

# HEXPOL Q4 2021 Presentation

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Georg Brunstam CEO  
Peter Rosén CFO

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# ..... Q4 2021 Presentation

**Presented by**



Georg Brunstam  
CEO

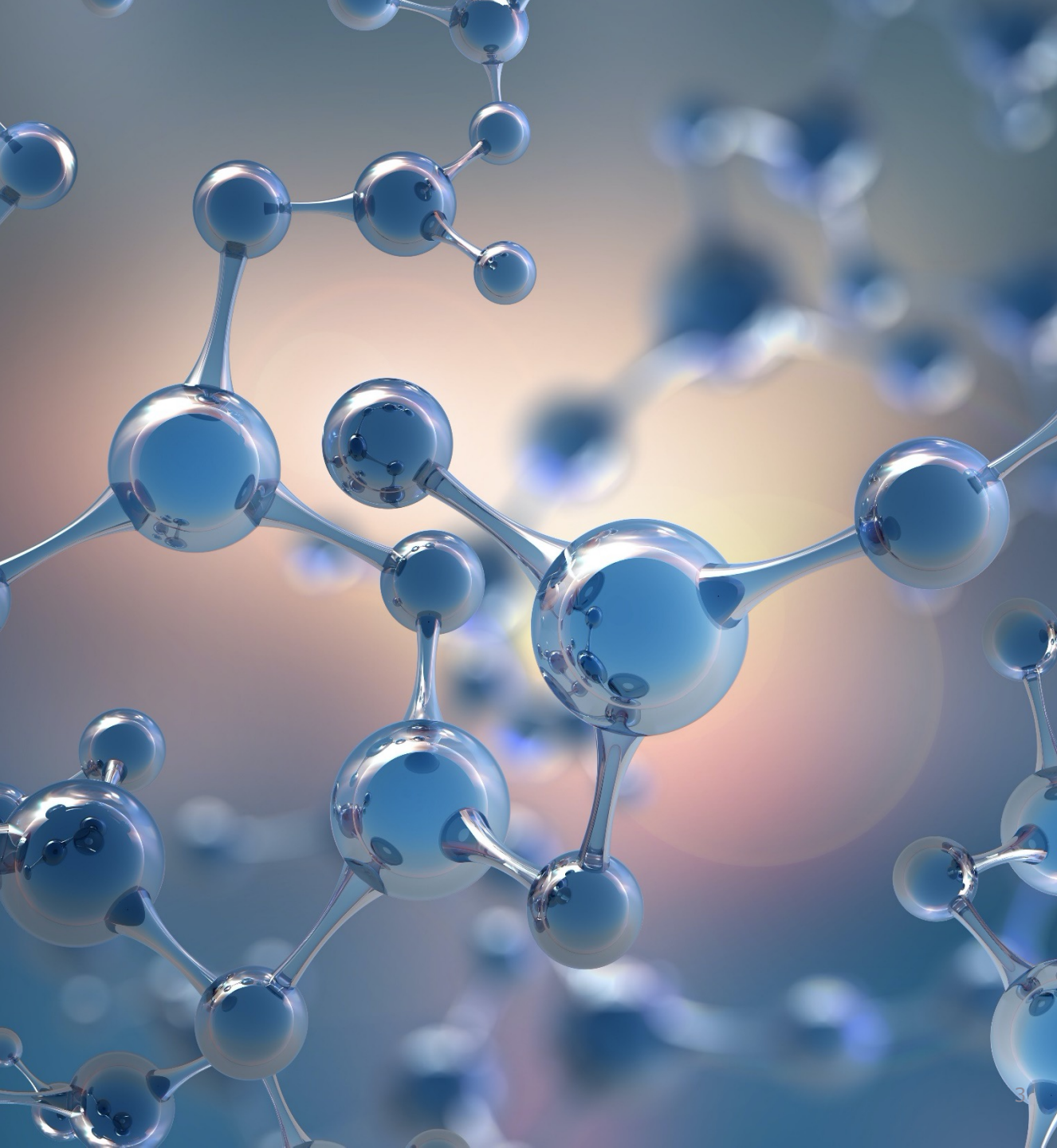


Peter Rosén  
CFO

## **Agenda**

- Business Performance
- Financial Overview
- Focus for 2022
- Q&A





# **Business Performance**



# ..... Strong sales in a challenging environment

- **2021 – Record sales and record profit – best year ever – so far**
  - Sales at 16 005 MSEK, up 19% vs 2020
  - Adjusted Operating profit at 2 737 MSEK, up 36% vs 2020
  - EPS at 6,85 SEK, up 67% vs 2020
- **Good Q4 given the circumstances**
  - Strong sales seen in all regions
  - Weak end of quarter as expected with low light vehicle production
  - Other customer segments continued strong
  - Substantial global supply issues and price increases on raw material continue
  - Adjusted Operating Profit at 628 MSEK (622)
  - Strong cash flow with inventory reduction in local currency and very strong balance sheet
  - Higher M&A activity when restrictions are lower
  - Restructuring of UK business
  - Proposed regular dividend increase of 30% to 3,0 SEK/share plus extra dividend of 3,0 SEK/share, a proposed total dividend of 6,0 SEK/share
- **Going forward**
  - Current global challenges with component shortages, transport and raw material issues will continue for some time
  - Our strong customer focus and geographical proximity to customers strengthen our market positions
  - We are flexible and ready to meet the expected increase in light vehicle production





