

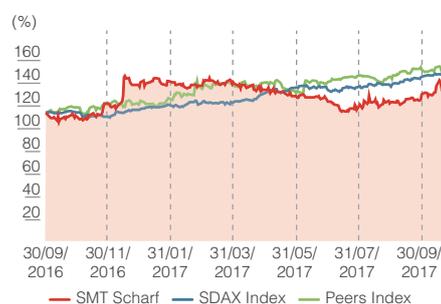


## KEY SHARE DATA

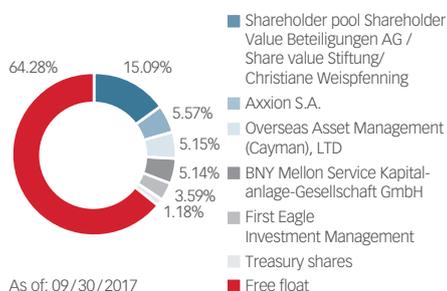
Ticker/ISIN	S4A/DE0005751986
Number of shares, including 49,477 treasury shares (09/30/2017)	4,200,000
Closing price (09/30/2017)*	EUR 12.80
Price high/low*	EUR 14.65/ EUR 10.20
Share price performance (LTM on 09/30/2017)	14.6%
SDAX performance (LTM on 09/30/2017)	28.3%
Peer group portfolio performance (LTM on 09/30/2017)	33.6%
Market capitalisation excluding treasury shares (09/30/2017)	EUR 53,106 thousand

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

## SHARE PRICE CHART



## SHAREHOLDER STRUCTURE



Free float according to Deutsche Börse definition (all interests of less than 5% excluding treasury shares): 67.63%

## FINANCIAL CALENDAR

11/27 - 11/29/2017	German Equity Capital Forum 2017
12/31/2017	Fiscal year-end

## LETTER TO SHAREHOLDERS

Dear shareholders,

The positive business trend of SMT Scharf AG gained further momentum during the third quarter. In the first nine months of the current fiscal year, consolidated revenue increased by 31.9% year-on-year to reach EUR 35.2 million (9M/2016: EUR 26.7 million). This growth reflects the success of our market expansion strategy, whereby we have intentionally positioned ourselves on an aggressively-priced basis in contract tenders. Our aim here is to strengthen our new business, enhance our visibility in the market, and expand our market shares.

Nonetheless, our profit from operating activities (EBIT) during the first nine months of the current fiscal year more than doubled compared with the corresponding prior-year period, and amounted to EUR 3.9 million (9M/2016: EUR 1.6 million). Related reasons included invoicing a number of high-margin projects and the non-repetition of provisions for potential defaults on receivables in the reporting period. The order book position amounted to EUR 15.3 million as of the September 30 reporting date, representing 23.3% growth compared with the previous year's reporting date. Based on the ongoing recovery in raw materials prices, strong signals are meanwhile identifiable that point to a marked pickup in the mining equipment market. Sentiment has improved tangibly. Demand and order volumes from large mine operators are evident.

The course of the fiscal year to date strengthens us in our conviction that SMT Scharf – as a globally leading supplier with tried and tested expertise in underground transport solutions and logistics systems – can benefit in full measure from this brightening of the sector's business environment. This is also shown by the fact that volumes in the business with new systems during the first nine months of the year grew significantly both in absolute figures and in relation to our service business. It is all the more remarkable given that our after-sales business has also expanded, as it underscores the sustainability of demand. The localisation strategy that we have implemented in the past years is therefore continuing its successful course. Along with organic growth, we also aim to push further ahead with external growth through partnerships and acquisitions. SMT Scharf has successfully bolstered its funding for strategic investments with the capital increase it implemented in early November, for example. SMT Scharf is now well positioned for further strategic options with the EUR 5.4 million proceeds from the successfully placed new shares.

