

# HEXPOL Q4 2023 Presentation

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January 26, 2024

# ..... Q4 2023 Presentation

## Presented by

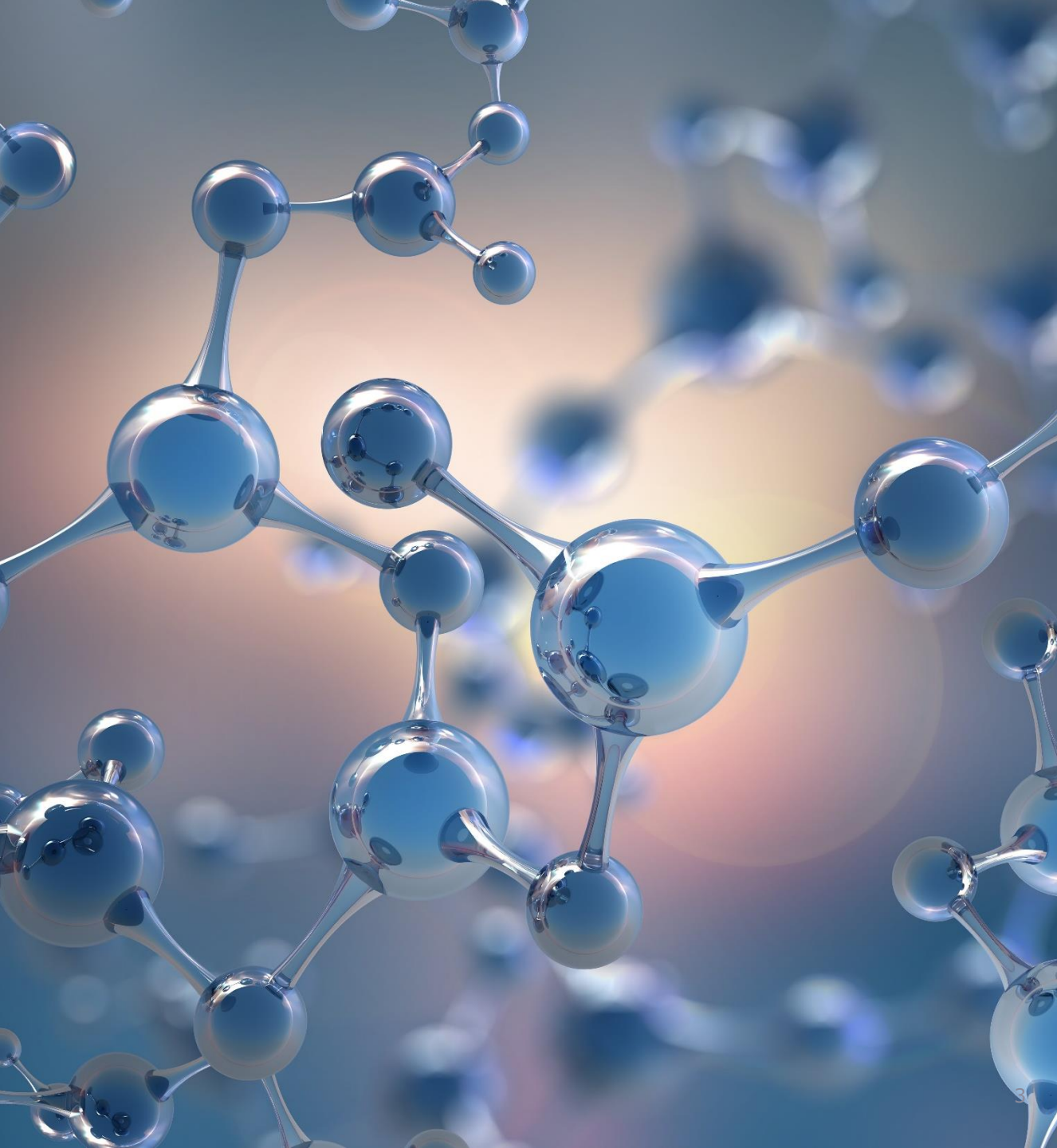


Peter Rosén  
Acting CEO and CFO

## Agenda

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





# **Business Performance**

# ..... Further Improved Margins And Record Strong Cash Flow

- **Strong performance**

- Adjusted EBIT came in at 838 MSEK (811)
- Strong Adjusted EBIT margin at 17,2% (14,8%)
- Strong cash flow at 1 390 MSEK (1 366)
- Continued execution of our business model where price management is crucial
- Good product and price mix

- **Demand and sales prices**

- 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
- Lower sales prices vs. last year driven by lower prices on main raw materials while prices sequentially are stable

- **Operations**

- Consolidation of operations in California from two to one production unit
- Star Thermoplastics in the US acquired and integration is ongoing

- **Sustainability focus**

- Increasing interest in recycled products resulting in high number of projects, not least from automotive industry
- Well on our way to reach the CO2 target reduction of 75% - we are at 57% reduction so far





