

HEXPOL Q1 2025 Presentation

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April 25, 2025

..... Q1 2025 Presentation

Presented by



Klas Dahlberg
CEO

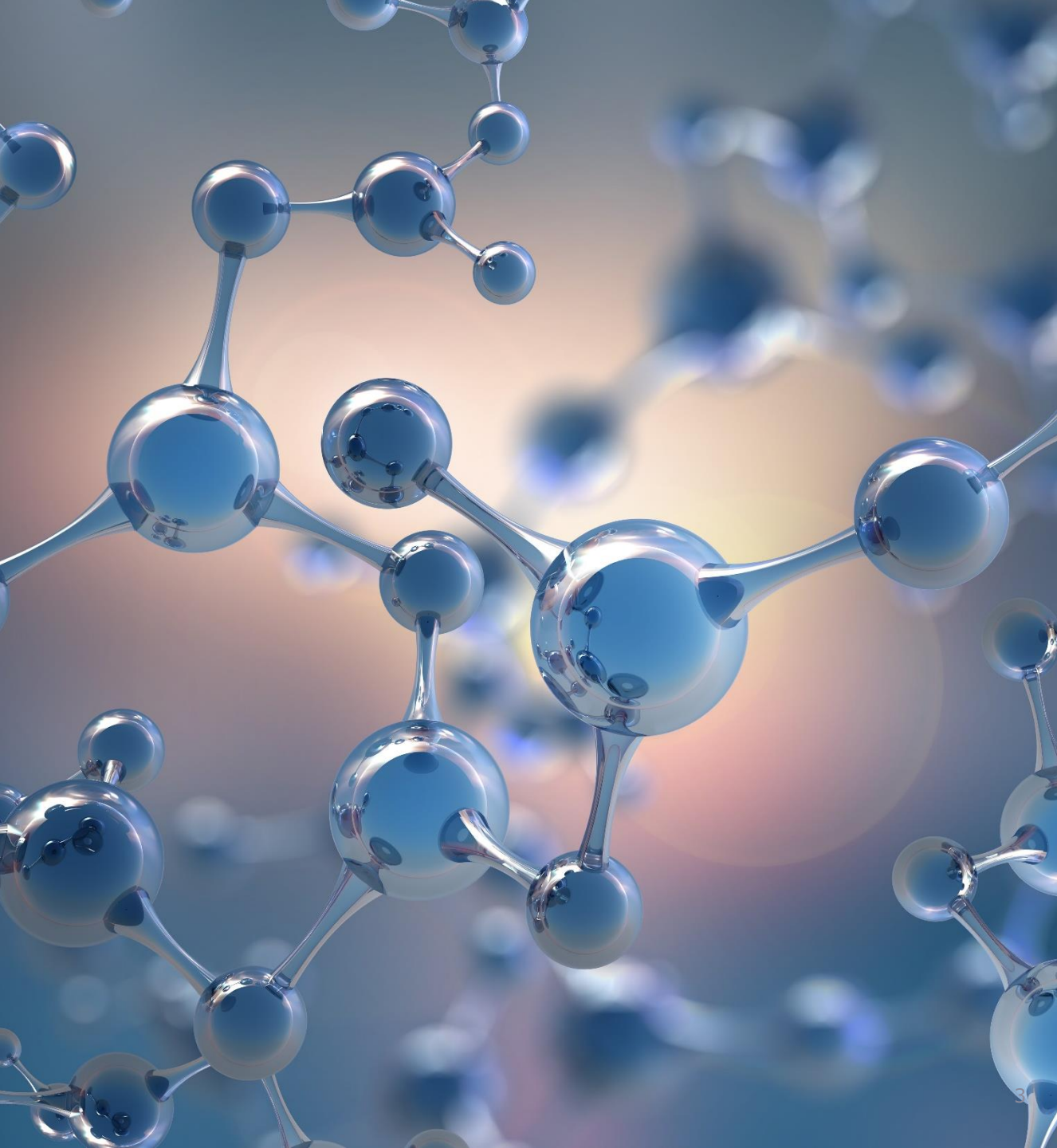


Peter Rosén
CFO

Agenda

- Business Performance
- Financial Overview
- Summary
- Q&A





Business Performance

..... A Good Start To 2025 Despite An Uncertain World

- **Q1 performance**

- Q1 sales 5 381 MSEK (5 312) with overall stable sales in the US and Europe, improvement in Asia
- EBIT 839 MSEK (905) and EBIT margin at 15,6% (17,0%)
- As always in first quarter, soft cash flow but better than last year 188 MSEK (112)
- Somewhat lower EBIT margin mainly driven by the product mix

- **Demand and sales prices**

- Organic demand down some vs Q1'24 affected by lower demand from automotive but largely offset by growth in other areas
- Building and Construction, General Industry and Wire & Cable showed increased demand
- Recently acquired Piedmont in the US included
- Sales prices stable sequentially and vs last year
- We did see the expected volume pick up in Q1'25 after seasonally weak Q4'24
- Uncertainty going forward triggered by US trade policy and tariffs



..... A Good Start To 2025 Despite An Uncertain World

- **HEXPOL Compounding**

- Sales in line with Q1'24, including acquired Piedmont
- Organic demand down some vs Q1'24 affected by lower demand from automotive but largely offset by growth in other areas
- Building and Construction, General Industry and Wire & Cable showed increased demand
- Raw materials stable sequentially and vs last year
- Somewhat lower Operating Margin driven by the product mix

