



ANNUAL REPORT 2015

Presentation by CEO Frank Gad
30 March 2016

AGENDA



- SP Group in brief
- Highlights 2015
- Financial results 2015
- Outlook for 2016
- 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 2016 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
75 countries



Subsidiaries in

9 countries on
4 continents



Employees

1,452
committed
employees

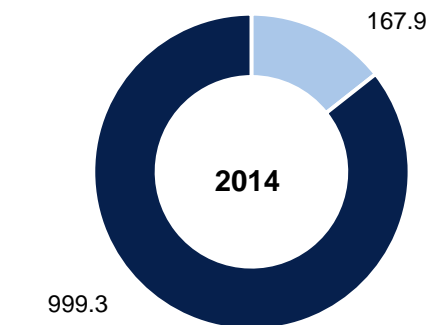
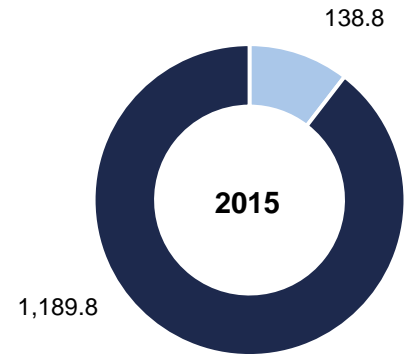




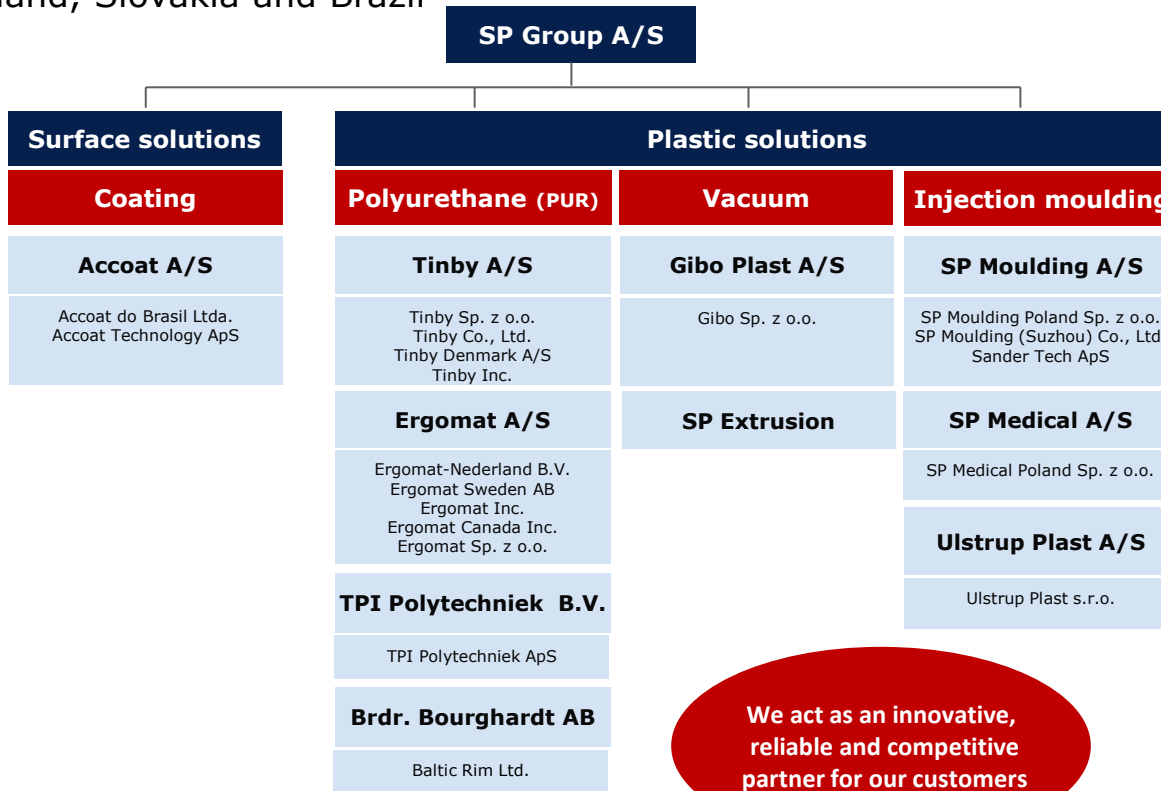
SP GROUP – AN OVERVIEW

- 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

Revenue split by business area (DKKm)



