



Interim Report

January 1st – September 30th 2000

The First nine months 2000

- Earnings after financial items excluding capital gains and non recurring items increased by 21% to 130,6 Msek (107,6)
- Earnings after financial items increased by 81% to 229,8 Msek (127,0).
- Earnings per share after tax was 13,24 SEK (6,21)
- The Acquisition of Berendsen PMC Nordic has already contributed to group earnings

Third quarter 2000

- Norfoods divested, resulting in a capital gain amounting to 31,3 Msek
- Earnings before tax rose to 60,6 Msek (37,0) including the proceeds from the Norfoods divestiture
- Hexagon established the business area Wireless, that initially will consist of Moteco AB and gigaAnt AB

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The Third Quarter 2000

The Income before taxes amounted to 60.6 Msek (37.0). Hexagon divested Norfoods during the third quarter resulting in a capital gain of 31.3 Msek. The Income before taxes excluding the gain was 29.3 Msek (37.0). The profit reduction in comparison to Q3 in 1999 is derived from start up costs for gigaAnt AB, the new Bluetooth antenna company, as well as a weak result from the Swedish production unit for mobile hand set antennas at Moteco AB – both within the business area Hexagon Wireless. The Metal bearing components business within Johnson Industries has, because of price pressure in combination with restructuring costs, posted a significant loss for the quarter. Corrective actions are already in place. The Business is expected to return to profitability already during the 4th quarter of 2000.

Invoiced Sales amounted to 1,184 Msek (1,019). In a comparable structure Net Sales rose by 7% from 1,101 Msek to 1,184 Msek. The Order Intake rose by 8% in comparable structure to 1,184 (1,100).

Quarterly figures Msek	1999				2000		
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
Order Intake	1 222	1 237	1 056	1 251	1 292	1 343	1 184
Invoiced Sales	1 207	1 195	1 019	1 246	1 210	1 289	1 184
Income before taxes	58	32	37	52	47	122	61

January 1st – September 30th 2000

Group Income and Net Revenue

The Earnings before taxes for the first nine months amounted to 229.8 Msek (127.0) including the pay back of surplus funds from SPP amounting to 65.6 Msek. Capital gains amounts to 33.6 Msek (19.4). The Income before taxes excluding capital gains and the SPP pay back rose to 130.6 Msek (107.6) reflecting an increase by 21% over the corresponding period in 1999.

The Group Net Revenue amounted to 3,683 Msek (3,421) reflecting a growth by 8%. In a comparable structure the Group Net Revenue increased by 5% to 3,683 (3,510).

Order intake

The Order intake rose by 7% in a comparable structure to Msek 3,819 (3,568).

The Order intake increase was + 9% to 3,819 Msek (3,515).

Acquisitions, structure and divestitures

On June the 13th 2000 Hexagon concluded the acquisition of Berendsen PMCs Hydraulics business in the Nordic countries Sweden, Denmark, Norway and Finland. The Business annual turn over is 1,100 Msek and the purchase price was 177 Msek. The Acquisition is contributing to Hexagons earnings all ready this year. Hexagon has created a restructuring reserve in order to meet charges to restore the Berendsen businesses profitability. Transaction goodwill, amounting to 22 Msek, has been established.

Hexagon will, thanks to the acquisition become the leading Hydraulics supplier in The Nordic region. 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.

As of July the 1st 2000 Hexagon has divested the Norfoods Business area realising a capital gain of 31.3 Msek. Norfoods posted net sales of 837 Msek and a profit before tax of 4.0 Msek in 1999. A Partial payment is recorded in the third quarter. The Remainder of the transaction was concluded on October the 2nd.

Hexagon established a new business area during the third quarter, Hexagon Wireless. The Business area will initially consist of Hexagons subsidiaries Moteco AB, a leading supplier of mobile hand set antennas, and gigaAnt AB, the recently established company that develops and markets antennas for Bluetooth applications. Hexagon Wireless aspire to become a globally leading supplier of antennas for the new industry emerging from, what today is referred to as “the mobile internet” and “the wireless solutions” industry. The Product range will consist of antenna solutions for traditional mobile handsets as well as antennas for PCs, Printers, Servers and a great variety of other wireless consumer- and industrial products.

Profitability

The Return on equity after tax rose to 18% (9). The Return on Capital employed was 15 % (10).

Group financial position

The Solvency ratio was, as of September the 30th 43% (46) after the dividend pay out of 74 Msek (74). The Book equity amounted to 1,529 Msek (1,365).

Cash including non-utilised over draft facilities amounted to 423 Msek (320). The Non-utilised portion of the syndicated bank loan amounted to 638 Msek (789). The Groups net debt amounted to 846 Msek (631). The Net gearing was 0.55 (0.46). Interest coverage ratio was 6.3 times (4.2).