# ..... Further Improved Margins And Record Strong Cash Flow

- **M&A**
  - High focus and strong financial position support further acquisitions
  - Star Thermoplastics consolidated from 1 November 2023
- **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
  - Stable supply chain
  - Most raw materials in Compounding see lower prices year over year – sequentially stable
  - Good product and price mix
  - Consolidation of operations in California
  - Strong EBIT and improved margin
- **HEXPOL Engineered Products**
  - Improvement in sales compared to last year, good development in Wheels
  - Strong EBIT but negatively affected by FX effects in Sri Lanka
- **Other**
  - Updated dividend policy



# ..... Strong Culture Delivering

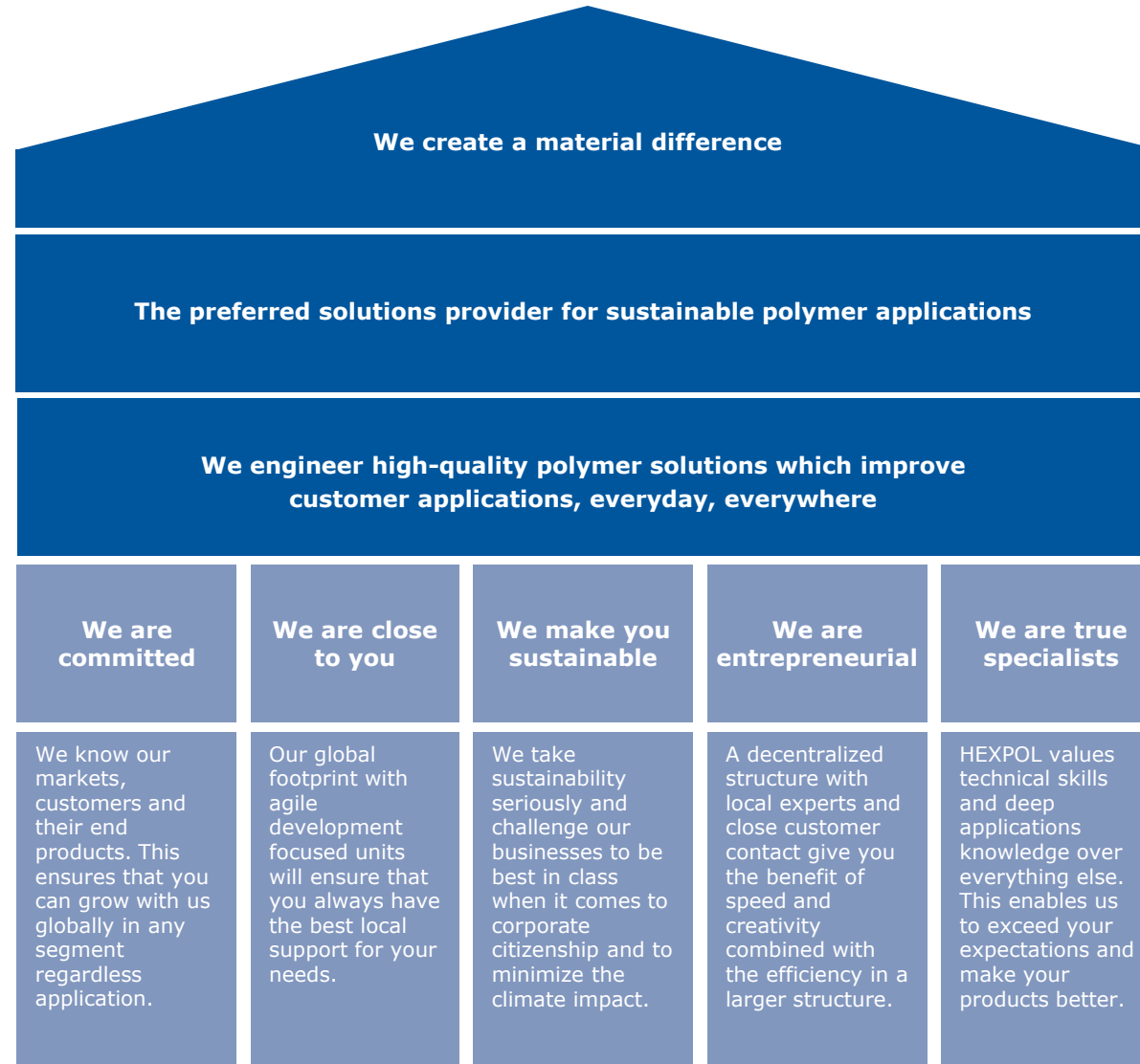
**Purpose**  
The positive impact of what we do

