

INTERIM REPORT

1 JANUARY – 31 MARCH 2015

FIRST QUARTER 2015

- Net sales increased by 19 per cent to 705.1 MEUR (594.8). Using fixed exchange rates and a comparable group structure, net sales increased by 5 per cent
- Operating earnings (EBIT1) increased by 21 per cent to 149.8 MEUR (123.4)
- Earnings before taxes, excluding non-recurring items, amounted to 142.2 MEUR (115.2)
- Net earnings, excluding non-recurring items, amounted to 113.8 MEUR (92.2)
- Earnings per share, excluding non-recurring items, increased by 19 per cent to 0.31 EUR (0.26)
- Operating cash flow improved by 40 per cent to 65.1 MEUR (46.5)

MEUR	Q1 2015	Q1 2014	Δ%
Net sales	705.1	594.8	5 ¹⁾
Gross earnings	421.0	330.8	27
Gross margin, %	59.7	55.6	4.1
Operating earnings (EBITDA)	198.6	160.4	24
EBITDA margin, %	28.2	27.0	1.2
Operating earnings (EBIT1)	149.8	123.4	21
Operating margin, %	21.2	20.7	0.5
Earnings before taxes excluding non-recurring items	142.2	115.2	23
Non-recurring items 2)	-36.6	-17.4	n.a.
Earnings before taxes	105.6	97.8	8
Net earnings	84.0	78.1	8
Net earnings, excl. non-recurring items	113.8	92.2	23
Earnings per share, EUR	0.23	0.22	5
Earnings per share, excl. non-recurring items, EUR	0.31	0.26	19

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

2) Non-recurring items in 2015 relate to the implementation of a cost savings programme.



COMMENTS FROM THE CEO

“We recorded organic growth of 5 per cent in the first quarter. Growth was primarily driven by the Industrial Enterprise Solutions segment which recorded organic growth of 8 per cent, driven by solid performance in Metrology and PP&M. Our Geospatial Enterprise Solutions segment is being impacted by a slowdown in Asia and Russia, and recorded 2 per cent organic growth. In terms of profitability, the EBIT margin increased by 0.5 percentage points to 21.2 per cent, despite a negative impact from the strengthening of the Swiss franc. As previously announced, we have implemented actions to compensate for this negative currency impact on our profitability. We are pleased to see the continuous strong cash flow and remain confident in our ability to generate profitable growth and reach our financial targets.”

– Ola Rollén, President and CEO, Hexagon AB

Q1

19%

SALES GROWTH

5%

ORGANIC GROWTH

21%

OPERATING MARGIN

GROUP BUSINESS DEVELOPMENT Q1

Net sales

Net sales amounted to 705.1 MEUR (594.8) and organic growth amounted to 5 per cent. Organic growth amounted to 6 per cent in EMEA, 5 per cent in Americas and 3 per cent in Asia. EMEA recorded a solid performance in Western Europe and the MEA (Middle East and Africa) region. Russia, however, saw significant weakness in the quarter, which impacted growth rates. Americas benefited from strong development in North America, while South America recorded unchanged sales. Growth rates in Asia weakened significantly on a sequential basis due to weakness in the infrastructure and mining-related businesses.

Earnings

Operating earnings (EBIT1) grew by 21 per cent to 149.8 MEUR (123.4), which corresponds to an operating margin of 21.2 per cent (20.7). The operating margin was positively impacted by organic growth and acquisitions. Operating earnings (EBIT1) were positively impacted by exchange rate movements of 14.1 MEUR. Earnings before taxes amounted to 105.6 MEUR (97.8). Earnings before taxes were positively impacted by exchange rate movements of 12.7 MEUR.

Savings programme

On March 31 2015, Hexagon announced a savings programme to mitigate the negative impact on the operating margin from recent currency movements. The programme, which primarily targets lowering costs in Switzerland and the US, affects approximately 400 employees and is expected to drive cash cost savings of approximately 35 MEUR per annum with full effect as of 2016. The cash flow impact of this programme amounts to approximately -28 MEUR. Non-cash cost amounts to approximately -8 MEUR. All the restructuring costs have been expensed as non-recurring items of -36.6 MEUR in the first quarter 2015.

