

YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2016

FOURTH QUARTER 2016

- Net sales increased by 4 per cent to 849.5 MEUR (815.7). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 2 per cent
- Operating earnings (EBIT1) increased by 6 per cent to 208.7 MEUR (197.8)
- Earnings before taxes amounted to 202.6 MEUR (192.0)
- Net earnings amounted to 164.1 MEUR (155.5)
- Earnings per share increased by 5 per cent to 0.45 EUR (0.43)
- The Board of Directors proposes a dividend of 0.48 EUR (0.43) per share, an increase of 12 per cent

SUBSEQUENT EVENTS

- Hexagon signed an agreement to acquire MSC Software, a leading provider of CAE (simulation) software
- Hexagon will charge -34 MEUR in Q1 2017 in a cost savings programme to further accelerate margin improvement. Fully implemented the annual savings will amount to 43 MEUR

MEUR	Q4 2016	Q4 2015	Δ%	2016	2015	Δ%
Net sales	849.5	815.7	2 ¹⁾	3,149.2	3,043.8	2 ¹⁾
Gross earnings	513.8	483.5	6	1,902.0	1,821.9	4
Gross margin, %	60.5	59.3	1.2	60.4	59.9	0.5
Operating earnings (EBITDA) 2)	273.7	264.9	3	970.0	912.3	6
EBITDA margin, %	32.2	32.5	-0.3	30.8	30.0	0.8
Operating earnings (EBIT1) 2)	208.7	197.8	6	736.1	692.7	6
Operating margin, %	24.6	24.2	0.4	23.4	22.8	0.6
Earnings before taxes excluding non-recurring items	202.6	192.0	6	714.3	666.2	7
Non-recurring items 3)	-	-	e.t.	-	-36.6	e.t.
Earnings before taxes	202.6	192.0	6	714.3	629.6	13
Net earnings	164.1	155.5	6	578.6	505.1	15
Net earnings, excl. non-recurring items	164.1	155.5	6	578.6	534.9	8
Earnings per share, EUR	0.45	0.43	5	1.59	1.39	14
Earnings per share, excl. non-recurring items, EUR	0.45	0.43	5	1.59	1.47	8

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

2) For definition, see page 20.

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



COMMENTS FROM THE CEO

“We ended the year with a quarter recording 2 per cent organic growth and a record operating margin of 25 per cent, which we attribute to a robust profit improvement from all divisions apart from PPM. Geographically, China recorded 12 per cent organic growth with strong demand across all segments. As in the previous quarter, performance in Manufacturing Intelligence was strong, especially in the automotive and electronics segments. PPM continued to face challenges in the oil and gas market and we are taking actions to enable future growth and reduce costs. In addition, we are launching a company-wide cost savings programme in Q1 2017 towards further improve profitability. Closing the year with both a strong cash flow and balance sheet enables us to take another step in our smart connected factory vision through the acquisition of MSC. We are well prepared to continue digitalizing the industries we serve, enabling customers to advance in key areas like connectivity, intelligence and visualization.”

– Ola Rollén, President and CEO, Hexagon AB



GROUP BUSINESS DEVELOPMENT Q4

NET SALES

Net sales increased by 4 per cent to 849.5 MEUR (815.7). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 2 per cent. Regionally, organic growth was 5 per cent in Asia, 1 per cent in Americas and flat in EMEA. Growth rates in Asia benefited from strong demand in China across all businesses within Hexagon but were hampered by decline in South Korea due to the weak shipyard market. Organic growth in China was 12 per cent in the quarter.

In Americas, North America had positive development, but strong demand in the manufacturing industry was offset by a weak oil and gas and public infrastructure market. The downturn in South America is bottoming out and the region recorded slight negative growth in the quarter. Excluding Brazil, organic growth in South America was 16 per cent. In EMEA, Western Europe recorded solid organic growth, especially in the UK, Italy, France and the Nordic countries. However, the Middle East recorded negative organic growth due to the weak oil-related economy and Eastern Europe declined after several sequential quarters of strong growth.

EARNINGS

Operating earnings (EBIT1) grew by 6 per cent to 208.7 MEUR (197.8), which corresponds to an operating margin of 24.6 per cent (24.2). The operating margin benefited from organic growth, new high-value applications, acquisitions and cost control but was adversely impacted by unfavourable business mix. Operating earnings (EBIT1) were negatively impacted by exchange rate movements of -0.8 MEUR. Earnings before taxes amounted to 202.6 MEUR (192.0) and were negatively impacted by exchange rate movements of -0.8 MEUR.

FINANCIAL SUMMARY – FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2016	Q4 2015	Δ% ¹⁾	Q4 2016	Q4 2015	Δ%
Geospatial Enterprise Solutions	420.1	395.1	2	101.5	88.8	14
Industrial Enterprise Solutions	429.4	420.6	1	110.2	115.2	-4
Net sales	849.5	815.7	2			
Group cost and eliminations				-3.0	-6.2	52
Operating earnings (EBIT1)				208.7	197.8	6
Operating margin, %				24.6	24.2	0.4
Interest income and expenses, net				-6.1	-5.8	-5
Earnings before taxes				202.6	192.0	6
Taxes				-38.5	-36.5	-5
Net earnings				164.1	155.5	6

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

CURRENCY IMPACT COMPARED TO EUR – FOURTH QUARTER

	Movement ¹⁾	Income less cost	Earnings impact
CHF	Strengthened 0%	Negative	Negative ↘
USD	Strengthened 1%	Positive	Positive ↗
CNY	Weakened -5%	Positive	Negative ↘
EBIT1, MEUR			-0.8

¹⁾ Compared to Q4 2015.

