



FIRST QUARTER OF 2013

Presentation by CEO Frank Gad
22 May 2013

AGENDA



- SP Group – an overview
- Results first quarter of 2013
- Strategic focus areas
- Financial objectives and outlook



Frank Gad

Born 1960, M. Sc.

Career:

Nov. 2004-:

CEO, SP Group A/S

1999-2004:

CEO, FLSmidth A/S

1996-1999:

CEO, Mærsk Container Industri A/S

1985-1999:

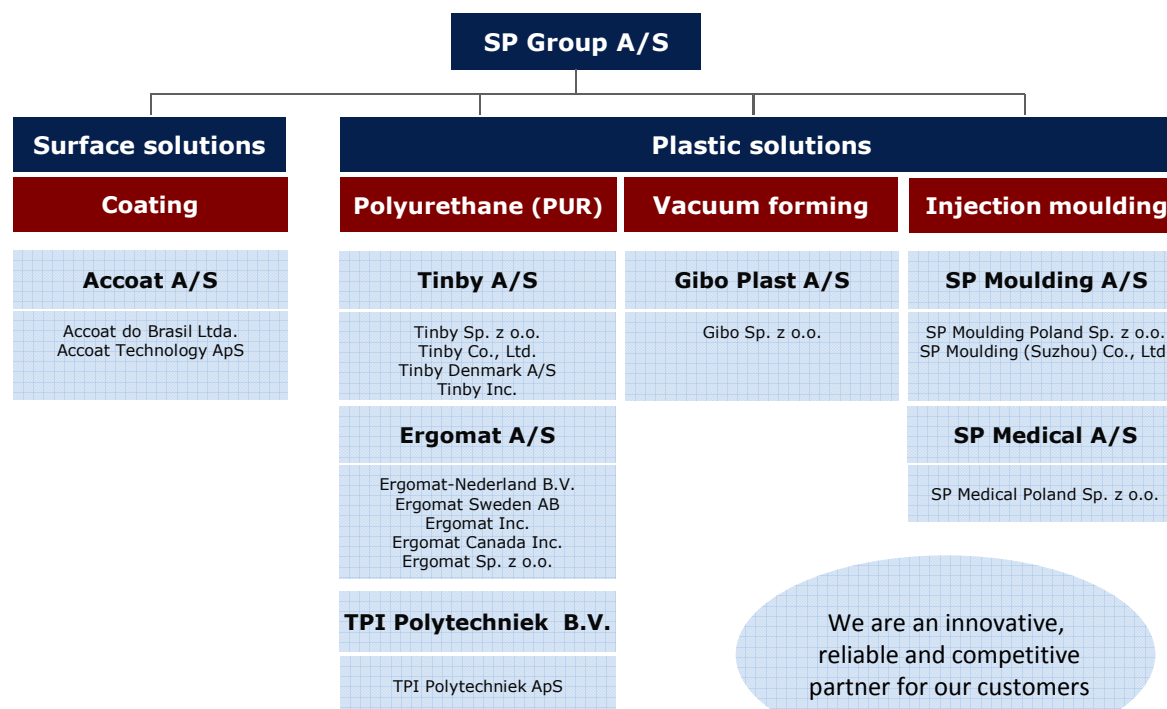
Odense Staalskibsværft A/S

– most recent title: EVP



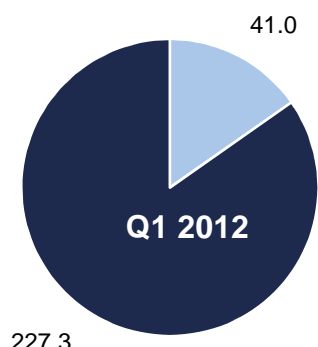
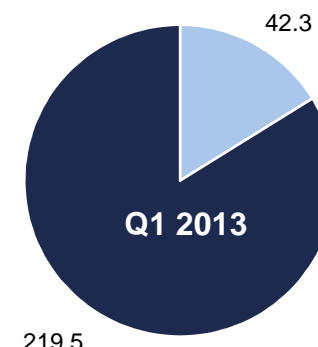
SP GROUP – AN OVERVIEW

- Manufacturer of moulded plastic components and coatings
- 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, Poland and Brazil



We are an innovative, reliable and competitive partner for our customers

Revenue split by business area (DKKm)



■ Surface solutions ■ Plastic solutions

A photograph of an offshore wind farm with several white wind turbines in a row over the ocean under a clear sky. A dark blue rectangular box is overlaid on the left side of the image, containing the title text. A vertical red bar is on the far left edge of the slide.

