



# YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2012

## FOURTH QUARTER 2012

- Net sales increased by 6 per cent to 629.0 MEUR (591.6)
- Using fixed exchange rates and a comparable group structure, net sales increased by 4 per cent
- Operating earnings (EBIT1) amounted to 135.3 MEUR (121.8)
- Earnings before taxes amounted to 124.8 MEUR (106.9)
- Net earnings increased by 19 per cent to 101.1 MEUR (85.1)
- Earnings per share increased by 17 per cent to 0.28 EUR (0.24)
- Operating cash flow increased by 66 per cent to 116.9 MEUR (70.6)
- The Board of Directors proposes an increase in dividend of 65 per cent to 0.28 EUR per share (0.17)

MEUR	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
Operating net sales	629.0	591.6	4 <sup>1)</sup>	2,380.0	2,177.6	5 <sup>1)</sup>
Revenue adjustment <sup>2)</sup>	-	-	n.a.	-	-8.5	n.a.
Net sales	629.0	591.6	4 <sup>1)</sup>	2,380.0	2,169.1	5 <sup>1)</sup>
Operating earnings (EBIT1)	135.3	121.8	11	489.5	439.8	11
Operating margin, %	21.5	20.6	0.9	20.6	20.2	0.4
Earnings before taxes						
excl. non-recurring items	124.8	106.9	17	441.3	380.9	16
Non-recurring items	-	-	n.a.	-	-8.5	n.a.
Earnings before taxes	124.8	106.9	17	441.3	372.4	19
Net earnings	101.1	85.1	19	357.4	297.4	20
Earnings per share, EUR	0.28	0.24	17	1.01	0.84	20
Earnings per share, excl. non-recurring items, EUR	0.28	0.24	17	1.01	0.85	19

<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.



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

“When closing 2012, we look back at a year of strong performance for Hexagon. Quarter after quarter the company reached record sales and profitability levels and the fourth quarter was no exception. We report a sales growth of 7 per cent and an operating margin of 23 per cent in the core business which is impressive considering the weak global economy. The 2012 net earnings increase of 20 per cent coupled with a record cash flow have reduced our net debt to the target level we set in 2010. This gives us the opportunity to significantly increase the dividend, as well as, freedom to expand going forward. It is not yet meaningful to make predictions regarding demand in 2013. We do know, however, that our business continues to become less cyclical as more and more of our revenues consist of recurring software contracts. We are also driving growth for our company through the development of innovative technology solutions. In 2012, we invested 255 MEUR in R&D which represents 11 per cent of sales, and hence 2013 will be a year full of product releases. I therefore believe that 2013 will be yet another good year for Hexagon”

Ola Rollén, President and CEO, Hexagon AB

## BUSINESS DEVELOPMENT Q4

Recorded sales grew by 6 per cent and organic growth was 4 per cent in the fourth quarter. The operating profit (EBIT1) increased by 11 per cent to 135.3 MEUR.

The organic growth in the Group's core business, Measurement Technologies (MT), was 5 per cent and amounted to 613.6 MEUR. Operating earnings in MT increased to 139.6 MEUR, which corresponds to an operating margin of 23 per cent.

Geosystems reports organic growth of 0 per cent. The division represents 32 per cent of net sales in the fourth quarter.

Metrology, which represents 32 per cent of net sales, reports organic growth of 6 per cent in spite of tough comparison numbers from 2011.

Technology, which represents 33 per cent of net sales, reports 7 per cent organic growth. Intergraph SG&L prioritised profitability over growth in the quarter and reached a margin in line with company average whilst PP&M continued to outgrow its underlying market.

## SALES BRIDGE FOURTH QUARTER

Net sales	
2011, MEUR	591.6
Structure, %	0
Currency, %	2
Organic growth, %	4
Total, %	6
2012, MEUR	629.0

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

## MARKET DEVELOPMENT

Compared to Q3, customer demand in the engineering sector improved in Europe in the fourth quarter. In Americas the growth primarily came from the recovery in US construction sector coupled with strong demand in South America. In Asia demand continued to accelerate with China being the engine for growth.

## EMEA

Customer demand in EMEA increased in the fourth quarter. The organic growth in net sales was 3 per cent in MT and -13 per cent in Other Operations.

In Western Europe Hexagon experienced increased activity levels in the North but continuous weak demand in the South. The demand for measurement solutions from customers involved in infrastructure related activities remained weak. Demand from customers in the automotive and manufacturing sectors improved sequentially in the quarter and demand remained at high levels in the segment for enterprise engineering, construction and data management software used in power and process industries.

In Africa, Eastern Europe and the Middle East demand varied country by country where the outperformers were Russia and Turkey.

## AMERICAS

Americas recorded 3 per cent organic growth in net sales in the fourth quarter.

Apart from defence related products, all of Hexagon's market segments grew in NAFTA, including automotive, aerospace and general engineering, as well as residential housing projects related to the Hexagon Geosystems application area.

In South America, demand for the Technology products continues to be strong in spite of a clearly weaker macro scenario in Brazil. Geosystems and Metrology however reported more modest growth numbers in the region in the quarter.

