



OUTSOURCING YOUR RUBBER COMPOUNDING

Partnering with
HEXPOL compounding
optimizes capital
investment, improves
the total cost of
quality, and increases
manufacturing
flexibility.



A Material Difference

WHY OUTSOURCE YOUR RUBBER COMPOUNDING?

Leading OEMs and fabricators of rubber products are turning to HEXPOL Compounding to take advantage of outsourcing services for compounding and formulation development. Their reasons are many – **strategic, operational** and **financial**.

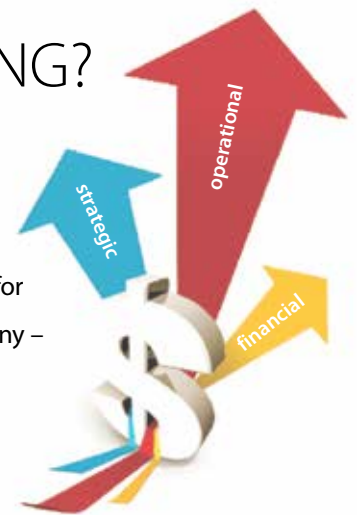
Strategically, outsourcing rubber compounding enables:

- Concentration of resources on core businesses
- Optimization of facility capacity and floor space
- Leveraging HEXPOL's competitive advantage with access to HEXPOL technology leadership
- Global geographic manufacturing flexibility

Achievement of these strategic goals enhances your position as a market leader – providing quality products for your customers, while increasing focus on your own innovation, productivity and profitability.

Operational advantages include production flexibility, controlled labor costs, reliable raw material supplies, access to rubber compounding specialists, and advanced technical support.

Financial advantages include eliminating capital investment for compounding equipment, reducing inventory and equipment maintenance costs, as well as lowering fixed cost.



IMPROVE YOUR QUALITY WHILE STRENGTHENING YOUR FINANCIAL POSITION

Financial considerations alone can justify outsourcing of your rubber compounding while the operational and technology advantages increase the quality of your products.

Reduce Capital Spending and Maintenance Expenditures –

Outsourcing helps minimize or eliminate ongoing investments in mixing and related equipment, as well as maintenance costs, while keeping up with advancing technology. HEXPOL compounding invests millions of dollars annually to upgrade our compounding equipment to incorporate state-of-the-art technology. We ensure your compounding materials will be of the highest quality – every batch, every time.

Optimized Plant Costs – Outsourcing optimizes your plant costs with predictable throughput. Direct labor for compounding and packaging, and indirect labor for plant support and warehousing, including maintenance, technology, and quality control are all reduced when you outsource. Lower rent, insurance, and taxes, as well as fewer environmental, regulatory, and OSHA issues are additional benefits.

Supply and Price Stability for Raw Materials – HEXPOL buys over 4,000 unique raw materials every year. Our global buying power helps reduce price and supply volatility. Our experienced technical staff can help you find better value material alternatives, while maintaining your quality. Eliminate complexity in your sourcing, manufacturing and warehousing by consolidating vendors.

Lower the Cost of High Quality – Maintaining quality is expensive when you consider scrap, lost labor hours, machine time and utilities, as well as the diversion of your technical resources. Eliminate these monetary and resource drains and take advantage of HEXPOL's processing excellence, operational controls, and state-of-the-art testing.



PARTNERING WITH HEXPOL COMPOUNDING

HEXPOL compounding is the world's leading independent supplier of compounded elastomer solutions and specialty product systems. We are committed to listening to our customers and interpreting their compounding needs to address their evolving requirements.

Consulting with over 60 companies like yours, through voice of the customer interviews, we found that most OEMs of rubber products do not consider mixing a core competency and many are looking for a trusted source for their compounding and formulation development.

Look no further – HEXPOL Compounding is your outsourcing solution for rubber compounding.

