

Half-year report January-June 2019

Published on July 18, 2019

Second quarter 2019 – Increased sales and strategic acquisition

- Sales increased 6 per cent to 3,685 MSEK (3,461).
- EBITA amounted to 566 MSEK (568).
- EBITA margin amounted to 15.4 per cent (16.4).
- Operating profit amounted to 551 MSEK (561).
- Operating margin amounted to 15.0 per cent (16.2).
- Profit after tax amounted to 413 MSEK (426).
- Earnings per share amounted to 1.20 SEK (1.24).
- Operating cash flow increased to 709 MSEK (522).
- July 1st Preferred Compounding, a notable Rubber Compounder in North America, was acquired.

First half of 2019 – Increased sales and higher result

- Sales increased 11 per cent to 7,490 MSEK (6,770).
- EBITA increased 5 per cent to 1,173 MSEK (1,115).
- EBITA margin amounted to 15.7 per cent (16.5).
- Operating profit increased by 3 per cent to 1,137 MSEK (1,101).
- Operating margin amounted to 15.2 per cent (16.3).
- Profit after tax increased 2 per cent to 851 MSEK (837).
- Earnings per share increased 2 per cent to 2.47 SEK (2.43).
- Operating cash flow increased to 1,063 MSEK (824).

President's comments

“The sales increased 6 per cent while operating profit was slightly lower, in the second quarter 2019. Organically we had a negative sales development in the quarter and saw consequently a continued softening in demand mainly from automotive related customers. The lower organic volume was managed in a good way. The operating cash flow was strong and increased by 36 per cent. We are very pleased with the acquisition of Preferred Compounding, in the beginning of July, which strengthens our global positions within advanced polymer compounds with improved supply chain, excellence within polymer materials and solid application knowhow. The sales increased 11 per cent and earnings per share increased to 2.47 SEK, in the first half-year 2019. Our financial position remains strong and we are well equipped for further expansion.”

Mikael Fryklund, President and CEO

Group summary

Key figures MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Sales	3 685	3 461	7 490	6 770	13 770	14 490
EBITA	566	568	1 173	1 115	2 183	2 241
EBITA margin, %	15,4	16,4	15,7	16,5	15,9	15,5
Operating profit, EBIT	551	561	1 137	1 101	2 150	2 186
Operating margin, EBIT %	15,0	16,2	15,2	16,3	15,6	15,1
Profit before tax	548	562	1 130	1 102	2 161	2 189
Profit after tax	413	426	851	837	1 646	1 660
Earnings per share before dilution, SEK	1,20	1,24	2,47	2,43	4,78	4,82
Earnings per share after dilution, SEK	1,20	1,24	2,47	2,43	4,78	4,82
Equity/assets ratio, %			58	67	59	
Return on capital employed, % R12			19,1	24,6	22,5	
Operating cash flow	709	522	1 063	824	2 019	2 258

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 2018 amounted to 13,770 MSEK. The HEXPOL Group has approximately 5,100 employees in fourteen countries. Further information is available at www.hexpol.com.

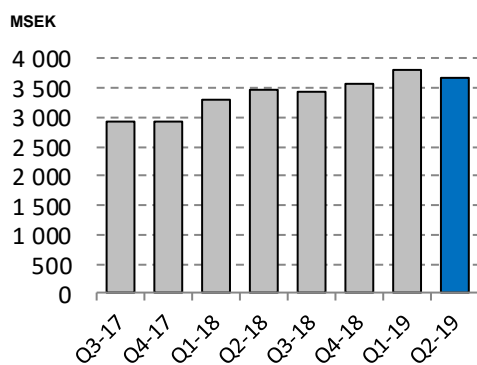
Second quarter of 2019

The HEXPOL Group's sales (including the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018) increased 6 per cent to 3,685 MSEK (3,461) during the quarter. Exchange rate fluctuations affected the overall sales positively by 198 MSEK, mainly due to a strengthening of the USD.

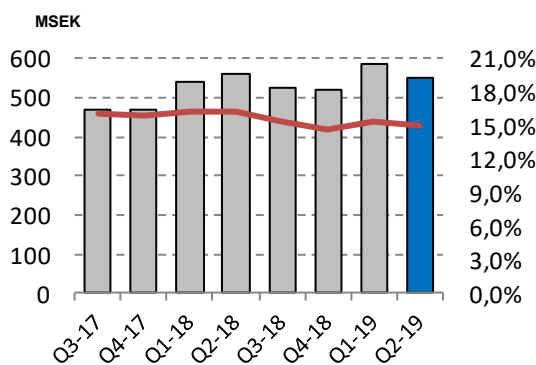
The volume were slightly lower including the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018. Sales growth adjusted for currency effects amounted to 1 per cent. Sales growth adjusted for currency effects and acquisitions amounted to negative 10 per cent.

