

SMT Scharf AG wins another key order from Russia for rack-and-pinion railways

Hamm, September 22, 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 received a further order totaling €4 million for its newly developed rack-and-pinion railway. A group of companies that operates several hard coal mines in Russia placed an order with SMT Scharf for four trains, tracks and additional equipment in mid-September. The order is scheduled to be delivered in the first half of 2009 and will thus also be reflected in revenues and earnings that year.

This customer has already been successfully using SMT Scharf's monorail hanging railways for several years. The rack-and-pinion railways are to be used underground to accelerate and simplify the transport of heavy roof-support units on inclines of more than 20%. By using the rack-and-pinion railways, the customer avoids having to reinforce the rock strata in the mines and makes optimum use of the tunnels' cross section. In addition, the customer has also secured the possibility of refitting the rack-and-pinion railways to become monorail hanging railways which can be used on other lines.

"We are very pleased that we have again been able to convince a customer of our systems' high performance," commented Dr. Friedrich Trautwein, SMT Scharf AG's CEO. "This order means that we have now grown to become the market leader in this segment as well, just one year after presenting our rack-and-pinion railway for the first time. It again underscores that our international expansion strategy is right – in particular in countries such as Russia, China and South Africa."

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 over the course of the year on 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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