

HEXPOL Q3 2024 Presentation

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October 25, 2024

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Presented by



Klas Dahlberg
CEO

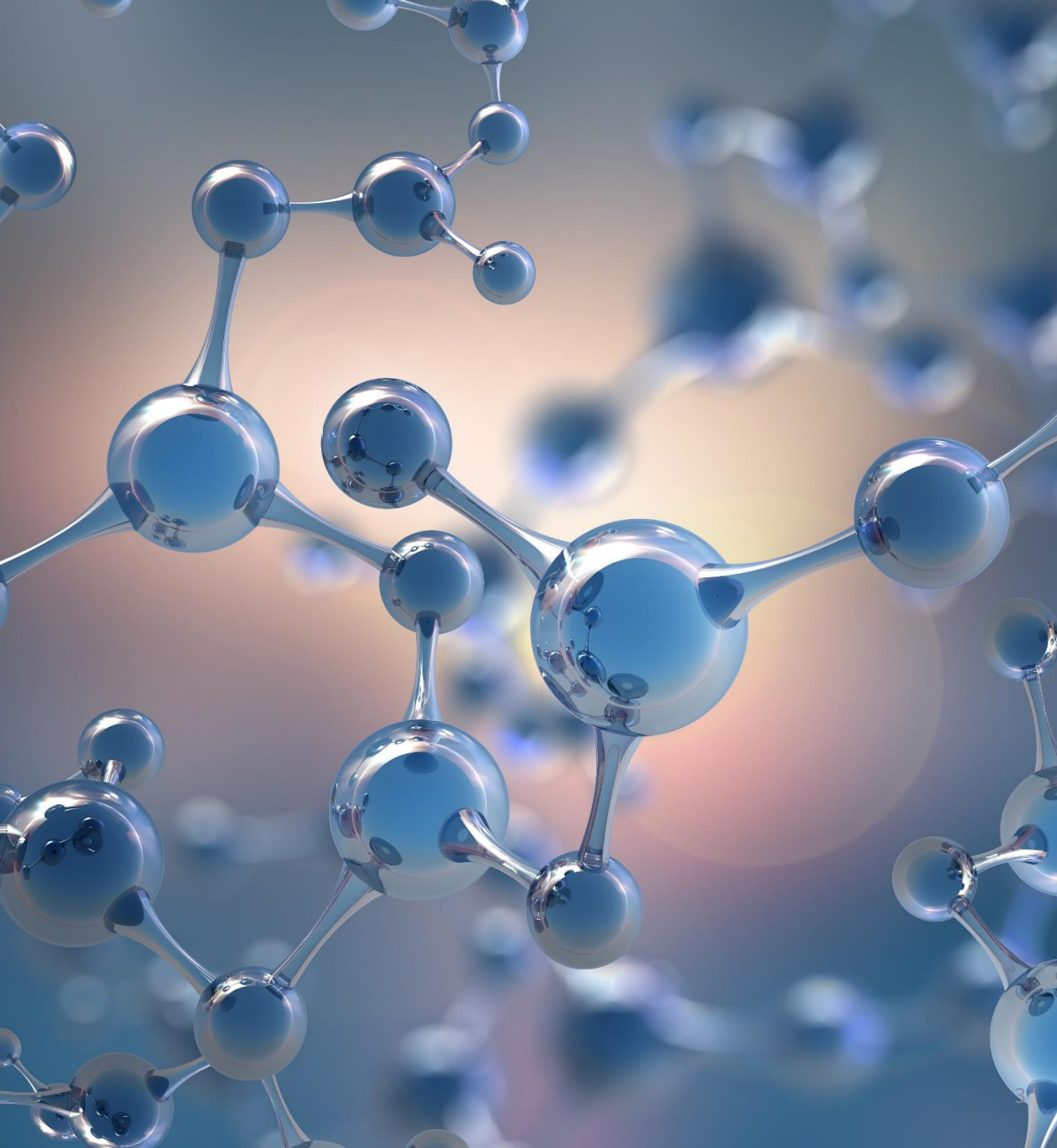


Peter Rosén
CFO

Agenda

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





Business Performance

..... Solid Profits Despite Automotive Downturn

- **Q3 performance**

- Q3 sales 4 977 MSEK (5 461) impacted by somewhat lower demand, lower sales prices driven by lower prices on main raw materials and negative FX effects
- Solid margin at 16,1% (17,0%) and EBIT 800 MSEK (930)
- Solid cash flow of 803 MSEK (963)
- Negative FX effects of 172 MSEK on sales, 23 MSEK on EBIT

- **Demand and sales prices**

- Demand down vs Q3'23 mainly affected by lower demand from automotive end customers
- Building and Construction still low but increase vs Q3'23
- Demand down vs Q2'24 mainly affected by seasonal pattern (vacations at customers) but also somewhat lower underlying demand
- Sales prices are sequentially stable but decrease vs last year

- **Sustainability focus**

- High interest in recycled products resulting in high number of projects, not least from the automotive industry where we are well positioned



