



3-MONTH REPORT 2018

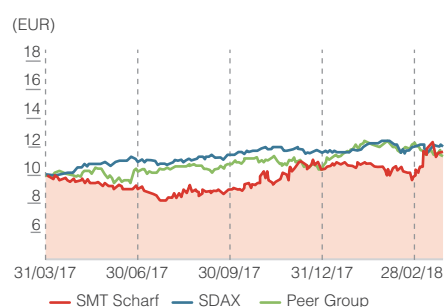


KEY SHARE DATA

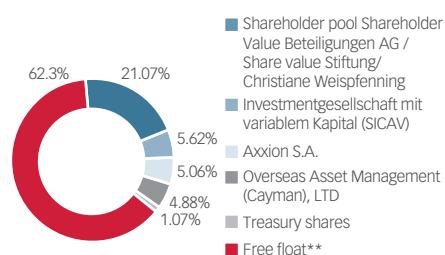
Ticker / ISIN	S4A / DE0005751986
Number of shares	4,200,000
Closing price (March 31, 2018)*	EUR 16.00
Price high / low*	EUR 16.90 / EUR 11.12
Share price performance (LTM on March, 2018)	+16.7%
SDAX performance (LTM on March 31, 2018)	+18.2%
Peer group portfolio performance (LTM on March 31, 2018)	+12.0%
Market capitalisation, excluding treasury shares (March 31, 2018)	EUR 73,128 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

23/05/2018	Annual General Meeting
15/08/2018	2018 6M report
14/11/2018	2018 9M report
31/12/2018	Fiscal year-end

LETTER TO SHAREHOLDERS

Dear shareholders,

SMT Scharf AG has made a good start to the 2018 fiscal year. Business continued to perform well during the first quarter of 2018, reporting year-on-year growth in business with new systems and in the service business. Accordingly, consolidated revenue was up by 7.2% to EUR 11.4 million in the reporting period (Q1/2017: EUR 10.6 million). Our market expansion strategy thereby continues to bear fruit, after we intentionally proceeded with aggressive pricing in contract awards and tenders. This is connected with the aim of raising our visibility in the market and expanding our market shares.

Our profit from operating activities (EBIT) amounted to EUR 0.6 million in the first quarter of 2018 (Q1/2017: EUR 0.8 million), in line with planning. The slight decrease is attributable to the higher cost of materials reflecting the marked pickup in business with new systems. The order book position amounted to EUR 21.0 million as of the March 31 reporting date, representing significant growth of 35.5% compared with the previous year's reporting date.

As a worldwide leading supplier of underground transport solutions and logistics systems, we aim to exploit the upturn in mining and grow profitably in our markets. During the first months of 2018, we have created the preconditions for further growth with the founding of our second sales-based joint venture in China and our takeover of Canadian mining specialist RDH Mining Equipment.

Thanks to RDH, we are now positioned even more broadly in the market and have optimally augmented our product portfolio to include rubber-tyred vehicles. With the newly added battery and electrical expertise of RDH, we can also serve demand for electric vehicles, and individually equip vehicles in accordance with customer requirements. We are thereby benefiting from our established access to target markets worldwide. During the first quarter of 2018, we worked on successfully integrating RDH into all areas within the SMT Scharf Group. This process is advancing as planned and RDH is generally developing in line with our expectations. In the area of integrating sales, we have already implemented more measures than planned. With regard to the current fiscal year and for the coming years, we will realise positive effects for our revenue and earnings trends thanks to the takeover of RDH.

We would like to take this opportunity to thank you as our investors, business partners and customers for the confidence that 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

		2016	2017	Q1/2017	Q1/2018
Revenue	EUR thousand	42,565	52,131	10,606	11,371
Total operating revenue	EUR thousand	42,241	53,114	11,648	12,776
EBIT	EUR thousand	2,473	4,554	816	607
EBIT margin on total operating revenue	%	5.9	8.6	7.0	4.8
Group net profit/loss	EUR thousand	1,873	3,982	826	583
Equity	EUR thousand	39,297	48,709	40,706	49,418
Equity ratio	%	66	67	67	64
FTE (full-time employees)	on reporting date	308	317	304	330 (380 incl. RDH)

BUSINESS TRENDS

The integration of Canadian mining company RDH Mining Equipment is proceeding well, as expected. Once the opening balance sheet is available, we will include these figures in the SMT Scharf consolidation. For this reason, the following figures and key ratios do not yet include RDH.

