

INTERIM REPORT

1 JANUARY – 30 JUNE 2019

SECOND QUARTER

- Net sales increased by 4 per cent to 976.0 MEUR (936.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -1 per cent
- Operating earnings (EBIT1) increased by 5 per cent to 239.2 MEUR (228.2)
- Earnings before taxes, excluding non-recurring items, amounted to 232.3 MEUR (222.8)
- Net earnings, excluding non-recurring items, amounted to 190.5 MEUR (182.7)
- Earnings per share, excluding non-recurring items, increased by 4 per cent to 0.52 EUR (0.50)
- Operating cash flow, excluding non-recurring items, increased by 17 per cent to 189.4 MEUR (162.2)

MEUR	Q2 2019	Q2 2018	Δ%	6M 2019	6M 2018	Δ%
Net sales	976.0	936.9	-1 ¹⁾	1,892.5	1,771.6	2 ¹⁾
Gross earnings ²⁾	606.1	583.9	4	1,179.4	1,101.5	7
Gross margin, % ²⁾	62.1	62.3	-0.2	62.3	62.2	0.1
Operating earnings (EBITDA) ³⁾	330.2	293.2	13	638.4	552.7	16
EBITDA margin, %	33.8	31.3	2.5	33.7	31.2	2.5
Operating earnings (EBIT1) ³⁾	239.2	228.2	5	459.7	426.5	8
Operating margin, %	24.5	24.4	0.1	24.3	24.1	0.2
Earnings before taxes, excluding non-recurring items	232.3	222.8	4	445.2	415.1	7
Non-recurring items (before taxes) ²⁾	-44.4	-	n.a.	-54.1	-	n.a.
Earnings before taxes	187.9	222.8	-16	391.1	415.1	-6
Net earnings	154.1	182.7	-16	320.6	340.4	-6
Net earnings, excl. non-recurring items	190.5	182.7	4	365.1	340.4	7
Earnings per share, EUR	0.42	0.50	-16	0.87	0.93	-6
Earnings per share, excl. non-recurring items, EUR	0.52	0.50	4	1.00	0.93	8

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

²⁾ Non-recurring items in second quarter 2019 related to a restructuring programme of 44.4 MEUR, whereof 9 MEUR is reported in gross earnings. Thus, gross margin, excluding NRI, amounts to 63.0 per cent. See page 2 for more information.

³⁾ For definition, see page 19.

Summary of IFRS 16 Leases impact for Q2 2019

- Income statement – EBITDA was improved by 17 MEUR and EBIT by 1 MEUR while Earnings before taxes was negatively impacted by -1 MEUR
- Cash flow – Cash flow from operations was improved by 15 MEUR and the same amount negatively impacted cash flow from other financing activities
- Balance sheet – All lease contracts have been recognised initially as right-of-use asset of 238 MEUR with corresponding liabilities
- Numbers for 2018 have not been restated

COMMENTS FROM THE CEO

“Despite a more uncertain global trading environment, impacting the group in the quarter, Hexagon reported 4 per cent sales growth (-1 per cent organic growth), improved gross and EBIT1 margin, and strong cash flow generation. The Geosystems division continued to record strong organic growth, 6 per cent in the quarter, driven by solid demand in infrastructure and construction, mining and new, innovative solutions such as the RTC360. The PPM division recorded 3 per cent organic growth over Q2 2018 - which was a record quarter. PPM saw strong growth in the traditional design portfolio and information management solutions. As expected, the Safety & Infrastructure division began to stabilise during the quarter, and we expect continued performance improvements over the remainder of the year. The Manufacturing Intelligence division recorded -7 per cent organic growth, with a much weaker development in the electronics business in China more than offsetting continued growth across the rest of the division.

As a response to the uncertainties in the global economy, Hexagon has taken proactive restructuring actions to ensure the company remains on track to meet its 2021 financial targets. These measures coupled with a strong financial position will allow Hexagon to deliver upon its strategy and long-term financial objectives and take full advantage of the opportunities ahead.”

– Ola Rollén, President and CEO, Hexagon AB

4%
SALES
GROWTH

-1%
ORGANIC
GROWTH

25%
OPERATING
MARGIN

GROUP BUSINESS DEVELOPMENT Q2

NET SALES

Net sales increased by 4 per cent to 976.0 MEUR (936.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -1 per cent. Regionally, organic growth was 5 per cent in EMEA, 2 per cent in Americas and -11 per cent in Asia. In EMEA, Western Europe recorded 5 per cent organic growth, driven by strong demand in infrastructure and construction, positioning solutions and power and energy, primarily from Germany and France. Russia continued to record double-digit growth in the quarter. In Americas, North America recorded -1 per cent organic growth, hampered by a decline in power and energy which offset solid demand in infrastructure and construction. South America continued to record strong double-digit growth across all businesses. In Asia, China recorded -25 per cent organic growth, impacted by the increased geopolitical uncertainty on global trade and felt most heavily within the electronics business of the Manufacturing Intelligence division. The demand in automotive, infrastructure and construction and positioning solutions segments in China also declined somewhat, whereas power and energy recorded strong growth. Japan, Indonesia and South Korea continued to record double-digit growth.

