



GROUP

NASDAQ Copenhagen A/S

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STOCK MARKET ANNOUNCEMENT NO. 01-2019

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

The Board of Directors hereby submits the annual report for 2018 for the approval by the Company's annual general assembly on Tuesday 30 April 2019, at 2 pm at the Company's premises in Svendborg.

SBS Group

SBS Group revenue was DKK 682 million against DKK 735 million in 2017. Revenue was slightly below the latest expectations of DKK 685-710 million.

Operating profit of the SBS Group before depreciation, amortisation and impairment losses (EBITDA recurring) totalled DKK 93 million against DKK 61 million in 2017. The results are at the high end of the latest published expectations of EBITDA before special items of DKK 55-65 million. The improvements relate to SBS Automotive, which increased its EBITDA margin (recurring) from 6.8% to 8.2%. SBS Friction's EBITDA-margin was 16.9% (18.7%) due to slightly decreasing sales and investments in future growth.

On 20 November 2018, the SBS Group management initiated a strategic review of the SBS Automotive division. The purpose being to clarify how SBS Automotive could gain optimum traction taking into consideration the development on the free European automotive aftermarket. The analysis is expected to be completed within the first six month of 2019.

In 2017, the SBS Group concluded a credit agreement with the Group's banking institutions. In December 2018, amendments were made to the agreement, but the agreement is still in force until April 2020 and will be renegotiated before expiry. Focusing on its earnings as basis for reducing net interest-bearing debt, the Group succeeded in reducing its debt in 2018 for the third year in a row. Since 2012, the SBS Group's net interest-bearing debt, including subordinated loan capital was reduced by approx. 40%.

SBS Automotive

- Focus on earnings: EBITDA recurring increased by 11%
- Focus on business development:
 - New geographical markets i.a. in the Middle East and distributor agreement in Italy for the NK programme
 - Growth in partnership agreements in Germany
 - New agreements on private label supplies to leading OES/aftermarket distributors
 - Expansion of the product portfolio with new product groups
 - Streamlining of supply chain and sourcing platform

SBS Friction

- Revenue and EBITDA recurring slightly lower than in the record-year 2017
- Focus on business development within the OEM as well as the aftermarket:
 - Global market development assigning higher priority to the Asian markets
 - Expansion of product portfolio for the aftermarket and racing segment
 - New OEM projects realised and growth pipeline for new projects
 - Strengthening of the R&D function in particular in relation to the OEM market efforts
 - Continuous production and logistics improvements

Equity, cash resources and financing

The reduction of the Group's net interest-bearing debt continued in 2018 – from DKK 429 million at 31 December 2017 to DKK 403 million at 31 December 2018.

Equity developed from a negative DKK 166 million at 31 December 2017 to a negative DKK 150 million at 31 December 2018.

Outlook for 2019

The SBS Groups expects to generate revenue in the range DKK 680-700 million.

Operating profit is again expected to increase in 2019. EBITDA recurring is expected to be in the range DKK 70-80 million. The implementation of IFRS 16 alone is expected to contribute with approx. DKK 7 million.

This summary is an extract from Scandinavian Brake Systems A/S' 2018 annual report and cannot replace it.

Further details:

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