

A satellite view of North America at night, showing the continent illuminated by city lights against the dark background of the Earth and space. The image is positioned on the left side of the slide, with the text on the right.

A Material Difference

**Fast Growing With
Strong Margins**

HEXPOL Compounding Americas

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Ken Bloom

PRESIDENT, HEXPOL
COMPOUNDING AMERICAS



HEXPOL Compounding Americas

At-A-Glance

~**58%**

SHARE OF
GROUP SALES*

1,698

EMPLOYEES

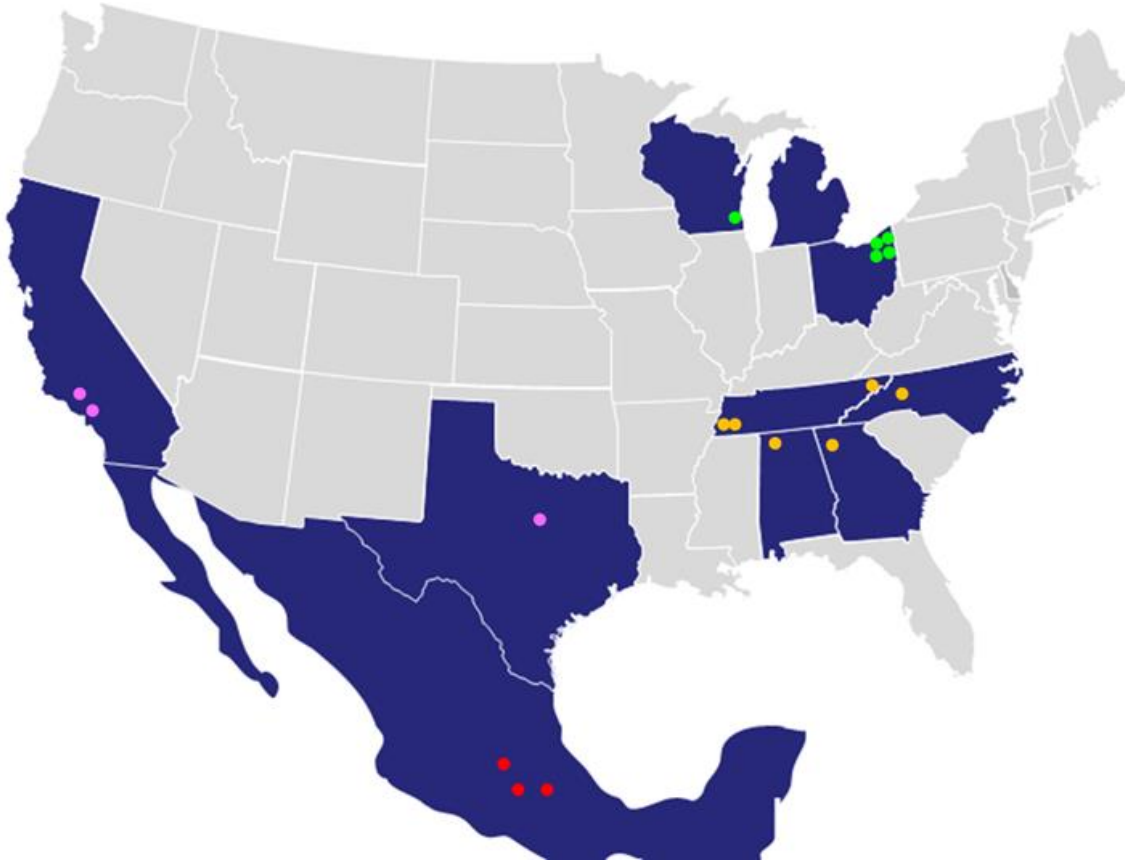
17

UNITS IN
USA & MEXICO

* Total sales in Americas

Well-Positioned to Service Americas

