



Interim Report January – June 2008

Press information 8 August 2008

Solid sales and profit growth in the second quarter 2008

- Order intake increased by 12* per cent to 4 016 MSEK (3 651).
- Net sales increased by 13* per cent to 3 904 MSEK (3 516).
- Operating earnings increased by 22 per cent to 734 MSEK (601). Earnings were adversely affected by exchange rate movements of -56 MSEK.
- Earnings before taxes increased by 18 per cent to 657 MSEK (555). Earnings were adversely affected by exchange rate movements of -58 MSEK.
- Net earnings, excluding non-recurring items, increased by 17 per cent to 566 MSEK (483). Including non-recurring items, net earnings increased by 11 per cent.
- Earnings per share, before dilution, increased by 10 per cent to 2.12 SEK (1.92).
- The polymers business was listed as a separate company, Hexpol AB, on OMX Nordic Exchange Stockholm, and was de-consolidated from Hexagon as of 1 June.

Comments from Hexagon's CEO Ola Rollén

“We are pleased to present yet another strong quarter from Hexagon. Our order intake and net sales grew by 12 and 13 per cent, respectively, using fixed exchange rates and a comparable structure. Our operating earnings, excluding the recently listed subsidiary Hexpol, grew by a healthy 30 per cent. Our earnings per share grew by 22 per cent during the quarter, excluding non-recurring items and Hexpol. The year 2008 will be challenging in certain market segments, such as light construction, balanced by other areas displaying accelerated growth. We expect to meet our long-term financial target of an increase in earnings per share after tax by 15 per cent in 2008.”

MSEK	Q2 2008		Q2 2007		Change %	
	Incl. Hexpol	Excl. Hexpol	Incl. Hexpol	Excl. Hexpol	Incl. Hexpol	Excl. Hexpol
Order intake	4 016	3 425	3 651	2 984	12*	12*
Net sales	3 904	3 337	3 516	2 866	13*	12*
Operating earnings (EBIT1)	734	674	601	520	22	30
Operating margin, %	18.8	20.2	17.1	18.1	1.7	2.1
Earnings before taxes	657	604	555	483	18	25
Net earnings excl non-recurring items	566	528	483	433	17	22
Net earnings	566	528	511	461	11	15
Earnings per share excl non-recurring items, SEK	2.12	1.98	1.81	1.62	17	22
Earnings per share, SEK	2.12	1.98	1.92	1.73	10	14

* Adjusted to fixed exchange rates and a comparable group structure (organic growth).

Hexagon AB is a global measurement technologies company with strong market positions. Hexagon's mission is to develop and market leading technologies and services to measure in one, two or three dimensions, to position and update objects and to time processes. The group has approximately 8 000 employees in 35 countries and net sales of approximately 13 000 MSEK. Read more at www.hexagon.se.

Hexagon's performance excluding the spun-off subsidiary Hexpol

The table below shows Hexagon's performance including non-recurring items and excluding the subsidiary Hexpol, which was spun off during the second quarter to Hexagon's shareholders.

MSEK	Q2 2008	Q2 2007	Q1-2 2008	Q1-2 2007	Year 2007	Last 12 months
Operating earnings (EBIT1)	674	520	1 234	971	2 111	2 374
Operating margin, %	20.2	18.1	18.9	17.0	17.8	18.8
Interest income and expenses, net	-70	-37	-140	-75	-171	-236
Earnings before taxes excl non-recurring items	604	483	1 094	896	1 940	2 138
Ordinary taxes	-76	-50	-139	-104	-238	-273
Net earnings excl non-recurring items	528	433	955	792	1 702	1 865
<i>Earnings per share</i>	<i>1.98</i>	<i>1.62</i>	<i>3.58</i>	<i>2.97</i>	<i>6.37</i>	<i>6.98</i>
Capital gains	-	-	-	120	114	-6
Other non-recurring items	-	-	-	-98	-265	-167
Non-recurring tax gains	-	28	-	39	64	25
Net earnings excl Hexpol	528	461	955	853	1 615	1 717
<i>Earnings per share</i>	<i>1.98</i>	<i>1.73</i>	<i>3.58</i>	<i>3.20</i>	<i>6.05</i>	<i>6.43</i>
Hexpol net earnings ¹⁾	38	50	89	94	196	191
Total net earnings	566	511	1 044	947	1 811	1 908
<i>Earnings per share</i>	<i>2.12</i>	<i>1.92</i>	<i>3.92</i>	<i>3.56</i>	<i>6.79</i>	<i>7.14</i>

1) Hexpol included only two months in Q2 2008.

Second quarter 2008

The second quarter reports solid growth. Both order intake and net sales grew in line with Hexagon's mid-term financial plan presented at the Capital Markets Day in December 2007. Order intake and net sales grew by 12 and 13 per cent, respectively, using fixed exchange rates and a comparable group structure.

Market segment trends

The current market trend, that has prevailed since 2004, with above 8 per cent market growth, continued during the second quarter 2008. Hexagon continued to outperform the market growth with an organic growth rate of 12 per cent. Hexagon's current view is to expect similar growth rates for the second half of 2008 as for the first half.

