

SMT Scharf AG: Revenue and earnings in 2020 significantly impacted by coronavirus and one-off effects

- **Group revenue of EUR 50.2 million in FY 2020**
- **Operating result (EBIT) negative at prospectively EUR -8.1 million due to impairment charges and China III**

Hamm, March 1, 2021 – 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 revenue of EUR 50.2 million for the 2020 fiscal year on the basis of preliminary figures (2019: EUR 75.4 million). The significant decrease in revenue of 33.4% is mainly due to the considerably negative impact on business activities of the coronavirus pandemic and its economic consequences. At the same time, the approval of China III machines in the Chinese market was delayed, so that machines delivered to Chinese mining companies could not yet be recognised as revenue in accordance with IAS 18.

Based on preliminary figures, the operating result (EBIT) dropped into negative territory and is expected to amount to EUR -8.1 million (2019: EUR 6.8 million). This is mainly due to the impairment charges of EUR 6.6 million recognised in the third quarter. As part of the repositioning of the Canadian subsidiary RDH Mining Equipment Ltd., inventories were also reviewed and, in some cases, classified as impaired in terms of their value. The revaluation of assets leads to an impairment charge of some EUR 5.1 million. In addition, impairment charges totalling EUR 1.5 million were recognised in relation to internally generated intangible assets for a total of three development projects. Furthermore, due to the still outstanding China III approval of machines delivered to Chinese mining companies, these could not yet be recognised as revenue in accordance with IAS 18. This also had a negative effect on the earnings trend and will lead to a further deterioration in EBIT compared with the most recently forecast EBIT in the range between EUR -6.0 million and EUR -6.5 million.

Hans Joachim Theiss, CEO of SMT Scharf AG, comments on the current business situation: "Given the pandemic, demand in the global mining equipment market is expected to be further negatively affected in 2021. We anticipate growth drivers this year to derive especially from the Chinese market. We currently expect final approval for the China III machines to be granted in the first half of the year. We are maintaining an ongoing dialogue with the Chinese authorities to this end. In light of our high order book position, we consequently anticipate corresponding catch-up effects in the Chinese market over the course of the year."

The complete report for the 2020 fiscal year will be published on March 31, 2021, 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. 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-wheeled 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.

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