FINANCIAL SUMMARY FIRST QUARTER

MEUR	Net sales			Earnings		
	Q1 2015	Q1 2014	Δ% ¹⁾	Q1 2015	Q1 2014	Δ%
Geospatial Enterprise Solutions	354.6	307.8	2	66.3	55.5	19
Industrial Enterprise Solutions	350.5	274.0	8	89.7	72.1	24
Other Operations	-	13.0	n.a.	-	0.4	n.a.
Net sales	705.1	594.8	5			
Group cost and eliminations				-6.2	-4.6	-35
Operating earnings (EBIT1)				149.8	123.4	21
Operating margin, %				21.2	20.7	0.5
Interest income and expenses, net				-7.6	-8.2	7
Earnings before non-recurring items				142.2	115.2	23
Non-recurring items				-36.6	-17.4	n.a.
Earnings before taxes				105.6	97.8	8
Taxes				-21.6	-19.7	-10
Net earnings				84.0	78.1	8

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

CURRENCY IMPACT – FIRST QUARTER AS COMPARED TO EUR

	Movement ¹⁾	Income less cost	Earnings impact
CHF	Strengthened 14%	Negative	Negative ↘
USD	Strengthened 22%	Positive	Positive ↗
CNY	Strengthened 19%	Positive	Positive ↗
EBIT1, MEUR			14.1

¹⁾ Compared to Q12014.

SALES BRIDGE FIRST QUARTER

	Net sales
2014, MEUR	581.8*
Structure, %	5
Currency, %	11
Organic growth, %	5
Total, %	21
2015, MEUR	705.1

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.

*Proforma after divestment of Other Operations

CONTRIBUTORS TO ORGANIC GROWTH

Analysis of organic growth ¹⁾ per geographic region	
Q1 2014 ²⁾	581.8
Western Europe (30% of sales)	↗
North America (31% of sales)	↗
China (15% of sales)	↗
Asia excl. China (13% of sales)	↗
South America (4% of sales)	↗
EMEA excl. Western Europe (7% of sales) ³⁾	↘
Q1 2015	705.1

>8%	↗
0-8%	↗
Negative	↘

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

²⁾ The numbers are pro forma after the divestment of Other Operations.

³⁾ Eastern Europe, Middle East and Africa recorded organic growth, but the wider region is impacted by significant weakness in Russia.



GEOSPATIAL ENTERPRISE SOLUTIONS – Q1 2015

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 Hexagon Geosystems, Intergraph SG&I, Hexagon Positioning, Hexagon Geospatial and Hexagon Mining.

Q1 NET SALES

Geospatial Enterprise Solutions (GES) sales amounted to 354.6 MEUR (307.8). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 2 per cent. Organic growth was 5 per cent in EMEA, 1 per cent in Americas and -6 per cent in Asia.

Looking at the geographical development, GES benefited from a strong market in North America. In EMEA, Hexagon saw strong demand from the UK and German markets, while France remained weak. Russia saw a significantly lower activity compared to prior year. Asia saw negative growth as China weakened on a sequential basis due to lower activity in the construction sector. A strong development in markets such as Vietnam and Indonesia was unable to offset this, leading to declining sales in the region.

In regards to the business units within GES, Hexagon Geosystems saw positive contribution from the surveying business in regions such as North America and Western Europe. However, a weaker construction market in emerging markets, among them China and Russia, as well as the exposure to mining, hampered the overall growth rate for the unit. Organic growth in Hexagon Geosystems amounted to 1 per cent. Intergraph SG&I reported no organic growth. SG&I's order book has increased in recent months, which will positively impact growth rates in the coming quarters. Hexagon Positioning recorded 6 per cent organic growth, driven by increased demand in the GNSS related business (NovAtel).

Q1 EBIT

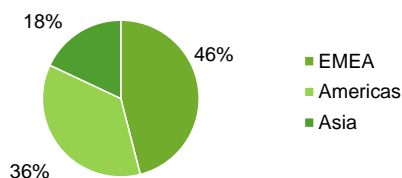
Operating earnings (EBIT1) increased by 19 per cent to 66.3 MEUR (55.5), which corresponds to an operating margin of 18.7 per cent (18.0). The operating margin benefited from an improvement in the underlying business mix, with the continued transition to a more solution-centric business model.

Q1 NET SALES, EBIT1 AND NUMBER OF EMPLOYEES

MEUR	Q1 2015	Q1 2014	Δ%
Net sales	354.6	307.8	2 ¹⁾
Operating earnings (EBIT1)	66.3	55.5	19
Operating margin,%	18.7	18.0	0.7
Avg. number of employees	7,979	7,192	11

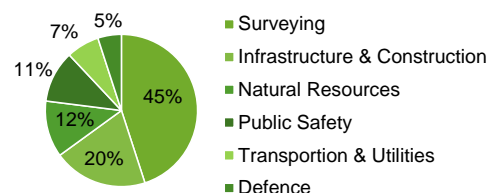
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

GES – NET SALES PER GEOGRAPHY*



* Full-year 2014 numbers

GES – NET SALES PER CUSTOMER SEGMENT*



* Full-year 2014 numbers



INDUSTRIAL ENTERPRISE SOLUTIONS – Q1 2015

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) and CAM (computer-aided manufacturing) 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 Hexagon Metrology and Intergraph PP&M.