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

- **HEXPOL Compounding**

- Strong sales in all regions and product areas
- Strong sales in most customer segments
- Automotive affected by disturbances from semi conductor shortages and closed production during the Christmas holidays
- Good EBIT considering the challenges stemming from customers closing production and global transportation issues and raw material shortages and prices

- **HEXPOL Engineered Products**

- Sales well above last year, especially HEXPOL Wheels performing well
- Good EBIT considering raw material price increases

- **Continued focus on sustainability**

- Focus to reach CO2 target reduction with 75% by 2025
- New compounds with bio based and recycled material
- ISCC+ certification in HEXPOL TPE AB
- Platinum rating EcoVadis for HEXPOL TPE Ltd

- **M&A**

- High focus and increased activity level
- Two acquisitions in core business completed during 2021 in line with strategy



Yoga mat made of bio based compounds



# ..... Strong Culture Delivering

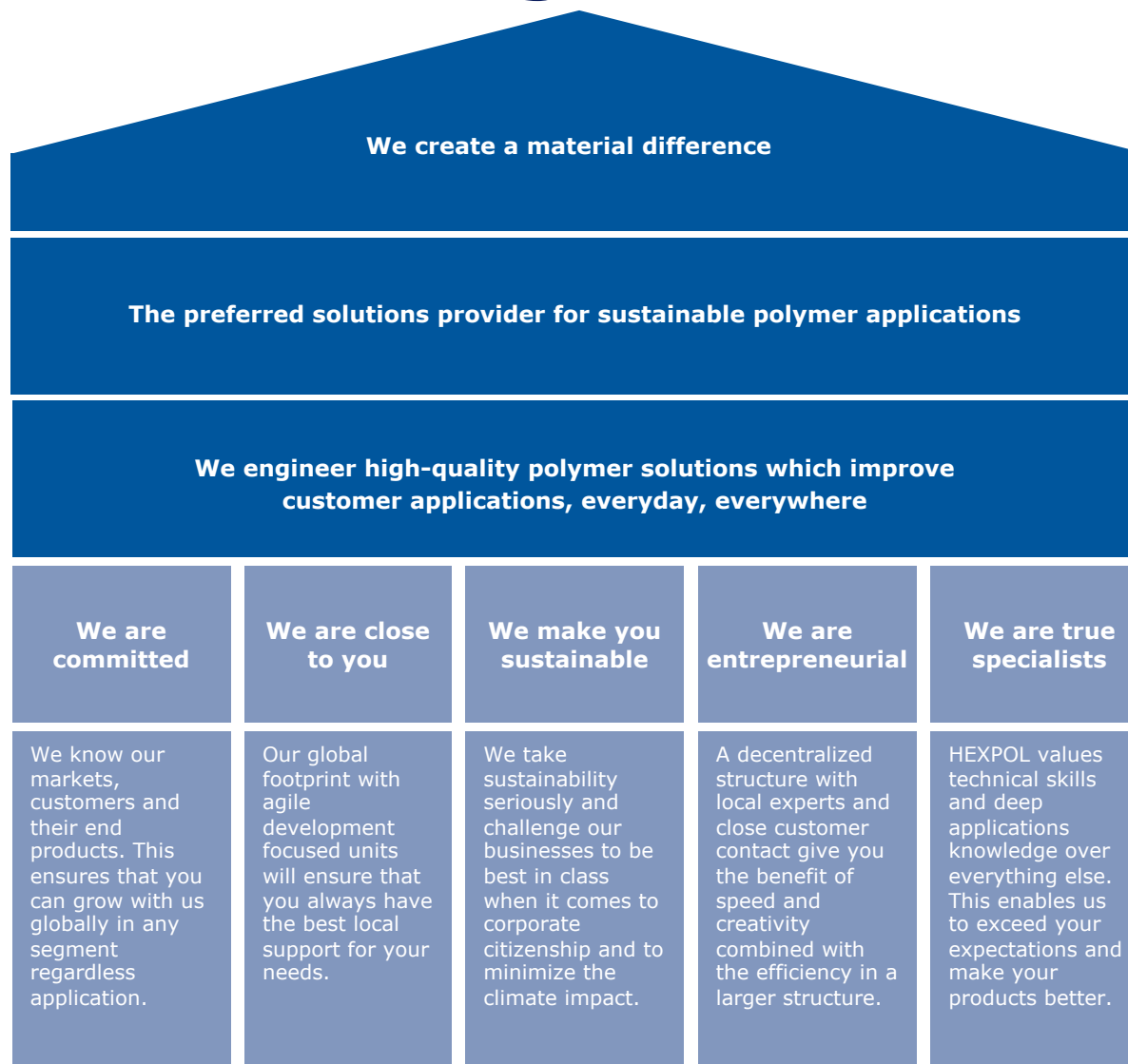
**Purpose**  
The positive impact of what we do

