

FIRST HALF YEAR OF 2015

Presentation by CEO Frank Gad
20 August 2015



AGENDA



- SP Group – an overview
- Results first half of 2015
- Outlook and financial goals
- Business units
- Strategy



Frank Gad

Born 1960, M. Sc.

Career:

Nov. 2004-:

CEO, SP Group A/S

1999-2004:

CEO, FLSmidth A/S

1996-1999:

CEO, Mærsk Container Industri A/S

1985-1999:

Odense Steel Shipyard Ltd.

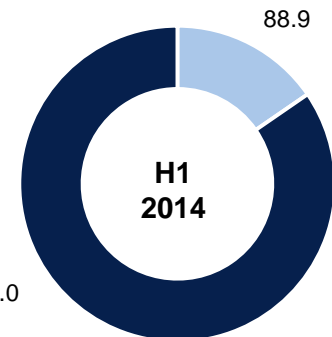
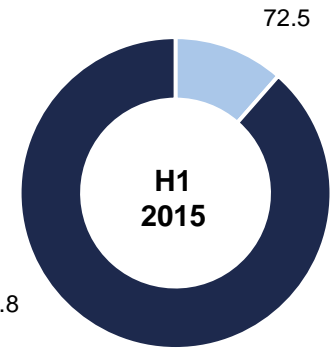
– most recent title: EVP



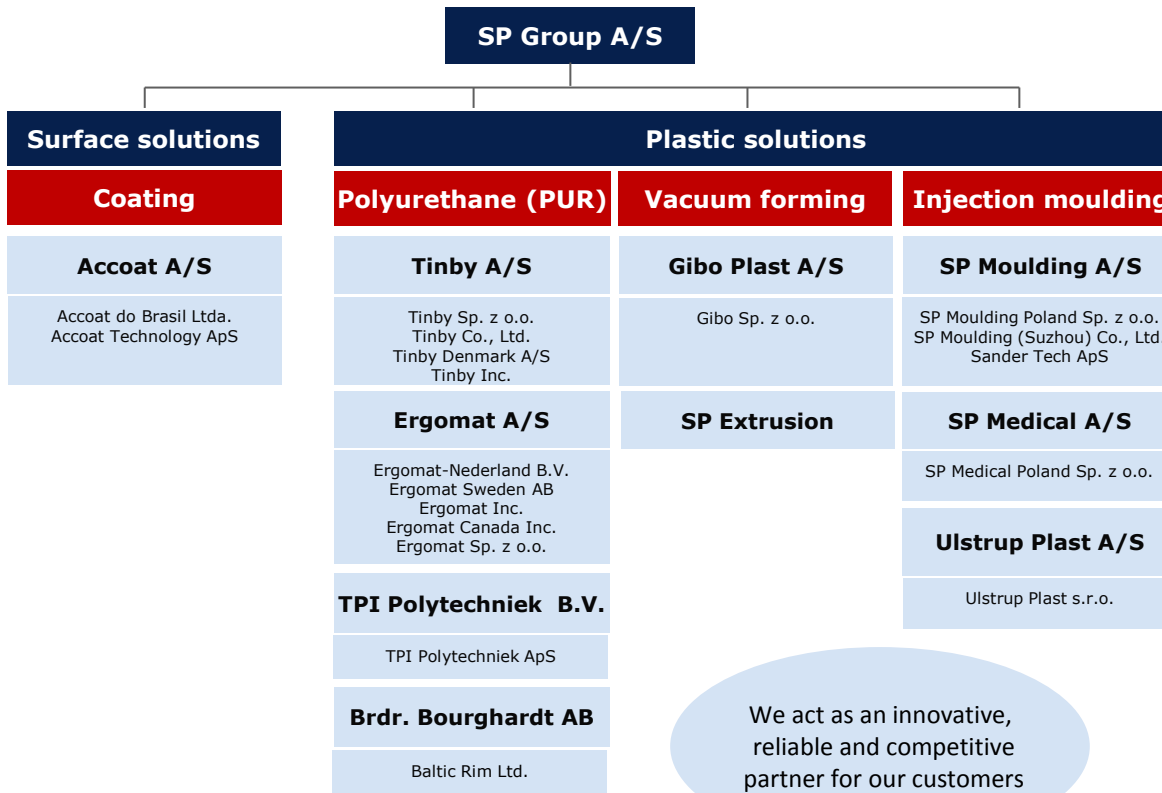
SP GROUP – AN OVERVIEW

- 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 (DKK M)



■ Surface solutions ■ Plastic solutions



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



RESULTS FIRST HALF OF 2015



HIGHLIGHTS H1 2015

- 1 January Acquired activities in Scenvakuum
- 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 expected to total DKK 1.0m, which amount will be recognised in 2015

