Q1

HEXAGON COMPOSITES

OSLO, 10 MAY 2017

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AGENDA

- Group highlights
- Group financials & segment overview
- Outlook
- Q & A

HIGHLIGHTS FROM Q1 2017

HEXAGON COMPOSITES

- Growth of 42% in revenue in the LPG segment versus Q1 2016
  - Record high sales for the quarter
  - First delivery of Viseo cylinder design
- Solid Mobile Pipeline® sales in the quarter
  - Deliveries to North American oil & gas industry
- Substantial order received for Hydrogen gas transportation in Germany
- Cash-EBITDA generation on-track within Agility Fuel Solutions
  - Introduced Blue iQ™ natural gas fuel product

1ST

QUARTER 2017

FINANCIALS

FINANCIAL HIGHLIGHTS Q1 2017

Group key figures NOK million	Q1 2016 Actual Reported basis	Q1 2016 CNG now carved out to Agility JV	Q1 2016 Proforma Ex xperion acquisition	Q1 2017 Proforma Ex xperion acquisition	Q1 2017 Xperion acquisition	Q1 2017 Actual Reported basis
Operating Income	292	(128)	163	296	50	346
EBITDA	19	(17)	2	41	(6)	35
Net profit / (loss)	0	n.a.	n.a.	n.a.	n.a.	7

- Key factors impacting **EBITDA** this quarter:
  - Strong LPG performance
  - Solid Mobile Pipeline® Americas sales
  - Stronger Hydrogen sales
  - Relatively weak Light-Duty Vehicles performance
- Steady Agility contribution but weighed down by non-cash accounting entries
- Negative working capital movements
  - though good liquidity maintained through the cycle

**New business combination reporting*

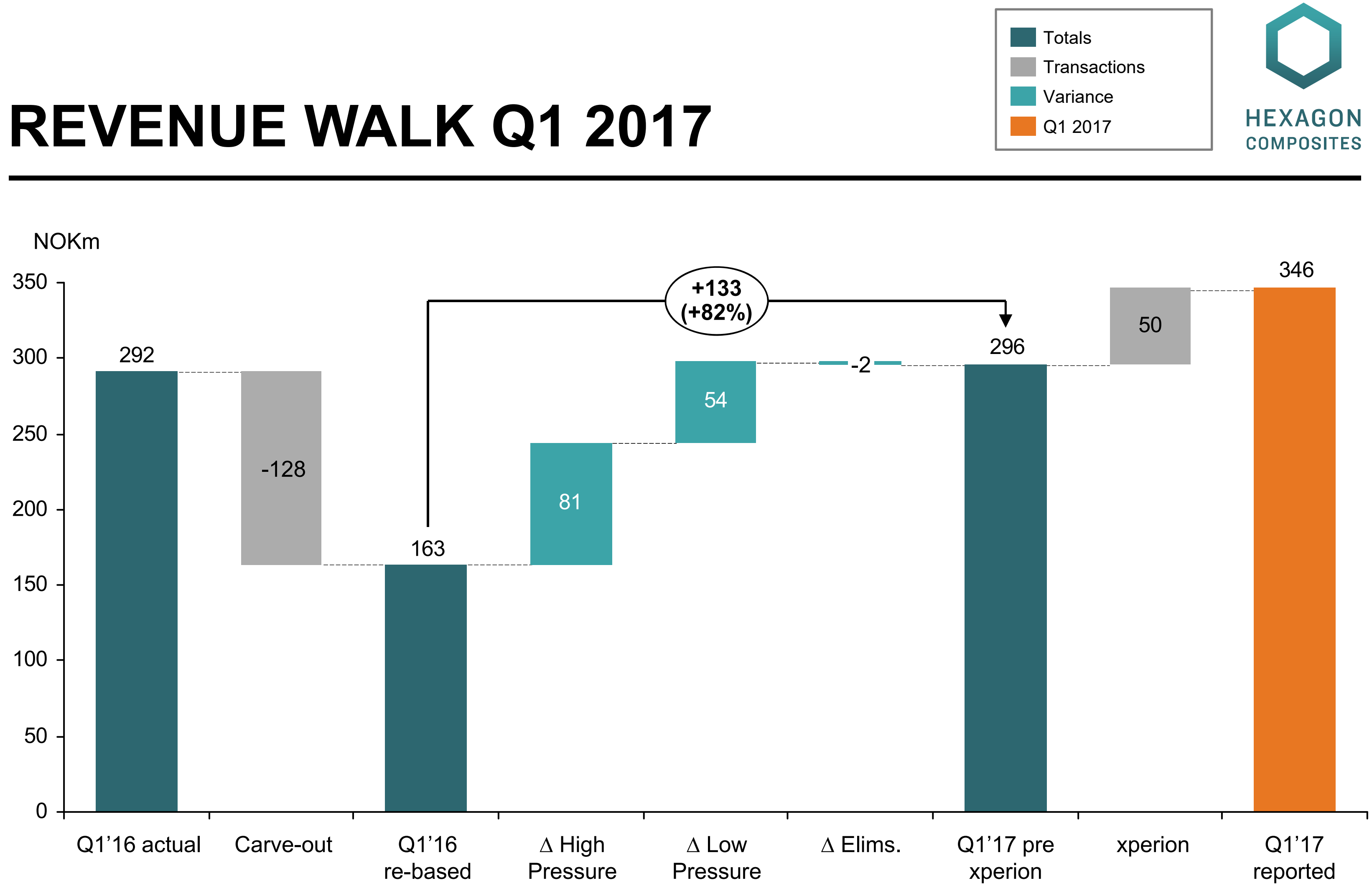
Q1 2017 GROUP INCOME STATEMENT

HEXAGON COMPOSITES

NOK MILLION	THREE MONTHS ENDING			FULL YEAR
	31.03.2017	31.03.2016	*Variance*	2016
Operating Income	**346,2**	**291,6**	***54,6***	**1 220,5**
Operating expenses	(311,1)	(273,0)	*(38,1)*	(1 193,8)
Exceptional Gains	0,0	0,0	*0,0*	348,2
EBITDA	**35,1**	**18,6**	***16,4***	**374,9**
Depreciation on tangibles	(13,3)	(14,6)	*1,3*	(59,8)
Amortisation and impairment	(5,1)	(0,8)	*(4,3)*	(15,8)
EBIT	**16,6**	**3,2**	***13,4***	**299,3**
Share of profit/(loss) from associates	(1,2)	0,0	*(1,2)*	2,1
Amortisation of associates intangibles	(3,5)	0,0	*(3,5)*	(3,6)
Other financial items (net)	(5,7)	(5,8)	*0,1*	14,1
Profit/(loss) before tax	**6,3**	**(2,6)**	***8,8***	**311,9**
Tax expense	1,0	3,0	*(2,0)*	(103,6)
Profit/(loss) after tax	**7,2**	**0,4**	***6,8***	**208,3**
EBITDA %	*10,1 %*	*6,4 %*		*30,7 %*
EBIT %	*4,8 %*	*1,1 %*		*24,5 %*
NET PROFIT / (LOSS)%	*2,1 %*	*0,1 %*		*17,1 %*

