

Interim report January-September 2017

Published on October 26, 2017

Third quarter 2017 – Increased sales and strong result

- Sales increased 7 per cent to 2,936 MSEK (2,742).
- Operating profit amounted to 470 MSEK (475).
- Operating margin amounted to 16.0 per cent (17.3).
- Profit after tax amounted to 333 MSEK (339).
- Earnings per share amounted to 0.97 SEK (0.98).
- Operating cash flow amounted to 534 MSEK (585).

Jan-Sep 2017 – Increased sales and higher result

- Sales increased 14 per cent to 9,304 MSEK (8,126).
- Operating profit increased 6 per cent to 1,519 MSEK (1,437).
- Operating margin amounted to 16.3 per cent (17.7).
- Profit after tax rose to 1,078 MSEK (1,023).
- Earnings per share increased 5 per cent to 3.13 SEK (2.97).
- Operating cash flow amounted to 1,392 MSEK (1,490).
- Mikael Fryklund appointed President and CEO, started July 1.
- In early April, Valley Processing, a well-known US Rubber Compounder, was acquired.
- March 31, Trelleborg's Rubber Compounding unit in Czech Republic, a well-known Rubber Compounder in Central Europe, was acquired.

President's comments

“The third quarter of 2017 was another strong quarter. The sales increased 7 per cent to 2,936 and the volume development was positive. During the quarter, the prices on our main raw materials have been stable and the price pressure continued strong on all markets. The sales to automotive related customers were still good and improved to customers within engineering and general industry. Currency effects had a negative impact on both sales and operating profit. Earnings per share amounted to 0.97 SEK (0.98). The operating cash flow was strong and amounted to 534 MSEK.

The period January-September was strong with positive volume development. The sales increased 14 per cent and earnings per share increased 5 per cent. At the end of March, Trelleborg's Rubber Compounding unit in Czech Republic, a well-known Rubber Compounder in Central Europe, was acquired. In early April, Valley Processing, a well-known US Rubber Compounder, was acquired. 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		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Sales	2 936	2 742	9 304	8 126	10 879	12 057
Operating profit, EBIT	470	475	1 519	1 437	1 921	2 003
Operating margin, %	16,0	17,3	16,3	17,7	17,7	16,6
Profit before tax	465	473	1 505	1 430	1 913	1 988
Profit after tax	333	339	1 078	1 023	1 397	1 452
Earnings per share before dilution, SEK	0,97	0,98	3,13	2,97	4,06	4,22
Earnings per share after dilution, SEK	0,97	0,98	3,13	2,97	4,06	4,22
Equity/assets ratio, %			60	73	77	
Return on capital employed, % R12			25,5	27,1	26,8	
Operating cash flow	534	585	1 392	1 490	2 057	1 959

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 2016 amounted to 10,879 MSEK. The HEXPOL Group has approximately 4,400 employees in eleven countries. Further information is available at www.hexpol.com.

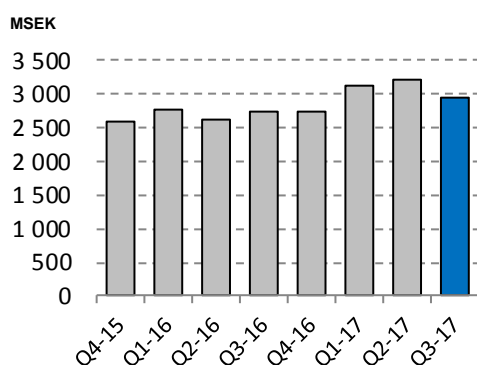
Third quarter of 2017

The HEXPOL Group's sales increased 7 per cent to 2,936 MSEK (2,742) during the third quarter. Currency effects had a negative impact of 106 MSEK on sales, mainly due to a weakening of the USD.