EARNINGS

Operating earnings (EBIT1) grew by 5 per cent to 239.2 MEUR (228.2), which corresponds to an operating margin of 24.5 per cent (24.4). The operating margin (EBIT1) benefited from a favourable product mix. Operating earnings (EBIT1) were positively impacted by currency translation effects of 7.7 MEUR. However, currency transaction effects negatively impacted the operating earnings (EBIT1) by -4.8 MEUR. Earnings before taxes amounted to 187.9 MEUR (222.8) and were positively impacted by currency translation effects of 6.4 MEUR.

NON-RECURRING ITEMS

On 5 July 2019, in response to a more uncertain growth outlook in China, Hexagon announced proactive restructuring actions to ensure the company remains on track to meet its 2021 financial targets. Overall, Hexagon has taken a one-off charge of 44.4 MEUR during Q2 2019 to reduce its global workforce by approximately 700 employees, which is expected to result in annualised cost savings of 51 MEUR by the end of 2020.

FINANCIAL SUMMARY - SECOND QUARTER

MEUR	Net sales			Earnings		
	Q2 2019	Q2 2018	Δ% ¹⁾	Q2 2019	Q2 2018	Δ%
Geospatial Enterprise Solutions	496.8	454.8	3	126.9	113.7	12
Industrial Enterprise Solutions	479.2	482.1	-4	119.5	121.6	-2
Net sales	976.0	936.9	-1			
Group cost				-7.2	-7.1	-1
Operating earnings (EBIT1)				239.2	228.2	5
Operating margin, %				24.5	24.4	0.1
Interest income and expenses, net				-6.9	-5.4	-28
Earnings before non-recurring items				232.3	222.8	4
Non-recurring items ²⁾				-44.4	-	n.a.
Earnings before taxes				187.9	222.8	-16
Taxes				-33.8	-40.1	16
Net earnings				154.1	182.7	-16

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

²⁾ Non-recurring items in the second quarter 2019 related to a restructuring programme.

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - SECOND QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	4%	Negative	Negative
USD	Strengthened	6%	Positive	Positive
CNY	Weakened	-1%	Positive	Negative
EBIT1, MEUR				7.7

¹⁾ Compared to Q2 2018

SALES BRIDGE - SECOND QUARTER

	Net sales ¹⁾
2018, MEUR	936.9
Structure, %	3
Currency, %	2
Organic growth, %	-1
Total, %	4
2019, MEUR	976.0

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.

ORGANIC GROWTH¹⁾ PER REGION

Region	Q2 2019
South America (4% of sales)	→
Asia excl. China (14% of sales)	→
EMEA excl. Western Europe (7% of sales)	→
Western Europe (31% of sales)	→ >8%
North America (32% of sales)	→ 0-8%
China (12% of sales)	→ Negative
Total	→

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

GEOSPATIAL ENTERPRISE SOLUTIONS – Q2 2019

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) net sales amounted to 496.8 MEUR (454.8). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 3 per cent. Regionally, organic growth was 7 per cent in Americas, 4 per cent in EMEA and -6 per cent in Asia. In Americas, North America recorded low-single digit growth in the quarter. South America continued to record strong double-digit growth, driven by strong demand in the mining sector. In EMEA, Western Europe recorded low-single digit growth, supported by good demand in the infrastructure and construction markets and for positioning solutions. The strongest development was seen in Germany, the Nordics and France. Russia continued to record double-digit organic growth, whereas the Middle East and Africa declined. In Asia, China recorded negative organic growth, reflecting weaker demand in the infrastructure and construction markets and from positioning solutions. Japan and South Korea recorded strong double-digit growth, while Australia and India declined.

Regarding the divisions within GES, Geosystems recorded 6 per cent organic growth, mainly driven by continued strong growth in the infrastructure and construction markets and demand for mining solutions and new products such as the RTC360. As expected and previously communicated, Safety & Infrastructure began to stabilise during the second quarter, recording -4 per cent organic growth. Positioning Intelligence recorded 0 per cent organic growth, with strong growth in the agriculture and defense markets and a continued recovery in marine and weaker demand in the surveying market.

EARNINGS

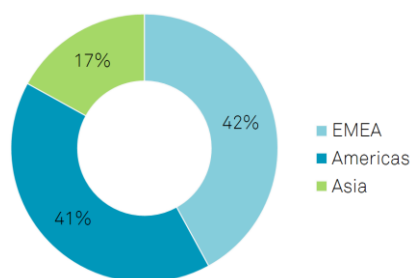
Operating earnings (EBIT1) increased by 12 per cent to 126.9 MEUR (113.7), which corresponds to an operating margin of 25.5 per cent (25.0). The operating margin (EBIT1) was positively impacted by organic growth and product mix.

