

2ND QUARTER 2014



HEXAGON
COMPOSITES

Oslo, 28th August 2014

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AGENDA



- Group Highlights
- Group Financials & Segment overview
- Outlook
- Q & A

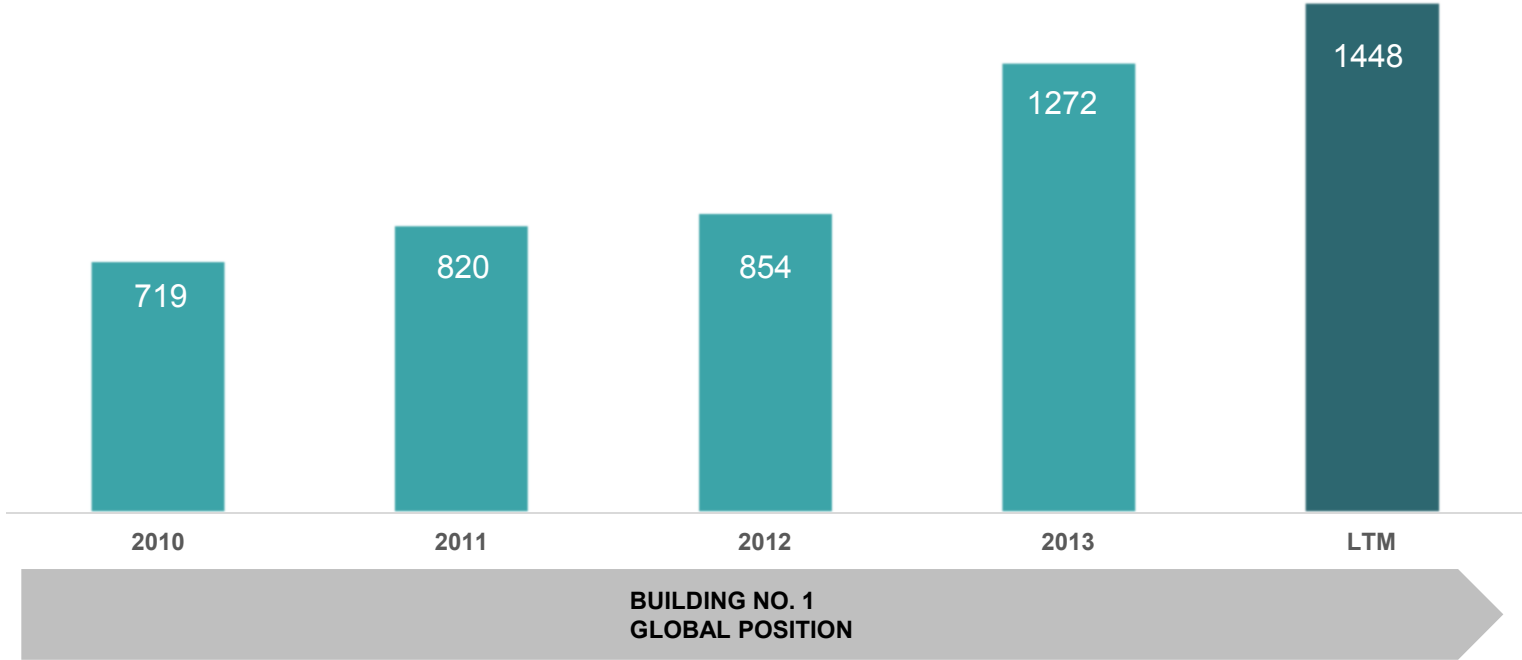
CONTINUED GROWTH



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OPERATING REVENUES

NOK Million



HIGHLIGHTS Q2 2014

- Full capacity utilization at Hexagon Ragasco and Hexagon Lincoln
 - Lincoln has returned to normal delivery times
- Introduction of the TITAN™ XL has received positive response
 - First orders taken in Q3
- Light Duty in the black
- Hexagon Raufoss nominated by major car manufacturer
- Partnership with Agility Fuel Systems moving as planned
 - Replacements for competitor products at Agility to begin delivery in Q3.



