



HEXAGON

Interim Report 2021

28 October 2021

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



Net sales and earnings

Overview Q3 2021

Record third quarter: sales increased by 15 per cent, organic growth of 10 per cent

- Strong growth across most of Hexagon's businesses
 - Component supply shortages hampered growth by 2 per cent
- China recorded 10 per cent organic growth, despite tough comparison
- Our largest divisions Geosystems and Manufacturing Intelligence recorded an impressive 16 and 13 per cent organic growth respectively
- PPM started to recover, recording 2 per cent organic growth

Record third quarter adjusted operating earnings and margin

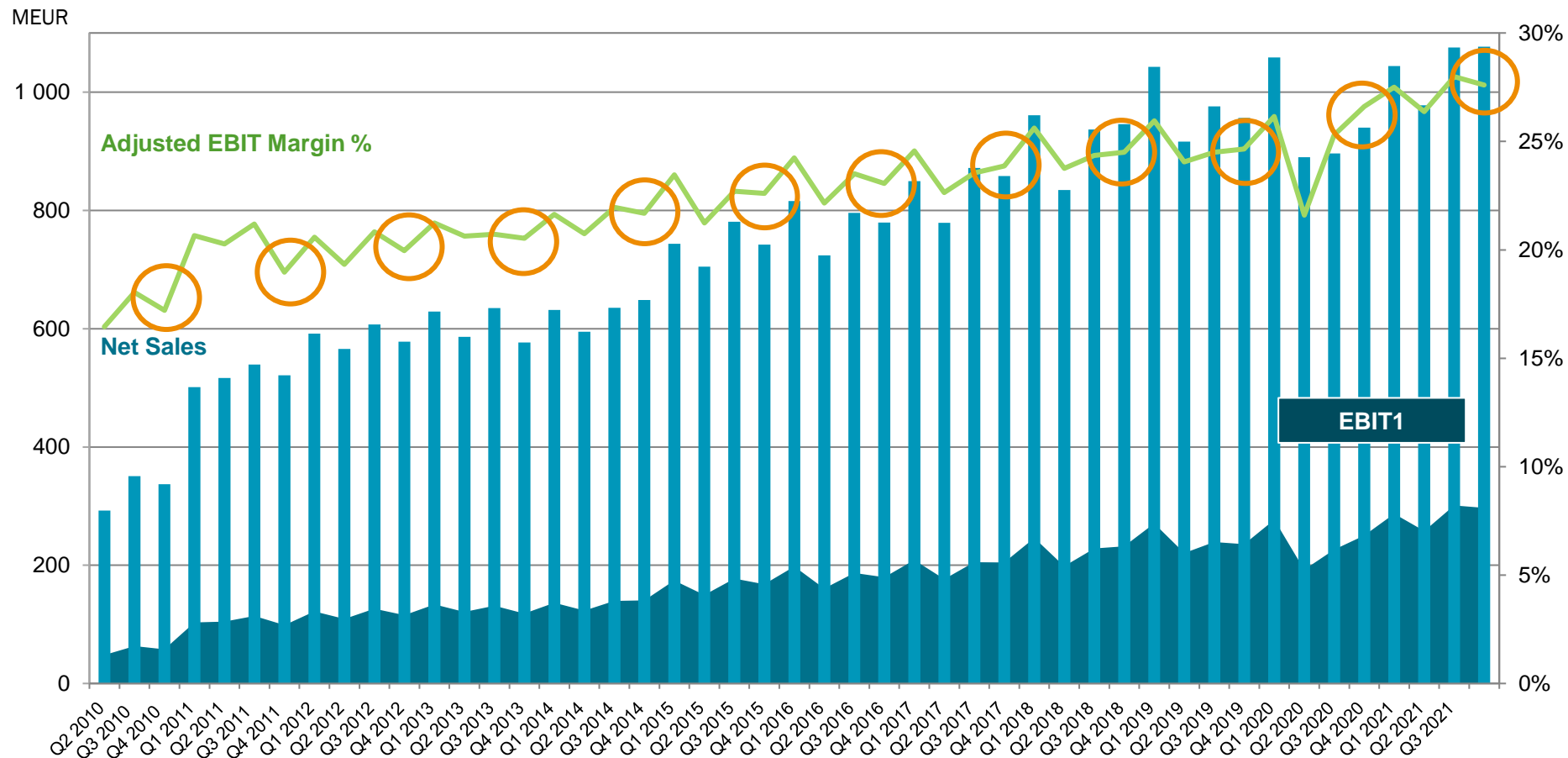
- Adjusted operating earnings (EBIT1) amounted to 296.8 MEUR (250.1), an increase of 19 per cent
- Adjusted operating margin of 27.6 per cent (26.6) and gross margin of 64.3 per cent (63.8)
- Earnings impacted by cost increases related to component shortages and freight

Sales Bridge Q3

Net sales	
2020, MEUR	939.9
Structure, %	4%
Currency, %	1%
Organic growth, %	10%
Total, %	15%
2021, MEUR	1,077.2

Seasonality in profit

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



Key figures – Q3 2021

MEUR	Q3 2021	Q3 2020	Change %
Net sales	1,077.2	939.9	10 ¹⁾
Adjusted operating earnings (EBITDA)	413.4	347.2	19
Adjusted operating margin, (EBITDA) %	38.4	36.9	1.5
Adjusted operating earnings (EBIT1)	296.8	250.1	19
Adjusted operating margin, %	27.6	26.6	1.0
Earnings before taxes, excl. adjustments	290.5	242.2	20
Adjustments (before taxes) ²⁾	-9.4	-	n.a.
Earnings before taxes	281.1	242.2	16
Net earnings	230.6	198.6	16
Net earnings, excl. adjustments	238.3	198.6	20
Earnings per share, EUR	0.09	0.08	13

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

2) Adjustments in 2021 relate to share programmes (LTIP)

Key figures – 9M 2021

MEUR	9M 2021	9M 2020	Change %
Net sales	3,130.7	2,726.4	14 ¹⁾
Adjusted operating earnings (EBITDA)	1,182.9	997.0	19
Adjusted operating margin, (EBITDA) %	37.8	36.6	1.2
Adjusted operating earnings (EBIT1)	855.8	669.0	28
Adjusted operating margin, %	27.3	24.5	2.8
Earnings before taxes, excl. adjustments	835.1	648.9	29
Adjustments (before taxes) ²⁾	-19.1	-135.0	n.a.
Earnings before taxes	816.0	513.9	59
Net earnings	669.2	422.2	59
Net earnings, excl. adjustments	684.9	532.1	29
Earnings per share, EUR	0.26	0.16	63

