HMS Bergbau AG
coal illuminates life

Interim Report 2019

Group Key Figures

Balance Sheet Figures	30/06/2019 EUR thousand	31/12/2018 EUR thousand
Total assets	46,571	59,129
Non-current assets	15,546	15,110
Current assets	29,052	42,053
Shareholders' equity	9,751	9,500
Provisions	8,008	7,690
Liabilities	28,812	41,938

Income statement figures	30/06/2019 EUR thousand	30/06/2018 EUR thousand
Sales	117,156	140,960
Operating income	753	738
EBITDA(1)	681	1,668
EBIT	642	1,616
Net profit / loss(2)	319	1,226

(1) EUR 681 thousand EBITDA excluding income from sales of shares in associated companies (as at 30 June 2018: EUR 568 thousand)
(2) EUR 746 thousand half-year result excluding EUR 427 thousand in pension provisions (as at 30 June 2018: EUR 416 thousand in pension provisions)

Financial Calendar (Status: September 2019)

	Expected publication date
End of the financial year	31 December 2019
Annual financial statements 2019	30 June 2020
Interim Report 2020	30 September 2020

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The English version of the interim report and the H1 consolidated financial statements 2018 of HMS Bergbau AG is a one-to-one translation. The English version is not audited; in the event of variances, the German version shall take precedence over the English translation.

Letter to the Shareholders

Dear Ladies and Gentlemen,

The first half of the 2019 financial year was marked by trade disputes, fears of global recession and crises in the Middle East. Recessionary worries and repeated downward revisions in the IMF's economic forecasts were key factors that led to a significant decline in coal prices.

Despite the relatively difficult market conditions, HMS Bergbau AG was able to increase its volumes through its international business activities; however, these higher volumes were still not enough to offset the effect of the steep decline in coal prices on HMS Bergbau AG's sales. As a result, total revenue in the first six months of the current 2019 financial year amounted to EUR 117 million in comparison to EUR 140 million in the same period of the previous year. Despite the decline in sales, a slightly higher operating result was achieved in the first half of 2019 in comparison to the same period in the prior year resulting in a higher margin percentage. In the months from January to June 2019, the operating result amounted to EUR 751 thousand compared to EUR 738 thousand in the same prior-year period. Net profit for the period as at 30 June 2019 also increased slightly to EUR 319 thousand compared to EUR 128 thousand (excluding non-recurring effects from the sale of an investment in the amount of EUR 1,098 thousand) as at 30 June 2018. Total assets decreased sharply from EUR 59.1 million as at 31 December 2018 to EUR 46.5 million as at the 30 June 2019 reporting date. This decline resulted from a reduction in trade receivables on the assets side of the balance sheet combined with a reduction in trade payables on the liabilities side. As at the 30 June 2019 reporting date, equity improved slightly from EUR 9.5 million as at 31 December 2018 to EUR 9.8 million, resulting in an equity ratio as at the reporting date of roughly 21 per cent.

In addition to the steady increase in volumes traded via the logistics structures of HMS Bergbau AG, the consistent expansion of the international network with long-term, profitable business relationships with producers and consumers of the steel, cement and power plant industries is essential. In the current 2019 financial year, we once again have gained new customers and suppliers in Indonesia, South Africa, China and the United States.

The management of HMS Bergbau AG is confident in its strategy, despite the ongoing political discussions in Germany about abolishing coal-fired power generation. Energy markets are continuing to develop favourably given the ongoing steady rise in world energy consumption. The importance of fossil fuel coal, above all, as a primary source of energy is set to continue if not strengthen in the decades to come. China, India and Indonesia will remain major consumers of coal due to the growing industrial demand from the Pacific Rim, global population growth and rising per capita energy consumption. Living standards and economic growth in these countries would be lower, were it not for the flexible power generation of coal. For this reason, China and India alone will

Management & Supervisory Board

be building hundreds of new coal-fired power plants over the next few years featuring state-of-the-art carbon filters and maximum efficiency.

Since coal is an indispensable source of energy, securing our own resources continues to be an important cornerstone of HMS Bergbau AG's medium-term corporate strategy. HMS Bergbau AG is, therefore, working intensively on the development of its own coal deposits from its subsidiary Silesian Coal International Group of Companies S.A. The deposits of 2.2 billion tonnes in situ in the traditional coal-mining region of Katowice, Poland, are intended to be developed using existing infrastructure. The target is to realise annual production of approx. 3 million tonnes of coking and steam coal. It was not until the end of May 2019 that a favourable environmental decision was issued by the local environmental authority in Katowice, Poland, in the context of the application for a mining license that encompasses an area of roughly 20 km^2. A positive environmental decision is viewed as the ultimate milestone on the path to granting the final mining license and sets out the general requirements in terms of the environmental compatibility of the mining process. As a result, the mining license can be applied for in the near future.

HMS Bergbau AG's international positioning and ever-expanding range of services have fuelled the company's steady development in recent years. Based on these, the aim is to generate higher sales and earnings in the future. To accomplish this, the management will systematically pursue its chosen path in the current financial year and is forecasting a slight increase in volumes in the 2019 financial year. The gross margin and net profit are expected to match the levels achieved in the 2018 financial year. HMS Bergbau AG's planning assumes relatively free markets without any major trade restrictions.

Berlin, September 2019

Chief Executive Officer

Heinz Schernikau is the CEO of HMS Bergbau AG and founded the Company in Berlin in 1995. He has been in the international coal trade since 1973 and his positions include advisor to the Board of leading coal producers in Asia and Europe. He has established extensive international contacts and places particular importance on achieving long-term business relationships, mutual trust and reliability.

Chief Financial Officer

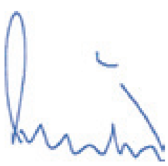
Steffen Ewald is the CFO of HMS Bergbau AG. After graduating in business administration, Ewald began his career at a medium-sized, international power plant engineering company, rising through the ranks to become Commercial Manager. Before switching to HMS Bergbau AG, Ewald was responsible for Group Finance and Reporting at the German holding company of an international media corporation.

Chief Operating Officer

Dennis Schwindt (COO) holds a degree in Economics from the Humboldt-University in Berlin. At HMS Bergbau AG, he has been managing several operating projects within the commodity trading area as the company's authorised representative since 2012. He gained extensive experience in engineering and in the oil and gas industries from his previous positions at medium-sized German companies and international groups.

