



HEXAGON

Q1 2025 report

30 April 2025

Q1 2025

Performance update

Highlights of the first quarter

- A good start to the quarter, but geopolitical uncertainty impacted volumes in March
- Sensors & robotic solutions most impacted, alongside a slowdown in perpetual licences
- Recurring revenues increased by 10%
- Continued good progress in gross margins, but operating margins impacted by currency and the late decline in volumes on a cost base positioned for a return to growth
- Demand has stabilised in April, but the end market environment remains uncertain
- Preparations to separate the Asset Lifecycle Intelligence and Safety, Infrastructure & Geospatial divisions and related businesses are ongoing and on track
- Strong pipeline of product launches throughout 2025, including within our new Robotics division

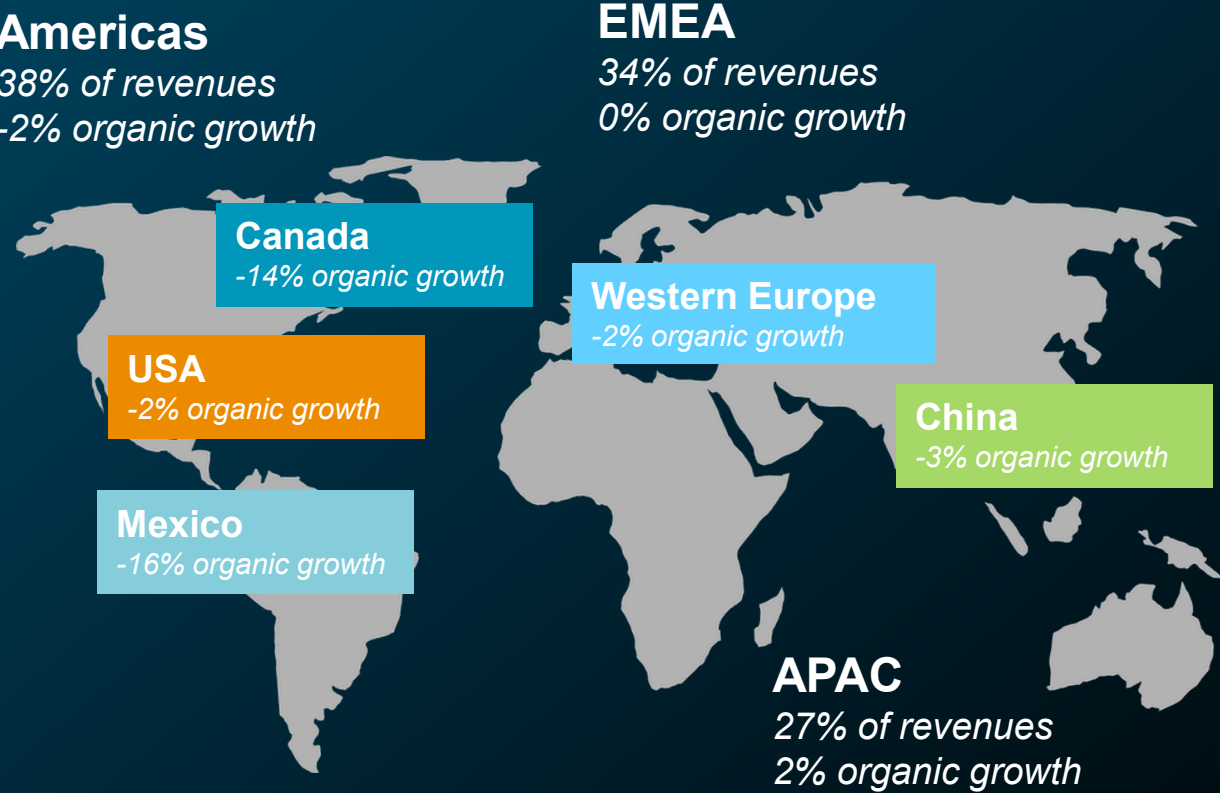
Q1 2025

Category	Achievement
Organic growth	0%
Adj. gross margin	67%
Operating margin (EBIT1)	26%
Cash conversion	71%

