



**HEXAGON**

## **Interim Report 2021**

27 July 2021

- Net sales and earnings
- Market development
- Reporting segments
- M&A, orders and product releases
- Capital Markets Day 2021
- Summary



## Net sales and earnings

# Overview Q2 2021

## Recorded sales increased by 20 per cent, organic growth of 20 per cent

- Strongest quarter ever with sales at an all-time high
- Strong demand in Geosystems and Autonomy & Positioning, and solid recovery in MI, recording 31 per cent, 18 per cent and 24 per cent organic growth respectively
- 2 per cent organic growth in Safety & Infrastructure
  - Tough comparison in public safety
- PPM declined by -4 per cent organically driven by weak oil and gas market
  - Expected to grow in H2

## Record operating earnings and margin

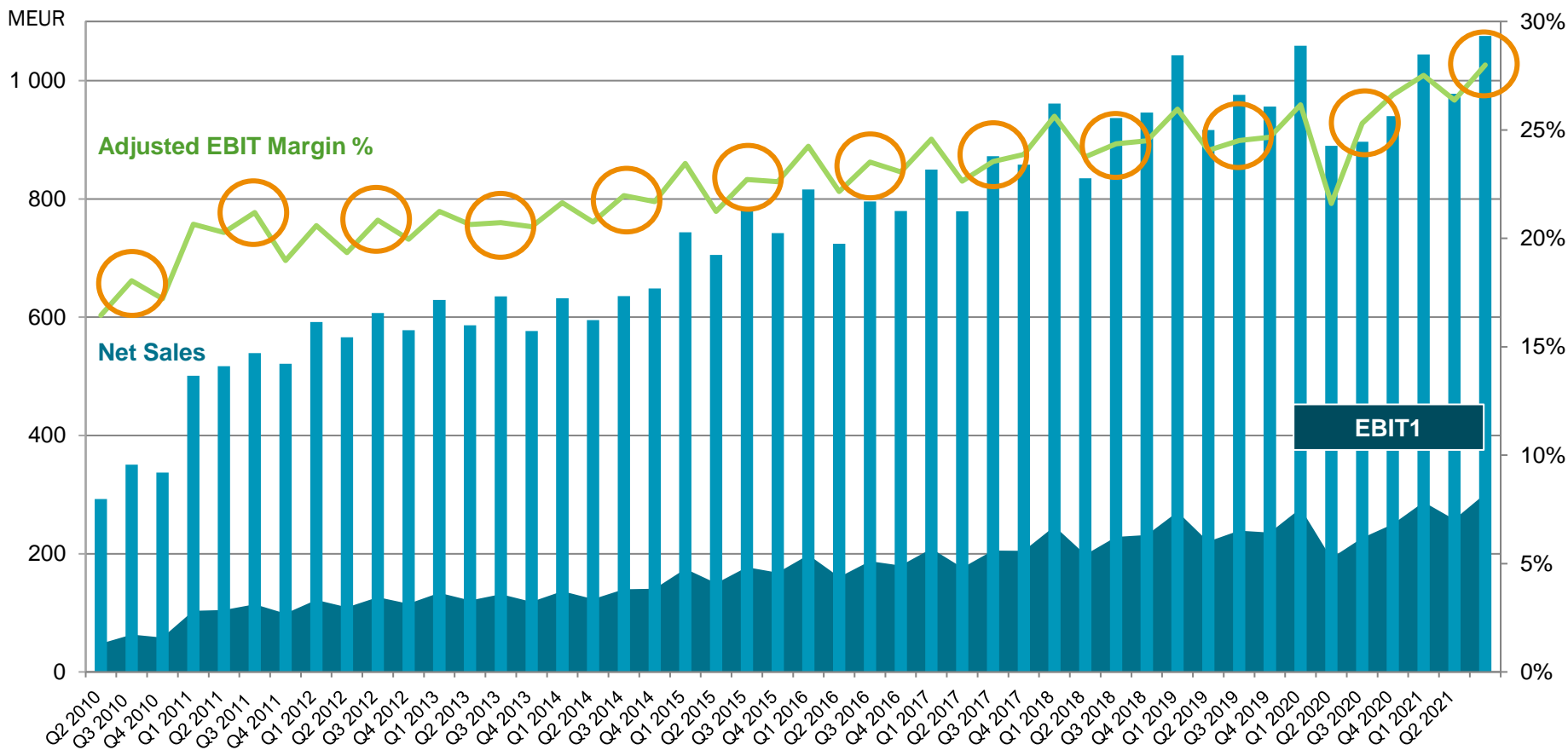
- Adjusted operating earnings (EBIT1) amounted to 301.1 MEUR (226.5), an increase of 33 per cent
- Adjusted operating margin of 28.0 per cent (25.3) and gross margin of 64.4 per cent (61.4)

## Sales bridge Q2

Net sales	
2020, MEUR	896.6
Structure, %	4%
Currency, %	-4%
Organic growth, %	20%
Total, %	20%
2021, MEUR	1,075.6

# Seasonality in profit

Seasonal pattern: Q1 weakest, Q3 second weakest, **Q2 & Q4 strong**



# Key figures – Q2 2021

MEUR	Q2 2021	Q2 2020	Change %
Net sales	1,075.6	896.6	20 <sup>1)</sup>
Adjusted operating earnings (EBITDA)	402.8	362,6	11
Adjusted operating margin, (EBITDA) %	37.4	40.4	-3.0
Adjusted operating earnings (EBIT1)	301.1	226.5	33
Adjusted operating margin, %	28.0	25.3	2.7
Earnings before taxes, excl. adjustments	294.3	220.1	34
Adjustments (before taxes) <sup>2)</sup>	-4.9	-135.0	n.a.
Earnings before taxes	289.4	85.1	240
Net earnings	237.3	70.6	236
Net earnings, excl. adjustments	241.4	180.5	34
Earnings per share, EUR	0.09	0.03	200

1) Adjusted to fixed exchange rates and a comparable group structure (organic growth)

