

# INTERIM REPORT

**1 JANUARY – 30 JUNE 2012**

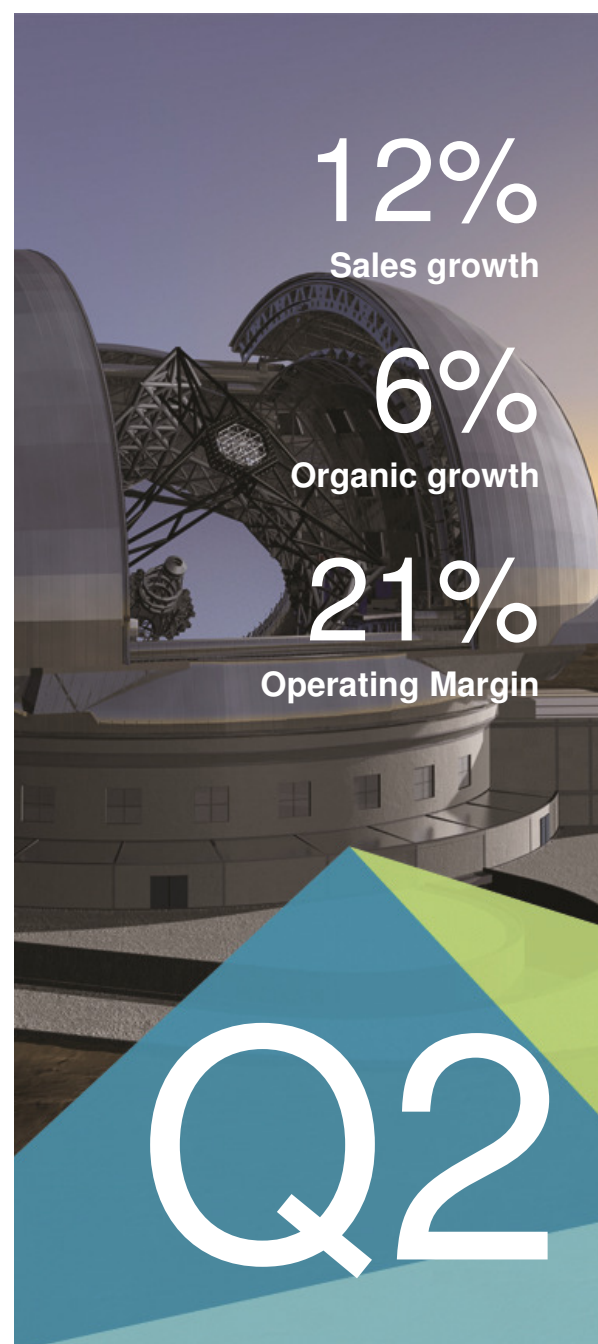
## SECOND QUARTER 2012

- Operating net sales increased by 12 per cent to 607.1 MEUR (543.5)
- Using fixed exchange rates and a comparable group structure, net sales increased by 6 per cent
- Operating earnings (EBIT1) amounted to 127.5 MEUR (114.3)
- Earnings before taxes, excluding non-recurring items, amounted to 114.7 MEUR (99.5)
- Net earnings increased by 22 per cent to 92.8 MEUR (76.3)
- Earnings per share increased by 18 per cent to 0.26 EUR (0.22)
- Operating cash flow increased by 175 per cent to 71.5 MEUR (26.0)

MEUR	Q2 2012	Q2 2011	Δ%	H1 2012	H1 2011	Δ%
Operating net sales	607.1	543.5	6 <sup>1)</sup>	1,172.9	1,064.8	6 <sup>1)</sup>
Revenue adjustment 2)	-	-4.1	n.a.	-	-8.5	n.a.
Net sales	607.1	539.4	6 <sup>1)</sup>	1,172.9	1,056.3	6 <sup>1)</sup>
Operating earnings (EBIT1)	127.5	114.3	12	238.5	219.1	9
Operating margin, %	21.0	21.0	0.0	20.3	20.6	-0.3
Earnings before taxes excl. non-recurring items	114.7	99.5	15	212.2	189.7	12
Non-recurring items	-	-4.1	n.a.	-	-8.5	n.a.
Earnings before taxes	114.7	95.4	20	212.2	181.2	17
Net earnings	92.8	76.3	22	171.8	144.9	19
Earnings per share, EUR	0.26	0.22	18	0.48	0.41	17
Earnings per share, excl. non-recurring items, EUR	0.26	0.22	18	0.48	0.42	14

<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 H1 2011 related to the acquisition of Intergraph.



