



Q1 2019

Presentation by CEO Frank Gad
24 May 2019

AGENDA



- SP Group in brief
- Highlights Q1 2019
- Financial results 2018 and Q1 2019
- Outlook for 2019
- 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 2019 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations and targets. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in raw materials and energy prices, changes in foreign exchange rates, changes in macroeconomic and political settings, changes in the demand and production patterns of key customer groups and other external factors.

This presentation does not constitute an invitation to buy or sell shares in SP Group A/S.

SP GROUP IN BRIEF



Headquarters in Denmark

established in
1972



Products are marketed and sold in

83 countries



Subsidiaries in

11 countries on
4 continents



Average number of employees increased
in 2018 from 1,852 to

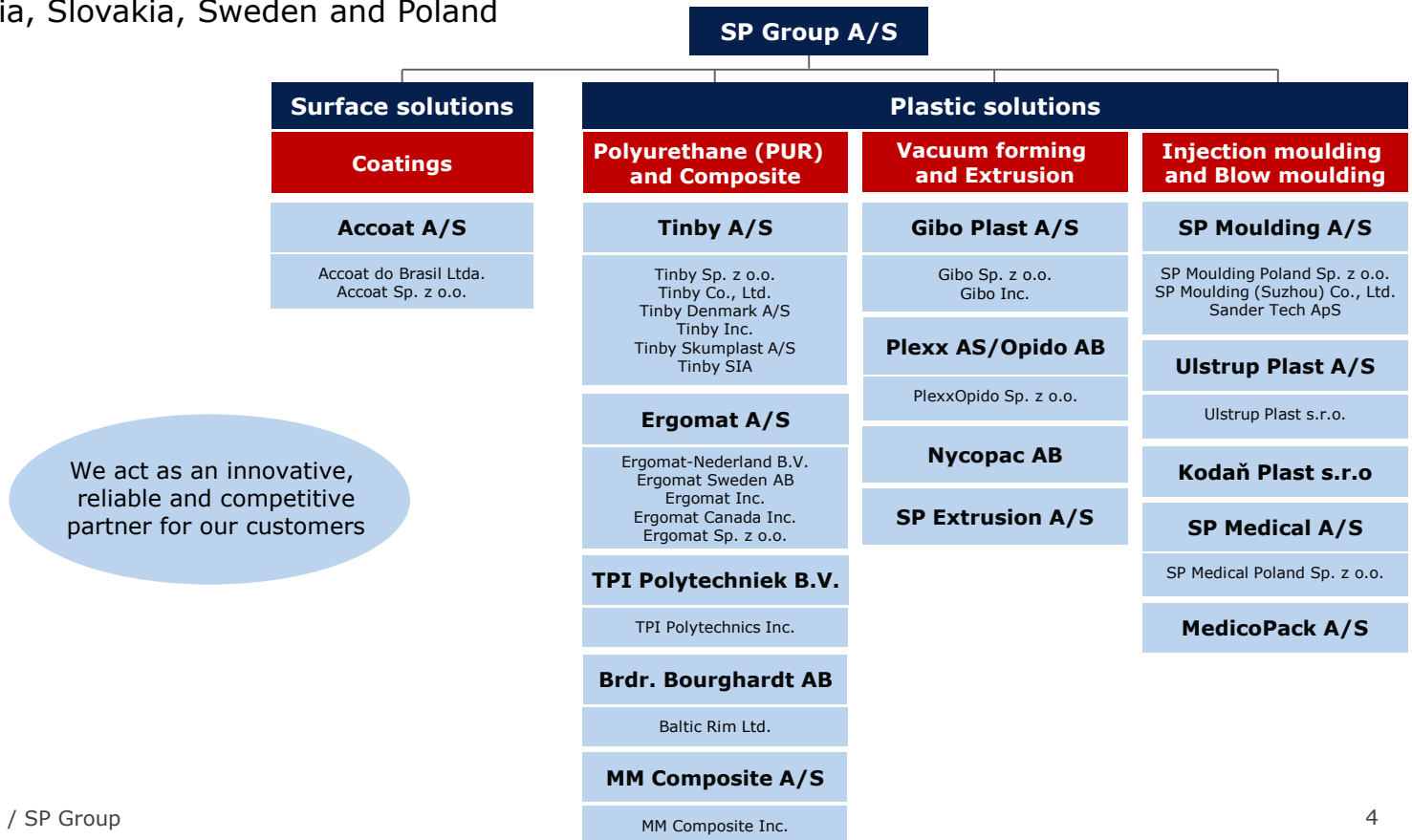
1,994 committed
employees





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





HIGHLIGHTS Q1 2019

HIGHLIGHTS Q1 2019 / 1



In Q1 2019, revenue increased by 12.0% to

DKK **530m**



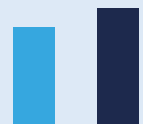
In Q1 2019, revenue from own brands increased by 10.8% to

DKK **117m**



In Q1 2019, EBITDA increased by 18.6% to

DKK **85m**



In Q1 2019, the EBITDA margin increased by 0.9 percentage points to

16.1%

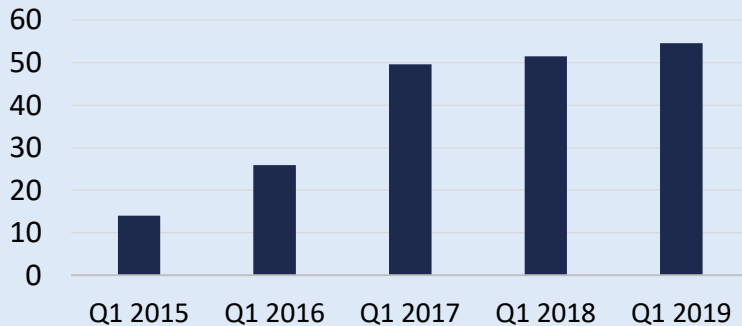




HIGHLIGHTS Q1 2019 / 2

In Q1 2019, profit before tax increased by 6.3% to DKK 54.6m

DKKm



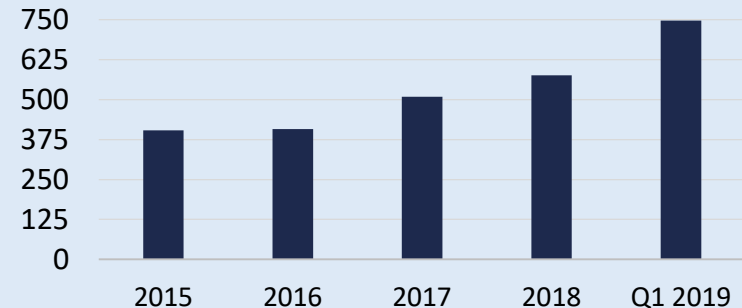
In Q1 2019, EPS, diluted increased by 12.4% to DKK 3.80

DKK



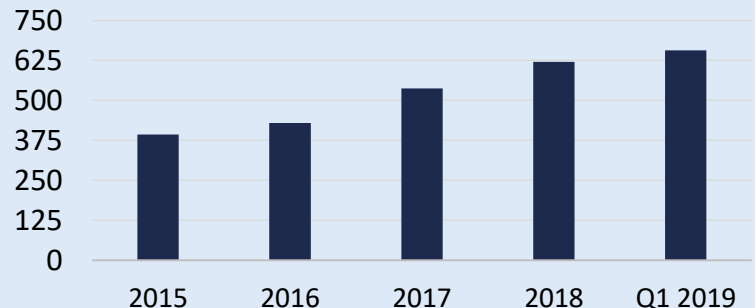
End march 2019, net interest-bearing debt (NIBD) increased DKK 203m to DKK 747m

DKKm



In Q1 2019, equity attributable to the equity holders increased to DKK 656m

DKKm



HIGHLIGHTS 2018



25 April 2018

SP Group acquired Nycopac AB, a manufacturer of packaging equipment

27 June 2018

SP Group acquired 52% of the shares in the slovak company Kodaň Plast s.r.o.