Units, Capacities And Capabilities



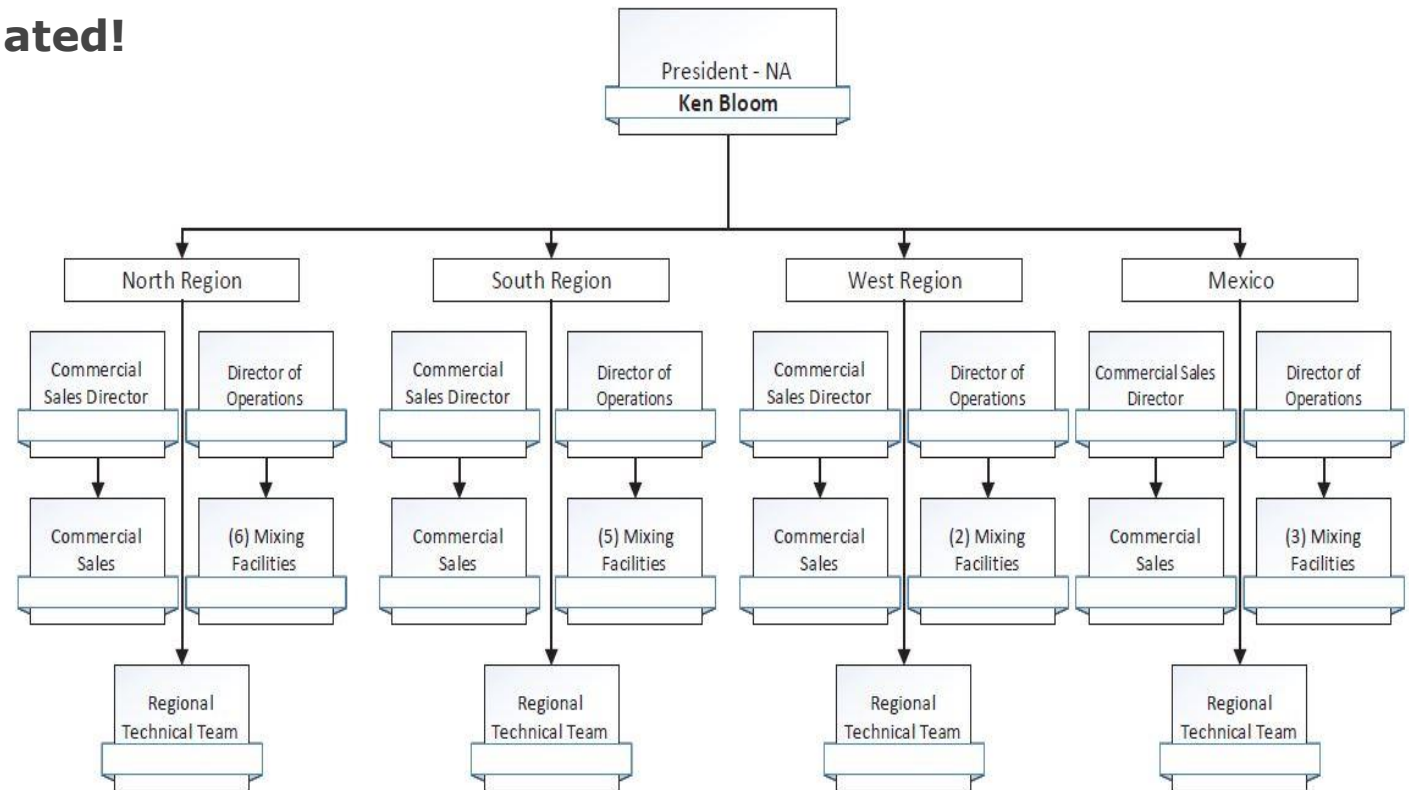
Region	Capacity (KTs)	# of Units	# of Mixers	Capabilities
North	112	5	14	All Polymers / Blk / Color / Straining / All forms Intermesh / Tangential / Tilt
South	163	6	15	All Polymers / Blk / Color / Straining / All forms Intermesh / Tangential / Tilt
West	65	3	13*	All Polymers / Blk / Color / All forms Intermesh / Tangential / Tilt
Mexico	100	3	11	All Polymers / Blk / Color / Straining / All forms Intermesh / Tangential / Tilt

* Includes Mill Mixers

A Customer First Organization

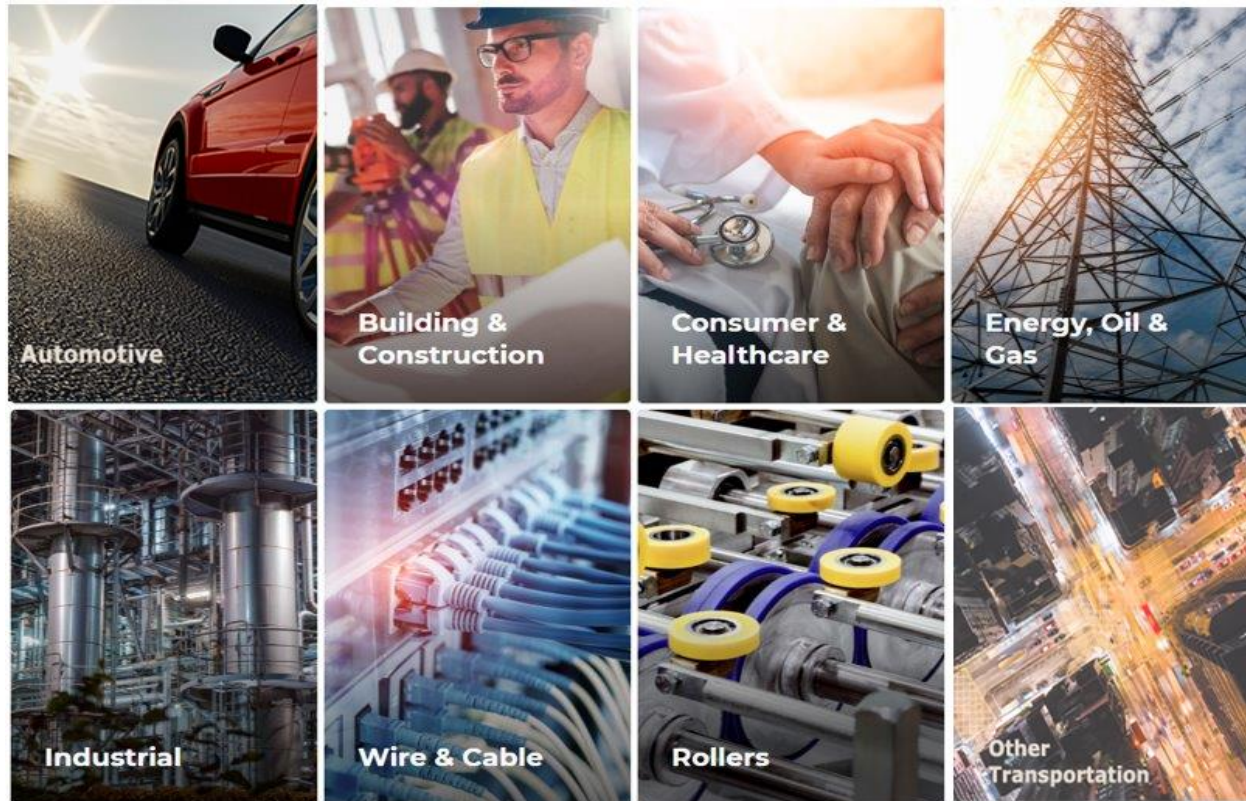
Decentralized and strongly coordinated!

