



Interim Report January – September 2009

Press information 28 October 2009

Third quarter 2009

- Order intake decreased by -15 ²⁾ per cent to 2 757 MSEK (3 139).
- Net sales decreased by -23 ²⁾ per cent to 2 629 MSEK (3 070).
- Operating earnings amounted to 359 MSEK (543).
- Earnings before taxes amounted to 329 MSEK (467).
- Net earnings amounted to 286 MSEK (418).
- Earnings per share amounted to 1.07 SEK (1.56).
- Cash flow increased to 411 MSEK (91).

Comments from Hexagon's CEO Ola Rollén

“We have responded to the demand drop in the first nine months of 2009 by rightsizing the organisation, extracting synergies from previous acquisitions, improving working capital efficiency and investing in R&D by the continuous launch of new technologies. By doing this, we were in spite of a 23 per cent drop in volume in the third quarter, able to post an operating margin of 14 per cent and a strong cash flow generation of more than 400 MSEK.

Another positive sign in the third quarter was that for the first time in twelve months our order intake exceeded sales, indicating a growing back log. We have gained market share in this downturn and Hexagon stands stronger than ever to capitalise on the coming recovery in our core markets.”

MSEK	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008 ¹⁾	Change %
Order intake	2 757	3 139	-15 ²⁾	8 697	9 887	-22 ²⁾
Net sales	2 629	3 070	-23 ²⁾	8 735	9 582	-22 ²⁾
Operating earnings (EBIT1)	359	543	-34	1 218	1 777	-32
Operating margin %	13.7	17.7	-4.0	13.9	18.5	-4.6
Earnings before taxes excl. non-recurring items	329	467	-30	1 090	1 561	-30
Non-recurring items	-	-	-	-175	-	n.a.
Earnings before taxes	329	467	-30	915	1 561	-41
Net earnings	286	418	-32	791	1 373	-42
Earnings per share excl. non- recurring items, SEK	1.07	1.56	-31	3.54	5.14	-31
Earnings per share, SEK	1.07	1.56	-31	2.97	5.14	-42

1) Excluding Hexpol AB which was de-consolidated from Hexagon AB as of 1 June 2008.

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

Hexagon's performance excluding Hexpol ¹⁾

The table below shows Hexagon's performance including and excluding non-recurring items and the subsidiary Hexpol, which was spun off during the second quarter 2008 to Hexagon's shareholders.

MSEK	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008	Year 2008
Order intake excl. Hexpol	2 757	3 139	8 697	9 887	13 168
Order intake Hexpol	-	-	-	1 425	1 425
Order intake	2 757	3 139	8 697	11 312	14 593
Net sales excl. Hexpol	2 629	3 070	8 735	9 582	13 060
Net sales Hexpol	-	-	-	1 419	1 419
Net sales	2 629	3 070	8 735	11 001	14 479
Operating earnings (EBIT1)	359	543	1 218	1 777	2 405
Operating margin, %	13.7	17.7	13.9	18.5	18.4
Interest income and expenses, net	-30	-76	-128	-216	-301
Earnings before taxes excl. non-recurring items	329	467	1 090	1 561	2 104
Taxes	-43	-49	-148	-188	-247
Net earnings excl. non-recurring items	286	418	942	1 373	1 857
<i>Earnings per share excl. non-recurring items</i>	<i>1.07</i>	<i>1.56</i>	<i>3.54</i>	<i>5.14</i>	<i>6.95</i>
Non-recurring items	-	-	-175	-	-100
Tax on non-recurring items	-	-	24	-	13
Net earnings excl. Hexpol	286	418	791	1 373	1 770
<i>Earnings per share</i>	<i>1.07</i>	<i>1.56</i>	<i>2.97</i>	<i>5.14</i>	<i>6.63</i>
Hexpol net earnings	-	-	-	89	89
Total net earnings	286	418	791	1 462	1 859
<i>Earnings per share</i>	<i>1.07</i>	<i>1.56</i>	<i>2.97</i>	<i>5.48</i>	<i>6.96</i>

1) Hexpol AB was de-consolidated from Hexagon as of 1 June 2008.

Third quarter 2009

The third quarter of 2009 recorded, as predicted, a significant decline in demand for Hexagon's products. The quarter did though show signs of closing the gap to the previous year in terms of order intake and sales. Geosystems is now growing in South America and Asia where the strong growth in China continues. In spite of the very weak numbers recorded in Metrology the belief is that we now are at the bottom in terms of demand. Technology continued to grow during the quarter thanks to new emerging applications.

Hexagon has continued to introduce new technologies to improve its position during the third quarter. The size of the market for measurement technologies has contracted by approximately 30 per cent in the first nine months of 2009. Our net sales in MT are down by 20 per cent in the same period.

