



Annual report 2008

Presentation by CEO Frank Gad

April 2009

Agenda



- SP Group – an overview
- Results 2008
- 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

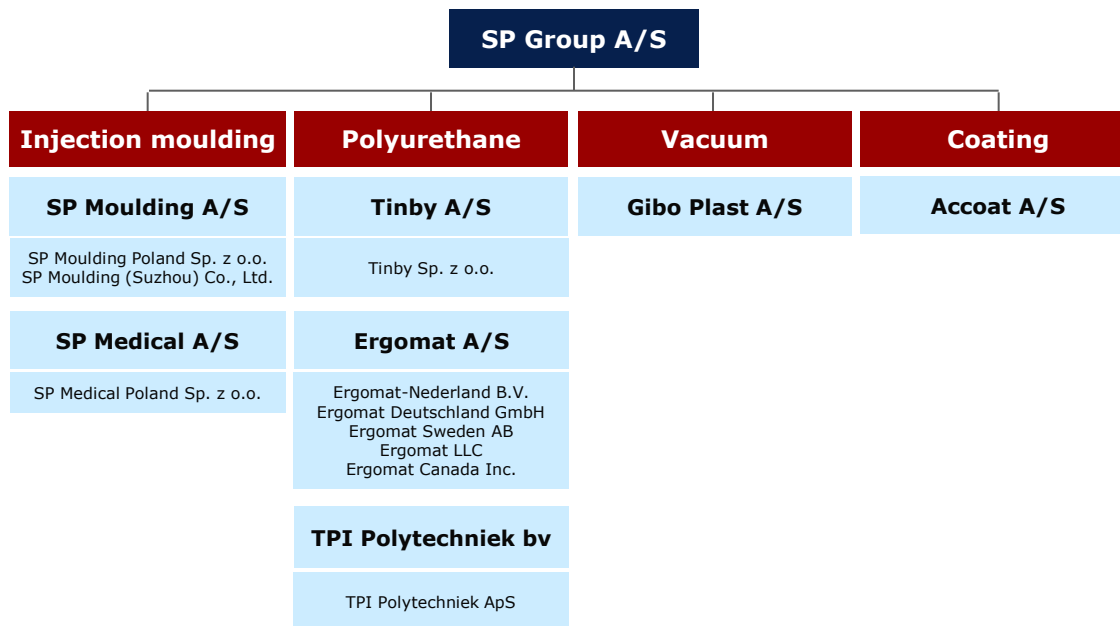
1996-1999: President,
Mærsk Container Industri A/S

1985-1999: Odense Steel Shipyard A/S –
most recent title: EVP

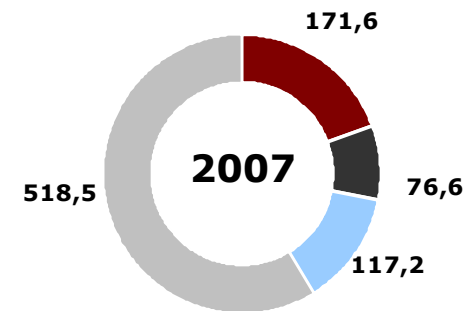
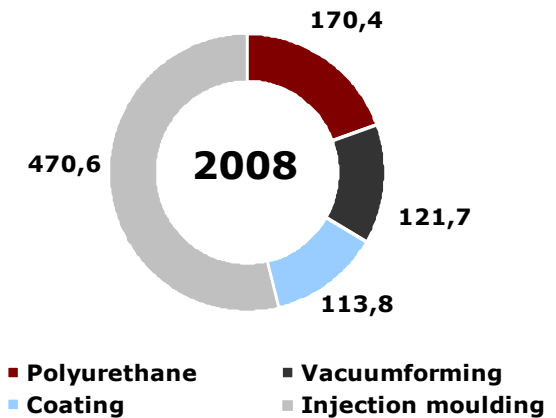


SP GROUP – AN OVERVIEW

- **Manufacturer of moulded plastic components and coatings**
- **Supplier of customer specified solutions for a wide range of industries**
- **Increased exports from Denmark and increasing production in China and Poland**
- **Strong international niche positions – also within own brands**