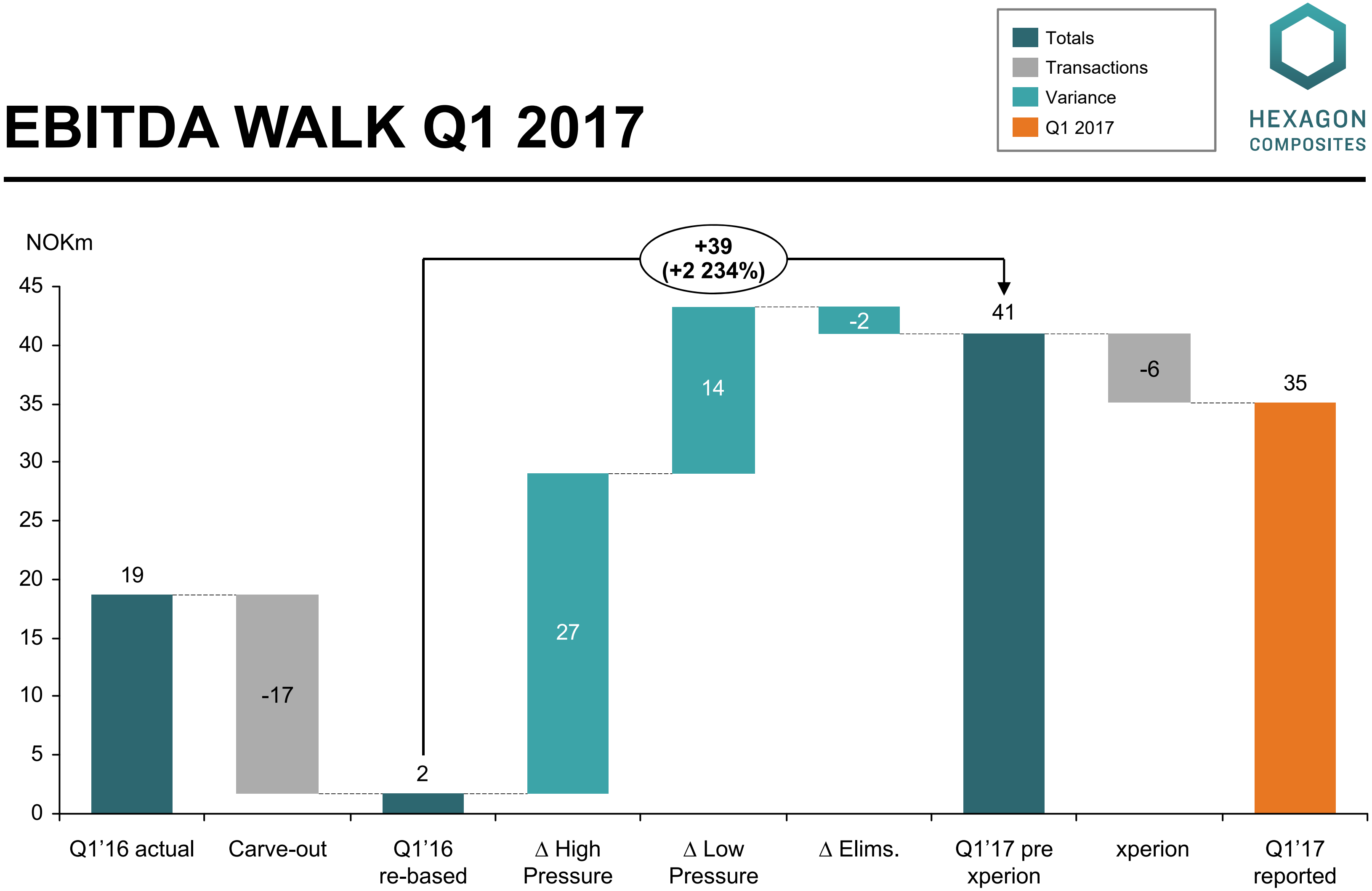
**New business combination reporting*

REVENUE WALK Q1 2017



Strong underlying growth in both High and Low-Pressure segments

EBITDA WALK Q1 2017



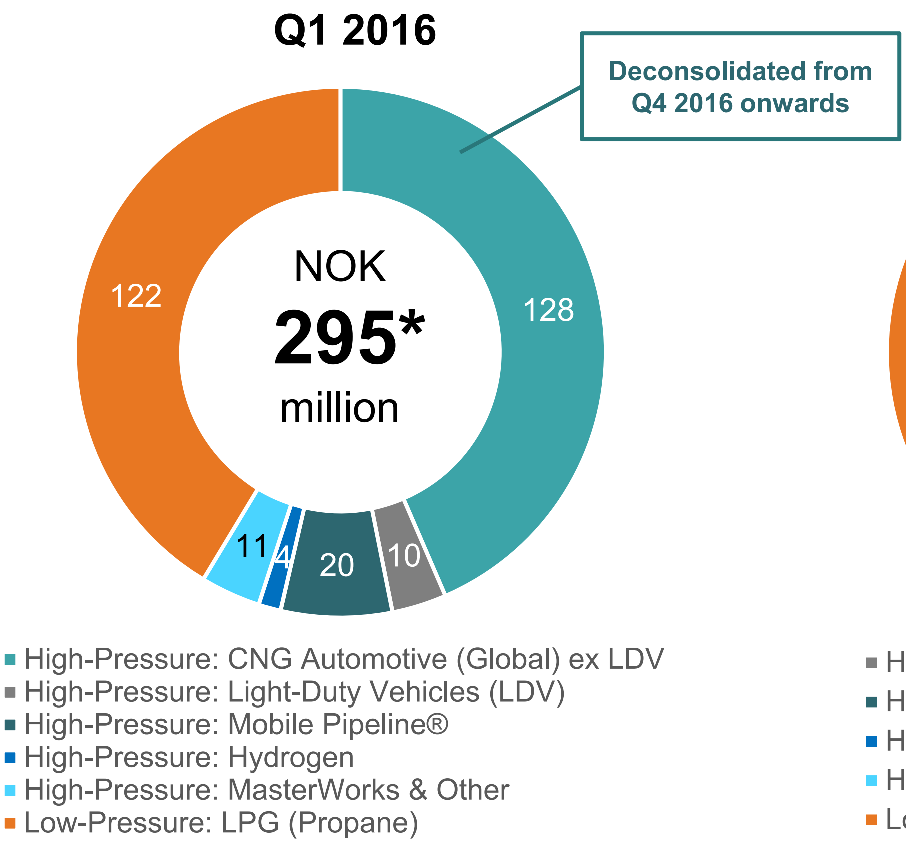
Strong underlying EBITDA growth with focus on High-Pressure segment