Operating profit amounted to 551 MSEK (561) and the operating margin amounted to 15.0 per cent (16.2). The operating margin was affected by lower organic volume, mix changes and amortisation of acquired intangible assets. Operating profit before amortisation of intangible assets, EBITA, amounted to 566 MSEK (568), which meant that the EBITA margin amounted to 15.4 per cent (16.4). Exchange rate fluctuations affected the operating profit positively by 30 MSEK in the quarter.

Sales



Operating profit & operating margin



The HEXPOL Compounding business area's sales (incl. the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018) increased 7 per cent to 3,418 MSEK (3,207) during the quarter. Operating profit amounted to 516 MSEK (526) and the operating margin amounted to 15.1 per cent (16.4).

The HEXPOL Engineered Products business area's sales increased 5 per cent to 267 MSEK (254) during the quarter. Operating profit amounted to 35 MSEK (35), and the operating margin amounted to 13.1 per cent (13.8).

Sales in Europe increased by 22 per cent and in Asia by 3 per cent, while the sales decreased by 2 per cent in Americas compared to the corresponding year earlier period.

The Group's operating cash flow increased to 709 MSEK (522). The Group's net financial items amounted to an expense of 3 MSEK (1).

Profit before tax amounted to 548 MSEK (562). Profit after tax amounted to 413 MSEK (426) and earnings per share amounted to 1.20 SEK (1.24).

January - June 2019

The HEXPOL Group's sales (including the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018) increased 11 per cent to 7,490 MSEK (6,770) during the first half-year. Exchange rate fluctuations affected the overall sales positively by 496 MSEK, mainly due to a strengthening of the USD.

The volume development was stable including the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018. Sales growth adjusted for currency effects amounted to 3 per cent. Sales growth adjusted for currency effects and acquisitions amounted to negative 8 per cent.

Operating profit increased 3 per cent to 1,137 MSEK (1,101) and the operating margin amounted to 15.2 per cent (16.3). The operating margin was affected by lower organic volume, mix changes and

amortisation of acquired intangible assets. Operating profit before amortisation of intangible assets, EBITA, increased to 1,173 MSEK (1,115), which meant that the EBITA margin amounted to 15.7 per cent (16.5). Exchange rate fluctuations affected the operating profit positively by 81 MSEK during the first half-year.

The HEXPOL Compounding business area's sales (incl. the operations of Kirkhill Rubber and Mesgo Group, acquired during 2018) increased 11 per cent to 6,957 MSEK (6,264) during the first half-year. Operating profit increased 4 per cent to 1,069 MSEK (1,032) and the operating margin amounted to 15.4 per cent (16.5).

The HEXPOL Engineered Products business area's sales increased 5 per cent to 533 MSEK (506) during the first half-year. Operating profit amounted to 68 MSEK (69), and the operating margin amounted to 12.8 per cent (13.6).

Sales in Europe increased by 26 per cent and in Americas by 3 per cent, while the sales decreased by 5 per cent in Asia compared to the corresponding year earlier period.

The Group's operating cash flow increased to 1,063 MSEK (824) during the first half-year. The Group's net financial items amounted to an expense of 7 MSEK (1).

Profit before tax increased 3 percent to 1,130 MSEK (1,102) during the first half-year. Profit after tax increased to 851 MSEK (837) and earnings per share increased to 2.47 SEK (2.43).

Profitability

The return on average capital employed, R12, amounted to 19.1 per cent (24.6). The return on shareholders' equity, R12, amounted to 18.9 per cent (22.4).

Financial position and liquidity

The equity/assets ratio was still strong and amounted to 58 per cent (67). The Group's total assets amounted to 15,720 MSEK (11,760). Net debt amounted to 1,425 MSEK (net cash 57), of which 347 MSEK relates to financial leasing liabilities according to IFRS 16.

The Group had 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.
- A credit agreement with a limit of 1,500 MSEK that will fall due in September 2021.

Cash flow

The operating cash flow increased to 1,063 MSEK (824). Cash flow from operating activities increased to 881 MSEK (725).

Investments, depreciation and amortisation

The Group's investments amounted to 103 MSEK (99) and refers mainly to regular maintenance investments. Depreciation, amortisation and impairment amounted to 204 MSEK (127), of which 37 MSEK relates to leased assets according to IFRS 16.

