

# INTERIM REPORT

**1 JANUARY – 30 JUNE 2013**

**SECOND QUARTER 2013**

- Net sales increased by 5 per cent to 635.1 MEUR (607.1)
- Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent for the Group and 5 per cent in the core business, Measurement Technologies (MT)
- Operating earnings (EBIT1) amounted to 131.6 MEUR (126.5)
- Earnings before taxes amounted to 122.9 MEUR (113.1)
- Net earnings increased by 9 per cent to 99.5 MEUR (91.3)
- Earnings per share increased by 8 per cent to 0.28 EUR (0.26)
- Operating cash flow increased by 27 per cent to 90.5 MEUR (71.5)

MEUR	Q2 2013	Q2 2012	Δ%	H1 2013	H1 2012	Δ%
Net sales	635.1	607.1	5 <sup>1)</sup>	1,221.4	1,172.9	5 <sup>1)</sup>
Operating earnings (EBIT1)	131.6	126.5	4	252.6	235.9	7
Operating margin, %	20.7	20.8	-0.1	20.7	20.1	0.6
Earnings before taxes	122.9	113.1	9	234.5	208.4	13
Net earnings	99.5	91.3	9	189.9	168.4	13
Earnings per share, EUR	0.28	0.26	8	0.53	0.47	13

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



Ola Rollén, President and CEO, Hexagon AB

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

“Hexagon reports another set of strong numbers in the second quarter. All the application areas are growing and profitability is in line with what we set out to achieve in our financial plan. Demand has been strong in North and South America, China and other parts of Asia and a few countries in Western Europe, but weak in Australia, Japan and in the US defence segment. All business areas have advanced positions in their respective markets and we already see an uptake in demand for a number of new products launched in the quarter, especially in Geosystems. We are pleased with the level of cash flow generated in the quarter and expect even stronger cash flow in the second half of the year. This has and will take our net debt down to historically low levels, opening up opportunities for expansion going forward. Also in the quarter, Håkan Halén, Hexagon’s EVP, has decided to retire from his position after twelve years with the company. We would like to thank him for his services during these exciting and sometimes turbulent years and wish him all the best for the future.”

## BUSINESS DEVELOPMENT Q2

Organic growth was 5 per cent in the second quarter while recorded sales grew by 5 per cent. Operating profit (EBIT1) increased by 4 per cent to 131.6 MEUR.

The organic growth in the Group's core business, Measurement Technologies (MT), was 5 per cent and net sales amounted to 614.2 MEUR. Operating earnings in MT increased to 135.2 MEUR, corresponding to an operating margin of 22.0 per cent.

Geosystems reports organic growth of 6 per cent and represents 36 per cent of net sales in the second quarter.

Metrology, which represents 29 per cent of net sales, reports organic growth of 3 per cent in spite of tough comparison numbers from 2012.

Technology, which represents 32 per cent of net sales, reports 5 per cent organic growth. Intergraph SG&I improved profitability compared to last year but sales contracted due to the diminishing US defence business whilst PP&M continued to expand.

## SALES BRIDGE SECOND QUARTER

	Net sales
2012, MEUR	607.1
Structure, %	1
Currency, %	-2
Organic growth, %	5
Total, %	5
2013, MEUR	635.1

Net sales from acquisitions during the last twelve months are reported as "Structure" in the table above. Percentages are rounded to the nearest whole percent.

## MARKET DEVELOPMENT

Americas reports the highest growth in the quarter largely due to the recovery in the US construction sector coupled with strong demand in South America. Demand in EMEA remains mixed but the region seems to have stabilised. Asia's primary growth contributor was, once again, China.

### EMEA

Customer demand in EMEA increased in the second quarter. Organic growth in net sales was 1 per cent in MT and 21 per cent in Other Operations.

In Western Europe, Hexagon experienced increased activity levels in the North but demand in the South continued to be weak. Overall, demand for measurement solutions from customers involved in infrastructure related activities remained weak. Although demand from customers in the automotive and manufacturing sectors weakened sequentially in the quarter, Hexagon still recorded growth in this area. Demand for public safety solutions also weakened due to various government budget cuts.

Demand in the Middle East continued to increase whilst Eastern Europe and Russia reported a weaker quarter primarily due to high comparison numbers.

### AMERICAS

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

Apart from defence related products, all of Hexagon's market segments grew in NAFTA. Demand in United States is improving gradually and steadily, excluding

defence, organic growth was 15 per cent.

Automotive, aerospace, general engineering, as well as residential housing projects related to the Hexagon Geosystems application area were amongst the drivers for expansion.

Demand for Hexagon's products remained strong in South America. Hexagon recorded organic growth of 22 per cent in the region in the quarter despite the weaker macro scenario in Brazil.

