HEXAGON

Q4 2024 report

31 January 2025

Q4 & FY 2024

Performance update

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Highlights Q4 & FY 2024

- A good quarter delivering a return to growth, good margins and very strong cash conversion
- Several exciting acquisitions, strengthening our market leadership positions
- Björn Rosengren proposed as deputy Chairman at next AGM; Anders Svensson to join as CEO in July
- Investigation into separation of ALI continuing at pace, the Board intend to provide an update during Q1
- Board proposing a dividend of 0.14 EUR per share, an increase of 8%

Q4 2024

Category	Achievement
Organic growth	1%
Adj. gross margin	67%
Operating margin (EBIT1)	31%
Cash conversion	116%

FY 2024

Category	Achievement
Organic growth	0%
Adj. gross margin	67%
Operating margin (EBIT1)	30%
Cash conversion	91%

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Key geographic trends

Mixed demand environment across geographies

Americas

39% of revenues
1% Organic growth

North America

- Strong software growth in ALI and SIG
- Manufacturing & construction markets remaining weak

South America

- Good growth in mining

EMEA

36% of revenues
-5% Organic growth

Western Europe

- Challenging automotive market
- Construction largely weak, UK outlook more positive

EEMEA

- Positive momentum in Middle East

APAC

25% of revenues
11% Organic growth

China

- Grew 5%, despite weak construction and manufacturing markets

Rest of Asia

- Strong manufacturing growth in India
- Good public safety growth in Malaysia
- Autonomous road train project in Australia

Divisional performance

Mixed markets, tough comparatives, resilient margins

Q4 2024, MEUR	Manufacturing Intelligence	Asset Lifecycle Intelligence	Geosystems	Autonomous Solutions	Safety, Infrastructure & Geospatial	Hexagon
Revenue	530.0	228.8	400.1	146.5	140.8	1,448.0*
Organic Growth	-2% (7%)	10% (8%)	-2% (1%)	-2% (16%)	11% (-4%)	1% (5%)
EBIT1	159.0	87.4	124.3	46.0	41.9	450.3*
Operating margin	30.0% (28.8%)	38.2% (38.2%)	31.1% (30.3%)	31.4% (33.5%)	29.8% (29.6%)	31.1% (30.5%)

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

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Divisional performance

Division	Category (MEUR)	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Hexagon*	Revenue	**1,435.3**	5,440.0	1,299.9	1,353.4	1,299.8	**1,448.0**	5,401.1
	Organic growth in revenue	**5%**	7%	3%	0%	-2%	**1%**	0%
	EBIT1	**438.4**	1,596.7	376.5	399.5	376.6	**450.3**	1,602.9
	EBIT1 margin %	**30.5%**	29.4%	29.0%	29.5%	29.0%	**31.1%**	29.7%
Manufacturing Intelligence	Revenue	**551.5**	2,013.0	478.1	483.8	463.8	**530.0**	1,955.7
	Organic growth in revenue	**7%**	9%	5%	0%	-2%	**-2%**	0%
	EBIT1	**158.9**	530.8	124.8	129.1	118.3	**159.0**	531.2
	EBIT1 margin %	**28.8%**	26.4%	26.1%	26.7%	25.5%	**30.0%**	27.2%
Asset Lifecycle Intelligence	Revenue	**207.6**	782.0	192.2	203.1	207.6	**228.8**	831.7
	Organic growth in revenue	**8%**	11%	2%	9%	6%	**10%**	7%
	EBIT1	**79.3**	283.2	66.5	70.5	72.5	**87.4**	296.9
	EBIT1 margin %	**38.2%**	36.2%	34.6%	34.7%	34.9%	**38.2%**	35.7%
Geosystems	Revenue	**399.4**	1,603.0	376.8	405.5	373.0	**400.1**	1,555.4
	Organic growth in revenue	**1%**	4%	-2%	-5%	-5%	**-2%**	-4%
	EBIT1	**121.1**	510.3	117.5	131.0	121.5	**124.3**	494.3
	EBIT1 margin %	**30.3%**	31.8%	31.2%	32.3%	32.6%	**31.1%**	31.8%
Autonomous Solutions	Revenue	**150.0**	571.1	135.5	141.2	134.8	**146.5**	558.0
	Organic growth in revenue	**16%**	22%	8%	-2%	-12%	**-2%**	-2%
	EBIT1	**50.2**	193.6	47.7	52.6	45.8	**46.0**	192.0
	EBIT1 margin %	**33.5%**	33.9%	35.2%	37.3%	34.0%	**31.4%**	34.4%
Safety, Infrastructure & Geospatial	Revenue	**126.1**	463.9	116.9	119.8	119.6	**140.8**	497.1
	Organic growth in revenue	**-4%**	-7%	5%	6%	2%	**11%**	6%
	EBIT1	**37.3**	104.0	24.3	23.8	24.6	**41.9**	114.7
	EBIT1 margin %	**29.6%**	22.4%	20.8%	19.9%	20.6%	**29.8%**	23.1%

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

Manufacturing Intelligence

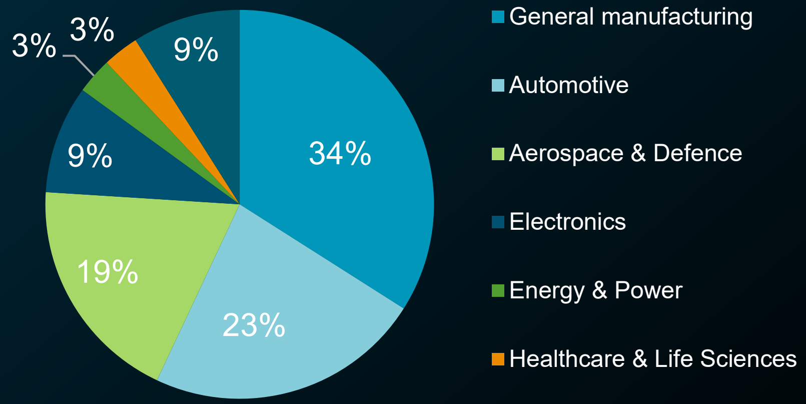
Q4 2024, MEUR (Q4 2023)	
Revenue	530.0 (551.5)
Organic Growth	-2% (7)
EBIT1	159.0 (158.9)
Operating Margin	30% (29)