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

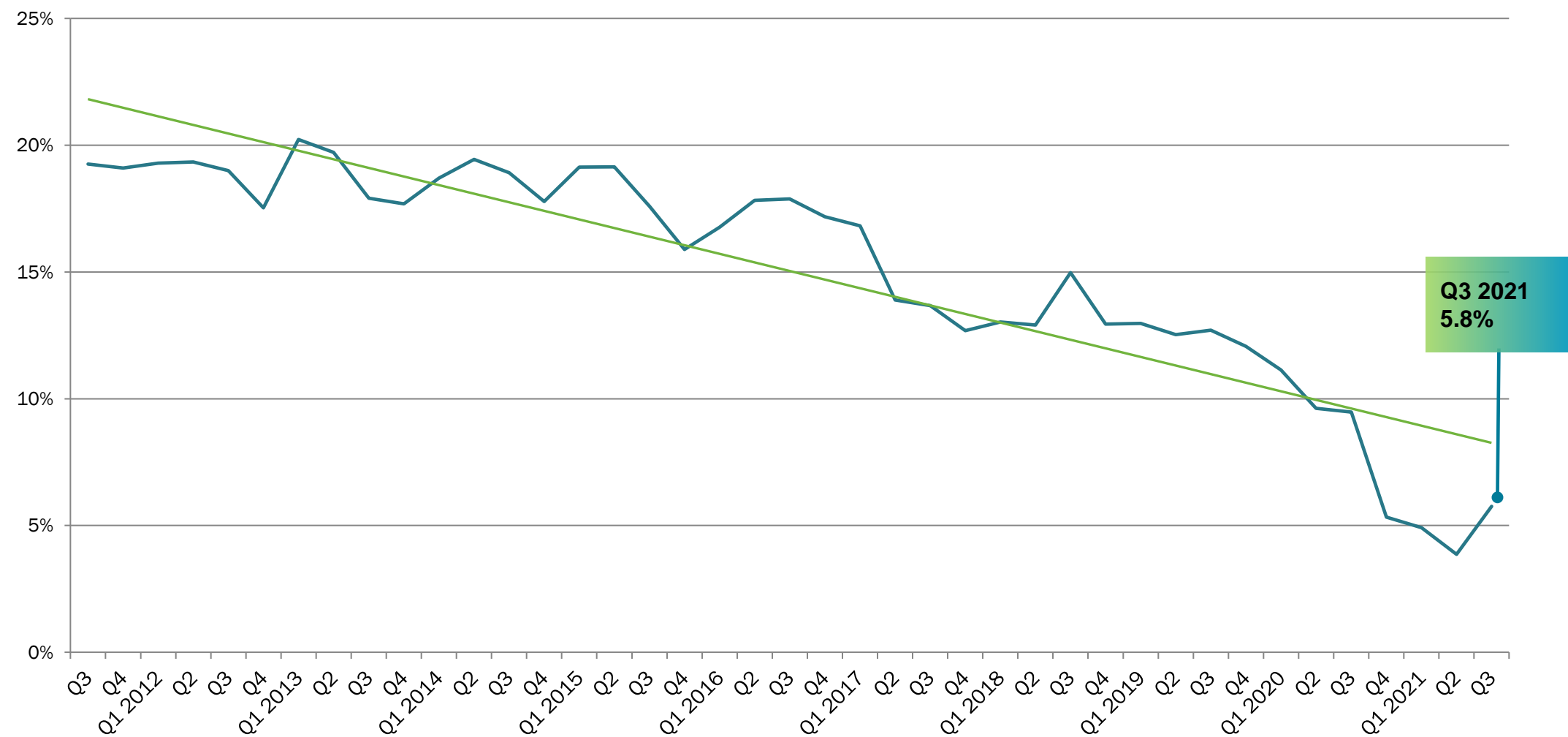
2) Adjustments in 2021 relate to share programmes (LTIP).

Cash flow

MEUR	Q3 2021	Q3 2020
Cash flow from operations before changes in working capital excl. taxes and interest	399.0	352.1
Taxes paid	-45.2	-36.3
Interest received and paid, net	-6.2	-7.2
Cash flow from operations before changes in working capital	347.6	308.6
Change in working capital	-64.4	-5.5
Cash flow from operations	283.2	303.1
Investments tangible assets	-22.5	-21.1
Investments intangible assets	-76.4	-68.6
Operating cash flow before non-recurring items	184.3	213.4
Non-recurring cash flow	-4.7	-22.2
Operating cash flow	179.6	191.2

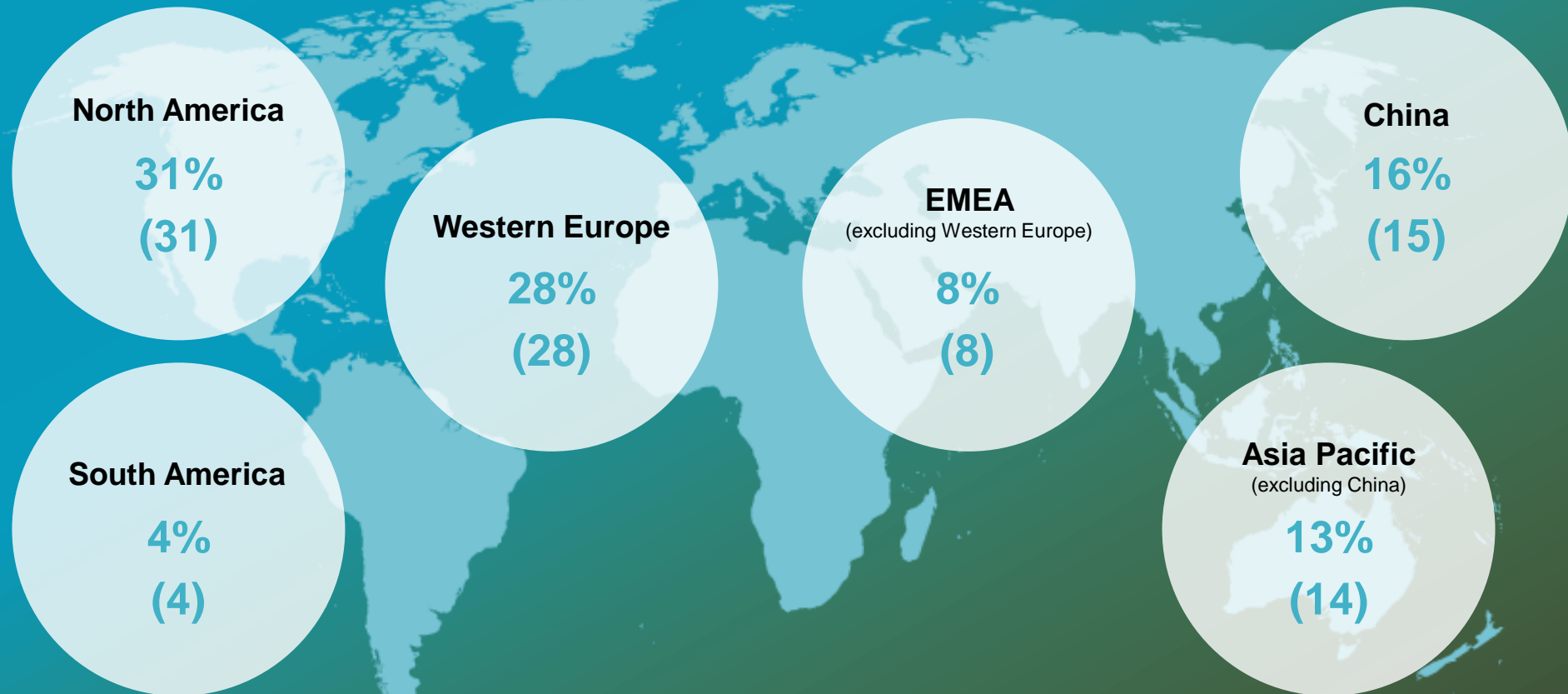
- Cash conversion of 79 per cent (103) in Q3 2021
- Cash conversion target of 80-90 per cent

