



# HEXPOL Q2 2020 Presentation

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Acting CEO and CFO

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# ..... Q2 2020 Presentation

## Presented by



Peter Rosén  
Acting CEO and CFO

## Agenda

- Business Performance
- Financial Overview
- Cost reductions
- Q&A



# ..... Q2 2020 Key Highlights

- **Covid -19**

- All sites up and running, focus on maintaining health of employees
- No major supply or delivery issues
- As expected and communicated earlier, we saw considerably lower demand during the quarter
  - April and May especially low while June improved

- **Lower sales and result following Covid-19**

- Country lockdowns and industry shutdowns had significant impact on lower demand
- Automotive in Europe and US closed during main part of the quarter, production essentially started during June with volumes picking up from low levels

- **Costs**

- Cost reduction programs started during first quarter continued and accelerated
- Additional cost reductions programs initiated during second quarter
- Short time work and furloughs used to bring costs down
- Working capital continues to improve

- **Strong financial position**

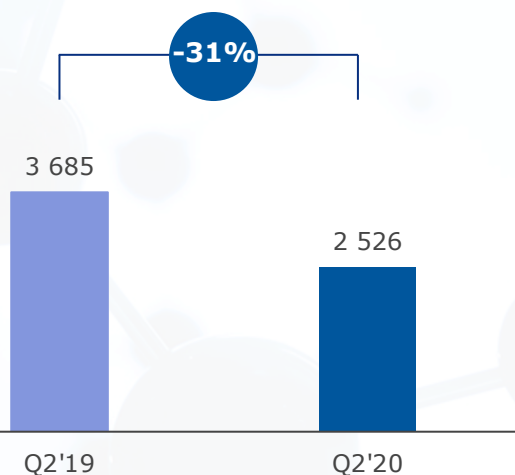
- High equity/asset ratio and low Net Debt/EBITDA ratio