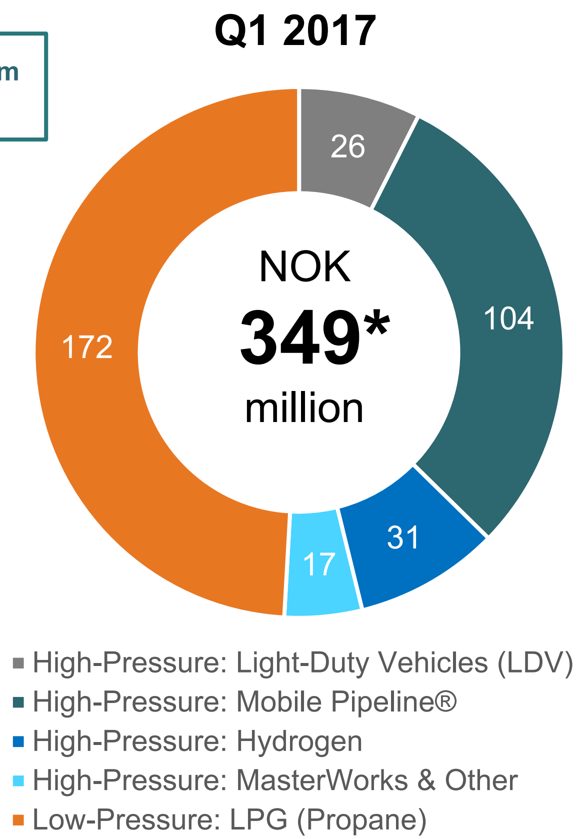
SEGMENT SHARES Q1 2017

BEFORE GROUP ELIMINATIONS*

HEXAGON COMPOSITES

SHARE OF OPERATING INCOME





Q1: HIGH-PRESSURE CYLINDERS

HEXAGON COMPOSITES

- Solid Mobile Pipeline® sales
  - Deliveries primarily to oil & gas customer
- Hydrogen is in early growth phase and typically dilutive to results
  - However, solid product sales in quarter drove close to break-even EBITDA effect this quarter
- Light-duty vehicles impacted by product acceptance delays
- Improving profitability is still primary focus for segment

NOK MILLION	SUMMARY FINANCIALS		
	Q1 2017	Q1 2016	*Variance*
Operating Income	**175,4**	**172,7**	***2,7***
Operating expenses	(177,7)	(179,6)	*1,9*
EBITDA	**(2,3)**	**(6,9)**	***4,6***
Depreciation on tangibles	(9,0)	(9,8)	*0,8*
Amortisation and impairment	(5,1)	(0,8)	*(4,3)*
EBIT	**(16,4)**	**(17,5)**	***1,1***

Q1: AGILITY FUEL SOLUTIONS

HEXAGON COMPOSITES

- Revenues USD **40.0** million
- Reported EBITDA of USD **1.4** million; "Adjusted" EBITDA of USD **3.5** million
- Net cash USD **1.7** million
- Strong focus on COGS, plant footprint optimization and vertical synergies has driven reasonable profit levels in stagnant market

- *Results are recorded below the line*
  - *This includes significant non-cash accounting impacts*

Q1: AGILITY FINANCIAL EFFECTS FOR GROUP REPORTING

HEXAGON COMPOSITES

- Positive operating results from Agility are then diluted by the following:
  - Share-based compensation (non-cash) – **USD 1.3 million***
  - Ordinary depreciation – **USD 2.0 million**
  - Interest cost – **USD 0.4 million**
- Our 50% share of profit/(loss) in Q1 = **NOK -4.7** million (-11 million in previous quarter Q4 2016) of which:
  - **-1.2 m** is from operations (-7.5 m in Q4 2016)
  - **-3.5 m** is depreciation from related intangible assets
- Tax effects are reported within the Group tax cost line
- Investment value recorded in the Balance Sheet = NOK **971** million (976 million in Q4 2016)

**IFRS adjusted figure; USD 1.9 million as reported in US GAAP*

Q1: LOW-PRESSURE CYLINDERS

HEXAGON COMPOSITES

- 42% year-over-year sales growth
- Deliveries primarily to traditional European markets and Qatar in the quarter
- Strong Order book as at end of quarter

NOK MILLION	SUMMARY FINANCIALS		
	Q1 2017	Q1 2016	*Variance*
Operating Income	**175,4**	**121,8**	***53,6***
Operating expenses	(135,3)	(95,8)	*(39,5)*
EBITDA	**40,1**	**26,0**	***14,1***
Depreciation on tangibles	(4,1)	(4,6)	*0,5*
Amortisation and impairment	0,0	0,0	*0,0*
EBIT	**36,0**	**21,4**	***14,6***

