



HEXAGON

Interim Report 2022

29 April 2022

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



Net sales and earnings

Overview Q1 2022

Record first quarter: sales increased by 19 per cent, organic growth of 10 per cent

- Challenging supply chain situation hampered organic growth by -6 per cent
- All divisions improved their results in the quarter, despite being negatively impacted by Russia and the supply constraints of components
- The decision to freeze all business operations in Russia resulted in approximately -1 per cent organic growth

Record first quarter adjusted operating earnings and margin

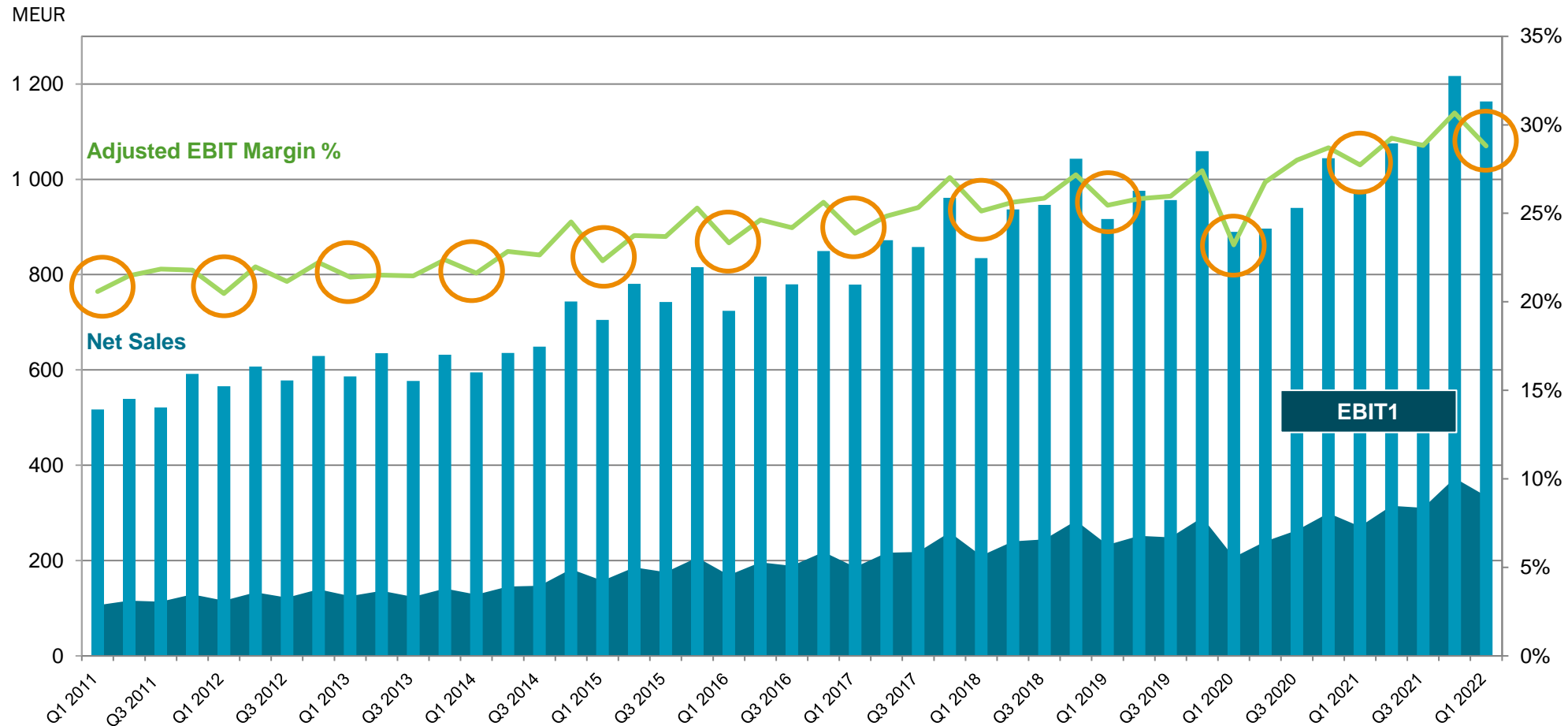
- Adjusted operating earnings (EBIT1) amounted to 335.1 MEUR (271.3), an increase of 24 per cent
- Adjusted operating margin of 28.8 per cent (27.7) and gross margin of 65.1 per cent (64.4)

Sales Bridge Q1

Operating net sales	
2021, MEUR	977.9
Structure, %	5%
Currency, %	4%
Organic growth, %	10%
Total, %	19%
2022, MEUR	1,163.4

Seasonality in profit

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



Key figures – Q1 2022

MEUR	Q1 2022	Q1 2021	Change %
Operating net sales	1,163.4	977.9	10 ¹⁾
Revenue adjustments	-3.7	-	n.a.
Net sales	1,159.7	977.9	10 ¹⁾
Adjusted operating earnings (EBITDA)	416.2	366.7	13
Adjusted operating margin, (EBITDA) %	35.8	37.5	-1.7
Adjusted operating earnings (EBIT1)	335.1	271.3	24
Adjusted operating margin, %	28.8	27.7	1.1
Earnings before taxes, excl. adjustments	329.3	263.7	25
Adjustments (before taxes) ²⁾	-99.2	-18.2	n.a.
Earnings before taxes	230.1	245.5	-6
Net earnings	184.4	201.3	-8
Net earnings, excl. adjustments	270.0	216.2	25
Earnings per share, excl. adjustments, Euro cent	9.9	8.4	18