SALES BRIDGE – FOURTH QUARTER

	Net sales
2015, MEUR	815.7
Structure, %	3
Currency, %	-1
Organic growth, %	2
Total, %	4
2016, MEUR	849.5

Net sales from acquisitions and divestments during the last twelve months are reported as "Structure" in the table above. Percentages are rounded to the nearest whole per cent.

ORGANIC GROWTH

Analysis of organic growth ¹⁾ per geographic region			
Q4 2015	815.7		
China (14% of sales)			↗
North America (32% of sales)			↗
Western Europe (32% of sales)			↗
Asia excl. China (12% of sales)		>8%	↗
EMEA excl. Western Europe (7% of sales)		0-8%	↗
South America (3% of sales)		Negative	↘
Q4 2016	849.5		

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



GEOSPATIAL ENTERPRISE SOLUTIONS – Q4 2016

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

NET SALES

Geospatial Enterprise Solutions (GES) sales amounted to 420.1 MEUR (395.1). Organic growth was 2 per cent. Regionally, organic growth was 13 per cent in Asia, 1 per cent in EMEA and -2 per cent in Americas.

GES benefited from continued strong demand in Asia. China grew at a double digit rate, driven by strong demand in infrastructure and construction as well as within the positioning market. Australia also performed well, especially within mining and surveying. In EMEA, Western Europe had solid development with strong contribution from the UK, Italy and Switzerland. However, the Middle East continued to decline due to the weak oil-related economy and Eastern Europe recorded negative growth after several quarters of strong performance. In Americas, North America recorded slight negative organic growth. However, South America improved from previous quarters and reported positive organic growth.

Regarding the business units within GES, Geosystems continued to see strong contribution from infrastructure and construction related business in China, recording 1 per cent organic growth. The private construction-related business continued to show solid performance in North America and Western Europe, however the public infrastructure market in North America continued to be weak. Safety & Infrastructure reported 2 per cent organic growth and was positively impacted by increased demand for public safety and smart city solutions in the Middle East, adversely impacted by poor order conversion in North America though. Positioning Intelligence reported 12 per cent organic growth, an improvement from the previous quarters, driven by continued strong performance in the GNSS business.

EARNINGS

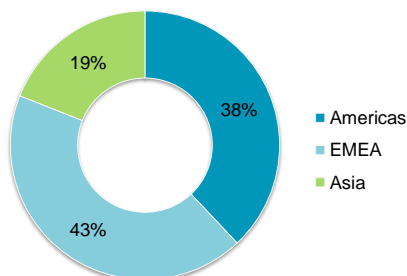
Operating earnings (EBIT1) increased by 14 per cent to 101.5 MEUR (88.8), which corresponds to an operating margin of 24.2 per cent (22.5). The operating margin was positively impacted by new high-value applications, increased software mix and good cost control.

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

MEUR	Q4 2016	Q4 2015	Δ%	2016	2015	Δ%
Net sales	420.1	395.1	2 ¹⁾	1,579.3	1,506.7	3 ¹⁾
Operating earnings (EBIT1)	101.5	88.8	14	354.8	308.3	15
Operating margin, %	24.2	22.5	1.7	22.5	20.5	2.0
Average number of employees				7,934	7,857	1

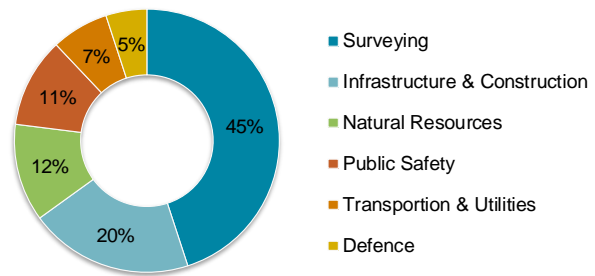
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

GES – NET SALES PER REGION*



* Q4 2016 numbers

GES – NET SALES PER CUSTOMER SEGMENT**



** Full-year 2015 numbers



INDUSTRIAL ENTERPRISE SOLUTIONS – Q4 2016

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 Manufacturing Intelligence and Process, Power & Marine (PPM).

NET SALES

Industrial Enterprise Solutions (IES) sales amounted to 429.4 MEUR (420.6). Organic growth was 1 per cent. Regionally, organic growth was 4 per cent in Americas, 1 per cent in Asia and -1 per cent in EMEA.

IES benefited from positive development in Americas driven by strong demand in the manufacturing industry in North America but was hampered by negative development in the oil and gas sector. In EMEA, markets such as the UK, Italy and the Middle East recorded solid growth. However, Eastern Europe declined by double digit in the quarter after several sequential quarters of good growth. Asia benefitted from strong demand in China related to manufacturing and power and energy, but was hampered by decline in South Korea related to the weak shipyard market.

Regarding the business units within IES, Manufacturing Intelligence recorded 5 per cent organic growth, mainly driven by strong demand from the automotive industry as well as new customer wins within the electronics sector. PPM continued to face challenging market conditions and recorded -8 per cent organic growth due to reduced activities in the overall oil and gas sector. Growth was however solid in China driven by recent customer wins. Actions are being taken to enable future growth.

EARNINGS

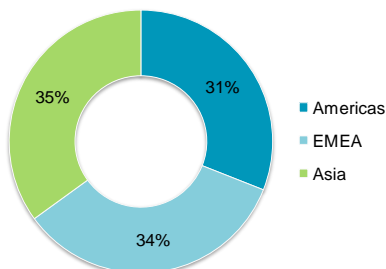
Operating earnings (EBIT1) decreased by -4 per cent to 110.2 MEUR (115.2), which corresponds to an operating margin of 25.7 per cent (27.4). The operating margin was negatively impacted by unfavourable business mix due to the decline in PPM.

