

# IR PRESENTATION

Presentation by CEO Frank Gad



# AGENDA

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- SP Group in brief
- Highlights 2017
- Financial results 2017 and Q1 2018
- Outlook for 2018
- 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 2018 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



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Headquarters in Denmark

established in  
1972



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Products are marketed and sold in

88 countries



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Subsidiaries in

11 countries on  
4 continents



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Average number of employees increased  
in 2017 from 1,559 to

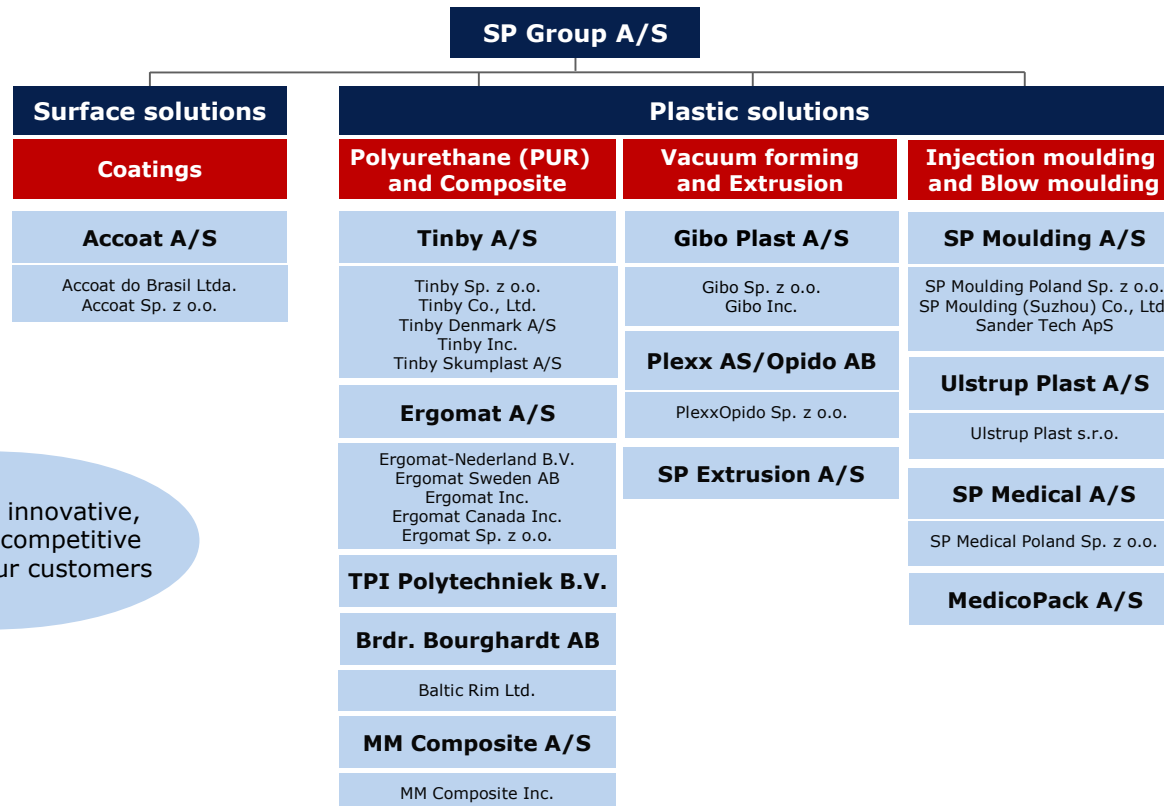
1,852 committed  
employees





# 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, Brazil, the USA, Latvia, Slovakia, Sweden and Poland



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



# HIGHLIGHTS 2017

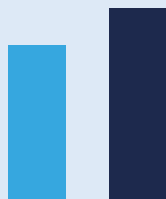
# HIGHLIGHTS 2017 / 1



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In 2017, revenue increased  
by 24.0% to

DKK **1,884m**



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In 2017, revenue from own brands  
increased by 61.7% to

DKK **407m**



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In 2017, EBITDA increased  
by 35.6% to

DKK **275m**



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In 2017, the EBITDA margin increased  
by 1.2 percentage points to

**14.6%**

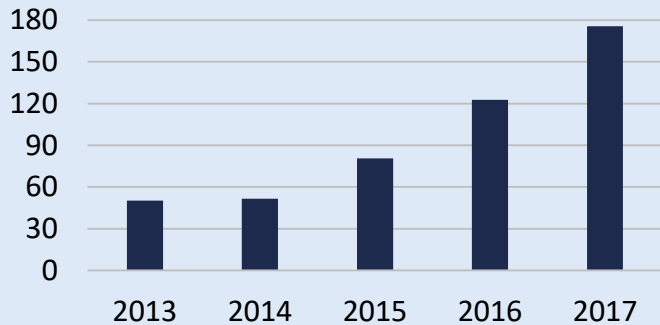




# HIGHLIGHTS 2017 / 2

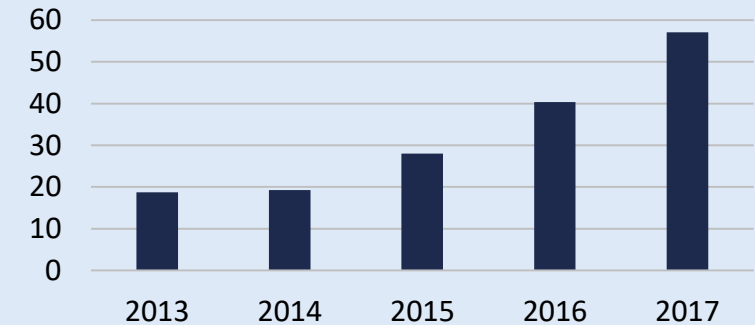
In 2017, Profit before tax and non-controlling interests increased by 43.3% to DKK 176m

DKKm



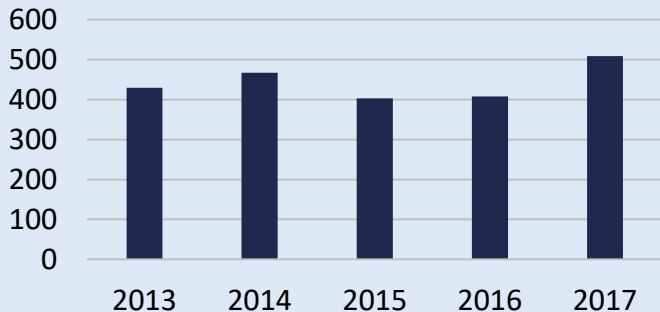
In 2017, EPS, diluted, increased by 41.6% to DKK 57.12

DKK



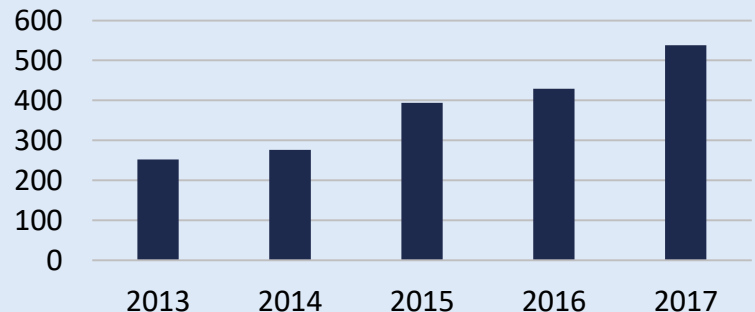
End december 2017, net interest-bearing debt (NIBD) increased to DKK 509m