Ola Rollén, President and CEO, Hexagon AB

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

"The second quarter of 2012 marks a new record for Hexagon in terms of profit. The recorded EBIT was 127.5 MEUR which, in these Olympic times, is a new team best, but also a record that we hope won't last too long. All regions and divisions display organic growth in the quarter. While the Metrology business and the PP&M division of Intergraph continue to be the primary engines for growth, Geosystems and the Intergraph SG&I division are recovering. From a regional perspective, we see acceleration of growth in Asia and South America but a more normalised growth in North America compared to previous quarters. Europe is still very much of a two-speed region, with growth contributions primarily from the Northern and Eastern regions. While we recognise the increased uncertainty ahead of us, particularly in the engineering segments and regionally across parts of Europe, we expect our diversified business model to drive continued growth in the latter part of 2012."

## BUSINESS DEVELOPMENT Q2

Organic growth in net sales was 6 per cent in the second quarter and the operating profit (EBIT1) increased by 12 per cent to 127.5 MEUR.

Geosystems, which represented 35 per cent of Group sales in Q2, recorded an organic growth of 3 per cent in net sales.

Metrology, which represented 30 per cent of Group sales, reported 8 per cent organic growth in net sales.

Technology, which represented 33 per cent of Group sales, reported 7 per cent organic growth in net sales. NovAtel and the Intergraph PP&M division reported strong growth whereas Intergraph SG&I reported slight growth.

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

### SALES BRIDGE SECOND QUARTER

	Operating net sales
2011, MEUR	543.5
Structure, %	0
Currency, %	6
Organic growth, %	6
Total, %	12
2012, MEUR	607.1

## MARKET DEVELOPMENT

All geographic regions display organic growth in net sales. The fastest growing region in the quarter was Asia followed by Americas and then EMEA. In terms of customer segments Hexagon saw strong demand in the automotive, aerospace, power and energy markets.

### EMEA

The demand for Hexagon's products and services in EMEA grew slightly in the second quarter. The organic growth in net sales was 3 per cent in the Group's core business, Measurement Technologies (MT), and -1 per cent in Other Operations.

The major markets in Western Europe experienced increased activity levels in the second quarter primarily driven by improved demand for measurement solutions used in automotive, aerospace and manufacturing. Demand was also driven by customer investments in enterprise engineering, construction and data management software used in power and process industries. Construction related activities as well as governmental activities remained weak.

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

## AMERICAS

Americas recorded 5 per cent organic growth in net sales in the second quarter. Apart from defense and security related products, all 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.

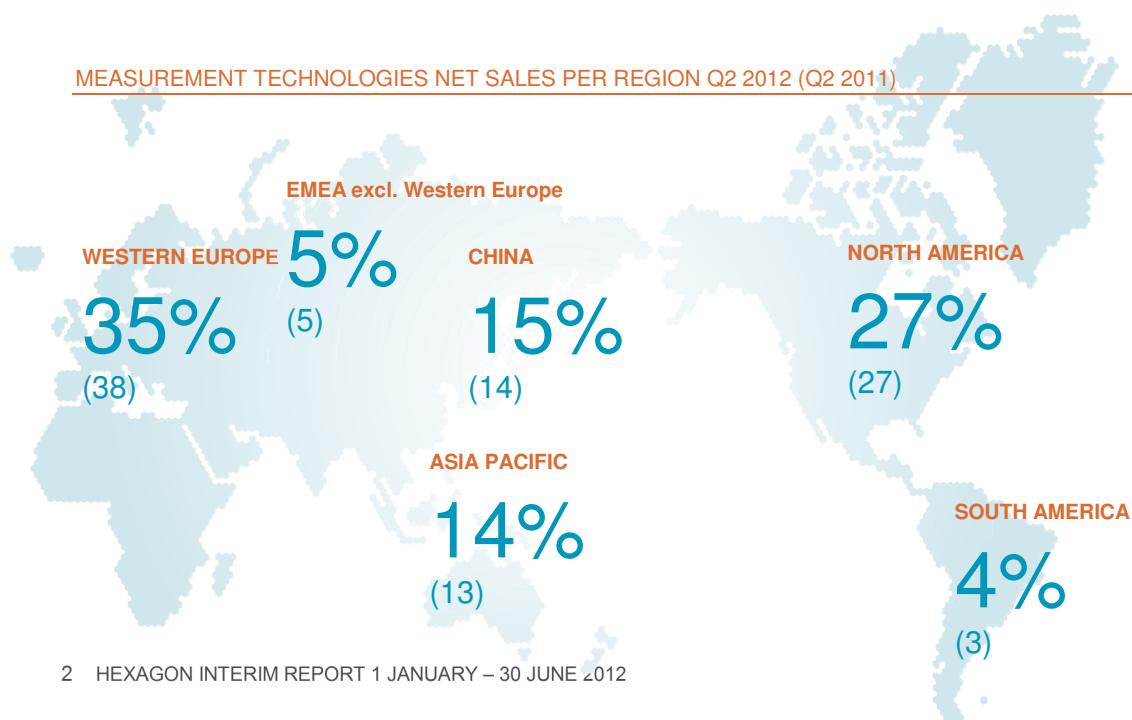
### ASIA

Asia recorded organic growth in net sales of 10 per cent in the second quarter.

