



HEXAGON

Q1 2024 report

Paolo Guglielmini

President and Chief Executive Officer

Strong cash flows, resilient growth and margins

- Good performance despite mixed market environment
- Resilient gross and operating margins
 - Higher contribution from software
 - Benefits of rationalisation program
 - Divestments
- Recurring revenues of 520 MEUR, up 6% y/y
- Strong cash conversion driven by product mix and internal improvements
- Despite short-term challenges in market demand, the business is well positioned to capitalise on the long-term demand for digital solutions



Total revenue

1,299.9 MEUR (1,286.6)

3% organic growth

1% reported growth



Adjusted operating earnings

376.5 MEUR (371.2)

29.0 per cent margin (28.9)



Cash conversion

88% (66)

Key geographic trends

Growth centered on North America & Asia

Americas

38% of revenues
4% Organic growth



- Infrastructure investment continues, supported by Inflation Reduction Act
- Good demand in manufacturing and A&D, with weakness in South America affecting mostly mining

EMEA

34% of revenues
0% Organic growth



- Demand from residential construction and manufacturing SMBs remain weak
- Robotics adoption in commercial aerospace grows
- Eastern Europe strong

APAC

27% of revenues
4% Organic growth



- China grew by 5% despite difficult market conditions
- Good growth in Korea and SEA
- Outlook remains positive in India

Divisional performance

Growth despite mixed markets and tough comparators

	Manufacturing Intelligence	Asset Lifecycle Intelligence	Geosystems	Autonomous Solutions	Safety, Infrastructure & Geospatial	Hexagon
Q1 2024, MEUR						
Revenue	478.1	192.2	376.8	135.5	116.9	1,299.9*
Organic Growth	5% (10%)	2% (16%)	-2% (7%)	8% (13%)	5% (-11%)	3% (8%)
EBIT1	124.8	66.5	117.5	47.7	24.3	376.5*
Operating margin	26.1% (25.1%)	34.6% (35.8%)	31.2% (32.7%)	35.2% (33.1%)	20.8% (18.0%)	29.0% (28.9%)

* Hexagon total includes revenue, gross earnings and EBIT1 from other operations (such as R-evolution and group costs)

Divisional performance

Division	Category (MEUR)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024
Hexagon*	Revenue	1,286.6	1,366.0	1,352.1	1,435.3	5,440.0	1,299.9
	Organic growth in revenue	8%	8%	8%	5%	7%	3%
	EBIT1	371.2	394.1	393.0	438.4	1,596.7	376.5
	EBIT1 margin %	28.9%	28.9%	29.1%	30.5%	29.4%	29.0%
Manufacturing Intelligence	Revenue	476.8	497.6	487.1	551.5	2,013.0	478.1
	Organic growth in revenue	10%	11%	8%	7%	9%	5%
	EBIT1	119.5	128.9	123.5	158.9	530.8	124.8
	EBIT1 margin %	25.1%	25.9%	25.4%	28.8%	26.4%	26.1%
Asset Lifecycle Intelligence	Revenue	190.6	186.2	197.6	207.6	782.0	192.2
	Organic growth in revenue	16%	11%	10%	8%	11%	2%
	EBIT1	68.3	62.1	73.5	79.3	283.2	66.5
	EBIT1 margin %	35.8%	33.4%	37.2%	38.2%	36.2%	34.6%
Geosystems	Revenue	389.8	424.8	389.0	399.4	1,603.0	376.8
	Organic growth in revenue	7%	4%	3%	1%	4%	-2%
	EBIT1	127.5	139.0	122.7	121.1	510.3	117.5
	EBIT1 margin %	32.7%	32.7%	31.5%	30.3%	31.8%	31.2%
Autonomous Solutions	Revenue	124.7	139.3	157.1	150.0	571.1	135.5
	Organic growth in revenue	13%	27%	34%	16%	22%	8%
	EBIT1	41.3	48.1	54.0	50.2	193.6	47.7
	EBIT1 margin %	33.1%	34.5%	34.4%	33.5%	33.9%	35.2%
Safety, Infrastructure & Geospatial	Revenue	102.5	115.3	120.0	126.1	463.9	116.9
	Organic growth in revenue	-11%	-9%	-5%	-4%	-7%	5%
	EBIT1	18.4	21.7	26.6	37.3	104.0	24.3
	EBIT1 margin %	18.0%	18.8%	22.2%	29.6%	22.4%	20.8%

*Hexagon total includes revenue and adjusted operating earnings (EBIT1) from other operations (such as R-evolution and group costs)

Manufacturing Intelligence

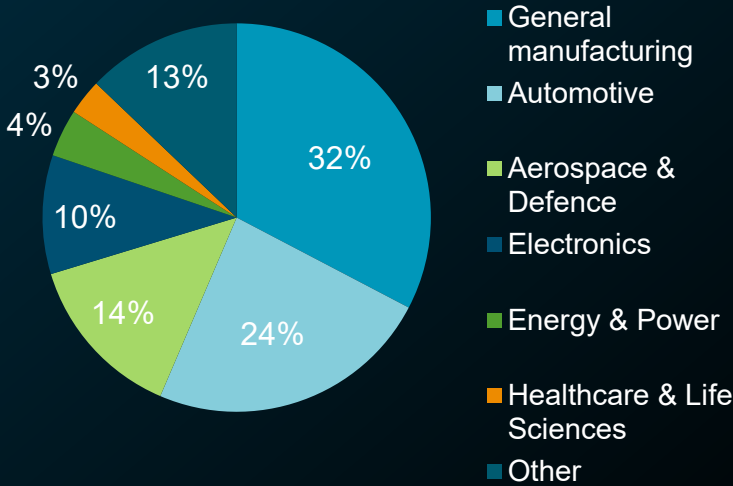
Q1 2024, MEUR (Q1 2023)	
Revenue	478.1 (476.8)
Organic Growth	5% (10%)
EBIT1	124.8 (119.5)
Operating Margin	26% (25%)

