

INTERIM REPORT

1 JANUARY – 31 MARCH 2014

FIRST QUARTER 2014

- Net sales increased by 1 per cent to 594.8 MEUR (586.3)
- Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent in the core business, Measurement Technologies (MT)
- Operating earnings (EBIT1) amounted to 123.4 MEUR (121.0)
- Earnings before taxes, excluding non-recurring items, amounted to 115.2 MEUR (111.6)
- Net earnings, excluding non-recurring items, amounted to 92.2 MEUR (90.4)
- Earnings per share, excluding non-recurring items, increased by 4 per cent to 0.26 EUR (0.25)

| MEUR | Q1 2014 | Q1 2013 | Δ% |
|--|---------|---------|-----------------|
| Net sales | 594.8 | 586.3 | 5 ¹⁾ |
| Operating earnings (EBIT1) | 123.4 | 121.0 | 2 |
| Operating margin, % | 20.7 | 20.6 | 0.1 |
| Earnings before taxes excl. non-recurring items | 115.2 | 111.6 | 3 |
| Non-recurring items 2) | -17.4 | - | n.a. |
| Earnings before taxes | 97.8 | 111.6 | -12 |
| Net earnings | 78.1 | 90.4 | -14 |
| Net earnings, excl. non-recurring items | 92.2 | 90.4 | 2 |
| Earnings per share, EUR | 0.22 | 0.25 | -12 |
| Earnings per share, excl. non-recurring items, EUR | 0.26 | 0.25 | 4 |

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

2) The non-recurring items relate to Veripos and Other Operations.



Ola Rollén, President and CEO, Hexagon AB

COMMENTS FROM OLA ROLLÉN, PRESIDENT AND CEO, HEXAGON AB

"Our business reported an organic growth of 5 per cent in the first quarter, driven primarily by Geosystems, Intergraph PP&M and Metrology. From a regional perspective, we saw continued growth in Europe, although construction and automotive were muted compared to Q4. Growth slowed somewhat in North America, where harsh weather conditions negatively impacted our construction business. Growth accelerated in Asia where all our businesses experienced increased demand. We have also made significant progress on acquisition-driven growth. The recent additions all strengthen our ability to deliver complete lifecycle solutions to customers, giving us a unique position in the market. To date they include the closing of the Veripos transaction and the announcement of Aibotix, SAFEmine, Mintec and Arvus. We also divested SwePart, the remaining part of Other Operations, fulfilling Hexagon's strategy to concentrate all resources on its core business, Measurement Technologies. The reported EBIT margin of 22 per cent in the core business is a sign of strength considering the negative currency effects of approximately -10.7 MEUR in Q1. Excluding these effects the core business would have reported a margin of 23 per cent. Organic and acquisition-driven growth, as well as EBIT margin expansion, will continue to be a priority in 2014."

BUSINESS DEVELOPMENT Q1

Recorded sales grew by 1 per cent and organic growth was 5 per cent in the first quarter. Operating earnings (EBIT1) grew by 2 per cent to 123.4 MEUR.

The organic growth in the Group's core business, Measurement Technologies (MT), was 5 per cent and net sales amounted to 581.8 MEUR. Operating earnings in MT increased to 127.6 MEUR, which corresponds to an operating margin of 21.9 per cent.

Geosystems reported an organic growth of 9 per cent. The division represented 36 per cent of net sales in the first quarter.

Metrology, which represented 31 per cent of net sales, reported an organic growth of 6 per cent.

Technology, which represented 33 per cent of net sales, reports 2 per cent organic growth. Intergraph SG&I turned a corner, reporting slight growth in the quarter whilst PP&M continued to report solid growth. NovAtel, which is reported in Technology, reported a weak quarter due to delays in the UAV (Unmanned Aerial Vehicle) market.

SALES BRIDGE FIRST QUARTER

| | Net sales |
|-------------------|-----------|
| 2013, MEUR | 586.3 |
| Structure, % | 1 |
| Currency, % | -4 |
| Organic growth, % | 5 |
| Total, % | 1 |
| 2014, MEUR | 594.8 |

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 per cent.

MARKET DEVELOPMENT

Customer demand in the engineering and construction sectors weakened sequentially (compared to the previous quarter, Q4 2013) in Europe. Growth in the Americas was largely driven by the ongoing recovery in the US construction sector, coupled with strong demand in South America. Demand continued to accelerate in Asia, fuelled primarily by strong demand from Japan, Korea, South East Asia and India.

EMEA

The organic growth in EMEA in net sales was 0 per cent in MT and 23 per cent in Other Operations.

As reported in Q1 2013, the Intergraph PP&M business received a large software order in Africa which affects year over year comparison. Adjusting for that order, EMEA reported moderate growth. Of the big five economies in Europe, UK, Germany and France continued to grow while Spain and Italy reported negative growth.

In Western Europe, demand in infrastructure related activities as well as the automotive and aerospace sectors increased compared to a year ago but weakened sequentially.

Eastern Europe reported growth despite a weak finish to the quarter due to the turmoil in the region. Sales in Africa shrunk significantly due to the order received in Q1 2013.

AMERICAS

Americas recorded 6 per cent organic growth in net sales in the first quarter.

Apart from the UAV (NovAtel related) market, all of Hexagon's market segments grew in North America, including automotive, aerospace and general engineering, and Geosystems' sales to residential housing projects.

Growth numbers in North America were however hampered by the harsh weather conditions on the East Coast which had an impact on the construction and surveying related business

In South America, activity levels in all sectors continued to be strong. Hexagon reported strong double digit growth in South America in the quarter.

