



ANNUAL REPORT 2016 AND Q1 2017

Presentation by CEO Frank Gad
24 April 2017

AGENDA



- SP Group in brief
- Highlights 2016
- Financial results 2016 and Q1 2017
- Outlook for 2017
- 2020 strategy and financial goals
- Q&A session



Frank Gad

CEO, SP Group since 2004
Born 1960, M. Sc.

This presentation contains forward-looking statements reflecting management's expectations for future events and financial results.

Statements relating to 2017 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations and targets. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in raw materials and energy prices, changes in foreign exchange rates, changes in macroeconomic and political settings, changes in the demand and production patterns of key customer groups and other external factors.

This presentation does not constitute an invitation to buy or sell shares in SP Group A/S.

SP GROUP IN BRIEF



Headquarters in Denmark

established
in 1972



Products are marketed and sold

in more than
80 countries



Subsidiaries in

11 countries on
4 continents



Average number of employees increased
from 1,452 to

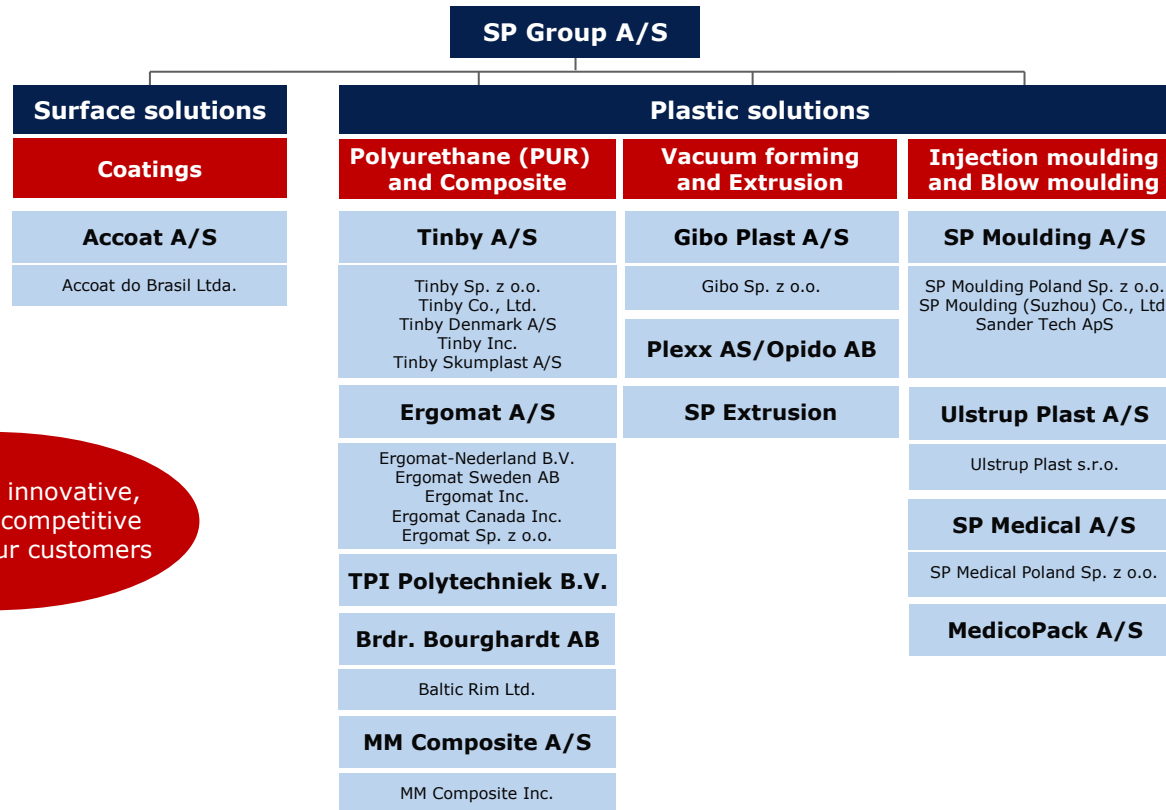
1,559 committed
employees





SP GROUP – AN OVERVIEW

- Manufacturer of moulded plastic components and coatings
- Supplier of customer-specific solutions for a wide range of industries
- Strong international niche positions – also for our own brands
- Increased sales from own plants in Denmark, the USA, Latvia, China, Poland, Slovakia and Brazil



We act as an innovative, reliable and competitive partner for our customers

A scientist wearing a blue lab coat and a white hairnet is focused on their work in a laboratory. They are holding a small object, possibly a plant stem, and looking through a microscope. In the foreground, a green machine with a red and white logo is visible. The background is slightly blurred, showing laboratory equipment and a clean, professional environment.

HIGHLIGHTS 2016

HIGHLIGHTS 2016 / 1



In 2016, revenue increased by 15.1%
to

DKK **1,519m**



In 2016, revenue from own brands
increased by 13.7% to

DKK **252m**



In 2016, EBITDA increased by 24.6%
to

DKK **203m**



In 2016, the EBITDA margin increased
by 1.1 percentage point to

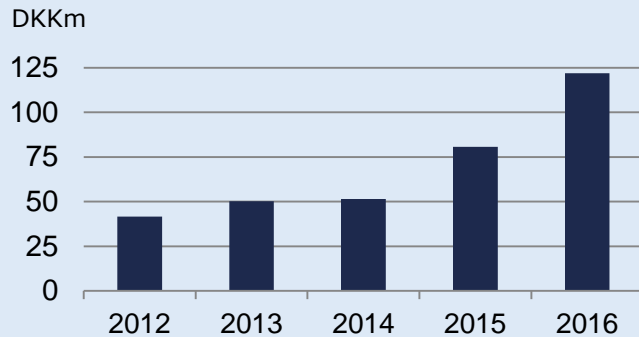
13.4%



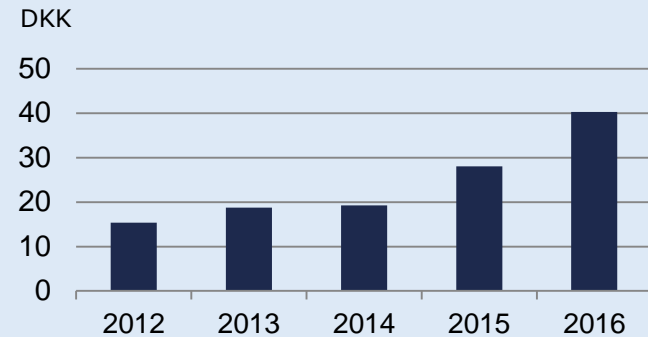


HIGHLIGHTS 2016 / 2

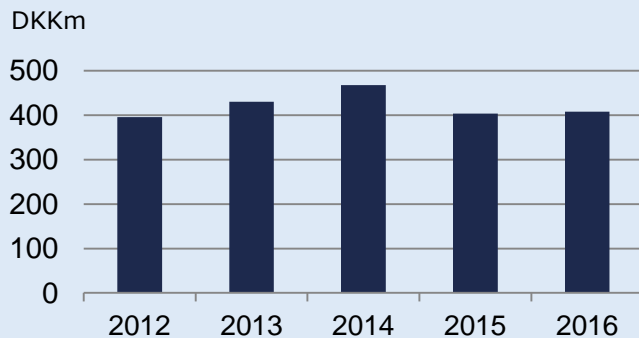
In 2016, Profit before tax and non-controlling interests increased by 52.0% to DKK 123m



