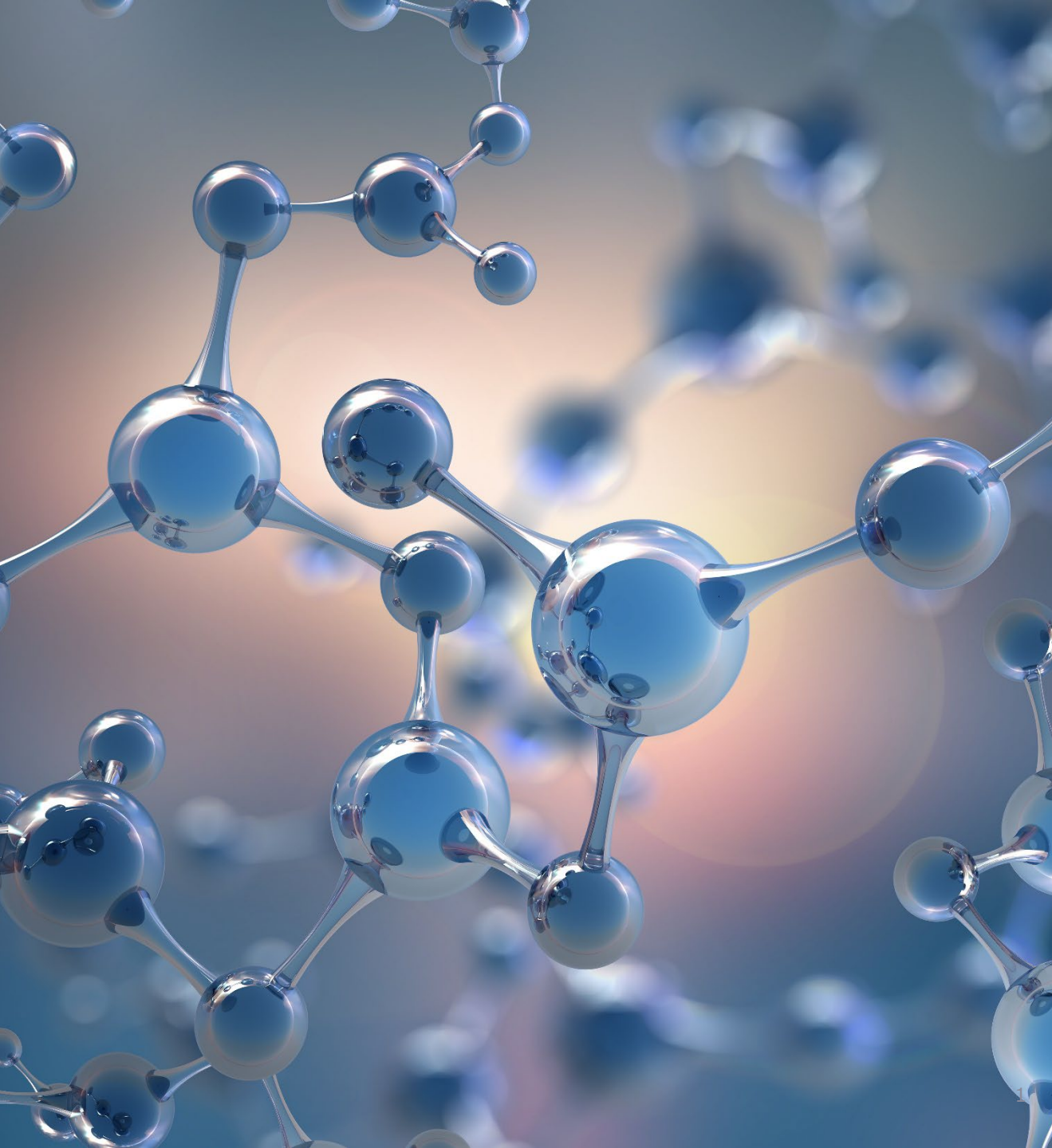




HEXPOL Q1 2022 Presentation

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Georg Brunstam CEO
Peter Rosén CFO