Hexagon has a wide product range sold to several geographical markets and customer segments such as engineering, electronics, IT, medical, defence, construction, public bodies within governments, agriculture and natural resources. Hexagon's risk exposure to a single industry is limited and the company is well prepared for the macroeconomic imbalances that currently are working their way through the global economy.

Geographic market trends

EMEA recorded solid growth in the second quarter. The organic growth in order intake and net sales was 8 and 11 per cent, respectively. The numbers indicate a higher growth rate than in the first quarter. The net sales growth rate is representative for the current situation in EMEA, where slower growth rates in Western Europe are being compensated by strong growth in Middle East, Eastern Europe and Africa. Hexagon expects similar organic growth rates in EMEA in the second half of the year as in the first half.

Americas displayed solid growth during the second quarter. Hexagon has continued to experience strong demand for measurement products in the US engineering sector in spite of the economic uncertainties. Also, demand from the mining, aerospace, medical, and electronics segments was continuously strong during the quarter. The prevailing negative trend within the residential housing and automotive segments continued during the quarter. South America is demonstrating strong growth explained by the region's exposure to oil and gas and the agriculture markets. The organic growth in the Americas in order intake and net sales was 10 and 12 per cent, respectively. Hexagon expects growth rates to remain at these levels in Americas throughout 2008.

Asia recorded an organic growth in order intake and net sales of 26 and 20 per cent, respectively. This is a recovery from the weak growth recorded in the region in the first quarter. The strong growth was obtained from several geographical markets in the region. Several submarkets and industries in the region related to mining, agriculture and oil and gas exploration grew at strong double digit numbers. Hexagon also noted an increased demand from Asian automotive customers that are planning for significant capacity expansions in the region. Geographically, India, Korea, China and South East Asia displayed strong growth. The earth quake in Sichuan, China had an adverse effect of -18 MSEK on the order intake and sales for the region in the quarter. This is a mid-term effect since several customers' plants were demolished. Hexagon expects the organic growth in Asia in the second half of the year to be similar to the rate during the first six months.

Second quarter net sales and earnings

Operating earnings (EBIT1) grew by 22 per cent to 734 MSEK (601) in spite of adverse currency movements of -56 MSEK and the de-consolidation of Hexpol included only two months in the second quarter. The operating margin was improved by 1.7 percentage points to 18.8 per cent (17.1) compared to the corresponding quarter in 2007.

The financial net amounted to -77 MSEK (-46) during the second quarter. The significant increase is explained by the numerous, externally financed, acquisitions Hexagon performed during 2007 and the first six months in 2008.

Earnings before taxes increased by 18 per cent to 657 MSEK (555). Earnings were adversely affected by exchange rate movements of -58 MSEK.

Net earnings, excluding Hexpol, increased by 15 per cent to 528 MSEK (461). This corresponds to an increase in earnings per share of 14 per cent to 1.98 SEK (1.73). Excluding non-recurring items and Hexpol, net earnings increased by 22 per cent to 528 MSEK (433), corresponding to an increase in earnings per share of 22 per cent to 1.98 SEK (1.62). Including non-recurring items and Hexpol, net earnings increased by 11 per cent to 566 MSEK (511), resulting in an earnings per share of 2.12 SEK (1.92).

Net sales per region in the second quarter

MSEK	Q2 2008	Q2 2007	Change % ¹⁾
EMEA	2 232	2 021	11
Americas	947	909	12
Asia	725	586	20
Total	3 904	3 516	13

1) Adjusted to fixed exchange rates and a comparable group structure (organic growth).

Movements in most important currencies and profit impact in the second quarter

	Currency movement	Net exposure ¹⁾	Profit impact
CHF	Strengthened	Negative	Negative
USD	Weakened	Positive	Negative
EUR	Strengthened	Positive	Positive
Earnings before taxes, MSEK			-58

1) Income - cost.

First six months 2008

The first six months reports solid growth in line with Hexagon's mid-term financial plan presented at the Capital Markets Day in December 2007. Order intake and net sales grew by 12 and 13 per cent, respectively, using fixed exchange rates and a comparable group structure. Operating earnings (EBIT1) increased by 23 per cent to 1 377 MSEK (1 121), which corresponds to an operating margin of 17.4 per cent (16.0). Operating earnings (EBIT1) were adversely affected by exchange rate movements of -99 MSEK.

The financial net amounted to -158 MSEK (-92) during the first six months. The increase is explained by the numerous, externally financed, acquisitions Hexagon performed during 2007 and during the first six months in 2008.

Earnings before taxes, excluding non-recurring items, increased by 18 per cent to 1 219 MSEK (1 029). Including these items, earnings before taxes increased by 16 per cent to 1 219 MSEK (1 051). Earnings were adversely affected by exchange rate movements of -103 MSEK.