## SUMMARY OF KEY DATA

		2015	2016	9M/2016	9M/2017
Revenue	EUR thousand	50,303	42,565	26,680	35,192
Total operating revenue	EUR thousand	50,016	42,241	27,472	37,268
EBIT	EUR thousand	2,263	2,473	1,551	3,932
EBIT margin on total operating revenue	in %	4.5	5.9	5.6	10.6
Group net profit	EUR thousand	1,472	1,873	1,204	3,698
Equity	EUR thousand	37,025	39,297	37,582	41,780
Equity ratio	in %	63.2	66.1	66.2	68.5
FTEs (full-time employees)	on the reporting date	281	308	301	318

In terms of core markets, Russia has been the most important growth driver during the year to date. Revenue there was up by 36% compared with the corresponding figure in the equivalent period of EUR 12.5 million (9M/2016: EUR 7.8 million). Accounting for a 36% revenue share, Russia – whose economy has continued to recover – has confirmed its position as SMT Scharf’s most important individual market. The upturn in China is progressing as well. Starting from a low level, revenue generated in China has more than doubled compared with the first nine months of the previous year. The International Monetary Fund (IMF) forecasts further global economic recovery next year. This underpins the expectation that the sector’s upswing will continue over the coming months.

Against this backdrop, the ongoing pickup in new order intake and order book position, as well as the course of the fiscal year to date, lead us to look with confidence to the fourth quarter. Based on the positive business trend and the further brightening of the market environment, we assume we can achieve consolidated revenue for the full 2017 fiscal year above the previous range between at least EUR 44 million and EUR 48 million. In this context, we now anticipate EBIT in a range between EUR 3.7 million and EUR 4.2 million.

We would like to take this opportunity to thank you as our investors, business partners and customers for the confidence that you invest in us, and we would be very pleased to continue to have you at our side, now and in future.

Kind regards

Hans Joachim Theiss

Rolf Ferdinand Oberhaus

Wolfgang Embert

## BUSINESS TRENDS

During the first nine months of the current 2017 fiscal year, the SMT Scharf Group boosted both its revenue and earnings compared with the corresponding prior-year period. **Consolidated revenue** reached EUR 35.2 million in the reporting period, representing 31.9% year-on-year growth (9M/2016: EUR 26.7 million). When viewing the reporting period in isolation, revenue stood at EUR 12.0 million. As a consequence, it increased at a faster rate of 58.5% compared with the previous quarter's revenue (Q3/2016: EUR 7.6 million). The gathering momentum in the sales trend in the reporting period is chiefly attributable to a market expansion strategy and an overall pickup in demand in SMT Scharf's important core markets, especially Russia and China.

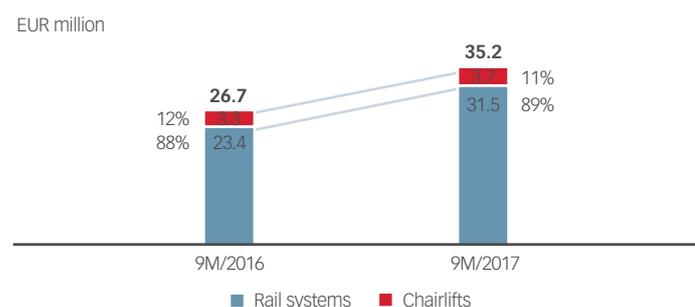
Taken together, the significance of the foreign business has appreciated even further to reach 94% in the reporting period (Q3/2016: 90%). Revenue in the business with new systems registered growth not only in the Rail Systems area, but also in Chairlifts. The revenue share reached 40% (Q3/2016: 30%). **Total operating revenue** (consolidated revenue plus changes in inventories and work in progress) in the third quarter of 2017 amounted to EUR 12.5 million (Q3/2016: EUR 8.2 million). In a comparison of the first nine months of the year, total operating revenue was 35.7% higher at EUR 37.3 million (9M/2016: EUR 27.5 million).