- **HEXPOL Engineered Products**

- 15% increase of sales compared to Q1'24, good development across all product areas
- Increase in both Operating Profit and Operating Margin

- **Sustainability focus**

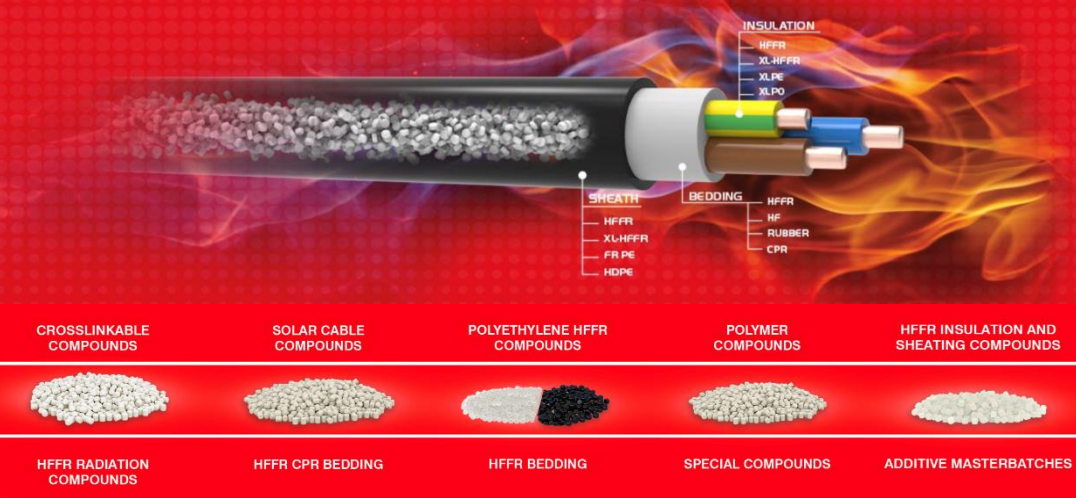
- High interest in recycled products resulting in high number of projects, not least from the automotive industry where we are well positioned

- **M&A**

- Kabkom approved by authorities and planned closure of the deal on 30 April
- The remaining minority share of almaak acquired 8 April, management remains with the company
- High focus and strong financial position supports further acquisitions



Kabkom Turkey - Geographical Footprint & Offering



- Kabkom is the market leader in HFFR compounds for the cable industry in Turkey. An opportunity to offer a complete portfolio of cable materials in Turkey.
- The Wire & Cable market is forecasted to grow above 6% CAGR for the coming 5-year period. HFFR materials do also replace other cable materials and is expected to grow even faster.



○ Headquarters △ Production facility



..... Organization To Drive Profitable Growth

- **HEXPOL Compounding - new structure**

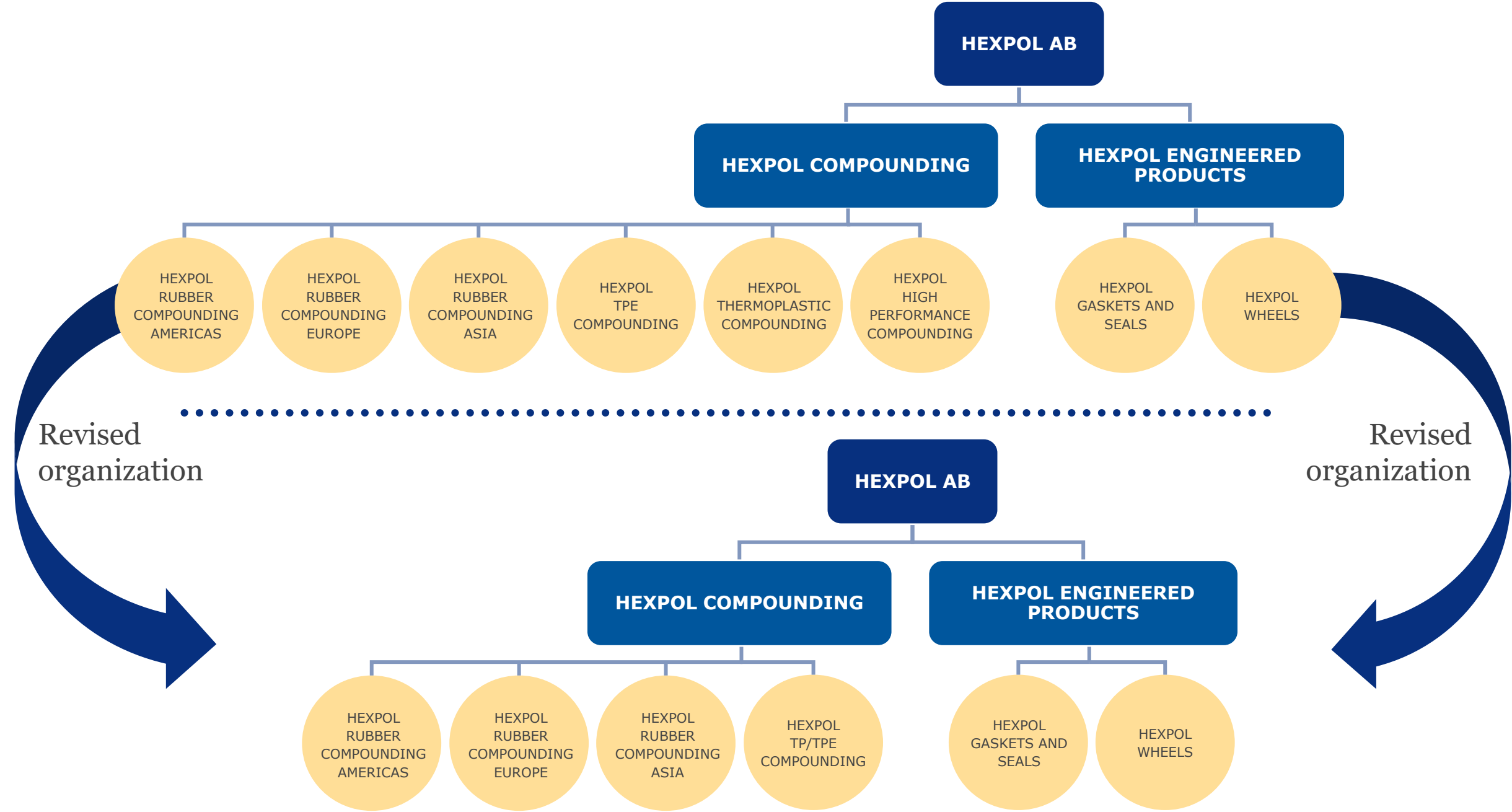
- Build a significant, growing and profitable TP and TPE business positioned towards high performance and sustainable products.
- Leverage existing capabilities in HEXPOL such as customer relations, application knowledge and geographic reach.
- Thermoplastics and TPE's are produced in similar equipment (different from rubber) where thermoplastics generally are rigid and TPE's are soft
- High-Performance Compounds will be integrated in HEXPOL Rubber Compounding