**Vision**  
Our long-term objective

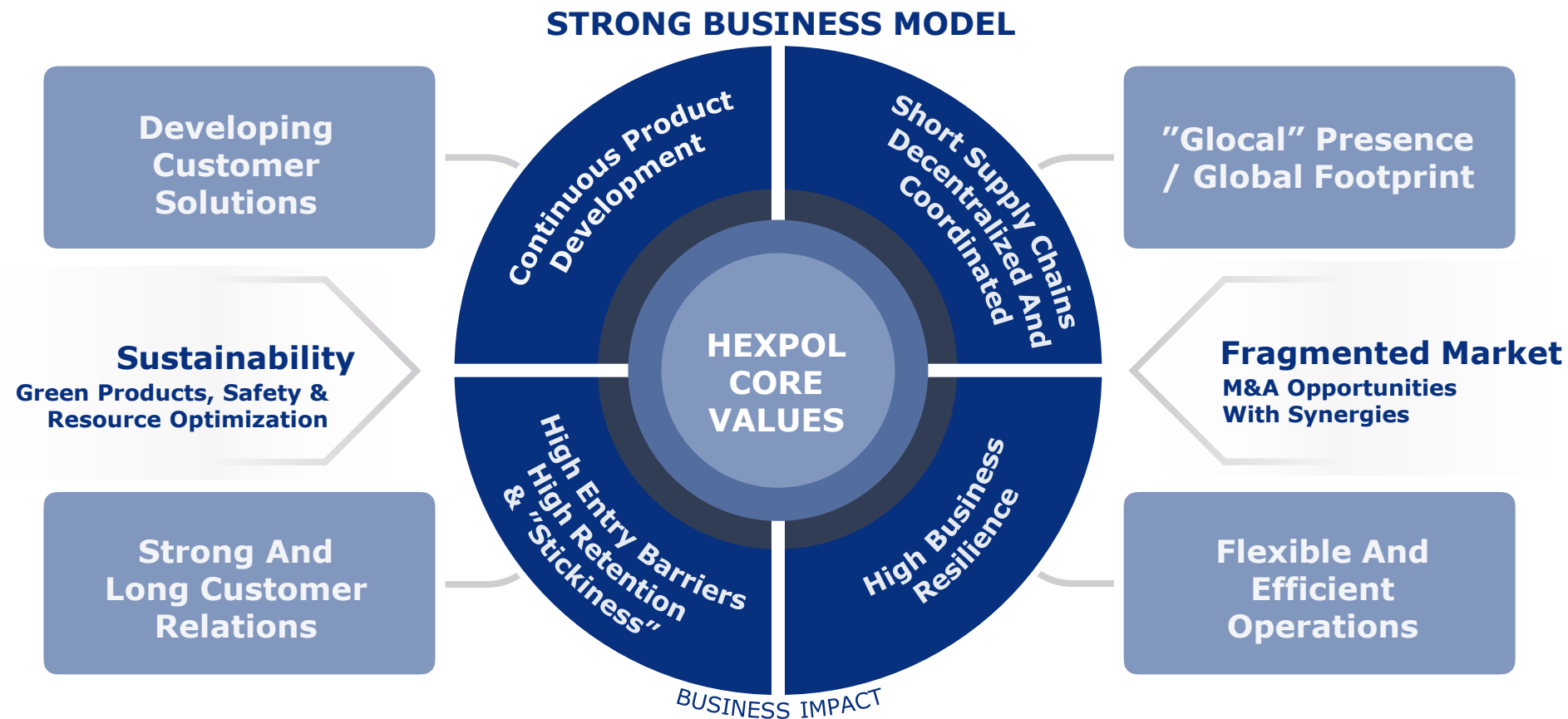
**Mission**  
What we do daily

**Core values**  
Our fundamental beliefs that dictate our behavior

**Rationale & evidence**  
Proof of what we say is true

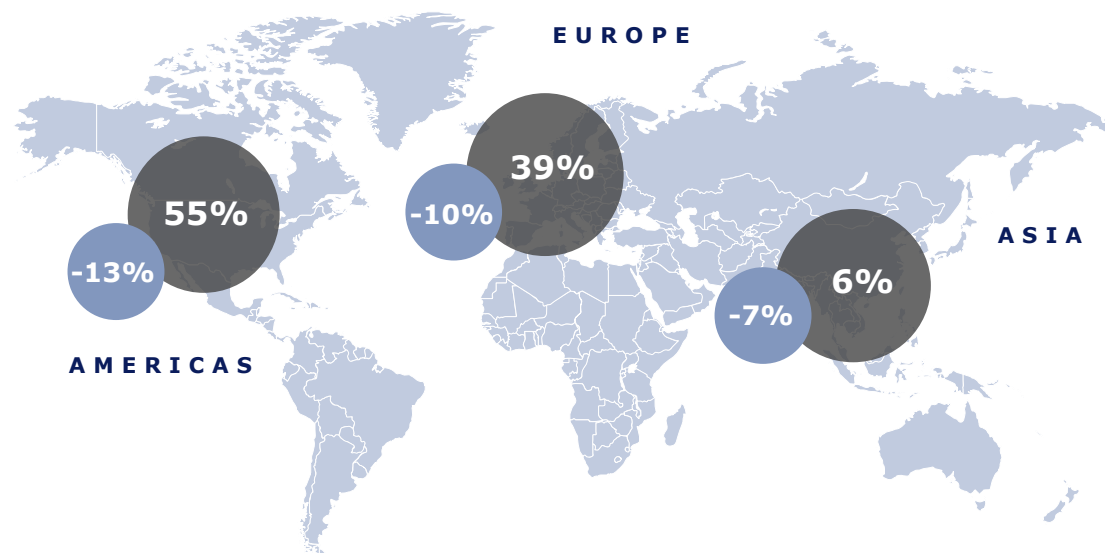


# ..... Strong Execution of Our Business Model

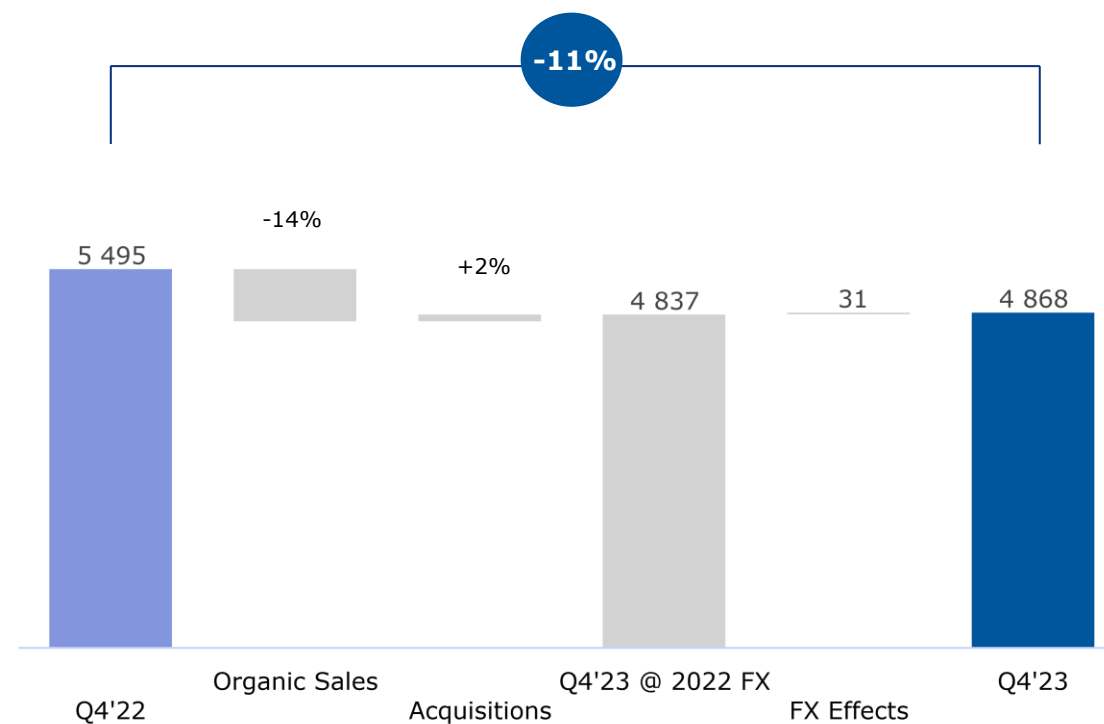


# ..... Q4 Sales Development

## Regional Development



## Sales development MSEK







# Financial Overview

# Q4 Financial Overview

Strong cash flow and increased margins



