

SMT Scharf AG applies impairment charges and adjusts FY 2020 revenue and earnings forecasts

Hamm, November 10, 2020 – SMT Scharf AG (WKN 575198, ISIN DE0005751986) has applied impairment charges in a total amount of EUR 6.6 million as of the third quarter of 2020. As part of the ongoing restructuring process at the Canadian subsidiary RDH Mining Equipment Ltd., which has been rendered more difficult by coronavirus, inventories were also reviewed and, in some cases, classified as impaired in terms of their value. The revaluation leads to an impairment charge of EUR 5.1 million. In addition, against the backdrop of the COVID-19 pandemic, SMT Scharf is correcting intangible assets for the Group by EUR 1.5 million, thereby adjusting them to reflect the company's current situation. With the consistent restructuring of RDH Mining, SMT Scharf aims to create a healthy foundation for the subsidiary's future growth, and in order to develop a sustainable business with rubber-tired vehicles for underground mining.

At the same time, the impairment charges have the consequence that the operating result (EBIT) based on preliminary figures for the first nine months of 2020 is clearly negative at EUR -7.2 million (9M/2019: EUR 3.2 million). Given this one-off effect, the Managing Board has revised its earnings forecast and now expects EBIT for 2020 as a whole to lie in the range between EUR -6.0 million and EUR -6.5 million. In April, against the backdrop of the COVID-19 pandemic, the Managing Board adjusted the forecast it issued at the time it published the 2019 results, and last expected EBIT to lie in a range between EUR -1.4 million and EUR -1.6 million.

Moreover, the economic impact of the COVID-19 pandemic is significantly affecting the SMT Scharf Group's business activities in the global mining equipment market, which is clearly slowing demand for new equipment as well as for service and maintenance. Furthermore, the approval of the new China-III machines by the regulatory authorities in China continues to be delayed, so that a start cannot be made with the execution of existing orders. Given this, SMT Scharf has corrected its forecast for consolidated revenue to lie between EUR 48 million and EUR 50 million for the 2020 fiscal year. The company had previously expected revenue in a range between EUR 55 million and EUR 57 million.

<End of the unscheduled announcement>

**Insider information
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