

HEXPOL Q3 2023 Presentation

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October 27, 2023

..... Q3 2023 Presentation

Presented by

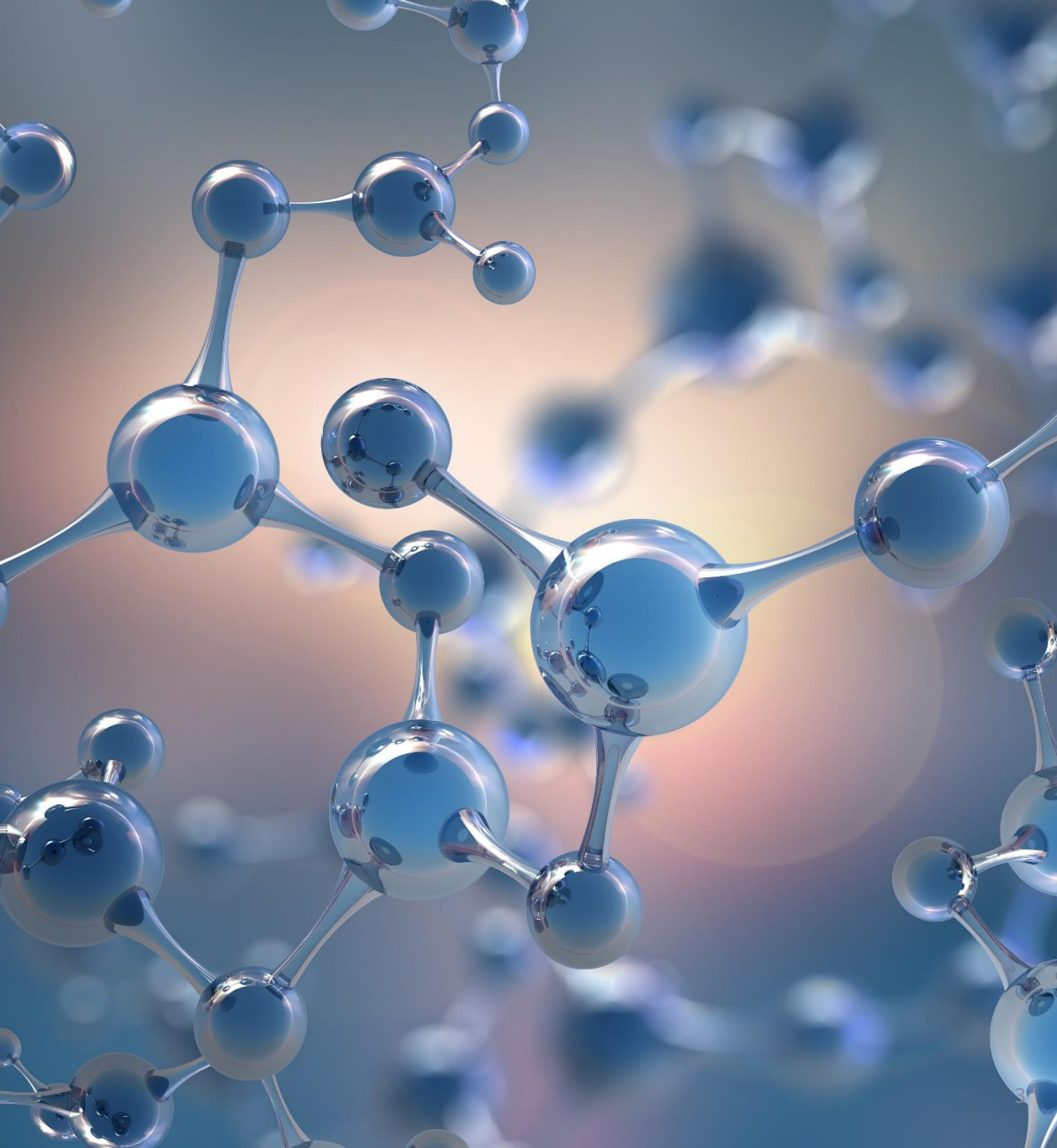


Peter Rosén
Acting CEO and CFO

Agenda

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





Business Performance

..... Further Improved Margins – Our Best Third Quarter To Date

- **Strong quarter with further improved margins**
 - Strong EBIT at 930 MSEK (838)
 - Strong margin at 17,0% with margin improvement vs both Q2'2023 16,5% and vs Q3'2022 14,2%
 - Continued execution of our business model where price management is crucial
 - Good product and price mix
 - Strong cash flow at 963 MSEK (702)
- **Demand and sales prices**
 - Sales to automotive segments show improvement but still varied development
 - Substantially lower demand seen in most markets from building and construction as well as from producers of consumer products
 - Lower sales prices driven by lower prices on main raw materials
- **Sustainability focus with connected M&A agenda**
 - Increased interest in recycled products resulting in high number of projects, not least from automotive industry
 - In line with last two acquisitions, continued strong focus on acquisitions with high recycling content



