

HEXPOL Q2 2021 Presentation

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Georg Brunstam CEO
Peter Rosén CFO

July 16 2021

..... Q2 2021 Presentation

Presented by



Georg Brunstam
CEO

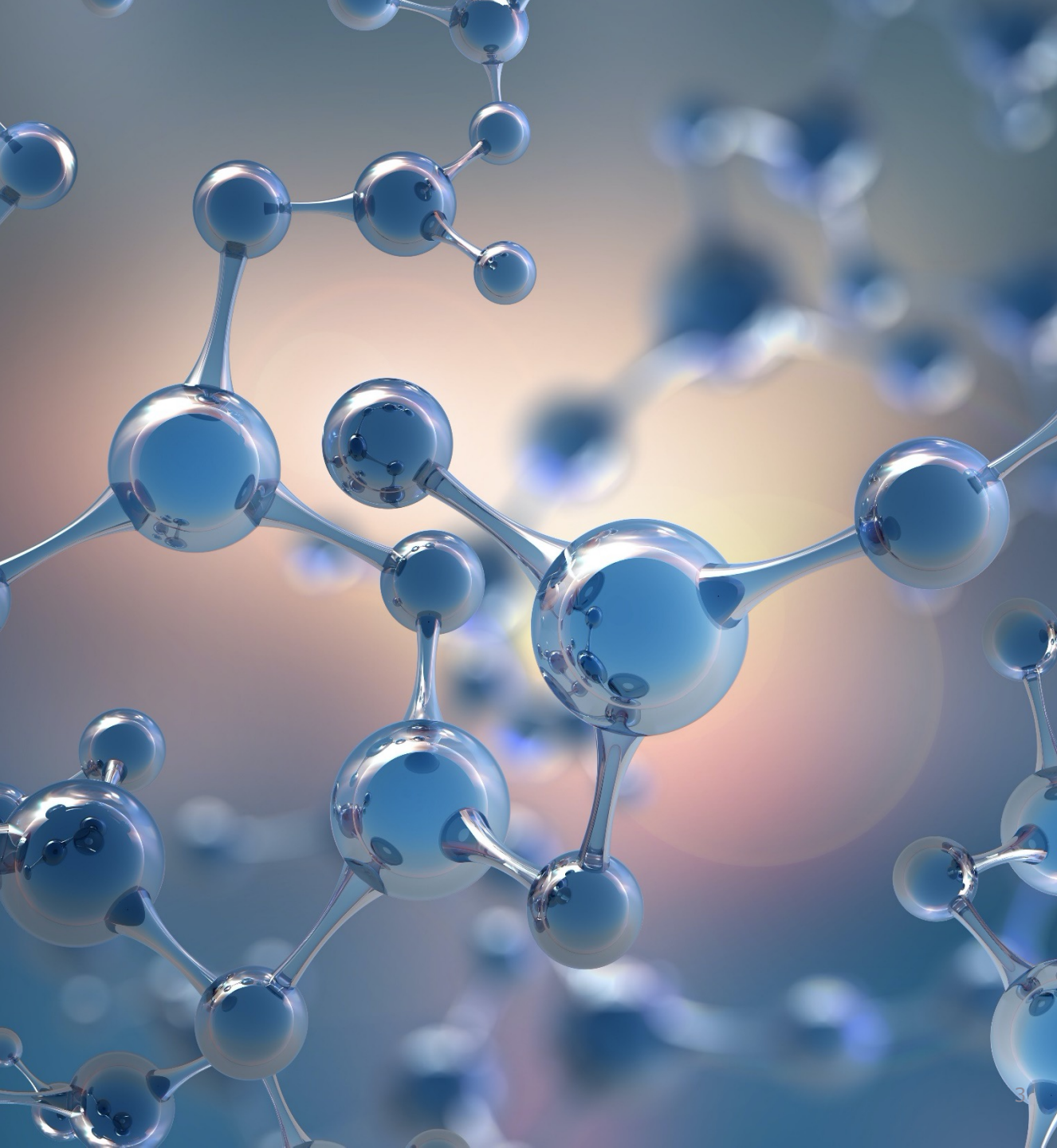


Peter Rosén
CFO

Agenda

- Business Performance
- Financial Overview
- Focus for 2021
- Q&A





Business Performance

..... Strong Organic Sales and Lowered Cost Base Gave Best Quarterly Result Ever

- **Strong organic sales increase 70% - growth in all regions despite global supply chain disturbances**
 - Sales and volume recovery seen with most customer segments
 - Supply chain issues and semi conductor shortages at OEMs affecting
 - Substantial global supply issues and major price increases on raw material but well handled by experienced HEXPOL team
 - Sales negatively affected by FX effects 405 MSEK
 - Sales at fixed 2020 FX rates amounted to 4 407 MSEK (2 526)
- **Covid -19**
 - All sites open but local out brakes create disturbances
 - Vaccination increasing everywhere and helps stabilize
 - Decentralized organization helps and works
- **Tight cost control after cost saving programs during 2020**
- **Best quarterly result ever (so far) despite negative FX effects**
 - Operating Profit increased with 248% to 728 MSEK (209)
 - Operating Margin at high 18,2% (8,3)



..... Strong Execution on Updated Strategy and Increased Customer Focus

- **HEXPOL Compounding**

- Strong sales in all regions
- Recovery in most industry segments
- Automotive at good levels in all regions but disturbances from semi conductor shortages
- Substantial EBIT improvement driven by good sales and lower cost base

