

Hexagon

Q1 2023 Interim Report

28 April 2023

Agenda

- Financial highlights
- Geographic and business review
- Closing remarks and Q&A

Financial highlights

Strong momentum into 2023

Key financials, MEUR	Q1 2023	Q1 2022	Change %
Operating net sales	1,286.6	1,163.4	8 ¹⁾
<i>Geospatial Enterprise Solutions net sales</i>	617.0	582.7	5 ¹⁾
<i>Industrial Enterprise solutions net sales</i>	669.6	580.7	11 ¹⁾
Adjusted gross earnings	856.1	757.5	13
Adjusted gross margin, %	66.5	65.1	1.4
Adjusted operating earnings (EBIT1)	371.2	335.1	11
Adjusted operating margin, %	28.9	28.8	0.1
<i>Geospatial Enterprise Solutions adj. op margin %</i>	30.3	30.1	0.2
<i>Industrial Enterprise Solutions adj. op margin %</i>	28.2	28.5	-0.3
Net earnings, excl. adjustments	282.4	270.0	5

Sales bridge	
Q1 2022, MEUR	1,163.4
Structure, %	2%
Currency, %	1%
Organic growth, %	8%
Total, %	11%
Q1 2023, MEUR	1,286.6

Organic growth

8%



Cash conversion

66%



Adj. gross margin

67%



Adj. op margin

29%



Acquisitions

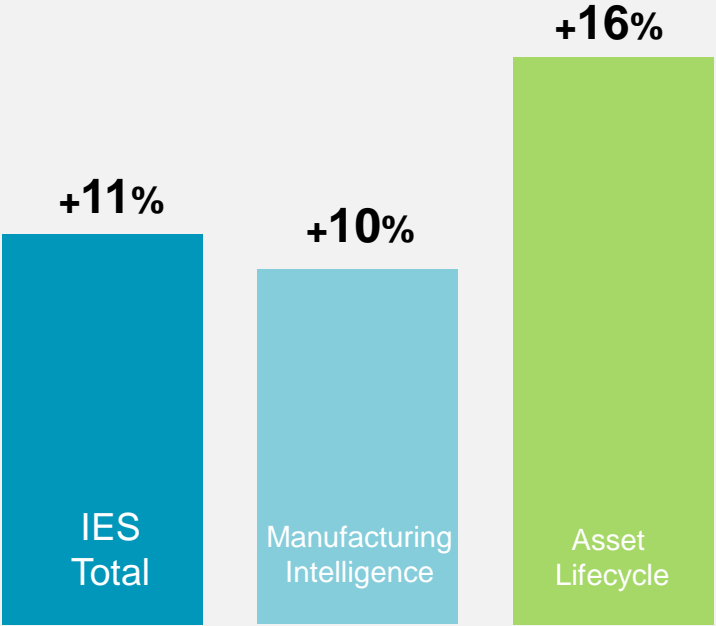
2



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

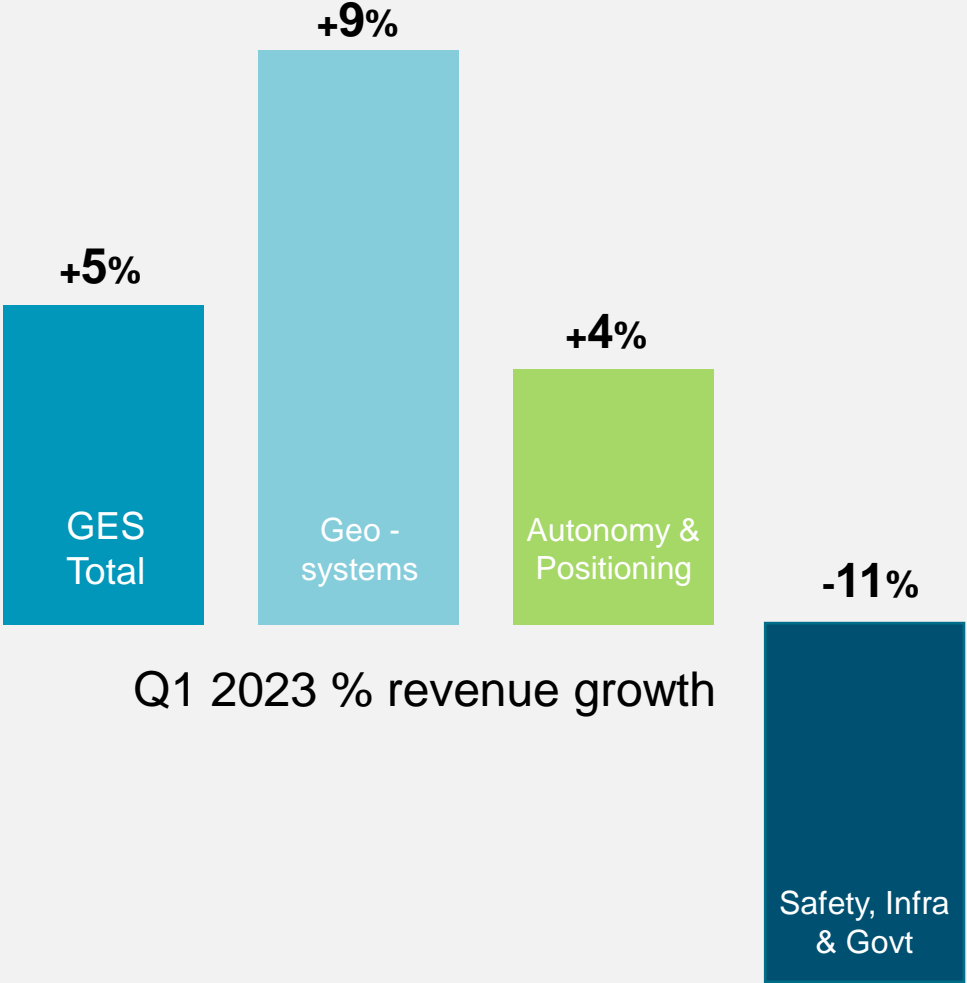
Standout organic growth in IES, strong performance in Geosystems

