



Growing to Serve Mexico's Expanding Economy

HEXPOL Celebrates with Customers, Suppliers, and Government Officials

HEXPOL Compounding, a leading global provider of elastomer compounds, held an open house on November 16 at the company's Querétaro, Mexico, location, to celebrate HEXPOL's latest investment in Mexico. Over 200 customers, suppliers, and dignitaries of the Mexican government attended the event for the commissioning of a new, advanced 135 Liter rubber mixing line, at a cost of approximately \$9.2 million dollars.

The new, third mixing line includes significant building and infrastructure additions to the Querétaro campus. It replicates the successful HEXPOL layout used at other HEXPOL campuses, with in-line straining, a proportionally sized batch-off to ensure optimal product conditioning, time-tested proprietary in-line process control, and state-of-the-art equipment and compound mixing technology.

As the line begins production, it adds approximately 12,000 metric tons of capacity per year to the existing capacity of 41,000 metric tons provided by lines one and two, for a total of 53,000 metric tons per year. The new line provides additional capacity and mixing flexibility for HEXPOL customers. Increased capacity facilitates growth. Flexibility gives customers the option to make smaller batches, resulting in less waste and improved quality control.

HEXPOL's other facility in Mexico, located in Aguascalientes, also has three lines, with 27,000 metric tons per year capacity. The company's total rubber compounding capacity in Mexico is now more than 80,000 metric tons per year, for a 70 percent increase in mixing capacity in five years. As HEXPOL's customers grow, the company is prepared to support their continued success.

Please be sure to take a look at the photos from our open house in Mexico on November 16, 2016 on our HEXPOL Mexico portal:

<http://hexpolmexico.com/Gallery/index.html>

"We are here to celebrate another milestone achieved by our HEXPOL Mexico and HEXPOL NAFTA teams. But more importantly, we are here to celebrate all of you," Tracy Garrison, President and Chief Executive Officer of HEXPOL Compounding North America, told the audience as the open house celebration began. "We are very proud of the achievements made by the business community here in Querétaro and throughout Mexico, and certainly honored to

be part of this growth and Mexico's progress to date. We look forward to years of mutual success ahead."

During his comments to open house attendees, Mark George, Director of Operations, HEXPOL Mexico, spoke of the privilege of partnering with HEXPOL customers to "forge a relationship to strengthen our businesses so we can succeed together."

"Our vision for HEXPOL in Mexico is to define a new level of what World Class signifies and how that translates to continuous improvement in the products and services provided to our customers," George explained. "HEXPOL investments in equipment and facility expansion, as you see here today, illustrates our resolve to help our customers and our community here in Querétaro grow."

During the past two years HEXPOL has invested significantly to the growth, development, and leadership of its technical team. In 2014 Querétaro had 90 associates; today there are over 160 at the campus. The investments in equipment, technology, laboratory and testing capabilities, as well as people illustrate the careful planning and timely expansion that has positioned HEXPOL to meet the growing demand for compounding in Mexico.

HEXPOL was honored with a visit from Mexico's Secretary of Sustainable Development & Environment, Marco Antonio del Prete Tercero. While touring the Querétaro campus and the new mixing line, he cited the benefits for the community and country by thanking business investors for making Mexico a good country to work in by trusting the stable business environment through investor relations.

"The philosophy of HEXPOL, as shown by adding their third line to the Querétaro plant, is similar to the government philosophy in Mexico," the Secretary said. "Companies such as HEXPOL generate the investments for business growth and employment, and we in the government provide the necessary support."

Business Growth in Mexico

Mexico continues to be a country of unique development opportunities, largely the result of impressive business growth in the automotive industry. Mexico has made structural reforms and signed strategic trade agreements that position its economy for strong growth and great potential going forward. Anticipated growth in the auto industry and continued expansion of the Mexican economy in general through 2020 is attracting manufacturers from around the globe.

There are currently 16 auto plants in Mexico's automotive production corridor. HEXPOL's plant in Querétaro is strategically located in the corridor to serve these plants and provide excellent logistics for timely product delivery. Four new auto plants will be coming soon: Audi in Puebla, BMW in San Luis Potosi,

Nissan/Daimler in Aguascalientes, and Kia in Nuevo Leon. New tier 1 and tier 2 auto parts manufactures are coming as well, increasing the already substantial number of these plants in Mexico.

“HEXPOL Mexico is not only investing in compound manufacturing equipment, but backing it with a similar investment in highly qualified technical and industry experts to support our tier-1 and tier-2 customers,” said Querétaro Managing Director, Francisco Viliesid. “We are working with and developing close relationships with both OEMs and parts manufacturers.”

