

INTERIM REPORT

1 JANUARY – 31 MARCH 2018

FIRST QUARTER 2018

- Net sales increased by 7 per cent to 834.7 MEUR (779.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent
- Operating earnings (EBIT1) increased by 12 per cent to 198.3 MEUR (176.4)
- Earnings before taxes, excluding non-recurring items, amounted to 192.3 MEUR (171.3)
- Net earnings, excluding non-recurring items, amounted to 157.7 MEUR (140.5)
- Earnings per share, excluding non-recurring items, increased by 10 per cent to 0.43 EUR (0.39)
- Operating cash flow decreased by 28 per cent to 103.1 MEUR (143.5)

MEUR	Q1 2018	Q1 2017	Δ%
Net sales	834.7	779.2	7 ¹⁾
Gross earnings	517.6	477.0	9
Gross margin, %	62.0	61.2	0.8
Operating earnings (EBITDA) 2)	259.5	253.0	3
EBITDA margin, %	31.1	32.5	-1.4
Operating earnings (EBIT1) 2)	198.3	176.4	12
Operating margin, %	23.8	22.6	1.2
Earnings before taxes, excluding non-recurring items	192.3	171.3	12
Non-recurring items (before taxes)	-	-50.8	n.a.
Earnings before taxes	192.3	120.5	60
Net earnings	157.7	97.8	61
Net earnings, excl. non-recurring items	157.7	140.5	12
Earnings per share, EUR	0.43	0.27	59
Earnings per share, excl. non-recurring items, EUR	0.43	0.39	10

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

2) For definition, see page 18

From 1 January 2018 a new standard for revenue recognition (IFRS 15) has been applied, with 2017 numbers restated accordingly (where applicable)



COMMENTS FROM THE CEO

"Hexagon had a great start to 2018 and once again a record first quarter, reporting 7 per cent organic growth and strong profitability despite a significant currency headwind. Continued strength from the largest divisions, Geosystems and Manufacturing Intelligence, resulted in organic growth of 11 and 9 per cent respectively – primarily driven by the increased traction of our new sensor solutions, our evolving software portfolio and solid demand from the electronics segment. Our Safety & Infrastructure division recorded 5 per cent organic growth, underpinned by the favourable development of our safe city solutions. As expected, oil and gas markets remain challenging but are showing further signs of stabilisation. Coupled with solid momentum in other process industries the 1 per cent organic growth recorded in the PPM division is expected to accelerate in the coming quarters.

Our strategy remains unchanged – to drive the digital transformation of our customer base with innovative solutions that create sustainable competitive advantage. Our healthy financial position supports continued investments in R&D and M&A activity which drive long-term profitable growth and move us closer to our 2021 financial targets."

– Ola Rollén, President and CEO, Hexagon AB

Q1

7%
NET SALES
GROWTH

7%
ORGANIC GROWTH

24%
OPERATING MARGIN

GROUP BUSINESS DEVELOPMENT Q1

NET SALES

Net sales increased by 7 per cent to 834.7 MEUR (779.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent. Regionally, organic growth was 8 per cent in Asia, 8 per cent in Americas and 6 per cent in EMEA. In Asia, China recorded 13 per cent organic growth driven by continued solid demand from the electronics industry and recent order wins within safe city solutions. Australia grew by double digits, mainly driven by geospatial solutions. South East Asia recorded strong growth while Japan and India continued to decline. In Americas, North America recorded 8 per cent organic growth driven by a strong development from infrastructure, construction and public safety solutions. South America showed signs of recovery and grew organically by double digits in the quarter. In EMEA, Western Europe recorded mid-single digit organic growth with a solid contribution from Germany, Italy and France. The UK however, continued to be weak. The recovery in Russia and the Middle East continued, reporting double-digit organic growth.

EARNINGS

Operating earnings (EBIT1) grew by 12 per cent to 198.3 MEUR (176.4), which corresponds to an operating margin of 23.8 per cent (22.6). The operating margin benefited from organic growth, product mix and improved cost structure but was adversely impacted by currency movements. Operating earnings (EBIT1) were negatively impacted by currency translation effects of -18.3 MEUR. Earnings before taxes amounted to 192.3 MEUR (120.5). Earnings before taxes were negatively impacted by currency translation effects of -18.3 MEUR.

FINANCIAL SUMMARY – FIRST QUARTER

MEUR	Net sales			Earnings		
	Q1 2018	Q1 2017	Δ% ¹⁾	Q1 2018	Q1 2017	Δ%
Geospatial Enterprise Solutions	411.5	403.0	8	101.4	90.9	12
Industrial Enterprise Solutions	423.2	376.2	6	101.9	91.2	12
Net sales	834.7	779.2	7			
Group cost				-5.0	-5.7	12
Operating earnings (EBIT1)				198.3	176.4	12
Operating margin, %				23.8	22.6	1.2
Interest income and expenses, net				-6.0	-5.1	-18
Earnings before non-recurring items				192.3	171.3	12
Non-recurring items				-	-50.8	n.a.
Earnings before taxes				192.3	120.5	60
Taxes				-34.6	-22.7	-52
Net earnings				157.7	97.8	61

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

CURRENCY TRANSLATION IMPACT COMPARED TO EUR – FIRST QUARTER

	Movement ¹⁾	Income less cost	Earnings impact
CHF	Weakened -8%	Negative	Positive ↗
USD	Weakened -13%	Positive	Negative ↘
CNY	Weakened -6%	Positive	Negative ↘
EBIT1, MEUR			-18.3

¹⁾ Compared to Q1 2017. □

SALES BRIDGE – FIRST QUARTER

	Net sales*
2017, MEUR	779.2
Structure, %	8
Currency, %	-8
Organic growth, %	7
Total, %	7
2018, MEUR	834.7

*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 per cent.