## ASIA

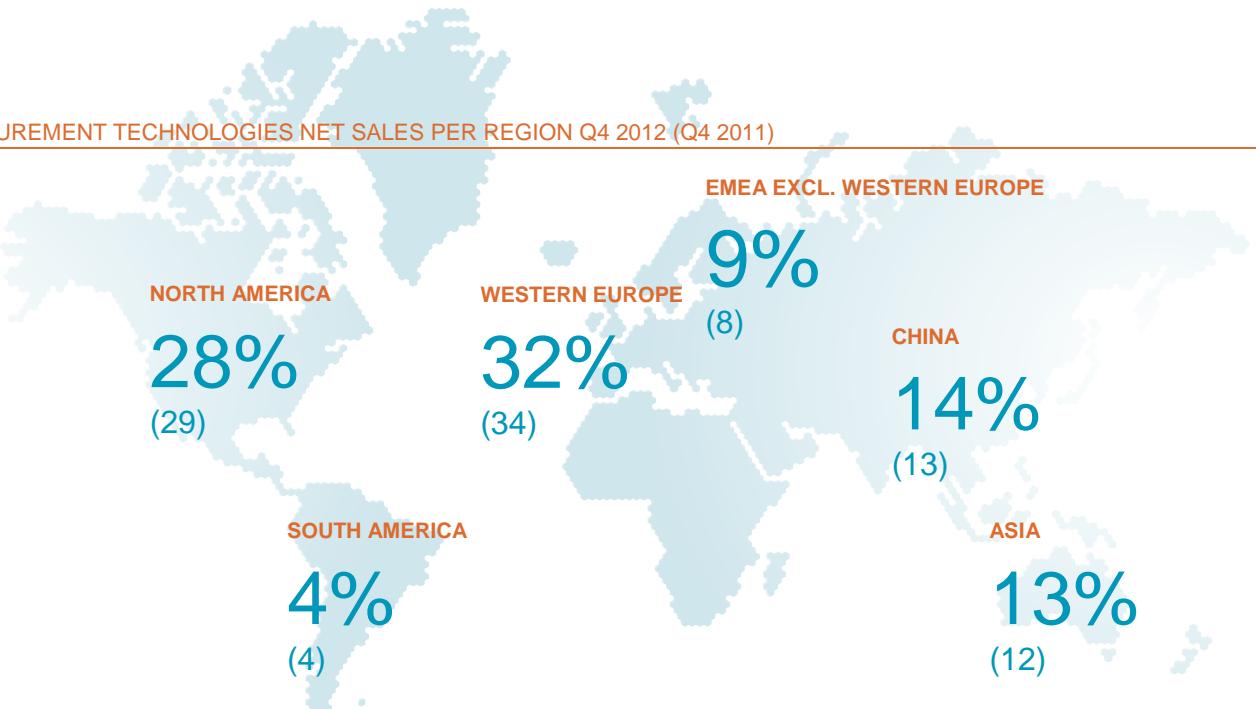
Asia recorded organic growth in net sales of 12 per cent in the fourth quarter.

All of Hexagon's application areas recorded growth in China in the quarter. The growth primarily came from strong demand in the infrastructure related businesses, but growth was also reported in the automotive, aerospace, power and energy markets.

The customer demand improvement in the infrastructure related businesses was primarily related to solutions within rail, subway and monitoring.

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

## MEASUREMENT TECHNOLOGIES NET SALES PER REGION Q4 2012 (Q4 2011)



## FINANCIAL SUMMARY – FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2012	Q4 2011	Δ % <sup>1)</sup>	Q4 2012	Q4 2011	Δ %
Hexagon MT	613.6	574.6	5	139.6	124.5	12
Other Operations	15.4	17.0	-13	0.2	0.8	-75
Net sales	629.0	591.6	4			
Group cost and eliminations				-4.5	-3.5	-29
Operating earnings (EBIT1)				135.3	121.8	11
Operating margin, %				21.5	20.6	0.9
Interest income and expenses, net				-10.5	-14.9	30
Earnings before taxes				124.8	106.9	17
Taxes				-23.7	-21.8	-9
Net earnings				101.1	85.1	19

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

## Q4 NET SALES AND EARNINGS

Net sales amounted to 629.0 MEUR (591.6) in the fourth quarter. Using fixed exchange rates and a comparable group structure, net sales increased by 4 per cent.

Operating earnings (EBIT1) increased by 11 per cent to 135.3 MEUR (121.8), which corresponds to an operating margin of 21.5 per cent (20.6). Operating earnings (EBIT1) were positively affected by exchange rate movements of 3.2 MEUR.

The financial net amounted to -10.5 MEUR (-14.9) in the fourth quarter.

Earnings before taxes amounted to 124.8 MEUR (106.9). Earnings were positively affected by exchange rate movements of 3.2 MEUR.

