



9-MONTH REPORT 2019

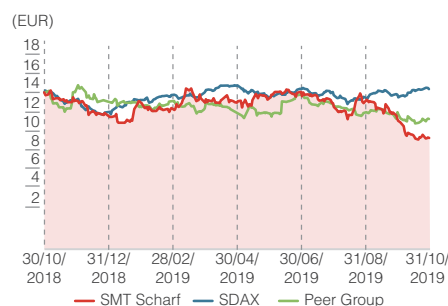


KEY SHARE DATA

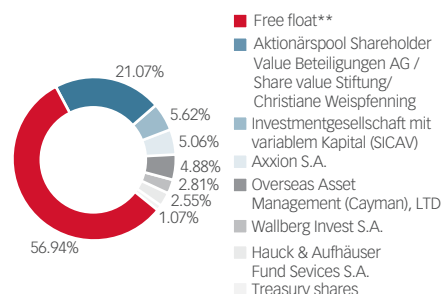
Ticker/ISIN	S4A/DE0005751986
Number of shares (including 49,477 treasury shares)	4,620,000
Closing price (30/09/2019)*	EUR 11.55
Price high/low*	EUR 15.70/EUR 10.10
Share price performance (LTM on 30/09/2019)	-25.5%
SDAX performance (LTM on 30/09/2019)	-7.8%
Peer group portfolio performance (LTM on 30/09/2019)	-22.9%
Market capitalisation excluding treasury shares (30/09/2019)	EUR 53,361 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

25-27 / 11 / 2019	German Equity Capital Forum 2019
31 / 12 / 2019	Fiscal year-end

LETTER TO SHAREHOLDERS

Dear shareholders,

SMT Scharf AG continued consistently to pursue its growth strategy in the first nine months of fiscal year 2019. In the first nine months of the year 2019, we increased our consolidated revenue by 5.6% to EUR 49.7 million compared to the previous year. In light of the recent unfavourable market environment and the new regulatory framework in China, revenue growth weakened in the third quarter. As a consequence, revenue in the new equipment business were at the previous year's level, while revenue in the high-margin service business improved by 9.9% to EUR 28.8 million. We also increased our profitability in the first nine months of 2019, with a profit from operating activities (EBIT) of EUR 4.2 million, compared with EBIT of EUR 3.6 million in the same period of the previous year.

With a look to the year as a whole, we expect the market environment to deteriorate further as the global economy weakens against the backdrop of global trade conflicts. In SMT Scharf's important foreign markets, this is leading to a reduced level of willingness to invest in mining equipment. In addition, the new regulation for engines in China is continuing to lead to delivery delays. This approval issue will weigh on the Chinese market in the final quarter and in the first half of 2020, temporarily weakening SMT Scharf's recent dynamic revenue performance in China. At the same time, we assume that corresponding catch-up effects will take effect from the second half of 2020 onwards. Overall, with regard to the 2019 fiscal year, we now anticipate consolidated revenue between EUR 65 million and EUR 67 million and EBIT in a range between EUR 4.5 million and EUR 5.0 million.

In the medium and long term, we identify attractive growth opportunities in our business segments, driven by global urban development trends, high demand for economically strategic raw materials, and electric mobility. New and increasingly networked mines are constantly being built around the world. As a special machinery manufacturer, we have increasingly positioned ourselves in recent years to provide mining companies with individual transport and logistics solutions. For battery-powered vehicles with lithium-ion technology, for example, we have significantly enhanced our expertise thanks to RDH, and are pressing ahead with development in this area in order to leverage potential even better in this area within a changing mining market.

We wish to take this opportunity to thank you as our investors, business partners and customers for the confidence you invest in us, and we look forward to continuing our partnership into the future.

