

Year-end Report

January 1st – December 31st, 2003

Fourth Quarter 2003

- Net sales were 1 826 MSEK (1 931). Using fixed exchange rates and a comparable group structure, net sales increased by 1 per cent.
- Earnings after taxes increased by 16 per cent to 88 MSEK (76).
- Earnings per share increased by 16 per cent to 4.76 SEK (4.11).
- Cash flow per share increased by 28 per cent to 9.30 SEK (7.25)

January – December 2003

- Net sales increased by 2 per cent to 7 103 MSEK (6 997). Using fixed exchange rates and comparable group structure, net sales increased by 6 per cent.
- Earnings after taxes increased by 18 per cent to 221 MSEK (187).
- Earnings per share increased by 11 per cent to 11.95 SEK (10.74).
- Cash flow per share increased by 35 per cent to 23.79 SEK (17.64).
- The Board of Directors proposes an unchanged dividend of 4.60 SEK per share (4.60). In addition, the Board of Directors proposes the Hexagon shareholding in VBG AB to be distributed to the shareholders, equivalent to 8 SEK per Hexagon share at current market value.

Forecast 2004

- Earnings are expected to exceed earnings for 2003 by at least 15 per cent per share.

	Fourth Quarter				Full year			
	2003	2002	Change		2003	2002	Change	
			Recorded	Adjusted			Recorded	Adjusted
Order intake	1 830	1 885	-3 %	3 %	7 126	6 959	2 %	6 %
Net sales	1 826	1 931	-5 %	1 %	7 103	6 997	2 %	6 %
EBITA	152	170	-11 %	-2 %	480	511	-6 %	4 %
Margin %	8.3	8.8	-0.5	0	6.8	7.3	-0.5	-0.1
EBIT 1	136	146	-7 %	1 %	406	421	-4 %	8 %
Earnings before taxes, excl. non-recurring items	116	120	-3 %	6 %	323	304	6 %	20 %
Earnings before taxes	116	125	-7 %	2 %	323	319	1 %	15 %
Earnings after taxes	88	76	16 %	26 %	221	187	18 %	34 %
Earnings per share	4.76	4.11	16 %	26 %	11.95	10.74	11 %	26 %
Cash flow per share	9.30	7.25	28 %		23.79	17.64	35 %	

For further information, please call:

Ola Rollén, CEO, Hexagon AB, Phone +46 8-601 26 20
Håkan Halen, CFO, Hexagon AB, Phone +46 8-601 26 20

The Year-end Report will be presented Tuesday 17 February 2004 at 16.00 hrs CET at a telephone conference, please see instructions at www.hexagon.se.

Subscription to Hexagon's financial information is available at www.hexagon.se.

Hexagon AB (publ), Registration No: 556190-4771
Box 1112
S-131 26 Nacka Strand

Phone +46 8-601 26 20 Fax +46 8-601 26 21
www.hexagon.se
postmaster@hexagon.se

Hexagon is a multinational engineering technology group with the ambition to become number 1 or number 2 in its strategic businesses. The group's targets are to increase earnings per share after tax by at least 15 per cent p.a., and achieve a return on capital employed of more than 15 per cent over a business cycle.

Business trends during 2003

During the year, the global engineering sector has been exposed to dramatic changes in trading conditions. Demand for investment related products in Europe has been weak, in spite of record low interest rates. The sharp decrease of the US Dollar (-17 per cent during 2003) has resulted in a reduced competitiveness for the European export industry while the competitiveness for Asian manufacturers simultaneously has strengthened as the currencies in the region are pegged to the US dollar. The Demand for investment related products in NAFTA has improved three consecutive quarters in a row.

