

## With major loss anticipated, Roblon downgrades guidance for 2018/19

### Deliveries to wind turbine industry customer halted

One of Roblon's largest customers, German wind turbine manufacturer Servion, is in financial difficulty and has announced to the public that it is exploring options for a reconstruction of the company's business. This situation poses significant uncertainty for Roblon's 2018/19 revenue and earnings. As a result, Management has chosen to remove all previous revenue and earnings expectations relating to Servion from the outlook for the remainder of the 2018/19 financial year. The previously guided revenue for 2018/19 is consequently reduced by DKKm 47 and the guided profit before tax is reduced by DKKm 14. In addition to this, Roblon has written down and expensed the full value of intangible assets related to investments in the amount of DKKm 8.5 and Roblon's current working capital related to the Servion exposure, which at present stands at around DKKm 10. All in all, the Servion problem is expected to adversely impact Roblon's full-year results by DKKm 32.5.

As previously announced, Roblon signed a three-year project contract with Servion in April 2018. In accordance with this contract, Roblon has calculated its preliminary claims in terms of costs incurred due to reduced production at the customer's blade factory and non-performance of the agreed minimum purchases in the first year of the project contract for the period April 2018 to April 2019. Moreover, Roblon has based its claim on the fact that Servion is not currently purchasing the agreed volumes, and that additional claims for compensation will be made with respect to the remaining two years of the project contract expiring in April 2021 if Servion fails to purchase the agreed volumes during that period. The above-mentioned substantial claims covering Roblon's loss are payable under the project contract. As a result of the uncertainty concerning Servion's situation, Management has not included the above claims in its full-year guidance for 2018/19.

### Delayed performance of previously expected delivery of fibre-based energy cable component

As announced in the interim report for Q1 2018/19, after several years' development work, Roblon has secured approval of a fibre-based component for use in energy cables to be laid over long distances. The performance of the first part-project order is proceeding to plan. The next part-project order, which will be considerably larger, is expected to be initiated at a later date than previously expected. For the FOC product group, this delayed part-project order and revised expectations have caused Management to lower its forecast for 2018/19 of revenue by DKKm 43 and of profit before tax by DKKm 11.5.

### Full-year guidance downgraded

As a consequence of the above, Management has downgraded its profit guidance for 2018/19. Revenue is now expected to be in the region of DKKm 270 (2017/18: DKKm 221.8), against the previous guidance at the lower end of the DKKm 350-380 range, and profit before tax is expected to be a loss of DKKm 20 (2017/18: a profit of DKKm 9.6), against the previous guidance of a profit at the lower end of the DKKm 24-30 range.

For Q2 2018/19, the forecast is a loss before tax of around DKKm 28, against previously a break-even before tax, and consequently the forecast for the first half is a loss before tax of around DKKm 38.5.

Roblon A/S

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