

HEXPOL Q4 2024 Presentation

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January 28, 2025

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Presented by



Klas Dahlberg
CEO

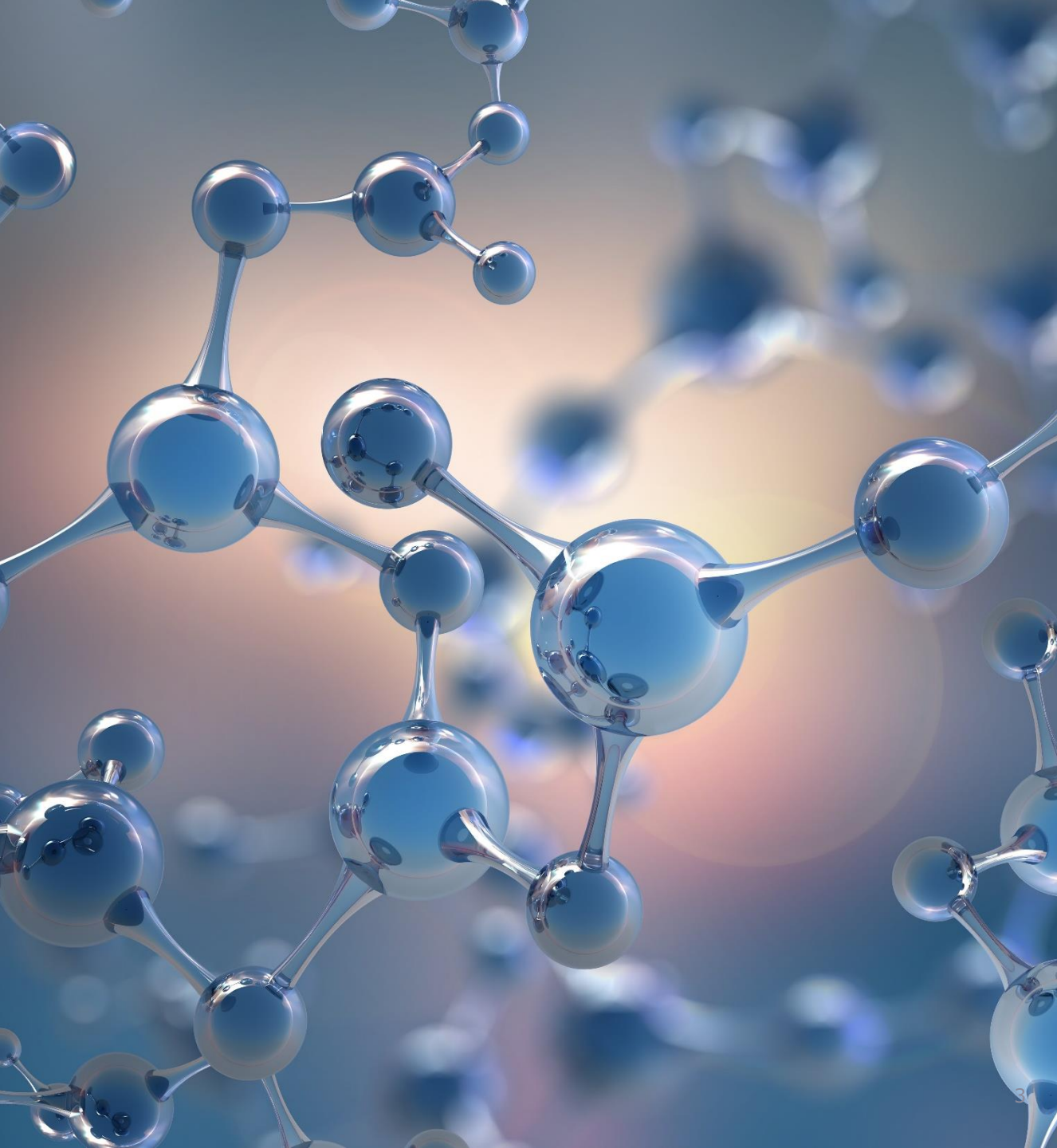


Peter Rosén
CFO

Agenda

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





Business Performance

..... Strong cash flow and continued focus on increased efficiency

- **Q4 performance**

- Q4 sales 4 694 MSEK (4 868) – improved sales in Europe offset by lower sales in North America
- Adjusted EBIT 631 MSEK (838) and Adjusted EBIT margin at 13,4% (17,2%)
- The lower EBIT and margin mainly driven by North America:
 - Decision not to reduce cost short term in order to be able to meet seasonally strong January
 - Negative product mix
- Strong cash flow of 1 171 MSEK (1 390) driven by low working capital
- Ordinary dividend proposed at 4,20 SEK/share (4,00)