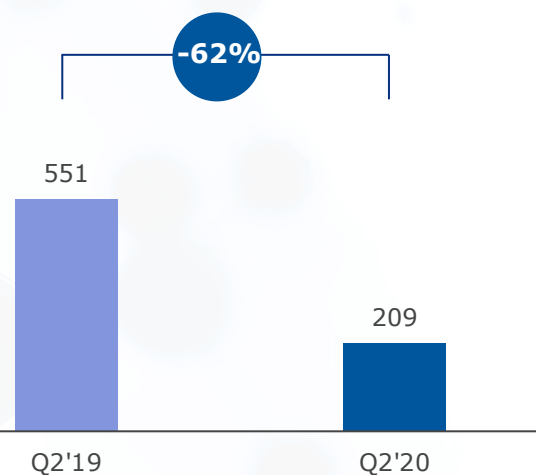
# Q2 2020 Financial Highlights

Covid-19 had significant impact

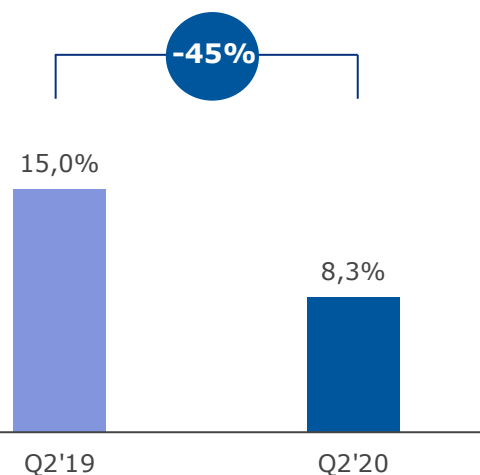
**Net Sales**  
MSEK



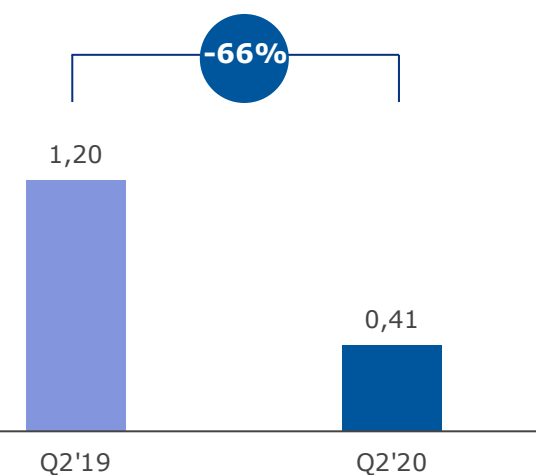
**Adjusted Operating Profit\***  
MSEK



**Adjusted Operating Margin\***  
%



**Adjusted Earnings Per Share\***  
SEK



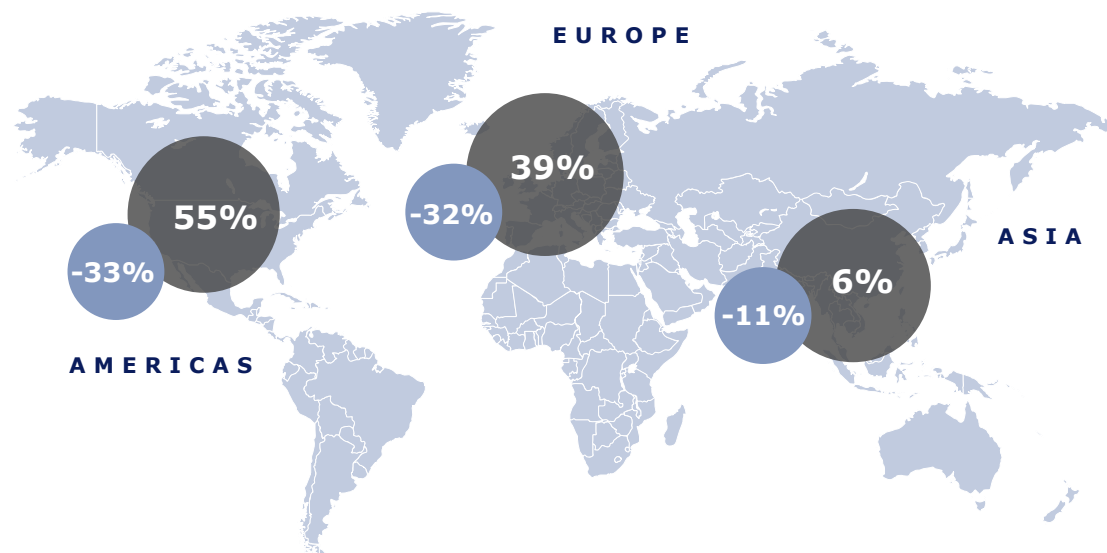
\* Excluding restructuring costs



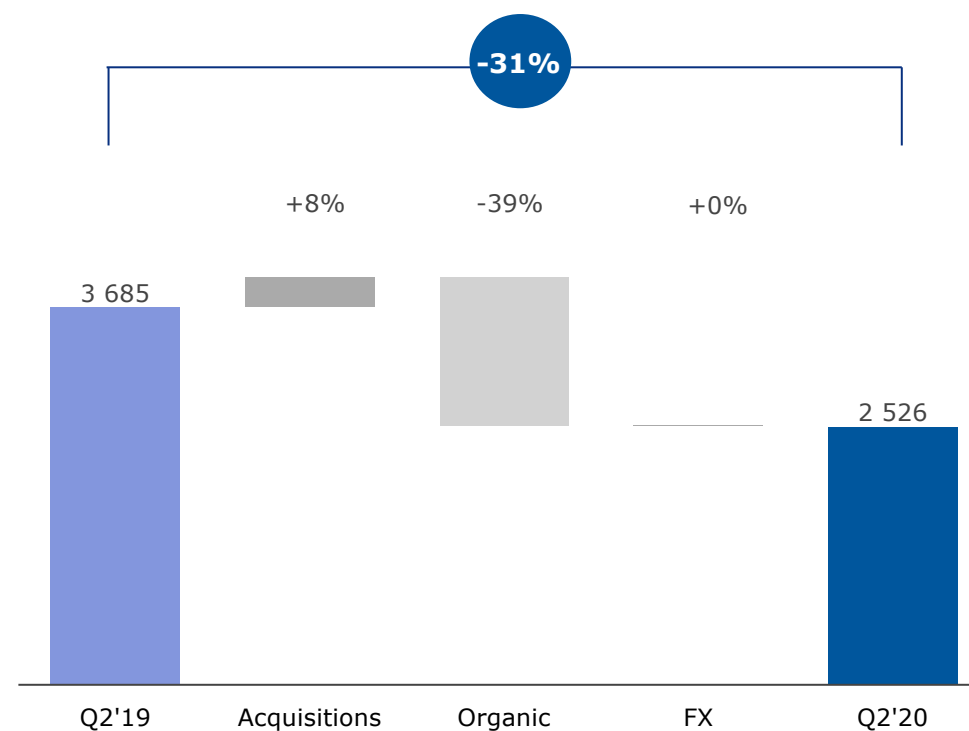
# Q2 2020 Sales Development

Sales decrease driven by Covid-19