April 28, 2022

..... Q1 2022 Presentation

Presented by



Georg Brunstam
CEO

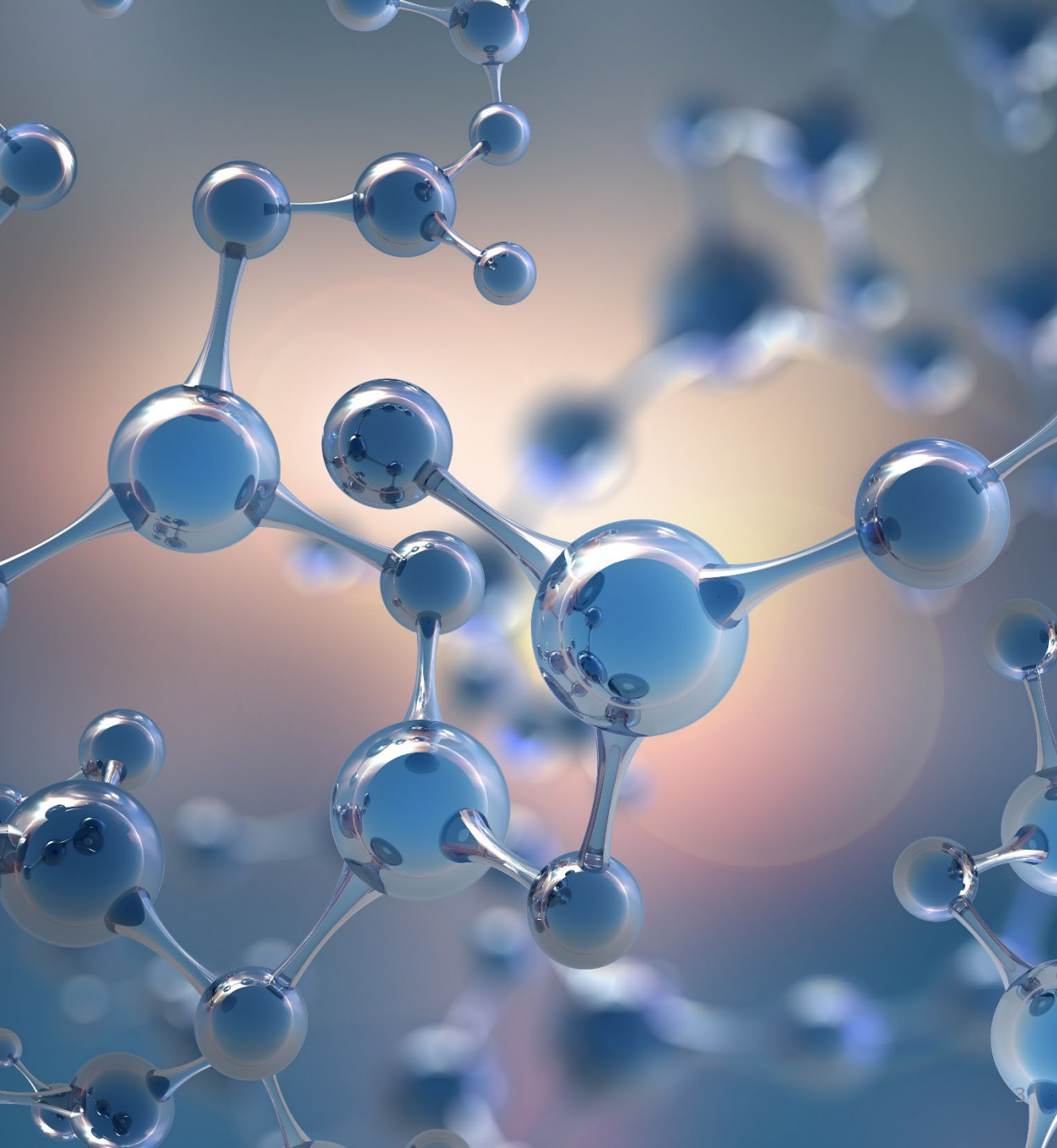


Peter Rosén
CFO

Agenda

- Business Performance
- Theme - almaak
- Financial Overview
- Focus for 2022
- Q&A





Business Performance

..... Record sales and result in a challenging environment

- **Record sales and record quarterly result**
 - Strong sales in all regions and product segments, especially so in the Americas
 - Strong business model where price increases on raw material are passed on
 - EBIT 775 MSEK (704) – Q4 2021 628 MSEK
- **Continued turbulent and difficult environment**
 - Lower automotive volumes due to extensive OEM stops – lack of semiconductors and cable harnesses
 - Other customer segments continued strong
 - Continued substantial global supply issues, price increases on raw material and escalating energy prices
 - No operations or business in or to Russia, Belarus or Ukraine
- **M&A continues**
 - almaak closed after Q1 – fully in line with our M&A strategy and supports our sustainability agenda
- **Going forward**
 - Current global challenges with component shortages, transport and raw material issues will continue for some time
 - Our strong customer focus and geographical proximity to customers strengthen our market positions
 - We are flexible and ready to meet the expected increase in light vehicle production



..... Overall strong performance despite challenges

- **HEXPOL Compounding**

- Strong sales in all regions and product areas, especially strong in the Americas
- Strong sales in most customer segments
- Automotive negatively affected by disturbances from semi conductor shortages and lack of cable harnesses in Europe
- Strong EBIT, especially considering the challenges stemming from customers closing production. Global transportation issues and raw material shortages and prices

- **HEXPOL Engineered Products**

- Sales well above last year, especially HEXPOL Wheels performing well
- Strong EBIT, especially considering raw material price increases

- **Continued focus on sustainability**

- Focus to reach CO2 target reduction with 75% by 2025 – good progress
- New compounds with bio based and recycled material

- **M&A**

- High focus and increased activity level
- almaak acquisition closed after Q1



Yoga mat made of bio based compounds



..... Strong Culture Delivering

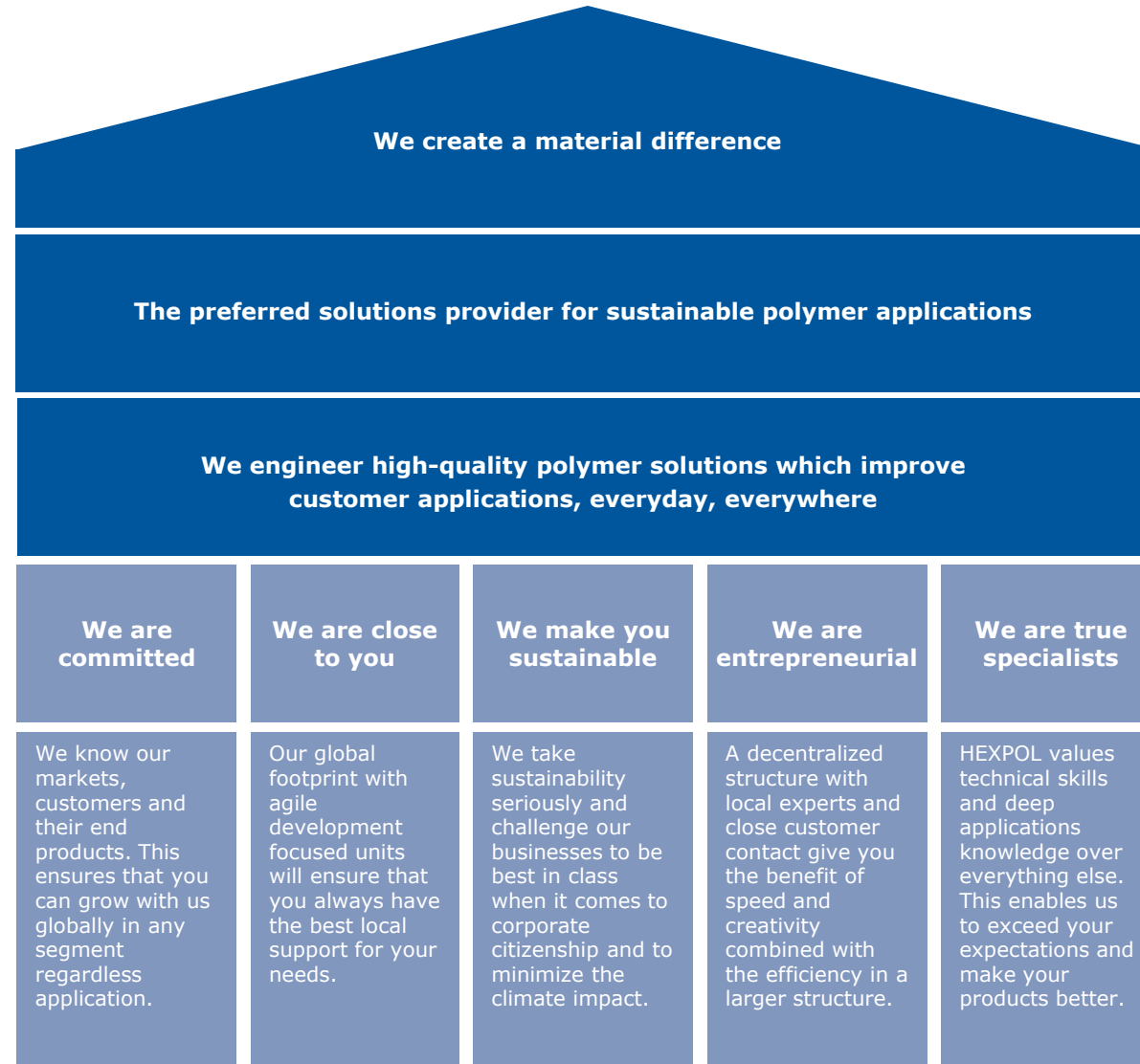
Purpose
The positive impact of what we do

