



A Material Difference

**Fast Growing With
Strong Margins**

Business Update And Trends

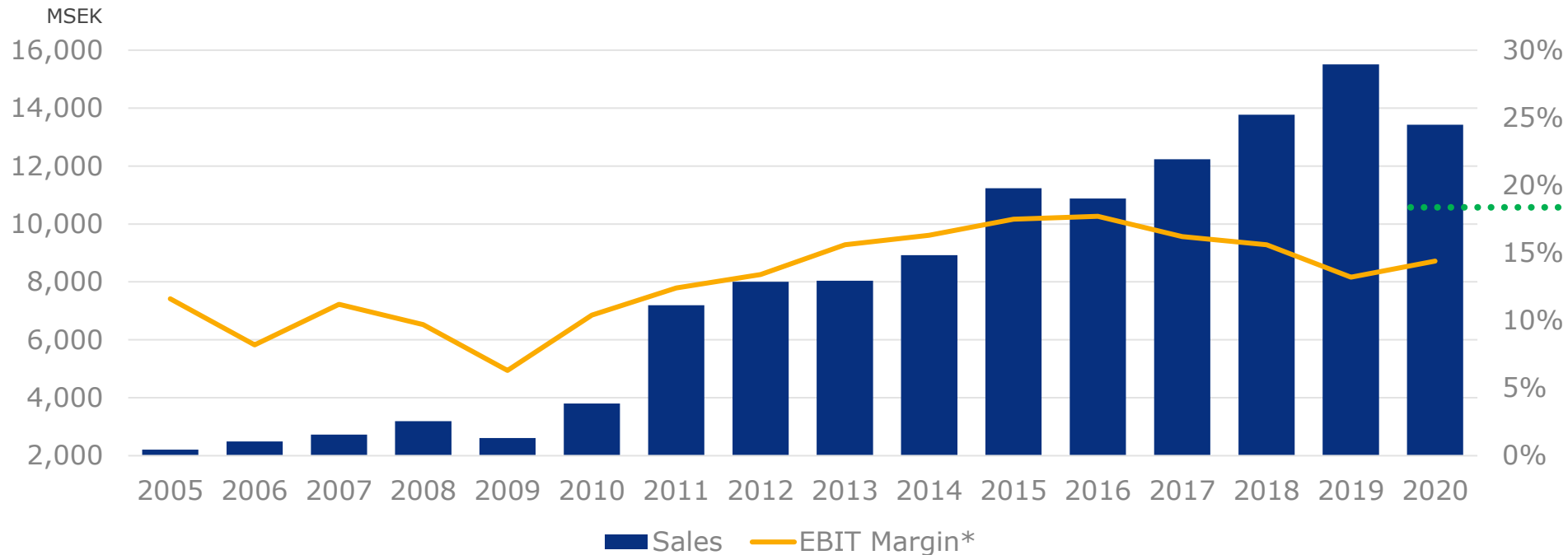
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Georg Brunstam

President & CEO

Fast Growing With Strong Margins

STRONG SALES & EBIT MARGIN*



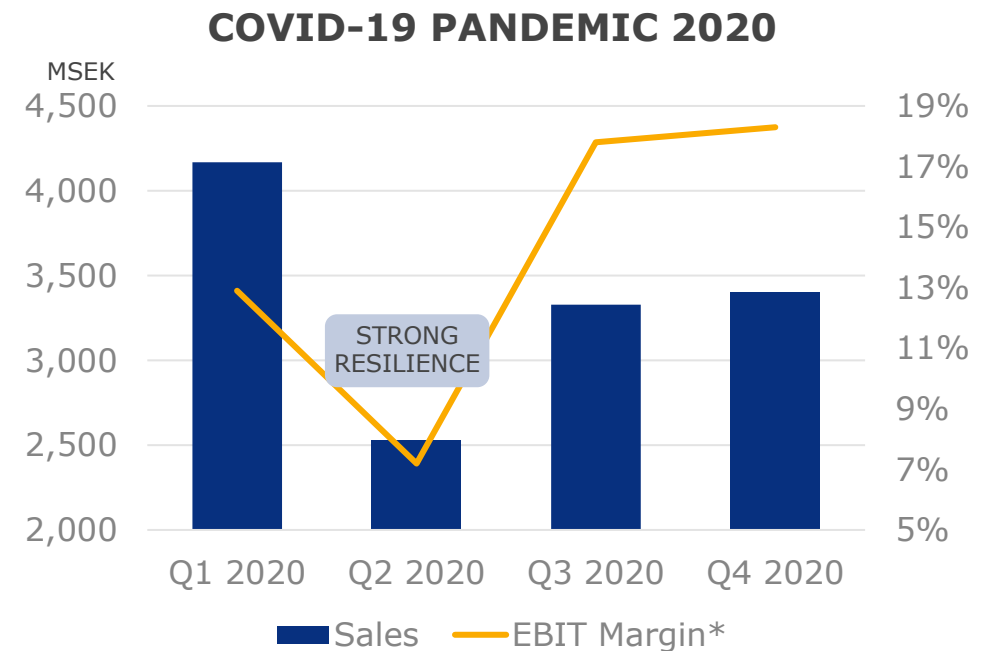
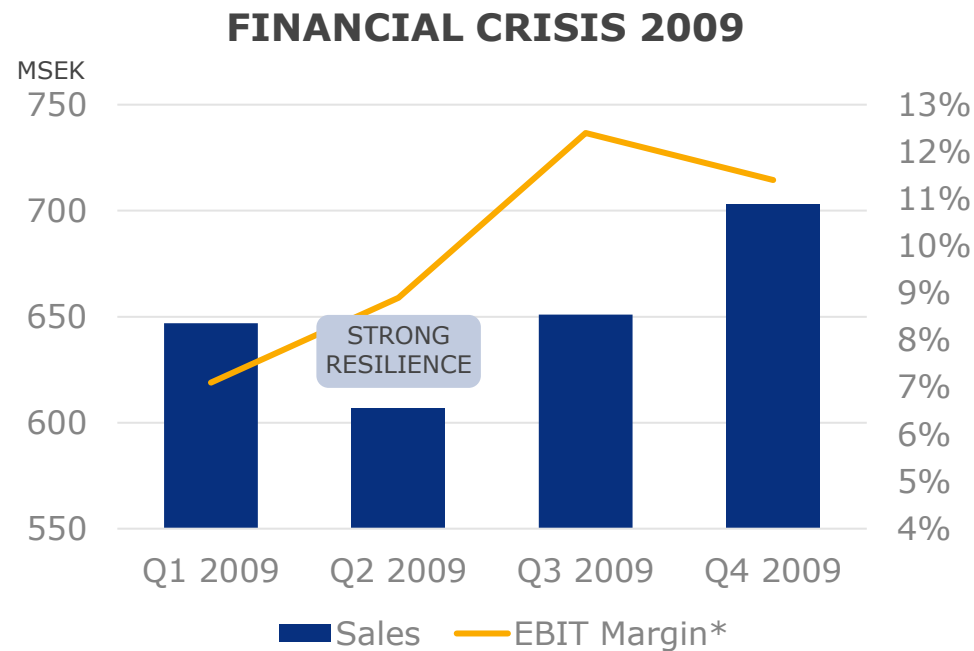
**Best Quarter Ever,
Q4 with 18.3%
EBIT margin*.**
The margin H2
was ~18%.