Industrial Enterprise Solutions (IES)



Q1 2023 % revenue growth

Geospatial Enterprise Solutions (GES)



Q1 2023 % revenue growth

Cash flow

MEUR	Q1 2023	Q1 2022
Cash flow from operations before changes in working capital excl. taxes and interest	452.4	409.3
Taxes paid	-79.3	-28.5
Interest received and paid, net	-23.8	-4.7
Cash flow from operations before changes in working capital	349.3	376.1
Change in working capital	-59.6	-84.3
Cash flow from operations	289.7	291.8
Investments tangible assets	-38.9	-31.4
Investments intangible assets	-109.3	-89.1
Operating cash flow before non-recurring items	141.5	171.3
Non-recurring cash flow	-24.8	-7.0
Operating cash flow	116.7	164.3

- Cash conversion of 66 per cent (61), reflecting improvement despite seasonality
- Working capital to sales of 7.9 per cent (6.6)
- Annualised cash conversion target of 80-90 per cent

Geographic & business review

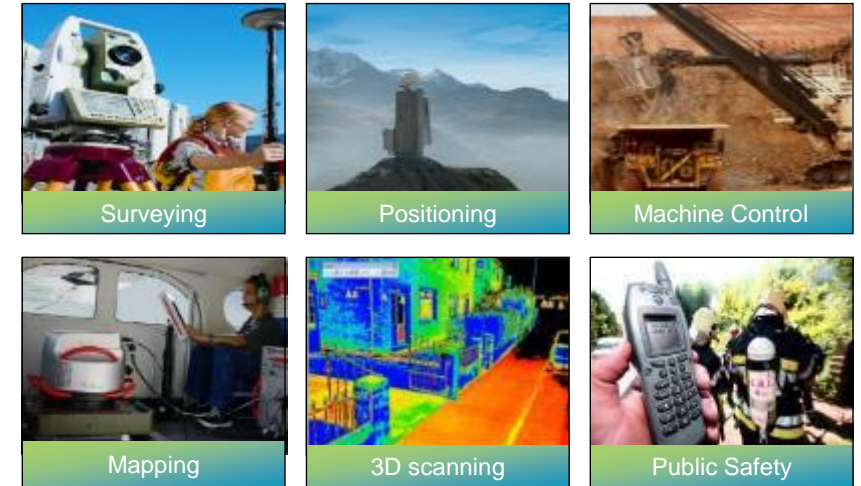
Geospatial Enterprise Solutions – Q1 2023 overview

Organic growth of 5 per cent

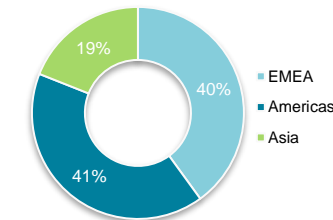
- Geosystems: 9 per cent organic growth, driven by strong demand across customers in Asia and the Middle East, and solid demand for mining and surveying solutions.
- Safety, Infrastructure & Geospatial: -11 per cent organic growth, public safety solutions grew, weakness driven by the exit of a number of low-margin defence related services contracts.
- Autonomy & Positioning: 4 per cent organic growth, fuelled by strong demand for aerospace and defence solutions.

Sales and EBIT1

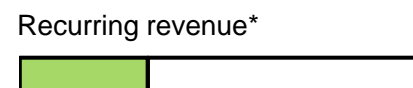
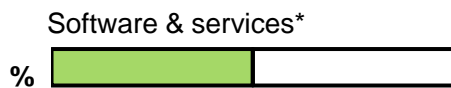
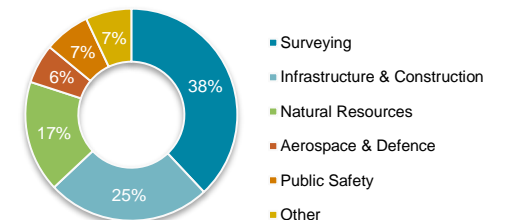
- Sales of 617.0 MEUR (582.7)
- EBIT1 of 187.1 MEUR (175.6) and operating margin of 30.3 per cent (30.1)
 - Positively impacted by product mix but negatively impacted by currency movements.



Sales per geography



Sales per segment



*Full year 2022

Geosystems

Geosystems launches REVEAL – an AI-driven solution for heavy construction

- **REVEAL** is a new solution that significantly improves the accuracy and efficiency of point cloud editing for construction application.
- By using AI, **REVEAL** recognizes the objects it captures on your job site and clusters them into groups.
- Users can quickly remove these (for example construction materials, buildings and machines) providing a clear picture of the job site. This allows field and office teams to understand project volumes, work progress, and productivity.



Geosystems

Immersal launches new city smart city Visual Positioning System

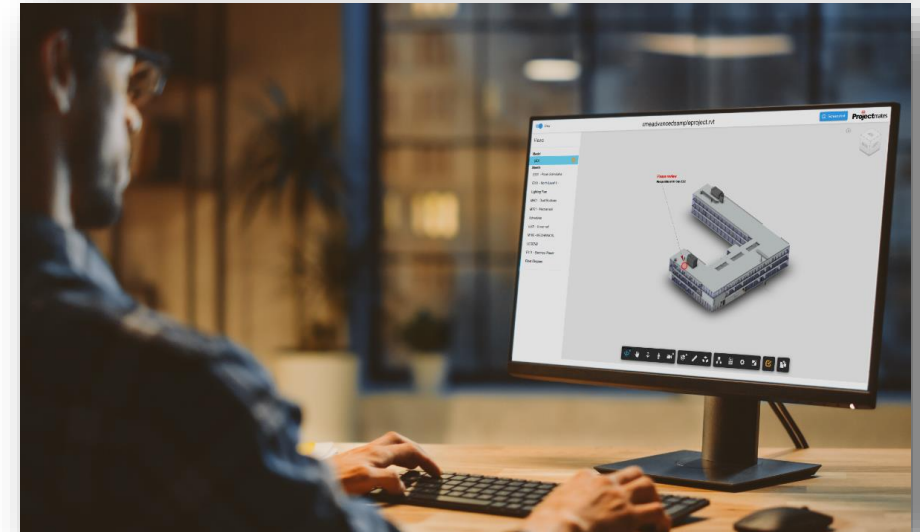
- Combining Hexagon's Digital Reality platform **HxDR** and Immersal Spatial Anchoring allows our users to connect the Digital Reality to the Physical World and immerse themselves into a real world that is digitally augmented.
- The new 5G-enabled smart city **Visual Positioning System** from Immersal offers unmatched accuracy and new business opportunities for mobile network operators and their customers.
- Telecom companies can purchase **Immersal City-Scale VPS** maps and sell the service to companies in various industries, including logistics, postal services, food delivery, public safety, gaming, entertainment, retail, and advertising.