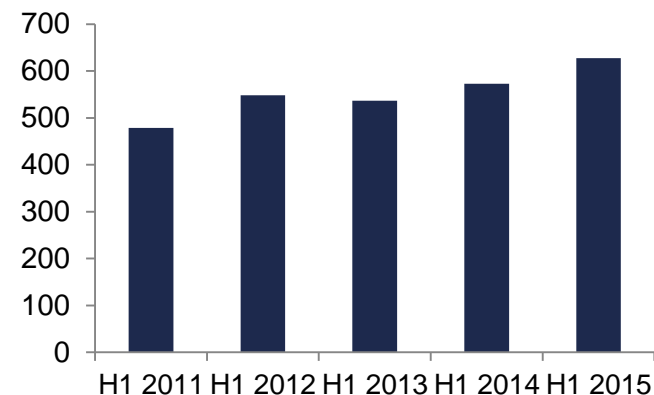


GROUP HIGHLIGHTS H1 2015

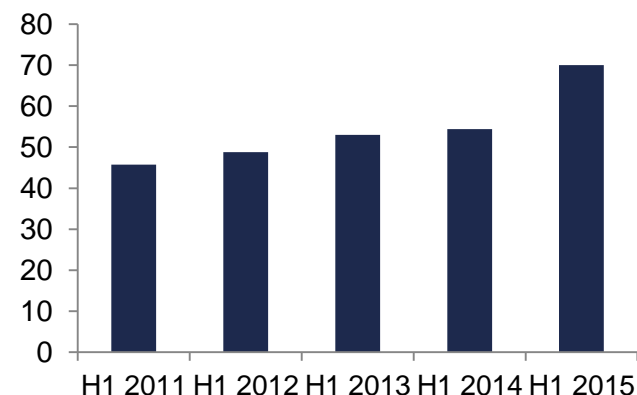


- H1 2015 best half year ever
- Revenue was up by 9.5% to DKK 627.7m against DKK 573.0m in H1 2014
- We continued to increase sales to many of our customers across industries and geographies
- Sales growth in international markets up by 20.8%; sales to Danish customers down by 1.6%
- EBITDA was DKK 70.0m in H1 2015 - up from DKK 54.4m in H1 2014. Earnings impacted by acquisition and integration costs relating to Sander Tech and Scavakuum and by SP Extrusion start-up
- EBITDA margin improved to 11.1% against 9.5% in H1 2014. Q2 EBITDA margin was 11.7%
- EBIT was DKK 38.7m against DKK 27.4m in H1 2014. EBIT margin improved to 6.2% against 4.8% in H1 2014
- Profit before tax and minority interests of DKK 34.2m, up from DKK 21.2m in H1 2014. Q2 2015 profit of DKK 20.3m, up from DKK 14.0m in Q2 2014

Revenue (DKKm)



Operating profit (EBITDA) (DKKm)



GROUP HIGHLIGHTS H1 2015



- The equity ratio was 35.7% at 30 June 2015 (up from 28.2% at 30 June 2014)
- Total assets rose by about DKK 64m due to an increase in gross working capital, the acquisition of shares in Ulstrup Plast, an increase in intangible assets and in property, plant and equipment including the acquisitions of Sander Tech and the activities of Scanvakuum
- Net interest-bearing debt amounted to DKK 400.5m at 30 June 2015 (3.1x EBITDA), against DKK 467.2m at 31 December 2014 and DKK 467.9m at 30 June 2014
- Equity increased due to proceeds of DKK 55.5m from new shares issued and was reduced due to dividends distributed and the acquisition of ownership interest from non-controlling shareholders (acquisition of IFU's ownership interest in SP Moulding China)
- H1 2015 earnings per share (diluted) of DKK 12.57, a 59.7% improvement from DKK 7.87 in H1 2014
- Cash flows from operating activities were DKK 80.8m (H1 2014: DKK 21.5m)
- DKK 50.6m spent on investments, including acquisitions. Ulstrup Plast acquired effective 1 July 2015



GROUP FINANCIAL HIGHLIGHTS H1 2015



DKKm	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Revenue	320.4	300.0	627.7	573.0	1,164.9
EBITDA	37.5	30.4	70.0	54.4	113.5
EBIT	21.7	16.6	38.7	27.4	60.2
Profit before tax and non-controlling interests	20.3	14.0	34.2	21.2	51.5
Equity incl. non-controlling interests			360.3	266.6	276.4
Cash flows from operations	54.8	21.4	80.8	21.5	64.1
Cash flows from investments	-36.9	-13.5	-50.6	-33.2	-64.3
Cash flows from financing	39.0	-7.5	23.6	-22.0	10.0
Change in cash and cash equivalents	56.9	0.4	53.8	-33.7	9.8
NIBD			400.5	467.9	467.2
Equity ratio, incl. non-controlling interests, %			35.6	28.2	29.3

GROUP FINANCIAL HIGHLIGHTS 2014

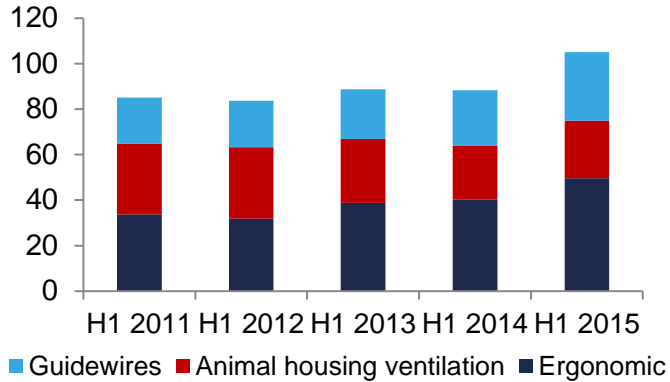


DKKm	2014	2013	2012	2011	2010
Revenue	1,164.9	1,102.1	1,108.5	976.8	851.9
EBITDA	113.5	114.2	105.2	96.5	83.0
EBIT	60.2	65.3	58.1	52.8	41.7
Profit before tax and non-controlling interests	51.5	50.2	41.6	34.3	28.8
Equity incl. non-controlling interests	276.4	252.3	240.1	205.6	190.7
Cash flows from operations	64.1	66.9	100.1	66.9	57.8
Cash flows from investments	-64.3	-60.1	-87.6	-51.9	-46.9
Cash flows from financing activities	10.0	-54.9	0.9	-13.7	47.3
Change in cash and cash equivalents	9.8	-48.1	13.4	1.3	58.2
NIBD	467.2	430.0	395.4	355.0	367.4
Equity ratio, incl. non-controlling interests, %	29.3	28.5	28.7	26.7	25.7

