



3-MONTH REPORT 2019

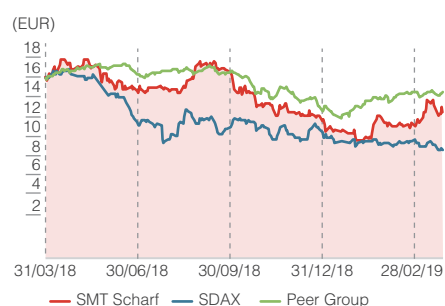


KEY SHARE DATA

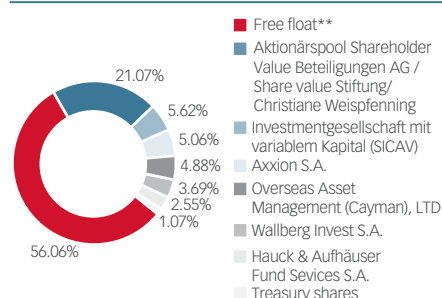
Ticker / ISIN	S4A / DE0005751986
Number of shares	4,620,000
Closing price (March 29, 2019)*	EUR 13.30
Price high- / low*	EUR 17.90 / EUR 10.80
Share price Performance (LTM on March, 2019)	-18.4%
SDAX performance (LTM on March 29, 2019)	-7.9%
Peer group portfolio performance (LTM on March 29, 2019)	-38.7%
Market capitali- sation, excluding treasury shares (March 29, 2018)	EUR 60.788 thousand

*Closing prices on the Xetra trading system of Deutsche Börse AG

SHARE PRICE CHART



SHAREHOLDER STRUCTURE*



* Shareholdings are disclosed on the basis of the number of shares indicated in the last notification of voting rights transmitted
 ** Shareholders with a shareholding of less than 3% are included in the free float (exception: treasury shares)

FINANCIAL CALENDAR

21/05/2019	Annual General Meeting
14/08/2019	2019 6M report
13/11/2019	2019 9M report
31/12/2019	Fiscal year-end

LETTER TO SHAREHOLDERS

Dear shareholders,

SMT Scharf AG was off to a dynamic start to the 2019 fiscal year. In the first quarter of 2019, we achieved a significant year-on-year increase in revenue in our new systems and service businesses, thereby continuing on our track of strong revenue growth. In the first three months of 2019, Group revenue rose by 31.0% to EUR 14.9 million after EUR 11.4 million in the same period of the previous year. This shows that we are continuing to consistently implement our strategic measures and that we are in a position to leverage – to a disproportionate extent – the opportunities the market is offering us.

At the same time, our profit from operating activities (EBIT) in the first quarter of 2019 amounted to EUR 1.6 million (Q1 / 2018: EUR 0.6 million). The significant rise in our operating profit is partially attributable to currency gains. In light of our good order book position, we remain optimistic about the current fiscal year. As of March 31, 2019, the order book position stood at EUR 19.4 million, reflecting a year-on-year reduction of 7.6%.

Given the continued stable economic situation in the mining industry at the start of the year, the investment climate is expected to remain good for the time being. Global mining companies are continuing to invest in new plant, equipment and technology in line with higher commodity prices. Trends such as automation, real-time data management and increasing networking in mines against the backdrop of digitalisation are shaping Mining 4.0. This entails rising demands made on SMT Scharf as a special machine manufacturer for underground mining. On the basis of our core competencies and expanded product portfolios, we will continue to develop tailored products and respond individually to all our customers' needs.

In April 2019, we successfully completed our investment in our longstanding partner ser elektronik and added valuable expertise in the electronics and controls area to our portfolio. This strengthens our automation and data management capabilities and helps us develop innovative mine modernisation solutions for mining companies.

We would like to take this opportunity to thank you – as our investors, business partners and customers – for the confidence you have invested in us, and we would be pleased to continue our cooperation into the future.

