



Interim report, January – March 2008 8 May 2008

First quarter – Continued strong growth and increased profit

- ◆ Net sales increased by 30 percent to 852 MSEK (656)
- ◆ Operating profit increased by 20 percent to 83 MSEK (69)
- ◆ Profit after tax rose 14 percent to 50 MSEK (44)
- ◆ Profit per share after tax advanced 13 percent to 1.88 SEK (1.66)
- ◆ Operating cash flow was strong and amounted to 56 MSEK (-19)

- ◆ Decision was taken on 2 April to change Hexagon Polymers AB's name to HEXPOL AB
- ◆ Decision was taken at the Annual General Meeting of Hexagon AB on 5 May to distribute all shares in HEXPOL AB to the shareholders of Hexagon AB (publ)
- ◆ Listing on the OMX Nordic Exchange Stockholm is planned to take place on 9 June 2008

President's comments

"The year 2008 started well for HEXPOL. Sales increased by 30 percent during the first quarter to 852 MSEK (656). This, despite lower activity in the US automotive industry and construction sector and an increasing concern for a general economic downturn in our major markets. Volumes and capacity utilization were nevertheless high in most of our operations. Operating profit rose 20 percent to 83 (69) MSEK.

Growth was particularly strong in business area HEXPOL Compounding, where sales growth of a full 41 percent was noted. The recently acquired company GoldKey made a favourable contribution, together with continued high volumes in Europe and the start-up of new plants in China and Mexico. Business area HEXPOL Engineered Products also showed a positive trend with healthy growth, especially in product area Gaskets. Working capital was also managed well, and cash flow from operations was strong.

Georg Brunstam, President and CEO, HEXPOL AB

Key figures	2008 Jan.- March	2007 Jan.- March	2007 Jan.-Dec.
Net sales, MSEK	852	656	2 730
Operating profit, MSEK	83	69	305
Operating margin, %	9,7	10,5	11,2
Profit before tax, MSEK	71	62	255
Profit after tax, MSEK	50	44	186
Profit per share, SEK	1,88	1,66	7,01
Operating cash flow, MSEK	56	-19	92
Equity/assets ratio, %	35,7	44,1	36,7
Return on capital employed, %	15,1	16,4	15,1

HEXPOL is a world-leading polymers group with strong global positions in advanced rubber compounds (Compounding), gaskets for plate heat exchangers (Gaskets) and wheels made of plastic and rubber materials for truck and castor wheel applications (Wheels). Customers are primarily OEM manufacturers of plate heat exchangers and fork lift trucks, as well as global systems suppliers to the automotive industry. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products, and has about 2,300 employees in nine countries. In 2007, HEXPOL had sales of about 2,700 MSEK. Read more at www.hexpol.com

Net sales and profit during the first quarter

HEXPOL Group

Consolidated sales increased during the first quarter by 30 percent to 852 MSEK (656). Acquired units accounted for 122 MSEK of sales. Currency effects were a negative 18 MSEK, primarily due to a weakening of USD.

Operating profit increased by 20 percent to 83 MSEK (69), corresponding to an operating margin of 9.7 percent (10.5). Costs for the new plants started up in China and Mexico within business area HEXPOL Compounding have burdened the operating profit and operating margin for the quarter. Without these units, the operating margin was 10.4 percent (10.8).

In business area HEXPOL Compounding, sales increased by 41 percent to 648 MSEK (460). Operating profit increased 28 percent to 55 MSEK. Volumes were generally strong during the first quarter, particularly in Europe.

Business area HEXPOL Engineered Products increased its sales by 4 percent to 204 MSEK (196). Operating profit amounted to 28 MSEK (26), up 8 percent. The trend within the business area was positive, with continued favourable growth in Gaskets.

