

INTERIM REPORT

1 JANUARY - 31 MARCH 2020

FIRST QUARTER

- Net sales decreased by -3 per cent to 889.9 MEUR (916.5). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -7 per cent
- Operating earnings (EBIT1) decreased by -13 per cent to 192.4 MEUR (220.5)
- Earnings before taxes, excluding non-recurring items, amounted to 186.6 MEUR (212.9)
- Net earnings, excluding non-recurring items, amounted to 153.0 MEUR (174.6)
- Earnings per share, excluding non-recurring items, amounted to 0.41 EUR (0.48)
- Operating cash flow increased to 136.9 MEUR (96.3)

MEUR	Q1 2020	Q1 2019	Δ%
Net sales	889.9	916.5	-7 ¹⁾
Gross earnings	571.6	573.3	0
Gross margin, %	64.2	62.6	1.6
Operating earnings (EBITDA) ²⁾	287.2	308.2	-7
EBITDA margin, %	32.3	33.6	-1.3
Operating earnings (EBIT1) ²⁾	192.4	220.5	-13
Operating margin, %	21.6	24.1	-2.5
Earnings before taxes, excluding non-recurring items	186.6	212.9	-12
Non-recurring items (before taxes)	-	-9.7	n.a.
Earnings before taxes	186.6	203.2	-8
Net earnings	153.0	166.5	-8
Net earnings, excl. non-recurring items	153.0	174.6	-12
Earnings per share, EUR	0.41	0.45	-9
Earnings per share, excl. non-recurring items, EUR	0.41	0.48	-15

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

²⁾For definition, see page 16.

COMMENTS FROM THE CEO

"It is without a doubt a challenging and uncertain environment we experience and it changes daily. Fortunately, Hexagon's strong financial position enables us to continuously develop revolutionary solutions that drive our customers efficiency, productivity and quality.

In the light of the COVID-19 pandemic, we initiated measures to accelerate operational efficiencies to support our long-term financial objectives. In the short-term, Hexagon has implemented various actions that include shorter work weeks, furloughs and reductions in discretionary spending. As a long-term measure, a company-wide cost savings programme has been initiated in April which includes structural changes – from reallocating resources to new business opportunities to optimising office locations worldwide – and work force reductions that reflect more enduring changes in market demand and revenue mix.

Hexagon recorded -3 per cent sales growth, -7 per cent organic, in the first quarter largely driven by customer disruptions stemming from the COVID-19 pandemic. China, which was hit first by the pandemic, faced complete shutdowns throughout most of the quarter and organic sales declined by -40 per cent. The virus swiftly spread globally, and by March it was causing production disturbances from government restrictions, primarily in Europe, that negatively impacted demand. Demand shifted dramatically between the geographic regions in the quarter. Hexagon recorded negative organic growth in China and Western Europe whilst the rest of the world grew organically by 4 per cent. The Manufacturing Intelligence and Geosystems divisions were most impacted, recording -14 per cent and -11 per cent organic growth respectively. The PPM and Safety & Infrastructure divisions were more resilient; with PPM recording 8 per cent organic growth, fuelled by solid demand in design and asset information management solutions, and Safety & Infrastructure recording 24 per cent organic growth, supported by strong demand for our new public safety and geospatial mapping solutions. Despite most of our employees working from home since the beginning of March, we continued serving our customers without any major issues. "

– Ola Rollén, President and CEO, Hexagon AB

-3%
SALES
GROWTH

-7%
ORGANIC
GROWTH

22%
OPERATING
MARGIN

GROUP BUSINESS DEVELOPMENT Q1

NET SALES

Net sales decreased by -3 per cent to 889.9 MEUR (916.5). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -7 per cent. Regionally, organic growth was 6 per cent in Americas, -6 per cent in EMEA and -21 per cent in Asia. In Americas, North America recorded mid-single digit organic growth, supported by a solid development in public safety, power and energy and most manufacturing segments. However, the surveying, infrastructure and construction markets declined. South America recorded double-digit organic growth driven by strong demand in Brazil. In EMEA, Western Europe recorded -9 per cent organic growth primarily impacted by the COVID-19 pandemic in Italy, Spain and the UK, where government restrictions and shutdowns impacted demand. Russia and the Middle East recorded favorable organic growth. In Asia, China recorded -40 per cent organic growth, heavily impacted by the COVID-19 pandemic in all business segments. Japan and South Korea recorded solid organic growth, however, South-Eastern Asia and India declined.

