

NASDAQ Copenhagen A/S
Nikolaj Plads 6
DK-1007 Copenhagen K

Announcement no. 61 / 2016
17 November 2016
Company reg. (CVR) no.
15701315

Interim report - Third quarter of 2016

Summary: SP Group generated profit before tax and non-controlling interests of DKK 91.3 million in 9M 2016, a 65.1% increase from DKK 55.3 million in 9M 2015. Revenue improved by 14.0% year on year to DKK 1,097.5 million and EBITDA rose by 33.7% to DKK 150.8 million from DKK 112.8 million. Earnings were higher than expected, and management upgrades its FY 2016 guidance. We now expect profit before tax and non-controlling interests of about DKK 120 million (previous guidance DKK 100-120 million) on revenue of around DKK 1.5 billion (previous guidance around DKK 1.5 billion).

The Board of Directors of SP Group A/S has today considered and approved the interim report for the three months ended 30 September 2016.

Highlights of the interim report:

- The 9M 2016 revenue was up by DKK 134.7 million to DKK 1,097.5 million, equal to a 14.0% improvement on the year-earlier period. Q3 revenue including from acquired businesses was up by 10.0% year-on-year.
- Profit before depreciation, amortisation and impairment losses (EBITDA) for the 9M 2016 period was DKK 150.8 million, as against DKK 112.8 million in 9M 2015. Company acquisitions added DKK 12.8 million to EBITDA. EBITDA for Q3 2016 was DKK 53.0 million, compared with DKK 42.9 million in Q3 2015.
- Profit before net financials (EBIT) came to DKK 100.0 million in 9M 2016, against DKK 63.1 million in 9M 2015. EBIT for Q3 2016 was DKK 35.3 million, compared with DKK 24.4 million in Q3 2015.
- Net financials were an expense of DKK 8.8 million, a DKK 1.0 million deterioration relative to the 9M 2015 period due to exchange rate adjustments.
- Profit before tax and non-controlling interests was DKK 91.3 million in 9M 2016, as against DKK 55.3 million in 9M 2015. The Q3 2016 profit before tax and non-controlling interests was DKK 32.0 million against DKK 21.1 million in Q3 2015.
- Earnings per share (diluted) were up by 55.4% to DKK 30.01 in 9M 2016 from DKK 19.31 for the 9M 2015 period.
- In our coating business (Accoat), revenue for the 9M 2016 period fell by DKK 3.0 million to DKK 103.9 million, while EBITDA improved to DKK 12.5 million in 9M 2016 from DKK 10.1 million in 9M 2015.
- The Plastics businesses (SP Moulding, Sander Tech, Ulstrup Plast, SP Medical, MedicoPack, Tinby, TPI, Ergomat, Gibo Plast, SP Extrusion and Brøderna Bourghardt) reported an aggregate revenue improvement of DKK 130.2 million to DKK 991.8 million. EBITDA improved by 26.7% to DKK 140.1 million in 9M 2016 from DKK 110.6 million in 9M 2015.
- There was a cash inflow from operating activities of DKK 113.8 million in 9M 2016, against DKK 116.3 million in 9M 2015.
- Net interest-bearing debt (NIBD) amounted to DKK 329.7 million at 30 September 2016, against DKK 430.1 million at 30 September 2015. At 31 December 2015, NIBD was DKK 403.4 million.
- We now expect profit before tax and non-controlling interests of about DKK 120 million (previous guidance DKK 100-120 million) on revenue of around DKK 1.5 billion (previous guidance around DKK 1.5 billion).

Statement by CEO Frank Gad: *"We succeeded in continuing to grow our sales and earnings in the third quarter despite the many market challenges we've faced, and we've reduced our debt to the lowest level in ten years. The first three quarters of 2016 were also our best nine-month period to date."*