Net earnings, excluding Hexpol, increased by 12 per cent to 955 MSEK (853). This corresponds to an increase in earnings per share of 12 per cent to 3.58 SEK (3.20). Excluding non-recurring items and Hexpol, net earnings increased by 21 per cent to 955 MSEK (792), corresponding to an increase in earnings per share of 21 per cent to 3.58 SEK (2.97). Including non-recurring items and Hexpol, net earnings increased by 10 per cent to 1 044 MSEK (947), resulting in an earnings per share of 3.92 SEK (3.56).

Net sales and earnings per business area the first six months

MSEK	Net sales			Earnings		
	Q1-2 2008	Q1-2 2007	Change % ¹⁾	Q1-2 2008	Q1-2 2007	Change % ¹⁾
Hexagon MT	6 109	5 177	13	1 249	980	27
Hexagon Hexpol	1 419	1 306	n.a.	143	150	n.a.
Other operations	403	534	15	18	20	n.a.
Group costs and eliminations	-	-2		-33	-29	-14
Operating earnings (EBIT1)				1 377	1 121	23
Per cent of net sales				17.4	16.0	
Interest income and expenses, net				-158	-92	-72
Earnings before non-recurring items				1 219	1 029	18
Capital gains				-	120	n.a.
Other non-recurring items				-	-98	n.a.
Net sales	7 931	7 015	13			
Earnings before taxes				1 219	1 051	16

Net sales per region the first six months

MSEK	Q1-2 2008	Q1-2 2007	Change % ¹⁾
EMEA	4 579	4 241	10
Americas	1 942	1 626	16
Asia	1 410	1 148	19
Total	7 931	7 015	13

1) Adjusted to fixed exchange rates and a comparable group structure (organic growth).

Profitability

Capital employed, defined as total assets less non-interest bearing liabilities, increased to 19 040 MSEK (15 706). Return on average capital employed was 14 per cent (15). Return on average shareholders' equity was 21 per cent (21). The capital turnover rate was 0.8 times (0.9).

Financial position

Shareholders' equity, including minority interests, increased to 9 231 MSEK (9 104). The equity ratio was 40 per cent (47). The group's total assets increased to 22 795 MSEK (19 203).

The decrease in equity ratio is explained by the fact that Hexagon's main exposure to net assets denominated in foreign currencies is the CHF. This exposure is partially hedged. Exposure to other currencies has not been hedged.

On 30 June 2008, cash and unutilized credit limits totalled 3 495 MSEK (5 242). Hexagon's net debt was 8 975 MSEK (5 731), and the net indebtedness was 0.97 (0.63). Interest coverage ratio was 7.8 (10.0).

Cash flow

During the first six months, cash flow from operations before changes in working capital increased by 29 per cent to 1 417 MSEK (1 095), corresponding to 5.34 SEK (4.13) per share. Cash flow from operations decreased to 680 MSEK (854), corresponding to 2.56 SEK (3.22) per share. The operating cash flow was 237 MSEK (511). The second quarter displayed a significant working capital build-up related to the planned launch of new products during the second half of 2008.

Investments and depreciation

Hexagon's net investments, excluding acquisitions and divestitures, were -443 MSEK (-343). Depreciation and write-downs during the first six months was -347 MSEK (-312).

Tax rate

Hexagon's tax cost for the first six months totalled -175 MSEK (-104), corresponding to a tax rate of 14 per cent (10). The tax cost is affected by the fact that a considerable part of Hexagon's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden as well as the fact that capital gains are essentially exempt from tax. Tax expenses in 2007 benefited from revaluations of deferred tax assets and liabilities due to changes in Hexagon's legal and tax structure. Disregarding non-recurring tax gains, the effective tax rate during the period was 14 per cent (14).

Employees

The average number of employees in Hexagon during the first six months of the year was 9 714 (8 007). Excluding Hexpol, the average number of employees in Hexagon during the first six months of the year was 7 815 (5 865).

The number of employees at the end of the second quarter was 8 331 (8 180). Excluding Hexpol, the number of employees at the end of the second quarter 2007 was 5 999.

The increase is mainly due to acquisitions as well as the organic expansion of the core organisation during the past 12 months.

Share data

Earnings per share during the second quarter increased by 10 per cent to 2.12 SEK (1.92). Excluding non-recurring items and Hexpol, earnings per share increased by 22 per cent to 1.98 SEK (1.62).

Earnings per share during the first six months increased by 10 per cent to 3.92 SEK (3.56). Excluding non-recurring items and Hexpol, earnings per share increased by 21 per cent to 3.58 SEK (2.97).

The distribution of the shares of Hexpol entailed a decrease in equity per share of -3.31 SEK.

At full exercise of existing stock option programmes, the dilution effect would be 1.0 per cent of the share capital and 0.7 per cent of the number of votes.

Hexagon Measurement Technologies

The prevailing trend during the past four years with strong organic growth, continued during the second quarter. The organic growth amounted to 12 per cent in order intake and 12 per cent in net sales. The improvement in operating earnings exceeded Hexagons financial plan. This is primarily due to a favourable product mix in combination with favourable sourcing contracts for components. The operating margin improved by 2.2 percentage points to 21.8 per cent (19.6) in spite of the adverse exchange rate effect and the increased resources Hexagon has committed into research and development. These research and development efforts will lead to the release of new technologies and products, starting in the first half of 2009, across almost all product areas.

