Published on April 28, 2020

Interim report

January - March 2020

HIGHLIGHTS JANUARY-MARCH 2020:

Increased sales and strong cash flow

- Sales increased 10 percent to 4,168 MSEK (3,805).
- Operating profit, excl. non-recurring items, increased to 587 MSEK (586).
- Operating margin, excl. non-recurring items, amounted to 14.1 percent (15.4).
- Profit after tax amounted to 405 MSEK (438).
- Earnings per share, excl. non-recurring items, increased 2 percent to 1.29 SEK (1.27). Earnings per share including these items amounted to 1.18 SEK (1.27).
- Operating cash flow increased to 527 MSEK (354).
- Non-recurring items, before tax, amounted to 50 MSEK (0).

Group Summary

Key figures MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	4 168	3 805	15 508	15 871
EBITA, excl. non-recurring items	607	607	2 320	2 320
EBITA margin, excl. non-recurring items, %	14,6	16,0	15,0	14,6
EBITA	557	607	2 121	2 071
EBITA margin, %	13,4	16,0	13,7	13,0
Operating profit, excl. non-recurring items	587	586	2 242	2 243
Operating margin, excl. non-recurring items, %	14,1	15,4	14,5	14,1
Operating profit, EBIT	537	586	2 043	1 994
Operating margin, EBIT %	12,9	15,4	13,2	12,6
Profit before tax	535	582	2 008	1 961
Profit after tax	405	438	1 542	1 509
Earnings per share, excl. non-recurring items, SEK	1,29	1,27	4,93	4,95
Earnings per share after dilution, SEK	1,18	1,27	4,48	4,39
Equity/assets ratio, %	57	61	56	
Return on capital employed, % R12	14,3	20,9	15,2	
Operating cash flow	527	354	2 607	2 780

ABOUT HEXPOL
HEXPOL is a world-leading polymers group with strong global positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets and Seals), 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, building and construction industry and within sectors as transportation, energy, oil/gas, consumer and cable industry and manufacturers of medical equipment, plate heat exchangers and forklifts. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group's sales in 2019 amounted to 15.508 MSEK and the Group has approximately 5.100 employees in fourteen countries.

Comments from acting CEO

The first quarter 2020 showed sales of 4.167 MSEK and an adjusted operating profit of 587 MSEK. The sales increased by 10 percent compared to the same period previous year, while the result was on the same level. We delivered a strong operating cash flow of 527 MSEK, an increase by 49 percent compared to the same period previous year, which further strengthens our financial position.

We have during the quarter continued to integrate Preferred Compounding, acquired 2019, into our business and the work goes according to plan.

During the two first months in the quarter we saw limited impact from the Covid-19 pandemic in the world. However, during the month of March, the impact became more evident as, for example, the automotive industry largely shut down its production, not least in Europe and the US. We also saw that demand generally began to decline in other customer segments as well.

When we look ahead, it is obvious that the Covid-19 pandemic and the measures taken around the world will have a major negative impact on demand in the future, not least during the second quarter of 2020.

At present, basically all our plants are open and we experience no significant problems with either supplies of raw materials or deliveries of goods to our customers. However, we see considerably lower demand, not least when the production of several of our customers is standing still or producing low volumes. To handle this financially, we have among other things introduced short term work at many of our units. The way it is implemented varies between the different countries in line with the laws and regulations of each country.

HEXPOL has a strong financial position but considering the very substantial uncertainty prevailing at the moment, the Board of Directors has decided to recommend to the Annual General Meeting to postpone the dividend for the financial year 2019. The Board will get back to this topic later during the year when the situation hopefully is clearer and more stable.

HEXPOLs experienced and decentralized organization shows its strength in situations like this with major and varied challenges. Every local unit acts fast and adapts to the conditions that apply to just them, both to be able to support our customers but also to secure our financial position. At the same time, all necessary processes and resources are coordinated centrally to benefit in the best possible way of our global position.

It is our belief that HEXPOLs combination of financial strength and decentralized organization gives us good conditions to get us through this in a good way.