**Vision**  
Our long-term objective

**Mission**  
What we do daily

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

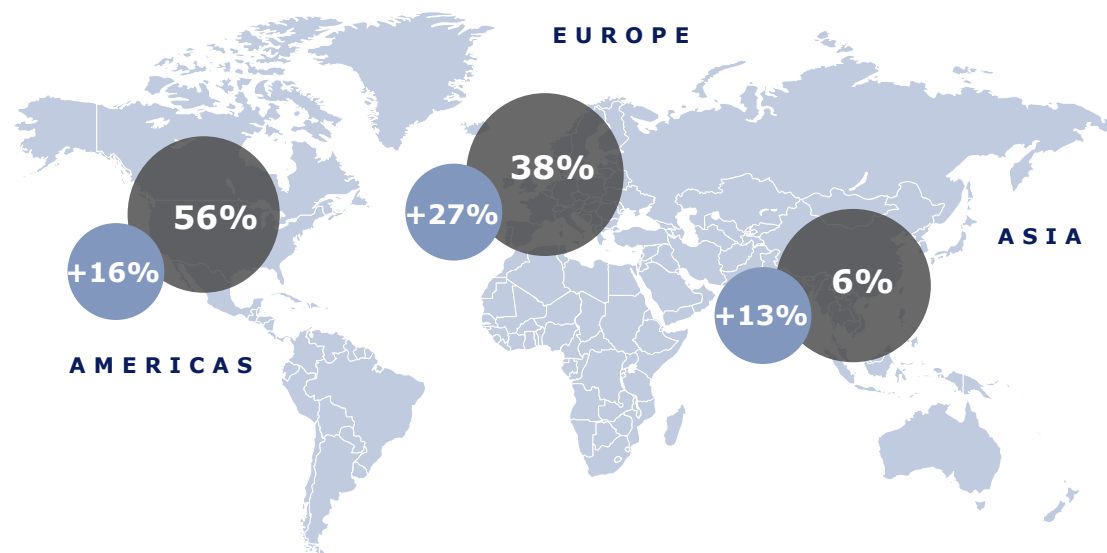
**Rationale & evidence**  
Proof of what we say is true



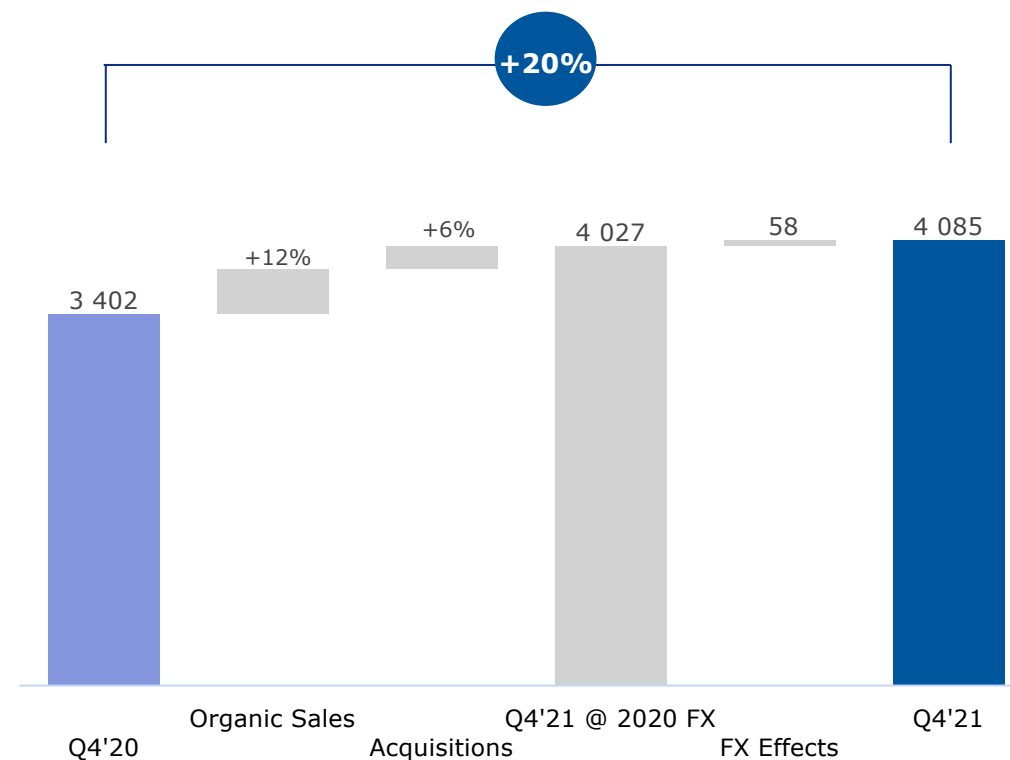
# Q4 2021 Sales Development

Strong sales growth despite market challenges

## Regional Development



## Sales development MSEK







# Financial Overview

# Q4 Financial Overview

Strong result despite significant challenges



Key figures MSEK	Q4'21	Q4'20	YTD Q4'21	YTD Q4'20
Sales	4 085	3 402	16 005	13 424
Adjusted EBITA	651	641	2 812	2 088
Adjusted EBITA Margin, %	15,9	18,8	17,6	15,6
Adjusted Operating Profit	628	622	2 737	2 011
Adjusted Operating Margin, %	15,4	18,3	17,1	15,0
Operating Profit	537	622	3 074	1 935
Profit after tax	446	456	2 358	1 409
Adjusted Earnings per share, SEK	1,48	1,32	6,09	4,26
Earnings per share after dilution, SEK	1,29	1,32	6,85	4,09
Equity/assets ratio, %			65	61
Return on capital employed, % R12			22,8	14,3
Operating cash flow incl insurance settlement	1 296	1 023	2 731	2 548