Despite the global changes Hexagon Metrology and Hexagon Polymers performed very well. Using fixed exchange rates, Hexagon Metrology's operating earnings (EBITA) increased by 21 per cent to 286 MSEK (236). Thanks to the expansion of the rubber compounding business, Hexagon Polymers increased its operational earnings (EBITA) to 99 MSEK (87). Hexagon Engineering is the Business Area, which has suffered the most from the weak European market. However, intensified focus on niche products increased the order intake during the fourth quarter, which heads for a recovery during 2004. Altogether, Hexagon strengthened its market position during the year. The organic growth, adjusted for currency and structural changes, was 6 per cent. Earnings before taxes, excluding non-recurring items and adverse currency effects, increased by 20 per cent. Hexagon has not hedged its earnings by the use of currency forward contracts, why the increase in earnings including currency effects was 6 per cent.

Earnings after taxes increased by 18 per cent to 221 MSEK (187), which corresponds to an earnings per share increase of 11 per cent to 11,95 SEK (10,74). Apart from the development of the operations during the year, currency movements and dilution effects from last year's new share issue affected the earnings per share adversely.

The table below shows that the underlying growth of the business during the year increased earnings per share by 3.68 SEK, or 34 per cent compared to 2002. The number of shares increased as a result of the new share issue carried through in 2002, why the dilution effect was 0.74 SEK per share. As a consequence of the sharp decline of the US dollar, earnings per share were affected by a negative currency effect of 1.73 SEK. In total, earnings per share after taxes increased by 11 per cent to 11.95 SEK.

	SEK	SEK	Per cent
Earnings per share after taxes 2002	10.74		
Growth in earnings after taxes		3.68	34 %
Dilution effect		-0.74	-7 %
Currency effect		-1.73	-16 %
Earnings per share after taxes 2003	11.95		11 %

Fourth quarter 2003 - Earnings, Net sales and Order Intake

The fourth quarter was characterised by a continuing recovery in North America while the European market remained weak. In Asia the very strong growth pace continued. The order intake for the business area Hexagon Engineering increased again thanks to the intensified focus on niche products that are less sensitive to economic fluctuations.

Order intake amounted to 1 830 MSEK (1 885) and net sales amounted to 1 826 MSEK (1 931). Using fixed exchange rates and a comparable group structure, order intake increased by 3 per cent and net sales by 1 per cent.

Operating earnings excluding amortisation of goodwill (EBITA) amounted to 152 MSEK (170), which corresponds to an operating margin of 8 per cent (9). Due to exchange rate fluctuations operating earnings were negatively affected by 14 MSEK.

Operating earnings before financial net, excluding capital gains and non-recurring items (EBIT 1) were 136 MSEK (146). Including these items, earnings (EBIT 2) amounted to 136 MSEK (151). The earnings were negatively affected by 12 MSEK, due to exchange rate fluctuations.

Earnings before taxes amounted to 116 MSEK (125), which corresponds to a margin of 6 per cent (6). Earnings were negatively affected by 11 MSEK, due to exchange rate fluctuations.

Earnings after taxes increased by 16 per cent to 88 MSEK (76), which corresponds to earnings per share of 4.76 SEK (4.11).

Cash flow increased by 28 per cent to 172 MSEK (134) during the quarter, which corresponds to 9.30 SEK per share (7.25).

	2003					2002				
(MSEK)	Q 1	Q 2	Q 3	Q 4	2003	Q 1	Q 2	Q 3	Q 4	2002
Order intake	1 907	1 759	1 630	1 830	7 126	1 621	1 778	1 675	1 885	6 959
Net sales	1 847	1 825	1 605	1 826	7 103	1 689	1 788	1 589	1 931	6 997
EBITA *)	115	126	87	152	480	110	143	88	170	511
Margin, %	6.2	6.9	5.4	8.3	6.8	6.5	8.0	5.5	8.8	7.3
EBIT 1 **)	95	107	68	136	406	88	121	66	146	421
Margin, %	5.1	5.9	4.2	7.4	5.7	5.2	6.8	4.1	7.6	6.0
EBIT 2 ***)	95	107	68	136	406	88	123	74	151	436
PBT ****)	70	87	50	116	323	57	92	45	125	319

* = Earnings before financial items, tax, capital gains, non-recurring items and amortization on goodwill

** = Earnings before financial items, tax, capital gains and non-recurring items.

*** = Earnings before financial items and tax

**** = Earnings before tax

January 1st – December 31st 2003 – Earnings, Net Sales and Order Intake

Order intake increased by 2 per cent and amounted to 7 126 MSEK (6 959). Net sales rose by 2 per cent and amounted to 7 103 MSEK (6 997). Using fixed exchange rates and a comparable group structure order intake and net sales increased by 6 per cent.

