



HEXAGON

Interim Report Q2 2022

27 July 2022

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



Net sales and earnings

Overview Q2 2022

Recorded sales increased by 20 per cent, organic growth of 6 per cent

- Continued strong business momentum – all divisions recorded growth
- The strained component supply chain situation hampered growth by -6 per cent
 - Expecting a resolution of supply chain pressures by the end of the year

Record gross margin, despite inflationary pressures

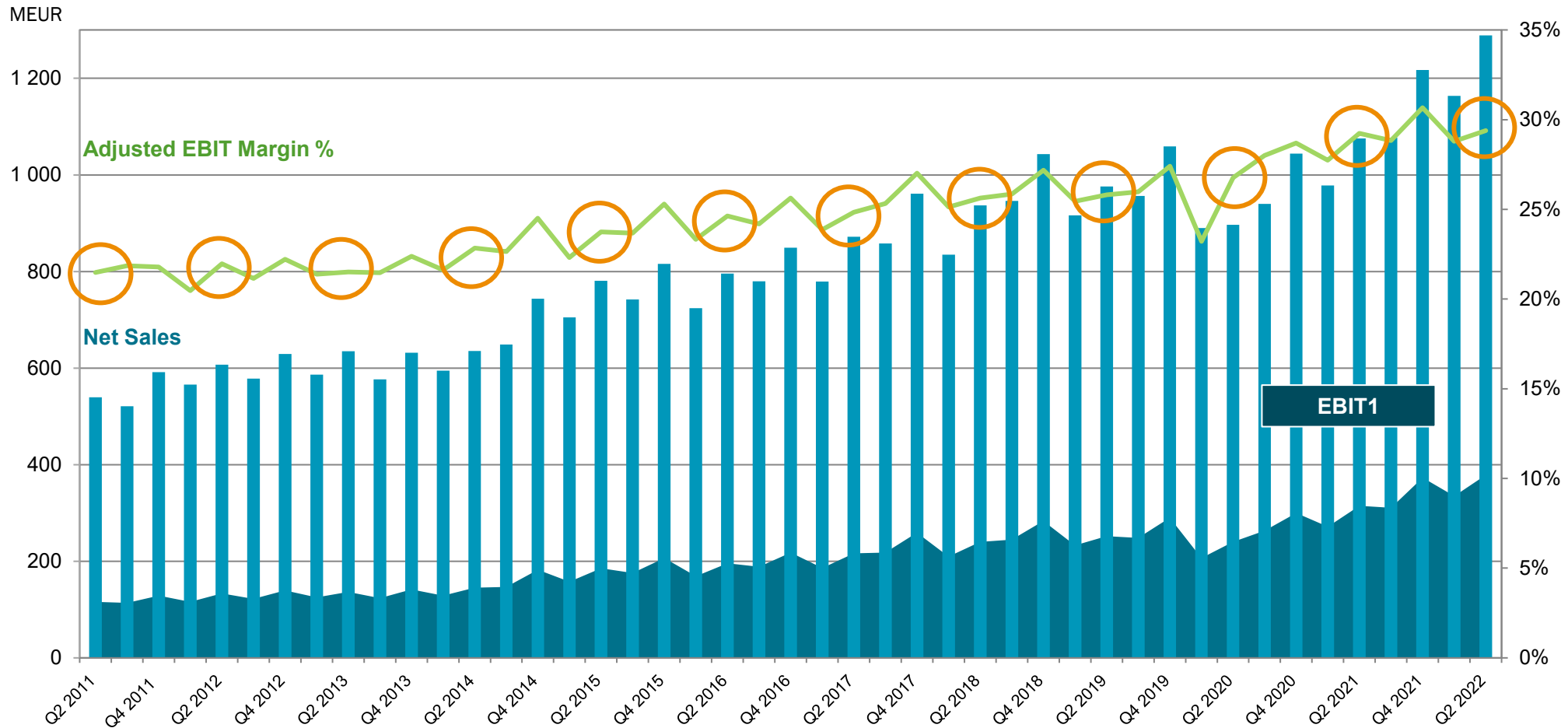
- Adjusted operating earnings (EBIT1) amounted to 378.5 MEUR (314.6), an increase of 20 per cent
- Adjusted operating margin of 29.4 per cent (29.2) and gross margin of 65.3 per cent (64.4)

Sales bridge Q2

Net sales	
2021, MEUR	1,075.6
Structure, %	6%
Currency, %	8%
Organic growth, %	6%
Total, %	20%
2022, MEUR	1,288.7

Seasonality in profit

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



Key figures – Q2 2022

MEUR	Q2 2022	Q2 2021	Change %
Operating net sales	1,288.7	1,075.6	6 ¹⁾
Revenue adjustments	-6.4	-	n.a.
Net sales	1,282.3	1,075.6	6 ¹⁾
Adjusted operating earnings (EBITDA)	465.9	402.8	16
Adjusted operating margin, (EBITDA) %	36.2	37.4	-1.2
Adjusted operating earnings (EBIT1)	378.5	314.6	20
Adjusted operating margin, %	29.4	29.2	0.2
Earnings before taxes, excl. adjustments	372.9	307.8	21
Adjustments (before taxes) ²⁾	-43.9	-18.4	n.a.
Earnings before taxes	329.0	289.4	14
Net earnings	269.8	237.3	14
Net earnings, excl. adjustments	305.8	252.5	21
Earnings per share, excl. adjustments, Euro cent	11.2	9.8	14

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

2) Adjustments in the quarter relate to share programmes (LTIP), amortisation of surplus values (PPA) and acquired deferred revenue

