



Q1 2020

Presentation by CEO Frank Gad
26 May 2020

AGENDA



- SP Group in brief
- Highlights Q1 2020
- Financial results 2019 and Q1 2020
- Outlook for 2020
- Going towards 2022
- 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 2020 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, epidemics and pandemics, 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

88 countries



Subsidiaries in

11 countries on
3 continents



Average number of employees increased
in 2019 from 1,994 to

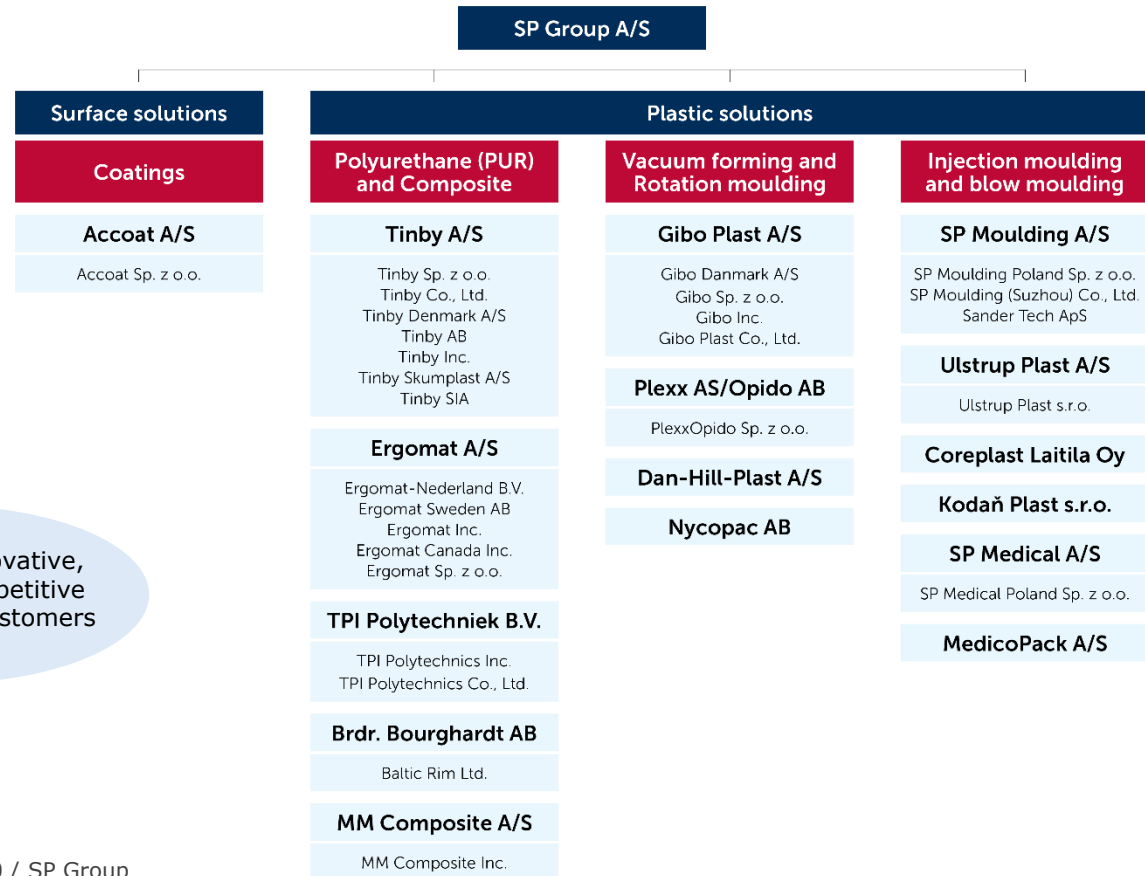
2,114 committed
employees





SP GROUP – AN OVERVIEW

- Manufacturer of moulded plastic and composite components and performs coatings on plastic and metal components
- 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, China, the USA, Latvia, Slovakia, Sweden, Finland and Poland



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



HIGHLIGHTS Q1 2020



HIGHLIGHTS Q1 2020 / 1

In Q1 2020, revenue increased by 3.2% to

DKK **546.4m**



In Q1 2020, revenue from own brands fell 1.5% to

DKK **114.9m**



In Q1 2020, EBITDA increased by 2.9% to

DKK **87.9m**



In Q1 2020, EBITDA margin unchanged 16.1%

16.1%

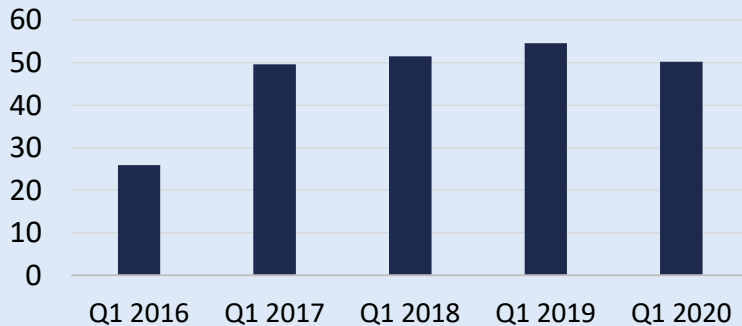




HIGHLIGHTS Q1 2020 / 2

In Q1 2020, Profit before tax fell by 8.0% i 1. kvartal 2020 to DKK 50.2m

DKKm



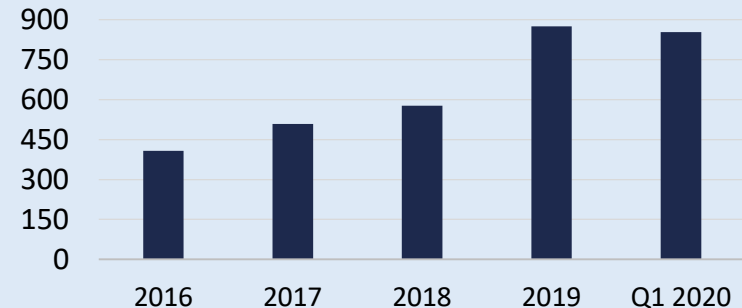
In Q1 2020, EPS, diluted fell by 8.7% to DKK 3.47

DKK



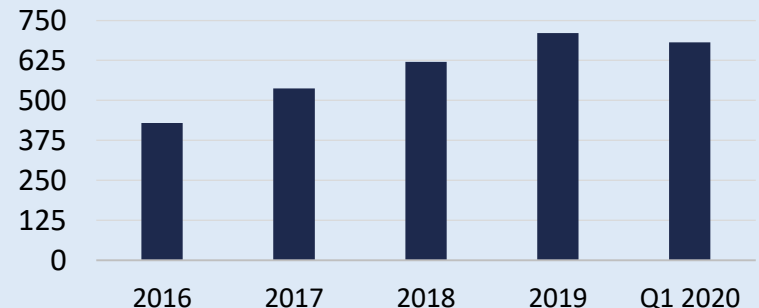
End March 2020, net interest-bearing debt (NIBD) fell by DKK 22.4m to DKK 853.3m

DKKm



In Q1 2020, equity attributable to equity holders fell by DKK 28.7m to DKK 681.7m

DKKm





ACQUISITION OF DAN-HILL-PLAST A/S

- SP Group acquired Dan-Hill-Plast on 30 April 2020
- The total price including takeover of debt (enterprise value) was DKK 65m
- The buyer is Gibo Plast
- Expected EBITDA of DKK 12-13m p.a.
- The acquisition of this well-running company within rotational moulding of technical plastics and production and sales of fenders for ships and boats accelerates the growth of SP Group
- The owners, Peder and Lone Madsen, stay on in the management of Dan-Hill-Plast
- Lars Bering becomes new Managing Director
- Frank Gad becomes new Chairman

About Dan-Hill-Plast (DHP)

- DHP is an advanced rotational moulding company with production and assembly in Hornsyld, Denmark
- DHP has roots back to 1957 where Else and Ejnar Madsen founded DHP
- DHP is one of the leading companies within rotational moulding in Scandinavia with an export share of approx. 40% of the revenue
- DHP manufactures parts for demanding companies in many different industries
- DHP develops, manufactures and sells own products in the form of fenders under the brand Dan-Fender, worldwide
- Certified according to ISO9001
- DHP owns a modern plant of approx. 12,000 sqm, and the premises will be taken over by SP Group separately