EARNINGS

Operating earnings (EBIT1) decreased by -13 per cent to 192.4 MEUR (220.5), which corresponds to an operating margin of 21.6 per cent (24.1). The operating margin (EBIT1) was negatively impacted by the sales decline and currency effects. Operating earnings (EBIT1) were negatively impacted by currency translation effects of -0.1 MEUR and currency transaction effects of -4.6 MEUR. Earnings before taxes amounted to 186.6 MEUR (203.2) and were negatively impacted by currency translation effects of -0.1 MEUR.

FINANCIAL SUMMARY - FIRST QUARTER

MEUR	Net sales			Earnings		
	Q1 2020	Q1 2019	Δ% ¹⁾	Q1 2020	Q1 2019	Δ%
Geospatial Enterprise Solutions	453.8	448.7	-4	102.4	112.4	-9
Industrial Enterprise Solutions	436.1	467.8	-9	92.8	113.9	-19
Net sales	889.9	916.5	-7			
Group cost				-2.8	-5.8	52
Operating earnings (EBIT1)				192.4	220.5	-13
Operating margin, %				21.6	24.1	-2.5
Interest income and expenses, net				-5.8	-7.6	24
Earnings before non-recurring items				186.6	212.9	-12
Non-recurring items				-	-9.7	n.a.
Earnings before taxes				186.6	203.2	-8
Taxes				-33.6	-36.7	8
Net earnings				153.0	166.5	-8

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

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - FIRST QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	6%	Negative	Negative
USD	Strengthened	3%	Positive	Positive
CNY	Weakened	0%	Positive	Negative
EBIT1, MEUR				-0.1

¹⁾Compared to Q1 2019

SALES BRIDGE - FIRST QUARTER

	Net sales ¹⁾
2019, MEUR	916.5
Structure, %	3
Currency, %	1
Organic growth, %	-7
Total, %	-3
2020, MEUR	889.9

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	Q1 2020
South America (4% of sales)	➔
North America (34% of sales)	➔
EMEA excl. Western Europe (8% of sales)	➔
Asia excl. China (16% of sales)	➔
Western Europe (29% of sales)	➔
China (9% of sales)	➔
Total	➔

>8% ➔

0-8% ➔

Negative ➔

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

GEOSPATIAL ENTERPRISE SOLUTIONS – Q1 2020

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 Autonomy & Positioning.

NET SALES

Geospatial Enterprise Solutions (GES) net sales amounted to 453.8 MEUR (448.7). 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 Americas, -6 per cent in EMEA and -18 per cent in Asia. In Americas, North America recorded mid-single digit growth, supported by a strong development in the public safety portfolio. However, surveying, infrastructure and construction and mapping content continued to be weak. South America recorded double-digit growth supported by strong demand for mining solutions. In EMEA, Western Europe recorded -11 per cent organic growth, hampered by government restrictions in several countries related to the COVID-19 pandemic. However, the public safety segment recorded solid growth. Russia, Eastern Europe and the Middle East recorded strong double-digit growth. In Asia, China recorded -40 per cent organic growth, heavily impacted by the COVID-19 pandemic which caused complete shutdowns in many regions throughout most of the quarter. Japan and South Korea recorded strong double-digit organic growth.

Regarding the divisions within GES, Geosystems recorded -11 per cent organic growth, hampered by general weakness in some construction markets and government restrictions following the COVID-19 pandemic. The newly introduced BLK2GO started to contribute to growth, but the launch of BLK247 has been postponed until the third quarter due to the pandemic situation. Mining solutions continued to record favorable organic growth. The Safety & Infrastructure division had a strong quarter, recording 24 per cent organic growth, supported by several new contract wins and continued positive momentum for the recently launched OnCall platform. Autonomy & Positioning recorded -1 per cent organic growth, positively impacted by solid demand in defence and agriculture but adversely impacted by weaker demand in automotive and marine.

EARNINGS

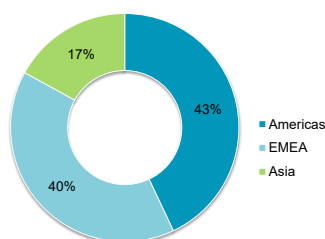
Operating earnings (EBIT1) decreased by -9 per cent to 102.4 MEUR (112.4), which corresponds to an operating margin of 22.6 per cent (25.1). The operating margin (EBIT1) was negatively impacted by the decline in organic growth and currency effects.

