



**HEXAGON**

# **Year-End Report 2021**

2 February 2022

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



## Net sales and earnings

# Overview Q4 2021

## Record fourth quarter: sales increased by 17 per cent, organic growth of 7 per cent

- Strong growth across most of Hexagon's businesses
  - Component supply shortages hampered organic growth by 6 per cent
- Our largest divisions Geosystems and Manufacturing Intelligence managed to grow by 7 and 9 percent respectively, with solid margin expansion, despite supply shortages and cost pressure
- PPM continued to recover, recording 8 per cent organic growth
- First quarter with EAM solutions, delivering 42 per cent SaaS revenue growth

## Record fourth quarter adjusted operating earnings and margin

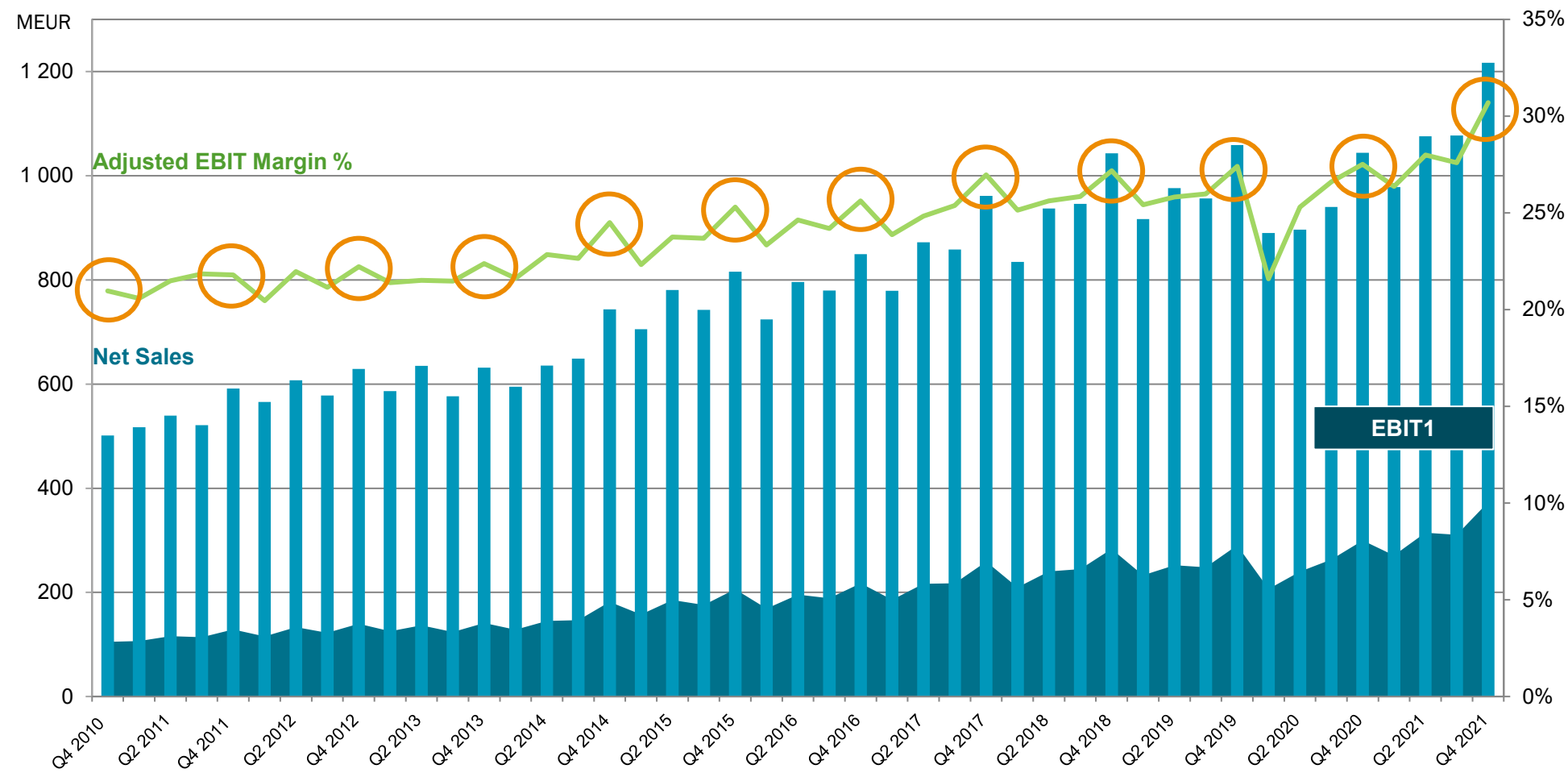
- Adjusted operating earnings (EBIT1) amounted to 373.1 MEUR (299.7), an increase of 24 per cent
- Adjusted operating margin of 30.7 per cent (28.7) and adjusted gross margin of 65.0 per cent (63.5)