2) Adjustments in 2021 relate to a share programme (LTIP)

# Key figures – YTD

MEUR	2021	2020	Change %
Net sales	2,053.5	1,786.5	15 <sup>1)</sup>
Adjusted operating earnings (EBITDA)	769.5	649.8	18
Adjusted operating margin, (EBITDA) %	37.5	36.4	1.1
Adjusted operating earnings (EBIT1)	559.0	418.9	33
Adjusted operating margin, %	27.2	23.4	3.8
Earnings before taxes, excl. adjustments	544.6	406.7	34
Adjustments (before taxes) <sup>2)</sup>	-9.7	-135.0	n.a.
Earnings before taxes	534.9	271.7	97
Net earnings	438.6	223.6	96
Net earnings, excl. adjustments	446.6	333.5	34
Earnings per share, EUR	0.17	0.09	89

1) Adjusted to fixed exchange rates and a comparable group structure (organic growth)

2) Adjustments in 2021 relate to a share programme (LTIP).

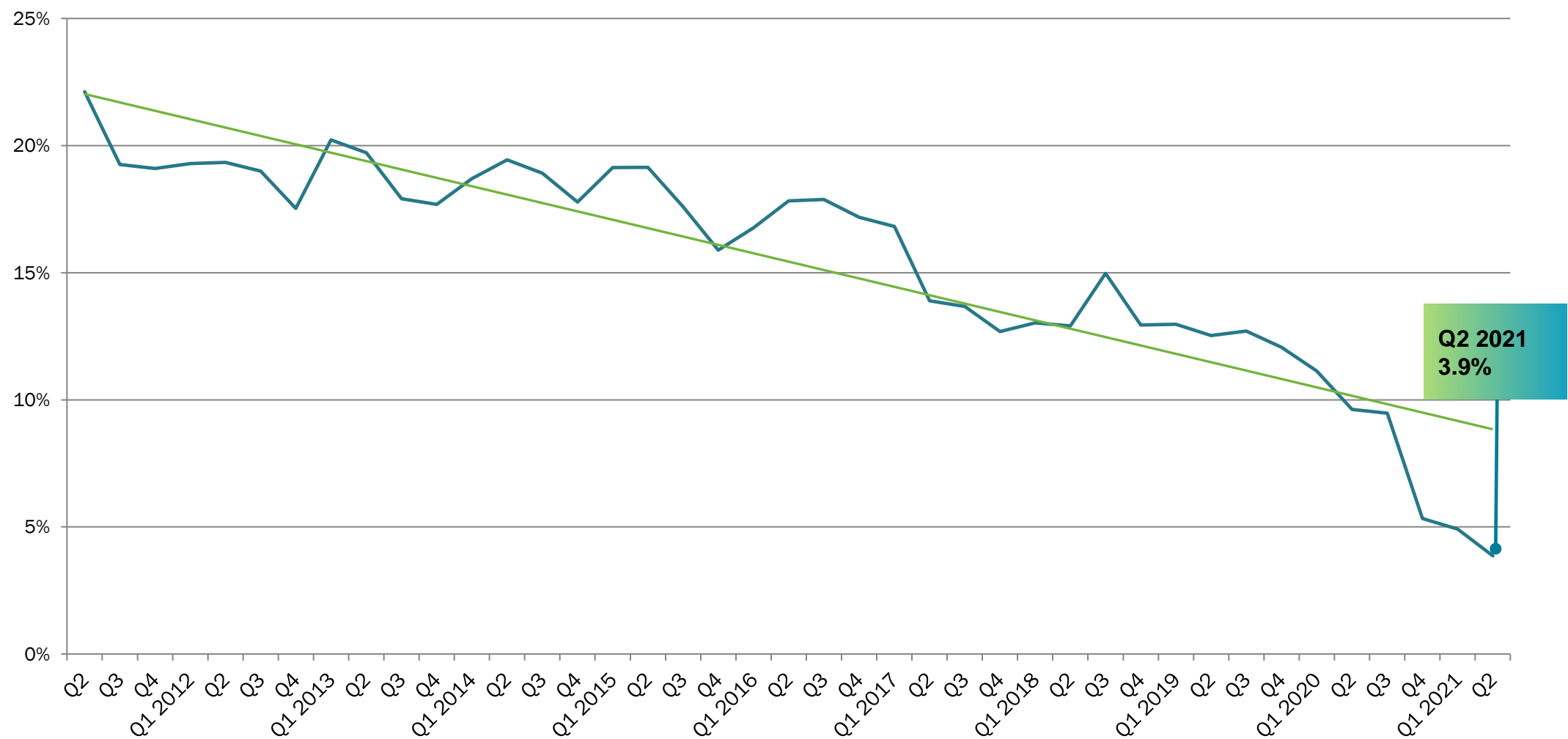
# Cash flow

MEUR	Q2 2021	Q2 2020
Cash flow from operations before changes in working capital excl. taxes and interest	398.7	322.8
Taxes paid	-52.1	-26.7
Interest received and paid, net	-7.7	-7.8
Cash flow from operations before changes in working capital	338.9	288.3
Change in working capital	40.3	55.9
Cash flow from operations	379.2	344.2
Investments tangible assets	-21.6	-24.0
Investments intangible assets	-77.6	-66.7
Operating cash flow before non-recurring items	280.0	253.5
Non-recurring cash flow	-4.6	-14.3
Operating cash flow	275.4	239.2

- Cash conversion of 113 per cent (127) in Q2 2021
- Cash conversion target of 80-90 per cent

