

## Interim report January-March 2019

Published on April 26, 2019

### First quarter 2019 – Increased sales and higher operating profit

- Sales increased 15 per cent to 3,805 MSEK (3,309).
- EBITA increased 11 per cent to 607 MSEK (547).
- EBITA margin amounted to 16.0 per cent (16.5).
- Operating profit increased 9 per cent to 586 MSEK (540).
- Operating margin amounted to 15.4 per cent (16.3).
- Profit after tax increased 7 per cent to 438 MSEK (411).
- Earnings per share increased 7 per cent to 1.27 SEK (1.19).
- Operating cash flow increased to 354 MSEK (302).

### President's comments

*"The sales increased 15 per cent and operating profit increased 9 per cent affected by the acquisitions during 2018 and positive exchange rate fluctuations, in the first quarter of 2019. EBITA increased by 11 per cent and earnings per share increased 7 per cent to 1.27 SEK. However, organically we had a negative sales development in the quarter and saw some softening in demand mainly from automotive related customers. We managed a lower organic volume in a good way. We are still very pleased with our two latest strategic acquisitions, Kirkhill Rubber and Mesgo Group. These acquisitions have given us a better position within advanced elastomers and have broadened our geographical presence in three new countries and have strengthen our position in western US. Our financial position remains strong and we are well equipped for further expansion."*

*Mikael Fryklund, President and CEO*

### Group summary

Key figures MSEK	Jan-Mar 2019	2018	Full Year 2018	Apr 18- Mar 19
Sales	3 805	3 309	13 770	14 266
EBITA	607	547	2 183	2 243
EBITA margin, %	16,0	16,5	15,9	15,7
Operating profit, EBIT	586	540	2 150	2 196
Operating margin, EBIT %	15,4	16,3	15,6	15,4
Profit before tax	582	540	2 161	2 203
Profit after tax	438	411	1 646	1 673
Earnings per share before dilution, SEK	1,27	1,19	4,78	4,86
Earnings per share after dilution, SEK	1,27	1,19	4,78	4,86
Equity/assets ratio, %	61	68	59	
Return on capital employed, % R12	20,9	24,7	22,5	
Operating cash flow	354	302	2 019	2 071

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 2018 amounted to 13,770 MSEK. The HEXPOL Group has approximately 4,600 employees in fourteen countries. Further information is available at [www.hexpol.com](http://www.hexpol.com).

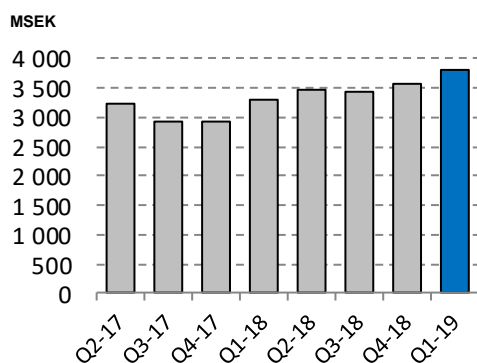
## First quarter of 2019

The HEXPOL Group's sales (including the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018) increased 15 per cent to 3,805 MSEK (3,309) during the quarter. Exchange rate fluctuations affected the overall sales positively by 298 MSEK, mainly due to a strengthening of the USD.

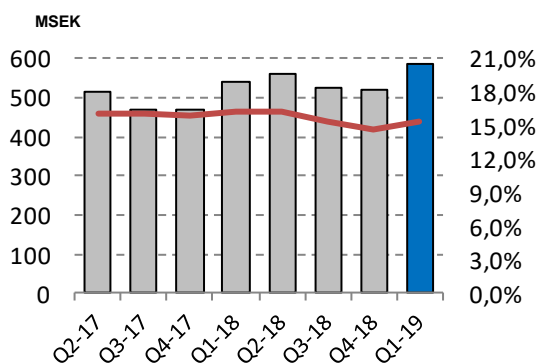
The volume development was stable including the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018. Sales growth (adjusted for currency effects) amounted to 6 per cent. Sales growth (adjusted for currency effects and acquisitions) amounted to negative 6 per cent.

Operating profit increased 9 per cent to 586 MSEK (540) and the operating margin amounted to 15.4 per cent (16.3). The operating margin was affected by lower organic volume, mix changes and amortisation on acquired intangible assets. Operating profit before amortisation of intangible assets, EBITA, increased to 607 MSEK (547) and the EBITA margin amounted to 16.0 per cent (16.5). Exchange rate fluctuations affected the operating profit positively by 51 MSEK in the quarter.

### Sales



### Operating profit & operating margin



The HEXPOL Compounding business area's sales (incl. the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018) increased 16 per cent to 3,539 MSEK (3,057) during the quarter. Operating profit increased 9 per cent to 553 MSEK (506) and the operating margin amounted to 15.6 per cent (16.6).

The HEXPOL Engineered Products business area's sales increased 6 per cent to 266 MSEK (252) during the quarter. Operating profit amounted to 33 MSEK (34), and the operating margin amounted to 12.4 per cent (13.5).