Further information:
CEO Frank Gad
Tel: +45 70 23 23 79
www.sp-group.dk





FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q3 2016 (unaud.)	Q3 2015 (unaud.)	Acc. Q3 2016 (unaud.)	Acc. Q3 2015 (unaud.)	FY 2015 (audited)
Income statement					
Revenue	368,772	335,156	1,097,497	962,829	1,319,768
Profit before depreciation, amortisation and impairment losses (EBITDA)	52,966	42,859	150,801	112,835	162,788
Depreciation, amortisation and impairment losses	-17,689	-18,504	-50,755	-49,754	-72,011
Profit before net financials (EBIT)	35,277	24,355	100,046	63,081	90,777
Net financials	-3,256	-3,274	-8,778	-7,798	-10,122
Profit before tax and non-controlling interests	32,021	21,081	91,268	55,283	80,655
Profit for the period	24,672	15,896	70,310	42,059	61,112
of which attributable to SP Group A/S	24,264	15,747	69,391	41,721	60,584
Earnings per share (DKK)			31.18	19.93	28.98
Diluted earnings per share (DKK)			30.01	19.31	28.00
Balance sheet					
Non-current assets			614,801	638,593	635,072
Total assets			1,092,618	1,072,541	1,077,888
Equity			423,349	359,595	391,098
Equity including non-controlling interests			426,226	362,021	393,561
Investments in property, plant and equipment (excluding acquisitions)	-33,473	18,620	20,090	54,789	73,238
Net interest-bearing debt (NIBD)			329,729	430,081	403,423
NIBD/EBITDA (LTM)			1.6	3.0	2.5
Cash flows					
Cash flows from:					
- operating activities	41,890	35,501	113,841	116,318	171,743
- investing activities	34,743	-44,763	-18,093	-95,374	-116,350
- financing activities	-45,987	-16,853	-83,677	6,763	-18,403
Change in cash and cash equivalents	30,646	-26,115	12,071	27,707	36,990
Key ratios					
EBITDA margin (%)	14.4	12.8	13.7	11.7	12.3
EBIT margin (%)	9.6	7.3	9.1	6.6	6.9
Profit before tax and non-controlling interests as a percentage of revenue	8.7	6.3	8.3	5.7	6.1
Return on invested capital including goodwill (%)					11.5
Return on invested capital excluding goodwill (%)					13.6
Return on equity, excluding non-controlling interests					18.4
Equity ratio, excluding non-controlling interests (%)			38.7	33.5	36.3
Equity ratio, including non-controlling interests (%)			39.0	33.8	36.5
Financial gearing			0.8	1.2	1.0
Cash flow per share, DKK			49.2	53.8	79.4
Total dividends for the year per share (DKK)					4.0
Market price, end of period (DKK per share)			629.0	314.5	373.5
Net asset value per share, end of period (DKK)			188	163	178
Market price/net asset value, end of period			3.34	1.93	2.10
Number of shares, end of period			2,278,000	2,224,000	2,224,000
of which treasury shares, end of period			28,058	17,396	22,819
Average no. of employees			1,592	1,458	1,452



MANAGEMENT COMMENTARY

Q3 PERFORMANCE REVIEW

We continued to record rising sales to many of our customers across industries and geographies in the first nine months of 2016. Denmark was our fastest growing market with sales up by 21.8%, while sales to our international customers rose by 7.5%.

Our performance numbers relative to the corresponding period of 2015:

	Q3 2016	Acc. Q3 2016
Healthcare	16.5%	7.9%
Cleantech	3.8%	13.1%
Food-related	5.0%	20.2%
Automotive	36.8%	5.8%
Oil and gas	-71.4%	88.9%
of which own brands	12.0%	9.9%

Most of the change in revenue was due to higher volume sales. Changes in foreign exchange rates eliminated some of the revenue improvement, as the currency effect accounted for about minus 0.4 of a percentage point of the 14.0% overall revenue increase (RMB and BRL have depreciated against DKK). Acquired businesses and operations contributed about 9.3 percentage points.

Sales to the healthcare industry were up by 7.9% year-on-year to DKK 434.4 million and now account for 39.6% of consolidated revenue. Q3 sales were up by 16.5% year-on-year.

Sales to the cleantech industry were up by 13.1% to DKK 285.8 million and now make up 26.0% of consolidated revenue. Q3 sales were up by 3.8% year-on-year.

Sales to food-related industries were up by 20.2% to DKK 174.0 million and now make up 15.9% of consolidated revenue. Sales improved by 5.0% in the third quarter.

Sales to the oil and gas industry rose despite the low oil prices.

Sales of our own brands were up by 9.9% and now account for 16.2% of consolidated revenue. Q3 sales were up by 12.0% year-on-year. MedicoPack contributed DKK 8.5 million to sales of our own brands in Q3.

SP Medical reported a 7.6% improvement in guidewire sales in the 9M reporting period. Ergomat

reported a 3.5% improvement in sales of ergonomic products. TPI reported a 3.7% improvement in sales of farm ventilation components. The improvements were driven by new innovative solutions and products, improved marketing opportunities and a larger sales force. The resulting growth contributed to the higher earnings.

SP Group continued its intensified marketing efforts towards both existing and potential customers. The inflow of new customers continued in the 9M period, and we are taking proactive steps to develop and market a number of new solutions e.g. for the healthcare, cleantech and food-related industries, which we believe hold an attractive growth potential for our Company.

Our sales to the healthcare industry are also growing strongly, and we have won orders for many new plastics components and coating solutions for regular shipment.

International sales now make up 51.7% of revenue (compared with 54.8% in the 9M 2015 period).