## Regional Development



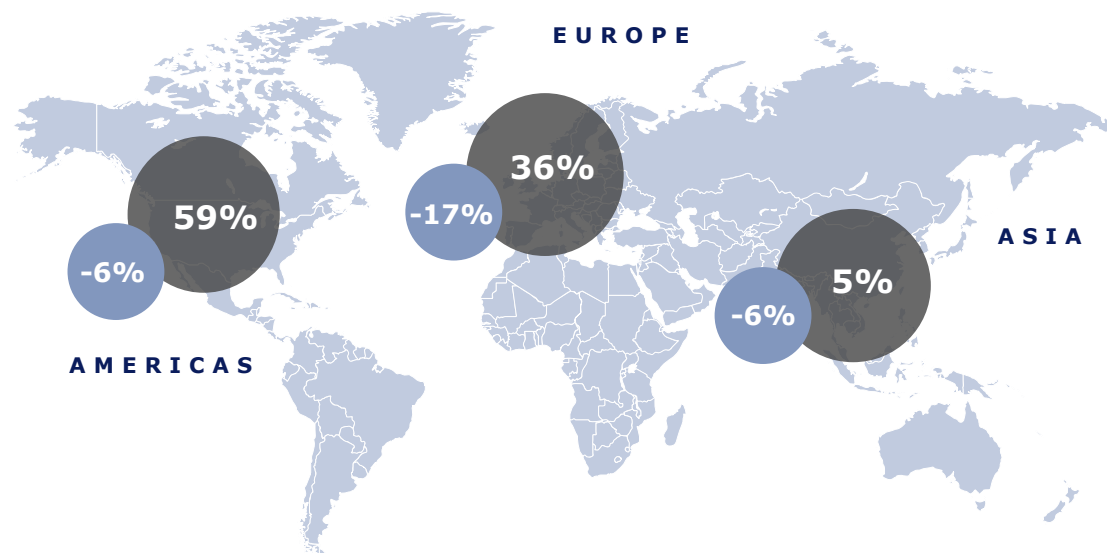
## Sales development MSEK



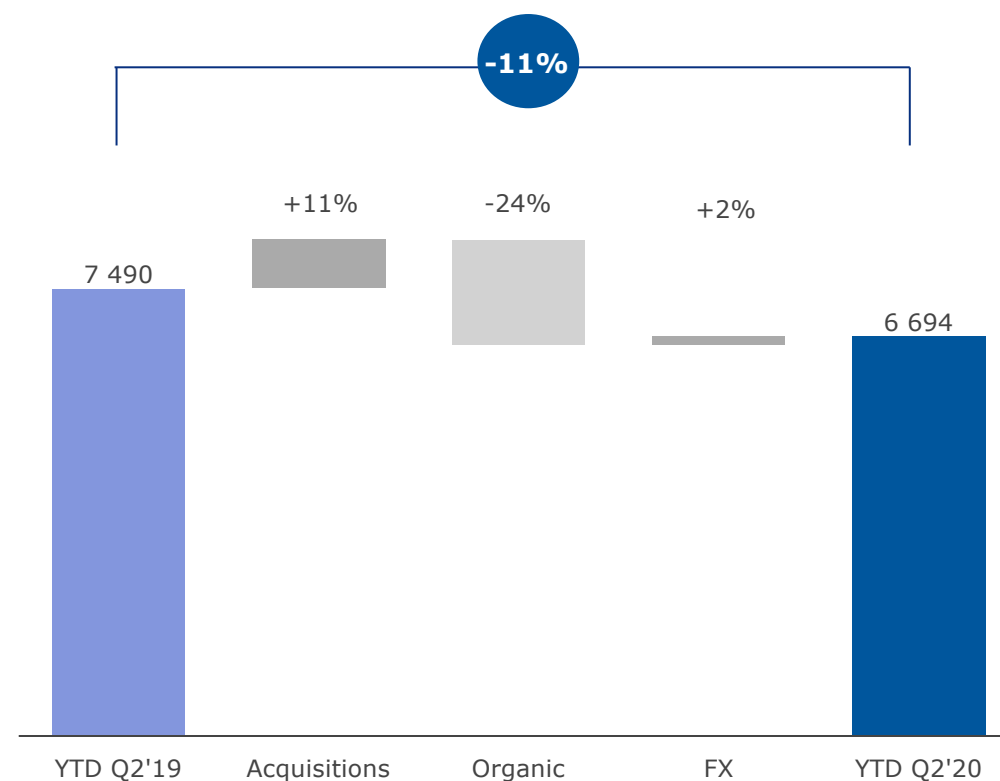
# ..... YTD Q2 2020 Sales Development

Sales decrease primarily driven by Covid-19

## Regional Development



## Sales development MSEK



● Share of HEXPOL sales    ● Sales development vs same period LY

# Q2 Financial Overview

Results affected by Covid-19 but strong financial position



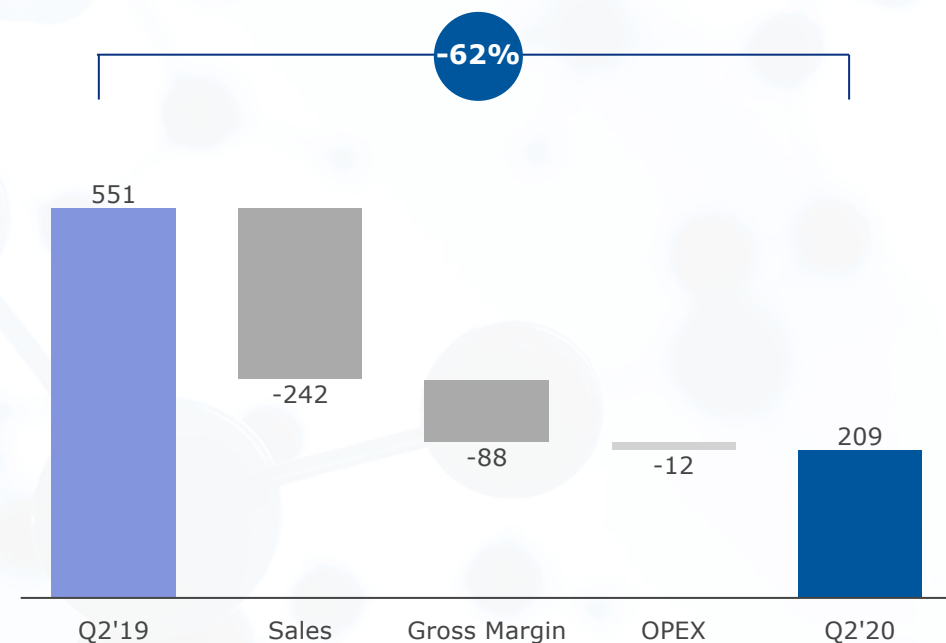
Key figures MSEK	Q2'20	Q2'19	YTD Q2'20	YTD Q2'19
Sales	2 526	3 685	6 694	7 490
EBITA, excl. non-recurring items	229	566	836	1 173
EBITA margin, excl. non-recurring items, %	9,1	15,4	12,5	15,7
Operating profit, EBIT, excl. non-recurring items	209	551	796	1 137
Operating margin, EBIT, excl. non-recurring items, %	8,3	15,0	11,9	15,2
Operating profit, EBIT	183	551	720	1 137
Profit after tax	122	413	527	851
Earnings per share, excl. non-recurring items, SEK	0,41	1,20	1,70	2,47
Equity/assets ratio, %			63	58
Operating cash flow	225	709	752	1 063