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

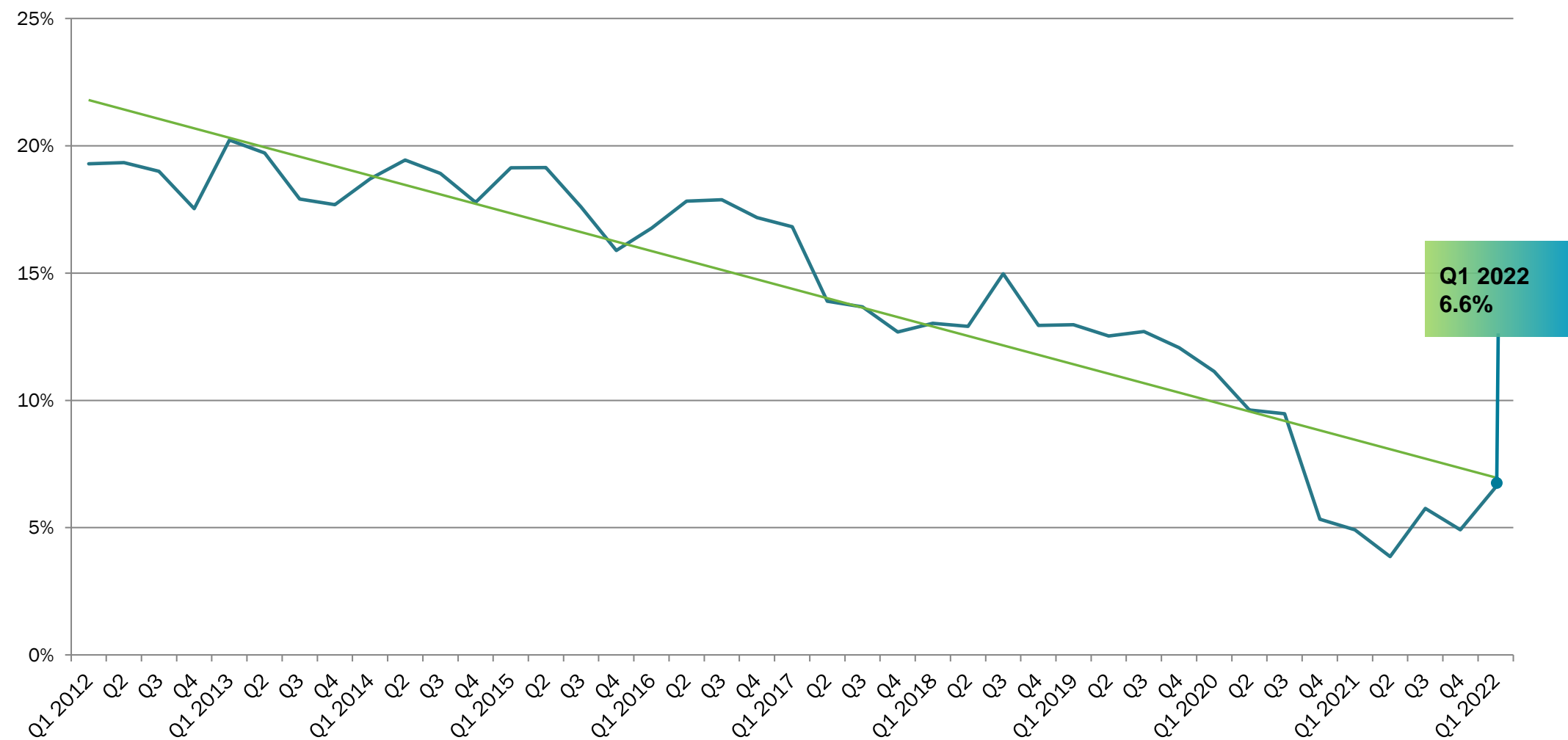
2) Adjustments in 2022 relate to share programmes (LTIP), amortisation of surplus values (PPA) and non-recurring items related to the acquisition of ETQ and the business in Russia

Cash flow

MEUR	Q1 2022	Q1 2021
Cash flow from operations before changes in working capital excl. taxes and interest	409.3	354.9
Taxes paid	-28.5	-50.8
Interest received and paid, net	-4.7	-5.4
Cash flow from operations before changes in working capital	376.1	298.7
Change in working capital	-84.3	20.1
Cash flow from operations	291.8	318.8
Investments tangible assets	-31.4	-26.8
Investments intangible assets	-89.1	-71.4
Operating cash flow before non-recurring items	171.3	220.6
Non-recurring cash flow	-7.0	-8.7
Operating cash flow	164.3	211.9