Peter Rosén
Acting CEO & CFO

Sales
+10%

Cash flow
+49%

The Groups development

First quarter 2020

Sales

HEXPOL Group's sales increased by 10 percent during the quarter to 4.168 MSEK (3.805). Acquisition (Preferred Compounding) increased sales by 15 percent, exchange rate fluctuations by 4 percent while the organic sales decreased by 9 percent.

The HEXPOL Compounding business area's sales increased during the quarter by 10 percent to 3.906 MSEK (3.539). The sales increased driven by the acquisition of Preferred Compounding that was carried out during the second quarter of 2019. The acquisition contributed with 16 percent, positive currency effects contributed with 4 percent while the organic sales decreased by 10 percent. The lower organic sales comes partly as a result of the Covid-19 pandemic. At the end of the quarter some customers closed, mainly within automotive industry, their production and the demand fell. In addition the volumes for so-called ”Tire and Toll” were lower compared to the same period previous year. The latter are products that the company temporarily produces as support when the customers have the needs. The HEXPOL Engineered Products business area's sales during the quarter were stable and amounted to 262 MSEK (266).

From a geographical perspective the sales in America increased by 20 percent, while the sales decreased in Europe and Asia with 4 respectively 2 percent compared to the corresponding quarter previous year.

Sales
4.168 MSEK

Earnings

Operating profit before amortization of intangible assets and excluding non-recurring items, EBITA, amounted to 607 MSEK (607), which meant a corresponding EBITA margin of 14.6 percent (16.0). Exchange rate fluctuations affected the operating profit positively in the quarter by 22 MSEK.

Operating profit, excluding non-recurring items, was stable by 587 MSEK (586), while the operating margin amounted to 14.1 percent (15.4). The lower margin was partly affected by the slightly lower margin at the acquired Preferred Compounding and partly by the lower organic volume. Operating profit amounted to 537 MSEK (586).

Non-recurring items, regarding restructuring costs, amounted to 50 MSEK (0).

The Group's net financial items amounted to an expense of 2 MSEK (expense 4) and profit before tax 535 MSEK (582). Profit after tax amounted to 405 MSEK (438) and earnings per share 1.18 SEK (1.27). Earnings per share, adjusted for non-recurring items, amounted to 1.29 SEK (1.27).

EBITA *
607 MSEK
* Excl. non-recurring items

Financial overview

Equity/assets ratio

The equity/assets ratio was still strong and amounted to 57 percent (61). The Group's total assets increased to 19,088 MSEK (15,422). Net debt increased to 1,876 (1,168) whereof 459 MSEK (361) relates to financial leasing liabilities according to IFRS 16. The Group's total assets and net debt increased mainly due to the acquisition of Preferred Compounding in July 2019.

The Group had the following major credit agreements with Nordic banks as per March 31:

- A credit agreement with a limit of 1,500 MSEK due in August 2020
- A credit agreement with a limit of 125 MUSD due in February 2021
- A credit agreement with a limit of 2,000 MSEK due in July 2022
- A credit agreement with a limit of 1,500 MSEK due in September 2022

Equity/assets ratio
57%

Cash flow

The operating cash flow increased to 527 MSEK (354), an increase of 49 percent compared to the corresponding period previous year. The increase is driven by improved working capital. Cash flow from operating activities increased to 528 MSEK (317).

Cash flow
527 MSEK

Investments, depreciation and amortisation

The Group's investments amounted to 71 MSEK (46) for the quarter and refers mainly to regular maintenance investments. At the same time, depreciation, amortisation and impairment amounted to 135 MSEK (104), whereof 23 MSEK (19) relates to leased assets according to IFRS 16.

Tax expenses

The Group's tax expenses amounted to 130 MSEK (144), which corresponds to a tax rate of 24.3 percent (24.7).

Profitability

The return on average capital employed, R12, amounted to 14.3 percent (20.9). The return on shareholders' equity, R12, amounted to 15.2 percent (19.7).

Parent Company

The Parent Company's profit after tax amounted to negative 37 MSEK (negative 6). Shareholders' equity amounted to 4,870 MSEK (4,415).

