

## Half-year report January-June 2018

Published on July 18, 2018

### Second quarter 2018 – Increased sales and higher result

- Sales increased 7 per cent to 3,461 MSEK (3,230).
- Operating profit increased 9 per cent to 561 MSEK (517).
- Operating margin increased to 16.2 per cent (16.0).
- Profit after tax increased 16 per cent to 426 MSEK (366).
- Earnings per share increased to 1.24 SEK (1.06).
- Operating cash flow increased to 522 MSEK (423).

### First half of 2018 – Increased sales and higher result

- Sales increased 6 per cent to 6,770 MSEK (6,368).
- Operating profit increased 5 per cent to 1,101 MSEK (1,049).
- Operating margin amounted to 16.3 per cent (16.5).
- Profit after tax increased 12 per cent to 837 MSEK (745).
- Earnings per share increased to 2.43 SEK (2.16).
- Operating cash flow amounted to 824 MSEK (858).

### President's comments

"The second quarter of 2018 was another strong quarter – our best quarter to date for both sales and operating profit. The sales increased by 7 per cent and the volume development were positive. The sales have been affected positively by the fact that the sales prices have been higher, since the prices on our main raw materials have increased. The sales were still stable to automotive related customers and to customers within building and construction, while the sales to engineering and general industry improved. Operating profit increased by 9 per cent and the operating margin increased to 16.2 per cent. Earnings per share increased to 1.24 SEK.

The first half-year 2018 was strong. The sales increased by 6 per cent and earnings per share increased to 2.43 SEK. Our financial position remains strong and with a net cash of 56 MSEK we are well equipped for further expansion."

*Mikael Fryklund, President and CEO*

### Group summary

Key figures MSEK	Apr -Jun		Jan-Jun		Full Year	Jul 17- Jun 18
	2018	2017	2018	2017	2017	
Sales	3 461	3 230	6 770	6 368	12 230	12 632
Operating profit, EBIT	561	517	1 101	1 049	1 986	2 038
Operating margin, %	16,2	16,0	16,3	16,5	16,2	16,1
Profit before tax	562	511	1 102	1 040	1 968	2 030
Profit after tax	426	366	837	745	1 527	1 619
Earnings per share before dilution, SEK	1,24	1,06	2,43	2,16	4,44	4,71
Earnings per share after dilution, SEK	1,24	1,06	2,43	2,16	4,44	4,71
Earnings per share excl. non-recurring effects of the US tax reform, SEK	1,24	1,06	2,43	2,16	4,13	4,40
Equity/assets ratio, %			67	59	68	
Return on capital employed, % R12			24,6	26,3	25,1	
Operating cash flow	522	423	824	858	2 001	1 967

HEXPOL is a world-leading polymers group with strong global market positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets), and wheels made of plastic and rubber materials for truck and castor wheel applications (Wheels). Customers are primarily system suppliers to the global automotive and engineering industry, the construction sector, the energy, oil, and gas sector, medical equipment manufacturers and OEM manufacturers of plate heat exchangers and forklifts. The Group is organised in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group's sales in 2017 amounted to 12,230 MSEK. The HEXPOL Group has approximately 4,400 employees in eleven countries. Further information is available at [www.hexpol.com](http://www.hexpol.com).

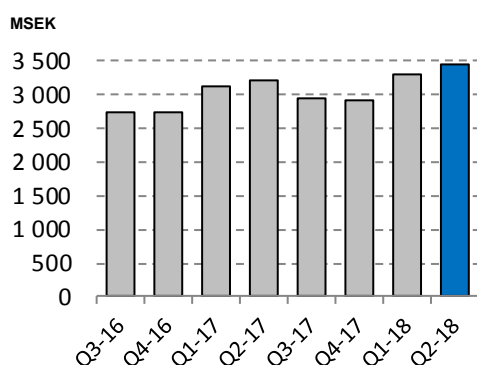
## Second quarter of 2018

The HEXPOL Group's sales increased 7 per cent to 3,461 MSEK (3,230) during the quarter. Exchange rate fluctuations affected the overall sales positively by 36 MSEK, mainly due to a weakening of the USD and a strengthening of the EUR.

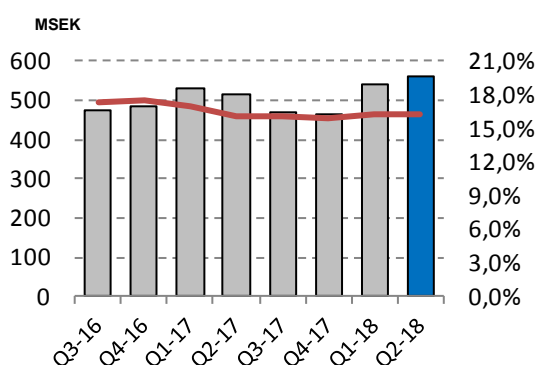
The volume development was positive and the sales growth (adjusted for currency effects), amounted to 6 per cent. The sales have been affected positively by the fact that the sales prices have been higher, since the prices on our main raw materials have increased.

Operating profit increased by 9 per cent to 561 MSEK (517) and the operating margin increased to 16.2 per cent (16.0). Exchange rate fluctuations had a positive impact of 2 MSEK on operating profit for the quarter.

### Sales



### Operating profit & operating margin



The HEXPOL Compounding business area's sales increased 7 per cent to 3,207 MSEK (2,999) during the quarter. Operating profit increased by 8 per cent to 526 MSEK (487) and the operating margin increased to 16.4 per cent (16.2).

