

Telephone presentation July 20, 2015, 12:00 CET

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Welcome to HEXPOL

Q2 2015 report update

CEO Georg Brunstam
CFO Karin Gunnarsson

July 20, 2015, 12:00 CET



Agenda

- Introduction to HEXPOL
- Q2 2015 – HEXPOL Group
- Q2 2015 – Business areas
- January – June 2015 – Key figures
- Q2 2015 – 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 forklift and castor wheel application (Wheels).



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.



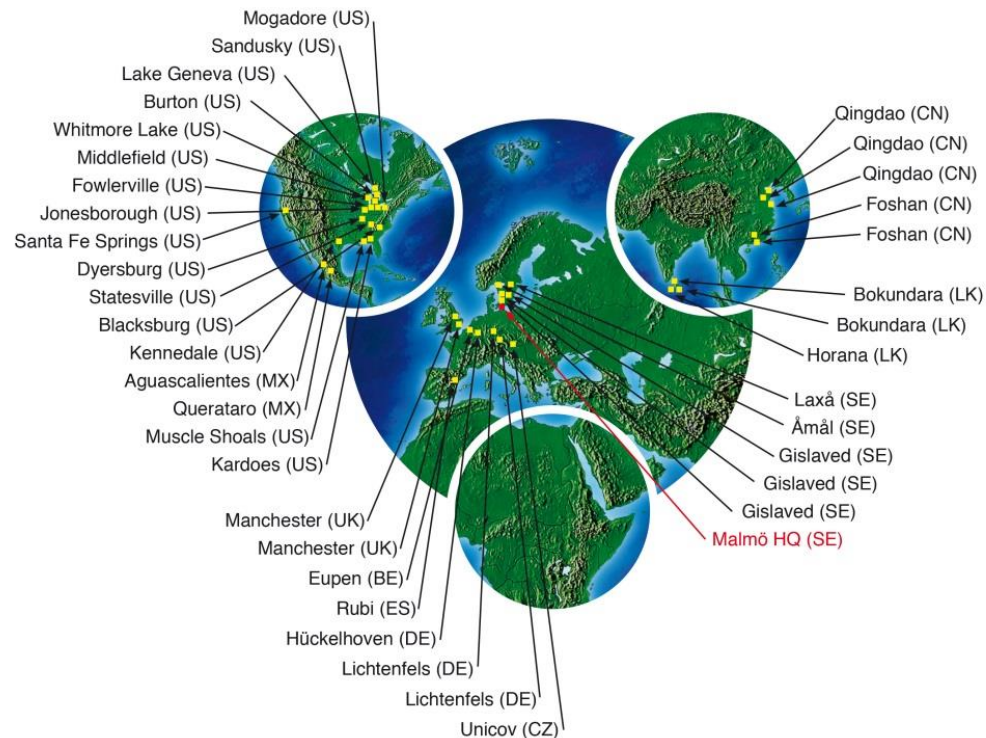
HEXPOL – A well positioned Group

- Two business areas
 - HEXPOL Compounding
 - HEXPOL Engineered Products
- Strong global market positions
 - Global leader for rubber compounding
 - Strong European position in Thermoplastic Elastomer Compounding (TPE)
 - Strong US position for reinforced Polypropylene Compounding
 - Global leader in Gaskets for plate heat exchangers (PHEs)
 - Global market coverage in Wheels for fork lift trucks and castor wheels
- Global presence with production at 38 units in 11 countries (≈3,900 employees)
- >97% of sales outside Sweden
- Head office in Malmö, Sweden
- Shares listed on Large Cap segment of the NASDAQ OMX Nordic Exchange