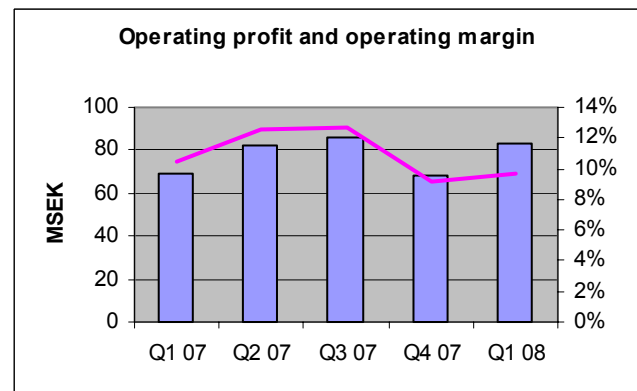
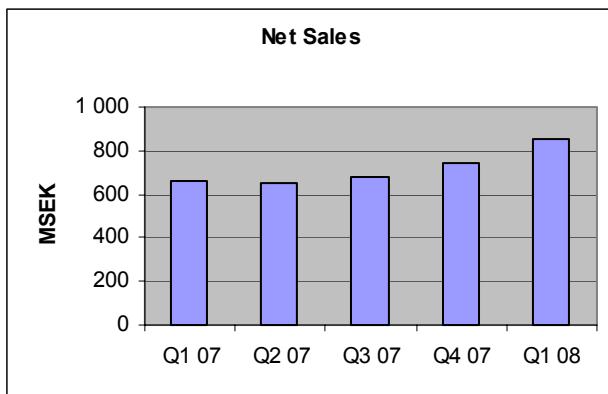
Overall, demand was favourable in Europe during the period, and capacity utilization in the European units was high. Within NAFTA (Canada, US and Mexico), activity was lower, particularly in the automotive industry and in the US construction sector, which are important market segments for HEXPOL Compounding. Nonetheless, HEXPOL Compounding's volumes increased. However, the US unit in product area Wheels reported lower volumes. In Asia, the positive trend in Sri Lanka continued and the new plants in China for product area Wheels and business area HEXPOL Compounding are now gradually increasing production.

Raw materials prices continued to increase during the first quarter. The impact on profit was marginal, however, as a result of extensive measures that included revised material formulas, changed suppliers and price increases.

Operating cash flow increased during the first quarter and was a positive 56 MSEK (-19). The strong cash flow was achieved through reduced working capital, profit improvements and a lower rate of investment.

The Group's interest expenses during the first quarter amounted to -12 MSEK (-7).

Profit before tax increased to 71 MSEK (62). Profit was positively affected by currency fluctuations in an amount of 1 MSEK. Profit after tax increased by 14 percent to 50 MSEK (44), corresponding to profit per share of 1.88 SEK (1.66).



Sales, operating profit and operating margin by business area

MSEK	Sales			Operating profit			Operating margin %		
	2008 Jan.-March	2007 Jan.-March	2007 Full-year	2008 Jan.-March	2007 Jan.-March	2007 Full-year	2008 Jan.-March	2007 Jan.-March	2007 Full-year
HEXPOL Compounding	648	460	1 955	55	43	195	8.5	9.3	10.0
HEXPOL Engineered Products	204	196	775	28	26	110	13.7	13.3	14.2
Group total	852	656	2 730	83	69	305	9.7	10.5	11.2

During the first quarter, HEXPOL prepared for the listing of its shares on the OMX Nordic Exchange Stockholm, which is scheduled for 9 June 2008. On 5 May, Hexagon AB's Annual General Meeting took the final resolution to distribute all of the shares in HEXPOL AB to the shareholders of Hexagon AB. A prospectus for the listing of HEXPOL AB shares is expected to be published on 5 June 2008.

While planning for the listing, Hexagon Polymers AB was renamed HEXPOL AB. Furthermore, the company's head office was moved to Malmö, where the company also has its registered office.

Profitability

Return on average capital employed amounted to 15.1 percent (16.4). The lower return was primarily attributable to the acquisition of GoldKey. Return on average shareholders' equity amounted to 19.7 percent (19.2).