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

MEUR	Q4 2016	Q4 2015	Δ%	2016	2015	Δ%
Net sales	429.4	420.6	1 ¹⁾	1,569.9	1,537.1	1 ¹⁾
Operating earnings (EBIT1)	110.2	115.2	-4	399.1	409.6	-3
Operating margin,%	25.7	27.4	-1.7	25.4	26.6	-1.2
Average number of employees				8,454	7,967	6

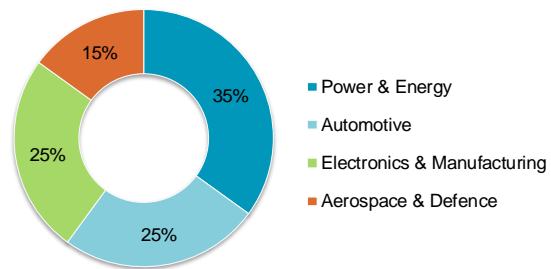
1) Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

IES – NET SALES PER REGION*



* Q4 2016 numbers

IES – NET SALES PER CUSTOMER SEGMENT**



** Full-year 2015 numbers

FINANCIAL SUMMARY – 2016

MEUR	Net sales			Earnings		
	2016	2015	Δ % ¹⁾	2016	2015	Δ%
Geospatial Enterprise Solutions	1,579.3	1,506.7	3	354.8	308.3	15
Industrial Enterprise Solutions	1,569.9	1,537.1	1	399.1	409.6	-3
Net sales	3,149.2	3,043.8	2			
Group cost and eliminations				-17.8	-25.2	29
Operating earnings (EBIT1)				736.1	692.7	6
Operating margin, %				23.4	22.8	0.6
Interest income and expenses, net				-21.8	-26.5	18
Earnings before non-recurring items				714.3	666.2	7
Non-recurring items 2)				-	-36.6	n.a.
Earnings before taxes				714.3	629.6	13
Taxes				-135.7	-124.5	-9
Net earnings				578.6	505.1	15

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

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

2016 NET SALES AND EARNINGS

Net sales amounted to 3,149.2 MEUR (3,043.8) in 2016. Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 2 per cent.

Operating earnings (EBIT1) amounted to 736.1 MEUR (692.7), which corresponds to an operating margin of 23.4 per cent (22.8). Operating earnings (EBIT1) were negatively affected by exchange rate movements of -17.0 MEUR.

During 2016, Hexagon posted no non-recurring items. During 2015 non-recurring items amounted to -36.6 MEUR.

The financial net amounted to -21.8 MEUR (-26.5) in 2016.

Earnings before taxes, excluding non-recurring items, amounted to 714.3 MEUR (666.2). Earnings before taxes, including these items, amounted to 714.3 MEUR (629.6). Earnings before taxes were negatively affected by exchange rate movements of -17.0 MEUR.

Net earnings, excluding non-recurring items, amounted to 578.6 MEUR (534.9) or 1.59 EUR (1.47) per share. Net earnings, including these items, amounted to 578.6 MEUR (505.1) or 1.59 EUR (1.39) per share.

CURRENCY IMPACT COMPARED TO EUR – 2016

	Movement ¹⁾	Income less cost	Earnings impact
CHF	Weakened -2%	Negative	Positive ↗
USD	Strengthened 0%	Positive	Positive ↗
CNY	Weakened -5%	Positive	Negative ↘
EBIT1, MEUR			-17.0

¹⁾ Compared to 2015.



Small, lightweight and user-friendly, the BLK360 is a revolutionary addition to Hexagon's reality capture sensor portfolio. It presents exciting potential for simplified scanning workflows for the AEC (Architect, Engineering, Construction) market and many other industries, enabling Hexagon to meet the 3D reality capture needs of markets in and outside of surveying.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 6,489.1 MEUR (6,158.6). Return on average capital employed for the last twelve months was 11.9 per cent (11.6). Return on average shareholders' equity for the last twelve months was 13.7 per cent (13.0). The capital turnover rate was 0.5 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 4,590.8 MEUR (4,102.3). The equity ratio was 58 per cent (55). Hexagon's total assets increased to 7,914.1 MEUR (7,432.1). The increase in total assets is driven primarily by acquisitions and currency movements.

Following a refinancing in 2014, 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 Q3 2021
- 2) A Swedish Medium Term Note Programme (MTN) established during 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 15,000 MSEK with tenor up to 12 months

On 31 December 2016, cash and unutilised credit limits totalled 1,595.3 MEUR (1,242.5). Hexagon's net debt was 1,564.8 MEUR (1,743.6). The net indebtedness was 0.30 times (0.38). Interest coverage ratio was 27.9 times (20.3).

CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital amounted to 233.5 MEUR (219.6), corresponding to 0.65 EUR (0.61) per share. Cash flow from operations in the fourth quarter amounted to 261.6 MEUR (253.0), corresponding to 0.73 EUR (0.70) per share. Operating cash flow in the

fourth quarter, including non-recurring items, amounted to 192.0 MEUR (193.3).

For the full year, cash flow from operations amounted to 782.1 MEUR (722.6), corresponding to 2.17 EUR (2.01) per share.

The operating cash flow, including non-recurring items, amounted to 516.6 MEUR (473.7).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -68.3 MEUR (-56.8) in the fourth quarter and -257.6 MEUR (-230.3) in the full year.

Depreciation, amortisation and impairment amounted to -65.0 MEUR (-67.1) in the fourth quarter and -233.9 MEUR (-219.6) during the full year.

TAX RATE

The Group's tax expense for 2016 totalled -135.7 MEUR (-124.5).

The reported tax rate was 19.0 per cent (19.0) for the quarter and 19.0 per cent (19.8) for the full year. The tax rate, excluding non-recurring items, was 19.0 (19.0) per cent for the quarter and 19.0 (19.7) for the full year.

EMPLOYEES

The average number of employees during the full year was 16,460 (15,891). The number of employees at the end of the quarter was 16,592 (16,132). The increase was primarily driven by acquisitions.

