

## **SMT Scharf Group: double-digit Q1 revenue growth**

**Hamm, May 17, 2016 – SMT Scharf AG (WKN 575198, ISIN DE0005751986) has made a successful start to the current fiscal year, reporting year-on-year growth in its consolidated revenue to a level of EUR 11.4 million during the first three months of 2016 (Q1/2015: EUR 9.5 million). Operating profit (EBIT) continued to represent a strong 13.3 % margin on total operating revenue (Q1/2015: 18.2 %), with the company thereby standing its ground again in a continued difficult market environment.**

"The strategic realignment of SMT Scharf that we launched last year is continuing to deliver identifiable results, although the weak demand worldwide for mining equipment that we already observed last year persisted during the first quarter of 2016. Continued low raw materials prices during this period have also prompted customers in China to further postpone their investments in new plants," is how Hans Joachim Theiss, CEO of SMT Scharf AG, commented on business trends during the first three months of this year.

Consolidated revenue grew by 19.9 % to EUR 11.4 million in the first quarter of 2016 (Q1/2015: EUR 9.5 million), reflecting mainly further growth in the service business, whose revenue share increased to 62 % (Q1/2015: 52.3 %). The order book position of the SMT Scharf Group stood at EUR 5.1 million as of March 31, 2016, down by about a half (-55.3 %) compared with the end of the directly preceding quarter on December 31, 2015 (EUR 11.3 million). After pleasing new order intake during the fourth quarter of 2015, and large-scale orders at the start of 2016, new order intake of EUR 5.1 million was significantly below the equivalent previous year's level (Q1/2015: EUR 15.4 million). In terms of countries, revenue in the German domestic market fell further. By contrast, especially the Russian market performed well, with a EUR 1.5 million (+181.2 %) increase compared with the equivalent previous year's quarter to reach a level of EUR 4.2 million. The 23.0 % reduction in EBIT to EUR 1.5 million (Q1/2015: EUR 1.9 million) in the reporting period largely reflects the fact that other operating income of EUR 1.3 million was down compared with the previous year's equivalent figure (Q1/2015: EUR 2.8 million).

"The reduction in our new order intake is connected with the structural challenges faced by China's economic growth model. China is, and remains, one of our most important target markets. The government there has recently shut down a large number of small and technically outdated mines, which we see as an essential correction in the short term, but we anticipate that this measure will deliver a boost to demand in the medium and long-term at more technically advanced mines due to continued high demand for energy from many emerging economies. SMT Scharf can benefit from this as one of the leading equipment

suppliers," notes Theiss. "For this reason, and given currently low visibility, we continue to assume consolidated sales revenue of EUR 45 million for the full 2016 year. We continue to expect our EBIT margin to improve year-on-year to a level of 4.1 percent of total operating revenue."

### 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 30 degrees. Furthermore the company supplies the mining industry with chair lifts. SMT Scharf Group has subsidiaries in seven countries and agents worldwide. SMT Scharf generates most of its revenues 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.

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