

Strong growth and earnings in the fourth quarter 2007

- Order intake increased to 4 011 MSEK (3 588), corresponding to 16 % organic growth.
- Net sales increased to 4 124 MSEK (3 561), corresponding to 19 % organic growth.
- Earnings before tax, excl. non-recurring items¹⁾, increased by 36 % to 678 MSEK (500). Incl. non-recurring items, earnings before tax increased to 505 MSEK (500).
- Earnings after tax, excl. non-recurring items¹⁾, increased by 36 % to 569 MSEK (418). Incl. non-recurring items, earnings after tax increased to 427 (418).
- Earnings per share, before dilution and excl. non-recurring items¹⁾, increased by 36 % to 2.13 SEK (1.57). Incl. non-recurring items earnings per share was 1.59 (1.57).
- As previously announced, the quarter was charged with -173 MSEK primarily due to the proposed listing of the polymers business and the PPA effects from the acquisition of NovAtel.

2007 – a record year financially

- Order intake increased to 15 139 MSEK (13 720), corresponding to 16 % organic growth.
- Net sales increased to 14 587 MSEK (13 469), corresponding to 15 % organic growth.
- Earnings before tax increased by 27 % to 2 056 MSEK (1 618).
- Earnings after tax increased by 41 % to 1 811 MSEK (1 280).
- Earnings per share, before dilution, increased by 36 % to 6.79 SEK (5.01).

Proposed dividend

- Proposed dividend to shareholders is 2.35 (1.67) SEK per share, an increase of 41 %. Also, a separate listing of the polymers business on the Nordic Exchange is proposed which would entail an extraordinary dividend of shares in the listed company to the shareholders.

Comments from Hexagon's CEO Ola Rollén

”Once again we delivered a strong quarter. Order intake increased by 16 %, net sales by 19 %, operating earnings by 36 % and earnings per share, excluding PPA effects in the consolidation of NovAtel and cost related to the listing of the polymers business, increased by as much as 36 %. We are pleased that Hexagon's organic growth rate continues to increase with high profitability matched by a strong cash flow. In 2008 we expect organic growth and acquisition activity to be in line with what we communicated in the press release from our Capital Markets Day. Furthermore we expect to meet our long-term financial target of an increase in earnings per share after tax by 15 % in 2008.”

MSEK	Q4 2007	Q4 2006	Change %	2007	2006	Change %
Order intake	4 011	3 588	16 ²⁾	15 139	13 720	16 ²⁾
Net sales	4 124	3 561	19 ²⁾	14 587	13 469	15 ²⁾
Operating earnings (EBIT1)	740	546	36	2 421	1 827	33
Operating margin, %	17.9	15.3	2.7	16.6	13.6	3.0
Operating earnings after financial net	678	500	36	2 207	1 605	38
Non-recurring items, net	-173	0	n.a.	-151 ¹⁾	13	n.a.
Earnings before tax	505	500	1	2 056	1 618	27
Earnings after tax	427	418	2	1 811	1 280	41
Earnings per share, SEK	1.59	1.57	1	6.79	5.01	36
EPS excl non-recurring items, SEK	2.13	1.57	36	7.25	4.97	46

1) Net of capital gains of 114 MSEK and restructuring costs, write-downs, costs related to the proposed listing of the polymers business and costs related to PPA effects in the consolidation of NovAtel of -264 MSEK.

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

Fourth quarter sales and earnings

The quarter shows strong improvement in earnings compared to corresponding period last year. Operating margin (EBIT1) increased by 2.6 percentage points to 17.9 per cent (15.3). Order intake grew to 4 011 MSEK (3 588) and net sales to 4 124 MSEK (3 561). Adjusted to fixed exchange rates and comparable group structure order intake increased by 16 per cent and net sales 19 per cent.

In EMEA, demand continued to be strong during the fourth quarter. Organic growth rate in order intake was 13 per cent and 15 per cent in net sales. We see a continuous strong demand in EMEA during 2008 driven by extensive infrastructural investments in the region and a continuous strong demand in the engineering sector.

In Americas demand in the fourth quarter was positively affected by increased investments in infrastructure and increased demand from non-automotive related industries such as mining, aerospace, medical and the electronics industry. Organic growth in order intake was 9 per cent and 18 per cent in net sales. The negative trend in the USA construction and automotive industries continued during the quarter. However, Canada, Mexico and South America showed strong organic growth rates and good order intake. Our current view is that we believe in a favourable demand for Hexagon's products in Americas during 2008.

In Asia, the strong demand for Hexagon's products continued. Organic growth in order intake was 42 per cent and 39 per cent in net sales. Growth is benefiting from Hexagon's investments in new capacity in the region. All countries in the region with the exception of Japan are recording strong growth rates. We see a continuous strong demand in Asia during 2008.