Operating earnings excluding amortisation of goodwill (EBITA) amounted to 480 MSEK (511), which corresponds to a margin of 7 percent (7). Operating earnings were adversely affected by 53 MSEK, due to exchange rate fluctuations.

Operating earnings excluding capital gains and non-recurring items (EBIT 1) amounted to 406 MSEK (421), which corresponds to an operating margin of 6 per cent (6). Including these items, earnings (EBIT 2) amounted to 406 MSEK (436). Hexagon has not accounted for any gains from currency exchange rate contracts during the year, why the strengthened SEK had a full impact on earnings with a negative effect on earnings before taxes of 47 MSEK.

Earnings before taxes, excluding capital gains and non-recurring items, increased by 6 per cent to 323 MSEK (304). Including these items, earnings before taxes increased to 323 MSEK (319), which corresponds to a margin of 5 per cent (5). These earnings were negatively affected by 43 MSEK, due to exchanged rate fluctuations.

Earnings after taxes increased by 18 per cent to 221 MSEK (187), which corresponds to earnings per share of 11.95 SEK (10.74).

Profitability

The Group's capital employed, defined as total assets less non-interest bearing liabilities, decreased to 4 300 MSEK (4 505). Return on average capital employed excluding goodwill was 15 per cent (17). Return on average capital employed was 10 per cent (10). The capital turnover rate was 1.6 times (1.6).

Return on average shareholders' equity excluding amortisation of goodwill amounted to 13 per cent (14). Return on average shareholders' equity was 10 per cent (9).

Group financial position

Shareholders' equity amounted to 2 272 MSEK (2 194). The equity ratio was 39 per cent (36). The Group's total assets decreased to 5 926 MSEK (6 218).

On December 31st, cash, including non-utilised credit limits, amounted to 977 MSEK (1 196). The Group's net debt decreased during the year by 372 MSEK and amounted to 1 762 MSEK (2 134). The net indebtedness decreased to 0.78 times (0.97). Interest coverage ratio was 4.2 times (3.4).

Cash flow

Cash flow from operations, before changes in working capital, increased by 38 per cent to 534 MSEK (388), which corresponds to 28.88 SEK per share (22.29). Cash flow from operations increased by 43 per cent to 440 MSEK (307), which corresponds to 23.79 SEK per share (17.64). The operating cash flow increased to 214 MSEK (40).

Investments and Depreciation

The Group's net investments, excluding acquisitions, amounted to 226 MSEK (267). Depreciation for the year amounted to 305 MSEK (298) of which 74 MSEK (90) was amortisation of goodwill.

In December a decision to make an investment, in a flexible press line for sheet metal parts to the automotive industry's aftermarket costing approx. 70 MSEK over a two-year period, was taken. This investment will make EBP in Olofström, a company within the business area Engineering, one of Europe's most competitive suppliers of sheet metal parts, with a complete package solution of stamping, assembly, painting and final packaging

Divestitures and Acquisitions

Divestitures

No divestitures were made during the year.

Joint Venture

On June 27th Hexagon and Boliden formed a new joint-venture company, Boliden Nordic Brass AB, which is a merger between, the by Hexagon owned subsidiary, Nordic Brass AB and Boliden Gusum AB. The annual turnover of the new brass company is estimated to 500 MSEK. By concentrating the production to one plant, significant synergies will be achieved which creates the prerequisites to operate a brass business with long-term profitability, and meet the ever-increasing competition from the European brass industry in particular. The new company started to operate on September 1st. Hexagon will report its share in the new company on an operational basis within the business area Hexagon Engineering.

