



## Interim report January – March 2011

published on 6 May 2011

### First quarter of 2011 – Sharp growth with strong margins – Rapid and successful integration of Excel Polymers Group

- Sales increased substantially to 1,786 MSEK (750).
- Operating profit amounted to 210 MSEK (87), up 141 percent.
- The operating margin was 11.8 percent (11.7).
- Profit after tax increased sharply to 139 MSEK (58).
- Earnings per share more than doubled and totalled 4.72 SEK (1.97<sup>\*</sup>). Earnings per share, based on the number of shares outstanding at the end of the period amounted to 4.04 SEK.
- Operating cash flow was 143 MSEK (62).
- A new share issue was completed in the quarter, which provided funds in the amount of approximately 541 MSEK.
- Rapid and successful integration of Excel Polymers Group.
- Cost synergies were more substantial and more rapidly realised than expected.

### President's comments

"Growth in the first quarter was sharp with increased sales in all units and not least in the acquired Excel Polymers Group. Integration of the acquisition was achieved more rapidly than expected and cost synergies proved more substantial than previously assessed. We increased sales by 138 percent, of which approximately 39 percent represented organic growth, compared with the year-earlier period. Sales to all market segments were strong in the first quarter and not least to the engineering industry where we now have significantly increased our market share. Yet again, we have managed volume increases in a flexible manner.

The operating profit (EBIT), increased 141 percent and totalled 210 MSEK (87) and our operating cash flow in the first quarter continued to be strong and amounted to 143 MSEK (62). As previously reported, we successfully completed our new share issue. Our earnings per share more than doubled and amounted to 4.72 SEK (1.97<sup>\*</sup>) for the first quarter."

Georg Brunstam, President and CEO

### Group total

Key figures MSEK	Jan-Mar		Full year	Apr 10- Mar 11
	2011	2010	2010	
Net sales	1,786	750	3,798	4,834
Operating profit, EBIT	210	87	396	519
Operating margin, %	11.8	11.7	10.4	10.7
Profit before tax	196	82	370	484
Profit after tax	139	58	273	354
Earnings per share, SEK	4.72	1.97 <sup>*</sup>	9.30 <sup>*</sup>	12.05 <sup>*</sup>
Equity/assets ratio, %	39.3	44.5	27.0	
Return on capital employed, %	21.2	14.5	13.9	16.3

Operating key figures Excl. items affecting comparability, MSEK	Jan-Mar		Full year	Apr 10- Mar 11
	2011	2010	2010	
Operating profit, EBIT	210	87	460	583
Operating margin, %	11.8	11.7	12.1	12.1
Profit before tax	196	82	434	548
Profit after tax	139	58	318	399
Earnings per share, SEK	4.72	1.97 <sup>*</sup>	10.83 <sup>*</sup>	13.58 <sup>*</sup>
Return on capital employed, %	21.2	14.5	16.2	18.3
Operating cash flow	143	62	506	587

\*After completion of the new share issue, historical data has been adjusted to take into account the effects of the bonus issue element.

HEXPOL is a world-leading polymers group with strong global positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets) and wheels made of plastic and rubber materials for truck and castor wheel application (Wheels). Customers are primarily OEM manufacturers of plate heat exchangers and trucks, global systems suppliers to the automotive- and engineering industry and the medical technology industry. The Group is organised in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. HEXPOL's sales in 2010 amounted to approximately 3,800 MSEK. After the acquisition of Excel Polymers Group, the HEXPOL Group has approximately 3,000 employees in nine countries and pro forma sales in 2010 of above 6,300 MSEK. Read more at [www.hexpol.com](http://www.hexpol.com).

## First quarter 2011

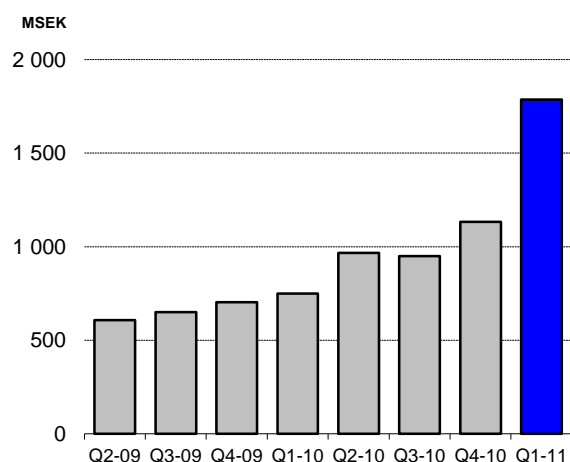
Group's sales increased significantly in the first quarter, primarily thanks to the acquired Excel Polymers Group and increased sales, principally to the engineering and automotive industries. Sales increased 138 percent and totalled 1,786 MSEK (750). Exchange-rate fluctuations negatively impacted sales in the amount of 97 MSEK. The organic sales increase, adjusted for the acquisitions of Excel Polymers and ELASTO Group, was approximately 39 percent.