The demand for Hexagon's products in EMEA was continuously solid during the second quarter. Growth rates came down from 2007 levels due to a weaker light construction market. The organic growth in order intake and net sales amounted to 7 and 10 per cent, respectively. 2008 will continue to demonstrate strong growth in the region fuelled by an increased demand from the European automotive sector, a continuous high demand from the Western Europe engineering sector, as well as an increased demand from infrastructural projects in Western and Eastern Europe, Middle East and Russia offsetting a somewhat weaker market in light construction and engineering in UK, Italy and Spain.

In the Americas, the US based engineering sector's demand for Hexagon's products grew strongly during the second quarter since it benefited from increased volumes fuelled by a weak US dollar. Hexagon also had good demand from customers involved in large infrastructural projects as well as an increased demand from sectors such as mining, oil and gas, aerospace, electronics and medical technologies. Hexagon noted a deterioration in demand from defence related customers in the US. The two weak segments: automotive and residential housing continued their trend with diminishing demand for measurement products. The organic growth in order intake and net sales was 10 and 12 per cent, respectively. Hexagon expects the prevailing imbalances between segments in the region to continue throughout 2008. The weak areas will continue to perform poorly whilst the strong areas might gain momentum over the quarters to come. Hexagon will continue to invest in local service and distribution activities throughout the region as well as launching regionally adapted products in 2008.

Asia continued its strong organic growth in the second quarter. The organic growth in order intake and net sales was 25 and 19 per cent, respectively. Hexagon has continued to expand in the region during the quarter and all major markets in the region but Japan grew significantly. Several submarkets and industries in the region related to mining, agriculture and oil and gas exploration grew at strong double digit numbers. Hexagon also noted an increased demand from the Asian automotive industry that is planning for a significant capacity expansion in the region. Geographically, India, Korea, China and South East Asia displayed strong growth. The micro segment of the measurement technologies market was adversely affected by -18 MSEK by the earth quake in Sichuan, China, during the quarter since several customers manufacturing facilities were demolished. Hexagon expects the overall demand to be continuously strong in the region during 2008.

For the business area as a whole, order intake grew to 3 227 MSEK (2 796) during the quarter. Net sales grew to 3 135 MSEK (2 694). Using fixed exchange rates and a comparable structure, both order intake and net sales grew by 12 per cent. Operating

earnings (EBIT1) increased by 29 per cent to 683 MSEK (529), which corresponds to an operating margin of 21.8 per cent (19.6).

The number of employees by the end of the second quarter amounted to 7 887 (5 562).

MSEK	Q2 2008	Q2 2007	Change %	Q1-2 2008	Q1-2 2007	Change %
Order intake	3 227	2 796	12 ¹⁾	6 376	5 511	12 ¹⁾
Net sales	3 135	2 694	12 ¹⁾	6 109	5 177	13 ¹⁾
Operating earnings (EBIT1)	683	529	29	1 249	980	27
Operating margin, %	21.8	19.6	2.2	20.4	18.9	1.5

1) Adjusted to fixed exchange rates and a comparable group structure (organic growth).

Hexpol

During the quarter, Hexpol was distributed to the shareholders of Hexagon and listed as a separate company at the OMX Nordic Exchange Stockholm on 9 June 2008. As of June 2008, Hexpol is no longer included in the consolidated accounts of Hexagon.

Hexpol's order intake for two months amounted to 591 MSEK compared to 667 MSEK for the full quarter in 2007. Net sales for two months amounted to 567 MSEK compared to 650 MSEK for the full quarter in 2007.

Operating earnings (EBIT1) for two months amounted to 60 MSEK compared to 81 MSEK for the full quarter in 2007.

The number of employees by the end of the second quarter was 0 (2 181).

MSEK	Q2 2008 ¹⁾	Q2 2007	Q1-2 2008 ²⁾	Q1-2 2007
Order intake	591	667	1 425	1 338
Net sales	567	650	1 419	1 306
Operating earnings (EBIT1)	60	81	143	150

1) The financial outcome of Hexpol for two months.

2) The financial outcome of Hexpol for five months.

For information regarding Hexpol activities and results during the second quarter, please refer to the Hexpol AB Interim Report at www.hexpol.com.

Other operations

During the second quarter, order intake increased to 198 MSEK (188). Net sales increased to 202 MSEK (173). Using fixed exchange rates and a comparable structure, order intake and net sales grew by 5 and 16 per cent, respectively. Operating earnings (EBIT1) increased to 10 MSEK (7).

The number of employees by the end of the second quarter was 433 (426).

MSEK	Q2 2008	Q2 2007	Change %	Q1-2 2008	Q1-2 2007	Change %
Order intake	198	188	5 ¹⁾	372	582	8 ¹⁾
Net sales	202	173	16 ¹⁾	403	534	15 ¹⁾
Operating earnings (EBIT1)	10	7	43	18	20	n.a. ²⁾

1) Adjusted to fixed exchange rates and a comparable group structure (organic growth).