Geosystems

Projectmates joins Hexagon to strengthen its construction software offering

- Projectmates, an owner-focused **SaaS enterprise construction project management solution** joined Hexagon.
- Together with HxGN Smart Build, Projectmates provides a **single source of truth for owners** and ensures all project members have all data relevant to their needs, provided in context to each persona.
- The software facilitates alignment across the organisation to share and federate information and empowers field and office teams by bringing **simplicity and transparency** to project management.
- **Linking owners with job sites in real-time** and tracking critical information about design changes, progress and expectations provides owners with the necessary visibility to ensure projects are executed, monitored, controlled and closed on time and within budget.



Geosystems

CES Best of Innovation Honoree: Leica BLK360 Imaging Laser Scanner

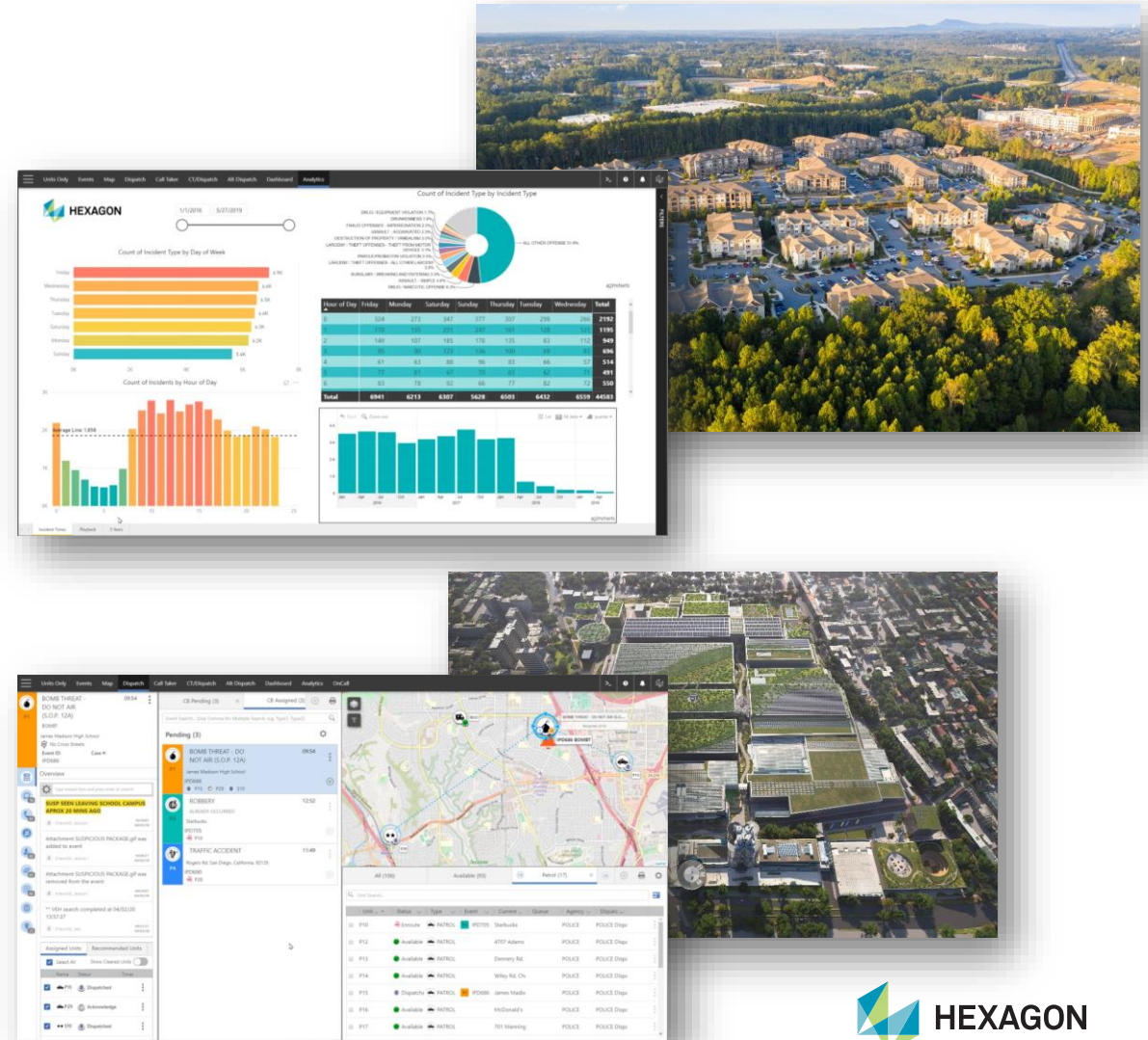
- The **CES Innovation Awards** program is an annual competition honoring outstanding design and engineering in consumer technology products. The program recognises honorees in a multitude of consumer technology product categories and distinguishes the highest rated in each.
- Next generation of original **Leica BLK360** imaging laser scanner, capable of capturing a full-dome scan in under 20 seconds with VIS technology, was named a best of innovation honouree for virtual and augmented reality.



