

HEXPOL Q2 2023 Presentation

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Georg Brunstam CEO
Peter Rosén CFO

July 19, 2023

..... Q2 2023 Presentation

Presented by



Georg Brunstam
CEO

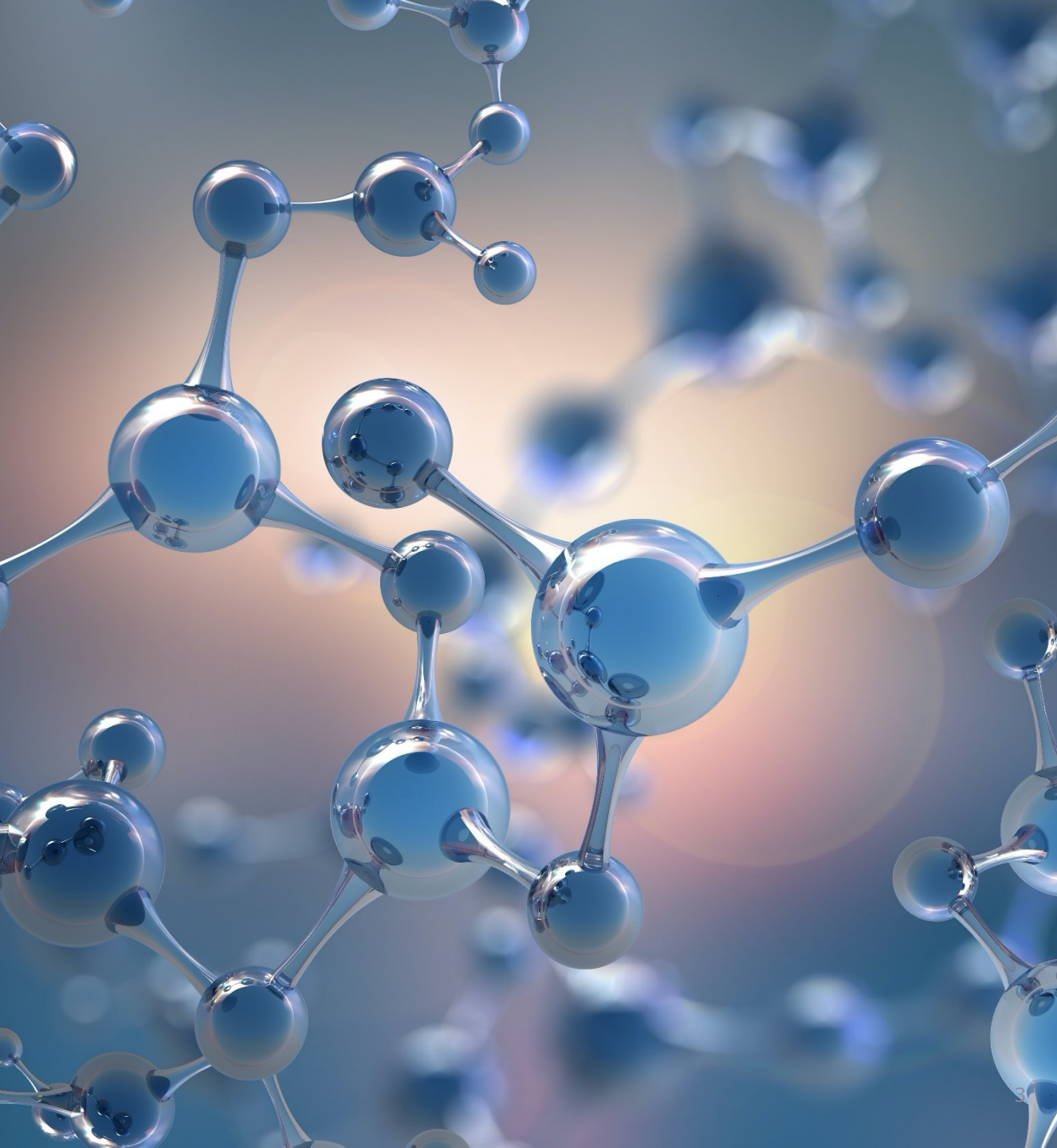


Peter Rosén
CFO

Agenda

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





Business Performance

..... Improved Margins – Our Best Second Quarter To Date

- **Strong quarter with improved margins as expected**
 - Strong EBIT at 945 MSEK (836) in line with record Q1'2023
 - Strong margin development at 16,5% with both sequential margin improvement from Q1'2023 15,8% and from Q2'2022 14,8%
 - Continued execution of our strong business model where price management is crucial
 - Good product and price mix
 - Good development in Americas
 - Strong cash flow at 1 048 MSEK (642)
- **Positive development in automotive segment as expected**
 - Sales to automotive segments show improvement but still varied development
 - Substantially lower demand seen in most markets from building and construction as well as from producers of consumer products
 - Lower sales prices driven by lower prices on main raw materials
 - Availability of raw material improving
- **Sustainability focus with connected M&A agenda**
 - McCann, an American specialist in thermoplastic compounding, consolidated from 1 December 2022
 - Increased interest in recycled products resulting in high number of projects, not least from automotive industry



