

Half year report January-June 2016

Published on July 20, 2016

Second quarter 2016 – Continued strong margins

- Sales amounted to 2,627 MSEK (2,910).
- Operating profit amounted to 465 MSEK (508).
- Operating margin increased to 17.7 per cent (17.5).
- Profit after tax amounted to 329 MSEK (357).
- Earnings per share amounted to 0.96 SEK (1.04).
- Operating cash flow amounted to 580 MSEK (640).
- In the beginning of June, Berwin Group, a well-known leading Rubber Compounder in the UK market, was acquired.

First half of 2016 – Stable volume development and continued strong result

- Sales amounted to 5,384 MSEK (5,861).
- Operating profit amounted to 962 MSEK (1,003).
- Operating margin increased to 17.9 per cent (17.1).
- Profit after tax amounted to 684 MSEK (709).
- Earnings per share amounted to 1.99 SEK (2.06).
- Operating cash flow amounted to 905 MSEK (1,120).

President's comments

“The second quarter of 2016 was a quarter with slightly lower volumes but with continued strong margins. The Group sales amounted to 2,627 MSEK and the operating margin improved to 17.7 per cent. The operating cash flow was once again strong. The volumes were slightly lower compared to the corresponding year-earlier period, but with continued strong volumes to automotive related customers. Sales have once again been negatively affected by considerably lower sales prices due to considerably lower raw material prices than the corresponding year-earlier period. Price pressure was continued strong on all markets. During the quarter, Berwin Group, a leading UK Rubber Compounder, was acquired.

During the first half of 2016, the volume development was stable with continued strong result. Our financial position remains very strong and with a net cash of 234 MSEK, we are well equipped for further expansion.”

Georg Brunstam, President and CEO

Group summary

Key Figures MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Sales	2 627	2 910	5 384	5 861	11 229	10 752
Operating profit, EBIT	465	508	962	1 003	1 964	1 923
Operating margin, %	17,7	17,5	17,9	17,1	17,5	17,9
Profit before tax	463	502	957	992	1 943	1 908
Profit after tax	329	357	684	709	1 393	1 368
Earnings per share, SEK	0,96	1,04	1,99	2,06	4,05	3,98
Equity/assets ratio, %			69	61	72	
Return on capital employed, % R12			27,9	28,0	28,6	
Operating cash flow	580	640	905	1 120	2 185	1 970

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 2015 amounted to 11,229 MSEK. The HEXPOL Group has approximately 4,200 employees in eleven countries. Further information is available at www.hexpol.com.

Second quarter of 2016

The HEXPOL Group's sales amounted to 2,627 MSEK (2,910) during the second quarter. Currency effects had a negative impact of 56 MSEK on sales.

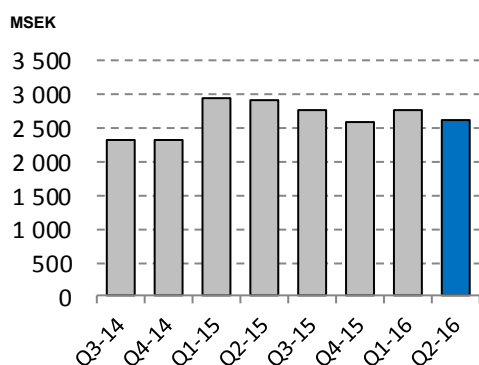
The volumes were slightly lower and sales growth (adjusted for currency effects) was also negatively affected by lower sales prices and amounted to negative 8 per cent. Sales growth (adjusted for currency effects and acquisitions) amounted to negative 9 per cent. Sales were negatively affected by considerably lower sales prices due to considerably lower prices on our principal raw materials, than the corresponding year-earlier period.

Overall the volumes were slightly lower, with higher volumes in Europe and lower volumes in NAFTA and Asia.

