

# INTERIM REPORT

1 JANUARY - 30 SEPTEMBER 2020

THIRD QUARTER

- Net sales decreased by -2 per cent to 939.9 MEUR (956.3). Using fixed exchange rates and a comparable group structure (organic growth), net sales was unchanged by 0 per cent
- Operating earnings (EBIT1) increased by 6 per cent to 250.1 MEUR (235.8)
- Earnings before taxes, excluding non-recurring items, amounted to 242.2 MEUR (229.3)
- Net earnings, excluding non-recurring items, amounted to 198.6 MEUR (188.0)
- Earnings per share, excluding non-recurring items, amounted to 0.53 EUR (0.51)
- Operating cash flow increased to 191.2 MEUR (167.5)
- The Board of Directors proposes a dividend of 0.62 EUR (0.59) per share for the fiscal year 2019

MEUR	Q3 2020	Q3 2019	Δ%	9M 2020	9M 2019	Δ%
Net sales	939.9	956.3	0 <sup>1)</sup>	2,726.4	2,848.8	-5 <sup>1)</sup>
Gross earnings <sup>2)</sup>	599.7	604.8	-1	1,722.0	1,784.2	-3
Gross margin, % <sup>2)</sup>	63.8	63.2	0.6	63.2	62.6	0.6
Operating earnings (EBITDA) <sup>3)</sup>	347.2	326.3	6	997.0	964.7	3
EBITDA margin, %	36.9	34.1	2.8	36.6	33.9	2.7
Operating earnings (EBIT1) <sup>3)</sup>	250.1	235.8	6	669.0	695.5	-4
Operating margin, %	26.6	24.7	1.9	24.5	24.4	0.1
Earnings before taxes, excluding non-recurring items	242.2	229.3	6	648.9	674.5	-4
Non-recurring items (before taxes) <sup>2)</sup>	-	-	n.a.	-135.0	-54.1	n.a.
Earnings before taxes	242.2	229.3	6	513.9	620.4	-17
Net earnings	198.6	188.0	6	422.2	508.6	-17
Net earnings, excl. non-recurring items	198.6	188.0	6	532.1	553.1	-4
Earnings per share, EUR	0.53	0.51	4	1.14	1.38	-17
Earnings per share, excl. non-recurring items, EUR	0.53	0.51	4	1.44	1.50	-4

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

<sup>2)</sup> Non-recurring items in the second quarter 2020 of -135.0 MEUR (-54.1) related to a cost savings programme.

<sup>3)</sup> For definition, see page 19.

## COMMENTS FROM THE CEO

"We are pleased with the results, having delivered our best third-quarter earnings and profitability ever despite the significant currency headwind. We've been able to navigate a challenging environment with great resilience – adapting the cost structure by implementing short-term and long-term cost savings measures and at the same time expanding our gross margin through a richer product mix. We saw a robust sequential improvement in sales growth, supported by a broad-based recovery in China and a solid development in our geospatial segments. What we call the "two-speed world" has never been as evident as it is today, where our newer automation applications in construction, mining, public safety and agriculture are growing, while certain sectors such as traditional automotive, aerospace and oil and gas are still facing a tough demand situation. The increased focus on a low carbon economy is also apparent, where we see our applications within renewable energy, electric vehicles and rail gaining traction.

The Board of Directors has decided to propose a dividend of 0.62 EUR per share for the fiscal year 2019, and an extraordinary general meeting will be held on 1 December. Our strong cash flow and financial position enables us to continue investing in the future, increasing shareholder value and delivering revolutionary solutions that drive efficiency, productivity and quality for our customers."

– Ola Rollén, President and CEO, Hexagon AB

**-2%**

SALES  
GROWTH

**0%**

ORGANIC  
GROWTH

**27%**

OPERATING  
MARGIN

## GROUP BUSINESS DEVELOPMENT Q3

### NET SALES

Net sales decreased by -2 per cent to 939.9 MEUR (956.3). Using fixed exchange rates and a comparable group structure (organic growth), net sales was unchanged by 0 per cent. Regionally, organic growth was 5 per cent in Asia, -1 per cent in EMEA and -2 per cent in Americas. In Asia, China recorded 18 per cent organic growth, mainly driven by strong growth in infrastructure and construction and a recovery in the electronics segment. South Korea also recorded double-digit growth fuelled by a solid development in infrastructure and construction. Japan, South-Eastern Asia and India however, declined in the quarter. In EMEA, Western Europe recorded -3 per cent organic growth, hampered by decline in the manufacturing and power and energy markets. The surveying and public safety segments recorded solid growth. Russia and The Middle East recorded double-digit organic growth. In Americas, North America recorded -5 per cent organic growth, hampered by weakness in the manufacturing and power and energy segments. However, the mapping and positioning segments recorded favorable growth in the region. South America recorded high double-digit organic growth.

### EARNINGS

Operating earnings (EBIT1) increased by 6 per cent to 250.1 MEUR (235.8), which corresponds to an operating margin of 26.6 per cent (24.7). The operating margin (EBIT1) was positively impacted by cost savings measures and a richer product mix but adversely impacted by currency movements. Operating earnings (EBIT1) were negatively impacted by currency translation effects of -15.2 MEUR and by currency transaction effects of -4.8 MEUR. Earnings before taxes amounted to 242.2 MEUR (229.3) and were negatively impacted by currency translation effects of -15.2 MEUR.