..... Recycling At almaak – Part Of Sustainability

- almaak in Germany, part of the HEXPOL Group since 2022 continues to develop its use of recycled raw materials
- 90% of all end products contain recycled materials from post-industrial waste (PIR)
- Mainly European sourced raw materials in various aggregate states (e.g. regrind, parts, lumps or textile fibers)
- Converting the base raw materials via an advanced processing and qualification system to be able to use in subsequent production
- Filters foreign substances from the melt of the plastic
- Makes it possible to use post-consumer materials in end products which will be required in the proposed end of life cycle directive regarding autos



..... Solid Profits Despite Automotive Downturn

- **M&A**
 - High focus and strong financial position supports further acquisitions
- **HEXPOL Compounding**
 - Demand slightly down vs Q3'23 mainly affected by lower demand from automotive end customers
 - Increase in demand from Building and Construction
 - Stable supply chain
 - Most raw materials see lower prices year over year – sequentially stable
 - Lower Operating Profit and Operating Margin affected by lower sales
- **HEXPOL Engineered Products**
 - Sales in line with LY
 - Operating Profit somewhat lower but strong Operating Margin



..... Strong Culture Delivering

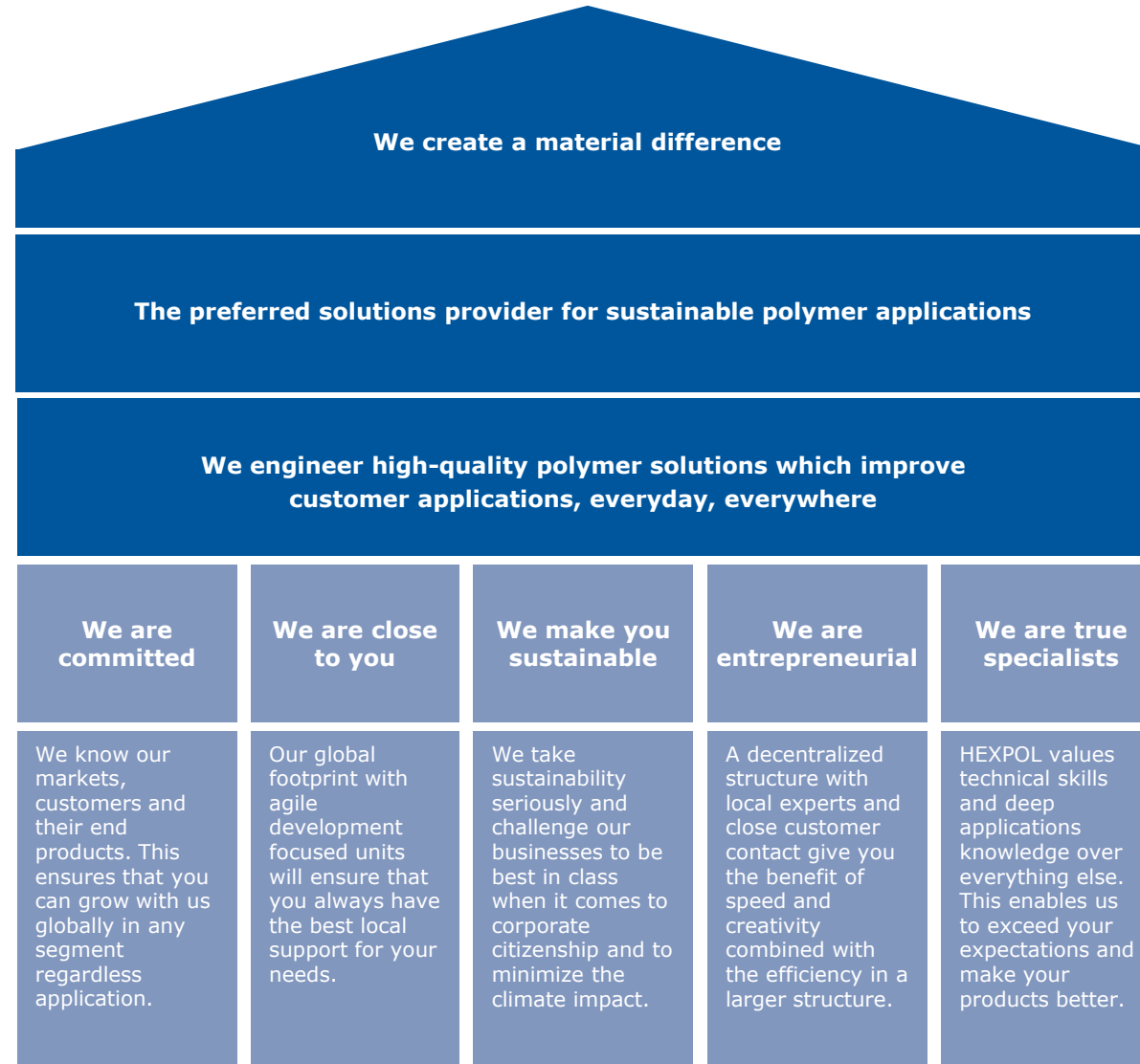
Purpose
The positive impact of what we do