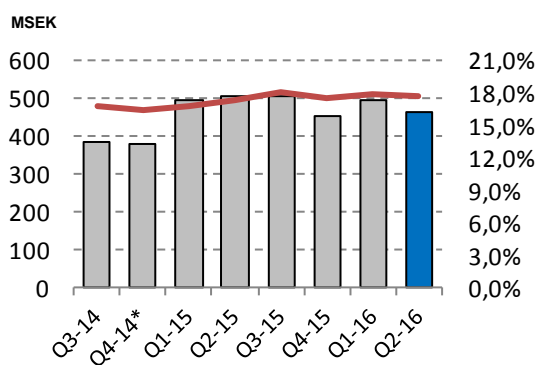
Operating profit amounted to 465 MSEK (508) and the operating margin improved to 17.7 per cent (17.5). Exchange rate fluctuations had a negative impact of 5 MSEK on operating profit for the quarter.

In the beginning of June, Berwin Group, a well-known leading Rubber Compounder in the UK market, with manufacturing facilities in Manchester, UK and in Gloucestershire, UK, was acquired. Berwin Group has an estimated annual turnover of around 40 MGBP and has around 200 employees. Estimated transaction costs of 3 MSEK have been reported during the quarter.

Sales



Operating profit & operating margin



*Excluding acquisition, integration and restructuring costs (Vigar)

The HEXPOL Compounding business area's sales amounted to 2,414 MSEK (2,699) during the quarter. Sales were negatively affected by considerable lower sales prices due to considerable lower prices on our principal raw materials, than the corresponding year-earlier period. Operating profit amounted to 435 MSEK (482). The operating margin remained strong and amounted to 18.0 per cent (17.9).

The HEXPOL Engineered Products business area's sales during the quarter increased slightly to 213 MSEK (211). Operating profit rose to 30 MSEK (26), which improved the operating margin to 14.1 per cent (12.3).

Sales in Europe (including Berwin Group) increased, while sales were lower in NAFTA and in Asia, compared to the corresponding year earlier period. Sales to automotive-related customers remained strong, while sales to segments as mining, agricultural and oil and gas sector remained weak.

The Group's operating cash flow amounted to 580 MSEK (640). The Group's net financial items amounted to an expense of 2 MSEK (expense: 6).

Profit before tax amounted to 463 MSEK (502) and profit after tax amounted to 329 MSEK (357). Earnings per share amounted to 0.96 SEK (1.04).

January-June 2016

The HEXPOL Group's sales for the first half-year amounted to 5,384 MSEK (5,861). Currency effects had a negative impact of 38 MSEK on sales.

Sales growth (adjusted for currency effects) amounted to negative 7 per cent. Sales growth (adjusted for currency effects and acquisitions) amounted to negative 8 per cent. Sales were affected by lower prices on our principal raw materials, than the corresponding year-earlier period.

The volume development were stable with slightly better volumes in Europe and NAFTA, however the volumes were lower in Asia compared to the corresponding year-earlier period. The volumes in Europe and NAFTA were strong to automotive-related customers including deliveries to the tire industry, while segments as mining, agricultural and oil and gas sector were weaker.

Operating profit amounted to 962 MSEK (1,003) and the operating margin improved to 17.9 per cent (17.1). Exchange rate fluctuations had a positive impact of 4 MSEK on operating profit for the first half-year.

In June, Berwin Group, a well-known leading Rubber Compounder in the UK market, with manufacturing facilities in Manchester, UK and in Gloucestershire, UK, was acquired.

The HEXPOL Compounding business area's sales amounted to 4,964 MSEK (5,443) during the first half-year. Sales were affected by lower prices on our principal raw materials, than the corresponding year-earlier period. Operating profit amounted to 908 MSEK (955). The operating margin improved to 18.3 per cent (17.5).

The HEXPOL Engineered Products business area's sales during the first half-year amounted to 420 MSEK (418). Operating profit rose to 54 MSEK (48), which improved the operating margin to 12.9 per cent (11.5).

The Group's operating cash flow amounted to 905 MSEK (1,120) during the first half-year. The Group's net financial items amounted to an expense of 5 MSEK (expense: 11), of which interest expense amounted to 5 MSEK (expense: 11).

Profit before tax during the first half-year amounted to 957 MSEK (992) and profit after tax amounted to 684 MSEK (709). Earnings per share amounted to 1.99 SEK (2.06).

Profitability

The return on average capital employed, R12, amounted to 27.9 per cent (28.0). The return on shareholders' equity, R12, amounted to 21.8 per cent (23.7).