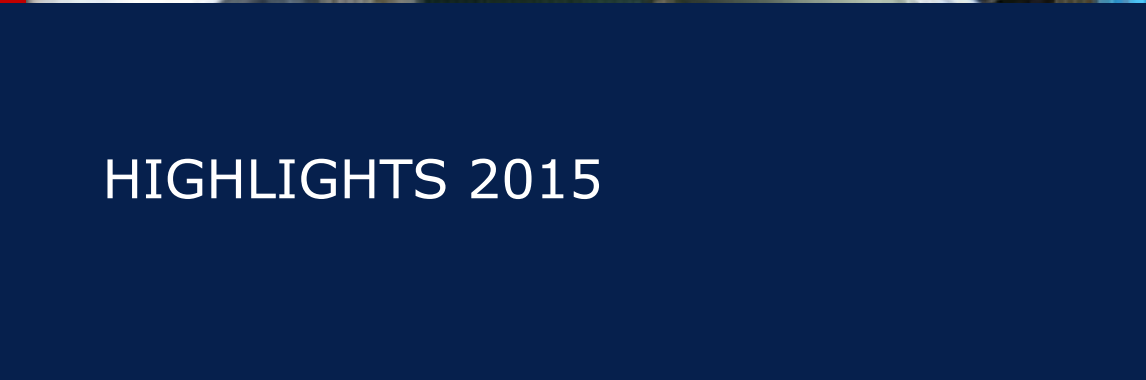
■ Surface solutions ■ Plastic solutions



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



HIGHLIGHTS 2015



HIGHLIGHTS 2015 / 1



In 2015, revenue increased by 13.3% to

DKK **1,320** million



In 2015, revenue from own brands increased by 22.0% to

DKK **221** million



In 2015, EBITDA increased by 43.4% to

DKK **163** million



In 2015, the EBITDA margin increased by 2.6 percentage points to

12.3%

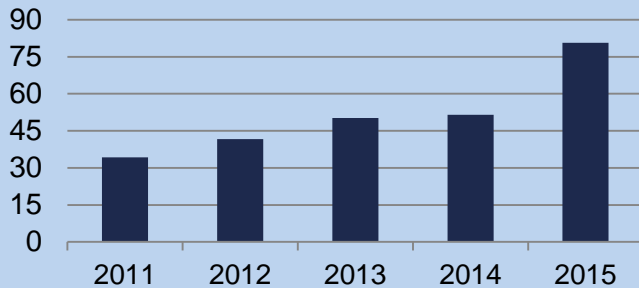




HIGHLIGHTS 2015 / 2

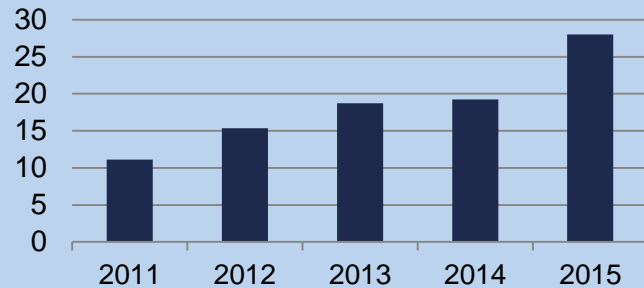
Profit before tax and non-controlling interests increased by 56.7% to DKK 81 million

DKKm



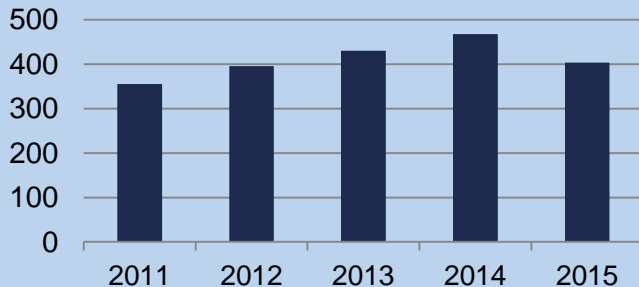
EPS, diluted, increased by 45.5% to DKK 28

DKK



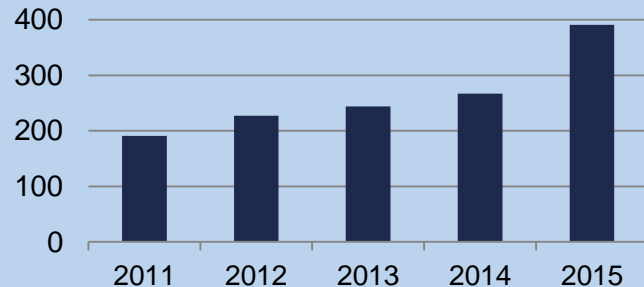
Net interest-bearing debt (NIBD) decreased by DKK 403 million

DKKm



Equity attributable to the equity holders increased to DKK 391 million

DKKm





HIGHLIGHTS 2015 / 3

- 1 January Acquired activities in Scnavakuum
- 13 March Acquired Sander Tech ApS
- 7 April Acquired 25% of shares in SP Moulding, China from IFU
- 24 June Issue of 200,000 new shares at DKK 280 per share improved cash position
- 1 July Acquired Ulstrup Plast A/S

- The business activity and the companies acquired generated combined revenue of about DKK 120m and EBITDA of about DKK 20m in the most recent financial year
- Acquisition costs amounted to about DKK 1.0m, which amount is recognised in 2015