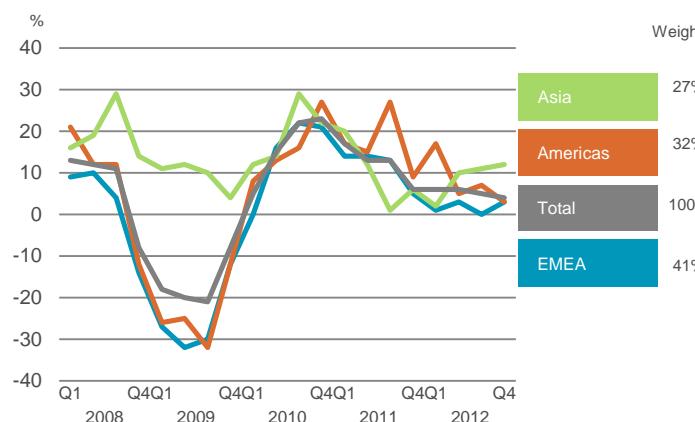
Net earnings amounted to 101.1 MEUR (85.1), or 0.28 EUR (0.24) per share.

## CURRENCY IMPACT – FOURTH QUARTER AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Strengthened	2%	Negative ☹
USD	Strengthened	4%	Positive ☺
CNY	Strengthened	6%	Positive ☺
EBIT1, MEUR			3.2

<sup>1)</sup> Compared to Q4 2011.

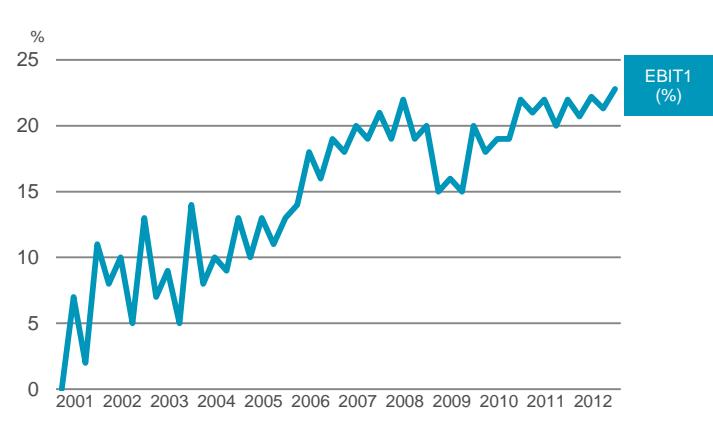
## NET SALES – ORGANIC GROWTH BY REGION (MT <sup>1)</sup>



EMEA reported organic growth of 3 per cent in the fourth quarter, whilst Americas reported organic growth of 3 per cent. Asia reported 12 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 fourth quarter of 2012, the margin was 22.8 per cent (21.7).

## FINANCIAL SUMMARY – 2012

MEUR	Net sales			Earnings		
	2012	2011	Δ % <sup>1)</sup>	2012	2011	Δ %
Hexagon MT	2,317.6	2,112.3	6	504.2	450.1	12
Other Operations	62.4	65.3	-6	1.3	2.1	-38
Operating net sales	2,380.0	2,177.6	5			
Group cost and eliminations				-16.0	-12.4	-29
Operating earnings (EBIT1)				489.5	439.8	11
Operating margin, %				20.6	20.2	0.4
Interest income and expenses, net				-48.2	-58.9	18
Earnings before non-recurring items				441.3	380.9	16
Non-recurring items	-	-8.5	n.a.	-	-8.5	n.a.
Net sales	2,380.0	2,169.1	5			
Earnings before taxes				441.3	372.4	19
Taxes				-83.9	-75.0	12
Net earnings				357.4	297.4	20

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

## 2012 NET SALES AND EARNINGS

Operating net sales amounted to 2,380.0 MEUR (2,177.6) in 2012. Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 489.5 MEUR (439.8), which corresponds to an operating margin of 20.6 per cent (20.2).

Operating earnings (EBIT1) were positively affected by exchange rate movements of 15.5 MEUR.

The financial net amounted to -48.2 MEUR (-58.9) in 2012.

Earnings before taxes, excluding non-recurring items, amounted to 441.3 MEUR (380.9).

Earnings before taxes in 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 441.3 MEUR (372.4). Earnings before taxes were positively affected by exchange rate movements of 15.5 MEUR.

Net earnings, excluding non-recurring items, amounted to 357.4 MEUR (302.7), or 1.01 EUR (0.85) per share.

Net earnings, including non-recurring items, amounted to 357.4 MEUR (297.4), or 1.01 EUR (0.84) per share.

## CURRENCY IMPACT – 2012 AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Strengthened	2%	Negative 
USD	Strengthened	8%	Positive 
CNY	Strengthened	11%	Positive 
EBIT1, MEUR			15.5

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

## 2012 ACQUISITIONS

Hexagon continually monitors a large number of companies to identify acquisitions that can strengthen Hexagon's product and technology portfolio and/or improve the distribution network. Each acquisition target is financially, technologically and commercially evaluated on a regular basis. A candidate's potential place in Hexagon is primarily determined on the basis of synergy opportunities and implementation strategies.

