NASDAQ OMX Copenhagen A/S
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Announcement no. 45 / 2014
21 August 2014
Company reg. (CVR) no. 15701315

Interim report - First half year of 2014

Summary: SP Group generated profit before tax and non-controlling interests of DKK 21.2 million in H1 2014, against DKK 21.2 million in H1 2013. Year-on-year, revenue was up by 6.7% to DKK 573.0 million and EBITDA improved to DKK 54.4 million from DKK 53.0 million. We maintain the FY 2014 guidance announced in the 2013 Annual Report. We continue to expect a slight increase in profit before tax and non-controlling interests in 2014 relative to 2013 (DKK 50.2 million) and slightly higher revenue than in 2013 (DKK 1,102 million), but market prospects remain unclear.

The Board of Directors of SP Group A/S today considered and approved the interim report for the six months ended 30 June 2014.

Highlights of the interim report:

- The H1 2014 revenue was up by DKK 36.2 million to DKK 573.0 million, a 6.7% improvement on the year-earlier period. Revenue was up by 8.6% in the second quarter to DKK 300 million, the best ever in a single quarter.
- Profit before depreciation, amortisation and impairment losses (EBITDA) for H1 2014 was DKK 54.4 million, as against DKK 53.0 million in H1 2013. Earnings were adversely affected by the costs of acquiring Bröderna Bourghardt AB (DKK 0.4 million), of starting up SP Extrusion A/S (DKK 2.1 million) and of the production start-up by Tinby and Ergomat in the USA (DKK 1.5 million). The Q2 EBITDA was DKK 30.3 million, the best ever in a second quarter and the second best of any quarter ever in SP Group history.
- Profit before net financials (EBIT) came to DKK 27.4 million in H1 2014, against DKK 27.5 million in H1 2013. EBIT for the second quarter was DKK 16.6 million, as against DKK 15.6 million in Q2 2013.
- Net financials were an expense of DKK 6.2 million in H1 2014, a DKK 0.2 million improvement on H1 2013 resulting from the slightly lower level of interest rates and exchange rate adjustments. Net financials for the second quarter were an expense of DKK 2.6 million, against an expense of DKK 3.8 million in Q2 2013.
- Profit before tax and non-controlling interests was DKK 21.2 million in H1 2014, as against DKK 21.2 million in H1 2013. The Q2 2014 profit before tax and minority interests was DKK 14.0 million, an 18.8% improvement from DKK 11.8 million in Q2 2013.
- Earnings per share (diluted) came to DKK 7.87 in H1 2014, against DKK 8.46 in H1 2013. The fall was mainly due to a reduction in the holding of treasury shares resulting from the exercise of warrants.
- The Coating business (Accoat) reported unchanged revenue at DKK 88.9 million. EBITDA fell to DKK 10.7 million from DKK 11.8 million in H1 2013.
- The Plastics businesses (SP Moulding, SP Medical, Tinby, TPI, Ergomat, Gibo Plast, SP Extrusion and Bröderna Bourghardt) reported an aggregate revenue improvement of DKK 36.4 million. EBITDA improved by 7.4% to DKK 49.2 million in H1 2014 from DKK 45.8 million in H1 2013.
- There was a cash inflow from operating activities of DKK 21.5 million in H1 2014, against DKK 26.2 million in H1 2013.
- Net interest-bearing debt (NIBD) amounted to DKK 467.8 million at 30 June 2014, against DKK 408.5 million at 30 June 2013. At 31 December 2013, NIBD was DKK 430.0 million.
- We continue to expect a slight increase in profit before tax and non-controlling interests in 2014 relative to 2013 (DKK 50.2 million) and slightly higher revenue than in 2013 (DKK 1,102 million), but market prospects remain unclear.