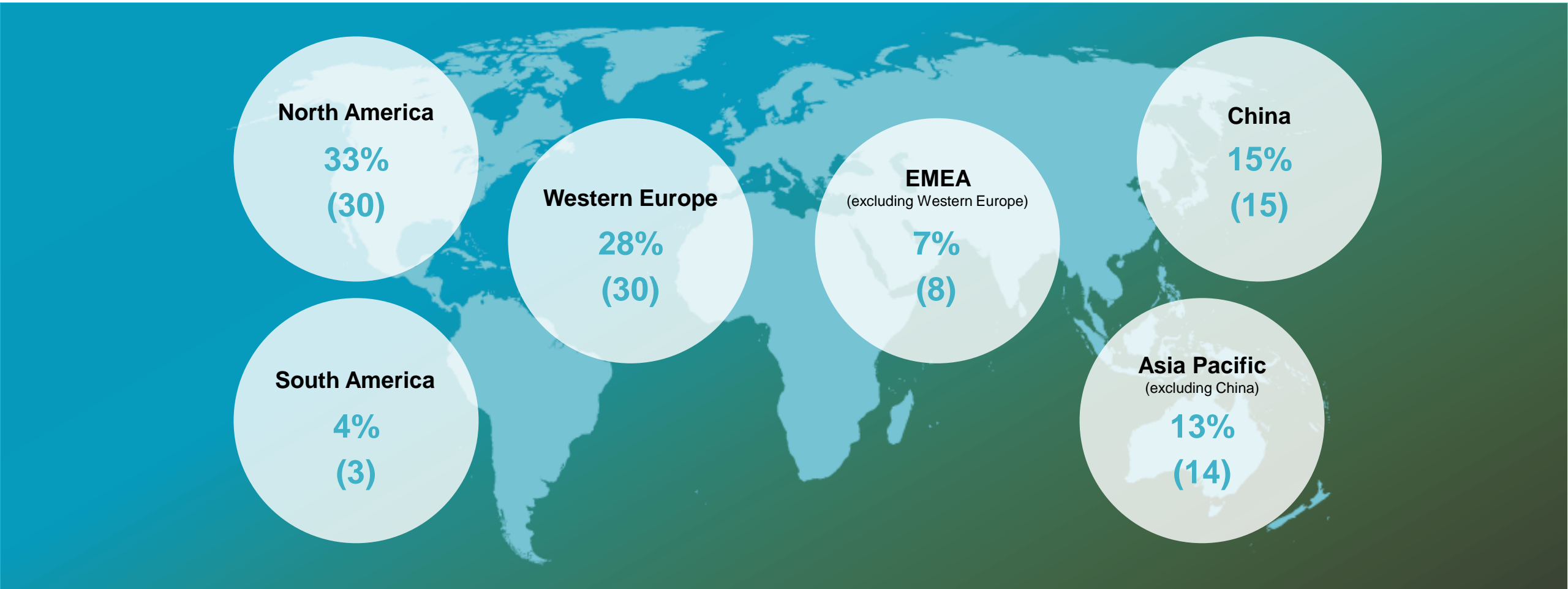
- Cash conversion of 61 per cent (102) in Q1 2022
- Cash conversion target of 80-90 per cent

Working capital to sales










Market development

Sales mix Hexagon Q1 2022 (Q1 2021)



Analysis of organic growth¹⁾ per geographic region

CONTRIBUTORS TO GROWTH ¹⁾ (descending order)	
Q1 2021	977.9
North America	
Western Europe	
China	
South America	
Asia excl. China	
Eastern Europe, Middle East & Africa	
Q1 2022	1,163.4

> 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⁾ 7%	NA 33%	SA 4%	CN 15%	ASIA ³⁾ 13%
Surveying	19%	➔	➡	➔	➔	➡	➔
Power, Energy & Mining	20%	➔	➡	➔	➔	➡	➡
Electronics & Manufacturing	17%	➔	➔	➡	➡	➡	➡
Infrastructure & Construction	15%	➡	➡	➔	➔	➡	➡
Automotive	9%	➔	➡	➡	➔	➔	➡
Aerospace & Defence	9%	➔	➔	➔	➡	➔	➔
Public Safety	3%	➡	➡	➡	➔	➡	➡
Other	8%						
Total	➔	➔	➡	➔	➔	➔	➡

> 8% ➔

0 to 8% ➡

Negative ➡

1) Share of sales as per Q1 2022

2) EMEA, excluding Western Europe

3) Asia, excluding China

EMEA market trends – Q1 2022

- Western Europe recorded 10 per cent organic growth
 - Continued strong demand for reality-capture solutions, surveying, infrastructure and construction
 - Recovery in aerospace and strong demand in automotive, manufacturing, power and energy markets
- EMEA excluding Western Europe recorded flat growth
 - Russia declined -32 per cent, reflecting the impact from the sanctions imposed by the European Union and the U.S. as well as actions taken to freeze the business operations in Russia in March
 - Middle East and Africa recorded solid growth



Q1 Share of sales, %	35
Q1 Organic growth, %	8
- Organic growth, GES %	6
- Organic growth, IES %	10

Americas market trends – Q1 2022

- North America recorded 12 per cent organic growth
 - Canada recorded strong single-digit growth
 - The U.S. recorded double-digit growth
 - Strong demand across most industries
- South America recorded high double-digit organic growth
 - Strong growth in mining, agriculture, power and energy markets



Q1 Share of sales, %	37
Q1 Organic growth, %	13
- Organic growth, GES %	16
- Organic growth, IES %	9

Asia market trends – Q1 2022

- China recorded 11 per cent organic growth
 - Driven by strong growth in general manufacturing and aerospace
 - Hampered by availability issues in infrastructure and construction and challenging oil and gas markets
- Japan and India recorded strong growth
 - Supported by strong demand in manufacturing and for design and production software
- South Korea declined due to weakness in power and energy



Q1 Share of sales, %	28
Q1 Organic growth, %	9
- Organic growth, GES %	5
- Organic growth, IES %	12

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.