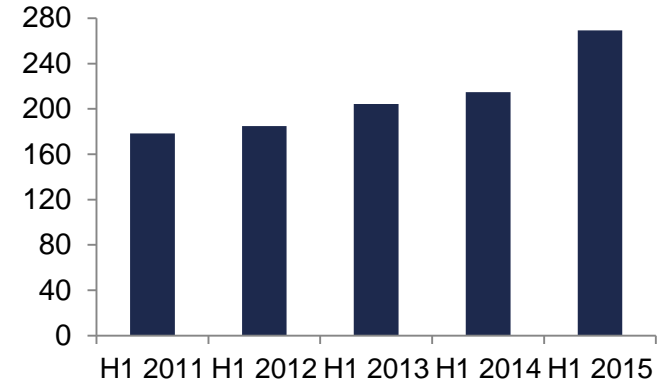


REVENUE SPLIT BY PRODUCT AREA

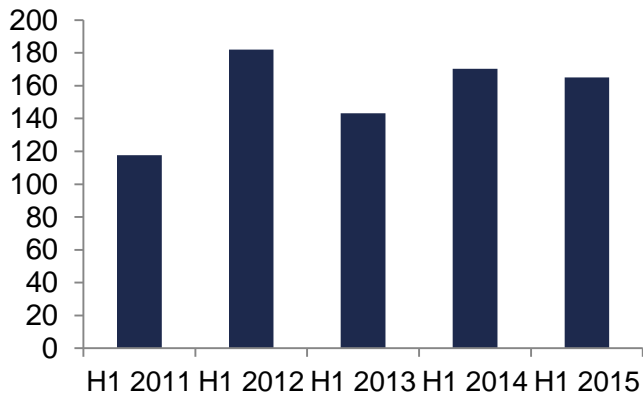
Revenue from own brands (DKKm)



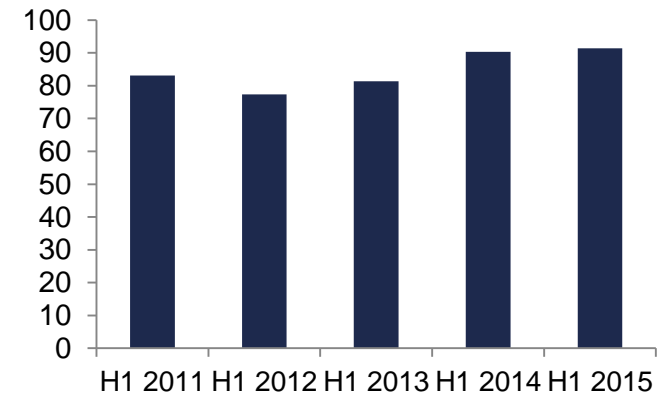
Revenue healthcare products (DKKm)



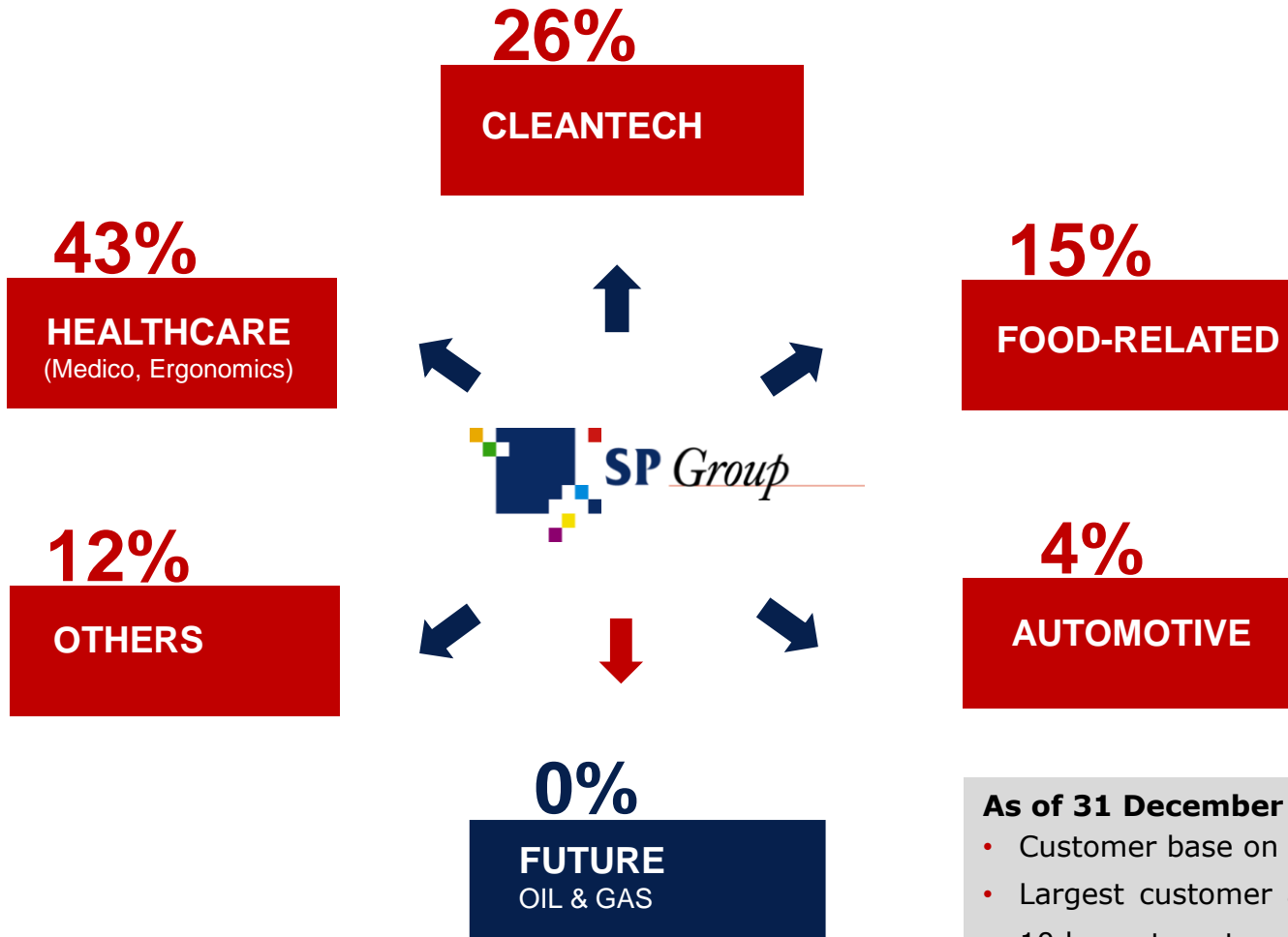
Revenue cleantech industries (DKKm)