Working capital to sales









Market development

Sales mix Hexagon Q3 2021 (Q3 2020)



Analysis of organic growth¹⁾ per geographic region

CONTRIBUTORS TO GROWTH ¹⁾ (descending order)	
Q3 2020	939.9
North America	
Western Europe	
China	
Asia excl. China	
South America	
Eastern Europe, Middle East & Africa	
Q3 2021	1,077.2

> 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 ¹⁾	W EU 28%	EMEA ²⁾ 8%	NA 31%	SA 4%	CN 16%	ASIA ³⁾ 13%
Surveying	20%	➔	➔	➔	➔	➔	➔
Power, Energy & Mining	19%	➔	➔	➔	➔	➔	➔
Electronics & Manufacturing	16%	➔	➔	➔	➔	➔	➔
Infrastructure & Construction	15%	➔	➔	➔	➔	➔	➔
Automotive	10%	➔	➔	➔	➔	➔	➔
Aerospace & Defence	8%	➔	➔	➔	➔	➔	➔
Public Safety	4%	➔	➔	➔	➔	➔	➔
Other	8%						
Total	➔	➔	➔	➔	➔	➔	➔

> 8% ➔

0 to 8% ➔

Negative ➔

1) Share of sales as per Q3 2021

2) EMEA, excluding Western Europe

3) Asia, excluding China

EMEA market trends – Q3 2021

- Western Europe recorded 11 per cent organic growth
 - Solid growth in surveying, infrastructure and construction
 - Continued recovery in the manufacturing segment
- Eastern Europe, Russia and the Middle East recorded strong organic growth



Q3 Share of sales, %	36%
Q3 Organic growth, %	10
- Organic growth, GES %	14
- Organic growth, IES %	4

Americas market trends – Q3 2021

- North America recorded 8 per cent organic growth
 - Strong demand in surveying, infrastructure and construction, manufacturing and power and energy
 - Weakness in defence
- South America recorded high double-digit organic growth
 - Solid development in mining and agriculture solutions



Q3 Share of sales, %	35%
Q3 Organic growth, %	10
- Organic growth, GES %	6
- Organic growth, IES %	17

Asia market trends – Q3 2021

- China recorded 10 per cent organic growth
 - Strong demand in manufacturing
 - Tough comparison for infrastructure and construction
- Japan, New Zealand, Australia and India recorded double-digit growth
- South Korea declined due to weakness in power and energy



Q3 Share of sales, %	29%
Q3 Organic growth, %	11
- Organic growth, GES %	10
- Organic growth, IES %	11

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

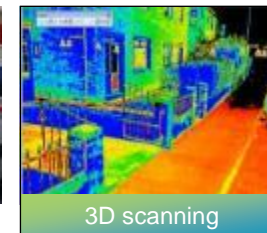
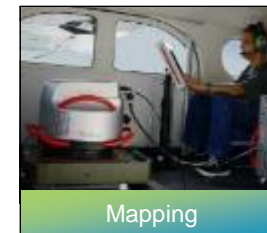
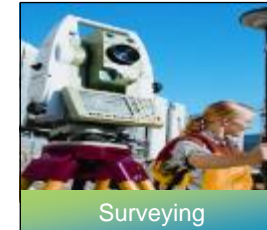
Geospatial Enterprise Solutions – Q3 2021 overview

Organic growth of 10 per cent

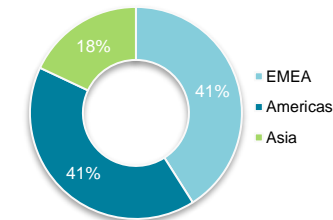
- Geosystems: 16 per cent organic growth, driven by strong demand in surveying, mining, infrastructure and construction
- SI: -6 per cent organic growth, hampered by weaker US defence orders
- Autonomy & Positioning: 8 per cent organic growth, fuelled by solid growth in precision agriculture

Sales and EBIT1

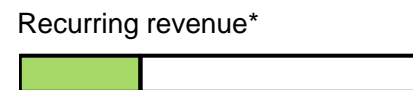
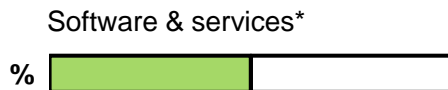
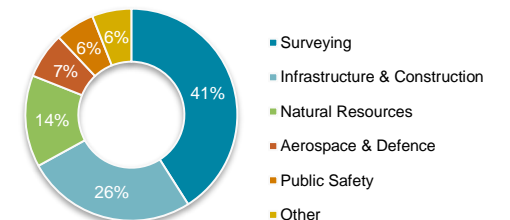
- Sales of 551.9 MEUR (487.3)
- EBIT1 of 167.5 MEUR (138.5) and operating margin of 30.3 per cent (28.4)
 - Positively impacted by volume growth, cost savings measures and a richer product mix



Sales per geography



Sales per segment



*Full year 2020

Industrial Enterprise Solutions – Q3 2021 overview

Organic growth of 10 per cent

- MI: 13 per cent organic growth, driven by strong demand in general manufacturing, automotive, electronics and the software portfolio
- PPM: 2 per cent organic growth, driven by recovery in North America and solid growth in the asset information management and AEC portfolios

Sales and EBIT1

- Sales of 525.3 MEUR (452.6)
- EBIT1 of 133.9 MEUR (114.8) and operating margin of 25.5 per cent (25.4)
 - Positively impacted by volume growth and cost savings measures while negatively impacted by a weaker product mix