- **Demand and sales prices**

- Demand down vs Q4'23 mainly affected by lower demand from automotive
- Building and Construction demand increase vs Q4'23
- Sales down vs Q3'24 mainly driven by the extended holiday closures by customers
- Sales prices sequentially stable

- **Sustainability focus**

- Well on our way to reach the CO2 target reduction of 75% by end of 2025 - we are at 65% reduction so far with identified actions to reach the target on time
- High interest in recycled products resulting in high number of projects, not least from the automotive industry where we are well positioned

- **Operations**

- Sale of non-core business in Muscle Shoals, Alabama, USA
- Decision to close rubber compounding in Kennedale, Texas, USA and move operations to other US sites



HEXPOL Rubber Compounding United States



..... Strong cash flow and continued focus on increased efficiency

- **HEXPOL Compounding**

- Lower sales in North America driven by extended holiday closures by customers
- Demand down vs Q4'23 mainly affected by lower demand from automotive end customers
- Increase seen in demand from Building and Construction
- Raw materials sequentially stable, smaller decrease year over year
- EBIT negatively impacted by North America
- Consolidation of operations in HEXPOL Americas to improve efficiency further

- **HEXPOL Engineered Products**

- Strong sales compared to LY, good development across all product areas
- Increase in both Operating Profit and Operating Margin

- **M&A**

- Piedmont Resin Supply, Georgia, USA, acquired and consolidated as of 1 November 2024
- High focus and strong financial position supports further acquisitions



Piedmont Resin Supply LLC – Georgia, US

Overview

Strategic Fit:

- Specializing in Nylon Compounds
- Piedmont furthermore adds a portfolio of recycled materials (ca 60%) to HEXPOL.

Markets:

- Industrial, Automotive, Furniture, Filtration, Consumer, Electronics

Other Information :

- Turnover (2024): 65 MUSD
- Employees: 60
- Quality certification: ISO 9001

Specializing in Nylon Compounds



..... Strong Culture Delivering

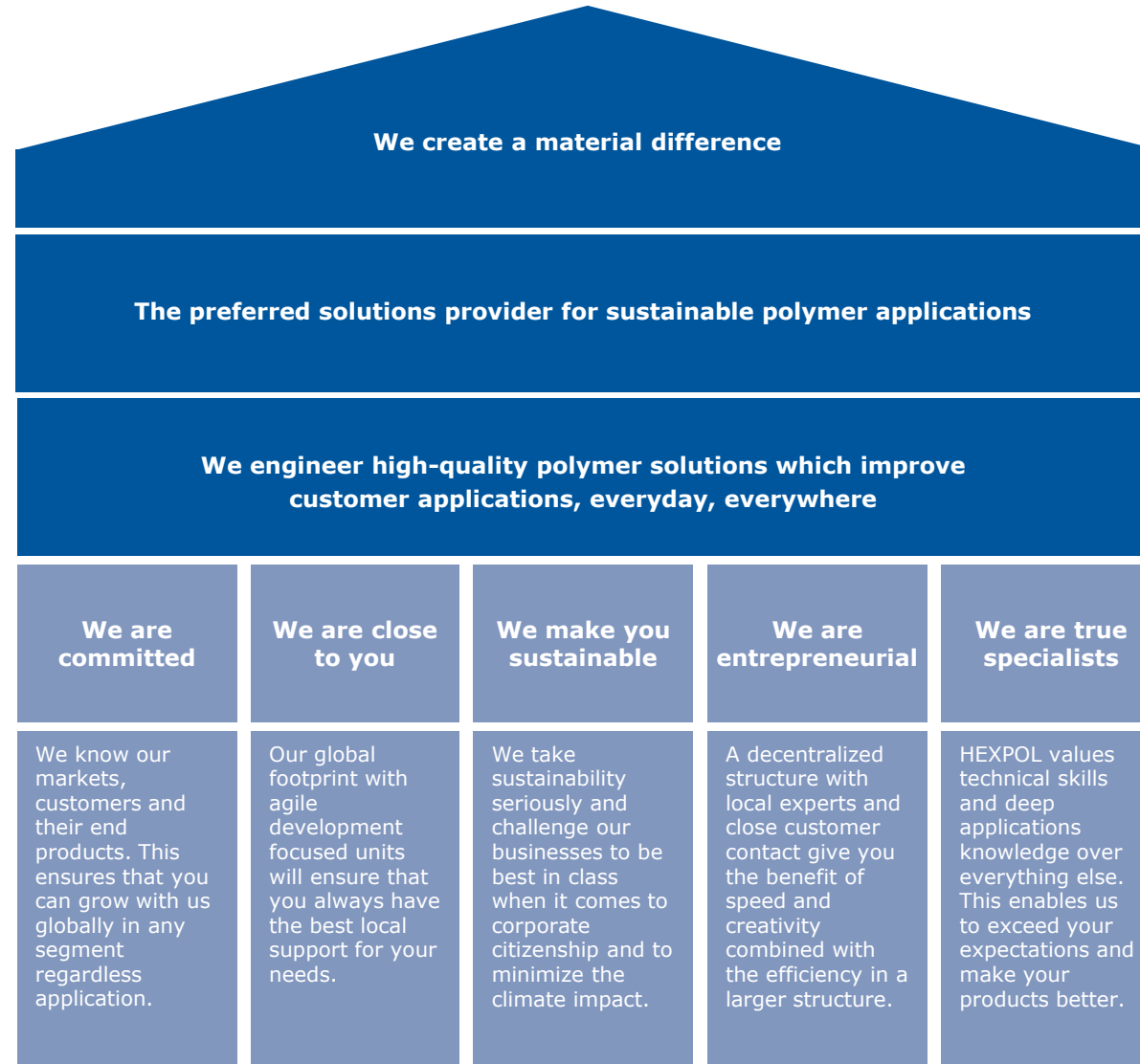
Purpose
The positive impact of what we do