Group sales to the engineering industry increased substantially during the quarter, while sales to the automotive customers remained strong, both in Europe and in NAFTA, which in combination contributed to improved market positions for the HEXPOL Group.

Operating profit increased 141 percent to 210 MSEK (87), corresponding to an operating margin of 11.8 percent (11.7). The continued high operating margin was attributable to high capacity utilisation in parallel with a continued low cost base. Exchange-rate fluctuations negatively impacted operating profit by 16 MSEK. The restructuring programme charged against profit in the fourth quarter 2010 is proceeding according to plan.

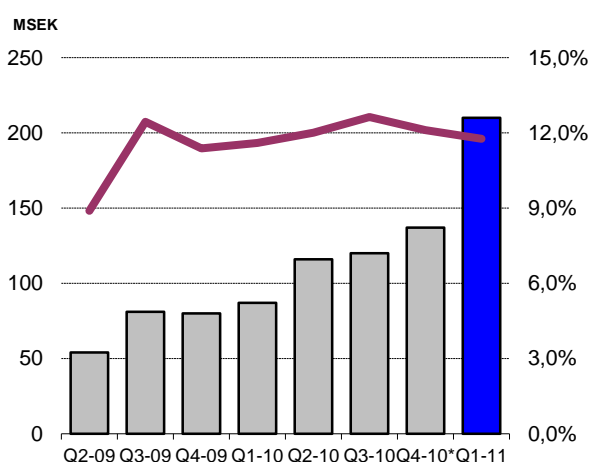
The acquired Excel Polymers Group developed significantly over expectations during the quarter. Cost synergies identified were more substantial and more rapidly realised than original estimates on integration of its business activities in the business area HEXPOL Compounding.

### Sales



### Operating profit & operating margin

\*excl. items affecting comparability



During the first quarter, the HEXPOL Compounding business area increased its sales sharply thanks to the acquired Excel Polymers Group and substantially increased sales to the engineering and automotive industries. Sales amounted to 1,598 MSEK (581). Operating profit increased 165 percent to 196 MSEK (74), corresponding to an operating margin of 12.3 percent (12.7).

The increase in operating profit was primarily attributable to the acquired Excel Polymers Group, but also to increased capacity utilisation and a continued low cost base. The integration of Excel Polymers Group in HEXPOL Compounding's organisation on a geographic basis exceeded expectations and cost synergies were more substantial and more rapidly realised than expected. As reported previously, Excel Polymers Group had a significantly lower margin from a historic viewpoint, which through actions has been significantly improved in the first quarter of 2011.

Sales for the HEXPOL Engineered Products business area increased 11 percent to 188 MSEK (169). Operating profit improved and amounted to 14 MSEK (13) corresponding to an operating margin of 7.4 percent (7.7). The operating margin was impacted by the strength of the SEK against mainly the EUR,

primarily as regarded export sales from operations in Sweden to customers in Europe. Nevertheless, the market continues to be exposed to excess capacity, which is also exerting pressure on prices for the business area's products.

Group sales in Europe increased compared with the fourth quarter 2010 and year-on-year. The increase was attributable to the acquired Excel Polymers Group and to a general increase in demand. The automotive segment in Western Europe accounted for the highest volume increase, although volumes to other parts of the European market were also significantly better than in the corresponding quarter in the preceding year.

Group sales in NAFTA increased sharply compared with the preceding year thanks to organic growth and the acquired Excel Polymers Group. Sales rose across the board in all product areas though principally in the engineering and automotive segments. The Group's two units in Mexico reported healthy sales and a significant increase in volume during the first quarter.

In Asia, the sales increase remained sharp, primarily sales to automotive customers.

The number of employees decreased during the quarter, due mainly to the integration of Excel Polymers Group. The total number of employees in the Group amounted to 2,991 at the end of the quarter.

Raw material prices continued to rise during the first quarter, due to higher global market prices and the improved business climate for industry. However, shortages continue to prevail for a number of raw materials. However, the higher raw material prices did not have a major impact on the Group's operating margin.