Vision
Our long-term objective

Mission
What we do daily

Core values
Our fundamental beliefs that dictate our behavior

Rationale & evidence
Proof of what we say is true



..... Almaak - Acquisition in line with strategy and sustainability

- **German company founded in 2008**

- Head office and main plant in Krefeld north of Dusseldorf with the second plant in Doki, south of Berlin with some 190 employees in total
- Specialist in high quality recycled (some 80%) engineered polymer compounds
- Main market is Germany but some 50% export to other countries
- Main end user segment is European automotive industry

- **Turnover in 2021 amounted to 75 MEUR with a profitability level just below the HEXPOL Group**

- **Deal structure**

- HEXPOL acquires 70% of the company at a price of approximately 70 MEUR on a cash and debt free basis
- The founders will stay with the company and further drive growth and technical excellence
- HEXPOL has an option to acquire the remaining shares and the founders have the option to sell their remaining shares to HEXPOL

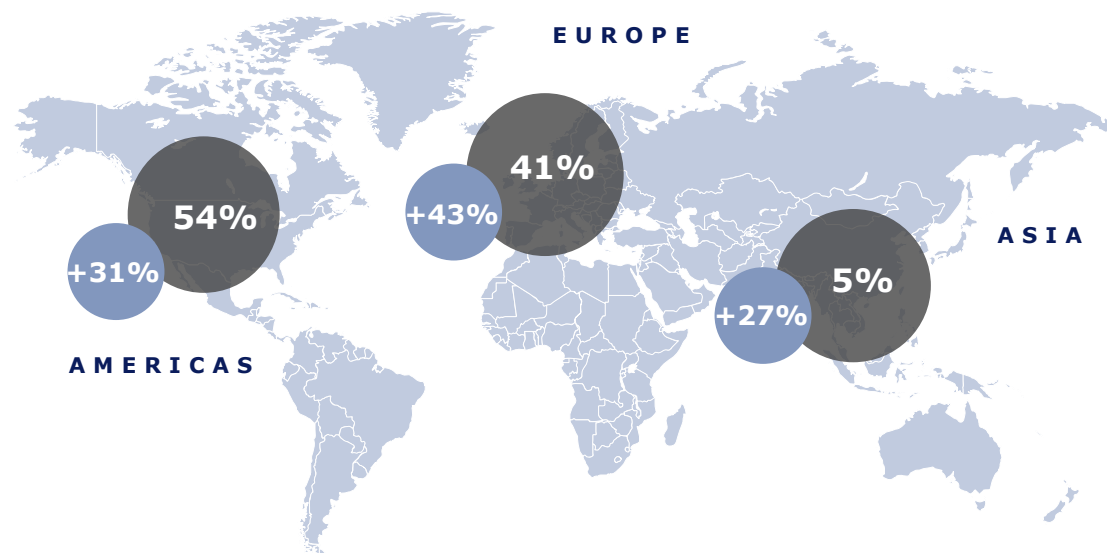


- **The acquisition** is fully in line with the HEXPOL M&A strategy with desired growth in thermoplastic compounding and specialty engineered polymers with high level of recycled materials