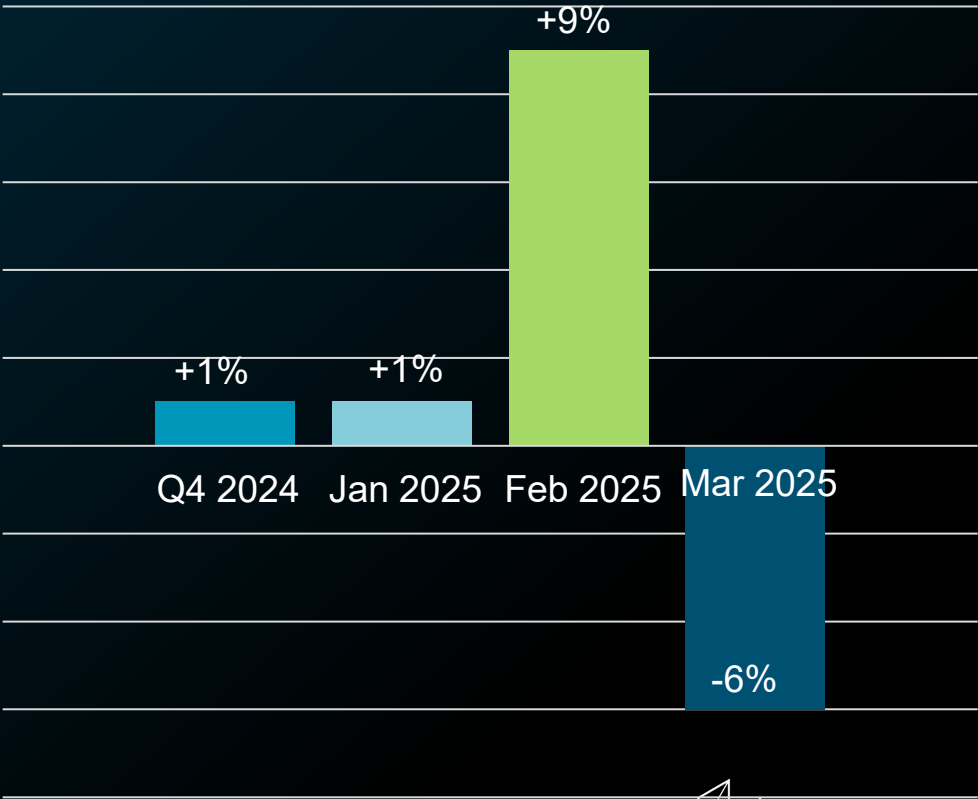
Indirect impact of tariffs

Uncertainty impacted demand in key countries

Growth by key geography, Q1 2025



Growth by period



Direct impact of tariffs

Main risk remains the overall impact on the global economy

At current tariff rates we expect the direct impact on earnings to be up to 15 MEUR, before mitigation

Examples of mitigating activities

- Direct flows between China and the US are already minimal
- Flows to Canada and Mexico are being re-routed
- Re-sourcing critical materials, such as granite
- Strategic inventory management
- Evaluating price increases
- Evaluating increased US manufacturing



Divisional performance

Growth & margins impacted by global uncertainty

	Manufacturing Intelligence	Asset Lifecycle Intelligence	Geosystems	Autonomous Solutions	Safety, Infrastructure & Geospatial	Hexagon
Q1 2025, MEUR						
Revenue	469.9	204.4	375.7	151.1	120.5	1,322.8*
Organic Growth	-2% (5%)	5% (2%)	-3% (-2%)	2% (8%)	2% (5%)	0% (3%)
EBIT1	117.1	62.9	102.8	47.7	22.3	344.7*
Operating margin	24.9% (26.1%)	30.8% (34.6%)	27.4% (31.2%)	31.6% (35.2%)	18.5% (20.8%)	26.1% (29.0%)

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

Divisional performance

Division	Category (MEUR)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Hexagon*	Revenue	1,299.9	1,353.4	1,299.8	1,448.0	5,401.1	1,322.8
	Organic growth in revenue	3%	0%	-2%	1%	0%	0%
	EBIT1	376.5	399.5	376.6	450.3	1,602.9	344.7
	EBIT1 margin %	29.0%	29.5%	29.0%	31.1%	29.7%	26.1%
Manufacturing Intelligence	Revenue	478.1	483.8	463.8	530.0	1,955.7	469.9
	Organic growth in revenue	5%	0%	-2%	-2%	0%	-2%
	EBIT1	124.8	129.1	118.3	159.0	531.2	117.1
	EBIT1 margin %	26.1%	26.7%	25.5%	30.0%	27.2%	24.9%
Asset Lifecycle Intelligence	Revenue	192.2	203.1	207.6	228.8	831.7	204.4
	Organic growth in revenue	2%	9%	6%	10%	7%	5%
	EBIT1	66.5	70.5	72.5	87.4	296.9	62.9
	EBIT1 margin %	34.6%	34.7%	34.9%	38.2%	35.7%	30.8%
Geosystems	Revenue	376.8	405.5	373.0	400.1	1,555.4	375.7
	Organic growth in revenue	-2%	-5%	-5%	-2%	-4%	-3%
	EBIT1	117.5	131.0	121.5	124.3	494.3	102.8
	EBIT1 margin %	31.2%	32.3%	32.6%	31.1%	31.8%	27.4%
Autonomous Solutions	Revenue	135.5	141.2	134.8	146.5	558.0	151.1
	Organic growth in revenue	8%	-2%	-12%	-2%	-2%	2%
	EBIT1	47.7	52.6	45.8	46.0	192.0	47.7
	EBIT1 margin %	35.2%	37.3%	34.0%	31.4%	34.4%	31.6%
Safety, Infrastructure & Geospatial	Revenue	116.9	119.8	119.6	140.8	497.1	120.5
	Organic growth in revenue	5%	6%	2%	11%	6%	2%
	EBIT1	24.3	23.8	24.6	41.9	114.7	22.3
	EBIT1 margin %	20.8%	19.9%	20.6%	29.8%	23.1%	18.5%