2) Not applicable due to divested businesses.

Associated companies

Associated companies affected Hexagon's earnings during the first six months by 2 MSEK (-33). During the first quarter 2007 earnings were affected by a write-off of Hexagon's investment in the joint venture company Outokumpu Nordic Brass by -35 MSEK.

Parent company

The parent company's earnings after financial items were -275 MSEK (-50). The solvency ratio of the parent company was 29 per cent (40). The equity was 5 179 MSEK (6 651). Liquid funds including unutilized credit limits was 2 728 MSEK (4 745).

Accounting principles

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. Hexagon's interim report for the group is designed in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act. Parent company accounts are prepared in accordance with the Annual Accounts Act. Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2007.

Risks and uncertainty factors

As an international group with a wide geographic scope, Hexagon is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit, raw materials and financial instruments. Risk management in Hexagon aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the group. For a detailed description of risks and risk management refer to the Annual Report for 2007. No significant risks other than the risks described therein are deemed to be currently relevant.

Significant events during the second quarter

Acquisitions

- On 9 June, the American company Advanced Metrology Solutions was acquired. Advanced Metrology Solutions is a leading distributor of precision metrology products in a nine-state territory, stretching from Michigan to Florida. The company is a leading Sheffield CMM products distributor. The company also sells other Hexagon brands, including ROMER portable arm measuring systems, TESA precision hand tools and PC-DMIS software. Excluding inter-company sales, Advanced Metrology Solutions will add approximately 30 MSEK to the Hexagon annual sales. The company has shown solid growth over the last years and currently employs 19 people. Advanced Metrology Solutions is consolidated as of 7 June 2008.
- On 23 June, the Swedish software company Viewserve AB was acquired. Viewserve is a well-established service and software company offering a web-based fleet management system to the construction market. Viewserve's web-based GPS platform facilitates monitoring of vehicles and work activities, and can be used to notify individual consumers about work carried out. Viewserve gives the customer real time and historic information presented geographically and statistically which enables the customer to effectively optimize the utilization of resources and maximize

profitability. Viewserve was founded in 2005 and employs today 12 people. The company is expected to have a turnover of approximately 7 MSEK in 2008 and is expected to continue to grow at double digit rates in the years to come. Viewserve is consolidated as of 23 June 2008.

- On 24 June, the German company Messtechnik Wetzlar GmbH was acquired. MTWZ is a leading developer and provider of software solutions for quality control of complex mechanical parts in the power train area. Also, MTWZ is a solutions provider for turnkey projects around material handling metrology solutions. Excluding inter-company sales, MTWZ will add approximately 20 MSEK to the Hexagon annual sales. The company has recorded a healthy growth over the last years and is expected to continue the growth path. The company employs 34 people. MTWZ is consolidated as of 1 July 2008.
- On 27 June, the German m&h Group was acquired. m&h is a leading developer, manufacturer and distributor of machine tool probes including related software and services. The Group has a strong technology and intellectual property base. m&h was founded in 1991 and employs today 55 people. The Group had a turnover of approximately 90 MSEK in 2007 and has recorded a healthy growth over the last years. The acquisition of m&h will position Hexagon as a leading player in the machine tool probing segment. m&h is consolidated as of 1 July 2008

Distribution and listing of Hexpol

- All of the shares in Hexagon Polymers AB, renamed to Hexpol AB, were distributed to the shareholders of Hexagon in proportion to their current shareholding in Hexagon. For each multiple of ten class A or class B shares, one share of the corresponding class of Hexpol shares was received. The record date at VPC for receipt of Hexpol shares was 5 June 2008. The final date for trading in Hexagon shares including the right to receive shares in Hexpol was 2 June 2008.
- Hexpol AB was listed on OMX Nordic Exchange Stockholm on 9 June 2008.

Significant events after the end of the second quarter

- On 24 July, the Chinese company Serein Metrology (Shenzhen) Co., Ltd was acquired. Serein Metrology develops and produces a wide range of advanced precision measuring instruments in the micro area of the measurement technologies market. Serein Metrology is based in Shenzhen, China, and employs today 98 people. The company had a turnover of approximately 4 MUSD in 2007 and is expected to grow at a double digit rate in the years to come. Serein Metrology is consolidated as of 1 August 2008.
- On 7 August, Hexagon announced the inauguration of a new assembly and manufacturing facility in Noida, India, that will supply locally assembled coordinate measuring machines to customers throughout the Indian subcontinent. The facility will gradually cover the full range of metrology products including articulated arms.

Outlook 2008

Hexagon continued to strengthen its market position, product range and structure for continuous growth in sales and earnings during the second quarter. Hexagon expects to meet its long-term financial target of an increase in earnings per share after tax by 15 per cent in 2008.

Telephone conference 8 August at 15:00 CET

The interim report for the second quarter will be presented on 8 August at 15:00 CET at a telephone conference. For participation, please see instructions at the Hexagon website.