* Adjusted EBIT margin

March 23, 2021

Strong Business Model Gives Fast Recovery

Two examples of strong recovery and strong resilience

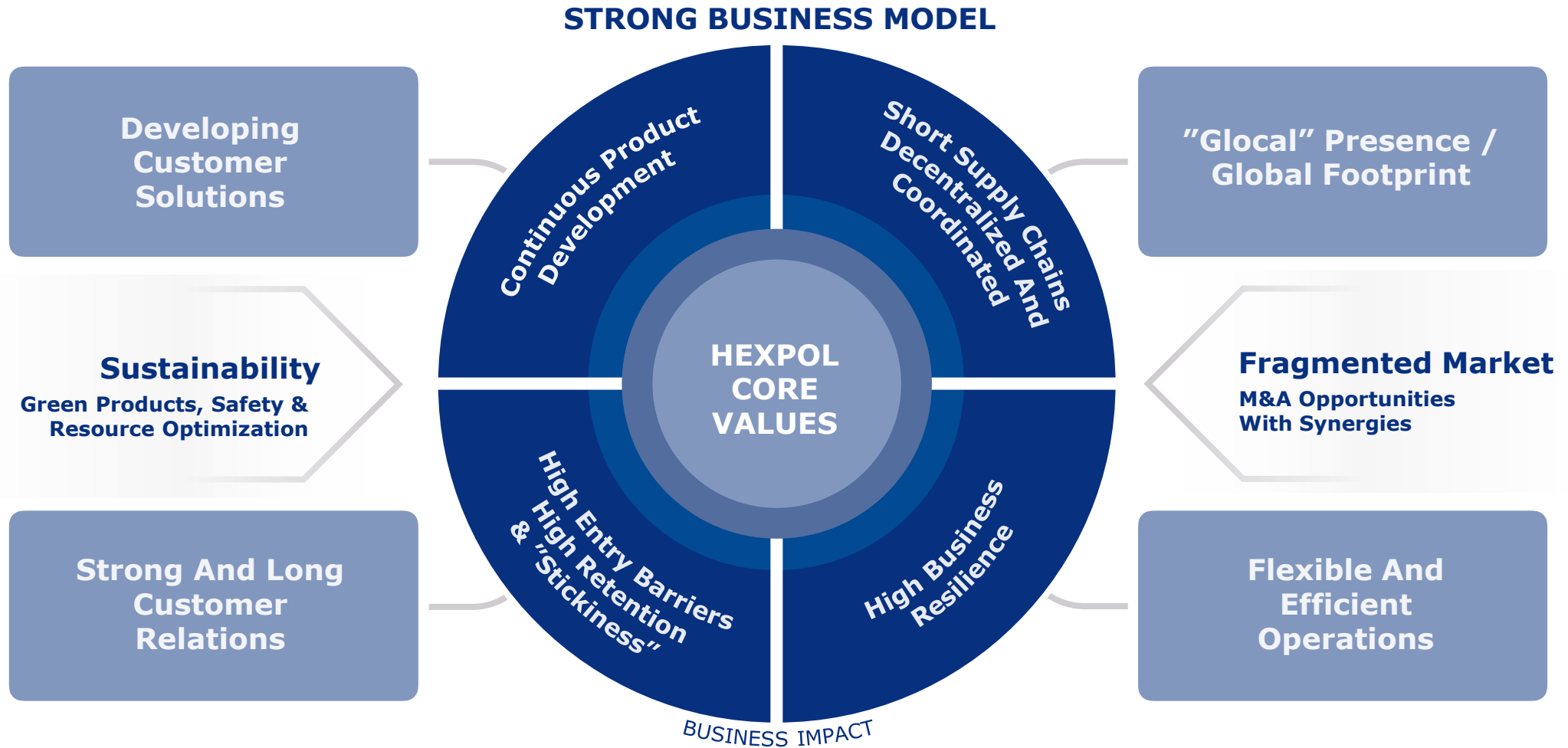


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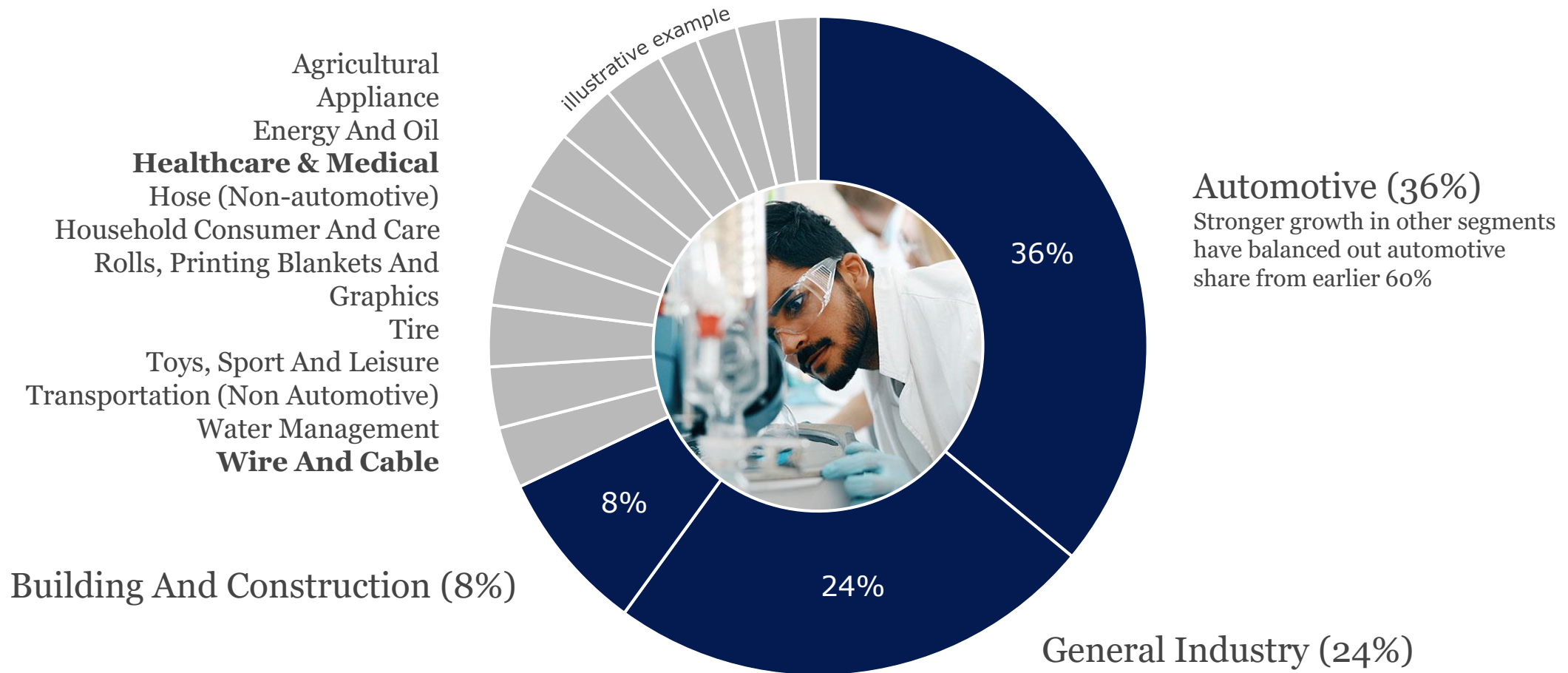
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Fast Growing With Strong Margins

Well-positioned with demanding customers in growth markets

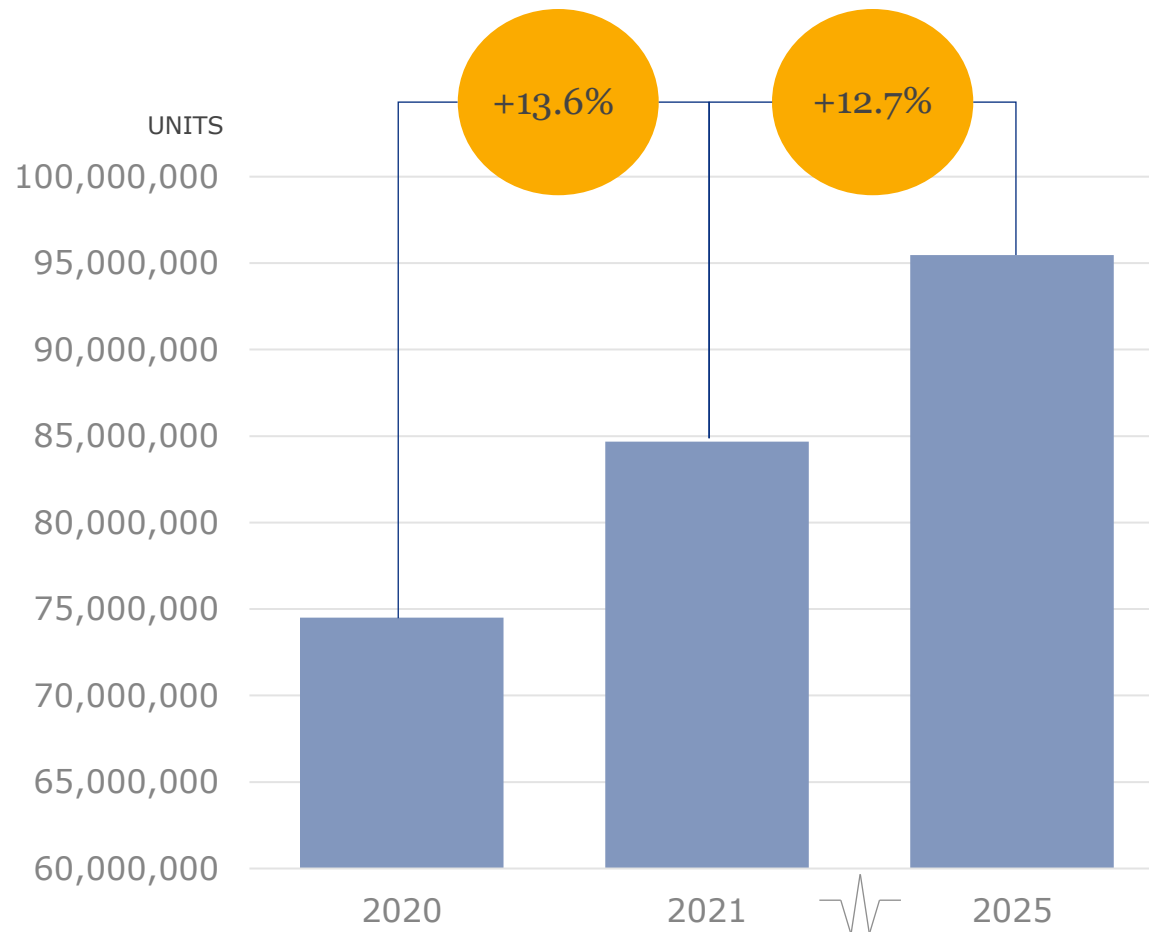


A Well-Positioned Company For Growth In Growing End-User Segments



Light Vehicle Production Is Recovering Quickly

Strong Recovery And Long-Term Growth Projection



Growth projection

- +25%** **North American** LV sales are forecast to bounce back in 2021 with a ~10% increase. Rebuilding inventory should push production gains above sales increases in 2021 (production estimated to grow with ~25%).
- +14%** In the near term, **European** LVP production is forecasted to increase with ~14% for 2021.
- +6%** In **China**, positive economic fundamentals are supporting the ongoing recovery in consumer demand. Light vehicle production is forecasted to grow by ~6% for 2021.