Net sales per region

MSEK	Q4 2007	Q4 2006	Change % ¹⁾
EMEA	2 412	2 266	15
Americas	1 075	822	18
Asia	637	473	39
Total	4 124	3 561	19

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

Operating earnings (EBIT1) increased by 36 per cent to 740 MSEK (546), corresponding to an operating margin of 18 per cent (15). Operating earnings (EBIT1) were negatively affected by -17 MSEK due to exchange rate fluctuations.

During the quarter a capital loss in relation to the divestment of Tidamek AB has been booked and costs related to the proposed listing of the polymers business has been charged, with a total of -22 MSEK. In addition, costs related to the acquisition analysis of NovAtel (Purchase Price Allocation, PPA) of -151 MSEK have been accounted for. Prior to the acquisition Hexagon represented a substantial part of the net sales of NovAtel which is why Hexagon in accordance with current accounting principles has written off this part of the market value of the customer base. Also, write-offs related to overlapping technologies have been made. All in all, the sum of non-recurring items during the fourth quarter was -173 MSEK.

The financial net during the fourth quarter was -62 MSEK (-46). Earnings before tax increased to 505 MSEK (500). These earnings were negatively affected by -16 MSEK due to currency fluctuations. Earnings after tax increased by 2 per cent to 427 MSEK (418), corresponding to an earnings per share of 1.59 SEK (1.57).

Year 2007 sales and earnings

Order intake during the year grew to 15 139 MSEK (13 720). Adjusted to fixed exchange rates and a comparable group structure order intake increased by 16 per cent. Net sales increased to 14 587 MSEK (13 469). Adjusted to fixed exchange rates and a comparable group structure net sales increased by 15 per cent.

Net sales per region

MSEK	Year 2007	Year 2006	Change % ¹⁾
EMEA	8 646	8 329	13
Americas	3 551	3 261	12
Asia	2 390	1 879	30
Total	14 587	13 469	15

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

Operating earnings (EBIT1) increased by 33 per cent to 2 421 MSEK (1 827), corresponding to an operating margin of 16.6 per cent (13.6). Operating earnings (EBIT1) were adversely affected by -41 MSEK due to currency fluctuations.

During the year, Johnson Metall AB, Eurosteel AB and Tidamek AB have been divested, with total capital gains of 114 MSEK. In addition, restructuring costs, write-downs, cost related to the proposed listing of the polymers business and costs related to the acquisition analysis of NovAtel of a total of -265 MSEK have been reported. All in all, the sum of non-recurring items during the year was -151 MSEK (13).

The financial net during the year was -214 MSEK (-222).

Earnings before tax increased by 27 per cent to 2 056 MSEK (1 618). These earnings were negatively affected by -32 MSEK due to currency fluctuations.

Earnings after tax increased by 41 per cent to 1 811 MSEK (1 280), corresponding to earnings per share of 6.79 SEK (5.01). Earnings after tax were positively affected by revaluations of deferred tax assets and tax liabilities due to the new taxation structure of the group.

MSEK	Net sales			Earnings		
	2007	2006	Change % ¹⁾	2007	2006	Change %
Hexagon MT	10 937	9 250	16	2 141	1 547	39
Hexagon Polymers	2 730	2 488	6	310	223	39
Other operations	922	1 734	24	30	109	n.a.
Group costs and adjustments	-2	-3		-60	-52	-15
Operating earnings (EBIT1)				2 421	1 827	33
Per cent of net sales				16.6	13.6	3.0
Interest income and expenses, net				-214	-222	4
Earnings before non-recurring items				2 207	1 605	38
Capital gains				114	97	n.a.
Other non-recurring items				-265	-84	n.a.
Earnings before tax	14 587	13 469	15	2 056	1 618	27

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

Profitability

Capital employed, defined as total assets less non-interest bearing liabilities, increased to 20 630 MSEK (15 427). Return on average capital employed was 14.3 per cent (12.2). Return on average shareholders' equity was 19.5 per cent (16.9). The capital turnover rate was 0.90 times (0.88).

Financial position

Shareholders' equity, including minority interests, increased to 10 046 MSEK (8 609). The equity ratio was 40 per cent (46). The group's total assets increased to 24 940 MSEK (18 548).

On 31 December 2007, cash and unutilized credit limits totalled 2 753 MSEK (5 067). The group's net debt totalled 8 887 MSEK (6 032), and the net indebtedness was 0.88 times (0.70). Interest coverage ratio was 8.8 times (7.4).

Cash flow

During the year, cash flow from operations before changes in working capital increased by 42 per cent to 2 472 MSEK (1 737), corresponding to 9.32 SEK per share (6.84). Cash flow from operations increased to 2 027 MSEK (1 115), corresponding to 7.64 SEK per share (4.39). The operating cash flow was 1 202 MSEK (281).