The HEXPOL Engineered Products business area's sales increased 10 per cent to 254 MSEK (231) during the quarter. Operating profit increased 17 per cent to 35 MSEK (30), and the operating margin improved to 13.8 per cent (13.0).

Sales in Europe increased by 10 per cent, in NAFTA by 4 per cent and in Asia by 32 per cent compared to the corresponding year earlier period.

The Group's operating cash flow increased to 522 MSEK (423). The Group's net financial items amounted to 1 MSEK (expense: 6), which includes exchange rate gains.

Profit before tax increased to 562 MSEK (511). Profit after tax increased by 16 per cent to 426 MSEK (366) and earnings per share increased to 1.24 SEK (1.06).

## January-June 2018

The HEXPOL Group's sales increased 6 per cent to 6,770 MSEK (6,368) during the first half-year. Exchange rate fluctuations affected the overall sales negatively by 117 MSEK, mainly due to a weakening of the USD and a strengthening of the EUR.

The volume development was positive and the sales growth (adjusted for currency effects), amounted to 8 per cent. Sales growth (adjusted for currency effects and acquisitions) amounted to 5 per cent. The sales have been affected positively by the fact that the sales prices have been higher, since the prices on our main raw materials have increased.

Operating profit increased by 5 per cent to 1,101 MSEK (1,049) and the operating margin amounted to 16.3 per cent (16.5). Exchange rate fluctuations had a negative impact of 30 MSEK on operating profit for the first half-year.

The HEXPOL Compounding business area's sales increased 6 per cent to 6,264 MSEK (5,909) during the first half-year. Operating profit increased by 4 per cent to 1,032 MSEK (992) and the operating margin amounted to 16.5 per cent (16.8).

The HEXPOL Engineered Products business area's sales increased 10 per cent to 506 MSEK (459) during the first half-year. Operating profit increased 21 per cent to 69 MSEK (57), and the operating margin improved to 13.6 per cent (12.4).

The Group's operating cash flow amounted to 824 MSEK (858) during the first half-year. The Group's net financial items amounted to 1 MSEK (expense: 9), which includes exchange rate gains.

Profit before tax increased to 1,102 MSEK (1,040) during the first half-year. Profit after tax increased by 12 per cent to 837 MSEK (745) and earnings per share increased to 2.43 SEK (2.16).

## **Profitability**

The return on average capital employed, R12, amounted to 24.6 per cent (26.3). The return on shareholders' equity, R12, increased to 22.4 per cent (20.4).

## **Financial position and liquidity**

The equity/assets ratio was still strong and amounted to 67 per cent (59). The Group's total assets amounted to 11,760 MSEK (10,594). Net cash amounted to 56 MSEK (net debt 948). The dividend of 671 MSEK (1,635) resolved at the Annual General Meeting was paid by HEXPOL in May.

The Group has the following major credit agreements with Nordic banks:

- A credit agreement with a limit of 125 MUSD that will fall due in February 2020.
- A credit agreement with a limit of 1,500 MSEK that will fall due in August 2020.

## **Cash flow**

The operating cash flow amounted to 824 MSEK (858). Cash flow from operating activities amounted to 725 MSEK (648).

## **Investments, depreciation and amortisation**

The Group's investments amounted to 99 MSEK (80) and are mainly attributable to maintenance investments and capacity investments within HEXPOL TPE Compounding. Depreciation, amortisation and impairment amounted to 127 MSEK (118).

## **Tax expenses**

The Group's tax expenses were affected by lower tax rate in the US and amounted to 265 MSEK (295), which corresponds to a tax rate of 24.0 per cent (28.4).

## **Personnel**

The number of employees at the end of the period was 4,429 (4,428).

## Business area HEXPOL Compounding

The HEXPOL Compounding business area is one of the world's leading suppliers in the development and manufacturing of advanced, high-quality polymer compounds for demanding applications and demanding end users. Customers are manufacturers of polymer products and components who impose rigorous demands on performance and global delivery capacity. The market is global and the largest end-customer segments are the automotive and engineering industries, followed by the construction sector. Other key segments are medical technology, cable and water treatment, transport industry, energy, oil and gas industry, general industry and consumer.

	Apr-Jun		Jan-Jun		Full Year	Jul 17-Jun 18
MSEK	2018	2017	2018	2017	2017	
Sales	3 207	2 999	6 264	5 909	11 326	11 681
Operating profit	526	487	1 032	992	1 873	1 913
Operating margin, %	16,4	16,2	16,5	16,8	16,5	16,4

HEXPOL Compounding's sales increased 7 per cent to 3,207 MSEK (2,999), during the second quarter. The sales have been affected positively by the fact that the sales prices have been higher, since the prices on our main raw materials have increased.

Operating profit increased by 8 per cent to 526 MSEK (487) and the operating margin increased to 16.4 per cent (16.2).

The volume development was positive, with slightly higher volumes in NAFTA, stable volumes in Europe and higher volumes in Asia.

HEXPOL Compounding NAFTA's sales increased, during the quarter. The sales continued stable to automotive related customers and to customers within building and construction. Sales improved to customers within engineering and general industry. Sales to customers within oil and gas and mining sector have also improved, however from a low level.

