

Telephone presentation on April 24, 2018, 13:00 CET

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and enter meeting code 917 840

Welcome to HEXPOL

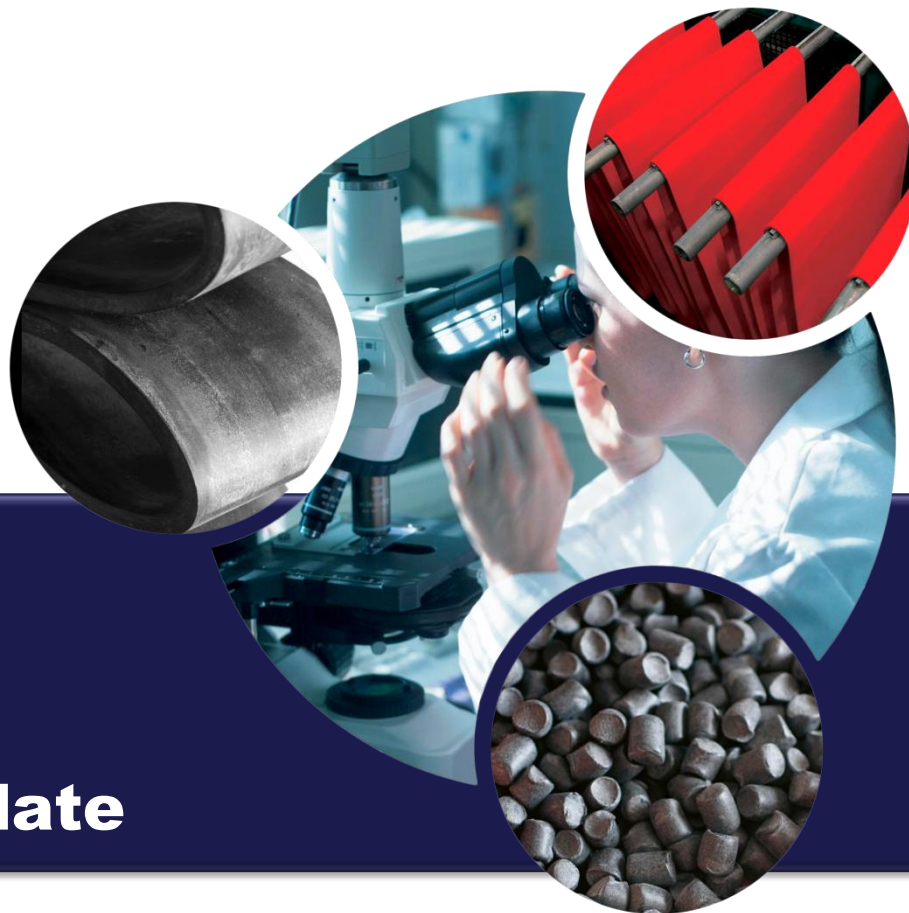
Q1, 2018 Report update

April 24, 2018

CEO Mikael Fryklund
CFO Karin Gunnarsson

April 24, 2018

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Agenda

- Introduction to HEXPOL
- Q1 2018 – HEXPOL Group
- Q1 2018 – Business areas
- Q1 2018 – Summary
- Q & A



HEXPOL – Fast growing with strong margins

HEXPOL is a world leading polymers group with strong global positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets) and wheels made of plastic and rubber materials for forklifts and castor wheel applications (Wheels).



HEXPOL - Our vision guides us

HEXPOL's vision is to be market leader, number one or two, in selected technological or geographical segments, to generate profit, growth and shareholder value.

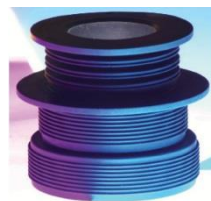


HEXPOL – A well positioned Group

- Two business areas:
 - HEXPOL Compounding
 - HEXPOL Engineered Products

- Global presence
- Operations in 10 countries
- Around 4,400 employees
- Headquarters in Malmö, Sweden

- 97 percent of sales outside Sweden
- Shares listed on Nasdaq Stockholm, Large Cap



- Strong global market positions:
 - Global leading position for Rubber Compounding
 - Strong European position in Thermoplastic Elastomer Compounding (TPE)
 - Strong US position for reinforced Polypropylene Compounding (TP)
 - Global leading position in Gaskets for plate heat exchangers (PHEs)
 - Global market coverage in Wheels for fork lift trucks and castor wheels

HEXPOL – A well positioned Group

- True global footprint
- Historical strong sales growth and good profitability
- Well invested and strong cash flow
- Long industrial history with highly experienced and dedicated management and board