DKKm



In 2017, equity attributable to the equity holders increased to DKK 537m

DKKm



# HIGHLIGHTS 2017 / 3



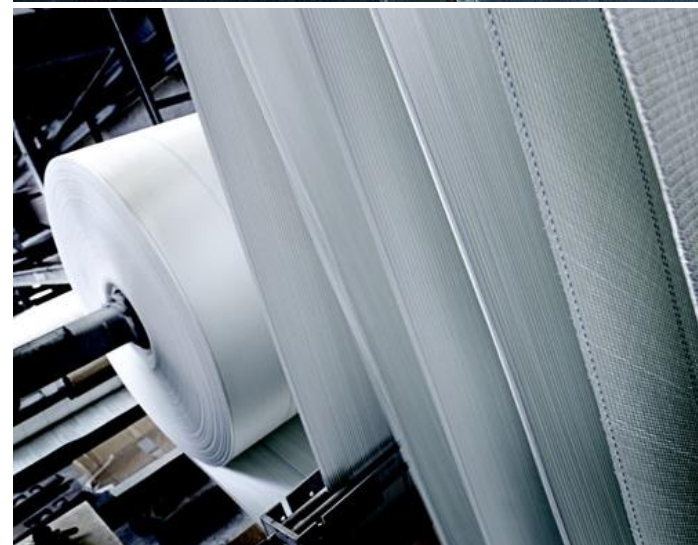
## **6 January 2017**

Acquisition of LM Skumplast through subsidiary Tinby A/S – name changed to Tinby Skumplast A/S

## **21 March 2017**

Acquisition of MM Composite A/S

EBITDA from the acquired businesses totalled, in the financial year preceding the acquisition, approx. DKK 14m





A woman wearing a blue lab coat and a blue hairnet is focused on looking through a microscope in a laboratory. The scene is brightly lit with overhead fluorescent lights. The background shows a clean, professional lab environment with various pieces of equipment and a white lab bench. A dark blue semi-transparent box is overlaid on the lower-left portion of the image, containing white text.