SP Group continually seeks to optimise its business under the prevailing market conditions by raising production efficiency, aligning capacity and pursuing tight cost management.

In addition to capacity adjustments, we focus on adjusting our general costs on an ongoing basis. Our goal at SP Group is for all of our production facilities to manufacture and deliver better, cheaper and faster. We continually consider steps to cut consumption of input materials and resources (reducing carbon emissions, etc.) and to reduce the time necessary to commission equipment and switch-over times. We are continuing the current roll-out of our LEAN project, which aims to improve our processes and flows and to enhance the skill sets of our organisation.

Currently, some 61% of our staff are employed outside Denmark.

The Group's headcount grew by 140 in the nine months to 30 September 2016 (38 in Poland, 84 in Denmark, 14 in Slovakia and 4 in the USA). The acquisition of MedicoPack added 79 to the headcount in Denmark.

As announced in Announcement No. 14/2016, SP Group has launched a DKK 20 million share buy-back programme under the Safe Harbour regulations to cover existing warrant programmes. The share buy-back programme is being increased by DKK 20 million to DKK 40 million and extended from 31 December 2016 to 10 April 2017, as



notified in Announcement No. 44/2016 of 23 August 2016.

In April and May 2016, the Company sold 48,484 treasury shares to cover the cost of warrants exercised under the 2012 and 2013 warrant programmes. The proceeds added DKK 7.8 million in cash to equity.

SP Group acquired a property at a price of DKK 15 million in the first quarter of 2016 which in 2009 we had sold at the same price and leased back with a right of first refusal. Going forward, the transaction will improve our EBITDA by about DKK 1.5 million per annum and profit before tax by about DKK 1.0 million. NIBD increased by DKK 13 million.

Also in the first quarter, SP Group acquired a property in Poland at a price of DKK 14.8 million for occupation on 1 January 2018 and was granted an option to acquire another property in 2023. Both properties are currently let to SP Group's Polish subsidiaries. A prepayment of DKK 4.3 million has been made as part of the purchase. As part of the agreement, the Polish lessor has committed to constructing a new 7,500 m² building, which we expect to occupy at the end of 2016. The new building will be used by SP Moulding, Tinby and Gibo Plast for serving existing and new customers.

As announced in Announcement no. 39/2016, SP Group acquired MedicoPack A/S on 14 July 2016. The deal has an enterprise value of DKK 32 million (present value of approximately DKK 31 million). MedicoPack A/S is a well-run blow-moulding business with production and assembly sites in Langeskov, Denmark. The company has expanded at regular intervals since being established in 1968. Its customer base consists of global companies in the medical and healthcare industry.

MedicoPack generates annual revenue of almost DKK 100 million and a normalised EBITDA of DKK 6-7 million. The company has some 80 employees (FTE), all of whom are expected to stay on. Torben Bruhn will stay on as managing director of MedicoPack.

The acquisition adds new products and services to SP Group's current portfolio by way of Injection Blow Moulding (IBM) and Extrusion Blow Moulding (EBM) in clean rooms for med-tech customers while also giving us access to a number of new and attractive customers. As expected, MedicoPack has performed well since the acquisition.

As announced in Announcement no. 56/2016, SP Group has taken over the plastics activities of Aasum Plast & Metal A/S A/S in an asset deal. The activities acquired generate annual revenue of about DKK 10 million. Machinery and tools will be moved to SP Moulding's and Ulstrup Plast's existing

factories in Denmark, Poland and Slovakia by the end of the year. A number of the employees of Aasum Plast & Metal have been offered jobs elsewhere at SP Group's Funen locations. We look forward to cooperating with our new customers.

As notified in Announcement no. 49/2016, SP Group has issued 54,000 new shares to honour the obligation in relation to the exercise of warrants to subscribe for shares under the 2012 and 2013 warrant programmes.

FINANCIAL PERFORMANCE REVIEW

Revenue for the first nine months of 2016 amounted to DKK 1,097.5 million, a 14.0% improvement from DKK 962.8 million in the year-earlier period. Some 9.3 percentage points of the increase derived from companies and business activities acquired, while changes in foreign exchange rates eliminated 0.4 of a percentage point of the improvement. Q3 sales were up by 10.0% year-on-year.

The consolidated 9M 2016 EBITDA was DKK 150.8 million compared with DKK 112.8 million in 9M 2015. Approximately DKK 12.8 million of the revenue increase derived from acquired businesses and operations. The EBITDA margin improved to 13.7% from 11.7% in the 9M 2015 period. The Q3 2016 EBITDA margin was 14.4%.

Profit before net financials (EBIT) came to DKK 100.0 million in 9M 2016, against DKK 63.1 million in 9M 2015. The 9M 2016 EBIT margin was 9.1%, compared with 6.6% in 9M 2015.

