

# YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2013

## FOURTH QUARTER 2013

- Net sales amounted to 631.7 MEUR (629.0). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent
- Operating earnings (EBIT1) amounted to 136.7 MEUR (133.6)
- Earnings before taxes amounted to 129.4 MEUR (122.4)
- Net earnings increased by 6 per cent to 104.9 MEUR (99.0)
- Earnings per share increased by 4 per cent to 0.29 EUR (0.28)
- The Board of Directors proposes an increase in dividend of 11 per cent to 0.31 EUR per share (0.28)

MEUR	Q4 2013	Q4 2012	Δ%	2013	2012	Δ%
Net sales	631.7	629.0	5 <sup>1)</sup>	2 429.7	2 380.0	5 <sup>1)</sup>
Operating earnings (EBIT1)	136.7	133.6	2	507.7	484.9	5
Operating margin, %	21.6	21.2	0.4	20.9	20.4	0.5
Earnings before taxes excl. non-recurring items	129.4	122.4	6	473.8	434.2	9
Non-recurring items 2)	-	-	n.a.	-14.9	-	n.a.
Earnings before taxes	129.4	122.4	6	458.9	434.2	6
Net earnings	104.9	99.0	6	371.2	351.1	6
Net earnings, excl. non-recurring items	104.9	99.0	6	383.8	351.1	9
Earnings per share, EUR	0.29	0.28	4	1.04	0.99	5
Earnings per share, excl. non-recurring items, EUR	0.29	0.28	4	1.08	0.99	9

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

2) The non-recurring items relate to Other Operations, a write-down of the Blom investment and a cost reduction programme in MT.



Ola Rollén, President and CEO, Hexagon AB

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

"Despite currency headwinds, 2013 was a solid year for Hexagon with sales amounting to a record 2.4bn EUR with an EBIT margin of 21 per cent. Geosystems and Intergraph PP&M were the primary growth engines in the fourth quarter, on account of the recovery in the European construction sector and strong performance in the oil and gas segment. Despite reduced capital spending in the automotive sector, Metrology's sales are at peak levels with order intake growing faster than sales again. Hexagon continues to face adverse effects from the budget cuts in the defence sector, which hampered growth in Intergraph SG&I and NovAtel in the quarter. Depreciated currencies in several countries reduced margins by 1 per cent in the quarter, but we still post an EBIT margin close to 23 per cent. Looking ahead, we see improving market conditions in our core industries across EMEA, China and Americas and stabilizing demand from the defence sector. Strong cash flow generation throughout the year has strengthened our financial position and enabled us to increase expansion activity, which is evidenced by nine acquisitions in 2013 and the recent acquisition of Veripos. Organic and acquisition driven growth plus EBIT margin expansion will continue to be a priority in 2014."

## BUSINESS DEVELOPMENT Q4

Recorded sales grew by 0 per cent and organic growth was 5 per cent in the fourth quarter. The operating earnings (EBIT1) increased by 2 per cent to 136.7 MEUR.

The organic growth in the Group's core business, Measurement Technologies (MT), was 5 per cent and net sales amounted to 619.5 MEUR. Operating earnings in MT increased to 141.3 MEUR, which corresponds to an operating margin of 22.8 per cent.

Geosystems reported organic growth of 12 per cent. The division represented 35 per cent of net sales in the fourth quarter.

Metrology, which represented 32 per cent of net sales, reported organic growth of 2 per cent.

Technology, which represented 31 per cent of net sales, reported -1 per cent organic growth. Intergraph PP&M reported organic growth of 7 per cent despite a continued shift towards a rental model. Intergraph SG&I and NovAtel reported significant negative growth in the quarter due to the decline in the defence segment.

## SALES BRIDGE FOURTH QUARTER

	Net sales
2012, MEUR	629.0
Structure, %	0
Currency, %	-5
Organic growth, %	5
Total, %	0
2013, MEUR	631.7

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

## MARKET DEVELOPMENT

Americas continue to report solid growth, largely due to the recovery in the U.S. construction sector coupled with strong demand in South America. Demand in EMEA remained strong in the quarter, particularly in the construction sector. In Asia all application areas reported growth although at moderate levels.

Net sales were adversely impacted by negative currency developments stemming primarily from the US dollar, the Brazilian Real, the Japanese Yen and the Indian Rupee.

## EMEA

Demand in EMEA increased in the fourth quarter. The organic growth in net sales was 3 per cent in MT and 35 per cent in Other Operations.

In Western Europe, Hexagon experienced increased activity levels. DACH, Italy and UK grew sales whilst demand in France and Spain was weak. The growth in EMEA was primarily driven by increased demand for measurement solutions from customers involved in infrastructure and construction related activities. Additionally, recent product launches from Geosystems continue to have a positive impact on the growth in the region. Growth was negatively impacted by delays in a few public safety contracts.

Demand in the Middle East and Russia was strong in the quarter whereas Africa was flat.

## AMERICAS

Americas recorded 8 per cent organic growth in net sales in the fourth quarter.

The primary growth drivers in NAFTA in the quarter were related to increased demand in the infrastructure, power and energy segments. As expected, the defence business had another weak quarter with -21 per cent organic growth. The automotive segment recorded slightly negative growth in the quarter whereas the aerospace segment continued to grow.

Demand for Hexagon's products remained favourable in South America. Hexagon recorded strong double digit organic growth in the region in the quarter.