## Group Summary

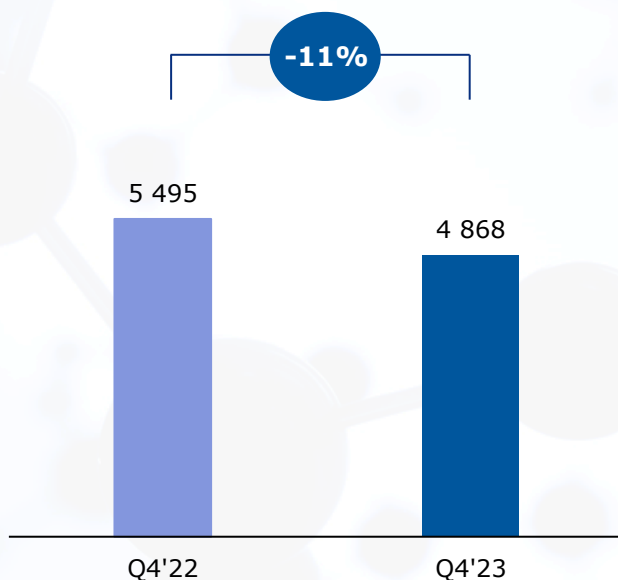
Key figures MSEK	Q4'23	Q4'22	jan-dec 2023	jan-dec 2022
Sales	4 868	5 495	22 046	22 243
EBITA, adjusted	872	837	3 787	3 358
EBITA-Margin, adjusted, %	17,9	15,2	17,2	15,1
Operating Profit, adjusted	838	811	3 659	3 260
Operating Margin, adjusted, %	17,2	14,8	16,6	14,7
Profit after tax	507	624	2 524	2 483
Earnings per share, adjusted, SEK	1,66	1,74	7,51	7,14
Equity/assets ratio, %			65	58
Return on capital employed, % R12			19,0	19,2
Operating cash flow	1 390	1 366	3 994	2 813

