

**Mr. Chairman, esteemed shareholders and AGM participants,**

2011 was the HEXPOL Group's best year – to date!

I will now relatively briefly describe what we achieved in 2011: our growth, our strategies for growth with strong margins and a strong operating cash flow, as well as our future priorities. In conclusion, I would also like to present our report for the first quarter of 2012, which we published at noon today.

As I said – 2011 was our best year – to date!

We bolstered our sales by 89 per cent to nearly 7,200 MSEK from about 3,800 MSEK in the preceding year. We experienced strong growth in all markets with strong margins and a 95-per cent increase in operating profit!

We also have a very strong balance sheet with an equity/assets ratio of a full 47.5 per cent, which, of course, is gratifying considering the turbulent global financial situation and our acquisition agenda. We experienced strong operating cash flows as a result of favourable management of our working capital. Our earnings per share rose substantially to 18.65 SEK per share.

I am pleased with and proud of our earnings, but the most important aspect is that we further improved our market positions in 2011. We increased our market shares. We are the undisputed global leader in external rubber compounds and we are now a strong European player in TPE compounds. Here, we have expanded our compounding operations with new, exciting materials and end-users.

We also cemented our top global position in gaskets for plate heat exchangers.

All within our core businesses!

Our strategy also includes growth in the emerging markets – which we have achieved. For example, we increased our sales in Mexico by 114 per cent and in China by 82 per cent.

In 2011, we also successfully integrated our largest acquisition to date – EXCEL Polymers Group. EXCEL Polymers Group was integrated into our geographic organization within HEXPOL Compounding.

This gave us a solid focus and significant synergies with our existing operations. We closed EXCEL Polymers Group's headquarters with some 50 employees and decentralised (by means of coordinated decentralisation) such functions as development, purchasing and controlling. The acquisition provided us with improved positions in North America, Mexico and Europe. It also gave us a new plant in southern China, which we had actually already been planning on building or acquiring! Through the acquisition of EXCEL Polymers Group, we also expanded our sales through a strong increase to the engineering industry and oil/energy segment. We also received additional technology and further expertise in the form of new, highly motivated employees. In addition, we renamed all EXCEL units, which are now called HEXPOL Compounding, as well as their formerly well-known brands.

HEXPOL is exhibiting substantial growth. As mentioned, we bolstered our sales by 89 per cent in 2011, of which 26 per cent was organic. Our strategy is to grow organically and through acquisitions in familiar areas, but always with favourable margins and strong operating cash flows. In 2001, we generated sales of nearly 500 MSEK and now, in 2011, our sales reached nearly 7 200 MSEK. We experienced strong growth both organically and through acquisitions in areas that we know. We also improved our margins while achieving this growth. First-quarter sales amounted to 2 142 MSEK!

We have a sustainable business concept and business model, and a vision to support this. For example, we coped well with the automotive and financial crisis in 2009 and generated an operating margin of 10.0 per cent (EBIT adjusted for items affecting comparability).

We also have a vision that provides guidance. This vision remains unchanged and the term market leader is pivotal to us. Our local markets are highly fragmented with many competitors, thus providing us with many opportunities.

As I mentioned, we have strong global positions and we also have a favourable distribution of sales and production.

In addition, we are active in growing customer segments. The automotive industry is experiencing substantial growth on a global basis. We have also noted strong growth in the engineering industry and particularly in the oil/gas/energy sector. Moreover, we foresee strong demand for products for the material management industry and, as mentioned, for the energy sector, which when combined also benefits demand for our wheels and gaskets. Our HEXPOL Wheels unit is also one of very few global players in its market. In TPE compounds, we also foresee many attractive and growing applications, such as in hygiene products and medical technology.

HEXPOL is an international Group that generates about 95 per cent of its sales outside Sweden and has production operations in 28 locations in nine countries (in addition to sales offices in a few more markets).

Our industrial history traces its roots back to Gislaved AB in the province of Småland where we (Hexagon) purchased the Tekniskt Gummi Division (Technical Rubber Division) in 1994, which subsequently became Gislaved Gummi AB. The Tekniskt Gummi Division conducted operations in three product areas – rubber compounds, gaskets and wheels. We subsequently globalised these three product areas through acquisitions and organic growth (“Greenfield”) and created today’s HEXPOL Group.

As I said, 2011 was a very favourable year for us. We surpassed our financial targets, both in terms of margins and growth. As I mentioned, we are experiencing substantial growth, although we are constantly maintaining strong margins and a strong operating cash flow, and we are acquiring companies that we are familiar with, in areas that we know.

Our figures for the past five years demonstrate this.

Our growth with healthy margins and strong cash flows is the basis for the Board's proposal of a dividend of SEK 5.00/share (3.00), which is an increase of 67 per cent.

Today, the HEXPOL Group has 3,100 skilled employees in nine countries and we are organised in two business areas and a number of product and market areas. Our headquarters are located here in Malmö, a few blocks from here. We are a high-quality supplier/development partner of technological intermediate goods and components with advanced proprietary technology in materials, processes and applications.

HEXPOL also has a strategy that entails a proactive environmental effort, as well as a social responsibility to contribute to the sustainable development of our society. We have compiled all of our strategies and all of our outcomes and measures in a comprehensive and transparent manner in our Sustainability report, which is available on our website. During the year, we focused on such aspects as energy conservation and we continued to implement certified environmental management systems. We also report our performance in sustainable development in accordance with a globally accepted "reporting standard," known as GRI, at the B level.

Allow me to also comment on the priorities that I announced one year ago. I promised that we would continue to focus on acquisitions and increasing our market shares, continue to focus on margins, intelligently integrate the acquired EXCEL Polymers Group and continue our sustainable development efforts.

I think we have succeeded!

In 2012, we will continue our focus on acquisitions (Muller Kunststoffe was acquired on 1 January 2012), continue to focus on customer-development projects, increase sales in emerging markets, including capacity expansion in these areas, and continue our sustainable development efforts. In addition, we will, and have already, increase the pace of our skills development programme.

I would like to conclude by commenting on our earnings for the first quarter of 2012, which we published at noon today. A strong quarter – the best to date!

The stock-market performance of our share was favourable in 2011 – an increase of 43 per cent.

In conclusion, I would once again like to thank all of our employees for their extraordinary efforts in 2011, and thank our customers, suppliers and, in particular, our shareholders for your confidence and strong teamwork in 2011. We are determined and we promise to work hard, both strategically and operationally, to continue to advance the HEXPOL Group in a positive direction.

THANK YOU!