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

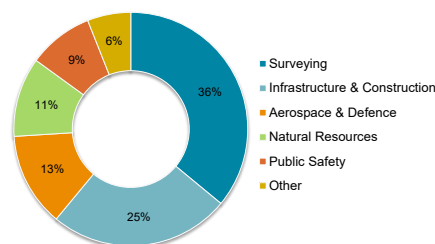
MEUR	Q1 2020	Q1 2019	Δ%
Net sales	453.8	448.7	-4 ¹⁾
Operating earnings (EBIT1)	102.4	112.4	-9
Operating margin, %	22.6	25.1	-2.5
Avg. number of employees	9,068	8,725	4

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

NET SALES PER REGION – FIRST QUARTER



NET SALES PER CUSTOMER SEGMENT - FIRST QUARTER



INDUSTRIAL ENTERPRISE SOLUTIONS – Q1 2020

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 436.1 MEUR (467.8). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -9 per cent. Regionally, organic growth was 5 per cent in Americas, -6 per cent in EMEA and -22 per cent in Asia. In Americas, North America recorded mid-single digit organic growth, supported by a solid development in all segments. South America recorded low-single digit organic growth. In EMEA, Western Europe recorded a mid-single digit decline, due to the impact of government restrictions affecting customer demand. The power and energy segment however, recorded strong growth. Eastern Europe and Russia declined but the Middle East and Africa recorded solid growth. In Asia, China recorded a -39 per cent organic revenue decline, significantly impacted by government restrictions following the COVID-19 pandemic. Japan and India recorded favorable organic growth.

Regarding the divisions within IES, Manufacturing Intelligence recorded -14 per cent organic growth, largely driven by the significant decline in China following the COVID-19 pandemic. North America, however, recorded solid organic growth, supported by a positive development within the aerospace market. The software portfolios were resilient and remained stable. PPM recorded 8 per cent organic growth, supported by a strong development in the design and asset management portfolios in both AEC (architect, engineering and construction) and process industries.

EARNINGS

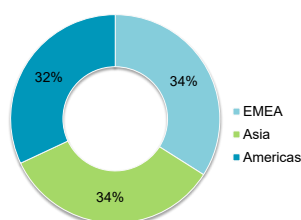
Operating earnings (EBIT1) decreased by -19 per cent to 92.8 MEUR (113.9), which corresponds to an operating margin of 21.3 per cent (24.3). The operating margin (EBIT1) was hampered by the organic revenue decline and currency effects.

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

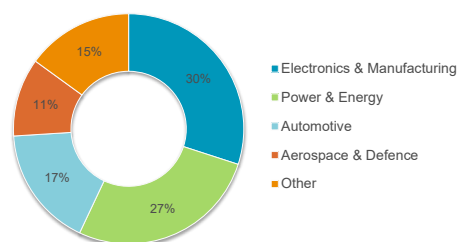
MEUR	Q1 2020	Q1 2019	Δ%
Net sales	436.1	467.8	-9 ¹⁾
Operating earnings (EBIT1)	92.8	113.9	-19
Operating margin, %	21.3	24.3	-3.0
Avg. number of employees	11,374	11,284	1

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

NET SALES PER REGION – FIRST QUARTER



NET SALES PER CUSTOMER SEGMENT – FIRST QUARTER





Hexagon acquired Blast Movement Technologies (BMT), a pioneer in blast movement monitoring and analysis for open pit mines. BMT's technology complements Hexagon's Smart Mine portfolio with solutions for blast information that's used to accurately locate ore, enabling customers to reduce waste and extract greater profit from every blast.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 8,795.3 MEUR (8,292.6). Return on average capital employed for the last twelve months was 11.2 per cent (12.5). Return on average shareholders' equity for the last twelve months was 11.8 per cent (14.5). The capital turnover rate was 0.4 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 6,196.1 MEUR (5,641.6). The equity ratio was 57.7 per cent (55.4). Hexagon's total assets increased to 10,735.7 MEUR (10,187.4). The increase in total assets was driven primarily by acquisitions. Hexagon's main sources of financing consist of:

- 1) A multicurrency revolving credit facility (RCF) established during 2014. The RCF amounts to 2,000 MEUR with maturity 2021
- 2) A Swedish Medium Term Note Programme (MTN) established during 2014. The MTN programme amounts to 15,000 MSEK with tenor up to 5 years
- 3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months.