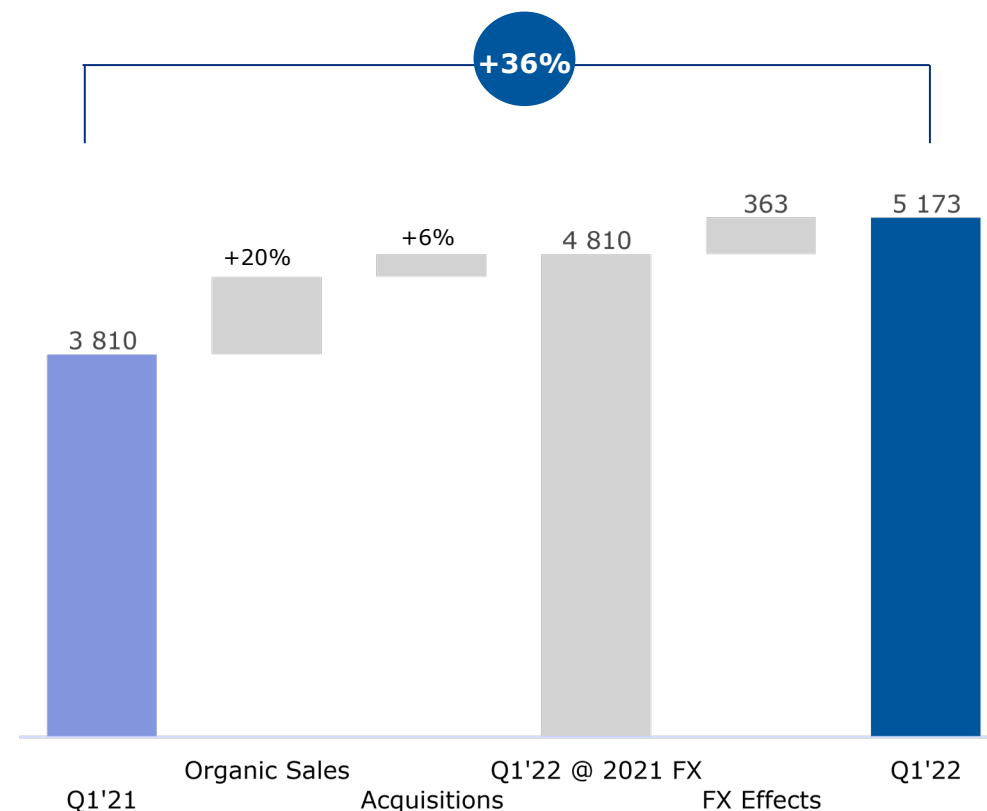
Q1 Sales Development

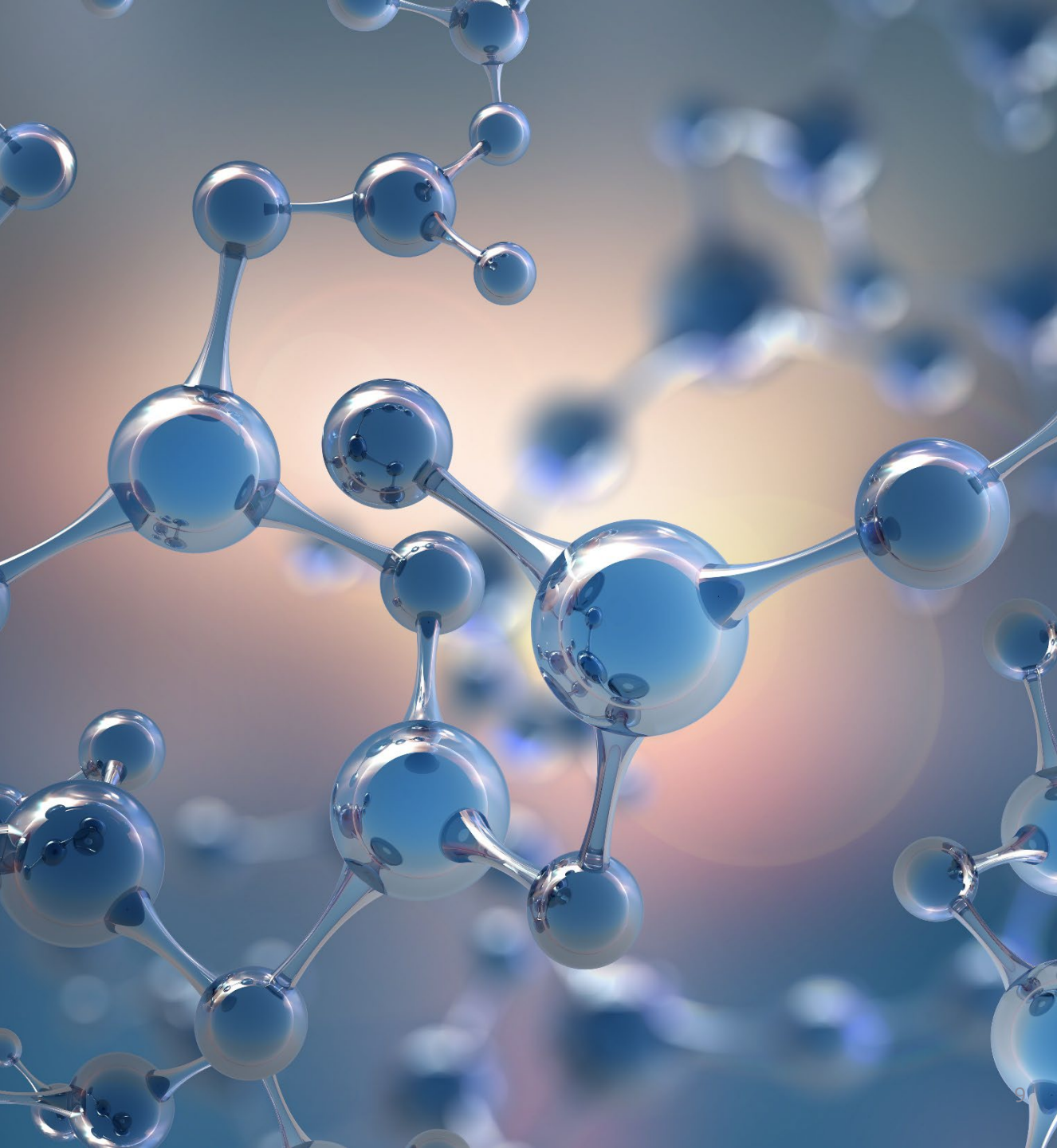
Strong sales growth despite market challenges

Regional Development



Sales development MSEK





Financial Overview

Q1 Financial Overview

Strong result despite significant challenges



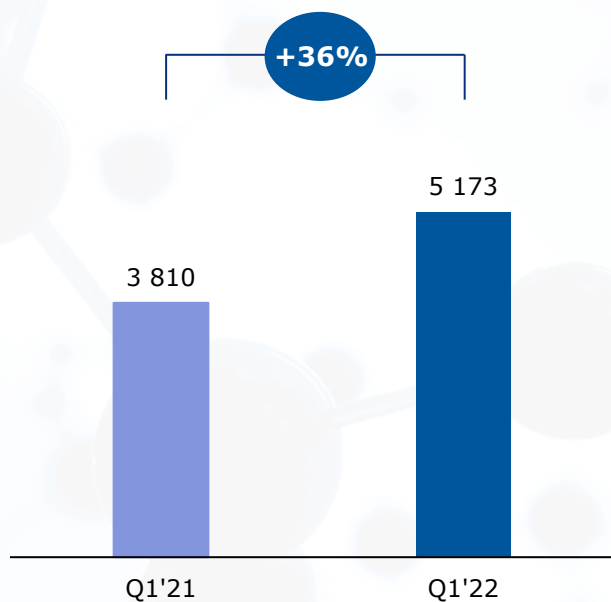
Key figures		
MSEK	Q1'22	Q1'21
Sales	5 173	3 810
EBITA	797	721
EBITA Margin, %	15,4	18,9
Operating Profit	775	704
Operating Margin, %	15,0	18,5
Operating Profit	775	704
Profit after tax	600	534
Adjusted Earnings per share, SEK	1,74	1,55
Earnings per share after dilution, SEK	1,74	1,55
Equity/assets ratio, %	62	62
Return on capital employed, % R12	22,4	16,2
Operating cash flow	103	433

