

# HEXPOL Q1 2023 Presentation

.....

Georg Brunstam CEO  
Peter Rosén CFO

April 28, 2023

# ..... Q1 2023 Presentation

**Presented by**



Georg Brunstam  
CEO



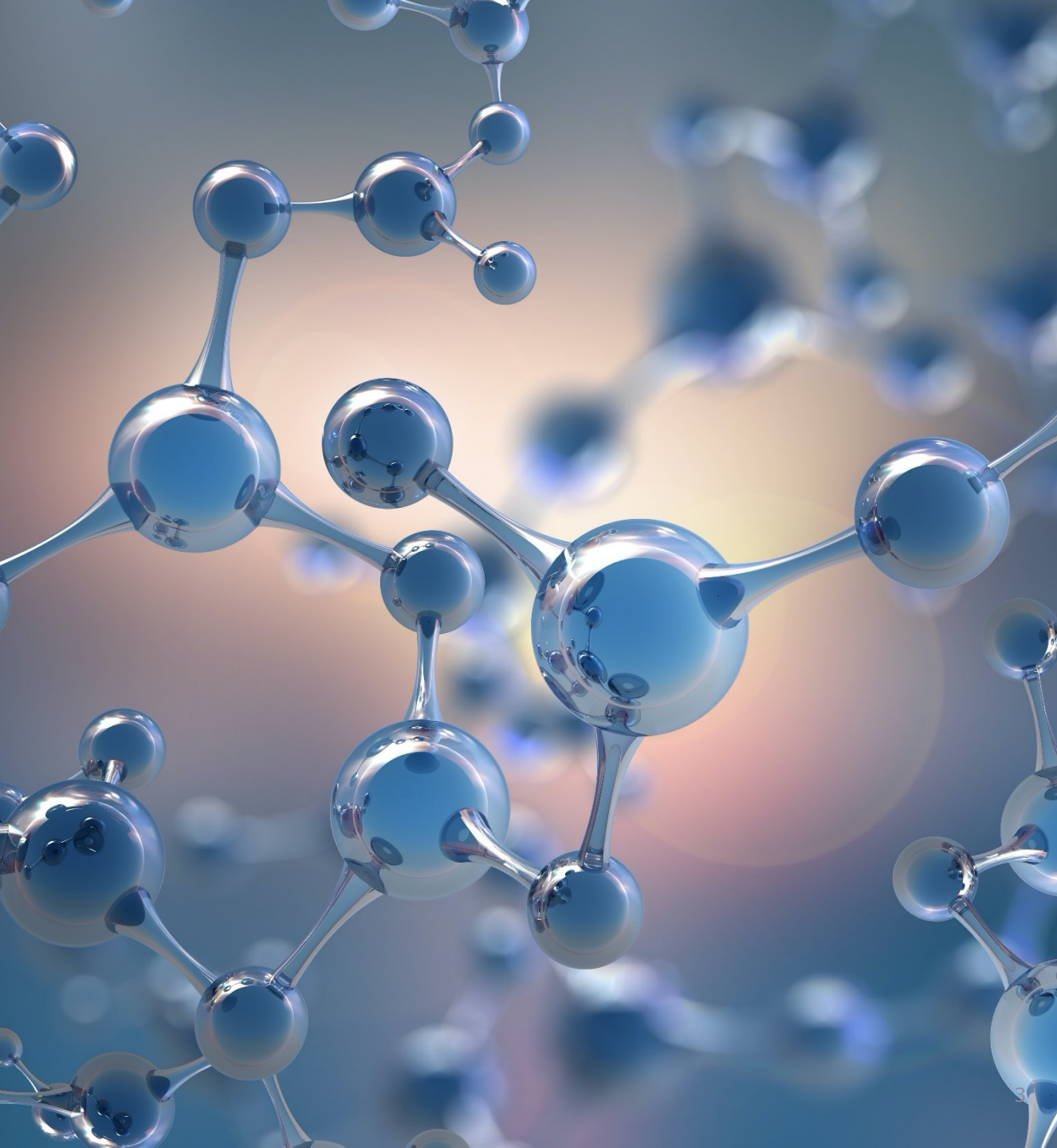
Peter Rosén  
CFO

## **Agenda**

- Business Performance
- Financial Overview
- Focus going forward
- Q&A







# **Business Performance**

# ..... Continued Growth and Strong Margin – Our Best Quarter To Date

- **Best Quarter Ever – So Far**
  - Good sales in all regions and product segments
  - Automotive sales improved
  - Continued execution of our strong business model where price management is crucial
  - Good product and price mix
  - Record quarterly EBIT at 946 MSEK (775) and sequential margin improvement from Q4'2022
- **Continued uncertainty**
  - Sales to automotive segments show improvement but still varied development
  - Good development in Americas while high uncertainty in Europe, with lower sales to e.g. Building & Construction
  - Availability of raw material improving
  - Main raw materials in Compounding see sequentially lower prices but specialized raw material still increasing
- **Sustainability focus with connected M&A agenda**
  - Recycling makes up some 18% of polymer raw materials
  - Science Based Targets commitment letter submitted and accepted
  - McCann, an American specialist in thermoplastic compounding, consolidated from 1 December



# ..... Continued Growth and Strong Margin – Our Best Quarter To Date

- **HEXPOL Compounding**

- Good sales in all regions and product areas
- Sales to automotive segments show improvement but still varied development across markets
- Good development in Americas while high uncertainty in Europe, with lower sales to e.g. Building & Construction
- Improvements in supply chain
- Main raw materials in Compounding see sequentially lower prices but specialized raw material still increasing
- Good product- and price mix
- Strong EBIT and improved margin

- **HEXPOL Engineered Products**

- Sales well above last year, good development in Asia
- Strong EBIT

- **M&A**

- High focus and increased activity level
- The acquisitions done during the last two years are now integrated, both organizationally and geographically. Recently acquired McCann still in progress.

