



Interim Report 2021

29 April 2021

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



Net sales and earnings

Overview Q1 2021

Recorded sales increased by 10 per cent, organic growth of 11 per cent

- Acceleration in Europe and China
 - China recorded 73 per cent organic growth
- Continued strong development in Geosystems, recording 22 per cent organic growth
- MI continued to improve, recording 12 per cent organic growth
- Tough comparison in Safety & Infrastructure, recording -2 per cent organic growth
- PPM recorded -4 organic decline due to a challenging oil and gas market

Record first quarter adjusted operating earnings and margin

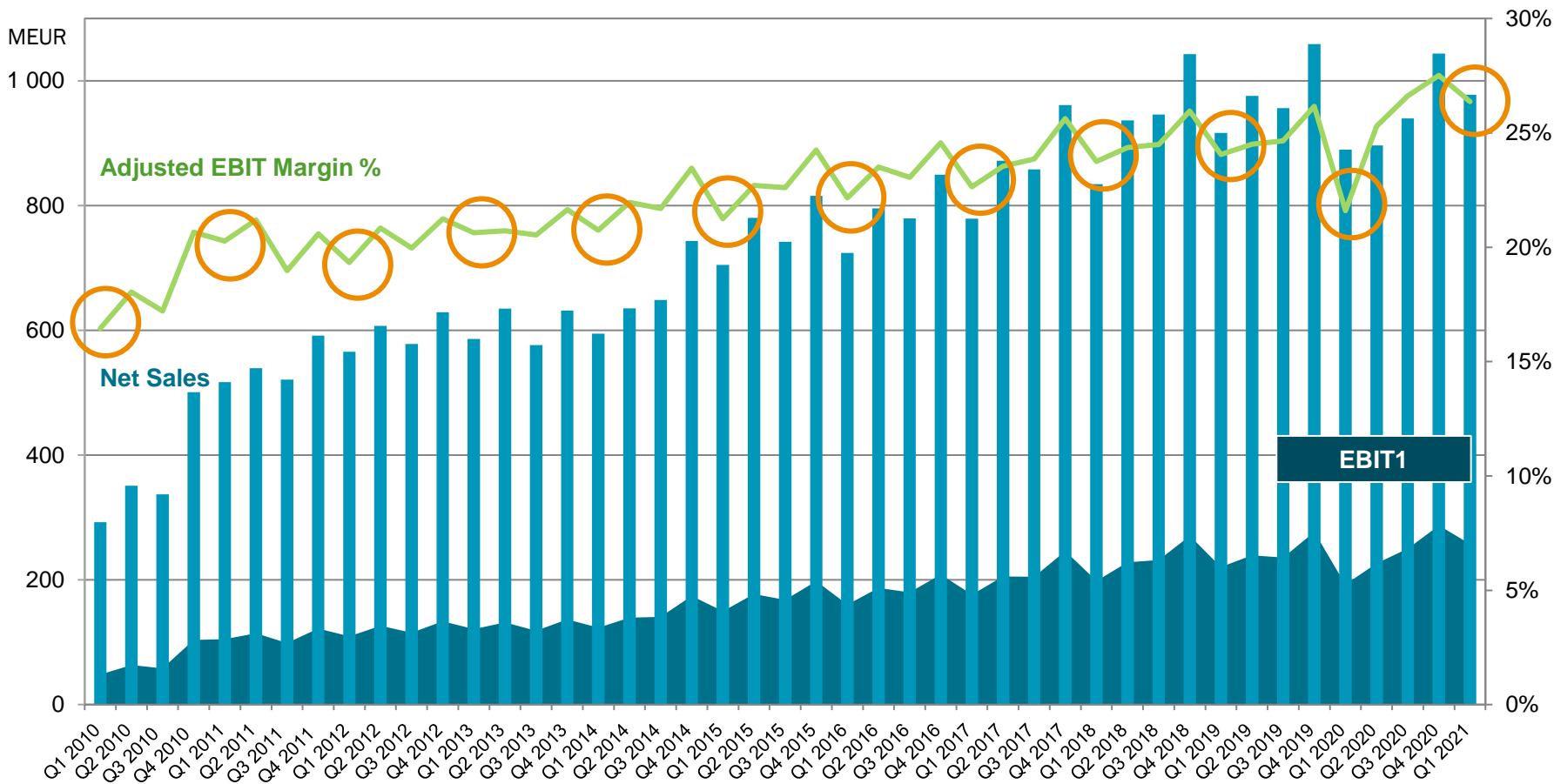
- Adjusted operating earnings (EBIT1) amounted to 257.9 MEUR (192.4), an increase of 34 per cent
- Adjusted operating margin of 26.4 per cent (21.6) and gross margin of 64.4 per cent (64.2)

Sales Bridge Q1

Net sales	
2020, MEUR	889.9
Structure, %	4%
Currency, %	-5%
Organic growth, %	11%
Total, %	10%
2021, MEUR	977.9

Seasonality in profit

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



Key figures – Q1 2021

MEUR	Q1 2021	Q1 2020	Change %
Net sales	977.9	889.9	11 ¹⁾
Adjusted operating earnings (EBITDA)	366.7	287.2	28
Adjusted operating margin, (EBITDA) %	37.5	32.3	5.2
Adjusted operating earnings (EBIT1)	257.9	192.4	34
Adjusted operating margin, %	26.4	21.6	4.8
Earnings before taxes, excl. adjustments	250.3	186.6	34
Adjustments (before taxes) ²⁾	-4.8	-	n.a.
Earnings before taxes	245.5	186.6	32
Net earnings	201.3	153.0	32
Net earnings, excl. adjustments	205.2	153.0	34
Earnings per share, EUR	0.54	0.41	32