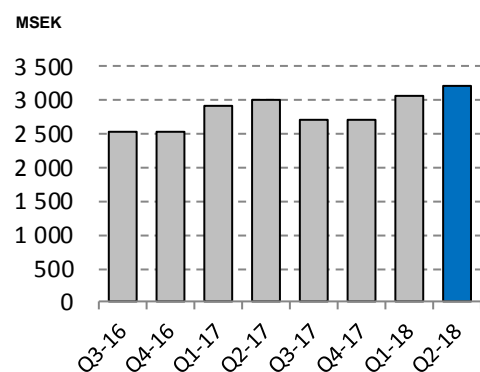
Sales in HEXPOL Compounding Europe also increased during the quarter. Sales increased to customers within engineering and general industry, and sales were stable to automotive related customers and to customers within building and construction.

HEXPOL Compounding Asia sales increased significantly during the quarter with increased sales to automotive related customers in China.

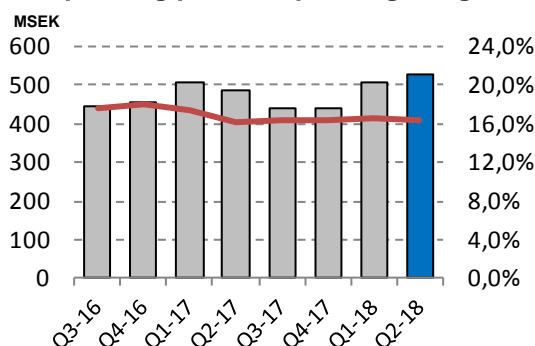
HEXPOL TPE Compounding developed positively during the quarter with significantly higher sales.

HEXPOL TP Compounding's sales also developed positively during the quarter with significantly increased sales, mainly to automotive related customers.

### Sales



### Operating profit & operating margin



## Business area HEXPOL Engineered Products

The HEXPOL Engineered Products has operations in a number of niche areas with strong global positions in gaskets for plate heat exchangers (Gaskets) as well as polyurethane, rubber and plastic wheels for forklifts and material handling (Wheels). The market for gaskets and wheels is global. Gasket customers include manufacturers of plate heat exchangers and wheel customers are manufacturers of forklifts and castor wheels.

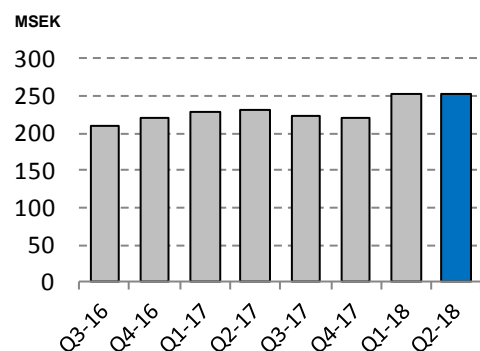
MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 17- Jun 18
	2018	2017	2018	2017	2017	
Sales	254	231	506	459	904	951
Operating profit	35	30	69	57	113	125
Operating margin, %	13,8	13,0	13,6	12,4	12,5	13,1

The HEXPOL Engineered Products business area's sales increased 10 per cent to 254 MSEK (231) during the second quarter. Operating profit increased 17 per cent to 35 MSEK (30), and the operating margin improved to 13.8 per cent (13.0).

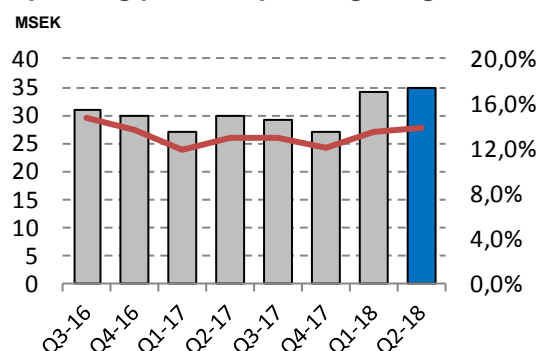
The sales for the HEXPOL Gaskets product area were significantly higher compared to the corresponding year-earlier period, and the sales improved to project-related business.

Also the sales for HEXPOL Wheels product area increased, mainly to customers within material handling, compared to the corresponding year-earlier period. HEXPOL Wheels had a positive sales development in most units.

### Sales



### Operating profit & operating margin



## Parent Company

The Parent Company's profit after tax amounted to 167 MSEK (144), which includes dividends from subsidiaries. Shareholders' equity amounted to 2,571 MSEK (2,244).

## Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2017 Annual Report. No significant events occurred during the year that affected or changed these descriptions of the Group's or the Parent Company's risks and their management.

## Accounting policies

This half-year report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company's financial statements have been prepared in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. The accounting and measurement policies, as well as the assessment bases, applied in the 2017 Annual Report have also been applied in this half-year report. No new or revised IFRSs that came into force in 2018 have had any significant impact on the Group's financial reports.

### IFRS 9 – Financial instruments

The introduction of the standard with a new model for calculating credit loss reserves has not had any significant impact on the company's financial statements as the Group has historically had few credit losses.

### IFRS 15 – Revenue from Contracts with Customers

The Group's revenues consist mainly of one stream of revenues, sales of goods. The Group have one performance obligation for which revenues is reported at a time of delivery. The introduction of the standard has not had any significant impact on the company's financial statements. New information has been added where the company's revenues also are distributed geographically by segment.

### IFRS 16 – Leases

This standard comes into force January 1, 2019 and will affect the Group's financial reports. The Group has started a project to manage the new standard and is currently evaluating the effects of the introduction.

## Alternative Performance Measures (APMs)

New ESMA (European Securities and Markets Authority) guidelines on alternative performance measures are effective from 2016. HEXPOL presents financial definitions and reconciliations of alternative performance measures in this report. HEXPOL presents alternative performance measures as these provide valuable additional information to investors and the company's management as they allow evaluation of the company's performance.