Kind regards

Hans Joachim Theiss

Wolfgang Embert

SUMMARY OF KEY DATA

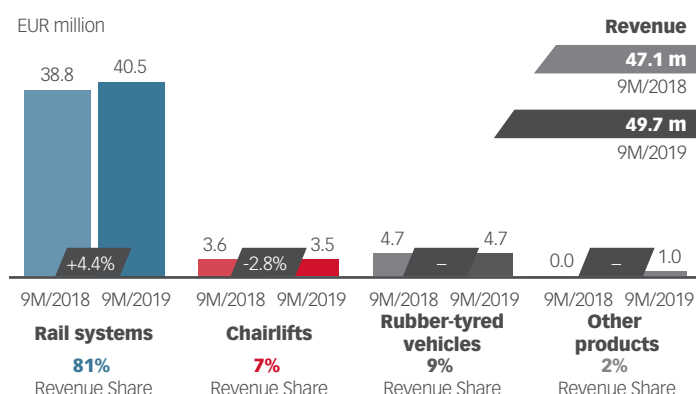
		2017	2018	9M/2018	9M/2019
Revenue	EUR thousand	52,131	70,795	47,056	49,687
Total operating revenue	EUR thousand	53,114	71,028	49,003	50,020
EBIT	EUR thousand	4,554	5,304	3,600	4,185
EBIT margin on total operating revenue	%	8.6	7.5	7.4	8.4
Group net income	EUR thousand	3,982	4,633	3,751	4,433
Equity	EUR thousand	48,709	51,533	51,191	58,918
Equity ratio	%	67	62	60.9	61.8
FTEs (full-time employees)	on the reporting date	317	389	389	434

BUSINESS TRENDS

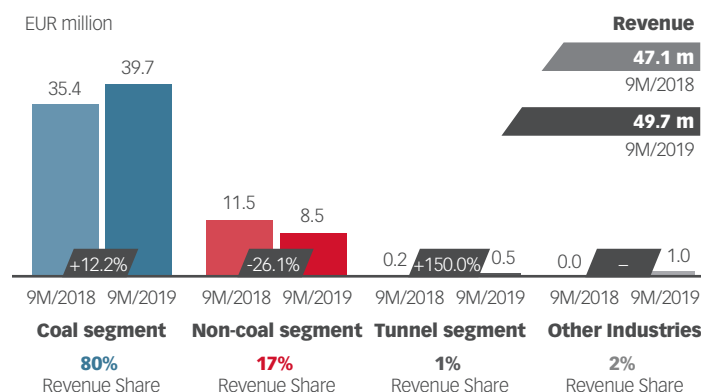
During the first nine months of the 2019 fiscal year, the SMT Scharf Group reported slight growth in both its revenue and earnings compared with the corresponding prior-year period. With an increase of 5.6% compared to the same period of the previous year, consolidated revenue in the reporting period reached EUR 49.7 million (9M/2018: EUR 47.1 million). The economic slowdown was nonetheless evident in the third quarter. Consequently, quarterly revenue of EUR 16.5 million failed to match the revenue of the prior-year quarter (Q3/2018: EUR 18.9 million). This development is especially attributable to new regulatory requirements in the Chinese market, which in the case of SMT Scharf, with its well-filled order pipeline, will lead to delays in delivery.

In view of the higher revenue level in the first nine months of 2019 and the sustained revenue level of EUR 1.3 million in the domestic market of Germany (9M/2018: EUR 1.3 million), the relative importance of foreign business rose further. Accordingly, its share of revenue amounted to 98% (9M/2018: 97%). While the new equipment business, with revenue of EUR 20.9 million, remained at the previous year's level, the service business increased by 9.9% to EUR 28.8 million (9M/2018: EUR 26.2 million). Accordingly, new equipment's share of revenue reduced to 42% (9M/2018: 44%). In the Rail Systems division, SMT Scharf increased revenue to EUR 40.5 million (9M/2018: EUR 38.8 million), while revenue from rubber-tyred vehicles reached the previous year's level of EUR 4.7 million (9M/2018: EUR 4.7 million).