CEO Frank Gad said: "The H1 *2014 period was our best ever first-half performance in terms of revenue and EBITDA. We continue to expect to improve on our performance in 2014 relative to 2013, which is our best year to date, provided the positive developments in the global economy continue."*

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FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK '000 (key ratios excepted)	Q2 2014 (unaud.)	Q2 2013 (unaud.)	H1 2014 (unaud.)	H1 2013 (unaud.)	FY 2013 (audited)
Income statement					
Revenue	300,010	276,188	572,996	536,834	1,102,053
Profit before depreciation, amortisation and impairment losses (EBITDA)	30,368	28,327	54,438	53,009	114,180
Depreciation, amortisation and impairment losses	-13,756	-12,696	-27,073	-25,497	-48,838
Profit before net financials (EBIT)	16,612	15,631	27,365	27,512	65,342
Net financials	-2,605	-3,840	-6,162	-6,348	-15,180
Profit before tax and non-controlling interests	14,007	11,791	21,203	21,164	50,162
Profit for the period	10,647	9,881	16,414	17,059	39,077
of which attributable to SP Group A/S	10,536	9,873	16,325	17,047	39,039
Earnings per share (DKK)			8.26	8.61	19.91
Diluted earnings per share (DKK)			7.87	8.46	18.74
Balance sheet					
Non-current assets			562,952	508,996	538,012
Total assets			945,838	864,024	884,740
Equity			258,300	215,596	243,996
Equity including non-controlling interests			266,570	223,916	252,326
Investments in property, plant and equipment (excluding acquisitions)	35,299	13,492	44,753	23,029	67,242
Net interest-bearing debt (NIBD)			467,864	408,545	430,030
NIBD/EBITDA (last 12-month period)			4.0	3.8	3.8
Cash flows					
Cash flows from:					
- operating activities	21,399	23,277	21,527	26,153	66,903
- investing activities	-13,525	-19,082	-33,170	-32,499	-67,133
- financing activities	-7,505	-12,751	-22,010	-26,725	-47,861
Change in cash and cash equivalents	369	-8,556	-33,653	-33,071	-48,091
Key ratios					
EBITDA margin (%)	10.1	10.3	9.5	9.9	10.4
EBIT margin (%)	5.5	5.7	4.8	5.1	5.9
Profit before tax and non-controlling interests as a percentage of revenue	4.7	4.3	3.7	3.9	4.6
Return on invested capital including goodwill (%)					9.8
Return on invested capital excluding goodwill (%)					11.7
Return on equity, excluding non-controlling interests					16.6
Equity ratio, excluding non-controlling interests (%)			27.3	25.0	27.6
Equity ratio, including non-controlling interests (%)			28.2	25.9	28.5
Financial gearing			1.8	1.8	1.7
Cash flow per share, DKK			10.4	13.0	32.1
Total dividends for the year per share (DKK)			-	-	3.0
Market price, end of period (DKK per share)			257.0	154.0	230.0
Net asset value per share, end of period (DKK)			129	109	125
Market price/net asset value, end of period			2.00	1.42	1.84
Number of shares, end of period			2,024,000	2,024,000	2,024,000
of which treasury shares, end of period			16,676	41,075	77,815
Average no. of employees			1,221	1,109	1,136

MANAGEMENT'S REVIEW

H1 PERFORMANCE REVIEW

We continued to record higher sales to many of our customers across industries and geographies in the first half of 2014. Denmark was our fastest growing market with sales up by 7.0% in the first six months of 2014. Sales to our international customers improved by 6.4%.

Our performance relative to the corresponding period of 2013.

	Q2 2014	H1 2014
Cleantech	15.3%	18.9%
Healthcare	13.1%	5.2%
Food-related	7.4%	10,9%
Automotive	11.1%	-11.4%
Oil and gas	-5.0%	-2.8%
of which own brands	9.4%	-0.6%

Almost the entire change in revenue was due to higher volume sales.

Sales to the cleantech industry were up by 18.9% to DKK 170.3 million and now make up 29.7% of consolidated revenue. The increase was due to more projects and new products launched. Q2 sales were up by 15.3% year on year.

Sales to the healthcare industry rose by 5.2% year-on-year to DKK 214.9 million and now account for 37.5% of consolidated revenue. Q2 sales were up by 13.1% year on year.

Sales to food-related industries were up by 10.9% to DKK 90.3 million and now make up 15.8% of consolidated revenue. Q2 sales were up by 7.4% year on year.

Sales to the automotive industry fell by 11.4% year-on-year to DKK 16.3 million and now account for 2.8% of consolidated revenue. Q2 sales were up by 11.1% year on year.