CAD



CAM



Stationary sensors



Portable sensors

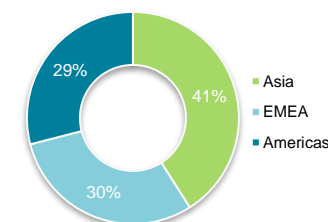


Asset management

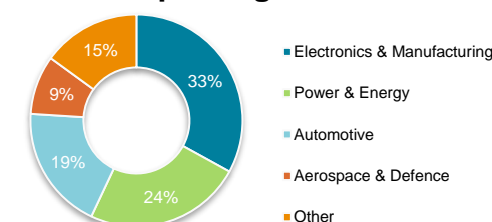


Services

Sales per geography



Sales per segment



Software & services*



Recurring revenue*



Direct sales*

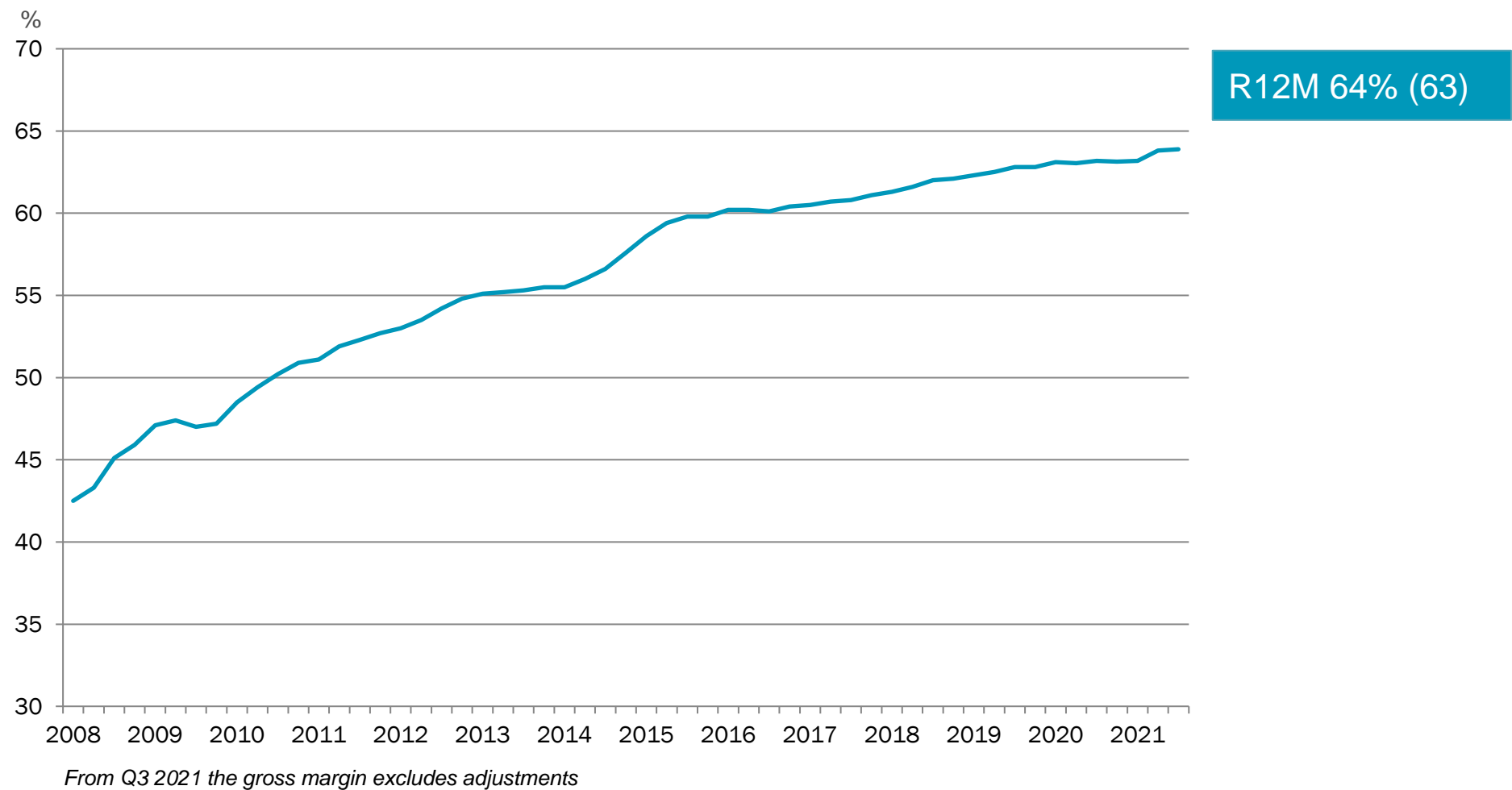


Emerging markets*

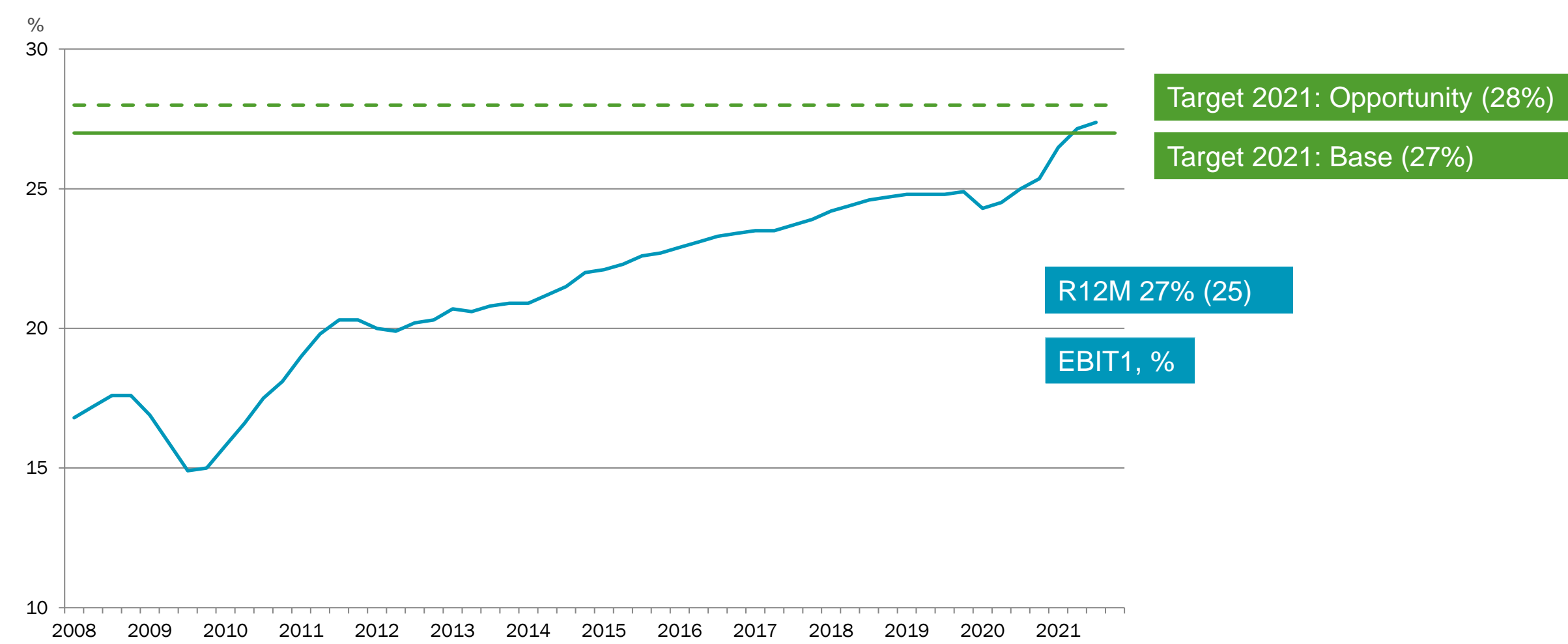


*Full year 2020

Gross margin – R12M



Adjusted operating margin – R12M

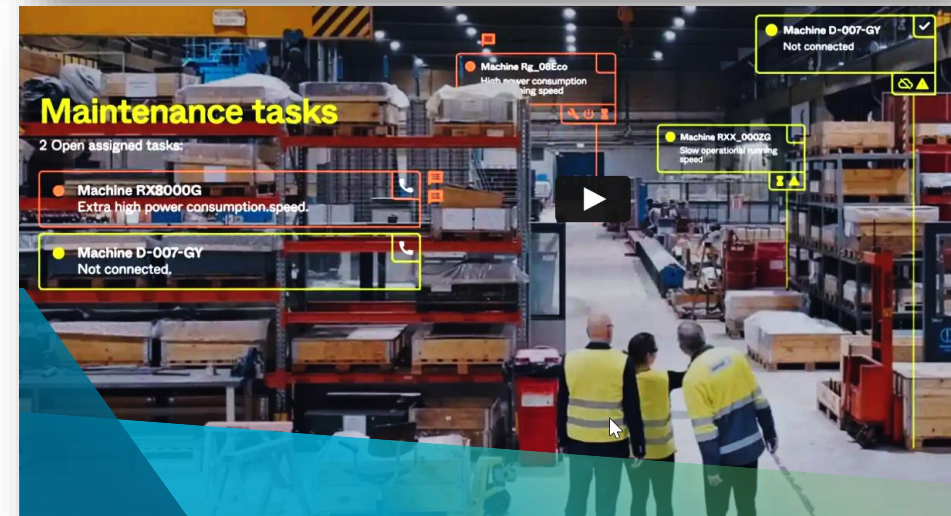
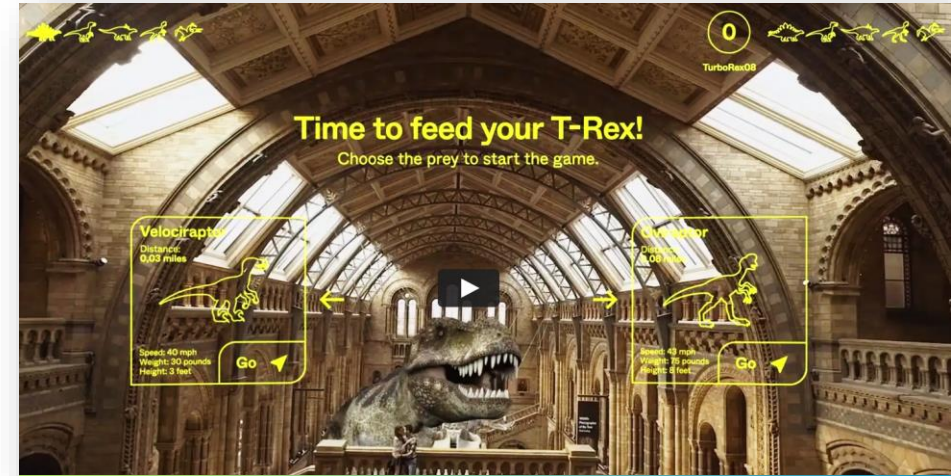


The background features a complex digital theme. It includes a grid of binary digits (0s and 1s) in a light blue color. Overlaid on this are several glowing network lines in yellow and orange, connecting various points. A large, semi-transparent yellow circle is positioned on the left side. The entire composition is set against a dark blue background with large, overlapping geometric shapes in shades of blue and green.

M&A, orders and product releases

Expanding smart digital reality capabilities with Immersal acquisition

- Acquired **Immersal Oy**, a pioneer and leading innovator of spatial mapping and visual positioning solutions used to produce augmented reality applications
- Brings years of experience in AI and machine learning-based spatial anchor technology — "anchors" virtual objects or models for viewing on different devices in the same position and orientation