## Ownership structure

HEXPOL AB (publ.), with Corporate Registration Number 556108-9631, is the Parent Company of the HEXPOL Group. HEXPOL's Class B shares are listed on Nasdaq Stockholm, Large Cap. HEXPOL AB had 13,035 shareholders on June 30, 2018. The largest shareholder is Melker Schörling AB with 25 per cent of the capital and 46 per cent of the voting rights. The twenty largest shareholders own 65 per cent of the capital and 75 per cent of the voting rights.

## Significant subsequent events

No significant events have occurred after the balance sheet date.

## Invitation to the presentation of the report

This report will be presented via a telephone conference on June 18 at 12:00 p.m. CET. The presentation, as well as information concerning participation, is available at [www.hexpol.com](http://www.hexpol.com).

## Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

- |   |                  |
|---|------------------|
| ▪ Interim report January-September 2018 | October 25, 2018 |
| ▪ Year-end report 2018                  | February 1, 2019 |
| ▪ Interim report January-March 2019     | April 26, 2019   |
| ▪ Annual General Meeting 2019           | April 26, 2019   |

Financial information is also available in Swedish and English on HEXPOL AB's website – [www.hexpol.com](http://www.hexpol.com).

The half-year report January-June 2018 has not been audited by HEXPOL AB's auditors.

## Board assurance

The half-year report provides a fair view of the Parent Company's and the Group's operations, financial position and results. It also describes the significant risks and uncertainties facing the Parent company and the companies included in the Group.

Malmö, Sweden July 18, 2018  
HEXPOL AB (publ.)

Mikael Fryklund  
President and CEO

Georg Brunstam  
Chairman of the Board

Alf Göransson

Malin Persson

Jan-Anders E. Månson

Kerstin Lindell

Märtha Schörling Andreen

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This report may contain forward-looking statements. When used in this report, words such as "anticipate", "believe", "estimate", "expect", "plan" and "project" are intended to identify forward-looking statements. Such statements could encompass risks and uncertainties pertaining to product demand, market acceptance, effects of economic conditions, impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of HEXPOL's management as of the date made with respect to future events but are subject to risks and uncertainties. While all of these forward-looking statements are based on estimates and assumptions made by HEXPOL's management and are believed to be reasonable, they are inherently uncertain and difficult to predict. Actual results and experience could differ materially from the forward-looking statements. HEXPOL disclaims any intention or obligation to update these forward-looking statements.

This information is information that HEXPOL AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 11:00 a.m. CET on July 18, 2018. This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.

**Condensed consolidated income statement**

	Apr-Jun		Jan-Jun		Full Year	Jul 17-
MSEK	2018	2017	2018	2017	2017	Jun 18
Sales	3 461	3 230	6 770	6 368	12 230	12 632
Cost of goods sold	-2 711	-2 530	-5 294	-4 966	-9 572	-9 900
<b>Gross profit</b>	<b>750</b>	<b>700</b>	<b>1 476</b>	<b>1 402</b>	<b>2 658</b>	<b>2 732</b>
Selling and administrative cost, etc.	-189	-183	-375	-353	-672	-694
<b>Operating profit</b>	<b>561</b>	<b>517</b>	<b>1 101</b>	<b>1 049</b>	<b>1 986</b>	<b>2 038</b>
Financial income and expenses	1	-6	1	-9	-18	-8
<b>Profit before tax</b>	<b>562</b>	<b>511</b>	<b>1 102</b>	<b>1 040</b>	<b>1 968</b>	<b>2 030</b>
Tax	-136	-145	-265	-295	-441	-411
<b>Profit after tax</b>	<b>426</b>	<b>366</b>	<b>837</b>	<b>745</b>	<b>1 527</b>	<b>1 619</b>
- of which, attributable to Parent Company shareholders	426	366	837	745	1 527	1 619
Earnings per share before dilution, SEK	1,24	1,06	2,43	2,16	4,44	4,71
Earnings per share after dilution, SEK	1,24	1,06	2,43	2,16	4,44	4,71
Earnings per share excl. non-recurring effects of the US tax reform, SEK	1,24	1,06	2,43	2,16	4,13	4,40
Shareholders' equity per share, SEK			22,90	18,29	20,37	
Average number of shares, 000s	344 201	344 201	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-66	-60	-127	-118	-243	-252

**Condensed statement of comprehensive income**

	Apr-Jun		Jan-Jun		Full Year	Jul 17-
MSEK	2018	2017	2018	2017	2017	Jun 18
Profit after tax	426	366	837	745	1 527	1 619
<b>Items that will not be reclassified to the income statement</b>						
Remeasurements of defined benefit pension plans	0	0	0	0	-1	-1
Income tax relating to items that will not be reclassified to the income statement	0	0	0	0	0	0
<b>Items that may be reclassified to the income statement</b>						
Cash-flow hedges	0	0	0	0	0	0
Hedge of net investment	-50	38	-60	52	72	-40
Income tax relating to items that may be reclassified to the income statement	11	-8	13	-11	-16	8
Translation differences	1 156	-290	1 425	-415	-498	1 342
<b>Comprehensive income</b>	<b>1 543</b>	<b>106</b>	<b>2 215</b>	<b>371</b>	<b>1 084</b>	<b>2 928</b>
- of which, attributable to Parent Company's shareholders	1 543	106	2 215	371	1 084	2 928



