HEXPOL
A Material Difference

Interim report January-September 2018

Published on October 25, 2018

Third quarter 2018 – Increased sales and higher result

- Sales increased 17 per cent to 3,443 MSEK (2,936).
- Operating profit increased 12 per cent to 527 MSEK (470).
- Operating margin amounted to 15.3 per cent (16.0).
- Profit after tax increased 21 per cent to 404 MSEK (333).
- Earnings per share increased 21 per cent to 1.17 SEK (0.97).
- Operating cash flow amounted to 516 MSEK (534).
- In September, Kirkhill Rubber, a well-known US Rubber Compounder, was acquired.
- In early October, 80 per cent of the shares in MESGO Group, a leading Compounder in Europe within advanced Compounds, were acquired.

Jan-Sep 2018 – Increased sales and higher result

- Sales increased 10 per cent to 10,213 MSEK (9,304).
- Operating profit increased 7 per cent to 1,628 MSEK (1,519).
- Operating margin amounted to 15.9 per cent (16.3).
- Profit after tax increased 15 per cent to 1,241 MSEK (1,078).
- Earnings per share increased 15 per cent to 3.61 SEK (3.13).
- Operating cash flow amounted to 1,340 MSEK (1,392).

President's comments

"The third quarter of 2018 was another strong quarter. The sales increased by 17 per cent, the volume development was positive, operating profit increased by 12 per cent while earnings per share increased by 21 per cent. We are very pleased with our two last acquisitions, Kirkhill Rubber and MESGO Group. These acquisitions give us a better position within advanced elastomers and broaden our geographical presence in three new countries and strengthen our position in western US.

The period January-September was strong. The sales increased by 10 per cent and earnings per share increased by 15 per cent to 3.61 SEK. Our financial position remains strong and we are well equipped for further expansion."

Mikael Fryklund, President and CEO

Group summary

Key figures MSEK	Jul -Sep 2018	2017	Jan-Sep 2018	2017	Full Year 2017	Oct 17-Sep 18
Sales	3 443	2 936	10 213	9 304	12 230	13 139
Operating profit, EBIT	527	470	1 628	1 519	1 986	2 095
Operating margin, %	15,3	16,0	15,9	16,3	16,2	15,9
Profit before tax	531	465	1 633	1 505	1 968	2 096
Profit after tax	404	333	1 241	1 078	1 527	1 690
Earnings per share before dilution, SEK	1,17	0,97	3,61	3,13	4,44	4,92
Earnings per share after dilution, SEK	1,17	0,97	3,61	3,13	4,44	4,92
Earnings per share excl. non-recurring effects of the US tax reform, SEK	1,17	0,97	3,61	3,13	4,13	4,61
Equity/assets ratio, %			64	60	68	
Return on capital employed, % R12			24,0	25,5	25,1	
Operating cash flow	516	534	1 340	1 392	2 001	1 949

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 4,500 employees in fourteen countries. Further information is available at www.hexpol.com.

Third quarter of 2018

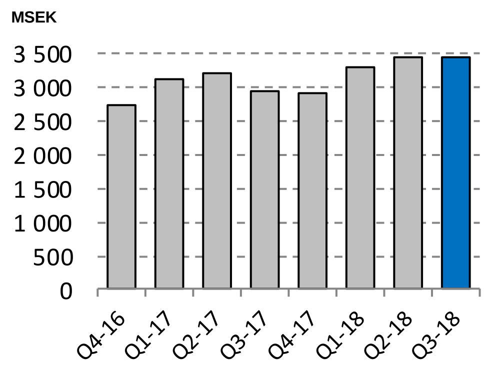
The HEXPOL Group's sales increased 17 per cent to 3,443 MSEK (2,936) during the quarter. Exchange rate fluctuations affected the overall sales positively by 313 MSEK, mainly due to a strengthening of both the USD and of the EUR.

The volume development was positive and the sales growth (adjusted for currency effects), amounted to 7 per cent. Sales growth (adjusted for currency effects and acquisitions) 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.