ORGANIC GROWTH

Analysis of organic growth ¹⁾ per geographic region			
Q1 2017	779.2		
China (15% of sales)			↗
EMEA excl. Western Europe (7% of sales)			↗
South America (3% of sales)			↗
North America (29% of sales)		>8%	↗
Western Europe (32% of sales)		0-8%	→
Asia excl. China (14% of sales)		Negative	↘
Q1 2018	834.7		

¹⁾ Adjusted to fixed exchange rates and a comparable group structure (organic growth).



GEOSPATIAL ENTERPRISE SOLUTIONS – Q1 2018

Geospatial Enterprise Solutions includes a world-leading portfolio of sensors for capturing data from land and air as well as sensors for positioning via satellites. The sensors are complemented by software (GIS) for the creation of 3D maps and models which are used for decision-making in a range of software applications, covering areas such as surveying, construction, public safety and agriculture. This segment consists of Geosystems, Safety & Infrastructure and Positioning Intelligence.

NET SALES

Geospatial Enterprise Solutions (GES) sales amounted to 411.5 MEUR (403.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent. Regionally, organic growth was 13 per cent in Americas, 8 per cent in EMEA and -1 per cent in Asia.

GES benefited from solid growth in North America, underpinned by strong demand from the infrastructure and construction market and a favourable contribution from new solutions. South America continued to recover and recorded mid-single digit growth. In EMEA, Western Europe achieved high-single digit growth, mainly driven by a strong development in the UK, Germany, Italy and France. Russia continued to recover and recorded double-digit growth, while the Middle East and Africa recorded high-single digit growth. In Asia, China and India declined, mainly due to tough comparison numbers.

Regarding the divisions within GES, Geosystems recorded 11 per cent organic growth, mainly driven by strong development within the infrastructure and mining-related business as well as a solid contribution from new solutions. Safety & Infrastructure recorded 5 per cent organic growth supported by recent order wins within safe city solutions. Positioning Intelligence recorded 6 per cent organic growth, positively impacted by continued favourable developments within defence and agriculture.

EARNINGS

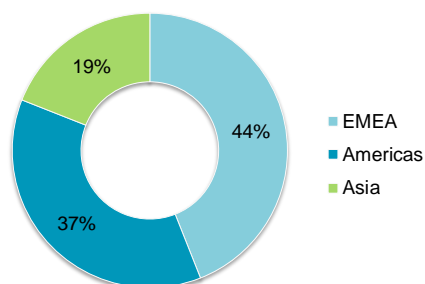
Operating earnings (EBIT1) increased by 12 per cent to 101.4 MEUR (90.9), which corresponds to an operating margin of 24.6 per cent (22.6). The operating margin was positively impacted by organic growth, improved cost structure and product mix.

NET SALES, OPERATING EARNINGS (EBIT1) AND NUMBER OF EMPLOYEES

MEUR	Q1 2018	Q1 2017	Δ%
Net sales	411.5	403.0	8 ¹⁾
Operating earnings (EBIT1)	101.4	90.9	12
Operating margin, %	24.6	22.6	2.0
Average number of employees	8,099	7,788	4

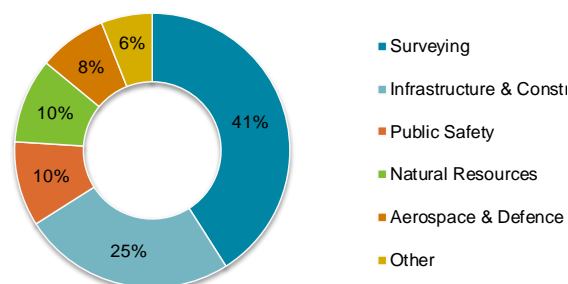
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

GES – NET SALES PER REGION*



* Q1 2018 numbers

GES – NET SALES PER CUSTOMER SEGMENT*



* Q1 2018 numbers



INDUSTRIAL ENTERPRISE SOLUTIONS – Q1 2018

Industrial Enterprise Solutions includes metrology systems that incorporate the latest in sensor technology for fast and accurate measurements, as well as CAD (computer-aided design), CAM (computer-aided manufacturing) and CAE (computer-aided engineering) software. These solutions optimise design, processes and throughput in manufacturing facilities and create and leverage asset management information critical to the planning, construction and operation of plants and process facilities in a number of industries, such as automotive, aerospace and oil and gas. Industrial Enterprise Solutions consists of Manufacturing Intelligence and PPM.

NET SALES

Industrial Enterprise Solutions (IES) sales amounted to 423.2 MEUR (376.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 6 per cent. Regionally, organic growth was 13 per cent in Asia, 3 per cent in EMEA and 2 per cent in Americas.

IES benefited from strong growth in China, primarily driven by continued solid demand from the electronics industry but also favourable growth in the power and energy segment. South Korea showed signs of recovery and recorded double-digit growth. However, Japan and India continued to decline. In EMEA, Western Europe recorded low-single digit growth, hampered by a decline in the UK. However, growth was solid in Germany and Spain. Russia and the Middle East both recorded double-digit growth. In Americas, North America recorded low-single digit growth, hampered by weak demand within manufacturing. However, the power and energy segment in the US recorded favourable organic growth. South America continued to recover and recorded double-digit organic growth.

