

*This is a non-official translation of the Swedish original wording. In case of discrepancies between the English translation and the Swedish original, the Swedish text shall prevail.*

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

2014 was the HEXPOL Group's best year to date, and a year involving considerable acquisition activity.

I will now present a relatively brief description of what we achieved during 2014 – our growth, our growth strategies coupled with favourable margins and strong operating cash flow, as well as our future priorities. Finally, I will also present our report for the first quarter of 2015, which we published today at noon.

As noted, 2014 was our best year to date and a year of high acquisition activity. During 2014, we increased our volumes and improved our market positions. We witnessed strong growth in earnings with further improved margins and reported operating profit of 1,456 MSEK, an increase of 16 per cent.

We also had a very strong balance sheet, with an equity/assets ratio of a full 69.3 per cent at year-end 2014, which is satisfactory considering the turbulent financial situation worldwide and our acquisition agenda. Throughout 2014, we had strong operating cash flows, thanks to favourable earnings and good management of our working capital.

Our earnings per share rose 13 per cent to 30.45 SEK per share during 2014.

I am relatively satisfied and proud of our earnings but most importantly that we again further improved our market positions during 2014. We are undoubtedly the global number one in external rubber compounds and are now a strong European player in TPE (Thermoplastic Elastomer) compounds. We have further broadened our compounding operations with new, exciting materials and end users through the acquisition of RheTech.

We have also consolidated our position as the global number one in gaskets for plate heat exchangers. In addition, we are one of the few globally active wheel manufacturers for truck producers. And all of this within our core operations!

Our strategy is to expand in growth markets – and we have achieved this. We are also continuing with our focus on capacity expansion in Mexico and TPE Compounding.

During the second half of 2014, we completed four major acquisitions in our focus area, Polymer Compounding.

We acquired four Rubber Compounding operations in 2014 and signed agreements to acquire an additional four operations in Thermoplastic Compounding.

HEXPOL is expanding – as noted, we increased our volumes during 2014. Our strategy is to grow organically and through acquisitions in known areas, but always with healthy margins and a strong operating cash flow. In 2001, our sales totalled almost 500 MSEK and now in 2014 they have reached nearly 9 billion SEK. This represents substantial growth, both organically and with acquisitions in known areas. We also raised our margins considerably during this growth.

We have a solid business concept and business model, and a vision that supports them. For example, we admirably coped with the automotive and financial crises in 2009 and in 2009 we had an operating margin of 10.0 per cent (adjusted EBIT for items affecting comparison).

We also have a vision that guides us. This remains unchanged and being market leader is a central concept for us. Our markets are highly fragmented and include many local competitors, offering us considerable potential.

As I have already said, we have strong global positions and a favourable and advantageous distribution in terms of sales and production. Our strategy, which is based on in-depth and broad-based polymer and application expertise, is successful and well anchored. We combine our solid business model, which results in strong operating cash flows, with organic and acquired growth. Our growth strategy is based on product development, new customers, new markets and new applications.

We are also active in expanding customer segments. The automotive industry is growing globally and also now in Europe. We are also noting growth in the mechanical engineering industry, and in several other segments too. We see favourable potential for products targeted at the materials handling industry and the energy sector which combined, favour demand for our wheels and gaskets. Our HEXPOL Wheels product area is also one of the few global players in its market. In TPE compounds, we are also noting attractive and expanding applications, such as in the hygiene and medtech areas.

HEXPOL is an international group with some 97 per cent of its sales outside Sweden, along with production in 39 locations in ten countries (as well as sales offices in additional markets).

Our industrial history can be traced back to Gislaved AB in the province of Småland, Sweden, where we acquired Gislaved Gummi AB in 1994. Gislaved Gummi AB pursued operations in three product areas – rubber compounds, gaskets and wheels. We have already globalised these three product areas through acquisitions and organic growth (including Greenfield) and created the current HEXPOL Group.

As stated, 2014 was a really good year for us. We exceeded our updated financial targets in terms of margins. In recent years, we have experienced strong growth, which has consistently been accompanied by healthy margins and solid operating cash flows, and we acquired companies that we are familiar with and in areas that we command.

Our figures historically confirm this.

Our growth, with favourable margins and strong cash flows, provides the background to the Board's proposal of a dividend of 12.00 SEK per share (9.00), equivalent to an increase of 33 per

cent. We are working in a focused manner to create value, as reflected in the 54-per cent rise in the share price during 2014.

The HEXPOL Group currently has some 3,900 competent employees in eleven countries and we are organised on the basis of two business areas and a number of products and market areas. The head office is located in Malmö. We are a qualified supplier/development partner of technological input goods and components featuring in-depth proprietary technology in respect of materials, processes and applications.

Sustainable development is part of HEXPOL's strategic approach (and budget work) and is a priority area. HEXPOL has a strategy that involves proactive environmental programs, as well as social responsibility, to ensure that we make a contribution to the sustainable development of our society. We have collated all our strategies, and report the results and action programs in a detailed and transparent manner in our Sustainability Report, which is available on our website. Among other measures, we continued to focus on energy savings during the year and on introducing certified environmental management systems. As in previous years, we are again reporting our performance in sustainable development in line with the globally accepted reporting norm at the GRI-B level.

Allow me also to comment on the priorities I outlined a year ago. I promised that we would continue to be oriented towards acquisitions, continue to focus on margins, continue our skills enhancement and continue our sustainable development efforts. In my opinion, we achieved all of this during 2014.

Looking to 2015, we shall continue our skills and management development, focusing on customer development projects and margins, capacity expansion in growth markets as well as sustainable development efforts. We will also continue to be acquisition oriented.

I would like to conclude with a comment on our results for the first quarter of 2015, which we published at noon today. It was a splendid quarter – with our best earnings to date!

Finally, I would once again like to thank all colleagues for their extraordinary input during 2014, and also thank our customers, suppliers and, not least, our shareholders for your confidence and favourable cooperation during 2014. We are determined and promise to work hard – both strategically and operationally – to develop the HEXPOL Group in a positive direction and continue our value-creating work. We have a solid platform for meeting the future.

THANK YOU!