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

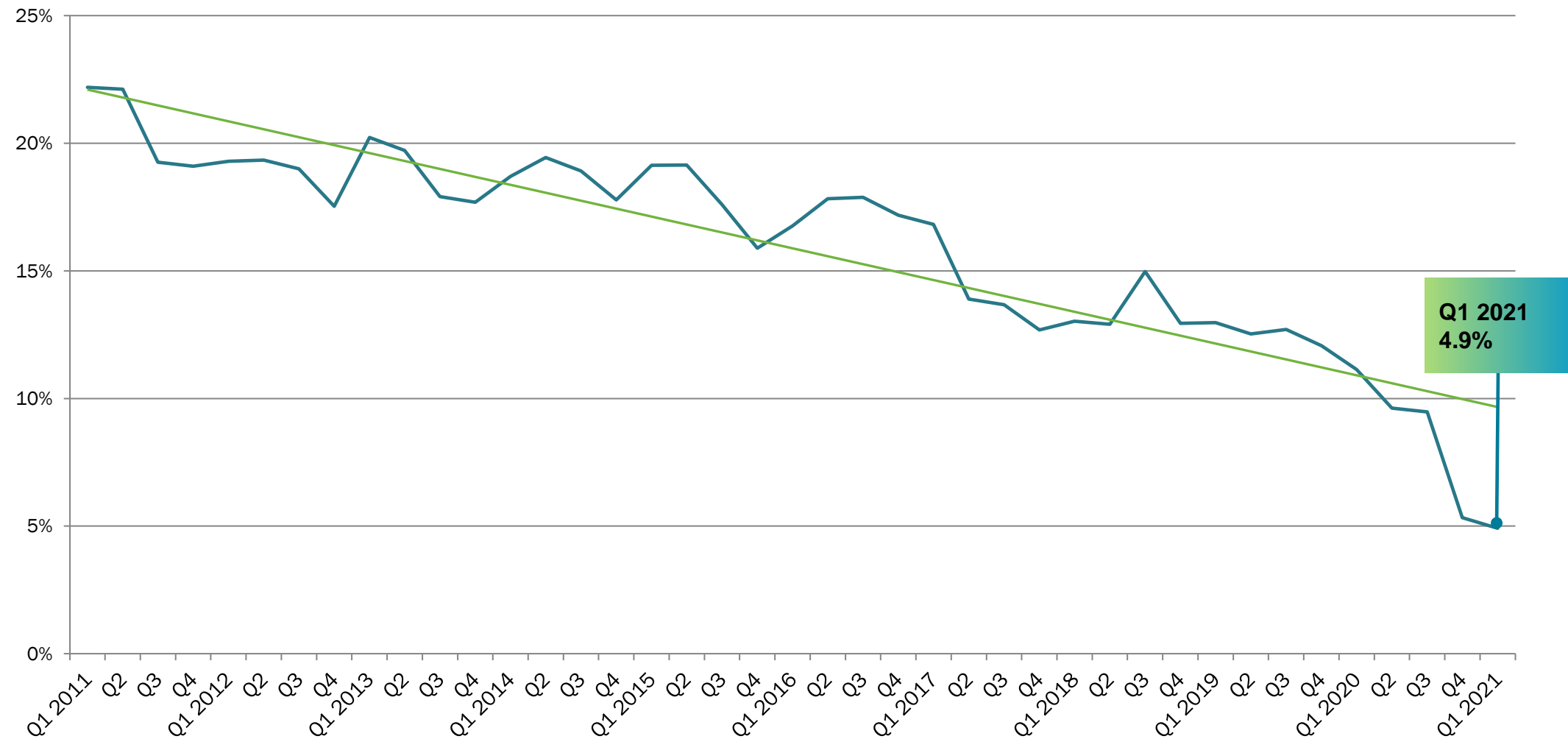
2) Adjustments in 2021 relate to a share programme (LTIP)

Cash flow

MEUR	Q1 2021	Q1 2020
Cash flow from operations before changes in working capital excl. taxes and interest	354.9	282.7
Taxes paid	-50.8	-56.1
Interest received and paid, net	-5.4	-4.4
Cash flow from operations before changes in working capital	298.7	222.2
Change in working capital	20.1	26.4
Cash flow from operations	318.8	248.6
Investments tangible assets	-26.8	-27.4
Investments intangible assets	-71.4	-75.1
Operating cash flow before non-recurring items	220.6	146.1
Non-recurring cash flow	-8.7	-9.2
Operating cash flow	211.9	136.9