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

Manufacturing Intelligence

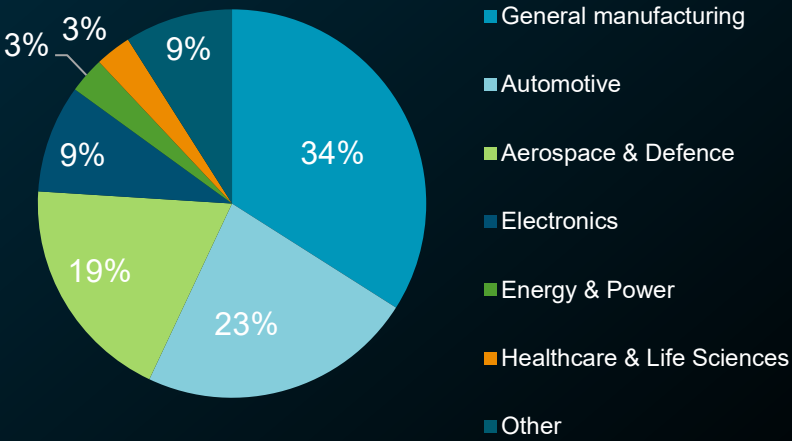
Q1 2025, MEUR (Q1 2024)	
Revenue	469.9 (478.1)
Organic Growth	-2% (5)
EBIT1	117.1 (124.8)
Operating Margin	24.9% (26.1)

» EBIT1 negatively impacted by currency

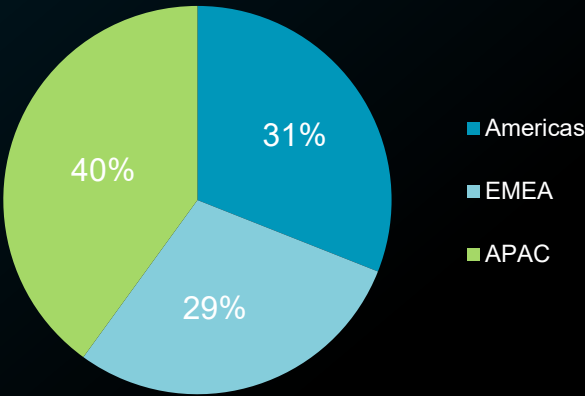
Business update

- Weaker end to the quarter with customer delays reflecting trade uncertainties
- Stable development in aerospace, manufacturing and electronics offset by weakness in automotive
- Weakness in Americas, EMEA remains slow, China stable during the quarter
- Margin decline reflects volume declines and currency transaction effects

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



Asset Lifecycle Intelligence

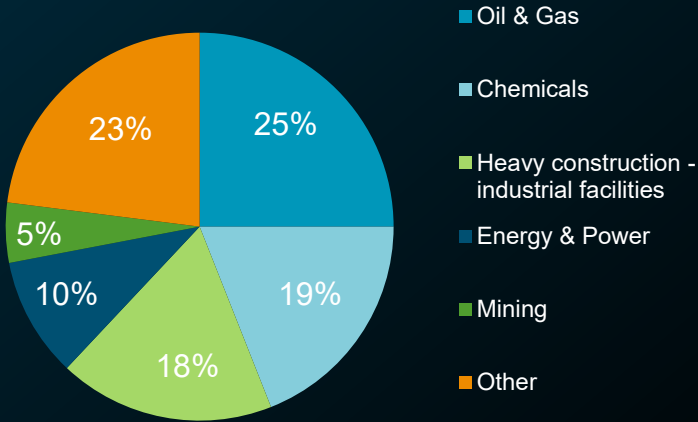
Q1 2025, MEUR (Q1 2024)	
Revenue	204.4 (192.2)
Organic Growth	5% (2)
EBIT1	62.9 (66.5)
Operating Margin	30.8% (34.6)

EBIT1 negatively impacted by currency

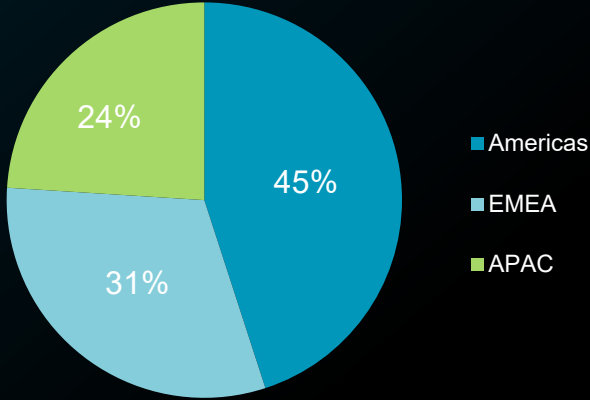
Business update

- Good growth in SaaS and subscription revenues, including EAM
- Decline in services, reflecting use of partner channel and cloud deployments
- Slower development in perpetual licenses
- EBIT1 reflects a return to normal seasonality, lower perpetual demand and increased investments in new products

