Interim Report 1 January – 30 June 2009

Press information 6 August 2009

Second quarter 2009 [1)]

- Order intake decreased by -26 [2)] per cent to 2 951 MSEK (3 425).
- Net sales decreased by -23 [2)] per cent to 3 068 MSEK (3 337).
- Operating earnings amounted to 454 MSEK (674).
- Earnings before taxes amounted to 411 MSEK (604).
- Net earnings amounted to 354 MSEK (528).
- Earnings per share amounted to 1.33 SEK (1.98).
- Operating cash flow, before restructuring costs, increased to 501 MSEK (267).

Comments from Hexagon's CEO Ola Rollén

"The first half of 2009 has, as expected, been challenging. Hexagon has however, continued to introduce new technologies to improve its position. The size of the market for measurement technologies has contracted by approximately 30 per cent. Our sales in comparison are down by 19 per cent in the first half of 2009.

Our cost reduction programme and our exposure to the emerging markets enabled us to post a healthy operating margin of 15 per cent in the second quarter. Our focus on working capital reduction in combination with the strong earnings has generated operating cash flow of more than 400 MSEK in the quarter.

The third quarter is our seasonally weakest quarter. This year it will be even more challenging since several customer groups have announced a prolongation of their summer shut down period. At the same time it is becoming apparent that the activity level for the global construction and infrastructural industry is going to improve during late autumn. It is our belief that, adjusted for the seasonality, our main markets are at the bottom in terms of demand reduction."

MSEK	Q2 2009	Q2 2008 [1)]	Change %	Q1-2 2009	Q1-2 2008 [1)]	Change %
Order intake	2 951	3 425	-26 [2)]	5 940	6 748	-25 [2)]
Net sales	3 068	3 337	-23 [2)]	6 106	6 512	-22 [2)]
Operating earnings (EBIT1)	454	674	-33	859	1 234	-30
Operating margin %	14.8	20.2	-5.4	14.1	18.9	-4.8
Earnings before taxes excl. non-recurring items	411	604	-32	761	1 094	-30
Non-recurring items	-	-	-	-175	-	n.a.
Earnings before taxes	411	604	-32	586	1 094	n.a.
Net earnings	354	528	-33	505	955	n.a.
Earnings per share excl. non-recurring items, SEK	1.33	1.98	-33	2.47	3.58	-31
Earnings per share, SEK	1.33	1.98	-33	1.90	3.58	-47

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	Q2 2009	Q2 2008	Q1-2 2009	Q1-2 2008	Year 2008
Order intake excl. Hexpol	2 951	3 425	5 940	6 748	13 168
Order intake Hexpol	-	591	-	1 425	1 425
Order intake	**2 951**	**4 016**	**5 940**	**8 173**	**14 593**
Net sales excl. Hexpol	3 068	3 337	6 106	6 512	13 060
Net sales Hexpol	-	567	-	1 419	1 419
Net sales	**3 068**	**3 904**	**6 106**	**7 931**	**14 479**
Operating earnings (EBIT1)	**454**	**674**	**859**	**1 234**	**2 405**
Operating margin, %	**14.8**	**20.2**	**14.1**	**18.9**	**18.4**
Interest income and expenses, net	-43	-70	-98	-140	-301
Earnings before taxes excl. non-recurring items	**411**	**604**	**761**	**1 094**	**2 104**
Taxes	-57	-76	-105	-139	-247
Net earnings excl. non-recurring items	**354**	**528**	**656**	**955**	**1 857**
Earnings per share excl. non-recurring items	*1.33*	*1.98*	*2.47*	*3.58*	*6.95*
Non-recurring items	-	-	-175	-	-100
Tax on non-recurring items	-	-	24	-	13
Net earnings excl. Hexpol	**354**	**528**	**505**	**955**	**1 770**
Earnings per share	*1.33*	*1.98*	*1.90*	*3.58*	*6.63*
Hexpol net earnings	-	38	-	89	89
Total net earnings	**354**	**566**	**505**	**1 044**	**1 859**
Earnings per share	*1.33*	*2.12*	*1.90*	*3.92*	*6.96*

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

Second quarter 2009

The second quarter of 2009 displays, as predicted, a significant decline in demand for Hexagon's products. The second quarter recorded a recovery in demand over the first quarter for Hexagon's construction and infrastructure related measurement products. The industrial measurement products still suffer from a weak investment climate and Western Europe has deteriorated further during the quarter.