- "Flat" organization structure
 - Customer focused
- Commercial & Technical resources
 - Enables "Speed to Market"
- Centralized Supply Chain, IT & Administration
- Coordinated strategy across all regions



Broad Market Participation

Market Segments And Selected Customers



Full-Service Supplier

Broad Range Of Capabilities

- 35 Development & Process Chemists
- Testing laboratories at each facility – multiple development laboratories
- All mixing technologies - Intermesh/Tangential/Tilt/Mill mixing
- All polymer types - Organic & Inorganic
- Black & Color Compounds
- All finishing forms
 - Strip/Slab/WigWag/Pellets/Calendar
 - Straining
 - Preforms
- Latest mixer control technology
- Batch sizes from 2 Kg to > 500 Kg
- Can service the entire Americas region







Competitive Edge

- The HEXPOL geographic footprint and size
 - Strategically close to customer facilities
- Technical depth & experience
 - > 7,500 proprietary recipes in commercial production
 - Speed in development & production scale up
 - Value Added Value Engineering capabilities (VAVE)
 - World Class Laboratories
- Supply Chain strength
 - Customers seek stability in turbulent times
 - Security of supply
 - Operational contingency (e.g., fire at Jonesborough unit)
 - 882 parts resourced in a few weeks
 - NO PRODUCTION STOPPAGES!!



Growth Opportunities In A Fragmented Market

North America Rubber Compounding Marketplace

	Large	Mid-sized	Long Tail	Fluoroelastomer Specialists
		<ul style="list-style-type: none"> Rubber compounding revenues of ~\$50-\$199M 4 North America players 	<ul style="list-style-type: none"> Rubber compounding revenues of <\$50M 60+ NA players 	<ul style="list-style-type: none"> Rubber compounding revenues of <\$50M 5+ NA players
Companies			<p>Example companies:</p> 	<p>Example companies:</p> 
Market share* All Compounding	~10-12%	~0-5%	~5-10%	<1%
Points of differentiation	<ul style="list-style-type: none"> Offer broadest technical and manufacturing capabilities (e.g. strain, pelletize, calendar) Mexican & US operations 	<ul style="list-style-type: none"> Mix of capabilities across players but overall weighting towards standard, engineered products (vs premium) 	<ul style="list-style-type: none"> Includes a range of business models and technical capabilities (e.g. molders outsourcing excess capacity, some with FKM capabilities – e.g. PPD, color specialists) 	<ul style="list-style-type: none"> Focus on FKM (may also produce other, typically premium compounds) Roll-up of segments

* Total Rubber Compounding Market
 Captive = 60% - Outsourced = 40%
 Internal Estimate

March 23, 2021

SALES AND EBIT MARGIN* 2020



* Adjusted EBIT margin

V-Shaped Recovery

Strong financial recovery

- ① ↑ >100% of EBIT % recovery due to cost savings measures
- ① ↑ Positive sales recovery from in Q3/Q4 from pandemic lows in Q2
- ① ↓ Lower cost structure to yield positive results as volumes continue to improve