SHARE DATA

Earnings per share for the fourth quarter amounted to 0.45 EUR (0.43). Earnings per share, excluding non-recurring items, for the full

year amounted to 1.59 EUR (1.47). Earnings per share, including non-recurring items, for the full year amounted to 1.59 EUR (1.39).

On 31 December 2016, equity per share was 12.70 EUR (11.36) and the share price was 325.50 SEK (314.80).

Hexagon's share capital amounts to 79,980,283 EUR, represented by 360,443,142 shares, of which 15,750,000 are of series A with 10 votes each and 344,693,142 are of series B with one vote each.

In accordance with a decision by a Shareholders' General Meeting in May 2015, an incentive programme (2015/2019) was introduced, under which a maximum of 10,000,000 warrants can be issued. The dilutive effect at full utilization of the programme will 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.

ASSOCIATED COMPANIES

Associated companies affected Hexagon's earnings during the full year by 0.4 MEUR (0.1).

PARENT COMPANY

The parent company's earnings before taxes for the full year was 38.4 MEUR (2,955.1). The equity was 4,688.7 MEUR (4,805.5). The equity ratio of the parent company was 58 per cent (61). Liquid funds including unutilised credit limits were 1,307.2 MEUR (1,023.3).



Hexagon hosted a Capital Markets Day on 1 December 2016 where Hexagon launched a new five-year financial plan. The target is to reach sales of 4.6-5.1 billion EUR and an operating margin of 27-28 per cent by 2021. Read more about the new financial plan on hexagon.com.

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 2015. New and amended standards applicable from 2016 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 offset 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 2015 Annual Report.

RELATED PARTY TRANSACTIONS

No significant related party transactions have been incurred during 2016.

ANNUAL GENERAL MEETING 2017

The AGM will be held on 2 May 2017 at 17:00 CET at City Conference Center Stockholm (Norra Latin), Drottninggatan 71 B, Stockholm Sweden. The Annual Report for 2016 will be available from 6 April 2017 on the company's web page as well as at the head office.

To attend the AGM shareholders must be registered in the share register maintained by Euroclear on 25 April 2017. Notification of attendance should be made to Hexagon's head office no later than on 25 April. To participate in the AGM, 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 25 April.

PROPOSED DIVIDEND

The Hexagon Board of Directors proposes a dividend of 0.48 EUR per share (0.43). The proposed record date will be 4 May and expected date for settlement is 11 May.

SUBSEQUENT EVENTS

Cost savings programme

At Hexagon's Capital Markets Day (CMD) in December 2016 a new financial plan was launched to reach a sales target of 4.6-5.1 billion EUR and an EBIT margin of 27-28 per cent by 2021. The profitability will be improved through new applications, richer software mix and acquisitions.

Also, as discussed during the CMD, Hexagon will accelerate its solution-centric strategy by increasing R&D spend and investments in sales resources and reducing non-accretive operating expenses. Hence, Hexagon will launch a company-wide cost savings programme in Q1 2017 with a focus on reducing administration costs.

The programme will affect approximately 480 employees and is expected to drive cash cost savings of approximately 24 MEUR in 2017 and 43 MEUR per annum as of 2018 when fully implemented.

The cash flow impact of the programme amounts to approximately -34 MEUR. The restructuring costs will be reported as non-recurring items (NRI) in Q1 2017.

Acquisition of MSC Software

On 2 February Hexagon announced that it entered into an agreement to acquire MSC Software (MSC). MSC is a leading provider of CAE (simulation) software. MSC is headquartered in Newport Beach, CA, United States and has over 1,200 professionals in 20 countries.

Key Facts:

- Purchase price of 834 MUSD on a cash and debt free basis
- In 2016 MSC generated proforma sales of 230 MUSD, with strong profitability and a high percentage of recurring revenue
- The acquisition will further strengthen Hexagon's smart connected factory strategy to deliver enterprise solutions within manufacturing verticals
- The transaction will be fully financed via bank facilities and Hexagon's net debt to EBITDA target of 2.5 will not be exceeded
- Completion of the transaction (closing) is subject to regulatory approvals and other customary conditions which is expected in April
- Non-cash PPA adjustments of approximately 10 MEUR related to impairment of overlapping technologies and approximately 20-30 MEUR related to a revenue recognition adjustment of deferred revenue (haircut) will impact the income statement during 2017
- Cash transaction costs will amount to approximately 2 MEUR
- MSC will be accretive to Hexagon's earnings as of closing

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

Stockholm, Sweden, 6 February 2017
Hexagon AB (publ)

Melker Schörling
Chairman of the Board

Ulrika Francke
Board Member

Gun Nilsson
Board Member

Jill Smith
Board Member

Ola Rollén
President and CEO
Board Member

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

Condensed Income Statement

MEUR	Q4 2016	Q4 2015	2016	2015
Net sales	849.5	815.7	3,149.2	3,043.8
Cost of goods sold	-335.7	-332.2	-1,247.2	-1,221.9
Gross earnings	513.8	483.5	1,902.0	1,821.9
Sales expenses	-149.4	-142.4	-573.3	-561.7
Administration expenses	-75.5	-80.2	-269.1	-292.8
Research and development expenses	-84.1	-75.5	-333.1	-313.1
Earnings from shares in associated companies	0.1	0.0	0.4	0.1
Capital gain (+) / loss (-) from sale of shares in Group companies	0.7	-	0.7	-
Other income and expenses, net	3.1	12.4	8.5	1.7
Operating earnings 1)	208.7	197.8	736.1	656.1
Financial income	1.1	1.3	4.8	6.1
Financial expenses	-7.2	-7.1	-26.6	-32.6
Earnings before taxes	202.6	192.0	714.3	629.6
Taxes	-38.5	-36.5	-135.7	-124.5
Net earnings	164.1	155.5	578.6	505.1
Attributable to:				
Parent company shareholders	163.1	154.6	573.3	499.9
Non-controlling interest	1.0	0.9	5.3	5.2
1) of which non-recurring items	-	-	-	-36.6
Earnings include depreciation, amortisation and impairments of	-65.0	-67.1	-233.9	-219.6
- of which amortisation of surplus values	-9.0	-8.6	-35.2	-32.3
Basic earnings per share, EUR	0.45	0.43	1.59	1.39
Earnings per share after dilution, EUR	0.45	0.43	1.59	1.39
Total shareholder's equity per share, EUR	12.70	11.36	12.70	11.36
Closing number of shares, thousands	360,443	360,337	360,443	360,337
Average number of shares, thousands	360,443	360,114	360,433	359,387
Average number of shares after dilution, thousands	360,649	360,659	360,879	359,817