- Acquisition oriented – major acquisitions within Compounding:

2010: Elasto, Excel Polymers

2012: Müller Kunststoffe, Robbins

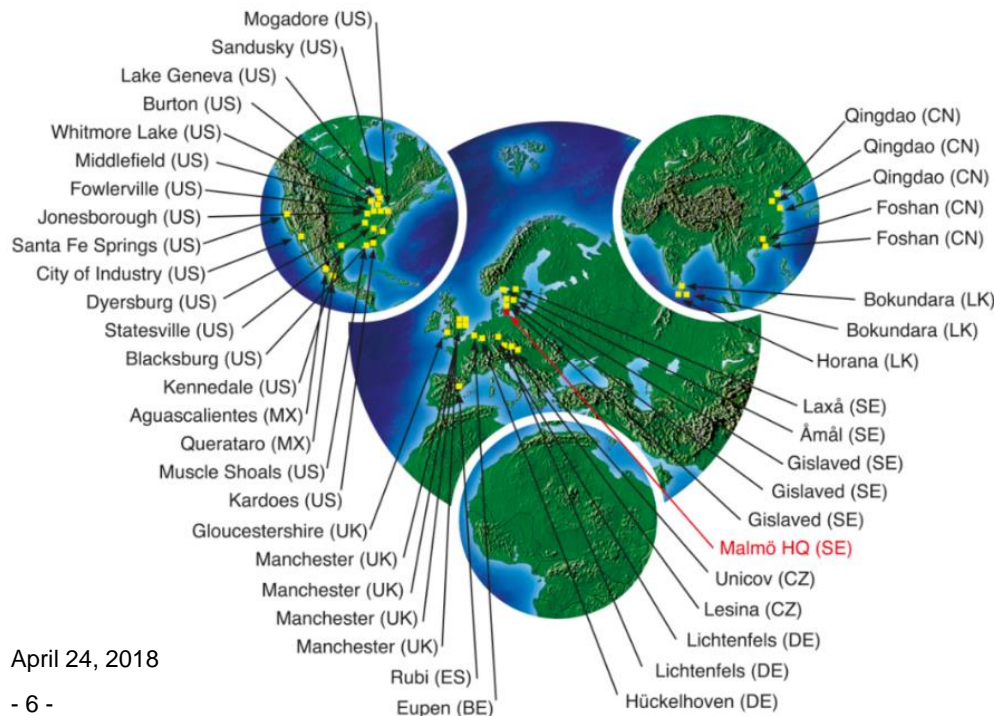
2014: Kardoes, Vigar Rubber Compounding
Portage Precision Polymers

2015: RheTech Thermoplastic Compounding
(RheTech, RheTech Colors and
RheTech Engineered Plastics)

2016: Berwin Group (Berwin Rubber Co Ltd
Berwin Industrial Polymers Ltd and Flexi-Cell
(UK) Ltd)