GAS DISTRIBUTION PRODUCTS (GDP)



- Satisfactory quarter
- Gaining momentum in the oil & gas industry
 - High Horse Power applications
- Solid order intake



HEAVY DUTY VEHICLES

- Temporary softening in the U.S. Heavy Duty market
 - Underlying market drivers unchanged
- Bus markets in the U.S. and Europe very strong
 - First bus order to Indonesia secured shortly after end of Q2



LIGHT DUTY VEHICLES

- European Passenger car market exhibits stronger than expected growth
- Hexagon Raufoss nominated by major car manufacturer
 - First deliveries targeted for 2017



LOW PRESSURE (LPG)

- Plant running 24/7/365
- Up-time very high in April and May, but disruptions in June
 - EBIT effect MNOK 7
- Strong European demand



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GROUP FINANCIALS



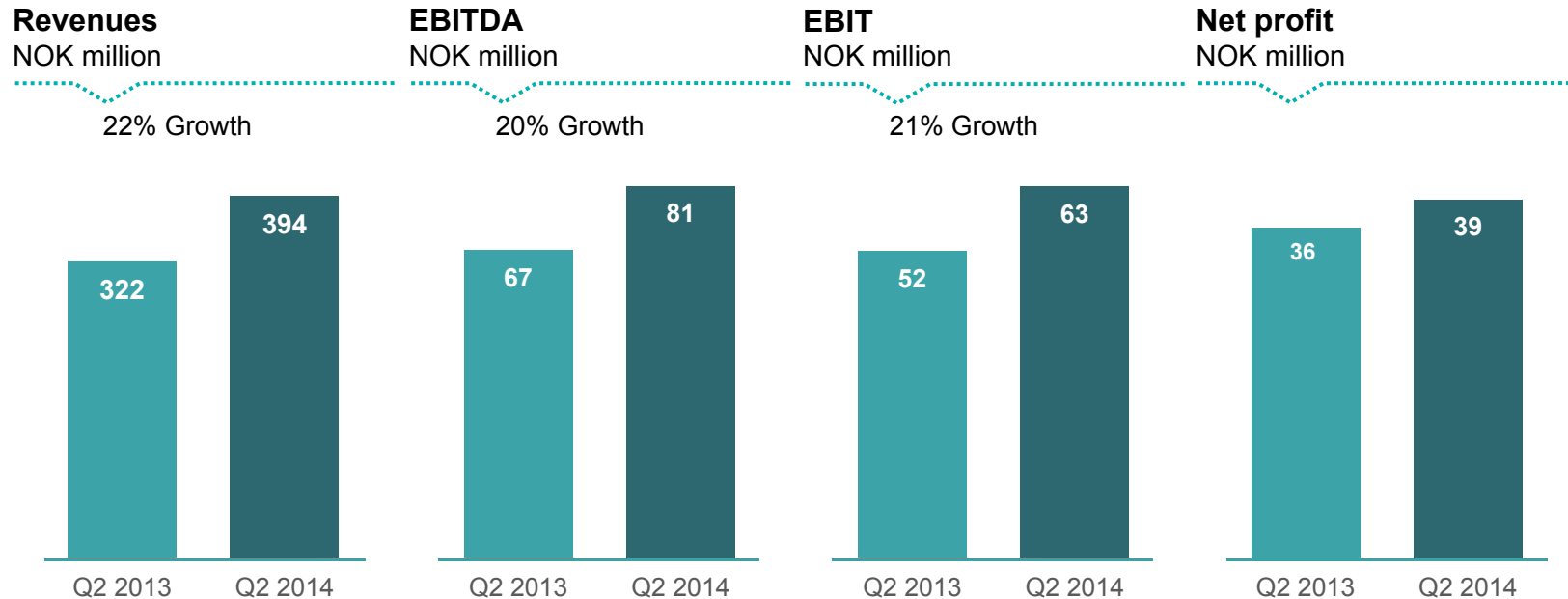
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Q2 2014 GROUP INCOME STATEMENT



