NASDAQ OMX Copenhagen A/S
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Announcement no. 23/2014
30 April 2014
Company reg. (CVR) no.
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Interim report – First quarter of 2014

Summary: SP Group generated profit before tax and non-controlling interests of DKK 7.2 million in Q1 2014, against DKK 9.4 million in Q1 2013. Year-on-year revenue was down by 4.7% to DKK 273.0 million and EBITDA fell to DKK 24.1 million from DKK 24.7 million. We maintain the FY 2014 guidance announced in the 2013 Annual Report. We continue to expect a slight increase in profit before tax and non-controlling interests in 2014 relative to 2013 (DKK 50.2 million) and slightly higher revenue than in 2013 (DKK 1,102 million), but market prospects remain unclear.

The Board of Directors of SP Group A/S has today considered and approved the interim report for the three months ended 31 March 2014.

Highlights of the interim report:

- The Q1 2014 revenue was up by DKK 12.3 million to DKK 273.0 million, or by 4.7% relative to the year-earlier period. Several business areas reported a very sluggish start to the year due to the unclear global market conditions.
- Earnings before depreciation, amortisation and impairment losses (EBITDA) for Q1 2014 were DKK 24.1 million, as against DKK 24.7 million in Q1 2013. Earnings were adversely affected by the cost of acquiring Bröderna Bourghardt AB (DKK 0.4 million), the cost of starting up SP Extrusion A/S (DKK 1.0 million) and the start-up of production by Tinby and Ergomat in the USA (DKK 1.0 million).
- Earnings before interest and tax (EBIT) came to DKK 10.8 million in Q1 2014, against DKK 11.9 million in Q1 2013.
- Net financials were an expense of DKK 3.6 million in Q1 2014, a DKK 1.1 million deterioration relative to Q1 2013 resulting from the slightly higher debt and exchange rate adjustments.
- Profit before tax and non-controlling interests was DKK 7.2 million in Q1 2014, as against DKK 9.4 million in Q1 2013.
- Earnings per share (diluted) came to DKK 2.78 in Q1 2014, against DKK 3.55 in Q1 2013.
- The Coating business (Accoat) reported a DKK 0.5 million drop in Q1 2014 revenue and a fall in EBITDA to DKK 5.2 million from DKK 5.9 million in Q1 2013.
- The Plastics businesses (SP Moulding, SP Medical, Tinby, TPI, Ergomat, Gibo Plast, SP Extrusion and Bröderna Bourghardt) reported a revenue improvement of DKK 13.6 million. EBITDA improved by 6.8% to DKK 22.4 million in Q1 2014 from DKK 20.9 million in Q1 2013.
- There was a cash inflow from operating activities of DKK 0.1 million in Q1 2014, against DKK 2.9 million in Q1 2013.
- Net interest-bearing debt (NIBD) amounted to DKK 459.1 million at 31 March 2014, against DKK 407.1 million at 31 March 2013. At 31 December 2013, NIBD was DKK 430.0 million.
- We continue to expect a slight increase in profit before tax and non-controlling interests in 2014 relative to 2013 (DKK 50.2 million) and slightly higher revenue than in 2013 (DKK 1,102 million), but market prospects remain unclear.

CEO Frank Gad said: "2013 was our best year to date in terms of operating profit. We expect to perform even better in 2014 if the global economy continues to improve."