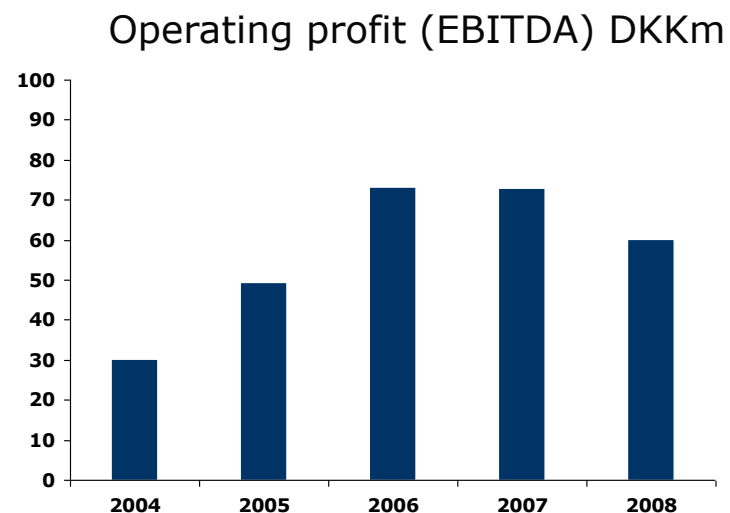
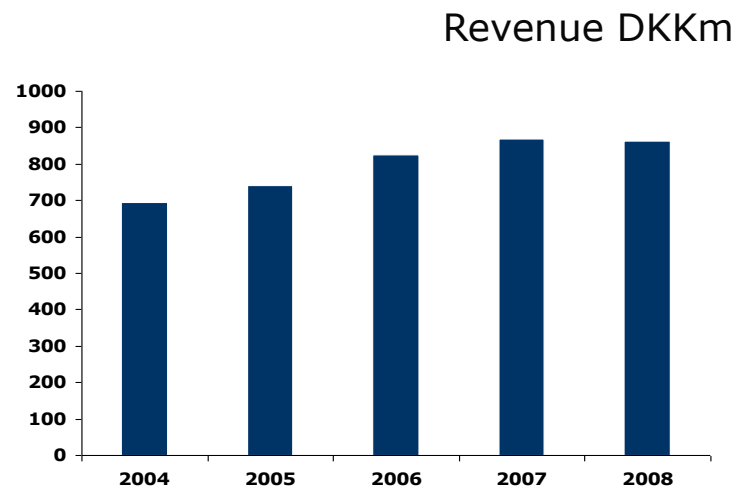
Revenue split by the Group's business units (DKKm):



GROUP HIGHLIGHTS



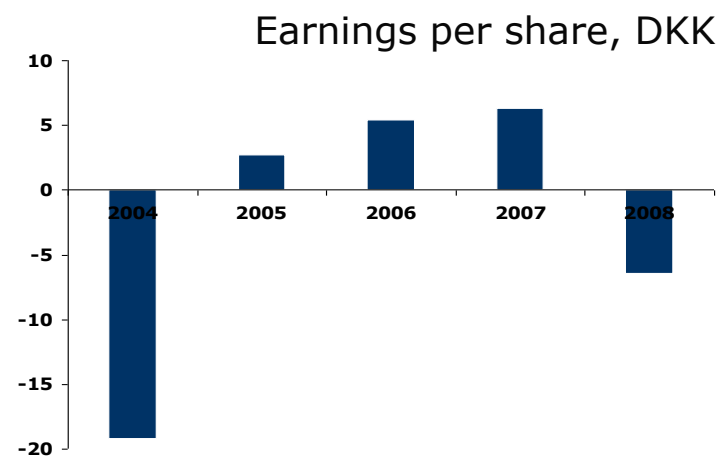
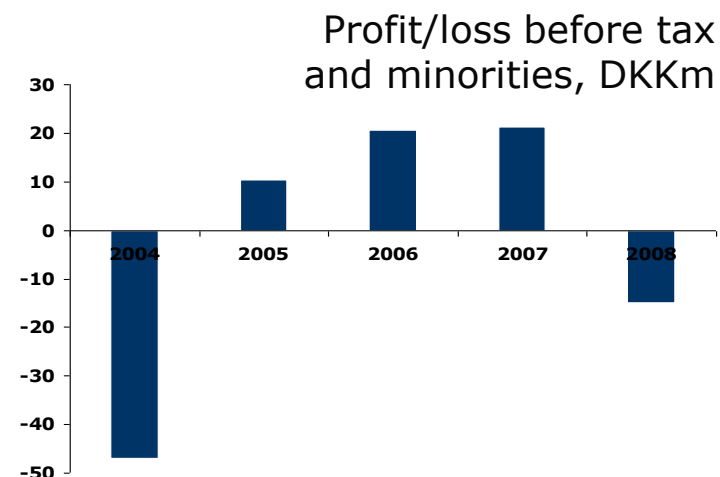
- 2008 has been a difficult year – significant changes in the market
- Minor decline in total revenue
- Growth in revenue of medico- and health care products and a continuing growth in revenue outside Denmark
- Disappointing earnings
 - global crisis, volatile exchange rates and increasing raw material prices
- Decline in earnings (EBIT) in all business units, apart from Injection Moulding
- Capacity adjustments and move of labour-intensive production to Poland and China continues



