



Report on operations 2000

- Earnings before taxes, excluding capital gains and non-recurring items, rose by 29 % to 203.3 M SEK (157.5)
- Earnings before taxes rose by 25% to 223.3 Msek (179.0)
- Earnings for the fourth quarter, excluding non-recurring items, rose by 38% to 72.6 MSEK (52.7) – the highest recorded profit in eight quarters
- A new group structure, with four business areas, has been established as a basis for a continued international expansion
- Moteco's relocation of its antenna manufacturing has started. All costs in connection to the transfer are charged in the fourth quarter
- Acquisition of Berendsens Nordic hydraulics business as well as Brown & Sharpes metrology business with a turn over of app. 4 Bn SEK
- During 2000 and so far this year companies with a combined turn over of app. 2 Bn SEK have been divested

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Fourth Quarter 2000

The Group net sales amounted to 1 416 Mkr (1 246), an increase by 14 %. In a comparable structure the net sales grew by 11 %. The Order Intake rose by 12% (9% in a comparable structure) and amounted to 1 395 Msek (1 277).

The Earnings before taxes, before non-recurring costs, rose, by 38 % to 72.6 Msek (52.7). Hexagons newly formed bluetooth company, gigaAnt AB, has incurred a loss of 6.4 Msek during the quarter.

The EBIT margin was 6.1 % (5.0 %) during the fourth quarter.

Quarterly figures	1999				2000			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Order intake	1 222	1 237	1 056	1 251	1 292	1 343	1 184	1 395
Net Sales	1 207	1 195	1 019	1 246	1 210	1 289	1 184	1 416
Earnings before taxes	58	32	37	52	47	122	61	- 7
EBIT margin*	3.8 %	3.6 %	3.9 %	5.0%	4.4 %	5.0 %	3.6 %	6.1 %

*= Adjusted for capital gains and non-recurring items

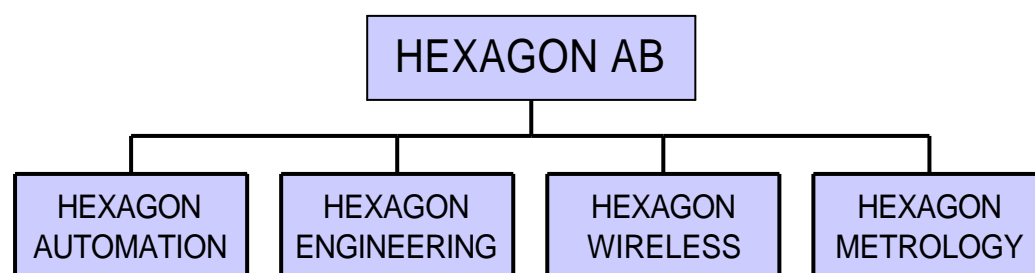
Hexagon has, during the fourth quarter, charged the operations with non-recurring items. Moteco has accrued a restructuring reserve to cater for the relocation of its manufacturing from Sweden to China and Malaysia. Assets amounting to 14.4 Msek have been written down in Johnson Metal Bearing Components (JMBC). JMBC had a net turnover of 102 Msek and a running loss rate of –25 Msek. Thanks to implemented actions during the third quarter the recorded loss for 2000 stopped at –14.3 Msek. JMBC has been divested at book value after the end of the reporting period. These two items plus another – 4.8 Msek (0.7) of non-recurring costs have been charged to the fourth quarter's earnings. Earnings before taxes amounted, therefore, to – 6.6 Mkr (52.0).

January 1st – December 31st 2000

New Group structure

A Consilidation into a few core businesses has characterised Hexagons operations during the period. A New group structure, with four new business areas, has been established as a basis for a continued international expansion. Along this strategy Hexagon has acquired Berendsen Nordic, that together with Dacke Hydraulik forms a group with a market leading position within Hydraulics. Furthermore has Hexagon acquired Brown & Sharpe Inc, a world leader in metrology. During 2000 and in the beginning of 2001 has Hexagon divested Norfoods, JMBC, AKA and Gustaf Fagerberg.

The Structural changes, undertaken, will lead to a focus on fewer core businesses. During 2001 Hexagon will consist of four business areas:



Hexagon Automation

Dacke Hydraulik AB is the core in this business area. During 2000 Dacke Acquired the Nordic hydraulics businesses from Sophus Berendsen. Automation will expand within the segments aftermarket services and wind power as well as geographically.