Net financials were an expense of DKK 8.8 million in 9M 2016, a DKK 1.0 million decline relative to 9M 2015 that was due to exchange rate adjustments.

Profit before tax and non-controlling interests improved by 65.1% to DKK 91.3 million for 9M 2016 from DKK 55.3 million in 9M 2015.

Total assets amounted to DKK 1,092.6 million at 30 September 2016, against DKK 1,072.5 million at 30 September 2015. The equity ratio was 39.0% at 30 September 2016 (33.8% at 30 September 2015 and 36.5% at 31 December 2015).

Total assets grew by approximately DKK 14.7 million during the first nine months of the year due to an increase in gross working capital (of about DKK 37 million), a reduction of non-current assets (DKK 20 million) and a drop in cash (of about DKK 2 million).

Net interest-bearing debt amounted to DKK 329.7 million at 30 September 2016, against DKK 403.4 million at 31 December 2015 and DKK 430.1 million



at 30 September 2015. Being focused on working capital, the Group has sold selected trade receivables. Net interest-bearing debt was 1.6 times LTM EBITDA (DKK 200.8 million), marking an improvement on the level recorded in the Group's previous best year to date. NIBD/EBITDA was 3.0 at 30 September 2016. We remain strongly committed to reducing the interest-bearing debt by increasing cash flows from operating activities.

Equity was reduced in the 9M reporting period due to exchange rate adjustments of foreign subsidiaries (by DKK 6.6 million) and negative value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR, by DKK 12.3 million).

Equity was impacted by the purchase of treasury shares in the reporting period for a net amount of DKK 17.9 million. Also, equity was reduced by dividends paid (DKK 9.5 million), while the capital increase added DKK 8.9 million to equity.

Cash flows

Cash flows from operating activities were DKK 113.8 million in 9M 2016, which was DKK 2.5 million less than in the 9M 2015 period.

The Group spent DKK 18.1 million on investments in 9M 2016, DKK 68.2 million on reducing net non-current loans, DKK 17.8 million on buying treasury shares, DKK 9.5 million in dividends paid, was repaid a deposit of DKK 3.0 million and issued new shares for DKK 8.9 million.

Accordingly, the net change in cash and cash equivalents was a DKK 12.1 million inflow.

Management believes that the company continues to have adequate capital resources relative to its operations as well as sufficient cash resources to meet its current and future liabilities. The company has good, long-standing and constructive relationships with its financial business partners and expects to continue those relationships.

OUTLOOK FOR THE REST OF 2016

The global economy is expected to continue on the road to recovery in 2016, but it remains fragile and marred by financial volatility. Weak economic growth is generally expected in our neighbouring European markets, as a number of countries continue to have disturbingly large public sector deficits and large public debts.

We plan to launch a number of new products and solutions, especially to customers in the healthcare, cleantech and food-related industries. These new

solutions are expected to contribute to growth and earnings.

We intend to maintain a high level of investment in 2016.

Depreciation and amortisation charges are expected to be slightly lower than in 2015.

Financial expenses are expected to be a little higher than in 2015.

By combining these factors with tight cost management and swift capacity alignment, and by maintaining a strong focus on risk management, cash management and capital management, our Group is strongly positioned for the future.

MedicoPack is expected to be consolidated effective from the transaction date of 14 July 2016.

The activities from Aasom Plast & Metal will be consolidated effective from the transaction date of 15 October 2016.

Brexit is expected to have only a marginal direct effect on SP Group, but it will affect us indirectly through several of our customers.

The low oil prices are expected to severely restrain sales to the oil industry, but also to have a positive effect on the global economy.

Loss-making production is expected to be phased out in the second half of 2016. During the phasing out of loss-making production, SP Group has successfully sold most of the related machinery at book value, reducing the net invested amount for the year. In addition, SP Group has won new work assignments to take over when the premises are vacated.

The outcome of the US presidential election may impact business opportunities going forward.

We now expect FY 2016 profit before tax and non-controlling interests of about DKK 120 million (previous guidance DKK 100-120 million) on revenue of approximately DKK 1.5 billion (previous guidance of DKK 1.5 billion).

**COATINGS**

(Accoat)

DKK '000	Q3		Acc. Q3	
	2016	2015	2016	2015
Revenue	31,448	34,314	103,854	106,820
Profit before depreciation, amortisation and impairment losses (EBITDA)	4,325	3,528	12,507	10,093
Profit before net financials (EBIT)	2,479	1,095	6,946	3,126
Average no. of employees			67	69

9M highlights

Revenue for the nine months to 30 September 2016 fell to DKK 103.9 million from DKK 106.8 million in 9M 2015, equal to a 2.8% decline. The Q3 revenue fell by DKK 2.9 million to DKK 31.4 million.