Sales to the oil and gas industry fell by 2.8% year-on-year to DKK 10.3 million and now account for 1.8% of consolidated revenue. Q2 sales fell by 5.0% year on year.

SP Group continued to step up marketing efforts towards both existing and potential customers. The inflow of new customers continued in the first half year, and we are taking proactive steps to develop and market a number of new solutions, e.g. for the healthcare, cleantech and food-related industries as well as the oil and gas industry, which we believe hold an attractive growth potential.

We have won several minor coating orders from the oil and gas industry. Our sales to this important industry now account for 1.8% of our revenue.

Our sales to the healthcare industry are growing strongly, and we have won orders for many new plastics components and coating solutions for regular shipment.

Sales of guidewires and ergonomic products improved, whereas the sale of products under own brands from TPI (ventilation equipment) declined. Overall, revenue from the sale of own brands amounted to DKK 88.3 million, a fall of 0.6%. Sales of our own brands improved by 9.4% in the second quarter, making this the best quarterly performance ever for Ergomat and the SP Medical guidewire business.

International sales now account for 49.7% of revenue (compared with 49.9% in H1 2013).

SP Group continually seeks to optimise its business by raising production efficiency, aligning capacity and pursuing tight cost management.

In addition to capacity alignment, we are also dedicated to reducing our general costs. Our goal at SP Group is for all of our production facilities to manufacture and deliver better, cheaper and faster. We continually consider steps to cut consumption of raw materials and resources (reducing carbon emissions, etc.) and to reduce the time necessary to commission equipment and switch-over times. We are continuing the current roll-out of our LEAN project, which aims to improve our processes and flows and to enhance the skill sets of our organisation.

Currently, some 62% of our staff are employed outside Denmark.

As announced in Announcement No. 09/2014, SP Group acquired 80% of the shares in Bröderna Bourghardt AB on 24 February 2014.

As announced in Announcement No. 15/2014, SP Group has launched an DKK 8 million share buy-back programme under the Safe Harbour regulations to cover existing warrant programmes. The share buy-back programme will run until the end of 2014.

FINANCIAL PERFORMANCE REVIEW

Earnings
Revenue for the first six months of 2014 amounted to DKK 573.0 million, against DKK 536.8 million for the year-earlier period, equal to a 6.7% improvement. Revenue was up by 8.6% in the second quarter.
The consolidated H1 2014 EBITDA was DKK 54.4 million, compared with DKK 53.0 million in H1 2013. The EBITDA margin fell to 9.5% from 9.9% in H1 2013. The Q2 2014 EBITDA margin was 10.1%.

Profit before net financials (EBIT) came to DKK 27.4 million in H1 2014, against DKK 27.5 million in H1 2013. The H1 2014 EBIT margin was 4.8%, compared with 5.1% in H1 2013.

Net financials were an expense of DKK 6.2 million in H1 2014, a DKK 0.2 million improvement relative to H1 2013 that was due to the slightly lower level of interest rates and to exchange rate adjustments.

Profit before tax and non-controlling interests amounted to DKK 21.2 million for H1 2014, which was unchanged from DKK 21.2 million in H1 2013. For the second quarter, the profit was DKK 14.0 million, as against DKK 11.8 million in H1 2013.

Balance sheet
Total assets amounted to DKK 945.8 million at 30 June 2014, compared with DKK 864.0 million at 30 June 2013. The equity ratio was 28.2% at 30 June 2014, as against 25.9% at 30 June 2013 and 28.5% at 31 December 2013.

Total assets rose by approximately DKK 61 million during the first six months of the year due to an increase in net working capital (DKK 44.0 million), the acquisition of Bröderna Bourghardt AB (DKK 13.0 million) a drop in cash holdings (DKK 11.0 million) and the purchase of new machinery (DKK 15.0 million).

Net interest-bearing debt amounted to DKK 467.8 million at 30 June 2014, against DKK 430.0 million at 31 December 2013 and DKK 408.5 million at 30 June 2013. Giving priority to the amount of capital tied up, the Group has sold selected trade receivables. Net-interest bearing debt was 4.0x EBITDA of the last 12-month period, which at DKK 115.6 million exceeds the levels recorded for 2013, the Group's best year to date. NIBD/EBITDA was 3.8 at 30 June 2013. We remain strongly focused on reducing the interest-bearing debt by increasing cash flows from operating activities.