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FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	FY 2013 (audited)
Income statement			
Revenue	272,986	260,646	1,102,053
Earnings before depreciation, amortisation and impairment losses (EBITDA)	24,070	24,682	114,180
Depreciation, amortisation and impairment losses	-13,317	-12,801	-48,838
Earnings before financial items (EBIT)	10,753	11,881	65,342
Net financials	-3,557	-2,508	-15,180
Profit before tax and non-controlling interests	7,196	9,373	50,162
Profit for the period	5,767	7,178	39,077
of which attributable to SP Group A/S	5,789	7,174	39,039
Earnings per share (DKK)	2.99	3.67	19.91
Diluted earnings per share (DKK)	2.78	3.55	18.74
Balance sheet			
Non-current assets	544,196	509,554	538,012
Total assets	907,358	854,310	884,740
Equity	241,776	227,353	243,996
Equity including non-controlling interests	250,820	235,718	252,326
Investments in property, plant and equipment (excluding acquisitions)	9,454	9,537	67,242
Net interest-bearing debt (NIBD)	459,075	407,106	430,030
NIBD/EBITDA (last 12-month period)	4.0	3.9	3.8
Cash flows			
Cash flows from:			
- operating activities	128	2,876	66,903
- investing activities	-19,645	-13,417	-67,133
- financing activities	-14,505	-13,974	-47,861
Change in cash and cash equivalents	-34,022	-24,515	-48,091
Key ratios			
EBITDA margin (%)	8.8	9.5	10.4
EBIT margin (%)	3.9	4.6	5.9
Profit before tax and non-controlling interests as a percentage of revenue	2.6	3.6	4.6
Return on invested capital including goodwill (%)			9.8
Return on invested capital excluding goodwill (%)			11.7
Return on equity, excluding non-controlling interests			16.6
Equity ratio, excluding non-controlling interests (%)	26.6	26.6	27.6
Equity ratio, including non-controlling interests (%)	27.6	27.6	28.5
Financial gearing	1.8	1.7	1.7
Cash flow per share, DKK	2.0	1.4	32.1
Total dividends for the year per share (DKK)	-	-	3.0
Market price, end of period (DKK per share)	264.5	139.5	230.0
Net asset value per share, end of period (DKK)	126	117	125
Market price/net asset value, end of period	2.10	1.19	1.84
Number of shares, end of period	2,024,000	2,024,000	2,024,000
of which treasury shares, end of period	100,542	84,494	77,815
Average no. of employees	1,194	1,092	1,136

MANAGEMENT'S REVIEW

Q1 PERFORMANCE REVIEW

We continued to record higher sales to many of our customers across industries and geographies in the first quarter. Denmark was our fastest growing market with sales up by 16.1% in the first three months of 2014. Sales to our international customers were down by 6.2%.

Our performance numbers relative to Q1 2013:

	Q1 2014
Cleantech	22.6%
Healthcare	-2.7%
Food-related	15.6%
Automotive	-29.1%
Oil and gas	0.0%
of which own brands	-10.2%

Almost the entire change in revenue was due to higher volume sales.

Sales to the cleantech industry were up by 22.6% to DKK 86.1 million and now make up 31.5% of consolidated revenue. The increase was due to more projects and new products launched.

Sales to the healthcare industry fell by 2.7% year-on-year to DKK 99.1 million and now account for 36.3% of consolidated revenue.

Sales to the food industry were up by 15.6% to DKK 40.8 million and now make up 14.9% of consolidated revenue.

SP Group continued to step up marketing efforts towards both existing and potential customers. The inflow of new customers continued in the first quarter, 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 as well as the oil and gas industry, which we believe hold an attractive growth potential for our Company.

We have won several minor coating orders from the oil and gas industry. Our sales to this important industry now account for 1.7% of our total revenue.

Our sales to the healthcare industry are also growing strongly, and having won orders for regular shipment of many new plastics components and coating solutions, we believe that the drop in Q1 sales will be temporary.

Guidewire sales improved, whereas the sale of products under own brands from TPI (ventilation equipment) and Ergomat (ergonomics) declined. Overall, revenue from the sale of own brands amounted to DKK 40.4 million, a fall of 10.2%.

International sales now account for 45.6% of revenue (compared with 50.9% in Q1 2013).

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

In addition to capacity alignment, we are also dedicated to reducing our general costs. 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 raw 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 62% of our staff are employed outside Denmark.

As announced in Announcement No. 09/2014, SP Group acquired 80% of the shares in Bröderna Bourghardt AB on 24 February 2014.