..... Improved Margins – Our Best Second Quarter To Date

- **HEXPOL Compounding**

- Sales to automotive segments show improvement but still varied development across markets
- Substantially lower demand seen in most markets from building and construction as well as from producers of consumer products
- Improvements in supply chain
- Most raw materials in Compounding see sequentially lower prices but some specialized raw materials still increasing
- Good product and price mix
- Good development in Americas
- Strong EBIT and improved margin

- **HEXPOL Engineered Products**

- Sales above last year, good development in Asia
- Strong EBIT but negatively affected by FX effects

- **M&A**

- High focus and increased activity level
- The acquisitions done during the last two years are now integrated, both organizationally and geographically



..... Strong Culture Delivering

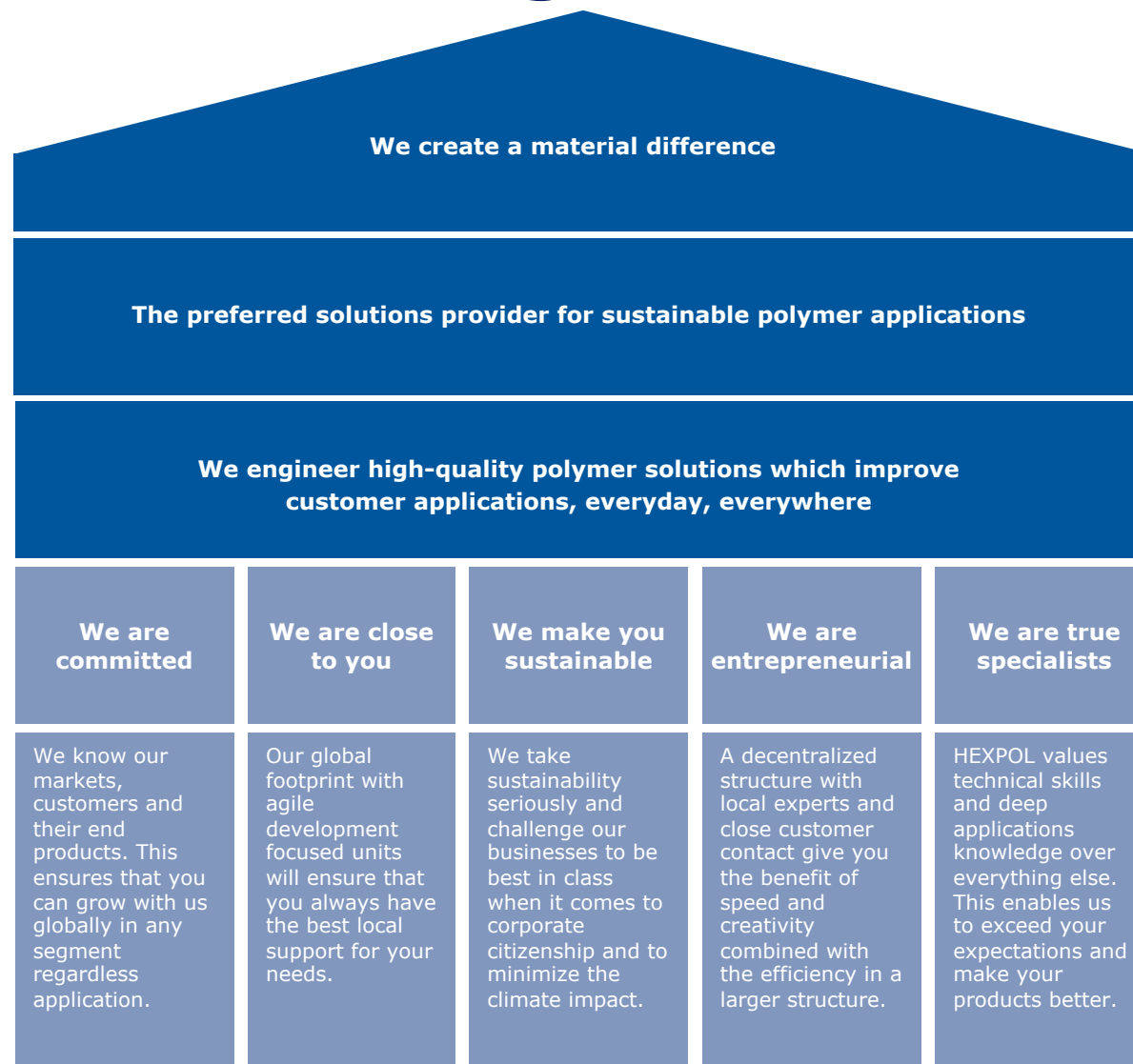
Purpose
The positive impact of what we do