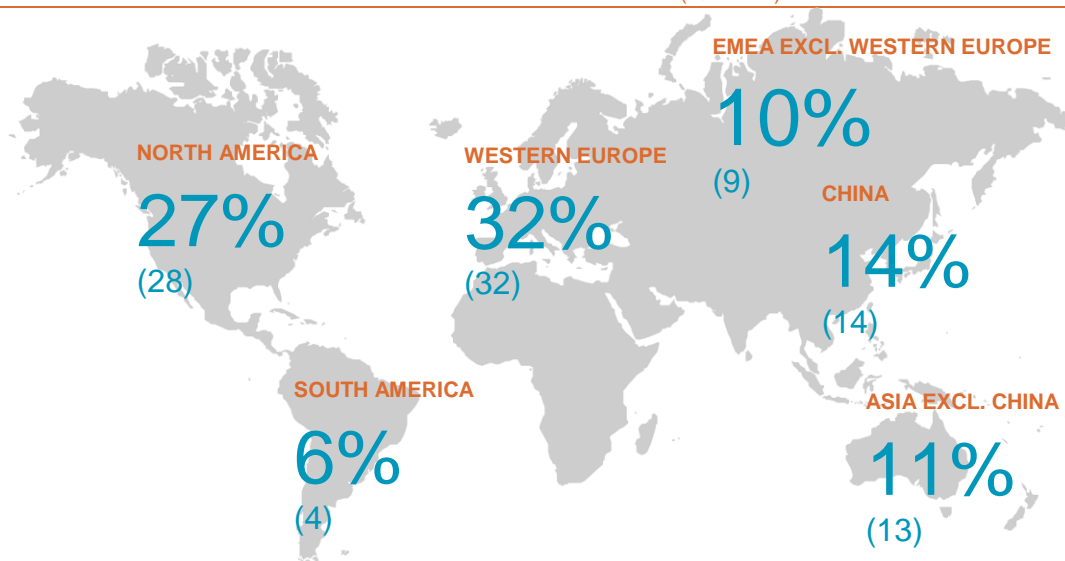
## ASIA

Asia recorded organic growth in net sales of 4 per cent in the fourth quarter.

China recorded a mixed quarter where the automotive, aerospace, surveying and infrastructure segments saw increased demand; however, the growth was held back by the fact that the power and energy related business had one relatively large deal being pushed out to Q1 2014 and as the businesses related to airborne sensors and mining experienced a weak quarter.

South East Asia and India recorded strong double digit growth whereas Australia and New Zealand recorded declining sales mainly due to the continued downturn in the Australian mining business.

## MEASUREMENT TECHNOLOGIES NET SALES PER REGION Q4 2013 (Q4 2012)



## FINANCIAL SUMMARY – FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2013	Q4 2012	Δ % <sup>1)</sup>	Q4 2013	Q4 2012	Δ %
Hexagon MT	619.5	613.6	5	141.3	138.0	2
Other Operations	12.2	15.4	35	-0.1	0.2	n.a.
Net sales	631.7	629.0	5			
Group cost and eliminations				-4.5	-4.6	2
Operating earnings (EBIT1)				136.7	133.6	2
Operating margin, %				21.6	21.2	0.4
Interest income and expenses, net				-7.3	-11.2	35
Earnings before non-recurring items				129.4	122.4	6
Non-recurring items				-	-	n.a.
Earnings before taxes				129.4	122.4	6
Taxes				-24.5	-23.4	-5
Net earnings				104.9	99.0	6

<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 631.7 MEUR (629.0) in the fourth quarter. Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) increased by 2 per cent to 136.7 MEUR (133.6), which corresponds to an operating margin of 21.6 per cent (21.2). Operating earnings (EBIT1) were negatively affected by exchange rate movements of -12.4 MEUR.

The financial net amounted to -7.3 MEUR (-11.2) in the fourth quarter.

Earnings before taxes amounted to 129.4 MEUR (122.4). Earnings before taxes were negatively affected by exchange rate movements of -12.4 MEUR.

Net earnings amounted to 104.9 MEUR (99.0) or 0.29 EUR (0.28) per share.

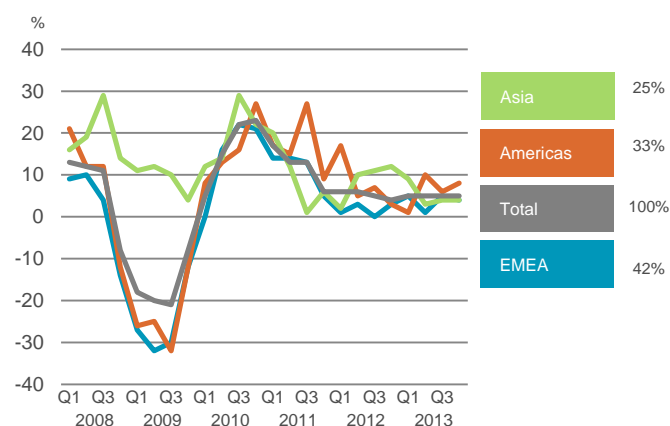
## CURRENCY IMPACT – FOURTH QUARTER AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Weakened -2%	Negative	Positive ↗
USD	Weakened -5%	Positive	Negative ↘
CNY	Weakened -2%	Positive	Negative ↘
EBIT1, MEUR			-12.4

<sup>1)</sup> Compared to Q4 2012.

The Brazilian Real, Japanese Yen and Indian Rupee had negative impact on net sales and profit.