EBIT1 positively impacted by currency

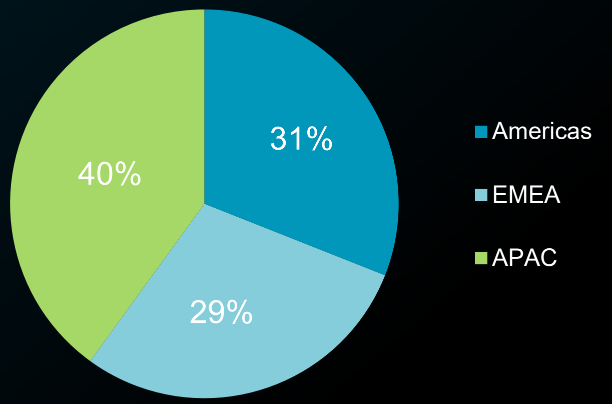
Business update

- Continued growth in aerospace, general manufacturing broadly stable, offset by a weak automotive sector, especially in Europe
- China stabilised despite weak markets; India also continued to grow strongly
- Americas turned negative during the quarter
- Software continued to grow well, weaker development in sensors and robotic solutions
- Record margins due to cost controls and some currency tailwinds

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



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Asset Lifecycle Intelligence

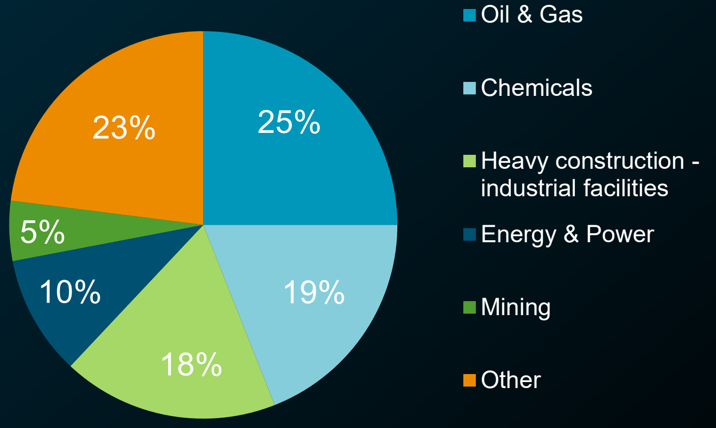
Q4 2024, MEUR (Q4 2023)	
Revenue	228.8 (207.6)
Organic Growth	10% (8)
EBIT1	87.4 (79.3)
Operating Margin	38% (38)

FX was neutral to EBIT1

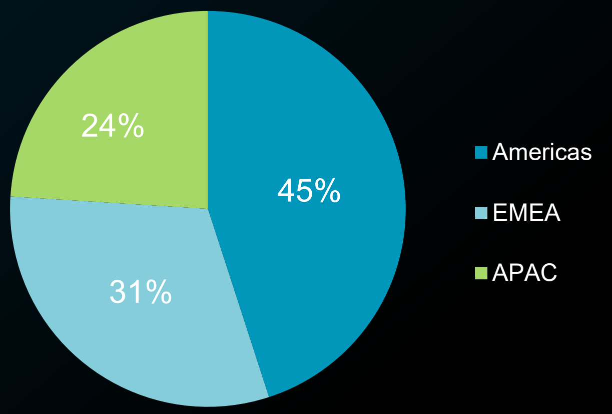
Business update

- Strong sales in SaaS and perpetual software
- Growth across regions, especially Asia
- Strong growth in Design & Engineering software
- EAM recorded double-digit growth
- EBIT1 maintained at prior-year levels with investments in product development offsetting growth

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



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Geosystems

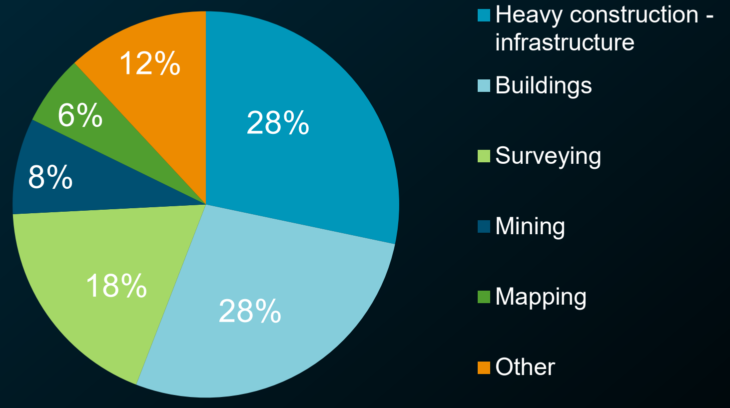
Q4 2024, MEUR (Q4 2023)	
Revenue	400.1 (399.4)
Organic Growth	-2% (1)
EBIT1	124.3 (121.1)
Operating Margin	31% (30)

