



## Interim report January-September 2014

Published on 24 October 2014

### Third quarter 2014 – Continued strong volume development – best result so far

- Sales rose 13 per cent to 2,312 MSEK (2,039).
- Operating profit increased 20 per cent to 388 MSEK (324).
- Operating margin improved to 16.8 per cent (15.9).
- Profit after tax rose 21 per cent to 280 MSEK (232).
- Earnings per share increased 21 per cent to 8.13 SEK (6.74).
- Operating cash flow increased to 460 MSEK (395).
- On August 1 the business of Kardoes Rubber Co., a well-known Rubber Compounder in the US market, was acquired.
- An agreement was signed October 8 to acquire the business of VIGAR Rubber Compounding, a well-known Rubber Compounder in the Spanish and German market.

### Jan-Sep 2014 – Strong volume increases in all geographical regions

- Sales rose 8 per cent to 6,588 MSEK (6,113).
- Operating profit increased 19 per cent to 1,112 MSEK (934).
- Operating margin improved to 16.9 per cent (15.3).
- Profit after tax rose 18 per cent to 800 MSEK (676).
- Earnings per share increased 18 per cent to 23.24 SEK (19.64).
- Operating cash flow rose to 1,159 MSEK (1,020).

### President's comments

"The third quarter of 2014 was again a strong quarter for the HEXPOL Group, our best so far. The volume development was again positive in all geographic regions and gratifying is that volumes in Europe continued to improve. Group sales improved 13 per cent and operating profit improved by 20 per cent. Our earnings per share improved to 8.13 SEK (6.74), and the operating cash flow continued to be strong. The acquisition of Kardoes Rubber Co. was finalized during the quarter. The acquisition is a good complement to HEXPOL Compounding in US and broadens and strengthens our presence with rubber compounds in end user markets such as industrial materials handling and agriculture equipment.

January-September 2014 was a period with strong volume increases in all geographic regions and with strong earnings development. Our earnings per share rose 18 per cent to 23.24 SEK (19.64). Our balance sheet is strong and, with a net debt of 36 MSEK (666), we are well equipped for continued expansion.

An agreement was signed October 8 to acquire the business of VIGAR Rubber Compounding with manufacturing facilities in Rubi, Spain and in Viersen, Germany. The acquisition is a very good complement to HEXPOL Compounding in Europe and broadens and strengthens our presence with Rubber Compounds in the Spanish and German market."

*Georg Brunstam, President and CEO*

### Group summary

Key Figures MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Sales	2 312	2 039	6 588	6 113	8 036	8 511
Operating profit, EBIT	388	324	1 112	934	1 255	1 433
Operating margin, %	16,8	15,9	16,9	15,3	15,6	16,8
Profit before tax	384	321	1 096	919	1 236	1 413
Profit after tax	280	232	800	676	930	1 054
Earnings per share, SEK	8,13	6,74	23,24	19,64	27,02	30,62
Equity/assets ratio, %			64,2	54,6	61,5	
Return on capital employed, %			29,9	26,6	27,0	29,6
Operating cash flow	460	395	1 159	1 020	1 418	1 557

*HEXPOL is a world-leading polymers group with strong global positions in advanced rubber compounds (Compounding), gaskets for plate heat exchangers (Gasket), and plastic and rubber materials for truck and castor wheel applications (Wheels). Customers are primarily OEM manufacturers of plate heat exchangers and trucks, global systems suppliers to the automotive and engineering industries, the energy sector and the medical equipment manufacturers. The Group is organised in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group's sales in 2013 amounted to 8,036 MSEK. The HEXPOL Group has approximately 3,500 employees in ten countries. Further information is available at [www.hexpol.com](http://www.hexpol.com).*

### Third quarter of 2014

The HEXPOL Group's sales rose 13 per cent to 2,312 MSEK (2,039) during the third quarter, including the acquired operations in Kardoes. Currency effects had a positive impact of 144 MSEK on sales, primarily due to a strengthening of the Euro and the USD.

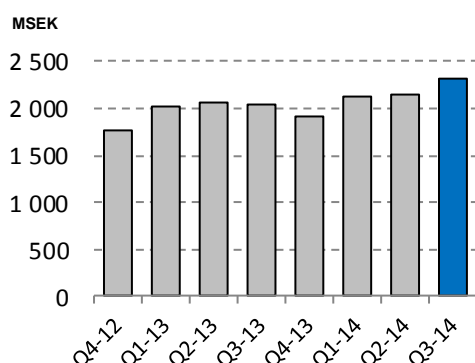
Sales growth (adjusted for currency effects) amounted to 6 per cent. Organic growth (adjusted for currency effects and acquisitions) was 4 per cent. Prices for our principal raw materials were again stable during the quarter.

