



FIRST NINE MONTHS OF 2018

Presentation by CEO Frank Gad
12 November 2018

AGENDA



- SP Group in brief
- Highlights first nine months of 2018
- Financial results 2017 and the first nine months of 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



Headquarters in Denmark

established in
1972



Products are marketed and sold in

88 countries



Subsidiaries in

11 countries on
4 continents



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

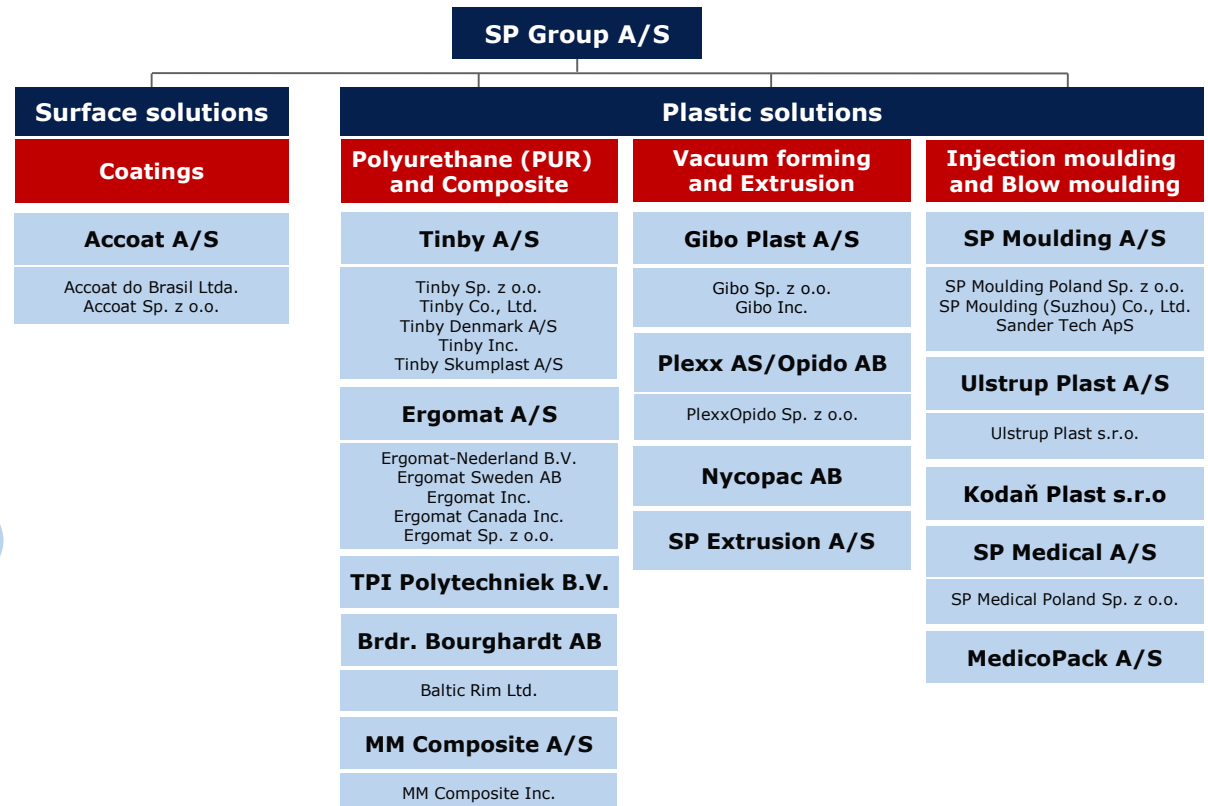
1,852 committed
employees





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 FIRST NINE MONTHS OF 2018

HIGHLIGHTS FIRST NINE MONTHS 2018 / 1



In first 9M 2018 revenue increased by 2.8% to

DKK 1,461m



In first 9M 2018, revenue from own brands increased by 16.7% to

DKK 337.1m



In first 9M 2018 EBITDA fell by 3.6% to

DKK 209m



In first 9M 2018, the EBITDA margin fell by 1.0 percentage points to

14.3%

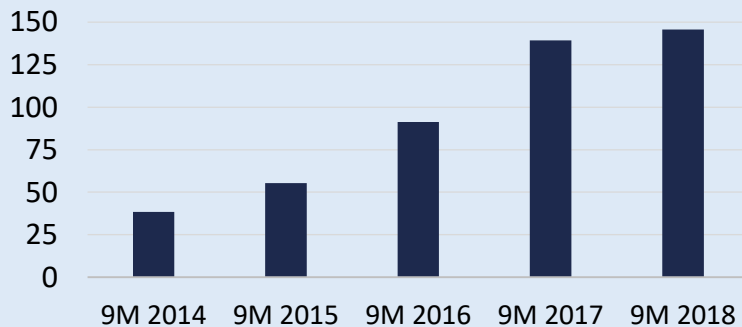




HIGHLIGHTS FIRST NINE MONTHS 2018 / 2

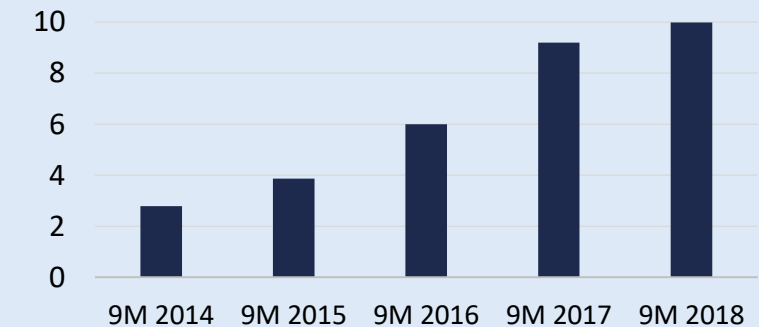
In first 9M 2018, Profit before tax and non-controlling interests was DKK 145.7m

DKKm



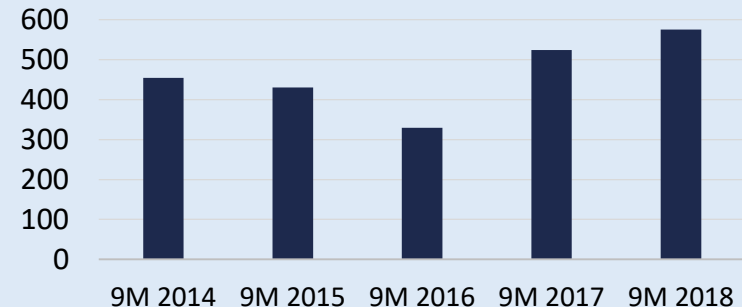
In first 9M 2018, EPS, diluted, increased by 8.6% to DKK 9.99

DKK



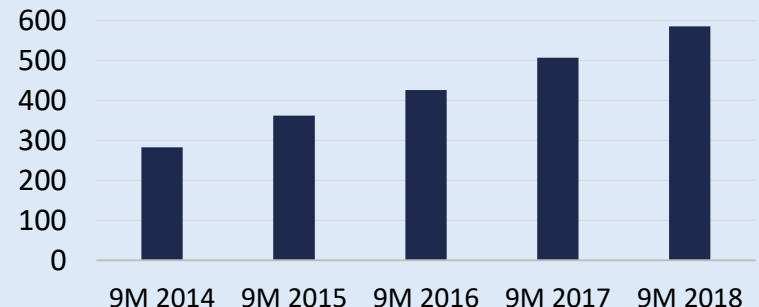
End september 2018, net interest-bearing debt (NIBD) increased to DKK 575.7m