Financial position and liquidity

The equity/assets ratio increased to 69 per cent (61). The Group's total assets amounted to 9,355 MSEK (9,033). Net cash amounted to 234 MSEK (net debt 313). The dividend of 585 MSEK (413) resolved at the Annual General Meeting was paid by HEXPOL in May.

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 2019.

Cash flow

The operating cash flow amounted to 905 MSEK (1,120). Cash flow from operating activities amounted to 702 MSEK (864).

Investments, depreciation and amortisation

The Group's investments amounted to 64 MSEK (71). Investments are mainly attributable to capacity investments in Mexico and maintenance investments. Depreciation and amortisation amounted to 114 MSEK (107).

Tax expenses

The Group's tax expenses amounted to 273 MSEK (283), corresponding to a tax rate of 28.5 per cent (28.5).

Personnel

The number of employees at the end of the period was 4,151 (3,913). The increase in number of employees relates mainly to the units in Mexico and the acquired Berwin Group.

Acquisition

In the beginning of June, Berwin Group, a well-known leading Rubber Compounder in the UK market, was acquired. Berwin Group (Berwin Rubber Co Ltd, Berwin Industrial Polymers Ltd and Flexi-Cell (UK) Ltd) with manufacturing facilities in Manchester, UK and in Gloucestershire, UK has an estimated annual turnover of around 40 MGBP and has around 200 employees. The acquisition price is estimated to approximately 25 MGBP on a cash and debt free basis. Acquired excess values amounted preliminary to 15 MGBP and are mainly attributable to intangible assets. Estimated transaction costs of 3 MSEK have been reported during the quarter. The Group's ownership is 100 per cent and the operations are consolidated from June 2016.

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	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Sales	2 414	2 699	4 964	5 443	10 402	9 923
Operating profit	435	482	908	955	1 859	1 812
Operating margin, %	18,0	17,9	18,3	17,5	17,9	18,3

HEXPOL Compounding's sales (including Berwin Group) amounted to 2,414 MSEK (2,699), during the second quarter. Sales were negatively affected by considerably lower sales prices due to considerably lower prices on our principal raw materials, than the corresponding year-earlier period. Price pressure has continued to be strong on all markets during the quarter.

Operating profit amounted to 435 MSEK (482), which meant the operating margin remained strong and amounted to 18.0 per cent (17.9).

The volumes in NAFTA were lower with continued strong volumes to automotive-related customers while volumes to segments such as mining, exporting industry, agricultural and oil and gas sector remained considerably lower than the corresponding year-earlier period.

RheTech Thermoplastic Compounding, acquired in January 2015, has had a positive development.

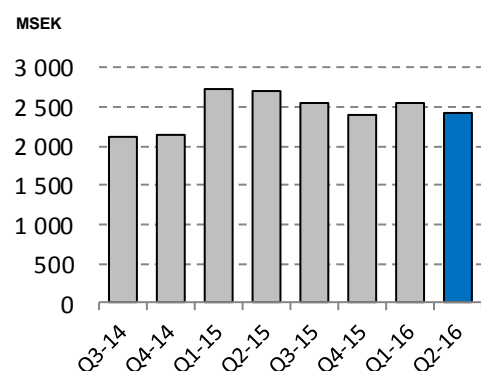
The volumes in Europe were strong, thanks to the acquired Berwin Group and continued strong volumes to automotive related customers.

The volumes in Asia were lower compared to the corresponding year-earlier period, mainly due to lower demands from automotive-related customers in China.

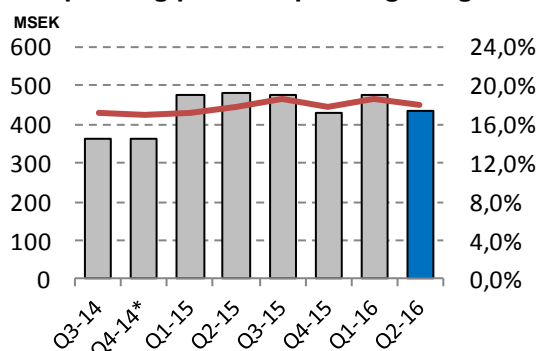
HEXPOL TPE Compounding developed positively during the quarter.

