



KEY SHARE DATA

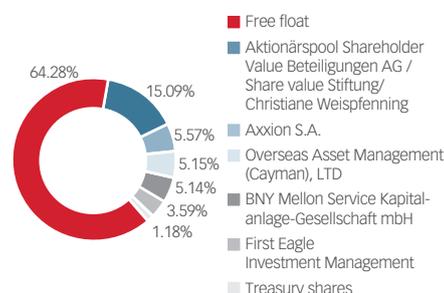
Ticker/ISIN	S4A/DE0005751986
Number of shares (including 49,477 treasury shares)	4,200,000
Closing price (30/09/2016)*	EUR 11.17
Price high/low*	EUR 12.78/ EUR 8.15
Share price perfor- mance (LTM on 30/09/2016)	-6%
SDAX performance (LTM on 30/09/2016)	12%
Peer group portfolio performance (LTM on 30/09/2016)	57%
Market capitali- sation excluding treasury shares (30/09/2016)**	EUR 46.361 thousand

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

SHARE PRICE CHART



SHAREHOLDER STRUCTURE



Free float according to Deutsche Börse definition (all interests of less than 5% excluding treasury shares): 67.87%

FINANCIAL CALENDAR

21/11/2016– 23/11/2016	German Equity Capital Forum 2016
31/12/2016	Fiscal year-end

LETTER TO SHAREHOLDERS

Dear shareholders,

The outlook for the mining sector is slowly brightening. Prices of for raw materials on the most important markets stabilised in the third quarter of 2016 – and not only crude oil, but especially hard coal, where prices have almost doubled between their low level at the start of the year and our reporting date. The prospects that the mining sector and its suppliers have passed their cyclical low point have thereby improved considerably – also suggested by the fact that the restructuring of the Chinese economy is being advanced further, and domestic coal producers' supply overhang is being cut after the Chinese government closed many small and technically obsolescent mines, and will continue to do so until mid-2017. Moreover, new steel plants are being opened as part of the economic restructuring, boosting demand for high-quality coking coal.

Measures aimed at operative excellence are increasingly showing their effect. The closure of our subsidiary in the Saarland that was launched in the reporting period is also connected with this. In addition, the administrative building at the headquarters in Hamm was sold, and premises in line with requirements have been rented for our streamlined administrative function. These are difficult steps to take, but they are essential for the future given the internationalisation of our business. Two subsidiaries in South Africa were also merged to adapt the organisational structure to the changed market conditions. At the same time, SMT Scharf is expanding its market position through targeted takeovers and cooperation ventures. With the acquisition of Nowilan, a specialist in drive technology, we are strengthening ourselves in underground specialist engineering and tunnel logistics – areas that are interesting to us. Moreover, our strategic partnership with Swiss tunnel specialist Mühlhäuser is aimed at selling a jointly developed logistics solution for worldwide tunnel applications on an exclusive basis.

Business trends in the reporting period nevertheless remained characterised by the fact that customers in target markets are still very reticent in their investment behaviour – with Poland representing a pleasing exception. Despite this, at the end of nine months SMT Scharf reports a higher operating result (EBIT) compared with the corresponding prior-year period of EUR 1,120 thousand (9M/2015: EUR -385 thousand), which is even above the EBIT generated in the entire 2015 fiscal year. As expected, these improved results were generated on a lower consolidated revenue base of EUR 26,680 thousand (Q3/2015: EUR 35,373 thousand). The improving profitability over the course of the current fiscal year continued in the reporting period as a consequence.

Kind regards

Hans Joachim Theiss

Rolf F. Oberhaus

Wolfgang Embert

SUMMARY OF KEY DATA

		2014	2015	9M/2015	9M/2016
Revenue	EUR thousand	47,820	50,303	35,373	26,680
Total operating revenue	EUR thousand	45,681	49,990	35,985	27,472
EBIT	EUR thousand	-1,511	1,583	-114	1,551
EBIT margin on total operating revenue	%	-3.3	3.2	-0.3	5.6
Group net profit/loss	EUR thousand	-1,082	792	-715	1,204
Equity	EUR thousand	36,869	36,346	36,270	37,582
Equity ratio	%	61.0	62.7	59.1	66.2
FTE (full-time employees)	on the reporting date	272	281	284	301

BUSINESS TRENDS

During the first nine months of the current 2016 fiscal year, the SMT Scharf Group improved its results compared with the previous-year period, whereby revenue during this period remained in decline.

Consolidated revenue was 24.6% lower than in the corresponding prior-year period, amounting to EUR 26.7 million (9M/2015: EUR 35.4 million). When viewing the reporting period in isolation, revenue stood at EUR 7.6 million (9M/2015: EUR 12.9 million). The reduced revenue in the reporting period derives mainly from falling sales revenues on important foreign markets, as well as in Germany. Overall, the relationship between revenue generated in Germany and abroad is almost unchanged. New equipment's revenue share declined further in the period under review.