- Unlocks a wide variety of location-based solutions and services — from consumer-oriented augmented reality applications in gaming and media and entertainment to digital reality solutions on an enterprise scale



Enhancing materials management capabilities with Jovix acquisition

- Acquired the **Jovix** software and services business from Atlas RFID Solutions LLC
- Jovix is an award-winning material tracking software developed specifically for the construction industry
- Provides project decision-makers with real-time visibility and traceability into the status and location of materials throughout the engineering, procurement, and construction lifecycle
- Will be consolidated from 1 October



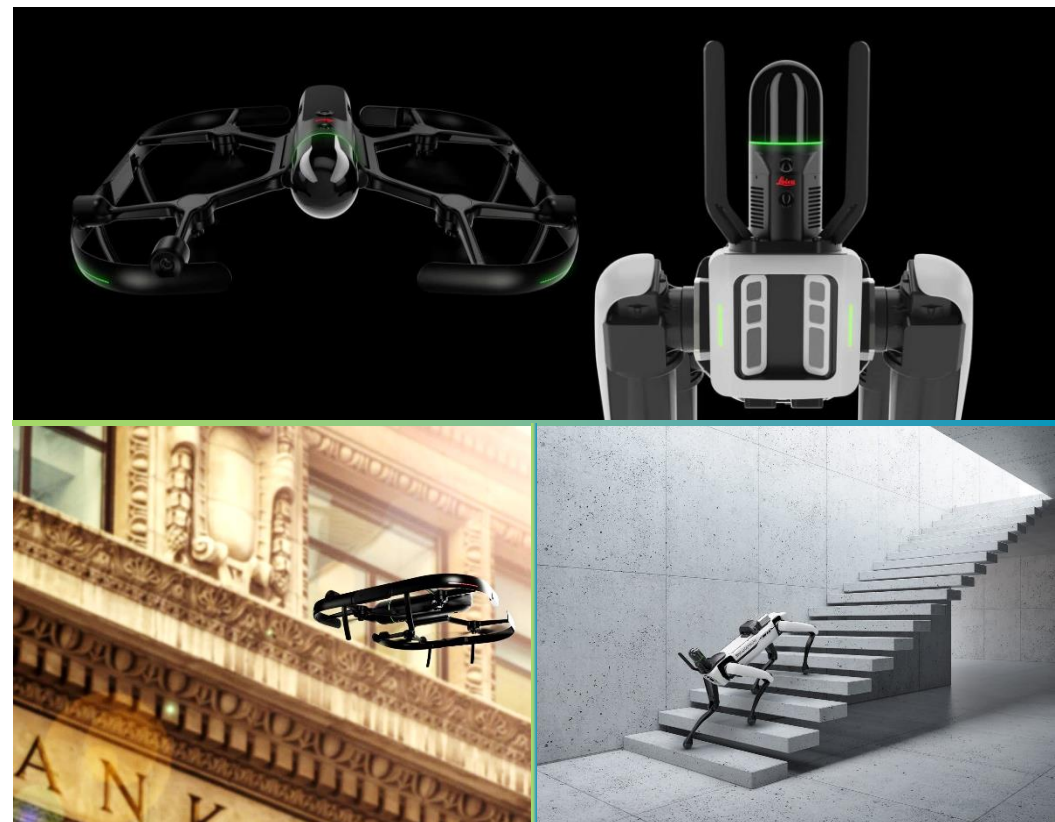
Improving intelligent manufacturing capabilities with Wuhan ZG Technology

- Acquired **Wuhan ZG Technology** to improve our capabilities in the field of 3D data acquisition and further expand our solution portfolio in the field of intelligent manufacturing
- Wuhan ZG Technology provides 3D digital solutions based on the background of the photogrammetry and remote sensing disciplines of Wuhan University
- Its portfolio includes several national scientific and technological progress awards within surveying and mapping and has been widely used in automobile manufacturing, aerospace, 3D printing, biomedicine, rail transit, machinery and heavy industry, virtual/augmented reality applications, and more