Exchange rate adjustment of foreign subsidiaries reduced equity (by DKK 0.2 million) and value adjustment of financial instruments acquired to hedge future cash flows, such instruments consisting mainly of forward contracts (PLN against EUR), increased equity (by DKK 2.3 million). Equity was also impacted by dividends paid of DKK 6.8 million. Equity grew by a net amount of DKK 1.5 million from the sale of treasury shares to cover the costs of warrants exercised and the ongoing purchases of treasury shares under the existing share buy-back programme (announced in Company announcement no. 15/2014).

Cash flows
Cash flows from operating activities were an inflow of DKK 21.5 million in H1 2014, which was DKK 4.6 million less than in H1 2013.

The Group spent DKK 33.2 million on investments in H1 2013 and DKK 16.7 million on reducing non-current loans, paid dividends of DKK 6.8 million and received a net amount of DKK 1.5 million from buying and selling treasury shares.

Accordingly, the Group recorded a net cash outflow of DKK 33.7 million.

Management believes that the Company continues to have an adequate level of capital resources relative to its operations and plans as well as sufficient cash resources to meet its current and future liabilities. The Company has good, long-standing and constructive relationships with its financial business partners and expects to continue those relationships.

OUTLOOK FOR THE REST OF 2014

The global economy is expected to continue on the road to recovery in 2014, but it remains fragile and marred by financial volatility. Weak economic growth is generally expected in our neighbouring European markets, as a number of countries continue to have disturbingly large public sector deficits and large debts.

We plan to launch a number of new products and solutions, especially to customers in the healthcare, cleantech, food-related and oil and gas industries. These new solutions are expected to contribute to growth and earnings.

The level of investment will remain high in 2014, although it will be somewhat lower than in 2013. We expect the largest single investment to be made in our medical devices operations.

Depreciation and amortisation charges are expected to be somewhat higher than in 2013.

Financial expenses are expected to be lower than in 2013.

By combining these factors with tight cost management and swift capacity alignment, and maintaining a strong focus on risk, liquidity and capital management, our Group is strongly positioned for the future.

We maintain the FY 2014 guidance announced in the 2013 Annual Report: We continue to expect a slight increase in profit before tax and non-controlling interests in 2014 relative to 2013 (DKK 50.2 million) and slightly higher revenue than in 2013 (DKK 1,102 million), but market prospects remain unclear.

Events after the balance sheet date
No significant events have occurred from the balance sheet date until the publication of this interim report that have not been disclosed in this interim report and that materially affect an assessment of the Group's financial position.

COATINGS
(Accoat)

	Q2		H1	
DKK '000	2014	2013	2014	2013
Revenue	47,101	46,540	88,907	88,867
Profit before depreciation, amortisation and impairment losses (EBITDA)	5,524	5,921	10,692	11,847
Profit before net financials (EBIT)	3,258	3,728	6,189	7,460
Average no. of employees			85	84

H1 highlights
Revenue for the first six months of the year was unchanged at DKK 88.9 million.

EBITDA fell slightly in the first half compared with H1 2013 because of a change in the product mix. On the other hand, the level of business activity was slightly lower than anticipated at the beginning of the year and costs were higher.

As announced in Company announcement no. 31/2014, the positions as director of R&D for SP Group and managing director of Accoat were combined in mid-May with a view to making the organisation more efficient and reducing costs.

Since the announcement, Managing Director Jens Hinke has held the new position. These management changes are intended to make the company even more customer focused, and eventually to boost business activity and earnings.

The factory in Brazil serves customers in the medical devices industry. Longer term, plans are to win orders from the Brazilian oil and gas industry as well as from the country's cleantech industry.

The coating facility in Stoholm, Denmark won new, small orders that will ship later in 2014. The facility's solutions provide friction reduction and corrosion protection in pipes for the oil and gas industry.
At current oil prices, coating of pipes is a powerful value creator for oil producers, because coating helps to increase production, extend pipe life expectancy and thereby reduce production costs.

Accoat's pipe coatings continue to meet customer expectations, giving Accoat better and better references in the oil industry.