On 31 March 2020, cash and unutilised credit limits totalled 1,821.1 MEUR (1,761.8). Hexagon's net debt was 2,195.6 MEUR (2,208.1). The net indebtedness was 0.32 times (0.36). Interest coverage ratio was 23.5 times (23.1).

CASH FLOW

During the first quarter, cash flow from operations before changes in working capital amounted to 222.2 MEUR (245.1), corresponding to 0.60 EUR (0.68) per share. Cash flow from operations in the first quarter amounted to 248.6 MEUR (196.5), corresponding to 0.68 EUR (0.54) per share. Operating cash flow in the first quarter, including non-recurring items, amounted to 136.9 MEUR (96.3).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -102.5 MEUR (-90.0) in the first quarter.

Depreciation, amortisation and impairment amounted to -94.8 MEUR (-89.5) in the first quarter, whereof impairment charges amounted to - MEUR (-1.8) in the first quarter.

TAX RATE

The Group's tax expense for the first quarter totalled -33.6 MEUR (-36.7). The reported tax rate was 18.0 per cent (18.1) for the quarter. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter.

EMPLOYEES

The average number of employees during the first quarter was 20,515 (20,085). The number of employees at the end of the quarter was 20,624 (20,272).

SHARE DATA


Earnings per share, including non-recurring items, for the first quarter amounted to 0.41 EUR (0.45). Earnings per share, excluding non-recurring items, for the first quarter amounted to 0.41 EUR (0.48).

On 31 March 2020, equity per share was 16.82 EUR (15.50) and the share price was 424.00 SEK (485.00).

Hexagon's share capital amounts to 81,557,432 EUR, represented by 367,550,802 shares, of which 15,750,000 are of series A with ten votes each and 351,800,802 are of series B with one vote each.

PARENT COMPANY

The parent company's earnings before taxes in the first quarter amounted to 6.6 MEUR (50.7). The equity was 5,130.6 MEUR (4,815.5). The equity ratio of the parent company was 55 per cent (54). Liquid funds including unutilised credit limits were 1,379.9 MEUR (1,369.8).



Hexagon acquired Geopraevent AG, a leading provider of natural hazard monitoring and alarm systems for the early detection and warning of dangerous events such as landslides, rockfalls, and avalanches. Advanced algorithms evaluate data from the various sensing technologies in real time to differentiate between normal and critical trends. In the event of potentially dangerous situations, triggered alarms can not only alert authorities but also automatically close threatened roads and railways as well as warn people in the affected areas within a matter of seconds.

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 2019, see note 1 for further information.

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 2019.

RELATED PARTY TRANSACTIONS

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

SUBSEQUENT EVENTS

On 29 April Hexagon announced a cost savings programme in response to the slowdown in global demand caused by the COVID-19 pandemic. The programme includes structural changes to accelerate operational efficiencies, and reductions in work force to adapt to the changed market conditions. Overall, Hexagon will take a one-off charge of approximately -135 MEUR during the second quarter 2020, with the majority impacting cash flow, which is expected to result in annualised cost savings of approximately 125-150 MEUR by the end of 2020.

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, 29 April 2020
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	Q1 2020	Q1 2019	2019
Net sales	889.9	916.5	3,907.7
Cost of goods sold	-318.3	-343.2	-1,453.7
Gross earnings	571.6	573.3	2,454.0
Sales expenses	-181.4	-185.1	-764.1
Administration expenses	-78.1	-72.4	-322.1
Research and development expenses	-116.6	-107.2	-444.8
Earnings from shares in associated companies	-	-	-
Other income and expenses, net	-3.1	2.2	-30.8
Operating earnings ¹⁾	192.4	210.8	892.2
Financial income	2.5	1.6	6.6
Financial expenses	-8.3	-9.2	-33.5
Earnings before taxes	186.6	203.2	865.3
Taxes	-33.6	-36.7	-156.7
Net earnings	153.0	166.5	708.6
Attributable to:			
Parent company shareholders	152.3	164.9	702.4
Non-controlling interest	0.7	1.6	6.2
¹⁾ of which non-recurring items	-	-9.7	-80.3
Earnings include depreciation, amortisation and impairments of	-94.8	-89.5	-387.7
- of which amortisation of surplus values	-14.2	-12.5	-51.1
Basic earnings per share, EUR	0.41	0.45	1.92
Earnings per share after dilution, EUR	0.41	0.45	1.92
Total shareholder's equity per share, EUR	16.82	15.50	16.50
Closing number of shares, thousands	367,551	362,960	367,539
Average number of shares, thousands	367,544	362,947	364,898
Average number of shares after dilution, thousands	367,544	363,662	365,242