FINANCIAL POSITION V PREVIOUS QUARTER

HEXAGON COMPOSITES

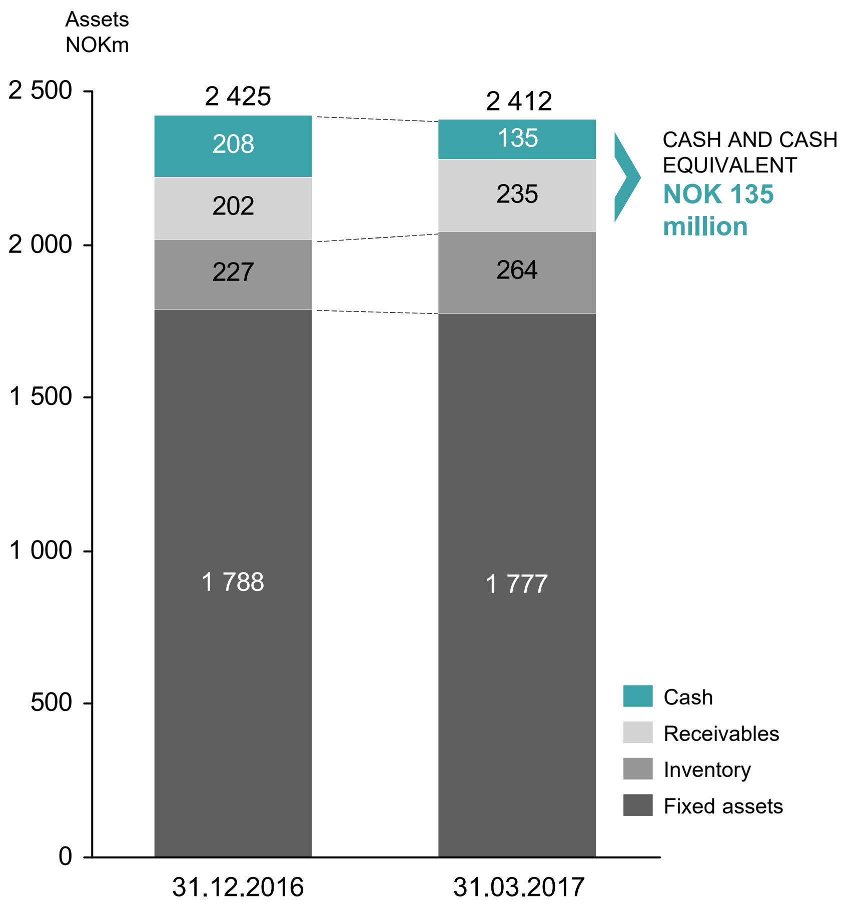
NOK MILLION	Balance sheet per		
	31.03.2017	31.12.2016	Change
Intangible assets	549,0	548,5	0,5
Tangible fixed assets	254,9	260,6	(5,6)
Investments in JVs and associates	970,8	976,0	(5,2)
Other non-current assets	2,4	2,6	(0,2)
Total Non-current Assets	**1 777,1**	**1 787,6**	**(10,5)**
Inventories	264,4	227,5	36,9
Receivables	235,0	201,7	33,3
Bank deposits, cash and similar	135,2	208,1	(72,9)
Total Current Assets	**634,6**	**637,2**	**(2,6)**
Total Assets	**2 411,7**	**2 424,8**	**(13,1)**
Total Equity	**1 344,9**	**1 333,2**	**11,7**
Long-term interest-bearing debt	432,8	431,7	1,1
Other non-current liabilities	300,0	305,3	(5,2)
Total Non-current Liabilities	**732,9**	**737,0**	**(4,1)**
Short-term interest-bearing debt	14,2	14,1	0,1
Other current liabilities	319,9	340,6	(20,8)
Total Current Liabilities	**334,0**	**354,7**	**(20,7)**
Total Liabilities	**1 066,9**	**1 091,7**	**(24,8)**
Total Equity and Liabilities	**2 411,7**	**2 424,8**	**(13,1)**

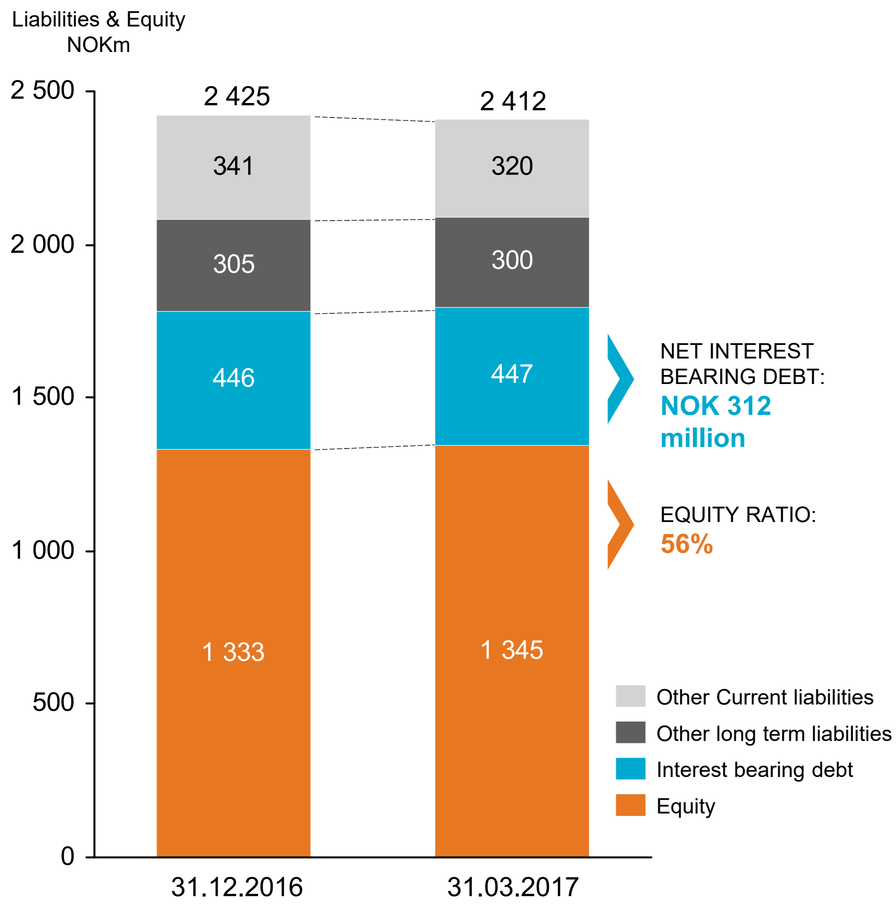
- Working capital increases driven by:
  - Inventory build-up for conversion in Q3
  - Effect of expansion in receivables driven by record LPG sales
  - Reduced payables and deferred income in USA
- Cash therefore impacted negatively in the quarter
- Otherwise stable movements in balance sheet