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



Geosystems

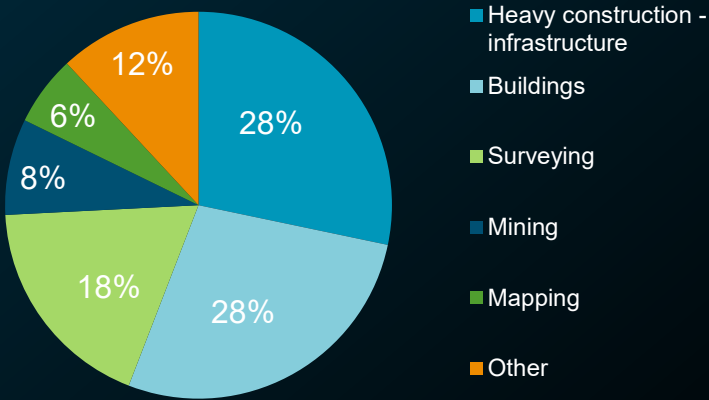
Q1 2025, MEUR (Q1 2024)	
Revenue	375.7 (376.8)
Organic Growth	-3% (-2)
EBIT1	102.8 (117.5)
Operating Margin	27.4% (31.2)

EBIT1 negatively impacted by currency

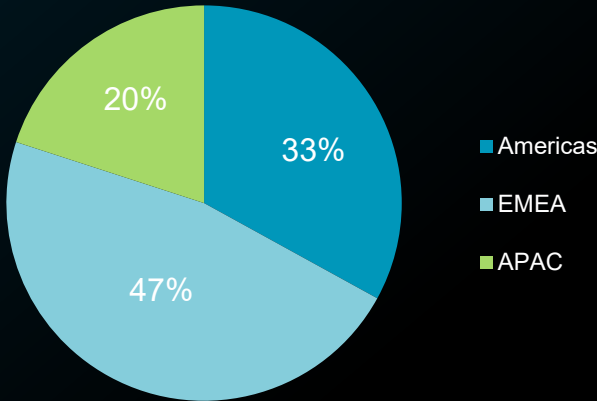
Business update

- Continued weakness in construction markets and a slowdown in reality capture
- Continued weakness in China, and a slowdown in North America towards the end of the quarter
- New products, including iCON trades, contributed and recurring revenues grew well
- Operating margins declined, reflecting a weaker product mix, currency headwinds and lower volumes

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



Autonomous Solutions

Q1 2025, MEUR (Q1 2024)

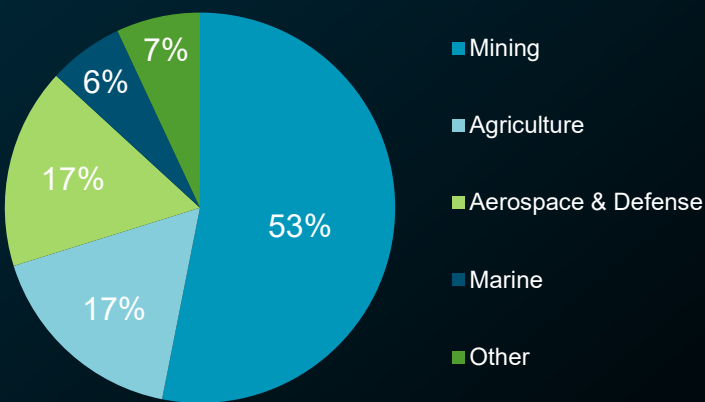
Revenue	151.1 (135.5)
Organic Growth	2% (8)
EBIT1	47.7 (47.7)
Operating Margin	31.6% (35.2)

EBIT1 negatively impacted by currency

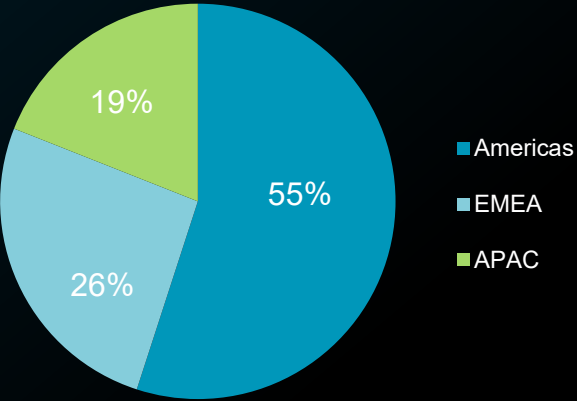
Business update

- Good growth in aerospace & defence and the autonomous road train project
- Mining impacted by delays driven by global uncertainty towards the end of the quarter
- Margins impacted by lower growth and product mix

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)



Safety, Infrastructure & Geospatial

Q1 2025, MEUR (Q1 2024)	
Revenue	120.5 (116.9)
Organic Growth	2% (5)
EBIT1	22.3 (24.3)
Operating Margin	18.5% (20.8)