Regionally Asia is accelerating its growth whilst NAFTA and EMEA still shrink compared to the second quarter of 2008. Asia is now Hexagon's second largest region representing almost 30 per cent of Group sales.

Hexagon has since the fourth quarter of 2008 taken advantage of the weaker demand situation to accelerate rationalisations and extract synergies from acquisitions made in recent years. The cost rationalisation programme develops according to plan and savings in the second quarter were 152 MSEK. We expect to reach the full savings rate by the fourth quarter of 2009. The rationalisation programme implemented during the past six months is expected to enable Hexagon to improve its EBIT margins, especially once the volumes start to grow again.

Market trends

EMEA

The demand for Hexagon's products in EMEA was significantly reduced during the second quarter. The organic growth in order intake and net sales was -35 and -35 per cent, respectively. For the Group's core business, Measurement Technologies (MT), order intake and net sales organic growth was -32 and -32 per cent, respectively. The organic growth in order intake and sales for Other operations was – 66 per cent and – 58 per cent respectively. The most important customers for Other operations are companies within the Swedish heavy vehicle industry who currently are suffering from the severe downturn.

Hexagon's customers continued to reduce inventory levels during the quarter. Reductions in sales volumes were recorded in both the industrial, as well as, construction related segments across Western Europe. Eastern Europe also recorded negative growth in the quarter. Russia, the Middle East and Africa continued to grow but at significantly lower growth rates. The Geosystems business saw signs of a bottoming out in demand decline. The Metrology business did not see such a pattern. Metrology is usually later in the cycle as well as more volatile in its demand pattern. The construction sector is suffering from weak demand for residential housing products. 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 -29 and -25 per cent, respectively, in the second quarter. A similar situation as in EMEA occurred, where customers reduced inventory levels thus reducing demand for Hexagon's products.

The negative trend within the automotive segment continued during the second quarter whilst the residential housing market is showing signs of a turn around. 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 in the quarter. The programme has up to the end of the second 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 the inventory reduction cycle is concluded.

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

Asia

Asia continued its organic growth during the second quarter. The organic growth in order intake and net sales was 1 and 12 per cent, respectively.

The growth was obtained from, primarily, infrastructural activities in China. Chinese car manufacturers recorded strong sales and are planning capacity increases. 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	Q2 2009	Q2 2008	Change % 1)	Q1-2 2009	Q1-2 2008	Change % 1)
EMEA	1 455	2 232	-35	2 952	4 579	-32
Americas	741	947	-25	1 494	1 942	-26
Asia	872	725	12	1 660	1 410	11
Total	**3 068**	**3 904**	**-23**	**6 106**	**7 931**	**-22**

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

Net sales and earnings second quarter

Order intake, excluding Hexpol, amounted to 2 951 MSEK (3 425) and net sales amounted to 3 068 MSEK (3 337) in the second quarter. Using fixed exchange rates and a comparable group structure, order intake decreased by -26 per cent and net sales decreased by -23 per cent.

Operating earnings (EBIT1), excluding Hexpol, amounted to 454 MSEK (674), which corresponds to an operating margin of 15 per cent (20). Operating earnings were positively affected by exchange rate movements of 55 MSEK.

Savings from the ongoing rationalisation programme were 152 MSEK in the second 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 -43 MSEK (-77) in the second quarter. The decrease is mainly explained by lower interest rates.

Earnings before taxes, excluding Hexpol, amounted to 411 MSEK (604). Including Hexpol, earnings before taxes was 411 MSEK (657). Earnings were positively affected by exchange rate fluctuations of 50 MSEK.

