

SMT exceeds FY 2019 revenue and earnings forecasts thanks to unexpectedly strong business in China

- **Group revenue rises to over EUR 75 million**
- **Operating profit (EBIT) improves significantly to above EUR 6 million**
- **Contrary to expectations, strong Q4 business in China**

Hamm, February 27, 2020 – SMT Scharf AG (WKN 575198, ISIN DE0005751986), one of the world's leading providers of customised transport solutions and logistics systems for underground mining, has on the basis of preliminary figures exceeded both its FY 2019 forecast that was adjusted downwards during the course of the year as well as its original FY 2019 forecast. SMT Scharf grew its consolidated revenue to more than EUR 75 million in 2019 compared to EUR 70.8 million in the previous year. The reason for this is that the dynamic revenue trend in China has weakened much less than expected due to ongoing market distortions caused by the new regulation for engines (China III). As a consequence, the company successfully processed further orders from China in the fourth quarter of 2019. Moreover, SMT Scharf significantly increased its operating result (EBIT) to more than EUR 6 million (2018: EUR 5.3 million). SMT Scharf had most recently forecast consolidated revenue of EUR 65 million to EUR 67 million (originally EUR 72 million to EUR 75 million) for FY 2019, with EBIT in a range between EUR 4.5 million and EUR 5.0 million (originally EUR 5.5 million to EUR 6.0 million).

Hans Joachim Theiss, CEO of SMT Scharf AG, comments on the business situation in China: "Due to the new so-called China III regulation, mining companies in China are faced with the challenge of replacing their machines due to the new approval regulations, in order to avoid possible fines. These new approval regulations will be mandatory for mining companies from 2021. In order to make full use of their capacities, some companies have decided to use transport solutions with China II approval for the time being. This played into our hands in the final quarter – and gave our sales revenue and profitability a strong boost, which was unexpected in these circumstances."

SMT Scharf believes that the ongoing approval issues in China will continue to affect its business during the first half of the year. The company sees the spread of coronavirus as a further possible influence in this context, which could not only lead to a further slowdown in business in China and but also exert an overall impact on SMT Scharf's business activities. Given its full order books, SMT Scharf is meanwhile focusing on leveraging attractive growth opportunities in China. Positive effects on business are not expected until the second half of

2020 at the earliest, when delivery of the newly approved China III machines can likely commence.

The complete report for the 2019 financial year will be published on March 27, 2020, when it will be available for download on the company's website www.smtscharf.com in 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 include captivated railway systems that are deployed worldwide, primarily in hard coal mines, as well as in mines for gold, platinum and other metals. Such systems are required in order to transport material and personnel with payloads of up to 48 tonnes and on gradients of up to 30 degrees. In addition, SMT Scharf supplies the mining sector with chairlifts. Since 2018, SMT Scharf's diverse portfolio has also included rubber-tyred diesel and electric vehicles for mining and tunnelling, including loaders, scissor lifts and underground trucks. As part of the further diversification of the business, the product range has been successfully expanded since 2019 to include electronic components and control systems for mining and other industries. 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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