>> Currency was neutral to EBIT1

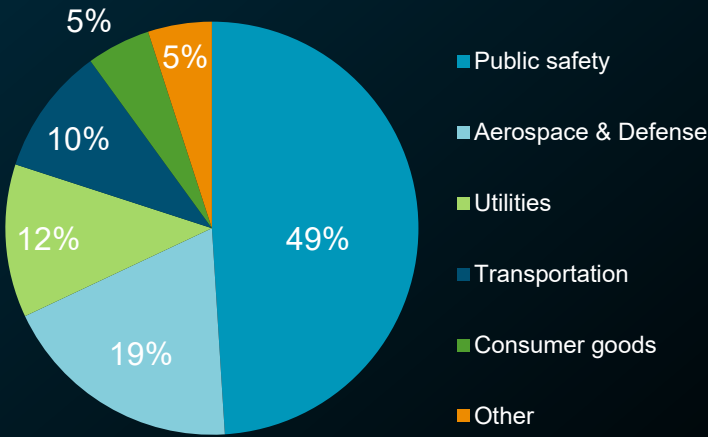
Business update

Strong growth in public safety, offset by continued weakness in the Federal services business

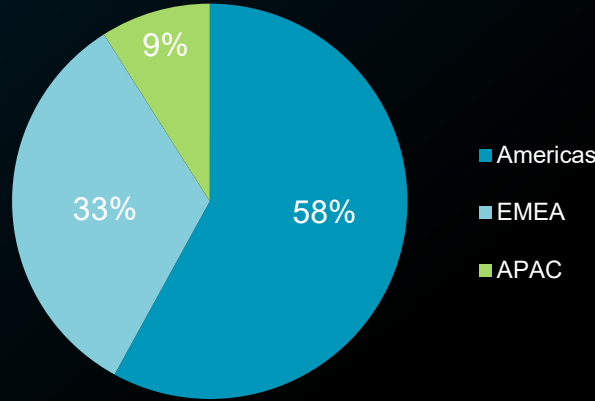
Growth particularly focused on Asia

Operating margins impacted by decline in Federal services, and investments in Public Safety

Revenue by industry (FY 2024)



Revenue by geography (FY 2024)





Acquisition

UCRS software assets

Announced 17 April 2025

- The Unified Communications Radio Suite (UCRS) software assets of CONET Communications
- A communication solution for control centres, capable of integrating diverse communication channels including mobile phone networks, video surveillance, satellite and digital radio
- Combining UCRS with Hexagon's public safety platform will provide a fully-integrated command-and-control centre
- Several customers already utilising the combined Hexagon and UCRS offering



Q1 2025

Financial update

Income statement

Operating margins impacted by changeable markets

Adjusted income statement MEUR	Q1 2025	Q1 2024	% Change
Net Sales	1,322.8	1,299.9	0*
COGS	-433.9	-436.4	-1
Gross earnings	889.5	864.5	3
<i>Gross margin</i>	67.2%	66.5%	0.7
Operating earnings (EBITDA)	463.8	483.6	-4
<i>EBITDA margin</i>	35.1%	37.2%	-2.1
Operating earnings (EBIT1)	344.7	376.5	-8
<i>EBIT1 margin</i>	26.1%	29.0%	-2.9
Earnings before taxes	311.4	333.8	-7
Earnings per share, Euro cent	9.4	10.1	-7
EBIT1, incl PPA	316.3	348.8	-9
<i>EBIT1, incl PPA, margin</i>	23.9%	26.8%	2.9

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

Sales bridge	
2024, MEUR	1,299.9
Structure, %*	1%
Currency, %	1%
Organic growth, %**	0%
Total, %	2%
2024, MEUR	1,322.8

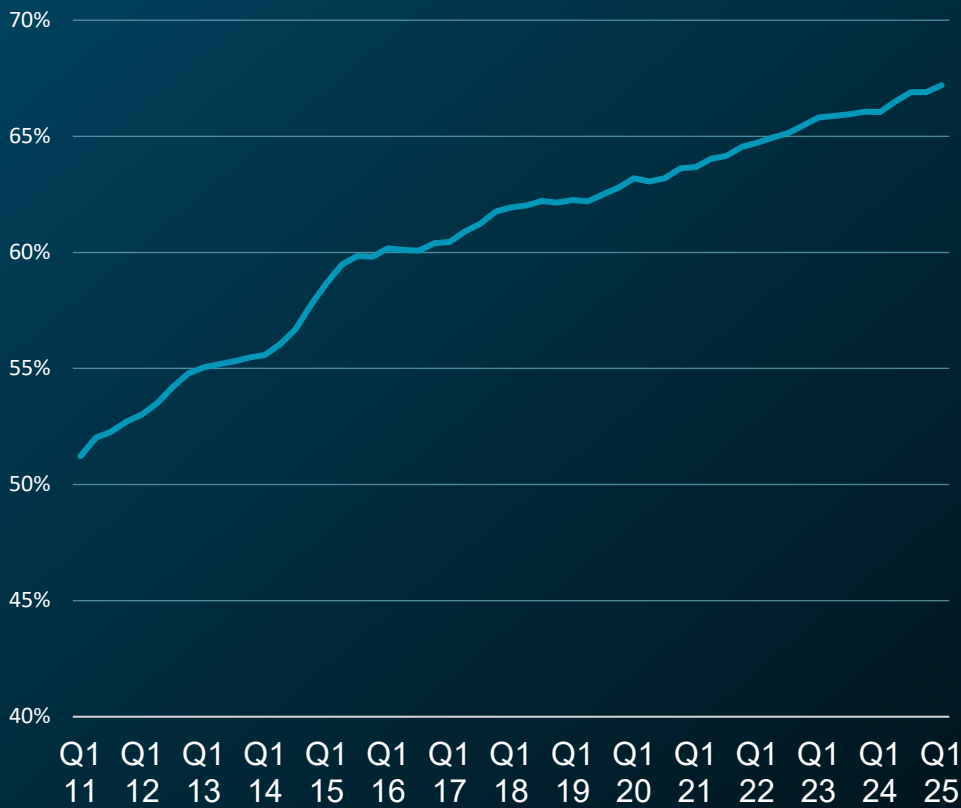
* All acquisitions/divestments are included in structural growth for the first 12 months