Vision
Our long-term objective

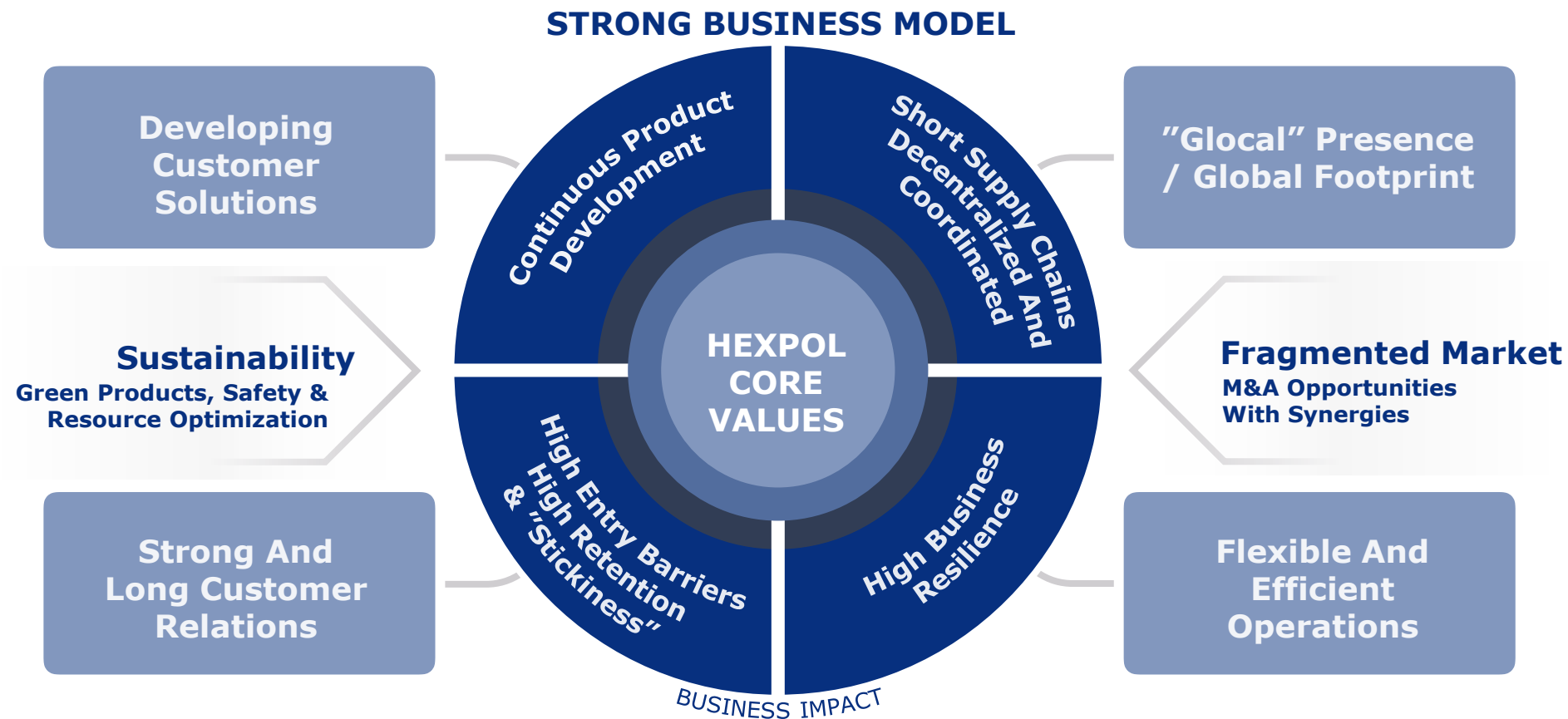
Mission
What we do daily

Core values
Our fundamental beliefs that dictate our behavior

Rationale & evidence
Proof of what we say is true



..... Strong Execution of Our Business Model

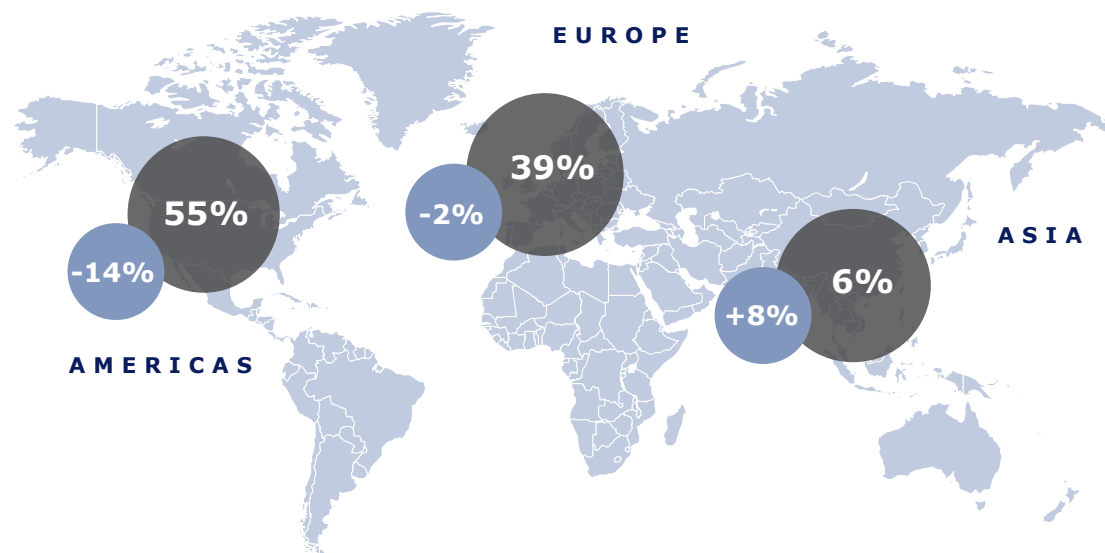




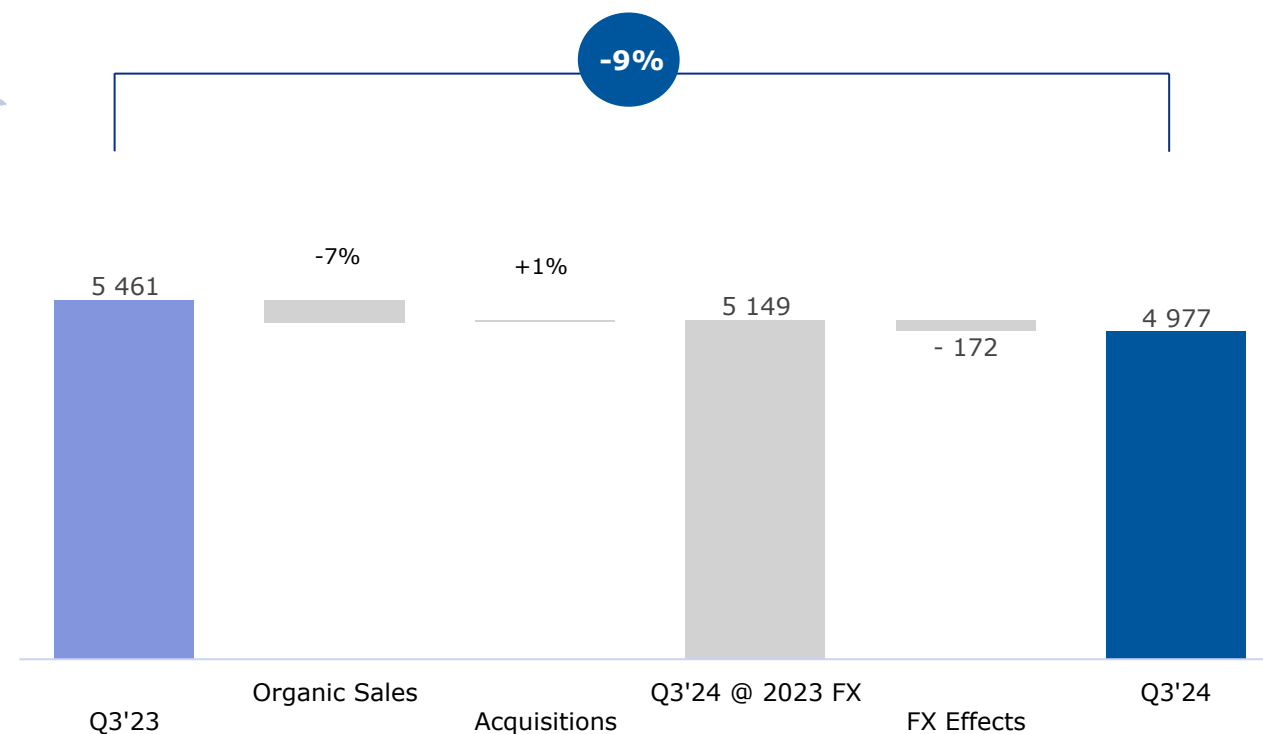
Financial Overview

..... Q3 Sales Development

Regional Development



Sales development MSEK



Q3 Financial Overview

Solid Profits Despite Automotive Downturn