Financial position and liquidity

The equity/assets ratio was 35.7 percent (44.1). Total consolidated assets increased to 2,809 MSEK (2,153). Consolidated net debt amounted to 1,102 MSEK (738), and the debt/equity ratio was a multiple of 1.1 (0.8). The interest coverage ratio was a multiple of 4.9 (6.6).

Cash flow

During the first quarter, cash flow from operations before changes in working capital increased by 16 percent to 71 MSEK (61). Cash flow from operations amounted to 84 MSEK (27). Operating cash flow amounted to 56 MSEK (-19).

Investments, depreciation and amortization

The Group's net investments, excluding company acquisitions and divestments, totalled 28 MSEK (46). Investments during the quarter primarily consisted of investments in production facilities for gaskets for plate heat exchanges in Qingdao, China. Depreciation and amortization during the first quarter amounted to 23 MSEK (17).

Tax expenses

The Group's tax expenses during the period amounted to 21 MSEK (18), corresponding to a tax rate of 29.6 percent (29.0). Tax expenses are affected by the fact that a significant portion of profit are generated in subsidiaries in countries where the tax rate differs from that in Sweden.

Personnel

The number of employees at 31 March 2008 was 2,337 (2,124). The increase in the number of employees was attributable to the acquisition of GoldKey, and a rise in personnel in Sri Lanka and in the newly started HEXPOL Compounding units in China and Mexico.

Significant events after the closing date

Decision was taken on 2 April to change the name of Hexagon Polymers AB to HEXPOL AB.

Resolution was taken at Hexagon AB's Annual General Meeting on 5 May to transfer all of the shares in HEXPOL AB to the shareholders of Hexagon AB (publ) in the form of a dividend. The HEXPOL share will be listed on the OMX Nordic Exchange Stockholm starting on 9 June 2008.

The company has its head office and registered office in Malmö.

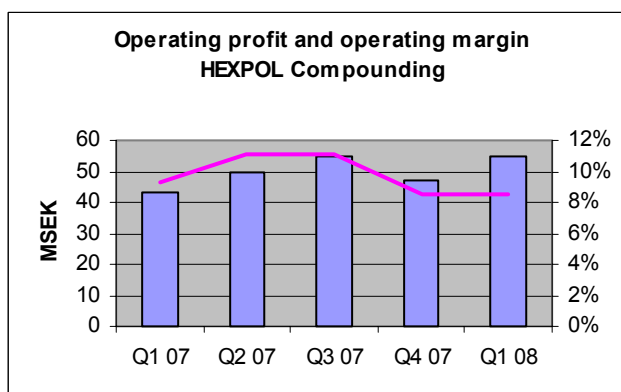
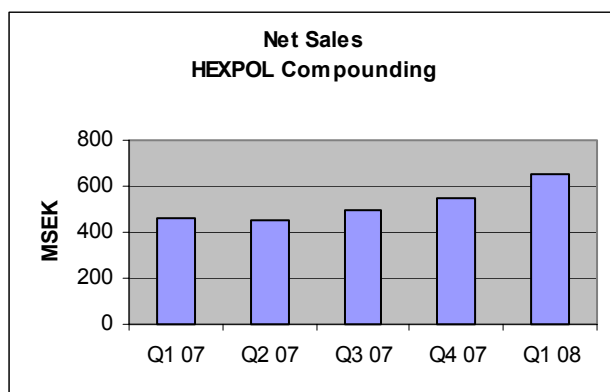
Business area HEXPOL Compounding

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

Sales increased by 41 percent and amounted to 648 MSEK (460). Acquired units accounted for 122 MSEK of the quarter's sales. Operating profit increased by 28 percent to 55 MSEK (43), corresponding to an operating margin of 8.5 percent (9.3). The decline in operating margin was attributable to the newly started units in China and Mexico, which in its start-up phase have burdened the profit.