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

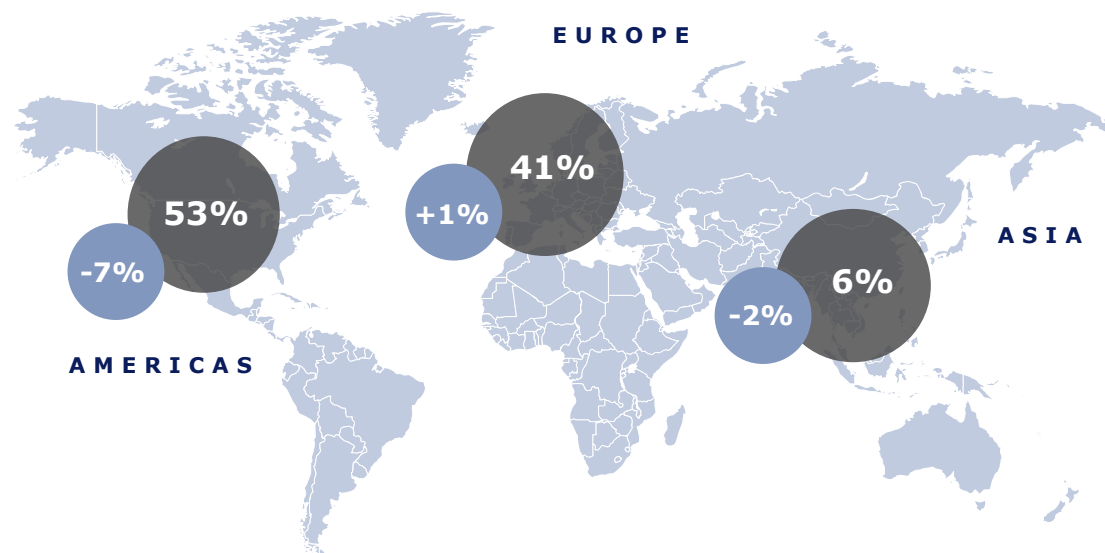




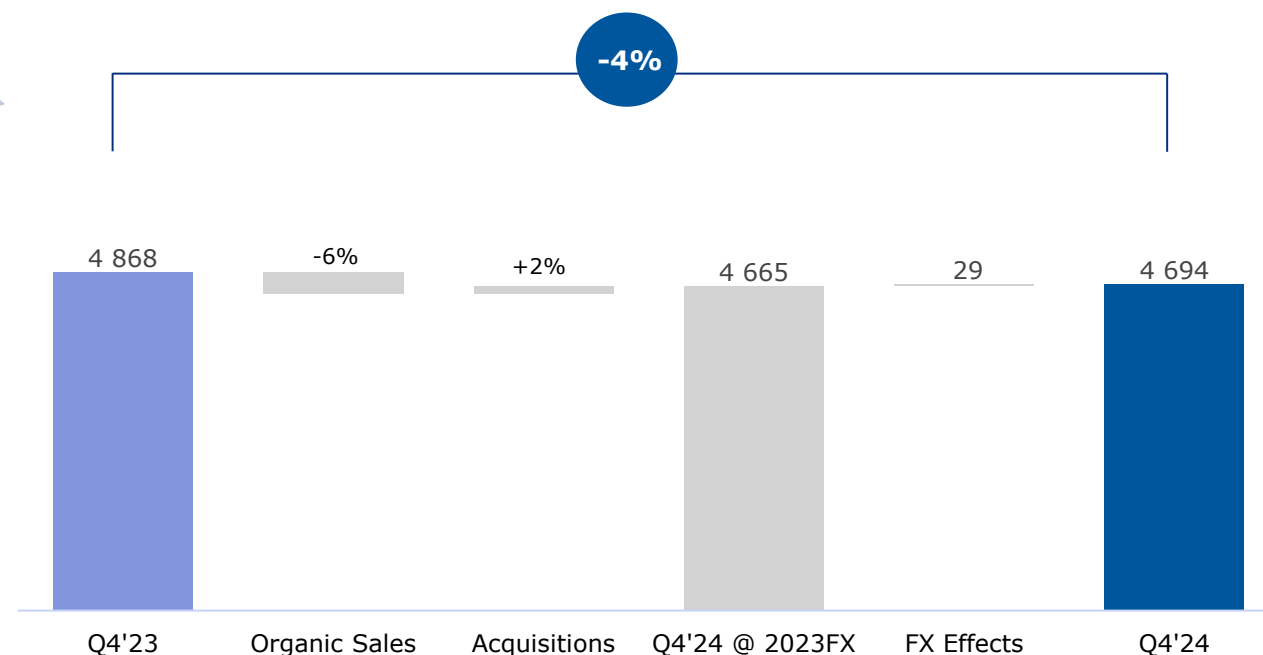
Financial Overview

Q4 Sales Development

Regional Development



Sales development MSEK



Q4 Financial Overview

Strong cash flow and continued focus on increased efficiency



Group Summary

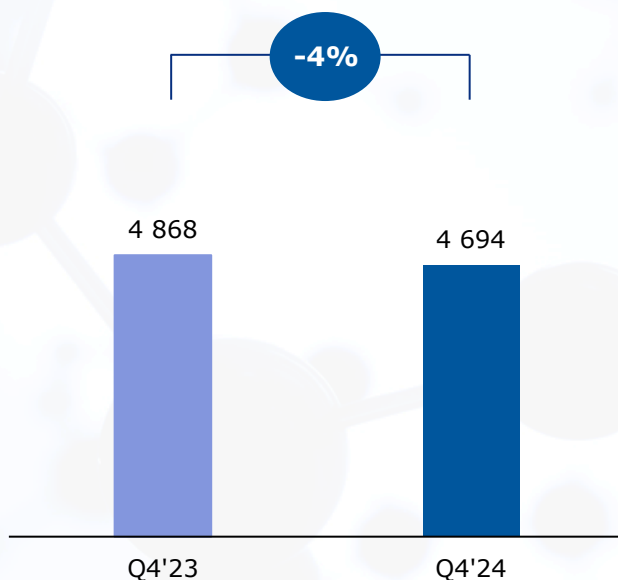
Key figures MSEK	Q4'24	Q4'23	jan-dec 2024	jan-dec 2023
Sales	4 694	4 868	20 437	22 046
EBITA, adjusted	667	872	3 384	3 787
EBITA-Margin, adjusted, %	14,2	17,9	16,6	17,2