Kind regards

Hans Joachim Theiß

Wolfgang Embert

KEY GROUP DATA

		2017	2018	Q1/2018	Q1/2019
Revenue	EUR thousand	52,131	70,795	11,371	14,898
Total operating revenue	EUR thousand	53,114	71,028	12,776	16,135
EBIT	EUR thousand	4,554	5,304	607	1,551
EBIT margin on total operating revenue	%	8.6	7.5	4.8	9.6
Group net profit / loss	EUR thousand	3,982	4,633	583	1,635
Equity	EUR thousand	48,709	51,533	49,418	54,713
Equity ratio	%	67	62	64	62
FTE (full-time employees)	on reporting date	317	389	330 (380 incl. RDH)	408

BUSINESS TRENDS

During the first three months of the current 2019 fiscal year, the SMT Scharf Group continued its previous year's positive business trend, reporting a marked year-on-year increase in revenue and earnings. Consolidated revenue in the first quarter of 2019 was up by 31.0% to EUR 14.9 million, compared with EUR 11.4 million in the previous year's period. Profit from operating activities (EBIT) stood at EUR 1.6 million (Q1/2018: EUR 0.6 million). This significant operating profit growth is due, firstly, thanks to the expansion of our market position. This is leading to new order intake growth in our profitable service business, which made a disproportionately high contribution to total revenue with revenue growth of 37.0%. Secondly, profitability was improved in the period under review through further efficiency improvements and currency gains.

The continued positive business trend in the first quarter of 2019 is primarily attributable to the successful implementation of strategic and sales measures against the backdrop of a market environment that remains robust. This is reflected in mine operators making adequate investments in new systems. SMT Scharf generated 17.9% revenue growth from selling rail systems in its new systems business. In terms of segments, the largest revenue share continued to be attributable to the Coal segment, accounting for 66% of total revenue (Q1/2018: 74%), while the proportion from the Non-coal mining segment rose to 34% (24%). With the acquisition of RDH Mining Equipment, SMT Scharf expanded its portfolio to include

rubber-tyred diesel and electric vehicles for non-coal and salt mining as well as tunnel construction sites. This will also contribute to growth in the non-coal business in 2019.

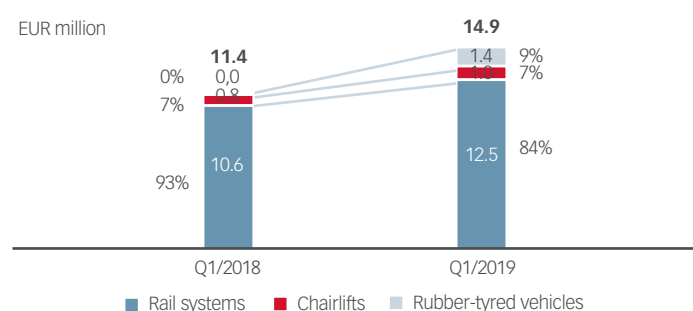
New order intake in the first quarter of 2019 amounted to EUR 14.5 million, which represents a year-on-year reduction (Q1/2018: EUR 17.1 million). The order book position amounted to EUR 19.4 million as of March 31, 2019 (Q1/2018: EUR 21.0 million).

The number of full-time employees (FTEs) rose to 408 as of the March 31, 2019 reporting date (prior-year period: 380 FTEs).

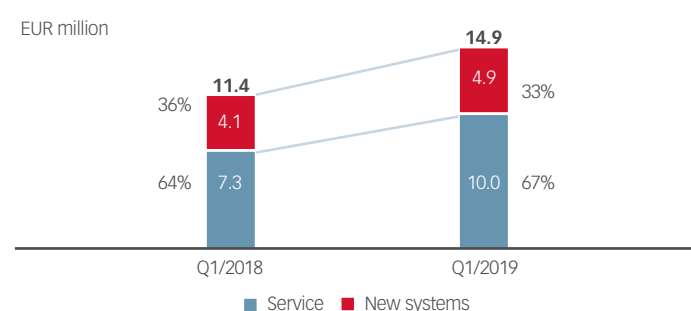
The Group-wide implementation for the first time of IFRS 16 led to an additional disclosure of rights-of-use amounting to EUR 1.2 million. A further EUR 0.8 million have been added to already existing lease liabilities from finance leases. This balance sheet lengthening led to a reduction in net liquidity and a decrease in the equity ratio.

Amortisation of rights-of-use amounted to EUR 140 thousand in the reporting period. An amount of EUR 12 thousand is reported under interest expenses. Actual lease payments amounted to EUR 143 thousand.