The Groups investments in fixed assets amounted to 136 Msek (130). The Group has sold assets for a net worth of 8 Msek (36). The Groups investments in equity amounted to 5 Msek (6). Group depreciations amounted to 151 Msek (142).

The Accounted tax rate is estimated to 14%, due to the loss carry forward deductions in Sweden.

Cash Flow

The Cash Flow from operations before working capital changes was 304 Msek (149), which corresponds to a Cash earnings per share value of 20.58 SEK (10.08). The Net Operational Cash flow was -2 Msek (20).

(Msek)	2000	1999
Cash flow from operations before working capital changes	304	149
Working capital changes	- 178	- 36
Net cash flow from operations	126	113
Net Investments in fixed assets	- 128	- 93
Operational Cash flow	-2	20
Cash flow from other investment activities	- 80	50
Cash flow from financing activities	255	- 87
Dividend	- 74	- 74
Change in net cash position	99	- 91

Invoiced Sales and profit after financial items, including Goodwill depreciations, per business area

(Msek)	Invoiced sales		Profit	
	2000	1999	2000	1999
Industrial Components & Systems	1 581	1 257	50.7	35.7
Niche Manufacturing	1 593	1 372	82.8	69.8
Hexagon Wireless	149	161	-11.5	- 0.9
Other companies*	379	647	19.5	17.0
Capital Gains	-	-	33.6	19.4
Non-recurring items	-	-	65.6	-
Adjustments and parent company	- 19	- 16	- 10.9	- 14.0
Group	3 683	3 421	229.8	127.0

* Includes Norfoods Jan-June

Industrial Components and Systems

The Invoiced sales amounted to 1,581 Msek (1,257) for the first nine months. The Order intake increased to 1,604 Msek (1,274), an increase by 26%. The Profit after financial items increased by 42% and amounted to 50.7 Msek (35.7) after Goodwill depreciations. Berendsen PMC Nordic is consolidated as of June the 13th and has affected the figures. In a comparable structure the order intake rose by 3%, the net sales were marginally affected.

AKA Industriprodukters Invoiced Sales were unchanged, in a comparable structure and amounted to 433 Msek (432). The Order intake rose by 2%. The Profit after financial items rose to 16.2 Msek (10.7) out of which 4.8 Msek derives from a capital gain.

Dacke Hydrauliks Invoiced sales rose by 98% to 762 Msek (385). The Acquisition of Berendsen PMC Nordic will increase the net sales by some 1.1 Bn Sek on an annualised basis. In a comparable structure the net revenue grew by 1% and the order intake by 4%. The profit after financial items rose to 31.3 Msek (19.9). The Berendsen group of companies have, strongly, contributed to Dackes earnings during the quarter.

Gustaf Fagerbergs Invoiced Sales increased to 385 Msek (382). The Order intake, in a comparable structure, rose by 4% and amounted to 408 Msek (394). The Profit after financial items improved to 14.1 Msek (12.2).

Niche Manufacturing

The Invoiced Sales for the business area rose by 16% to 1 593 Msek (1 372). The Order intake rose by 17%. The Profit after financial items and Goodwill amortisation's rose by 19% to 82.8 Msek (69.8).

Gislaved Gummis net sales rose by 17% to 352 Msek (301). The Order intake increased by 20% compared to the corresponding period last year. The Profit after financial items rose sharply to 45.7 Msek (28.3).

Johnson Industries Order Intake rose by 17% during the first nine months. The Increase was 13% in a comparable structure. Invoiced Sales increased by 10% to 733 Msek (667). The Profit after financial items was reduced to 10.0 Msek (22.7) because of price erosion and restructuring charges at JMBC the Norwegian ball bearing components supplier. The, during Q3, Launched profit improvement programme will have a positive effect on earnings already during the 4th quarter of 2000.

SwePart increased its Invoiced Sales by 25% to 507 Msek (405) and the Order Intake rose by 17%. The Profit after financial items increased to 35.2 Msek (27.0).

Hexagon Wireless

The Net Revenue within Hexagon Wireless fell to 149 Msek (161) and the profit before taxes plunged to -11.5 Msek (-0.9).

Hexagon has established gigaAnt AB, a company that will focus on antenna solutions for Bluetooth applications. gigaAnts recorded invoiced sales of 0.4 Msek (0) during the third quarter. The loss, which follows the start up budget, was 7.2 Msek (0). Motecos order intake fell by 5% and the net sales fell by 8% in comparison to the corresponding period last year. The Decline was caused by a major rescheduling and cut back of substantial customer projects. The Profit after financial items declined to -4.3 Msek (-0.9). Moteco announced further cutbacks in personnel during the quarter in its Swedish operation.

The, During 2000, established Malaysian subsidiary as well as the, during 1999, established, Chinese subsidiary are operating at satisfactory profit levels and fit into the new sourcing strategy recently communicated by several large mobile hand set manufacturers.