- **Capital Markets Day**

- Well attended venue in Åmål at HEXPOL TPE showing the new medical line investment
- Focus on business model, pricing power and sustainability
- Deep dive into HEXPOL Compounding Americas (Gary Moore from the US attended) and Sustainability



# ..... Strong Culture Delivering

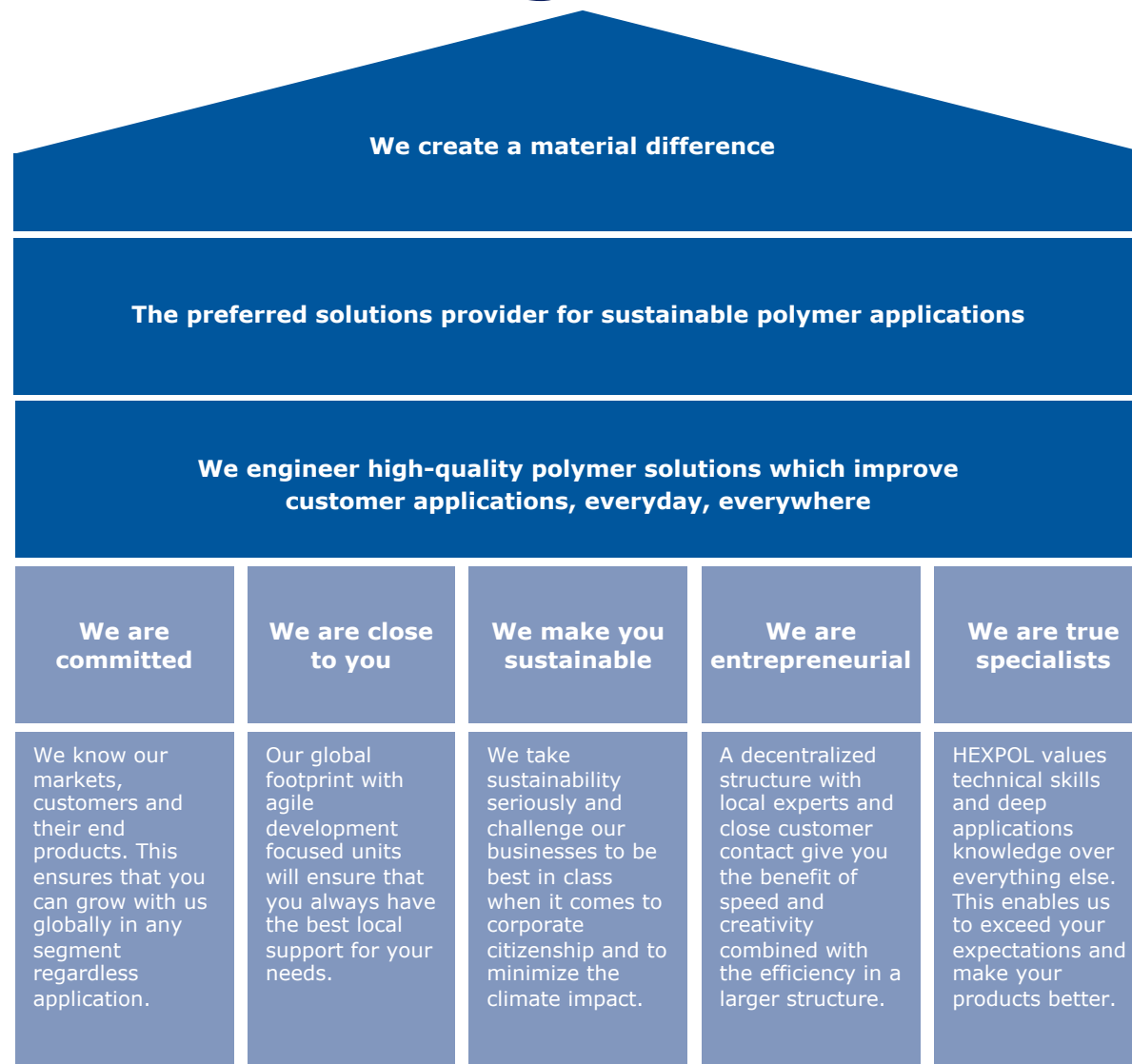
**Purpose**  
The positive impact of what we do

