Press information 14 February 2006

Year-End Report
1 January – 31 December 2005

Fourth quarter 2005

- Net sales increased by 38 per cent to 3 265 MSEK (2 370). Using fixed exchange rates and a comparable Group structure (organic growth), net sales increased by 13 per cent.
- Earnings before tax, excluding non-recurring items, increased by 50 per cent to 300 MSEK (200).
- Earnings before tax, including non-recurring items of -427 MSEK, totalled -127 MSEK (200).
- Earnings after tax, including non-recurring item of -427 MSEK, totalled -110 MSEK (162).
- Earnings per share, before dilution, totalled -1.65 SEK (2.90).
- Cash flow per share totalled 6.63 SEK (3.73).
- The Hexagon share has successfully been listed on the Swiss Stock exchange, SWX.

Full year 2005

- Net sales increased by 17 per cent to 9 637 MSEK (8 256). Using fixed exchange rates and a comparable Group structure (organic growth), net sales increased by 12 per cent.
- Earnings before tax, including non-recurring items of -79 MSEK, increased by 30 per cent to 705 MSEK (541).
- Earnings after tax increased by 47 per cent to 618 MSEK (420).
- Earnings per share, before dilution, increased by 38 per cent to 10.27 SEK (7.44).
- Cash flow per share increased to 12.80 SEK (11.57).

Dividend

- The proposed dividend to shareholders is 3.00 SEK (2.00) per share, an increase by 50 per cent.

Outlook 2006

- The result for 2006 is expected to exceed the result of 2005 by at least 15 per cent per share.

Rights issue

- The Board has decided on a rights issue of about 2 700 MSEK (see appendix).

The Year-End Report 2005 will be presented on **Tuesday 14 February 2005 at 15.00 CET** at a telephone conference. For participation, please see the instructions at www.hexagon.se

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Comments on Hexagons operational development in 2005

Year 2005 has been an eventful year. The business area Hexagon Automation, that represented about 30 per cent of consolidated net sales, has been divested. The tool business in Hexagon Engineering has also been divested. The measurement technology company Leica Geosystems has been acquired. The acquisition further strengthens Hexagon's position as a high technology company within the area of multidimensional measurement technology.

These transactions have resulted in non-recurring gains and costs, which must be taken into consideration when analysing the Hexagon result of 2005 as well as future earnings capacity. As guidance in this analysis the following translation table has been prepared:

Third quarter 2005	MSEK
Capital gain from selling Hexagon Automation	457
Move of businesses within Hexagon Metrology to low cost countries	-25
Divestiture of tool business, write-down and re-structuring within Hexagon Engineering	-69
Other	-15
Sum of non-recurring gains and costs in the third quarter 2005	*348*
Fourth quarter 2005	
Re-structuring when integrating Leica Geosystems	-115
Write-down of overlapping software Leica Geosystems and Hexagon Metrology	-162
Leica Geosystems' inventories*	-150
Sum of non-recurring gains and costs in the fourth quarter 2005	*-427*
Total non-recurring gains and costs in 2005	**-79**

*Non-recurring item during the fourth quarter due to that Hexagon is considered to have acquired Leica Geosystems' inventories to a market value. The effect is that the sale of this stock will be of marginal commercial profit only.

Hexagon consolidates Leica Geosystems as of 14 October 2005. The integration of Leica Geosystems into Hexagon proceeds as planned.

Key figures for the fourth quarter and full year 2005

The table below shows key financials of the fourth quarter and the full year 2005.

MSEK	Q4 2005	Q4 2004	Change Recorded	Change Adjust*	Year 2005	Year 2004	Change Recorded	Change Adjust*
Order intake	3 152	2 344	34 %	13 %	9 749	8 547	14 %	9 %
Net sales	3 265	2 370	38 %	15 %	9 637	8 256	17 %	12 %
Operating earnings (EBIT 1)	356	227	57 %		923	686	35 %	
EBIT 1 margin, %	10.9	9.6	1.3		9.6	8.3	1.3	
Financial net	-56	-27	-107 %		-139	-93	-49 %	
Earnings before tax & non-recurring items	300	200	50%		784	593	32 %	
Earnings before tax	-127	200	n.a.		705	541	30 %	
Earnings after tax	-110	162	n.a.		618	420	47 %	
Earnings per share	-1.65	2.90	n.a.		10.27	7.44	38 %	
Cash flow per share	6.63	3.73	78 %		12.80	11.57	11 %	

*Adjusted for currency fluctuations and changes in Group structure.

Outlook
During 2005, Hexagon has continued to strengthen its market position, product portfolio and structure to enable further growth in sales and earnings. Our long-term financial target of an increase in earnings per share after tax by at least 15 per cent p.a. remains.

Sales and earnings

Fourth quarter 2005
The fourth quarter 2005 was a strong quarter. Earnings before taxes in the operations increased by 50 per cent compared to year 2004. Hexagon Measurement Technologies, our new business area comprising of Hexagon Metrology and Leica Geosystems that was acquired during the quarter, totalled 292 MSEK (115) in the fourth quarter 2005. Hexagon Polymers showed a weaker result than what could be expected due to continued increases in raw material prices during the fourth quarter. With implemented raw material price increases in the fourth quarter as well as announced increases during the first quarter of 2006 Hexagon Polymers has chosen to increase its prices towards customers on one occasion, i.e. during the first quarter 2006, thus giving Hexagon Polymers a lower result in the fourth quarter of 2005.