Key figures – YTD

MEUR	2022	2021	Change %
Operating net sales	2,452.1	2,053.5	8 ¹⁾
Revenue adjustments	-10.1	-	n.a.
Net sales	2,442.0	2,053.5	8 ¹⁾
Adjusted operating earnings (EBITDA)	882.1	769.5	15
Adjusted operating margin, (EBITDA) %	36.0	37.5	-1.5
Adjusted operating earnings (EBIT1)	713.6	585.9	22
Adjusted operating margin, %	29.1	28.5	0.6
Earnings before taxes, excl. adjustments	702.2	571.5	23
Adjustments (before taxes) ²⁾	-143.1	-36.6	n.a.
Earnings before taxes	559.1	534.9	5
Net earnings	454.2	438.6	4
Net earnings, excl. adjustments	575.8	468.7	23
Earnings per share, excl. adjustments, Euro cent	21.2	18.1	17

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

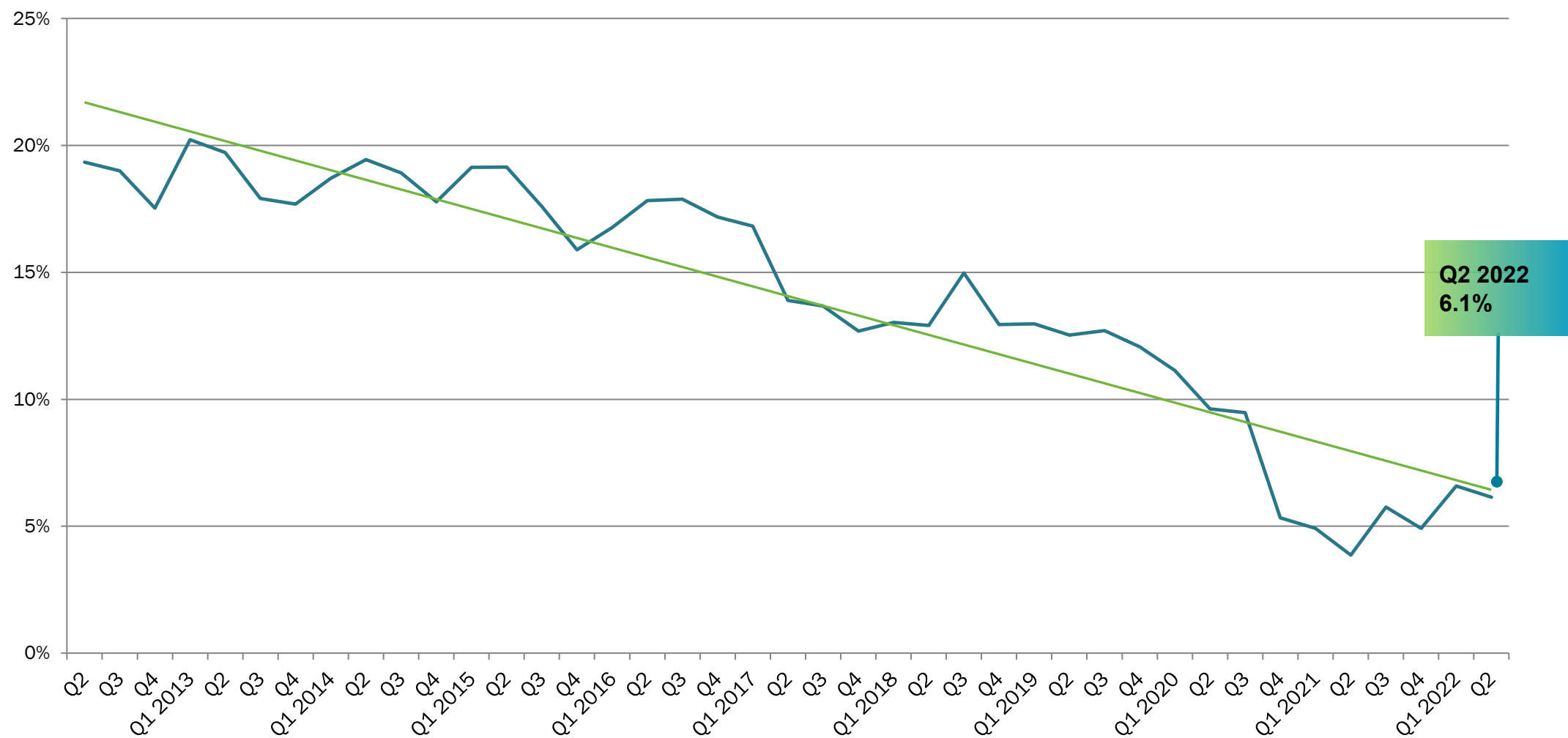
2) Adjustments in 2022 relate to share programmes (LTIP), amortisation of surplus values (PPA) and acquired deferred revenue

Cash flow

MEUR	Q2 2022	Q2 2021
Cash flow from operations before changes in working capital excl. taxes and interest	450.4	398.7
Taxes paid	-94.0	-52.1
Interest received and paid, net	-6.4	-7.7
Cash flow from operations before changes in working capital	350.0	338.9
Change in working capital	8.5	40.3
Cash flow from operations	358.5	379.2
Investments tangible assets	-28.9	-21.6
Investments intangible assets	-97.0	-77.6
Operating cash flow before non-recurring items	232.6	280.0
Non-recurring cash flow	-4.5	-4.6
Operating cash flow	228.1	275.4