FINANCIAL RESULTS 2019 AND Q1 2020

GROUP FINANCIAL HIGHLIGHTS 2019

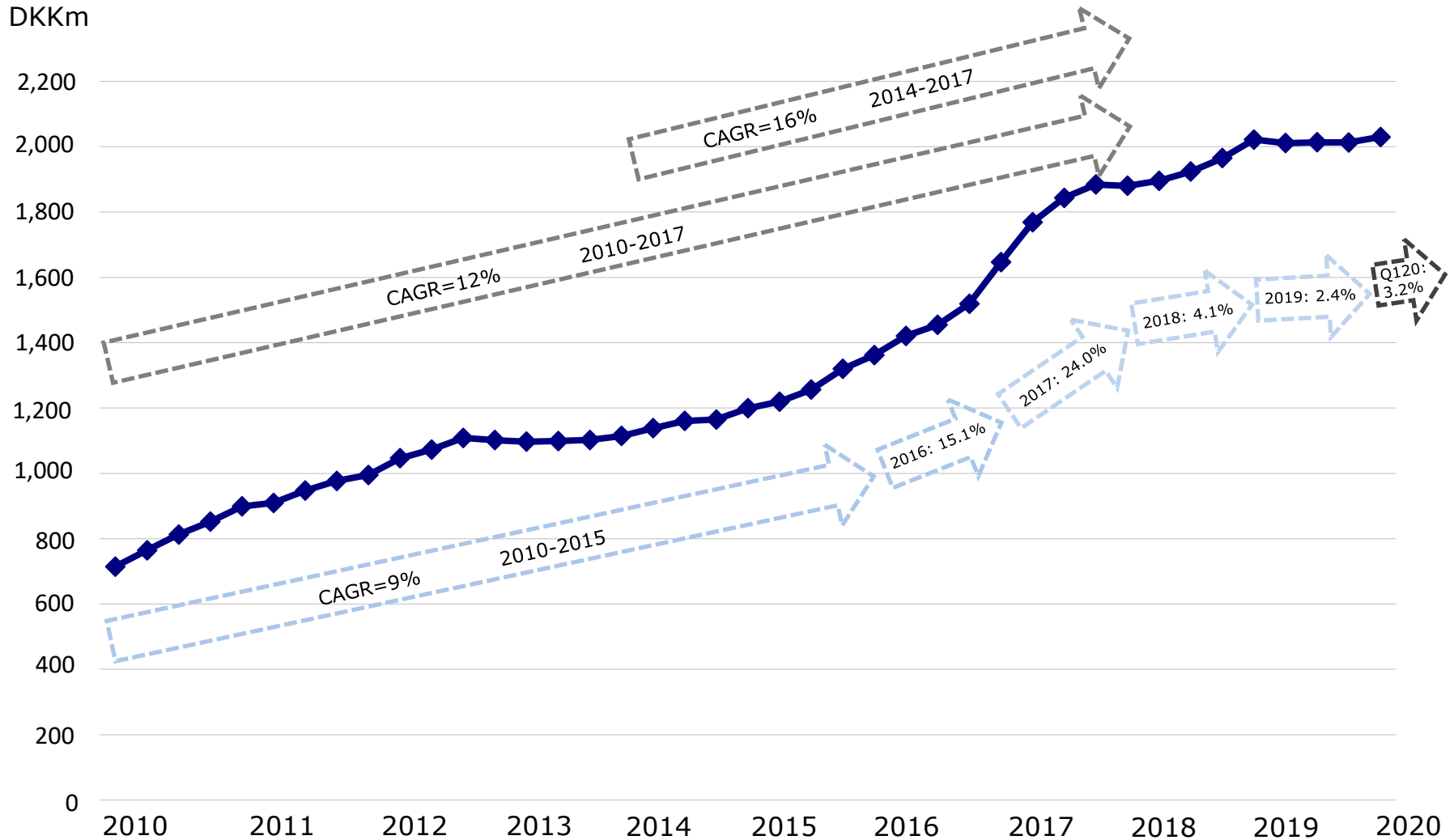


DKKm	2019*	2018	2017	2016	2015	2014	2013
Revenue	2,012.9	1,965.0	1,884.1	1,519.0	1,319.8	1,164.9	1,102.1
EBITDA	307.5	285.6	275.0	202.9	162.8	113.5	114.2
EBIT	177.8	195.9	193.5	133.4	90.8	60.2	65.3
Profit before tax	175.4	200.1	175.7	122.6	80.7	51.5	50.2
Equity	710.4	620.0	537.7	429.0	393.6	276.4	252.3
Cash flows from operations	158.6	173.4	180.8	140.4	171.7	64.1	66.9
Cash flows from investments	-180.2	-124.7	-204.8	-80.1	-116.3	-67.4	-60.1
Cash flows from financing activities	8.8	-62.9	45.9	-50.3	-40.9	4.6	-11.1
Change in cash and cash equivalents	-12.7	-14.2	21.9	10.0	14.5	1.3	-4.3
NIBD	875.7	576.6	509.1	407.7	403.4	467.2	430.0
Equity ratio, %	34.5	37.8	35.5	35.7	36.5	29.3	28.5