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

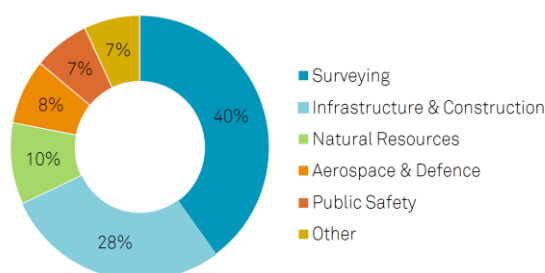
MEUR	Q2 2019	Q2 2018	Δ%	6M 2019	6M 2018	Δ%
Net sales	496.8	454.8	3 ¹⁾	945.5	866.3	3 ¹⁾
Operating earnings (EBIT1)	126.9	113.7	12	239.3	215.1	11
Operating margin, %	25.5	25.0	0.5	25.3	24.8	0.5
Avg. number of employees				8,975	8,182	10

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

NET SALES PER REGION – SECOND QUARTER



NET SALES PER CUSTOMER SEGMENT - SECOND QUARTER



INDUSTRIAL ENTERPRISE SOLUTIONS – Q2 2019

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) net sales amounted to 479.2 MEUR (482.1). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -4 per cent. Regionally, organic growth was 6 per cent in EMEA, -4 per cent in Americas and -12 per cent in Asia. In EMEA, Western Europe recorded mid-single digit growth supported by a strong development in the UK, France and Germany. The Middle East, Eastern Europe and Russia recorded double digit growth. In Americas, North America recorded an organic revenue decline of -5 per cent, reflecting tough comparatives within the power and energy and automotive markets. South America recorded double-digit growth. In Asia, China recorded a -25 per cent organic revenue decline, largely driven by weak demand in the electronics business. South Korea, India and Vietnam recorded double-digit organic growth.

Regarding the divisions within IES, Manufacturing Intelligence recorded -7 per cent organic growth, largely reflecting a much weaker development in the electronics business in China that offset continued growth across the rest of the division. PPM recorded 3 per cent organic growth, with strong growth in the traditional design portfolio and information management solutions compensating for tough comparatives in the construction markets.

EARNINGS

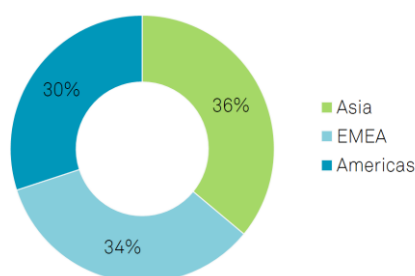
Operating earnings (EBIT1) decreased by -2 per cent to 119.5 MEUR (121.6), which corresponds to an operating margin of 24.9 per cent (25.2). The operating margin (EBIT1) benefited from an increased software mix but was hampered by the organic revenue decline and currency movements.

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

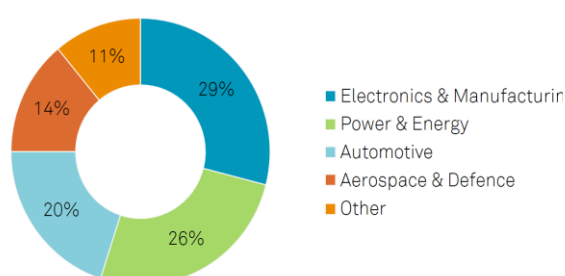
MEUR	Q2 2019	Q2 2018	Δ%	6M 2019	6M 2018	Δ%
Net sales	479.2	482.1	-4 ¹⁾	947.0	905.3	0 ¹⁾
Operating earnings (EBIT1)	119.5	121.6	-2	233.4	223.5	4
Operating margin, %	24.9	25.2	-0.3	24.6	24.7	-0.1
Avg. number of employees				11,301	10,441	8

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

NET SALES PER REGION – SECOND QUARTER



NET SALES PER CUSTOMER SEGMENT – SECOND QUARTER



FINANCIAL SUMMARY – 6M 2019

NET SALES

Net sales amounted to 1,892.5 MEUR (1,771.6) in the first six months of the year. Using fixed exchange rates and a comparable group structure (organic growth), sales increased by 2 per cent.

EARNINGS

Operating earnings (EBIT1) amounted to 459.7 MEUR (426.5), which corresponds to an operating margin of 24.3 per cent (24.1). Operating earnings (EBIT1) were positively affected by currency translation effects of 16.1 MEUR.

The financial net amounted to -14.5 MEUR (-11.4) in the first six months of the year.