Highlights

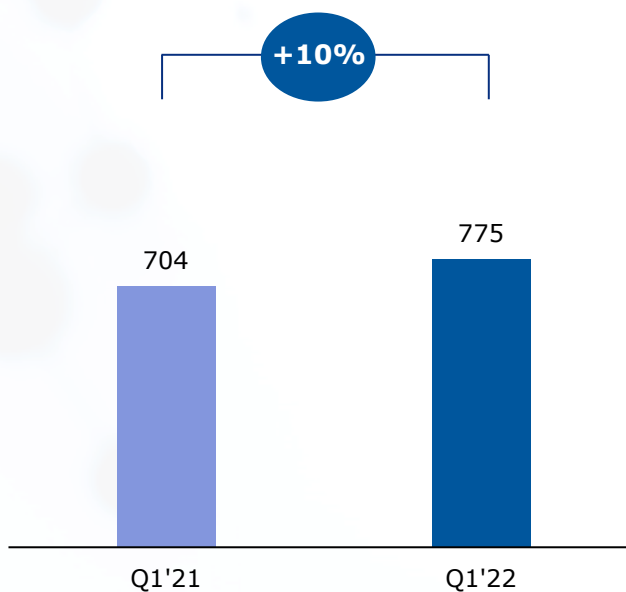
- High sales at 5 173 MSEK, an increase of 36%
- Operating Profit of 775 MSEK, an increase of 10%
- Operating Margin of 15,0%, negatively impacted by acquisitions and raw material shortages and prices
- Strong Equity/Asset ratio of 62%
- High return on capital employed at 22,4%

Q1 Financial Highlights

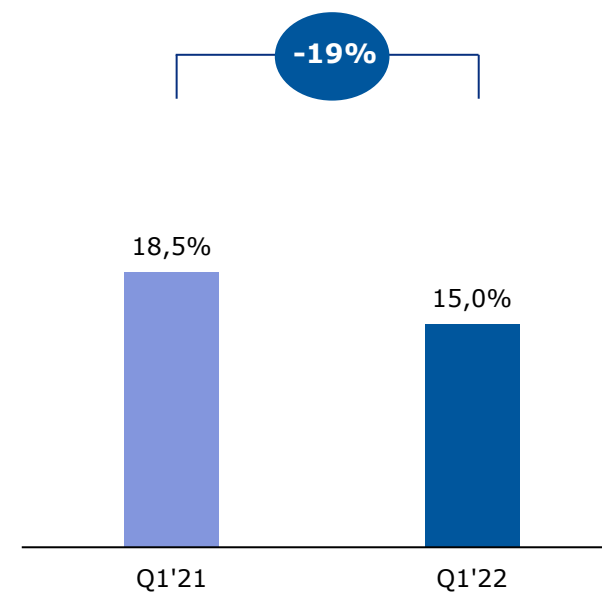
Sales
MSEK



Operating Profit
MSEK



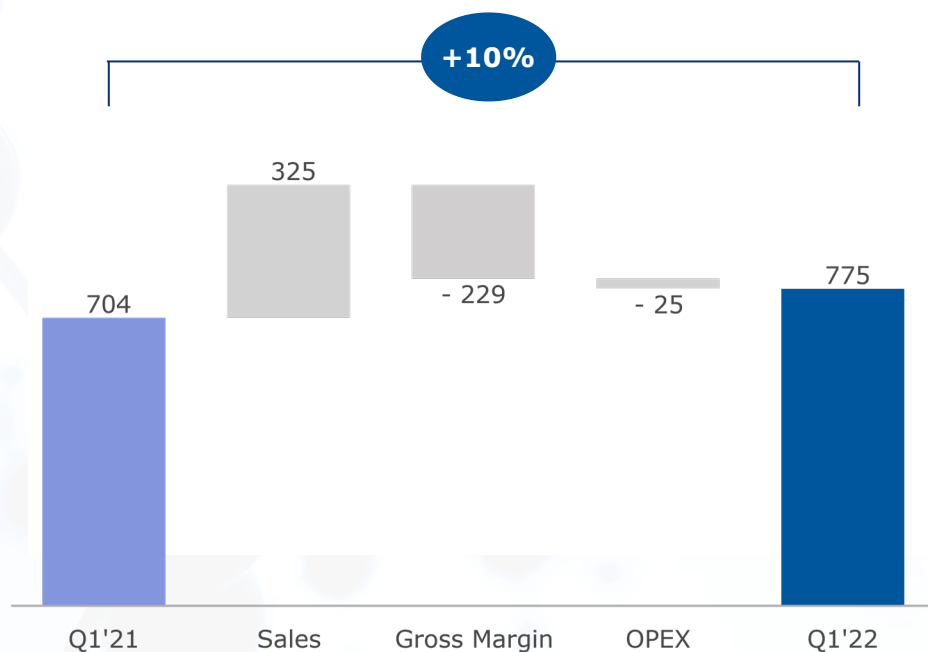
Operating Margin
%



Q1 Operating Profit

Higher sales partly offset by lower margin of acquisitions and raw material challenges