Reporting segments

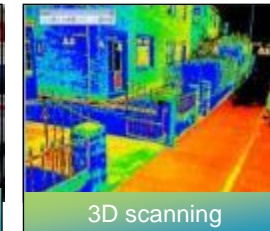
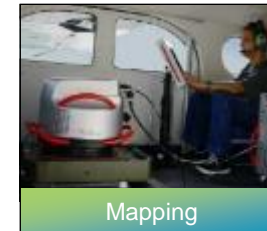
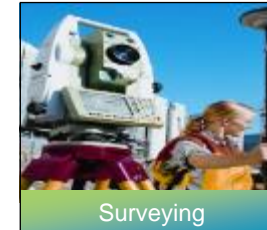
Geospatial Enterprise Solutions – Q1 2022 overview

Organic growth of 10 per cent

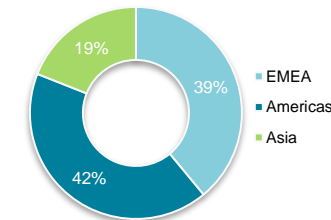
- Geosystems: 10 per cent organic growth, driven by strong, broad-based demand across all industries
- Safety, Infrastructure & Geospatial: 4 per cent organic growth, fuelled by strong growth in infrastructure and construction
- Autonomy & Positioning: 21 per cent organic growth, fuelled by strong growth in agriculture and a recovery in aerospace

Sales and EBIT1

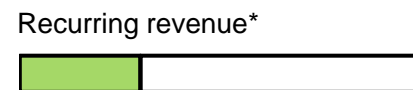
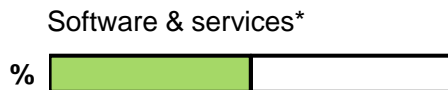
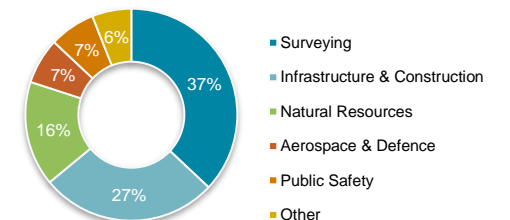
- Sales of 582.7 MEUR (502.6)
- EBIT1 of 175.6 MEUR (148.8) and operating margin of 30.1 per cent (29.6)
 - Positively impacted by volume growth but negatively impacted by product mix due to component shortages



Sales per geography



Sales per segment



*Full year 2021

Industrial Enterprise Solutions – Q1 2022 overview

Organic growth of 10 per cent

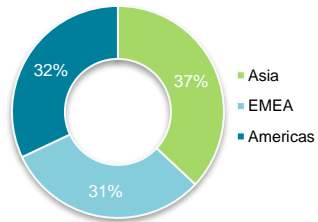
- MI: 13 per cent organic growth, driven by strong, broad-based demand across key industries, regions and for software solutions
- PPM: 2 per cent organic growth, fuelled by growth in design and asset information management software, and continued recovery in EMEA and Americas

Sales and EBIT1

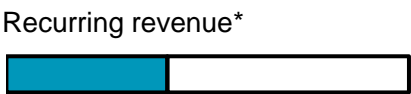
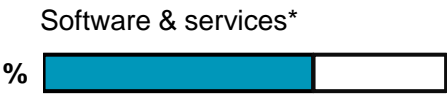
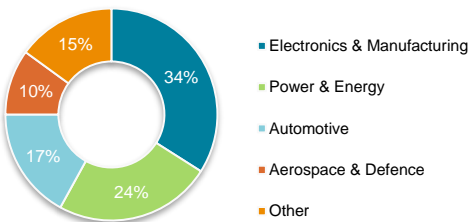
- Sales of 580.7 MEUR (475.3)
- EBIT1 of 165.7 MEUR (127.1) and operating margin of 28.5 per cent (26.7)
 - Positively impacted by volume growth and product mix