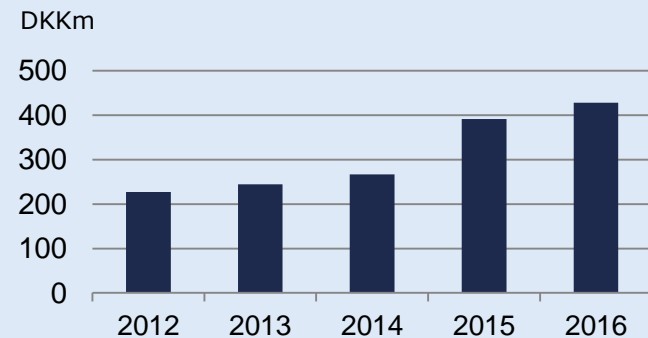
In 2016, EPS, diluted, increased by 44.0% to DKK 40.33



End December, net interest-bearing debt (NIBD) was DKK 408m



In 2016, equity attributable to the equity holders increased to DKK 428m



HIGHLIGHTS 2016 / 3



- 14 July Acquisition of MedicoPack A/S
- 15 October Acquisition of Aasum Plast & Metal A/S (plastic activities)
- 21 November Acquisition of Plexx AS / Opido AB
- 8 December Acquisition of remaining shares in Brøderna Bourghardt AB

- Revenue from the acquired activities and businesses totalled, in the financial year preceding the acquisitions, approx. DKK 175m and EBITDA totalled DKK 13m





ACQUISITION OF LM SKUMPLAST A/S

- On 6 January 2017, SP Group acquired (through its subsidiary Tinby A/S) LM Skumplast A/S
- The total price including takeover of debt (enterprise value) was DKK 6.6m
- Revenue of approx. DKK 10m in 2017
- EBITDA of approx. DKK 2m in 2017
- The acquisition of this well-run company within foamed PUR and PIR accelerates the growth of SP Group
- Kim Hansen will stay on as director at LM Skumplast A/S
- Torben Nielsen, managing director of Tinby, will become new chairman of the board
- LM Skumplast changed its name to Tinby Skumplast

About LM Skumplast

- LM Skumplast is a manufacturer of PUR and PIR foamed products and situated in Tjæreborg
- The production site was established in 1978 and has expanded regularly since then
- Strong position in the Danish market
- Export to customers in the rest of Europe
- The customers are mainly from the building industry with a great demand for higher insulating properties in plates and profiles for e.g. walls and floors in buildings and further customers in the food-related industry demanding insulating of cold storage warehouses and transportation equipment (reefers)





ACQUISITION OF MM COMPOSITE

- On 21 March 2017, SP Group acquired MM Composite A/S
- The total price including takeover of debt (enterprise value) will be up to DKK 105m
- EBITDA of DKK 13.3m last year
- The acquisition of this well-running composite company accelerates the growth of SP Group
- Kent Bøllingtoft Madsen new CEO
- Mogens D. Marxen will stay on as member of the board and as senior advisor
- Frank Gad, CEO of SP Group, new chairman of the board

About MM Composite

- MM Composite is a leading composite company
- Production and delivery globally from production sites in Nr. Aaby and Ejby, DK, and Mt. Pleasant, Iowa, USA
- The company has its roots back to 1979, Marxen A/S, and in 2011 under the name MM Composite A/S
- Primarily serving customers within the wind turbine industry globally
- Approx. 65 employees, these are expected to continue their work at MM Composite