The previous contraction for Geosystems in China came to an end in the quarter and the business resumed to growth. 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. 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 Korea and Japan, reported growth.

### MEASUREMENT TECHNOLOGIES NET SALES PER REGION Q2 2012 (Q2 2011)



## FINANCIAL SUMMARY – SECOND QUARTER

MEUR	Net sales			Earnings		
	Q2 2012	Q2 2011	Δ % <sup>1)</sup>	Q2 2012	Q2 2011	Δ %
Hexagon MT	590.3	526.7	6	130.9	117.2	12
Other Operations	16.8	16.8	-1	0.5	0.4	25
Operating net sales	607.1	543.5	6			
Group cost and eliminations				-3.9	-3.3	-18
Operating earnings (EBIT1)				127.5	114.3	12
Operating margin, %				21.0	21.0	0
Interest income and expenses, net				-12.8	-14.8	14
Earnings before non-recurring items				114.7	99.5	15
Non-recurring items	-	-4.1	n.a.	-	-4.1	n.a.
Net sales	607.1	539.4	6			
Earnings before taxes				114.7	95.4	20
Tax				-21.9	-19.1	-15
Net earnings				92.8	76.3	22

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

## Q2 NET SALES AND EARNINGS

Operating net sales amounted to 607.1 MEUR (543.5) in the second quarter. Using fixed exchange rates and a comparable group structure, net sales increased by 6 per cent.

Operating earnings (EBIT1) increased by 12 per cent to 127.5 MEUR (114.3), which corresponds, to an operating margin of 21.0 per cent (21.0).

Operating earnings (EBIT1) were positively affected by exchange rate movements of 5.1 MEUR.

The financial net amounted to -12.8 MEUR (-14.8) in the second quarter.

Earnings before taxes amounted to 114.7 MEUR (95.4). Earnings were positively affected by exchange rate movements of 4.9 MEUR. Earnings before taxes in Q2 2011 included non-recurring items of -4.1 MEUR related to reduction of acquired deferred revenue stemming from the acquisition of Intergraph.

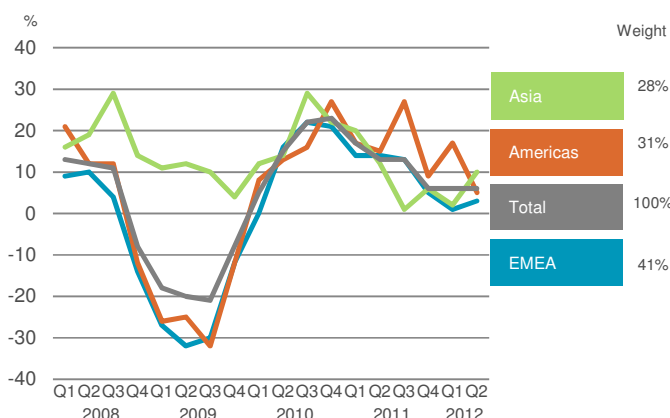
Net earnings amounted to 92.8 MEUR (76.3), or 0.26 EUR (0.22) per share.

## CURRENCY IMPACT – SECOND QUARTER AS COMPARED TO EUR

	Movement	Income less cost	Profit impact
CHF	Strengthened 4%	Negative	Negative ↘
USD	Strengthened 12%	Positive	Positive ↗
CNY	Strengthened 15%	Positive	Positive ↗
EBIT1, MEUR			5.1

<sup>1)</sup> Compared to Q2 2011.

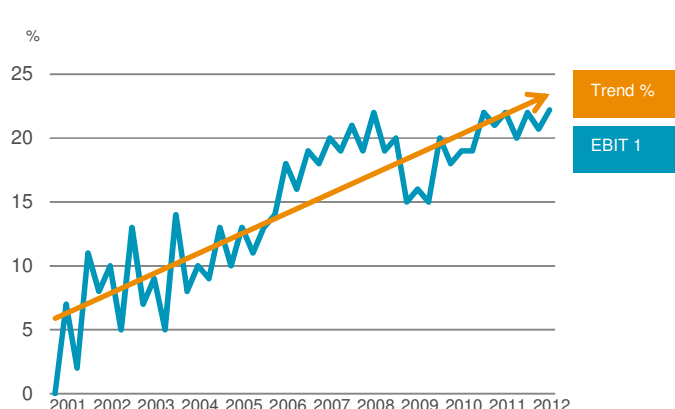
## NET SALES – ORGANIC GROWTH BY REGION (MT <sup>1)</sup>)



EMEA sales grew 3 per cent organically in the second quarter, whilst Americas reported organic growth of 5 per cent. Asia reported 10 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 per the date of consolidation (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 a record level of 21 per cent. In the second quarter of 2012, the margin was 22.2 per cent (22.3).