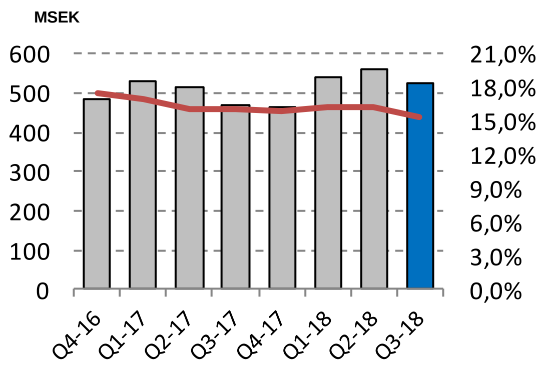
Operating profit increased by 12 per cent to 527 MSEK (470) and the operating margin amounted to 15.3 per cent (16.0). Exchange rate fluctuations had a positive impact of 49 MSEK on operating profit for the quarter. Transaction costs of 9 MSEK have been reported during the quarter.

In September, the business of Kirkhill Rubber, a well-known US Rubber Compounder, was acquired. Kirkhill has extensive knowledge in advanced elastomers and has a state of the art facility in Long Beach in California, US. Kirkhill is a very good complement to HEXPOL Compounding in the US and strengthen our market position in western US. Kirkhill Rubber has annual sales of about 46 MUSD.

Sales



Operating profit & operating margin



The HEXPOL Compounding business area's sales increased 17 per cent to 3,180 MSEK (2,713) during the quarter. Operating profit increased by 11 per cent to 488 MSEK (441) and the operating margin amounted to 15.3 per cent (16.3), affected by change in mix and transaction costs.

The HEXPOL Engineered Products business area's sales increased 18 per cent to 263 MSEK (223) during the quarter. Operating profit increased 34 per cent to 39 MSEK (29), and the operating margin improved to 14.8 per cent (13.0).

Sales in Europe increased by 12 per cent, in NAFTA by 19 per cent and in Asia by 29 per cent compared to the corresponding year earlier period.

The Group's operating cash flow amounted to 516 MSEK (534). The Group's net financial items amounted to 4 MSEK (expense: 5), which includes exchange rate gains.

Profit before tax increased to 531 MSEK (465). Profit after tax increased by 21 per cent to 404 MSEK (333) and earnings per share increased to 1.17 SEK (0.97).

January-September 2018

The HEXPOL Group's sales increased 10 per cent to 10,213 MSEK (9,304) during the period. Exchange rate fluctuations affected the overall sales positively by 196 MSEK, mainly due to 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.

Sales in Europe increased by 14 per cent, in NAFTA by 6 per cent and in Asia by 27 per cent compared to the corresponding year earlier period.

Operating profit increased by 7 per cent to 1,628 MSEK (1,519) and the operating margin amounted to 15.9 per cent (16.3). Exchange rate fluctuations had a positive impact of 19 MSEK on operating profit for the period.

The HEXPOL Compounding business area's sales increased 10 per cent to 9,444 MSEK (8,622) during the period. Operating profit increased by 6 per cent to 1,520 MSEK (1,433) and the operating margin amounted to 16.1 per cent (16.6).

The HEXPOL Engineered Products business area's sales increased 13 per cent to 769 MSEK (682) during the period. Operating profit increased 26 per cent to 108 MSEK (86), and the operating margin improved to 14.0 per cent (12.6).

The Group's operating cash flow amounted to 1,340 MSEK (1,392) during the period. The Group's net financial items amounted to 5 MSEK (expense: 14), which includes exchange rate gains.

Profit before tax increased to 1,633 MSEK (1,505) during the period. Profit after tax increased by 15 per cent to 1,241 MSEK (1,078) and earnings per share increased to 3.61 SEK (3.13).

Profitability

The return on average capital employed, R12, amounted to 24.0 per cent (25.5). The return on shareholders' equity, R12, increased to 22.0 per cent (20.7).

Financial position and liquidity

The equity/assets ratio was still strong and amounted to 64 per cent (60). The Group's total assets amounted to 12,664 MSEK (10,550). Net debt amounted to 29 MSEK (net debt 587). 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.
- A credit agreement with a limit of 1,500 MSEK that will fall due in September 2021.

Cash flow

The operating cash flow amounted to 1,340 MSEK (1,392). Cash flow from operating activities amounted to 1,149 MSEK (1,127).

Investments, depreciation and amortisation

The Group's investments amounted to 144 MSEK (129) and are attributable to capacity investments within HEXPOL TPE Compounding and also regular maintenance investments. Depreciation, amortisation and impairment amounted to 188 MSEK (177).