### FINANCIAL SUMMARY - THIRD QUARTER

MEUR	Net sales			Earnings		
	Q3 2020	Q3 2019	Δ% <sup>1)</sup>	Q3 2020	Q3 2019	Δ%
Geospatial Enterprise Solutions	487.3	473.8	6	138.5	118.4	17
Industrial Enterprise Solutions	452.6	482.5	-5	114.8	124.0	-7
Net sales	939.9	956.3	0			
Group cost				-3.2	-6.6	52
Operating earnings (EBIT1)				250.1	235.8	6
Operating margin, %				26.6	24.7	1.9
Interest income and expenses, net				-7.9	-6.5	-22
Earnings before taxes				242.2	229.3	6
Taxes				-43.6	-41.3	-6
Net earnings				198.6	188.0	6

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

### CURRENCY TRANSLATION IMPACT COMPARED TO EUR - THIRD QUARTER

	Movement <sup>1)</sup>	Income less cost	Earnings impact
CHF	Strengthened 2%	Negative	Negative
USD	Weakened -5%	Positive	Negative
CNY	Weakened -3%	Positive	Negative
EBIT1, MEUR			-15.2

<sup>1)</sup>Compared to Q3 2019

### SALES BRIDGE - THIRD QUARTER

	Net sales <sup>1)</sup>
2019, MEUR	956.3
Structure, %	2
Currency, %	-4
Organic growth, %	0
Total, %	-2
2020, MEUR	939.9

<sup>1)</sup>Net sales from acquisitions and divestments during the last twelve months are reported as "Structure" in the table above. Percentages are rounded to the nearest whole per cent.

### ORGANIC GROWTH<sup>1)</sup> PER REGION

Region	Q3 2020	
China (15% of sales)	↗	
South America (4% of sales)	↗	
EMEA excl. Western Europe (8% of sales)	→	
North America (31% of sales)	↘	>8% ↗
Western Europe (28% of sales)	↘	0-8% →
Asia excl. China (14% of sales)	↘	Negative ↘
Total	→	

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

## GEOSPATIAL ENTERPRISE SOLUTIONS – Q3 2020

*Geospatial Enterprise Solutions includes a world-leading portfolio of sensors for capturing data from land and air as well as sensors for positioning via satellites. The sensors are complemented by software (GIS) for the creation of 3D maps and models which are used for decision-making in a range of software applications, covering areas such as surveying, construction, public safety and agriculture. This segment consists of Geosystems, Safety & Infrastructure and Autonomy & Positioning.*

### NET SALES

Geospatial Enterprise Solutions (GES) net sales amounted to 487.3 MEUR (473.8). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 6 per cent. Regionally, organic growth was 8 per cent in Asia, 8 per cent in Americas and 3 per cent in EMEA. In Asia, China recorded 35 per cent organic growth, mainly driven by strong growth in infrastructure and construction. South Korea recorded strong organic growth, however, Japan and India declined. In Americas, North America recorded single-digit organic growth, mainly driven by a solid development in the positioning and mapping segments. South America recorded double-digit organic growth, supported by strong demand for mining and public safety solutions. In EMEA, Western Europe recorded 1 per cent organic growth, positively impacted by good growth in the surveying and public safety segments but adversely impacted by weaker demand in the positioning segment. Russia, the Middle East and Africa recorded favorable organic growth.

Regarding the divisions within GES, Geosystems recorded 5 per cent organic growth, supported by strong demand in China and South America and a gradual improvement from new product sales. The surveying and mining segments recorded solid growth. The Safety & Infrastructure division recorded 9 per cent organic growth, supported by a strong development in the public safety and mapping portfolios. The Autonomy & Positioning division recorded 6 per cent organic growth, positively impacted by solid demand in defence and agriculture but adversely impacted by weaker demand in automotive and marine.

### EARNINGS

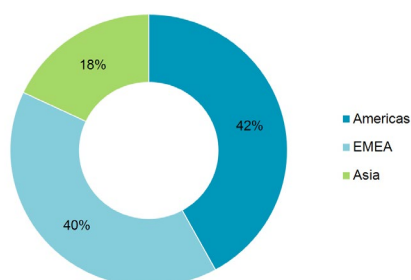
Operating earnings (EBIT1) increased by 17 per cent to 138.5 MEUR (118.4), which corresponds to an operating margin of 28.4 per cent (25.0). The operating margin (EBIT1) was positively impacted by a richer product mix and cost savings measures but adversely impacted by currency movements.

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

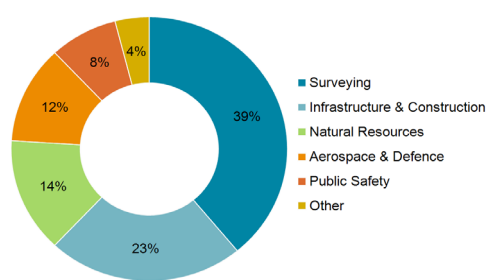
MEUR	Q3 2020	Q3 2019	Δ%	9M 2020	9M 2019	Δ%
Net sales	487.3	473.8	6 <sup>1)</sup>	1,398.7	1,419.3	-2 <sup>1)</sup>
Operating earnings (EBIT1)	138.5	118.4	17	359.8	357.7	1
Operating margin, %	28.4	25.0	3.4	25.7	25.2	0.5
Avg. number of employees				8,929	8,918	0

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

### NET SALES PER REGION – THIRD QUARTER



### NET SALES PER CUSTOMER SEGMENT - THIRD QUARTER



## INDUSTRIAL ENTERPRISE SOLUTIONS – Q3 2020

*Industrial Enterprise Solutions includes metrology systems that incorporate the latest in sensor technology for fast and accurate measurements, as well as CAD (computer-aided design), CAM (computer-aided manufacturing) and CAE (computer-aided engineering) software. These solutions optimise design, processes and throughput in manufacturing facilities and create and leverage asset management information critical to the planning, construction and operation of plants and process facilities in a number of industries, such as automotive, aerospace and oil and gas. Industrial Enterprise Solutions consists of Manufacturing Intelligence and PPM.*

### NET SALES

Industrial Enterprise Solutions (IES) net sales amounted to 452.6 MEUR (482.5). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -5 per cent. Regionally, organic growth was 4 per cent in Asia, -6 per cent in EMEA and -14 per cent in Americas. In Asia, China recorded 13 per cent organic growth, mainly driven by a recovery in the electronics segment and general manufacturing. Japan, South-Eastern Asia and India declined in the quarter. In EMEA, Western Europe recorded -9 per cent organic growth, driven by weakness in the automotive and aerospace segments and high year-on-year comparisons in the power and energy segment. Russia and the Middle East recorded double-digit growth, but Eastern Europe and Africa declined. In Americas, North America recorded -16 per cent organic growth, hampered by a weak development in all segments. South America recorded double-digit organic growth.

