



NASDAQ Copenhagen A/S

Scandinavian Brake Systems A/S
Kuopiovej 11
5700 Svendborg
Denmark

Tel +45 63 21 15 15
Fax +45 63 21 15 95
E-mail sbs@sbs.dk
Website www.sbs.dk
CVR-nr. DK 32 77 42 10
LEI-kode 529900DY2V39LC8FJ309

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STOCK MARKET ANNOUNCEMENT NO. 01-2018

Preliminary Announcement of Financial Statements, Scandinavian Brake Systems (summary)

The Board of Directors hereby submits the annual report for 2017 for the approval of the Company's annual general meeting to be held on Monday 30 April 2018, at 2 pm at the Company's office in Svendborg.

Consolidated revenue totaled DKK 735 million against DKK 770 million in 2016, which reflects the development in the divisions as described below.

The Group's operating profit before depreciation, amortisation, impairment losses and special items (EBITDA recurring) came in at DKK 61 million against DKK 50 million in 2016.

Profit for the year totaled DKK 20 million against DKK 6 million in 2016.

The results of operations are in line with the Company's announcement at 4 December 2017.

In March 2017, the SBS Group entered into a three-year credit agreement with the Group's bankers. Combined with improved results of operations and continuous reduction of the Company's debt formed the basis of a more stable foundation for the Group's business activities, SBS Automotive and SBS Friction for which efficiency improvements and business development were focal points.

SBS AUTOMOTIVE

- Focus on earnings, EBITDA recurring +27%
- New NK sales concepts
- NK distribution agreements in the UK and in Poland
- Efficiency improvements in the supply chain,
 - Extension and optimisation of distribution centre in Germany
 - Relocation of packing operation for brake shoes to Germany
 - Relocation of packing operation for brake discs and brake drums to Poland – ISO certification followed

Revenue of DKK 605 million against DKK 647 million in 2016. The development reflects the adaptations of the customer portfolio performed on the basis of earnings as well as geographical perspectives. The Scandinavian market developed positively, however.

Despite the development in revenue, SBS Automotive made more money than the year before. EBITDA recurring increased from DKK 33 million to DKK 41 million which is attributable in particular to efficiency improvements in the supply chain, and price optimisations within specific customer segments.

SBS FRICTION

- Record-high revenue and EBITDA
- Authorisation to projects at the OEM market
- Expansion of the product portfolio with brake discs, etc.
- Development projects for “green” products
- Implementation of a new brand platform

For the third year in a row, SBS Friction reported record-high revenue totaling DKK 130 million against DKK 123 million in 2016. EBITDA recurring was also record high: DKK 24 million compared to DKK 22 million in 2016. The increase is in particular attributable to a positive development on the Company’s core markets in Europe.

Equity, cash resources and financing

The reduction of the Group’s net interest-bearing debt continued in 2017 – from DKK 469 million at 31 December 2016 to DKK 429 million at 31 December 2017.

Equity developed from a negative DKK 184 million at 31 December 2016 to a negative DKK 166 million at 31 December 2017.

Outlook for 2018

The Group expects to generate revenue in 2018 in the range of DKK 740–765 million and EBITDA recurring of DKK 65–75 million.

This summary is an extract from Scandinavian Brake Systems’ 2017 annual report and cannot replace it.

Scandinavian Brake Systems A/S

Mads Bonde
CEO

For further details, please contact CEO Mads Bonde on tel. (+45) 6321 1515, or by e-mail: mb@sbs.dk