Net earnings, excluding Hexpol, amounted to 354 MSEK (528), or 1.33 SEK (1.98) per share. Including Hexpol, net earnings amounted to 354 MSEK (566).

Net sales and earnings per business area

	Net sales			Earnings		
MSEK	**Q2 2009**	**Q2 2008**	**Change % 1)**	**Q2 2009**	**Q2 2008**	**Change % 1)**
Hexagon MT	2 983	3 135	-20	489	683	-28
Hexpol 2)	-	567	n.a.	-	60	n.a.
Other operations	85	202	-58	-22	10	n.a.
Group costs and eliminations				-13	-19	-32
Operating earnings (EBIT1)				**454**	**734**	**-38**
Per cent of net sales				14.8	18.8	-4.0
Interest income and expenses, net				-43	-77	-44
Earnings before non-recurring items				**411**	**657**	**-37**
Non-recurring items				-	-	n.a.
Net sales	**3 068**	**3 904**	**-23**			
Earnings before taxes				**411**	**657**	**-37**

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 second quarter

	Movement 1)	**Income - cost**	**Profit impact**
CHF	Strengthened	Negative	Negative
USD	Strengthened	Positive	Positive
EUR	Strengthened	Positive	Positive
CNY	Strengthened	Positive	Positive
EBIT1, MSEK			**55**

1) as compared to SEK.

Net sales and earnings for the first six months

Order intake, excluding Hexpol, amounted to 5 940 MSEK (6 748) and net sales amounted to 6 106 MSEK (6 512) in the period. Using fixed exchange rates and a comparable group structure, order intake decreased by -24 per cent and net sales decreased by -22 per cent.

Operating earnings (EBIT1), excluding Hexpol, amounted to 859 MSEK (1 234), which corresponds to an operating margin of 14 per cent (19). Operating earnings were positively affected by exchange rate movements of 105 MSEK.

The financial net amounted to -98 MSEK (-158) in the period. The decrease is mainly explained by lower interest rates.

Earnings before taxes, excluding Hexpol and non-recurring items, amounted to 761 MSEK (1 094). Including these items, earnings before taxes was 586 MSEK (1 094). Earnings were positively affected by exchange rate fluctuations of 95 MSEK.

Net earnings, excluding Hexpol and non-recurring items, amounted to 656 MSEK (955), or 2.47 SEK (3.58) per share. Including non-recurring items, net earnings amounted to 505 MSEK (955). Including Hexpol, net earnings amounted to 505 MSEK (1 044).

Net sales and earnings per business area

	Net sales			Earnings		
MSEK	**Q1-2 2009**	**Q1-2 2008**	**Change % [1)]**	**Q1-2 2009**	**Q1-2 2008**	**Change %**
Hexagon MT	5 925	6 109	-19	922	1 249	-26[1)]
Hexpol [2)]	-	1 419	n.a.	-	143	n.a.
Other operations	181	403	-55	-37	18	n.a.
Group costs and eliminations				-26	-33	-21
Operating earnings (EBIT1)				**859**	**1 377**	**-38**
Per cent of net sales				14.1	17.4	-3.3
Interest income and expenses, net				-98	-158	-38
Earnings before non-recurring items				**761**	**1 219**	**-38**
Non-recurring items				-175	-	n.a.
Net sales	**6 106**	**7 931**	**-22**			
Earnings before taxes				**586**	**1 219**	**-52**

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 six months

	Movement [1)]	**Income - cost**	**Profit impact**
CHF	Strengthened	Negative	Negative
USD	Strengthened	Positive	Positive
EUR	Strengthened	Positive	Positive
CNY	Strengthened	Positive	Positive
EBIT1, MSEK			**105**

1) as compared to SEK.

Profitability

Capital employed, defined as total assets less non-interest bearing liabilities, increased to 23 207 MSEK (19 040). Return on average capital employed, excluding non-recurring items, for the last twelve months was 9.2 per cent (14.5). Return on average shareholders' equity for the last twelve months was 11.6 per cent (19.7). The capital turnover rate was 0.5 times (0.8).