The volume development was positive in all geographic regions, compared with the year-earlier period. Sales in NAFTA were higher year-on-year and sales remained strong primarily to automotive-related customers. Sales in Mexico remained strong in all segments. Sales in Europe were higher year-on-year, primarily thanks to improved sales to automotive-related customers.

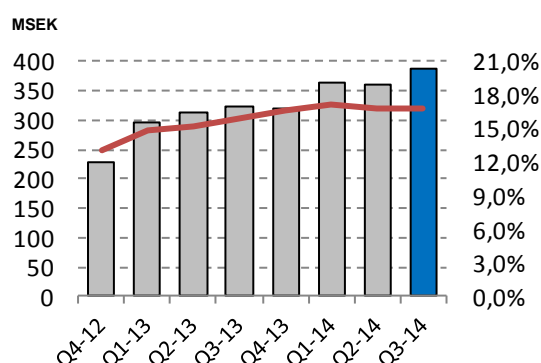
Operating profit rose 20 per cent to 388 MSEK (324), resulting in the operating margin improving to 16.8 per cent (15.9). The operating profit improved mostly thanks to increased volumes and continued efficiency enhancements in the operations. Exchange-rate fluctuations had a positive impact of 27 MSEK on operating profit for the quarter.

The acquisition of Kardoes Rubber Co. was finalized August 1, a well-known Rubber Compounder in the US market. Kardoes Rubber, with a manufacturing facility in LaFayette, Alabama, US, had a turnover of 43 MUSD in 2013 with around 90 employees. The acquisition price amounts to 31.8 MUSD on a cash and debt free basis.

#### Sales



#### Operating profit & operating margin



The HEXPOL Compounding business area's sales during the quarter rose to 2,125 MSEK (1,876). Year-on-year increases in volume were noted once again in all geographical regions. Sales in NAFTA increased compared with the year-earlier period and sales remained strong primarily to the automotive-related customers. Sales in Europe increased year-on-year, mostly thanks to improved sales to automotive-related customers. The HEXPOL TPE Compounding product area continued its positive development. Operating profit for the HEXPOL Compounding business area increased 19 per cent to 364 MSEK (305). The operating margin improved to 17.1 per cent (16.3), thanks to increased volumes and continued higher operational efficiency.

The HEXPOL Engineered Products business area's sales for the quarter increased to 187 MSEK (163). Operating profit in the HEXPOL Engineered Products business area increased to 24 MSEK (19), improving the operating margin to 12.8 per cent (11.7).

The HEXPOL Group's sales in NAFTA increased by 14 per cent compared with the year-earlier period, including the acquired Kardoes. Sales remained strong to automotive-related customers. Sales continued to be strong in all segments in Mexico. The HEXPOL Group's sales in Europe increased year-on-year by 11 per cent, mostly thanks to better sales to automotive-related customers. In Asia, the HEXPOL Group's sales were 18 per cent higher, especially to automotive-related customers, than in the year-earlier period.

The Group's operating cash flow rose to 460 MSEK (395). The Group's net financial items amounted to an expense of 4 MSEK (expense: 3).

Profit before tax rose to 384 MSEK (321) and profit after tax increased to 280 MSEK (232). Earnings per share increased 21 per cent to 8.13 SEK (6.74).

### **January-September 2014**

The HEXPOL Group's sales for the period increased 8 per cent to 6,588 MSEK (6,113). Currency effects had a positive impact of 203 MSEK on sales, primarily due to a strengthening of the Euro and USD.

Sales growth (adjusted for currency effects) amounted to 4 per cent, including the effects of lower prices for our principal raw materials, compared to the corresponding period last year. Organic growth (adjusted for currency effects and acquisitions) was 4 per cent.

Operating profit rose 19 per cent to 1,112 MSEK (934), which improved the operating margin to 16.9 per cent (15.3). Exchange-rate fluctuations, primarily strengthening of the Euro and USD, had a positive impact of 42 MSEK on operating profit.