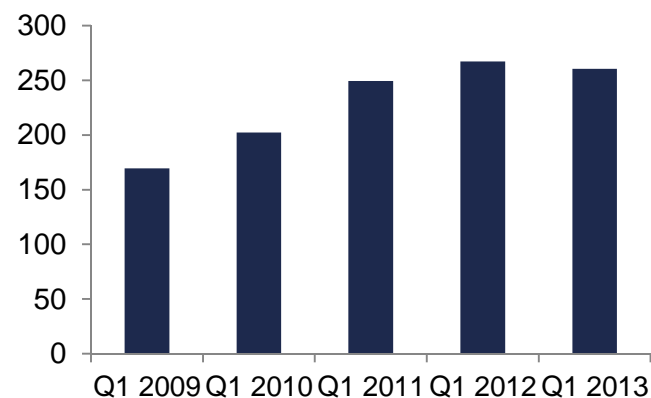
RESULTS FIRST QUARTER OF 2013



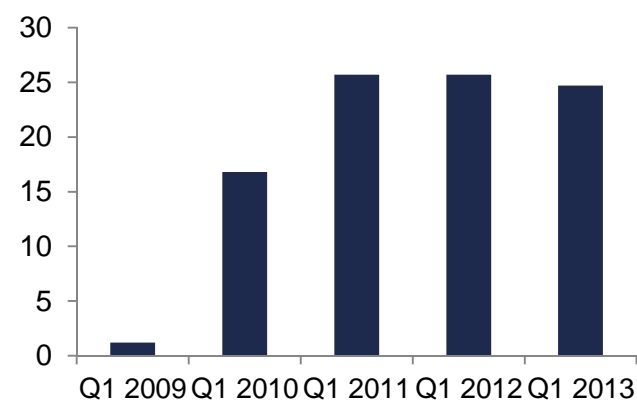
GROUP HIGHLIGHTS (1)

- Sales to the healthcare industry increased by 18.0% to DKK 101.8m – now accounting for 39.1% of revenue
- Sales to the food-related industry increased by 2.3% to DKK 35.3m – now accounting for 13.5% of revenue
- Sales to the cleantech industry fell by 20.9% to DKK 70.2m – now accounting for 26.9% of revenue – fewer projects and the long winter
- Revenue fell to DKK 260.6m in Q1 2013 or by 2,5% relative to Q1 2012 – mainly due to lower volumes (Easter in Q1)
 - At the end of April, our year-to-date revenue was in line with the revenue for the first four months of 2012
- We continued to record higher sales to many of our customers across industries and geographies in the first quarter of 2013
 - Improvements the most pronounced in international markets at 9.7%
 - Sales to Danish customers down by more than 12.6%
- International sales now account for 50.9% of revenue (45.2% in Q1 2012)
- EBITDA was DKK 24.7m from DKK 25.7m – higher than expected at beginning of the year
 - At the end of April, the year-to-date profit was slightly ahead of the figure for the first four months of 2012

Revenue (DKKm)



Operating profit (EBITDA) (DKKm)





GROUP HIGHLIGHTS (2)

- EBIT fell to DKK 11.9m from DKK 13.9m in Q1 2012
- Profit before tax and non-controlling interests was DKK 9.4m in Q1 2013, as against DKK 10.3m in Q1 2012
 - At the end of April, the year-to-date profit was slightly ahead of the figure for the first four months of 2012
- Cash flows from operating activities increased to DKK 2.9m from DKK 1.6m in Q1 2012
- NIBD at end-March 2013 was DKK 407.1m from DKK 373.3m by end of March 2012 and DKK 395,4m end 2012
- We maintain our expectations for 2013 for:
 - slightly higher profit before tax and non-controlling interests than in 2012 (DKK 41.6m)
 - a slightly higher than in 2012 (DKK 1,109m), but market prospects remain unclear



GROUP FINANCIAL HIGHLIGHTS – Q1 2013



DKKm	Q1 2013	Q1 2012	2012	2011
Revenue	260.6	267.3	1,108.5	976.8
EBITDA	24.7	25.7	104.6	96.5
EBIT	11.9	13.9	58.1	52.8
Profit before tax, non-controlling interests	9.4	10.3	41.6	34.3
Equity incl. non-controlling interests	235.7	222.9	240.1	205.6
Cash flows from operations	2.9	1.6	100.1	66.9
Cash flows from investments	-13.4	-19.8	-87.6	-51.9
Cash flows from financing activities	-14.0	-5.7	0.9	-13.7
Change in cash and cash equivalents	-24.5	-23.9	13.4	1.3
NIBD	407.1	373.3	395.4	355.0
Equity ratio, incl. non-controlling interests, %	27.6	27.3	28.7	26.7