## Sales Bridge Q4

	Net sales
2020, MEUR	1,044.1
Structure, %	7
Currency, %	3
Organic growth, %	7
Total, %	17
2021, MEUR	1,216.7

# Seasonality in profit

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



# Key figures – Q4 2021

MEUR	Q4 2021	Q4 2020	Change %
Operating net sales	1,216.7	1,044.1	7 <sup>1)</sup>
Revenue adjustments	-6.3	-6.1	n.a.
Net sales	1,210.4	1,038.0	7 <sup>1)</sup>
Adjusted operating earnings (EBITDA)	471.2	414.6	14
Adjusted operating margin, (EBITDA) %	38.7	39.7	-1.0
Adjusted operating earnings (EBIT1)	373.1	299.7	24
Adjusted operating margin, %	30.7	28.7	2.0
Earnings before taxes, excl. adjustments	367.6	292.4	26
Adjustments (before taxes) <sup>2)</sup>	-200.0	-46.7	n.a.
Earnings before taxes	167.6	245.7	-32
Net earnings	140.8	202.5	-30
Net earnings, excl. adjustments	299.7	239.8	25
Earnings per share, Euro cent	5.1	7.8	-35

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

2) Adjustments in 2021 relate to share programmes (LTIP), amortisation of surplus values (PPA) and non-recurring items related to acquisitions

# Key figures – 2021

MEUR	2021	2020	Change %
Operating net sales	4,347.4	3,770.5	12 <sup>1)</sup>
Revenue adjustments	-6.3	-6.1	n.a.
Net sales	4,341.1	3,764.4	12 <sup>1)</sup>
Adjusted operating earnings (EBITDA)	1,654.1	1,411.6	17
Adjusted operating margin, (EBITDA) %	38.0	37.4	0.6
Adjusted operating earnings (EBIT1)	1,269.6	1,009.5	26
Adjusted operating margin, %	29.2	26.8	2.4
Earnings before taxes, excl. adjustments	1,243.4	982.1	27
Adjustments (before taxes) <sup>2)</sup>	-259.8	-222.5	n.a.
Earnings before taxes	983.6	759.6	29
Net earnings	810.0	624.7	30
Net earnings, excl. adjustments	1,018.0	805.3	26
Earnings per share, Euro cent	30.8	24	28

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

2) Adjustments in 2021 relate to share programmes (LTIP), amortisation of surplus values (PPA) and non-recurring items related to acquisitions

