

A collection of medical syringes and components, including clear plastic syringes with blue and yellow caps, and a blue plastic ring, arranged on a light-colored surface. A red vertical bar is on the left side of the slide.

## First half year of 2010

Presentation by CEO Frank Gad  
August 2010

# AGENDA

---



- SP Group – an overview
- Results H1 2010
- Strategic focus areas
- Financial objectives and outlook



**Frank Gad (born 1960, M. Sc.)**

**Career:**

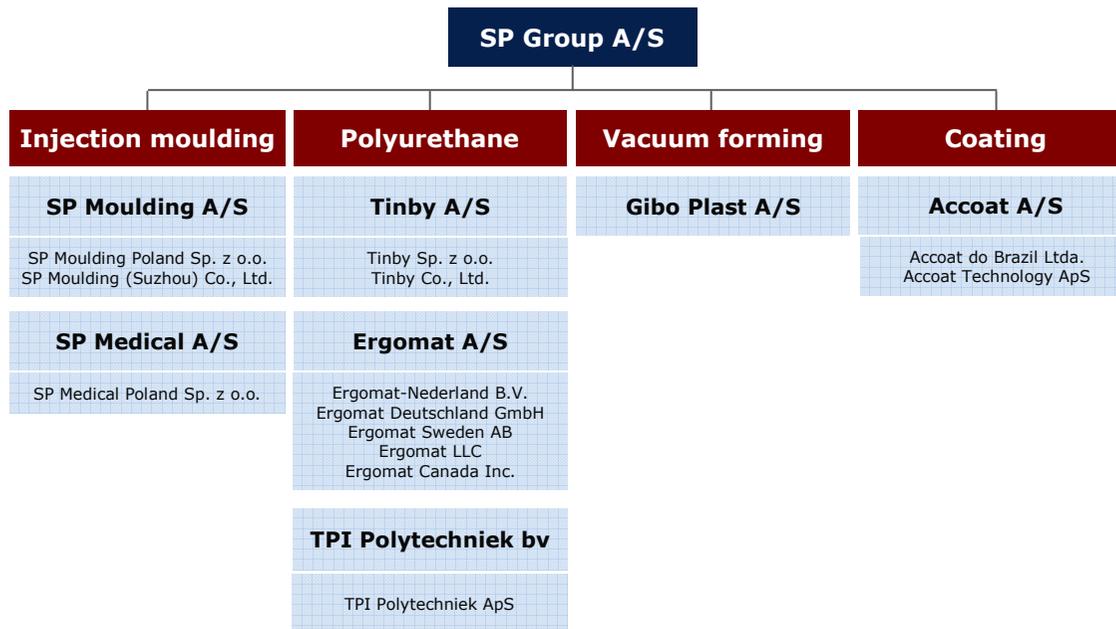
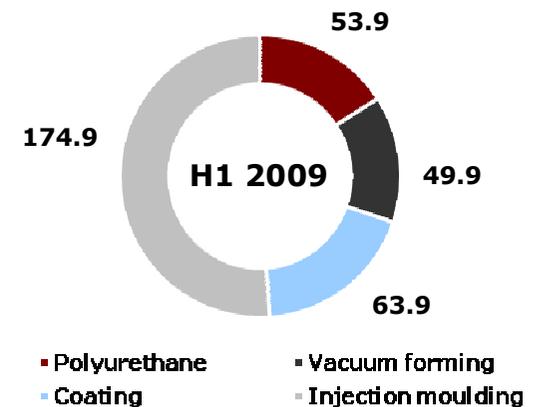
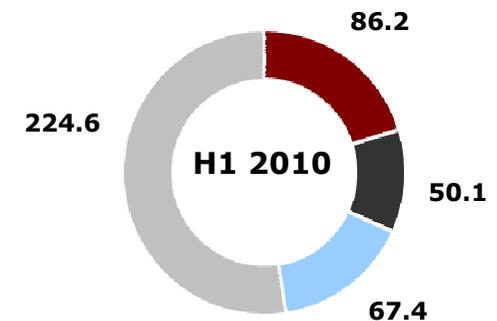
- Nov. 2004: CEO, SP Group A/S
- 1999-2004: CEO, FLSmidth A/S
- 1996-1999: CEO, Mærsk Container Industri A/S
- 1985-1999: Odense Steel Shipyard A/S –  
most recent title: EVP