Demand in Europe continued to grow. Europe is currently recovering from a balanced position, and net sales increased by 11 per cent. In North America, net sales increased by 27 per cent compared to a strong quarter last year. The North American market regained momentum during the fourth quarter after a slow-down during the third quarter. Asia continued its growth. During the quarter, Hexagon has increased its activities in the region. Hexagon Measurement Technologies has made investments in Brisbane, Australia, to meet the increased demand on Machine Automation systems for mines. Also, a principal decision has been made to invest in manufacturing capacity in Wuhan, China, for the production of total stations. Hexagon Polymers has made a decision to build a plant in Qingdao, China, for the production of rubber compounds and wheels.

Order intake in the fourth quarter increased by 34 per cent to 3 152 MSEK (2 344). At fixed exchange rates and comparable Group structure order intake increased by 13 per cent. Net sales increased by 38 per cent and totalled 3 265 MSEK (2 370). At fixed exchange rates and a comparable group structure, invoicing increased by 15 per cent.

Operating earnings (EBIT 1) increased by 57 per cent to 356 MSEK (227), corresponding to an operating margin of 11 per cent (10). Operating earnings (EBIT 1) were positively affected by 2 MSEK, due to exchange rate fluctuations.

In the fourth quarter 2005, write-offs and restructuring costs of -427 MSEK have been accounted for. Including the above-mentioned posts, operating earnings totalled -71 MSEK (227). The earnings were positively affected by 2 MSEK, due to exchange rate fluctuations.

Earnings before tax in the fourth quarter totalled -127 MSEK (200). The earnings were positively affected by 1 MSEK, due to exchange rate fluctuations.

Earnings after tax totalled -110 MSEK (162), corresponding to an earnings per share of -1.65 SEK (2.90).

Full year 2005
Order intake for the full year 2005 increased by 14 per cent and totalled 9 749 MSEK (8 547). At fixed exchange rates and a comparable Group structure, order intake increased by 9 per cent.

Invoiced sales totalled 9 637 MSEK (8 256), an increase by 17 per cent. At fixed exchange rates and a comparable Group structure, invoiced sales increased by 12 per cent.

Operating earnings (EBIT 1) increased by 35 per cent to 923 MSEK (686), corresponding to an operating margin of 10 per cent (8). Operating earnings (EBIT 1) were adversely affected by -6 MSEK, due to exchange rate fluctuations.

During the year, a capital gain of 457 MSEK from the sale of Hexagon Automation was realised. Additionally, write-downs and restructuring costs of -536 MSEK has been accounted for, i.e. a sum of non-recurring items of -79 MSEK. Despite this, operating earnings increased by 33 per cent to 844 MSEK (634). The earnings were adversely affected by -6 MSEK, due to exchange rate fluctuations.

Earnings before tax increased by 30 per cent to 705 MSEK (541). The earnings were adversely affected by -5 MSEK, due to exchange rate fluctuations.

Earnings after tax increased by 47 per cent to 618 MSEK (420), corresponding to earnings per share of 10.27 SEK (7.44).

The table below shows Group key financials per quarter.

MSEK	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Year 2005	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Year 2004
Order intake	2 382	2 525	1 690	3 152	9 749	1 950	2 234	2 019	2 344	8 547
Net sales	2 241	2 507	1 624	3 265	9 637	1 760	2 126	2 000	2 370	8 256
Operating earnings (EBIT 1)	180	233	154	356	923	119	169	171	227	686
EBIT 1 margin %	8.0	9.3	9.5	10.9	9.6	6.8	7.9	8.6	9.6	8.3
Earnings before tax excluding non-recurring items	152	203	129	300	784	103	148	142	200	593
Margin %	6.8	8.1	7.9	9.2	8.1	5.8	7.0	7.1	8.4	7.2
Earnings before tax	152	203	477	-127	705	94	110	137	200	541
Earnings after tax	110	146	472	-110	618	68	84	106	162	420

Profitability

The Group's capital employed, defined as total assets less non-interest bearing liabilities, increased due to the acquisition of Leica Geosystems to 14 980 MSEK (5 448). Return on average capital employed totalled 10.8 per cent (13.2). Return on average shareholders' equity totalled 18.0 per cent (17.8). The capital turnover rate was 1.19 times (1.61).

Financial position

Shareholders' equity, including minority interests, increased to 5 402 MSEK (2 496). The equity ratio was 29 per cent (34). The Group's total assets increased to 18 642 MSEK (7 398). The increase in total assets is explained by the divestiture of Hexagon Automation, the acquisition of Leica Geosystems and the strengthening of the USD and EUR by 20 per cent and 5 per cent since year end 2004.

Cash on 31 December 2005, including non-utilised credit limits, totalled 3 418 MSEK (2 465). The Group's net debt totalled 9 139 MSEK (2 715), and the net indebtedness was 1.71 times (1.11). Interest coverage ratio was 5.1 times (5.0).