Tax expenses

The Group's tax expenses were affected by lower tax rate in the US and amounted to 392 MSEK (427), 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 4,470 (4,383).

Acquisition

In September, the business of Kirkhill Rubber, a well-known US Rubber Compounder, was acquired. Kirkhill Rubber has annual sales of about 46 MUSD. Kirkhill Rubber's recently acquired state of the art facility in Long Beach, California, US will be the sole manufacturing plant of Kirkhill. The production in Downey, California, US will be transferred to Long Beach and the production in Athens, Georgia, US will be transferred to other HEXPOL sites in the US. Thereby the facilities in Downey and Athens are not included in the transaction. The acquisition price amounts to approximately 49 MUSD on a cash and debt free basis. A smaller performance based consideration (approximately 3 MUSD) will be paid later if certain criteria are met. Acquired excess values amounts preliminary to 36 MUSD and are mainly attributable to intangible assets. The Group's ownership is 100 per cent and the operations are consolidated from the acquisition day.

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.

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	**2018**	**2017**	**2018**	**2017**	**2017**	**Sep 18**
Sales	3 180	2 713	9 444	8 622	11 326	12 148
Operating profit	488	441	1 520	1 433	1 873	1 960
Operating margin, %	15,3	16,3	16,1	16,6	16,5	16,1

HEXPOL Compounding's sales increased 17 per cent to 3,180 MSEK (2,713), during the third 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 11 per cent to 488 MSEK (441) and the operating margin amounted to 15.3 per cent (16.3), affected by change in mix and transaction costs.

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, even excluding the acquired Kirkhill, during the quarter. The sales continued stable to automotive related customers. The sales improved to customers within engineering and general industry and to customers within oil and gas sector. However, sales to customers within building and construction were slightly lower.

Sales in HEXPOL Compounding Europe increased during the quarter. Sales increased to customers within engineering and general industry, and to customers within building and construction. Sales to automotive related customers were however slightly lower.

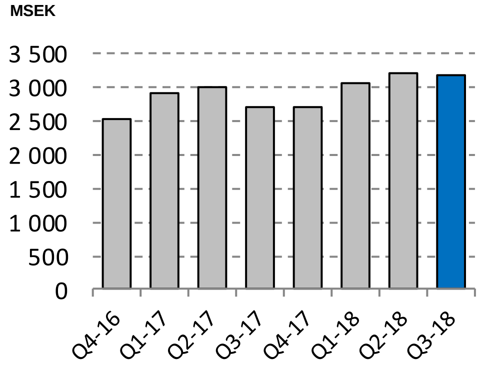
HEXPOL Compounding Asia's sales increased significantly during the quarter with increased sales to automotive related customers in China.

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

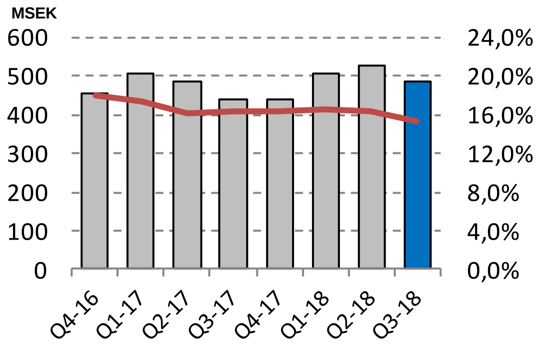
HEXPOL TP Compounding's sales also developed positively during the quarter with significantly increased sales, mainly to automotive related customers.

In September, the business of Kirkhill Rubber, a well-known US Rubber Compounder, was acquired. Kirkhill has extensive knowledge within advanced elastomers and has a state of the art facility in Long Beach, California, US. Kirkhill is a very good complement to HEXPOL Compounding in the US and strengthen our market position in western US. Kirkhill Rubber has annual sales of about 46 MUSD. Kirkhill will be integrated in HEXPOL Compounding's NAFTA organisation in line with HEXPOL Group's strategy and the integration runs according to plan.

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.