Financial information

Hexagon gives financial information at the following occasions:

Interim Report Q3 2008	28 October 2008
Year-End Report 2008	6 February 2009
Annual General Meeting 2009	6 May 2009
Interim Report Q1 2009	6 May 2009
Interim Report Q2 2009	6 August 2008

Financial information is available in Swedish and English at the Hexagon website and can be ordered via phone +46 8 601 26 20 or e-mail ir@hexagon.se

The Board of Directors and the CEO and President declare that this six-months Interim Report provides a true and fair overview of the company's and the group's operations, their financial position and performance, and describes material risks and uncertainties facing the company and companies within the group.

Stockholm, Sweden, 8 August 2008

Hexagon AB (publ)

Melker Schörling
Chairman of the Board

Mario Fontana
Board Member

Ulf Henriksson
Board Member

Gun Nilsson
Board Member

Maths O. Sundqvist
Board Member

Ola Rollén
*CEO and President
Board Member*

This Interim Report is a type of information that Hexagon AB (publ) is obliged to disclose in accordance with the Swedish Securities Market Act and /or the Financial Instruments Trading Act. The information was submitted for publication on 8 August 2008 at 08:00 CET.

This Interim Report has not been audited by the company's auditors.

Hexagon AB (publ)
Registration number 556190-4771
Registered Office: Stockholm

P.O Box 1112
SE-131 26 Nacka Strand
Sweden

Phone: +46 8 601 26 20
Fax: +46 8 601 26 21
www.hexagon.se

Consolidated income statement in summary

MSEK	Q2 2008	Q2 2007	Q1-2 2008	Q1-2 2007	Year 2007	Last 12 months
Net sales	3 904	3 516	7 931	7 015	14 587	15 503
Cost of goods sold	-2 144	-2 044	-4 472	-4 179	-8 490	-8 783
Gross profit	1 760	1 472	3 459	2 836	6 097	6 720
Sales and administration costs etc.	-1 027	-871	-2 084	-1 780	-3 910	-4 214
Earnings from shares in associated companies	1	0	2	-33	-31	4
Capital gains	-	-	-	120	114	-6
Operating earnings ¹⁾	734	601	1 377	1 143	2 270	2 504
Interest income and expenses, net	-77	-46	-158	-92	-214	-280
Earnings after financial items	657	555	1 219	1 051	2 056	2 224
Tax	-91	-44	-175	-104	-245	-316
Net earnings ²⁾	566	511	1 044	947	1 811	1 908
¹⁾ of which non-recurring items	-	-	-	22	-151	-173
²⁾ of which minority interest	3	2	5	4	11	12
Including depreciation and write-downs of ³⁾	-169	-145	-347	-312	-803	-838
³⁾ of which amortization on excess values identified at acquisition	-24	-13	-48	-25	-63	-86
Earnings per share, SEK	2.12	1.92	3.92	3.56	6.79	7.14
Earnings per share after dilution, SEK	2.12	1.91	3.91	3.54	6.77	7.13
Shareholder's equity per share, SEK	34.59	34.16	34.59	34.16	37.69	34.59
Closing number of shares, thousand	265 520	265 350	265 520	265 350	265 350	265 520
Average number of shares, thousand	265 412	265 235	265 381	265 206	265 278	265 366
Average number of shares after dilution, thousand	265 792	265 902	265 763	266 063	266 034	265 884

Consolidated balance sheet in summary

MSEK	30/6 2008	30/6 2007	31/12 2007
Intangible fixed assets	13 590	10 471	14 151
Tangible fixed assets	1 593	2 002	2 277
Financial fixed assets	73	61	76
Deferred tax assets	649	394	492
Total fixed assets	15 905	12 928	16 996
Inventories	2 683	2 199	2 586
Accounts receivable	2 751	2 739	3 075
Other receivables	441	380	465
Prepaid expenses and accrued income	265	178	206
Total current receivables	3 457	3 297	3 746
Cash and cash equivalents	750	779	1 612
Total current assets	6 890	6 275	7 944
Total assets	22 795	19 203	24 940
Attributable to the parent company's shareholders	9 184	9 064	10 002
Attributable to minority	47	40	44
Total shareholders' equity	9 231	9 104	10 046
Interest bearing liabilities	9 112	5 991	9 789
Other liabilities	37	75	17
Pension provisions	401	450	433
Tax provisions	639	285	668
Other provisions – long-term	141	101	192
Total long-term liabilities	10 330	6 902	11 099
Other provisions – short-term	217	129	208
Interest bearing liabilities	88	161	170
Accounts payable	1 045	1 202	1 473
Other liabilities	805	673	757
Accrued expenses and deferred income	1 079	1 032	1 187
Total short-term liabilities	3 234	3 197	3 795
Total equity and liabilities	22 795	19 203	24 940