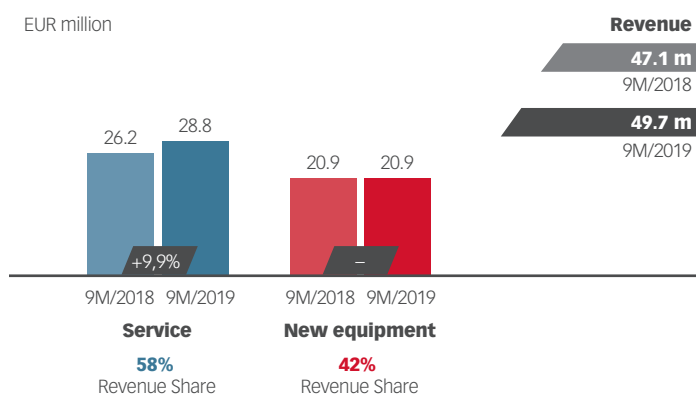
Revenue share by product



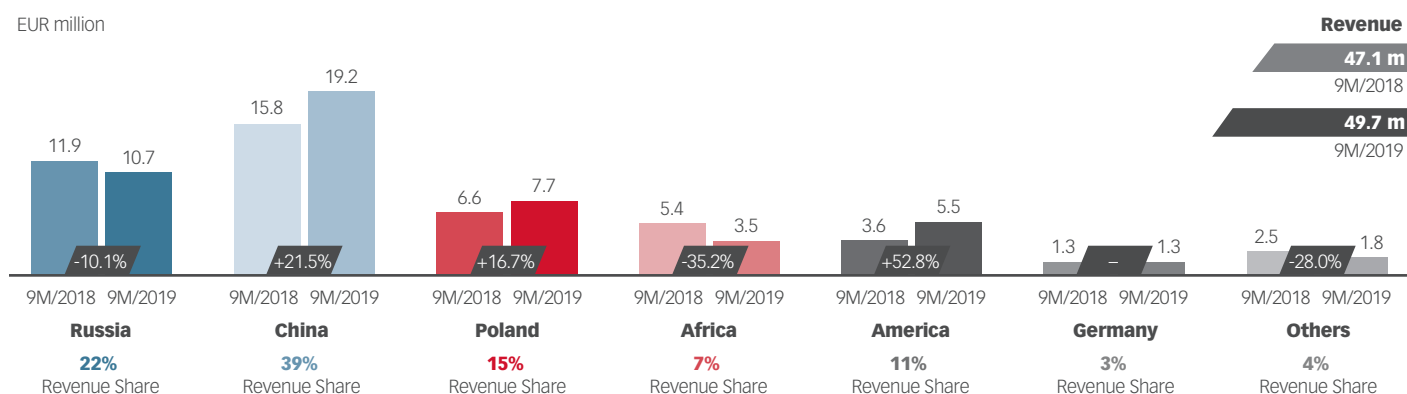
Revenue share by segment



Revenue share by type



Revenue share by region



Total operating revenue (consolidated revenue plus changes in inventories and work in progress) amounted to EUR 15.5 million in the third quarter of 2019 (Q3/2018: EUR 18.8 million). In the first nine months, the figure of EUR 50 million was 2.1 % higher than in the previous year (EUR 9M/2018: EUR 49 million).

Other operating income decreased by 15% to EUR 2.4 million in the first nine months of the year (EUR 9M/2018: 2.9 million) due to a lower level of releases of provisions and lower development costs. By contrast, other operating expenses of EUR 7.1 million were 6.1% under the corresponding previous-year level.

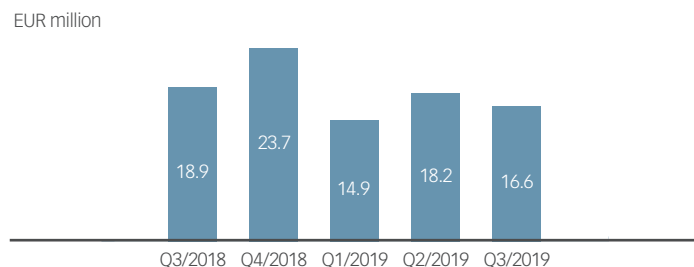
Despite the slight increase in revenue in the first nine months of the current fiscal year, the cost of materials reduced by 11% to EUR 25.2 million (9M/2018: EUR 28.3 million). Accordingly, the cost of materials ratio (in relation to total operating revenue) stood at 50.3% (9M/2018: 57.7%). By contrast, personnel expenses amounted to EUR 14 million, representing an increase of 24.2% compared with the prior-year period (9M/2018: EUR 11.3 million). The personnel expense ratio (in relation to total operating revenue) rose accordingly to 28.1% during the first nine months of the year (9M/2018: 23.1%).