- **CMD**

- Capital markets day planned for November 4th in Stockholm



Organization To Drive Profitable Growth



..... US Trade Policy And Impact On HEXPOL

- **Q1 2025**

- We did not see any **direct impact** on HEXPOL in the quarter
- We did not see any material **indirect impact** in the quarter

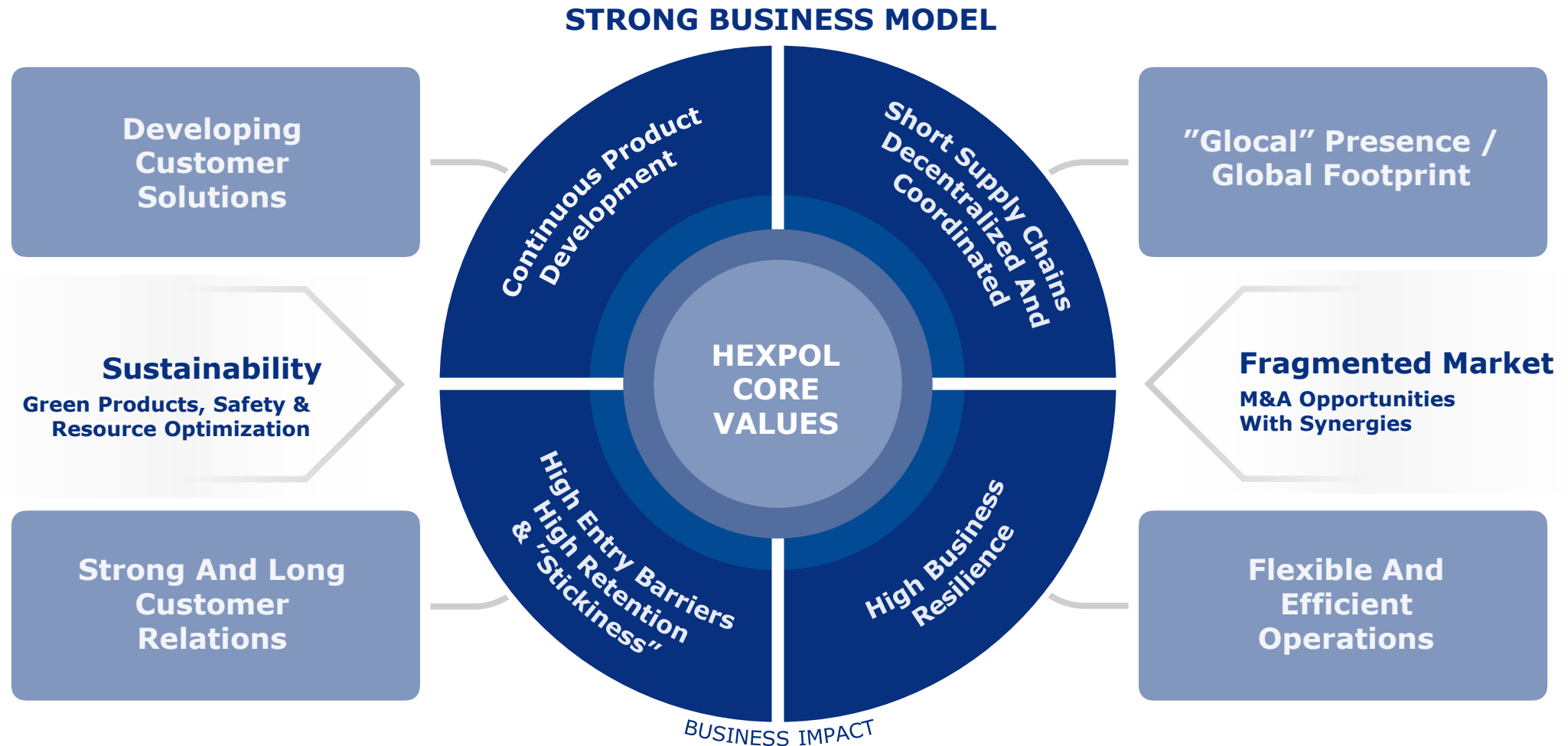
- **Going forward**

- We expect to see minimal **direct impact** in Europe
- We furthermore expect minimal **indirect impact** in Europe
- We do expect to see **direct impact** on HEXPOL in the US, primarily related to prices on raw materials. We work with finding alternative suppliers, negotiate purchase prices and plan for needed price increases in line with our business model
- We also expect to see **indirect impact** in North America as it is difficult to see how current US Trade policy will not have a negative impact on demand. It is however impossible to quantify, not least since the US Trade policy currently moves over short time periods