Regarding the divisions within IES, Manufacturing Intelligence recorded -4 per cent organic growth, largely driven by weak demand in the automotive and aerospace segments. China, however, recorded solid organic growth, supported by a recovery in electronics and general manufacturing. The software portfolios continued to show resilience and remained stable. The PPM division recorded -7 per cent organic growth, on the back of high year-on-year comparisons and a challenging oil and gas market. However, the positive development in the AEC (architect, engineering and construction) design software portfolio continued.

### EARNINGS

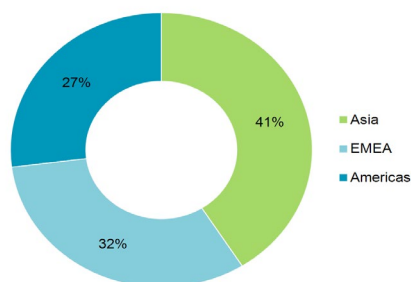
Operating earnings (EBIT1) decreased by -7 per cent to 114.8 MEUR (124.0), which corresponds to an operating margin of 25.4 per cent (25.7). The operating margin (EBIT1) was positively impacted by cost savings measures but adversely impacted by currency movements and lower volumes.

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

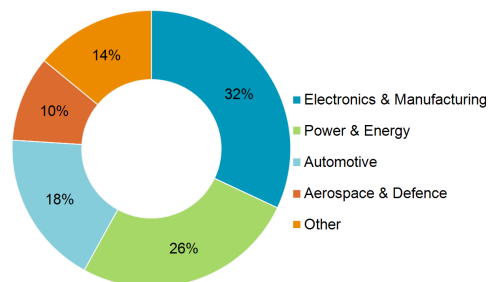
MEUR	Q3 2020	Q3 2019	Δ%	9M 2020	9M 2019	Δ%
Net sales	452.6	482.5	-5 <sup>1)</sup>	1,327.7	1,429.5	-8 <sup>1)</sup>
Operating earnings (EBIT1)	114.8	124.0	-7	318.5	357.4	-11
Operating margin, %	25.4	25.7	-0.3	24.0	25.0	-1.0
Avg. number of employees				11,112	11,268	-1

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

### NET SALES PER REGION – THIRD QUARTER



### NET SALES PER CUSTOMER SEGMENT – THIRD QUARTER



## FINANCIAL SUMMARY – 9M 2020

### NET SALES

Net sales amounted to 2,726.4 MEUR (2,848.8) for the first nine months of the year. Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -5 per cent.

### EARNINGS

Operating earnings (EBIT1) amounted to 669.0 MEUR (695.5), which corresponds to an operating margin of 24.5 per cent (24.4).

Operating earnings (EBIT1) were negatively affected by currency translation effects of -18.2 MEUR and by currency transaction effects of -10.2 MEUR.

The financial net amounted to -20.1 MEUR (-21.0) for the first nine months of the year.

Earnings before taxes, excluding non-recurring items, amounted to 648.9 MEUR (674.5). Earnings before taxes, including these items, amounted to 513.9 MEUR (620.4) and were negatively impacted by currency translation effects of -19.6 MEUR.

Net earnings, excluding non-recurring items, amounted to 532.1 MEUR (553.1) or 1.44 EUR (1.50) per share. Net earnings, including these items, amounted to 422.2 MEUR (508.6) or 1.14 EUR (1.38) per share.

## FINANCIAL SUMMARY - 9M 2020

MEUR	Net sales			Earnings		
	9M 2020	9M 2019	Δ% <sup>1)</sup>	9M 2020	9M 2019	Δ%
Geospatial Enterprise Solutions	1,398.7	1,419.3	-2	359.8	357.7	1
Industrial Enterprise Solutions	1,327.7	1,429.5	-8	318.5	357.4	-11
Net sales	2,726.4	2,848.8	-5			
Group cost				-9.3	-19.6	53
Operating earnings (EBIT1)				669.0	695.5	-4
Operating margin, %				24.5	24.4	0.1
Interest income and expenses, net				-20.1	-21.0	4
Earnings before non-recurring items				648.9	674.5	-4
Non-recurring items <sup>2)</sup>				-135.0	-54.1	n.a.
Earnings before taxes				513.9	620.4	-17
Taxes				-91.7	-111.8	18
Net earnings				422.2	508.6	-17

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

<sup>2)</sup>Non-recurring items 2020 relates to launch of a restructuring programme. Non-recurring items 2019 related to launch of a restructuring programme and acquisitions.

## CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 9M 2020

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	5%	Negative	Negative
USD	Weakened	0%	Positive	Negative
CNY	Weakened	-2%	Positive	Negative
EBIT1, MEUR				-18.2

<sup>1)</sup>Compared to 9M 2019.



Hexagon acquired Tacticware, a provider of LiDAR-based 3D surveillance software used to monitor and protect critical infrastructure and buildings. Together with the BLK247 and HxGN OnCall, our comprehensive portfolio of next-generation public safety solutions, Hexagon can offer a fully integrated end-to-end security surveillance solution.



## GROUP SUMMARY

### PROFITABILITY

Capital employed increased to 8,536.9 MEUR (8,522.8). Return on average capital employed for the last twelve months was 11.0 per cent (12.0). Return on average shareholders' equity for the last twelve months was 10.1 per cent (13.1). The capital turnover rate was 0.4 times (0.5).

### FINANCIAL POSITION

Total shareholders' equity increased to 6,178.9 MEUR (5,936.8). The equity ratio was 59.0 per cent (57.1). Hexagon's total assets increased to 10,464.5 MEUR (10,397.6). The increase in total assets is driven primarily by acquisitions. Hexagon's main sources of financing consist of:

1) A multicurrency revolving credit facility (RCF) established during 2014. The RCF amounts to 2,000 MEUR with maturity 2021

2) A Swedish Medium Term Note Programme (MTN) established during 2014. The MTN programme amounts to 15,000 MSEK with tenor up to 5 years

3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months.

On 30 September 2020, cash and unutilised credit limits totalled 2,078.3 MEUR (1,812.0). Hexagon's net debt was 1,930.8 MEUR (2,187.2). The net indebtedness was 0.28 times (0.33). Interest coverage ratio was 27.3 times (30.4).