**Condensed consolidated balance sheet**

	Jun 30		Dec 31
MSEK	2018	2017	2017
Intangible fixed assets	5 600	5 265	5 227
Tangible fixed assets	1 840	1 764	1 751
Financial fixed assets	1	1	1
Deferred tax asset	84	87	69
<b>Total fixed assets</b>	<b>7 525</b>	<b>7 117</b>	<b>7 048</b>
Inventories	1 050	903	887
Accounts receivable	1 963	1 698	1 414
Other receivables	136	160	146
Prepaid expenses and accrued income	64	53	42
Cash and cash equivalents	1 022	663	813
<b>Total current assets</b>	<b>4 235</b>	<b>3 477</b>	<b>3 302</b>
<b>Total assets</b>	<b>11 760</b>	<b>10 594</b>	<b>10 350</b>
Equity attributable to Parent Company's shareholders	7 882	6 295	7 010
<b>Total shareholders' equity</b>	<b>7 882</b>	<b>6 295</b>	<b>7 010</b>
Interest-bearing liabilities	950	1 590	825
Provision for deferred tax	352	388	331
Provision for pensions	22	21	21
<b>Total non-current liabilities</b>	<b>1 324</b>	<b>1 999</b>	<b>1 177</b>
Interest-bearing liabilities	16	21	15
Accounts payable	1 977	1 694	1 626
Other liabilities	216	241	197
Accrued expenses, prepaid income, provisions	345	344	325
<b>Total current liabilities</b>	<b>2 554</b>	<b>2 300</b>	<b>2 163</b>
<b>Total shareholders' equity and liabilities</b>	<b>11 760</b>	<b>10 594</b>	<b>10 350</b>

**Consolidated changes in shareholders' equity**

	Jun 30, 2018		Jun 30, 2017		Dec 31, 2017	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
MSEK						
Opening equity	7 010	7 010	7 559	7 559	7 559	7 559
Comprehensive income	1 543	1 543	371	371	1 084	1 084
Issue of subscription warrants	-	-	-	-	2	2
Dividend	-671	-671	-1 635	-1 635	-1 635	-1 635
<b>Closing Equity</b>	<b>7 882</b>	<b>7 882</b>	<b>6 295</b>	<b>6 295</b>	<b>7 010</b>	<b>7 010</b>

**Changes in number of shares**

	Total number of Class A shares	Total number of Class B shares	Total number of shares
Number of shares at January 1	14 765 620	329 435 660	344 201 280
<b>Number of shares at the end of the period</b>	<b>14 765 620</b>	<b>329 435 660</b>	<b>344 201 280</b>

The Annual General Meeting in April 2016, resolved to implement an incentive program (2016/2020) for the senior executives and key employees through a directed issue of maximum 2,100,000 subscription warrants. During 2016, 1,408,000 subscription warrants were subscribed for by 39 senior executives and key employees. The issue rate was SEK 9 per subscription warrant and every warrant gives the right to subscribe for 1.01 new shares at subscription rate SEK 88.70, adjusted for special dividend in May 2017 according to the warrant terms. During 2017, 225,000 subscription warrants was subscribed for by 1 senior executive, where the issue rate was SEK 9 per subscription warrant and every warrant gives the right to subscribe for 1.00 new share at subscription rate SEK 88.70.

**Condensed consolidated cash-flow statement**

	Apr-Jun		Jan-Jun		Full Year	Jul 17-
MSEK	2018	2017	2018	2017	2017	Jun 18
Cash flow from operating activities before changes in working capital	466	349	1 030	877	1 732	1 885
Changes in working capital	-56	-108	-305	-229	-33	-109
<b>Cash flow from operating activities</b>	<b>410</b>	<b>241</b>	<b>725</b>	<b>648</b>	<b>1 699</b>	<b>1 776</b>
Acquisitions	-12	-428	-41	-1 064	-1 081	-58
Cash flow from other investing activities	-49	-46	-99	-80	-195	-214
<b>Cash flow from investing activities</b>	<b>-61</b>	<b>-474</b>	<b>-140</b>	<b>-1 144</b>	<b>-1 276</b>	<b>-272</b>
Dividend	-671	-1 635	-671	-1 635	-1 635	-671
Issue of subscription warrants	-	-	-	-	2	2
Cash flow from other financing activities	126	1 588	127	1 581	810	-644
<b>Cash flow from financing activities</b>	<b>-545</b>	<b>-47</b>	<b>-544</b>	<b>-54</b>	<b>-823</b>	<b>-1 313</b>
<b>Change in cash and cash equivalents</b>	<b>-196</b>	<b>-280</b>	<b>41</b>	<b>-550</b>	<b>-400</b>	<b>191</b>
Cash and cash equivalents at January 1	1 107	1 003	813	1 297	1 297	663
Exchange-rate differences in cash and cash equivalents	111	-60	168	-84	-84	168
<b>Cash and cash equivalents at the end of the period</b>	<b>1 022</b>	<b>663</b>	<b>1 022</b>	<b>663</b>	<b>813</b>	<b>1 022</b>

**Operating cash flow, Group**

	Apr-Jun		Jan-Jun		Full Year	Jul 17-
MSEK	2018	2017	2018	2017	2017	Jun 18
Operating profit	561	517	1 101	1 049	1 986	2 038
Depreciation/amortisation/impairment	66	60	127	118	243	252
Change in working capital	-56	-108	-305	-229	-33	-109
Sales of fixed assets	0	0	0	0	4	4
Investments	-49	-46	-99	-80	-199	-218
<b>Operating Cash flow</b>	<b>522</b>	<b>423</b>	<b>824</b>	<b>858</b>	<b>2 001</b>	<b>1 967</b>