Q1 NET SALES

Industrial Enterprise Solutions (IES) sales amounted to 350.5 MEUR (274.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent. Organic growth was 6 per cent in EMEA, 9 per cent in Americas and 8 per cent in Asia.

Looking at the geographical development, IES benefited from strong performance in all regions except Eastern Europe and Russia. Growth rates remained firm in China, but slowed compared to the strong development in Q4 2014. In Americas, demand remained robust, especially within the aerospace and automotive industry. In Europe, demand from process industries remained strong. Growth rates weakened in the European automotive and manufacturing industries, but recent order development signal a strengthening in demand.

In regards to the business units within IES, Hexagon Metrology recorded 8 per cent organic growth. Growth was positively impacted by recent product innovation, with the launch of a new generation of laser trackers. Intergraph PP&M saw good demand in all regions and the organic growth of 7 per cent is a result of several smaller to mid-sized deals (no large project orders). The organic growth also benefited from the continued shift among PP&M's users from legacy software to 3D-based engineering software applications.

Q1 EBIT

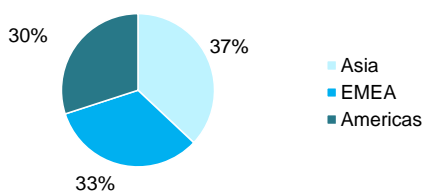
Operating earnings (EBIT1) increased by 24 per cent to 89.7 MEUR (72.1), which corresponds to an operating margin of 25.6 per cent (26.3). The operating margin (EBIT1) was negatively impacted by business mix and currency.

Q1 NET SALES, EBIT1 AND NUMBER OF EMPLOYEES

MEUR	Q1 2015	Q1 2014	Δ%
Net sales	350.5	274.0	8 ¹⁾
Operating earnings (EBIT1)	89.7	72.1	24
Operating margin,%	25.6	26.3	-0.7
Avg. number of employees	7,757	6,948	12

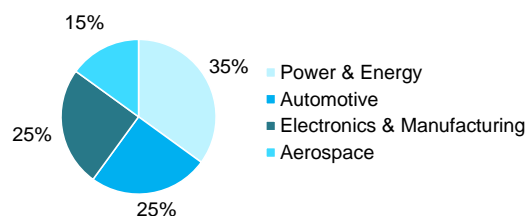
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

IES – NET SALES PER GEOGRAPHY*



* Full-year 2014 numbers

IES – NET SALES PER CUSTOMER SEGMENT*



* Full-year 2014 numbers



Software solutions have become a vital part of optimising the manufacturing process. Furthering Hexagon's strategy to expand its software portfolio in this area, the Q-DAS acquisition adds software to support the data management needs of a factory. While people, materials and methods can all lead to fluctuations in machine and process capability, Hexagon's solutions will now provide the means to more accurately observe and evaluate the production process in real time, enabling workers to control and suppress fluctuations as they occur. This helps customers avoid costly mistakes, adhere to global industry standards, and achieve manufacturing efficiencies with high-quality output.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 6,079.1 MEUR (4,674.5). Return on average capital employed for the last twelve months was 11.4 per cent (11.3). Return on average shareholders' equity for the last twelve months was 12.5 per cent (12.5). The capital turnover rate was 0.5 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 3,918.2 MEUR (2,932.5). The equity ratio was 53 per cent (52). Hexagon's total assets increased to 7,340.3 MEUR (5,646.1). The increase in total assets is driven primarily by the strengthening of the CHF and the USD against the EUR.

Following a refinancing in 2014, Hexagon's main sources of financing consist of:

1) A multicurrency revolving credit facility (RCF) established during Q3 2014. The RCF amounts to 2,000 MEUR with a tenor of 5+1+1 years

2) A Swedish Medium Term Note Programme (MTN) established during Q2 2014. The MTN programme amounts to 10,000 MSEK with tenor up to 5 years

3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme amounts to 8,000 MSEK with tenor up to 12 months

On 31 March 2015, cash and unutilised credit limits totalled 1,302.9 MEUR (336.4).