Tax expenses

The Group's tax expenses amounted to 279 MSEK (265), which corresponds to a tax rate of 24.7 per cent (24.0).

Personnel

The number of employees at the end of the period was 4,629 (4,429). The increase relates mainly to the operations in Kirkhill Rubber and Mesgo Group that was acquired during the fall 2018.

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 transportation, energy, oil and gas industry, consumer industries, wire and cable industries and medical equipment industries.

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Sales	3 418	3 207	6 957	6 264	12 745	13 438
Operating profit, EBIT	516	526	1 069	1 032	2 006	2 043
Operating margin, EBIT %	15,1	16,4	15,4	16,5	15,7	15,2

HEXPOL Compounding's sales (including the operations of Kirkhill Rubber and Mesgo Group, acquired during the fall 2018) increased by 7 per cent to 3,418 MSEK (3,207), during the second quarter. When the sales decline at customers within rubber compounding with own mixing capacity, they tend to insource somewhat more, which has affected the organic sales growth.

Operating profit amounted to 516 MSEK (526) and the operating margin amounted to 15.1 per cent (16.4). The operating margin was affected by lower organic volume, mix changes and amortisation of acquired intangible assets.

The raw material prices on our main raw materials were stable compared with both the first quarter 2019 as the corresponding quarter last year.

The volume was slightly lower in total, with higher volumes in Europe, while the volumes in America and Asia were lower. Adjusted for the acquired operations in Mesgo Group the volumes were stable in Europe.

HEXPOL Compounding America's sales were lower during the quarter, with lower sales to automotive related customers and to customers within building & construction and engineering & general industry. However, the sales were slightly higher to customers within wire and cable industry as well as energy, oil and gas.

Sales in HEXPOL Compounding Europe increased during the quarter and excluding the acquired Mesgo Group the sales were stable. Sales increased to automotive related customers and to customers within engineering & general industry, building & construction, and wire and cable industry. Excluding the acquired Mesgo Group, sales were lower to automotive related customers.

HEXPOL Compounding Asia's sales were lower during the quarter, mainly due to lower demand from automotive related customers in China.

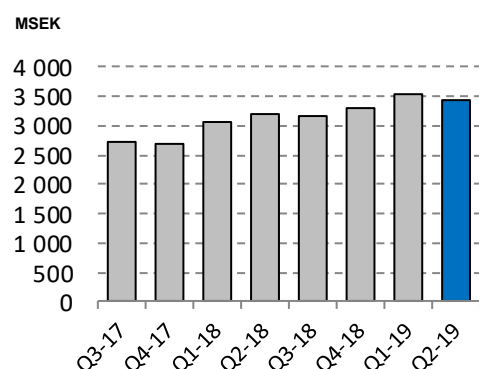
HEXPOL TPE Compounding sales were stable during the quarter, with higher sales in Asia, however from a low level.

HEXPOL TP Compounding's sales were lower during the quarter, mainly affected by lower sales to automotive related customers.

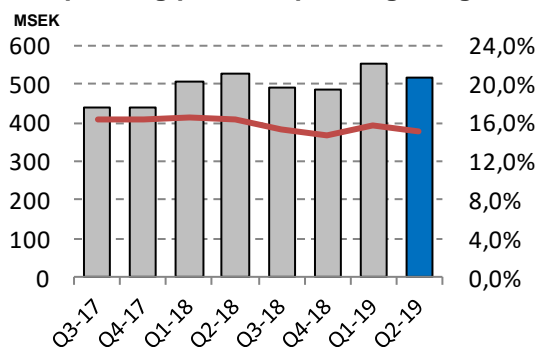
Mesgo Group, that was acquired in October 2018, has been integrated in HEXPOL Compounding Europe's organisation and develop according to plan.

Kirkhill Rubber, that was acquired in September 2018, have during the quarter completed the planned transfer of the production in Downey, California, US to Long Beach, California, US.

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.