HEXPOL Compounding

First quarter 2020

The sales increased by 10 percent till 3,906 MSEK (3,539) mainly driven by the acquisition of Preferred Compounding. The acquisition contributed with 16 percent, positive currency effects contributed with 4 percent while the organic sales decreased by 10 percent. The lower organic sales comes partly as a result of the Covid-19 pandemic. At the end of the quarter some customers closed, mainly within automotive, their production and the demand declined. In addition the volumes for so-called ”Tire and Toll” were lower compared with the same period previous year. The latter are products that the company temporarily produce as support when the customers have the needs. Operating profit, excluding non-recurring items, amounted to 554 MSEK (553) and the corresponding operating margin amounted to 14.2 percent (15.6). The lower margin was affected by lower organic volume but also by the slightly lower margin at the acquired Preferred Compounding.

HEXPOL Compounding Americas sales increased during the quarter driven by the acquisition of Preferred Compounding. The business area saw sales increases to a majority of the customer segments such as automotive, building and construction, engineering and general industry. Excluding the acquisition the organic sales decreased, primarily within automotive and general industry and so-called ”Tire and Toll”. The latter are products that the company temporarily produce as support when the customers have the needs.

The sales for HEXPOL Compounding Europe, decreased slightly during the quarter mainly visible to customers within automotive and building and construction and general industry.

HEXPOL Compounding Asia’s sales were slightly lower compared to the corresponding quarter previous year, affected by temporarily shut down plants at both us and our customers. The closed plants came as a result of the government decision to close all production during a period.

HEXPOL Thermoplastic Compounding showed lower sales affected by closed plants at automotive customers, driven entirely by the Covid-19 pandemic.

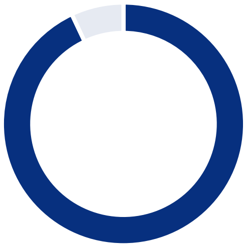
The sales for HEXPOL TPE Compounding conversely showed a sales increase driven by increased demand from for example customers within medical equipment.

HEXPOL Compounding

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	3 906	3 539	14 465	14 832
Operating profit, excl. non-recurring items	554	553	2 109	2 110
Operating margin, excl. non-recurring items, %	14,2	15,6	14,6	14,2
Operating profit, EBIT	504	553	1 910	1 861

Share of the Group’s sales

January-March 2020



94%

About HEXPOL Compounding

The business area is one of the world’s leading suppliers in 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 building and construction sector. Other key segments are transportation sector, energy, oil and gas sector, consumer sector, cable industries and manufacturers of medical equipment.

HEXPOL Engineered Products

First quarter 2020

The sales were stable compared to the corresponding period previous year at 262 MSEK (266). There were no major movements between the different customer segments even though concerns of the Covid-19 affected individual customers during the end of the quarter. Operating profit amounted to 33 MSEK (33) and the corresponding operating margin amounted to 12.6 percent (12.4).

Product area HEXPOL Gaskets and Seals sales decreased slightly compared to the corresponding quarter previous year.

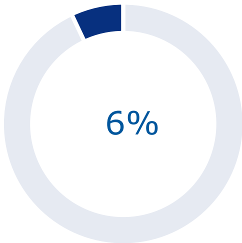
At the same time showed product area HEXPOL Wheels a slightly higher sales compared to previous year. This despite continued delivery problems of an important raw material to one of the company's plants.

HEXPOL Engineered Products

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	262	266	1 043	1 039
Operating profit , EBIT	33	33	133	133
Operating margin, EBIT %	12,6	12,4	12,8	12,8

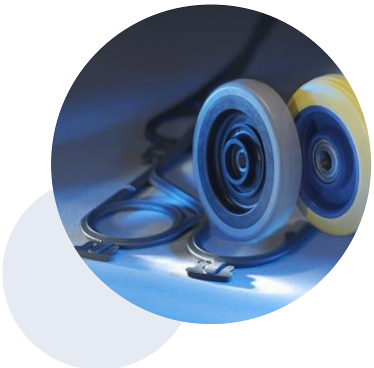
Share of the Group's sales

January-March 2020



About HEXPOL Engineered Products

The business area has operations in a number of niche areas with strong global positions in gaskets for plate heat exchangers (Gaskets and Seals) and polyurethane, rubber and plastic wheels for forklifts and material handling (Wheels). The market for gaskets and wheels is global. Gaskets customers include manufacturers of plate heat exchangers and wheel customers are manufacturers of forklifts and castor wheels.