In April, Hexagon announced the acquisition of Arvus, a Brazilian manufacturer of precision agriculture solutions for closer, more site-specific management of the factors affecting crop production.

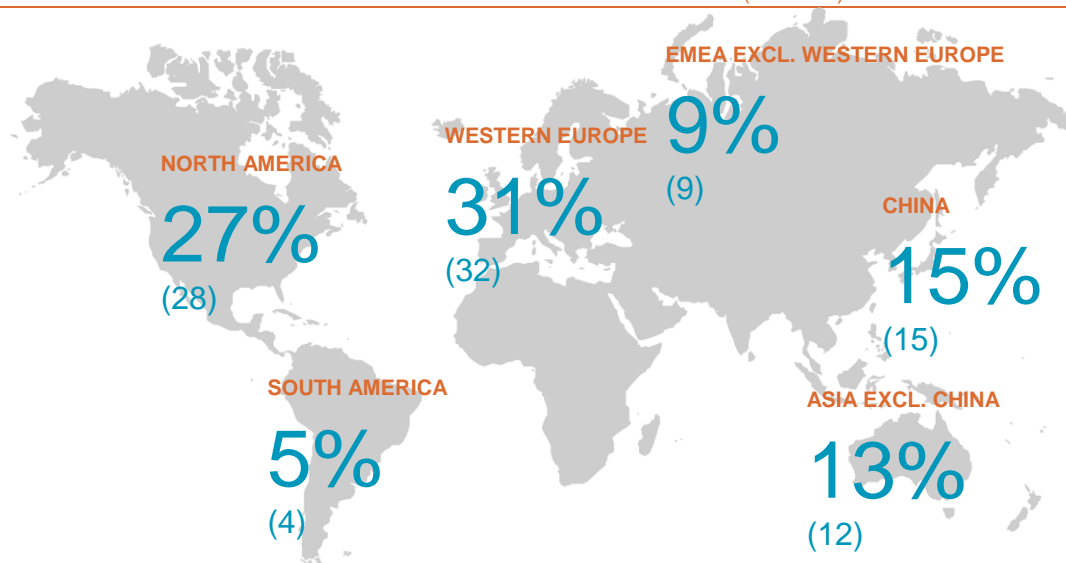
ASIA

Asia recorded organic growth in net sales of 13 per cent in the first quarter.

All of Hexagon's application areas recorded growth in China in the quarter, largely due to favourable demand in the automotive, aerospace, power and energy markets. China reported a mid-single digit organic growth.

In addition to China, several other markets in the region reported strong growth, including India, Korea and Japan. Australia still suffers from weak underlying demand but received a large project order in the first quarter.

MEASUREMENT TECHNOLOGIES NET SALES PER REGION Q1 2014 (Q1 2013)



FINANCIAL SUMMARY – FIRST QUARTER

| MEUR | Net sales | | | Earnings | | |
|-------------------------------------|-----------|---------|-------------------|----------|---------|------|
| | Q1 2014 | Q1 2013 | Δ % ¹⁾ | Q1 2014 | Q1 2013 | Δ % |
| Hexagon MT | 581.8 | 569.1 | 5 | 127.6 | 125.0 | 2 |
| Other Operations | 13.0 | 17.2 | 23 | 0.4 | 0.6 | -33 |
| Net sales | 594.8 | 586.3 | 5 | | | |
| Group cost and eliminations | | | | -4.6 | -4.6 | 0 |
| Operating earnings (EBIT1) | | | | 123.4 | 121.0 | 2 |
| Operating margin, % | | | | 20.7 | 20.6 | 0.1 |
| Interest income and expenses, net | | | | -8.2 | -9.4 | 13 |
| Earnings before non-recurring items | | | | 115.2 | 111.6 | 3 |
| Non-recurring items | | | | -17.4 | - | n.a. |
| Earnings before taxes | | | | 97.8 | 111.6 | -12 |
| Taxes | | | | -19.7 | -21.2 | 7 |
| Net earnings | | | | 78.1 | 90.4 | -14 |

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

Q1 NET SALES AND EARNINGS

Net sales amounted to 594.8 MEUR (586.3) in the first 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 123.4 MEUR (121.0), which corresponds, to an operating margin of 20.7 per cent (20.6). Operating earnings (EBIT1) were negatively affected by exchange rate movements of -10.7 MEUR.

The financial net amounted to -8.2 MEUR (-9.4) in the first quarter.

In the quarter, Hexagon posted non-recurring items of -17.4 MEUR (-) related to Veripos (write-down of overlapping technologies and assets between Hexagon and Veripos as well as transaction costs) and the divestment of Other Operations.

Earnings before taxes, excluding non-recurring items, amounted to 115.2 MEUR (111.6). Earnings before taxes, including these items, amounted to 97.8 (111.6). Earnings were negatively affected by exchange rate movements of -10.8 MEUR.

Net earnings amounted to 78.1 MEUR (90.4), or 0.22 EUR (0.25) per share.