Revenues and costs and change in shareholders' equity

MSEK	30/6 2008	30/6 2007	31/12 2007
Opening shareholders' equity	10 046	8 609	8 609
Change in translation reserve	101	-41	224
Effect of currency hedging	-658	56	-177
Change in hedging reserve	3	-6	-1
Tax attributable to items recognized directly in shareholders' equity	178	-11	35
Total revenues and costs recognized directly in shareholders' equity excluding transactions involving company shareholders	-376	-2	81
Net earnings for the period	1 044	947	1 811
Total revenues and costs excluding transactions involving company shareholders ¹⁾	668	945	1 892
Dividend	-1 509	-442	-448
Stock option payments	27	-	-
New share issue	19	21	21
Effect of acquisitions and divestments of subsidiaries	-23	-31	-36
Benefit pertaining to options recognized as operating expenses	3	2	8
Closing shareholders' equity ²⁾	9 231	9 104	10 046
¹⁾ of which: Parent company shareholders	660	942	1 878
Minority in subsidiary	8	3	14
²⁾ of which: Parent company shareholders	9 184	9 064	10 002
Minority in subsidiary	47	40	44

Development of number of shares

	Nominal value, SEK	Series A	Series B	Total
2007-12-31	2	11 812 500	253 537 485	265 349 985
New issue, options exercised	2	-	169 785	169 785
2008-06-30	2	11 812 500	253 707 270	265 519 770

Consolidated cash flow analysis

MSEK	Q2 2008	Q2 2007	Q1-2 2008	Q1-2 2007	Year 2007
Cash flow from operations before change in working capital	764	582	1 417	1 095	2 472
Cash flow from change in working capital	-264	71	-737	-241	-445
Cash flow from operations	500	653	680	854	2 027
Cash flow from ordinary investing activities	-233	-167	-443	-343	-825
Operating cash flow	267	486	237	511	1 202
Cash flow from other investment activities	-655	-65	-904 ²⁾	128	-3 031
Dividend	-629	-442	-629	-442	-448
Stock option payments	27	-	27	-	-
Cash flow from other financing activities	919	486	460	100	3 374
Change in liquid assets¹⁾	-71	465	-809	297	1 097

1) The currency effect in liquid assets was -53 MSEK (1) during the first six months.

2) Acquisitions -685 MSEK, cash and bank balances in distributed Hexpol -220 MSEK and other 1 MSEK.

Key ratios

	Q2 2008	Q2 2007	Q1-2 2008	Q1-2 2007	Year 2007
Operating margin, %	18.8	17.1	17.4	16.0	16.6
Profit margin before taxes, %	16.8	15.8	15.4	15.0	14.1
Return on shareholders' equity, %	23.5	22.4	21.2	21.0	19.5
Return on capital employed, %	14.6	15.9	13.6	15.1	14.3
Solvency ratio, %	40.5	47.4	40.5	47.4	40.3
Net indebtedness	0.97	0.63	0.97	0.63	0.88
Interest coverage ratio	8.6	9.8	7.8	10.0	8.8
Average number of shares, thousands	265 412	265 235	265 381	265 206	265 278
Earnings per share, SEK	2.12	1.92	3.92	3.56	6.79
Earnings per share excl non-recurring items, SEK	2.12	1.81	3.92	3.33	6.58
Earnings per share excl non-recurring items and Hexpol, SEK	1.98	1.62	3.58	2.97	6.37
Cash flow per share, SEK	1.88	2.46	2.56	3.22	7.64
Cash flow per share before change in working capital, SEK	2.88	2.19	5.34	4.13	9.32
Share price, SEK	110	132	110	132	135

Order intake

MSEK	2008		2007				Year
	Q1	Q2	Q1	Q2	Q3	Q4	
Hexagon MT	3 149	3 227	2 715	2 796	2 676	3 047	11 234
Hexpol ¹⁾	834	591	671	667	777	709	2 824
Other operations	174	198	127	154	210	231	722
Divested businesses ²⁾	-	-	267	34	34	24	359
Group	4 157	4 016	3 780	3 651	3 697	4 011	15 139

1) Included only two months in Q2 2008.

2) Johnson Metall, Eurosteel and Tidamek.

Net sales

MSEK	2008		2007				Year
	Q1	Q2	Q1	Q2	Q3	Q4	
Hexagon MT	2 974	3 135	2 483	2 694	2 607	3 153	10 937
Hexpol ¹⁾	852	567	656	650	680	744	2 730
Other operations	201	202	145	144	135	203	627
Divested businesses ²⁾	-	-	216	29	26	24	295
Eliminations	-	-	-1	-1	-	-	-2
Group	4 027	3 904	3 499	3 516	3 448	4 124	14 587

1) Included only two months in Q2 2008.

2) Johnson Metall, Eurosteel and Tidamek.

Operating earnings (EBIT1)

MSEK	2008		2007				Year
	Q1	Q2	Q1	Q2	Q3	Q4	
Hexagon MT	566	683	451	529	486	675	2 141
Hexpol ¹⁾	83	60	69	81	86	74	310
Other operations	8	10	1	6	1	7	15
Divested businesses ²⁾	-	-	12	1	0	2	15
Group costs and eliminations	-14	-19	-13	-16	-13	-18	-60
Group	643	734	520	601	560	740	2 421
Margin, %	16.0	18.8	14.9	17.1	16.2	17.9	16.6

1) Included only two months in Q2 2008.