Condensed Comprehensive Income

MEUR	Q4 2016	Q4 2015	2016	2015
Net earnings	164.1	155.5	578.6	505.1
Other comprehensive income				
Items that will not be reclassified to income statement				
Remeasurement of pensions	25.4	-32.0	-9.4	-36.8
Taxes on items that will not be reclassified to income statement	-1.8	4.6	1.8	5.1
Total items that will not be reclassified to income statement, net of taxes	23.6	-27.4	-7.6	-31.7
Items that may be reclassified subsequently to income statement				
Exchange rate differences	182.6	85.1	69.8	256.2
Effect of hedging of net investments in foreign operations	0.1	0.0	-0.1	-12.7
Taxes on items that may be reclassified subsequently to income statement	0.3	-1.5	3.9	-9.5
Total items that may be reclassified subsequently to income statement, net of taxes	183.0	83.6	73.6	234.0
Other comprehensive income, net of taxes	206.6	56.2	66.0	202.3
Total comprehensive income for the period	370.7	211.7	644.6	707.4
Attributable to:				
Parent company shareholders	369.4	210.8	639.5	701.5
Non-controlling interest	1.3	0.9	5.1	5.9

Condensed Balance Sheet

MEUR	31/12 2016	31/12 2015
Intangible fixed assets	5,870.8	5,567.1
Tangible fixed assets	294.8	287.9
Financial fixed assets	21.1	25.0
Deferred tax assets	55.0	59.4
Total fixed assets	6,241.7	5,939.4
Inventories	426.7	414.9
Accounts receivable	788.0	688.3
Other receivables	71.0	62.8
Prepaid expenses and accrued income	102.7	101.2
Total current receivables	961.7	852.3
Cash and cash equivalents	284.0	225.5
Total current assets	1,672.4	1,492.7
Total assets	7,914.1	7,432.1
Equity attributable to parent company shareholders	4,576.8	4,092.3
Equity attributable to non-controlling interest	14.0	10.0
Total shareholders' equity	4,590.8	4,102.3
Interest bearing liabilities	1,476.2	1,782.8
Other liabilities	12.3	3.9
Pension liabilities	132.0	124.0
Deferred tax liabilities	472.7	416.8
Other provisions	69.4	57.8
Total long-term liabilities	2,162.6	2,385.3
Interest bearing liabilities	237.2	57.5
Accounts payable	175.7	162.7
Other liabilities	134.9	123.4
Other provisions	73.6	92.8
Deferred income	254.3	235.7
Accrued expenses	285.0	272.4
Total short-term liabilities	1,160.7	944.5
Total equity and liabilities	7,914.1	7,432.1

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. 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	2016	2015
Opening shareholders' equity	4,102.3	3,470.2
Total comprehensive income for the period 1)	644.6	707.4
New share issues, warrants exercised - net of issuance cost:	-	38.9
Dividend	-156.1	-133.1
Warrants issued	-	18.9
Closing shareholders' equity 2)	4,590.8	4,102.3
1) Of which: Parent company shareholders	639.5	701.5
Non-controlling interest	5.1	5.9
2) Of which: Parent company shareholders	4,576.8	4,092.3
Non-controlling interest	14.0	10.0

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 1)	15,750,000	344,693,142	360,443,142

¹⁾ As per 31 December 2016, there were in total 360,443,142 shares in the Company, of which 15,750,000 are of series A with ten votes each and 344,693,142 are of series B with one vote each. Hexagon AB holds no treasury shares.

Condensed Cash Flow Statement

MEUR	Q4 2016	Q4 2015	2016	2015
Cash flow from operations before change in working capital excluding taxes and interest	260.2	248.2	941.9	890.4
Taxes paid	-21.5	-23.5	-92.1	-120.0
Interest received and paid, net	-5.2	-5.1	-17.7	-20.5
Cash flow from operations before change in working capital	233.5	219.6	832.1	749.9
Cash flow from change in working capital	28.1	33.4	-50.0	-27.3
Cash flow from operations	261.6	253.0	782.1	722.6
Investments tangible assets, net	-13.1	-5.2	-50.9	-35.7
Investments intangible assets	-55.2	-51.6	-206.7	-194.6
Operating cash flow	193.3	196.2	524.5	492.3
Non-recurring cash flow 1)	-1.3	-2.9	-7.9	-18.6
Operating cash flow after non-recurring items	192.0	193.3	516.6	473.7
Cash flow from other investing activities 2)	-4.8	-145.3	-172.0	-193.9
Cash flow after other investing activities	187.2	48.0	344.6	279.8
Dividends paid	-0.9	-0.7	-156.1	-133.1
New share issues, warrants exercised - net of issuance costs	-	4.6	-	38.9
Warrants issued	-	5.1	-	18.9
Cash flow from other financing activities	-112.5	-56.5	-130.5	-205.9
Cash flow for the period	73.8	0.5	58.0	-1.4
Cash and cash equivalents, beginning of period	204.8	221.5	225.5	228.6
equivalents	5.4	3.5	0.5	-1.7
Cash flow for the period	73.8	0.5	58.0	-1.4
Cash and cash equivalents, end of period	284.0	225.5	284.0	225.5

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

²⁾ Acquisitions and divestments in the full year 2016 totalled -170.6 MEUR (-194.3) and other was -1.4 MEUR (0.4).