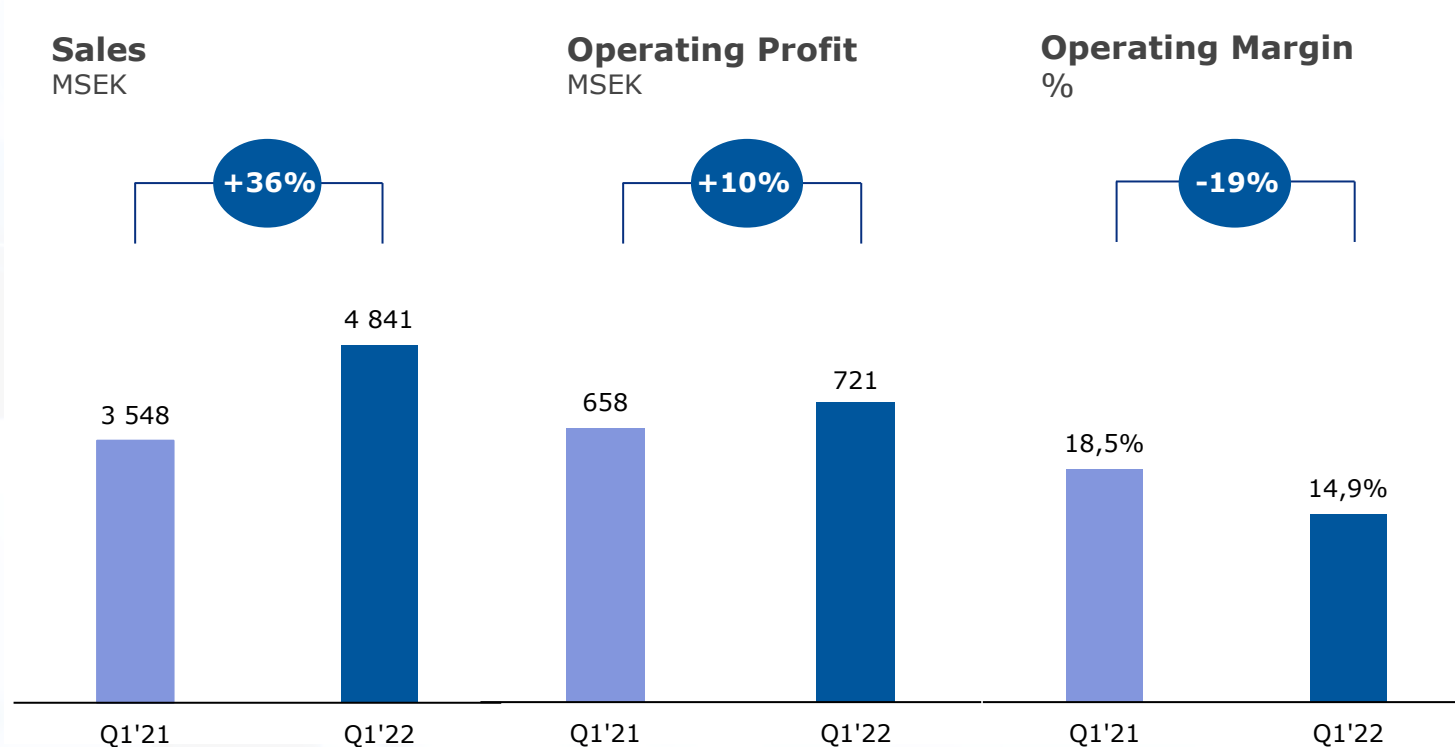
Operating Profit
MSEK



Highlights

- Strong sales
- As previously communicated, negative impact on gross margin from acquisitions
- Further negative impact on gross margin from continuously higher raw material prices and raw material shortages
- OPEX up some primarily driven by acquisitions, inflation and negative FX effects

Q1 HEXPOL Compounding



Highlights

- Strong sales increase vs LY primarily driven by organic growth of 20% and acquisitions 7% but also positive FX effects
- The higher sales were driven by improvements in most customer segments and all product areas
- Operating Profit well above LY
- Lower Operating Margin due to acquisitions with lower margin and raw material challenges