Sales per geography

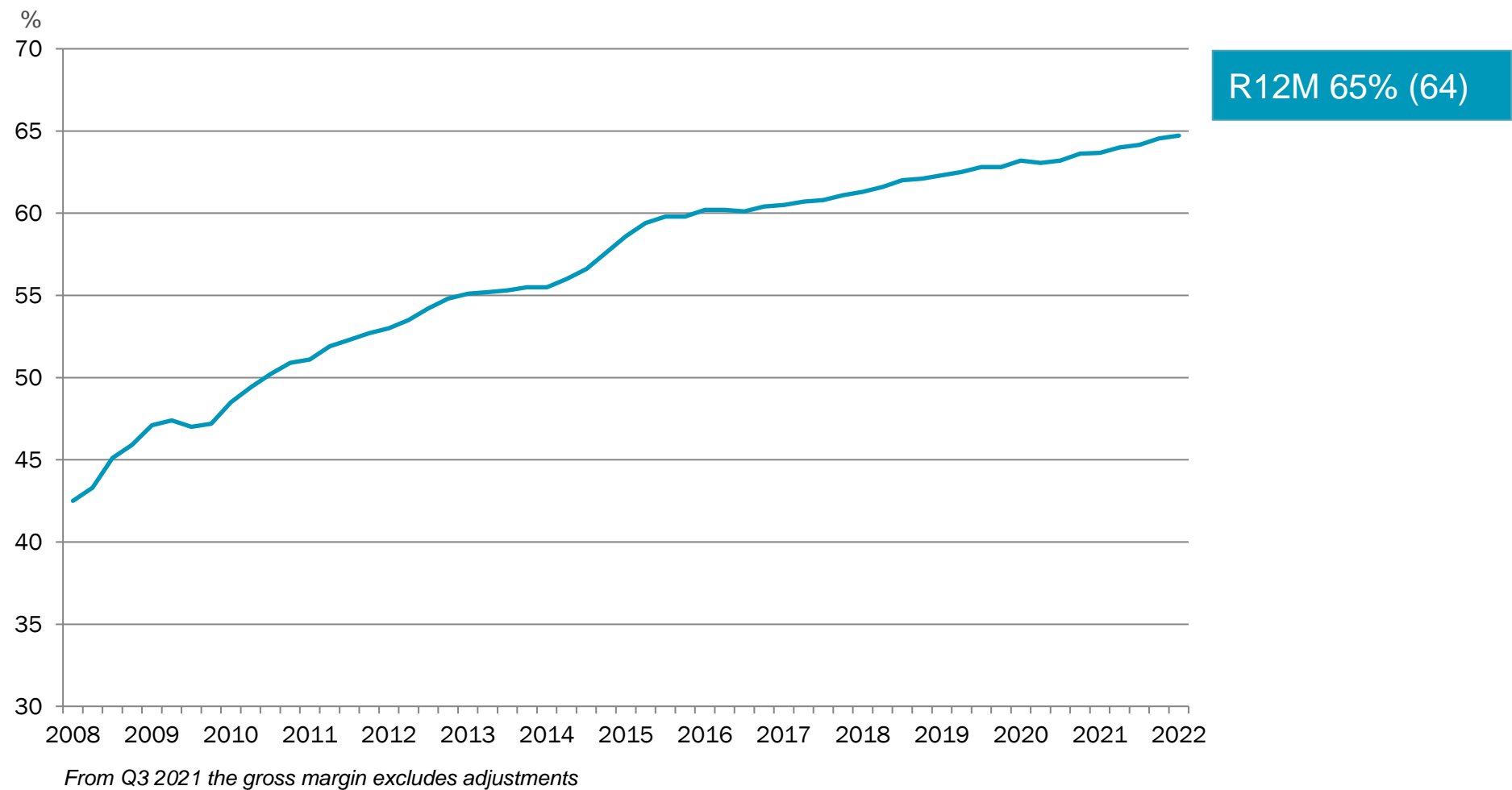


Sales per segment

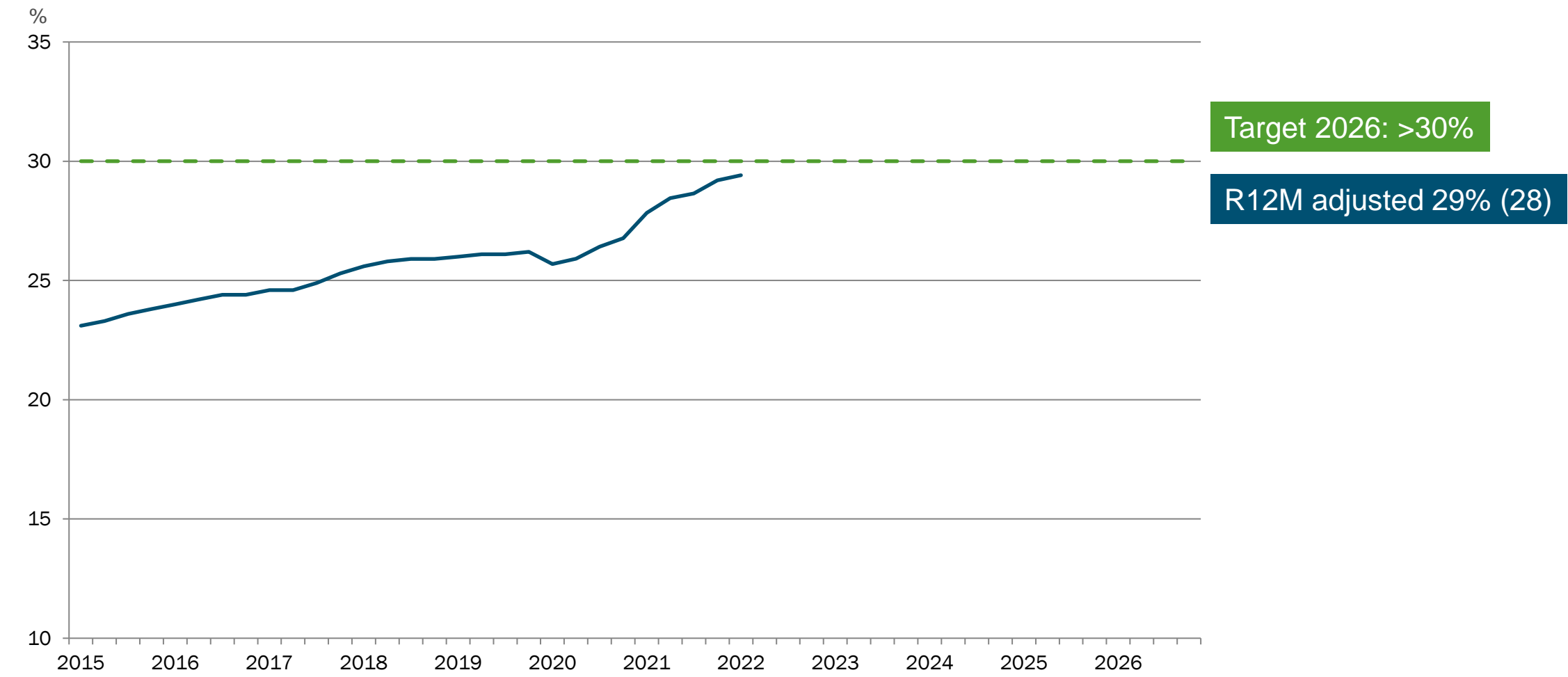


*Full year 2021

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 with various geometric shapes in shades of teal and green. Overlaid on these are several data visualization elements: a line graph with multiple colored lines (yellow, green, blue) and square markers, a circular pie chart-like shape in yellow, and a background of glowing binary code (0s and 1s) in red and white. A bright light source creates a lens flare effect in the upper right quadrant of the graphic area.

M&A, orders and product releases

Acquisition of Minnovare strengthens life-of-mine solutions portfolio