Sales in Europe increased by 31 per cent and in Americas by 8 per cent, while the sales decreased by 12 per cent in Asia compared to the corresponding year earlier period.

The Group's operating cash flow increased to 354 MSEK (302). The Group's net financial items amounted to an expense of 4 MSEK (0).

Profit before tax increased 8 per cent to 582 MSEK (540). Profit after tax increased to 438 MSEK (411) and earnings per share increased to 1.27 SEK (1.19).

## Profitability

The return on average capital employed, R12, amounted to 20.9 per cent (24.7). The return on shareholders' equity, R12, amounted to 19.7 per cent (22.8).

## **Financial position and liquidity**

The equity/assets ratio was still strong and amounted to 61 per cent (68). The Group's total assets amounted to 15,422 MSEK (11,301). Net debt amounted to 1,168 MSEK (net cash 268), of which 361 MSEK relates to financial leasing liabilities according to IFRS 16.

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 increased to 354 MSEK (302). Cash flow from operating activities amounted to 317 MSEK (315).

## **Investments, depreciation and amortisation**

The Group's investments amounted to 46 MSEK (50) and refers mainly to regular maintenance investments. Depreciation, amortisation and impairment amounted to 104 MSEK (61), of which 19 MSEK relates to leased assets according to IFRS 16.

## **Tax expenses**

The Group's tax expenses amounted to 144 MSEK (129), which corresponds to a tax rate of 24.7 per cent (23.9).

## **Personnel**

The number of employees at the end of the period was 4,659 (4,376). The increase relates mainly to the operations in Kirkhill Rubber and Mesgo Group that was acquired during the fall 2018.

## 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 transportation, energy, oil and gas industry, consumer industries, cable and wire industries and medical equipment industries.

	Jan-Mar 2019	2018	Full Year 2018	Apr 18- Mar 19
<b>MSEK</b>				
Sales	3 539	3 057	12 745	13 227
Operating profit, EBIT	553	506	2 006	2 053
Operating margin, EBIT %	15,6	16,6	15,7	15,5

HEXPOL Compounding's sales (including the operations of Kirkhill Rubber and Mesgo Group, acquired during the fall 2018) increased by 16 per cent to 3,539 MSEK (3,057), during the first quarter.

Operating profit increased by 9 per cent to 553 MSEK (506) and the operating margin amounted to 15.6 per cent (16.6). The operating margin was affected by lower organic volume, mix changes and amortisation on acquired intangible assets.

The raw material prices on our main raw materials were slightly lower compared to the fourth quarter 2018, but stable compared to the corresponding quarter last year.

The volume development was stable, with higher volumes in Europe, while the volumes in America and Asia were lower. Adjusted for the acquired operations in Mesgo Group the volumes were stable in Europe.

HEXPOL Compounding America's sales were lower in local currency during the quarter, with lower sales to automotive related customers and to customers within building and construction and engineering and general industry. However, the sales were higher to customers within wire and cable industry as well as energy, oil and gas sector. The sales were higher in Swedish krona due to a strong US dollar.

Sales in HEXPOL Compounding Europe increased during the quarter, even excluding the acquired Mesgo Group. Sales increased to automotive related customers and to customers within engineering and general industry, building and construction, and wire and cable industry. Excluding the acquired Mesgo Group, sales were lower to automotive related customers as well as to customers within wire and cable industry.

HEXPOL Compounding Asia's sales were significantly lower during the quarter, mainly due to lower demand from automotive related customers in China.

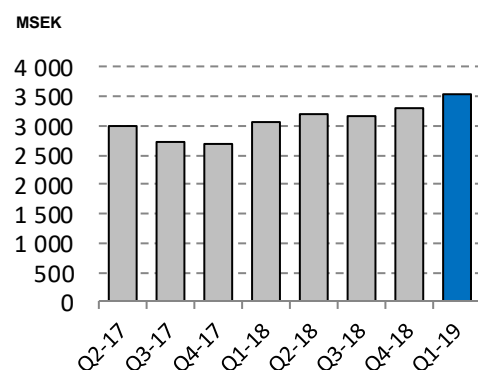
HEXPOL TPE Compounding sales were slightly higher, during the quarter.

HEXPOL TP Compounding's sales were slightly lower, in local currency, during the quarter, mainly affected by lower sales to automotive related customers. The sales were slightly higher in Swedish krona due to a strong US dollar.

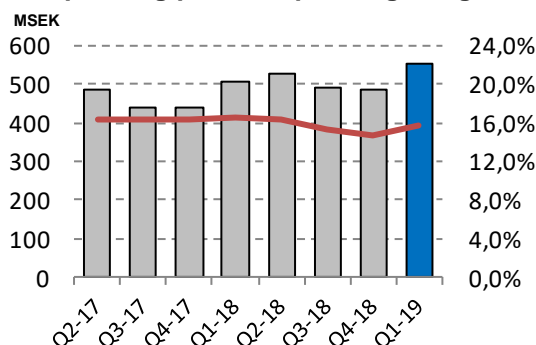
Mesgo Group, that was acquired in October 2018, has been integrated in HEXPOL Compounding Europe's organisation and develop according to plan.