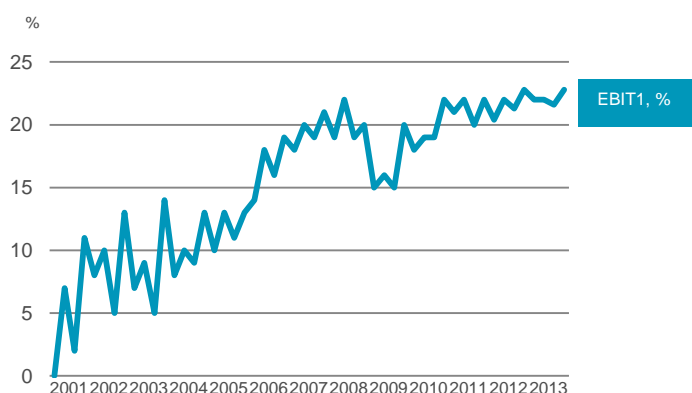
## NET SALES – ORGANIC GROWTH BY REGION (MT <sup>1)</sup>)



EMEA reported organic growth of 3 per cent in the fourth quarter, whilst Americas reported organic growth of 8 per cent. Asia reported 4 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 fourth quarter of 2013, the margin was 22.8 per cent (22.5).

## FINANCIAL SUMMARY – 2013

MEUR	Net sales			Earnings		
	2013	2012	Δ % <sup>1)</sup>	2013	2012	Δ %
Hexagon MT	2 368.9	2 317.6	5	523.8	499.7	5
Other Operations	60.8	62.4	20	1.8	1.3	38
Net sales	2 429.7	2 380.0	5			
Group cost and eliminations				-17.9	-16.1	-11
Operating earnings (EBIT1)				507.7	484.9	5
Operating margin, %				20.9	20.4	0.5
Interest income and expenses, net				-33.9	-50.7	33
Earnings before non-recurring items				473.8	434.2	9
Non-recurring items				-14.9	-	n.a.
Earnings before taxes				458.9	434.2	6
Taxes				-87.7	-83.1	-6
Net earnings				371.2	351.1	6

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

## CURRENCY IMPACT – 2013 AS COMPARED TO EUR

	Movement <sup>1)</sup>	Income less cost	Profit impact
CHF	Weakened -2%	Negative	Positive ↗
USD	Weakened -3%	Positive	Negative ↘
CNY	Weakened -1%	Positive	Negative ↘
EBIT1, MEUR			-22.1

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

The Brazilian Real, Japanese Yen and Indian Rupee had negative impact on net sales and profit.

## 2013 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 2013, Hexagon acquired nine companies:

- Navgeocom (Russia) in January
- Listech (Australia) in January
- Kompakt (Hungary) in February
- Manfra (Brazil) in April
- a/m/t software service (Switzerland) in April
- Geosoft S.r.l (Italy) in June
- Devex (Brazil) in October
- Airborne Hydrography AB (Sweden) in October
- Pixis (Chile) 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)).

In December 2013, Hexagon made an unconditional cash offer of NOK 37 per share for all outstanding shares of Veripos, a position services company listed in Oslo.

In July 2013, Hexagon divested the company EBP i Olofström AB that was reported within the business area Other Operations.

In September 2013, Hexagon divested the 25 per cent shareholding in Blom ASA, a European service provider that is listed on the Oslo Stock Exchange.

## SUBSEQUENT EVENTS

In February 2014, Hexagon owned and had received acceptances for a total of 97.7 per cent of the shares in Veripos.

## 2013 NET SALES AND EARNINGS

Net sales amounted to 2,429.7 MEUR (2,380.0) in 2013. Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 507.7 MEUR (484.9), which corresponds to an operating margin of 20.9 per cent (20.4).

Operating earnings (EBIT1) were negatively affected by exchange rate movements of -22.1 MEUR.

The financial net amounted to -33.9 MEUR (-50.7) in 2013.

In the third quarter of 2013, Hexagon posted non-recurring items of -14.9 MEUR (-) related to Other Operations, a write-down of the Blom investment and a cost reduction programme in MT (for details see Q3 2013 report).

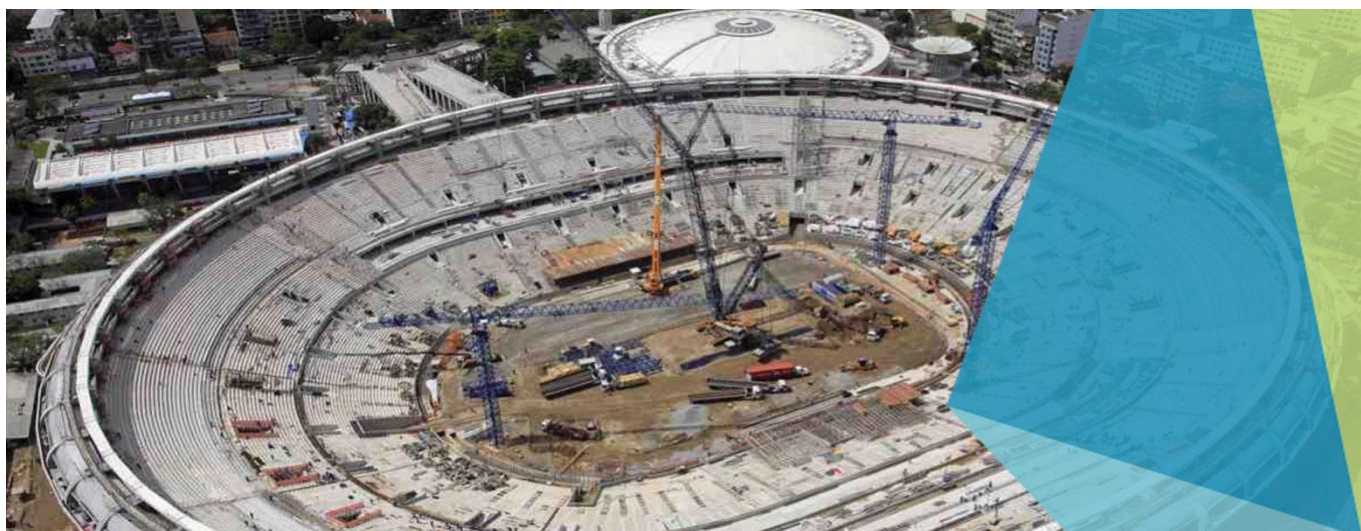
Earnings before taxes, excluding non-recurring items, amounted to 473.8 MEUR (434.2).