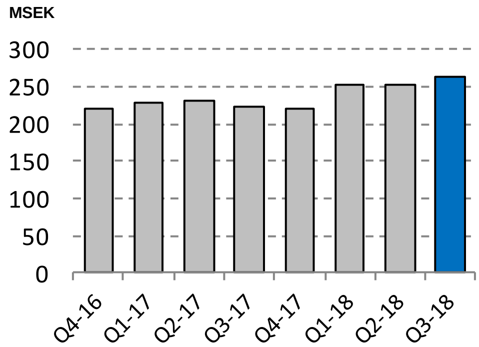
	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	2018	2017	2018	2017	2017	Sep 18
Sales	263	223	769	682	904	991
Operating profit	39	29	108	86	113	135
Operating margin, %	14,8	13,0	14,0	12,6	12,5	13,6

The HEXPOL Engineered Products business area’s sales increased 18 per cent to 263 MSEK (223) during the third quarter. Operating profit increased 34 per cent to 39 MSEK (29), and the operating margin improved to 14.8 per cent (13.0).

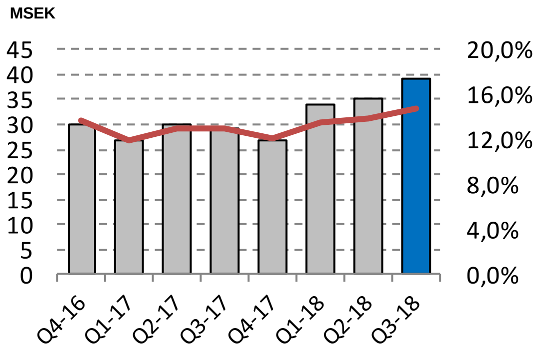
The sales for the HEXPOL Gaskets product area were significantly higher compared to the corresponding year-earlier period, and the sales improved to project-related business.

Also the sales for HEXPOL Wheels product area were significantly higher, 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 increased to 360 MSEK (274), which includes dividends from subsidiaries. Shareholders' equity increased to 2,765 MSEK (2,374).

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 interim 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 interim 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)

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 12,471 shareholders on September 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 70 per cent of the capital and 78 per cent of the voting rights.

Significant subsequent events

In the beginning of October, 80 per cent of the shares in MESGO Group, an industry leader in high performance elastomers as fluorocarbons and silicone, were acquired. MESGO is also specialists in conventional rubber compounds and thermoplastics. MESGO Group has an annual sale of around 100 MEUR with around 180 employees in six facilities. MESGO has state of the art facilities in Carobbio and Gorlago in Italy and in Poland respectively in Turkey. MESGO has also facilities specializing in thermoplastics and master batches in Garlasco and Grigno in Italy. The acquired business has an EBITDA margin in line with the HEXPOL Group. The acquisition price amounts to approximately 168 MEUR on a cash and debt free basis and is funded by a combination of bank facilities and cash. Pursuant to the agreement, HEXPOL has an option to acquire remaining shares, and the Caldara family has an option to sell their remaining shares to HEXPOL. The company does not yet have full information about acquired assets and liabilities. The business will be consolidated from October 1.

Invitation to the presentation of the report

This report will be presented at ABG Sundal Collier, Regeringsgatan 65, Stockholm on October 25 at 2:00 p.m. CET. A presentation will also be held through a telephone conference on October 25 at 4 p.m. CET. The presentation, as well as information concerning participation, is available at www.hexpol.com.

Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

▪ Year-end report 2018	February 1, 2019
▪ Interim report January-March 2019	April 26, 2019
▪ Annual General Meeting 2019	April 26, 2019
▪ Half-year report January-June 2019	July 18, 2019
▪ Interim report January-September 2019	October 24, 2019

Financial information is also available in Swedish and English on HEXPOL AB's website – www.hexpol.com.

Malmö, Sweden October 25, 2018
HEXPOL AB (publ.)

Mikael Fryklund
President and CEO

For more information, please contact:

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Review Report

HEXPOL AB (publ), corporate identity number 556108-9631

To the Board of Directors of HEXPOL AB (publ)

Introduction
We have reviewed the condensed interim report for HEXPOL AB (publ) as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, Sweden October 25, 2018