EBIT1 positively impacted by currency

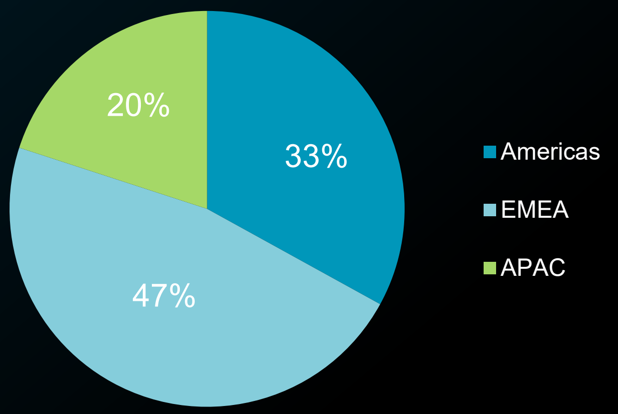
Business update

- Growth in new products & software offset by weak construction markets
- North America & EMEA remained weak. Asia grew, including China and India
- Growth in EBIT1 margins reflects cost discipline and currency tailwinds

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



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Autonomous Solutions (AS)

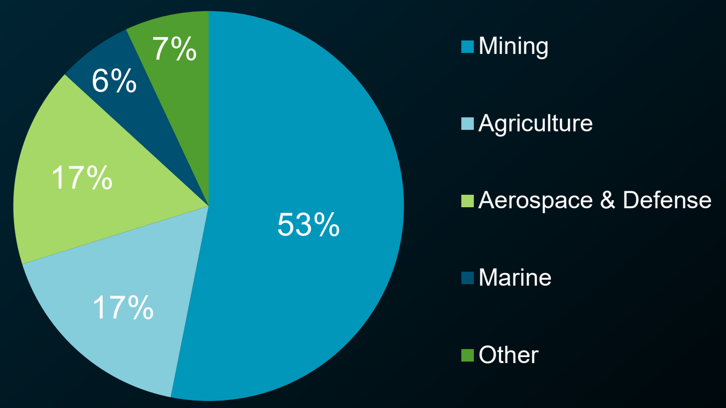
Q4 2024, MEUR (Q4 2023)	
Revenue	146.5 (150.0)
Organic Growth	-2% (16)
EBIT1	46.0 (50.2)
Operating Margin	31% (34)

FX was neutral to EBIT1

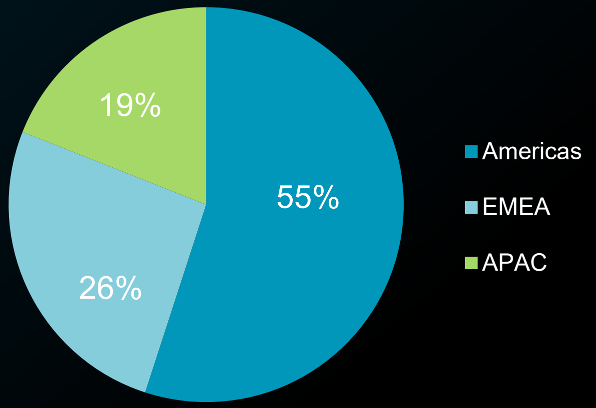
Business update

- Growth overall in Autonomy & Positioning, with the marine and A&D segments offsetting weak precision agriculture markets
- Mining grew well in critical safety solutions, but was offset by tougher comparatives elsewhere
- Initial revenues booked from autonomous road-train project in Australia
- Margins impacted by lower growth and product mix

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



Safety, Infrastructure & Geospatial

Q4 2024, MEUR (Q4 2023)

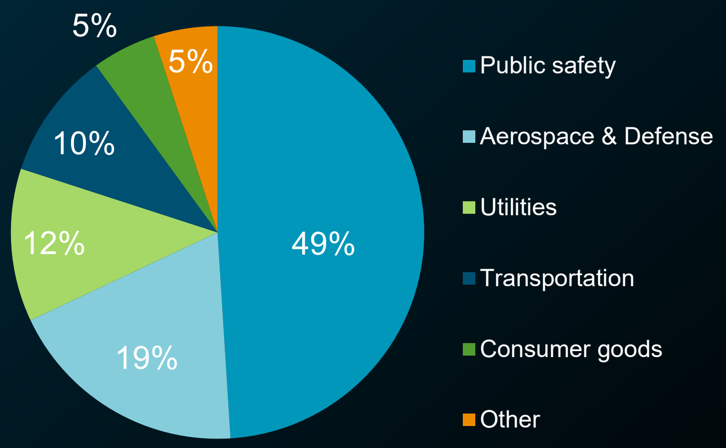
Revenue	140.8 (126.1)
Organic Growth	11% (-4)
EBIT1	41.9 (37.3)
Operating Margin	30% (30)

FX was neutral to EBIT1

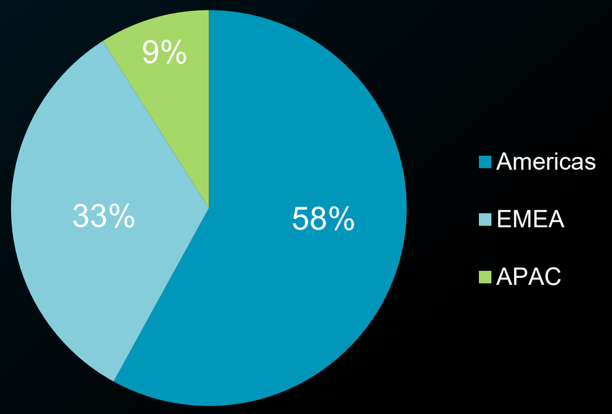
Business update

- Strong growth in public safety, offset by continued weakness in the Federal services business
- Growth across all geographies, especially Asia
- Public Safety growth largely driven by the OnCall software suite
- Margin improvement driven by strong growth