## Highlights

- Adjusted EBITA margin 9,1%
- Non-recurring items of 26 MSEK
- Strong equity/asset ratio of 63%

# Q2 Adjusted Operating Profit

## Adjusted Operating Profit\* MSEK



## Highlights

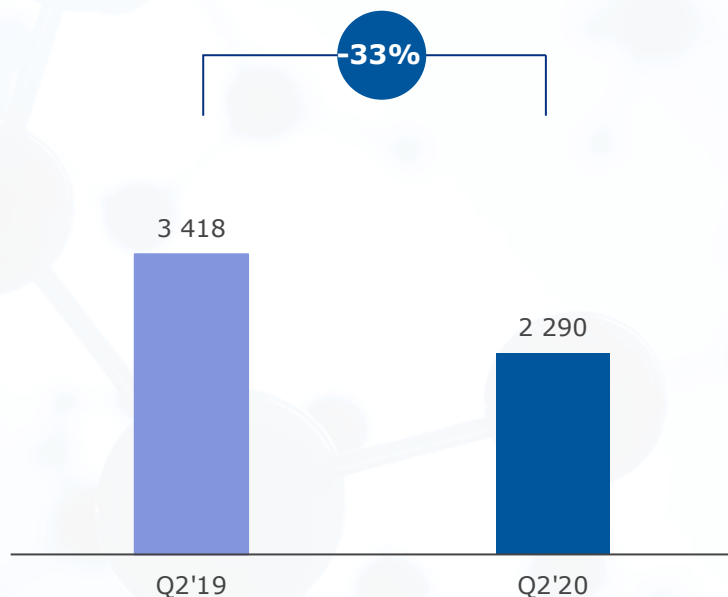
- Lower sales impacted operating profit negatively
- Significant costs savings during the quarter in both direct production costs and OPEX
- OPEX on same level as last year despite acquisition of Preferred Compounding