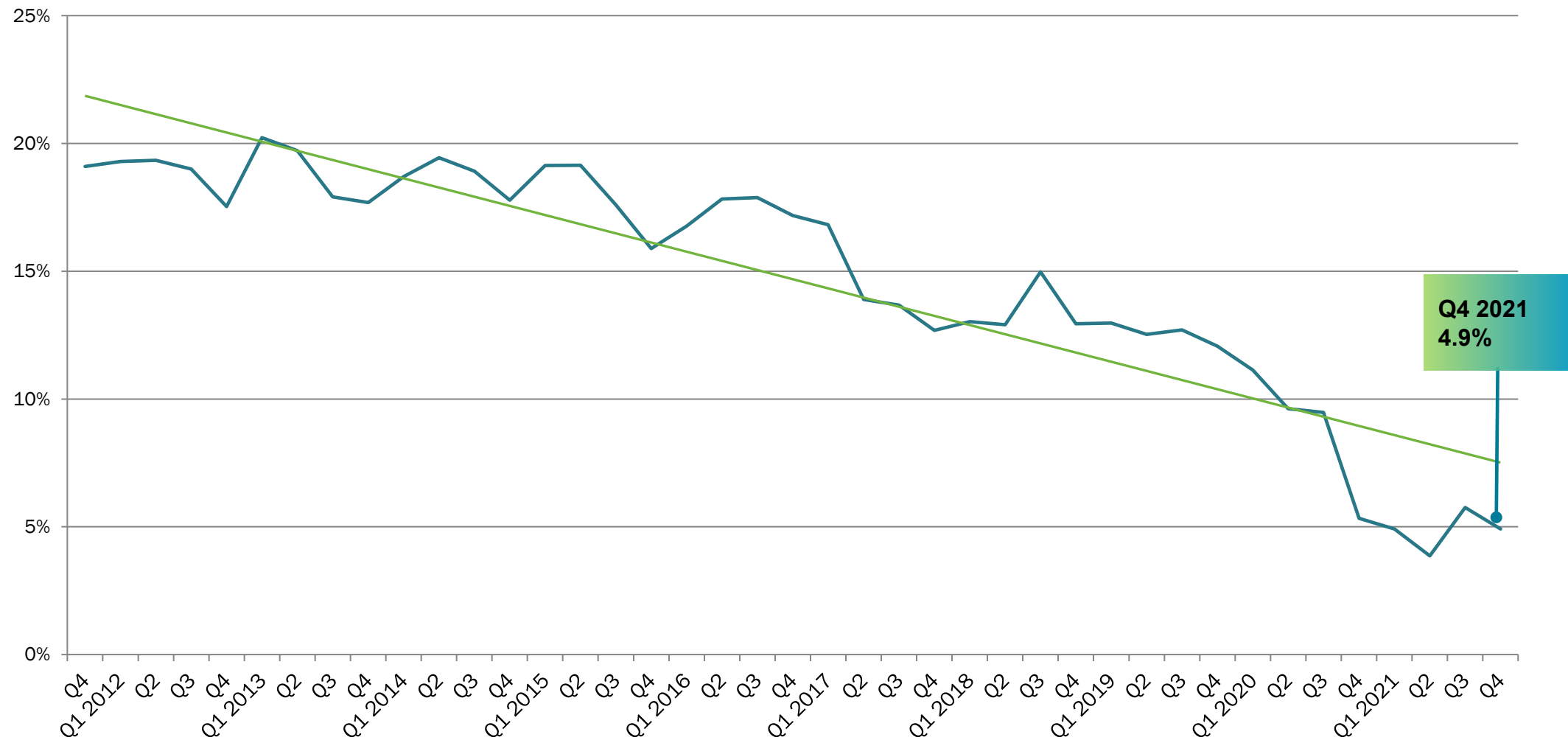
# Cash flow

MEUR	Q4 2021	Q4 2020
Cash flow from operations before changes in working capital excl. taxes and interest	438.3	383.3
Taxes paid	-41.3	-44.1
Interest received and paid, net	-9.4	-5.1
Cash flow from operations before changes in working capital	387.6	334.1
Change in working capital	-17.4	144.5
Cash flow from operations	370.2	478.6
Investments tangible assets	-36.3	-24.2
Investments intangible assets	-86.8	-76.2
Operating cash flow before non-recurring items	247.1	378.2
Non-recurring cash flow	-9.8	-24.8
Operating cash flow	237.3	353.4

- Cash conversion of 81 per cent (143) in Q4 2021
- Cash conversion target of 80-90 per cent