Earnings before taxes, excluding non-recurring items, amounted to 445.2 MEUR (415.1). Earnings before taxes, including these items, amounted to 391.1 MEUR (415.1) and were positively impacted by currency translation effects of 14.3 MEUR.

Net earnings, excluding non-recurring items, amounted to 365.1 MEUR (340.4) or 1.00 EUR (0.93) per share. Net earnings, including these items, amounted to 320.6 MEUR (340.4) or 0.87 EUR (0.93) per share.

FINANCIAL SUMMARY – 6M 2019

MEUR	Net sales			Earnings		
	6M 2019	6M 2018	Δ% ¹⁾	6M 2019	6M 2018	Δ%
Geospatial Enterprise Solutions	945.5	866.3	3	239.3	215.1	11
Industrial Enterprise Solutions	947.0	905.3	0	233.4	223.5	4
Net sales	1,892.5	1,771.6	2			
Group cost				-13.0	-12.1	-7
Operating earnings (EBIT1)				459.7	426.5	8
Operating margin, %				24.3	24.1	0.2
Interest income and expenses, net				-14.5	-11.4	-27
Earnings before non-recurring items				445.2	415.1	7
Non-recurring items ²⁾				-54.1	-	n.a.
Earnings before taxes				391.1	415.1	-6
Taxes				-70.5	-74.7	6
Net earnings				320.6	340.4	-6


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

²⁾ Non-recurring items in 6M 2019 related to the acquisition of Thermopylae and a restructuring programme.

CURRENCY TRANSLATION IMPACT COMPARED TO EUR – 6M 2019

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	4%	Negative	Negative
USD	Strengthened	7%	Positive	Positive
CNY	Strengthened	1%	Positive	Positive
EBIT1, MEUR				16.1

¹⁾ Compared to 6M 2018.



The relationship between Hexagon's PPM division and Aspen Technology – which spans more than two decades – was strengthened by an enhanced collaboration to more closely align AspenTech's conceptual, basic engineering and cost estimation solutions with Hexagon's detailed engineering suite. The goal is to deliver the first fully digital design and engineering process with integrated economic evaluation, enabling customers to better manage the financial risks of complex projects.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 8,293.9 MEUR (7,290.9). Return on average capital employed for the last twelve months was 12.3 per cent (12.7). Return on average shareholders' equity for the last twelve months was 13.4 per cent (16.5). The capital turnover rate was 0.5 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 5,566.0 MEUR (4,853.1). The equity ratio was 54.3 per cent (54.1). Hexagon's total assets increased to 10,242.8 MEUR (8,966.1). 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 30 June 2019, cash and unutilised credit limits totalled 1,648.3 MEUR (1,549.0). Hexagon's net debt was 2,324.4 MEUR (2,046.7). The net indebtedness was 0.38 times (0.38). Interest coverage ratio was 22.1 times (35.3).

CASH FLOW

During the second quarter, cash flow from operations before changes in working capital amounted to 289.8 MEUR (242.1), corresponding to 0.79 EUR (0.67) per share. Cash flow from operations in the second quarter amounted to 298.6 MEUR (243.9), corresponding to 0.82 EUR (0.68) per share. Operating cash flow in the second quarter, including non-recurring items, amounted to 178.3 MEUR (157.0).

For the first six months, cash flow from operations amounted to 495.1 MEUR (421.5) corresponding to 1.36 EUR (1.17) per share. The operating cash flow, including non-recurring items, amounted to 274.6 MEUR (260.1).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -109.2 MEUR (-81.7) in the second quarter and -199.2 MEUR (-151.3) in the first six months.

Depreciation, amortisation and impairment amounted to -91.6 MEUR (-65.0) in the second quarter and -181.1 MEUR (-126.2) during the first six months, whereof impairment charges amounted to -0.6 MEUR (-) in the second quarter and -2.4 MEUR (-) during the first six months.

TAX RATE

The Group's tax expense for the first six months totalled -70.5 MEUR (-74.7). The reported tax rate was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the first six months. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the first six months.

EMPLOYEES

The average number of employees during second quarter was 20,355 (18,702). The number of employees at the end of the quarter was 20,624 (19,276).

SHARE DATA

Earnings per share, including non-recurring items, for the second quarter amounted to 0.42 EUR (0.50). Earnings per share, excluding non-recurring items, for second quarter amounted to 0.52 EUR (0.50).

Earnings per share, including non-recurring items, for the first six months amounted to 0.87 EUR (0.93). Earnings per share, excluding non-recurring items, for first six months amounted to 1.00 EUR (0.93).

On 30 June 2019, equity per share was 15.17 EUR (13.42) and the share price was 515.60 SEK (499.50).

Hexagon's share capital amounts to 81,180,574 EUR, represented by 365,852,432 shares, of which 15,750,000 are of series A with ten votes each and 350,102,432 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 30 June 2019, 1,614,208 warrants were outstanding.