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



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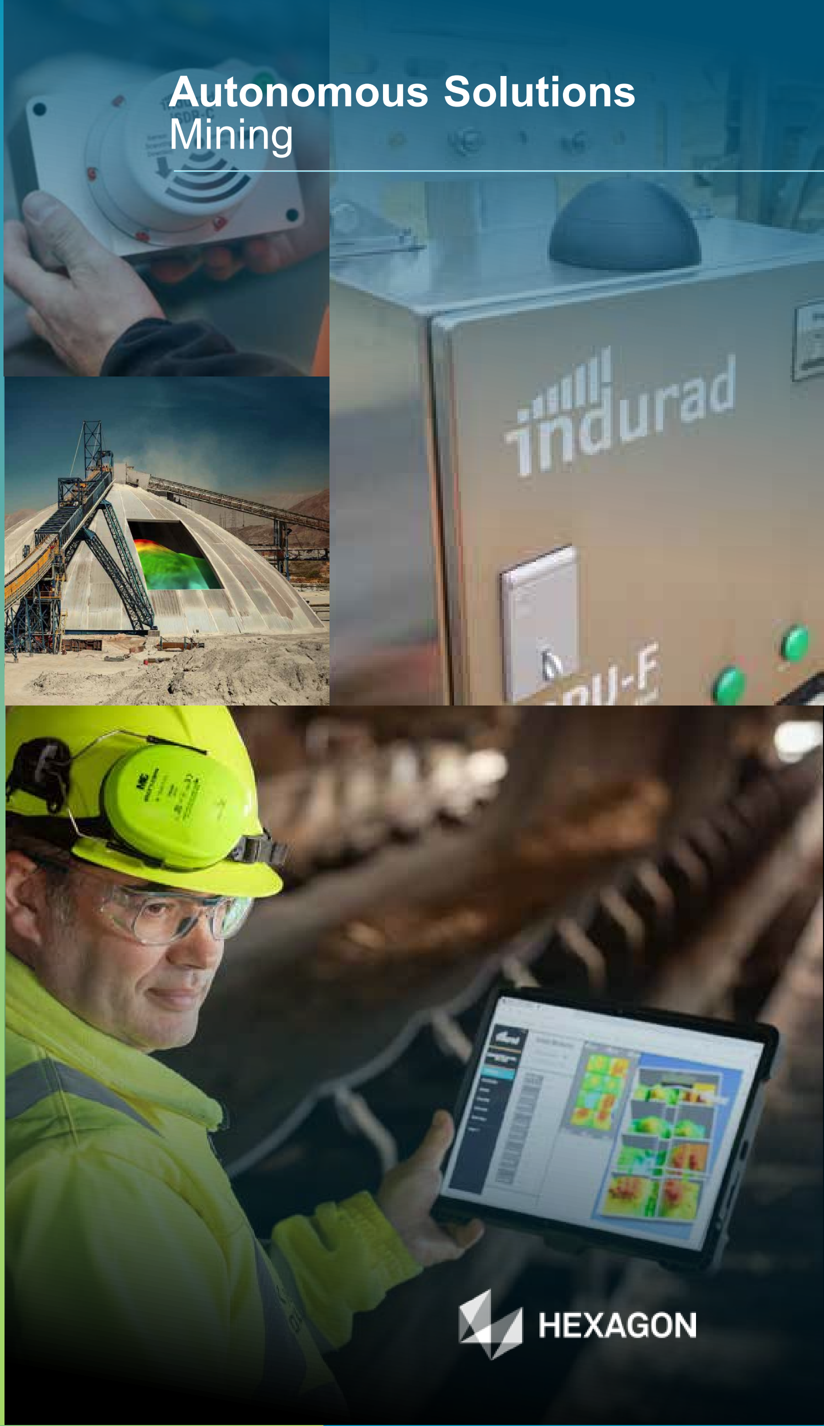
AS

Acquisition

indurad

Announced 21 November 2024

- Global leader in radar and Real-Time Location Systems (RTLS).
- Enhances mine safety via its advanced radar-based collision avoidance system.
- Increases productivity with real-time ore tracking and measurement enabling automated workflows and reducing downtime.
- Combined with Hexagon’s existing technologies, accelerates the shift to fully autonomous mines.
- Based in Germany, transaction completed 27 November 2024.



Acquisition

Geomagic suite

MI

Announced 12 December 2024

- A suite of software packages which create high quality 3D models from multiple sources, including laser scanning.
- Automates the processing of 3D scan data to build digital models from physical objects, which can then be used to generate CAD models.
- Can also undertake initial design, modify existing CAD models and accurately measure and inspect parts for quality control purposes.
- Combines with Hexagon’s leadership in portable metrology to deliver increasingly sophisticated solutions.
- Transaction expected to complete in Q2 2025.

Manufacturing Intelligence

AS

Acquisition

Septentrio

Autonomous Solutions
Autonomy & Positioning

Announced 7 January 2025

- Leading OEM provider of GNSS technologies.
- Strong fit with existing Hexagon positioning portfolio, enables cutting-edge solutions for positioning technologies with low SWaP (size, weight & power) requirements.
- Potential to accelerate adoption in existing markets and address needs of emerging markets including robotics, UAVs and autonomy.
- Completion expected to be finalised in the first half of 2025.

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Acquisition

CAD Service

Acquired 21 January 2025

- Hexagon partner specialising in the development of advanced visualisation tools to integrate CAD, BIM and 3D reality capture data into EAM.
- The flagship solution, OpenCAD, is an essential tool for around half of EAM customers already.
- Moving these skills in-house will deliver more robust and comprehensive EAM solutions moving forward.