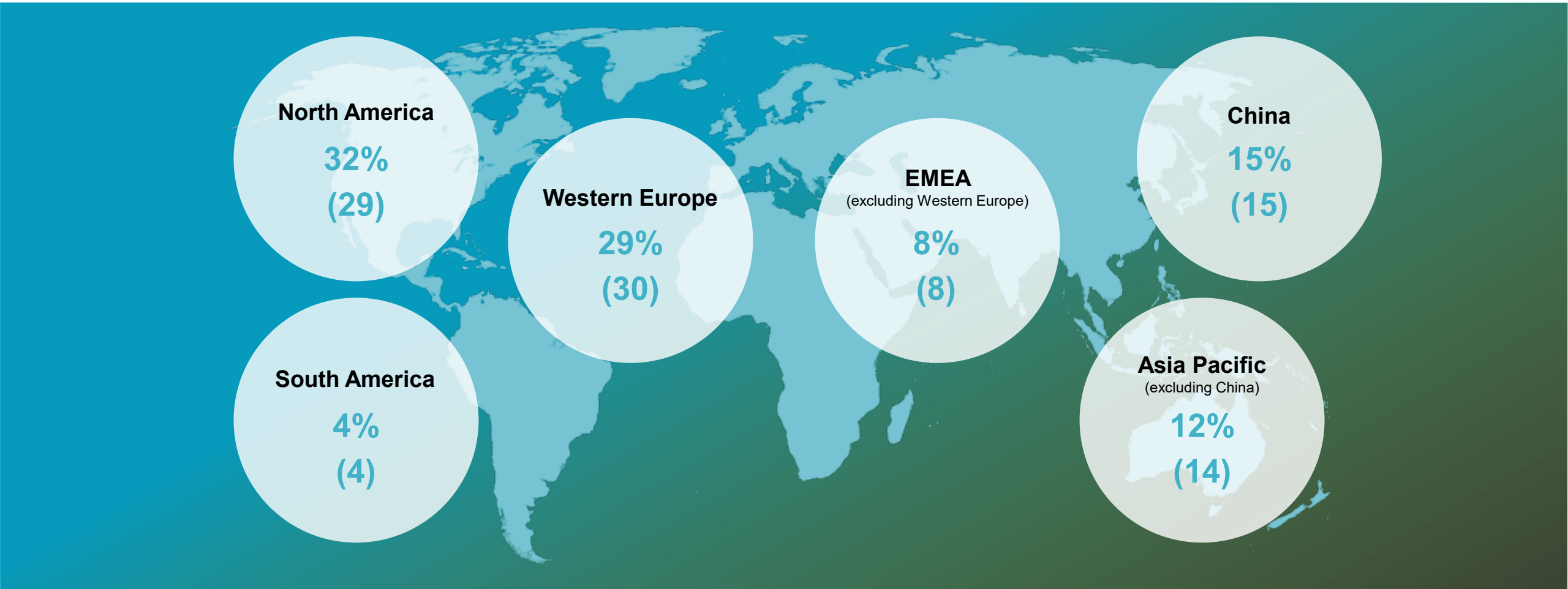


# Working capital to sales










# Market development

# Sales mix Hexagon Q4 2021 (Q4 2020)



# Analysis of organic growth<sup>1)</sup> per geographic region

CONTRIBUTORS TO GROWTH <sup>1)</sup> (descending order)	
<b>Q4 2020</b>	<b>1,044.1</b>
North America	
Eastern Europe, Middle East & Africa	
South America	
Western Europe	
China	
Asia excl. China	
<b>Q4 2021</b>	<b>1,216.7</b>

> 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 <sup>1)</sup>	W EU 29%	EMEA <sup>2)</sup> 8%	NA 32%	SA 4%	CN 15%	ASIA <sup>3)</sup> 12%
Surveying	19%	➔	➔	➔	➔	➔	➔
Power, Energy & Mining	20%	➔	➔	➔	➔	➔	➔
Electronics & Manufacturing	18%	➔	➔	➔	➔	➔	➔
Infrastructure & Construction	14%	➔	➔	➔	➔	➔	➔
Automotive	10%	➔	➔	➔	➔	➔	➔
Aerospace & Defence	9%	➔	➔	➔	➔	➔	➔
Public Safety	3%	➔	➔	➔	➔	➔	➔
Other	7%						
Total	➔	➔	➔	➔	➔	➔	➔

> 8% ➔

0 to 8% ➔

Negative ➔

1) Share of sales as per Q4 2021

2) EMEA, excluding Western Europe

3) Asia, excluding China

# EMEA market trends – Q4 2021

- Western Europe recorded 6 per cent organic growth
  - Solid growth across all segments
  - Strong recovery in manufacturing and construction
- Eastern Europe, Russia and the Middle East recorded double-digit organic growth



Q4 Share of sales, %	37
Q4 Organic growth, %	7
- Organic growth, GES %	4
- Organic growth, IES %	10

# Americas market trends – Q4 2021

- North America recorded 9 per cent organic growth
  - Strong recovery in most verticals
  - Continued weakness in defence
- South America recorded high double-digit organic growth
  - Solid development in mining and agriculture solutions
  - Brazil recorded 18 per cent organic growth



Q4 Share of sales, %	36
Q4 Organic growth, %	12
- Organic growth, GES %	11
- Organic growth, IES %	14



# Asia market trends – Q4 2021

- China recorded 2 per cent organic growth
  - Continued strong growth in the manufacturing sector despite tough comparison
  - Infrastructure and construction hampered by availability issues of components
- India recorded double-digit growth
- Japan, South Korea and New Zealand declined due to a tough comparison



Q4 Share of sales, %	27
Q4 Organic growth, %	1
- Organic growth, GES %	-4
- Organic growth, IES %	3



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

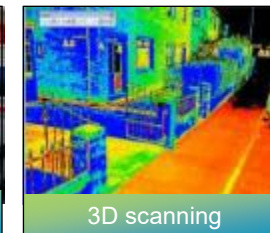
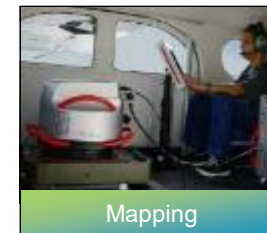
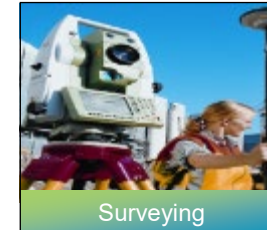
# Geospatial Enterprise Solutions – Q4 2021 overview

## Organic growth of 5 per cent

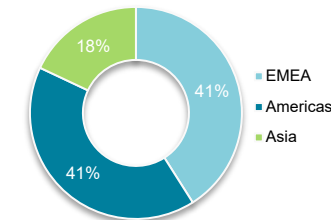
- Geosystems: 7 per cent organic growth, driven by continued strong demand across industries but significantly hampered by supply constraints of components
- SI: -4 per cent organic growth, hampered by weaker US defence orders
- Autonomy & Positioning: 8 per cent organic growth, fuelled by solid growth in precision agriculture