Revenue food-related industries (DKKm)



REVENUE BY INDUSTRIAL SEGMENT IN H1 2015



As of 31 December 2014:

- Customer base on about 1000 companies
- Largest customer accounts for 13%
- 10 largest customers account for 52%
- 20 largest customers account for 65%

SP GROUP'S GLOBAL PRESENCE



Production and sales

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

Distribution

- Holland (1)
- Sweden (1)
- Canada (1)



INTERNATIONALISATION

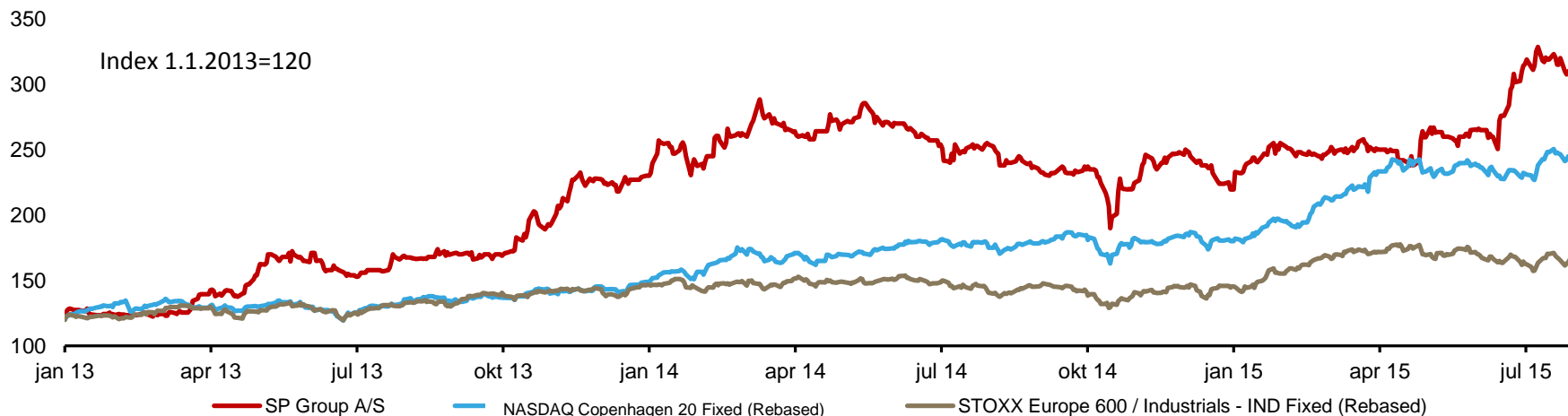


DKKm	2005	2012	2013	2014	H1 2015	2020E
Share of sales outside Denmark	37%	46%	50%	50%	55%	~60%
Share of employees outside Denmark	23%	57%	61%	63%	63%	~75%
Number of factories outside Denmark	2	9	9	11	12	12
Total number of factories	18	15	15	17	19	19

SHARE PRICE PERFORMANCE



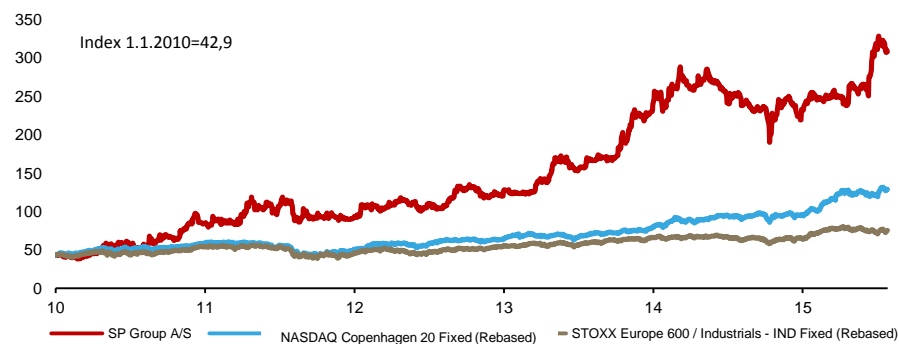
Share price performance from 1 January 2013 to 31 July 2015



Source: 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 3.50 per share in 2015 (2014: DKK 3.00)
- New DKK 10m share buy-back programme to be established 11 April 2015 - to be completed by 31 December 2015 and extended by DKK 10m to DKK 20m to run until 10 April 2016

Share price performance 1 January 2010 to 31 July 2015



Source: FACTSET

A photograph of an offshore wind farm with several white wind turbines in a row on the ocean. A large white blade is visible in the foreground on the left, partially obscuring the view. The sky is clear and blue.