EBITDA from the acquired businesses totalled, in the financial year preceding the acquisition, approx. DKK 2.0m





FINANCIAL RESULTS 2018 AND Q1 2019

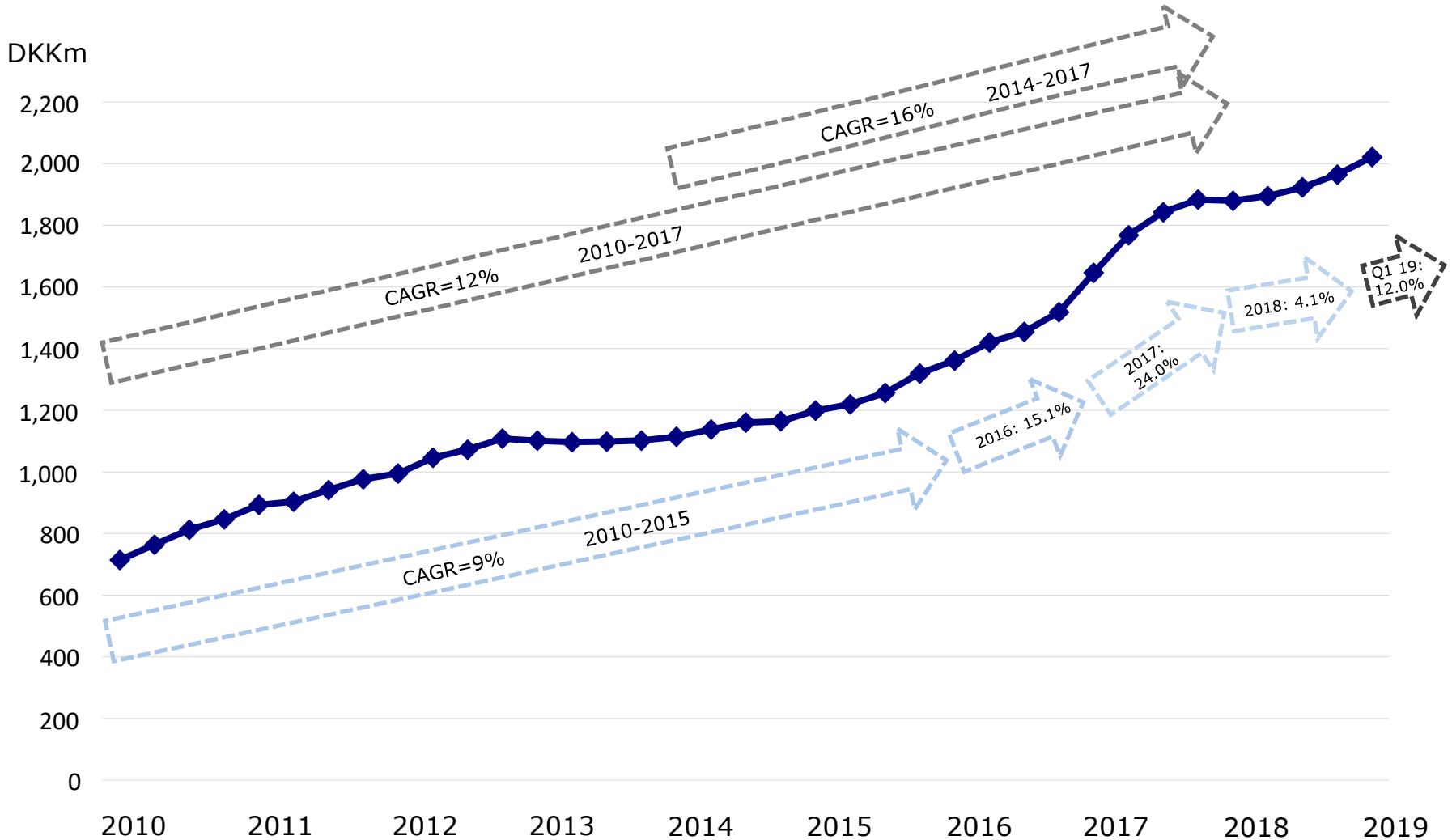
GROUP FINANCIAL HIGHLIGHTS 2018



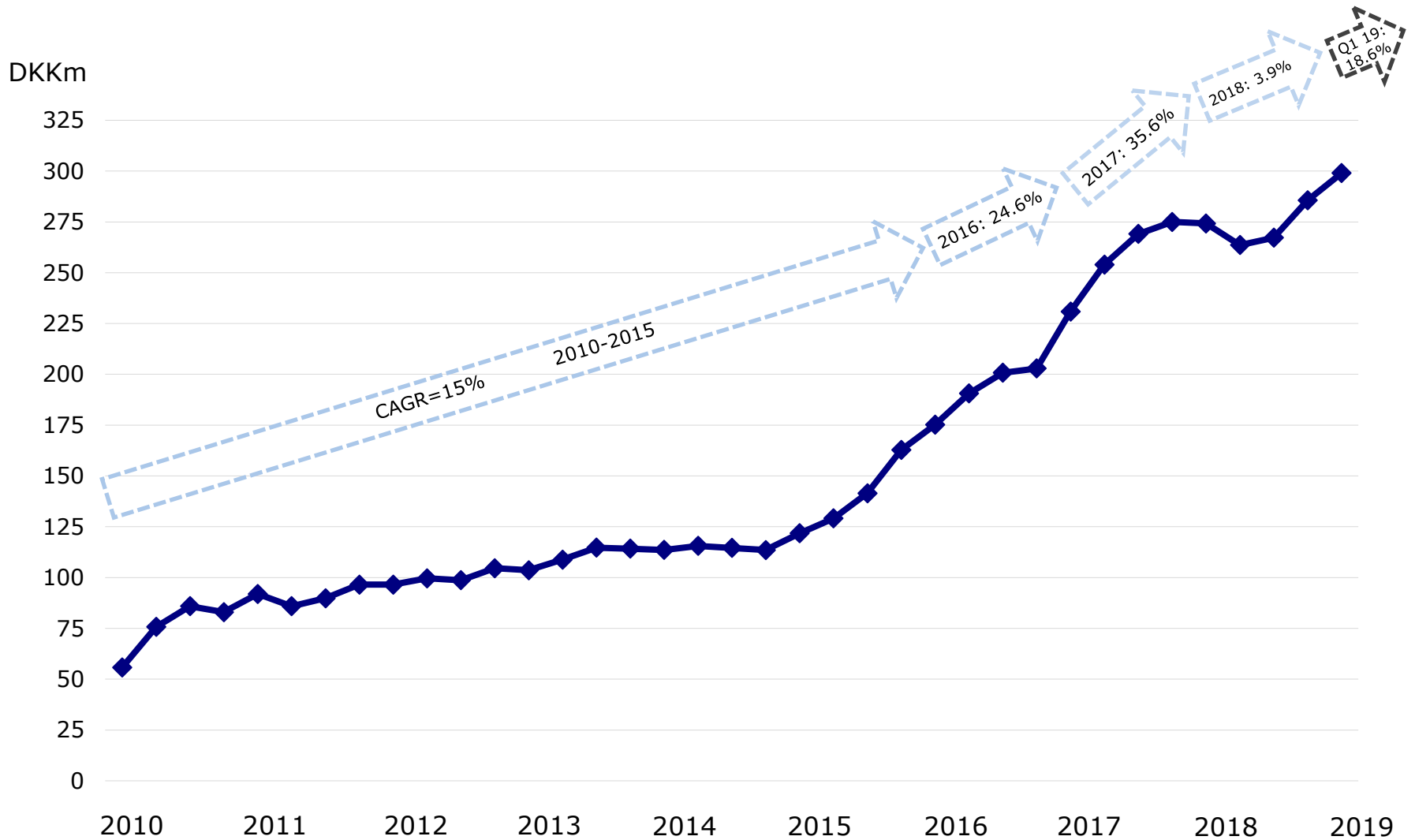
DKKm	2018	2017	2016	2015	2014	2013	2012
Revenue	1,965.0	1,884.1	1,519.0	1,319.8	1,164.9	1,102.1	1,108.5
EBITDA	285.6	275.0	202.9	162.8	113.5	114.2	105.2
EBIT	195.9	193.5	133.4	90.8	60.2	65.3	58.1
Profit before tax	200.1	175.7	122.6	80.7	51.5	50.2	41.6
Equity	620.0	537.7	429.0	393.6	276.4	252.3	240.1
Cash flows from operations	173.4	180.8	140.4	171.7	64.1	66.9	100.1
Cash flows from investments	-124.7	-204.8	-80.1	-116.3	-67.4	-60.1	-87.6
Cash flows from financing activities	-62.9	45.9	-50.3	-40.9	4.6	-11.1	-13.2
Change in cash and cash equivalents	-14.2	21.9	10.0	14.5	1.3	-4.3	-0.7
NIBD	576.6	509.1	407.7	403.4	467.2	430.0	395.4
Equity ratio, incl. non-controlling interests, %	37.8	35.5	35.7	36.5	29.3	28.5	28.7