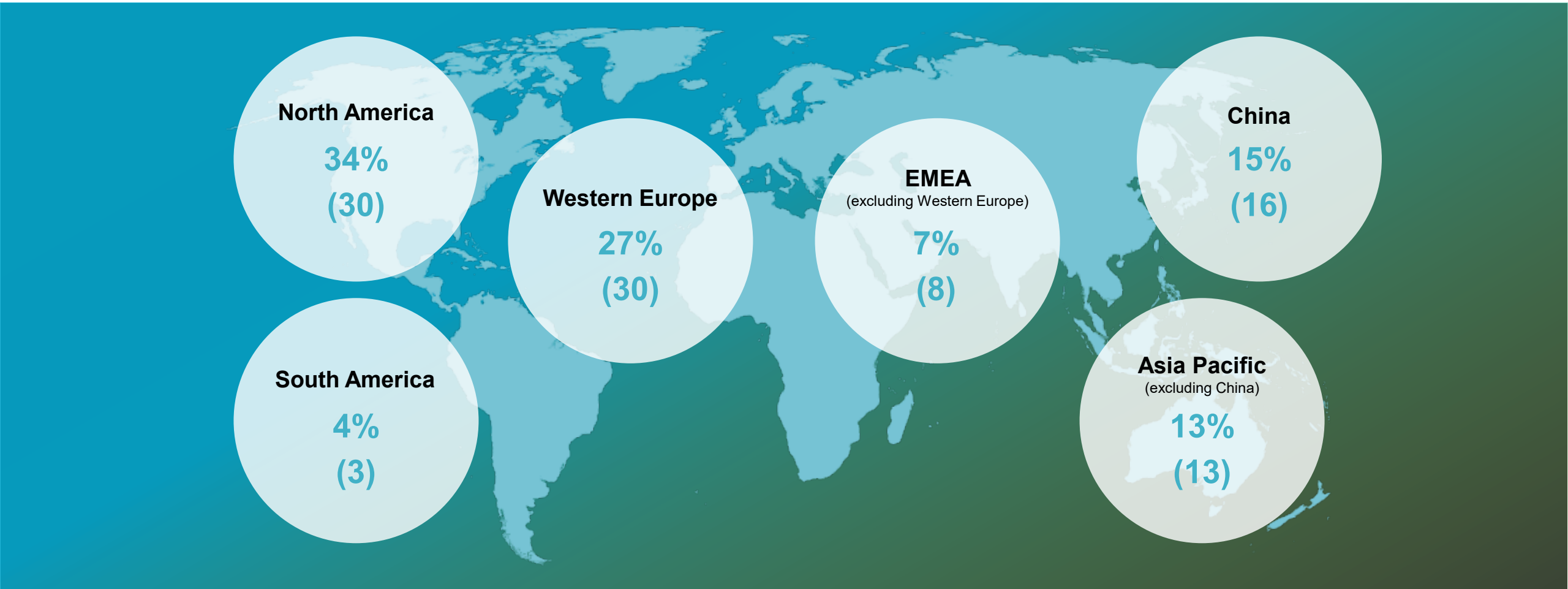
- Cash conversion of 88 per cent (113) in Q2 2022
- Cash conversion target of 80-90 per cent

Working capital to sales










Market development

Sales mix Hexagon Q2 2022 (Q2 2021)



Analysis of organic growth¹⁾ per geographic region

CONTRIBUTORS TO GROWTH ¹⁾ (descending order)	
Q2 2021	1,075.6
Asia excl. China	
South America	
North America	
Western Europe	
China	
Eastern Europe, Middle East & Africa	
Q2 2022	1,288.7

> 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 27%	EMEA ²⁾ 7%	NA 34%	SA 4%	CN 15%	ASIA ³⁾ 13%
Surveying	20%	➔	➡	➔	➡	➡	➔
Power, Energy & Mining	20%	➔	➡	➔	➔	➡	➔
Electronics & Manufacturing	16%	➔	➔	➔	➔	➔	➔
Infrastructure & Construction	14%	➔	➔	➔	➔	➡	➡
Automotive	9%	➔	➔	➔	➔	➔	➔
Aerospace & Defence	8%	➔	➔	➔	➡	➔	➔
Public Safety	3%	➡	➡	➡	➔	➡	➡
Other	10%						
Total	➔	➔	➡	➔	➔	➔	➔

> 8% ➔

0 to 8% ➔

Negative ➡

1) Share of sales as per Q2 2022

2) EMEA, excluding Western Europe

3) Asia, excluding China

EMEA market trends – Q2 2022

- Western Europe recorded 7 per cent organic growth
 - Continued strong demand for surveying and reality capture solutions
 - Solid growth in aerospace, power and energy
- EMEA excluding Western Europe declined
 - Russia declined significantly, reflecting the impact of the sanctions imposed by the European Union and the U.S.
 - Eastern Europe and Middle East recorded strong organic growth



Q2 Share of sales, %	34
Q2 Organic growth, %	4
- Organic growth, GES %	3
- Organic growth, IES %	6

Americas market trends – Q2 2022

- North America recorded 7 per cent organic growth
 - Solid growth across most industries

- South America recorded high double-digit organic growth
 - Strong growth in mining, agriculture, power and energy



Q2 Share of sales, %	38
Q2 Organic growth, %	10
- Organic growth, GES %	11
- Organic growth, IES %	9

Asia market trends – Q2 2022

- China recorded 1 per cent organic growth
 - Good growth in general manufacturing and aerospace
 - Hampered by availability issues in infrastructure and construction and Covid-19 related lockdowns
- South Korea, Japan and India recorded strong growth
 - Supported by solid demand for surveying and manufacturing solutions



Q2 Share of sales, %	28
Q2 Organic growth, %	5
- Organic growth, GES %	6
- Organic growth, IES %	4