Regarding the divisions within IES, Manufacturing Intelligence recorded 9 per cent organic growth, mainly driven by continued strong demand from the electronics industry and a solid development in the software portfolio. The automotive and aerospace segments improved from previous quarters. PPM recorded 1 per cent organic growth, positively impacted by new solutions and a recovery in the US. The oil and gas market continued to be challenging but showed further signs of stabilisation. Going forward, growth in PPM is expected to accelerate.

EARNINGS

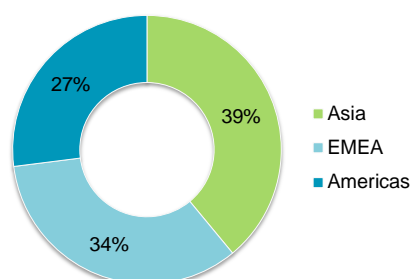
Operating earnings (EBIT1) increased by 12 per cent to 101.9 MEUR (91.2), which corresponds to an operating margin of 24.1 per cent (24.2). The operating margin (EBIT1) benefited from organic growth and an increased software mix in Manufacturing Intelligence but was adversely impacted by significant currency movements.

NET SALES, OPERATING EARNINGS (EBIT1) AND NUMBER OF EMPLOYEES

MEUR	Q1 2018	Q1 2017	Δ%
Net sales	423.2	376.2	6 ¹⁾
Operating earnings (EBIT1)	101.9	91.2	12
Operating margin, %	24.1	24.2	-0.1
Average number of employees	10,166	8,656	17

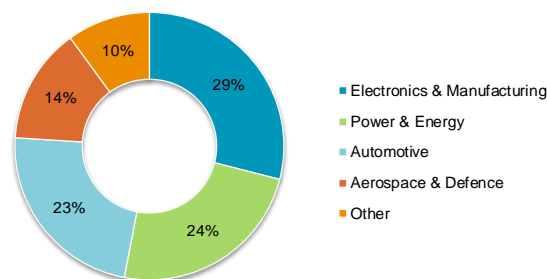
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

IES – NET SALES PER REGION*

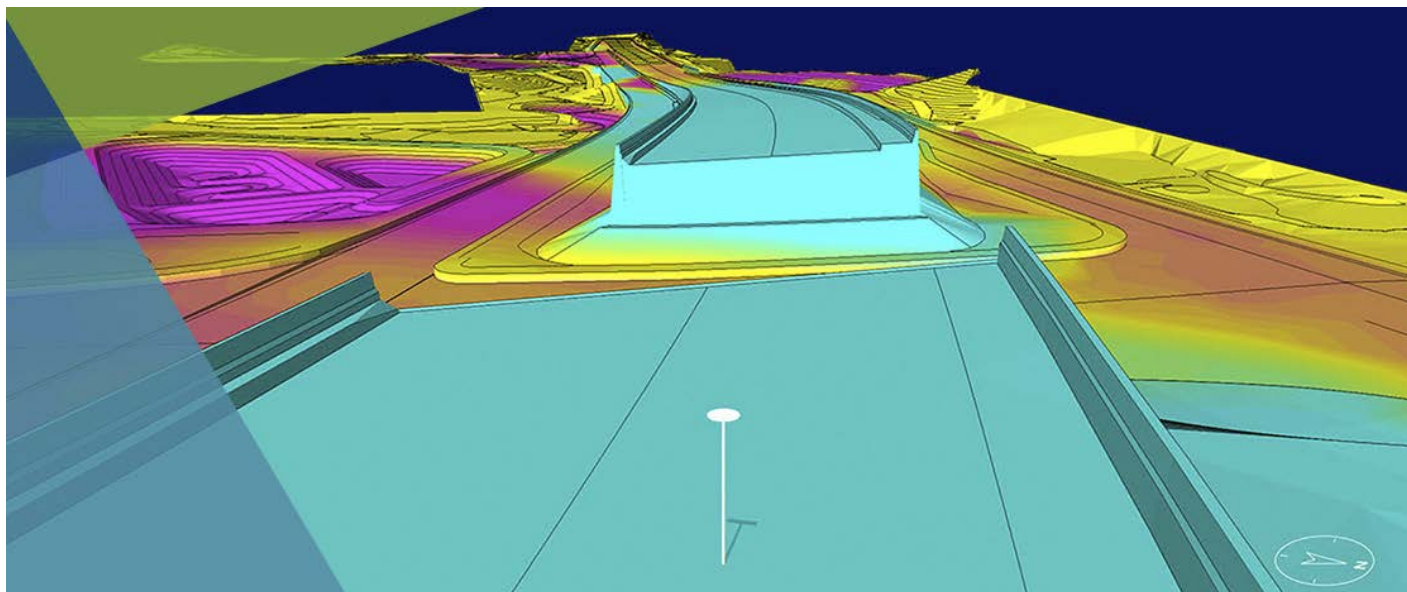


* Q1 2018 numbers

IES – NET SALES PER CUSTOMER SEGMENT*



* Q1 2018 numbers



Hexagon acquired AGTEK, a leading US based software company specialising in planning and productivity solutions for the heavy civil construction industry. AGTEK's products are aimed at streamlining the contractor's workflow for estimating and project management, providing construction companies with a unified approach for optimising plans, controlling grade, and monitoring performance to maximise productivity.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 6,972.1 MEUR (6,378.4). Return on average capital employed for the last twelve months was 12.6 per cent (12.0). Return on average shareholders' equity for the last twelve months was 16.2 per cent (12.7). The capital turnover rate was 0.5 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 4,664.4 MEUR (4,644.9). The equity ratio was 54.4 per cent (59.3). Hexagon's total assets increased to 8,575.1 MEUR (7,830.7). The increase in total assets is driven primarily by acquisitions.