In 2012 Hexagon acquired ten companies or a shareholding in a company:

- MicroSurvey Software Inc. (Canada) in January
- Lasertopo BVBA (Belgium) in January
- Visava Oy (Finland) in April
- my Virtual Reality Software AS (Norway) in May
- 25 per cent holding in Blom ASA (Norway) in May
- 10 per cent holding in North West Geomatics Ltd (Canada) in August
- Sematec (France) in September
- Distribution partner, Geosystems Kazakhstan (Kazakhstan) in October
- GTA Geoinformatik GmbH (Germany) in December
- New River Kinematics (US) in December

The companies will in total, as of their consolidation dates, contribute to Hexagon's earnings. For more information, see Press Releases on our website ([www.hexagon.com](http://www.hexagon.com)).

## SUBSEQUENT EVENTS

On 22 January 2013, Hexagon entered into an agreement to acquire all outstanding shares of Navgeocom, the largest distributor for Geosystems in the Russian Federation. The transaction is expected to close as of end of February 2013.

On 28 January 2013, Hexagon has acquired Listech - a software development company in Australia. Consolidated as of 1 February 2013.

Hexagon has strengthened the Group Management team by making the following additions, effective as of February 2013:

- Gerhard Sallinger, President of Intergraph Process, Power & Marine (PP&M) joins as new member of Group Management
- John Graham, President of Intergraph Security, Government & Infrastructure (SG&I) joins as new member of Group Management



Intergraph's GIS platform has been selected by the Guangdong Power Grid in China. Guangdong is the biggest subsidiary of China Southern Power Grid, supplying power to the entire Guangdong province. This lays the foundation for further power grid construction in the Guangdong province.

## PROFITABILITY

Capital employed increased to 4,515.2 MEUR (4,429.0). Return on average capital employed, excluding non-recurring items, for the last twelve months was 11.0 per cent (10.5). Return on average shareholders' equity for the last twelve months was 13.3 per cent (13.1). The capital turnover rate was 0.5 times (0.5).

## FINANCIAL POSITION

Total shareholders' equity increased to 2,772.6 MEUR (2,525.8). The equity ratio was 51 per cent (47). Hexagon's total assets increased to 5,435.3 MEUR (5,343.7).

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 31 December 2012, cash and unutilised credit limits totalled 450.8 MEUR (360.1). Hexagon's net debt was 1,611.9 MEUR (1,786.8). The net indebtedness was 0.54 times (0.66). Interest coverage ratio was 9.3 times (7.0).

## CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital increased to 145.2 MEUR (114.5),

corresponding to 0.41 EUR (0.32) per share. Cash flow from operations in the fourth quarter increased to 167.9 MEUR (113.3), corresponding to 0.48 EUR (0.32) per share. The operating cash flow in the fourth quarter 2012 amounted to 116.9 MEUR (70.6).

For the full year, cash flow from operations amounted to 497.3 MEUR (369.0), corresponding to 1.41 EUR (1.05) per share and the operating cash flow including non-recurring items amounted to 325.5 MEUR (217.1).

## INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -51.0 MEUR (-42.7) in the fourth quarter and -171.8 MEUR (-135.9) in 2012.

Depreciation, amortisation and impairment amounted to -30.1 MEUR (-26.7) in the fourth quarter and -120.8 MEUR (-102.6) in 2012.

## TAX RATE

The Group's tax expense for 2012 totalled -83.9 MEUR (-75.0), corresponding to an effective tax rate of 19 per cent (20). Since the Swedish corporation income tax rate has been decreased effective 1 January 2013 from 26.3 per cent to 22.0 per cent, a revaluation of the Swedish deferred tax assets and liabilities has impacted the tax expense for 2012.

## EMPLOYEES

The average number of employees in Hexagon during 2012 was 13,203 (12,475). The number of employees at the end of the year was 13,754 (13,060).

## SHARE DATA

Earnings per share for the fourth quarter amounted to 0.28 EUR (0.24). Earnings per share for 2012 amounted to 1.01 EUR (0.84).

On 31 December 2012, equity per share was 7.84 EUR (7.15) and the share price was 163.10 SEK (102.90).

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 967,340 shares of series B.

In accordance with a decision by a Shareholders' General Meeting in December 2011, an incentive programme was introduced, under which a maximum of 13,655,000 warrants can be issued. At full exercise of the warrant programme, the dilutive effect would be 3.7 per cent of the share capital and 2.7 per cent of the number of votes. On 31 December 2012, 7,768,305 warrants were outstanding.

## ASSOCIATED COMPANIES

Associated companies affected Hexagon's earnings during 2012 by -0.5 MEUR (0.0).

## PARENT COMPANY

The parent company's earnings after financial items in 2012 amounted to 126.2 MEUR (295.1). The equity was 1,579.7 MEUR (1,473.3). The solvency ratio of the parent company was 39 per cent (37). Liquid funds including unutilised credit limits were 291.4 MEUR (206.4).