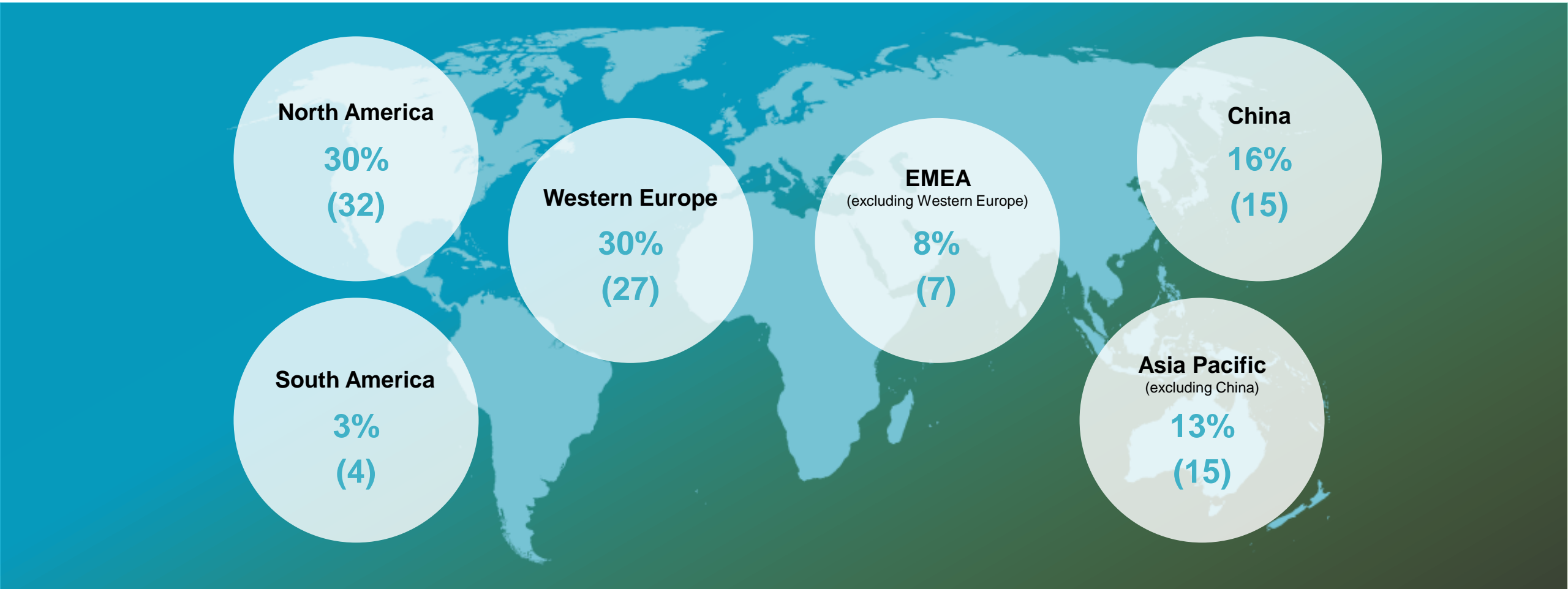


# Working capital to sales









# Market development

# Sales mix Hexagon Q2 2021 (Q2 2020)



# Analysis of organic growth<sup>1)</sup> per geographic region

CONTRIBUTORS TO GROWTH <sup>1)</sup> (descending order)	
<b>Q2 2020</b>	<b>896.6</b>
North America	
Western Europe	
China	
Asia excl. China	
Eastern Europe, Middle East & Africa	
South America	
<b>Q2 2021</b>	<b>1,075.6</b>

> 8%	
0 to 8%	
Negative	

*1) Adjusted to fixed exchange rates and a comparable group structure (organic growth)*

# Analysis of organic growth per geographic region

	Share of sales <sup>1)</sup>	W EU 30%	EMEA <sup>2)</sup> 8%	NA 30%	SA 3%	CN 16%	ASIA <sup>3)</sup> 13%
Surveying	20%	➔	➔	➔	➔	➔	➔
Power, Energy & Mining	19%	➔	➔	➔	➔	➔	➔
Electronics & Manufacturing	18%	➔	➔	➔	➔	➔	➔
Infrastructure & Construction	16%	➔	➔	➔	➔	➔	➔
Automotive	9%	➔	➔	➔	➔	➔	➔
Aerospace & Defence	9%	➔	➔	➔	➔	➔	➔
Public Safety	3%	➔	➔	➔	➔	➔	➔
Other	6%						
Total	➔	➔	➔	➔	➔	➔	➔

> 8% ➔

0 to 8% ➔

Negative ➔

1) Share of sales as per Q2 2021

2) EMEA, excluding Western Europe

3) Asia, excluding China

# EMEA market trends – Q2 2021

- Western Europe recorded 25 per cent organic growth
  - Strong demand in the surveying, infrastructure and construction
  - Broad-based recovery in manufacturing industries
- Eastern Europe, Russia, the Middle East and Africa recorded strong double-digit organic growth



Q2 Share of sales, %	38
Q2 Organic growth, %	27
- Organic growth, GES %	32
- Organic growth, IES %	21

# Americas market trends – Q2 2021

- North America recorded 14 per cent organic growth
  - Broad-based recovery in surveying, infrastructure, construction and manufacturing
  - Weakness in power and energy and defence
- South America recorded high double-digit organic growth
  - Mainly driven by a broad-based recovery in Brazil



Q2 Share of sales, %	33
Q2 Organic growth, %	14
- Organic growth, GES %	17
- Organic growth, IES %	10



# Asia market trends – Q2 2021

- China recorded 25 per cent organic growth
  - Continued strong demand in manufacturing, infrastructure and construction
- Australia and India recorded strong growth
  - Supported by a recovery in manufacturing, infrastructure and construction
- Eastern Asia remained weak



Q2 Share of sales, %	29
Q2 Organic growth, %	18
- Organic growth, GES %	19
- Organic growth, IES %	17



A low-angle, upward-looking photograph of a large industrial distillation column at night. The column is illuminated by several bright yellow lights, creating a strong contrast against the dark blue sky. The structure is complex, with multiple levels of platforms, ladders, and pipes. The image is framed by large, overlapping geometric shapes in shades of teal and green, which create a modern, abstract background. The overall composition suggests a focus on industrial technology and engineering.