During the first three months of the current 2018 fiscal year, the SMT Scharf Group continued the previous year's positive business trend, reporting a marked year-on-year increase in revenue, although earnings registered a slight decline. Consolidated revenue in the first quarter of 2018 was up by 7.2% to EUR 11.4 million, compared with EUR 10.6 million in the previous year's period. Profit from operating activities (EBIT) stood at EUR 0.6 million (Q1/2017: EUR 0.8 million). The slight decrease is attributable to the higher cost of materials reflecting the marked pickup in business with new systems.

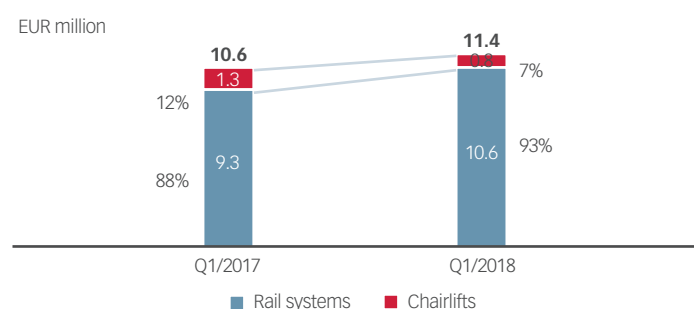
The revenue growth in the reporting period is primarily attributable to the market expansion strategy and a continued good market environment. This is reflected in mine operators making more investments in new systems. SMT Scharf generated 14.0% revenue growth from selling rail systems in its new systems business. In terms of segments, the largest revenue share continued to be attributable to the Coal area, accounting for 74% of total revenue (Q1/2017: 83%), while the proportion from the Non-coal mining segment rose to 25% (17%).

New order intake in the first quarter of 2018 amounted to EUR 17.1 million, up significantly year-on-year (Q1/2017: EUR 10.3 million). The order book position stood at EUR 20.0 million as of March 31, 2018.

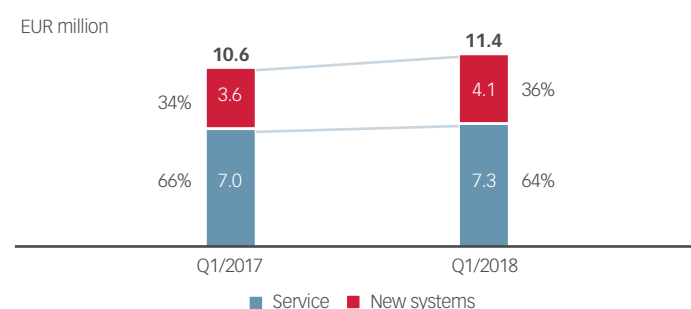
The number of employees amounted to 330 as of the March 31, 2018 reporting date (prior-year period: 304 individuals). This growth derives mainly from the takeover of RDH in February 2018.

The mining company RDH Mining Equipment, which was acquired on February 7, 2018, is not yet included in the scope of consolidation for the financial accounting of SMT Scharf. This will occur during the second quarter of 2018. The integration into the financial accounting system of SMT Scharf is running to plan. Since the takeover, the business figures of RDH have performed in line with expectations. Furthermore, the integration of the RDH and SMT Scharf sales organisations is proceeding faster than expected. Enquiries from potential international customers have already improved thanks to the collaboration between the RDH and SMT Scharf sales organisations.