Safety, Infrastructure & Government

Selected customer wins

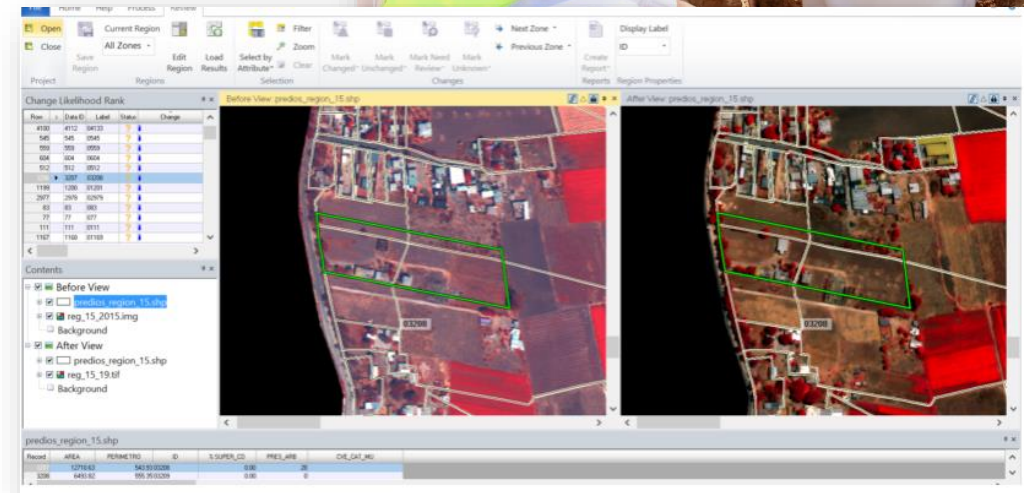
- **Alpharetta, Georgia**, is a city in the Atlanta metropolitan area with a population of up to 120,000 people during workday hours.
- The **Alpharetta Department of Public Safety** sought a new public safety platform that was **cloud-based** and could scale with its growing population. The city selected the **SaaS based solution HxGN OnCall** Dispatch, Analytics, Records and mobile solutions.
- **BMW** also selected **HxGN OnCall** dispatch and major incident management software as the security centre standard across its 7 manufacturing plants in Europe.
- The company chose Hexagon because of its strong references among other large industrial facilities, its valuable consultation on the project since the first RFI in 2016 and the solutions' ability to address the needs of various departments.



Safety, Infrastructure & Government

Combating desertification with Hexagon technology

- **Saudi Arabia's National Center for Vegetation Cover and Combating Desertification** works to protect the environment, combat climate change and improve the quality of life for future generations.
- The center selected **Hexagon's geospatial software** to support environmental sustainability initiatives, including its plan to plant 600 million trees by 2030.
- Using satellite imagery and AI capabilities, Hexagon's solutions will help visualize, analyze and monitor environmental changes to support flourishing and diverse vegetation.



Industrial Enterprise Solutions – Q1 2023 overview

Organic growth of 11 per cent

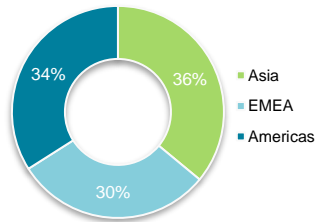
- MI: 10 per cent organic growth, driven by strong growth across key industries including aerospace and general manufacturing, as well as the software portfolio.
- Asset Lifecycle Intelligence: 16 per cent organic growth, driven by strong growth in the entire product portfolio, with good growth in both perpetual and recurring software.

Sales and EBIT1

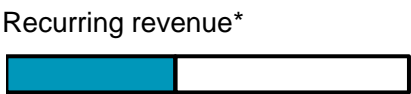
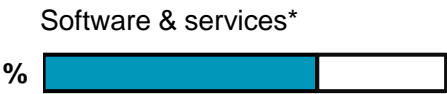
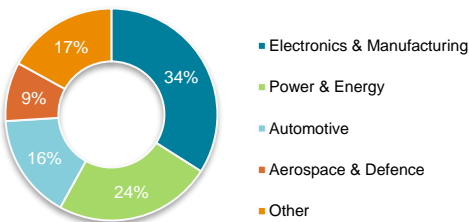
- Sales of 669.6 MEUR (580.7)
- EBIT1 of 188.6 MEUR (165.7) and operating margin of 28.2 per cent (28.5)
 - Negatively impacted by currency movements and investments in new product launches and marketing activities



Sales per geography



Sales per segment



*Full year 2022

Asset Lifecycle Intelligence

Selected customer wins

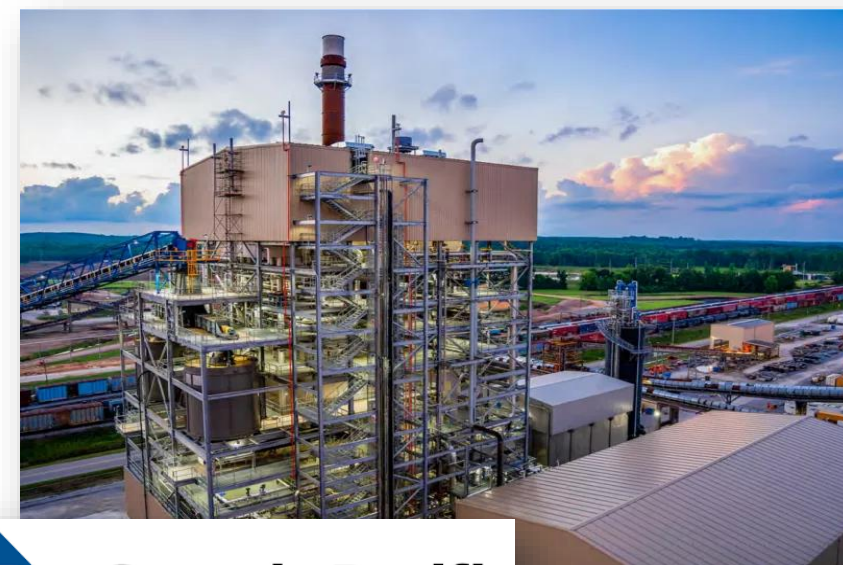
- A major US-based social-media & technology corporation has selected **HxGN EAM** to manage its global data-center facility assets and systems to maximize asset performance and productivity, create new operational efficiencies and support the company's sustainability initiatives.
 - This is a landmark win for **HxGN EAM** in the major data-center space.
- **Transdev Australasia** selected **HxGN EAM** to optimise its operations by unifying multiple systems, simplifying its supply chain and improving safety.
 - Using Hexagon's best in class Asset Management solution they can be confident in the information shared across the enterprise and increase the effective life of their transportation assets. This increases the **HxGN EAM** footprint in Global transportation enterprises.