Accoat continues its marketing efforts towards customers in the oil and gas industry, mainly in Europe, having won new jobs for future shipment. Accoat increased its sales to the medical devices industry.

Accoat is working closely with selected customers to develop new coating solutions for the oil and gas industry. Those solutions are expected to be ready for market launch later this year.

A number of customers in the medical devices and chemical industries are increasingly demanding Accoat's services for friction reduction and corrosion protection.

Accoat now expects 2014 revenue to be in line with the 2013 figure. EBITDA is expected to be slightly lower than in 2013.

PLASTICS
(SP Moulding, SP Medical, Gibo Plast, Ergomat, Tinby, TPI Polytechniek, SP Extrusion and Bröderna Bourghardt)

	Q2		H1	
DKK '000	2014	2013	2014	2013
Revenue	254,840	232,074	487,955	451,593
Profit before depreciation, amortisation and impairment losses (EBITDA)	27,853	24,908	49,218	45,847
Profit before net financials (EBIT)	17,189	15,211	28,290	26,322
Average no. of employees			1,122	1,012

H1 highlights
Revenue in the first six months of the year amounted to DKK 488.0 million, against DKK 451.6 million in the year-earlier period, equal to an 8.0% improvement. The revenue was up by 9.8% in the second quarter.

EBITDA improved to DKK 49.2 million in H1 2014, from DKK 45.8 million in H1 2013.

The newly acquired Bröderna Bourghardt contributed approximately DKK 8.0 million to H1 revenue through its operations in Sweden and Latvia. Bröderna Bourghardt is performing well and, as expected, is bringing in new customers to SP Group's existing business operations.

The six Polish factories operated by Gibo, Ergomat SP Moulding, SP Medical and Tinby continue their strong performances and are generating positive earnings and creating more jobs. The Danish factories reported slightly higher earnings improvements and increased headcounts. In China, SP Moulding is experiencing higher sales and increasing earnings.
All installations continue to implement production efficiency improvements, such as our LEAN projects, energy optimisation (reducing carbon emissions), more automation, focus on raw materials consumption, scrappings and switch-over times.

SP Moulding and SP Medical continue to step up marketing efforts towards new customer leads. The stronger marketing focus in a number of markets has produced several new, regular customers.

SP Medical reported an increase of 11.4% in production and sale of guidewires in H1 2014, mainly through broader and more comprehensive market coverage.

Tinby's customers in the cleantech and insulation industries are reporting growth.

Ergomat reported higher sales and stronger earnings. Global sales were up by 3.6%. After a quiet first quarter, global sales were up by 25.6% in the second quarter.

TPI Polytechniek reported a drop in revenue and earnings, mainly due to the prevailing political uncertainty. New customers have been identified in Asia, the Middle East and Africa. The Scandinavian market continues to feel the lack of appetite or opportunities for investing in large animal housing facilities.

A number of new PUR products have been launched in 2014, and additional product launches are planned for later in the year.

Tinby has expanded its production of PUR components in China for customers in the cleantech industry.

Tinby has established local production in the USA in order to provide better service to its North American customers. The facilities were set up at Ergomat's existing location.

Gibo Plast has developed new projects and solutions for customers in the cleantech and automotive industries, which the company expects will contribute to sales and earnings in 2014 and onwards.

In the USA, Ergomat is currently establishing local production of ergonomic mats in order to provide a better service (by reducing leadtimes) to the many US-based customers.

Ergomat has established a new subsidiary in Poland that has taken over production of ergonomic mats from Tinby, and the company has stepped up its local sales efforts.
As expected, starting up SP Extrusion and the start-up of Tinby's and Ergomat's production facilities in the USA impacted the H1 2014 EBIT.

We continue to expect revenue and EBITDA improvements in the PLASTICS business in 2014 relative to 2013. The healthcare and cleantech activities will be expanded in the USA, Denmark, Poland, Latvia and China. Sales and marketing activities will be stepped up globally.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the interim report of SP Group A/S for the period 1 January–30 June 2014.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 '*Interim Financial Reporting*' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2014 and of the results of the Group's operations and cash flows for the six months ended 30 June 2014.

Furthermore, in our opinion, the Management commentary gives a true and fair review of the development of the Group's activities and financial affairs, the financial results for the period and the Group's financial position in general as well as a true and fair description of the principal risks and uncertainties which the Group faces.