Strong Execution Of Our Business Model

Well-positioned with demanding customers in growth markets

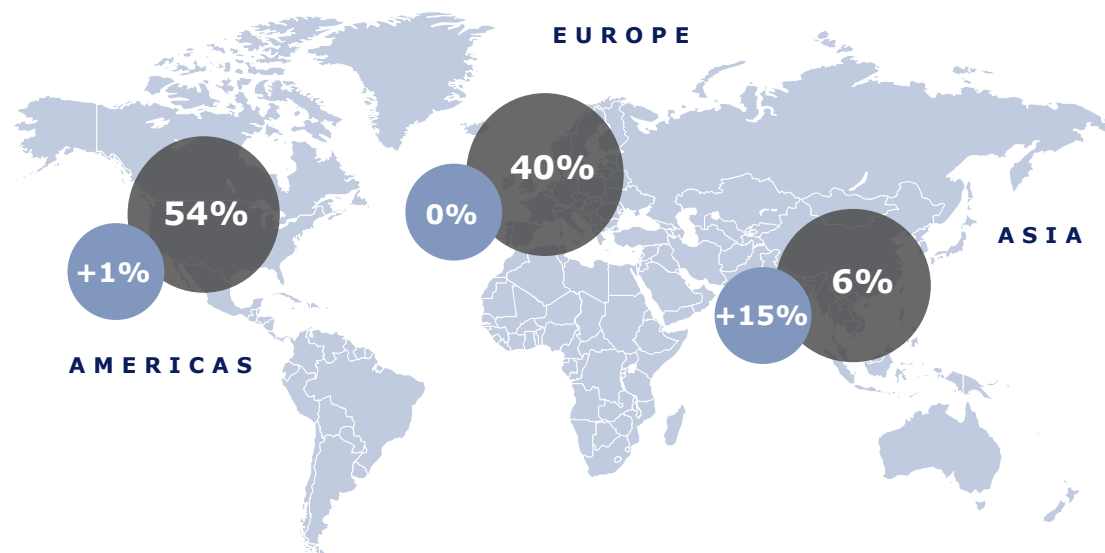




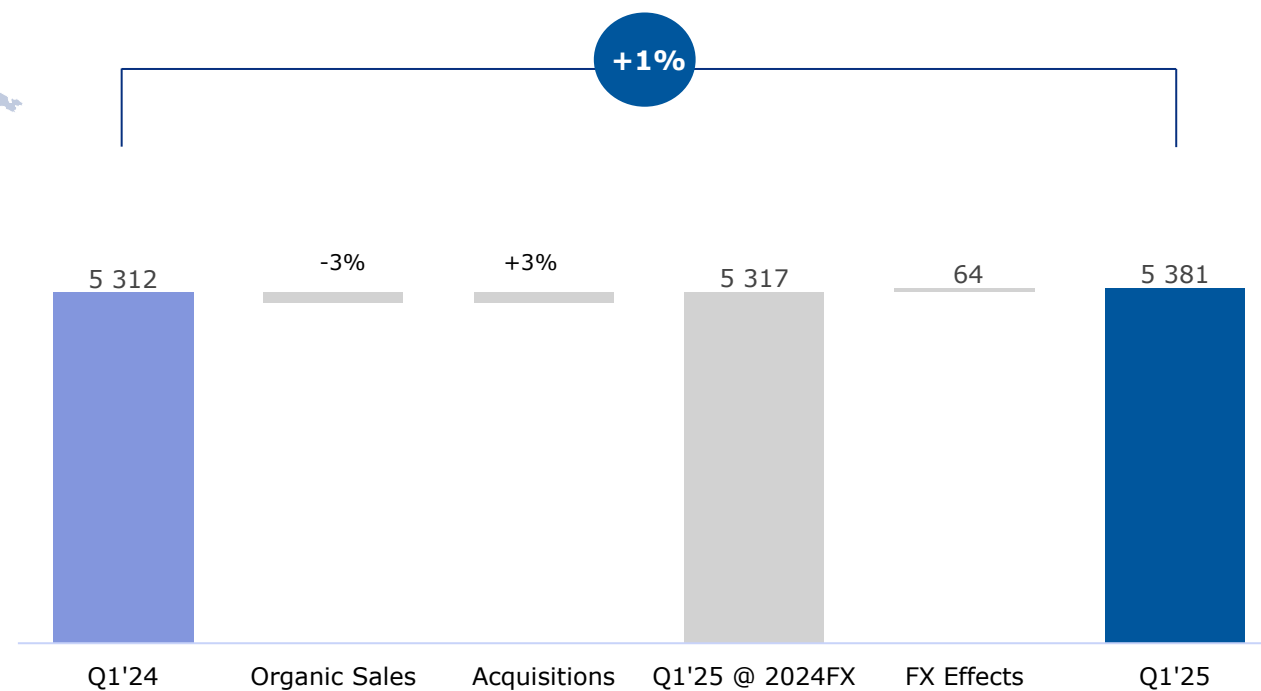
Financial Overview

..... Q1 Sales Development

Regional Development



Sales development MSEK



Q1 Financial Overview

A good start to 2025 despite an uncertain world

Group Summary

Key figures MSEK	Q1'25	Q1'24
Sales	5 381	5 312
EBITA	873	939
EBITA-Margin, %	16,2	17,7
