

29 AUGUST 2018



SBS GROUP

STOCK MARKET ANNOUNCEMENT

NO. 05-2018

INTERIM FINANCIAL REPORT

1 JANUARY – 30 JUNE 2018

MAKING ROADS SAFE SINCE 1964

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SBS GROUP – FINANCIAL OVERVIEW



40.2 MILLION
DKK

EBITDA (RECURRING)
from DKK 38.6 million to DKK 40.2 million



11%

EBITDA MARGIN
from 9% to 11%



18 MILLION
DKK

PROFIT AFTER TAX
Grown from DKK 16 million to DKK 18 million

THE PERIOD 1 JANUARY – 30 JUNE 2018 IN OUTLINE



Group Revenue

Consolidated revenue for the period totalled DKK 372.6 million against DKK 411.6 million in the first 6 months of 2017.

The decline in SBS Automotive can primarily be ascribed to the decline in market segments and accounts with low margins and is a consequence of a deliberate strategic focus on earnings.

The decline in SBS Friction reflects weak sales trends in the beginning of the period due to a cold spring in the main markets in Central and Southern Europe, but with growth towards the end of the period.

Operating Profit

The SBS Group's operating profit before depreciations, amortisation, impairment losses and special items (EBITDA recurring) came in at DKK 40.2 million against DKK 38.6 million in the same period 2017.

Profit after tax totalled DKK 18.2 million against DKK 16.0 million in the same period 2017.

Credit Agreement

In March 2017, the Group made a long-term credit agreement with the Group's bankers covering the expected financing requirements for the implementation of the Group's activities up to 1 April 2020.

Divisions

As in previous periods, the divisions have focused on the strategic initiatives:

SBS Automotive especially focused on earnings, operational optimizations and marketing.

In SBS Friction, focus has been on expanding the aftermarket product portfolio, product development of green pads, OE projects and strengthening the foundation for further growth in the OEM market.

KEY FIGURES



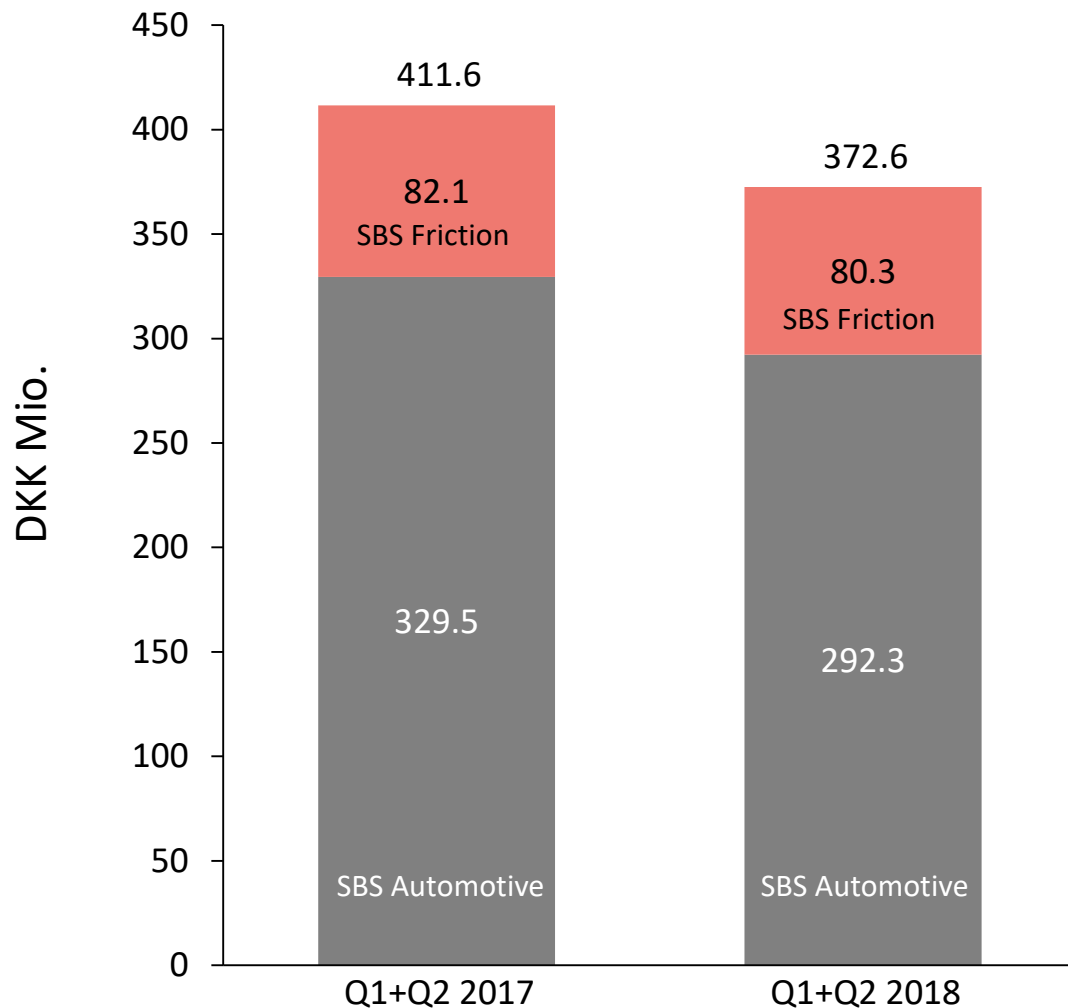
SBS Group DKK million	2018* Q1+Q2	2017* Q1+Q2	2017 Year
Net revenue	372.6	411.6	726.5
Operating profit before depreciations, amortisation, impairment losses and special items EBITDA-recurring	40.2	38.6	61.2
Special items	-	-	-3.7
Operating profit before depreciation, amortisation, and impairment losses (EBITDA)	40.2	38.6	57.5
Operating profit (EBIT)	32.4	30.9	41.3
Finance income and finance costs, net	-10.9	-10.5	-21.5
Profit/loss from continuing operations before tax	21.5	20.4	19.8
Profit/loss from discontinuing operations	0.0	-0.9	0.5
Profit/loss after tax	18.2	16.0	19.7
Equity	-145.8	-171.5	-165.9
Total assets	495.8	463.5	444.6
Cash flow from operating activities	-12.3	39.2	55.4
Cash flow to investing activities, net	-3.9	-8.1	-24.4
Cash flow from financing activities	16.2	-33.4	-33.3
Cash flow from discontinuing activities	-	2.3	2.3
Total cash flow for the period	-	-	-
Net interest-bearing debt	445.6	429.6	429.3
New working capital (NWC)	194.7	168.4	175.2