Kirkhill Rubber, that was acquired in September 2018, develop according to plan. The transfer of the production in Downey, California, US to Long Beach, California, US is ongoing as planned, and the project is expected to be completed by the summer.

### 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.

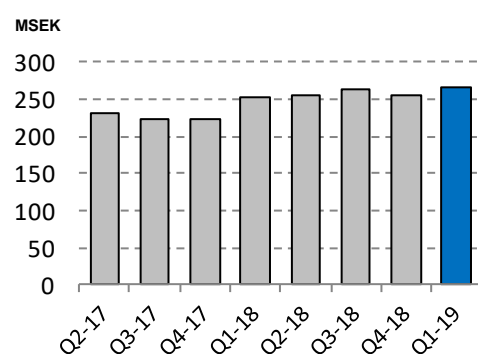
	Jan-Mar		Full Year	Apr 18-
MSEK	2019	2018	2018	Mar 19
Sales	266	252	1 025	1 039
Operating profit, EBIT	33	34	144	143
Operating margin, EBIT %	12,4	13,5	14,0	13,8

The HEXPOL Engineered Products business area's sales increased 6 per cent to 266 MSEK (252) during the first quarter. Operating profit amounted to 33 MSEK (34), and the operating margin amounted to 12.4 per cent (13.5). Operating profit was affected by delivery problem of an important raw material to one of HEXPOL Wheels plants.

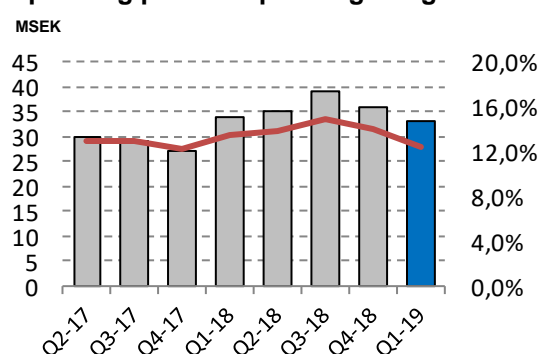
The sales for the HEXPOL Gaskets product area was higher, compared to the corresponding year-earlier period, however with slightly lower sales in China.

Also the sales for HEXPOL Wheels product area was higher, mainly to customers within material handling, compared to the corresponding year-earlier period.

### Sales



### Operating profit & operating margin



## **Parent Company**

The Parent Company's profit after tax amounted to negative 6 MSEK (41). Shareholders' equity increased to 4,415 MSEK (3,117).

## **Risk factors**

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2018 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 2018 Annual Report have also been applied in this interim report. No new or revised IFRS that came into force in 2019 have had any significant impact on the Group's financial reports, except IFRS 16.

### **IFRS 16 – Leases**

This standard came into force January 1, 2019 and implicate that assets and liabilities attributable to leasing agreements are recognised in the balance sheet. The leasing agreements mainly cover operational leasing agreements for buildings, production- and office equipment and vehicles. The Group has chosen to apply a simplified transition method and has applied the expedient to not restate any comparative information. A single discount rate per currency has been established. Right-of-use periods have been determined based on the term of the agreement. Right-of-use agreement shorter than 12 months or with a value as new below 5 KUSD is not reported as liabilities.

## **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 12,152 shareholders on March 31, 2019. 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 69 per cent of the capital and 77 per cent of the voting rights.

## **Significant subsequent events**

No significant events have occurred after the balance sheet date.

## **Annual General Meeting, April 26 2019**

The Annual General Meeting will be held on April 26, 2019 at 3:00 p.m. CET in Malmö (Börshuset, Skeppsbron 2), Sweden. The Annual Report for 2018 is available on HEXPOL's website and at the head office.

## **Dividend proposal**

The Board of Directors proposes that the Annual General Meeting approve a dividend of 2.25 SEK per share (1.95).

## Proposes from the Nomination Committee

The appointed Nomination Committee, consisting of Mikael Ekdahl (Melker Schörling AB), Åsa Nisell (Swedbank Robur fonder), Henrik Didner (Didner & Gerge Fonder) and Marcus Lüttgen (Alecta Pensionsförsäkringar), has the following nominees for election to the Board:

- Re-election of the Board members Georg Brunstam, Alf Göransson, Kerstin Lindell, Jan-Anders Månson, Gun Nilsson, Malin Persson and Märta Schörling Andreen as ordinary Board members.
- Re-election of Georg Brunstam as Chairman of the Board.

## Invitation to the presentation of the report

This report will be presented via a telephone conference on April 26 at 1:00 p.m. CET. The presentation, as well as the 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:

- |   |                  |
|---|------------------|
| ▪ 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](http://www.hexpol.com).