**Preliminary unaudited financials*

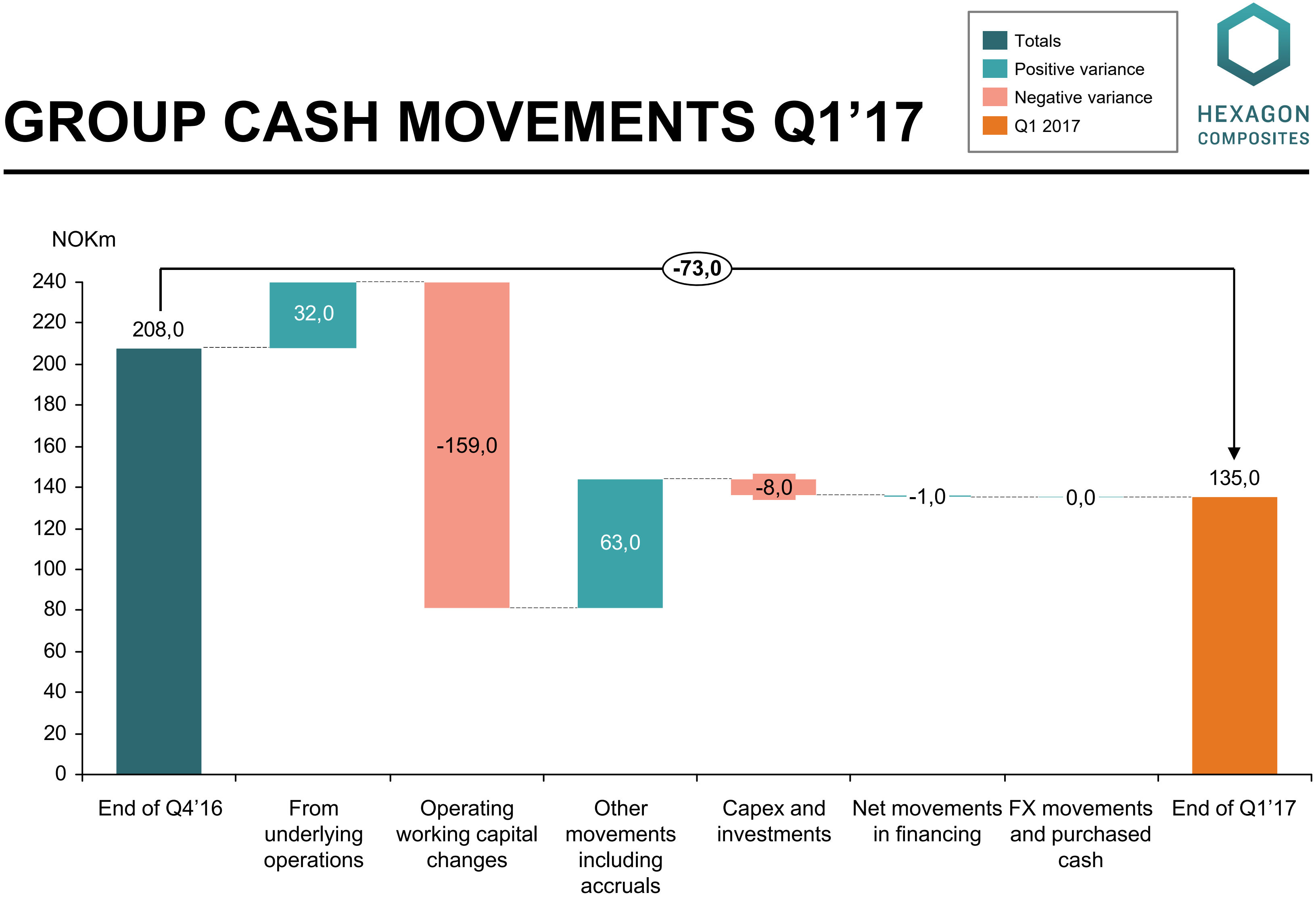
SOLID BALANCE SHEET

HEXAGON COMPOSITES





GROUP CASH MOVEMENTS Q1'17

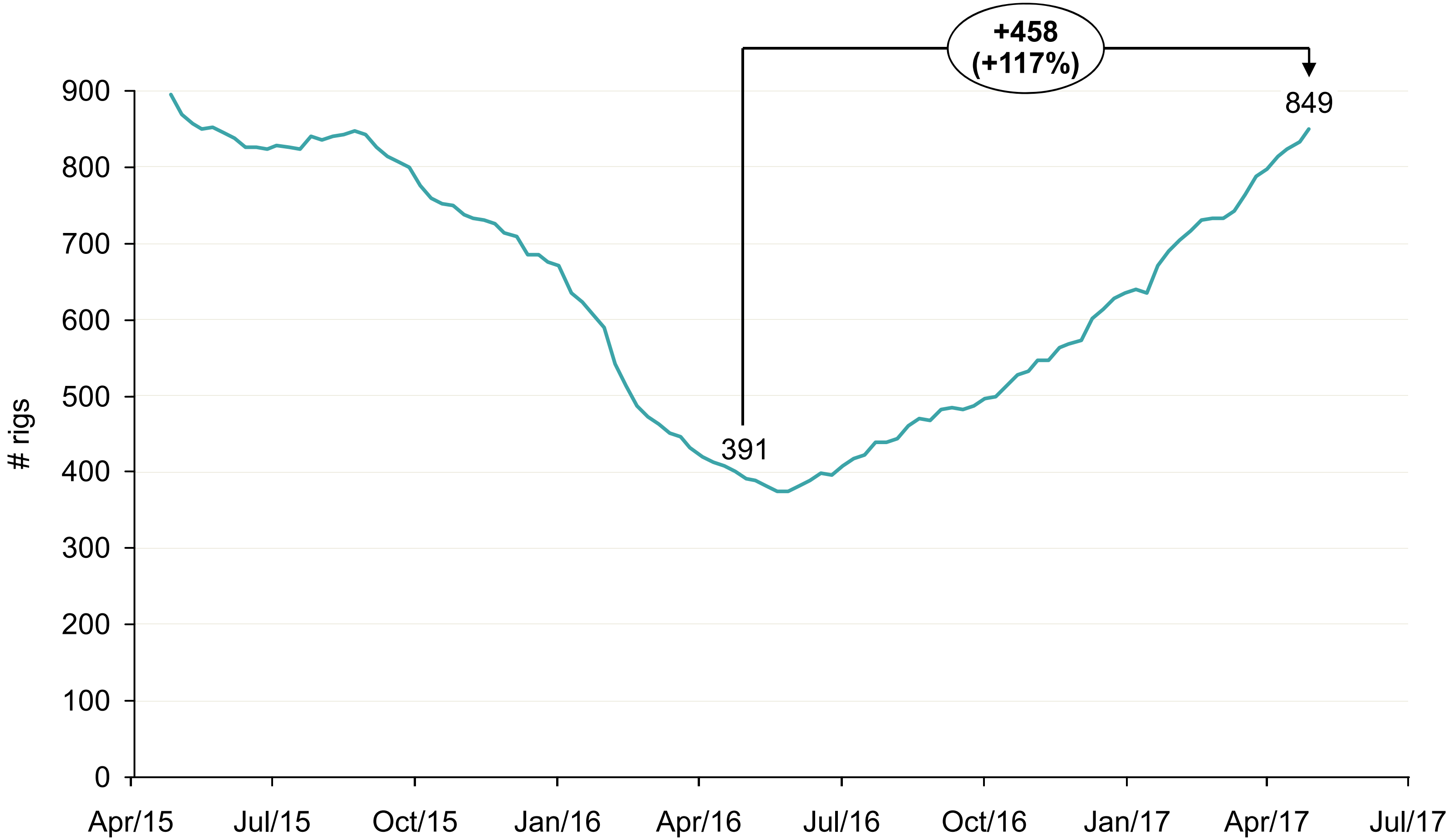


Negative working capital effects reduce cash levels; mainly cyclical

OUTLOOK

MOBILE PIPELINE®

US ONSHORE RIG COUNT CONTINUES THE UPWARD TREND



Source: Baker Hughes (Data per 28 April 2017)

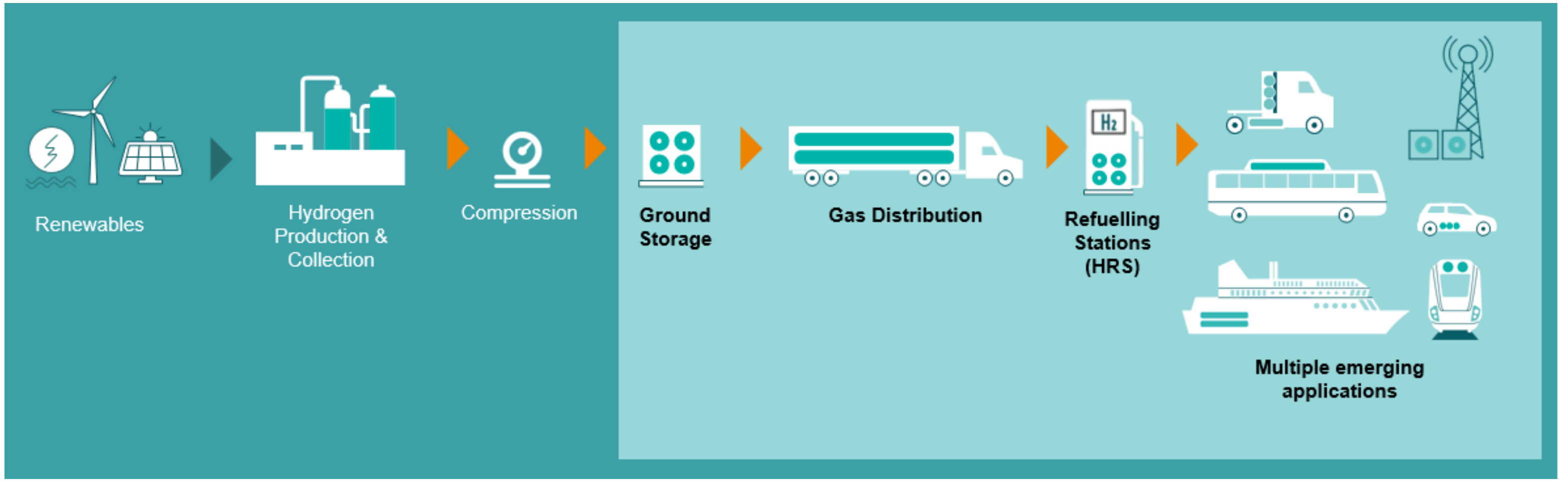

CERTARUS
Your Natural Gas Virtual Pipeline
1:41 / 4:47

MOBILE PIPELINE®

- The project funnel remains sound
  - North American oil & gas activity strong driver
  - Most opportunities expected to materialize in 2nd half of 2017
- Some risk that Q2 will be softer than Q1, but capacity in the quarter will be fully utilized for later deliveries