Hexagon's main sources of financing consist of:

1) A multicurrency revolving credit facility (RCF) established during 2014. The RCF amounts to 2,000 MEUR with maturity 2021

2) A Swedish Medium Term Note Programme (MTN) established during 2014. The MTN programme amounts to 15,000 MSEK with tenor up to 5 years

3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months

On 31 March 2018, cash and unutilised credit limits totalled 1,631.9 MEUR (1,886.9). Hexagon's net debt was 1,990.4 MEUR (1,421.3). The net indebtedness was 0.39 times (0.27). Interest coverage ratio was 27.3 times (20.1).

CASH FLOW

During the first quarter, cash flow from operations before changes in working capital amounted to 214.8 MEUR (211.8), corresponding to 0.60 EUR (0.59) per share. Cash flow from operations in the first quarter amounted to 177.6 MEUR (216.4), corresponding to 0.49 EUR (0.60) per share. Operating cash flow in the first quarter, including non-recurring items, amounted to 103.1 MEUR (143.5).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -69.6 MEUR (-64.8) in the first quarter.

Depreciation, amortisation and impairment amounted to -61.2 MEUR (-87.1) in the first quarter. There were no impairment charges in the first quarter (-26.9).

TAX RATE

The Group's tax expense for the first quarter totalled -34.6 MEUR (-22.7).

The reported tax rate was 18.0 per cent (18.8) for the quarter

The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter.

EMPLOYEES

The average number of employees during the full year was 18,343 (16,515). The number of employees at the end of the quarter was 18,567 (16,609). The increase was primarily driven by acquisitions.

SHARE DATA

Earnings per share, excluding non-recurring items, for the first quarter amounted to 0.43 EUR (0.39). Earnings per share, including non-recurring items, for the first quarter amounted to 0.43 EUR (0.27).

On 31 March 2018, equity per share was 12.90 EUR (12.84) and the share price was 496.00 SEK (360.00).

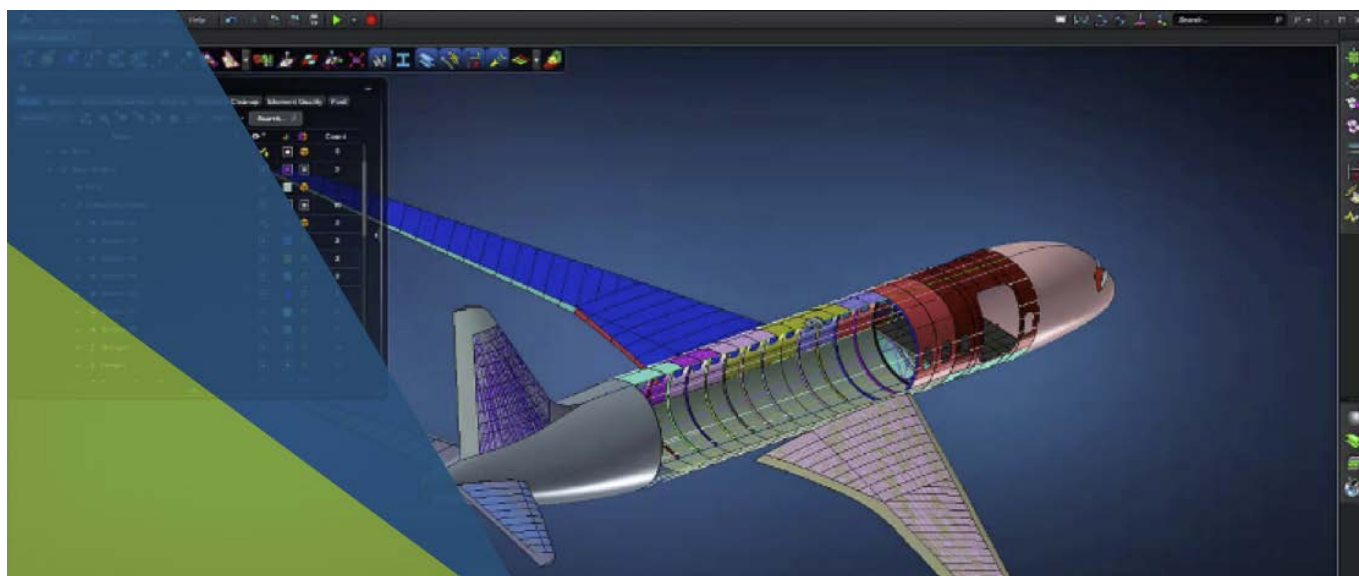
Hexagon's share capital amounts to 79,980,283 EUR, represented by 360,443,142 shares, of which 15,750,000 are of series A with ten votes each and 344,693,142 are of series B with one vote each.

In accordance with a decision by a Shareholders' General Meeting in May 2015, an incentive programme (2015/2019) was

introduced, under which a maximum of 10,000,000 warrants can be issued. The dilutive effect at full utilisation of the programme would be 2.8 per cent of the share capital and 2.0 per cent of the number of votes. The number of warrants that have been issued are 7,107,660 and may be exercised during 1 June 2018 - 31 December 2019.