PARENT COMPANY

The parent company's earnings before taxes in the second quarter amounted to 5.7 MEUR (69.5) and 56.4 MEUR (58.9) for the first six months. The equity was 4,666.3 MEUR (4,434.7). The equity ratio of the parent company was 53 per cent (52). Liquid funds including unutilised credit limits were 1,253.0 MEUR (1,163.7).



Hexagon introduced two new additions to the Leica BLK series. The Leica BLK2GO – the smallest portable, completely integrated handheld-imaging scanner – introduces never-before-seen mobility for scanning complex indoor environments. The Leica BLK247 – the first 3D laser-scanning sensor for security surveillance that provides continuous 3D reality capture – enables real-time, 24/7 situational awareness through edge computing and LiDAR-enabled change-detection technology.

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 2018, see note 1 for further information.

From January 1, 2019 Hexagon applies IFRS 16 Leases. The new standard replaces all former published standards and interpretations about lease contracts. The former IAS 17 Leases required the lessee to classify their lease contracts as either finance leases or operating leases, which were accounted for differently. The operating leases did not result in recognition of assets and liabilities in the balance sheet (off balance sheet leases).

The new standard does not require the lessees to distinguish between operating and finance lease contracts. The obligation to pay lease 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 is an interest cost of the liability. Paid lease fees are recognised partly as a payment of the interest cost 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. For complete accounting principles, see Hexagon's Annual Report 2018.

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 January 1, 2019. The practical expedients below have been applied:

- The new principles are applied on lease contracts that were identified as contracts containing a lease also under previous regulation.

- Non-lease components are not separated from lease components in the lease contracts but accounted for as one single lease component.

- Lease contracts with a lease period of less than 12 months and leases of low value assets are excluded from the accounting.

Reported assets in the balance sheet attributable to lease contracts amounted to 238 MEUR as of January 1, 2019. The obligation for operational and financial lease contract in the Annual Report for 2018 amounted to 269.1 MEUR. The difference between the obligation for future lease payments and the opening lease liability as per January 1, 2019 consists of discount effect, use of extension options, short-term lease contracts and lease contracts of low value assets.

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 2018.

RELATED PARTY TRANSACTIONS

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

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 interim 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, 26 July 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 Interim Report has not been reviewed by the Company's auditors.

CONDENSED INCOME STATEMENT

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Net sales	976.0	936.9	1,892.5	1,771.6	3,760.7
Cost of goods sold	-369.9	-353.0	-713.1	-670.1	-1,423.8
Gross earnings	606.1	583.9	1,179.4	1,101.5	2,336.9
Sales expenses	-201.0	-177.4	-386.1	-336.9	-704.3
Administration expenses	-86.2	-77.2	-158.6	-144.1	-309.3
Research and development expenses	-115.4	-104.6	-222.6	-198.6	-406.5
Earnings from shares in associated companies	-	-	-	-	-0.1
Capital gain (+) / loss (-) from sale of shares in Group companies	-	-	-	0.7	0.7
Other income and expenses, net	-8.7	3.5	-6.5	3.9	7.7
Operating earnings ¹⁾	194.8	228.2	405.6	426.5	925.1
Financial income	2.0	1.1	3.6	2.4	6.4
Financial expenses	-8.9	-6.5	-18.1	-13.8	-29.2
Earnings before taxes	187.9	222.8	391.1	415.1	902.3
Taxes	-33.8	-40.1	-70.5	-74.7	-164.2
Net earnings	154.1	182.7	320.6	340.4	738.1
Attributable to:					
Parent company shareholders	152.6	180.4	317.5	336.6	730.0
Non-controlling interest	1.5	2.3	3.1	3.8	8.1
¹⁾ of which non-recurring items	-44.4	-	-54.1	-	-3.9
Earnings include depreciation, amortisation and impairments of	-91.6	-65.0	-181.1	-126.2	-284.0
- of which amortization of surplus values	-12.8	-11.9	-25.3	-23.4	-49.0
Basic earnings per share, EUR	0.42	0.50	0.87	0.93	2.02
Earnings per share after dilution, EUR	0.42	0.50	0.87	0.93	2.01
Total shareholder's equity per share, EUR	15.17	13.42	15.17	13.42	14.62
Closing number of shares, thousands	365,852	360,443	365,852	360,443	362,925
Average number of shares, thousands	364,605	360,443	363,776	360,443	360,942
Average number of shares after dilution, thousands	365,048	361,697	364,355	362,576	362,301