OUTLOOK AND FINANCIAL GOALS

OUTLOOK FOR 2015



- The global economy is expected to continue to grow in 2015 – but it still remains fragile and subject to uncertainty
- Economic growth in our neighbouring European markets is expected to remain weak
- New products and solutions designed especially for customers within healthcare, cleantech and the food-related industries and the oil and gas industry is expected to contribute to SP Group growth and earnings
- Maintaining a high level of investment in 2015 – but lower than in 2014 – largest single investment expected to be made in the medical device activities
- Depreciation and amortisation expected at a somewhat higher level than in 2014
- Financial expenses expected to be at the same level as in 2014
- Tight cost control, capacity adjustments and a continued strong focus on risk, liquidity and capital management provides a strong base for the future
- Full-year 2015 guidance upgraded based on performance in past seven months:
 - Revenue of about DKK 1.3bn (from DKK 1,250-1,300m)
 - Profit before tax and non-controlling interests of about DKK 70.0m (from about DKK 65.0m)



LONG-TERM FINANCIAL OBJECTIVES



- Initiatives in the current strategy plan aims to lift revenue to DKK 1.5bn over a short span of years
- Enhancing EBITDA margin to 12%
- Long-term target for profit before tax and non-controlling interests of around 6-7% of revenue expected to materialise gradually
- Goal is to achieve a ratio of NIBD to EBITDA of 3-4 by year end 2015 and maintain this level as long as interest rates remain historically low and subsequently to reduce it to 2.5-3.5 (H1 2015: 3.1)
- The equity ratio (incl. non-controlling interests' share of equity) will be maintained at 25-40% (end June 2015: 35.7%)
- Fair return to shareholders mainly through share price appreciation
- The goal is that earnings per share will increase by at least 20% p.a. on average over a five-year period
- In continuation of our results for 2014 and H1 2015, it is still our opinion that we will be able to meet the goals over a short span of years





BUSINESS UNITS

SURFACE SOLUTIONS



- Accoat develops and produces environmentally-friendly technical solutions involving fluoroplast (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 AND OUTLOOK

H1 2015 in highlights

- Revenue down by 18.5% to DKK 72.5m from DKK 88.9m in H1 2014
- EBITDA was DKK 6.6m compared with DKK 10.7m in H1 2014 due to drop in revenue
- Acccoat has taken steps to adjust its organisation and cost base in response to change in market conditions
- The drop in revenue was due to lower sales to customers in the cleantech and the oil and gas industries
- Continues marketing efforts targeting customers in the oil and gas industry
- Sales to medical device industry were flat

Outlook for 2015

- Drop in revenue and EBITDA
- Oil and gas industry trends remain uncertain

Development in Coatings

DKKm	Q2 2015	Q2 2014	H1 2015	H1 2014
Revenue	36.9	47.1	72.5	88.9
EBITDA	4.8	5.5	6.6	10.7
EBIT	2.5	3.3	2.0	6.2
Employees (avg)			70	85



PLASTIC SOLUTIONS



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)

H1 2015 in highlights

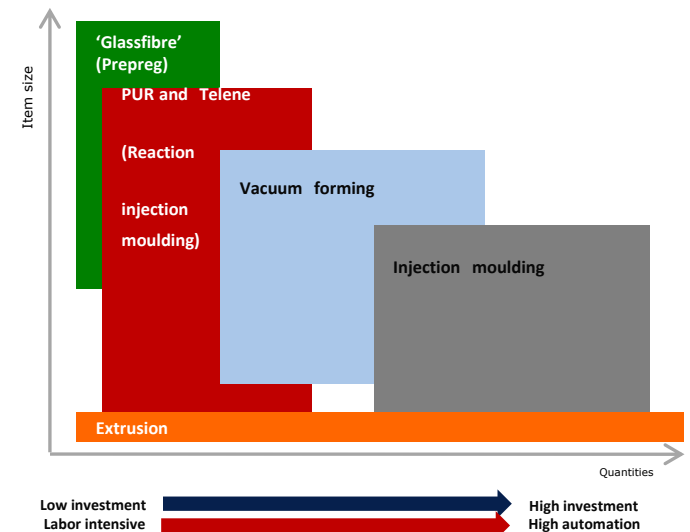
- Revenue at DKK 559.8m, a 14.7% increase from DKK 488.0m in H1 2014
- EBITDA up by 39.4% to DKK 68.6m from DKK 49.2m in H1 2014
- The newly acquired company Sander Tech contributed approximately DKK 4.2m to H1 revenue
- As expected, starting up SP Extrusion and transferring Scavakuum impacted H1 2015 EBIT

Outlook for 2015:

- Revenue and earnings expected to continue to improve on 2014
- Healthcare and cleantech activities being expanded in the USA, Denmark, Poland, Slovakia, Latvia and China
- Sales and marketing activities to be stepped up globally