**Other key figures, Group**

	Apr-Jun		Jan-Jun		Full Year	Jul 17-
	2018	2017	2018	2017	2017	Jun 18
Profit margin before tax, %	16,2	15,8	16,3	16,3	16,1	16,1
Return on shareholders' equity, % R12			22,4	20,4	22,2	
Interest-coverage ratio, multiple			139	174	152	136
Net cash, MSEK			56	-948	-27	
Sales growth adjusted for currency effects, %	6	17	8	13	12	
Sales growth adjusted for currency effects and acquisitions, %	6	6	5	5	5	
Cash flow per share, SEK	1,19	0,70	2,11	1,88	4,94	5,16
Cash flow per share before change in working capital, SEK	1,35	1,01	2,99	2,55	5,03	5,47

## Financial instruments per category and measurement level

		Financial assets measured at fair value through profit or loss		
Jun 30, 2018				
MSEK	Loan and account receivables	Carrying value	Measurement level	Total
<b>Assets in the balance sheet</b>				
Derivative instruments	-	1	2	1
Non-current financial assets	1	-		1
Accounts receivable	1 963	-		1 963
Cash and cash equivalents	1 022	-		1 022
<b>Total</b>	<b>2 986</b>	<b>1</b>		<b>2 987</b>

		Financial liabilities measured at fair value through profit or loss		
MSEK				
	Other financial liabilities	Carrying value	Measurement level	Total
<b>Liabilities in the balance sheet</b>				
Interest-bearing non-current liabilities	950	-		950
Interest-bearing current liabilities	16	-		16
Accounts payable	1 977	-		1 977
Other liabilities	216	-		216
<b>Total</b>	<b>3 159</b>	<b>-</b>		<b>3 159</b>

		Financial assets measured at fair value through profit or loss		
Jun 30, 2017				
MSEK	Loan and account receivables	Carrying value	Measurement level	Total
<b>Assets in the balance sheet</b>				
Non-current financial assets	1	-		1
Accounts receivable	1 698	-		1 698
Cash and cash equivalents	663	-		663
<b>Total</b>	<b>2 362</b>	<b>-</b>		<b>2 362</b>

		Financial liabilities measured at fair value through profit or loss		
MSEK				
	Other financial liabilities	Carrying value	Measurement level	Total
<b>Liabilities in the balance sheet</b>				
Derivative instruments	-	0	2	0
Interest-bearing non-current liabilities	1 590	-		1 590
Interest-bearing current liabilities	21	-		21
Accounts payable	1 694	-		1 694
Other liabilities	241	-		241
<b>Total</b>	<b>3 546</b>	<b>0</b>		<b>3 546</b>

Derivatives consist of currency forward contracts and are used for hedging purposes and are measured at the level 2. Fair value for other financial assets and liabilities are consistent in all material respects with the accounting value in the balance sheet.

## Quarterly data, Group

### Sales per business area

	2018		2017				Full	Jul 17-	2016				Full
MSEK	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 18	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	3 057	3 207	2 910	2 999	2 713	2 704	11 326	11 681	2 550	2 414	2 531	2 533	10 028
HEXPOL Engineered Products	252	254	228	231	223	222	904	951	207	213	211	220	851
<b>Group total</b>	<b>3 309</b>	<b>3 461</b>	<b>3 138</b>	<b>3 230</b>	<b>2 936</b>	<b>2 926</b>	<b>12 230</b>	<b>12 632</b>	<b>2 757</b>	<b>2 627</b>	<b>2 742</b>	<b>2 753</b>	<b>10 879</b>

### Sales per geographic region

	2018		2017				Full	Jul 17-	2016				Full
MSEK	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 18	Q1	Q2	Q3	Q4	Year
Europe	1 162	1 181	969	1 072	995	1 006	4 042	4 344	780	828	842	818	3 268
NAFTA	1 967	2 105	2 021	2 025	1 784	1 737	7 567	7 593	1 851	1 688	1 770	1 768	7 077
Asia	180	175	148	133	157	183	621	695	126	111	130	167	534
<b>Group total</b>	<b>3 309</b>	<b>3 461</b>	<b>3 138</b>	<b>3 230</b>	<b>2 936</b>	<b>2 926</b>	<b>12 230</b>	<b>12 632</b>	<b>2 757</b>	<b>2 627</b>	<b>2 742</b>	<b>2 753</b>	<b>10 879</b>

### Sales per geographic region HEXPOL Compounding

	2018		2017				Full	Jul 17-	2016				Full
MSEK	Q1	Q2	Q1	Q2	Q3	Q4	year	Jun 18	Q1	Q2	Q3	Q4	Year
Europe	1 031	1 042	852	954	883	886	3 575	3 842	669	714	739	704	2 826
NAFTA	1 903	2 043	1 957	1 961	1 728	1 681	7 327	7 355	1 793	1 633	1 713	1 711	6 850
Asia	123	122	101	84	102	137	424	484	88	67	79	118	352
<b>Group total</b>	<b>3 057</b>	<b>3 207</b>	<b>2 910</b>	<b>2 999</b>	<b>2 713</b>	<b>2 704</b>	<b>11 326</b>	<b>11 681</b>	<b>2 550</b>	<b>2 414</b>	<b>2 531</b>	<b>2 533</b>	<b>10 028</b>