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

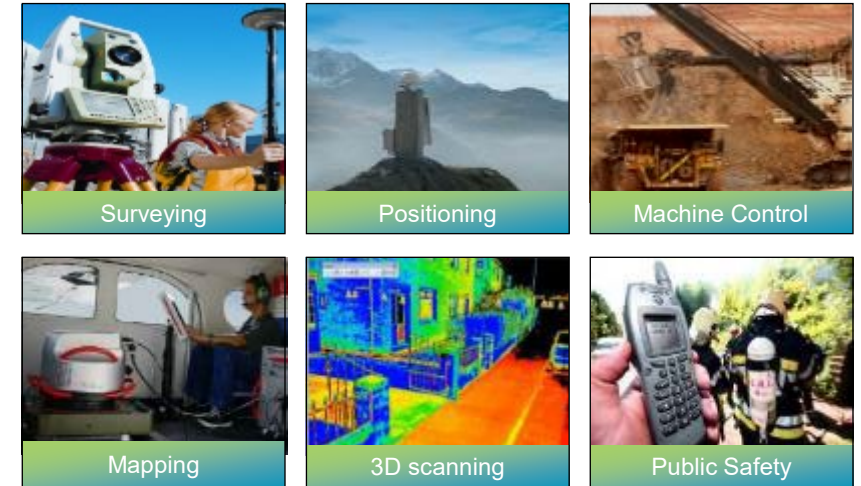
Geospatial Enterprise Solutions – Q2 2022 overview

Organic growth of 7 per cent

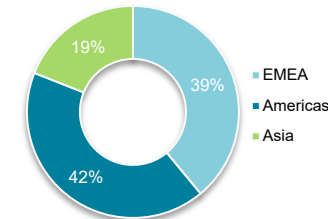
- Geosystems: 8 per cent organic growth, driven by strong demand across all industries
- Safety, Infrastructure & Geospatial: 1 per cent organic growth, driven by a solid development in infrastructure but adversely impacted by tough comparisons in defence
- Autonomy & Positioning: 6 per cent organic growth, fuelled by strong growth in agricultural and a recovery in marine

Sales and EBIT1

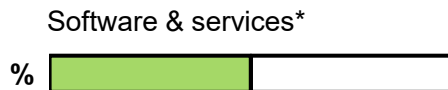
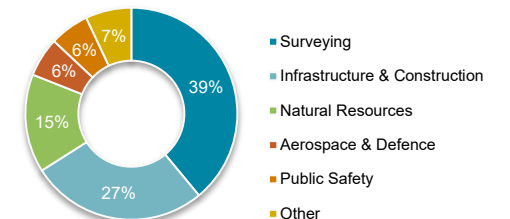
- Sales of 650.4 MEUR (560.4)
- EBIT1 of 205.6 MEUR (181.3) and operating margin of 31.6 per cent (32.4)
 - Positively impacted by volume growth and currency movements
 - Continuously investing in new product launches and marketing



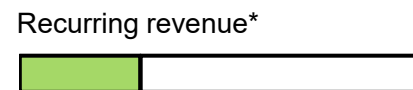
Sales per geography



Sales per segment



*Full year 2021



Industrial Enterprise Solutions – Q2 2022 overview

Organic growth of 6 per cent

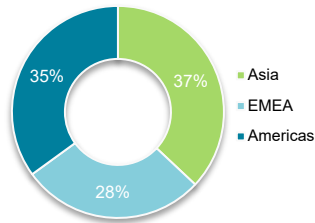
- Manufacturing Intelligence: 6 per cent organic growth, mainly driven by strong demand in the Americas with solid business momentum in aerospace and general manufacturing
- Asset Lifecycle Intelligence: 5 per cent organic growth, fuelled by growth in design software, asset information software and cyber security solutions

Sales and EBIT1

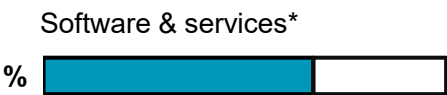
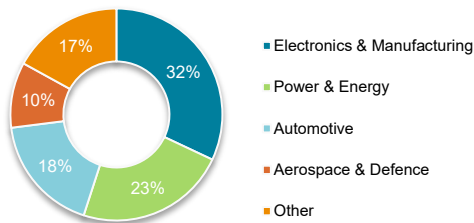
- Sales of 638.3 MEUR (515.2)
- EBIT1 of 177.9 MEUR (138.5) and operating margin of 27.9 per cent (26.9)
 - Positively impacted by accretive acquisitions, volume growth and currency movements



