

Press release

8 March 2024

Hempel achieved record-breaking financial results in 2023 and made progress on its ambitious sustainability journey

In a year that surpassed expectations, Hempel achieved historic high organic revenue growth of 13.7 per cent and delivered revenue of EUR 2,351 million, propelled by its Double Impact strategy.

Key messages

- Record high organic revenue growth of 13.7 per cent and revenue of EUR 2,351 million.
- Adjusted EBITDA margin of 14.8 per cent.
- Adjusted EBITDA of EUR 349 million, an increase of EUR 92 million versus 2022.
- Leverage ratio improved to 3.1x in December 2023, down from 4.2x in December 2022.
- Hempel was, for a consecutive year, awarded B by CDP for good environmental management in its 2023 environmental disclosure and scoring process.
- Double-digit growth in Marine and Energy customer segments, reporting 26.2 per cent and 18.6 per cent growth respectively.

Copenhagen, 8 March 2024: In 2023, Hempel delivered its best financial results surpassing expectations. Hempel achieved historic high organic revenue growth of 13.7 per cent and revenue of EUR 2,351 million. Compared to 2022, this represents an increase of EUR 192 million, driven by strong performance across the business.

Hempel's adjusted EBITDA increased to EUR 349 million in 2023, compared to EUR 257 million in 2022, and the adjusted EBITDA margin was 14.8 per cent.

"Hempel delivered record-breaking results in 2023. We set ambitious targets and we surpassed our expectations," says Michael Hansen, Group President and CEO of Hempel A/S. "The strong results were thanks to a stellar performance across our business."

In 2023, Hempel maintained sharp focus on innovations to develop more sustainable solutions that meet its customers' needs, enabling them to lower their CO₂ footprint, while protecting and beautifying their assets. This focus was reflected in growth across all four of Hempel's customer segments, with Marine and Energy delivering double-digit organic revenue growth of 26.2 per cent and 18.6 per cent, respectively. The Decorative segment maintained its position as Hempel's largest customer segment in terms of revenue, delivering EUR 792 million for the year. The Infrastructure customer segment expanded sales by 9.6 per cent through innovative solutions that support its customers' sustainability journeys.

"At the heart of this growth expedition lies the synergy between Hempel's highly skilled people and extensive global presence," says Michael Hansen.

The 2024 outlook is expected to be single-digit organic revenue growth and an EBITDA margin around 15 per cent.

Increasing value creation and impact

Hempel's Double Impact strategy has proved very robust and effective. As such, in 2023, Hempel's Board of Directors and Executive Group Management further committed to the principles of the strategy to guide the business beyond 2025.

"In 2020, we launched Double Impact aiming to deliver innovative, sustainable solutions that create a significant positive impact for our customers and society at large. Initially, our strategy had one clear goal: doubling our revenue within five years. We are well on our way to deliver on this," says Michael Hansen.

"In 2023, we added 'Scalable Operations' as a pillar in our strategy to drive a more harmonised global setup, enabling smarter use of resources across functions and segments. The aim is to generate higher sales, without seeing an equal increase in costs, through more effective and efficient ways of working together," continues Michael Hansen.

Hempel's new state-of-the-art Chinese factories in Yantai and Zhangjiagang are now up and running and are poised to accelerate growth in the years to come. A growing business maximises the positive impact that Hempel, its people and its owner, the Hempel Foundation, have on the world.

Turning sustainability ambition into action

At Hempel, sustainability leadership means being frontrunners within the paint and coatings industry; working with material topics such as climate, biodiversity, resource depletion and diversity. Hempel's sustainability framework, Futureproof, has been instrumental in driving this work.

In 2023, Hempel made significant progress towards delivering on its science-based targets and ESG commitments, decreasing its combined Scope 1 & 2 emissions by 51 per cent compared to its 2019 baseline.

In May 2023, the Carbon Disclosure Project (CDP) recognised Hempel's efforts to engage its supply chain on climate issues, awarding Hempel an A in its 2022 Supplier Engagement Rating. Hempel was, for a consecutive year, awarded B by CDP for good environmental management in its 2023 environmental disclosure and scoring process.

"Putting sustainability at the heart of everything we do means we not only focus on lowering emissions from our operations and reducing the resources we use, but also continue to develop products and solutions that support our customers on their sustainability journeys. For example, our high performance hull coatings helped customers in the maritime industry reduce their CO₂e emissions by 6.5 million tonnes in 2023 alone. This is an improvement of 16 per cent compared to 2022," concludes Michael Hansen.

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

Across the globe, Hempel's paints and coatings can be found in almost every country of the world. They protect and beautify buildings, infrastructure and other assets, and play an essential role in our customers' 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. www.hempel.com