As announced in Announcement No. 15/2014, SP Group has launched an DKK 8 million share buy-back programme under the Safe Harbour regulations to cover existing warrant programmes. The share buy-back programme will run until the end of 2014.

FINANCIAL PERFORMANCE REVIEW

Revenue for the first three months of 2014 amounted to DKK 273.0 million, against DKK 260.6 million for the year-earlier period, equal to a 4.7% improvement.

The consolidated Q1 2014 EBITDA was DKK 24.1 million, compared with DKK 24.7 million in Q1 2013. The EBITDA margin fell to 8.8% from 9.5% in Q1 2013.

Earnings before interest and tax (EBIT) came to DKK 10.8 million in Q1 2014, against DKK 11.9 million in Q1 2013. The Q1 2014 EBIT margin was 3.9%, compared with 4.6% in Q1 2013.

Net financials were an expense of DKK 3.6 million in Q1 2014, a DKK 1.1 million decline relative to Q1

2013 that was due to the slightly higher debt and to exchange rate adjustments.

Profit before tax and non-controlling interests amounted to DKK 7.2 million for Q1 2014 as against DKK 9.4 million in Q1 2013.

Total assets amounted to DKK 907.4 million at 31 March 2014, compared with DKK 854.3 million at 31 March 2013. The equity ratio was 27.6% at 31 March 2014 (unchanged).

Total assets rose by approximately DKK 23 million during the first quarter of the year due to an increase in net working capital (DKK 13.0 million), the acquisition of Bröderna Bourghardt AB (DKK 13.0 million) and a drop in cash holdings (DKK 3.0 million).

Net interest-bearing debt amounted to DKK 459.1 million at 31 March 2014, against DKK 430.0 million at 31 December 2013 and DKK 407.1 million at 31 March 2013. Giving priority to the amount of capital tied up, the Group has sold selected trade receivables. Net interest-bearing debt was 4.0 times EBITDA of the last 12-month period, which at DKK 113.6 million was close to the level recorded for 2013, the Group's best year to date. NIBD/EBITDA was 3.9 at 31 March 2013. We remain strongly focused on reducing the interest-bearing debt by increasing cash flows from operating activities.

Equity fell due to exchange rate adjustment of foreign subsidiaries (DKK 1.1 million) and value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR) (DKK 0.7 million). Equity was also adversely impacted by the purchase of treasury shares in the quarter for a net amount of DKK 6.5 million.

In April, the Company sold 81,000 treasury shares to cover the cost of warrants exercised under the 2011 warrant programme (as announced in Company Announcement No. 19/2014. The proceeds increased equity by DKK 9.6 million, raising the equity ratio by just over 1 percentage point.

Cash flows
Cash flows from operating activities were DKK 0.1 million in Q1 2014, which was DKK 2.8 million less than in Q1 2013.

The Group spent DKK 19.6 million on investments in Q1 2014, DKK 8.0 million on reducing non-current loans and DKK 6.5 million on buying and selling treasury shares.

Accordingly, the net change in cash was an outflow of DKK 34.0 million.

Management believes that the Company continues to have an adequate level of 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 2014

The global economy is expected to continue on the road to recovery in 2014, 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 debts.

We plan to launch a number of new products and solutions, especially to customers in the healthcare, cleantech, food-related and oil and gas industries. These new solutions are expected to contribute to growth and earnings.

The level of investment will remain high in 2014, although it will be somewhat lower than in 2013. We expect the largest single investment to be made in our medical devices operations.

Depreciation and amortisation charges are expected to be somewhat higher than in 2013.

Financial expenses are expected to be lower than in 2013.

By combining these factors with tight cost management and swift capacity alignment, and maintaining a strong focus on risk, liquidity and capital management, our Group has a strong base from which to take on what the future may bring.

We maintain the FY 2014 guidance announced in the 2013 Annual Report: We continue to expect a slight increase in profit before tax and non-controlling interests in 2014 relative to 2013 (DKK 50.2 million) and slightly higher revenue than in 2013 (DKK 1,102 million), but market prospects remain unclear.