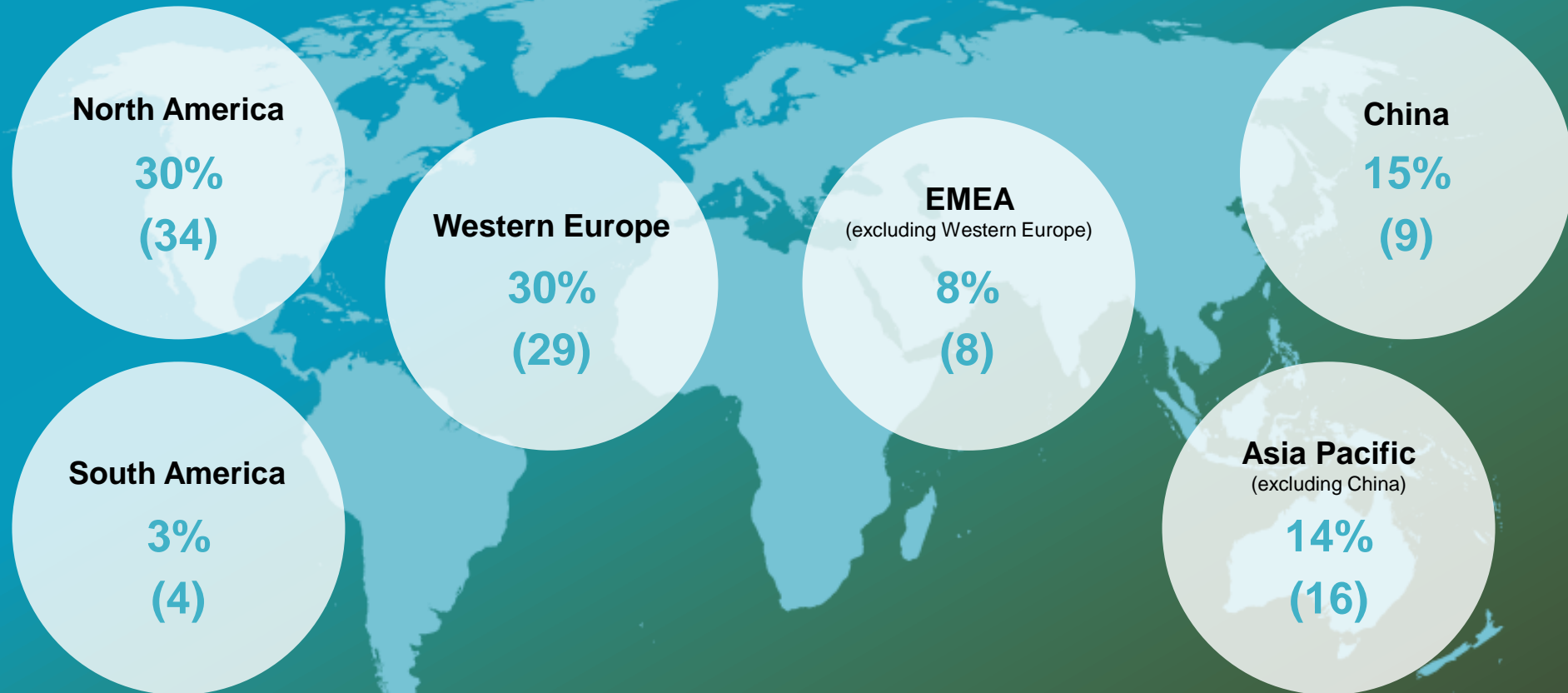
- Cash conversion of 107 per cent (107) in Q1 2021
- Cash conversion target of 80-90 per cent

Working capital to sales








Market development

Sales mix Hexagon Q1 2021 (Q1 2020)



Analysis of organic growth¹⁾ per geographic region

CONTRIBUTORS TO GROWTH ¹⁾ (descending order)	
Q1 2020	889.9
China	
Eastern Europe, Middle East & Africa	
South America	
Western Europe	
North America	
Asia excl. China	
Q1 2021	977.9

> 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 30%	EMEA ²⁾ 8%	NA 30%	SA 3%	CN 15%	ASIA ³⁾ 14%
Surveying	20%	➔	➔	➔	➔	➔	➔
Power, Energy & Mining	20%	➔	➔	➔	➔	➔	➔
Electronics & Manufacturing	17%	➔	➔	➔	➔	➔	➔
Infrastructure & Construction	15%	➔	➔	➔	➔	➔	➔
Automotive	9%	➔	➔	➔	➔	➔	➔
Aerospace & Defence	9%	➔	➔	➔	➔	➔	➔
Public Safety	4%	➔	➔	➔	➔	➔	➔
Other	6%						
Total	➔	➔	➔	➔	➔	➔	➔

> 8% ➔

0 to 8% ➔

Negative ➔

1) Share of sales as per Q1 2021

2) EMEA, excluding Western Europe

3) Asia, excluding China

EMEA market trends – Q1 2021

- Western Europe recorded 7 per cent organic growth
 - Solid demand in the surveying, infrastructure and construction segments
 - Sequential improvement in the manufacturing, power and energy segments
- Russia and Eastern Europe recorded strong double-digit organic growth



Q1 Share of sales, %	38
Q1 Organic growth, %	10
- Organic growth, GES %	17
- Organic growth, IES %	1

Americas market trends – Q1 2021

- North America recorded -1 per cent organic growth
 - Surveying, infrastructure and construction segments recorded solid growth
 - Weakness in the aerospace, power and energy segments
- South America recorded high single-digit organic growth
 - Strong development in the agriculture, public safety, power and energy segments



Q1 Share of sales, %	33
Q1 Organic growth, %	0
- Organic growth, GES %	3
- Organic growth, IES %	-4

Asia market trends – Q1 2021

- China recorded 73 per cent organic growth
 - Strong recovery in manufacturing, infrastructure and construction
- South Korea, South-Eastern Asia and Australia recorded solid growth
 - Supported by strong demand in the infrastructure market
- Weak demand in the manufacturing sector in Japan and the power and energy sector in India



Q1 Share of sales, %	29
Q1 Organic growth, %	27
- Organic growth, GES %	30
- Organic growth, IES %	25

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, diagonal, semi-transparent geometric shapes in shades of teal and green, which overlap the photograph and the text area.