In Europe, the volume trend was favourable, and capacity utilization was high during the quarter. Deliveries to customers in Eastern Europe resulted in strong growth in the Czech operations. Successful marketing also resulted in a recovery of volumes in the company in Germany. Volume growth was also high in the Nordic region during the quarter.

In NAFTA, Mexico showed rapid growth as a result of increased car production, and the newly started company in Mexico reported a profit in March. In the US, activity was lower, particularly in the automotive and construction sectors. However, HEXPOL's volumes continued to increase during the quarter, as a result of successful sales efforts and a favourable market position. The integration of GoldKey, which was acquired in September 2007, is proceeding as planned, and both volumes and profit were higher than in the year-earlier period. In Canada, volumes remained low.



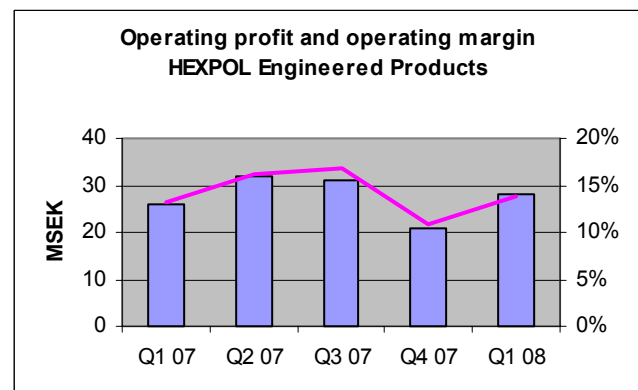
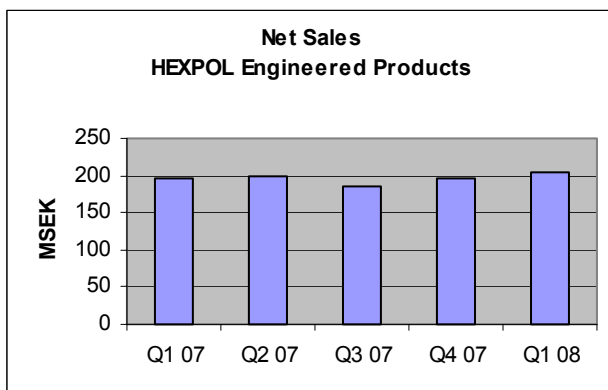
Business area HEXPOL Engineered Products

Business area HEXPOL Engineered Products, through its considerable expertise in polymers and the production of rubber, plastic and polyurethane products, has gained a world-leading position as a supplier of advanced products, such as gaskets for plate heat exchangers and wheels for the forklift industry.

Sales increased by 4 percent and amounted to 204 MSEK (196). Operating income rose 8 percent to 28 MSEK (26), corresponding to an operating margin of 13.7 percent (13.3). The improvement in the operating margin was a result of increased sales and improved productivity.

The trend within the business area remained favourable. Product area Gaskets, in particular, showed favourable growth during the period, although on a somewhat lower level than in the year-earlier period. The lower growth was due to a certain adaptation of customer inventories and to lower demand from some project-related market segments. The construction of the production facility for gaskets for plate heat exchanges in China is proceeding as planned. Start of production was postponed to the latter part of the year, however, primarily due to a favourable productivity trend in Sri Lanka.

Within product area Wheels, development was weak during the first quarter. In both Europe and the US, volumes were lower than in the year-earlier period. In Sri Lanka, the trend was stable, but price increases for natural rubber continued. Within product area Profiles, the volume trend during the quarter matched year-earlier level.



Parent Company

The Parent Company reported a loss after tax of 8 MSEK (2). Shareholders' equity amounted to 573 MSEK (580).

Outlook

HEXPOL expects a continued favourable development during 2008.