Supervisory Board

- Dr. Hans-Dieter Harig (Chairman)
- Dr. h.c. Michael Bärlein (Deputy Chairman)
- Michaela Schernikau (Member)



Heinz Schernikau
Chief Executive Officer

Steffen Ewald
Chief Financial Officer

Dennis Schwindt
Chief Operating Officer

Macroeconomic environment

The slowdown in the global economy, which was already evident in the second half of 2018, continued in 2019. The International Monetary Fund (IMF) is also increasingly cautious about the global economy and has lowered its forecasts three times so far in 2019. Experts expect the global economy to grow by just 3.2 per cent in 2019 and 3.5 per cent in 2020. The IMF justifies its revision in July 2019, among others, with the trade dispute between the People's Republic of China and the United States of America. Both countries have repeatedly imposed punitive duties on one another. In addition, in addressing the conflict between the US government and Chinese technology firm Huawei, the IMF believes US sanctions could potentially disrupt global supply chains. Analysts also see the uncertainty surrounding Brexit and tensions in the Gulf region as negatives for the global economy.

The expectations for the two largest economic powers – the US and China – lead in opposite directions. While the IMF raised its 2019 growth forecast for the US from 2.3 per cent to 2.6 per cent based on a surprisingly solid economic trend and left its 2020 growth forecast unchanged at 1.9 per cent, the IMF's forecasts for China were revised slightly downward. The Chinese economy is now expected to grow 6.2 per cent (previously 6.3 per cent) in 2019 and 6.0 per cent (previously 6.1 per cent) in 2020.

In the IMF's July report, the economic growth forecast for the eurozone was raised by 0.1 per cent to 1.6 per cent for the year 2020, which contrasts with its unchanged expectations for 2019 of economic growth of 1.3 per cent. The economy in Germany, however, continues to lose momentum. For the current year, the IMF expects a further 0.1 percentage point slowdown in growth to 0.7 per cent due to weaker international demand for German exports. For the year 2020, the IMF forecasts a rise of 1.7 per cent. However, it is important to note that an amended definition of gross domestic product (GDP) also plays a role in these forecasts.

Risks

The IMF is warning countries to waive tariffs, particularly when these are used to influence bilateral trade balances or replace talks. The uncertainty triggered by Brexit and the geopolitical tensions in the Gulf region are also continuing to weigh on the economic outlook. The IMF stressed that there was an „urgent need" to rapidly reduce trade and technology tensions and eliminate uncertainties about future trade relations between Great Britain and the European Union as soon as possible. Potential new US tariffs in the automotive sector could also dampen growth.

Commodities

After falling sharply in the last quarter of 2018, oil prices rose significantly from early 2019 to April 2019. While Brent per barrel (= 159 litres) cost just under USD 54.63 at the beginning of the year, April's price peaked at USD 71.59, representing an increase of more than 31 per cent. The reduction in oil production by OPEC and lower production from countries cooperating with OPEC, such as Russia, culminated in a supply shortage. Starting in May 2018, trade tariffs and steadily increasing recession fears, together with cuts in economic forecasts led to a reduction of the oil price to USD 66.72 as at 30 June 2019. Despite the extension in July 2019 of the agreements on the reduction of production made between Russia and OPEC at the end of 2017, prices nearly fell to their levels at the beginning of the year and amounted to USD 56.33 per barrel in August 2019.

The price of coal was not as resilient as it was in 2018. According to the API-2 coal price index, the price per tonne fell from USD 86.18 in early January 2019 to USD 64.65 at the end of June. On 31 August 2019, a tonne of coal was priced at USD 64.00, representing a drop of more than 25 per cent compared to the beginning of 2019. In August 2019, coal was about 36 per cent less expensive than in August of the prior year.

Development of the HWWI Commodity Price Index

The HWWI's overall index remained virtually unchanged in the first six months of 2019, rising from 110.0 points to 111.5 points at the end of June 2019. After initially posting strong gains to 122.2 points until April 2019, the index fell significantly in May and especially in June to a level of 111.5 points. This development was a result of persistent uncertainty about the geopolitical and economic situation. Against the background of a weakening global economy, the HWWI commodity index in the final month of the first half of 2019 was just under 18.6 per cent below its level in the previous year.

Pricing on the commodity markets continued with great uncertainty in June. The US conflict with Iran intensified again, and the trade dispute between China and the US continued to weigh on commodity prices.

Of major importance for the development of commodity prices in the second half of 2019 will be the further course of the trade conflict between the US, China and Europe. The monetary policy stimulus of the ECB in September 2019 is also eagerly awaited. Both will have a significant impact on global economic development.

Primary energy consumption

The increase in global goods trade and a steady rise in goods' production have led to a further increase in global energy consumption. Energy consumption has more than doubled worldwide in the last four decades alone. Not only has the absolute consumption of the various energy sources increased, but the energy mix has also changed, among others, as a result of the rise in renewable energies.

By 2060, the International Energy Agency predicts demand for primary energy will nearly double from its current level to more than 320,000 billion kWh. This forecast is based on the assumption that, by that time, the standard of living in emerging and developing countries will have adjusted to the level of the western industrialised nations. According to the experts from the World Energy Outlook, energy consumption in Africa, India, China, Southeast Asia and the Middle East is set to increase 30 per cent by 2040.

The BP 2019 Energy Outlook expects an increase in primary energy consumption worldwide of just 1.2 per cent p.a. on average over the next 20 years versus the 2.0 per cent rise in the period from 1998 to 2018. The increase in energy consumption is strongly linked to the growth in global economic output. However, as of the past few years, energy-saving measures have resulted in a lower increase in energy consumption compared to economic growth. Global gross domestic product is expected to double by 2040, while energy consumption is predicted to rise by just one-third. Growth is being driven by the emerging markets and, particularly, China and India. China will initially remain the largest growth market for energy, with India probably assuming this position by the end of the 2040 forecast period.