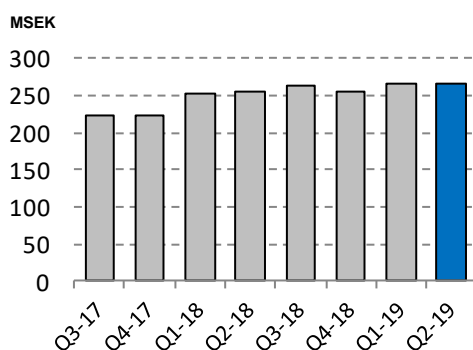
MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Sales	267	254	533	506	1 025	1 052
Operating profit, EBIT	35	35	68	69	144	143
Operating margin, EBIT %	13,1	13,8	12,8	13,6	14,0	13,6

The HEXPOL Engineered Products business area's sales increased 5 per cent to 267 MSEK (254) during the second quarter. Operating profit amounted to 35 MSEK (35), and the operating margin amounted to 13.1 per cent (13.8). Operating profit was affected by delivery problem of an important raw material to one of HEXPOL Wheels plants.

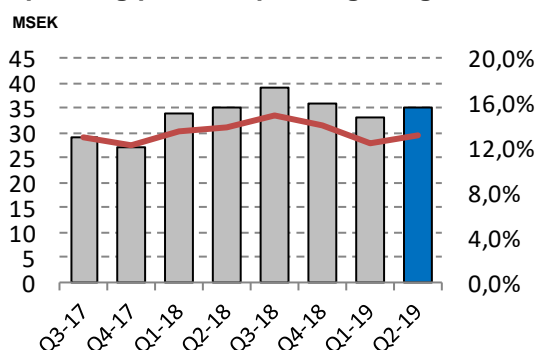
The sales for the HEXPOL Gaskets product area was higher, compared to the corresponding quarter last year.

Also the sales for HEXPOL Wheels product area was higher, mainly to customers within material handling, compared to the corresponding quarter last year.

Sales



Operating profit & operating margin



Parent Company

The Parent Company's profit after tax amounted to 168 MSEK (167). Shareholders' equity increased to 3,814 MSEK (2,571).

Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2018 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 half-year 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 2018 Annual Report have also been applied in this half-year report. No new or revised IFRS that came into force in 2019 have had any significant impact on the Group's financial reports, except IFRS 16.

IFRS 16 – Leases

This standard came into force January 1, 2019 and implicate that assets and liabilities attributable to leasing agreements are recognised in the balance sheet. The leasing agreements mainly cover operational leasing agreements for buildings, production- and office equipment and vehicles. The Group has chosen to apply a simplified transition method and has applied the expedient to not restate any comparative information. A single discount rate per currency has been established. Right-of-use periods have been determined based on the term of the agreement. Right-of-use agreement shorter than 12 months or with a value as new below 5 KUSD is not reported as liabilities.

Alternative Performance Measures (APMs)

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 12,995 shareholders on June 30, 2019. The largest shareholder is Melker Schörling AB with 25 per cent of the capital and 46 per cent of the voting rights. The twenty largest shareholders own 70 per cent of the capital and 78 per cent of the voting rights.

Significant subsequent events

July 1st, Preferred Compounding, a notable rubber compounder in North America, was acquired. Preferred Compounding had sales in 2018 of approx. 240 MUSD and around 540 employees in six facilities, five in the US and one in Mexico. The acquisition price amounts to approx. 232 MUSD on a cash and debt free basis. The Group's ownership is 100 per cent and the business will be consolidated from July 2019. Acquisition related costs are estimated to approx. 2 MUSD and will be expensed in the third quarter. Integration and restructuring costs and cost synergies will be evaluated and reported later. Also, July 1st a new credit agreement was signed with a limit of 2,000 MSEK that will fall due in July 2022.

Invitation to the presentation of the report

This report will be presented via a telephone conference on July 18 at 12:00 p.m. CET. The presentation, as well as the information concerning participation, is available at www.hexpol.com

Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

- | | |
|---|------------------|
| ▪ Interim report January-September 2019 | October 24, 2019 |
| ▪ Year-end report 2019 | January 30, 2020 |
| ▪ Interim report January-March 2020 | April 28, 2020 |
| ▪ Annual General Meeting 2020 | April 28, 2020 |

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

The half-year report January – June 2019 has not been audited by HEXPOL AB's auditors.

Board Assurance

The half-year report provides a fair view of the Parent Company's and the Group's operations, financial position and results. It also describes the significant risks and uncertainties facing the Parent company and the companies included in the Group.

Malmö, Sweden July 18, 2019
HEXPOL AB (publ.)

Mikael Fryklund
President and CEO

Georg Brunstam
Chairman of the Board

Alf Göransson

Malin Persson

Jan-Anders E. Månson

Kerstin Lindell

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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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 11:00 a.m. CET on July 18, 2019. 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.