CONDENSED COMPREHENSIVE INCOME

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Net earnings	154.1	182.7	320.6	340.4	738.1
Other comprehensive income					
Items that will not be reclassified to income statement					
Remeasurement of pensions	1.0	-0.6	0.6	1.9	-25.3
Net profit/loss on equity instruments at fair value through other comprehensive income	-	-2.5	-	10.6	-
Taxes on items that will not be reclassified to income statement	-0.1	0.8	-0.1	-2.2	2.9
Total items that will not be reclassified to income statement, net of taxes	0.9	-2.3	0.5	10.3	-22.4
Items that may be reclassified subsequently to income statement					
Exchange rate differences	-79.9	207.7	43.4	91.6	117.5
Taxes on items that may be reclassified subsequently to income statement	6.6	-8.4	-0.2	-2.6	-6.2
Total items that may be reclassified subsequently to income statement, net of taxes	-73.3	199.3	43.2	89.0	111.3
Other comprehensive income, net of taxes	-72.4	197.0	43.7	99.3	88.9
Total comprehensive income for the period	81.7	379.7	364.3	439.7	827.0
Attributable to:					
Parent company shareholders	80.8	377.3	361.2	435.7	819.0
Non-controlling interest	0.9	2.4	3.1	4.0	8.0

CONDENSED BALANCE SHEET

MEUR	30/6 2019	30/6 2018	31/12 2018
Intangible fixed assets	7,369.7	6,590.1	7,100.8
Tangible fixed assets	460.7	298.3	384.2
Right-of-use assets	220.5	-	-
Financial fixed assets	63.9	58.1	53.9
Deferred tax assets	97.2	80.6	83.6
Total fixed assets	8,212.0	7,027.1	7,622.5
Inventories	436.0	463.3	463.0
Accounts receivable	936.0	887.0	959.1
Other receivables	107.1	87.2	111.8
Prepaid expenses and accrued income	148.2	110.4	133.1
Total current receivables	1,191.3	1,084.6	1,204.0
Cash and cash equivalents	403.5	391.1	394.6
Total current assets	2,030.8	1,939.0	2,061.6
Total assets	10,242.8	8,966.1	9,684.1
Equity attributable to parent company shareholders	5,549.7	4,838.1	5,305.3
Equity attributable to non-controlling interest	16.3	15.0	13.9
Total shareholders' equity	5,566.0	4,853.1	5,319.2
Interest bearing liabilities	2,099.7	1,871.5	1,813.9
Lease liabilities	163.7	-	-
Other liabilities	196.8	37.6	154.3
Pension liabilities	109.0	81.5	108.2
Deferred tax liabilities	443.9	436.1	448.7
Other provisions	5.0	8.4	8.6
Total long-term liabilities	3,018.1	2,435.1	2,533.7
Interest bearing liabilities	295.3	484.8	541.8
Lease liabilities	60.2	-	-
Accounts payable	222.8	197.3	251.1
Other liabilities	274.5	261.2	279.7
Other provisions	57.1	19.3	21.5
Deferred income	443.1	399.4	405.0
Accrued expenses	305.7	315.9	332.1
Total short-term liabilities	1,658.7	1,677.9	1,831.2
Total equity and liabilities	10,242.8	8,966.1	9,684.1

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	30/6 2019	30/6 2018	2018
Opening shareholders' equity	5,319.2	4,604.4	4,604.4
Total comprehensive income for the period ¹⁾	364.3	439.7	827.0
New share issues, warrants exercised - net of issuance costs	97.0	-	83.0
New share issue in progress	1.7	-	1.0
Dividend	-216.2	-191.0	-196.5
Effect of acquisitions of subsidiaries	-	-	0.3
Closing shareholders' equity ²⁾	5,566.0	4,853.1	5,319.2
1) Of which: Parent company shareholders	361.2	435.7	819.0
Non-controlling interest	3.1	4.0	8.0
2) Of which: Parent company shareholders	5,549.7	4,838.1	5,305.3
Non-controlling interest	16.3	15.0	13.9

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	15,750,000	347,174,692	362,924,692
New issue, warrants exercised	-	35,300	35,300
2019-03-31 Total issued and outstanding	15,750,000	347,209,992	362,959,992
New issue, warrants exercised	-	2,892,440	2,892,440
2019-06-30 Total issued and outstanding ¹⁾	15,750,000	350,102,432	365,852,432

¹⁾As per 30 June 2019, there were in total 365,852,432 shares in the company, of which 15,750,000 are of series A with ten votes each and 350,102,432 are of series B with one vote each.