Development in Plastics

DKKm	Q2 2015	Q2 2015	H1 2015	H1 2014
Revenue	285.8	253.9	559.8	488.0
EBITDA	35.9	27.8	68.6	49.2
EBIT	23.1	17.1	43.5	28.3
Employees (avg.)			1,217	1,126



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 3-4 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
- Locations: Juelsminde (DK), Stoholm (DK), Karise (DK), Lyngge (DK), Sieradz (PL), Zdunska Wola (PL), Suzhou (China) and Pobedim (Slovakia)



Medico



Technical plast



Medico



3K moulding



Medico

PLASTIC SOLUTIONS

INJECTION MOULDING (2)



H1 2015 highlights:

- The six Polish factories operated by Gibo, Ergomat, SP Moulding, SP Medical and Tinby 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
- Production efficiency improvements continuing at all facilities

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 23.0% in H1 2015, mainly through broader and more comprehensive marketing

Sander Tech

- Acquisition detracted from H1 2015 earnings
- 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
- Well-run and profitable injection moulding business with production and assembly sites in Denmark and Slovakia



POLYURETHANE (1)



- 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



H1 2015 highlights:

Tinby

- Customers in the cleantech and insulation industries reporting growth
- Expanded production of PUR components in China for customers in the cleantech industry
- Tinby has set up a 1,000 m² factory in the USA to better serve North American customers



Ergomat

- Improved sales and earnings
- Global sales up by 23.6%, 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





H1 2015 highlights:

TPI

- Business activity and earnings improving
- Sales up by 6.6%
- 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, the new high-pressure and twin-sheet technologies and CNC milling
- Market leader in Scandinavia
- Locations: Skjern (DK) and Sieradz (PL)



Vacuum forming



Furniture



Appliance



Cleantech

PLASTIC SOLUTIONS

VACUUM FORMING (2)



H1 2015 highlights:

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





STRATEGY

STRATEGIC DEVELOPMENTS



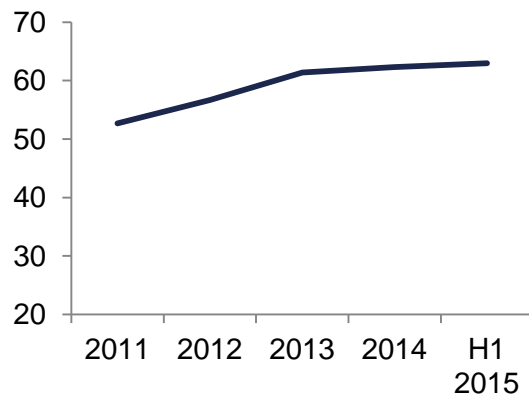
- Continuing to enhance skill sets and efficiency enhancing of production at factories in China, Poland, Brazil, Latvia, the USA, Slovakia and Denmark
- Focused sales efforts, especially in healthcare, cleantech and food-related products
- Focus on sale of own brands
- Increased efforts towards existing and new customers
- Wage-intensive production facilities to be relocated from Denmark to Poland and Slovakia
- Factory in Poland for production of injection-moulded medical device products expanded
- Vacuum forming factory in Poland expanded
- PUR production to be established in the USA (Ergomat and Tinby)
- With the acquisition of Bröderna Bourghardt AB in February 2014, SP Group has increased the local presence in Sweden and Latvia – sale and production of Telene® products and composite solutions
- Acquisition of Scnavakuum 1 January 2015 will utilise existing capacity of Gibo Plast
- Acquisition of Sander Tech in 2015 will utilise existing capacity of SP Moulding
- Acquisition of Ulstrup Plast in June 2015 accelerating growth at SP Group. New platform in Slovakia
- 200,000 new shares issued

GROWING SALES AND INTERNATIONALISING THE BUSINESS

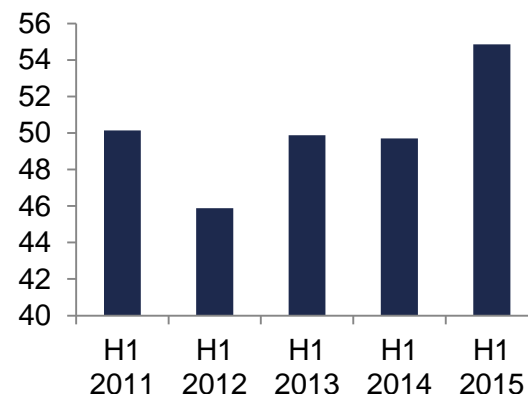


- Organic growth of 8.8% in H1 2015
- Strengthened sales and marketing efforts in all units
- Consultancy within plastics and coatings
- Differentiation on processes, design and knowledge
- Focused both on existing and new customers
- Increased exports from production sites in Denmark, China, Poland, Latvia, Slovakia, the USA and Brazil focusing on the Americas, Europe and Asia