### ASIA

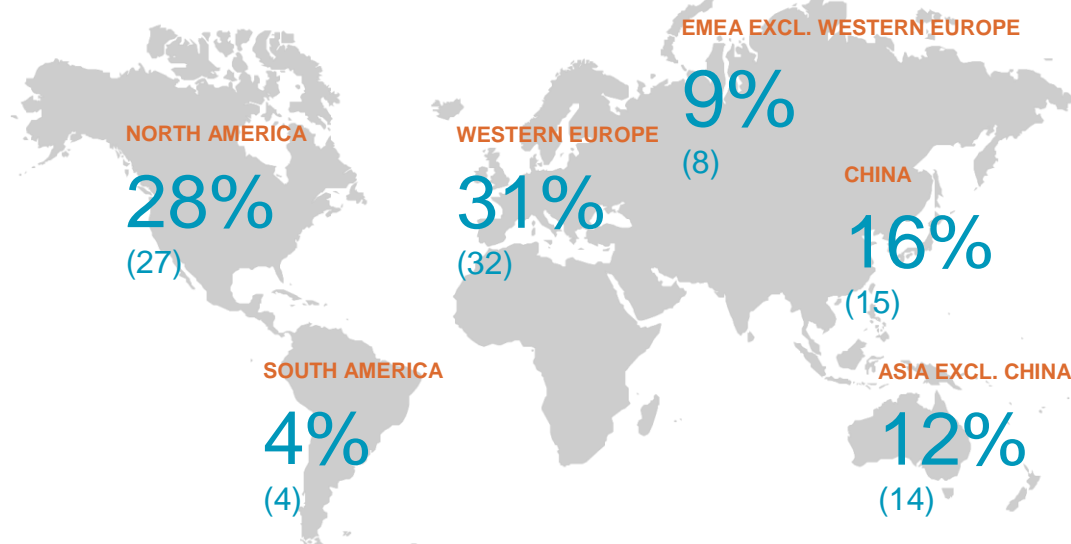
Asia recorded organic growth in net sales of 3 per cent in the second quarter.

China recorded 9 per cent organic growth with all of Hexagon's application areas growing. It was primarily driven by strong demand in infrastructure related businesses and the power and energy markets. The demand in the automotive segment remained high but the growth rate has significantly slowed down.

Customer demand improvements in infrastructure related businesses were primarily due to rail, subway and monitoring related solutions.

In addition to China, other rapidly expanding markets were Malaysia, Indonesia, Philippines, New Zealand, India and Korea. Growth was held back in the region by Australia, due to the downturn in the mining sector, and Japan, due to weakening demand and the depreciating JPY.

## MEASUREMENT TECHNOLOGIES NET SALES PER REGION Q2 2013 (Q2 2012)



## FINANCIAL SUMMARY – SECOND QUARTER

MEUR	Net sales			Earnings		
	Q2 2013	Q2 2012	Δ % <sup>1)</sup>	Q2 2013	Q2 2012	Δ %
Hexagon MT	614.2	590.3	5	135.2	129.9	4
Other Operations	20.9	16.8	21	1.1	0.5	120
Net sales	635.1	607.1	5			
Group cost and eliminations				-4.7	-3.9	-21
Operating earnings (EBIT1)				131.6	126.5	4
Operating margin, %				20.7	20.8	-0.1
Interest income and expenses, net				-8.7	-13.4	35
Earnings before taxes				122.9	113.1	9
Taxes				-23.4	-21.8	-7
Net earnings				99.5	91.3	9

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

## Q2 NET SALES AND EARNINGS

Net sales amounted to 635.1 MEUR (607.1) in the second quarter. Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) increased by 4 per cent to 131.6 MEUR (126.5), which corresponds to an operating margin of 20.7 per cent (20.8). Operating earnings (EBIT1) were negatively affected by exchange rate movements of -2.1 MEUR.

The financial net amounted to -8.7 MEUR (-13.4) in the second quarter.

Earnings before taxes amounted to 122.9 MEUR (113.1). Earnings were negatively affected by exchange rate movements of -2.2 MEUR.

Net earnings amounted to 99.5 MEUR (91.3), or 0.28 EUR (0.26) per share.

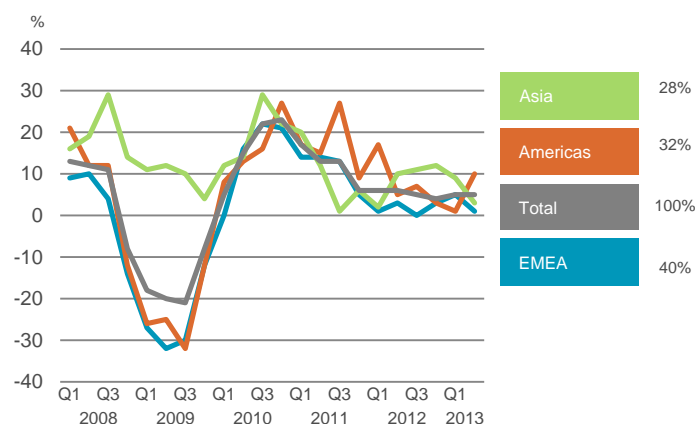
## CURRENCY IMPACT – SECOND QUARTER AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Weakened -2%	Negative	Positive ↗
USD	Weakened -2%	Positive	Negative ↘
CNY	Strengthened 1%	Positive	Positive ↗
EBIT1, MEUR			-2.1

<sup>1)</sup> Compared to Q2 2012.