Anticipating customer growth and expanding production needs, HEXPOL is continually planning ahead. The new rubber compounding line, along with the company’s capabilities at Aguascalientes, is ready to support the growing demand from HEXPOL’s automotive and engineering customers in Mexico. Automotive is a leading industry in Mexico now:

- 3.5 Million vehicles will be assembled in Mexico in 2016 and expected to reach 4.9 Million vehicles by 2020
- Mexico is currently ranked number four worldwide in car exports and number seven in car production

Other industries in Mexico have a bright future as well, such as aerospace, energy, oil & gas, electronics, appliances, mining, construction, footwear, and general industrial applications.

Working with its customers and suppliers, HEXPOL has taken firm steps to support the economic, industrial and technical growth Mexico is promoting. HEXPOL is also leveraging successful investments in Mexico to expand in Central and South America.

“Today, Querétaro gives us good news, not only good news for the State of Querétaro because of HEXPOL’s investments here, but for the entire country of Mexico as well.”

Marco Antonio del Prete Tercero
Secretary of Sustainable Development & Environment
Mexico

Technology, Production Capacity, and People

HEXPOL has been in operation in Mexico longer than any other rubber compounder – since 2000. Querétaro celebrated its 15th anniversary last year. With the company’s recent expansions, HEXPOL is clearly the largest custom compounder in Mexico. The company plans to continue its leadership role in the Mexican elastomer compounding market – which includes rubber, silicone,

thermoplastic and TPE compounding – providing the best technology, production processes, and people to contribute to the growth and success of its customers and the communities they serve.

HEXPOL's timely and visionary expansion to become a key link to the automotive supply chain, and now the leading rubber compound provider in Mexico, is the result of the company's commitment to the Mexican compounding market. The company now has six advanced mixing lines in Mexico, providing flexibility for batch sizes and mixer types, with Best-in-Class equipment and technology.

"The addition of the new compounding line in Querétaro illustrates HEXPOL's mission to ensure and protect our customers' supply of quality rubber compounds and to anticipate their growth in the coming years," Mr. Viliesid stated.

Expanding production needs, however, is only part of the story. While this investment in rubber compounding capacity in Mexico certainly supports the growing demand from HEXPOL's customers, the company is also establishing solid relationships by working hand-in-hand with them as part of the development team to establish their business goals in Mexico and to launch new projects. Developing these relationships requires investments in people.

To remain successful in such a rapidly growing market, quality, knowledgeable, and well-trained people are essential. Whether they are management, operations, chemists and technicians, or customer service, HEXPOL associates all face new and evolving challenges to serve the company's customers' changing needs.

"Our investment in people, our valued associates, is a differentiator that distinguishes us from others," Mr. George said. To that end, the campuses in Mexico are taking advantage of HEXPOL's Organizational Development Programs, including sales training, technical service training, leadership development, and global leadership.

"Highly trained associates enable us to concentrate on better serving customers by supporting their project management activities to enhance their continuous improvement efforts and product quality," Viliesid explained. "Our technical teams in Mexico are helping them improve their process quality, productivity and performance, improving their efficiencies, reducing scrap indices, and developing improved or new products.

The HEXPOL team in Querétaro has the right expertise in all business and operations aspects of compounding and custom mixing and is recognized for high-end manufacturing capacity, as well quality and worldwide technical service support.

“As the leading and largest rubber compounder in Mexico, HEXPOL is a strategic partner, collaborating with our customers and providing an array of mixing and custom development solutions, as well as process improvement ideas that bring value to their operations,” Garrison concluded.

Investments for Growth and Employment – Mexico’s Secretary of Sustainable Development & Environment, Marco Antonio del Prete Tercero, addresses the audience at HEXPOL Compounding’s Querétaro, Mexico, plant during an open house on November 16 for the commissioning of a new, advanced 135 L rubber mixing line.

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Read more about our Mexico capabilities by scanning the code or by visiting: www.HEXPOLMexico.com



About HEXPOL Compounding

HEXPOL is the leading global developer and manufacturer of quality polymer compounds. The company provides proprietary and standard rubber compounding solutions to the automotive and transportation; energy, oil & gas; wire and cable; medical and pharmaceutical; general industrial; building and construction; water treatment; tire and toll, and consumer markets.

Sixteen locations in North America include legacy names such as Gold Key Processing, Burton Rubber Processing, Colonial Rubber Works, Robbins LLC, Kardoes Rubber, HEXPOL Silicone Compounding, HEXPOL TPE, and RheTech. HEXPOL capabilities include: Rubber Compounding, Rolls, Specialty Products, Tire and Toll, Retreading, Thermoplastic and TPE Compounding, Silicone Compounding, and Outsourcing Services.