## Highlights

### Q4

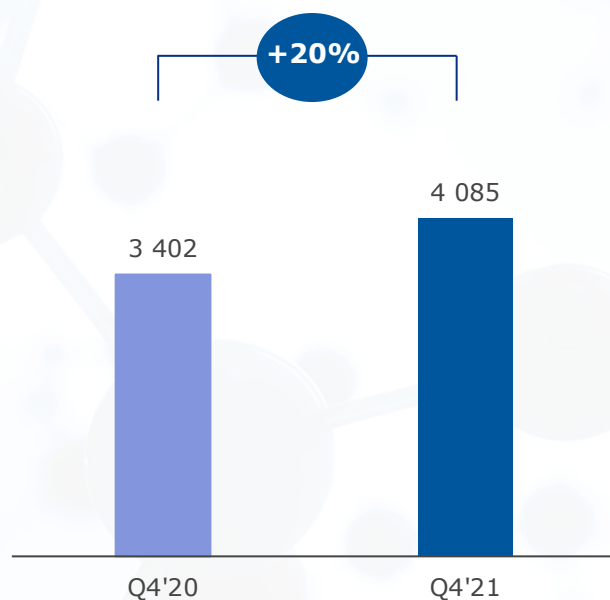
- Adjusted Operating Profit of 628 MSEK
- OPEX at continued low 194 MSEK excluding one time costs
- Adjusted Operating Margin of 15,4%, negatively impacted by acquisitions and raw material shortages and prices
- Strong Equity/Asset ratio of 65%

### Full Year

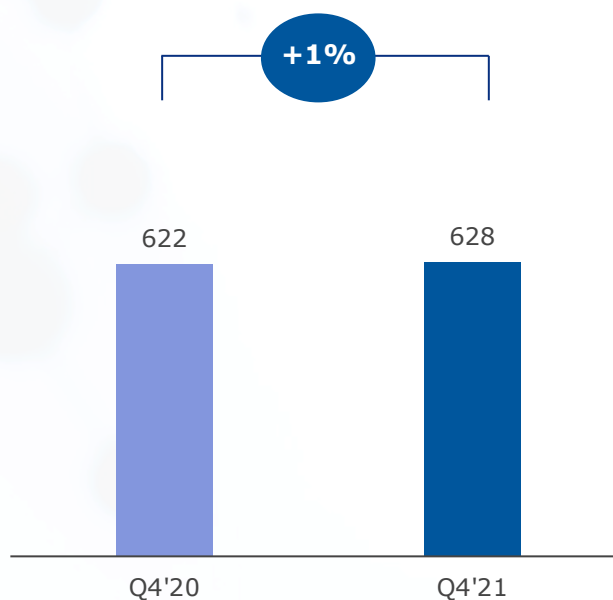
- Highest Adjusted Operating Profit ever at 2 737 MSEK, up 36% vs 2020
- EPS of 6,85 SEK including and 6,09 SEK excluding one time items
- ROCE at 22,8%