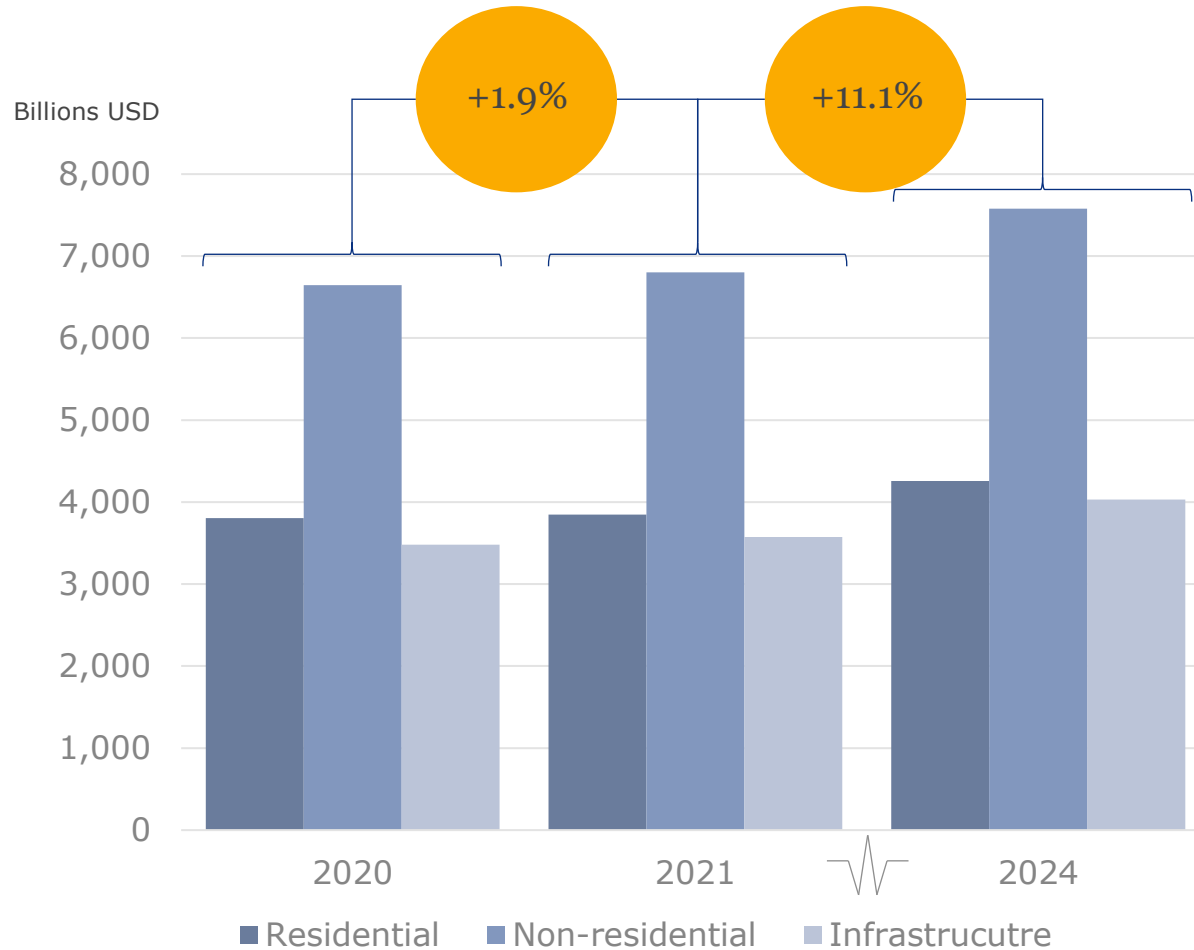
Global light vehicle production summary by region

	2020	2021	2022	2023	2024	2025
Europe	16,575,332	18,951,575	20,070,899	20,419,239	20,546,339	20,609,461
Greater China	23,639,063	25,091,679	26,018,821	26,994,552	28,225,621	29,502,799
Japan/Korea	11,209,018	11,995,876	12,123,070	12,067,156	12,178,161	12,413,642
Middle East/Africa	1,705,405	1,937,777	2,034,187	2,120,225	2,226,846	2,367,057
North America	13,027,254	16,291,944	16,712,027	16,608,295	16,457,912	16,435,713
South America	2,245,827	2,982,392	3,291,714	3,497,348	3,651,237	3,843,181
South Asia	6,101,968	7,426,712	8,322,369	9,211,206	9,667,292	10,301,827
Grand total	74,503,867	84,677,955	88,573,087	90,918,021	92,953,408	95,473,680

Source: Light Vehicle Production (LVP) according to IHS Markit @ January 2021

Building & Construction Is Restarting

Restart Driven By Infrastructure



Growth projection

- +1.1%** The **residential** sector is expected to increase with 1.1% in 2021, with an additional growth of 10.5% until 2024.
- +2.3%** The **non-residential** sector remains the largest of the three major construction segments, with growth expected at 2.3% in 2021. A further 11.4% growth is expected by 2024.
- +2.7%** On a global basis, **infrastructure** spending will increase 2.7% for 2021. Spending is likely to be led by the Asia-Pacific region, supported by large stimulus plans from mainland China. Looking ahead, infrastructure growth is expected to be 15.8%.

Total construction spending (Billions of 2015 US dollars)

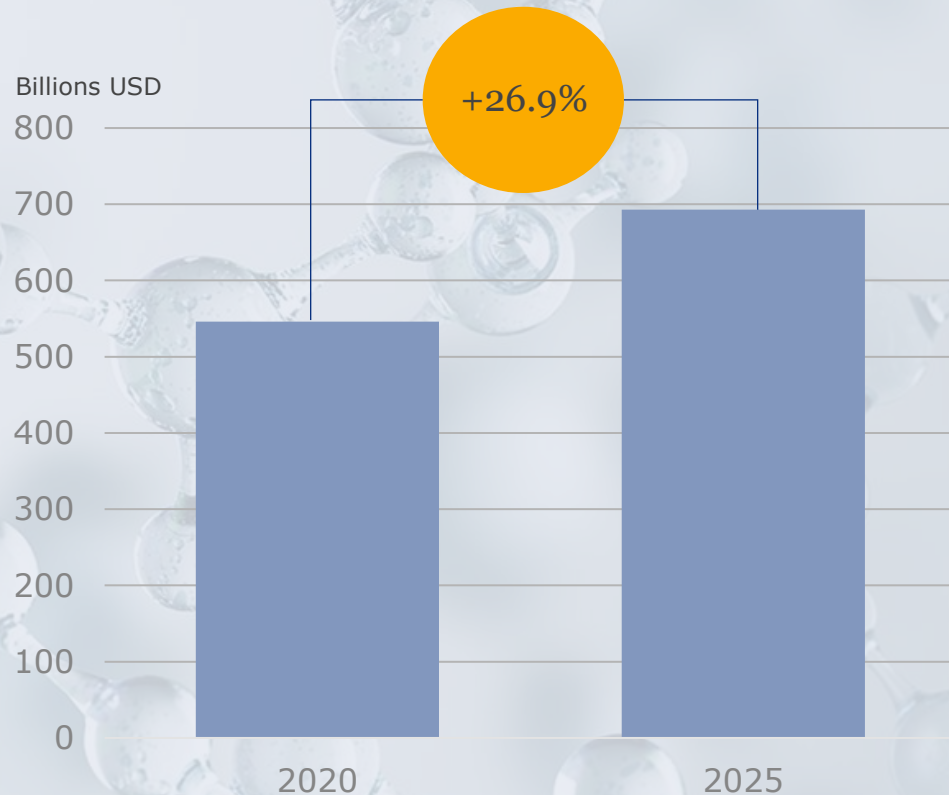
	2019	2020	2021	2022	2023	2024
Total Construction	10986.8	10449.8	10649.4	11061.1	11447.2	11831.9
Residential	3999.0	3805.0	3848.9	3997.6	4130.5	4255.3
Nonresidential	6987.8	6644.7	6800.4	7063.5	7316.8	7576.6
Infrastructure	3622.3	3479.1	3573.8	3720.2	3872.4	4031.8