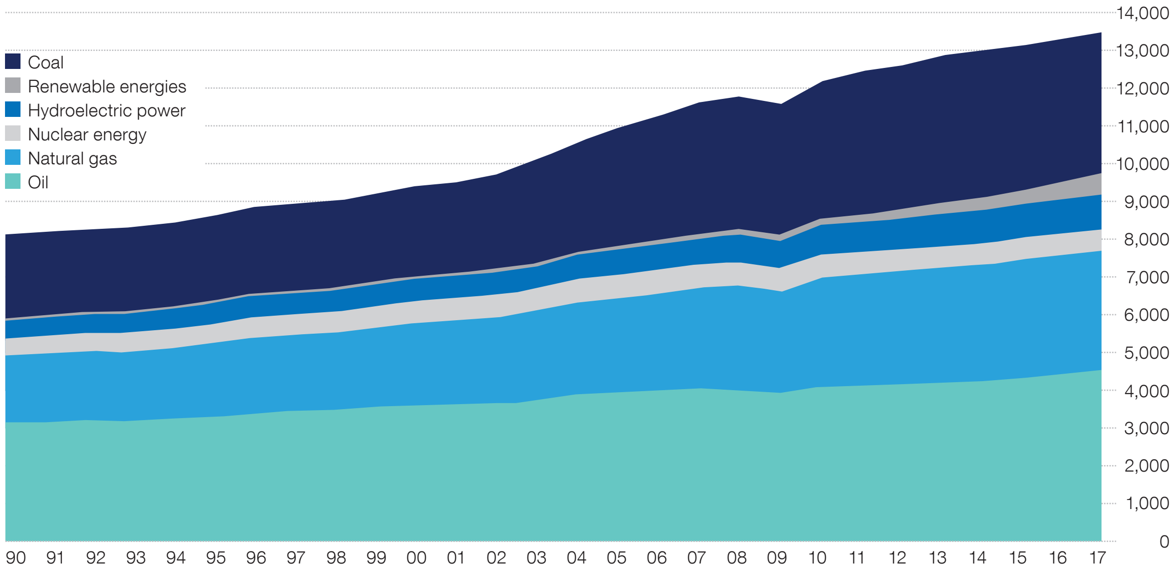
The latest BP Energy Outlook assumes that in the next 20 years, the share of renewable energies will increase rapidly from today's 4 per cent to around 15 per cent. Together with natural gas, renewable energies are expected to contribute about 85 per cent of the increase over the next few years. Despite this increase, oil, gas and coal are to remain the dominant energy sources. The share of fossil energy sources is anticipated to fall from around 85 per cent in 2018 to around 75 per cent in 2040, albeit from a much higher base. While gas is projected to grow at a rate of around 1.7 per cent, growth in oil and coal is expected to come to a standstill.

According to BP's study, global coal consumption should remain virtually unchanged. Consumption is expected to peak in the mid-2020s and then decline slightly (-0.1 per cent) until 2040. In the last 20 years, coal consumption rose by 2.7 per cent. Based on this development, gas will become the second most important source of energy after oil by 2040. Coal is predicted to be forced into third place as a primary energy source but will still continue to rank first in terms of electricity generation. The slight decline in coal is due to the increased use of other energy sources in China. Nevertheless, China is to remain the most important market for coal and be a user of almost half of this resource by 2040.

Coal remains an inexpensive resource worldwide. The decline in coal demand in the developed world is offset by increased demand in emerging economies such as China or India. While the share of coal as a primary energy source is expected to decrease from 27 per cent in 2017 to around 21 per cent in 2040, absolute consumption is anticipated to remain roughly the same due to rising energy demand.

Global primary energy consumption

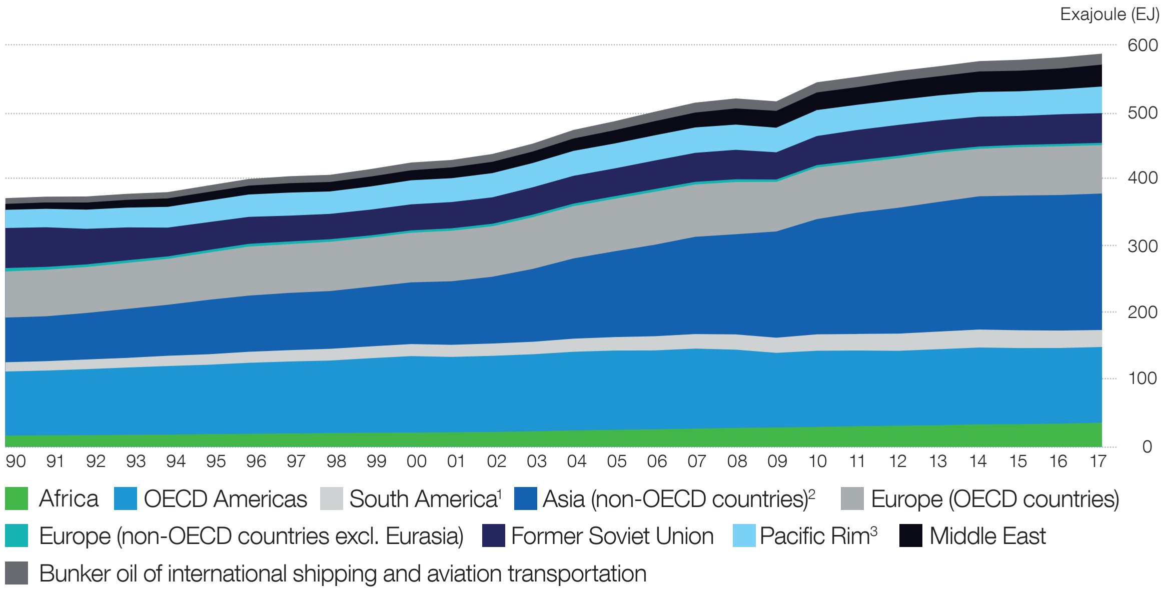
In million tonnes of oil equivalents



Source: BP Energy Outlook 2019, HMS Bergbau AG

Global primary energy consumption

By region



[1] 1) Excluding Chile; [2] Excluding Middle East; [3] Includes Japan, South Korea, Australia, New Zealand

Source: International Energy Agency (IEA), HMS Bergbau AG

Primary energy consumption in Germany

According to the calculations of the Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen), energy consumption in the first half of 2019 fell by 1.7 per cent year-on-year to 6,536 petajoules (PJ) or 223.0 million tonnes of coal equivalent (tce), marking the lowest level since the early 1970s. Fossil fuel sources recorded increases in gas and mineral oil, while coal posted a double-digit decline. Renewable energies, in contrast, posted growth of 4 per cent. Without the rise in consumption due to somewhat cooler weather, the decline in consumption would have been around 2 per cent. Weather conditions led to significantly more electricity being generated from renewable energies, with natural gas consumption gaining at the expense of coal-fired power generation.