NOK THOUSAND-	THREE MONTHS ENDING*			SIX MONTHS ENDING*			TWELVE MONTHS ENDING*
	30.06.14	30.06.13	Variance	30.06.14	30.06.13	Variance	31.12.13
Operating Income	394 167	321 957	72 210	804 696	627 876	176 820	1 271 622
Operating expenses	(313 718)	(255 049)	(58 669)	(639 135)	(513 022)	(126 113)	(1 067 260)
EBITDA	80 449	66 908	13 541	165 561	114 854	50 707	204 362
Depreciation and impairment	(17 624)	(14 891)	(2 733)	(35 616)	(28 603)	(7 013)	(62 298)
EBIT	62 825	52 017	10 808	129 945	86 251	43 694	142 064
Share of profit/(loss) from associates	(1 036)	(1 682)	646	(1 792)	(1 855)	63	(4 224)
Other financial items (net)	(5 041)	574	(5 615)	(13 932)	1 003	(14 935)	(9 396)
Profit before tax from cont. operations	56 748	50 909	5 839	114 221	85 399	28 822	128 444
Tax expense	(17 866)	(17 094)	(772)	(36 816)	(27 917)	(8 899)	(41 742)
Profit after tax from cont. operations	38 883	33 815	5 068	77 405	57 482	19 923	86 702
Profit/(loss) from companies held for sale	-	1 732	(1 732)	4 855	2 356	2 499	2 941
Profit/(loss) for the year	38 883	35 547	3 336	82 260	59 838	22 422	89 643
EBITDA %	20.4%	20.8%		20.6%	18.3%		16.1%
EBIT %	15.9%	16.2%		16.2%	13.7%		11.2%

Q2 '14* V '13* INCOME STATEMENT HIGHLIGHTS



- High-pressure drives NOK 51 million growth (24%)
- Low-pressure drives 21 million growth (19%)

- High-pressure at 21.0% margin
- Low-pressure at 23.9% margin

- NOK 3 million depreciation effect (Low-pressure 1, High-pressure 2)

- Tax effect of -NOK 1 million
- Finance and other contributions effect of -NOK 5 million (FX 3; Interest 2)
- Divested business -NOK 2 million

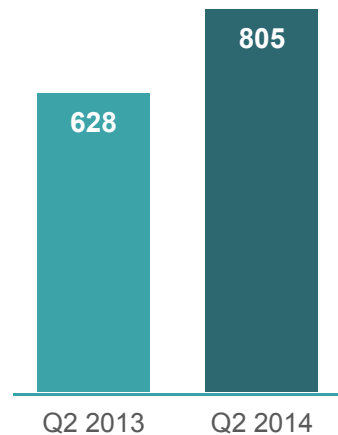
Consolidating growth and stabilising margins

H1 '14* V '13* INCOME STATEMENT HIGHLIGHTS



Revenues NOK million

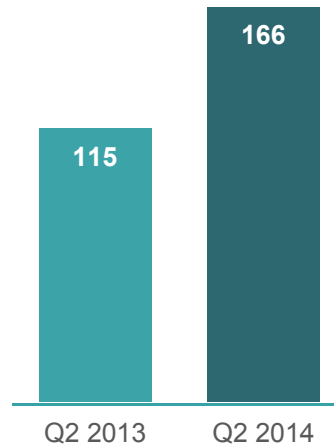
28% Growth



- High-pressure drives NOK 108 million growth (25%)
- Low-pressure drives 69 million growth (33%)

EBITDA NOK million

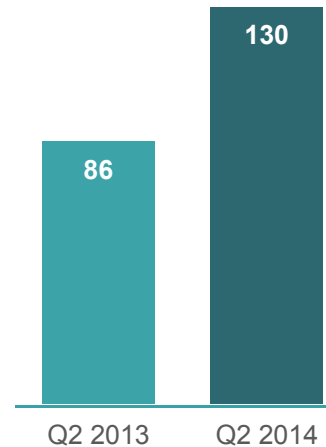
44% Growth



- High-pressure at 20.6% margin
- Low-pressure at 26.2% margin

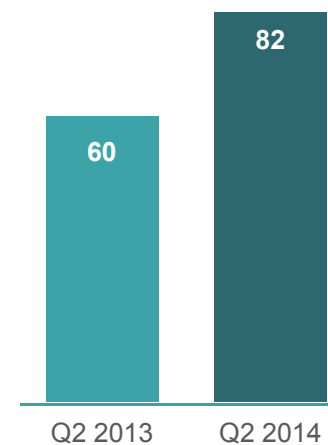
EBIT NOK million

51% Growth



- NOK 7 million depreciation effect (Low-pressure 4, High-pressure 3)