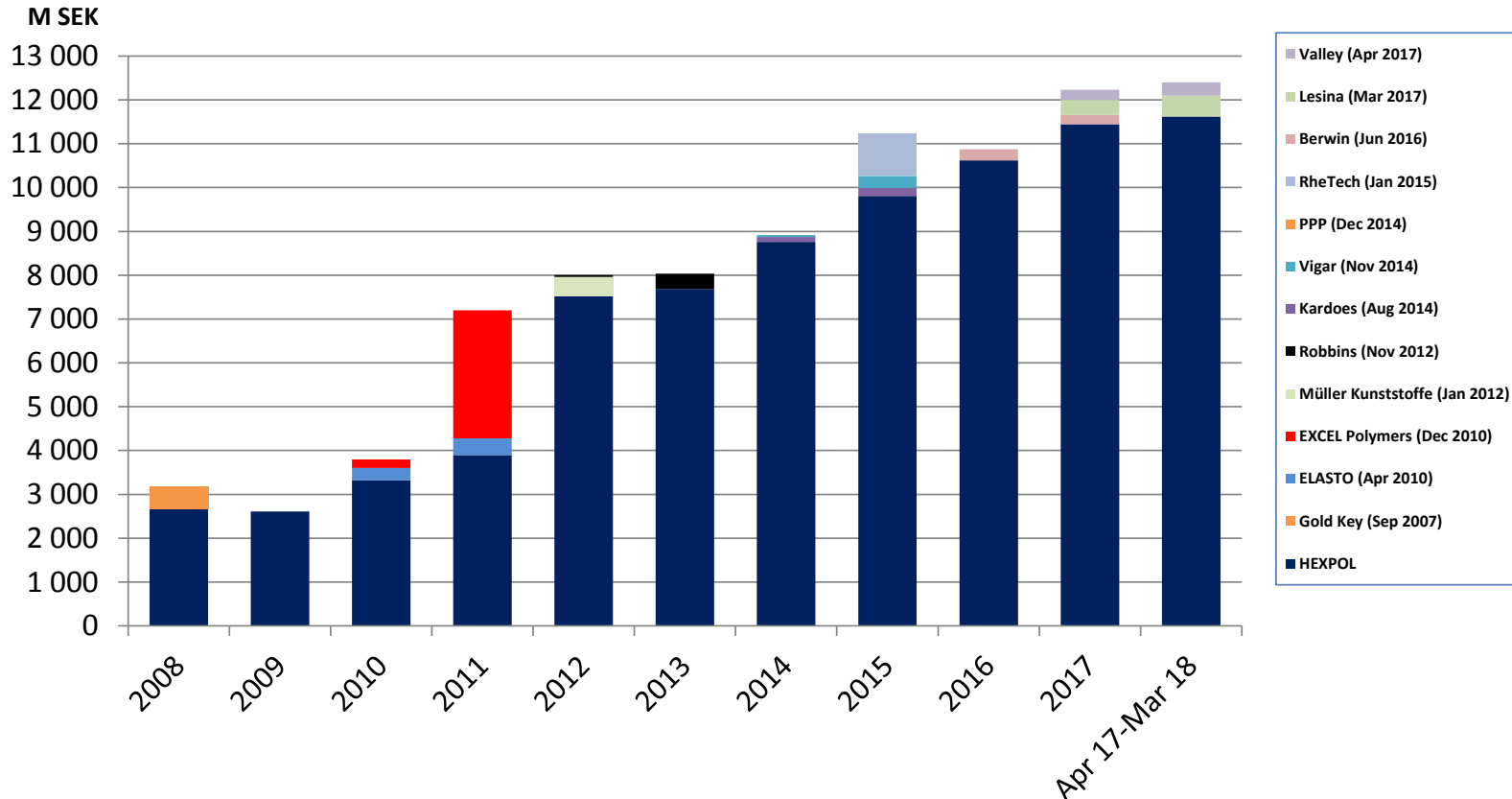
2017: Trelleborg Material & Mixing Lesina s.r.o,
Valley Processing

- Acquired 28 units with sales, development and production since 2010



HEXPOL – A fast growing Group

Contribution to sales made by acquisitions in the past years (acquisition month in parenthesis)