Operating Profit, adjusted	631	838	3 247	3 659
Operating Margin, adjusted, %	13,4	17,2	15,9	16,6
Profit after tax	353	507	2 220	2 524
Earnings per share, adjusted, SEK	1,28	1,66	6,70	7,51
Equity/assets ratio, %			64	65
Return on capital employed, % R12			16,9	19,0
Operating cash flow	1 171	1 390	3 012	3 994

Highlights

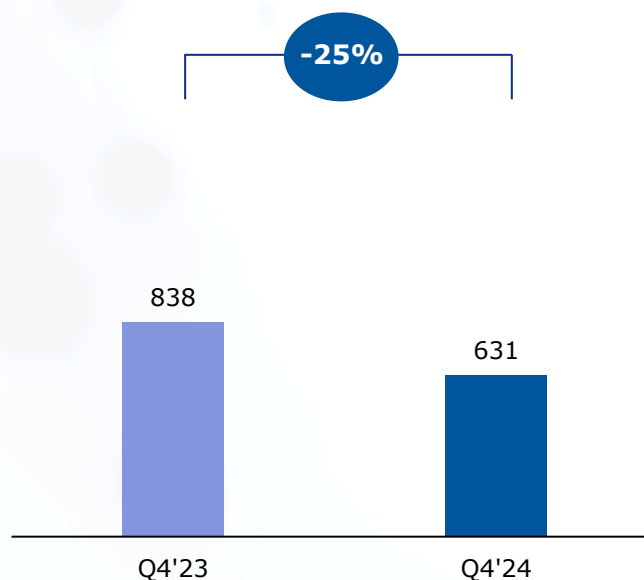
- Sales of 4 694 MSEK
- Adjusted Operating Profit of 631 MSEK
- Adjusted Operating Margin of 13,4%
- Strong Equity/Asset ratio of 64%
- High return on capital employed at 16,9%
- Strong cash flow of 1 171 MSEK