DKKm



In 9M 2018, equity attributable to equity holders increased to DKK 585.7m

DKKm



HIGHLIGHTS 2017



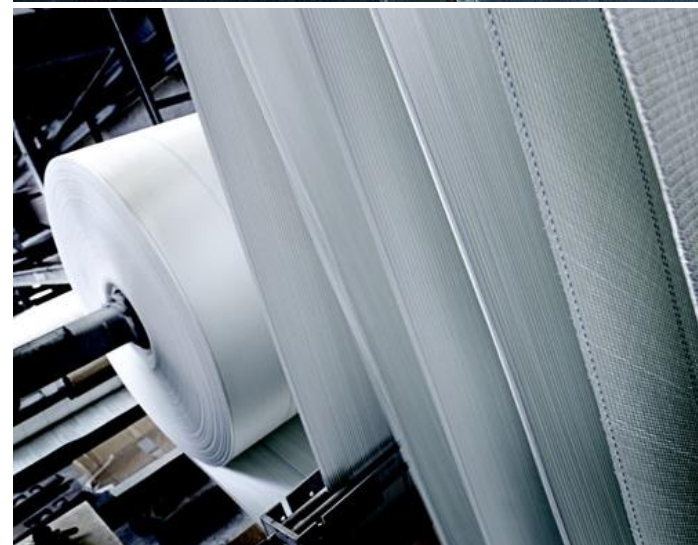
6 January 2017

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





ACQUISITION OF NYCOPAC AB

- On 25 April 2018, SP Group acquired Nycopac AB, a manufacturer of packaging equipment
- The total price including takeover of debt (enterprise value) will be up to SEK 28.5m
- Nycopac AB is expecting a revenue of SEK 30-35m in 2018
- The acquisition of this well-running company within industrial packaging solutions – manufacturing of boxes, pallets and other transportation solutions in plastics, especially for the automotive industries in Europe - supports the growth of SP Group and the 'buy and build' strategy with own products
- Gusten Bergmark stays on as Managing Director for Nycopac AB
- Vice President at SP Group, Lars Bering, will be new Chairman



About Nycopac AB

- Nycopac AB is a manufacturer of packaging equipment within industrial packaging solutions, primarily in plastics
- Situated in Nyköping, Sweden
- The company was established in 2007 by Gusten Bergmark. Driven by the owners Gusten Bergmark and Reinhold Dånmark. They will both stay on as executives
- The products are sold all over Europe, primarily in Sweden
- The company has approx. 10 employees working full-time and these employees are expected to continue their work at Nycopac AB



ACQUISITION OF KODAŇ PLAST s.r.o. (52%)



- On 27 June 2018, SP Group acquired 52% of the shares in the slovak company Kodaň Plast s.r.o.
- The total price including takeover of debt (enterprise value) is DKK 3.0m
- Kodaň Plast s.r.o. is specialized in machining operations in plastic and heat bending, gluing and assembling
- The scope of applications is wide, from simple cutting sheets for the food-related industry to advanced components for the medico and cleantech industries
- Peder Hyldegaard and Jens Møller will both stay on as executives
- Kodaň Plast s.r.o. complements SP Group's wide range of competencies and at the same time, SP Group expands its activities in Slovakia

About Kodaň Plast s.r.o.

- Kodaň Plast s.r.o. is specialized in machining operations, i.e. sawing, milling and turning of items from two x three meter in size to small plastic components with fine details. Further, the company has competencies within heat bending, gluing and assembling
- Situated in Lietavská Lúčka, Slovakia
- Established in 2016 by Peder Hyldegaard and Jens Møller. Both will stay on as executives
- The company has 10 employees