The Japanese Yen and the Brazilian Real had negative impact on net sales and profit.

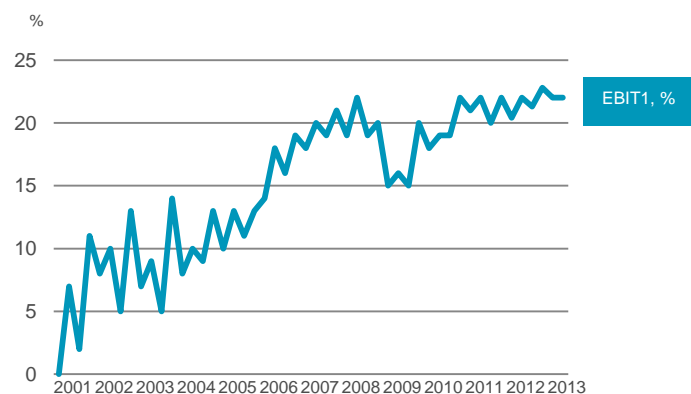
## NET SALES – ORGANIC GROWTH BY REGION (MT <sup>1)</sup>)



EMEA reported organic growth of 1 per cent in the second quarter, whilst Americas reported organic growth of 10 per cent. Asia reported 3 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 and 2012, it reached 21 per cent and 22 per cent, respectively. In the second quarter of 2013, the margin was 22.0 per cent (22.0).

## FINANCIAL SUMMARY – FIRST SIX MONTHS

MEUR	Net sales			Earnings		
	H1 2013	H1 2012	Δ % <sup>1)</sup>	H1 2013	H1 2012	Δ %
Hexagon MT	1,183.3	1,138.8	5	260.2	241.7	8
Other Operations	38.1	34.1	10	1.7	1.3	31
Net sales	1,221.4	1,172.9	5			
Group cost and eliminations				-9.3	-7.1	-31
Operating earnings (EBIT1)				252.6	235.9	7
Operating margin, %				20.7	20.1	0.6
Interest income and expenses, net				-18.1	-27.5	34
Earnings before taxes				234.5	208.4	13
Taxes				-44.6	-40.0	-12
Net earnings				189.9	168.4	13

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

## H1 NET SALES AND EARNINGS

Operating net sales amounted to 1,221.4 MEUR (1,172.9) in the first six months of the year. Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 252.6 MEUR (235.9), which corresponds to an operating margin of 20.7 per cent (20.1). Operating earnings (EBIT1) were negatively affected by exchange rate movements of -3.4 MEUR.

The financial net amounted to -18.1 MEUR (-27.5) in the first six months.

Earnings before taxes amounted to 234.5 MEUR (208.4). Earnings before taxes were negatively affected by exchange rate movements of -3.4 MEUR.

Net earnings amounted to 189.9 MEUR (168.4), or 0.53 EUR (0.47) per share.

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

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Weakened -2%	Negative	Positive ↗
USD	Weakened -1%	Positive	Negative ↘
CNY	Strengthened 1%	Positive	Positive ↗
EBIT1, MEUR			-3.4

<sup>1)</sup> Compared to H1 2012.

The Japanese Yen and the Brazilian Real had negative impact on net sales and profit.



From June 3-6 over 3,500 attendees from 70+ countries attended HxGN LIVE, Hexagon's annual user conference, in Las Vegas, NV. Another 5,000 around the world viewed keynotes, panel discussions, and other presentations streamed live from the MGM Grand Arena and the Zone – Hexagon's technology expo where several new Smart Solutions were showcased. They included Smart Assembly for lifting productivity in large scale construction projects, Smart Agriculture for producing optimum crop yields, and the Nova MS50 – the latest surveying solution from Leica Geosystems.

## PROFITABILITY

Capital employed increased to 4,619.3 MEUR (4,573.7). Return on average capital employed for the last twelve months was 11.1 per cent (10.4). Return on average shareholders' equity for the last twelve months was 13.4 per cent (13.0). The capital turnover rate was 0.5 times (0.5).

## FINANCIAL POSITION

Total shareholders' equity increased to 2,810.5 MEUR (2,662.3). The equity ratio was 51 per cent (48). Hexagon's total assets increased to 5,537.8 MEUR (5,489.7).

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 Programme. The programme 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 programme.

On 30 June 2013, cash and unutilised credit limits totalled 404.9 MEUR (364.3). Hexagon's net debt was 1,624.8 MEUR (1,754.8). The net indebtedness was 0.54 times (0.63). Interest coverage ratio was 12.6 times (8.0).