Asset Lifecycle Intelligence

Selected customer wins

- Multinational chemical company **BASF SE** expanded their existing relationship with Hexagon, adding **HxGN SDx®** which is a modular, cloud-based solution that optimizes efficiency, improves profitability and ensures safety throughout the life of a facility.
- **Georgia-Pacific (GP)**, one of the world's largest manufacturers and distributors of paper, packaging and building products, has selected Hexagon as a strategic partner in its overall **OT cybersecurity strategy**.
 - Georgia-Pacific chose Hexagon's Cyber Integrity solution for its depth and breadth of inventory capture, ability to integrate with other security solutions.



Manufacturing Intelligence

Selected customer wins

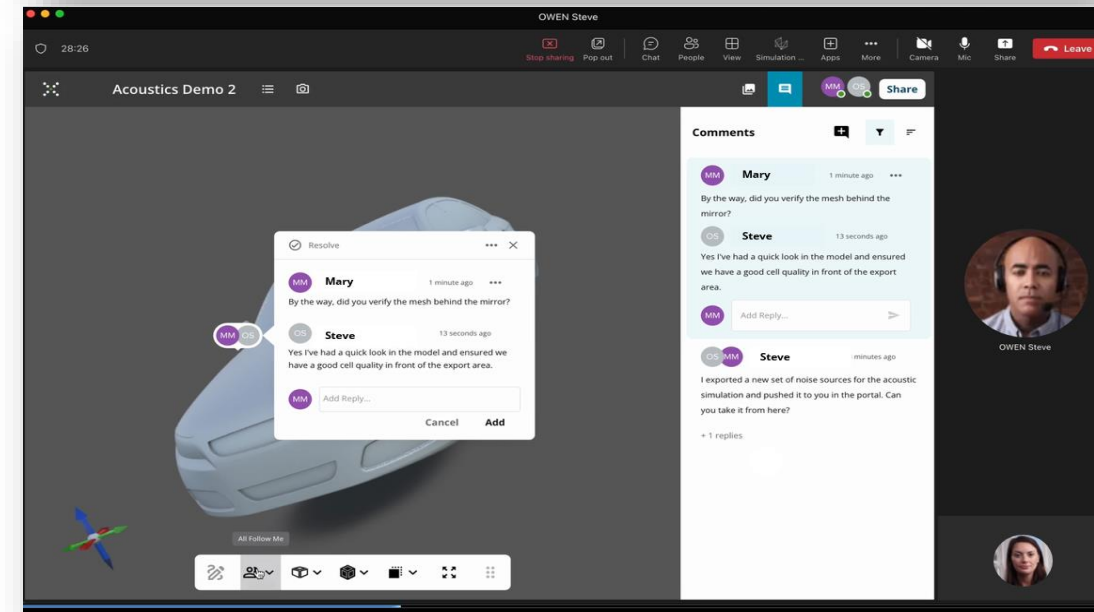
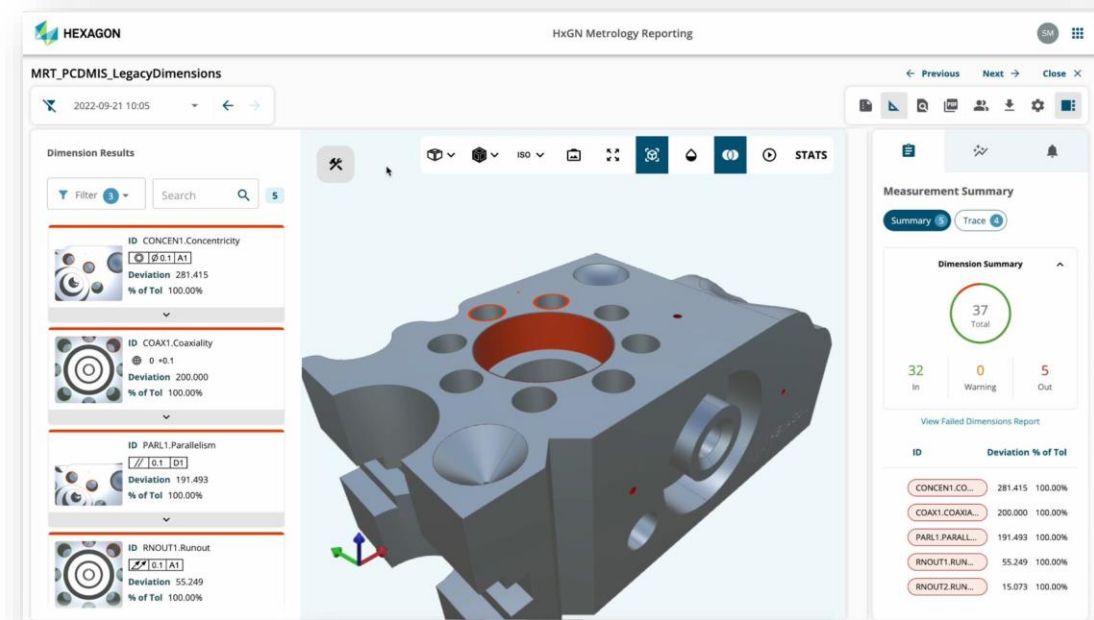
- **Sealed Air (US)** – global food safety & product protection company has chosen **ETQ Reliance** to consolidate disparate processes into one purpose built quality management system.
 - This enables consistent processes across the globe and provide data to boost decision velocity, improve quality performance and reduce costs across 100+ manufacturing sites.
- **Solvay (Belgium)** – a leader in materials, chemicals & solutions to solve critical industrial and environmental challenges is deploying **ETQ Reliance** as part of their ONE Global initiative to address inefficiencies in their current manual processes and improve quality at scale across 61 countries.
 - **Solvay** has been a long-time customer of Hexagon Manufacturing Intelligence and this represents an expansion of the account to now include ETQ solutions.