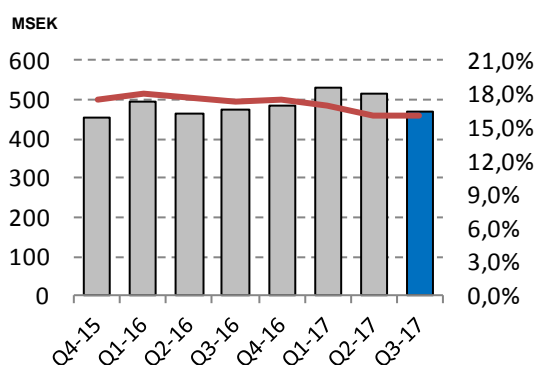
The volume development was positive and the sales growth (adjusted for currency effects), amounted to 11 per cent. Sales growth (adjusted for currency effects and acquisitions) amounted to 4 per cent. During the quarter, the prices on our main raw materials have been stable, however slightly higher than the corresponding year earlier period, and the price pressure continued strong on all markets.

Operating profit amounted to 470 MSEK (475) and the operating margin amounted to 16.0 per cent (17.3). Exchange rate fluctuations had a negative impact of 23 MSEK on operating profit for the quarter.

Sales



Operating profit & operating margin



The HEXPOL Compounding business area's sales increased 7 per cent to 2,713 MSEK (2,531) during the quarter. Operating profit amounted to 441 MSEK (444). The operating margin amounted to 16.3 per cent (17.5) affected by price pressure and lower margins in acquired units.

The HEXPOL Engineered Products business area's sales increased 6 per cent to 223 MSEK (211) during the quarter. Operating profit amounted to 29 MSEK (31), and the operating margin amounted to 13.0 per cent (14.7).

Sales in Europe (including Trelleborg Material & Mixing Lesina, acquired in March 2017), increased 18 per cent compared to the corresponding year earlier period. Sales in NAFTA (including Valley Processing, acquired in April 2017) increased 1 per cent and in Asia 21 per cent compared to the corresponding year earlier period. Adjusted for acquired units the sales was higher in Europe but lower in NAFTA compared to the corresponding year earlier period.

The Group's operating cash flow amounted to 534 MSEK (585). The Group's net financial items amounted to an expense of 5 MSEK (expense: 2), which includes exchange rate losses.

Profit before tax amounted to 465 MSEK (473) and profit after tax amounted to 333 MSEK (339). Earnings per share amounted to 0.97 SEK (0.98).

January-September 2017

The HEXPOL Group's sales increased 14 per cent to 9,304 MSEK (8,126) during the period. Currency effects had a positive impact of 174 MSEK on sales, mainly due to a strengthening of the USD. Currency effects had a positive impact on sales in the first and second quarter by 118 and 162 MSEK respectively while sales were negatively affected in the third quarter by 106 MSEK.

The volume development was positive and the sales growth (adjusted for currency effects), amounted to 12 per cent. Sales growth (adjusted for currency effects and acquisitions) amounted to 5 per cent. During the period, the prices on our main raw materials have increased and the price pressure continued strong on all markets.

Sales in Europe (including Berwin Group, acquired in June 2016 and Trelleborg Material & Mixing Lesina, acquired in March 2017) increased 24 per cent compared to the corresponding year earlier period. Sales in NAFTA (including Valley Processing, acquired in April 2017) increased 10 per cent and in Asia 19 per cent compared to the corresponding year earlier period. Adjusted for the acquired units, sales were higher in both Europe and in NAFTA compared to the corresponding year earlier period.

Operating profit increased 6 per cent to 1,519 MSEK (1,437) and the operating margin amounted to 16.3 per cent (17.7). Exchange rate fluctuations had a positive impact of 27 MSEK on operating profit for the period. Exchange rate fluctuations had a positive impact on the operating profit in the first and second quarter by 21 and 29 MSEK respectively while the operating profit was negatively affected in the third quarter by 23 MSEK.

On March 31, Trelleborg's Rubber Compounding unit in Czech Republic, a well-known Rubber Compounder in Central Europe, was acquired. Trelleborg Material and Mixing Lesina s.r.o, with a manufacturing facility in Lesina, Czech Republic had a turnover of 40 MEUR in 2016 and has around 130 employees.

