



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

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

The board of directors hereby submits the 2015 Annual Report for the approval of the company's annual general meeting to be held at the company's office in Svendborg on 26 April 2016, at 2 p.m.

Development and financial result

Group revenue was DKK 784 million compared to pro forma revenue of DKK 786 million in 2014 (DKK 1,014 million inclusive of the divestment of a brake caliper factory at 1 November 2014).

The revenue is broken down by the group divisions as follows:

- SBS Automotive: revenue on a par with 2014: DKK 650 million compared to pro-forma revenue of DKK 659 million in 2014.
- SBS Friction: revenue of DKK 117 million compared to DKK 116 million in 2014.
- Notox: revenue of DKK 17 million compared to DKK 11 million in 2014.

In spite of fluctuating market conditions in 2015, SBS Automotive saw only a minor 2% revenue decline and a 25% EBITDA increase.

The revenue and EBITDA realised by SBS Friction were slightly above last year's level, which was also a record.

The profit generated by the Group's core business in Automotive and Friction is therefore considered satisfactory.

The Group's operating profit before depreciation amortisation and write-downs (recurring EBITDA) was DKK 54 million compared to a pro-forma EBITDA of DKK 46 million in 2014. Recurring EBITDA comprises the continuing SBS business, i.e. adjusted for the divestment of the brake caliper factory in 2014 (profit and operations in 2014), write-downs relating to the closing of Notox, EBITDA in Notox and other non-recurring costs (special items).

The profit before tax, adjusted for special items, was DKK 17 million in 2015 compared to a pro-forma PBT of DKK 7 million in 2014.

The decision was made to close down the Notox activity, and the activity was put on the market in whole or in part in 2016 (event after the balance sheet date) with a view to disposing of Notox as a whole or by divesting its individual assets. In that context, write-downs totalling DKK 160 million were made in 2015.

The profit before tax, including special items, was negatively affected by the large write-down in Notox. The continued operation of SBS Automotive and SBS Friction has shown fine improvement.

After the write-down of the Notox activity, equity amounts to DKK -197 million as at 31 December 2015, compared to DKK -26 million on the same date in 2014. The parent company's equity amounts to DKK -52.4 million. The management expects the operations and earnings of the Group and the parent company, in relation to the Group strategy plan covering the period up until the end of 2019, to gradually help consolidate the capital base, and the capital stock in the parent company is expected to be re-established by means of dividends from the subsidiaries during the period. As soon as possible, the board intends to examine and assess the prospects of further consolidating the capital base in the Group and the parent company by means of investors/financing sources.

Forecast for 2016

The Group expects to generate revenue at a level of DKK 770-800 million in 2016 and a recurring EBITDA of DKK 55-62 million. The closing of Notox does not affect the recurring EBITDA.

**Liquidity and financing**

After several years of reducing the total interest-bearing debt, it comprised DKK 484 million at the end of 2015, compared to DKK 441 million at the end of 2014.

In autumn 2015, SBS initiated the transfer of the packing operation from Holstebro to Poland (see Stock Market Announcement no. 12). As a result of dual inventories and other factors during the transitional period, inventory/net working capital doubled, which temporarily increased the interest-bearing debt.

In December 2015, the Group entered into an agreement with the Group's banks to extend the existing credit agreement so that it now meets the anticipated credit requirement up until 30 April 2017. In mid 2016, the management will engage in discussions with the Group's banks for the purpose of entering into a new, long-term credit agreement which gives the Group the requisite financial foundation for carrying out activities and conducting operations in the years ahead. Based on the ongoing dialogue, the management expects the Group's banks to be favourably disposed towards entering into a new long-term credit agreement.

This summary is an extract from Scandinavian Brake Systems' 2015 Annual Report, and cannot replace it.

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Mads Bonde
CEO

For further details, please contact CEO Mads Bonde on tel. (+45) 6321 1515, or by e-mail: mb@sbs.dk