HEXPOL – A well positioned Group

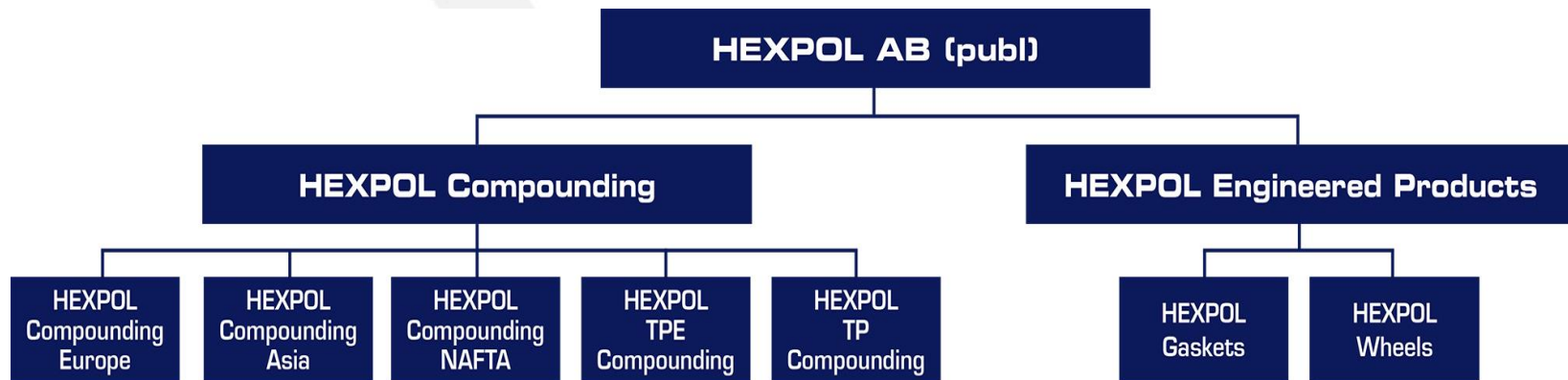
- True global footprint – 11 of 38 production units in growth markets
- Historical strong sales growth and good profitability
- Well invested and strong cash flow
- Long industrial history with highly experienced and dedicated management and board
- Acquisition oriented – major acquisition within Polymer Compounding:
 - 2010: Elasto, Excel Polymers
 - 2012: Müller Kunststoffe, Robbins
 - 2014: Kardoes, Vigar Rubber Compounding, Portage Precision Polymers
 - 2015: RheTech Thermoplastic Compounding
- Acquired 23 units with sales, development and production since 2010