### CASH FLOW

During the third quarter, cash flow from operations before changes in working capital amounted to 308.6 MEUR (270.2), corresponding to 0.84 EUR (0.74) per share. Cash flow from operations in the third quarter amounted to 303.1 MEUR (274.4), corresponding to 0.82 EUR (0.75) per share. Operating cash flow in the third quarter, including non-recurring items, amounted to 191.2 MEUR (167.5).

For the first nine months of the year, cash flow from operations amounted to 895.9 MEUR (769.5) corresponding to 2.44 EUR (2.11) per share. The operating cash flow, including non-recurring items, amounted to 567.3 MEUR (442.1).

### INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -89.7 MEUR (-100.2) in the third

quarter and -282.9 MEUR (-299.4) in the first nine months of the year.

Depreciation, amortisation and impairment amounted to -97.1 MEUR (-90.5) in the third quarter and -388.8 MEUR (-271.6) during the first nine months of the year, whereof impairment charges amounted to -2.4 MEUR (-) in the third quarter and -99.0 MEUR (-2.4) during the first nine months of the year. The impairment relates to the restructuring programme implemented in the second quarter 2020 and acquisitions which did not meet their targets.

### TAX RATE

The Group's tax expense for the first nine months of the year totalled -91.7 MEUR (-111.8). The reported tax rate was 18.0 per cent (18.0) for the quarter and 17.8 per cent (18.0) for the first nine months of the year. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the first nine months of the year.

### EMPLOYEES

The average number of employees during third quarter was 20,118 (20,266). The number of employees at the end of the quarter was 20,351 (20,496).

### SHARE DATA

Earnings per share, including non-recurring items, for the third quarter amounted to 0.53 EUR (0.51). Earnings per share, excluding non-recurring items, for third quarter amounted to 0.53 EUR (0.51).

Earnings per share, including non-recurring items, for the first nine months of the year amounted to 1.14 EUR (1.38).

Earnings per share, excluding non-recurring items, for first nine months of the year amounted to 1.44 EUR (1.50).

On 30 September 2020, equity per share was 16.77 EUR (16.20) and the share price was 677.80 SEK (474.60).

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

### PARENT COMPANY

The parent company's earnings before taxes in the third quarter amounted to 345.1 MEUR (448.8) and 369.8 MEUR (505.2) for the first nine months of the year. The equity was 5,491.2 MEUR (5,117.7). The equity ratio of the parent company was 52 per cent (55). Liquid funds including unutilised credit limits were 1,609.0 MEUR (1,419.5).

Hexagon introduced the Leica GS18 I, a calibration-free, tilt-compensating GNSS solution combined with survey-grade visual positioning. Through sensor fusion of satellite (GNSS), motion (IMU), and image (camera) technology, the Leica GS18 I is the first GNSS RTK rover of its kind to enable the measurement of points from images.



## ACCOUNTING PRINCIPLES

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. Hexagon's report for the Group is prepared in accordance with IAS 34, Interim Financial Reporting and the Annual Accounts Act. Parent company accounts are prepared in accordance with the Annual Accounts Act. Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2019, see note 1 for further information.

## RISKS AND UNCERTAINTY FACTORS

As an international group, Hexagon is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity and the ability to raise funds. Risk management in Hexagon aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the Group. There has been no change in the risks facing the Group compared to what was reported in the Annual Report 2019.

## RELATED PARTY TRANSACTIONS

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

## ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The AGM will be held on 29 April 2021 at 17:00 CET at City Conference Center Stockholm (Norra Latin), Drottninggatan 71 B. The composition of the Hexagon Nomination Committee for the Annual General Meeting 2021 is: Mikael Ekdahl (Chairman), Melker Schörling AB, Jan Andersson, Swedbank Robur fonder, Anders Oskarsson, AMF and AMF Fonder and Caroline Forsberg, SEB Investment Management.

## DIVIDEND AND EXTRAORDINARY GENERAL MEETING

The Board of Directors has assessed the impact of the Covid-19 pandemic on the company's financial performance and proposes a dividend of 0.62 EUR per share (0.59) for the fiscal year 2019. An Extraordinary General Meeting will be held on 1 December. The proposed record date will be 3 December and expected date for settlement is 10 December.

## SUBSEQUENT EVENTS

- The Board of Directors proposes a dividend of 0.62 EUR (0.59) per share for the fiscal year 2019
- As of 26 October, the maturity date of the 2,000 MEUR revolving credit facility (RCF) has been extended until September 2022

The Board of Directors and the President and CEO declare that this Interim Report provides a true and fair overview of the Company's and the Group's operations, its financial position and performance, and describes material risks and uncertainties facing the Company and companies within the Group.

Stockholm, Sweden, 28 October 2020  
Hexagon AB (publ)

Gun Nilsson  
Chairman of the Board

Ola Rollén  
President and CEO  
Board Member

John Brandon  
Board Member

Ulrika Francke  
Board Member

Henrik Henriksson  
Board Member

Märta Schörling Andreen  
Board Member

Sofia Schörling Högberg  
Board Member

Patrick Söderlund  
Board Member



# AUDITORS' REVIEW REPORT

## Introduction

We have reviewed the condensed interim report for Hexagon AB as at September 30, 2020 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 28 October 2020