..... Further Improved Margins – Our Best Third Quarter To Date

- **HEXPOL Compounding**

- Sales to automotive segments show improvement but still varied development across markets
- Substantially lower demand seen in most markets from building and construction as well as from producers of consumer products
- Stable supply chain including availability of raw materials
- Most raw materials in Compounding see sequentially lower prices - signs of flattening out in 3rd quarter
- Good product and price mix
- Good development in Americas and Asia shows improvement
- Strong EBIT and improved margin

- **HEXPOL Engineered Products**

- Sales in line with last year, good development in Wheels
- Strong EBIT but negatively affected by FX effects

- **M&A**

- High focus and strong financial position support further acquisitions
- The acquisitions done during the last two years are now fully integrated



..... Strong Culture Delivering

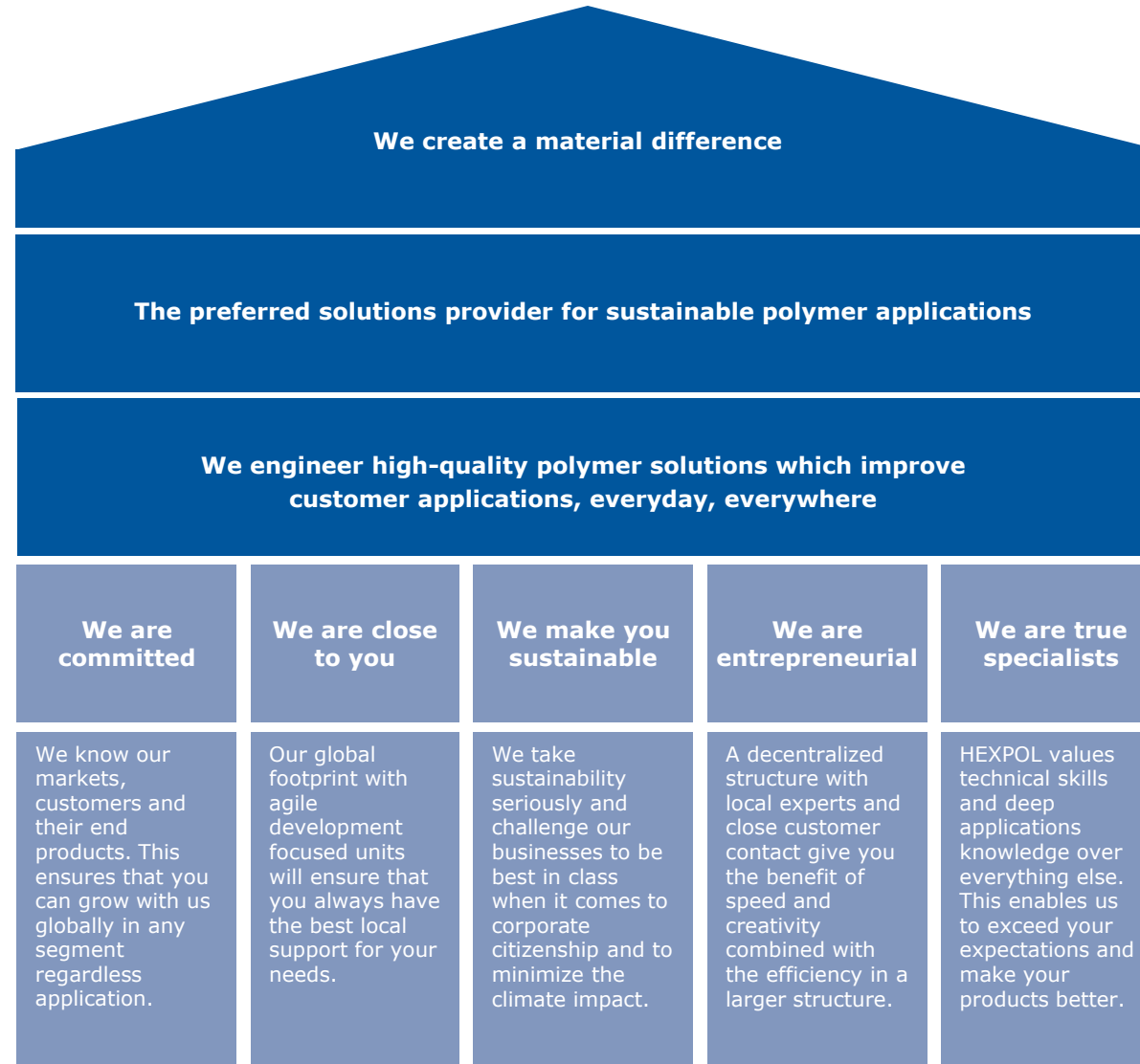
Purpose
The positive impact of what we do