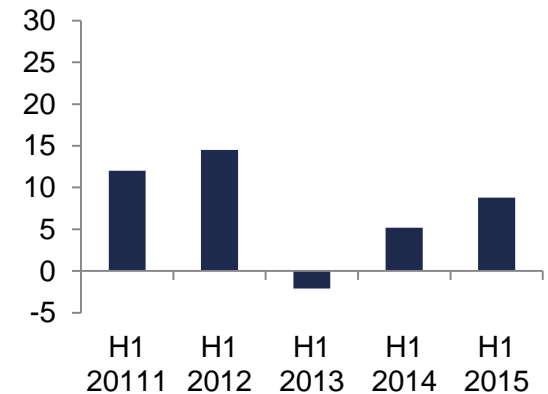
Employees abroad (avg.), %



International sales, %



Organic growth, %, Group revenue





GROWTH INDUSTRIES AND OWN BRANDS

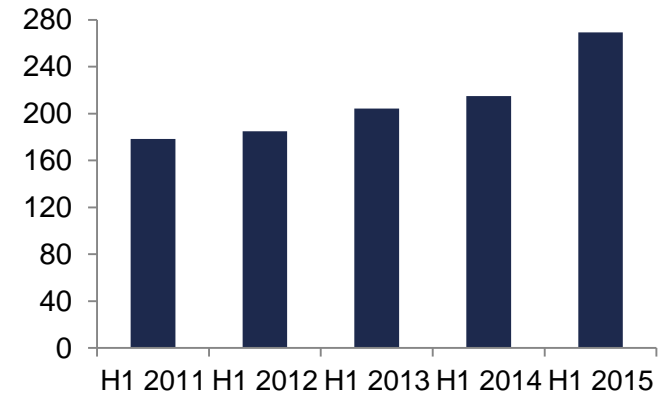
- Committed efforts to growth industries and new segments, e.g. healthcare and cleantech and food-related industries
- Sustain growth in sales to the medical devices industry
- Enhance sales and earnings growth from own brands, i.e. ventilation equipment (TPI), guidewires (SP Medical) and ergonomic solutions and DuraStripe® striping tape (Ergomat)
- Strengthen the international position (North America, Brazil, China, Latvia, Poland and Slovakia)
- Exploit the potential in other product niches

ERGOMAT®

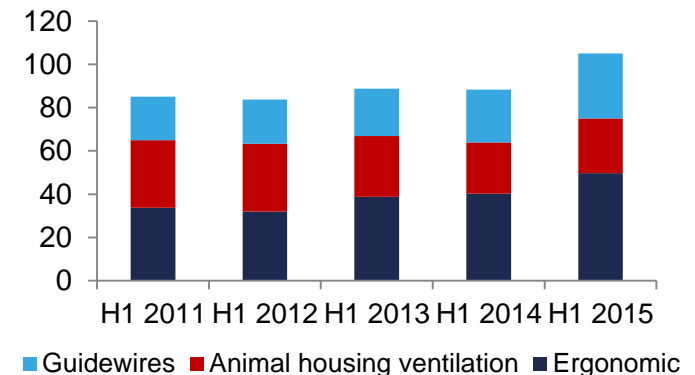
DURASTRIPE



Revenue healthcare products (DKKkM)



Revenue from own brands (DKKkM)



EFFICIENCY ENHANCEMENT AND RATIONALISATION



- The Group's production structure was further rationalised and production efficiency enhanced in 2014 and 2015
- Capacity adjustments
- Each production site will seek to produce and deliver better, cheaper and faster
- Reduction in the consumption of materials and resources (reducing carbon emissions)
- Reduction of running-in and set-up times in production
- Reliability of delivery (on-time delivery) from all factories was increased – 98-99% - and must be further improved
- Level of quality measured on an ongoing basis
- Roll-out of LEAN continues
- Continue to enhance efficiency of purchasing and supply chain and strengthen IT systems and management systems
- Broader geographical sourcing
- Continue to adjust and develop the organisation
- Continuously and critically review the Group's activities





FORWARD-LOOKING STATEMENTS

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

Statements relating to 2015 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.



