

Press release

2 March 2021

Key messages

- Strong top line growth in 2020, primarily driven by strong demand in Hempel's Decorative and Marine segments, despite a declining global coatings market
- In the year of the global COVID-19 pandemic, the company's organic growth was 3.2 per cent with a total revenue of EUR 1,542 million
- EBITDA margin was satisfactory at 10.1 per cent excluding restructuring costs related to exiting certain countries (9.8 per cent in reported numbers)
- Solid cash generation with a cash conversion of 136 per cent and a free cash flow of EUR 106 million reducing net interest bearing debt to EUR 22 million - the lowest level since 2017
- An ambitious new strategy, *Double Impact*, defines the timeframe of a doubling of Hempel by 2025 and sets the company on a path to leadership positions within selected segments
- First acquisition underway as part of new *Double Impact* strategy

Hempel delivers strong result in an extraordinary year and announces first acquisition as part of new strategy

Hempel grew its revenue to EUR 1,542 million in 2020 and demonstrated strong organic growth of 3.2 per cent, despite a declining global coatings market, building on momentum from 2019. The company continued its transformation to become a stronger global company ready to accelerate growth and double the business by 2025.

Despite uncertainty and disruption across regions and markets due to the COVID-19 pandemic, Hempel demonstrated agility and clear priorities concerning the safety of employees, timely and high-quality support to customers, as well as financial robustness to protect future investments. With an EBITDA margin of 10.1 per cent, including extraordinary high investments in our supply chain in China, this was a satisfactory result.

"I am very satisfied with our achievements last year as we managed to deliver a strong performance during unprecedented times. We have now seen organic growth for six quarters in a row and been able to reduce our debt further. This puts us in a strong position for the coming years," says Lars Petersson, Group President & CEO of Hempel and continues, "I would like to personally thank all my colleagues for a truly outstanding performance under very difficult circumstances. You have kept our customers unharmed throughout the pandemic while maintaining health and safety as our number one priority. For this I am truly grateful."

2020 was a strong year for the Marine segment, especially in Asia Pacific with many vessels coming into dry dockings for scheduled maintenance. Hempel's leading hull coating, Hempaguard X7, completed 2,000 applications. Since its launch in 2013, it has reduced the combined fuel consumption by 7.6 million tonnes and lowered vessels' CO₂ emissions by 23.5 million tonnes.

In the Decorative segment, growth exceeded expectations. This was primarily driven by strong demand in the Do-It-Yourself markets in the UK and in Germany.

Ready to accelerate growth with new strategy

Launching its new *Double Impact* strategy in January, Hempel is positioned for leadership positions in selected geographies and sub-segments within Decorative, Marine, Infrastructure and Energy.

Group President & CEO of Hempel Lars Petersson comments: “2020 was a very successful year, and also a year of transition for Hempel. We have spent time preparing our new *Double Impact* strategy with a re-focus of our business into four key segments to reach our ambitious target of doubling our revenue to EUR 3 billion by 2025. With the agreement to purchase WattyI*, we have already taken the first step in this direction, and the acquisition will have a major, positive impact on our footprint in South & East Asia and underlines our growth ambitions for our decorative and protective segments. We are going for leadership positions in selected segments and geographies - all while making sustainability the foundation of our business. Doubling our revenue will allow us to double our positive impact by investing in more sustainable coating solutions, innovation and digitalisation for the benefit of our customers and the world around us.”

As part of the new strategy, Hempel presented its new sustainability framework in February 2021 with an ambition to radically advance its environmental and social performance for the benefit of the company, its customers and its employees.

** The transaction is pending customary approval from the authorities, which is expected in the first quarter of 2021.*

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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 segments. Hempel factories, R&D centres and stock points are established in every region.

Hempel's paints and coatings protect and beautify buildings, infrastructure and other assets, and play an essential role in our customers' global businesses. They help minimise maintenance costs, improve aesthetics and increase energy efficiency.

At Hempel, our purpose is to shape a brighter future with sustainable coating solutions. We firmly believe that we will succeed as a business only if we place sustainability at our heart. Not only is it the right thing to do, it will strengthen our competitive position, make ourselves more resilient and reduce our risk.

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

For pictures, please visit our press room [here](#).