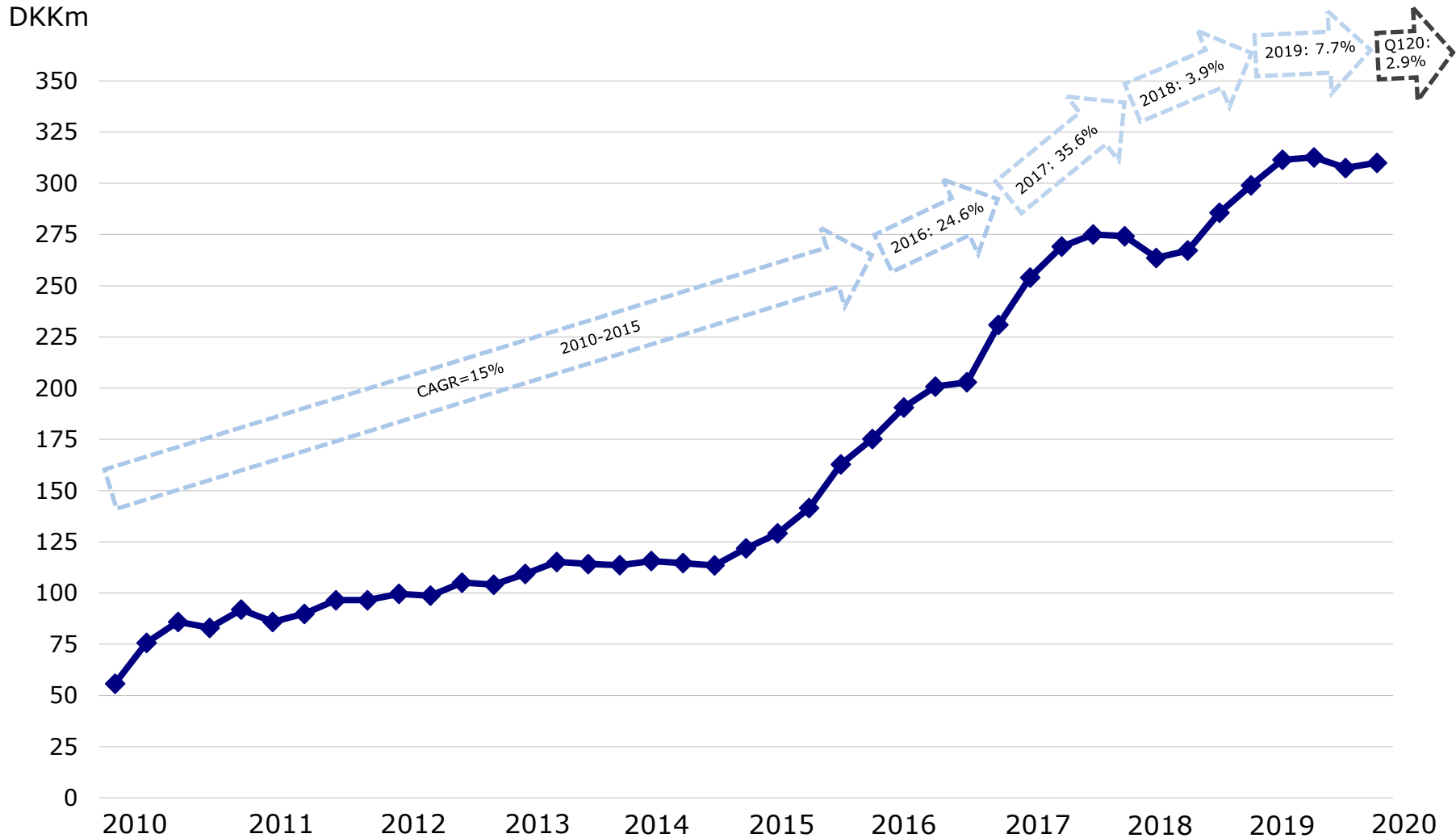
* Prepared in accordance with IFRS 16



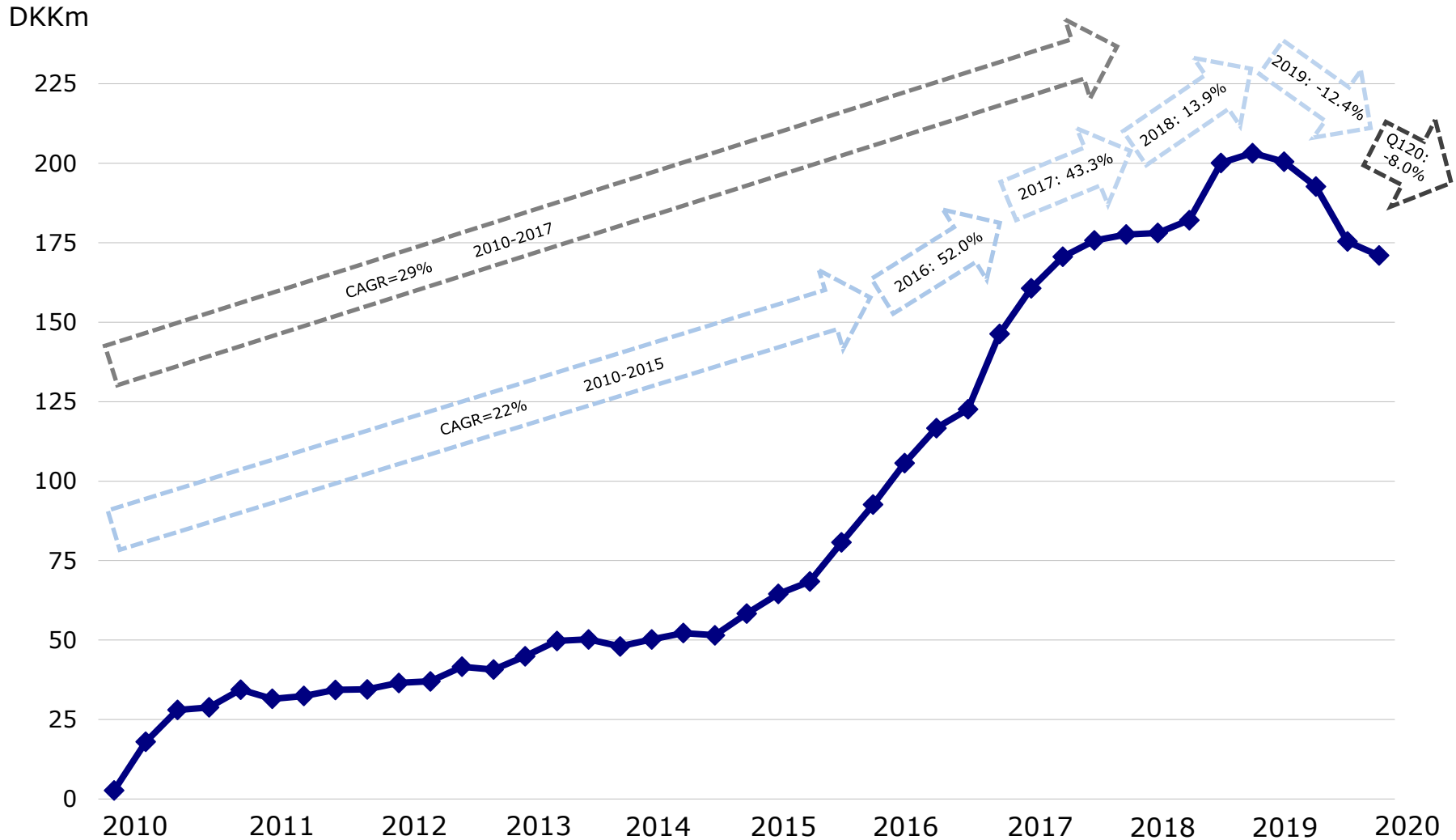
REVENUE 2010 – Q1 2020



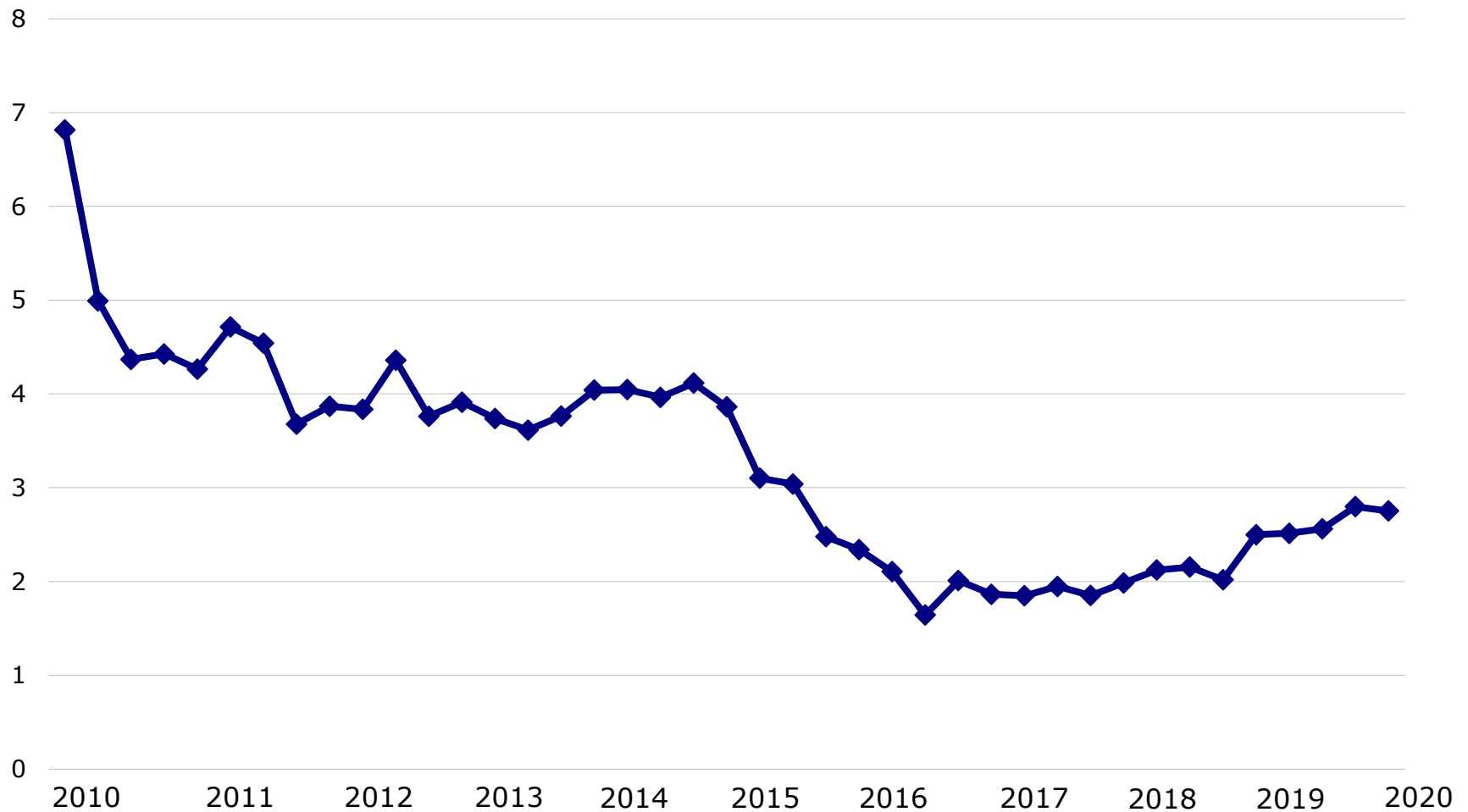
EBITDA 2010 – Q1 2020



EBT 2010 – Q1 2020



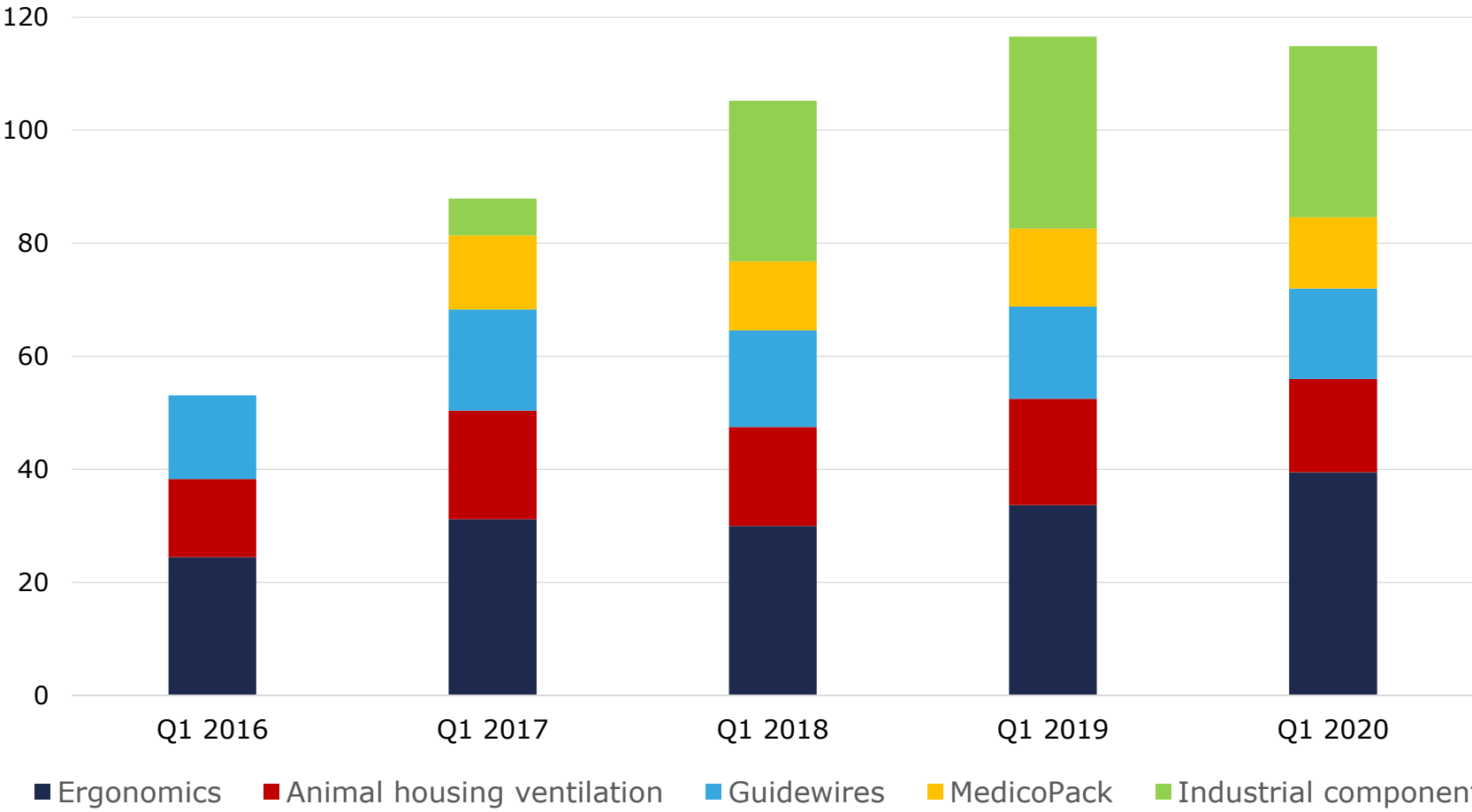
NIBD/EBITDA 2010 – Q1 2020





REVENUE FROM OWN BRANDS

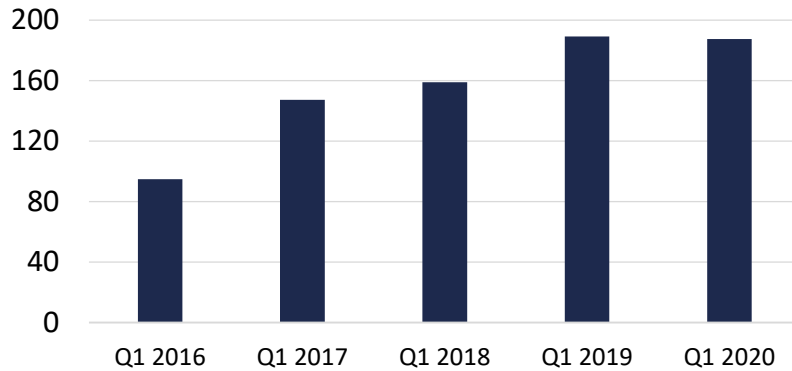
DKKm



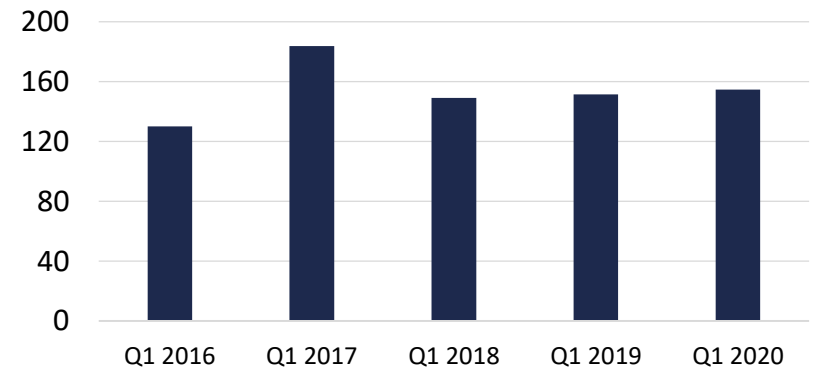


REVENUE SPLIT BY PRODUCT AREA

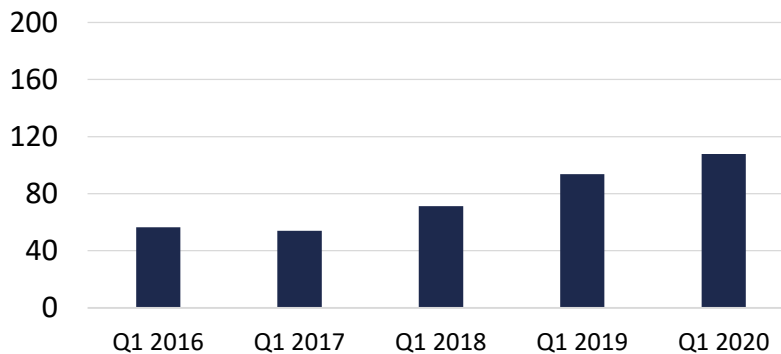
Revenue cleantech industries in DKKm



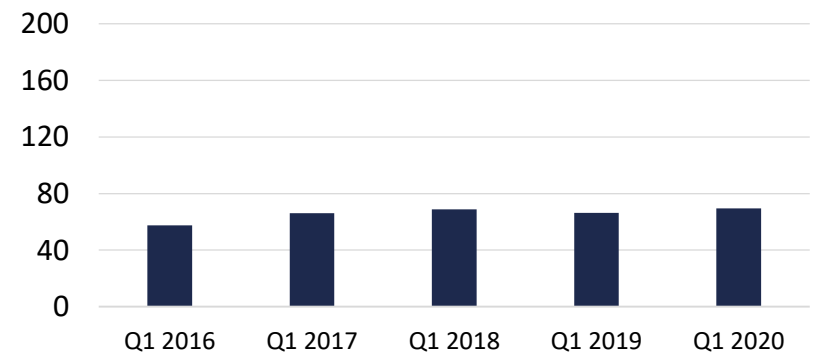
Revenue healthcare products in DKKm



Revenue other demanding industries in DKKm