In early April, Valley Processing, a well-known Rubber Compounder in western US, was acquired. Valley Processing, with a manufacturing facility in California, US, had a turnover of 34 MUSD in 2016 and has around 90 employees. Valley Processing's manufacturing facility in Virginia is not included in the transaction. Transaction costs of 6 MSEK have been reported during the second quarter.

The HEXPOL Compounding business area's sales increased 15 per cent to 8,622 MSEK (7,495) during the period. Operating profit increased 6 per cent to 1,433 MSEK (1,352). The operating margin amounted to 16.6 per cent (18.0).

The HEXPOL Engineered Products business area's sales increased 8 per cent to 682 MSEK (631) during the period. Operating profit increased to 86 MSEK (85), and the operating margin amounted to 12.6 per cent (13.5).

The Group's operating cash flow amounted to 1,392 MSEK (1,490) during the period. The Group's net financial items amounted to an expense of 14 MSEK (expense: 7), of which interest expense amounted to 10 MSEK (expense: 8).

Profit before tax during the period increased to 1,505 MSEK (1,430) and profit after tax increased to 1,078 MSEK (1,023). Earnings per share rose 5 per cent to 3.13 SEK (2.97).

Profitability

The return on average capital employed, R12, amounted to 25.5 per cent (27.1). The return on shareholders' equity, R12, amounted to 20.7 per cent (20.8).

Financial position and liquidity

The equity/assets ratio amounted to 60 per cent (73). The Group's total assets amounted to 10,550 MSEK (9,451). Net debt amounted to 587 MSEK (net cash 759). The dividend of 1,635 (585) resolved at the Annual General Meeting was paid by HEXPOL in May corresponding to a dividend of 4.75 SEK per share, consisting of an ordinary dividend of 1.75 SEK per share and a special dividend of 3.00 SEK per share.

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.

Cash flow

The operating cash flow amounted to 1,392 MSEK (1,490). Cash flow from operating activities amounted to 1,127 MSEK (1,222).

Investments, depreciation and amortisation

The Group's investments amounted to 129 MSEK (100) and are mainly attributable to maintenance investments and capacity investments within HEXPOL TPE Compounding. Depreciation, amortisation and impairment amounted to 177 MSEK (164).

Tax expenses

The Group's tax expenses amounted to 427 MSEK (407), corresponding to a tax rate of 28.4 per cent (28.5).

Personnel

The number of employees at the end of the period was 4,383 (4,119). The increase in number of employees relates mainly to the units in Mexico and the acquired operations Valley Processing and Trelleborg Material & Mixing Lesina.

Acquisition

On March 31, Trelleborg's Rubber Compounding unit in Czech Republic, a well-known Rubber Compounder in Central Europe, was acquired. Trelleborg Material and Mixing Lesina s.r.o, with a manufacturing facility in Lesina, Czech Republic had a turnover of 40 MEUR in 2016 and has around 130 employees. The acquisition price amounts to approximately 68 MEUR on a cash and debt free basis. Acquired excess values amounts preliminary to 50 MEUR and are mainly attributable to intangible assets. The Group's ownership is 100 per cent and the operations are consolidated from the acquisition day.

In early April, Valley Processing, a well-known Rubber Compounder in western US, was acquired. Valley Processing, with a manufacturing facility in California, US, had a turnover of 34 MUSD in 2016 and has around 90 employees. Valley Processing's manufacturing facility in Virginia is not included in the transaction. Excluding supplementary purchase price the acquisition price amounts preliminary to approximately 46 MUSD on a cash and debt free basis. Acquired excess values amounts preliminary to 42 MUSD and are mainly attributable to intangible assets. A supplementary purchase price will be added later based on product transfers. The Group's ownership is 100 per cent and the operations are consolidated from April 2017. Transaction costs of 6 MSEK have been reported in the second quarter 2017.

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, energy, oil and gas industry, general industry and consumer.

