



HEXAGON

Investor Presentation Q2 2020

September 2020

Overview Q2 2020

Recorded sales decreased by -8 per cent, organic growth of -10 per cent

- Solid organic growth in the software portfolios
 - Safety & Infrastructure and PPM recorded 14 per cent and 1 per cent organic growth respectively
- Geosystems and Manufacturing Intelligence recorded -16 per cent and -14 per cent organic growth respectively
 - Negatively impacted by shutdowns from government restrictions in Europe and North America

Earnings and margins

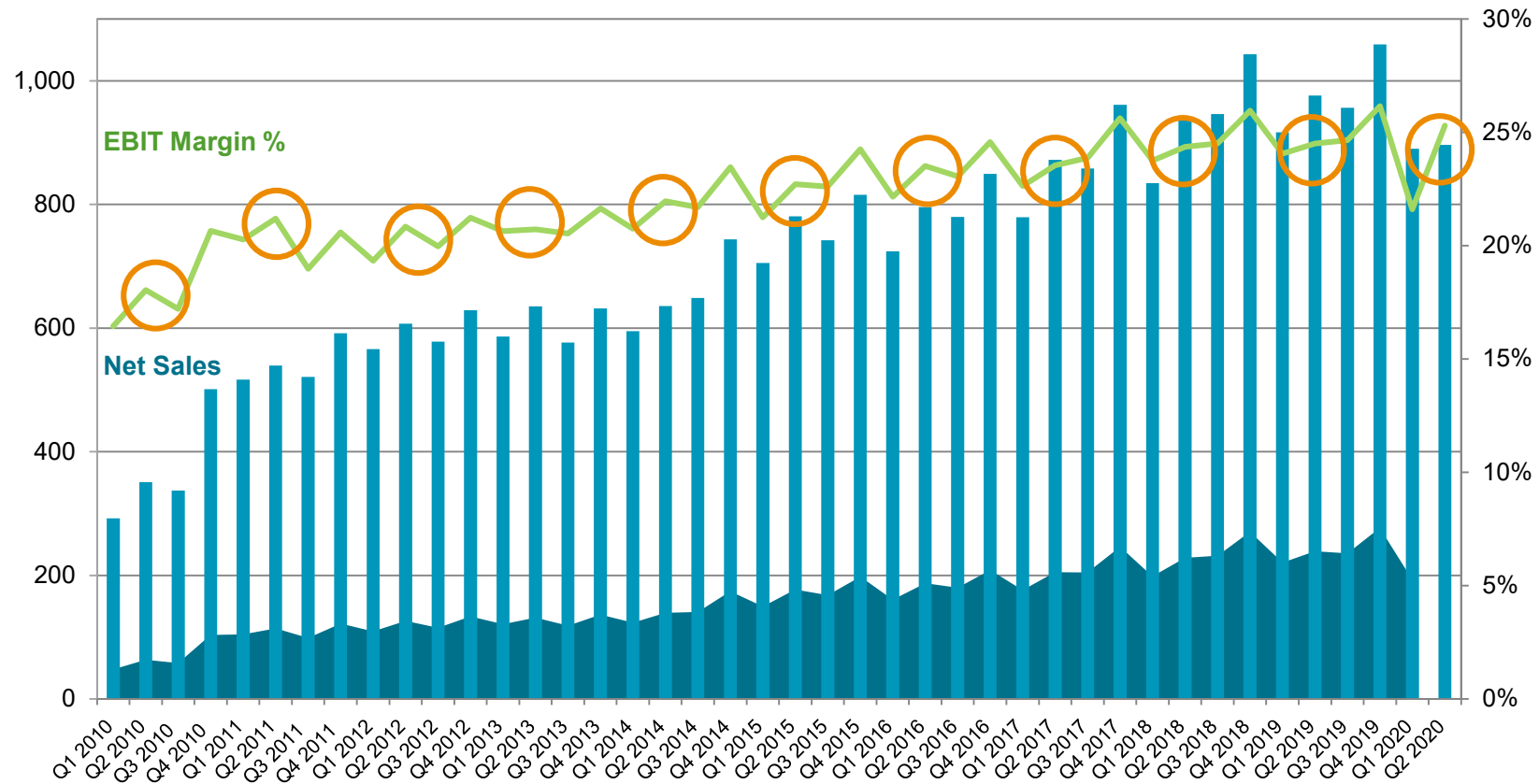
- Record Q2 EBIT1 margin of 25.3 per cent (24.5), supported by continued growth in software and a strong focus on cost control
- Gross margin of 61.4 per cent (62.1)
 - Gross margin excluding NRI of 62.9 per cent (63.0)
- Implementing long-term cost savings measures to ensure continued stability of the company's financial performance
 - Are expected to offset any reversal of the short-term saving effects seen during the second quarter



