



Press release, Malmö, Sweden, July 1, 2019

HEXPOL strengthens global positions in advanced polymer compounds by acquiring Preferred Compounding

HEXPOL is pleased to announce the acquisition of Preferred Compounding from the Audax Group, a US based Private Equity firm. Preferred Compounding is a well-run and profitable advanced rubber compounder in North America, and key markets include general industry, automotive, power and infrastructure. Preferred had sales in 2018 of approx. 240 MUSD and around 540 employees in six facilities, five in the US and one in Mexico.

With this acquisition HEXPOL takes a key step towards our vision of being the market's preferred choice. It is a strategic move to secure global capacity and competence in advanced polymer compounds for our customers. Preferred Compounding brings an especially significant competitive advantage to our customers in the Americas region, with improved supply chain and leading research, development and engineering services. Preferred Compounding's high performance elastomer capabilities further strengthens our offering which means a further step within high performance elastomers, following the acquisitions of the Mesgo Group and Kirkhill Rubber.

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

Integration will start immediately, and possible restructuring and cost synergies will be evaluated and communicated separately at a later stage.

"Preferred Compounding has a legacy of technical excellence with a product suite of over 7,500 compounds designed for the most critical applications. Further, approximately 70% of the compounds are derived from proprietary or enhanced co-developments serviced by highly strategic relationships. This transaction immediately leverages our global supply chain and adds new capabilities, application knowhow and additional customer base to HEXPOL Compounding Americas as well as broadens and strengthens our presence".

Tracy Garrison, President HEXPOL Compounding Americas

"This acquisition will strengthen our global positions in advanced polymer compounds with improved supply chain, cutting-edge expertise in polymer materials and solid knowledge of applications. We would like to thank Mr Ken Bloom, Preferred Compounding CEO for the development of a well-run organization. I wish him all the best as he continues to pursue other professional interests.

Lastly and most importantly, this acquisition brings many new and very experienced people into our group. Welcome aboard!"

Mikael Fryklund, President and CEO HEXPOL Group

The acquisition price amounts to approximately 232 MUSD on a cash and debt free basis and is funded by a combination of cash, existing bank facilities and a new credit facility. The business will be consolidated from July 1st 2019.

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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 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.

This press release consists of such information that HEXPOL AB (publ) 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 10:10 p.m. CET on July 1, 2019.

This is a non-official translation of the Swedish original wording. In case of discrepancies between the English translation and the Swedish original, the Swedish text shall prevail.