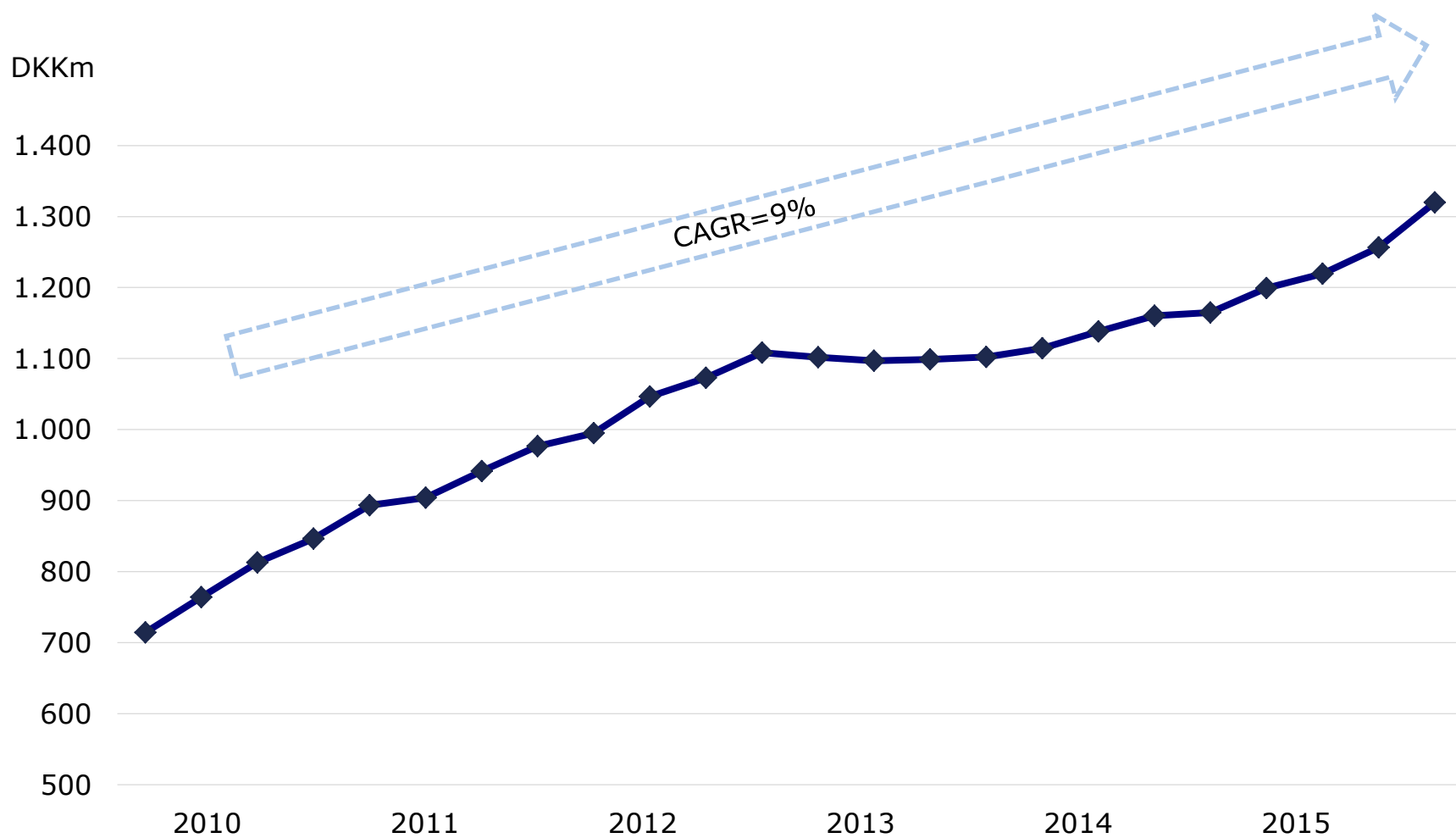
FINANCIAL RESULTS 2015

GROUP FINANCIAL HIGHLIGHTS 2015

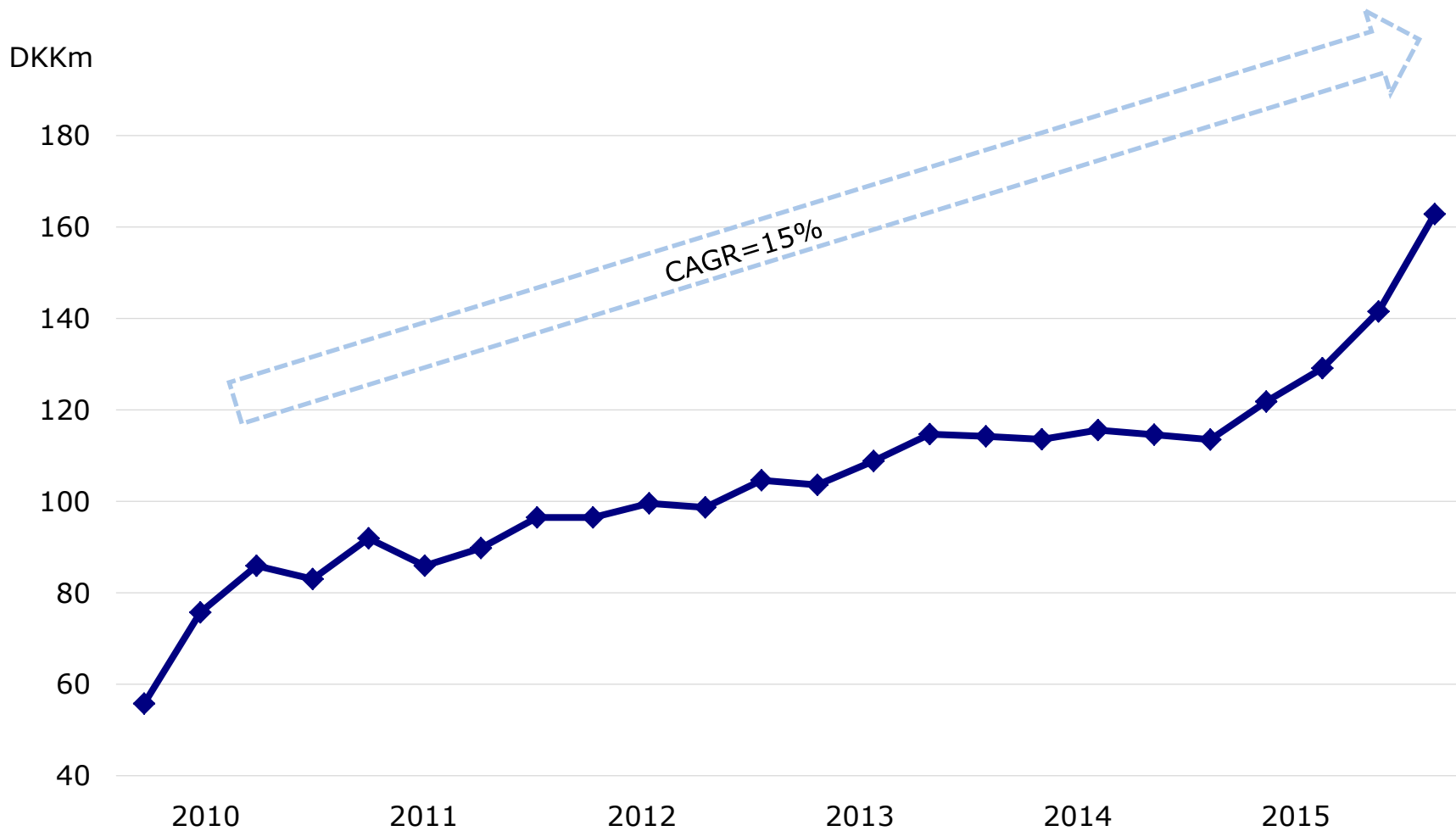


DKKm	2015	2014	2013	2012	2011	2010
Revenue	1,319.8	1,164.9	1,102.1	1,108.5	976.8	851.9
EBITDA	162.8	113.5	114.2	105.2	96.5	83.0
EBIT	90.8	60.2	65.3	58.1	52.8	41.7
Profit before tax and non-controlling interests	80.7	51.5	50.2	41.6	34.3	28.8
Equity incl. non-controlling interests	393.6	276.4	252.3	240.1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