HEXPOL – A well positioned Group with a stable organisation

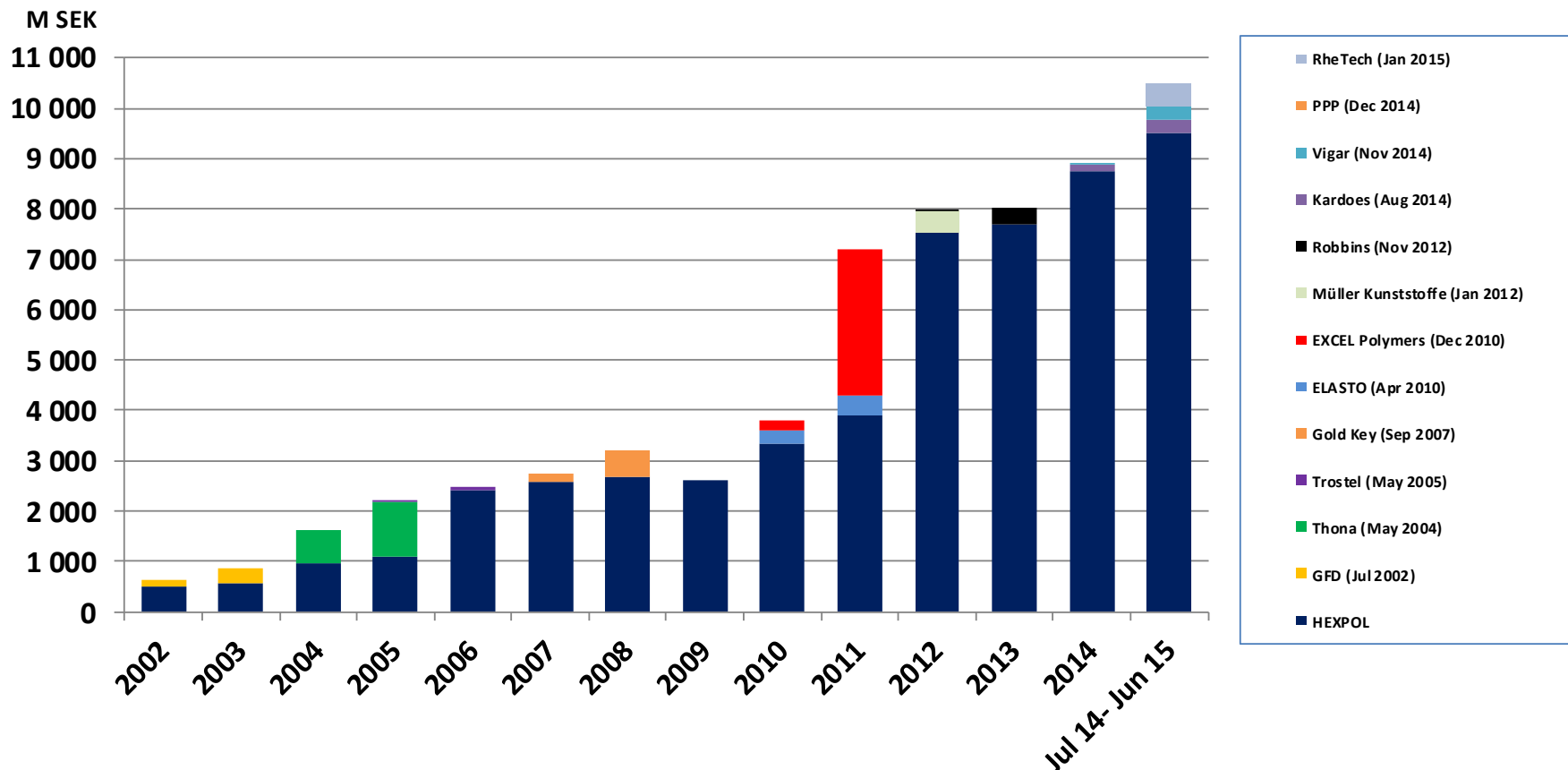
Two business areas

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



HEXPOL – A fast growing Group

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

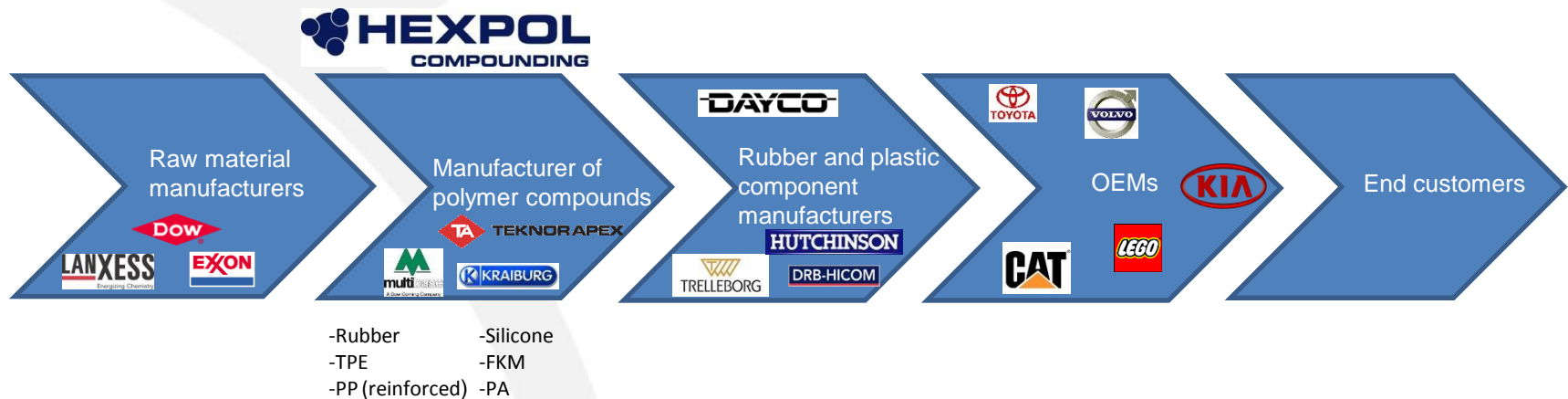


HEXPOL – A fast growing Group

- Product Development
 - New segments (for example: flame retardant)
 - New products in existing segments (for example: weight saving)
 - Application oriented
- Increased market share
- Acquisitions mainly within Polymer Compounding
 - Existing geographical markets (e.g. Kardoes and Portage Precision in US, Vigar Rubber Compounding in Germany)
 - 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 China and Mexico
 - Further investment in Mexico announced in Q2 2015
- 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 – A well positioned Group

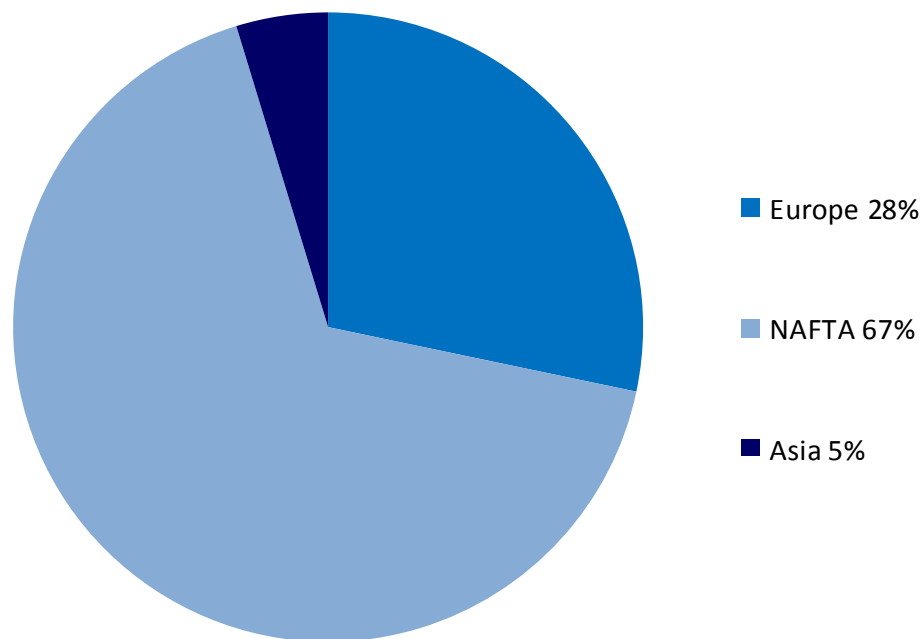
Main customer segments:

- Strong automotive industry
 - Growth to automotive industries but today lower share of total Group sales thanks to strong growth in other segments.
 - Automotive sales around 37% 2014 (2008 60%).
- Engineering and general industry
- Construction and infrastructure
- 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

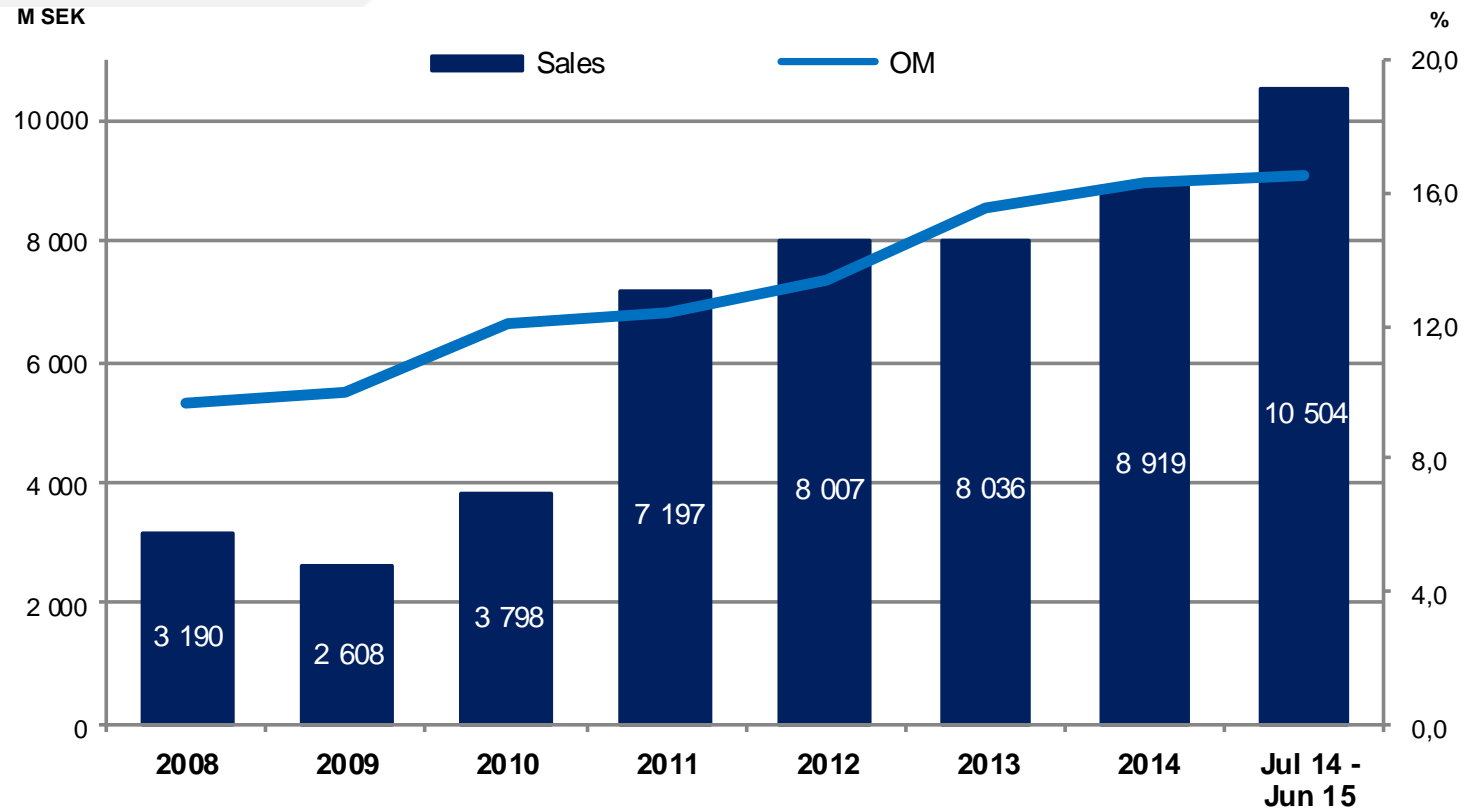


HEXPOL — A well positioned Group with favorable sales distribution

Sales per geographic area Jan - June 2015



HEXPOL — A well positioned Group with strong margin development



Q2 2015 – Continued very strong growth and strong margins

Our best quarter so far

- Volume and sales increases in all geographical regions
- Strong growth mainly thanks to acquired units and positive currency effects
- Integration of acquired units completed according to plan

