

# INTERIM REPORT

1 JANUARY – 30 SEPTEMBER 2012

## THIRD QUARTER 2012

- Net sales increased by 11 per cent to 578.1 MEUR (521.2)
- Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent
- Operating earnings (EBIT1) amounted to 115.7 MEUR (98.9)
- Earnings before taxes amounted to 104.3 MEUR (84.3)
- Net earnings increased by 25 per cent to 84.5 MEUR (67.4)
- Earnings per share increased by 26 per cent to 0.24 EUR (0.19)
- Strong cash flow in the quarter

MEUR	Q3 2012	Q3 2011	Δ%	Q1-3 2012	Q1-3 2011	Δ%
Operating net sales	578.1	521.2	5 <sup>1)</sup>	1,751.0	1,586.0	6 <sup>1)</sup>
Revenue adjustment 2)	-	-	n.a.	-	-8.5	n.a.
Net sales	578.1	521.2	5 <sup>1)</sup>	1,751.0	1,577.5	6 <sup>1)</sup>
Operating earnings (EBIT1)	115.7	98.9	17	354.2	318.0	11
Operating margin, %	20.0	19.0	1	20.2	20.1	0.1
Earnings before taxes excl. non-recurring items	104.3	84.3	24	316.5	274.0	16
Non-recurring items	-	-	n.a.	-	-8.5	n.a.
Earnings before taxes	104.3	84.3	24	316.5	265.5	19
Net earnings	84.5	67.4	25	256.3	212.3	21
Earnings per share, EUR	0.24	0.19	26	0.72	0.60	20
Earnings per share, excl. non-recurring items, EUR	0.24	0.19	26	0.72	0.61	18

<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

<sup>2)</sup> Non-recurring reduction of acquired deferred revenue in Q1-2 2011 related to the acquisition of Intergraph.



Ola Rollén, President and CEO, Hexagon AB

## COMMENTS FROM OLA ROLLÉN, PRESIDENT AND CEO, HEXAGON AB

"Hexagon's development in the third quarter demonstrates the resilience of our recurring revenue model and underscores the importance of continued investments in our product portfolio and in the emerging markets. Despite further deterioration of customer demand in Europe, Hexagon's organic growth remained strong, supported by improved demand in nearly every other part of the world. Hexagon's net earnings increased by an impressive 25 per cent, driven by strong cash flow generation reducing our financing cost and the structural shift in our product mix that is continuing to strengthen from software additions. While uncertainties surrounding the world economy and Europe in particular will continue to present challenges in the near-term, we remain confident in our ability to identify and capitalise on the growth opportunities that exist."

## BUSINESS DEVELOPMENT Q3

Recorded sales grew 11 per cent and organic growth was 5 per cent in the third quarter. The operating profit (EBIT1) increased by 17 per cent to 115.7 MEUR.

Geosystems, the application area with the largest percentage of overall sales in Europe, reports organic growth of 1 per cent. The division represents 33 per cent of Group sales in the third quarter.

Metrology, which represents 30 per cent of Group sales, reports organic growth of 3 per cent despite facing tough comparison numbers from 2011.

Technology, which represents 35 per cent of Group sales, reports 10 per cent organic growth and positive outcomes in both Intergraph divisions – SG&I turned around while PP&M continued to outgrow its underlying market.

Net sales from acquisitions during the last twelve months are reported as "Structure" in the table below.

## SALES BRIDGE THIRD QUARTER

	Net sales
2011, MEUR	521.2
Structure, %	0
Currency, %	6
Organic growth, %	5
Total, %	11
2012, MEUR	578.1

## MARKET DEVELOPMENT

Customer demand deteriorated in Europe in the third quarter. This was largely offset by accelerating demand in Americas and Asia where South America, China and East Asia were the fastest growing subregions. In terms of customer segments, Hexagon saw strong demand in the aerospace, power and energy markets.

## EMEA

Customer demand in EMEA decreased slightly in the third quarter. The organic growth in net sales was 0 per cent in the Group's core business, Measurement Technologies (MT), and -4 per cent in Other Operations.

The major markets in Western Europe experienced decreased activity levels in the quarter. A sequential slowdown was evident in the demand for measurement solutions used in automotive and manufacturing as well as demand from customers involved in infrastructure related activities. However, demand remained at record levels in the segment for enterprise engineering, construction and data management software used in power and process industries.

Demand in Southern Europe remains weak whilst Africa, Eastern Europe and the Middle East continue to grow.

## AMERICAS

Americas recorded 7 per cent organic growth in net sales in the third quarter.

Apart from defense and security related products, all of Hexagon's market segments are growing in NAFTA, including automotive, aerospace and general engineering, as well as infrastructure projects related to the Hexagon Geosystems application area. Canada showed strong growth due to high demand in the natural resources sector.

In South America, activity levels in all end markets continue to be strong with the region reporting significant organic growth.