- **Minnovare** specialises in eliminating the manual, labor intensive, and unproductive processes in underground mining that lead to blast-hole deviation, dilution and downtime
- Its solution combines sensors, software and data analytics to address deficiencies and improve the efficiency, productivity and overall profitability of underground drilling operations
- Founded in Perth, Western Australia in 2012, Minnovare has more than 150 contracted systems in over 90 mining operations worldwide, sold as a recurring revenue package
- Minnovare operates as part of Hexagon's Mining division



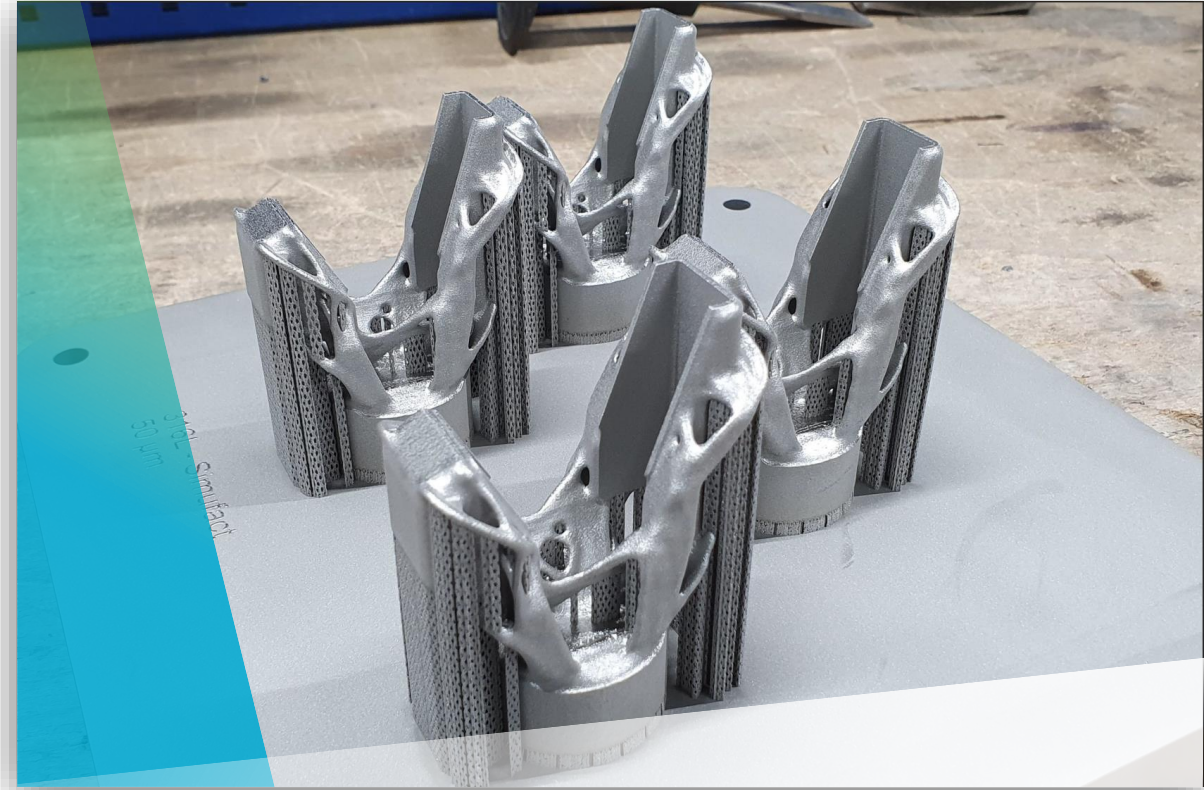
Enabling sustainable, 3D printed prefabricated homes