## BUSINESS AREA

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

MEUR	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
Net sales	613.6	574.6	5 <sup>1)</sup>	2,317.6	2,112.3	6 <sup>1)</sup>
Operating earnings (EBIT1)	139.6	124.5	12	504.2	450.1	12
Operating margin, %	22.8	21.7	1.1	21.8	21.3	0.5

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

### MEASUREMENT TECHNOLOGIES

In the fourth quarter, net sales amounted to 613.6 MEUR (574.6). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 139.6 MEUR (124.5), which corresponds to an operating margin of 22.8 per cent (21.7).

The number of employees by the end of the quarter was 13,437 (12,728).

### OTHER OPERATIONS – SALES AND EARNINGS

MEUR	Q4 2012	Q4 2011	Δ%	2012	2011	Δ%
Net sales	15.4	17.0	-13 <sup>1)</sup>	62.4	65.3	-6 <sup>1)</sup>
Operating earnings (EBIT1)	0.2	0.8	-75	1.3	2.1	-38
Operating margin, %	1.3	4.7	-3.4	2.1	3.2	-1.1

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

### OTHER OPERATIONS

In the fourth quarter, net sales amounted to 15.4 MEUR (17.0). Using fixed exchange rates and a comparable group structure, net sales decreased by -13 per cent.

Operating earnings (EBIT1) amounted to 0.2 MEUR (0.8), which corresponds to an operating margin of 1.3 per cent (4.7).

The number of employees by the end of the quarter was 306 (320).

### MEASUREMENT TECHNOLOGIES – APPLICATION AREAS

MEUR	Net sales			Net sales		
	Q4 2012	Q4 2011	Δ % <sup>1)</sup>	2012	2011	Δ % <sup>1)</sup>
Geosystems	203.3	196.1	0	790.7	757.0	1
Metrology	201.0	183.5	6	722.1	633.5	9
Technology	209.3	195.0	7	804.8	721.8	7
Total Hexagon MT	613.6	574.6	5	2,317.6	2,112.3	6

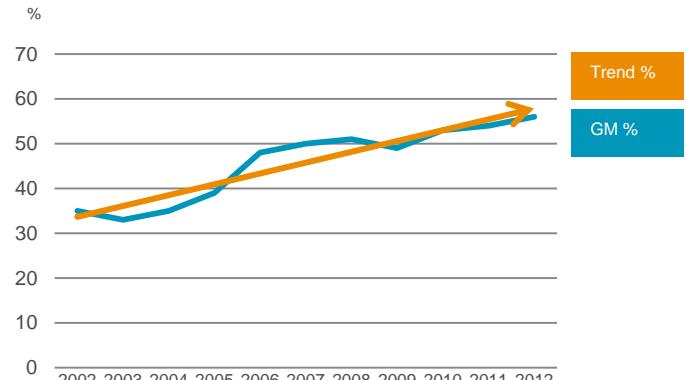
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

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



Geosystems reported 0 per cent organic growth in net sales in the fourth quarter. Metrology displayed organic sales growth of 6 per cent. Technology including Intergraph reported 7 per cent organic 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 2012, the gross margin reached a new record level of 56 per cent (54).



Hexagon Metrology has signed an agreement with the Bloodhound SSC Project to provide expert metrology consultation and services to design and build the high-speed, aerodynamic Bloodhound Super Sonic Car. The team hopes to break the current land speed record and push the car to 1,000 mph.

The Board of Directors and the President and CEO declare that this year-end 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, 12 February 2013  
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

This Year-End Report has not been reviewed by the company's auditors.

## 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 in 2012.

## ANNUAL GENERAL MEETING 2013

The AGM will be held on 13 May 2013, at 17:00 CET in Stockholm (Operakällaren, Karl XII:s Torg). The Annual Report for 2012 will be distributed during the week starting 15 April. To participate at the AGM shareholders must be registered in the share register maintained by Euroclear on 6 May. Notification of attendance should be made to Hexagon's head office no later than on 7 May. To participate in the AGM, shareholders with nominee-registered holdings should temporarily re-register their shares in their own names through the agency of their nominees so that they are recorded in the share register in good time before 6 May.

## PROPOSED DIVIDEND

The Hexagon Board of Directors proposes a dividend of 0.28 EUR per share (0.17).

# Condensed Income Statement

MEUR	Q4 2012	Q4 2011	2012	2011
Net sales	629.0	591.6	2,380.0	2,169.1
Cost of goods sold	-284.8	-281.2	-1,076.3	-1,025.6
<b>Gross earnings</b>	<b>344.2</b>	<b>310.4</b>	<b>1,303.7</b>	<b>1,143.5</b>
Sales and administration costs, etc.	-208.4	-188.5	-813.7	-712.2
Earnings from shares in associated companies	-0.5	-0.1	-0.5	0.0
<b>Operating earnings 1)</b>	<b>135.3</b>	<b>121.8</b>	<b>489.5</b>	<b>431.3</b>
Interest income and expenses, net	-10.5	-14.9	-48.2	-58.9
<b>Earnings before taxes</b>	<b>124.8</b>	<b>106.9</b>	<b>441.3</b>	<b>372.4</b>
Taxes	-23.7	-21.8	-83.9	-75.0
<b>Net earnings</b>	<b>101.1</b>	<b>85.1</b>	<b>357.4</b>	<b>297.4</b>
Attributable to:				
Parent company shareholders	100.3	84.4	354.5	295.2
Non-controlling interest	0.8	0.7	2.9	2.2
1) of which non-recurring items	-	-	-	-8.5
Earnings include depreciation, amortisation and impairments of	-30.1	-26.7	-120.8	-102.6
Basic earnings per share, EUR	0.28	0.24	1.01	0.84
Earnings per share after dilution, EUR	0.28	0.24	1.00	0.84
Total shareholder's equity per share, EUR	7.84	7.15	7.84	7.15
Closing number of shares, thousands	352,675	352,490	352,675	352,490
Average number of shares, thousands	352,524	352,490	352,499	352,484
Average number of shares after dilution, thousands	354,384	352,490	353,494	352,546