The Group's operating cash flow amounted to 143 MSEK (62) during the first quarter. The Group's net financial items during the quarter amounted to an expense of 14 MSEK (expense: 5), with the higher cost deriving from increased interest expenses arising from the acquisition of the Excel Polymers Group. Towards the end of the first quarter, HEXPOL utilised the funds raised from the new share issue to reduce the financing of the acquisition of Excel Polymers Group, which resulted in amortisation of existing bridge-loan in the amount of 551 MSEK.

Profit before tax increased significantly and totalled 196 MSEK (82) and profit after tax was 139 MSEK (58). Earnings per share more than doubled and amounted to 4.72 SEK (1.97\*). Earnings per share, adjusted to the actual amount of shares outstanding at the end of the first quarter, was 4.04 SEK.

Earnings per share were adjusted in the historical comparison to take into account the effects of the new share issue, in the bonus issue element, which in practise, entails a reversal of the effects of the subscription discount given to existing shareholders.

## **Profitability**

The return on average capital employed increased sharply to 21.2 percent (14.5). The improvement was primarily attributable to the substantial increase in profit. The return on shareholders' equity was 33.7 percent (18.7).

## **Financial position and liquidity**

The equity/assets ratio was 39.3 percent (44.5). The Group's total assets amounted to 5,056 MSEK (2,838). Net debt amounted to 1,425 MSEK (720), decreased during the quarter as a result of the new share issue, a healthy operating cash flow and a positive revaluation effect arising from foreign currency loans. The net debt/equity ratio was a multiple of 0.7 (0.6).

In May 2008, the Group signed a five-year credit agreement totalling 1.7 billion SEK with a number of Nordic banks. As part of the financing of Excel Polymers Group, an additional five-year credit agreement was signed with a Nordic bank in an amount of 100 MUSD, which falls due in October 2015. The bridge financing agreed in conjunction with the acquisition of Excel Polymers Group was fully amortised at the end of the quarter.

### **Cash flow**

Operating cash flow amounted to 143 MSEK (62) during the quarter. Operating cash flow includes the positive effects of a low rate of investment and significant improvement in profit before depreciation. Cash flow from operating activities amounted to 124 MSEK (49).

### **Investments, depreciation and amortisation**

The Group's investments amounted to 17 MSEK (2). Depreciation and amortisation totalled 38 MSEK (19). Investments during the year pertained mainly to maintenance investments.

### **Tax expenses**

The Group's tax expenses amounted to 57 MSEK (24), corresponding to a tax rate of 29.1 percent (29.3).

### **Personnel**

The number of employees at the end of the period was 2,991 (1,827). The number of employees decreased during the quarter due to the integration of Excel Polymers Group.

## Business area HEXPOL Compounding

The HEXPOL Compounding business area is a world leader in the development and manufacture of high-quality advanced polymer compounds (Compounding). Customers are manufacturers of polymer products and components with stringent demands in terms of performance and global delivery capacity. The largest market segments are the automotive and engineering industries, followed by the construction industry. Other key segments are the medical technology, cabling, water treatment, pharmaceutical, energy, and oil industries.

MSEK	Jan-Mar		Full year	Apr 10-
	2011	2010	2010*	Mar 11*
Net sales	1,598	581	3,080	4,097
Operating profit	196	74	398	520
Operating margin, %	12.3	12.7	12.9	12.7

\* excl. items affecting comparability

HEXPOL Compounding's sales increased substantially in the first quarter and amounted to 1,598 MSEK (581), up 175 percent. The increase was principally attributable to the acquired Excel Polymers Group, but also stemmed from strong organic growth in the engineering and automotive segments.

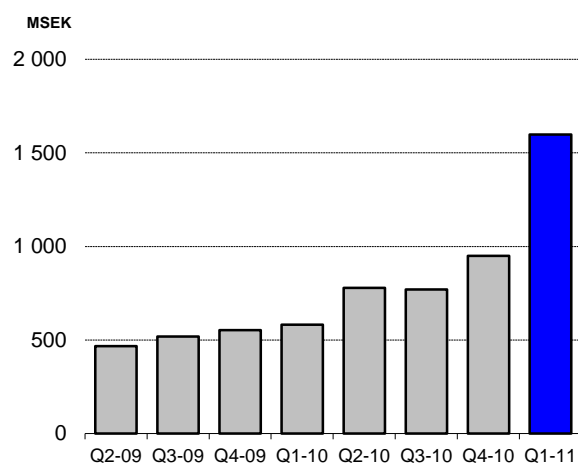
Operating profit increased sharply to 196 MSEK (74), corresponding to an operating margin of 12.3 percent (12.7). The business area experienced favourable volume growth during the quarter and its sales increased in all existing segments and markets. Excel Polymers Group has been integrated according to plan in HEXPOL Compounding and generated synergy effects ahead of expectations. Cost synergies exceeded expectations at the time of the acquisition and these substantial cost synergies more than compensated the somewhat lower purchasing synergies, which were difficult to achieve in the prevailing climate of shortages.