Ernst & Young AB

Andreas Troberg  
Authorised Public Accountant

# CONDENSED INCOME STATEMENT

MEUR	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
Net sales	939.9	956.3	2,726.4	2,848.8	3,907.7
Cost of goods sold	-340.2	-351.5	-1,004.4	-1,064.6	-1,453.7
<b>Gross earnings</b>	<b>599.7</b>	<b>604.8</b>	<b>1,722.0</b>	<b>1,784.2</b>	<b>2,454.0</b>
Sales expenses	-157.9	-183.4	-514.2	-569.5	-764.1
Administration expenses	-76.6	-78.2	-245.7	-236.8	-322.1
Research and development expenses	-110.4	-111.8	-353.5	-334.4	-444.8
Earnings from shares in associated companies	-	-	-	-	-
Other income and expenses, net	-4.7	4.4	-74.6	-2.1	-30.8
<b>Operating earnings <sup>1)</sup></b>	<b>250.1</b>	<b>235.8</b>	<b>534.0</b>	<b>641.4</b>	<b>892.2</b>
Financial income	1.3	1.3	5.1	4.9	6.6
Financial expenses	-9.2	-7.8	-25.2	-25.9	-33.5
<b>Earnings before taxes</b>	<b>242.2</b>	<b>229.3</b>	<b>513.9</b>	<b>620.4</b>	<b>865.3</b>
Taxes	-43.6	-41.3	-91.7	-111.8	-156.7
<b>Net earnings</b>	<b>198.6</b>	<b>188.0</b>	<b>422.2</b>	<b>508.6</b>	<b>708.6</b>
Attributable to:					
Parent company shareholders	196.6	186.5	417.7	504.0	702.4
Non-controlling interest	2.0	1.5	4.5	4.6	6.2
<sup>1)</sup> of which non-recurring items	-	-	-135.0	-54.1	-80.3
Earnings include depreciation, amortisation and impairments of	-97.1	-90.5	-388.8	-271.6	-387.7
- of which amortisation of surplus values	-13.1	-12.6	-40.8	-37.9	-51.1
Basic earnings per share, EUR	0.53	0.51	1.14	1.38	1.92
Earnings per share after dilution, EUR	0.53	0.51	1.14	1.38	1.92
Total shareholder's equity per share, EUR	16.77	16.20	16.77	16.20	16.50
Closing number of shares, thousands	367,551	365,852	367,551	365,852	367,539
Average number of shares, thousands	367,551	365,852	367,549	364,468	364,898
Average number of shares after dilution, thousands	367,551	366,069	367,549	364,926	365,242

## CONDENSED COMPREHENSIVE INCOME

MEUR	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
<b>Net earnings</b>	<b>198.6</b>	<b>188.0</b>	<b>422.2</b>	<b>508.6</b>	<b>708.6</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to income statement</b>					
Remeasurement of pensions	1.7	-16.0	-26.5	-15.4	8.7
Taxes on items that will not be reclassified to income statement	0.1	1.7	2.9	1.6	-1.0
<b>Total items that will not be reclassified to income statement, net of taxes</b>	<b>1.8</b>	<b>-14.3</b>	<b>-23.6</b>	<b>-13.8</b>	<b>7.7</b>
<b>Items that may be reclassified subsequently to income statement</b>					
Exchange rate differences	-209.3	196.7	-303.5	240.1	121.9
Taxes on items that may be reclassified subsequently to income statement	2.8	-9.1	7.6	-9.3	-8.7
<b>Total items that may be reclassified subsequently to income statement, net of taxes</b>	<b>-206.5</b>	<b>187.6</b>	<b>-295.9</b>	<b>230.8</b>	<b>113.2</b>
<b>Other comprehensive income, net of taxes</b>	<b>-204.7</b>	<b>173.3</b>	<b>-319.5</b>	<b>217.0</b>	<b>120.9</b>
<b>Total comprehensive income for the period</b>	<b>-6.1</b>	<b>361.3</b>	<b>102.7</b>	<b>725.6</b>	<b>829.5</b>
Attributable to:					
Parent company shareholders	-7.4	359.6	99.2	720.8	823.1
Non-controlling interest	1.3	1.7	3.5	4.8	6.4

# CONDENSED BALANCE SHEET

MEUR	30/9 2020	30/9 2019	31/12 2019
Intangible fixed assets	7,629.2	7,520.7	7,631.3
Tangible fixed assets	482.8	480.9	485.3
Right-of-use assets	208.5	215.3	223.2
Financial fixed assets	68.9	60.2	56.3
Deferred tax assets	123.1	84.6	86.1
<b>Total fixed assets</b>	<b>8,512.5</b>	<b>8,361.7</b>	<b>8,482.2</b>
Inventories	406.0	442.0	409.3
Accounts receivables	853.3	927.3	999.2
Other receivables	125.0	117.8	98.4
Prepaid expenses and accrued income	140.5	150.0	143.2
<b>Total current receivables</b>	<b>1,118.8</b>	<b>1,195.1</b>	<b>1,240.8</b>
Cash and cash equivalents	427.2	398.8	468.3
<b>Total current assets</b>	<b>1,952.0</b>	<b>2,035.9</b>	<b>2,118.4</b>
<b>Total assets</b>	<b>10,464.5</b>	<b>10,397.6</b>	<b>10,600.6</b>
Equity attributable to parent company shareholders	6,163.0	5,925.1	6,063.8
Equity attributable to non-controlling interest	15.9	11.7	13.1
<b>Total shareholders' equity</b>	<b>6,178.9</b>	<b>5,936.8</b>	<b>6,076.9</b>
Interest bearing liabilities	724.8	1,867.9	1,831.3
Lease liabilities	155.3	160.4	168.3
Other liabilities	104.2	146.5	157.7
Pension liabilities	123.9	124.9	97.2
Deferred tax liabilities	451.7	435.0	457.8
Other provisions	10.4	10.2	9.7
<b>Total long-term liabilities</b>	<b>1,570.3</b>	<b>2,744.9</b>	<b>2,722.0</b>
Interest bearing liabilities	1,291.5	372.6	425.9
Lease liabilities	62.5	60.2	61.3
Accounts payable	186.7	210.6	226.2
Other liabilities	355.2	295.0	289.2
Other provisions	62.1	45.4	36.5
Deferred income	453.1	422.7	463.1
Accrued expenses	304.2	309.4	299.5
<b>Total short-term liabilities</b>	<b>2,715.3</b>	<b>1,715.9</b>	<b>1,801.7</b>
<b>Total equity and liabilities</b>	<b>10,464.5</b>	<b>10,397.6</b>	<b>10,600.6</b>

## FINANCIAL INSTRUMENTS

In Hexagon's balance sheet derivatives and other long-term securities holdings are carried at fair value. Derivatives are measured at fair value based on valuation techniques with observable market data as input (level 2 according to definition in IFRS 13). Other long-term securities holdings amount to insignificant numbers. Liabilities for contingent considerations are measured at fair value and based on management's best estimation of the most probable outcome (level 3 according to definition in IFRS 13). Other assets and liabilities are carried at accrued cost.