Financial position

Shareholders' equity, including minority interests, increased to 12 199 MSEK (9 231). The equity ratio increased to 46 per cent (40). Hexagon's total assets increased to 26 412 MSEK (22 795).

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 second quarter 2009 and expects to meet them during the remainder of 2009.

On 30 June 2009, cash and unutilized credit limits totalled 2 765 MSEK (3 495). Hexagon's net debt was 9 474 MSEK (8 975). The net indebtedness was 0.78 times (0.97). Interest coverage ratio was 6.5 (7.8).

Cash flow

During the second quarter, cash flow from operations before changes in working capital amounted to 521 MSEK (764), corresponding to 1.97 SEK (2.88) per share. Cash flow from operations was 698 MSEK (500), corresponding to 2.64 SEK (1.88) per share. The cash flow was adversely affected by the settlement of restructuring programme obligations, amounting to -64 MSEK (-). The operating cash flow in the second quarter after restructuring was 437 MSEK (267).

For the first six months, cash flow from operations was 964 MSEK (680), corresponding to 3.65 SEK (2.56) per share and the operating cash flow after restructuring was 422 MSEK (237).

The group-wide programme to reduce working capital developed according to plan contributing to a release of 177 MSEK in cash in the quarter, primarily from inventories.

Investments and depreciation

Hexagon's net investments, excluding acquisitions and divestitures, were -197 MSEK (-233) for the second quarter and -431 MSEK (-443) for the first six months. Depreciation and write-downs was -185 MSEK (-169) for the second quarter and -379 MSEK (-347) for the first six months.

Tax rate

The Group's tax expense for the first six months totalled -81 MSEK (-175), corresponding to an effective tax rate of 14 per cent (14). The tax cost 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 six months was 7 739 (9 714). Excluding Hexpol, the average number of employees at the end of the first six months 2008 was 7 815. The number of employees at the end of the second quarter was 7 792 (8 331).

Share data

Earnings per share for the second quarter amounted to 1.33 SEK (2.12). Excluding non-recurring items and Hexpol, earnings per share amounted to 1.33 SEK (1.98). Earnings per share for the first six months amounted to 1.90 SEK (3.92). Excluding non-recurring items and Hexpol, earnings per share amounted to 2.47 SEK (3.58).

On 30 June 2009, equity per share was 45.96 SEK (34.59) and the share price was 70 SEK (110 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.

Business area net sales and earnings

Measurement Technologies

Order intake amounted to 2 884 MSEK (3 227) during the second quarter. Net sales amounted to 2 983 MSEK (3 135). Using fixed exchange rates and a comparable structure, order intake decreased by -23 per cent and net sales by -20 per cent. Operating earnings (EBIT1) amounted to 489 MSEK (683), which corresponds to an operating margin of 16 per cent (22).

The number of employees by the end of the quarter was 7 448 (7 887).

MSEK	Q2 2009	Q2 2008	Change %	Q1-2 2009	Q1-2 2008	Change %
Order intake	2 884	3 227	-23 1)	5 818	6 376	-22 1)
Net sales	2 983	3 135	-20 1)	5 925	6 109	-19 1)
Operating earnings (EBIT1)	489	683	-28	922	1 249	-26
Operating margin, %	16.4	21.8	-5.4	15.6	20.4	-4.8

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

Measurement Technologies applications

Measurement Technologies consist 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.

	Order intake			Net sales		
MSEK	Q2 2009	Q2 2008	Change % 1)	Q2 2009	Q2 2008	Change % 1)
Geosystems	1 783	1 827	-15	1 806	1 830	-16
Metrology	936	1 246	-37	976	1 168	-32
Technology	165	154	-14	201	137	18
Total Hexagon MT	**2 884**	**3 227**	**-23**	**2 983**	**3 135**	**-20**

MSEK	Order intake			Net sales		
	Q1-2 2009	Q1-2 2008	Change % 1)	Q1-2 2009	Q1-2 2008	Change % 1)
Geosystems	3 510	3 669	-17	3 477	3 539	-17
Metrology	1 949	2 419	-33	2 066	2 299	-27
Technology	359	288	3	382	271	14
Total Hexagon MT	**5 818**	**6 376**	**-22**	**5 925**	**6 109**	**-19**

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

Other operations

Order intake amounted to 67 MSEK (198) during the second quarter. Net sales amounted to 85 MSEK (202). Using fixed exchange rates and a comparable structure, order intake and net sales decreased by -66 and -58 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 (10).