## Highlights

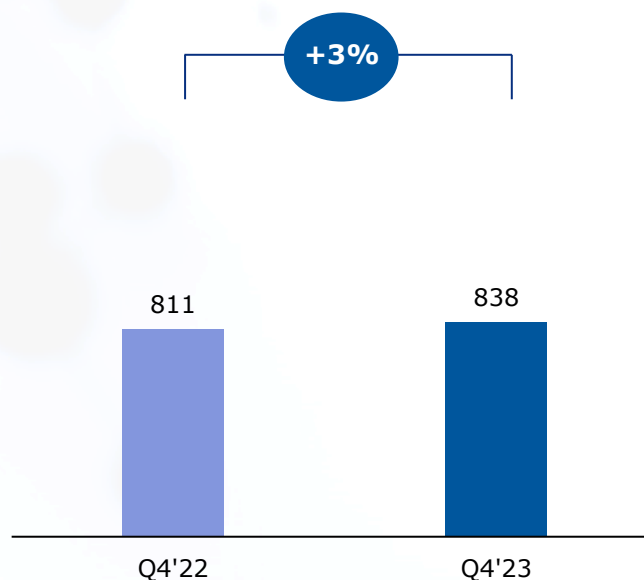
- Sales of 4 868 MSEK
- Adjusted Operating Profit of 838 MSEK, an increase of 3% compared to Adjusted Operating Profit in Q4'22
- Increased Adjusted Operating Margin of 17,2%
- Strong Equity/Asset ratio of 65%
- High return on capital employed at 19,0%
- Higher tax rate driven by higher profits in countries with higher tax rate and smaller one time items
- Strong cash flow of 1 390 MSEK

# Q4 Financial Highlights

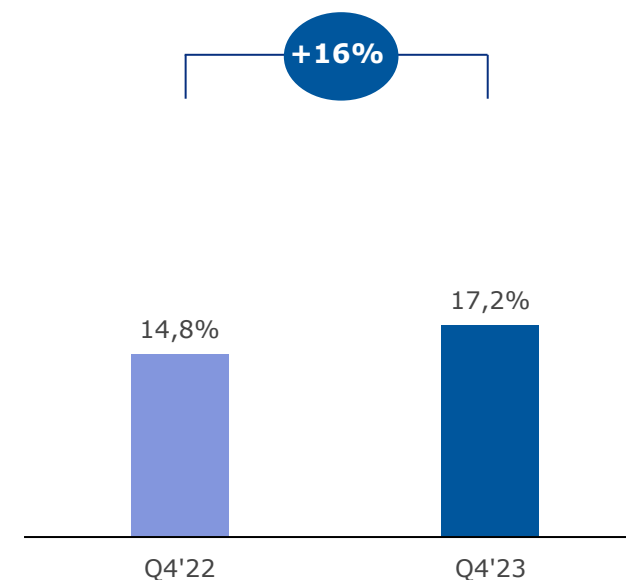
**Sales**  
MSEK



**Operating Profit, adjusted**  
MSEK



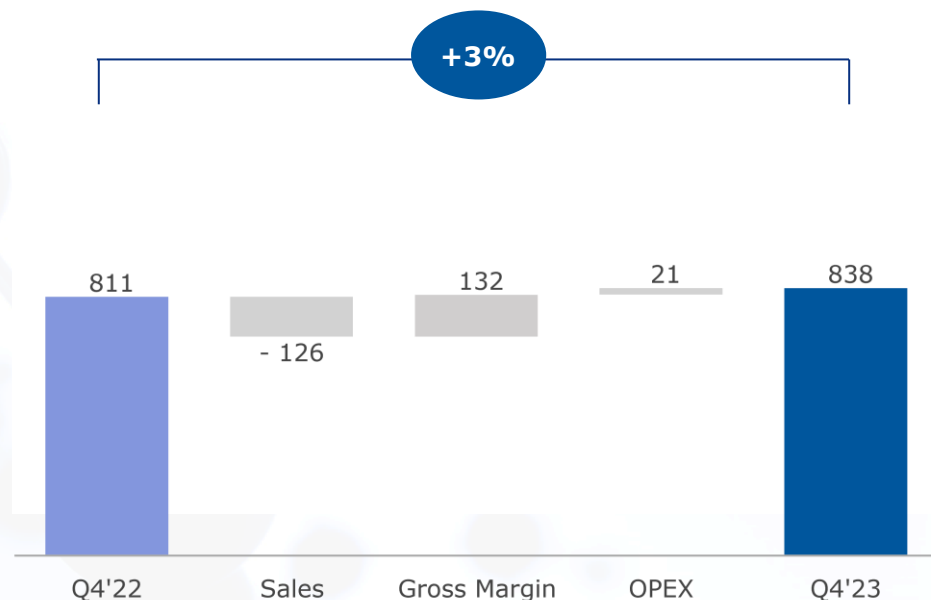
**Operating Margin, adjusted**  
%



# Q4 Operating Profit

Stronger gross margin and lower OPEX drives higher operating profit

Operating Profit, adjusted  
MSEK



## Highlights

- Stronger gross margin combined with lower OPEX drives higher operating profit
- Stronger gross margin due to better product and price mix
- OPEX decrease driven by general cost control