## FINANCIAL SUMMARY – FIRST SIX MONTHS

MEUR	Net sales			Earnings		
	H1 2012	H1 2011	Δ % <sup>1)</sup>	H1 2012	H1 2011	Δ %
Hexagon MT	1,138.8	1,029.8	6	244.3	224.1	9
Other Operations	34.1	35.0	-3	1.3	1.3	0
Operating net sales	1,172.9	1,064.8	6			
Group cost and eliminations				-7.1	-6.3	-13
Operating earnings (EBIT1)				238.5	219.1	9
Operating margin, %				20.3	20.6	-0.3
Interest income and expenses, net				-26.3	-29.4	11
Earnings before non-recurring items				212.2	189.7	12
Non-recurring items	-	-8.5	n.a.	-	-8.5	n.a.
Net sales	1,172.9	1,056.3	6			
Earnings before taxes				212.2	181.2	17
Tax				-40.4	-36.3	-11
Net earnings				171.8	144.9	19

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

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

	Movement	Income less cost	Profit impact
CHF	Strengthened 5%	Negative	Negative ↘
USD	Strengthened 8%	Positive	Positive ↗
CNY	Strengthened 12%	Positive	Positive ↗
EBIT1, MEUR			3.3

<sup>1)</sup> Compared to Q1-Q2 2011.

## Q1-Q2 NET SALES AND EARNINGS

Operating net sales amounted to 1,172.9 MEUR (1,064.8) in the first six 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 238.5 MEUR (219.1), which corresponds to an operating margin of 20.3 per cent (20.6). Operating earnings (EBIT1) were positively affected by exchange rate movements of 3.3 MEUR.

The financial net amounted to -26.3 MEUR (-29.4) in the first six months.

Earnings before taxes, excluding non-recurring items, amounted to 212.2 MEUR (189.7). Earnings before taxes, including non-recurring items, amounted to 212.2 MEUR (181.2). In the first quarter 2012, Hexagon conducted a restructuring programme in the Intergraph SG&I division which amounted to -4.9 MEUR. The charge was not reported as a non-recurring item and was included in EBIT1 since Hexagon expects full payback from the programme as of the third quarter 2012.

Earnings before taxes were positively affected by exchange rate movements of 3.3 MEUR.

Net earnings, excluding non-recurring items, amounted to 171.8 MEUR (150.2), or 0.48 EUR (0.42) per share. Net earnings, including non-recurring items, amounted to 171.8 MEUR (144.9) or 0.48 EUR (0.41) per share.



From June 4-7 over 3,000 customers from 76 countries attended Hexagon 2012 at the MGM Grand in Las Vegas, NV. Another 4,000 viewed a live stream of the conference opening. Hexagon showcased uses of its technologies in over 400 sessions and 100+ TechPark displays and demonstrations. The sheer volume of info sharing – a combined 30,000 hours – showcased how Hexagon's divisions are working together to create innovative customer solutions.

## PROFITABILITY

Capital employed increased to 4,568.2 MEUR (4,170.1). Return on average capital employed, excluding non-recurring items, for the last twelve months was 10.6 per cent (10.7). Return on average shareholders' equity for the last twelve months was 13.1 per cent (7.5). The capital turnover rate was 0.5 times (0.5).

## FINANCIAL POSITION

Total shareholders' equity increased to 2,702.8 MEUR (2,223.6). The equity ratio was 49 per cent (45). Hexagon's total assets increased to 5,490.0 MEUR (4,992.2).

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 5 billion. Commercial paper can be issued up to 12 months under the program.

On 30 June 2012, cash and unutilised credit limits totalled 364.3 MEUR (347.0). Hexagon's net debt was 1,754.8 MEUR. The net indebtedness was 0.60 times (0.77). Interest coverage ratio was 8.4 times (6.9).

## CASH FLOW

During the second quarter, cash flow from operations before changes in working capital increased to 120.7 MEUR (80.3), corresponding to 0.34 EUR (0.23) per share. Cash flow from operations in the second quarter increased to 112.1 MEUR (54.4), corresponding to 0.32 EUR (0.15) per share. The operating cash flow in the second quarter 2012 amounted to 71.5 MEUR (26.0).

For the first six months, cash flow from operations amounted to 199.6 MEUR (128.6), corresponding to 0.57 EUR (0.36) per share and the operating cash flow including non-recurring items amounted to 124.0 MEUR (55.8).

## INVESTMENTS, DEPRECIATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -40.6 MEUR (-28.4) in the second quarter and -75.6 MEUR (-56.8) in the first six months.

Depreciation, amortisation and impairment amounted to -30.3 MEUR (-24.6) in the second quarter and -59.1 MEUR (-49.9) in the first six months. There were no impairment charges recorded in the first six months of 2012 or in 2011.

## TAX RATE

The Group's tax expense for the first six months totalled -40.4 MEUR (-36.3), corresponding to an effective tax rate of 19 per cent (20).

## EMPLOYEES

The average number of employees in Hexagon during the first six months was 13,021 (11,836). The number of employees at the end of the quarter was 13,376 (12,288).