Reporting segments

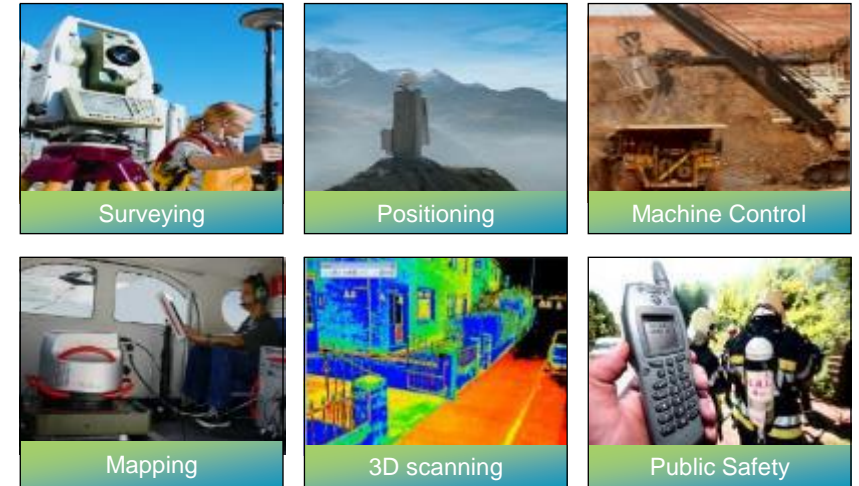
Geospatial Enterprise Solutions – Q1 2021 overview

Organic growth of 13 per cent

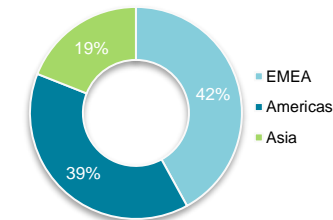
- Geosystems: 22 per cent organic growth, supported by strong demand for surveying and construction solutions globally
- SI: -2 per cent organic growth, hampered by weakness in defence offset by continued growth in public safety
- Autonomy & Positioning: -2 per cent organic growth, negatively impacted by order delays in defence and a weak automotive market. Continued strong growth in the agricultural business

Sales and EBIT1

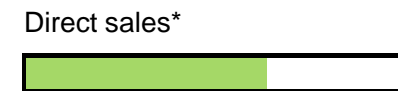
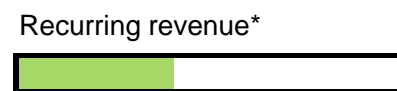
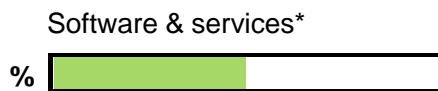
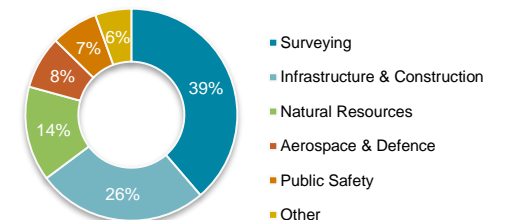
- Sales of 502.6 MEUR (453.8)
- EBIT1 of 143.8 MEUR (102.4) and operating margin of 28.6 per cent (22.6)
 - Positively impacted by volume growth, cost savings measures and a richer product mix but adversely impacted by currency movements



Sales per geography



Sales per segment



*Full year 2020

Industrial Enterprise Solutions – Q1 2021 overview

Organic growth of 8 per cent

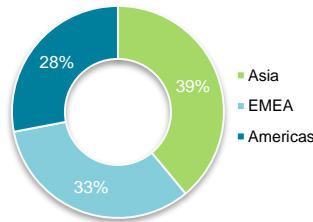
- MI: 12 per cent organic growth, driven by the acceleration in China and a recovery in the automotive sector. Weak demand in the aerospace segment
- PPM: -4 per cent organic decline, hampered by a challenging oil and gas market. Solid growth in the asset information management, cyber security and AEC (architecture, engineering and construction) design software portfolios

Sales and EBIT1

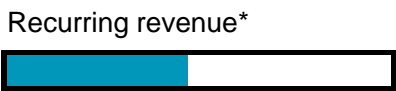
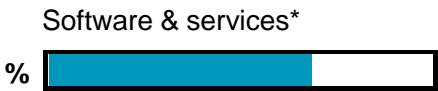
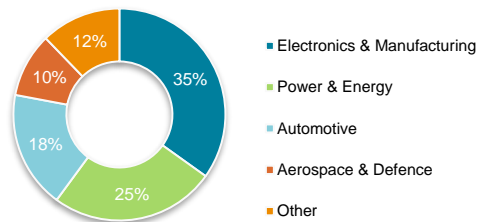
- Sales of 475.3 MEUR (436.1)
- EBIT1 of 118.7 MEUR (92.8) and operating margin of 25.0 per cent (21.3)
 - Positively impacted by volume growth and cost savings measures