Seasonality in profit

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

MEUR



Key figures – Q2 2020

MEUR	Q2 2020	Q2 2019	Change %
Net sales	896.6	976.0	-10 ¹⁾
Operating earnings (EBITDA)	362.6	330.2	10
Operating margin, (EBITDA) %	40.4	33.8	6.6
Operating earnings (EBIT1)	226.5	239.2	-5
Operating margin, %	25.3	24.5	0.8
Earnings before taxes, excl. non-recurring items	220.1	232.3	-5
Non-recurring items (before taxes) ²⁾	-135.0	-44.4	n.a.
Earnings before taxes	85.1	187.9	-55
Net earnings	70.6	154.1	-54
Net earnings, excl. non-recurring items	180.5	190.5	-5
Earnings per share, EUR	0.19	0.42	-55

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

Key figures – 6M 2020

MEUR	6M 2020	6M 2019	Change %
Net sales	1,786.5	1,892.5	-8 ¹⁾
Operating earnings (EBITDA)	649.8	638.4	2
Operating margin, (EBITDA) %	36.4	33.7	2.7
Operating earnings (EBIT1)	418.9	459.7	-9
Operating margin, %	23.4	24.3	-0.9
Earnings before taxes, excl. non-recurring items	406.7	445.2	-9
Non-recurring items (before taxes)	-135.0	-54.1	n.a.
Earnings before taxes	271.7	391.1	-31
Net earnings	223.6	320.6	-30
Net earnings, excl. non-recurring items	333.5	365.1	-9
Earnings per share, EUR	0.60	0.87	-31