The HEXPOL Compounding business area's sales increased to 6,050 MSEK (5,596). Operating profit rose 18 per cent to 1,039 MSEK (883) and the operating margin improved to 17.2 per cent (15.8). Sales in NAFTA were strong primarily to automotive-related customers. Sales in Europe improved, also here to automotive-related customers. The HEXPOL TPE Compounding product area had a favourable development.

The HEXPOL Engineered Products business area's sales increased to 538 MSEK (517). Operating profit increased to 73 MSEK (51), and operating margin improved to 13.6 per cent (9.9). Insurance compensation for rebuilding the fire-damaged production line at HEXPOL Wheel's facility in Sweden, had a positive impact of 6 MSEK on operating profit, reported during the first quarter.

The Group's operating cash flow increased by 14 per cent to 1,159 MSEK (1,020). The Group's net financial items amounted to an expense of 16 MSEK (expense: 15).

Profit before tax increased to 1,096 MSEK (919) and profit after tax rose to 800 MSEK (676). Earnings per share increased 18 per cent to 23.24 SEK (19.64).

### **Profitability**

The return on average capital employed increased to 29.9 per cent (26.6). The return on shareholders' equity amounted to 26.3 per cent (28.9).

## Financial position and liquidity

The equity/assets ratio increased to 64.2 per cent (54.6). The Group's total assets amounted to 6,983 MSEK (6,088). Net debt was reduced to 36 MSEK (666). The dividend of 310 MSEK (207) resolved at the Annual General Meeting was paid by HEXPOL in May.

The Group has the following three credit agreements with Nordic banks:

- A five-year credit agreement with a limit of 100 MUSD that will fall due in October 2015.
- A five-year credit agreement with a limit of 125 MUSD that will fall due in February 2018.
- A three-year credit agreement with a limit of 750 MSEK that will fall due in February 2016.

## Cash flow

Operating cash flow rose to 1,159 MSEK (1,020). Cash flow from operating activities increased to 900 MSEK (841).

## Investments, depreciation and amortisation

The Group's investments amounted to 80 MSEK (89). Investments are attributable to maintenance investments (primarily in USA), capacity investments (Mexico and HEXPOL TPE Compounding) and the reconstruction of the fire-damaged production line in HEXPOL Wheels facility in Sweden. Depreciation, amortisation and impairment amounted to 116 MSEK (119).

## Tax expenses

The Group's tax expenses amounted to 296 MSEK (243), corresponding to a tax rate of 27.0 per cent (26.4).

## Personnel

The number of employees at the end of the first nine month was 3,555 (3,442). The number of employees has increased with 82, with the acquisition of Kardoes.

## Acquisition

The acquisition of Kardoes Rubber Co., from the founder Mr Frank Kardoes and his family, was finalized August 1. Frank Kardoes started Kardoes Rubber in 1988 and Kardoes is today a well-known Rubber Compounder in the US market. Kardoes Rubber, with a manufacturing facility in LaFayette, Alabama, US, had a turnover of 43 MUSD in 2013 with around 90 employees. The acquisition is a good complement to HEXPOL Compounding in the US and broadens and strengthens our presence with Rubber Compounds into end user markets like industrial materials handling, agriculture equipment and off the road tires. The acquisition price amounted to 31.8 MUSD on a cash and debt free basis and has been funded by a combination of cash and existing bank facilities. The business is consolidated from August 2014. The transaction costs, 2 MSEK, was reported during the second quarter.

## Business area HEXPOL Compounding

The HEXPOL Compounding business area is one of the world's leading suppliers in the development and manufacturing of high-quality advanced polymer compounds (Compounding) for demanding applications. 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. Other key segments are the construction and infrastructure industry, energy, oil and gas sector, cabling and water treatment industry, as well as medical technology.

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13- Sep 14
	2014	2013	2014	2013	2013	
Sales	2 125	1 876	6 050	5 596	7 345	7 799
Operating profit	364	305	1 039	883	1 177	1 333
Operating margin, %	17,1	16,3	17,2	15,8	16,0	17,1

HEXPOL Compounding's sales during the third quarter increased 13 per cent to 2,125 MSEK (1,876), including the acquired business of Kardoes. The volume development was positive in all geographic regions, compared with the year-earlier period. Operating profit rose 19 per cent to 364 MSEK (305). The operating margin improved to 17.1 per cent (16.3), thanks to increased volumes and continued efficiency enhancements in the operation.