Business update

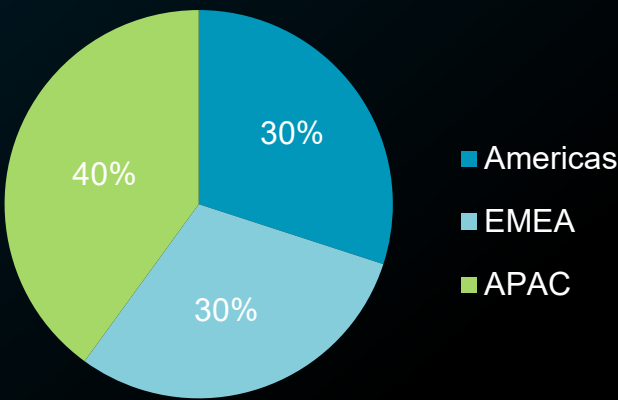
- Good demand in aerospace and medical
- Steady demand in electronics
- Automotive showing signs of weakness
- Good growth in portable metrology and robotics solutions, strong uptick in SW
- Sale of low-margin PMI business (effective February 2024) and rationalisation programme supporting margins

» EBIT1 negatively impacted by FX

Revenue by industry (FY 2023)



Revenue by geography (FY 2023)



Asset Lifecycle Intelligence

Q1 2024, MEUR (Q1 2023)

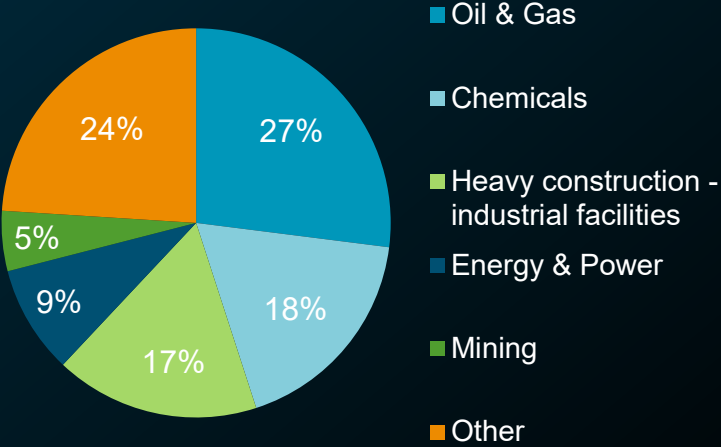
Revenue	192.2 (190.6)
Organic Growth	2% (16%)
EBIT1	66.5 (68.3)
Operating Margin	35% (36%)

Business update

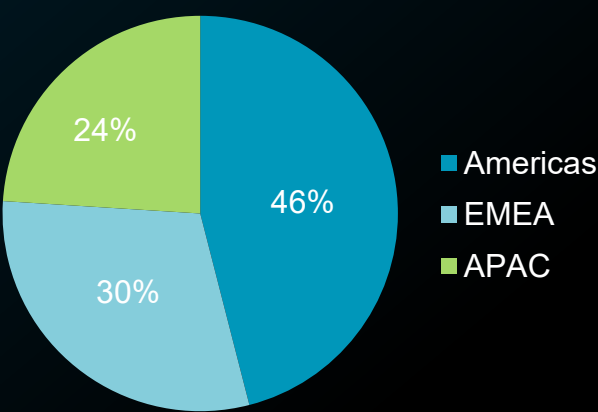
- Lower perpetual sales following unusually strong performance in prior period
- Double digit growth in recurring revenues
- Good growth in operations and maintenance and design and engineering
- EAM delivered double digit growth in SaaS revenues

EBIT1 negatively impacted by FX

Revenue by industry (FY 2023)



Revenue by geography (FY 2023)



Geosystems

Q1 2024, MEUR (Q1 2023)	
Revenue	376.8 (389.9)
Organic Growth	-2% (7%)
EBIT1	117.5 (127.5)
Operating Margin	31% (33%)

EBIT1 negatively impacted by FX

Business update

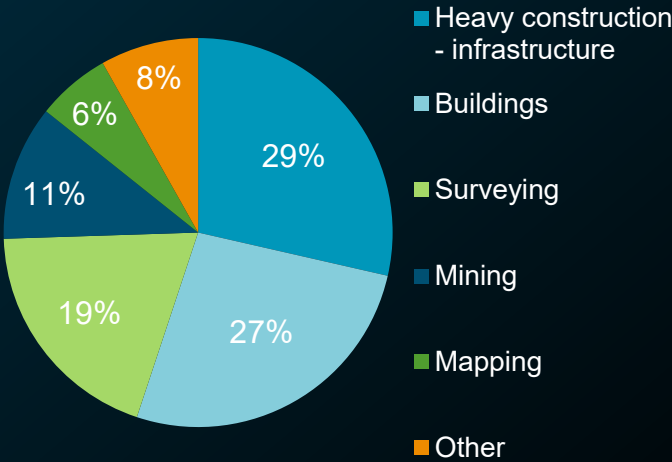
Construction markets remain challenged, particularly in EMEA and China