# Reporting segments

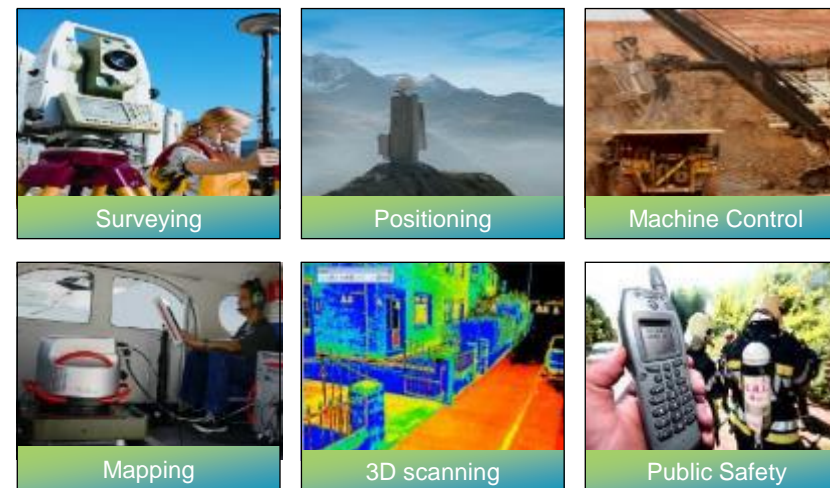
# Geospatial Enterprise Solutions – Q2 2021 overview

## Organic growth of 24 per cent

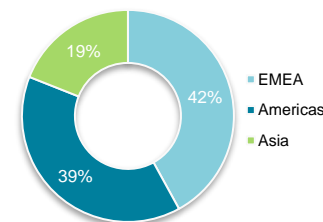
- Geosystems: 31 per cent organic growth, supported by strong recovery in all regions and solid demand in surveying, infrastructure and construction
- SI: 2 per cent organic growth, positively impacted by solid growth in infrastructure but hampered by tough comparison in public safety and weakness in defence
- Autonomy & Positioning: 18 per cent organic growth, fuelled by strong growth in the agricultural business

## Sales and EBIT1

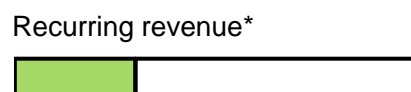
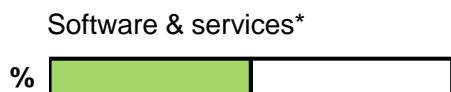
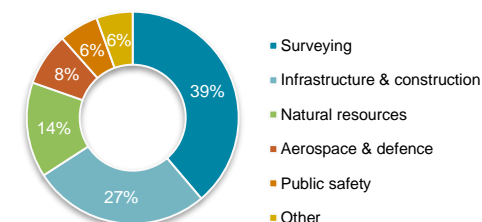
- Sales of 560.4 MEUR (457.6)
- EBIT1 of 176.4 MEUR (118.9) and operating margin of 31.5 per cent (26.0)
  - Positively impacted by volume growth, cost savings measures and a richer product mix but adversely impacted by currency movements



Sales per geography



Sales per segment



\*Full year 2020

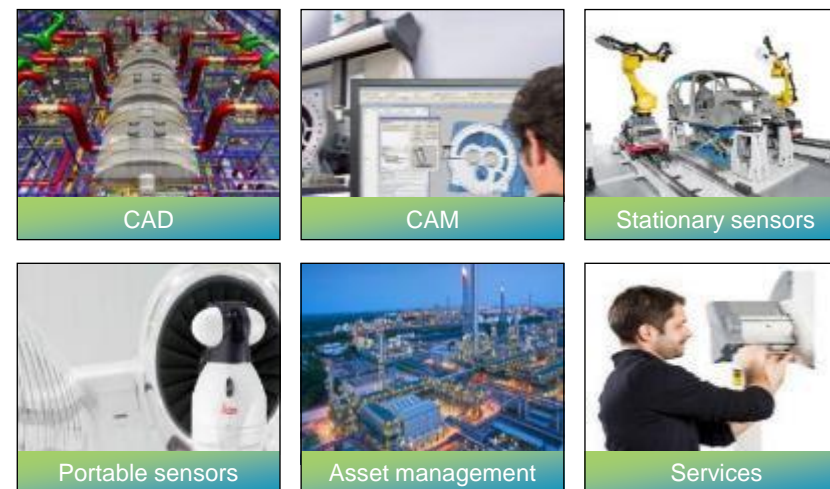
# Industrial Enterprise Solutions – Q2 2021 overview

## Organic growth of 16 per cent

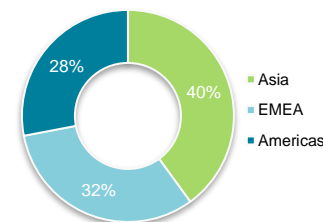
- MI: 24 per cent organic growth, driven by a broad-based recovery in Europe and North America, and continued strong growth in China and the software portfolios
- PPM: -4 per cent organic decline, hampered by a challenging oil and gas market. Solid growth in operations and maintenance solutions and AEC (architecture, engineering and construction) software portfolios

## Sales and EBIT1

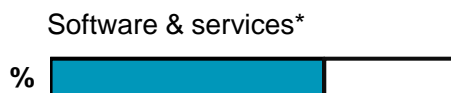
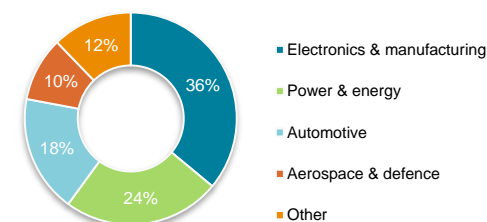
- Sales of 515.2 MEUR (439.0)
- EBIT1 of 129.9 MEUR (110.9) and operating margin of 25.2 per cent (25.3)
  - Negatively impacted by the product mix