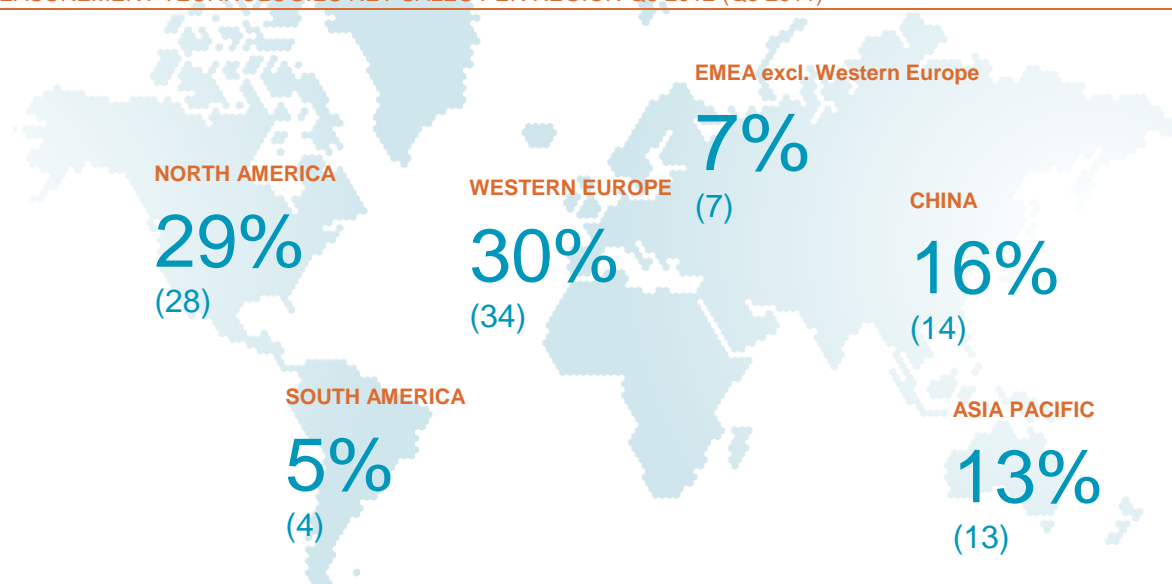
## ASIA

Asia recorded organic growth in net sales of 11 per cent in the third quarter.

All of Hexagon's application areas recorded growth in China in the quarter. The growth primarily came from strong demand in the automotive, aerospace, power and energy markets, but growth was also reported in the infrastructure related businesses. Hexagon foresees further recovery for Geosystems in China as new business initiatives start to contribute during 2012.

In addition to China, several other markets and industries in the region, such as India, Korea and Japan, reported double digit growth.

## MEASUREMENT TECHNOLOGIES NET SALES PER REGION Q3 2012 (Q3 2011)



## FINANCIAL SUMMARY – THIRD QUARTER

MEUR	Net sales			Earnings		
	Q3 2012	Q3 2011	Δ % <sup>1)</sup>	Q3 2012	Q3 2011	Δ %
Hexagon MT	565.2	507.9	5	120.3	101.5	19
Other Operations	12.9	13.3	-4	-0.2	0.0	n.a.
Net sales	578.1	521.2	5			
Group cost and eliminations				-4.4	-2.6	-69
Operating earnings (EBIT1)				115.7	98.9	17
Operating margin, %				20.0	19.0	1
Interest income and expenses, net				-11.4	-14.6	22
Earnings before taxes				104.3	84.3	24
Tax				-19.8	-16.9	-17
Net earnings				84.5	67.4	25

<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

## Q3 NET SALES AND EARNINGS

Net sales amounted to 578.1 MEUR (521.2) in the third quarter. Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) increased by 17 per cent to 115.7 MEUR (98.9), which corresponds to an operating margin of 20.0 per cent (19.0).

Operating earnings (EBIT1) were positively affected by exchange rate movements of 9.0 MEUR.

The financial net amounted to -11.4 MEUR (-14.6) in the third quarter.

Earnings before taxes amounted to 104.3 MEUR (84.3). Earnings were positively affected by exchange rate movements of 9.0 MEUR.

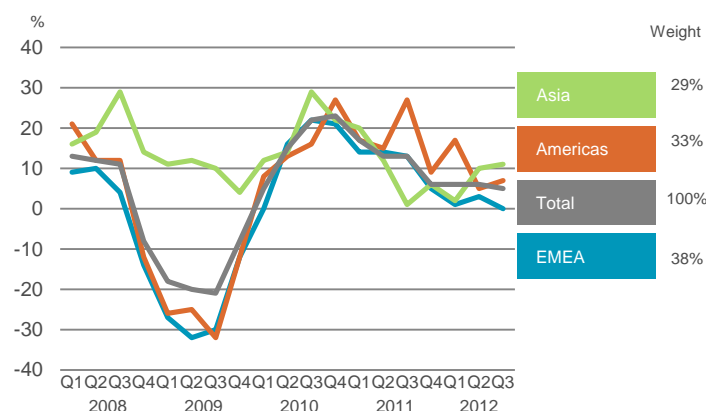
Net earnings amounted to 84.5 MEUR (67.4), or 0.24 EUR (0.19) per share.

## CURRENCY IMPACT – THIRD QUARTER AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Weakened -4%	Negative	Positive ↗
USD	Strengthened 13%	Positive	Positive ↗
CNY	Strengthened 14%	Positive	Positive ↗
EBIT1, MEUR			9.0

<sup>1)</sup> Compared to Q3 2011.