Operating Profit	839	905
Operating Margin, %	15,6	17,0
Profit after tax	602	654
Earnings per share, SEK	1,75	1,90
Equity/assets ratio, %	62	66
Return on capital employed, % R12	16,6	18,8
Operating cash flow	188	112

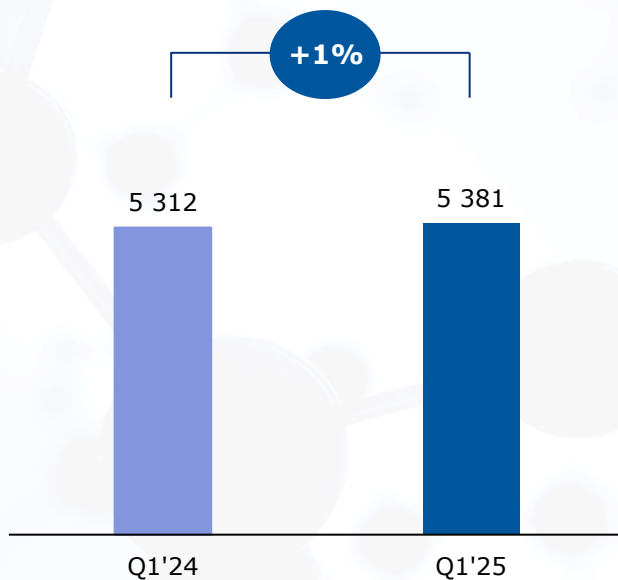


Highlights

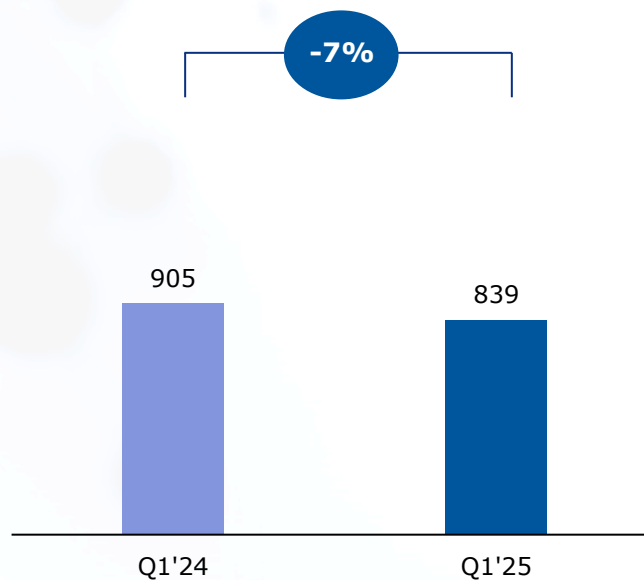
- Sales of 5 381 MSEK
- Operating Profit of 839 MSEK
- Operating Margin of 15,6%
- Strong Equity/Asset ratio of 62%
- High return on capital employed at 16,6%