Risk factors

The Group's and the Parent Company's business risks, risk management and management of financial risks are described in Hexagon AB's 2007 Annual Report and in the prospectus for the listing of HEXPOL AB shares that is scheduled to be published on 5 June 2008. No events of significant

importance occurred during the period that could affect or change these descriptions of the Group's or the Parent Company's risks and their management.

Accounting principles

This interim report was prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. The accounting and valuation principles applied in the most recent annual report were also applied in this interim report.

Financial information

HEXPOL AB will publish financial information for the 2008 fiscal year on the following dates:

Event	Date
◆ Interim report, January - June	Friday 8 August 2008
◆ Interim report, January - September	Thursday 23 October 2008
◆ Year-end report 2008	February 2009

Financial information in Swedish and English is also available at Hexagon AB's web site at www.hexagon.se.

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Malmö 8 May 2008
HEXPOL AB

Georg Brunstam
President and CEO

This report was not subject to special review by the company's auditors.

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This is the type of information that HEXPOL AB is obliged 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 at 2:00 p.m. on 8 May 2008.

Condensed consolidated income statement

MSEK	2008 Jan.-March	2007 Jan.- March	2007 Full-year
Net sales	852	656	2 730
Cost of goods sold	-714	-545	-2 238
Gross profit	138	111	492
Sales and administration costs, etc.	-55	-42	-187
Operating profit	83	69	305
Financial income and expenses	-12	-7	-50
Profit before tax	71	62	255
Tax	-21	-18	-69
Net profit	50	44	186
- of which, attributable to the Parent Company's shareholders	50	44	186
Profit per share, SEK 1)	1,88	1,66	7,01
Profit per share after dilution, SEK 1)	1,88	1,66	7,01
Shareholder's equity per share, SEK 1)	37,74	35,74	38,60
CB number of shares, thousands 1)	26 552	26 552	26 552
Average number of shares, thousands 1)	26 552	26 552	26 552
Average number of shares after dilution, thousands 1)	26 552	26 552	26 552
Depreciation and write-downs included in an amount of	-23	-17	-70
1) refers to the estimated number of shares after exchange listing			

Condensed consolidated balance sheet

MSEK	2008 31 March	2007 31 March	2007 31 Dec.
Intangible fixed assets	1 091	844	1 134
Tangible fixed assets	710	551	735
Financial fixed assets	2	2	2
Total fixed assets	1 803	1 397	1 871
Inventories	306	242	308
Accounts receivable	411	360	344
Other receivables	45	52	26
Prepaid expenses and accrued income	15	10	18
Total current receivables	471	422	388
Cash and cash equivalents	229	92	228
Total current assets	1 006	756	924
Total assets	2 809	2 153	2 795
Shareholders' equity attributable to the Parent Company's shareholders	1 002	949	1 025
Total shareholders' equity	1 002	949	1 025
Pension provisions	9	9	10
Provision for deferred tax	18	34	20
Interest-bearing liabilities	1 229	672	1 294
Total long-term liabilities	1 256	715	1 324
Interest bearing liabilities	102	158	92
Accounts payable	299	220	252
Other liabilities	43	29	13
Accrued expenses and deferred income	107	82	89
Total current liabilities	551	489	446
Total equity and liabilities	2 809	2 153	2 795

Changes in shareholders' equity

MSEK	2008 31 March	2007 31 March	2007 31 Dec.
Opening shareholders' equity	1 025	883	883
Translation difference	-73	22	49
Net profit for the period	50	44	186
Total changes in net asset value, excluding transactions involving company shareholders	-23	66	235
Group contributions	-	-	-93
Closing shareholders' equity	1 002	949	1 025

Consolidated cash flow analysis

MSEK	2008 Jan-March	2007 Jan-March	2007 Full year
Cash flow from operations before changes in working capital	71	61	268
Changes in working capital	13	-34	-3
Cash flow from operations	84	27	265
Net investments in ordinary operations	-28	-46	-173
Operating cash flow	56	-19	92
Acquisitions of subsidiaries	-	-	-350
Cash flow from financing activities	-55	-5	370
Change in cash and cash equivalents	1	-24	112
Cash and cash equivalents at 1 January	228	116	116
Cash and cash equivalents at 31 March	229	92	228