After the end of the period

The Covid-19 pandemic have a significant negative impact on demand for the company's products which is visible from the middle of March and even more so in the beginning of the second quarter.

The Board of Directors proposes a postponement of the decision on the dividend for fiscal year 2019

The Board of Directors has due to the current uncertainty in global demand caused by the Covid-19 pandemic, decided to propose a postponement of the decision on the dividend for fiscal year 2019 until the impact of the pandemic is clearer and market conditions have stabilized. The Board's ambition is to fulfil its previously communicated dividend proposal of 2.30 SEK per share at an extraordinary general meeting during the autumn of 2020.

Other information

Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2019 Annual Report. Since the completion of the 2019 Annual Report, the Covid-19 pandemic has had an ever greater impact of the world and HEXPOL. At present, it is very difficult to estimate or quantify the risks related to this, but the negative effect is likely to be significant, both in terms of sales and earnings.

Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. The accounting and measurement policies as well as the assessment bases, applied in the 2019 Annual Report have also been applied in this interim report. No new or revised IFRS that came into force 2020 have had any significant impact on the Group's financial reports.

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.

Personnel

The number of employees at the end of the period was 5,008 (4,659). The increase compared to the corresponding period previous year is explained by the acquisition of Preferred Compounding that was acquired in July 2019.

Number of employees
5,008

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 12,000 shareholders on March 31, 2020. The largest shareholder is Melker Schörling AB with 25 percent of the capital and 46 percent of the voting rights. The twenty largest shareholders own 69 percent of the capital and 78 percent of the voting rights.

Invitation to presentation of the report

A presentation of this report will be held through a webcasted conference call on April 28 at 1:00 p.m. CET. The presentation, as well as information concerning participations, is available at www.hexpol.com.

Financial calender

HEXPOL AB publish financial information on the following dates:

- Annual General meeting 2019 April 28, 2020
- Half-year report January-June 2020 July 17, 2020
- Interim report January-September 2020 October 23, 2020

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

This interim report January-March 2020 has not been audited by HEXPOL AB's auditors.

Malmö, Sweden April 28, 2020

HEXPOL AB (publ.)

Peter Rosén

Acting CEO and CFO

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Summary financial information

Condensed consolidated income statement

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	4 168	3 805	15 508	15 871
Cost of goods sold	-3 278	-2 990	-12 430	-12 718
Gross profit	**890**	**815**	**3 078**	**3 153**
Selling and administrative cost, etc.	-353	-229	-1 035	-1 159
Operating profit	**537**	**586**	**2 043**	**1 994**
Financial income and expenses	-2	-4	-35	-33
Profit before tax	**535**	**582**	**2 008**	**1 961**
Tax	-130	-144	-466	-452
Profit after tax	**405**	**438**	**1 542**	**1 509**
- of which, attributable to Parent Company shareholders	405	438	1 542	1 509
Earnings per share before dilution, SEK	1,18	1,27	4,48	4,39
Earnings per share after dilution, SEK	1,18	1,27	4,48	4,39
Earnings per share, excl non recurring items, SEK	1,29	1,27	4,93	4,95
Shareholders' equity per share, SEK			28,34	
Average number of shares, 000s	344 201	344 201	344 201	344 201
Depreciation, amortisation and impairment	-135	-104	-447	-478