Sales per geography

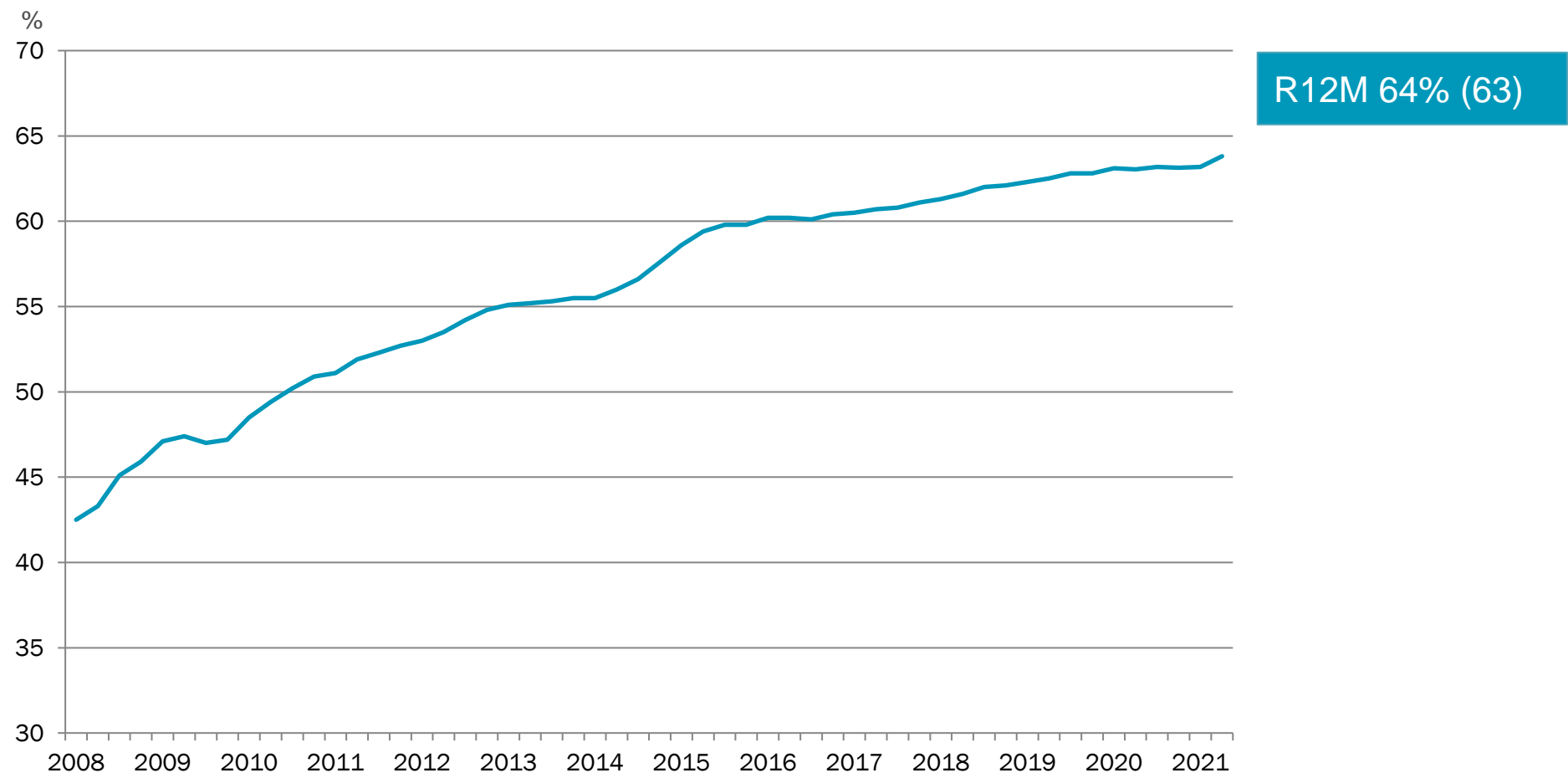


Sales per segment

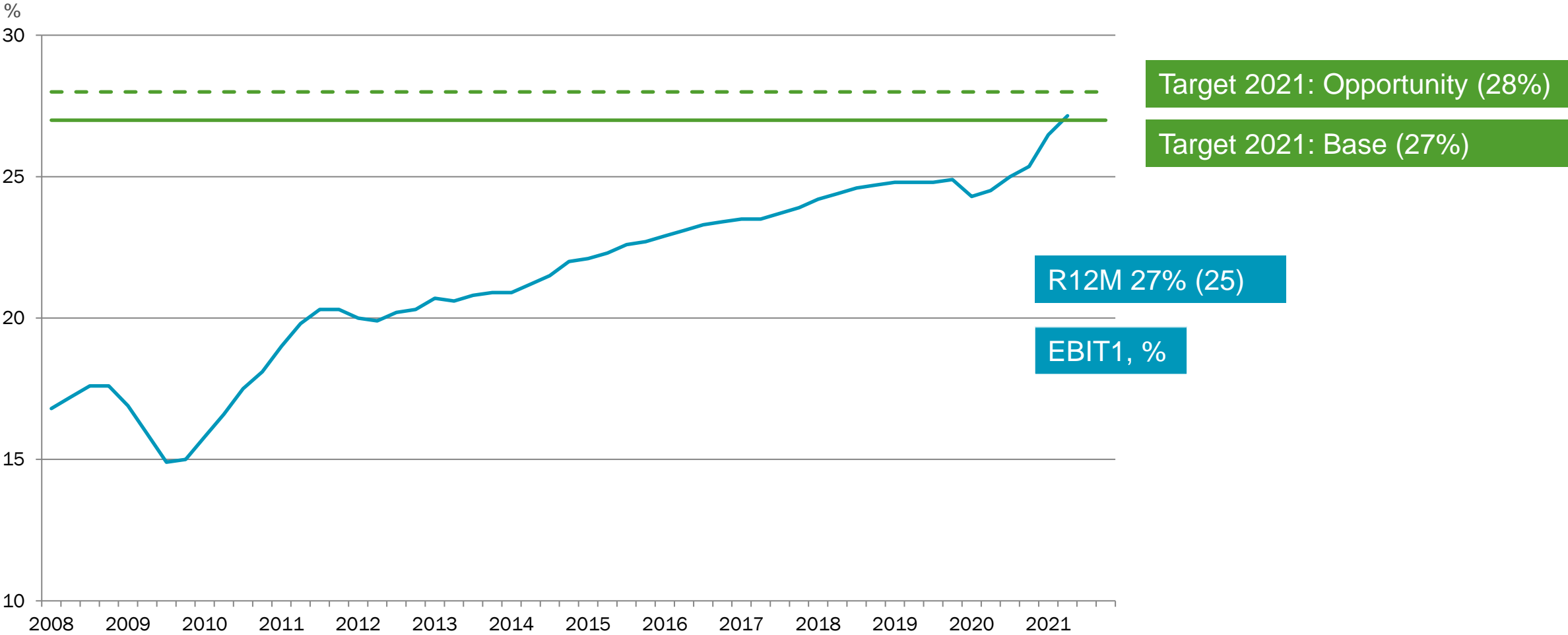


\*Full year 2020

# Gross margin – R12M



# Adjusted operating margin – R12M









## Acquisition of Infor's EAM business



# Agreement to acquire Infor's EAM business

On July 6 Hexagon announced an agreement to acquire Infor's global EAM (enterprise asset management) for approximately 2,750 MUSD and form a broader strategic relationship with Infor and Koch

SaaS revenue CAGR 2018-2021*	Total revenue 2021*	Cash conversion 2020	Adjusted operating margin 2021*
~35%	\$184M	110%+	40%+
			

\*Estimated  
Adjusted operating margin excludes PPA and other purchase accounting adjustments

# Company-wide synergies

Driving further digital transformation across our customer base



## **Solutions for Industrial Facilities Ecosystem**

Portfolio expansion with additional EAM and asset performance management capabilities



