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COPENHAGEN STOCK EXCHANGE

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STOCK EXCHANGE ANNOUNCEMENT NO. 07-2007

Quarterly Report 1st Quarter 2007

Financial and operating data

<u>DKK million</u>	<u>1st Quarter</u>		
	<u>2007</u>	<u>2006</u>	<u>31.12.2006</u>
<i>SBS group excl. Notox</i>			
Net turnover	220.6	186.0	
Operating profit or loss	22.9	16.0	
Financials (net)	<u>-3.0</u>	<u>-2.9</u>	
Result before tax	<u>19.8</u>	<u>13.1</u>	
<i>SBS group incl. Notox</i>			
Net turnover	222.5	186.0	
Operating profit or loss	13.0	16.0	
Result of equity investment	<u>0.0</u>	<u>-3.0</u>	
Result before financials	13.0	13.0	
Financials (net)	<u>4.7</u>	<u>2.9</u>	
Result before tax	<u>8.2</u>	<u>10.1</u>	
Investment in property, plant and equipment excl. company acquisition	53.3	5.9	
Total assets	<u>889.2</u>	<u>500.6</u>	<u>799.7</u>
Total equity	<u>329.4</u>	<u>169.2</u>	<u>323.7</u>

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Financial and operating data

	<u>1st Quarter</u>		Whole year <u>2006</u>
	<u>2007</u>	<u>2006</u>	
Profit margin in % (EBIT margin)	5.8	8.6	9.2
Equity in %	37.0	33.8	40.5
Result per share in DKK (EPS basic)	1.8	2.5	8.8
Cash flow per share (CFPS)	0.1	0.2	-8.7
Book value per share (BVPS)	102.7	60.6	100.9
Price/Book value (P/BV)	3.2	3.3	2.9
Market price end of year	328.0	198.1	333.0

The accounting policies applied were unchanged compared to the annual report for 2006.

Result

In the first quarter of 2007 group turnover excluding Notox amounted to DKK 220.6 million compared to DKK 186.0 million in the same period last year – an increase of 19% distributed over the various business areas, but with the most substantial increase in own distribution companies.

The result before tax excluding Notox amounted to DKK 19.8 million compared to DKK 13.1 million in the first quarter of 2006 – an increase of 50%. The result before tax including Notox amounted to DKK 8.2 million compared to DKK 10.1 million in the first quarter of 2006.

Balance

The group's total assets amounted on 31 March 2007 to DKK 889.2 million compared to DKK 500.6 at the same time last year, primarily as a result of the acquisition of Notox, which will now be fully consolidated, and a new building in Støvring.

Equity on 31 March 2007 amounted to DKK 329.4 million compared with DKK 169.2 million on the same date last year. The equity interest on 31 March 2007 was 37%.

Expectations

Developments in the first quarter give no reason to alter the previously announced expectations for the accounting year 2007, of turnover excluding Notox of the order of DKK 930 – 980 million and a result before tax excluding Notox of DKK 72 – 77 million. The result before tax for all activities, i.e. including Notox, is expected to be on a level with 2006.

Growth strategy

In 2006 the board of SBS approved a growth strategy that should increase group turnover by a factor of three by 2010. The strategy takes its point of departure in four core areas:

- Diesel particulate filters
- Brake calipers
- Disc brake pads for MCs and other special areas
- Distribution – Supply Chain

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Diesel Particulate Filters

The number of diesel cars continues to increase. New figures indicate that the proportion of diesel cars in Western Europe now exceeds 50% of all private cars. In addition to these there are the other diesel-driven vehicles and a considerable off-road market, where the potential expected to develop fits well with the flexible Notox production concept.

In Denmark the proportion of diesel cars is still below 25%, and well below the European average. There is now a broadly based political desire to adjust the tax charges in a direction more in favour of diesel cars with particulate filters and lower CO₂ emissions.

On the marketing side, Notox is working on a series of specific projects, and the marketing department is expected to enter into contracts to supply filters corresponding to the planned scaling up in production. Marketing activities include a sales drive in the USA and participation at trend-setting expositions.

The building of the new particulate filter factory in Svendborg is progressing according to plan. A strong project organisation has been set up, and the leading production employees have been appointed.