# Condensed Comprehensive Income

MEUR	Q4 2012	Q4 2011	2012	2011
Net earnings	101.1	85.1	357.4	297.4
Other comprehensive income:				
Exchange rate differences	-65.6	88.2	-45.6	77.1
Effect of hedging of net investments in foreign operations	7.7	30.3	1.9	38.9
Fair value adjustment	-4.8	-	-4.8	-
Cash flow hedges, net	0.2	-2.8	1.5	-0.8
Tax attributable to "Other comprehensive income"	-5.8	-7.2	-4.6	-10.0
Other comprehensive income, net of tax	-68.3	108.5	-51.6	105.2
<b>Total comprehensive income for the period</b>	<b>32.8</b>	<b>193.6</b>	<b>305.8</b>	<b>402.6</b>
Attributable to:				
Parent company shareholders	32.2	192.6	303.0	399.9
Non-controlling interest	0.6	1.0	2.8	2.7

# Condensed Balance Sheet

MEUR	31/12 2012	31/12 2011
Intangible fixed assets	3,931.6	3,872.3
Tangible fixed assets	239.0	229.3
Financial fixed assets	39.8	28.6
Deferred tax assets	89.0	88.5
<b>Total fixed assets</b>	<b>4,299.4</b>	<b>4,218.7</b>
Inventories	376.8	358.9
Accounts receivable	514.5	509.8
Other receivables	53.4	83.6
Prepaid expenses and accrued income	60.5	56.3
<b>Total current receivables</b>	<b>628.4</b>	<b>649.7</b>
Cash and cash equivalents	130.7	116.4
<b>Total current assets</b>	<b>1,135.9</b>	<b>1,125.1</b>
<b>Total assets</b>	<b>5,435.3</b>	<b>5,343.7</b>
Equity attributable to parent company shareholders	2,765.3	2,518.7
Equity attributable to non-controlling interest	7.3	7.1
<b>Total shareholders' equity</b>	<b>2,772.6</b>	<b>2,525.8</b>
Interest bearing liabilities	1,503.8	1,407.5
Other liabilities	12.5	29.9
Pension liabilities	37.2	38.6
Deferred tax liabilities	286.2	245.7
Other provisions	15.3	81.3
<b>Total long-term liabilities</b>	<b>1,855.0</b>	<b>1,803.0</b>
Interest bearing liabilities	187.6	456.9
Accounts payable	156.3	144.8
Other liabilities	84.7	79.0
Other provisions	34.1	8.2
Accrued expenses and deferred income	345.0	326.0
<b>Total short-term liabilities</b>	<b>807.7</b>	<b>1,014.9</b>
<b>Total equity and liabilities</b>	<b>5,435.3</b>	<b>5,343.7</b>

# Condensed Statement of Changes in Equity

MEUR	2012	2011
Opening shareholders' equity	2,525.8	2,172.3
Total comprehensive income for the period 1)	305.8	402.6
Rights issue, net of issuance cost	-	2.8
Dividend	-62.5	-57.3
Sale of repurchased shares	2.7	-
Repurchase of stock options	-	-2.8
Stock options issued	0.8	8.2
<b>Closing shareholders' equity 2)</b>	<b>2,772.6</b>	<b>2,525.8</b>
1) of which: Parent company shareholders	303.0	399.9
Non-controlling interest	2.8	2.7
2) of which: Parent company shareholders	2,765.3	2,518.7
Non-controlling interest	7.3	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
<b>2010-12-31 Total issued and outstanding</b>	<b>15,750,000</b>	<b>336,400,295</b>	<b>352,150,295</b>
Rights issue	-	339,335	339,335
<b>2011-12-31 Total issued and outstanding</b>	<b>15,750,000</b>	<b>336,739,630</b>	<b>352,489,630</b>
Sale of repurchased shares	-	185,207	185,207
<b>2012-12-31 Total issued and outstanding 1)</b>	<b>15,750,000</b>	<b>336,924,837</b>	<b>352,674,837</b>

<sup>1)</sup> As per 31 December 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 967,340 shares of series B.