### Sales per geographic region HEXPOL Engineered Products

	2018		2017				Full	Jul 17-	2016				Full
MSEK	Q1	Q2	Q1	Q2	Q3	Q4	year	Jun 18	Q1	Q2	Q3	Q4	Year
Europe	131	139	117	118	112	120	467	502	111	114	103	114	442
NAFTA	64	62	64	64	56	56	240	238	58	55	57	57	227
Asia	57	53	47	49	55	46	197	211	38	44	51	49	182
<b>Group total</b>	<b>252</b>	<b>254</b>	<b>228</b>	<b>231</b>	<b>223</b>	<b>222</b>	<b>904</b>	<b>951</b>	<b>207</b>	<b>213</b>	<b>211</b>	<b>220</b>	<b>851</b>

### Operating profit per business area

	2018		2017				Full	Jul 17-	2016				Full
MSEK	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 18	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	506	526	505	487	441	440	1 873	1 913	473	435	444	454	1 806
HEXPOL Engineered Products	34	35	27	30	29	27	113	125	24	30	31	30	115
<b>Group total</b>	<b>540</b>	<b>561</b>	<b>532</b>	<b>517</b>	<b>470</b>	<b>467</b>	<b>1 986</b>	<b>2 038</b>	<b>497</b>	<b>465</b>	<b>475</b>	<b>484</b>	<b>1 921</b>

### Operating margin per business area

	2018		2017				Full	Jul 17-	2016				Full
%	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 18	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	16,6	16,4	17,4	16,2	16,3	16,3	16,5	16,4	18,5	18,0	17,5	17,9	18,0
HEXPOL Engineered Products	13,5	13,8	11,8	13,0	13,0	12,2	12,5	13,1	11,6	14,1	14,7	13,6	13,5
<b>Group total</b>	<b>16,3</b>	<b>16,2</b>	<b>17,0</b>	<b>16,0</b>	<b>16,0</b>	<b>16,0</b>	<b>16,2</b>	<b>16,1</b>	<b>18,0</b>	<b>17,7</b>	<b>17,3</b>	<b>17,6</b>	<b>17,7</b>

**Condensed income statement, Parent Company**

	Apr-Jun		Jan-Jun		Full Year	Jul 17-
MSEK	2018	2017	2018	2017	2017	Jun 18
Sales	12	10	23	20	42	45
Administrative costs, etc.	-9	-16	-28	-30	-57	-55
<b>Operating loss</b>	<b>3</b>	<b>-6</b>	<b>-5</b>	<b>-10</b>	<b>-15</b>	<b>-10</b>
Financial income and expenses	122	151	170	153	1 039	1 056
Untaxed reserves	-	-	-	-	-29	-29
<b>Profit before tax</b>	<b>125</b>	<b>145</b>	<b>165</b>	<b>143</b>	<b>995</b>	<b>1 017</b>
Tax	1	1	2	1	-20	-19
<b>Profit after tax</b>	<b>126</b>	<b>146</b>	<b>167</b>	<b>144</b>	<b>975</b>	<b>998</b>

**Condensed balance sheet, Parent Company**

	Jun 30		Full Year
MSEK	2018	2017	2017
Fixed assets	6 371	6 336	6 314
Current assets	1 838	2 202	1 506
<b>Total assets</b>	<b>8 209</b>	<b>8 538</b>	<b>7 820</b>
<b>Total shareholders' equity</b>	<b>2 571</b>	<b>2 244</b>	<b>3 075</b>
Untaxed reserves	61	32	61
Non-current liabilities	950	1 590	825
Current liabilities	4 627	4 672	3 859
<b>Total shareholders' equity and liabilities</b>	<b>8 209</b>	<b>8 538</b>	<b>7 820</b>

## Reconciliation alternative performance measures

### Sales

MSEK	2018		2017					Full	2016				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year		Q1	Q2	Q3	Q4	Year
Sales	3 309	3 461	3 138	3 230	2 936	2 926	12 230		2 757	2 627	2 742	2 753	10 879
Currency effects	-153	36	118	162	-106	-169	5		18	-56	6	142	110
<b>Sales excluding currency effects</b>	<b>3 462</b>	<b>3 425</b>	<b>3 020</b>	<b>3 068</b>	<b>3 042</b>	<b>3 095</b>	<b>12 225</b>		<b>2 739</b>	<b>2 683</b>	<b>2 736</b>	<b>2 611</b>	<b>10 769</b>
Acquisitions	210	0	128	286	182	186	782		-	38	111	110	259
<b>Sales excluding currency effects and acquisitions</b>	<b>3 252</b>	<b>3 425</b>	<b>2 892</b>	<b>2 782</b>	<b>2 860</b>	<b>2 909</b>	<b>11 443</b>		<b>2 739</b>	<b>2 645</b>	<b>2 625</b>	<b>2 501</b>	<b>10 510</b>

### Sales growth

%	Apr-Jun		Jan-Jun		Full
	2018	2017	2018	2017	Year
Sales growth excluding currency effects	6	17	8	13	12
Sales growth excluding currency effects and acquisitions	6	6	5	5	5

### Capital employed

MSEK	2018		2017				2016			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	11 301	11 760	10 496	10 594	10 550	10 350	8 776	9 355	9 451	9 848
Provision for deferred tax	-336	-352	-406	-388	-396	-331	-340	-356	-338	-407
Accounts payable	-1 879	-1 977	-1 753	-1 694	-1 603	-1 626	-1 259	-1 358	-1 431	-1 405
Other liabilities	-236	-216	-141	-241	-252	-197	-141	-69	-119	-101
Accrued expenses, prepaid income, provisions	-307	-345	-329	-344	-371	-325	-296	-353	-386	-326
<b>Total Group</b>	<b>8 543</b>	<b>8 870</b>	<b>7 867</b>	<b>7 927</b>	<b>7 928</b>	<b>7 871</b>	<b>6 740</b>	<b>7 219</b>	<b>7 177</b>	<b>7 609</b>