COATINGS
(Accoat)

DKK'000	Q1 2014	Q1 2013
Revenue	41,806	42,327
Earnings before depreciation, amortisation and impairment losses (EBITDA)	5,168	5,926
Earnings before financial items (EBIT)	2,931	3,732
Average no. of employees	82	78

Q1 highlights
Revenue for the first three months of 2014 amounted to DKK 41.8 million, against DKK 42.3 million in Q1 2013, equal to a 1.2% decline.

As expected, EBITDA fell slightly in the first quarter compared with Q1 2013 because of a change in the product mix.

Lower sales to customers in the healthcare and the oil and gas industries caused the drop in revenue.

The factory in Brazil serves customers in the medical devices industry. Longer term, plans are to win orders from the Brazilian oil and gas industry as well as from the country's cleantech industry.

The coating facility in Stoholm, Denmark won new, small orders that will ship later in 2014. The facility's solutions provide friction reduction and corrosion protection in pipes for the oil and gas industry.

At current oil prices, coating of pipes is a powerful value creator for oil producers, because coating helps to increase production, extend pipe life expectancy and thereby reduce production costs.

Accoat's pipe coatings continue to meet customer expectations, giving Accoat better and better references in the oil industry.

Accoat continues its marketing efforts towards customers in the oil and gas industry in the USA, Brazil, Russia and Europe and has won new orders for future shipment. Accoat increased its sales to the medical devices industry.

A number of customers in the medical devices and chemical 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 oil and gas industry. Those solutions are expected to be ready for market launch later this year.

Accoat expects to grow its revenue in 2014 relative to 2013. EBITDA is expected to improve on 2013.

PLASTICS
(SP Moulding, SP Medical, Gibo Plast, Ergomat, Tinby, TPI Polytechniek, SP Extrusion and Bröderna Bourghardt)

DKK'000	Q1 2014	Q1 2013
Revenue	233,115	219,519
Earnings before depreciation, amortisation and impairment losses (EBITDA)	22,365	20,939
Earnings before financial items (EBIT)	12,101	11,111
Average no. of employees	1,102	1,001

Q1 highlights
Revenue in the first three months of the year amounted to DKK 233.1 million, against DKK 219.5 million in the year-earlier period, equal to a 6.2% improvement.

EBITDA improved to DKK 22.4 million in Q1 2014, from DKK 20.9 million in Q1 2013.

The newly acquired Bröderna Bourghardt contributed approximately DKK 1.5 million to Q1 revenue through its operations in Sweden and Latvia.

The six Polish factories operated by Gibo, Ergomat SP Moulding, SP Medical and Tinby continue their strong performances and are generating positive earnings and creating more jobs. The Danish factories reported slightly higher earnings improvements and an unchanged headcount. In China, SP Moulding is experiencing higher sales and increasing 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 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 an increase of 6.3% in the production and sale of guidewires in the Q1 2014 period that was achieved mainly through wider and more comprehensive market coverage.

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

Ergomat reported lower sales and earnings. Global sales were down by 13.9%, the decline being driven mainly by North America. Sales in Europe improved. The decline is expected to be temporary.

TPI Polytechniek reported a drop in revenue and earnings, mainly due to the prevailing political uncertainty. New customers have been identified in Asia, the Middle East and Africa. The Scandinavian market continues to feel the lack of appetite or opportunities for investing in large animal housing facilities.

A number of new PUR products have been launched in 2014, and all three businesses are planning additional product launches later in the 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.

Gibo Plast has developed new projects and solutions for customers in the cleantech and automotive industries, which the company expects will contribute to sales and earnings in 2014 and onwards.

In the USA, Ergomat is currently establishing local production of ergonomic mats in order to provide a better service (by reducing leadtimes) to the many US-based customers.

Ergomat has established a new subsidiary in Poland that has taken over production of ergonomic mats from Tinby, and the company has stepped up its local sales efforts.

As expected, starting up SP Extrusion and Tinby's and Ergomat's production facilities in the USA impacted the Q1 2013 EBIT.

