



HEXAGON

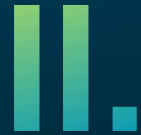
empowering an autonomous, sustainable future

Q2 Interim Report 2023

26 July 2023



Financial
highlights



Geographic and
business review



Closing remarks
and Q&A

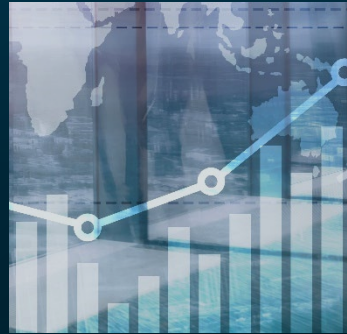


Appendix

I. Overview and key figures

Highlights Q2 2023

- Strong organic growth of 8%
 - Resilient demand across most divisions
 - Good momentum for new solutions and recent acquisitions
- Cash conversion within target
- Well received innovation and partnership announcements at HXGN-Live in June
- Efficiency plan to continuously progress towards margin target and fund growth



84%
Cash
conversion



29%
Adj. operating
margin



8%
Organic
growth



66%
Adj. gross
margin



Income Statement – Q2 2023

MEUR	Q2 2023	Q2 2022	Change %
Operating net sales	1,366.0	1,288.7	8 ¹⁾
Revenue adjustments	-1.0	-6.4	n.a.
Net sales	1,365.0	1,282.3	8 ¹⁾
Adjusted operating earnings (EBITDA)	489.3	465.9	5
Adjusted operating margin, (EBITDA) %	35.8	36.2	-0.4
Adjusted operating earnings (EBIT1)	394.1	378.5	4
Adjusted operating margin, %	28.9	29.4	-0.5
Earnings before taxes, excl. adjustments	357.9	372.9	-4
Adjustments (before taxes) ²⁾	-43.9	-43.9	n.a.
Earnings before taxes	314.0	329.0	-5
Net earnings	257.4	269.8	-5
Net earnings, excl. adjustments	293.4	305.8	-4
Earnings per share, excl adjustments, Euro cent	10.8	11.2	-4

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

Sales bridge	
2022, MEUR	1,288.7
Structure, %*	2%
Currency, %	-4%
Organic growth, %**	8%
Total, %	6%
2023, MEUR	1,366.0