## **Solutions for Manufacturing Ecosystem**

Up-selling and cross-selling opportunities in key markets



## **Solutions for Infrastructure Ecosystem**

Added capabilities of asset performance management




## **Solutions for Buildings Ecosystem**

Expanded offering within facilities management



100 MUSD revenue  
synergy opportunity  
by 2026



The background features a complex digital aesthetic. It includes a grid of binary code (0s and 1s) in a reddish-orange hue. Overlaid on this are several line graphs with various markers (squares, circles, diamonds) in white, yellow, and blue. A large, semi-transparent yellow circle is positioned on the left side. The entire composition is framed by large, overlapping geometric shapes in shades of blue and green.

## M&A, orders and product releases Q2 2021

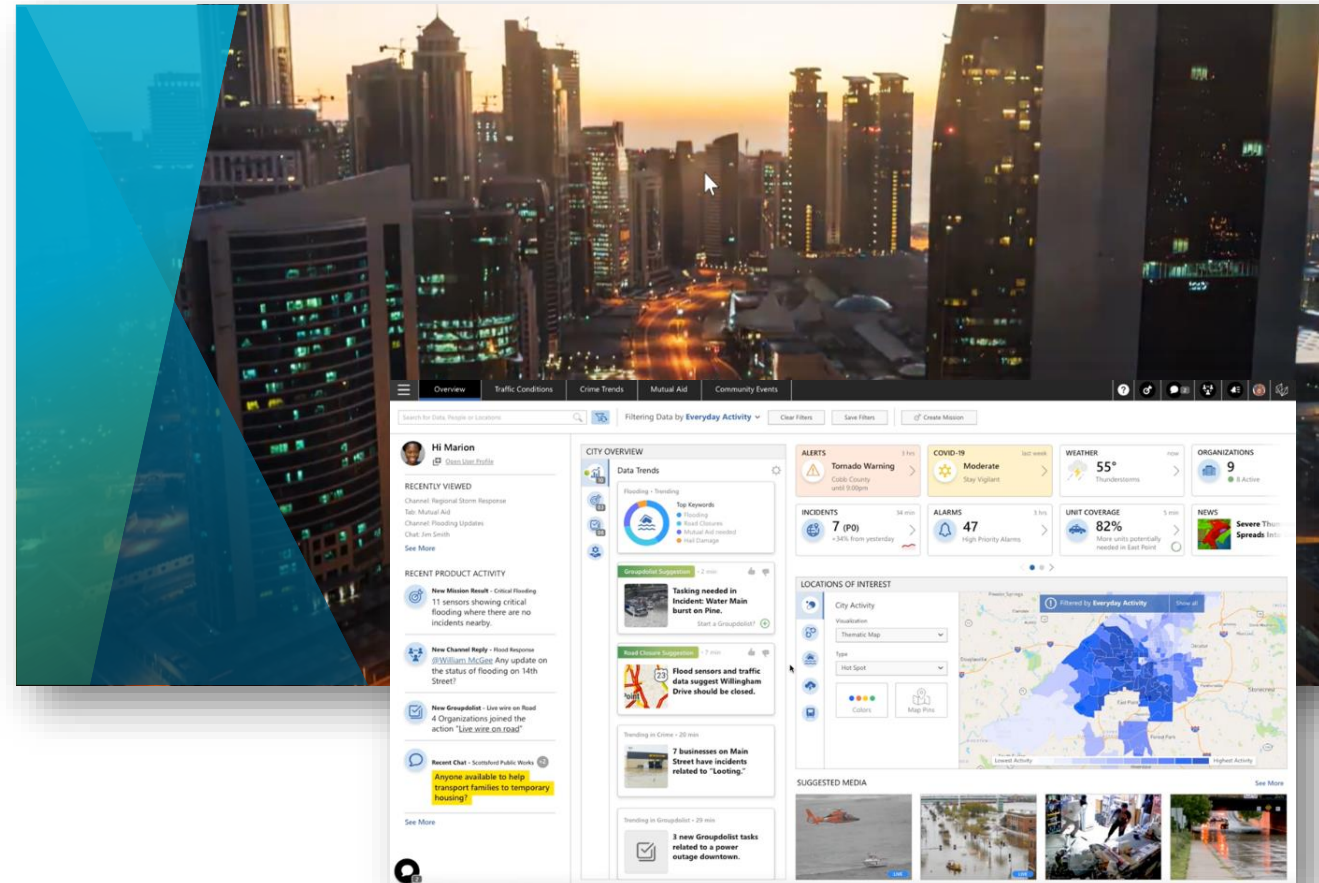
# Enhancing Smart Manufacturing autonomous and digital twin capabilities with the acquisition of CADLM