Product launch



- **Nexus** is Hexagon's new digital reality platform, designed to accelerate innovation. By connecting people, technologies and data, Nexus empowers manufacturers to bring their ideas to life faster than ever before.
- **Nexus** offers a better way of working, connecting across disciplines with flows of structured, interoperable data.
- **Nexus'** open cloud platform allows manufacturers to connect Hexagon and third-party ecosystem tools to enable real-time collaboration and feedback between engineering and manufacturing.



Analysis of organic growth per geographic region and by industry

	Share of sales ¹⁾	W EU 27% (28)	EMEA ²⁾ 7% (7)	NA 33% (33)	SA 4% (4)	CN 15% (15)	ASIA ³⁾ 14% (13)
Surveying	18%	➡	➡	➡	➡	➡	➡
Power, Energy & Mining	22%	➡	➡	➡	➡	➡	➡
Electronics & Manufacturing	17%	➡	➡	➡	➡	➡	➡
Infrastructure & Construction	13%	➡	➡	➡	➡	➡	➡
Automotive	9%	➡	➡	➡	➡	➡	➡
Aerospace & Defence	8%	➡	➡	➡	➡	➡	➡
Public Safety	3%	➡	➡	➡	➡	➡	➡
Other	10%						
Total	8%	7%	17%	1%	16%	10%	20%

> 8% ➡

0 to 8% ➡

Negative ➡

1) Share of sales as per Q1 2023

2) EMEA, excluding Western Europe

3) Asia, excluding China

Closing remarks & QA



HxGN LIVE Global
Las Vegas, NV | 12-15 June 2023

Don't miss
your opportunity
to view Hexagon's
technologies in action

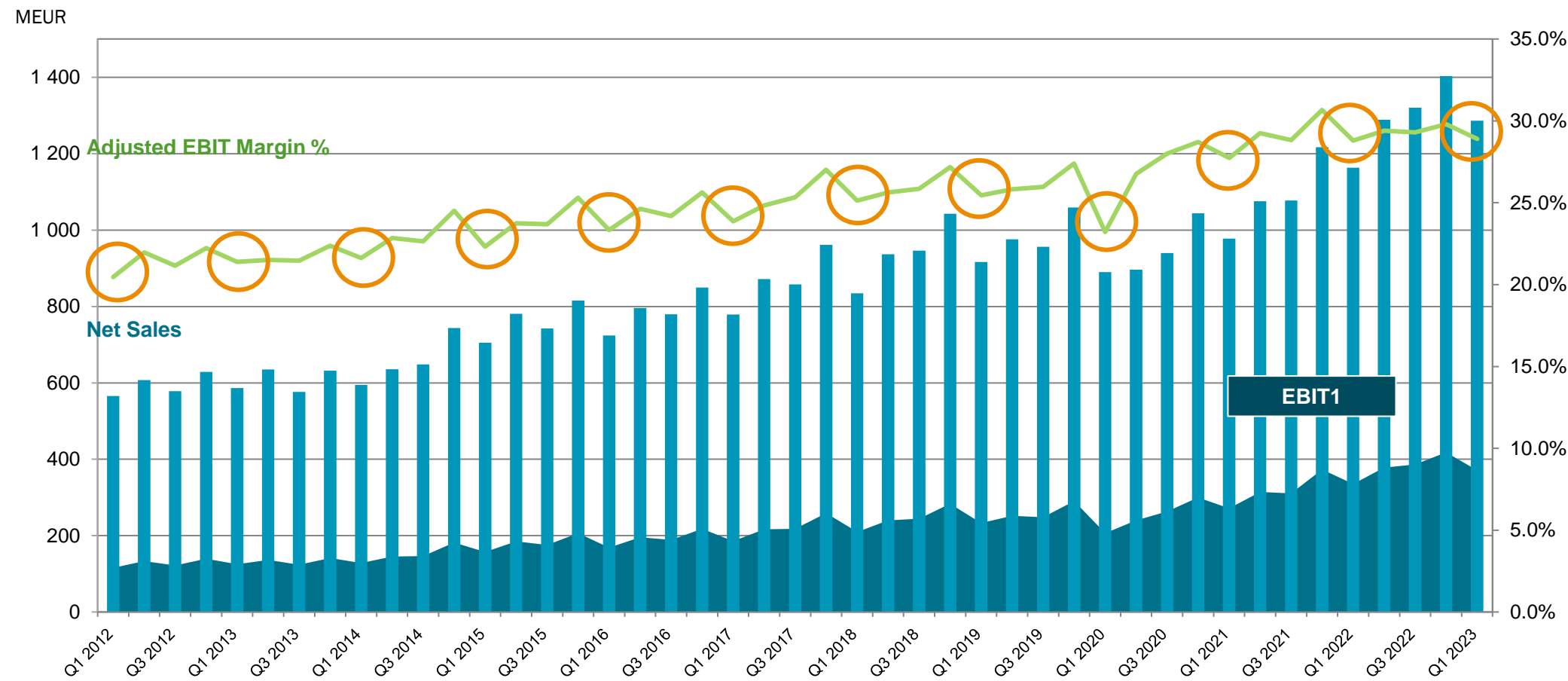
| Contact ir@hexagon.com if you'd like to attend