During the first nine months of 2019, SMT Scharf achieved EBIT of EUR 4.2 million. This corresponds to an increase of 16.3% over the previous year's figure (9M/2018 EUR 3.6 million) and is particularly attributable to the strong performance in the first half of the year and the sustained increase in the high-margin service business. The Group net financial result of EUR 0.5 million was down slightly on the previous year's level (9M/2018: EUR 0.6 million).

The number of employees rose to 434 as of the accounting period's reporting date (prior-year period: 389). The increase derives chiefly from the acquisition of ser elektronik GmbH and from hiring in Germany and Russia.

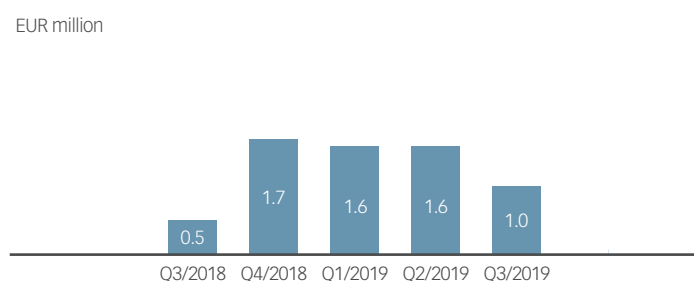
ECONOMIC AND BUSINESS REPORT

Group revenue



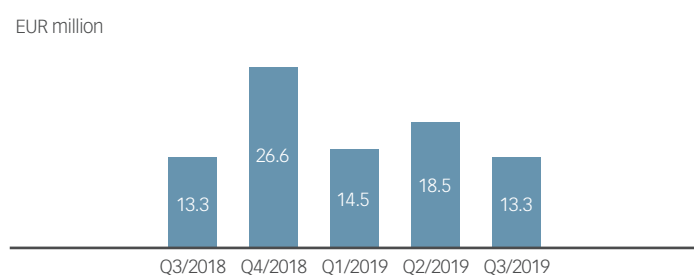
- Year-on-year increase in consolidated revenue of 12.6% in the third quarter of 2019 to EUR 16,548 thousand, with 5.6% revenue growth in the nine-month period to EUR 49,687 thousand
- Last twelve months' (LTM) rolling consolidated revenue amounts to EUR 73,426 thousand as of September 30, 2019 reporting date

Operating result (EBIT)



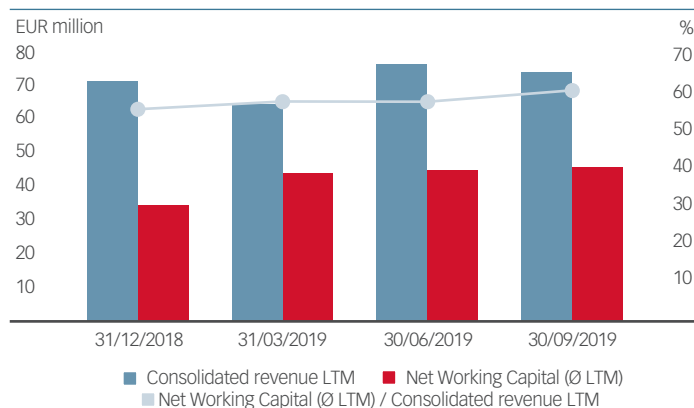
- EBIT of EUR 1,035 thousand in third quarter of 2019 (Q3/2018: EUR 549 thousand), and continued positive at EUR 4,185 thousand after nine months of 2019 (9M/2018: EUR 3,600 thousand)
- EBIT margin (in relation to total operating revenue) at 6.7% in the third quarter of 2019 (Q3/2018: 2.9%), and at 8.4% after first nine months of 2019 (9M/2018: 7.4%)
- Last twelve months' (LTM) rolling EBIT of EUR 5.9 million as of the September 30, 2019 reporting date

New order intake



- New order intake maintained at previous year's level in third quarter of 2019, with a 5% decrease in the nine-month period to EUR 46,287 thousand (9M/2018: EUR 48,787 thousand)
- Order book position as of September 30, 2019 at EUR 16,330 thousand (September 30, 2018: EUR 16,954 thousand)

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 45.3 million for the last twelve months as of the September 30, 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 73.4 million, equivalent to net working capital intensity of 61.7%

OUTLOOK

In light of a global economy that is weakening against a backdrop of global trade conflicts, the market environment is increasingly worsening, which in SMT Scharf's important foreign markets is leading to a reduced willingness to invest in mining equipment. In addition, new legislation for engines in China will result in delivery delays, so that the dynamic revenue performance in China recorded in the first half of the year will abate.

