Roblon

Roblon downgrades full-year guidance for 2017/18 and announces guidance for financial year 2018/19

Guidance for full year 2017/18

In connection with the Company's interim report for Q3, Management guided full-year revenue for continuing operations of around DKKm 235 (2016/17: DKKm 198.6) and profit before tax for continuing operations of DKKm 20 (2016/17: DKKm 21.6).

Realised revenue for the 2017/18 financial year falls short of Management's previous guidance, and full-year revenue for continuing operations is currently estimated at DKKm 222. The realised profit before tax from continuing operations for September 2018 and new estimates for October 2018 are significantly below Management's previous guidance, and for full-year 2017/18 the estimate of profit before tax from continuing operations is now around DKKm 9. The guided profit before tax for discontinued operations is maintained at DKKm 8.8 (2016/17: DKKm 5.9) for an overall consolidated profit before tax of DKKm 17.8 (2016/17: DKKm 27.5).

The DKKm 13 and DKKm 11 downgrades of revenue and profit before tax from continuing operations are due to these factors:

- In the Q3 2017/18 interim report, Roblon reported on orders from the customers in the Composite product group during the financial year, in relation to which Roblon suffered significant postponements of expected order intake. In Q4 2017/18, customers in this product group have placed significant orders, but at the end of October 2018 the Group has suffered yet another unexpected postponement to Q1 2018/19 of orders which Roblon had been producing for based on customer information that the orders would be received in October. The postponement was caused by Roblon's customers being faced with a similar 1-2 months' postponement of expected orders in October on the projects in question. The postponement of orders to the 2018/19 financial year adversely impacts 2017/18 revenue by some DKKm 6.

- Roblon US has failed to meet Management's expectations announced in September with the presentation of the interim report for Q3 1017/18. Both the FOC and the Composite product groups contributed to this. Roblon's customer demand and order book have both been expectedly high. After the interim report for Q3 2017/18 was published, the Company has experienced major challenges in the supply of raw materials, recruitment and running-in of a large number of new production staff as well as delays in the setting up of new production lines. This has resulted in a substantial decline in production output, adversely affecting estimated full-year revenue by approximately DKKm 7.

- The DKKm 13 total downgrade of revenue adversely impacts estimated profit before tax by approximately DKKm 5.5.

- A changed product mix in the estimated revenue relative to Management's earlier guidance and the effect of increased costs associated with the above-mentioned production output problems have a combined adverse impact on estimated profit before tax of approximately DKKm 3.5.

- Increased production costs related to the commissioning of the recently acquired activities in the wind power industry have an adverse impact on estimated profit before tax of approximately DKKm 2.0.

Guidance for full year 2018/19

Continued market growth is resulting in increasing demand in the FOC and Composite product groups, and Management expects this to continue through the 2018/19 financial year. Against this background, Management expects strong growth and revenue of around DKKm 350-380 (estimate 2017/18: around DKKm 222) and a profit before tax of around DKKm 24-30 (estimate 2017/18: around DKKm 9).

The expected growth in revenue and profit before tax are based on the following material factors:

- Additional growth in Composite related to the mentioned production of Rod for the wind power market, expected to be included in the financial statements for the full year 2018/19, against a six-month implementation period in 2017/18.
- Customers in the rest of the Composite product group express positive expectations for 2018/19 with an expected normalisation of their order intake. For Roblon, this will have a positive effect on the 2018/19 performance following the significant, prolonged postponement of order intake from this product group.
- Further capacity expansions – not least for the rapidly expanding FOC market – in Roblon US Inc., which have been underway during the autumn of 2018.

The Group's activities in the US subsidiary are expected to pick up considerably in the 2018/19 financial year. Revenue and profit are recognised in the Group's guidance for 2018/19 at a USD/DKK exchange rate of 625.

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Roblon A/S

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