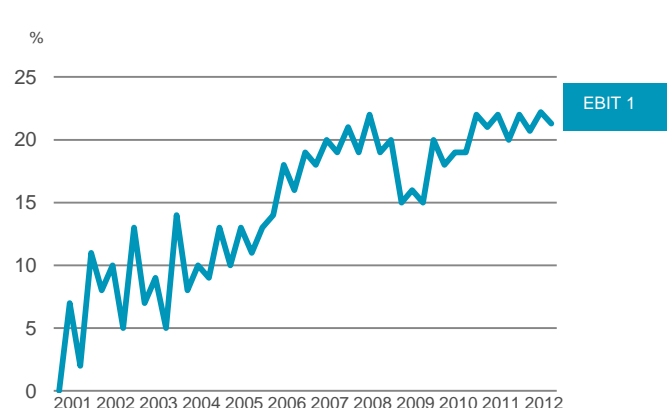
## NET SALES – ORGANIC GROWTH BY REGION (MT <sup>1)</sup>)



EMEA reported organic growth of 0 per cent in the third quarter, whilst Americas reported organic growth of 7 per cent. Asia reported 11 per cent organic growth in the quarter.

<sup>1)</sup> Organic growth in net sales stemming from Intergraph has been included in the graph above as of 1 November 2010.

## OPERATING MARGIN (MT) – QUARTERLY DATA



Hexagon's core business Measurement Technologies has consistently improved its profitability. In 2007 and in 2008 the EBIT margin was 20 per cent. In 2009, the margin decreased to approximately 17 per cent due to reduced volumes caused by the global economic downturn. In 2010, the margin was back to 20 per cent and in 2011 it reached 21 per cent. In the third quarter of 2012, the margin was 21.3 per cent (20.0).

## FINANCIAL SUMMARY – FIRST NINE MONTHS

MEUR	Net sales			Earnings		
	Q1-3 2012	Q1-3 2011	Δ % <sup>1)</sup>	Q1-3 2012	Q1-3 2011	Δ %
Hexagon MT	1,704.0	1,537.7	6	364.6	325.6	12
Other Operations	47.0	48.3	-3	1.1	1.3	-15
Operating net sales	1,751.0	1,586.0	6			
Group cost and eliminations				-11.5	-8.9	-29
Operating earnings (EBIT1)				354.2	318.0	11
Operating margin, %				20.2	20.1	0.1
Interest income and expenses, net				-37.7	-44.0	14
Earnings before non-recurring items				316.5	274.0	16
Non-recurring items	-	-8.5	n.a.	-	-8.5	n.a.
Net sales	1,751.0	1,577.5	6			
Earnings before taxes				316.5	265.5	19
Tax				-60.2	-53.2	-13
Net earnings				256.3	212.3	21

<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

## CURRENCY IMPACT – FIRST NINE MONTHS AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Strengthened 2%	Negative	Negative ↘
USD	Strengthened 10%	Positive	Positive ↗
CNY	Strengthened 13%	Positive	Positive ↗
EBIT1, MEUR			12.3

<sup>1)</sup> Compared to Q1-3 2011.

## Q1-Q3 NET SALES AND EARNINGS

Operating net sales amounted to 1,751.0 MEUR (1,586.0) in the first nine months of the year. Using fixed exchange rates and a comparable group structure, net sales increased by 6 per cent.

Operating earnings (EBIT1) amounted to 354.2 MEUR (318.0), which corresponds to an operating margin of 20.2 per cent (20.1). In the first quarter 2012, Hexagon conducted a restructuring programme in the Intergraph SG&I division where costs amounted to -4.9 MEUR. The charge was included in EBIT1. Operating earnings (EBIT1) were positively affected by exchange rate movements of 12.3 MEUR.

The financial net amounted to -37.7 MEUR (-44.0) in the first nine months.

Earnings before taxes, excluding non-recurring items, amounted to 316.5 MEUR (274.0).

Earnings before taxes in Q1-3 2011 included non-recurring items of -8.5 MEUR related to reduction of acquired deferred revenue stemming from the acquisition of Intergraph. Earnings before taxes, including non-recurring items, amounted to 316.5 MEUR (265.5). Earnings before taxes were positively affected by exchange rate movements of 12.3 MEUR.

Net earnings, excluding non-recurring items, amounted to 256.3 MEUR (217.6), or 0.72 EUR (0.61) per share. Net earnings, including non-recurring items, amounted to 256.3 MEUR (212.3), or 0.72 EUR (0.60) per share.





Hexagon continues to demonstrate its commitment to its global employee base of 13 500 by investing in a brand new, state-of-the-art Intergraph building in Huntsville, AL. Construction began in mid-October on the facility that will total 250 000 square feet and feature office space for 1 100 employees. The five-story, US\$58-million building will be located on the current Intergraph campus and is projected to open in summer 2014.

## PROFITABILITY

Capital employed increased to 4,526.6 MEUR (4,297.8). Return on average capital employed, excluding non-recurring items, for the last twelve months was 10.8 per cent (10.5). Return on average shareholders' equity for the last twelve months was 13.2 per cent (7.8). The capital turnover rate was 0.5 times (0.5).

## FINANCIAL POSITION

Total shareholders' equity increased to 2,737.0 MEUR (2,324.0). The equity ratio was 50 per cent (45). Hexagon's total assets increased to 5,426.9 MEUR (5,189.1).

Hexagon's primary source of financing is a 900 MUSD and a 1,000 MEUR Term and Revolving Credit Facilities Agreement that expires in July 2015. In the fourth quarter of 2009 Hexagon issued a 2,000 MSEK five year bond and to further diversify the debt structure, Hexagon, in the first quarter of 2012, established a Swedish Commercial Paper Program. The program enables Hexagon to issue commercial paper up to a total amount of SEK 8 billion. Commercial paper can be issued with tenor of up to 12 months under the program.