The business area's volumes in Europe rose, both sequentially and compared with the corresponding period in the preceding year, primarily those to automotive customers in Western and Eastern Europe. Demand improved significantly in the markets in Germany, Belgium and the Czech Republic during the quarter. In Asia, the operations in China noted sharply increased sales, with deliveries substantially higher than in both the year-earlier quarter and the fourth quarter of 2010.

Volumes in NAFTA increased, both sequentially and compared with the corresponding period in the preceding year. The increase in sales derived primarily from strong demand from the automotive, engineering and energy segments. The operations in Mexico performed well and sales rose compared with the year-earlier period.

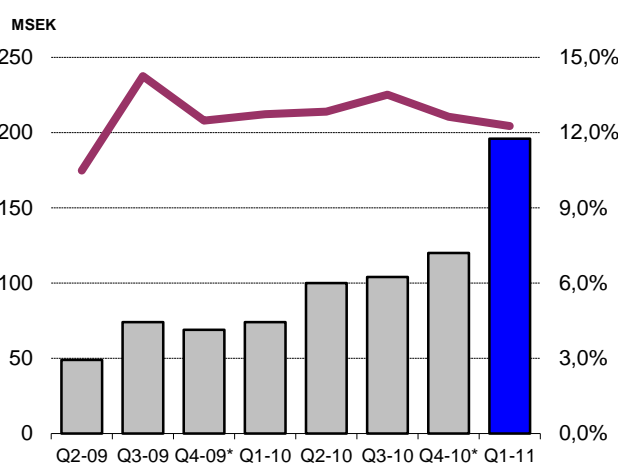
ELASTO Group reported positive trends for all customer groups during the quarter.

### Sales



### Operating profit & operating margin

\* excl. items affecting comparability



## Business area Engineered Products

The HEXPOL Engineered Products business area has gained a world-leading position as a supplier of advanced products, such as gaskets for plate heat exchangers (Gaskets) and wheels for truck and castor wheel applications (Wheels) through its considerable expertise in polymers and the production of rubber, plastic and polyurethane products.

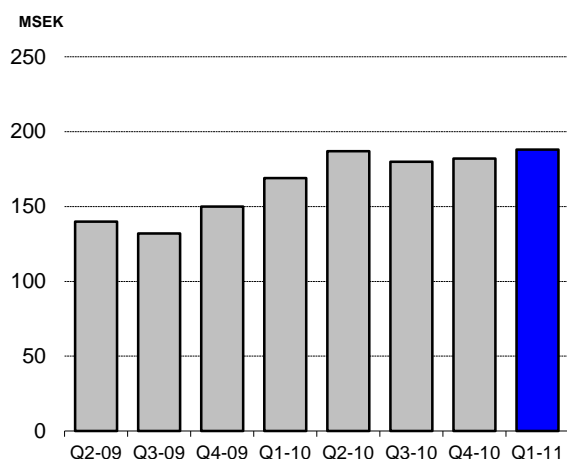
MSEK	Jan-Mar		Full year	Apr 10-
	2011	2010	2010	Mar 11
Net sales	188	169	718	737
Operating profit	14	13	62	63
Operating margin, %	7.4	7.7	8.6	8.5

HEXPOL Engineered Products sales increased 11 percent and amounted to 188 MSEK (169) in the first quarter. Operating profit rose and totalled 14 MSEK (13), corresponding to an operating margin of 7.4 percent (7.7). The operating margin was negatively impacted primarily by the strength of the SEK, mainly against the EUR. The business area's products continue to be under price pressure due to surplus market capacity.

HEXPOL Gaskets reported improved sales and experienced increased demand during the quarter. Sales to project-related operations rose during the quarter. The market is still characterised by continuing strong price pressure and rising raw materials prices. The product area increased its sales in the Asian market during the period.