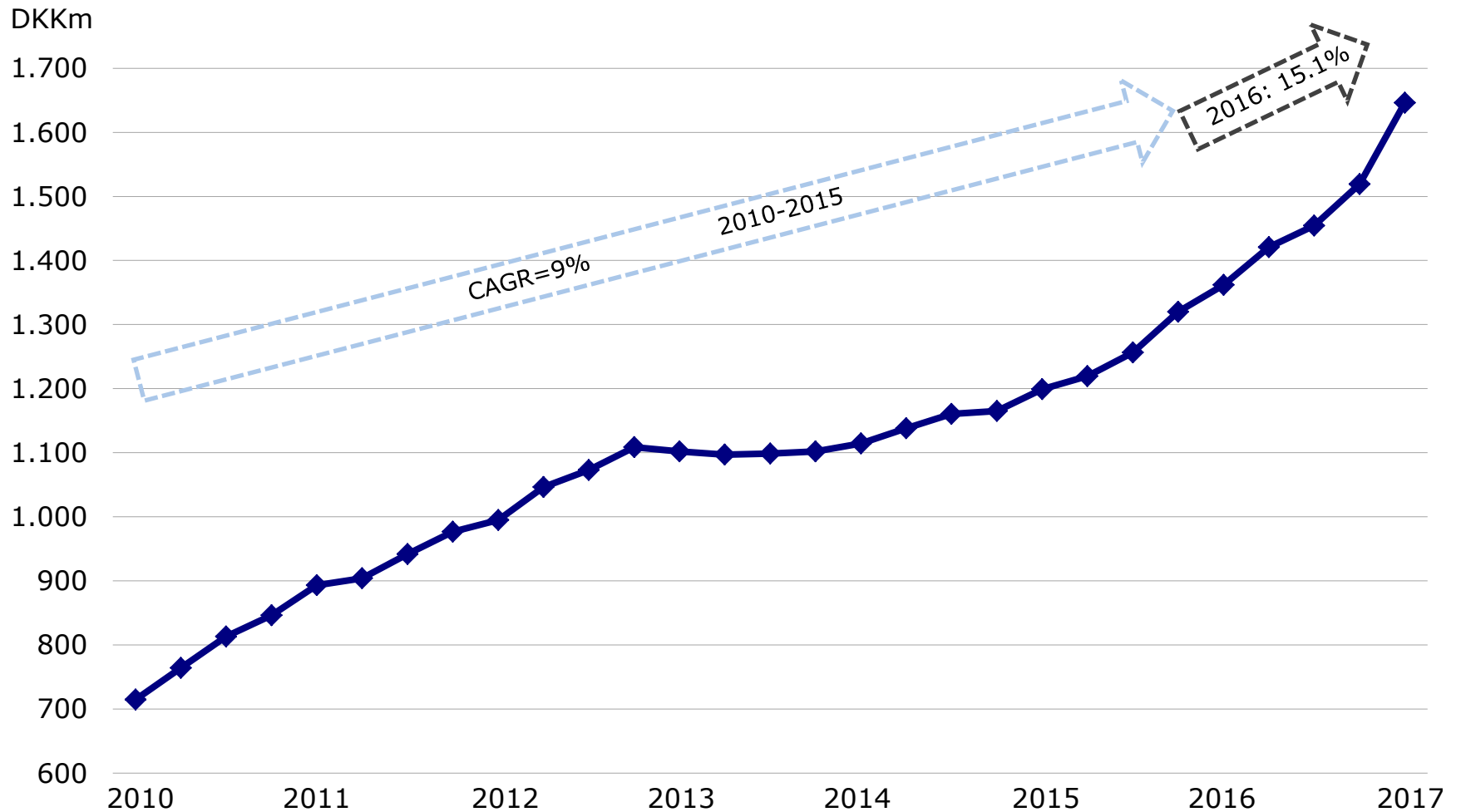
FINANCIAL RESULTS 2016 AND Q1 2017

GROUP FINANCIAL HIGHLIGHTS 2016

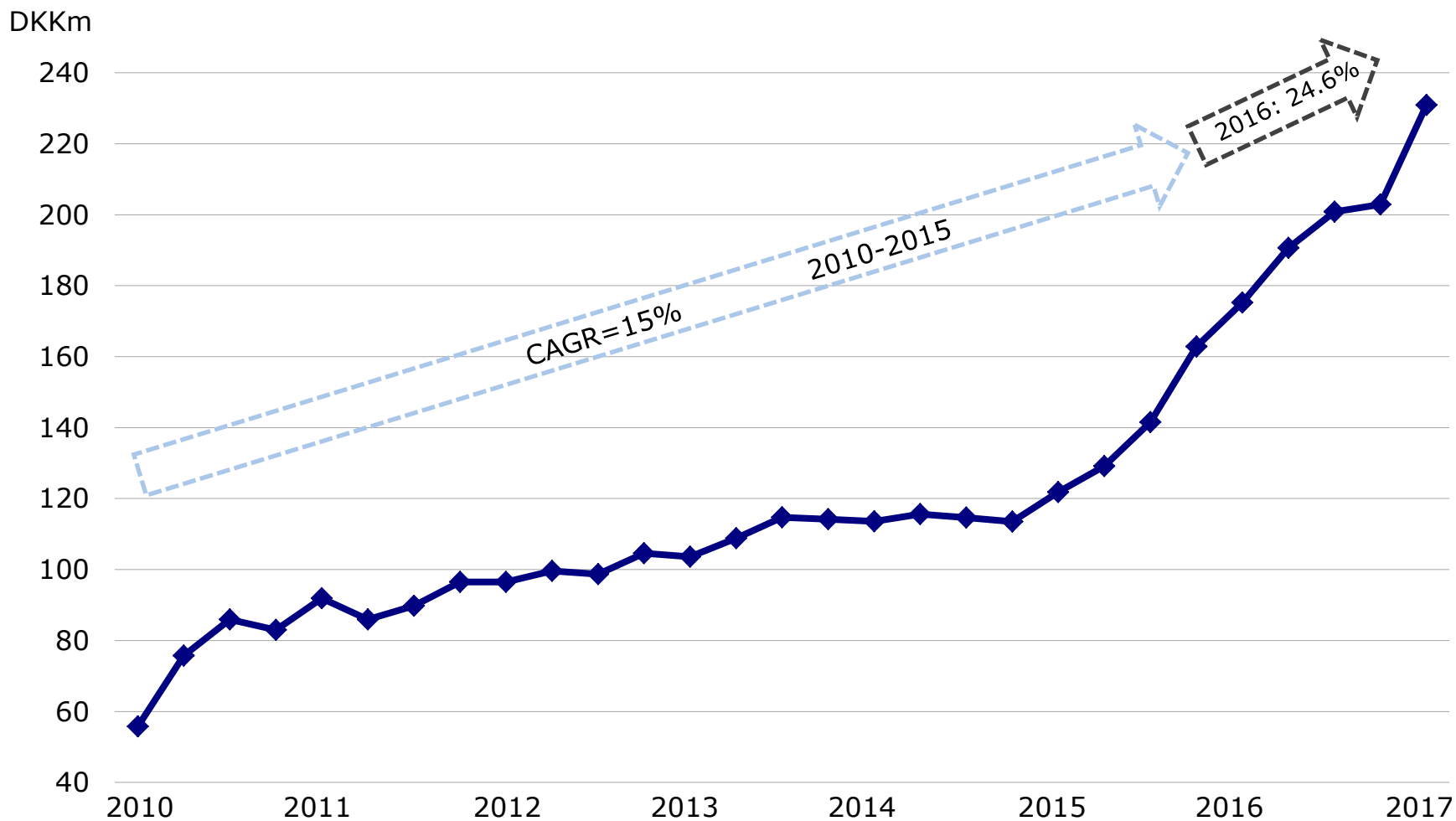


| DKKm | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|---------|---------|---------|---------|---------|-------|-------|
| Revenue | 1,519.0 | 1,319.8 | 1,164.9 | 1,102.1 | 1,108.5 | 976.8 | 851.9 |
| EBITDA | 202.9 | 162.8 | 113.5 | 114.2 | 105.2 | 96.5 | 83.0 |
| EBIT | 133.4 | 90.8 | 60.2 | 65.3 | 58.1 | 52.8 | 41.7 |
| Profit before tax and non-controlling interests | 122.6 | 80.7 | 51.5 | 50.2 | 41.6 | 34.3 | 28.8 |
| Equity incl. non-controlling interests | 429.0 | 393.6 | 276.4 | 252.3 | 240.1 | 205.6 | 190.7 |
| Cash flows from operations | 140.4 | 171.7 | 64.1 | 66.9 | 100.1 | 66.9 | 57.8 |
| Cash flows from investments | -80.1 | -116.4 | -67.3 | -60.1 | -87.6 | -51.9 | -46.9 |
| Cash flows from financing activities | -124.1 | -18.4 | 10.0 | -54.9 | 0.9 | -13.7 | 47.3 |
| Change in cash and cash equivalents | -63.8 | 37.0 | 6.7 | -48.1 | 13.4 | 1.3 | 58.2 |
| NIBD | 407.7 | 403.4 | 467.2 | 430.0 | 395.4 | 355.0 | 367.4 |
| Equity ratio, incl. non-controlling interests, % | 35.7 | 36.5 | 29.3 | 28.5 | 28.7 | 26.7 | 25.7 |