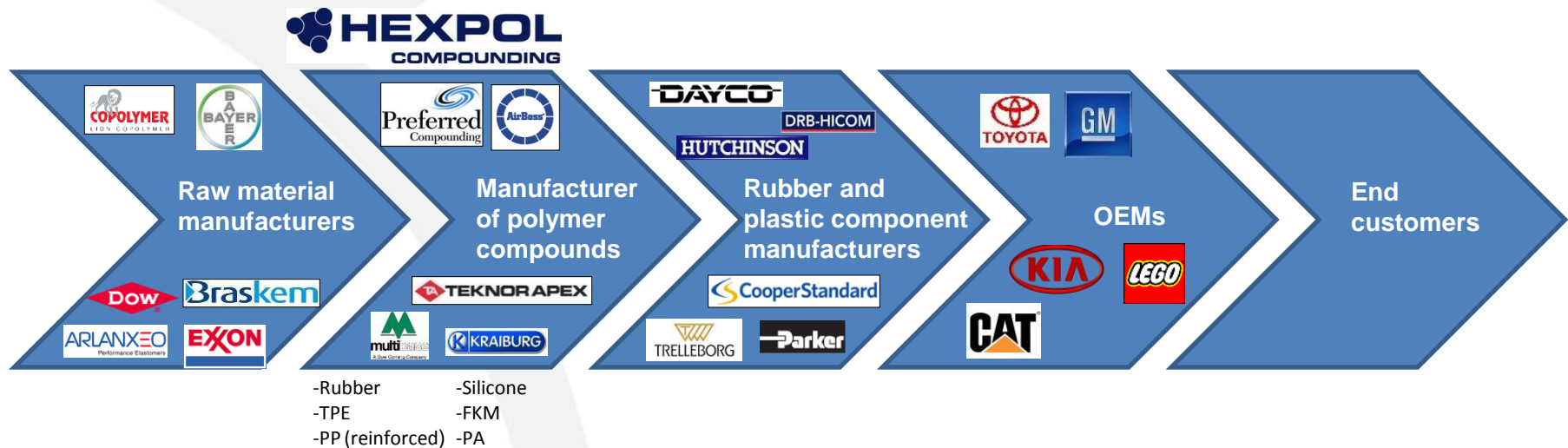


HEXPOL – A fast growing Group

- **Product Development**
 - New segments (for example: flame retardant)
 - New products in existing segments (for example: weight saving, environment friendly)
 - Application oriented
- **Increased market share**
- **Acquisitions mainly within Polymer Compounding**
 - Existing geographical markets (Kardoes, Portage Precision and Valley Processing in US, Vigar Rubber Compounding in Germany, Berwin Group in UK and Trelleborg Material & Mixing Lesina in Czech Republic)
 - New geographical markets (Vigar Rubber Compounding in Spain)
 - New chemistry (Portage Precision/silicon compounding, RheTech Thermoplastic Compounding/specialized TP compounding)
 - New end user segments
 - Existing end user segments
- **Capacity investments in TPE Compounding**

HEXPOL – A fast growing Group

HEXPOL Compounding, value chain* (example):



Business model:

- “Glocal” (local production/JIT)
- Application focused (often end user specified)
- Customized made to order

The market:

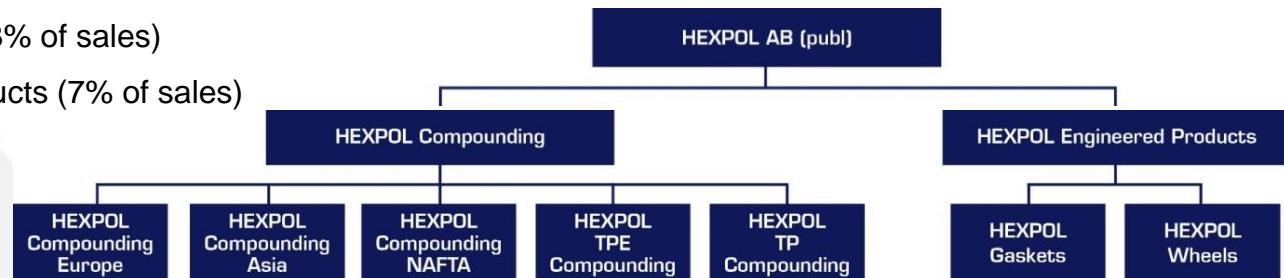
- Fragmented market – few global players – many local players
- Few industrial consolidators
- Few vertically integrated companies

HEXPOL – Organisation and sales distribution

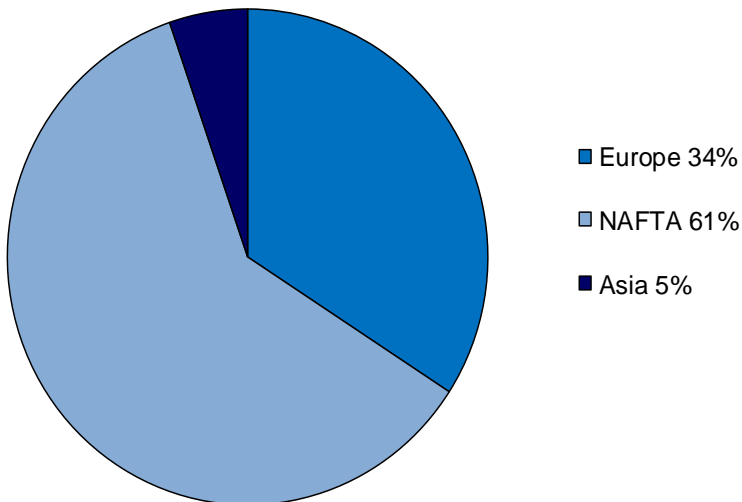
HEXPOL – With a stable organisation

Two business areas:

- HEXPOL Compounding (93% of sales)
- HEXPOL Engineered Products (7% of sales)



