

SMT Scharf publishes H1 2017 results

Hamm, 14 August 2017 – SMT Scharf AG (WKN 575198, ISIN DE0005751986) reports significant year-on-year revenue growth during the first six months of the current fiscal year, achieving a marked expansion of both its service and new equipment businesses. Operating earnings (EBIT) reflected a market environment affected by strong pricing and competitive pressure, by contrast.

"With the ongoing recovery in commodity prices, demand is also picking up increasingly in the mining equipment market worldwide. Large mine operators and mining groups are investing in new production systems and modern infrastructure. As one of the globally leading suppliers of underground transportation solutions and logistics systems, and with our proven expertise, SMT Scharf is benefitting to the full extent from this uptrend," as Hans Joachim Theiss, CEO of SMT Scharf AG, remarks on business trends during the first half of 2017.

Consolidated revenue increased by 21.3 % year-on-year to reach EUR 23.2 million during the reporting period (H1 / 2016: EUR 19.1 million). Russia remained an important driver of this uptrend, and continues to be SMT Scharf's most important individual market in terms of volume, reporting revenue 56.5 percent higher year-on-year at EUR 9.6 million (H1 / 2016: EUR 6.1 million). At the same time, in China – where revenue has risen to EUR 3.3 million (H1 / 2016: EUR 2.3 million) – signs are evident that the investment backlog that has accumulated over many years is beginning to unwind and that mining companies are starting to award orders again for new equipment to a significant extent. These positive impulses arise from the pickup in Asia's most important economy and are flanked by the consolidation of mine operators that the government is advancing.

SMT Scharf generated EUR 8.7 million of revenue in its new equipment business in the first half of the year (H1 / 2016: EUR 6.2 million). The services and replacement parts area also reported growth to a level of EUR 14.5 million (H1 / 2016: EUR 12.9 million). Revenue of EUR 21.6 million was attributable to the Rail Systems product area (H1 / 2016: EUR 17.7 million), and EUR 1.6 million of revenue was generated by the business with Chairlifts (H1 / 2016: EUR 1.4 million).

"We are now harvesting the fruits of the localisation strategy we have implemented over the past years, which locates us directly next to our customers in our important target markets, and enables SMT Scharf to respond directly to rising demand and changing customer needs. A tight pricing situation currently characterises our core markets, although we have very consciously taken this strong pricing pressure into account when accepting new orders, in order to not only defend our market shares but tangibly expand them," comments Theiss.

As a consequence, the result from operating activities (EBIT) in the first six months of the year reduced year-on-year to EUR 1.2 million (H1 / 2016: EUR 1.5 million). At segment level, however, EBIT in the Non-Coal business improved to EUR 0.5 million (H1 / 2016: EUR 0.4 million). Reflecting the buoyancy of the new equipment business, the cost of materials of EUR 13.4 million was 51.4 % higher than the previous year's level (H1 / 2016: EUR 8.9 million). Personnel expenses rose to a lesser extent in a direct comparison and reached EUR 6.4 million (H1 / 2016: EUR 5.7 million). The personnel expense ratio (in relation to total operating revenue) consequently reduced to 25.8 % (H1 / 2016: 29.6 %).

The order book position of SMT Scharf stood at EUR 15.7 million as of June 30, 2017 (June 30, 2016: EUR 10.2 million). Moreover, new order intake during the first six months of 2017 amounted to EUR 23.1 million (H1 / 2016: EUR 18.0 million). "The good order book position at the end of the half-year leads us to expect that the positive sales revenue trend will continue over the coming months," Theiss notes with confidence. "Given this, for the full 2017 year we expect consolidated revenue above the previous range of EUR 40 million to EUR 44 million and EBIT within the planned range of EUR 2.2 million to EUR 3.0 million."

The full report for the first half of 2017 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 as well as for tunnel construction. 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 48 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.

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