Key figures

	2008 Jan.- March	2007 Jan.-March	2007 Full-year
Operating margin, %	9.7	10.5	11.2
Profit margin before tax, %	8.3	9.5	9.3
Return on shareholders' equity, %	19.7	19.2	19.5
Return on capital employed, %	15.1	16.4	15.1
Equity/assets ratio, %	35.7	44.1	36.7
Interest coverage ratio, multiple	4.9	6.6	5.3
Average number of shares, thousands	26 552	26 552	26 552
Profit per share, SEK	1.88	1.66	7.01
Cash flow per share, SEK	3.16	1.02	9.98
Cash flow per share before changes in working capital, SEK	2.67	2.30	10.09

Quarterly data, Group

Sales per business area						
MSEK	2008 Jan.- March	2007 Jan.- March	2007 April- June	2007 July-Sept.	2007 Oct.- Dec.	2007 Full-year
HEXPOL Compounding	648	460	451	495	549	1 955
HEXPOL Engineered Products	204	196	199	185	195	775
Group total	852	656	650	680	744	2 730
Sales per geographic area						
MSEK	2008 Jan.- March	2007 Jan.- March	2007 April- June	2007 July-Sept.	2007 Oct.- Dec.	2007 Full-year
Europe	535	473	459	447	451	1 830
NAFTA	284	159	166	211	272	808
Asia	33	24	25	22	21	92
Group total	852	656	650	680	744	2 730
Operating profit per business area						
MSEK	2008 Jan.- March	2007 Jan.- March	2007 April- June	2007 July-Sept.	2007 Oct.- Dec.	2007 Full-year
HEXPOL Compounding	55	43	50	55	47	195
HEXPOL Engineered Products	28	26	32	31	21	110
Group total	83	69	82	86	68	305

Condensed Parent Company income statement			
MSEK	2008 Jan.- March	2007 Jan.-March	2007 Full-year
Net sales	8	6	22
Selling, administrative costs, etc.	-9	-6	-26
Operating profit/loss	-1	0	-4
Financial income and expenses	-10	-2	-14
Loss before tax	-11	-2	-18
Tax	3	0	5
Net loss	-8	-2	-13
Parent Company balance sheet in summary			
MSEK	2008 31 March	2007 31 March	2007 31 Dec.
Total fixed assets	1 482	783	1 342
Total current receivables	153	105	152
Cash and cash equivalents	0	0	0
Total current assets	153	105	152
Total assets	1 635	888	1 494
Total shareholders' equity	573	580	581
Total long-term liabilities	0	0	0
Total current liabilities	1 062	308	913
Total shareholders' equity and liabilities	1 635	888	1 494

Financial definitions

Capital employed	Total assets less non-interest-bearing liabilities.
Cash flow	Cash flow from operating activities after change in working capital.
Cash flow per share	Cash flow from operating activities after change in working capital, divided by average number of shares.
Profit per share	Net profit divided by average number of shares.
Equity/assets ratio	Shareholders' equity as a percentage of total assets.
Interest-cover ratio	Profit before tax plus interest expenses divided by financial expenses.
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestments of subsidiaries.
Debt/equity ratio	Interest-bearing liabilities less cash and cash equivalents divided by shareholders' equity.
Operating margin	Operating profit as a percentage of net sales for the period.
Profit margin before tax	Profit before tax as a percentage of net sales for the period.
Return on capital employed	Profit before tax plus interest expenses as a percentage of average capital employed.
Return on equity	Net profit as a percentage of average shareholders' equity.
Shareholders' equity per share	Shareholders' equity divided by the number of shares at year-end.
Share price	Last settled transaction on the OMX Nordic Exchange on the last business day for the period.