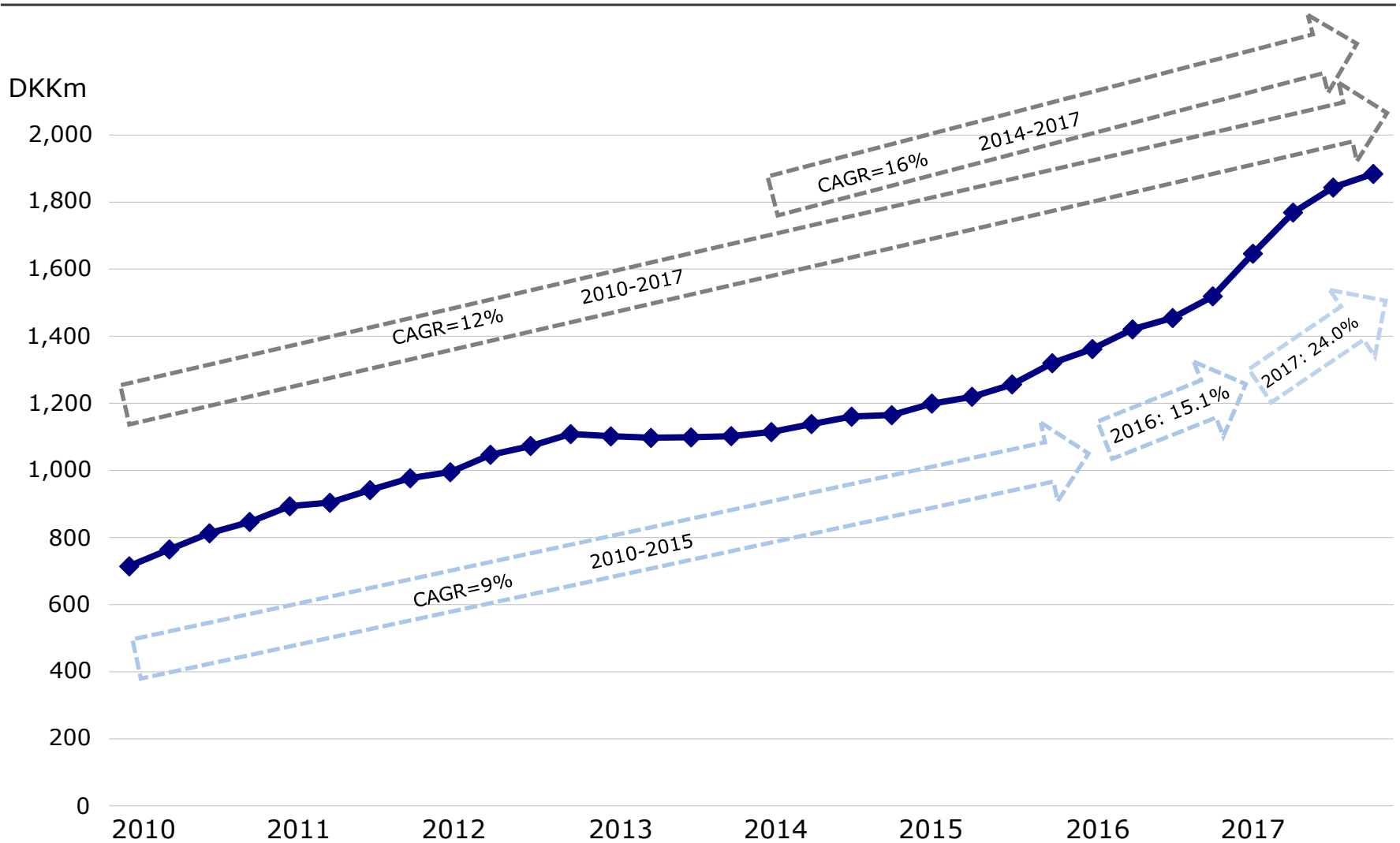
# FINANCIAL RESULTS 2017 AND Q1 2018

# GROUP FINANCIAL HIGHLIGHTS 2017

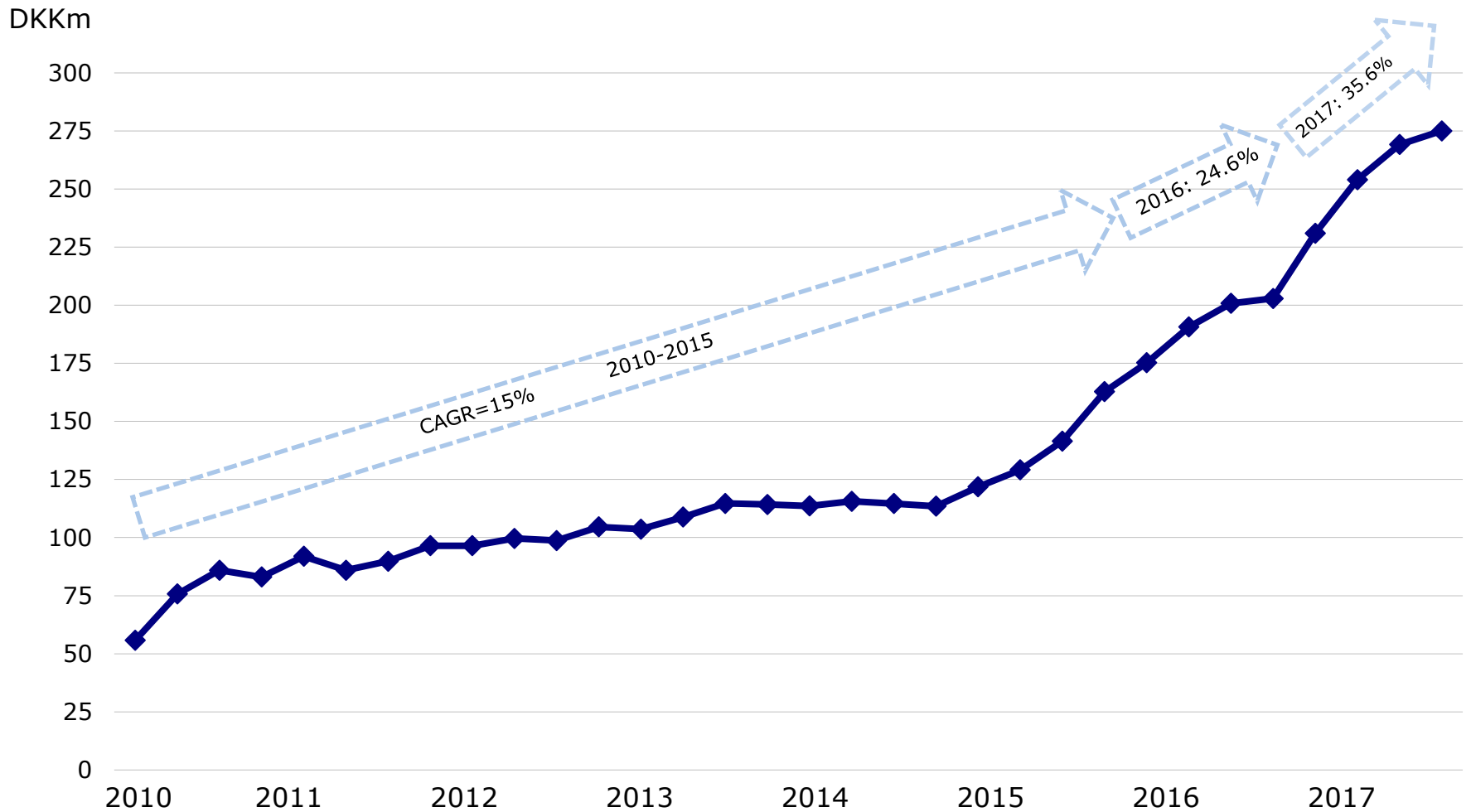


DKKm	2017	2016	2015	2014	2013	2012	2011
Revenue	1,884.1	1,519.0	1,319.8	1,164.9	1,102.1	1,108.5	976.8
EBITDA	275.0	202.9	162.8	113.5	114.2	105.2	96.5
EBIT	193.5	133.4	90.8	60.2	65.3	58.1	52.8
Profit before tax and non-controlling interests	175.7	122.6	80.7	51.5	50.2	41.6	34.3
Equity incl. non-controlling interests	537.7	429.0	393.6	276.4	252.3	240.1	205.6
Cash flows from operations	180.8	140.4	171.7	64.1	66.9	100.1	66.9
Cash flows from investments	-204.8	-80.1	-116.4	-67.3	-60.1	-87.6	-51.9
Cash flows from financing activities	65.4	-124.1	-18.4	10.0	-54.9	0.9	-13.7
Change in cash and cash equivalents	41.4	-63.8	37.0	6.7	-48.1	13.4	1.3
NIBD	509.1	407.7	403.4	467.2	430.0	395.4	355.0
Equity ratio, incl. non-controlling interests, %	35.5	35.7	36.5	29.3	28.5	28.7	26.7