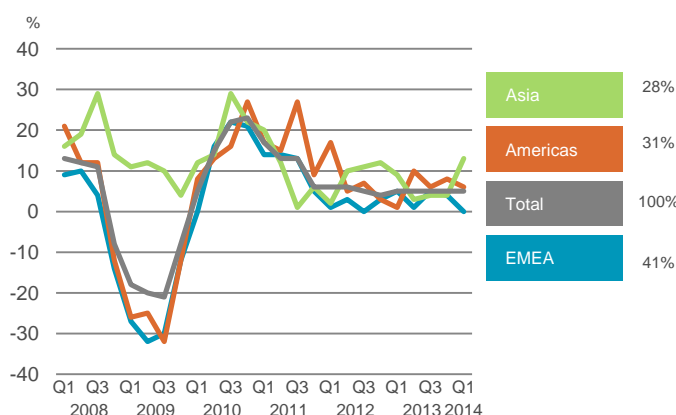
CURRENCY IMPACT – FIRST QUARTER AS COMPARED TO EUR

| | Movement ¹⁾ | Income less cost | Profit impact |
|-------------|------------------------|------------------|---------------|
| CHF | Strengthened 0% | Negative | Negative ↘ |
| USD | Weakened -4% | Positive | Negative ↘ |
| CNY | Weakened -2% | Positive | Negative ↘ |
| EBIT1, MEUR | | | -10.7 |

¹⁾ Compared to Q1 2013.

In addition to the above, significant movements in the Japanese Yen, Australian Dollar and the Brazilian Real had negative impact on net sales and profit in Q1 2014.

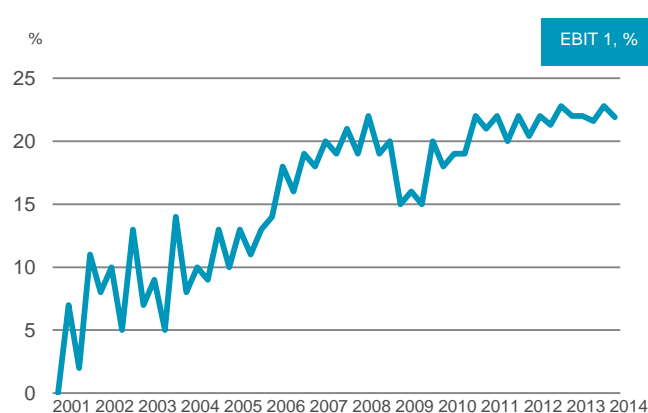
NET SALES – ORGANIC GROWTH BY REGION (MT ¹⁾)



EMEA reported organic growth of 0 per cent in the first quarter, whilst Americas reported organic growth of 6 per cent. Asia reported 13 per cent organic growth in the quarter.

¹⁾ 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 since then, it has continued to expand and reached 22 per cent in 2013. In the first quarter of 2014, the margin was 21.9 per cent (22.0).



Hexagon Metrology launched 360° Smart Inline Measurement Solutions (360° SIMS), a new family of measurement solutions that can be fully integrated into demanding automotive production lines. 360° SIMS provides customers with a fully automated, high-speed system that offers insightful and actionable information to accelerate production launches while monitoring quality. The solutions enable full surface inspection and critical features measurement of up to 100 per cent of the produced car bodies, parts and sub-assemblies within the production cycle time.

PROFITABILITY

Capital employed increased to 4,674.5 MEUR (4,642.7). Return on average capital employed for the last twelve months was 11.3 per cent (11.1). Return on average shareholders' equity for the last twelve months was 12.5 per cent (13.4). The capital turnover rate was 0.5 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 2,932.5 MEUR (2,894.9). The equity ratio was 52 per cent (52). Hexagon's total assets increased to 5,646.1 MEUR (5,553.4).

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 8,000 MSEK. Commercial paper can be issued with tenor of up to 12 months under the programme.

On 31 March 2014, cash and unutilised credit limits totalled 336.4 MEUR (471.4). Hexagon's net debt was 1,564.7 MEUR (1,611.4). The net indebtedness was 0.50 times (0.52). Interest coverage ratio was 11.5 times (11.6).

CASH FLOW

During the first quarter, cash flow from operations before changes in working capital increased to 136.4 MEUR (121.9), corresponding to 0.38 EUR (0.35) per share. Cash flow from operations in the first quarter amounted to 101.4 MEUR (62.4), corresponding to 0.29 EUR (0.18) per share. Operating cash flow, after non-recurring items, in the first quarter 2014 amounted to 46.5 MEUR (21.2).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -51.2 MEUR (-41.2) in the first quarter.

Depreciation, amortisation and impairment amounted to -48.9 MEUR (-31.2) in the first quarter, of which impairment charges was -11.9 MEUR (-).

TAX RATE

The Group's tax expense for the first quarter totalled -19.7 MEUR (-21.2) corresponding to an reported tax rate of 20.1 per cent (19.0). The tax rate, excluding non-recurring items, was 20.0 per cent (19.0).

EMPLOYEES

The average number of employees during the first quarter was 14,403 (13,659). The number of employees at the end of the quarter was 14,446 (13,898).

SHARE DATA

Earnings per share, excluding non-recurring items, for the first quarter amounted to 0.26 EUR (0.25). Earnings per share, including non-recurring items, for the first quarter amounted to 0.22 EUR (0.25).

On 31 March 2014, equity per share was 8.23 EUR (8.18) and the share price was 219.90 SEK (177.50).

Hexagon's share capital amounts to 78,835,030 EUR, represented by 355,281,887 shares, of which 15,750,000 are of series A with 10 votes each and 339,531,887 are of series B with one vote each. Hexagon AB holds 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 March 2014, 4,617,805 warrants were outstanding.

ASSOCIATED COMPANIES

Associated companies affected Hexagon's earnings during the first quarter by 0.0 MEUR (-1.0).

PARENT COMPANY

The parent company's earnings after financial items in the first quarter amounted to 2.5 MEUR (36.9). The equity was 1,766.4 MEUR (1,610.0). The solvency ratio of the parent company was 42 per cent (39). Liquid funds including unutilised credit limits were 160.5 MEUR (310.5).