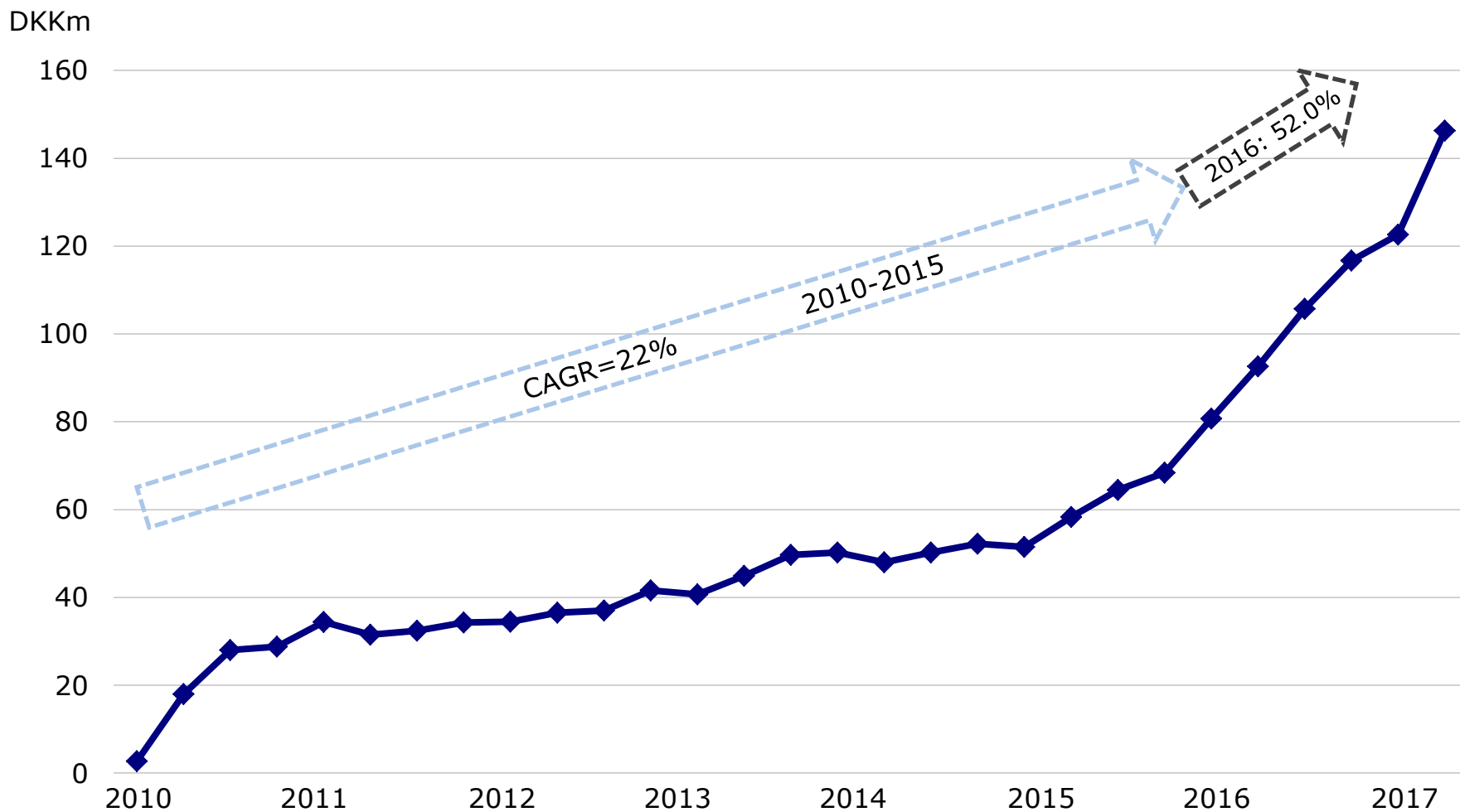
REVENUE 2010-Q1 2017



EBITDA 2010-Q1 2017



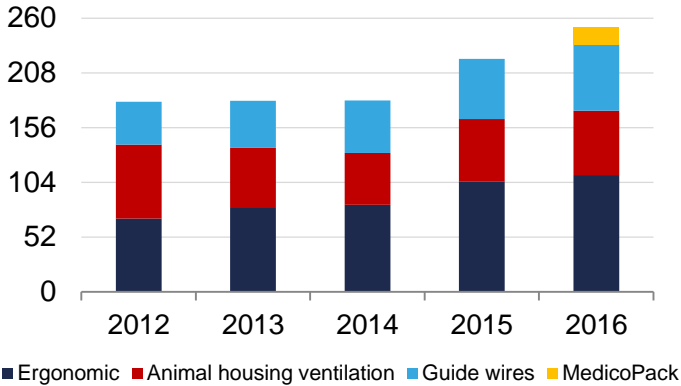
EBT 2010-Q1 2017



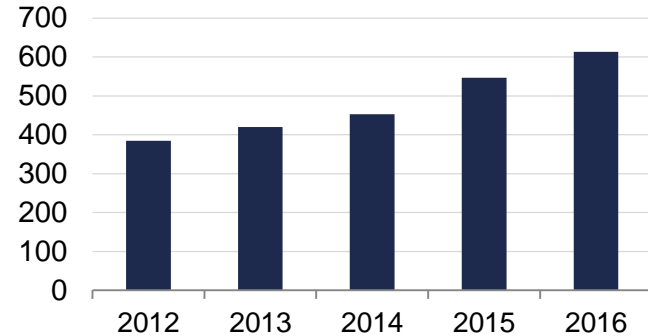


REVENUE SPLIT BY PRODUCT AREA

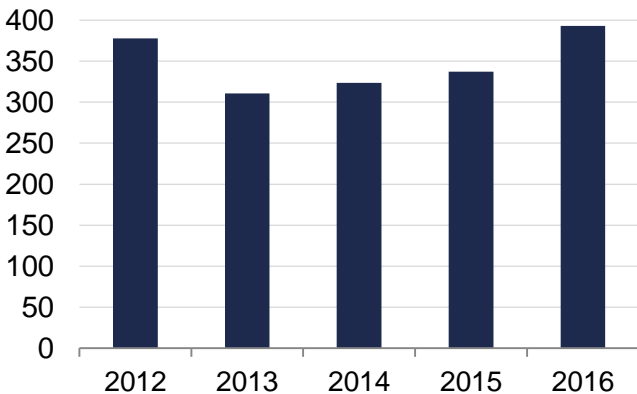
Revenue from own brands (DKKm)



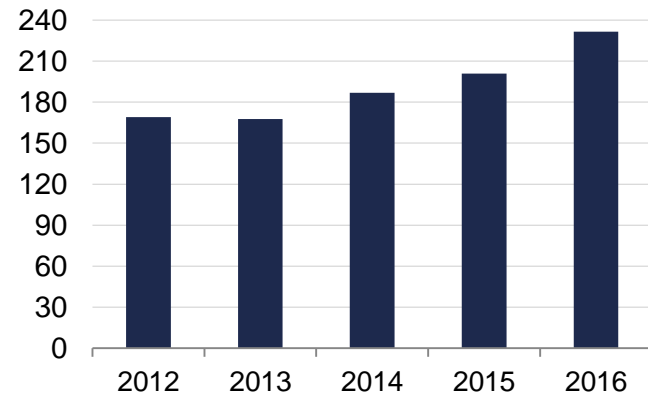
Revenue healthcare products (DKKm)



Revenue cleantech industries (DKKm)