PARENT COMPANY

The parent company's earnings before taxes for the first quarter amounted to -10.6 MEUR (6.9). The equity was 4,544.5 MEUR (4,693.4). The equity ratio of the parent company was 54 per cent (59). Liquid funds including unutilised credit limits were 1,297.7 MEUR (1,584.7).



A large aerospace OEM incorporated Hexagon's state-of-the-art simulation software MSC Apex, into their existing aircraft conceptual modelling workflow. Using Hexagon's solution, the OEM is expected to achieve substantial savings every year from a reduction in design cycle time and avoidance of potential human error in the early design stage.

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 2017.

The group applies IFRS 15 Revenue From Contracts with Customers from 1 January 2018. The standard replaces all former published standards and interpretations about revenues with a comprehensive model of revenue recognition. The standard provides a five-step model for revenue recognition from contracts with customers. According to previous regulations, revenues are to be recognised when the essential risk and rewards associated with the goods or services are transferred to the buyer. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

From 1 January 2018, IFRS 9 Financial Instruments is also applied. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement and provides a model for classification and measurement of financial assets and liabilities, extended disclosure requirements for risk management and the effect of hedge accounting, and a new model for impairment of financial assets based on expected loss. Financial instruments that would affect the Hexagon financial statements if remeasured occur in limited extent and the result of the analysis performed, shows that the standard will not have any significant impact on measurement and thereby the financial statements. The analysis by IFRS 9 methodology and Hexagon's experience also shows that the standard will not have a significant impact on the group's reserve for credit loss. As there is no significant impact on Hexagon's financial statements, there has been no adjustment of opening balances.

For more detailed accounting principles, please see note 1 in the Annual Report 2017.

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 Annual Report 2017.

RELATED PARTY TRANSACTIONS

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

SUBSEQUENT EVENTS

Hexagon decided to invest approximately 80 MEUR in a new office and R&D center in Calgary, Canada. The investment will occur during H2 2018.

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, 4 May 2018
Hexagon AB (publ)

Gun Nilsson
Chairman of the Board

Ola Rollén
President and CEO
Board Member

John Brandon
Board Member

Ulrika Francke
Board Member

Henrik Henriksson
Board Member

Märta Schörling Andreen
Board Member

Sofia Schörling Högberg
Board Member

Hans Vestberg
Board Member

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

Condensed Income Statement

MEUR	Q1 2018	Q1 2017	2017
Net sales	834.7	779.2	3,448.1
Cost of goods sold	-317.1	-302.2	-1,329.0
Gross earnings	517.6	477.0	2,119.1
Sales expenses	-159.5	-156.9	-656.3
Administration expenses	-66.9	-82.1	-303.5
Research and development expenses	-94.0	-109.5	-390.2
Earnings from shares in associated companies	0.0	0.0	-0.1
Capital gain (+) / loss (-) from sale of shares in Group companies	0.7	-	-
Other income and expenses, net	0.4	-2.9	-9.4
Operating earnings 1)	198.3	125.6	759.6
Financial income	1.3	1.2	5.6
Financial expenses	-7.3	-6.3	-28.3
Earnings before taxes	192.3	120.5	736.9
Taxes	-34.6	-22.7	-65.7
Net earnings	157.7	97.8	671.2
Attributable to:			
Parent company shareholders	156.2	96.4	664.1
Non-controlling interest	1.5	1.4	7.1
1) of which non-recurring items	-	-50.8	-73.2
Earnings include depreciation, amortisation and impairments of	-61.2	-87.1	-284.7
- of which amortisation of surplus values	-11.5	-9.6	-44.9
Basic earnings per share, EUR	0.43	0.27	1.84
Earnings per share after dilution, EUR	0.43	0.27	1.84
Total shareholder's equity per share, EUR	12.90	12.84	12.74
Closing number of shares, thousands	360,443	360,443	360,443
Average number of shares, thousands	360,443	360,443	360,443
Average number of shares after dilution, thousands	362,624	361,206	361,589

Condensed Comprehensive Income

MEUR	Q1 2018	Q1 2017	2017
Net earnings	157.7	97.8	671.2
Other comprehensive income			
Items that will not be reclassified to income statement			
Remeasurement of pensions	2.5	9.0	47.4
Net profit/loss on equity instruments at fair value through other comprehensive income	13.1	-	-
Taxes on items that will not be reclassified to income statement	-3.0	-1.0	-6.6
Total items that will not be reclassified to income statement, net of taxes	12.6	8.0	40.8
Items that may be reclassified subsequently to income statement			
Exchange rate differences	-116.1	-35.7	-528.6
Taxes on items that may be reclassified subsequently to income statement	5.8	2.1	24.4
Total items that may be reclassified subsequently to income statement, net of taxes	-110.3	-33.6	-504.2
Other comprehensive income, net of taxes	-97.7	-25.6	-463.4
Total comprehensive income for the period	60.0	72.2	207.8
Attributable to:			
Parent company shareholders	58.4	70.8	201.5
Non-controlling interest	1.6	1.4	6.3