# 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 exports from Denmark and increasing production in China and Poland

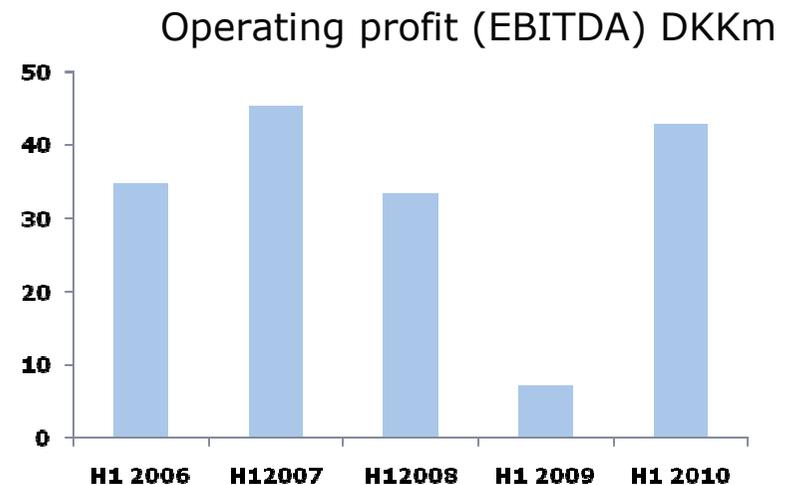
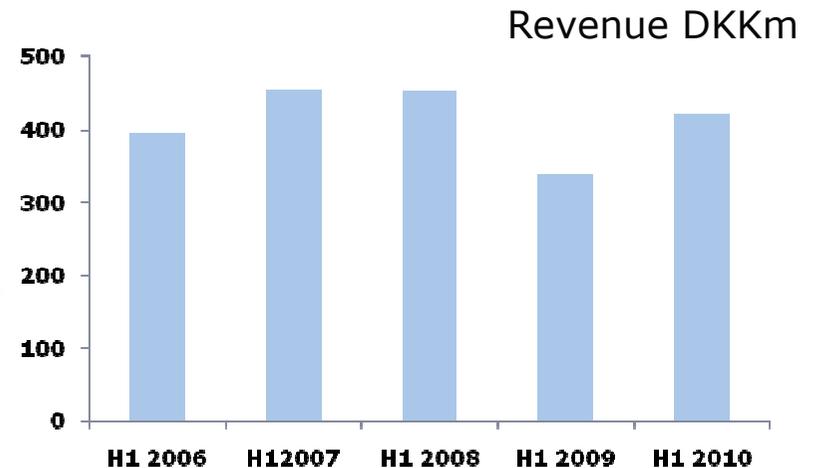
Revenue split by the Group's business units;  
H1 2010 and H1 2009 (DKKm):



# GROUP HIGHLIGHTS H1 2010



- Revenue improved by 24.3% to DKK 421.0m
  - Q2 revenue growth of 29.3%
- Sales to our export markets grew by 36%
- Sales to our Danish customers were up by more than 15%
- Sales to the medical devices industry rose by 38.2%
  - now accounts for 35.5% of consolidated revenue
- Continued intensified marketing efforts towards both existing and potential customers
- Active approach to developing and marketing a number of new solutions to the cleantech, the medical devices and other industries
- Optimise production more efficiently, aligning capacity and tight cost management
- Ongoing reduction of general costs
- EBITDA margin improved to 10.2% from 2.2% in H1 2009
  - Q2 EBITDA margin of 11.9%
- Strongly focused on reducing the interest-bearing debt, increasing cash flows from operating activities and selling an additional two properties