Source: Global Construction Outlook according to IHS Markit @ June 2020

Structural Growth In Polymer Materials

Thermoset, Thermoplastic & Elastomer

- ① The increasing demand for specialty polymers is fueling the growth of the polymers market. Customers are using polymers to substitute other materials (e.g. metals) due to its low weight and cost.
- ① APAC region is projected to witness the highest growth rate, followed by North America and Europe during the forecast period.



Source: Global Polymers Market according to Research And Markets @ April 2020

Trends In Our Favor

- ① Short Supply Chain Is Business Critical For Customers
- ① The Increasing Electrification Drives Growth
- ① Clear Business Opportunities In Sustainable Development
- ① Growing Need For Advanced Materials In Healthcare & Medical



INCREASING
HEALTHCARE
CAPACITY IN ÅMÅL

57 MSEK
INVESTMENT

Investing In Healthcare To Cope With Increasing Demand And Requirements

Healthcare Capacity Expansion In TPE Sweden

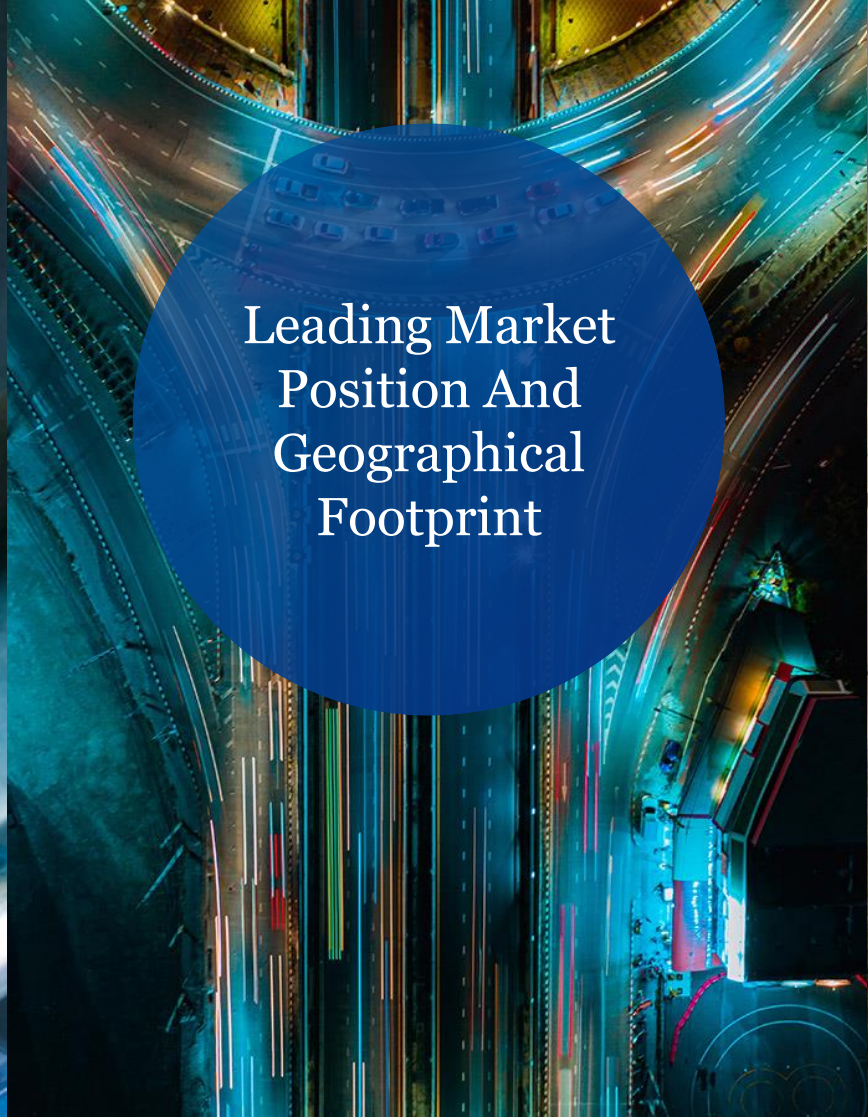
New capabilities based on customers' demand