Total mineral oil consumption increased by 1.3 per cent. Whereas the consumption of petrol fell slightly, the consumption of diesel fuel was approximately at the level of the previous year. Sales of aviation fuel, on the other hand, increased just under 13 per cent and light heating oil rose 17 per cent.

Natural gas consumption grew by almost 3 per cent, which can be explained by the rise in natural gas in power generation.

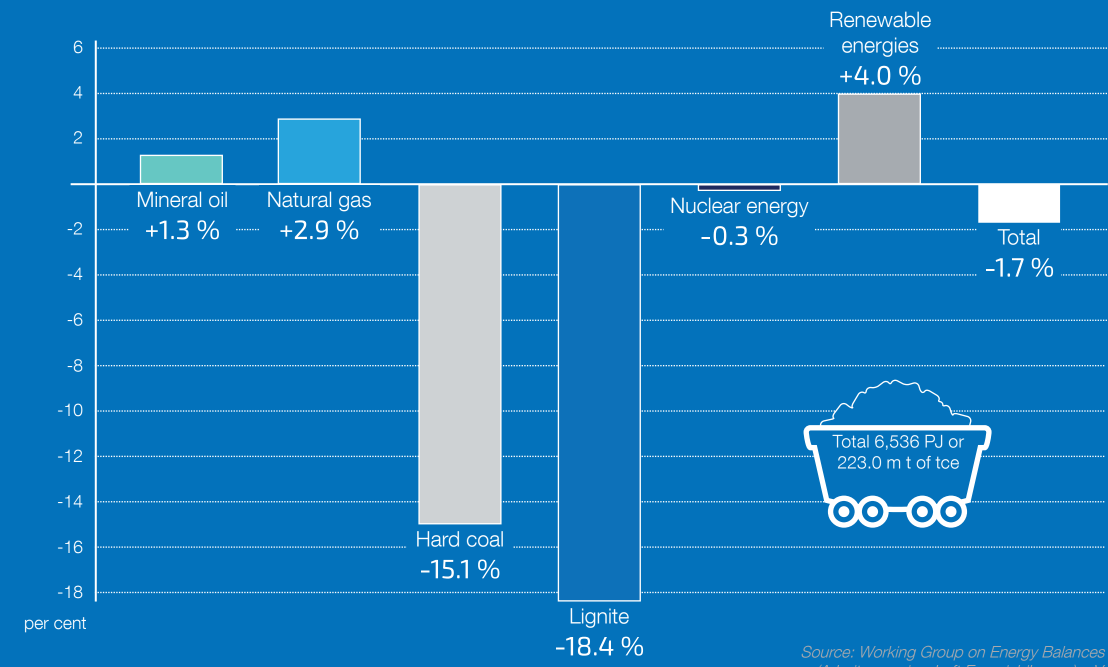
Hard coal consumption fell by more than 15 per cent in the first half of 2019. Supply to public utility and industrial power plants declined by 22 per cent, while shipments to the steel industry declined by 4.4 per cent.

The consumption of lignite also decreased significantly by more than 18 per cent in the first six months of 2019. This sharp decline was due to the higher production of electricity from renewable energies, the transition of further lignite power plants to standby mode as back-up, a large number of power plant overhauls and the effects of the forest clearing ban in Hambacher Forst on lignite mining. Nuclear power generation was virtually unchanged year-on-year.

In the first half of 2019, renewables once again increased their contribution to total energy consumption by 4 per cent from 32.2 mt tce to 33.9 mt tce. Wind power grew by 18 per cent, solar energy by 5 per cent, and hydropower by 1 per cent. Electricity consumption from biomass, however, declined slightly in the first six months of 2019. The share of renewables versus total energy consumption increased from 14.4 per cent to 15.2 per cent.

Primary energy consumption in Germany

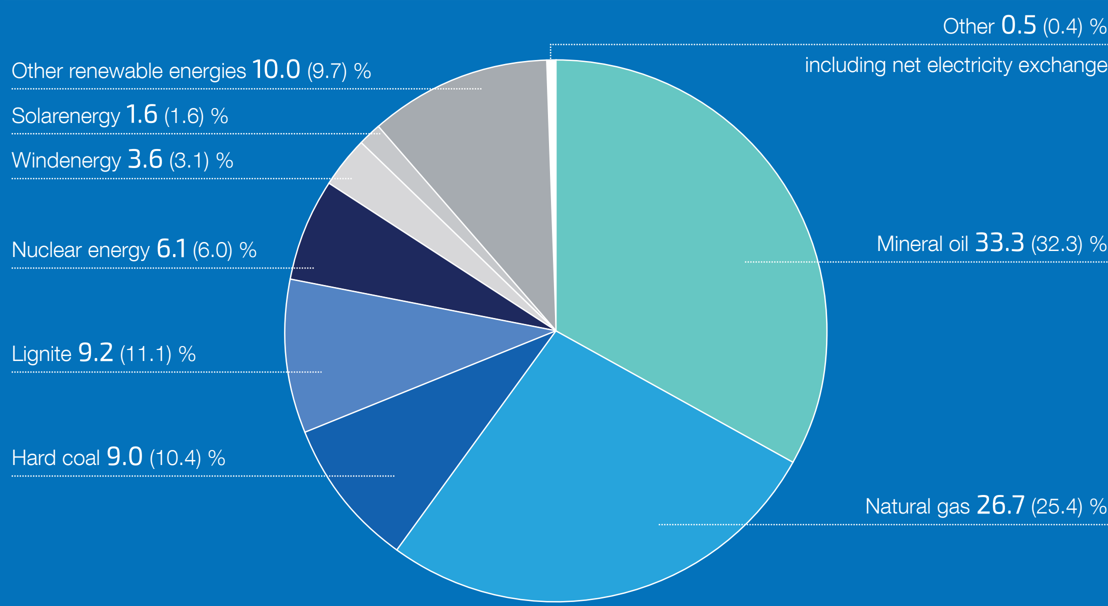
First half-year 2019 compared to first half-year 2018 – changes in per cent



Source: Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen) e.V.

Evolution of the shares of energy sources in primary energy consumption

The first half-year 2019 in Germany – changes in per cent



Source: Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen) e.V.

The shares of the various energy sources in the national energy mix have continued to shift in the first half of 2019. Renewables, natural gas and mineral oil increased their share while hard coal and lignite declined. Germany's overall energy supply is based on a wide range of energy sources.