HEXPOL – Sales per geographic area Apr 17- Mar 18



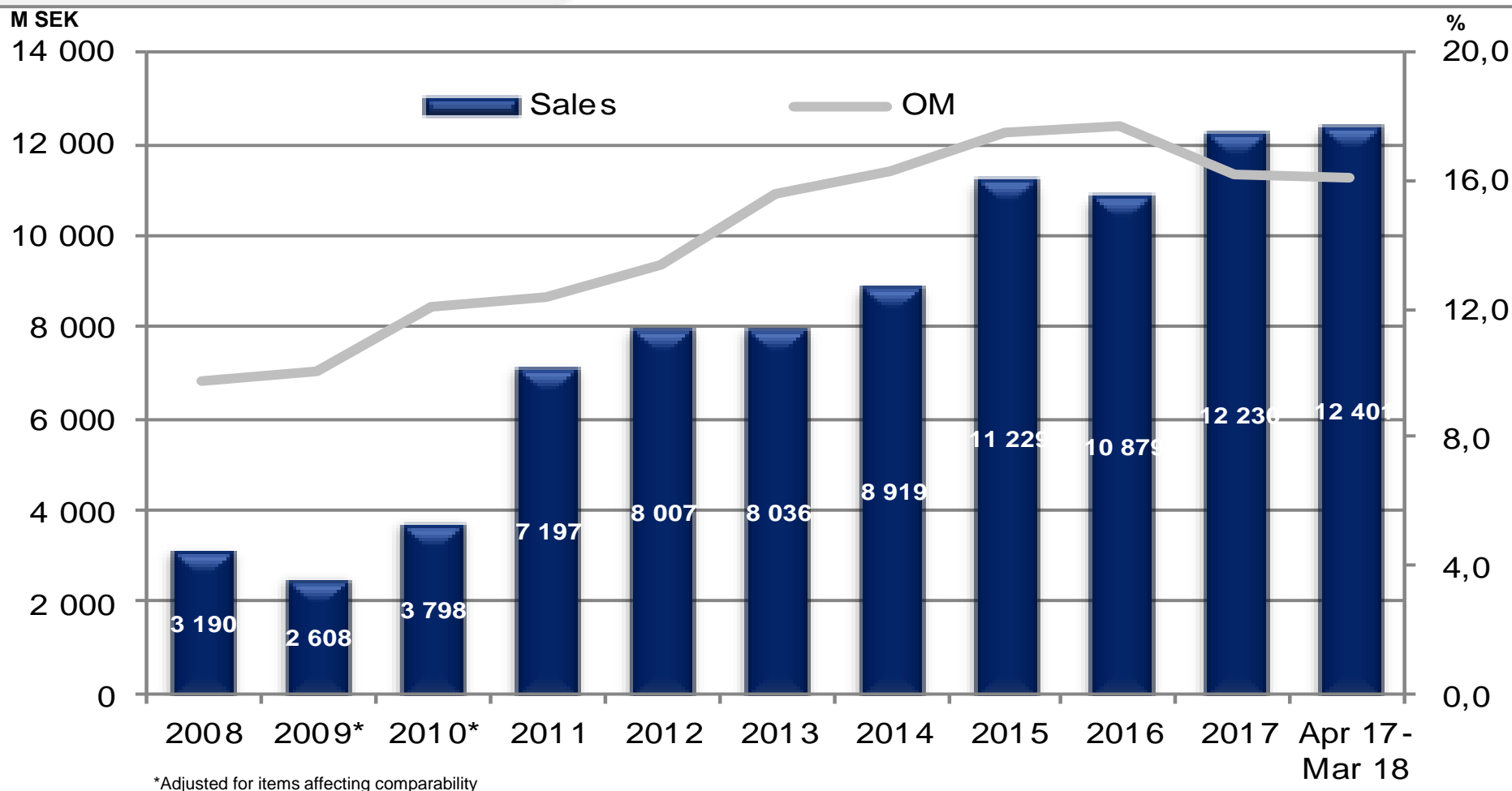
HEXPOL – A fast growing Group

Main customer segments:

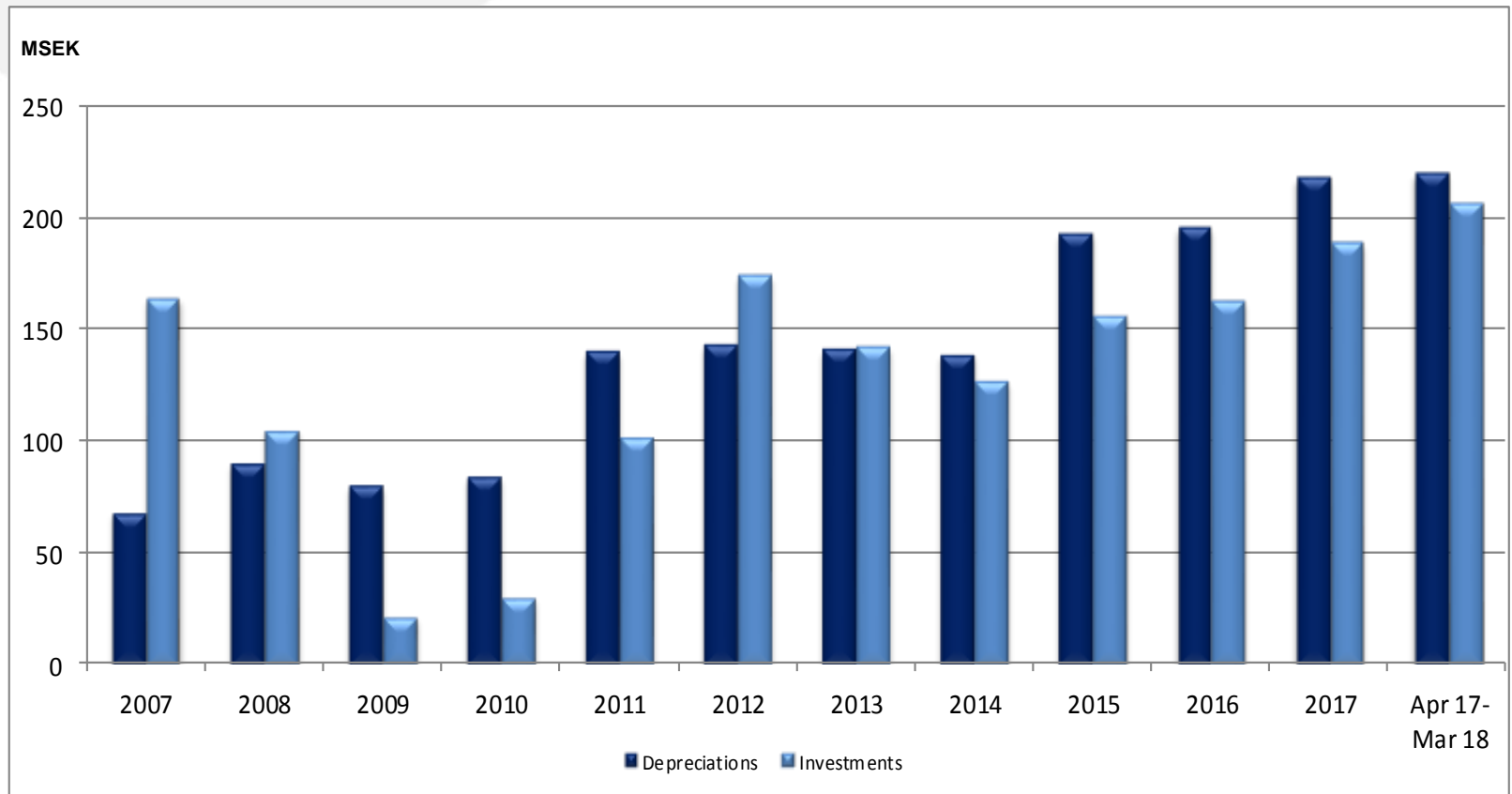
- Automotive industry
 - Sales around 38% 2017
- Engineering and general industry
- Building and construction
- Transportation
- Energy, oil and gas sector
- Cable and water treatment industries
- Consumer industries
- Medical equipment industries
- Manufacturers of plate heat exchangers
- Manufacturers of forklifts and castor wheels



HEXPOL – A fast growing Group with strong margins



HEXPOL – Depreciations & investments*



- Investments in line with/ or below depreciations
- Apr 17 - Mar 18: Mainly capacity investments in HEXPOL TPE Compounding and also regular maintenance investments

* tangible fixed assets

Q1 2018 – Increased sales and higher result

- Sales increased 5%
- Positive volume development
- Highest quarterly operating profit so far
- Sequentially improved operating margin
- Negative currency effects in sales 153 MSEK and in operating profit 32 MSEK

MSEK	2018 Q1	2017 Q1	2017 Q4	
Sales	3,309	3,138	2,926	+5%
Operating profit, EBIT	540	532	467	
Operating margin, %	16.3	17.0	16.0	
Profit after tax	411	379	449	+8%
Earnings per share, SEK	1.19	1.10	1.31	
Earnings per share excl non-recurring effects of the US tax reform, SEK	1.19	1.10	1.00	