- **HEXPOL Engineered Products**

- Sales well above last year
- Substantial EBIT improvement driven by good sales and lower cost base

- **M&A**

- High focus and increased activity level
- Two acquisitions in core business completed so far this year in line with strategy



..... Strong Culture Delivering

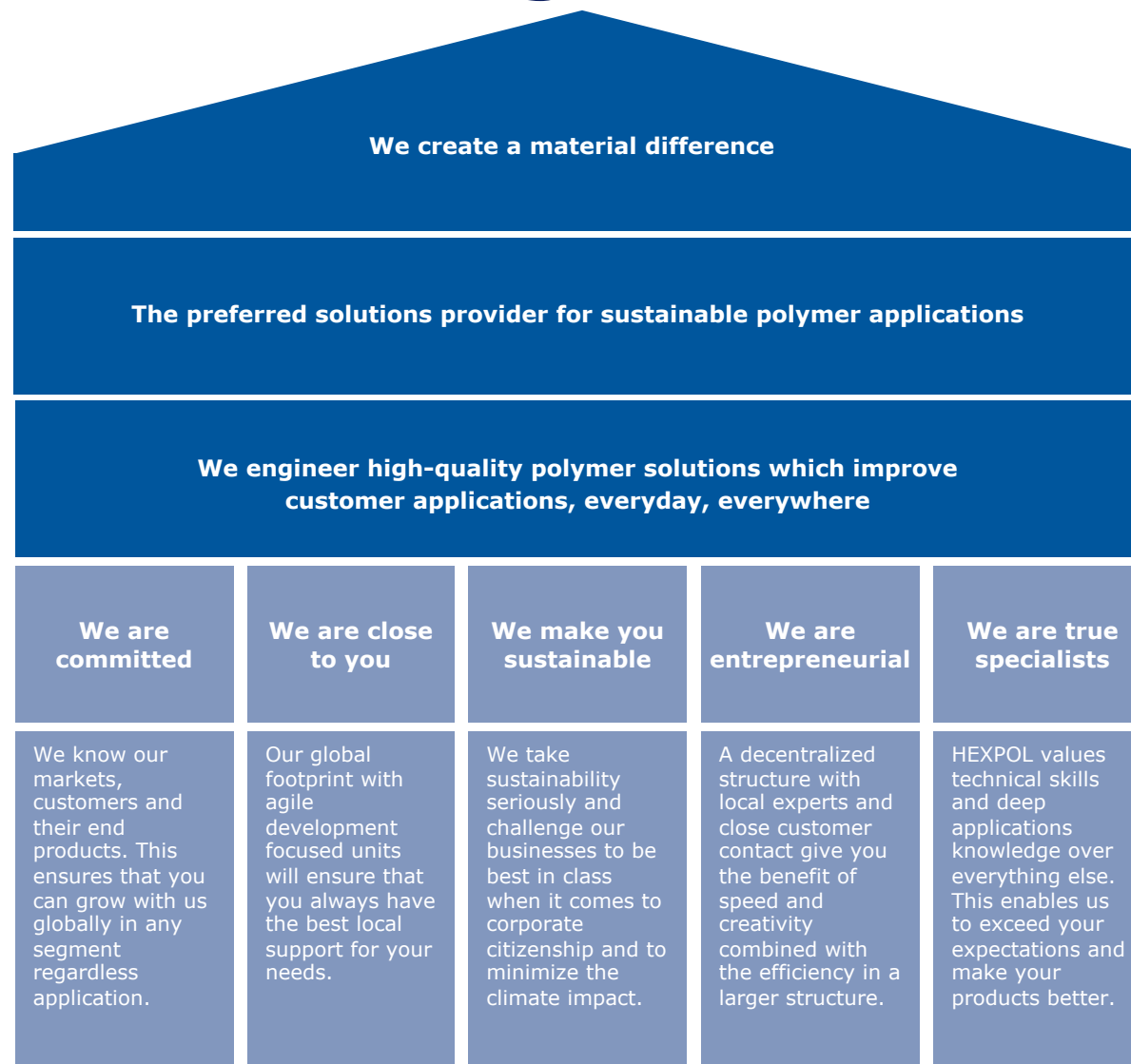
Purpose
The positive impact of what we do

Vision
Our long-term objective

Mission
What we do daily

Core values
Our fundamental beliefs that dictate our behavior

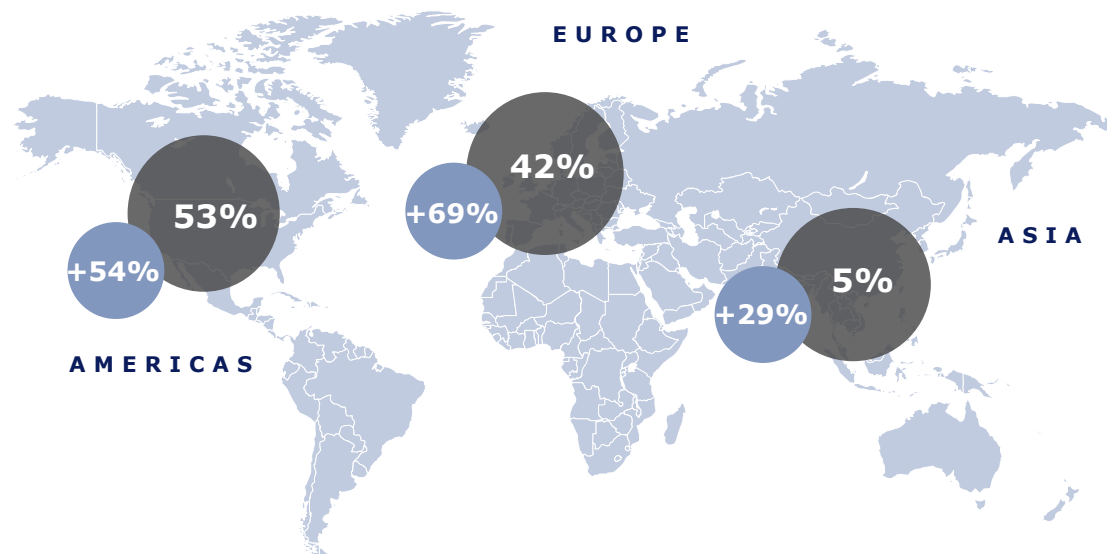
Rationale & evidence
Proof of what we say is true



