

News

Lund 2015-07-02

News: Business update from CEO Anders Spetz.

Nexam Chemical on the right track!

I would like to take the opportunity to give shareholders and other stakeholders in Nexam Chemical a brief business update before the upcoming holiday period.

Strategic focus

Since I took over as CEO, the management and the board of directors has, as previously communicated, changed the strategic focus of the business. In order to develop Nexam Chemical to a commercial success, the way forward is spelled FOCUS. During the spring we have carefully evaluated our business opportunities, prioritized the best and matched them with our assets and resources. What we communicated during the spring is still valid – our focus today lies within pipes made from polyethylene (PE), foam made from polyester (PET) and our high performance products.

Business update

We can confirm that our products attract much interest from the market within our chosen areas of focus and that there are ongoing full-scale tests and some initial sales in prioritized segments. Before drawing too many conclusions from this, it should be kept in mind that it takes time for our customers to evaluate and adapt their commercial offers to generate volume sales of end products containing Nexam Chemicals technology. In several of the customer projects in progress, we can also conclude that our specialist expertise is an important part of the business case. A key component, that is critical for future development, is our ability to provide cost effective solutions.

During spring and early summer we have introduced several formulations at an attractive price level in relation to created customer value. This opens up new opportunities in the high-volume segments. Meanwhile, there are some customer projects that need to step back to the laboratory in order to find the solutions. One such area relates to polypropylene (PP), which we prioritize with the ambition to develop a commercially viable solution.

From research to development

I am satisfied to see that we in short time have been able to shift our focus from research at a molecular level to development of applications, where our products are included as a value creating component for the customer. In our application laboratory in Lund we have intensified our tests where we simulate our customers' production processes with NEXAMITE®-modified plastics. This way we can facilitate for our customers to adapt their production processes in order to maximize the value of Nexam Chemicals technology.

About Nexam Chemical

Nexam Chemical is a Swedish company with a world-leading technology within its area for heat-activated crosslinking of plastics and polymers. The company develops, manufactures and markets unique heat-activated crosslinkers to the plastics market. A company description and more information about the business will be found on www.nexamchemical.com. The company's Certified Adviser is Remium Nordic AB.

Furthermore, we have completed a major restructuring of our R&D. We have consolidated all research activities to our facility in Scotland and closed our chemistry laboratory in Lund. This gives us a better use of our resources and a clearer focus where Scotland manage all research activities and QC, while Lund focus on all development of applications. Our research activities are now focused on refining the formulations for polyethylene and polyester. All ongoing new research is mainly focused on finding an effective formulation for PP (polypropylene).

Cost saving program

Our program for reducing cost is proceeding according to plan and we can already see positive effects of this. The operational expenses have been reduced, including the closing and relocation of chemistry laboratory in Lund, reduced external costs for e.g. advisers and downsizing of personnel. In total, the personnel in the parent company and subsidiaries have been reduced with nine employees. Primarily within administration and long-term research activities.

Organization

Our new CMO Lars Öhrn has now assumed his position and has started his assignment within Nexam Chemical in an exemplary manner, focused and with full speed ahead on customer activities. Through his unique experience and network, he has already brought new possibilities to the company.

At the same time, we intend to strengthen our team with additional sales skills and technical customer service. These recruitment processes have already begun.

Finally, I wish everyone a great summer! Nexam Chemical is open all summer and our projects are progressing continuously.

Now we are doing business. Going forward, we want them to increase!

Anders Spetz
CEO

Note: This news has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

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