Appendices

Seasonality in profit

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



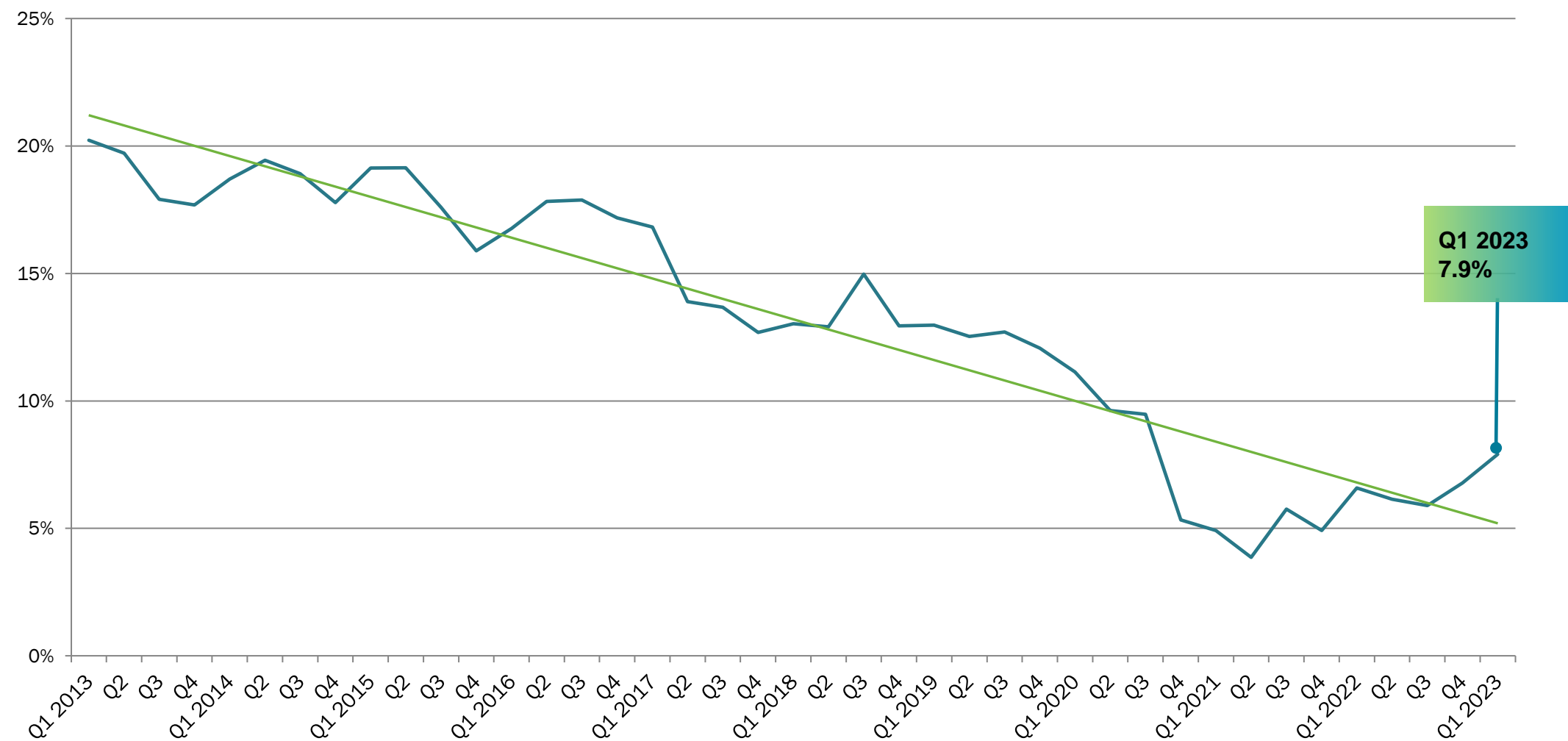
Income Statement – Q1 2023

MEUR	Q1 2023	Q1 2022	Change %
Operating net sales	1,286.6	1,163.4	8 ¹⁾
Revenue adjustments	-1.5	-3.7	n.a.
Net sales	1,285.1	1,159.7	8 ¹⁾
Adjusted operating earnings (EBITDA)	462.2	416.2	11
Adjusted operating margin, (EBITDA) %	35.9	35.8	0.1
Adjusted operating earnings (EBIT1)	371.2	335.1	11
Adjusted operating margin, %	28.9	28.8	0.1
Earnings before taxes, excl. adjustments	344.4	329.3	5
Adjustments (before taxes) ²⁾	-42.8	-99.2	n.a.
Earnings before taxes	301.6	230.1	31
Net earnings	247.3	184.4	34
Net earnings, excl. adjustments	282.4	270.0	5
Earnings per share, excl adjustments, Euro cent	10.4	9.9	5