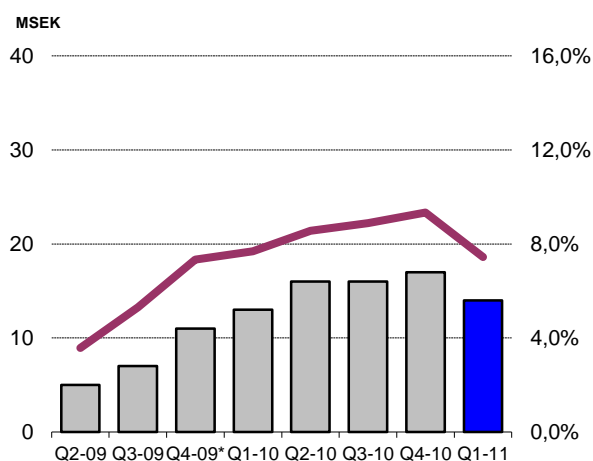
HEXPOL Wheels market continued the improvement trend during the quarter. Both sequentially and compared with the corresponding period in the preceding year, the product area increased its sales to customers in both Europe and NAFTA. Sales of polyurethane and thermoplastic wheels increased compared with the year-earlier period. In the markets for wheels, prices remained under pressure, resulting in difficulties in offsetting increases in raw material prices. The operations in Sri Lanka were charged with sharply increased prices for natural rubber.

### Sales



### Operating profit & operating margin

\* excl. items affecting comparability



## **Parent Company**

The Parent Company's profit after tax amounted to 79 MSEK (loss: 3). The Parent Company received dividends from subsidiaries during the quarter. The Parent Company also received payment for shares awarded as part of the company's incentive programme. Shareholders' equity amounted to 1,768 MSEK (362) after the recently completed new share issue which provided funds of approximately 541 MSEK.

## **Risk factors**

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2010 Annual Report. No significant events occurred during the period that could affect or change the aforementioned descriptions of the Group's or the Parent Company's risks and their management.

## **Accounting policies**

The consolidated financial statements contained in this interim report have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and with the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting and measurement policies, as well as the assessment bases, applied in the 2010 Annual Report have also been applied in this interim report. No new or revised IFRSs that entered force in 2011 have any significant impact on the Group.

## **New share issue**

HEXPOL completed a new share issue in the first quarter, which provided funds of approximately 551 MSEK before issue costs. The new share issue led to that 6,637,993 new shares were issued. The total number of shares outstanding, including shares newly subscribed for under the incentive programme amounts to 34,420,128.

## **Incentive programme**

HEXPOL's incentive programme 2008/2011 was exercised in full during the quarter. Warrant holders subscribed for their full share entitlement, which meant that 1,230,158 new shares were subscribed for. Allocation was adjusted to take into consideration the effects of the recent new share issue. The incentive programme provided the Parent Company with funds of 71 MSEK for the shares subscribed.

## **Annual General Meeting, 6 May 2011 at 3:00 p.m.**

The Annual General Meeting will be held on 6 May 2011 at 3:00 p.m. in Malmö (Börshuset, Skeppsbron 2). The Annual Report for 2010 is available on HEXPOL's website and at the company's headquarters.

## **Dividend proposal**

As previously published, the Board of Directors proposes that the Annual General Meeting on 6 May resolve to adopt a dividend of 3.00 SEK (1.00) for 2010.

## **Proposal from the Nomination Committee**

The appointed Nomination Committee, comprising Mikael Ekdahl (Melker Schörling AB), Anders Algotsson (AFA Försäkring), Åsa Nisell (Swedbank Robur) and Henrik Didner (Didner & Gerge Fonder), has submitted to the Company the following proposal regarding nominations to the Board: re-election of

Board members Melker Schörling, Alf Göransson, Jan-Anders Månsson, Malin Persson, Ulrik Svensson and Georg Brunstam.

## Invitation to presentation of report

This report will be presented by telephone conference at 1:00 p.m. on 6 May. The presentation, as well as information concerning participation, will also be available at [www.hexpol.com](http://www.hexpol.com)

## Calendar for financial information

HEXPOL AB plans to publish financial information on the following dates:

Event	Date
▪ Annual General Meeting 2011	6 May 2011
▪ Six-month report 2011	21 July 2011
▪ Nine-month report 2011	21 October 2011
▪ Year-end report 2011	February 2012

## For further information, contact:

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This interim report for the period January – March 2011, has not been subject to specific review by HEXPOL AB's auditors.

Financial information is also available in Swedish and English on HEXPOL AB's website at [www.hexpol.com](http://www.hexpol.com).

