Fast Growing With Strong Margins

Financial Performance

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Dep CEO and CFO

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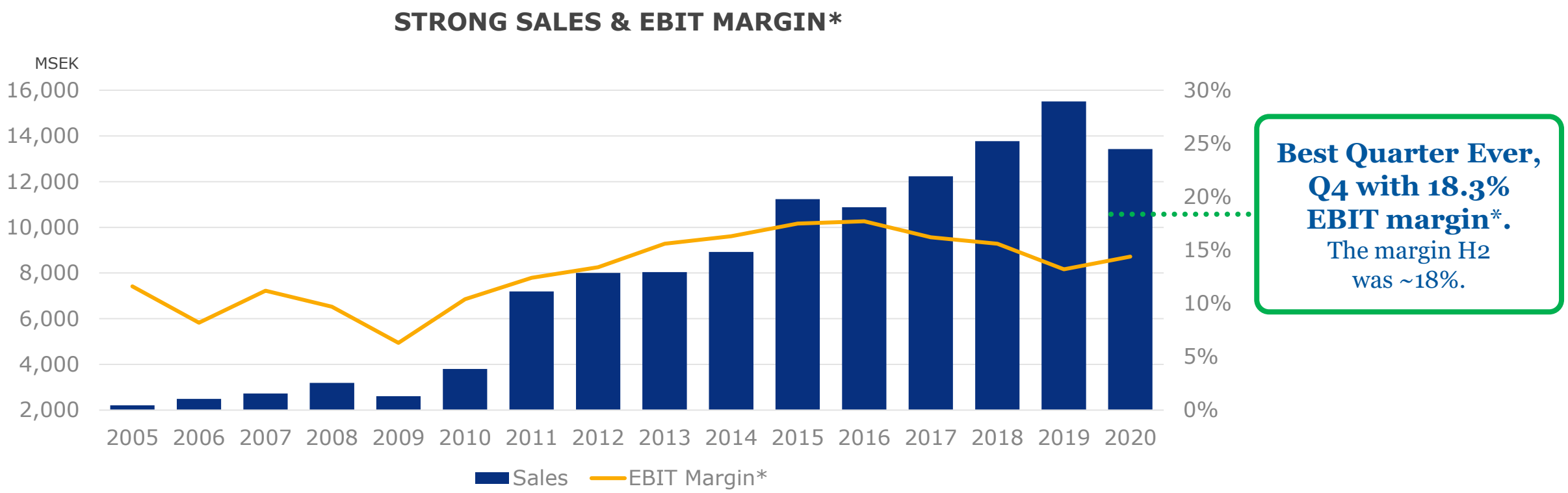
Fast Growing With Strong Margins



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

* Adjusted EBIT margin

Financial Targets and Ambitions

Annual sales growth above 10% over a cycle

CAGR between 2010 and 2019 is +17%

Taking Covid-19 affected 2020 into account, CAGR is +13%

Operating Margin above 17% over a cycle

Since the formulation of the target in 2015, the average Operating Margin has been 16%*

Currently (H2 2020) the Operating Margin is ~18%

Equity Asset Ratio above 30%

The average Equity Asset Ratio since 2010 is 59%

Dividend policy 25-50% of Net Income

The average dividend pay out since 2010 is 46%

Targets Ambition

* Excluding restructuring costs

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Drivers of Long-Term Value For Shareholders

Continued Growth

High customer focus with continuous product development and high retention combined with M&A drives growth

CAGR 2010-2019 +17%

High Profitability

Strong business model supporting robust and high profitability

Operating Margin * currently at ~18% (H2 2020)

Strong Cash Generation

Very efficient working capital management

Investment needs below depreciation driven by longevity of well maintained production equipment

Operating cash in relation to Operating Profit >100%

Strong Balance Sheet

Equity/Asset ratio ~ 60% (2020)