Vision
Our long-term objective

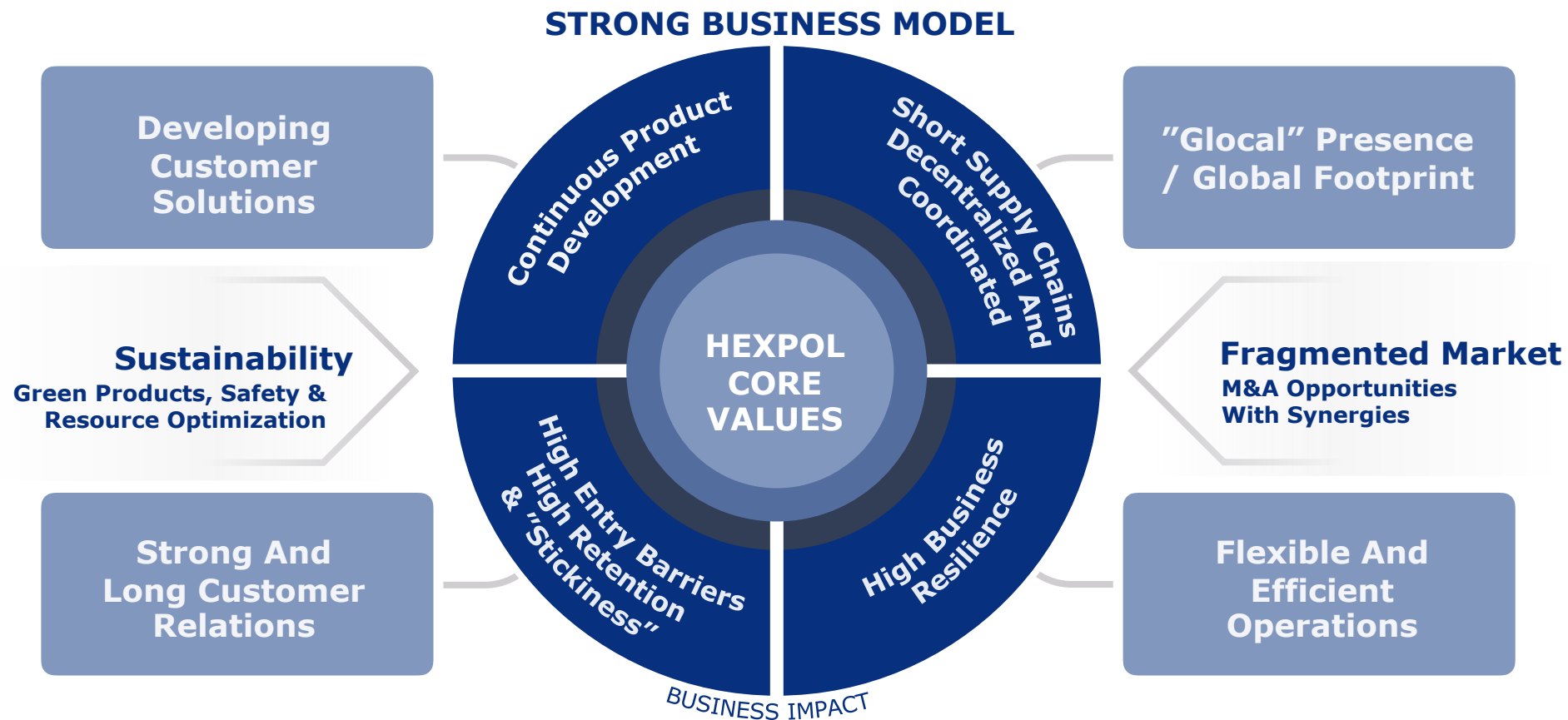
Mission
What we do daily

Core values
Our fundamental beliefs that dictate our behavior

Rationale & evidence
Proof of what we say is true

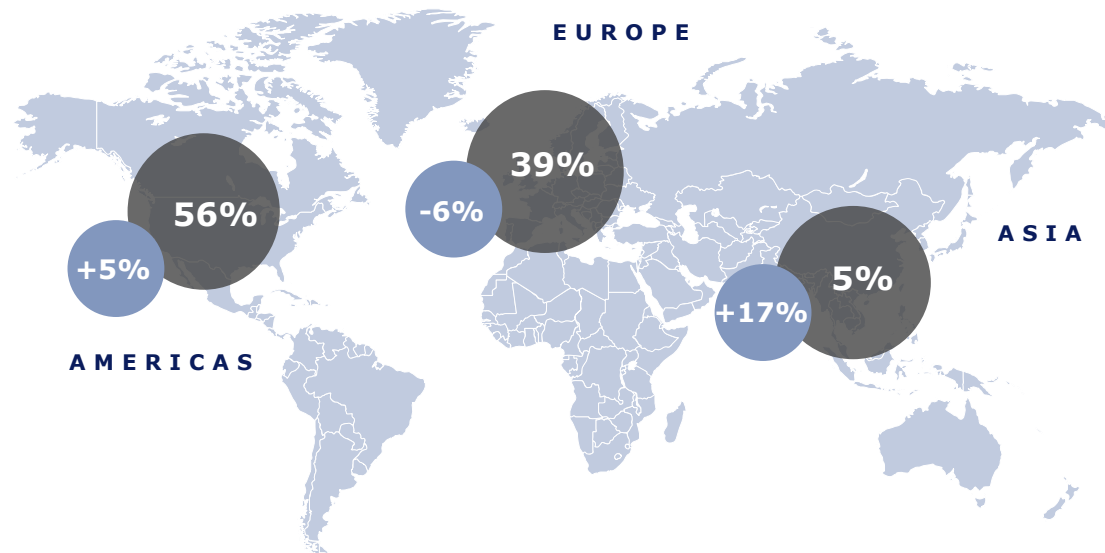


..... Strong Execution of Our Business Model

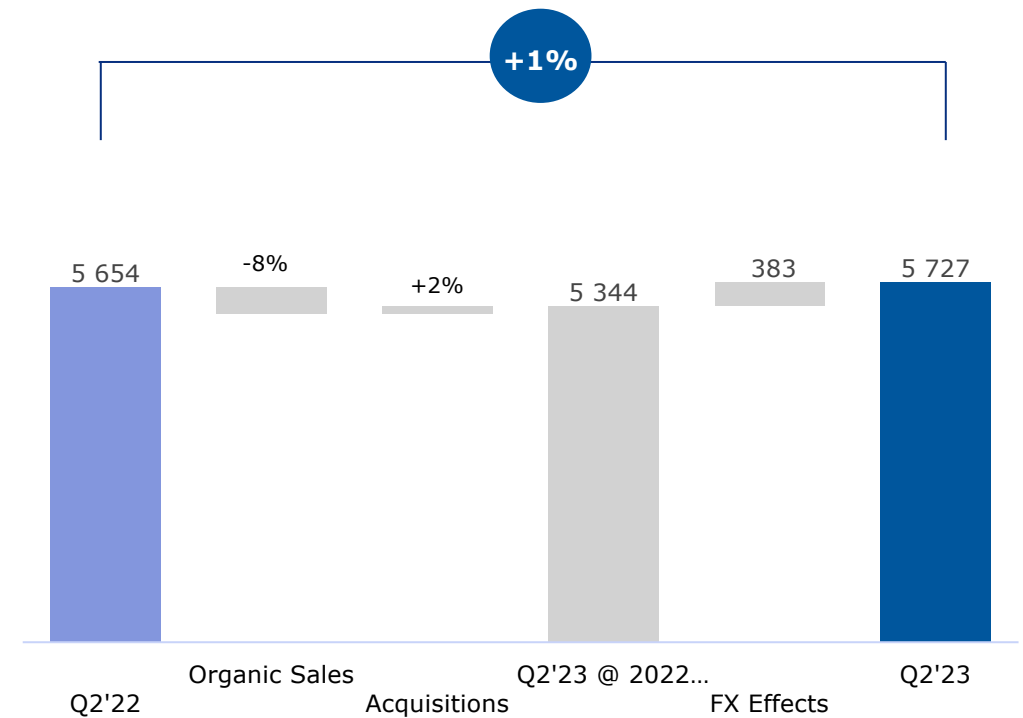


..... Q2 Sales Development

Regional Development



Sales development MSEK





Financial Overview

Q2 Financial Overview

