

SP Group A/S acquires Nycopac AB, Sweden

Summary

- Today SP Group A/S has agreed with Nycopac AB to acquire at an enterprise value including debt of up to SEK 28.5 million
- The acquisition of this well-running company within industrial packaging solutions supports the growth of SP Group and the 'buy and build' strategy with own products.
- The acquisition is not expected to have any effect on the outlook for the year 2018.
- SP Group finances the acquisition by debt. No new shares will be issued
- The owner, Gusten Bergmark, continues as Managing Director.

Nycopac AB

Nycopac AB is a manufacturer of packaging equipment within industrial packaging solutions, primarily in plastics, and situated in Nyköping, Sweden.

The company was established in 2007 by Gusten Bergmark.

Since 2007, the company has focused especially on development and sale of packaging solutions in plastic. However, the company has outsourced production and logistics to SP Group, among others.

The products are sold all over Europe, primarily in Sweden.

Nycopac AB is skilfully run by the present owners, Gusten Bergmark and Reinhold Dånmark, and they will both stay on as executives.

Nycopac AB is expecting a revenue of SEK 30-35 million in the current fiscal year and has seen a quite significant growth. This growth is expected to continue.

The company has approx. 10 employees working full-time and these employees are expected to continue their work at Nycopac AB.

The company has a strong brand and will continue under its existing name.

Vice President at SP Group A/S, Lars Bering, will be new Chairman.

Read more about Nycopac AB on www.nycopac.se

Transaction

The acquisition of the shares is agreed as follows:

10 million SEK cash payment at Closing

2 million SEK will be financed by Seller with a non-interest-bearing debt instrument and repaid on 31 March 2020

Up to 18 million SEK will be paid in 2018, 2019, 2020 and 2021, provided that agreed growth targets are achieved in each of the years from 2018 to 2021.



SP Group takes over the net-interest-bearing debt in Nycopac AB amounting to approx. SEK ÷1.5 million.

Therefore, the Enterprise value (EV) corresponds to approx. SEK 28.5 million.

The present value hereof amounts to approx. SEK 28.5 million.

If the company does not experience any growth in the years ahead, the minimum payment will amount to SEK 12 million (EV = SEK 10.5 million).

In the current year, EBITDA is expected to be SEK 4-5 million.

In the coming years, a considerable growth is expected. Therefore, Enterprise Value will be in the level 5 times expected EBITDA.

Background for the transaction

The acquisition of Nycopac AB strengthens SP Group's position as one of the leading companies within plastics in Northern Europe. By the acquisition, SP Group will get more new and own products and a strong position in the market for industrial packaging in different plastic materials. The merger generates higher activities at the production facilities in SP Group. Now we can also offer our present customers high-end packaging solutions.

In recent years, SP Group has extended its position in Sweden through acquisitions. Together with Ergomat Sweden AB, Bröderna Bourghardt AB and Opido Plast AB, Nycopac AB will have a strong platform securing future growth in the Swedish market.

There is a significant customer overlap and the most essential customers have agreed to the transaction.

"The acquisition of Nycopac supports the growth in SP Group. We take over a well-running and well-positioned company and are fully convinced that we together will profit from our experience on both sides within R & D, production and sales of plastic products to strengthen our competitive position and to create an even stronger position globally", Chief Executive Officer Frank Gad says.

Director and founder Gusten Bergmark says: *"Nycopac is well-running. However, I am convinced that we can become even stronger as part of SP Group for the benefit of both our customers and our employees. Further, together with my employees, I am looking forward to be part of a big and very competitive group."*

Further information:

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In case of any discrepancies, the Danish version shall prevail.