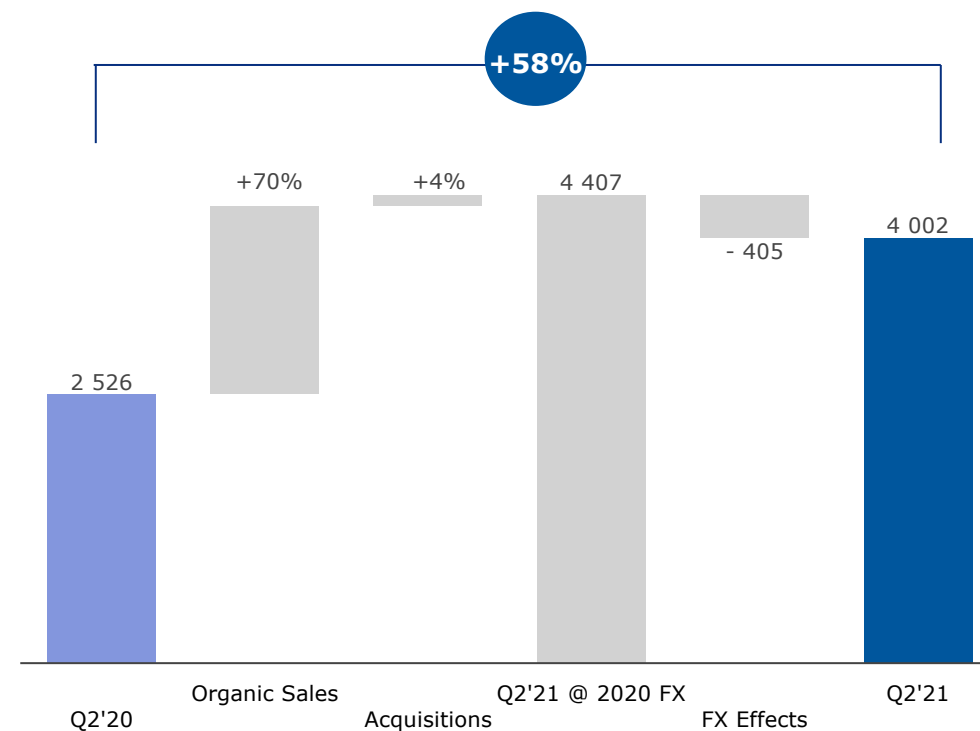
Q2 2021 Sales Development

Strong organic sales growth partly offset by negative FX effects (mainly USD)

Regional Development



Sales development MSEK





Financial Overview

Q2 Financial Overview

Very strong result and margin despite negative FX effects



Key figures MSEK	Q2'21	Q2'20	YTD Q2'21	YTD Q2'20
Sales	4 002	2 526	7 812	6 694
Adjusted EBITA	745	229	1 466	836
Adjusted EBITA Margin, %	18,6	9,1	18,8	12,5
Adjusted Operating Profit	728	209	1 432	796
Adjusted Operating Margin, %	18,2	8,3	18,3	11,9
Operating Profit	728	183	1 432	720
Profit after tax	537	122	1 071	527
Adjusted Earnings per share, SEK	1,56	0,41	3,11	1,70
Equity/assets ratio, %			60	63
Operating cash flow	590	225	1 023	752

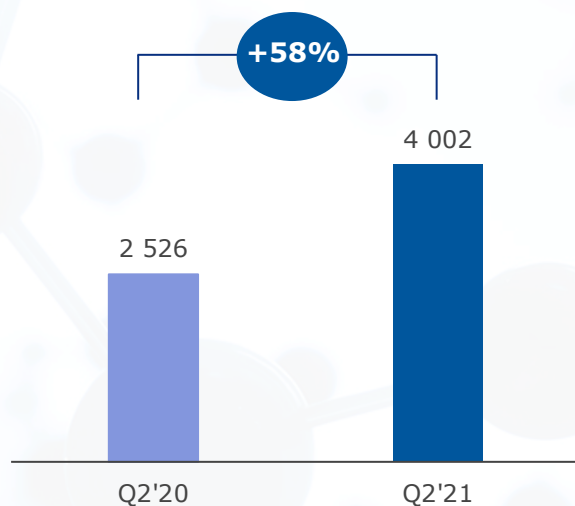
Highlights – Second Quarter

- Negative FX effects of 405 MSEK on sales and 62 MSEK on Operating Profit compared to last year
- Operating Profit of 728 MSEK, an increase of 248%
- Operating Margin of 18,2%
- Strong Equity/Asset ratio of 60%