Strong quarterly result with increased margins



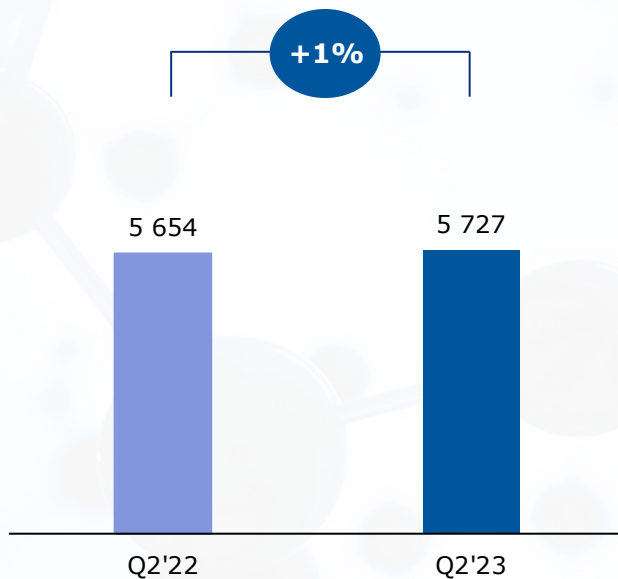
Key figures MSEK	Q2'23	Q2'22	YTD Q2'23	YTD Q2'22
Sales	5 727	5 654	11 717	10 827
EBITA	976	859	1 951	1 656
EBITA Margin, %	17,0	15,2	16,7	15,3
Operating Profit	945	836	1 891	1 611
Operating Margin, %	16,5	14,8	16,1	14,9
Profit after tax	679	644	1 347	1 244
Earnings per share, SEK	1,97	1,87	3,91	3,61
Equity/assets ratio, %			60	54
Return on capital employed, % R12			18,9	21,6
Operating cash flow	1 048	642	1 641	745