MSEK	2015 Q2	2014 Q2	2015 Q1	
Net Sales	2,910	2,145	2,951	+ 36%
Operating Profit, EBIT	508	360	495	+ 41%
Operating Margin, %	17.5	16.8	16.8	
Profit after tax	357	258	352	
Earnings per share, SEK	1.04	0.75	1.02	+ 38%
Operating cash flow	640	412	480	

Q2 2015 – Continued very strong growth and strong margins

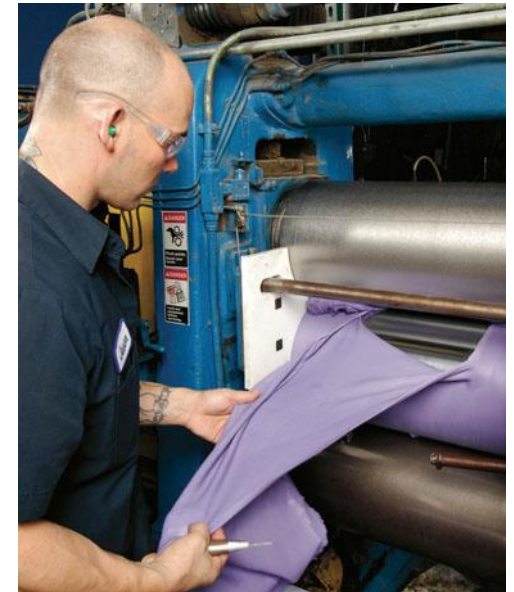
Our best quarter so far

- Volume and sales increases in all geographical regions
- Integration of units acquired in 2014 and 2015 completed according to plan
- Sales increased by 36% to 2,910 MSEK (2,145)
 - Sales affected by lower prices for our principal raw materials which have been lower this quarter compared to the corresponding quarter last year
 - Sales growth (adjusted for currency effects) amounted to 17%
- Operating profit increased by 41% to 508 MSEK (360)
- Sales and volume in NAFTA well above last year
 - Sales increased by 46%
 - Automotive continued positive development
 - Mexico continued strong in all segments
- Sales and volume in Europe well above last year
 - Sales increased by 19%
 - Increased sales to automotive related customers
- Volume and sales in Asia above last year
 - Sales increased by 10%



Acquisitions oriented – Major acquisitions within Polymer Compounding

- Elasto (April, 2010) – TPE Compounding
 - Units in UK and Sweden
- Excel Polymers (Nov, 2010) – Rubber Compounding
 - Units in U.S., Mexico, UK and China
- Müller Kunststoffe (Jan, 2012) – TPE Compounding
 - Units in Germany
- Robbins (Nov, 2012) – Rubber Compounding
 - Units in U.S.
- Kardoes (Aug, 2014) – Rubber Compounding
 - Unit in U.S.
- Vigar Rubber Compounding (Oct, 2014) – Rubber Compounding
 - Units in Spain and Germany
- Portage Precision Polymers (Dec, 2014) – Rubber/silicon Compounding
 - Unit in U.S.
- RheTech Thermoplastic Compounding (Jan, 2015) – Specialized Thermoplastic Compounding
 - Units in U.S.