Earnings before taxes, including non-recurring items, amounted to 458.9 MEUR (434.2). Earnings before taxes were negatively affected by exchange rate movements of -22.2 MEUR.

Net earnings, excluding non-recurring items, amounted to 383.8 MEUR (351.1) or 1.08 EUR (0.99) per share.

Net earnings, including non-recurring items, amounted to 371.2 MEUR (351.1) or 1.04 EUR (0.99) per share.





Technimex choose solutions from Hexagon Metrology to help construct two of Brazil's iconic venues in preparation for the 2014 FIFA World Confederations Cup: the Maracanã Stadium and Arena da Amazônia in Manaus. Technimex owns several Hexagon Metrology systems, including the new generation Leica Absolute Tracker AT 401.

## PROFITABILITY

Capital employed increased to 4,511.0 MEUR (4,518.6). Return on average capital employed, excluding non-recurring items, for the last twelve months was 11.2 per cent (10.9). Return on average shareholders' equity for the last twelve months was 13.0 per cent (13.3). The capital turnover rate was 0.5 times (0.5).

## FINANCIAL POSITION

Total shareholders' equity increased to 2,846.3 MEUR (2,749.1). The equity ratio was 52 per cent (51). Hexagon's total assets increased to 5,473.6 MEUR (5,433.9).

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. To further diversify the debt structure, Hexagon established a Swedish Commercial Paper Programme in the first quarter of 2012. The programme enables Hexagon to issue commercial paper up to a total amount of 8,000 MSEK. Commercial paper can be issued with tenor of up to 12 months under the programme.

On 31 December 2013, cash and unutilised credit limits totalled 390.1 MEUR (450.8). Hexagon's net debt was 1,488.7 MEUR (1,638.8). The net indebtedness was 0.49 times (0.56). Interest coverage ratio was 12.7 times (8.8).

## CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital increased to 151.2 MEUR (145.2),

corresponding to 0.43 EUR (0.41) per share. Cash flow from operations in the fourth quarter decreased to 151.6 MEUR (167.9), corresponding to 0.43 EUR (0.48) per share. The operating cash flow in the fourth quarter 2013 amounted to 84.5 MEUR (116.9).

For the full year, cash flow from operations amounted to 506.8 MEUR (497.3), corresponding to 1.43 EUR (1.41) per share and the operating cash flow including non-recurring items amounted to 286.1 MEUR (325.5).

## INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -67.1 MEUR (-51.0) in the fourth quarter and -216.3 MEUR (-171.8) in 2013.

Depreciation, amortisation and impairment amounted to -34.8 MEUR (-30.1) in the fourth quarter and -134.5 MEUR (-120.8) in 2013.

## TAX RATE

The Group's tax expense for 2013 totalled -87.7 MEUR (-83.1), corresponding to an effective tax rate of 19 per cent (19). The effective tax rate, excluding non-recurring items, was 19 per cent for the quarter and for 2013.

## EMPLOYEES

The average number of employees in Hexagon during 2013 was 13,931 (13,203). The number of employees at the end of the year was 14,462 (13,754).

## SHARE DATA

Earnings per share for the fourth quarter amounted to 0.29 EUR (0.28). Earnings per share for 2013 amounted to 1.04 EUR (0.99).

On 31 December 2013, equity per share was 8.00 EUR (7.77) and the share price was 203.30 SEK (163.10).

Hexagon's share capital amounts to 78,771,810 EUR, represented by 354,996,977 shares, of which 15,750,000 are of series A with 10 votes each and 339,246,977 are of series B with one vote each. Hexagon AB held no treasury shares.

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 31 December 2013, 5,171,255 warrants were outstanding. In 2013, Hexagon issued 1,354,800 new shares related to the exercise of warrants.

## ASSOCIATED COMPANIES

Associated companies affected Hexagon's earnings during 2013 by -2.0 MEUR (-0.5).

## PARENT COMPANY

The parent company's earnings after financial items in 2013 amounted to 262.4 MEUR (126.2). The equity was 1,757.1 MEUR (1,579.7). The solvency ratio of the parent company was 43 per cent (39). Liquid funds including unutilised credit limits were 210.9 MEUR (291.4).