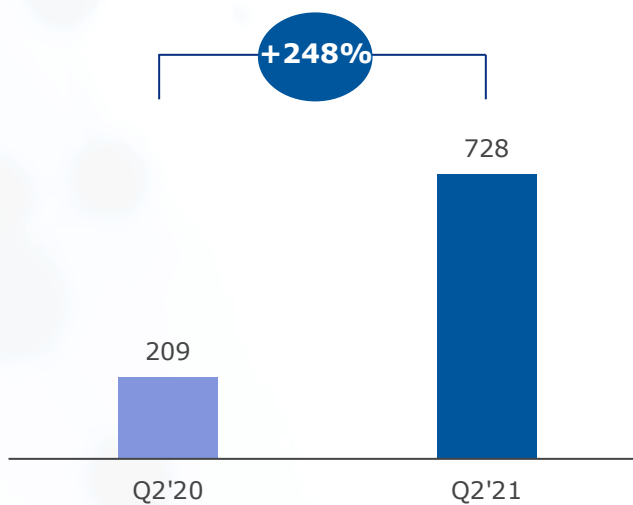
Q2 2021 Financial Highlights

Strong improvement of operating profit and margin

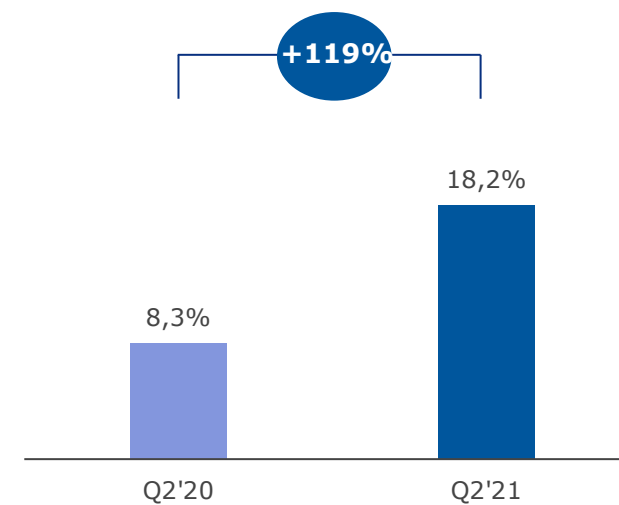
Sales
MSEK



Adjusted Operating Profit* MSEK



Adjusted Operating Margin* %

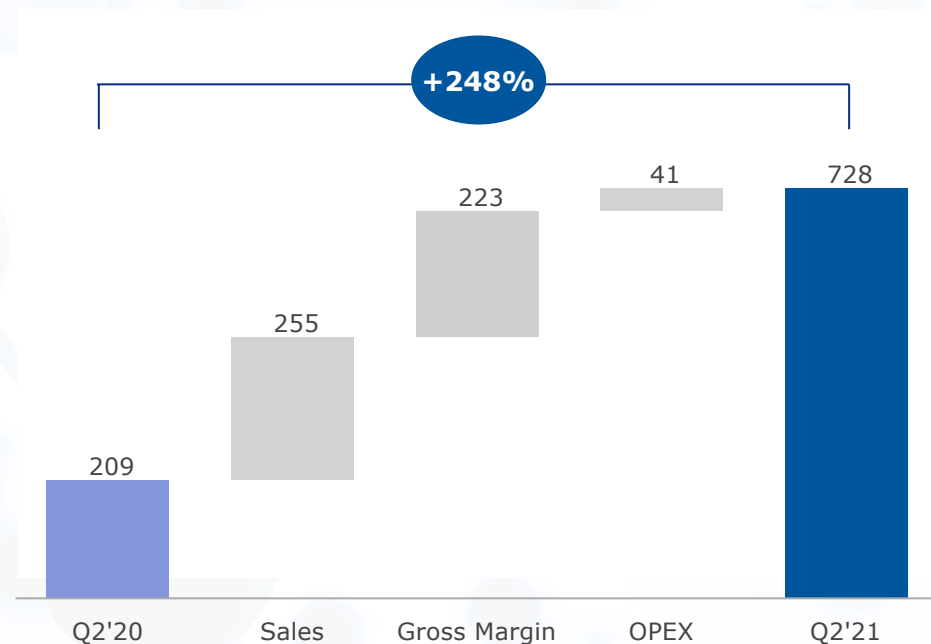


* Excluding restructuring costs

Q2 Adjusted Operating Profit

Very strong result and margins despite negative FX effects

Adjusted Operating Profit* MSEK



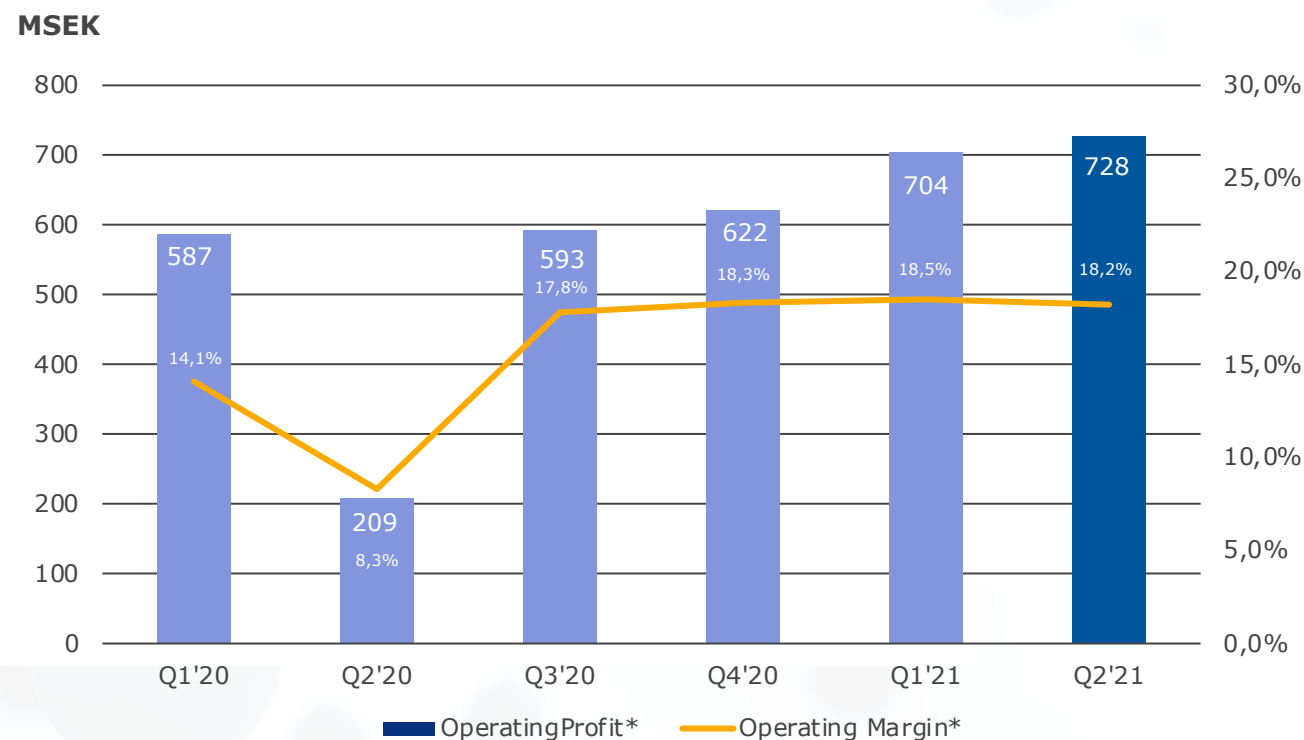
Highlights

- High organic volume and sales increase