* All acquisitions are included in structural growth for the first 12 months

** Organic growth calculated as the growth excluding impacts from structure and currency during the period

Profitability bridge

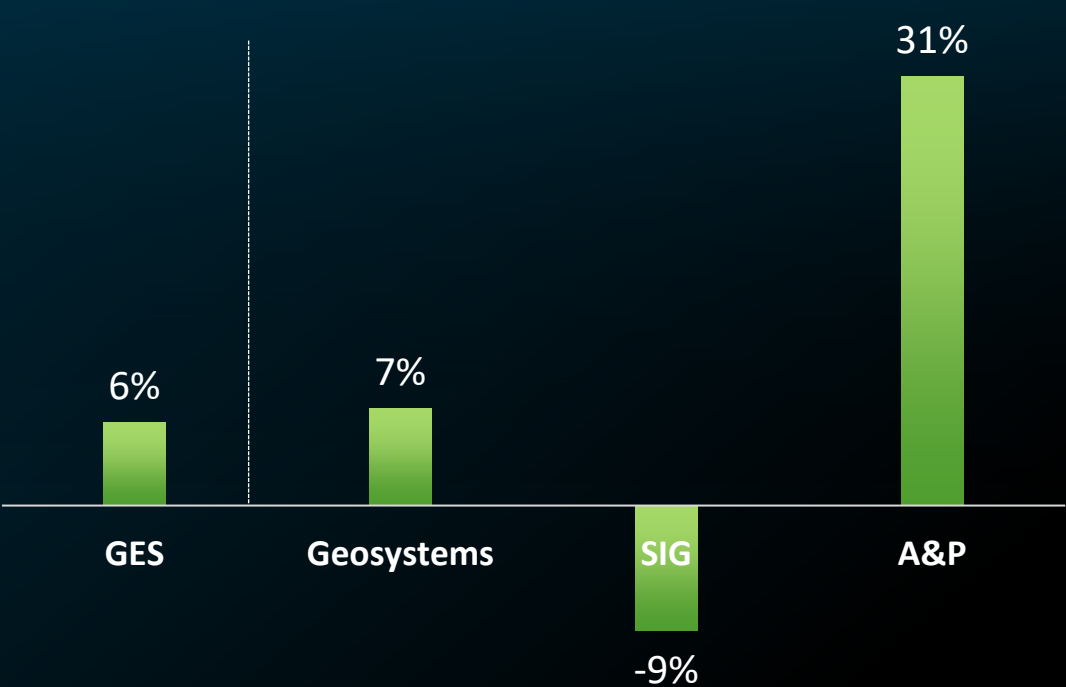
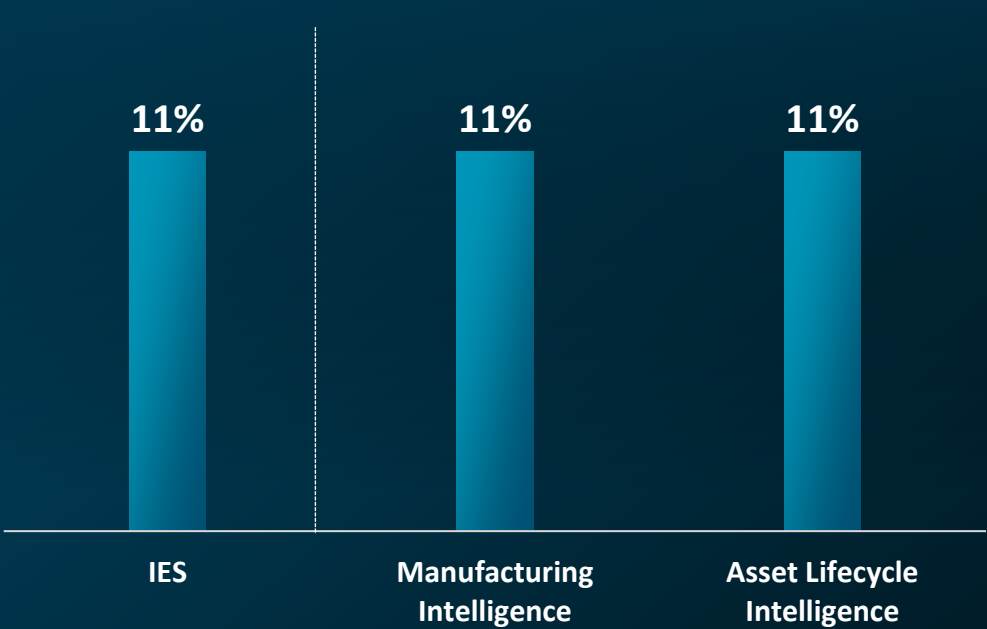
MEUR	Q2 2022	Organic (Volume/price/mix)	Currency	Structure	Q2 2023
Operating net sales	1,288.7	102	-45	20	1,366.0
Adjusted operating earnings (EBIT1)	378.5	46	-37	6	394.1
Adjusted operating margin, %	29.4				28.9

Cash flow

MEUR	Q2 2023	Q2 2022
Cash flow from operations before changes in working capital excl. taxes and interest	471.5	450.4
Taxes paid	-84.3	-94.0
Interest received and paid, net	-33.4	-6.4
Cash flow from operations before changes in working capital	353.8	350.0
Change in working capital	10.4	8.5
Cash flow from operations	364.2	358.5
Investments tangible assets	-28.2	-28.9
Investments intangible assets	-123.5	-97.0
Operating cash flow before non-recurring items	212.5	232.6
Non-recurring cash flow	-8.4	-4.5
Operating cash flow	204.1	228.1

- Cash conversion of 84 per cent (88), back within annualised target range of 80-90 per cent
- Working capital to sales of 7.6 per cent (6.1)

Strong organic growth in IES, standout performance in A&P



IES: Industrial Enterprise Solutions
GES: Geospatial Enterprise Solutions
SIG: Safety, Infrastructure & Government
A&P: Autonomy & Positioning

HxGN LIVE Global

3,500 attendees across 4 days



2,800

Customers / partners

Including guests from:

NASA
Fujitsu
Google
General Motors



444/11

Sessions / keynotes

Including guest speakers from:

Amazon Web Services
Microsoft
NVIDIA



13k

**On demand
replays of
keynotes**

[YouTube playlist](#)

hexagon.com

Innovation launches

17 major
tech
launches

Partnerships & collaborations announced

NVIDIA
Microsoft
Amazon Web Services
Sony Semiconductors

NVIDIA & Hexagon

Industrial metaverse connected platforms

Reality capture Digital twin



Capture
devices
& content

neXUS[®]

Machine & product digital twins



Real Data
Shopfloor & Quality



Virtual Data
Design & Simulation

HxDR
DIGITAL REALITY

Factory & city digital twins



Auto Processing



Direct Upload to Cloud



Visualisation



NVIDIA
Omniverse[™]



Generative
AI



Physics



RTX



OpenUSD
















































Accelerated
Computing

Customer outcomes

- Greater efficiency
- Ability to upload all data to the Cloud
- Extra AI analytics