Our cost reduction programme and our presence in the emerging markets enabled us to post an operating margin of 14 per cent in the third quarter. The cost rationalisation programme develops according to plan and savings in the third quarter were 210 MSEK. We have thus almost reached the full savings rate of approximately 900 MSEK on an annualised basis.

The focus on working capital reduction in combination with the strong earnings has generated an operating cash flow of more than 400 MSEK in the quarter.

Regionally Asia is continuing to grow whilst NAFTA and EMEA continues to shrink compared to the third quarter of 2008. Asia is now Hexagon's second largest market representing almost 30 per cent of Group sales.

Market trends

EMEA

The demand for Hexagon's products in EMEA was significantly reduced during the third quarter even though the reduction is lower than for the first half of 2009. The organic growth in order intake and net sales was -24 and -32 per cent, respectively. For the Group's core business, Measurement Technologies (MT), order intake and net sales organic growth was -20 and -30 per cent, respectively. The organic growth in order intake and sales for Other operations was -47 per cent and -53 per cent, respectively.

Hexagon's customers continued to reduce inventory levels during the quarter. The inventory reduction appears to be more or less concluded. Reductions in sales volumes were recorded in both the industrial, as well as, construction related segments across Western Europe. Several countries saw an improved demand from the civil engineering sector whilst the industrial sector continued its contraction. The Eastern European markets continue to be depressed. Russia, the Middle East and Africa continued to grow albeit at significantly lower growth rates. The Geosystems business started to close the gap to the previous year in terms of sales. The Metrology business did report signs of bottoming out. Metrology is usually later in the cycle as well as more volatile in its demand pattern. The third quarter hit the Metrology business more than usual due to the lack of investment activity during the summer shut down period. The aerospace and the alternative energy industries showed continuous growth in the quarter. Hexagon's participation in the Galileo project continued according to plan.

Hexagon continued to record orders from the various European stimulus programmes in the quarter even though the overall impact from such programmes remains negligible.

Europe is expected to record negative organic growth during 2009. Hexagon expects an improved demand situation as infrastructural government stimulus funds are being spent and the inventory reduction cycle is concluded. Russia and Africa are expected to grow throughout the year.

Americas

Americas displayed organic growth in order intake and net sales of -21 and -32 per cent, respectively, in the third quarter. A similar situation as in EMEA occurred, where customers reduced inventory levels thus reducing demand for Hexagon's products.

The negative trend within Metrology continued during the third quarter due to weak demand from the manufacturing industry. The UAV (Unmanned Airborne Vehicles) business in NAFTA is continuing to grow at double digit levels. Hexagon continued to record orders related to the US stimulus programme. The programme has up to the end of the third quarter had little financial impact on Hexagon's business in NAFTA.

NAFTA is expected to show negative organic growth during 2009. Hexagon expects an improved demand situation in NAFTA as infrastructural government stimulus funds are being spent and as the manufacturing sector resumes its investment activity.

South America, led by Brazil, is seeing a recovery in demand for Metrology and Geosystems products. The mining activity is increasing and Hexagon is gaining market share. The South American market is expected to grow during 2009.

Asia

Asia continued its organic growth during the third quarter. The organic growth in order intake and net sales was 10 and 10 per cent, respectively.

The growth was obtained from, primarily, infrastructural activities in China. Chinese car manufacturers recorded strong sales and are starting to invest in capacity. In the region several submarkets and industries grew at double digit rates. Geographically, India, Korea, Japan and China all displayed strong growth. The region now represents almost 30 per cent of Hexagon's sales.

Asia is expected to continue its growth during 2009 due to the momentum Hexagon has in combination with good demand from the infrastructure related construction industry, primarily in China. Already presented stimulus programmes are expected to underpin this growth.

Net sales per region

MSEK	Q3 2009	Q3 2008	Change %¹⁾	Q1-3 2009	Q1-3 2008	Change %¹⁾
EMEA	1 207	1 630	-32	4 159	6 209	-32
Americas	678	767	-32	2 172	2 709	-28
Asia	744	673	10	2 404	2 083	11
Total	2 629	3 070	-23	8 735	11 001	-22

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

Net sales and earnings third quarter

Order intake amounted to 2 757 MSEK (3 139) and net sales amounted to 2 629 MSEK (3 070) in the third quarter. Using fixed exchange rates and a comparable group structure, order intake decreased by -15 per cent and net sales decreased by -23 per cent.

Operating earnings (EBIT1) amounted to 359 MSEK (543), which corresponds to an operating margin of 14 per cent (18). Operating earnings were positively affected by exchange rate movements of 25 MSEK.