Key Ratios

	Q4 2016	Q4 2015	2016	2015
Operating margin, %	24.6	24.2	23.4	22.8
Profit margin before taxes, %	23.8	23.5	22.7	20.7
Return on shareholders' equity, 12 month average, %	13.7	13.0	13.7	13.0
Return on capital employed, 12 month average, %	11.9	11.6	11.9	11.6
Equity ratio, %	58.0	55.2	58.0	55.2
Net indebtedness	0.30	0.38	0.30	0.38
Interest coverage ratio	29.1	27.3	27.9	20.3
Average number of shares, thousands	360,443	360,114	360,433	359,387
Basic earnings per share excl. non-recurring items, EUR	0.45	0.43	1.59	1.47
Basic earnings per share, EUR	0.45	0.43	1.59	1.39
Cash flow per share, EUR	0.73	0.70	2.17	2.01
Cash flow per share before change in working cap, EUR	0.65	0.61	2.31	2.09
Share price, SEK	325.50	314.80	325.50	314.80
Share price, translated to EUR	34.07	34.26	34.07	34.26

Supplementary Information

NET SALES PER SEGMENT

MEUR	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015
Geospatial Enterprise Solutions	420.1	390.6	399.2	369.4	1,579.3	395.1	371.4	385.6	354.6	1,506.7
Industrial Enterprise Solutions	429.4	389.1	396.6	354.8	1,569.9	420.6	370.9	395.1	350.5	1,537.1
Group	849.5	779.7	795.8	724.2	3,149.2	815.7	742.3	780.7	705.1	3,043.8

OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015
Geospatial Enterprise Solutions	101.5	88.7	88.9	75.7	354.8	88.8	78.6	74.6	66.3	308.3
Industrial Enterprise Solutions	110.2	96.3	103.0	89.6	399.1	115.2	95.2	109.5	89.7	409.6
Group costs	-3.0	-5.2	-4.8	-4.8	-17.8	-6.2	-6.0	-6.8	-6.2	-25.2
Group	208.7	179.8	187.1	160.5	736.1	197.8	167.8	177.3	149.8	692.7
Margin, %	24.6	23.1	23.5	22.2	23.4	24.2	22.6	22.7	21.2	22.8

NET SALES PER REGION

MEUR	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015
EMEA	326.5	292.2	304.5	270.5	1,193.7	320.8	273.0	291.9	261.6	1,147.2
Americas	294.9	264.1	270.0	247.5	1,076.5	278.6	257.7	270.5	242.3	1,049.6
Asia	228.1	223.4	221.3	206.2	879.0	216.3	211.6	218.3	201.2	847.4
Group	849.5	779.7	795.8	724.2	3,149.2	815.7	742.3	780.7	705.1	3,043.8

EXCHANGE RATES

Average	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015
SEK/EUR	0.1025	0.1051	0.1078	0.1072	0.1056	0.1075	0.1060	0.1075	0.1066	0.1069
USD/EUR	0.9267	0.8960	0.8855	0.9069	0.9040	0.9136	0.8988	0.9056	0.8888	0.9015
CNY/EUR	0.1356	0.1344	0.1355	0.1386	0.1360	0.1430	0.1426	0.1460	0.1425	0.1435
CHF/EUR	0.9260	0.9183	0.9123	0.9122	0.9174	0.9219	0.9322	0.9608	0.9337	0.9369
Closing	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2015
SEK/EUR	0.1047	0.1039	0.1061	0.1084	0.1047	0.1088	0.1063	0.1085	0.1076	0.1088
USD/EUR	0.9487	0.8960	0.9007	0.8783	0.9487	0.9185	0.8926	0.8937	0.9295	0.9185
CNY/EUR	0.1366	0.1343	0.1356	0.1360	0.1366	0.1416	0.1404	0.1442	0.1499	0.1416
CHF/EUR	0.9312	0.9195	0.9202	0.9148	0.9312	0.9229	0.9162	0.9603	0.9557	0.9229

Acquisitions

MEUR	2016	2015
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	52.2	69.2
Other fixed assets	7.2	1.9
Total fixed assets	59.4	71.1
Total current assets	42.3	14.7
Total assets	101.7	85.8
Total long-term liabilities	13.6	1.9
Total current liabilities	27.1	9.1
Total liabilities	40.7	11.0
Fair value of acquired assets and assumed liabilities, net	61.0	74.8
Shares in associated companies	-1.9	-
Goodwill	149.1	170.6
Total purchase consideration transferred	208.2	245.4
Less cash and cash equivalents in acquired companies	-8.9	-3.9
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-15.8	-47.2
Cash flow from acquisition of companies/businesses	183.5	194.3

During 2016, Hexagon acquired the following companies:

- GPS Solutions Inc., an American based software company within high precision positioning
- Paul MacArthur Limited (SCCS), a British supplier of Leica Geosystems surveying equipment
- SigmaSpace Corporation, an American 3D mapping company
- M&P Survey Equipment Ltd, a British supplier of Leica Geosystems surveying equipment
- Forming Technologies Inc. (FTI), a Canadian based provider of manufacturing software solutions
- AICON 3D Systems GmbH, a German based provider of measuring systems for industrial manufacturing
- HostSure Limited, a provider of Cloud Technology and Services to the power and energy sector, based in Ireland
- NESTIX Oy, a provider of data-centric software solutions for managing and optimising steel fabrication, based in Finland
- GeoRadar, a provider of radar solutions for structural health monitoring and underground utility detection, based in Italy
- Multivista, a provider of visual, cloud-based construction documentation solutions, based in Canada and USA
- Apodius GmbH, a start-up specialised in measurement solutions for fibre composite components, based in Germany
- GISquadrat GmbH, a provider of data capture and applications for infrastructure networks and public services, based in Austria
- Micro-Top, a distributor of metrology solutions, based in Romania

The acquisitions are individually assessed as immaterial from a group perspective why only aggregated information is presented. The analysis of the acquired net assets is preliminary and the fair value might be subject to change. Further information related to the acquisitions of SCCS, SigmaSpace Corporation, FTI, AICON 3D Systems, GeoRadar and Multivista is presented in the acquisition analysis on page 16 and 17.