** Organic growth calculated as the growth excluding impacts from structure and currency during the period

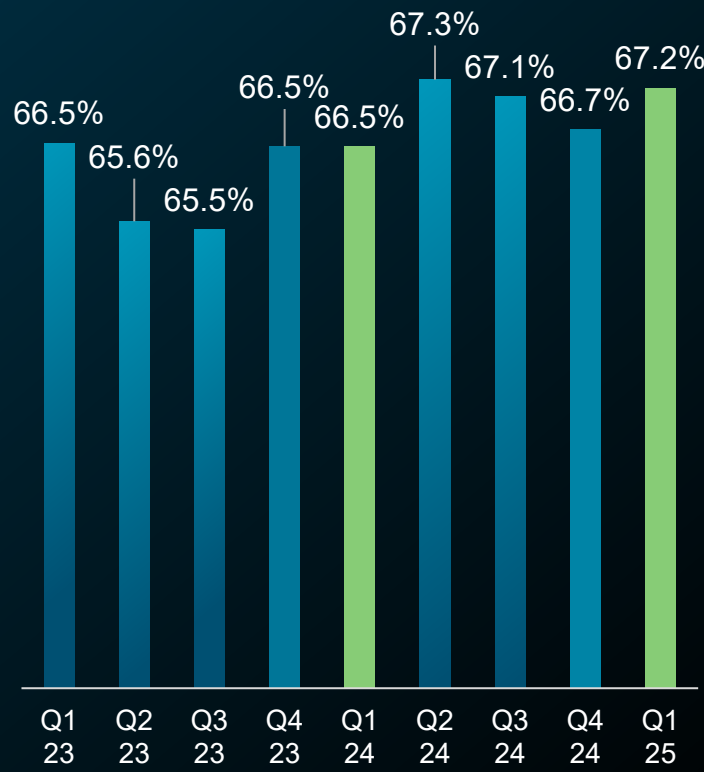
Gross margin

Continued strong gross margin progression

Rolling 12-months gross margin



Gross margin by quarter



Resilient GM% development:

- R12M gross margin of 67.1%
- Q1 adjusted gross margin of 67.2% (66.5)
- Strong contribution from the software portfolio

Revenue & profitability bridge

Lower volumes impacting operating margins

MEUR	Q1 2024	Currency	Structure	Organic	Q1 2025
Operating Net Sales	1,299.9	15	13	-5	1,322.8
Growth		1%	1%	0%	2%
Adjusted Operating Earnings (EBIT1)	376.5	0	4	-36	344.7
Adjusted Operating Margin	29.0%	2%	32%	710%	26.1%
Accretion / (Dilution) on margin		-0.3%	0.0%	-2.6%	

Cash flow

In-line with usual seasonality

Cash Flow Statement MEUR	Q1 25	Q1 24	Change %
Adjusted operating earnings (EBIT1)	344.7	376.5	-8
D&A (Excluding adjustments)	119.1	107.1	11
Adjusted EBITDA	463.8	483.6	-4
Non-cash items	-6.5	-16.8	-61
Cash flow from operations before change in working capital excluding taxes and interest	457.3	466.8	-2
Capital expenditures	-154.3	-146.6	5
Cash flow post investment	303.0	320.2	-5
Working capital	-58.4	12.7	na
Operating cash flow before tax and interest	244.6	332.9	-27
Cash conversion*	71%	88%	-17
Taxes paid	-62.6	-71.2	-12
Interest received and paid, net	-28.0	-42.3	-34
Cash flow before non-recurring items	154.0	219.4	-30
Non-recurring cash flow	-15.5	-28.8	-46
Operating cash flow	138.5	190.6	-27

- Cash generation in line with seasonality
- Cyclical build in working capital
- Interest rate payments down year on year