Vision
Our long-term objective

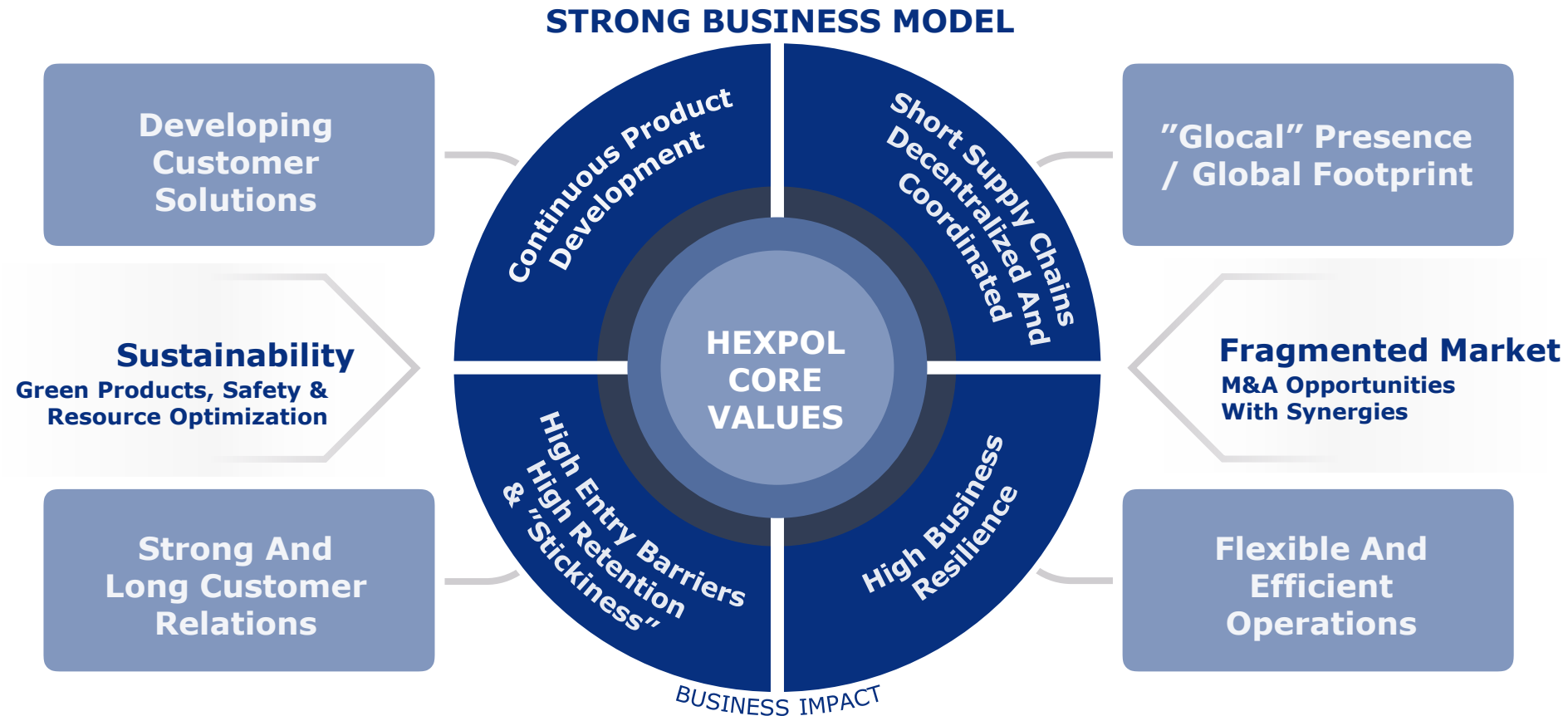
Mission
What we do daily

Core values
Our fundamental beliefs that dictate our behavior

Rationale & evidence
Proof of what we say is true

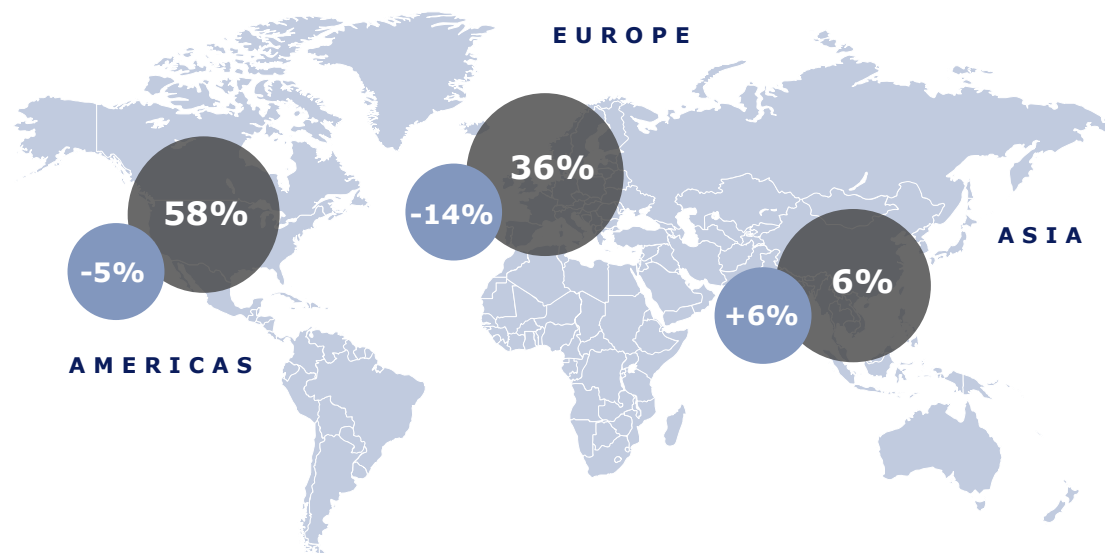


..... Strong Execution of Our Business Model

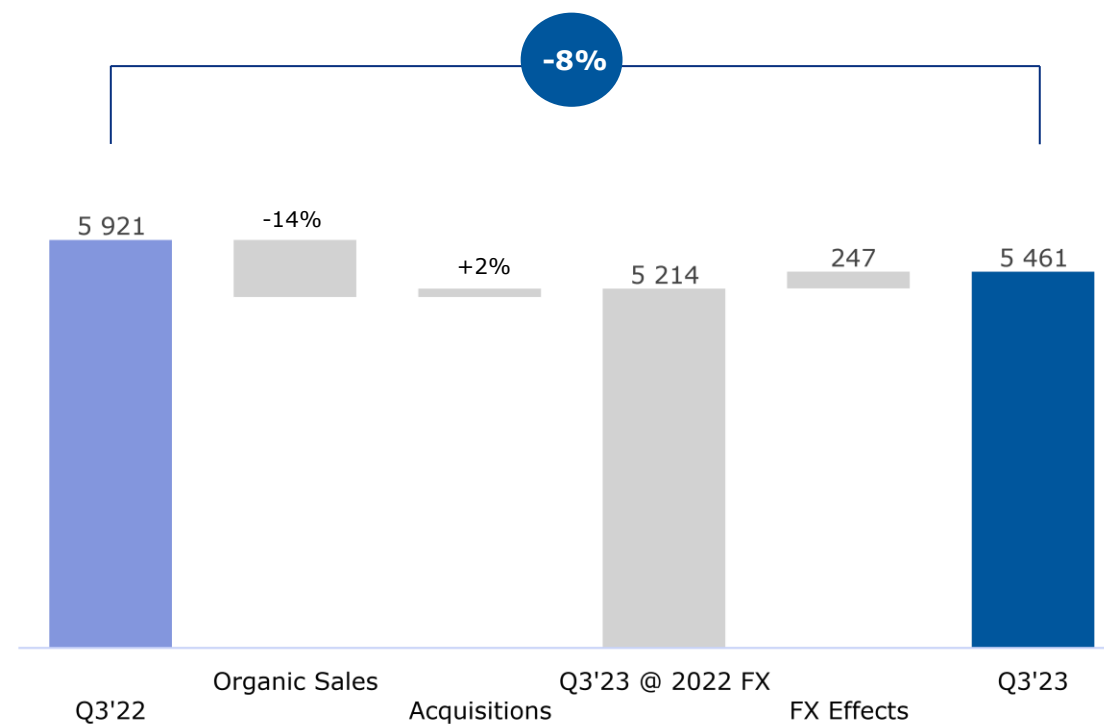


..... Q3 Sales Development

Regional Development



Sales development MSEK





Financial Overview

Q3 Financial Overview

Strong quarterly result with increased margins