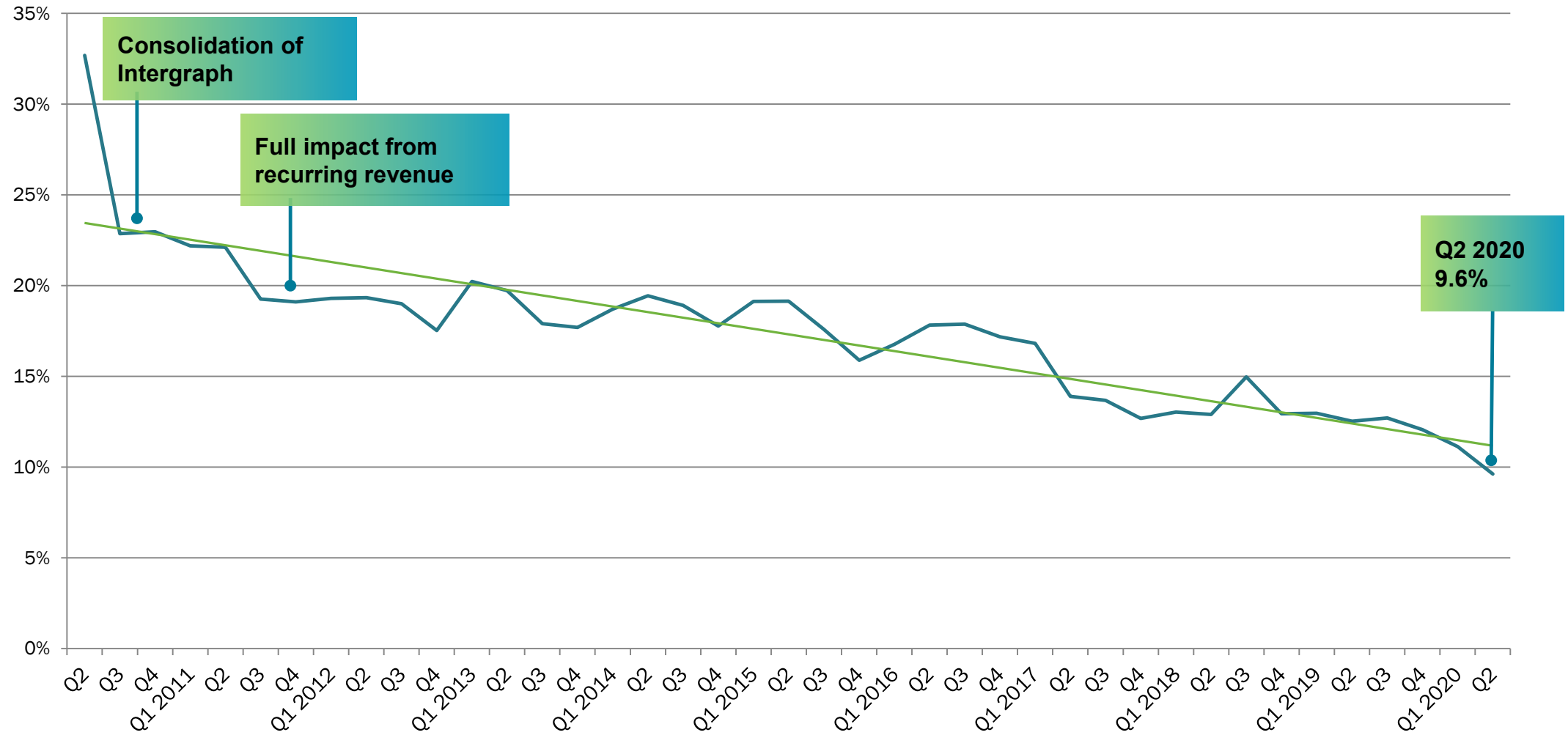
1) Adjusted to fixed exchange rates and a comparable group structure (organic growth)

Cash flow

MEUR	Q2 2020	Q2 2019
Cash flow from operations before changes in working capital excl. taxes and interest	322.8	332.0
Taxes paid	-26.7	-34.3
Interest received and paid, net	-7.8	-7.9
Cash flow from operations before changes in working capital	288.3	289.8
Change in working capital	55.9	8.8
Cash flow from operations	344.2	298.6
Investments tangible assets	-24.0	-34.6
Investments intangible assets	-66.7	-74.6
Operating cash flow before non-recurring items	253.5	189.4
Non-recurring cash flow	-14.3	-11.1
Operating cash flow	239.2	178.3

- Cash conversion of 127 per cent (97) in Q2 2020
- Cash conversion target of 80-90 per cent







Working capital to sales








Market development

Analysis of organic growth¹⁾ per geographic region

CONTRIBUTORS TO GROWTH¹⁾ (descending order)	
Q2 2019	976.0
China	
South America	
North America	
Western Europe	
Asia Excl. China	
Eastern Europe, Middle East & Africa	
Q2 2020	896.6

> 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 27%	EMEA ²⁾ 7%	NA 32%	SA 4%	CN 15%	ASIA ³⁾ 15%
Surveying	19%	↘	↘	↘	↘	↗	↘
Power, Energy & Mining	20%	↗	↘	↗	↗	↗	↘
Electronics & Manufacturing	15%	↘	↘	↘		↗	↘
Infrastructure & Construction	14%	↘	↘	↘	↘	↗	↘
Automotive	8%	↘	↘	↘	↘	↗	↘
Aerospace & Defence	10%	↘	↘	↘	↘	↗	↘
Public Safety	6%	↗	↗	↗	↗	↗	↘
Other	8%						
Total		↘	↘	↘	↗	↗	↘

> 8% ↗

0 to 8% ↗

Negative ↘

1) Share of sales as per Q2 2020

2) EMEA, excluding Western Europe

3) Asia, excluding China

EMEA market trends – Q2 2020

- EMEA recorded -19 per cent organic growth
 - Heavily impacted by the COVID-19 related lockdowns
 - Solid growth in the software portfolios in PPM and Safety & Infrastructure in Western Europe