Highlights

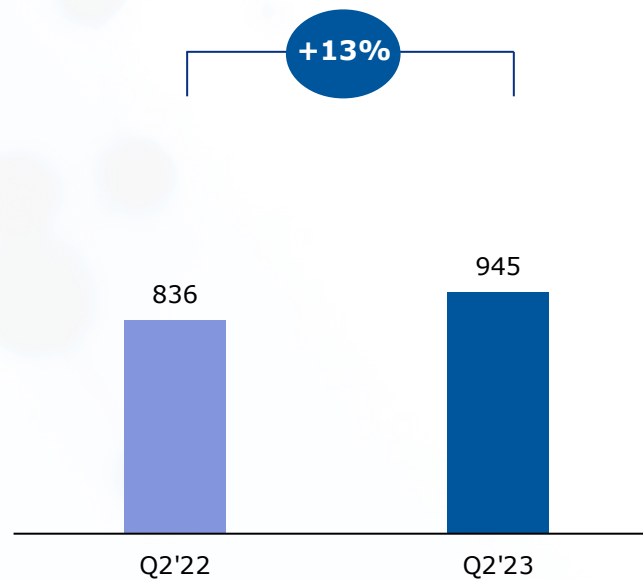
- Sales of 5 727 MSEK
- Operating Profit of 945 MSEK, an increase of 13% compared to Operating Profit in Q2'22
- Increased Operating Margin of 16,5%
- Strong Equity/Asset ratio of 60%
- High return on capital employed at 18,9%
- Strong cash flow of 1 048 MSEK