REVENUE 2010-2015



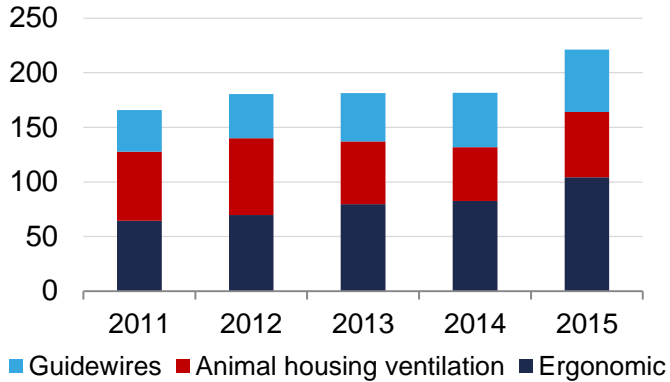
EBITDA 2010-2015



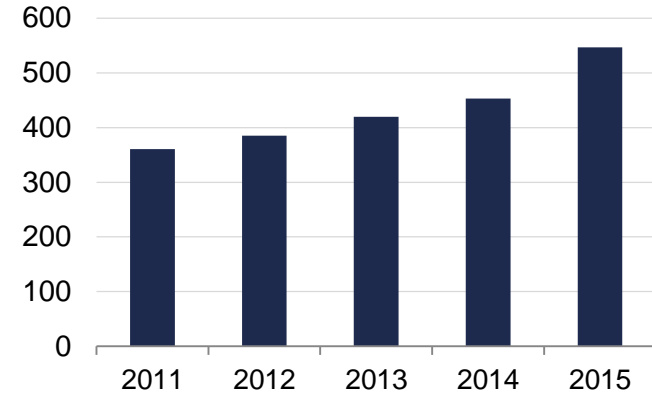


REVENUE SPLIT BY PRODUCT AREA

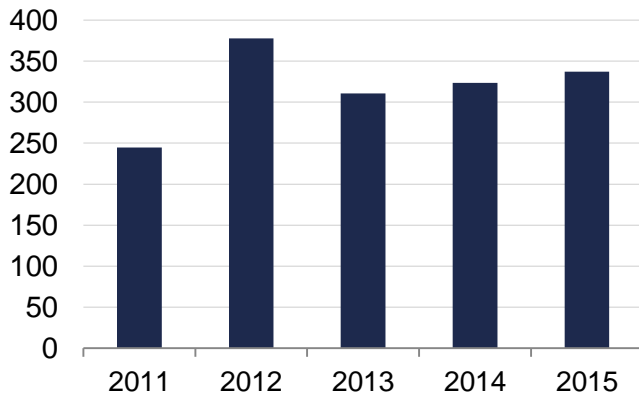
Revenue from own brands (DKKm)



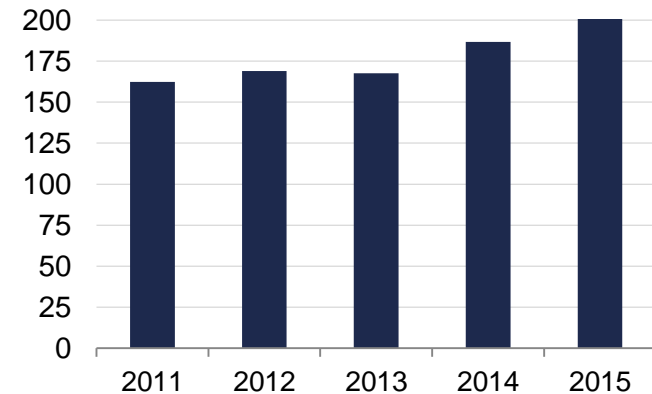
Revenue healthcare products (DKKm)



Revenue cleantech industries (DKKm)

