

*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,**

2017 was another good year for the HEXPOL Group – our best to date.

This is my first Annual General Meeting as President and CEO for HEXPOL, I started mid-year last year. I had a very positive image of the company before I started, since I was a former customer of HEXPOL during my years within the Trelleborg Group. Now when I have greater insights, from working within HEXPOL, I am even more positive. It's a great focus on the core business, a strong business model, and not least many competent and engaged employees.

I will now present a relatively brief description of what we achieved during 2017, our growth strategies coupled with favourable earnings and strong operating cash flows, acquisitions as well as our future priorities. Finally, I will also present our report for the first quarter of 2018, which we published today at noon.

2017 was earnings wise our best year to date and a year with stable sales to the automotive industry and increased sales to other segments like the general industry and the building- and construction industry.

During 2017, we have had a positive development and improved our market positions on our principal markets.

We also had a very strong balance sheet, with an equity/assets ratio of a full 68 per cent at year-end 2017. Throughout 2017, we had continued strong operating cash flows, thanks to favourable earnings and continued good management of our working capital. At year-end 2017 we had a net debt of 27 MSEK.

Our earnings per share rose to 4.44 SEK per share (4.06) during 2017.

I am satisfied and proud of our earnings but most importantly that we further improved our market positions on our principal markets during 2017. We are world leading in external Rubber Compounds and are also a strong European player in TPE (Thermoplastic Elastomer) compounds. We also have a strong position within reinforced polypropylene compounds in the US.

We have also consolidated our position as a global leader in the niche of gaskets for plate heat exchangers. In addition, we are one of a few globally active manufacturers of wheels for forklifts and castor wheel applications. And all of this within our core operations!

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

During 2017, we acquired two new businesses within Rubber Compounding – Trelleborg Material & Mixing in Lesina, Czech Republic and Valley Processing in California, USA. The acquisitions have strengthened our presence in the eastern Europe and in western USA. The businesses have been integrated in our operations during 2017.

HEXPOL is expanding – as noted, we had a positive development in the principal markets during 2017. 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 2017 it reached 12.2 billion SEK. This represents substantial growth, both organically and with acquisitions in known areas. We also raised our margins considerably during this growth.

As already mentioned, 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, markets and applications.

HEXPOL is an international group with approximately 97 per cent of its sales outside Sweden, along with production in 43 locations in ten countries.

As stated, 2017 was a good year for us. We improved our earnings per share to 4.44 SEK (4.06). We have, since 2009, experienced strong growth, which has consistently been accompanied by healthy margins and solid operating cash flows, and we acquire companies that we are familiar with and in areas that are well-known.

Our growth, with favourable margins and strong cash flows, provides the background to the Board's proposal of a dividend of 1.95 SEK per share (4.75 including a special dividend of 3.00 SEK per share).

The HEXPOL Group currently has some 4,400 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 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 continued the introduction of certified environmental management systems. As in previous years, we are reporting our performance in sustainable development in line with the globally accepted reporting norm at the GRI-B level. Additional we also report in line with the updated GRI-G4 level.

During 2017 we successfully applied for participation in UN Global Compact which is the world's largest corporate sustainability initiative and our goals have been linked to the UN Sustainable Development Goals.

Allow me also to comment on the priorities outlined a year ago. Prioritised areas were; that we should continue to invest in market and development initiatives, should continue to be oriented towards acquisitions, continue our sustainable and social development efforts and continue our skills enhancement. In my opinion, we achieved all of this in a good way during 2017.

Looking to 2018, we shall continue our skills and management development, focusing on growth through continued market and development initiatives, as well as continued proactivity on sustainable development efforts and the work within social responsibility. We will also continue to be acquisition oriented. We will also focus further on segments and applications with a high value creation.

I would like to conclude with a comment on our results for the first quarter of 2018, which we published at noon today. We have a good start of 2018 with strong growth, sequentially improved margins and our best operating profit, for a quarter, to date.

Finally, I would once again like to thank all colleagues for their extraordinary input during 2017, and also thank our customers, suppliers and, not least, our shareholders for your confidence and favourable cooperation during 2017. I would also like to take the opportunity to draw attention to and thank my predecessor Georg Brunstam, who has headed the successful expansion of HEXPOL since the Initial Public Offering and who now is my Chairman of the Board and an excellent sounding board.

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!