# GROUP FINANCIAL HIGHLIGHTS H1 2010

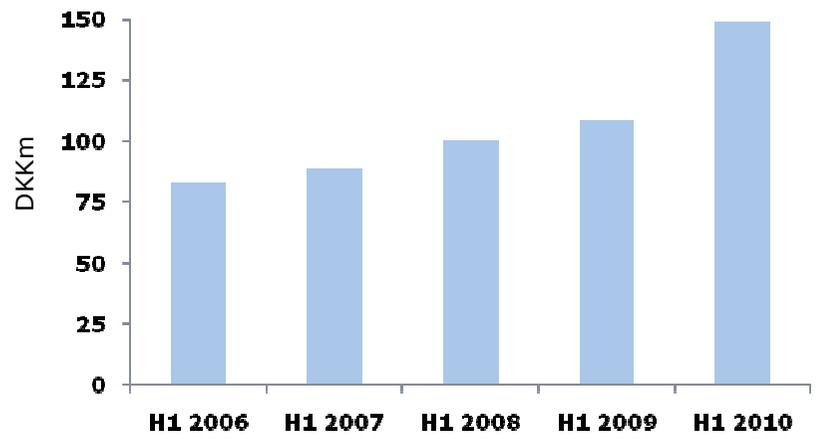


DKKm	H1 2010	H1 2009	FY 2009
Revenue	421.0	338.7	681.9
EBITDA	42.8	7.3	40.2
EBIT	20.7	-12.8	-1.0
Profit before tax and minority interests	13.0	-19.5	-14.5
Equity incl. minorities	177.2	156.3	159.7
Cash flows from operations	22.0	16.3	45.3
Cash flows from investments	-23.1	-18.1	-35.8
Cash flows from financing	31.6	-12.2	-16.3
Change in cash and cash equivalents	30.5	-14.0	-6.8
NIBD	378.0	395.2	376.9