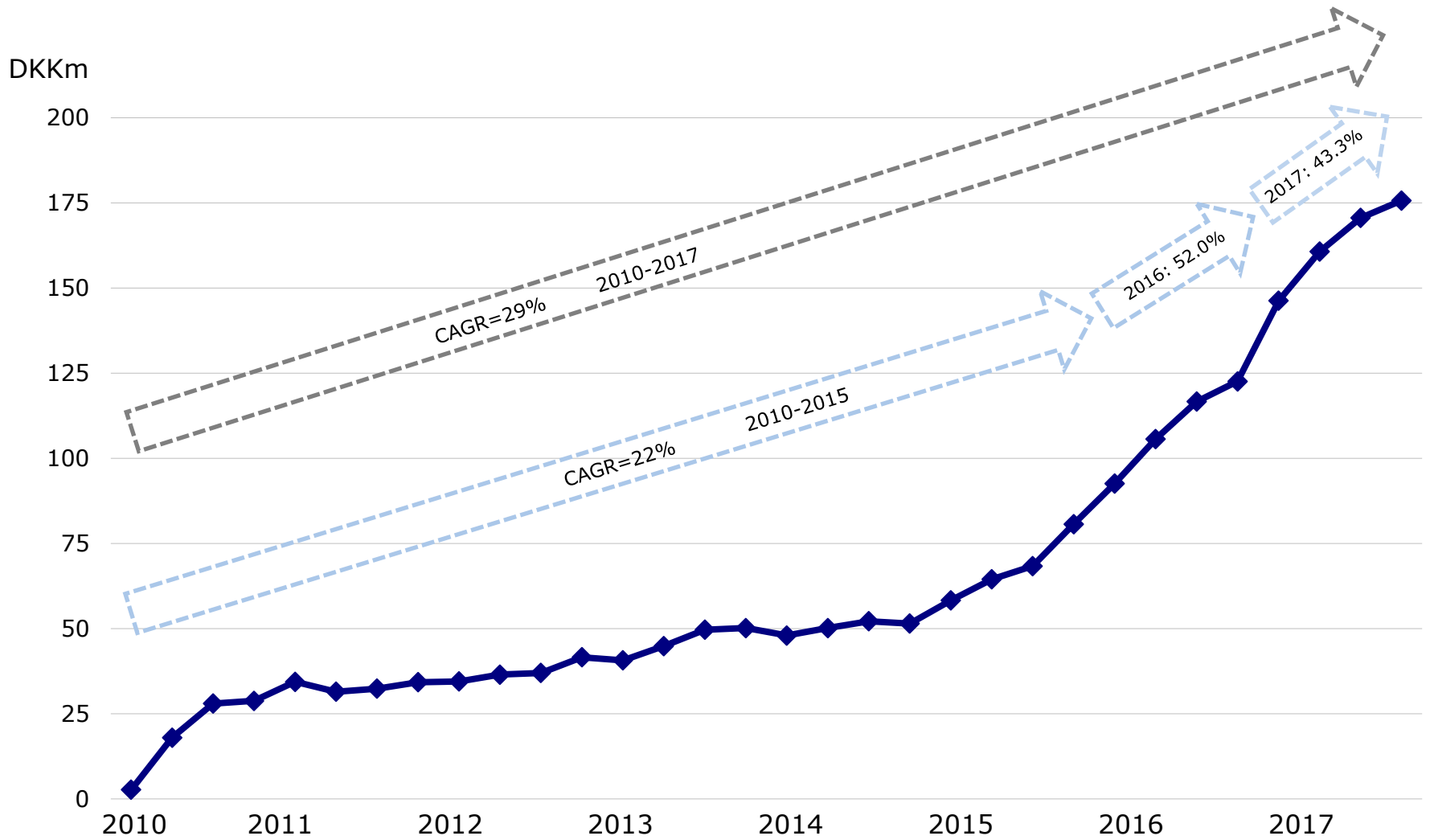
# REVENUE 2010-2017



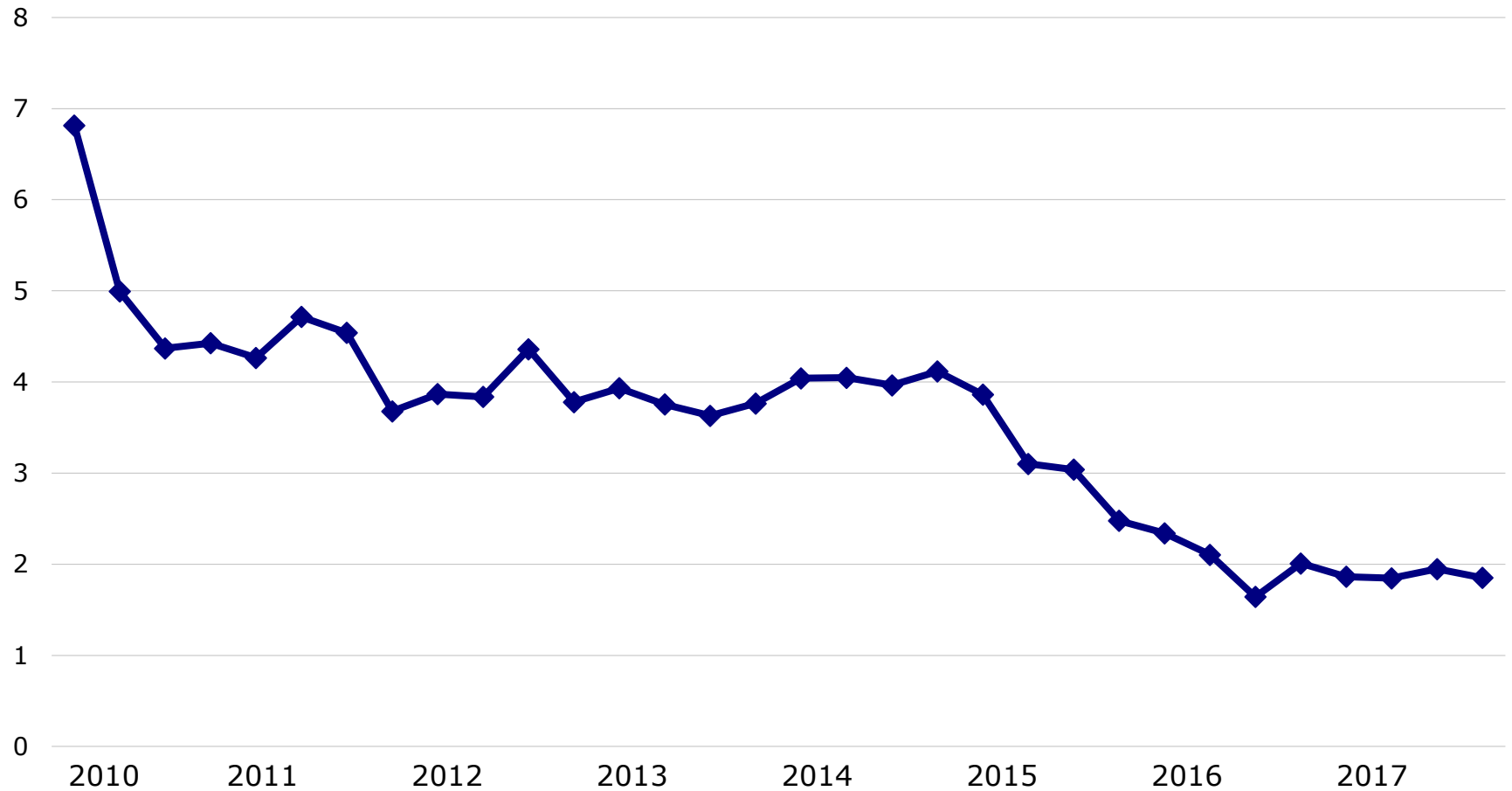
# EBITDA 2010-2017



# EBT 2010-2017



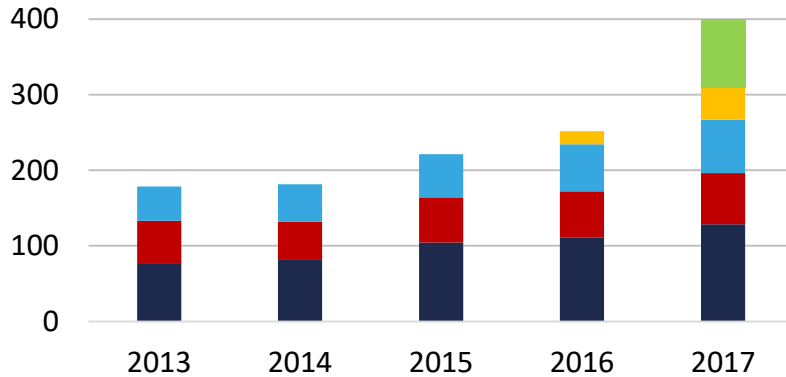
# NIBD/EBITDA 2010-2017





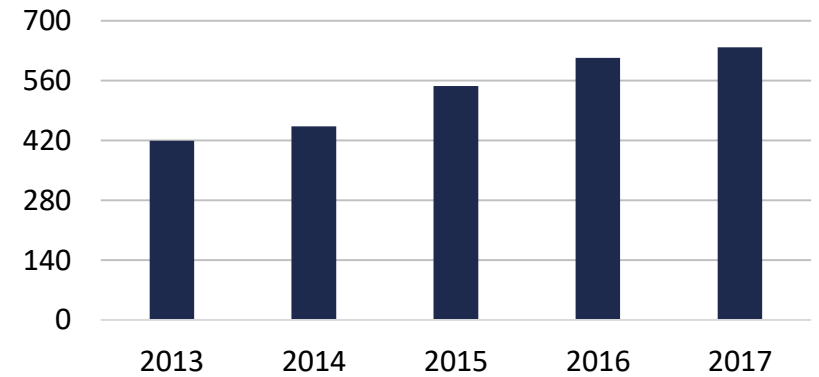
# REVENUE SPLIT BY PRODUCT AREA

## Revenue from own brands in DKKm

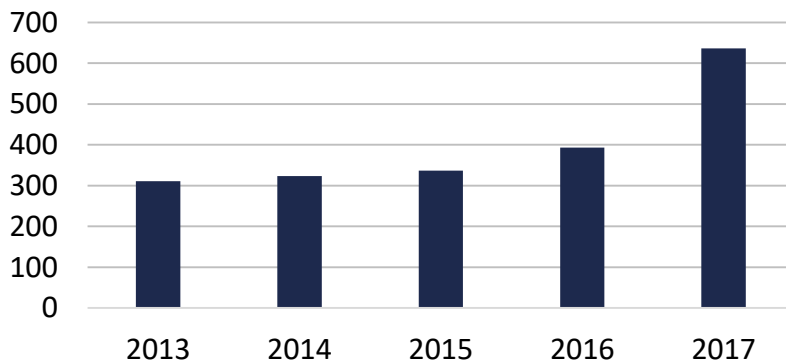


■ Ergonomics ■ Animal housing ventilation ■ Guidewires ■ MedicoPack ■ Industrial standard components