## CASH FLOW

During the second quarter, cash flow from operations before changes in working capital increased to 145.2 MEUR (120.7), corresponding to 0.41 EUR (0.34) per share. Cash flow from operations in the second

quarter increased to 144.4 MEUR (112.1), corresponding to 0.41 EUR (0.32) per share. The operating cash flow in the second quarter 2013 amounted to 90.5 MEUR (71.5).

For the first six months, cash flow from operations amounted to 206.8 (199.6), corresponding to 0.59 EUR (0.57) per share and the operating cash flow amounted to 111.7 MEUR (124.0).

## INVESTMENTS, DEPRECIATION AND AMORTISATION

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -53.9 MEUR (-40.6) in the second quarter and -95.1 MEUR (-75.6) in the first six months.

Depreciation and amortisation amounted to -33.6 MEUR (-30.3) in the second quarter and -64.8 MEUR (-59.1) in the first six months. There were no impairment charges recorded in the first six months of 2013 or in 2012.

## TAX RATE

The Group's tax expense for the first six months totalled -44.6 (-40.0), corresponding to an effective tax rate of 19 per cent (19).

## EMPLOYEES

The average number of employees in Hexagon during the first six months was 13,830 (13,021). The number of employees at the end of the quarter was 14,299 (13,376).

## SHARE DATA

Earnings per share for the second quarter amounted to 0.28 EUR (0.26). Earnings per share for the first six months amounted to 0.53 EUR (0.47).

On 30 June 2013, equity per share was 7.94 EUR (7.53) and the share price was 179.30 SEK (118.20).

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 861,090 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 13,665,000 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 30 June 2013, 6,400,755 warrants were outstanding.

## ASSOCIATED COMPANIES

Associated companies affected Hexagon's earnings during the first six months by -1.7 MEUR (0.0).

## PARENT COMPANY

The parent company's earnings after financial items in the first six months amounted to 222.4 MEUR (70.6). The equity was 1,713.8 MEUR (1,477.4). The solvency ratio of the parent company was 42 per cent (38). Liquid funds including unutilised credit limits were 234.7 MEUR (205.4).



## BUSINESS AREAS

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

MEUR	Q2 2013	Q2 2012	Δ%	H1 2013	H1 2012	Δ%
Net sales	614.2	590.3	5 <sup>1)</sup>	1,183.3	1,138.8	5 <sup>1)</sup>
Operating earnings (EBIT1)	135.2	129.9	4	260.2	241.7	8
Operating margin, %	22.0	22.0	0.0	22.0	21.2	0.8

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

### OTHER OPERATIONS – SALES AND EARNINGS

MEUR	Q2 2013	Q2 2012	Δ%	H1 2013	H1 2012	Δ%
Net sales	20.9	16.8	21 <sup>1)</sup>	38.1	34.1	10 <sup>1)</sup>
Operating earnings (EBIT1)	1.1	0.5	120	1.7	1.3	31
Operating margin, %	5.3	3.0	2.3	4.5	3.8	0.7

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

### MEASUREMENT TECHNOLOGIES

In the second quarter, net sales amounted to 614.2 MEUR (590.3). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 135.2 MEUR (129.9), which corresponds to an operating margin of 22.0 per cent (22.0).

The number of employees by the end of the quarter was 13,921 (13,039).

### OTHER OPERATIONS

In the second quarter, net sales amounted to 20.9 MEUR (16.8). Using fixed exchange rates and a comparable group structure, net sales increased by 21 per cent.

Operating earnings (EBIT1) amounted to 1.1 MEUR (0.5), which corresponds to an operating margin of 5.3 per cent (3.0).

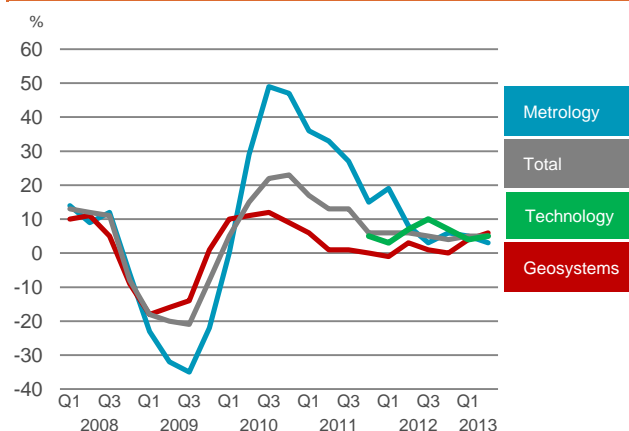
The number of employees by the end of the quarter was 360 (320).