North America construction supported by Infrastructure spending

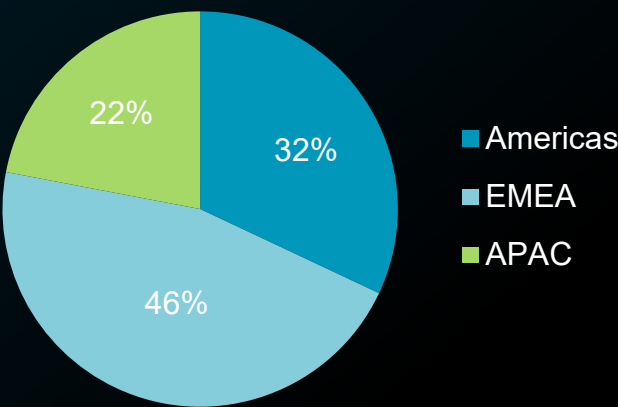
Good growth in machine control and construction software, weakness in surveying and construction products

FX and growth impact to margins partially offset by cost savings

Revenue by industry (FY 2023)



Revenue by geography (FY 2023)



Autonomous Solutions (AS)

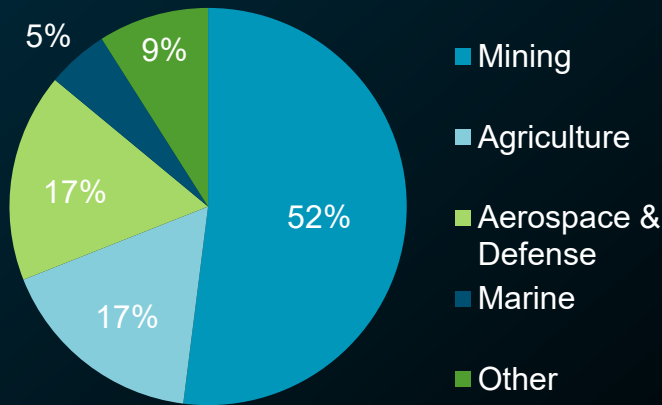
Q1 2024, MEUR (Q1 2023)	
Revenue	135.5 (124.7)
Organic Growth	8% (13%)
EBIT1	47.7 (41.3)
Operating Margin	35% (33%)

>> EBIT1 negatively impacted by FX

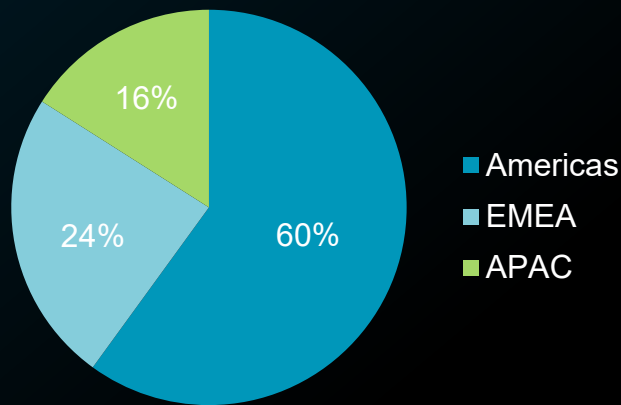
Business update

- Strong growth in positioning solutions, particularly in A&D and precision agriculture
- Mining growth slowed due to timing issues and macro uncertainty in South America
- AS growth by geography centered on EMEA. Americas was mixed, with strong growth in North America and weaker growth in South America

Revenue by industry (FY 2023)



Revenue by geography (FY 2023)