**Other operating income** increased by 35.9% year-on-year to EUR 3.1 million during the first nine months of 2017 (9M/2016: EUR 2.3 million). This growth primarily reflects one-off effects and currency gains. The rise in **other operating expenses** of 23.1% to EUR 7.0 million was considerably less, by contrast. Related reasons included the non-repetition of extraordinary items (9M/2016: EUR 5.7 million).

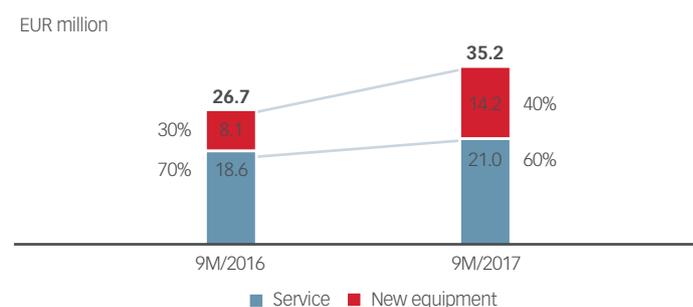
In contrast, the **cost of materials** increased by 51.9% to EUR 19.9 million in line with the better order book position (9M/2016: EUR 13.1 million). The cost of materials ratio (in relation to total operating revenue) stood at 53.3% (9M/2016: 47.6%). **Personnel expenses** amounted to EUR 8.7 million, representing a 3.7% year-on-year rise (9M/2016: EUR 8.4 million). The personnel expense ratio (in relation to total operating revenue) consequently reduced to 23.3% (9M/2016: 30.5%).

Thanks to the aforementioned effects during the reporting period, the **result from operating activities (EBIT)** increased to EUR 3.9 million during the first nine months of 2017 (9M/2016: EUR 1.6 million). The Group's financial result of EUR 0.3 million was somewhat lower than in the previous year, by contrast (9M/2016: EUR 0.4 million), as a consequence of a lower level of earnings from participating interests. The **number of employees** rose to 318 as of the accounting period's reporting date (prior-year period: 301). This increase derives mainly from hiring at the service company in Russia, while the workforce in Germany was reduced further on a net basis due to the closing of operations at the Saar site.

