

YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2018

FOURTH QUARTER

- Operating net sales increased by 9 per cent to 1,043.0 MEUR (961.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 5 per cent
- Operating earnings (EBIT1) increased by 10 per cent to 270.7 MEUR (246.3)
- Earnings before taxes, excluding non-recurring items, amounted to 265.4 MEUR (239.6)
- Net earnings, excluding non-recurring items, amounted to 217.6 MEUR (195.6)
- Earnings per share, excluding non-recurring items, increased by 11 per cent to 0.60 EUR (0.54)
- Operating cash flow increased by 46 per cent to 262.5 MEUR (179.7)
- The Board of Directors proposes a dividend of 0.59 EUR (0.53) per share, an increase of 11 per cent

MEUR	Q4 2018	Q4 2017	Δ%	2018	2017	Δ%
Operating net sales	1,043.0	961.2	5 ¹⁾	3,760.7	3,470.5	8 ¹⁾
Revenue adjustment ²⁾	-	-6.3	n.a.	-	-22.4	n.a.
Net sales	1,043.0	954.9	5 ¹⁾	3,760.7	3,448.1	8 ¹⁾
Gross earnings	648.6	592.5	9	2,336.9	2,119.1	10
Gross margin, %	62.2	61.6	0.6	62.1	61.1	1.0
Operating earnings (EBITDA) ³⁾	348.7	309.9	13	1,197.7	1,107.0	8
EBITDA margin, %	33.4	32.2	1.2	31.8	31.9	-0.1
Operating earnings (EBIT1) ³⁾	270.7	246.3	10	929.0	832.8	12
Operating margin, %	26.0	25.6	0.4	24.7	24.0	0.7
Earnings before taxes, excluding non-recurring items	265.4	239.6	11	906.2	810.1	12
Non-recurring items (before taxes) ⁴⁾	-	-6.3	n.a.	-3.9	-73.2	n.a.
Earnings before taxes	265.4	233.3	14	902.3	736.9	22
Net earnings ⁵⁾	217.6	261.7	-17	738.1	671.2	10
Net earnings, excl. non-recurring items ⁵⁾	217.6	195.6	11	743.1	663.9	12
Earnings per share, EUR ⁵⁾	0.60	0.72	-17	2.02	1.84	10
Earnings per share, excl. non-recurring items, EUR ⁵⁾	0.60	0.54	11	2.04	1.82	12

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

²⁾Reduction of acquired deferred revenue (haircut) related to the acquisition of MSC Software in 2017.

³⁾For definition, see page 21.

⁴⁾Non-recurring items in 2018 related to the acquisition of AutonomouStuff and divestment of shares in BIMobject. Non-recurring items in 2017 related to the implementation of a cost savings programme and the acquisition of MSC Software.

⁵⁾Hexagon had a one-off positive tax income of 72.4 MEUR in the fourth quarter 2017, which is included in non-recurring items.

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

“We ended 2018 with yet another record quarter. Even with the tough comparison from last year’s stellar performance, we grew organically by 5 per cent, expanded the EBIT margin to 26.0 per cent and delivered a strong cash flow. Geosystems recorded 10 per cent organic growth, underpinned by favourable construction and infrastructure markets, the content programme and new products. The Manufacturing Intelligence division recorded 6 per cent organic growth, driven by solid demand in the aerospace and automotive industries. The positive development in the PPM division continued, recording 8 per cent organic growth, where the AEC and Information Life Cycle Management solutions continued to be the growth drivers. As expected, the Safety & Infrastructure division hampered the overall growth for Hexagon. However, as communicated previously, actions have been taken to ensure improvements during 2019.

Despite the uncertainties surrounding the world economy, we are confident in our ability to continue to grow and strengthen our profitability. Our strong financial position gives us the resources to continue to expand the business and deliver upon our strategy and long-term financial objectives. We are well positioned to meet the challenges and opportunities ahead of us, to move our customers beyond IoT – to connect, automate and ultimately ‘autonomise’ entire industrial ecosystems.”

– Ola Rollén, President and CEO, Hexagon AB

9%
SALES
GROWTH

5%
ORGANIC
GROWTH

26%
OPERATING
MARGIN

GROUP BUSINESS DEVELOPMENT Q4

NET SALES

Operating net sales increased by 9 per cent to 1,043.0 MEUR (961.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 5 per cent. Regionally, organic growth was 7 per cent in Asia, 6 per cent in EMEA and 4 per cent in Americas. In Asia, China recorded 5 per cent organic growth supported by a solid development in infrastructure and construction and manufacturing but was hampered by a decline in public safety. Japan and India recorded double digit growth. In EMEA, Western Europe recorded 5 per cent organic growth, mainly driven by strong demand in infrastructure and construction, power and energy and positioning solutions. The largest contributing countries were UK, Germany, Spain and the Nordics. Russia and Eastern Europe recorded double digit growth, however the Middle East declined. In Americas, North America recorded 1 per cent organic growth hampered by a decline in public safety, whereas infrastructure and construction and manufacturing continued to experience a solid development in the region. South America continued to recover and recorded strong double-digit growth.

EARNINGS

Operating earnings (EBIT1) grew by 10 per cent to 270.7 MEUR (246.3), which corresponds to an operating margin of 26.0 per cent (25.6). The operating margin (EBIT1) benefited from organic growth and product mix but was adversely impacted by currency movements. Operating earnings (EBIT1) were negatively impacted by currency translation effects of -3.7 MEUR. Earnings before taxes amounted to 265.4 MEUR (233.3) and were negatively impacted by currency translation effects of -3.7 MEUR.