# Q4 2021 Financial Highlights

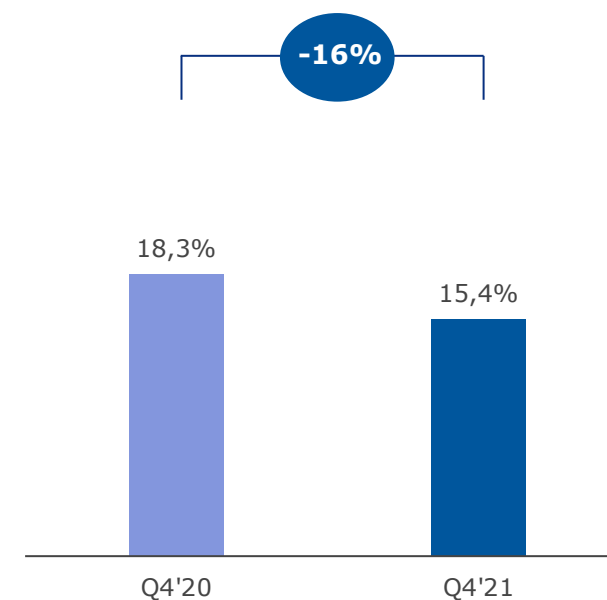
**Sales**  
MSEK



**Adjusted Operating Profit\*** MSEK



**Adjusted Operating Margin\*** %



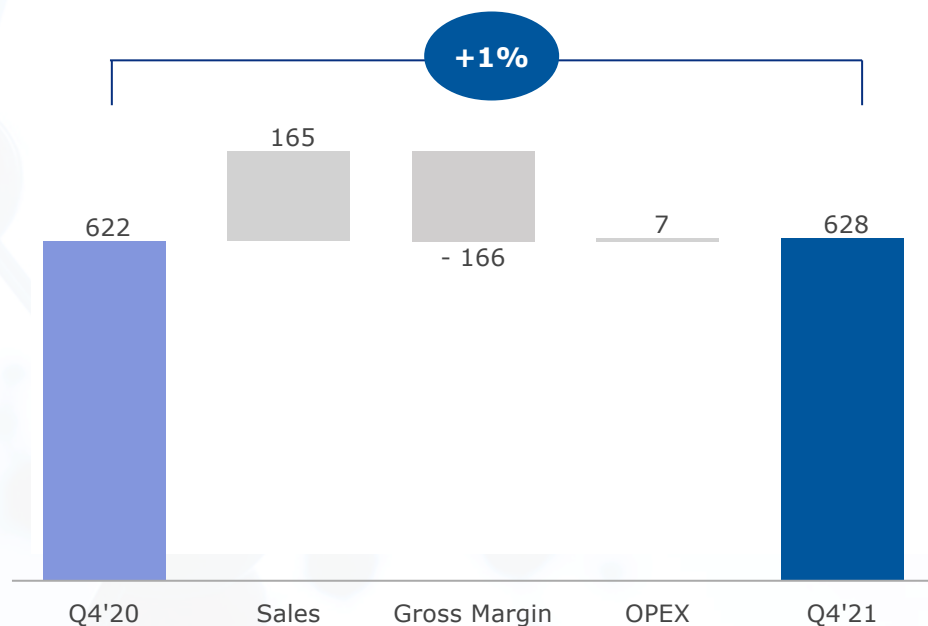
\* Excluding restructuring costs



# Q4 Adjusted Operating Profit

Higher sales partly offset by lower margin of acquisitions and raw material challenges

Adjusted Operating Profit\* MSEK

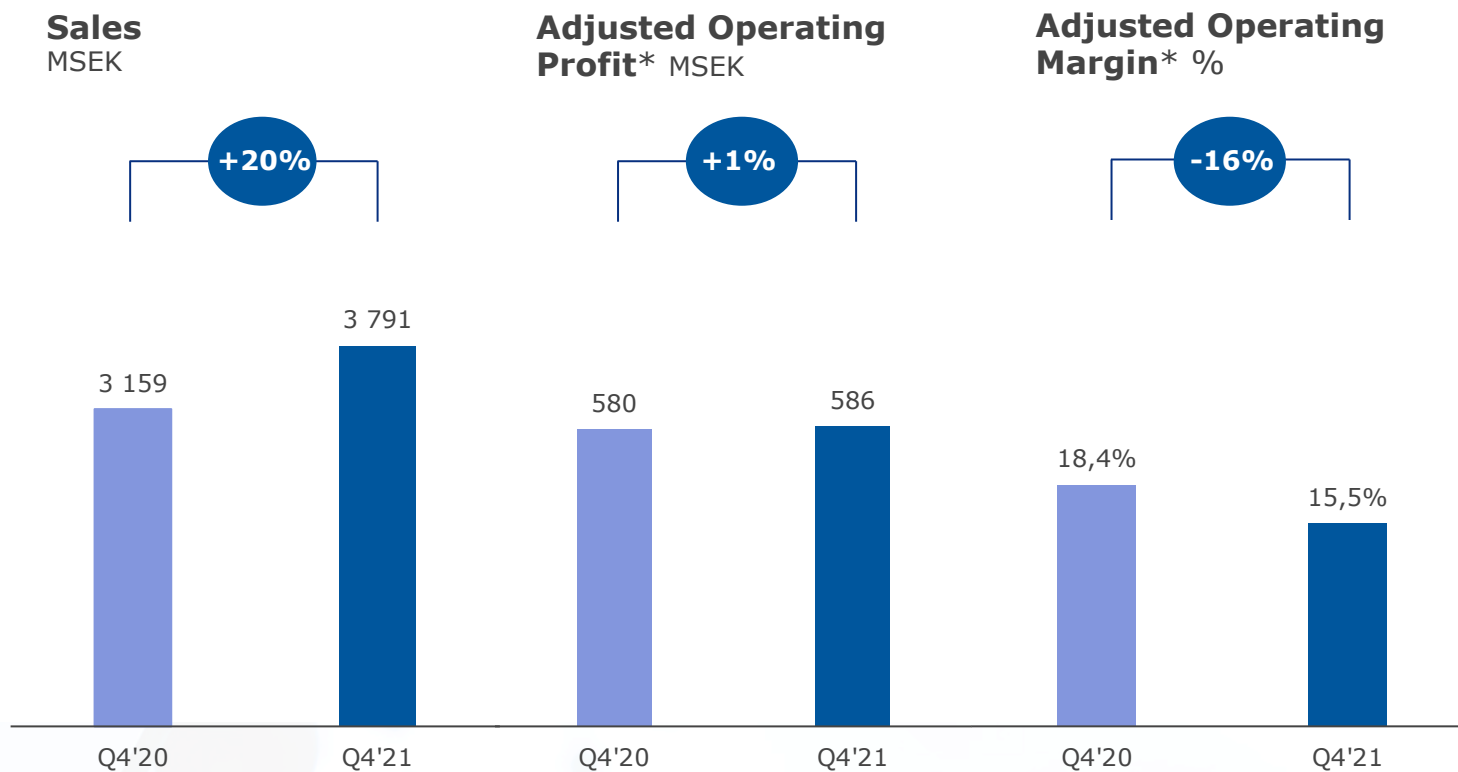


## Highlights

- Strong sales
- As previously communicated, negative impact on gross margin from acquisitions
- Further negative impact on gross margin from continuously higher raw material prices and raw material shortages
- OPEX in line with LY despite two acquisitions this year