# Condensed Cash Flow Statement

MEUR	Q4 2012	Q4 2011	2012	2011
Cash flow from operations before change in working capital excluding taxes and interest	168.5	148.5	596.9	523.9
Taxes paid	-15.6	-20.3	-57.2	-71.1
Interest received and paid, net	-7.7	-13.7	-45.3	-55.6
<b>Cash flow from operations before change in working capital</b>	<b>145.2</b>	<b>114.5</b>	<b>494.4</b>	<b>397.2</b>
Cash flow from change in working capital	22.7	-1.2	2.9	-28.2
<b>Cash flow from operations</b>	<b>167.9</b>	<b>113.3</b>	<b>497.3</b>	<b>369.0</b>
Cash flow from ordinary investing activities	-51.0	-42.7	-171.8	-135.9
<b>Operating cash flow</b>	<b>116.9</b>	<b>70.6</b>	<b>325.5</b>	<b>233.1</b>
Non-recurring cash flow	-	-	-	-16.0
<b>Operating cash flow after non-recurring items</b>	<b>116.9</b>	<b>70.6</b>	<b>325.5</b>	<b>217.1</b>
Cash flow from other investing activities 1)	-49.9	-9.3	-81.0	-99.2
<b>Cash flow after other investing activities</b>	<b>67.0</b>	<b>61.3</b>	<b>244.5</b>	<b>117.9</b>
Dividends paid	-0.1	-	-62.5	-57.3
Rights issue net of expenses	-	-	-	-5.7
Sale of repurchased shares	2.7	-	2.7	-
Repurchase of stock options	-	-	-	-2.8
Stock options issued	0.2	-	9.0	-
<b>Cash flow from other financing activities</b>	<b>-54.0</b>	<b>-85.1</b>	<b>-177.4</b>	<b>-97.8</b>
<b>Cash flow for the period</b>	<b>15.8</b>	<b>-23.8</b>	<b>16.3</b>	<b>-45.7</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>118.8</b>	<b>136.5</b>	<b>116.4</b>	<b>160.4</b>
Effect of translation differences on cash and cash equivalents	-3.9	3.7	-2.0	1.7
<b>Cash flow for the period</b>	<b>15.8</b>	<b>-23.8</b>	<b>16.3</b>	<b>-45.7</b>
<b>Cash and cash equivalents, end of period</b>	<b>130.7</b>	<b>116.4</b>	<b>130.7</b>	<b>116.4</b>

<sup>1)</sup>Acquisitions totalled -67.3 MEUR (-83.0) and other was -13.7 MEUR (-16.2) in 2012.

## Key Ratios

	Q4 2012	Q4 2011	2012	2011
Operating margin, %	21.5	20.6	20.6	20.2
Profit margin before taxes, %	19.8	18.1	18.5	17.2
Return on shareholders' equity 12 month average, %	13.3	13.1	13.3	13.1
Return on capital employed 12 month average, %	11.0	10.5	11.0	10.5
Equity ratio, %	51.0	47.3	51.0	47.3
Net indebtedness	0.54	0.66	0.54	0.66
Interest coverage ratio	11.6	7.6	9.3	7.0
Average number of shares, thousands	352,524	352,490	352,499	352,484
Basic earnings per share excl. non-recurring items, EUR	0.28	0.24	1.01	0.85
Basic earnings per share, EUR	0.28	0.24	1.01	0.84
Cash flow per share, EUR	0.48	0.32	1.41	1.05
Cash flow per share before change in working cap, EUR	0.41	0.32	1.40	1.13
Share price, SEK	163.10	102.90	163.10	102.90
Share price, translated to EUR	19.00	11.55	19.00	11.55

# Supplementary Information

## NET SALES

MEUR	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Hexagon MT	613.6	565.2	590.3	548.5	2,317.6	574.6	507.9	526.7	503.1	2,112.3
- Of which										
Geosystems	203.3	188.4	210.8	188.2	790.7	196.1	179.2	196.6	185.1	757.0
Metrology	201.0	173.8	179.9	167.4	722.1	183.5	157.5	155.6	136.9	633.5
Technology	209.3	203.0	199.6	192.9	804.8	195.0	171.2	174.5 <sup>1)</sup>	181.1 <sup>1)</sup>	721.8 <sup>1)</sup>
Other Operations	15.4	12.9	16.8	17.3	62.4	17.0	13.3	16.8	18.2	65.3
Group	629.0	578.1	607.1	565.8	2,380.0	591.6	521.2	543.5	521.3	2,177.6

## OPERATING EARNINGS (EBIT1)

MEUR	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Hexagon MT	139.6	120.3	130.9	113.4	504.2	124.5	101.5	117.2	106.9	450.1
Other Operations	0.2	-0.2	0.5	0.8	1.3	0.8	0.0	0.4	0.9	2.1
Group costs	-4.5	-4.4	-3.9	-3.2	-16.0	-3.5	-2.6	-3.3	-3.0	-12.4
Group	135.3	115.7	127.5	111.0	489.5	121.8	98.9	114.3	104.8	439.8
Margin, %	21.5	20.0	21.0	19.6	20.6	20.6	19.0	21.0	20.1	20.2