Q1 2018 – Increased sales and higher result

- **Sales (including acquisitions) increased 5% to 3,309 MSEK (3,138)**
 - Positive volume development
 - Sales positively affected by higher sales prices due to increased raw material prices
 - Negative currency effects of 153 MSEK
- **In NAFTA increased sales (including Valley Processing) in local currency by 7%**
 - Stable sales to automotive related customers
 - Improved sales to engineering and general industry and building and constructions
 - Improved sales to oil and gas and mining from low levels
- **In Europe increased sales (including Trelleborg Material & Mixing Lesina) by 20%**
 - Stable sales to automotive related customers
 - Improved sales to engineering and general industry and building and constructions
- **In Asia increased sales by 22%**
 - Sales increased to automotive related customers in China
- **Operating profit increased to 540 MSEK (532)**
 - Negative currency effects of 32 MSEK
- **Operating margin amounted to 16.3% (17.0)**
 - Sequentially increased from 16.0%

Q1 2018 – Increased sales and higher result

MSEK	Quarter 1		
	2018	2017	Growth
Sales	3 309	3 138	5%
Currency	153		5%
Ex. Currency	3 462	3 138	10%
Acquisition	-210		-6%
Ex. Currency and acquisition	3 252	3 138	4%

Q1 2018 – Increased sales and higher result

- Strong balance sheet, well equipped for further expansion

MSEK	2018 Q1	2017 Q1	2017 Q4
Sales	3,309	3,138	2,926
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Profit after tax	411	379	449
Earnings per share, SEK	1.19	1.10	1.31
Earnings per share excl. non-recurring effects of the US tax reform, SEK	1.19	1.10	1.00
Operating cash flow	302	435	609
Net cash	267	981	-27
Equity/assets ratio, %	68	75	68
Return on capital employed, % R12	24.7	26.2	25.1

Strong balance sheet and net cash of 267 MSEK provides scope for continued expansion.

Q1 2018 – Business areas

Increased sales and higher result

MSEK	Net Sales			Operating Profit			Operating Margin, %		
	2018 Q1	2017 Q1	2017 Q4	2018 Q1	2017 Q1	2017 Q4	2018 Q1	2017 Q1	2017 Q4
HEXPOL Compounding	3 057	2 910	2 704	506	505	440	16.6	17.4	16.3
HEXPOL Engineered Products	252	228	222	34	27	27	13.5	11.8	12.2