FINANCIAL RESULTS 2017 AND FIRST NINE MONTHS OF 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

GROUP FINANCIAL HIGHLIGHTS 9M 2018

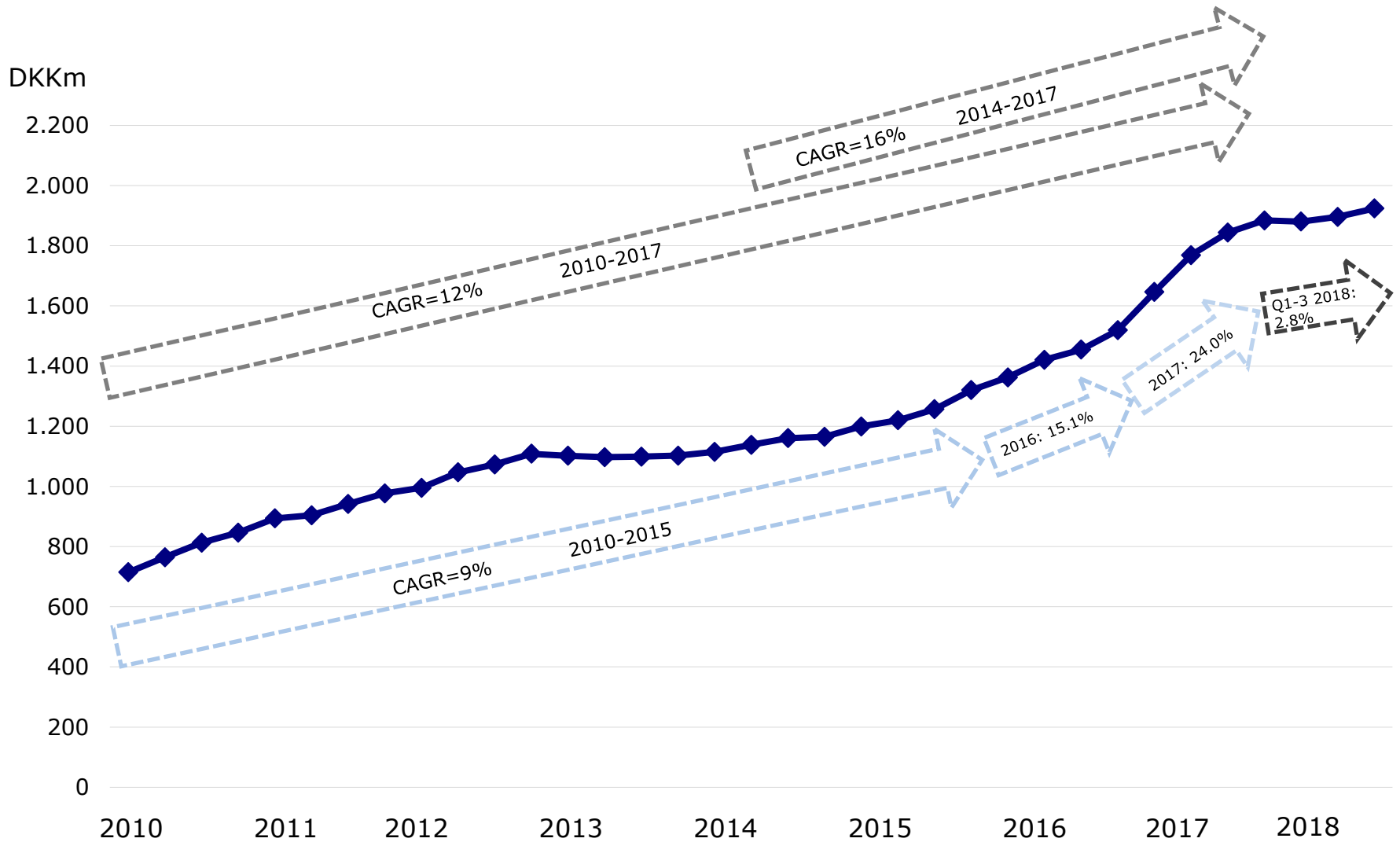


DKKm	Q3 2018	Q3 2017	9M 2018	9M 2017	2017
Revenue	471.7	443.6	1,461.4	1,421.8	1,884.1
EBITDA	71.7	68.2	209.2	217.0	275.0
EBIT	48.4	46.7	140.5	154.7	193.5
Profit before tax and non-controlling interests	46.0	42.0	145.7	139.3	175.7
Equity incl. non-controlling interests			585.7	506.5	537.7
Cash flows from operations	51.3	38.9	119.8	108.7	180.8
Cash flows from investments	-28.6	-32.0	-87.9	-137.8	-204.8
Cash flows from financing activities	-43.6	67.2	-123.6	81.6	65.4
Change in cash and cash equivalents	-20.9	74.1	-91.7	52.5	41.4
NIBD			575.7	524.0	509.1
Equity ratio, incl. non-controlling interests, %			36.2	34.5	35.5

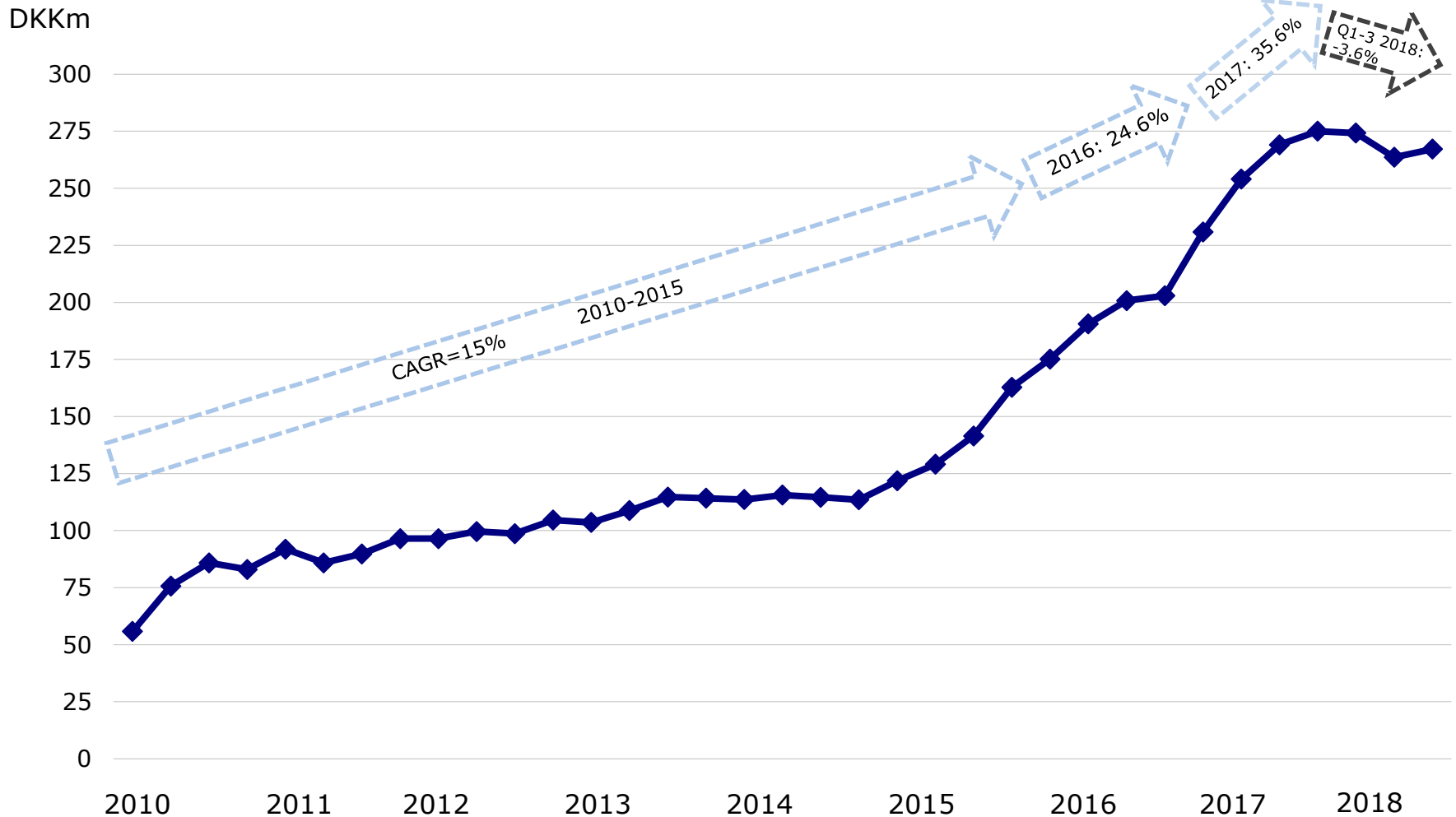
- First 9M 2018 was adversely affected by FX on revenue of approx. DKK 16m and an amended logistics agreement (approx. DKK 25m)