The Business areas turn over is 2.2 Bn Sek.

Hexagon Engineering

The Business area consists of the engineering groups SwePart, Johnson Industries, Gislaved as well as Hexagons ownership in VBG. The Common denominator for these companies is that they all supply components and systems to leading OEMs. Engineering will focus its businesses on contract manufacturing and proprietary products. The Business area has a turn over of 2.1 Bn Sek.

Hexagon Wireless

The Strategic target for the business area is to strengthen Moteco's position as a leading supplier of mobile phone antennas as well as to position gigaAnt as one of the largest manufacturers of Bluetooth antennas. The Business area has a turn over of app. 200 Msek.

Hexagon Metrology

The Business area will, initially, consist of Brown & Sharpe. The Acquisition is expected to close during the first quarter of 2001. The Business areas turn over is app. 290 MUSD (2.8 Bn Sek) The need for metrology increases. At the same time the Industry is fragmented. Hexagon has therefore identified several opportunities for an expansion, organic as well as via acquisitions.

Group Earnings and Net Revenue

The Group Net Revenue amounted to 5 099 Mkr (4 667) an increase by 9 %. In a comparable structure was the increase 7%.

Earnings before taxes amounted to 223.2 Mkr (179.0) including non-recurring items of 13.6 Msek. This amount consists of a surplus revenue from SPP amounting to 73.6 Msek subtracted with restructuring charges, to cater for Moteco's transfer to Asia, amounting to -60 Msek. The Earnings also include capital gains of net 18.6 Msek (14.9). Non- recurring write offs, charges as well as other non-recurring costs amounts to -12.3 Msek. The Earnings before taxes, excluding these items, increased by 29% to 203.3 Msek (157.5).

Order Intake

The Order Intake increased by 9% to 5214 Msek (4 766). The Order Intake rose by 8% in a comparable structure.

Acquisitions, Divestitures

During the first quarter of 2000 Nybro Stålprodukter, a subsidiary of Johnson Industries, acquired a small steel distributor, Sweden Eurosteel AB, in order to develop an e-commerce solution for its products. Dacke Hydraulik acquired GL Hydraulik AB, a Swedish hydraulics service and maintenance company.

During March the assets of AKA VVS AB were sold.

On June the 13th 2000 Hexagon concluded the acquisition of Berendsen PMCs Hydraulics business in the Nordic countries Sweden, Denmark, Norway and Finland. PMCs annual net sales is 1 100 Msek. The Acquisition is contributing to Hexagons earnings all ready this year. Hexagons subsidiary, Dacke Hydraulik, is as a consequence the leading hydraulics group in the Nordic market.

As of July the 1st 2000 Hexagon has divested the Norfoods Business area realising a capital gain of 30.7 Msek. Norfoods posted net sales of 837 Msek and a profit before tax of 4.0 Msek in 1999.

On Nov 17th 2000 Hexagon announced a public offer for Brown & Sharpe Man Co's (U.S.A.) metrology business. The Offer is worth 170 MUSD. The Metrology business has a turn over of 290 MUSD and an EBIT of 18-22 MUSD. The Acquisition is expected to close during the first quarter of 2001.

Johnson Metal Bearing Components, JMBC, has been divested after the end of the reporting period. The Company, that was a division within Johnson Industries, had a turn over of 102 Msek and a loss rate before taxes of -25 Msek before, the during the third quarter, initiated turn around programme was implemented.

With effect as of Jan 1st 2001, substantially, all operating entities within AKA Industriprodukter and Gustaf Fagerberg have been divested. The Divestiture generates a capital gain of 20 Msek and releases borrowings and cash of app. 400 Msek.

Profitability

The Return on equity was 14 % (9) after taxes.

The Return on capital employed was 13 % (10).

Group financial position

The Solvency ration as of Dec 31st 2000 was 44 % (47) after dividends of 74 Msek (74).

The Net Equity was 1 530 Msek (1 399).

Cash including non-utilised over draft facilities amounted to 424 Msek (322). The Non-utilised portion of the syndicated bank loan amounted to 712 Msek (841). The Groups net debt amounted to 639 Msek (652). The Net gearing was 0.42 (0.47). Interest coverage ratio was 4.4 times (4.5).

In connection to the Brown & Sharpe offer an agreement has been made to borrow up to 270 MUSD on a short-term basis until a new multi-currency syndicated facility is negotiated.