- **HEXPOL Compounding**

- Increased sales
- Positive volume development

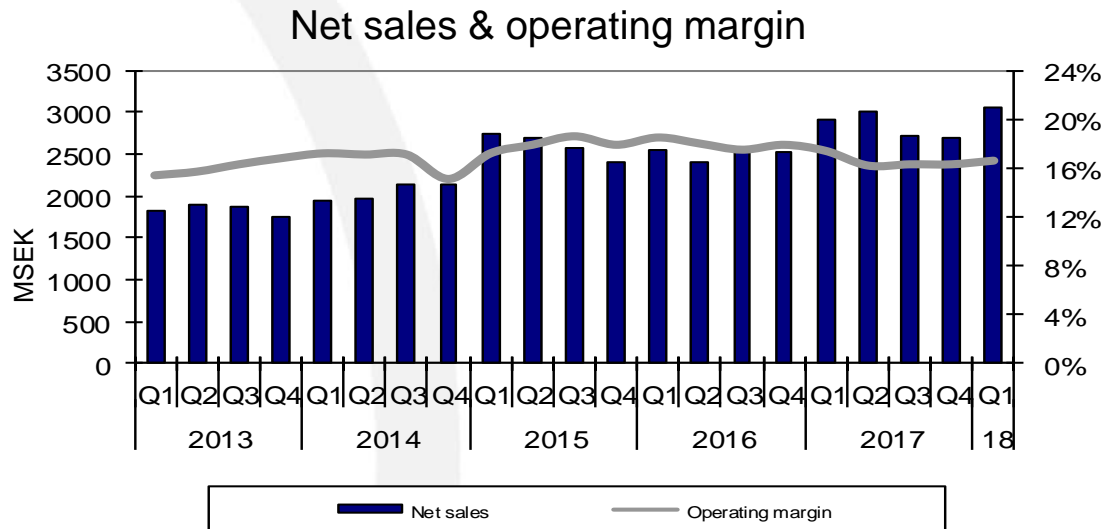
- **HEXPOL Engineered Products**

- Increased sales
- Increased operating profit

Q1 2018 – HEXPOL Compounding

Increased sales

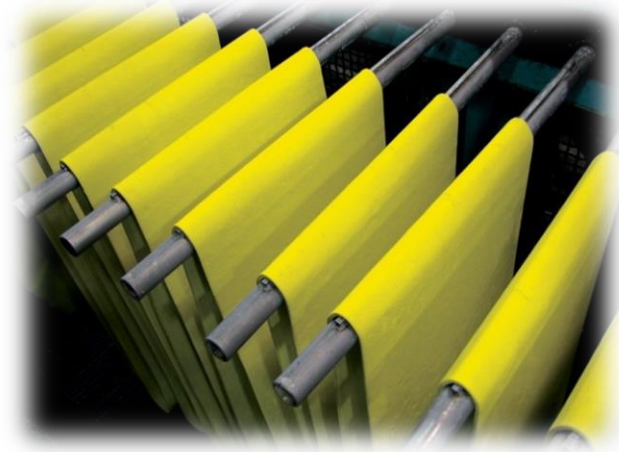
- **Sales increased 5% to 3,057 MSEK (2,910)**
 - Positive volume development
- **Operating profit improved to 506 MSEK (505)**
 - Operating margin amounted to 16.6% (17.4)
 - Compared with the second half of 2017 the operating margin increased from 16.3% to 16.6%



Q1 2018 – HEXPOL Compounding

Increased sales

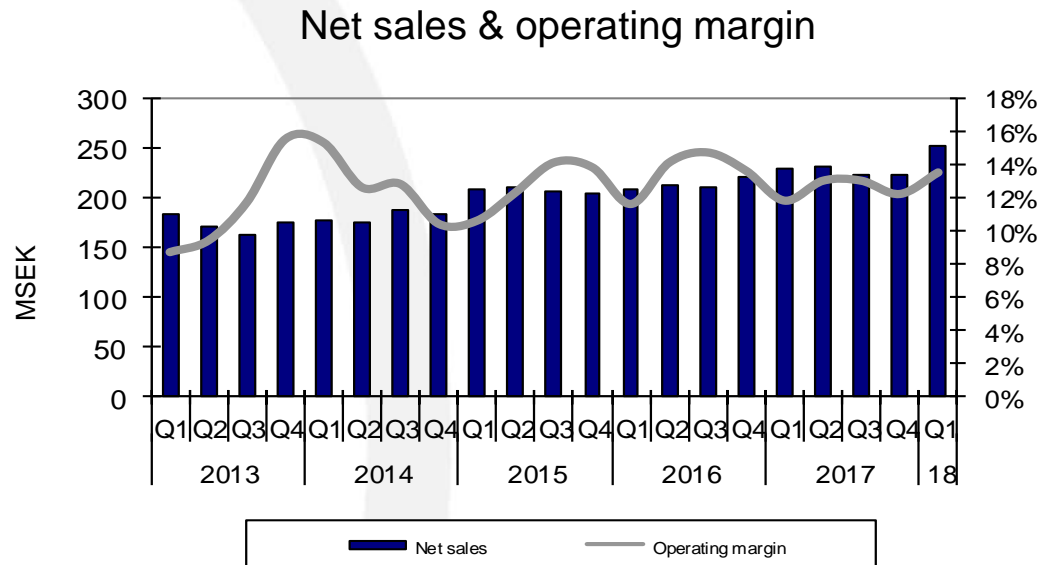
- **HEXPOL Compounding NAFTA – increased sales in local currency**
 - Stable sales to automotive related customers
 - Improved sales to engineering and general industry, building and constructions
 - Improved sales to oil and gas and mining from low levels
- **HEXPOL Compounding Europe – increased sales**
 - Stable sales to automotive related customers
 - Improved sales to engineering and general industry and building and constructions
- **HEXPOL Compounding Asia – significantly increased sales**
 - Increased sales to automotive related customers in China
- **HEXPOL TPE Compounding – significantly higher sales**
- **HEXPOL TP Compounding – increased sales in local currency**
 - Increased sales mainly to automotive related customers



Q1 2018 – HEXPOL Engineered Products

Increased sales

- **Net sales increased to 252 MSEK (228)**
 - Increased sales in both HEXPOL Wheels and HEXPOL Gaskets
- **Operating profit increased to 34 MSEK (27)**
- **Operating margin improved to 13.5% (11.8)**



Q1 2018 – Increased sales and higher result

- Sales increased by 5% to 3,309 MSEK (3,138)
- Positive volume development
- Operating profit increased to 540 MSEK (532)
- Operating margin amounted to 16.3% (17.0), sequentially increased from 16.0%
- Operating cash flow amounted to 302 MSEK (435)
- Earnings per share increased to 1.19 SEK (1.10)
- Strong balance sheet, net cash of 267 MSEK



Q & A

Thank You!