In the beginning of June, Berwin Group, a well-known leading Rubber Compounder in the UK market, was acquired. Berwin Group (Berwin Rubber Co Ltd, Berwin Industrial Polymers Ltd and Flexi-Cell (UK) Ltd) with manufacturing facilities in Manchester, UK and in Gloucestershire, UK has an estimated annual turnover of around 40 MGBP and has around 200 employees. The acquisition is a very good complement to HEXPOL Compounding in Europe and broadens and strengthens our presence with Rubber Compounds in the UK market. Berwin Group is integrated in HEXPOL Compounding's European organisation in line with HEXPOL Group's strategy and the integration run according to plan.

Sales



Operating profit & operating margin



*Excluding acquisition, integration and restructuring costs (Vigar)

Business area HEXPOL Engineered Products

The HEXPOL Engineered Products business area is one of the world's leading suppliers of advanced products, such as gaskets for plate heat exchangers (Gaskets) and wheels for the forklift industry (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.

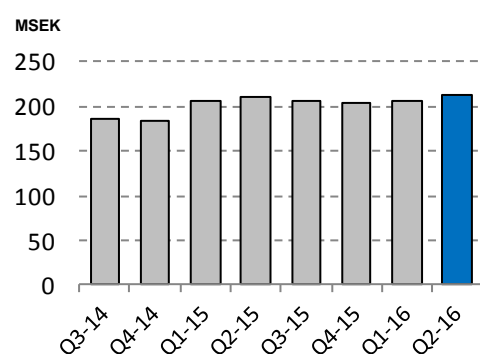
MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Sales	213	211	420	418	827	829
Operating profit	30	26	54	48	105	111
Operating margin, %	14,1	12,3	12,9	11,5	12,7	13,4

The HEXPOL Engineered Products business area's sales amounted to 213 MSEK (211) during the second quarter. Operating profit rose to 30 MSEK (26), which improved the operating margin to 14.1 per cent (12.3). The operating profit improved mainly thanks to increased volumes and continued efficiency enhancements in the operations.

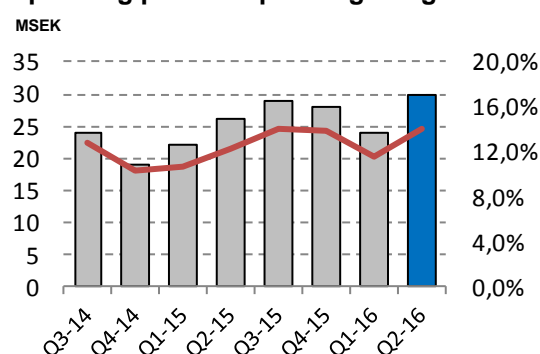
The sales for the HEXPOL Gaskets product area were in line with the corresponding year-earlier period and sales remained weak to project-related operations. The business in China continued to develop positively. As previous, the market was characterised by general price pressure.

The sales for HEXPOL Wheels product area increased slightly compared to the corresponding year-earlier period. The HEXPOL Wheels business in China and US developed positively.

Sales



Operating profit & operating margin



Parent Company

The Parent Company's profit after tax amounted to 133 MSEK (164), which includes dividends from subsidiaries. Shareholders' equity amounted to 2,707 MSEK (2,960).

Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2015 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 half-year 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 half-year 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 2015 Annual Report have also been applied in this half-year report. No new or revised IFRSs that entered into force in 2016 have had any significant impact on the Group.

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 half-year 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 the Stockholm Large Cap segment of the Nasdaq OMX Nordic exchange. HEXPOL AB had 11,727 shareholders on June 30, 2016. 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 via a telephone conference on July 20 at 12:00 p.m CET. The presentation, as well as information concerning participation, is available at www.hexpol.com.

Significant subsequent events

No significant events have occurred after the balance sheet date.

Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

- | | |
|---|------------------|
| ▪ Interim report January-September 2016 | October 27, 2016 |
| ▪ Year-end report 2016 | February 3, 2017 |
| ▪ Interim report January-March 2017 | April 28, 2017 |
| ▪ Annual General Meeting 2017 | April 28, 2017 |

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

The Half-year report January-June 2016 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 20, 2016
HEXPOL AB (publ)

Melker Schörling
Chairman of the Board

Ulrik Svensson

Alf Göransson

Malin Persson

Jan-Anders Månsson

Kerstin Lindell

Märta Schörling

Georg Brunstam
President and CEO

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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 20, 2016. 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 15-
	2016	2015	2016	2015	2015	Jun 16
Sales	2 627	2 910	5 384	5 861	11 229	10 752
Cost of goods sold	-1 995	-2 247	-4 091	-4 552	-8 660	-8 199
Gross profit	632	663	1 293	1 309	2 569	2 553
Selling and administrative cost, etc.	-167	-155	-331	-306	-605	-630
Operating profit	465	508	962	1 003	1 964	1 923
Financial income and expenses	-2	-6	-5	-11	-21	-15
Profit before tax	463	502	957	992	1 943	1 908
Tax	-134	-145	-273	-283	-550	-540
Profit after tax	329	357	684	709	1 393	1 368
- of which, attributable to Parent Company shareholders	329	357	684	709	1 393	1 368
Earnings per share, SEK	0,96	1,04	1,99	2,06	4,05	3,98
Shareholders' equity per share, SEK			18,63	16,07	18,11	
Average number of shares, 000s	344 201	344 201	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-57	-54	-114	-107	-209	-216

Condensed statement of comprehensive income

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Profit after tax	329	357	684	709	1 393	1 368
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	-27	41	-10	-45	-19	16
Income tax relating to items that may be reclassified to the income statement	6	-9	2	10	4	-4
Translation differences	239	-249	90	222	218	86
Comprehensive income	547	140	766	896	1 597	1 467
- of which, attributable to Parent Company's shareholders	547	140	766	896	1 597	1 467

Condensed consolidated balance sheet

MSEK	Jun 30		Dec 31
	2016	2015	2015
Intangible fixed assets	4 369	4 078	4 151
Tangible fixed assets	1 684	1 662	1 646
Financial fixed assets	1	1	0
Deferred tax asset	75	59	71
Total fixed assets	6 129	5 800	5 868
Inventories	727	727	702
Accounts receivable	1 379	1 341	1 045
Other receivables	52	170	101
Prepaid expenses and accrued income	49	29	29
Cash and cash equivalents	1 019	966	978
Total current assets	3 226	3 233	2 855
Total assets	9 355	9 033	8 723
Equity attributable to Parent Company's shareholders	6 414	5 532	6 233
Total shareholders' equity	6 414	5 532	6 233
Interest-bearing liabilities	757	215	492
Provision for deferred tax	356	271	349
Provision for pensions	20	20	19
Total non-current liabilities	1 133	506	860
Interest-bearing liabilities	28	1 064	32
Accounts payable	1 358	1 378	1 210
Other liabilities	69	147	63
Accrued expenses, prepaid income, provisions	353	406	325
Total current liabilities	1 808	2 995	1 630
Total shareholders' equity and liabilities	9 355	9 033	8 723

Consolidated changes in shareholders' equity

MSEK	Jun 30, 2016		Jun 30, 2015		Dec 31, 2015	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	6 233	6 233	5 049	5 049	5 049	5 049
Comprehensive income	766	766	896	896	1 597	1 597
Dividend	-585	-585	-413	-413	-413	-413
Closing Equity	6 414	6 414	5 532	5 532	6 233	6 233

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

Condensed consolidated cash-flow statement

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Cash flow from operating activities before changes in working capital	296	316	809	796	1 630	1 643
Changes in working capital	95	111	-107	68	130	-45
Cash flow from operating activities	391	427	702	864	1 760	1 598
Acquisitions	-293	-64	-293	-983	-1 043	-353
Cash flow from other investing activities	-37	-33	-64	-58	-118	-124
Cash flow from investing activities	-330	-97	-357	-1 041	-1 161	-477
Dividend	-585	-413	-585	-413	-413	-585
Cash flow from other financing activities	513	126	260	699	-66	-505
Cash flow from financing activities	-72	-287	-325	286	-479	-1 090
Change in cash and cash equivalents	-11	43	20	109	120	31
Cash and cash equivalents at January 1	983	965	978	826	826	966
Exchange-rate differences in cash and cash equivalents	47	-42	21	31	32	22
Cash and cash equivalents at the end of the period	1 019	966	1 019	966	978	1 019