GROUP FINANCIAL HIGHLIGHTS 2012

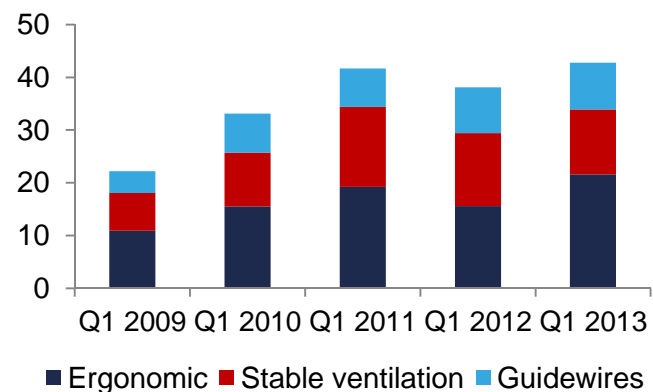


DKKm	2012	2011	2010	2009	2008
Revenue	1,108.5	976.8	851.9	681.9	863.7
EBITDA	104.6	96.5	83.0	40.2	60.3
EBIT	58.1	52.8	41.7	-1.0	17.0
Profit before tax, non-controlling interests	41.6	34.3	28.8	-14.5	-14.9
Equity incl. non-controlling interests	240.1	205.6	190.7	159.7	170.5
Cash flows from operations	100.1	66.9	57.8	45.3	35.4
Cash flows from investments	-87.6	-51.9	-46.9	-35.8	-69.5
Cash flows from financing activities	0.9	-13.7	47.3	-16.3	-17.5
Change in cash and cash equivalents	13.4	1.3	58.2	-6.8	-51.6
NIBD	395.4	355.0	367.4	376.9	393.4
Equity ratio, incl. non-controlling interests, %	28.7	26.7	25.7	23.7	24.1

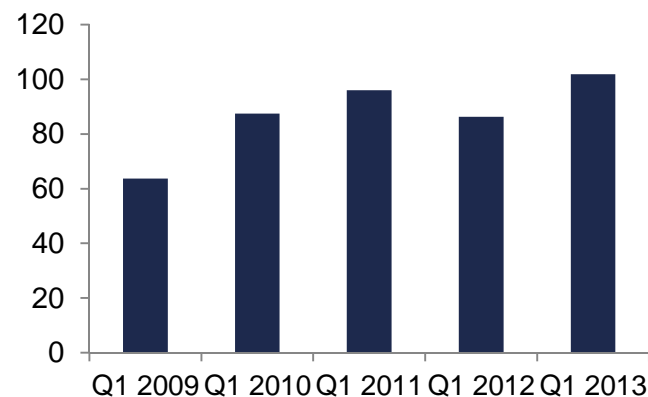


REVENUE SPLIT BY PRODUCT AREA

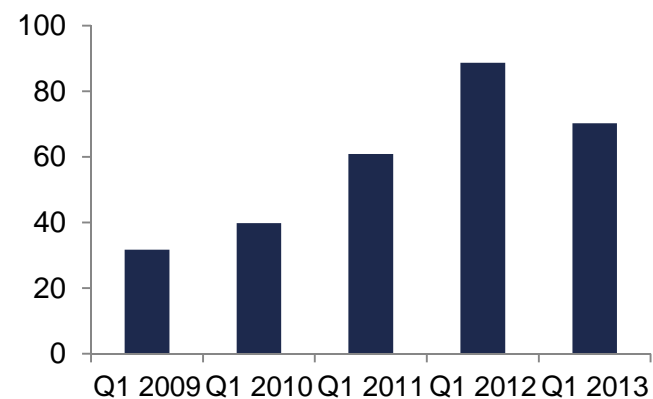
Revenue from own brands (DKKkM)



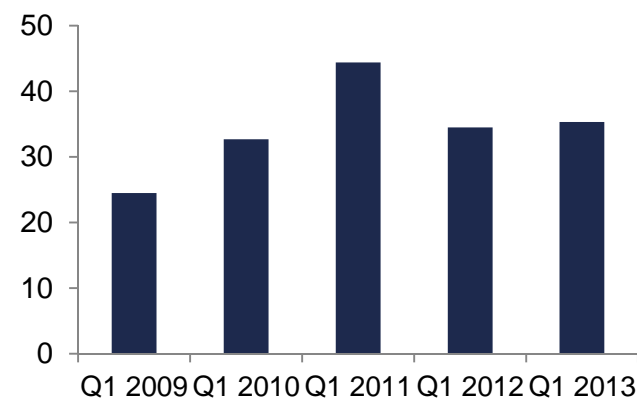
Revenue health care products (DKKkM)