Hexagon's net debt was 1,832.6 MEUR (1,564.7). The net indebtedness was 0.43 times (0.50). Interest coverage ratio was 13.0 times (11.5).

CASH FLOW

During the first quarter, cash flow from operations before changes in working capital amounted to 157.8 MEUR (136.4), corresponding to 0.44 EUR (0.38) per share. Cash flow from operations in the first quarter amounted to 124.8 MEUR (101.4), corresponding to 0.35 EUR (0.29) per share. Operating cash flow in the first quarter, including non-recurring items, amounted to 65.1 MEUR (46.5).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -55.2 MEUR (-51.2) in the first quarter.

Depreciation, amortisation and impairment amounted to -48.8 MEUR (-48.9) in the first quarter. Hexagon recorded no impairment charges in the first quarter (-11.9 MEUR).

TAX RATE

The Group's tax expense for the first quarter totalled -21.6 (-19.7).

The tax rate was 20.5 per cent (20.1) for the quarter. The tax rate, excluding non-recurring items, was 20.0 (20.0) per cent for the quarter.

EMPLOYEES

The average number of employees during the first quarter was 15,809 (14,403). The increase was primarily related to acquisitions. The number of employees at the end of the quarter was 16,017 (14,446).

SHARE DATA

Earnings per share, excluding non-recurring items, for the first quarter amounted to 0.31 EUR (0.26). Earnings per share, including non-recurring items, for the first quarter amounted to 0.23 EUR (0.22).

On 31 March 2015, equity per share was 10.86 EUR (8.23) and the share price was 306.60 SEK (219.90).

Hexagon's share capital amounts to 79,778,046 EUR, represented by 359,531,730 shares, of which 15,750,000 are of series A with 10 votes each and 343,781,730 are of series B with one vote each. Hexagon AB holds no treasury shares.

In accordance with a decision by a Shareholders' General Meeting in December 2011, an incentive programme was introduced, under which a maximum of 13,665,000 warrants can be issued. The number of warrants that have been issued are 7,953,512, and the dilutive effect will be 2.2 per cent of the share capital and 1.6 per cent of the number of votes. On 31 March 2015, 630,580 warrants were outstanding.

ASSOCIATED COMPANIES

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

PARENT COMPANY

The parent company's earnings after financial items in the first quarter amounted to 78.0 MEUR (2.5). The equity was 1,977.0 MEUR (1,766.4). The equity ratio of the parent company was 39 per cent (42). Liquid funds including unutilised credit limits were 1,045.6 MEUR (160.5)



New family of Leica ScanStation raises laser scanning to new level of performance, versatility, efficiency and user confidence: Leica Geosystems released its 8th generation of versatile, high performance laser scanners – the Leica ScanStation P40, P30, and P16. Advances in LIDAR and imaging enable users to take advantage of the productivity and safety benefits of laser scanning for even more types of sites, scenes and as-built projects. These new, ultra-high-speed scanners integrate the best-in-class features of the popular Leica ScanStation C10 and P20 scanners into one, expanding upon two important areas: (1) the LIDAR system itself, and (2) the scanner’s built-in digital imaging system.

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

Stockholm, Sweden, 6 May 2015
Hexagon AB (publ)

Melker Schörling
Chairman of the Board

Ulrika Francke
Board Member

Gun Nilsson
Board Member

Jill Smith
Board Member

Ulrik Svensson
Board Member

Ola Rollén
President and CEO
Board Member

ACCOUNTING PRINCIPLES

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. Hexagon’s report for the Group is prepared in accordance with IAS 34, “Interim Financial Reporting” and the Annual Accounts Act. Parent company accounts are prepared in accordance with the Annual Accounts Act. Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2014. New and amended standards applicable from 2015 have not had any significant impact on the financial statements.

RISKS AND UNCERTAINTY FACTORS

As an international group, Hexagon is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity and the ability to raise funds. Risk management in Hexagon aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the Group. There has been no change in the risks facing the Group compared to what was reported in the 2014 Annual Report.