Investments and depreciation

Hexagon's net investments, excluding acquisitions and divestitures, were -825 MSEK (-834). Depreciation during the year was -803 MSEK (-602).

Tax rate

Hexagon's tax cost for the year totalled -245 MSEK (-338), corresponding to a tax rate of 12 per cent (21). The tax cost is affected by the fact that a considerable part of Hexagon's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden as well as the fact that capital gains are essentially exempt from tax. In addition the tax rate during the year was positively affected by revaluations of deferred tax assets and tax liabilities due to the new taxation structure of the group. Disregarding tax effects of non-recurring items, the effective tax rate during the year was 15 per cent (22).

Employees

The average number of employees in Hexagon during the year was 8 406 (7 862). The number of employees at the end of the year was 10 062 (8 169), an increase of 1 893 employees during the year. The increase is due to acquisitions as well as other expansion investments made during the year.

Share data

Earnings per share during the year increased by 36 per cent to 6.79 SEK (5.01). Excluding non-recurring items the earnings per share increased by 46 per cent to 7.25 SEK (4.97). On 31 December 2007, equity per share was 37.69 SEK (32.30) and the share price was 135 SEK (97). Historical share related data has been recalculated considering the rights issue (with bonus issue element taken into consideration) carried out during the second quarter 2006, exercise of options, the compulsory squeeze out of the remaining minority shares in Leica Geosystems during the third quarter 2006, and the 3:1 split of the share during the second quarter 2007. At full exercise of remaining stock option programmes, the dilution effect would be 0.2 per cent of the share capital and 0.1 per cent of the number of votes.

Hexagon Measurement Technologies

Hexagon Measurement Technologies (MT) is the world leader in multidimensional measurements of the measuring and positioning market's macro and micro segments. Operations cover hand tools, fixed and portable co-ordinate measuring machines (CMMs), GPS systems, level meters, laser meters, total stations (TPS), sensors for airborne measurement, aftermarket services and software systems for one, two or three-dimensional measurements.

The strong demand continued during the fourth quarter. Organic growth accelerated to 20 per cent in order intake and 21 per cent in net sales. The improvement in earnings was substantial. Operating margin improved to 21 per cent (19).

The demand in EMEA continued to be strong during the fourth quarter within all customer segments. The organic growth rate in order intake was 19 per cent and 17 per cent in net sales. For 2008 we see a continuous strong demand with a significant activity level in the engineering sector and construction industry in Western Europe as well as in Eastern Europe and the Middle East. Hexagon is currently investing resources in expanding distribution and service within the new fast-growing segments and geographical areas in the region.

In Americas, demand was positively affected by increased investments in infrastructure and increased demand from non-automotive related industries such as geospatial information systems (GIS), mining, engineering, aerospace, electronics industry, and medical technology. However, the competitiveness of the domestic automotive industry is continuously weak and the residential housing construction market has continued to deteriorate. Organic growth in order intake was 9 per cent and 17 per cent in net sales. For 2008 we forecast continued imbalances in demand for the residential housing construction sector in the USA. We also see an increased activity for exports in the engineering industry benefiting from the weak USD. Outside the USA there is continued strong demand in South America and Canada. Both regions are benefiting from demand for grains, minerals and oil. During 2008 Hexagon will continue to invest in service and distribution in the region and to gear up in new product launches.

Hexagon continued to expand significantly in Asia during the fourth quarter. Organic growth in order intake was 44 per cent and 39 per cent in net sales. During the quarter Hexagon has further expanded operations in the region through acquisitions. Hexagon acquired Elcome Technologies with some ten local offices across India. After China, India is expected to become the next fast-growing market for Hexagon in the region. In other Asian countries, Hexagon continued to grow at high rate. We estimate the demand in the region to be continuously strong during 2008.

Order intake in the quarter increased to 3 047 MSEK (2 407). Net sales increased to 3 153 MSEK (2 456). Adjusted to fixed exchange rates and comparable group structure, order intake increased by 20 per cent and net sales by 21 per cent. Operating earnings (EBIT1) increased by 45 per cent to 675 MSEK (466), corresponding to an operating margin of 21 per cent (19).

The number of employees was 7 296 (5 133) at the end of the year. The increase is principally due to acquisitions during the year.

MSEK	Q4 2007	Q4 2006	Change%	2007	2006	Change%
Order intake	3 047	2 407	20 ¹⁾	11 234	9 273	19 ¹⁾
Net sales	3 153	2 456	21 ¹⁾	10 937	9 250	16 ¹⁾
Operating earnings (EBIT1)	675	466	45	2 141	1 547	38
Operating margin, %	21.4	19.0	2.4	19.6	16.7	2.9

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

Hexagon Polymers

Hexagon Polymers is active in three markets: Rubber compounds as semi-finished goods, gaskets for plate heat exchangers (PHE) and plastic and rubber wheels for truck and track drive applications. Customers are mainly major multinational OEM customers in the PHE, truck production, materials handling equipment and automotive industry market segments.