On 30 September 2012, cash and unutilised credit limits totalled 456.4 MEUR (350.0). Hexagon's net debt was 1,670.8 MEUR (1,837.3). The net indebtedness was 0.56 times (0.74). Interest coverage ratio was 8.6 times (6.8).

## CASH FLOW

During the third quarter, cash flow from operations before changes in working capital increased to 116.0 MEUR (103.7), corresponding to 0.33 EUR (0.29) per share. Cash flow from operations in the third quarter increased to 129.8 MEUR (127.0), corresponding to 0.37 EUR (0.36) per share. The operating cash flow in the third quarter 2012 amounted to 84.6 MEUR (90.6).

For the first nine months, cash flow from operations amounted to 329.4 MEUR (255.7), corresponding to 0.93 EUR (0.73) per share and the operating cash flow including non-recurring items amounted to 208.6 MEUR (146.5).

## INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -45.2 MEUR (-36.4) in the third quarter and -120.8 MEUR (-93.2) in the first nine months.

Depreciation, amortisation and impairment amounted to -31.6 MEUR (-26.0) in the third quarter and -90.7 MEUR (-75.9) in the first nine months.

## TAX RATE

The Group's tax expense for the first nine months totalled -60.2 MEUR (-53.2), corresponding to an effective tax rate of 19 per cent (20).

## EMPLOYEES

The average number of employees in Hexagon during the first nine months was 13,121 (12,247). The number of employees at the end of the quarter was 13,606 (12,863).

## SHARE DATA

Earnings per share for the third quarter amounted to 0.24 EUR (0.19). Earnings per share for the first nine months amounted to 0.72 EUR (0.60).

On 30 September 2012, equity per share was 7.75 EUR (6.58) and the share price was 141 SEK (90).

Hexagon's share capital amounts to 78,471,187 EUR, represented by 353,642,177 shares, of which 15,750,000 are of series A with 10 votes each and 337,892,177 are of series B with one vote each. Hexagon AB treasury shares amounted to 1,152,547 shares of series B.

## ASSOCIATED COMPANIES

Associated companies affected Hexagon's earnings during the first nine months by 0.0 MEUR (0.1).

## PARENT COMPANY

The parent company's earnings after financial items in the first nine months amounted to -24.2 MEUR (158.1). The equity was 1,407.5 MEUR (1,352.9). The solvency ratio of the parent company was 36 per cent (35). Liquid funds including unutilised credit limits were 306.4 MEUR (202.0).

## BUSINESS AREA

### MEASUREMENT TECHNOLOGIES (MT) – SALES AND EARNINGS

MEUR	Q3 2012	Q3 2011	Δ%	Q1-3 2012	Q1-3 2011	Δ%
Net sales	565.2	507.9	5 <sup>1)</sup>	1,704.0	1,537.7	6 <sup>1)</sup>
Operating earnings (EBIT1)	120.3	101.5	19	364.6	325.6	12
Operating margin,%	21.3	20.0	1.3	21.4	21.2	0.2

<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

### OTHER OPERATIONS – SALES AND EARNINGS

MEUR	Q3 2012	Q3 2011	Δ%	Q1-3 2012	Q1-3 2011	Δ%
Net sales	12.9	13.3	-4 <sup>1)</sup>	47.0	48.3	-3 <sup>1)</sup>
Operating earnings (EBIT1)	-0.2	0.0	n.a.	1.1	1.3	-15
Operating margin,%	-1.6	0.0	-1.6	2.3	2.7	-0.4

<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

### MEASUREMENT TECHNOLOGIES

In the third quarter, net sales amounted to 565.2 MEUR (507.9). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 120.3 MEUR (101.5), which corresponds to an operating margin of 21.3 per cent (20.0).

The number of employees by the end of the quarter was 13,271 (12,516).

### OTHER OPERATIONS

In the third quarter, net sales amounted to 12.9 MEUR (13.3). Using fixed exchange rates and a comparable group structure, net sales decreased by -4 per cent.

Operating earnings (EBIT1) amounted to -0.2 MEUR (0.0), which corresponds to an operating margin of -1.6 per cent (0.0).

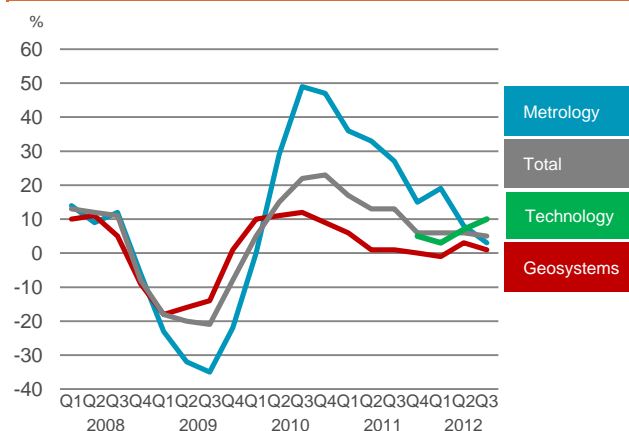
The number of employees by the end of the quarter was 324 (336).