Group Summary

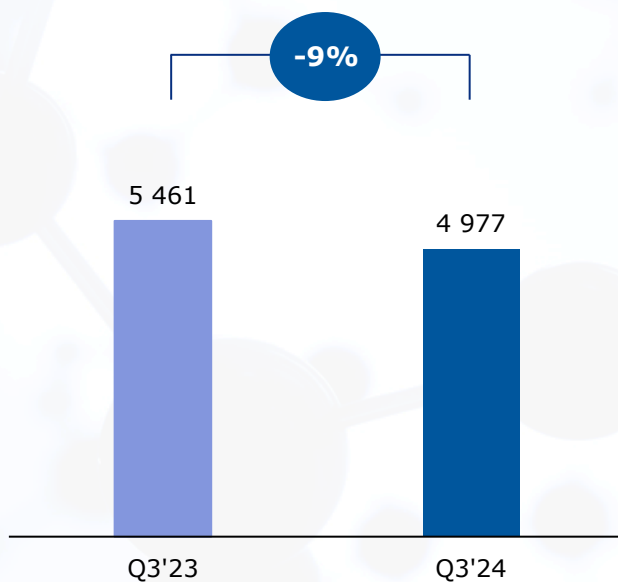
Key figures MSEK	Q3'24	Q3'23	YTD Q3'24	YTD Q3'23
Sales	4 977	5 461	15 743	17 178
EBITA	834	964	2 717	2 915
EBITA-Margin, %	16,8	17,7	17,3	17,0
Operating Profit	800	930	2 616	2 821
Operating Margin, %	16,1	17,0	16,6	16,4
Profit after tax	559	670	1 867	2 017
Earnings per share, SEK	1,62	1,95	5,42	5,86
Equity/assets ratio, %			64	63
Return on capital employed, % R12			18,4	19,3
Operating cash flow	803	963	1 841	2 604