Operating cash flow, Group

MSEK	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Operating profit	465	508	962	1 003	1 964	1 923
Depreciation/amortisation/impairment	57	54	114	107	209	216
Change in working capital	95	111	-107	68	130	-45
Sales of fixed assets	0	13	0	13	41	28
Investments	-37	-46	-64	-71	-159	-152
Operating Cash flow	580	640	905	1 120	2 185	1 970

Other key figures, Group

	Apr-Jun		Jan-Jun		Full Year	Jul 15-
	2016	2015	2016	2015	2015	Jun 16
Profit margin before tax, %	17,6	17,3	17,8	16,9	17,3	17,7
Return on shareholders' equity, % R12			21,8	23,7	23,7	
Interest-coverage ratio, multiple			192	91	109	160
Net cash, MSEK			234	-313	454	
Sales growth adjusted for currency effects, %	-8	17	-7	17	11	
Sales growth adjusted for currency effects and acquisitions, %	-9	-2	-8	-2	-5	
Cash flow per share, SEK	1,14	1,24	2,04	2,51	5,11	4,64
Cash flow per share before change in working capital, SEK	0,86	0,92	2,35	2,31	4,74	4,78

Financial instruments per category and measurement level

Per Jun 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
Non-current financial assets	1	-	-	1
Accounts receivable	1 379	-	-	1 379
Cash and cash equivalents	1 019	-	-	1 019
Total	2 399	0		2 399

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
Interest-bearing non-current liabilities	757	-	-	757
Interest-bearing current liabilities	28	-	-	28
Accounts payable	1 358	-	-	1 358
Total	2 143	0		2 143

Per Jun 30, 2015	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
Non-current financial assets	1	-	-	1
Accounts receivable	1 341	-	-	1 341
Cash and cash equivalents	966	-	-	966
Total	2 308	0		2 308

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
Interest-bearing non-current liabilities	215	-	-	215
Interest-bearing current liabilities	1 064	-	-	1 064
Accounts payable	1 378	-	-	1 378
Total	2 657	0		2 657

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	2016		2015				Full-Year	Jul 15-Jun 16	2014				Full-Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	2 550	2 414	2 744	2 699	2 566	2 393	10 402	9 923	1 954	1 971	2 125	2 148	8 198
HEXPOL Engineered Products	207	213	207	211	206	203	827	829	177	174	187	183	721
Group total	2 757	2 627	2 951	2 910	2 772	2 596	11 229	10 752	2 131	2 145	2 312	2 331	8 919

Sales per geographic region

MSEK	2016		2015				Full-Year	Jul 15-Jun 16	2014				Full-Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	780	828	850	808	763	715	3 136	3 086	699	677	684	671	2 731
NAFTA	1 851	1 688	1 963	1 964	1 881	1 730	7 538	7 150	1 314	1 343	1 496	1 524	5 677
Asia	126	111	138	138	128	151	555	516	118	125	132	136	511
Group total	2 757	2 627	2 951	2 910	2 772	2 596	11 229	10 752	2 131	2 145	2 312	2 331	8 919

Operating profit per business area

MSEK	2016		2015				Full-Year	Jul 15-Jun 16	2014				Full-Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	473	435	473	482	476	428	1 859	1 812	337	338	364	325	1 364
HEXPOL Engineered Products	24	30	22	26	29	28	105	111	27	22	24	19	92
Group total	497	465	495	508	505	456	1 964	1 923	364	360	388	344	1 456

Operating margin per business area

%	2016		2015				Full-Year	Jul 15-Jun 16	2014				Full-Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	18,5	18,0	17,2	17,9	18,6	17,9	17,9	18,3	17,2	17,1	17,1	15,1	16,6
HEXPOL Engineered Products	11,6	14,1	10,6	12,3	14,1	13,8	12,7	13,4	15,3	12,6	12,8	10,4	12,8
Group total	18,0	17,7	16,8	17,5	18,2	17,6	17,5	17,9	17,1	16,8	16,8	14,8	16,3