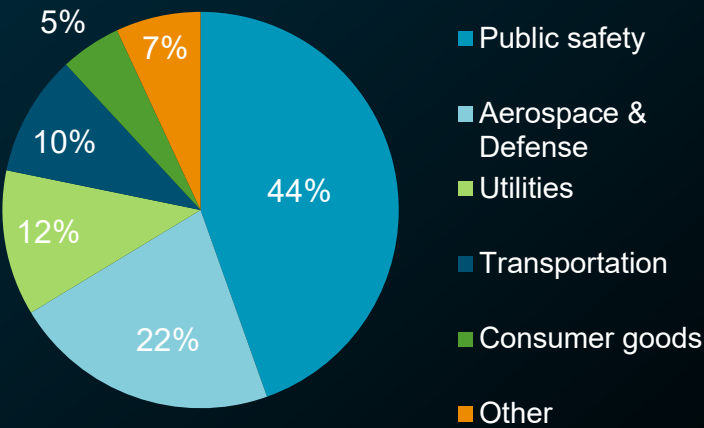


Safety, Infrastructure & Geospatial

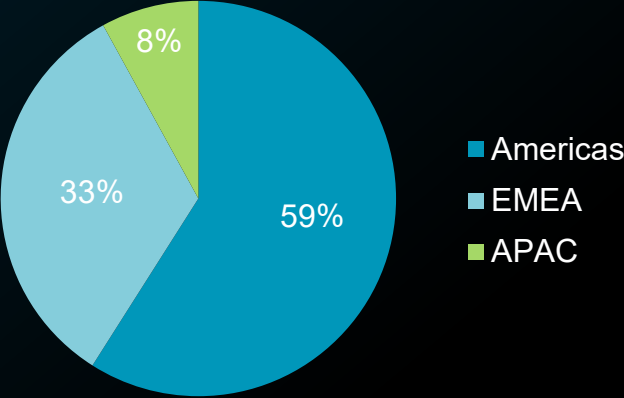
Q1 2024, MEUR (Q1 2023)		Business update
Revenue	116.9 (102.5)	<ul style="list-style-type: none"> No drag from exit of low margin defence services contracts, which completed in 2023 Growth in public safety, utilities and aerospace & defence OnCall SaaS solution continues to grow well, Qognify also performed well (contributes to growth from structure until Q2)
Organic Growth	5% (-11%)	
EBIT1	24.3 (18.4)	
Operating Margin	21% (18%)	

>> EBIT1 negatively impacted by FX

Revenue by industry (FY 2023)



Revenue by geography (FY 2023)



David Mills

Chief Financial Officer

Income statement

Growth and stable margins

Adjusted income statement MEUR	Q1 2024	Q1 2023	% Change
Net Sales	1,299.9	1286.6	3*
COGS	-435.4	-430.5	1
Gross earnings	864.5	856.1	1
<i>Gross margin</i>	66.5%	66.5%	0.0
Operating earnings (EBITDA)	483.6	462.2	5
<i>EBITDA margin</i>	37.2%	35.9%	1.3
Operating earnings (EBIT1)	376.5	371.2	1
<i>EBIT1 margin</i>	29.0%	28.9%	0.1
Earnings before taxes	333.8	344.4	-3
Earnings per share, Euro cent	10.1	10.4	-3
EBIT1, incl PPA	348.8	343.2	2
<i>EBIT1, incl PPA, margin</i>	26.8%	26.7%	0.2

*Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth

Sales bridge	
2023, MEUR	1,286.6
Structure, %*	0%
Currency, %	-2%
Organic growth, %**	3%
Total, %	1%
2024, MEUR	1,299.9

* All acquisitions/divestments 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

Revenue & profitability bridge

Stable margins despite currency headwinds

Growth

- 2%

0%

3%

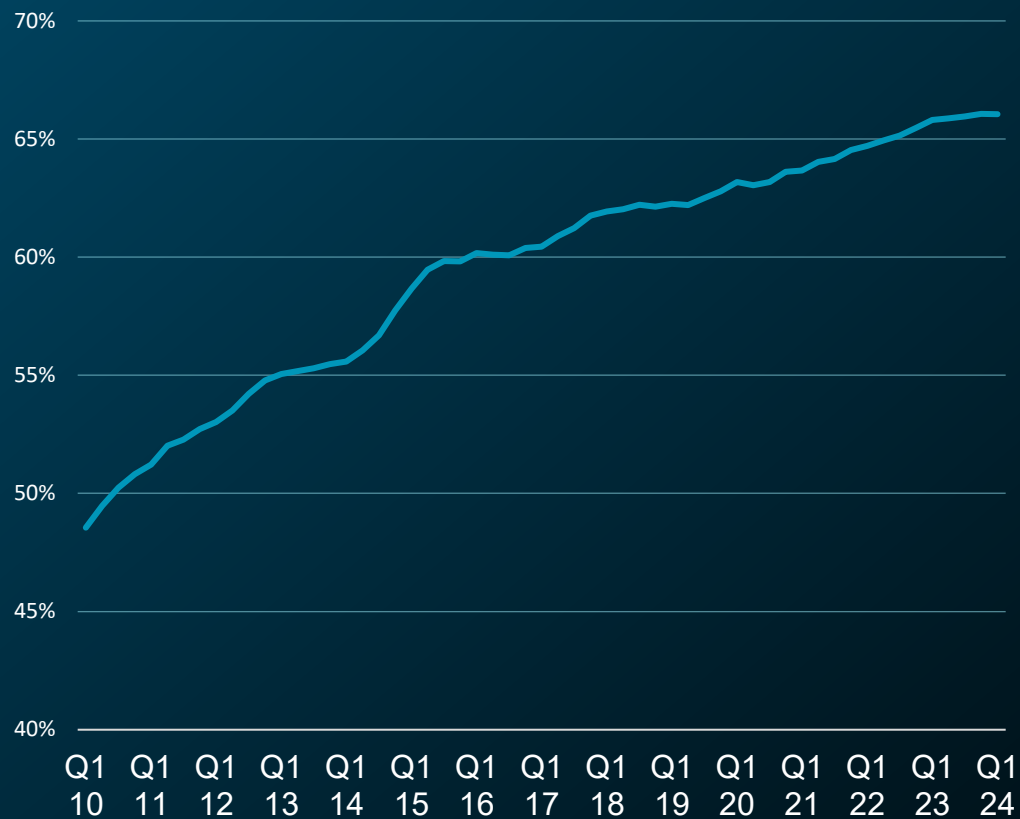
1%

MEUR	Q1 2023	Currency	Structure	Organic	Q1 2024
Operating Net Sales	1,286.6	-23	4	33	1,299.9
Adjusted Operating Earnings (EBIT1)	371.2	-8	2	11	376.5
Adjusted Operating Margin	28.9%	34%	63%	33%	29.0%
Accretion / (Dilution) on margin		-0.1%	0.1%	0.1%	