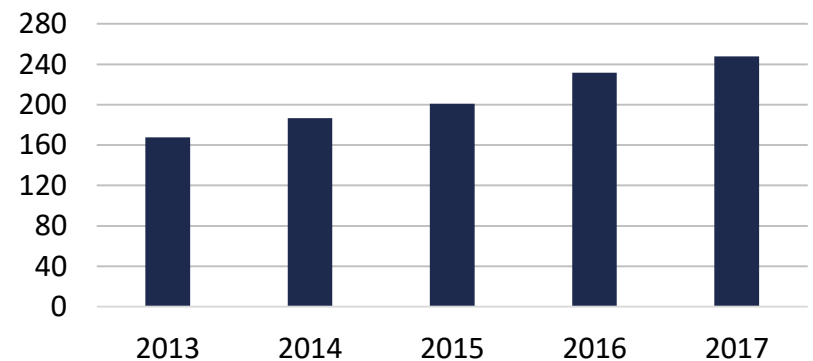
## Revenue healthcare products in DKKm



## Revenue cleantech industries in DKKm

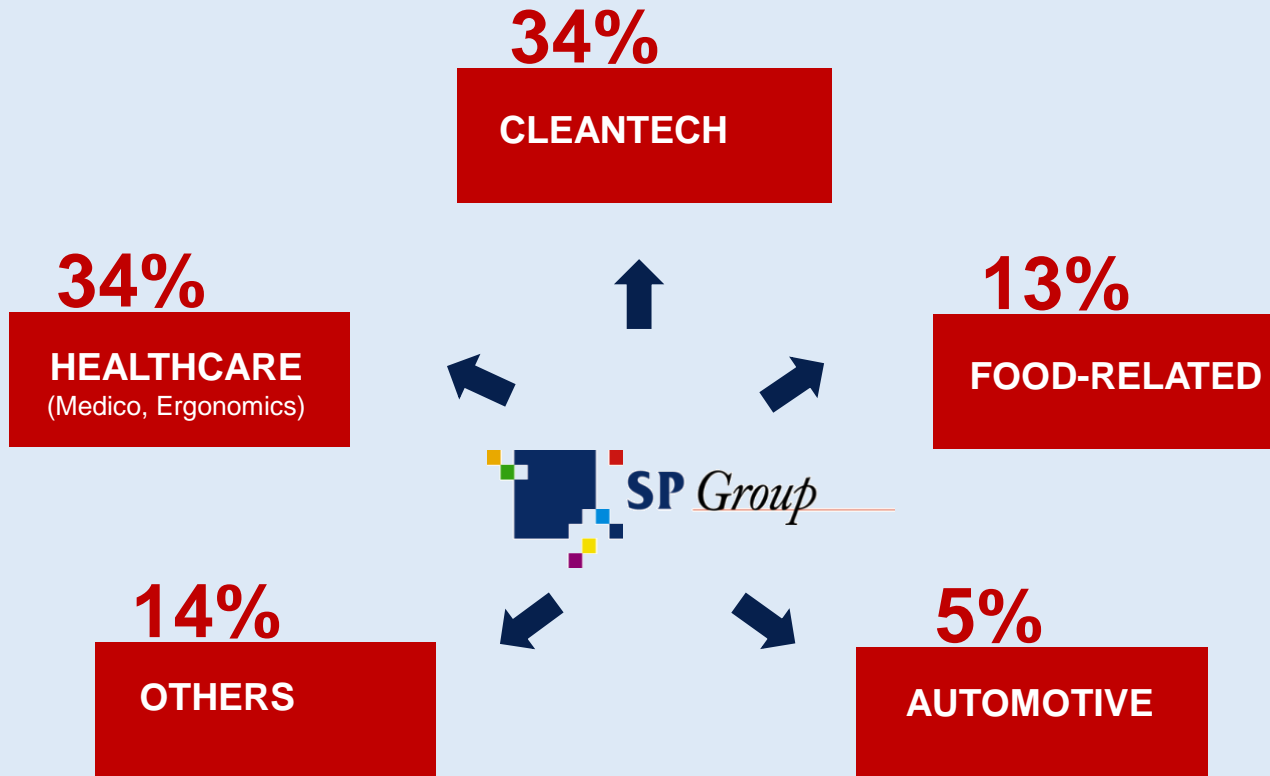


## Revenue food-related industries in DKKm





# REVENUE BY CUSTOMER GROUPS IN 2017



**As of 31 December 2017:**

- A total of more than 1,000 customers
- The largest customer accounts for 18% (2016: 12%)
- The 10 largest customers account for 52% (2016: 50%)
- The 20 largest customers account for 61% (2016: 60%)