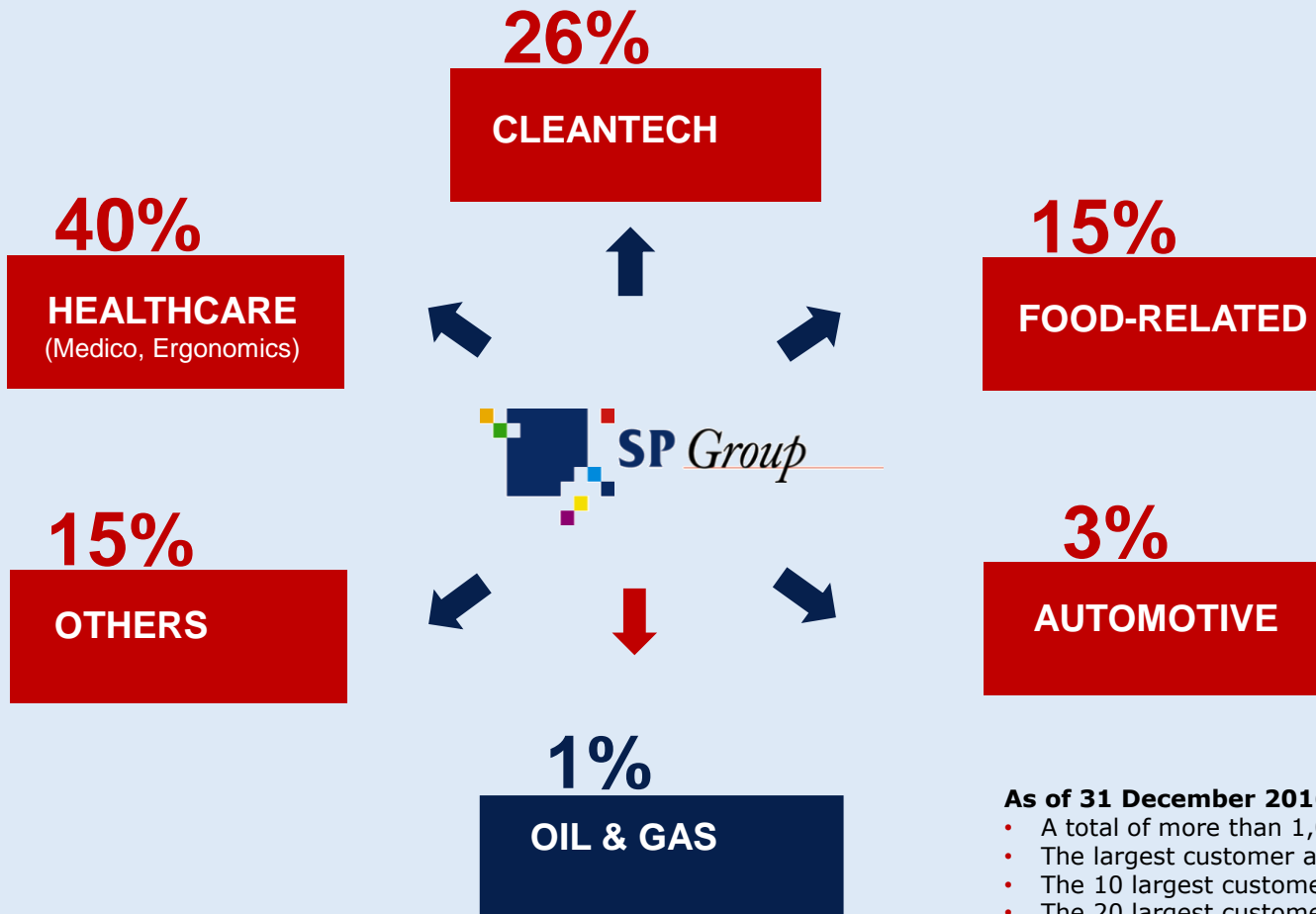


Revenue food-related industries (DKKm)





REVENUE BY CUSTOMER GROUPS 2016



As of 31 December 2016:

- A total of more than 1,000 customers
- The largest customer accounts for 12% (2015: 12%)
- The 10 largest customers account for 50% (2015: 47%)
- The 20 largest customers account for 60% (2015: 60%)

SP GROUP'S GLOBAL PRESENCE

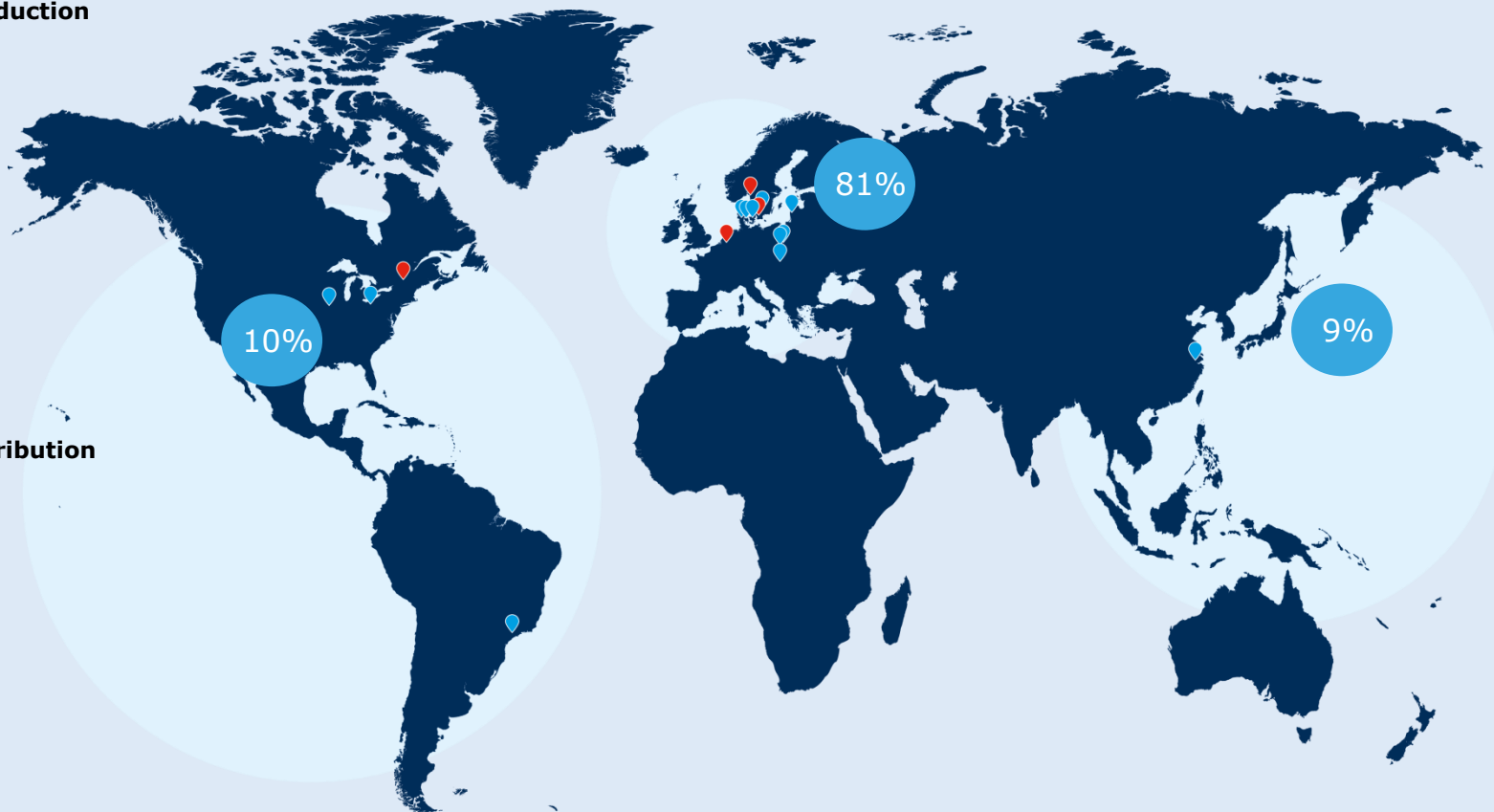


Sales and production

- Denmark (10)
- Poland (6)
- China (2)
- Brazil (1)
- US (2)
- Latvia (1)
- Slovakia (1)
- Sweden (1)

Sales and distribution

- Netherlands (1)
- Sweden (1)
- Canada (1)
- Norway (1)