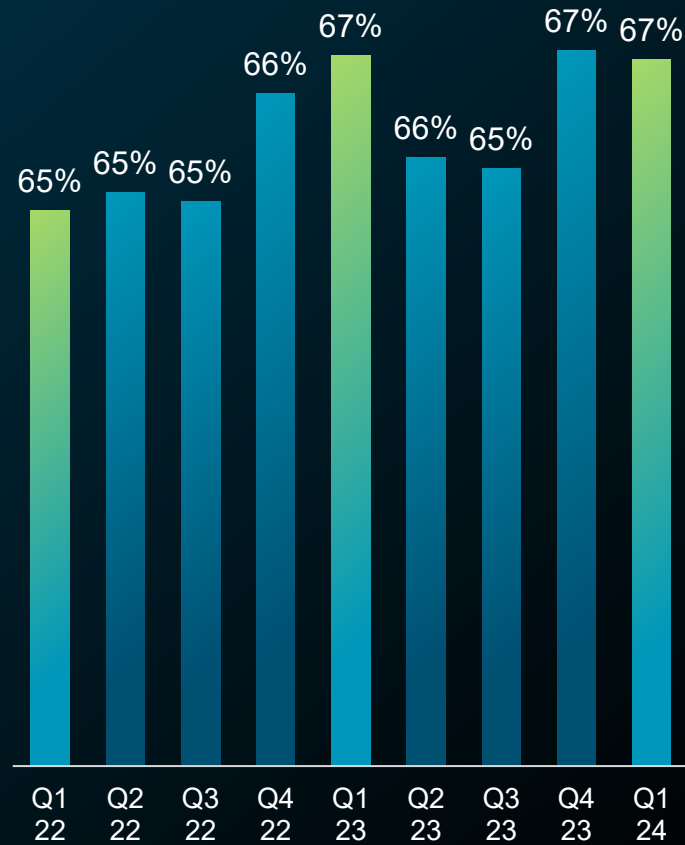
Gross margin

Favorable mix offsetting seasonality

Rolling 12-months gross margin



Gross margin by quarter



Resilient GM% development:

- Richer software mix in portfolio through innovation and M&A
- Innovation drives higher GM% for next generation devices
- Q1 adjusted gross margin of 66.5% (66.5)

Cash flow

Strong cash conversion, despite seasonality

Cash Flow Statement MEUR	Q1 24	Q1 23	Change %
Adjusted operating earnings (EBIT1)	376.5	371.2	1
D&A (Excluding adjustments)	107.1	91.0	18
Adjusted EBITDA	483.6	462.2	5
Non-cash items	-16.8	-9.8	71
Cash flow from operations before change in working capital excluding taxes and interest	466.8	452.4	3
Capital expenditures	-146.6	-148.2	-1
Cash flow post investment	320.2	304.2	5
Working capital	12.7	-59.6	n.a.
Operating cash flow before tax and interest	332.9	244.6	36
Cash conversion*	88%	66%	22
Taxes paid	-71.2	-79.3	-10
Interest received and paid, net	-42.3	-23.8	78
Cash flow before non-recurring items	219.4	141.5	55
Non-recurring cash flow	-28.8	-24.8	16
Operating cash flow	190.6	116.7	63

