 2016 (Q3/2015: 2.0 %), and at 5.6 % after the first nine months of 2016 (9M/2015: -0.3 %). The consolidated **financial result** fell year-on-year to EUR 0.4 million as a consequence of higher profits from participating interests (9M/2015: EUR 0.0 million).

New order intake was up 20.9 % in third quarter of 2016, with a 9.0 % reduction in the nine-month period to EUR 27,737 thousand (9M/2015: EUR 30,465 thousand). The **order book position** reached EUR 12,357 thousand as of September 30, 2016 (September 30, 2015: EUR 9,932 thousand)

Commenting on the **outlook for the full 2016 fiscal year** Hans Joachim Theiss stated: "The continuation of this year's improving profitability trend into the third quarter makes us confident – also in view of the fact that our measures geared to operative excellence are showing increasing effect. As one of the technologically leading equipment suppliers in the premium segment, we regard ourselves as well positioned for the coming upturn phase as a result of the strategic measures we have introduced."

With the acquisition of Nowilan, a specialist in drive technology, SMT Scharf has strengthened its position in the interesting areas of underground specialist engineering and tunnel logistics. Moreover, the **strategic partnership** with Swiss tunnel specialist Mühlhäuser is aimed at selling a jointly developed logistics solution for worldwide tunnel applications on an exclusive basis.

The complete report for the first nine months of 2016 will be available today on the company's website at www.smtscharf.com within the "Investor Relations" area.

Company profile

The SMT Scharf Group develops, manufactures and services transportation equipment for underground mining. The main products are captivated railway systems that are deployed all over the world, primarily in hard coal mines, but also in mines for gold, platinum and other metals. They are needed to transport material and personnel with payloads of up to 45 tons and on gradients of up to 30 degrees. In addition, the Group supplies the mining sector with chairlifts. The SMT Scharf Group is active with subsidiaries in seven 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 April 11, 2007.

Contact

Investor Relations
cometis AG
Maximilian Breuer
Tel: +49(0)611 - 205855-22
Fax: +49(0)611 - 205855-66
Email: breuer@cometis.de