- Significant savings in both direct and indirect costs compared to last year
- OPEX well below last year
- Negative FX effects of 405 MSEK on sales and 62 MSEK on Operating Profit

* Excluding restructuring costs

Adjusted Operating Profit and Margin

Substantial profit and margin improvement

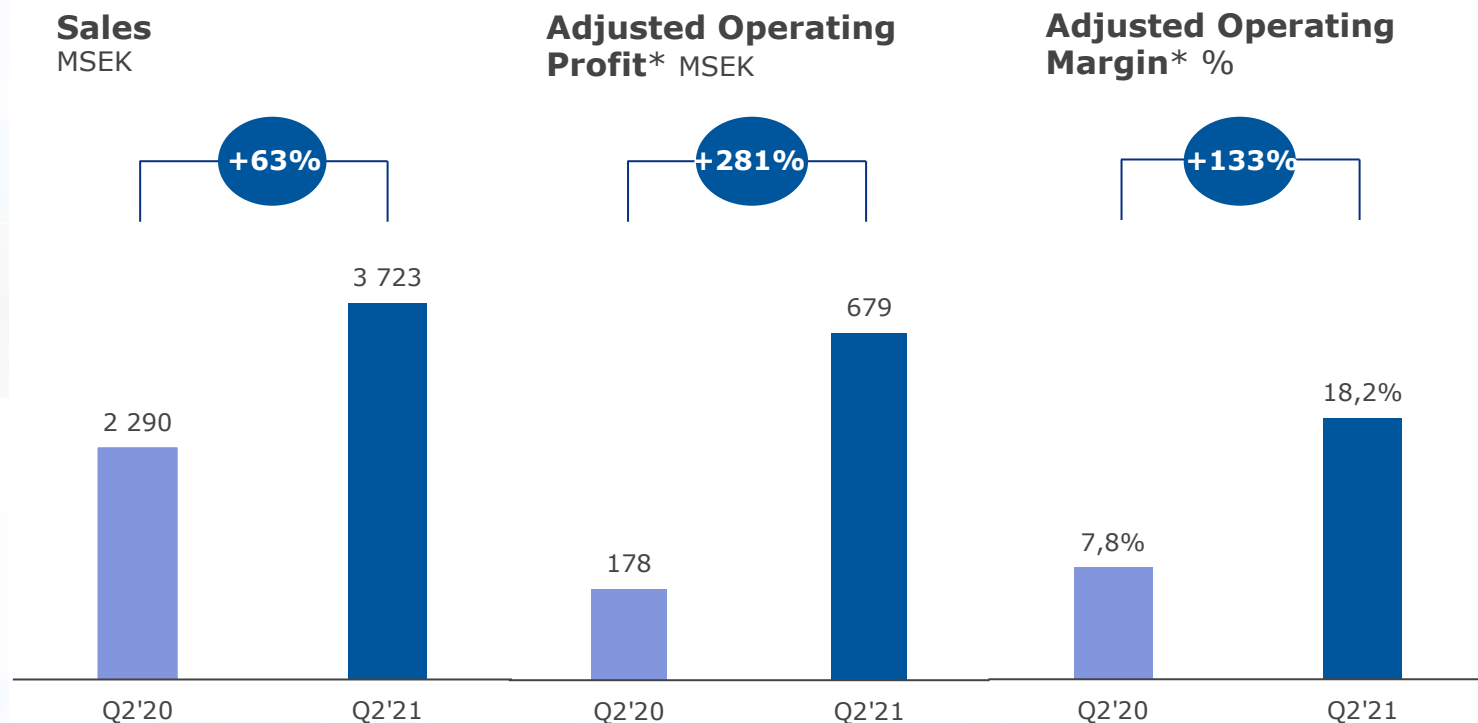


Highlights

- Continuous sales improvement combined with lower cost base give high Operating Profit and Operating Margin
- Majority of the cost savings are structural