Total operating revenue (consolidated revenue plus changes in inventories and work in progress) in the third quarter of 2016 amounted to EUR 8.2 million (Q3/2015: EUR 13.6 million). In a comparison of the first nine months of year, total operating revenue was up 23.9% lower at EUR 27.4 million (9M/2015: EUR 36.0 million)

Other operating income during the first nine months of 2016 reduced by 50.8% year-on-year to EUR 2.3 million (9M/2015: EUR 4.7 million). This decrease is mainly attributable to one-off effects in the previous year, including the release of provisions as well as currency gains.

Other operating expenses were down by 41.2% to EUR 5.7 million, also as a consequence of the expiring effect of one-off items (9M/2015: EUR 9.8 million).

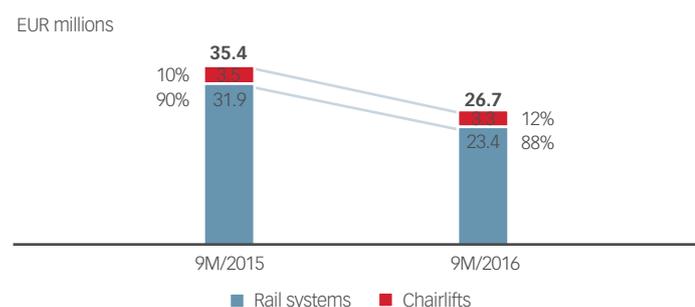
In parallel, the **cost of materials** lessened by 34.9% to EUR 13.1 million (9M/2015: EUR 20.1 million). The cost of materials ratio (in relation to total operating revenue) consequently stood at 47.6% (9M/2015: 55.8%).

Personnel expenses amounted to EUR 8.4 million, a 11.2% year-on-year reduction (9M/2015: EUR 9.4 million), with the personal expense ratio (in relation to total operating revenue) increasing to 30.5% (9M/2015: 26.2%).

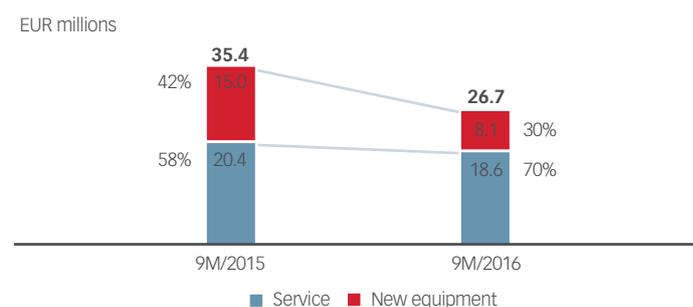
Due to the aforementioned effects during the reporting period, the **result from operating activities (EBIT)** decreased to EUR 1.6 million during the first nine months of 2016 (9M/2015: EUR -0.1 million). The consolidated **financial result** fell year-on-year to EUR 0.4 million as a consequence of higher profits from participating interests (9M/2015: EUR -0.0 million).

The **number of employees** rose to 301 as of the accounting period's reporting date (prior-year period: 284). This increase derives mainly from hiring at the service company in Russia, while the workforce in Germany was reduced further.

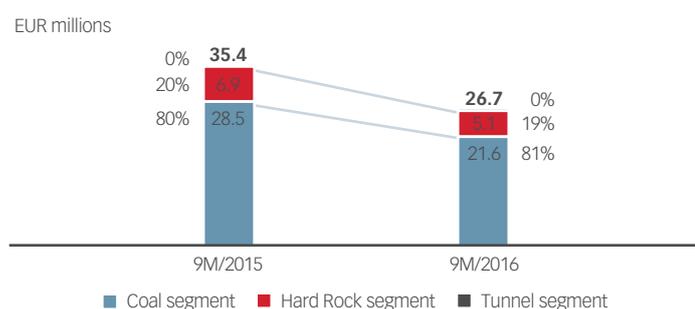
Revenue share by product



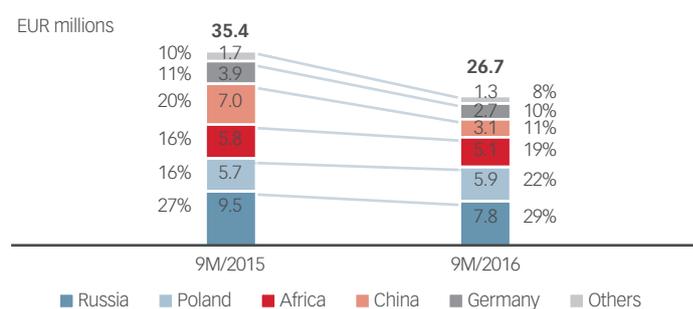
Revenue share by business type



Revenue share by operating segment



Revenue share by region



ECONOMIC AND BUSINESS REPORT

Consolidated revenue



- Year-on-year reduction in consolidated revenue of 41.0% in third quarter of 2016, with a 24.6% decrease in the first nine months of 2016 to EUR 26,680 thousand (9M/2015: EUR 35,373 thousand)
- Last twelve months' (LTM) rolling consolidated revenue of EUR 41,610 thousand as of September 30, 2016 reporting date