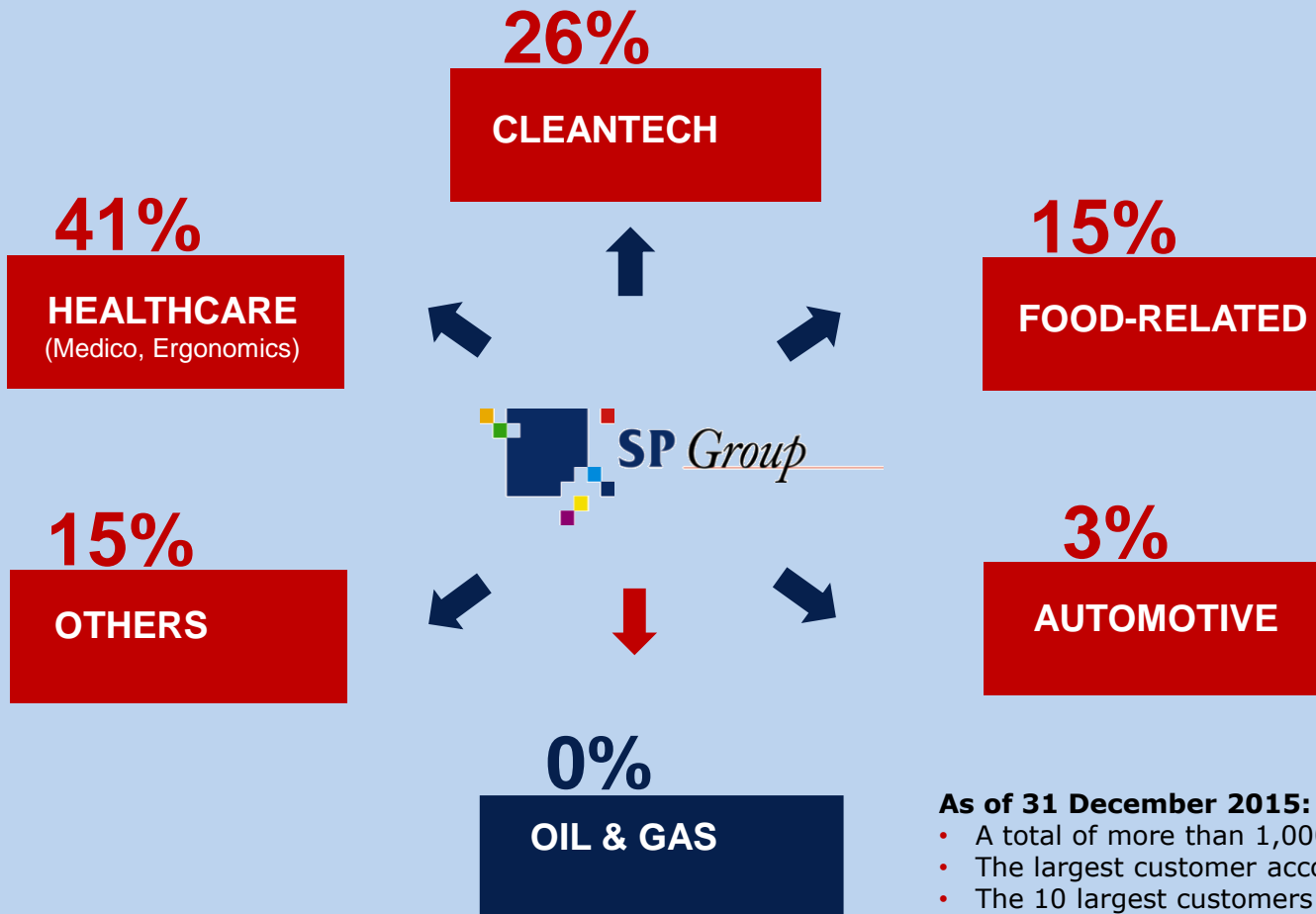


Revenue food-related industries (DKKm)





REVENUE BY CUSTOMER GROUPS 2015



As of 31 December 2015:

- A total of more than 1,000 customers
- The largest customer accounts for 12% (2014: 13%)
- The 10 largest customers account for 47% (2014: 52%)
- The 20 largest customers account for 60% (2014: 65%)



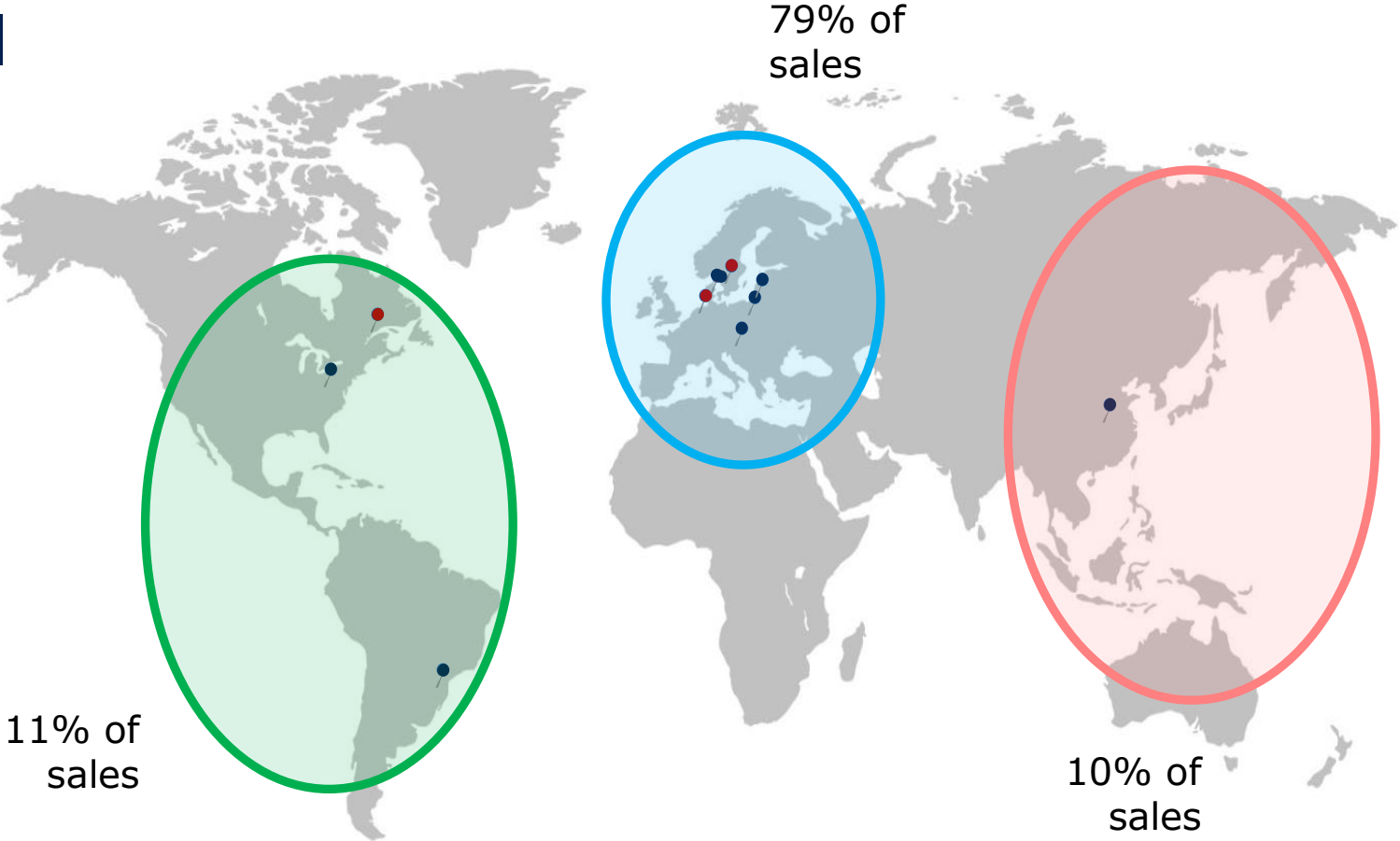
SP GROUP'S GLOBAL PRESENCE

Production and sales

- Denmark (7)
- Poland (6)
- China (2)
- Brazil (1)
- US (1)
- Latvia (1)
- Slovakia (1)