Savings from the ongoing rationalisation programme were 210 MSEK in the third quarter. We expect to reach the full savings rate of 900 MSEK on an annualised basis by the fourth quarter of 2009.

The financial net amounted to -30 MSEK (-76) in the third quarter. The decrease is mainly explained by lower interest rates and a lower net debt.

Earnings before taxes amounted to 329 MSEK (467). Earnings were positively affected by exchange rate fluctuations of 23 MSEK.

Net earnings amounted to 286 MSEK (418), or 1.07 SEK (1.56) per share.

Net sales and earnings per business area

MSEK	Net sales			Earnings		
	Q3 2009	Q3 2008	Change %¹⁾	Q3 2009	Q3 2008	Change %¹⁾
Hexagon MT	2 556	2 913	-21	391	561	-30
Other operations	73	157	-53	-22	1	n.a.
Group costs and eliminations				-10	-19	-47
Operating earnings (EBIT1)				359	543	-34
Per cent of net sales				13.7	17.7	-4.0
Interest income and expenses, net				-30	-76	-61
Earnings before non-recurring items				329	467	-30
Non-recurring items				-	-	-
Net sales	2 629	3 070	-23			
Earnings before taxes				329	467	-25

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

Changes in the most important currencies and earnings impact in the third quarter 2009 ¹⁾

	Movement ²⁾	Income - cost	Profit impact
CHF	Strengthened	Negative	Negative
USD	Strengthened	Positive	Positive
EUR	Strengthened	Positive	Positive
CNY	Strengthened	Positive	Positive
EBIT1, MSEK			25

1) Compared to Q3 2008.

2) As compared to SEK.

Net sales and earnings for the first nine months

Order intake, excluding Hexpol, amounted to 8 697 MSEK (9 887) and net sales amounted to 8 735 MSEK (9 582) in the period. Using fixed exchange rates and a comparable group structure, order intake decreased by -22 per cent and net sales decreased by -22 per cent.

Operating earnings (EBIT1), excluding Hexpol, amounted to 1 218 MSEK (1 777), which corresponds to an operating margin of 14 per cent (19). Operating earnings were positively affected by exchange rate movements of 130 MSEK.

The financial net, excluding Hexpol, amounted to -128 MSEK (-216) in the period. The decrease is mainly explained by lower interest rates and a lower net debt.

Earnings before taxes, excluding Hexpol and non-recurring items, amounted to 1 090 MSEK (1 561). Including these items, earnings before taxes was 915 MSEK (1 686). Earnings were positively affected by exchange rate fluctuations of 118 MSEK.

Net earnings, excluding Hexpol and non-recurring items, amounted to 942 MSEK (1 373), or 3.54 SEK (5.14) per share. Including non-recurring items, net earnings amounted to 791 MSEK (1 373). Net earnings amounted to 791 MSEK (1 462).

Net sales and earnings per business area

MSEK	Net sales			Earnings		
	Q1-3 2009	Q1-3 2008	Change % ¹⁾	Q1-3 2009	Q1-3 2008	Change %
Hexagon MT	8 481	9 022	-20	1 313	1 810	-27 ¹⁾
Hexpol ²⁾	-	1 419	n.a.	-	143	n.a.
Other operations	254	560	-55	-59	19	n.a.
Group costs and eliminations				-36	-52	-31
Operating earnings (EBIT1)				1 218	1 920	-37
Per cent of net sales				13.9	17.5	-3.6
Interest income and expenses, net				-128	-234	-46
Earnings before non-recurring items				1 090	1 686	-35
Non-recurring items				-175	-	n.a.
Net sales	8 735	11 001	-22			
Earnings before taxes				915	1 686	-46

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

2) Hexpol AB was de-consolidated from Hexagon AB as of 1 June 2008.

Changes in the most important currencies and earnings impact in the first nine months 2009 ¹⁾

	Movement ²⁾	Income - cost	Profit impact
CHF	Strengthened	Negative	Negative
USD	Strengthened	Positive	Positive
EUR	Strengthened	Positive	Positive
CNY	Strengthened	Positive	Positive
EBIT1, MSEK			130

1) Compared to the same period 2008.

2) As compared to SEK.

Profitability

Capital employed, defined as total assets less non-interest bearing liabilities, increased to 21 761 MSEK (20 595). Return on average capital employed, excluding non-recurring items, for the last twelve months was 8.1 per cent (13.7). Return on average shareholders' equity for the last twelve months was 10.0 per cent (19.2). The capital turnover rate was 0.5 times (0.7).

Financial position

Shareholders' equity, including minority interests, increased to 11 754 MSEK (10 391). The equity ratio increased to 48 per cent (43). Hexagon's total assets increased to 24 680 MSEK (24 436).