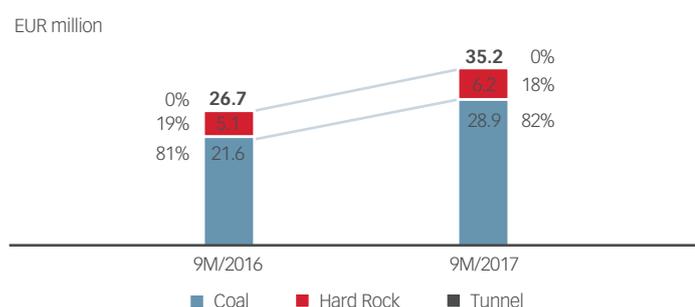
### Revenue share by product



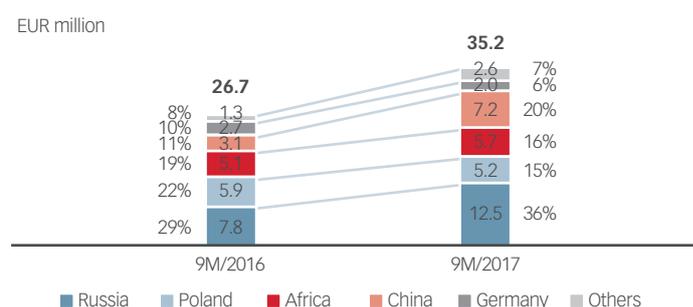
### Revenue share by business type



### Revenue share by operating segment

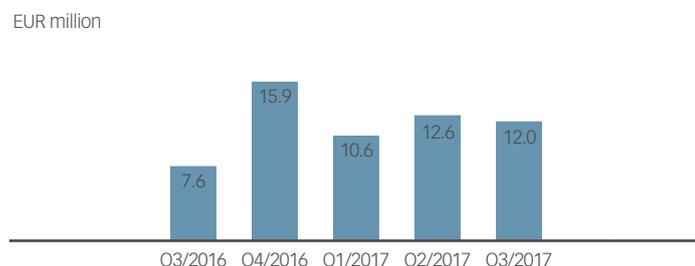


### Revenue share by region



## ECONOMIC AND BUSINESS REPORT

### Consolidated revenue



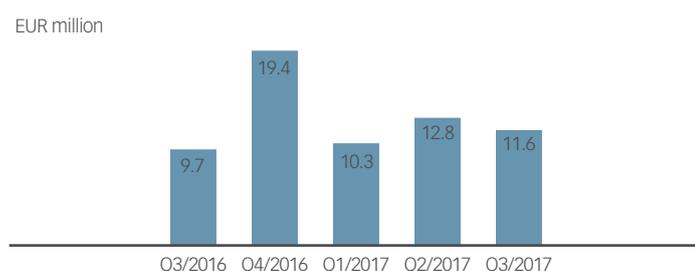
- Year-on-year increase in consolidated revenue of 58.5% in third quarter of 2017, with a 31.9% rise in the third quarter of 2017 to EUR 35,192 thousand)
- Last twelve months' (LTM) rolling consolidated revenue of EUR 51,077 thousand as of September 30, 2017 reporting date

### Operating result (EBIT)



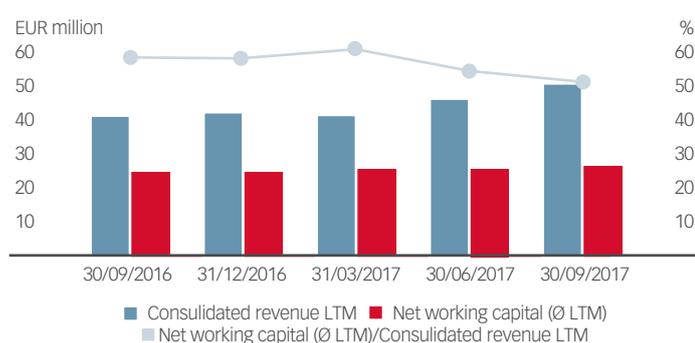
- EBIT of EUR 2,772 thousand in third quarter of 2017 (Q3/2016: EUR 22 thousand), and correspondingly significant positive at EUR 3,932 thousand after nine months of 2017 (9M/2016: EUR 1,551 thousand)
- EBIT margin (in relation to total operating revenue) at 22.2% in the third quarter of 2017 (Q3/2016: 0.3%), and at 10.6% after first nine months of 2017 (9M/2016: 5.6%)
- Last twelve months' (LTM) rolling EBIT of EUR 4,854 thousand as of the September 30, 2017 reporting date

### New order intake



- New order intake up 20.0% year-on-year in third quarter of 2017, with a 25.2% rise in the nine-month period to EUR 34,731 thousand (9M/2016: EUR 27,737 thousand)
- Order book position at EUR 15,339 thousand as of September 30, 2017 (September 30, 2016: EUR 12,357 thousand)

### 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 26,557 thousand for the last twelve months as of the September 30, 2017 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 27,529 thousand equivalent to net working capital intensity of 52%.

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## EVENTS AFTER THE BALANCE SHEET DATE

### Successful capital increase

On November 7, 2017, SMT Scharf AG successfully completed its capital increase. A total of 420,000 new shares were placed at a price of EUR 12.90 with qualified investors as part of a private placement. As part of the capital increase, the share capital of SMT Scharf AG was increased by EUR 420,000.00, from EUR 4,200,000.00 to EUR 4,620,000.00, against cash capital contributions and under exclusion of existing shareholders' subscription rights. The capital increase generated total gross issue proceeds of EUR 5.4 million for SMT Scharf AG. The proceeds from the transaction are to finance the SMT Scharf Group's further internal and external growth. The new shares are dividend-entitled from January 1, 2017, and were included in the existing listing in the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) after the capital increase had been entered in the company's commercial register. Dero Bank AG, Munich, managed the transaction.