GROUP FINANCIAL HIGHLIGHTS 2008



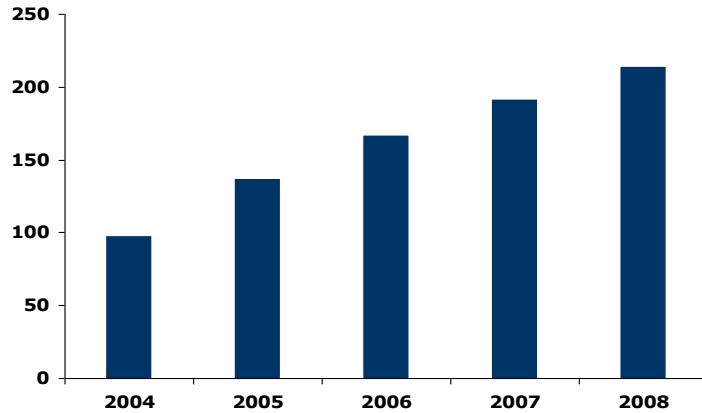
DKKm	2008	2007
Revenue	863.7	869.7
EBITDA	60.3	72.9
EBIT	17.0	34.6
Profit/loss before tax and minorities	-14.9	21.2
Net profit	-10.3	15.9
Equity incl. minorities	170.5	179.0
<i>Cash flows from:</i>		
Operations	35.4	53.6
Investments	-69.5	-52.2
Financing	-17.5	9.7



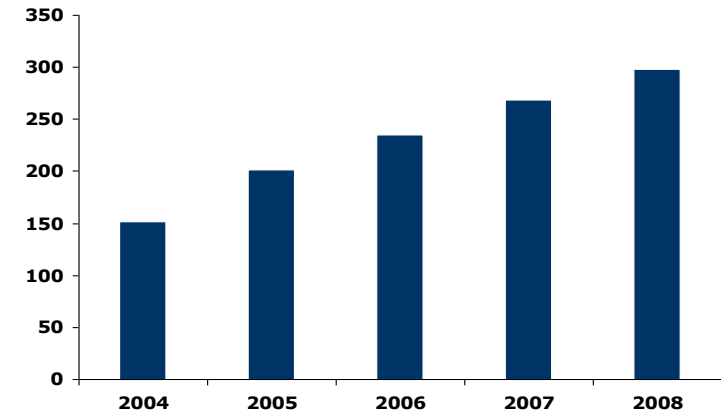


REVENUE SPLIT ON PRODUCT UNITS

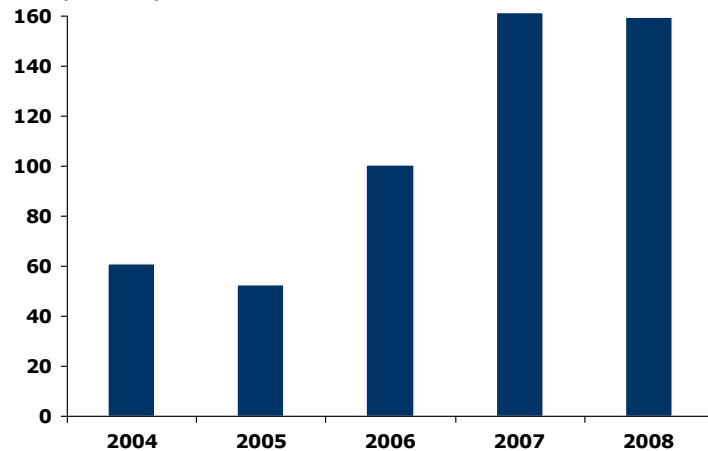
Revenue to medico customers (DKKm)