Cash flow

Cash flow from operations, before changes in working capital, increased to 956 MSEK (723), corresponding to 16.02 SEK per share (13.03). Cash flow from operations totalled 764 MSEK (642), corresponding to 12.80 SEK per share (11.57). The operating cash flow totalled 322 MSEK (343). The reduction in operating cash flow is due to a combination of the sale of Hexagon Automation, an organic growth of 12 per cent, exchange rate fluctuations and increased raw material prices.

Investments and depreciation

The Group's net investments, excluding acquisitions and divestitures, totalled 442 MSEK (299). Depreciation for the period, including 180 MSEK in write-offs, was 529 MSEK (243).

Tax rate

The Group's tax cost totalled -87 MSEK (-121), corresponding to a tax rate of 12 per cent (22). The tax cost is affected by the fact that a considerable part of the Group's earnings is generated in foreign subsidiaries located in countries where the tax rates differ from those in Sweden, valuation of certain foreign loss carry-forwards, as well as the fact that the capital gain from the sale of Hexagon Automation is exempt from tax. Disregarding the tax effect from all non-recurring items, the tax rate would have been 28 per cent for the full year 2005. The tax rate for 2006 is estimated to be below 28 per cent.

Employees

The average number of employees in the Group was 6 111 (5 935). The number of employees outside of Sweden increased to 74 per cent (68). The number of employees at the end of 2005 totalled 7 601 (6 371). The increase in the number of employees is mainly due to the acquisition of Leica Geosystems.

Share data

Earnings per share after tax increased by 38 per cent to 10.27 SEK (7.44). On 31 December 2005, equity per share had increased to 76.62 SEK (44.14), and the share price was 237 SEK (106). Historical share related data has been recalculated in consideration to the split during 2005.

Net sales and earnings by business area

	Net sales		Earnings	
MSEK	Year 2005	Year 2004	Year 2005	Year 2004
Hexagon Measurement Technologies	4 539	2 889	550	292
Hexagon Polymers	2 205	1 615	258	228
Hexagon Engineering	1 665	1 499	80	91
Hexagon Automation	1 248	2 277	64	107
Share of earnings in associated companies	-	-	-	7
Group costs and adjustments	-20	-24	-29	-39
Operating earnings (EBIT 1)	**9 637**	**8 256**	**923**	**686**
Per cent of net sales			9.6 %	8.3 %
Capital gains			457	-5
Non-recurring items			-536	-47
Operating earnings			**844**	**634**
Interest income and cost, net			-139	-93
Earnings before tax	**9 637**	**8 256**	**705**	**541**

Hexagon Measurement Technologies

The business area Hexagon Measurement Technologies (MT) is the world leader in multidimensional measurement and is currently active in the macro and micro segments of the measurement market. The business include hand tools, stationary and mobile coordinate measurement machines (CMM), GPS systems, level measurer, laser scanners, total stations (TPS), sensors for airbone measurements, aftermarket services and software systems for one, two or three dimensional measurements. MTs customers are active within the aviation, space, security and defence related industries, automotive industry, governmental institutions, construction industry, engineering industry, mining an oil industry and electronics, computing and medical industries.

Fourth quarter 2005

Order intake for the fourth quarter increased by 153 per cent to 2 170 MSEK (857). Net sales totalled 2 254 MSEK (880), an increase of 156 per cent. Using fixed exchange rates and a comparable Group structure, the increase was 12 per cent.

Operating earnings (EBIT 1) increased by 154 per cent and totalled 292 MSEK (115), corresponding to an operating margin of 13 per cent (13).

The business area recorded a strong fourth quarter. All business segments developed well. The European market is recovering from a balanced level. Hexagon is gaining market shares in Europe in the micro segment at the same time as the macro segment sees an increase in growth of infrastructural investments, why the growth during the period still was satisfactory. The growth of the North American operation slowed down during the third quarter but regained momentum during the fourth quarter. The increased activity is explained by the fact that the engineering industry outside of the automotive industry increased its investment activities at the same time as Hexagon successfully continued to increase market shares in NAFTA within the macro segment.

Hexagon continued its expansion in the Asian markets during the quarter. The region currently grows within the manufacturing industry as well as in the infrastructure area which is beneficial to the growth of Hexagons sales in the region. During the quarter the business area has invested in the business segment Machine Automation in its Australian subsidiary. The business area has also made a principal decision to invest in a factory for production of total stations in Wuhan, China. The factory in Qingdao, China, has begun an expansion of its capacity. This expansion will be completed during the first quarter of 2006. Hexagon Measurement Technologies has also established a subsidiary in India with four sales offices around the country.

The integration programme of Hexagon Metrology and Leica Geosystems initiated in November 2005, proceeds according to plan. When the two units were integrated a redundancy of about 200 employees was identified. These employees will leave the Group during the first quarter of 2006. The measures have realised more synergies for the financial year 2006 than the target of 100 MSEK that was set during the process of acquiring Leica Geosystems.

Full year 2005

Order intake for the full year increased by 53 per cent and totalled 4 525 MSEK (2 960). Net sales increased by 57 per cent and totalled 4 539 MSEK (2 889), an increase of 11 per cent using fixed exchange rates and a comparable Group structure.

Operating earnings (EBIT 1) increased by 88 per cent and totalled 550 MSEK (292), corresponding to an operating margin of 12 per cent (10). Operating earnings (EBIT 1) was adversely affected by -4 MSEK, due to exchange rate movements.