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

Working capital to sales

Returning to trend

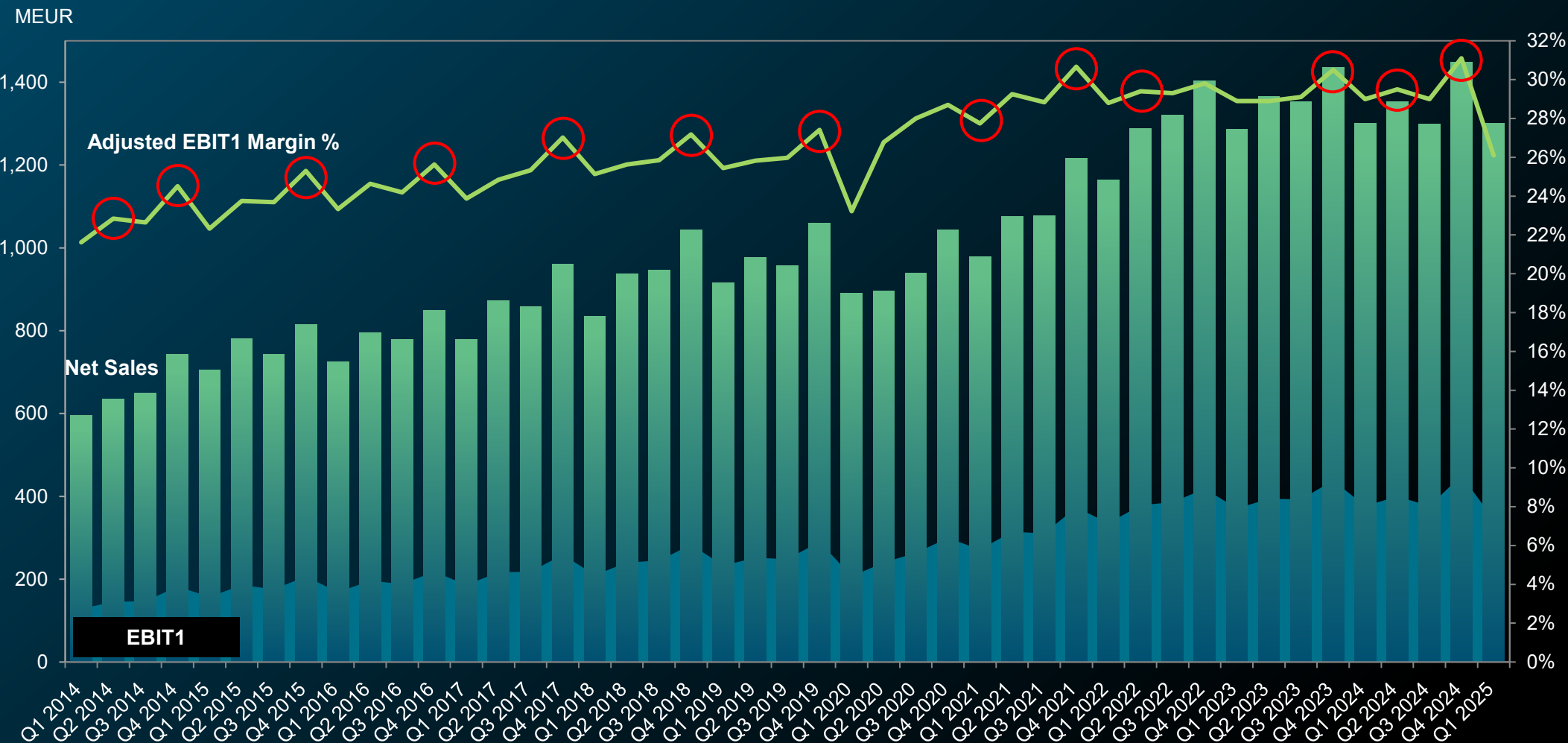
WC/Sales, %



WC Bridge	Q1 2025
Receivables & Prepaid expenses	-9.3
Inventories	22.7
Liabilities	45.2
Deferred revenue	-63.0
Accrued expenses	62.8
Change in WC	58.4

Seasonality

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



Q1 2025

Customer, product and
conclusions



Customer story

Netflix

Customer background

Netflix is a subscription video on-demand over-the-top streaming service.

Customer Challenge

Netflix's "Avatar: The Last Airbender" series needed to create visual effects at scale and speed.



How Hexagon is helping

Using the **Leica BLK360** and **Leica RTC360** laser scanners to create a 3D digital environment allowed the team to create accurate photorealistic lighting, shadows, reflections and collision effects, at speed.





Customer story

Aerospace

Customer background

A European aerospace leader known for designing and producing commercial aircraft, helicopters, and defence systems, driving innovation and sustainability in global aviation.

Customer challenge

To design and build next-generation commercial airplanes that meet zero carbon targets while ensuring their manufacturing and assembly processes can meet delivery targets.



How Hexagon is helping

Hexagon is helping the customer design to cost, ensuring flexibility, scalability, and decreasing the development time cycle through multi-year service support and software including **MSC Nastran, Patran, Adams, Actran, Digimat, and Material Center.**





Customer story

Hyundai Engineering Co., Ltd.