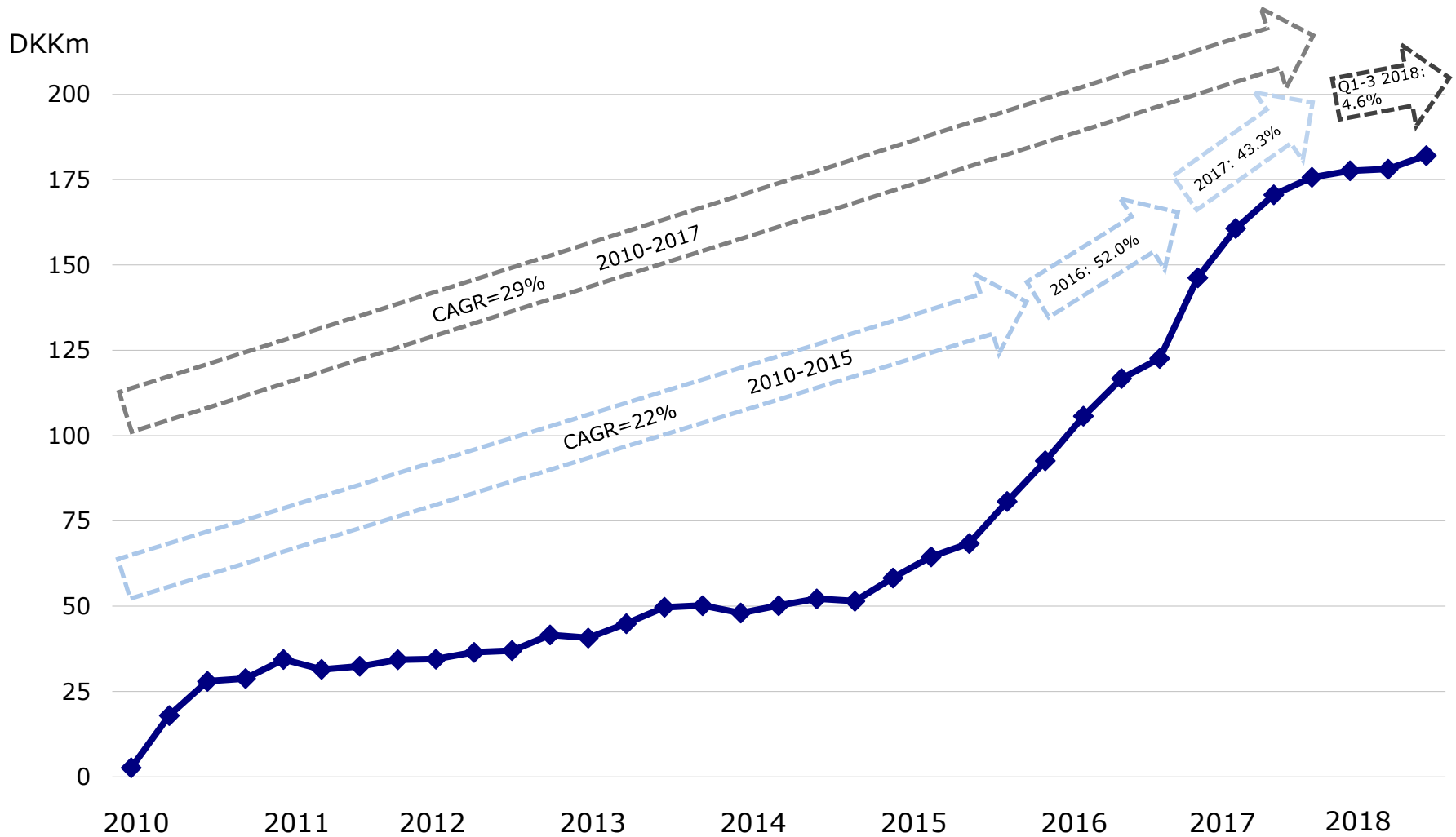
REVENUE 2010 – 9M 2018



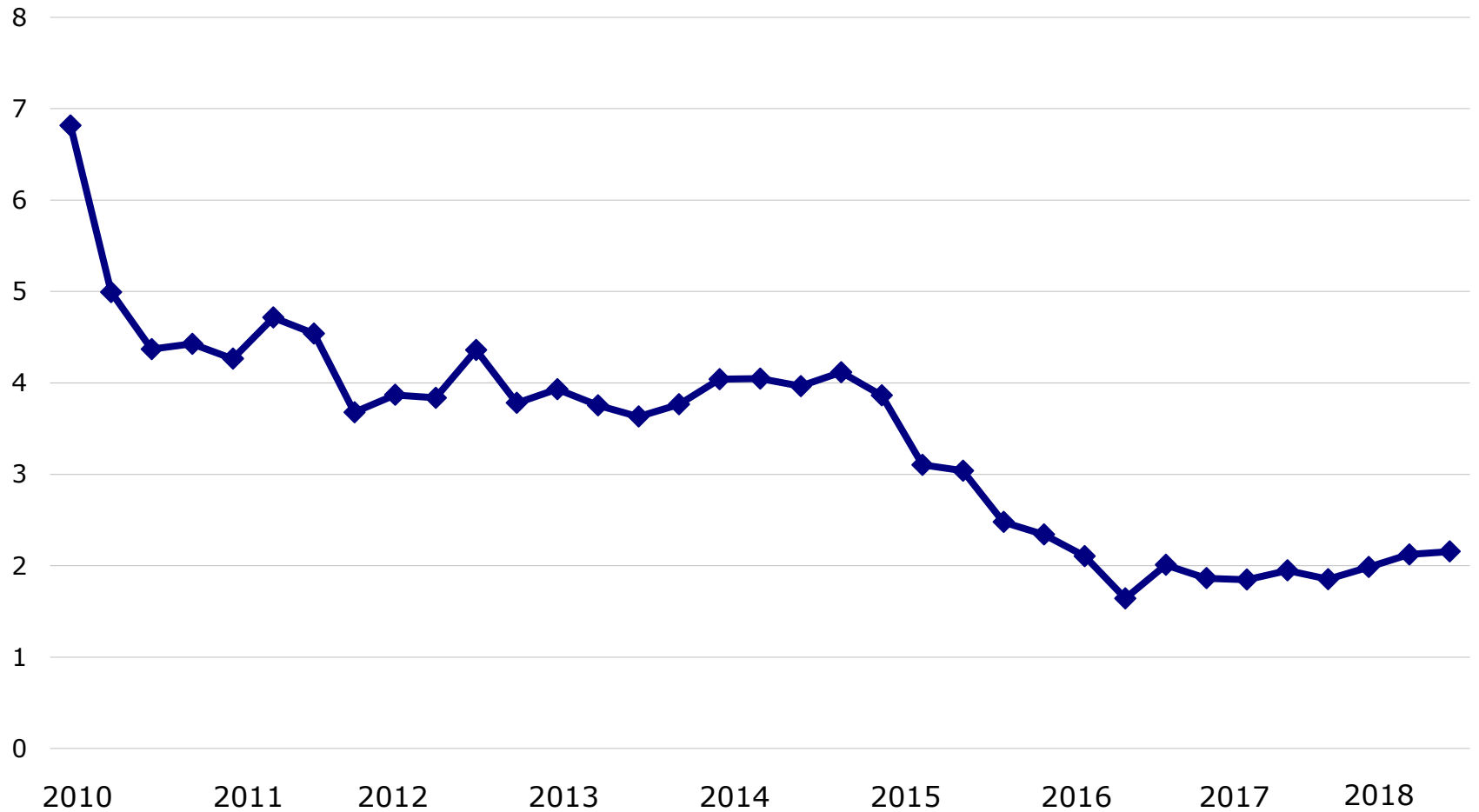
EBITDA 2010 – 9M 2018



EBT 2010 – 9M 2018



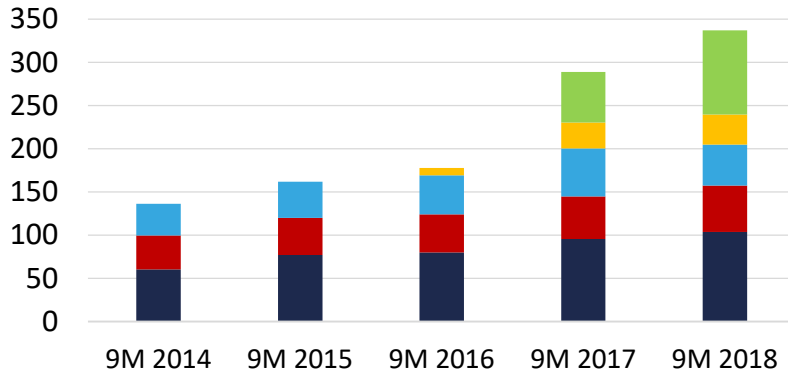
NIBD/EBITDA 2010 – 9M 2018





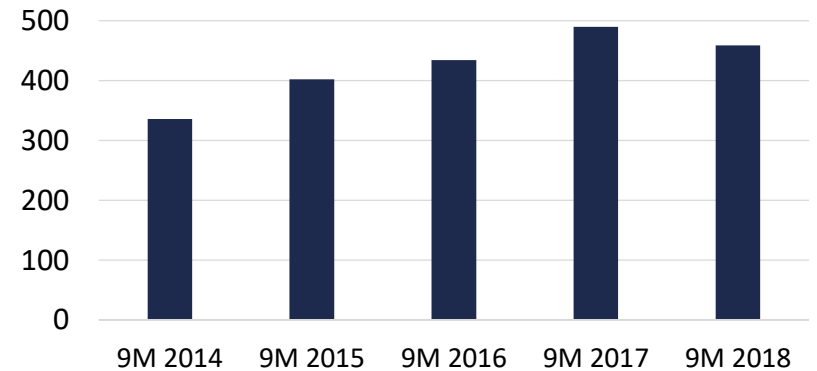
REVENUE SPLIT BY PRODUCT AREA

Revenue from own brands in DKKm

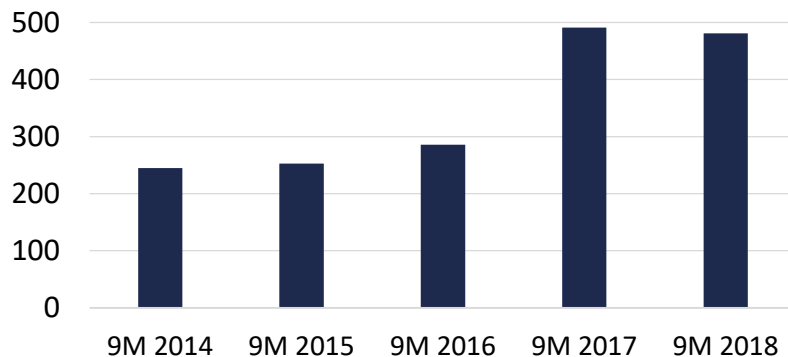


■ Ergonomics ■ Animal housing ventilation ■ Guidewires ■ MedicoPack ■ Industrial standard components