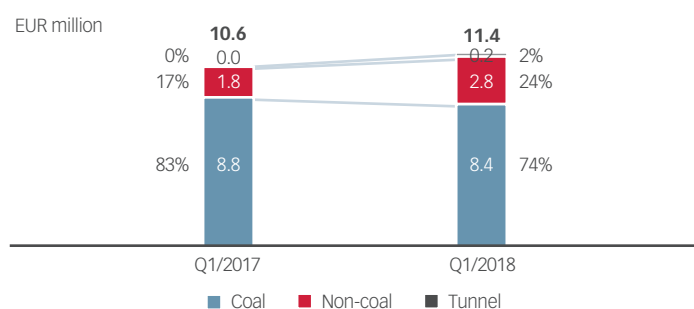
Revenue share by business product



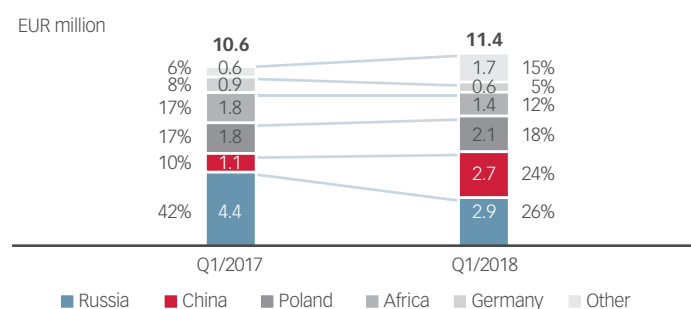
Revenue share by business type



Revenue share by segment



Revenue share by region



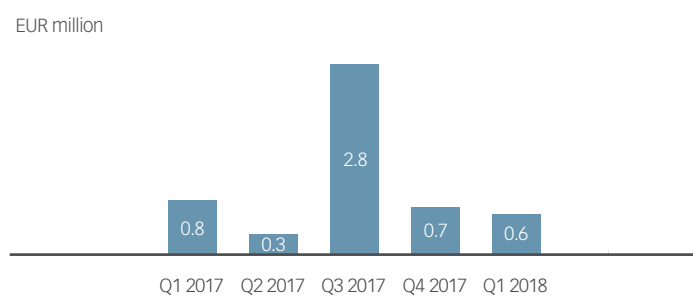
ECONOMIC AND BUSINESS REPORT

Group revenue



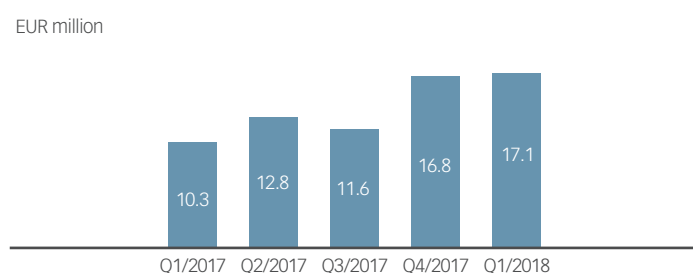
- Last twelve months' (LTM) rolling consolidated revenue of EUR 52.9 million as of March 31, 2018 reporting date.
- SMT Scharf was able to increase sales in both the new systems and service business compared to the same period last year.

Operating result (EBIT)



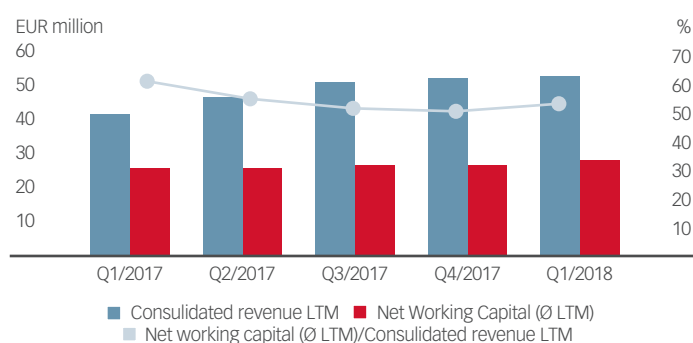
- EBIT in the first quarter 2018 at EUR 0.6 million (Q1/2017: EUR 0.8 million). Although EBIT is thereby below the previous year's level due to an increased cost of materials ratio of 54% (Q1/2017: 51%), it is in line with budget on a view of the full 2018 year.
- EBIT margin (based on total operating revenue) at 4.8% in the first quarter of 2018 (Q1/2017: 7.0%).
- Last twelve months' (LTM) rolling EBIT of EUR 4.4 million as of the March 31, 2018 reporting date.