Customer background

Hyundai E&C has driven the globalisation of the Korean construction industry. With more than 7,000 employees, Hyundai E&C has executed more than 880 projects.

Customer Challenge

Hyundai E&C used manual processes for materials management, causing inaccuracies in data, construction delays and cost overruns.



How Hexagon is helping

After selecting **Jovix**, Hyundai E&C saved time through more efficient materials management, better visibility through reporting features that enabled proactive decision making, cost savings from decreased material loss, and improved productivity that enabled them to stay on schedule.





Customer win

Sao Paolo Municipal Housing Secretariat (SEHAB)

Customer background

SEHAB develops and implements housing policies and programs in the city of Sao Paolo, Brazil.

Customer challenge

To mitigate fraud risks and guarantee a sustainable urban development, SEHAB chose to partner with Hexagon. It needed a solution that could support legacy databases, business rules and real-time data.



Solutions

- HxGN OnCall Dispatch, Smart Advisor
- M.App Enterprise

Why they chose Hexagon

SEHAB will leverage **Hexagon's AI agents** to identify potential illegal practices and policy violations via trigger alerts and notifications. Integrated with **M.App Enterprise** and reporting tools, HxGN OnCall will enable SEHAB to monitor and analyse georeferenced data to improve housing oversight.





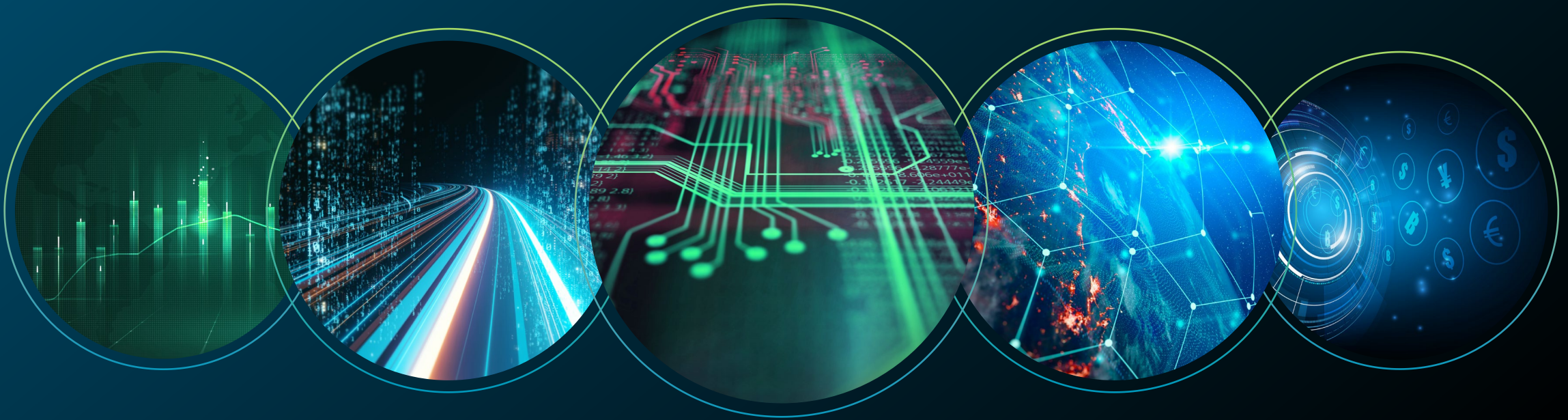
Robotics division

Advancing humanoid robotics

- Dedicated Robotics division to accelerate next-generation autonomy
- Leverages our expertise in AI, spatial intelligence & measurement technologies
- Delivering autonomous solutions to complement industrial workforce challenges
- Key focus at Hexagon Live in June



Conclusions



Market uncertainty

Despite a good start to the quarter, market uncertainty impacted demand late in the quarter

Margins

Gross margins progressed well, but late market uncertainty impacted operating margins

Adapting to the environment

Demand stabilisation in April, but monitoring and adapting as needed

Separation continues

On track for completion in the first half of 2026

New products

Strong pipeline in H2, including within the new robotics division

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

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

Key geographic trends

Mixed demand environment across geographies

Americas

38% of revenues
-2% Organic growth



North America

- Down -4% in Q1
- Weakness in MI, Geosystems & AS at the end of the quarter, particularly in Canada & Mexico

South America

- 14% organic growth in Q1
- Good growth in agriculture

EMEA

34% of revenues
0% Organic growth



Western Europe

- -2% organic growth in Q1
- Good growth in software in ALI
- MI & Geosystems remain challenging

Eastern Europe, Middle East, Africa

- 11% organic growth in the quarter
- Continued growth in Middle East in Geosystems
- Progress in Eastern Europe in construction and aerospace & defence

APAC

27% of revenues
2% Organic growth



China

- Declined -3%, with modest growth in MI but low demand in Geosystems

Rest of Asia

- Overall organic growth of 8%
- Strong manufacturing growth in India
- Good public safety growth in Malaysia
- Continued growth from the autonomous road train project in Australia