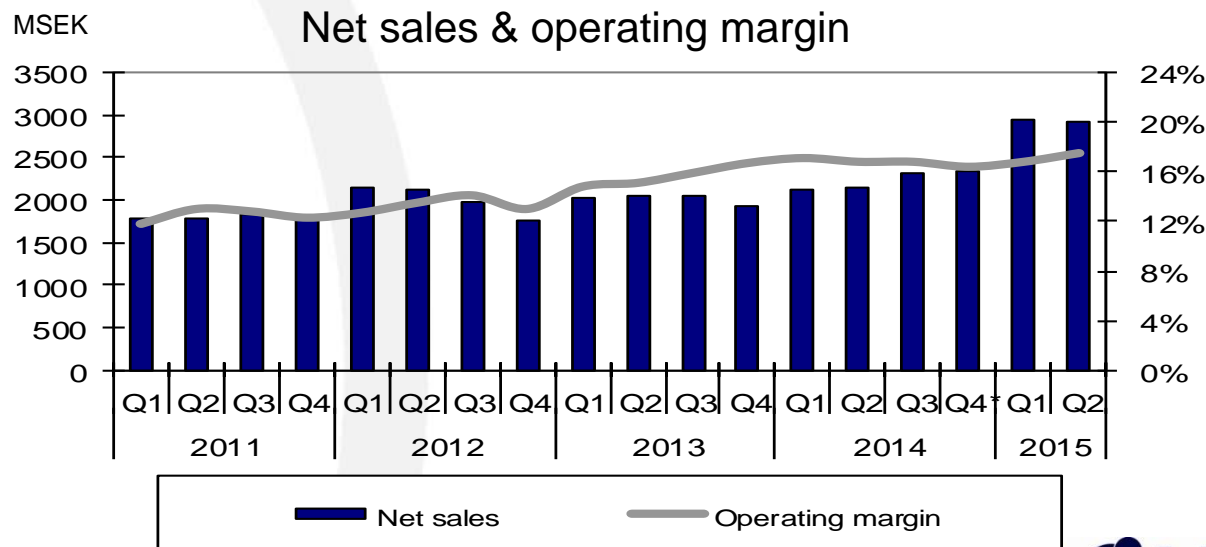


Q2 2015 – Continued very strong growth and strong margins

Our best quarter so far

Volume and sales increases in all geographical regions

- Net sales increased to 2,910 MSEK (2,145)
 - Increase by 36 percent
- Operating profit increased to 508 MSEK (360)
 - Increase by 41 percent
- Operating margin amounted to 17.5% (16.8)
- Return on capital employed (Jul 2014-Jun 2015) amounted to 28.0%
- Earnings per share increased by 38% to 1.04 SEK (0.75)
- Strong operating cash flow, increased to 640 MSEK (412)
- Strong Balance Sheet
 - Equity/assets ratio 61.2 % (62.7)
 - Net debt 313 MSEK (175)



* Excluding acquisition, integration and restructuring costs (Vigar)

Q2 2015 – Continued very strong growth and strong margins

Our best quarter so far

- Volume and sales increases in all geographical regions
- Sales affected by lower raw material prices

MSEK	Quarter 2			Jan-June		
	2015	2014	Growth	2015	2014	Growth
Sales	2 910	2 145	36%	5 861	4 276	37%
Currency	-401		-19%	-837		-20%
Ex. Currency	2 509		17%	5 024		17%
Acquisition*	-405		-19%	-832		-19%
Organic Growth	2 104	2 145	-2%	4 192	4 276	-2%

* excl. effects from transferred volumes

Q2 2015 – Continued very strong growth and strong margins

Our best quarter so far

- Strong balance sheet

MSEK	2015 Q2	2014 Q2	2015 Q1
Net Sales	2,910	2,145	2,951
Operating Profit, EBIT	508	360	495
Operating Margin, %	17.5	16.8	16.8
Profit after tax	357	258	352
Earnings per share, SEK	1.04	0.75	1.02
Operating cash flow	640	412	480
Net debt	313	175	232
Equity/assets ratio, %	61.2	62.7	62.7

Q2 2015 – Business areas

Continued very strong growth and strong margins

Our best quarter so far

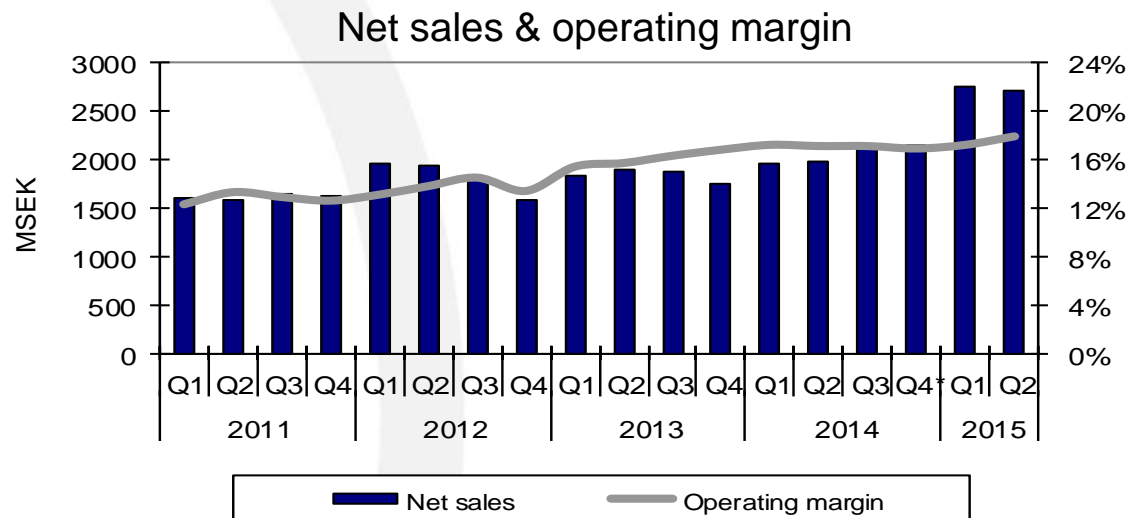
MSEK	Net Sales			Operating Profit			Operating Margin, %		
	2015 Q2	2014 Q2	2015 Q1	2015 Q2	2014 Q2	2015 Q1	2015 Q2	2014 Q2	2015 Q1
HEXPOL Compounding	2 699	1 971	2 744	482	338	473	17.9	17.1	17.2
HEXPOL Engineered Products	211	174	207	26	22	22	12.3	12.6	10.6