SBS GROUP	2018* Q1+Q2	2017* Q1+Q2	2017 Year
Operating profit before depreciation, amortisation, impairment losses and special items EBITDA recurring margin)	10.8	9.4	8.4
EBITDA margin	10.8	9.4	7.9
EBIT margin	8.7	7.5	5.7
Return on invested capital in % (ROIC excl. GW)	13.0	14.3	19.3
Return on equity in % (ROE)	I/A	I/A	I/A
Equity ratio	-29.4	-37.0	-37.3
Earnings/deluted earnings per share in DKK (EPS basic)	5.7	5.0	6.1
Net asset value per share in DKK (BVPS)	-45.5	-53.5	-51.7
Price/net asset value	-0.6	-0.5	-0.5
Market price at year end	25.0	27.6	26.5

* The interim financial report has not been audited or reviewed.

Earnings per share and diluted earnings per share have been calculated in accordance with IAS 33. Other financial ratios are calculated in accordance with the Danish Finance Society's guidelines. For terms and definitions, please see the SBS Group Annual Report 2017. SBS presents alternative performance indicators in the interim financial report which are not defined in accordance with IFRS. In the opinion of the Group, those financial highlights increase the level of comparability and improve the evaluation of this year's and previous years profits from operations.

SBS GROUP – REVENUE DEVELOPMENT

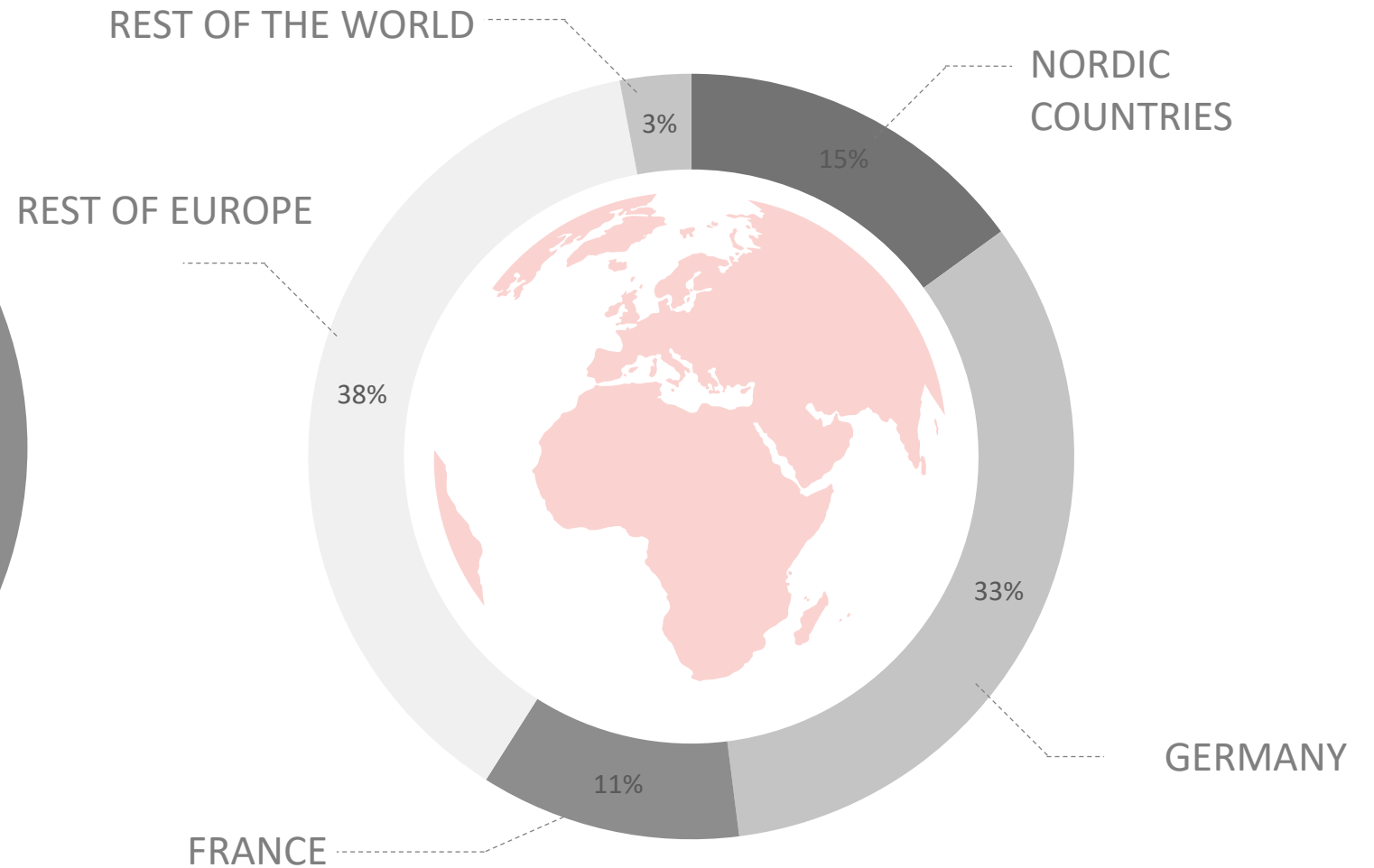
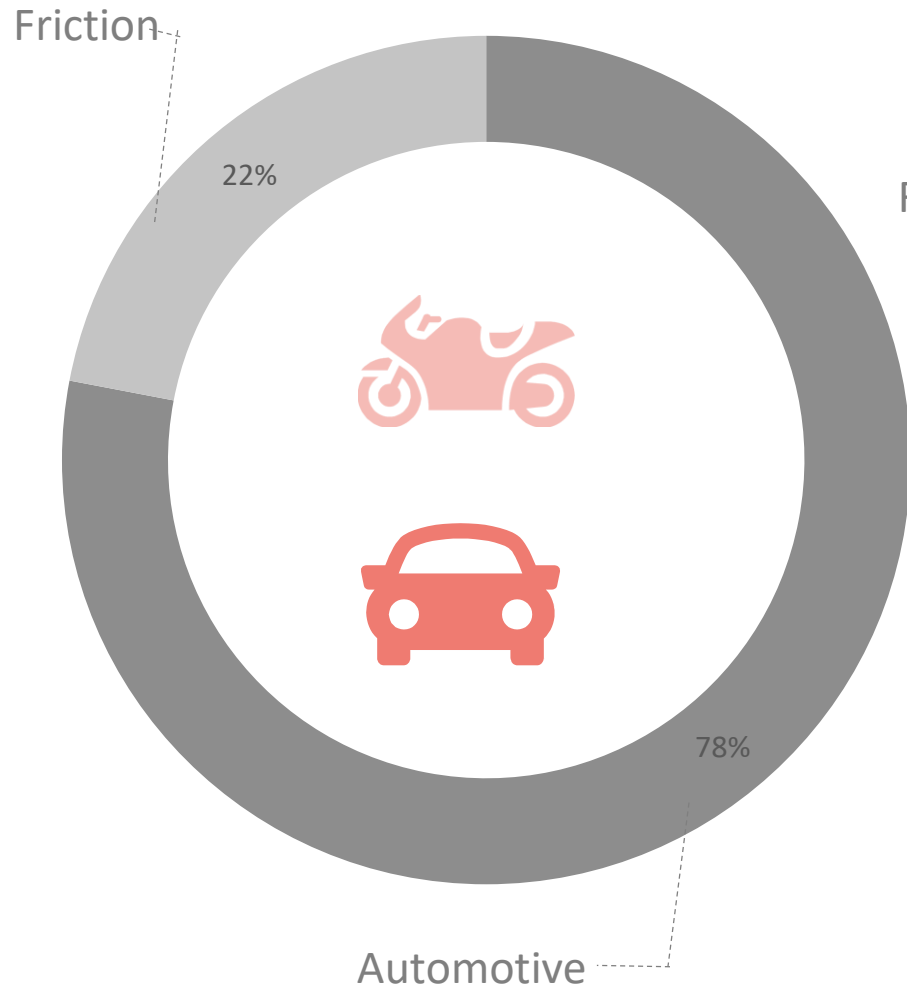