Key financials - Hexagon Measurement Technologies

The number of employees in the business area was 4 798 (2 121) at year-end 2005.

MSEK	Q4 2005	Q4 2004	Change %	Year 2005	Year 2004	Change %
Order intake	2 170	857	153	4 525	2 960	53
Net sales	2 254	880	156	4 539	2 889	57
Operating earnings (EBIT 1)	292	115	154	550	292	88
Margin, %	13	13		12	10	

Hexagon Polymers

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

Fourth quarter 2005

Order intake for the fourth quarter increased by 21 per cent and totalled 585 MSEK (482). Net sales totalled 589 MSEK (479), an increase of 23 per cent.

Operating earnings (EBIT 1) totalled 52 MSEK (70), corresponding to an operating margin of 9 per cent (15).

Full year 2005

Order intake for the full year totalled 2 213 MSEK (1 669), an increase by 33 per cent. Net sales increased by 37 per cent and totalled 2 205 MSEK (1 615), an increase of 13 per cent using fixed exchange rates and a comparable group structure.

Operating earnings (EBIT 1) increased by 13 per cent and totalled 258 MSEK (228), corresponding to an operating margin of 12 per cent (14).

The business area continues to develop positively despite substantial raw material price increases. During the year suppliers have increased raw material prices four times, corresponding to an increase of 20 per cent. Hexagon Polymers has compensated these price increases with an increased efficiency, synergies from the, in 2004 acquired, Thona Group as well as an increase in prices to customers. These factors, combined with price pressure for Hexagon Polymers' customers and announced increases in raw material prices during January 2006, have entailed that Hexagon Polymers made the commercial decision not to compensate against the increases in raw materials prices during the fourth quarter. Instead a price increase is being implemented during the first quarter of 2006. This strategy has adversely affected earnings during the fourth quarter of 2005. In total the increases in raw material prices have reduced earnings for the business area by approx. 35 MSEK during the year.

Hexagon Polymers has made a decision to build a plant in Qingdao, China, for the production of rubber compounds and wheels.

Key financials - Hexagon Polymers

The number of employees in the business area was 1 760 (1 763) at year end 2005.

MSEK	Q4 2005	Q4 2004	Change %	Year 2005	Year 2004	Change %
Order intake	585	482	21	2 213	1 669	33
Net sales	589	479	23	2 205	1 615	37
Operating earnings (EBIT 1)	52	70	-26	258	228	13
Margin, %	9	15		12	14	

Hexagon Engineering

The business area Hexagon Engineering operates within two business segments; metals and key components. Metals include iron, steel and metal products. Key components include a number of businesses focused on delivering high quality components to mainly the heavy automotive industry. Also other applications such as for example industrial robots and body spares for cars are included in the product portfolio.

Fourth quarter 2005

Order intake for the fourth quarter increased by 3 per cent and totalled 397 MSEK (385). Net sales totalled 425 MSEK (424), an increase of 11 per cent using a comparable Group structure.

Operating earnings (EBIT 1) totalled 20 MSEK (25), corresponding to an operating margin of 5 per cent (6).

Full year 2005

Order intake for the full year increased by 3 per cent and totalled 1 649 MSEK (1 594). Net sales increased by 11 per cent and totalled 1 665 MSEK (1 499), an increase of 14 per cent in a comparable Group structure.

Operating earnings (EBIT 1) totalled 80 MSEK (91), corresponding to an operating margin of 5 per cent (6).

The business area has developed well within its core business. During the fourth quarter operations were effected by a write-down of inventories that decreased earnings during the quarter by about 2 MSEK. During the third quarter non-core businesses were divested at a cost of -49 MSEK. The total cost for the restructuring of the business area totalled -69 MSEK with a positive effect on cash flow.

Key financials - Hexagon Engineering

The number of employees in the business area was 1 033 (1 118) at year-end 2005.

MSEK	Q4 2005	Q4 2004	Change %	Year 2005	Year 2004	Change %
Order intake	397	385	3	1 649	1 594	3
Net sales	425	424	0	1 665	1 499	11
Operating earnings (EBIT 1)	20	25	-20	80	91	-12
Margin, %	5	6		5	6	

Hexagon Automation

As commented earlier, the business area was sold effective 1 July 2005. In a comparison between the years, it must be taken into consideration that the 2005 outcome is included only for the first six months, and the comparison period is 1 January to 31 December 2004.

Order intake totalled 1 362 MSEK (2 324) and net sales totalled 1 248 MSEK (2 277). Operating earnings (EBIT 1) totalled 64 MSEK (107).

Associated companies

Associated companies include mainly the joint venture company Outokumpu Nordic Brass. For 2004, the earnings share also included VBG AB, which shareholding was distributed to Hexagon's shareholders on 10 May 2004. The associated companies affect Hexagon's earnings according to the equity method by -31 MSEK (12).

Parent company

The Parent company's earnings after financial items totalled 599 MSEK (-47). The equity ratio of the Parent company was 32 per cent (24). Shareholders' equity, including the equity portion of untaxed reserves, totalled 4 564 MSEK (1 430). Liquid assets, including unutilised credit limits, totalled 2 299 MSEK (2 069).