Hexagon's primary source for financing the company's operations is a syndicated loan facility amounting to 1 billion EUR that expires in 2011. The loan facility includes certain financial covenants to be fulfilled in order to avoid additional financing costs. Hexagon met all its financial covenants in the third quarter 2009 and expects to meet them during the remainder of 2009.

On 30 September 2009, cash and unutilized credit limits totalled 2 753 MSEK (3 232). Hexagon's net debt was 8 678 MSEK (9 474). The net indebtedness was 0.74 times (0.91). Interest coverage ratio was 7.5 (7.4).

Cash flow

During the third quarter, cash flow from operations before changes in working capital amounted to 390 MSEK (482), corresponding to 1.48 SEK (1.82) per share. Cash flow from operations was 615 MSEK (301), corresponding to 2.33 SEK (1.13) per share. The cash flow was affected by the settlement of restructuring programme obligations, amounting to -30 MSEK (-). The operating cash flow in the third quarter after restructuring was 411 MSEK (91).

For the first nine months, cash flow from operations was 1 579 MSEK (981), corresponding to 5.97 SEK (3.70) per share and the operating cash flow after restructuring was 833 MSEK (328).

The group-wide programme to reduce working capital developed according to plan contributing to a release of 225 MSEK in cash in the quarter.

Investments and depreciation

Hexagon's net investments, excluding acquisitions and divestitures, were -174 MSEK (-210) for the third quarter and -605 MSEK (-653) for the first nine months. Depreciation and write-downs were -169 MSEK (-156) for the third quarter and -548 MSEK (-503) for the first nine months.

Tax rate

The Group's tax expense for the first nine months totalled -124 MSEK (-224), corresponding to an effective tax rate of 14 per cent (13). The tax expense is affected by the fact that the majority of Hexagon's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from the enacted rate in Sweden.

Employees

The average number of employees in Hexagon during the first nine months was 7 646 (9 363). Excluding Hexpol, the average number of employees in the first nine months 2008 was 8 098. The number of employees at the end of the third quarter was 7 627 (8 656).

Share data

Earnings per share for the third quarter amounted to 1.07 SEK (1.56). Earnings per share for the first nine months amounted to 2.97 SEK (5.48). Excluding non-recurring items and Hexpol, earnings per share for the first nine months amounted to 3.54 SEK (5.14).

On 30 September 2009, equity per share was 44.28 SEK (38.94) and the share price was 83 SEK (78). 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.

Business area net sales and earnings

Measurement Technologies

Order intake amounted to 2 651 MSEK (2 938) during the third quarter. Net sales amounted to 2 556 MSEK (2 913). Using fixed exchange rates and a comparable group structure, order intake decreased by -13 per cent and net sales by -21 per cent. Operating earnings (EBIT1) amounted to 391 MSEK (561), which corresponds to an operating margin of 15 per cent (19).

The number of employees by the end of the quarter was 7 293 (8 204).

MSEK	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008	Change %
Order intake	2 651	2 938	-13 ¹⁾	8 469	9 314	-19 ¹⁾
Net sales	2 556	2 913	-21 ¹⁾	8 481	9 022	-20 ¹⁾
Operating earnings (EBIT1)	391	561	-30	1 313	1 810	-27
Operating margin, %	15.3	19.3	-4.0	15.5	20.1	-4.6

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

Measurement Technologies applications

Measurement Technologies includes of Geosystems; that mainly serves the construction, infrastructure and geographic information systems (GIS) markets. It also serves industrial and consumer related applications with Metrology systems. Hexagon sales of proprietary

technology to OEMs, is referred to below as Technology. The common denominator for these applications is the core technologies that tie them together. For more detailed definitions please refer to the 2008 Annual Report page 21.

MSEK	Order intake			Net sales		
	Q3 2009	Q3 2008	Change % ¹⁾	Q3 2009	Q3 2008	Change % ¹⁾
Geosystems	1 598	1 628	-11	1 559	1 628	-14
Metrology	867	1 156	-32	844	1 162	-35
Technology	186	154	8	153	123	9
Total Hexagon MT	2 651	2 938	-13	2 556	2 913	-21

MSEK	Order intake			Net sales		
	Q1-3 2009	Q1-3 2008	Change % ¹⁾	Q1-3 2009	Q1-3 2008	Change % ¹⁾
Geosystems	5 108	5 297	-17	5 036	5 167	-16
Metrology	2 816	3 575	-34	2 910	3 461	-30
Technology	545	442	2	535	394	12
Total Hexagon MT	8 469	9 314	-19	8 481	9 022	-20

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

Other operations

Order intake amounted to 106 MSEK (201) during the third quarter. Net sales amounted to 73 MSEK (157). Using fixed exchange rates and a comparable group structure, order intake and net sales decreased by -47 and -53 per cent, respectively. The negative trend is caused by the severe downturn the Swedish heavy vehicle industry is experiencing. Operating earnings (EBIT1) amounted to -22 MSEK (1).