Revolutionising autonomous reality capture with new BLK additions

- The new **Leica BLK ARC** is a laser scanning sensor purposely built to improve the autonomous navigation of robots and other carrier platforms to deliver fully autonomous mobile laser scanning
- Addresses the growing demand for autonomous solutions that can safely and repeatedly capture accurate 3D point clouds and panoramic images of changing environments with minimal user intervention
- The new **Leica BLK2FLY** is the world's first fully integrated, autonomous flying laser scanning sensor
- With a few simple taps on a tablet, users can quickly and easily scan structures and inaccessible or hard-to-reach environments accurately and entirely from the air



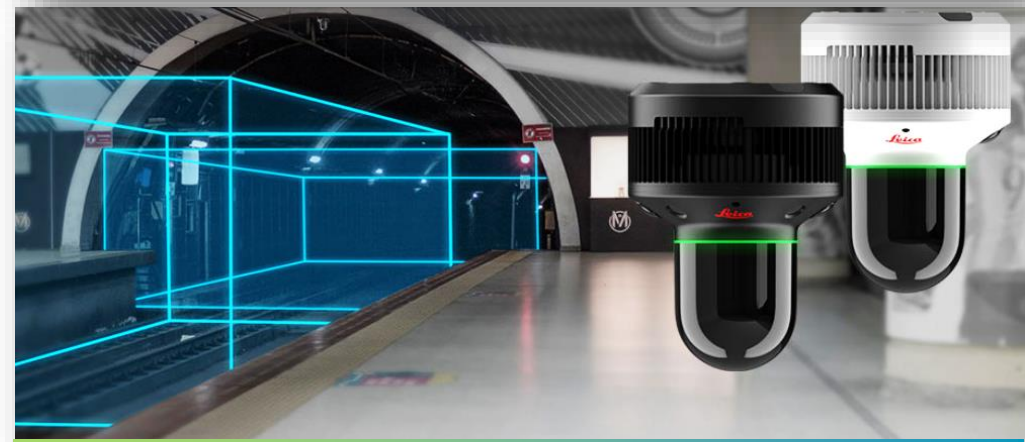
Introducing HxGN MineMeasure to maximise ore recovery

- **HxGN MineMeasure** is a tailored solution combining blast design software, high-precision drilling, blast movement monitoring, fragmentation analysis and enterprise analytics
- Backed by a consultative team of dedicated technical experts
- Brings accuracy and precision to every step of the drill and blast process — empowering customers with a data-driven feedback loop calibrated to minimise loss and dilution (unintentionally sending ore to a waste dump or waste to the mill)



Introducing new rail security & surveillance portfolio

- The new **rail security & surveillance portfolio** builds on existing capabilities for rail safety and security with an integrated set of solutions proven in rail operations around the globe
- Unites 3D surveillance systems with best-in-class security, dispatching and collaboration software to enable rail operators to better protect their assets, passengers and freight while reducing disruptions and improving safety and customer satisfaction
- Addresses the complete lifecycle of incident management — enabling quick detection, assessment and response to threats and incidents and collaboration with outside organisations when needed



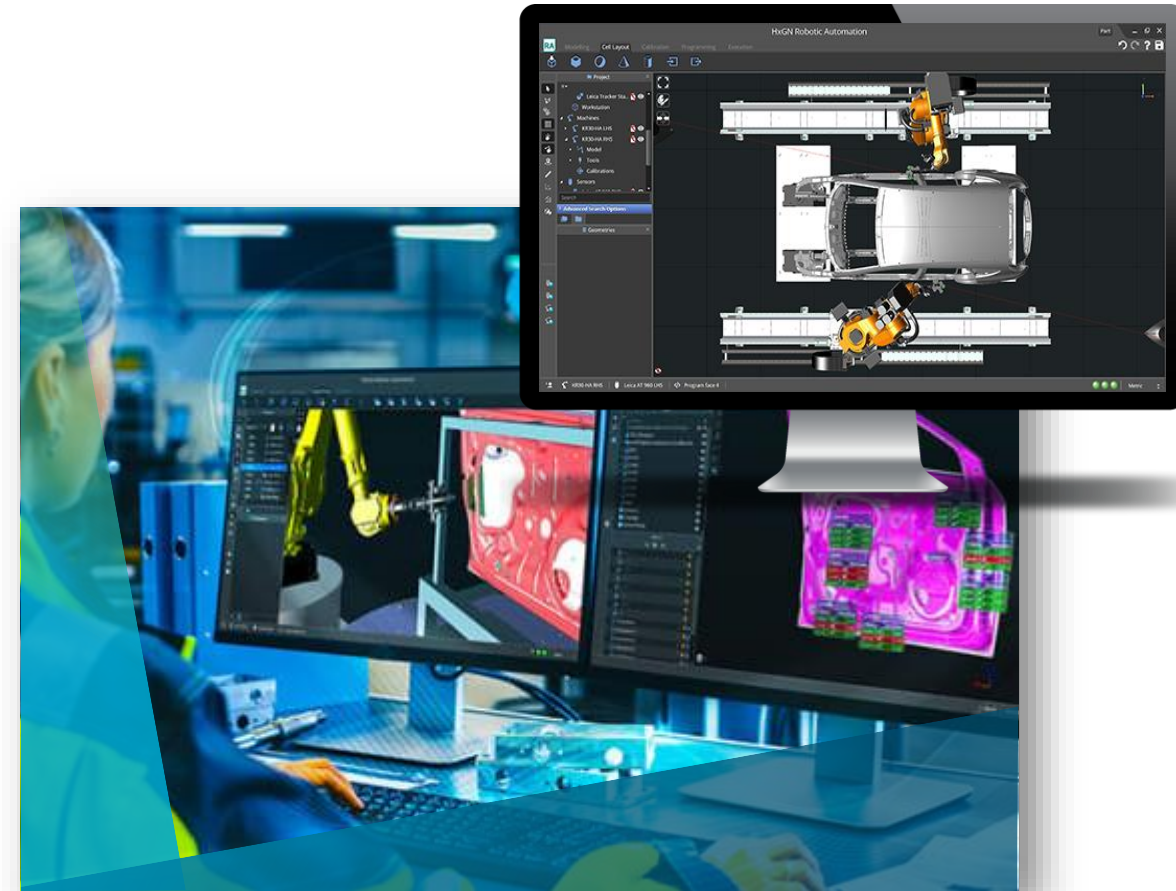
HxGN Content Program introduces digital twins of major cities

- The **Metro HD city data** is a new offering of ultra-high-resolution 2D and 3D digital twins of major cities as an off-the-shelf product through the HxGN Content Program
- The data will be hosted and made available for download and streaming via the HxGN Content Program partner network for integration into GIS and analytics platforms and on HxDR — our cloud-based visualisation and collaboration platform
- Enables users to better manage and monitor critical assets, assess and model risks, and provide visualisation of new projects in public communications with the goal of creating smarter, more sustainable cities