CONDENSED COMPREHENSIVE INCOME

MEUR	Q1 2020	Q1 2019	2019
Net earnings	153.0	166.5	708.6
Other comprehensive income			
Items that will not be reclassified to income statement			
Remeasurement of pensions	-44.7	-0.4	8.7
Taxes on items that will not be reclassified to income statement	4.5	0.0	-1.0
Total items that will not be reclassified to income statement, net of taxes	-40.2	-0.4	7.7
Items that may be reclassified subsequently to income statement			
Exchange rate differences	0.4	123.3	121.9
Taxes on items that may be reclassified subsequently to income statement	6.0	-6.8	-8.7
Total items that may be reclassified subsequently to income statement, net of taxes	6.4	116.5	113.2
Other comprehensive income, net of taxes	-33.8	116.1	120.9
Total comprehensive income for the period	119.2	282.6	829.5
Attributable to:			
Parent company shareholders	118.5	280.4	823.1
Non-controlling interest	0.7	2.2	6.4

CONDENSED BALANCE SHEET

MEUR	31/3 2020	31/3 2019	31/12 2019
Intangible fixed assets	7,868.8	7,262.9	7,631.3
Tangible fixed assets	485.8	449.3	485.3
Right-of-use assets	218.0	229.8	223.2
Financial fixed assets	67.3	59.0	56.3
Deferred tax assets	84.3	104.0	86.1
Total fixed assets	8,724.2	8,105.0	8,482.2
Inventories	432.2	431.7	409.3
Accounts receivable	931.2	953.8	999.2
Other receivables	97.2	105.8	98.4
Prepaid expenses and accrued income	147.3	148.2	143.2
Total current receivables	1,175.7	1,207.8	1,240.8
Cash and cash equivalents	403.6	442.9	468.3
Total current assets	2,011.5	2,082.4	2,118.4
Total assets	10,735.7	10,187.4	10,600.6
Equity attributable to parent company shareholders	6,182.3	5,625.6	6,063.8
Equity attributable to non-controlling interest	13.8	16.0	13.1
Total shareholders' equity	6,196.1	5,641.6	6,076.9
Interest bearing liabilities	1,791.9	2,037.4	1,831.3
Lease liabilities	163.8	172.8	168.3
Other liabilities	187.7	166.6	157.7
Pension liabilities	141.8	109.7	97.2
Deferred tax liabilities	446.1	464.9	457.8
Other provisions	9.7	8.8	9.7
Total long-term liabilities	2,741.0	2,960.2	2,722.0
Interest bearing liabilities	440.1	271.9	425.9
Lease liabilities	61.6	59.2	61.3
Accounts payable	211.4	210.1	226.2
Other liabilities	290.3	281.0	289.2
Other provisions	26.1	17.8	36.5
Deferred income	504.9	454.8	463.1
Accrued expenses	264.2	290.8	299.5
Total short-term liabilities	1,798.6	1,585.6	1,801.7
Total equity and liabilities	10,735.7	10,187.4	10,600.6

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	Q1 2020	Q1 2019	2019
Opening shareholders' equity	6,076.9	5,319.2	5,319.2
Total comprehensive income for the period¹⁾	119.2	282.6	829.5
New share issues, warrants exercised - net of issuance costs	0.0	1.2	118.1
New share issue in progress	-	38.7	32.9
Dividend	-	-0.1	-222.8
Closing shareholders' equity²⁾	6,196.1	5,641.6	6,076.9
1) Of which: Parent company shareholders	118.5	280.4	823.1
Non-controlling interest	0.7	2.2	6.4
2) Of which: Parent company shareholders	6,182.3	5,625.6	6,063.8
Non-controlling interest	13.8	16.0	13.1

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	-	4,614,610	4,614,610
2019-12-31 Total issued and outstanding	15,750,000	351,789,302	367,539,302
New issue, warrants exercised	-	11,500	11,500
2020-03-31 Total issued and outstanding	15,750,000	351,800,802	367,550,802

Each share of series A carries entitlement to ten votes and each share of series B carries entitlement to one vote.