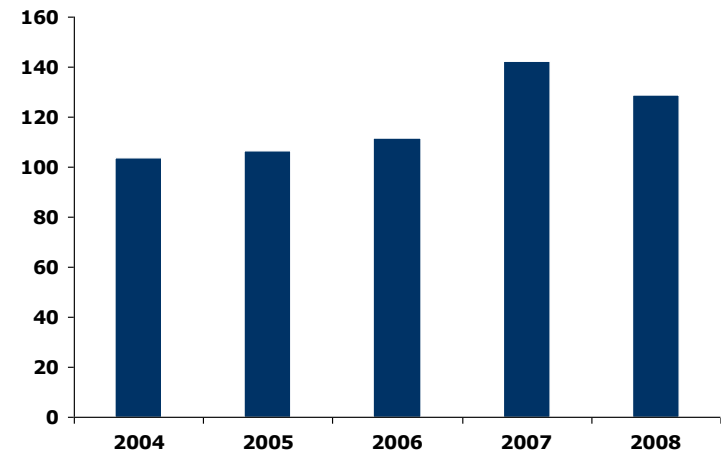
Revenue Health Care products (DKKm)



Revenue energy and environmental products (DKKm)



Revenue food-related industries (DKKm)





Business units



INJECTION MOULDING (1)

SP Moulding A/S manufactures advanced plastic components for a wide range of industries.

SP Moulding is a producer of technical plastic and perform assembly work. SP Moulding is a market leader and among the largest injection moulders in the Nordic countries.

SP Medical A/S manufactures for customers in the medico field, including finished products such as guide wires. Production takes place in clean rooms. SP Medical is among the 3-4 largest in the Nordic countries.

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



Medico



Technical plastic



Medico



Medico



2K and 3K
moulding



INJECTION MOULDING (2)

2008:

- 9,1% revenue decline
 - Impact from: fluctuations, end of license plates production, fire in Poland and a low USD exchange rate
- EBITDA at highest level ever – but still not satisfactory
- Best year in China and Poland so far
- Targeted efforts at growing businesses

Outlook for 2009:

- Decline in revenue due to global crisis
- Growth in revenue and earnings in China and Poland
- The Danish sites adjust capacity and reduce investments

DKKkm	2008	2007
Revenue	470.6	518.5
EBITDA	29.1	22.8
EBIT	4.5	-2.3
Total assets	325.8	340.8
Employees (average)	630	599





POLYURETHANE (1)

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

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

Ergomat develops, manufactures and sells ergonomic solutions under own brands, especially Ergomat® mats, ErgoPerfect® chairs, Synchron® tables 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 wind turbine and insulation industries, the medical appliance, furniture, refrigerator and graphics industries, among others. Global market leader within hard rollers.



Wind turbine



Solid foamed PUR

TPI Polytechnik develops and sells concepts for ventilation of industrial buildings as well as poultry and pig houses, primarily products under own brand, TPI. Market leader in the EU.





POLYURETHANE (2)

2008:

- Decline in revenue of 1.5%
- Ergomat: Growth in the US and Canada despite the crisis and the weaker USD
- Tinby: Slight decline in revenue, but growing revenue from other activities
- TPI: Decline in revenue due to higher prices of grain and difficult credit insurance facilities for customers in Eastern Europe
- Declining operation profit due to change in product mix

Outlook for 2009:

- Lower revenue and earnings

DKKm	2008	2007
Revenue	170.4	171.6
EBITDA	27.4	34.5
EBIT	20.9	27.1
Total assets	157.7	174.3
Employees (average)	198	218





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 wind turbines.

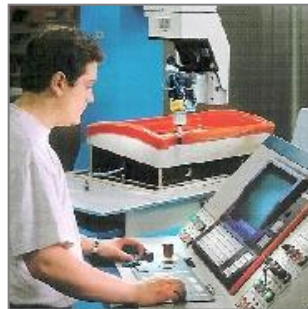
Gibo Plast is specialized in traditional vacuum forming and the new High-pressure and Twinsheet technologies.

Market leader in Scandinavia.