Acquisitions

During the month of April Hexagon's Swiss subsidiary TESA S.A. acquired the French company Sud Mesure S.A. Through this acquisition TESA will be able to expand its business into the non-contact metrology area and continue to develop Sud Mesure's manual 3-Dimensional vision machine.

During the month of December Hexagon Metrology entered into an agreement to acquire an additional 15 per cent in each of the Chinese subsidiaries Qingdao Brown & Sharpe Quinshao Technology Co Ltd and Qingdao Brown & Sharpe Trading Co Ltd. Hexagon is hereby in control of 90 per cent of the capital in the companies. The remaining 10 per cent is owned by a Chinese state owned company.

Group Tax Rate

The Group's income tax amounted to 89 MSEK (122), which corresponds to a tax rate of 28 per cent (38). Adjusted for one-off effects the tax rate was 30 per cent (31). The tax cost is affected by amortisation of goodwill, which is not fully tax deductible, as well as the fact that a considerable part of the Group's earnings are generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden.

Workforce

The average number of employees in the Group were 5 401 (5 428) during the year. The number of employees abroad has increased to 64 per cent (63). The number of employees were 5 536 (5 674) by the end of the year. The decrease in number of employees during the year is primarily due to the creation of Boliden Nordic Brass.

Business areas

Net sales and operating earnings by business area.

(MSEK)	Net sales		Earnings	
	2003 Full year	2002 Full year	2003 Full year	2002 Full year
Hexagon Automation	2 227	2 248	102	106
Hexagon Engineering	1 461	1 551	52	89
Hexagon Metrology	2 569	2 564	237	236
Hexagon Polymers	873	673	99	87
Share of earnings in associated companies	-	-	14	15
Group costs and adjustments	-27	-39	-24	-22
EBITA			480	511
Amortisation of goodwill			74	-90
EBIT 1			406	421
Per cent of net sales			5.7 %	6.0%
Capital gain			-	46
Non-recurring items			-	-31
EBIT 2			406	436
Net financial income			-83	-117
The Group	7 103	6 997	323	319

Hexagon Automation

The business area is focused on products and services, and includes a range of components and systems as well as aftermarket services within hydraulics, pneumatics, electronics, flow control, lubrication systems, and electric and control systems. The customers are found within a great variety of in-

dustries – for example wind power, offshore, pulp and paper, processing, engineering, the automotive industry and materials handling.

Order intake was 2 199 MSEK (2 204). Sales were 2 227 MSEK (2 248). Operating earnings (EBITA) amounted to 102 MSEK (106), which corresponds to an operating margin of 5 per cent (5)

The market for hydraulics in Sweden and Finland has improved during the year, but the lack of larger capital investment projects remains. The business climate in Denmark was weak but the important wind power sector continued to expand, although at a lower pace than in 2002. In Norway, the market for hydraulics diminished during the year, but there has been a slight stabilization during the second half of the year. Significant disturbances occurred in connection with the relocation of the Danish company Systemteknik's two operations into common premises, causing a negative effect on earnings between the years of approx. 17 MSEK. Despite the weak development of the market and the disturbances within Systemteknik, the business area managed to maintain its level of earnings.

Hexagon Engineering

The Business area is focused on selling key components and systems to customers within the automotive, engineering and construction industries.

Order intake was 1 533 MSEK (1 535) and net sales was 1 461 MSEK (1 551). At a comparison between the years, sales have been affected adversely by 110 MSEK due to the creation of Boliden Nordic Brass. Operating earnings (EBITA) decreased to 52 MSEK (89), which corresponds to an operating margin of 4 per cent (6).