Q2 Share of sales, %	34
Q2 Organic growth, %	-19
- Organic growth, GES %	-16
- Organic growth, IES %	-22

Americas market trends – Q2 2020

- Americas recorded -9 per cent organic growth heavily impacted by COVID-19 related lockdowns
 - Favorable growth in the power and energy and positioning segments
- South America recorded low single-digit organic growth
 - Solid growth in the mining and public safety segments



Q2 Share of sales, %	36
Q2 Organic growth, %	-9
- Organic growth, GES %	-7
- Organic growth, IES %	-12

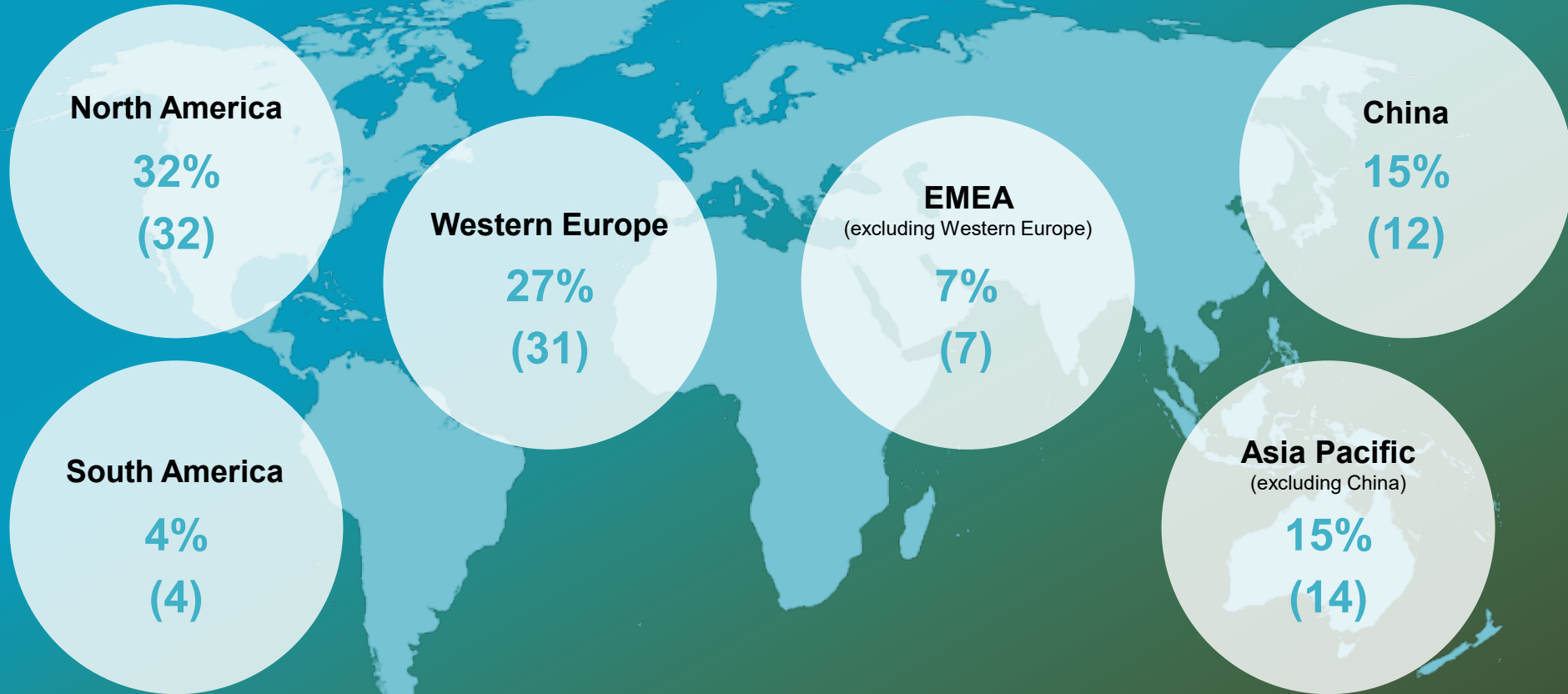
Asia market trends – Q2 2020

- China recorded 16 per cent organic growth
 - Strong recovery across all segments
- South Korea and Japan recorded low single-digit growth fuelled by a solid development in infrastructure and construction
- South-Eastern Asia and India declined