## Sales and EBIT1

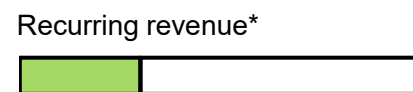
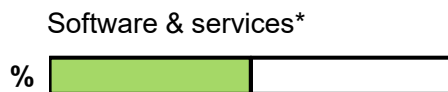
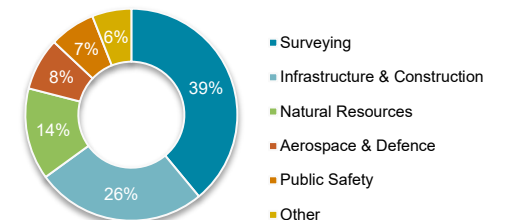
- Sales of 586.5 MEUR (535.3)
- EBIT1 of 182.0 MEUR (161.3) and operating margin of 31.0 per cent (30.1)
  - Positively impacted by volume growth and a richer product mix



Sales per geography



Sales per segment



\*Full year 2020

# Industrial Enterprise Solutions – Q4 2021 overview

## Organic growth of 8 per cent

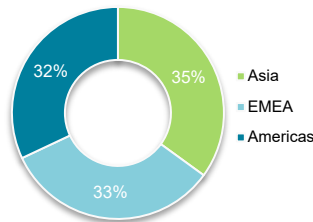
- MI: 9 per cent organic growth, driven by strong recovery in automotive and solid demand for design and engineering software
- PPM: 8 per cent organic growth, driven by strong growth in the asset information management and AEC portfolios and a recovery in EMEA. EAM recorded strong sales and order growth for its SaaS solutions

## Sales and EBIT1

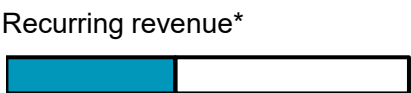
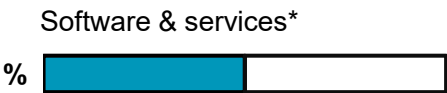
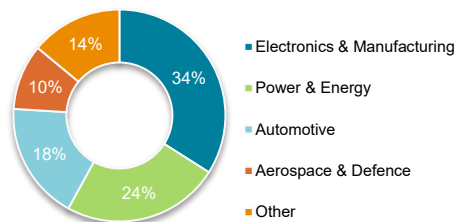
- Sales of 630.2 MEUR (508.8)
- EBIT1 of 200.9 MEUR (144.9) and operating margin of 31.9 per cent (28.5)
  - Positively impacted by volume growth, product mix and the EAM acquisition