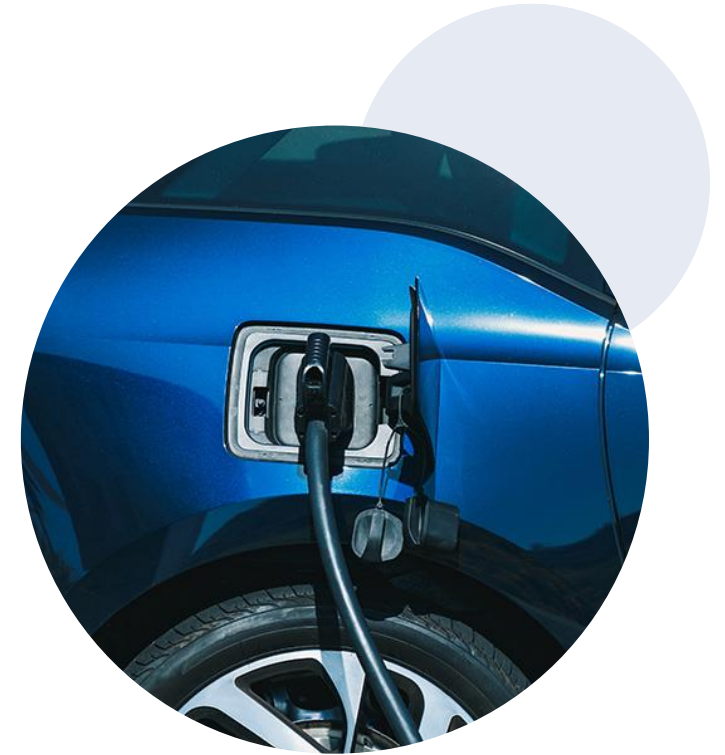
Strong Recovery Continues

We have seen strong recovery of our volumes off the April 2020 lows

- ① Automotive growth @ 16% YoY
- ① Industrial growth @ 19% YoY
- ① Housing starts growth of 9.4% YoY