Accounting principles

This Year-End Report is prepared in compliance with IAS 34, Interim Financial Reporting, which is in compliance with the requirements in the Swedish Financial Accounting Standards Council's Recommendation RR 31 Consolidated Interim Financial Reporting.

The accounting principles applied in this Year-End Report what concerns the consolidated financial statements are those described in Hexagon's Annual Report for 2004 under 'Comments and notes', where it is stated, among others, that International Financial Reporting Standards (IFRS) are applied as from 1 January 2005, and that the comparative information regarding 2004 has been restated in accordance with the new principles, with the exception of those applicable for financial instruments. In accordance with the rules for transition to IFRS, the new principles for financial instruments are only applied to those parts of the reporting which concern 2005. The impact on equity at the beginning of the year and the earnings for the comparative year 2004 from the recalculation to the new principles is essentially the one described in the Consolidated Financial Statement for 2004 under 'Comments and notes'.

Regarding the transition to IFRS, this Year-End Report is prepared pursuant to those IFRS principles that were applicable on 31 December 2005. IFRS are subject to ongoing review and EU approval, and, accordingly, changes may yet occur. This may influence the data presented in this Year-End Report.

Stock options

During 2003 Hexagon introduced a Stock Option Programme addressed to key personnel, mainly within Hexagon Metrology. The programme comprises in total 1 545 000 warrants, of which currently 896 100 have been subscribed. Each warrant entitles the holder the right to subscribe for one new series B share during the period 1 October 2003 until 30 September 2006, inclusive, at 80.60 SEK. The subscription rights are transferred at market value. During the third quarter 154 500 warrants have been converted into shares.

Leica Geosystems had at the time of the acquisition a number of stock option programs addressed to key personnel. The options entitled these employees to acquire one share in Leica Geosystems to an exercise price determined in connection with the grant. The stock option programs are associated with certain conditions, as for example that the employment must not be terminated until a certain point in time, i.e. not before the start of the subscription period. The options were transferred upon grant at no cost.

During the period of the bid, Hexagon stated its intention that these option holders would be offered the same compensation for their potential shares as shareholders in Leica Geosystems, i.e. 440 CHF in cash plus five shares of series B in Hexagon, deducted by exercise price when granted as described above. In connection with the acquisition, it was decided that no new grants of options according to existing stock options programs in Leica Geosystems was to be made. There has been no subscription of shares since the acquisition and up to 31 December 2005. Since the acquisition, the stock option programme has been re-written in accordance with Hexagon's intentions above. The original subscription periods have been retained with the intention to maintain the incentive.

The following options, with diverse subscription periods, were outstanding in 31 December 2005.

Exercise price (CHF)	Number of Leica Geosystems shares	Number of Hexagon shares at subscription
77	8 516	42 580
81	1 493	7 465
100	1	5
175	8 430	42 150
198	24 828	124 140
339	43 392	216 960
366	1 823	9 115
375	1 540	7 700
429	589	2 945
Sum	90 612	453 060

Hexagon has made a provision for the calculated expenses for its undertaking according to the above re-written stock option programmes. Calculated expenses for the undertaking are considered as part of the acquisition value of Leica Geosystems.

The dilution effect upon full exercise of the above stock option programmes corresponds to 2.6 per cent of the share capital and 1.8 per cent of the votes.

Divestitures and acquisitions 2005

Divestitures

- Effective 1 July 2005, the business area Hexagon Automation was sold to Segulah Nordic II AB. The sales price corresponds to an enterprise value (debt-free company) of 1 153 MSEK. The transaction entails a capital gain of 457 MSEK. The divestiture is a natural step within Hexagon's strategy to focus its future business on the business areas Hexagon Measurement Technologies and Hexagon Polymers.

- Effective 1 November 2005, the tool company SwePart Verktyg was sold to the Norwegian company Bandak AS. The divestiture entails a earnings impact of -35 MSEK.

Acquisitions

- Effective 1 June 2005, Hexagon Metrology has acquired all assets related to tactile coordinate measurement machines – CMM systems – which previously was, as a product line, part of Starrett Metrology Systems. The operation has had an annual turnover of approx. 10 MUSD, and includes a large installed base of CMMs in the USA.

- Effective 2 September 2005, Hexagon Polymers has acquired the wheel division within Trostel SEG, Inc. in the USA. Annual turnover at the time of takeover amounted to 13 MUSD. Through this acquisition Hexagon Polymers will become a global supplier of wheels for forklift truck and castor wheel applications.

- Effective 14 October 2005, Hexagon acquired Leica Geosystems. The company is a geospatial data and measurement technology specialist and is a world-leading player within the macro segment of the measurement market. For the calendar year 2005, the company's turnover totalled approximately 5 000 MSEK and operating earnings approximately 500 MSEK. Leica Geosystems and Hexagon Metrology together form a new business area, Hexagon Measurement Technologies. Through the acquisition of Leica Geosystems, Hexagon is the market leader within multidimensional measurement technology. Hexagon has started the squeeze-out proceedings of the remaining shares in Leica Geosystems, as well as the delisting of Leica Geosystems from Swiss Stock exchange, SWX.