Given this, SMT Scharf now anticipates consolidated revenue of between EUR 65 million and EUR 67 million for the 2019 fiscal year. Furthermore, the Managing Board now forecasts 2019 EBIT in a range between EUR 4.5 million and EUR 5.0 million. Originally, SMT Scharf anticipated consolidated revenue in a range between EUR 72 million and EUR 75 million and EBIT in a range between EUR 5.5 million and EUR 6.0 million for the 2019 fiscal year.

Based on its strong market position, SMT Scharf will continue its focus on consistently leveraging the growth opportunities on offer in its target markets worldwide.

CONSOLIDATED BALANCE SHEET

EUR thousand	30/09/2019	30/09/2018	31/12/2018
Assets			
Intangible assets	4,934	4,824	4,778
Property, plant and equipment	9,680	6,458	6,864
Loans	712	0	0
Equity accounted investments	6,746	5,235	5,824
Other investments	7	0	0
Deferred tax assets	3,257	3,495	2,512
Non-current lease receivables	699	614	1,136
Other non-current non-financial assets	164	45	9
Non-current assets	26,199	20,671	21,123
Inventories	33,990	31,902	25,826
Trade receivables	21,627	20,656	25,250
Contract assets	0	0	623
Current lease receivables	883	807	1,076
Other current non-financial assets	4,812	2,748	3,519
Other current non-financial assets in connection with employee benefit entitlements	140	328	293
Cash and cash equivalents	7,611	6,751	5,410
Current assets	69,063	63,192	61,997
Total assets	95,262	83,863	83,120

EUR thousand	30/09/2019	30/09/2018	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	39,920	34,304	35,293
Other reserves	-3,303	-4,280	-4,928
Non-controlling interests	1,133	0	0
Equity	58,918	51,191	51,533
Provisions for pensions	3,301	3,341	3,151
Other non-current provisions	221	254	250
Deferred tax liabilities	903	818	696
Leasing liabilities	1,036	146	173
Non-current financial liabilities	4,994	8,850	7,716
Other non-current financial liabilities	723	0	681
Non-current provisions and liabilities	11,178	13,409	12,667
Current income tax	73	0	187
Other current provisions	4,727	4,455	5,361
Contract liabilities (previous year: advance payments received)	1,737	910	996
Trade payables	5,859	5,918	6,390
Leasing liabilities	463	92	96
Current financial liabilities	11,422	7,198	4,363
Other current non-financial liabilities	885	690	1,527
Current provisions and liabilities	25,166	19,263	18,920
Total equity and liabilities	95,262	83,863	83,120

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q3/2019	Q3/2018	9M/2019	9M/2018
Revenue	16,548	18,924	49,687	47,056
Changes in inventories	-1,007	-147	333	1,947
Total operating revenue	15,541	18,777	50,020	49,003
Other operating income	674	491	2,431	2,861
Cost of materials	7,464	12,024	25,177	28,262
Personnel expenses	4,567	3,513	14,032	11,298
Depreciation, amortisation and impairment losses	746	391	1,913	1,096
Other operating expenses	2,403	2,791	7,144	7,608
Profit from operating activities (EBIT)	1,035	549	4,185	3,600
Result from equity accounted investments	429	194	852	720
Interest income	89	58	278	196
Interest expenses	212	155	615	340
Financial result	306	97	515	576
Profit before tax	1,341	646	4,700	4,176
Income taxes	81	-16	267	425
Group net income	1,260	662	4,433	3,751
of which Group net income attributable to non-controlling interests	-40	0	16	0
of which Group net income attributable to shareholders	1,300	662	4,417	3,751
Other comprehensive income items recycled later to profit or loss				
Currency difference from translation of foreign financial statements	-335	-735	1,160	-1,148
Share of other comprehensive income attributable to equity accounted investments	35	61	70	-121
Share of other comprehensive income attributable to non-controlling interests	-21	0	-21	0
Other comprehensive income	-321	-674	1,209	-1,269
Total comprehensive income	939	-12	5,642	2,482
Earnings per share (in EUR)				
Undiluted (basic)	0.28	0.14	0.97	0.82
Diluted	0.28	0.14	0.97	0.82
Average number of shares	4,570,523	4,570,523	4,570,523	4,570,523