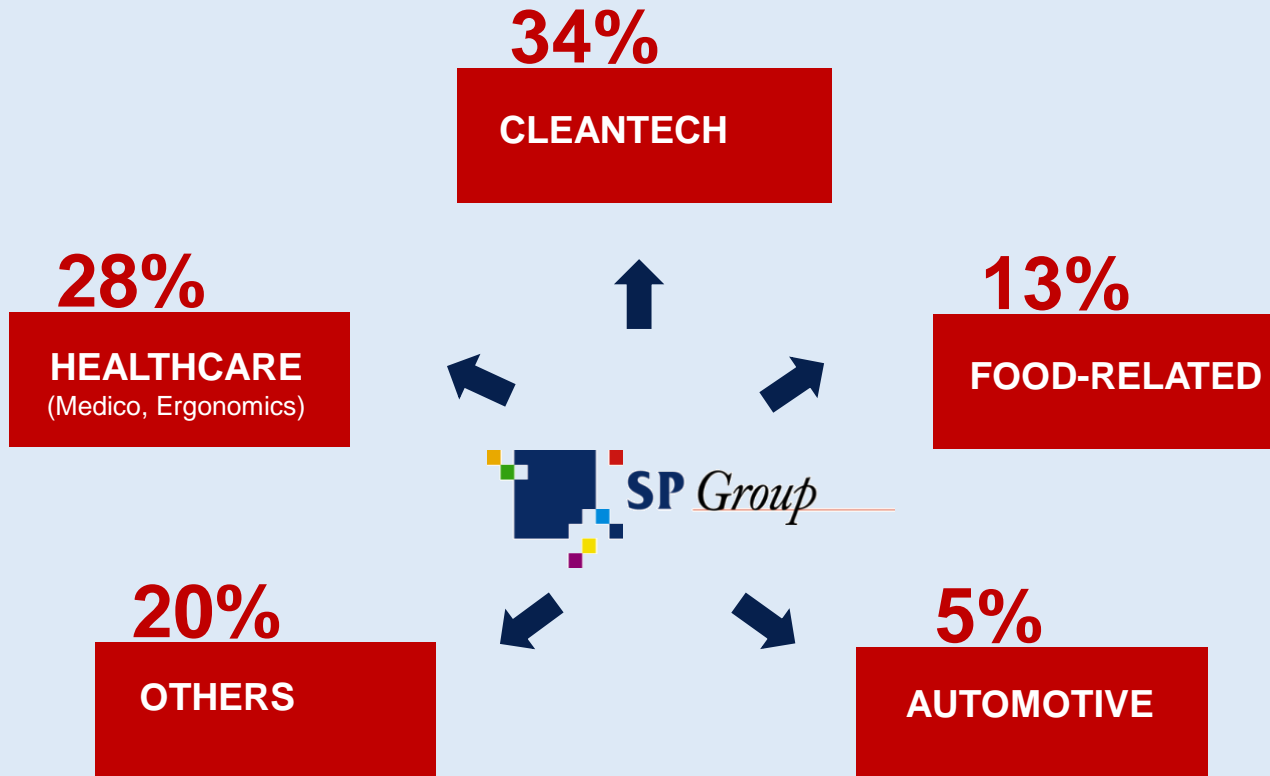


Revenue food-related industries in DKKm





REVENUE BY CUSTOMER GROUPS IN Q1 2020



As of 31 December 2019:

- A total of more than 1,000 customers
- The largest customer accounts for 17% (2018: 18%)
- The 10 largest customers account for 50% (2018: 51%)
- The 20 largest customers account for 61% (2018: 61%)



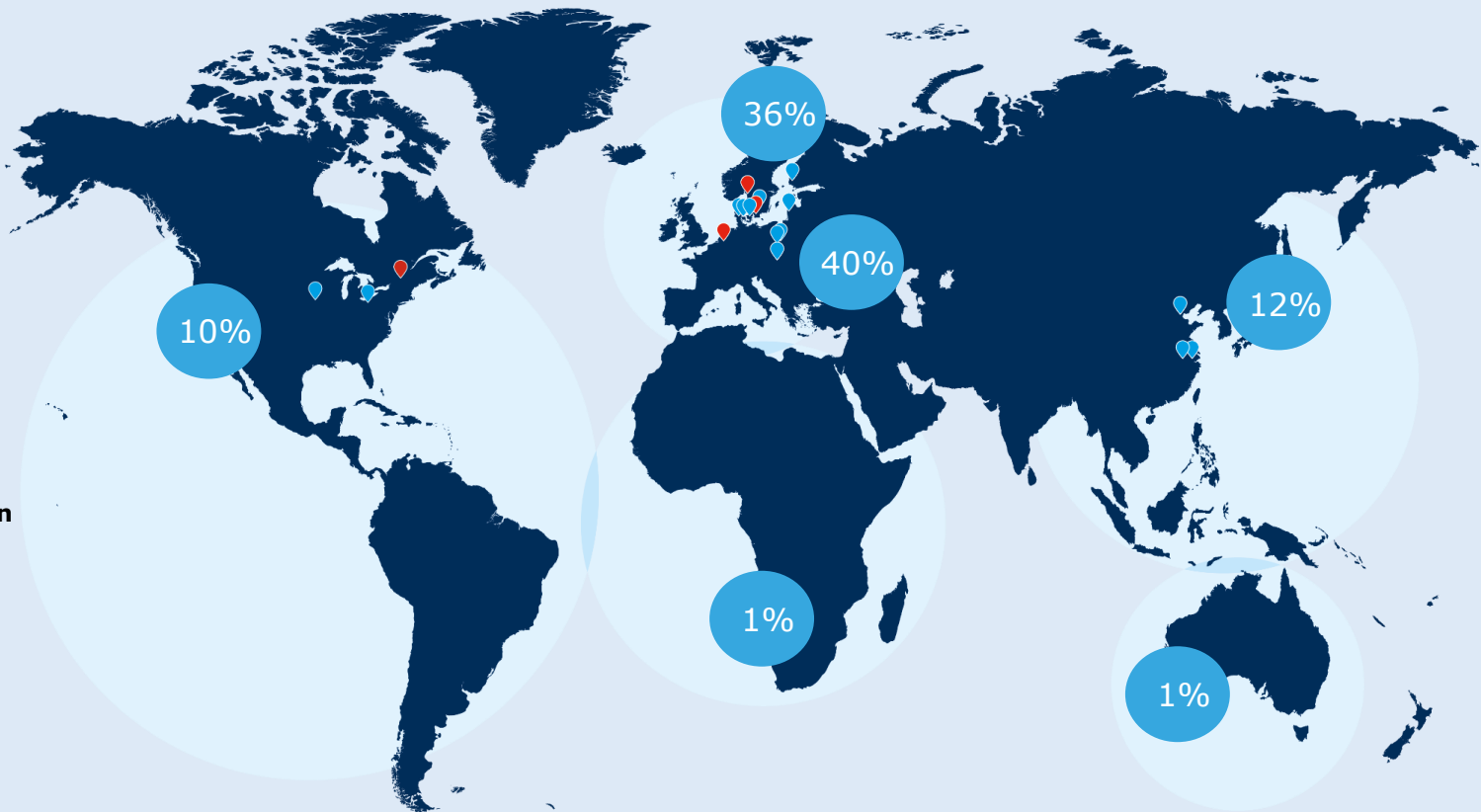
SP GROUP'S GLOBAL PRESENCE

Sales and production

- Denmark (11)
- Poland (6)
- China (3)
- US (2)
- Latvia (1)
- Slovakia (2)
- Sweden (1)
- Finland (1)

Sales and distribution

- Netherlands (1)
- Sweden (3)
- Canada (1)