Q1 Financial Highlights

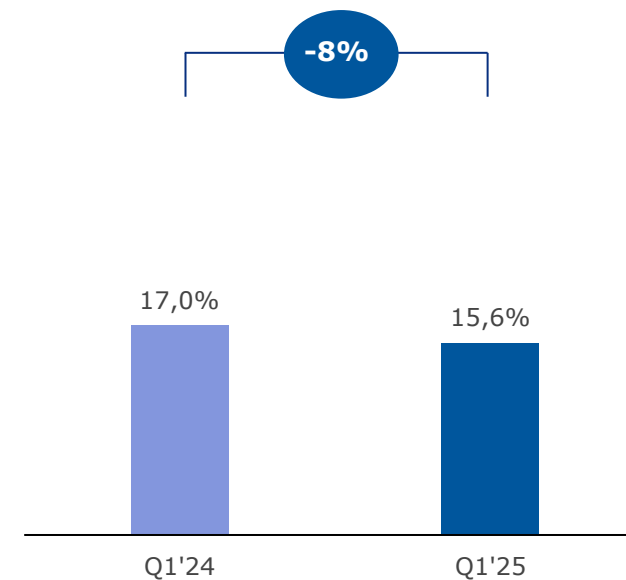
Sales
MSEK



Operating Profit
MSEK

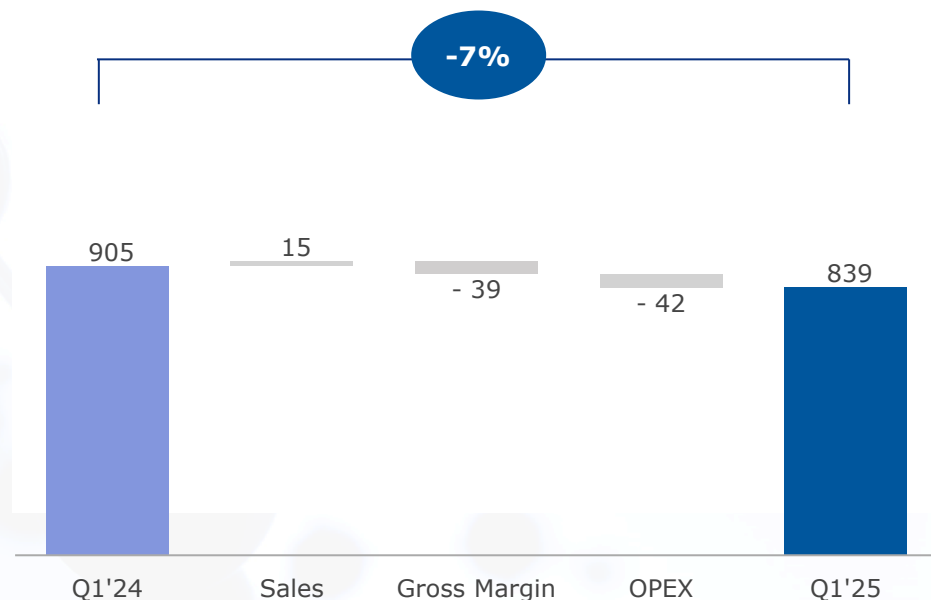


Operating Margin
%



..... Q1 Operating Profit

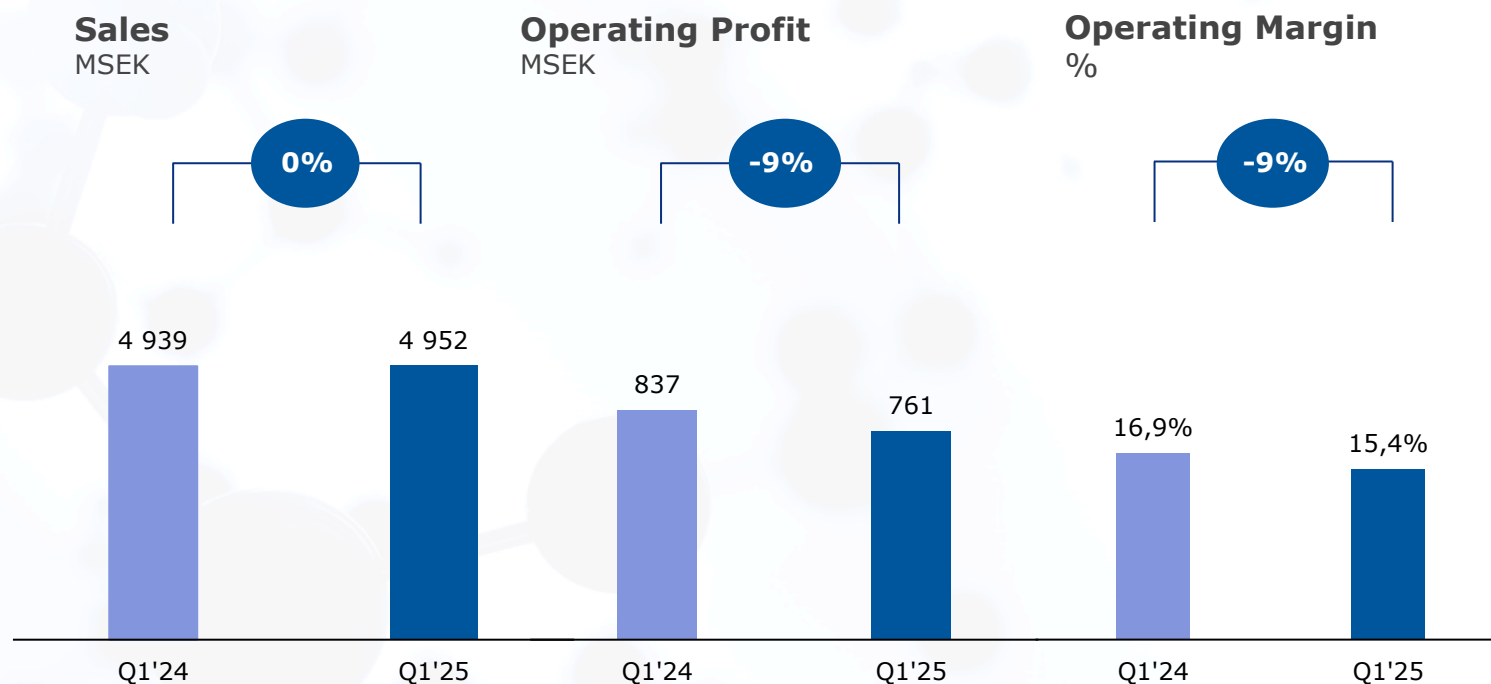
Operating Profit MSEK



Highlights

- The lower Operating Profit is negatively affected by somewhat lower gross margin and OPEX increase
- The lower gross margin is mainly driven by the product mix

Q1 HEXPOL Compounding



Highlights

- Sales in line with LY, positive impact from acquired Piedmont
- Somewhat lower demand compared to Q1'24. Lower demand seen with the automotive end customers but largely offset with growth in other areas
- Operating Profit decreased compared to LY following on the lower gross margin and increase of OPEX