The interim report for January – March 2019 has not been audited by HEPOL AB's auditors.

Malmö, Sweden April 26, 2019  
HEXPOL AB (publ.)

Mikael Fryklund  
President and CEO

### For more information, please contact:

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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. The information was submitted for publication, through the agency of the contact person set out above, at 12:00 p.m. CET on April 26, 2019. 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**

	Jan-Mar		Full Year	Apr 18-
MSEK	2019	2018	2018	Mar 19
Sales	3 805	3 309	13 770	14 266
Cost of goods sold	-2 990	-2 583	-10 846	-11 253
<b>Gross profit</b>	<b>815</b>	<b>726</b>	<b>2 924</b>	<b>3 013</b>
Selling and administrative cost, etc.	-229	-186	-774	-817
<b>Operating profit</b>	<b>586</b>	<b>540</b>	<b>2 150</b>	<b>2 196</b>
Financial income and expenses	-4	0	11	7
<b>Profit before tax</b>	<b>582</b>	<b>540</b>	<b>2 161</b>	<b>2 203</b>
Tax	-144	-129	-515	-530
<b>Profit after tax</b>	<b>438</b>	<b>411</b>	<b>1 646</b>	<b>1 673</b>
- of which, attributable to Parent Company shareholders	438	411	1 646	1 673
Earnings per share before dilution, SEK	1,27	1,19	4,78	4,86
Earnings per share after dilution, SEK	1,27	1,19	4,78	4,86
Shareholders' equity per share, SEK	27,27	22,32	24,96	
Average number of shares, 000s	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-104	-61	-259	-302

**Condensed statement of comprehensive income**

	Jan-Mar		Full Year	Apr 18-
MSEK	2019	2018	2018	Mar 19
Profit after tax	438	411	1 646	1 673
<b>Items that will not be reclassified to the income statement</b>				
Remeasurements of defined benefit pension plans	0	0	-2	-2
Income tax relating to items that will not be reclassified to the income statement	0	0	0	0
<b>Items that may be reclassified to the income statement</b>				
Cash-flow hedges	0	0	0	0
Hedge of net investment	-1	-10	122	131
Income tax relating to items that may be reclassified to the income statement	0	2	-27	-29
Translation differences	364	269	514	609
<b>Comprehensive income</b>	<b>801</b>	<b>672</b>	<b>2 253</b>	<b>2 382</b>
- of which, attributable to Parent Company's shareholders	801	672	2 253	2 382



**Condensed consolidated balance sheet**

	<b>Mar 31</b>		<b>Dec 31</b>
<b>MSEK</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
Intangible fixed assets	7 805	5 365	7 637
Tangible fixed assets	2 387	1 792	1 999
Financial fixed assets	3	1	25
Deferred tax asset	41	73	37
<b>Total fixed assets</b>	<b>10 236</b>	<b>7 231</b>	<b>9 698</b>
Inventories	1 403	944	1 405
Accounts receivable	2 338	1 851	1 925
Other receivables	163	106	210
Prepaid expenses and accrued income	63	62	54
Cash and cash equivalents	1 219	1 107	1 164
<b>Total current assets</b>	<b>5 186</b>	<b>4 070</b>	<b>4 758</b>
<b>Total assets</b>	<b>15 422</b>	<b>11 301</b>	<b>14 456</b>
Equity attributable to Parent Company's shareholders	9 387	7 682	8 592
<b>Total shareholders' equity</b>	<b>9 387</b>	<b>7 682</b>	<b>8 592</b>
Interest-bearing liabilities	2 078	825	2 308
Other liabilities	483	-	476
Provision for deferred tax	549	336	539
Provision for pensions	43	21	42
<b>Total non-current liabilities</b>	<b>3 153</b>	<b>1 182</b>	<b>3 365</b>
Interest-bearing liabilities	312	15	24
Accounts payable	1 990	1 879	1 913
Other liabilities	253	236	216
Accrued expenses, prepaid income, provisions	327	307	346
<b>Total current liabilities</b>	<b>2 882</b>	<b>2 437</b>	<b>2 499</b>
<b>Total shareholders' equity and liabilities</b>	<b>15 422</b>	<b>11 301</b>	<b>14 456</b>

**Consolidated changes in shareholders' equity**

	<b>Mar 31, 2019</b>		<b>Mar 31, 2018</b>		<b>Dec 31, 2018</b>	
<b>MSEK</b>	<b>Attributable to Parent Company shareholders</b>	<b>Total equity</b>	<b>Attributable to Parent Company shareholders</b>	<b>Total equity</b>	<b>Attributable to Parent Company shareholders</b>	<b>Total equity</b>
<b>Opening equity</b>	<b>8 592</b>	<b>8 592</b>	<b>7 010</b>	<b>7 010</b>	<b>7 010</b>	<b>7 010</b>
Effects of transition to IFRS 16	-6	-6	-	-	-	-
Leases						
<b>Converted opening equity</b>	<b>8 586</b>	<b>8 586</b>	<b>7 010</b>	<b>7 010</b>	<b>7 010</b>	<b>7 010</b>
Comprehensive income	801	801	672	672	2 253	2 253
Dividend	-	-	-	-	-671	-671
<b>Closing Equity</b>	<b>9 387</b>	<b>9 387</b>	<b>7 682</b>	<b>7 682</b>	<b>8 592</b>	<b>8 592</b>

**Changes in number of shares**

	<b>Total number of Class A shares</b>	<b>Total number of Class B shares</b>	<b>Total number of shares</b>
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. The warrants gives the right to subscribe for shares during the period June 1, 2019 - December 31, 2020.