## OUTLOOK

For the year's remaining quarter, a continuation of the positive revenue and earnings trends as in the first nine months of 2017 is anticipated. Thanks to the positive course of business as well as the continuing brightening of the sector environment during the first nine months of 2017, the Managing Board of SMT Scharf AG now expects consolidated revenue in a range between at least EUR 44 million and EUR 48 million for the full 2017 fiscal year. The Managing Board also now expects profit from operating activities (EBIT) for 2017 in a range between EUR 3.7 million and EUR 4.2 million.

## CONSOLIDATED BALANCE SHEET

EUR thousand	30/09/2017	30/09/2016	31/12/2016
<b>Assets</b>			
Intangible assets	1,938	2,462	1,373
Property, plant and equipment	4,836	4,137	4,656
Participating interests	3,690	3,714	3,743
Deferred tax assets	3,236	2,552	3,259
Other non-current receivables/assets	828	969	733
<b>Non-current assets</b>	<b>14,528</b>	<b>13,834</b>	<b>13,764</b>
Inventories	17,175	16,582	13,009
Trade receivables	20,194	18,892	23,374
Other current receivables/assets	3,528	2,378	2,627
Cash and cash equivalents	5,543	5,076	6,638
<b>Current assets</b>	<b>46,440</b>	<b>42,928</b>	<b>45,648</b>
<b>Total assets</b>	<b>60,968</b>	<b>56,762</b>	<b>59,412</b>
<b>Equity and liabilities</b>			
Subscribed share capital	4,151	4,151	4,151
Share premium	11,642	11,722	11,642
Profit brought forward	30,449	25,617	26,751
Currency translation difference	-4,462	-3,908	-3,247
<b>Equity</b>	<b>41,780</b>	<b>37,582</b>	<b>39,297</b>
Provisions for pensions	3,602	3,301	3,590
Other non-current provisions	309	387	349
Deferred tax liabilities	-22	809	96
Non-current financial liabilities	1,103	851	1,313
Other non-current liabilities	0	0	0
<b>Non-current provisions and liabilities</b>	<b>4,992</b>	<b>5,348</b>	<b>5,348</b>
Current income tax	1,336	312	1,441
Other current provisions	3,903	5,280	5,107
Advance payments received	582	817	477
Trade payables	4,288	3,539	4,058
Current financial liabilities	3,104	2,514	2,183
Other current liabilities	983	1,370	1,501
<b>Current provisions and liabilities</b>	<b>14,196</b>	<b>13,832</b>	<b>14,767</b>
<b>Total equity and liabilities</b>	<b>60,968</b>	<b>56,762</b>	<b>59,412</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q3/2017	Q3/2016	9M/2017	9M/2016
Revenue	12,035	7,593	35,192	26,680
Changes in inventories	464	628	2,076	792
<b>Total operating revenue (100%)</b>	<b>12,499</b>	<b>8,221</b>	<b>37,268</b>	<b>27,472</b>
Other operating income	1,306	686	3,114	2,291
Cost of materials	6,431	4,208	19,855	13,073
Personnel expenses	2,297	2,681	8,693	8,384
Depreciation, amortisation and impairment losses	293	297	908	1,075
Other operating expenses	2,012	1,699	6,994	5,680
<b>Profit from operating activities (EBIT)</b>	<b>2,772</b>	<b>22</b>	<b>3,932</b>	<b>1,551</b>
Income from participating interests	219	-13	205	461
Interest income	60	37	155	87
Interest expenses	35	45	84	119
<b>Financial result</b>	<b>244</b>	<b>-21</b>	<b>276</b>	<b>429</b>
<b>Profit before tax</b>	<b>3,016</b>	<b>1</b>	<b>4,208</b>	<b>1,980</b>
Income taxes	137	403	510	776
<b>Group net profit</b>	<b>2,879</b>	<b>-402</b>	<b>3,698</b>	<b>1,204</b>
Other comprehensive income items recycled later to profit or loss				
Currency difference from translation of foreign financial statements	-358	-116	-945	118
Share of other comprehensive income attributable to equity accounted investments	-26	279	-270	-202
Other comprehensive income	-384	163	-1,215	-84
<b>Total comprehensive income</b>	<b>2,495</b>	<b>-239</b>	<b>2,483</b>	<b>1,120</b>
<b>Earnings per share (in EUR)</b>				
Basic	0.69	-0,10	0.89	0.29
Diluted	0.69	-0,10	0.89	0.29
Average number of shares	4,150,523	4,143,675	4,150,523	4,141,581

## CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	9M/2017	9M/2016
Consolidated net profit	3,698	1,204
– Result from equity accounted investments	–205	–460
+ Depreciation and amortisation of non-current assets	908	1,075
+/- Increase/decrease in provisions	–1,233	–819
–/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	–3,829	971
+/- Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	915	–247
–/+ Gain/loss on disposal of non-current assets	10	0
+/- Interest expenses / interest income	–71	23
+/- Income tax expense	886	794
–/+ Income tax payments	–854	–714
<b>Cash flow from operating activities</b>	<b>225</b>	<b>1,827</b>
+ Cash inflows from disposal of property, plant and equipment	291	1,095
– Capital expenditure on property, plant and equipment	–1,212	–855
– Capital expenditure on intangible assets	–602	0
+ Interest received	148	20
<b>Cash flow from investing activities</b>	<b>–1,375</b>	<b>–170</b>
– Cash outflows to repay borrowings	–210	–1,207
– Interest paid	–117	–54
<b>Cash flow from financing activities</b>	<b>–327</b>	<b>–1,261</b>
<b>Net change in cash and cash equivalents</b>	<b>–1,477</b>	<b>396</b>
Changes in cash and cash equivalents due to changes in exchange rates and Group composition	–607	–160
Cash and cash equivalents at start of period	4,098	1,900
<b>Cash and cash equivalents at end of period</b>	<b>2,014</b>	<b>2,136</b>

## SELECTED NOTES TO THE FINANCIAL STATEMENTS

Inventories are composed as follows:

EUR thousand	30/09/2017	31/12/2016
Raw materials, consumables and supplies	3,048	2,894
Work in progress	9,628	5,251
Finished goods and merchandise	4,498	4,864
Carrying amount	17,175	13,009

### Segment report

The new „Tunnel“ segment 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	Coalmining		Non-coalmining		Tunnel logistics		Not allocated		SMT Scharf Group	
	9M/2017	9M/2016	9M/2017	9M/2016	9M/2017	9M/2016	9M/2017	9M/2016	9M/2017	9M/2016
Revenue	28,922	21,609	6,216	5,070	54	1	-	-	35,192	26,680
Operating result (EBIT)	3,266	1,094	854	469	-188	-12	-	-	3,932	1,551
Earnings from equity accounted investments	205	460	-	-	-	-	-	-	205	460
Segment assets	53,085	49,102	4,485	4,906	163	202	3,236	2,552	60,969	56,762
Segment liabilities	18,158	16,652	1,004	1,645	48	74	-22	809	19,188	19,180
Segment investments	1,696	827	13	28	2	533	-	-	1,711	1,388
Interests in equity accounted investments	3,690	3,714	-	-	-	-	-	-	3,690	3,714
Depreciation and amortisation	862	1,028	45	46	1	1	-	-	908	1,075
FTE	284	268	31	31	3	2	-	-	318	301

## **IMPRINT**

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## **DISCLAIMER**

The Report of the third quarter is also available in English. In case of differences the German version prevails. The digital version of the Annual Report and the Interim Reports can be downloaded at [www.smtscharf.com](http://www.smtscharf.com) in the category "Investor Relations/Publications/Financial reports".