- Very strong growth in HEXPOL Compounding, sales increased by 37%
- Sales affected by lower prices for our principal raw materials
- Integration of Vigar Rubber Compounding and RheTech Thermoplastic Compounding completed according to plan
- Sales increased by 21% in HEXPOL Engineered Products

Q2 2015 – HEXPOL Compounding

Continued very strong growth and strong margins

- Sales 37% above last year:
 - Volume increases in all geographical regions
 - Positive currency effects
 - Sales affected by lower raw material prices
- Operating profit increased to 482 MSEK (338)
 - Improved thanks to increased volumes, continued improvement of performance and efficiency in operations and positive currency effects



* Excluding acquisition, integration and restructuring costs (Vigar)

Q2 2015 – HEXPOL Compounding

Continued very strong growth and strong margins

Our best quarter so far

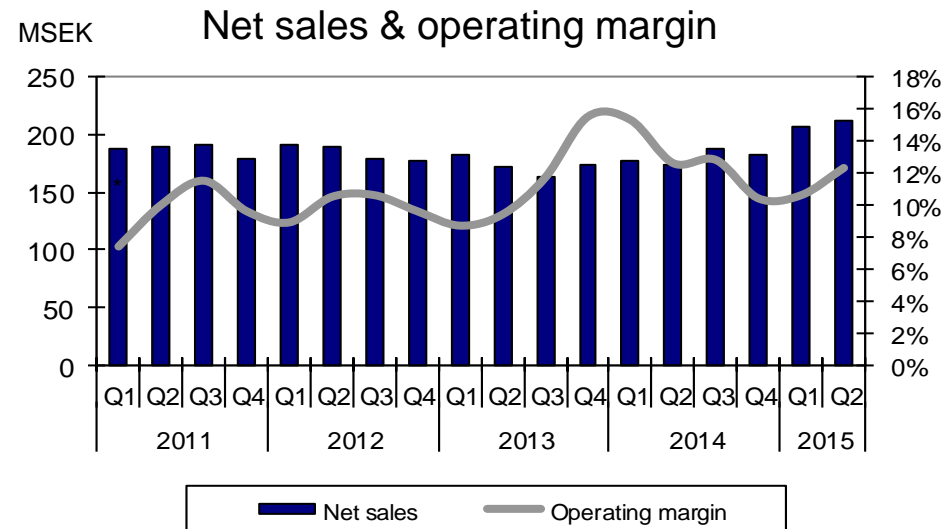
- Europe – sales and volumes well above last year
 - Strong quarter in Europe
 - Sales increased to automotive related customers
 - Integration of Vigar Rubber Compounding completed according to plan incl. closure of German manufacturing unit
 - Positive volume development excl. acquired units
- NAFTA – sales and volumes well above last year
 - Positive development to automotive
 - Considerable weaker volumes to oil and gas, mining and agriculture
 - Mexico continued strong in all segments
 - Integration of Kardoos, Portage Precision Polymers and RheTech Thermoplastic Compounding successfully completed according to plan
 - Acquired RheTech Thermoplastic Compounding has developed according to plan
 - Stable volumes excl. acquisitions
- Asia – sales and volumes above last year
 - Good sales to automotive related customers in China
- HEXPOL TPE Compounding – positive development