For financial assets and liabilities that are carried at accrued cost, the fair value is deemed to be coincident with the carrying amount except for long-term liabilities to credit institutions. The difference between the fair value and the carrying amount for these long-term liabilities is deemed to be insignificant relative to the total balance sheet since the interest rate duration is short.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

MEUR	Q3 2020	Q3 2019	2019
Opening shareholders' equity	6,076.9	5,319.2	5,319.2
Total comprehensive income for the period <sup>1)</sup>	102.7	725.6	829.5
New share issues, warrants exercised - net of issuance costs	-	97.0	118.1
New share issue in progress	-	17.6	32.9
Dividend	-0.7	-222.6	-222.8
Closing shareholders' equity <sup>2)</sup>	6,178.9	5,936.8	6,076.9
1) Of which: Parent company shareholders	99.2	720.8	823.1
Non-controlling interest	3.5	4.8	6.4
2) Of which: Parent company shareholders	6,163.0	5,925.1	6,063.8
Non-controlling interest	15.9	11.7	13.1

## NUMBER OF SHARES

	series A	series B	Total
2014-12-31 Total issued and outstanding	15,750,000	341,639,213	357,389,213
New issue, warrants exercised	-	2,947,929	2,947,929
2015-12-31 Total issued and outstanding	15,750,000	344,587,142	360,337,142
New issue, warrants exercised	-	106,000	106,000
2016-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	-	-
2017-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	2,481,550	2,481,550
2018-12-31 Total issued and outstanding	15,750,000	347,174,692	362,924,692
New issue, warrants exercised	-	4,614,610	4,614,610
2019-12-31 Total issued and outstanding	15,750,000	351,789,302	367,539,302
New issue, warrants exercised	-	11,500	11,500
2020-03-31 Total issued and outstanding	15,750,000	351,800,802	367,550,802
New issue, warrants exercised	-	-	-
2020-09-30 Total issued and outstanding	15,750,000	351,800,802	367,550,802

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



# CONDENSED CASH FLOW STATEMENT

MEUR	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
<b>Cash flow from operations before change in working capital excluding taxes and interest</b>	<b>352.1</b>	<b>324.3</b>	<b>957.6</b>	<b>960.7</b>	<b>1,321.7</b>
Taxes paid	-36.3	-50.1	-119.1	-137.9	-173.2
Interest received and paid, net	-7.2	-4.0	-19.4	-17.7	-23.0
<b>Cash flow from operations before change in working capital</b>	<b>308.6</b>	<b>270.2</b>	<b>819.1</b>	<b>805.1</b>	<b>1,125.5</b>
Cash flow from change in working capital	-5.5	4.2	76.8	-35.6	-21.9
<b>Cash flow from operations</b>	<b>303.1</b>	<b>274.4</b>	<b>895.9</b>	<b>769.5</b>	<b>1,103.6</b>
Investments tangible assets, net	-21.1	-30.8	-72.5	-87.5	-114.0
Investments intangible assets	-68.6	-69.4	-210.4	-211.9	-285.1
<b>Operating cash flow before non-recurring items</b>	<b>213.4</b>	<b>174.2</b>	<b>613.0</b>	<b>470.1</b>	<b>704.5</b>
Non-recurring cash flow <sup>1)</sup>	-22.2	-6.7	-45.7	-28.0	-41.3
<b>Operating cash flow</b>	<b>191.2</b>	<b>167.5</b>	<b>567.3</b>	<b>442.1</b>	<b>663.2</b>
Cash flow from acquisitions and divestments	-29.5	-2.0	-285.1	-152.2	-349.8
Cash flow from other investing activities	-5.0	-3.4	-16.7	-7.9	-5.4
<b>Cash flow after other investing activities</b>	<b>156.7</b>	<b>162.1</b>	<b>265.5</b>	<b>282.0</b>	<b>308.0</b>
Dividends paid	-0.3	-6.4	-0.7	-222.6	-222.8
New share issues, warrants exercised - net of issuance costs	-	15.9	-	114.6	151.0
Cash flow from other financing activities	-154.4	-169.7	-299.1	-175.8	-166.3
<b>Cash flow for the period</b>	<b>2.0</b>	<b>1.9</b>	<b>-34.3</b>	<b>-1.8</b>	<b>69.9</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>418.8</b>	<b>403.5</b>	<b>468.3</b>	<b>394.6</b>	<b>394.6</b>
Effect of translation differences on cash and cash equivalents	6.4	-6.6	-6.8	6.0	3.8
Cash flow for the period	2.0	1.9	-34.3	-1.8	69.9
<b>Cash and cash equivalents, end of period</b>	<b>427.2</b>	<b>398.8</b>	<b>427.2</b>	<b>398.8</b>	<b>468.3</b>

<sup>1)</sup> Non-recurring cash flow consists of restructuring costs.

## KEY RATIOS

MEUR	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
Operating margin, %	26.6	24.7	24.5	24.4	24.9
Profit margin before taxes, %	25.8	24.0	18.8	21.8	22.1
Return on shareholders' equity, 12-month average, %	10.1	13.1	10.1	13.1	12.3
Return on capital employed, 12-month average, %	11.0	12.0	11.0	12.0	11.7
Equity ratio, %	59.0	57.1	59.0	57.1	57.3
Net indebtedness	0.28	0.33	0.28	0.33	0.31
Interest coverage ratio	27.3	30.4	21.4	25.0	26.8
Average number of shares, thousands	367,551	365,852	367,549	364,468	364,898
Basic earnings per share excl. non-recurring items, EUR	0.53	0.51	1.44	1.50	2.11
Basic earnings per share, EUR	0.53	0.51	1.14	1.38	1.92
Cash flow per share, EUR	0.82	0.75	2.44	2.11	3.02
Cash flow per share before change in working cap, EUR	0.84	0.74	2.23	2.21	3.08
Share price, SEK	677.80	474.60	677.80	474.60	525.00
Share price, translated to EUR	64.12	44.37	64.12	44.37	50.25