BUSINESS AREAS

MEASUREMENT TECHNOLOGIES – SALES AND EARNINGS

| MEUR | Q1 2014 | Q1 2013 | Δ% |
|----------------------------|---------|---------|-----------------|
| Net sales | 581.8 | 569.1 | 5 ¹⁾ |
| Operating earnings (EBIT1) | 127.6 | 125.0 | 2 |
| Operating margin, % | 21.9 | 22.0 | -0.1 |

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

OTHER OPERATIONS – SALES AND EARNINGS

| MEUR | Q1 2014 | Q1 2013 | Δ% |
|----------------------------|---------|---------|------------------|
| Net sales | 13.0 | 17.2 | 23 ¹⁾ |
| Operating earnings (EBIT1) | 0.4 | 0.6 | -33 |
| Operating margin, % | 3.1 | 3.5 | -0.4 |

MEASUREMENT TECHNOLOGIES

In the first quarter, net sales amounted to 581.8 MEUR (569.1). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent.

Operating earnings (EBIT1) amounted to 127.6 MEUR (125.0), which corresponds to an operating margin of 21.9 per cent (22.0).

The number of employees by the end of the quarter was 14,428 (13,572).

OTHER OPERATIONS

In the first quarter, net sales amounted to 13.0 MEUR (17.2). Q1 2013 includes revenue from EBP which was divested in July 2013. This affects the year over year comparison. Organic sales grew by 23 per cent.

Operating earnings (EBIT1) amounted to 0.4 MEUR (0.6), which corresponds to an operating margin of 3.1 per cent (3.5).

On March 17, Hexagon divested SwePart Transmission which finalized the strategy to focus on Measurement Technologies. Hence, Q1 2014 is the last quarter in which Hexagon will report revenue from Other Operations.

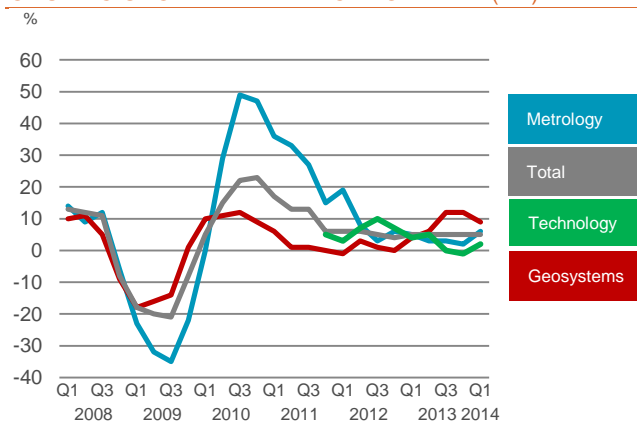
By the end of the quarter Hexagon had no employees (309) in Other Operations.

MEASUREMENT TECHNOLOGIES – APPLICATION AREAS

| MEUR | Net sales | | |
|------------------|-----------|---------|-------------------|
| | Q1 2014 | Q1 2013 | Δ % ¹⁾ |
| Geosystems | 208.2 | 195.2 | 9 |
| Metrology | 179.4 | 175.8 | 6 |
| Technology | 194.2 | 198.1 | 2 |
| Total Hexagon MT | 581.8 | 569.1 | 5 |

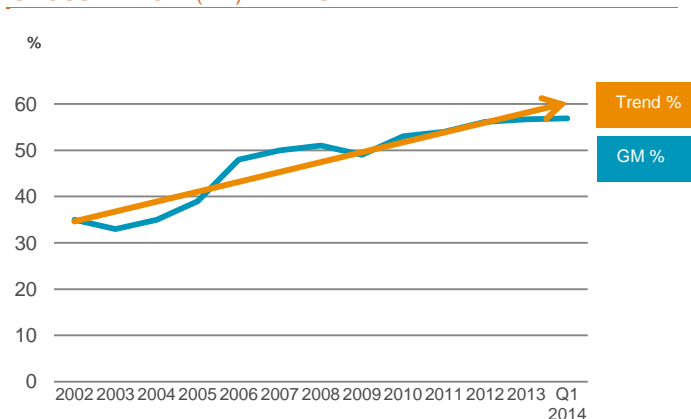
¹⁾ Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

NET SALES – ORGANIC GROWTH BY APPLICATION AREA (MT)



Geosystems reported 9 per cent organic growth in net sales in the first quarter. Metrology reported organic sales growth of 6 per cent. Technology reported 2 per cent organic growth.

GROSS MARGIN (MT) – ANNUAL DATA



Product innovations including new technology, lower manufacturing costs and an increasing software content has enabled Hexagon to improve the gross margin over time. In the first quarter 2014, the gross margin was 57 per cent (57).



CNH Industrial, a global leader in the capital goods sector, entered into a strategic partnership with Leica Geosystems. The partnership involves several collaboration areas to continuously drive CNH Industrial's leadership in the construction business. Initially, Leica Geosystems will provide CNH Industrial's global brands, Case and New Holland Construction, with machine control solutions for excavators, dozers and graders, and then eventually expand to CNH Industrial's entire construction product line-up. In addition, the engineering departments for both companies will jointly evaluate the development of products, designed to maximize integration and performance of the CNH Industrial Construction Equipment portfolio.

The Board of Directors and the President and CEO declare that this interim report provides a true and fair overview of the Company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the Company and companies within the Group.