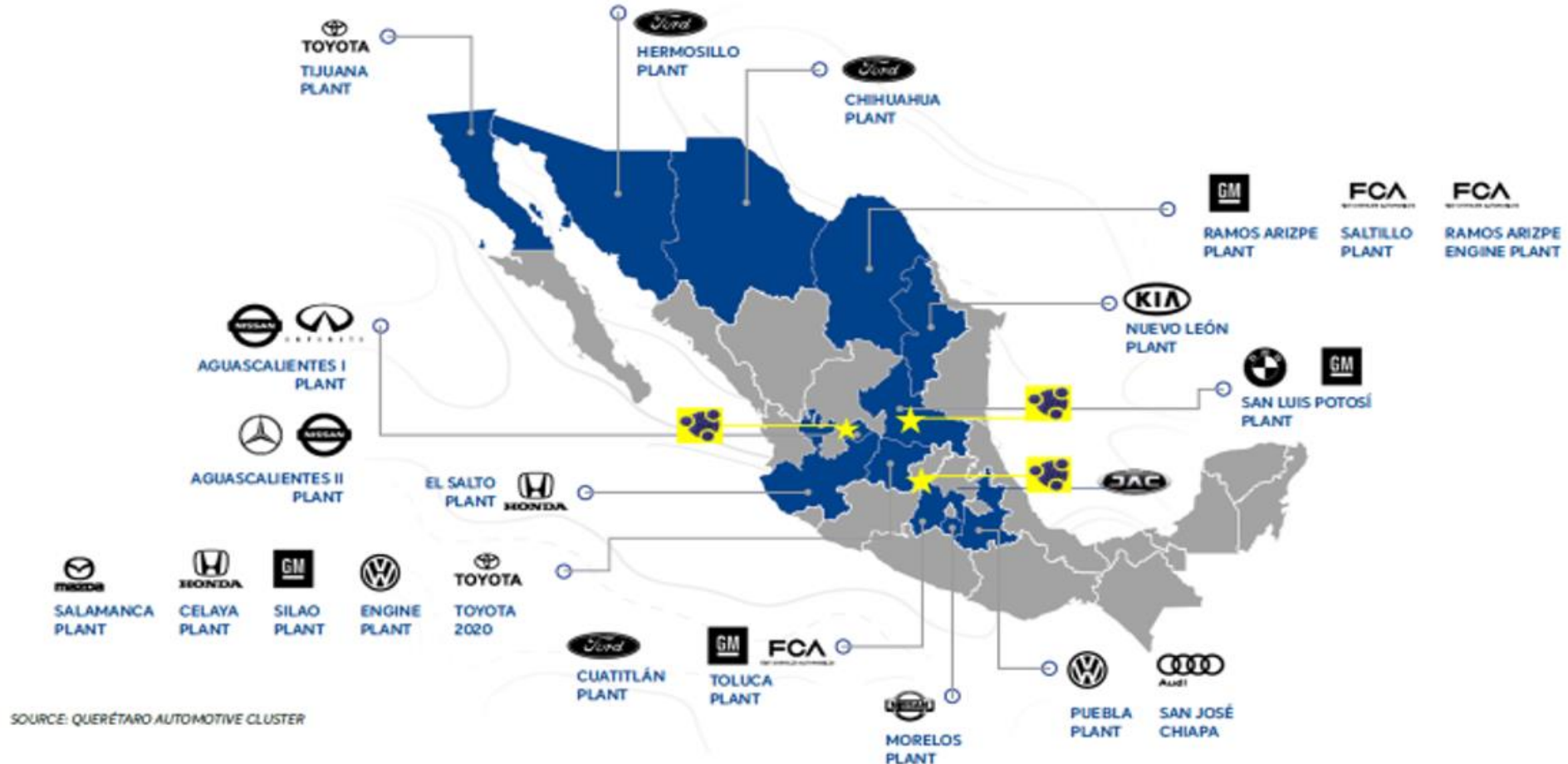
Automotive Recovery

- Continued growth in Mexico
 - Customers developing dual capabilities in the US & Mexico
 - New platforms now be manufactured for global export
 - Organic growth not tied to just North America automotive sales
- New USMCA will drive more production to North America from Europe/Asia
 - NA content to increase from 62.5% to 75%
 - 40-45% vehicle to be made with wages >\$16/hour
 - Multiple active product transfer projects currently being worked on
- We are well-positioned to support growth in Americas
 - (3) facilities located in the "heart" of automotive growth
 - 11 mixers with 120 KT of capacity annually (on 6 days)
 - Complete processing capabilities to support any customer requirements
 - Industry leading Quality, Service & Technical Support



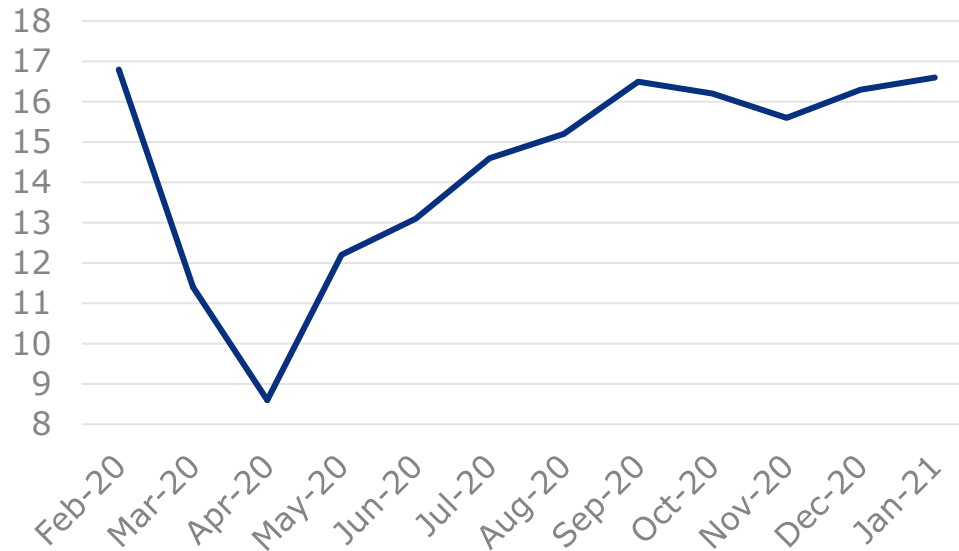
Automotive Growth In Mexico

Central Mexico Automotive Growth

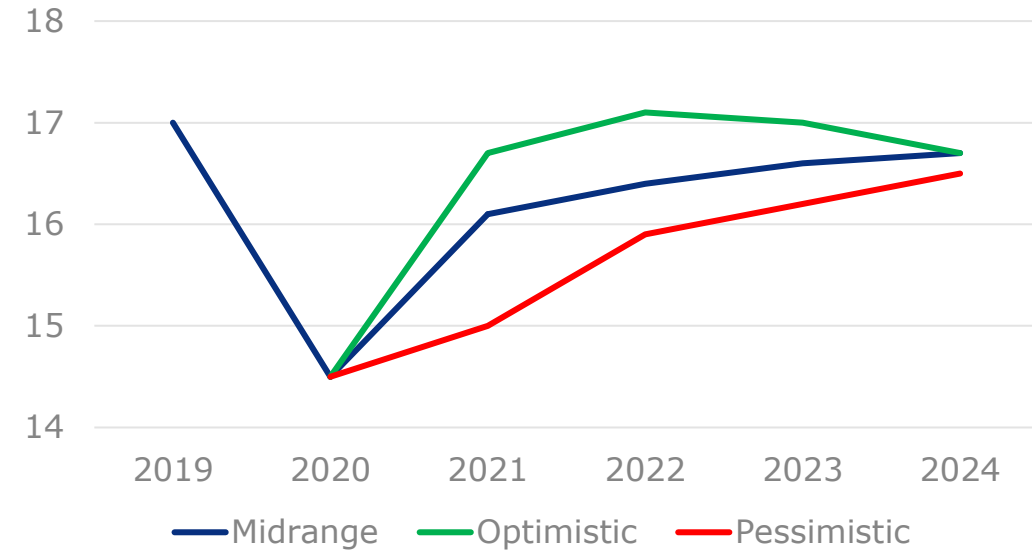


Automotive "V"-Shaped Recovery

US Sales SAAR (millions)



Light Auto Production (millions)