Q4 Financial Highlights

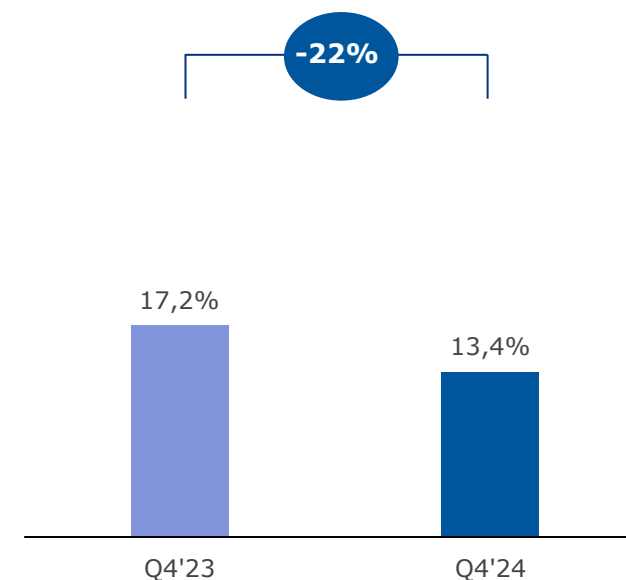
Sales
MSEK



Operating Profit, adjusted
MSEK

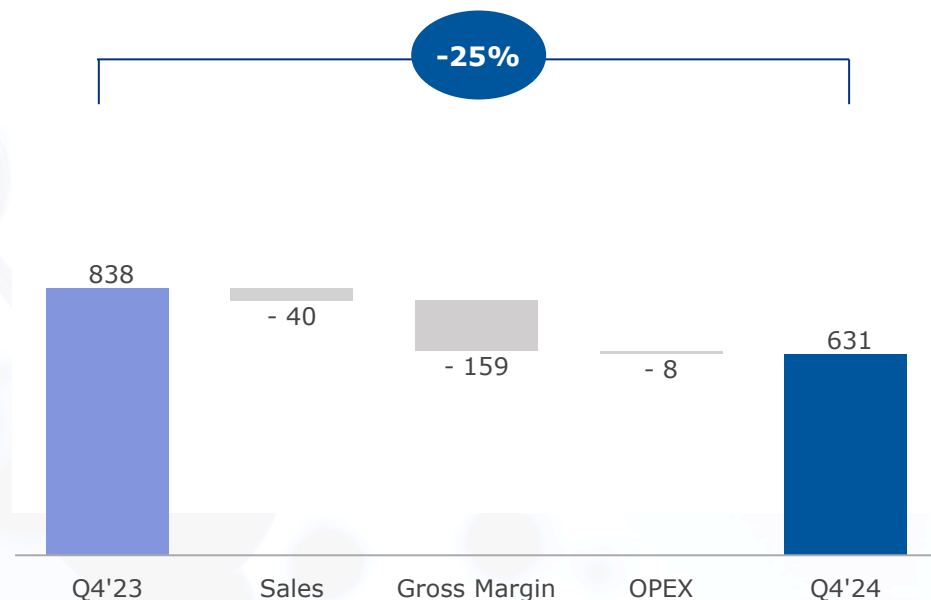


Operating Margin, adjusted
%



..... Q4 Operating Profit

Operating Profit, adjusted MSEK



Highlights

- The lower Operating Profit is negatively affected by somewhat lower sales and lower gross margin
- The lower gross margin is mainly driven by lower volume that cannot be offset by cost savings in the short run and negative mix
- OPEX are in line with LY