Stockholm, Sweden, 9 May 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 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 2013. New and amended standards applicable from 2014 have not had any 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 2013 Annual Report.

RELATED PARTY TRANSACTIONS

No significant related party transactions have been incurred during the quarter.

SUBSEQUENT EVENTS

On 14 April 2014, Hexagon announced an agreement to acquire Mintec, a US provider of mine planning software.

On 28 April 2014, Hexagon announced the acquisition of Arvus, a Brazil provider of solutions for precision agriculture.

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

Condensed Income Statement

| MEUR | Q1 2014 | Q1 2013 | 2013 |
|--|---------|---------|----------|
| Net sales | 594.8 | 586.3 | 2,429.7 |
| Cost of goods sold | -264.0 | -262.7 | -1,081.8 |
| Gross earnings | 330.8 | 323.6 | 1,347.9 |
| Sales and administration costs, etc. | -223.3 | -201.6 | -847.9 |
| Earnings from shares in associated companies | 0.0 | -1.0 | -2.0 |
| Capital loss from sale of shares in Group companies | -1.5 | - | -5.2 |
| Operating earnings 1) | 106.0 | 121.0 | 492.8 |
| Interest income and expenses, net | -8.2 | -9.4 | -33.9 |
| Earnings before taxes | 97.8 | 111.6 | 458.9 |
| Taxes | -19.7 | -21.2 | -87.7 |
| Net earnings | 78.1 | 90.4 | 371.2 |
| Attributable to: | | | |
| Parent company shareholders | 77.3 | 89.7 | 367.9 |
| Non-controlling interest | 0.8 | 0.7 | 3.3 |
| 1) of which non-recurring items | -17.4 | - | -14.9 |
| Earnings include depreciation, amortisation and impairments of | -48.9 | -31.2 | -134.5 |
| - of which amortization of surplus values | -5.2 | -4.4 | -19.5 |
| Basic earnings per share, EUR | 0.22 | 0.25 | 1.04 |
| Earnings per share after dilution, EUR | 0.22 | 0.25 | 1.03 |
| Total shareholder's equity per share, EUR | 8.23 | 8.18 | 8.00 |
| Closing number of shares, thousands | 355,282 | 352,781 | 354,997 |
| Average number of shares, thousands | 355,083 | 352,727 | 353,226 |
| Average number of shares after dilution, thousands | 355,779 | 355,036 | 355,482 |

Condensed Comprehensive Income

| MEUR | Q1 2014 | Q1 2013 | 2013 |
|---|---------|---------|--------|
| Net earnings | 78.1 | 90.4 | 371.2 |
| Other comprehensive income | | | |
| Items that will not be reclassified to income statement | | | |
| Remeasurement of pensions | - | - | 7.6 |
| Taxes on items that will not be reclassified to income statement | - | - | -1.5 |
| Total items that will not be reclassified to income statement, net of taxes | - | - | 6.1 |
| Items that may be reclassified subsequently to income statement | | | |
| Exchange rate differences | 0.1 | 68.8 | -194.4 |
| Effect of hedging of net investments in foreign operations | -1.0 | -9.5 | 8.2 |
| Cash flow hedges, net | 0.5 | -0.3 | - |
| Taxes on items that may be reclassified subsequently to income statement | 0.8 | -5.4 | -29.1 |
| Total items that may be reclassified subsequently to income statement, net of taxes | 0.4 | 53.6 | -215.3 |
| Other comprehensive income, net of taxes | 0.4 | 53.6 | -209.2 |
| Total comprehensive income for the period | 78.5 | 144.0 | 162.0 |
| Attributable to: | | | |
| Parent company shareholders | 78.0 | 143.0 | 158.6 |
| Non-controlling interest | 0.5 | 1.0 | 3.4 |

Condensed Balance Sheet

| MEUR | 31/3 2014 | 31/3 2013 | 31/12 2013 |
|--|----------------|----------------|----------------|
| Intangible fixed assets | 4,095.3 | 3,999.0 | 3,906.6 |
| Tangible fixed assets | 258.7 | 242.1 | 252.6 |
| Financial fixed assets | 18.0 | 31.1 | 56.0 |
| Deferred tax assets | 69.8 | 84.7 | 65.1 |
| Total fixed assets | 4,441.8 | 4,356.9 | 4,280.3 |
| Inventories | 384.5 | 399.0 | 369.6 |
| Accounts receivable | 494.1 | 539.0 | 509.7 |
| Other receivables | 47.8 | 49.9 | 49.2 |
| Prepaid expenses and accrued income | 100.6 | 72.2 | 88.8 |
| Total current receivables | 642.5 | 661.1 | 647.7 |
| Cash and cash equivalents | 177.3 | 136.4 | 176.0 |
| Total current assets | 1,204.3 | 1,196.5 | 1,193.3 |
| Total assets | 5,646.1 | 5,553.4 | 5,473.6 |
| Equity attributable to parent company shareholders | 2,925.5 | 2,886.4 | 2,839.8 |
| Equity attributable to non-controlling interest | 7.0 | 8.5 | 6.5 |
| Total shareholders' equity | 2,932.5 | 2,894.9 | 2,846.3 |
| Interest bearing liabilities | 880.2 | 1,493.3 | 918.8 |
| Other liabilities | 4.0 | 9.2 | 8.1 |
| Pension liabilities | 54.7 | 63.9 | 53.2 |
| Deferred tax liabilities | 301.3 | 287.3 | 294.3 |
| Other provisions | 44.1 | 9.0 | 22.1 |
| Total long-term liabilities | 1,284.3 | 1,862.7 | 1,296.5 |
| Interest bearing liabilities | 785.8 | 185.5 | 680.3 |
| Accounts payable | 138.7 | 143.0 | 159.0 |
| Other liabilities | 95.4 | 84.3 | 99.2 |
| Other provisions | 50.6 | 30.9 | 48.5 |
| Accrued expenses and deferred income | 358.8 | 352.1 | 343.8 |
| Total short-term liabilities | 1,429.3 | 795.8 | 1,330.8 |
| Total equity and liabilities | 5,646.1 | 5,553.4 | 5,473.6 |