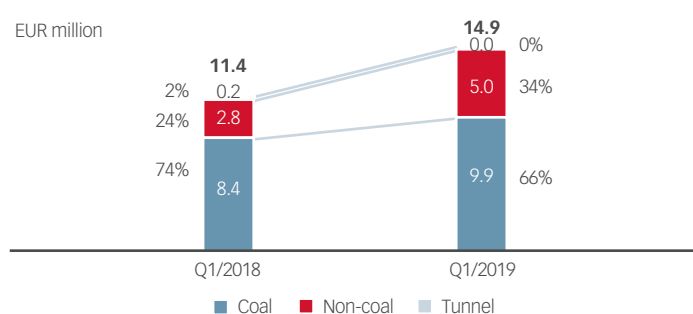
Revenue share by product



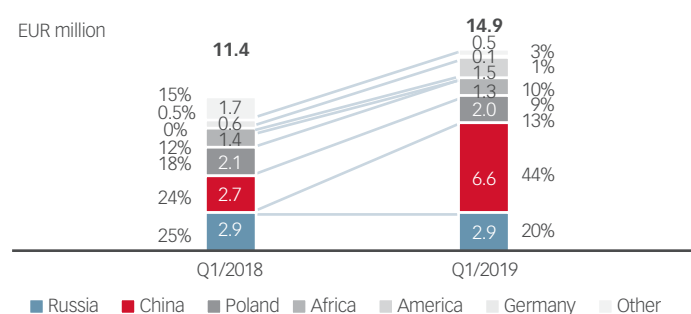
Revenue share by business type



Revenue share by operating segment

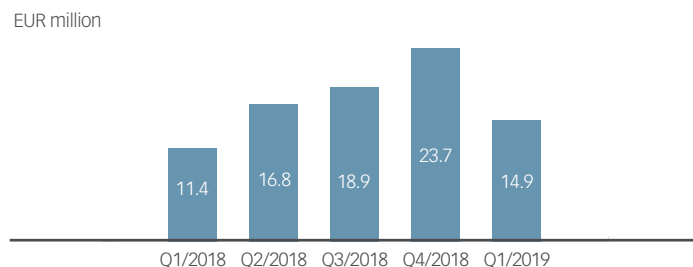


Revenue share by region



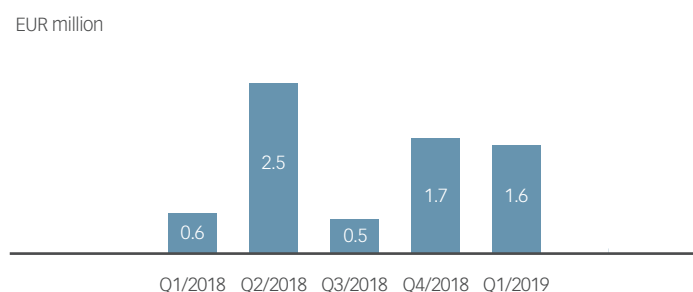
ECONOMIC AND BUSINESS REPORT

Group revenue



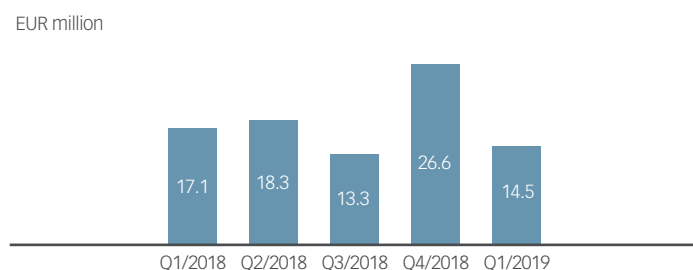
- Last twelve months' (LTM) rolling consolidated revenue of EUR 74.3 million as of March 31, 2019 reporting date. The trend towards strong revenue growth continued in the first quarter of 2019.
- SMT Scharf achieved significant year-on-year revenue growth in business with both new systems and service.