Sales per geography

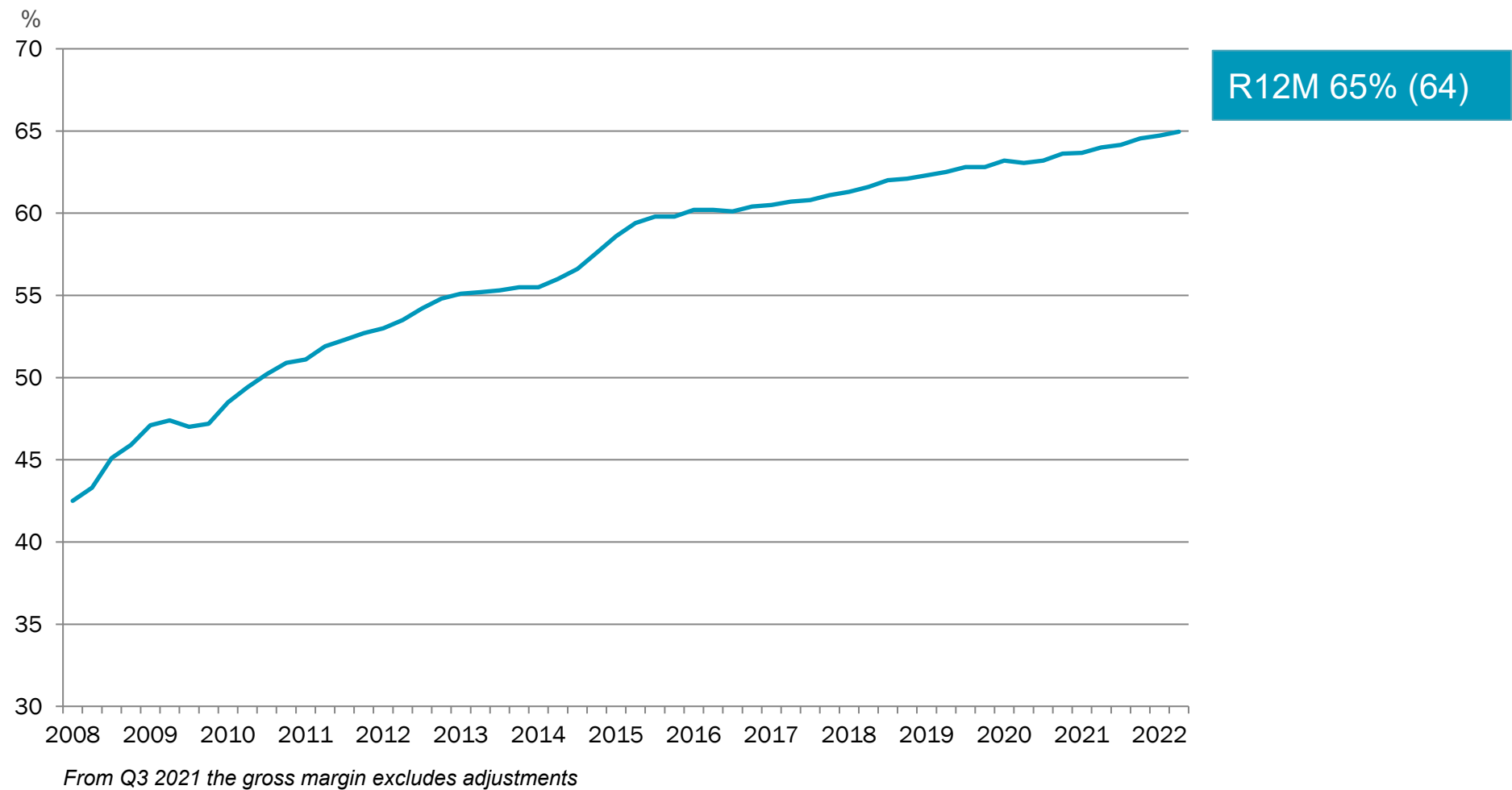


Sales per segment

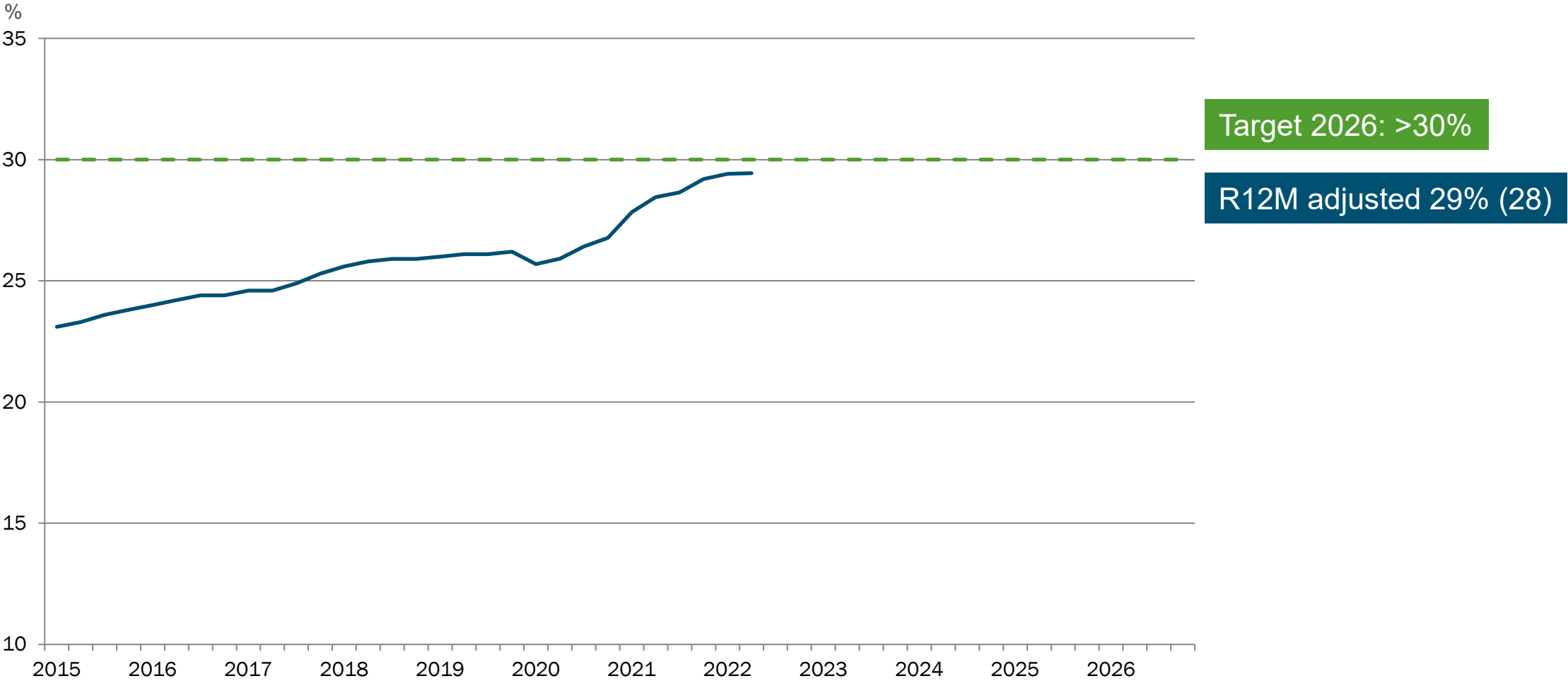


*Full year 2021

Gross margin – R12M



Adjusted operating margin – R12M



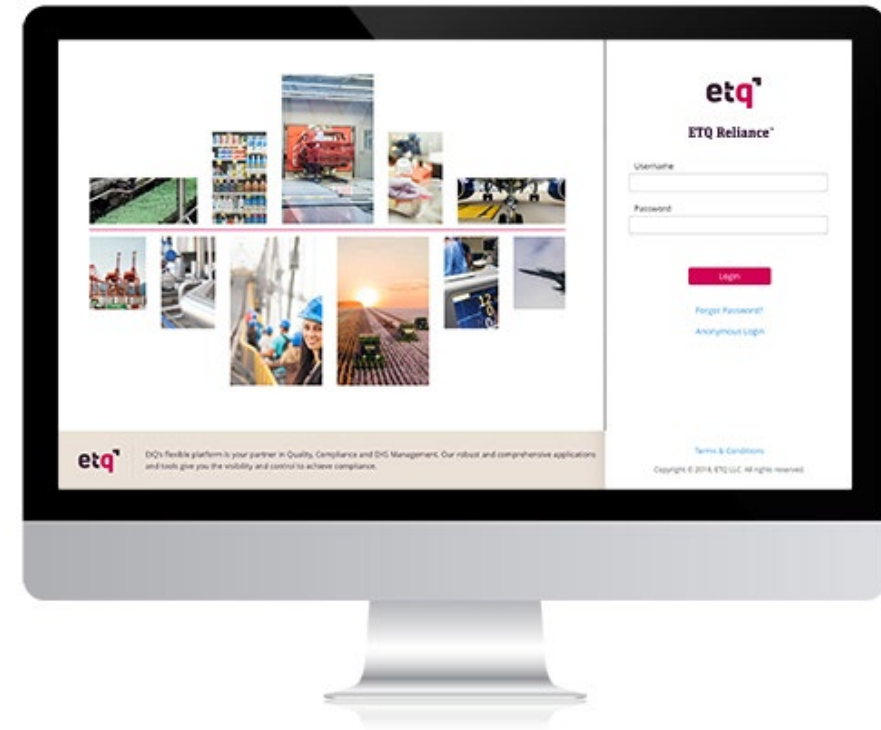
The 2026 target of reaching an adjusted operating margin of >30% is based on an older definition of EBIT1 where amortisation of surplus values were excluded

The background of the slide is a complex digital-themed composition. It features a dark blue base color. Overlaid on this are several elements: a large, semi-transparent green triangle on the left side; a large, semi-transparent blue triangle on the right side; and a central rectangular area with a dark background containing glowing orange and yellow binary code (0s and 1s). Within this central area, there are several line graphs with different colored markers (yellow, white, blue, green) and a large, glowing yellow sphere. The overall aesthetic is high-tech and data-driven.

M&A, orders and product releases

ETQ acquisition adds SaaS-based QMS software platform

- **ETQ** is a leading provider of SaaS-based QMS (quality management system), EHS (environment, health and safety) and compliance management software