* Excluding restructuring costs

Q2 HEXPOL Compounding

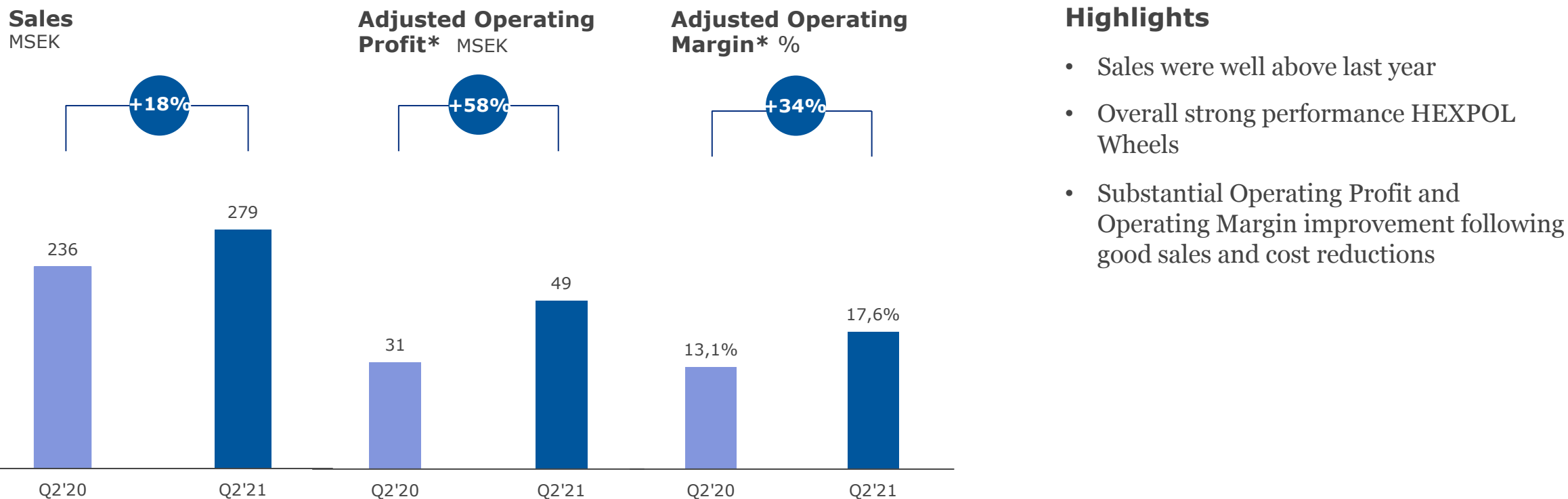


Highlights

- Strong organic sales growth of 74% vs LY while acquisitions add 5% sales. Sales were negatively affected vs LY by negative FX effects of 386 MSEK.
- The higher sales were driven by improvements in all customer segments
- Strong performance in all product areas, especially product area TPE and the relatively recently acquired Mesgo
- Operating Profit and Operating Margin increased substantially following on sales improvement on a lower cost base