Q2 Share of sales, %	30
Q2 Organic growth, %	4
- Organic growth, GES %	3
- Organic growth, IES %	4

Sales mix Hexagon Q2 2020 (Q2 2019)



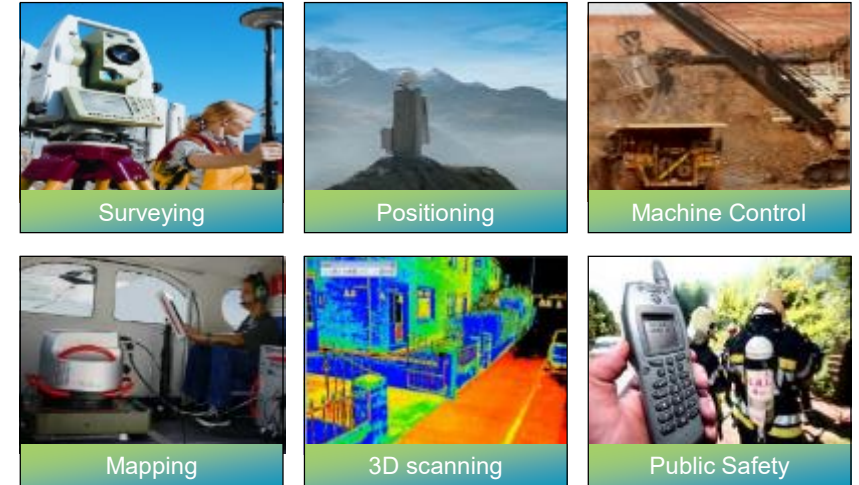


Reporting segments

Geospatial Enterprise Solutions – Q2 2020 overview

Organic growth of -9 per cent

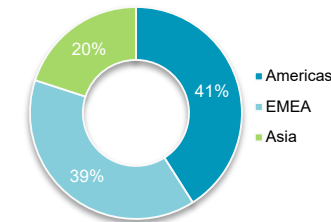
- Geosystems: -16 per cent organic growth, hampered by COVID-19 related shutdowns, especially in Europe and the US. Demand was strong in China and the mining segment continued to record favorable growth.
- SI: Recorded 14 per cent organic growth, supported by several recent contract wins and continued positive momentum for the newly launched OnCall platform.
- Autonomy & Positioning: -8 per cent organic growth, positively impacted by solid demand in defence and agriculture but adversely impacted by weaker demand in automotive and marine.



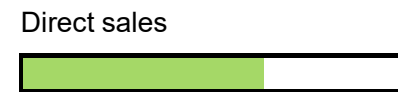
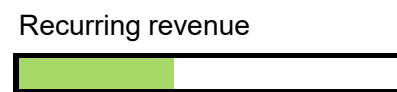
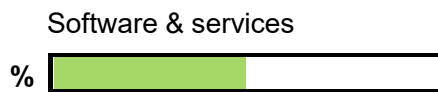
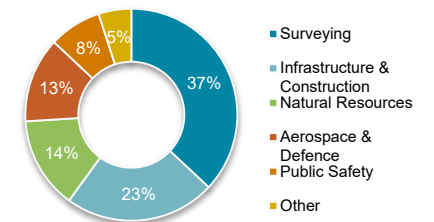
EBIT1

- Sales of 457.6 MEUR (496.8)
- EBIT1 of 118.9 MEUR (126.9) and operating margin of 26.0 per cent (25.5)
 - positively impacted by a favorable product mix and temporary short-term cost savings but adversely impacted by currency movements and lower volumes.

Sales per geography



Sales per segment



Industrial Enterprise Solutions – Q2 2020 overview

Organic growth of -10 per cent

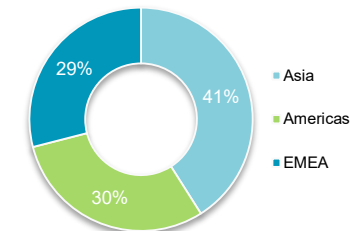
- MI: -14 per cent organic growth, largely driven by the significant decline in Europe and North America following the COVID-19 pandemic. China recorded solid organic growth, mainly driven by a recovery in the electronics segment.
- PPM: 1 per cent organic growth, supported by strong development in the asset information management and AEC (architect, engineering and construction) design software portfolios.