INTERNATIONALISATION

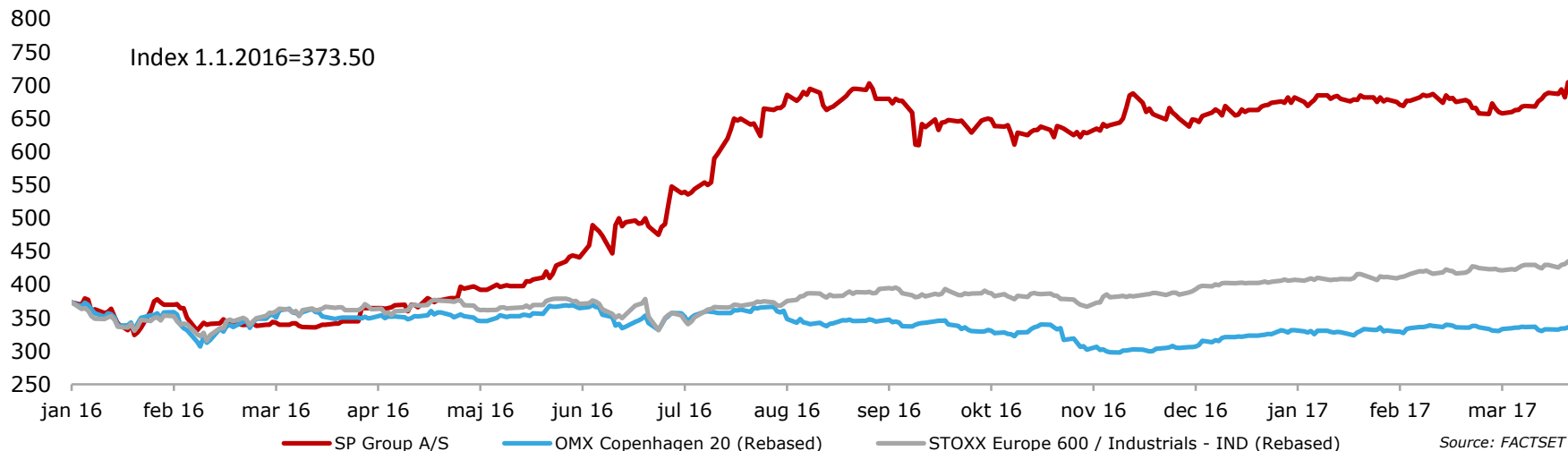


| | 2005 | 2010 | 2016 | 2020E |
|--|------|------|------|-------|
| Share of sales outside Denmark | 37% | 46% | 51% | ~60% |
| Share of employees outside Denmark (avg) | 23% | 50% | 63% | ~75% |
| Number of factories outside Denmark | 2 | 6 | 13 | 14 |
| Total number of factories | 18 | 15 | 23 | 24 |

SHARE PRICE PERFORMANCE

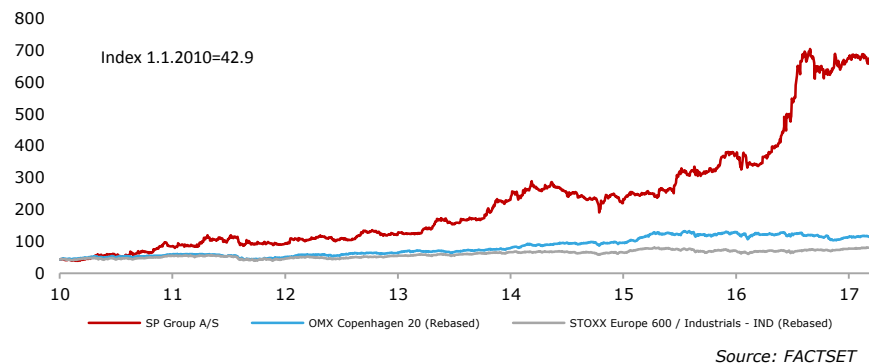


Share price performance from 1 January 2016 to 31 March 2017



- Share capital DKK 22.78m – DKK 0.5m increase through issue of 54,000 new shares in September 2017
- All shares have equal rights
- Dividends to the shareholders of DKK 6.00 in 2017 (2016: DKK 4,00)
- New DKK 30m share buy-back programme established 11 April 2017

Share price performance from 1 January 2010 to 31 March 2017





MARKET CONDITIONS

Demand factors

- Customers demand better and cheaper products
- Customers focus on core business while outsourcing plastics production to specialist suppliers
- Customers want fewer and better suppliers

Megatrends:

Growing, ageing population, climate, scarcity of resources

Value creation at SP Group

- Instead of using wood, metal and glass we substitute with plastics and composite
- Manufacturing globally; with a powerful team, the right equipment and the right technology
- Taking over our customers' plastics production, leveraging our skills and economies of scale to provide customer-specific service
- Ambition to become a preferred supplier
- Strong exposure to growing global industries (healthcare, cleantech and food industries)

Q1 2017 – GROUP



| DKKm | Q1 2017 | Q1 2016 | Growth rate | 2016 |
|--|---------|---------|-------------|---------|
| Revenue | 476.8 | 349.5 | 36.4% | 1,519.0 |
| EBITDA | 72.8 | 44.8 | 62.7% | 202.9 |
| EBIT | 52.6 | 28.3 | 85.9% | 133.4 |
| Profit before tax and non-controlling interests | 49.6 | 25.9 | 91.3% | 122.6 |
| Equity incl. non-controlling interests | 483.2 | 405.5 | | 429.0 |
| Cash flows from operations | 60.6 | 37.2 | | 140.4 |
| Cash flows from investments | -69.4 | -39.7 | | -80.1 |
| Cash flows from financing activities | 40.6 | -11.4 | | -124.1 |
| Change in cash and cash equivalents | 31.8 | -13.8 | | -63.8 |
| NIBD | 430.3 | 410.0 | | 407.7 |
| Equity ratio, incl. non-controlling interests, % | 33.5 | 35.7 | | 35.7 |

A photograph of three offshore wind turbines in a clear blue sea under a blue sky. The turbines are white with yellow bases and are arranged in a diagonal line from the bottom left towards the top right. A dark blue horizontal bar is overlaid on the left side of the image, containing the text 'OUTLOOK FOR 2017'.

OUTLOOK FOR 2017

OUTLOOK FOR 2017



- Due to a strong end of first quarter SP Group now expects profit before tax and non-controlling interests in the level of DKK 150-170 million and revenue in the level of DKK 1.7-1.8 billion for 2017
- If it can continue to accelerate performance in the current market, SP Group may report even higher revenue and earnings for FY 2017



A dark, textured surface, possibly a ceiling or wall, with glowing yellow lines forming a diamond shape. The lines are made of a thin, flexible material that glows from within. The background has a subtle pattern of small, repeating circular motifs.

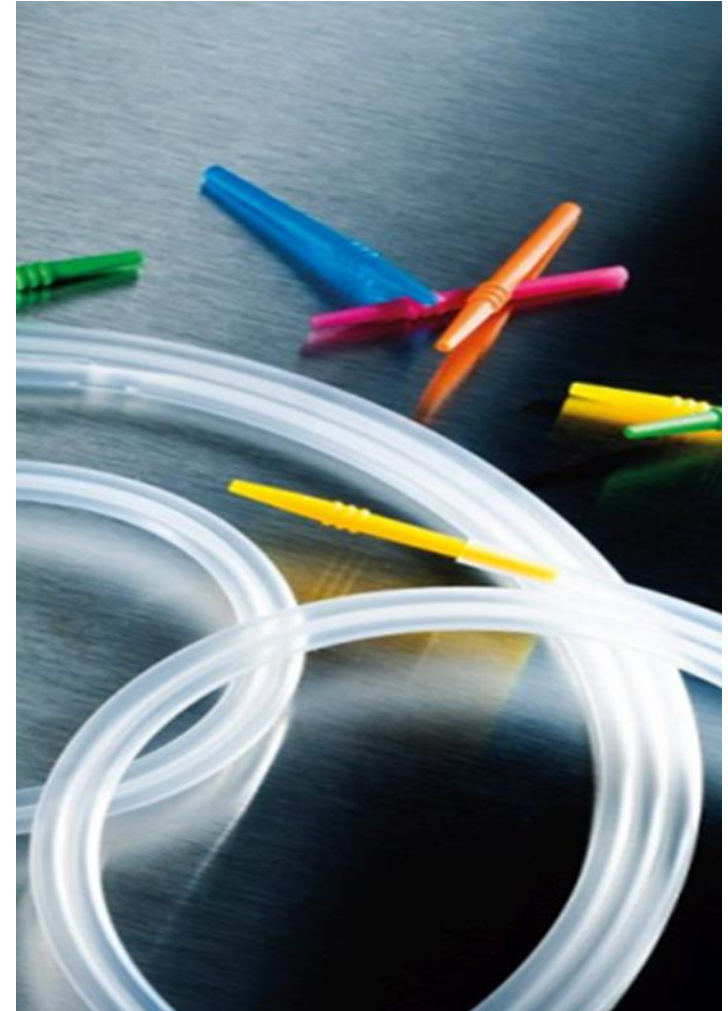
GOING TOWARDS 2020



2020 AMBITION / 1

- Customer focus and organic growth
- Proprietary products to make up a greater proportion of sales: from 17% in 2016 to about 25% by 2020
- "Buy and build"; minor acquisitions, preferably proprietary products (as MedicoPack)
- Investing heavily in both technology and people
- Increased international scope
- Growing competitive strength