Accelerating autonomous quality assurance

- **HxGN Robotic Automation** is a new robotic programming and control software that enables non-specialist quality professionals to program industrial robots to perform fully automated quality inspection
- Provides the ability to create optimal inspection routines in a single step, offline — a task that would typically demand significant time and attention from both a metrology and robotics professional
- Offers manufacturers more complete data direct from the production line as products are made — whether equipping greenfield factories or retrofitting existing production lines with state-of-the-art autonomous optical inspection cells



Introducing a new all-in-one laser scanner for CMMs

- The new **HP-L-10.10** is a non-contact laser scanner for CMMs
- Redefines what can be achieved with a single piece of equipment, turning CMMs into optical multi-sensor systems offering speed, flexibility and accuracy
- Streamlines the measurement of complex surfaces and workpieces, enabling manufacturers to perform dimensional measurements at comparable accuracy to tactile probing and inspect almost any surface in a fraction of the time



Supporting India's bullet train project

- India's first bullet train corridor will be operated between Mumbai and Ahmedabad
- Once ready for service, the high-speed rail will cover a total of 12 stations along the route and operate at a speed of 320 km per hour
- **Leica surveying total stations** and **digital levels** were chosen as the standard instruments for the project — will provide high accuracy and increased efficiency by enabling precise alignment for segments and reliable leveling for all measurement tasks



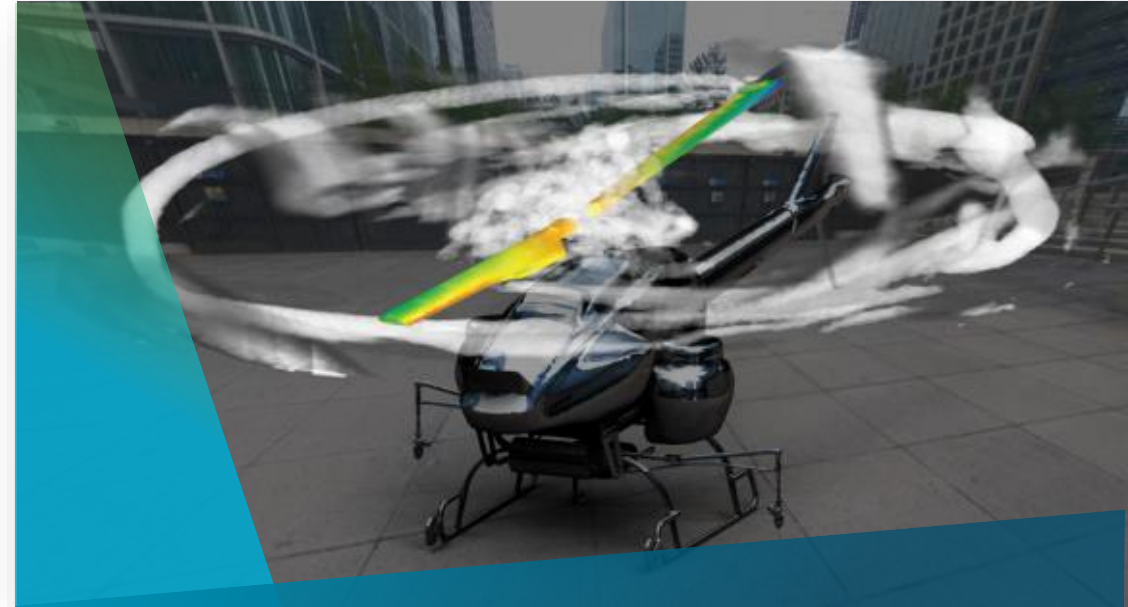
HxGN OnCall – keeping communities and businesses safe in South America

- HxGN OnCall computer-aided dispatch (CAD) and security solutions will be part of a robust, broader system that will serve more than 3.9 million citizens across **Bahia**, one of the largest states in Brazil
- HxGN OnCall CAD and security solutions will be used to better manage incidents and improve the operations of **Traffic Engineering Company** — Brazil's largest traffic agency responsible for managing approximately 9 million vehicles and 12 million people in São Paulo
- HxGN OnCall CAD and security solutions will be used by **Bancolombia** — a full-service financial institution in Colombia – to manage and monitor all alarm devices and cameras within Bancolombia's branches, ATMs and agencies



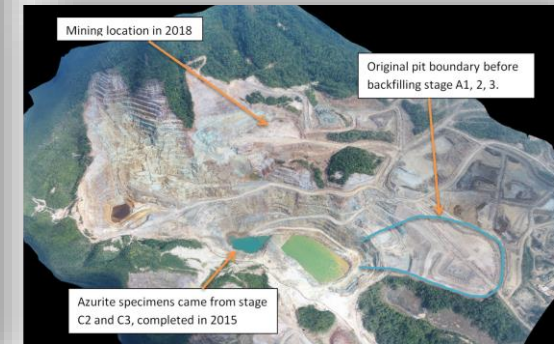
Helping Yamaha Motor simulate performance of unmanned helicopters

- Based in Japan, **Yamaha Motor** was in need of a robust solution to accurately simulate the fluid and structural performance of unmanned industrial use helicopters to reduce the amount of noise generated when flown in residential areas
- Hexagon's simulation tools helped the streamline design early in the development phase for increased efficiency and cost effectiveness



Transforming the operations of a mine

- Lane Xang Minerals Limited (LXML) is the owner and operator of the Sepon Mine in Laos
- The site is undertaking a digital transformation of operations, including equipment modernization, automated data capture and high levels of integration across all systems
- LMXL recently selected Hexagon's **MineOperate OP Pro** and **MineEnterprise** solutions to assist in the process of transforming Sepon from a copper to a gold focused mine



Building an end-to-end engineering digital twin

- After experiencing rapid corporate growth, Harbour Energy — the UK's largest independent oil and gas business — still relied on legacy systems to manage engineering design, project execution, and maintenance activities, including a mix of on-prem and externally hosted systems
- Harbour Energy turned to Hexagon to help standardise these processes and enable multiple external and internal users to work concurrently and collaboratively within a single controlled environment
- Solutions chosen include **HxGN SDx**, **TruView**, **Intergraph Smart Completions**, **Intergraph Smart Materials** and **EcoSys**