Acquisition analysis

ACQUISITION OF SCCS

As of 13 January 2016, after customary regulatory approvals were received, Hexagon became the owner of SCCS, one of the UK's leading suppliers of surveying equipment to the engineering and infrastructure market and a Leica Geosystems distributor. SCCS offer customers rent, purchase and service options.

Background and reasons for the transaction

As the UK continues to fund major infrastructure projects with more stringent processes related to Building Information Modelling (BIM), collaboration between the construction and software sectors becomes increasingly vital. SCCS's local market expertise and relationships coupled with Hexagon's digital technologies that enable new, data-enabled ways of working will strengthen adoption of Hexagon's solutions in this area.

The goodwill comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognized. Synergies have primarily been identified to arise by increasing Hexagon's total market in excess of SCCS's own market.

From the date of acquisition, SCCS has contributed 19.2 MEUR of net sales during 2016. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 19.2 MEUR.

ACQUISITION OF SIGMASPACE CORPORATION

As of 18 February 2016, after customary regulatory approvals were received, Hexagon became the owner of SigmaSpace, a provider of next-generation technologies used to rapidly deliver high-quality 3D maps of the Earth. SigmaSpace offers a unique LiDAR technology – Single Photon LiDAR (SPL) – which enables 3D data collection at much higher speed and resolution than conventional systems.

Background and reasons for the transaction

Today, accurate and geo-referenced 3D visualisations have become an absolute necessity in real-world situations due to the insight they can provide – from urban planning and emergency services to aviation safety and disaster response. SigmaSpace has been enabling private and government clients, including NASA and the U.S. Department of Defense, respond to the growing need for this kind of data.

The goodwill comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognised. Synergies have primarily been identified to arise by i) combining Geosystems and SigmaSpace's technologies and solutions ii) increasing Hexagon's total market in excess of SigmaSpace's own market.

The acquired intangible assets, were assigned to trademarks that are not subject to amortization and capitalized development expenses with useful lives of 10-12 years. The intangible assets have been valued using a discounted cash flow method.

From the date of acquisition, SigmaSpace has contributed 11.7 MEUR of net sales during 2016. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 13.9 MEUR.

ACQUISITION OF FTI

On 23 March 2016, after customary regulatory approvals were received, Hexagon acquired FTI, a provider of manufacturing software solutions designed to reduce the development time and material costs of sheet metal components. FTI serves original equipment manufacturers (OEMs) and suppliers in the automotive, aerospace, electronics, and appliance industries with sheet metal design, simulation, feasibility and costing solutions.

Background and reasons for the transaction

Sheet metal is used extensively in the production of car bodies, aircraft, electronics enclosures and many other applications. Rapid, cost-efficient design and manufacturing of sheet metal components is key to addressing the rising challenges of manufacturing efficiencies. FTI's technology portfolio coupled with its engineering services and years of expertise in the sheet metal industry, enables customers to validate designs before they go into production and immediately reduce labour and material costs.

The goodwill comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognised. Synergies have primarily been identified to arise by i) combining Manufacturing Intelligence's and FTI's technologies and solutions ii) increasing Hexagon's total market in excess of FTI's own market.

The acquired intangible assets, were assigned to trademarks that are not subject to amortization, capitalized development expenses and customer relationships with useful lives of 12-15 years. The intangible assets have been valued using a discounted cash flow method.

From the date of acquisition, FTI has contributed 6.0 MEUR of net sales during 2016. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 7.2 MEUR.

ACQUISITION OF AICON 3D SYSTEMS

On 30 March 2016, after customary regulatory approvals were received, Hexagon acquired AICON 3D Systems, a leading provider of optical and portable non-contact 3D measuring systems for industrial manufacturing.

Background and reasons for the transaction

AICON meets measurement needs of renowned automotive manufacturers and companies in the aerospace, shipbuilding, renewable energy and mechanical engineering markets. Its technology portfolio includes portable coordinate measuring machines for universal applications and specialised optical 3D measuring systems that enable efficient, high-precision monitoring, quality assurance and control in manufacturing production.

The goodwill comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognised. Synergies have primarily been identified to arise by i) combining Manufacturing Intelligence's and AICON's technologies and solutions ii) increasing Hexagon's total market in excess of AICON's own market.

The acquired intangible assets, were assigned to trademarks that are not subject to amortization, capitalized development expenses and customer relationships with useful lives of 12-15 years. The intangible assets have been valued using a discounted cash flow method.

From the date of acquisition, AICON 3D Systems has contributed 17.0 MEUR of net sales during 2016. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 20.0 MEUR.

ACQUISITION OF GEORADAR

On 14 July 2016, after customary regulatory approvals were received, Hexagon acquired the GeoRadar division of the Italian-based company Ingegneria dei Sistemi S.p.A. The GeoRadar division provides radar solutions for structural health monitoring and underground utility detection.