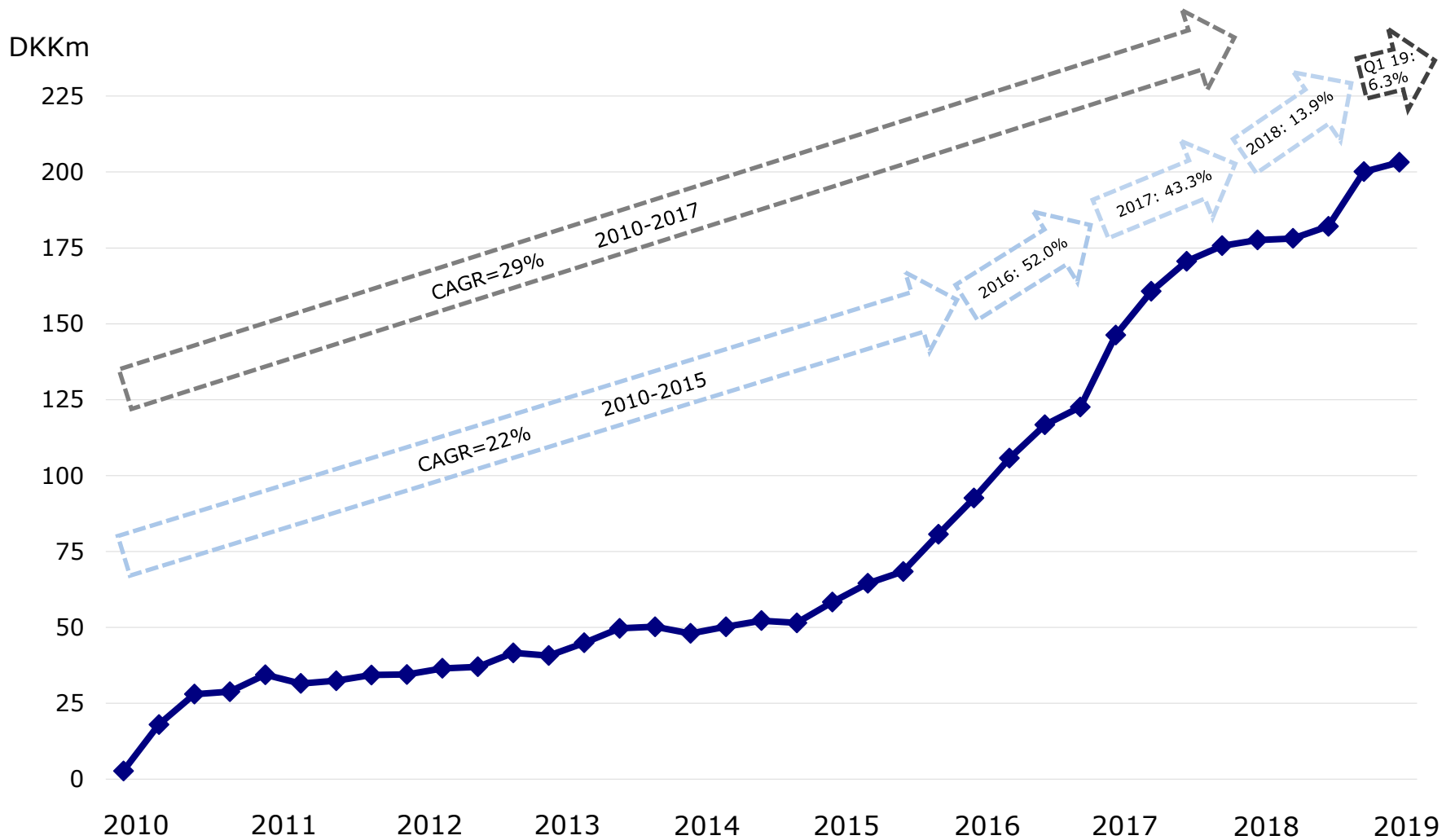
REVENUE 2010 – Q1 2019



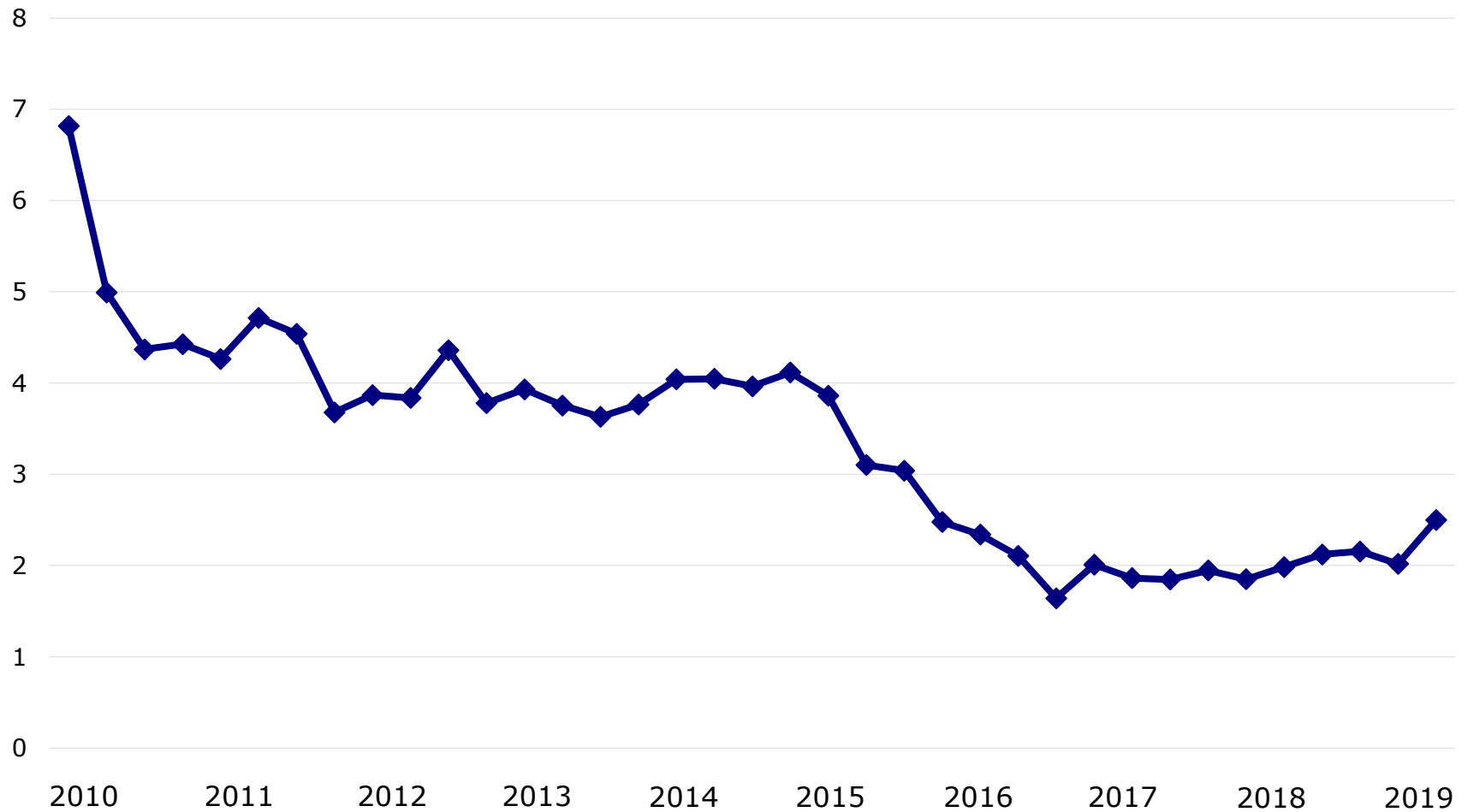
EBITDA 2010 – Q1 2019



EBT 2010 – Q1 2019



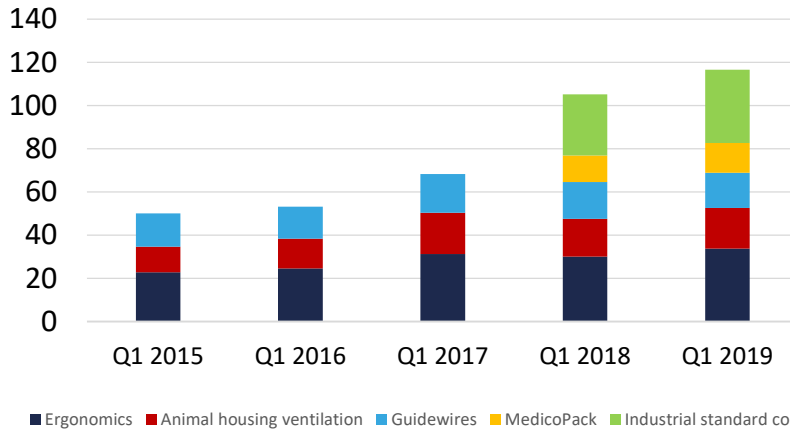
NIBD/EBITDA 2010 – Q1 2019



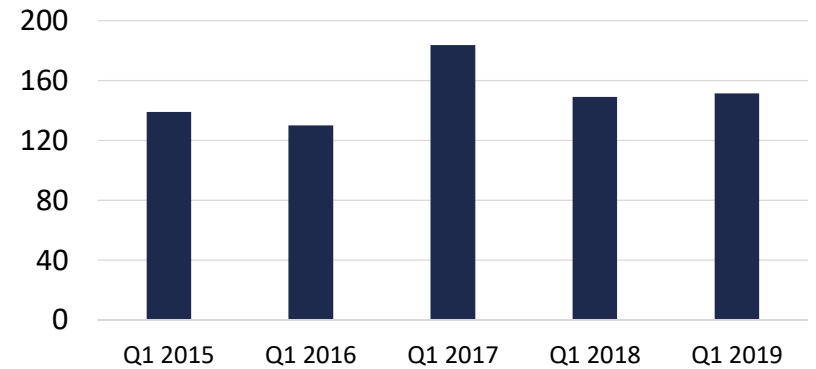


REVENUE SPLIT BY PRODUCT AREA

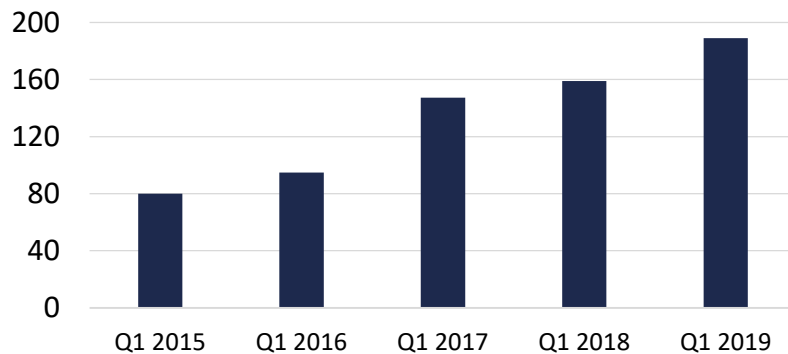