\* Excluding restructuring costs

# Q4 HEXPOL Compounding



## Highlights

- Strong sales increase vs LY primarily driven by organic growth of 11% and acquisitions 7%.
- The higher sales were driven by improvements in most customer segments and all product areas
- Operating Profit in line with LY
- Lower Operating Margin due to acquisitions with lower margin and raw material challenges

\* Excluding restructuring costs

# Q4 HEXPOL Engineered Products

**Sales**  
MSEK

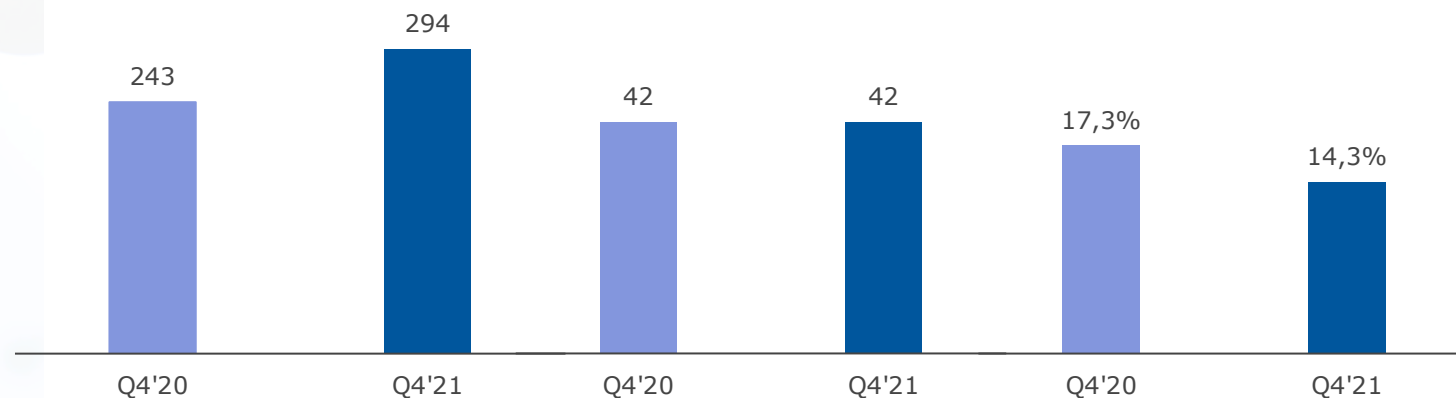
+21%

**Operating Profit**  
MSEK

0%

**Operating Margin**  
%

-17%

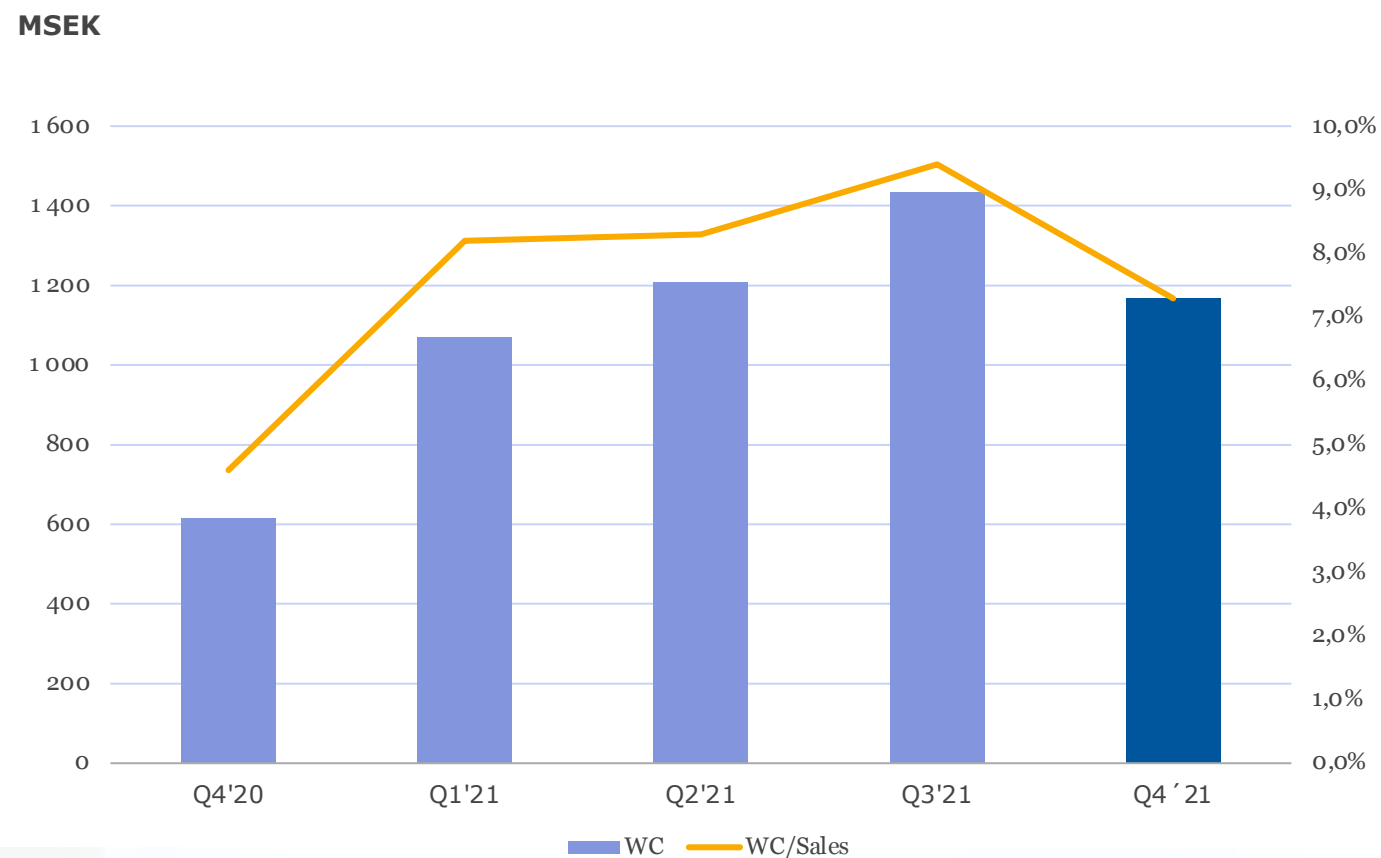


## Highlights

- Sales well above last year
- Overall strong performance HEXPOL Wheels
- Operating Profit in line with LY
- Lower Operating Margin affected by higher raw material costs