FINANCIAL SUMMARY - FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2018	Q4 2017	Δ% ¹⁾	Q4 2018	Q4 2017	Δ%
Geospatial Enterprise Solutions	496.8	455.6	5	129.5	116.7	11
Industrial Enterprise Solutions	546.2	505.6	6	148.0	132.7	12
Operating net sales	1,043.0	961.2	5			
Revenue adjustment ²⁾	-	-6.3	n.a.			
Net sales	1,043.0	954.9	5			
Group cost				-6.8	-3.1	-119
Operating earnings (EBIT1)				270.7	246.3	10
Operating margin, %				26.0	25.6	0.4
Interest income and expenses, net				-5.3	-6.7	21
Earnings before non-recurring items				265.4	239.6	11
Non-recurring items				-	-6.3	n.a.
Earnings before taxes				265.4	233.3	14
Taxes ³⁾				-47.8	28.4	n.a.
Net earnings				217.6	261.7	-17

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

²⁾Non-recurring reduction of acquired deferred revenue (haircut) in 2017 related to the acquisition of MSC Software.

³⁾Hexagon had a one-off positive tax income of 72.4 MEUR in the fourth quarter 2017 due to the new US tax legislation (Tax Cuts & Jobs Act), resulting in a revaluation of deferred tax liabilities on the balance sheet.

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - FOURTH QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	2%	Negative	Negative
USD	Strengthened	3%	Positive	Positive
CNY	Weakened	-1%	Positive	Negative
EBIT1, MEUR				-3.7

¹⁾Compared to Q4 2017

SALES BRIDGE - FOURTH QUARTER

	Operating net sales ¹⁾
2017, MEUR	961.2
Structure, %	4
Currency, %	0
Organic growth, %	5
Total, %	9
2018, MEUR	1,043.0

¹⁾ Operating 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 ¹⁾ PER REGION

Region	Q4 2018
Asia excl. China (13% of sales)	→
South America (4% of sales)	→
EMEA excl. Western Europe (7% of sales)	→
Western Europe (31% of sales)	→
China (15% of sales)	→
North America (30% of sales)	→
Total	→

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



GEOSPATIAL ENTERPRISE SOLUTIONS – Q4 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) operating net sales amounted to 496.8 MEUR (455.6). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 5 per cent. Regionally, organic growth was 7 per cent in EMEA, 4 per cent in Asia and 2 per cent in Americas. In EMEA, Western Europe recorded solid growth, supported by strong demand in infrastructure and construction and positioning solutions. The largest contributing countries were UK, Germany and the Nordics. Russia and Eastern Europe recorded double digit organic growth, however the Middle East declined. In Asia, China had a weak quarter hampered by a decline in public safety and positioning solutions. However, the development in infrastructure and construction was solid. Japan, South Korea and India recorded strong growth while Australia declined. In Americas, North America had a weak quarter hampered by a decline in public safety, whereas infrastructure and construction continued to record favorable growth in the region. South America recorded strong double-digit growth.

Geosystems recorded 10 per cent organic growth, mainly driven by continued strong growth in infrastructure and construction, the content programme and a strong contribution from new products such as the RTC360. As expected, Safety & Infrastructure declined, recording -13 per cent organic growth, hampered by weak demand in the US. As communicated in the previous quarter, actions have been taken to ensure improvements in 2019. Positioning Intelligence recorded 8 per cent organic growth, positively impacted by continued strong growth in agriculture and automotive and a recovery in marine.

EARNINGS

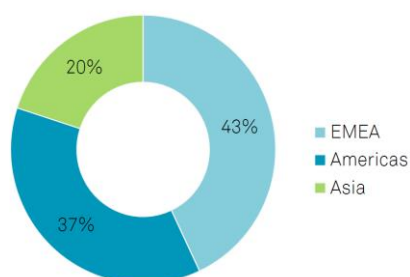
Operating earnings (EBIT1) increased by 11 per cent to 129.5 MEUR (116.7), which corresponds to an operating margin of 26.1 per cent (25.6). The operating margin (EBIT1) was positively impacted by organic growth and product mix but was adversely impacted by currency movements.

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

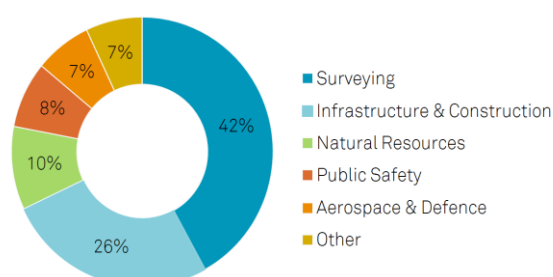
MEUR	Q4 2018	Q4 2017	Δ%	2018	2017	Δ%
Net sales	496.8	455.6	5 ¹⁾	1,820.2	1,706.3	7 ¹⁾
Operating earnings (EBIT1)	129.5	116.7	11	459.2	411.8	12
Operating margin, %	26.1	25.6	0.5	25.2	24.1	1.1
Avg. number of employees				8,428	7,872	7

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

NET SALES PER REGION – FOURTH QUARTER



NET SALES PER CUSTOMER SEGMENT - FOURTH QUARTER



INDUSTRIAL ENTERPRISE SOLUTIONS – Q4 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) operating net sales amounted to 546.2 MEUR (505.6). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 6 per cent. Regionally, organic growth was 8 per cent in Asia, 6 per cent in Americas and 4 per cent in EMEA. In Asia, China recorded 7 per cent organic growth supported by a continued favorable development in manufacturing. South-Eastern Asia and India recorded double digit organic growth. In Americas, North America recorded mid-single digit growth, positively impacted by a strong development in the US and Canada but adversely impacted by a decline in Mexico. South America recorded double digit growth. In EMEA, Western Europe recorded low-single digit growth hampered by slow growth in manufacturing. Russia and the Middle East, however, recorded double digit growth.