- Norway (1)



Percentage distribution is based on 2019 Accounts

ACQUISITIONS SINCE 2014



Our strategy has been to make acquisition, when we can create additional value by applying our capabilities

This is especially true when the acquisition's capabilities can improve our existing business or create new platforms for growth



INTERNATIONALISATION

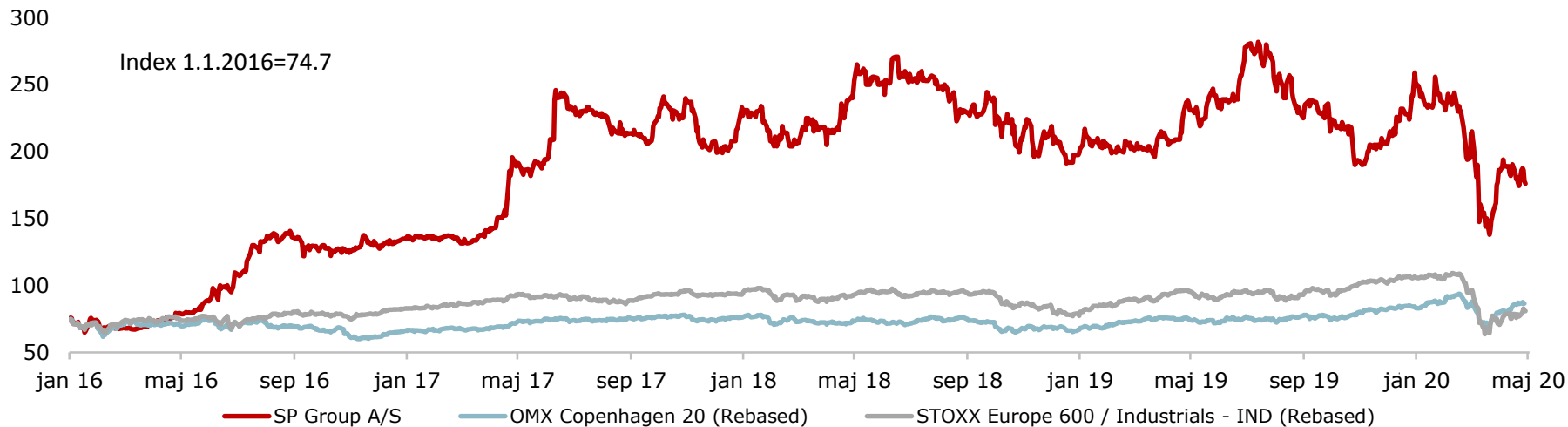


	2005	2010	2015	2019	Q1 2020	2022E
Share of sales outside Denmark	37%	46%	54%	64%	68%	~70%
Share of employees outside Denmark (avg)	23%	50%	64%	72%	73%	~75%
Number of factories outside Denmark	2	6	12	17	16	16
Total number of factories	18	15	20	27	27	27