Locations: Skjern and Spentrup (DK)



Vacuum forming



CNC milling



Automotive



Automotive



VACUUM FORMING (2)

2008:

- Growth in revenue of 59% due to the acquisition of DKI Form – however, lower growth than expected, as some customers are hit by the crisis
- Gibo Plast is the largest vacuum former with strong competences
- Too low capacity utilization and adjustment of number of employees
- Lower operating profit than expected
- New customers in the energy industry

Outlook for 2009:

- Lower revenue, capacity adjustment and a non-satisfactory result

DKKm	2008	2007
Revenue	121.7	76.6
EBITDA	-0.5	-0.6
EBIT	-6.0	-3.3
Total assets	142.3	81.5
Employees (average)	122	66





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.

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

Location: Kvistgård (DK)



Coating



Coating



Medico



COATING (2)

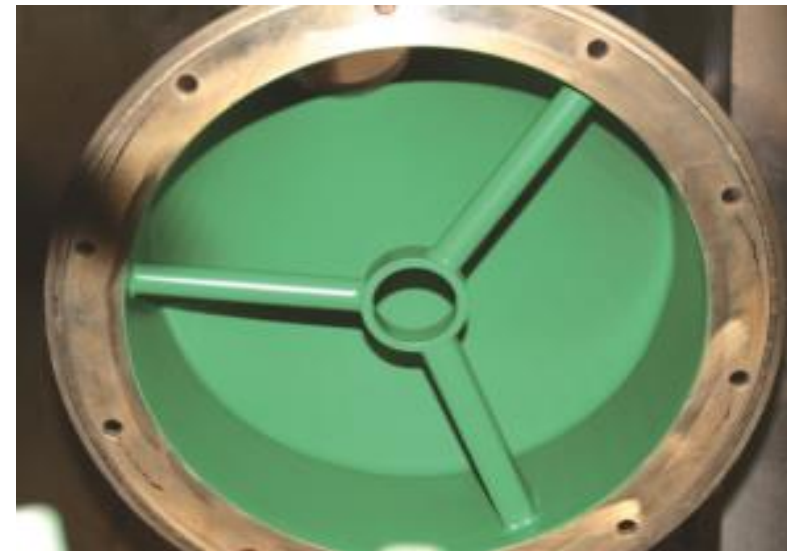
2008:

- Decline in revenue of 2.9% due to postponement of projects
- Growth in revenue to the medical appliance industry
- Intake of new customers in the oil and gas industry – e.g. two international oil companies (coating of pipes)
- Decline in operating profit due to change of product mix, higher development and marketing costs and a lower revenue
- Decision on investment in further production capacity due to long-term growth expectations

Outlook for 2009:

- Higher revenue and slightly higher earnings

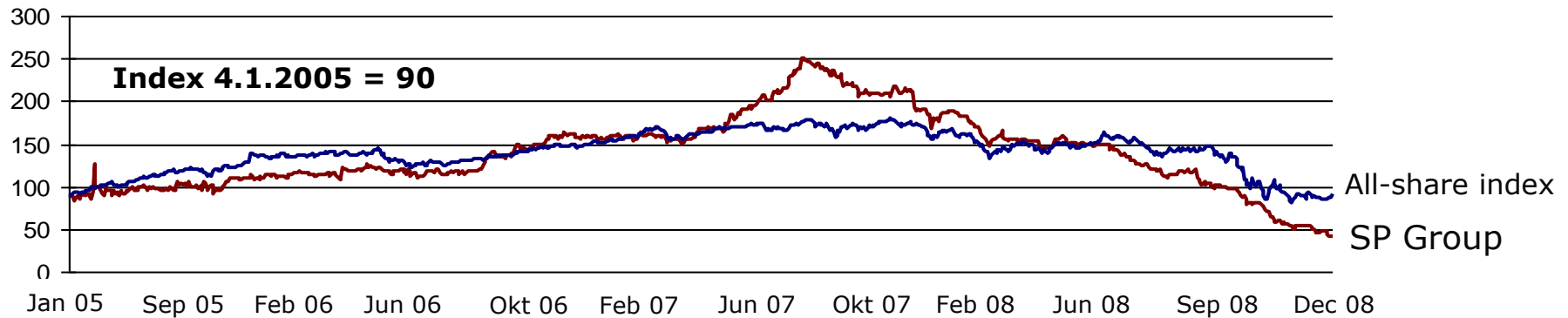
DKKm.	2008	2007
Revenue	113.8	117.2
EBITDA	16.1	22.2
EBIT	10.7	18.4
Total assets	100.5	95.0
Employees (average)	63	64