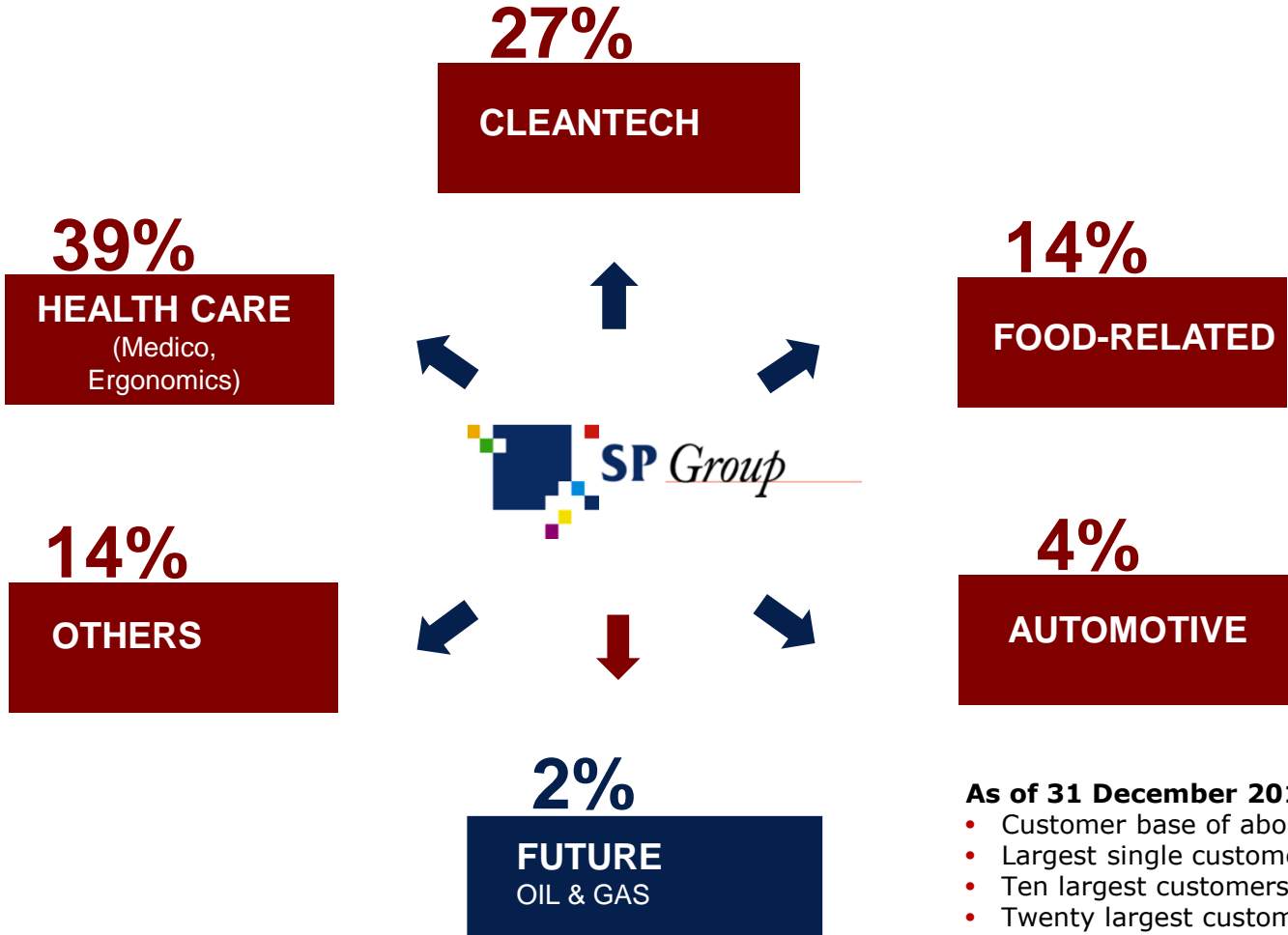
Revenue cleantech industries (DKKkM)



Revenue food-related industries (DKKkM)



REVENUE BY INDUSTRIAL SEGMENT IN Q1 2013



- As of 31 December 2012:**
- Customer base of about 1,000 companies
 - Largest single customer accounts for 12% of revenue
 - Ten largest customers account for 54% of revenue
 - Twenty largest customers account for 67% of revenue

SP GROUP'S GLOBAL PRESENCE



Production and sales

Denmark (6)

Poland (6)

China (2)

Brazil (1)

Distribution

Holland (1)

Sweden (1)

US (1)

Canada (1)



INTERNATIONALISATION



DKKm	2005	2012	2015
Share of sales outside Denmark	37%	46%	~60%
Share of employees outside Denmark	23%	57%	~75%
Number of factories outside Denmark	2	9	~10
Total number of factories	18	15	16