II. Geographic & business review

Analysis of organic growth per geographic region and by industry

	Share of sales ¹⁾	W EU 27% (27)	EMEA ²⁾ 7% (7)	NA 34% (34)	SA 4% (4)	CN 15% (15)	ASIA ³⁾ 13% (13)	
Surveying	19%							
Power, Energy & Mining ⁴⁾	21%							
Electronics & Manufacturing	17%							
Infrastructure & Construction	13%							
Automotive	8%							
Aerospace & Defence	8%							
Public Safety	4%							
Other	10%							
Total organic growth		3%	21%	6%	3%	11%	18%	<div>> 8% </div> <div>0 to 8% </div> <div>Negative </div>

1) Share of sales as per Q2 2023

2) EMEA, excluding Western Europe

3) Asia, excluding China

4) Oil & Gas represented 4% of total revenue in 2022

Geospatial Enterprise Solutions – Q2 2023 overview



Geosystems

+7% organic growth

- Strong demand for mining solutions & reality capture
-
- Stabilisation in China
- Slowdown in developed economy construction markets, particularly residential

Software & services*

%



SIG

-9% organic growth

- Continued impact of exit of low margin defence contracts
- Strong orders in Public Safety

Recurring revenue*



A&P

+31% organic growth

- Good contribution from precision agriculture solutions
- Strong demand for US defence related contracts

Direct sales*

*Full year 2022

Sales and EBIT1



Sales of 679.4 MEUR (650.4) – organic growth of **6 per cent**

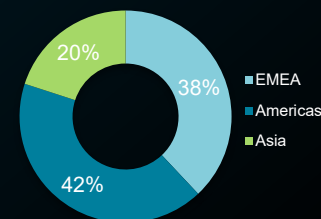


EBIT1 of 208.6 MEUR (205.6) and operating margin of **30.7 per cent (31.6)**

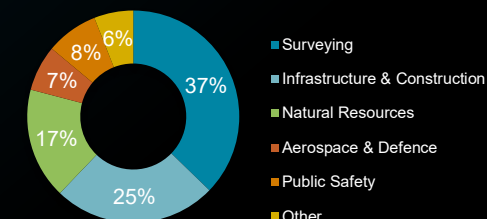


Negatively impacted by FX

Sales per geography



Sales per segment





Customer win

Mortenson

Customer background

Major developer and engineering services provider in the commercial, institutional and energy sectors.

Customer Challenge

One of its customers, the CitizenM hotel chain, wanted to disrupt the hospitality industry by introducing prefabricated (modular) construction.



How Hexagon is helping

During construction, Mortenson deployed **Hexagon solutions (OxBlue, Multivista and Avvir software)** to monitor and document the project for key stakeholders.





Customer win

Asia Air Survey (AAS)

Customer background

One of the largest and leading geospatial firms in Japan.