* Excluding restructuring costs

Q2 HEXPOL Engineered Products

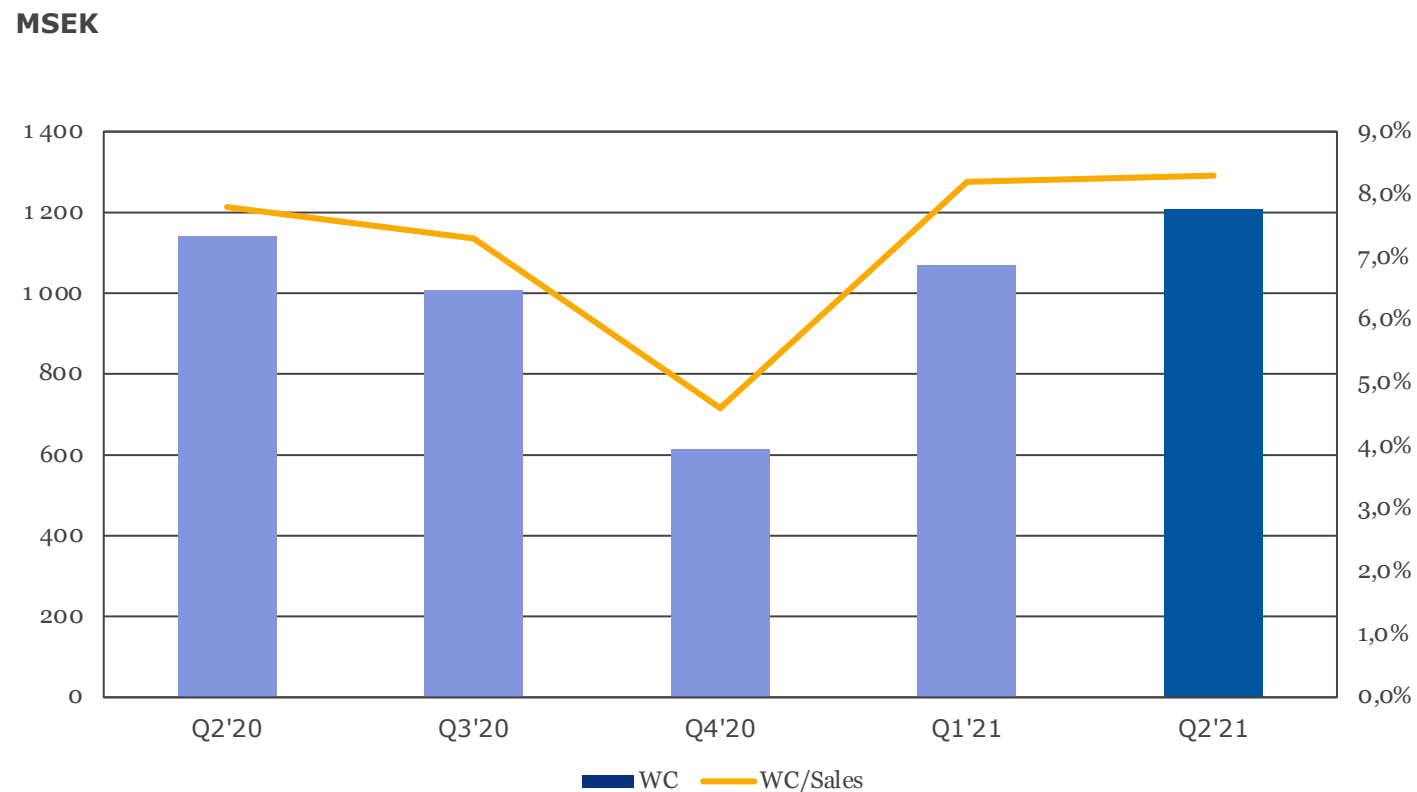


Highlights

- Sales were well above last year
- Overall strong performance HEXPOL Wheels
- Substantial Operating Profit and Operating Margin improvement following good sales and cost reductions

* Excluding restructuring costs

Q2 Working Capital



Highlights

- Year over year increase in absolute terms while on same level in relation to sales
- On same level as previous quarter affected by temporarily higher accounts receivables and inventory

..... Q2 Cash Flow



Highlights

- Strong EBIT offset by temporarily higher working capital
- Level of investments below depreciation

Q2 Net Debt

Strong financial position



MSEK	30-juni 2020	31-dec 2020
Cash at hand	886	1 200
Used credit facilities	-2 833	-2 793
Net debt	-1 947	-1 593
Net debt/EBITDA*	0,63	0,65

Highlights

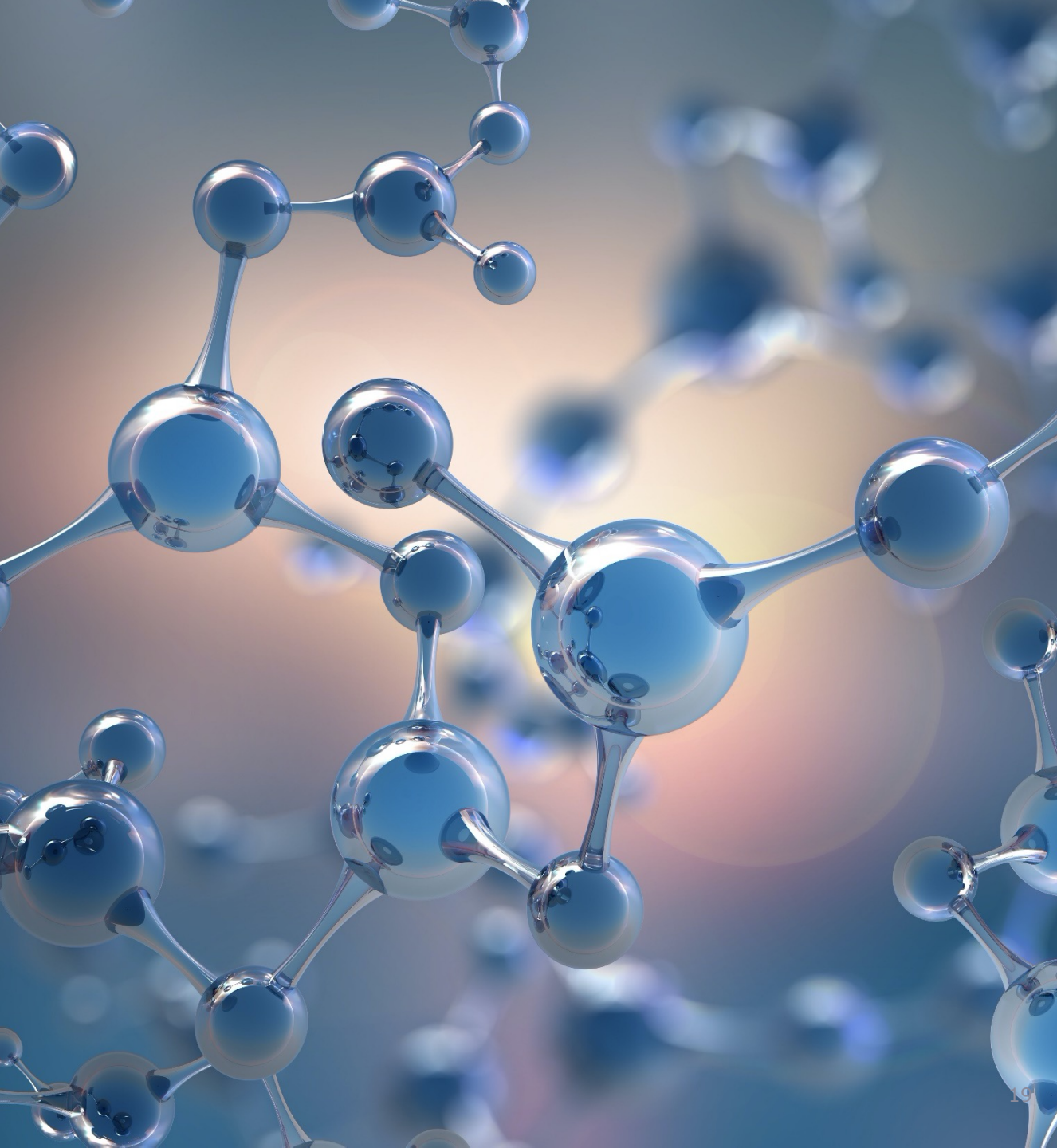
- Strong cash position
- Strong and further improved Net Debt/EBITDA ratio