## BUSINESS AREAS

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

MEUR	Q4 2013	Q4 2012	Δ%	2013	2012	Δ%
Net sales	619.5	613.6	5 <sup>1)</sup>	2,368.9	2,317.6	5 <sup>1)</sup>
Operating earnings (EBIT1)	141.3	138.0	2	523.8	499.7	5
Operating margin, %	22.8	22.5	0.3	22.1	21.6	0.5

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

### MEASUREMENT TECHNOLOGIES

In the fourth quarter, net sales amounted to 619.5 MEUR (613.6). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 141.3 MEUR (138.0), which corresponds to an operating margin of 22.8 per cent (22.5).

The number of employees by the end of the quarter was 14,198 (13,431).

### OTHER OPERATIONS – SALES AND EARNINGS

MEUR	Q4 2013	Q4 2012	Δ%	2013	2012	Δ%
Net sales	12.2	15.4	35 <sup>1)</sup>	60.8	62.4	20 <sup>1)</sup>
Operating earnings (EBIT1)	-0.1	0.2	n.a.	1.8	1.3	38
Operating margin, %	-0.8	1.3	-2.1	3.0	2.1	0.9

### OTHER OPERATIONS

In the fourth quarter, net sales amounted to 12.2 MEUR (15.4). Q4 2012 includes revenue from EBP which was divested in July 2013. This affects the comparability between 2013 and 2012. Using fixed exchange rates and comparable group structure, net sales increased by 35 per cent.

Operating earnings (EBIT1) amounted to -0.1 MEUR (0.2), which corresponds to an operating margin of -0.8 per cent (1.3).

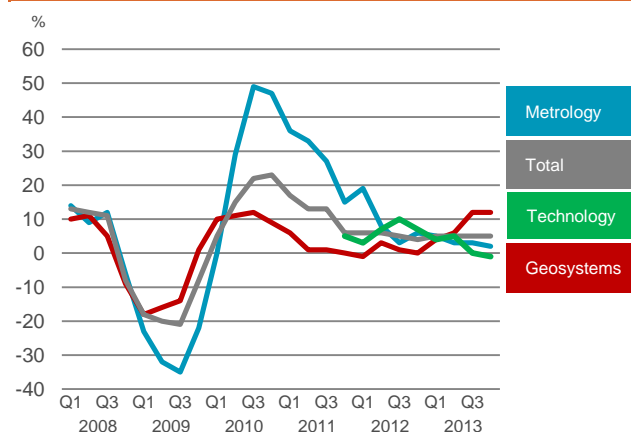
The number of employees by the end of the quarter was 245 (306).

### MEASUREMENT TECHNOLOGIES – APPLICATION AREAS

MEUR	Net sales			Net sales		
	Q4 2013	Q4 2012	Δ % <sup>1)</sup>	2013	2012	Δ % <sup>1)</sup>
Geosystems	224.8	203.3	12	850.6	790.7	9
Metrology	200.4	201.0	2	735.8	722.1	3
Technology	194.3	209.3	-1	782.5	804.8	2
Total Hexagon MT	619.5	613.6	5	2,368.9	2,317.6	5

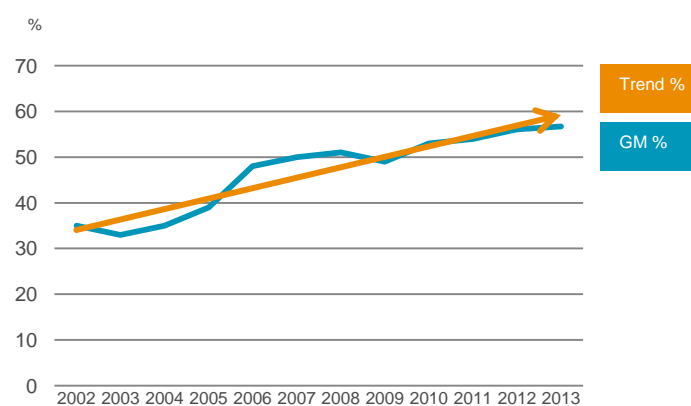
<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

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



Geosystems reported 12 per cent organic growth in net sales in the fourth quarter, Metrology 2 per cent organic growth and Technology, including Intergraph, -1 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 2013, the gross margin reached a new record level of 57 per cent (56).



Hexagon is helping build vital African infrastructure with the construction of a 900 km railway corridor connecting the mining concessions of Moatize in Mozambique to the Nacala Harbour in Southern Africa – an essential route for transporting mineral resources to the Indian Ocean. Leica Geosystems has provided all positioning systems for the project including GPS, total stations and 3D machine control.

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, 11 February 2014  
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 occurred during 2013.

## ANNUAL GENERAL MEETING 2014

The AGM will be held on 9 May 2014, at 17:00 CET in Stockholm (Operaterrassen, Karl XII:s Torg). The Annual Report for 2013 will be distributed during the week starting 14 April. To participate at the AGM shareholders must be registered in the share register maintained by Euroclear on 3 May. Notification of attendance should be made to Hexagon's head office no later than on 5 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 3 May.

## PROPOSED DIVIDEND

The Hexagon Board of Directors proposes a dividend of 0.31 EUR per share (0.28). The proposed record date will be 14 May and expected date for settlement is 19 May.