## NET SALES

MEUR	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
EMEA	268.5	222.6	250.4	237.2	978.7	258.5	223.2	242.6	231.3	955.6
Americas	196.4	190.6	185.9	183.5	756.4	190.7	163.6	158.4	153.7	666.4
Asia	164.1	164.9	170.8	145.1	644.9	142.4	134.4	142.5	136.3	555.6
Group	629.0	578.1	607.1	565.8	2,380.0	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	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
SEK/EUR	0.1159	0.1184	0.1122	0.1130	0.1149	0.1099	0.1091	0.1110	0.1128	0.1107
USD/EUR	0.7721	0.8000	0.7788	0.7624	0.7783	0.7427	0.7077	0.6954	0.7310	0.7192
CNY/EUR	0.1236	0.1260	0.1230	0.1208	0.1234	0.1169	0.1104	0.1070	0.1110	0.1113
CHF/EUR	0.8279	0.8309	0.8321	0.8278	0.8297	0.8130	0.8650	0.7977	0.7768	0.8131
Closing	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
SEK/EUR	0.1165	0.1183	0.1140	0.1131	0.1165	0.1122	0.1080	0.1090	0.1119	0.1122
USD/EUR	0.7579	0.7734	0.7943	0.7487	0.7579	0.7729	0.7406	0.6919	0.7039	0.7729
CNY/EUR	0.1216	0.1231	0.1250	0.1189	0.1216	0.1226	0.1160	0.1070	0.1075	0.1226
CHF/EUR	0.8284	0.8265	0.8313	0.8302	0.8284	0.8226	0.8217	0.8284	0.7689	0.8226

# Acquisitions and Divestments

MEUR	2012		2011	
	Acquisitions	Divestments	Acquisitions	Divestments
Intangible fixed assets	61.1	-	138.5	-
Other fixed assets	0.4	-	-49.1	-
Total fixed assets	61.5	-	89.4	-
Total current assets	8.9	-	11.0	-
<b>Total assets</b>	<b>70.4</b>	<b>-</b>	<b>100.4</b>	<b>-</b>
Total long-term liabilities, etc	12.7	-	-51.6	-
Total short-term liabilities	-10.8	-	65.4	-
<b>Total liabilities</b>	<b>1.9</b>	<b>-</b>	<b>13.8</b>	<b>-</b>
<b>Total net assets</b>	<b>68.5</b>	<b>-</b>	<b>86.6</b>	<b>-</b>
Total acquisition cost/divestment income	-65.2	-	-110.5	-
Adjustment for non-paid part of acquisition cost/divestment income				
incl. payment of items from prior years	-3.3	-	23.9	-
Adjustment for cash and bank balances in acquired entities	1.2	-	3.6	-
<b>Cash flow from acquisitions</b>	<b>-67.3</b>	<b>-</b>	<b>-83.0</b>	<b>-</b>

During 2012, Hexagon acquired the following companies or businesses: my Virtual Reality Software AS in Norway, Visava Oy in Finland, Lasertopo BVBA in Belgium, MicroSurvey Software Inc. in Canada, GTA Geoinformatik GmbH in Germany, Sematec in France, New River Kinematics in the US and Geosystems Kazakhstan. The purchase price allocations are preliminary.

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 in 2012, a 25 per cent holding in Blom ASA, Norway and a 10 percent holding in North West Geomatics Ltd, Kanada, have been acquired. These holdings are included in financial fixed assets in the balance sheet.

After the balance sheet date, Hexagon has acquired the Australian company Listech and signed an agreement to acquire the remaining 52.8 per cent of the shares in the Russian company Navgeocom.

There were no divestments in 2012.

## Condensed Parent Company Income Statement

MEUR	Q4 2012	Q4 2011	2012	2011
Net sales	3.0	3.1	10.5	8.6
Administration cost	-5.7	-4.4	-17.7	-13.1
Operating earnings	-2.7	-1.3	-7.2	-4.5
Earnings from shares in Group companies	154.0	5.3	204.0	149.0
Interest income and expenses, net	-0.9	133.0	-70.6	150.6
Earnings after financial items	150.4	137.0	126.2	295.1
Taxes	19.1	-16.7	37.4	-20.3
Net earnings	169.5	120.3	163.6	274.8

## Condensed Parent Company Balance Sheet

MEUR	31/12 2012	31/12 2011
Total fixed assets	3,902.3	3,772.5
Total current receivables	155.3	207.5
Cash and cash equivalents	4.5	0.2
Total current assets	159.8	207.7
Total assets	4,062.1	3,980.2
Total shareholders' equity	1,579.7	1,473.3
Total long-term liabilities	1,471.8	1,371.0
Total short-term liabilities	1,010.6	1,135.9
Total equity and liabilities	4,062.1	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 2 400 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 Q1 2013	13 May 2013
Interim Report Q2 2013	8 August 2013
Interim Report Q3 2013	23 October 2013
Year-End Report 2013	February 2014

#### **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 fourth quarter 2012 will be presented 12 February 2013 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 year-end 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 12 February 2013 at 08:00 CET.

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