**Condensed consolidated cash-flow statement**

	Jan-Mar 2019	2018	Full Year 2018	Apr 18- Mar 19
<b>MSEK</b>				
Cash flow from operating activities before changes in working capital	607	564	1 989	2 032
Changes in working capital	-290	-249	-183	-224
<b>Cash flow from operating activities</b>	<b>317</b>	<b>315</b>	<b>1 806</b>	<b>1 808</b>
Acquisitions	15	-29	-2 190	-2 146
Cash flow from other investing activities	-46	-50	-207	-203
<b>Cash flow from investing activities</b>	<b>-31</b>	<b>-79</b>	<b>-2 397</b>	<b>-2 349</b>
Dividend	-	-	-671	-671
Cash flow from other financing activities	-293	1	1 446	1 152
<b>Cash flow from financing activities</b>	<b>-293</b>	<b>1</b>	<b>775</b>	<b>481</b>
<b>Change in cash and cash equivalents</b>	<b>-7</b>	<b>237</b>	<b>184</b>	<b>-60</b>
Cash and cash equivalents at January 1	1 164	813	813	1 107
Exchange-rate differences in cash and cash equivalents	62	57	167	172
<b>Cash and cash equivalents at the end of the period</b>	<b>1 219</b>	<b>1 107</b>	<b>1 164</b>	<b>1 219</b>

**Operating cash flow, Group**

	Jan-Mar 2019	2018	Full Year 2018	Apr 18- Mar 19
<b>MSEK</b>				
Operating profit	586	540	2 150	2 196
Depreciation/amortisation/impairment	104	61	259	302
Change in working capital	-290	-249	-183	-224
Sales of fixed assets	0	0	0	0
Investments	-46	-50	-207	-203
<b>Operating Cash flow</b>	<b>354</b>	<b>302</b>	<b>2 019</b>	<b>2 071</b>

**Other key figures, Group**

	Jan-Mar 2019	2018	Full Year 2018	Apr 18- Mar 19
Profit margin before tax, %	15,3	16,3	15,7	15,4
Return on shareholders' equity, % R12	19,7	22,8	20,4	
Interest-coverage ratio, multiple	117	109	121	123
Net debt, MSEK	-1 168	268	-1 143	
Sales growth adjusted for currency effects, %	6	10	9	
Sales growth adjusted for currency effects and acquisitions, %	-6	4	4	
Cash flow per share, SEK	0,92	0,92	5,25	5,25
Cash flow per share before change in working capital, SEK	1,76	1,64	5,78	5,90

## Financial instruments per category and measurement level

<b>Mar 31, 2019</b>		<b>Financial assets measured at fair value through profit or loss</b>		
		<b>Financial assets measured at amortized costs</b>	<b>Carrying value</b>	<b>Measurement level</b>
<b>MSEK</b>				<b>Total</b>
<b>Assets in the balance sheet</b>				
Derivative instruments	-	1	2	1
Non-current financial assets	3	-		3
Accounts receivable	2 338	-		2 338
Cash and cash equivalents	1 219	-		1 219
<b>Total</b>	<b>3 560</b>	<b>1</b>		<b>3 561</b>

		<b>Financial liabilities measured at fair value through profit or loss</b>		
		<b>Financial liabilities measured at amortized costs</b>	<b>Carrying value</b>	<b>Measurement level</b>
<b>MSEK</b>				<b>Total</b>
<b>Liabilities in the balance sheet</b>				
Interest-bearing non-current liabilities	2 078	-		2 078
Liabilities to minority shareholders	-	483	3	483
Interest-bearing current liabilities	312	-		312
Accounts payable	1 990	-		1 990
Supplementary purchase price	-	27	3	27
Other liabilities	226	-		226
Accrued expenses, prepaid income, provisions	327	-		327
<b>Total</b>	<b>4 933</b>	<b>510</b>		<b>5 443</b>

<b>Mar 31, 2018</b>		<b>Financial assets measured at fair value through profit or loss</b>		
		<b>Financial assets measured at amortized costs</b>	<b>Carrying value</b>	<b>Measurement level</b>
<b>MSEK</b>				<b>Total</b>
<b>Assets in the balance sheet</b>				
Derivative instruments	-	2	2	2
Non-current financial assets	1	-		1
Accounts receivable	1 851	-		1 851
Cash and cash equivalents	1 107	-		1 107
<b>Total</b>	<b>2 959</b>	<b>2</b>		<b>2 961</b>

