

SMT Scharf AG reports double-digit revenue and earnings growth

- **Group revenue registers marked increase to EUR 70.8 million**
- **Operating profit (EBIT) of EUR 5.3 million at upper end of forecast range**
- **Corporate strategy successfully continued, not least through RDH acquisition**
- **Positive FY 2019 outlook in light of increased investment in underground mining**

Hamm, March 29, 2019 – SMT Scharf AG (WKN 575198, ISIN DE0005751986), one of the world's leading suppliers of customised transport solutions and logistics systems for underground mining, achieved significant revenue and earnings growth in the 2018 fiscal year, according to final figures. SMT Scharf reported marked consolidated revenue growth of 35.9% to EUR 70.8 million in the year under review (2017: EUR 52.1 million). At the same time, the company achieved an operating result (EBIT) of EUR 5.3 million (2017: EUR 4.5 million), which corresponds to an increase of 16.5%. SMT Scharf improved its consolidated net profit for the year by EUR 0.6 million year-on-year to EUR 4.6 million (2017: EUR 4.0 million).

The CEO of SMT Scharf AG, Hans Joachim Theiss, is satisfied with business trends in 2018: "We have significantly lifted both revenue and earnings, and in some cases exceeded our original expectations at the start of the year. This shows we are consistently implementing our strategic measures and are in a position to leverage the opportunities the market is currently offering us to a disproportionate extent. With our acquisition of RDH Mining Equipment, we have further enhanced our market position and expanded our portfolio to include rubber-tired diesel and electric vehicles for non-coal and salt mining as well as tunnel construction sites."

SMT Scharf also confirmed the strong revenue growth trend in the fourth quarter 2018. Consolidated revenue reached EUR 23.7 million in this period. Consequently, consolidated revenue was thereby up by 40.2% year-on-year (Q4 / 2017: EUR 16.9 million), making a significant contribution to the clearly positive revenue growth in the full 2018 year. In line with this, total operating revenue rose to EUR 71.0 million (2017: EUR 53.1 million). Given increasing investments by mine operators, business with new systems proved to be extremely dynamic. In view of the good position within the sector business cycle and SMT Scharf's strategic market expansion, the revenue share for new equipment exceeded the 50% level at 50.3% (2017: 43.6%). The company also reported growth in its spare parts and service business, where it achieved a 49.7% revenue share (2017: 56.4%). The predominant proportion of consolidated revenue, 78.7%, or EUR 55.7 million, continues to be attributable to the Coal segment (2017: 83.6% or EUR 43.6 million). Sales in the Non-Coal segment also rose by 21.0% to EUR 14.9 million (2017: 16.2% or EUR 8.4 million).

In addition, the proportion of SMT Scharf's revenues generated abroad rose to 98% in the 2018 fiscal year (2017: 95%). China became the most important market, with demand in the mining and energy sectors picking up noticeably. In the Chinese market, SMT Scharf significantly boosted its revenue to EUR 28.3 million, compared with EUR 14.1 million in the previous year. Russia (CIS) remains an important target market with a 22.0% revenue share, or EUR 15.6 million (2017: 32.6% or EUR 17.0 million). The residual revenue in Germany continued to decline as planned to EUR 1.5 million or 2.1% (2017: EUR 2.5 million or 4.8%).

The cost of materials ratio (in relation to total operating revenue) was up year-on-year to 58.6% (2017: 57.5%), reflecting the higher order volume from suppliers in the reporting period. The personnel expense ratio (in relation to total operating revenue) of 21.4% is below the previous year's figure (2017: 23.9%) despite the higher number of employees compared with the previous fiscal year. Overall, the SMT Scharf Group generated a significantly improved operating profit (EBIT) of EUR 5.3 million in the year under review (2017: EUR 4.5 million). Accordingly, the EBIT margin (in relation to total operating revenue) stood at 7.5% (2017: 8.6%). This relative decline is due to promising investments in market shares, new markets and product areas, with SMT Scharf thereby laying the foundation for further revenue and earnings growth in the future. Correspondingly, earnings per share amounted to EUR 1.01 (2017: EUR 0.94).

In the year under review, the SMT Scharf Group's new order intake amounted to EUR 75.3 million (EUR 51.5 million in 2017), while the order book position stood at EUR 19.7 million as of December 31, 2018 (December 31, 2017: EUR 15.2 million). "Mining companies will continue to invest in new plant, equipment and technology in line with higher commodity prices. However, many markets are characterised by intense competition. Overall, we believe SMT Scharf is well positioned to benefit from the sector's robust cyclical phase in key mining markets worldwide. We aim to continue our growth strategy consistently in 2019. In this respect, M&A activities remain an attractive strategic option for us to expand our product portfolio," commented Theiss.

With a look to the 2019 fiscal year, the Managing Board of SMT Scharf AG anticipates consolidated revenue in a range between EUR 72 million and EUR 75 million and EBIT in a range between EUR 5.5 million and EUR 6.0 million.

The complete 2018 Annual Report will be published during the course of today in the Investor Relations area of www.smtscharf.de.

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, SMT Scharf supplies the mining sector with chairlifts. Through the newly acquired mining specialist RDH Mining Equipment, the company also offers rubber-tired diesel and electric vehicles for mining and tunnel construction. As a leading supplier of battery-operated vehicles harnessing lithium-iron technology for underground mining, RDH completes the portfolio of SMT Scharf with its varied product portfolio, ranging from front-end loaders and scissor lifts through to underground trucks. Overall, the SMT Scharf Group is active with subsidiaries in eight 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 2007.

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