## SHARE DATA

Earnings per share for the second quarter amounted to 0.26 EUR (0.22). Earnings per share for the first six months amounted to 0.48 EUR (0.41).

On 30 June 2012, equity per share was 7.64 EUR (6.29) and the share price was 118 SEK (156).

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 six months by 0.0 MEUR (0.1).

## PARENT COMPANY

The parent company's earnings after financial items in the first six months amounted to 91.7 MEUR (87.9). The equity was 1,477.4 MEUR (1,301.3). The solvency ratio of the parent company was 38 per cent (36). Liquid funds including unutilised credit limits were 205.4 MEUR (189.0).



## BUSINESS AREA

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

MEUR	Q2 2012	Q2 2011	Δ%	H1 2012	H1 2011	Δ%
Net sales	590.3	526.7	6 <sup>1)</sup>	1,138.8	1,029.8	6 <sup>1)</sup>
Operating earnings (EBIT1)	130.9	117.2	12	244.3	224.1	9
Operating margin, %	22.2	22.3	-0.1	21.5	21.8	-0.3

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

### MEASUREMENT TECHNOLOGIES

In the second quarter, operating net sales amounted to 590.3 MEUR (526.7). Using fixed exchange rates and a comparable group structure, net sales increased by 6 per cent.

Operating earnings (EBIT1) amounted to 130.9 MEUR (117.2), which corresponds to an operating margin of 22.2 per cent (22.3).

The number of employees by the end of the quarter was 13,045 (11,956).

### OTHER OPERATIONS – SALES AND EARNINGS

MEUR	Q2 2012	Q2 2011	Δ%	H1 2012	H1 2011	Δ%
Net sales	16.8	16.8	-1 <sup>1)</sup>	34.1	35.0	-3 <sup>1)</sup>
Operating earnings (EBIT1)	0.5	0.4	25	1.3	1.3	0
Operating margin, %	3.0	2.4	0.6	3.8	3.7	0.1

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

### OTHER OPERATIONS

In the second quarter, net sales amounted to 16.8 MEUR (16.8). Using fixed exchange rates and a comparable group structure, net sales decreased by -1 per cent.

Operating earnings (EBIT1) amounted to 0.5 MEUR (0.4), which corresponds to an operating margin of 3.0 per cent (2.4).

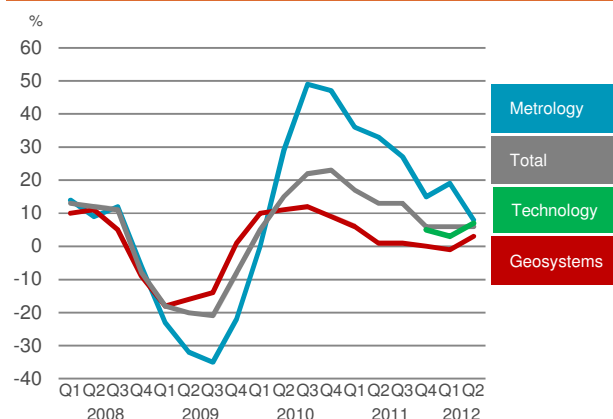
The number of employees by the end of the quarter was 320 (321).

### MEASUREMENT TECHNOLOGIES – APPLICATION AREAS

MEUR	Net sales			Net sales		
	Q2 2012	Q2 2011	Δ % <sup>1)</sup>	H1 2012	H1 2011	Δ % <sup>1)</sup>
Geosystems	210.8	196.6	3	399.0	381.7	1
Metrology	179.9	155.6	8	347.3	292.5	13
Technology	199.6	174.5	7	392.5	355.6	5
Total Hexagon MT	590.3	526.7	6	1,138.8	1,029.8	6

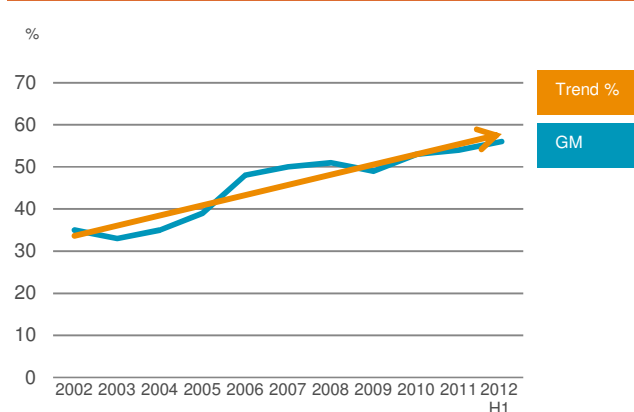
<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

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



Geosystems reported 3 per cent organic growth in net sales in the second quarter. The strong recovery in Metrology continued in the second quarter and the application area displayed organic sales growth of 8 per cent compared to the corresponding period in 2011. Technology including Intergraph reported strong growth in the PP&M division whereas SG&I reported slight growth.