The number of employees by the end of the quarter was 323 (441).

MSEK	Q3 2009	Q3 2008	Change %	Q1-3 2009	Q1-3 2008	Change %
Order intake	106	201	-47 ¹⁾	228	573	-60 ¹⁾
Net sales	73	157	-53 ¹⁾	254	560	-55 ¹⁾
Operating earnings (EBIT1)	-22	1	n.a.	-59	19	n.a.

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

Associated companies

Associated companies affected Hexagon's earnings during the first nine months by -2 MSEK (2).

Parent company

The parent company's earnings after financial items were for the first nine months 256 MSEK (968). The solvency ratio of the parent company was 38 per cent (35). The equity was 6 997 MSEK (6 382). Liquid funds including unutilised credit limits were 1 908 MSEK (2 535).

Accounting principles

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. Hexagon's 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 2008.

Hexagon has elected to account for the distribution of Hexpol to its shareholders as a reduction of shareholders' equity.

Presentation of financial statements

An amendment to IAS 1 concerns the form for presentation of financial position, comprehensive income and cash flow and includes a requirement for statement of comprehensive income. As a consequence of the amendment, Hexagon reports an additional statement showing total comprehensive income for the period in connection with the income statement. The new statement includes items previously reported under 'Changes in shareholder's equity'.

Operating segments

As of financial year 2009 Hexagon applies the "IFRS 8 Operating Segments" standard. The new standard sets disclosure requirements for the Group's Operating Segments and replaces the need to define primary and secondary segments based on operating and geographical segments. Adoption of this standard has a minor impact on Hexagons financial reporting.

Hexagon's Board of Directors is responsible for determining the Group's overall objectives, developing and monitoring the overall strategy, decisions on major acquisitions, divestments and investments, and ongoing monitoring of operations.

The CEO is responsible for leading and controlling Hexagon's operations in accordance with the strategy determined by the Board. Group Management is responsible for overall business development, allocating financial resources between the business areas, and matters involving financing and capital structure. Group management is therefore equal to what IFRS 8 defines as the Group's chief operating decision maker and is the function that internally within the Hexagon Group allocates resources and evaluates results. The Group's chief operating decision maker assesses the performance in the operating segments based on earnings before financial items, excluding non-recurring items. Financial items and taxes are reported for the Group as a whole.

Hexagon's operations are organised, governed and reported on the basis of the two operating segments Hexagon Measurement Technologies and Other Operations. The operating segment Hexagon Measurement Technologies comprises of the product areas Geosystems, Metrology and Technology and to that relating aftermarket services and support. The product portfolio consists of systems that are designed to measure in one, two or three dimensions and to, position and update objects. The portfolio's different measuring instruments are built upon common core technologies and have to a large extent coordinated development and production. The operating segment Other Operations is mainly focused towards the transportation industry including cars as well as heavy vehicles. Other Operations has its business in the Nordic region.

The two segments have separate product offerings, customer groups and geographical exposure and hence differentiated risk composition. No sales between the two operating segments exist. Both segments report applying the same accounting principles as the Group. Hexagons internal reporting, representing the base for detailed review and

analysis, is designed in alignment with the described division into operating segments. Sales within each operating segment are consequently analysed geographically.

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 2008. Due to the financial crisis, there is a risk for increased cost for, and lack of availability of, refinancing. Hexagon will continuously monitor the credit market as well as safeguard the Group's financial position via release of working capital and improved cash flow to ensure access to credit. No significant risks other than the risks referred to above are deemed to be currently relevant.

Subsequent events

- On 1 October, the Spatial Systems division of the American company Loyola Enterprises Inc was acquired. Loyola's Spatial Systems division, headquartered in Richmond, Virginia, is a leading distributor and service provider for surveying equipment in the states of Virginia, West Virginia, Maryland and Washington DC. The division also operates its own GPS reference station network. The division had an average annual turnover of 23 MSEK over the past years. Excluding inter-company transactions, this would have added approx. 8 MSEK per annum to Hexagon's sales. The Spatial Systems division of Loyola will be fully consolidated as of 1 October 2009, and will immediately contribute to Hexagon's earnings.