Condensed Balance Sheet

MEUR	31/3 2018	31/3 2017	31/12 2017
Intangible fixed assets	6,356.2	5,824.1	6,408.3
Tangible fixed assets	279.0	289.5	281.2
Financial fixed assets	57.2	22.1	40.4
Deferred tax assets	90.0	59.0	83.7
Total fixed assets	6,782.4	6,194.7	6,813.6
Inventories	444.4	462.4	431.8
Accounts receivable	838.8	741.3	895.5
Other receivables	89.1	78.6	93.9
Prepaid expenses and accrued income	103.1	71.0	69.2
Total current receivables	1,031.0	890.9	1,058.6
Cash and cash equivalents	317.3	282.7	309.4
Total current assets	1,792.7	1,636.0	1,799.8
Total assets	8,575.1	7,830.7	8,613.4
Equity attributable to parent company shareholders	4,651.4	4,629.8	4,592.5
Equity attributable to non-controlling interest	13.0	15.1	11.9
Total shareholders' equity	4,664.4	4,644.9	4,604.4
Interest bearing liabilities	1,715.7	1,539.1	1,960.2
Other liabilities	43.3	53.1	48.6
Pension liabilities	79.3	123.2	82.3
Deferred tax liabilities	434.7	463.3	442.6
Other provisions	14.9	5.0	8.5
Total long-term liabilities	2,287.9	2,183.7	2,542.2
Interest bearing liabilities	515.4	41.7	301.8
Accounts payable	185.1	162.9	189.3
Other liabilities	234.8	207.5	255.3
Other provisions	17.1	49.7	28.1
Deferred income	401.0	301.3	369.6
Accrued expenses	269.4	239.0	322.7
Total short-term liabilities	1,622.8	1,002.1	1,466.8
Total equity and liabilities	8,575.1	7,830.7	8,613.4

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 13). Other long-term securities holdings amount to insignificant numbers. Liabilities for contingent considerations are measured at fair value and based on management's best estimation of the most probable outcome (level 3 according to definition in IFRS 13). 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 2018	Q1 2017	2017
Opening shareholders' equity	4,604.4	4,590.8	4,590.8
Adjustment of opening shareholders' equity (IFRS 15)	-	-17.8	-17.8
Adjusted opening shareholders' equity	4,604.4	4,573.0	4,573.0
Total comprehensive income for the period 1)	60.0	72.2	207.8
Effect of acquisitions of subsidiaries (IFRS 15)	-	-	5.0
Dividend	-	-0.3	-181.4
Closing shareholders' equity 2)	4,664.4	4,644.9	4,604.4
1) Of which: Parent company shareholders	58.4	70.8	201.5
Non-controlling interest	1.6	1.4	6.3
2) Of which: Parent company shareholders	4,651.4	4,629.8	4,592.5
Non-controlling interest	13.0	15.1	11.9

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	-	2,392,236	2,392,236
2014-12-31 Total issued and outstanding	15,750,000	341,639,213	357,389,213
New issue, warrants exercised	-	2,947,929	2,947,929
2015-12-31 Total issued and outstanding	15,750,000	344,587,142	360,337,142
New issue, warrants exercised	-	106,000	106,000
2016-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	-	-
2017-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	-	-
2018-03-31 Total issued and outstanding 1)	15,750,000	344,693,142	360,443,142

¹⁾ As per 31 March 2018 there were in total 360,443,142 shares in the Company, of which 15,750,000 are of series A with ten votes each and 344,693,142 are of series B with one vote each.

Condensed Cash Flow Statement

MEUR	Q1 2018	Q1 2017	2017
Cash flow from operations before change in working capital excluding taxes and interest	254.6	231.6	1,011.3
Taxes paid	-33.9	-17.1	-114.8
Interest received and paid, net	-5.9	-2.7	-16.8
Cash flow from operations before change in working capital	214.8	211.8	879.7
Cash flow from change in working capital	-37.2	4.6	27.5
Cash flow from operations	177.6	216.4	907.2
Investments tangible assets	-14.1	-9.0	-48.8
Investments intangible assets	-55.5	-55.8	-226.8
Operating cash flow before non-recurring items	108.0	151.6	631.6
Non-recurring cash flow 1)	-4.9	-8.1	-28.6
Operating cash flow	103.1	143.5	603.0
Cash flow from other investing activities 2)	-54.1	-8.4	-928.9
Cash flow after other investing activities	49.0	135.1	-325.9
Dividends paid	-	-0.3	-181.4
Cash flow from other financing activities	-30.6	-136.9	549.9
Cash flow for the period	18.4	-2.1	42.6
Cash and cash equivalents, beginning of period	309.4	284.0	284.0
Effect of translation differences on cash and cash equivalents	-10.5	0.8	-17.2
Cash flow for the period	18.4	-2.1	42.6
Cash and cash equivalents, end of period	317.3	282.7	309.4

¹⁾ Non-recurring cash flow consists of restructuring costs.

²⁾ Acquisitions and divestments totaled -48.8 MEUR (-7.3) and other was -5.3 MEUR (-1.1) in the first quarter of 2018.