## SUPPLEMENTARY INFORMATION

### NET SALES PER SEGMENT

MEUR	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Geospatial Enterprise Solutions	487.3	457.6	453.8	514.9	473.8	496.8	448.7	1,934.2
Industrial Enterprise Solutions	452.6	439.0	436.1	544.0	482.5	479.2	467.8	1,973.5
Group	939.9	896.6	889.9	1,058.9	956.3	976.0	916.5	3,907.7

### OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Geospatial Enterprise Solutions	138.5	118.9	102.4	134.6	118.4	126.9	112.4	492.3
Industrial Enterprise Solutions	114.8	110.9	92.8	147.8	124.0	119.5	113.9	505.2
Group costs	-3.2	-3.3	-2.8	-5.4	-6.6	-7.2	-5.8	-25.0
Group	250.1	226.5	192.4	277.0	235.8	239.2	220.5	972.5
Margin, %	26.6	25.3	21.6	26.2	24.7	24.5	24.1	24.9

### NET SALES BY REGION

MEUR	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
EMEA	340.4	307.9	330.9	406.4	340.1	372.4	343.7	1,462.6
Americas	325.9	319.4	336.3	376.8	350.9	347.1	297.4	1,372.2
Asia	273.6	269.3	222.7	275.7	265.3	256.5	275.4	1,072.9
Group	939.9	896.6	889.9	1,058.9	956.3	976.0	916.5	3,907.7

### EXCHANGE RATES

Average	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
SEK/EUR	0.0965	0.0938	0.0938	0.0939	0.0938	0.0942	0.0960	0.0944
USD/EUR	0.8556	0.9092	0.9067	0.9033	0.8994	0.8897	0.8803	0.8934
CNY/EUR	0.1237	0.1283	0.1299	0.1282	0.1282	0.1304	0.1305	0.1293
CHF/EUR	0.9298	0.9425	0.9373	0.9119	0.9124	0.8879	0.8831	0.8989
Closing	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
SEK/EUR	0.0946	0.0953	0.0904	0.0957	0.0935	0.0947	0.0962	0.0957
USD/EUR	0.8541	0.8930	0.9127	0.8902	0.9184	0.8787	0.8901	0.8902
CNY/EUR	0.1254	0.1262	0.1286	0.1279	0.1286	0.1279	0.1326	0.1279
CHF/EUR	0.9256	0.9389	0.9447	0.9213	0.9219	0.9005	0.8944	0.9213

# ACQUISITIONS

MEUR	9M 2020	9M 2019
<b>Fair value of acquired assets and assumed liabilities</b>		
Intangible fixed assets	44.5	35.5
Other fixed assets	7.2	0.5
<b>Total fixed assets</b>	<b>51.7</b>	<b>36.0</b>
Total current assets	34.5	26.4
<b>Total assets</b>	<b>86.2</b>	<b>62.4</b>
Total long-term liabilities	-9.0	-0.2
Total current liabilities	-20.3	-10.9
<b>Total liabilities</b>	<b>-29.3</b>	<b>-11.1</b>
<b>Fair value of acquired assets and assumed liabilities, net</b>	<b>56.9</b>	<b>51.3</b>
Goodwill	273.5	100.7
<b>Total purchase consideration transferred</b>	<b>330.4</b>	<b>152.0</b>
Less cash and cash equivalents in acquired companies	-20.6	-11.9
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-24.7	12.1
<b>Cash flow from acquisition of companies/businesses</b>	<b>285.1</b>	<b>152.2</b>

During the first nine months of the year 2020, Hexagon acquired the following companies:

- Blast Movement Technology, a developer of blast movement monitoring and analysis solutions for open pit mines
- Geopraevent AG, a provider of natural hazard monitoring and alarm systems
- CAEfatigue Limited, a provider of mechanical fatigue simulation solutions
- Alas Ing SA, a distributor of Hexagon PPM solutions
- COWI's mapping business, a provider airborne surveying and spatial data processing
- Romax Technology, a provider of Computer Aided Engineering (CAE) software
- Tactiaware, a provider of LiDAR-based 3D surveillance software
- MDE, a distributor of solutions for operations management and optimization

The acquisitions are individually assessed as immaterial from a group perspective which is why only aggregated information is presented. The analysis of the acquired net assets is preliminary and the fair value might be subject to change. Contingent considerations are recognised to fair value (level 3 according to definition in IFRS 13) each reporting period and based on the latest relevant forecast for the acquired company. The valuation method is unchanged compared to the previous period. The estimated liability for contingent considerations amounted to 153.0 MEUR (157.6) as of 30 September, whereof the fair value adjustment in 2020 amounted to 39.2 MEUR (5.6). In connection with the valuation of contingent considerations the assets acquired and liabilities assumed in the purchase price allocation are reviewed. Any indication of impairment due to the revaluation of contingent considerations is considered and adjustments are made to off-set the impact from revaluation.

## ACQUISITION OF BLAST MOVEMENT TECHNOLOGIES

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

### Background and reasons for the transaction

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

From the date of acquisition, BMT has contributed 16.3 MEUR of net sales in 2020. The contribution to the group operating margin has been accretive.

## ACQUISITION OF COWI'S MAPPING BUSINESS

In June 2020, Hexagon acquired COWI's mapping business, which provides airborne surveying and spatial data processing. Revenues in 2019 amounted to 14 MEUR.

### Background and reasons for the transaction

The acquisition bringing valuable expertise in capturing and selling Content as a Service (CaaS) and accelerates Hexagon's mission to provide customers with access to the largest on-demand library of professional-grade and quality controlled geospatial data for applications such as asset management, public safety, utility mapping, insurance claims, and more.

From the date of acquisition, the business has contributed 5.3 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 9.4 MEUR. The contribution to the group operating margin has been accretive.

## ACQUISITION OF ROMAX TECHNOLOGY

In June 2020, Hexagon acquired Romax Technology, a provider of Computer Aided Engineering (CAE) software for electromechanical simulation and multi-physics design optimisation. Revenues in 2019 amounted to 27 MEUR.