Sales per geography

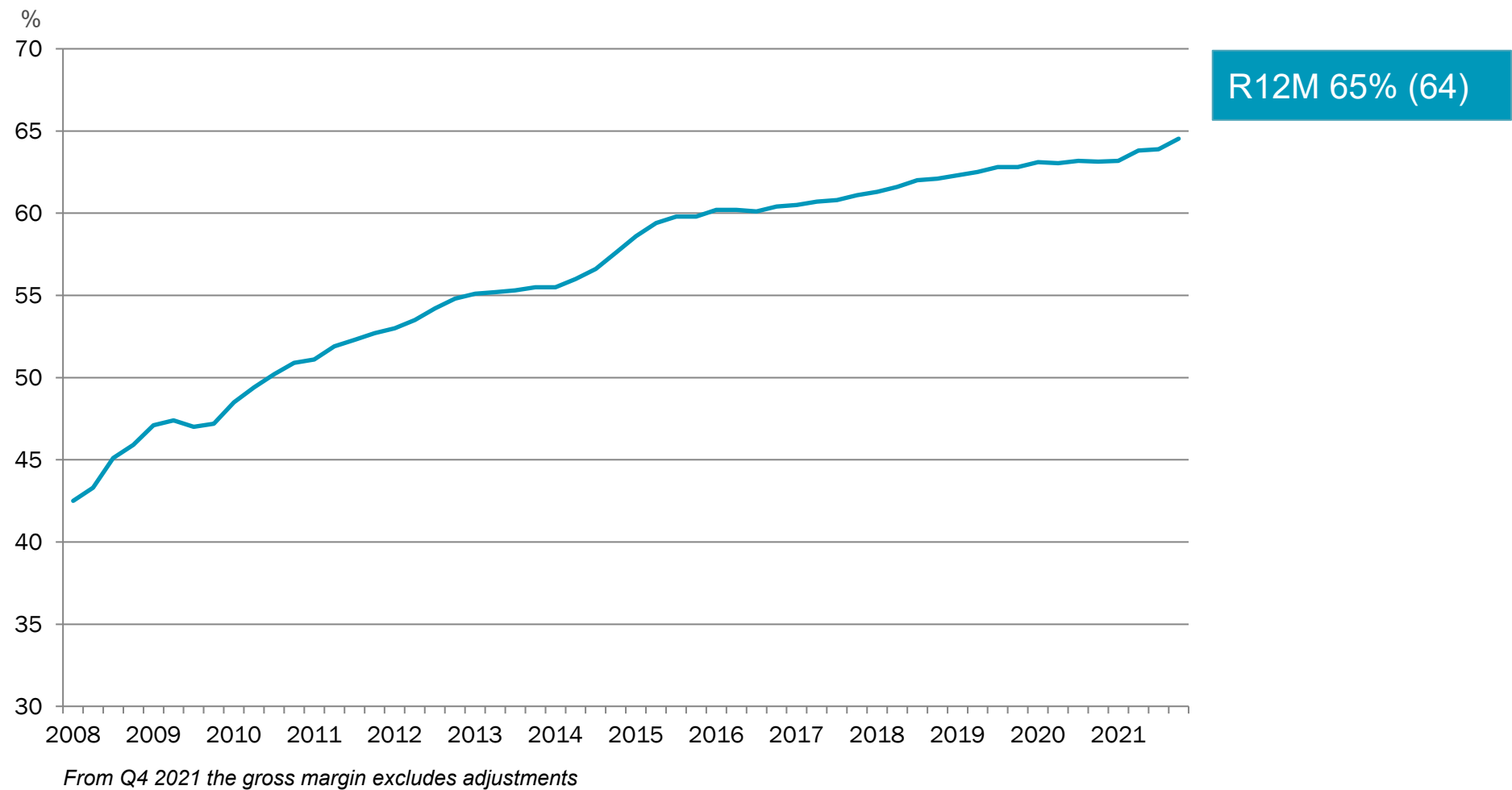


Sales per segment

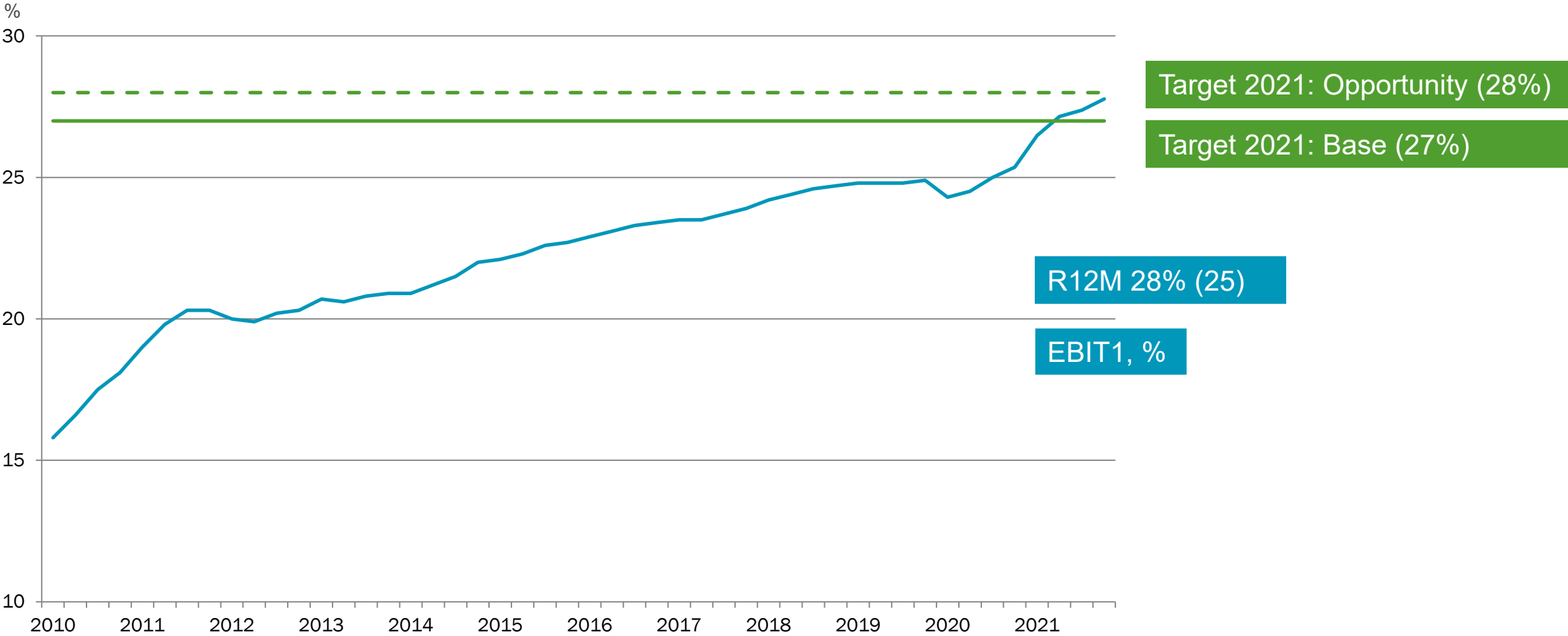


\*Full year 2020

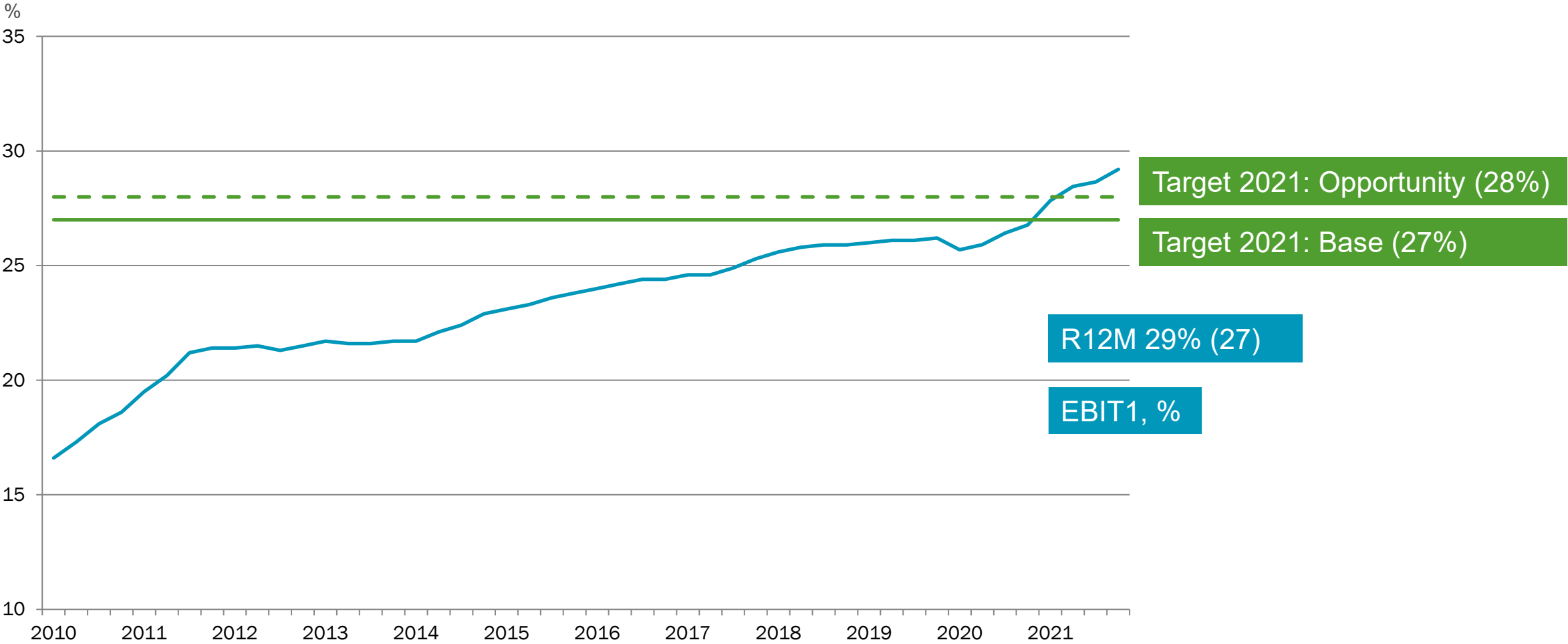
# Gross margin – R12M



# Adjusted operating margin – R12M (Old definition)



# Adjusted operating margin – R12M (New definition)





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 red 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

# Helping protect coastal blue carbon ecosystems through R-evolution

- Project is a collaboration with Beneath The Waves—a leading, global, non-profit organisation dedicated to protecting marine environments
- Sensor tagged sharks, satellite data, marine vessel surveys and scuba divers drove the discovery of the seagrass meadows, but to protect and restore these blue carbon sinks the findings needed to be validated with high positional accuracy and datasets
- **R-evolution** leveraged **Hexagon's airborne bathymetric LiDAR technologies** to accurately map thousands of square kilometres of the seabed habitat in just a few days to help validate the findings





# Hexagon's PAS cyber integrity technology recognised by Frost & Sullivan

- Each year, **Frost & Sullivan** presents a Company of the Year award to the organization that demonstrates excellence in terms of growth strategy and implementation in its field
- **PAS** was recognised with the **2021 Global Company of the Year Award** for critical national infrastructure cybersecurity due to the innovative, powerful capabilities of its platform
- PAS (acquired in late 2020) delivers software solutions to prevent, detect and remediate industrial cyber threats, reduce process safety risks and optimize profitability



# Hexagon and MRL announce world's first automated road-train solution

- Hexagon's Autonomy & Positioning and Mining divisions announced the development of an **automated road-train solution** with leading mining services company, **Mineral Resources Limited (MRL)**
- The solution integrates drive by-wire technology with an autonomous management system to orchestrate vehicle movement in road-train haulage
- Focuses on safety, productivity and sustainability for MRL operations and will be phased in over the next two years