Highlights

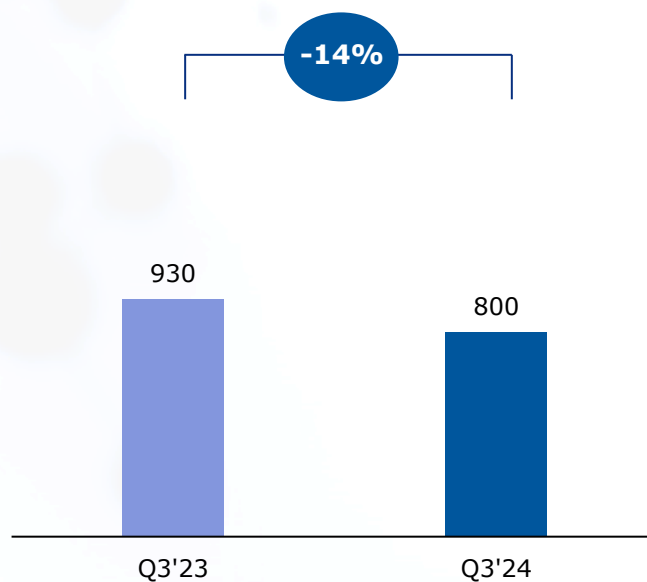
- Sales of 4 977 MSEK
- Operating Profit of 800 MSEK
- Operating Margin of 16,1%
- Strong Equity/Asset ratio of 64%
- High return on capital employed at 18,4%
- Solid cash flow