Operating result (EBIT)



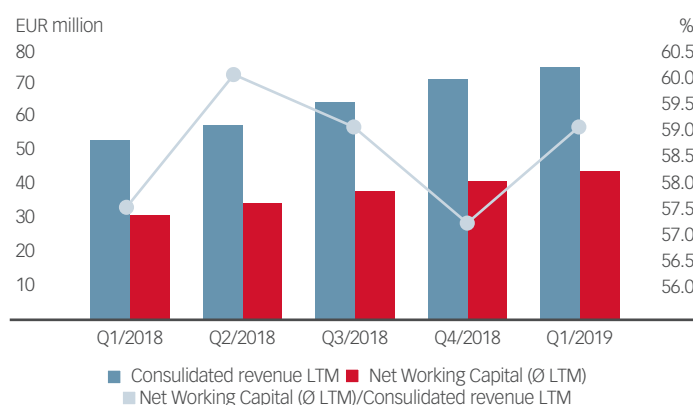
- EBIT in the first quarter 2019 at EUR 1.6 million (Q1/2018: EUR 0.6 million). EBIT thereby recorded a significant year-on-year increase, which is attributable to the expansion of the market position and, in part, to currency gains.
- EBIT margin (based on total operating revenue) at 9.6% in the first quarter of 2019 (Q1/2018: 4.8%).
- Last twelve months' (LTM) rolling EBIT of EUR 6.3 million as of the March 31, 2019 reporting date.

New order intake



- New order intake in the first quarter 2019 of EUR 14.5 million reflects a reduction of 15.2% compared with the prior-year period (Q1/2018: EUR 17.1 million).
- Order book position of EUR 19.4 million as of March 31, 2019 (March 31, 2018: EUR 21.0 million).

Net working capital (average LTM)/ Consolidated revenue LTM



- Net working capital defined as the sum of inventories, trade receivables and other assets, less current provisions, trade payables, current bank borrowings and other liabilities and advance payments as of the respective reporting date.
- Average net working capital of EUR 43.8 million for the last twelve months as of the March 31, 2019 reporting date (LTM, calculated from quarterly figures) in relationship to the last twelve months' (LTM) rolling consolidated revenue as of the reporting date of EUR 74.3 million, equivalent to net working capital intensity of 59.0%.

EVENTS AFTER THE BALANCE SHEET DATE

SMT Scharf AG acquires majority interest in electronics specialist

On April 4, 2019, SMT Scharf AG acquired a 51 percent interest in Möhneseer elektronik GmbH. The acquisition price lies in the mid six-digit range in euros. In addition, SMT Scharf secured the option to acquire further shares in the company as part of age-related succession arrangements for ser elektronik. With this investment, SMT Scharf is consistently pursuing its growth strategy and expanding its portfolio to include valuable expertise in the electronics and controls area. SMT Scharf has already been working for more than 20 years with the electronics specialist, which develops and produces customer-specific electronic controls and components for SMT Scharf's transport solutions.

Market launch of the „Light Electric Vehicle“

The „Light Electric Vehicle“ (LEV) for underground mining, developed under the direction of SMT Scharf, was presented at the construction machinery trade fair Bauma Munich in April. The light electric vehicle is characterised by high energy efficiency, emission-free operation and significantly reduced heat radiation. This helps mine operators reduce underground ventilation costs. The LEV offers further potential to support the positive business trend in non-coal markets.

OUTLOOK

According to the International Monetary Fund (IMF), the global economy will continue to lose momentum in 2019. Accordingly, the IMF forecasts 3.5% GDP growth for 2019.

Medium- to long-term, the management expects further improvements in the worldwide market for mining equipment. Due to consolidation in China, this especially relates to Chinese mine operators that need to optimise infrastructure and invest in innovative transportation logistics. Over the coming years, the management expects rising demand for electric vehicles for deployment in underground mining. In this context, SMT Scharf regards itself as well positioned to leverage future growth opportunities thanks to the newly acquired battery and electrical expertise at RDH. The „Light Electric Vehicle“ (LEV) developed under the direction of SMT Scharf and successfully presented at Bauma Munich in April also offers further potential to support the positive business trend in non-coal markets.

Raw materials production will increase thanks to the long-term sustainable expansion of the global economy. Against the backdrop of increasing trade policy conflicts and a turnaround in international capital flows, economic expansion in emerging markets has slowed. In the long term, prosperity in such countries will continue to rise. This is being accompanied by sustainable

growth in demand for energy. International Energy Agency (IEA) experts forecast a significant increase by 2040 in the share that renewable energies will contribute to achieve the international climate targets agreed in Paris. At the same time, this will drive demand for economically strategic raw materials such as lithium, cobalt and rare earths, which will boost mining.