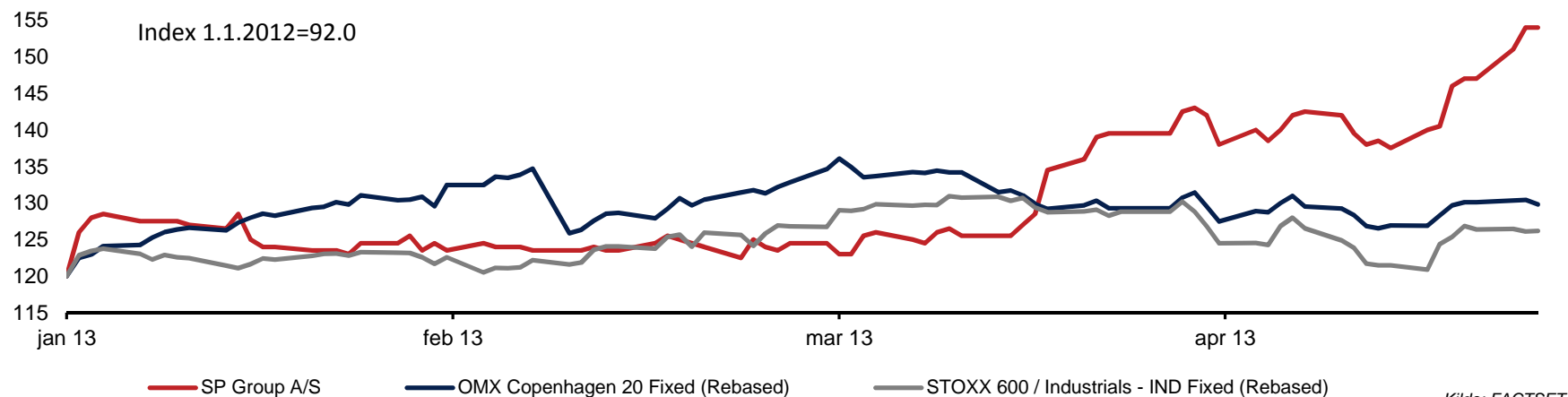


Logo mats

SHARE PRICE PERFORMANCE

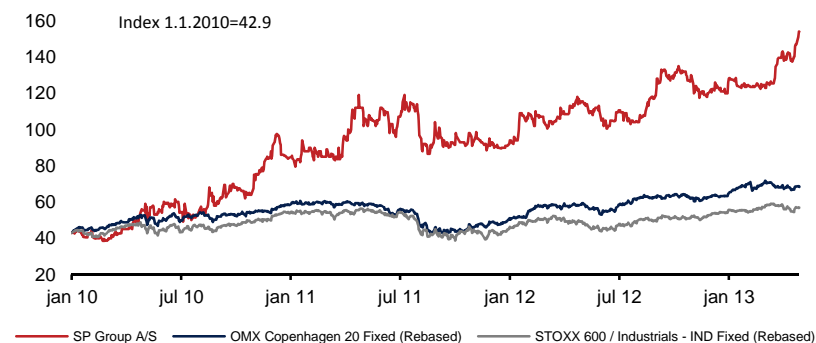


Share price performance from 1 January to 30 April 2013



- Share capital of DKK 20.24m
- All shares have equal rights
- SP Group shares yielded a return of 34.1% in 2012
- Accordingly, SP Group's shares outperformed the general market on NASDAQ OMX Copenhagen by a considerable margin
- Dividends to the shareholders of DKK 2.50 per share in 2013
- New DKK 8m share buy-back programme
- Previous share buy-back programme for DKK 13m completed in April

Share price performance from 1 January 2010 to 30 April 2013



FOLLOW-UP ON PROFIT GUIDANCE



Most recent profit guidance on 2 November 2012		2012
--	--	------

Revenue of DKK 1,050 – 1,100m	was	DKK	1,108.5m
-------------------------------	-----	-----	----------

Profit for the year before tax and non-controlling interest of DKK 40-45m	was	DKK	41.6m
---	-----	-----	-------

Cash flows from operations exceeding investment for the year and repayment of long-term debt	was	CFFO	100.1m
		CFFI	-87.6m
		CFFF	0.9m
		CF	13.4m

Other targets achieved:

EBIT margin > 5.0%	was		5.2%
--------------------	-----	--	------

NIBD/EBITDA of between 3 and 4	was		3.8
--------------------------------	-----	--	-----

Equity ratio incl. non-controlling interests at 20-35%	was		28.7%
--	-----	--	-------



OUTLOOK AND FINANCIAL GOALS

OUTLOOK FOR 2013



- Global economy is expected to continue to grow in 2013 – but it remains fragile
- Economic growth in our neighbouring European markets is expected to remain weak
- New products and solutions designed especially for customers within healthcare, cleantech and the food-related industries and the oil and gas industry is expected to contribute to growth and earnings of the SP Group
- Maintaining a high level of investment in 2013 – but not as high as in 2012 largest single investment expected to be in production of medical devices
- Depreciation and amortisation expected to be at a slightly higher level than in 2012
- Financial expenses expected to be at a lower level than in 2012
- Tight cost control, capacity adjustments and a continued strong focus on risk, liquidity and capital management provides a strong base for the future
- We maintain the FY 2013 guidance announced in the 2012 Annual Report for an improvement in profit before tax and non-controlling interests in 2013 relative to 2012 (DKK 41.6m) and a slightly higher level of activity in 2013 relative to 2012 (DKK 1,109m), but market prospects remain unclear



