

Press release

12 January 2021

New strategy sets Hempel on a path to leadership positions

An ambitious new strategy defines the timeframe of a doubling of Hempel by 2025. Doubling revenue allows Hempel to also double its positive impact. The path is defined by focus in the entire business, leadership positions in chosen segments, industry leadership in sustainability within those, as well as a strong focus on innovation and digitalisation.

2020 has been a year of transition for global coatings supplier, Hempel. While still securing paint and coatings supply globally in a challenging COVID-19 year and developing core business areas, a new strategy on how to focus the 105-year-old company has taken shape. Now defined as within the next five years, Hempel will double revenue through refocused geographical priorities, focused segment leadership positions and M&A, while at the same time accelerating on sustainability, innovation and digitalisation, says Group President & CEO, Lars Petersson:

“When the world closed down in 2020 and global operations including ours were challenged, we sped up our strategy process. Now we have laid the foundation for not only doubling our revenue but also for significantly increasing our positive impact for our customers, partners and employees. We will build leadership positions and invest in our core segments and put sustainability at the heart of how we do business.”

The strategy will be realised through both acquisitions and organic growth as well as ambitious investments in sustainability, innovation and digitalisation. Hempel expects 50 per cent of revenue growth to come from M&A but the strategy also has a clear-cut emphasis on building market leadership positions in specific areas of our four chosen segments: Decorative, Marine, Infrastructure and Energy. By 2025, we expect more than 50 per cent of our revenue to come from sub segments and geographies where we have a leading position, compared to less than 10 per cent today.

“We have been spread too thin and too shallow and therefore we focus our business by exiting some geographies by own operation and strengthening others. Alongside that we know that our customers need suppliers with end-to-end solutions and a deep knowledge and impact on the market. Based on this, we have started a transformation of how we sell and develop by building even stronger partnerships with a number of customers to truly understand their needs, future challenges and to co-create differentiated solutions,” says Lars Petersson.

The new strategy sets ambitious goals on sustainability such as being carbon neutral in own operations by 2025 and also reducing the carbon footprint of our customers. To ensure a rigorous, scientific and well-documented approach to becoming a sustainability leader within the coatings industry, we have committed to science-based targets. The sustainability framework will be launched in February 2021.

“Putting sustainability at the heart of how we do business will drive change both within Hempel and across our value chain through our products and services. We see sustainability as a key enabler for growth, by helping our customers reaching their sustainability targets. Our target to double in size in the next five years makes our commitment to sustainability even more important, and we are ready to make some bold decisions as we accelerate,” says Lars Petersson.

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About the *Double Impact* strategy

While the world scrambled to recalibrate to a new reality, we prioritised the development of our strategic priorities. We are now ready to present the next steps for Hempel.

The *Double Impact* strategy will double Hempel's revenue in 2025 enabling Hempel to also double its positive impact.

Specifically, this involves:

- Doubling revenue through both organic growth and M&A's by 2025. Approx. 50 per cent of growth will come from M&A with both 'inside-the-can' and 'outside-the-can' focus.
- Focusing the business so that Hempel will secure more leadership positions in our chosen sub segments and geographies. By 2025 more than 50 per cent of our revenue will come from the areas where we have a leadership position, compared to less than 10 per cent today.
- Accelerating innovation both 'within-the-can' and 'outside-the-can' and making sustainability a key driver in our innovation. Our digital solutions will cater to our customers' needs. In our chosen segments, we will provide the best end-to-end solutions for our customers.
- Becoming carbon neutral in 2025 and committing to the Science Based Target initiative to ensure a rigorous, scientific and well-documented approach for reducing emissions across our value chain.

About Hempel

As a world-leading supplier of trusted coating solutions, Hempel is a global company with strong values, working with customers in the decorative, marine, infrastructure and energy industries. Hempel factories, R&D centres and stock points are established in every region.

Across the globe, Hempel's coatings protect surfaces, structures and equipment. They extend asset lifetimes, reduce maintenance costs and make homes and workplaces safer and more colourful. Hempel was founded in Copenhagen, Denmark in 1915. It is proudly owned by the Hempel Foundation, which ensures a solid economic base for the Hempel Group and supports cultural, social, humanitarian and scientific purposes around the world.