RELATED PARTY TRANSACTIONS

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

SUBSEQUENT EVENTS

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

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

Condensed Income Statement

MEUR	Q1 2015	Q1 2014	2014
Net sales	705.1	594.8	2,622.4
Cost of goods sold	-284.1	-264.0	-1,107.9
Gross earnings	421.0	330.8	1,514.5
Sales expenses	-143.8	-100.4	-457.0
Administration expenses	-75.0	-48.5	-239.9
Research and development expenses	-87.3	-70.7	-280.6
Earnings from shares in associated companies	0.0	0.0	0.0
Capital loss from sale of shares in Group companies	-	-1.5	-1.5
Other income and expenses, net	-1.7	-3.7	6.6
Operating earnings 1)	113.2	106.0	542.1
Interest income and expenses, net	-7.6	-8.2	-33.6
Earnings before taxes	105.6	97.8	508.5
Taxes	-21.6	-19.7	-102.3
Net earnings	84.0	78.1	406.2
Attributable to:			
Parent company shareholders	82.8	77.3	402.8
Non-controlling interest	1.2	0.8	3.4
1) of which non-recurring items	-36.6	-17.4	-36.0
Earnings include depreciation, amortisation and impairments of	-48.8	-48.9	-192.9
- of which amortization of surplus values	-7.6	-5.2	-24.7
Basic earnings per share, EUR	0.23	0.22	1.13
Earnings per share after dilution, EUR	0.23	0.22	1.13
Total shareholder's equity per share, EUR	10.86	8.23	9.68
Closing number of shares, thousands	359,532	355,282	357,389
Average number of shares, thousands	357,675	355,083	355,764
Average number of shares after dilution, thousands	358,331	355,779	357,225

Condensed Comprehensive Income

MEUR	Q1 2015	Q1 2014	2014
Net earnings	84.0	78.1	406.2
Other comprehensive income			
Items that will not be reclassified to income statement			
Remeasurement of pensions	-5.4	-	-39.6
Taxes on items that will not be reclassified to income statement	0.3	-	4.9
Total items that will not be reclassified to income statement, net of taxes	-5.1	-	-34.7
Items that may be reclassified subsequently to income statement			
Exchange rate differences	365.5	0.1	373.4
Effect of hedging of net investments in foreign operations	-14.1	-1.0	-36.4
Cash flow hedges, net	-	0.5	-
Taxes on items that may be reclassified subsequently to income statement	-12.9	0.8	-4.4
Total items that may be reclassified subsequently to income statement, net of taxes	338.5	0.4	332.6
Other comprehensive income, net of taxes	333.4	0.4	297.9
Total comprehensive income for the period	417.4	78.5	704.1
Attributable to:			
Parent company shareholders	414.9	78.0	699.6
Non-controlling interest	2.5	0.5	4.5

Condensed Balance Sheet

MEUR	31/3 2015	31/3 2014	31/12 2014
Intangible fixed assets	5,392.3	4,095.3	4,998.8
Tangible fixed assets	310.5	258.7	311.9
Financial fixed assets	23.5	18.0	24.6
Deferred tax assets	74.7	69.8	66.0
Total fixed assets	5,801.0	4,441.8	5,401.3
Inventories	453.7	384.5	403.9
Accounts receivable	663.8	494.1	615.4
Other receivables	61.2	47.8	60.4
Prepaid expenses and accrued income	112.8	100.6	102.4
Total current receivables	837.8	642.5	778.2
Cash and cash equivalents	247.8	177.3	228.6
Total current assets	1,539.3	1,204.3	1,410.7
Total assets	7,340.3	5,646.1	6,812.0
Equity attributable to parent company shareholders	3,904.3	2,925.5	3,458.8
Equity attributable to non-controlling interest	13.9	7.0	11.4
Total shareholders' equity	3,918.2	2,932.5	3,470.2
Interest bearing liabilities	1,766.5	880.2	1,573.3
Other liabilities	4.9	4.0	7.0
Pension liabilities	97.1	54.7	87.6
Deferred tax liabilities	404.5	301.3	361.8
Other provisions	104.8	44.1	66.0
Total long-term liabilities	2,377.8	1,284.3	2,095.7
Interest bearing liabilities	204.9	785.8	457.6
Accounts payable	155.3	138.7	166.6
Other liabilities	122.6	95.4	130.3
Other provisions	50.0	50.6	48.0
Accrued expenses and deferred income	511.5	358.8	443.6
Total short-term liabilities	1,044.3	1,429.3	1,246.1
Total equity and liabilities	7,340.3	5,646.1	6,812.0

Financial instruments

In Hexagon's balance sheet derivatives and other long-term securities holdings are carried at fair value. Derivatives are measured at fair value based on valuation techniques with observable market data as input (level 2 according to definition in IFRS 7). Other long-term securities holdings amount to insignificant numbers. Other assets and liabilities are carried at accrued cost.