Revenue from own brands in DKKm



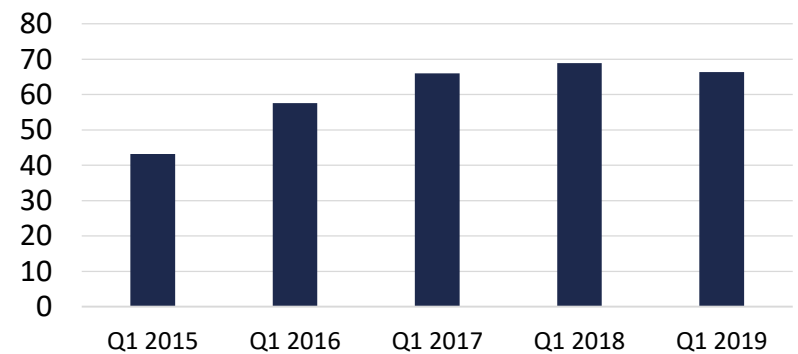
Revenue healthcare products in DKKm



Revenue cleantech industries in DKKm

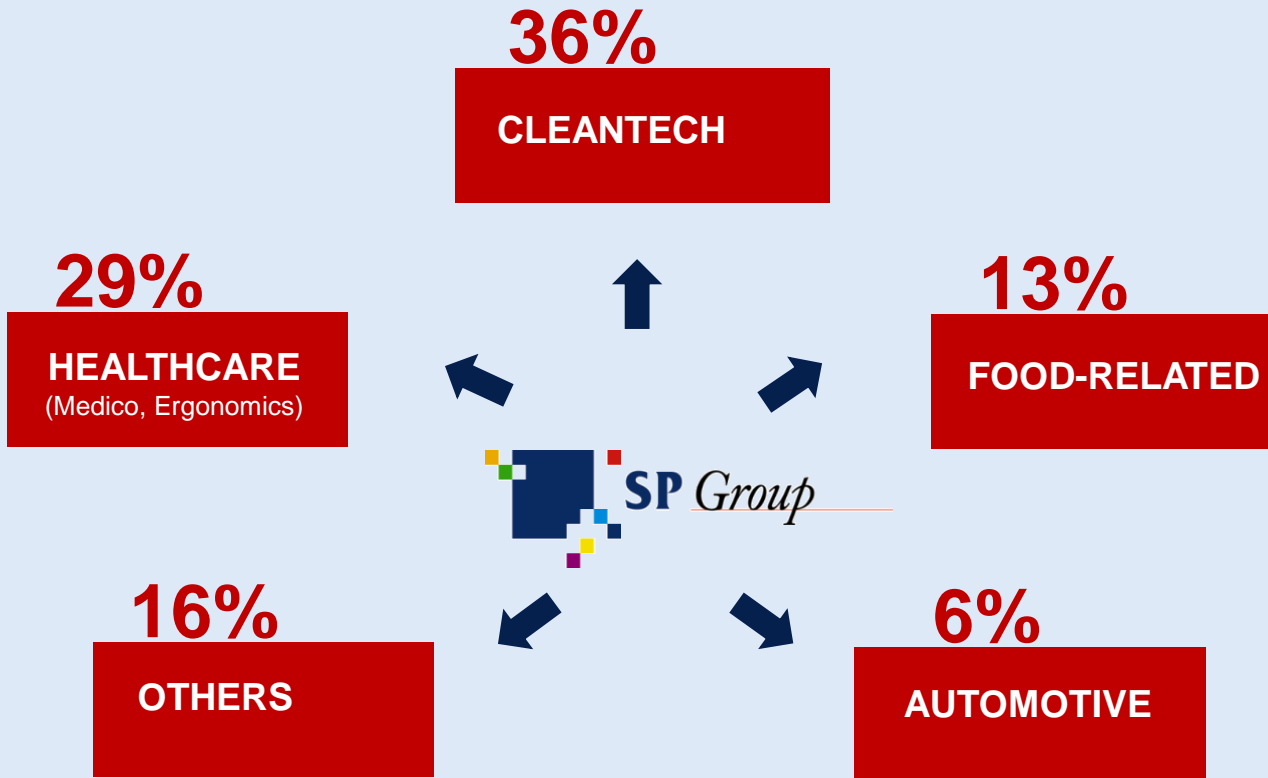


Revenue food-related industries in DKKm





REVENUE BY CUSTOMER GROUPS IN Q1 2019



As of 31 December 2018:

- A total of more than 1,000 customers