Manufacturing Intelligence recorded 6 per cent organic growth, supported by solid demand from the aerospace and automotive industry. PPM recorded 8 per cent organic growth, where the AEC and Information Life Cycle Management solutions continued to be the growth drivers.

EARNINGS

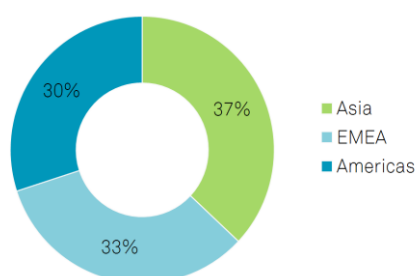
Operating earnings (EBIT1) increased by 12 per cent to 148.0 MEUR (132.7), which corresponds to an operating margin of 27.1 per cent (26.2). The operating margin (EBIT1) benefited from organic growth and an increased software mix but was adversely impacted by currency movements.

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

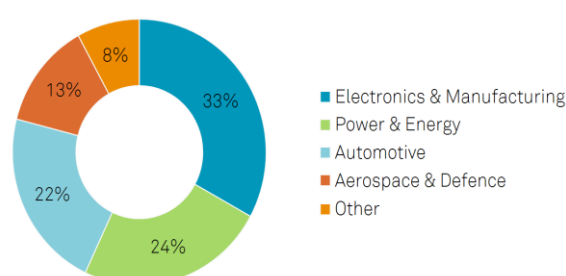
MEUR	Q4 2018	Q4 2017	Δ%	2018	2017	Δ%
Net sales	546.2	505.6	6 ¹⁾	1,940.5	1,764.2	8 ¹⁾
Operating earnings (EBIT1)	148.0	132.7	12	495.2	441.8	12
Operating margin, %	27.1	26.2	0.9	25.5	25.0	0.5
Avg. number of employees				10,741	9,599	12

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

NET SALES PER REGION – FOURTH QUARTER



NET SALES PER CUSTOMER SEGMENT – FOURTH QUARTER



FINANCIAL SUMMARY – 2018

NET SALES

Operating net sales amounted to 3,760.7 MEUR (3,470.5) in 2018. Net sales, including revenue adjustments, amounted to 3,760.7 MEUR (3,448.1). Using fixed exchange rates and a comparable group structure (organic growth), sales increased by 8 per cent.

EARNINGS

Operating earnings (EBIT1) amounted to 929.0 MEUR (832.8), which corresponds to an operating margin of 24.7 per cent (24.0). Operating earnings (EBIT1) were negatively affected by currency translation effects of -33.2 MEUR.

The financial net amounted to -22.8 MEUR (-22.7) in 2018.

Earnings before taxes, excluding non-recurring items, amounted to 906.2 MEUR (810.1). Earnings before taxes, including these items, amounted to 902.3 MEUR (736.9) and were negatively impacted by currency translation effects of -35.3 MEUR.

Net earnings, excluding non-recurring items, amounted to 743.1 MEUR (663.9) or 2.04 EUR (1.82) per share. Net earnings, including these items, amounted to 738.1 MEUR (671.2) or 2.02 EUR (1.84) per share.

FINANCIAL SUMMARY - 2018

MEUR	Net sales			Earnings		
	2018	2017	Δ% ¹⁾	2018	2017	Δ%
Geospatial Enterprise Solutions	1,820.2	1,706.3	7	459.2	411.8	12
Industrial Enterprise Solutions	1,940.5	1,764.2	8	495.2	441.8	12
Operating net sales	3,760.7	3,470.5	8			
Revenue adjustment ²⁾	-	-22.4	n.a.			
Net sales	3,760.7	3,448.1	8			
Group cost				-25.4	-20.8	-22
Operating earnings (EBIT1)				929.0	832.8	12
Operating margin, %				24.7	24.0	0.7
Interest income and expenses, net				-22.8	-22.7	0
Earnings before non-recurring items				906.2	810.1	12
Non-recurring items ³⁾				-3.9	-73.2	n.a.
Earnings before taxes				902.3	736.9	22
Taxes ⁴⁾				-164.2	-65.7	n.a.
Net earnings				738.1	671.2	10

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

²⁾Non-recurring reduction of acquired deferred revenue (haircut) in 2017 related to the acquisition of MSC Software.


³⁾Non-recurring items in 2018 related to the acquisition of AutonomouStuff and divestment of shares in BIMObject. Non-recurring items in 2017 related to the implementation of a cost savings programme and the acquisition of MSC Software.

⁴⁾Hexagon had a one-off positive tax income of 72.4 MEUR in the fourth quarter 2017 due to a new US tax legislation (Tax Cuts & Jobs Act), resulting in a revaluation of deferred tax liabilities on the balance sheet.

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 2018

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Weakened	-4%	Negative	Positive
USD	Weakened	-4%	Positive	Negative
CNY	Weakened	-2%	Positive	Negative
EBIT1, MEUR				-33.2

¹⁾Compared to 2017.



The acquisition of Bricsys, a developer of CAD (computer-aided design) software for the AEC market (architect, construction and engineering), extends Hexagon's domain expertise into building design. Hexagon can now provide the AEC market with an end-to-end platform to connect, automate, and ultimately 'autonomise' the entire building and construction ecosystem.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 7,783.2 MEUR (6,951.5). Return on average capital employed for the last twelve months was 12.6 per cent (12.6). Return on average shareholders' equity for the last twelve months was 15.0 per cent (14.8). The capital turnover rate was 0.5 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 5,319.2 MEUR (4,604.4). The equity ratio was 54.9 per cent (53.5). Hexagon's total assets increased to 9,684.1 MEUR (8,613.4). 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 December 2018, cash and unutilised credit limits totaled 1,684.2 MEUR (1,601.1). Hexagon's net debt was 2,069.3 MEUR (2,034.9). The net indebtedness was 0.35 times (0.40). Interest coverage ratio was 31.9 times (27.0).

CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital amounted to 295.0 MEUR (258.2), corresponding to 0.81 EUR (0.72) per share. Cash flow from operations in the fourth quarter amounted to 360.5 MEUR (264.2), corresponding to 1.00 EUR (0.73) per share. Operating cash flow in the fourth quarter, including non-recurring items, amounted to 262.5 MEUR (179.7). For the full year, cash flow from operations amounted to 944.1 MEUR (907.2), corresponding to 2.62 EUR (2.52) per share. The operating cash flow, including non-recurring items, amounted to 562.8 MEUR (603.0).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -92.9 MEUR (-76.4) in the fourth quarter and -389.1 MEUR (-275.6) for the full year.

Depreciation, amortisation and impairment amounted to -78.0 MEUR (-63.6) in the fourth quarter and -284.0 MEUR (-284.7) during the full year, whereof impairment charges amounted to -9.8 MEUR (-) in the fourth quarter and -25.1 MEUR (-39.2) during the full year.

TAX RATE

The Group's tax expense for 2018 totaled -164.2 MEUR (-65.7). The reported tax rate was 18.0 per cent (-12.2) for the quarter and 18.2 per cent (8.9) for the full year. The tax rate, excluding non-recurring items, was 18.0 per cent (18.3) for the quarter and 18.0 per cent (18.0) for the full year.

EMPLOYEES

The average number of employees during the full year was 19,249 (17,543). The number of employees at the end of the quarter was 20,048 (18,315).

SHARE DATA

Earnings per share, including non-recurring items, for the fourth quarter amounted to 0.60 EUR (0.72). Earnings per share, excluding non-recurring items, for the fourth quarter amounted to 0.60 EUR (0.54). Earnings per share, including non-recurring items, for the full year amounted to 2.02 EUR (1.84). Earnings per share, excluding non-recurring items, for the full year amounted to 2.04 EUR (1.82). On 31 December 2018, equity per share was 14.62 EUR (12.74) and the share price was 408.00 SEK (410.90).

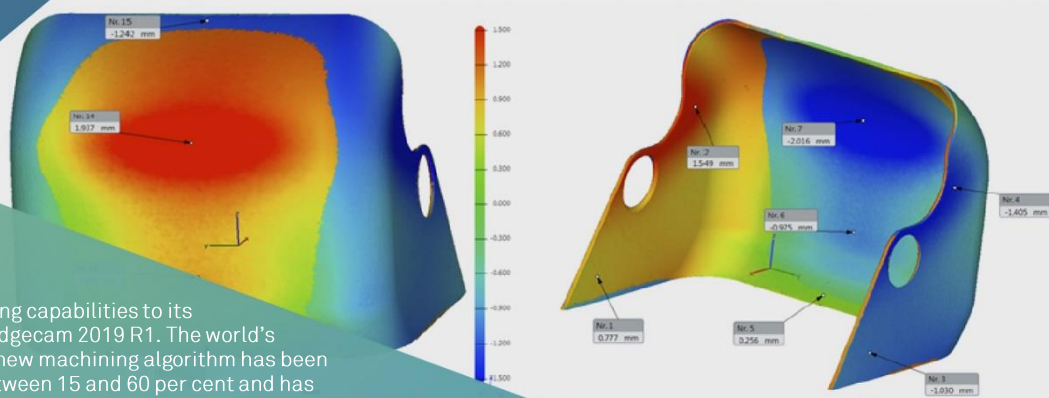
Hexagon's share capital amounts to 80,530,925 EUR, represented by 362,924,692 shares, of which 15,750,000 are of series A with ten votes each and 347,174,692 are of series B with one vote each.

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. On 31 December 2018, 4,590,810 warrants were outstanding.

PARENT COMPANY

The parent company's earnings before taxes in the fourth quarter amounted to 4.8 MEUR (1.1) and to 307.8 MEUR (31.7) for the full year. The equity was 4,735.6 MEUR (4,553.0). The equity ratio of the parent company was 54 per cent (55). Liquid funds including unutilised credit limits were 1,277.4 MEUR (1,272.8).

Hexagon is adding additive manufacturing capabilities to its CAD/CAM portfolio with the release of Edgcam 2019 R1. The world's leading CAD/CAM software, Edgcam's new machining algorithm has been enhanced to reduce processing time between 15 and 60 per cent and has unparalleled ease of use and intelligent toolpath generation.



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, please see note 1 for further information.

From 1 January 2018 IFRS 15 Revenue From Contracts with Customers is applied. Hexagon applies the standard retrospectively and comparative figures for 2017 have been restated, see page 19. The standard provides a five-step model for revenue recognition from contracts with customers. 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. This implies that for certain contracts, revenue might be recognised at another point in time. The timing of revenue recognition has also been affected by the fact that the revenue allocated to each performance obligation in the contract is recognised as each performance obligation is completed. Capitalization of sales commissions has also led to minor adjustments.

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.

Hexagon has assessed the impact of the transition to the new leasing standard, IFRS 16 Leases. The standard is applied as of 1 January 2019 and replaces all former published standards and interpretations about lease contracts. The former IAS 17 Leases required the lessee to classify their leasing contracts as either finance leases or operating leases, which were accounted for differently. The operating leases did not require lessees to recognise assets and liabilities (off balance sheet leases).