Sales in NAFTA increased compared with the year-earlier period and sales remained strong to automotive-related customers and sales remained strong in all segments in Mexico.

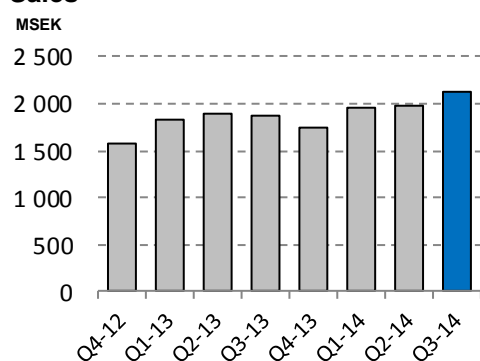
Sales in Europe increased compared with the year-earlier period, mostly thanks to better sales to automotive-related customers.

Sales in Asia increased compared with the year-earlier period primarily to automotive-related customers in China were the customer project portfolio continue to be strong.

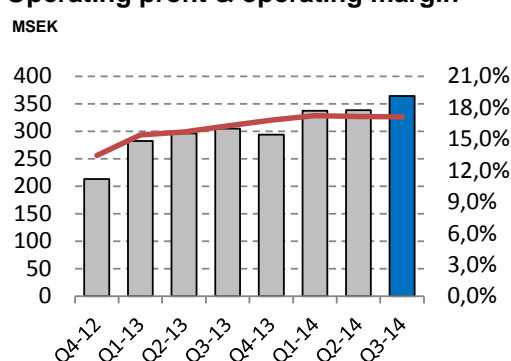
The HEXPOL TPE Compounding product area continued its positive development.

The acquisition of the business in Kardoes Rubber Co., a well-known Rubber Compounder in the US market, was finalized August 1. Kardoes Rubber, with a manufacturing facility in LaFayette, Alabama, US, had a turnover of 43 MUSD in 2013 with around 90 employees. The acquisition is a good complement to HEXPOL Compounding in the US and broadens and strengthens the presence with Rubber Compounds into end user markets like industrial materials handling, agriculture equipment and off the road tires. The acquisition price amounted to 31.8 MUSD on a cash and debt free basis and is funded by a combination of cash and existing bank facilities. Transaction costs, 2 MSEK, was reported already during the second quarter. Kardoes are integrated in HEXPOL Compounding NAFTA's organisation, in line with HEXPOL group strategy and the integration developing according to plan.

### Sales



### Operating profit & operating margin



## Business area HEXPOL Engineered Products

The HEXPOL Engineered Products business area is one of the world's leading manufacturers of advanced products, such as gaskets for plate heat exchangers (Gaskets) and wheels for truck and castor applications (Wheels). The market for gaskets and wheels is global. Gasket customers include manufacturers of plate heat exchangers and wheel customers are manufacturers of trucks and castors.

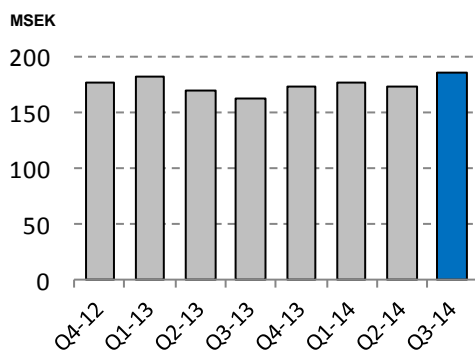
MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Sales	187	163	538	517	691	712
Operating profit	24	19	73	51	78	100
Operating margin, %	12,8	11,7	13,6	9,9	11,3	14,0

The HEXPOL Engineered Products business area's third quarter sales increased 15 per cent to 187 MSEK (163). Operating profit increased by 26 per cent to 24 MSEK (19), corresponding to an improved operating margin of 12.8 per cent (11.7).

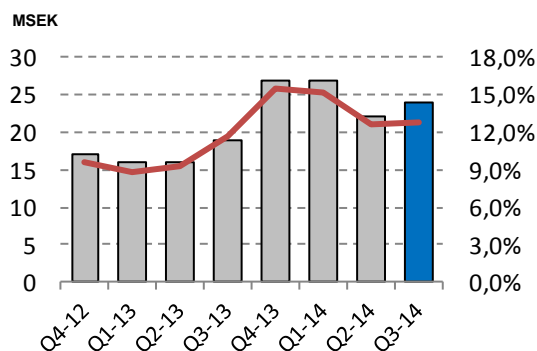
The sales development for the HEXPOL Gasket product area was good during the third quarter on all geographical regions, but sales remained weak to project-related operations. The HEXPOL Gasket business in China developed positively. As before, the markets were characterised by general price pressure.