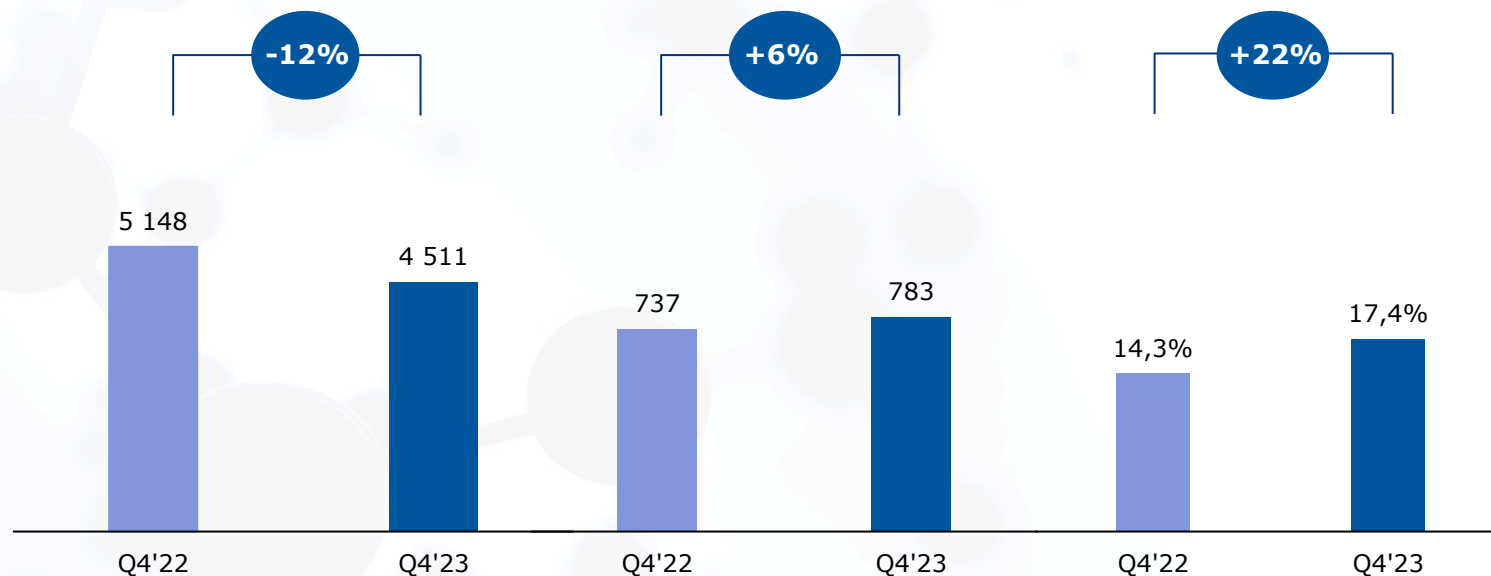
# Q4 HEXPOL Compounding

**Sales**  
MSEK

**Operating Profit, adjusted**  
MSEK

**Operating Margin, adjusted**  
%

## Highlights



- Lower sales partly driven by lower prices on main raw materials
- Sales to automotive segment show improvement but still varied development across markets. Lower demand from customers mainly within the building and construction segment as well as from customers with consumer products
- Adjusted Operating Profit improved compared to LY
- Higher Operating Margin mainly driven by positive product and price mix