Key Ratios

	Q1 2018	Q1 2017	2017
Operating margin, %	23.8	22.6	24.0
Profit margin before taxes, %	23.0	15.5	21.4
Return on shareholders' equity, 12 month average, %	16.2	12.7	14.8
Return on capital employed, 12 month average, %	12.6	12.0	12.6
Equity ratio, %	54.4	59.3	53.5
Net indebtedness	0.39	0.27	0.40
Interest coverage ratio	27.3	20.1	27.0
Average number of shares, thousands	360,443	360,443	360,443
Basic earnings per share excl. non-recurring items, EUR	0.43	0.39	1.82
Basic earnings per share, EUR	0.43	0.27	1.84
Cash flow per share, EUR	0.49	0.60	2.52
Cash flow per share before change in working cap, EUR	0.60	0.59	2.44
Share price, SEK	496.00	360.00	410.90
Share price, translated to EUR	48.23	37.77	41.74

Supplementary Information

NET SALES PER SEGMENT

MEUR	Q1 2018	Q4 2017*	Q3 2017*	Q2 2017*	Q1 2017	2017*
Geospatial Enterprise Solutions	411.5	455.6	417.9	429.8	403.0	1,706.3
Industrial Enterprise Solutions	423.2	505.6	440.2	442.2	376.2	1,764.2
Group	834.7	961.2	858.1	872.0	779.2	3,470.5

OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
Geospatial Enterprise Solutions	101.4	116.7	100.2	104.0	90.9	411.8
Industrial Enterprise Solutions	101.9	132.7	110.0	107.9	91.2	441.8
Group costs	-5.0	-3.1	-5.4	-6.6	-5.7	-20.8
Group	198.3	246.3	204.8	205.3	176.4	832.8
Margin, %	23.8	25.6	23.9	23.5	22.6	24.0

NET SALES PER REGION

MEUR	Q1 2018	Q4 2017*	Q3 2017*	Q2 2017*	Q1 2017	2017*
EMEA	326.8	375.8	312.0	322.3	293.0	1,303.1
Americas	266.4	315.9	289.6	291.7	266.2	1,163.4
Asia	241.5	269.5	256.5	258.0	220.0	1,004.0
Group	834.7	961.2	858.1	872.0	779.2	3,470.5

EXCHANGE RATES

Average	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
SEK/EUR	0.1004	0.1021	0.1046	0.1033	0.1052	0.1038
USD/EUR	0.8136	0.8491	0.8517	0.9094	0.9386	0.8864
CNY/EUR	0.1280	0.1284	0.1277	0.1325	0.1363	0.1311
CHF/EUR	0.8583	0.8604	0.8848	0.9228	0.9347	0.9000
Closing	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
SEK/EUR	0.0972	0.1016	0.1036	0.1037	0.1049	0.1016
USD/EUR	0.8116	0.8338	0.8470	0.8763	0.9354	0.8338
CNY/EUR	0.1291	0.1281	0.1273	0.1292	0.1358	0.1281
CHF/EUR	0.8490	0.8546	0.8728	0.9149	0.9349	0.8546

* Operating net sales, i.e. excluding revenue adjustment (haircut)

Acquisitions

MEUR	Acquisitions	
	Q1 2018	Q1 2017
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	11.9	0.0
Other fixed assets	1.7	0.0
Total fixed assets	13.6	0.0
Total current assets	4.3	2.2
Total assets	17.9	2.2
Total long-term liabilities	-6.7	0.5
Total current liabilities	0.9	0.2
Total liabilities	-5.8	0.7
Fair value of acquired assets and assumed liabilities, net	23.7	1.5
Goodwill	37.5	12.3
Total purchase consideration transferred	61.2	13.8
Less cash and cash equivalents in acquired companies	-1.7	-0.1
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-6.7	-6.4
Cash flow from acquisition of companies/businesses	52.8	7.3

During Q1 2018, Hexagon acquired the following companies:

- AGTEK, a US based software company specialising in planning and productivity solutions for the heavy civil construction industry
- Acquired business from Geosurf Corporation, a Japanese software developer of a local machine control construction solution

The acquisitions are individually assessed as immaterial from a group perspective which is why only aggregated information is presented. The analysis of the acquired net assets is preliminary and the fair value might be subject to change. Contingent considerations are recognised to fair value (level 3 according to definition in IFRS 13) each reporting period and based on the latest relevant forecast for the acquired company. The valuation method is unchanged compared to the previous period. The estimated liability for contingent considerations amounted to 61.7 MEUR as of 31 March (105.3), whereof the fair value adjustment amounts to 3.1 MEUR. In connection with the valuation of contingent considerations the assets acquired and liabilities assumed in the purchase price allocation are reviewed. Any indication of impairment due to the revaluation of contingent considerations is considered and adjustments are made to off-set the impact from revaluation.

Divestments

MEUR	Divestments	
	Q1 2018	Q1 2017
Carrying value of divested assets and liabilities, net		
Intangible fixed assets	3.4	-
Other fixed assets	-	-
Total fixed assets	3.4	-
Total current assets	0.1	-
Total assets	3.5	-
Total long-term liabilities	-	-
Total current liabilities	0.1	-
Total liabilities	0.1	-
Carrying value of divested assets and liabilities, net	3.4	-
Capital gain (+) / loss (-)	0.7	-
Total purchase consideration transferred	4.1	-
Plus repayment of intercompany loan		-
Cash flow from divestment of companies/businesses	4.0	-