During the fourth quarter, volume growth was continuously strong with an organic growth of 5 per cent. Raw material prices have increased somewhat. However, the effect on the earnings for the fourth quarter is insignificant. Unlike the measurement technologies business, the fourth quarter is the weakest quarter of the year for the polymers business. This is due to the fact that Polymers closes down production facilities during December for maintenance. The numbers for the quarter were therefore very strong with an increase in EBIT of 42 per cent to 74 MSEK (52), corresponding to an operating margin of 9.9 per cent (8.5). For the fourth quarter the new production facilities in China and Mexico have contributed negatively with a loss of -3 MSEK which is why the operating margin excluding these new production facilities was 10.4 per cent (8.5). As the new production facilities will gear up and operate at full capacity, they will contribute to Polymers' earnings during 2008.

In EMEA, demand was continuously strong during the fourth quarter. A number of Polymers' production facilities are now operating at full capacity.

In Americas, the capacity utilization of the Canadian production facility continued to improve somewhat in the fourth quarter by continued penetration of customer segments outside the automotive sector in North East USA. During the quarter the American polymer compounding company Gold Key was integrated in the centralized raw material sourcing of Polymers. The next step is to exchange products between the production facilities to optimize the set up in North America. The newly established production facility in Mexico increased production of rubber compounds but reported a small loss in the quarter. Profit is expected during 2008. Overall, Americas' other production facilities have developed satisfactorily in the fourth quarter.

In Asia, demand was continuously strong. The production facility in Qingdao, China, started production of wheels during the quarter. The production facility in Sri Lanka is operating at high capacity utilization and investments in increased capacity are developing according to plan. Also the establishment of a production facility for PHE in China, which is estimated to double the capacity for Polymers' PHE production over time, is developing according to plan and is estimated to start production during the second quarter 2008.

Order intake for the fourth quarter increased to 709 MSEK (634). Net sales increased to 744 MSEK (612). Adjusted to fixed exchange rates and comparable group structure, order intake was flat and net sales grew by 5 per cent. The flat order intake is due to shorter time to delivery due to increased efficiency in production and an adjustment of customers' inventory levels.

Operating earnings (EBIT1) increased by 42 per cent to 74 MSEK (52), corresponding to an operating margin of 10 per cent (8). The number of employees was 2 327 (2 016) at year end.

At the Annual General Meeting in May 2008 Hexagon's Board of Directors will propose to the shareholders a separate listing of the polymers business at The Nordic Exchange. The listing is planned for June 2008. The total cost related to the listing is expected to amount to approximately -25 MSEK of which -16 MSEK have been charged in the fourth quarter 2007 (reported as non-recurring item). Georg Brunstam assumed the CEO position for Polymers in December 2007.

MSEK	Q4 2007	Q4 2006	Change%	2007	2006	Change%
Order intake	709	634	0 ¹⁾	2 824	2 542	4 ¹⁾
Net sales	744	612	5 ¹⁾	2 730	2 488	6 ¹⁾
Operating earnings (EBIT1)	74	52	42	310	223	39
Operating margin, %	9.9	8.5	1.4	11.4	9.0	2.4

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

Other operations

During 2007 Johnson Metall AB, Eurosteel AB and Tidamek AB have been divested. The remaining parts of Other Operations are SwePart Transmission AB and EBP i Olofström AB. The two businesses remaining on 1 January 2008 report combined sales of 627 MSEK and operating earnings (EBIT1) of 15 MSEK for 2007.

Order intake during the fourth quarter was 255 MSEK (547). Net sales were 227 MSEK (494). Adjusted to fixed exchange rates and a comparable group structure, order intake increased by 15 per cent and net sales by 25 per cent.

Operating earnings (EBIT1) was 9 MSEK (45).

The number of employees was 428 (1 008) at the end of the year. The decrease in number of employees is explained by divestitures made during the year.

MSEK	Q4 2007	Q4 2006	Change%	2007	2006	Change%
Order intake	255	547	15 ¹⁾	1 081	1 905	19 ¹⁾
Net sales	227	494	25 ¹⁾	922	1 734	24 ¹⁾
Operating earnings (EBIT1)	9	45	n.a. ²⁾	30	109	n.a. ²⁾

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

²⁾ Not applicable due to the divestments of Johnson Metall, Eurosteel and Tidamek.

Associated companies

Associated companies affected Hexagon's earnings by -31 MSEK (2) during 2007. These earnings have been affected by a write-down of Hexagon's ownership in the joint venture company Outokumpu Nordic Brass by -35 MSEK. This write-down is included in other non-recurring items and does not reflect the current profitability of Outokumpu Nordic Brass.