### MEASUREMENT TECHNOLOGIES – APPLICATION AREAS

MEUR	Net sales			Net sales		
	Q3 2012	Q3 2011	Δ % <sup>1)</sup>	Q1-3 2012	Q1-3 2011	Δ % <sup>1)</sup>
Geosystems	188.4	179.2	1	587.4	560.9	1
Metrology	173.8	157.5	3	521.1	450.0	10
Technology	203.0	171.2	10	595.5	526.8	7
Total Hexagon MT	565.2	507.9	5	1,704.0	1,537.7	6

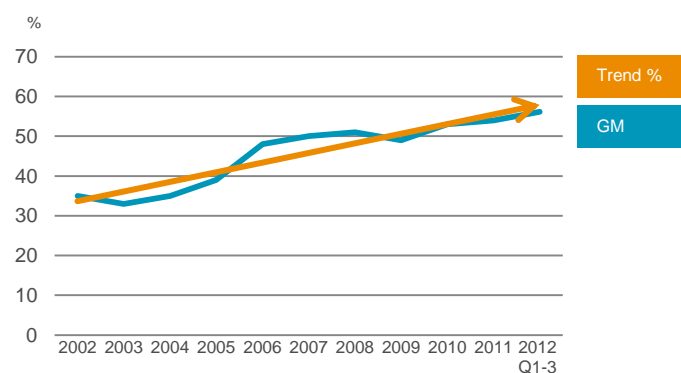
<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

### NET SALES – ORGANIC GROWTH BY APPLICATION AREA (MT)



Geosystems reported 1 per cent organic growth in net sales in the third quarter. Metrology displayed organic sales growth of 3 per cent. Technology including Intergraph reported 10 per cent organic growth and positive development in both divisions – SG&I turned around while PP&M continued to outgrow its underlying market.

### GROSS MARGIN (MT)



Product innovations including new technology, lower manufacturing costs and an increasing software content enables Hexagon to continuously improve the gross margin. In the first nine months of 2012, the gross margin reached an all-time high of 56 per cent.



International nuclear fusion research and engineering project ITER selected Intergraph's SmartPlant® Enterprise suite of products for use in building the world's largest and most advanced experimental nuclear fusion reactor. The enterprise engineering technology will aid in the assembly, commissioning and construction, as well as the operation and maintenance, of the reactor located in Cadarache, France.

The Board of Directors and the President and CEO declare that this 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, 26 October 2012  
Hexagon AB (publ)

Melker Schörling  
Chairman of the Board

Mario Fontana  
Board Member

Ulrika Francke  
Board Member

Ulf Henriksson  
Board Member

Gun Nilsson  
Board Member

Ulrik Svensson  
Board Member

Ola Rollén  
President and CEO  
Board Member

## ACCOUNTING PRINCIPLES

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. Hexagon's report for the Group is prepared 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 2011. New and amended IFRS Standards effective 2012 had no significant impact on the financial statements.

## RISKS AND UNCERTAINTY FACTORS

As an international group, 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 and the ability to raise funds. 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. There has been no change in the risks facing the Group compared to what was reported in the 2011 Annual Report.

## RELATED PARTY TRANSACTIONS

No significant related party transactions have been incurred during the first nine months of 2012.

## NOMINATION COMMITTEE PRIOR TO THE ANNUAL GENERAL MEETING

The composition of the Hexagon Nomination Committee for the Annual General Meeting 2013 is: Mikael Ekdahl, Melker Schörling AB (Chairman), Anders Oscarsson, AMF Fonder, Jan Andersson, Swedbank Robur fonder and Tomas Ehlin, Nordea Fonder.

## SUBSEQUENT EVENTS

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

## AUDITORS' REVIEW REPORT

### Introduction

We have performed a review of the condensed interim financial statements for Hexagon AB at 30 September 2012 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of these Interim financial statements in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

### Scope of Review

We have conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information 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 than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain such a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, a conclusion based on a review does not constitute the same level of assurance as an opinion based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material aspects, 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, 25 October 2012

Ernst & Young AB

Hamish Mabon  
Authorized public accountant



## Condensed Income Statement

MEUR	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	2011
Net sales	578.1	521.2	1,751.0	1,577.5	2,169.1
Cost of goods sold	-258.6	-248.5	-791.5	-744.4	-1,025.6
Gross earnings	319.5	272.7	959.5	833.1	1,143.5
Sales and administration costs, etc.	-203.8	-173.8	-605.3	-523.7	-712.2
Earnings from shares in associated companies	0.0	0.0	0.0	0.1	0.0
Operating earnings 1)	115.7	98.9	354.2	309.5	431.3
Interest income and expenses, net	-11.4	-14.6	-37.7	-44.0	-58.9
Earnings before taxes	104.3	84.3	316.5	265.5	372.4
Taxes	-19.8	-16.9	-60.2	-53.2	-75.0
Net earnings	84.5	67.4	256.3	212.3	297.4
Attributable to:					
Parent company shareholders	83.8	66.9	254.2	210.8	295.2
Non-controlling interest	0.7	0.5	2.1	1.5	2.2
1) of which non-recurring items	-	-	-	-8.5	-8.5
Earnings include depreciation, amortisation and impairments of	-31.6	-26.0	-90.7	-75.9	-102.6
Basic earnings per share, EUR	0.24	0.19	0.72	0.60	0.84
Earnings per share after dilution, EUR	0.24	0.19	0.72	0.60	0.84
Total shareholder's equity per share, EUR	7.75	6.58	7.75	6.58	7.15
Closing number of shares, thousands	352,490	352,490	352,490	352,490	352,490
Average number of shares, thousands	352,490	352,490	352,490	352,482	352,484
Average number of shares after dilution, thousands	353,422	352,490	353,198	352,565	352,546

