

Svendborg, 30 October 2009

STOCK EXCHANGE ANNOUNCEMENT NO. 09-2009

Notox A/S makes strategy adjustments

The board of Notox A/S, a wholly owned subsidiary of Scandinavian Brake Systems A/S, has decided to adjust the activities of the company's development and production of diesel particulate filters.

In 2008 Notox got access to a new filter technology, the XP-technology, which is characterized by high porosity providing a range of benefits such as lower back pressure, lower weight and reduced manufacturing costs.

In its marketing strategy, Notox A/S has so far focused on supplies to both the OE market, i.e. mounting on new vehicles and equipment, and the retrofit market, i.e. diesel particulate filters for existing vehicles and equipment.

The financial crisis and the ensuing global crisis have hit the growth plans of Notox A/S with considerable strength. On the OE market the demand for filters has declined considerably as a consequence of the lower vehicle production. On the retrofit market the expected tightened environmental requirements have been postponed and this has affected the implementation of several projects which should ensure a better filtration of the diesel emissions in the environmental zones in both Korea, Europe and the USA.

According to the board's estimate the demand for diesel particulate filters with high porosity will not increase considerably until the end of 2011.

Consequently, the board has decided to adjust the strategy. This means that in future Notox will - on the basis of the XP technology - primarily focus on the OE market and the huge potential that lies within this segment. The XP filters, which are to drive this development forward, are expected to be put into production in the second half of 2011.

As a consequence of the strategy change, Notox A/S will preliminary scale down the activities on the retrofit market. This decision leads to a significant reduction of the staff until the production of the XP filters can be initiated. The reduction includes the administration and the sales and development departments in Herlev and the production in Svendborg.

The production for retrofit will continue until all orders have been executed and this is expected to be early 2010. After that period the plant will be maintained in operational condition so that Notox will be able to react relatively promptly if the market develops positively faster than estimated.

The reduction does not affect the continued development and product maturing of the XP filters and current tests at e.g. one of the leading vehicle manufacturers in Europe and a manufacturer of diesel trucks and motors in the USA.

Notox is in dialogue with several potential strategic partners to ensure the commercial and financial basis of the above strategy.

The board's efforts to divest Notox A/S in whole or in part continue unchanged.

The latest planned adjustment to the organization are not expected to make an impact in this financial year on turnover and EBIT. Turnover in 2009 is expected to be at the level of 2008, and EBIT is expected to be worse than in 2008.

Depreciations, if any, as a consequence of the planned adjustments will be estimated in connection with the interim report as of 30 September 2009 to be published on 19 November 2009 and in connection with the preliminary announcement of financial statements for 2009 to be published on 25 March 2010.

The SBS division

Besides Notox, the SBS group consists of the SBS division, which with regard to turnover and result is performing very positively and in accordance with the expectations stated in the interim report as of 30 June 2009. The SBS division expects rise in turnover compared to 2008 and improved operating result excl. profit from property sales in 2008.

Together with the group's financial partners, the management is working with various solutions to ensure the continued positive development of the SBS division.

Best regards

Scandinavian Brake Systems A/S

Leif Stiholt
Chairman of the board

Further information

For further information concerning this announcement, please contact Mr. Hans Fuglgaard, CEO, phone: +45 63 21 15 15 – website: www.sbs.dk