- Dedicated medical production line
- R&D and competence development

HEXPOL's Capabilities Matching Trends



Competence,
Technology
And Innovation



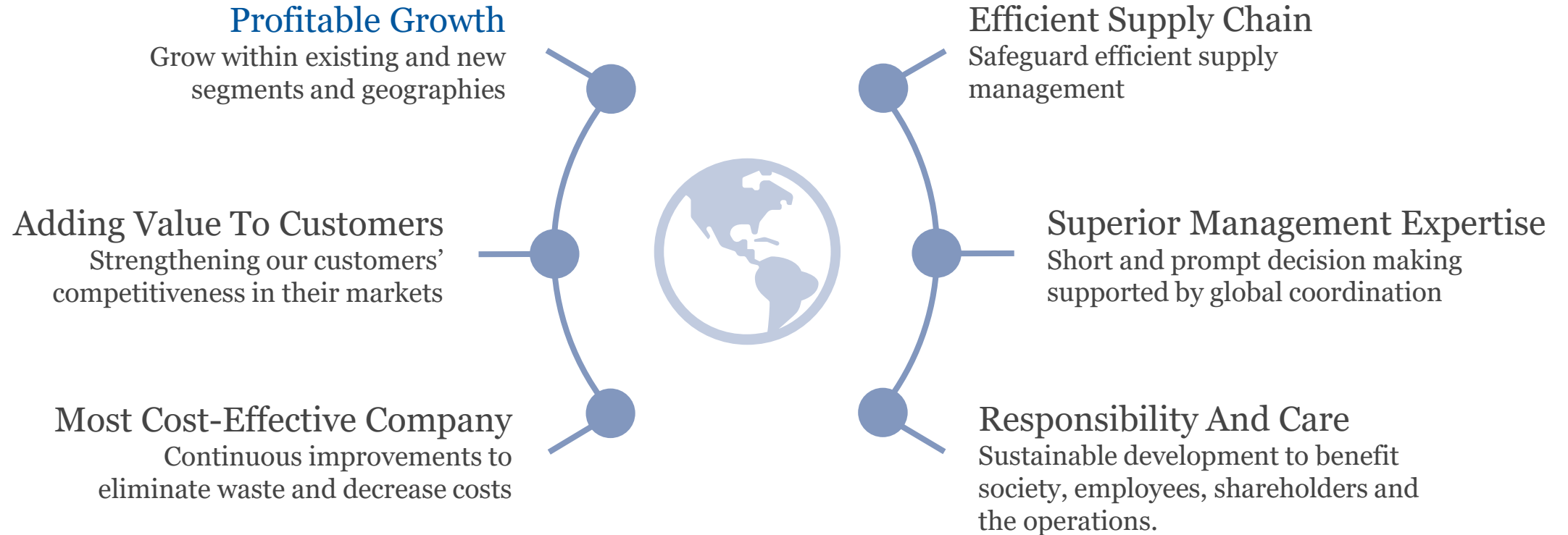
Leading Market
Position And
Geographical
Footprint



Sustainability
Position

Profitable Growth

Grow within existing and new segments and geographies



A Well-Positioned Company Creating Further Growth Opportunities Including M&A

Strong customer and customer development focus creates market share opportunities

	MARKET:	HEXPOL POSITION:	GROWTH OPPORTUNITIES:
Rubber Compounding	<ul style="list-style-type: none"> • Global market growth • Recovery in Automotive, B&C and General Industry 	<ul style="list-style-type: none"> • Leading position in Europe and Americas • Profitable niche position in China 	<ul style="list-style-type: none"> • Market share, new and existing customers • New applications • Fragmented market, giving many acquisition possibilities

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High Performance Compounding	Global Market with structural growth	<ul style="list-style-type: none"> • Good European position in silicone compounding • Developing position in US and UK 	<ul style="list-style-type: none"> • Market share, new and existing customers • New applications • Geographical expansion • Attractive acquisition possibilities

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Thermoplastic Compounding	Major global market with structural growth	<ul style="list-style-type: none"> • Good position in US (reinforced PP) • Weak position in Europe • No position in Asia 	<ul style="list-style-type: none"> • Market share, new and existing customers • New applications • Major acquisition possibilities

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TPE Compounding	Global market with structural growth	<ul style="list-style-type: none"> • Good European position • Americas weak position • Asia weak but improving 	<ul style="list-style-type: none"> • Market share, new and existing customers • New applications • Geographical expansion • Attractive acquisition possibilities (few sellers)

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Wheels	Global market with structural growth driven by e commerce / material handling	Good global position	<ul style="list-style-type: none"> • Market share, new and existing customers • New applications • Market consolidation, acquisition possibilities

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Gaskets & Seals	Global market with growth, driven by environmental requirements	<ul style="list-style-type: none"> • Leading position in Europe and Asia (PHE) • Developing position in US 	<ul style="list-style-type: none"> • Geographical expansion

HEXPOL Rubber Compounding

MARKET

- Global market growth
- Recovery in Automotive, Building & Construction and General Industry

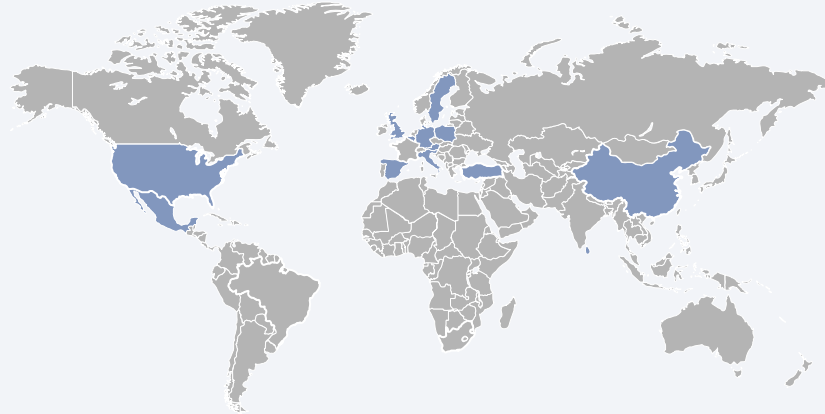
HEXPOL POSITION

- Leading position in Europe and Americas
- Profitable niche position in China

GROWTH OPPORTUNITIES

- Growth in Automotive, Building & Construction, General Industry.
- Geographic growth, in regions where we are not present or weak e.g. Asia, South and Eastern Europe, Canada, South America and regions within the US.
- Market share growth, with customer development and new applications

COUNTRIES WITH UNITS



COMPETITIVE LANDSCAPE

Fragmented market, few global competitors, many local players, many family and PE owned companies.

COMPETITORS:
Dynamix, AirBoss, Kraiburg, PTE, Elastorsa and many family-owned smaller players

KEY SEGMENTS & CUSTOMERS



- Automotive
- Building & Construction
- General Industry
- Wire & Cable



GROWTH PLAN

- ⬆ Market share, new and existing customers
- ⬆ New applications
- ⬆ Fragmented market, giving many acquisition possibilities

VICOM Acquisition – Poised For Growth

Introducing VICOM, a new addition to HEXPOL

Stronger position in Southern Europe, in a segment favored by the global electrification trend. VICOM company has high competence and capacity in Wire & Cable.