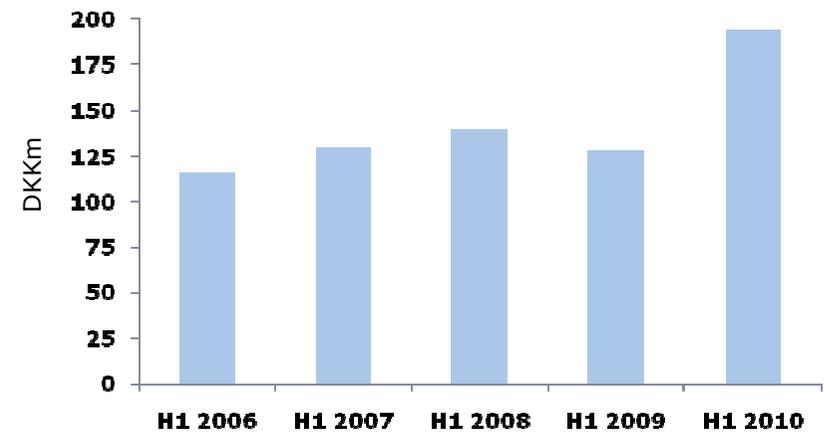


# REVENUE SPLIT BY PRODUCT AREA

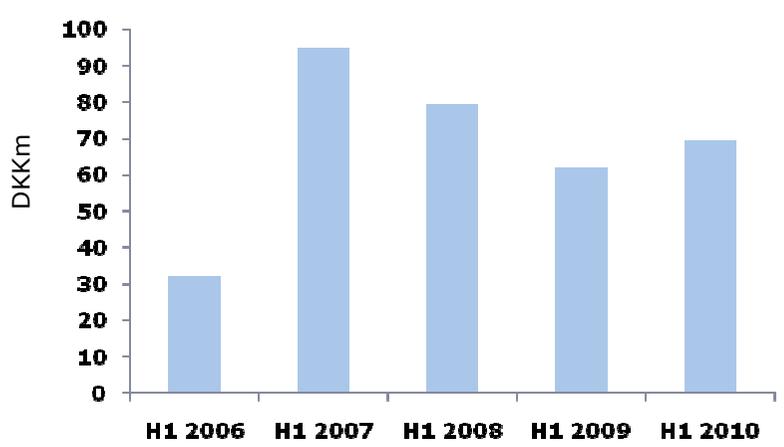
### Revenue medical devices industry



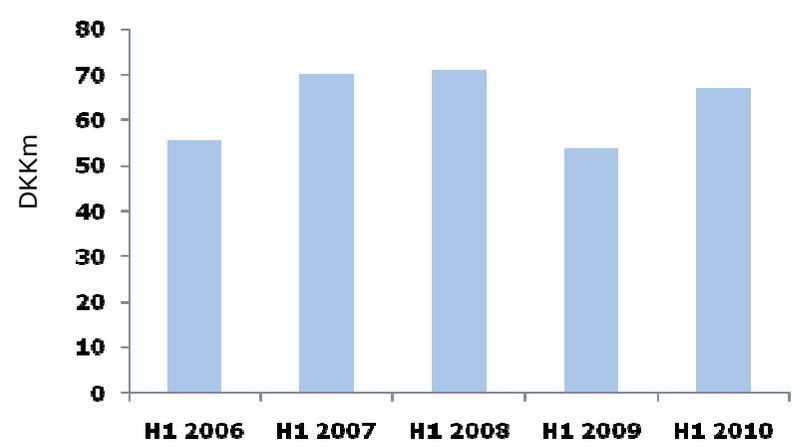
### Revenue healthcare products



### Revenue cleantech industries



### Revenue food-related industries





# BUSINESS UNITS

# 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 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.

Locations: Juelsminde (DK), Stoholm (DK), Karise (DK), Sieradz and Zdunska Wola (PL) and Suzhou (China)



Medical devices



Technical plastic devices



Medical devices



Medical devices



2K and 3K moulding

# INJECTION MOULDING (2)



## H1 2010:

- Revenue grew 28.4% to DKK 224.6m
  - Q2 revenue growth of 41.0%
- Continued inflow of new medical devices customers as well as of new customers in other industries
- EBITDA improved strongly, to DKK 26.6m from DKK 3.9m in H1 2009
- Fully restored production and sales of guide-wires following the fire at the Polish factory – revenue improved relative to H1 09
- SP Moulding and SP Medical continues marketing efforts towards new customers – several new, stable customers
- Continued production efficiency improvements

## Outlook for 2010:

- Revenue and operating profit improving
- Medical devices operations being expanded in Denmark, Poland and China

DKKm	H1 2010	H1 2009
Revenue	224.6	174.9
EBITDA	26.6	3.9
EBIT	13.4	-6.9
Employees (average)	562	567



DKKm	2009	2008
Revenue	346.0	470.6
EBITDA	19.3	29.1
EBIT	-1.9	4.5
Employees (average)	518	630

# POLYURETHANE (1)



Three business activities: Ergomat A/S, Tinby A/S and TPI Polytechniek BV

Locations: Sønderød (DK), Zdunska Wola (POL), 's-Hertogenbosch (NL), Helsingborg (SE), Cleveland (US), Montreal (CAN), Zeil am Main (DE) 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 and other 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.



# POLYURETHANE (2)



## H1 2010:

- Revenue grew 60% to DKK 86.2m
- EBITDA improved strongly to DKK 16.8m from DKK 1.8m in H1 09
- Revenue improved on the back of intensified marketing efforts combined with new products and concepts launched and a general market improvement
- Tinby: surging growth from customers in the graphics and cleantech industries
- Ergomat: strong growth in sales of ergonomic mats and of DuraStripe® striping in North America
- TPI: improved sales of stable ventilation equipment, especially to customers in eastern and central Europe
- Launch of a number of new PUR products – several product launches planned for 2010
- Production capacity in Poland expanded

## Outlook for 2010:

- Revenue and operating profit improving

DKKm	H1 2010	H1 2009
Revenue	86.2	53.9
EBITDA	16.8	1.8
EBIT	14.3	-1.4
Employees (average)	184	177



DKKm	2009	2008
Revenue	119.3	170.4
EBITDA	10.4	27.4
EBIT	4.2	20.9
Employees (average)	168	198