- The advanced data management capabilities of its multi-tenant QMS solution – **ETQ Reliance** – make quality data fully actionable and available further upstream, helping to reduce defects, scrap, rework, and recalls, while also enabling an autonomous feedback loop and virtuous cycle of continuous improvement
- ETQ was consolidated as of 1 April 2022 and is operating within the Manufacturing Intelligence division



Reality capture solution disruptions

The possibilities are endless with the next-gen **BLK360**

- Ultra-fast Leica BLK360 laser scanner dramatically advances reality capture with its speed, portability, and ease of use

Transforming mobile mapping with new **Leica Pegasus TRK500/700 Neo Mobile Mapping solution**

- Brings autonomy, intelligence and simplicity to mobile mapping and is set to transform mobile mapping with next-generation AI capabilities

Bathymetric lidar takes a major step up with new **Leica Chiroptera-5**

- A new high-performance airborne bathymetric lidar sensor developed to map and monitor submerged terrain in coastal areas and inland waters



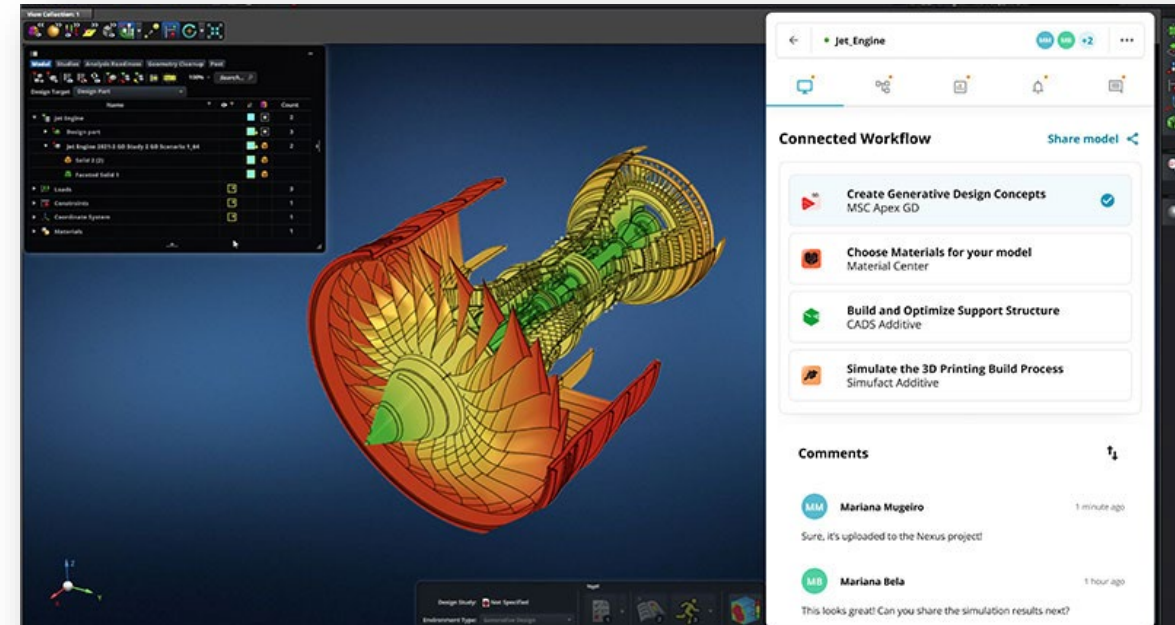
Furthering commitment to operations and maintenance segment

