



NASDAQ OMX Copenhagen A/S

Scandinavian Brake Systems A/S
Kuopiovej 11
DK-5700 Svendborg
Denmark

Tel. +45 6321 1515
Fax +45 6321 1595
E-mail sbs@sbs.dk
www.sbs.dk
CVR no. DK3277 4210
LEI code 529900DY2V39LC8FJ309

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STOCK MARKET ANNOUNCEMENT NO. 01-2017

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

The Board of Directors hereby submits the annual report for 2016 for the approval of the company's annual general meeting to be held on 27 April 2017, at 2 pm at the company's office in Svendborg.

The year 2016 was characterised by efforts to create a commercially sustainable basis for the Group going forward. Important milestones:

- divestment of Notox-related assets;
- conclusion of a long-term financing agreement with the Group's banks up until April 2020;
- strategic focusing on continuing our areas of business;
- operational optimisations: SBS Automotive primarily focused on efficient supply-chain solutions, including the successful transfer of the packing of brake discs to Poland, while SBS Friction focused on market and product development.

Group turnover was DKK 770 million compared to DKK 766 million for the continuing activities (exclusive of Notox) in 2015.

The revenue is attributable to the Group divisions as follows:

SBS AUTOMOTIVE:

Revenue of DKK 647 million compared to DKK 649 million in 2015. This trend comprises a downturn in the UK and specific segments of the German market, as well improvements in eastern Europe, primarily Russia and Poland. Recurring EBITDA declined from DKK 41 million to DKK 33 million, primarily as a result of shifts in the revenue mix.

SBS FRICTION:

Revenue was DKK 123 million compared to DKK 117 million in 2015, equivalent to a 5% increase. Thus, the division achieved its highest revenue to date. Recurring EBITDA was also at a record-high level: DKK 22 million compared to DKK 18 million in 2015, equivalent to no less than a 22% increase compared to the record-setting year of 2015.

NOTOX:

All assets relating to the Notox business were divested in 2016, with total earnings from the transaction of DKK 9 million.

SBS GROUP:

The Group's operating profit before depreciation amortisation, write-downs and special items (recurring EBITDA) was DKK 50 million compared to DKK 55 million in 2015. As described above, this figure reflects an improvement for SBS Friction and a downturn for SBS Automotive.

The financial result for the year was a profit of DKK 6 million compared to a loss of DKK -172 million in 2015.

The financial results are in line with the Company's announcement of 22 November 2016.



Equity, cash position and financing

The consolidated net interest-bearing debt declined over the year from DKK 484 million as at 31 December 2015 to DKK 469 million as at 31 December 2016, primarily due to the divestment of Notox-related assets.

Equity improved from DKK -197 million as at 31 December 2015 to DKK -184 million as at 31 December 2016.

In 2016, efforts were made to establish a long-term financing agreement. This agreement was finally entered into with the Group's banks in March 2017 and meets the anticipated financing needs for implementing the Group's activities and operations up until 1 April 2020.

Forecasts for 2017

The Group expects to generate revenue at a level of DKK 760–790 million in 2017 and a recurring EBITDA of DKK 55–65 million.

This summary is an extract from Scandinavian Brake Systems' 2016 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