LONG-TERM FINANCIAL OBJECTIVES



- Initiatives in the current strategy plan aims to lift revenue to DKK 1.5bn in 2015
- Enhancing EBITDA margin to 12%
- Long-term target for profit before tax and non-controlling interests of around 6-7% of revenue expected to materialise gradually
- Continuing reduction of NIBD – goal is to maintain NIBD/EBITDA ratio at a level of 3-4 by end-2013 – and to reduce it to 2-3 at year-end 2015
- Equity ratio (incl. equity attributable to non-controlling interests) in the range of 20-35% in 2013 – goal is to gradually lift it to 25-40% by 2015
- Fair return to shareholders mainly through share price appreciation
- The goal is that earnings per share will increase by at least 20% p.a. on average over a five-year period





BUSINESS UNITS

SURFACE SOLUTIONS



- Accoat develops and produces environmentally-friendly technical solutions involving fluoroplast (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), Stoholm (DK) and São Paulo (Brazil)





Q1 2013 in highlights

- Revenue up by 3.2% to DKK 42.3m
- EBITDA fell to DKK 5.9m from DKK 7.5m in Q1 2012 as expected due to change in product mix
- Greater activity drives sales improvements to customers in healthcare and oil and gas industry
- Q1 2013 operations impacted by the new factory in Stoholm which is not expected to become profitable until running at a steady serial production
- The new factory in Brazil is a positive contributor to operations
- Accoat continues marketing efforts towards customers in the oil and gas industry in the USA, Brazil, Russia and Europe

Outlook for 2013

- Decrease in revenue in 2013
- EBITDA expected to fall compared to 2012

Development in Coatings

DKKm	Q1 2013	Q1 2012	2012
Revenue	42.3	41.0	212.4
EBITDA	5.9	7.5	38.4
EBIT	3.7	4.7	29.7
Employees (avg.)	78	68	73



PLASTIC SOLUTIONS



Plastic businesses include:

- Injection Moulding (SP Moulding and SP Medical)
- Vacuum forming (Gibo Plast)
- PUR (Ergomat, Tinby and TPI Polytechnik)

Q1 2013 in highlights:

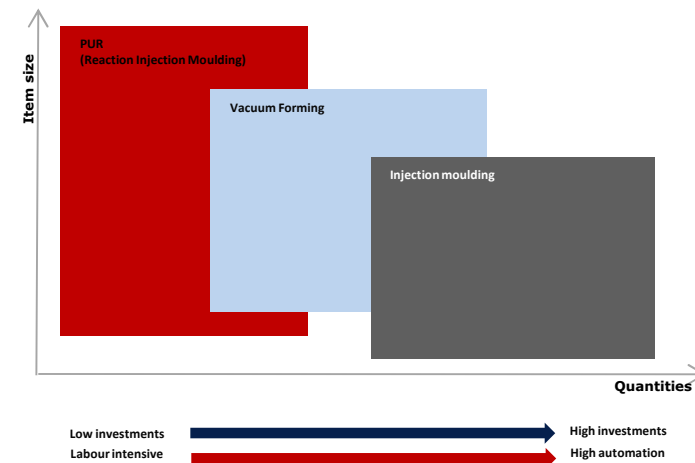
- Overall decline in revenue by 3.5% to DKK 219.5m from DKK 227.3m
- Easter falling in March and the long winter caused Q1 revenue and earnings to decline
- EBITDA was DKK 20.9m from DKK 21.9m – a decline of DKK 1.0m

Outlook for 2013:

- Growth in revenue and earnings
- Medical devices and cleantech activities to be expanded in Denmark, Poland and China
- Sales and marketing activities to be stepped up globally

Development in Plastics

DKKm	Q1 2013	Q1 2012	2012
Revenue	219.5	227.3	907.8
EBITDA	20.9	21.9	78.2
EBIT	11.1	13.6	43.2
Employees (avg.)	1.001	948	977



INJECTION MOULDING (1)



- SP Moulding A/S manufactures advanced plastic precision components for a wide range of industries.
- SP Moulding is a producer of technical plastic devices and performs assembly work. SP Moulding is a market leader in Denmark and among the largest injection moulders in the Nordic region.
- SP Medical A/S 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 3-4 largest players in the Nordic region.
- SP Moulding and SP Medical have more than 300 injection moulding machines at their disposal with a clamping force ranging from 25 tonnes to 1250 tonnes.
- SP Moulding and SP Medical also provide two- and three-component plastic solutions.
- Locations: Juelsminde (DK), Stoholm (DK), Karise (DK), Zdunska Wola (Poland), Sieradz (Poland) and Suzhou (China)