Nomination Committee prior to the Annual General Meeting 2010

The composition of the Hexagon Nomination Committee for the Hexagon Annual General Meeting 2010 is:

- Mikael Ekdahl, Melker Schörling AB (Chairman)
- Anders Algotsson, AFA Försäkring
- Fredrik Nordström, AMF Pension
- Ulrika Danielson, Second AP Fund
- Jan Andersson, Swedbank Robur fonder

Outlook 2009

The first nine months of 2009 have been challenging. Hexagon is responding to the demand drop by cutting cost, reducing workforce and furloughing of personnel as well as delaying investments. As governmental stimulus programmes around the world start to have an impact on infrastructural investments, Hexagon's growth is expected to resume.

Telephone conference 28 October

The interim report will be presented on 28 October at 13:00 CET at a telephone conference. For participation, please see instructions at the Hexagon website.

Capital Markets Day 1 December

Hexagon Capital Markets Day 2009 will be held on 1 December in Stockholm, Sweden. For participation, please see instructions at the Hexagon website.

Financial information

Hexagon gives financial information at the following occasions:

Year-End Report 2009	4 February 2010
Annual General Meeting 2010	5 May 2010
Interim Report Q1 2010	5 May 2010
Interim Report Q2 2010	5 August 2010
Interim Report Q3 2010	28 October 2010

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 nine-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, 28 October 2009

Hexagon AB (publ)

Melker Schörling
Chairman of the Board

Mario Fontana
Board Member

Ulf Henriksson
Board Member

Gun Nilsson
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 28 October 2009 at 08:00 CET.

Review Report

Introduction

We have reviewed the interim report for Hexagon AB for the period from 1 January 2009 to 30 September 2009. It is the Board of Directors and the Managing Director who are responsible for the presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The Scope of the Review

We have conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of the Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different purpose and a substantially less scope compared to an audit conducted according to Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm, Sweden, 28 October 2009

Ernst & Young AB

Hamish Mabon
Certified Public Accountant

Consolidated income statement in summary

MSEK	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008	Year 2008
Net sales	2 629	3 070	8 735	11 001	14 479
Cost of goods sold	-1 380	-1 556	-4 630	-6 028	-7 881
Gross profit	1 249	1 514	4 105	4 973	6 598
Sales and administration costs	-890	-971	-3 060	-3 055	-4 151
Earnings from shares in associated companies	0	0	-2	2	1
Operating earnings ¹⁾	359	543	1 043	1 920	2 448
Interest income and expenses, net	-30	-76	-128	-234	-319
Earnings after financial items	329	467	915	1 686	2 129
Taxes	-43	-49	-124	-224	-270
Net earnings ²⁾	286	418	791	1 462	1 859
¹⁾ of which non-recurring items	-	-	-175	-	-100
²⁾ of which minority interest	2	3	6	8	12
Including depreciation and write-downs of ³⁾	-169	-156	-548	-503	-719
³⁾ of which amortization on excess values identified at acquisition	-29	-25	-88	-73	-99
Earnings per share, SEK	1.07	1.56	2.97	5.48	6.96
Earnings per share after dilution, SEK	1.07	1.56	2.97	5.47	6.95
Shareholder's equity per share, SEK	44.28	38.94	44.28	38.94	45.26
Closing number of shares, thousand	264 347	265 520	264 347	265 520	264 208
Average number of shares, thousand	264 347	265 520	264 263	265 427	265 317
Average number of shares after dilution, thousand	264 448	265 939	264 538	265 821	265 768

Consolidated comprehensive income

MSEK	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008	Year 2008
Net earnings	286	418	791	1 462	1 859
Other comprehensive income:					
Exchange rate differences	-875	987	-1 270	1 088	3 688
Effect of hedging of net investments in foreign operations	183	-301	496	-959	- 2 653
Cash flow hedges, net	3	-7	7	-4	1
Tax attributable to Other comprehensive income	-39	60	-135	238	607
Other comprehensive income, net of tax	-728	739	-902	363	1 643
Total comprehensive income for the period	-442	1 157	-111	1 825	3 502
Attributable to:					
Parent company shareholders	-443	1 155	-118	1 815	3 483
Minority interest	1	2	7	10	19