EBITDA improved by DKK 2.4 million in the 9M 2016 period over 9M 2015 due to capacity adjustments. Responding to the changed market conditions, Accoat has adapted its organisation and cost base.

We expect business activity to recover, because coating production equipment provides value to our customers even under the current market conditions.

The factory in Brazil serves customers in the medical devices industry. The new production activity is developing in line with plans.

A number of customers in the medical devices and the food industries are increasingly demanding Accoat's services for friction reduction and corrosion protection. Accoat is working closely with selected customers to develop new coating solutions for the food, cleantech and medical devices industries. Those solutions are expected to be ready for market launch later in the year.

Accoat expects revenue to go lower and EBITDA to go higher in 2016. However, markets are very volatile. The current low oil prices have a severe impact on the investment propensity in the oil and gas industry.

PLASTICS

(SP Moulding, Sander Tech, Ulstrup Plast, SP Medical, MedicoPack (as from 14 July 2016), Gibo Plast, Ergomat, Tinby, TPI Polytechnik, SP Extrusion and Brøderna Bourghardt)

DKK '000	Q3		Acc. Q3	
	2016	2015	2016	2015
Revenue	336,770	301,776	991,775	861,602
Profit before depreciation, amortisation and impairment losses (EBITDA)	48,602	41,949	140,124	110,574
Profit before net financials (EBIT)	33,589	26,677	97,399	70,136
Average no. of employees			1,519	1,380

9M highlights

Revenue in the nine months to 30 September amounted to DKK 991.8 million against DKK 861.6 million in the year-earlier period, equal to a 15.1% improvement. Q3 revenue was up by 11.6%.

EBITDA improved strongly to DKK 140.1 million in 9M 2016 from DKK 110.6 million in 9M 2015.

Company acquisitions contributed revenue of approximately DKK 90 million relative to the 9M 2015 period. EBITDA from company acquisitions amounted to DKK 12.8 million.

The six Polish factories operated by Gibo, Ergomat SP Moulding, SP Medical and Tinby continue to perform well, are profitable 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 expanding in Slovakia, creating more jobs and profitable earnings.

All installations continue to implement production efficiency improvements, such as our LEAN projects, energy optimisation (reducing carbon emissions), more automation, focus on raw materials consumption, scrappings and switch-over times.

SP Moulding, Ulstrup Plast, Sander Tech and SP Medical continue to step up marketing efforts towards new customer leads. The stronger marketing focus in a number of markets has produced several new, regular customers.

SP Medical reported a 7.6% increase in the production and sale of guidewires in the 9M 2016 period and a growth rate of 16.0% in the third quarter.



Tinby's customers in the cleantech and insulation industries are reporting growth.

Ergomat reported improvements in sales and earnings. Global sales were up by 3.5%, driven mainly by North America and Germany. The Q3 growth rate was 1.5%.

TPI Polytechnik is reporting improvements in the level of activity and earnings. Sales were up by 3.7%. New customers have been identified in Asia, the Middle East and Africa. The European market continues to lack the appetite and opportunities for investing in large animal housing facilities. Sales in the third quarter were down by 22.9% year-on-year, however, as a number of projects have been postponed by the customers.

A number of new PUR products have been launched in 2016, and all three businesses are planning additional product launches later this year.

Tinby has expanded its production of PUR components in China for customers in the cleantech industry.

Tinby has established local production in the USA in order to provide better service to its North American customers. The facilities were set up at Ergomat's existing location. The new production activity is developing in line with plans.

Gibo Plast has developed new products and solutions for customers in the cleantech and automotive industries, which the company expects will contribute to sales and earnings in 2016 and beyond.

In the USA, Ergomat has established local production of ergonomic mats in order to provide better service (by reducing lead times) to the many US-based customers. The new production activity is developing in line with plans.

Ergomat expanded production in Poland and strengthened its services locally in Europe.

Brøderna Bourghardt, a company acquired at the end of February 2014, is performing well and growing its sales and, as expected, is bringing in new customers to SP Group's other business operations. Brøderna Bourghardt is Scandinavia's leading manufacturer of Telene components (impact-resistant plastic material suitable for large components) and a maker of advanced products from composite materials.

The acquisition of Sander Tech also produced the expected and anticipated results.

As expected, starting up SP Extrusion impacted EBIT for the 9M 2016 period.

Ulstrup Plast A/S became part of our Plastics business effective 1 July 2015. Ulstrup Plast A/S is a well-run and profitable injection moulding business with production and assembly sites in Denmark and Slovakia. We are confident that the acquisition of Ulstrup Plast A/S will further accelerate SP Group's growth and earnings. Ulstrup Plast has performed as expected in the period under review and is also contributing new customers to SP Group's other business activities.