We expect revenue and earnings in the PLASTICS business to improve in 2014 relative to 2013. The healthcare and cleantech activities will be expanded in the USA, Denmark, Poland and China. Sales and marketing activities will be stepped up globally.

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 three months ended 31 March 2014.

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 31 March 2014 and of the results of the Group's operations and cash flows for the three months ended 31 March 2014.

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, 30 April 2014

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	Q1 2014 (unaud.)	Q1 2013 (unaud.)	FY 2013 (audited)
Revenue	272,986	260,646	1,102,053
Production costs	-194,340	-187,708	-775,861
Contribution margin	**78,646**	**72,938**	**326,192**
Earnings before depreciation, amortisation and impairment losses (EBITDA)	**24,070**	**24,682**	**114,180**
Depreciation, amortisation and impairment losses	-13,317	-12,801	-48,838
Earnings before financial items (EBIT)	**10,753**	**11,881**	**65,342**
Net financials	-3,557	-2,508	-15,180
Profit before tax and non-controlling interests	**7,196**	**9,373**	**50,162**
Tax on the profit for the period	-1,429	-2,195	-11,085
Profit for the period	**5,767**	**7,178**	**39,077**
SP Group A/S' share	**5,789**	**7,174**	**39,039**
Earnings per share (DKK)	2.99	3.67	19.91
Diluted earnings per share (DKK)	2.78	3.55	18.74

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q1 2014 (unaud.)	Q1 2013 (unaud.)	FY 2013 (audited)
Profit for the period	**5,767**	**7,178**	**39,077**
Items that may be reclassified to the income statement			
Exchange rate adjustment relating to foreign subsidiaries	-1,063	724	-3,775
Net fair value adjustment of financial instruments acquired to hedge future cash flows	-655	-3,388	353
Other comprehensive income	**-1,718**	**-2,664**	**-3,422**
Comprehensive income	**4,049**	**4,514**	**35,655**
Allocation of comprehensive income for the period:			
Parent company shareholders	4,079	4,479	35,663
Non-controlling shareholders	-30	35	-8

BALANCE SHEET (summary)

DKK '000	31.03. 2014 (unaud.)	31.03. 2013 (unaud.)	31.12. 2013 (audited)
Intangible assets	134,534	127,073	131,189
Property, plant and equipment	406,633	379,452	400,877
Financial assets	3,029	3,029	3,029
Deferred tax assets	0	0	2,917
Total non-current assets	**544,196**	**509,554**	**538,012**
Inventories	214,462	192,215	198,744
Receivables	126,757	127,146	120,007
Cash	21,943	25,395	27,977
Total current assets	**363,162**	**344,756**	**346,728**
Total assets	**907,358**	**854,310**	**884,740**
Equity including non-controlling interests	250,820	235,718	252,326
Non-current liabilities	240,208	263,129	256,926
Current liabilities	416,330	355,463	375,488
Equity and liabilities	**907,358**	**854,310**	**884,740**

CASH FLOW STATEMENT (summary)

DKK '000	Q1 2014 (unaud.)	Q1 2013 (unaud.)	FY 2013 (audited)
Cash flows from operating activities	128	2,876	66,903
Cash flows from investing activities	-19,645	-13,417	-67,133
Cash flows from financing activities	-14,505	13,974	47,861
Change in cash and cash equivalents	**-34,022**	**-24,515**	**48,091**

CHANGES IN EQUITY since 1 January:

	Equity attributable to parent company shareholders		Equity including non-controlling interests	
DKK '000	2014 (unaud.)	2013 (unaud.)	2014 (unaud.)	2013 (unaud.)
Balance at 1 January (after tax)	**243,996**	**227,046**	**252,326**	**240,131**
Purchase/sale of treasury shares	-6,516	-4,403	-6,516	-4,403
Dividends paid	0	0	0	-449
Value adjustment of derivative financial instruments	-655	-3,388	-655	-3,388
Change in minority interests	0	0	744	-4,306
Recognition of share-based payment	217	231	217	231
Exchange rate adjustments	-1,055	693	-1,063	724
Profit for the period (after tax)	5,789	7,174	5,767	7,178
Balance at 31 March (after tax)	**241,776**	**227,353**	**250,820**	**235,718**