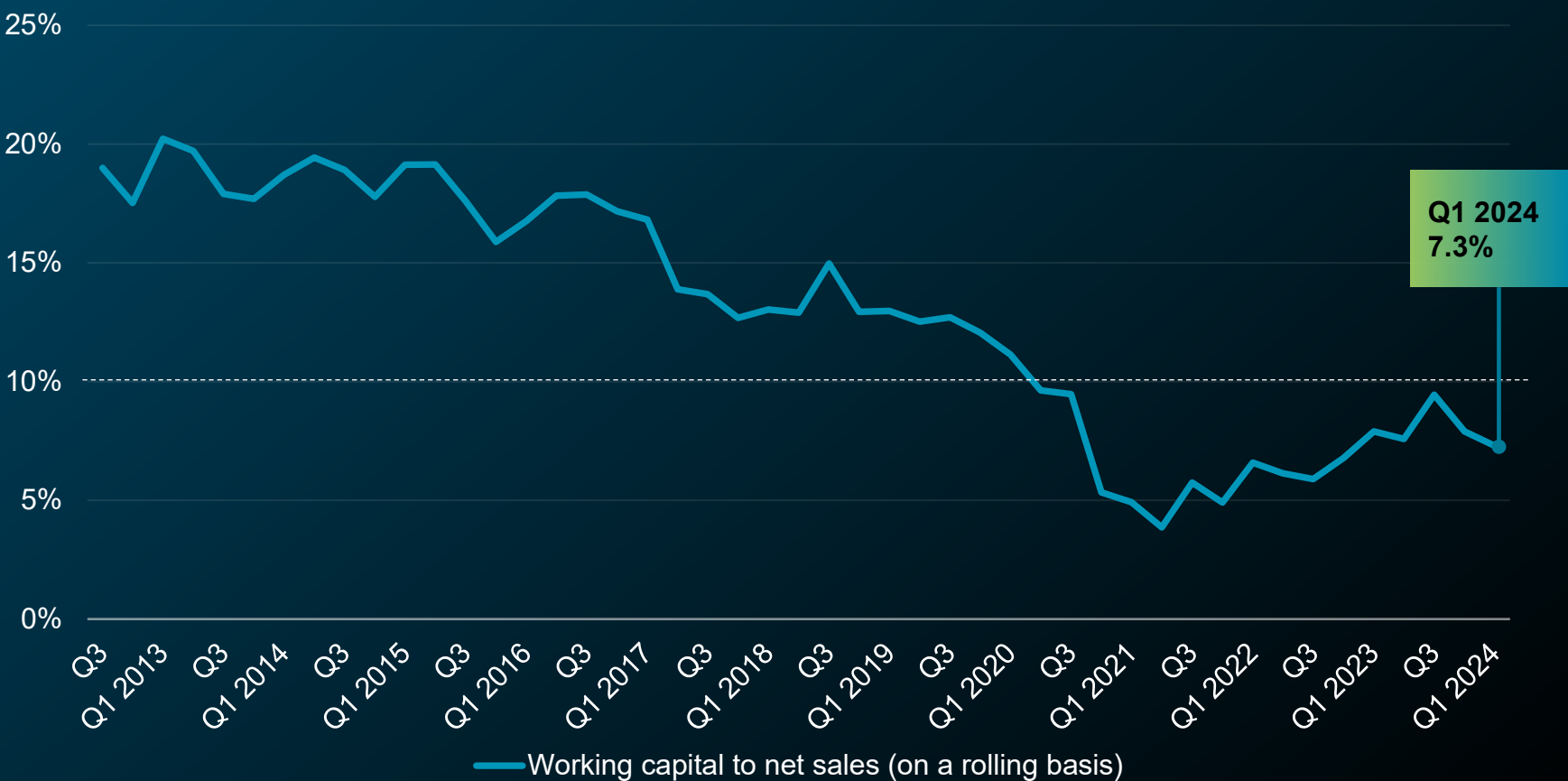
- Improved operational cash generation
- Investment levels reduced
- Working capital release
- Higher interest payments reflect the higher interest rate environment

Q1 cash conversion of 88%

Working capital to sales

Returning to trend

WC/Sales, %



WC Bridge	Q1 2024
Receivables & Prepaid expenses	-45.4
Inventories	7.4
Liabilities	10.9
Deferred revenue	-60.0
Accrued expenses	74.4
Change in WC	-12.7

Ben Maslen

Chief Strategy Officer

Progressing our strategy for value creation

Unlocking the full potential of the opportunity ahead

Technology leadership

Innovate to drive growth and customer expansion

- Cloud and automation
 - Adoption and resources
-

Commercial execution

Align sales with strategy, optimise market reach

- Sales strategy
 - People and tools
-

Operational excellence

Transform growth in shareholder value

- Capital allocation
- Drive performance

Rationalisation programme update

Synergies

- Simplification of the organisational structure and related savings triggered
- Expansion of joint MI-Geo shared services in Barcelona
- Build out of shared services in Monterrey, Mexico (MI-Geo)

Performance

- Completion of the divestment of hand-tools business in MI (47.3 MEUR sales in 2023)

Footprint

- 6 facilities closed in Q1
- Closed ~50% of targeted facilities since launch
- Ongoing rationalisation of the manufacturing footprint

Automation

- Investment in automation for assembly and calibration to trigger savings
- Gen AI tools being rolled out in service & support teams for productivity

P&L Investment



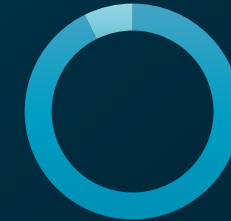
Full 198.6 MEUR charge
taken in 3Q23

Cash costs



77.1 MEUR cash out to date
(28.8 MEUR in Q1)

Annualised savings



139 MEUR current run rate
(29 MEUR realised in Q1)

Good progress integrating sustainability into our business



Published Hexagon's Integrated Report, increasing transparency around our ESG performance and outlining our sustainability implementation roadmap



Launched Green Cubes, using Hexagon technology to provide precise volume measurements, health assessments and biodiversity trends of rainforests

[R-Evolution Green Cubes](#)

Product suite in action

	Manufacturing Intelligence	Asset Lifecycle Intelligence	Geosystems	Safety Infrastructure & Geospatial	Autonomous Solutions
Core market/ Relevant TAM	Discrete manufacturing	Process industries	Buildings & Infrastructure	Networks & Public Safety	Autonomy & Positioning
Reality capture	Metrology hardware and software	Reality Capture sensors and software, mapping solutions and map data			
		Operational & third-party data	Survey hardware & SW		GNSS Protection
			GNSS/GPS & Positioning technologies		
Creation	Computer aided engineering (CAE) SW	CAD SW	CAD SW	Geospatial Intelligence SW	Mine planning SW
		Process design and simulation SW			
	Enterprise Quality Management software (QMS)		BIM		
	Enterprise asset management SW				
Immersion & Activation	Computer Aided Manufacturing (CAM) SW	Operations & Maintenance SW		Network GIS SW	
		Project planning & execution SW		Computer Aided Dispatch	Mine Operations
	Additive manufacturing	Connected worker tools			Mining & agriculture positioning, autonomy and safety solutions
	Automated inspection	OT Cybersecurity SW	Machine control	VMS & PSIM	