Investor Relations

Development of the capital markets

The capital markets began the first half of 2019 as weak as they had ended the year 2018. A turnaround was delivered again by the US Federal Reserve in mid-January 2019.

After raising key interest rates to a corridor of 2.25 to 2.5 per cent four times in a row in 2018 and indicating further increases in 2019, the Federal Reserve changed to a „patient“ wait-and-see outlook due to growing risks for the global economy. The signal that the central bank would support the capital markets when needed brought a pause in the major stock exchanges in Europe, the US and Asia from January through May.

At the same time, market participants expected some additional positive signals for the global economy and, in turn, some positive stimulus for the capital markets as a result of the positive discussions between the USA and China in an effort to settle the trade dispute. The prospect of an early end to the conflict was also a contributing factor to the very strong performance of the stock market until May 2019. However, after US President Donald Trump unexpectedly announced further import tariffs on Chinese goods, the stock markets gave up a significant portion of their gains. The upward trend did not resume until June 2019, when both the Federal Reserve and the ECB announced that they would continue to reduce/again reduce interest rates as needed, underscoring once more the significant importance and impact that central bank policies currently have on the capital markets.

Whereas Brexit was the dominate theme on the capital markets last year, it played a minor role in international capital markets. After the withdrawal date was extended by half a year at the end of March 2019, former Prime Minister Theresa May resigned in June. Boris Johnson, as May’s successor, is now attempting to have the British House of Commons pass Brexit – so far with an open outcome and little influence on capital market developments.

The escalation of the trade war between China and the US and the recent implementation of punitive tariffs by both parties have significantly clouded the economic outlook, hitting the German export industry particularly hard. The political decisions of the US administration are increasingly becoming an overall factor of uncertainty for global economic development, reflected not least in the global fears of a recession and sharply lowered growth forecasts for the global economy.

In view of the marked declined in growth forecasts, the ECB announced its willingness in June 2019 to support the markets with further monetary policy measures if necessary. As yields are already in negative territory – with the ten-year Bund yields reaching a record low of negative 0.6% at the end of August 2019 – a revival of the ECB‘s bond purchasing programme is no longer ruled out; also as an attempt to boost inflation to the targeted level of „close to 2 per cent“. After the interest rate corridor was slightly lowered to 2.0 to 2.25 per cent in August 2019, the Fed is also expected to introduce further monetary policy measures in September 2019. Despite all of the uncertainty, stock markets performed extremely well in the first half of 2019.

The Dow Jones index began the year at a level of 23,327 points and even exceeded the 26,500 point mark by May 2019. With a renewed deterioration in trade relations between China and the United States, the Dow Jones index fell sharply to 24,800 points before picking up again and closed firmer on 30 June 2019 at 26,600 points, up 14.03 per cent.

The European stock exchanges also posted significantly higher levels until the end of June 2019. The recovery after the slump in Q4 2018 was even stronger than in the US. Similar to the trend in the US, the ECB and Fed announcements that interest rates could be further reduced, if necessary, supported markets in Europe. There was also some discussion of more potential massive bond purchases by the central banks.

The German DAX benchmark index performed above-average in the first half of 2019. After beginning the year 2019 at 10,381 points, the index closed 19.4 per cent stronger on 30 June 2019 at 12,398 points, outperforming the Dow Jones by roughly 5 per cent. The EURO STOXX 50 rose in the first half of 2019 from 3,001 points to 3,473 points, for a rise of roughly 15.73 per cent.

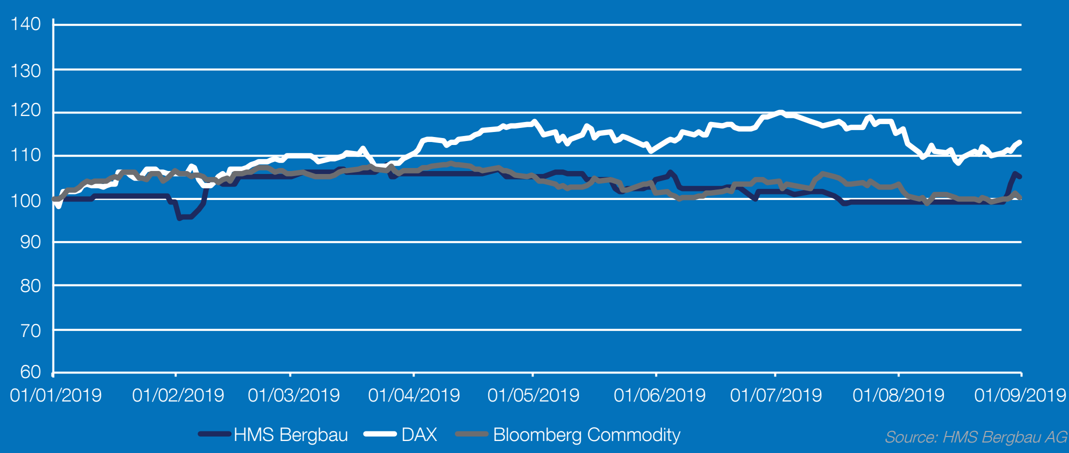
HMS share performance

The shares of HMS Bergbau AG in the first half of 2019 performed in line with the positive overall market environment. At the beginning of 2019, HMS Bergbau AG shares were quoted at EUR 17.40 before climbing to EUR 19.30 at the end of May, and then – amid a general capital market downtrend – fell back to EUR 17.60. Following a slight gain of around 1 per cent in the first half of 2019, the shares improved their performance until the end of August, closing at EUR 18.80 on 31 August 2019.

The market capitalisation of HMS Bergbau AG increased from EUR 79.9 million at the end of 2018 to EUR 80.8 million at the end of the first half of 2019. The overall performance of HMS Bergbau shares has continued to be positive.

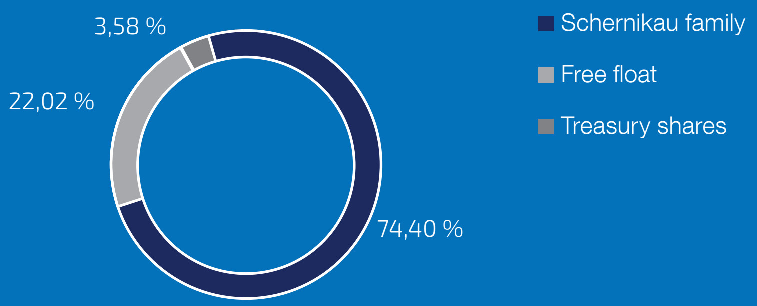
In contrast to the strong upward movement in the international capital markets, the Bloomberg Commodity Index posted a modest increase in the first half of 2019. Starting the year at 76.72 points, the index gained about 3.8 per cent in 2019 with slight fluctuations throughout the year and closed at 79.65 points as at 30 June 2019. After the Deutsche Börse AG eliminated the „Entry Standard“ segment at the end of February 2017, the shares of HMS Bergbau AG have been trading on the Basic Board of the Frankfurt Stock Exchange.