The number of employees by the end of the quarter was 332 (433).

MSEK	Q2 2009	Q2 2008	Change %	Q1-2 2009	Q1-2 2008	Change %
Order intake	67	198	-66 1)	122	372	-67 1)
Net sales	85	202	-58 1)	181	403	-55 1)
Operating earnings (EBIT1)	-22	10	n.a.	-37	18	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 six months by -2 MSEK (2).

Parent company

The parent company’s earnings after financial items were for the first six months 351 MSEK (-275). The solvency ratio of the parent company was 38 per cent (29). The equity was 7 068 MSEK (5 179). Liquid funds including unutilised credit limits was 1 712 MSEK (2 728).

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. Hexpol is consequently not treated as a discontinued operation in the Hexagon consolidated accounts.

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, 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 using 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
No significant events have occurred during the period between quarter-end and date of issuance of this report.

Outlook 2009
The first half of the year 2009 has 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 6 August
The interim report will be presented on 6 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 2009	28 October 2009
Year-end Report 2009	February 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 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, 6 August 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 has not been audited by the company's auditors.

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 6 August 2009 at 08:00 CET.

Consolidated income statement in summary

MSEK	Q2 2009	Q2 2008	Q1-2 2009	Q1-2 2008	Year 2008
Net sales	3 068	3 904	6 106	7 931	14 479
Cost of goods sold	-1 641	-2 144	-3 250	-4 472	-7 881
Gross profit	**1 427**	**1 760**	**2 856**	**3 459**	**6 598**
Sales and administration costs	-973	-1 027	-2 170	-2 084	-4 151
Earnings from shares in associated companies	0	1	-2	2	1
Operating earnings [1)]	**454**	**734**	**684**	**1 377**	**2 448**
Interest income and expenses, net	-43	-77	-98	-158	-319
Earnings after financial items	**411**	**657**	**586**	**1 219**	**2 129**
Taxes	-57	-91	-81	-175	-270
Net earnings [2)]	**354**	**566**	**505**	**1 044**	**1 859**
[1)] of which non-recurring items	-	-	-175	-	-100
[2)] of which minority interest	2	3	4	5	12
Including depreciation and write-downs of [3)]	-185	-169	-379	-347	-719
[3)] of which amortization on excess values identified at acquisition	-29	-24	-59	-48	-99
Earnings per share, SEK	1.33	2.12	1.90	3.92	6.96
Earnings per share after dilution, SEK	1.33	2.12	1.89	3.91	6.95
Shareholder's equity per share, SEK	45.96	34.59	45.96	34.59	45.26
Closing number of shares, thousand	264 347	265 520	264 347	265 520	264 208
Average number of shares, thousand	264 235	265 412	264 222	265 381	265 317
Average number of shares after dilution, thousand	264 349	265 792	264 583	265 763	265 768

Consolidated comprehensive income

MSEK	Q2 2009	Q2 2008	Q1-2 2009	Q1-2 2008	Year 2008
Net earnings	**354**	**566**	**505**	**1 044**	**1 859**
Other comprehensive income:					
Exchange rate differences	-334	-125	-395	101	3 688
Effect of hedging of net investments in foreign operations	178	201	313	-658	- 2 653
Cash flow hedges, net	8	-5	4	3	1
Tax attributable to Other comprehensive income	-56	-48	-96	178	607
Other comprehensive income, net of tax	-204	23	-174	-376	1 643
Total comprehensive income for the period	**150**	**589**	**331**	**668**	**3 502**
Attributable to:					
Parent company shareholders	148	583	325	660	3 483
Minority interest	2	6	6	8	19