Group Summary

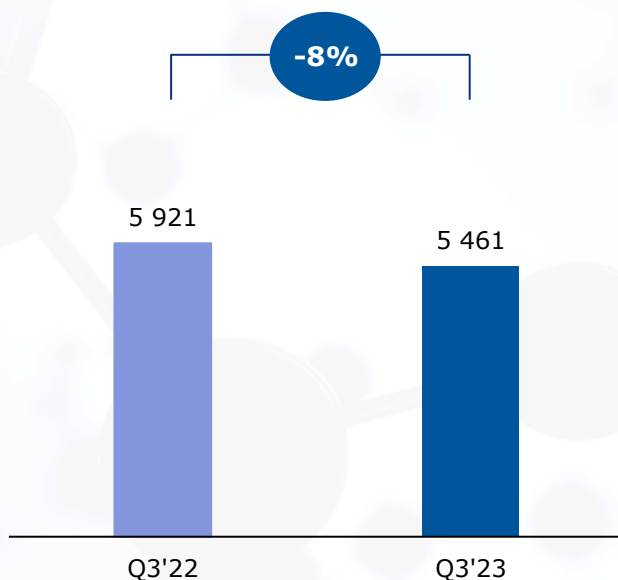
Key figures MSEK	Q3'23	Q3'22	YTD Q3'23	YTD Q3'22
Sales	5 461	5 921	17 178	16 748
EBITA	964	865	2 915	2 521
EBITA Margin, %	17,7	14,6	17,0	15,1
Operating Profit	930	838	2 821	2 449
Operating Margin, %	17,0	14,2	16,4	14,6
Profit after tax	670	615	2 017	1 859
Earnings per share, SEK	1,95	1,79	5,86	5,40
Equity/assets ratio, %			63	58
Return on capital employed, % R12			19,3	18,6
Operating cash flow	963	702	2 604	1 447