### MEASUREMENT TECHNOLOGIES – APPLICATION AREAS

MEUR	Net sales			Net sales		
	Q2 2013	Q2 2012	Δ % <sup>1)</sup>	H1 2013	H1 2012	Δ % <sup>1)</sup>
Geosystems	226.7	210.8	6	421.9	399.0	5
Metrology	186.3	179.9	3	362.1	347.3	4
Technology	201.2	199.6	5	399.3	392.5	5
Total Hexagon MT	614.2	590.3	5	1,183.3	1,138.8	5

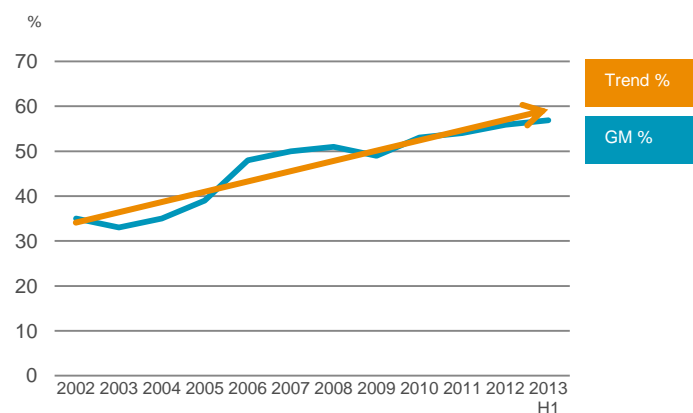
<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

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



Geosystems reported 6 per cent organic growth in net sales in the second quarter. Metrology displayed organic sales growth of 3 per cent. Technology including Intergraph reported 5 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 the first half of 2013, the gross margin reached 57 per cent (56).



Leica Geosystems introduced the Leica Nova MS50. The solution combines every significant measuring technology – precision 3D scanning, extensive and precise total station capabilities, digital imagery and GNSS connectivity – all in one device, opening the doors to a fascinating new dimension in the geospatial world.

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, 8 August 2013  
Hexagon AB (publ)

Melker Schörling  
Chairman of the Board

Ulrika Francke  
Board Member

Gun Nilsson  
Board Member

Jill Smith  
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 interim 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 2012 except for the following standards that have been applied from financial year 2013: Amendment to IAS 1 – Presentation of Financial Statements, IFRS 7 – Financial Instruments – Disclosures, IFRS 13 – Fair Value Measurement, Amendment to IAS 19 – Employee Benefits. The changes refer to extended disclosure requirements and for defined benefit plans also changed accounting principles. The new accounting principles for defined benefit plans have been applied retrospectively and hence the income statement and balance sheet for 2012 have been restated accordingly.

## 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 2012 Annual Report.

## RELATED PARTY TRANSACTIONS

No significant related party transactions have been incurred during the first half of 2013.

## SUBSEQUENT EVENTS

On 22 July, Hexagon divested the company EBP i Olofström AB to Nävrabäcken AB. EBP is reported within the business area Other Operations. In 2012 EBP reported net sales of approximately 23 MEUR with a negative EBIT margin of approximately -5 per cent. The divestment of Other Operations is expected to take place in 2013 and will result in a capital loss (non-cash) of between 10 and 15 MEUR which will be posted as a non-recurring item in Q3 2013.

Håkan Halén, Hexagon's EVP, has decided to retire from his position after twelve years of service. Mr Halén will leave the Company as of September 30 2013.

## RESTATEMENT OF 2012 - IAS 19

See page 13.

This interim report has not been reviewed by the Company's auditors.

## Condensed Income Statement

MEUR	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Net sales	635.1	607.1	1,221.4	1,172.9	2,380.0
Cost of goods sold	-282.4	-273.6	-545.1	-534.4	-1,078.9
Gross earnings	352.7	333.5	676.3	638.5	1,301.1
Sales and administration costs, etc.	-220.4	-207.0	-422.0	-402.6	-815.7
Earnings from shares in associated companies	-0.7	0.0	-1.7	0.0	-0.5
Operating earnings	131.6	126.5	252.6	235.9	484.9
Interest income and expenses, net	-8.7	-13.4	-18.1	-27.5	-50.7
Earnings before taxes	122.9	113.1	234.5	208.4	434.2
Taxes	-23.4	-21.8	-44.6	-40.0	-83.1
Net earnings	99.5	91.3	189.9	168.4	351.1
Attributable to:					
Parent company shareholders	98.6	90.5	188.3	167.0	348.2
Non-controlling interest	0.9	0.8	1.6	1.4	2.9
Earnings include depreciation, amortisation and impairments of	-33.6	-30.3	-64.8	-59.1	-120.8
Basic earnings per share, EUR	0.28	0.26	0.53	0.47	0.99
Earnings per share after dilution, EUR	0.28	0.26	0.53	0.47	0.99
Total shareholder's equity per share, EUR	7.94	7.53	7.94	7.53	7.77
Closing number of shares, thousands	352,781	352,490	352,781	352,490	352,675
Average number of shares, thousands	352,781	352,490	352,754	352,490	352,499
Average number of shares after dilution, thousands	355,177	352,490	355,107	352,620	353,494