Q4 & FY 2024

Financial update

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Income statement – Q4 2024

Strong margins despite challenging markets

Adjusted income statement MEUR	Q4 2024	Q4 2023	% Change
Net Sales	1,448.0	1435.3	1*
COGS	-481.7	-488.1	0
Gross earnings	966.3	955.2	1
Gross margin	*66.7%*	*66.5%*	*0.2*
Operating earnings (EBITDA)	587.0	583.6	1
EBITDA margin	*40.5%*	*40.7%*	*-0.2*
Operating earnings (EBIT1)	450.3	438.4	3
EBIT1 margin	*31.1%*	*30.5%*	*0.6*
Earnings before taxes	409.2	389.1	5
Earnings per share, Euro cent	12.4	11.8	5
EBIT1, incl PPA	421.4	408.9	3
EBIT1, incl PPA, margin	*29.1%*	*28.5%*	*0.6*

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

Sales bridge	
2023, MEUR	**1,435.3**
Structure, %*	**0%**
Currency, %	**0%**
Organic growth, %**	**1%**
Total, %	**1%**
2024, MEUR	**1,448.0**

** 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*

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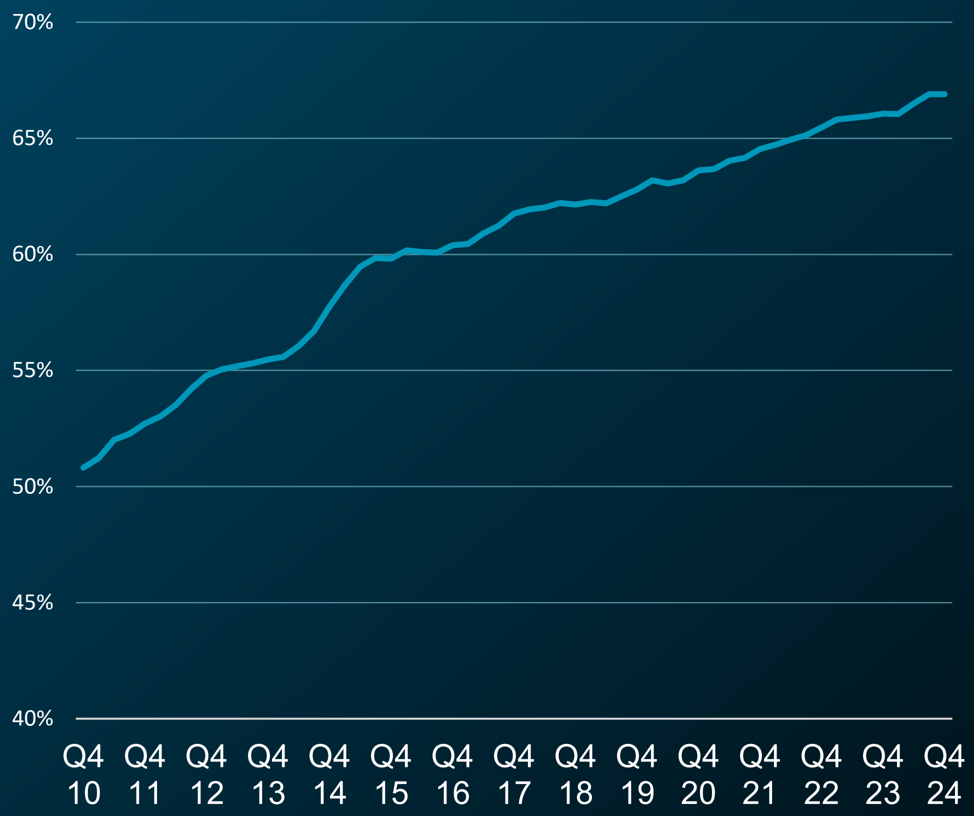
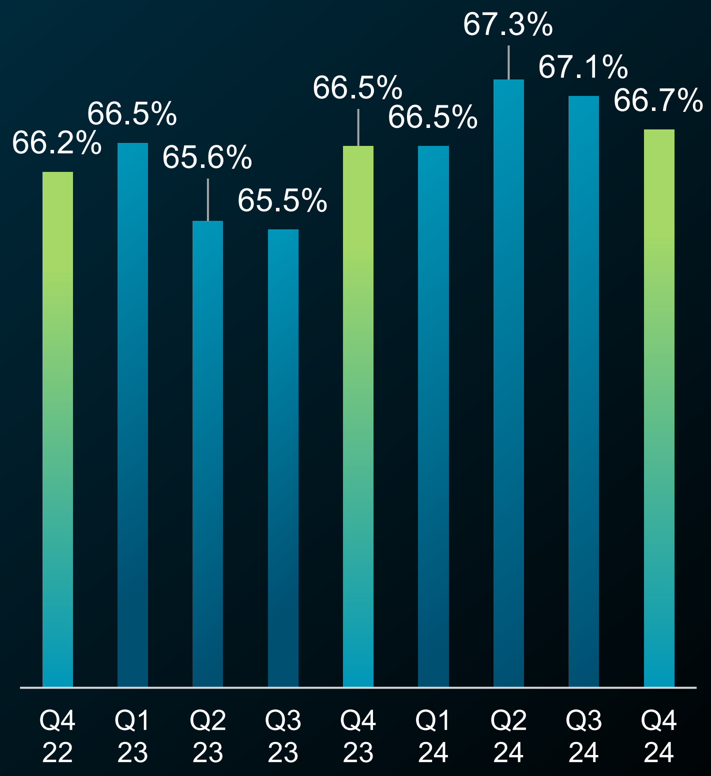
Gross margin

Continued strong gross margin progression

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 sensors
- Exit of low margin activities in SIG and MI
- Q4 adjusted gross margin of 66.7% (66.5)

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Q4 Revenue & profitability bridge

Resilient margin development through cost controls

MEUR	Q4 2023	Currency	Structure	Organic	Q4 2024
Operating Net Sales	1,435.3	1	-3	15	1,448.0
Growth		0%	0%	1%	1%
Adjusted Operating Earnings (EBIT1)	438.4	21	-1	-8	450.3
Adjusted Operating Margin	30.5%	n.a.%	25%	-54%	31.1%
Accretion / (Dilution) on margin		1.5%	0.0%	-0.9%	