Condensed consolidated income statement

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Sales	3 685	3 461	7 490	6 770	13 770	14 490
Cost of goods sold	-2 919	-2 711	-5 909	-5 294	-10 846	-11 461
Gross profit	766	750	1 581	1 476	2 924	3 029
Selling and administrative cost, etc.	-215	-189	-444	-375	-774	-843
Operating profit	551	561	1 137	1 101	2 150	2 186
Financial income and expenses	-3	1	-7	1	11	3
Profit before tax	548	562	1 130	1 102	2 161	2 189
Tax	-135	-136	-279	-265	-515	-529
Profit after tax	413	426	851	837	1 646	1 660
- of which, attributable to Parent Company shareholders	413	426	851	837	1 646	1 660
Earnings per share before dilution, SEK	1,20	1,24	2,47	2,43	4,78	4,82
Earnings per share after dilution, SEK	1,20	1,24	2,47	2,43	4,78	4,82
Shareholders' equity per share, SEK			26,35	22,90	24,96	
Average number of shares, 000s	344 201	344 201	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-100	-66	-204	-127	-259	-336

Condensed statement of comprehensive income

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Profit after tax	413	426	851	837	1 646	1 660
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit pension plans	0	0	0	0	-2	-2
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	0	-50	-1	-60	122	181
Income tax relating to items that may be reclassified to the income statement	0	11	0	13	-27	-40
Translation differences	44	484	408	753	514	169
Comprehensive income	457	871	1 258	1 543	2 253	1 968
- of which, attributable to Parent Company's shareholders	457	871	1 258	1 543	2 253	1 968

Condensed consolidated balance sheet

MSEK	Jun 30		Dec 31
	2019	2018	2018
Intangible fixed assets	7 739	5 600	7 637
Tangible fixed assets	2 362	1 840	1 999
Financial fixed assets	3	1	25
Deferred tax asset	38	84	37
Total fixed assets	10 142	7 525	9 698
Inventories	1 353	1 050	1 405
Accounts receivable	2 225	1 963	1 925
Other receivables	205	136	210
Prepaid expenses and accrued income	57	64	54
Cash and cash equivalents	1 738	1 022	1 164
Total current assets	5 578	4 235	4 758
Total assets	15 720	11 760	14 456
Equity attributable to Parent Company's shareholders	9 068	7 882	8 592
Total shareholders' equity	9 068	7 882	8 592
Interest-bearing liabilities	2 264	950	2 308
Other liabilities	442	-	476
Provision for deferred tax	499	352	539
Provision for pensions	44	22	42
Total non-current liabilities	3 249	1 324	3 365
Interest-bearing liabilities	902	16	24
Accounts payable	1 908	1 977	1 913
Other liabilities	254	216	216
Accrued expenses, prepaid income, provisions	339	345	346
Total current liabilities	3 403	2 554	2 499
Total shareholders' equity and liabilities	15 720	11 760	14 456

Consolidated changes in shareholders' equity

MSEK	Jun 30, 2019		Jun 30, 2018		Dec 31, 2018	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	8 592	8 592	7 010	7 010	7 010	7 010
Effects of transition to IFRS 16 Leases	-8	-8	-	-	-	-
Converted opening equity	8 584	8 584	7 010	7 010	7 010	7 010
Comprehensive income	1 258	1 258	1 543	1 543	2 253	2 253
Dividend	-774	-774	-671	-671	-671	-671
Closing Equity	9 068	9 068	7 882	7 882	8 592	8 592

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 were 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 was 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. The warrants gives the right to subscribe for shares during the period June 1, 2019 - December 31, 2020.

Condensed consolidated cash-flow statement

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Cash flow from operating activities before changes in working capital	449	466	1 056	1 030	1 989	2 015
Changes in working capital	115	-56	-175	-305	-183	-53
Cash flow from operating activities	564	410	881	725	1 806	1 962
Acquisitions	7	-12	22	-41	-2 190	-2 127
Cash flow from other investing activities	-57	-49	-103	-99	-207	-211
Cash flow from investing activities	-50	-61	-81	-140	-2 397	-2 338
Dividend	-774	-671	-774	-671	-671	-774
Cash flow from other financing activities	777	126	484	127	1 446	1 803
Cash flow from financing activities	3	-545	-290	-544	775	1 029
Change in cash and cash equivalents	517	-196	510	41	184	653
Cash and cash equivalents at January 1	1 219	1 107	1 164	813	813	1 022
Exchange-rate differences in cash and cash equivalents	2	111	64	168	167	63
Cash and cash equivalents at the end of the period	1 738	1 022	1 738	1 022	1 164	1 738