Consolidated balance sheet in summary

MSEK	30/6 2009	30/6 2008	31/12 2008
Intangible fixed assets	16 693	13 590	16 832
Tangible fixed assets	1 819	1 593	1 903
Financial fixed assets	108	73	109
Deferred tax assets	456	649	587
Total fixed assets	**19 076**	**15 905**	**19 431**
Inventories	**2 943**	**2 683**	**3 294**
Accounts receivable	2 842	2 751	3 161
Other receivables	413	441	439
Prepaid expenses and accrued income	342	265	257
Total current receivables	**3 597**	**3 457**	**3 857**
Cash and cash equivalents	796	750	919
Total current assets	**7 336**	**6 890**	**8 070**
Total assets	**26 412**	**22 795**	**27 501**
Attributable to the parent company's shareholders	12 150	9 184	11 957
Attributable to minority	49	47	57
Total shareholders' equity	**12 199**	**9 231**	**12 014**
Interest bearing liabilities	10 367	9 112	10 509
Other liabilities	17	37	26
Pension provisions	421	401	452
Deferred tax provisions	229	639	331
Other provisions	178	141	174
Total long-term liabilities	**11 212**	**10 330**	**11 492**
Other provisions	349	217	339
Interest bearing liabilities	75	88	500
Accounts payable	745	1 045	1 185
Other liabilities	580	805	545
Accrued expenses and deferred income	1 252	1 079	1 426
Total short-term liabilities	**3 001**	**3 234**	**3 995**
Total equity and liabilities	**26 412**	**22 795**	**27 501**

Changes in shareholders' equity

MSEK		30/6 2009	30/6 2008	31/12 2008
Opening shareholders' equity		**12 014**	**10 046**	**10 046**
Total comprehensive income for the period [1]		**331**	**668**	**3 502**
Dividend		-146	-1 509	-1 514
Stock option payments		-	27	27
Effect of acquisitions and divestments of subsidiaries		-2	-4	-1
Expense for share-based payments		2	3	6
Repurchase of shares		-	-	-52
Closing shareholders' equity [2]		**12 199**	**9 231**	**12 014**
[1] of which:	Parent company shareholders	325	660	3 483
	Minorities	6	8	19
[2] of which:	Parent company shareholders	12 150	9 184	11 957
	Minorities	49	47	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
2009-06-30	Total issued and outstanding	2 SEK	11 812 500	252 534 653	264 347 153

Consolidated cash flow analysis

MSEK	Q2 2009	Q2 2008	Q1-2 2009	Q1-2 2008	Year 2008
Cash flow from operations before change in working capital	521	764	878	1 417	2 587
Cash flow from change in working capital	177	-264	86	-737	-832
Cash flow from operations	**698**	**500**	**964**	**680**	**1 755**
Cash flow from ordinary investing activities	-197	-233	-431	-443	-1 005
Operating cash flow	**501**	**267**	**533**	**237**	**750**
Cash flow from restructuring	-64	-	-111	-	-
Operating cash flow after restructuring	**437**	**267**	**422**	**237**	**750**
Cash flow from other investment activities	-23	-655	-69 1)	-904	-1 048
Dividend	-142	-629	-146	-629	-634
Stock option payments	-	27	-	27	27
Repurchase of shares	-	-	-	-	-52
Cash flow from other financing activities	-59	919	-341	460	262
Change in liquid assets	**213**	**-71**	**-134** 2)	**-809**	**-695**

1) Acquisitions -72 MSEK and other 3 MSEK.
2) The currency effect in liquid assets was 11 MSEK (-53).

