

SP Group A/S acquires MedicoPack A/S

Summary

- Today SP Group A/S has agreed with IEI II ehf, Iceland, to acquire MedicoPack A/S in Langeskov, Funen, at a total price including takeover of debt (enterprise value) up to DKK 32 million
- The acquisition of this well-running company within blow moulding accelerates the growth of SP Group. As a consequence of the acquisition the outlook for the year 2016 is upgraded
- Torben Bruhn continues as managing director at MedicoPack.

MedicoPack A/S

MedicoPack is a blow moulding company with production and assembly in Denmark (Langeskov). The production site in Langeskov was established in 1968 and has expanded regularly since then. The global customers come especially from the medical and healthcare industry. 85 % of the revenue is exported and the company has customers in 15 countries and a strong brand. Therefore, MedicoPack will continue under its existing name.

The revenue of MedicoPack amounts to almost DKK 100 million with a normalized EBITDA of approx. DKK 6-7 million p.a. The company has approx. 80 employees working full-time, and these employees are expected to continue their work at MedicoPack.

MedicoPack is owned by an equity fund and was established in 1968 as Hastrup Plast.

Torben Bruhn continues as managing director of MedicoPack. The chief executive officer at SP Group, Frank Gad, becomes new chairman of the board.

Transaction

The acquisition of the shares is agreed as follows:

17 million DKK cash payment at Closing

15 million DKK will be financed by Seller with a non-interest-bearing debt instrument with partial payments of DKK 5 million on 15 January 2018, DKK 5 million on 15 July 2018 and DKK 5 million on 15 January 2019

SP Group takes over the net-interest-bearing debt in MedicoPack amounting to approx. DKK 0 million, when Seller has converted DKK 13.6 million of his balance into equity capital. On 15 October 2016 at the latest, MedicoPack returns to Seller DKK 18 million which is the remaining amount of MedicoPack's debt to Seller. MedicoPack has a bank deposit of the same amount.

Therefore, the Enterprise value (EV) corresponds to approx. DKK 32 million.

The present value hereof amounts to approx. DKK 31 million.

EV / EBITDA is approx. 5.0 based on the latest years' normalized figures.

SP Group finances the acquisition of MedicoPack by debt. No new shares will be issued because of the acquisition.



Background for the transaction

The acquisition of MedicoPack strengthens SP Group's position as one of the leading companies within plastics in Northern Europe and gives SP Group new products and services in form of Injection Blow Moulding (IBM) and Extrusion Blow Moulding (EBM) in clean rooms for medico customers and access to some new and interesting customers. The integration will have some cost synergies. There is no significant overlap of customers.

"The acquisition of MedicoPack accelerates 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 medico products to strengthen our competitive position and to create an even stronger position globally", Chief Executive Officer Frank Gad says.

Managing Director Torben Bruhn says: *"MedicoPack is back in good shape. 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. I am looking forward – together with the employees in MedicoPack – to becoming a part of a big and very competitive group."*

Herdis Fjeldsted, CEO, The Enterprise Investment Fund, representing Seller, says: *"We are impressed by the amazing turn-around, made by Torben Bruhn and the employees during our time as owners. As Investment Fund, our time as owners is limited. Therefore, we are happy that we have made an agreement with SP Group about the future of MedicoPack. I am convinced that the new arrangement will be of benefit for the customers, for MedicoPack and its employees, and for SP Group and its shareholders".*

Outlook for 2016

For the remaining months of 2016 MedicoPack is expecting a revenue of approximately DKK 50 million and earnings before tax (EBT) of approximately DKK 3 million (equal to approximately DKK 100 million in revenue and a EBT of approximately DKK 6 million on full year basis).

The costs in connection with the acquisition and integration must be deducted from above result. Due to this, net profit in H2 2016 is expected to be close to 0.

SP Group is therefore upgrading its outlook for FY 2016 and is now expecting a revenue at the level of DKK 1,450 – 1,500 million (previously: DKK 1,400 – 1,450 million) with a result before taxes and minorities at the level of around DKK 100 million (previously: at the level of around DKK 100 million).

Further information:

CEO Frank Gad
Phone: (+45) 70 23 23 79
www.sp-group.dk



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