New order intake



- New order intake in the first quarter 2018 of EUR 17.1 million reflects significant increase of 66.0% compared with the prior-year period (Q1/2017: EUR 10.3 million).
- Order book position of EUR 21.0 million as of March 31, 2018 (March 31, 2017: EUR 15.5 million).

Net working capital (Ø LTM)/Group 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 28.1 million for the last twelve months as of the March 31, 2018 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 52.9 million, equivalent to net working capital intensity of 53.2%.
- The reduction of old receivables in China significantly rejuvenates receivables.

EVENTS AFTER THE BALANCE SHEET DATE

Following the end of the first three months of 2018, no further events occurred that have a significant effect on the company's financial position and performance.

OUTLOOK

The global economy is on a growth track, according to the „World Economic Outlook“ the International Monetary Fund (IMF) published in April 2018. Accordingly, the IMF forecasts 3.9% GDP growth for 2018. Rising raw materials prices are leading to a continued recovery in the mining equipment market. Operators of coal mines worldwide are unwinding the investment backlog that has accumulated over many years and are investing in new conveying systems as well as modern infrastructure. Market signals suggest the sector environment will improve further over the course of the year.

With regard to the 2018 fiscal year, the Managing Board of SMT Scharf continues to anticipate consolidated revenue in a range between EUR 58 million and EUR 62 million and EBIT in a range between EUR 4.5 million and EUR 5.5 million. This includes the positive effects from the acquisition of Canadian mining company RDH Mining Equipment. With the takeover in February 2018 of the leading supplier of battery-driven vehicles with lithium-ion technology for underground mining, SMT Scharf has further augmented its product portfolio of rubber-tyred vehicles and established a foundation to achieve far-reaching synergies in the international hard-rock and tunnel market. The sales integration of RDH is proceeding well and running faster than expected. As a result, sales activities have already commenced in markets such as Chile, South Africa, Sub-Saharan Africa, Turkey and other markets. Moreover, technical systems are to be fully integrated into the Group by the end of 2018. The financial integration of the company is also running to plan. The company will be included in the consolidation scope as of the second quarter of 2018. SMT Scharf anticipates positive effects for its revenue and earnings trends for the current 2018 fiscal year as well as for the coming years.

CONSOLIDATED BALANCE SHEET

EUR thousand	31/03/2018	31/03/2017	31/12/2017
Assets			
Intangible assets	3,042	1,348	3,051
Property, plant and equipment	5,103	4,716	5,397
Equity accounted investments	4,396	3,736	4,127
Other investments (RDH)	4,757	0	0
Deferred tax assets	3,134	3,265	3,092
Non-current lease receivables	0	0	580
Other non-current non-financial assets	423	742	86
Non-current assets	20,855	13,807	16,333
Inventories	20,908	15,758	15,100
Trade receivables	20,209	23,047	24,654
Current lease receivables	1,011	0	1,011
Other current non-financial assets	2,059	2,980	1,906
Other current non-financial assets in connection with employee benefit entitlements	377	425	377
Cash and cash equivalents	12,198	4,656	12,886
Current assets	56,762	46,866	55,934
Total assets	77,617	60,673	72,267

EUR thousand	31/03/2018	31/03/2017	31/12/2017
Equity and liabilities			
Subscribed share capital	4,571	4,151	4,571
Capital reserve	16,597	11,642	16,597
Revenue reserves	31,135	27,577	30,552
Other reserves	-2,885	-2,664	-3,011
Equity	49,418	40,706	48,709
Provisions for pensions	3,287	3,593	3,285
Other non-current provisions	332	332	318
Deferred tax liabilities	454	93	452
Advance payments received	0	0	248
Leasing liabilities	8	0	198
Non-current financial liabilities	10,803	1,243	1,489
Non-current provisions and liabilities	14,884	5,261	5,990
Current income tax	1,104	1,198	1,104
Other current provisions	5,372	5,559	4,221
Advance payments received	241	522	407
Trade payables	4,459	4,153	5,410
Leasing liabilities	21	0	72
Current financial liabilities	826	1,837	5,045
Other current non-financial liabilities	1,292	1,437	1,309
Current provisions and liabilities	13,315	14,706	17,568
Total assets	77,617	60,673	72,267