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Sales	2 713	2 531	8 622	7 495	10 028	11 155
Operating profit	441	444	1 433	1 352	1 806	1 887
Operating margin, %	16,3	17,5	16,6	18,0	18,0	16,9

HEXPOL Compounding's sales (including the acquired Trelleborg Material & Mixing Lesina and Valley Processing) increased 7 per cent to 2,713 MSEK (2,531), during the third quarter. During the quarter, the prices on our main raw materials have been stable, however slightly higher than the corresponding year earlier period, and the price pressure continued strong on all markets.

Operating profit amounted to 441 MSEK (444), and the operating margin amounted to 16.3 per cent (17.5) affected by price pressure and lower margins in acquired units.

The volume development was positive, with higher volumes in Europe, Asia as well as in NAFTA. The volume development was stable adjusted for the acquired units Trelleborg Material & Mixing Lesina and Valley Processing.

HEXPOL Compounding NAFTA's sales increased, including the acquired Valley Processing, during the quarter with continued good sales to automotive related customers, however slightly affected by inventory adjustments at some end customers within the American automotive industry. Sales improved to customers within building and construction and engineering and general industry. Sales to oil and gas and mining sector have also improved, however from a low level.

Sales in HEXPOL Compounding Europe increased, also excluding the acquired Trelleborg Material & Mixing Lesina, with continued good sales to automotive related customers and improved sales to customers within engineering and general industry.

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

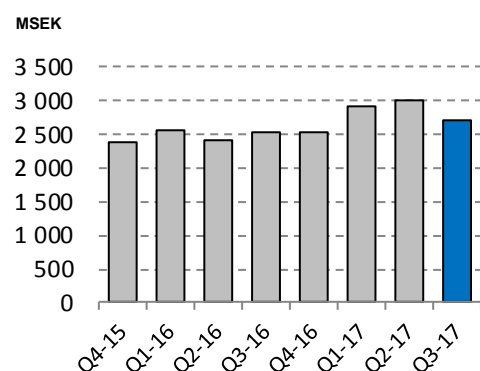
HEXPOL TPE Compounding developed positively during the quarter with increased sales.

RheTech Thermoplastic Compounding, which was acquired in January 2015, have had a stable development during the quarter.

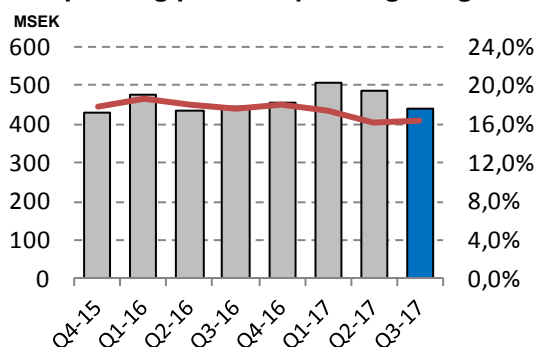
Trelleborg Material and Mixing Lesina, was acquired on March 31, and has been integrated in HEXPOL Compounding's European organisation and the unit is developing according to plan.

Valley Processing, was acquired in April, and has been integrated in HEXPOL Compounding's NAFTA organisation and the business is developing 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.

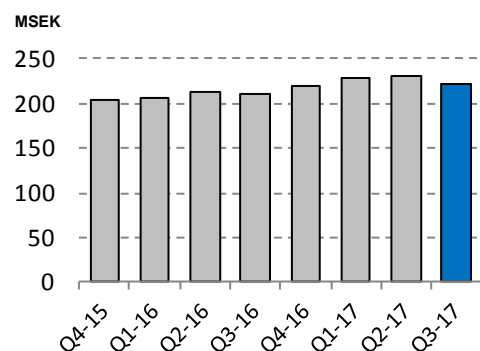
MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16- Sep 17
	2017	2016	2017	2016	2016	
Sales	223	211	682	631	851	902
Operating profit	29	31	86	85	115	116
Operating margin, %	13,0	14,7	12,6	13,5	13,5	12,9

The HEXPOL Engineered Products business area's sales increased 6 per cent to 223 MSEK (211) during the third quarter. Operating profit amounted to 29 MSEK (31), and the operating margin amounted to 13.0 per cent (14.7).