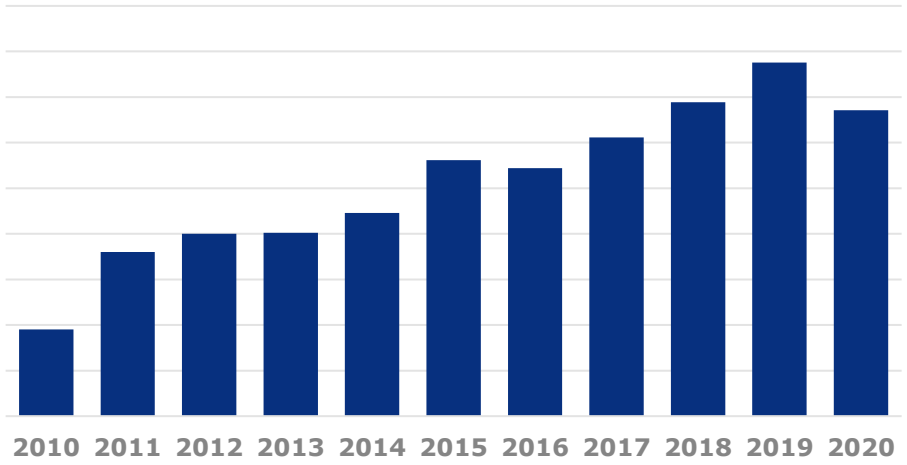
Net Debt/EBITDA ratio ~0.7 (2020)

* Excluding restructuring costs

Continued Sales Growth

Growth drivers will fuel continued growth

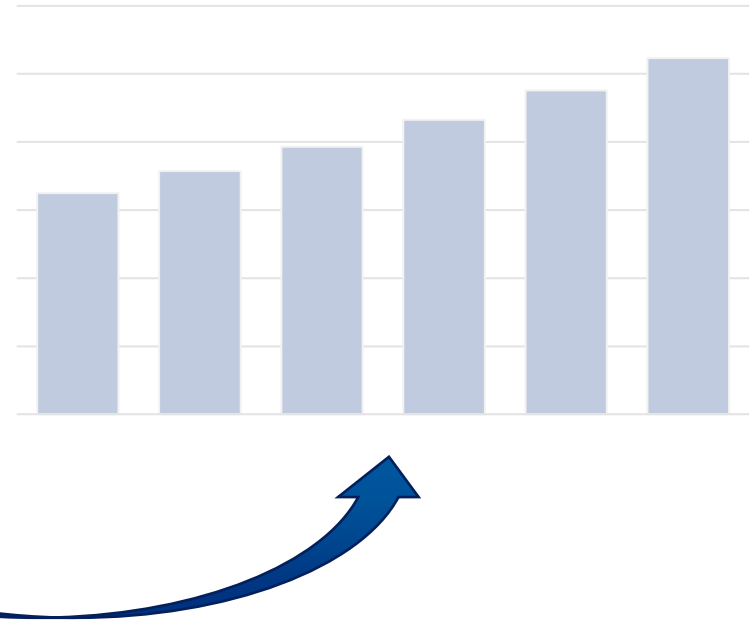
CAGR 2010-2019 +17%, incl 2020 +13%



Growth Drivers

- Structural market growth
- Gain market share
- Geographical growth
- New applications
- M&A