- Hexagon acquired **Innovatia Accelerator Inc.**, a developer of SaaS-based digitalisation solutions that transform operations and modernise fieldwork in the manufacturing and process industries
- Its flagship solution, AcceleratorKMS, is an AI-based infield knowledge management platform that expedites the digital transformation of paper-based, high-risk operational procedures and work processes
- AcceleratorKMS enables organisations to easily manage, govern and distribute the up-to-date critical operational content field workers require to keep operations running optimally and smoothly



Realising the full potential of smart, sustainable manufacturing with Nexus

- **Nexus**, a new open platform for smart manufacturing, is designed to connect siloed engineering and unlock manufacturing innovation
- Provides an easy way to manage Hexagon's solutions, access training and support, find complementary technology, and leverage data from across an organisation to drive manufacturing innovation
- Benefits:
 - Connect people, technology, and data to streamline information sharing, drive quality and optimise operations
 - Empower cross-functional teams with the insights to solve unique problems and collaborate naturally in real time
 - Innovate using cloud-based technologies, applications, and solutions to accelerate new product development



JCB launched tractor series featuring Hexagon's GNSS SMART antenna

- JCB, a British manufacturer of construction, agriculture, waste handling, and demolition equipment, launched a new tractor series with integrated advanced precision agriculture technology featuring Hexagon's GNSS SMART Antenna receiver and (optional) TerraStar Correction Services
- The industry-leading **NovAtel SMART7 GNSS** receiver included in JCB's Fastrac iCON tractor is a rugged, waterproof, all-in-one GNSS SMART Antenna designed and tested specifically for the agriculture industry



New Ford Transit by-wire R&D platform

- Following the success of a rural transit project using a Ford Transit vehicle, Hexagon launched the Ford Transit by-wire R&D platform to empower the development of commercial shuttle transit, last-mile delivery and university autonomy programs
- Hexagon's **autonomy software stack** acts as the system's brain, using GNSS positioning and perception sensors like LiDAR and RADAR and a drive-by-wire system enabling electronic control of the vehicle, to navigate safely and autonomously



RAISE3D to build a digital twin with Hexagon's mobile mapping solutions

- Netherlands-based **RAISE3D**, a pioneer in the flexible manufacturing space, invested in their first mobile mapping equipment to start building and maintaining a highly detailed, up-to-date digital twin of the Netherlands
- Invested in multiple solutions: **Leica Pegasus TRK700 Neo**, **Leica Pegasus:Backpack**, **Leica BLK2GO** and **HxDR**
- **RAISE3D** will unlock the data through their planning tool powered by **HxDR**, Hexagon's cloud-based digital reality platform



Continued demand for HxGN OnCall suite

Aiding multi-agency command and control in Panama

- The city of **San Miguelito** – the 2nd most populous district in Panama with more than 315,000 inhabitants – selected the **HxGN OnCall public safety portfolio** to support operations of the new multi-agency command and control center

Advancing multi-agency dispatch in St. Gallen, Switzerland

- The **Cantonal Police St. Gallen**, a provider of dispatch services for police, fire and ambulance in eastern Switzerland, selected Hexagon to modernise its existing system with **HxGN OnCall's** dispatch, analytics and mobile capabilities