  - Q3 and Q4 expected to be healthy
- Long-term agreement with Certarus
  - TITAN® order worth MUSD 20.6 (around MNOK 177)
- Ready to meet aggressive competition in North America
  - Major cost reductions accomplished
  - Continuous product development
  - Unmatched after sales service
  - Leasing and other financial support
    - Global footprint enables efficient residual value management

HYDROGEN

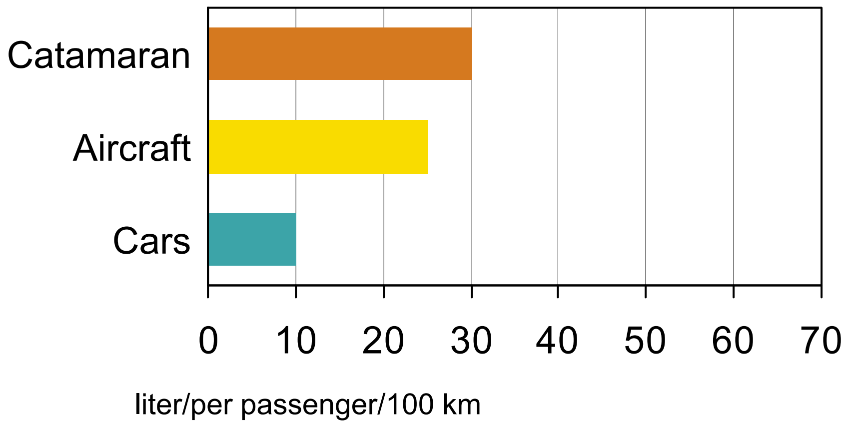
- Continued substantial growth
- Focus widening from Light-Duty Vehicles to numerous other segments
  - Ground storage
  - Distribution
  - Heavy-Duty Trucks & Buses
  - Rail
  - Maritime
- Infrastructure development required to enable growth in transportation applications