Q1 HEXPOL Engineered Products

Sales
MSEK

+15%

373

Q1'24

429

Q1'25

Operating Profit
MSEK

+15%

68

Q1'24

78

Q1'25

Operating Margin
%

0%

18,2%

Q1'24

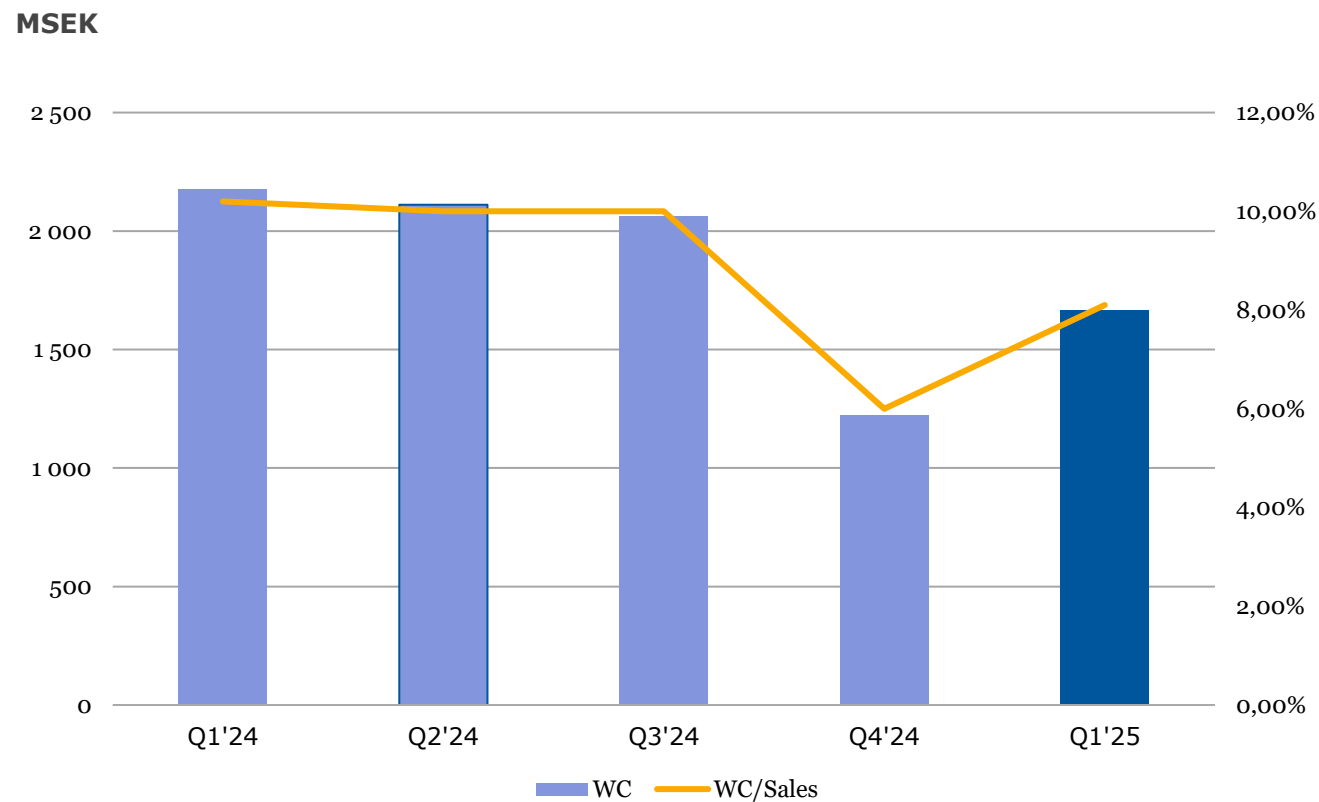
18,2%

Q1'25

Highlights

- Improvement in sales with strong development in all product areas
- Operating Profit shows strong improvement compared to last year

Q1 Working Capital

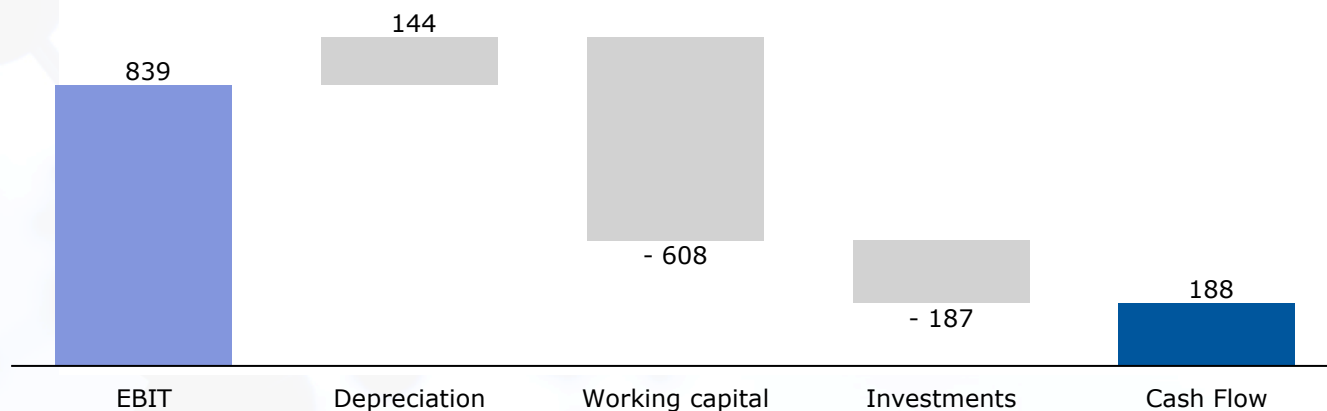


Highlights

- Compared to last year, the acquisition of Piedmont added some 93 MSEK in working capital
- Working capital improved compared to Q1 last year, both in absolute terms and in relation to sales