- **CADLM** is a pioneer in powering computer-aided engineering (CAE) with artificial intelligence (AI) and machine learning to revolutionise the impact of simulation in product development processes and lifecycles
- Its ODYSSEE software platform applies AI and machine learning to real-world sensor data and physics-based simulation data to produce accurate, predictive models of a product
- Its technology puts data to work beyond the early design phase to improve product design innovation, manufacturing productivity, product quality and environmental sustainability through reductions in material waste



# HxGN Connect – seamless, citywide collaboration, planning and response

- **HxGN Connect** is a new software-as-a-service (SaaS) workspace for citywide collaboration between public safety, transportation, utilities and other related organizations
- Participants can actively collaborate and securely share data as events unfold – overcoming technical and political barriers resulting in missed opportunities, conflicting actions, errors and delays
- Easily implemented and scaled – whether between multiple departments in a single agency or multiple organizations across cities and regions





# HxGN Mass Transit – for visualising and analysing transit and rail assets

- **HxGN Mass Transit** is a new geospatial transportation infrastructure management system for monitoring of assets and optimising field operations with 3D, AI and mobile capabilities
- Combines asset and spatial data from disparate systems, delivering greater efficiency for managing the data, workflows, and transit networks of any public transportation agency



# The world's first 3D scanner for tracker and arm: AS1

- Thanks to a groundbreaking modular, cross-platform technology concept, the **Absolute Scanner AS1** unit can be used for both portable measuring arm and laser tracker measurement
- The flagship 3D scanning sensor for Absolute Tracker AT960 and Absolute Arm 7-Axis systems has cutting-edge blue-laser technology and advanced programming, combining maximum performance with simple usability to deliver high-productivity non-contact 3D measurement



# Enabling aerospace manufacturers to reduce blisk inspection times

- A new **Leitz blisk solution** enables aerospace manufacturers to reduce blisk inspection times by as much as 50 percent
- The solution overcomes the obstacles that have traditionally made complex blisk inspection a slow, painstaking task
- Now, optimised blisk measurement routines take hours vs. days or even weeks



# Supporting mass deployment of ADAS and autonomous vehicles

- The new **PIM222A** is part of a new family of GNSS (Global Navigation Satellite System) positioning products, harnessing Hexagon's decades of experience delivering precise positioning in demanding applications for mass deployment of ADAS (advanced driver assistance systems) and autonomous vehicles
- Provides accurate position data in urban environments that challenge GNSS availability and ensures continuous availability of position, velocity and attitude even when satellite signals are briefly blocked





# Supporting ADS for Rural America

- ADS (automated driving systems) for Rural America is a project that will test the use of advanced automated technologies on rural roadways (set to begin in late summer 2021)
- Rural roads present unique challenges and are currently underrepresented in ADS research today – the project will study ADS applications for aging, transportation-challenged rural populations aimed at improving mobility and quality of life
- Hexagon **outfitted a Ford Transit shuttle bus** with custom technologies to enable the vehicle to perform at different levels of automation





# Delivering safe marine navigation

- **GAJT-410MS**, the latest addition to Hexagon's proven GPS Anti-Jam Technology (GAJT), was released into the commercial and defense marine markets
- Provides dynamic protection on GPS, as well as Galileo and SBAS (satellite-based augmentation system) to combat intentional and unintentional interference
- The device's direction-finding capabilities provide improved situational awareness to identify and locate the source of the jamming signals



# Continued momentum for HxGN OnCall

- The **HxGN OnCall** portfolio features dispatch, analytics and field mobility solutions, deployed as software as a service (SaaS)
- **IMCOM** (the U.S. Army Installation Management Command), which handles the daily operations of U.S. Army installations across the globe, invested in the HxGN OnCall portfolio to speed responses, lower the Army's overall costs and provide better communication with field-based units
- **North Wales Police**, the territorial police force responsible for policing North Wales, invested in the HxGN OnCall portfolio to provide innovative and sustainable technology for command and control



# Expanding public safety efforts in the Brazilian Amazon with assistive AI

- The Manaus City Cooperation Center (CCC) manages traffic, civil defence, civil guard and environmental teams in the largest city in the Brazilian Amazon region using Hexagon's technologies to protect more than two million citizens
- Building on Hexagon's computer-aided dispatch (CAD) system, CCC is now expanding its operations center by deploying 39 additional call-taking, dispatching and information management positions
- CCC also selected **HxGN OnCall Dispatch | Smart Advisor**, which offers assistive, AI-based insights in real time for better, informed decisions during day-to-day operations





# Rocscience and Hexagon continue to strengthen relations

- Rocscience, a provider of geotechnical software for analyzing soil and rock slopes, and Hexagon's IDS GeoRadar first joined hands in 2018 – deformation monitoring data from IDS's monitoring radars were integrated into Rocscience's popular 3D software
- Their latest work **closes the loop between radar monitoring and slope stability modeling**, bridging the gap between real data and modelling data towards a live monitoring-to-modeling approach
- Additionally, users can calculate the factor of safety in more complex slope stability projects – calculating failures in any direction without the need for defining the direction in advance, which increases efficiency in modelling and analysis



# The HxGN Content Program powering state planning and more in the USA

- Hexagon entered into a **5-year partnership with Ecopia**, a leading provider of HD vector maps that leverages AI to convert high resolution images of the earth – Ecopia will use the **HxGN Content Program** data to create nine vector data layers using AI across the entire United States for urban planning and civil engineering
- The state of California purchased a 3-year subscription to the **HxGN Content Program** via L3Harris, the first ever state-wide imagery licensing deal – the data will be used for a variety of applications such city and state planning, illegal farming monitoring and water resource management