## Condensed Comprehensive Income

MEUR	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	2011
Net earnings	84.5	67.4	256.3	212.3	297.4
Other comprehensive income:					
Exchange rate differences	-37.1	17.1	20.0	-11.1	77.1
Effect of hedging of net investments in foreign operations	-16.9	23.6	-5.8	8.6	38.9
Cash flow hedges, net	1.5	0.5	1.3	2.0	-0.8
Tax attributable to Other comprehensive income	4.1	-6.4	1.2	-2.8	-10.0
Other comprehensive income, net of tax	-48.4	34.8	16.7	-3.3	105.2
Total comprehensive income for the period	36.1	102.2	273.0	209.0	402.6
Attributable to:					
Parent company shareholders	35.4	101.3	270.8	207.3	399.9
Non-controlling interest	0.7	0.9	2.2	1.7	2.7

# Condensed Balance Sheet

MEUR	30/9 2012	30/9 2011	31/12 2011
Intangible fixed assets	3,922.7	3,731.4	3,872.3
Tangible fixed assets	234.8	217.1	229.3
Financial fixed assets	42.5	26.5	28.6
Deferred tax assets	94.3	112.1	88.5
<b>Total fixed assets</b>	<b>4,294.3</b>	<b>4,087.1</b>	<b>4,218.7</b>
Inventories	392.9	374.4	358.9
Accounts receivable	499.5	471.0	509.8
Other receivables	56.0	80.6	83.6
Prepaid expenses and accrued income	65.4	48.5	56.3
<b>Total current receivables</b>	<b>620.9</b>	<b>600.1</b>	<b>649.7</b>
Cash and cash equivalents	118.8	136.5	116.4
<b>Total current assets</b>	<b>1,132.6</b>	<b>1,111.0</b>	<b>1,125.0</b>
<b>Total assets</b>	<b>5,426.9</b>	<b>5,198.1</b>	<b>5,343.7</b>
Equity attributable to parent company shareholders	2,730.2	2,317.9	2,518.7
Equity attributable to non-controlling interest	6.8	6.1	7.1
<b>Total shareholders' equity</b>	<b>2,737.0</b>	<b>2,324.0</b>	<b>2,525.8</b>
Interest bearing liabilities	1,550.0	1,501.5	1,407.5
Other liabilities	15.6	27.0	29.9
Pension liabilities	37.1	37.9	38.6
Deferred tax liabilities	266.3	247.3	245.7
Other provisions	40.8	77.9	81.3
<b>Total long-term liabilities</b>	<b>1,909.8</b>	<b>1,891.6</b>	<b>1,803.0</b>
Interest bearing liabilities	202.4	433.7	456.9
Accounts payable	118.9	122.6	144.8
Other liabilities	89.0	87.2	79.0
Other provisions	6.7	7.4	8.2
Accrued expenses and deferred income	363.1	331.6	326.0
<b>Total short-term liabilities</b>	<b>780.1</b>	<b>982.5</b>	<b>1,014.9</b>
<b>Total equity and liabilities</b>	<b>5,426.9</b>	<b>5,198.1</b>	<b>5,343.7</b>

## Condensed Statement of Changes in Equity

MEUR	Q1-Q3 2012	Q1-Q3 2011	2011
Opening shareholders' equity	2,525.8	2,172.3	2,172.3
Total comprehensive income for the period 1)	273.0	209.0	402.6
Rights issue, net of issuance cost	-	2.8	2.8
Dividend	-62.4	-57.3	-57.3
Repurchase of stock options	-	-2.8	-2.8
Stock options issued	0.6	-	8.2
Closing shareholders' equity 2)	2,737.0	2,324.0	2,525.8
1) of which: Parent company shareholders	270.8	207.3	399.9
Non-controlling interest	2.2	1.7	2.7
2) of which: Parent company shareholders	2,730.2	2,317.9	2,518.7
Non-controlling interest	6.8	6.1	7.1

## Number of Shares

	series A	series B	Total
2009-12-31 Total issued and outstanding	11,812,500	252,534,653	264,347,153
Sale of repurchased shares	-	20,070	20,070
Rights issue	3,937,500	83,845,572	87,783,072
2010-12-31 Total issued and outstanding	15,750,000	336,400,295	352,150,295
Rights issue	-	339,335	339,335
2011-12-31 Total issued and outstanding	15,750,000	336,739,630	352,489,630
2012-09-30 Total issued and outstanding 1)	15,750,000	336,739,630	352,489,630

<sup>1)</sup> As per 30 September 2012, there were in total 353,642,177 shares in the company, of which 15,750,000 are of series A with ten votes each and 337,892,177 are of series B with one vote each. Hexagon AB Treasury shares amounted to 1,152,547 shares of series B.