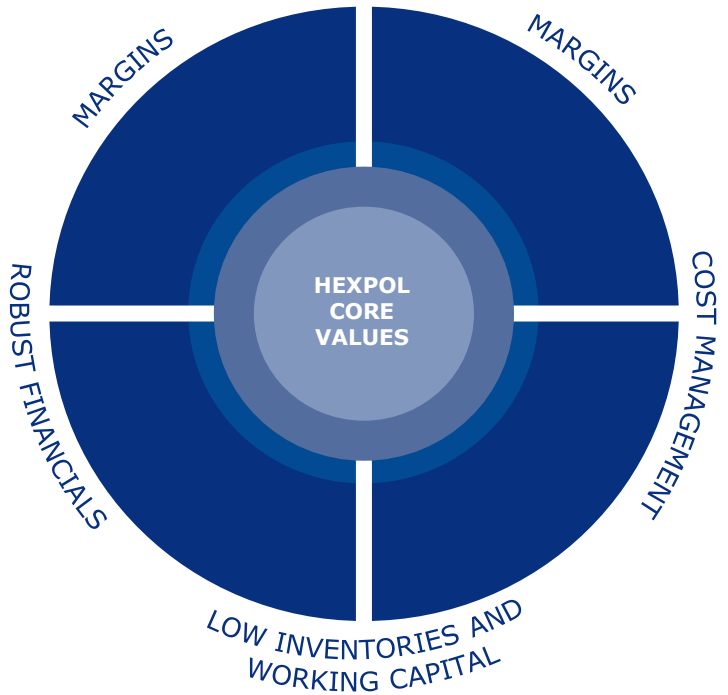
Target >10% Sales Growth



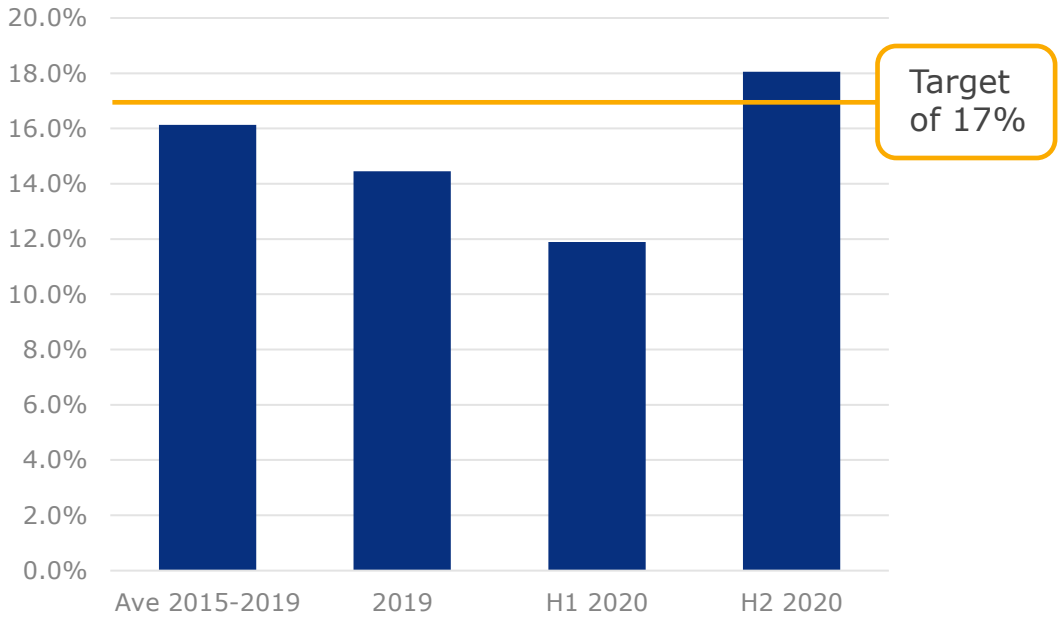
High Profitability

Well executed business model drives profitability

Business Model



Current Operating Margin* ~18%

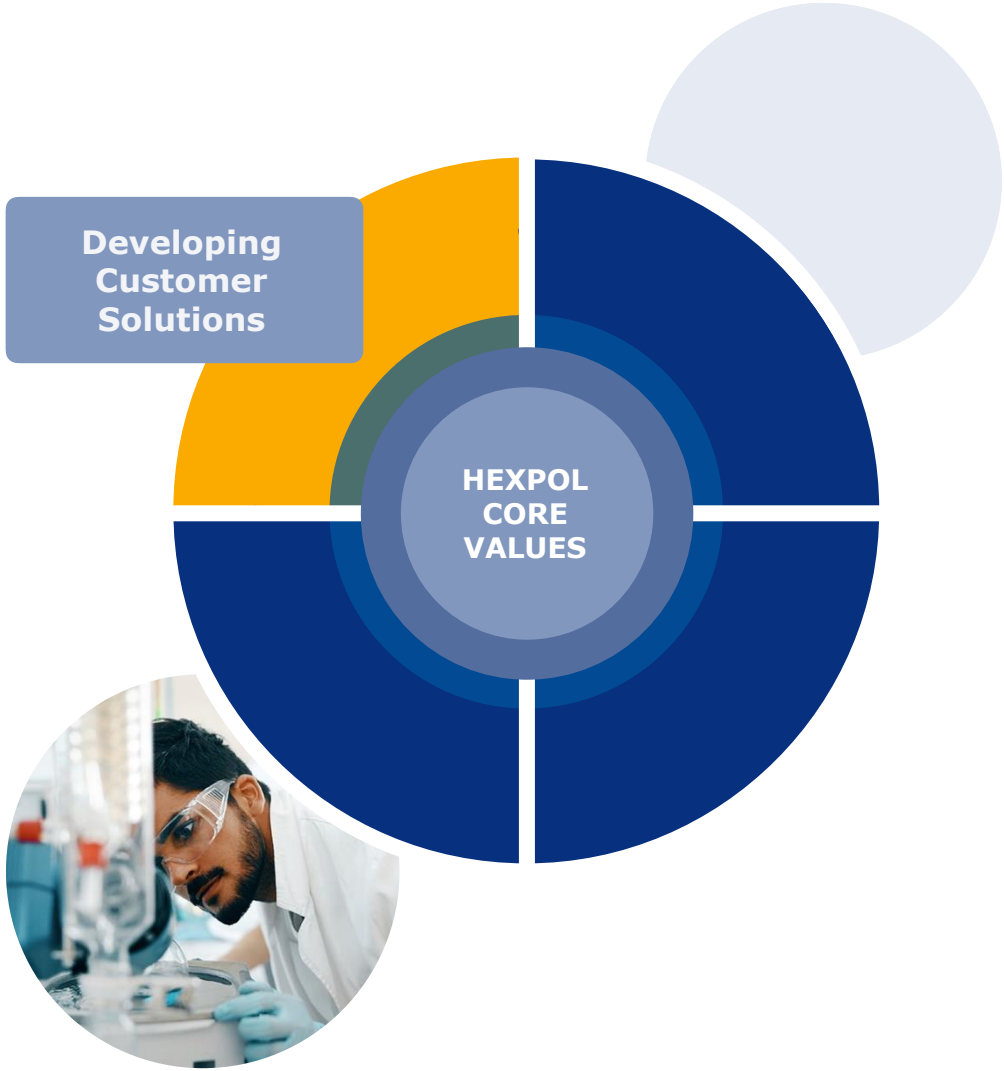


* Excluding restructuring costs