Ernst & Young AB

Johan Thuresson
Authorized Public Accountant

Condensed consolidated income statement

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	2018	2017	2018	2017	2017	Sep 18
Sales	3 443	2 936	10 213	9 304	12 230	13 139
Cost of goods sold	-2 723	-2 306	-8 017	-7 272	-9 572	-10 317
Gross profit	**720**	**630**	**2 196**	**2 032**	**2 658**	**2 822**
Selling and administrative cost, etc.	-193	-160	-568	-513	-672	-727
Operating profit	**527**	**470**	**1 628**	**1 519**	**1 986**	**2 095**
Financial income and expenses	4	-5	5	-14	-18	1
Profit before tax	**531**	**465**	**1 633**	**1 505**	**1 968**	**2 096**
Tax	-127	-132	-392	-427	-441	-406
Profit after tax	**404**	**333**	**1 241**	**1 078**	**1 527**	**1 690**
- of which, attributable to Parent Company shareholders	404	333	1 241	1 078	1 527	1 690
Earnings per share before dilution, SEK	1,17	0,97	3,61	3,13	4,44	4,92
Earnings per share after dilution, SEK	1,17	0,97	3,61	3,13	4,44	4,92
Earnings per share excl. non-recurring effects of the US tax reform, SEK	1,17	0,97	3,61	3,13	4,13	4,61
Shareholders' equity per share, SEK			23,68	18,46	20,37	
Average number of shares, 000s	344 201	344 201	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-61	-59	-188	-177	-243	-254

Condensed statement of comprehensive income

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	2018	2017	2018	2017	2017	Sep 18
Profit after tax	404	333	1 241	1 078	1 527	1 690
Items that will not be reclassified to the income statement						
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
Items that may be reclassified to the income statement						
Cash-flow hedges	0	0	0	0	0	0
Hedge of net investment	9	30	-51	82	72	-61
Income tax relating to items that may be reclassified to the income statement	-2	-7	11	-18	-16	13
Translation differences	-814	-300	611	-715	-498	828
Comprehensive income	**-403**	**56**	**1 812**	**427**	**1 084**	**2 469**
- of which, attributable to Parent Company's shareholders	-403	56	1 812	427	1 084	2 469

Condensed consolidated balance sheet

MSEK	Sep 30 2018	Sep 30 2017	Dec 31 2017
Intangible fixed assets	5 833	5 143	5 227
Tangible fixed assets	1 816	1 707	1 751
Financial fixed assets	1	1	1
Deferred tax asset	81	71	69
Total fixed assets	**7 731**	**6 922**	**7 048**
Inventories	1 119	870	887
Accounts receivable	1 956	1 591	1 414
Other receivables	142	150	146
Prepaid expenses and accrued income	60	50	42
Cash and cash equivalents	1 656	967	813
Total current assets	**4 933**	**3 628**	**3 302**
Total assets	**12 664**	**10 550**	**10 350**
Equity attributable to Parent Company's shareholders	8 151	6 353	7 010
Total shareholders' equity	**8 151**	**6 353**	**7 010**
Interest-bearing liabilities	1 670	1 540	825
Provision for deferred tax	356	396	331
Provision for pensions	21	21	21
Total non-current liabilities	**2 047**	**1 957**	**1 177**
Interest-bearing liabilities	15	14	15
Accounts payable	1 848	1 603	1 626
Other liabilities	210	252	197
Accrued expenses, prepaid income, provisions	393	371	325
Total current liabilities	**2 466**	**2 240**	**2 163**
Total shareholders' equity and liabilities	**12 664**	**10 550**	**10 350**

Consolidated changes in shareholders' equity

	Sep 30, 2018		Sep 30, 2017		Dec 31, 2017	
MSEK	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	**7 010**	**7 010**	**7 559**	**7 559**	**7 559**	**7 559**
Comprehensive income	1 812	1 812	427	427	1 084	1 084
Issue of subscription warrants	-	-	2	2	2	2
Dividend	-671	-671	-1 635	-1 635	-1 635	-1 635
Closing Equity	**8 151**	**8 151**	**6 353**	**6 353**	**7 010**	**7 010**

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
Number of shares at the end of the period	**14 765 620**	**329 435 660**	**344 201 280**

