

29 AUGUST 2019



SBS GROUP

STOCK MARKET ANNOUNCEMENT

NO. 05-2019

INTERIM FINANCIAL REPORT

1 JANUARY – 30 JUNE 2019

(SUMMARY)

MAKING ROADS SAFE SINCE 1964





SBS AUTOMOTIVE



SBS
FRICTION

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SBS GROUP – FINANCIAL OVERVIEW



364.4 MILLION
DKK

NET REVENUE
from DKK 372.6 million to DKK 364.4 million



42.0 MILLION
DKK

EBITDA (RECURRING)
From DKK 40.2 million to DKK 42.0 million



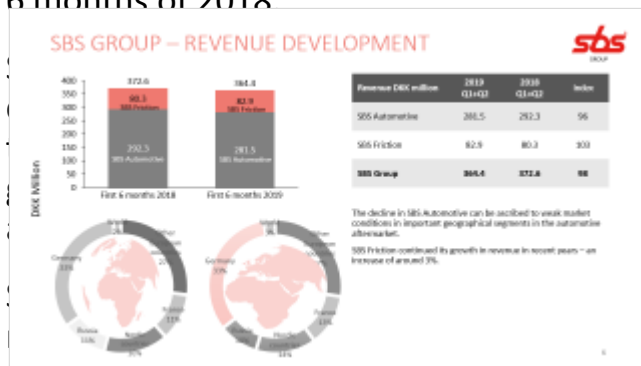
11.5%

EBITDA (RECURRING) MARGIN
from 10.8% to 11.5%

THE PERIOD 1 JANUARY – 30 JUNE 2019 IN OUTLINE

Group Revenue

Consolidated revenue for the period totalled DKK 364.4 million against DKK 372.6 million in the first 6 months of 2018.



Operating Profit

The SBS Group's operating profit before depreciation, amortisation, impairment losses and special items (EBITDA recurring) came in at DKK 42.0 million against DKK 40.2 million in the same period 2018. Profit after tax totalled DKK 12.2 million against DKK 18.2 million in the same period 2018.

SBS Friction improved earnings significantly, whereas SBS Automotive's earnings were affected by lower revenue as stated above.

Strategic Review

In 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 in the free European automotive aftermarket. The review was completed end of April 2019.

Management reached the conclusion that SBS Automotive will continue as an independent company in the SBS Group. The strategic revenue has uncovered a series of potentials for ensuring the company a stronger market position. These potentials will now be pursued. Management will continue to monitor market developments and continuously assess, which options will provide the greatest value for the SBS Group and its shareholders.

For further information, please see stock market announcement no. 03-2019.

Credit Agreement

In June 2019, the credit agreement of March 2017 was renewed by another 2 years. The agreement covers the expected financing requirements until April 2022.

Divisions

The divisions SBS Automotive and SBS Friction have been focusing on prioritised, strategic areas.

SBS Automotive has acted in a pressed market while maintaining the long-term focus on market development and operational optimizations. In particular, the new customer concepts in Germany have evolved positively.

SBS Friction has focused on product development in the OEM market, the launch of new aftermarket products and the implementation of a new technology in the product lines.

Implementation of IFRS 16

With effect from 2019, the SBS Group implemented the IFRS 16 Leasing Contracts.

In consequence, EBITDA (recurring) for the period was positively affected by DKK 3.3 million.

