

SMT Scharf AG: Business in H1 2020 remains significantly burdened by coronavirus

- **Consolidated revenue down to EUR 23.6 million due to coronavirus pandemic**
- **Operating result (EBIT) drops to EUR -1.8 million**
- **Exceptionally high order book position of EUR 32.7 million as of the reporting date**
- **Adjusted FY 2020 forecast confirmed**

Hamm, August 14, 2020 – SMT Scharf AG (WKN 575198, ISIN DE0005751986), one of the world's leading suppliers of customised transport solutions and logistics systems for underground mining, reports a reduction in its consolidated revenue of 28.7% to EUR 23.6 million in the first half of 2020 (H1 / 2019: EUR 33.1 million). The result from operating activities (EBIT) decreased to EUR -1.8 million (H1 / 2019: EUR 3.2 million). The significant reduction in revenue and earnings mainly reflects extensive policy decisions to contain the coronavirus pandemic and the resultant economic consequences. The pandemic has been impeding activity in the global mining equipment market since the start of the year.

Both SMT Scharf's new equipment business as well as its highly profitable after-sales business decreased during the first six months of the year. Given a severely deteriorating market environment, revenue of EUR 11.3 million was generated in the new equipment business (H1 / 2019: EUR 13.6 million). In the services and spare parts businesses, revenue diminished to EUR 12.2 million (H1 / 2019: EUR 19.4 million). In the Other area, revenue of EUR 0.1 million in the reporting year was at the previous year's level (2019: EUR 0.1 million). Accordingly, the consolidated net result for the first six months stood at EUR -1.5 million (H1 / 2019: EUR 3.2 million).

Hans Joachim Theiss, CEO of SMT Scharf AG, offered the following summary: "Following the officially ordered closures of some company sites, business operations have been up and running again at all locations since May, although the effects of the pandemic continue to exert a tangible impact on our business. In the short and medium term, we continue to identify attractive growth opportunities in China, where we anticipate gradual catch-up effects based on full order books and the prospective start of deliveries of China III machines in the fourth quarter. The approval of the new generation of machines by the Chinese regulator is still pending, so a further delay in the approval process cannot be ruled out."

Owing to the current exceptional situation, the previously strongest market in terms of revenue, China, reported a sharp decline to EUR 6.6 million (H1 / 2019: EUR 13.7 million). SMT Scharf recorded decreases in revenues both in Poland at EUR 2.5 million (H1 / 2019: EUR 4.9 million) and in Africa at EUR 1.6 million (H1 / 2019: EUR 2.5 million). In Russia, by contrast, revenue of EUR 8.5 million was significantly higher than in the previous year (H1 / 2019: EUR 7.2 million) thanks to the successful processing of existing projects. At EUR 1.0 million, the share of business in Germany also performed well in the period under review, deriving from a higher level of direct deliveries to foreign markets (H1 / 2019: EUR 0.7 million).

The SMT Scharf Group's new order intake amounted to EUR 31.4 million in the first six months of 2020 (H1 / 2019: EUR 33.0 million). The order book stood at EUR 32.7 million as of the June 30, 2020 reporting date (June 30, 2019: EUR 19.6 million). Ongoing approval issues in China are making a key contribution to SMT Scharf's extraordinarily high order book position.

"As far as the remainder of 2020 is concerned, it is anticipated that the economic consequences of the coronavirus pandemic will continue to weigh heavily on general demand in the global market. We remain well positioned within our niche, and aim to participate in the growth trends in the mining industry over the coming years. To this end, we are pushing ahead with our strategic initiatives in product development and sales, as well as to improve Group structures," notes Theiss.

The Managing Board of SMT Scharf AG retains the forecast it adjusted in April, anticipating consolidated revenue in a range between EUR 55 million and EUR 57 million for the 2020 fiscal year, and EBIT in a range between EUR -1.4 million and EUR -1.6 million.

The complete report for the first half of 2020 will be published during the course of today within 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. Its 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. SMT Scharf also 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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