Sales per geography

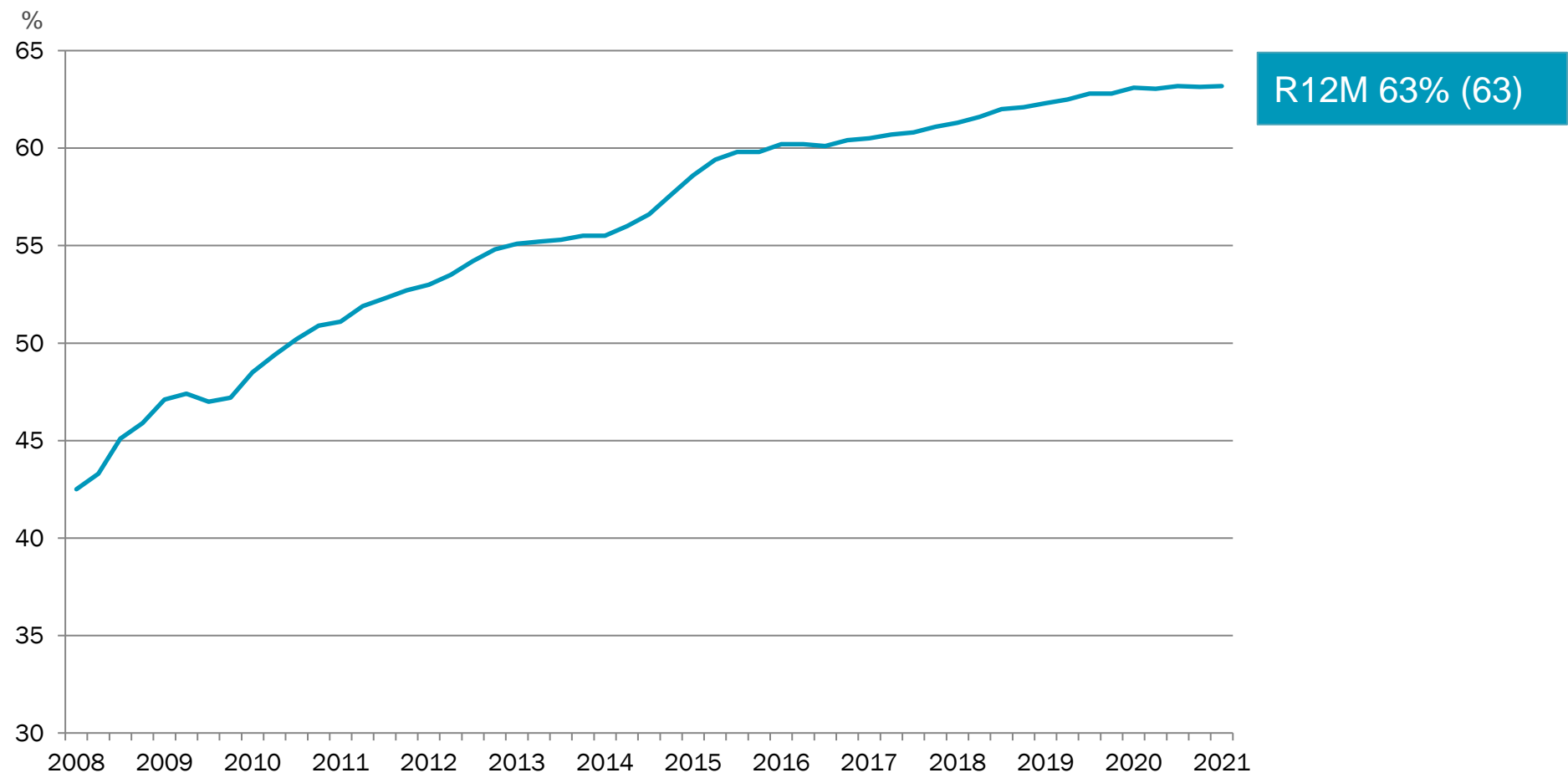


Sales per segment

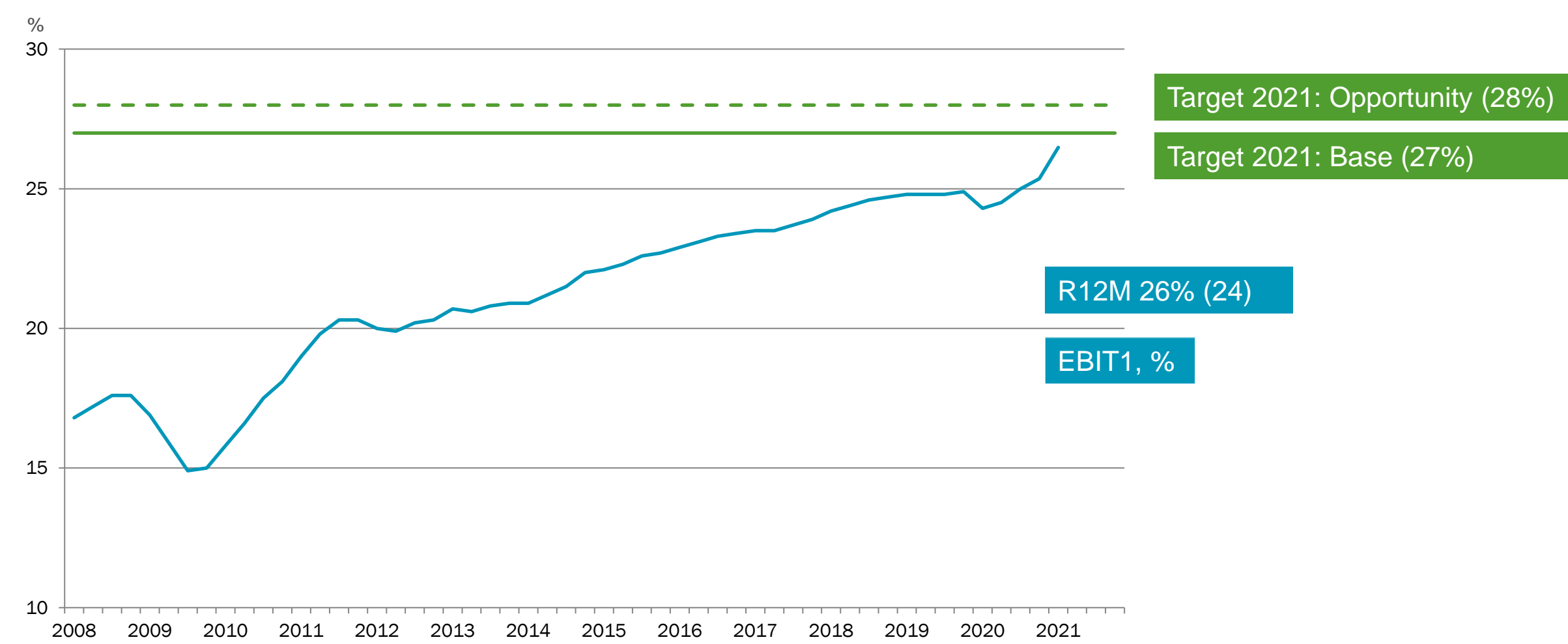


*Full year 2020

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

3D Reality Capture Solution for Boston Dynamics Spot

- Hexagon has together with Boston Dynamics Spot developed an **autonomous reality capture solution**
- Industries such as infrastructure, defence, industrial facilities and safety & security benefit from the automation of repetitive scanning tasks
- This solution can **help reduce time, cost and increase safety when working in potentially dangerous structures or hazardous areas**
- This is the first in a series of robotics solutions



Leica CityMapper-2L for low altitude creation of city digital twins

- The new **Leica CityMapper-2L** configuration enables the creation of city digital twins in complex weather and congested flight areas
- The new focal length configuration is specifically designed for airborne urban mapping projects at low altitude operation
- The new lenses offer similar coverage and productivity for a specific Ground Sampling Distance (GSD) as the existing configurations for standard and high-flying heights
- With this latest release, the Leica CityMapper-2 offers a full product portfolio covering all flying parameters and GSDs



Meeting the growing demand for 3D mapping and visualisation