Sales in the HEXPOL Wheels product area improved somewhat compared to the year-earlier period. The HEXPOL Wheels business in US had a positive development.

### Sales



### Operating profit & operating margin



## **Parent Company**

The Parent Company's profit after tax was 78 MSEK (125), which includes dividends from subsidiaries. Shareholders' equity amounted to 3,007 MSEK (3,000).

## **Risk factors**

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2013 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**

The consolidated financial statements in this interim report have been prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the EU. 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. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting and measurement policies, as well as the assessment bases, applied in the 2013 Annual Report have also been applied in this interim report. No new or revised IFRSs that entered into force in 2014 have had any significant impact on the Group.

## **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 the Stockholm Large Cap segment of the NASDAQ OMX Nordic exchange. HEXPOL had 8,143 shareholders on September 30, 2014. The largest shareholder is Melker Schörling AB with 26 per cent of the capital and 47 per cent of the voting rights. The 20 largest shareholders own 63 per cent of the capital and 73 per cent of the voting rights.

## **Invitation to the presentation of the report**

This report will be presented at Handelsbanken, Blasieholmstorg 8, Stockholm, on October 24 at 1:00 p.m CET. A presentation will also be presented through a telephone conference on October 24 at 3:00 p.m CET. The presentation, as well as information concerning participation, is available at [www.hexpol.com](http://www.hexpol.com).

## **Events after the reporting period**

HEXPOL has signed an agreement to acquire the VIGAR Rubber Compounding business within Grupo Vigar from the founders' families by October 8. VIGAR Rubber Compounding has more than 50 years' experience of rubber compounding and is today a well-known Rubber Compounder in the Spanish and German market. VIGAR Rubber Compounding, with manufacturing facilities in Rubi, Spain and Viersen, Germany, had a turnover of 57 MEUR in 2013 and has 134 employees (Spain 88, Germany 46). The acquired business has a positive EBITDA margin well below the HEXPOL Group and is expected to have an insignificant impact on earnings per share. The acquisition price is estimated to approximately 19 MEUR on a cash and debt free basis and is funded by a combination of cash and existing bank facilities. The acquisition price will be paid upon completion of the acquisition which is estimated to take place during the fourth quarter after regulatory approvals. Acquisition and integration costs are expected to be reported during the fourth quarter 2014.

## Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

- |   |                  |
|---|------------------|
| ▪ Year-end report 2014                  | February 6, 2015 |
| ▪ Interim report January-March 2015     | May 4, 2015      |
| ▪ Annual General Meeting 2015           | May 4, 2015      |
| ▪ Six month report January-June 2015    | July 20, 2015    |
| ▪ Interim report January-September 2015 | October 23, 2015 |

Financial information is also available in Swedish and English on HEXPOL AB's website – [www.hexpol.com](http://www.hexpol.com).

Malmö, October 24, 2014  
HEXPOL AB (publ)

Georg Brunstam,  
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 report consists of such information that HEXPOL AB is obliged to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on October 24, 2014, at 12:00 p.m. CET. 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, 2014 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, October 24, 2014

Ernst & Young AB

Stefan Engdahl  
Authorized Public Accountant

**Condensed consolidated income statement**

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Sales	2 312	2 039	6 588	6 113	8 036	8 511
Cost of goods sold	-1 807	-1 607	-5 147	-4 857	-6 370	-6 660
<b>Gross profit</b>	<b>505</b>	<b>432</b>	<b>1 441</b>	<b>1 256</b>	<b>1 666</b>	<b>1 851</b>
Selling and administrative cost, etc.	-117	-108	-329	-322	-411	-418
<b>Operating profit</b>	<b>388</b>	<b>324</b>	<b>1 112</b>	<b>934</b>	<b>1 255</b>	<b>1 433</b>
Financial income and expenses	-4	-3	-16	-15	-19	-20
<b>Profit before tax</b>	<b>384</b>	<b>321</b>	<b>1 096</b>	<b>919</b>	<b>1 236</b>	<b>1 413</b>
Tax	-104	-89	-296	-243	-306	-359
<b>Profit after tax</b>	<b>280</b>	<b>232</b>	<b>800</b>	<b>676</b>	<b>930</b>	<b>1 054</b>
- of w hich, attributable to Parent Company shareholders	280	232	800	676	930	1 054
Earnings per share, SEK	8,13	6,74	23,24	19,64	27,02	30,62
Shareholders' equity per share, SEK			130,16	96,57	105,08	
Average number of shares, 000s	34 420	34 420	34 420	34 420	34 420	34 420
Depreciation, amortisation and impairment	-40	-41	-116	-119	-156	-153