Parent company

The parent company's earnings after financial items were -155 MSEK (-126). The solvency ratio of the parent company was 34 per cent (45). The equity was 6 655 MSEK (7 103). Liquid funds including unutilized credit limits was 2 026 MSEK (4 668).

Accounting policies

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Commission for use in the EU. Hexagon's interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and Swedish Financial Accounting Standards Council recommendation RR 31 "Interim reporting for consolidated entities". The applied accounting policies as well as estimates and judgments are unchanged from those applied in the Annual report for 2006. The implementation of Interpretation URA 43 "Accounting for Special Payroll tax and Tax on Investment returns" from the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council in March 2007 has not had any effect on the results or financial position of Hexagon.

Risks and uncertainty factors

Hexagon as an international group with a wide geographic spread 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, the giving of credit, raw materials and financial instruments. 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. For a detailed description of risks and risk management refer to the Annual report for 2006. No significant risks other than the risks described there are judged to have occurred.

Significant events during the fourth quarter

Acquisitions

- On 8 October Hexagon entered into an agreement to acquire all the outstanding shares of NovAtel Inc. listed on NASDAQ for 50 USD per share. NovAtel is a leading provider of precision Global Navigation Satellite System (GNSS) components and subsystems. NovAtel develops quality OEM products including receivers, enclosures, antennas and firmware that are integrated into high precision positioning applications worldwide. These applications include surveying, Geographical Information Systems (GIS) mapping, precision agriculture machine guidance, port automation, mining, timing and marine industries. NovAtel recorded sales of 77.6 million CAD and net income of 21.5 million CAD in 2006. Hexagon expects that NovAtel's organic revenue growth will be approximately 20 per cent per year. NovAtel is based in Calgary, Canada and has about 300 employees worldwide. The transaction was finalised during the fourth quarter 2007 and NovAtel is consolidated as of 1 December 2007.
- On 19 November the Indian company Elcome Technologies Pvt. Ltd. was acquired. Elcome Technologies is a distributor and systems integrator of products and solutions for customers in the field of positioning, navigation, alignment, measurements and surveying using various technologies such as optical and GPS based equipment, aerial photogrammetry, GIS and mapping, construction and mining machine control, portable coordinate measuring machines (CMM), laser scanning, and weather meteorology. Elcome is consolidated as of 1 January 2008.
- On 21 November four European distributors were acquired; R&A Rost Vertriebs GmbH, R&A Rost Produktions GmbH, both in Austria, Geopro Kft. in Hungary, and Junglas GmbH in Germany. The two Rost companies are leading distributors and service providers for surveying and construction equipment in Austria. Geopro is a leading distributor for surveying and construction equipment in Hungary. Junglas is a German distributor for construction and machine control equipment. Rost and Junglas are consolidated as of 1 October 2007, and Geopro is consolidated as of 1 December 2007.

Divestments

- On 1 December Tidamek AB, a subsidiary within Other Operations, was divested. The company's net sales during 2006 was 112 MSEK.

Hexagon Capital Markets Day

- On 4 December at the Hexagon Capital Markets Day, new financial targets for the period 2008 - 2010 were announced. The Hexagon sales target for year 2010 is 20 billion SEK. The target is to grow the core business to 16 billion SEK and to add acquisitions with a combined sales turnover of more than 4 billion SEK by the end of 2010. The Hexagon EBIT margin target for year 2010 is 20 per cent. The target is to grow the EBIT margin of the core business to 23 per cent and to add acquisitions with a combined EBIT margin of 15 per cent. For more information on what was communicated at the Hexagon Capital Markets Day, please go to www.hexagon.se.

Hexagon extraordinary general meeting

- On 14 December the Hexagon extraordinary general meeting resolved in accordance with the Board of Director's proposal to implement a subscription warrant programme by a directed issue of 2 500 000 subscription warrants. The warrants shall be transferred to approximately 80 senior executives and key employees at a price of SEK 20 per warrant and the remaining warrants shall be reserved for future recruitment of senior executives and key employees in the group.

Outlook

During 2007, Hexagon has continued to strengthen its market position, product portfolio and structure to enable further growth in sales and earnings. Hexagon expects to meet its long-term financial target of an increase in earnings per share after tax by 15 per cent in 2008.

Annual General Meeting on 5 May at 15:00 CET

The Annual General Meeting will be held on 5 May 2008, at 17:00 CET in Stockholm, Sweden (IVA, Grev Turegatan 16). The Annual Report for 2007 will be distributed to shareholders during week 15 and will then also be available on the Hexagon website and head office.

Shareholders who wish to participate at the Annual General Meeting must be registered in the share register maintained by VPC (Swedish Securities Register Center) no later than 28 April 2008. Notification of attendance should be made to Hexagon's head offices no later than 12:00 CET on 30 April. To be eligible to participate in the Annual General Meeting, shareholders with nominee-registered holdings should temporarily re-register their shares in their own names through the agency of their nominees so that they are recorded in the share register in good time before 28 April 2007.