Q1 HEXPOL Engineered Products

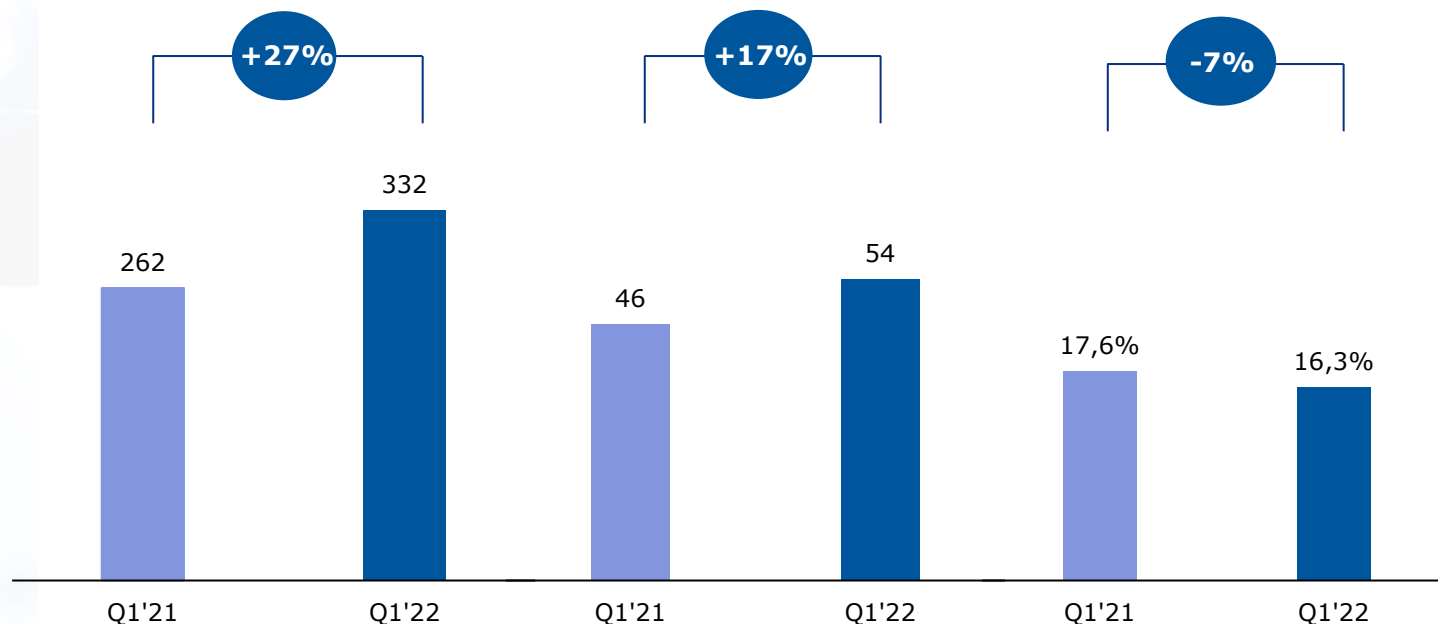
Sales
MSEK

Operating Profit
MSEK

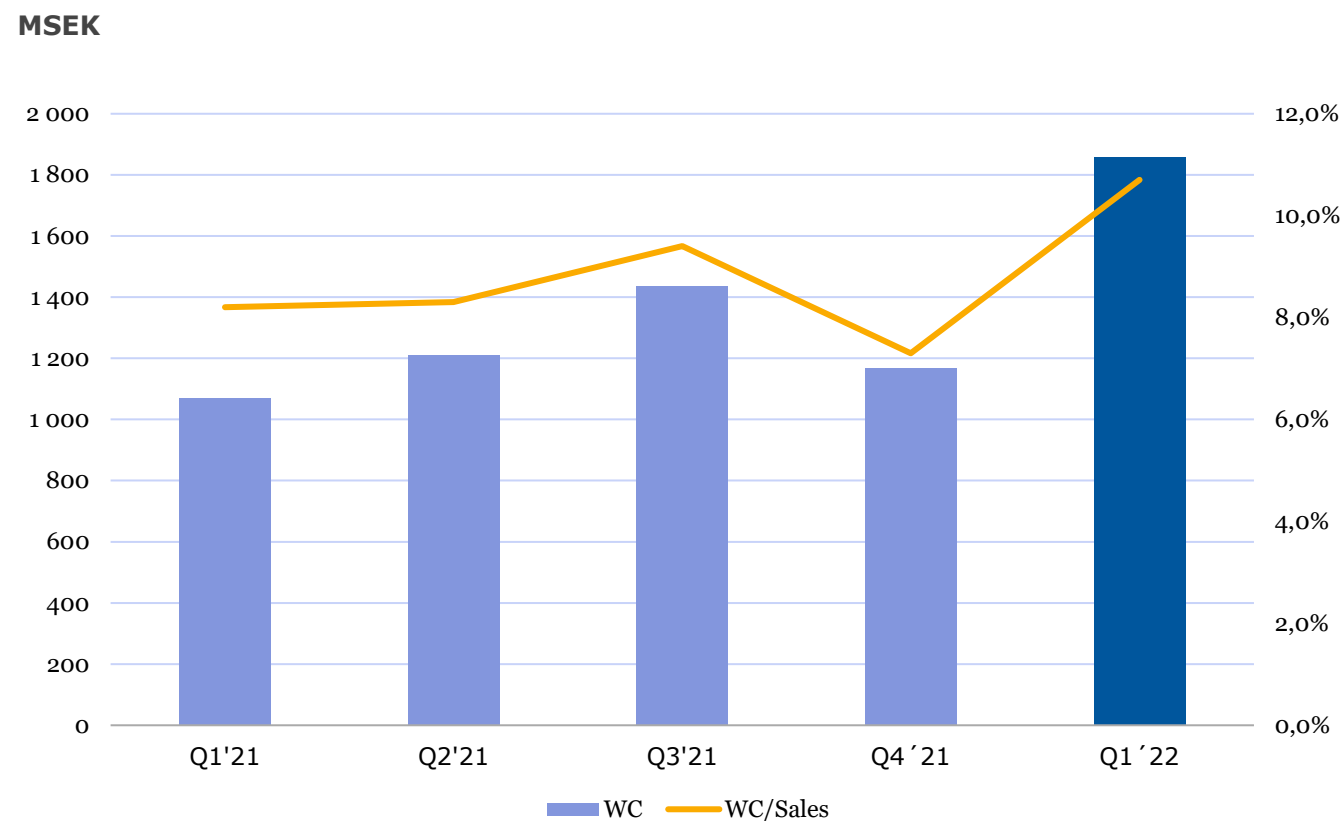
Operating Margin
%

Highlights

- Sales well above last year
- Overall strong performance but especially HEXPOL Wheels performed well
- Operating Profit well above LY
- Lower Operating Margin affected by higher raw material costs



Q1 Working Capital

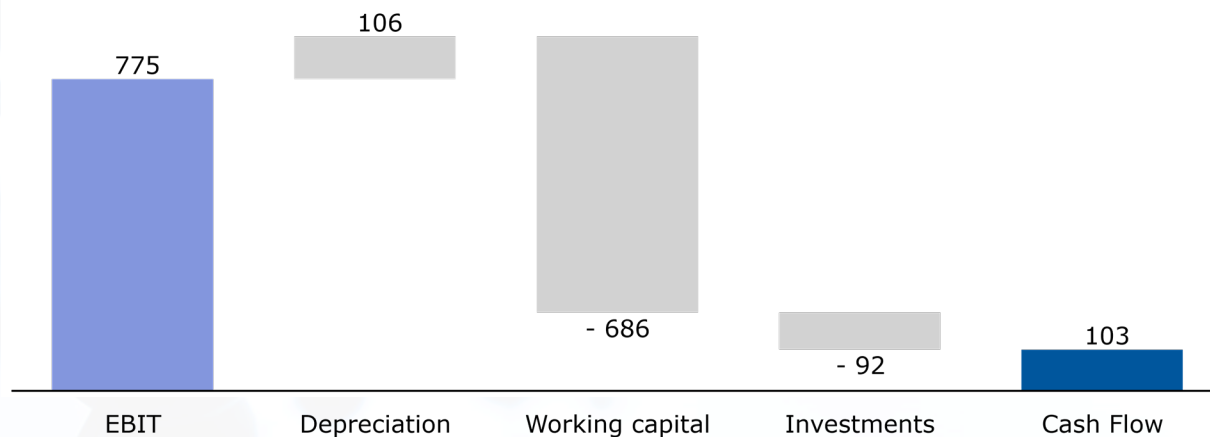


Highlights

- Increased working capital primarily driven by decision to increase inventory level in the face of global raw material shortages

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Cash Flow



Highlights

- Soft cash flow in the quarter, negatively impacted by higher inventory levels
- Level of investments below depreciation

Q1 Net Debt

Strong financial position



MSEK	31-mars 2022	31-dec 2021
Cash at hand	1 797	1 320
Used credit facilities	-2 662	-2 219
Net debt	-865	-899
Net debt/EBITDA*	0,24	0,25