**Vision**  
Our long-term objective

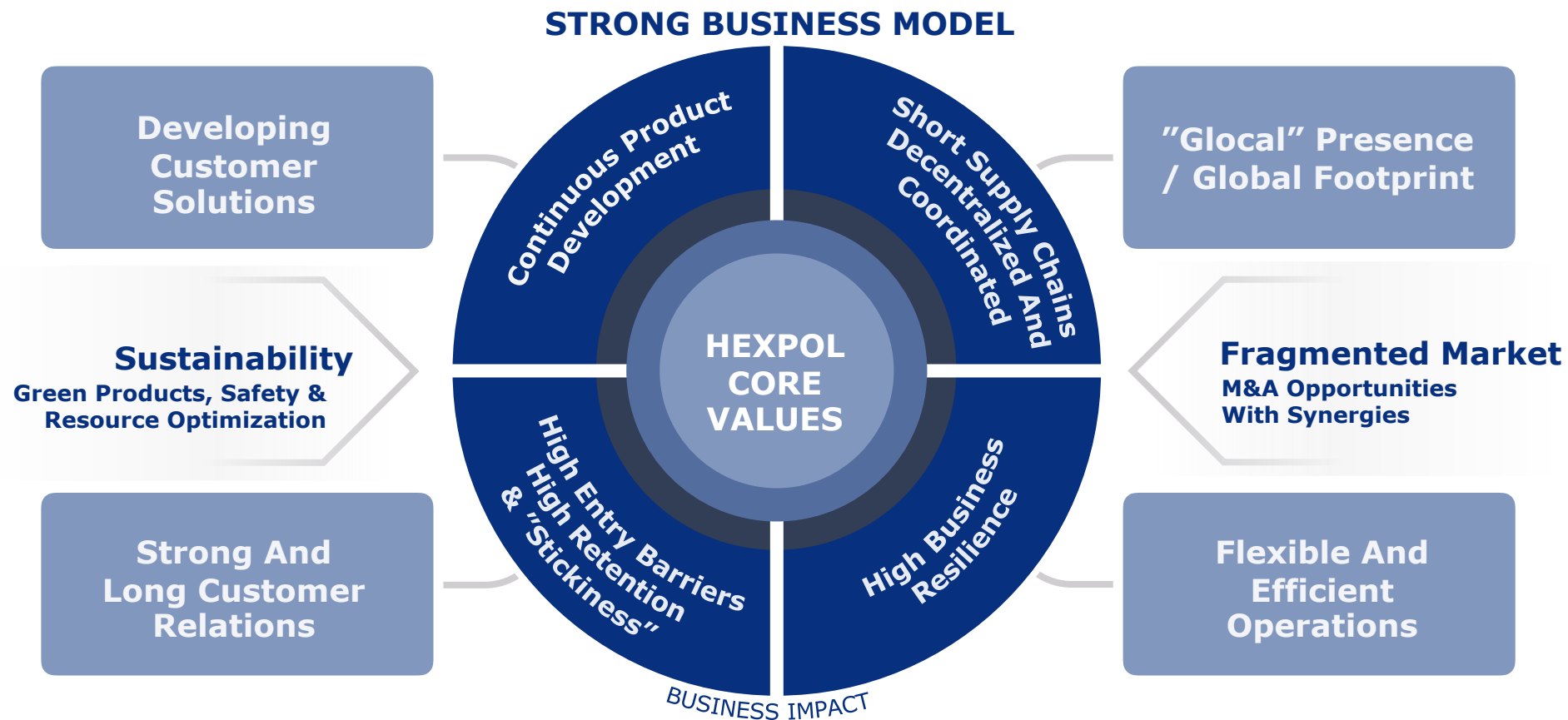
**Mission**  
What we do daily

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

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

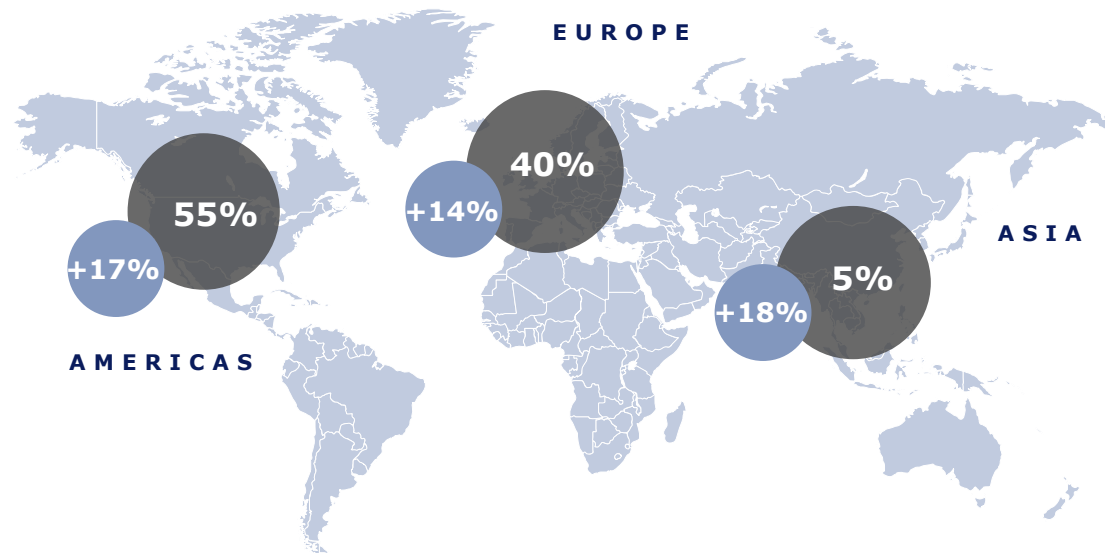


# ..... Strong Execution of Our Business Model

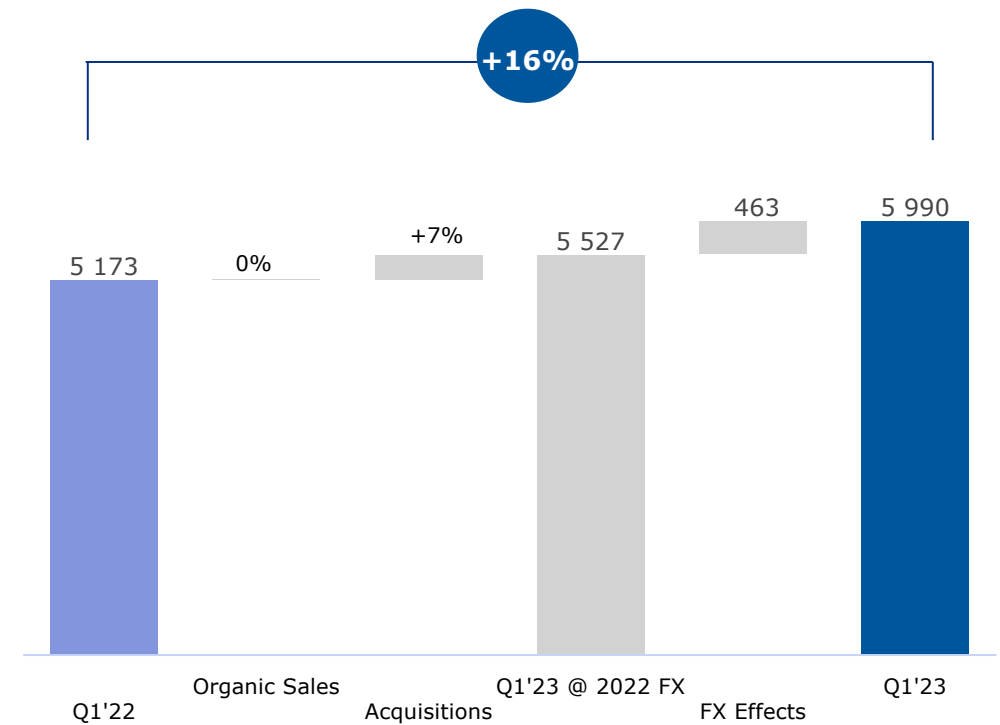


# ..... Q1 Sales Development

## Regional Development



## Sales development MSEK







# Financial Overview

# Q1 Financial Overview

Record high quarterly result



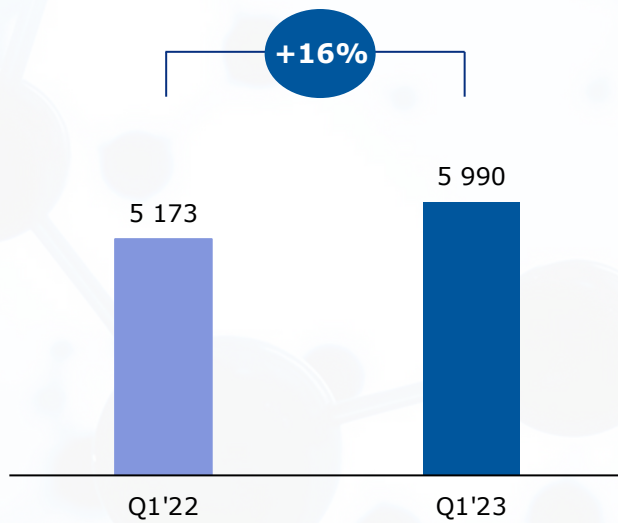
Key figures MSEK	Q1'23	Q1'22
Sales	5 990	5 173
EBITA	975	797