MARITIME APPLICATIONS EMERGING AS A MAJOR OPPORTUNITY – NORWAY TAKING THE LEAD

HEXAGON COMPOSITES

Energy efficiency passenger transport



Source: input from NTNU

Photo: GKP7H2/Brødrene Aa

JOINT VENTURE WITH NEL AND POWERCELL
TAILOR-MADE TO ADDRESS MARITIME OPPORTUNITIES

HEXAGON COMPOSITES

Renewable energy supply

Water/Wind/Solar

JOINT VENTURE
Integrated HYDROGEN value chain

nel

Hydrogen production and fueling

HEXAGON COMPOSITES

Storage and transport

POWERCELL

Fuel Cell

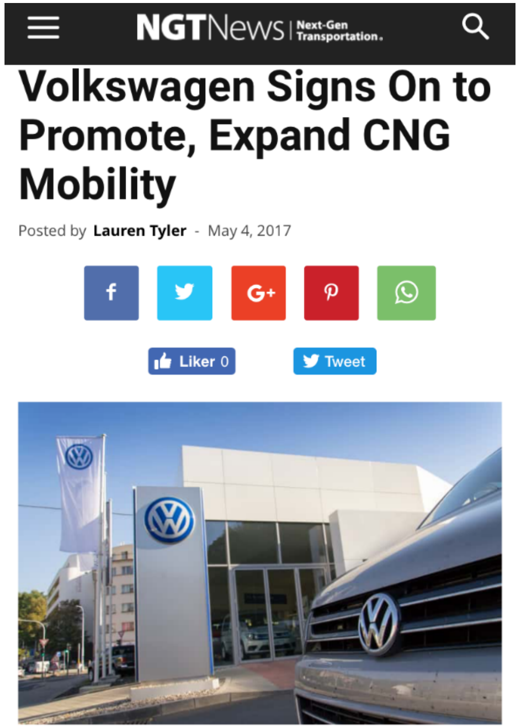
End user

The JV will combine specialized H2 know-how with integration capabilities to support complex configurations

LIGHT-DUTY VEHICLES CNG

- *"Its short-term availability makes natural gas an important component of our overall strategy for eco-friendly mobility of the future."*
  Dr. Ulrich Eichhorn, Head of R&D at Volkswagen

- Volkswagen signed LoI with among others E.ON, TOTAL and Gazprom to promote CNG mobility
  - Increase CNG vehicle fleet in Germany tenfold to 1 million by 2025
  - Expand filling station network to 2,000 locations


NGTNews | Next-Gen Transportation.