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

## Condensed Income Statement

MEUR	Q4 2013	Q4 2012	2013	2012
Net sales	631.7	629.0	2 429.7	2 380.0
Cost of goods sold	-281.8	-285.8	-1 081.8	-1 078.9
<b>Gross earnings</b>	<b>349.9</b>	<b>343.2</b>	<b>1 347.9</b>	<b>1 301.1</b>
Sales and administration costs, etc.	-213.2	-209.1	-847.9	-815.7
Earnings from shares in associated companies	-	-0.5	-2.0	-0.5
Capital loss from sale of shares in Group companies	-	-	-5.2	-
<b>Operating earnings 1)</b>	<b>136.7</b>	<b>133.6</b>	<b>492.8</b>	<b>484.9</b>
Interest income and expenses, net	-7.3	-11.2	-33.9	-50.7
<b>Earnings before taxes</b>	<b>129.4</b>	<b>122.4</b>	<b>458.9</b>	<b>434.2</b>
Taxes	-24.5	-23.4	-87.7	-83.1
<b>Net earnings</b>	<b>104.9</b>	<b>99.0</b>	<b>371.2</b>	<b>351.1</b>
Attributable to:				
Parent company shareholders	104.1	98.2	367.9	348.2
Non-controlling interest	0.8	0.8	3.3	2.9
1) of which non-recurring items	-	-	-14.9	-
Earnings include depreciation, amortisation and impairments of	-34.8	-30.1	-134.5	-120.8
Basic earnings per share, EUR	0.29	0.28	1.04	0.99
Earnings per share after dilution, EUR	0.29	0.28	1.03	0.99
Total shareholder's equity per share, EUR	8.00	7.77	8.00	7.77
Closing number of shares, thousands	354 997	352 675	354 997	352 675
Average number of shares, thousands	353 766	352 524	353 226	352 499
Average number of shares after dilution, thousands	356 007	354 384	355 482	353 494

## Condensed Comprehensive Income

MEUR	Q4 2013	Q4 2012	2013	2012
Net earnings	104.9	99.0	371.2	351.1
Other comprehensive income				
Items that will not be reclassified to income statement				
Remeasurement of pensions	7.6	20.8	7.6	20.8
Taxes on items that will not be reclassified to income statement	-1.5	-1.3	-1.5	-1.3
<b>Total items that will not be reclassified to income statement, net of taxes</b>	<b>6.1</b>	<b>19.5</b>	<b>6.1</b>	<b>19.5</b>
Items that may be reclassified subsequently to income statement				
Exchange rate differences	-80.6	-65.4	-194.4	-45.8
Effect of hedging of net investments in foreign operations	5.1	7.7	8.2	1.9
Fair value adjustment	-	-4.8	-	-4.8
Cash flow hedges, net	-0.2	0.2	-	1.5
Taxes on items that may be reclassified subsequently to income statement	-33.5	-5.8	-29.1	-4.6
<b>Total items that may be reclassified subsequently to income statement, net of taxes</b>	<b>-109.2</b>	<b>-68.1</b>	<b>-215.3</b>	<b>-51.8</b>
<b>Other comprehensive income, net of taxes</b>	<b>-103.1</b>	<b>-48.6</b>	<b>-209.2</b>	<b>-32.3</b>
<b>Total comprehensive income for the period</b>	<b>1.8</b>	<b>50.4</b>	<b>162.0</b>	<b>318.8</b>
Attributable to:				
Parent company shareholders	0.9	49.8	158.6	316.0
Non-controlling interest	0.9	0.6	3.4	2.8



## Condensed Balance Sheet

MEUR	31/12 2013	31/12 2012
Intangible fixed assets	3 906.6	3 931.6
Tangible fixed assets	252.6	239.0
Financial fixed assets	56.0	37.3
Deferred tax assets	65.1	90.1
<b>Total fixed assets</b>	<b>4 280.3</b>	<b>4 298.0</b>
Inventories	369.6	376.8
Accounts receivable	509.7	514.5
Other receivables	49.2	53.4
Prepaid expenses and accrued income	88.8	60.5
<b>Total current receivables</b>	<b>647.7</b>	<b>628.4</b>
Cash and cash equivalents	176.0	130.7
<b>Total current assets</b>	<b>1 193.3</b>	<b>1 135.9</b>
<b>Total assets</b>	<b>5 473.6</b>	<b>5 433.9</b>
Equity attributable to parent company shareholders	2 839.8	2 741.8
Equity attributable to non-controlling interest	6.5	7.3
<b>Total shareholders' equity</b>	<b>2 846.3</b>	<b>2 749.1</b>
Interest bearing liabilities	918.8	1 503.8
Other liabilities	8.1	12.5
Pension liabilities	53.2	64.1
Deferred tax liabilities	294.3	281.4
Other provisions	22.1	15.3
<b>Total long-term liabilities</b>	<b>1 296.5</b>	<b>1 877.1</b>
Interest bearing liabilities	680.3	187.6
Accounts payable	159.0	156.3
Other liabilities	99.2	84.7
Other provisions	48.5	34.1
Accrued expenses and deferred income	343.8	345.0
<b>Total short-term liabilities</b>	<b>1 330.8</b>	<b>807.7</b>
<b>Total equity and liabilities</b>	<b>5 473.6</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	2013	2012
Opening shareholders' equity	2,772.6	2,525.8
Change in accounting principles (IAS 19)	-23.5	-36.5
Restated opening shareholders' equity	2,749.1	2,489.3
Total comprehensive income for the period 1)	162.0	318.8
New share issue	19.4	-
New share issue in progress	3.8	-
Dividend	-101.9	-62.5
Sale of repurchased shares	13.8	2.7
Stock options issued	-	0.8
Effect of acquisitions and divestments of subsidiaries	0.1	-
Closing shareholders' equity 2)	2,846.3	2,749.1
1) of which: Parent company shareholders	158.6	316.0
Non-controlling interest	3.4	2.8
2) of which: Parent company shareholders	2,839.8	2,741.8
Non-controlling interest	6.5	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	-	967,340	967,340
New issue, options exercised	-	1,354,800	1,354,800
2013-12-31 Total issued and outstanding 1)	15,750,000	339,246,977	354,996,977

<sup>1)</sup> As per 31 December 2013, there were in total 354,996,977 shares in the Company, of which 15,750,000 are of series A with ten votes each and 339,246,977 are of series B with one vote each. Hexagon AB held no treasury shares as per 31 December 2013.