**We act as an innovative,
reliable, and competitive
partner for our customers**



2020 AMBITION / 2



| | 2015 | | 2020 ambition | 2016 |
|---|------------|-------------------------|---------------|------------|
| Revenue | DKK 1,320m | + 9% yearly | DKK 2,000m | DKK 1,519m |
| EBITDA | 12.3% | + 2 percentage points | 14-15% | 13.4% |
| EBT | 6.1% | + 2-3 percentage points | 8-10% | 8.1% |
| NIBD/EBITDA | 2.5 | 2-4 | 2.5-3.5 | 2.0 |
| Equity ratio, incl. non-controlling interests | 36.5% | 25-45 | 35-40% | 35.7% |



Q&A-SESSION



APPENDIX





BUSINESS UNITS

SURFACE SOLUTIONS



- Accoat develops and produces environmentally-friendly technical solutions involving flourplast (Teflon®), PTFE and other pure materials for industrial and medical purposes
- Accoat applies plastic coatings on products and production plants in a number of industries. Articles being coated range from very small syringes to large tank facilities
- Accoat is among the five largest suppliers of industrial Teflon coating in the EU
- Locations: Kvistgård (DK), Stoholm (DK) and São Paulo (Brazil)





COATING: HIGHLIGHTS 2016 AND OUTLOOK

2016 in highlights

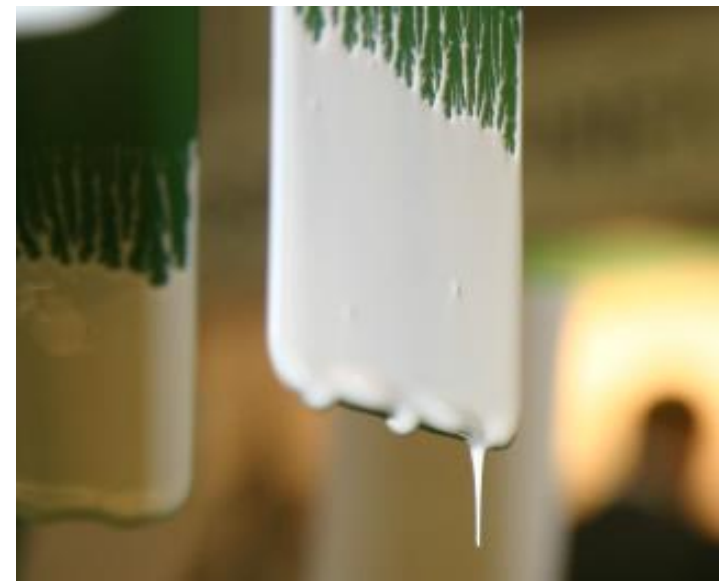
- Revenue fell 1.4% to DKK 136.8m
 - revenue from the food and medical device industries has been on the increase
 - revenue from the oil and gas industry has gone up
 - revenue from the cleantech industry fell due to continued low level of activity in emerging markets
- EBITDA improved in 2016 relative to 2015 due to considerable focus on costs and efficiency-enhancing measures
- EBITDA up from DKK 13.6m to DKK 16.2m in 2016
- In 2017, Accoat will continue to focus its marketing efforts on the food, medical device and chemical industries
- During the year, Accoat performed tasks for customers in 19 countries
- EBIT increased to DKK 8.8m

Outlook for 2017

- Increasing level of activity
- Higher EBITDA
- Oil and gas industry trends remain uncertain
- Start up production in Poland

Development in Coatings

| DKKm | 2016 | 2015 | 2014 |
|-----------------|-------|-------|-------|
| Revenue | 136.8 | 138.8 | 167.9 |
| EBITDA | 16.2 | 13.6 | 18.8 |
| EBIT | 8.8 | 4.0 | 9.7 |
| Employees (avg) | 68 | 67 | 75 |



PLASTIC SOLUTIONS



Plastic businesses include:

- Injection Moulding (SP Moulding, SP Medical, Sander Tech and Ulstrup Plast)
- Vacuum forming (Gibo Plast and Plexx Opido)
- PUR (Ergomat, Tinby, TPI Polytechnik and Bröderna Bourghardt)
- Extrusion (SP Extrusion)
- Blow-moulding (MedicoPack)

2016 in highlights

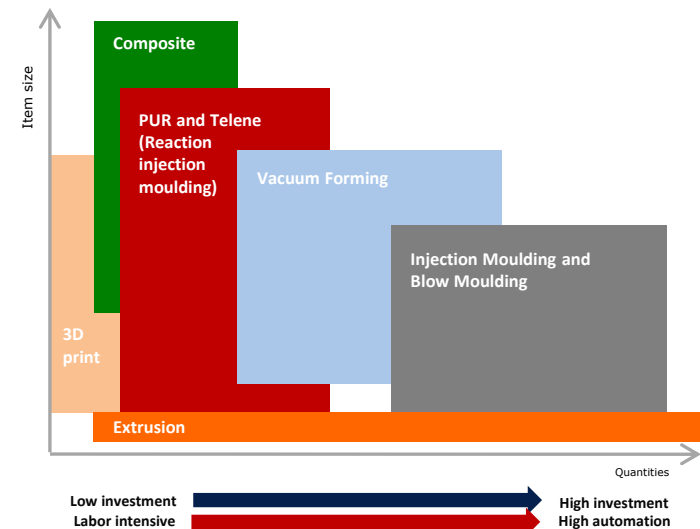
- Revenue increased by 16.2% to DKK 1,382.3m
- EBITDA amounted to DKK 190.4m – an increase of 21.3% and the best operating profit to date
- Very large investments have affected revenue – expected to contribute positively to results as from 2017
- Company acquisitions contributed positively to results

Outlook for 2017:

- Expected revenue and earnings growth
- Activities are expected to be expanded in China, USA, the Netherlands, Poland, Sweden, Latvia, Slovakia, Norway and Denmark

Development in Plastics

| DKKm | 2016 | 2015 | 2014 |
|-----------------|---------|---------|-------|
| Revenue | 1,382.3 | 1,189.8 | 999.3 |
| EBITDA | 190.4 | 157.0 | 104.4 |
| EBIT | 132.1 | 97.8 | 63.4 |
| Employees (avg) | 1,484 | 1,375 | 1,166 |