Performance of HMS-Bergbau share by September 2019



Source: HMS Bergbau AG

Shareholder structure as at 30 June 2019



Source: HMS Bergbau AG

Shareholder structure

The share capital of HMS Bergbau AG as at 31 December 2018 consisted of 4,590,588 shares with a nominal value of EUR 1.00 each for a total amount of EUR 4,590,588.00. ERAG Energie und Rohstoff AG holds 36.98 per cent of the shares and LaVo Verwaltungsgesellschaft mbH holds 33.06 per cent. A total of 3.58 per cent of the shares are held as treasury shares of HMS Bergbau AG, and 22.02 per cent are in free float.

Annual General Meeting 2019

The Annual General Meeting of HMS Bergbau AG took place on 7 August 2019 in Berlin. The agenda included the proposed resolutions on the appropriation of profits, the discharge of the Management and Supervisory Boards, and the election of the auditor. The company's shareholders approved all of the proposed resolutions with 100 per cent, or close to 100 per cent, of the share capital represented at the Annual General Meeting. The three Supervisory Board members were also re-elected. In addition, the Annual General Meeting unanimously approved the resolutions on new authorised capital, the authorisation to acquire and use treasury shares, as well as a new authorisation to issue convertible bonds and other instruments, including the creation of new conditional capital.

Investor relations activities

In addition to the publication of financial information, the company's Management Board fully and promptly informs its shareholders through capital market publications about the current developments at HMS Bergbau AG. All capital market-relevant news is published in German and English. In doing so, HMS Bergbau exceeds the requirements of the stock exchange. The Management Board also regularly exchanges views with institutional investors, financial journalists and industry analysts about the company's business model, future prospects and other capital market-related topics.

Key share information as at 31 August 2019

Basic data

ISIN/WKN	DE0006061104/606110
Ticker symbol	HMU
Bloomberg symbol	HMU GY
Reuters symbol	HMUG.DE
Market segment/Transparency level	Open Market / Basic Board
Designated Sponsor/Listing partner	ODDO BHF Aktiengesellschaft
Investor relations	GFEI Aktiengesellschaft
Subscribed capital	EUR 4,590,588.00
No. of shares	4,590,588
Free float	22,02 %

Performance data

Share price as at 29 December 2018 (closing price Frankfurt Stock Exchange)	EUR 17.40
Share price as at 28 June 2019 (closing price Frankfurt Stock Exchange)	EUR 17.60
Share price as at 30 August 2019 (closing price Frankfurt Stock Exchange)	EUR 18.80
Market capitalisation on 29 December 2018	EUR 79,876,231
Market capitalisation on 28 June 2019	EUR 80,794,349
Market capitalisation on 30 August 2019	EUR 86,303,054

Management Report

Business performance in the first half of 2019

The HMS Bergbau Group is a globally active group of companies that serve as trading and distribution partners for renowned international electricity producers, cement manufacturers and industrial consumers with coal and energy raw materials such as steam coal, coking coal and coke products, as well as other raw materials such as ore, cement and fertilisers.

In 2019, HMS Bergbau AG continued its strategy of business expansion to include additional raw materials such as ore, metals, fertilisers and cement products and plans to develop into an international raw material trading company. The focus of its activities remains the coal business. HMS Bergbau AG's has spent decades building its widely recognised expertise throughout the entire value chain from mining to logistics to customer deliveries.

Corporate structure

The corporate structure of the HMS Bergbau Group and its major subsidiaries as at 30 June 2019 is as follows:

Corporate structure as at 30 June 2019

Source: HMS Bergbau AG

Group results of operations

The **results of operations** of the HMS Group in the first half of the 2019 financial year compared to the previous year were as follows:

	30/06/2019 EUR thousand	%	30/06/2018 EUR thousand	%	Change EUR thousand	%
Revenues	117,157	100	140,960	100	-23,803	-17
Total performance	**117,157**	**100**	**140,960**	**100**	**-23,803**	**-17**
Cost of materials	113,278	97	137,496	98	-24,218	-18
Personnel costs	895	1	810	1	85	11
Depreciation and amortisation	39	0	52	0	-13	-25
Other operating expenses						
./. other operating earnings	2,192	2	1,862	1	330	18
Tax expenses	2	0	2	0	0	0
Operating expenses	**116,406**	**99**	**140,222**	**99**	**-23,816**	**-17**
Operating result	**751**	**1**	**738**	**0**	**13**	**2**
Earnings from investment and financial result	-321		-381		60	16
Sale of shares	0		1,100		-1,100	-100
Allocation to pension provisions (1/15 of allocation under German Accounting Law Modernisation Act [BilMoG])	-111		-223		112	50
Earnings before income taxes	**319**		**1,234**		**-915**	**-74**
Extraordinary expenses	0		0		0	0
Income taxes	0		-8		8	100
Net profit*	**319**		**1,226**		**-907**	**-74**

* EUR 746 thousand half-year result excluding EUR 427 thousand in pension provisions (as at 30 June 2018: EUR 416 thousand in pension provisions)

The HMS Group's revenues were lower in the first half of 2019 than in the same period of the prior year. Despite recent further declines in commoditiy prices HMS Bergbau AG was able to realize higher coal trading volumes and higher gross margins. The Sales of the HMS Group decreased 17 per cent from EUR 141.0 million to EUR 117.2 million. The cost of materials ratio, however, improved slightly with the cost of materials amounting to EUR 113.3 million compared to EUR 137.5 million in the first half of 2018. Personnel costs rose slightly in the first six months of the 2019 financial year to EUR 895 thousand after amounting to EUR 810 thousand in the comparable period of the previous year. The increase was primarily related to the international expansion of the HMS Bergbau AG.