Operating result (EBIT)



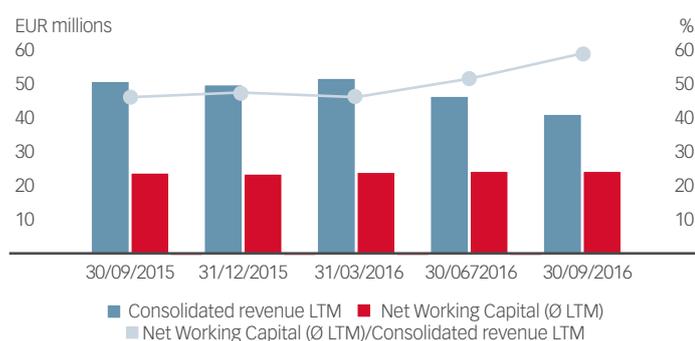
- Positive EBIT of TEUR 22 in third quarter of 2016 (Q3/2015: EUR 267 thousand), and positive at EUR 1,551 thousand after nine months of 2016 (9M/2015: EUR -114 thousand)
- EBIT margin (in relation to total operating revenue) at 0.2% in the third quarter of 2016 (Q3/2015: 2.0%), and at 5.6% after first nine months of 2016 (9M/2015: -0.3%)
- Last twelve months' (LTM) rolling EBIT of EUR 3,249 thousand as of the September 30, 2016 reporting date

New order intake



- New order intake up 20.9% in third quarter of 2016, with a 9.0% reduction in the nine-month period to EUR 27,737 thousand (9M/2015: EUR 30,465 thousand)
- Order book position at EUR 12,357 thousand as of September 30, 2016 (September 30, 2015: EUR 9,932 thousand)

Net working capital (Ø 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 24,777 thousand for the last twelve months as of the September 30, 2016 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 41,610 thousand equivalent to net working capital intensity of 60%.

EVENTS AFTER THE BALANCE SHEET DATE

Following the end of the first nine months of 2016, no further events occurred that have a significant effect on the company's financial position and performance.

OUTLOOK

Following the first nine months of 2016, the Managing Board of SMT Scharf AG continues to anticipate that in the full 2016 fiscal year a year-on-year reduction in consolidated revenue and an improved EBIT margin (in relation to total operating revenue) will be achieved. Due to the profitability trend during the 2016 nine-month period, the Managing Board expects a better EBIT margin than the originally forecast 4.1%.

CONSOLIDATED BALANCE SHEET

EUR thousand	30/09/2016	30/09/2015	31/12/2015
Assets			
Inventories	16,582	15,932	12,986
Trade receivables	18,892	23,492	23,882
Other current receivables/assets	2,378	3,165	1,551
Cash and cash equivalents	5,076	4,430	5,197
Current assets	42,928	47,019	43,616
Intangible assets	2,462	2,688	2,305
Property, plant and equipment	4,137	5,275	5,162
Participating interests	3,714	3,672	3,767
Deferred tax assets	2,552	2,640	2,455
Other non-current receivables/assets	969	25	645
Non-current assets	13,834	14,300	14,334
Total assets	56,762	61,319	57,950
in EUR	30/09/2016	30/09/2015	31/12/2015
Equity and liabilities			
Current income tax	312	204	390
Other current provisions	5,280	9,220	6,114
Advance payments received	817	1,254	232
Trade payables	3,539	2,623	4,218
Current financial liabilities	2,514	3,945	2,807
Other current liabilities	1,370	907	1,311
Current provisions and liabilities	13,832	18,153	15,072
Provisions for pensions	3,301	3,203	3,289
Other non-current provisions	387	347	384
Deferred tax liabilities	809	1,029	801
Non-current financial liabilities	851	2,317	2,058
Non-current provisions and liabilities	5,348	6,896	6,532
Subscribed share capital	4,151	4,141	4,141
Share premium	11,722	11,615	11,615
Profit brought forward	25,617	23,008	24,413
Currency translation difference	-3,908	-2,494	-3,823
Equity	37,582	36,270	36,346
Total assets	56,762	61,319	57,950

