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SBS' Expectations for 2016 and 2017

Scandinavian Brake Systems A/S (SBS) is downgrading its outlook for 2016 based on the actual results in Q3 and an updated forecast for Q4. At the same time, SBS is presenting its preliminary outlook for the 2017 financial year with improvement in sales and earnings.

Expected results in 2016

SBS Friction continues to perform better than expected and in 2016, the division is expected to reach highest revenue and earnings ever. On the other hand, the development of SBS largest division, SBS Automotive, was slightly weaker in the second half year than expected. This is mainly due to changes in the division's sales mix with higher sales to customers with lower margins. Furthermore, the division experienced lower sales than expected on one of the division's major markets, UK, in the void left by the Brexit referendum where margins are also affected by the continued decline in the GBP/DKK exchange rate in the second half year.

On this background, the SBS Group is downgrading its expectations:

- Revenue is now expected to be DKK 760-770 million (previously: DKK 770-800 million)
- EBITDA before special items is now expected to be DKK 49-52 million.(previously: DKK 55-62 million)

In 2016, special items are expected to be in line with 2015.

Expected results in 2017

Following the comprehensive changes of the Group in 2015-16 with restructurings and the divestment of the Notox division, SBS is expected to improve earnings in both divisions in 2017.

SBS Automotive is expected to improve earnings, mainly driven by rationalization of product strategies and services as well as optimizations of the supply chain. Previous year's decision on the transfer of the packaging operation to Poland will be included with full effect.

Again SBS Friction is expected to improve earnings. The division will launch both new brake pads for motorcycles and other two-wheeled vehicles as well as new friction technology solutions for e.g. wind turbines.

The outlook for 2017 will be further described in the 2016 Annual Report to be published on 27 March 2017.

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