		<b>Financial liabilities measured at fair value through profit or loss</b>		
		<b>Financial liabilities measured at amortized costs</b>	<b>Carrying value</b>	<b>Measurement level</b>
<b>MSEK</b>				<b>Total</b>
<b>Liabilities in the balance sheet</b>				
Interest-bearing non-current liabilities	825	-		825
Interest-bearing current liabilities	15	-		15
Accounts payable	1 879	-		1 879
Other liabilities	236	-		236
Accrued expenses, prepaid income, provisions	307	-		307
<b>Total</b>	<b>3 262</b>	<b>-</b>		<b>3 262</b>

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

## Quarterly data, Group

### Sales per business area

	2019	2018					Full	Apr 18-	2017				Full
MSEK	Q1	Q1	Q2	Q3	Q4	Year	Year	Mar 19	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	3 539	3 057	3 207	3 180	3 301	12 745		13 227	2 910	2 999	2 713	2 704	11 326
HEXPOL Engineered Products	266	252	254	263	256	1 025		1 039	228	231	223	222	904
<b>Group total</b>	<b>3 805</b>	<b>3 309</b>	<b>3 461</b>	<b>3 443</b>	<b>3 557</b>	<b>13 770</b>		<b>14 266</b>	<b>3 138</b>	<b>3 230</b>	<b>2 936</b>	<b>2 926</b>	<b>12 230</b>

### Sales per geographic region

	2019	2018					Full	Apr 18-	2017				Full
MSEK	Q1	Q1	Q2	Q3	Q4	Year	Year	Mar 19	Q1	Q2	Q3	Q4	Year
Europe	1 519	1 162	1 181	1 114	1 317	4 774		5 131	969	1 072	995	1 006	4 042
Americas	2 127	1 967	2 105	2 126	2 056	8 254		8 414	2 021	2 025	1 784	1 737	7 567
Asia	159	180	175	203	184	742		721	148	133	157	183	621
<b>Group total</b>	<b>3 805</b>	<b>3 309</b>	<b>3 461</b>	<b>3 443</b>	<b>3 557</b>	<b>13 770</b>		<b>14 266</b>	<b>3 138</b>	<b>3 230</b>	<b>2 936</b>	<b>2 926</b>	<b>12 230</b>

### Sales per geographic region HEXPOL Compounding

	2019	2018					Full	Apr 18-	2017				Full
MSEK	Q1	Q1	Q2	Q3	Q4	Year	Year	Mar 19	Q1	Q2	Q3	Q4	year
Europe	1 380	1 031	1 042	985	1 184	4 242		4 591	852	954	883	886	3 575
Americas	2 053	1 903	2 043	2 056	1 984	7 986		8 136	1 957	1 961	1 728	1 681	7 327
Asia	106	123	122	139	133	517		500	101	84	102	137	424
<b>Group total</b>	<b>3 539</b>	<b>3 057</b>	<b>3 207</b>	<b>3 180</b>	<b>3 301</b>	<b>12 745</b>		<b>13 227</b>	<b>2 910</b>	<b>2 999</b>	<b>2 713</b>	<b>2 704</b>	<b>11 326</b>

### Sales per geographic region HEXPOL Engineered Products

	2019	2018					Full	Apr 18-	2017				Full
MSEK	Q1	Q1	Q2	Q3	Q4	Year	Year	Mar 19	Q1	Q2	Q3	Q4	year
Europe	139	131	139	129	133	532		540	117	118	112	120	467
Americas	74	64	62	70	72	268		278	64	64	56	56	240
Asia	53	57	53	64	51	225		221	47	49	55	46	197
<b>Group total</b>	<b>266</b>	<b>252</b>	<b>254</b>	<b>263</b>	<b>256</b>	<b>1 025</b>		<b>1 039</b>	<b>228</b>	<b>231</b>	<b>223</b>	<b>222</b>	<b>904</b>

### Operating profit per business area

	2019	2018					Full	Apr 18-	2017				Full
MSEK	Q1	Q1	Q2	Q3	Q4	Year	Year	Mar 19	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	553	506	526	488	486	2 006		2 053	505	487	441	440	1 873
HEXPOL Engineered Products	33	34	35	39	36	144		143	27	30	29	27	113
<b>Group total</b>	<b>586</b>	<b>540</b>	<b>561</b>	<b>527</b>	<b>522</b>	<b>2 150</b>		<b>2 196</b>	<b>532</b>	<b>517</b>	<b>470</b>	<b>467</b>	<b>1 986</b>