EBITA Margin, %	16,3	15,4
Operating Profit	946	775
Operating Margin, %	15,8	15,0
Profit after tax	668	600
Adjusted Earnings per share, SEK	1,94	1,74
Earnings per share after dilution, SEK	1,94	1,74
Equity/assets ratio, %	60	62
Return on capital employed, % R12	19,0	22,4
Operating cash flow	593	103

## Highlights

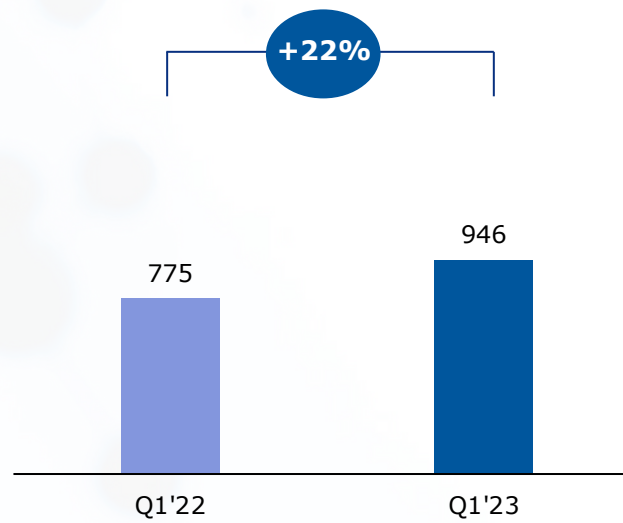
- High sales of 5 990 MSEK, an increase of 16% compared to Q1'22
- Operating Profit of 946 MSEK, an increase of 22% compared to Operating Profit in Q1'22
- Operating Margin of 15,8%
- Strong Equity/Asset ratio of 60%
- High return on capital employed at 19,0%
- Solid cash flow of 593 MSEK