Revenue DKK million	2018 Q1+Q2	2017 Q1+Q2	Index
SBS Automotive	292.3	329.5	89
SBS Friction	80.3	82.1	98
SBS Group	372.6	411.6	90

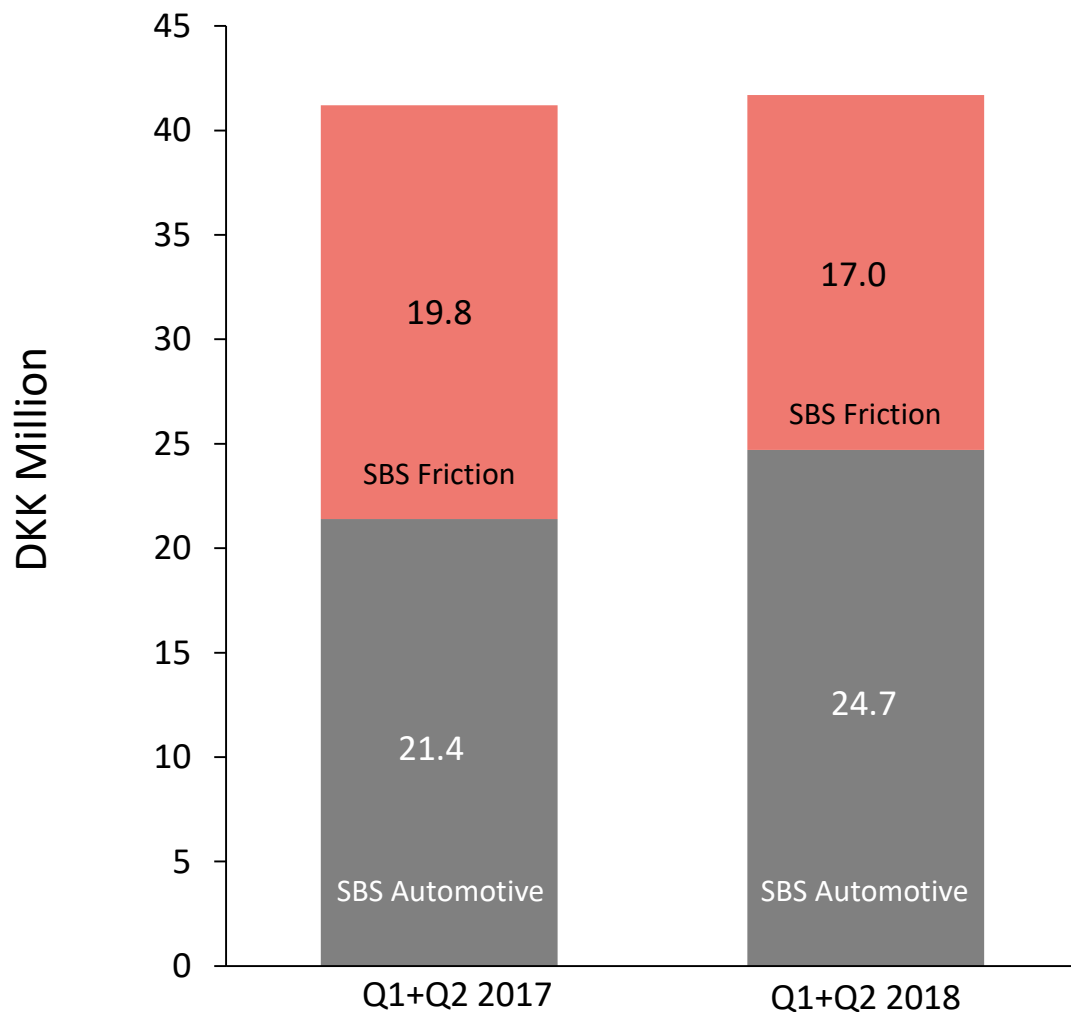
The decline in SBS Automotive can be ascribed to declining market segments and low margin accounts as a result of the strategic focus on earnings.