Malmö, 6 May 2011  
HEXPOL AB (publ)

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*This report may contain forward-looking statements. When used in this report, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including product demand, market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of HEXPOL's management as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by HEXPOL's management and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. HEXPOL disclaims any intention or obligation to update these forward-looking statements.*

*The information is such that HEXPOL AB is obligated to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted to the media for publication on 6 May 2011 at 12 noon. This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.*



**Consolidated income statement**

MSEK	Jan-Mar		Full year	Apr 10-
	2011	2010	2010	Mar 11
Net sales	1,786	750	3,798	4,834
Costs of goods sold <sup>1)</sup>	-1,345	-604	-3,091	-3,832
<b>Gross profit</b>	<b>441</b>	<b>146</b>	<b>707</b>	<b>1,002</b>
Selling and administration costs, etc. <sup>2)</sup>	-231	-59	-311	-483
<b>Operating profit</b>	<b>210</b>	<b>87</b>	<b>396</b>	<b>519</b>
Financial income and expenses	-14	-5	-26	-35
<b>Profit before tax</b>	<b>196</b>	<b>82</b>	<b>370</b>	<b>484</b>
Tax	-57	-24	-97	-130
<b>Net profit for the period</b>	<b>139</b>	<b>58</b>	<b>273</b>	<b>354</b>
- of which, attributable to Parent Company shareholders	139	58	273	354
- of which, attributable to minority shareholders	0	-	0	0
Earnings per share , SEK	4.72	1.97	9.30	12.05
Earnings per share after dilution, SEK	4.61	1.96	9.17	11.82
Earnings per share excl. items affecting comparability, SEK	4.72	1.97	10.83	13.58
Shareholders' equity per share, SEK	57.70	43.04	44.88	
Average number of shares, thousands	29,425	29,369	29,369	29,383
Average number of shares after dilution, thousands	30,176	29,569	29,775	29,949
Depreciation, amortisation and impairment included in an amount of	-38	-19	-88	-107
1) of which, items affecting comparability	-	-	-22	-22
2) of which, items affecting comparability	-	-	-42	-42

**Consolidated statement of comprehensive income**

MSEK	Jan-Mar		Full year	Apr 10-
	2011	2010	2010	Mar 11
Profit for the period	139	58	273	354
Cash-flow hedging, net after tax	-1	1	1	-1
Translation differences	-82	-12	-146	-216
<b>Comprehensive income</b>	<b>56</b>	<b>47</b>	<b>128</b>	<b>137</b>
- of which, attributable to Parent Company shareholders	56	47	128	137
- of which, attributable to minority shareholders	0	-	0	0

After completion of the new share issue, historical share data has been adjusted to take into account the effects of the bonus issue element.

### Consolidated balance sheet

MSEK	31 Mar 2011	31 Mar 2010	31 Dec 2010
Intangible fixed assets	2,176	1,229	2,297
Tangible fixed assets	1,042	695	1,116
Financial fixed assets	0	1	1
Deferred tax assets	26	25	24
<b>Total fixed assets</b>	<b>3,244</b>	<b>1,950</b>	<b>3,438</b>
Inventories	469	225	487
Accounts receivable	819	326	616
Other receivables	24	22	32
Prepaid expenses and accrued income	20	13	20
Cash and cash equivalents	480	302	318
<b>Total current assets</b>	<b>1,812</b>	<b>888</b>	<b>1,473</b>
<b>Total assets</b>	<b>5,056</b>	<b>2,838</b>	<b>4,911</b>
Attributable to Parent Company shareholders	1,986	1,264	1,318
Attributable to minority shareholders	-	-	9
<b>Total shareholders' equity</b>	<b>1,986</b>	<b>1,264</b>	<b>1,327</b>
Interest-bearing liabilities	1,830	931	1,909
Deferred tax liabilities	76	30	79
Provision for pensions	11	11	11
<b>Total non-current liabilities</b>	<b>1,917</b>	<b>972</b>	<b>1,999</b>
Interest-bearing liabilities	104	126	683
Accounts payable	725	329	656
Other liabilities	79	41	34
Accrued expenses, prepaid income, provisions	245	106	212
<b>Total current liabilities</b>	<b>1,153</b>	<b>602</b>	<b>1,585</b>
<b>Total shareholders' equity and liabilities</b>	<b>5,056</b>	<b>2,838</b>	<b>4,911</b>