Background and reasons for the transaction

GeoRadar's structural health monitoring solutions enable engineers to remotely monitor movements and vibrations of the earth. Its underground utility detection solutions provide engineers with dimensional information such as size and location of buried pipes and/or the health condition of roads and rail tracks. GeoRadar's solutions complement Hexagon's reality capture solutions, enriching the portfolio across a wide variety of segments like surveying, construction and mining.

The goodwill comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognised. Synergies have primarily been identified to arise by i) combining Geosystem's and GeoRadar's technologies and solutions ii) increasing Hexagon's total market in excess of GeoRadar's own market.

The acquired intangible assets, were assigned to trademarks that are not subject to amortization, capitalized development expenses and customer relationships with useful lives of 12-15 years. The intangible assets have been valued using a discounted cash flow method.

From the date of acquisition, GeoRadar has contributed 8.9 MEUR of net sales during 2016. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 16.9 MEUR.

ACQUISITION OF MULTIVISTA

On 15 August 2016, after customary regulatory approvals were received, Hexagon acquired Multivista, a leading provider of visual, cloud-based construction documentation solutions.

Background and reasons for the transaction

Multivista's visual construction documentation enables visibility of construction progress throughout the life cycle of a built asset. Its construction photography and video services provide progressive, digital records of ground-up development. The acquisition strengthens Hexagon's breadth of expertise in the changing construction landscape and offers opportunities to augment Multivista's documentation portfolio with 3D reality capture solutions.

The goodwill comprises expected synergies arising from the acquisition and the assembled workforce, which is not separately recognised. Synergies have primarily been identified to arise by i) combining Geosystem's and Multivista's technologies and solutions ii) increasing Hexagon's total market in excess of Multivista's own market.

The acquired intangible assets, were assigned to trademarks that are not subject to amortization, capitalized development expenses and customer relationships with useful lives of 12-15 years. The intangible assets have been valued using a discounted cash flow method.

The acquisition has no significant impact on Hexagon's earnings.

Divestments

MEUR	2016	2015
Carrying value of divested assets and liabilities, net		
Intangible fixed assets	8.7	-
Other fixed assets	1.5	-
Total fixed assets	10.2	-
Total current assets	13.6	-
Total assets	23.8	-
Total long-term liabilities	0.1	-
Total current liabilities	1.7	-
Total liabilities	1.8	-
Carrying value of divested assets and liabilities, net	22.0	-
Capital gain (+) / loss (-)	0.7	-
Total purchase consideration transferred	22.7	-
Less cash and cash equivalents in divested companies	-9.8	-
Cash flow from divestment of companies/businesses	12.9	-

In December 2016, Hexagon divested Prim' Tools Ltd. that was reported within the segment Geospatial Enterprise Solutions.

Condensed Parent Company Income Statement

MEUR	Q4 2016	Q4 2015	2016	2015
Net sales	11.9	5.1	20.2	12.6
Administration cost	-14.1	-14.1	-26.9	-32.0
Operating earnings	-2.2	-9.0	-6.7	-19.5
Earnings from shares in Group companies	-	186.5	-	2,849.1
Interest income and expenses, net	52.4	27.2	43.3	125.4
Group contribution	1.8	-	1.8	-
Earnings before taxes	52.0	204.7	38.4	2,955.1
Taxes	-0.2	0.0	-0.2	0.0
Net earnings	51.8	204.7	38.2	2,955.0

Condensed Parent Company Balance Sheet

MEUR	31/12 2016	31/12 2015
Total fixed assets	7,203.6	7,662.1
Total current receivables	803.3	223.1
Cash and cash equivalents	15.6	24.1
Total current assets	818.9	247.2
Total assets	8,022.5	7,909.3
Total shareholders' equity	4,688.7	4,805.5
Total long-term liabilities	1,469.4	1,775.3
Total short-term liabilities	1,864.4	1,328.5
Total equity and liabilities	8,022.5	7,909.3

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

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 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 net sales
Interest coverage ratio	Earnings after financial items plus financial expenses divided by financial expenses
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries
Net debt	Interest-bearing liabilities including pension liabilities and interest-bearing provisions less cash and cash equivalents
Net indebtedness	Interest-bearing liabilities less interest-bearing current receivables and liquid assets divided by shareholders' equity excluding non-controlling interests
Non-recurring items	Income and expenses that are not expected to appear on a regular basis
Operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and non-recurring items
Operating earnings (EBITDA)	Operating earnings (EBIT 1) excluding amortisation and depreciation of fixed assets
Operating margin	Operating earnings (EBIT1) as a percentage of net sales
Organic growth	Net sales compared to prior period excluding acquisitions and divestments and adjusted for currency exchange movements
Profit margin before taxes	Earnings after financial items as a percentage of net sales
Return on capital employed (12 month average)	Twelve months to end of period earnings after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed. The twelve months average capital employed is based on average quarterly capital employed
Return on shareholders' equity (12 month average)	Twelve months to end of period net earnings excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests last twelve months. The twelve months average shareholders equity is based on quarterly average shareholders equity
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests divided by the number of shares at year-end
Share price	Last settled transaction on Nasdaq Stockholm on the last business day for the period



Hexagon is a leading global provider of information technologies that drive productivity and quality across geospatial and industrial enterprise applications. Hexagon's solutions integrate sensors, software, domain knowledge and customer workflows into intelligent information ecosystems that deliver actionable information. They are used in a broad range of vital industries. Hexagon (Nasdaq Stockholm: HEXA B) has more than 16,000 employees in 46 countries and net sales of approximately 3.1bn EUR. Learn more at hexagon.com.

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim report Q1 2017	2 May 2017
Interim report Q2 2017	27 July 2017
Interim report Q3 2017	31 October 2017
Year-End report 2017	6 February 2018

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 fourth quarter 2016 will be presented on 6 February at 10:00 CET at a telephone conference. Please view instructions at Hexagon's website on how to participate.

CONTACT

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This information is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on February 6 2017.

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.