Distribution

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



INTERNATIONALISATION

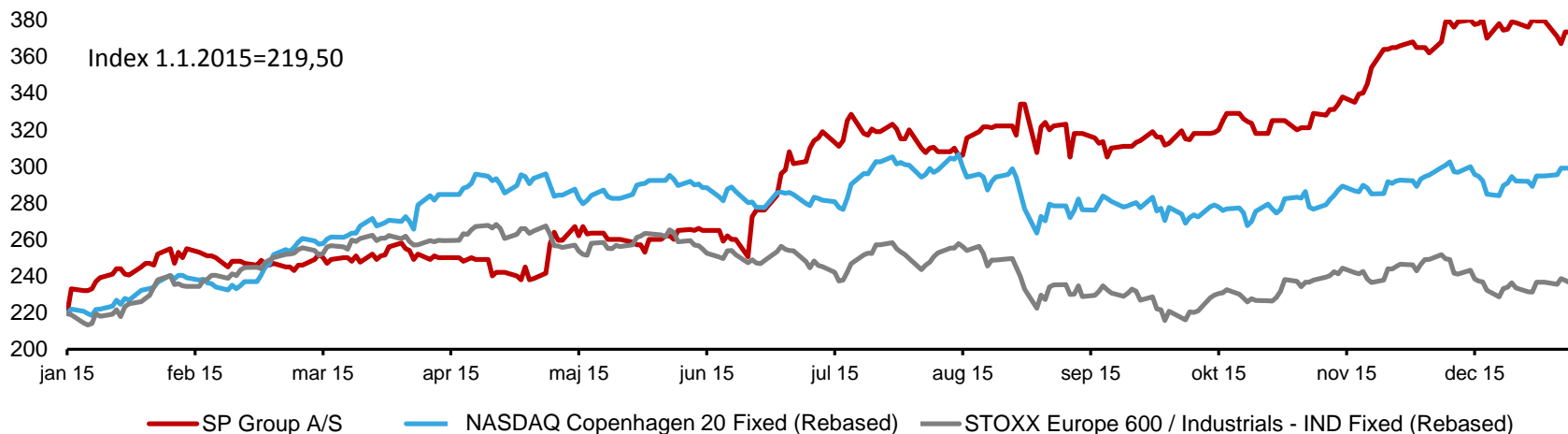


DKKm	2005	2010	2015	2020E
Share of sales outside Denmark	37%	46%	54%	~60%
Share of employees outside Denmark	23%	50%	64%	~75%
Number of factories outside Denmark	2	6	12	14
Total number of factories	18	15	20	22

SHARE PRICE PERFORMANCE



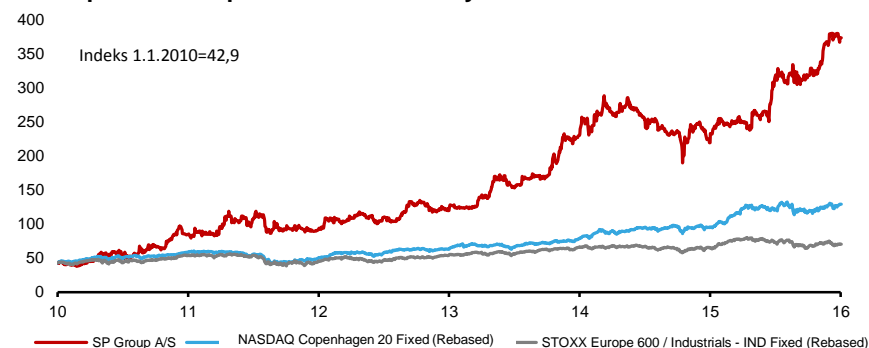
Share price performance from 1 January to 31 December 2015



Kilde: FACTSET

- Share capital DKK 22,24 mio. – DKK 2.0m increase through issue of 200,000 new shares in June 2015
- All shares have equal rights
- Dividends to the shareholders of DKK 4.00 per share in 2016 (2015: DKK 3.50)
- New DKK 20m share buy-back programme established 11 April 2016

Share price development from 1 January to 31 December 2015



Kilde: FACTSET



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 fibreglass, we substitute with PLASTICS
- 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)

A photograph of an offshore wind farm with several white wind turbines in a line on the ocean under a clear blue sky. A large white blade is visible in the foreground on the left. A dark blue horizontal bar is overlaid on the middle of the image.

OUTLOOK FOR 2016

OUTLOOK FOR 2016



- A slightly higher profit before tax and non-controlling interests and a slightly higher level of activity than in 2015 are expected for 2016



A dark, textured surface, possibly a ceiling or wall, with a repeating pattern of small, circular indentations. Several bright, glowing yellow lines are arranged in a diamond or zig-zag pattern across the surface. A dark blue rectangular box is overlaid on the lower-left portion of the image, containing the text 'GOING TOWARDS 2020'.