Søndersø, 21 August 2014

Executive Board

Frank Gad CEO	Jørgen Hønnerup Nielsen CFO

Board of Directors

Niels K. Agner Chairman	Erik P. Holm Deputy Chairman	
Erik Christensen	Hans W. Schur	Hans-Henrik Eriksen

INCOME STATEMENT (summary)

DKK '000	Q2 2014 (unaud.)	Q2 2013 (unaud.)	Acc. Q2 2014 (unaud.)	Acc. Q2 2013 (unaud.)	FY 2013 (audited)
Revenue	300,010	276,188	572,996	536,834	1,102,053
Production costs	-214,557	-197,580	-408,897	-385,288	-775,861
Contribution margin	**85,453**	**78,608**	**164,099**	**151,546**	**326,192**
Profit before depreciation, amortisation and impairment losses (EBITDA)	**30,368**	**28,327**	**54,438**	**53,009**	**114,180**
Depreciation, amortisation and impairment losses	-13,756	-12,696	-27,073	-25,497	-48,838
Profit before net financials (EBIT)	**16,612**	**15,631**	**27,365**	**27,512**	**65,342**
Net financials	-2,605	-3,840	-6,162	-6,348	-15,180
Profit before tax and non-controlling interests	**14,007**	**11,791**	**21,203**	**21,164**	**50,162**
Tax on the profit for the period	-3,360	-1,910	-4,789	-4,105	-11,085
Profit for the period	**10,647**	**9,881**	**16,414**	**17,059**	**39,077**
SP Group A/S' share	**10,536**	**9,873**	**16,325**	**17,047**	**39,039**
Earnings per share (DKK)			8.26	8.61	19.91
Diluted earnings per share (DKK)			7.87	8.46	18.74

STATEMENT OF COMPREHENSIVE INCOME

DKK '000	Q2 2014 (unaud.)	Q2 2013 (unaud.)	Acc. Q2 2014 (unaud.)	Acc. Q2 2013 (unaud.)	FY 2013 (audited)
Profit for the period	**10,647**	**9,881**	**16,414**	**17,059**	**39,077**
Items that may be reclassified to the income statement					
Exchange rate adjustment relating to foreign subsidiaries	859	-4,366	-204	-3,642	-3,775
Net fair value adjustment of financial instruments acquired to hedge future cash flows	2,974	-12,557	2,319	-15,945	353
Other comprehensive income	**3,833**	**-16,923**	**2,115**	**-19,587**	**-3,422**
Comprehensive income	**14,480**	**-7,042**	**18,529**	**-2,528**	**35,655**
Allocation of comprehensive income for the period:					
Parent company shareholders	14,441	-6,973	18,520	-2,494	35,663
Non-controlling shareholders	39	-69	9	-34	-8

BALANCE SHEET (summary)

DKK '000	**30.06. 2014** (unaud.)	**30.06. 2013** (unaud.)	**31.12. 2013** (audited)
Intangible assets	133,598	130,477	131,189
Property, plant and equipment	426,325	375,490	400,877
Financial assets	3,029	3,029	3,029
Deferred tax assets	0	0	2,917
Total non-current assets	**562,952**	**508,996**	**538,012**
Inventories	219,577	193,560	198,744
Receivables	145,963	135,310	120,007
Cash	17,346	26,158	27,977
Total current assets	**382,886**	**355,028**	**346,728**
Total assets	**945,838**	**864,024**	**884,740**
Equity including non-controlling interests	266,570	223,916	252,326
Non-current liabilities	250,879	251,832	256,926
Current liabilities	428,389	388,276	375,488
Equity and liabilities	**945,838**	**864,024**	**884,740**

CASH FLOW STATEMENT (summary)

DKK '000	Q2 2014 (unaud.)	Q2 2013 (unaud.)	**Acc. Q2 2014** (unaud.)	**Acc. Q2 2013** (unaud.)	**FY 2013** (audited)
Cash flows from operating activities	21,399	23,277	21,527	26,153	66,903
Cash flows from investing activities	-13,525	-19,082	-33,170	-32,499	-67,133
Cash flows from financing activities	-7,505	-12,751	-22,010	26,725	-47,861
Change in cash and cash equivalents	**369**	**-8,556**	**-33,653**	**-33,071**	**-48,091**