VALUE MAKING FOR THE SHAREHOLDERS



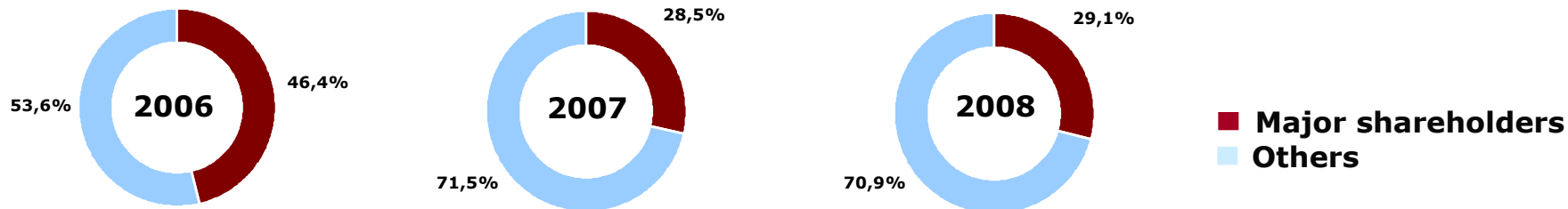
Share price performance from 1 January 2005 to 31 December 2008



Source: NASDAQ OMX Copenhagen and Danske Markets

- Share capital DKK 202.4m
- All shares have equal rights

Major shareholders' ownership



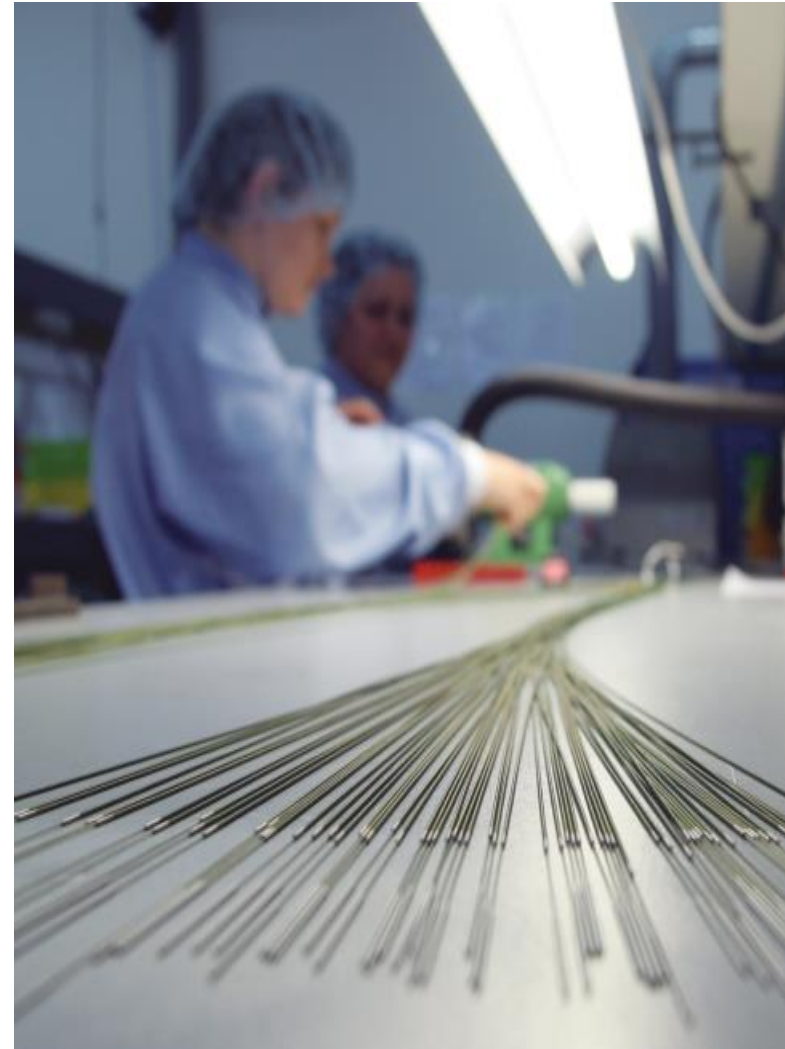


Strategy



STRATEGY ADJUSTMENT

- The assumptions to realize SP Group's 5-year plan have changed, as the financial goals 2012 are based on an annual average GNP growth of 3% on the Group's markets and generally successful markets
- The objectives will hardly be fulfilled until later
- Focus on increasing income and reducing costs