Volkswagen Signs On to Promote, Expand CNG Mobility

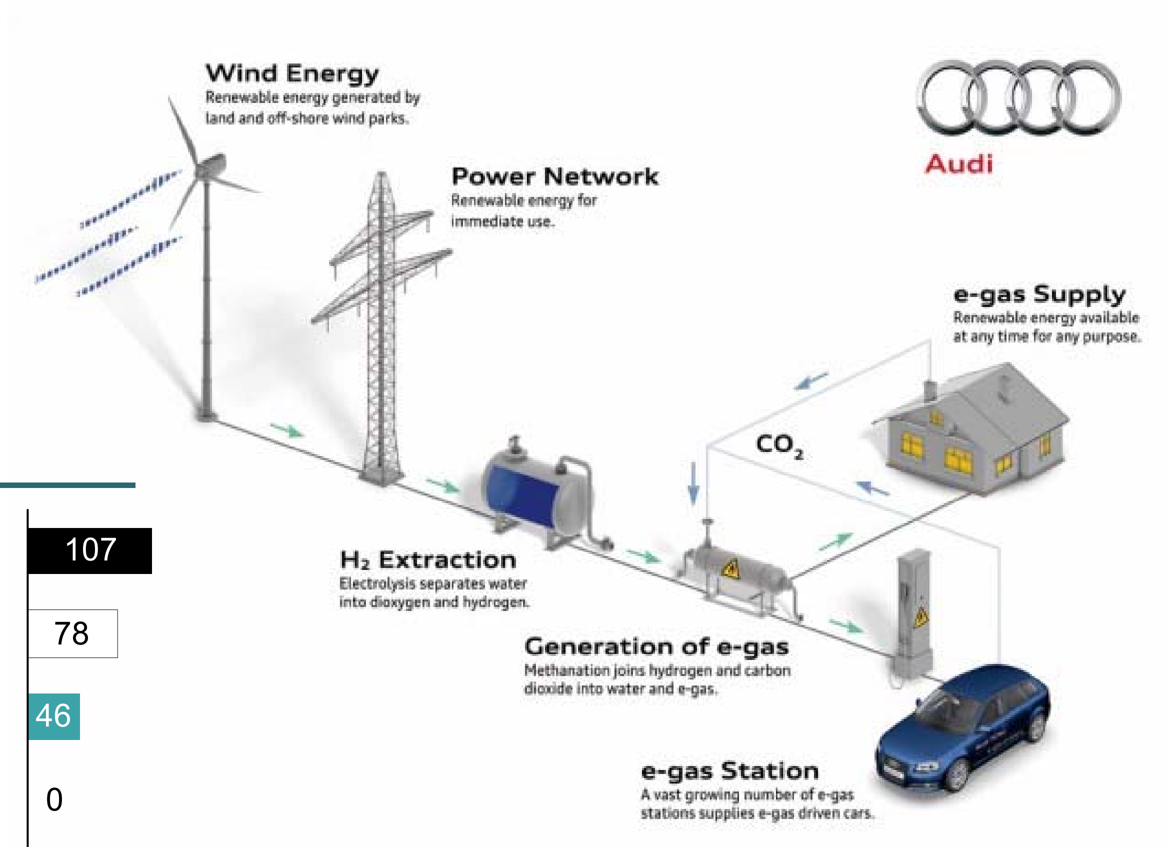
Posted by Lauren Tyler - May 4, 2017

Liker 0 Tweet

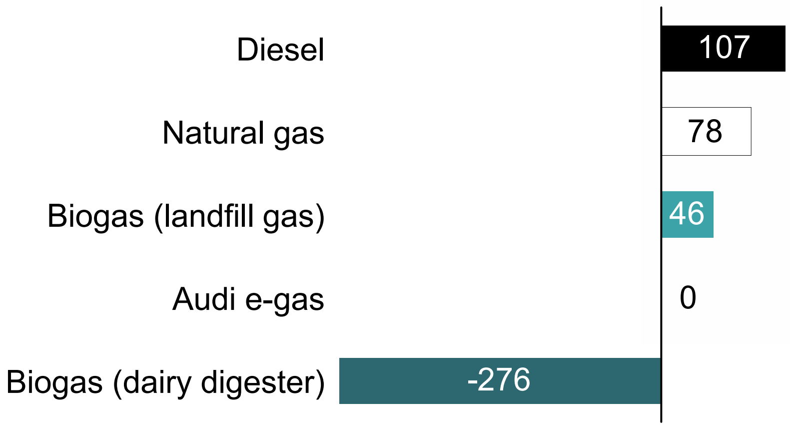
"Gas-fuelled mobility is environmental protection that is immediately available."
Volkswagen Group

CNG ENVIRONMENTAL VALUE PROPOSITION ENHANCED BY BIOGAS AND "E-GAS"

HEXAGON COMPOSITES



Life-cycle carbon intensity in gram CO2-equivalents / MJ



Source: EU Fuel Quality Directive; EU Renewable Energy Directive; California Air Resources Board; Audi

LIGHT-DUTY VEHICLES CNG

HEXAGON COMPOSITES

- Renewed interest in CNG as important component in clean energy mix
  - Electrification alone does not solve the CO2 challenge
- Healthy underlying growth
- Q2 will be negatively impacted by product acceptance delay from one LDV program
  - Relaunch planned for early Q3
  - Much of the lost volume is expected to be recovered in second half of 2017

AGILITY FUEL SOLUTIONS

HEXAGON COMPOSITES

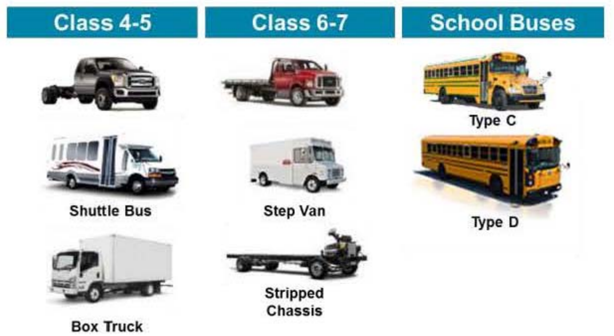
- 2017 Heavy-Duty market relatively flat
- Expansion into new markets and geographies
- Manufacturing optimization initiatives expected to improve profitability and competitiveness
- Established new Propane business unit
  - Focus on the global LPG commercial vehicle market
  - Broader portfolio of clean fuel solutions
  - Leveraging capabilities, technologies and footprint

LPG COMPARED TO CNG

- Propane & CNG are complimentary fuels
  - CNG core in heavy-duty class 8 trucks and urban buses
  - Propane core in medium-duty class 4 & 5 school buses, step vans and delivery trucks

- LPG offers several advantages over conventional fuels within the medium-duty markets:
  - Lower fuel price for fleets
  - Less expensive fueling stations
  - Nationwide availability
  - Low cost conversions

Medium-duty vehicles and industrial LPG applications



LPG

HEXAGON COMPOSITES

- Q2 is sold out
  - Order backlog for 2nd half of 2017 at satisfactory level
- New drive in America
  - Introduction of the cylinder by regional North American LPG marketers in Q2
  - Targeting the BBQ market
- Continued strong growth from European core markets and customers

Lipigas cylinder with new branding features

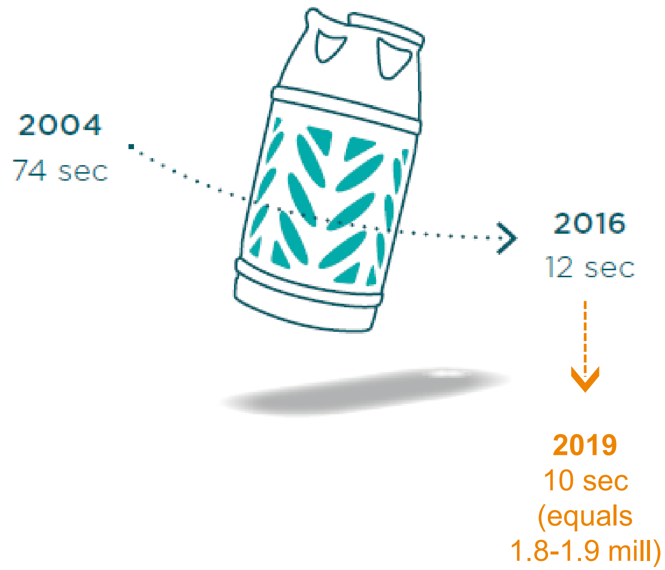
TUNED FOR FUTURE GROWTH

HEXAGON COMPOSITES

75 million NOK investment program to further enhance manufacturing efficiency and product improvements

- New machineries and tools for further reduction of cycle time
  - Increase production capacity by 200.000 cylinders by mid 2019
- Meet increasing global demand and specific design requirements
  - Enhanced product properties through branding, design and features
- Investment and market program expected to improve capacity utilization, profitability and competitiveness

Reduced cycle time



OUTLOOK – SUMMARY

HEXAGON COMPOSITES

- Positive Mobile Pipeline® outlook
- Sound market growth expected for Light-Duty Vehicles in 2017
  - Product acceptance delays from one program
- Low-Pressure LPG remains very strong
- Significant Hydrogen growth continues
- Relatively flat short term market for Agility but better market signals towards end of 2017
- Integration of xperion according to plan – harvesting of synergies has begun

→ Growth and profit management main priorities short term

QUESTIONS PLEASE

Jon Erik Engeset, CEO
David Bandele, CFO