Other companies

VBG AB contributes to Hexagons profit according to the Equity method by 19.0 Msek (19.4).

Share data

The Profit per share after tax was 13.24 Sek (6.21). The Visible equity per share was 103 Sek (92) as of September the 30th. The share was trading at 132 Sek/Share (135). The Total number of shares outstanding was 14,793,182 (14,793,182).

Parent company

The Parent company recorded a loss after financial items of -18.4 Msek (43.9). The Solvency ratio was 46% (59). The equity including the equity share of untaxed reserves amounted to 1 141 Msek (1 167). Cash and non-utilised overdraft facilities amounted to 255 Msek (155). The Corresponding figure on Dec 31st 1999 was 172 Msek.

**Next Quarterly statement**

Quarter 4 & Full year report	February 12 th 2001.
Quarter 1 – 2001	May 7 th 2001.
Quarter 2 – 2001	August 6 th 2001.
Quarter 3 - 2001	October 30 th 2001.

Forecast for 2000

The Positive trend during the first nine months is expected to continue throughout the year.

The Declared restructuring plan that was communicated at the Annual General Meeting proceeds according to plan. The Ambition is to reduce the number of strategic businesses and, by doing so, release funds to finance a profitable, international, growth orientated engineering group.

Landskrona November 1st 2000

HEXAGON AB (publ)

Ola Rollén
President & C.E.O.

Consolidated Income Statement Summary

	Q 3 2000	Q 3 1999	Jan-Sep 2000	Jan-Sep 1999	12 m rolling	Full year 1999
Net Revenue	1 183.3	1 018.8	3 682.6	3 420.7	4 929.1	4 667.2
Gross profit	272.4	208.2	789.8	694.8	1 049.0	954.0
Selling expenses	- 135.6	- 103.4	- 369.3	- 338.3	- 487.4	- 456.4
Administrative expenses	- 92.4	- 68.8	- 262.6	- 233.6	- 349.3	- 320.3
R & D expenses	- 6.0	- 4.7	- 19.7	- 17.8	- 25.6	- 23.7
Other operational costs and revenues	0.6	5.8	3.1	7.7	10.3	14.9
Non-recurring items	-	-	65.6	-	65.6	-
Share of affiliated companies	3.7	4.5	19.1	19.5	25.4	25.8
Capital Gains divestitures	31.8	-	33.6	19.4	29.1	14.9
Operating profit	74.5	41.6	259.6	151.7	317.1	209.2
Financial revenue and expenses	- 13.9	- 4.6	- 29.8	- 24.7	- 35.3	- 30.2
Income before taxes	60.6	37.0	229.8	127.0	281.8	179.0
Taxes	- 13.0	- 9.6	- 31.6	- 33.8	- 47.9	- 50.1
Minorities	- 0.8	- 0.2	- 2.3	- 1.3	- 2.5	- 1.5
Net income	46.8	27.2	195.9	91.9	231.4	127.4
<i>Depreciations are included with:</i>	<i>- 52.1</i>	<i>-46.2</i>	<i>- 151.1</i>	<i>- 142.2</i>	<i>- 199.0</i>	<i>- 190.1</i>

Key Ratios

	2000 Jan-Sep	1999 Jan-Sep	1999 Full year
Earnings per share (Skr)	13.24	6.21	8.61
Cash flow per share (Skr)	20.58	10.08	16.29
Return on equity after tax (%)	18	9	9
Return on capital employed (%)	15	10	10
Solvency ratio (%)	43	46	47
Visible equity per share (Skr)	103	92	95
Share price (Skr)	132	135	134
Average N.o. shares, Thousands	14 793	14 793	14 793

Consolidated Balance Sheet Summary

(Mkr)	2000-09-30	1999-09-30	1999-12-31
Goodwill	264.4	339.5	321.0
Other fixed assets	1 245.0	1 080.9	1 128.9
Total Fixed assets	1 509.4	1 420.4	1 449.9
Other current assets	1 869.8	1 419.3	1 462.6
Cash & cash equivalents	206.1	118.6	107.0
Total Current assets	2 075.9	1 537.9	1 569.6
TOTAL ASSETS	3 585.3	2 958.3	3 019.5
Shareholders equity Balance previous period	1 333.2	1 272.9	1 271.5
Periods reported Net Profit	195.9	91.9	127.4
Total Shareholders Equity	1 529.1	1 364.8	1 398.9
Minority	12.3	9.5	9.7
Interest bearing Debt	1 052.3	750.0	758.8
Non interest bearing liabilities	991.6	834.0	852.1
Total liabilities	2 043.9	1 584.0	1 610.9
TOTAL EQUITY & LIABILITIES	3 585.3	2 958.3	3 019.5

This report has not been audited by the companys independent Auditors