Condensed statement of comprehensive income

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Profit after tax	405	438	1 542	1 509
Items that will not be reclassified to the income statement				
Remeasurements of defined benefit pension plans	-	0	-2	-2
Income tax relating to items that will not be reclassified to the income statement	-	0	0	0
Items that may be reclassified to the income statement				
Cash-flow hedges	-	0	0	0
Hedge of net investment	-	-1	7	8
Income tax relating to items that may be reclassified to the income statement	-	0	-2	-2
Translation differences	763	364	399	798
Comprehensive income	**1 168**	**801**	**1 944**	**2 311**
- of which, attributable to Parent Company's shareholders	1 168	801	1 944	2 311

Condensed consolidated balance sheet

MSEK	Mar 31 2020	Mar 31 2019	Dec 31 2019
Intangible fixed assets	10 011	7 805	9 429
Tangible fixed assets	2 744	2 387	2 632
Financial fixed assets	3	3	3
Deferred tax asset	47	41	52
Total fixed assets	**12 805**	**10 236**	**12 116**
Inventories	1 451	1 403	1 391
Accounts receivable	2 489	2 338	1 983
Other receivables	207	163	261
Prepaid expenses and accrued income	54	63	50
Cash and cash equivalents	2 082	1 219	1 624
Total current assets	**6 283**	**5 186**	**5 309**
Total assets	**19 088**	**15 422**	**17 425**
Equity attributable to Parent Company's shareholders	10 924	9 387	9 756
Total shareholders' equity	**10 924**	**9 387**	**9 756**
Interest-bearing liabilities	1 494	2 078	2 754
Other liabilities	46	483	41
Provision for deferred tax	584	549	580
Provision for pensions	72	43	55
Total non-current liabilities	**2 196**	**3 153**	**3 430**
Interest-bearing liabilities	2 467	312	1 249
Accounts payable	2 300	1 990	1 953
Other liabilities	658	253	598
Accrued expenses, prepaid income, provisions	543	327	439
Total current liabilities	**5 968**	**2 882**	**4 239**
Total shareholders' equity and liabilities	**19 088**	**15 422**	**17 425**

Consolidated changes in shareholders' equity

	Mar 31, 2020		Mar 31, 2019		Dec 31, 2019	
MSEK	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	**9 756**	**9 756**	**8 586**	**8 586**	**8 586**	**8 586**
Comprehensive income	1 168	1 168	801	801	1 944	1 944
Dividend	-	-	-	-	-774	-774
Closing equity	**10 924**	**10 924**	**9 387**	**9 387**	**9 756**	**9 756**

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 Jun 1, 2019 – December 31, 2020.

Condensed consolidated cash-flow statement

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Cash flow from operating activities before changes in working capital	602	607	1 958	1 953
Changes in working capital	-74	-290	403	619
Cash flow from operating activities	**528**	**317**	**2 361**	**2 572**
Acquisitions	-	15	-2 204	-2 219
Cash flow from other investing activities	-71	-46	-286	-311
Cash flow from investing activities	**-71**	**-31**	**-2 490**	**-2 530**
Dividend	-	-	-774	-774
Cash flow from other financing activities	-45	-293	1 201	1 449
Cash flow from financing activities	**-45**	**-293**	**427**	**675**
Change in cash and cash equivalents	**412**	**-7**	**298**	**717**
Cash and cash equivalents at January 1	1 624	1 164	1 164	1 219
Exchange-rate differences in cash and cash equivalents	46	62	162	146
Cash and cash equivalents at the end of the period	**2 082**	**1 219**	**1 624**	**2 082**

Operating cash flow, Group

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Operating profit	537	586	2 043	1 994
Depreciation/amortisation/impairment	135	104	447	478
Change in working capital	-74	-290	403	619
Sale of fixed assets	0	0	0	0
Investments	-71	-46	-286	-311
Operating Cash flow	**527**	**354**	**2 607**	**2 780**

Other key figures, Group

	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Profit margin before tax, %	12,8	15,3	12,9	12,4
Return on shareholders' equity, % R12	15,2	19,7	16,2	
Interest-coverage ratio, multiple	31	117	43	33
Net debt, MSEK	-1 876	-1 168	-2 376	
Sales growth adjusted for currency effects, %	6	6	7	
Sales growth adjusted for currency effects and acquisitions, %	-9	-6	-9	
Cash flow per share, SEK	1,53	0,92	6,86	7,47
Cash flow per share before change in working capital, SEK	1,75	1,76	5,69	5,68