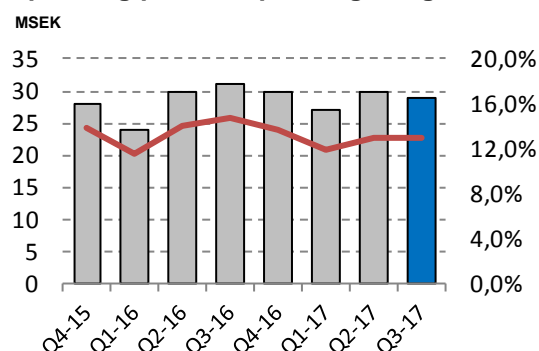
The sales for the HEXPOL Gaskets product area increased slightly compared to the corresponding year-earlier period, and the sales remained weak to project-related business. As previous, the market was characterised by general price pressure.

The sales for HEXPOL Wheels product area increased compared to the corresponding year-earlier period. The HEXPOL Wheels had a positive sales development in all units.

Sales



Operating profit & operating margin



Parent Company

The Parent Company's profit after tax amounted to 274 MSEK (127), which includes dividends from subsidiaries. Shareholders' equity amounted to 2,374 MSEK (2,720).

Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2016 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 2016 Annual Report have also been applied in this interim report. No new or revised IFRSs that entered into force in 2017 have had any significant impact on the Group's financial reports. The Group is currently evaluating the effects of the adoption of the standards IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' and the present assessment is that the standards will not have any significant impact on the Group's financial reports.

Alternative Performance Measures (APMs)

New 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 14,823 shareholders on September 30, 2017. The largest shareholder is Melker Schörling AB with 26 per cent of the capital and 47 per cent of the voting rights. The twenty largest shareholders own 63 per cent of the capital and 74 per cent of the voting rights.

New President and CEO

The Board of Directors has appointed Mikael Fryklund, who assumed the position July 1, 2017, to new President and CEO. During the third quarter, Mikael Fryklund subscribed for 225,000 subscription warrants in the incentive program (2016/2020). The issue rate was SEK 9 per subscription warrant and every warrant gives the right to subscribe for one share at the subscription rate SEK 88.70. At the Annual General Meeting on April 28, 2017, Georg Brunstam (previous President and CEO) was elected to Chairman of the Board of HEXPOL AB (publ.).

Significant subsequent events

No significant events have occurred after the balance sheet date.

Invitation to the presentation of the report

This report will be presented at Handelsbanken, Blasieholmstorg 8, Stockholm on October 26 at 10:00 a.m. CET. A presentation will also be held through a telephone conference on October 26 at 14:00 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 2017 | February 2, 2018 |
| ▪ Interim report January-March 2018 | April 24, 2018 |
| ▪ Annual General Meeting 2018 | April 24, 2018 |
| ▪ Half-year report January-June 2018 | July 18, 2018 |
| ▪ Interim report January-September 2018 | October 25, 2018 |

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

Malmö, Sweden October 26, 2017
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 8:00 a.m. CET on October 26, 2017. 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.

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, 2017 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 26, 2017

Ernst & Young AB

Johan Thuresson
Authorized Public Accountant

Condensed consolidated income statement

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Sales	2 936	2 742	9 304	8 126	10 879	12 057
Cost of goods sold	-2 306	-2 107	-7 272	-6 198	-8 315	-9 389
Gross profit	630	635	2 032	1 928	2 564	2 668
Selling and administrative cost, etc.	-160	-160	-513	-491	-643	-665
Operating profit	470	475	1 519	1 437	1 921	2 003
Financial income and expenses	-5	-2	-14	-7	-8	-15
Profit before tax	465	473	1 505	1 430	1 913	1 988
Tax	-132	-134	-427	-407	-516	-536
Profit after tax	333	339	1 078	1 023	1 397	1 452
- of which, attributable to Parent Company shareholders	333	339	1 078	1 023	1 397	1 452
Earnings per share before dilution, SEK	0,97	0,98	3,13	2,97	4,06	4,22
Earnings per share after dilution, SEK	0,97	0,98	3,13	2,97	4,06	4,22
Shareholders' equity per share, SEK			18,46	19,99	21,96	
Average number of shares, 000s	344 201	344 201	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-59	-50	-177	-164	-216	-229