The Groups investments in fixed assets amounted to 162 Msek (213). The Group has sold assets for a net worth of 12 Msek (43). The Groups investments in equity amounted to 5 Msek (7).

Group depreciations amounted to 203 Msek (190).

Taxes amounted to 19,1 Msek. The low tax rate is a consequence of utilised loss carry forwards amounting to 275 Msek, acquired by Hexagon in 1999. Remaining loss carry forwards amounts to 676 Msek.

Cash Flow

The Cash Flow from operations before working capital changes was 378 Msek (241), which corresponds to Cash earnings per share value of 25.59 SEK (16.29). The Net Operational Cash flow was 122 Msek (168).

(Msek)	2000	1999
Cash flow from operations before working capital changes	378	241
Working capital net change	<u>-107</u>	<u>97</u>
Net cash flow from operations	271	338
Net Investments in fixed assets	<u>-149</u>	<u>- 170</u>
Operational Cash flow	122	168
Cash flow from other investment activities	2	-80
Cash flow from financing activities	37	- 117
Dividend	<u>-74</u>	<u>- 74</u>
Change in net cash position	87	- 103

Net sales and Earnings, including distributed goodwill depreciations per business area (Business areas Earnings are EBIT less SPP-funds and other non-recurring items)

Msek	Net Sales		Earnings	
	2000	1999	2000	1999
Hexagon Automation	1 214	533	55.0	28.2
Hexagon Engineering	2 195	1 878	132.7	118.0
Hexagon Wireless	206	216	-11.1	1.3
Hexagon Metrology	-	-	-	-
Other operations*	1 512	2 064	80.2	68.3
Capital gains	-	-	18.6	14.9
Non recurring items	-	-	13.6	-
Financial net	-	-	-43.7	-30.2
Group adjustments and group costs	-28	-24	-22.1	-21.5
Group	5 099	4 667	223.2	179.0

* Other companies are Norfoods Jan-June, and AKA and Fagerberg during Jan-Dec

Hexagon Automation

Net Sales amounted to 1 214 Mkr (533). Order intake increased to 1 206 Mkr (539). Net Sales in a comparable structure rose by 5% and Order intake rose by 6%. The EBIT, excluding SPP-funds, rose by 95% to 55.0 Msek (28.3) Berendsen PMC Nordic was acquired on June 13th 2000 and is included in the statements as of that date.

The Process, of integrating the acquired entities, develops according to plan.

Hexagon Engineering

Net Sales rose by 17 % to 2 195 Msek (1 878). The Order intake rose by 15 % to 2 228 Mkr (1 932). The EBIT, excluding SPP-funds, rose by 12 % to 132.7 Msek (118.0). Gislaved and SwePart both recorded an excellent EBIT growth whilst Johnson Industries reduced its earnings by 50%. Johnson Metal Bearing Components has been divested after the reporting period. The Divestiture will have a positive effect on Engineering's earnings.

Hexagon Wireless

The Net Sales were reduced to 206 Msek (216) and the EBIT, Excluding SPP-funds and non-recurring items, amounted to -11.1 Msek (1.3).

Hexagon has established gigaAnt AB, a company that will focus on antenna solutions for Bluetooth applications. gigaAnts recorded net sales of 0.8 Msek (0). The Loss, which follows a pre-set start up budget, was -13.6 Msek (0).

Moteco's (antennas for mobile hand sets) order intake fell by 6 % and the net revenue was 5 % lower than last year. The Decline was caused by a major rescheduling and cut back of substantial customer projects. The Net Sales for the fourth quarter rose by 4% against last year. The EBIT, before SPP-funds and non-recurring items, rose to 5.3 Msek for the fourth quarter. The Full year profit was 2.5 Msek (1.3).

After the reporting period, Hexagon Wireless announced that it would cease to manufacture antennas in Sweden. The Production will be relocated to Moteco's plants in Asia. The Restructuring costs are charged to the fourth quarter and amounts to 60 Msek. The Cost savings are estimated to 45 Msek per annum. The Restructuring programme will reach full impact during the second half of 2001.

Hexagon Metrology

The Acquisition process proceeds according to plan. The Closing date is dependant of an approval from the SEC (Securities and Exchange Commission). Closing is expected to take place during the first quarter of 2001.

Other companies

AKA and Fagerberg enjoyed a strong development during the second half of the year. Norfoods that was divested in June is also recorded under other companies.

