

SMT Scharf AG: Substantial increase in earnings in 2007

- **Final figures slightly higher than preliminary results**
- **Proposed dividend of €0.70 per share**

Hamm, February 29, 2008 – SMT Scharf AG (German Securities Code (WKN) 575198, ISIN DE 0005751986), the global market leader for rail-bound mining railway systems, lifted its revenues and earnings in 2007 based on its final consolidated figures. Both EBIT and net income are up slightly on the preliminary results reported in January. The annual financial statements were approved by the Supervisory Board in its meeting on February 28.

The Group generated revenue of €51.2 million in 2007, after €48.7 million in the previous year (+5%). This increase shows the growth in the Group's business on the dynamic international markets, in particular in Russia and China: These countries are continuing to enjoy a positive investment climate for mine operators, who are among the SMT Scharf Group's key customers. In addition, the SMT Group has expanded its international sales and service activities. The proportion of foreign revenues lifted correspondingly to 74%, compared to 52% in 2006.

Despite the international expansion costs, SMT Scharf was able to increase EBIT disproportionately to €7.5 million after €6.7 million in 2006 (+11%). The EBIT margin thus lifted from 13.8% to 14.6%. In particular changes in the product mix increased the cost of materials ratio from 46.9% to 49.1%. However, it was possible to reduce the ratio of personnel expenses to sales from 27.8% to 24.3%. This was achieved primarily by reducing vertical integration, expanding foreign assembly activities and programs to cut product costs.

Changes to deferred taxes in connection with the IPO and the reform of corporate taxation caused net income for 2007 to increase by an even greater amount – up 38% to €6.0 million (previous year: €4.3 million). According to the preliminary consolidated figures published in January 2008, SMT Scharf recorded EBIT of €7.4 million for 2007, and also a 35% increase in net income to €5.9 million.

SMT Scharf aims to lift its revenues and EBIT still further in 2008 and the following years.

The Managing and Supervisory Boards propose a dividend of €0.70 per share for fiscal year 2007 to the General Meeting. This corresponds to a 49% distribution rate. In terms of the closing price of SMT Scharf's shares on February 28, 2008, the dividend return is 6,8%.

The full version of the 2007 annual financial report will be published during the course of today at www.smtscharf.com.

Company profile

The SMT Scharf Group develops, builds and maintains rail-bound railway systems for mining and use in tunnels. The trains are used all over the world, primarily in hard coal mines, gold mines and in underground mining for platinum, diamonds, copper and nickel. They are used to transport material and personnel with working loads of up to 35t. Rail-bound trains are the only means of transport that can be used underground on branching lines to cope with inclines of more than 13 degrees. The SMT Scharf Group has subsidiaries in Germany, Poland, South Africa and China, external employees in Russia, and agencies around the world. The railways developed by SMT Scharf are characterized, above all, by high-performance engines, high working loads, high speed and low operating and maintenance costs. SMT Scharf records more than 70% of its revenues in high-growth foreign markets such as Russia, China and South Africa. The replacement parts and repairs business constitutes around 50% of revenues. The advances in exploitation of resources make underground conditions increasingly difficult which in turn requires more high technology transport solutions in mining. The total market for underground transport technology comprises around € 5 billion to € 7 billion per year according to company estimates. 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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