# Q4 HEXPOL Engineered Products

**Sales**  
MSEK

+3%

347

Q4'22

357

Q4'23

**Operating Profit**  
MSEK

-26%

74

Q4'22

55

Q4'23

**Operating Margin**  
%

-28%

21,3%

Q4'22

15,4%

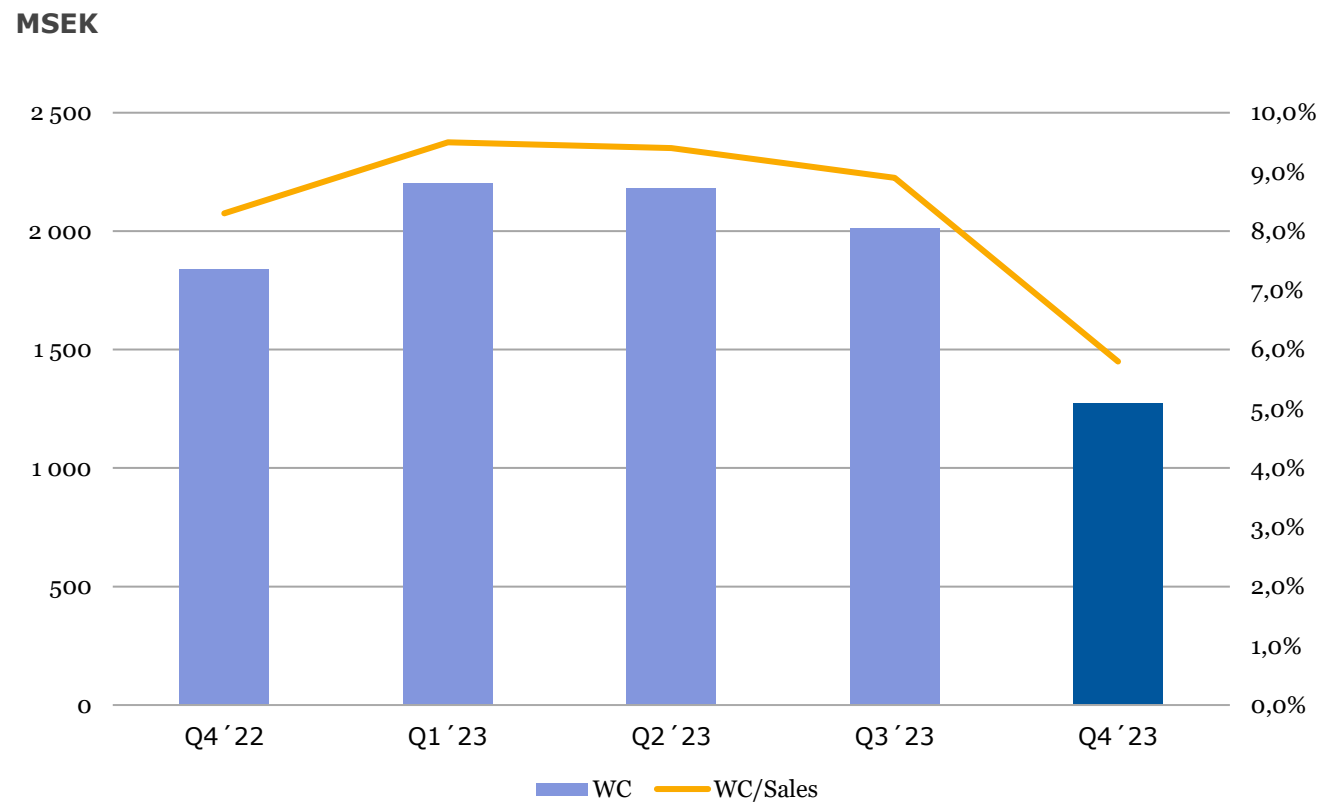
Q4'23

## Highlights

- Improvement in sales with good development in Wheels
- Operating Profit below LY driven by negative FX effects related to Sri Lankan currency
- Lower Operating Margin following on negative FX effects



# Q4 Working Capital

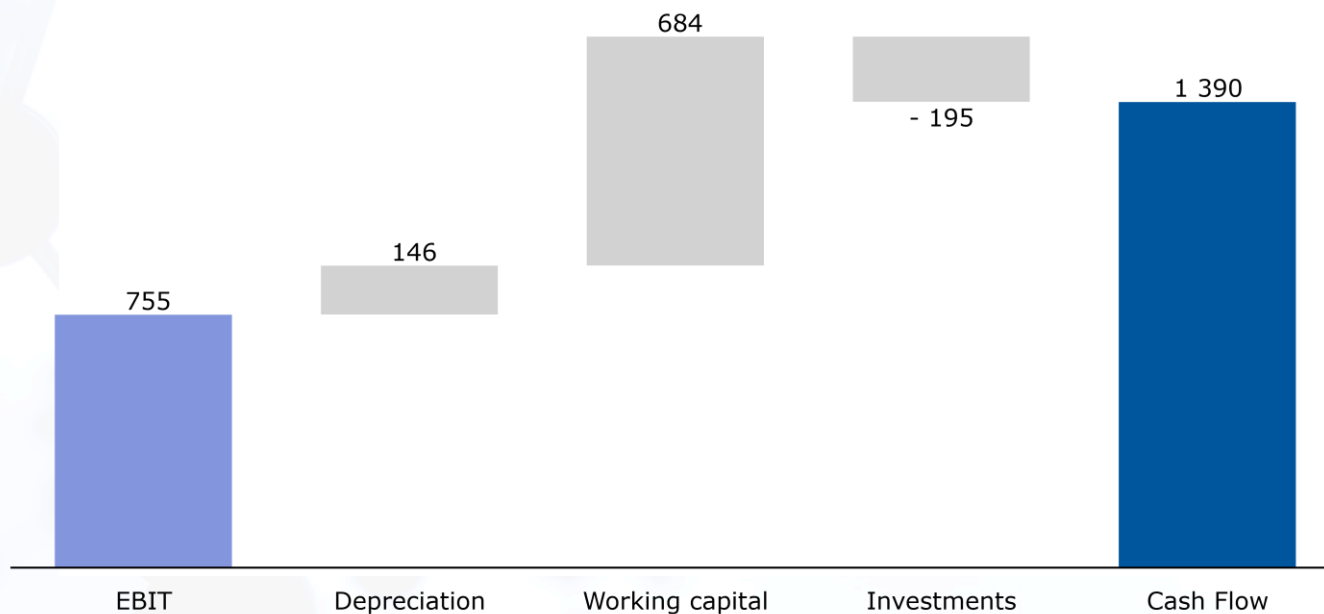


## Highlights

- Compared to last year, the acquisitions of McCann and Star Thermoplastics added some 77 MSEK in working capital
- Working capital improves both in absolute terms and in relation to sales following on lower inventory and lower accounts payables