Well Executed Business Model Drives Profitability

Business model supports strong margins

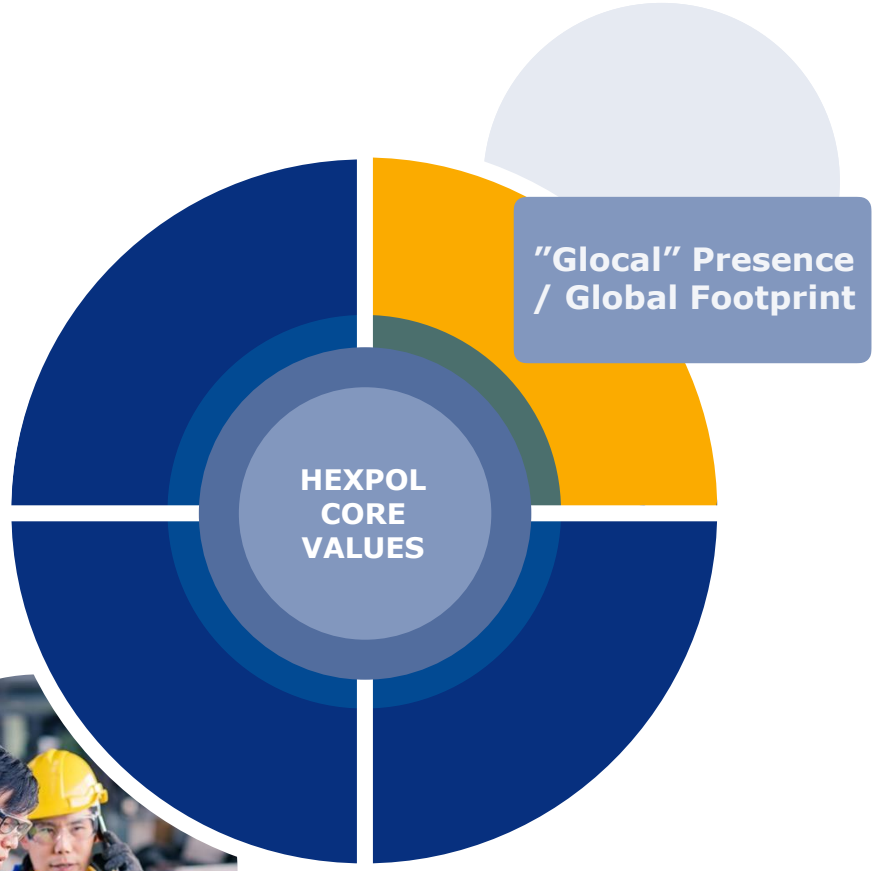
- Advanced compounds supporting high customer requirements demand a premium
- Strong teams with chemists driving continuous product development