GOING TOWARDS 2020

2020 AMBITION / 1



- Customer focus and organic growth
- Proprietary products to make up a greater proportion of sales:
from 17% in 2015 to about 25% by 2020
- “Buy and build”; minor acquisitions, preferably proprietary products
- 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
Revenue	DKK 1,320m	+ 9% yearly	DKK 2,000m
EBITDA	12.3%	+ 2 percentage points	14-15%
EBT	6.1%	+ 2-3 percentage points	8-10%
NIBD/EBITDA	2.5	2-4	2.5-3.5
Equity ratio, incl. non-controlling interests	36.5%	25-45%	35-40%



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: 2015 HIGHLIGHTS



- Revenue fell by 17.3% due to decline in oil prices and the economic slowdown in Emerging Markets
- Revenue related to the food and medical device industry was at the level attained last year
- The productive capacity has been adjusted in Denmark
- EBIT fell to DKK 4.1m





Outlook for 2016

- Growth in revenue
- Increase in EBITDA
- Oil and gas industry trends remain uncertain
- Set up business in Poland

Development in Coatings

DKKm	2015	2014	2013
Revenue	138.8	167.9	183.5
EBITDA	13.6	18.8	28.0
EBIT	4.1	9.7	19.3
Employees (avg)	67	75	81





Plastic businesses include:

- Injection Moulding (SP Moulding, SP Medical, Sander Tech and Ulstrup Plast from 1 July 2015)
- Vacuum forming (Gibo Plast)
- PUR (Ergomat, Tinby, TPI Polytechnik and Bröderna Bourghardt)
- Extrusion (SP Extrusion)

2015 in highlights

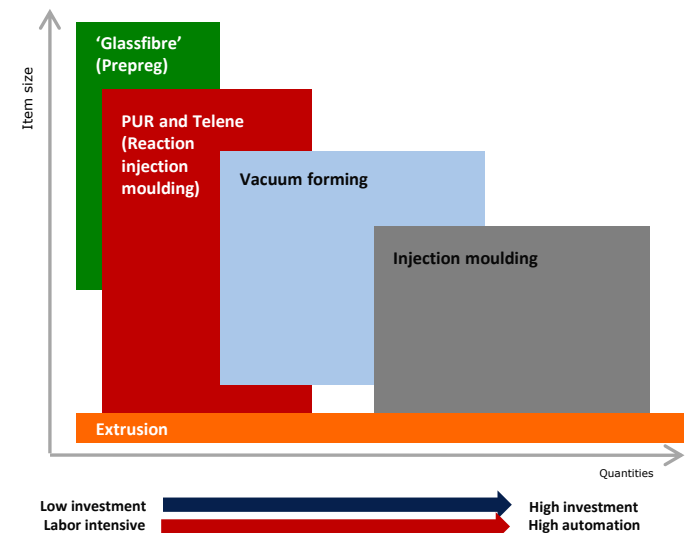
- Revenue increased by 19.1% to DKK 1,189.8m – exceeds expectations at the beginning of the year
- EBITDA amounted to DKK 157.0m – an increase of 50.4% and the best operating profit to date
- Very large investments have affected revenue – expected to contribute positively to results as from 2016
- The significant earnings improvement is mainly attributable to Ergomat, Bröderna Bourghardt, TPI, SP Medical and Ulstrup Plast

Outlook for 2016:

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

Development in Plastics

DKKm	2015	2014	2013
Revenue	1,189.8	999.3	920.8
EBITDA	157.0	104.4	96.3
EBIT	97.8	63.4	59.4
Employees (avg.)	1,375	1,166	1,042



PLASTIC SOLUTIONS

INJECTION MOULDING / 1



- 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 375 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 40 two- and three-component machines
- Locations: Juelsminde (DK), Stoholm (DK), Karise (DK), Lynge (DK), Sieradz (PL), Zdunska Wola (PL), Suzhou (China) and Pobedim (Slovakia)



Medico



Technical plastics



Medico



3K moulding



Medico

PLASTIC SOLUTIONS

INJECTION MOULDING / 2



2015 in highlights

- The Polish factories operated by SP Moulding and SP Medical continuing to perform well and profitably and are creating more jobs
- The Danish factories reported slightly higher earnings and increased headcounts
- SP Moulding's sales and earnings in China are flat
- Ulstrup Plast is experiencing fair growth in Slovakia
- Production efficiency improvements continuing at all facilities
- The factory in Stoholm has been TS 16949-certified

SP Moulding and SP Medical

- Continuing to step up marketing efforts targeting new customers
- Scaled-up marketing efforts in several markets producing several new, regular customers
- SP Medical grew production and sales of guidewires by 21.1% in 2015, mainly through broader and more comprehensive marketing

Sander Tech

- Company's activities transferred to Stoholm, Denmark in Q2 2015
- Factory at Nibe, Denmark closed; lease terminated and premises vacated

Ulstrup Plast

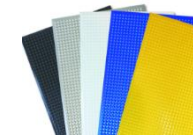
- Forming a part of our Plastics business effective from 1 July 2015
- Well-run and profitable injection moulding business with production and assembly sites in Denmark and Slovakia
- In 2015 performing well and as expected bringing in new customers to SP Group's existing business operations





- Four business activities: Ergomat A/S, Tinby A/S, TPI Polytechnik BV and Bröderna Bourghardt AB
- Locations: Sønderød (DK), Zdunska Wola (PL), 's-Hertogenbosch (NL), Helsingborg (SE), Cleveland (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.



Bröderna 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



2015 in highlights

Tinby

- Customers in the cleantech industry reporting growth
- Expanded production of PUR components in China for customers in the cleantech industry
- Tinby has set up a factory in the USA to better serve North American customers – activity developing in line with plans
- Expanded production in Poland

Ergomat

- Improved sales and earnings
- Global sales up by 26.4%, driven mainly by North America and Germany
- Established local production of ergonomic mats in the USA to provide better service (by reducing leadtimes) to its many US-based customers
- New production activity developing in line with plans
- Expanded production in Poland and strengthened services locally in Europe





2015 in highlights

TPI

- Business activity and earnings improving
- Sales up by 15.6%
- New customers in Asia, the Middle East and Africa
- The Scandinavian market continues to feel the lack of appetite and opportunities for investing in large animal housing facilities

Brøderna Bourghardt

- Brdr. Bourghardt acquired in February 2014
- Performing well and attracting more business. As expected, bringing in new customers to SP Group's existing business operations
- Scandinavia's leading manufacturer of Telene components and maker of advanced products from composite materials



VACUUM FORMING / 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
- Locations: Skjern (DK) and Sieradz (PL)