Proposed dividend

The Board of Directors proposes the Annual General Meeting 5 May to decide on an increase of the dividend by 41 per cent to 2.35 SEK per share. The Board proposes 8 May 2008 as the record day for payment of dividends. Dividends are scheduled for payment from VPC on 13 May 2008.

In addition the Board of Directors proposes the Annual General Meeting to decide on a separate listing of the polymers business on the Nordic Exchange. This would mean an extraordinary dividend of shares in the new listed company to the shareholders of Hexagon.

Proposal from Election Committee

The by the Annual General Meeting 2007 elected Election Committee, represented by Melker Schörling, Maths O. Sundqvist, Henrik Didner (Didner & Gerge Fonder), Anders Algotsson (AFA Försäkring) and Marianne Nilsson (Swedbank Robur), have submitted the following proposal for the Chairman of the Board and other Board members: Re-election of Board members Melker Schörling, Maths O. Sundqvist, Mario Fontana, Ulf Henriksson and Ola Rollén and new election Gun Nilsson.

Gun Nilsson (born 1955) holds a business degree from Stockholm School of Economics, Sweden. Ms Nilsson holds the position as CEO of Gambro Holding AB and member of the Board of Directors of Husqvarna AB, Duni AB and LFV Group.

Telephone conference on 5 February at 15:00 CET

A presentation of the report will be given on 5 February at 15:00 CET at a telephone conference. For participation, please see instructions at the Hexagon website.

Financial information

Hexagon gives financial information at:

Interim Report Q1 2008	5 May 2008
Interim Report Q2 2008	8 August 2008
Interim Report Q3 2008	28 October 2008
Year-End Report 2008	February 2009

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

The Year-End Report 2007 has not been audited by the company's auditors.

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This is the type of information that Hexagon AB (publ) is obliged to disclose in accordance with the Swedish Securities Market Act and /or the Financial Instruments Trading Act. The information was submitted for publication on 5 February 2008 at 8:00 CET.

Hexagon AB is a global technology group with strong market positions in measurement technologies and polymers. Hexagon's vision is to be number one or number two in each strategic business area. The group has about 10 000 employees in 30 countries and net sales of about 15 000 MSEK.

Consolidated income statement in summary

MSEK	Q4 2007	Q4 2006	Year 2007	Year 2006
Net sales	4 124	3 561	14 587	13 469
Cost of goods sold	-2 313	-2 201	-8 490	-8 350
Gross profit	1 811	1 360	6 097	5 119
Sales and administration costs, etc.	-1 240	-814	-3 910	-3 378
Earnings from shares in associated companies	2	0	-31	2
Capital gains	-6	-	114	-
Operating earnings ¹⁾	567	546	2 270	1 743
Earnings from other securities ¹⁾	-	-	-	97
Interest income and expenses, net	-62	-46	-214	-222
Earnings after financial items	505	500	2 056	1 618
Tax	-78	-82	-245	-338
Net earnings ²⁾	427	418	1 811	1 280
¹⁾ of which non-recurring items	-173	-	-151	13
²⁾ of which minority interest	4	2	11	7
Incl. depreciation and write-downs of ³⁾	-339	-173	-803	-602
³⁾ of which amortization on excess values	-22	-12	-63	-41
Earnings per share, SEK	1.59	1.57	6.79	5.01
Earnings per share after dilution, SEK	1.59	1.56	6.77	4.97
Shareholder's equity per share, SEK	37.69	32.30	37.69	32.30
CB number of shares, thousand	265 350	265 176	265 350	265 176
Average number of shares, thousand	265 350	265 176	265 278	254 019
Average number of shares after dilution, '000	265 999	266 196	266 034	256 323

Analysis of the consolidated income statement

MSEK	Q4 2007	Q4 2006	Year 2007	Year 2006
Operating earnings (EBIT1)	740	546	2 421	1 827
Interest income and expenses, net	-62	-46	-214	-222
Earnings before non-recurring items	678	500	2 207	1 605
Capital gains	-6	-	114	97
Other non-recurring items	-167	-	-265	-84
Earnings before tax	505	500	2 056	1 618

Consolidated balance sheet in summary

MSEK	31/12 2007	31/12 2006
Intangible fixed assets	14 151	10 041
Tangible fixed assets	2 277	2 101
Financial fixed assets	76	103
Deferred tax assets	492	442
Total fixed assets	16 996	12 687
Inventories	2 586	2 311
Accounts receivable	3 075	2 544
Other receivables	465	364
Prepaid expenses and accrued income	206	161
Total current receivables	3 746	3 069
Cash and cash equivalents	1 612	481
Total current assets	7 944	5 861
Total assets	24 940	18 548
Attributable to the parent company's shareholders	10 002	8 564
Attributable to minority	44	45
Total shareholders' equity	10 046	8 609
Interest bearing liabilities	9 789	5 689
Other liabilities	17	58
Pension provisions	433	487
Tax provisions	668	389
Other provisions – long-term part	192	101
Total long-term liabilities	11 099	6 724
Other provisions – short-term part	208	133
Interest bearing liabilities	170	392
Accounts payable	1 473	1 212
Other liabilities	757	531
Accrued expenses and deferred income	1 187	947
Total short-term liabilities	3 795	3 215
Total equity and liabilities	24 940	18 548