Highlights

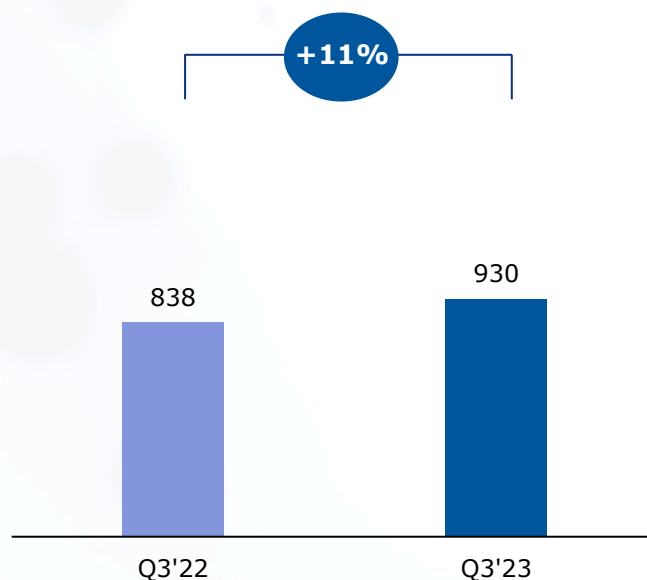
- Sales of 5 461 MSEK
- Operating Profit of 930 MSEK, an increase of 11% compared to Operating Profit in Q3'22
- Increased Operating Margin of 17,0%
- Strong Equity/Asset ratio of 63%
- High return on capital employed at 19,3%
- Strong cash flow of 963 MSEK, an increase of 37% vs Q3'22