Consolidated balance sheet in summary

MSEK	30/9 2009	30/9 2008	31/12 2008
Intangible fixed assets	15 973	14 611	16 832
Tangible fixed assets	1 698	1 700	1 903
Financial fixed assets	116	109	109
Deferred tax assets	485	698	587
Total fixed assets	18 272	17 118	19 431
Inventories	2 692	3 013	3 294
Accounts receivable	2 551	2 964	3 161
Other receivables	305	448	439
Prepaid expenses and accrued income	309	244	257
Total current receivables	3 165	3 656	3 857
Cash and cash equivalents	551	649	919
Total current assets	6 408	7 318	8 070
Total assets	24 680	24 436	27 501
Attributable to the parent company's shareholders	11 706	10 340	11 957
Attributable to minority	48	51	57
Total shareholders' equity	11 754	10 391	12 014
Interest bearing liabilities	9 462	9 515	10 509
Other liabilities	15	16	26
Pension provisions	396	408	452
Deferred tax provisions	273	665	331
Other provisions	144	176	174
Total long-term liabilities	10 290	10 780	11 492
Other provisions	261	222	339
Interest bearing liabilities	82	65	500
Accounts payable	735	1 025	1 185
Other liabilities	417	605	545
Accrued expenses and deferred income	1 141	1 348	1 426
Total short-term liabilities	2 636	3 265	3 995
Total equity and liabilities	24 680	24 436	27 501

Changes in shareholders' equity

MSEK	30/9 2009	30/9 2008	31/12 2008
Opening shareholders' equity	12 014	10 046	10 046
Total comprehensive income for the period ¹⁾	-111	1 825	3 502
Dividend	-148	-1 512	-1 514
Stock option payments	-	27	27
Effect of acquisitions and divestments of subsidiaries	-3	1	-1
Effect of share-based payments	2	4	6
Repurchase of shares	-	-	-52
Closing shareholders' equity ²⁾	11 754	10 391	12 014
¹⁾ of which: Parent company shareholders	-118	1 815	3 483
Minorities	7	10	19
²⁾ of which: Parent company shareholders	11 706	10 340	11 957
Minorities	48	51	57

Number of shares, analysis

	Nominal value	Series A	Series B	Total
2008-12-31 Total issued	2 SEK	11 812 500	253 707 270	265 519 770
Repurchase	2 SEK	-	-1 311 442	-1 311 442
2008-12-31 Total issued and outstanding	2 SEK	11 812 500	252 395 828	264 208 328
Options exercised	2 SEK	-	138 825	138 825
2009-09-30 Total issued and outstanding	2 SEK	11 812 500	252 534 653	264 347 153

Consolidated cash flow analysis

MSEK	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008	Year 2008
Cash flow from operations before change in working capital	390	482	1 268	1 899	2 587
Cash flow from change in working capital	225	-181	311	-918	-832
Cash flow from operations	615	301	1 579	981	1 755
Cash flow from ordinary investing activities	-174	-210	-605	-653	-1 005
Operating cash flow	441	91	974	328	750
Cash flow from restructuring	-30	-	-141	-	-
Operating cash flow after restructuring	411	91	833	328	750
Cash flow from other investment activities	-62	-108	-131 ¹⁾	-1 012	-1 048
Cash flow after other investment activities	349	-17	702	-684	-298
Dividend	-2	-3	-148	-632	-634
Stock option payments	-	-	-	27	27
Repurchase of shares	-	-	-	-	-52
Cash flow from other financing activities	-584	-103	-925	357	262
Change in liquid assets ²⁾	-237	-123	-371	-932	-695

1) Acquisitions -130 MSEK and other -1 MSEK.

2) The currency effect in liquid assets was 3 MSEK (-31).

Key ratios

	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008	Year 2008
Operating margin, %	13.7	17.7	13.9	17.5	17.6
Profit margin before taxes, %	12.5	15.2	10.5	15.3	14.7
Return on shareholders' equity, %	10.0	19.2	10.0	19.2	18.2
Return on capital employed, %	8.1	13.7	8.1	13.7	12.5
Solvency ratio, %	47.6	42.5	47.6	42.5	43.7
Net indebtedness	0.74	0.91	0.74	0.91	0.89
Interest coverage ratio	10.7	6.4	7.5	7.4	7.0
Average number of shares, thousands	264 347	265 520	264 263	265 427	265 317
Earnings per share excl. Hexpol, SEK	1.07	1.56	2.97	5.14	6.63
Earnings per share excl. non-recurring items, SEK	1.07	1.56	3.54	5.48	7.28
Earnings per share, SEK	1.07	1.56	2.97	5.48	6.96
Cash flow per share, SEK	2.33	1.13	5.97	3.70	6.61
Cash flow per share before change in working capital, SEK	1.48	1.82	4.80	7.15	9.75
Share price, SEK	83	78	83	78	38

Order intake

MSEK	2009			2008				Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	
Hexagon MT	2 934	2 884	2 651	3 149	3 227	2 938	3 167	12 481
- Of which Geosystems	1 727	1 783	1 598	1 842	1 827	1 628	1 757	7 054
Metrology	1 013	936	867	1 173	1 246	1 156	1 263	4 838
Technology	194	165	186	134	154	154 ²⁾	147	589
Hexpol ¹⁾	-	-	-	834	591	-	-	1 425
Other operations	55	67	106	174	198	201	44	617
Group	2 989	2 951	2 757	4 157	4 016	3 139	3 211	14 523