# Leading automakers in India select Hexagon to advance future offerings

- Electric vehicle pioneer **Mahindra Electric Mobility**, India's leading electric vehicle maker, selected **Hexagon's engineering simulation solutions** to help expand its R&D leadership position
- The solutions will be leveraged to predict key issues in next generation designs, reduce physical tests and save time with increased virtual testing
- **Tata Motors**, one of India's leading automakers, chose Hexagon's **MSC One** platform to advance its engineering simulation capabilities
- Tata Motors will leverage Hexagon's solutions to reduce cost by relying more on virtual testing

**Mahindra**  
electric



**TATA MOTORS**  
Connecting Aspirations

 **HEXAGON**



# Hexagon's CFD software helps create sustainable classroom in Thailand

- Architectural design and consultancy company, **GreenDwell**, required a solution to design a sustainable kindergarten classroom in Bangkok, Thailand with reduced reliance on HVAC (heating, ventilation and air conditioning)
- Using **Hexagon's computational fluid dynamics (CFD) software**, GreenDwell was able to design a uniquely shaped building to accommodate the site's wind profile—maximising natural shade, heat flows, wind effects, and ventilation



# Helping to optimise sheet metal parts for the aerospace industry

- **Kawasaki Heavy Industries**, a Japanese manufacturer of transportation equipment and machinery, required software that could help it predict how sheet-metal materials will be affected by various forming processes
- Using **Hexagon's design and engineering software for sheet-metal simulation**, Kawasaki optimised its production of sheet-metal parts for aerospace applications and improved shape accuracy by threefold



# Unifying public safety situational awareness and communications in Honduras

- The **HxGN OnCall** portfolio, featuring solutions for dispatch, security, analytics and field mobility will support the **National Emergency System of Honduras (SNE911)**, a state-owned organization operating 26 public safety agencies servicing more than 10 million people
- The solution is expected to increase situational awareness and unify communication between the agencies



# First HxGN SDx order in China

- **Jiangsu Jinmei Hengsheng Chemical Co.**, focused on the production of chemical raw materials and fertilizers, selected **HxGN SDx** for future digital transformation projects within the Jinmei Group





# Autonomous reality capture momentum highlights for the BLKARC

- An IT provider for the air transport industry purchased to **test new technologies for airport security**
- A Belgian transmission system operator for high-voltage electricity purchased for **plant inspection and digital twin creation**
- A mixed Reality & AI lab, focused on exploring the synergies between mixed reality and robotics, purchased to develop methods for **better localisation of robots and humans**





# Autonomous reality capture momentum highlights for the BLK2FLY

- An energy engineering and construction company purchased for **as-constructed validation for BIM**
- An Italian architecture firm purchased for **surveying large buildings and as-built data capture for BIM**
- A Danish scanning services provider offering 3D architecture services, purchased for **as-built data capture for BIM**



# Meeting the fast-growing demand for real-time digital worlds in the metaverse ecosystem – the new digital reality emerging in both the professional and consumer markets

## Enel engages Hexagon for asset & infrastructure digitalisation

- Ordered hundreds of **Leica BLK360** Laser Scanners and **Leica Cyclone REGISTER 360** software licenses to **digitally capture and create digital twins of its infrastructure assets in Italy**
- Plan to expand the project to more than 30 countries they operate in

## Hexagon's reality capture solutions to digitise Germany

- The Federal Agency for Cartography and Geodesy (**BKG**) is working to create **a tangible and intelligent digital world for all of Germany**
- A collaboration between Hexagon's Geosystems division and the city of Hamburg kicked off in October 2021, where survey aircraft equipped with the **Leica SPL100 LiDAR sensor** took off to map the Hamburg metropolitan region entirely in 3D



The background of the slide is a complex digital-themed composition. It features a dark blue gradient 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 with yellow and orange segments, and a background of glowing binary code (0s and 1s) in red and white. A bright light flare is visible in the upper right quadrant of the data visualization area.

**Dividend**



# Dividend

- The Board of Directors proposes a dividend of 0.11 EUR (0.09) per share for the fiscal year 2021, an increase of 22 per cent
  - The dividend can be paid in EUR to shareholders who wish to receive it in this currency
  - Other shareholders will receive the dividend payment in SEK



The background features a stylized world map in dark grey, overlaid with a network of white dots and thin white 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 and green, creating a modern, tech-oriented aesthetic.

# Summary

# Summary Q4 2021

- Record quarter – greatest sales, operating earnings and profitability ever
- Supply constraints of certain components hampered the growth and profitability and building order backlog
  - Expecting a similar development in Q1 and gradual improvement in the first half of 2022
- The Board of Directors proposes a dividend of 0.11 EUR (0.09) per share for the fiscal year 2021