For financial assets and liabilities that are carried at accrued cost, the fair value is deemed to be coincident with the carrying amount except for long-term liabilities to credit institutions. The difference between the fair value and the carrying amount for these long-term liabilities is deemed to be insignificant relative to the total balance sheet since the interest rate duration is short.

Condensed Statement of Changes in Equity

MEUR	Q1 2015	Q1 2014	2014
Opening shareholders' equity	3,470.2	2,846.3	2,846.3
Total comprehensive income for the period 1)	417.4	78.5	704.1
New share issues, w warrants exercised - net of issuance costs	30.6	7.7	29.5
Dividend	-	-	-110.3
Effect of acquisitions of subsidiaries	-	-	0.6
Closing shareholders' equity 2)	3,918.2	2,932.5	3,470.2
1) Of which: Parent company shareholders	414.9	78.0	699.6
Non-controlling interest	2.5	0.5	4.5
2) Of which: Parent company shareholders	3,904.3	2,925.5	3,458.8
Non-controlling interest	13.9	7.0	11.4

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, w 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, w 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, w warrants exercised	-	2,142,517	2,142,517
2015-03-31 Total issued and outstanding 1)	15,750,000	343,781,730	359,531,730

¹⁾ As per 31 March 2015, there were in total 359,531,730 shares in the Company, of which 15,750,000 are of series A with ten votes each and 343,781,730 are of series B with one vote each. Hexagon AB holds no treasury shares.
Warrants exercised until 2015-03-31 have incurred a new share issue in progress as per 2015-03-31 of 280,832 new shares of series B. The new share issue will be finalized in the second quarter of 2015.

Condensed Cash Flow Statement

MEUR	Q1 2015	Q1 2014	2014
Cash flow from operations before change in working capital excluding taxes and interest	191.9	160.5	731.9
Taxes paid	-28.9	-17.6	-84.5
Interest received and paid, net	-5.2	-6.5	-28.2
Cash flow from operations before change in working capital	157.8	136.4	619.2
Cash flow from change in working capital	-33.0	-35.0	-55.8
Cash flow from operations	124.8	101.4	563.4
Investments tangible assets	-7.9	-14.4	-69.3
Investments intangible assets	-47.3	-36.8	-163.2
Operating cash flow	69.6	50.2	330.9
Non-recurring cash flow 1)	-4.5	-3.7	-14.2
Operating cash flow after non-recurring items	65.1	46.5	316.7
Cash flow from other investing activities 2)	-1.3	-117.1	-550.0
Cash flow after other investing activities	63.8	-70.6	-233.3
Dividends paid	-	-	-110.3
New share issues, warrants exercised - net of issuance costs	30.6	7.7	29.5
Cash flow from other financing activities	-89.1	65.3	353.4
Cash flow for the period	5.3	2.4	39.3
Cash and cash equivalents, beginning of period	228.6	176.0	176.0
Effect of translation differences on cash and cash equivalents	13.9	-1.1	13.3
Cash flow for the period	5.3	2.4	39.3
Cash and cash equivalents, end of period	247.8	177.3	228.6

¹⁾ Non-recurring cash flow in the first quarter of 2015 consists of restructuring and transaction cost of -4.5 MEUR.

²⁾ Acquisitions and divestments totalled -3.8 MEUR (-111.9) and other was 2.5 MEUR (-5.2) in the first quarter of 2015.

Key Ratios

	Q1 2015	Q1 2014	2014
Operating margin, %	21.2	20.7	22.0
Profit margin before taxes, %	15.0	16.4	19.4
Return on shareholders' equity, 12 month average, %	12.5	12.5	13.1
Return on capital employed, 12 month average, %	11.4	11.3	11.6
Equity ratio, %	53.4	51.9	50.9
Net indebtedness	0.43	0.50	0.50
Interest coverage ratio	13.0	11.5	14.3
Average number of shares, thousands	357,675	355,083	355,764
Basic earnings per share excl. non-recurring items, EUR	0.31	0.26	1.21
Basic earnings per share, EUR	0.23	0.22	1.13
Cash flow per share, EUR	0.35	0.29	1.58
Cash flow per share before change in working cap, EUR	0.44	0.38	1.74
Share price, SEK	306.60	219.90	242.00
Share price, translated to EUR	33.00	24.57	25.76

Supplementary Information

NET SALES – NEW SEGMENT STRUCTURE

MEUR	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Geospatial Enterprise Solutions	354.6	367.4	334.7	338.7	307.8	1,348.6
Industrial Enterprise Solutions	350.5	376.0	313.9	296.9	274.0	1,260.8
Other Operations	-	-	-	-	13.0	13.0
Group	705.1	743.4	648.6	635.6	594.8	2,622.4