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

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	2018	2017	2018	2017	2017	Sep 18
Cash flow from operating activities before changes in working capital	451	429	1 481	1 306	1 732	1 907
Changes in working capital	-27	50	-332	-179	-33	-186
Cash flow from operating activities	**424**	**479**	**1 149**	**1 127**	**1 699**	**1 721**
Acquisitions	-449	-	-490	-1 064	-1 081	-507
Cash flow from other investing activities	-45	-45	-144	-125	-195	-214
Cash flow from investing activities	**-494**	**-45**	**-634**	**-1 189**	**-1 276**	**-721**
Dividend	-	-	-671	-1 635	-1 635	-671
Issue of subscription warrants	-	2	-	2	2	0
Cash flow from other financing activities	718	-58	845	1 523	810	132
Cash flow from financing activities	**718**	**-56**	**174**	**-110**	**-823**	**-539**
Change in cash and cash equivalents	**648**	**378**	**689**	**-172**	**-400**	**461**
Cash and cash equivalents at January 1	1 022	663	813	1 297	1 297	967
Exchange-rate differences in cash and cash equivalents	-14	-74	154	-158	-84	228
Cash and cash equivalents at the end of the period	**1 656**	**967**	**1 656**	**967**	**813**	**1 656**

Operating cash flow, Group

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	2018	2017	2018	2017	2017	Sep 18
Operating profit	527	470	1 628	1 519	1 986	2 095
Depreciation/amortisation/impairment	61	59	188	177	243	254
Change in working capital	-27	50	-332	-179	-33	-186
Sales of fixed assets	0	4	0	4	4	0
Investments	-45	-49	-144	-129	-199	-214
Operating Cash flow	**516**	**534**	**1 340**	**1 392**	**2 001**	**1 949**

Other key figures, Group

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
	2018	2017	2018	2017	2017	Sep 18
Profit margin before tax, %	15,4	15,8	16,0	16,2	16,1	16,0
Return on shareholders' equity, % R12			22,0	20,7	22,2	
Interest-coverage ratio, multiple			137	152	152	141
Net debt, MSEK			-29	-587	-27	
Sales growth adjusted for currency effects, %	7	11	8	12	12	
Sales growth adjusted for currency effects and acquisitions, %	6	4	5	5	5	
Cash flow per share, SEK	1,23	1,39	3,34	3,27	4,94	5,01
Cash flow per share before change in working capital, SEK	1,31	1,25	4,30	3,79	5,03	5,54

Financial instruments per category and measurement level

Sep 30, 2018 MSEK	Loan and account receivables	Financial assets measured at fair value through profit or loss: Carrying value	Measurement level	Total
Assets in the balance sheet				
Non-current financial assets	1	-		1
Accounts receivable	1 956	-		1 956
Cash and cash equivalents	1 656	-		1 656
Total	**3 613**	**-**		**3 613**

MSEK	Other financial liabilities	Financial liabilities measured at fair value through profit or loss: Carrying value	Measurement level	Total
Liabilities in the balance sheet				
Derivative instruments	-	1	2	1
Interest-bearing non-current liabilities	1 670	-		1 670
Interest-bearing current liabilities	15	-		15
Accounts payable	1 848	-		1 848
Other liabilites	210	-		210
Accrued expenses, prepaid income, provisions	392	-		392
Total	**4 135**	**1**		**4 136**

Sep 30, 2017 MSEK	Loan and account receivables	Financial assets measured at fair value through profit or loss: Carrying value	Measurement level	Total
Assets in the balance sheet				
Non-current financial assets	1	-		1
Accounts receivable	1 591	-		1 591
Cash and cash equivalents	967	-		967
Total	**2 559**	**-**		**2 559**

MSEK	Other financial liabilities	Financial liabilities measured at fair value through profit or loss: Carrying value	Measurement level	Total
Liabilities in the balance sheet				
Derivative instruments	-	0	2	0
Interest-bearing non-current liabilities	1 540	-		1 540
Interest-bearing current liabilities	14	-		14
Accounts payable	1 603	-		1 603
Other liabilites	210	-		210
Supplementary purchase price	-	42		42
Accrued expenses, prepaid income, provisions	371	-		371
Total	**3 738**	**42**		**3 780**

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	Oct 17-	2016				Full
MSEK	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**	**Sep 18**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
HEXPOL Compounding	3 057	3 207	3 180	2 910	2 999	2 713	2 704	11 326	12 148	2 550	2 414	2 531	2 533	10 028
HEXPOL Engineered Products	252	254	263	228	231	223	222	904	991	207	213	211	220	851
Group total	**3 309**	**3 461**	**3 443**	**3 138**	**3 230**	**2 936**	**2 926**	**12 230**	**13 139**	**2 757**	**2 627**	**2 742**	**2 753**	**10 879**