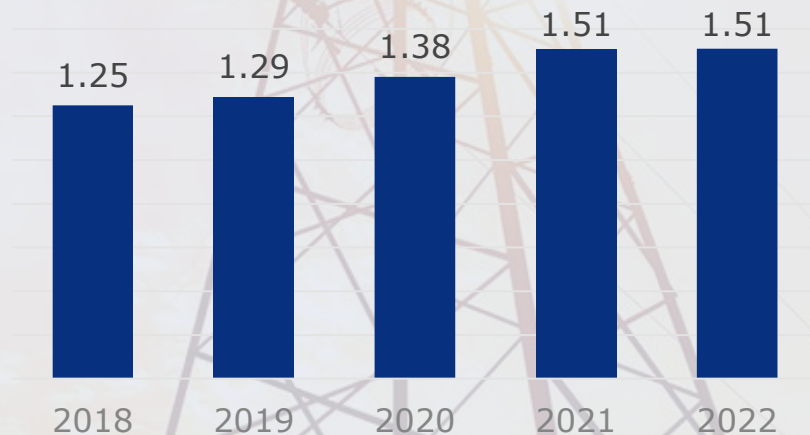
- Annual Sales Rate at Pre-COVID levels
- Dealer on-hand inventories at 12-month lows
- "Zero" interest rate financing for new car purchases
- Exodus from metropolitan areas driving demand for automobiles

Source: Baum and Associates, LLC @ February 2021

Growth In Building & Construction

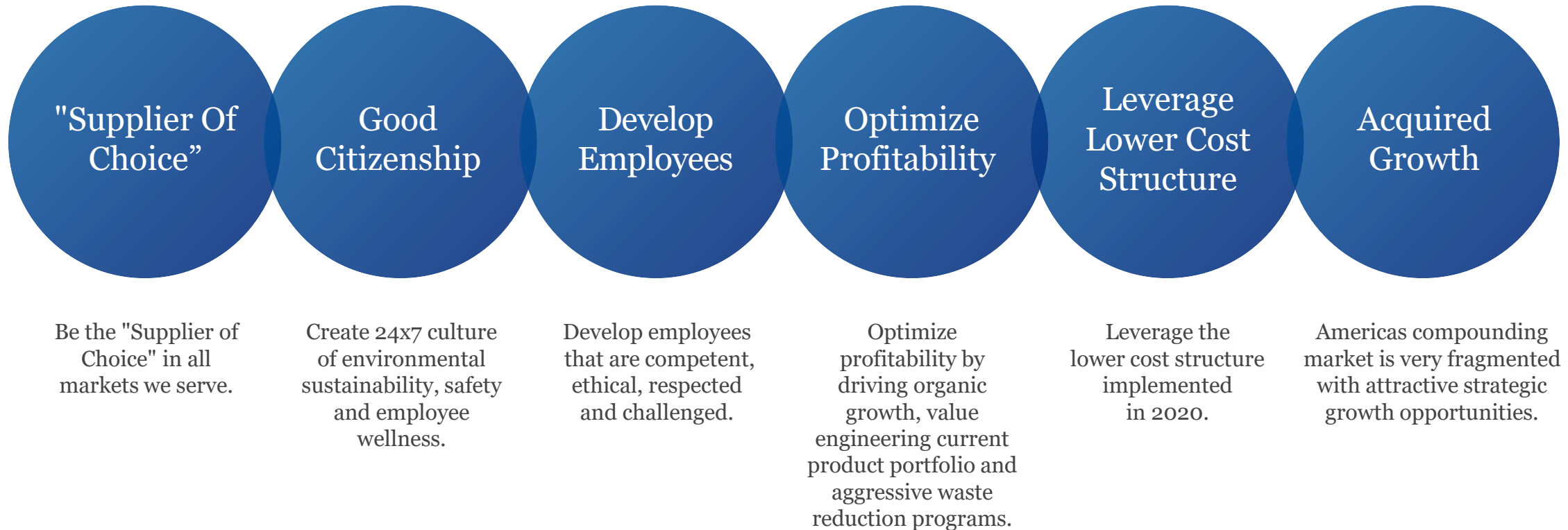
- ① Growth in housing starts
 - metro area exodus
 - Building & Construction, Appliance, Wire & Cable
- ① Infrastructure investments
 - change in political climate
 - Water & Sewer management
 - Power Management & Generation
 - Wire & Cable to support "Green Energy"
 - Roads/Bridges modernization

HOUSING STARTS (MIL.)



Source: Blue Chip Economic Indicators Report

Strategic Initiatives



Good Citizenship

Active in our local communities

- Coordinated Americas strategy to reduce emissions and reduce fossil fuel usage
 - Solar energy panels implemented at Long Beach facility 2020
 - 75% reduction in emissions by 2025
 - Energy efficient lighting
 - Closed loop water cooling systems
 - Converting all forklifts to electric power
- Have raised significant dollars and provided many volunteer hours for national and local charities like St. Jude's Hospital & The Center for Special Needs in Burton, Ohio.