NET SALES – FORMER SEGMENT STRUCTURE

MEUR	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Geospatial Enterprise Solutions	66.3	80.5	67.2	67.0	55.5	270.2
Industrial Enterprise Solutions	89.7	98.5	78.1	77.2	72.1	325.9
Other Operations	-	-	-	-	0.4	0.4
Group costs	-6.2	-4.6	-4.6	-4.6	-4.6	-18.4
Group	149.8	174.4	140.7	139.6	123.4	578.1
Margin, %	21.2	23.5	21.7	22.0	20.7	22.0

OPERATING EARNINGS (EBIT1) – NEW SEGMENT STRUCTURE

MEUR	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Geospatial Enterprise Solutions	66.3	80.5	67.2	67.0	55.5	270.2
Industrial Enterprise Solutions	89.7	98.5	78.1	77.2	72.1	325.9
Other Operations	-	-	-	-	0.4	0.4
Group costs	-6.2	-4.6	-4.6	-4.6	-4.6	-18.4
Group	149.8	174.4	140.7	139.6	123.4	578.1
Margin, %	21.2	23.5	21.7	22.0	20.7	22.0

OPERATING EARNINGS (EBIT1) – FORMER SEGMENT STRUCTURE

MEUR	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Hexagon MT	156.0	179.0	145.3	144.2	127.6	596.1
Other Operations	-	-	-	-	0.4	0.4
Group costs	-6.2	-4.6	-4.6	-4.6	-4.6	-18.4
Group	149.8	174.4	140.7	139.6	123.4	578.1
Margin, %	21.2	23.5	21.7	22.0	20.7	22.0

NET SALES

MEUR	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
EMEA	261.6	290.3	248.2	259.4	245.3	1,043.3
Americas	242.3	251.9	228.3	203.8	186.1	870.1
Asia	201.2	201.2	172.1	172.3	163.4	709.0
Group	705.1	743.4	648.6	635.6	594.8	2,622.4

EXCHANGE RATES

Average	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
SEK/EUR	0.1066	0.1079	0.1086	0.1105	0.1129	0.1099
USD/EUR	0.8888	0.8002	0.7544	0.7291	0.7299	0.7539
CNY/EUR	0.1425	0.1302	0.1224	0.1170	0.1196	0.1224
CHF/EUR	0.9337	0.8303	0.8254	0.8202	0.8173	0.8234
Closing	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
SEK/EUR	0.1076	0.1065	0.1093	0.1090	0.1118	0.1065
USD/EUR	0.9295	0.8237	0.7947	0.7322	0.7253	0.8237
CNY/EUR	0.1499	0.1327	0.1294	0.1180	0.1166	0.1327
CHF/EUR	0.9557	0.8317	0.8290	0.8226	0.8201	0.8317

Acquisitions

MEUR	Acquisitions	
	Q1 2015	Q1 2014
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	2.0	25.7
Other fixed assets	0.0	9.9
Total fixed assets	2.0	35.6
Total current assets	0.9	37.1
Total assets	2.9	72.7
Total long-term liabilities	0.6	5.7
Total current liabilities	0.3	19.7
Total liabilities	0.9	25.4
Fair value of acquired assets and assumed liabilities, net	2.0	47.3
Long-term securities holdings	-	-42.9
Goodwill	2.0	164.6
Total purchase consideration transferred	4.0	169.0
Less cash and cash equivalents in acquired companies	-0.6	-17.1
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	0.4	-20.9
Cash flow from acquisition of companies/businesses	3.8	131.0

During Q1 2015, Hexagon acquired Ohmtech, a Norwegian software development company. Since the total size of this acquisition is insignificant, no further information will be provided.

On March 30 2015, Hexagon announced an agreement to acquire Q-DAS, a German industrial software company. Customary regulatory approvals have been obtained for the acquisition, and Q-DAS will be consolidated as of April 1 2015.

Divestments

MEUR	Divestments	
	Q1 2015	Q1 2014
Carrying value of divested assets and liabilities, net		
Intangible fixed assets	-	0.0
Other fixed assets	-	7.8
Total fixed assets	-	7.8
Total current assets	-	22.4
Total assets	-	30.2
Total long-term liabilities	-	1.3
Total current liabilities	-	22.3
Total liabilities	-	23.6
Carrying value of divested assets and liabilities, net	-	6.6
Capital gain (+) / loss (-)	-	-1.5
Total purchase consideration transferred	-	5.1
Plus repayment of intercompany loan	-	14.0
Cash flow from divestment of companies/businesses	-	19.1

In March 2014, Hexagon divested SwePart Transmission AB that was reported within the business area Other Operations. In July 2013, Hexagon divested EBP i Olofström AB. Following these divestments, Hexagon will record no further activity within the Other Operations business area.

