

## NOTICE TO BOND HOLDERS

Cembrit has experienced strong demand across both markets and product categories in 2017 and increased revenue by 8% Y-o-Y. 2017 EBITDA showed solid underlying performance, but was negatively impacted primarily by a delay in the ramp-up of the Hungarian production facility.

7 February 2018

Cembrit Group A/S ("Cembrit" or the "Company") increased revenue by 8% to an expected DKK 1.599 million in 2017E following strong demand across both markets and product categories.

Cembrit's operating performance in 2017 has been negatively impacted primarily by a delay in the ramp-up of the Hungarian production facility. In addition, initiatives relating to supply chain management (freight and inventory) and ERP implementation have been delayed.

The reported 2017E EBITDA is expected to be DKK ~40 million, however pro forma adjusting for the above issues, 2017PF EBITDA is expected to be DKK ~145 million.

The delay in Hungary and poor supply chain management has also resulted in an extraordinarily high inventory level, which has put a temporary strain on Cembrit's cash position.

In response to Cembrit's disappointing operating performance, the Board of Directors of Cembrit has since the March 2017 bond issue appointed a new CEO, CFO and COO. Since joining in October 2017 the new CEO has undertaken a thorough current state assessment and launched a number of new initiatives:

- Operational review process launched end-2017

- Plan to improve yield at the Hungarian production facility by reducing complexity and strengthening the organisation
- Dedicated effort to reduce inventory
- Organizational restructuring launched in Jan-2018 to address inefficiencies and performance incl. revised supply chain responsibility, reorganized HQ functions (including R&D), new regional commercial structure with central support functions, and new analysis for a financial shared service centre

Cembrit's shareholders continue to believe strongly in their investment in Cembrit and fully subscribed for an equity issue of DKK 90 million in January 2018 to maintain healthy liquidity levels while implementing the strategic initiatives. The cash contribution was received by the Company in end-January. In addition, the shareholders have also delegated authority to the Board of Directors to make an additional equity issue of up to DKK 30 million.

Board of Directors, Cembrit

#### About Cembrit

Cembrit is one of Europe's leading distributors and manufacturers of multi-capability fibre-cement building products. Cembrit was founded in the 1920s and is headquartered in Aalborg, Denmark. Through its three product categories; facade, roofing and build & indoor, the company provides its customer with resilient construction materials, ideal for all kinds of exterior and interior applications. Find out more at [www.cembrit.com](http://www.cembrit.com).