SHARE PRICE PERFORMANCE



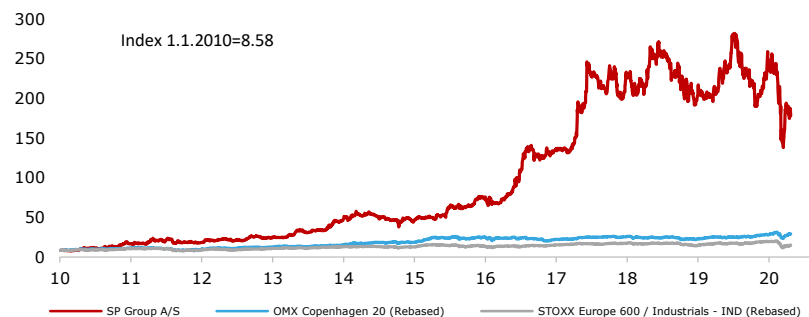
Share price performance from 1 January 2016 to 30 April 2020



Source: FACTSET

- Share capital DKK 22.78m
- All shares have equal rights
- Dividends to the shareholders of DKK 0 in 2020 (2019: DKK 2.40)
- Share buy-back program terminated 10 April 2020. No new share buy-back program has been launched
- 1 January 2018 Mid Cap company
- May 2018 share split in the ration 1:5

Share price development from 1 January 2010 to 30 April 2020



Source: FACTSET



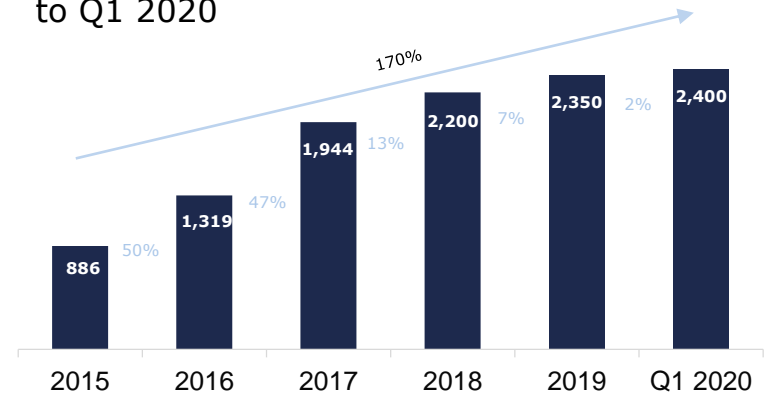
SHAREHOLDERS

December 2015: approx. 886 shareholders

April 2020: approx. 2,400 shareholders

Or up by 170% in the period

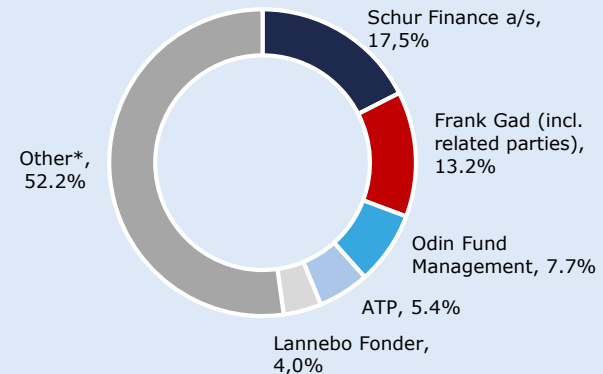
Development shareholders from 2015 to Q1 2020



Among the largest shareholders are:



Shareholder information as per April 2020:



* Approx. 9.8% of 'Others' include the Board of Directors and Executive Management, therefore management amounts to approx. 40.6%



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)

GROUP FINANCIAL HIGHLIGHTS Q1 2020



DKKm	Q1 2020	Q1 2019	Growth	2019
Revenue	546.4	529.6	+3.2%	2,012.9
EBITDA	87.9	85.4	+2.9%	307.5
EBIT	53.8	55.1	-2.4%	177.8
Profit before tax	50.2	54.6	-8.1%	175.4
Equity	681.7	656.4	+3,9%	710.4
Cash flows from operations	79.6	37.3		158.6
Cash flows from investments	-23.7	-24.3		-180.2
Cash flows from financing activities	-30.1	-8.0		8.8
Change in cash and cash equivalents	25.8	5.1		-12.7
NIBD	853.3	747.2		875.7
Equity ratio, %	32.9	35.7		34.5



EFFECT OF IFRS 16 FOR 2019

Financial statement items	Effect	Effect	Description of effect
Revenue	→		No change
OPEX		Decrease of DKK 34.1m	Decreased as operating lease payments are recognised as depreciation and interest expenses
EBITDA margin	↑	Increase of 1.7%	Significant increase due to lower costs (decrease in rental expenses)
Depreciation/Amortisation		Increase of DKK 28.5m	Increases due to depreciation on capitalised right-of-use assets
EBIT	↑	Increase of DKK 5.6m	Increase in EBIT as part of the rental expenses is recognised as interest expense
Financial expenses		Increase of DKK 7.3m	Increase due to interest expenses on lease commitments
Corporation tax	→		No significant changes
Net profit	↓ ↻ →	Decrease of DKK 1.7m	Minor decrease due to "front loading" of interest expenses
NIBD	↑	Increase of DKK 141.8m	Net interest-bearing debt has increased due to recognition of lease liabilities
Free cash flows	↑	Increase of approx. DKK 34.1m	Increased as operating lease payments are reclassified from cash flows from operating activities to cash flows from financing activities
Assets	↑	Increase of approx. DKK 140.1m	Capitalised user rights
Liabilities	↑	Increase of approx. DKK 141.8m	Recognition of future lease payments

At the beginning of the year, two leased properties were included which were acquired at a price of DKK 24 million.



**Plastics drive innovation,
improve quality of life,
facilitate resource
efficiency and climate
protection**

OUTLOOK FOR 2020

OUTLOOK FOR 2020



- The global economy will hardly grow in 2020, and it is still fragile and associated with political and economic uncertainty
- Due to the spread of the Corona virus and the actions taken by the Authorities, our level of activities and cash flows in the coming months are subject to great uncertainty
- At present, we are therefore unable to reliably state our expectations for revenue and earnings in 2020. We are short of well-functioning markets
- We hope for opportunities to acquire good companies at reasonable prices



A large, ornate hall with a glass dome and rows of blue chairs. The hall features a high, arched ceiling with a central circular skylight and a grid of glass panels. The walls are decorated with intricate carvings and a series of small, glowing lights along the arches. The floor is a light-colored carpet, and the room is filled with rows of blue chairs, suggesting a formal event or presentation.