CONDENSED CASH FLOW STATEMENT

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Cash flow from operations before change in working capital excluding taxes and interest	332.0	294.1	636.4	548.7	1,180.2
Taxes paid	-34.3	-46.4	-87.8	-80.3	-153.3
Interest received and paid, net	-7.9	-5.6	-13.7	-11.5	-22.1
Cash flow from operations before change in working capital	289.8	242.1	534.9	456.9	1,004.8
Cash flow from change in working capital	8.8	1.8	-39.8	-35.4	-60.7
Cash flow from operations	298.6	243.9	495.1	421.5	944.1
Investments tangible assets, net	-34.6	-26.7	-56.7	-40.8	-154.8
Investments intangible assets	-74.6	-55.0	-142.5	-110.5	-234.3
Operating cash flow before non-recurring items	189.4	162.2	295.9	270.2	555.0
Non-recurring cash flow ¹⁾	-11.1	-5.2	-21.3	-10.1	7.8
Operating cash flow	178.3	157.0	274.6	260.1	562.8
Cash flow from acquisitions and divestments	-124.5	-38.3	-150.2	-87.1	-422.6
Cash flow from other investing activities	0.4	-4.2	-4.5	-9.5	-15.6
Cash flow after other investing activities	54.2	114.5	119.9	163.5	124.6
Dividends paid	-216.1	-191.0	-216.2	-191.0	-196.5
New share issues, warrants exercised - net of issuance costs	58.8	-	98.7	-	84.0
Cash flow from other financing activities	55.3	127.6	-6.1	97.0	93.5
Cash flow for the period	-47.8	51.1	-3.7	69.5	105.6
Cash and cash equivalents, beginning of period	442.9	317.3	394.6	309.4	309.4
Effect of translation differences on cash and cash equivalents	8.4	22.7	12.6	12.2	-20.4
Cash flow for the period	-47.8	51.1	-3.7	69.5	105.6
Cash and cash equivalents, end of period	403.5	391.1	403.5	391.1	394.6

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

KEY RATIOS

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Operating margin, %	24.5	24.4	24.3	24.1	24.7
Profit margin before taxes, %	19.3	23.8	20.7	23.4	24.0
Return on shareholders' equity, 12-month average, %	13.4	16.5	13.4	16.5	15.0
Return on capital employed, 12-month average, %	12.3	12.7	12.3	12.7	12.6
Equity ratio, %	54.3	54.1	54.3	54.1	54.9
Net indebtedness	0.38	0.38	0.38	0.38	0.35
Interest coverage ratio	22.1	35.3	22.6	31.1	31.9
Average number of shares, thousands	364,605	360,443	363,776	360,443	360,942
Basic earnings per share excl. non-recurring items, EUR	0.52	0.50	1.00	0.93	2.04
Basic earnings per share, EUR	0.42	0.50	0.87	0.93	2.02
Cash flow per share, EUR	0.82	0.68	1.36	1.17	2.62
Cash flow per share before change in working cap, EUR	0.79	0.67	1.47	1.27	2.78
Share price, SEK	515.60	499.50	515.60	499.50	408.00
Share price, translated to EUR	48.81	47.79	48.81	47.79	39.79

SUPPLEMENTARY INFORMATION

NET SALES PER SEGMENT

MEUR	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
Geospatial Enterprise Solutions	496.8	448.7	496.8	457.1	454.8	411.5	1,820.2
Industrial Enterprise Solutions	479.2	467.8	546.2	489.0	482.1	423.2	1,940.5
Group	976.0	916.5	1,043.0	946.1	936.9	834.7	3,760.7

OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
Geospatial Enterprise Solutions	126.9	112.4	129.5	114.6	113.7	101.4	459.2
Industrial Enterprise Solutions	119.5	113.9	148.0	123.7	121.6	101.9	495.2
Group costs	-7.2	-5.8	-6.8	-6.5	-7.1	-5.0	-25.4
Group	239.2	220.5	270.7	231.8	228.2	198.3	929.0
Margin, %	24.5	24.1	26.0	24.5	24.4	23.8	24.7

NET SALES BY REGION

MEUR	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
EMEA	372.4	343.7	398.4	340.9	348.9	326.8	1,415.0
Americas	347.1	297.4	347.8	317.9	307.5	266.4	1,239.6
Asia	256.5	275.4	296.8	287.3	280.5	241.5	1,106.1
Group	976.0	916.5	1,043.0	946.1	936.9	834.7	3,760.7

EXCHANGE RATES

Average	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
SEK/EUR	0.0942	0.0960	0.0969	0.0961	0.0968	0.1004	0.0975
USD/EUR	0.8897	0.8803	0.8762	0.8599	0.8389	0.8136	0.8475
CNY/EUR	0.1304	0.1305	0.1267	0.1264	0.1315	0.1280	0.1281
CHF/EUR	0.8879	0.8831	0.8801	0.8744	0.8516	0.8583	0.8661
Closing	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
SEK/EUR	0.0947	0.0962	0.0975	0.0970	0.0957	0.0972	0.0975
USD/EUR	0.8787	0.8901	0.8734	0.8639	0.8578	0.8116	0.8734
CNY/EUR	0.1279	0.1326	0.1270	0.1255	0.1296	0.1291	0.1270
CHF/EUR	0.9005	0.8944	0.8874	0.8837	0.8644	0.8490	0.8874