Partnering Success Stories

Customer Profile 1

- Multi-location producer of automotive components
- Critical applications such as ride control and suspension
- Consumed 15 million pounds of compound per year
- Mixed all compounds in-house
- Considered in-house mixing one of their core competitive advantages

Conditions:

- Movement of production assets to other countries
- Desire to reduce footprint and close production and mixing location

Results/Benefits for Outsourcing to HEXPOL

Compounding:

- ✓ Outsourced 10 million pounds to HEXPOL
- ✓ Cost advantage of 15% vs in-house mixing, including cost of quality
- ✓ Enabled accelerated shut-down of production location
- ✓ Increased mixing flexibility during start-up of new foreign location
- ✓ Reduced head-count in logistics group along with mixing department
- ✓ Experienced better consistency of mix and faster throughput in production equipment with Hexpol-produced compounds

Customer Profile 2

- Multi-location producer of highly-engineered materials
- Critical applications such as fuel tanks and life rafts
- Consumed 3 million pounds of compounds per year
- Mixed majority of compounds in-house

Conditions:

- High turnover in the mixing department
- Less than 90% yield on in-house mixed compounds
- Major maintenance spend for mixer drove outsource decision

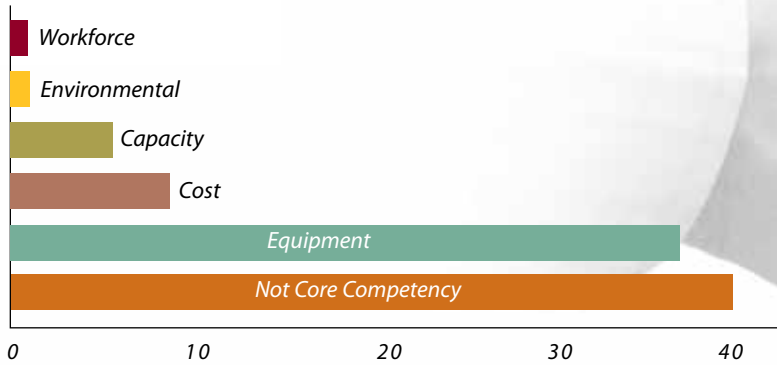
Results/Benefits from Outsourcing to HEXPOL:

- ✓ Outsourced 3 million pounds to HEXPOL
- ✓ Cost advantage of 25% vs in-house mixing, including cost of quality - increased yield by 7%
- ✓ Avoided \$1.0 million capital expenditure for new mixer
- ✓ Reduced inventory carrying requirements by over \$100,000
- ✓ Eliminated staffing problems in the mixing department





Major reasons for outsourcing rubber compounding



Customer Profile 3

- Single-location producer of molded, extruded and lathe-cut mechanical parts
- Competes in low cost, high quality market niches
- 20 million pound consumption per year
- Mixed most compounds in-house

Conditions:

- Operating at mixing capacity and facing capital expenditure
- High employee turnover
- Labor issues exist in the plant

Results/Benefits from Outsourcing to HEXPOL:

- ✓ Outsourced 10 million pounds to HEXPOL
- ✓ Substituted polymers, generating \$.03-.10/lb. RM savings
- ✓ Avoided \$300,000 capital expenditure
- ✓ Improved Quality
- ✓ Eliminated Labor issue

Customer Profile 4

- Multi-location fabricator of calendered and extruded parts
- Major focus on batch-to-batch consistency
- Critical dispersion requirements
- Tight durometer specifications
- Majority of products mixed on open mills and pre-formed calender line

Conditions:

- Aging product portfolio with technical resource limitations
- High percentage of quality defects
- Workforce issues challenging use of compounding or part manufacturing

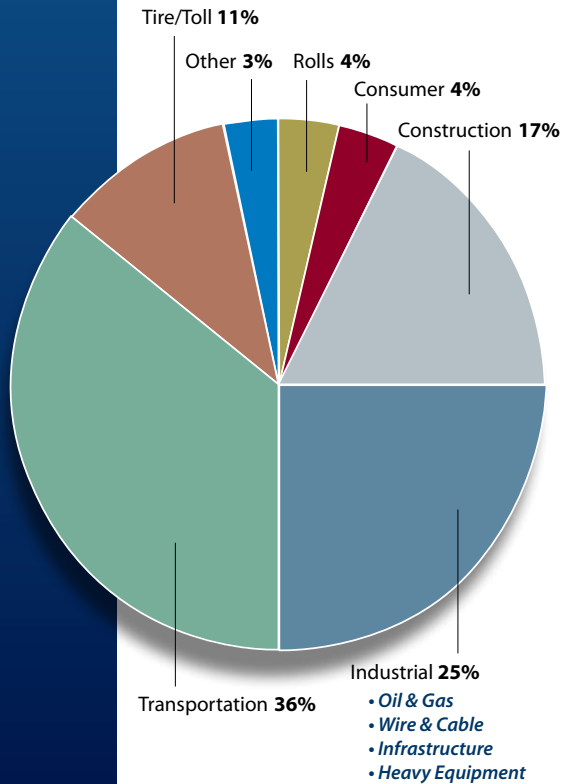
Results/Benefits from Outsourcing to HEXPOL:

- ✓ Material benefit of 15% on 500K pounds
- ✓ Freight savings of \$.05/lb. due to proximity of HEXPOL to the customer plants
- ✓ Working capital reduction of 20%
- ✓ Internal quality improvement of finished parts from 5% to >2%



HEXPOL IS COMMITTED TO DELIVERING VALUE

As the world's leading independent supplier of compounded elastomer solutions and chemical additive systems, HEXPOL is committed to delivering value to our customers. We provide custom compounding and formulation development that meet precise performance standards in an array of markets:



Industrial – Including Oil & Gas, Construction, Wire & Cable, Infrastructure, and Heavy Equipment

Transportation – Cars, Light and Heavy Trucks, Off-Road, ATV, and Aerospace

Consumer – Personal Electronics, Safety Clothing, Toys, and Footwear

HEXPOL is also the leading supplier of compounds for the Industrial Rolls market, as well as a provider of Tire/Toll custom mixing.

HEXPOL has a worldwide footprint, positioned to serve customers across the United States, Mexico, Europe, and Asia. We operate in an environmentally sustainable manner, and HEXPOL is committed to ISO 14001 environmental management certification at all sites. Our ISO 9001-certified facilities offer the industry's largest range of compounding options.

HEXPOL partners with customer scientists and key suppliers to develop and commercialize new technologies and solutions – working with our customers to continually improve processes and products.

OUTSOURCE WITH HEXPOL TODAY

When you consider the strategic, operational, and financial advantages of outsourcing, we hope you decide to partner with HEXPOL. Our Rubber Compounding Outsourcing Services deliver production flexibility, better controlled labor costs, reliable raw material supplies, as well as enhanced technology and technical support – all while reducing your capital expenditures and increasing your working capital so you can focus on what you do best.

For a risk-free evaluation call us today.

1.440.834.4644

hexpolcompounding.com



OUR PRODUCTS AND SERVICES INCLUDE:

- Proven Proprietary Compounds
- Custom Compounding
- Specific-Application Compound Development
- High-Performance Elastomers
- Outsource Manufacturing Analysis & Support
- Contract Manufacturing Services
- Tolling/Producer Services
- Calendered Sheet
- Polymer Alloys & Blends
- Recycle Solutions
- Technical Support
- Field Technical Service
- Integrated Materials Management
- Process Optimization & Support
- Analytical Testing
- ASTM Testing
- Design of Experiments
- Component Analysis
- Color-Matching
- Problem-Solving and Failure Mode Analysis

Prepared Rubber Chemicals

Our specialty products improve mixing, consolidate supply bases, reduce worker exposure, improve housekeeping and reduce product variability.

We offer a wide range of proprietary additives, including:

- DSC® Silane Coupling Agents
- Mastermix® Additive Systems
- Mastermix® Colorants
- Redimix® Oil-Treated Powders
- Accu-Way® Pre-Weighed Chemicals
- PolyBound® Polymer-Bound Powders
- Stan-Mag® Magnesium Oxide
- VVO® Vulcanized Oils
- DesiCal® Calcium Oxide

Roll Compounds

We produce a full range of high quality rubber compounds for the roller market. We provide compounds and services specifically engineered to meet the needs of our customers who provide rolls for industries including:

- Graphic Arts
 - Flexo
 - Offset
 - Gravure
- Pulp & Paper
- Steel/Aluminum
- Textile
- Plastics
- General Industrial Applications
 - Specialty Applications
 - Anti-Static Compounds
 - Corona Treating
 - FDA Requirements
 - High Release Requirements
 - High Temperature Requirements





A Legacy of Excellence

HEXPOL has a rich heritage in custom rubber and TPE compounding defined by industry-leading innovation. Proudly serving our customers with global reach and local service, HEXPOL's technical team partners with customers to:

- **Develop custom solutions**
- **Provide access to quality materials**
- **Deliver technical support to meet evolving needs**

HEXPOL provides its customers with access to our worldwide resources to deliver their competitive advantage – through technology and service.

For more information about our legacy brands and world wide resources visit hexpolcompounding.com or call **440.834.4644**.



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