- Aerial mapping company Bluesky International, has secured its position as the leading UK provider of 3D mapping data following the purchase of the **Leica CityMapper-2**
- This purchase will help Bluesky meet the growing demand for 3D city mapping solutions, fuelled by virtual and augmented reality mapping projects as well as smart city and digital twin applications
- Dutch based company, Cyclomedia, is using **HxDR** – Hexagon’s cloud-based visualisation and collaboration platform – for geospatial data and services to host 3DNL, which is a complete digital twin of the Netherlands (captured with the **Leica CityMapper-2**)



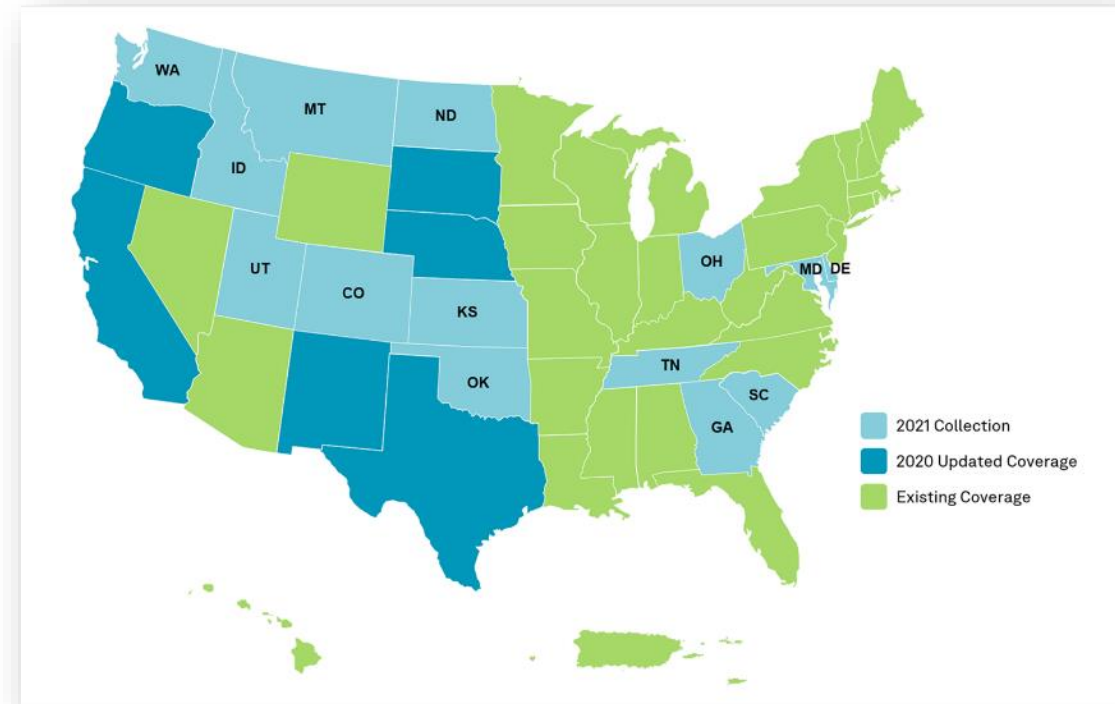
Modernising public safety response with HxGN OnCall

- The city of Milwaukee invested in the **HxGN OnCall** public safety portfolio's dispatch, analytics and in-vehicle mobile solutions – which will be housed centrally in a new emergency communications center
- The solutions are expected to speed up response times, lower the city's overall costs and provide better communication with field-based units
- Lee County, Florida, is home to 770,000 people on Florida's Gulf Coast, and hosts millions of visitors annually – the county chose **HxGN OnCall** to unify its fire, EMS, sheriff's department and international airport
- In addition to a new HxGN OnCall Dispatch and in-vehicle mobile solutions, the county will improve its data and reporting through HxGN OnCall Analytics and HxGN OnCall Records