# ..... Q1 Financial Highlights

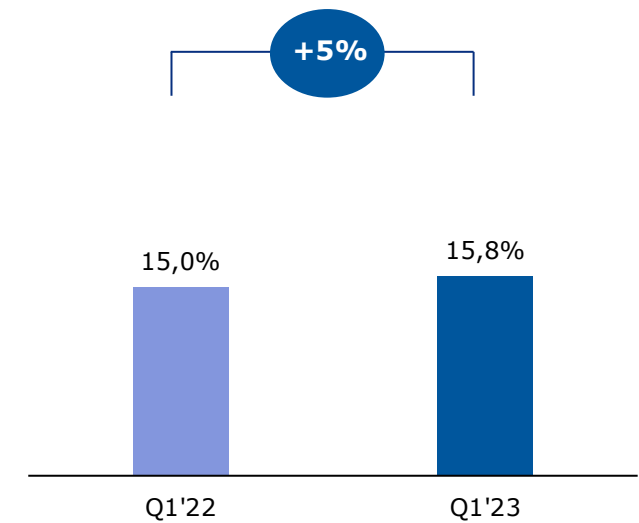
**Sales**  
MSEK



**Operating Profit**  
MSEK



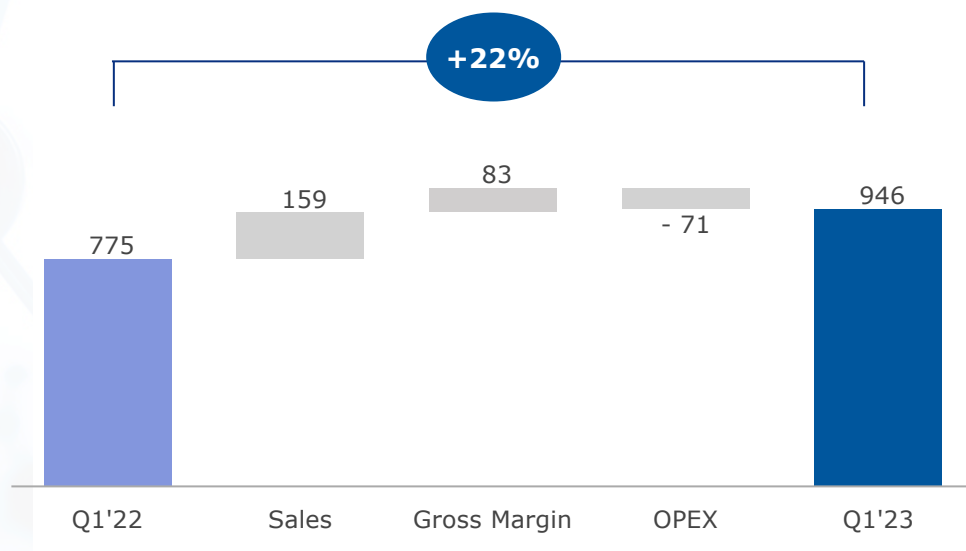
**Operating Margin**  
%



# Q1 Operating Profit

Higher sales and stronger gross margin drive higher operating profit

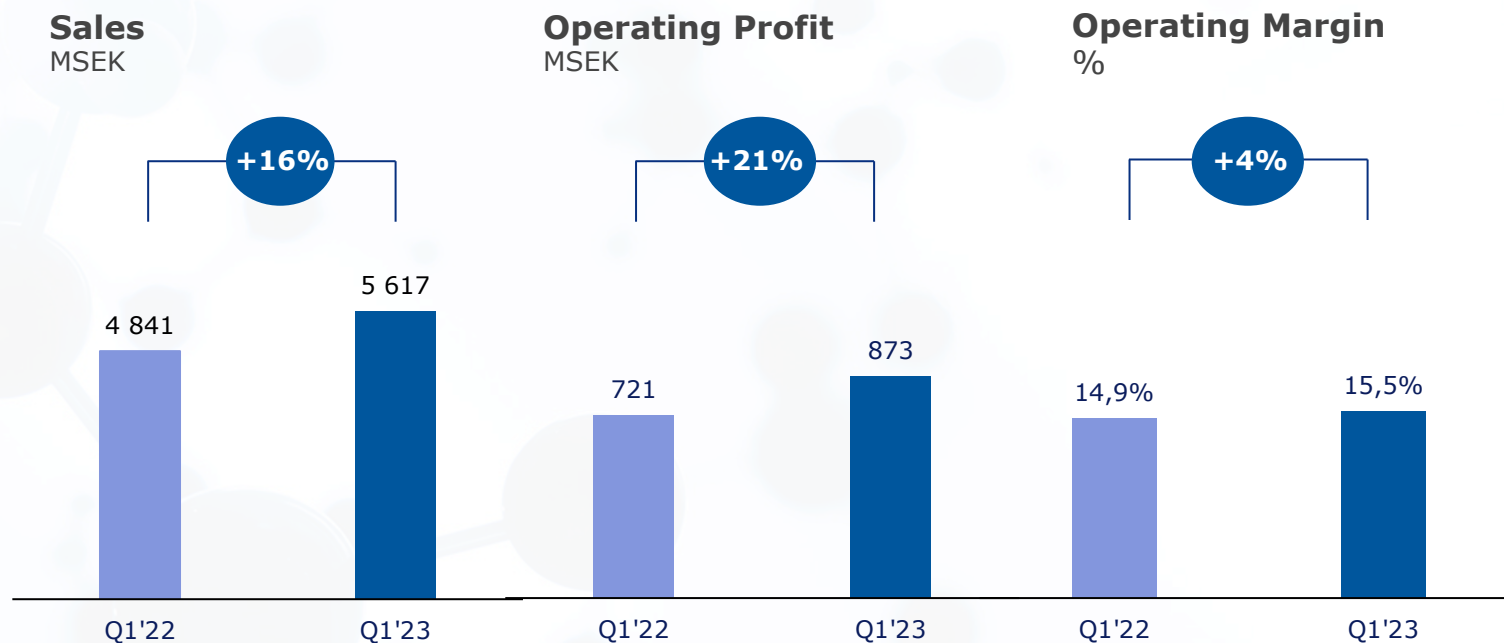
## Operating Profit MSEK



## Highlights

- Higher sales and stronger gross margin drive higher operating profit
- Stronger gross margin due to better product and price mix
- OPEX increase primarily driven by acquisitions, inflation and negative FX effects