**Condensed statement of comprehensive income**

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Profit after tax	280	232	800	676	930	1 054
<b>Items that will not be reclassified to the income statement</b>						
Remeasurements of defined benefit pension plans	0	0	0	-3	-3	0
Income tax relating to items that will not be reclassified to the income statement	0	0	0	1	1	0
<b>Items that may be reclassified to the income statement</b>						
Cash-flow hedges	0	0	0	0	0	0
Income tax relating to cash-flow hedges	0	0	0	0	0	0
Translation differences	237	-119	373	-52	-13	412
<b>Comprehensive income</b>	<b>517</b>	<b>113</b>	<b>1 173</b>	<b>622</b>	<b>915</b>	<b>1 466</b>
- of w hich, attributable to Parent Company's shareholders	517	113	1 173	622	915	1 466

## Condensed consolidated balance sheet

MSEK	Sep 30		Dec 31
	2014	2013	2013
Intangible fixed assets	3 066	2 683	2 730
Tangible fixed assets	1 303	1 193	1 186
Financial fixed assets	0	1	0
Deferred tax asset	50	25	30
<b>Total fixed assets</b>	<b>4 419</b>	<b>3 902</b>	<b>3 946</b>
Inventories	510	459	488
Accounts receivable	1 065	878	725
Other receivables	155	209	100
Prepaid expenses and accrued income	45	35	22
Cash and cash equivalents	789	605	597
<b>Total current assets</b>	<b>2 564</b>	<b>2 186</b>	<b>1 932</b>
<b>Total assets</b>	<b>6 983</b>	<b>6 088</b>	<b>5 878</b>
Attributable to Parent Company's shareholders	4 480	3 324	3 617
<b>Total shareholders' equity</b>	<b>4 480</b>	<b>3 324</b>	<b>3 617</b>
Interest-bearing liabilities	794	1 303	928
Provision for deferred tax	202	165	191
Provision for pensions	18	16	17
<b>Total non-current liabilities</b>	<b>1 014</b>	<b>1 484</b>	<b>1 136</b>
Interest-bearing liabilities	31	5	34
Accounts payable	984	787	775
Other liabilities	146	200	67
Accrued expenses, prepaid income, provisions	328	288	249
<b>Total current liabilities</b>	<b>1 489</b>	<b>1 280</b>	<b>1 125</b>
<b>Total shareholders' equity and liabilities</b>	<b>6 983</b>	<b>6 088</b>	<b>5 878</b>

## Consolidated changes in shareholders' equity

MSEK	Sep 30, 2014		Sep 30, 2013		Dec 31, 2013	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
<b>Opening equity</b>	<b>3 617</b>	<b>3 617</b>	<b>2 909</b>	<b>2 909</b>	<b>2 909</b>	<b>2 909</b>
Comprehensive income	1 173	1 173	622	622	915	915
Dividend	-310	-310	-207	-172	-207	-207
<b>Closing Equity</b>	<b>4 480</b>	<b>4 480</b>	<b>3 324</b>	<b>3 324</b>	<b>3 617</b>	<b>3 617</b>

## Changes in number of shares

	Total number of Class A shares	Total number of Class B share	Total number of shares
Number of shares at January 1	1 476 562	32 943 566	34 420 128
<b>Number of shares at the end of the period</b>	<b>1 476 562</b>	<b>32 943 566</b>	<b>34 420 128</b>