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 | Q1 2014 | Q1 2013 | 2013 |
|--|---------|---------|---------|
| Opening shareholders' equity | 2,846.3 | 2,749.1 | 2,749.1 |
| Total comprehensive income for the period 1) | 78.5 | 144.0 | 162.0 |
| New share issue | 3.8 | 0.2 | 19.4 |
| New share issue in progress | 3.9 | - | 3.8 |
| Dividend | - | - | -101.9 |
| Sale of repurchased shares | - | 1.6 | 13.8 |
| Effect of acquisitions and divestments of subsidiaries | - | 0.2 | 0.1 |
| Closing shareholders' equity 2) | 2,932.5 | 2,894.9 | 2,846.3 |
| 1) of which: Parent company shareholders | 78.0 | 143.0 | 158.6 |
| Non-controlling interest | 0.5 | 1.0 | 3.4 |
| 2) of which: Parent company shareholders | 2,925.5 | 2,886.4 | 2,839.8 |
| Non-controlling interest | 7.0 | 8.5 | 6.5 |

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, warrants exercised | - | 1,354,800 | 1,354,800 |
| 2013-12-31 Total issued and outstanding | 15,750,000 | 339,246,977 | 354,996,977 |
| New issue, warrants exercised | - | 284,910 | 284,910 |
| 2014-03-31 Total issued and outstanding 1) | 15,750,000 | 339,531,887 | 355,281,887 |

¹⁾ As per 31 March 2014, there were in total 355,281,887 shares in the Company, of which 15,750,000 are of series A with ten votes each and 339,531,877 are of series B with one vote each. Hexagon AB treasury shares amounted to 0 shares of series B. Warrants exercised until 2014-03-31 have incurred a new share issue in progress as per 2014-03-31 of 543,450 new shares of series B. The new share issue will be finalized in the second quarter.

Condensed Cash Flow Statement

| MEUR | Q1 2014 | Q1 2013 | 2013 |
|---|---------|---------|--------|
| Cash flow from operations before change in working capital excluding taxes and interest | 160.5 | 146.7 | 628.9 |
| Taxes paid | -17.6 | -16.7 | -62.3 |
| Interest received and paid, net | -6.5 | -8.1 | -28.6 |
| Cash flow from operations before change in working capital | 136.4 | 121.9 | 538.0 |
| Cash flow from change in working capital | -35.0 | -59.5 | -31.2 |
| Cash flow from operations | 101.4 | 62.4 | 506.8 |
| Cash flow from ordinary investing activities | -51.2 | -41.2 | -216.3 |
| Operating cash flow | 50.2 | 21.2 | 290.5 |
| Non-recurring cash flow | -3.7 | - | -4.4 |
| Operating cash flow after non-recurring items | 46.5 | 21.2 | 286.1 |
| Cash flow from other investing activities 1) | -117.1 | 0.6 | -73.1 |
| Cash flow after other investing activities | -70.6 | 21.8 | 213.0 |
| Dividends paid | - | - | -101.9 |
| Sale of repurchased shares | - | 1.6 | 13.8 |
| New share issue | 0.1 | - | 19.4 |
| New share issue in progress | 7.6 | - | 3.8 |
| Cash flow from other financing activities | 65.3 | -15.5 | -105.8 |
| Cash flow for the period | 2.4 | 7.9 | 42.3 |
| Cash and cash equivalents, beginning of period | 176.0 | 130.7 | 130.7 |
| Effect of translation differences on cash and cash equivalents | -1.1 | -2.2 | 3.0 |
| Cash flow for the period | 2.4 | 7.9 | 42.3 |
| Cash and cash equivalents, end of period | 177.3 | 136.4 | 176.0 |

¹⁾Acquisitions totalled -111.9 MEUR (0.5) and other was -5.2 MEUR (0.1) in the first quarter of 2014.

Key Ratios

| | Q1 2014 | Q1 2013 | 2013 |
|---|---------|---------|---------|
| Operating margin, % | 20.7 | 20.6 | 20.9 |
| Profit margin before taxes, % | 16.4 | 19.0 | 18.9 |
| Return on shareholders' equity, 12 month average, % | 12.5 | 13.4 | 13.0 |
| Return on capital employed, 12 month average, % | 11.3 | 11.1 | 11.2 |
| Equity ratio, % | 51.9 | 52.1 | 52.0 |
| Net indebtedness | 0.50 | 0.52 | 0.49 |
| Interest coverage ratio | 11.5 | 11.6 | 12.7 |
| Average number of shares, thousands | 355,083 | 352,727 | 353,226 |
| Basic earnings per share excl. non-recurring items, EUR | 0.26 | 0.25 | 1.08 |
| Basic earnings per share, EUR | 0.22 | 0.25 | 1.04 |
| Cash flow per share, EUR | 0.29 | 0.18 | 1.43 |
| Cash flow per share before change in working cap, EUR | 0.38 | 0.35 | 1.52 |
| Share price, SEK | 219.90 | 177.50 | 203.30 |
| Share price, translated to EUR | 24.57 | 21.24 | 22.95 |