The HMS Group generated a net profit of EUR 319 thousand as at 30 June 2019 compared to EUR 1,226 thousand in the first half of 2018. The decline is due to the fact that the previous year's profit included a disposal gain of EUR 1,098 thousand from the sale of shares in Silesian Coal S.A. A further reason, however, is also increased price competition due to the global economic slowdown and the sharp fall in coal prices, which have led to an overall deterioration in the international coal markets.

Group net assets

The **net assets** of the HMS Group as at 30 June 2019 compared to 31 December 2018 were as follows:

	30/06/2019 EUR thousand	%	31/12/2018 EUR thousand	%	Change EUR thousand	%
Assets						
Non-current assets	15,517	33	15,110	26	407	3
Inventories	194	0	116	0	78	67
Receivables	24,482	53	39,162	66	-14,680	-38
Cash and cash equivalents	3,137	7	1,614	3	1,523	94
Other assets	3,213	7	3,127	5	86	3
	46,543	**100**	**59,129**	**100**	**-12,586**	**-21**
Capital						
Shareholders' equity	11,114	24	10,845	18	269	3
Own shares	-1,392	-3	-1,345	-2	-47	4
Non-current liabilities	7,456	16	7,090	12	366	5
Current liabilities	29,365	63	42,538	72	-13,173	-31
	46,543	**100**	**59,129**	**100**	**-12.,586**	**-21**

Total assets of HMS Bergbau AG amounted to EUR 46.5 million as at the reporting date of 30 June 2019 and were significantly below their level of EUR 59.1 million as at 31 December 2018. The reason for the decline was a sharp reduction in receivables and current liabilities.

Non-current assets as at 30 June 2019 amounted to EUR 15.5 million (31 December 2018: EUR 15.1 million). The reduction in receivables led to lower current assets of EUR 31.0 million as at the reporting date (31 December 2018: EUR 44.0 million), which included an improvement in liquidity in the amount of EUR 1.5 million.

On the liability side of the balance sheet, equity as at 30 June 2019 increased from EUR 10.8 million as at 31 December 2018 to EUR 11.1 million. Current liabilities could also be reduced by a significant EUR 13.2 million to EUR 29.4 million (31 December 2018: EUR 42.5 million).

All other balance sheet items have changed only slightly as a result of postings as at the balance sheet date.

Trading

Trusting, stable business relationships with customers and suppliers form the basis of the successful international trading activities of the HMS Bergbau Group.

The main customers of the HMS Bergbau Group include steel and cement producers, as well as industrial companies such as glassworks, paper mills, waste processing plants and power plant companies. Our customer base consists of both private and state-owned companies from Asia, Europe, the Middle East and Africa.

The HMS Bergbau Group cooperates with renowned and reliable producers mainly in Indonesia, South Africa, Russia, Poland, and North and South America. In addition, we are responsible for the representation of numerous international coal producers. The HMS Bergbau Group handles the complete marketing of coal in selected markets.

Vertical integration

Access to resources and coal from marketing agreements with international producers should guarantee a reliable supply of consumers in the long term. In the future, the HMS Bergbau Group also plans to exploit its own resources. This strategy was consistently followed again in 2019.

Horizontal integration

The expansion of global trading activities to include other commodities outside of coal, such as ores and cementitious products, is expected to become another important pillar of HMS Bergbau AG over the medium term. The steadily growing demand from new and existing customers for different raw materials should be satisfied using HMS Bergbau's structures. This will allow HMS Bergbau AG to utilise and open up its existing network, its longstanding expertise and its worldwide transport options. At the same time, as part of the horizontal integration strategy, new sourcing markets will be tapped and steadily developed, particularly in Asia, Africa, the Middle East and the USA. By expanding its activities, HMS Bergbau AG is striving to optimise its capacity utilisation, further improve its risk diversification, raise gross margins and, ultimately, seize advantages versus the competition.

Logistics business unit

The HMS Bergbau Group offers its customers and business partners a complete range of services from the timely supply of raw materials to organising the entire transport logistics. The service portfolio of our highly professional and experienced team ranges from the chartering of ships, the organisation of inland transportation, port handling, warehouse management as well as coal preparation all the way up to technical monitoring, as required.

For example, the HMS Bergbau Group in South Africa organises all of the logistics needs for its partners – from truck transport to rail transport and port handling –thereby providing a high degree of delivery reliability to its suppliers and customers.

Subsequent events

There were no material events after the reporting date.

Consolidated Balance Sheet as of 30 June 2019 (unaudited)

Assets

	EUR	30/06/2019 EUR	31/12/2018 EUR
A. Non-current assets			
I. Intangible assets			
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	8,902.98		12,316.66
2. Property, plant and equipment	321,057.73		4,203.11
		329,960.71	**16,519.77**
II. Property, plant and equipment			
1. Technical equipment and machinery	52,252.05		63,262.81
2. Other equipment, office and factory equipment	5,728,462.11		5,390,338.74
		5,780,714.16	**5,453,601.55**
III. Financial assets			
1. Investments in associated companies	437,438.66		412,586.02
2. Other loans	8,998,036.56		9,227,083.19
		9,435,475.22	**9,639,669.21**
		15,546,150.09	**15,109,790.53**
B. Current assets			
I. Inventories			
1. Goods		**193,912.34**	**116,246.62**
II. Receivables and other assets			
1. Trade receivables	24,481,893.88		39,161,657.61
2. Receivables from associates	140,428.97		136,230.94
3. Other assets	1,098,576.86		1,024,232.61
		25,720,899.71	**40,322,121.16**
III. Cash-in-hand and bank deposits		**3,137,197.94**	**1,614,390.11**
		29,052,009.99	**42,052,757.89**
C. Accruals and deferrals		**123,020.22**	**115,907.62**
D. Deferred taxes		**1,850,320.33**	**1,850,320.33**
		46,571.500.63	**59,128,776.37**