## Condensed consolidated cash-flow statement

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Cash flow from operating activities before changes in working capital	307	268	896	785	1 080	1 191
Changes in working capital	54	54	4	56	143	91
<b>Cash flow from operating activities</b>	<b>361</b>	<b>322</b>	<b>900</b>	<b>841</b>	<b>1 223</b>	<b>1 282</b>
Acquisitions	-219	-	-219	-3	-3	-219
Cash flow from other investing activities	-22	-24	-73	-89	-136	-120
Dividend	-	-	-310	-207	-207	-310
Cash flow from other financing activities	-37	-309	-189	-493	-853	-549
<b>Change in cash and cash equivalents</b>	<b>83</b>	<b>-11</b>	<b>109</b>	<b>49</b>	<b>24</b>	<b>84</b>
Cash and cash equivalents at January 1	652	636	597	564	564	605
Exchange-rate differences in cash and cash equivalents	54	-20	83	-8	9	100
<b>Cash and cash equivalents at the end of the period</b>	<b>789</b>	<b>605</b>	<b>789</b>	<b>605</b>	<b>597</b>	<b>789</b>

## Operating cash flow, Group

MSEK	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Operating profit	388	324	1 112	934	1 255	1 433
Depreciation/amortisation/impairment	40	41	116	119	156	153
Change in working capital	54	54	4	56	143	91
Sales of fixed assets	4	0	7	0	9	16
Investments	-26	-24	-80	-89	-145	-136
<b>Operating Cash flow</b>	<b>460</b>	<b>395</b>	<b>1 159</b>	<b>1 020</b>	<b>1 418</b>	<b>1 557</b>

## Other key figures, Group

	Jul-Sep		Jan-Sep		Full Year	Oct 13-
	2014	2013	2014	2013	2013	Sep 14
Profit margin before tax, %	16,6	15,7	16,6	15,0	15,4	16,6
Return on shareholders' equity, %			26,3	28,9	28,5	27,0
Interest-coverage ratio, multiple			74,1	52,1	52,5	68,3
Net debt, MSEK			36	666	312	
Net debt ratio, multiple			0,0	0,2	0,1	
Cash flow per share, SEK	10,49	9,35	26,15	24,43	35,53	37,25
Cash flow per share before change in working capital, SEK	8,92	7,79	26,03	22,81	31,38	34,60

## Financial instruments recognized at fair value in the Balance Sheet

MSEK	Sep 30		Dec 31
	2013	2013	2013
<b>Other current receivables</b>			
Currency derivatives	73	59	84
<b>Other current liabilities</b>			
Currency derivatives	106	110	134

Derivatives consist of currency forward contracts and are used primarily for hedging purposes and are measured at the level 2.

## Quarterly data, Group

### Sales per business area

MSEK	2014			2013				Full- Year	Oct 13- Sep 14	2012				Full- Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	1 954	1 971	2 125	1 831	1 889	1 876	1 749	7 345	7 799	1 951	1 931	1 801	1 587	7 270
HEXPOL Engineered Products	177	174	187	183	171	163	174	691	712	191	190	179	177	737
<b>Group total</b>	<b>2 131</b>	<b>2 145</b>	<b>2 312</b>	<b>2 014</b>	<b>2 060</b>	<b>2 039</b>	<b>1 923</b>	<b>8 036</b>	<b>8 511</b>	<b>2 142</b>	<b>2 121</b>	<b>1 980</b>	<b>1 764</b>	<b>8 007</b>

### Sales per geographic area

MSEK	2014			2013				Full- Year	Oct 13- Sep 14	2012				Full- Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	699	677	684	655	642	617	609	2 523	2 669	749	691	632	581	2 653
NAFTA	1 314	1 343	1 496	1 261	1 309	1 310	1 203	5 083	5 356	1 292	1 316	1 243	1 085	4 936
Asia	118	125	132	98	109	112	111	430	486	101	114	105	98	418
<b>Group total</b>	<b>2 131</b>	<b>2 145</b>	<b>2 312</b>	<b>2 014</b>	<b>2 060</b>	<b>2 039</b>	<b>1 923</b>	<b>8 036</b>	<b>8 511</b>	<b>2 142</b>	<b>2 121</b>	<b>1 980</b>	<b>1 764</b>	<b>8 007</b>

### Operating profit per business area

MSEK	2014			2013				Full- Year	Oct 13- Sep 14	2012				Full- Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	337	338	364	282	296	305	294	1 177	1 333	255	267	261	213	996
HEXPOL Engineered Products	27	22	24	16	16	19	27	78	100	17	20	19	17	73
<b>Group total</b>	<b>364</b>	<b>360</b>	<b>388</b>	<b>298</b>	<b>312</b>	<b>324</b>	<b>321</b>	<b>1 255</b>	<b>1 433</b>	<b>272</b>	<b>287</b>	<b>280</b>	<b>230</b>	<b>1 069</b>