HxGN Content Programme to collect at least 14 U.S. states this year

- The **HxGN Content Programme** – Hexagon’s aerial data programme – will update 14 U.S. states in the 2021 collection season with additional states being added as the season progresses
- The states will be refreshed at the program’s standard 12-inch statewide updates, as well as select states being enhanced to 6-in resolution (15-cm resolution) statewide
- The acquisition adds 888,035 sq mi (2,300,000 sq km) of 4-band aerial imagery and digital elevation data to the program’s existing collection of over 9 million square miles across North America and Europe



Keeping the lights on in the Amazon

- Amazonas and Roraima Energia are power concessionaires in their respective states in Brazil, with territories that include the Brazilian portion of the world's largest tropical rainforest – the Amazon
- The two utilities chose Hexagon's outage management and mobile workforce management solutions to help them restore power quickly, more efficiently and better plan for the implementation of future networks
- Hexagon's solutions will be integrated with SCADA (supervisory control and data acquisition), mobility, AMI (advanced metering infrastructure), and the utilities' advanced distribution management solution to support all power networks



Leveraging multibody dynamics software in forensic investigations

- The University of Perugia, in Italy, used Hexagon's multibody dynamics software to study the dynamics of accidental falls – an occupational hazard in the construction industry that accounts for 42% of all fatalities
- It's challenging to discern the cause of falls because the only available metrics are injuries and the final body position
- However, biomechanical analyses can provide insight into the initial position and force that caused the fall based on the final location of the body