Net sales

MSEK	2009			2008				Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	
Hexagon MT	2 942	2 983	2 556	2 974	3 135	2 913	3 334	12 356
- Of which Geosystems	1 671	1 806	1 559	1 709	1 830	1 628	1 779	6 946
Metrology	1 090	976	844	1 131	1 168	1 162	1 421	4 882
Technology	181	201	153	134	137	123	134	528
Hexpol ¹⁾	-	-	-	852	567	-	-	1 419
Other operations	96	85	73	201	202	157	144	704
Group	3 038	3 068	2 629	4 027	3 904	3 070	3 478	14 479

Operating earnings (EBIT1)

MSEK	2009			2008				Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	
Hexagon MT	433	489	391	566	683	561	659	2 469
Hexpol ¹⁾	-	-	-	83	60	-	-	143
Other operations	-15	-22	-22	8	10	1	-13	6
Group costs and eliminations	-13	-13	-10	-14	-19	-19	-18	-70
Group	405	454	359	643	734	543	628	2 548
Margin, %	13.3	14.8	13.7	16.0	18.8	17.7	18.1	17.6

Net sales

MSEK	2009			2008				Year
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	
EMEA	1 497	1 455	1 207	2 347	2 232	1 630	1 797	8 006
Americas	753	741	678	995	947	767	880	3 589
Asia	788	872	744	685	725	673	801	2 884
Group	3 038	3 068	2 629	4 027	3 904	3 070	3 478	14 479

1) Hexpol AB was de-consolidated from Hexagon AB as of 1 June 2008.

2) Incorrectly reported order intake in Technology during Q3 2008 has been identified and corrected in Q3 2009.

Acquisitions and divestments

MSEK	Q1-3 2009		Q1-3 2008	
	Acquisit.	Divest.	Acquisit.	Divest.
Intangible fixed assets	11	-	758	-1 108
Other fixed assets	4	-	20	-723
Total fixed assets	15	-	778	-1 831
Total current assets	6	-	284	-1 009
Total assets	21	-	1 062	-2 840
Shareholders' equity incl. minority interests	-5	-	-8	-
Total long-term liabilities	-77	-	78	-1 435
Total short-term liabilities	-27	-	168	-525
Total liabilities	-109	-	238	-1 960
Total net assets	130	-	824	-880
Total acquisition cost/ divestment income	-14	-	-834	-
Divested net assets	-	-	-	-880
Distributed to Hexagon's shareholders	-	-	-	-880
Total acquisition cost/ divestment income	-14	-	-834	-
Adjustment for cash and bank balances in acquired/ divested entities	-	-	65	-220
Adjustment for non-paid part of acquisition cost/ divestment income incl. payment of items from prior year	-116	-	9	-
Cash flow from acquisitions/ divestments	-130	-	-760	-220

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.

Parent company income statement in summary

MSEK	Q3 2009	Q3 2008	Q1-3 2009	Q1-3 2008	Year 2008
Net sales	7	4	23	16	28
Administration cost	-9	-14	-37	-54	-75
Operating earnings	-2	-10	-14	-38	-47
Earnings from shares in Group companies	0	1 102	549	1 283	1 688
Interest income and expenses, net	-93	151	-279	-277	-197
Earnings after financial items	-95	1 243	256	968	1 444
Tax	25	-40	78	88	54
Net earnings	-70	1 203	334	1 056	1 498

Parent company balance sheet in summary

MSEK	30/9 2009	30/9 2008	31/12 2008
Total fixed assets	17 325	17 087	17 696
Total current receivables	969	863	828
Cash and cash equivalents	125	232	507
Total current assets	1 094	1 095	1 335
Total assets	18 419	18 182	19 031
Total shareholders' equity	6 997	6 382	6 786
Total long-term liabilities	7 997	8 816	8 315
Total short-term liabilities	3 425	2 984	3 930
Total equity and liabilities	18 419	18 182	19 031

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 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 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 interest-bearing and liquid assets divided by shareholders' equity excluding minority interests.
Operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and other non-recurring items.
Operating margin	Operating earnings (EBIT1) as a percentage of net sales.
Profit margin before tax	Earnings after financial items as a percentage of net sales.
Return on capital employed	Twelve months to end of period earnings after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed.
Return on equity	Twelve months to end of period net earnings excluding minority interests as a percentage of twelve months to end of period average shareholders' equity excluding minority interests last twelve months.
Shareholders' equity per share	Shareholders' equity excluding minority interests divided by the number of shares at year-end.
Share price	Last settled transaction on NASDAQ 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.