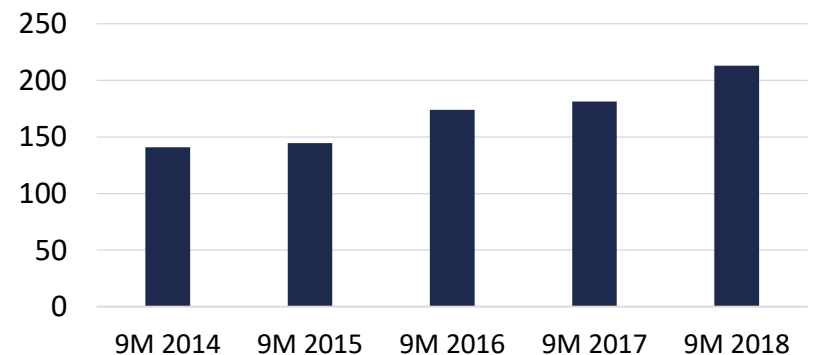
Revenue healthcare products in DKKm



Revenue cleantech industries in DKKm

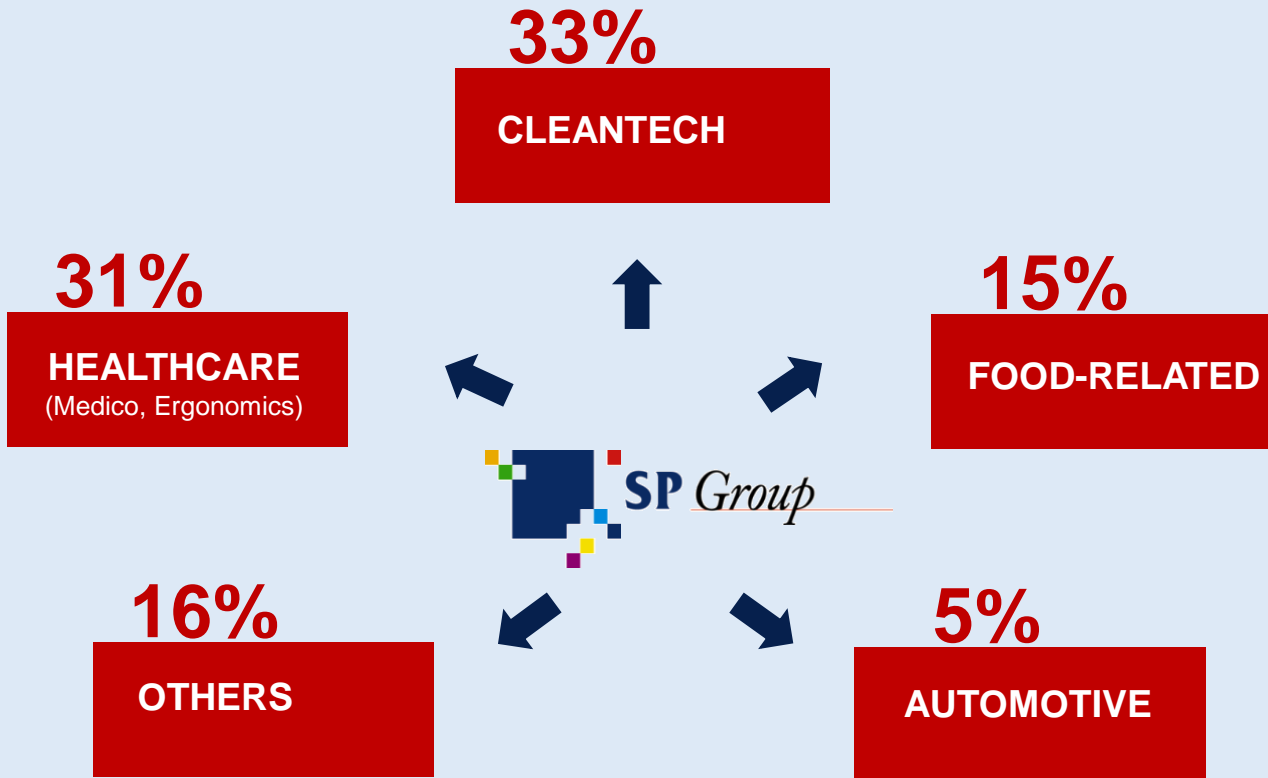


Revenue food-related industries in DKKm





REVENUE BY CUSTOMER GROUPS IN 9M 2018



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

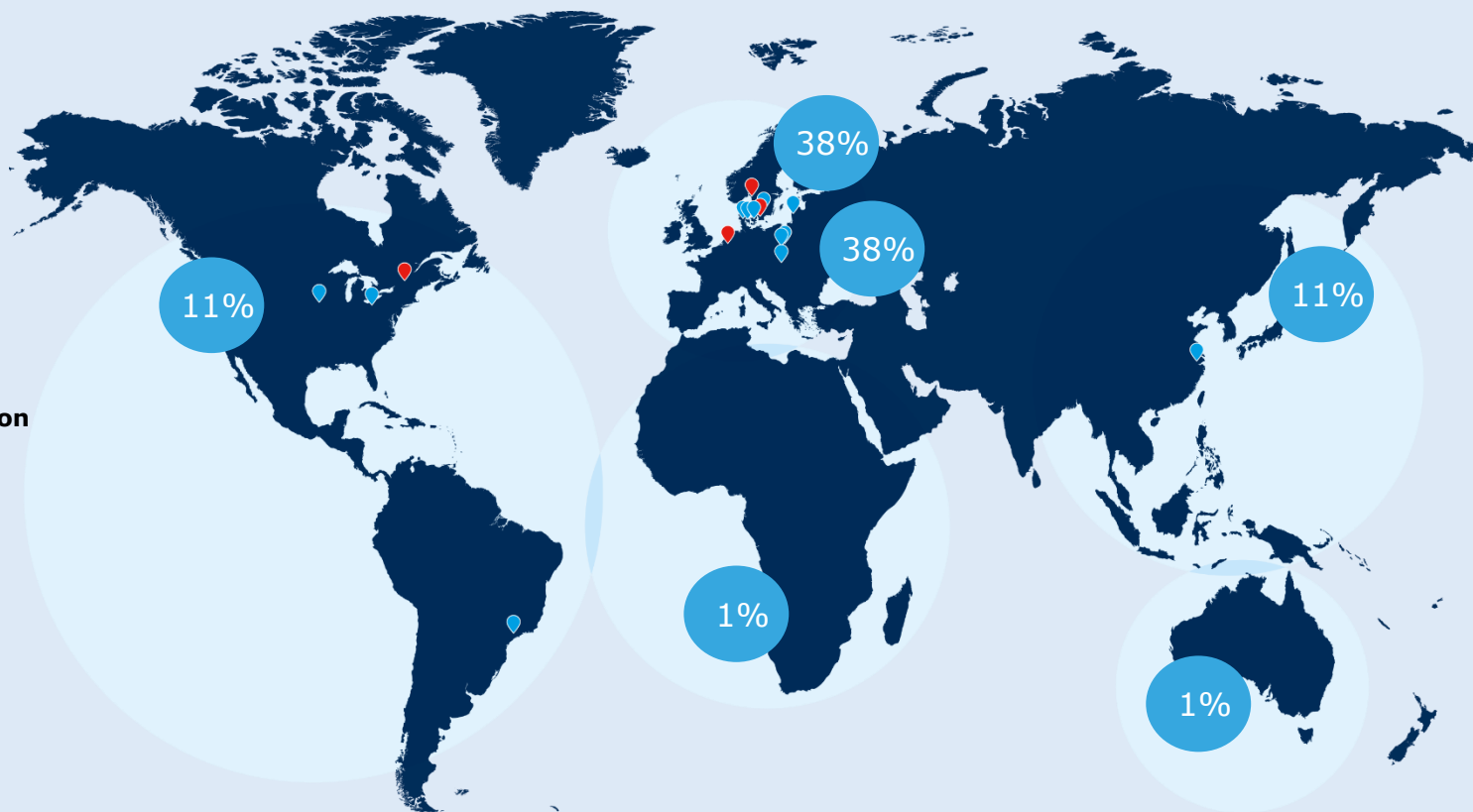


Sales and production

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

Sales and distribution

- Netherlands (1)
- Sweden (2)
- Canada (1)
- Norway (1)



Percentage distribution is based on 2017 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

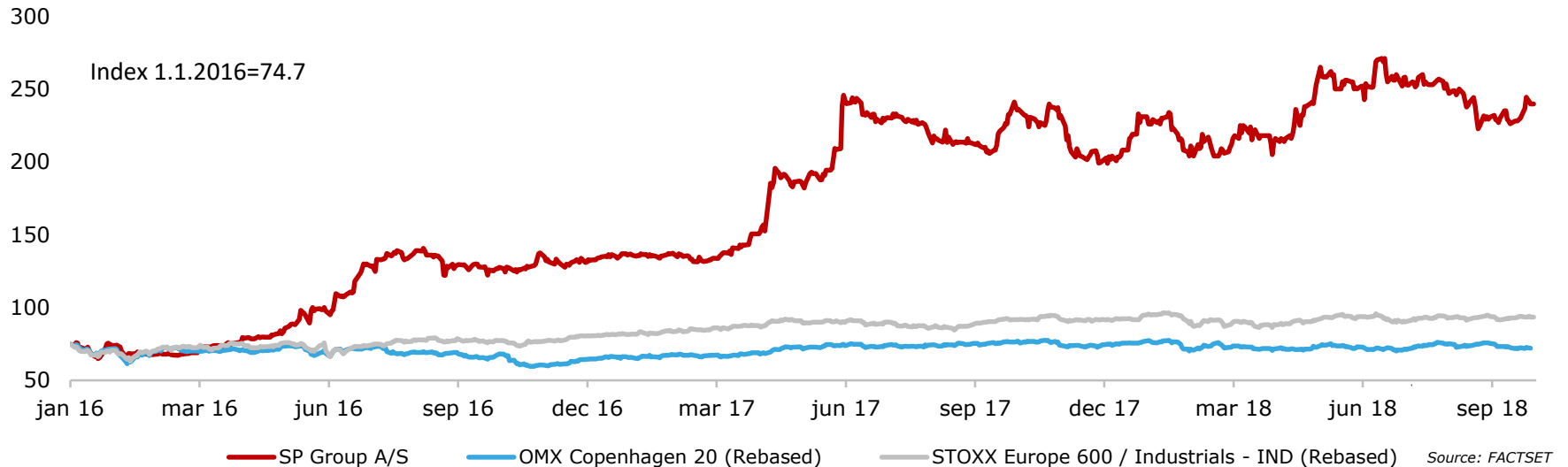