Q3 Financial Highlights

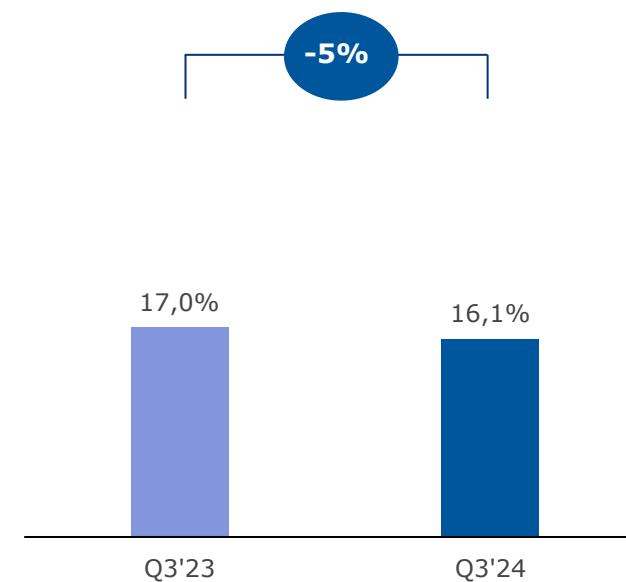
Sales
MSEK



Operating Profit
MSEK

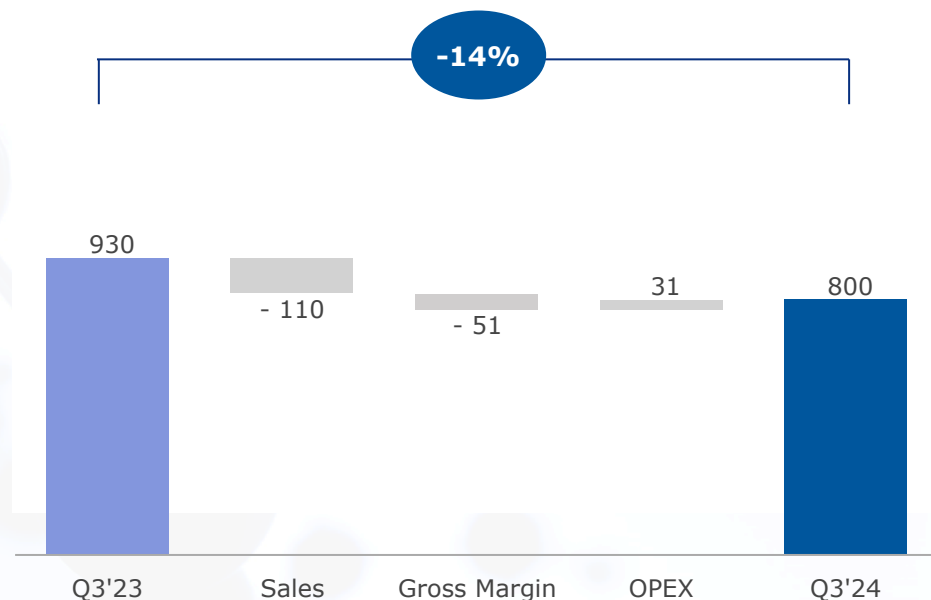


Operating Margin
%



..... Q3 Operating Profit

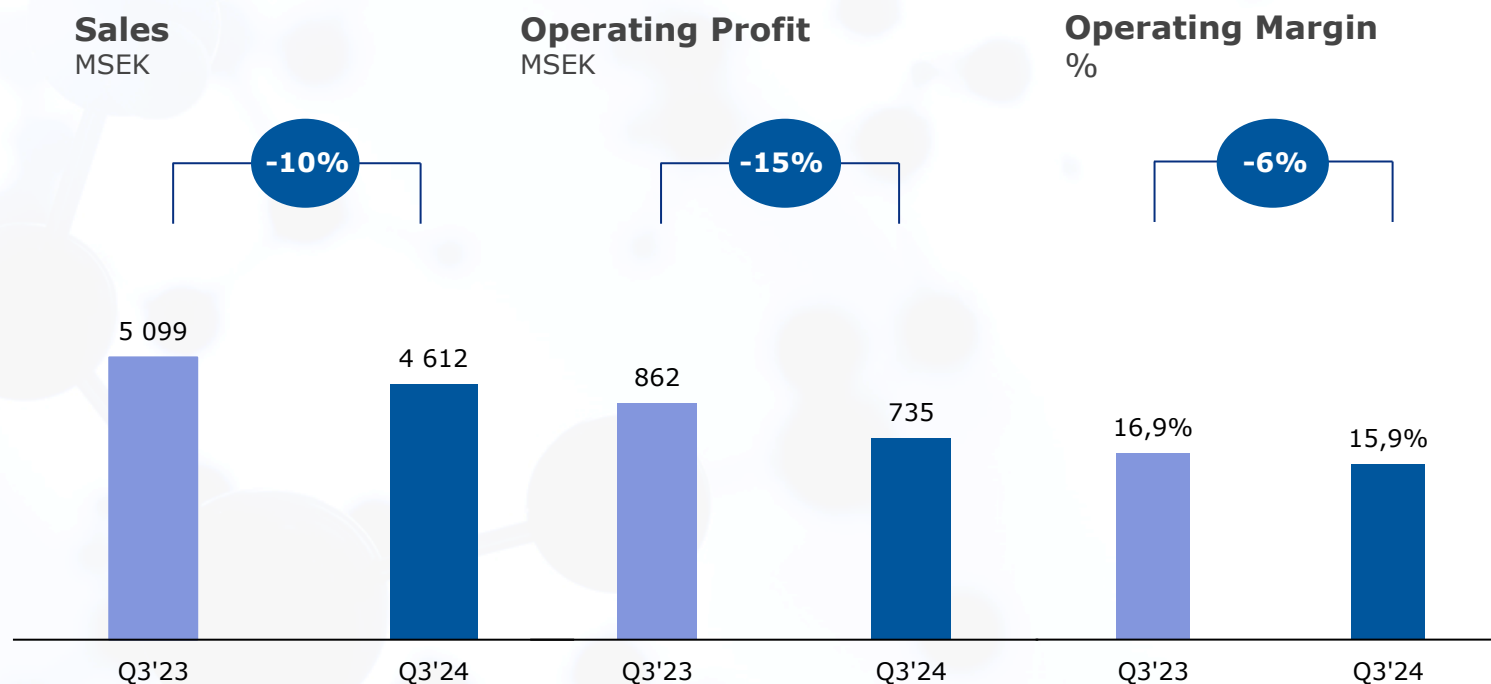
Operating Profit MSEK



Highlights

- Decline in Operating Profit is mainly due to lower sales
- Negative FX effects of 23 MSEK
- OPEX decrease driven by general cost control

Q3 HEXPOL Compounding



Highlights

- Lower sales driven by slightly lower demand, negative FX effects and somewhat lower prices
- The lower demand is mainly seen with the automotive end customers. Building and construction saw an increase
- Operating Profit and Margin decreased compared to LY following on the lower sales and negative FX effects