* EBITDA is R12 months

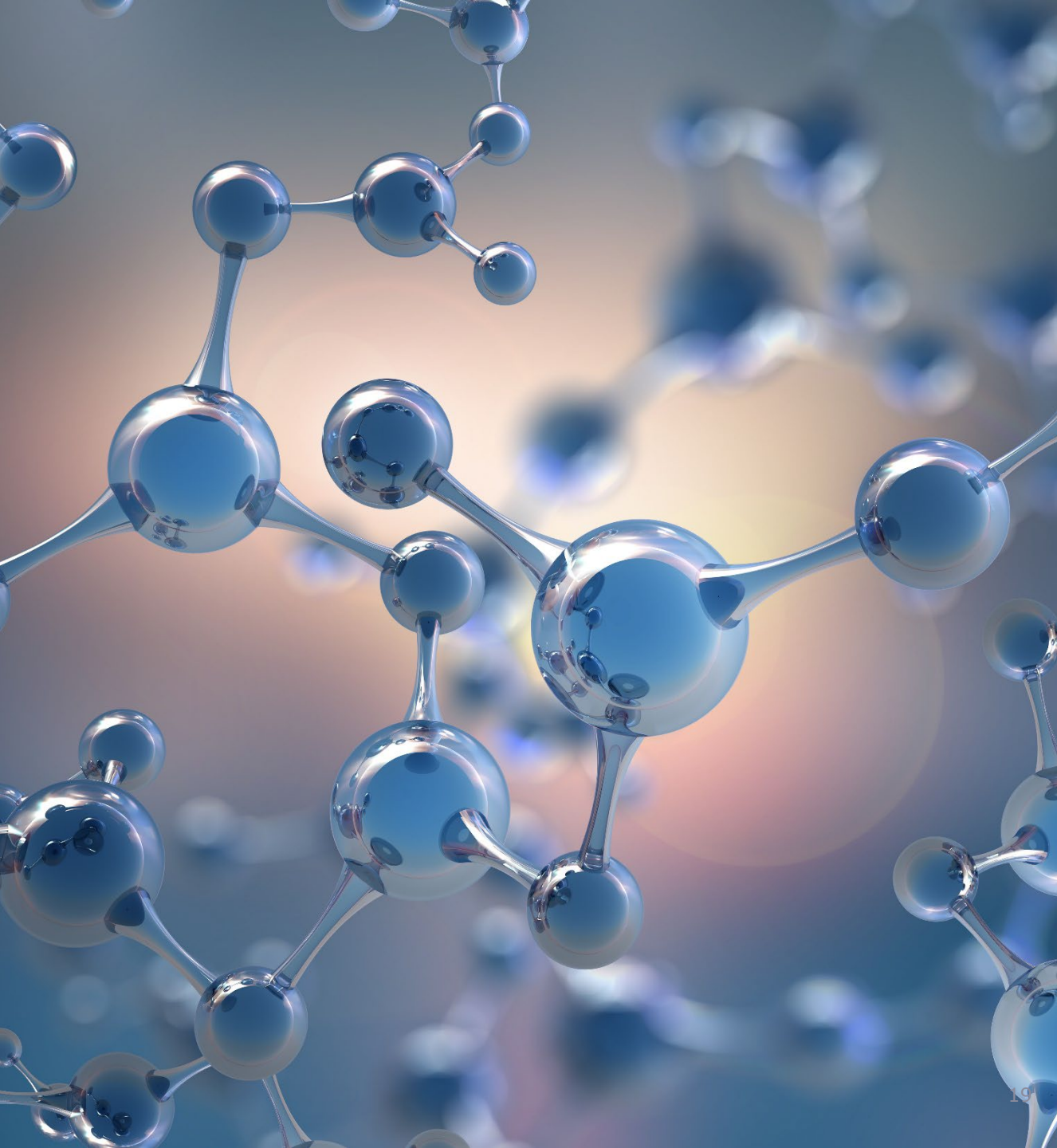
Highlights

- Very strong cash position
- Strong Net Debt/EBITDA ratio

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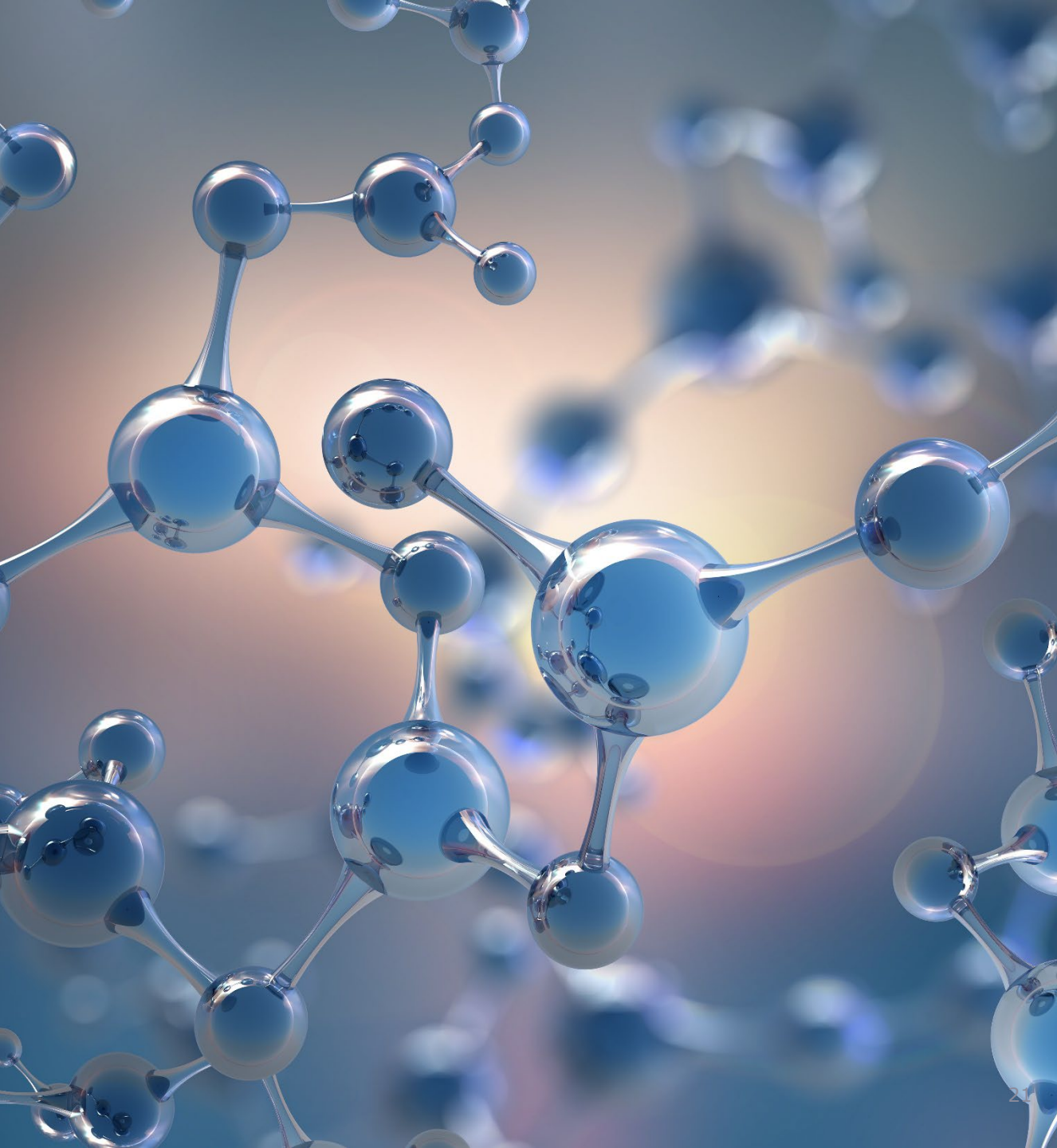


Focus for 2022

..... Focus for 2022

- Handle health and safety of our employees
- Manage volatility in demand
- Manage the current challenges in global supply chains and raw material prices
- Continue to execute our updated strategy including:
 - Active M&A
 - Run our business model efficiently
 - Further development of our sustainability work
- We are flexible and ready to meet the expected increase in light vehicle production





Q&A

Thank You

www.HEXPOL.com