Annual General Meeting May 4, 2006

The Annual General Meeting will be held on 4 May 2006 at 5 p.m. in Stockholm (IVA, Grev Turegatan 14), Sweden. The annual report 2005 will be distributed to shareholders no later than week 13 and will from then on also be available at the Hexagon head office.

Shareholders, wishing to participate in the Annual General Meeting, must be registered in the VPC share register no later than on 27 April 2006 and give notification of attendance to the Hexagon head office no later than 12 noon on 27 April 2006.

To be eligible to participate at the Annual General Meeting 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 27 April 2006.

Proposed dividend

The Board of Directors of Hexagon AB (publ) proposes that the Annual General Meeting on 4 May approves a dividend of 3.00 SEK (2.00) per share, an increase of 50 per cent. Record day for the right to dividend is proposed to 9 May 2006. Dividends are scheduled for payment by VPC on 12 May 2006.

Decision on New Share Issue

The Board of Directors of Hexagon AB (publ) has today decided, given an approval from the Extraordinary General Meeting, to increase the share capital of Hexagon by a New Share Issue with preferential right for the shareholders of Hexagon.

The grounds for the New Share Issue of approximately 2 700 MSEK is to finance the acquisition of Leica Geosystems as well as further expansion of Hexagon (see appendix).

Financial information

Interim reports during 2006 will be published on 4 May, 10 August and 25 October. All external financial information will be published at www.hexagon.se, as soon as it has become public.

Nacka Strand, 14 February 2006

Hexagon AB (publ)

Ola Rollén
CEO & President

The Year-End Report 2005 has not been audited by the company's auditors.

Consolidated Income Statement - Summary

MSEK	Q4 2005	Q4 2004	Year 2005	Year 2004
Net sales	3 265	2 370	9 637	8 256
Cost of goods sold	-2 132	-1 716	-6 943	-6 095
Gross profit	**1 133**	**654**	**2 694**	**2 161**
Sales and administration costs, etc.	-1 195	-427	-2 276	-1 534
Earnings from shares in associated companies	-9	0	-31	12
Capital gains	-	-	457	-5
Operating earnings 1)	**-71**	**227**	**844**	**634**
Interest income and cost, net	-56	-27	-139	-93
Earnings after financial items	**-127**	**200**	**705**	**541**
Tax	17	-38	-87	-121
Net earnings 2)	**-110**	**162**	**618**	**420**
1) of which non-recurring items	-427	-	-79	-52
2) of which minority interest	2	1	5	7
Earnings per share after tax (SEK)	-1.65	2.90	10.27	7.44
Earnings per share after dilution (SEK)	-1.65	2.87	10.12	7.41
Shareholder's equity per share (SEK)	76.62	44.14	76.62	44.14
CB number of shares (thousands)	69 900	55 506	69 900	55 506
Average number of shares (thousands)	67 995	55 482	59 678	55 476
Average number of shares after dilution (thousands)	67 995	56 557	60 545	55 744
Earnings include depreciations and write-downs of	-323	-61	-529	-243

Analysis of the Consolidated Income Statement

MSEK	Q4 2005	Q4 2004	Year 2005	Year 2004
Operating earnings (EBIT 1)	**356**	**227**	**923**	**686**
Capital gains	-	-	457	-5
Other non-recurring items	-427	-	-536	-47
Operating earnings	**-71**	**227**	**844**	**634**
Interest income and cost, net	-56	-27	-139	-93
Earnings after financial items	**-127**	**200**	**705**	**541**

Consolidated Balance Sheet - Summary

MSEK	2005-12-31	2004-12-31
Intangible fixed assets	10 661	1 980
Tangible fixed assets	2 183	1 588
Financial fixed assets	547	230
Total fixed assets	**13 391**	**3 798**
Inventories	**2 040**	**1 535**
Accounts receivables	2 369	1 531
Other receivables	283	153
Prepaid expenses and accrued income	120	144
Total current receivables	**2 772**	**1 828**
Cash and cash equivalents	439	237
Total current assets	**5 251**	**3 600**
Total assets	**18 642**	**7 398**
Attributable to the parent company's shareholders	5 356	2 450
Attributable to minority	46	46
Total shareholders' equity	**5 402**	**2 496**
Pension provisions	561	204
Tax provisions	490	122
Other provisions	421	66
Total provisions	**1 472**	**392**
Interest bearing liabilities	8 826	2 731
Other liabilities	70	3
Total long-term liabilities	**8 896**	**2 734**
Interest bearing liabilities	110	85
Accounts payable	1 233	858
Other liabilities	627	249
Accrued costs and deferred incomes	902	584
Total short-term liabilities	**2 872**	**1 776**
Total equity and liabilities	**18 642**	**7 398**

Change in Consolidated Shareholders' Equity

	Year 2005			Year 2004		
MSEK	Attributable to the parent company's shareholders	Attributable to minority	Total	Attributable to the parent company's shareholders	Attributable to minority	Total
Opening balance	**2 450**	**46**	**2 496**	**2 291**	**47**	**2 338**
Dividend	-115	-5	-120	-210	-	-210
Option premiums	-	-	-	5	-	5
New share issues	2 353	-	2 353	2	-	2
Divestitures/ acquisitions	-	-	-	-	-8	-8
Effect from cash flow hedge	-7	-	-7	-	-	-
Translation difference	62	0	62	-51	0	-51
Net earnings for the period	613	5	618	413	7	420
Closing balance	**5 356**	**46**	**5 402**	**2 450**	**46**	**2 496**