## Consolidated changes in shareholders' equity

MSEK	31 Mar 2011			31 Mar 2010		31 Dec 2010		
	Attributable to Parent Company shareholders	Minority interests	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Minority interests	Total equity
<b>Opening shareholders' equity</b>	1,318	9	1,327	1,217	1,157	1,217	-	1,217
Comprehensive income	56	0	56	47	47	128	0	128
Dividend	-	-	-	-	-	-27	-	-27
Acquisitions of minority	-	-9	-9	-	-	-	9	9
New share issue	541	-	541	-	-	-	-	-
New share issue, exercise of warrants	71	-	71	-	-	-	-	-
<b>Closing shareholders' equity</b>	1,986	-	1,986	1,264	1,204	1,318	9	1,327

## Number of shares, trend

	Total number of Class A shares	Total number of Class B shares	Total number of shares
Number of shares at 1 January	1,181,250	25,370 727	26,551,977
New share issue	295,312	6,342,681	6,637,993
Exercise of warrants	-	1,230 158	1,230 158
<b>Number of shares at close of period</b>	1,476,562	32,943,566	34,420 128

### Incentive programme 2008/2011

The Extraordinary General Meeting on 18 August 2008 resolved to offer a warrant programme to senior executives, consisting of a total of 1,325,000 warrants. Each warrant entitles the holder to subscribe for one share. The exercise period is March 2011 to September 2011.

During 2008, senior executives subscribed for 933,250 warrants at a subscription price of 65.70 SEK per warrant. During 2009, new senior executives subscribed for 175,000 warrants at a subscription price of 56.60 SEK. The warrant premium was 8 SEK per warrant on both occasions.

During the first quarter of 2011, all warrants outstanding were exercised, which led to the subscription of 1,230,158 new shares. The number of newly subscribed shares was adjusted for dilution effects stemming from HEXPOL's new share issue completed in the first quarter of 2011.

## Consolidated cash flow statements

MSEK	Jan-Mar		Full year
	2011	2010	2010
Cash flow from operating activities before change in working capital	218	94	421
Non-recurring items	-6	-3	-24
Changes in working capital	-88	-42	-10
<b>Cash flow from operating activities</b>	<b>124</b>	<b>49</b>	<b>387</b>
Acquisitions	1	-	-1,827
Cash flow from other investing activities	-17	-2	-32
Dividend	-	-	-27
New share issue	541	-	-
Exercise of warrants	71	-	-
Cash flow from other financing activities	-542	-62	1,525
<b>Change in cash and cash equivalents</b>	<b>178</b>	<b>-15</b>	<b>26</b>
Cash and cash equivalents at 1 January	318	317	317
Exchange-rate differences in cash and cash equivalents	-16	0	-25
<b>Cash and cash equivalents at close of the period</b>	<b>480</b>	<b>302</b>	<b>318</b>

## Operating cash flow, Group

MSEK	Jan-Mar		Full year
	2011	2010	2010
Operating profit	210	87	460
Depreciation/amortisation	38	19	88
Change in working capital	-88	-42	-10
Investments	-17	-2	-32
<b>Operating cash flow</b>	<b>143</b>	<b>62</b>	<b>506</b>

## Other key figures

	Jan-Mar		Full year	Apr 10-
	2011	2010	2010	Mar 11
Profit margin before tax, %	11.0	10.9	9.7	10.0
Profit margin before tax, excluding items affecting comparability, %	11.0	10.9	11.4	11.3
Return on shareholders' equity, %	33.7	18.7	21.5	21.8
Return on shareholders' equity, excluding items affecting comparability, %	33.7	18.7	25.1	24.6
Interest-coverage ratio, multiple	17.3	28.3	22.8	19.6
Net debt, MSEK	1,425	720	2,239	
Net debt ratio, multiple	0.7	0.6	1.7	
Cash flow per share, SEK	4.21	1.67	13.18	15.72
Cash flow per share before change in working capital, SEK	7.41	3.20	14.33	18.54

### Quarterly data, Group

<b>Sales per business area</b>	<b>2011</b>	<b>2010</b>					<b>Apr 10</b>
<b>MSEK</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>	<b>Oct-Dec</b>	<b>Full year</b>	<b>Mar 11</b>
HEXPOL Compounding	1,598	581	779	770	950	3,080	4,097
HEXPOL Engineered Products	188	169	187	180	182	718	737
Group total	1,786	750	966	950	1,132	3,798	4,834

<b>Sales per geographic area</b>	<b>2011</b>	<b>2010</b>					<b>Apr 10</b>
<b>MSEK</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>	<b>Oct-Dec</b>	<b>Full year</b>	<b>Mar 11</b>
Europe	615	386	510	494	538	1,928	2,157
NAFTA	1,082	326	398	391	524	1,639	2,395
Asia	89	38	58	65	70	231	282
Group total	1,786	750	966	950	1,132	3,798	4,834