### GROSS MARGIN (MT) – ANNUAL DATA



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



Newmont Boddington Gold Mine, in Australia, completed the world's first deployment of Leica Jigsaw Positioning System (Jps), powered by Locata. The co-developed network is the only high precision solution that enables "indoor GPS", ensuring no positioning signal loss or machine down-time, even in the deepest pit mines. The deployment has enabled unprecedented signal up time of 98% availability.

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, 9 August 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 six months of 2012.

## SUBSEQUENT EVENTS

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

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

## Condensed Income Statement

MEUR	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	2011
Net sales	607.1	539.4	1,172.9	1,056.3	2,169.1
Cost of goods sold	-273.0	-252.4	-532.9	-495.9	-1,025.6
<b>Gross earnings</b>	<b>334.1</b>	<b>287.0</b>	<b>640.0</b>	<b>560.4</b>	<b>1,143.5</b>
Sales and administration costs, etc.	-206.6	-176.9	-401.5	-349.9	-712.2
Earnings from shares in associated companies	0.0	0.1	0.0	0.1	0.0
<b>Operating earnings 1)</b>	<b>127.5</b>	<b>110.2</b>	<b>238.5</b>	<b>210.6</b>	<b>431.3</b>
Interest income and expenses, net	-12.8	-14.8	-26.3	-29.4	-58.9
<b>Earnings before taxes</b>	<b>114.7</b>	<b>95.4</b>	<b>212.2</b>	<b>181.2</b>	<b>372.4</b>
Taxes	-21.9	-19.1	-40.4	-36.3	-75.0
<b>Net earnings</b>	<b>92.8</b>	<b>76.3</b>	<b>171.8</b>	<b>144.9</b>	<b>297.4</b>
Attributable to:					
Parent company shareholders	92.0	75.8	170.4	143.9	295.2
Non-controlling interest	0.8	0.5	1.4	1.0	2.2
1) of which non-recurring items	-	-4.1	-	-8.5	-8.5
Earnings include depreciation, amortisation and impairments of	-30.3	-24.6	-59.1	-49.9	-102.6
Basic earnings per share, EUR	0.26	0.22	0.48	0.41	0.84
Earnings per share after dilution, EUR	0.26	0.22	0.48	0.41	0.84
Total shareholder's equity per share, EUR	7.64	6.29	7.64	6.29	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	352,479	352,484
Average number of shares after dilution, thousands	352,490	352,499	352,620	352,603	352,546

## Condensed Comprehensive Income

MEUR	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	2011
<b>Net earnings</b>	<b>92.8</b>	<b>76.3</b>	<b>171.8</b>	<b>144.9</b>	<b>297.4</b>
<b>Other comprehensive income:</b>					
Exchange rate differences	76.2	100.0	57.1	-28.2	77.1
Effect of hedging of net investments in foreign operations	41.0	-38.6	11.1	-15.0	38.9
Cash flow hedges, net	-0.8	1.9	-0.2	1.5	-0.8
Tax attributable to Other comprehensive income	-10.6	9.8	-2.9	3.6	-10.0
<b>Other comprehensive income, net of tax</b>	<b>105.8</b>	<b>73.1</b>	<b>65.1</b>	<b>38.1</b>	<b>105.2</b>
<b>Total comprehensive income for the period</b>	<b>198.6</b>	<b>149.4</b>	<b>236.9</b>	<b>106.8</b>	<b>402.6</b>
Attributable to:					
Parent company shareholders	197.5	148.9	235.4	106.0	399.9
Non-controlling interest	1.1	0.5	1.5	0.8	2.7



## Condensed Balance Sheet

MEUR	30/6 2012	30/6 2011	31/12 2011
Intangible fixed assets	3,971.0	3,510.4	3,872.3
Tangible fixed assets	234.3	259.5	229.3
Financial fixed assets	39.9	21.1	28.6
Deferred tax assets	90.1	110.2	88.5
<b>Total fixed assets</b>	<b>4,335.3</b>	<b>3,901.2</b>	<b>4,218.7</b>
Inventories	384.7	355.7	358.9
Accounts receivable	533.8	481.7	509.8
Other receivables	56.8	75.1	83.6
Prepaid expenses and accrued income	68.8	53.3	56.3
<b>Total current receivables</b>	<b>659.4</b>	<b>610.1</b>	<b>649.7</b>
Cash and cash equivalents	110.6	125.2	116.4
<b>Total current assets</b>	<b>1,154.7</b>	<b>1,091.0</b>	<b>1,125.0</b>
<b>Total assets</b>	<b>5,490.0</b>	<b>4,992.2</b>	<b>5,343.7</b>
Equity attributable to parent company shareholders	2,694.2	2,216.6	2,518.7
Equity attributable to non-controlling interest	8.6	7.0	7.1
<b>Total shareholders' equity</b>	<b>2,702.8</b>	<b>2,223.6</b>	<b>2,525.8</b>
Interest bearing liabilities	1,623.9	1,706.9	1,407.5
Other liabilities	30.1	20.7	29.9
Pension liabilities	37.5	38.0	38.6
Deferred tax liabilities	259.9	256.2	245.7
Other provisions	44.1	54.4	81.3
<b>Total long-term liabilities</b>	<b>1,995.5</b>	<b>2,076.2</b>	<b>1,803.0</b>
Interest bearing liabilities	203.8	167.4	456.9
Accounts payable	131.1	128.7	144.8
Other liabilities	89.6	72.8	79.0
Other provisions	8.3	7.4	8.2
Accrued expenses and deferred income	358.9	316.1	326.0
<b>Total short-term liabilities</b>	<b>791.7</b>	<b>692.4</b>	<b>1,014.9</b>
<b>Total equity and liabilities</b>	<b>5,490.0</b>	<b>4,992.2</b>	<b>5,343.7</b>