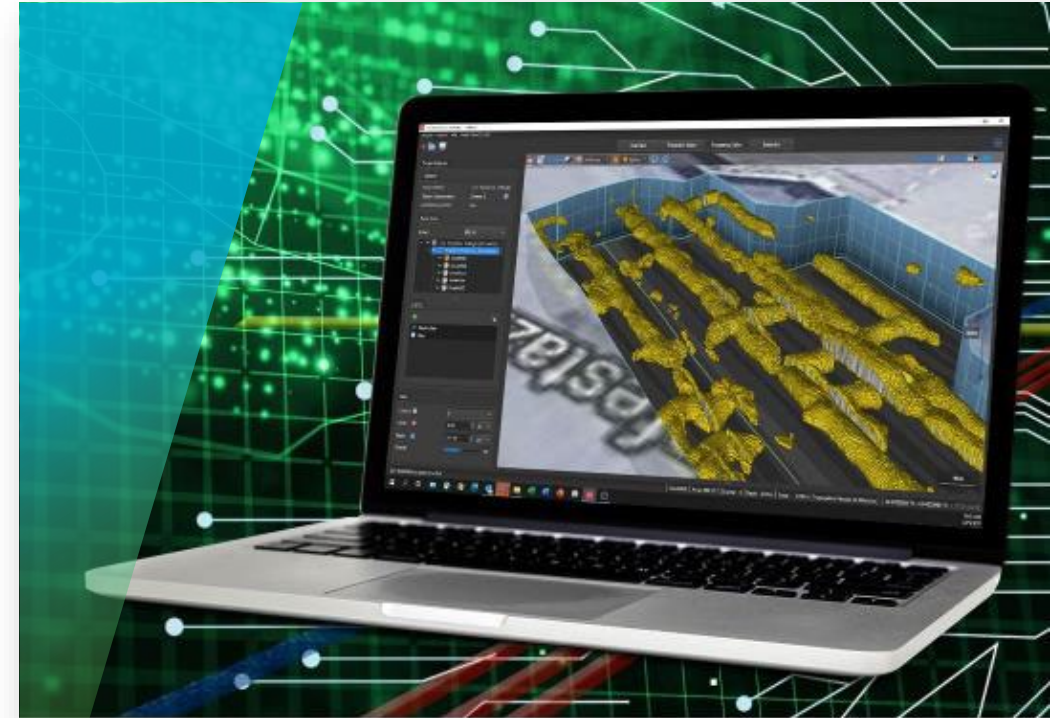
Collaboration with Xona Space Systems

- **Xona Space Systems**, an aerospace startup developing a precision navigation and timing system in Low Earth Orbit (LEO), signed an MoU with Hexagon to collaborate in the PNT (positioning, navigation and timing) development of its new LEO constellation
- Xona's new constellation will transmit encrypted signals on two frequencies, both offering authentication, further building new levels of resilience against malicious interference
- As an early adopter of Xona's signals, the agreement demonstrates Hexagon's continued leadership in resilient assured PNT



New solution for cloud-processing of Ground Penetrating Radar (GPR) data

- **AiMaps** is a new SaaS solution pioneering the introduction of AI in underground utility detection and raising productivity to the next level with a straightforward cloud-based solution
- The intelligent GPR data processing and interpretation speeds productivity with up to 70% cost savings in the analysis and extraction process
- Exploits Hexagon's HxDR platform for Reality Capture to maximize underground utility detection capability



Advances in measurement while harnessing the energy of the sun

- **Tewer Engineering**, a company in Spain specialising in solar energy, improved their quality inspection effectiveness with the game-changing direct scanning capability of Hexagon's **Absolute Tracker ATS600**
- With the Absolute Tracker ATS600, on-site inspection of large heliostat panels is now a much simpler exercise – requiring significantly less time to scan, digitise and bring into the world of 3D analysis by a single operator



Supporting industrial design and workplace safety in East Asia

Toyo Engineering Corporation (China), a subsidiary of Toyo-Japan, has been expanding rapidly and has been involved in more than 200 projects in China

- **Intergraph Smart® 3D** is helping to deliver mission-critical project requirements, ensure the accuracy and consistency of engineering, and enable the interoperability between project design partners

Hanwha TotalEnergies Petrochemical (Korea) is a responsible chemical and energy leader

- Hexagon's **information management solutions** are supporting workplace safety and operational sustainability of the Daesan plant in South Korea
- Hanwha expects to save 32k working hours and approximately \$1.5m USD every year from the use of Hexagon's solutions



Digital transformation abounds across the asset lifecycle in the Americas

- A **leader in the offshore engineering market** selected Hexagon's **2D & 3D design tools** to help standardise the design and delivery of Floating Production, Storage and Offloading (FPSO) vessel projects
- A **company responsible for emergency response and health security** solutions selected **HxGN EAM** to administer asset management for its on-the-scene treatment solutions in partnership with a range of commercial customers and government agencies
- A **major refinery** chose **PAS PlantState Integrity™** to enhance operations risk management with particular focus in areas of processing control environment data – supporting optimized alarm management, monitoring control loop performance and tracking operating limits.



A stylized world map in dark blue and black, overlaid with a white network of dots and lines. The map is positioned in the upper left quadrant of the slide. The background of the slide is a solid teal color, with a large green triangular shape in the bottom left corner.

Organisational update

Announced 27 June 2022

Paolo Guglielmini to be appointed new **President and CEO** for Hexagon, effective **31 December 2022**.

Currently Hexagon's COO, Paolo has served in key roles since joining Hexagon in 2010, from strategy and business development to M&A and general management. He's also been instrumental in expanding the focus of the Manufacturing Intelligence division towards software-centric quality data solutions, with his team driving the business towards an all-time-high performance in 2021.

Gun Nilsson has decided to step down as CEO for Hexagon's principal shareholder MSAB on 1 Oct and consequently leave her position as Chairman of Hexagon AB at the Annual General Meeting (AGM) 2023.

MSAB, in consultation with Hexagon's nomination committee, has the intention to **propose Ola Rollén as new Chairman of the Board at the AGM 2023**.

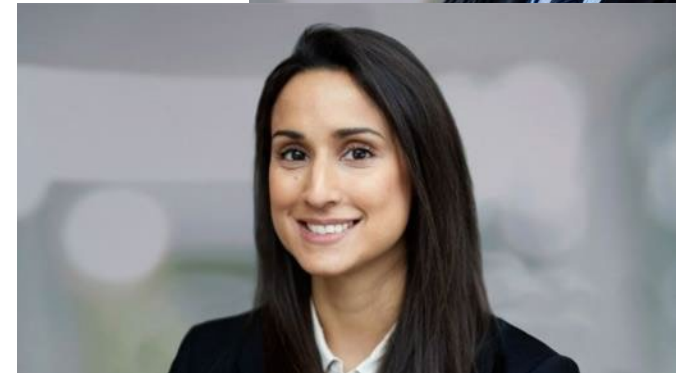


Announced 27 June 2022 (continued)

Effective as of 1 July 2022: **Josh Weiss** COO of Hexagon Geosystems **succeeded Paolo Guglielmini as President of Hexagon's Manufacturing Intelligence division**. Prior to this Josh was COO of Hexagon's Geosystems division.

Effective as of 27 June 2022: **Michael Ritter** assumed a new senior role as President, Offroad Autonomy Portfolio, **overseeing Hexagon's Autonomy & Positioning, Mining and Agriculture divisions**. Prior to this Michael was President of Hexagon's Autonomy & Positioning division.

Effective 1 October 2022: **Maria Luthström**, currently Head of Sustainability and Investor Relations for Hexagon, **will succeed Ritter as President of Hexagon's Autonomy & Positioning division**.



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.

Q&A