- Turnover: 30 M EUR
- Location: Vilafranca del Penedès (Barcelona), Spain
- Markets served: Wire & Cable
- Products offered: Isolation-, bedding- and sheeting compounds for cables
- Strategic rationale
 - Long-term relations with cable manufacturers
 - High technical competence in cable compounding
 - Opportunity to grow through the HEXPOL footprint
 - State of the art manufacturing facility with open capacity
 - SG&A synergies with current HEXPOL Spain operation



HEXPOL High Performance Compounding

MARKET

Global Market with structural growth

HEXPOL POSITION

- Good European position in silicone compounding
- Developing position in US and UK

GROWTH OPPORTUNITIES

- Growth in Building & Construction, automotive, PVC replacement
- Develop position in US and UK, opportunities in northern Europe and Asia

COUNTRIES WITH UNITS



COMPETITIVE LANDSCAPE

Fragmented market with many medium and small sized players except for some few major global players especially in US.

COMPETITORS:
Wacker, TSF, Momenitive.

KEY SEGMENTS & CUSTOMERS



- Wire & Cable
- Building & Construction
- Automotive

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GROWTH PLAN

- ⬆ Market share, new and existing customers
- ⬆ New applications
- ⬆ Geographical expansion
- ⬆ Attractive acquisition possibilities

HEXPOL Thermoplastic Compounding

MARKET

Major global market with structural growth

HEXPOL POSITION

- Good position in US (reinforced PP)
- Weak position in Europe
- No position in Asia

GROWTH OPPORTUNITIES

- Growth in all applications, e.g. Automotive and Appliance
- Weak position in EU and no position in Asia
- Acquisitions in reinforced PP, PC, PA

COUNTRIES WITH UNITS



COMPETITIVE LANDSCAPE

Major global, sometime vertically integrated, players for commodity applications, fragmented market with many midsize and small players.

COMPETITORS: Washington Penn, BADA, RTC, Asahi, Magna, SABIC, Borealis, Avient among many others.

KEY SEGMENTS & CUSTOMERS



- Automotive
- General Industry
- Appliance

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STIHL



ITW

Continental
CONTITECH

GROWTH PLAN

- ⬆ Market share, new and existing customers
- ⬆ New applications
- ⬆ Major acquisition possibilities

HEXPOL TPE Compounding

MARKET

Global market with structural growth

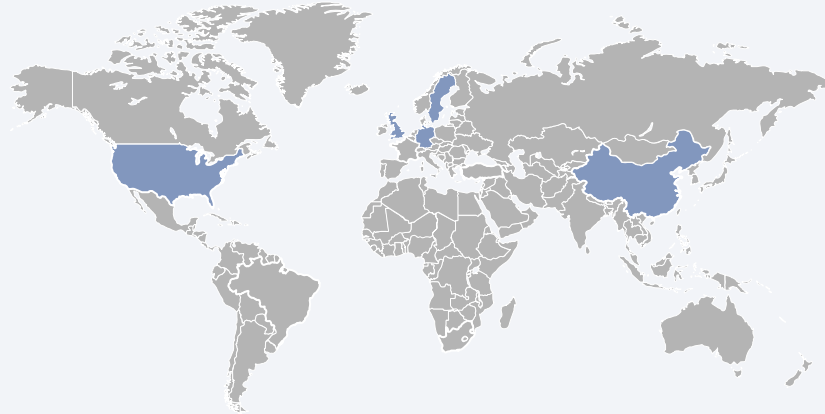
HEXPOL POSITION

- Good European position
- Americas weak position
- Asia weak but improving

GROWTH OPPORTUNITIES

- Organic growth, in medical, healthcare, automotive and consumer
- Geographical expansion US, Asia and South Europe

COUNTRIES WITH UNITS



COMPETITIVE LANDSCAPE

Fragmented market but some bigger global players.

COMPETITORS:

Kraiburg, S.o.f.t.er, Teknor Apex, Avient, Multibase

KEY SEGMENTS & CUSTOMERS



- Building & Construction
- Healthcare & Medical
- Household Consumer & Care
- Toys, Sport & Leisure

B | BRAUN

MERAXIS

Coloplast

KOESTER CORPORATION

IKEA

LINDAL GROUP

REHAU

LEGO

GROWTH PLAN

- ⬆ Market share, new and existing customers
- ⬆ New applications
- ⬆ Geographical expansion
- ⬆ Attractive acquisition possibilities (but few sellers)

HEXPOL Wheels

MARKET

Global market with structural growth driven by e-commerce / material handling

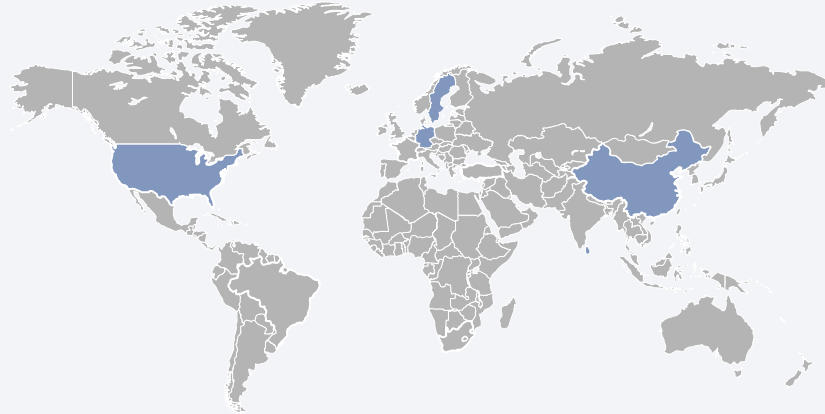
HEXPOL POSITION

Good global position

GROWTH OPPORTUNITIES

Structural growth in e-commerce, automation, transportation and material handling

COUNTRIES WITH UNITS



COMPETITIVE LANDSCAPE

Fragmented market with some sizeable family-owned German players, consolidation needed.