- The largest customer accounts for 18% (2017: 18%)
- The 10 largest customers account for 51% (2017: 52%)
- The 20 largest customers account for 61% (2017: 61%)



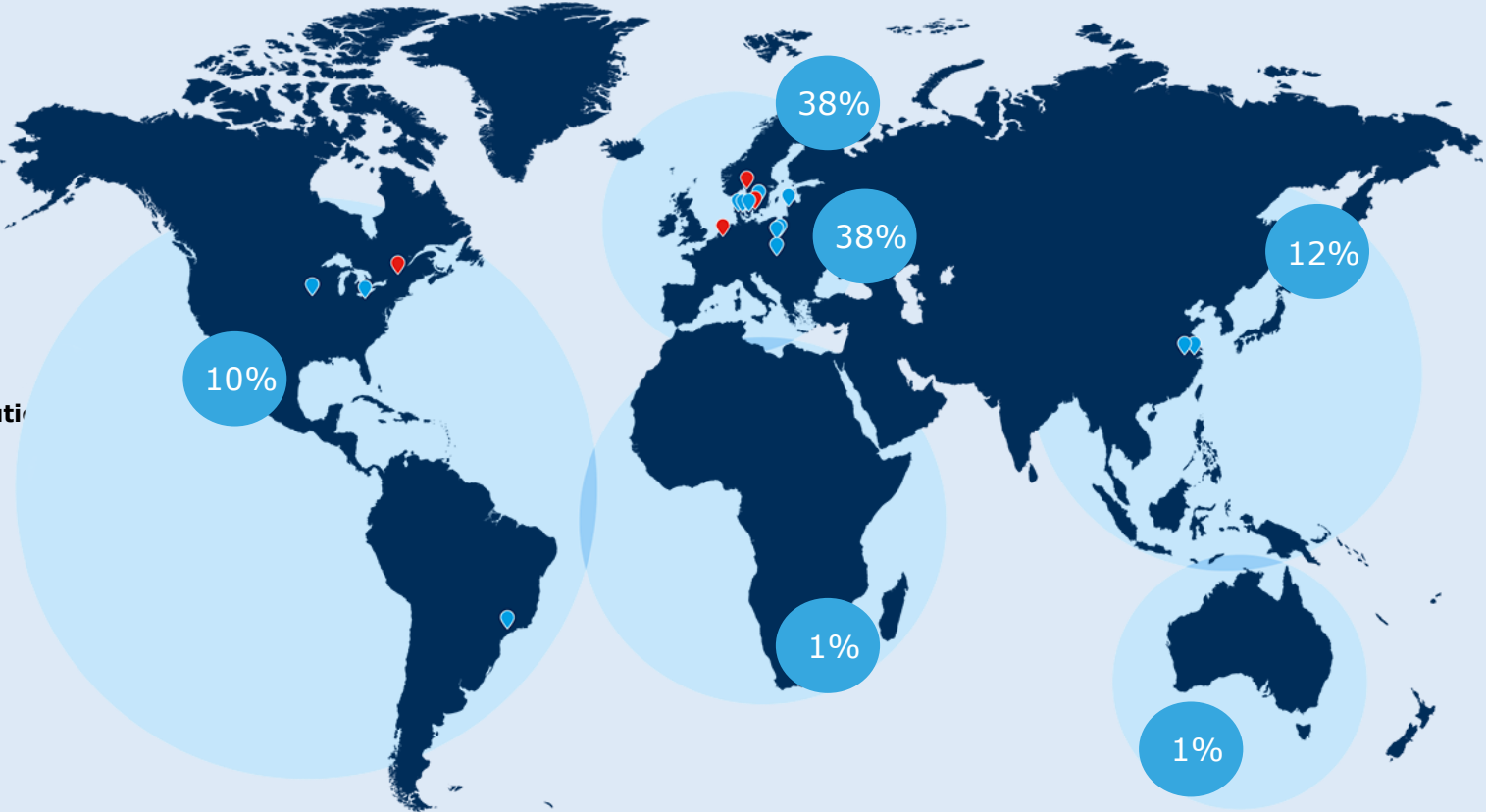
SP GROUP'S GLOBAL PRESENCE

Sales and production

- Denmark (10)
- Poland (6)
- China (2)
- Brazil (1)
- US (2)
- Latvia (1)
- Slovakia (2)
- Sweden (1)