Strong V-Shaped Recovery Continues In Americas

- Sustainable improved cost structure due to restructuring and cost savings programs
- HEXPOL well-positioned to take advantage of current and future trends in the market:
 - Strong automotive growth
 - Structural Supply Chain changes
 - Strong housing growth
 - Recovery in Energy market
- HEXPOL continues to be the only "full-service" supplier in Americas
- Strong, lean, customer focused organization, with deep technical talent





A Material Difference

**Fast Growing With
Strong Margins**

Integrating Acquisitions Successfully

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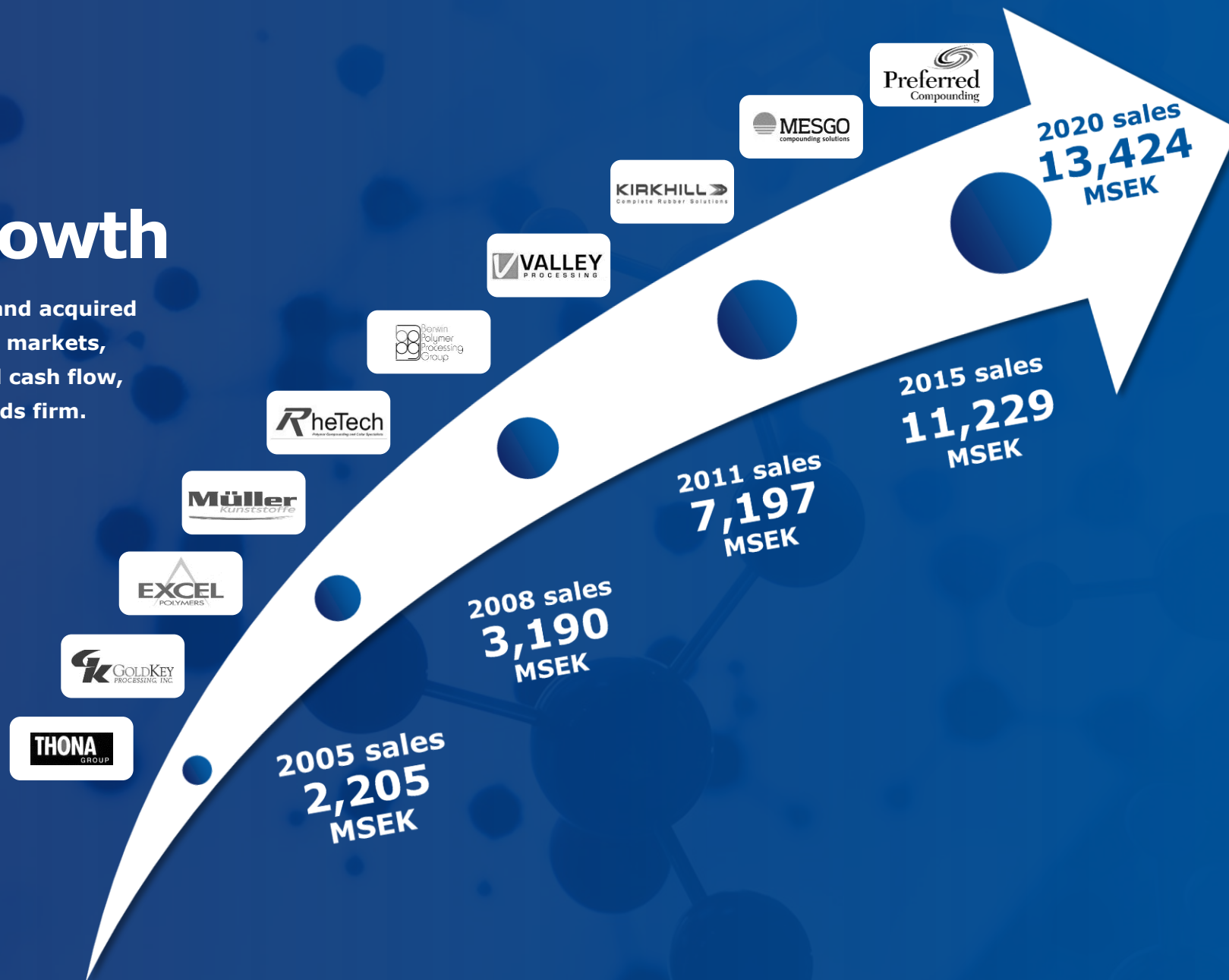
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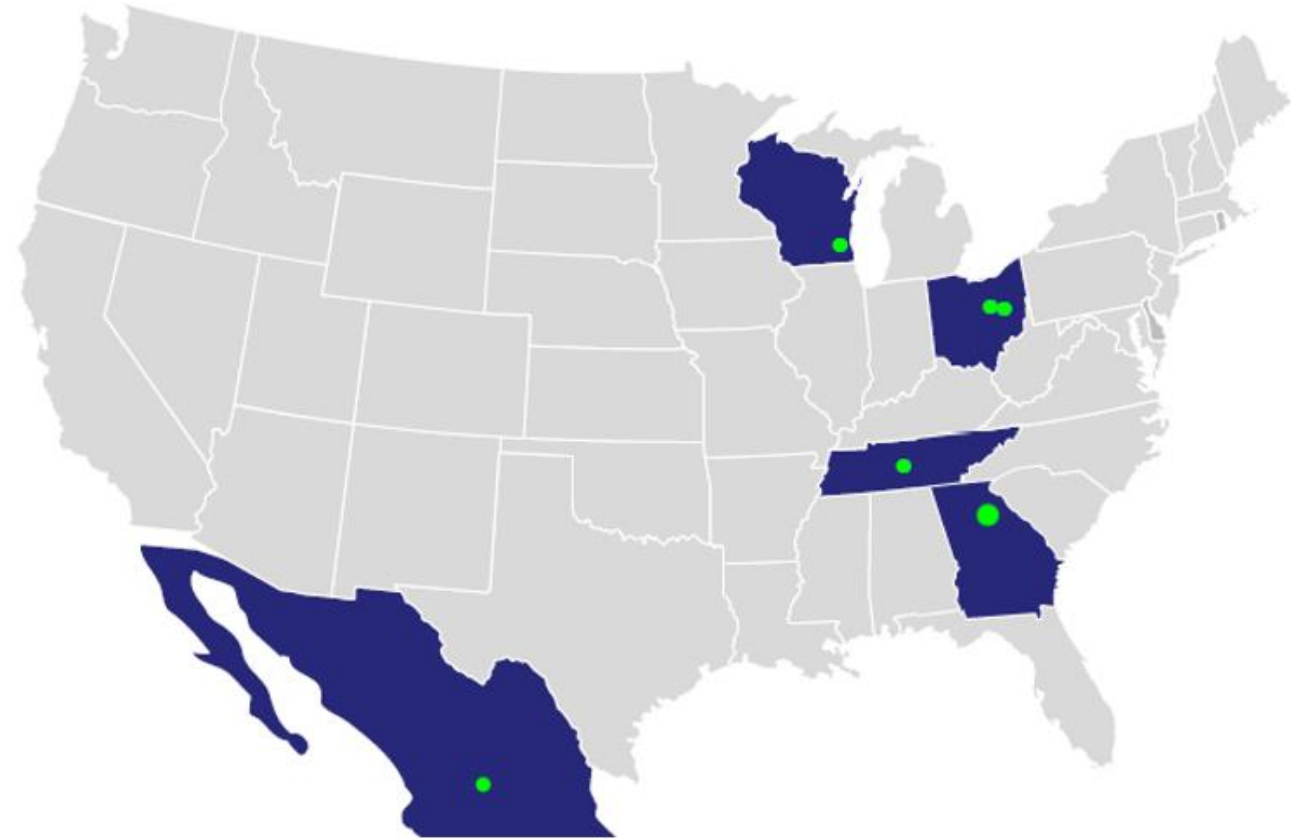
Legacy Of Growth