# Q4 Working Capital



## Highlights

- Improvement vs previous quarter 2022 primarily driven by lower AR
- Still, year over year increase primarily driven by decision to increase inventory level in the face of global raw material shortages

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- Very strong cash flow, positively impacted by lowered working capital and insurance payment
- Also strong cash flow if excluding the insurance payment
- Level of investments in line with depreciation

# Q4 Net Debt

Strong financial position



MSEK	31-dec 2021	31-dec 2020
Cash at hand	1 320	1 200
Used credit facilities	-2 219	-2 793
Net debt	-899	-1 593
Net debt/EBITDA*	0,25	0,67
* EBITDA is R12 months		

## Highlights

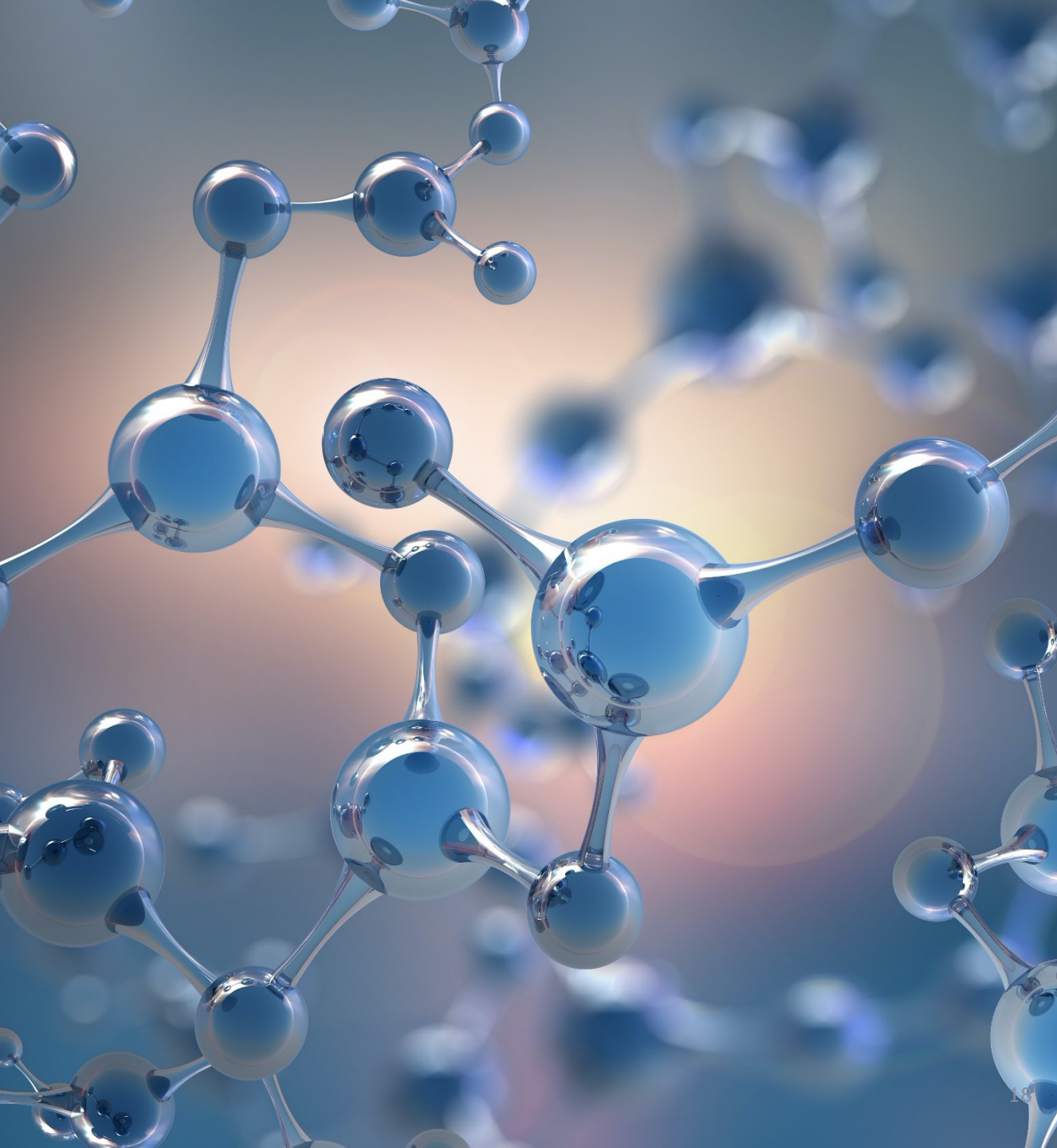
- Very strong cash position
- Strong and further improved Net Debt/EBITDA ratio