# 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.

Locations: Skjern (DK)



Vacuum forming



CNC milling



Automotive



Automotive

# VACUUM FORMING (2)



## H1 2010:

- Revenue unchanged at DKK 50.1m (DKK 49.9m in H1 09)
- EBITDA still negative at DKK 2.5m (loss of DKK 0.7m in H1 09)
- Strong position in the automotive industry – customers severely affected by the financial crisis
- Developing new projects and solutions for the cleantech industries
- Orders won for a number of prototypes for the cleantech industry; replacing existing metal and fibre glass solutions
- Capacity adjustments
- Consolidating production at Skjern, Denmark

## Outlook for 2010:

- Level of activity higher than in 2009
- Operating profit not satisfactory

DKKm	H1 2010	H1 2009
Revenue	50.1	49.9
EBITDA	-2.5	-0.7
EBIT	-5.0	-3.0
Employees (average)	93	97



DKKm	2009	2008
Revenue	93.1	121.7
EBITDA	6.1	-0.5
EBIT	0.2	-6.0
Employees (average)	93	122

# COATING (1)

---



Accoat develops and applies non-stick, low-friction and high-build corrosion protection coatings in Teflon, PTFE and other refined materials for a wide range of industries. The coated products range from very small needles to large tank facilities.

Accoat is among the five largest suppliers of industrial Teflon coating in the EU.

Location: Kvistgård (DK), Stoholm (DK) and Sao Paulo (Brazil)



Coating



Coating



Medical devices

# COATING (2)



## H1 2010:

- 5.4% revenue improvement to DKK 67.4m
- New factory opened in Brazil
- EBITDA affected by preparations for starting up a new factory in Brazil
- Sustained marketing efforts towards customers in the oil and gas industry in the USA, Brazil, Russia and Europe
- Sales to the medical devices industry also improved
- New coating solutions for the oil and gas industry
- Establishing new coating facilities at Stoholm, Denmark, is progressing to plan

## Outlook for 2010:

- Increasing demand for services for friction reduction and corrosion protection
- Continued increase in revenue and operating profit

DKKm	H1 2010	H1 2009
Revenue	67.4	63.9
EBITDA	8.1	7.6
EBIT	4.9	4.4
Employees (average)	63	67