HEXPOL's strategy of both organic and acquired growth in selected segments and markets, combined with strong margins and cash flow, has proven successful and stands firm.



Preferred Compounding At-A-Glance

- Acquisition Price = \$231.6 M
 - 6 Locations (5)
- Acquisition Date: July 1, 2019
- Improvements to HEXPOL with acquisition...
 - Human capital – great talent acquired
 - Knowledge – deep formulary of proven compounds and technology
 - SGA Cost Savings: \$5.2M (38 salaried employees)
 - Major Synergies in Material, VAVE & Recipe Optimizations
 - Working Capital (Cash) Improvement: \$15.1M (Inventory Optimization)
 - Enabled restructuring Kardoes & Wadsworth facilities into existing assets



Integration of Preferred Compounding: SUCCESS!

One HEXPOL Nation

- From day 1, focused on rapid integration:
 - "All Star" team selected – best talent from both organizations
 - New customers & strengthened relationships
 - Suppliers (joined HEXPOL's global procurement)
 - Material prices adjusted day 1
 - Combined insurance and back-office functions
 - Systems remained intact but were integrated into HEXPOL reporting systems and data analysis tools
- Regional Sales & Operational Teams established
 - North/South/West/Mexico
- Decentralized and strongly coordinated
 - Customer centric
 - Evaluated technology and selected best options for the customer



Conclusions HEXPOL Compounding Americas

- Well-positioned for organic growth during continued economic recovery
 - Full Americas coverage and support
 - Deep technical resources to drive value proposition
 - Robust Supply Chain capability
- Fully-integrated Americas organization structure in 2020
 - Reduced Salary headcount by 95 in 2020
 - Sustainable Savings and Cost Reductions of \$11,0M per annum in 2020
 - Regional structure provides customer centric focus
 - Decentralized and strongly coordinated
 - Will continue to review and optimize manufacturing footprint
- Preferred Compounding fully-integrated and synergies achieved
- Americas compounding market is very fragmented with attractive strategic growth opportunities - looking for the next opportunity!





Thank You

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investors.HEXPOL.com