Given the signals observable in the market, the Managing Board assumes for 2019 that the sector environment and improved conditions in the mining equipment market will continue to open up the growth opportunities for the SMT Scharf Group in the current fiscal year. With regard to the 2019 fiscal year, the Managing Board of SMT Scharf continues to anticipate consolidated revenue in a range between EUR 72 million and EUR 75 million. Following the acquisition of Canadian mining specialist RDH Mining Equipment and successful completion of the related financial and sales integration, the aim is to advance the technical integration of RDH in 2019 and to exploit the potential of an expanded product range. The complete integration of RDH should lay the foundation for achieving far-reaching synergies in the international hard rock and tunnel market in the coming years. Furthermore, the Managing Board continues to forecast 2019 EBIT in a range between EUR 5.5 million and EUR 6.0 million.

CONSOLIDATED BALANCE SHEET

EUR thousand	31/03/2019	31/03/2018	31/12/2018
Assets			
Intangible assets	4,893	3,042	4,778
Property, plant and equipment	8,099	5,103	6,864
Equity accounted investments	6,265	4,396	5,824
Other investments (RDH)	0	4,757	0
Deferred tax assets	2,871	3,134	2,512
Non-current lease receivables	1,063	0	1,136
Other non-current non-financial assets	9	423	9
Non-current assets	23,200	20,855	21,123
Inventories	28,481	20,908	25,826
Trade receivables	23,118	21,220	25,250
Contract assets	425	0	623
Current lease receivables	963	0	1,076
Other current non-financial assets	4,758	2,059	3,519
Other current non-financial assets in connection with employee benefit entitlements	245	377	293
Cash and cash equivalents	6,886	12,198	5,410
Current assets	64,876	56,762	61,997
Total assets	88,076	77,617	83,120

EUR thousand	31/03/2019	31/03/2018	31/12/2018
Equity and liabilities			
Subscribed share capital	4,571	4,571	4,571
Capital reserve	16,597	16,597	16,597
Revenue reserves	36,928	31,135	35,293
Other reserves	-3,383	-2,885	-4,928
Equity	54,713	49,418	51,533
Provisions for pensions	3,152	3,287	3,151
Other non-current provisions	236	332	250
Deferred tax liabilities	821	454	696
Leasing liabilities	717	8	173
Non-current financial liabilities	8,145	10,803	7,716
Other non-current financial liabilities	681	0	681
Non-current provisions and liabilities	13,752	14,884	12,667
Current income tax	192	1,104	187
Other current provisions	5,602	5,372	5,361
Contract liabilities (previous year: advance payments received)	713	241	996
Trade payables	5,176	4,459	6,390
Leasing liabilities	283	21	96
Current financial liabilities	6,366	826	4,363
Other current non-financial liabilities	1,279	1,292	1,527
Current provisions and liabilities	19,611	13,315	18,920
Total equity and liabilities	88,076	77,617	83,120

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q1/2019	Q1/2018
Revenue	14,898	11,371
Changes in inventories	1,237	1,405
Total operating revenue (100%)	16,135	12,776
Other operating income	1,184	871
Cost of materials	8,670	6,957
Personnel expenses	4,495	3,700
Depreciation, amortisation and impairment losses	526	327
Other operating expenses	2,077	2,056
Profit/loss from operating activities (EBIT)	1,551	607
Result from equity accounted investments	180	182
Interest income	97	77
Interest expenses	115	87
Financial result	162	172
Profit before tax	1,713	779
Income taxes	78	196
Group net profit	1,635	583
Other comprehensive income items recycled later to profit or loss		
Currency difference from translation of foreign financial statements	1,283	60
Share of other comprehensive income attributable to equity accounted investments	262	66
Other comprehensive income	1,545	126
Total comprehensive income	3,180	709
Earnings per share (in EUR)		
Undiluted (basic)	0.36	0.13
Diluted	0.36	0.13
Average number of shares	4,570,523	4,570,523