CHANGES IN EQUITY since 1 January:

	Equity attributable to parent company shareholders		**Equity including non-controlling interests**	
DKK '000	**2014** (unaud.)	**2013** (unaud.)	**2014** (unaud.)	**2013** (unaud.)
Balance at 1 January (after tax)	**243,996**	**227,046**	**252,326**	**240,131**
Exchange rate adj., foreign subsidiaries	-124	-3,596	-204	-3,642
Acquisition of treasury shares	-10,039	-10,152	-10,039	-10,152
Sale of treasury shares	11,556	5,711	11,556	5,711
Dividends paid	-6,023	-4,963	-6,023	-5,388
Value adjustment of derivative financial instruments (after tax)	2,319	-15,945	2,319	-15,945
Change in ownership, non-controlling interests	0	0	-69	-4,306
Recognition of share-based payment	290	448	290	448
Profit for the period (after tax)	16,325	17,047	16,414	17,059
Balance at 30 June (after tax)	**258,300**	**215,596**	**266,570**	**223,916**

BUSINESS SEGMENTS

DKK '000	Coatings Q2 2014 (unaud.)	Coatings Q2 2013 (unaud.)	Plastics Q2 2014 (unaud.)	Plastics Q2 2013 (unaud.)	Other *) Q2 2014 (unaud.)	Other *) Q2 2013 (unaud.)	Group Q2 2014 (unaud.)	Group Q2 2013 (unaud.)
Revenue	**47,101**	**46,540**	**254,840**	**232,074**	**-1,931**	**-2,426**	**300,010**	**276,188**
Profit before depreciation, amortisation and impairment losses (EBITDA)	**5,524**	**5,921**	**27,853**	**24,908**	**-3,009**	**-2,502**	**30,368**	**28,327**
Depreciation, amortisation and impairment losses	-2,266	-2,193	-10,664	-9,697	-826	-806	-13,756	-12,696
Profit before net financials (EBIT)	**3,258**	**3,728**	**17,189**	**15,211**	**-3,835**	**-3,308**	**16,612**	**15,631**
Net financials							-2,605	-3,840
Profit before tax							**14,007**	**11,791**
Tax on profit for the period							-3,360	-1,910
Profit for the period							**10,647**	**9,881**

*) Comprises eliminations and unallocated overhead costs

DKK '000	Coatings Acc. Q2 2014 (unaud.)	Coatings Acc. Q2 2013 (unaud.)	Plastics Acc. Q2 2014 (unaud.)	Plastics Acc. Q2 2013 (unaud.)	Other *) Acc. Q2 2014 (unaud.)	Other *) Acc. Q2 2013 (unaud.)	Group Acc. Q2 2014 (unaud.)	Group Acc. Q2 2013 (unaud.)
Revenue	**88,907**	**88,867**	**487,955**	**451,593**	**-3,866**	**-3,626**	**572,996**	**536,834**
Profit before depreciation, amortisation and impairment losses (EBITDA)	**10,692**	**11,847**	**49,218**	**45,847**	**-5,472**	**-4,685**	**54,438**	**53,009**
Depreciation, amortisation and impairment losses	-4,503	-4,387	-20,928	-19,525	-1,642	-1,585	-27,073	-25,497
Profit before net financials (EBIT)	**6,189**	**7,460**	**28,290**	**26,322**	**-7,114**	**-6,270**	**27,365**	**27,512**
Net financials							-6,162	-6,348
Profit before tax							**21,203**	**21,164**
Tax on profit for the period							-4,789	-4,105
Profit for the period							**16,414**	**17,059**
Segment assets	102,398	111,392	753,731	653,719	69,334	69,726	925,463	834,837
Unallocated assets							20,375	29,187
							945,838	**864,024**

Warrant programme for the Company's Executive Board and senior managers

The Board of Directors resolved on 30 April 2014 (see company announcement no. 26/2014) to set up an incentive programme for the Company's Executive Board and 25 senior managers. The programme is based on warrants to be issued by the Board of Directors exercising the authorisation provided in article 5(4) of the articles of association and granted at the Annual General Meeting held on 19 April 2013, on which occasion the programme was presented to the shareholders. A total of 50,000 warrants were issued, of which 10,000 were awarded to the Executive Board and the rest were awarded to the senior managers.