MedicoPack A/S was rolled into our Plastics business effective from 14 July 2016. MedicoPack is a well-run blow-moulding company with clean-room production in Denmark. The company's highly qualified management and employees will be staying on. MedicoPack bases a part of its sales on proprietary products.

We are confident that the acquisition of MedicoPack A/S will further accelerate SP Group's growth and earnings. MedicoPack has performed as expected since being consolidated.

We continue to expect revenue and EBITDA improvements in the PLASTICS business in 2016 relative to 2015. Activities are being expanded in the USA, Denmark, Poland, Slovakia, Latvia and China.



Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the interim report of SP Group A/S for the nine months ended 30 September 2016.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 '*Interim Financial Reporting*' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2016 and of the results of the Group's operations and cash flows for the nine months ended 30 September 2016.

Furthermore, in our opinion, the Management commentary gives a true and fair review of the development of the Group's activities and financial affairs, the financial results for the period and the Group's financial position in general as well as a true and fair description of the principal risks and uncertainties which the Group faces.

Søndersø, 17 November 2016

Executive Board

Frank Gad
CEO

Jørgen Hønnerup Nielsen
CFO

Board of Directors

Niels K. Agner
Chairman

Erik P. Holm
Deputy Chairman

Erik Christensen

Hans W. Schur

Hans-Henrik Eriksen

**INCOME STATEMENT (summary)**

DKK '000	Q3 2016 (unaud.)	Q3 2015 (unaud.)	Acc. Q3 2016 (unaud.)	Acc. Q3 2015 (unaud.)	FY 2015 (audited)
Revenue	368,772	335,156	1,097,497	962,829	1,319,768
Production costs	-252,692	-235,867	-756,954	-679,168	-916,859
Contribution margin	116,080	99,289	340,543	283,661	402,909
Profit before depreciation, amortisation and impairment losses (EBITDA)	52,966	42,859	150,801	112,835	162,788
Depreciation, amortisation and impairment losses	-17,689	-18,504	-50,755	-49,754	-72,011
Profit before net financials (EBIT)	35,277	24,355	100,046	63,081	90,777
Net financials	-3,256	-3,274	-8,778	-7,798	-10,122
Profit before tax and non-controlling interests	32,021	21,081	91,268	55,283	80,655
Tax on the profit for the period	-7,349	-5,185	-20,958	-13,224	-19,543
Profit for the period	24,672	15,896	70,310	42,059	61,112
SP Group A/S' share	24,264	15,747	69,391	41,721	60,584
Earnings per share (DKK)			31.18	19.93	28.98
Diluted earnings per share (DKK)			30.01	19.31	28.00

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q3 2016 (unaud.)	Q3 2015 (unaud.)	Acc. Q3 2016 (unaud.)	Acc. Q3 2015 (unaud.)	FY 2015 (audited)
Profit for the period	24,672	15,896	70,310	42,059	61,112
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustment relating to foreign companies	2,274	-4,592	-6,669	1,552	5,593
Net fair value adjustment of financial instruments acquired to hedge future cash flows	6,010	-5,501	-12,320	3,215	14,353
Other comprehensive income	8,284	-10,093	-18,989	4,767	19,946
Comprehensive income	32,956	5,803	51,321	46,826	81,058
Allocation of comprehensive income for the period:					
Parent company shareholders	32,606	5,698	49,822	46,580	80,548
Non-controlling shareholders	350	105	763	246	510

**BALANCE SHEET (summary)**

DKK '000	30.09. 2016 (unaud.)	30.09. 2015 (unaud.)	31.12. 2015 (audited)
Intangible assets	169,646	179,862	175,724
Property, plant and equipment	440,885	451,007	452,070
Financial assets	478	3,478	3,486
Deferred tax assets	3,792	4,246	3,792
Total non-current assets	614,801	638,593	635,072
Inventories	264,583	236,910	243,534
Receivables	171,579	164,891	155,519
Cash	41,655	32,147	43,763
Total current assets	477,817	433,948	442,816
Total assets	1,092,618	1,072,541	1,077,888
Equity including non-controlling interests	426,226	362,021	393,561
Non-current liabilities	231,158	286,212	279,369
Current liabilities	435,234	424,308	404,958
Equity and liabilities	1,092,618	1,072,541	1,077,888

CASH FLOW STATEMENT (summary)

DKK '000	Q3 2016 (unaud.)	Q3 2015 (unaud.)	Acc. Q3 2016 (unaud.)	Acc. Q3 2015 (unaud.)	FY 2015 (audited)
Cash flows from operating activities	41,890	35,501	113,841	116,318	171,743
Cash flows from investing activities	34,743	-44,763	-18,093	-95,374	-116,350
Cash flows from financing activities	-45,987	-16,853	-83,677	6,763	-18,403
Change in cash and cash equivalents	30,646	-26,115	12,071	27,707	36,990