COMPETITORS:

Wicke, RaderVogel, Superior, Thombert

KEY SEGMENTS & CUSTOMERS



- Material Handling
- Automation
- E-commerce

TOYOTA
MATERIAL HANDLING

CROWN

KION
GROUP

JUNGHEINRICH
RAYMOND

GROWTH PLAN

- ⬆ Market share, new and existing customers
- ⬆ New applications
- ⬆ Market consolidation, acquisition possibilities

HEXPOL Gaskets & Seals

MARKET

Global market with growth, driven by environmental requirements

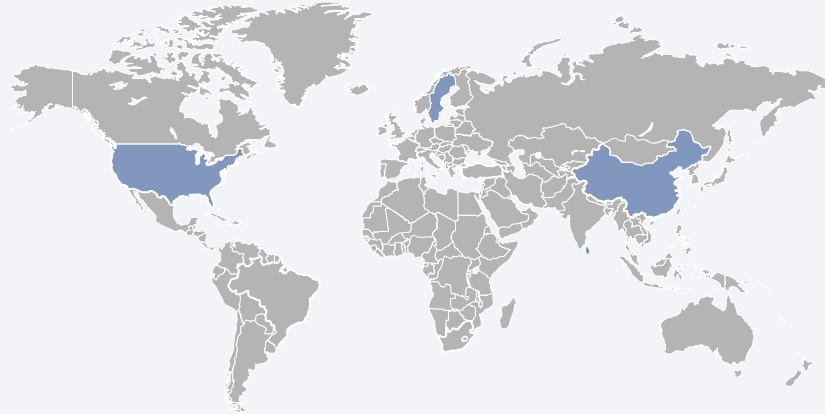
HEXPOL POSITION

- Leading position in Europe and Asia (Plate Heat Exchangers)
- Developing position in US

GROWTH OPPORTUNITIES

- Growth in energy saving applications
- PHE Gaskets is a niche market, growth driven by environmental improvements
- Geographical growth in the US

COUNTRIES WITH UNITS



COMPETITIVE LANDSCAPE

Consolidated niche market, few global players, local small players.

COMPETITORS:
TRP

KEY SEGMENTS & CUSTOMERS



- Plate Heat Exchangers
- Building & Construction

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GROWTH PLAN

⬆ Geographical expansion



A Material Difference

**Fast Growing With
Strong Margins**

M&A Strategy

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Magnus Berglund
SVP Strategy And M&A

A Fragmented Landscape With Several Acquisition Opportunities



GEOGRAPHICAL EXPANSION

- Rubber Compounding
- Thermoplastic Elastomers
- Thermoplastics
- High Performance Compounds
- Emerging markets



MARKET CONSOLIDATION

- Rubber Compounding
 - Geographical gaps
 - New competences
- Polyurethane Wheels
 - Europe
 - Americas



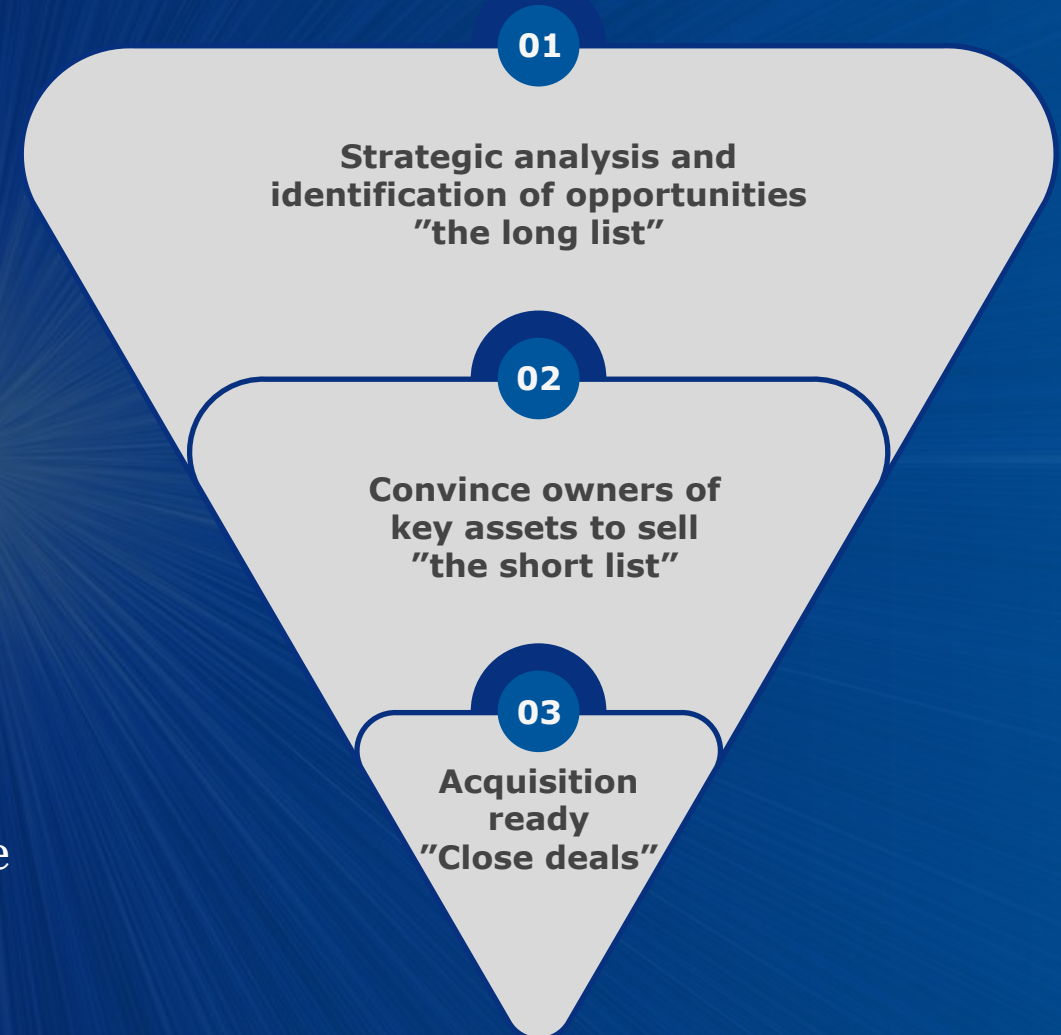
TECHNOLOGY & MATERIALS

Create future Growth Vehicles

- New Materials
- New Segments
- New Technology
- Alternative Distribution Channels

Robust & Proven M&A Process

- Deep knowledge about our current markets and continuous analysis of adjacent markets
 - Long-term relations with many private-, PE- and industrial owners
 - Proactive search in key areas together with industry experts
 - Continuous discussions with many investment banks active in the chemicals mid-market sector
 - We are experienced and acquisition ready
- Prepared to act on opportunities when they surface ... but patient to wait for the right assets



Fast Value Creation

Experienced team with a solid framework

1. Strategic Fit

Strategic fit is always
the key driver for M&A
“We are Industrialists”

2. Good Companies

We look for well-
performing companies
with strong management
“We can make good
companies better”

3. People

People, competence and
customer relations are
key assets
“We promote the best
from both sides”

4. Financial Criteria's

A financial rationale for
all acquisitions
“Sanity check”

5. “The 90-Day Plan”

Quick integration and
synergy realization is key
“The 90-day plan”



Thank You

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investors.HEXPOL.com