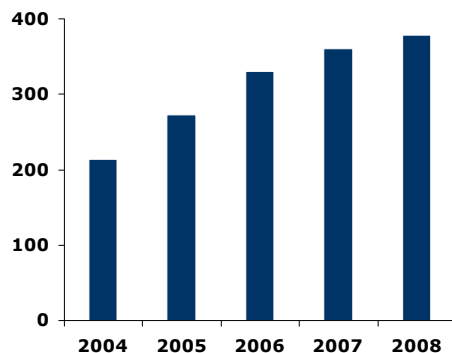




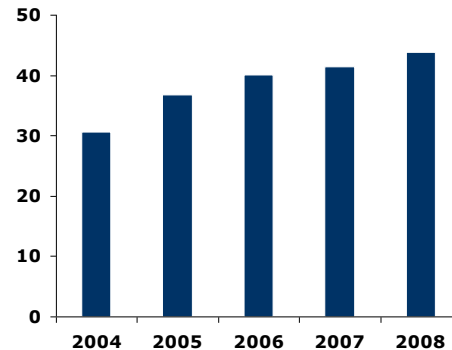
INCREASED SALES AND INTERNATIONALISATION

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

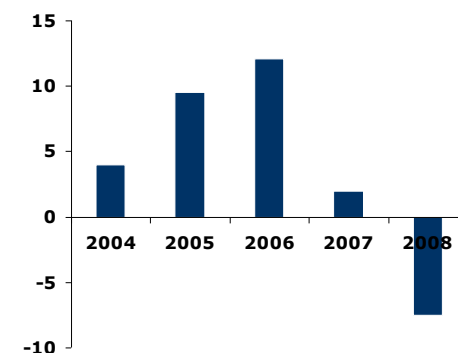
International sales in DKKm



International sales in %



Organic growth in %, group revenue





GROWTH INDUSTRIES AND OWN BRANDS

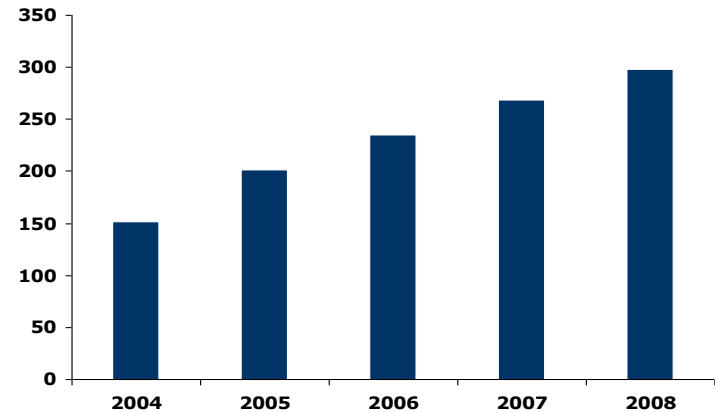
- Stronger engagement in growth industries and new segments, e.g. Health Care and wind turbines
- Maintenance of growth in sales to the medical appliance industry (at present almost 25% of the total revenue)
- Strengthening of the international position as supplier to the energy and environmental industry
- Increased sale under own brands (TPI, Guidewires and Ergomat) and development of new products
- The potential in other product niches must be utilized

ERGOMAT[®]