CONDENSED CASH FLOW STATEMENT

MEUR	Q1 2020	Q1 2019	2019
Cash flow from operations before change in working capital excluding taxes and interest	282.7	304.4	1,321.7
Taxes paid	-56.1	-53.5	-173.2
Interest received and paid, net	-4.4	-5.8	-23.0
Cash flow from operations before change in working capital	222.2	245.1	1,125.5
Cash flow from change in working capital	26.4	-48.6	-21.9
Cash flow from operations	248.6	196.5	1,103.6
Investments tangible assets, net	-27.4	-22.1	-114.0
Investments intangible assets	-75.1	-67.9	-285.1
Operating cash flow before non-recurring items	146.1	106.5	704.5
Non-recurring cash flow ¹⁾	-9.2	-10.2	-41.3
Operating cash flow	136.9	96.3	663.2
Cash flow from acquisitions and divestments	-145.6	-25.7	-349.8
Cash flow from other investing activities	-11.9	-4.9	-5.4
Cash flow after other investing activities	-20.6	65.7	308.0
Dividends paid	-	-0.1	-222.8
New share issues, warrants exercised - net of issuance costs	-	39.9	151.0
Cash flow from other financing activities	-45.2	-61.4	-166.3
Cash flow for the period	-65.8	44.1	69.9
Cash and cash equivalents, beginning of period	468.3	394.6	394.6
Effect of translation differences on cash and cash equivalents	1.1	4.2	3.8
Cash flow for the period	-65.8	44.1	69.9
Cash and cash equivalents, end of period	403.6	442.9	468.3

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

KEY RATIOS

MEUR	Q1 2020	Q1 2019	2019
Operating margin, %	21.6	24.1	24.9
Profit margin before taxes, %	21.0	22.2	22.1
Return on shareholders' equity, 12-month average, %	11.8	14.5	12.3
Return on capital employed, 12-month average, %	11.2	12.5	11.7
Equity ratio, %	57.7	55.4	57.3
Net indebtedness	0.32	0.36	0.31
Interest coverage ratio	23.5	23.1	26.8
Average number of shares, thousands	367,544	362,947	364,898
Basic earnings per share excl. non-recurring items, EUR	0.41	0.48	2.11
Basic earnings per share, EUR	0.41	0.45	1.92
Cash flow per share, EUR	0.68	0.54	3.02
Cash flow per share before change in working cap, EUR	0.60	0.68	3.08
Share price, SEK	424.00	485.00	525.00
Share price, translated to EUR	38.33	46.64	50.25

SUPPLEMENTARY INFORMATION

NET SALES PER SEGMENT

MEUR	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Geospatial Enterprise Solutions	453.8	514.9	473.8	496.8	448.7	1,934.2
Industrial Enterprise Solutions	436.1	544.0	482.5	479.2	467.8	1,973.5
Group	889.9	1,058.9	956.3	976.0	916.5	3,907.7

OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Geospatial Enterprise Solutions	102.4	134.6	118.4	126.9	112.4	492.3
Industrial Enterprise Solutions	92.8	147.8	124.0	119.5	113.9	505.2
Group costs	-2.8	-5.4	-6.6	-7.2	-5.8	-25.0
Group	192.4	277.0	235.8	239.2	220.5	972.5
Margin, %	21.6	26.2	24.7	24.5	24.1	24.9

NET SALES BY REGION

MEUR	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
EMEA	330.9	406.4	340.1	372.4	343.7	1,462.6
Americas	336.3	376.8	350.9	347.1	297.4	1,372.2
Asia	222.7	275.7	265.3	256.5	275.4	1,072.9
Group	889.9	1,058.9	956.3	976.0	916.5	3,907.7

EXCHANGE RATES

Average	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
SEK/EUR	0.0938	0.0939	0.0938	0.0942	0.0960	0.0944
USD/EUR	0.9067	0.9033	0.8994	0.8897	0.8803	0.8934
CNY/EUR	0.1299	0.1282	0.1282	0.1304	0.1305	0.1293
CHF/EUR	0.9373	0.9119	0.9124	0.8879	0.8831	0.8989
Closing	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
SEK/EUR	0.0904	0.0957	0.0935	0.0947	0.0962	0.0957
USD/EUR	0.9127	0.8902	0.9184	0.8787	0.8901	0.8902
CNY/EUR	0.1286	0.1279	0.1286	0.1279	0.1326	0.1279
CHF/EUR	0.9447	0.9213	0.9219	0.9005	0.8944	0.9213