\* Excluding restructuring costs

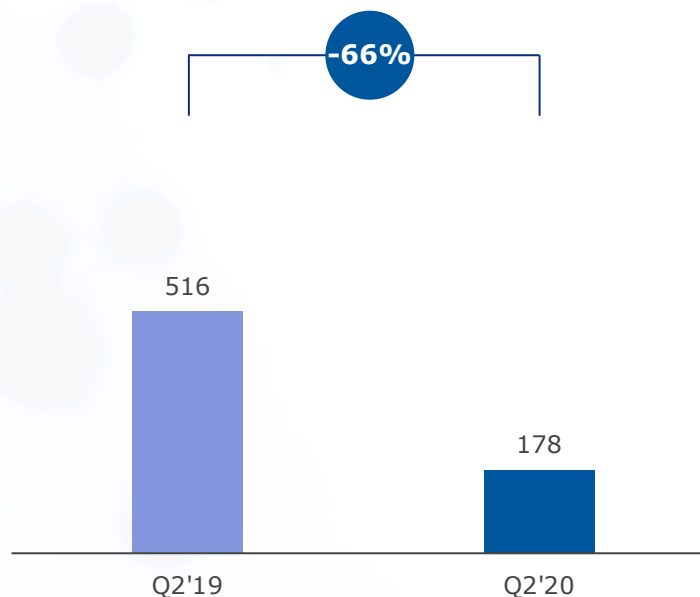


# Q2 HEXPOL Compounding

**Net Sales**  
MSEK



**Adjusted Operating Profit\***  
MSEK



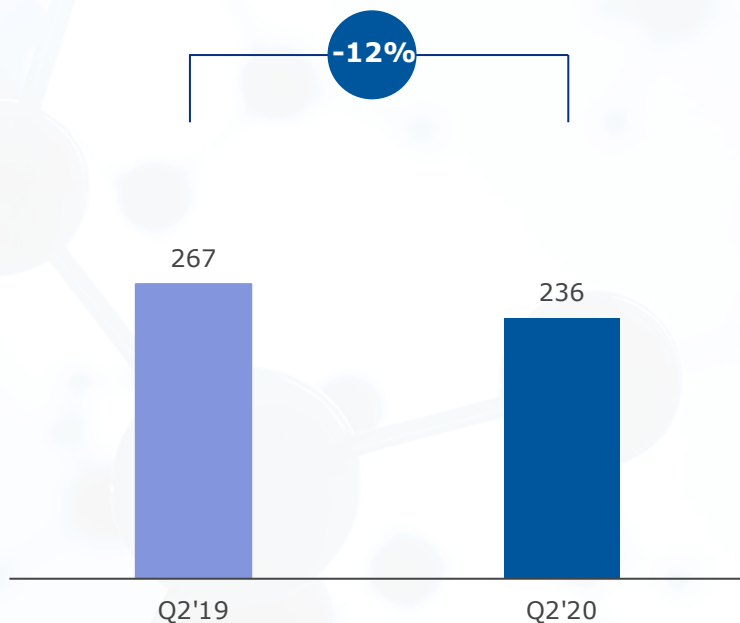
## Highlights

- Sales decrease due to both country lockdowns and industry shutdowns driven by Covid-19
- Both Europe and Americas showed lower sales to most customer segments, main negative impact with automotive and general industry
- Asia sales down some primarily to automotive customers
- Thermoplastic Compounding saw lower sales due to closed automotive customers
- Also TPE showed somewhat lower sales with some exceptions, eg. to medical equipment customers
- Lower adjusted operating profit follows the lower sales, despite cost savings