Condensed statement of comprehensive income

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Profit after tax	333	339	1 078	1 023	1 397	1 452
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	30	-12	82	-22	-62	42
Income tax relating to items that may be reclassified to the income statement	-7	3	-18	5	14	-9
Translation differences	-300	122	-715	212	550	-377
Comprehensive income	56	452	427	1 218	1 898	1 107
- of which, attributable to Parent Company's shareholders	56	452	427	1 218	1 898	1 107

Condensed consolidated balance sheet

MSEK	Sep 30		Dec 31
	2017	2016	2016
Intangible fixed assets	5 143	4 417	4 577
Tangible fixed assets	1 707	1 679	1 745
Financial fixed assets	1	1	-
Deferred tax asset	71	78	101
Total fixed assets	6 922	6 175	6 423
Inventories	870	736	786
Accounts receivable	1 591	1 392	1 181
Other receivables	150	56	123
Prepaid expenses and accrued income	50	55	38
Cash and cash equivalents	967	1 037	1 297
Total current assets	3 628	3 276	3 425
Total assets	10 550	9 451	9 848
Equity attributable to Parent Company's shareholders	6 353	6 879	7 559
Total shareholders' equity	6 353	6 879	7 559
Interest-bearing liabilities	1 540	250	-
Provision for deferred tax	396	338	407
Provision for pensions	21	20	21
Total non-current liabilities	1 957	608	428
Interest-bearing liabilities	14	28	29
Accounts payable	1 603	1 431	1 405
Other liabilities	252	119	101
Accrued expenses, prepaid income, provisions	371	386	326
Total current liabilities	2 240	1 964	1 861
Total shareholders' equity and liabilities	10 550	9 451	9 848

Consolidated changes in shareholders' equity

MSEK	Sep 30, 2017		Sep 30, 2016		Dec 31, 2016	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	7 559	7 559	6 233	6 233	6 233	6 233
Comprehensive income	427	427	1 218	1 218	1 898	1 898
Issue of subscription w warrants	2	2	13	13	13	13
Dividend	-1 635	-1 635	-585	-585	-585	-585
Closing Equity	6 353	6 353	6 879	6 879	7 559	7 559

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 has been 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 has been 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

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Cash flow from operating activities before changes in working capital	429	440	1 306	1 249	1 640	1 697
Changes in working capital	50	80	-179	-27	70	-82
Cash flow from operating activities	479	520	1 127	1 222	1 710	1 615
Acquisitions	-	-2	-1 064	-295	-295	-1 064
Cash flow from other investing activities	-45	-20	-125	-84	-150	-191
Cash flow from investing activities	-45	-22	-1 189	-379	-445	-1 255
Dividend	-	-	-1 635	-585	-585	-1 635
Issue of subscription warrants	2	13	2	13	13	2
Cash flow from other financing activities	-58	-508	1 523	-248	-503	1 268
Cash flow from financing activities	-56	-495	-110	-820	-1 075	-365
Change in cash and cash equivalents	378	3	-172	23	190	-5
Cash and cash equivalents at January 1	663	1 019	1 297	978	978	1 037
Exchange-rate differences in cash and cash equivalents	-74	15	-158	36	129	-65
Cash and cash equivalents at the end of the period	967	1 037	967	1 037	1 297	967

Operating cash flow, Group

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Operating profit	470	475	1 519	1 437	1 921	2 003
Depreciation/amortisation/impairment	59	50	177	164	216	229
Change in working capital	50	80	-179	-27	70	-82
Sales of fixed assets	4	16	4	16	16	4
Investments	-49	-36	-129	-100	-166	-195
Operating Cash flow	534	585	1 392	1 490	2 057	1 959