### Operating margin per business area

	2019	2018					Full	Apr 18-	2017				Full
%	Q1	Q1	Q2	Q3	Q4	Year	Year	Mar 19	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	15,6	16,6	16,4	15,3	14,7	15,7		15,5	17,4	16,2	16,3	16,3	16,5
HEXPOL Engineered Products	12,4	13,5	13,8	14,8	14,1	14,0		13,8	11,8	13,0	13,0	12,2	12,5
<b>Group total</b>	<b>15,4</b>	<b>16,3</b>	<b>16,2</b>	<b>15,3</b>	<b>14,7</b>	<b>15,6</b>		<b>15,4</b>	<b>17,0</b>	<b>16,0</b>	<b>16,0</b>	<b>16,0</b>	<b>16,2</b>

**Condensed income statement, Parent Company**

	<b>Jan-Mar</b>		<b>Full Year</b>	<b>Apr 18-</b>
<b>MSEK</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>Mar 19</b>
Sales	14	11	47	50
Administrative costs, etc.	-18	-19	-60	-59
<b>Operating loss</b>	<b>-4</b>	<b>-8</b>	<b>-13</b>	<b>-9</b>
Financial income and expenses	-3	48	1 970	1 919
Untaxed reserves	-	-	61	61
<b>Profit before tax</b>	<b>-7</b>	<b>40</b>	<b>2 018</b>	<b>1 971</b>
Tax	1	1	-1	-1
<b>Profit after tax</b>	<b>-6</b>	<b>41</b>	<b>2 017</b>	<b>1 970</b>

**Condensed balance sheet, Parent Company**

	<b>Mar 31</b>		<b>Full Year</b>
<b>MSEK</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
Fixed assets	8 969	6 324	8 956
Current assets	1 730	1 841	1 851
<b>Total assets</b>	<b>10 699</b>	<b>8 165</b>	<b>10 807</b>
<b>Total shareholders' equity</b>	<b>4 415</b>	<b>3 117</b>	<b>4 421</b>
Untaxed reserves	-	61	-
Non-current liabilities	1 781	825	2 290
Current liabilities	4 503	4 162	4 096
<b>Total shareholders' equity and liabilities</b>	<b>10 699</b>	<b>8 165</b>	<b>10 807</b>

## Effects of the transition to IFRS 16 Leases

From January 1, 2019, the new accounting standard IFRS 16 Leases is applied, which mean the assets and liability attributable to leasing agreement are reported in the balance sheet. The effects of the transition to IFRS 16 Leases are presented below in the balance sheet and income statement.

### Condensed consolidated income statement

	Q1 2019 excl IFRS	Q1 2019 IFRS 16 effect	Q1 2019 incl IFRS 16
<b>MSEK</b>			
Sales	3 805	-	3 805
Cost of goods sold	-2 991	1	-2 990
<b>Gross profit</b>	<b>814</b>	<b>1</b>	<b>815</b>
Selling and administrative cost, etc.	-230	1	-229
<b>Operating profit</b>	<b>584</b>	<b>2</b>	<b>586</b>
Financial income and expenses	-1	-3	-4
<b>Profit before tax</b>	<b>583</b>	<b>-1</b>	<b>582</b>
Tax	-144	0	-144
<b>Profit after tax</b>	<b>439</b>	<b>-1</b>	<b>438</b>
- of which, attributable to Parent Company shareholders	439	-1	438
Depreciation, amortisation and impairment	-85	-19	-104

### Condensed consolidated balance sheet

	OB/CB - analysis			Mar 31 2019 excl IFRS 16	Mar 31 2019 IFRS 16 effect	Mar 31 2019 incl IFRS 16
<b>MSEK</b>	<b>CB 1812</b>	<b>IFRS 16 effect</b>	<b>OB 1901</b>			
Fixed assets	9 698	359	10 057	9 882	354	10 236
Current assets	4 758	-	4 758	5 186	-	5 186
<b>Total assets</b>	<b>14 456</b>	<b>359</b>	<b>14 815</b>	<b>15 068</b>	<b>354</b>	<b>15 422</b>
Equity attributable to Parent Company's shareholders	8 592	-6	8 586	9 394	-7	9 387
<b>Total shareholders' equity</b>	<b>8 592</b>	<b>-6</b>	<b>8 586</b>	<b>9 394</b>	<b>-7</b>	<b>9 387</b>
Non-current liabilities	3 365	280	3 645	2 873	280	3 153
Current liabilities	2 499	85	2 584	2 801	81	2 882
<b>Total current liabilities</b>	<b>5 864</b>	<b>365</b>	<b>6 229</b>	<b>5 674</b>	<b>361</b>	<b>6 035</b>
<b>Total shareholders' equity and liabilities</b>	<b>14 456</b>	<b>359</b>	<b>14 815</b>	<b>15 068</b>	<b>354</b>	<b>15 422</b>

