

ASX RELEASE

31 January 2018

Market Update – Half Year Review

- **New CEO, Mr Peter Hildebrandt, appointed in August 2017 with key skills in Supply Chain and Business Growth**
- **Appointment of Supply Chain Manager and Channel Manager to significantly improve product distribution capabilities**
- **Strong SIBS® brakes order book of \$1.20m as of mid-January**
- **Operating revenue of \$3.31m - up 25% on 1H 2016/17, with revenue improvement to continue in second half**
- **Gross Margin improved by 4.7%**
- **Roll-out of Terra Dura® commencing during the period with total quantity of 18 shipped**

Advanced Braking Technology Limited (ASX: ABV) ('ABT' or 'the Company') is pleased to update the market on the strong start to the financial year and its unaudited first half performance.

Financials

Operating revenue for the first half of FY 2018 was \$3.31m, representing an increase of 25% compared to the corresponding period 2017. The Company has maintained focus on operational efficiencies and achieved a 4.7% increase in margins over this period on the back of meeting increased demand from its Australian customers. This result has been achieved on basis of ABT's existing product portfolio and only include initial sales quantities of the highly anticipated Terra Dura® range.

Operations

In August 2017, the company appointed new CEO Peter Hildebrandt. During the period, ABT commenced a number of initiatives to resolve production issues associated with the Company's Terra Durra® brake as well as significantly increase domestic and international sales of both the SIBS® and Terra Durra® products.

Over the quarter, ABT appointed a new Supply Chain Manager and Channel Manager. These appointments are vital for the deployment of supply chain excellence and the development of a comprehensive distribution model that will support future growth.

During the period, the Company increased investments of \$0.6m in the areas of sales, supply chain and channel management as well as in measures to establish a robust and scalable supply chain for the Terra Dura® braking system. Specifically, ABT invested in additional tooling that was commissioned for second component manufacturers in both China and Australia. Despite the fact that this impacted the half-year result (slight increase in the half-year loss to ~\$0.60m), tangible results of those investments are reasonably expected to be realised in the future.

The Company is pleased to confirm that the enhancements to the supply chain are resulting in Terra Dura® being produced to the expected premium quality required for tough operating conditions. The Terra Dura® production ramp-up continues as expected with the global roll-out remaining on track throughout CY2018. ABT is pleased to report that 18 Terra Dura® units have been shipped to date.

ABT has strong orders on hand of \$1.2m for SIBS® as of mid-January 2018. Over the quarter the company enhanced its marketing strategy which is starting to yield strong positive results.

Terra Dura® units have now been delivered to a European OEM manufacturer who will conduct a number of test fittings on selected new vehicles. The Company will update the market on the outcome of these OEM discussions as and when they occur.

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About Advanced Braking Technology

Advanced Braking Technology Ltd (ABT) is an Australian company listed on the Australian Stock Exchange (ASX: ABV) focusing on the development, manufacturing and marketing of high performance brakes to the automotive, transport and mining industry. This incorporates the ground-breaking and internationally patented single rotor enclosed wet brake technology, known as Sealed Integrated Braking System or SIBS®, plus the new Terra Dura® polymer brake, which additionally targets the recreational 4WD market. The Company has manufacturing bases in Australia with its Head Office in Perth and a corporate office in Melbourne.