Q2 2015 – HEXPOL Engineered Products

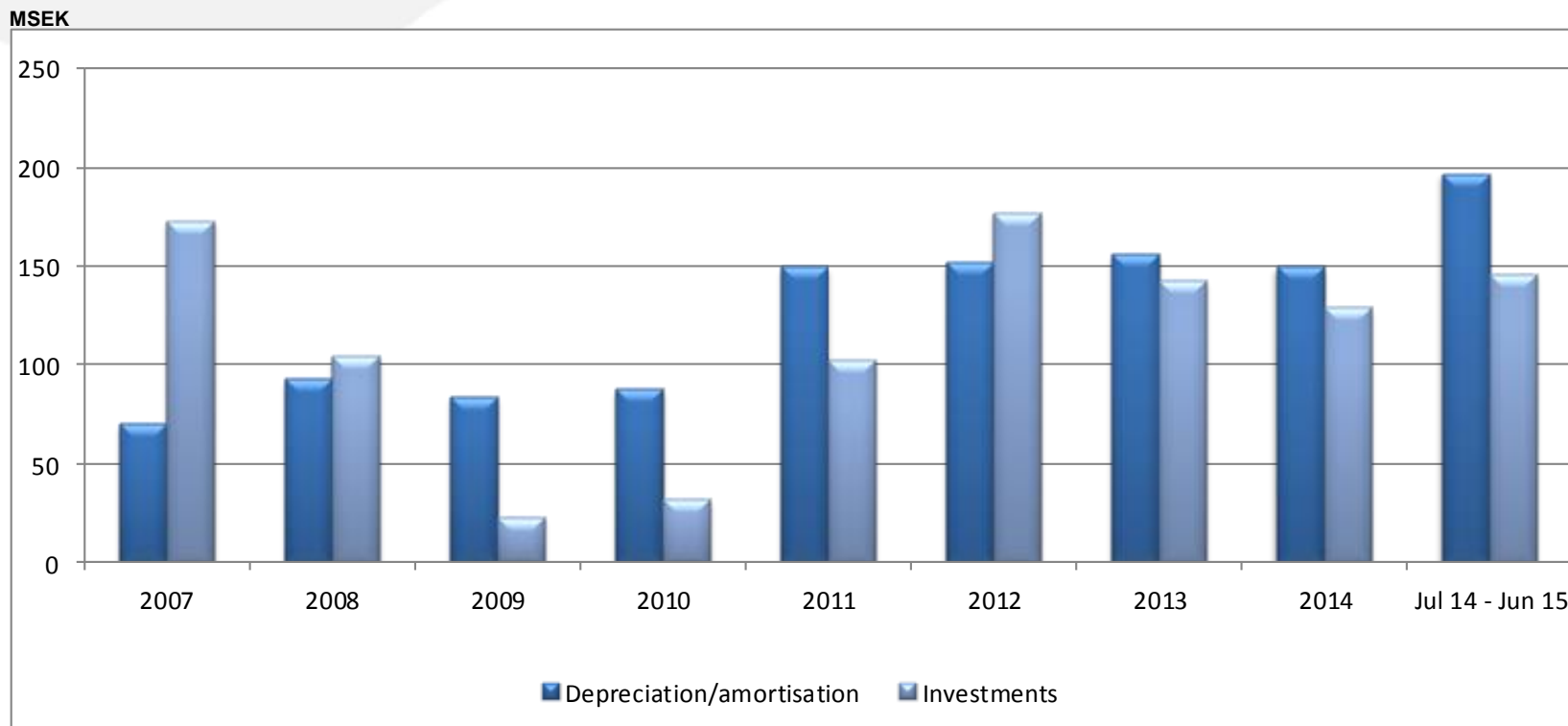
- Strong sales development

- Net sales increased by 21% to 211 MSEK (174)
 - Positive sales development for HEXPOL Gaskets and HEXPOL Wheels in all geographical regions
 - Continued positive development in U.S. for HEXPOL Wheels
- Price pressure
- Operating profit increased to 26 MSEK (22)
- Operating margin 12.3% (12.6)



HEXPOL Group

Depreciations/amortisations & Investments



- Investments in line with depreciations/amortisations
- Mainly capacity investments in Mexico and within TPE Compounding
- Maintenance investments primarily in the U.S.

Jan - Jun 2015

Very strong growth and strong margins

MSEK	Apr-Jun		Jan - Jun		Full-year Jul 2014-	
	2015	2014	2015	2014	2014 Jun 2015	
Net Sales	2,910	2,145	5,861	4,276	8,919	10,504
Operating Profit, EBIT	508	360	1,003	724	1,456	1,735
Operating Margin, %	17.5	16.8	17.1	16.9	16.3	16.5
Profit after tax	357	258	709	520	1,048	1,237
Earnings per share, SEK	1.04	0.75	2.06	1.51	3.05	3.60
Operating cash flow	640	412	1,120	699	1,676	2,097
Net debt			313	175	-259	
Equity/assets ratio, %			61.2	62.7	69.3	
Return on capital employed, %					28.5	28.0

+ 37%

+ 39%

Q2 2015 – Continued very strong growth and strong margins

Our best quarter so far

- Volume and sales increase continue in all geographical regions
- Sales increased by 36% to 2,910 MSEK (2,145)
 - Sales affected by lower prices for our principle raw materials which have been lower this quarter compared to the corresponding quarter last year
- Volumes developed positively in all geographical regions
 - Sales in NAFTA well above last year
 - Sales increased in Europe
 - Asia sales increase
- Positive currency effects
- Integration of units acquired in 2014 and 2015 completed according to plan
- Operating profit increased by 41% to 508 MSEK (360)
- Strong operating cash flow, 640 MSEK (412)
- Strong financial position
 - Well equipped for continued expansion



Q & A