Medico



Technical plastic devices



Medico



Medico



2K and 3K moulding



Q1 2013 in highlights

- Positive developments and increasing earnings continue
- Marketing efforts towards new customer leads maintained
- Increased efforts have produced several new, regular customers

SP Moulding

- Retained 'preferred supplier' status with a major international customer who is the leader in its field in Europe as well as a global leader

SP Medical

- 2.3% increase in the production and sale of guidewires in Q1 2013



POLYURETHANE (1)



- Three business activities: Ergomat A/S, Tinby A/S and Polytechniek BV
- Locations: Sønderød (DK), Zdunska Wola (POL), 's-Hertogenbosch (NL), Helsingborg (SE), Cleveland (US), Montreal (CAN) and Suzhou (China)

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 for the cleantech and insulation industries, the medical devices, furniture, refrigerator and graphics industries. Global leader in market for hard rollers.



Cleantech



Solid, foamed PUR

TPI Polytechniek 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.





Q1 2013 in highlights

Ergomat

- Strong sales and earnings growth
- Global sales up by 38.5%
 - driven mainly by North America and Japan
- Currently setting up production in the USA

Tinby

- Customers in graphics, cleantech and insulation industries reporting growth
- Expanded production of PUR-components in China for the cleantech industry

TPI

- Farm ventilation equipment sales in eastern Europe impacted by weather conditions
- New customers identified in Asia, the Middle East and Africa
- Scandinavia still feeling a lack of appetite or opportunities for investing in large animal housing facilities



VACUUM FORMING (1)



- Gibo Plast develops, designs and manufactures thermoformed plastic products. The products are mainly used in refrigerators and freezers, buses and cars (automotive), medical devices and lighting equipment as well as in the cleantech industry.
- Gibo Plast specialises in traditional vacuum forming as well as the new high-pressure and twin-sheet technologies.
- Market leader in Scandinavia
- Location: Skjern (DK) and Sieradz (PL)



Vacuum forming



Furniture



Automotive



Cleantech



Q1 2013 in highlights

- New projects and solutions being developed for customers in the cleantech industry
 - expected to contribute to sales and earnings in 2013 and onwards
- Operations in Poland expanded; machinery production relocated to Poland
- Investing in new technology to facilitate production of very large plastic components (4.2 x 2.5 x 1.0 metres)
- Extensive reshuffling of organisation at Skjern
- Drop in activity as production for former customer being phased out





STRATEGY

STRATEGIC DEVELOPMENTS



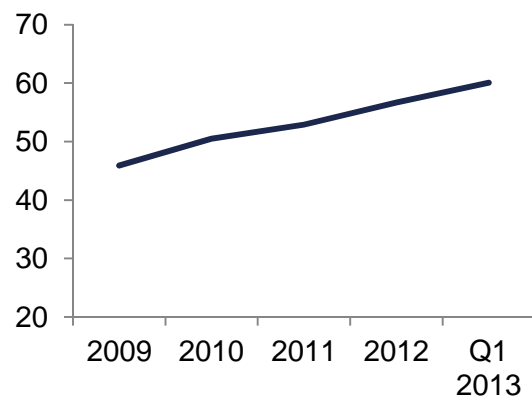
- Additional rationalisation and efficiency enhancing of production structure in 2013:
 - The four new factories commissioned in Brazil, Poland, China and Denmark in 2010 are operating at full speed
- Continuing to enhance skill sets at factories in China, Poland, Brazil and Denmark
- Focused sales efforts, especially in healthcare, cleantech and food-related products
- Focus on sale of own brands
- Increased efforts towards existing and new customers
- More production facilities to be relocated from Denmark to Poland
- Factory in Poland for production of injection-moulded medical device products expanded
- Vacuum forming factory in Poland expanded
- Two large vacuum forming facilities commissioned in Denmark
- PUR production in China (Tinby) expanded
- PUR production to be established in the USA in 2013 (Ergomat)

GROWING SALES AND INTERNATIONALISING THE BUSINESS

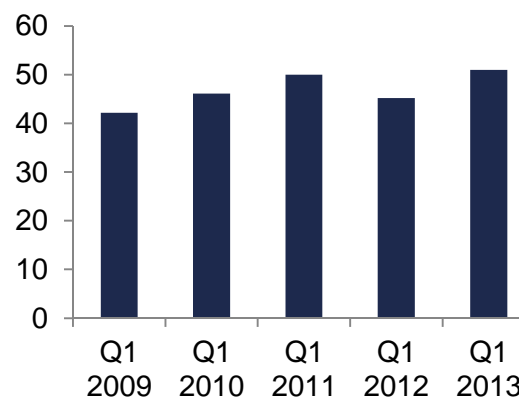


- Organic growth fell by 2.5% in Q1 2013 due to Easter falling in March and the severe winter weather
- Strengthened sales and marketing efforts in all units
- Consultancy within plastics and coatings
- Differentiation on processes, design and knowledge
- Focus on both existing and new customers
- Increased exports from production sites in Denmark, China, Poland og Brazil focusing on the Americas, Europe and Asia