Sales per geographic region

	2018			2017				Full	Oct 17-	2016				Full
MSEK	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**	**Sep 18**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Europe	1 162	1 181	1 114	969	1 072	995	1 006	4 042	4 463	780	828	842	818	3 268
NAFTA	1 967	2 105	2 126	2 021	2 025	1 784	1 737	7 567	7 935	1 851	1 688	1 770	1 768	7 077
Asia	180	175	203	148	133	157	183	621	741	126	111	130	167	534
Group total	**3 309**	**3 461**	**3 443**	**3 138**	**3 230**	**2 936**	**2 926**	**12 230**	**13 139**	**2 757**	**2 627**	**2 742**	**2 753**	**10 879**

Sales per geographic region HEXPOL Compounding

	2018			2017				Full	Oct 17-	2016				Full
MSEK	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**	**year**	**Sep 18**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Europe	1 031	1 042	985	852	954	883	886	3 575	3 944	669	714	739	704	2 826
NAFTA	1 903	2 043	2 056	1 957	1 961	1 728	1 681	7 327	7 683	1 793	1 633	1 713	1 711	6 850
Asia	123	122	139	101	84	102	137	424	521	88	67	79	118	352
Group total	**3 057**	**3 207**	**3 180**	**2 910**	**2 999**	**2 713**	**2 704**	**11 326**	**12 148**	**2 550**	**2 414**	**2 531**	**2 533**	**10 028**

Sales per geographic region HEXPOL Engineered Products

	2018			2017				Full	Oct 17-	2016				Full
MSEK	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**	**year**	**Sep 18**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Europe	131	139	129	117	118	112	120	467	519	111	114	103	114	442
NAFTA	64	62	70	64	64	56	56	240	252	58	55	57	57	227
Asia	57	53	64	47	49	55	46	197	220	38	44	51	49	182
Group total	**252**	**254**	**263**	**228**	**231**	**223**	**222**	**904**	**991**	**207**	**213**	**211**	**220**	**851**

Operating profit per business area

	2018			2017				Full	Oct 17-	2016				Full
MSEK	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**	**Sep 18**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
HEXPOL Compounding	506	526	488	505	487	441	440	1 873	1 960	473	435	444	454	1 806
HEXPOL Engineered Products	34	35	39	27	30	29	27	113	135	24	30	31	30	115
Group total	**540**	**561**	**527**	**532**	**517**	**470**	**467**	**1 986**	**2 095**	**497**	**465**	**475**	**484**	**1 921**

Operating margin per business area

	2018			2017				Full	Oct 17-	2016				Full
%	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**	**Sep 18**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
HEXPOL Compounding	16,6	16,4	15,3	17,4	16,2	16,3	16,3	16,5	16,1	18,5	18,0	17,5	17,9	18,0
HEXPOL Engineered Products	13,5	13,8	14,8	11,8	13,0	13,0	12,2	12,5	13,6	11,6	14,1	14,7	13,6	13,5
Group total	**16,3**	**16,2**	**15,3**	**17,0**	**16,0**	**16,0**	**16,0**	**16,2**	**15,9**	**18,0**	**17,7**	**17,3**	**17,6**	**17,7**

Condensed income statement, Parent Company

	Jul-Sep		Jan-Sep		Full Year	Oct 17-
MSEK	2018	2017	2018	2017	2017	Sep 18
Sales	12	10	35	30	42	47
Administrative costs, etc.	-14	-8	-42	-38	-57	-61
Operating loss	**-2**	**2**	**-7**	**-8**	**-15**	**-14**
Financial income and expenses	194	128	364	281	1 039	1 122
Untaxed reserves	-	-	-	-	-29	-29
Profit before tax	**192**	**130**	**357**	**273**	**995**	**1 079**
Tax	1	0	3	1	-20	-18
Profit after tax	**193**	**130**	**360**	**274**	**975**	**1 061**

Condensed balance sheet, Parent Company

	Sep 30		Full Year
MSEK	2018	2017	2017
Fixed assets	6 363	6 308	6 314
Current assets	2 876	2 407	1 506
Total assets	**9 239**	**8 715**	**7 820**
Total shareholders' equity	**2 765**	**2 374**	**3 075**
Untaxed reserves	61	32	61
Non-current liabilities	1 670	1 540	825
Current liabilities	4 743	4 769	3 859
Total shareholders' equity and liabilities	**9 239**	**8 715**	**7 820**