GOING TOWARDS 2022

2022 AMBITION / 1










- Customer focus and organic growth
- Proprietary products to make up a greater proportion of sales: 25-30% by 2022 from 20.8% in 2019
- "Buy and build"; acquisitions, preferably proprietary products (as Dan-Hill-Plast)
- 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**



2022 AMBITION / 2



	2017	2019		2022 ambition*
Revenue	DKK 1,884m	DKK 2,013m	+ 12-16% yearly 	DKK 3.3-4.0bn
EBITDA	14.6%	15.3%	+ 2 percentage points 	16-17%
EBT	9.3%	8.7%	+ 2-3 percentage points 	10-12%
EBT	DKK 176m	DKK 175m		DKK ~400m
NIBD/EBITDA	1.9	2.8	 2-4 	2.5-3.5
Equity ratio	35.5%	34.5%	 25-45 	35-40%

* Ambition in 2022 or later



UN'S SUSTAINABLE DEVELOPMENT GOALS



- We are working actively with the UN Sustainable Development Goals – read more at pp. 39-47 in our Annual Report 2019

PLASTIC WASTE IN OUR ENVIRONMENT AND OUR OCEANS



Waste left in our environment and in our oceans constitutes a serious problem for all living beings on this planet

SP Group does **NOT** produce:

- Plastic bags
- Plastic cutlery
- Cotton buds
- Plastic straws
- Disposable plastic bottles or caps

- Plastics have no place in the environment. It is a resource that should be recycled and used sensibly

- As a member of the Danish Plastics Federation, we work proactively to be a part of the solution



HOUSEHOLD WASTE CAN BE RECYCLED INTO NEW FENCING

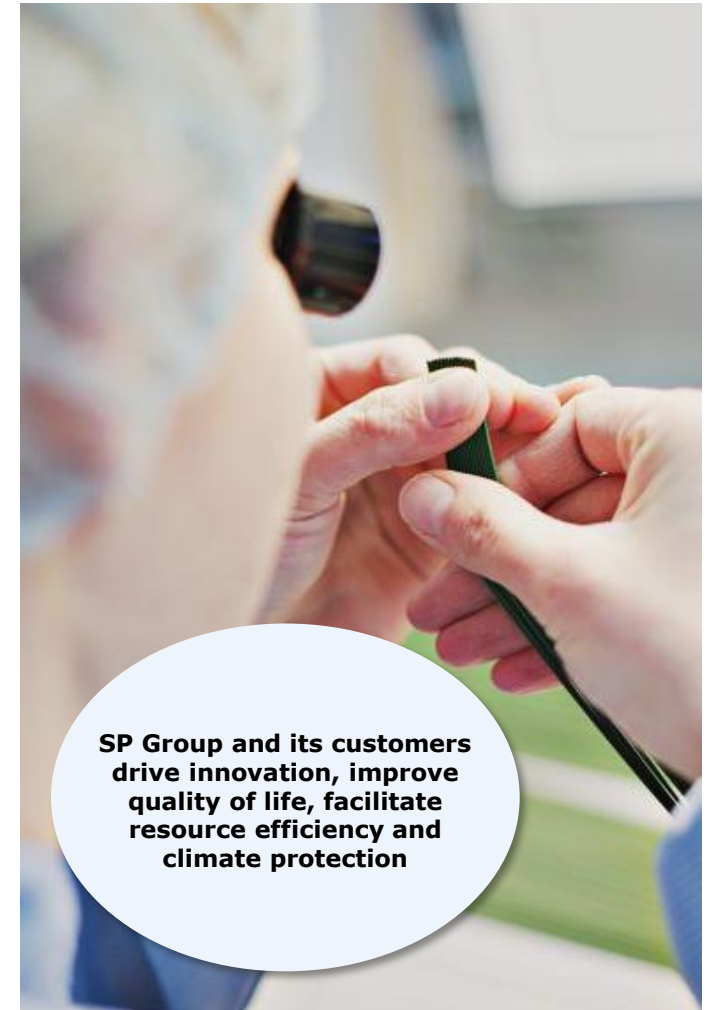


SP GROUP: A PART OF THE SOLUTION, NOT A PART OF THE PROBLEM



SP Group produces technical plastic solutions that contribute to solving the challenges of the future:

- **Cleantech:** Insulation, generating renewable energy, reducing energy consumption, flue gas cleaning, energy meters and water purification
- **Healthcare:** Diagnostic equipment, guidewires, ergonomic solutions, medical packaging and drug delivery devices
- **Food industries:** Farm ventilation equipment, processing equipment, analytical devices, food storage, cooling, eco-friendly coating solutions that make cleaning easier
- **Automotive industry:** Lighter and more energy-efficient vehicles where plastics replace metal
- Only 5% of the world's current oil consumption of about 100 million barrels per day is applied for producing plastics
- After use, plastics can be recycled or combusted without loss of calorific value



Q&A SESSION





APPENDIX

SURFACE SOLUTIONS



- Accoat develops and produces environmentally-friendly technical solutions involving fluoroplastics (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) and Sieradz (PL)





2019 in highlights

- New tasks in the food industry
- More tasks in the medical device industry
- 2019 was the year when production of a customer-owned product was phased out and production shut down – product reached the end of its life cycles
- In the remaining part of Accoat Danmark, the level of activities was high
- Accoat was downsized, but still able to meet demand within advanced fluoroplastic coatings
- Focus on high-build core competencies non-stick, low friction and corrosion protection
- Expect total demand for coatings will increase in future
- Accoat has been approved by the Danish Veterinary and Food Administration to manufacture food contact materials
- In 2019, Accoat has coated production equipment which is used for the manufacturing of Grøn Brint (Green Hydrogen). Green Hydrogen is produced by splitting of water using excess current from wind turbines. It is the vision to store energy from excess current from wind turbines

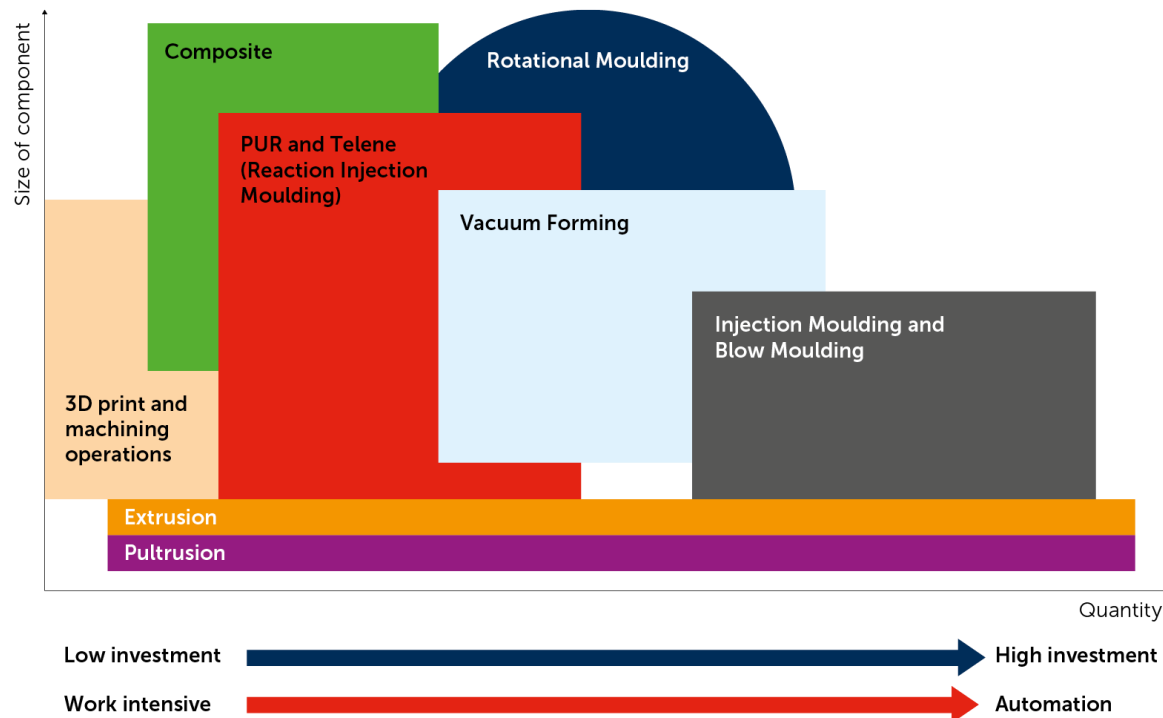


PLASTIC SOLUTIONS



Plastic businesses include:

- **Injection Moulding and Blow Moulding:** SP Moulding, Sander Tech, Coreplast, Ulstrup Plast, SP Medical and MedicoPack
- **Polyurethane (PUR) and Composite:** Ergomat, Tinby, TPI Polytechnik, Bröderna Bourghardt and MM Composite
- **Vacuum Forming, Rotational Moulding and Processing:** Gibo Plast, Plexx Opido, Nycopac, Kodaň Plast and Dan-Hill-Plast