Operating cash flow, Group

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Operating profit	551	561	1 137	1 101	2 150	2 186
Depreciation/amortisation/impairment	100	66	204	127	259	336
Change in working capital	115	-56	-175	-305	-183	-53
Sales of fixed assets	0	0	0	0	0	0
Investments	-57	-49	-103	-99	-207	-211
Operating Cash flow	709	522	1 063	824	2 019	2 258

Other key figures, Group

	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Profit margin before tax, %	14,9	16,2	15,1	16,3	15,7	15,1
Return on shareholders' equity, % R12			18,9	22,4	20,4	
Interest-coverage ratio, multiple			67	139	121	85
Net debt, MSEK			-1 425	57	-1 143	
Sales growth adjusted for currency effects, %	1	6	3	8	9	
Sales growth adjusted for currency effects and acquisitions, %	-10	6	-8	5	4	
Cash flow per share, SEK	1,64	1,19	2,56	2,11	5,25	5,70
Cash flow per share before change in working capital, SEK	1,30	1,35	3,07	2,99	5,78	5,86

Financial instruments per category and measurement level

Jun 30, 2019	Financial assets measured at fair value through profit or loss			Total
	Financial assets measured at amortized costs	Carrying value	Measurement level	
MSEK				
Assets in the balance sheet				
Non-current financial assets	3	-		3
Accounts receivable	2 225	-		2 225
Cash and cash equivalents	1 738	-		1 738
Total	3 966	-		3 966

MSEK	Financial liabilities measured at fair value through profit or loss			Total
	Financial liabilities measured at amortized costs	Carrying value	Measurement level	
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	2 264	-		2 264
Liabilities to minority shareholders	-	442	3	442
Interest-bearing current liabilities	902	-		902
Accounts payable	1 908	-		1 908
Supplementary purchase price	-	28	3	28
Other liabilities	226	-		226
Accrued expenses, prepaid income, provisions	339	-		339
Total	5 639	470		6 109

Jun 30, 2018	Financial assets measured at fair value through profit or loss			Total
	Financial assets measured at amortized costs	Carrying value	Measurement level	
MSEK				
Assets in the balance sheet				
Derivative instruments	-	1	2	1
Non-current financial assets	1	-		1
Accounts receivable	1 963	-		1 963
Cash and cash equivalents	1 022	-		1 022
Total	2 986	1		2 987

MSEK	Financial liabilities measured at fair value through profit or loss			Total
	Financial liabilities measured at amortized costs	Carrying value	Measurement level	
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	950	-		950
Interest-bearing current liabilities	16	-		16
Accounts payable	1 977	-		1 977
Other liabilities	216	-		216
Accrued expenses, prepaid income, provisions	345	-		345
Total	3 504	-		3 504

Derivatives consist of currency forward contracts and are used for hedging purposes and are measured at the level 2. Fair value are consistent in all material respects with the accounting value in the balance sheet.

Quarterly data, Group

Sales per business area

MSEK	2019		2018				Full	Jul 18-	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 19	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	3 539	3 418	3 057	3 207	3 180	3 301	12 745	13 438	2 910	2 999	2 713	2 704	11 326
HEXPOL Engineered Products	266	267	252	254	263	256	1 025	1 052	228	231	223	222	904
Group total	3 805	3 685	3 309	3 461	3 443	3 557	13 770	14 490	3 138	3 230	2 936	2 926	12 230

Sales per geographic region

MSEK	2019		2018				Full	Jul 18-	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 19	Q1	Q2	Q3	Q4	Year
Europe	1 519	1 439	1 162	1 181	1 114	1 317	4 774	5 389	969	1 072	995	1 006	4 042
Americas	2 127	2 066	1 967	2 105	2 126	2 056	8 254	8 375	2 021	2 025	1 784	1 737	7 567
Asia	159	180	180	175	203	184	742	726	148	133	157	183	621
Group total	3 805	3 685	3 309	3 461	3 443	3 557	13 770	14 490	3 138	3 230	2 936	2 926	12 230

Sales per geographic region HEXPOL Compounding

MSEK	2019		2018				Full	Jul 18-	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 19	Q1	Q2	Q3	Q4	Year
Europe	1 380	1 298	1 031	1 042	985	1 184	4 242	4 847	852	954	883	886	3 575
Americas	2 053	1 999	1 903	2 043	2 056	1 984	7 986	8 092	1 957	1 961	1 728	1 681	7 327
Asia	106	121	123	122	139	133	517	499	101	84	102	137	424
Group total	3 539	3 418	3 057	3 207	3 180	3 301	12 745	13 438	2 910	2 999	2 713	2 704	11 326