..... Q2 Financial Highlights

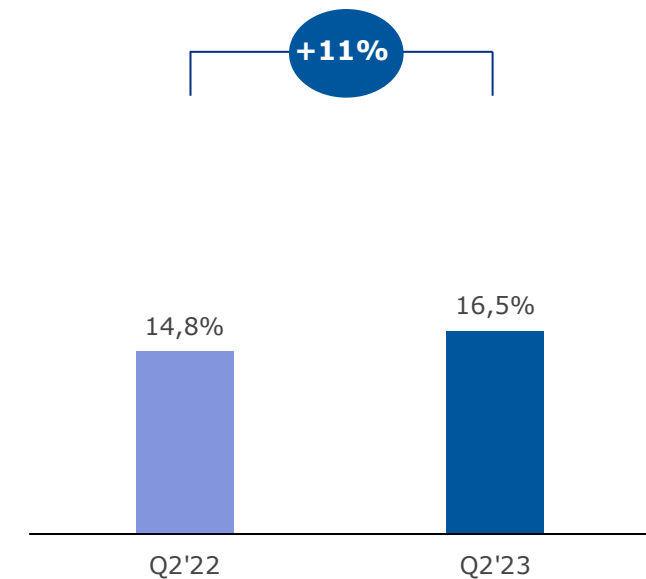
Sales
MSEK



Operating Profit
MSEK



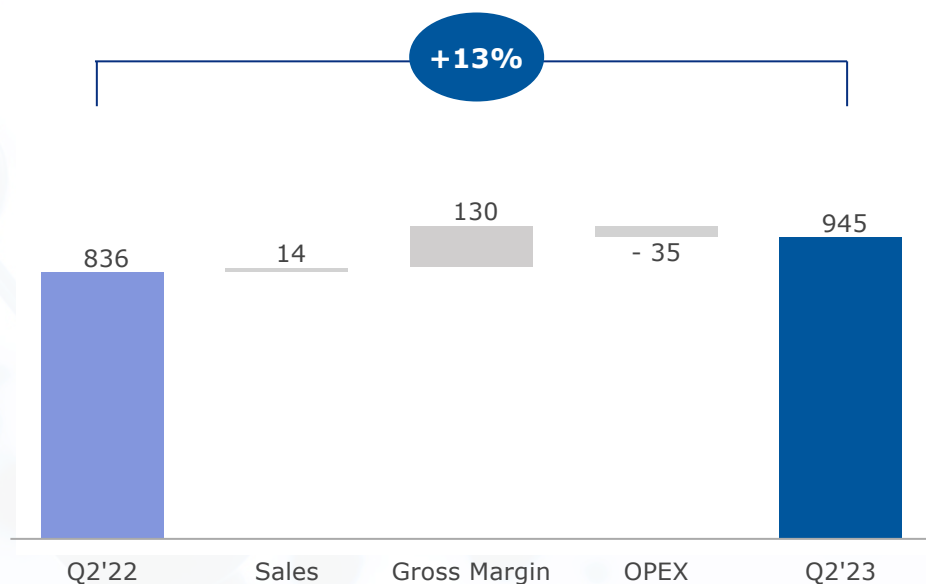
Operating Margin
%



Q2 Operating Profit

Stronger gross margin drives higher operating profit

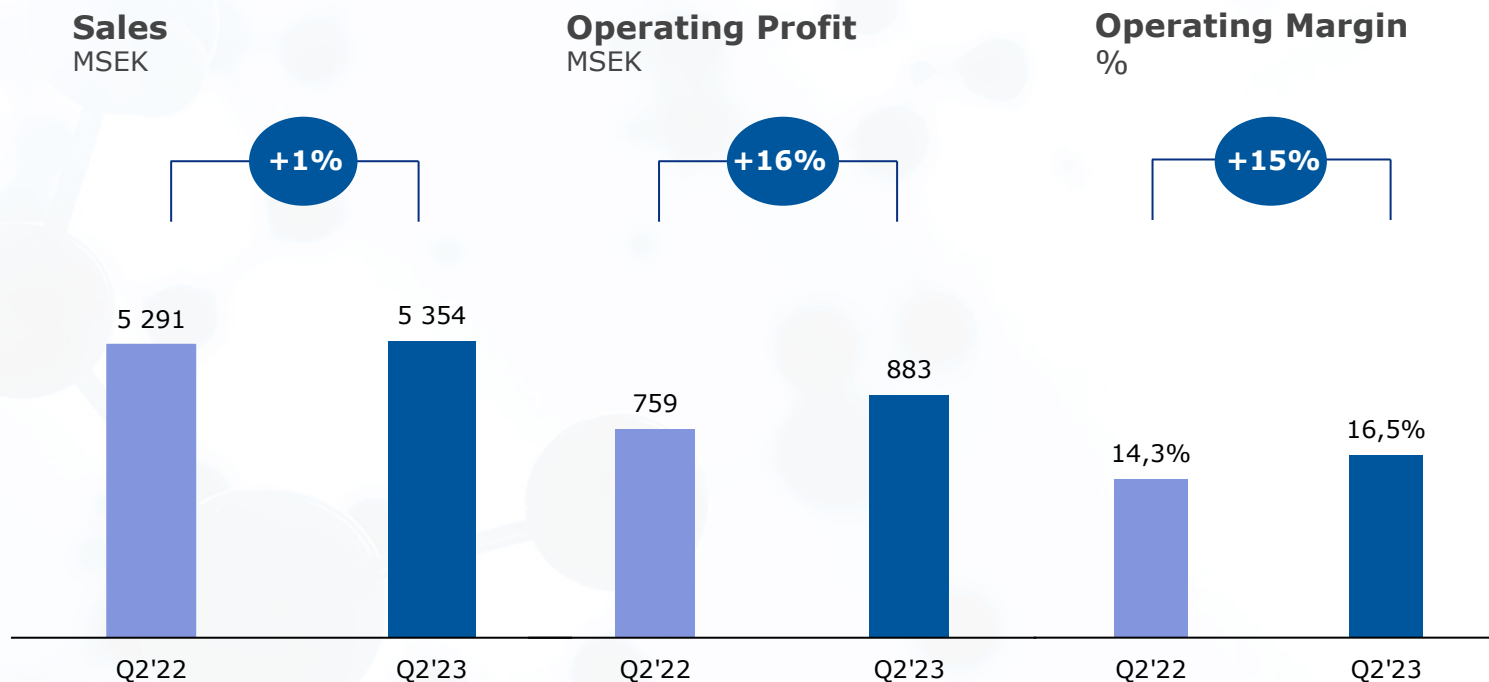
Operating Profit MSEK



Highlights

- Stronger gross margin drives higher operating profit
- Stronger gross margin due to better product and price mix
- OPEX increases driven by acquisition, inflation and FX effects

Q2 HEXPOL Compounding



Highlights

- Sales in line with LY
- Sales to automotive segment increase. This is partly offset by lower demand from the building and construction segment as well as from customers with consumer products
- Operating Profit well above LY
- Higher Operating Margin driven by positive product and price mix