Q3 HEXPOL Engineered Products

Sales
MSEK

+1%

362

Q3'23

365

Q3'24

Operating Profit
MSEK

-4%

68

Q3'23

65

Q3'24

Operating Margin
%

-5%

18,8%

Q3'23

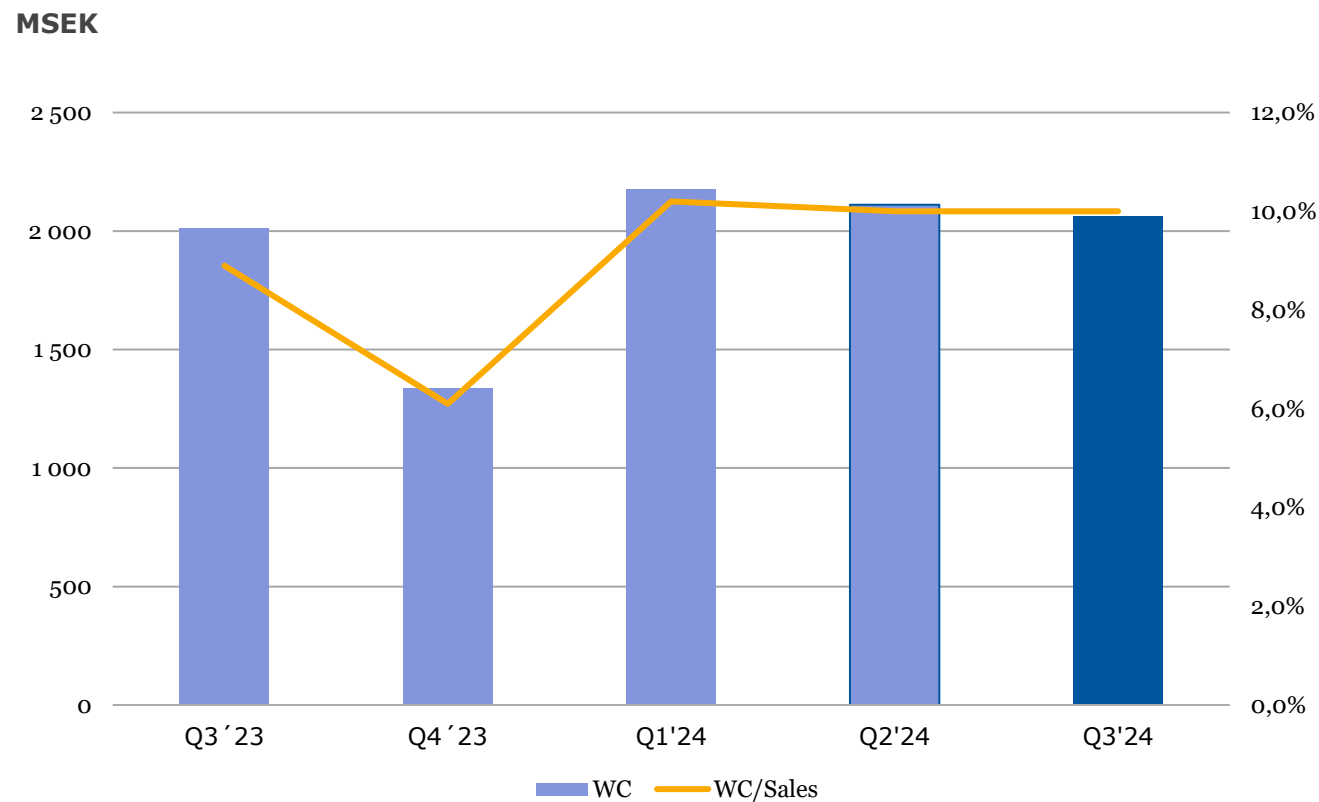
17,8%

Q3'24

Highlights

- Sales in line with LY, stable development in all product areas
- Operating Profit and Operating Margin show small movements vs LY

Q3 Working Capital

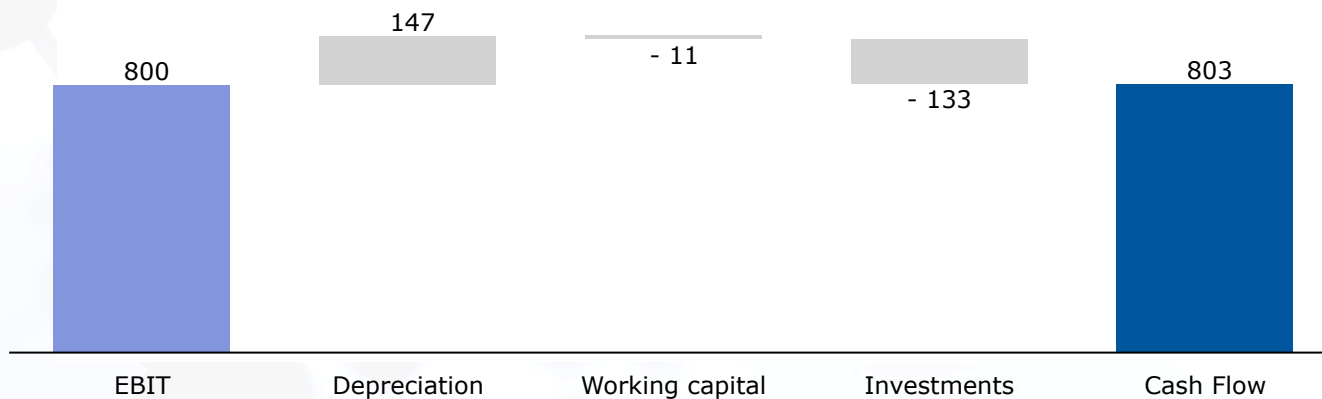


Highlights

- Compared to last year, the acquisition of Star Thermoplastics added some 16 MSEK in working capital
- Working capital in line with Q3 last year, both in absolute terms and in relation to sales