Development of number of shares

		Series A	Series B	Total
2004-12-31		1 050 000	17 451 647	18 501 647
2005	Q1 Conversion of stock options into shares		120 345	120 345
	Q2 Conversion of stock options into shares		602 290	602 290
	Q3 Bonus issue and split 3:1	2 100 000	36 348 564	38 448 564
	Conversion of stock options into shares		154 500	154 500
2005-09-30		3 150 000	54 677 346	57 827 346
	Q4 New share issue with contribution in kind of shares in Leica Geosystems Holdings AG		12 072 765	12 072 765
2005-12-31		3 150 000	66 750 111	69 900 111

Consolidated Cash Flow analysis

MSEK	Year 2005	Year 2004
Cash flow from operations before change in working capital	956	723
Change in working capital	-192	-81
Net cash flow from operations	**764**	**642**
Net investments in fixed assets	-442	-299
Operating cash flow	**322**	**343**
Cash flow from other investment activities	-5 427	-856
Cash flow from financing activities	5 272	621
New share issues	140	2
Dividend	-120	-85
Cash flow for the year	**187**	**25**

The currency effect in liquid assets 15 MSEK.

Group key ratios

	Year 2005	Year 2004
Operating margin (%)	9.6	8.3
Profit margin before tax (%)	7.3	6.6
Return on shareholders' equity (%)	18.0	17.8
Return on capital employed (%)	10.8	13.2
Solvency ratio (%)	29.0	33.7
Net indebtedness (multiple)	1.71	1.11
Interest coverage ratio (multiple)	5.1	5.0
Average number of shares (thousands)	59 678	55 476
Earnings per share after tax (SEK)	10.27	7.44
Cash flow per share (SEK)	12.80	11.57
Cash flow per share before change in working capital (SEK)	16.02	13.03
Share price (SEK)	237	106

Historical share related data has been recalculated with regards to the split.

Order intake, development by quarter and business area

MSEK	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Year 2005	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Year 2004
MT	739	832	784	2 170	4 525	639	790	674	857	2 960
Polymers	541	549	538	585	2 213	278	434	475	482	1 669
Engineering	441	443	368	397	1 649	396	422	391	385	1 594
Automation	661	701	-	-	1 362	637	588	479	620	2 324
Group	**2 382**	**2 525**	**1 690**	**3 152**	**9 749**	**1 950**	**2 234**	**2 019**	**2 344**	**8 547**

Net sales, development by quarter and business area

MSEK	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Year 2005	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Year 2004
MT	693	856	736	2 254	4 539	613	713	683	880	2 889
Polymers	530	547	539	589	2 205	254	419	463	479	1 615
Engineering	436	453	351	425	1 665	361	383	331	424	1 499
Automation	589	659	-	-	1 248	538	616	529	594	2 277
Adjustment	-7	-8	-2	-3	-20	-6	-5	-6	-7	-24
Group	**2 241**	**2 507**	**1 624**	**3 265**	**9 637**	**1 760**	**2 126**	**2 000**	**2 370**	**8 256**

Operating earnings (EBIT 1), development by quarter and business area

MSEK	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Year 2005	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Year 2004
MT	68	110	80	292	550	48	69	60	115	292
Polymers	70	70	66	52	258	31	59	68	70	228
Engineering	22	23	15	20	80	20	26	20	25	91
Automation	27	37	-	-	64	20	32	29	26	107
Associated comp.	-	-	-	-	-	7	0	-	-	7
Parent company	-7	-7	-7	-8	-29	-7	-17	-6	-9	-39
Operating earnings (EBIT 1)	**180**	**233**	**154**	**356**	**923**	**119**	**169**	**171**	**227**	**686**

Net sales by market

MSEK	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Year 2005	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Year 2004
Sweden	624	658	344	447	2 073	565	605	495	623	2 288
Other Europe	1 099	1 194	679	1 433	4 405	862	1 021	967	1 174	4 024
North America	341	434	408	836	2 019	184	306	348	387	1 225
Asia	159	188	167	456	970	124	166	157	156	603
Other markets	18	33	26	93	170	25	28	33	30	116
Group total	**2 241**	**2 507**	**1 624**	**3 265**	**9 637**	**1 760**	**2 126**	**2 000**	**2 370**	**8 256**

The table above is displaying net sales to customers within each, respective, geographical area.

Definitions

Return on shareholders' equity	Net earnings excluding minority interest as a percentage of average shareholders' equity excluding minority interest.
Return on capital employed	Earnings before tax plus financial expenses as a percentage of average capital employed.
Share price	Last settled transaction at the OMX 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 change in working capital and net investments in fixed assets.
Cash flow per share	Cash flow from operations after change in working capital divided by the average number of shares.
Cash flow per share before change in working capital	Cash flow from operations before change 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	Net earnings excluding minority interest divided by the average number of shares.
Operating earnings (EBIT 1)	Operating earnings excluding capital gains and other non-recurring items.
Operating margin	Operating earnings excluding capital gains and other non-recurring items as a percentage of net sales for the period.
Interest coverage ratio	Earnings before tax 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 excluding minority interest divided by the number of shares at the end of the period.
Profit margin before taxes	Earnings before taxes as a percentage of net sales for the period.