Q2 HEXPOL Engineered Products

Sales
MSEK

+3%

363

Q2'22

373

Q2'23

Operating Profit
MSEK

-19%

77

Q2'22

62

Q2'23

Operating Margin
%

-22%

21,2%

Q2'22

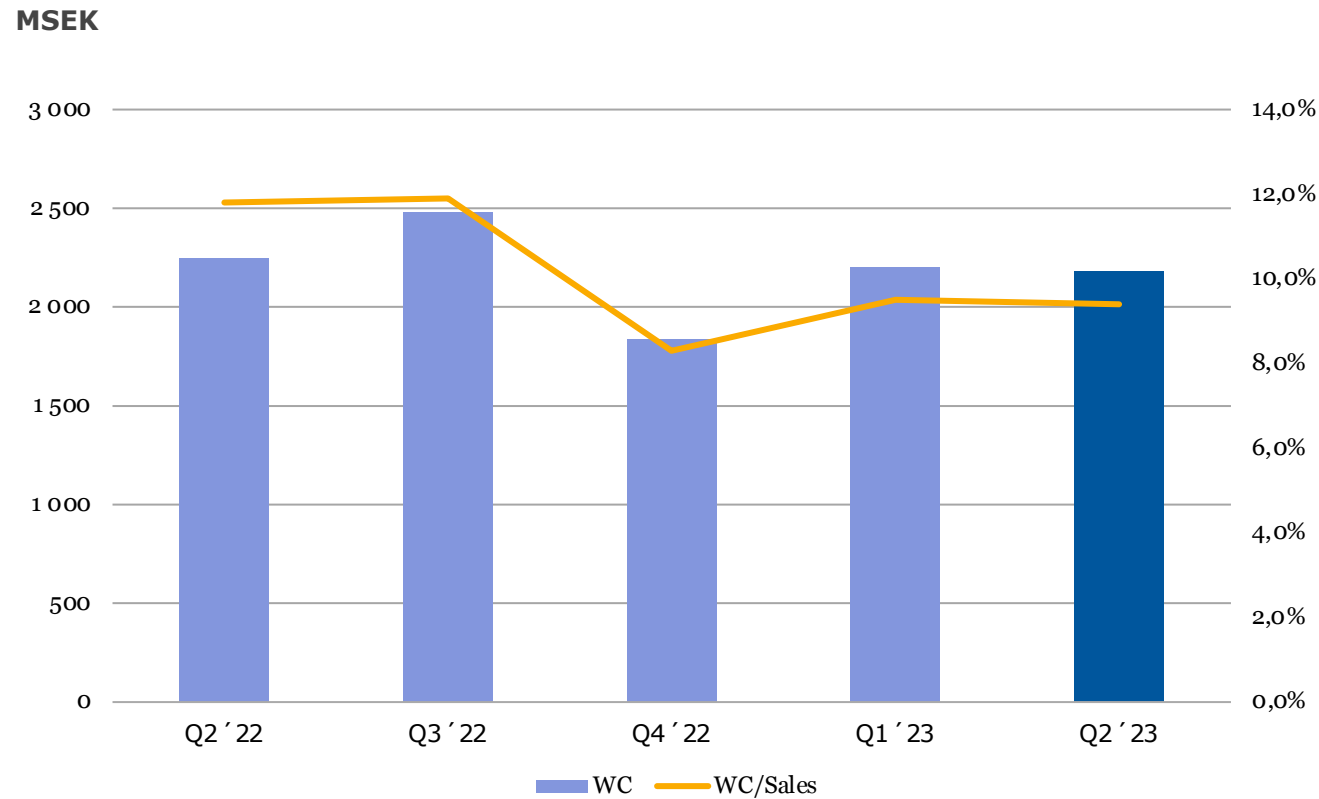
16,6%

Q2'23

Highlights

- Sales above last year, not least driven by positive development in Asia
- Overall strong performance in all product areas
- Operating Profit below LY driven by negative FX effects related to Sri Lankan currency
- Lower Operating Margin following on negative FX effects

..... Q2 Working Capital

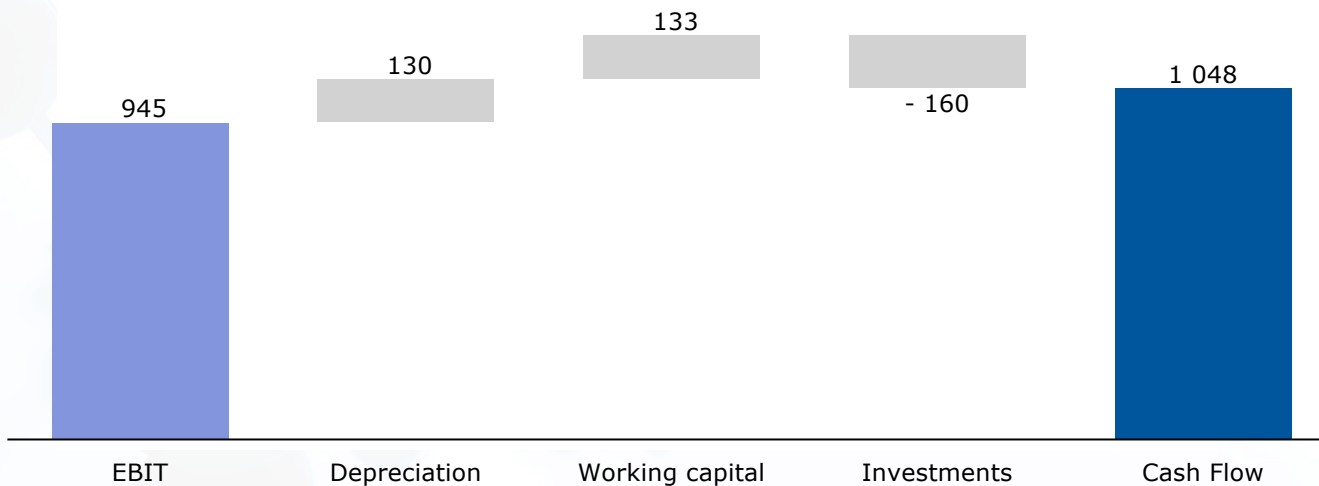


Highlights

- Compared to last year, the acquisition of McCann added some 80 MSEK in working capital
- Working capital in relation to sales decreases following on general improvement