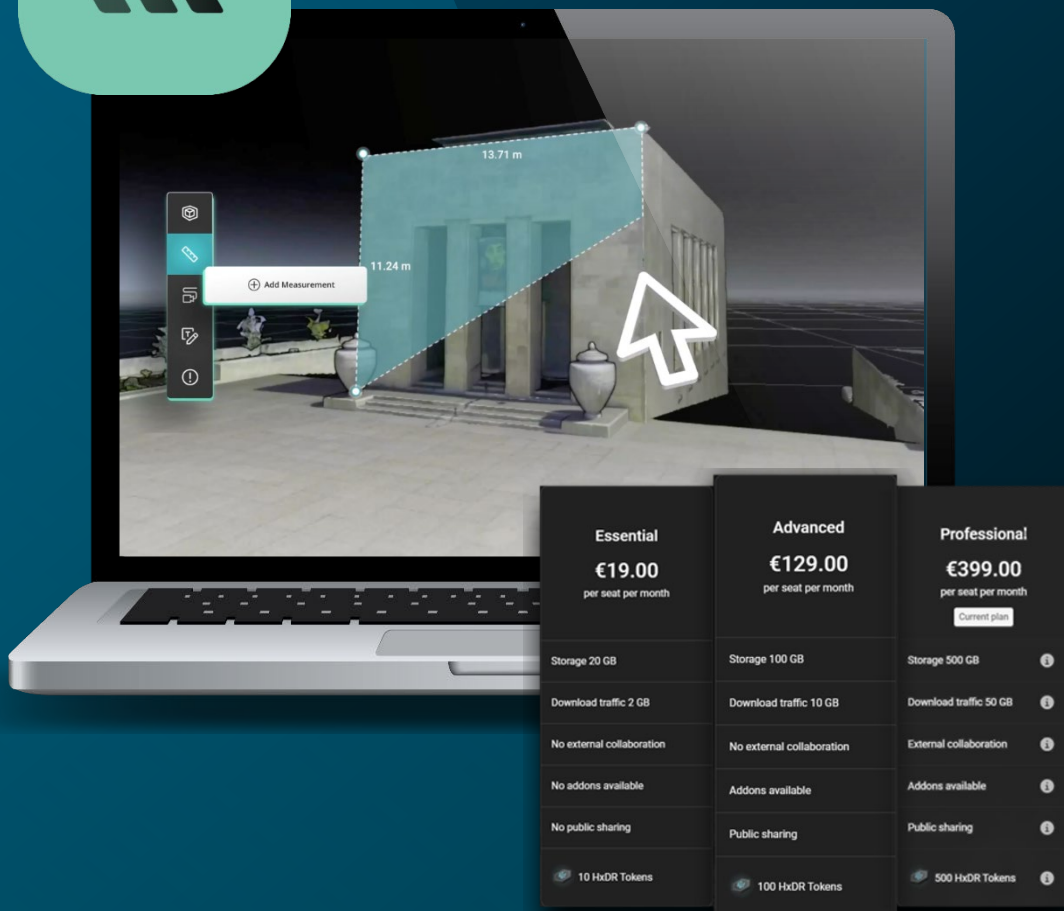
Customer Challenge

The Japanese government's Digital Twin Program faces complex urban mapping challenges.

How Hexagon is helping

By leveraging **Leica CityMapper** technology, Asia Air Survey can create **3D digital twins** of Japanese cities in minimal time.





Essential	Advanced	Professional
€19.00 per seat per month	€129.00 per seat per month	€399.00 per seat per month <small>Current plan</small>
Storage 20 GB	Storage 100 GB	Storage 500 GB
Download traffic 2 GB	Download traffic 10 GB	Download traffic 50 GB
No external collaboration	No external collaboration	External collaboration
No addons available	Addons available	Addons available
No public sharing	Public sharing	Public sharing
10 HxDR Tokens	100 HxDR Tokens	500 HxDR Tokens

HxDR Reality Cloud Studio

All-in-one, simple-to-use, powerful SaaS cloud application

Reality capture data storage, visualisation and collaboration



Visualisation

Immersive sensor-captured imagery, virtual tours, annotations, and measurements visualized in 3D space.



Collaboration

Direct, data-based cooperation between office and field crews, and connects service providers with their contractors.



Automation (Registration & Meshing)

Complete, simple to use auto-mesh and auto-registration workflows for quick and easy visualization.



Customer win

Mineral Resources Ltd.
(MinRes)

Customer background

Leading diversified resources company, with mining operations across Western Australia.

Customer Challenge

MinRes needed to automate 120 road trains, in order to overcome labour shortages and safety concerns.



How Hexagon is helping

Our **autonomous road train solutions**, impact significant fuel & labour cost reduction and improve **safety** for the **first and largest road-train solution**.





Reinforcing our autonomous capabilities

Acquisition of HARD-LINE

HARD-LINE is a global leader in mine automation, remote-control technology and mine production optimisation.

Key technology capabilities

- Radio Remote control (RRC)
- Remote Operational Control Room (TeleOp)
- Complements existing offer
(HxGN Underground Mining, HxGN Autonomous Mining)

How this helps our customers



Enables
remote
control



Remote
operation
centers



Underground
mining
operations



Hydraulic
control

Industrial Enterprise Solutions – Q2 2023 overview



Manufacturing Intelligence

+11% organic growth

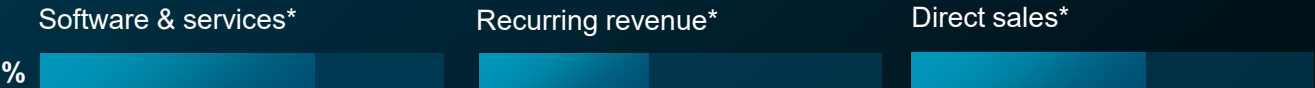
- Strong demand for hardware and software solutions
- 12% growth in China, with Electric Vehicles a key driver



Asset Lifecycle Intelligence

+11% organic growth

- Strong growth across the software portfolio
- Customer diversification fuels growth



*Full year 2022

Sales and EBIT1



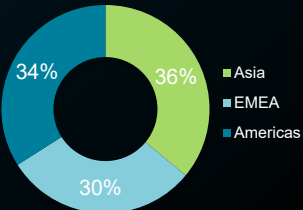
Sales of 686.6 MEUR (638.3) – organic growth of **11 per cent**