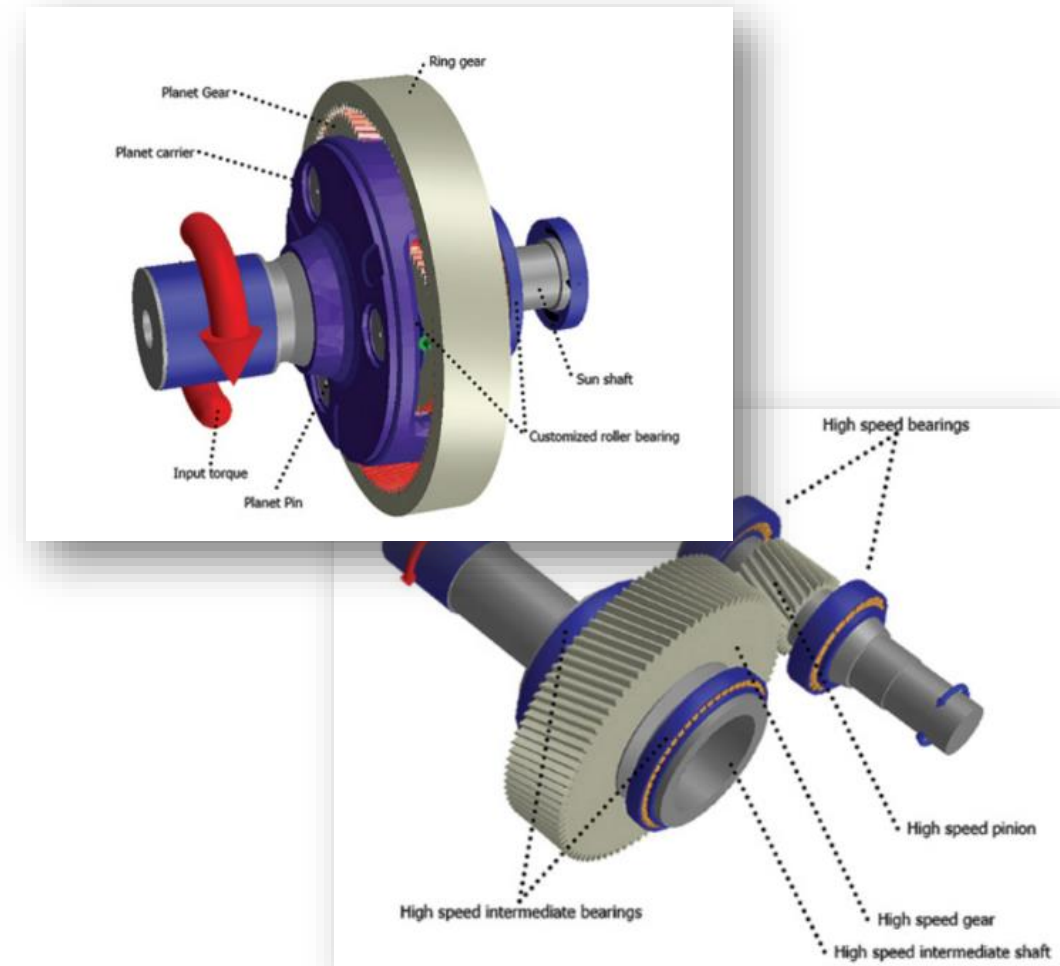
# Helping build a bridge between architecture, civil engineering, construction and computer science

- Hexagon announced a **partnership with ETH Zurich** (Swiss Federal Institute of Technology) **and Design++** (The Centre for Computationally Augmented Design in Architecture, Engineering and Construction)
- The partnership is intended to enable collaboration in visual computing, immersive design, extended reality, and accelerating intelligence-based technologies in the AEC space
- It aims to develop digital instruments and processes that simultaneously improve design, boost productivity in the construction process, increase the quality of buildings and reduce their environmental impact



# Hexagon helps ZF Wind Power better meet sustainability improvements

- Headquartered in Germany, ZF Wind Power needed a solution to better meet global sustainability improvements – this means higher power-generation capacity wind turbines at lower costs that reduce weight and increase torque density while minimising noise
- Using Hexagon's **durability and structures software**, ZF now uses a simulation-led development process to accurately simulate drivetrain models, including gear-mesh simulations and measurements to optimise gear loading and reduce transmission errors



The background of the slide is a complex digital-themed composition. It features a dark blue base color. On the left side, there are several overlapping geometric shapes in shades of teal, green, and yellow. A large, semi-transparent circular graphic is positioned in the upper left. The central and right portions of the background are filled with a grid of glowing binary code (0s and 1s) in red and orange. Overlaid on this grid are several line graphs with various markers (squares, circles, diamonds) and colors (white, yellow, green, blue). Some lines show upward trends, while others fluctuate. A bright, glowing light source is visible in the upper right quadrant of the grid area.

# Capital Markets Day 2021



# Capital Markets Day 2021

- Hexagon will host a Capital Markets Day on 30 September 2021
- President and CEO Ola Rollén will, together with members of Group Management, hold presentations on current market trends, growth opportunities and key strategic focus areas
- The event will be held in person if conditions permit. Time and location will be announced later.
  - Those who cannot attend in person can join virtually or watch the recording on-demand



The background features a stylized world map in dark blue and grey, overlaid with a white network of dots and lines. The map is positioned in the upper left quadrant. The rest of the background is composed of large, overlapping geometric shapes in shades of teal, blue, and green, creating a modern, tech-oriented aesthetic.

# Summary

# Summary Q2 2021

- Strongest ever sales, operating earnings and margins
  - Continued strong development in Geosystems and solid recovery in Manufacturing Intelligence recording 31 per cent and 24 per cent organic growth respectively
- Continued solid cash conversion of 113 per cent
- Signed an agreement in July to acquire Infor's EAM business
  - Will serve the entire company, providing opportunities to further expand within operations and maintenance and boost efficiency, productivity, quality and safety in buildings, infrastructure, utilities, energy, manufacturing and much more

# Disclaimer

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