## Condensed Comprehensive Income

MEUR	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Net earnings	99.5	91.3	189.9	168.4	351.1
Other comprehensive income					
Items that will not be reclassified to income statement					
Actuarial gains/losses	-	-	-	-	20.8
Taxes on items that will not be reclassified to income statement	-	-	-	-	-1.3
Total items that will not be reclassified to income statement, net of taxes	-	-	-	-	19.5
Items that may be reclassified subsequently to income statement					
Exchange rate differences	-111.5	76.0	-42.7	56.5	-45.8
Effect of hedging of net investments in foreign operations	5.8	41.0	-3.7	11.1	1.9
Fair value adjustment	-	-	-	-	-4.8
Cash flow hedges, net	0.3	-0.8	0.0	-0.2	1.5
Taxes on items that may be reclassified subsequently to income statement	3.4	-10.6	-2.0	-2.9	-4.6
Total items that may be reclassified subsequently to income statement, net of taxes	-102.0	105.6	-48.4	64.5	-51.8
Other comprehensive income, net of taxes	-102.0	105.6	-48.4	64.5	-32.3
Total comprehensive income for the period	-2.5	196.9	141.5	232.9	318.8
Attributable to:					
Parent company shareholders	-3.3	195.8	139.7	231.4	316.0
Non-controlling interest	0.8	1.1	1.8	1.5	2.8



## Condensed Balance Sheet

MEUR	30/6 2013	30/6 2012	31/12 2012
Intangible fixed assets	3,945.6	3,971.0	3,931.6
Tangible fixed assets	241.9	234.3	239.0
Financial fixed assets	27.1	38.4	37.3
Deferred tax assets	86.2	91.3	90.1
<b>Total fixed assets</b>	<b>4,300.8</b>	<b>4,335.0</b>	<b>4,298.0</b>
Inventories	393.2	384.7	376.8
Accounts receivable	524.9	533.8	514.5
Other receivables	56.2	56.8	53.4
Prepaid expenses and accrued income	78.7	68.8	60.5
<b>Total current receivables</b>	<b>659.8</b>	<b>659.4</b>	<b>628.4</b>
Cash and cash equivalents	184.0	110.6	130.7
<b>Total current assets</b>	<b>1,237.0</b>	<b>1,154.7</b>	<b>1,135.9</b>
<b>Total assets</b>	<b>5,537.8</b>	<b>5,489.7</b>	<b>5,433.9</b>
Equity attributable to parent company shareholders	2,801.2	2,653.7	2,741.8
Equity attributable to non-controlling interest	9.3	8.6	7.3
<b>Total shareholders' equity</b>	<b>2,810.5</b>	<b>2,662.3</b>	<b>2,749.1</b>
Interest bearing liabilities	1,530.2	1,623.9	1,503.8
Other liabilities	8.3	30.1	12.5
Pension liabilities	63.5	83.5	64.1
Deferred tax liabilities	289.4	254.1	281.4
Other provisions	17.0	44.1	15.3
<b>Total long-term liabilities</b>	<b>1,908.4</b>	<b>2,035.7</b>	<b>1,877.1</b>
Interest bearing liabilities	206.8	203.8	187.6
Accounts payable	140.2	131.1	156.3
Other liabilities	89.7	89.6	84.7
Other provisions	29.1	8.3	34.1
Accrued expenses and deferred income	353.1	358.9	345.0
<b>Total short-term liabilities</b>	<b>818.9</b>	<b>791.7</b>	<b>807.7</b>
<b>Total equity and liabilities</b>	<b>5,537.8</b>	<b>5,489.7</b>	<b>5,433.9</b>

## Financial instruments

In Hexagon's balance sheet derivatives and other long-term securities holdings are carried at fair value. Derivatives are measured at fair value based on valuation techniques with observable market data as input (level 2 according to definition in IFRS 7). Other long-term securities holdings amount to insignificant numbers. Other assets and liabilities are carried at accrued cost.

For financial assets and liabilities that are carried at accrued cost, the fair value is deemed to be coincident with the carrying amount except for long-term liabilities to credit institutions. The difference between the fair value and the carrying amount for these long-term liabilities is deemed to be insignificant relative to the total balance sheet since the interest rate duration is short.

## Condensed Statement of Changes in Equity

MEUR	H1 2013	H1 2012	2012
Opening shareholders' equity	2,772.6	2,525.8	2,525.8
Change in accounting principles (IAS 19)	-23.5	-36.5	-36.5
Restated opening shareholders' equity	2,749.1	2,489.3	2,489.3
Total comprehensive income for the period 1)	141.5	232.9	318.8
New share issue in progress	16.9	-	-
Dividend	-98.8	-59.9	-62.5
Sale of repurchased shares	1.6	-	2.7
Stock options issued	-	-	0.8
Effect of acquisitions and divestments of subsidiaries	0.2	-	-
Closing shareholders' equity 2)	2,810.5	2,662.3	2,749.1
1) of which: Parent company shareholders	139.7	231.4	316.0
Non-controlling interest	1.8	1.5	2.8
2) of which: Parent company shareholders	2,801.2	2,653.7	2,741.8
Non-controlling interest	9.3	8.6	7.3

## 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
Sale of repurchased shares	-	185,207	185,207
2012-12-31 Total issued and outstanding	15,750,000	336,924,837	352,674,837
Sale of repurchased shares	-	106,250	106,250
2013-06-30 Total issued and outstanding 1)	15,750,000	337,031,087	352,781,087

<sup>1)</sup> As per 30 June 2013, 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 861,090 shares of series B. The number of B-shares will increase by 1 261 300 due to options exercised until 2013-06-30.

