

Growth plan to push Hempel into the global top ten of paint producers

Hempel's target of reaching EUR 3 billion in revenue by 2025 is aimed at pushing the company into the top ten global paint companies and adding scale to investments in sustainable innovation, CEO tells ShippingWatch. The group recently finalized another acquisition.



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Paint and hull coating producer Hempel is faced with a challenge that needs to be solved both organically and by way of acquisitions.

"To put it in very simple terms, we're now too small to be big and too big to be small," says Hempel CEO Lars Petersson in an interview with ShippingWatch in the wake of another acquisition for the coating producer, which also supplies coatings to vessels.

The recent acquisition is part of Hempel's announced strategy of generating EUR 3 billion (USD 3.46 billion) in revenue by 2025.

Revenue of such magnitude will bring enough funds and room to maneuver for Hempel to invest in research and development, particularly in sustainable solutions, which the company views as 'make or break' in the future.

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LARS PETERSSON, CEO, HEMPEL

Such a scale will also push Hempel into the global top ten list of coating producers – across industries, which include paint for houses and homes – and this will also provide the company with the scale and financial strength needed for gaining more leading positions in the market.

"Several of our major customers in shipping need us to have a global presence, which would enable us to service them wherever they are in the world," says Petersson and points to Australia where the company took over coating producer Wattyl.

For instance, Hempel would like to be stronger in four segments (marine, energy, infrastructure and decorative, which refers to household paint) and in the geographical locations where the company already operates even though the CEO refuses to say specifically where that might be.

"Some of our positions are perhaps slightly weaker than we want them to be. We're not always the leading operator in these segments and geographies we are competing in. The target of drawing up a new strategy towards 2025 is to close to the gap to where we want to be," says Petersson.

Further investments in innovation

Among other things, Hempel will obtain this position by scaling up investments in research and development involving innovative solutions – particularly in sustainability.

"We would like to take the lead, particularly in sustainability where we want to be the customers' go-to choice, for instance by making ships more energy-efficient on the open sea."

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energy-efficient on the open sea.

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Scale is crucial as far as investing enough money in the research needed to help customers become more sustainable and help them solve the challenges that emerge from the green transition efforts and the shipping industry face, explains Petersson.

"We're working towards our target by way of organic growth and acquisitions, as most recently seen with Farrow & Ball. And we will continue to do so."

Hempel recently acquired British Farrow & Ball with more than 600 employees from investment manager Ares Management Corporation. The price of the acquisition, which was finalized earlier in September, has not been announced.

This followed the company's acquisition of coating producer Watty in April of this year, taking over 750 employees and annual revenue of EUR 150 million.

In 2020, Hempel generated revenue of EUR 1.54 billion.