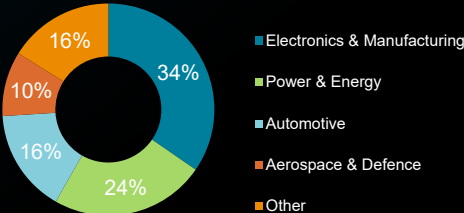
EBIT1 of 191.6 MEUR (177.9) and operating margin of **27.9 per cent (27.9)**

negatively impacted by currency movements, but positively impacted by strong organic growth

Sales per geography



Sales per segment





Customer expansion

Major electric vehicle manufacturer

Customer background

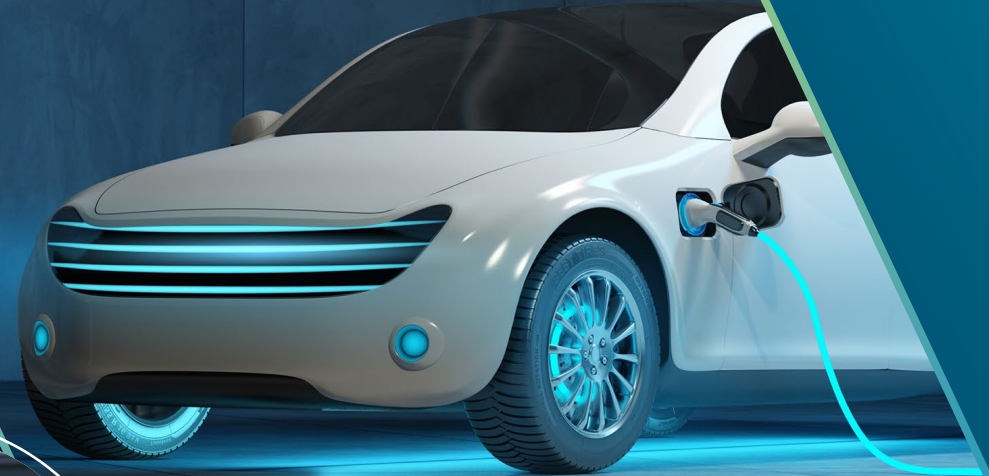
A leading global EV manufacturer in China – one of our largest existing customers.

Customer challenge

They needed to improve their manufacturing process and required state-of-the-art metrology solutions.

How Hexagon is helping

Our portable measurement arms help to ensure optimal quality control, minimise production errors, streamline the manufacturing processes, and create efficient design validation.





Customer win

Global semiconductor manufacturer

Customer background

A global leader in semiconductor manufacturing with over 100,000 employees and 50,000 external contractors.

Customer challenge

As part of its digital transformation, it needed a better enterprise project performance software platform to manage strategy and project/contract execution.



How Hexagon is helping

We help enable their digital transformation using a suite of Hexagon design tools – including **EcoSys**, **HxGN SDx**, **Intergraph Smart Materials**, **AcceleratorKMS**.



Customer win

Multinational biopharmaceutical company

Customer background

Develops and produces medicines and vaccines on a global scale.

Customer Challenge

How to meet the global demand for Covid vaccines (up c 30%) with the same level of assets.



How Hexagon is helping

Customer aims to cut unplanned maintenance downtime by using **Hexagon EAM SaaS** software integrated with SAP ERP and IOT systems.



III. Closing remarks & QA

Launching an operational efficiency programme

Targeting annualised savings of 160-170 MEUR from 2025

Programme summary

- 200 MEUR investment during Q3
- Cash impact across implementation period (next 6 quarters)
- Annualised cost savings of 160-170 MEUR, full run rate from early 2025

Synergies

- Cross divisional cost savings via shared-services centers
- Leverage technical synergies, align skills to strategic direction

Focus on underperformance

- Rationalise non-core business areas and activities

Footprint rationalisation

- Reduce offices and facilities by ~25%
- Adapt to hybrid work needs, optimise manufacturing footprint

Automation

- Optimisation of development, manufacturing and G&A
- Robotics and AI driven efficiency