Condensed income statement, Parent Company

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	15	14	54	55
Administrative costs, etc.	-20	-18	-62	-64
Operating loss	**-5**	**-4**	**-8**	**-9**
Financial income and expenses	-33	-3	1 295	1 265
Untaxed reserves	-	-	0	0
Profit before tax	**-38**	**-7**	**1 287**	**1 256**
Tax	1	1	-26	-26
Profit after tax	**-37**	**-6**	**1 261**	**1 230**

Condensed balance sheet, Parent company

MSEK	Mar 31 2020	Mar 31 2019
Fixed assets	9 030	8 969
Current assets	3 387	1 730
Total assets	**12 417**	**10 699**
Total shareholders' equity	**4 870**	**4 415**
Untaxed reserves	0	-
Non-current liabilities	1 121	1 781
Current liabilities	6 426	4 503
Total shareholders' equity and liabilities	**12 417**	**10 699**

Notes to the financial reports

Note 1 Financial instruments per category and measurement level

Mar 31, 2020	Financial assets/ liabilities measured at:			
		fair value through profit or loss		
MSEK	amortized costs	Carrying value	Measurem. level	Total
Assets in the balance sheet				
Derivative financial instruments	-	0	2	0
Non-current financial assets	3	-		3
Accounts receivable	2 489	-		2 489
Cash and cash equivalents	2 082	-		2 082
Total	4 574	0		4 574
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	1 141	-		1 141
Interest-bearing non-current lease liabilities	353	-		353
Interest-bearing current liabilities	2 361	-		2 361
Interest-bearing current lease liabilities	106	-		106
Accounts payable	2 300	-		2 300
Other liabilites	260	-		260
Liabilities to minority shareholders	-	398	3	398
Accrued expenses, prepaid income, provisions	543	-		543
Total	7 064	398		7 462

Mar 31, 2019	Financial assets/ liabilities measured at:			
		fair value through profit or loss		
MSEK	amortized costs	Carrying value	Measurem. level	Total
Assets in the balance sheet				
Derivative financial instruments	-	1	2	1
Non-current financial assets	3	-		3
Accounts receivable	2 338	-		2 338
Cash and cash equivalents	1 219	-		1 219
Total	3 560	1		3 561
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	1 798	-		1 798
Interest-bearing non-current lease liabilities	280	-		280
Liabilities to minority shareholders	-	483	3	483
Interest-bearing current liabilities	231	-		231
Interest-bearing current lease liabilities	81	-		81
Accounts payable	1 990	-		1 990
Other liabilites	226	-		226
Supplementary purchase price	-	27	3	27
Accrued expenses, prepaid income, provisions	327	-		327
Total	4 933	510		5 443

Derivative 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.

Note 2 Non-recurring items in the income statement

All items relates to Hexpol Compounding

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Costs of goods sold	-2	-	-97
Selling and administrative costs, etc.	-48	-	-102
Profit before tax	**-50**	**-**	**-199**
Tax	11	-	43
Profit afer tax	**-39**	-	**-156**

Quarterly data – Group

Sales per business area

MSEK	2020 Q1	2019 Q1	Q2	Q3	Q4	Full Year	Apr 19-Mar 20	2018 Q1	Q2	Q3	Q4	Full Year
HEXPOL Compounding	3 906	3 539	3 418	3 984	3 524	14 465	14 832	3 057	3 207	3 180	3 301	12 745
HEXPOL Engineered Products	262	266	267	260	250	1 043	1 039	252	254	263	256	1 025
Group total	**4 168**	**3 805**	**3 685**	**4 244**	**3 774**	**15 508**	**15 871**	**3 309**	**3 461**	**3 443**	**3 557**	**13 770**