	2005	2010	2017	9M 2018	2020E
Share of sales outside Denmark	37%	46%	62%	63%	~70%
Share of employees outside Denmark (avg)	23%	50%	66%	68%	~75%
Number of factories outside Denmark	2	6	14	15	15
Total number of factories	18	15	24	25	25



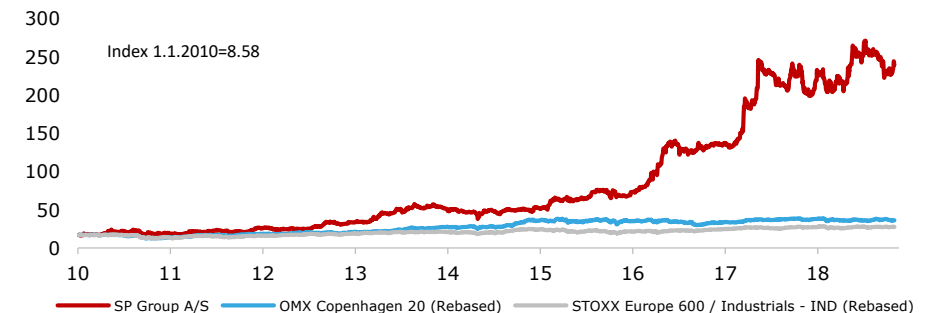
SHARE PRICE PERFORMANCE

Share price performance from 1 January 2016 to 31 October 2018



- Share capital DKK 22.78m
- All shares have equal rights
- Dividends to the shareholders of DKK 2.00 in 2018 (2017: DKK 1.20)
- New DKK 40m share buy-back programme established 11 April 2018. Increased by DKK 40m 22 August 2018
- 1 January 2018 Mid Cap company
- May 2018 share split in the ration 1:5