### Operating margin per business area

%	2014			2013				Full- Year	Oct 13- Sep 14	2012				Full- Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	17,2	17,1	17,1	15,4	15,7	16,3	16,8	16,0	17,1	13,1	13,8	14,5	13,4	13,7
HEXPOL Engineered Products	15,3	12,6	12,8	8,7	9,4	11,7	15,5	11,3	14,0	8,9	10,5	10,6	9,6	9,9
<b>Group total</b>	<b>17,1</b>	<b>16,8</b>	<b>16,8</b>	<b>14,8</b>	<b>15,1</b>	<b>15,9</b>	<b>16,7</b>	<b>15,6</b>	<b>16,8</b>	<b>12,7</b>	<b>13,5</b>	<b>14,1</b>	<b>13,0</b>	<b>13,4</b>

## Condensed income statement, Parent Company

MSEK	Jul-Sep		Jan-Sep		Full Year
	2014	2013	2014	2013	
Sales	9	9	26	26	32
Administrative costs, etc.	-16	-11	-47	-35	-47
<b>Operating loss</b>	<b>-7</b>	<b>-2</b>	<b>-21</b>	<b>-9</b>	<b>-15</b>
Financial income and expenses	1	12	95	129	372
<b>Profit/loss after net financial items</b>	<b>-6</b>	<b>10</b>	<b>74</b>	<b>120</b>	<b>357</b>
Appropriations	-	-	-	-	8
<b>Profit/loss before tax</b>	<b>-6</b>	<b>10</b>	<b>74</b>	<b>120</b>	<b>365</b>
Tax	1	2	4	5	0
<b>Profit/loss after tax</b>	<b>-5</b>	<b>12</b>	<b>78</b>	<b>125</b>	<b>365</b>

## Condensed balance sheet, Parent company

MSEK	Sep 30		Dec 31
	2014	2013	
<b>Total fixed assets</b>	<b>4 978</b>	<b>4 915</b>	<b>4 921</b>
<b>Total current assets</b>	<b>1 324</b>	<b>1 120</b>	<b>1 028</b>
<b>Total assets</b>	<b>6 302</b>	<b>6 035</b>	<b>5 949</b>
<b>Total shareholders' equity</b>	<b>3 007</b>	<b>3 000</b>	<b>3 239</b>
<b>Total untaxed reserves</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Total non-current liabilities</b>	<b>760</b>	<b>1 303</b>	<b>940</b>
<b>Total current liabilities</b>	<b>2 535</b>	<b>1 724</b>	<b>1 770</b>
<b>Total shareholders' equity and liabilities</b>	<b>6 302</b>	<b>6 035</b>	<b>5 949</b>

## Financial definitions

<b>Capital employed</b>	Total assets less non-interest-bearing liabilities.
<b>Cash flow</b>	Cash flow from operating activities after changes in working capital.
<b>Cash flow per share</b>	Cash flow from operating activities after changes in working capital divided by the average number of shares.
<b>Earnings per share</b>	Profit after tax, attributable to Parent Company shareholders, divided by the average number of shares.
<b>EBIT</b>	Operating profit after depreciation, amortisation and impairment.
<b>EBITDA</b>	Operating profit before depreciation, amortisation and impairment.
<b>Equity/assets ratio</b>	Shareholders' equity as a percentage of total assets.
<b>Interest-coverage ratio</b>	Profit before tax plus interest expenses divided by interest expenses.
<b>Net investments</b>	Purchases less sales of intangible and tangible fixed assets, excluding those included in acquisitions and divestments of subsidiaries.
<b>Net debt/equity ratio</b>	Interest-bearing liabilities less cash and cash equivalents divided by shareholders' equity.
<b>Net debt</b>	Interest-bearing liabilities less cash and cash equivalents.
<b>Operating cash flow</b>	Operating profit excluding items affecting comparability less depreciation/amortisation and net investments, and after changes in working capital.
<b>Operating margin</b>	Operating profit as a percentage of sales for the period.
<b>Profit margin before tax</b>	Profit before tax as a percentage of sales for the period.
<b>Return on capital employed</b>	Profit before tax plus interest expenses as a percentage of average capital employed.
<b>Return on equity</b>	Net profit attributable to Parent Company shareholders as a percentage of average shareholders' equity, excluding minority interests.
<b>Shareholders' equity per share</b>	Shareholders' equity attributable to Parent Company shareholders divided by the number of shares at the end of the period.