Other key figures, Group

	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Profit margin before tax, %	15,8	17,3	16,2	17,6	17,6	16,5
Return on shareholders' equity, % R12			20,7	20,8	20,5	
Interest-coverage ratio, multiple			152	180	192	154
Net cash, MSEK			-587	759	1 268	
Sales growth adjusted for currency effects, %	11	-1	12	-6	-4	
Sales growth adjusted for currency effects and acquisitions, %	4	-5	5	-7	-6	
Cash flow per share, SEK	1,39	1,51	3,27	3,55	4,97	4,69
Cash flow per share before change in working capital, SEK	1,25	1,28	3,79	3,63	4,76	4,92

Financial instruments per category and measurement level

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

MSEK		Financial liabilities measured at fair value through profit or loss			Total
		Other financial liabilities	Carrying value	Measurement level	
Liabilities in the balance sheet					
Derivative instruments	-	0	2	0	0
Interest-bearing non-current liabilities	1 540	-	-	-	1 540
Interest-bearing current liabilities	14	-	-	-	14
Accounts payable	1 603	-	-	-	1 603
Total	3 157	0	0	0	3 157

Sep 30, 2016		Financial assets measured at fair value through profit or loss			Total
		Loans and accounts receivable	Carrying value	Measurement level	
MSEK					
Assets in the balance sheet					
Derivative instruments	-	0	2	0	0
Non-current financial assets	1	-	-	-	1
Accounts receivable	1 392	-	-	-	1 392
Cash and cash equivalents	1 037	-	-	-	1 037
Total	2 430	0	0	0	2 430

MSEK		Financial liabilities measured at fair value through profit or loss			Total
		Other financial liabilities	Carrying value	Measurement level	
Liabilities in the balance sheet					
Derivative instruments	-	0	2	0	0
Interest-bearing non-current liabilities	250	-	-	-	250
Interest-bearing current liabilities	28	-	-	-	28
Accounts payable	1 431	-	-	-	1 431
Total	1 709	0	0	0	1 709

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

MSEK	2017			2016				Full	Oct 16-	2015				Full
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Year	Sep 17	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	2 910	2 999	2 713	2 550	2 414	2 531	2 533	10 028	11 155	2 744	2 699	2 566	2 393	10 402
HEXPOL Engineered Products	228	231	223	207	213	211	220	851	902	207	211	206	203	827
Group total	3 138	3 230	2 936	2 757	2 627	2 742	2 753	10 879	12 057	2 951	2 910	2 772	2 596	11 229

Sales per geographic region

MSEK	2017			2016				Full	Oct 16-	2015				Full
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Year	Sep 17	Q1	Q2	Q3	Q4	Year
Europe	969	1 072	995	780	828	842	818	3 268	3 854	850	808	763	715	3 136
NAFTA	2 021	2 025	1 784	1 851	1 688	1 770	1 768	7 077	7 598	1 963	1 964	1 881	1 730	7 538
Asia	148	133	157	126	111	130	167	534	605	138	138	128	151	555
Group total	3 138	3 230	2 936	2 757	2 627	2 742	2 753	10 879	12 057	2 951	2 910	2 772	2 596	11 229

Operating profit per business area

MSEK	2017			2016				Full	Oct 16-	2015				Full
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Year	Sep 17	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	505	487	441	473	435	444	454	1 806	1 887	473	482	476	428	1 859
HEXPOL Engineered Products	27	30	29	24	30	31	30	115	116	22	26	29	28	105
Group total	532	517	470	497	465	475	484	1 921	2 003	495	508	505	456	1 964

Operating margin per business area

%	2017			2016				Full	Oct 16-	2015				Full
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Year	Sep 17	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	17,4	16,2	16,3	18,5	18,0	17,5	17,9	18,0	16,9	17,2	17,9	18,6	17,9	17,9
HEXPOL Engineered Products	11,8	13,0	13,0	11,6	14,1	14,7	13,6	13,5	12,9	10,6	12,3	14,1	13,8	12,7
Group total	17,0	16,0	16,0	18,0	17,7	17,3	17,6	17,7	16,6	16,8	17,5	18,2	17,6	17,5