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Income statement – FY 2024

Solid year despite mixed markets

Adjusted income statement MEUR	2024	2023	% Change
Net Sales	5,401.1	5,440.0	0*
COGS	-1 787.3	-1 846.6	-3
Gross earnings	3,613.8	3,593.4	1
Gross margin	*66.9%*	*66.1%*	*0.8*
Operating earnings (EBITDA)	2,068.0	2,026.6	2
EBITDA margin	*38.3%*	*37.3%*	*1.0*
Operating earnings (EBIT1)	1,602.9	1,596.7	0
EBIT1 margin	*29.7%*	*29.4%*	*0.3*
Earnings before taxes	1,432.8	1,441.4	-1
Earnings per share, Euro cent	43.3	43.5	0
EBIT1, incl PPA	1 490.5	1 480.8	12
EBIT1, incl PPA, margin	*27.6%*	*27.2%*	*0.4*

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

Sales bridge	
2023, MEUR	**5,440.0**
Structure, %*	**0%**
Currency, %	**-1%**
Organic growth, %**	**0%**
Total, %	**-1%**
2024, MEUR	**5,401.1**

* *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*

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2024 Revenue & profitability bridge

Resilient margin development through cost controls

MEUR	2023	Currency	Structure	Organic	2024
Operating Net Sales	5,440.0	-41	-11	13	5,401.1
Growth		0%	-1%	0%	0%
Adjusted Operating Earnings (EBIT1)	1,596.7	1	3	2	1,602.8
Adjusted Operating Margin	29.4%	-3%	-24%	16%	29.7%
Accretion / (Dilution) on margin		0.2%	0.1%	0.0%	

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Cash flow

Seasonally strong cash conversion

Cash Flow Statement MEUR	Q4 24	Q4 23	Change %
Adjusted operating earnings (EBIT1)	**450.3**	**438.4**	**3**
D&A (Excluding adjustments)	136.7	145.2	-6
Adjusted EBITDA	**587.0**	**583.6**	**1**
Non-cash items	-37.1	-44.3	-16
Cash flow from operations before change in working capital excluding taxes and interest	**549.9**	**539.3**	**2**
Capital expenditures	-168.8	-157.2	7
Cash flow post investment	**381.1**	**382.1**	**0**
Working capital	140.6	69.0	104
Operating cash flow before tax and interest	**521.7**	**451.1**	**16**
Cash conversion*	116%	103%	13
Taxes paid	-64.3	-51.1	26
Interest received and paid, net	-35.9	-46.9	-23
Cash flow before non-recurring items	**421.5**	**353.1**	**19**
Non-recurring cash flow	-18.5	-32.1	-42
Operating cash flow	**403.0**	**321.0**	**26**

* Operating cash flow before tax and interest divided by adjusted operating earnings (EBIT1)

- Strong cash generation
- Significant release in working capital
- Interest rate payments down year on year

116%
Q4 cash conversion

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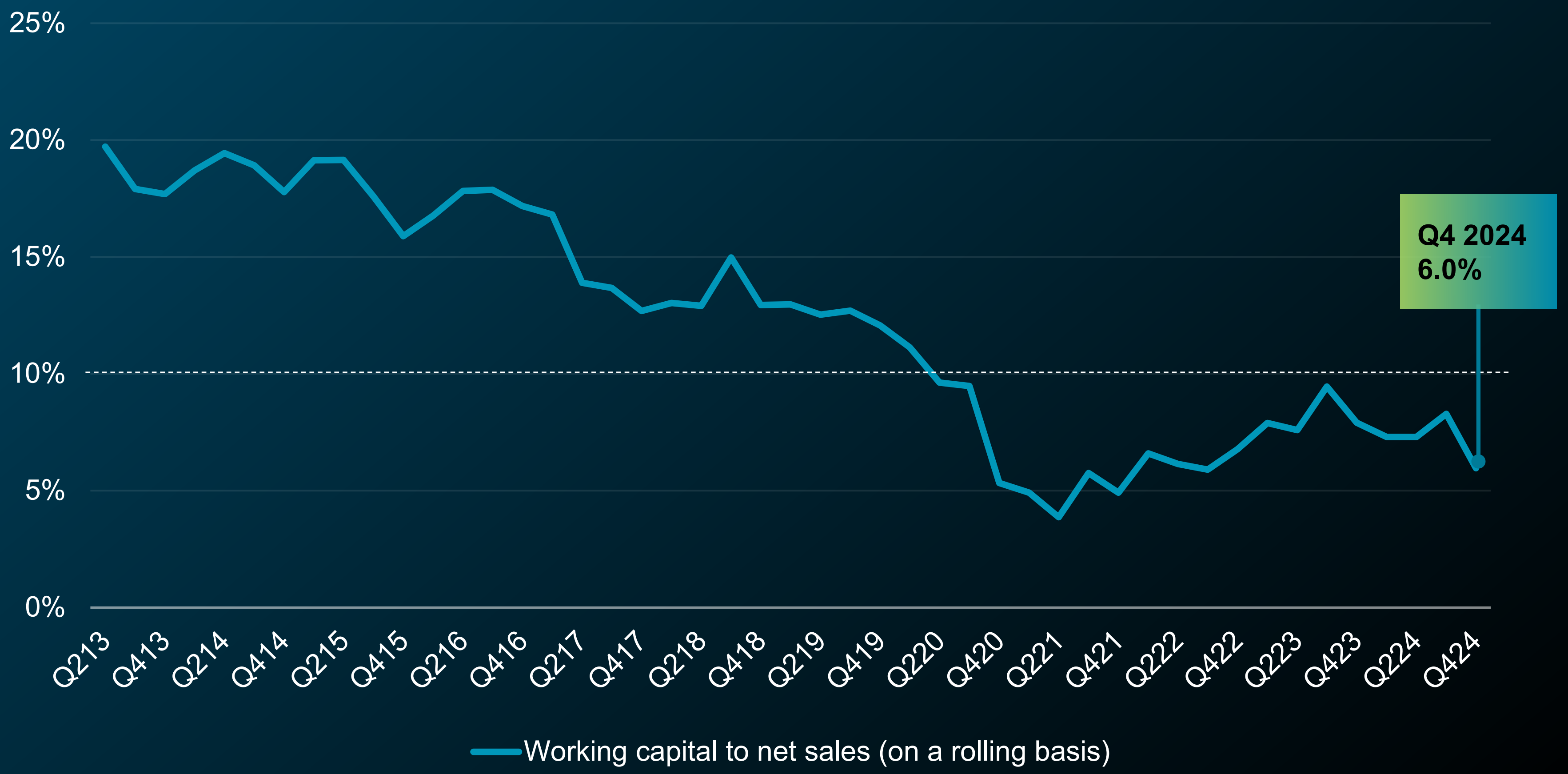
Working capital to sales