During the year the market conditions have been very diverse between the different operations within the business area. Apart from the weak demand, parts of the operation are affected negatively by increased competition from low-cost countries. The latter has mainly influenced sales of moulds and dies to the automotive and engineering industries. Order intake during the fourth quarter shows that the focus on niche products has begun to pay off. A number of structural changes in 2004 are being planned in order to increase the business area's profitability.

Hexagon Metrology

The business area is the world leader within the metrology industry, with production of coordinate measurement machines (CMM's) and hand tools at seven plants in different parts of the world. Extensive aftermarket services are fulfilled via some 30 regional so called Precision Centres, with responsibility for upgrades of machines and software, training, contracted maintenance and other services. The largest customers are found within the automotive industry including its sub-suppliers, aviation, aerospace and defence related industries, engineering and electronics, computing and medical industries.

Order intake for the business area was 2 505 MSEK (2 547) and sales were 2 569 MSEK (2 564). Using fixed exchange rates, sales increased by 9 per cent. Operating earnings (EBITA) amounted to 237 MSEK (236), which corresponds to an operating margin of 9 per cent (9). EBITA was negatively affected by 49 MSEK due to the movements in exchange rates. Using fixed exchange rates, the operating margin would have been 10 per cent (9).

The total market for coordinate measurement machines (CMM's) is believed to have grown, and the business area has strengthened its market position during the year. The North American market has stabilised and sales, in local currencies, have increased by 13 per cent during the year. The European market is continuously weak and sales decreased by 3 per cent. The Asian market continues to grow

rapidly and sales increased, in local currencies, by more than 50 per cent. Sales of aftermarket services and software are still very strong. The market for hand tools recovered slightly during the year.

The EMS software programme, which is being commercialised during 2004, is developing according to plan.

Hexagon Polymers

The business area operates within four product areas; gaskets for plate heat exchangers, rubber and plastic wheels for fork lift trucks, track drive applications, semi-finished rubber compounds and extrusions. The main customers are major international OEM's active within the areas of plate heat exchangers, forklifts, materials handling equipment and cable manufacturing.

Order intake within the business area increased to 889 MSEK (673) and net sales increased by 30 per cent to 873 MSEK (673). Operating earnings (EBITA) increased to 99 MSEK (87) corresponding to an operating margin of 11 per cent (13). The decreased margin is mainly due to the higher proportion of rubber compounds, due to the acquisition of GFD during 2002, with a lower margin than other products within the business area.

Despite a continuously weak business climate, the volume development has been positive within all operations. This has resulted in a continued market share growth. The business area's expansion plans for rubber compounds have been outlined during the year, which should result in an excellent development of this segment during 2004.

Associated companies

Associated companies are principally VBG AB. Associated companies contribute to Hexagon's operating earnings by 11 MSEK (12), in accordance with the equity method.

Parent company

The parent company's earnings after financial items amounted to -18 MSEK (-39). The equity ratio of the parent company was 34 per cent (35). The shareholders' equity including the equity portion of untaxed reserves amounted to 1 622 MSEK (1 701). Liquid assets, including unutilised credit limits, amounted to 690 MSEK (867).

Restructuring provisions

The restructuring provisions were 30 MSEK at the beginning of the year. During the year 22 MSEK (123) have been utilised, whereof 16 MSEK (84) is personnel related.

Share data

The total number of shares at the end of the year were 18 491 477. Earnings per share after taxes were 11.95 SEK (10.74). Equity per share on 31 December 2003 had increased to 122.87 SEK (118.65) and the share price was 196 SEK (138).

Proposed Dividend

On May 5th the Board of Directors will propose the AGM to decide upon an unchanged dividend of 4.60 SEK per share (4.60). This corresponds to a total dividend of 85 MSEK (85). The dividend represents 38 per cent (46) of net earnings after taxes. The proposed reconciliation day is May 10, 2004. VPC expects to pay out the dividend on May 13, 2004.