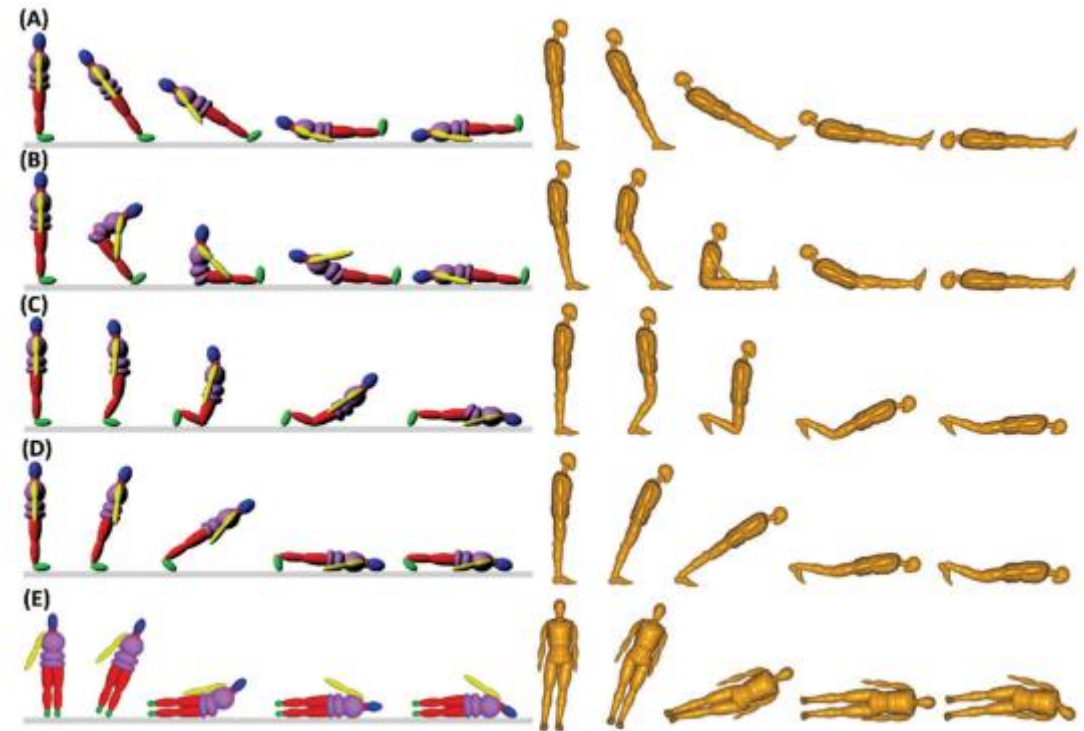


Figure 4 : Modelled scenarios

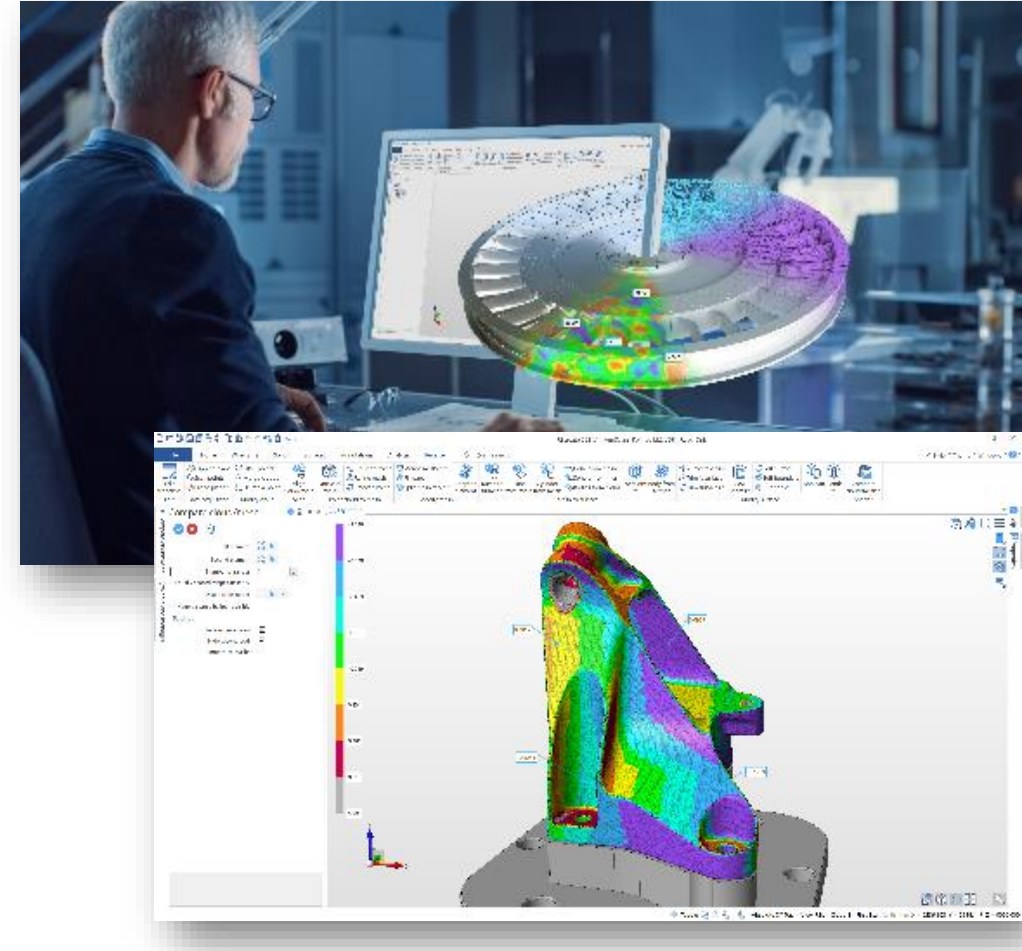
Hexagon's software streamlines innovative development at Hyundai

- Hyundai needed to more quickly and accurately design and develop multiple products for similar uses (e.g., electric-vehicle drivetrains), but with varying technical targets and development goals
- Robust simulation software is required during the design stage, and additional solutions are needed for detailed simulation of gearbox models and full-system analyses
- Hexagon's design-and-engineering software helps the company optimise designs earlier in the development process, driving process improvements, and making significant time and cost savings while meeting global standards



New reverse engineering solution - ReCreate

- **ReCreate** (RE) is a new reverse engineering solution created for metrology customers
- Includes scanning, mesh creation, **CAD** generation, editing and then validation prior to prototyping
- It is a simple, workflow-guided UX that is easy to learn, even if new to reverse engineering
- Designed for interoperability, it can fit into an existing customers workflow or be used as an end-to-end solution
- It's already sold to HyzonMotors (USA) to reverse engineer trucks for the fitment of their hydrogen fuel-cell technology



INSPHERE automated shop-floor inspection for aerospace

- Automation integration is a key focus for INSPHERE, of Bristol, UK – a driving force behind robot-based inspection that is powered by metrology technology
- Since automated metrology traditionally utilises coordinate measuring machines (CMMs) that are inflexible and impractical for inspecting large components, INSPHERE used Hexagon's metrology solutions to create its HYPERSCAN concept – an in-line non-contact automated inspection system in a standardised cell configuration
- The system is an innovative 'off-the-shelf' solution for automated shop-floor inspection ideally suited for measuring large components



Enabling smarter manufacturing with PC-DMIS 2021.1

- This technology offers full integration with the cloud-based **HxGN SFX | Asset Management** mobile app. Providing the metrology engineer a valuable dashboard of all the connected assets. It allows the user to view the asset's performance, quality, evens and OEE, as well as real-time alerts and notifications
- **PC-DMIS** is more accessible and easier to use with the renovated 'summary mode'. Users can now toggle the level of detail that they see on the screen and see the progress and results of the routine as it progresses with traffic light indicators
- In addition, it also has an improved 'Protect' version-control solution with highlighted differences for faster auditing, and 2-factor authentication for greater control



Driving digital transformation for the Numaligarh Refinery

- Numaligarh Refinery (NRL) in Northern India, chose Hexagon's technology to support digitally transforming refinery operations and project execution
- Hexagon's solutions, including HxGN SDx Projects & Operations, Intergraph Smart® 3D, Intergraph Smart P&ID, will be used to create an accurate digital representation, or a "digital twin", of the NRL refinery
- NRL will use Hexagon's digital twin technology in its Numaligarh Refinery Expansion Program, aiming to triple the current production capacity from three million metric tonnes per annum to nine



Enhancing shift excellence with digital handover and edge analytics

- Hexagon's PPM division and new acquisition **PAS Global** announce their first product integration that will provide clients an integrated user experience between two premier Operations Management technologies; j5 "Shift Operations Management" (j5) and PAS "Plant State Integrity" (PSI)
- This offering is based on the capability of PSI to support Operations Risk Management by consolidating mission-critical information that is important for Shift-to-Shift communication processes such as safety system bypasses, control loops in manual, boundary management and alarms



Hexagon launched R-evolution

- A new business venture focused on reinventing how industry addresses complex environmental challenges
- Its purpose is to accelerate the transition to a sustainable economy, running profit-driven investments in green-tech projects where Hexagon's technology can be applied
- Operates as a wholly owned subsidiary to Hexagon



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 Q1 2021

- 11 per cent organic growth
 - Continued strong development in Geosystems and acceleration in MI
 - Strong recovery in China, recording 73 per cent organic growth
- Record Q1 adjusted operating earnings and margin
- Continued solid cash conversion
- Remain confident in our continued growth trajectory

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