# Condensed Cash Flow Statement

MEUR	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Cash flow from operations before change in working capital excluding taxes and interest	167.8	152.7	314.5	285.5	596.9
Taxes paid	-15.2	-19.3	-31.9	-26.0	-57.2
Interest received and paid, net	-7.4	-12.7	-15.5	-26.3	-45.3
Cash flow from operations before change in working capital	145.2	120.7	267.1	233.2	494.4
Cash flow from change in working capital	-0.8	-8.6	-60.3	-33.6	2.9
Cash flow from operations	144.4	112.1	206.8	199.6	497.3
Cash flow from ordinary investing activities	-53.9	-40.6	-95.1	-75.6	-171.8
Operating cash flow	90.5	71.5	111.7	124.0	325.5
Cash flow from other investing activities 1)	-14.5	-23.8	-13.9	-27.8	-81.0
Cash flow after other investing activities	76.0	47.7	97.8	96.2	244.5
Dividends paid	-98.8	-59.9	-98.8	-59.9	-62.5
Sale of repurchased shares	-	-	1.6	-	2.7
New share issue in progress	16.9	-	16.9	-	-
Stock options issued	-	-	-	8.2	9.0
Cash flow from other financing activities	50.5	12.1	35.0	-51.4	-177.4
Cash flow for the period	44.6	-0.1	52.5	-6.9	16.3
Cash and cash equivalents, beginning of period	136.4	109.4	130.7	116.4	116.4
Effect of translation differences on cash and cash equivalents	3.0	1.3	0.8	1.1	-2.0
Cash flow for the period	44.6	-0.1	52.5	-6.9	16.3
Cash and cash equivalents, end of period	184.0	110.6	184.0	110.6	130.7

<sup>1)</sup>Acquisitions totalled -16.2 MEUR (-15.4) and other was 1.7 MEUR (-8.4) in the second quarter 2013.

## Key Ratios

	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Operating margin, %	20.7	20.8	20.7	20.1	20.4
Profit margin before taxes, %	19.4	18.6	19.2	17.8	18.2
Return on shareholders' equity, 12 month average, %	13.4	13.0	13.4	13.0	13.3
Return on capital employed, 12 month average, %	11.1	10.4	11.1	10.4	10.9
Equity ratio, %	50.8	48.5	50.8	48.5	50.6
Net indebtedness	0.54	0.63	0.54	0.63	0.56
Interest coverage ratio	13.5	8.8	12.6	8.0	8.8
Average number of shares, thousands	352,781	352,490	352,754	352,490	352,499
Basic earnings per share excl. non-recurring items, EUR	0.28	0.26	0.53	0.47	0.99
Basic earnings per share, EUR	0.28	0.26	0.53	0.47	0.99
Cash flow per share, EUR	0.41	0.32	0.59	0.57	1.41
Cash flow per share before change in working cap, EUR	0.41	0.34	0.76	0.66	1.40
Share price, SEK	179.30	118.20	179.30	118.20	163.10
Share price, translated to EUR	20.43	13.47	20.43	13.47	19.00

# Supplementary Information

## NET SALES

MEUR	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
Hexagon MT	614.2	569.1	613.6	565.2	590.3	548.5	2,317.6
- Of which							
Geosystems	226.7	195.2	203.3	188.4	210.8	188.2	790.7
Metrology	186.3	175.8	201.0	173.8	179.9	167.4	722.1
Technology	201.2	198.1	209.3	203.0	199.6	192.9	804.8
Other Operations	20.9	17.2	15.4	12.9	16.8	17.3	62.4
Group	635.1	586.3	629.0	578.1	607.1	565.8	2,380.0

## OPERATING EARNINGS (EBIT1)

MEUR	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
Hexagon MT	135.2	125.0	138.0	120.0	129.9	111.8	499.7
Other Operations	1.1	0.6	0.2	-0.2	0.5	0.8	1.3
Group costs	-4.7	-4.6	-4.6	-4.4	-3.9	-3.2	-16.1
Group	131.6	121.0	133.6	115.4	126.5	109.4	484.9
Margin, %	20.7	20.6	21.2	20.0	20.8	19.3	20.4

## NET SALES

MEUR	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
EMEA	261.9	249.6	268.1	224.1	251.4	237.1	980.7
Americas	201.7	183.5	196.6	189.3	185.9	184.8	756.6
Asia	171.5	153.2	164.3	164.7	169.8	143.9	642.7
Group	635.1	586.3	629.0	578.1	607.1	565.8	2,380.0