## Reconciliation alternative performance measures

### Sales

	2019	2018					2017				
MSEK	Q1	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Sales	3 805	3 309	3 461	3 443	3 557	13 770	3 138	3 230	2 936	2 926	12 230
Currency effects	298	-153	36	313	230	426	118	162	-106	-169	5
<b>Sales excluding currency effects</b>	<b>3 507</b>	<b>3 462</b>	<b>3 425</b>	<b>3 130</b>	<b>3 327</b>	<b>13 344</b>	<b>3 020</b>	<b>3 068</b>	<b>3 042</b>	<b>3 095</b>	<b>12 225</b>
Acquisitions	380	210	0	31	330	571	128	286	182	186	782
<b>Sales excluding currency effects and acquisitions</b>	<b>3 127</b>	<b>3 252</b>	<b>3 425</b>	<b>3 099</b>	<b>2 997</b>	<b>12 773</b>	<b>2 892</b>	<b>2 782</b>	<b>2 860</b>	<b>2 909</b>	<b>11 443</b>

### Sales growth

	Jan-Mar		Full Year
%	2019	2018	2018
Sales growth excluding currency effects	6	10	9
Sales growth excluding currency effects and acquisitions	-6	4	4

### EBITA %

	Jan-Mar		Full Year	Apr 18-Mar 19
MSEK	2019	2018	2018	
Sales	3 805	3 309	13 770	14 266
Operating profit	586	540	2 150	2 196
Amortisation and impairment of intangible assets	21	7	33	47
<b>Total EBITA</b>	<b>607</b>	<b>547</b>	<b>2 183</b>	<b>2 243</b>
<b>EBITA%</b>	<b>16,0</b>	<b>16,5</b>	<b>15,9</b>	<b>15,7</b>

### Capital employed

	2019	2018				2017			
MSEK	Mar 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	15 422	11 301	11 760	12 664	14 456	10 496	10 594	10 550	10 350
Provision for deferred tax	-549	-336	-352	-356	-539	-406	-388	-396	-331
Accounts payable	-1 990	-1 879	-1 977	-1 848	-1 913	-1 753	-1 694	-1 603	-1 626
Other liabilities	-253	-236	-216	-210	-216	-141	-241	-252	-197
Accrued expenses, prepaid income, provisions	-327	-307	-345	-393	-346	-329	-344	-371	-325
<b>Total Group</b>	<b>12 303</b>	<b>8 543</b>	<b>8 870</b>	<b>9 857</b>	<b>11 442</b>	<b>7 867</b>	<b>7 927</b>	<b>7 928</b>	<b>7 871</b>

### Return on capital employed, R12

	Mar 31		Full Year
MSEK	2019	2018	2018
Average capital employed	10 618	8 067	9 678
Profit before tax	2 203	1 979	2 161
Interest expense	18	16	18
<b>Total</b>	<b>2 221</b>	<b>1 995</b>	<b>2 179</b>
<b>Return on capital employed, %</b>	<b>20,9</b>	<b>24,7</b>	<b>22,5</b>

**Interest-coverage ratio, multiple**

<b>MSEK</b>	<b>Mar 31</b>		<b>Full Year</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>Apr 18- Mar 19</b>
Profit before tax	582	540	2 161	2 203
Interest expense	5	5	18	18
<b>Total</b>	<b>587</b>	<b>545</b>	<b>2 179</b>	<b>2 221</b>
<b>Interest-coverage ratio, multiple</b>	<b>117</b>	<b>109</b>	<b>121</b>	<b>123</b>

**Shareholders' equity**

<b>MSEK</b>	<b>2019</b>	<b>2018</b>				<b>2017</b>			
	<b>Mar 31</b>	<b>Mar 31</b>	<b>Jun 30</b>	<b>Sep 30</b>	<b>Dec 31</b>	<b>Mar 31</b>	<b>Jun 30</b>	<b>Sep 30</b>	<b>Dec 31</b>
Shareholders' equity	9 387	7 682	7 882	8 151	8 592	7 824	6 295	6 353	7 010

**Return on equity, R12**

<b>MSEK</b>	<b>Mar 31</b>		<b>Full Year</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
Average shareholders' equity	8 503	6 835	8 077
Profit after tax	1 673	1 559	1 646
<b>Return on equity, %</b>	<b>19,7</b>	<b>22,8</b>	<b>20,4</b>

**Net debt**

<b>MSEK</b>	<b>Mar 31</b>		<b>Full Year</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
Financial assets	3	1	25
Cash and cash equivalents	1 219	1 107	1 164
Non-current interest-bearing liabilities	-2 078	-825	-2 308
Current interest-bearing liabilities	-312	-15	-24
<b>Net debt</b>	<b>-1 168</b>	<b>268</b>	<b>-1 143</b>

**Equity/assets ratio**

<b>MSEK</b>	<b>Mar 31</b>		<b>Full Year</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
Shareholders' equity	9 387	7 682	8 592
Total assets	15 422	11 301	14 456
<b>Equity/assets ratio, %</b>	<b>61</b>	<b>68</b>	<b>59</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>EBITA</b>	Operating profit excluding amortisation and impairment of intangible assets.
<b>EBITA margin</b>	Operating profit excluding amortisation and impairment of intangible assets in relation to sales.
<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 incl. new leasing agreements and plus sales of tangible and intangible assets, and after changes in working capital.
<b>Operating margin, EBIT</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.