Well Executed Business Model Drives Profitability

Global footprint but decentralized organization support strong margins

- Global footprint combined with high volumes have positive impact on purchasing
- Decentralized organization with operative management directly responsible for local business
- Manufacturing footprint close to the customers



Well Executed Business Model Drives Profitability

Flexible and efficient operations support strong cost management and give low working capital

- Products are made to customer orders
- Products generally have short shelf life
- Large scale batch producer with lowest possible change over time, normally three shifts

Well Executed Business Model Drives Profitability

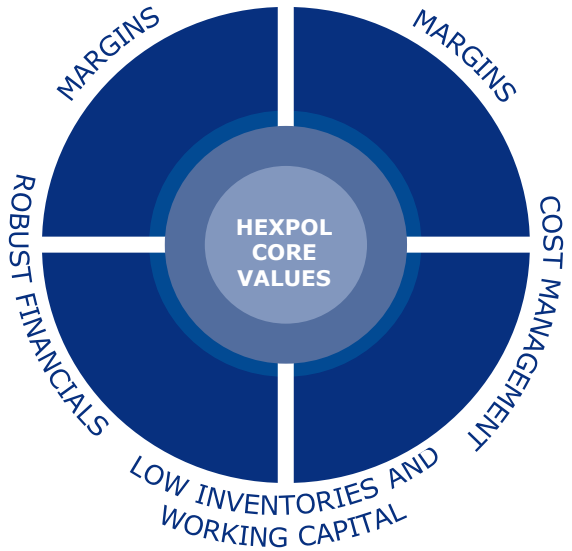
Strong customer retention give robust financials

- Products go through comprehensive testing and approval processes by the customers
- We own most product recipes
- Appreciated for superior quality & service
- Customers stay with HEXPOL for a long period of time

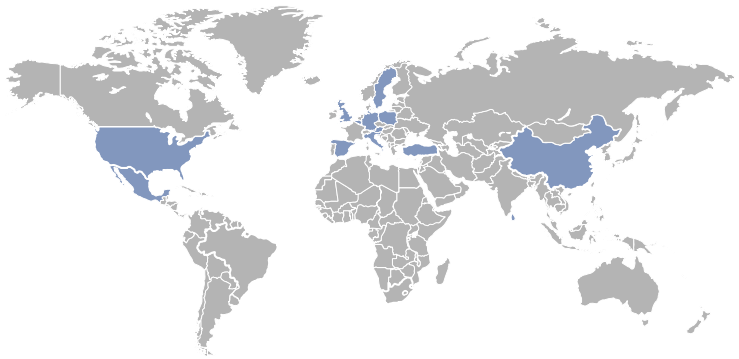
Financial Resilience Through Business Set Up

