



GROUP

NASDAQ Copenhagen A/S

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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 RESULTS 2019

SBS Group created a solid platform for SBS Automotive, and that platform ensured that SBS Automotive made reasonable results in very difficult markets in 2019. SBS Friction showed good growth in its global niche in 2019, and the division is well equipped to continue growth in both the free aftermarket and the OEM market.

Revenue

Consolidated revenue decreased by 3% to DKK 664 million compared to 2018. Revenue was thus at the high end of the recently announced expectations of DKK 650-670 million (cf. company announcement no. 07-2019)

Revenue of SBS Friction increased by 6% due to growth in both the aftermarket and the OEM market. Revenue of SBS Automotive decreased by 5% due to price pressure and mix changes whereas volumes almost remained unchanged.

Operating Profit

Operating profit before depreciation and special items (EBITDA recurring) was DKK 63 million - unchanged compared to 2018. IFRS 16 had a positive impact on EBITDA of DKK 7 million in 2019.

The operating profit was thus slightly above the recently announced expectations of DKK 55-60 million.

Earnings of SBS Friction was better than expected, and the division achieved its best operating profit to date of DKK 29 million. Earnings of SBS Automotive came to DKK 41 million as expected in markets being characterized by continued transformations, consolidations and price pressure.

SBS AUTOMOTIVE

Reasonable operating profit in spite of challenging market conditions.

- Successful adjustment of marketing strategy in main markets
- Partnerships with major distributors, wholesalers and E-commerce platforms
- Customer segmentation with differentiated solutions and quality
- Further streamlining of supply chain and sourcing platform
- Range expanded in width and depth – including a brake caliper concept without deposit
- Geographic expansion in Europe and the Middle East

SBS FRICTION

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

- Progress in all sales regions
- Position as absolute market leader in Europe expanded
- Quality approvals from leading international OEM partners
- Well on its way into the OEM market with a significant pipeline of projects
- Introduction of the world's most environmentally friendly brake pads in 2020
- Continued production automation

Capital Situation

In June 2019, the credit agreement with the Group's banks was renewed by another two years. The agreement now covers the expected financing requirements until April 2022.

Equity was DKK -145 million at the end of the year against 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 (a new accounting standard for leasing), partly due to temporarily increased tied-up capital in stocks of easily saleable finished goods. Stocks are expected to be executed in 2020.

OUTLOOK for 2020

SBS Group had a good start of 2020. The results for the first two months were as expected, and at present the trend seems to have continued in March with stable production, delivery and operation as well as a satisfactory order book.

However, as a result of the global outbreak of corona virus, revenue and earnings for the period March to December 2020 are associated with great uncertainty. Due to the restrictions implemented on the markets, SBS is unable to quantify the impacts of the corona virus for the time being. But as soon as the suppliers' and customers' response to the virus can be quantified, SBS Group will submit its expectations for 2020.

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

Further details:

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