Share price development from 1 January 2010 to 31 October 2018



Source: FACTSET



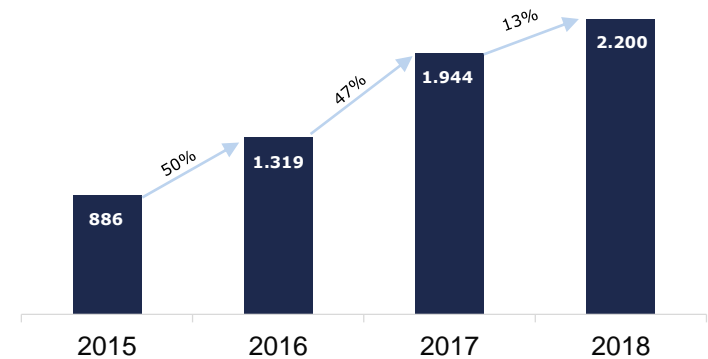
SHAREHOLDERS

December 2015: approx. 886 shareholders

November 2018: approx. 2,200 shareholders

Or up by 148% in the period

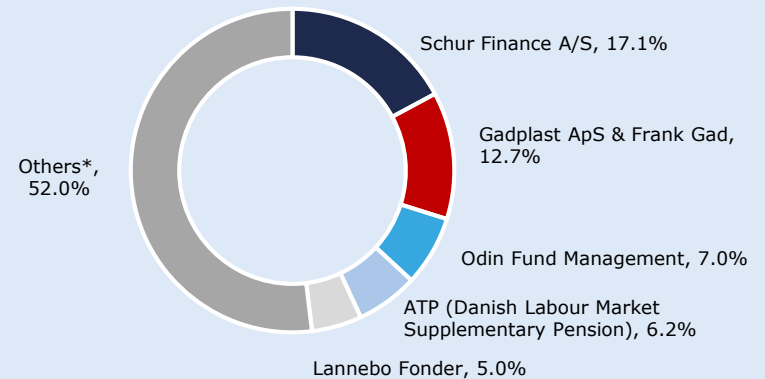
Development shareholders from 2015 to 2018



Among the largest shareholders are:



Shareholder information as per november 2018:



* Approx. 8% of 'Others' include the Board of Directors and Executive Management, therefore management amounts to approx. 38%



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)

A photograph of an offshore wind farm with several white wind turbines on a blue sea under a cloudy sky. A dark blue rectangular box is overlaid on the lower left, and a white circular callout is in the upper right.

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

OUTLOOK FOR 2018

OUTLOOK FOR 2018



- We maintain our FY 2018 guidance of 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 EBITDA 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

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

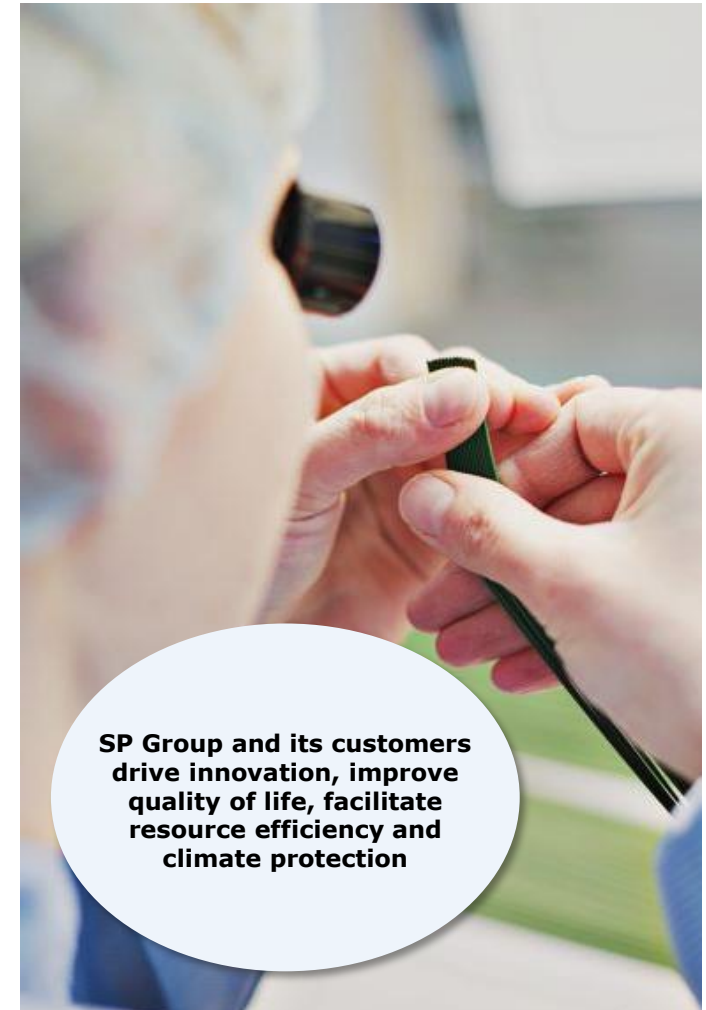


SP GROUP: A PART OF THE SOLUTION, NOT A PART OF THE PROBLEM



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



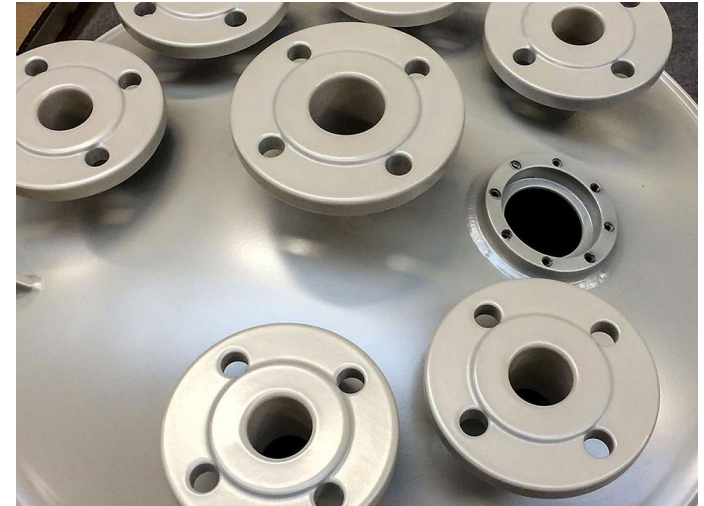
- Accoat develops and produces environmentally-friendly technical solutions involving fluoroplastics (Teflon®), PTFE and other pure materials for industrial and medical purposes
- Accoat applies plastic coatings on products and production plants in a number of industries. Articles being coated range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