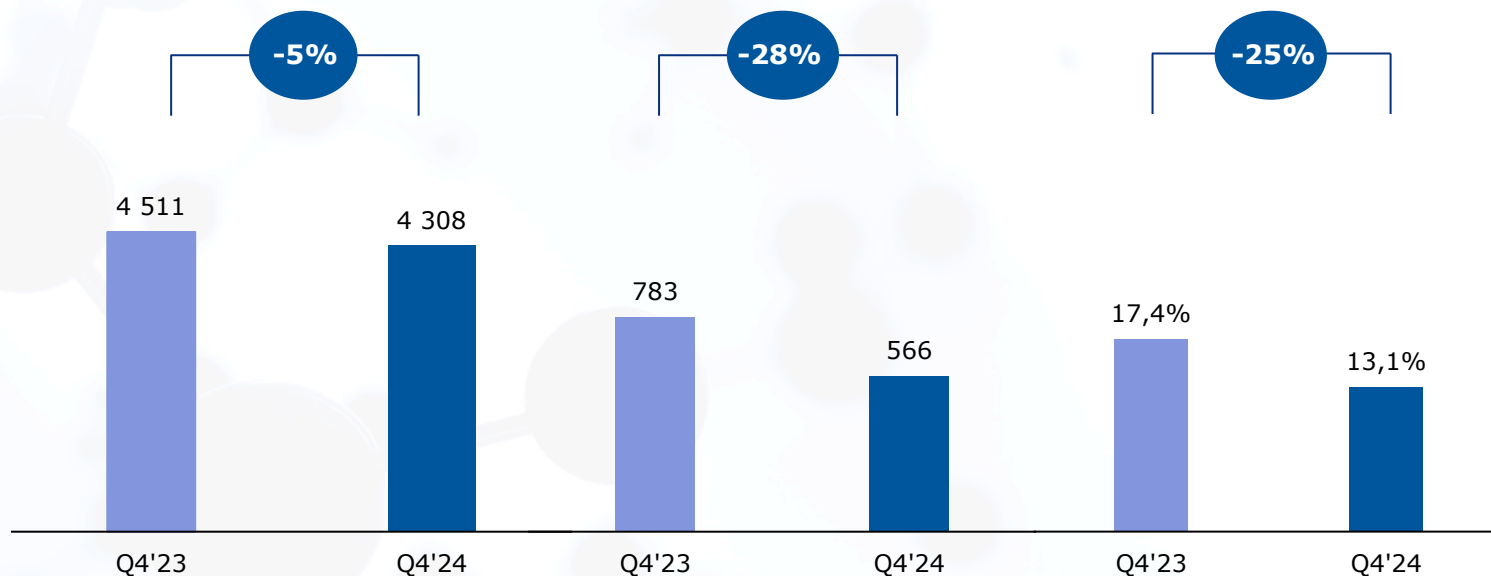
Q4 HEXPOL Compounding

Sales
MSEK

Operating Profit, adjusted
MSEK

Operating Margin, adjusted
%

Highlights



- Lower sales in North America while Europe somewhat above LY. Sales affected by extended holiday closures by customers and lower demand
- The lower demand is mainly seen with the automotive end customers. Building and construction saw an increase
- Operating Profit decreased compared to LY following on the lower sales and gross margin