Sales per geographic region

MSEK	2020 Q1	2019 Q1	Q2	Q3	Q4	Full Year	Apr 19-Mar 20	2018 Q1	Q2	Q3	Q4	Full Year
Europe	1 464	1 519	1 439	1 360	1 301	5 619	5 564	1 162	1 181	1 114	1 317	4 774
Americas	2 548	2 127	2 066	2 697	2 293	9 183	9 604	1 967	2 105	2 126	2 056	8 254
Asia	156	159	180	187	180	706	703	180	175	203	184	742
Group total	**4 168**	**3 805**	**3 685**	**4 244**	**3 774**	**15 508**	**15 871**	**3 309**	**3 461**	**3 443**	**3 557**	**13 770**

Sales per geographic region HEXPOL Compounding

MSEK	2020 Q1	2019 Q1	Q2	Q3	Q4	Full Year	Apr 19-Mar 20	2018 Q1	Q2	Q3	Q4	Full Year
Europe	1 334	1 380	1 298	1 228	1 174	5 080	5 034	1 031	1 042	985	1 184	4 242
Americas	2 466	2 053	1 999	2 630	2 225	8 907	9 320	1 903	2 043	2 056	1 984	7 986
Asia	106	106	121	126	125	478	478	123	122	139	133	517
Group total	**3 906**	**3 539**	**3 418**	**3 984**	**3 524**	**14 465**	**14 832**	**3 057**	**3 207**	**3 180**	**3 301**	**12 745**

Sales per geographic region HEXPOL Engineered Products

MSEK	2020 Q1	2019 Q1	Q2	Q3	Q4	Full Year	Apr 19-Mar 20	2018 Q1	Q2	Q3	Q4	Full Year
Europe	130	139	141	132	127	539	530	131	139	129	133	532
Americas	82	74	67	67	68	276	284	64	62	70	72	268
Asia	50	53	59	61	55	228	225	57	53	64	51	225
Group total	**262**	**266**	**267**	**260**	**250**	**1 043**	**1 039**	**252**	**254**	**263**	**256**	**1 025**

Operating profit per business area

MSEK	2020 Q1*	2019 Q1	Q2	Q3*	Q4*	Full Year*	Apr 19-Mar 20*	2018 Q1	Q2	Q3	Q4	Full Year
HEXPOL Compounding	554	553	516	547	493	2 109	2 110	506	526	488	486	2 006
HEXPOL Engineered Products	33	33	35	36	29	133	133	34	35	39	36	144
Group total	**587**	**586**	**551**	**583**	**522**	**2 242**	**2 243**	**540**	**561**	**527**	**522**	**2 150**

Operating margin per business area

%	2020 Q1*	2019 Q1	Q2	Q3*	Q4*	Full Year*	Apr 19-Mar 20*	2018 Q1	Q2	Q3	Q4	Full Year
HEXPOL Compounding	14,2	15,6	15,1	13,7	14,0	14,6	14,2	16,6	16,4	15,3	14,7	15,7
HEXPOL Engineered Products	12,6	12,4	13,1	13,8	11,6	12,8	12,8	13,5	13,8	14,8	14,1	14,0
Group total	**14,1**	**15,4**	**15,0**	**13,7**	**13,8**	**14,5**	**14,1**	**16,3**	**16,2**	**15,3**	**14,7**	**15,6**

*Excl. Non-recurring items for HEXPOL Compounding

Reconciliation alternative performance measures

Sales

MSEK	2020 Q1	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 Full Year	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018 Full Year
Sales	4 168	3 805	3 685	4 244	3 774	15 508	3 309	3 461	3 443	3 557	13 770
Currency effects	138	298	198	163	152	811	-153	36	313	230	426
Sales excluding currency effects	**4 030**	**3 507**	**3 487**	**4 081**	**3 622**	**14 697**	**3 462**	**3 425**	**3 130**	**3 327**	**13 344**
Acquisitions	580	380	356	911	530	2 177	210	0	31	330	571
Sales excluding currency effects and acquisitions	**3 450**	**3 127**	**3 131**	**3 170**	**3 092**	**12 520**	**3 252**	**3 425**	**3 099**	**2 997**	**12 773**