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR	Q3/2016	Q3/2015	9M/2016	9M/2015
Revenue	7,593	12,868	26,680	35,373
Changes in inventories	628	776	792	612
Total operating revenue (100%)	8,221	13,644	27,472	35,985
Other operating income	686	1,005	2,291	4,660
Cost of materials	4,208	7,070	13,073	20,079
Personnel expenses	2,681	3,421	8,384	9,443
Depreciation, amortisation and impairment losses	297	344	1,075	1,487
Other operating expenses	1,699	3,547	5,680	9,750
Profit/loss from operating activities (EBIT)	22	267	1,551	-114
Income from participating interests	-13	0	461	87
Interest income	37	13	87	61
Interest expenses	45	44	119	169
Financial result	-21	-31	429	-21
Profit/loss before tax	1	236	1,980	-135
Income taxes	403	371	776	580
Group net profit/loss	-402	-135	1,204	-715
Currency difference from translation of foreign financial statements	163	-1,207	-84	330
Total comprehensive income	-239	-1,342	1,120	385
Earnings per share (in EUR)				
Basic	-0.10	-0.03	0.29	-0.17
Diluted	-0.10	-0.03	0.29	-0.17
Average number of shares	4,143,675	4,179,883	4,141,581	4,144,729

CONSOLIDATED CASH FLOW STATEMENT

in EUR	9M/2016	9M/2015
Group net profit/loss	1,204	-715
Income from participating interests	-460	-87
Dividend income from participating interests	0	159
Depreciation and amortisation of non-current assets	1,075	1,487
Gain/loss on disposal of non-current assets	1,095	554
Changes in assets, provisions and liabilities items		
Provisions	-819	1,891
Taxes	-166	-1,012
Inventories	-3,597	-1,870
Receivables/other assets	3,838	-2,501
Liabilities	-36	-402
Net cash flows from operating activities	2,134	-2,496
Investments in non-current assets	-855	-426
Corporate acquisition	-534	0
Acquired cash and cash equivalents	104	0
Net cash flows used in investing activities	-1,285	-426
Repurchase of treasury shares	117	-215
Change in hardship and social funds	5	26
Repayment of/proceeds from financial liabilities	-1,500	874
Net cash flows from/used in financing activities	-1,378	685
Effect of changes in exchange rates and Group composition	412	45
Change in net financial position	-117	-2,192
Net financial position at start of period	4,708	6,058
Net financial position at end of period	4,591	3,866

Cash and cash equivalents and securities without hardship and social funds less current financial liabilities.

SELECTED NOTES TO THE FINANCIAL STATEMENTS

Changes in the consolidation scope

As of August 19, 2016, SMT Scharf International in Estonia was liquidated. This led to no effects on results.

As of September 1, 2016, SMT Scharf AG took over the company Nowilan GmbH, Dinslaken, Germany, as part of a share deal, and now controls this company. Initial consolidation occurred in the third quarter of the 2016 fiscal year.

As of July 1, 2016, the subsidiaries SMT Scharf Africa (Pty) Ltd. and Sareco Engineering (Pty.) Ltd. were merged with each other.

Business combinations

With effect as of September 1, 2016, SMT Scharf AG acquired 100% of the shares in Nowilan GmbH for a purchase price of EUR 534 thousand. Goodwill of EUR 377 thousand was recognised in connection with the business combination with Nowilan. The goodwill resulting from the difference between the purchase price and the net assets recognised at fair value represents benefits expected from synergy effects, including in terms of market profile after Nowilan's integration into the SMT Group.

The fair value of the identifiable acquired assets, assumed liabilities and deferred taxes of the business combination are as follows:

EUR thousand	01/09/2016
Cash and cash equivalents	104
+ other current liabilities	116
+ other tangible assets	6
+ other intangible assets	0
- Provisions	56
- Liabilities	14
= Net assets	156

The purchase price allocation (IFRS 3.45) was implemented on a provisional basis.

Segment report

The new segment „Tunnel“ was founded as part of the acquisition of Nowilan GmbH. Since then, 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	Hardrock segment		Coal segment		Segment Tunnel		Not allocated		Group	
	9M/2016	9M/2015	9M/2016	9M/2015	9M/2016	9M/2015	9M/2016	9M/2015	9M/2016	9M/2015
Revenue	5,070	6,906	21,609	28,468	1	-	-	-	26,680	35,373
Operating result (EBIT)	469	500	1,094	-614	-12	-	-	-	1,551	-114
Earnings from equity accounted companies	-	-	460	87	-	-	-	-	460	87
Segment assets	4,906	4,327	49,102	54,352	202	-	2,552	2,640	56,762	61,319
Segment liabilities	1,645	1,874	16,652	22,147	74	-	809	1,029	19,180	25,050
Segment investments	28	55	827	371	533	-	-	-	1,388	426
Interests in equity accounted companies	-	-	3,714	3,672	-	-	-	-	3,714	3,672
Depreciation, amortisation and impairment losses	46	62	1,028	1,425	1	-	-	-	1,075	1,487
FTE	31	29	268	255	2	-	-	-	301	284

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