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	9M/2019	9M/2018
Consolidated net profit	4,433	3,751
- Income from equity accounted investments	-852	-720
+ Depreciation and amortisation of non-current assets	1,913	1,096
-/+ Gain/loss on disposal of non-current assets	8	0
+/- Increase/decrease in provisions	-867	185
-/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	-2,164	-7,986
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	-471	-1,851
+/- Income taxes	266	425
+/- Financial expenses	338	143
-/+ Income tax paid/received	-1,282	-1,940
Cash flow from operating activities	1,322	-6,897
+ Cash inflows from disposal of property, plant and equipment	51	0
- Capital expenditure on property, plant and equipment	-2,196	-923
+ Cash inflows from disposal of non-controlling interests in subsidiaries	619	0
- Cash outflows from investments in financial assets	0	-508
- Cash outflows for additions to the consolidation scope	-202	-4,580
- Capital expenditure on intangible assets	-234	-633
+ Interest received	247	129
Cash flow from investing activities	-1,715	-6,515
+ Cash inflows from the drawing down of loans	0	8,001
+ Cash inflows from bond issuance	672	0
- Cash outflow for finance lease liabilities	-395	-379
- Cash outflow for the redemption of loans	-3,711	-713
- Interest paid	-1,005	-425
Cash flow from financing activities	-4,439	6,484
Net change in cash and cash equivalents	-4,832	-6,928
Changes in cash and cash equivalents due to effects from exchange rates and consolidated Group	18	-389
Cash and cash equivalents at start of period	3,218	7,841
Cash and cash equivalents at end of period	-1,596	524

SELECTED NOTES TO THE FINANCIAL STATEMENTS

SMT Scharf AG strengthens market position in Africa

In July, with the receipt of the acquisition price for 30% of the shares in the wholly-owned subsidiary SMT Scharf Africa (Pty.) Ltd., the acquisition agreement concluded in April with AERO AFRICA LEASINGS (Pty.) came into force. The parties had agreed on a purchase price in the lower seven-digit range in euros. SMT Scharf is thereby consolidating its market position in South Africa and is now also in alignment with Broad-Based Black Economic Empowerment (B-BBEE) in this regard. With the B-BBEE, the South African government is pursuing the goal of promoting equal economic opportunities for formerly disadvantaged citizens in South Africa.

Segment report

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

EUR thousand	Coal mining		Non-coal mining		Tunnel logistics		Other industries		Not allocated		SMT Scharf Group	
	9M/ 2019	9M/ 2018	9M/ 2019	9M/ 2018	9M/ 2019	9M/ 2018	9M/ 2019	9M/ 2018	9M/ 2019	9M/ 2018	9M/ 2019	9M/ 2018
Revenue	39,625	35,386	8,578	11,426	511	243	973	-	-	-	49,687	47,056
of which new systems	16,241	14,374	3,280	6,532	399	-	973	-	-	-	20,893	20,906
of which replacement parts	19,737	17,371	2,808	4,614	112	243	-	-	-	-	22,657	22,228
of which other	3,647	3,641	2,490	280	-	-	-	-	-	-	6,137	3,921
Operating result (EBIT)	4,872	3,234	(295)	458	(95)	(92)	(297)	-	-	-	4,185	3,600
Earnings from equity account- ed companies	852	720	-	-	-	-	-	-	-	-	852	720
Segment assets	73,858	69,547	15,702	10,820	312	204	2,132	-	3,257	3,495	95,262	84,066
Segment liabilities	28,233	26,946	5,717	5,055	65	56	1,427	-	903	818	36,344	32,875
Segment investments	4,038	1,392	620	2,528	-	-	16	-	-	-	4,675	3,920
Equity accounted investments	6,746	5,235	-	-	-	-	-	-	-	-	6,746	5,235
Depreciation and amortisati- on	1,546	977	288	112	15	7	64	-	-	-	1,913	1,096
FTEs	334	306	80	80	2	3	18	-	-	-	434	389

IMPRINT

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Concept, editing, layout & typesetting

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