In addition to the regular dividend, the Board of Directors will propose the AGM to decide on an extra dividend to the shareholders, consisting of Hexagon's total holding of 1.404.823 shares, class B, in the O-listed company VBG AB. The consequences for Hexagon as well as the individual shareholders

will be described in writing prior the Annual General Meeting. Using today's share price of VBG, this dividend corresponds to 8 SEK per Hexagon share.

Accounting principles

This Year-End Report is prepared in compliance with the Swedish Financial Accounting Standards Council's recommendation RR20, Interim reporting. As of January 1st, 2003 a number of accounting recommendations from the Swedish Financial Accounting Standards Council became applicable. The Application of these standards has not lead to any recalculation of reported earnings or equity. In all other respects, the accounting principles and calculation methods remain unchanged compared to those applied in the latest Annual Report.

Effective January 1st, 2004, Hexagon will use The Swedish Financial Accounting Standards Council's recommendation RR29 "Employee Benefits", which is based on IAS 19. The adoption of this recommendation will have a marginal effect on the Group's equity as of January 1st, 2004. Hexagon will report important key figures according to the rules, which will be effective from 2005, in parallel with current rules during 2004.

Stock Options

During 2000 Hexagon introduced a Stock Option Programme. After the cancellation of the warrants possessed by the Group on 1 July 2003, the programme comprises 648 500 warrants, which gives the right to subscribe for in total 706 217 new series B shares in the Company at a subscription rate of 184:55 SEK until 31 May 2005 inclusive. The subscription rights have been transferred at market value.

At an Extraordinary General Meeting in Hexagon AB on 23 September 2003 it was decided to introduce a Stock Option Programme addressed to key personnel. The programme includes in total 500 000 options. Each warrant entitles the holder the right to subscribe for one new series B share during the period 1st October 2003 until 30th September 2006 at 250 SEK. The subscription rights are transferred at market value, and the assignment will take place during the first quarter 2004.

The dilution effect upon full exercise of these Stock Option Programmes corresponds to approx. 6.1 per cent of the share capital and 4.1 per cent of the votes. The dilution effect in earnings per share will be marginal.

Outlook

During 2003 Hexagon has further strengthened its market position, product portfolio and organisation to enable further growth. Our financial target of an increase in earnings per share after taxes by at least 15 per cent p.a. remains.

Financial information

External financial information will be published on the Group's website, www.hexagon.se, as soon as it has become public.

General Annual Meeting: 5 May 2004
Interim Report Q1: 5 May 2004
Interim Report Q2: 10 August 2004
Interim Report Q3: 28 October 2004

Annual Report and Annual General Meeting

The Annual Report for fiscal 2003 will be distributed to the shareholders during week 16. It will also be available at Hexagon's head office.



The Annual General Meeting will be held on May 5th 2004, at 17.00 CET at IVA, Ingenjörsvetenskapsakademien, Grev Turegatan 14, Stockholm, Sweden. Shareholders who wants to attend the meeting must be registered at VPC's share register no later than on April 25th 2004 and must also notify Hexagon AB in advance no later than on April 29th 2004, at 12.00 CET.

Shareholders with nominee-registered holdings must temporarily re-register their holdings in their own name no later than 25th April 2004.

Nacka Strand, Sweden, 17th February 2004

HEXAGON AB (publ)

Ola Rollén
President & C.E.O.

This Year-end report has not been audited by the Company Auditors.