Q1 Cash Flow

Cash Flow
MSEK



Highlights

- As is normal in first quarter, low cash flow where EBIT was offset by growth in accounts receivables
- The growth in accounts receivables is driven by low level at start of the year
- No change in underlying terms and conditions

Q1 Net Debt

Strong financial position

MSEK	31-mar 2025	31-mar 2024
Cash at hand	1 410	1 462
Used credit facilities	-3 756	-2 923
Net debt	-2 346	-1 461
Net debt/EBITDA*	0,63	0,36

* EBITDA is R12 months



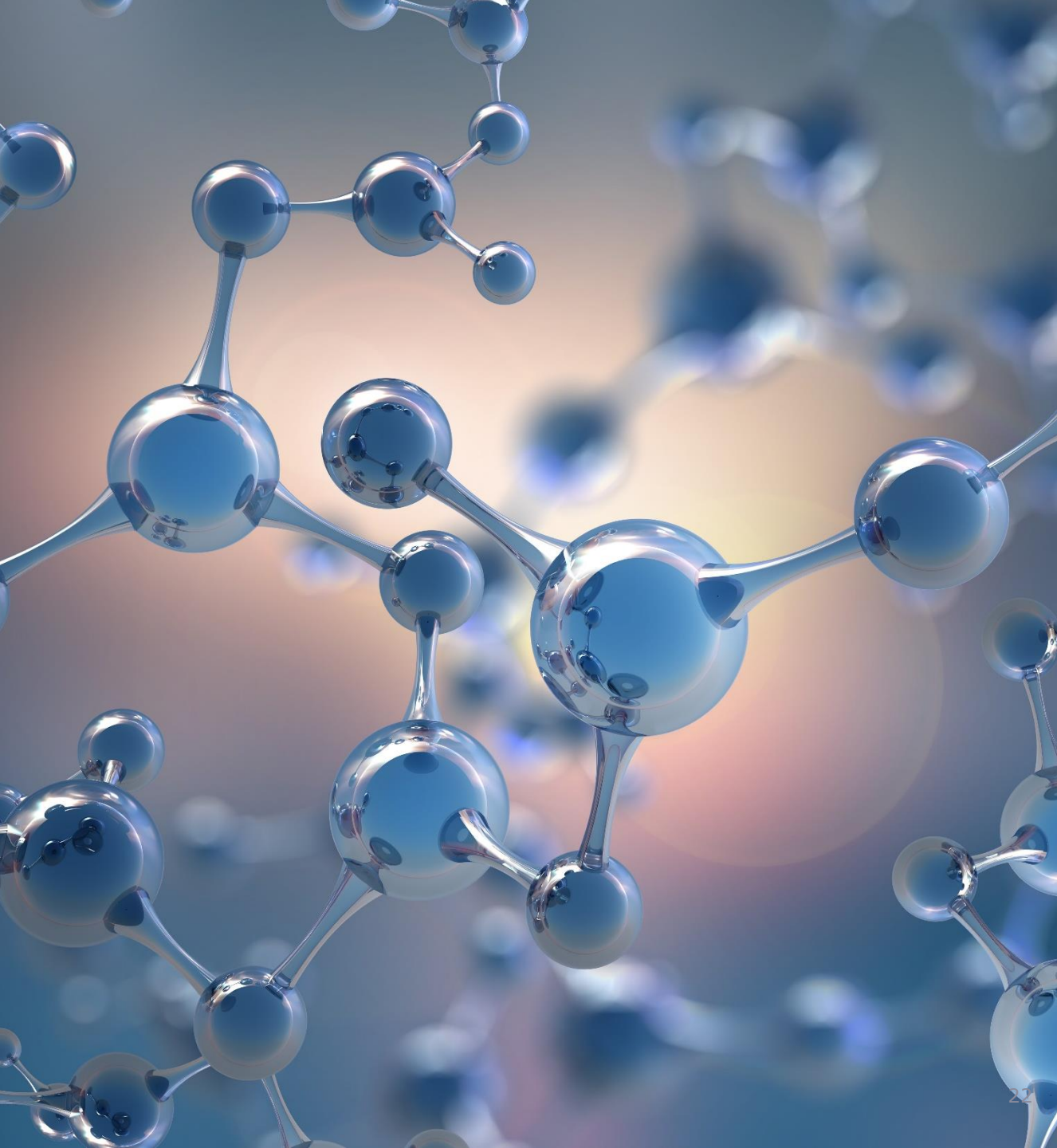
Highlights

- Strong financial position
- Recently acquired Piedmont affects net debt

..... Summarizing Q1

- A good start to 2025 despite uncertain world
- No impact from tariffs in Q1, we are geared to handle the direct impact of imported raw materials to the US
- Change in organization to drive profitable growth
- Acquisitions continue - Kabkom in Turkey is the latest member of the HEXPOL family
- We continue to focus on sustainability with good progress
- We investigate further opportunities to grow our business focusing on M&A, organic growth and improved efficiency
- CMD planned in Stockholm on November 4th





Q&A

Thank You

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