# Q1 HEXPOL Compounding

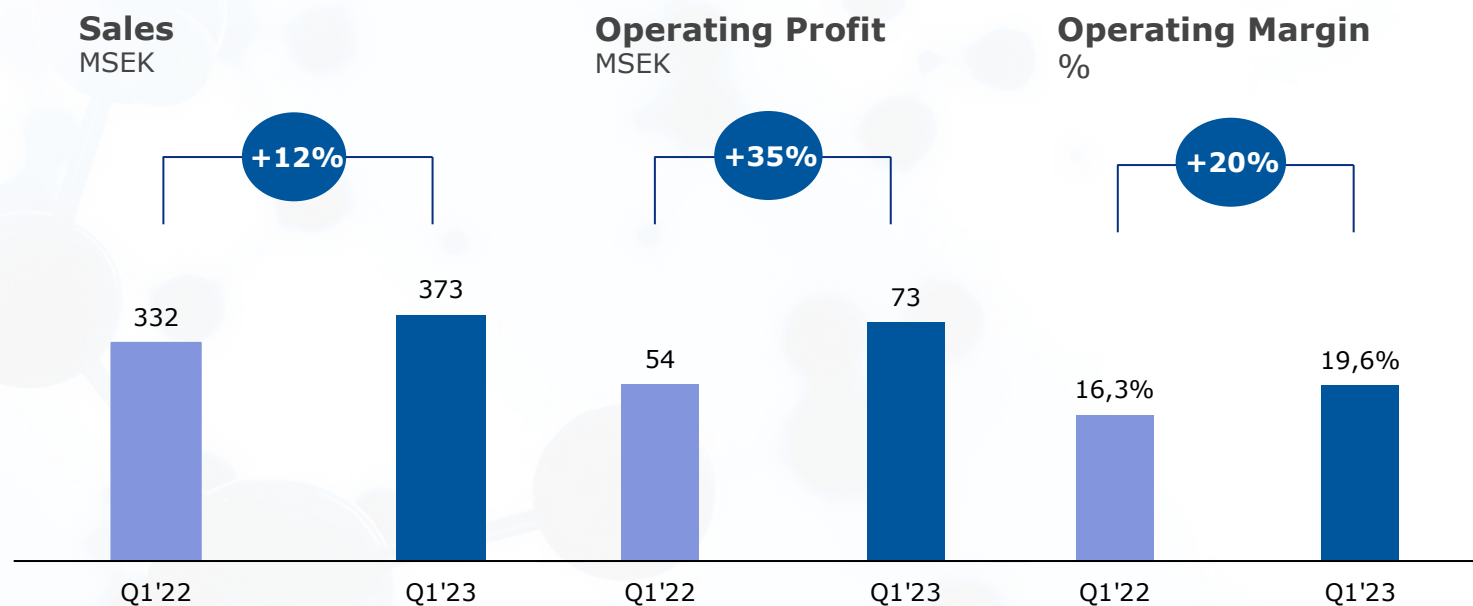


## Highlights

- Strong sales increase vs LY primarily driven by by acquisitions of 7% but also positive FX effects
- Good development in Americas while high uncertainty in Europe, with lower sales to e.g. Building & Construction
- Operating Profit well above LY
- Higher Operating Margin driven by positive product and price mix



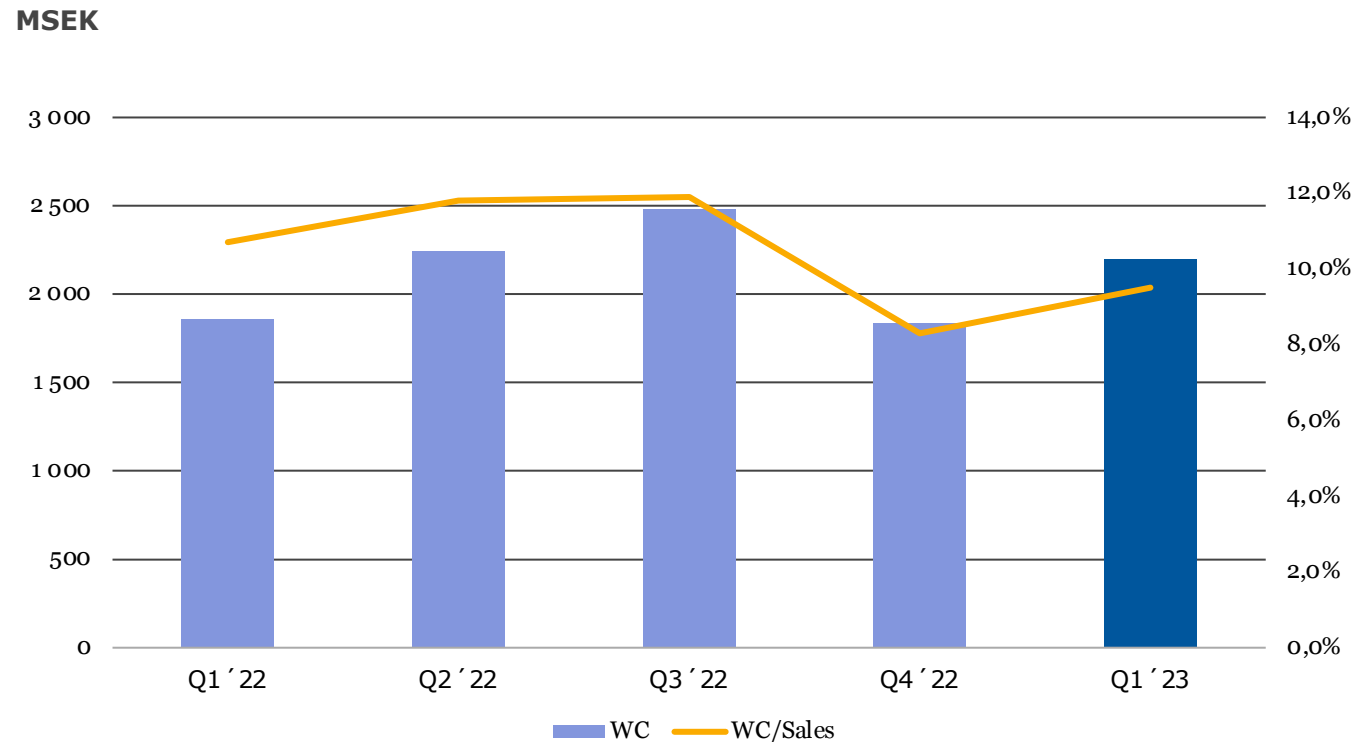
# Q1 HEXPOL Engineered Products



## Highlights

- Sales well above last year, not least driven by positive development in Asia
- Overall strong performance in all product areas
- Operating Profit well above LY
- High operating margin,