Conclusions



V. Q&A

VI. Appendix

Capital Markets Day 2023

Save the date



7th December 2023



12:00 – 5:00 PM GMT



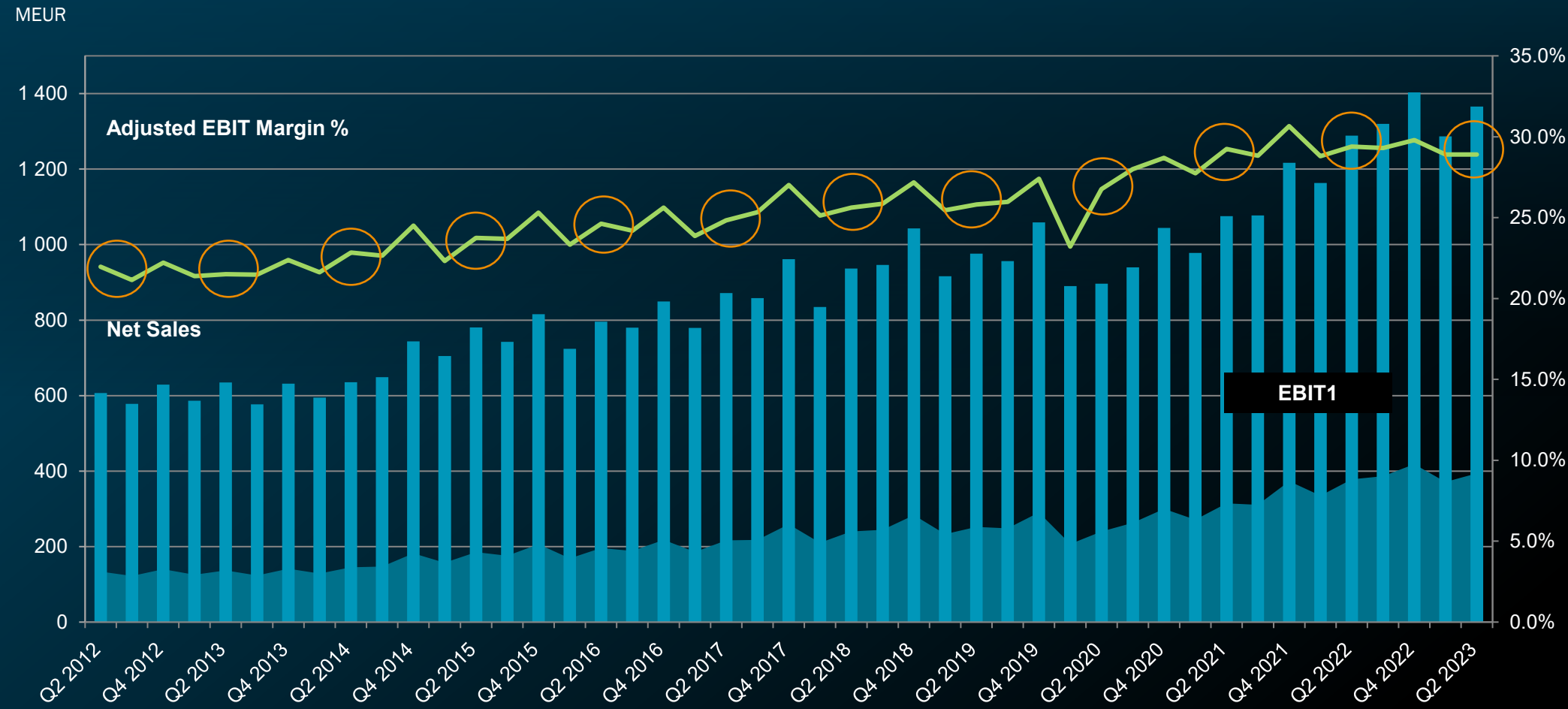
London