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KEY FIGURES

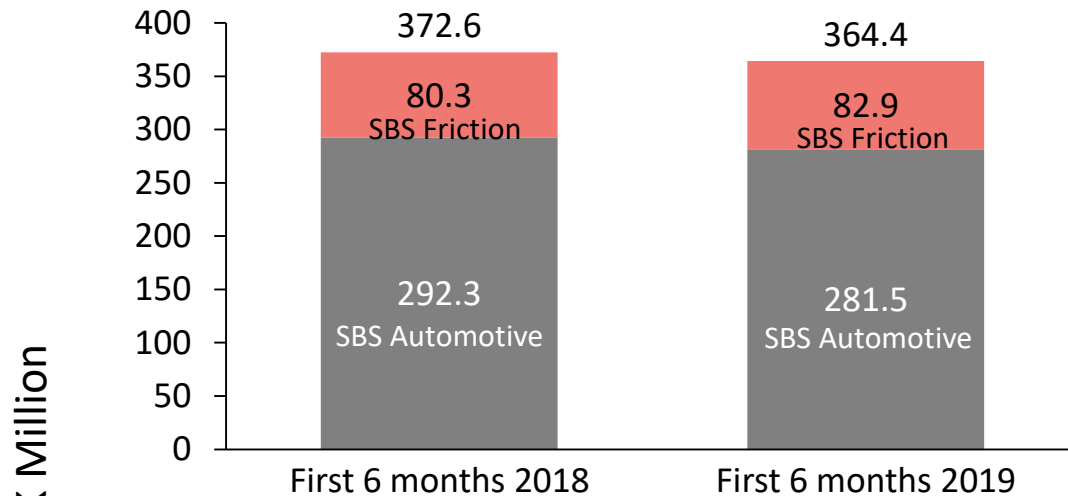
SBS Group DKK million	2019* Q1+Q2	2018* Q1+Q2	2018 Year
Net revenue	364.4	372.6	682.4
Operating profit before depreciation, amortisation, impairment losses and special items (EBITDA recurring)	42.0	40.2	62.5
Special items	-3.7	-	-5.3
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	38.3	40.2	57.2
Operating profit (EBIT)	26.9	32.4	41.4
Finance income and finance costs, net	-12.8	-10.9	-23.4
Profit/loss before tax	14.1	21.5	18.0
Profit/loss after tax	12.2	18.2	13.5
Equity	-137.9	-145.8	-150.2
Total assets	568.1	495.8	465.5
Cash flow from operating activities	-39.3	-12.3	44.3
Cash flow to investing activities, net	-10.1	-3.9	-18.4
Cash flow from financing activities	49.4	16.2	-25.9
Total cash flow for the period	-	-	-
Net interest-bearing debt	494.4	445.6	403.4
Net working capital (NWC)	204.1	194.7	141.1

SBS Group	2019* Q1+Q2	2018* Q1+Q2	2018 Year
Operating profit before depreciation, amortisation, impairment losses and special items (EBITDA recurring-margin)	11.5	10.8	9.2
EBITDA margin	10.5	10.8	8.4
EBIT margin	7.4	8.7	6.1
Return on invested capital in % (ROIC excl. GW)	9.0	13.0	21.2
Return on equity in % (ROE)	I/A	I/A	I/A
Equity ratio	-24.3	-29.4	-32.3
Earnings/diluted earnings per share in DKK (EPS basic)	3.8	5.7	4.2
Net asset value per share in DKK (BVPS)	-43.0	-45.5	-46.8
Price/net asset value	-0.5	-0.6	-0.4
Market price at year end	20.4	25.0	18.5

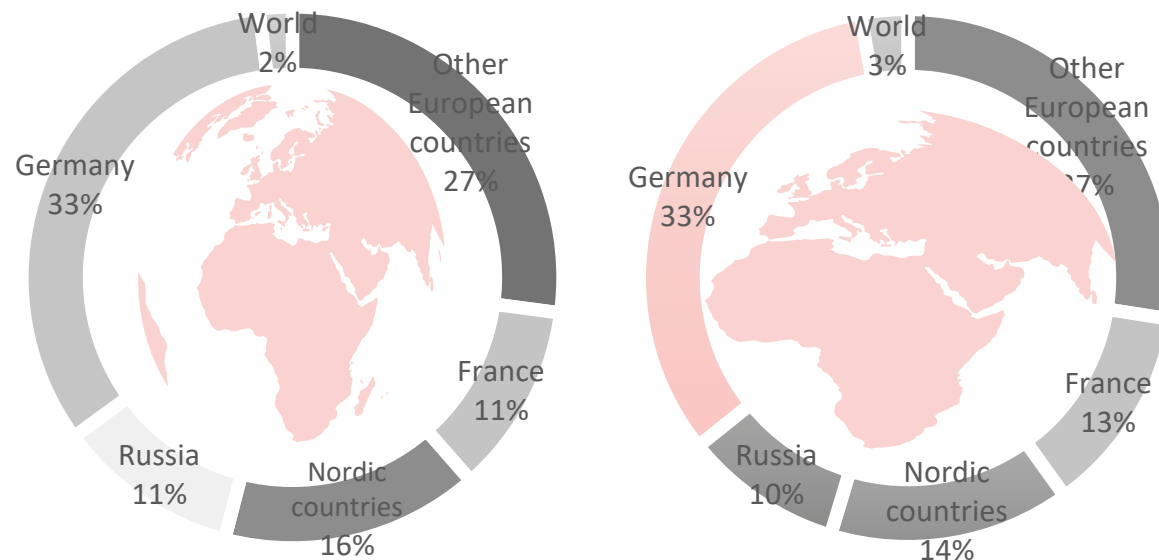
- The interim financial report has not been audited or reviewed.
- The comparative figures for the first 6 months of 2018 and the entire 2018 have not been adjusted to the effect of the implementation of IFRS 16.

