

SMT Scharf AG acquires South African supplier of mining equipment Sareco Engineering CC

Hamm, June 20, 2008 – SMT Scharf AG (German Securities Code (WKN) 575198, ISIN DE0005751986), technology and world market leader for rail-bound railway systems for the mining sector, has acquired Sareco Engineering CC, a South African supplier of mining equipment. Sareco is market leader for mining chairlifts in southern Africa. The company recorded revenues of more than 20 million South African Rand in fiscal year 2007/08 and enjoyed significantly positive earnings. Sareco's main customers are South African platinum and gold mines.

The previous owners of Sareco, Raymond Browning and John Gibson, will stay with the company as managing director and technical consultant, respectively. The acquisition agreement signed on June 18, 2008 applies retroactively as of March 1, 2008 and is subject to a change of legal form for the South African company that will be implemented as part of the transfer.

"This acquisition bolsters our position with our South African customers. For them, chairlifts are a transport technology which continues to increase in importance," commented Dr. Friedrich Trautwein, SMT Scharf AG's CEO. "At the same time, it gives us the opportunity to bring Sareco's proven technology to other markets. We expect this to make a visible contribution to SMT Scharf Group's further international growth," he continued.

In view of the acquisition, SMT Scharf AG's Managing Board confirmed its forecast of generating further growth in revenues and earnings in 2008 and the coming years. However it is still not possible to fully gauge the impact that further developments in the mining sector in Germany's Saarland region could have on SMT Scharf.

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, China and Russia, as well as 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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