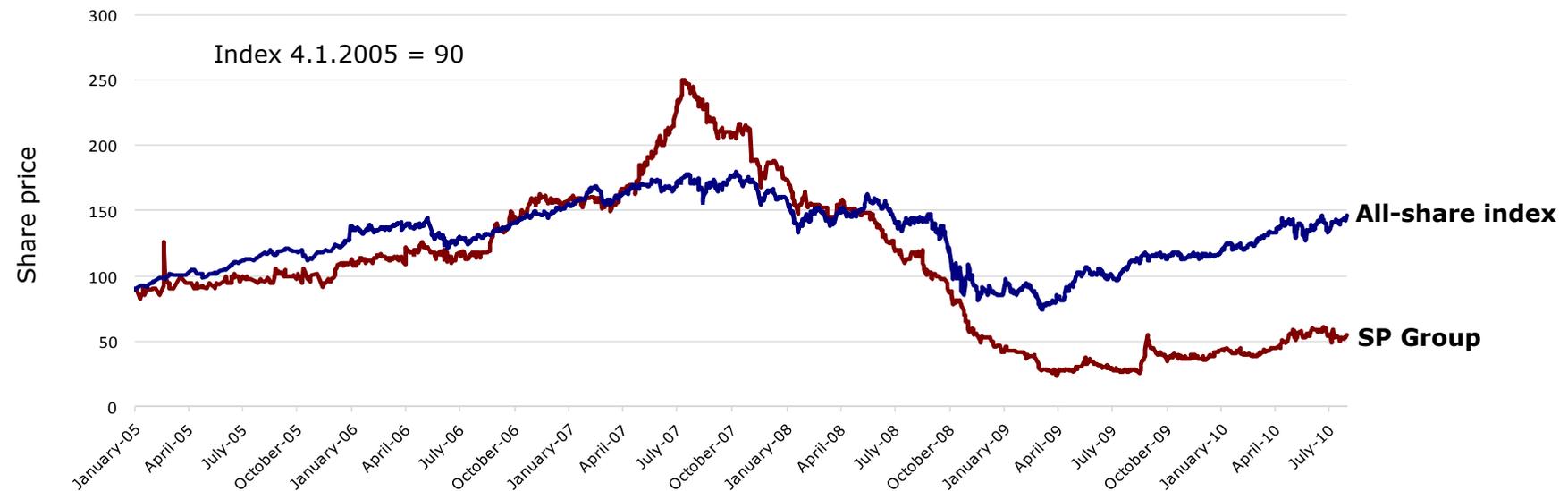


DKKm	2009	2008
Revenue	134.1	113.8
EBITDA	16.2	16.1
EBIT	9.6	10.7
Employees (average)	63	63

# SHARE PRICE PERFORMANCE



Share price performance from 1 January 2005 to 31 July 2010



Source: NASDAQ OMX Copenhagen and Danske Markets

- Share capital DKK 20.24m
- All shares have equal rights
- Reduction of share capital completed in August 2009



# STRATEGY

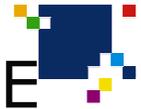
# STRATEGY ADJUSTMENT



- Difficult earnings conditions due to the fragile global economy
- Focus on sales particularly in the health care, cleantech and food industries
- Focus on sales of own brands
- Increased efforts towards existing and potential customers
- Relocating more of production from Denmark to Poland
- Establishing surface coating operations in Brazil in 2010
- Establishing PUR operations in China in 2010
- 6,300 m<sup>2</sup> extension in Poland in 2010

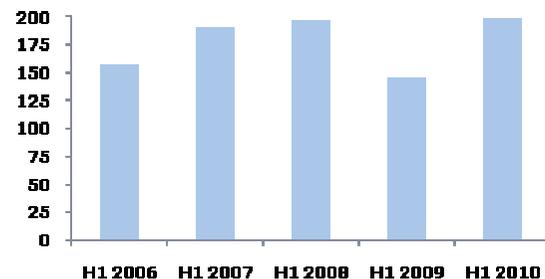


# INCREASED SALES AND INTERNATIONAL PRESENCE

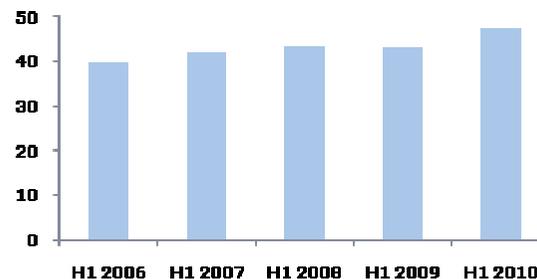


- Strengthened sales and marketing efforts in all units
- Consultancy within plastics and coatings
- Differentiation on processes, design and knowledge of raw materials
- Focus on both existing and new customers
- Increased exports from production sites in Denmark, China, Poland and Brazil focusing on America, Eastern Europe and Asia