Q3 Financial Highlights

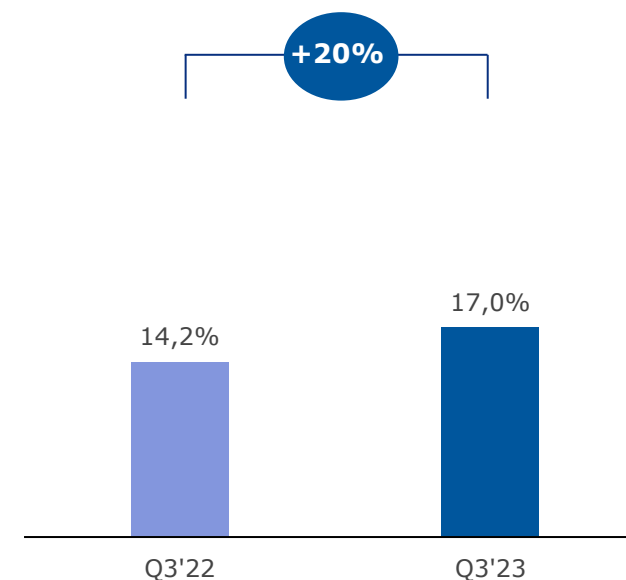
Sales
MSEK



Operating Profit
MSEK



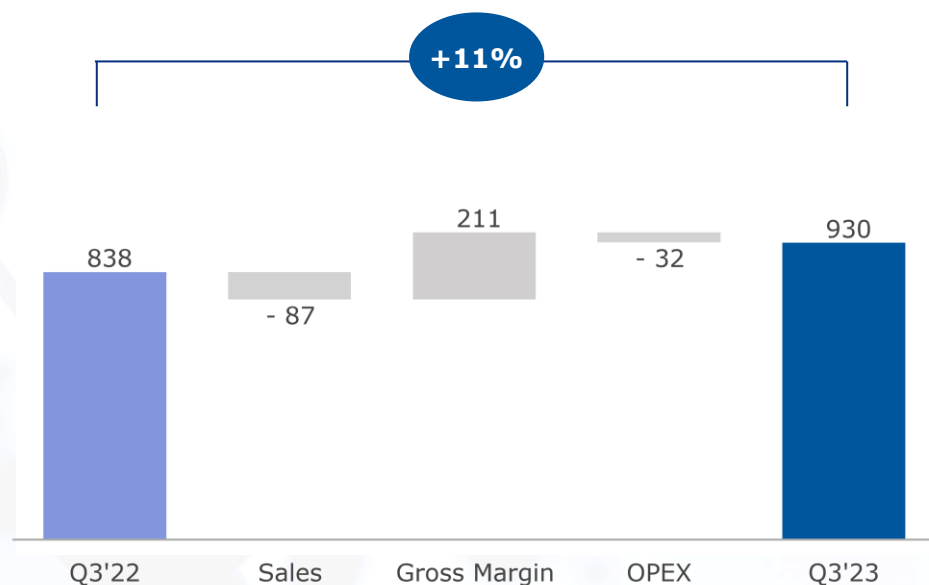
Operating Margin
%



Q3 Operating Profit

Stronger gross margin drives higher operating profit

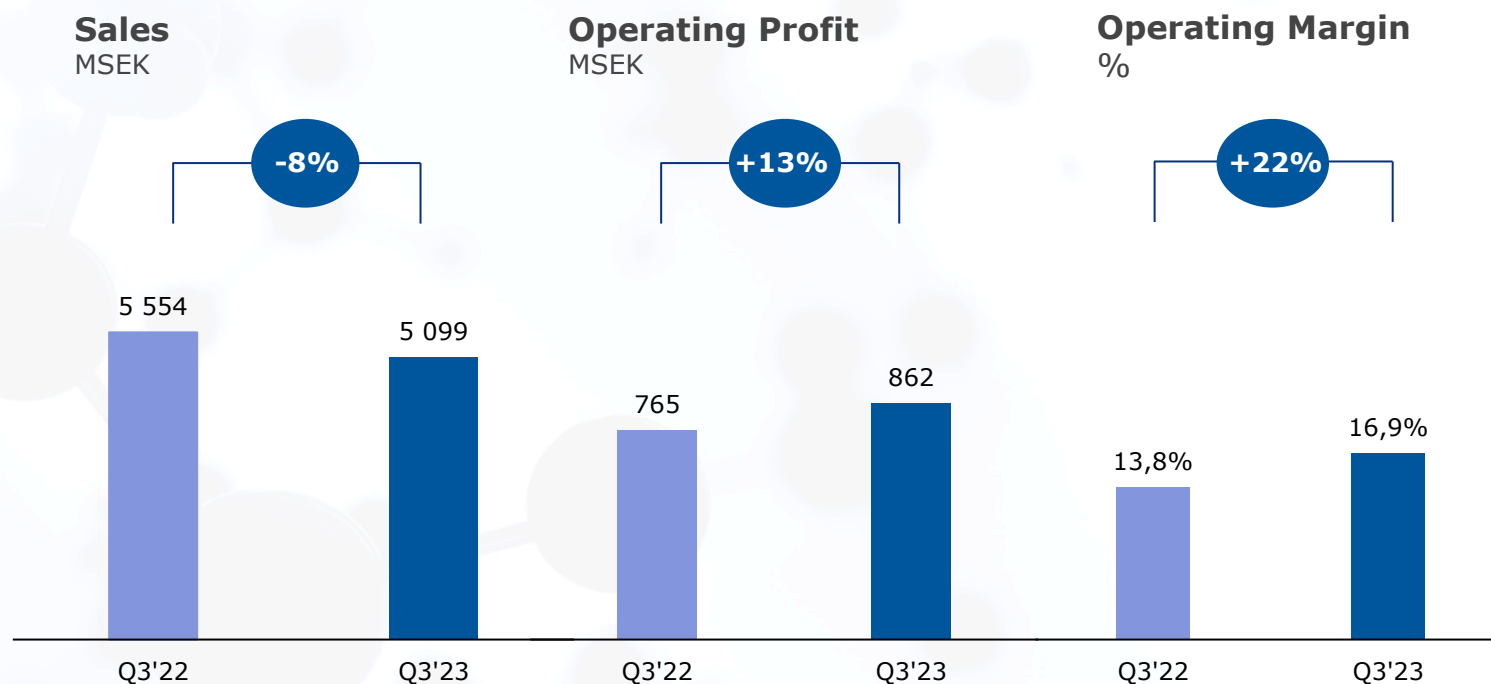
Operating Profit MSEK



Highlights

- Stronger gross margin drives higher operating profit
- Stronger gross margin due to better product and price mix
- OPEX increase driven by acquisition, inflation and FX effects

Q3 HEXPOL Compounding



Highlights

- Lower sales partly driven by lower prices on main raw materials
- Sales to automotive segment show improvement but still varied development. Lower demand from customers mainly within the building and construction segment as well as from customers with consumer products
- Operating Profit well above LY
- Higher Operating Margin driven by positive product and price mix