Product suite in action

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Core market/ Relevant TAM	Discrete manufacturing	Process industries	Buildings & Infrastructure	Networks & Public Safety	Autonomy & Positioning
Reality capture	Metrology hardware and software	Reality Capture sensors and software, mapping solutions and map data			
		Operational & third-party data	Survey hardware & SW		GNSS Protection
			GNSS/GPS & Positioning technologies		
Creation	Computer aided engineering (CAE) SW	CAD SW	CAD SW	Geospatial Intelligence SW	Mine planning SW
		Process design and simulation SW			
	Enterprise Quality Management software (QMS)		BIM		
	Enterprise asset management SW				
Immersion & Activation	Computer Aided Manufacturing (CAM) SW	Operations & Maintenance SW		Network GIS SW	
		Project planning & execution SW		Computer Aided Dispatch	Mine Operations
	Additive manufacturing	Connected worker tools			Mining & agriculture positioning, autonomy and safety solutions
	Automated inspection	OT Cybersecurity SW	Machine control	VMS & PSIM	



Customer story

AGC Chemicals Company

Customer background

AGC is a global leader in the chemical industry, offering a diverse range of products including glass, electronics, chemicals and ceramics.

Customer Challenge

Data was stored in silos and managed independently by each department. This approach made it challenging to collect and analyse data.



How Hexagon is helping

By using Hexagon Technology **(j5)**, AGC successfully digitalised mission-critical paper-based checklists, inspection reports and other documents. Making this information instantly available across AGC's entire business helped foster data-driven decision-making, ensuring more stable operations.

Each team saved ~5.5 hours per day by eliminating previously manual tasks.

Asset Lifecycle Intelligence
Operations & maintenance software





Product suite in action

Gnant

Customer background

Gnant is an Austrian construction company specialising in civil engineering projects, infrastructure development, and building construction

Customer Challenge

Modernising infrastructure on the Westbahn railway line while managing complex planning, construction, and safety considerations with minimal disruption to ongoing operations.



How Hexagon is helping

The use of Hexagon's **3D machine control solutions** optimises earthworks and grading, improving precision and efficiency, and cutting CO2 emissions by an estimated 20 – 30%.

Geosystems
Machine control





Customer story

Port Houston

Customer background

A major player in supply chain processes handling 70% of container traffic for the Gulf Coast region and contributing over \$800B annually to the U.S. economy.

Customer Challenge

Outdated construction management methods weren't keeping up with the needs of construction projects restricting information access for field crews.



How Hexagon is helping

Projectmates, Hexagon's unified SaaS construction project management platform, enhances productivity by simplifying collaboration, budgeting and decision-making. Mobile support allows field crews to access and share project data seamlessly.

Geosystems
Project management



Product suite in action

Codelco

Customer background

Codelco, Chile's state-owned mining company, is one of the largest producers of copper in the world.

Customer Challenge

With multiple mine sites across Chile's varied landscapes and high altitudes, Codelco is continuously challenged to improve safety, while increasing productivity and data integration.



How Hexagon is helping

Building on a long-standing relationship, an expansion of **Hexagon Collision Avoidance System (CAS)**, **Hexagon OP Pro** and a strengthened network infrastructure will provide headquarters with data from four of their mine sites.

Autonomous Solutions
Mine operations technology



Customer win

Guilford Metro 911

Customer background

911 call-takers and dispatchers from Guilford Metro in North Carolina, USA manage more than 700,000 calls for service each year.

Customer Challenge

The agency sought to replace its current computer-aided dispatch (CAD) solution to further improve police, fire and EMS emergency response.



How Hexagon is helping

The **HxGN OnCall Dispatch** solution will modernise dispatch operations, provide greater visibility and analytics and ultimately enhance and improve public safety across Guilford County.



Customer story

Automotive OEM

Customer background

A global automotive company, renowned for a wide range of vehicles, emphasising quality, innovation, and sustainability.

Customer Challenge

The customer is very technologically advanced and wanted to improve their quality inspection to have a faster, more accurate and easier to use system automated inspection system.



How Hexagon is helping

The **PRESTO XL** cell extended with additional scanning stations, offering superior ease of use and better access, while allowing inspection of sub-assembly parts. Here, **HxGN Robotic Automation** software played a crucial role for achieving this modularity and enhanced user experience.



PRESTO M

(Launched April 2023)

Parts of Ø 1-3m, 360° scanning

PRESTO L

(New)

Parts of up to 6m long, 180° scanning

PRESTO XL

(New)

Parts of up to 6m long, 360° scanning

Manufacturing Intelligence
Automated inspection

PRESTO System

Speed, quality and accuracy. The launchpad for all possible futures.

2x faster

than traditional automated inspection solutions*

PRESTO System is a next generation cutting-edge, modular, automated inspection solution.

Seamless integration, adaptability and ongoing evolution to effectively meet the diverse and evolving demands of modern manufacturing.

**Advanced
Manufacturing
Report**



53%

plan to invest in
Automated Quality Control
next 3 years

New product: SmartScan VR800



SmartScan VR800

A patented dual stereo camera with mechanical optical zoom projection unit setup. Removes the need for multiple base lengths, complex lens changing and frequent recalibration



Resolution

Four separate camera units and a mechanical zoom projector, providing a unique variable resolution and coverage functionality.



