



GROUP

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
sbs-group@sbs.dk
sbs-group.dk
CVR no. DK 32 77 42 10
LEI code 529900DY2V39LC8FJ309

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STOCK MARKET ANNOUNCEMENT NO. 02-2020

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

The Board of Directors hereby submits the Annual Report for 2019 for the approval at the Company's Annual General Meeting, which was scheduled to be held on 28 April 2020, but which has been postponed to a later date due to the current COVID-19 situation.

SBS GROUP'S PERFORMANCE IN 2019

The SBS Group has established a robust platform for SBS Automotive, and this platform ensured sound performance for the division in very difficult markets in 2019. SBS Friction realized sound growth in its global niche in 2019 and is well-positioned to continue growth in both the open aftermarket and the OEM market.

Revenue

The Group's revenue decreased by 3% compared to 2018, amounting to DKK 664 million, and revenue was thus in the high end of the most recently announced expected range of DKK 650-670 million (see company announcement no. 07-2019).

SBS Friction's revenue increased by 6% due to progress in both the aftermarket and the OEM market. SBS Automotive's revenue decreased by 5% due to pricing pressure and changes to the product mix, while volumes remained largely unchanged.

Operating Profit

Operating profit before depreciation, amortization, impairment losses and special items (EBITDA recurring) amounting to DKK 63 million remained unchanged relative to 2018. IFRS 16 had a positive effect of DKK 7 million on EBITDA in 2019.

Thus, the operating profit slightly exceeded the most recently announced expected range of DKK 55-60 million.

SBS Friction's earnings exceeded expectations, and the division realized its best operating profit to date, totaling DKK 29 million. SBS Automotive's earnings met expectations, totaling DKK 41 million, in markets that were characterized by continued transformation, consolidation and pricing pressure.

SBS AUTOMOTIVE

Sound operating profit considering the challenging market conditions.

- Successful tuning of marketing strategy in main markets
- Partnerships with the largest distributors, wholesalers and e-commerce platforms
- Customer segmentation with diversified solutions and quality
- Further optimization of supply chain and sourcing platform
- Expansion of product range, including no-deposit concept on brake calipers
- Geographic expansion in Europe and the Middle East

SBS FRICTION

Record performance driven by growth in both the aftermarket and the OEM market.

- Improvement in all sales regions
- Strengthened position as absolute market leader in Europe
- Quality approvals from leading international OEM partners
- Sound progress in entering the OEM market with a considerable pipeline of projects
- Introduction of the world's most environmentally friendly brake lining in 2020
- Continued automation of production

Financing

In June 2019, the credit agreement with the Group's banks was extended by an additional 2 years and now covers the expected financing requirements up until April 2022.

Equity was negative by DKK 145 million at year end against negative equity of DKK 150 million at the end of 2018.

Net interest-bearing debt increased to DKK 512 million. The increase is partly due to the introduction of IFRS 16 (new financial reporting standard regarding leases) and partly due to a temporary increase in funds tied up in inventories of easily marketable finished goods. The inventories are expected to be sold in 2020.

OUTLOOK for 2020

SBS Group has had a good start to 2020. Performance for the first two months was in line with expectations, and at present, the development appears to have continued in March with stable production, delivery and operations as well as a satisfactory order book.

Due to the global coronavirus outbreak, revenue and earnings for the period March to December 2020 are, however, subject to considerable uncertainty. The restrictions imposed on the markets mean that SBS cannot at present quantify the effect of the coronavirus outbreak on our performance. However, as soon as our suppliers' and customers' response to the outbreak can be quantified, the SBS Group will present its expectations of 2020.

This summary is an extract from Scandinavian Brake Systems A/S' 2019 annual report and cannot replace it.

Further details:

Mads Bonde, CEO, tel. (+45) 63 21 15 15, mail: mb@sbs.dk