The new standard does not require the lessees to distinguish between operating and finance lease contracts. The obligation to pay leasing fees must be recognised as a lease liability in the balance sheet and the right to use the underlying asset during the lease term is recognised as an asset. Depreciation of the asset is recognised in the income statement as an

interest of the liability. Paid leasing fees is recognised partly as a payment of the interest and partly as an amortisation of the liability. A change in the lease contract could lead to a remeasurement of the liability and an adjustment of the right-of-use asset.

Hexagon has chosen to apply the new principles for lease accounting on lease contracts that were identified as contracts containing a lease also under previous regulation. The transition to IFRS 16 has been implemented according to the simplified method, according to which an opening lease liability and an opening right-of-use asset have been recognised to the same amount on the 1st of January 2019.

According to the calculation, the new standard will increase the group's assets and also the interest-bearing liabilities with approximately 240 MEUR. The effect in the income statement during 2019 consist of a transfer of expenses from EBIT to finance net. The timing of cash flow will not be impacted. However, the lease payment will be reported as financing cash flow, not as operating cash flow as prior to 2019.

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.

ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The AGM will be held on 8 April 2019 at 13:00 CET at City Conference Center Stockholm (Norra Latin), Drottninggatan 71 B. The composition of the Hexagon Nomination Committee for the Annual General Meeting 2019 is: Mikael Ekdahl (Chairman), Anders Oscarsson, AMF and AMF Fonder, Jan Andersson, Swedbank Robur fonder and Ossian Ekdahl, Första AP-fonden.

PROPOSED DIVIDEND

The Hexagon Board of Directors proposes a dividend of 0.59 EUR per share (0.53). The proposed record date will be 10 April and expected date for settlement is 17 April.

SUBSEQUENT EVENTS

No significant events affecting the financial reporting have occurred during the period between quarter-end and date of issuance of this report.

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, its financial position and performance, and describes material risks and uncertainties facing the Company and companies within the Group.

Stockholm, Sweden, 6 February 2019
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

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

CONDENSED INCOME STATEMENT

MEUR	Q4 2018	Q4 2017	2018	2017
Net sales	1,043.0	954.9	3,760.7	3,448.1
Cost of goods sold	-394.4	-362.4	-1,423.8	-1,329.0
Gross earnings	648.6	592.5	2,336.9	2,119.1
Sales expenses	-189.6	-171.1	-704.3	-656.3
Administration expenses	-88.3	-85.4	-309.3	-303.5
Research and development expenses	-101.9	-96.2	-406.5	-390.2
Earnings from shares in associated companies	-0.1	-0.1	-0.1	-0.1
Capital gain (+) / loss (-) from sale of shares in Group companies	-	-	0.7	-
Other income and expenses, net	2.0	0.3	7.7	-9.4
Operating earnings ¹⁾	270.7	240.0	925.1	759.6
Financial income	2.6	1.3	6.4	5.6
Financial expenses	-7.9	-8.0	-29.2	-28.3
Earnings before taxes	265.4	233.3	902.3	736.9
Taxes	-47.8	28.4	-164.2	-65.7
Net earnings	217.6	261.7	738.1	671.2
Attributable to:				
Parent company shareholders	215.8	259.9	730.0	664.1
Non-controlling interest	1.8	1.8	8.1	7.1
¹⁾ of which non-recurring items	-	-6.3	-3.9	-73.2
Earnings include depreciation, amortisation and impairments of	-78.0	-63.6	-284.0	-284.7
- of which amortisation of surplus values	-12.8	-12.1	-49.0	-44.9
Basic earnings per share, EUR	0.60	0.72	2.02	1.84
Earnings per share after dilution, EUR	0.60	0.72	2.01	1.84
Total shareholder's equity per share, EUR	14.62	12.74	14.62	12.74
Closing number of shares, thousands	362,925	360,443	362,925	360,443
Average number of shares, thousands	362,031	360,443	360,942	360,443
Average number of shares after dilution, thousands	362,551	361,702	362,301	361,589

CONDENSED COMPREHENSIVE INCOME

MEUR	Q4 2018	Q4 2017	2018	2017
Net earnings	217.6	261.7	738.1	671.2
Other comprehensive income				
Items that will not be reclassified to income statement				
Remeasurement of pensions	-34.5	17.5	-25.3	47.4
Taxes on items that will not be reclassified to income statement	3.8	-3.3	2.9	-6.6
Total items that will not be reclassified to income statement, net	-30.7	14.2	-22.4	40.8
Items that may be reclassified subsequently to income statement				
Exchange rate differences	30.6	-61.3	117.5	-528.6
Taxes on items that may be reclassified subsequently to income	-1.9	2.9	-6.2	24.4
Total items that may be reclassified subsequently to income	28.7	-58.4	111.3	-504.2
Other comprehensive income, net of taxes	-2.0	-44.2	88.9	-463.4
Total comprehensive income for the period	215.6	217.5	827.0	207.8
Attributable to:				
Parent company shareholders	213.5	215.4	819.0	201.5
Non-controlling interest	2.1	2.1	8.0	6.3