CHANGES IN EQUITY since 1 January:

DKK '000	Equity attributable to parent company shareholders		Equity including non- controlling interests	
	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)
Balance at 1 January (after tax)	391,098	266,731	393,561	276,361
Capital increase	8,918	55,365	8,918	55,365
Exchange rate adj., foreign subsidiaries	-6,421	1,644	-6,421	1,552
Acquisition of treasury shares	-25,604	-12,705	-25,604	-12,705
Sale of treasury shares	7,754	10,229	7,754	10,229
Other adjustments	-736	0	-736	0
Dividends paid	-8,767	-7,058	-9,509	-7,977
Value adjustment of derivative financial instruments (after tax)	-12,320	3,215	-12,320	3,215
Change in ownership, non-controlling interests	-393	0	0	-6,531
Recognition of share-based payment	429	453	429	453
Profit for the period (after tax)	69,391	41,721	70,310	42,059
Balance at 30 September (after tax)	423,349	359,595	426,226	362,021



BUSINESS SEGMENTS

DKK '000	Coatings Q3		Plastics Q3		Other *) Q3		Group Q3	
	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)
Revenue	31,448	34,314	336,770	301,776	554	-934	368,772	335,156
Profit before depreciation, amortisation and impairment losses (EBITDA)	4,325	3,528	48,602	41,949	39	-2,618	52,966	42,859
Depreciation, amortisation and impairment losses	-1,846	-2,433	-15,013	-15,272	-830	-799	-17,689	-18,504
Profit before net financials (EBIT)	2,479	1,095	33,589	26,677	-791	-3,417	35,277	24,355
Net financials							-3,256	-3,274
Profit before tax							32,021	21,081
Tax on profit for the period							-7,349	-5,185
Profit for the period							24,672	15,896
Segment assets								
Unallocated assets								

*) Comprises eliminations and unallocated overhead costs

DKK '000	Coatings Acc. Q3		Plastics Acc. Q3		Other *) Acc. Q3		Group Acc. Q3	
	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)	2016 (unaud.)	2015 (unaud.)
Revenue	103,854	106,820	991,775	861,602	1,868	-5,593	1,097,497	962,829
Profit before depreciation, amortisation and impairment losses (EBITDA)	12,507	10,093	140,124	110,574	-1,830	-7,832	150,801	112,835
Depreciation, amortisation and impairment losses	-5,561	-6,967	-42,725	-40,438	-2,469	-2,349	-50,755	-49,754
Profit before net financials (EBIT)	6,946	3,126	97,399	70,136	-4,299	-10,181	100,046	63,081
Net financials							-8,778	-7,798
Profit before tax							91,268	55,283
Tax on profit for the period							-20,958	-13,224
Profit for the period							70,310	42,059
Segment assets	72,863	84,860	867,999	863,513	105,831	84,297	1,046,693	1,032,670
Unallocated assets							45,925	39,871
							1,092,618	1,072,541



Business activities acquired in 2016

Effective 14 July 2016, the Group acquired all shares in MedicoPack ApS, a blow-moulding company with clean-room production in Denmark.

Preliminary fair values of the assets and liabilities at the date of acquisition are set out below.

	DKK '000
Property, plant and equipment	14,472
Inventories	15,435
Trade receivables	17,432
Other receivables	895
Cash	16,717
Tax asset	2,954
Provisions relating to guarantees	-2,697
Amount owed to seller	-18,000
Trade payables	-8,162
Income tax payable	0
Other payables	-7,773
Acquired net assets	31,273
Goodwill	0
Cash consideration	31,273

The acquired company had revenue of almost DKK 100 million and a normalised EBIT of DKK 0 in its most recent financial year.

Acquisition costs amounted to DKK 1.0 million, which amount has been recognised in 2016.

Effective 15 October 2016, the Group acquired the plastics activities of Aasum Plast og Metal A/S.

Preliminary fair values of the assets at the date of acquisition are set out below.

	DKK '000
Property, plant and equipment	1,600
Customer files	300
Inventories	600
Assets acquired	2,500
Goodwill	1,000
Cash consideration	3,500

The acquired company had revenue of approximately DKK 10.0 million and negative EBIT of approximately DKK 0.1 million in its most recent financial year.

Acquisition costs expected to total DKK 0.1 million, which amount has been recognised in 2016.



Warrant programme for the Company's Executive Board and senior managers

The Board of Directors resolved on 29 April 2016 (see company announcement no. 26/2016) to set up an incentive programme for the Company's Executive Board and 29 senior managers. The programme is based on warrants to be issued by the Board of Directors exercising the authorisation provided in article 5(4) of the articles of association and granted at the Annual General Meeting held on 28 April 2016, on which occasion the programme was presented to the shareholders. A total of 59,000 warrants were issued, of which 10,000 were awarded to the Executive Board and the rest were awarded to the senior managers.