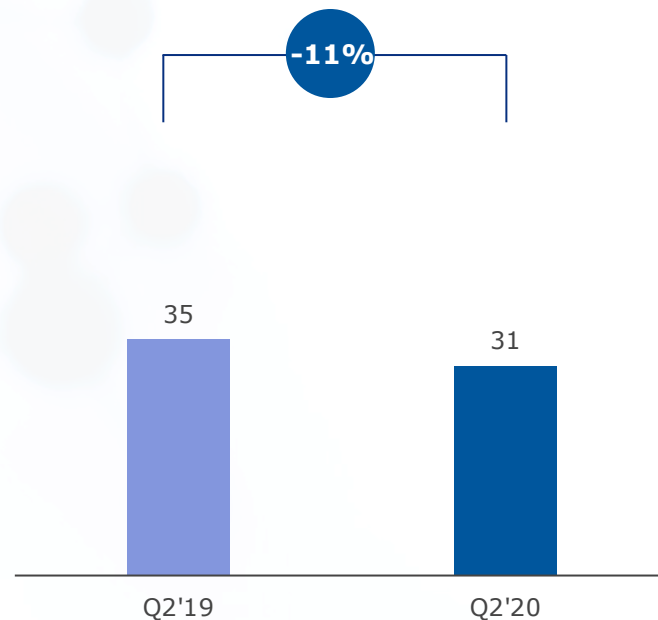
\* Excluding restructuring costs

# Q2 HEXPOL Engineered Products

**Net Sales**  
MSEK



**Operating Profit**  
MSEK

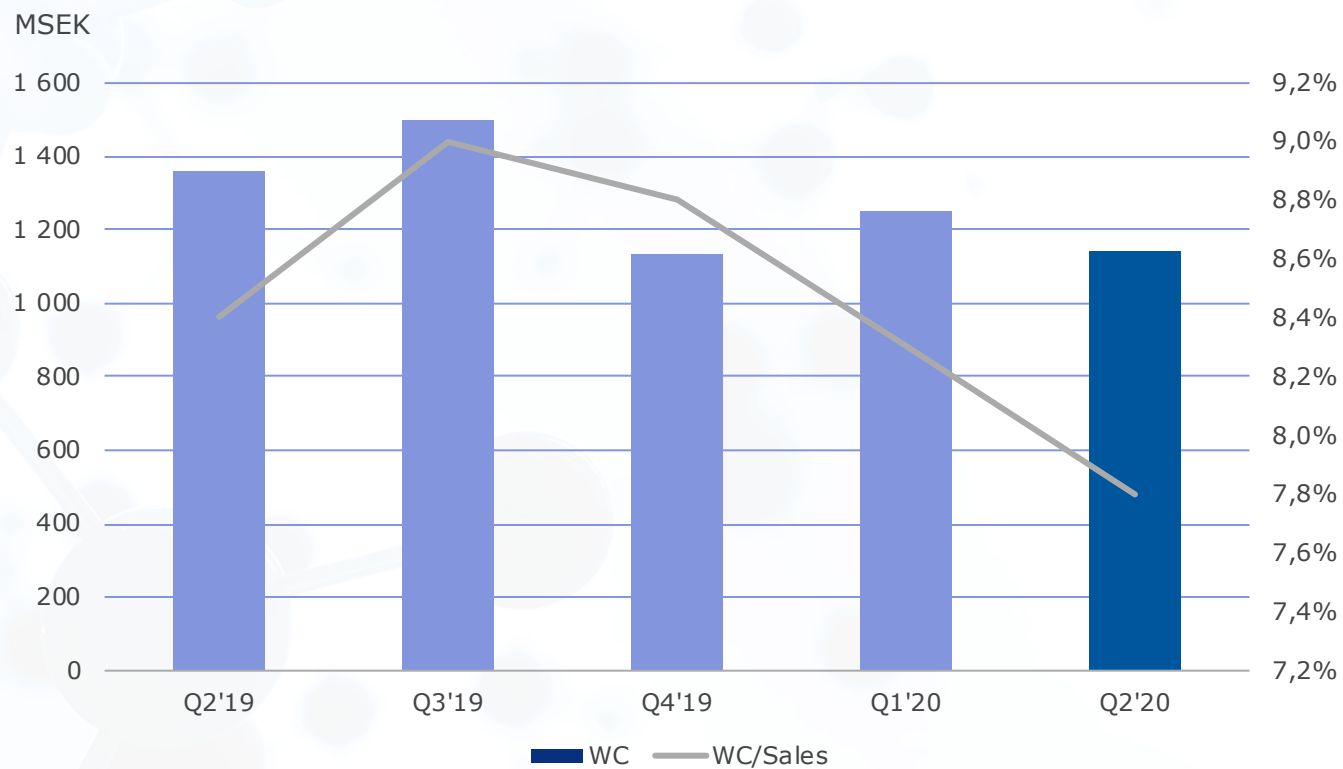


## Highlights

- Somewhat lower sales with smaller movements within the product groups
- Stable margins

