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Interim financial report for the period 1 January – 30 September 2014 (extract)

The Board of Directors of Scandinavian Brake Systems A/S (SBS) has today considered and approved the financial statements for the period 1 January – 30 September 2014.

Summary:

- Profit after tax DKK 20.0 million against DKK 7.3 million in the equivalent period 2013.
- Consolidated revenue of DKK 835.0 million against DKK 814.3 million in the equivalent period 2013, corresponding to an increase of approx. 3%.
- EBITDA of DKK 68.7 million against DKK 63.2 million in the equivalent period 2013, corresponding to an increase of approx. 9%.
- For Q3 2014 separately, EBITDA increased by DKK 1.4 million, corresponding to approx. DKK 6%, compared to Q3 2013 in spite of minor decrease in revenue in the equivalent period of DKK 7.6 million, corresponding to approx. 3%.
- At 30 September 2014 Group profit corresponds to expectations.
- In the interim report of 30 September 2014, the Notox division is classified as continuing operation instead of discontinuing operation like in previous periods. However, Management is still working actively on a full or partial sale of the Notox division.

Subsequent events:

- At 31 October 2014 SBS divested its remanufacturing production of brake calipers to FTE Automotive at a price of DKK 207 million.
- The transaction is expected to have a positive impact on consolidated EBITDA for the year of DKK 65 million and a total pre-tax profit of approx. DKK 92 million.
- The Company's subordinate loan has been paid after the sale of the brake caliper production. At 30 September 2014 the loan amounted to DKK 198 million.
- The sale has no impact on the interim report Q3 results.

Outlook for 2014

The Group expects for 2014 revenue of around DKK 1,000 to 1,020 million against previously announced DKK 940 to 1,040 million and EBITDA of DKK 125-135 million including profit from the transaction against the previously announced DKK 140-150 million. The adjustment is primarily due to direct or indirect impact from the successful sale of the brake caliper production.

Financial highlights

DKK million	2014*	2013*	2014*	2013*	2013
	Q1-Q3	Q1-Q3	Q3	Q3	The year
Revenue	835.0	814.3	269.0	276.6	1037.1
Operating profit before depreciation (EBITDA)	68.7	63.2	25.9	24.5	71.2
Operating profit (EBIT)	56.8	51.2	22.1	20.5	55.2
Finance income and costs, net	-24.0	-30.8	-8.0	-10.3	-38.9
Pre-tax profit/loss	28.9	19.2	12.7	9.4	14.4
Profit/loss after tax	20.0	7.3	8.6	3.8	0.3
Equity	-67.9	-83.9	-67.9	-83.9	-89.3
Subordinate loan capital	198.2	218.1	198.2	218.1	190.9
Total subordinate capital	130.3	134.2	130.3	134.2	101.6
Total assets	832.6	806.5	832.6	806.5	767.3
Cash flows from operating activities (continuing operations)	-56.1	20.2	23.8	-14.9	77.6
Net cash flows from investing activities	-6.9	-8.3	-3.1	-5.0	-10.0
Total cash flows for the period	0.0	0.1	0.0	0.0	0.0
Net interest-bearing debt including subordinate loan capital (Group)	701.7	684.2	701.7	684.2	631.3

Key figures

	2014	2013	2014	2013	2013
	Q1-Q3	Q1-Q3	Q3	Q3	The year
EBITDA margin	8.2	7.8	9.6	8.8	6.9
EBIT margin	6.8	6.3	8.2	7.4	5.3
Return on invested capital in % (ROIC excl. GW)	13.7	10.5	5.3	4.2	12.7
Return on equity in % (ROE)	NA	NA	NA	NA	NA
Earnings per share in DKK (basic EPS)	6.2	2.3	2.7	1.2	0.1
Solvency ratio (%)	-8.2	-10.4	-8.2	-10.4	-11.6
Book value per share in DKK (BVPS)	-21.2	-26.1	-21.2	-26.1	-27.8
Share price/book value (P/BV)	-2.0	-0.8	-2.0	-0.8	-0.6
Share price at the year end	41.9	20.8	41.9	20.8	28.3

Earnings per share and diluted earnings per share have been calculated in accordance with IAS 33 "Earnings per share". Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Financial Ratios 2010". For terms and definitions, please see the accounting policies of the SBS Annual Report 2013.

As a result of the changed classification of the Notox division, the comparative figures have been adjusted in accordance herewith.

* The interim financial report has not been audited or reviewed.

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