Q4 HEXPOL Engineered Products

Sales
MSEK

+8%

357

386

Q4'23

Q4'24

Operating Profit
MSEK

+18%

55

65

Q4'23

Q4'24

Operating Margin
%

+9%

15,4%

16,8%

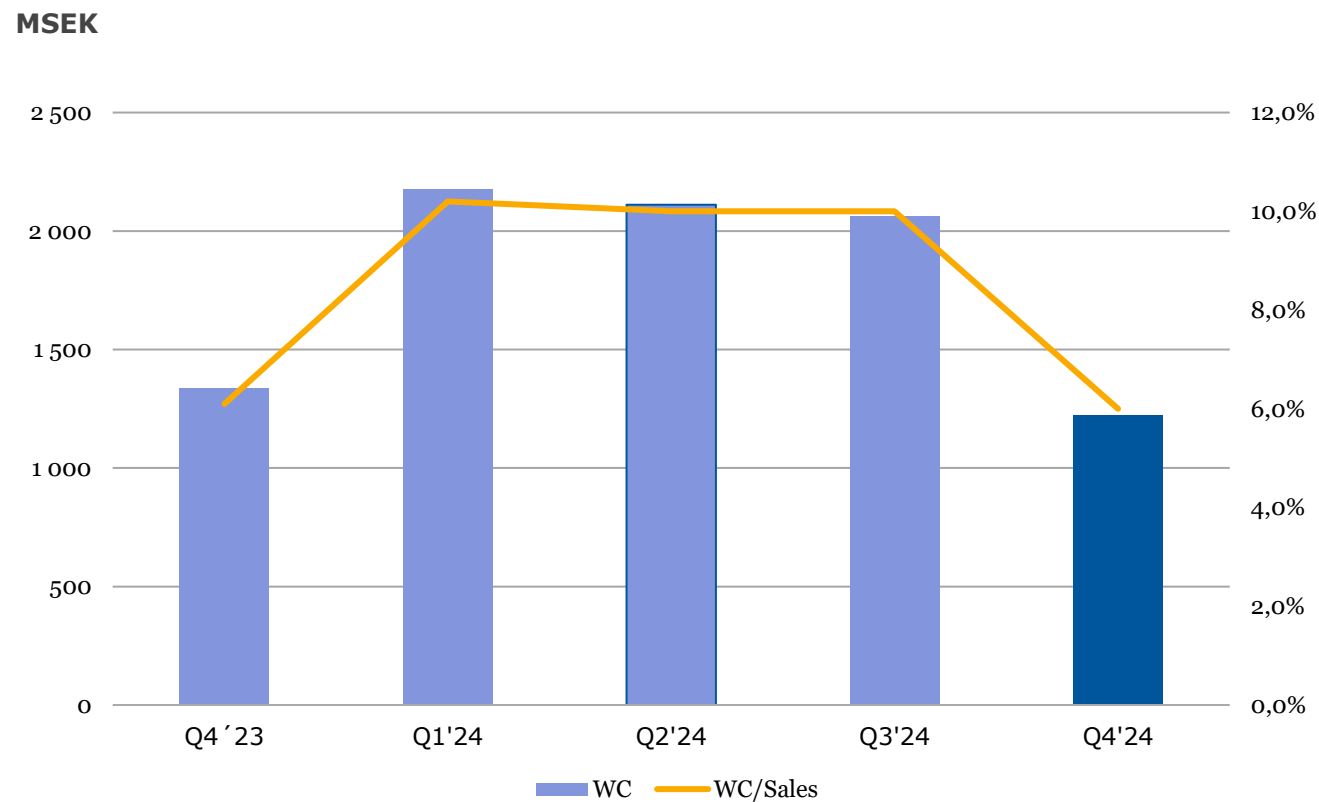
Q4'23

Q4'24

Highlights

- Improvement in sales with strong development in all product areas
- Operating Profit and Operating Margin show strong improvement compared to last year

Q4 Working Capital

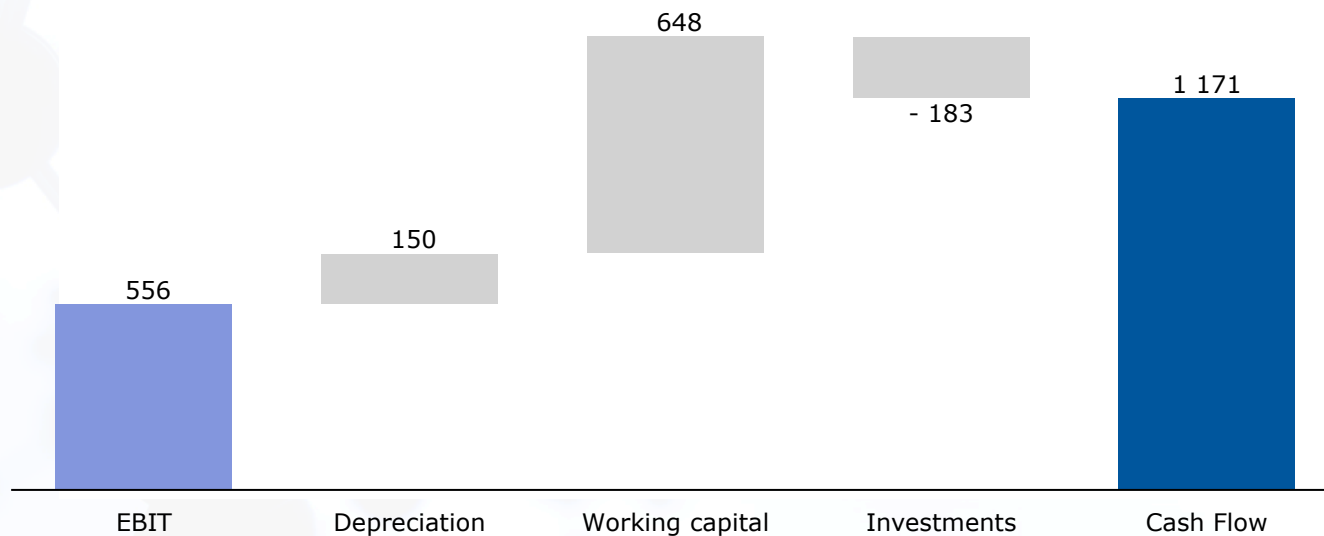


Highlights

- Compared to last year, the acquisition of Piedmont added some 97 MSEK in working capital
- Working capital in line with Q4 last year, both in absolute terms and in relation to sales

Q4 Cash Flow

Cash Flow
MSEK



Highlights

- Strong cash flow in the quarter driven by major improvement in working capital

Q4 Net Debt

Strong financial position

MSEK	31-dec 2024	31-dec 2023
Cash at hand	1 233	1 103
Used credit facilities	-3 468	-2 678
Net debt	-2 235	-1 575
Net debt/EBITDA*	0,59	0,38