It is expected that this new particulate filter factory in Svendborg will be completed in August or September. Among the major challenges in the coming months will be the establishment of smooth-running operations in the factory and subsequently balancing production capacity against incoming orders.

Marketing is especially directed towards the USA, especially through participation at trade fairs, and through working up potential Korean customers.

Brake calipers

During the first quarter the factory in Støvring has been affected by the establishment of the new distribution centre, and consolidation with the department in Aalborg as a result. Among the most notable events of the quarter, the following should be mentioned:

- Efficiency improvement in the production process and internal logistics as a result of the introduction of the new stocks system. Synergy effects in the stocks and dispatch areas arising from the consolidation of Støvring and Aalborg.
- Outsourcing some of the calipers to production in Vietnam with a view to strengthening competitiveness and securing the necessary production capacity.
- Clutch production outsourced to partners in Poland and the UK among others.

Outsourcing some of the caliper and clutch programme and improving efficiency in the factory have provided a stronger background for marketing. Exploiting the advantages will be given high priority in the next period. The business will be expanded further through (new references) with key accounts etc.

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Disc brake pads for MCs and other special areas

This area covers the development and production of disc brake pads for MCs and other special areas that require great flexibility and special skills. The first quarter of 2007 has been characterised by:

- An increased market share on the European after market and projects in progress intended to increase SBS's share of the OE market.
- Continued implementation of new process technology to ensure competitiveness. New fully automatic NRS press taken into use.
- Continuing introduction of NRS technology for a larger number of ceramic disc brake pads and final test of sintered disc brake pads with NRS, which is an efficient and environment-friendly method of attaching the lining material to the backing plate.
- Continued implementation of LEAN methods through new projects and maintenance of those already in operation. Extension of the LEAN philosophy to all departments in the SBS group.

In the coming period SBS will continue to focus on marketing on the OE and specialist markets.

A considerable effort will be made on the aftermarket in new Eastern European markets.

Distribution – Supply Chain

This area covers sourcing, production and distribution of brake parts and other associated parts primarily to the automotive aftermarket in Europe. The most important initiatives in the first quarter have been:

- Commissioning of the modern distribution centre in Støvring with a state of the art wireless stocks system. The distribution centre will serve the Scandinavian "home" market and export markets.
- Implementation of robot technology started at the brake disc factory in Holstebro with the aim of increasing capacity and competitiveness.
- Strengthening the newly-acquired distribution in France from the takeover of Automotor France's activities in the form of stocks, sales personnel and customer portfolio. The French company has developed well and produced a positive result during the first quarter.
- Commencement of building for 2,300 m² of new storage facilities in NK Autoteile Deutschland GmbH, which will correspond to the company's growth strategy.
- Considerable sales activity on the British market with interesting new customers in the pipeline.

The next quarters will be characterised by increased marketing efforts, which will include strengthening the sales organisation and the introduction of new product groups that can be distributed along the existing marketing channels. In addition to these, the new storage facilities in Germany will be of decisive importance to future growth.

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Development in equity

<u>Million DKK</u>	<u>1 Jan – 31 Mar 2007</u>	<u>1 Jan – 31 Mar 2006</u>
Equity on 1 January	323.7	163.1
Foreign currency translation adjustment of equity holdings in subsidiaries	0.0	0.1
Result for the period	5.8	7.1
Value adjustment, financial contracts	0.0	-1.0
Purchase of own shares	<u>-0.1</u>	<u>0.0</u>
Equity on 1 January	<u>329.4</u>	<u>169.3</u>

Statement of Board of Directors and Management

The Board of Directors and Management have this day examined and approved the quarterly report for the period from 1 January – 31 March 2007 for Scandinavian Brake Systems A/S.

The quarterly report is unaudited and has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies, including Danish disclosure requirements for interim accounts statements.

We consider the accounting principles chosen to be appropriate, and that consequently the quarterly report provides a true and fair picture of the group's assets, liabilities and financial position as on 31 March 2007, and of the results of the group's activities in the period from 1 January to 31 March 2007.

Svendborg, 19 April 2007

Management:

Hans Fuggaard

Hans Jørn Sørensen

Board of Directors

Leif Stiholt

Hans Jørgen Kaptain

Knud Andersen

Lars Radoor Sørensen

Jan B. Pedersen

Anders Bach