EBIT1

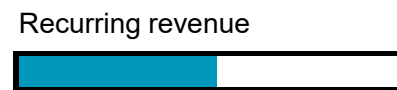
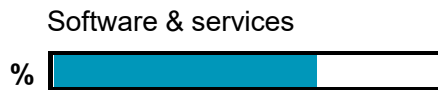
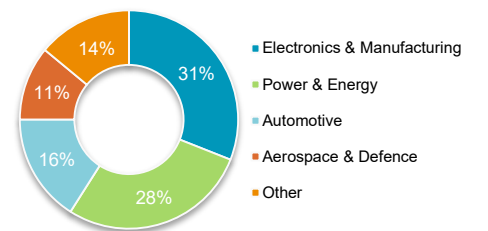
- Sales of 439.0 MEUR (479.2)
- EBIT1 of 110.9 MEUR (119.5) and operating margin of 25.3 per cent (24.9)
 - Positively impacted by a favorable product mix and temporary short-term cost savings but adversely impacted by lower volumes.



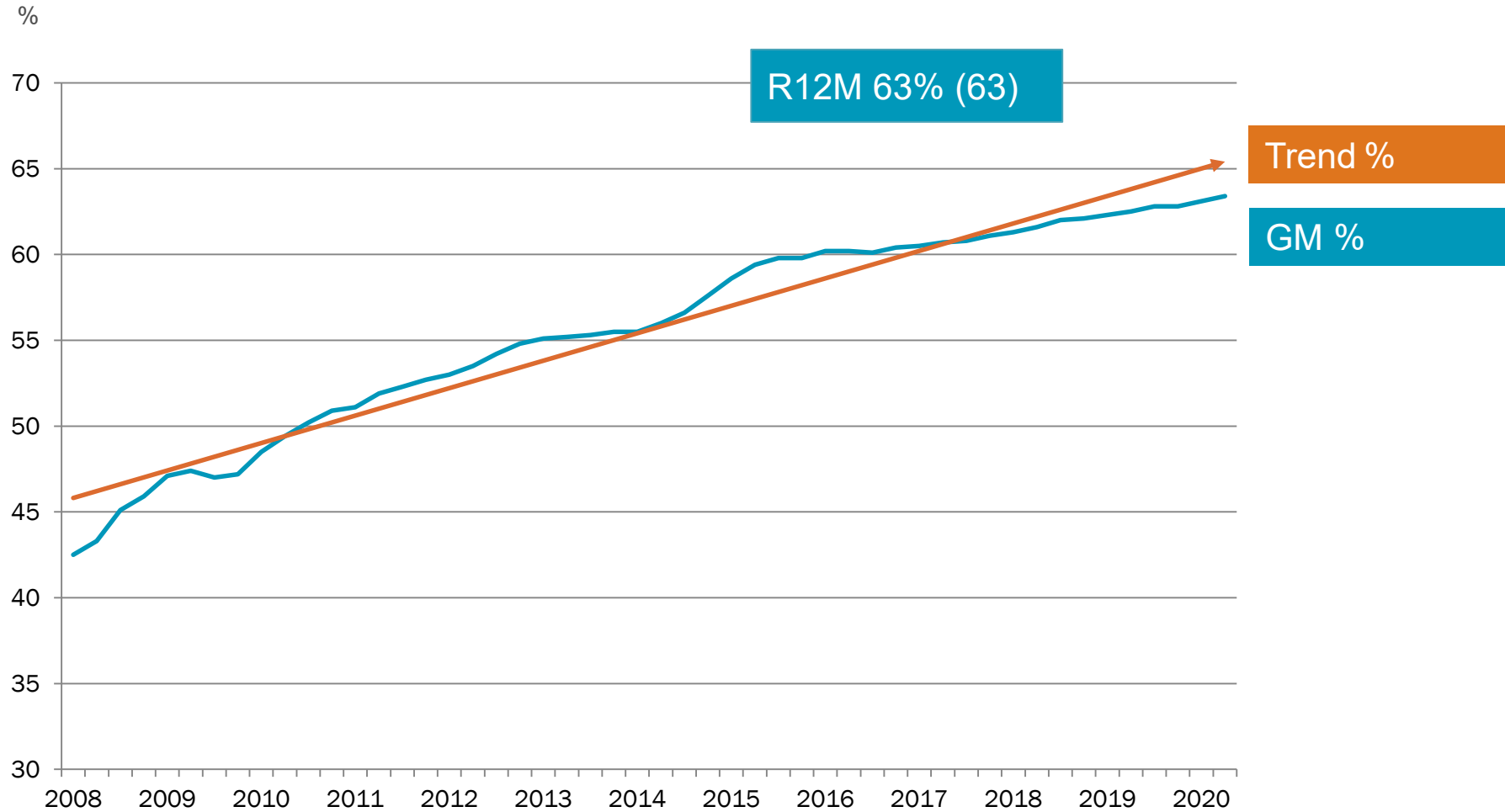
Sales per geography



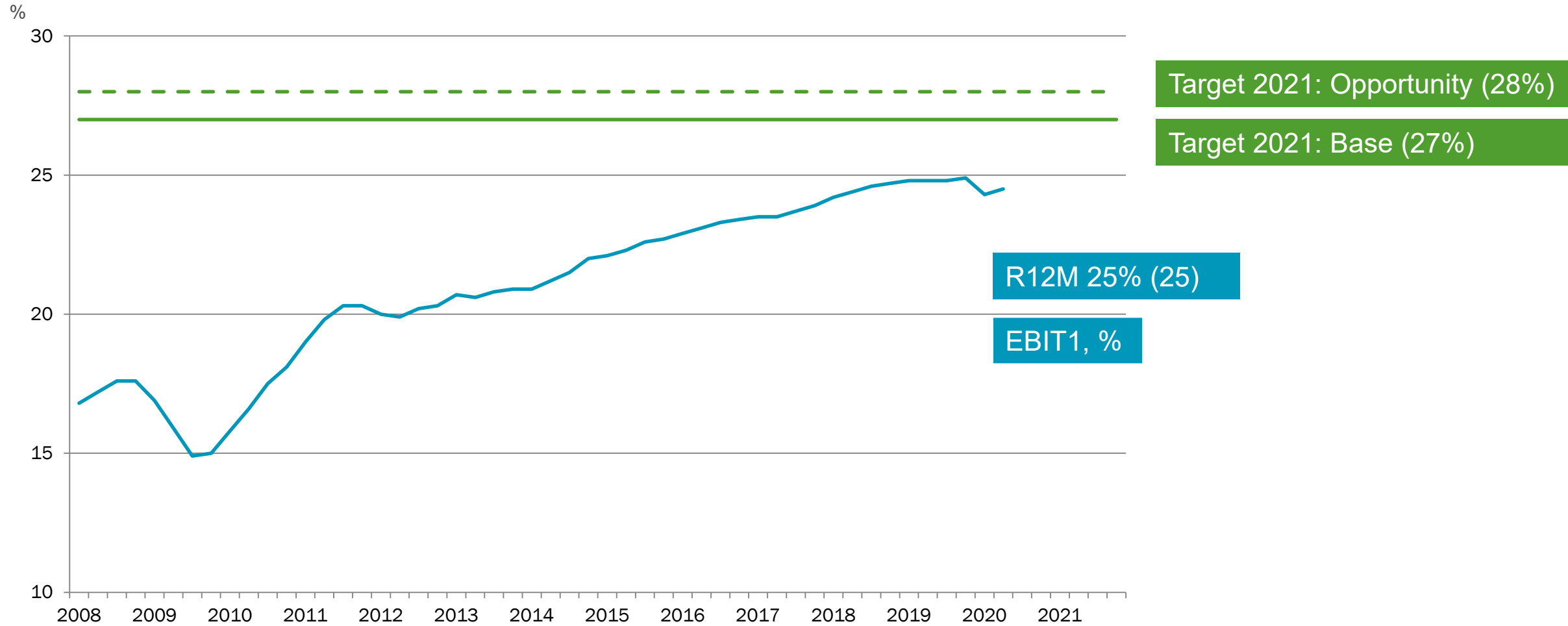
Sales per segment



Gross margin – R12M quarterly data



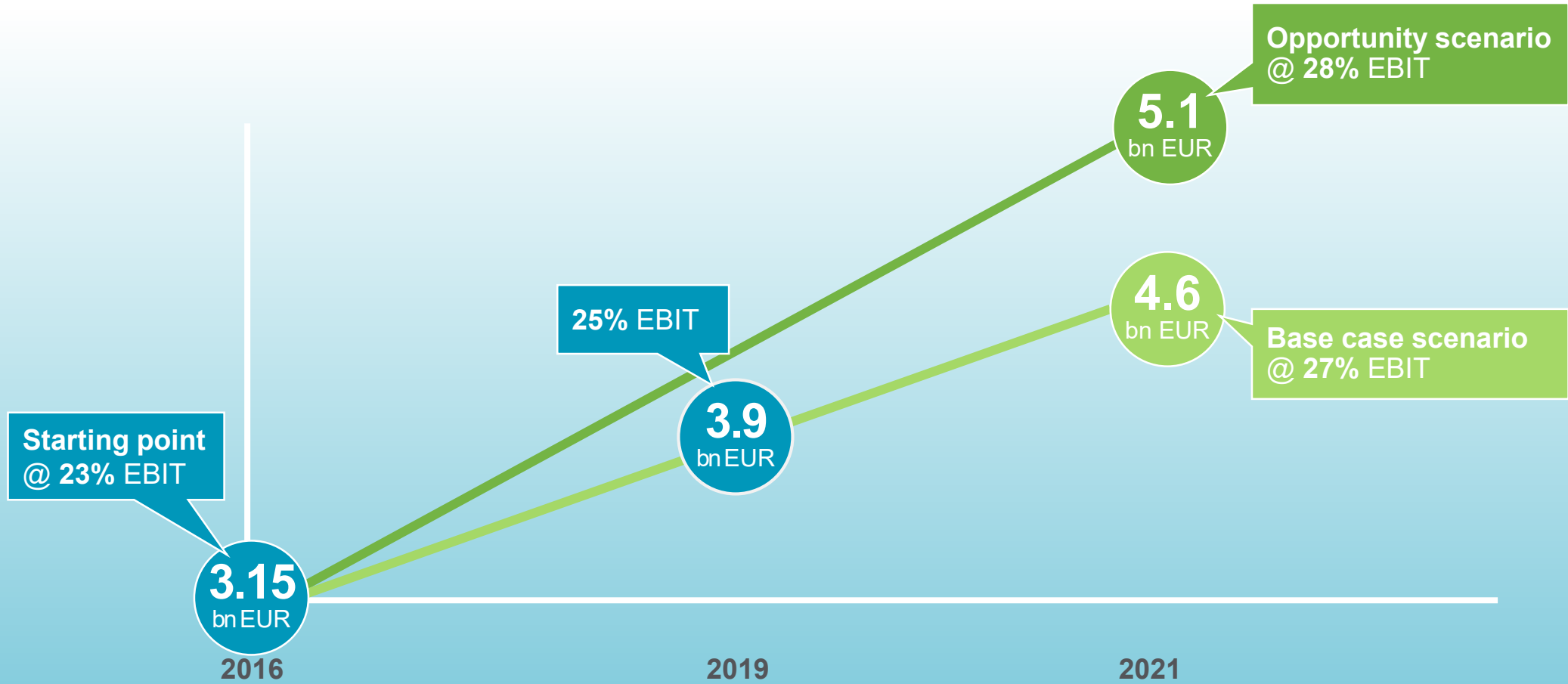
Operating margin – R12M quarterly data





Financial targets

Financial targets 2017-2021



Growth can vary between years

8-10%
total growth per
year on average

Approximately
5%
organic growth per
year on average

M&A is
expected to add
3-5%
to growth per year

FX is expected
to be
0%

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