Webcast to also be made available

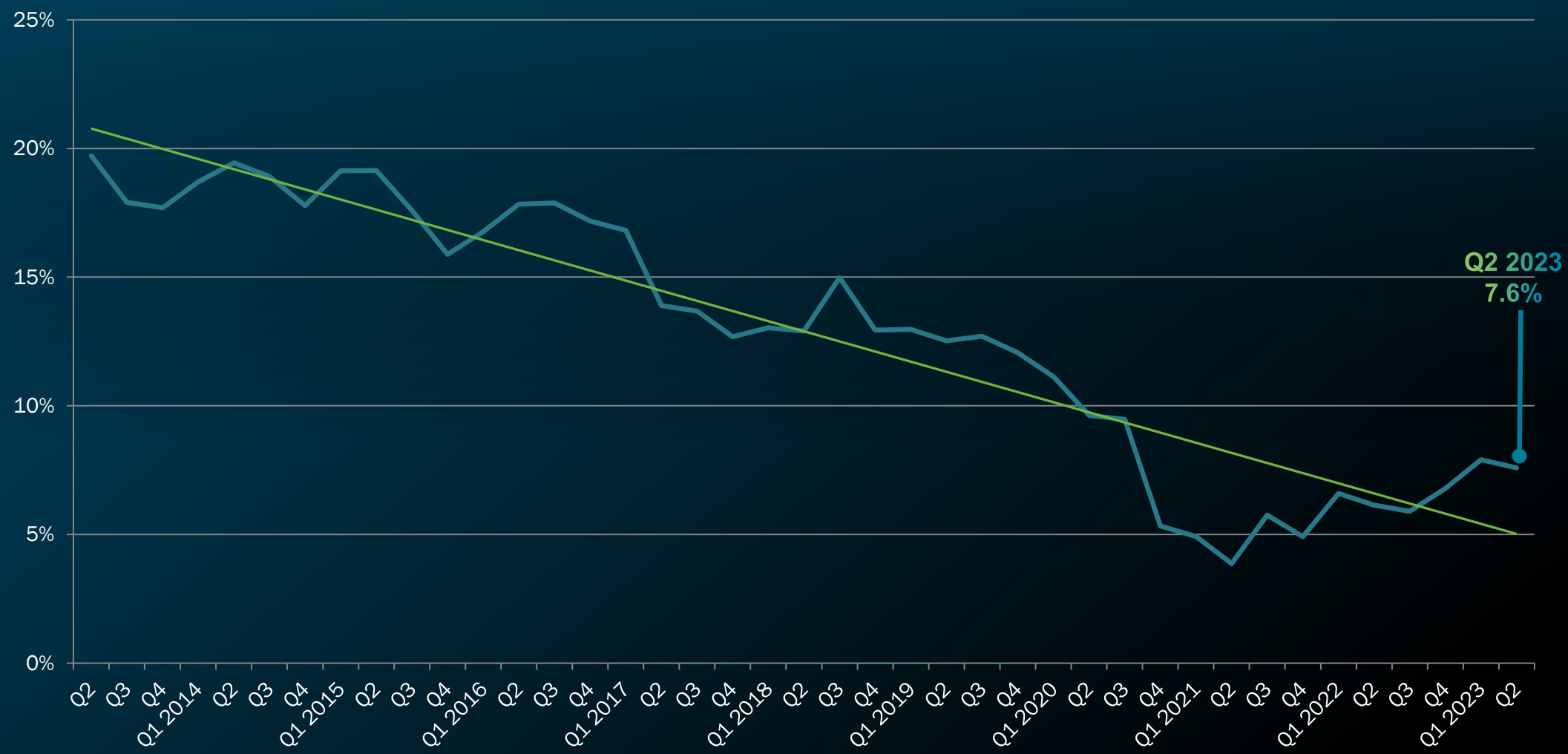


Seasonality in profit

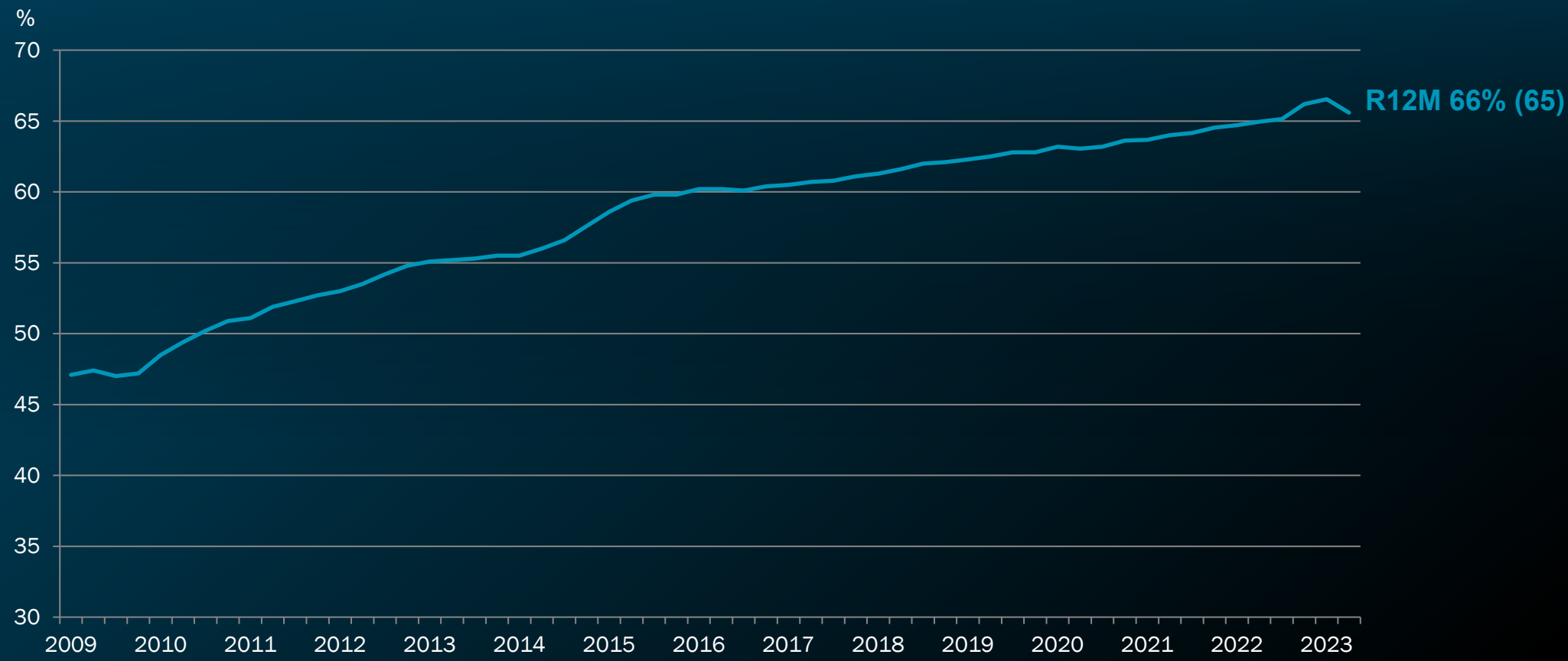
Seasonal pattern: Q2 & Q4 tend to be the strongest quarters