Sales and distribution

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



Percentage distribution is based on 2018 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

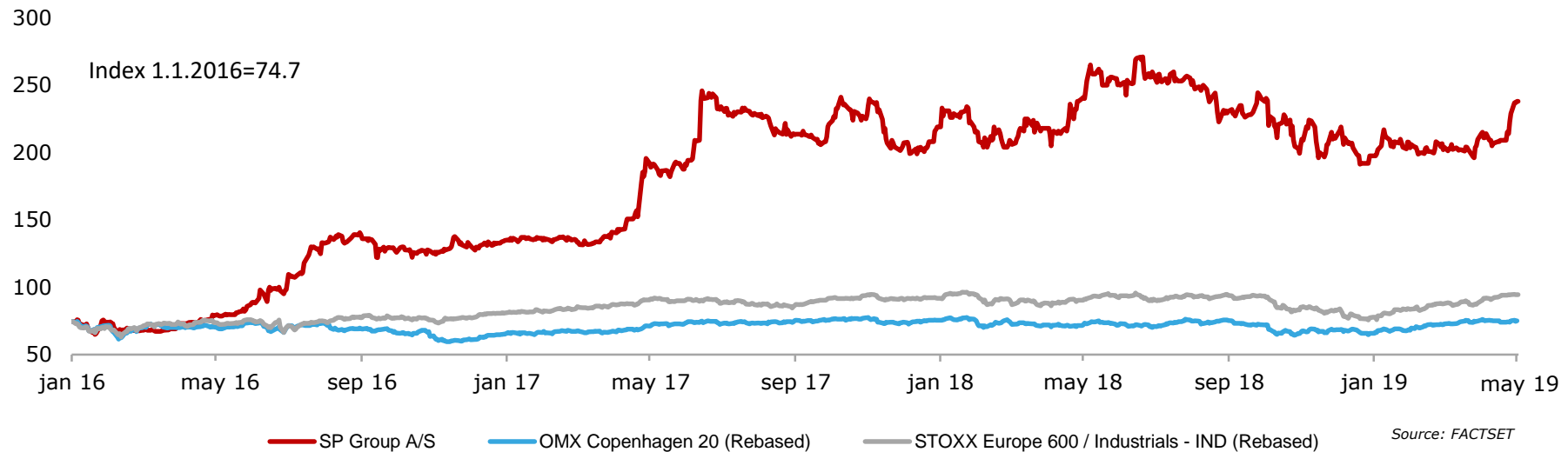


	2005	2010	2015	2018	Q1 2019	2022E
Share of sales outside Denmark	37%	46%	54%	62%	62%	~70%
Share of employees outside Denmark (avg)	23%	50%	64%	69%	70%	~75%
Number of factories outside Denmark	2	6	12	15	15	15
Total number of factories	18	15	20	25	25	25



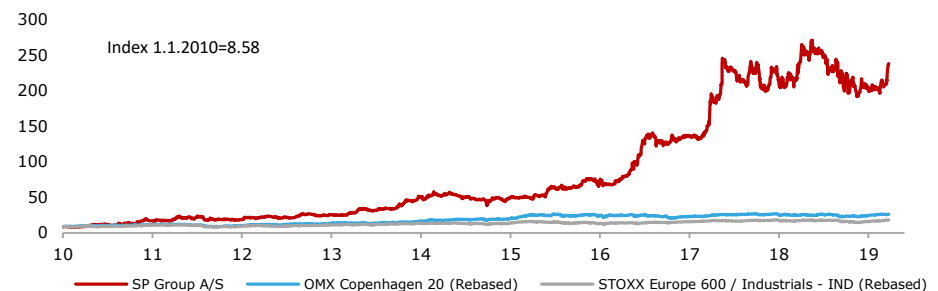
SHARE PRICE PERFORMANCE

Share price performance from 1 January 2016 to 30 April 2019



- Share capital DKK 22.78m
- All shares have equal rights
- Dividends to the shareholders of DKK 2.40 in 2019 (2018: DKK 2.00)
- New DKK 40m share buy-back programme established 11 April 2019. Increased by DKK 15m to DKK 55m 29 April 2019
- 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 2019





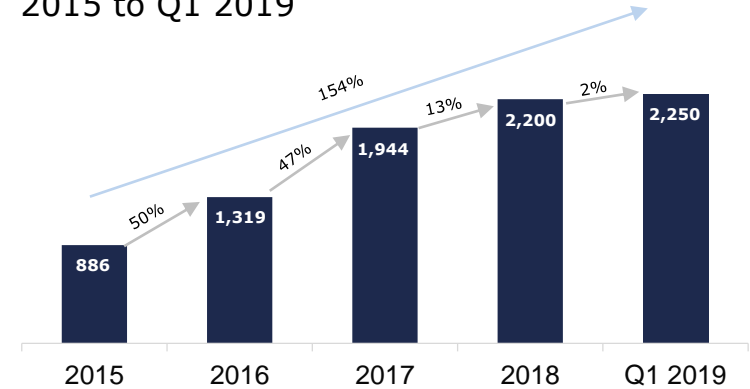
SHAREHOLDERS

December 2015: approx. 886 shareholders

April 2019: approx. 2,250 shareholders

Or up by 154% in the period

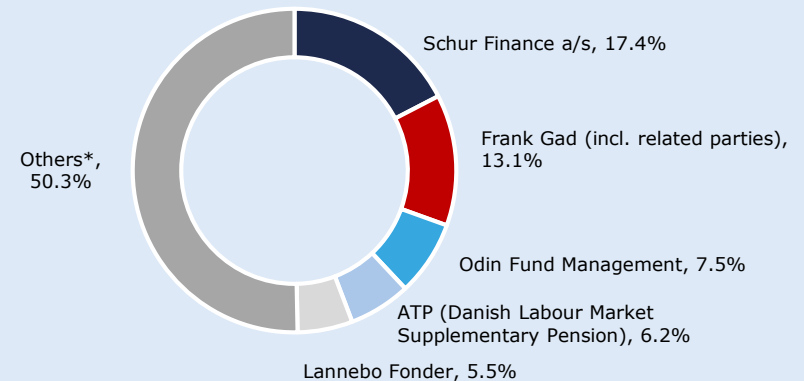
Development shareholders from 2015 to Q1 2019



Among the largest shareholders are:



Shareholder information as per april 2019:



* Approx. 10% of 'Others' include the Board of Directors and Executive Management, therefore management amounts to approx. 41%



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)