Returning to trend

WC/Sales, %



WC Bridge	Q4 2024
Receivables & Prepaid expenses	35.2
Inventories	-36.0
Liabilities	-63.8
Deferred revenue	-72.0
Accrued expenses	-4.0
Change in WC	**-140.6**

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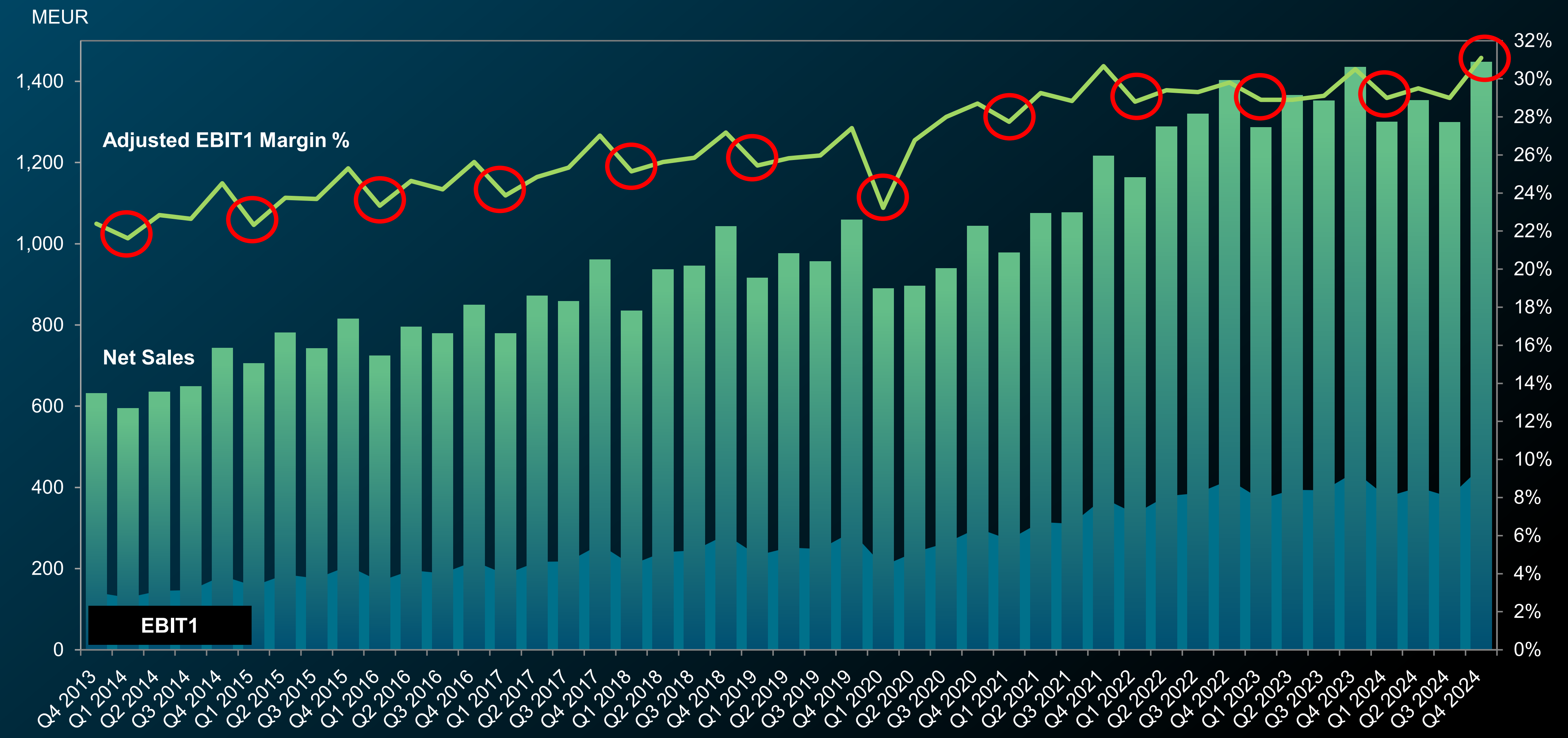
Seasonality

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



Q4 & FY 2024

Customer, product and conclusions

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Customer win

SEAT S.A.

Customer background

Part of the Volkswagen Group, Seat S.A. is a Spanish car manufacturer based in Martorell, Spain.

Customer challenge

After a successful implementation at Martorell in 2023, the customer plans to enhance measurement capabilities at its Zona Franca site, enabling digitised parts transfer to Martorell.

How Hexagon is helping

Seat plans to replicate the Matorell **PRESTO L setup** with advanced loading/unloading, powered by **PC-DMIS and HxGN Robotic Automation.** In total they are aiming for a 50% time reduction in inspection and improved assembly process anticipation and correction.

ALI

Customer win

A global data centre hyperscaler

Customer background

This top 5 global data centre hyperscaler had successfully deployed HxGN EAM to all of their 35 data centre campuses globally.

Customer challenge

They looked to extend their EAM deployment to their hardware design facilities globally to coordinate asset management responsibilities and manage their teams of contractors.