Robust – Flexible - Lean

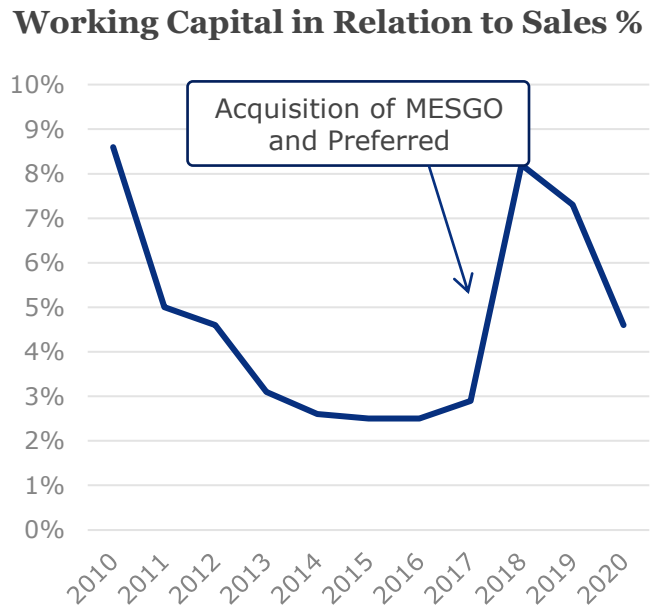
Business Model Resulting In Long Term Customer Relationships and Low Risk