Consolidated Income Statement - Summary

(MSEK)	2003 Q4	2002 Q4	2003 Full year	2002 Full year
Net sales	1 826	1 931	7 103	6 997
Costs of goods sold	-1 342	-1 371	-5 282	-5 134
Gross Profit	484	560	1 821	1 863
Sales expenses, administration costs, etc	-337	-395	-1 361	-1 367
Earnings from shares in associated companies	5	5	20	15
Earnings before amortisation of goodwill	152	170	480	511
Amortisation of goodwill	-16	-24	-74	-90
Non-recurring items	-	-	-	-31
Capital gains on shares in group companies	-	5	-	7
Capital gains on shares in associated companies	-	-	-	3
Operating earnings	136	151	406	400
Financial revenue and expenses	-20	-26	-83	-117
Earnings from other securities	-	-	-	36
Earnings before tax	116	125	323	319
Tax	-25	-46	-89	-122
Minority interest	-3	-3	-13	-10
Net earnings	88	76	221	187
Earnings per share (EPS) after tax (SEK)*	4.76	4.11	11.95	10.74
EPS adjusted for goodwill (SEK)*	5.62	5.41	15.95	15.92
Shareholder's equity per share (SEK) *	122.88	118.65	122.88	118.65
Number of shares (thousands)**	18 491	18 491	18 491	17 404
CB number of shares (thousands) ***	18 491	18 491	18 491	18 491
Deprecations are included with, MSEK	-74	-77	-305	-298

*) A calculation of the dilution effect in the key numbers has not been made as the effect is estimated to be marginal.

**) Weighted average number of shares adjusted for the rights issue.

***) Adjusted for bonus issue element in the rights issue

Translation schedule for the different levels of earnings in the report

	2003 Q 4	2002 Q 4	2003 Full year	2002 Full year
Earnings before amortisation of goodwill (EBITA)	152	170	480	511
Amortisation of goodwill	-16	-24	-74	-90
Earnings before net financial items, tax, capital gains and non-recurring items (EBIT 1)	136	146	406	421
Non-recurring items	-	-	-	-31
Capital gains on shares in group companies	-	5	-	7
Capital gains on shares in associated companies	-	-	-	3
Earnings from other securities	-	-	-	36
Earnings before financial items and tax (EBIT 2)	136	151	406	436

Consolidated Balance Sheet – Summary

(MSEK)	2003-12-31	2002-12-31
Intangible fixed assets	1 073	1 262
Tangible fixed assets	1 409	1 574
Financial fixed assets	384	264
Total fixed assets	2 866	3 100
Inventories	1 390	1 445
Accounts receivable	1 269	1 350
Other receivables	76	79
Prepaid expenses and accrued income	106	103
Total short-term receivables	1 451	1 532
Cash and cash equivalents	219	141
Total current assets	3 060	3 118
Total assets	5 926	6 218
Shareholders' equity	2 227	2 194
Minority interest	47	36
Provision for pensions *)	204	217
Provision for taxes	92	78
Other provisions	124	107
Total provisions	420	402
Interest bearing liabilities	1 732	1 976
Other liabilities	3	0
Total long-term liabilities	1 735	1 976
Interest bearing liabilities	112	154
Accounts payable	612	739
Other liabilities	283	147
Accrued costs and prepaid incomes	445	570
Total short-term liabilities	1 452	1 610
Total equity, allocations and liabilities	5 926	6 218
*) Of which interest bearing provisions for pension	137	145

Change in Group shareholders' equity

(MSEK)	2003 Full year	2002 Full year
Amounts at 1st January	2 194	1 755
Dividend	-85	-74
Rights issue (net of issuance costs)	-	420
Translation difference	-55	-94
Changed accounting principles in the associated company VBG	-3	-
Net income	221	187
Amounts at 31st December	2 272	2 194

At the beginning of 2002: 840 000 shares of class A and 13 953 182 of class B. Added through the rights issue: 210 000 shares of class A and 3 488 295 of class B.

At the beginning and end of 2003: 1 050 000 shares of class A and 17 441 477 of class B.

Consolidated cash flow analysis

(MSEK)	2003 Full year	2002 Full year
Cash flow from operations before change in working capital	534	388
Change in working capital	<u>-94</u>	<u>-81</u>
Net cash flow from operations	440	307
Net investments in fixed assets	<u>-226</u>	<u>-267</u>
Operating cash flow	214	40
Cash flow from other investment activities	9	-132
Cash flow from financial activities	-50	-541
New share issue	-	420
Dividend	<u>-85</u>	<u>-74</u>
Change is net cash position	70	-287

The currency effect in liquid assets was -8 MSEK.