Condensed Parent Company Income Statement

MEUR	Q1 2015	Q1 2014	2014
Net sales	2.5	6.0	16.8
Administration cost	-7.0	-3.1	-15.4
Operating earnings	-4.5	2.9	1.4
Earnings from shares in Group companies	-	-1.5	146.6
Interest income and expenses, net	82.5	1.1	53.2
Earnings before taxes	78.0	2.5	201.2
Taxes	-17.2	-0.9	-6.2
Net earnings	60.8	1.6	195.0

Condensed Parent Company Balance Sheet

MEUR	31/3 2015	31/3 2014	31/12 2014
Total fixed assets	4,775.4	4,028.9	4,640.3
Total current receivables	234.0	159.4	223.3
Cash and cash equivalents	11.2	15.2	13.2
Total current assets	245.2	174.6	236.5
Total assets	5,020.6	4,203.5	4,876.8
Total shareholders' equity	1,977.0	1,766.4	1,885.2
Total long-term liabilities	1,775.5	878.0	1,564.6
Total short-term liabilities	1,268.1	1,559.1	1,427.0
Total equity and liabilities	5,020.6	4,203.5	4,876.8

Definitions

FINANCIAL DEFINITIONS

Amortization of surplus values	When a company is acquired, the purchase consideration is allocated to the identified assets and liabilities of the company. Intangible assets are most often allocated the substantial part of the purchase consideration. The amortization of surplus values is defined as the difference between the amortization of such identified intangible assets and what the amortization would have been in the acquired company had the acquisition not taken place at all.
Capital employed	Total assets less non-interest bearing liabilities
Capital turnover rate	Net sales divided by average capital employed
Cash flow	Cash flow from operations, after change in working capital, excluding non-recurring items
Cash flow per share	Cash flow from operations, after change in working capital, excluding non-recurring items divided by average number of shares
Earnings per share	Net earnings excluding non-controlling interest divided by average number of shares
Equity ratio	Shareholders' equity including non-controlling interests as a percentage of total assets
Interest cover ratio	Earnings after financial items plus financial expenses divided by financial expenses
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries
Net indebtedness	Interest-bearing liabilities less interest-bearing current receivables and liquid assets divided by shareholders' equity excluding non-controlling interests
Non-recurring items	Income and expenses that are not expected to appear on a regular basis
Operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and other non-recurring items
Operating earnings (EBITDA)	Operating earnings excluding non-recurring items and amortisation and depreciation of fixed assets
Operating margin	Operating earnings (EBIT1) as a percentage of net sales
Profit margin before taxes	Earnings after financial items as a percentage of net sales
Return on capital employed (12 month average)	Twelve months to end of period earnings after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed
Return on equity (12 month average)	Twelve months to end of period net earnings excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests last twelve months.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests divided by the number of shares at year-end
Share price	Last settled transaction on Nasdaq Stockholm 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
GES	Geospatial Enterprise Solutions
IES	Industrial Enterprise Solutions
MT	Measurement Technologies, the former core business segment



Hexagon is a leading global provider of information technologies that drive productivity and quality across geospatial and industrial enterprise applications. Hexagon's solutions integrate sensors, software, domain knowledge and customer workflows into intelligent information ecosystems that deliver actionable information. They are used in a broad range of vital industries. Hexagon (Nasdaq Stockholm: HEXA B) has more than 15,000 employees in 46 countries and net sales of approximately 2.6bn EUR. Learn more at www.hexagon.com.

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim report Q2 2015 7 August 2015
Interim report Q3 2015 27 October 2015
Year-end report 2015 5 February 2016

FINANCIAL INFORMATION

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

TELEPHONE CONFERENCE

The interim report for the first quarter 2015 will be presented on 6 May at 15:00 CET at a telephone conference. Please view instructions at Hexagon's website on how to participate.

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This interim report is a type of information that Hexagon AB (publ) is obliged to disclose in accordance with the Swedish Securities Market Act and /or the Financial Instruments Trading Act. The information was submitted for publication on 6 May 2015 at 12:00 CET.

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