Options exercised until 2013-12-31 have incurred a new share issue in progress as per 2013-12-31 of 274,910 new shares of series B. The new share issue will be finalized in 2014.

# Condensed Cash Flow Statement

MEUR	Q4 2013	Q4 2012	2013	2012
Cash flow from operations before change in working capital excluding taxes and interest	167.6	168.5	628.9	596.9
Taxes paid	-10.4	-15.6	-62.3	-57.2
Interest received and paid, net	-6.0	-7.7	-28.6	-45.3
Cash flow from operations before change in working capital	151.2	145.2	538.0	494.4
Cash flow from change in working capital	0.4	22.7	-31.2	2.9
Cash flow from operations	151.6	167.9	506.8	497.3
Cash flow from ordinary investing activities	-67.1	-51.0	-216.3	-171.8
Operating cash flow	84.5	116.9	290.5	325.5
Non-recurring cash flow	-4.4	-	-4.4	-
Operating cash flow after non-recurring items	80.1	116.9	286.1	325.5
Cash flow from other investing activities 1)	-58.3	-49.9	-73.1	-81.0
Cash flow after other investing activities	21.8	67.0	213.0	244.5
Dividends paid	-0.3	-0.1	-101.9	-62.5
Sale of repurchased shares	4.6	2.7	13.8	2.7
New share issue	-	-	19.4	-
New share issue in progress	3.8	-	3.8	-
Stock options issued	-	0.2	-	9.0
Cash flow from other financing activities	-24.7	-54.0	-105.8	-177.4
Cash flow for the period	5.2	15.8	42.3	16.3
Cash and cash equivalents, beginning of period	163.9	118.8	130.7	116.4
Effect of translation differences on cash and cash equivalents	6.9	-3.9	3.0	-2.0
Cash flow for the period	5.2	15.8	42.3	16.3
Cash and cash equivalents, end of period	176.0	130.7	176.0	130.7

<sup>1)</sup>Acquisitions totalled -35.0 MEUR (-67.3) and other was -38.1 MEUR (-13.7) in 2013.

## Key Ratios

	Q4 2013	Q4 2012	2013	2012
Operating margin, %	21.6	21.2	20.9	20.4
Profit margin before taxes, %	20.5	19.5	18.9	18.2
Return on shareholders' equity, 12 month average, %	13.0	13.3	13.0	13.3
Return on capital employed, 12 month average, %	11.2	10.9	11.2	10.9
Equity ratio, %	52.0	50.6	52.0	50.6
Net indebtedness	0.49	0.56	0.49	0.56
Interest coverage ratio	14.9	10.8	12.7	8.8
Average number of shares, thousands	353 766	352 524	353 226	352 499
Basic earnings per share excl. non-recurring items, EUR	0.29	0.28	1.08	0.99
Basic earnings per share, EUR	0.29	0.28	1.04	0.99
Cash flow per share, EUR	0.43	0.48	1.43	1.41
Cash flow per share before change in working cap, EUR	0.43	0.41	1.52	1.40
Share price, SEK	203.30	163.10	203.30	163.10
Share price, translated to EUR	22.95	19.00	22.95	19.00

# Supplementary Information

## NET SALES

MEUR	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
Hexagon MT	619.5	566.1	614.2	569.1	2,368.9	613.6	565.2	590.3	548.5	2,317.6
- Of which										
Geosystems	224.8	203.9	226.7	195.2	850.6	203.3	188.4	210.8	188.2	790.7
Metrology	200.4	173.3	186.3	175.8	735.8	201.0	173.8	179.9	167.4	722.1
Technology	194.3	188.9	201.2	198.1	782.5	209.3	203.0	199.6	192.9	804.8
Other Operations	12.2	10.5	20.9	17.2	60.8	15.4	12.9	16.8	17.3	62.4
Group	631.7	576.6	635.1	586.3	2,429.7	629.0	578.1	607.1	565.8	2,380.0

## OPERATING EARNINGS (EBIT1)

MEUR	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
Hexagon MT	141.3	122.3	135.2	125.0	523.8	138.0	120.0	129.9	111.8	499.7
Other Operations	-0.1	0.2	1.1	0.6	1.8	0.2	-0.2	0.5	0.8	1.3
Group costs	-4.5	-4.1	-4.7	-4.6	-17.9	-4.6	-4.4	-3.9	-3.2	-16.1
Group	136.7	118.4	131.6	121.0	507.7	133.6	115.4	126.5	109.4	484.9
Margin, %	21.6	20.5	20.7	20.6	20.9	21.2	20.0	20.8	19.3	20.4

## NET SALES

MEUR	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
EMEA	267.7	230.4	261.9	249.6	1,009.6	268.1	224.1	251.4	237.1	980.7
Americas	206.7	187.9	201.7	183.5	779.8	196.6	189.3	185.9	184.8	756.6
Asia	157.3	158.3	171.5	153.2	640.3	164.3	164.7	169.8	143.9	642.7
Group	631.7	576.6	635.1	586.3	2,429.7	629.0	578.1	607.1	565.8	2,380.0