# Condensed Cash Flow Statement

MEUR	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	2011
Cash flow from operations before change in working capital excluding taxes and interest	142.9	121.7	428.4	375.4	523.9
Tax paid	-15.6	-3.6	-41.6	-50.8	-71.1
Interest received and paid, net	-11.3	-14.4	-37.6	-41.9	-55.6
Cash flow from operations before change in working capital	116.0	103.7	349.2	282.7	397.2
Cash flow from change in working capital	13.8	23.3	-19.8	-27.0	-28.2
Cash flow from operations	129.8	127.0	329.4	255.7	369.0
Cash flow from ordinary investing activities	-45.2	-36.4	-120.8	-93.2	-135.9
Operating cash flow	84.6	90.6	208.6	162.5	233.1
Non-recurring cash flow	-	-	-	-16.0	-16.0
Operating cash flow after non-recurring items	84.6	90.6	208.6	146.5	217.1
Cash flow from other investing activities 1)	-3.3	-74.0	-31.1	-89.9	-99.2
Cash flow after other investing activities	81.3	16.6	177.5	56.6	117.9
Dividends paid	-2.5	-1.8	-62.4	-57.3	-57.3
Rights issue net of expenses	-	-	-	-5.7	-5.7
Repurchase of stock options	-	-	-	-2.8	-2.8
Stock options issued	0.6	-	8.8	-	-
Cash flow from other financing activities	-72.0	-4.4	-123.4	-12.7	-97.8
Cash flow for the period	7.4	10.4	0.5	-21.9	-45.7
Cash and cash equivalents, beginning of period	110.6	125.2	116.4	160.4	160.4
Effect of translation differences on cash and cash equivalents	0.8	0.9	1.9	-2.0	1.7
Cash flow for the period	7.4	10.4	0.5	-21.9	-45.7
Cash and cash equivalents, end of period	118.8	136.5	118.8	136.5	116.4

<sup>1)</sup> Acquisitions totalled -0.2 MEUR (-68.2) and other was -3.1 MEUR (-5.8) in the third quarter 2012.

## Key Ratios

	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	2011
Operating margin, %	20.0	19.0	20.2	20.1	20.2
Profit margin before taxes, %	18.0	16.2	18.1	16.8	17.2
Return on shareholders' equity 12 month average, %	13.2	7.8	13.2	7.8	13.1
Return on capital employed 12 month average, %	10.8	10.5	10.8	10.5	10.5
Equity ratio, %	50.4	44.7	50.4	44.7	47.3
Net indebtedness	0.56	0.74	0.56	0.74	0.66
Interest coverage ratio	9.1	6.4	8.6	6.8	7.0
Average number of shares, thousands	352,490	352,490	352,490	352,482	352,484
Basic earnings per share excl. non-recurring items, EUR	0.24	0.19	0.72	0.61	0.85
Basic earnings per share, EUR	0.24	0.19	0.72	0.60	0.84
Cash flow per share, EUR	0.37	0.36	0.93	0.73	1.05
Cash flow per share before change in working cap, EUR	0.33	0.29	0.99	0.80	1.13
Share price, SEK	141	90	141	90	103
Share price translated to EUR	16.7	9.8	16.7	9.8	11.6

# Supplementary Information

## NET SALES

MEUR	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Hexagon MT	565.2	590.3	548.5	574.6	507.9	526.7	503.1	2,112.3
- Of which								
Geosystems	188.4	210.8	188.2	196.1	179.2	196.6	185.1	757.0
Metrology	173.8	179.9	167.4	183.5	157.5	155.6	136.9	633.5
Technology	203.0	199.6	192.9	195.0	171.2	174.5 <sup>1)</sup>	181.1 <sup>1)</sup>	721.8 <sup>1)</sup>
Other operations	12.9	16.8	17.3	17.0	13.3	16.8	18.2	65.3
Group	578.1	607.1	565.8	591.6	521.2	543.5	521.3	2,177.6

## OPERATING EARNINGS (EBIT1)

MEUR	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Hexagon MT	120.3	130.9	113.4	124.5	101.5	117.2	106.9	450.1
Other operations	-0.2	0.5	0.8	0.8	0.0	0.4	0.9	2.1
Group costs	-4.4	-3.9	-3.2	-3.5	-2.6	-3.3	-3.0	-12.4
Group	115.7	127.5	111.0	121.8	98.9	114.3	104.8	439.8
Margin, %	20.0	21.0	19.6	20.6	19.0	21.0	20.1	20.2

## NET SALES

MEUR	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
EMEA	222.6	250.4	237.2	258.5	223.2	242.6	231.3	955.6
Americas	190.6	185.9	183.5	190.7	163.6	158.4	153.7	666.4
Asia	164.9	170.8	145.1	142.4	134.4	142.5	136.3	555.6
Group	578.1	607.1	565.8	591.6	521.2	543.5 <sup>1)</sup>	521.3 <sup>1)</sup>	2,177.6 <sup>1)</sup>

<sup>1)</sup> Excluding non-recurring effect from revaluation of acquired deferred revenue of -4.4 MEUR in Q1 2011 and -4.1 MEUR in Q2 2011, in total -8.5 MEUR for 2011.