Condensed income statement, Parent Company

MSEK	Apr-Jun		Jan-Jun		Full Year		Jul 15-Jun 16
	2016	2015	2016	2015	2015	2015	
Sales	11	11	21	22	46	45	
Administrative costs, etc.	-19	-16	-36	-31	-63	-68	
Operating loss	-8	-5	-15	-9	-17	-23	
Financial income and expenses	120	126	147	173	383	357	
Profit before tax	112	121	132	164	366	334	
Tax	1	0	1	0	-3	-2	
Profit after tax	113	121	133	164	363	332	

Condensed balance sheet, Parent Company

MSEK	Jun 30		Dec 31
	2016	2015	2015
Total fixed assets	5 407	5 018	4 994
Total current assets	2 065	2 465	2 125
Total assets	7 472	7 483	7 119
Total shareholders' equity	2 707	2 960	3 159
Total non-current liabilities	730	215	434
Total current liabilities	4 035	4 308	3 526
Total shareholders' equity and liabilities	7 472	7 483	7 119

Reconciliation alternative performance measures

Sales

MSEK	2016		2015					2014				
	Q1	Q2	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Sales	2 757	2 627	2 951	2 910	2 772	2 596	11 229	2 131	2 145	2 312	2 331	8 919
Currency effects	18	-56	436	401	317	198	1 352	34	25	144	219	422
Sales excluding currency effects	2 739	2 683	2 515	2 509	2 455	2 398	9 877	2 097	2 120	2 168	2 112	8 497
Acquisitions	0	38	427	405	334	265	1 431	0	0	42	125	167
Sales excluding currency effects and acquisitions	2 739	2 645	2 088	2 104	2 121	2 133	8 446	2 097	2 120	2 126	1 987	8 330

Sales growth

%	Apr-Jun		Jan-Jun		Full Year
	2016	2015	2016	2015	2015
Sales growth excluding currency effects	-8	17	-7	17	11
Sales growth excluding currency effects and acquisitions	-9	-2	-8	-2	-5

Capital employed

MSEK	2016		2015				2014			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	8 776	9 355	9 261	9 033	8 944	8 723	6 322	6 322	6 983	7 284
Provision for deferred tax	-340	-356	-277	-271	-274	-349	-190	-190	-202	-240
Accounts payable	-1 259	-1 358	-1 375	-1 378	-1 339	-1 210	-928	-923	-984	-1 017
Other liabilities	-141	-69	-203	-147	-107	-63	-136	-122	-146	-60
Accrued expenses, prepaid income, provisions	-296	-353	-384	-406	-409	-325	-238	-280	-328	-331
Total Group	6 740	7 219	7 022	6 831	6 815	6 776	4 830	4 807	5 323	5 636

Return on capital employed, R12

MSEK	Jun 30, R12		Full Year
	2016	2015	2015
Average capital employed	6 888	6 203	6 861
Profit before tax	1 908	1 716	1 943
Interest expense	12	21	18
Total	1 920	1 737	1 961
Return on capital employed, %	27,9	28,0	28,6

Shareholders' equity

MSEK	2016		2015				2014			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	6 452	6 414	5 805	5 532	5 976	6 233	3 877	3 963	4 480	5 049

Return on equity, R12

	30 Jun, R12		Full Year
MSEK	2016	2015	2015
Average shareholders' equity	6 269	5 217	5 887
Profit after tax	1 368	1 237	1 393
Return on equity, %	21,8	23,7	23,7

Net cash

	Jun 30		Dec 31
MSEK	2016	2015	2015
Cash and cash equivalents	1 019	966	978
Non-current interest-bearing liabilities	-757	-215	-492
Current interest-bearing liabilities	-28	-1 064	-32
Net cash	234	-313	454

Equity/assets ratio

	Jun 30		Dec 31
MSEK	2016	2015	2015
Shareholders' equity	6 414	5 532	6 233
Total assets	9 355	9 033	8 723
Equity/assets ratio, %	69	61	72

Financial definitions

Average shareholders' equity	Average of the last four quarters shareholders' equity.
Average capital employed	Average of the last four quarters capital employed.
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 growth excluding currency effects compared to the sales for the corresponding year-earlier period.
Sales growth excluding currency effects and acquisitions	Sales growth 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.