Liabilities

		30/06/2019	31/12/2018
	EUR	EUR	EUR
A. Shareholders' equity			
I. Subscribed capital	4,426,017.00		4,205,096.00
II. Capital reserve	7,452,581.17		3,916,647.36
		11,878,598.17	**8,121,743.36**
III. Profit reserves			
1. Statutory reserve	5,112.92		5,112.92
2. Other profit reserves	273,158.45		273,158.45
		278,271.37	**278,271.37**
IV. Contributions made to implement the capital increase		**0.00**	**3,750,000.00**
V. Consolidated net profit/loss	-1,622,351.49		-1,941,413.98
VI. Difference in equity due to currency conversion	-792,453.22		-717,648.08
VII. Minority interests	8,938.55		9,466.09
		-2,405,866.16	**-2,649,595.97**
		9,751,003.38	**9,500,418.76**
B. Difference from capital consolidation		**0.00**	**0.00**
C. Provisions			
1. Pension provisions and similar obligations	7,456,366.06		7,089,991.90
2. Tax provisions	233,790.80		292,526.77
3. Other provisions	318,179.95		307,904.13
		8,008,336.81	**7,690,422.80**
D. Liabilities			
1. Liabilities to banks	3,699,224.24		6,683,243.65
2. Advance payments received	338,000.00		0.00
3. Trade payables	19,707,348.14		31,248,185.59
4. Other liabilities	5,067,588.06		4,006,505.61
		28,812,160.44	**41,937,934.85**
E. Accruals and deferrals		**0.00**	**0.00**
		46,571,500.63	**59,128,776.41**

Consolidated Income Statement as of 30 June 2019 (unaudited)

		30/06/2019 EUR	30/06/2018 EUR
1.	Sales	117,156,881.07	140,960,339.75
2.	Other operating earnings	49,091.28	1,293,624.66
		117,205,972.35	142,253,964.41
3.	Cost of materials		
	Costs for raw materials and supplies and for goods purchased	-113,278,061.78	-137,495,654.09
	Cost for services purchased	0.00	0.00
		-113,278,061.78	-137,495,654.09
4.	Personnel costs		
	a) Wages and salaries	-733,687.89	-678,662.43
	b) Social security costs and pension support costs	-160,954.74	-131,389.62
		-894,642.63	-810,052.05
5.	Depreciation and amortisation		
	Amortisation of intangible assets and depreciation of fixed assets	-38,922.14	-51,726.53
6.	Other operating expenses	-2,352,317.12	-2,279,739.07
7.	Other interest and similar earnings	232,075.90	500,383.62
8.	Depreciation of financial assets and securities held as current assets	0.00	0.00
9.	Interest and similar expenses	-553,693.72	-881,478.50
10.	**Earnings from ordinary activities**	**320,410.86**	**1,235,697.79**
11.	Income taxes	0.00	-7,807.61
12.	Other taxes	-1,875.87	-1,925.27
13.	**Net profit for the period**(1)	**318,534.99**	**1,225,964.91**
	EBITDA(2)	**680,950.82**	**1,668,519.20**

(1) EUR 745,971.51 2019 half-year result excluding EUR 427,436.52 EUR in pension provisions (as at 30 June 2018: EUR 416,498.88 in pension provisions)
(2) EUR 680,951 EBITDA excluding income from sales of shares in associated companies (as at 30 June 2018: EUR 568,520)

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Responsible publisher:

HMS Bergbau AG
An der Wuhlheide 232
12459 Berlin
Germany
T: +49 (30) 65 66 81-0
F: +49 (30) 65 66 81-15
E-Mail: hms@hms-ag.com
www.hms-ag.com

Concept, editing and design:

GFEI Aktiengesellschaft
Ostergrube 11
30559 Hannover
Germany
T: +49 (0) 511 47 40 23 11
F: +49 (0) 511 47 40 23 19
E-Mail: lkuhnke@gfei.de
www.gfei.de

Contact

Legende:
- H Headquarter
- S Subsidiaries
- RO Representative Offices

Germany H
HMS Bergbau AG (headquarter)
Berlin, Germany
An der Wuhlheide 232
12459 Berlin
Germany

T: +49 (30) 65 66 81 0
F: +49 (30) 65 66 81 15
E-Mail: hms@hms-ag.com

Germany S
HMS Oil and Gas Division GmbH
Berlin, Germany
An der Wuhlheide 232
12459 Berlin
Germany

T: +49 (30) 65 66 81 0
F: +49 (30) 65 66 81 15
E-Mail: hms@hms-ag.com

USA S
HMS Bergbau USA Corp.
66 West Flagler St
PH 1
Miami, FL
USA 33130

T: +1 (786) 740-8023
E-Mail: hmsusa@hms-ag.com

Indonesia S
PT. HMS Bergbau Indonesia
Menara Rajawali, 25th Floor
Mega Kuningan
Jakarta 12950
Indonesia

T: +62 (21) 57 64 57 77 9
F: +62 (21) 57 94 82 03
E-Mail: hmsi@hms-ag.com

Singapore S
HMS Bergbau Singapore Pte. Ltd.
80 Raffles Place
UOB Plaza 1,#36-07
Singapore 048624
Singapore

T: +65 6908 57 95 / 57 96
F: +65 6908 57 97
E-mail: singapore@hms-ag.com

Poland S
Silesian Coal International Group of Companies S. A.
z siedzibą w Katowicach ul. E. Imieli 14
41-605 Świętochłowice
Poland

T: +48 (32) 77 10 20 0
F: +48 (32) 77 10 20 0
E-mail: hmspoland@hms-ag.com

South Africa S
HMS Bergbau Africa (Pty) Ltd.
Workshop 17
138 West St,
Sandton, Johannesburg, 2031
South Africa

T: +27 (10) 140 36 30
E-Mail: hmsa@hms-ag.com

India RO
HMS Growell India
Mumbai
India

T: +91 (22) 22 66 55 22
E-mail: hmsgrowell@hms-ag.com

Pakistan RO
HMS Bergbau Pakistan
Lahore
Pakistan

T: +92 (42) 36 31 32 35 & 36
E-mail: hmspakistan@hms-ag.com

Kenya RO
HMS Bergbau Kenya
Nairobi
Kenya

T: +254 (733) 96 66 05
E-Mail: hmskenya@hms-ag.com

Malaysia RO
HMS Bergbau Malaysia
Ipoh, Perak
Malaysia

T: +60 (55) 46 91 44
E-mail: hmsmalaysia@hms-ag.com

China RO
HMS Bergbau China
Zhongshan, Guangdong Prov.
China

T: +86 (760) 88 22 33 68
E-Mail: hmschina@hms-ag.com

Sri Lanka RO
HMS Bergbau Sri Lanka
Colombo

T: +94 (77) 46 89 155
E-Mail: hmssrilanka@hms-ag.com

United Arab Emirates RO
HMS Bergbau UAE
Dubai

T: +971 (674) 81 999
E-Mail: hmsdubai@hms-ag.com

Bangladesh RO
HMS Bergbau Bangladesh
Dhaka

E-Mail: hmsbangladesh@hms-ag.com

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