Key ratios

	Q2 2009	Q2 2008	Q1-2 2009	Q1-2 2008	Year 2008
Operating margin, %	14.8	18.8	14.1	17.4	17.6
Profit margin before taxes, %	13.4	16.8	9.6	15.4	14.7
Return on shareholders' equity, %	11.6	23.5	8.3	21.2	18.2
Return on capital employed, %	7.8	14.6	5.9	13.6	12.0
Solvency ratio, %	46.2	40.5	46.2	40.5	43.7
Net indebtedness	0.78	0.97	0.78	0.97	0.89
Interest coverage ratio	9.7	8.6	6.5	7.8	7.0
Average number of shares, thousands	264 235	265 412	264 222	265 381	265 317
Earnings per share excl. Hexpol, SEK	1.33	1.98	1.90	3.58	6.63
Earnings per share excl. non-recurring items, SEK	1.33	2.12	2.47	3.92	7.28
Earnings per share, SEK	1.33	2.12	1.90	3.92	6.96
Cash flow per share, SEK	2.64	1.88	3.65	2.56	6.61
Cash flow per share before change in working capital, SEK	1.97	2.88	3.32	5.34	9.75
Share price, SEK	70	110	70	110	38

Order intake

MSEK	2009 Q1	2009 Q2	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2008 Year
Hexagon MT	2 934	2 884	3 149	3 227	3 008	3 167	12 551
- Of which Geosystems	1 727	1 783	1 842	1 827	1 628	1 757	7 054
Metrology	1 013	936	1 173	1 246	1 156	1 263	4 838
Technology	194	165	134	154	224	147	659
Hexpol 1)	-	-	834	591	-	-	1 425
Other operations	55	67	174	198	201	44	617
Group	**2 989**	**2 951**	**4 157**	**4 016**	**3 209**	**3 211**	**14 593**

Net sales

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

Operating earnings (EBIT1)

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

Net sales

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

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

Acquisitions and divestments

MSEK	Q1-2 2009 Acquisit.	Q1-2 2009 Divest.	Q1-2 2008 Acquisit.	Q1-2 2008 Divest.
Intangible fixed assets	11	-	634	-1 108
Other fixed assets	4	-	6	-723
Total fixed assets	**15**	**-**	**640**	**-1 831**
Total current assets	**8**	**-**	**180**	**-1 009**
Total assets	**23**	**-**	**820**	**-2 840**
Shareholders' equity incl. minority interests	**0**	**-**	**-11**	**-**
Total long-term liabilities	**-42**	**-**	**22**	**-1 435**
Total short-term liabilities	**-7**	**-**	**97**	**-525**
Total liabilities	**-49**	**-**	**108**	**-1 960**
Total net assets	**72**	**-**	**712**	**-880**
Total acquisition cost/ divestment income	**-16**	**-**	**-695**	**-**
Divested net assets	**-**	**-**	**-**	**-880**
Distributed to Hexagon's shareholders	**-**	**-**	**-**	**-880**
Total acquisition cost/ divestment income	**-16**	**-**	**-695**	**-**
Adjustment for cash and bank balances in acquired/ divested entities	0	-	27	-220
Adjustment for non-paid part of acquisition cost/ divestment income incl. payment of items from prior year	-56	-	-17	-
Cash flow from acquisitions/ divestments	**-72**	**-**	**-685**	**-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	Q2 2009	Q2 2008	Q1-2 2009	Q1-2 2008	Year 2008
Net sales	8	6	16	12	28
Administration cost	-14	-25	-28	-40	-75
Operating earnings	**-6**	**-19**	**-12**	**-28**	**-47**
Earnings from shares in Group companies	549	181	549	181	1 688
Interest income and expenses, net	-141	-9	-186	-428	-197
Earnings after financial items	**402**	**153**	**351**	**-275**	**1 444**
Tax	40	8	53	128	54
Net earnings	**442**	**161**	**404**	**-147**	**1 498**

Parent company balance sheet in summary

MSEK	30/6 2009	30/6 2008	31/12 2008
Total fixed assets	**17 588**	**16 692**	**17 696**
Total current receivables	947	724	828
Cash and cash equivalents	233	304	507
Total current assets	**1 180**	**1 028**	**1 335**
Total assets	**18 768**	**17 720**	**19 031**
Total shareholders' equity	**7 068**	**5 179**	**6 786**
Total long-term liabilities	**8 617**	**8 844**	**8 315**
Total short-term liabilities	**3 083**	**3 697**	**3 930**
Total equity and liabilities	**18 768**	**17 720**	**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.