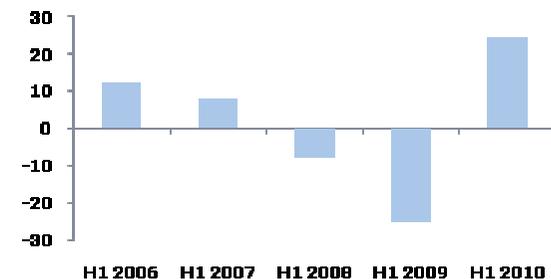
International sales, DKKm



International sales, %



Organic growth, %, Group revenue

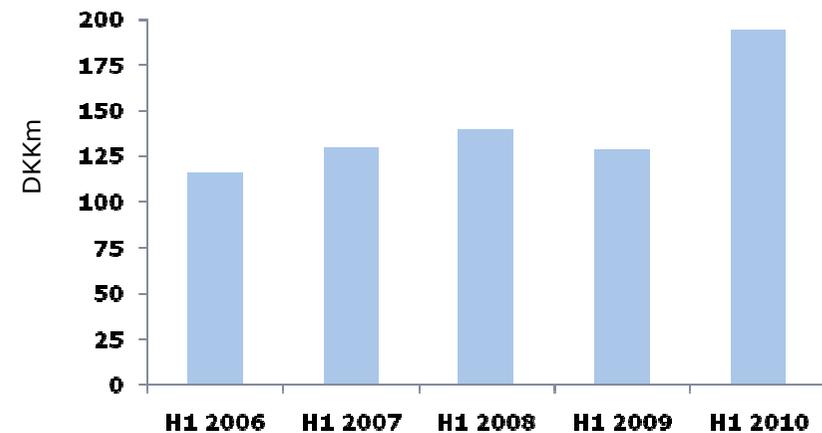


# GROWTH INDUSTRIES AND OWN BRANDS

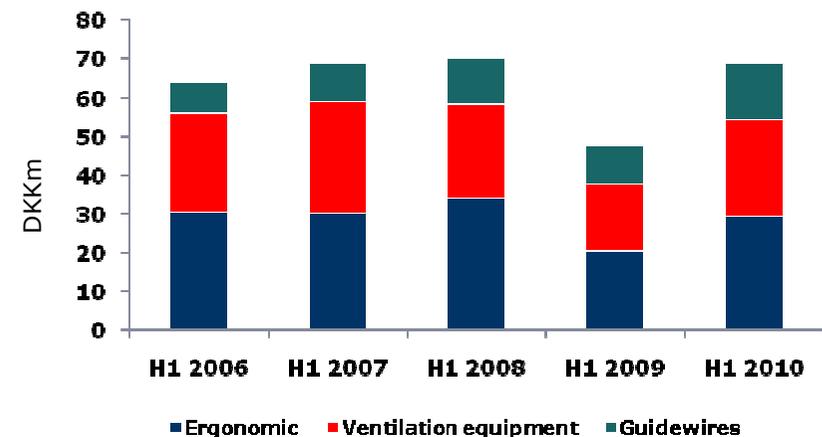


- Committed efforts to working growth industries and new segments, e.g. health care and cleantech
- Sustain growth in sales to the medical devices industry
- Enhance sales and earnings growth from own brands, i.e. ventilation equipment (TPI), guidewires (SP Medical) and ergonomic solutions and DuraStripe®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

Revenue from healthcare products



Revenue from own brands



**ERGOMAT®**

**DURASTRIPE**



# 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
- Limit of running-in and set-up times in production
- Roll-out of LEAN continues
- Continue to enhance efficiency of purchasing and supply chain and strengthen IT systems and management systems
- Broader geographical sourcing
- Ongoing critical review





# FINANCIAL GOALS AND OUTLOOK

# OUTLOOK FOR 2010



- Prospects of a challenging year in 2010; abundant capacity
- New products and solutions expected to contribute to growth and earnings in the SP Group
- Revenue of around DKK 850m
- Depreciation/Amortisation charges at 2009 level
- Financial expenses at 2009 level
- Profit before tax and minorities of just over DKK 20m
- Tight cost management, capacity adjustments and focus on risk, liquidity and capital management provides a strong base for the future



# REVISED LONG-TERM FINANCIAL OBJECTIVES



- Initiatives in the current strategy plan could lift revenue to DKK 1.5 billion
- Enhancing EBITDA margin during period to 2012
- Long term target for profit before tax and minorities of around 6-7% of revenue expected to materialise
- Continuing reduction of NIBD—goal is to lower NIBD/EBITDA ratio to 3-4 and to maintain this level
- Equity ratio (incl. equity attributable to minorities) in the range of 20-35%
- Fair return to shareholders through share price appreciation



# FORWARD-LOOKING STATEMENTS

---



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

Statements relating to 2010 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 interim report does not constitute an invitation to buy or sell shares in SP Group A/S.



For 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](mailto:fg@sp-group.dk) [www.sp-group.dk](http://www.sp-group.dk)