# SP GROUP'S GLOBAL PRESENCE

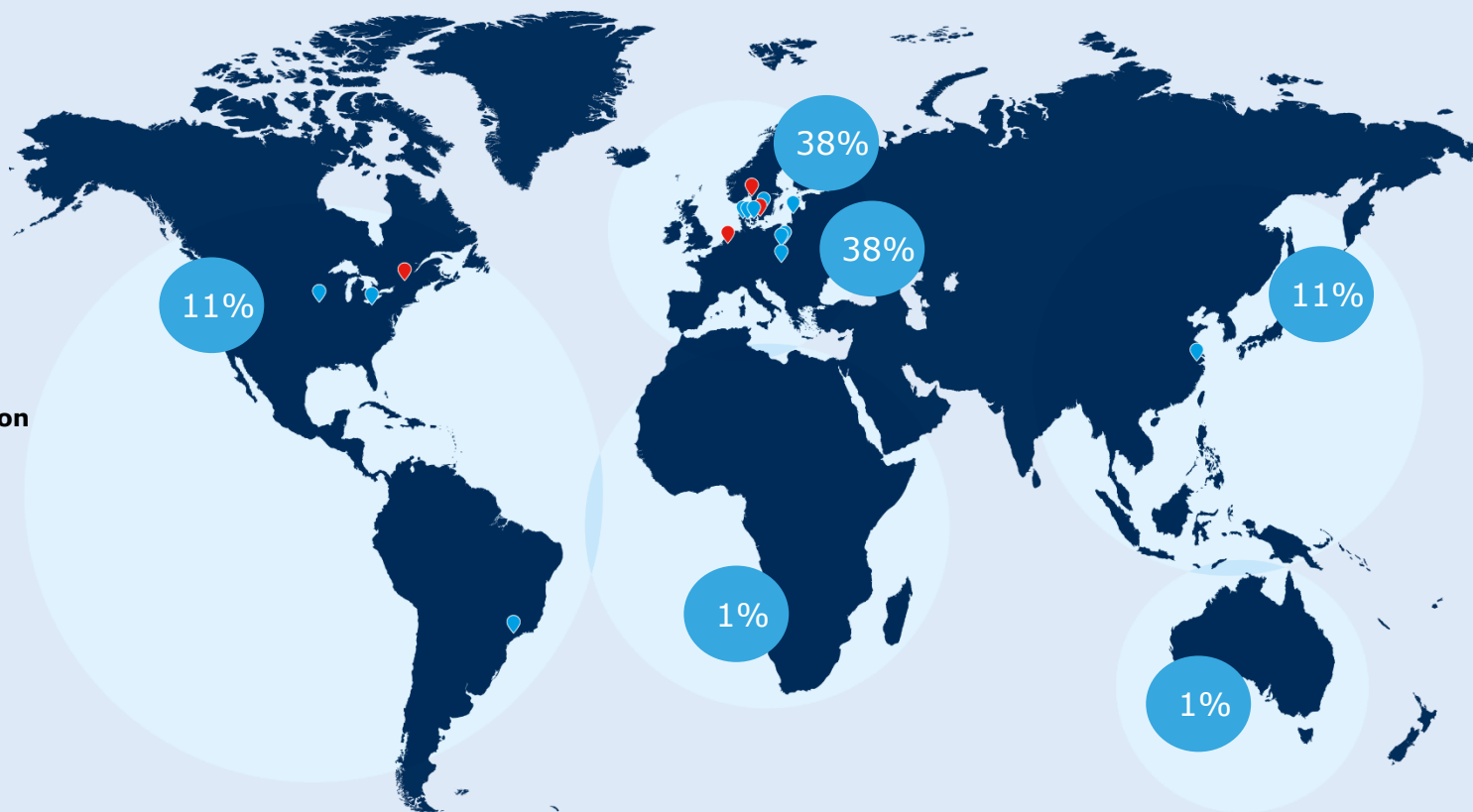


## Sales and production

- 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)



*Percentage distribution is based on 2017 Accounts*

# ACQUISITIONS SINCE 2014

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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

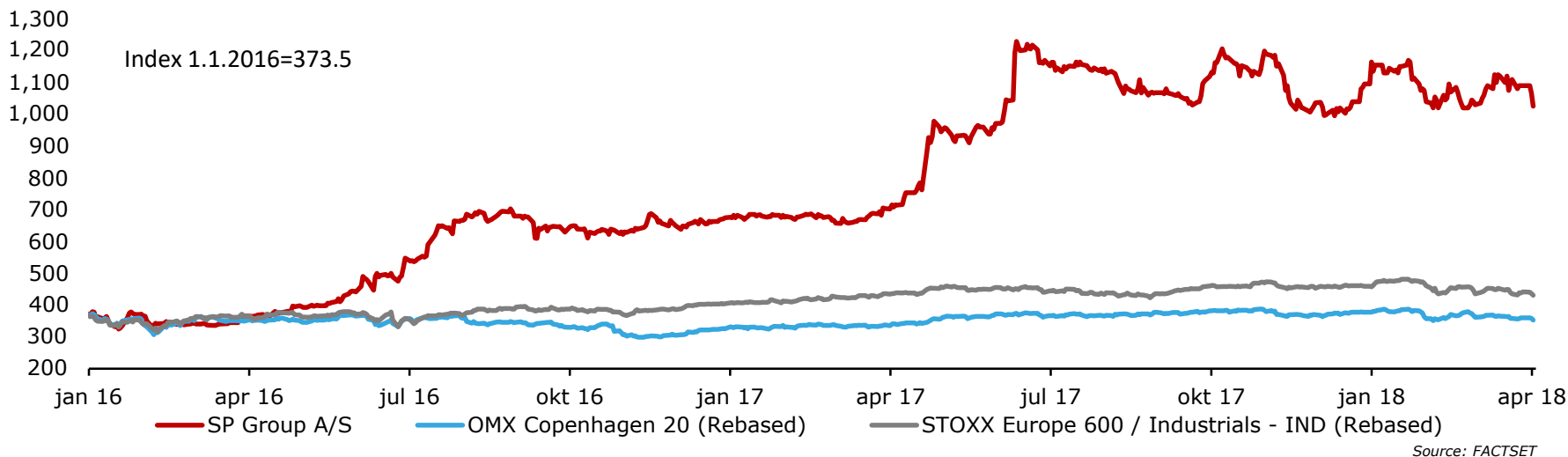


	2005	2010	2017	2020E
Share of sales outside Denmark	37%	46%	62%	~70%
Share of employees outside Denmark (avg)	23%	50%	66%	~75%
Number of factories outside Denmark	2	6	14	15
Total number of factories	18	15	24	25

# SHARE PRICE PERFORMANCE

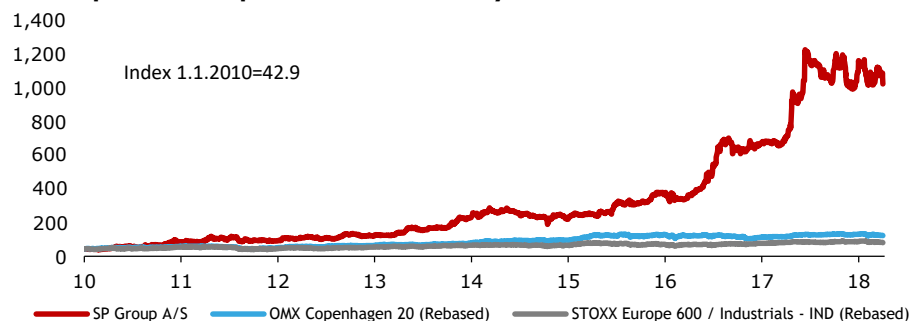


## Share price performance from 1 January 2016 to 31 March 2018



- Share capital DKK 22,78m
- All shares have equal rights
- Dividends to the shareholders of DKK 10.00 in 2018 (2017: DKK 6.00)
- New DKK 40m share buy-back programme established 11 April 2018
- 1 January 2018 Mid Cap company
- Share split in the ration 1:5

## Share price development from 1 January 2010 to 31 March 2018





# MARKET CONDITIONS

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## 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 2018 – GROUP



DKKm	Q1 2018	Q1 2017	Growth rate	2017
Revenue	472.9	476.8	-0.8%	1,884.1
EBITDA	72.0	72.8		275.0
EBIT	49.8	52.6		193.5
Profit before tax and non-controlling interests	51.3	49.6	+3.5%	175.7
Equity incl. non-controlling interests	552.7	483.2		537.7
Cash flows from operations	17.6	60.6		180.8
Cash flows from investments	-25.9	-69.4		-204.8
Cash flows from financing activities	-45.4	40.6		65.4
Change in cash and cash equivalents	-53.6	31.8		41.4
NIBD	544.2	430.3		509.1
Equity ratio, incl. non-controlling interests, %	35.8	33.5		35.5

- The first quarter was adversely affected by the timing of Easter this year, FX on revenue of approx. DKK 12 million and an amended logistics agreement (approx. DKK 18 million)

A photograph of several offshore wind turbines in the ocean. The turbines are white with three blades each. The sky is blue with some light clouds. The water is dark blue with small waves. A dark blue rectangular box is overlaid on the left side of the image, containing the text 'OUTLOOK FOR 2018'.