Reconciliation alternative performance measures

Sales

	2018			2017				Full	2016				Full
MSEK	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Sales	3 309	3 461	3 443	3 138	3 230	2 936	2 926	12 230	2 757	2 627	2 742	2 753	10 879
Currency effects	-153	36	313	118	162	-106	-169	5	18	-56	6	142	110
Sales excluding currency effects	**3 462**	**3 425**	**3 130**	**3 020**	**3 068**	**3 042**	**3 095**	**12 225**	**2 739**	**2 683**	**2 736**	**2 611**	**10 769**
Acquisitions	210	0	31	128	286	182	186	782	-	38	111	110	259
Sales excluding currency effects and acquisitions	**3 252**	**3 425**	**3 099**	**2 892**	**2 782**	**2 860**	**2 909**	**11 443**	**2 739**	**2 645**	**2 625**	**2 501**	**10 510**

Sales growth

	Jul-Sep		Jan-Sep		Full Year
%	2018	2017	2018	2017	2017
Sales growth excluding currency effects	7	11	8	12	12
Sales growth excluding currency effects and acquisitions	6	4	5	5	5

Capital employed

	2018			2017				2016			
MSEK	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	11 301	11 760	12 664	10 496	10 594	10 550	10 350	8 776	9 355	9 451	9 848
Provision for deferred tax	-336	-352	-356	-406	-388	-396	-331	-340	-356	-338	-407
Accounts payable	-1 879	-1 977	-1 848	-1 753	-1 694	-1 603	-1 626	-1 259	-1 358	-1 431	-1 405
Other liabilities	-236	-216	-210	-141	-241	-252	-197	-141	-69	-119	-101
Accrued expenses, prepaid income, provisions	-307	-345	-393	-329	-344	-371	-325	-296	-353	-386	-326
Total Group	**8 543**	**8 870**	**9 857**	**7 867**	**7 927**	**7 928**	**7 871**	**6 740**	**7 219**	**7 177**	**7 609**

Return on capital employed, R12

	Sep 30		Full Year
MSEK	2018	2017	2017
Average capital employed	8 785	7 833	7 898
Profit before tax	2 096	1 988	1 968
Interest expense	15	13	13
Total	**2 111**	**2 001**	**1 981**
Return on capital employed, %	**24,0**	**25,5**	**25,1**

Shareholders' equity

	2018			2017				2016			
MSEK	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	7 682	7 882	8 151	7 824	6 295	6 353	7 010	6 452	6 414	6 879	7 559

Return on equity, R12

MSEK	Sep 30 2018	Sep 30 2017	Full Year 2017
Average shareholders' equity	7 681	7 008	6 871
Profit after tax	1 690	1 452	1 527
Return on equity, %	**22,0**	**20,7**	**22,2**

Net debt

MSEK	Sep 30 2018	Sep 30 2017	Full Year 2017
Cash and cash equivalents	1 656	967	813
Non-current interest-bearing liabilities	-1 670	-1 540	-825
Current interest-bearing liabilities	-15	-14	-15
Net debt	**-29**	**-587**	**-27**

Equity/assets ratio

MSEK	Sep 30 2018	Sep 30 2017	Full Year 2017
Shareholders' equity	8 151	6 353	7 010
Total assets	12 664	10 550	10 350
Equity/assets ratio, %	**64**	**60**	**68**

Profit after tax excl. non-recurring effects

	Jul-Sep		Jan-Sep		Full Year
MSEK	2018	2017	2018	2017	2017
Profit after tax	404	333	1 241	1 078	1 527
Non-recurring effects of US tax reform	-	-	-	-	104
Profit after tax excl. non-recurring effects	**404**	**333**	**1 241**	**1 078**	**1 423**

Earnings per share excl. non-recurring effects

	Jul-Sep		Jan-Sep		Full Year
MSEK	2018	2017	2018	2017	2017
Profit after tax excl. non recurring effects	404	333	1 241	1 078	1 423
Number of shares, end of period	344 201 280	344 201 280	344 201 280	344 201 280	344 201 280
Earnings per share excl. non-recurring effects	**1,17**	**0,97**	**3,61**	**3,13**	**4,13**

Financial definitions

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