Revenues and costs and change in shareholders' equity

MSEK	Year 2007	Year 2006
Opening shareholders' equity	8 609	5 519
Change in translation reserve	224	-895
Effect of currency hedging	-177	339
Change in hedging reserve	-1	8
Tax attributable to items recognized directly in shareholders' equity	35	-97
Total revenues and costs recognized directly in shareholders' equity, excluding transactions involving company shareholders	81	-645
Net earnings for the period	1 811	1 280
Total revenues and costs excluding transactions involving company shareholders ¹⁾	1 892	635
Dividend	-448	-269
Rights issue	21	2 807
Benefit pertaining to options recognized as operating expenses	8	6
Effect of acquisitions and divestments of subsidiaries	-36	-89
Closing shareholders' equity ²⁾	10 046	8 609
¹⁾ of which: Parent company shareholders	1 878	631
Minority in subsidiaries	14	4
²⁾ of which: Parent company shareholders	10 002	8 564
Minority in subsidiaries	44	45

Development of number of shares

	Nominal value, SEK	Series A	Series B	Total
2006-12-31	4	3 937 500	84 454 325	88 391 825
New issue, options exercised	4	-	58 170	58 170
Bonus issue	6	-	-	-
Split 3:1	2	7 875 000	169 024 990	176 899 990
2007-12-31	2	11 812 500	253 537 485	265 349 985

Consolidated cash flow analysis

MSEK	Q4 2007	Q4 2006	Year 2007	Year 2006
Cash flow from operations before change in working capital	812	505	2 472	1 737
Cash flow from change in working capital	-173	30	-445	-622
Cash flow from operations	639	535	2 027	1 115
Cash flow from ordinary investing activities	-260	-246	-825	-834
Operating cash flow	379	289	1 202	281
Cash flow from other investment activities	-2 445	-17	-3 031	-262
New share issues	-	-	-	2 755
Dividend	-	-	-448	-269
Cash flow from other financing activities	2 884	-250	3 374	-2 443
Change in liquid assets	818	22	1 097	62

The currency effect in liquid assets was 34 MSEK (-20) during year 2007.

Key ratios

	Q4 2007	Q4 2006	Year 2007	Year 2006
Operating margin, %	17.9	15.3	16.6	13.6
Profit margin before tax, %	12.2	14.0	14.1	12.0
Return on shareholders' equity, %	17.5	19.3	19.5	16.9
Return on capital employed, %	12.9	14.6	14.3	12.2
Solvency ratio, %	40.3	46.4	40.3	46.4
Net indebtedness, multiple	0.88	0.70	0.88	0.70
Interest coverage ratio, multiple	7.6	9.9	8.8	7.4
Average number of shares, thousands	265 350	265 176	265 278	254 019
Earnings per share, SEK	1.59	1.57	6.79	5.01
Earnings per share, excl. non-recurring items, SEK	2.13	1.57	7.25	4.97
Cash flow per share, SEK	2.41	2.02	7.64	4.39
Cash flow per share before change in working capital, SEK	3.06	1.90	9.32	6.84
Share price, SEK	135	97	135	97

Order intake

MSEK	2007					2006				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Hexagon MT	2 715	2 796	2 676	3 047	11 234	2 303	2 459	2 104	2 407	9 273
Polymers	671	667	777	709	2 824	652	651	605	634	2 542
Other operations	169	188	244	255	856	136	153	157	207	653
Divested businesses ¹⁾	225	-	-	-	225	317	310	285	340	1 252
Group	3 780	3 651	3 697	4 011	15 139	3 408	3 573	3 151	3 588	13 720

¹⁾ Johnson Metall and Eurosteel.

Net sales

MSEK	2007					2006				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Hexagon MT	2 483	2 694	2 607	3 153	10 937	2 276	2 310	2 208	2 456	9 250
Polymers	656	650	680	744	2 730	636	633	607	612	2 488
Other operations	177	173	161	227	738	157	153	128	162	600
Divested businesses ¹⁾	184	-	-	-	184	267	282	253	332	1 134
Adjustment	-1	-1	-	-	-2	-1	-1	0	-1	-3
Group	3 499	3 516	3 448	4 124	14 587	3 335	3 377	3 196	3 561	13 469

¹⁾ Johnson Metall and Eurosteel.