# OUTLOOK FOR 2018

# OUTLOOK FOR 2018



- SP Group expects profit before tax and non-controlling interests in the level of DKK 200 million and revenue in the level of DKK 2.0 billion for 2018
- As usual, we expect increased activities and higher earnings in H2 than in H1







# GOING TOWARDS 2022

# 2022 AMBITION / 1



- Customer focus and organic growth
- Proprietary products to make up a greater proportion of sales: from 21.6% in 2017 to about 25-30% by 2022
- "Buy and build"; 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



# 2022 AMBITION / 2



	2017			2022 ambition
Revenue	DKK 1,884m	+ 12-16% yearly	▶	DKK 3.3-4.0bn
EBITDA	14.6%	+ 2 percentage points	▶	16-17%
EBT	9.3%	+ 2-3 percentage points	▶	10-12%
EBT	DKK 176m			DKK ~400m
NIBD/EBITDA	1.9	2-4	▶	2.5-3.5
Equity ratio, incl. non-controlling interests	35.5%	25-45	▶	35-40%

# UN'S SUSTAINABLE DEVELOPMENT GOALS



- We are working actively with the UN Sustainable Development Goals – read more at p. 40-44 in our Annual Report 2017



## Q&A SESSION



## APPENDIX

# SURFACE SOLUTIONS



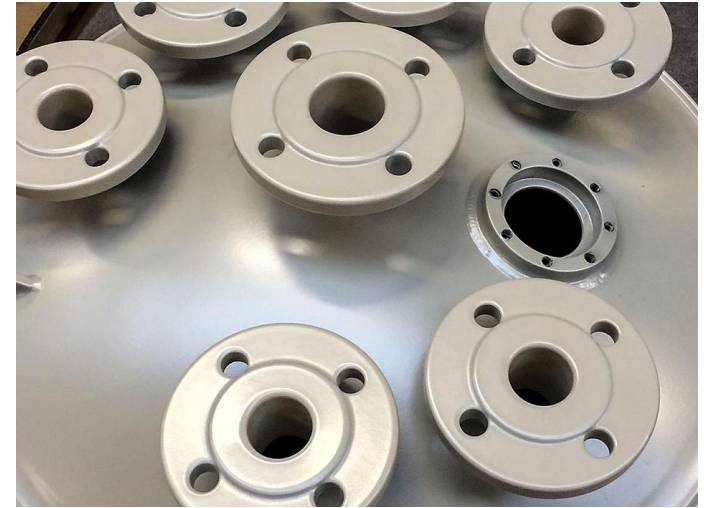
- Accoat develops and produces environmentally-friendly technical solutions involving fluoroplastics (Teflon®), PTFE and other pure materials for industrial and medical purposes
- Accoat applies plastic coatings on products and production plants in a number of industries. Articles being coated range 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), Sieradz (PL), Stoholm (DK) and São Paulo (Brazil)





## 2017 in highlights

- New tasks in the food industry
- More tasks in the medical device industry
- Activities have been generally increasing
- Accoat will continue to focus its marketing efforts on the food, medical device and chemical industries
- Growth is expected in the coming years
- Growth rates will depend on investments in cleantech in developing countries and in the oil and gas industry in general
- Accoat has been trimmed to be able to meet the demand for state-of-the-art fluoroplastic coatings
- During the year, Accoat performed tasks for customers in 18 countries



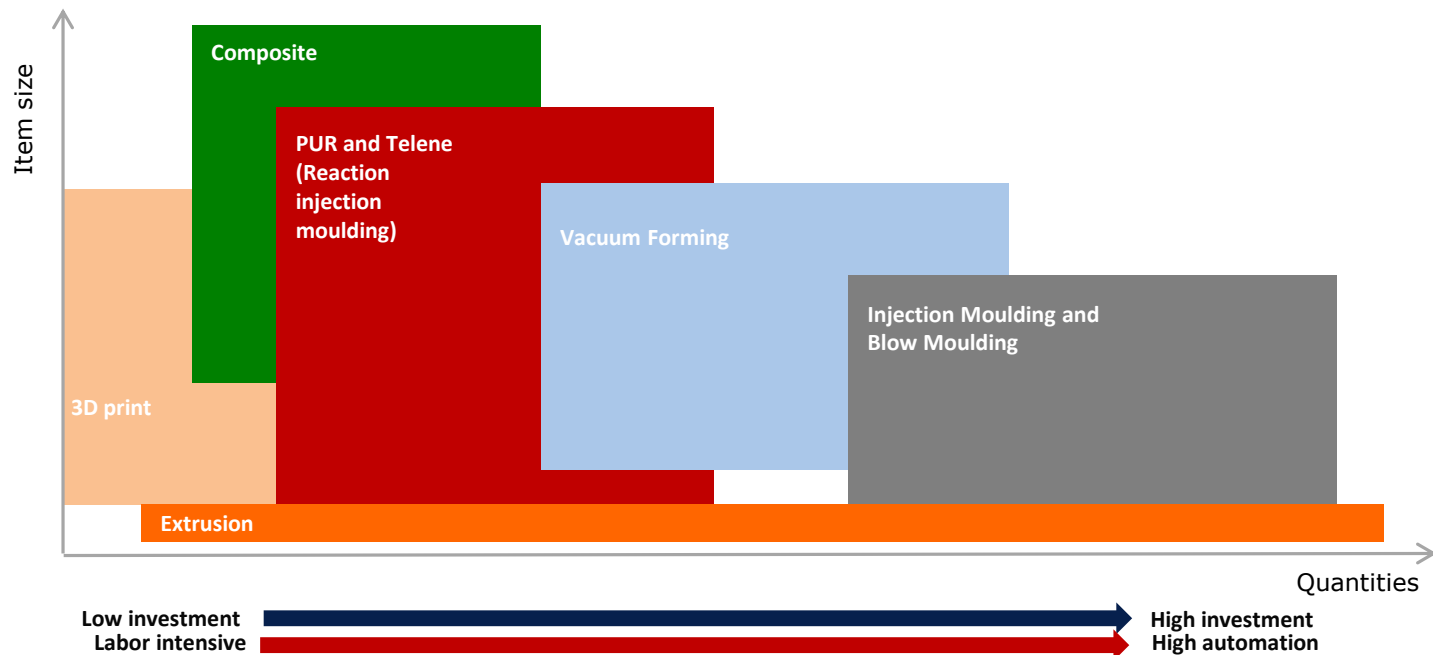


# PLASTIC SOLUTIONS



Plastic businesses include:

- **Injection Moulding and Blow Moulding:** SP Moulding, Sander Tech, Ulstrup Plast, SP Medical and MedicoPack
- **Polyurethane (PUR) and Composite:** Ergomat, Tinby, TPI Polytechniek, Bröderna Bourghardt and MM Composite
- **Vacuum Forming and Extrusion:** Gibo Plast, Plexx and Opido





# INJECTION MOULDING & BLOW MOULDING / 1

- SP Moulding 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 and Ulstrup Plast have more than 420 injection moulding machines at their disposal with a clamping force ranging from 25 tonnes to 1500 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), Pobedim (Slovakia) and Suzhou (China)



Medico



Technical plastics



Medico



3K moulding



Medico



# INJECTION MOULDING & BLOW MOULDING / 2

## 2017 in highlights

- Global progress
- Many new tasks
- **SP Moulding** saw a healthy entry of a number of new industrial 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
- Both **SP Moulding, SP Medical og Ulstrup Plast** have entered into agreements to purchase injection-moulding machines for delivery in 2018
  - the machines will be used to expand activities with existing customers
- **SP Moulding's** factory in Stoholm has become IATF 16.949 certified
- Large investments have been initiated in **MedicoPack** to keep up with developments

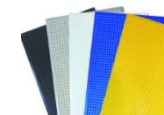




# POLYURETHANE & COMPOSITE / 1

- 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 (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 as well as laminated plastics and vacuum film 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** specialised in composite processes – composite and manual lamination and uses modern varnishing methods. Scandinavia's leading manufacturer of Telene® products.