* Excluding restructuring costs

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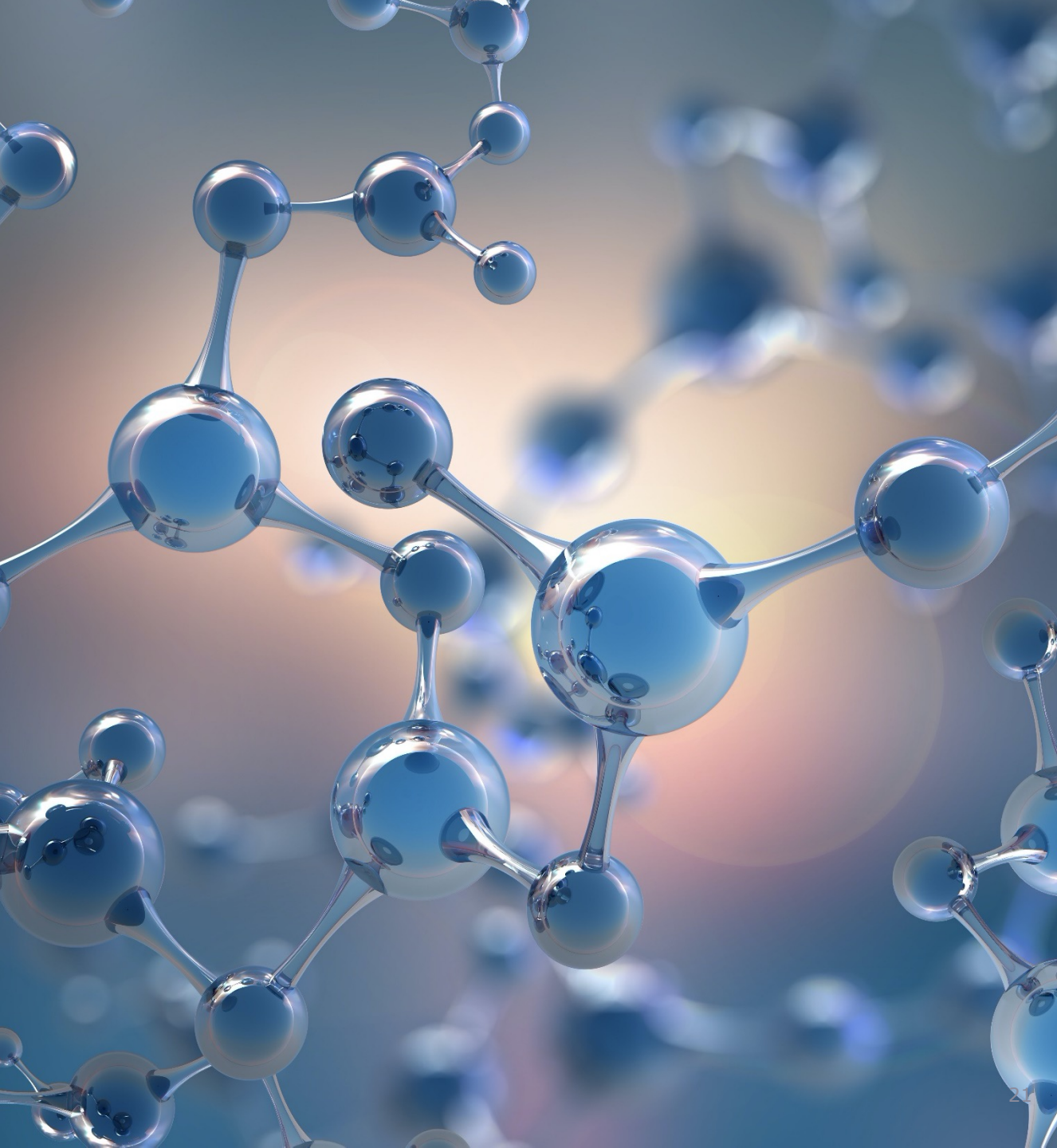


Focus for 2021

..... Focus for 2021

- Handle health and safety of our employees
- Continued strong execution of forecasted increased LVP production
- Manage volatility in demand
- Manage the current challenges in global supply chains and raw material prices
- Continue to evaluate our manufacturing footprint
- Continue to execute our updated strategy including:
 - Active M&A
 - Run our business model efficiently
 - Further development of our sustainability work





Q&A

Thank You

www.HEXPOL.com