## EXCHANGE RATES

Average	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
SEK/EUR	0.1167	0.1177	0.1159	0.1184	0.1122	0.1130	0.1149
USD/EUR	0.7657	0.7571	0.7721	0.8000	0.7788	0.7624	0.7783
CNY/EUR	0.1244	0.1217	0.1236	0.1260	0.1230	0.1208	0.1234
CHF/EUR	0.8120	0.8139	0.8279	0.8309	0.8321	0.8278	0.8297
Closing	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
SEK/EUR	0.1139	0.1197	0.1165	0.1183	0.1140	0.1131	0.1165
USD/EUR	0.7645	0.7809	0.7579	0.7734	0.7943	0.7487	0.7579
CNY/EUR	0.1246	0.1256	0.1216	0.1231	0.1250	0.1189	0.1216
CHF/EUR	0.8105	0.8200	0.8284	0.8265	0.8313	0.8302	0.8284

# Acquisitions and Divestments

MEUR	H1 2013	H1 2012
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	1.8	6.1
Other fixed assets	1.7	0.2
Total fixed assets	3.5	6.3
Total current assets	15.0	2.0
<b>Total assets</b>	<b>18.5</b>	<b>8.3</b>
Total long-term liabilities	0.5	0.3
Total current liabilities	7.2	1.0
<b>Total liabilities</b>	<b>7.7</b>	<b>1.3</b>
Fair value of acquired assets and assumed liabilities, net	10.8	7.0
Shares in associated companies	-5.4	-
Non-controlling interest in equity in acquired companies	-0.2	-
Goodwill	24.7	2.6
<b>Total purchase consideration transferred</b>	<b>29.9</b>	<b>9.6</b>
Less cash and cash equivalents in acquired companies	-4.1	-0.4
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-10.1	10.2
<b>Cash flow from acquisition of companies/businesses</b>	<b>15.7</b>	<b>19.4</b>

During the first six months of 2013, Hexagon acquired the following companies: Navgeocom, a Russian distributor, Listech, an Australian software development company, Kompakt, a Hungarian distributor, MANFRA, a Brazil based distributor, a/m/t software service ag, a Swiss based software solutions company and Geosoft, an Italian software development company.

The purchase price allocations are preliminary and might be subject to changes.

Since the total size of the acquisitions is insignificant, no further information is presented for these acquisitions.

There were no divestments of companies during H1 2013 or H1 2012.

## Restatement of 2012 - IAS 19

On 1 January 2013, certain changes became effective in IAS 19 (Employee Benefits) concerning defined benefit plans altering the way the value of plan assets and pension obligations are calculated and presented. Historically, using the so-called "corridor method", actuarial differences within 10% of the plan asset value or the value of the defined benefit obligation, respectively, were not recognized in the financial statements. Following the changes in IAS 19, all such differences have to be recognized in the balance sheet. In addition, the changes in IAS 19 impact the income statement due to that the expected return rate on plan assets will have to be set to the discount rate as is used for the calculation of the defined benefit obligation liability, instead of applying a fair estimate of the return rate as was made earlier.

The following amendments have been made to the 2012 recorded full year numbers:

- Net debt increases by 26.9 MEUR
- EBIT decreases by 4.6 MEUR
- Interest expenses increases by 2.5 MEUR
- Earnings before taxes decreases by 7.1 MEUR
- Net earnings decreases by 6.3 MEUR
- Equity decreases by 23.5 MEUR
- Total assets decreases by 1.4 MEUR



## Condensed Parent Company Income Statement

MEUR	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
Net sales	2.8	2.5	5.6	5.0	10.5
Administration cost	-3.8	-4.7	-7.9	-8.0	-17.7
Operating earnings	-1.0	-2.2	-2.3	-3.0	-7.2
Earnings from shares in Group companies	186.4	50.0	186.4	50.0	204.0
Interest income and expenses, net	0.1	43.9	38.3	23.6	-70.6
Earnings before taxes	185.5	91.7	222.4	70.6	126.2
Taxes	0.1	-12.2	-8.0	-6.6	37.4
Net earnings	185.6	79.5	214.4	64.0	163.6

## Condensed Parent Company Balance Sheet

MEUR	30/6 2013	30/6 2012	31/12 2012
Total fixed assets	3,927.5	3,701.7	3,902.3
Total current receivables	166.9	159.3	155.3
Cash and cash equivalents	31.4	0.0	4.5
Total current assets	198.3	159.3	159.8
Total assets	4,125.8	3,861.0	4,062.1
Total shareholders' equity	1,713.8	1,477.4	1,579.7
Total long-term liabilities	1,498.3	1,592.1	1,471.8
Total short-term liabilities	913.7	791.5	1,010.6
Total equity and liabilities	4,125.8	3,861.0	4,062.1

# 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
Profit margin before taxes	Earnings before taxes 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.
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 core 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 more than 14 000 employees in over 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 Q3 2013	23 October 2013
Year-End Report 2013	10 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 second quarter 2013 will be presented 8 August 2013 at 15:00 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 8 august 2013 at 08:00 CET.

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