<b>Operating profit per business area</b>	<b>2011</b>	<b>2010</b>					<b>Apr 10</b>
<b>MSEK</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>	<b>Oct-Dec</b>	<b>Full year</b>	<b>Mar 11</b>
HEXPOL Compounding	196	74	100	104	56	334	456
HEXPOL Engineered Products	14	13	16	16	17	62	63
Group total	210	87	116	120	73	396	519

<b>Operating profit per business area excl. items affecting comparability</b>	<b>2011</b>	<b>2010</b>					<b>Apr 10</b>
<b>MSEK</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>	<b>Oct-Dec</b>	<b>Full year</b>	<b>Mar 11</b>
HEXPOL Compounding	196	74	100	104	120	398	520
HEXPOL Engineered Products	14	13	16	16	17	62	63
Group total	210	87	116	120	137	460	583

<b>Operating margin per business area excl. items affecting comparability</b>	<b>2011</b>	<b>2010</b>					<b>Apr 10</b>
<b>%</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Apr-June</b>	<b>July-Sept</b>	<b>Oct-Dec</b>	<b>Full year</b>	<b>Mar 11</b>
HEXPOL Compounding	12.3	12.7	12.8	13.5	12.6	12.9	12.7
HEXPOL Engineered Products	7.4	7.7	8.6	8.9	9.3	8.6	8.5
Group total	11.8	11.7	12.0	12.6	12.1	12.1	12.1

### Income statement, Parent Company

MSEK	Jan-Mar		Full year
	2011	2010	2010
Net sales	8	6	23
Selling and administration costs, etc.	-11	-8	-35
<b>Operating loss</b>	<b>-3</b>	<b>-2</b>	<b>-12</b>
Financial income and expenses	83	-2	677
<b>Profit/loss before tax</b>	<b>80</b>	<b>-4</b>	<b>665</b>
Tax	-1	1	19
<b>Profit/loss after tax for the period</b>	<b>79</b>	<b>-3</b>	<b>684</b>

### Balance sheet, Parent Company

MSEK	31 Mar 2011	31 Mar 2010	31 Dec 2010
<b>Total fixed assets</b>	<b>3,694</b>	<b>1,497</b>	<b>3,787</b>
<b>Total current assets</b>	<b>619</b>	<b>539</b>	<b>536</b>
<b>Total assets</b>	<b>4,313</b>	<b>2,036</b>	<b>4,323</b>
<b>Total shareholders' equity</b>	<b>1,768</b>	<b>362</b>	<b>1,076</b>
<b>Total non-current liabilities</b>	<b>1,838</b>	<b>864</b>	<b>1,916</b>
<b>Total current liabilities</b>	<b>707</b>	<b>810</b>	<b>1,331</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,313</b>	<b>2,036</b>	<b>4,323</b>

## Financial definitions

<b>Capital employed</b>	Total assets less non-interest-bearing liabilities.
<b>Cash flow</b>	Cash flow from operating activities after change in working capital.
<b>Cash flow per share</b>	Cash flow from operating activities after change in working capital, divided by the average number of shares.
<b>Earnings per share</b>	Profit after tax attributable to Parent Company shareholders divided by the average number of shares.
<b>Earnings per share after dilution</b>	Profit after tax attributable to Parent Company shareholders divided by the average number of shares, adjusted for the dilution effects of warrants.
<b>Equity/assets ratio</b>	Shareholders' equity as a percentage of total assets.
<b>Interest-coverage ratio</b>	Profit before tax plus interest expenses divided by interest expenses.
<b>Investments</b>	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestments of subsidiaries.
<b>Net debt/equity ratio</b>	Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets divided by shareholders' equity.
<b>Net indebtedness</b>	Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets.
<b>Operating cash flow</b>	Operating profit, less depreciation/amortisation and investments, after changes in working capital.
<b>Operating margin</b>	Operating profit as a percentage of sales for the period.
<b>Profit margin before tax</b>	Profit before tax as a percentage of sales for the period.
<b>Return on capital employed</b>	Profit before tax plus interest expenses as a percentage of average working capital.
<b>Return on equity</b>	Net profit attributable to Parent Company shareholders as a percentage of average shareholders' equity, excluding minority interests.
<b>Shareholders' equity per share</b>	Shareholders' equity attributable to Parent Company shareholders divided by the number of shares at the end of the period.