Key ratios

	Full year 2003	Full year 2002
Operating margin (%)	5.7	6.0
Profit margin (%)	4.5	4.6
Return on shareholders' equity excluding amortisation of goodwill (%)	13.2	13.9
Return on shareholders' equity (%)	9.9	9.4
Return on capital employed excluding goodwill (%)	15.1	16.7
Return on capital employed (%)	9.7	10.1
Solvency ratio (%)	39.1	35.9
Net indebtedness (times)	0.78	0.97
Interest coverage ratio (times)	4.2	3.4
Average number of shares (thousands)	18 491	17 404
Earnings per share after tax (SEK)	11.95	10.74
Earnings per share after tax excluding goodwill amortisation (SEK)	15.95	15.92
Cash flow per share (SEK)	23.79	17.64
Cash flow per share (SEK) before change in working capital	28.88	22.29
Share price (SEK)	196	138

EBITA, Development per quarter per business area

	2003					2002				
(MSEK)	Q 1	Q 2	Q 3	Q 4	2003	Q 1	Q 2	Q 3	Q 4	2002
Automation	22	28	26	26	102	19	31	26	30	106
Engineering	20	16	6	10	52	25	29	10	25	89
Metrology	47	60	32	98	237	47	67	27	95	236
Polymers	27	26	24	22	99	19	20	28	20	87
Associated comp.	5	2	5	2	14	5	3	2	5	15
Group costs and adjustments	-6	-6	-6	-6	-24	-5	-7	-5	-5	-22
EBITA	115	126	87	152	480	110	143	88	170	511

Net sales by market

(MSEK)	Full year 2003		Full year 2002	
	MSEK	%	MSEK	%
Sweden	2 145	30	2 109	30
Other Europe	3 537	50	3 529	50
North America	823	11	878	13
Asia	484	7	449	6
Other markets	114	2	32	1
Group total	7 103	100	6 997	100

The table above is displaying Net Sales to customers within each, respective, geographical area.

Definitions

Return on shareholders' equity:	Net earnings after taxes as a percentage of average shareholders' equity.
Return on shareholders' equity excluding goodwill:	Net earnings after taxes adjusted for amortization of goodwill and similar fixed assets as a percentage of average shareholders' equity.
Return on capital employed:	Earnings before taxes plus financial expenses as a percentage of average capital employed.
Return on capital employed excluding goodwill:	Earnings before taxes plus financial expenses and amortisation of goodwill and similar fixed assets as a percentage of average capital employed excluding goodwill and similar fixed assets.
Share price:	Last settled transaction at the OM Stockholm Stock Exchange on the last business day for the period.
Investments:	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries.
Operating cash flow:	Cash flow after working capital changes and net investments in fixed assets.
Cash flow per share:	Cash flow from operations after changes in working capital, divided by the average number of shares.
Cash flow per share before change in working capital:	Cash flow from operations before changes in working capital divided by the average number of shares.
Net indebtedness:	Interest bearing liabilities less liquid assets divided by shareholders' equity.
Earnings per share after tax:	Net earnings divided by the average number of shares.
Earnings per share after tax excluding goodwill:	Net earnings excluding amortisation of goodwill and similar fixed assets divided by the average number of shares.
Operating earnings, EBITA:	Operating earnings excluding capital gains, items effecting comparability and amortisation of goodwill and similar fixed assets.
Operating margin:	Operating earnings adjusted for non-recurring items as a percentage of the period's net sales.
Interest coverage ratio:	Earnings before taxes plus interest expenses divided by interest expenses.
Equity ratio:	Shareholders' equity including minority interest as percentage of total assets.
Capital employed:	Total assets less non-interest bearing liabilities
Shareholders' equity per share:	Shareholders' equity divided by the number of shares at the end of the period.
Profit margin:	Earnings before taxes as a percentage of net sales for the period.