Q3 Cash Flow

Cash Flow
MSEK



Highlights

- Solid cash flow in the quarter

Q3 Net Debt

Strong financial position

MSEK	30-sep 2024	30-sep 2023
Cash at hand	790	1 290
Used credit facilities	-3 247	-3 514
Net debt	-2 457	-2 224
Net debt/EBITDA*	0,62	0,53

* EBITDA is R12 months

Highlights

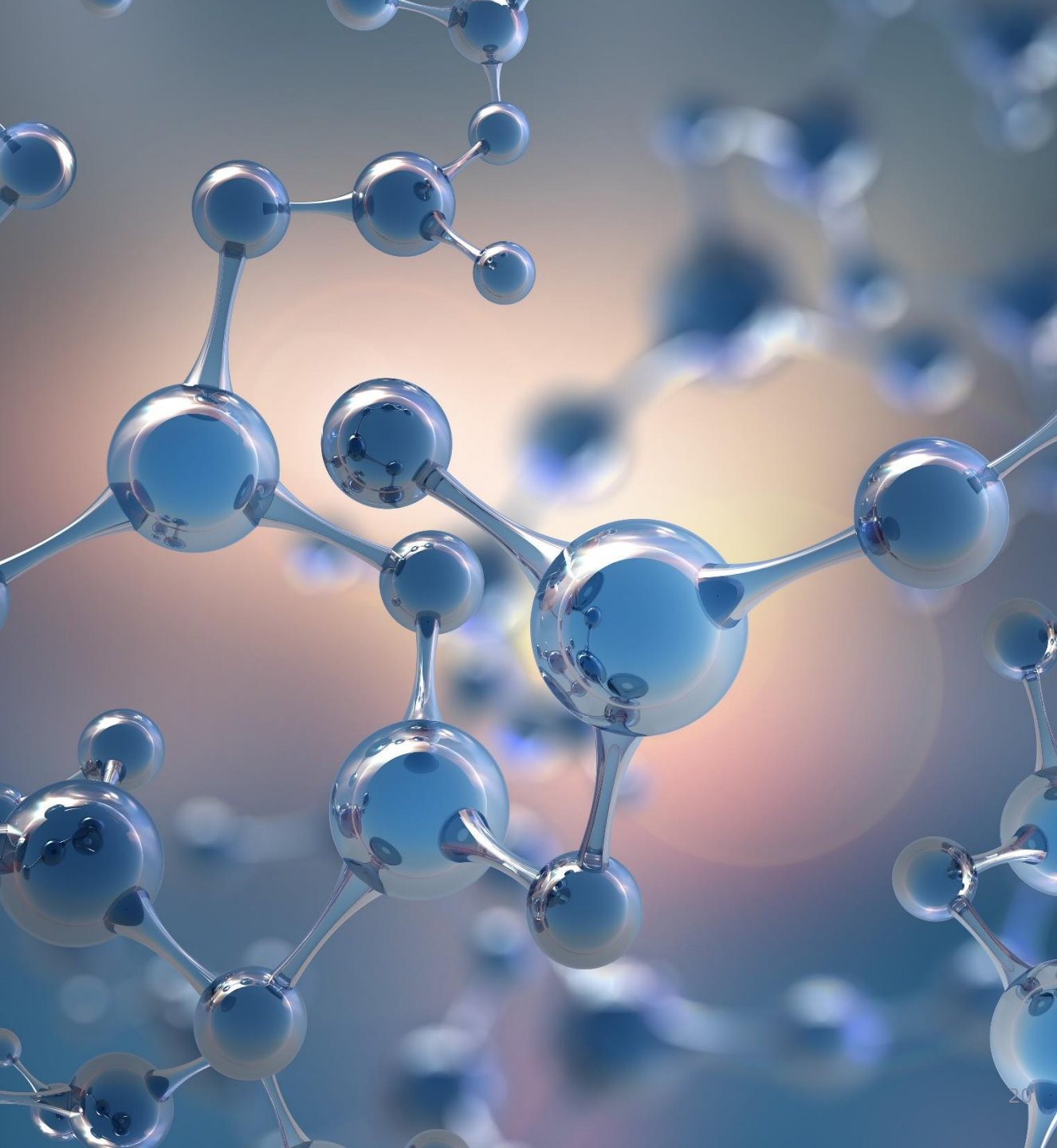
- Strong financial position



..... Summary Q3 Performance

- **Solid profits despite automotive downturn**
 - Q3 sales 4 977 MSEK (5 461)
 - Margin at 16,1% (17,0%) and EBIT 800 MSEK (930)
 - Cash flow of 803 MSEK (963)
 - Demand down vs Q3'23 mainly affected by lower demand from automotive end customers
- **Sustainability focus**
 - High interest in recycled products resulting in high number of projects, not least from the automotive industry where we are well positioned
 - almaak in Germany is a good example where some 90% of all end products contain recycled materials from post industrial waste
- **Key take aways from the first quarter as CEO**
 - Solid and strong business model
 - Decentralized and very capable and motivated regional teams
 - Investigating further growth opportunities focusing on M&A and organic growth and improved efficiency





Q&A

Thank You

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