- US-based startup, **Mighty Buildings**, is disrupting the US construction market with beautiful, high-quality sustainable homes made from innovative materials using 3D printing and robotic automation technologies
- Using **Hexagon's design and engineering simulation solutions** the company can perfect the design, materials and mechanical processes beforehand, predicting problems linked to material performance and product design while eliminating expensive physical testing and material waste



Optimising legacy train components for additive manufacturing

- When defects occur in transportation assets, which typically have a multi-decade service life, securing spare parts is challenging – they aren't kept in inventory and there's limited access to original tools and part data
- Together with SLM Solutions, a manufacturer of 3D metal printers, Hexagon's **generative design software** helped **Deutsche Bahn** optimise conventional freight car component designs for additive manufacturing – enabling more flexible, tool-free production with shorter delivery times
- Additionally, the weight-optimised result using 3D printing enabled cost-efficient production, reducing the weight of the hinge by half



Supporting the world's biggest eye on the sky

- The European Southern Observatory (ESO) has been working to develop the ELT (Extremely Large Telescope), a revolutionary ground-based telescope that will have a 39-metre main mirror and will be the largest visible and infrared light telescope in the world
- **Safran Reosc**, a global leader in telescope optics, is manufacturing the mirror segments for its primary mirror
- Based on Hexagon's proven track record in scientific and industrial implementations, Safran Reosc approached Hexagon for the **development of a specialised measurement system for this specific application**



Continued partnership with ORACLE Red Bull Racing

- Hexagon has been a long-term partner, supporting the established race business of **Oracle Red Bull Racing** with laser trackers, portable measuring arms, CMMs and scanners
- Hexagon recently extended its Innovation Partnership agreement, which now includes their new powertrain factory, which will allow the team to produce their own engines from 2025 onward with the help of Hexagon's **high-accuracy CMMs**



Helping H2U lead renewables energy transformation in hydrogen construction

- Hexagon announced a strategic partnership agreement with **The Hydrogen Utility Pty Ltd (H2U)**, a leading Australian hydrogen infrastructure developer, to deliver best-in-class digital asset management solutions in support of the global green hydrogen revolution
- Engineering and operational digital twins – aligned to emerging global standards for information management – are critical to supporting the rapid deployment scenarios required for green hydrogen to deliver deep decarbonisation
- Hexagon will support H2U with an integrated digital twin platform, which will manage every stage of the asset lifecycle to improve efficiency and reduce risk



Hexagon to enable Fluxys to fulfill their carbon neutral journey

- **Fluxys**, a Belgium-based energy infrastructure group, is committed to transporting carbon-neutral energy (i.e., hydrogen, biomethane) and accommodating the capture, usage, and storage of CO₂
- Fluxys chose **HxGN SDx**, Hexagon's cloud-based asset lifecycle information management (AIM) solution, to build digital twins that leverage data from multiple sources and enable engineers, maintenance personnel and design to work efficiently from one core system



Hexagon to help Dayou enable autonomous vehicles in China

- Hexagon and **Dayou** partner to bring high accuracy GNSS corrections via **TerraStar X** to the China market for autonomous vehicles
- TerraStar X offers fast, precise point positioning (PPP) technology enabling lane-level accuracy with convergence in under a minute – supporting ADAS (advanced driver assistance systems), autonomous applications, safety-critical applications, mobile applications and more



Providing real-time visualisation and analysis to NATO

- **NCIA** (NATO Communications and Information Agency), NATO's technology and cyber experts, chose Hexagon's **LuciadLightspeed** technology to upgrade its MASE (Multi-AEGIS Site Emulator) system
- MASE supports air operations by producing real-time readiness action plans based on input from sensors and civilian air traffic control
- NCIA will leverage LuciadLightspeed technology to guarantee real-time data visualisation and analysis in support of air operations and battle space management



Advancing transportation safety in Singapore

- The **Singapore Land Transit Authority (LTA)**, which manages buses, trains, road and rail public interfaces and city parking and traffic infringements, chose Hexagon to modernise its enforcement division
- Invested in the **HxGN OnCall Dispatch** public safety portfolio to speed up response, lower overall operational costs, and improve communications and safety for field-based units



Transforming how professionals measure with total stations

- The **Leica AP20 AutoPole** is an innovative solution for automated total stations that boosts productivity to the next level through tilt compensation, automatic pole height readings and unique target identification
- It creates a unique solution for autonomous workflow:
 - Eliminates the need to level the pole
 - Enables measurements in accessible locations
 - Always locks to the correct target