Q1 2019 – GROUP




DKKm	Q1 2019	Q1 2018	Growth rate	2018
Revenue	529.6	472.9	+12.0%	1,965.1
EBITDA	85.4	72.0	+18.6%	285.6
EBIT	55.1	49.8	+10.6%	195.9
Profit before tax	54.6	51.3	+6.4%	200.1
Equity incl. non-controlling interests	656.4	552.7		620.0
Cash flows from operations	37.3	17.6		173.4
Cash flows from investments	-24.3	-25.8		-124.7
Cash flows from financing activities	-7.9	-19.1		-62.9
Change in cash and cash equivalents	5.1	-27.3		-14.2
NIBD	747.2	544.2		576.6
Equity ration, incl. non-controlling interest, %	35.7	35.8		37.8

EFFECT OF IFRS 16 FOR 2019



Financial statement items	Effectiveness	Estimated effect*	Description of effect
Revenue	→		No change
OPEX		Decrease of approx. DKK 34m	Decreases as operating lease payments must be recognised as depreciation and interest expenses going forward
EBITDA margin	↑	Increase of approx. 1.7%	Significant increase due to lower costs (decrease in rental expenses)
Depreciation		Increase of approx. DKK 28m	Increases due to depreciation on capitalised right-of-use assets
EBIT margin	↑		Minor increase in EBIT as part of the rental expenses will be recognised as interest expenses
Financial expenses		Increase of approx. 8m	Minor increase due to interest expenses
Corporation tax	→		No significant costs
Net profit	↓ ↻ →	Decrease of approx. DKK 2m	Minor initial decrease due to “front loading” of interest expenses. No effect over time
NIBD	↑	Increase of approx. DKK 165m	Net interest-bearing debt will increase due to recognition of lease liabilities
Free cash flows	↑	Increase of approx. DKK 34m	Increases as operating lease payment will be reclassified from cash flows from operating activities to cash flows from financing activities
Assets	↑	Increase of approx. DKK 165m	
Liabilities	↑	Increase of approx. DKK 165m	

* Based on 2018 figures

A photograph of an offshore wind farm with several white wind turbines on blue floating platforms in the ocean under a cloudy sky. A dark blue horizontal bar is overlaid on the lower part of the image.

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

OUTLOOK FOR 2019

OUTLOOK FOR 2019



- It is our ambition to increase revenue and earnings once again in 2019, but the order horizon is short
- SP Group expects profit before tax in the level of DKK 200 million and revenue in the level of DKK 2.0 billion for 2019
- 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 23.0% in 2018 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	2018		2022 ambition
Revenue	DKK 1,884m	DKK 1,965m	+ 12-16% yearly 	DKK 3.3-4.0bn
EBITDA	14.6%	14.5%	+ 2 percentage points 	16-17%
EBT	9.3%	10.2%	+ 2-3 percentage points 	10-12%
EBT	DKK 176m	DKK 200m		DKK ~400m
NIBD/EBITDA	1.9	2.0	 2-4 	2.5-3.5
Equity ratio, incl. non-controlling interests	35.5%	37.8%	 25-45 	35-40%



UN'S SUSTAINABLE DEVELOPMENT GOALS



- We are working actively with the UN Sustainable Development Goals – read more at pp. 43-47 in our Annual Report 2018

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



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), Sieradz (PL) and São Paulo (Brazil)





2018 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

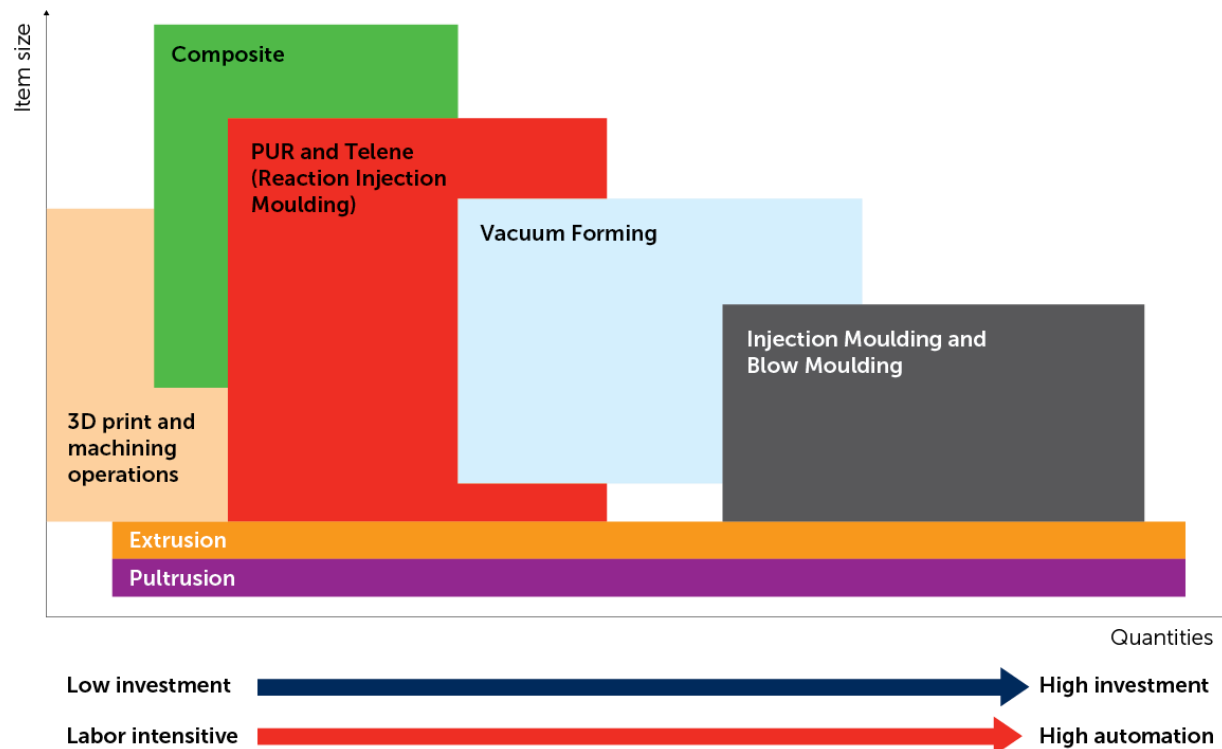


PLASTIC SOLUTIONS



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 Polytechnik, Bröderna Bourghardt and MM Composite
- **Vacuum Forming and Extrusion:** Gibo Plast, Plexx Opido and SP Extrusion
- **Machining operations:** Kodaň Plast





INJECTION MOULDING & BLOW MOULDING / 1

- SP Moulding, Sander Tech 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 (SK), Zilina (SK) and Suzhou (CN)



2K moulding



Technical plastics



Medico



3K moulding



Medico



INJECTION MOULDING & BLOW MOULDING / 2

2018 in highlights

- Global progress
- Many new tasks
- **SP Moulding, Sander Tech and Ulstrup Plast** 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
- **SP Moulding, SP Medical and Ulstrup Plast** have entered into agreements to purchase injection-moulding machines for delivery in 2019 – the machines will be used to expand activities with existing customers
- Through **Ulstrup Plast** s.r.o., acquired 52% of the shares in **Kodaň Plast**
- **MedicoPack** exports approx. 90% of its products and large investments have been initiated to keep up with developments

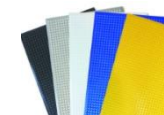




POLYURETHANE & COMPOSITE / 1

- 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 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