- SP Moulding and Ulstrup Plast manufactures advanced plastic precision components for a wide range of industries
- SP Moulding and Ulstrup Plast are a producer of technical plastic devices and performs assembly work. Are a market leader in Denmark and among the largest injection moulders in the Nordic region
- SP Medical manufactures products for customers in the medical devices industry, including finished products such as guidewires. Production takes place in clean rooms. SP Medical is among the 2-3 largest players in the Nordic region.
- SP Moulding, SP Medical and Ulstrup Plast have more than 400 injection moulding machines at their disposal with a clamping force ranging from 25 tonnes to 1300 tonnes
- SP Moulding, SP Medical and Ulstrup Plast also provide two- and three-component plastic solutions including more than 30 two- and three-component machines
- MedicoPack makes blow moulding in clean rooms for customers within the medical industry
- Locations: Juelsminde (DK), Stoholm (DK), Karise (DK), Lynge (DK), Langeskov (DK), Sieradz (PL), Zdunska Wola (PL), Suzhou (China) and Pobedim (Slovakia)



Medico



Technical plastics



Medico



3K moulding



Medico



2016 in highlights

- Improved economic trends
- Increase in the level of activity and higher operating profit
- Healthy entry of a number of new industrial customers in Europe, the Americas and Asia
- Business with existing customers increased in both Europe and Asia

SP Moulding, Ulstrup Plast, Sander Tech and SP Medical

- New agreements with both new and existing customers in the medical device industry
- Fitting of a new injection-moulding factory in Poland
- Considerable amounts invested in new, state-of-the-art production equipment

MedicoPack

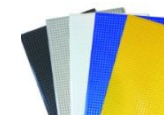
- MedicoPack acquired in July 2016
- Exports approx. 90% of its sales
- Large investments in MedicoPack have been initiated
- Continue to strengthen and expand cooperation with existing and new customers at a global level





- Ergomat A/S, Tinby A/S, TPI Polytechnik BV, Brøderna Bourghardt AB and MM Composite A/S
- Locations: Søndersø (DK), Ejby (DK), Nr. Åby (DK), Zdunska Wola (PL), 's-Hertogenbosch (NL), Helsingborg (SE), Cleveland (US), Mount Pleasant (US), Montreal (CAN), Suzhou (China) and Liepāja (LV)

Ergomat develops, manufactures and sells ergonomic solutions under own brands, especially Ergomat® mats and DuraStripe® striping tape for corporate customers worldwide. Market leader in the EU.



Mats



DuraStripe

Tinby manufactures moulded products in solid, foamed and flexible PUR for the cleantech and insulation industries, the medical devices, furniture, refrigerator and graphics industries. Global leader in market for hard rollers.



Cleantech



Solid, foamed PUR

TPI Polytechnik develops and sells concepts for ventilation of industrial buildings as well as poultry and pig houses, primarily products under its own brand, TPI. Market leader in the EU.



Brøderna Bourghardt specialised in composite processes: prepreg and manual lamination. Brdr. Bourghardt apply advanced varnishing methods. Scandinavia's leading manufacturer of Telene® products.



Plastic component, Telene

MM Composite develops and sells composite products of high quality for the cleantech industry (wind turbines and hydro energy) globally. Production in all types of resin, fibreglass and carbonfiber.



Wind turbines



Fibre



2016 in highlights

Tinby

- Handsome growth in global activities
- Expanded production of PUR components in China for customers in the cleantech industry
- In the USA activities develops as planned

Ergomat

- Experienced progress in 2016 – increase in revenue by 6.1% - primarily driven by the US
- Growth in activities globally
- Sales failed in Asia





2016 in highlights

TPI

- Project delays in Eastern Europe
- Sales progress in the other markets
- Inventories in Denmark have been moved to the Netherlands
- New customers in Asia, the Middle East and Africa
- A number of PUR products launched in 2016

Bröderna Bourghardt

- Increased volumes in 2016
- Launch of new projects within the technologies Telene and composites
- Increase in productive capacity by 25%
- Focus increased on sales and technical support to existing as well as potential customers
- Developing processes and materials
- Develop one or several products under own brand





VACUUM FORMING & EXTRUSION / 1

- Gibo Plast develops, designs and manufactures thermoformed plastic products. The products are mainly used in refrigerators and freezers, buses and cars (automotive), medical devices and lighting equipment as well as in the cleantech industry
- Gibo Plast specialises in traditional vacuum forming, high-pressure and twin-sheet technologies and CNC milling
- Market leader in Scandinavia
- As of 17 November 2016 Plexx AS and Opido AB part of the Gibo Plast Group
- Locations: Skjern (DK), Sieradz (PL), Lagan (SE) and Fredrikstad (N)



Vacuum forming



Furniture



Appliance



Cleantech



2016 in highlights

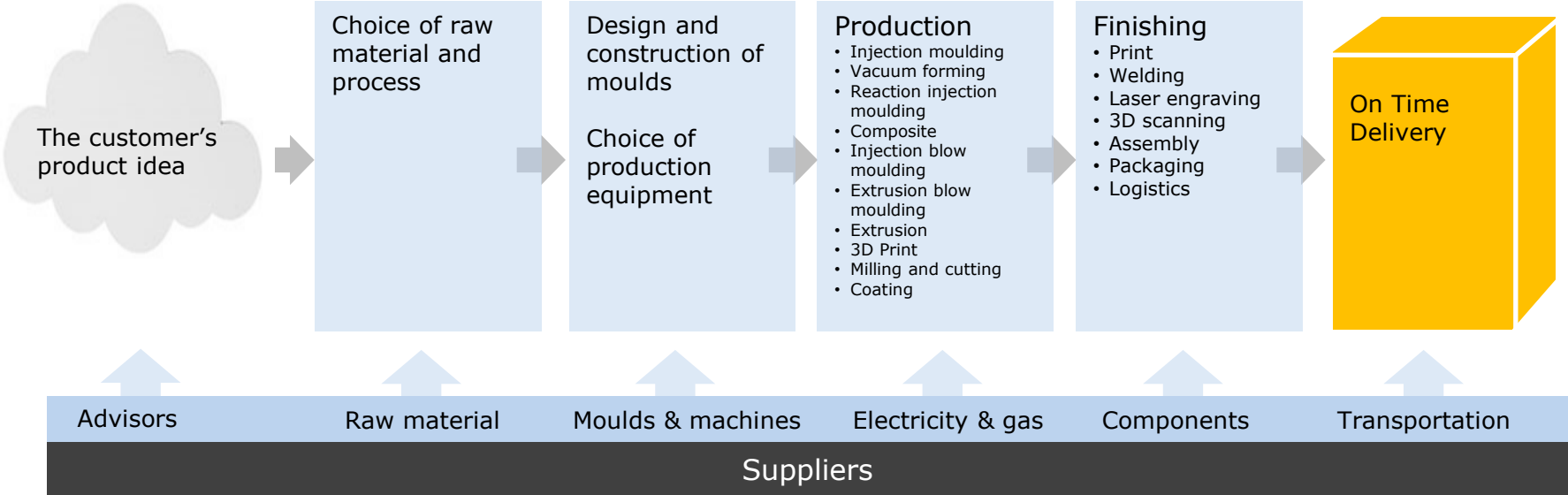
- Increase in activities
- Gibo Plast succeeded in ensuring a handsome improvement in operating profit and the level of activity
- Intensely work on implementing efficiency-enhancing measures in Denmark and Poland
- Acquisition of Plexx AS / Opido AB
- Competences within ORS
- In Poland, investments in new, more effective production machinery
- Lower costs and improved results of operations
- The acquisition of Plexx / Opido is a strengthening of Gibo Plast's activities in Europe, especially the Scandinavian market





SP GROUP'S VALUE CREATION

Knowledge, quality assurance, documentation



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