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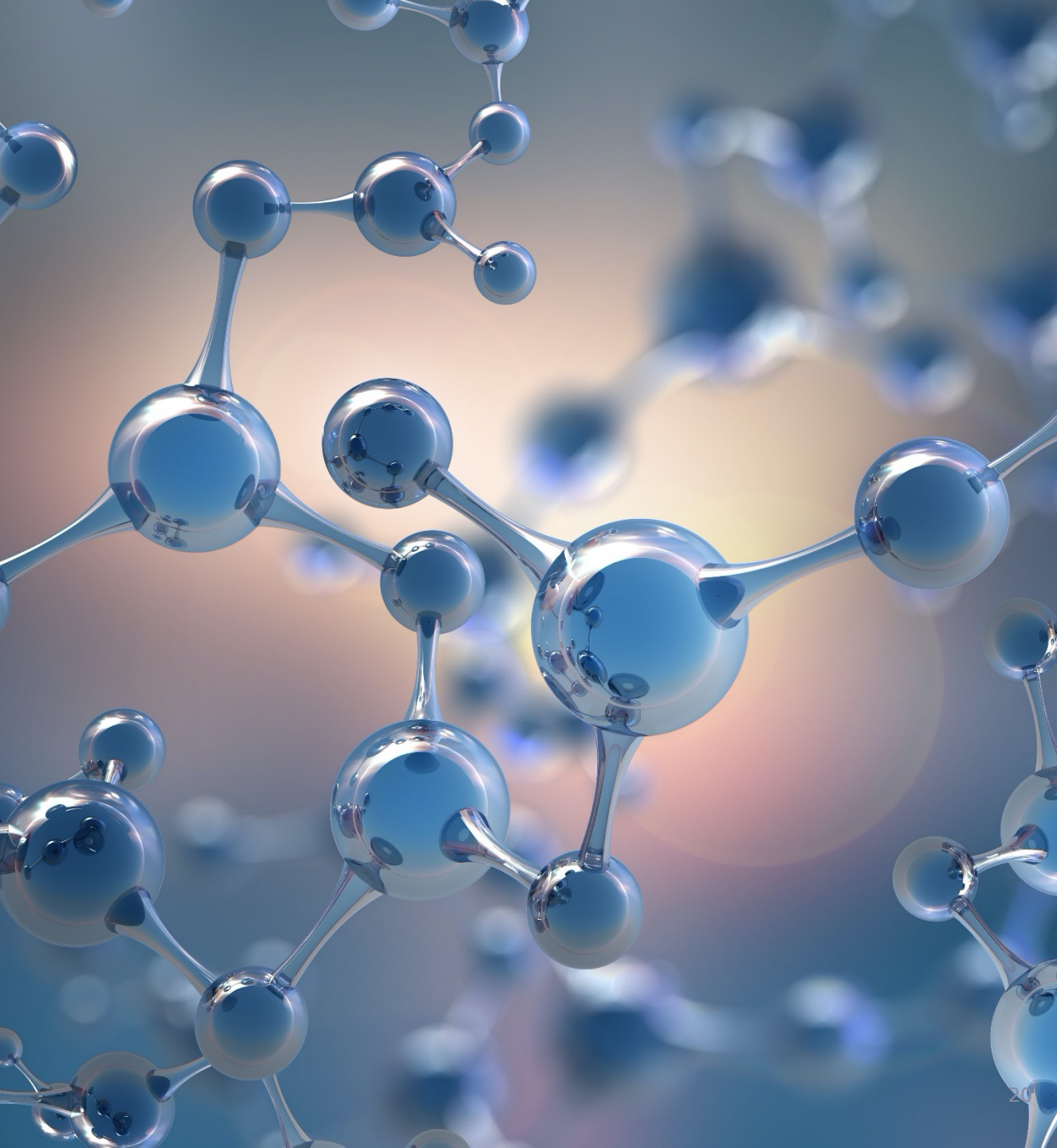
# Focus for 2022

# ..... Focus for 2022

- Handle health and safety of our employees
- Manage volatility in demand
- Manage the current challenges in global supply chains and raw material prices
- Continue to execute our updated strategy including:
  - Active M&A
  - Run our business model efficiently
  - Further development of our sustainability work
- We are flexible and ready to meet the expected increase in light vehicle production







# Q&A



# Thank You

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