Q3 HEXPOL Engineered Products

Sales
MSEK

-1%

367

Q3'22

362

Q3'23

Operating Profit
MSEK

-7%

73

Q3'22

68

Q3'23

Operating Margin
%

-6%

19,9%

Q3'22

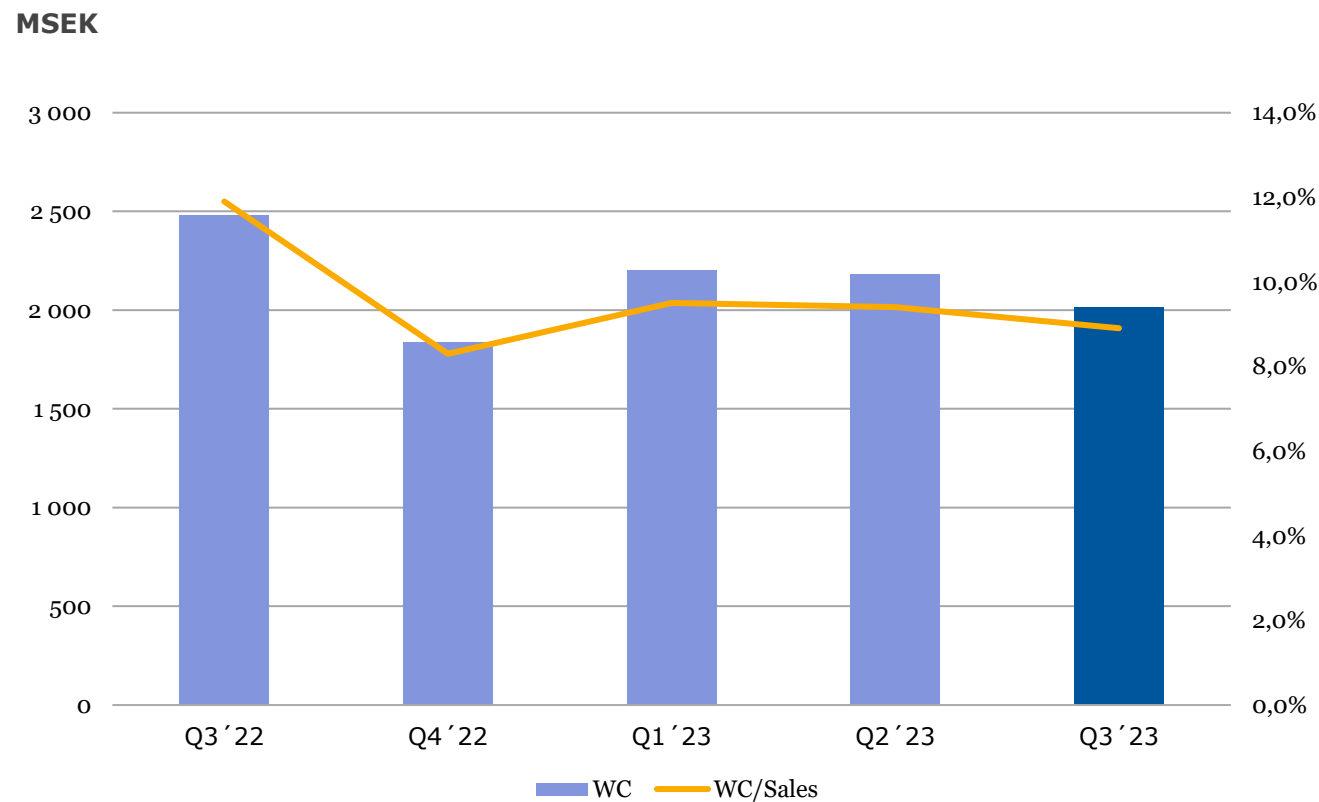
18,8%

Q3'23

Highlights

- Sales in line with LY with good development in Wheels
- Operating Profit below LY driven by negative FX effects related to Sri Lankan currency
- Lower Operating Margin following on negative FX effects

Q3 Working Capital

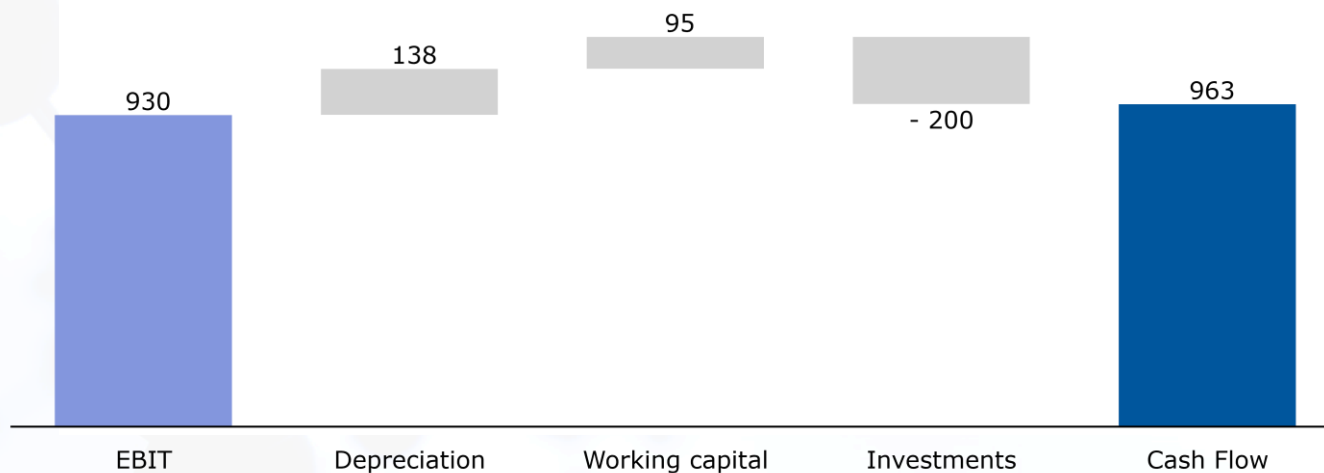


Highlights

- Compared to last year, the acquisition of McCann added some 68 MSEK in working capital
- Working capital in relation to sales continues to decrease following on general improvements