Sales growth

%	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Sales growth excluding currency effects	6	6	7
Sales growth excluding currency effects and acquisitions	-9	-6	-9

EBITA, excl. non-recurring items, %

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	4 168	3 805	15 508	15 871
Operating profit	537	586	2 043	1 994
Non-recurring items	50	-	199	249
Amortisation and impairment of intangible	20	21	78	77
Total EBITA	**607**	**607**	**2 320**	**2 320**
EBITA%	**14,6**	**16,0**	**15,0**	**14,6**

EBITA, %

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Sales	4 168	3 805	15 508	15 871
Operating profit	537	586	2 043	1 994
Amortisation and impairment of intangible	20	21	78	77
Total EBITA	**557**	**607**	**2 121**	**2 071**
EBITA%	**13,4**	**16,0**	**13,7**	**13,0**

Capital employed

MSEK	2020 Mar 31	2019 Mar 31	2019 Jun 30	2019 Sep 30	2019 Dec 31	2018 Mar 31	2018 Jun 30	2018 Sep 30	2018 Dec 31
Total assets	19 088	15 422	15 720	18 579	17 425	11 301	11 760	12 664	14 456
Provision for deferred tax	-584	-549	-499	-539	-580	-336	-352	-356	-539
Accounts payable	-2 300	-1 990	-1 908	-2 238	-1 953	-1 879	-1 977	-1 848	-1 913
Other liabilities	-658	-253	-254	-279	-598	-236	-216	-210	-216
Accrued expenses, prepaid income, provisions	-543	-327	-339	-464	-439	-307	-345	-393	-346
Total Group	**15 003**	**12 303**	**12 720**	**15 059**	**13 855**	**8 543**	**8 870**	**9 857**	**11 442**

Return on capital employed, R12

MSEK	Mar 31 2020	Mar 31 2019	Full Year 2019
Average capital employed	14 159	10 618	13 484
Profit before tax	1 961	2 203	2 008
Interest expense	61	18	48
Total	**2 022**	**2 221**	**2 056**
Return on capital employed, %	**14,3**	**20,9**	**15,2**

Interest-coverage ratio, multiple

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019	Apr 19-Mar 20
Profit before tax	535	582	2 008	1 961
Interest expense	18	5	48	61
Total	**553**	**587**	**2 056**	**2 022**
Interest-coverage ratio, multiple	**31**	**117**	**43**	**33**

Shareholders' equity

	2020	2019				2018			
MSEK	Mar 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	10 924	9 387	9 068	9 926	9 756	7 682	7 882	8 151	8 592

Return on equity, R12

MSEK	Mar 31 2020	Mar 31 2019	Full Year 2019
Average shareholders' equity	9 919	8 503	9 534
Profit after tax	1 509	1 673	1 542
Return on equity, %	**15,2**	**19,7**	**16,2**

Net debt

MSEK	Mar 31 2020	Mar 31 2019	Full Year 2019
Financial assets	3	3	3
Cash and cash equivalents	2 082	1 219	1 624
Non-current interest-bearing liabilities	-1 494	-2 078	-2 754
Current interest-bearing liabilities	-2 467	-312	-1 249
Net debt	**-1 876**	**-1 168**	**-2 376**

Equity/assets ratio

MSEK	Mar 31 2020	Mar 31 2019	Full Year 2019
Shareholders' equity	10 924	9 387	9 756
Total assets	19 088	15 422	17 425
Equity/assets ratio, %	**57**	**61**	**56**

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 items	Profit after tax excluding non-recurring items, 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.
EBITA excl. non-recurring items	Operating profit excluding non-recurring items and amortisation and impairment of intangible assets.
EBITA margin excl. non-recurring items, %	Operating profit excluding non-recurring items and 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.
Non-recurring items	Items affecting comparability.
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, %	Operating profit in relation to the sales.
Operating margin, excl. non-recurring items, %	Operating profit excluding non-recurring items, in relation to the sales.
Other investing activities	Investments and sales of intangible and tangible assets.
Operating profit excl. non-recurring items	**Operating profit excluding non-recurring items.**
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.