Q2 Cash Flow

Cash Flow



Highlights

- Strong cash flow in the quarter driven by strong EBIT and improvement in working capital

Q2 Net Debt

Strong financial position

MSEK	30-juni 2023	31-dec 2022
Cash at hand	1 274	1 541
Used credit facilities	-4 128	-4 386
Net debt	-2 854	-2 845
Net debt/EBITDA*	0,70	0,75

* EBITDA is R12 months

Highlights

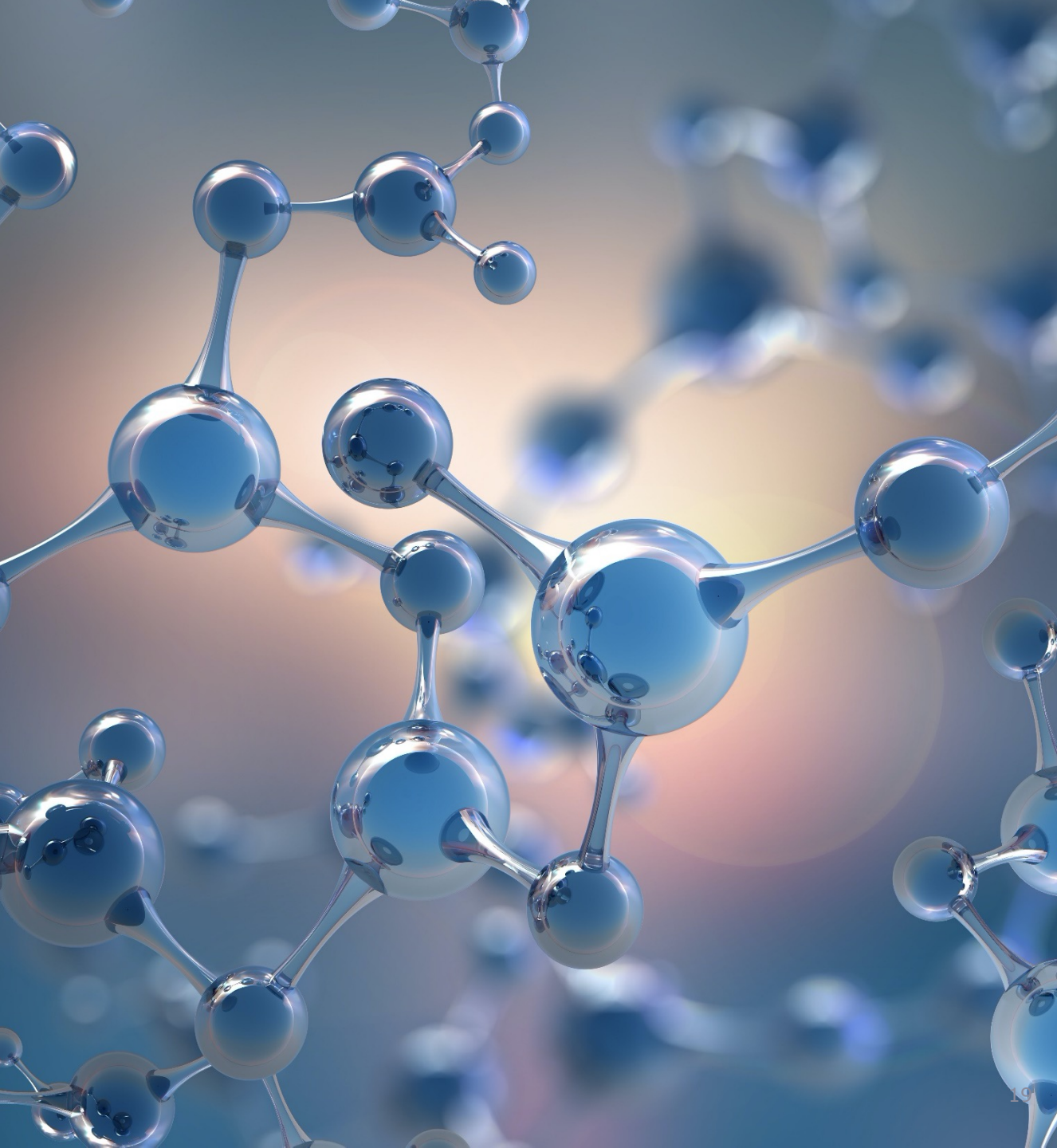
- Strong financial position



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Q&A

Thank You

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