## Condensed Statement of Changes in Equity

MEUR	Q1-Q2 2012	Q1-Q2 2011	2011
Opening shareholders' equity	2,525.8	2,172.3	2,172.3
Total comprehensive income for the period 1)	236.9	106.8	402.6
Rights issue, net of issuance cost	-	2.8	2.8
Dividend	-59.9	-55.5	-57.3
Repurchase of stock options	-	-2.8	-2.8
Sale of stock options	-	-	8.2
Closing shareholders' equity 2)	2,702.8	2,223.6	2,525.8
1) of which: Parent company shareholders	235.4	106.0	399.9
Non-controlling interest	1.5	0.8	2.7
2) of which: Parent company shareholders	2,694.2	2,216.6	2,518.7
Non-controlling interest	8.6	7.0	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
2012-06-30 Total issued and outstanding 1)	15,750,000	336,739,630	352,489,630

<sup>1)</sup> As per 30 June 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	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	2011
Cash flow from operations before change in working capital excluding taxes and interest	152.7	131.9	285.5	254.8	523.9
Tax paid	-19.3	-37.2	-26.0	-47.2	-71.1
Interest received and paid, net	-12.7	-14.4	-26.3	-28.6	-55.6
Cash flow from operations before change in working capital	120.7	80.3	233.2	179.0	397.2
Cash flow from change in working capital	-8.6	-25.9	-33.6	-50.4	-28.2
Cash flow from operations	112.1	54.4	199.6	128.6	369.0
Cash flow from ordinary investing activities	-40.6	-28.4	-75.6	-56.8	-135.9
Operating cash flow	71.5	26.0	124.0	71.8	233.1
Non-recurring cash flow	-	-	-	-16.0	-16.0
Operating cash flow after non-recurring items	71.5	26.0	124.0	55.8	217.1
Cash flow from other investing activities 1)	-23.8	-15.1	-27.8	-15.8	-99.2
Cash flow after other investing activities	47.7	10.9	96.2	40.0	117.9
Dividends paid	-59.9	-55.5	-59.9	-55.5	-57.3
Rights issue net of expenses	-	-8.5	-	-5.7	-5.7
Repurchase of stock options	-	-2.8	-	-2.8	-2.8
Sale of stock options	-	-	8.2	-	-
Cash flow from other financing activities	12.1	53.0	-51.4	-8.3	-97.8
Cash flow for the period	-0.1	-2.9	-6.9	-32.3	-45.7
Cash and cash equivalents, beginning of period	109.4	133.5	116.4	160.4	160.4
Effect of translation differences on cash and cash equivalents	-0.1	-5.4	-6.9	-2.9	1.7
Cash flow for the period	1.3	-2.9	1.1	-32.3	-45.7
Cash and cash equivalents, end of period	110.6	125.2	110.6	125.2	116.4

<sup>1)</sup>Acquisitions totalled -15.4 MEUR (-14.1) and other was -8.4 MEUR (-1.0) in the second quarter 2012.

## Key Ratios

	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	2011
Operating margin, %	21.0	21.0	20.3	20.6	20.2
Profit margin before taxes, %	18.9	17.2	18.1	17.7	17.2
Return on shareholders' equity 12 month average, %	13.1	7.5	13.1	7.5	13.1
Return on capital employed, %	10.6	10.7	10.6	10.7	10.5
Equity ratio, %	49.2	44.5	49.2	44.5	47.3
Net indebtedness	0.60	0.77	0.60	0.77	0.66
Interest coverage ratio	9.3	7.2	8.4	6.9	7.0
Average number of shares, thousands	352,490	352,490	352,490	352,479	352,484
Basic earnings per share excl. non-recurring items, EUR	0.26	0.22	0.48	0.42	0.85
Basic earnings per share, EUR	0.26	0.22	0.48	0.41	0.84
Cash flow per share, EUR	0.32	0.15	0.57	0.36	1.05
Cash flow per share before change in working cap, EUR	0.34	0.23	0.66	0.51	1.13
Share price, SEK	118	156	118	156	103
Share price translated to EUR	13.5	17.0	13.5	17.0	11.6

# Supplementary Information

In connection with the acquisition of Intergraph, a business unit in Geosystems (ERDAS) has been transferred to Intergraph (Technology) and a business unit in Intergraph (Z/I) has been transferred to Geosystems. Historic numbers have not been restated.