Restatement of 2017 – IFRS 15

MEUR	Q1 2017			2017		
	According to interim report	Adjustments	According to IFRS 15	According to annual report	Adjustments	According to IFRS 15
Assets						
Intangible fixed assets	5,824.1	-	5,824.1	6,408.3	-	6,408.3
Tangible fixed assets	289.5	-	289.5	281.2	-	281.2
Financial fixed assets	22.1	-	22.1	40.4	-	40.4
Deferred tax assets	58.2	0.8	59.0	83.9	-0.2	83.7
Current assets	1,652.0	-16.0	1,636.0	1,815.4	-15.6	1,799.8
Total assets	7,845.9	-15.2	7,830.7	8,629.2	-15.8	8,613.4
Equity						
Retained earnings	4,563.6	-16.5	4,547.1	3,944.3	-11.1	3,933.2
Income statement						
Net sales	778.1	1.1	779.2	3,448.4	-0.3	3,448.1
Cost of goods sold	-303.1	0.9	-302.2	-1,327.2	-1.8	-1,329.0
Gross earnings	475.0	2.0	477.0	2,121.2	-2.1	2,119.1
Sales expenses	-156.8	-0.1	-156.9	-655.9	-0.4	-656.3
Other operating costs	-194.5	-	-194.5	-703.2	-	-703.2
Operating earnings	123.7	1.9	125.6	762.1	-2.5	759.6
Financial income and expenses	-5.1	-	-5.1	-22.7	-	-22.7
Earnings before tax	118.6	1.9	120.5	739.4	-2.5	736.9
Tax	-22.4	-0.3	-22.7	-65.6	-0.1	-65.7
Net earnings	96.2	1.6	97.8	673.8	-2.6	671.2
Total equity	4,659.8	-14.9	4,644.9	4,618.1	-13.7	4,604.4
Liabilities						
Interest bearing liabilities	1,539.1	-	1,539.1	1,960.2	-	1,960.2
Other liabilities	53.1	-	53.1	48.6	-	48.6
Pension liabilities	123.2	-	123.2	82.3	-	82.3
Deferred tax liability	467.9	-4.6	463.3	446.5	-3.9	442.6
Other provisions	5.0	-	5.0	8.5	-	8.5
Current liabilities	997.8	4.3	1,002.1	1,465.0	1.8	1,466.8
Total liabilities	3,186.1	-0.3	3,185.8	4,011.1	-2.1	4,009.0
Total equity and liabilities	7,845.9	-15.2	7,830.7	8,629.2	-15.8	8,613.4

Condensed Parent Company Income Statement

MEUR	Q1 2018	Q1 2017	2017
Net sales	3.8	5.2	18.5
Administration cost	-6.6	-5.4	-28.1
Operating earnings	-2.8	-0.2	-9.6
Earnings from shares in Group companies	-	-	59.0
Interest income and expenses, net	-7.8	7.1	-40.4
Group contribution	-	-	22.7
Earnings before taxes	-10.6	6.9	31.7
Taxes	2.3	-1.3	5.6
Net earnings	-8.3	5.6	37.3

Condensed Parent Company Balance Sheet

MEUR	31/3 2018	31/3 2017	31/12 2017
Total fixed assets	7,395.9	7,188.8	7,375.6
Total current receivables	958.2	804.2	949.4
Cash and cash equivalents	5.4	1.8	0.7
Total current assets	963.6	806.0	950.1
Total assets	8,359.5	7,994.8	8,325.7
Total shareholders' equity	4,544.5	4,693.4	4,553.0
Total long-term liabilities	1,711.1	1,529.7	1,955.2
Total short-term liabilities	2,103.9	1,771.7	1,817.5
Total equity and liabilities	8,359.5	7,994.8	8,325.7

Definitions

In addition to the financial measures as required by the financial reporting framework based on IFRS, this report also includes other measures and indicators that are used to follow-up, analyse and manage the business. These measures also provide Hexagon stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. Below is a list of definitions of measures and indicators used in this report.

BUSINESS DEFINITIONS

Americas	North, South and Central America
Asia	Asia, Australia and New Zealand
EMEA	Europe, Middle East and Africa
GES	Geospatial Enterprise Solutions
IES	Industrial Enterprise Solutions

FINANCIAL DEFINITIONS

Amortisation 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 amortisation of surplus values is defined as the difference between the amortisation of such identified intangible assets and what the amortisation 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 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
Gross margin	Gross earnings divided by operating net sales
Interest coverage 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 debt	Interest-bearing liabilities including pension liabilities and interest-bearing provisions less cash and cash equivalents
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 non-recurring items. Non-recurring items are excluded to facilitate the understanding of the Group's operational development and to give comparable numbers between periods
Operating earnings (EBITDA)	Operating earnings (EBIT 1) excluding amortisation, depreciation and impairment of fixed assets. The measure is presented to give depiction of the result generated by the operating activities
Operating margin	Operating earnings (EBIT1) as a percentage of operating net sales
Organic growth	Net sales compared to prior period excluding acquisitions and divestments and adjusted for currency exchange movements
Operating net sales	Net sales adjusted by the difference between fair value and book-value of deferred revenue regarding acquired businesses.
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. The twelve months average capital employed is based on average quarterly capital employed
Return on shareholders' 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. The twelve months average shareholders equity is based on quarterly average shareholders equity
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 Stockholm on the last business day for the period



Hexagon is a leading global provider of information technologies that drive productivity and quality across geospatial and industrial enterprise applications. Hexagon's solutions integrate sensors, software, domain knowledge and customer workflows into intelligent information ecosystems that deliver actionable information. They are used in a broad range of vital industries. Hexagon (Nasdaq Stockholm: HEXA B) has approximately 18,000 employees in 50 countries and net sales of approximately 3.5bn EUR. Learn more at hexagon.com.

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim report Q2 2018	31 July 2018
Interim report Q3 2018	1 November 2018
Year-End report 2018	6 February 2019

FINANCIAL INFORMATION

Financial information is available in Swedish and English at the Hexagon website and can also be ordered via phone +46 8 601 26 20 or e-mail ir@hexagon.com

TELEPHONE CONFERENCE

The Interim Report for the first quarter 2018 will be presented on 4 May 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 information is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 13:00 CET on 4 May 2018.

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.