The Associated Company VBG AB contributes to Hexagons earnings with 23.7 Msek (25.6) according to the equity method.

Share data

The Earnings per share after tax was 13.57 Sek (8.61). The Visible equity per share was 103 Sek (95) as of December the 31st. 2000. The Share closed at 120 Sek (134) during the last trading day for the year. The Total number of shares outstanding was 14,793,182 (14,793,182).

Parent company

The Parent company recorded Earnings after financial items amounting to 28.1 Msek (141.3). The Solvency ratio was 46% (56). The Equity including the equity share of untaxed reserves amounted to 1 087 Msek (1 226). Cash and non-utilised over draft facilities amounted to 211 Msek (172).

Dividend

The Board of directors will propose that the AGM decides to pay a dividend of 5.00 SEK/Share (5.00), which corresponds to 74 Msek (74.0). The proposed dividend is equal to 37 % (58) of the earnings per share after taxes. The, Proposed, unchanged dividend level reflects Hexagons plans for a rapid expansion.

Next Quarterly statement

Quarter 1 – 2001	May 7 th 2001.
Quarter 2 – 2001	August 6 th 2001.
Quarter 3 - 2001	October 30 th 2001.

Annual Report and Annual General Meeting

The Annual Report is expected to be published and distributed during w.16. It will be available as of the 18th of April 2001 at Hexagons head office.

Hexagon AB(publ):s Annual General Meeting (AGM) will be held on May the 7th 2001 at 17.00 in Stockholm (IVA, Grev Turegatan 14). Share holders that whish to participate in the AGM must be registered in the company's , by VPC AB administrated, share records at latest on April the 27th 2001 and declare its intention to participate to Hexagons head office at latest on May the 2nd 2001.

Landskrona 12th of February 2001

HEXAGON AB (publ)

Board of Directors

Consolidated Income Statement Summary

	Q 4	Q 4	Jan-Dec	Jan-Dec
	2000	1999	2000	1999
Net Sales	1 416.2	1 246.5	5 098.8	4 667.2
Gross profit	343.0	259.2	1 132.8	954.0
Selling expenses	- 157.0	- 118.1	- 526.3	- 456.4
Administrative expenses	- 116.6	- 86.7	- 379.2	- 320.3
R & D expenses	- 6.9	- 5.9	- 26.6	- 23.7
Other operational costs and revenues	6.7	7.2	9.8	14.9
Non-recurring items	- 52.0	-	13.6	-
Share of affiliated companies	5.1	6.3	24.2	25.8
Capital Gains divestitures	- 15.0	- 4.5	18.6	14.9
Operating profit	7.3	57.5	266.9	209.2
Financial revenue and expenses	- 13.9	- 5.5	- 43.7	- 30.2
Income before taxes	- 6.6	52.0	223.2	179.0
Taxes	12.5	- 16.3	-19.1	- 50.1
Minorities	- 1.1	- 0.2	- 3.4	- 1.5
Net income	4.8	35.5	200.7	127.4
<i>Depreciations are included with:</i>	<i>5.,8</i>	<i>- 47.9</i>	<i>- 20.9</i>	<i>- 190.1</i>

Key Ratios

	2000	1999
	Jan-Dec	Jan-Dec
Earnings per share (Skr)	13.57	8.61
Cash flow per share (Skr)	25.59	16.29
Return on equity after tax (%)	14	9
Return on capital employed (%)	13	10
Solvency ratio (%)	44	47
Visible equity per share (Skr)	103	95
Share price (Skr)	120	134
Average N.o. shares, Thousands	14 793	14 793

Consolidated Balance Sheet Summary

(Mkr)	2000-12-31	1999-12-31
Goodwill	256.8	321.0
Other fixed assets	1 216.2	1 128.9
Total Fixed assets	1 473.0	1 449.9
Other current assets	1 806.8	1 462.6
Cash & cash equivalents	194.1	107.0
Total Current assets	2 000.9	1 569.6
TOTAL ASSETS	3 473.9	3 019.5
Shareholders equity Balance previous period	1 329.6	1 271.5
Periods reported Net Profit	200.7	127.4
Total Shareholders Equity	1 530.3	1 398.9
Minority	13.2	9.7
Interest bearing Debt	873.7	758.8
Non interest bearing liabilities	1 056.7	852.1
Total liabilities	1 930.4	1 610.9
TOTAL EQUITY & LIABILITIES	3 473.9	3 019.5