CONDENSED BALANCE SHEET

MEUR	31/12 2018	31/12 2017
Intangible fixed assets	7,100.8	6,408.3
Tangible fixed assets	384.2	281.2
Financial fixed assets	53.9	40.4
Deferred tax assets	83.6	83.7
Total fixed assets	7,622.5	6,813.6
Inventories	463.0	431.8
Accounts receivable	959.1	895.5
Other receivables	111.8	93.9
Prepaid expenses and accrued income	133.1	69.2
Total current receivables	1,204.0	1,058.6
Cash and cash equivalents	394.6	309.4
Total current assets	2,061.6	1,799.8
Total assets	9,684.1	8,613.4
Equity attributable to parent company shareholders	5,305.3	4,592.5
Equity attributable to non-controlling interest	13.9	11.9
Total shareholders' equity	5,319.2	4,604.4
Interest bearing liabilities	1,813.9	1,960.2
Other liabilities	154.3	48.6
Pension liabilities	108.2	82.3
Deferred tax liabilities	448.7	442.6
Other provisions	8.6	8.5
Total long-term liabilities	2,533.7	2,542.2
Interest bearing liabilities	541.8	301.8
Accounts payable	251.1	189.3
Other liabilities	279.7	255.3
Other provisions	21.5	28.1
Deferred income	405.0	369.6
Accrued expenses	332.1	322.7
Total short-term liabilities	1,831.2	1,466.8
Total equity and liabilities	9,684.1	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	2018	2017
Opening shareholders' equity	4,604.4	4,590.8
Adjustment of opening shareholders' equity (IFRS 15)	-	-17.8
Adjusted opening shareholders' equity	4,604.4	4,573.0
Total comprehensive income for the period ¹⁾	827.0	207.8
New share issues, warrants exercised - net of issuance costs	83.0	-
New share issue in progress	1.0	-
Dividend	-196.5	-181.4
Effect of acquisitions of subsidiaries	0.3	5.0
Closing shareholders' equity ²⁾	5,319.2	4,604.4
1) Of which: Parent company shareholders	819.0	201.5
Non-controlling interest	8.0	6.3
2) Of which: Parent company shareholders	5,305.3	4,592.5
Non-controlling interest	13.9	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	-	2,481,550	2,481,550
2018-12-31 Total issued and outstanding ¹⁾	15,750,000	347,174,692	362,924,692

¹⁾As per 31 December 2018, there were in total 362,924,692 shares in the company, of which 15,750,000 are of series A with ten votes each and 347,174,692 are of series B with one vote each. Warrants exercised until 2019-01-18 have resulted in a new share issue in progress of 35,300 new shares of series B. The new share issue will be finalised in the first quarter of 2019.

CONDENSED CASH FLOW STATEMENT

MEUR	Q4 2018	Q4 2017	2018	2017
Cash flow from operations before change in working capital excluding taxes and interest	338.8	299.4	1,180.2	1,011.3
Taxes paid	-38.5	-36.8	-153.3	-114.8
Interest received and paid, net	-5.3	-4.4	-22.1	-16.8
Cash flow from operations before change in working capital	295.0	258.2	1,004.8	879.7
Cash flow from change in working capital	65.5	6.0	-60.7	27.5
Cash flow from operations	360.5	264.2	944.1	907.2
Investments tangible assets, net	-27.6	-15.7	-154.8	-48.8
Investments intangible assets	-65.3	-60.7	-234.3	-226.8
Operating cash flow before non-recurring items	267.6	187.8	555.0	631.6
Non-recurring cash flow ¹⁾	-5.1	-8.1	7.8	-28.6
Operating cash flow	262.5	179.7	562.8	603.0
Cash flow from other investing activities ²⁾	-91.1	-85.2	-438.2	-928.9
Cash flow after other investing activities	171.4	94.5	124.6	-325.9
Dividends paid	-5.4	-8.1	-196.5	-181.4
New share issues, warrants exercised - net of issuance costs	2.5	-	84.0	-
Cash flow from other financing activities	-227.8	-107.4	93.5	549.9
Cash flow for the period	-59.3	-21.0	105.6	42.6
Cash and cash equivalents, beginning of period	457.2	325.7	309.4	284.0
Effect of translation differences on cash and cash equivalents	-3.3	4.7	-20.4	-17.2
Cash flow for the period	-59.3	-21.0	105.6	42.6
Cash and cash equivalents, end of period	394.6	309.4	394.6	309.4

¹⁾Non-recurring cash flow consists of restructuring costs and sale of shares in BIMObject.

²⁾Acquisitions and divestments totaled -90.8 MEUR (-79.4) and other was -0.3 MEUR (-5.8) in the fourth quarter of 2018.

KEY RATIOS

MEUR	Q4 2018	Q4 2017	2018	2017
Operating margin, %	26.0	25.6	24.7	24.0
Profit margin before taxes, %	25.4	24.4	24.0	21.4
Return on shareholders' equity, 12 month average, %	15.0	14.8	15.0	14.8
Return on capital employed, 12 month average, %	12.6	12.6	12.6	12.6
Equity ratio, %	54.9	53.5	54.9	53.5
Net indebtedness	0.35	0.40	0.35	0.40
Interest coverage ratio	34.6	30.2	31.9	27.0
Average number of shares, thousands	362,031	360,443	360,942	360,443
Basic earnings per share excl. non-recurring items, EUR	0.60	0.54	2.04	1.82
Basic earnings per share, EUR	0.60	0.72	2.02	1.84
Cash flow per share, EUR	1.00	0.73	2.62	2.52
Cash flow per share before change in working cap, EUR	0.81	0.72	2.78	2.44
Share price, SEK	408.00	410.90	408.00	410.90
Share price, translated to EUR	39.79	41.74	39.79	41.74

SUPPLEMENTARY INFORMATION

NET SALES PER SEGMENT

MEUR	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
Geospatial Enterprise Solutions	496.8	457.1	454.8	411.5	1,820.2	455.6	417.9	429.8	403.0	1,706.3
Industrial Enterprise Solutions	546.2	489.0	482.1	423.2	1,940.5	505.6	440.2	442.2	376.2	1,764.2
Group	1,043.0	946.1	936.9	834.7	3,760.7	961.2	858.1	872.0	779.2	3,470.5

OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
Geospatial Enterprise Solutions	129.5	114.6	113.7	101.4	459.2	116.7	100.2	104.0	90.9	411.8
Industrial Enterprise Solutions	148.0	123.7	121.6	101.9	495.2	132.7	110.0	107.9	91.2	441.8
Group costs	-6.8	-6.5	-7.1	-5.0	-25.4	-3.1	-5.4	-6.6	-5.7	-20.8
Group	270.7	231.8	228.2	198.3	929.0	246.3	204.8	205.3	176.4	832.8
Margin, %	26.0	24.5	24.4	23.8	24.7	25.6	23.9	23.5	22.6	24.0

NET SALES BY REGION

MEUR	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
EMEA	398.4	340.9	348.9	326.8	1,415.0	375.8	312.0	322.3	293.0	1,303.1
Americas	347.8	317.9	307.5	266.4	1,239.6	315.9	289.6	291.7	266.2	1,163.4
Asia	296.8	287.3	280.5	241.5	1,106.1	269.5	256.5	258.0	220.0	1,004.0
Group	1,043.0	946.1	936.9	834.7	3,760.7	961.2	858.1	872.0	779.2	3,470.5

EXCHANGE RATES

Average	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
SEK/EUR	0.0969	0.0961	0.0968	0.1004	0.0975	0.1021	0.1046	0.1033	0.1052	0.1038
USD/EUR	0.8762	0.8599	0.8389	0.8136	0.8475	0.8491	0.8517	0.9094	0.9386	0.8864
CNY/EUR	0.1267	0.1264	0.1315	0.1280	0.1281	0.1284	0.1277	0.1325	0.1363	0.1311
CHF/EUR	0.8801	0.8744	0.8516	0.8583	0.8661	0.8604	0.8848	0.9228	0.9347	0.9000
Closing	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017
SEK/EUR	0.0975	0.0970	0.0957	0.0972	0.0975	0.1016	0.1036	0.1037	0.1049	0.1016
USD/EUR	0.8734	0.8639	0.8578	0.8116	0.8734	0.8338	0.8470	0.8763	0.9354	0.8338
CNY/EUR	0.1270	0.1255	0.1296	0.1291	0.1270	0.1281	0.1273	0.1292	0.1358	0.1281
CHF/EUR	0.8874	0.8837	0.8644	0.8490	0.8874	0.8546	0.8728	0.9149	0.9349	0.8546

Operating net sales, i.e. excluding revenue adjustment (haircut), for 2017 and adjusted according to IFRS 15.

ACQUISITIONS

MEUR	AutonomouStuff	Other	2018	2017
Fair value of acquired assets and assumed liabilities				
Intangible fixed assets	32.2	67.8	100.0	268.3
Other fixed assets	0.3	3.3	3.6	32.8
Total fixed assets	32.5	71.1	103.6	301.1
Total current assets	6.4	31.1	37.5	120.2
Total assets	38.9	102.2	141.1	421.3
Total long-term liabilities	-	4.6	4.6	124.5
Total current liabilities	6.3	15.7	22.0	134.7
Total liabilities	6.3	20.3	26.6	259.2
Fair value of acquired assets and assumed liabilities, net	32.6	81.9	114.5	162.1
Non-controlling interest in equity	-	-0.3	-0.3	-
Goodwill	256.3	184.2	440.5	791.9
Total purchase consideration transferred	288.9	265.8	554.7	954.0
Less cash and cash equivalents in acquired companies	1.9	-11.8	-9.9	-37.9
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-83.5	-34.7	-118.2	-0.8
Cash flow from acquisition of companies/businesses	207.3	219.3	426.6	915.3

During 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
- ProCAM, an Italian distributor of CAD CAM solutions and complementary software
- NEXTSENSE GmbH, an Austrian based company specialising in non-contact profile measurement and surface inspection solutions
- External Array, a Chinese software company providing a local solution for CMM's in the Chinese market
- Guardvant, a US based supplier of operator safety solutions for the mining industry
- LSE, an Italian provider of software solutions for the Geomatics market
- SPRING Technologies, a French software provider specialising in integrated solutions for optimising the machining workflow
- AutonomouStuff, a US based supplier of integrated autonomous vehicle solutions
- Bricsys, a Belgian based developer of CAD (computer-aided design) software

Further information related to the acquisition of AutonomouStuff is presented in the acquisition analysis on page 17. The other 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 165.3 MEUR as of 31 December (59.4), whereof the fair value adjustment in 2018 amounted to 16.7 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.

ACQUISITION OF NEXTSENSE

In May 2018, Hexagon acquired NEXTSENSE GmbH, an Austrian based company specialised in non-contact profile measurement and surface inspection solutions. In 2017 NEXTSENSE generated sales of 12 MEUR.

Background and reasons for the transaction

NEXTSENSE's advanced manual, inline and automated solutions, with the ability to automatically compensate for tilts and rotations during scanning, complement Hexagon's approach to enabling the smart factory vision. Additionally, the acquisition extends Hexagon's breadth of capabilities in automotive fit and finish as well as in industries such as rail and steel, where Hexagon has a comparatively small footprint today. Together, the combination of sensors, software, and advanced analytics from both portfolios will bring added value to all customers while extending the global reach of NEXTSENSE's solutions to new markets and regions.

From the date of acquisition, NEXTSENSE has contributed 11.5 MEUR of net sales in 2018. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 16.0 MEUR.

ACQUISITION OF AUTONOMOSTUFF

In September 2018, Hexagon completed the acquisition of US based AutonomouStuff, one of the world's leading suppliers of integrated autonomous vehicle solutions. In 2017 AutonomouStuff generated sales of 45 MUSD.

Background and reasons for the transaction

AutonomouStuff's turn-key platforms, which utilise a robust portfolio of technologies, are deployed in pilot programs worldwide – representing more than 2,500 customers in the automotive and technology sectors across Silicon Valley, America, Europe, and Asia. When combined with Hexagon's positioning intelligence, mapping, simulation and sensing technology leadership, this acquisition creates a nexus of domain expertise and accelerate Hexagon's ability to be a leader in autonomous connected ecosystems (ACE).