## EXCHANGE RATES

Average	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
SEK/EUR	0.1128	0.1152	0.1167	0.1177	0.1156	0.1159	0.1184	0.1122	0.1130	0.1149
USD/EUR	0.7348	0.7550	0.7657	0.7571	0.7531	0.7721	0.8000	0.7788	0.7624	0.7783
CNY/EUR	0.1206	0.1233	0.1244	0.1217	0.1225	0.1236	0.1260	0.1230	0.1208	0.1234
CHF/EUR	0.8135	0.8100	0.8120	0.8139	0.8123	0.8279	0.8309	0.8321	0.8278	0.8297
Closing	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012
SEK/EUR	0.1129	0.1155	0.1139	0.1197	0.1129	0.1165	0.1183	0.1140	0.1131	0.1165
USD/EUR	0.7251	0.7405	0.7645	0.7809	0.7251	0.7579	0.7734	0.7943	0.7487	0.7579
CNY/EUR	0.1198	0.1210	0.1246	0.1256	0.1198	0.1216	0.1231	0.1250	0.1189	0.1216
CHF/EUR	0.8146	0.8180	0.8105	0.8200	0.8146	0.8284	0.8265	0.8313	0.8302	0.8284



# Acquisitions and Divestments

MEUR	Acquisitions	
	2013	2012
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	11.5	27.5
Other fixed assets	2.8	0.4
Total fixed assets	14.3	27.9
Total current assets	30.5	8.9
<b>Total assets</b>	<b>44.8</b>	<b>36.8</b>
Total long-term liabilities	10.1	0.3
Total current liabilities	15.3	4.9
<b>Total liabilities</b>	<b>25.4</b>	<b>5.2</b>
Fair value of acquired assets and assumed liabilities, net	19.4	31.6
Shares in associated companies	-5.4	-
Non-controlling interest in equity in acquired companies	-0.1	-
Goodwill	73.9	33.6
Total purchase consideration transferred	87.8	65.2
Less cash and cash equivalents in acquired companies	-10.7	-1.2
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-41.9	3.3
<b>Cash flow from acquisition of companies/businesses</b>	<b>35.2</b>	<b>67.3</b>

MEUR	Divestments	
	2013	2012
Current assets	13.8	-
Current liabilities	8.4	-
Carrying value of divested assets and liabilities, net	5.4	-
Capital loss from sale of shares in Group companies	-5.2	-
<b>Cash flow from sale of shares in Group companies</b>	<b>0.2</b>	<b>-</b>

During 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, Geosoft, an Italian software development company, Devex, a Brazilian software company, Airborne Hydrography AB, a Swedish based sensor provider and Pixis, a Chilean distributor. Since the total size of the acquisitions is insignificant, no further information is presented for these acquisitions.

In July 2013, Hexagon divested EBP i Olofström AB that was reported within the business area Other Operations.

In September 2013, Hexagon divested the 25 per cent shareholding in Blom ASA, a European service provider that is listed on the Oslo Stock Exchange. There were no divestments in 2012.

In December 2013, Hexagon made an unconditional cash offer of NOK 37 per share for all outstanding shares of Veripos, a position services company listed in Oslo. For more information, see Press Releases on our website ([www.hexagon.com](http://www.hexagon.com)).

## Condensed Parent Company Income Statement

MEUR	Q4 2013	Q4 2012	2013	2012
Net sales	2.8	3.0	11.2	10.5
Administration cost	-5.9	-5.7	-17.1	-17.7
Operating earnings	-3.1	-2.7	-5.9	-7.2
Earnings from shares in Group companies	-1.8	154.0	235.0	204.0
Interest income and expenses, net	5.0	-0.9	33.3	-70.6
Earnings before taxes	0.1	150.4	262.4	126.2
Taxes	-24.5	19.1	-30.2	37.4
Net earnings	-24.4	169.5	232.2	163.6

## Condensed Parent Company Balance Sheet

MEUR	31/12 2013	31/12 2012
Total fixed assets	3 946.1	3 902.3
Total current receivables	158.8	155.3
Cash and cash equivalents	16.3	4.5
Total current assets	175.1	159.8
Total assets	4 121.2	4 062.1
Total shareholders' equity	1 757.1	1 579.7
Total long-term liabilities	914.0	1 471.8
Total short-term liabilities	1 450.1	1 010.6
Total equity and liabilities	4 121.2	4 062.1

## 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 recognised in the financial statements. Following the changes in IAS 19, all such differences have to be recognised in the balance sheet and other comprehensive income. In addition, the changes in IAS 19 impact the income statement due to that the same discount rate applied for the calculation of the defined benefit obligation liability also shall be used for the calculation of the return rate on plan assets, instead of applying a fair estimate of the return rate as was made earlier. The difference in outcome between calculated return and actual return is recognised in other comprehensive income.

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

# 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 Q1 2014	9 May 2014
Interim Report Q2 2014	7 August 2014
Interim Report Q3 2014	22 October 2014
Interim Report Q4 2014	6 February 2015

#### 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 2013 will be presented 11 February 2014 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 11 February 2014 at 08:00 CET.

This communication may contain forward-looking statements. When used in this communication, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the measurement field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Hexagon's management as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by Hexagon's management and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. Hexagon disclaims any intention or obligation to update these forward-looking statements.



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