Supplementary Information

NET SALES

| MEUR | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | 2013 |
|------------------|---------|---------|---------|---------|---------|---------|
| Hexagon MT | 581.8 | 619.5 | 566.1 | 614.2 | 569.1 | 2,368.9 |
| - Of which | | | | | | |
| Geosystems | 208.2 | 224.8 | 203.9 | 226.7 | 195.2 | 850.6 |
| Metrology | 179.4 | 200.4 | 173.3 | 186.3 | 175.8 | 735.8 |
| Technology | 194.2 | 194.3 | 188.9 | 201.2 | 198.1 | 782.5 |
| Other Operations | 13.0 | 12.2 | 10.5 | 20.9 | 17.2 | 60.8 |
| Group | 594.8 | 631.7 | 576.6 | 635.1 | 586.3 | 2,429.7 |

OPERATING EARNINGS (EBIT1)

| MEUR | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | 2013 |
|------------------|---------|---------|---------|---------|---------|-------|
| Hexagon MT | 127.6 | 141.3 | 122.3 | 135.2 | 125.0 | 523.8 |
| Other Operations | 0.4 | -0.1 | 0.2 | 1.1 | 0.6 | 1.8 |
| Group costs | -4.6 | -4.5 | -4.1 | -4.7 | -4.6 | -17.9 |
| Group | 123.4 | 136.7 | 118.4 | 131.6 | 121.0 | 507.7 |
| Margin, % | 20.7 | 21.6 | 20.5 | 20.7 | 20.6 | 20.9 |

NET SALES

| MEUR | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | 2013 |
|----------|---------|---------|---------|---------|---------|---------|
| EMEA | 245.3 | 267.7 | 230.4 | 261.9 | 249.6 | 1,009.6 |
| Americas | 186.1 | 206.7 | 187.9 | 201.7 | 183.5 | 779.8 |
| Asia | 163.4 | 157.3 | 158.3 | 171.5 | 153.2 | 640.3 |
| Group | 594.8 | 631.7 | 576.6 | 635.1 | 586.3 | 2,429.7 |

EXCHANGE RATES

| Average | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | 2013 |
|---------|---------|---------|---------|---------|---------|--------|
| SEK/EUR | 0.1129 | 0.1128 | 0.1152 | 0.1167 | 0.1177 | 0.1156 |
| USD/EUR | 0.7299 | 0.7348 | 0.7550 | 0.7657 | 0.7571 | 0.7531 |
| CNY/EUR | 0.1196 | 0.1206 | 0.1233 | 0.1244 | 0.1217 | 0.1225 |
| CHF/EUR | 0.8173 | 0.8135 | 0.8100 | 0.8120 | 0.8139 | 0.8123 |
| Closing | Q1 2014 | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | 2013 |
| SEK/EUR | 0.1118 | 0.1129 | 0.1155 | 0.1139 | 0.1197 | 0.1129 |
| USD/EUR | 0.7253 | 0.7251 | 0.7405 | 0.7645 | 0.7809 | 0.7251 |
| CNY/EUR | 0.1166 | 0.1198 | 0.1210 | 0.1246 | 0.1256 | 0.1198 |
| CHF/EUR | 0.8201 | 0.8146 | 0.8180 | 0.8105 | 0.8200 | 0.8146 |

Acquisitions

| MEUR | Acquisitions | |
|---|--------------|-------------|
| | Q1 2014 | Q1 2013 |
| Fair value of acquired assets and assumed liabilities | | |
| Intangible fixed assets | 25.7 | 0.7 |
| Other fixed assets | 9.9 | 0.5 |
| Total fixed assets | 35.6 | 1.2 |
| Total current assets | 37.1 | 13.4 |
| Total assets | 72.7 | 14.6 |
| Total long-term liabilities | 5.7 | 4.8 |
| Total current liabilities | 19.7 | 1.9 |
| Total liabilities | 25.4 | 6.7 |
| Fair value of acquired assets and assumed liabilities, net | 47.3 | 7.9 |
| Long-term securities holdings | -42.9 | - |
| Shares in associated companies | - | -5.4 |
| Non-controlling interest in equity in acquired companies | - | -0.2 |
| Goodwill | 164.6 | 5.0 |
| Total purchase consideration transferred | 169.0 | 7.3 |
| Less cash and cash equivalents in acquired companies | -17.1 | -2.7 |
| Adjustment for non-paid consideration and considerations paid for prior years' acquisitions | -20.9 | -5.1 |
| Cash flow from acquisition of companies/businesses | 131.0 | -0.5 |

During Q1 2014, Hexagon acquired the following companies:

- GT Strudl, a US software development company
- Aibotix, a German manufacturer of advanced drones
- Veripos, a UK based provider of positioning services
- SAFEmine, a Swiss based provider of mining safety products

For a full acquisition analysis of Veripos, see page 13. Since the total size of the other acquisitions is insignificant, no further information will be provided about them.