### Background and reasons for the transaction

A greater focus on energy efficiency and an accelerating shift towards electrification brings new engineering challenges that require increased use of simulation tools earlier in the design lifecycle. The acquisition of Romax Technology enables Hexagon to meet the growing need for electrification, providing customers with integrated tools that empower engineering teams to develop the next generation of energy-efficient electric vehicles and develop renewable energy systems.

From the date of acquisition, Romax Technology has contributed 7.5 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 17.9 MEUR. The contribution to the group operating margin has been accretive.

## CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
Net sales	4.3	4.3	12.9	13.2	17.6
Administration expenses	-4.1	-4.9	-11.5	-16.1	-49.9
<b>Operating earnings</b>	<b>0.2</b>	<b>-0.6</b>	<b>1.4</b>	<b>-2.9</b>	<b>-32.3</b>
Earnings from shares in Group companies	360.1	385.3	360.1	398.5	399.6
Interest income and expenses, net	-15.2	64.1	8.3	109.6	129.1
Appropriations	-	-	-	-	-30.0
<b>Earnings before taxes</b>	<b>345.1</b>	<b>448.8</b>	<b>369.8</b>	<b>505.2</b>	<b>466.4</b>
Taxes	3.4	-13.4	-1.8	-22.2	-14.2
<b>Net earnings</b>	<b>348.5</b>	<b>435.4</b>	<b>368.0</b>	<b>483.0</b>	<b>452.2</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	30/9 2020	30/9 2019	31/12 2019
Total fixed assets	9,292.9	8,057.8	7,900.2
Total current receivables	1,241.1	1,252.5	1,545.0
Cash and cash equivalents	2.1	31.2	60.9
Total current assets	1,243.2	1,283.7	1,605.9
<b>Total assets</b>	<b>10,536.1</b>	<b>9,341.5</b>	<b>9,506.1</b>
Total shareholders' equity	5,491.2	5,117.7	5,123.2
Untaxed reserves	40.4	17.7	41.0
Total long-term liabilities	724.8	1,861.8	1,825.6
Total short-term liabilities	4,279.7	2,344.3	2,516.3
<b>Total equity and liabilities</b>	<b>10,536.1</b>	<b>9,341.5</b>	<b>9,506.1</b>

## DEFINITIONS

In addition to the financial measures as required by the financial reporting framework based on IFRS, this report also includes other measures and indicators that are used to follow-up, analyze and manage the business. These measures also provide Hexagon stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. Below is a list of definitions of measures and indicators used in this report.

### BUSINESS DEFINITIONS

Americas	North, South and Central America
Asia	Asia, Australia and New Zealand
EMEA	Europe, Middle East and Africa
GES	Geospatial Enterprise Solutions
IES	Industrial Enterprise Solutions



## FINANCIAL DEFINITIONS

Amortisation of surplus values	When a company is acquired, the purchase consideration is allocated to the identified assets and liabilities of the company. Intangible assets are most often allocated the substantial part of the purchase consideration. The amortisation of surplus values is defined as the difference between the amortisation of such identified intangible assets and what the amortisation would have been in the acquired company had the acquisition not taken place at all
Capital employed	Total assets less non-interest bearing liabilities
Capital turnover rate	Net sales divided by average capital employed
Cash flow per share	Cash flow from operations, after change in working capital, excluding non-recurring items divided by average number of shares
Earnings per share	Net earnings excluding non-controlling interest divided by average number of shares
Equity ratio	Shareholders' equity including non-controlling interests as a percentage of total assets
Gross margin	Gross earnings divided by operating net sales
Interest coverage ratio	Earnings before taxes plus financial expenses divided by financial expenses
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries
Net debt	Interest-bearing liabilities including pension liabilities and interest-bearing provisions less cash and cash equivalents
Net indebtedness	Interest-bearing liabilities less interest-bearing current receivables and liquid assets divided by shareholders' equity excluding non-controlling interests
Non-recurring items	Income and expenses that are not expected to appear on a regular basis and impact comparability between periods
Operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and non-recurring items. Non-recurring items are excluded to facilitate the understanding of the Group's operational development and to give comparable numbers between periods
Operating earnings (EBITDA)	Operating earnings (EBIT 1) excluding amortisation, depreciation and impairment of fixed assets. The measure is presented to give depiction of the result generated by the operating activities
Operating margin	Operating earnings (EBIT1) as a percentage of operating net sales
Organic growth	Net sales compared to prior period excluding acquisitions and divestments and adjusted for currency exchange movements
Operating net sales	Net sales adjusted by the difference between fair value and book-value of deferred revenue regarding acquired businesses.
Profit margin before taxes	Earnings before taxes as a percentage of net sales
Return on capital employed (12-month average)	Twelve months to end of period earnings after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed. The twelve months average capital employed is based on average quarterly capital employed
Return on shareholders' equity (12-month average)	Twelve months to end of period net earnings excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests last twelve months. The twelve months average shareholders' equity is based on quarterly average shareholders' equity
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests divided by the number of shares at year-end
Share price	Last settled transaction on Nasdaq Stockholm on the last business day for the period



Hexagon is a global leader in sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, and quality across industrial, manufacturing, infrastructure, safety, and mobility applications. Our technologies are shaping urban and production ecosystems to become increasingly connected and autonomous – ensuring a scalable, sustainable future. Hexagon (Nasdaq Stockholm: HEXA B) has approximately 20,000 employees in 50 countries and net sales of approximately 3.9bn EUR. Learn more at [hexagon.com](https://www.hexagon.com) and follow us [@HexagonAB](https://twitter.com/HexagonAB).

#### FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Year-End Report 2020	3 February 2021
Interim Report Q1 2021	29 April 2021
Interim Report Q2 2021	27 July 2021
Interim Report Q3 2021	28 October 2021

#### FINANCIAL INFORMATION

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

#### TELEPHONE CONFERENCE

The Interim Report for the third quarter 2020 will be presented on 28 October at 10:00 CET at a telephone conference.

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

#### CONTACT

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This is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 28 October 2020.

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