# ..... Q1 Working Capital

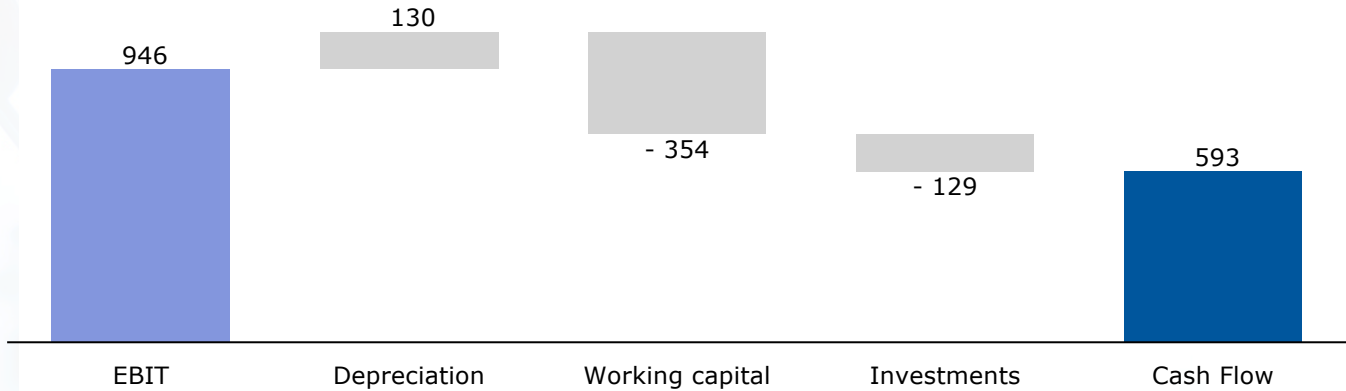


## Highlights

- Compared to last year, the acquisitions of almaak and McCann added some 340 MSEK in working capital
- Working capital in relation to sales decreases following on general improvement

# Q1 Cash Flow

## Cash Flow



## Highlights

- Stable cash flow in the quarter where strong EBIT was offset by growth in accounts receivables following on strong sales towards end of quarter

# Q1 Net Debt

Strong financial position

MSEK	31-mars 2023	31-dec 2022
Cash at hand	1 449	1 541
Used credit facilities	-3 918	-4 386
Net debt	-2 469	-2 845
Net debt/EBITDA*	0,62	0,75