ACQUISITIONS

MEUR	6M 2019	6M 2018
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	42.4	31.4
Other fixed assets	8.9	2.4
Total fixed assets	51.3	33.8
Total current assets	26.3	15.9
Total assets	77.6	49.7
Total long-term liabilities	1.0	-3.7
Total current liabilities	-11.0	5.6
Total liabilities	-10.0	1.9
Fair value of acquired assets and assumed liabilities, net	67.6	47.8
Goodwill	154.2	59.1
Total purchase consideration transferred	221.8	106.9
Less cash and cash equivalents in acquired companies	-11.1	-6.2
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-60.5	-9.6
Cash flow from acquisition of companies/businesses	150.2	91.1

During the first six months 2019, Hexagon acquired the following companies:

- Etalon, a provider of equipment calibration solutions that ensure the dimensional accuracy of manufactured parts
- j5 International, a market-leading developer of operations management software for ensuring safe, efficient, and compliant operations of industrial sites
- Split Engineering, a leader in coarse rock fragmentation size measurement systems, software and services
- Aciel Geomatics, a Leica distributor in South Africa
- Thermopylae Sciences and Technology, a software provider that specialises in geospatial applications, mobile frameworks, and cloud computing for enhanced location intelligence

The acquisitions are individually assessed as immaterial from a group perspective which is why only aggregated information is presented. The analysis of the acquired net assets is preliminary and the fair value might be subject to change. Contingent considerations are recognised to fair value (level 3 according to definition in IFRS 13) each reporting period and based on the latest relevant forecast for the acquired company. The valuation method is unchanged compared to the previous period. The estimated liability for contingent considerations amounted to 224.3 MEUR (64.0) as of 30 June, whereof the fair value adjustment in 2019 amounted to 4.9 MEUR (5.6). 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 THERMOPYLAE SCIENCES AND TECHNOLOGY

In April 2019, Hexagon acquired Thermopylae Sciences and Technology, a software provider primarily focused on the U.S. government and defence market that specialises in geospatial applications, mobile frameworks, and cloud computing for enhanced location intelligence. In 2018 Thermopylae Sciences and Technology generated sales of 48 MUSD.

Background and reasons for the transaction

Thermopylae's software and domain expertise nicely augment Hexagon's ability to deliver the visual location intelligence necessary for enabling autonomous connected ecosystems. Ultimately, the addition of Thermopylae will enrich the 5D experience delivered through Hexagon Smart M.App and Luciad portfolios – both of which enable smart digital realities with 3D, 4D (real-time sensor feed integration) and 5D (dynamic analytics) capabilities. Not only does the acquisition provide an avenue for international market adoption of Thermopylae's technologies but also an additional avenue for Hexagon to accelerate adoption of 5D visualisation capabilities in U.S. government agencies.

From the date of acquisition, Thermopylae Sciences and Technology has contributed 7.6 MEUR of net sales in 2019. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 14.1 MEUR.

DIVESTMENTS

MEUR	2019	2018
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

CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q2 2019	Q2 2018	6M 2019	6M 2018	2018
Net sales	4.4	3.8	8.9	7.6	17.9
Administration cost	-6.0	-6.2	-11.2	-12.8	-24.9
Operating earnings	-1.6	-2.4	-2.3	-5.2	-7.0
Earnings from shares in Group companies	13.2	15.6	13.2	15.6	227.0
Interest income and expenses, net	-5.9	56.3	45.5	48.5	111.5
Appropriations	-	-	-	-	-23.7
Earnings before taxes	5.7	69.5	56.4	58.9	307.8
Taxes	1.9	-10.2	-8.8	-7.9	-18.2
Net earnings	7.6	59.3	47.6	51.0	289.6

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	30/6 2019	30/6 2018	31/12 2018
Total fixed assets	7,609.9	7,460.0	7,587.1
Total current receivables	1,217.1	1,009.5	1,091.7
Cash and cash equivalents	38.0	30.4	15.5
Total current assets	1,255.1	1,039.9	1,107.2
Total assets	8,865.0	8,499.9	8,694.3
Total shareholders' equity	4,666.3	4,434.7	4,735.6
Untaxed reserves	18.0	-	18.5
Total long-term liabilities	2,093.5	1,866.3	1,807.3
Total short-term liabilities	2,087.2	2,198.9	2,132.9
Total equity and liabilities	8,865.0	8,499.9	8,694.3

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 sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, and quality across industrial, manufacturing, infrastructure, safety, and mobility applications. Our technologies are shaping urban and production ecosystems to become increasingly connected and autonomous – ensuring a scalable, sustainable future. 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 and follow us [@HexagonAB](https://twitter.com/HexagonAB).

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

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 Interim Report for the second quarter 2019 will be presented on 26 July at 10:00 CET at a telephone conference.

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

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This information is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 26 July 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.

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