Sales per geographic region HEXPOL Engineered Products

MSEK	2019		2018				Full	Jul 18-	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 19	Q1	Q2	Q3	Q4	Year
Europe	139	141	131	139	129	133	532	542	117	118	112	120	467
Americas	74	67	64	62	70	72	268	283	64	64	56	56	240
Asia	53	59	57	53	64	51	225	227	47	49	55	46	197
Group total	266	267	252	254	263	256	1 025	1 052	228	231	223	222	904

Operating profit per business area

MSEK	2019		2018				Full	Jul 18-	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 19	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	553	516	506	526	488	486	2 006	2 043	505	487	441	440	1 873
HEXPOL Engineered Products	33	35	34	35	39	36	144	143	27	30	29	27	113
Group total	586	551	540	561	527	522	2 150	2 186	532	517	470	467	1 986

Operating margin per business area

%	2019		2018				Full	Jul 18-	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Jun 19	Q1	Q2	Q3	Q4	Year
HEXPOL Compounding	15,6	15,1	16,6	16,4	15,3	14,7	15,7	15,2	17,4	16,2	16,3	16,3	16,5
HEXPOL Engineered Products	12,4	13,1	13,5	13,8	14,8	14,1	14,0	13,6	11,8	13,0	13,0	12,2	12,5
Group total	15,4	15,0	16,3	16,2	15,3	14,7	15,6	15,1	17,0	16,0	16,0	16,0	16,2

Condensed income statement, Parent Company

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 18-
	2019	2018	2019	2018	2018	Jun 19
Sales	13	12	27	23	47	51
Administrative costs, etc.	-13	-9	-31	-28	-60	-63
Operating loss	0	3	-4	-5	-13	-12
Financial income and expenses	172	122	169	170	1 970	1 969
Untaxed reserves	-	-	-	-	61	61
Profit before tax	172	125	165	165	2 018	2 018
Tax	2	1	3	2	-1	0
Profit after tax	174	126	168	167	2 017	2 018

Condensed balance sheet, Parent Company

MSEK	Jun 30		Full Year
	2019	2018	2018
Fixed assets	8 969	6 371	8 956
Current assets	2 081	1 838	1 851
Total assets	11 050	8 209	10 807
Total shareholders' equity	3 814	2 571	4 421
Untaxed reserves	-	61	-
Non-current liabilities	1 981	950	2 290
Current liabilities	5 255	4 627	4 096
Total shareholders' equity and liabilities	11 050	8 209	10 807

Effects of the transition to IFRS 16 Leases

From January 1, 2019, the new accounting standard IFRS 16 Leases is applied, which mean the assets and liability attributable to leasing agreement are reported in the balance sheet. The effects of the transition to IFRS 16 Leases are presented below in the balance sheet and income statement.

Condensed consolidated income statement

	Jan-Jun 2019 excl IFRS 16	Jan-Jun 2019 IFRS 16 effect	Jan-Jun 2019 incl IFRS 16
MSEK			
Sales	7 490	-	7 490
Cost of goods sold	-5 911	2	-5 909
Gross profit	1 579	2	1 581
Selling and administrative cost, etc.	-445	1	-444
Operating profit	1 134	3	1 137
Financial income and expenses	-1	-6	-7
Profit before tax	1 133	-3	1 130
Tax	-280	1	-279
Profit after tax	853	-2	851
- of which, attributable to Parent Company shareholders	853	-2	851
Depreciation, amortisation and impairment	-167	-37	-204

Condensed consolidated balance sheet

MSEK	OB/CB - analysis			Jun 30	Jun 30	Jun 30
	CB 1812	IFRS 16		2019	2019	2019
		effect	OB 1901	excl IFRS 16	IFRS 16 effect	incl IFRS 16
Fixed assets	9 698	359	10 057	9 803	339	10 142
Current assets	4 758	-	4 758	5 578	-	5 578
Total assets	14 456	359	14 815	15 381	339	15 720
Equity attributable to Parent Company's shareholders	8 592	-6	8 586	9 076	-8	9 068
Total shareholders' equity	8 592	-6	8 586	9 076	-8	9 068
Non-current liabilities	3 365	280	3 645	2 983	266	3 249
Current liabilities	2 499	85	2 584	3 322	81	3 403
Total current liabilities	5 864	365	6 229	6 305	347	6 652
Total shareholders' equity and liabilities	14 456	359	14 815	15 381	339	15 720