# Q4 Cash Flow

Cash Flow  
MSEK



## Highlights

- Strong cash flow in the quarter driven by major improvement in working capital

# Q4 Net Debt

Strong financial position



MSEK	31-dec 2023	31-dec 2022
Cash at hand	1 103	1 541
Used credit facilities	-2 678	-4 386
Net debt	-1 575	-2 845
Net debt/EBITDA*	0,38	0,75

\* EBITDA is R12 months

## Highlights

- Strong financial position

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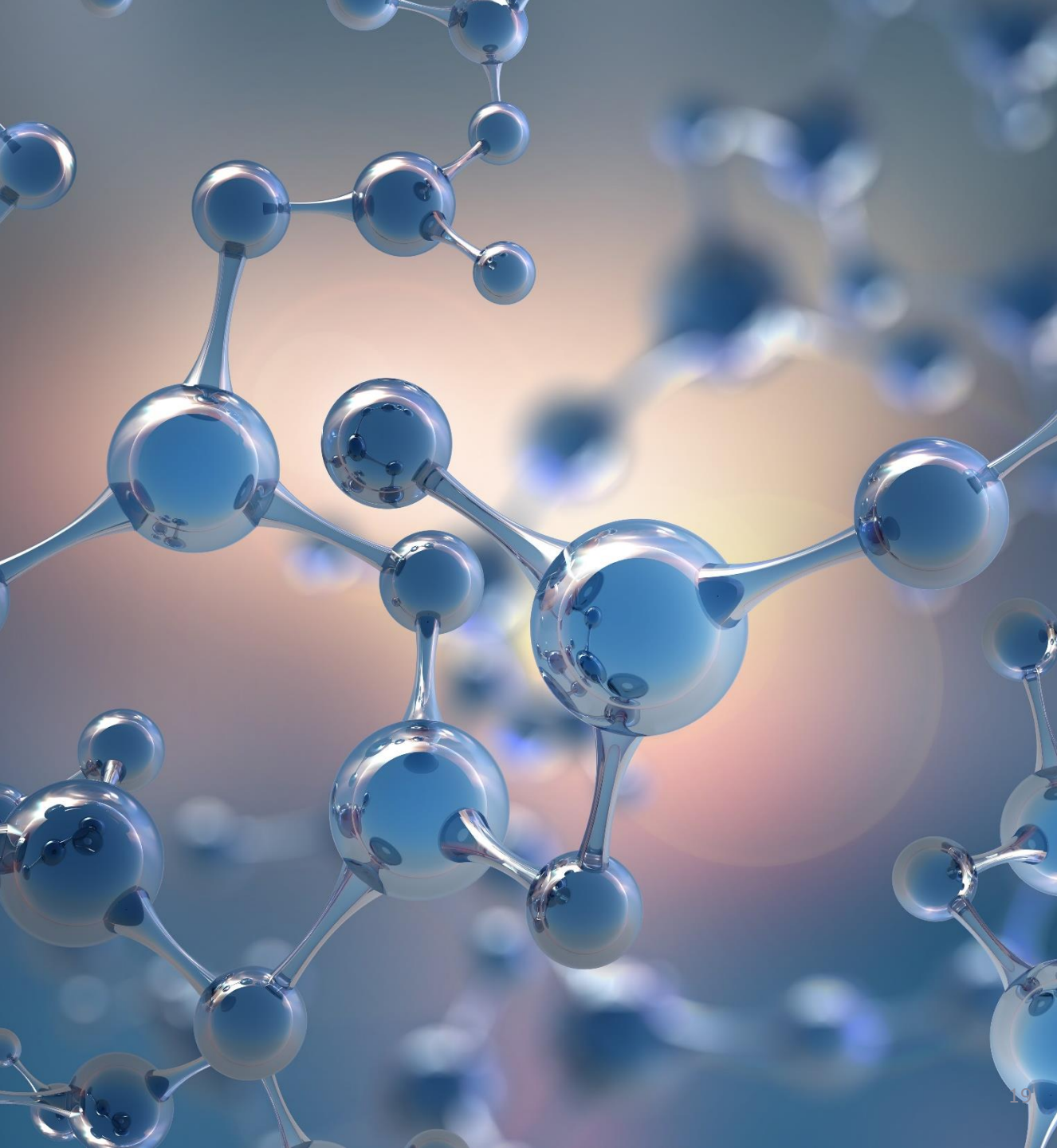
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# Q&A

# Thank You

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