How Hexagon is helping

Based on their success with their data centre deployment they extended **HxGN EAM** to their 350 hardware design facilities across the globe.

In total they took 1,200 EAM licences to manage responsibilities for their asset maintenance team and hundreds of third-party contractors.

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Leica iCON trades

Robotic sensors to perform simple and complex layout and 3D measurement tasks for the construction industry. Focused on usability, speed and accuracy to deliver a market leading solution.

Industry-tailored workflow

The new solution complements the industry-leading Leica iCON build portfolio.

Ease-of-use from start to finish

It allows users to move around freely while measuring and enables error-free layout of points and lines even in inaccessible areas, significantly increasing operation speed.

Industry convergence

Brings industrial precision measurement (6DoF technology) to the construction site in a ruggedised form.

Customer stories

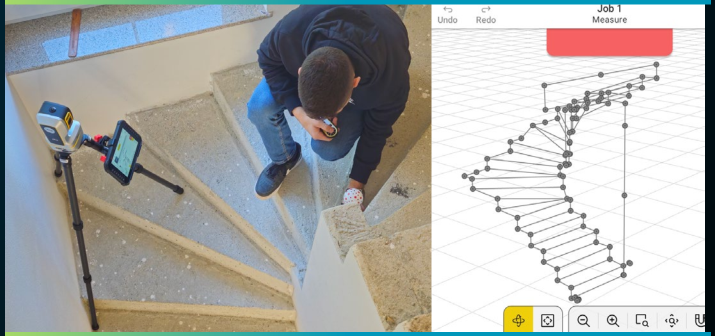
Strong world-wide adoption of Leica iCON trades in Q4

RBB Construction
New Zealand

RBB Construction, a renovation and construction company uses Leica iCON trades to accurately 3D measure and layout, making digital workflows simple. Global Survey, a local distribution partner, enabled RBB to bring precision and speed to RBB's workflow without a steep learning curve.

Mizarstvo Cestnk
Slovenia

Mizarstvo Cestnk, a carpenter specialising in staircases, railings and fences, uses iCON trades to produce high-quality, geometrically accurate stairs and handrails. On-site matching has never been easier — capturing edges and hidden points creates better 3D plans that can be loaded into the production workflow.



Swissaufmass
Switzerland

Swissaufmass precisely measures kitchens, bathrooms and living rooms for pre-fabrication. Fabricators require exact measurements for perfect fitting. Leica iCON trades offers fast, reliable and millimetre-precise measurement which reduces error sources and optimises the entire manufacturing process.

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Customer win

Williamson County, TX

Customer background

A rapidly growing area north of Austin. Its 13 fire, police and EMS agencies protect more than 600K people.

Customer challenge

Williamson County leaders sought to replace its end-of-life public safety software with a next-gen computer-aided dispatch (CAD) solution, along with updated records and jail management.

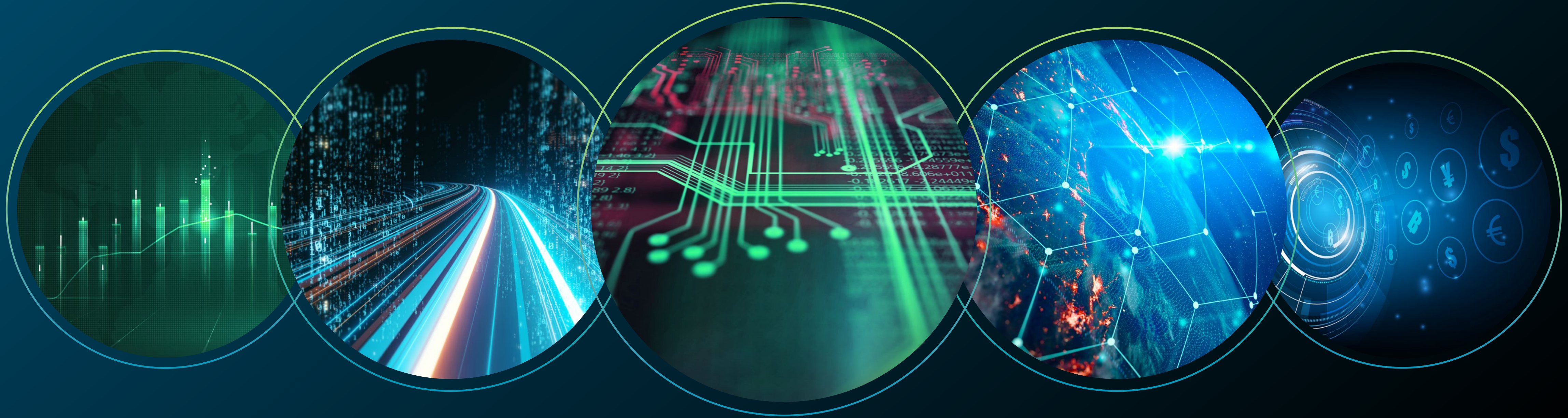
Solutions

- HxGN OnCall Dispatch, Records, Analytics
- HxGN Connect

Why they chose Hexagon

Ultimately, county leadership selected **HxGN OnCall** to modernise its operations, along with **HxGN Connect** to enable better collaboration and improve emergency response to major events.

Conclusions



Quarter of progress

Delivering growth, resilient margins & strong cash conversion

Innovation driving results

Resilience in challenging markets helped by new product launches

Investigation continues

Into potential spin-off of the ALI division and other software assets

Future ready

New leadership appointments

Dividend increase

Board proposes dividend of 0.14 EUR per share

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Dates
for the calendar

1 April	**Hannover-Messe** Hannover
7-13 April	**Bauma** Munich
6-7 May	**Control** Stuttgart
16-19 June	**Hexagon Live** Las Vegas

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.

Appendix

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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

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