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q1/2018	Q1/2017
Revenue	11,371	10,606
Changes in inventories	1,405	1,042
Total operating revenue (100%)	12,776	11,648
Other operating income	871	624
Cost of materials	6,957	5,972
Personnel expenses	3,700	3,111
Depreciation, amortisation and impairment losses	327	307
Other operating expenses	2,056	2,066
Profit/loss from operating activities (EBIT)	607	816
Result from equity accounted investments	182	46
Interest income	77	39
Interest expenses	87	15
Financial result	172	70
Profit/loss before tax	779	886
Income taxes	196	60
Consolidated net profit	583	826
Other comprehensive income items recycled later to profit or loss:		
Currency differences from foreign annual financial statements	60	581
Share of other comprehensive income attributable to equity accounted investments	66	
Other comprehensive income	126	581
Comprehensive income	709	1,407
Earnings per share in EUR		
Basic	0.13	0.20
Average number of shares	4,570,523	4,150,523

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Q1/2018	Q1/2017
Consolidated net profit	583	826
- Income from equity accounted investments	-182	-46
+ Depreciation and amortisation of non-current assets	327	307
+/- Gain/loss from disposal of fixed assets	1,196	437
-/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	-3,081	-1,853
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-1,316	-374
+/- Income tax	195	226
+/- Financial expenses	10	-25
-/+ Income tax paid/received	-248	-499
Cash flow from operating activities	-2,516	-1,001
+ Cash inflows from disposal of property, plant and equipment	0	42
- Capital expenditure on property, plant and equipment	-47	-269
+ Proceeds from disposals of intangible assets	0	3
- Payments for additions to the scope of consolidation*	-4,763	0
- Capital expenditure on intangible assets	-22	-65
+ Interest received	77	33
Cash flow from investing activities	-4,755	-256
+ Cash inflow from borrowing	9,000	0
- Cash outflow for finance lease liabilities	-59	0
- Cash outflow for the redemption of loans	-31	-70
- Interest paid	-87	-25
Cash flow from financing activities	8,823	-95
Net change in cash and cash equivalents	1,552	-1,352
Changes in cash and cash equivalents due to effects from exchange rates and consolidated Group	113	296
Cash and cash equivalents at start of period	7,841	4,030
Cash and cash equivalents at end of period	9,506	2,974

* Preliminary consolidation, in this case cash component, inclusion in the scope of consolidation as of Q2/2018

SELECTED NOTES TO THE FINANCIAL STATEMENTS

Inventories

Inventories are composed as follows:

EUR thousand	31/03/2018	31/03/2017
Raw materials, consumables and supplies	8,405	2,992
Work in progress	11,120	8,213
Finished goods and merchandise	1,383	4,553
Carrying amount	20,908	15,758

Segment report

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

EUR thousand	Coal mining		Non-coal mining		Tunnel logistics		Not allocated		SMT Scharf Group	
	Q1/2018	Q1/2017	Q1/2018	Q1/2017	Q1/2018	Q1/2017	Q1/2018	Q1/2017	Q1/2018	Q1/2017
Revenue	8,424	8,840	2,792	1,765	155	1	-	-	11,371	10,606
Operating result (EBIT)	643	665	-29	233	-7	-82	-	-	607	816
Earnings from equity accounted investments	182	46	-	-	-	-	-	-	182	46
Segment assets	69,177	52,706	5,020	4,474	286	228	3,134	3,265	77,617	60,673
Segment liabilities	26,636	18,595	1,015	1,209	95	69	454	93	28,199	19,967
Segment investments	73	328	9	6	-	-	-	-	82	334
Interests in equity accounted investments	4,396	3,736	-	-	-	-	-	-	4,396	3,736
Depreciation and amortisation	294	293	31	13	2	1	-	-	327	307
FTE	348	274	29	28	3	2	-	-	380	304

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