From the date of consolidation of the acquisition, AutonomouStuff has contributed 19.4 MEUR of net sales in 2018. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 51.2 MEUR.

ACQUISITION OF BRICSYS

In October 2018, Hexagon acquired Bricsys, a developer of CAD (computer-aided design) software providing open, collaborative construction technology solutions. In 2017 Bricsys generated sales of 13 MEUR.

Background and reasons for the transaction

Bricsys' CAD platform, BricsCAD, supports 2D/3D general, mechanical, and sheet metal design and building information modelling (BIM) in one system. Hexagon has long been a leader in structural & process piping design and the acquisition extends Hexagons domain expertise into building design. By combining the product portfolios, Hexagon can now provide the AEC market with an end-to-end platform – with conceptual design, CAD design, BIM software and collaboration tools, project and cost controls, in-field construction execution tools (work packages) and progress documentation (reality capture).

From the date of consolidation of the acquisition, Bricsys has contributed 3.9 MEUR of net sales in 2018. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 16.1 MEUR.

DIVESTMENTS

MEUR	2018	2017
Carrying value of divested assets and liabilities, net		
Intangible fixed assets	3.4	-
Total fixed assets	3.4	-
Total current assets	0.1	-
Total assets	3.5	-
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	-
Less cash and cash equivalents in divested companies	-0.1	-
Cash flow from divestment of companies/businesses	4.0	-

RESTATEMENT OF 2017 – IFRS 15

2017			
MEUR	According to annual report	Adjustments	According to IFRS 15
Assets			
Intangible fixed assets	6,408.3	-	6,408.3
Tangible fixed assets	281.2	-	281.2
Financial fixed assets	40.4	-	40.4
Deferred tax assets	83.9	-0.2	83.7
Current assets	1,815.4	-15.6	1,799.8
Total assets	8,629.2	-15.8	8,613.4
Equity			
Retained earnings	3,944.3	-11.1	3,933.2
Income statement			
Net sales	3,448.4	-0.3	3,448.1
Cost of goods sold	-1,327.2	-1.8	-1,329.0
Gross earnings	2,121.2	-2.1	2,119.1
Sales expenses	-655.9	-0.4	-656.3
Other operating costs	-703.2	-	-703.2
Operating earnings	762.1	-2.5	759.6
Financial income and expenses	-22.7	-	-22.7
Earnings before taxes	739.4	-2.5	736.9
Taxes	-65.6	-0.1	-65.7
Net earnings	673.8	-2.6	671.2
Total equity	4,618.1	-13.7	4,604.4
Liabilities			
Interest bearing liabilities	1,960.2	-	1,960.2
Other liabilities	48.6	-	48.6
Pension liabilities	82.3	-	82.3
Deferred tax liability	446.5	-3.9	442.6
Other provisions	8.5	-	8.5
Current liabilities	1,465.0	1.8	1,466.8
Total liabilities	4,011.1	-2.1	4,009.0
Total equity and liabilities	8,629.2	-15.8	8,613.4

CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q4 2018	Q4 2017	2018	2017
Net sales	6.5	2.7	17.9	18.5
Administration cost	-6.9	-10.7	-24.9	-28.1
Operating earnings	-0.4	-8.0	-7.0	-9.6
Earnings from shares in Group companies	-2.0	-11.1	227.0	59.0
Interest income and expenses, net	30.9	-2.5	111.5	-40.4
Appropriations	-23.7	22.7	-23.7	22.7
Earnings before taxes	4.8	1.1	307.8	31.7
Taxes	-1.9	5.8	-18.2	5.6
Net earnings	2.9	6.9	289.6	37.3

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/12 2018	31/12 2017
Total fixed assets	7,587.1	7,375.6
Total current receivables	1,091.7	949.4
Cash and cash equivalents	15.5	0.7
Total current assets	1,107.2	950.1
Total assets	8,694.3	8,325.7
Total shareholders' equity	4,735.6	4,553.0
Untaxed reserves	18.5	-
Total long-term liabilities	1,807.3	1,955.2
Total short-term liabilities	2,132.9	1,817.5
Total equity and liabilities	8,694.3	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, analyze 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 before taxes 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 and impact comparability between periods
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 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. 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 global leader in digital solutions that create Autonomous Connected Ecosystems (ACE), a state where data is connected seamlessly through the convergence of the physical world with the digital, and intelligence is built-in to all processes. Hexagon's industry-specific solutions leverage domain expertise in sensor technologies, software, and data orchestration to create Smart Digital Realities™ that improve productivity and quality across manufacturing, infrastructure, safety and mobility applications. Hexagon (Nasdaq Stockholm: HEXA B) has approximately 20,000 employees in 50 countries and net sales of approximately 3.8bn EUR. Learn more at hexagon.com.

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim report Q1 2019	29 April 2019
Interim report Q2 2019	26 July 2019
Interim report Q3 2019	30 October 2019
Year-End report 2019	5 February 2020

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 Year-End Report 2018 will be presented on 6 February at 10:00 CET at a telephone conference.

Please view instructions at Hexagon's website on how to participate.

CONTACT

Daniel Johansson,
Investor Relations,
Hexagon AB
+46 8 601 26 27,
ir@hexagon.com

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 08:00 CET on 6 February 2019.

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.

Hexagon AB [publ] P.O. Box 3692 SE- 103 59 Stockholm
Fax: +46 8 601 26 21 Phone: +46 8 601 26 20
Registration number: 556190-4771
Registered Office: Stockholm Sweden
www.hexagon.com