* EBITDA is R12 months

Highlights

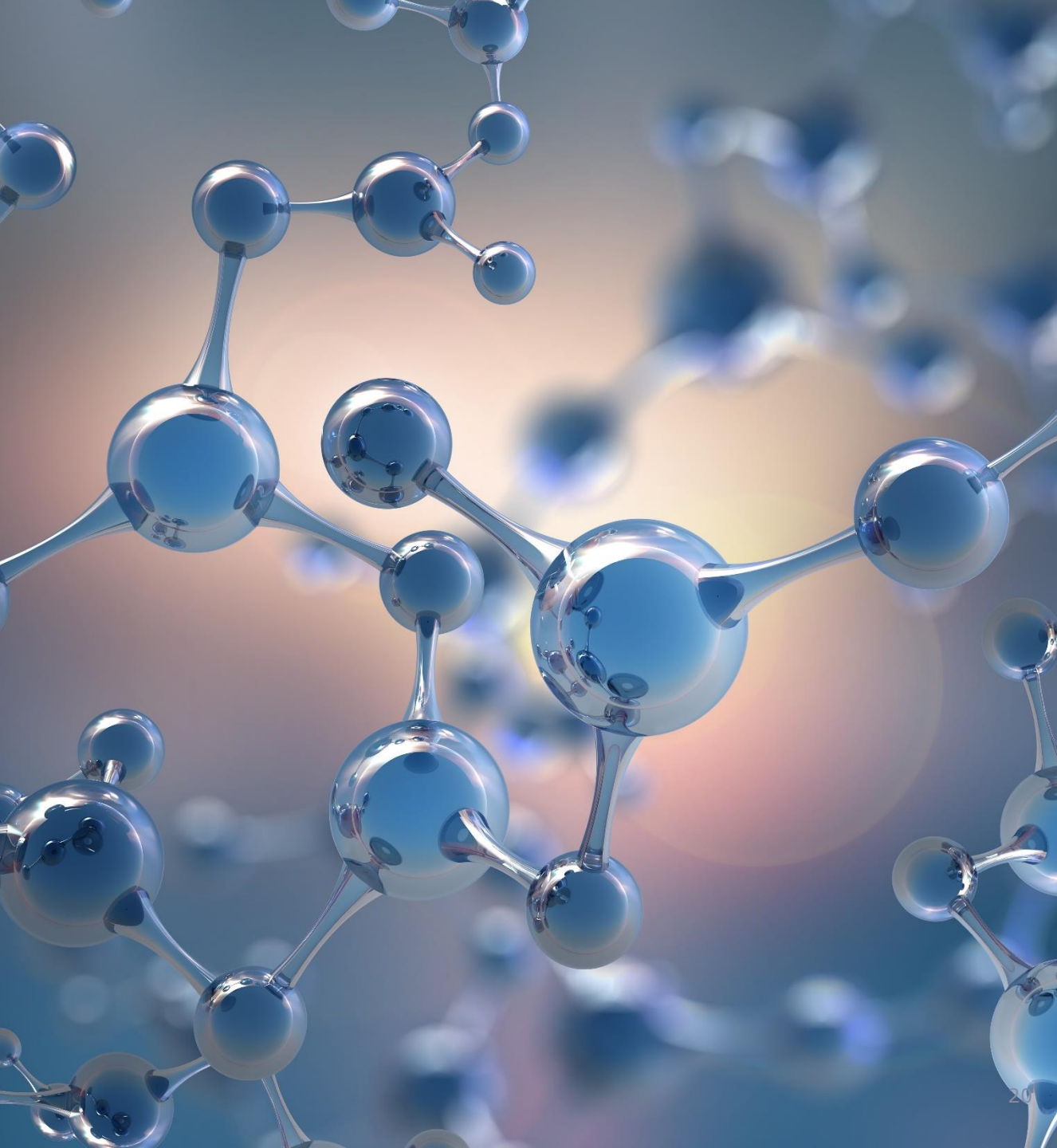
- Strong financial position



..... Summarizing Q4

- Improved sales in Europe offset by lower sales in North America.
- Profitability was impacted by the lower December sales volumes in North America in combination with the sales mix.
- Our cashflow is a proof of a solid business model.
- We continuously work on efficiency.
- Piedmont Resin is a new member of the HEXPOL family in the US.
- We continue to focus on sustainability with good progress
- Ordinary dividend proposed at 4,20 SEK/share (4,00), a 5% increase
- We investigate further opportunities to grow our business focusing on M&A, organic growth and improved efficiency





Q&A

Thank You

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