## NET SALES

MEUR	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Hexagon MT	590.3	548.5	574.6	507.9	526.7	503.1	2,112.3
- Of which Geosystems	210.8	188.2	196.1	179.2	196.6	185.1	757.0
Metrology	179.9	167.4	183.5	157.5	155.6	136.9	633.5
Technology	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	16.8	17.3	17.0	13.3	16.8	18.2	65.3
Group	607.1	565.8	591.6	521.2	543.5	521.3	2,177.6

## OPERATING EARNINGS (EBIT1)

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

## NET SALES

MEUR	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
EMEA	250.4	237.2	258.5	223.2	242.6	231.3	955.6
Americas	185.9	183.5	190.7	163.6	158.4	153.7	666.4
Asia	170.8	145.1	142.4	134.4	142.5	136.3	555.6
Group	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	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
SEK/EUR	0.1122	0.1130	0.1099	0.1091	0.1110	0.1128	0.1107
USD/EUR	0.7788	0.7624	0.7427	0.7077	0.6954	0.7310	0.7192
CNY/EUR	0.1230	0.1208	0.1169	0.1104	0.1070	0.1110	0.1113
CHF/EUR	0.8321	0.8278	0.8130	0.8650	0.7977	0.7768	0.8131
Closing	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
SEK/EUR	0.1140	0.1131	0.1122	0.1080	0.1090	0.1119	0.1122
USD/EUR	0.7943	0.7487	0.7729	0.7406	0.6919	0.7039	0.7729
CNY/EUR	0.1250	0.1189	0.1226	0.1160	0.1070	0.1075	0.1226
CHF/EUR	0.8313	0.8302	0.8226	0.8217	0.8284	0.7689	0.8226

## Acquisitions and Divestments

MEUR	Q1-Q2 2012 Acquisitions	Divestments	Q1-Q2 2011 Acquisitions	Divestments
Intangible fixed assets	8.8	-	10.7	-
Other fixed assets	0.1	-	0.1	-
Total fixed assets	8.9	-	10.8	-
Total current assets	1.9	-	1.5	-
Total assets	10.8	-	12.3	-
Total long-term liabilities, etc	2.9	-	-2.1	-
Total short-term liabilities	-11.9	-	-0.4	-
Total liabilities	-9.0	-	-2.5	-
Total net assets	19.8	-	14.8	-
Total acquisition cost/divestment income	-9.6	-	-12.5	-
Adjustment for non-paid part of acquisition cost/ divestment income incl. payment of items from prior years	-10.2	-	-2.3	-
Adjustment for cash and bank balances in aquired entities	0.4	-	0.2	-
Cash flow from acquisitions	-19.4	-	-14.6	-

During the first six months 2012, Hexagon acquired the following companies or businesses: my Virtual Reality Software AS in Norway, MicroSurvey Software Inc. in Canada, Lasertopo BVBA in Belgium, Visava Oy in Finland and a 25 per cent holding in Blom ASA, Norway. There were no divestments in the first six months 2012 or in the first six months 2011.



## Condensed Parent Company Income Statement

MEUR	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	2011
Net sales	2.5	1.9	5.0	3.7	8.6
Administration cost	-4.7	-2.9	-8.0	-5.8	-13.1
Operating earnings	-2.2	-1.0	-3.0	-2.1	-4.5
Earnings from shares in Group companies	50.0	143.7	50.0	143.7	149.0
Interest income and expenses, net	43.9	-12.4	23.6	-53.7	150.6
Earnings after financial items	91.7	130.3	70.6	87.9	295.1
Tax	-12.2	3.9	-6.6	15.0	-20.3
Net earnings	79.5	134.2	64.0	102.9	274.8

## Condensed Parent Company Balance Sheet

MEUR	30/6 2012	30/6 2011	31/12 2011
Total fixed assets	3,701.7	3,545.5	3,772.5
Total current receivables	159.3	102.6	207.5
Cash and cash equivalents	0.0	7.7	0.2
Total current assets	159.3	110.3	207.7
Total assets	3,861.0	3,655.8	3,980.2
Total shareholders' equity	1,477.4	1,301.3	1,473.3
Total long-term liabilities	1,592.1	1,744.8	1,371.0
Total short-term liabilities	791.5	609.7	1,135.9
Total equity and liabilities	3,861.0	3,655.8	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	Hexagon's core business, 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:

Interim Report Q3 2012	26 October 2012
Year-End Report 2012	February 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 second quarter 2012 will be presented 9 August at 15:00 CET at a telephone conference. Please view instructions at Hexagon's website on how to participate.

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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 9 August 2012 at 8:00 CET.

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