INJECTION MOULDING & BLOW MOULDING / 1

- SP Moulding, Sander Tech, Coreplast and Ulstrup Plast manufactures advanced plastic precision components for a wide range of industries
- SP Moulding and Ulstrup Plast are producers of technical plastic devices and perform assembly work. 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, Coreplast and Ulstrup Plast have more than 475 injection moulding machines at their disposal with a clamping force ranging from 25 tonnes to 1500 tonnes
- SP Moulding, SP Medical, Coreplast and Ulstrup Plast also provide two- and three-component plastic solutions including more than 40 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), Laitila (FIN), Pobedim (SK) and Suzhou (CN)



2K moulding



Technical plastics



Medico



3K moulding



Medico



INJECTION MOULDING & BLOW MOULDING / 2

2019 in highlights

- Global progress
- Many new tasks
- **SP Moulding, Sander Tech, Ulstrup Plast and Coreplast** saw a healthy entry of a number of new customers in Europe, the Americas and Asia
- **SP Medical** entered into a number of new agreements with both new and existing customers in the medical device industry
- Considerable amounts were invested in new state-of-the-art production equipment
- **SP Moulding, SP Medical and Ulstrup Plast** have entered into agreements to purchase injection-moulding machines for delivery in 2020 – the machines will be used to expand activities with existing customers
- **MedicoPack** exports approx. 90% of its products and large investments have been initiated to keep up with developments





POLYURETHANE & COMPOSITE / 1

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

Ergomat develops 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 as well as laminated plastics and elastomer for e.g. the graphics, medical device, furniture and cleantech industries as well block foaming solutions, and manufactures light-foam products and other plastic solutions primarily for the cleantech industry. Global leader in the market for hard rollers.



Wind turbines



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 manufactures large plastic parts in DCPD (Telene) and composite for heavy vehicle, wind energy and satellite communication industries. Scandinavia's leading manufacturer of Telene® products.



Plastic part in Telene

MM Composite develops and sells high-quality composite components to cleantech and other industries. The products are manufactured using different production technologies such as hand lay-up and vacuum infusion



Wind turbines



Glass fibre



POLYURETHANE & COMPOSITE / 2

2019 in highlights

- Higher activities
- New products
- Expansion in the Netherlands, Poland, USA, China and Latvia
- **Ergomat** reported handsome results in 2019
- **Tinby** expanded its capacity to support global growth
- **TPI** reported further positive developments on the North American markets in 2019. The Asian markets also developed positively, whereas the European market was stable. New products will be launched in several markets in 2020
- **Brdr. Bourghardt** focused on large sales projects in 2019. Some of them have not yet been realised and combined with a less advantageous product mix 2019 slightly weaker than 2018
- **MM Composite** established a new production line in its American factory. The global consolidation in the wind turbine industry meant new challenges and opportunities



VACUUM FORMING, ROTATIONAL MOULDING, EXTRUSION AND MACHINING / 1



- Gibo Plast and PlexxOpido develop, design and manufacture thermo-formed plastic components for refrigerators and freezers, buses and cars (automotive) as well as in the medical device, lighting equipment and cleantech industries
- Gibo Plast is both specialised in traditional vacuum forming and the state-of-the-art forming methods High-pressure and Twinsheet
- Opido is also specialised in ORS (Opido Reinforced System) with fortified and sound-absorbing vacuum-formed components as well as laser cutting and hot bending
- Kodaň Plast is specialised in rotation and milling of plastic materials as well as bending, bonding and welding of plastics
- Nycopac develops, designs and sells plastic packaging solutions for industrial transportation
- Dan-Hill-Plast is specialised within rotational moulding of technical plastics and production and sales of fenders for ships and boats
- Market leader in Scandinavia
- Locations: Skjern and Hornsyld (DK), Ljungby (SE), Fredrikstad (N), Sieradz (PL), Nyköping (SE), Zilina (SK), Mt. Pleasant (USA) and Tianjin (CN)



Vacuum forming



Furniture



Appliance



Cleantech



Dan-Fender

VACUUM FORMING, ROTATIONAL MOULDING, EXTRUSION AND MACHINING / 2



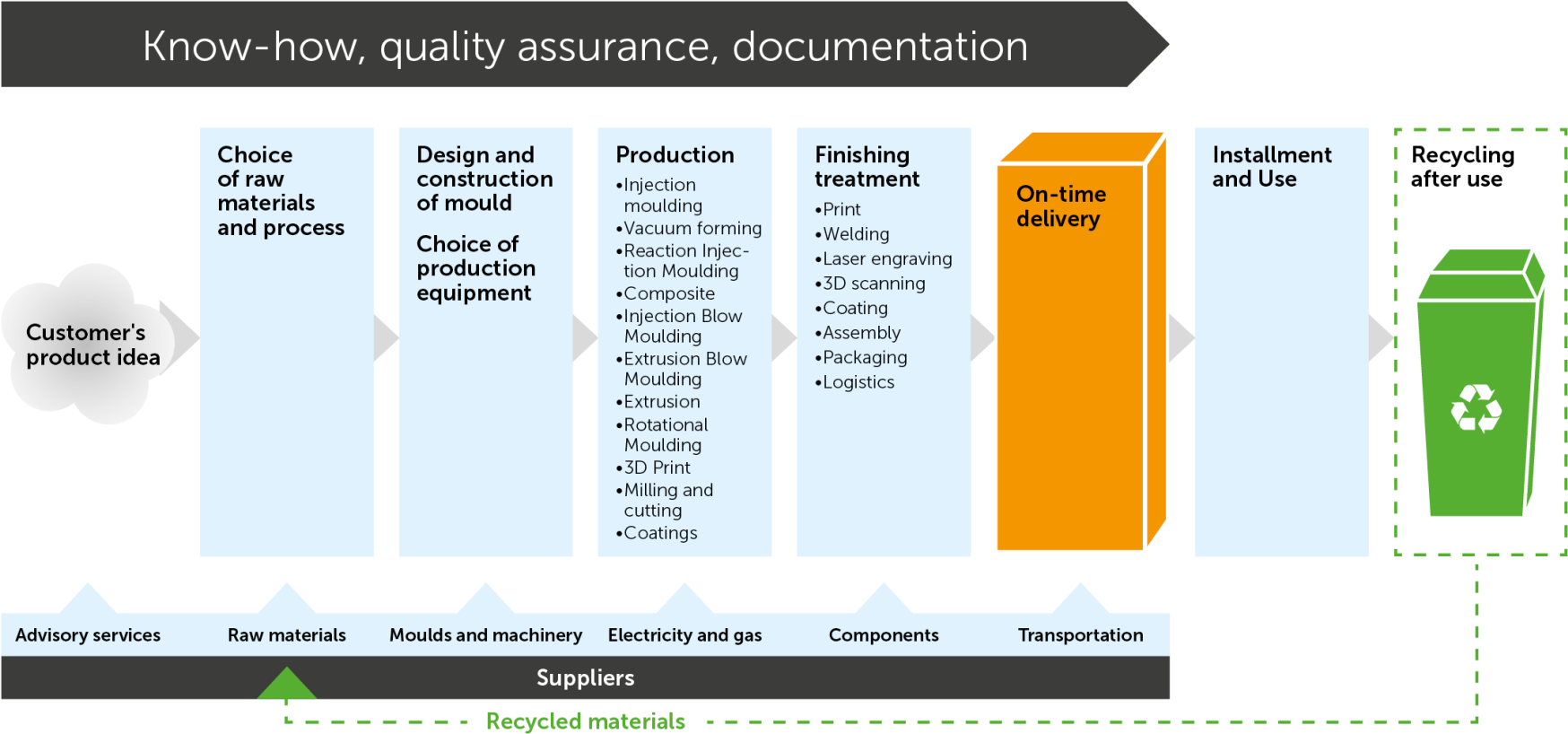
2019 in highlights

- New tasks in several industries
- Establishment in USA and China
- Integration of Nycopac AB in Sweden and Kodaň Plast s.r.o. in Slovakia
- **Gibo Plast** and **PlexxOpido** have succeeded in ensuring an improvement in operating profit and activities
- Intensely work on implementing efficiency-enhancing measures in Denmark, Sweden, Norway and Poland
- Large amounts and many efforts were invested in strengthening the expertise in the production of tools for prototype devices and production of vacuum-formed plastics
- Better and more effective servicing of existing and new customers by reducing time-to-market in connection with new plastic components
- ORS competence gained
- Lower costs and improved results of operations





SP GROUP'S VALUE CREATION



Yderligere informationer:

Frank Gad, adm. direktør
SP Group A/S, Snavevej 6-10, 5471 Søndersø
Telefon: 7023 2379 / 3042 1460
E-mail: fg@sp-group.dk
www.sp-group.dk