2) Johnson Metall, Eurosteel and Tidamek.

Net sales

MSEK	2008		2007				Year
	Q1	Q2	Q1	Q2	Q3	Q4	
EMEA	2 347	2 232	2 220	2 021	1 993	2 412	8 646
Americas	995	947	717	909	850	1 075	3 551
Asia	685	725	562	586	605	637	2 390
Group ¹⁾	4 027	3 904	3 499	3 516	3 448	4 124	14 587

1) Hexpol included only two months in Q2 2008.

Acquisitions and divestments

MSEK	Q1-2 2008		Q1-2 2007	
	Acquisit.	Divest.	Acquisit.	Divest.
Intangible fixed assets	634	-1 108	454	-15
Other fixed assets	6	-723	15	-159
Total fixed assets	640	-1 831	469	-174
Total current assets	180	-1 009	129	-499
Total assets	820	-2 840	598	-673
Shareholders' equity incl. minority interests	-11	-	2	-11
Total long-term liabilities	22	-1 435	74	-56
Total short-term liabilities	97	-525	92	-192
Total liabilities	108	-1 960	168	-259
Total net assets	712	-880	430	-414
Total acquisition cost/ divestment income	-695	-	-523	534
Divested net assets	-	-880	-	-414
Capital gains	-	-	-	120
Distributed to Hexagon's shareholders	-	-880	-	-
Total acquisition cost/ divestment income	-695	-	-523	534
Adjustment for cash and bank balances in acquired/ divested entities	27	-220	30	-2
Adjustment for non-paid part of acquisition cost/ divestment income incl. payment of items from prior year	-17	-	93	4
Cash flow from acquisitions/ divestments	-685	-220	-400	536

Acquired entities have converted to IFRS at the acquisition date, which has entailed a change compared to the accounting standards previously applied. Due to the fact that results from operations and financial position in accordance with IFRS are not available, as well as the absence of materiality of the acquisitions, Hexagon does not present information as to how Hexagon's results would have appeared if the acquisitions were made as of the commencement of the reporting period.

Distribution and listing of Hexpol

Due to the distribution of shares in Hexpol, Hexagon's capital employed decreased by -2 397 MSEK and interest bearing provisions and liabilities decreased by -1 517 MSEK with a corresponding net effect on equity of -880 MSEK.

Parent company income statement in summary

MSEK	Q2 2008	Q2 2007	Q1-2 2008	Q1-2 2007	Year 2007
Net sales	6	6	12	12	24
Administration cost	-25	-15	-40	-26	-51
Operating earnings	-19	-9	-28	-14	-27
Earnings from shares in Group companies	181	-	181	-	-
Interest income and expenses, net	-9	-19	-428	-36	-128
Earnings after financial items	153	-28	-275	-50	-155
Tax	8	8	128	18	48
Net earnings	161	-20	-147	-32	-107

Parent company balance sheet in summary

MSEK	30/6 2008	30/6 2007	31/12 2007
Total fixed assets	16 692	15 084	18 996
Total current receivables	724	1 073	254
Cash and cash equivalents	304	431	370
Total current assets	1 028	1 504	624
Total assets	17 720	16 588	19 620
Total shareholders' equity	5 179	6 651	6 655
Total long-term liabilities	8 844	6 216	9 816
Total short-term liabilities	3 697	3 721	3 149
Total equity and liabilities	17 720	16 588	19 620

Definitions

Financial definitions

Amortization on excess values	Amortization on the difference between carrying value of intangible fixed assets in acquired subsidiaries and the value Hexagon assigned those assets upon date of acquisition.
Capital employed	Total assets less non-interest-bearing liabilities.
Capital turnover rate	Net sales for the year divided by average capital employed.
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.
Earnings before interest net	Operating earnings plus earning from other securities classified as fixed assets.
Earnings per share	Net earnings divided by average number of shares.
Equity ratio	Shareholders' equity including minority interests as a percentage of total assets.
Interest cover ratio	Earnings after financial items plus financial expenses divided by financial expenses.
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries.
Net indebtedness	Interest-bearing liabilities less liquid assets divided by shareholders' equity excluding minority interests.
Operating earnings (EBIT1)	Operating earnings excluding capital gain on shares in group companies and other non-recurring items.
Operating margin	Operating earnings (EBIT1) as a percentage of net sales for the period.
Profit margin before tax	Earnings after financial items as a percentage of net sales for the period.
Return on capital employed	Earnings after financial items plus financial expenses as a percentage of average capital employed.
Return on equity	Net earnings excluding minority interests as a percentage of average shareholders' equity excluding minority interests.
Shareholders' equity per share	Shareholders' equity excluding minority interests divided by the number of shares at year-end.
Share price	Last settled transaction on OMX Nordic Exchange on the last business day for the period.

Business definitions

Americas	North, South and Central America.
Asia	Asia, Australia and New Zealand.
EMEA	Europe, Middle East and Africa.