Q3 Cash Flow

Cash Flow
MSEK



Highlights

- Strong cash flow in the quarter driven by strong EBIT and improvement in working capital

Q3 Net Debt

Strong financial position



MSEK	30-sep 2023	31-dec 2022
Cash at hand	1 290	1 541
Used credit facilities	-3 514	-4 386
Net debt	-2 224	-2 845
Net debt/EBITDA*	0,53	0,75

* EBITDA is R12 months

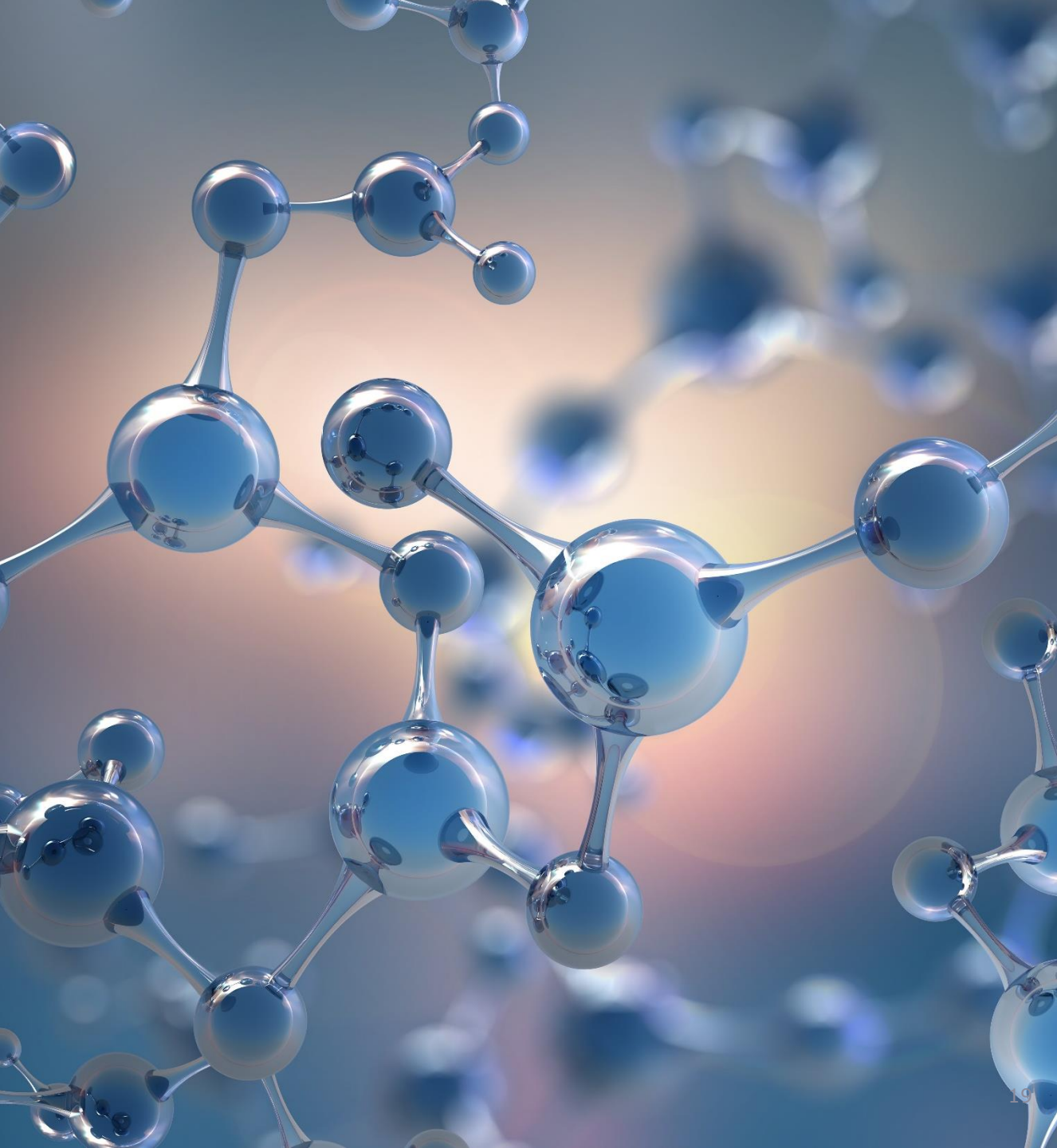
Highlights

- Strong financial position

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Q&A

Thank You

www.HEXPOL.com