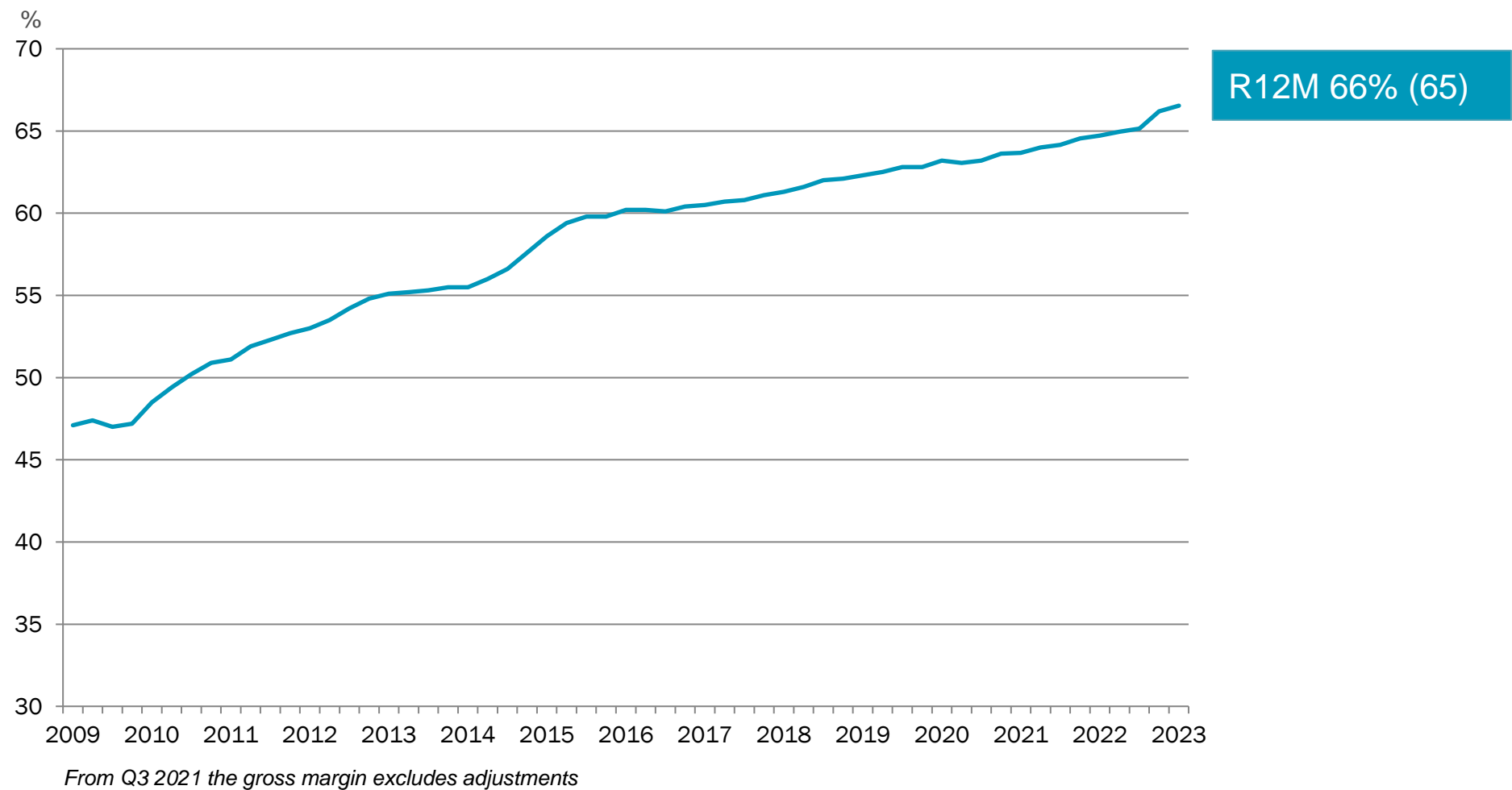
1) Adjusted to fixed exchange rates and a comparable group structure (organic growth)

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

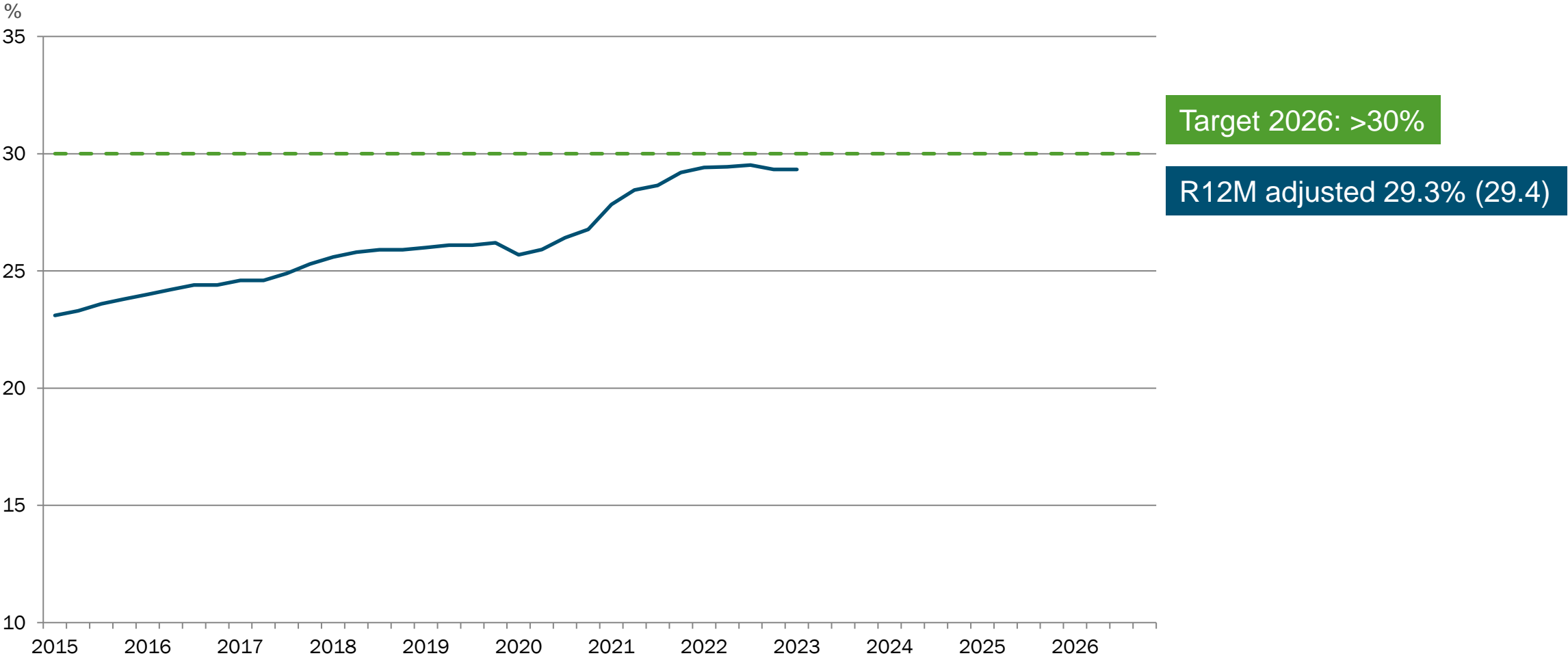
Working capital to sales



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



HEXAGON

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