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	Q1/2019	Q1/2018
Consolidated net profit	1,635	583
- Result from equity accounted investments	-180	-182
+ Depreciation and amortisation of non-current assets	526	327
-/+ Gain/loss on disposal of non-current assets	219	0
+/- Increase/decrease in provisions	-46	1,196
-/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	-1,026	-3,081
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-1,413	-1,316
+/- Income taxes	78	195
+/- Financial expenses	18	10
-/+ Income tax paid/received	296	-248
Cash flow from operating activities	107	-2,516
- Capital expenditure on property, plant and equipment	-1,381	-47
- Cash outflows for additions to the consolidation scope	0	-4,763
- Capital expenditure on intangible assets	-131	-22
+ Interest received	88	77
Cash flow from investing activities	-1,424	-4,755
+ Cash inflows from the drawing down of loans	2,897	9,000
- Cash outflow for finance lease liabilities	532	-59
- Cash outflow for the redemption of loans	-3,153	-31
- Interest paid	-290	-87
Cash flow from financing activities	-14	8,823
Net change in cash and cash equivalents	-1,331	1,552
Changes in cash and cash equivalents due to effects from exchange rates and consolidated Group	187	113
Cash and cash equivalents at start of period	3,218	7,841
Cash and cash equivalents at end of period	2,074	9,506

SELECTED NOTES TO THE FINANCIAL STATEMENTS

Inventories

Inventories are composed as follows

EUR thousand	Q1/2019	Q1/2018
Raw materials, consumables and supplies	11,645	8,405
Work in progress	14,946	11,120
Finished goods and merchandise	1,890	1,383
Carrying amount	28,481	20,908

IFRS 16

IFRS 16 came into force on January 1, 2019. For lessees, the new standard abolishes the previous classification of leases as operating and finance leases. Instead, IFRS 16 introduces a uniform accounting model under which lessees are required for all leases to recognise an asset as a right-of-use, as well as a lease liability for the outstanding rental payments. As a consequence, in future all leases will have to be recognised on the consolidated balance sheet as a matter of principle. SMT Scharf makes use of the option not to recognise the rights-of-use of current (short-term) leases or leases for low-value assets.

The reported rights-of-use are carried at cost less accumulated amortisation. Cost is calculated as the present value of all future lease payments.

The initial recognition of leasing liabilities is determined as the present value of the leasing payments to be made. In subsequent measurement, the carrying amount of the lease liability is compounded and reduced by the lease payments made without affecting profit or loss.

As a lessor, the SMT Scharf Group has concluded both finance leases and rental leases. No significant effects from IFRS 16 arose in this context.

Lease agreements in which the SMT Scharf Group is the lessee predominate over finance leases. In this area, the application of IFRS 16 led to an increase in assets and financial liabilities.

Segment Report

The business of the SMT Scharf Group is divided into three operating segments. Intersegment revenues and inputs are of minor significance, and are not reported separately.

	Coal mining		Non-coal mining		Tunnel logistics		Not allocated		SMT Scharf Group	
EUR thousand	Q1/ 2019	Q1/ 2018	Q1/ 2019	Q1/ 2018	Q1/ 2019	Q1/ 2018	Q1/ 2019	Q1/ 2018	Q1/ 2019	Q1/ 2018
Revenue	9,913	8,424	4,971	2,792	14	155	-	-	14,898	11,371
of which new systems	2,968	2,094	1,969	1,997	-	-	-	-	4,937	4,091
of which replacement parts	5,874	4,951	2,836	714	14	155	-	-	8,724	5,820
of which other	1,071	1,379	166	81	-	-	-	-	1,237	1,460
Operating result (EBIT)	1,706	643	(73)	(29)	(82)	(7)	-	-	1,551	607
Profit/loss from equity accounted companies	180	-	-	-	-	-	-	-	180	-
Segment assets	71,059	69,177	13,942	5,020	71	286	2,871	3,134	88,076	77,617
Segment liabilities	30,008	26,636	2,378	1,015	22	95	822	454	33,363	28,199
Segment investments	1,506	73	6	9	-	-	-	-	1,512	82
Interests in equity accounted investments	6,265	4,396	-	-	-	-	-	-	6,265	4,396
Depreciation and amortisation	446	294	79	31	2	2	-	-	527	327
FTEs	325	348	80	29	3	3	-	-	408	380

IMPRINT

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DISCLAIMER

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