Vacuum forming



Furniture



Appliance

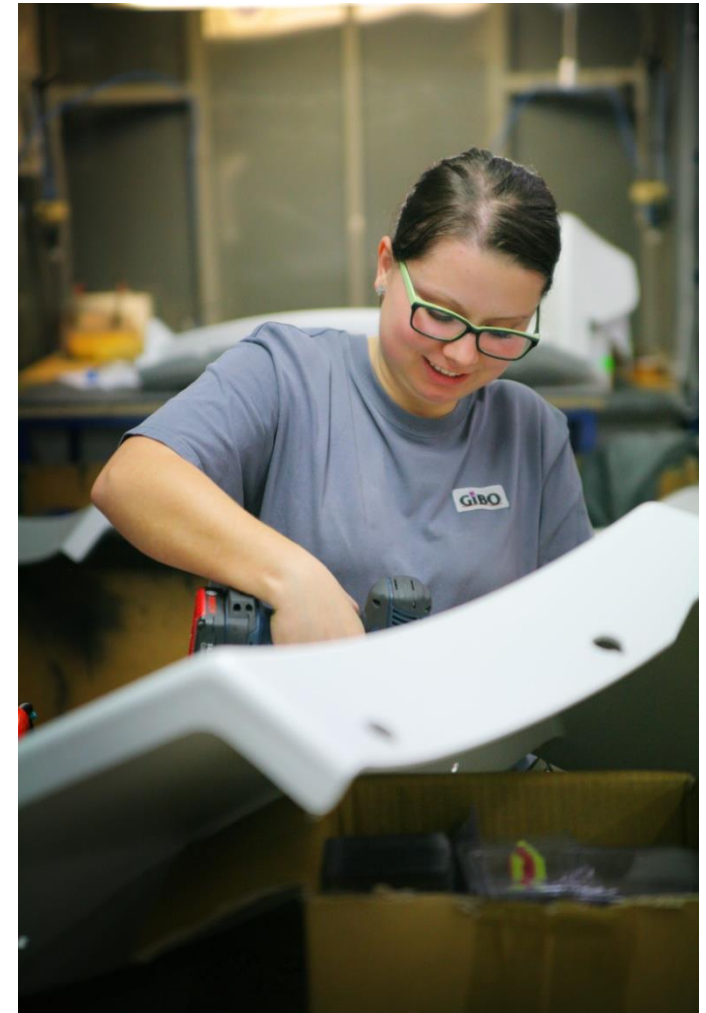


Cleantech



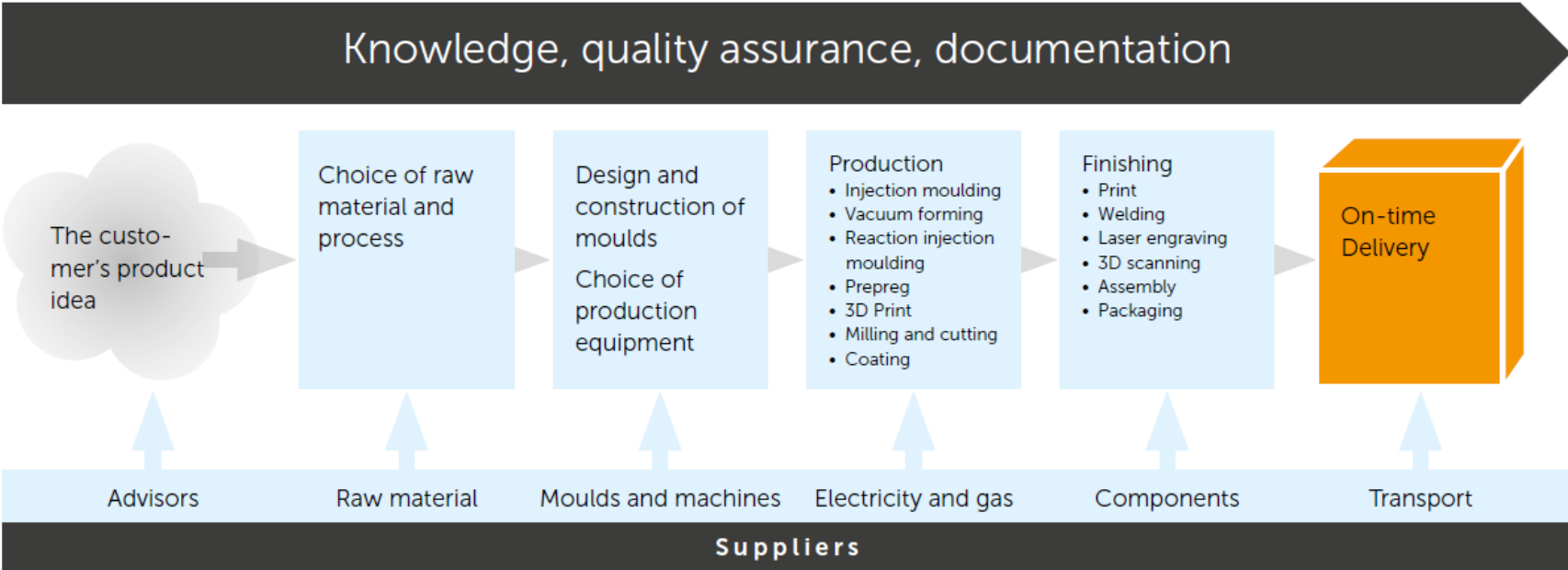
2015 in highlights

- Developing new projects and solutions for customers in the cleantech and automotive industries expected to lift sales and earnings in 2016 and onwards
- Took over Scnavakuum activities in Q1 2015
- Activities transferred to Gibo's existing facilities in Denmark and Poland
- Factory at Sorø, Denmark closed and lease terminated





SP GROUP'S VALUE CREATION



Further information:

Frank Gad, CEO

SP Group A/S, Snavevej 6-10, DK-5471 Søndersø

Phone: +45 7023 2379 / +45 3042 1460

E-mail: fg@sp-group.dk

www.sp-group.dk