Reconciliation alternative performance measures

Sales

MSEK	2019		2018				Full	2017				Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Sales	3 805	3 685	3 309	3 461	3 443	3 557	13 770	3 138	3 230	2 936	2 926	12 230
Currency effects	298	198	-153	36	313	230	426	118	162	-106	-169	5
Sales excluding currency effects	3 507	3 487	3 462	3 425	3 130	3 327	13 344	3 020	3 068	3 042	3 095	12 225
Acquisitions	380	356	210	0	31	330	571	128	286	182	186	782
Sales excluding currency effects and acquisitions	3 127	3 131	3 252	3 425	3 099	2 997	12 773	2 892	2 782	2 860	2 909	11 443

Sales growth

%	Apr-Jun		Jan-Jun		Full
	2019	2018	2019	2018	Year
Sales growth excluding currency effects	1	6	3	8	9
Sales growth excluding currency effects and acquisitions	-10	6	-8	5	4

EBITA %

MSEK	Apr-Jun		Jan-Jun		Full	Jul 18-
	2019	2018	2019	2018	Year	Jun 19
Sales	3 685	3 461	7 490	6 770	13 770	14 490
Operating profit	551	561	1 137	1 101	2 150	2 186
Amortisation and impairment of intangible assets	15	7	36	14	33	55
Total EBITA	566	568	1 173	1 115	2 183	2 241
EBITA%	15,4	16,4	15,7	16,5	15,9	15,5

Capital employed

MSEK	2019		2018				2017			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	15 422	15 720	11 301	11 760	12 664	14 456	10 496	10 594	10 550	10 350
Provision for deferred tax	-549	-499	-336	-352	-356	-539	-406	-388	-396	-331
Accounts payable	-1 990	-1 908	-1 879	-1 977	-1 848	-1 913	-1 753	-1 694	-1 603	-1 626
Other liabilities	-253	-254	-236	-216	-210	-216	-141	-241	-252	-197
Accrued expenses, prepaid income, provisions	-327	-339	-307	-345	-393	-346	-329	-344	-371	-325
Total Group	12 303	12 720	8 543	8 870	9 857	11 442	7 867	7 927	7 928	7 871

Return on capital employed, R12

MSEK	Jun 30		Full
	2019	2018	Year
Average capital employed	11 581	8 303	9 678
Profit before tax	2 189	2 030	2 161
Interest expense	26	16	18
Total	2 215	2 046	2 179
Return on capital employed, %	19,1	24,6	22,5

Interest-coverage ratio, multiple

MSEK	Jan-Jun		Full	Jul 18-
	2019	2018	Year	Jun 19
Profit before tax	1 130	1 102	2 161	2 189
Interest expense	17	8	18	26
Total	1 147	1 110	2 179	2 215
Interest-coverage ratio, multiple	67	139	121	85

Shareholders' equity

MSEK	2019		2018				2017			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	9 387	9 068	7 682	7 882	8 151	8 592	7 824	6 295	6 353	7 010

Return on equity, R12

MSEK	Jun 30		Full
	2019	2018	Year
Average shareholders' equity	8 800	7 232	8 077
Profit after tax	1 660	1 619	1 646
Return on equity, %	18,9	22,4	20,4

Net debt

MSEK	Jun 30		Full
	2019	2018	Year
Financial assets	3	1	25
Cash and cash equivalents	1 738	1 022	1 164
Non-current interest-bearing liabilities	-2 264	-950	-2 308
Current interest-bearing liabilities	-902	-16	-24
Net debt	-1 425	57	-1 143

Equity/assets ratio

MSEK	Jun 30		Full
	2019	2018	Year
Shareholders' equity	9 068	7 882	8 592
Total assets	15 720	11 760	14 456
Equity/assets ratio, %	58	67	59

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.
Earnings per share after dilution	Profit after tax, in relation to the average number of shares outstanding adjusted for the dilution effect of warrants.
Earnings per share excl. non-recurring effects	Profit after tax excluding non-recurring effects, in relation to the average number of shares outstanding.
EBIT	Operating profit.
EBITA	Operating profit excluding amortisation and impairment of intangible assets.
EBITA margin	Operating profit excluding amortisation and impairment of intangible assets in relation to sales.
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 incl. new leasing agreements and plus sales of tangible and intangible assets, and after changes in working capital.
Operating margin, EBIT	Operating profit in relation to the sales.
Other investing activities	Investments and sales of intangible and tangible assets.
Profit excl. non-recurring effects	Profit after tax excluding non-recurring effects.
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.