## EXCHANGE RATES

Average	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
SEK/EUR	0.1184	0.1122	0.1130	0.1099	0.1091	0.1110	0.1128	0.1107
USD/EUR	0.8000	0.7788	0.7624	0.7427	0.7077	0.6954	0.7310	0.7192
CNY/EUR	0.1260	0.1230	0.1208	0.1169	0.1104	0.1070	0.1110	0.1113
CHF/EUR	0.8309	0.8321	0.8278	0.8130	0.8650	0.7977	0.7768	0.8131
Closing	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
SEK/EUR	0.1183	0.1140	0.1131	0.1122	0.1080	0.1090	0.1119	0.1122
USD/EUR	0.7734	0.7943	0.7487	0.7729	0.7406	0.6919	0.7039	0.7729
CNY/EUR	0.1231	0.1250	0.1189	0.1226	0.1160	0.1070	0.1075	0.1226
CHF/EUR	0.8265	0.8313	0.8302	0.8226	0.8217	0.8284	0.7689	0.8226



# Acquisitions and Divestments

MEUR	Q1-Q3 2012		Q1-Q3 2011	
	Acquisitions	Divestments	Acquisitions	Divestments
Intangible fixed assets	8.0	-	138.4	-
Other fixed assets	0.1	-	-49.1	-
Total fixed assets	8.1	-	89.3	-
Total current assets	2.5	-	10.5	-
Total assets	10.6	-	99.8	-
Total long-term liabilities, etc	2.5	-	-51.6	-
Total short-term liabilities	-12.0	-	65.4	-
Total liabilities	-9.5	-	13.8	-
Total net assets	20.1	-	86.0	-
Total acquisition cost/divestment income	-9.7	-	-110.5	-
Adjustment for non-paid part of acquisition cost/ divestment income incl. payment of items from prior years	-10.4	-	24.5	-
Adjustment for cash and bank balances in acquired entities	0.5	-	3.1	-
Cash flow from acquisitions	-19.6	-	-82.9	-

During the first nine months of 2012, Hexagon acquired the following companies or businesses: my Virtual Reality Software AS in Norway, MicroSurvey Software Inc. in Canada, Lasertopo BVBA in Belgium and Visava Oy in Finland.

The final purchase price allocation (PPA) regarding Sisgraph, acquired in 2011, doesn't differ significantly from the preliminary PPA reported in the Annual Report 2011.

In addition to the above mentioned acquisitions of companies or businesses, a 25 per cent holding in Blom ASA, Norway and a 10 percent holding in North West Geomatics Ltd, Canada, have been acquired. These holdings are included in financial fixed assets in the balance sheet.

There were no divestments in the first nine months of 2012 or in the first nine months of 2011.

## Condensed Parent Company Income Statement

MEUR	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	2011
Net sales	2.5	1.8	7.5	5.5	8.6
Administration cost	-4.0	-2.9	-12.0	-8.7	-13.1
Operating earnings	-1.5	-1.1	-4.5	-3.2	-4.5
Earnings from shares in Group companies	0.0	0.0	50.0	143.7	149.0
Interest income and expenses, net	-93.3	71.3	-69.7	17.6	150.6
Earnings after financial items	-94.8	70.2	-24.2	158.1	295.1
Tax	24.9	-18.6	18.3	-3.6	-20.3
Net earnings	-69.9	51.6	-5.9	154.5	274.8

## Condensed Parent Company Balance Sheet

MEUR	30/9 2012	30/9 2011	31/12 2011
Total fixed assets	3,709.5	3,739.0	3,772.5
Total current receivables	165.3	108.4	207.5
Cash and cash equivalents	1.3	21.4	0.2
Total current assets	166.6	129.8	207.7
Total assets	3,876.1	3,868.8	3,980.2
Total shareholders' equity	1,407.5	1,352.9	1,473.3
Total long-term liabilities	1,517.4	1,490.3	1,371.0
Total short-term liabilities	951.2	1,025.6	1,135.9
Total equity and liabilities	3,876.1	3,868.8	3,980.2

# Definitions

## FINANCIAL DEFINITIONS

Capital employed	Total assets less non-interest bearing liabilities
Capital turnover rate	Net sales divided by average capital employed
Cash flow	Cash flow from operations, after change in working capital, excluding non-recurring items
Cash flow per share	Cash flow from operations, after change in working capital, excluding non-recurring items divided by average number of shares
Earnings per share	Net earnings excluding non-controlling interest divided by average number of shares
Equity ratio	Shareholders' equity including non-controlling 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 current receivables and liquid assets divided by shareholders' equity excluding non-controlling interests
Non-recurring items	Income and expenses that are not expected to appear on a regular basis
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 operating net sales
Operating net sales	Net sales adjusted by the difference between fair value and book-value of deferred revenue regarding acquired businesses
Profit margin before tax	Earnings after financial items as a percentage of net sales
Return on capital employed (12 month average)	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 (12 month average)	Twelve months to end of period net earnings excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests last twelve months.
Shareholders' equity per share	Shareholders' equity excluding non-controlling 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
MT	The segment, Measurement Technologies



Hexagon is a leading global provider of design, measurement and visualisation technologies. Our customers can design, measure and position objects, and process and present data to stay one step ahead of a changing world. Hexagon's solutions increase productivity, enhance quality and allow for faster, better operational decisions, saving time, money and resources. Hexagon has over 13 000 employees in more than 40 countries and net sales of about 2 200 MEUR. Our products are used in a broad range of industries including surveying, power and energy, aerospace and defence, safety and security, construction and manufacturing. Learn more at [www.hexagon.com](http://www.hexagon.com).

#### FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Year-End Report 2012	12 February 2013
Interim Report Q1 2013	13 May 2013
Interim Report Q2 2013	8 August 2013
Interim Report Q3 2013	23 October 2013

#### FINANCIAL INFORMATION

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.com](mailto:ir@hexagon.com)

#### TELEPHONE CONFERENCE

The interim report for the third quarter 2012 will be presented 26 October at 10:00 CET at a telephone conference. Please view instructions at Hexagon's website on how to participate.

#### CONTACT

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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 26 October 2012 at 08:00 CET.

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