

SP Group A/S acquires Coreplast Laitila Oy

Summary

- Today SP Group has agreed with the owners of Coreplast to acquire Coreplast Laitila Oy in Laitila, Finland, at a total price including takeover of debt (enterprise value) up to DKK 70 million.
- The acquisition of this well-running company within injection moulding of technical plastics accelerates the growth of SP Group. As a consequence of the acquisition the outlook for the year 2019 is upgraded.
- Mikko Toivonen stays on as Chief Executive Officer and Kauko Kämäräinen stays on as Sales Director at Coreplast Oy.

Coreplast Laitila Oy

Coreplast is an advanced injection moulding company with production and assembly in Finland. Coreplast has roots back to 1968 and has expanded regularly since then. The customers are primarily leading Finnish export companies with high requirements for quality. Therefore, Coreplast is certified according to ISO13485, IATF16949, ISO9001 and ISO14001.

Coreplast has been owned by the former owners since 2004. At that time, they acquired the company in an MBO together with an equity fund.

Coreplast has 45 injection moulding machines, among these several two- and three-component machines with clamping forces from 25 ton to 1,500 ton and peripheral equipment such as robot cells, vision, cooling equipment, material feeding, assembly devices etc.

Coreplast owns a modern plant of 11,500 sqm in Laitila.

As one of the leading injection moulding companies in Finland, Coreplast has a strong brand. Therefore, the company will continue under its existing name and with an unchanged daily management.

In 2018, the revenue of Coreplast amounted to approx. DKK 100 million with an EBITDA of approx. DKK 10 million. The company has approx. 110 full-time employees, and these employees are expected to continue their work at Coreplast.

Mikko Toivonen stays on as Chief Executive Officer and Kauko Kämäräinen stays on as Sales Director. The Chief Executive Officer of SP Moulding A/S, Søren Ulstrup, becomes new chairman of the board in Coreplast.

Transaction

The acquisition of the shares is agreed as follows:

18 million	DKK cash payment at Closing
13 million	DKK will be financed by Seller with a non-interest-bearing vendor note with instalments of one-third on 25 June 2020, one-third on 2 January 2021 and one-third on 25 June 2021
19 million	up to DKK 19 million will be paid as earn out, provided that a certain number of growth goals in EBITDA are achieved in 2019, 2020 and 2021.



SP Group takes over the net-interest-bearing debt in Coreplast amounting to approx. DKK 20 million.

Therefore, the Enterprise value (EV) corresponds to approx. DKK 70 million.

The present value hereof amounts to approx. DKK 68 million.

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

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

Background for the transaction

The acquisition of Coreplast strengthens SP Group's position as one of the leading companies within plastics in Northern Europe and gives SP Group new services in form of three-component injection moulding on large machines and also access to a number of new and interesting customers. The integration will have some cost synergies. There is no significant overlap of customers.

"The acquisition of Coreplast accelerates the growth in SP Group. We take over a well-running and well-positioned company and are fully convinced that we together will benefit from our experience on both sides within development, production and sales of injection moulded components to strengthen our competitive position and to create an even stronger position globally", Chief Executive Officer Frank Gad says.

Chief Executive Officer Mikko Toivonen says: *"Coreplast is in good shape. 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 Coreplast – to becoming a part of a big and very competitive group."*

Outlook for 2019

For the remaining months of 2019 Coreplast 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 an EBT of approximately DKK 5-6 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 2019 is expected to be close to 0.

SP Group is therefore upgrading its outlook for FY 2019 and is now expecting a revenue at the level of DKK 2.0 – 2.1 billion (previously: at the level of DKK 2 billion) with a result before taxes at the level of DKK 200 million (previously: at the level of DKK 200 million).

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