2018 in highlights

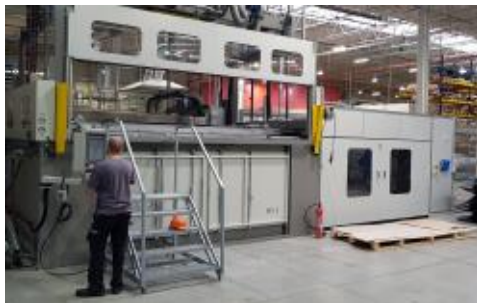
- Higher activity
- New products
- Expansion in the Netherlands, Poland, USA, China and Latvia
- **Ergomat** saw a stable 2018
- **Tinby** expanded its capacity to support global growth
- In 2018, **TPI** experienced project delays in Eastern Europe – but saw sales progress in other markets
- For **Brdr. Bourghardt**, 2018, 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), Fredrikstad (N), Sieradz (PL) and Nyköping (SE)



Vacuum forming



Furniture



Appliance



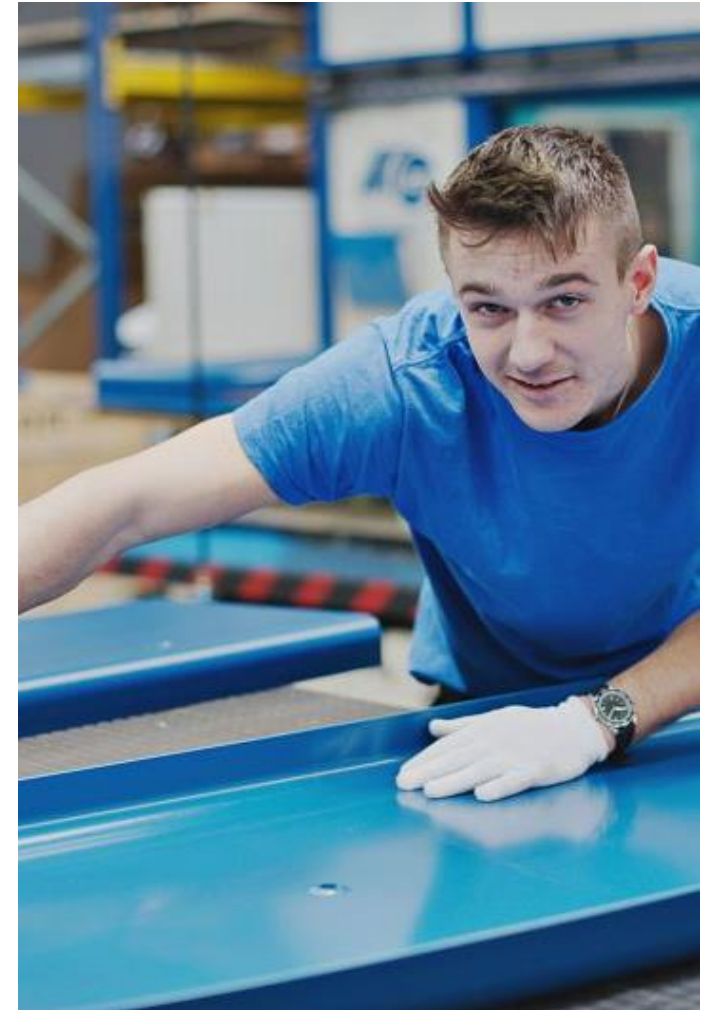
Cleantech



VACUUM FORMING & EXTRUSION / 2

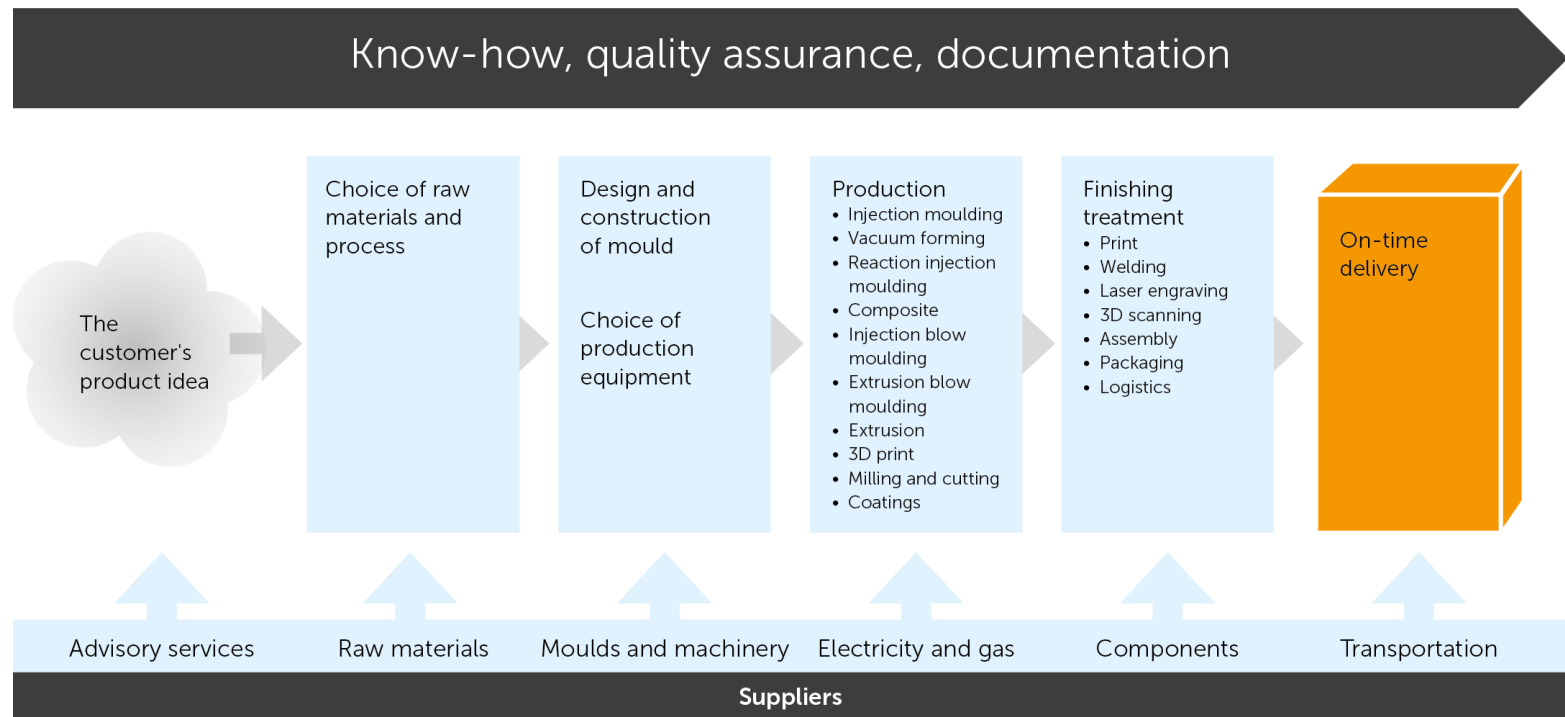
2018 in highlights

- New tasks in several industries
- Expansion in Poland
- Acquisition of Nycopac AB, Sweden
- **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



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