The reason for the award was a desire to align the interests of the senior managers with those of the Group.

The exercise price was fixed at DKK 390.00 per share with a nominal value of DKK 10 plus a 7.5% premium calculated from 1 April 2016 and until the date of exercise. The exercise price was fixed on the basis of the official market price during the period from immediately before the release of the Annual Report on 30 March 2016 and until 27 April 2016.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2019 to 31 March 2022, always provided that warrants can only be exercised during the first two weeks of a trading window in which the Company's in-house rules allow management to trade in the Company's shares.

Warrants to be issued are expected to have a value of DKK 8.40 each for an aggregate market value of approximately DKK 495,600. The market value of the warrants issued was calculated using the Black-Scholes model with volatility being calculated on the basis of the price of the Company's shares in recent months, a level of interest rates of 0.00%, a share price of DKK 365.00 and assuming that warrants awarded are exercised in April 2019. Allowance is made for any dividend payments to be made during the period.

The Executive Board and the 29 senior managers were given the option of buying the warrants at market price as calculated above against payment in cash. The offer to buy remain in force for two months after 29 April 2016.

Members of the Executive Board and 12 senior managers (14 participants) have opted to buy their warrants (total of 32,000 warrants).

As a result, 98,612 warrants are exercisable under existing programmes as from 2015 (of which 97,612 have been exercised), 96,334 warrants are exercisable from 2016 (of which 84,334 have been exercised), 50,000 warrants become exercisable from 2017, 50,000 become exercisable from 2018, and 59,000 become exercisable from 2019.

If a participant resigns from the group company in which he or she is employed, the number of warrants will be reduced on a pro rata basis so as to reflect that the participant was only associated with the Group for a part of the term of the programme. This does not apply if a participant has bought and paid for his or her warrants.



Accounting policies

The interim report for the nine months to 30 September 2016 is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies. Other than as set out below, the accounting policies are consistent with those applied in Annual Report 2015, in which the accounting policies are set out in their entirety in note 1 to the financial statements.

Changes to accounting policies

Effective from 1 January 2016, SP Group A/S has implemented the following new or amended standards and interpretations:

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation, Amendments to IFRS 11 – Acquisition of an Interest in a Joint Operation, Amendments to IAS 1 on clarifications of "Disclosure Initiative" and Annual Improvements to IFRSs 2012-2014 Cycle.

Annual Improvements to IFRSs 2012-2014 Cycle entails changes to IFRS 5, IFRS 7, IFRS 19 and IAS 34. Apart from the changes to IAS 34, which involves disclosure of information "elsewhere in the interim financial report", the amendments involve very specific changes with a very narrow scope.

None of the new amendments or improvement have affected recognition and measurement in the interim report.

Accounting estimates and judgments

In preparing the interim financial statements, Management makes accounting judgments and estimates that affect the use of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

The most significant estimates made by Management when applying the accounting policies and the most significant judgment uncertainty related to preparing these interim financial statements are the same as those used to prepare the consolidated and the parent company financial statements for 2015. Reference is made to the information provided on estimates and judgments in the consolidated and the parent company financial statements for 2015.

Impairment test

The annual test for impairment of intangible assets, including goodwill, will be made at 31 December 2016 following the completion of budgets and strategy plans for the upcoming period. Management has not identified evidence of impairment of the carrying amount of goodwill at 30 September 2016 and, accordingly, has not tested goodwill for impairment at 30 September 2016. Reference is made to the information provided on estimates and judgments in the consolidated and the parent company financial statements for 2015.

Forward-looking statements

This interim report contains forward-looking statements reflecting Management's current perception of future trends and financial performance. Statements relating to 2016 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in SP Group's activities, raw materials prices, foreign exchange rates and economic conditions. This interim report does not constitute an invitation to buy or sell shares in SP Group A/S.

About SP Group

SP Group manufactures moulded plastic components and applies plastic coatings on plastic and metal surfaces.

SP Group is a leading supplier of plastic manufactured products for the manufacturing industries in Denmark and has increasing exports and growing production from own factories in Denmark, China, Brazil, the USA, Latvia, Slovakia and Poland. SP Group also has sales subsidiaries in Sweden, the Netherlands and Canada. SP Group is listed on NASDAQ Copenhagen A/S and had 1,592 employees and about 1,250 registered shareholders at 30 September 2016.

SP Group's two business areas have the following activities:

- Coatings
- Plastics

Ergomat's new, innovative, ergonomic mat with built-in LED technology.