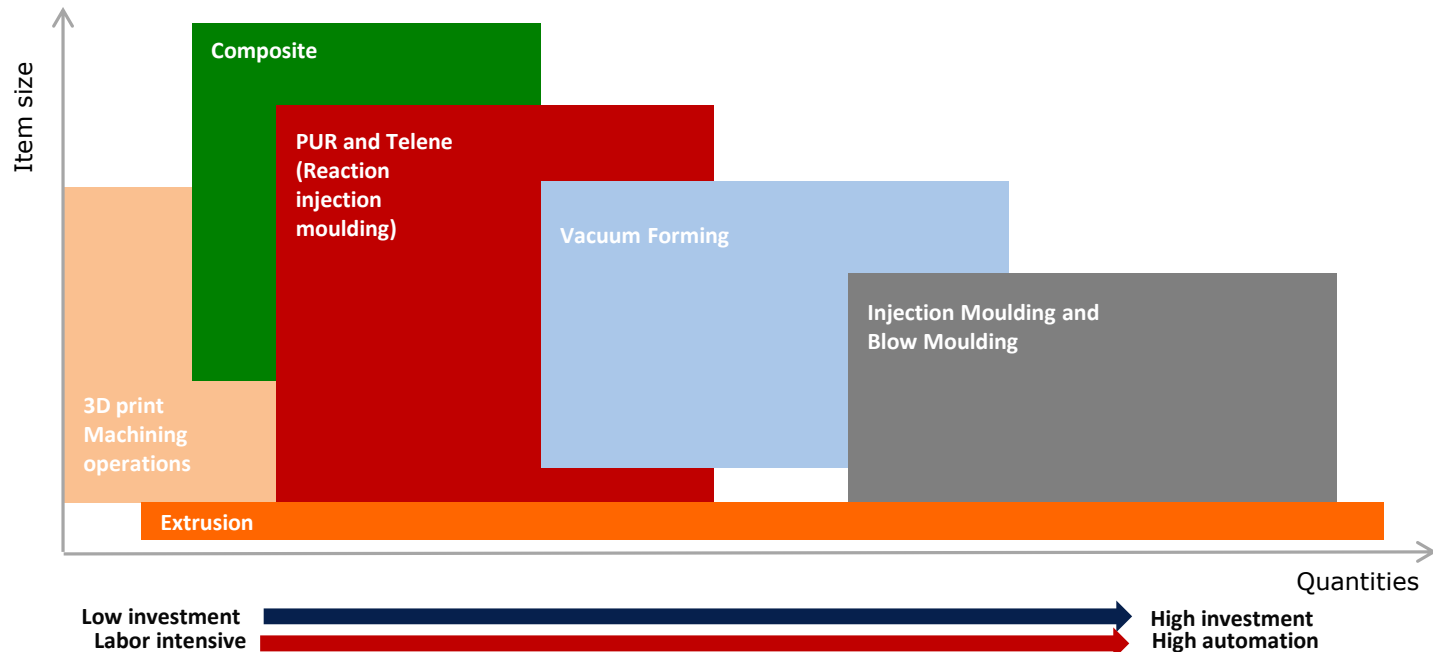


PLASTIC SOLUTIONS



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 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 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

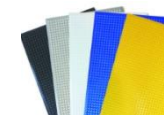




POLYURETHANE & COMPOSITE / 1

- 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.

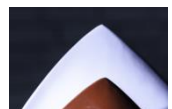


Plastic part in Telene

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



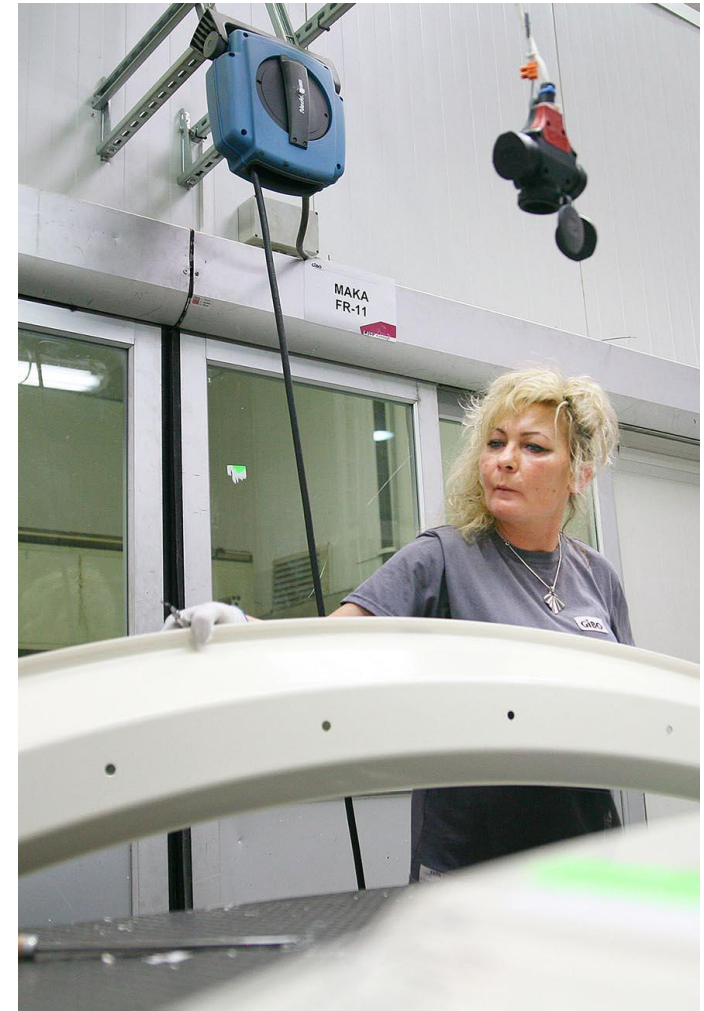
Cleantech



VACUUM FORMING & EXTRUSION / 2

2017 in highlights

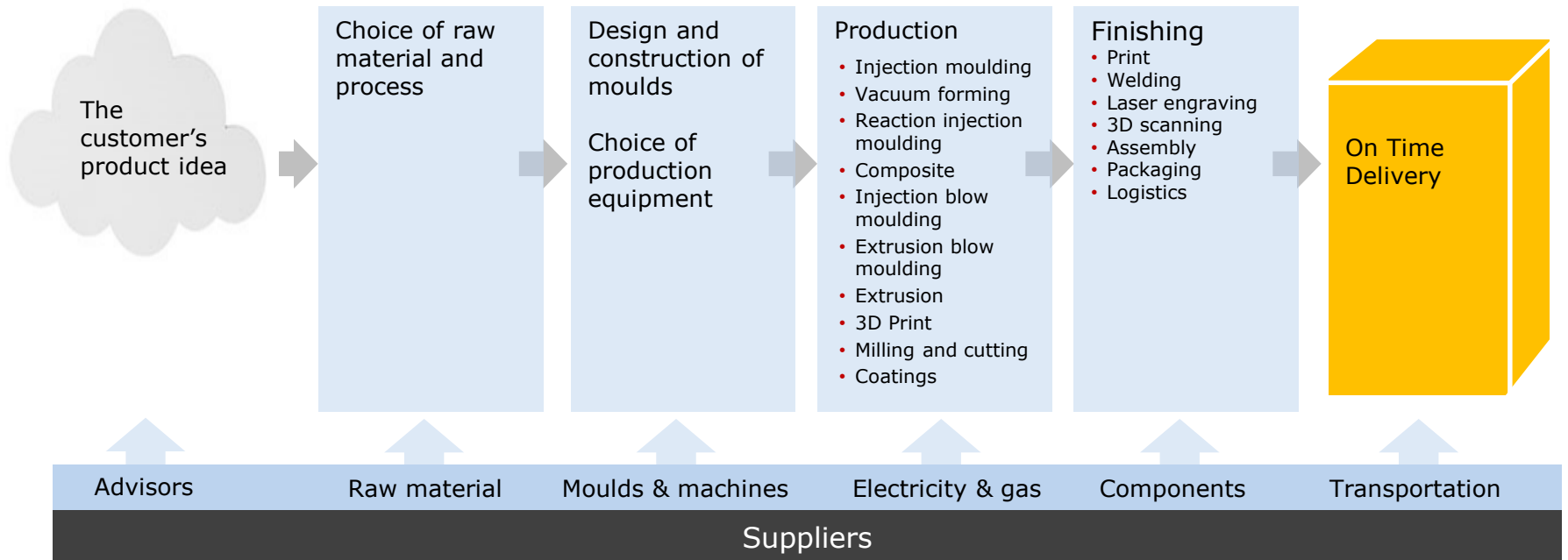
- New tasks in several industries
- Expansion in Poland
- **Gibo Plast** and **PlexxOpido** have succeeded in ensuring an impressive improvement in operating profit and activities
- Intensely work on implementing efficiency-enhancing measures in Denmark, Sweden, Norway and Poland
- Large amounts and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

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