The decline in SBS Friction reflects weaker sales trends, especially during the first months of the period due to a cold spring in the main markets in Central and Southern Europe.

SBS GROUP- REVENUE ON SEGMENTS



SBS GROUP – EBITDA DEVELOPMENT



EBITDA DKK million	2018 Q1+Q2	2017 Q1+Q2	Index
SBS Automotive	24.7	21.4	116
SBS Friction	17.0	19.8	86
SBS Group Functions	-1.5	-2.6	
SBS Group EBITDA	40.2	38.6	104

Operating profit before depreciation, amortisation and impairment losses (EBITDA): DKK 40.2 million against DKK 38.6 million.

Operating profit (EBIT): DKK 32.4 million against DKK 30.9 million.

Profit/loss from continuing operations before tax totals DKK 21.5 million against DKK 20.4 million in the same period 2017.

Profit/loss after tax totals DKK 18.2 million against DKK 16.0 million in the same period 2017.

Profit/loss for Q1+Q2 2018 is in accordance with expectations.

SBS GROUP – FINANCIAL POSITION AND FINANCING



DKK million	2018 30/6	2017 31/12	2017 30/6
Non-current assets	164.5	170.5	155.0
Current assets	331.3	274.1	308.5
Total assets	495.8	444.6	463.5
Non-current liabilities	433.9	422.9	424.7
Current liabilities	207.6	187.6	210.2
Equity	-145.8	-165.9	-171.5

Total assets amounted to DKK 495.8 million on 30 June 2018 against DKK 463.5 million on 30 June 2017 (DKK 444.6 million on 31 December 2017). Non-current assets totalled DKK 164.5 million on 30 June 2018 against DKK 155.0 million on 30 June 2017 (DKK 170.5 million on 31 December 2017). Current assets totalled DKK 331.3 million on 30 June 2018 against DKK 308.5 million on 30 June 2017 (DKK 274.1 million on 31 December 2018). Current assets are affected by increased stocks in connection with the change of incoterms delivery terms on some major suppliers as well as increased focus on selected market segments, which has required additional inventory levels at consignment stocks.

Non-current liabilities amounted to DKK 433.9 million on 30 June 2018 against DKK 424.7 million on 30 June 2017 (DKK 422.9 million on 31 December 2017). The Group's net interest-bearing debt represented DKK 445.6 million on 30 June 2018 against DKK 429.6 million on 30 June 2017 (DKK 429.3 million on 31 December 2017). Interest-bearing debt is affected by the relatively large inventories as described above. Current liabilities amounted to DKK 207.6 million on 30 June 2018 against DKK 210.2 million on 30 June 2017 (DKK 187.6 million on 31 December 2017).

The capital base of the Group is significantly affected by the depreciation of the Notox activities in 2009 and 2015. The Group's equity amounted to a negative DKK 145.8 million on 30 June 2018.

The Board and Management expects that the Group's operations and earnings will contribute to a gradual strengthening of the capital base according to the Group's strategic plan until the end of 2019.

The cash resources of the SBS Group can be calculated as follows:

DKK million	2018 30/6	2017 31/12	2017 30/6
Cash	0.1	0.1	0.1
Undrawn credit facilities	18.8	37.0	28.7
Cash resources	18.9	37.1	28.8

In March 2017, the SBS Group made a long-term credit agreement with the Group's bankers covering the expected financing requirements for the implementation of the Group's activities until 1 April 2020.

OUTLOOK FOR 2018

During the first 6 months of 2018, SBS Automotive had primary focus on earnings. This had a negative impact on revenue on segments and accounts with low margins. Focus on earnings will continue throughout the year.

SBS Friction has been affected by a slow start of the year due to unfavourable weather conditions in the main markets. The period ended well, and for Q3 and Q4 it is expected that the division will show progress again.

On this background, the SBS Group adjusts its expectations to the following:

- Revenue is now expected to be DKK 685-710 million (previously: DKK 740-765 million)
- EBITDA before special items is now expected to be DKK 55-65 million (previously: DKK 65-75 million)