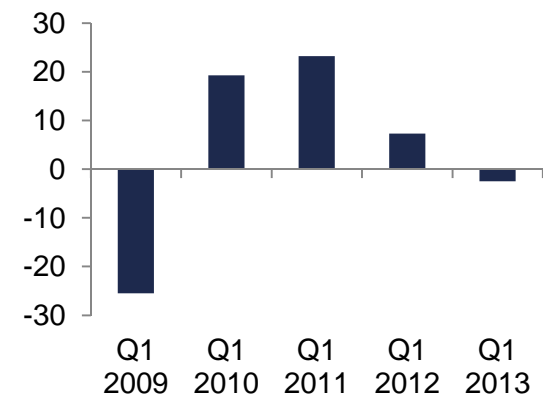
Employees based outside Denmark (avg.), %



International sales, %



Organic growth, %, Group revenue



GROWTH INDUSTRIES AND OWN BRANDS



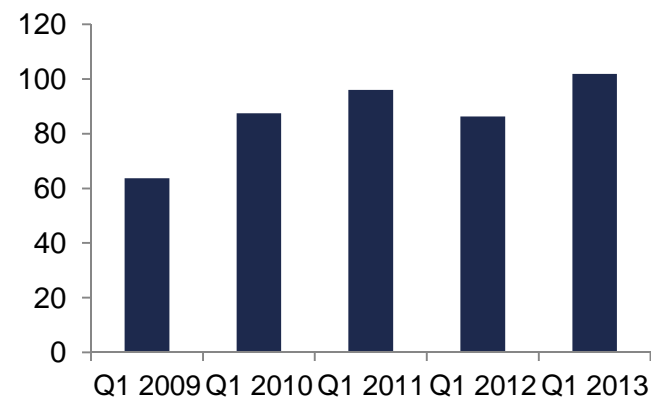
- Committed efforts to growth industries and new segments, e.g. healthcare and cleantech and food-related industries
- Sustain growth in sales to the medical devices industry
- Enhance sales and earnings growth from own brands, i.e. ventilation equipment (TPI), guidewires (SP Medical) and ergonomic solutions and DuraStripe® striping tape (Ergomat)
- Strengthen the international position (North America, Brazil, China and Poland)
- Exploit the potential in other product niches

ERGOMAT®

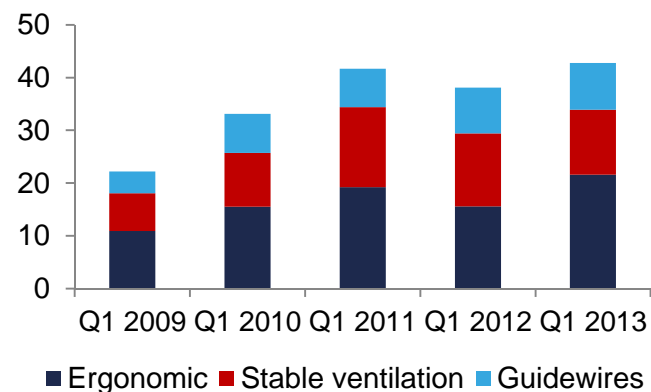
DURASTRIPE



Revenue health care products (DKKm)



Revenue from own brands (DKKm)



EFFICIENCY ENHANCEMENT AND RATIONALISATION



- Capacity adjustments
- Each production site will seek to produce and deliver better, cheaper and faster
- Reduction in the consumption of materials and resources (reducing carbon emissions)
- Reduction of running-in and set-up times in production
- Reliability of delivery (on-time delivery) from all factories was increased – 98-99% - and must be further improved
- Level of quality measured on an ongoing basis
- Roll-out of LEAN continues
- Continue to enhance efficiency of purchasing and supply chain and strengthen IT systems and management systems
- Broader geographical sourcing
- Continue to adjust and develop the organisation
- Continuously and critically review the Group's activities



FORWARD-LOOKING STATEMENTS



This presentation contains forward-looking statements reflecting management's expectations for future events and financial results.

Statements relating to 2013 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.



Further information:

Frank Gad, Chief Executive Officer
SP Group A/S,
Snavevej 6-10, DK-5471 Søndersø
Phone: +45 7023 2379 / +45 3042 1460
E-mail: fg@sp-group.dk www.sp-group.dk