# Q2 Working Capital

Continuous improvement after acquisition driven peaks



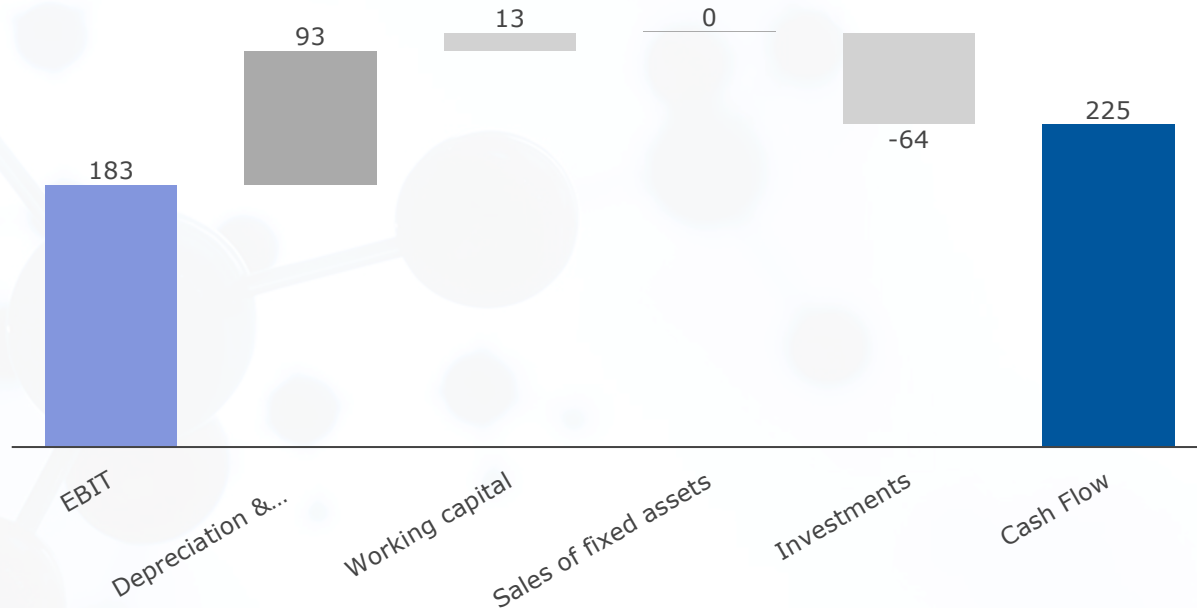
## Highlights

- Working capital improved in absolute terms compared to same period last year
- Working capital in relation to sales improves after acquisitions with higher working capital are integrated into HEXPOL way of working

# Q2 Cash Flow

Stable cash generation

Cash Flow  
MSEK



## Highlights

- Working capital relatively flat during second quarter of 2020
- Level of investments below depreciation
- EBIT is largely translated into cash



# Q2 Net Debt

Strong financial position



MSEK	30 June 2020	30 June 2019	31-dec 2019
Cash at hand	1 134	1 738	1 624
Used credit facilities	-2 912	-3 163	-4 000
Net debt	-1 778	-1 425	-2 376
Net debt/EBITDA*	0,85	0,57	0,95

\* EBITDA is R12 months

## Highlights

- Strong cash position
- Strong Net debt/EBITDA ratio

# ..... Cost Savings



## **Employees**

Current run rate of direct labor costs is down 25% compared to first quarter 2020

Some 500 employees are currently on various forms of short time work and furlough

In addition, 227 employees left the company during second quarter

## **Costs**

Current run rate of OPEX is down some 14% compared to the cost level seen since the Preferred acquisition

Cost reduction programs will have further positive effect during second half of 2020 and we expect current OPEX run rate to improve another 10% by end of year

# ..... Q2 2020 Summary

- **Covid -19**

- All sites up and running, focus on maintaining health of employees
- No major supply or delivery issues
- As expected and communicated earlier, we saw considerably lower demand during the quarter
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- **Lower sales and result**

- Country lockdowns and industry shutdowns had significant impact on lower demand
- Automotive in Europe and US closed during main part of the quarter, production essentially started during June with volumes picking up from low levels
- Still managed an adjusted EBITA margin of 9,1%

- **Operations**

- Cost reduction programs started during first quarter continued and accelerated
- Additional cost reduction programs initiated during second quarter
- Short time work and furloughs used to bring costs down
- Decentralized but coordinated organization a strength as conditions vary between countries and speed of actions is required

- **Strong financial position**

- High equity/asset ratio and low Net Debt/EBITDA ratio



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## Q&A



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# Thank You

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