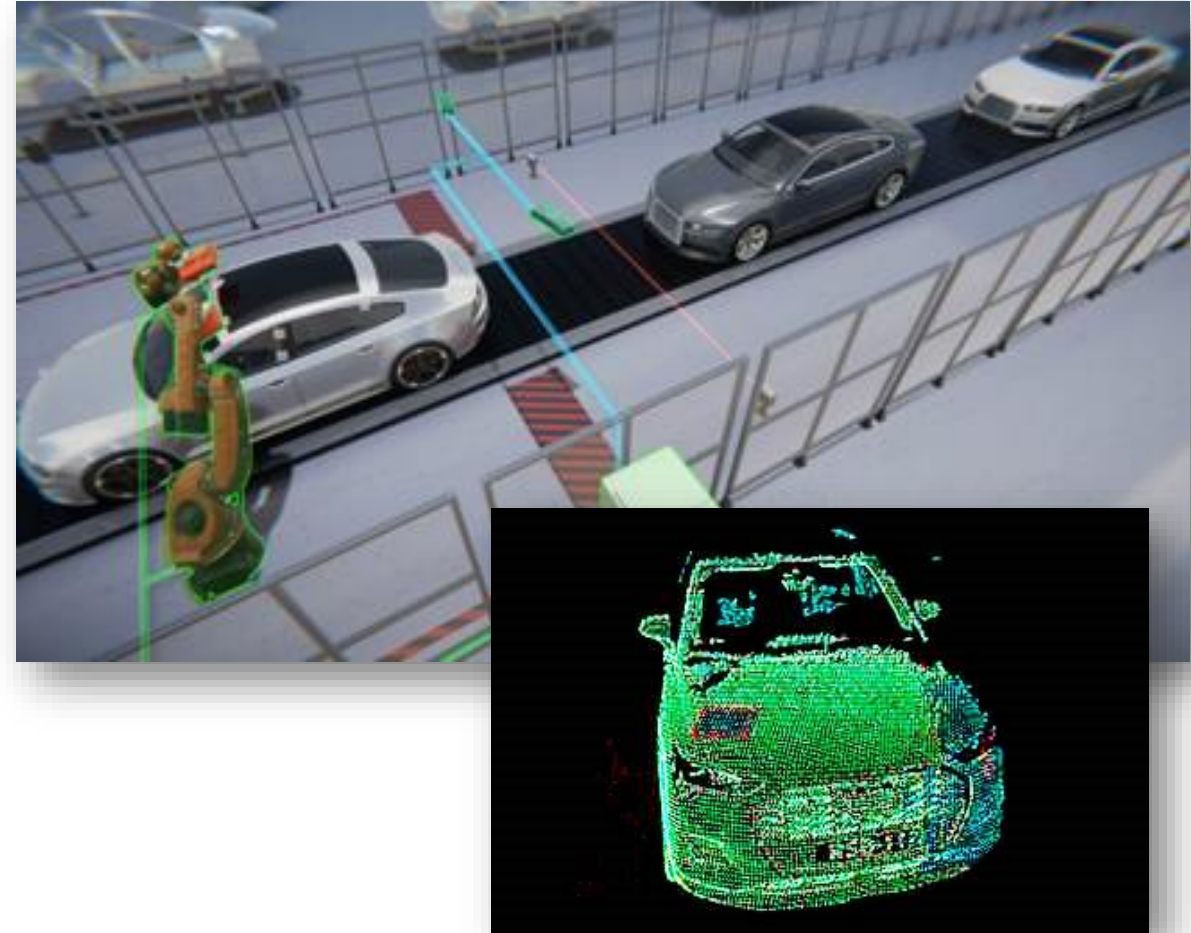
Numaligarh Refinery chose Hexagon to support digital transformation

- The Numaligarh Refinery (NRL) in India chose Hexagon to support the digital transformation of the refinery's operations and project execution
- NRL invested in a number of Hexagon's solutions to create a digital reality of its refinery including **HxGN SDx® Projects & Operations**, **Intergraph Smart® 3D**, **Intergraph Smart P&ID**, **Intergraph Smart Instrumentation**, **Intergraph Smart Electrical**, **Intergraph Smart Review**, **Intergraph Smart Plant Interop Publisher**, and **j5 Operations Management Solution (OMS)**



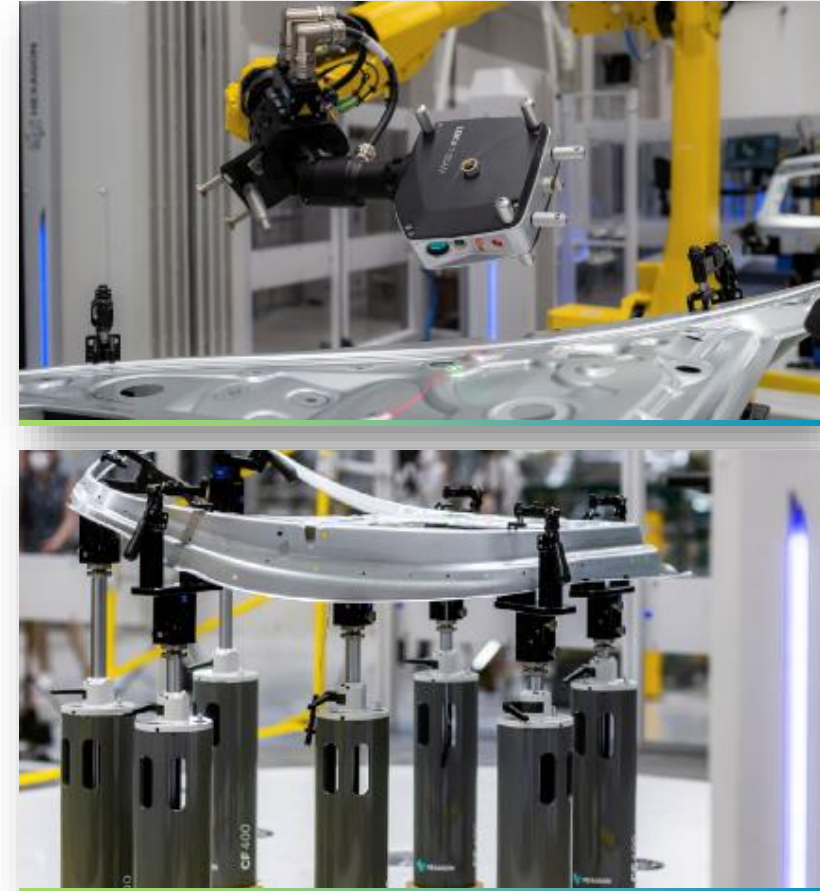
Introducing new car body positioning system

- The new **VEPOSE 6D Car Body Positioning System** enables the precise positioning of a car body within 6 degrees of freedom
- Positioning is enabled by obtaining the body point cloud data and accurately comparing it with the CAD to identify position deviation information
- The data enables robots to adjust positions in real-time, mitigating inaccurate positions which can lead to collisions between the robot and the car body



Robotic cells powered by Hexagon's technology help inspect challenging components

- Customising metrology solutions is difficult without access to flexible, compatible solutions that can be fully integrated for optimal productivity
- Based in the Czech Republic, ŠKODA AUTO needed to make the switch from tactile to 3D optical measurement technologies to increase overall efficiency without sacrificing accuracy
- The company significantly increased measurement capacity and quality, and succeeded in digitalising output from measurement devices, by establishing robotic cells powered by Hexagon's optical metrology devices, **robotic-automation software**, and flexible fixturing systems to quickly and easily inspect complex components



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 Q3 2021

- Record third quarter sales and operating earnings
 - Continued strong development in Geosystems and Manufacturing Intelligence recording 16 per cent and 13 per cent organic growth respectively
- Supply constraints of certain components hampered the growth and profitability and building order backlog
 - Expecting a similar development in Q4 and gradual improvement in the first half of 2022
- Launched new financial targets 2022-2026
 - 8-12 per cent annual total growth
 - 5-7 per cent annual organic growth
 - 3-5 per cent annual structural growth
 - >30% operating margin (EBIT1) by 2026