### Return on capital employed, R12

MSEK	Jun 30		Full
	2018	2017	Year
Average capital employed	8 303	7 645	7 898
Profit before tax	2 030	1 996	1 968
Interest expense	16	11	13
<b>Total</b>	<b>2 046</b>	<b>2 007</b>	<b>1 981</b>
<b>Return on capital employed, %</b>	<b>24,6</b>	<b>26,3</b>	<b>25,1</b>

### Shareholders' equity

MSEK	2018		2017				2016			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	7 682	7 882	7 824	6 295	6 353	7 010	6 452	6 414	6 879	7 559

**Return on equity, R12**

	Jun 30		Full Year
MSEK	2018	2017	2017
Average shareholders' equity	7 232	7 139	6 871
Profit after tax	1 619	1 458	1 527
<b>Return on equity, %</b>	<b>22,4</b>	<b>20,4</b>	<b>22,2</b>

**Net cash**

	Jun 30		Full Year
MSEK	2018	2017	2017
Cash and cash equivalents	1 022	663	813
Non-current interest-bearing liabilities	-950	-1 590	-825
Current interest-bearing liabilities	-16	-21	-15
<b>Net cash</b>	<b>56</b>	<b>-948</b>	<b>-27</b>

**Equity/assets ratio**

	Jun 30		Full Year
MSEK	2018	2017	2017
Shareholders' equity	7 882	6 295	7 010
Total assets	11 760	10 594	10 350
<b>Equity/assets ratio, %</b>	<b>67</b>	<b>59</b>	<b>68</b>

**Profit after tax excl. non-recurring effects**

	Apr-Jun		Jan-Jun		Full Year
MSEK	2018	2017	2018	2017	2017
Profit after tax	426	366	837	745	1 527
Non-recurring effects of US tax reform	-	-	-	-	104
<b>Profit after tax excl. non-recurring effects</b>	<b>426</b>	<b>366</b>	<b>837</b>	<b>745</b>	<b>1 423</b>

**Earnings per share excl. non-recurring effects**

	Apr-Jun		Jan-Jun		Full Year
MSEK	2018	2017	2018	2017	2017
Profit after tax excl. non recurring effects	426	366	837	745	1 423
Number of shares, end of period	344 201 280	344 201 280	344 201 280	344 201 280	344 201 280
<b>Earnings per share excl. non-recurring effects</b>	<b>1,24</b>	<b>1,06</b>	<b>2,43</b>	<b>2,16</b>	<b>4,13</b>

## Financial definitions

<b>Average capital employed</b>	Average of the last four quarters capital employed.
<b>Average shareholders' equity</b>	Average of the last four quarters shareholders' equity.
<b>Capital employed</b>	Total assets less deferred tax liabilities, accounts payable, other liabilities and accrued expenses, prepaid income and provisions.
<b>Cash flow</b>	Cash flow from operating activities.
<b>Cash flow per share</b>	Cash flow from operating activities in relation to the average number of shares outstanding.
<b>Cash flow per share before changes in working capital</b>	Cash flow from operating activities before changes in working capital in relation to the average number of shares outstanding.
<b>Earnings per share</b>	Profit after tax, in relation to the average number of shares outstanding.
<b>Earnings per share after dilution</b>	Profit after tax, in relation to the average number of shares outstanding adjusted for the dilution effect of warrants.
<b>Earnings per share excl. non-recurring effects</b>	Profit after tax excluding non-recurring effects, in relation to the average number of shares outstanding.
<b>EBIT</b>	Operating profit.
<b>EBITDA</b>	Operating profit excluding depreciation, amortisation and impairment of tangible and intangible assets.
<b>Equity/assets ratio</b>	Shareholders' equity in relation to total assets.
<b>Interest-coverage ratio</b>	Profit before tax plus interest expenses in relation to interest expenses.
<b>Net debt, net cash</b>	Non-current and current interest-bearing liabilities less cash and cash equivalents.
<b>Operating cash flow</b>	Operating profit excluding depreciation, amortisation and impairment of tangible and intangible assets, less investments and plus sales of tangible and intangible assets, and after changes in working capital.
<b>Operating margin</b>	Operating profit in relation to the sales.
<b>Other investing activities</b>	Investments and sales of intangible and tangible assets.
<b>Profit excl. non-recurring effects</b>	Profit after tax excluding non-recurring effects.
<b>Profit margin before tax</b>	Profit before tax in relation to the sales.
<b>Return on capital employed, R12</b>	Twelve months profit before tax plus twelve months interest expenses in relation to average capital employed.
<b>Return on equity, R12</b>	Twelve months profit after tax in relation to average shareholders' equity.
<b>R12</b>	Rolling twelve months average.
<b>Sales growth excluding currency effects</b>	Sales excluding currency effects compared to the sales for the corresponding year-earlier period.
<b>Sales growth excluding currency effects and acquisitions</b>	Sales excluding currency effects and acquisitions compared to the sales for the corresponding year-earlier period.
<b>Shareholders' equity per share</b>	Shareholders' equity in relation to the number of shares outstanding at the end of the period.