ACQUISITIONS

MEUR	Q1 2020	Q1 2019
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	28.0	3.5
Other fixed assets	1.5	0.5
Total fixed assets	29.5	4.0
Total current assets	12.5	7.0
Total assets	42.0	11.0
Total long-term liabilities	-7.6	0.5
Total current liabilities	-5.9	-3.1
Total liabilities	-13.5	-2.6
Fair value of acquired assets and assumed liabilities, net	28.5	8.4
Goodwill	164.2	38.4
Total purchase consideration transferred	192.7	46.8
Less cash and cash equivalents in acquired companies	-6.3	-2.0
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-40.8	-19.1
Cash flow from acquisition of companies/businesses	145.6	25.7

During the first quarter 2020, Hexagon acquired the following companies:

- Blast Movement Technology, a developer of blast movement monitoring and analysis solutions for open pit mines
- Geopraevent AG, a provider of natural hazard monitoring and alarm systems
- CAEfatigue Limited, a provider of mechanical fatigue simulation solutions
- Alas Ing SA, a distributor of Hexagon PPM solutions

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 210.0 MEUR (186.5) as of 31 March, whereof the fair value adjustment in 2020 amounted to 2.2 MEUR (3.0). 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.

In the first quarter of 2020, Hexagon entered into an agreement to acquire Romax Technology, a provider of Computer Aided Engineering (CAE) software for electromechanical drivetrain design and simulation, and COWI's mapping business, which provides airborne surveying and spatial data processing. Revenues in 2019 amounted to 27 MEUR and 14 MEUR respectively. Completion of both transactions (closing) are subject to standard regulatory approvals which are expected in the second quarter of 2020.

ACQUISITION OF BLAST MOVEMENT TECHNOLOGIES

In January 2020, Hexagon acquired Blast Movement Technology (BMT), a pioneer in blast movement monitoring and analysis solutions for open pit mines. Through a combination of sensors and software, BMT's solution provides customers with accurate blast information that is used to improve the recovery of a mine's resources. In 2019 BMT generated revenues of 19 MEUR.

Background and reasons for the transaction

The ability to accurately track blast movement is a huge benefit for mines striving to be smarter and more sustainable. It's a highly variable process that can cost mines millions of dollars in lost revenue per year from ore loss - where valuable ore is sent to the waste pile, and dilution - where waste is sent to the mill. BMT complements Hexagon's Smart Mine portfolio, further closing the drill and blast loop for customers, and ultimately, improving their ability to measure, manage and improve mining operations from pit to plant

From the date of acquisition, BMT has contributed 5.9 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 5.9 MEUR. The contribution to the group operating margin has been accretive.

CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q1 2020	Q1 2019	2019
Net sales	4.3	4.5	17.6
Administration cost	-3.4	-5.2	-49.9
Operating earnings	0.9	-0.7	-32.3
Earnings from shares in Group companies	-	-	399.6
Interest income and expenses, net	5.7	51.4	129.1
Appropriations	-	-	-30.0
Earnings before taxes	6.6	50.7	466.4
Taxes	0.7	-10.7	-14.2
Net earnings	7.3	40.0	452.2

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/3 2020	31/3 2019	31/12 2019
Total fixed assets	7,614.2	7,635.9	7,900.2
Total current receivables	1,626.3	1,147.4	1,545.0
Cash and cash equivalents	10.5	70.1	60.9
Total current assets	1,636.8	1,217.5	1,605.9
Total assets	9,251.0	8,853.4	9,506.1
Total shareholders' equity	5,130.6	4,815.5	5,123.2
Untaxed reserves	38.7	18.3	41.0
Total long-term liabilities	1,786.4	2,031.0	1,825.6
Total short-term liabilities	2,295.3	1,988.6	2,516.3
Total equity and liabilities	9,251.0	8,853.4	9,506.1

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 3.9bn EUR. Learn more at [hexagon.com](https://www.hexagon.com) and follow us [@HexagonAB](https://twitter.com/HexagonAB).

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim Report Q2 2020	24 July 2020
Interim Report Q3 2020	28 October 2020
Year-End Report 2020	3 February 2021

FINANCIAL INFORMATION

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

TELEPHONE CONFERENCE

The Interim Report for the first quarter 2020 will be presented on 29 April at 14:00 CET at a telephone conference.

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

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This 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 13:00 CET on 29 April 2020.

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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