Appendix to Year-End Report 2005

Not for distribution in the United States of America, Canada, Japan or Australia.

RESOLUTION OF THE BOARD OF DIRECTORS OF HEXAGON AB (publ) ON PREFERENTIAL RIGHTS ISSUE

- **New issue of shares of approximately 2 700 MSEK with preferential rights for the shareholders of Hexagon AB.**
- **Subscription price and the exchange ratio will be announced in a press release from Hexagon on Wednesday 15 March 2006.**
- **Subscription period 27 March until 12 April 2006.**
- **The preferential rights issue is subject to approval at an Extraordinary Shareholders' Meeting on 17 March 2006.**

The Board of Directors of Hexagon AB (publ) today resolved to increase the company's share capital with approximately 2 700 MSEK through a preferential rights issue for the shareholders of Hexagon, aiming to strengthen the equity ratio and the liquidity of the company following Hexagon's acquisition of Leica Geosystems Holdings AG and to finance a continued expansion of Hexagon. The new issue resolution of the Board of Directors is subject to approval at an Extraordinary Shareholders' Meeting to be held on 17 March 2006.

The new issue will increase the share capital with a maximum of 94 188 948 SEK through the issue of not more than 1 050 000 new shares of class A and not more than 22 497 237 new shares of class B, where shareholders of class A and B shares will have primary preferential rights to subscribe for shares of the same class in proportion to their previous holdings. The record day at the Swedish Securities Register Centre (*Sw*: "VPC AB") for participation in the preferential rights issue shall be 22 March 2006 and subscription shall take place during the subscription period 27 March until 12 April 2006, or such later date as decided by the Board of Directors.

The Board of Directors or anyone appointed among the members of the Board of Directors has been authorized to, no later than three days prior to the record day, determine the maximum amount that the company's share capital can be increased with and the price to be paid for each new share. This entails that the number of shares issued and the increase in share capital may be less than the maximum amounts presented above. Information regarding subscription price, total increase in share capital and therewith also the exchange ratio between exsiting shares and subscription rights for new shares will be announced in a press release from the company on Wednesday 15 March 2006. Subscription for new shares through the exercise of option rights issued in 2003 shall be executed by 7 March 2006 in order for the holder of such shares to be entitled to participate in the new issue. The new shares will entitle to dividends decided in the financial year 2006, i.e. also for the financial year 2005.

An Extraordinary Shareholders' Meeting for the approval of the resolution of the Board of Directors is to be held on 17 March 2006. Notice to attend the Extraordinary Shareholders' Meeting will be advertised separately in the newspapers Post- och Inrikes Tidningar (the Swedish Official Gazette) and Dagens Industri on 16 February 2006.

Mr. Melker Schörling, owning 22.8 per cent of the share capital in Hexagon, has towards the company committed to subscribe for shares at a total value of not less than approximately 745

MSEK in the new share issue, corresponding to approximately 27.6 per cent of the share issue, whereof 22.8 per cent would be subscribed exercising own subscription rights and 4.8 per cent would be subscribed without subscription rights. Mr. Maths O. Sundqvist, owning 14.3 per cent of the share capital in Hexagon, has equivalently committed to subscribe for shares at a total value of not less than approximately 467 MSEK in the new share issue, corresponding to approximately 17.3 per cent of the share issue, whereof 14.3 per cent would be subscribed exercising own subscription rights and 3.0 per cent would be subscribed without subscription rights.

As previously notified, outstanding shares in Leica Geosystems Holding AG are subject to a compulsory redemption procedure in Switzerland and are expected to entail the issue of approximately another 200 000 shares in Hexagon, in addition to a cash compensation. In this compulsory redemption procedure, Hexagon will look favourably upon the minority shareholders of Leica Geosystems Holdings AG being appropriately compensated for the economic effects on the Hexagon-share caused by the proposed new share issue.

Preliminary time schedule for the preferential rights issue has been established as follows:

15 March 2006	Subscription price and exchange ratio will be announced in a press release.
17 March 2006	The Extraordinary Shareholders' Meeting decides on the resolution of the Board of Directors regarding the new share issue.
20 March 2006	First day of trading in the share excluding right to participate in the new share issue.
22 March 2006	Record day for participation in the new share issue, i.e. shareholders registered in the share register of Hexagon as of this day will receive subscription rights for participation in the new share issue.
27 March - 7 April 2006	Trading in subscription rights.
27 March - 12 April 2006	Subscription period

Nothing in this press release shall be deemed to constitute an offer to invest or otherwise deal in shares in Hexagon. The preferential rights issue is not directed towards shareholders in the United States of America, Canada, Japan or Australia or other countries where participation requires further prospectuses, registrations or other measures than what follows from Swedish law. Neither the subscription rights, the BTA (interim) shares or the new shares will be registered pursuant to the United States Securities Act of 1933 ('the Securities Act') or any provincial act in Canada and may not be transferred or offered for sale in the United States of America or in Canada or to persons resident there or for the account of such persons other than in such exceptional cases that do not require registration in accordance with the Securities Act or any provincial act in Canada.