Global Footprint Close to Our Customers



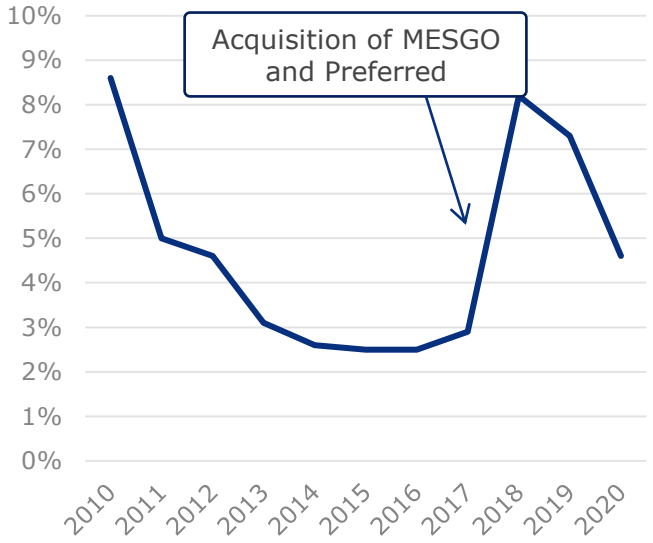
Efficient Working Capital Management



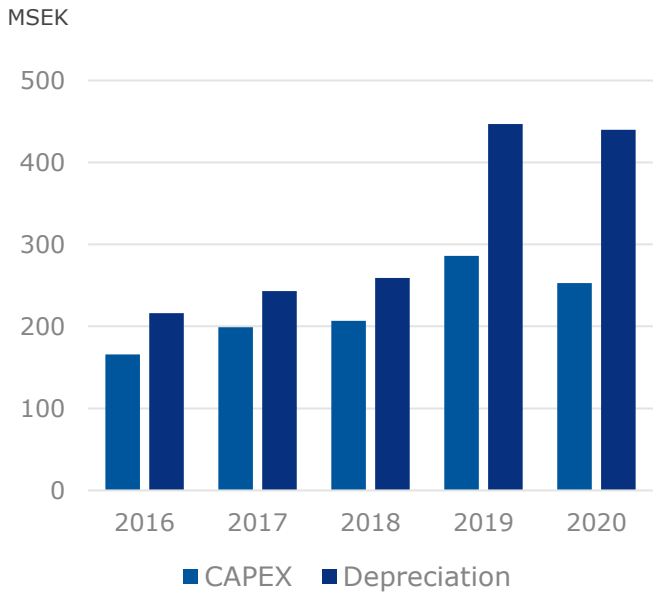
Strong Operating Cash Generation

Efficient Management of Working Capital

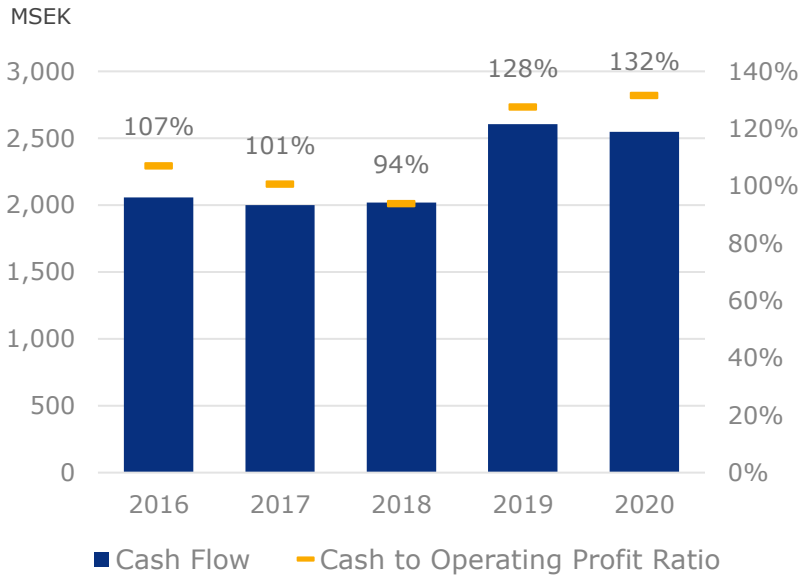
Working Capital in Relation to Sales %



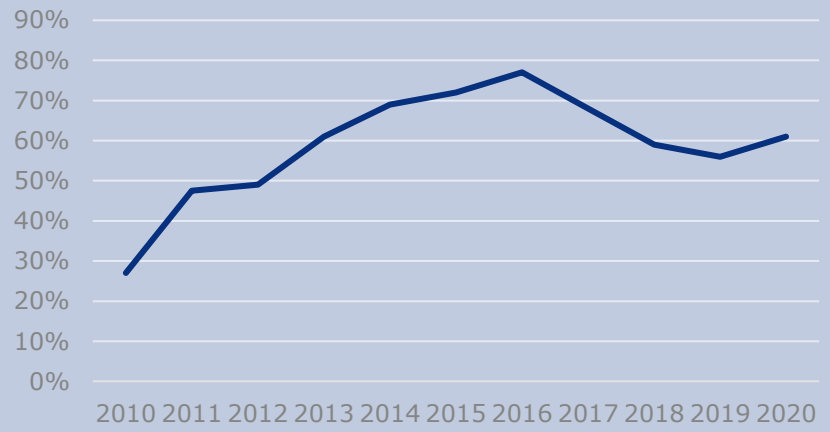
CAPEX Below Depreciation



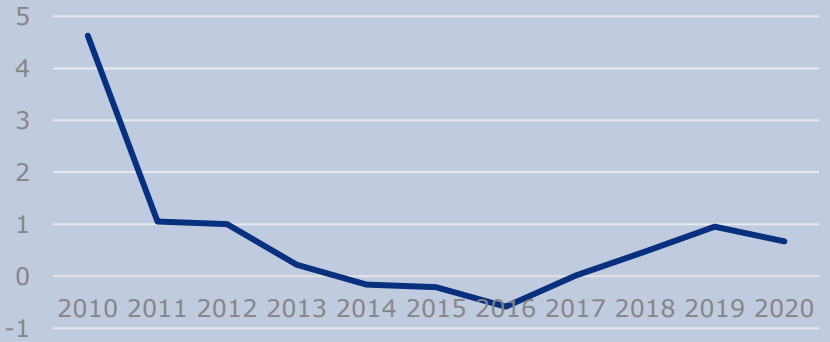
Efficient Management of Working Capital and Investments Drive Strong Operating Cash Flow



Equity/Asset Ratio



Net Debt/EBITDA Ratio



Strong Balance Sheet

Strong financial position supports further profitable growth including acquisitions

- Equity Asset Ratio well above target of 30%
- Low Net Debt/EBITDA Ratio despite acquisitions
- Strong balance sheet enables both organic growth and active M&A

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Thank You

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