BUSINESS SEGMENTS

DKK '000	Coatings Q1 2014 (unaud.)	Coatings Q1 2013 (unaud.)	Plastics Q1 2014 (unaud.)	Plastics Q1 2013 (unaud.)	Other *) Q1 2014 (unaud.)	Other *) Q1 2013 (unaud.)	Group Q1 2014 (unaud.)	Group Q1 2013 (unaud.)
Revenue	**41,806**	**42,327**	**233,115**	**219,519**	**-1,935**	**-1,200**	**272,986**	**260,646**
Earnings before depreciation, amortisation and impairment losses (EBITDA)	**5,168**	**5,926**	**22,365**	**20,939**	**-3,463**	**-2,183**	**24,070**	**24,682**
Depreciation, amortisation and impairment losses	-2,237	-2,194	-10,264	-9,828	-816	-779	-13,317	-12,801
Earnings before financial items (EBIT)	**2,931**	**3,732**	**12,101**	**11,111**	**-4,279**	**-2,962**	**10,753**	**11,881**
Net financials							-3,557	-2,508
Profit before tax							**7,196**	**9,373**
Tax on profit for the period							-1,429	-2,195
Profit for the period							**5,767**	**7,178**
Segment assets	103,116	109,644	706,639	644,963	72,631	71,279	882,386	825,886
Unallocated assets							24,972	28,424
							907,358	**854,310**

*) Comprises eliminations and unallocated overhead costs

Subsidiary acquired in 2014

The Group acquired 80% of the shares in the Swedish company Bröderna Bourghardt AB on 24 February 2014. The Group has a call option to acquire an additional 10% of the shares, and the seller has a put option to sell 10% of the shares.

Fair values of the assets and liabilities at the date of acquisition are set out below (in DKK thousands).

Property, plant and equipment	5,325
Customer files	1,000
Inventories	1,875
Receivables	3,788
Deferred tax	1,764
Cash	345
Bank debt	-3,357
Trade payables	-2,417
Other payables	-886
Acquired net assets	**7,437**
Of which non-controlling shareholders	-744
Goodwill	3,170
Cash consideration	**9,863**
Cash consideration	5,901
Contingent consideration	3,170
Debt obligation relating to put option	792
Cash consideration	**9,863**

The consideration amounted to DKK 9,863 thousand, of which DKK 5,901 thousand was paid in cash. The transaction also involves a contingent consideration of DKK 3,170 thousand and an expected purchase price of a call/put option of DKK 792 thousand. The put option is expected to be exercised and has accordingly been recognised as a liability in 2014.

The contingent consideration of DKK 3,170 thousand is recognised at its fair value at the date of acquisition. The amount recognised is the maximum that may become payable, because the earn-out conditions are expected to be met.

The Group expects to exercise its option to acquire a further 10% of the shares in 2016.

Accounting policies

The interim report for the three months to 31 March 2014 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 2013, in which the accounting policies are set out in their entirety in note 1 to the financial statements.

Changes to accounting policies

Effective 1 January 2014, SP Group implemented IFRS 10-12 as amended, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 and IFRIC 21. The implementation of the new and amended standards and interpretations has not had any material impact on recognition or measurement.

Significant accounting estimates:

No material changes have been made to the accounting estimates set out in note 2 to the 2013 financial statements.

Forward-looking statements

This interim report contains forward-looking statements reflecting Management’s current perception of future trends and financial performance. Statements relating to 2014 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 as well as plastic coatings.

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 and Poland. SP Group also has sales subsidiaries in Sweden, the Netherlands and Canada. SP Group is listed on NASDAQ OMX Copenhagen and had some 1,200 employees at 31 March 2014.

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

- Coatings
- Plastics