Operating earnings (EBIT1)

MSEK	2007					2006				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Hexagon MT	451	529	486	675	2 141	309	422	350	466	1 547
Polymers	69	81	86	74	310	64	57	50	52	223
Other operations	2	7	1	9	19	5	0	-3	-4	-2
Divested businesses ¹⁾	11	-	-	-	11	18	20	24	49	111
Costs and adjustments	-13	-16	-13	-18	-60	-8	-14	-13	-17	-52
Group	520	601	560	740	2 421	388	485	408	546	1 827
Margin, %	14.9	17.1	16.2	17.9	16.6	11.6	14.4	12.8	15.3	13.6

¹⁾ Johnson Metall and Eurosteel.

Net sales

MSEK	2007					2006				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
EMEA	2 220	2 021	1 993	2 412	8 646	2 047	2 082	1 934	2 266	8 329
Americas	717	909	850	1 075	3 551	827	853	759	822	3 261
Asia	562	586	605	637	2 390	461	442	503	473	1 879
Group	3 499	3 516	3 448	4 124	14 587	3 335	3 377	3 196	3 561	13 469

Acquisitions and divestments year 2007

MSEK	NovAtel	Other acquisitions	Divestments	Net
Intangible fixed assets	2 481	1 649	-26	4 104
Other fixed assets	121	182	-196	107
Total fixed assets	2 602	1 831	-222	4 211
Total currents assets	1 135	517	-543	1 109
Total assets	3 737	2 348	-765	5 320
Shareholders' equity incl. minority interests	-	2	-11	-9
Total long-term liabilities	101	587	-66	622
Total short-term liabilities	351	351	-230	472
Total liabilities	452	940	-307	1 085
Total net assets	3 285	1 408	-458	4 235
Total acquisition cost/divestment income	-3 285	-1 613	572	-4 326
Divested net assets	-	-	-458	-
Capital gains	-	-	114	-
Total acquisition cost/divestment income	-3 285	-1 613	572	-4 326
Adjustment for cash and bank balances in acquired/divested entities	979	122	-3	1 098
Adjustment for non-paid part of acquisition cost/divestment income incl. payment of items from prior year	-	205	-	205
Cash flow from acquisitions/divestments	-2 306	-1 286	569	-3 023

Parent company income statement in summary

MSEK	Q4 2007	Q4 2006	Year 2007	Year 2006
Net sales	6	5	24	19
Administration cost	-15	-11	-51	-40
Operating earnings	-9	-6	-27	-21
Earnings from share in group companies	0	-5	0	-5
Earnings from other securities	0	6	0	101
Interest income and expenses, net	11	-195	-128	-201
Earnings after financial items	2	-200	-155	-126
Tax	0	56	48	58
Net earnings	2	-144	-107	-68

Parent company balance sheet in summary

MSEK	31/12 2007	31/12 2006
Total fixed assets	18 996	14 719
Total current receivables	254	1 005
Cash and cash equivalents	370	235
Total current assets	624	1 240
Total assets	19 620	15 959
Total shareholders' equity	6 655	7 103
Total provisions	8	8
Total long-term liabilities	9 808	5 852
Total short-term liabilities	3 149	2 996
Total equity and liabilities	19 620	15 959

Definitions

Financial definitions

Amortization on excess values	Amortization on the difference between carrying value of intangible fixed assets in acquired subsidiaries and the value Hexagon assigned those assets upon date of acquisition.
Capital employed	Total assets less non-interest-bearing liabilities.
Capital turnover rate	Net sales for the year divided by average capital employed.
Cash flow	Cash flow from operating activities after change in working capital.
Cash flow per share	Cash flow from operating activities after change in working capital, divided by average number of shares.
EBIT1 operating earnings	Operating earnings excluding capital gain on shares in group companies and other non-recurring items.
Earnings before interest net	Operating earnings plus earning from other securities classified as fixed assets.
Earnings per share	Net earnings divided by average number of shares.
Equity ratio	Shareholders' equity including minority interests as a percentage of total assets.
Interest cover ratio	Earnings after financial items plus financial expenses divided by financial expenses.
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries.
Net indebtedness	Interest-bearing liabilities less liquid assets divided by shareholders' equity excluding minority interests.
Operating margin	Operating earnings (EBIT1) as a percentage of net sales for the period.
Profit margin before tax	Earnings after financial items as a percentage of net sales for the period.
Return on capital employed	Earnings after financial items plus financial expenses as a percentage of average capital employed.
Return on equity	Net earnings excluding minority interests as a percentage of average shareholders' equity excluding minority interests.
Shareholders' equity per share	Shareholders' equity excluding minority interests divided by the number of shares at year-end.
Share price	Last settled transaction on the OMX Nordic Exchange on the last business day for the period.

Business definitions

Americas	North, South and Central America.
Asia	Asia, Australia and New Zealand.
EMEA	Europe, Middle East and Africa.