Condensed income statement, Parent Company

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 16-
	2017	2016	2017	2016	2016	Sep 17
Sales	10	10	30	31	42	41
Administrative costs, etc.	-8	-20	-38	-56	-68	-50
Operating loss	2	-10	-8	-25	-26	-9
Financial income and expenses	128	3	281	150	1 222	1 353
Untaxed reserves	-	-	-	-	-32	-32
Profit before tax	130	-7	273	125	1 164	1 312
Tax	0	1	1	2	-21	-22
Profit after tax	130	-6	274	127	1 143	1 290

Condensed balance sheet, Parent Company

MSEK	Sep 30		Full Year
	2017	2016	2016
Fixed assets	6 308	5 414	5 676
Current assets	2 407	2 259	2 565
Total assets	8 715	7 673	8 241
Total shareholders' equity	2 374	2 720	3 735
Untaxed reserves	32	-	32
Non-current liabilities	1 540	250	-
Current liabilities	4 769	4 703	4 474
Total shareholders' equity and liabilities	8 715	7 673	8 241

Reconciliation alternative performance measures

Sales

MSEK	2017			2016					2015				
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Sales	3 138	3 230	2 936	2 757	2 627	2 742	2 753	10 879	2 951	2 910	2 772	2 596	11 229
Currency effects	118	162	-106	18	-56	6	142	110	436	401	317	198	1 352
Sales excluding currency effects	3 020	3 068	3 042	2 739	2 683	2 736	2 611	10 769	2 515	2 509	2 455	2 398	9 877
Acquisitions	128	286	182	-	38	111	110	259	427	405	334	265	1 431
Sales excluding currency effects and acquisitions	2 892	2 782	2 860	2 739	2 645	2 625	2 501	10 510	2 088	2 104	2 121	2 133	8 446

Sales growth

%	Jul-Sep		Jan-Sep		Full Year
	2017	2016	2017	2016	2016
Sales growth excluding currency effects	11	-1	12	-6	-4
Sales growth excluding currency effects and acquisitions	4	-5	5	-7	-6

Capital employed

MSEK	2017			2016				2015			
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	10 496	10 594	10 550	8 776	9 355	9 451	9 848	9 261	9 033	8 944	8 723
Provision for deferred tax	-406	-388	-396	-340	-356	-338	-407	-277	-271	-274	-349
Accounts payable	-1 753	-1 694	-1 603	-1 259	-1 358	-1 431	-1 405	-1 375	-1 378	-1 339	-1 210
Other liabilities	-141	-241	-252	-141	-69	-119	-101	-203	-147	-107	-63
Accrued expenses, prepaid income, provisions	-329	-344	-371	-296	-353	-386	-326	-384	-406	-409	-325
Total Group	7 867	7 927	7 928	6 740	7 219	7 177	7 609	7 022	6 831	6 815	6 776

Return on capital employed, R12

MSEK	Sep 30		Full Year
	2017	2016	2016
Average capital employed	7 833	6 978	7 186
Profit before tax	1 988	1 880	1 913
Interest expense	13	11	10
Total	2 001	1 891	1 923
Return on capital employed, %	25,5	27,1	26,8

Shareholders' equity

MSEK	2017			2016				2015			
	Mar 31	Jun 30	Sep 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	7 824	6 295	6 353	6 452	6 414	6 879	7 559	5 805	5 532	5 976	6 233

Return on equity, R12

MSEK	Sep 30		Full Year
	2017	2016	2016
Average shareholders' equity	7 008	6 495	6 826
Profit after tax	1 452	1 349	1 397
Return on equity, %	20,7	20,8	20,5

Net cash

MSEK	Sep 30		Full Year
	2017	2016	2016
Cash and cash equivalents	967	1 037	1 297
Non-current interest-bearing liabilities	-1 540	-250	-
Current interest-bearing liabilities	-14	-28	-29
Net cash	-587	759	1 268

Equity/assets ratio

MSEK	Sep 30		Full Year
	2017	2016	2016
Shareholders' equity	6 353	6 879	7 559
Total assets	10 550	9 451	9 848
Equity/assets ratio, %	60	73	77

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.
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 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.