Ease of use to simplify workflows

Multi-camera setup simplifies the business of measuring with an optical 3D scanner.



Automation ready

Ready for fully automated robotic inspection thanks to rigid design and high-speed measurement.

New product: Aura

Focused on healthcare/facial aesthetics



Software & hardware generating a digital twin for detailed face & skin analysis



Complete skin analysis and 3D modelling with a single capture



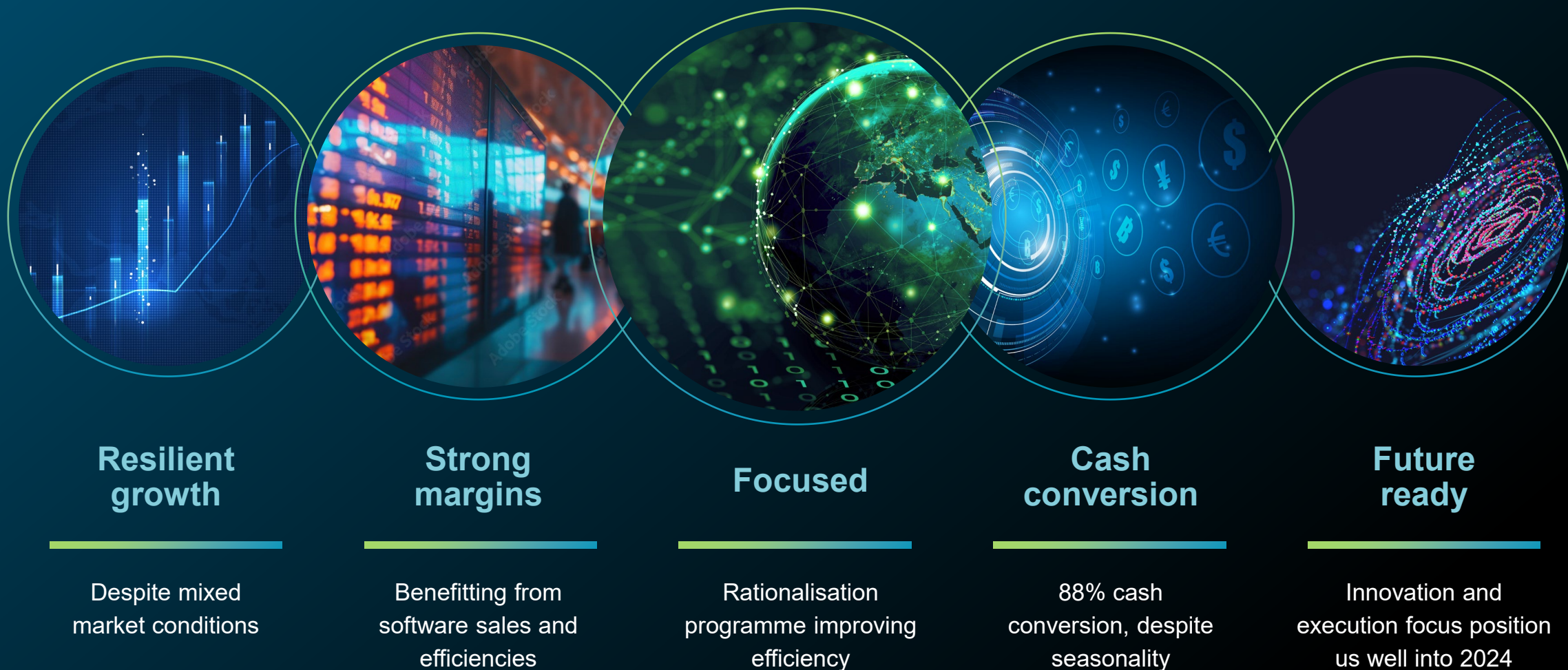
Generates a photo-realistic 3D digital twin of the face and neck

- Utilises new and existing **photogrammetry and 3D meshing and texturing** technology
- Uses technology also utilised within **Leica Geosystems CityMapper** and the **BLK series**
- Incubated by **Hexagon Ventures**, which takes existing Hexagon technology and applies to promising verticals
- **Successful launch** at AMWC in March

Paolo Guglielmini

President and Chief Executive Officer

Conclusions



Cautionary statement

This communication may contain forward-looking statements. When used in this communication, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the measurement field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Hexagon's management as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by Hexagon's management and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. Hexagon disclaims any intention or obligation to update these forward-looking statements.

Dates

for the calendar

24-26 Sept

Minexpo

24-26 Sept

Intergeo

Appendix

Our key targets

Conviction in our existing 2022-2026 targets

Organic growth

Average annual **growth of 5-7%**

Growth via M&A

Average annual **growth of 3-5%**

Operating margin (EBIT1 incl. PPA)

More than 30% by the end of 2026

Additional targets

Cash conversion

Annual target **range of 80-90%**

ESG

95% reduction of Scope 1 and 2 by 2030
Net zero by 2050

R&D breakdown

Research & Development MEUR	Q1 2024
<u>Gross R&D cost</u>	211
Capitalised R&D	118
Amortisation of previously capitalized R&D	55
Adjusted net R&D cost (impact on EBIT1)	148