\* EBITDA is R12 months

## Highlights

- Strong cash position

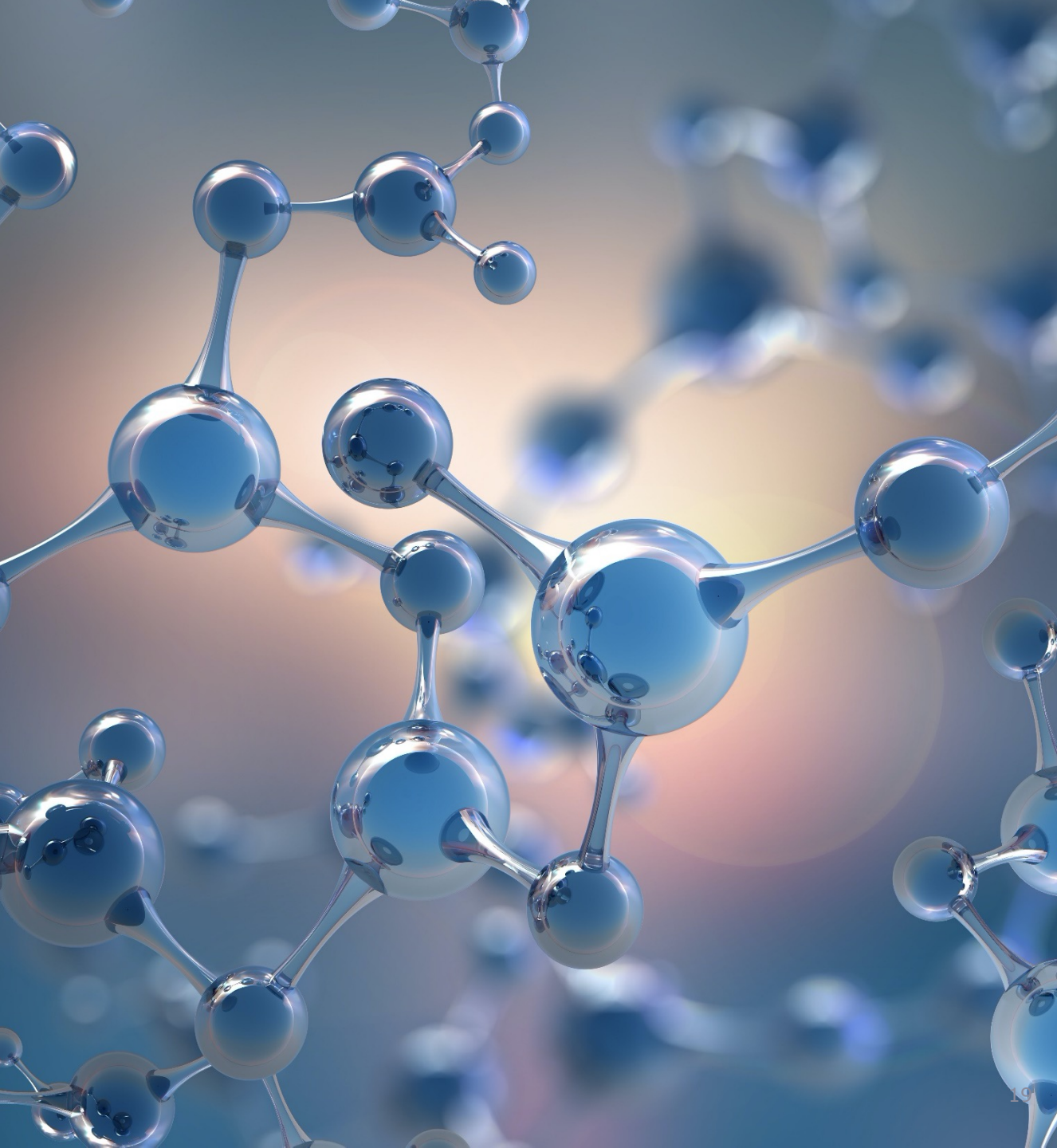


# ..... Continued Growth and Strong Margin – Best Quarter To Date

- **Best Quarter Ever – So Far**
  - Good sales in all regions and product segments
  - Automotive sales improved
  - Continued execution of our strong business model where price management is crucial
  - Good product and price mix
  - Record quarterly EBIT at 946 MSEK (775) and sequential margin improvement from Q4'2022
- **Continued uncertainty**
  - Sales to automotive segments show improvement but still varied development
  - Good development in Americas while high uncertainty in Europe, with lower sales to e.g. Building & Construction
  - Availability of raw material improving
  - Main raw materials in Compounding see sequentially lower prices but specialized raw material still increasing
- **Sustainability focus with connected M&A agenda**
  - Recycling makes up some 18% of polymer raw materials
  - Science Based Targets commitment letter accepted
  - McCann, an American specialist in thermoplastic compounding, consolidated from 1 December





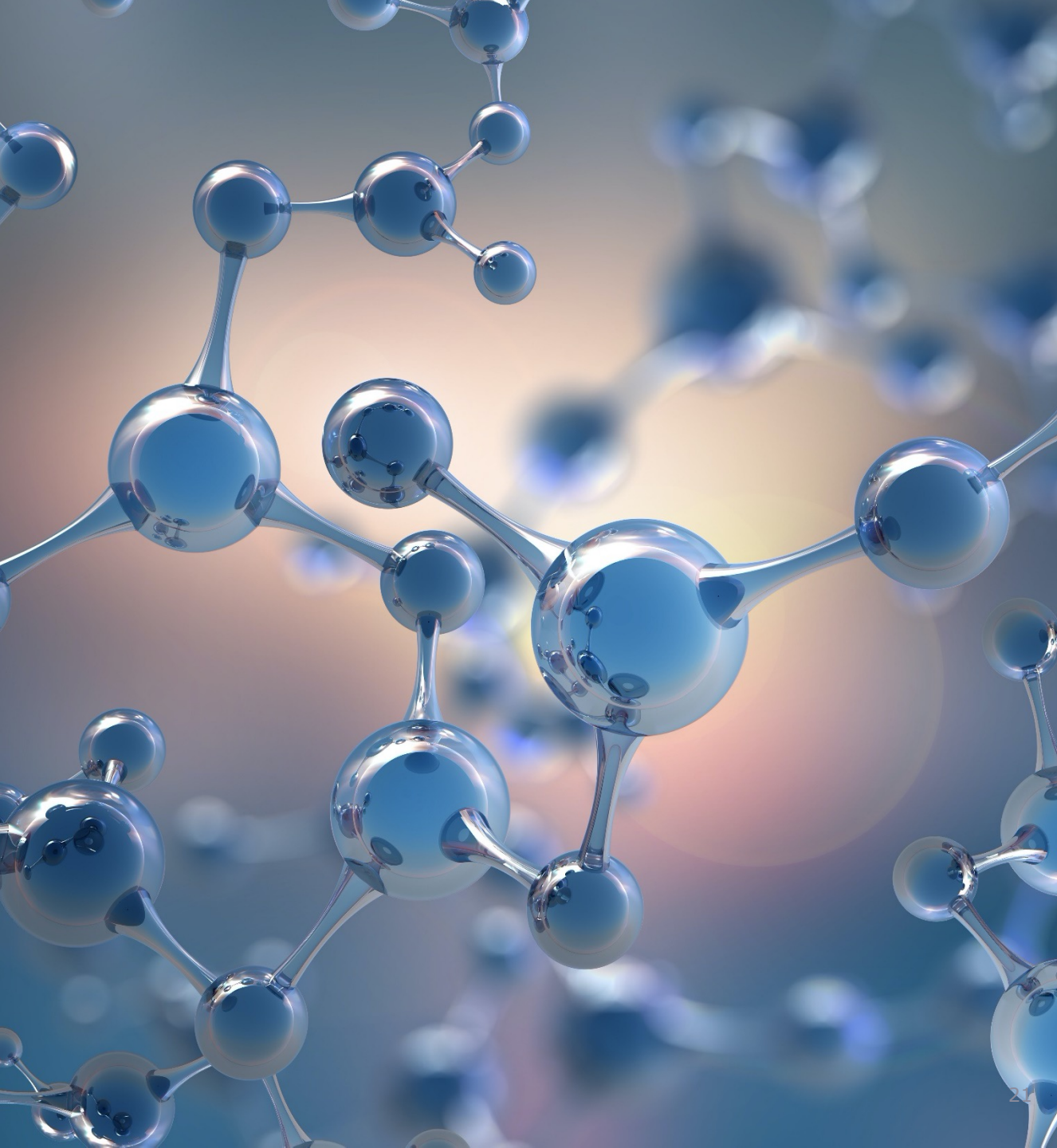


# Focus Going Forward

# ..... Focus Going Forward

- Handle health and safety of our employees
- Manage volatility in demand
- Manage the current challenges in global supply chains and raw material prices
- Strong execution of our business model
- Continue to execute our strategy including:
  - Active M&A
  - Further development of our sustainability work





# Q&A



# Thank You

[www.HEXPOL.com](http://www.HEXPOL.com)