Result/diluted result per share has been calculated in accordance with IAS 33. Other financial ratios have been calculated in accordance with the Danish Finance Society's guidelines. For terms and definitions, please see the SBS Group Annual Report 2018. SBS presents alternative performance indicators in the interim financial report which are not defined in accordance with IFRS. In the opinion of the Group, those financial highlights increase the level of comparability and improve the evaluation of this year's and previous years' profits from operations.

SBS GROUP – REVENUE DEVELOPMENT



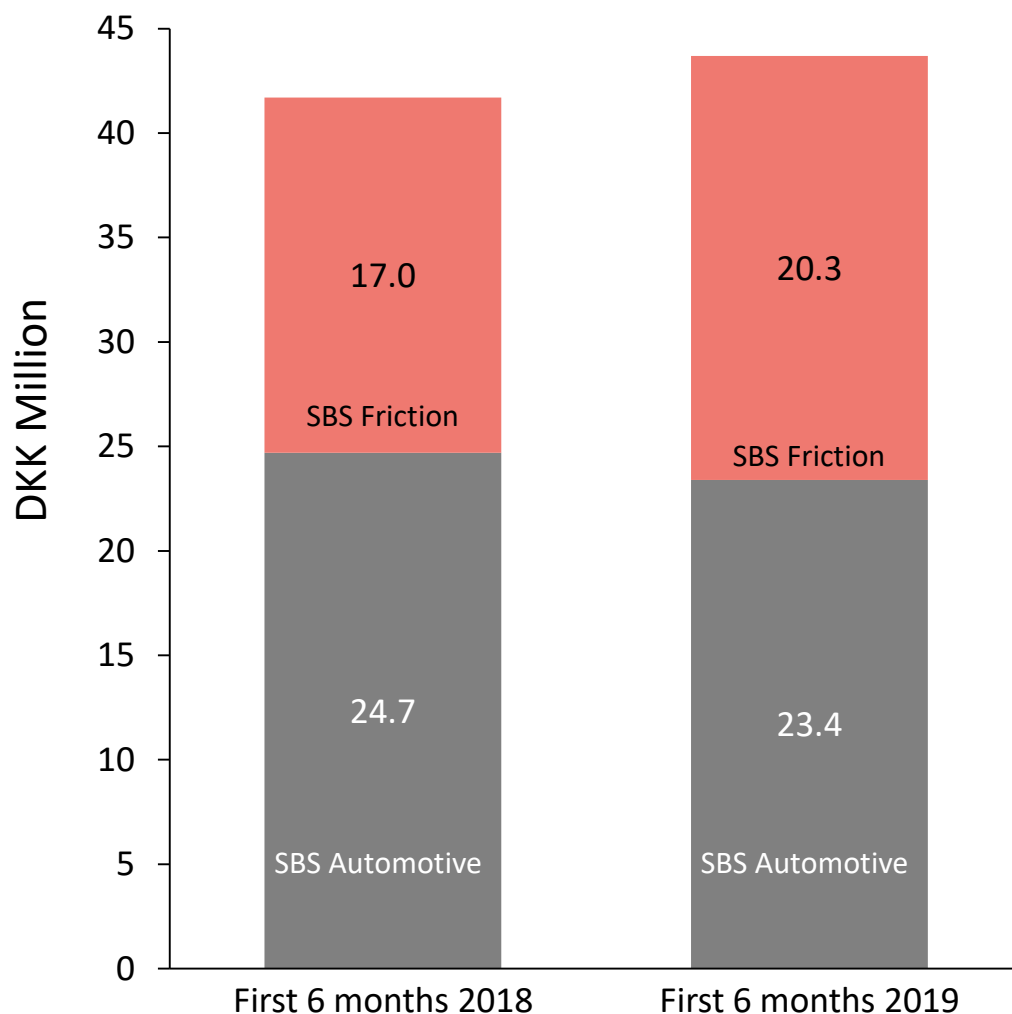
Revenue DKK million	2019 Q1+Q2	2018 Q1+Q2	Index
SBS Automotive	281.5	292.3	96
SBS Friction	82.9	80.3	103
SBS Group	364.4	372.6	98



The decline in SBS Automotive can be ascribed to weak market conditions in important geographical segments in the automotive aftermarket.

