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HEXPOL acquires Kirkhill Rubber, a well-known U.S. Rubber Compounder

HEXPOL is pleased to announce the acquisition of the business of Kirkhill Rubber from the founder Mr. Edward Reker, his family and co-owners. Kirkhill is an industry leader with experience in aerospace, automotive, medical and other demanding industry segments. Most recently with expansion into silicone and perfluoroelastomer compounds. Kirkhill Rubber has an annual sales of about 46 MUSD.

Kirkhill Rubber brings extensive knowledge in highly engineered elastomers and with their wide range of equipment – specialty equipment, and complete laboratory testing facilities; this further enhances HEXPOL's goal to be the very best compounder.

Kirkhill Rubber's recently acquired state of the art facility in Long Beach, California will be the sole manufacturing plant of Kirkhill. The production in Downey, California will be transferred to Long Beach and the production in Athens, Georgia will be transferred to other HEXPOL sites in the US. Thereby the facilities in Downey and Athens are not included in the transaction.

The acquired business has an EBITDA margin below the HEXPOL Group and is expected to have a positive impact on earnings per share.

"This acquisition is a very good complement to HEXPOL Compounding in the US and broadens and strengthens our presence with Rubber Compounds by highly skilled people and advanced processes. Kirkhill's recent purchase of the facility located in Long Beach, California further increases our ability to provide superior products and unparalleled service for our customers."

Tracy Garrison, President HEXPOL Compounding NAFTA

Edward Reker, Kirkhill's President, who will continue with HEXPOL, remarks, *"We will see an immediate benefit by access to HEXPOL's global material reach, expanded development resources and advanced quality systems. This will translate into exceptional service and even enhanced products to our customers very quickly."*

Edward Reker, President Kirkhill Rubber Company

"This is a further step in expanding and strengthening the HEXPOL Group with an acquisition within our core business. Kirkhill Rubber with its competence, customer relations and capabilities will fit nicely into the HEXPOL Group."

Mikael Fryklund CEO HEXPOL Group

The acquisition price amounts to approximately 49 MUSD on a cash and debt free basis and is funded by a combination of cash and existing bank facilities. The business will be consolidated from September 2018. A smaller performance based consideration will be paid later if certain criteria are met.

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