Plastic part in Telene

**MM Composite** develops and sells composite products of high quality to the cleantech and other industries. Production in all types of resin, fibreglass and carbon fibre.



Wind turbines



Glass fibre



# POLYURETHANE & COMPOSITE / 2

## 2017 in highlights

- Higher activity and new products
- Expansion in the Netherlands, Poland, USA, China and Latvia
- Acquisition of Tinby Skumplast A/S and MM Composite A/S
- 2017 was a great year for **Ergomat** – revenue growing - primarily driven by USA
- **Ergomat** sales to the Asian market were disappointing
- **Tinby** experienced fair growth in global activity
- In 2017, **TPI** experienced project delays in Eastern Europe – but saw sales progress in the other markets
- For **Brdr. Bourghardt**, 2017 was characterised by increased volumes and launch of new projects with Telene® and composites technologies
- In March 2017, **MM Composite** became part of SP Group
- **MM Composite** established a new production line in USA and global consolidation in the wind turbine industry meant new challenges and opportunities





# VACUUM FORMING & EXTRUSION / 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
- Market leader in Scandinavia
- Locations: Skjern (DK), Ljungby (SE), Kråkerøy (N) and Sieradz (PL)



Vacuum forming



Furniture



Appliance



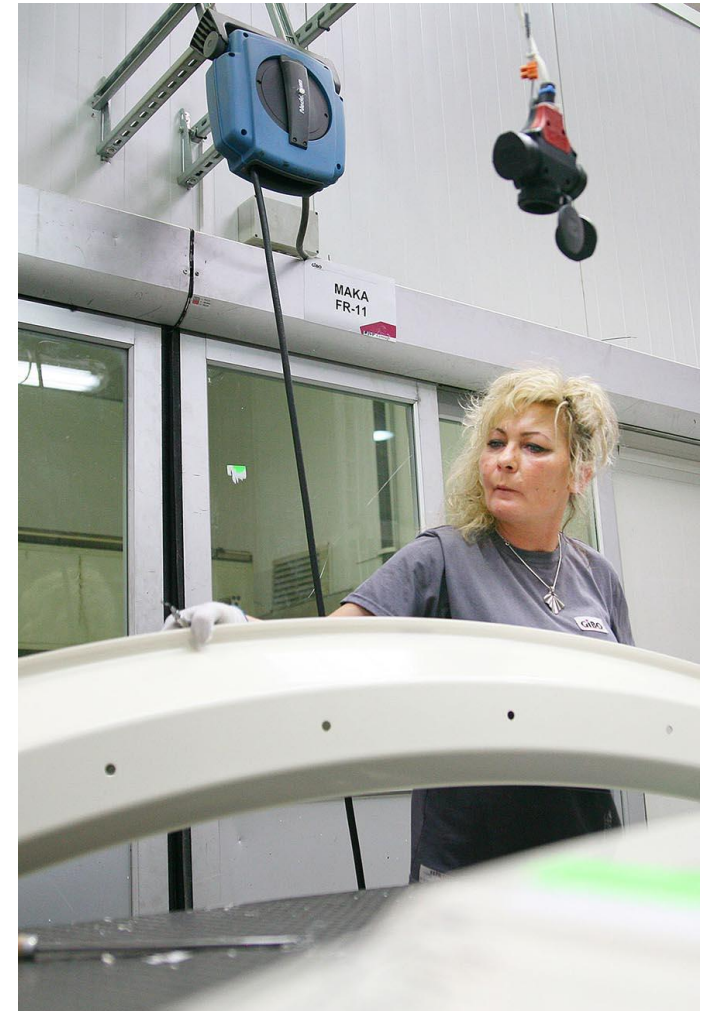
Cleantech



# VACUUM FORMING & EXTRUSION / 2

## 2017 in highlights

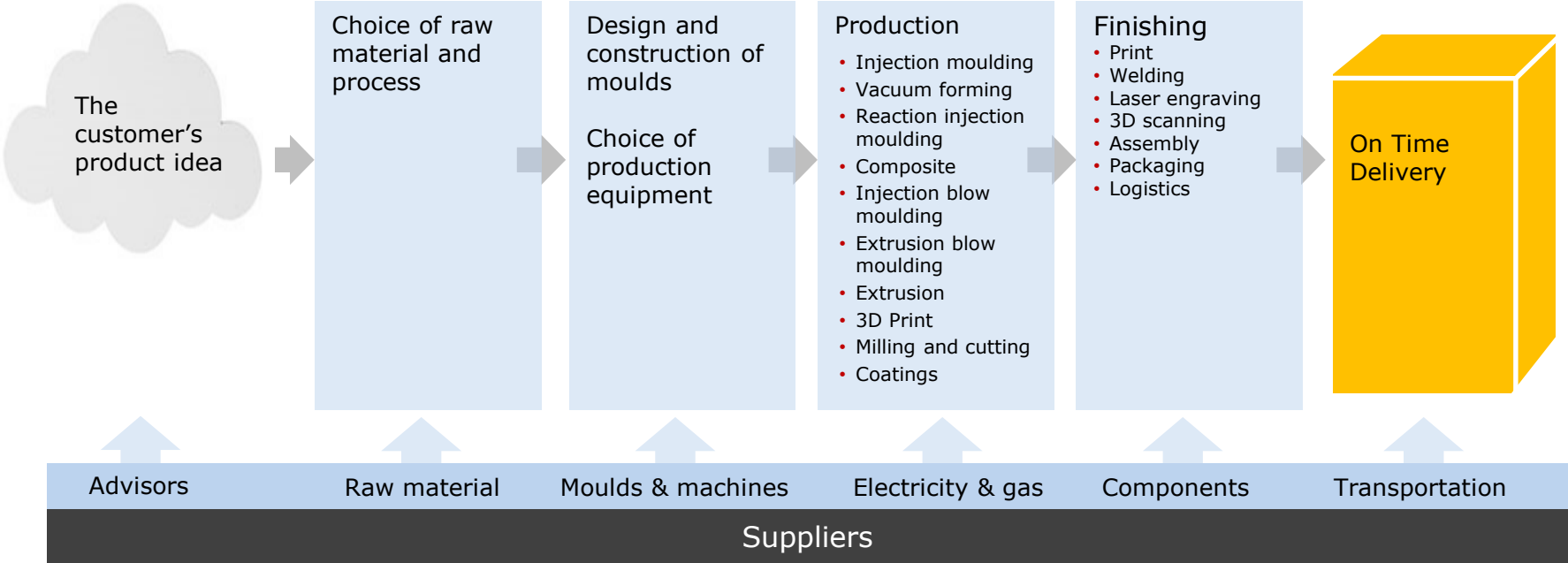
- New tasks in several industries
- Expansion in Poland
- **Gibo Plast** and **PlexxOpido** have succeeded in ensuring an impressive improvement in operating profit and activities
- Intensely work on implementing efficiency-enhancing measures in Denmark, Sweden, Norway and Poland
- Large amounts and 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

Knowledge, quality assurance, documentation





*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](mailto:fg@sp-group.dk)  
[www.sp-group.dk](http://www.sp-group.dk)