SBS Friction continued its growth in revenue in recent years – an increase of around 3%.

SBS GROUP – EBITDA DEVELOPMENT



EBITDA recurring DKK million	2019 Q1+Q2	2018 Q1+Q2	Index
SBS Automotive	23.4	24.7	95
SBS Friction	20.3	17.0	119
Shared Service	-1.7	-1.5	113
SBS Group EBITDA recurring	42.0	40.2	104

Operating profit before depreciation, amortisation and impairment losses (EBITDA recurring): DKK 42.0 million against DKK 40.2 million in 2018. EBITDA recurring is positively affected by DKK 3.3 million due to the implementation of IFRS 16.

Operating profit (EBIT): DKK 26.9 million against DKK 32.4 million.

Profit/loss from continuing operations before tax: DKK 14.1 million against DKK 21.5 million for the same period 2018.

Profit/loss after tax: DKK 12.2 million against DKK 18.2 million for the same period 2018.

Profit/loss for Q1+Q2 2019 is in accordance with expectations.

SBS GROUP – FINANCIAL POSITION AND FINANCING



DKK million	2019 30.06	2018 31.12	2018 30.06
Non-current assets	200.6	170.8	164.5
Current assets	367.5	294.7	331.3
Total assets	568.1	465.5	495.8
Non-current liabilities	451.1	387.8	433.9
Current liabilities	255.0	227.9	207.6
Equity	-137.9	-150.2	-145.8

Total assets amounted to DKK 568.1 million at 30 June 2019 against DKK 465.5 million at 30 June 2018 (DKK 495.8 million at 31 December 2018).

Non-current assets amounted to DKK 200.6 million at 30 June 2019 against DKK 170.8 million at 30 June 2018 (DKK 164.5 million at 31 December 2018). Non-current assets are affected by the implementation of IFRS 16, which means that leasing assets of DKK 28.6 million are included in property, plant and equipment.

Current assets totalled DKK 367.5 million at 30 June 2019 against DKK 294.7 million at 30 June 2018 (DKK 331.3 million at 31 December 2018).

Non-current liabilities amounted to DKK 451.1 million at 30 June 2019 against DKK 387.8 million at 30 June 2018 (DKK 433.9 million at 31 December 2018).

The Group's net interest-bearing debt represented DKK 494.6 million at 30 June 2019 against DKK 445.6 million at 30 June 2018 (DKK 403.5 million at 31 December 2018). Net interest-bearing debt is affected by the implementation of IFRS 16, which means an increase of DKK 38 million at 30 June 2019 and a temporary increase of non-current assets – e.g. inventory. Current liabilities amounted to DKK 255.0 million at 30 June 2019 against DKK 227.9 million at 30 June 2018 (DKK 207.6 million at 31 December 2018).

The capital base of the Group is significantly affected by the depreciation of the Notox activities in 2009 and 2015. The Group's equity amounted to a negative DKK 137.9 million at 30 June 2019.

Management expects that the Group's operations and earnings will contribute to a gradual strengthening of the capital base according to the Group's strategic plan until the end of 2022.

The cash resources of the SBS Group can be calculated as follows:

DKK million	2019 30.06	2018 31.12	2018 30.06
Cash	0.1	0.1	0.1
Undrawn credit facilities	14.4	48.6	18.8
Cash resources	14.5	48.7	18.9

In June 2019, the credit agreement of March 2017 was renewed by another 2 years. The agreement covers the expected financing requirements to execute the activities of the Group until April 2022.

OUTLOOK FOR 2019

In the first half of the year, the European spare parts market for cars was characterized by weak market conditions, particularly at the end of the period, where decreasing demand in several key markets led to tougher competition and increased pressure on margins.

This trend is expected to continue in the second half of the year, where market conditions may come under further pressure in i.a. the UK due to Brexit as well as in Germany and other markets due to economic recession and increasing uncertainty.

This development is expected to affect the earnings of SBS Automotive in the second half of the year although SBS will seek to mitigate the effects through continued operational optimizations, range expansions and new market initiatives. However, SBS Friction is not expected to be affected.

On this basis, the SBS Group clarifies the previously announced expectations for 2019:

- Revenue of DKK 680-700 million is expected to be unchanged.
- EBITDA (recurring) is now expected at the lower end of the previously announced interval of DKK 70-80 million. The implementation of IFRS 16 is expected to contribute by approx. DKK 7 million.