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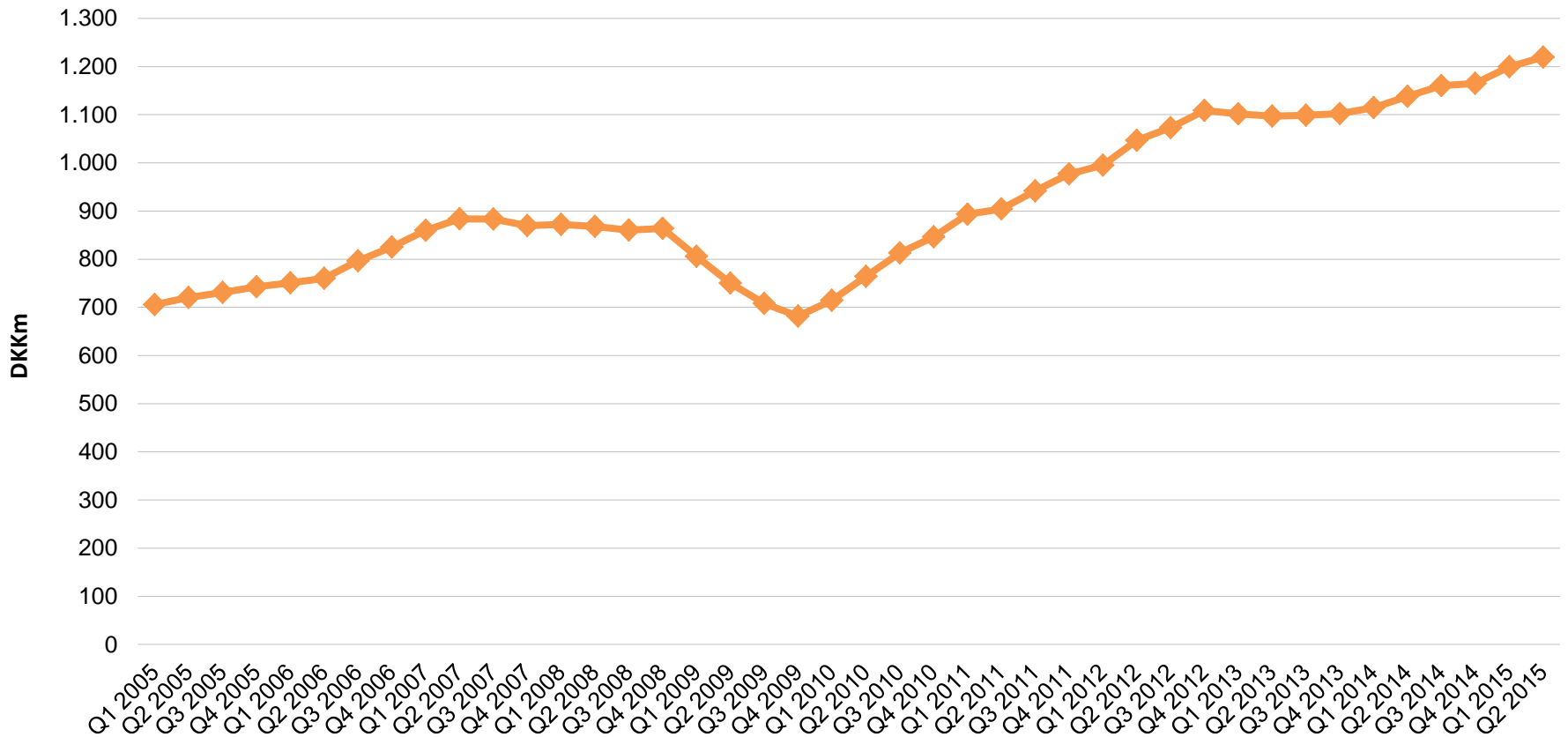
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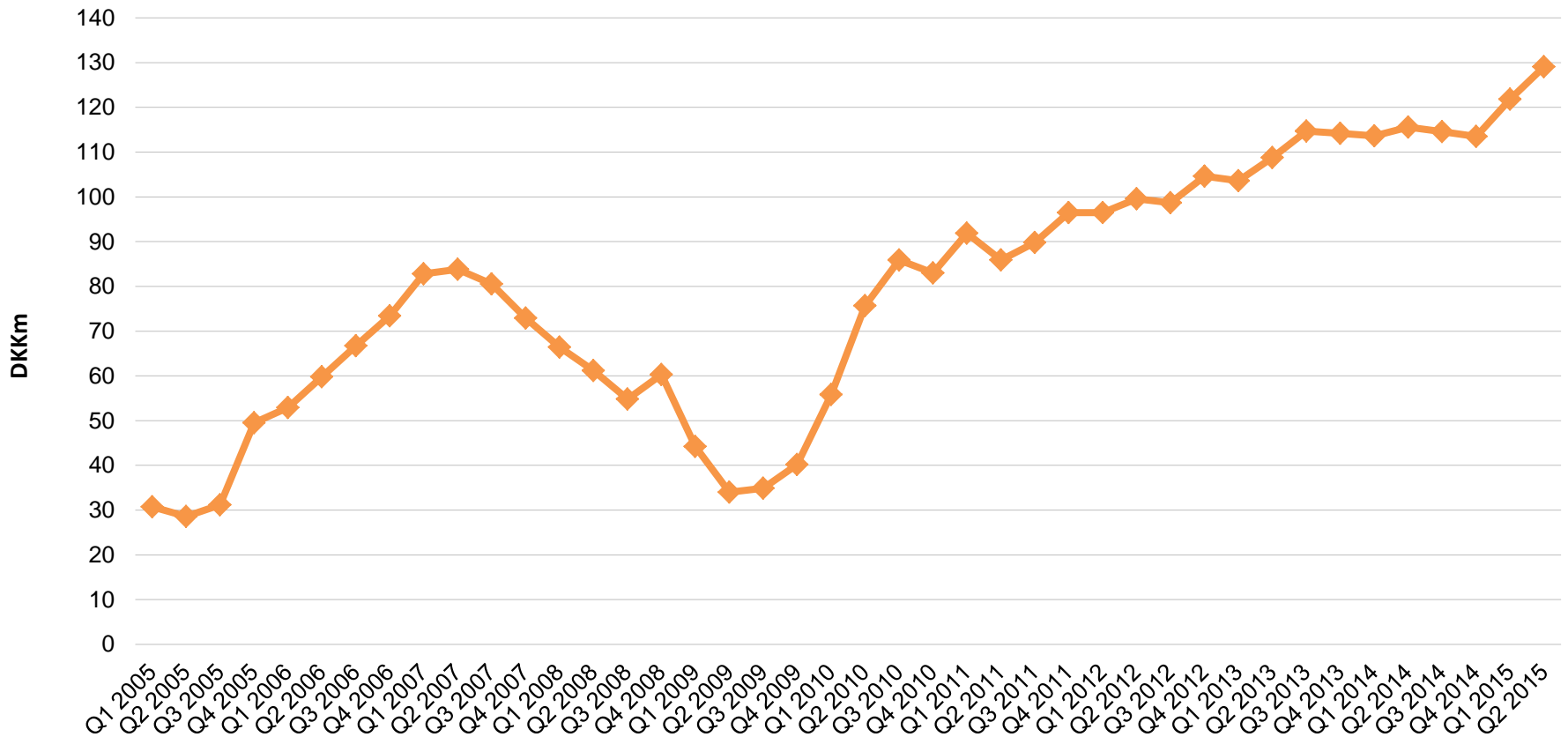


APPENDIX

SALES 12 MONTH ROLLING



EBITDA 12 MONTHS ROLLING





SP GROUP'S VALUE CREATION