Veripos acquisition

| MEUR | Veripos |
|--|--------------|
| Fair value of acquired assets and assumed liabilities | |
| Intangible fixed assets | 23.3 |
| Other fixed assets | 10.0 |
| Total fixed assets | 33.3 |
| Total current assets | 25.3 |
| Total assets | 58.6 |
| Total long-term liabilities | 5.6 |
| Total current liabilities | 9.0 |
| Total liabilities | 14.6 |
| Fair value of acquired assets and assumed liabilities, net | 44.0 |
| Long-term securities holdings | -42.9 |
| Goodwill | 103.0 |
| Total purchase consideration transferred | 104.1 |

ACQUISITION OF VERIPOS

As of March 12th 2014 Hexagon became the owner of 100 per cent of the shares in Veripos, a company headquartered in Aberdeen, Scotland employing approximately 130 people in 8 countries. Veripos operates, maintains and controls its own network of over 80 GNSS reference stations to determine, calculate and deliver a GNSS correction signal, through a satellite delivery method. Veripos' main market segment is the offshore energy market, with most of the company revenues generated in the oil & gas exploration and positioning segments.

Background and reasons for the transaction

Hexagon has a large customer base and an extensive offering in the surveying and agriculture markets through its brands Leica Geosystems and NovAtel. In those markets satellite correction services are becoming an essential part to be able to offer customers. It is therefore a good strategic fit between Hexagon and Veripos where Hexagon will provide, state of the art, positioning technology to Veripos as well as future growth via Hexagon's onshore markets. Veripos has, in turn, built up a strong position in the offshore market and has infrastructure that Hexagon can leverage on immediately after an acquisition rather than building such infrastructure in-house.

The goodwill of 103.0 MEUR comprises the value of expected synergies arising from the acquisition and the assembled workforce, which is not separately recognised. Synergies have primarily been identified to arise by i) combining Hexagon and Veripos technologies, ii) selling Veripos correction services in Hexagons markets, iii) rationalisation of overlapping resources at Hexagon and Veripos. Goodwill is allocated entirely to the Measurement Technologies operating segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Of the 23.3 MEUR of acquired intangible assets, 8.8 MEUR was assigned to trademarks that are not subject to amortisation. The remaining 14.5 MEUR was assigned to capitalised development expenses, patents and other assets with useful lives of 8-12 years. The intangible assets have been valued using a discounted cash flow method.

From the date of acquisition, Veripos has contributed 5.5 MEUR of net sales in Q1 2014. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 8.4 MEUR.

The analysis of the acquired net assets is preliminary and the fair values might be subject to changes in 2014.

Divestments

| MEUR | Divestments | |
|--|-------------|---------|
| | Q1 2014 | Q1 2013 |
| Carrying value of divested assets and liabilities, net | | |
| Intangible fixed assets | 0.0 | - |
| Other fixed assets | 7.8 | - |
| Total fixed assets | 7.8 | - |
| Total current assets | 22.4 | - |
| Total assets | 30.2 | - |
| Total long-term liabilities | 1.3 | - |
| Total current liabilities | 22.3 | - |
| Total liabilities | 23.6 | - |
| Carrying value of divested assets and liabilities, net | 6.6 | - |
| Capital gain (+) / loss (-) | -1.5 | - |
| Total purchase consideration transferred | 5.1 | - |
| Plus repayment of intercompany loan | 14.0 | - |
| Cash flow from divestment of companies/businesses | 19.1 | - |

In March 2014, Hexagon divested SwePart Transmission AB that was reported within the business area Other Operations.

Condensed Parent Company Income Statement

| MEUR | Q1 2014 | Q1 2013 | 2013 |
|---|---------|---------|-------|
| Net sales | 6.0 | 2.8 | 11.2 |
| Administration cost | -3.1 | -4.1 | -17.1 |
| Operating earnings | 2.9 | -1.3 | -5.9 |
| Earnings from shares in Group companies | -1.5 | - | 235.0 |
| Interest income and expenses, net | 1.1 | 38.2 | 33.3 |
| Earnings before taxes | 2.5 | 36.9 | 262.4 |
| Taxes | -0.9 | -8.1 | -30.2 |
| Net earnings | 1.6 | 28.8 | 232.2 |

Condensed Parent Company Balance Sheet

| MEUR | 31/3 2014 | 31/3 2013 | 31/12 2013 |
|------------------------------|-----------|-----------|------------|
| Total fixed assets | 4,028.9 | 3,928.6 | 3,946.1 |
| Total current receivables | 159.4 | 165.2 | 158.8 |
| Cash and cash equivalents | 15.2 | 0.2 | 16.3 |
| Total current assets | 174.6 | 165.4 | 175.1 |
| Total assets | 4,203.5 | 4,094.0 | 4,121.2 |
| Total shareholders' equity | 1,766.4 | 1,610.0 | 1,757.1 |
| Total long-term liabilities | 878.0 | 1,468.7 | 914.0 |
| Total short-term liabilities | 1,559.1 | 1,015.3 | 1,450.1 |
| Total equity and liabilities | 4,203.5 | 4,094.0 | 4,121.2 |

Definitions

FINANCIAL DEFINITIONS

| | |
|---|---|
| Amortization of surplus values | When a company is acquired, the purchase consideration is allocated to the identified assets and liabilities of the company. Intangible assets are most often allocated the substantial part of the purchase consideration. The amortization of surplus values is defined as the difference between the amortization of such identified intangible assets and what the amortization would have been in the acquired company had the acquisition not taken place at all. |
| 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 net sales |
| Profit margin before taxes | 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 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 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.

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

| | |
|------------------------|-----------------|
| Capital markets day | 3 June 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

TELEPHONE CONFERENCE

The interim report for the first quarter 2014 will be presented on 9 May at 15:00 CET at a telephone conference. Please view instructions at Hexagon's website on how to participate.

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This interim report is a type of information that Hexagon AB (publ) is obliged to disclose in accordance with the Swedish Securities Market Act and /or the Financial Instruments Trading Act. The information was submitted for publication on 9 May 2014 at 12:00 CET.

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