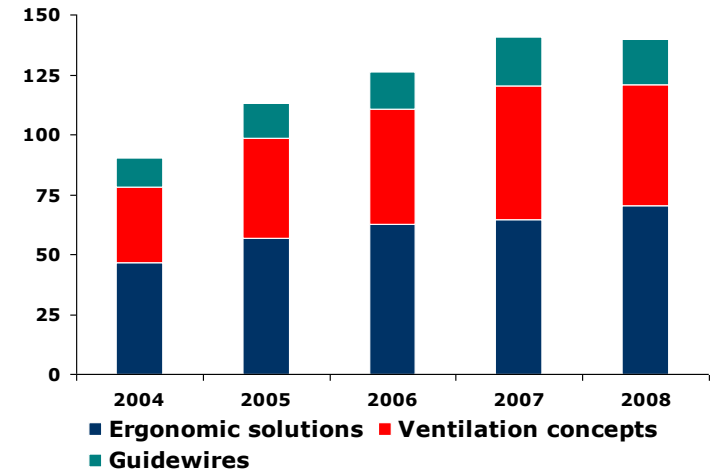
DURASTRIPE



Revenue in Health Care products, DKKm



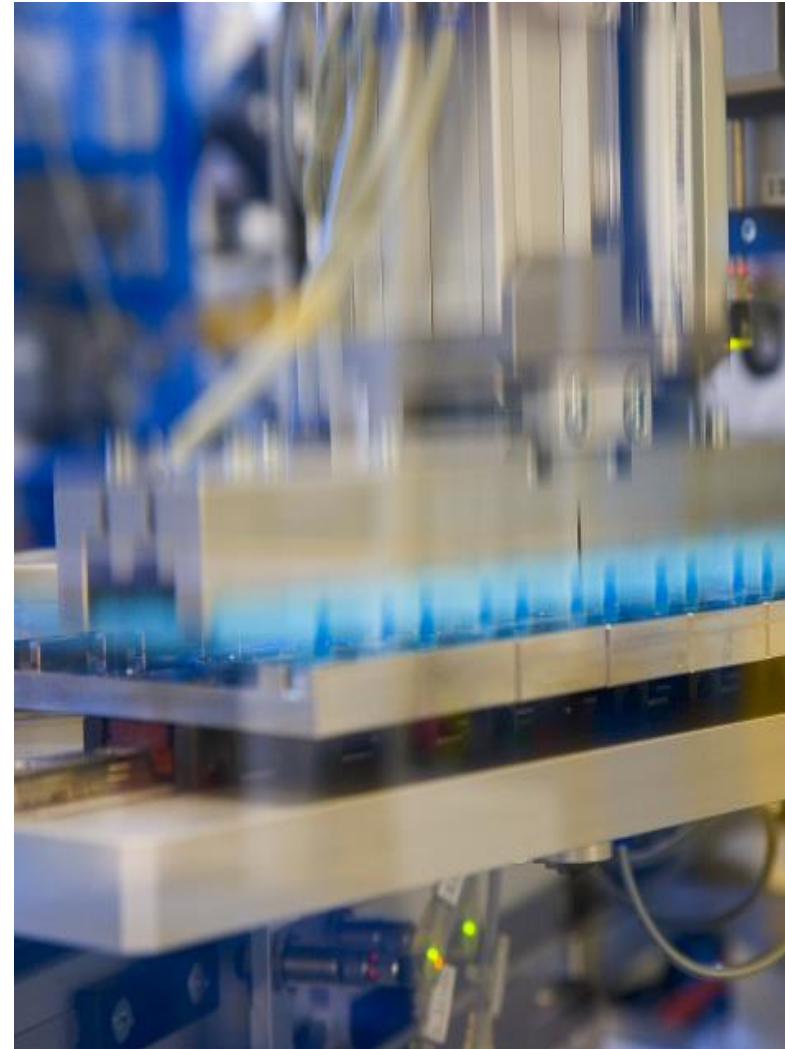
Revenue from own brands, DKKm





REDUCTION OF COSTS

- Capacity adjustments
- Each production site shall 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 the production
- Roll-out of LEAN will continue
- Efficiency of purchases and supply chain and strengthening of IT systems and management systems will continue
- Wider geographical sourcing





Financial goals and outlook



REVISED LONG-TERM FINANCIAL OBJECTIVES

- With initiatives comprised by the strategy plan, revenue may grow to DKK 1.5 billion
- EBITDA-margin to be increased until and including 2012
- In the long term, profit before tax and minorities is expected to gradually grow to around 6-7% of revenue
- Continuing reduction of debt
- Goal is to lower NIBD/EBITDA to 3-4 and to maintain at this level
- Equity ratio (incl. Equity of minorities) in the range of 20-35%
- Fair return to shareholders through increases in the share price





FORWARD-LOOKING STATEMENTS

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

The statements as regard 2009 and the following years are subject to uncertainty and actual results may therefore deviate materially from the outlook and the financial objectives.

Circumstances that could cause changes include, but are not limited to, changes in raw materials and energy prices, changes in exchange rates, changes in the macroeconomic and political settings, changes in customers demands and production patterns and other external factors.

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

THANK YOU FOR YOUR ATTENTION



For further information:

Frank Gad, Chief Executive Officer
SP Group A/S
Snavevej 6-10
5471 Søndersø

Phone: 7023 2379 / 3042 1460
E-mail: fg@sp-group.dk
www.sp-group.dk