Hexagon's autonomous reality capture solutions win multiple awards

- The **Leica BLK ARC** and **Leica BLK2FLY** reality capture solution provides a safe and autonomous way to perform reality capture in areas that are difficult or dangerous for humans to reach

Awards

- CES 2022 Best of Innovation, Robotics
- MUSE Design Awards, Platinum Winner, Robotics Category
- MUSE Design Awards, Platinum Winner, Imaging & Vision
- IDA Design Award: Gold in Office Equipment / Drones, UAVs, Unmanned systems



Supporting the archeological parc of Pompeii

- The **archeological parc of Pompeii** in southern Italy features excavated ruins of streets and houses that visitors can freely explore of this once thriving and sophisticated Roman city that was buried under meters of ash following the catastrophic eruption of Mount Vesuvius in 79 A.D.
- Hexagon's **autonomous reality capture solutions** allow for efficient and repeated monitoring of structures, helping park management better maintain the park by addressing potential problems before they occur so visitors can continue to experience the parc safely



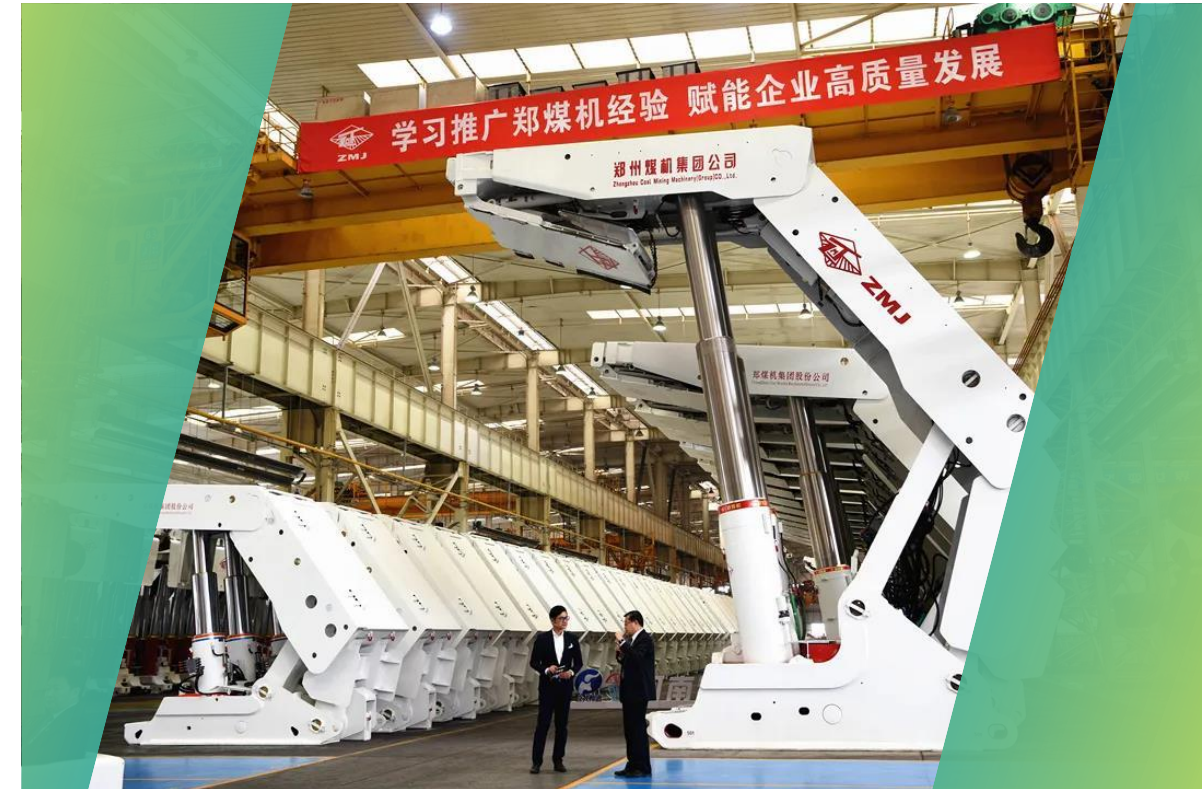
Sephora: 3D Modelling a retail empire with Hexagon's technology

- As cosmetic retail giant with hundreds of brick-and-mortar locations, **Sephora** is constantly updating and renovating existing stores as well as building new ones
- Chose Hexagon's buildings solutions to 3D scan its locations as well as new construction – providing precise documentation of project completion for future remodels/renovations and the ability to better design marketing materials for optimised visibility inside and outside the store



First HxGN EAM win in Greater China

- **Zhengzhou Coal Mining Machinery Group Company Limited (ZMJ)** develops and manufactures coal mining machinery, equipment and parts
- ZMJ established **Zhengzhou Coal Machinery Shuyun Intelligent Technology** to focus on the intelligent and digital transformation of the factory
- They purchased **HxGN EAM** as their asset management platform to support their digital integrated management ecosystem





HxGN LIVE Global

Las Vegas, NV | 20-23 June 2022

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your opportunity
to view Hexagon's
technologies in action

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



Q&A