Working capital to sales

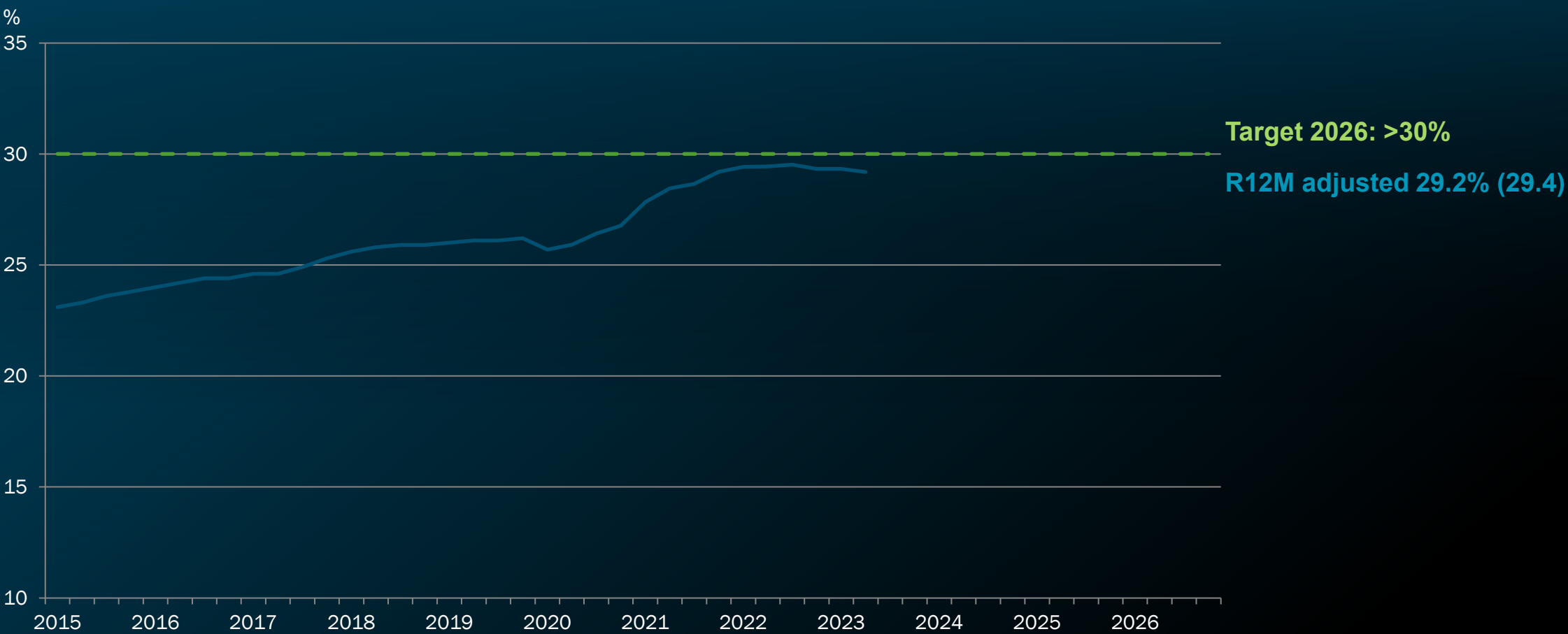


Gross margin – R12M



From Q3 2021 the gross margin excludes adjustments

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



Global leader in **digital reality solutions** that are
empowering an autonomous, sustainable future
by putting data to work