The reason for the award was a desire to align the interests of the senior managers with those of the Group.

The exercise price was fixed at DKK 280.00 per share with a nominal value of DKK 10 plus a 7.5% premium calculated from 1 April 2014 and until the date of exercise. The exercise price was fixed on the basis of the official market price during the period from immediately before the release of the Annual Report on 27 March 2014 and until 29 April 2014.

Warrants issued under the programme may be exercised to buy shares in the Company during the period from 1 April 2017 to 31 March 2020, always provided that warrants can only be exercised during the first two weeks of a trading window in which the Company's in-house rules allow management to trade in the Company's shares.

Warrants to be issued are expected to have an aggregate market value of approximately DKK 153,500. The market value of the warrants issued was calculated using the Black–Scholes model with volatility being calculated on the basis of the price of the Company's shares during the past six months prior to the award, a level of interest rates of 0.38%, a price per share of DKK 263.00 and assuming that warrants awarded are exercised in April 2017. Allowance is made for any dividend payments to be made during the period.

The Executive Board and the 25 senior managers were given the option of buying the warrants at market price as calculated above against payment in cash. This offer to buy will remain in force for two months after the date of award.

Members of the Executive Board and 10 senior managers (12 participants) have opted to buy their warrants (total of 24,000 warrants).

If a participant resigns from the group company in which he or she is employed, the number of warrants will be reduced on a pro rata basis so as to reflect that the participant was only associated with the Group for a part of the term of the programme. This does not apply if a participant has bought and paid for his or her warrants.

As a result, 100,000 warrants are exercisable under existing programmes as from 2014 (of which 96,000 were exercised in April and May 2014), 100,000 warrants become exercisable in 2015, 100,000 become exercisable in 2016, and 50,000 become exercisable in 2017.

Accounting policies

The interim report for the six months to 30 June 2014 is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies. Other than as set out below, the accounting policies are consistent with those applied in Annual Report 2013, in which the accounting policies are set out in their entirety in note 1 to the financial statements.

Changes to accounting policies

Effective 1 January 2014, SP Group implemented IFRS 10-12 as amended, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 and IFRIC 21. The implementation of the new and amended standards and interpretations has not had any material impact on recognition or measurement.

Accounting estimates and judgments

In preparing the interim financial statements, Management makes accounting judgments and estimates that affect the use of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

The most significant estimates made by Management when applying the accounting policies and the most significant judgment uncertainty related to preparing these interim financial statements are the same as those used to prepare the consolidated and the parent company financial statements for 2013. Reference is made to the information provided on estimates and judgments in the consolidated and the parent company financial statements for 2013.

Impairment test

The annual test for impairment of intangible assets, including goodwill, will be made at 31 December 2014 following the completion of budgets and strategy plans for the upcoming period. Management has not identified evidence of impairment of the carrying amount of goodwill at 30 June 2014 and, accordingly, has not tested goodwill for impairment at 30 June 2014. Reference is made to the information provided on estimates and judgments in the consolidated and the parent company financial statements for 2013.

Forward-looking statements

This interim report contains forward-looking statements reflecting Management's current perception of future trends and financial performance. Statements relating to 2014 and the following years are inherently subject to uncertainty and SP Group's actual results may thus differ from expectations. Factors that may cause actual results to differ from expectations include, but are not limited to, changes in SP Group's activities, raw materials prices, foreign exchange rates and economic conditions. This interim report does not constitute an invitation to buy or sell shares in SP Group A/S.

About SP Group

SP Group manufactures moulded plastic components as well as plastic coatings.

SP Group is a leading supplier of plastic manufactured products for the manufacturing industries in Denmark and has increasing exports and growing production from own factories in Denmark, China, Brazil, the USA, Latvia and Poland. SP Group also has sales subsidiaries in Sweden, the Netherlands and Canada. SP Group is listed on NASDAQ OMX Copenhagen and had some 1,280 employees at 30 June 2014.

SP Group's two business areas have the following activities:

- Coatings
- Plastics