Net profit NOK million



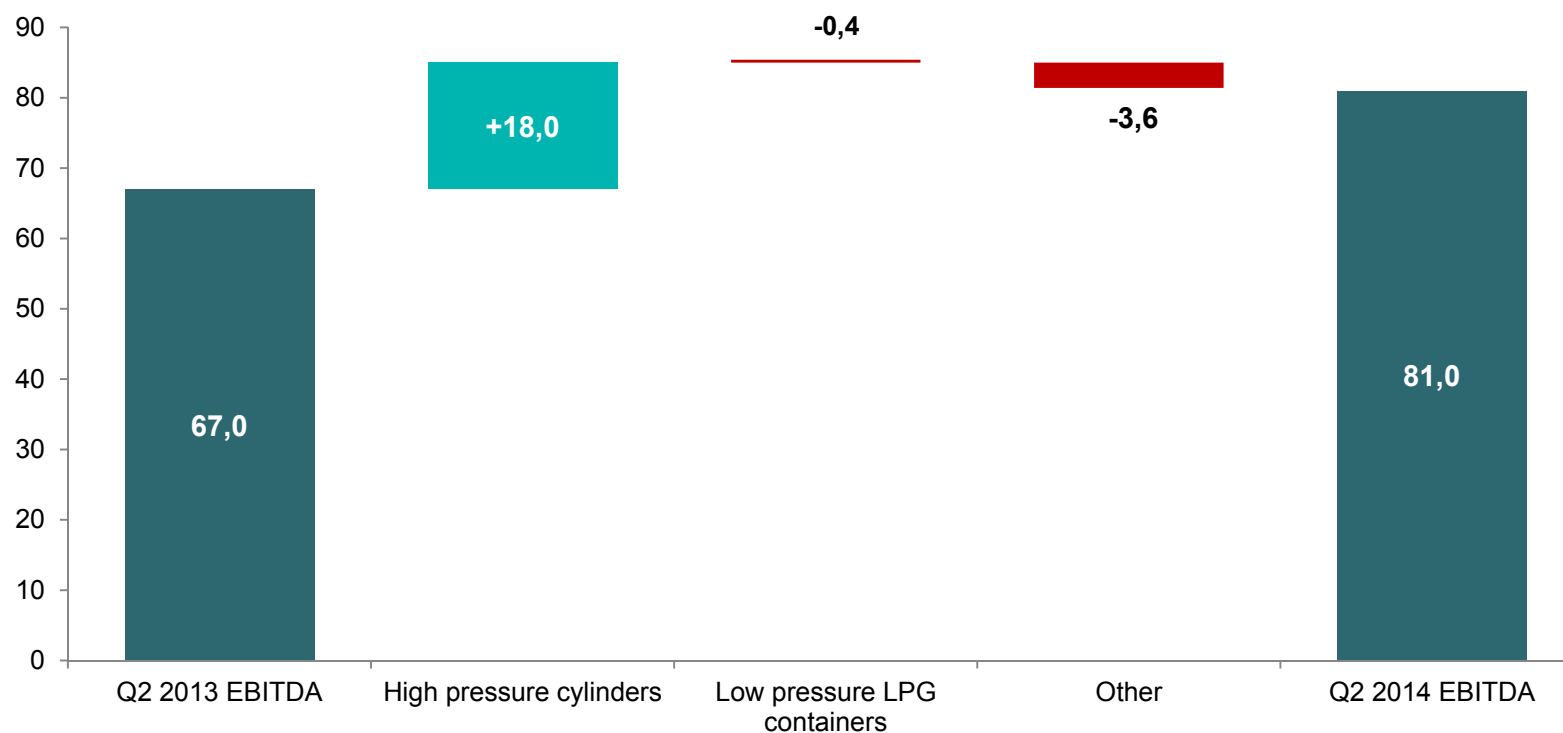
- Tax effect of -NOK 9 million
- Finance and other contributions effect of -NOK 15 million (FX 10; Interest 5)
- Divested business +NOK 2 million

Strong organic growth and margins

GROUP EBITDA Q2 '14* V Q2'13*



NOK million



Low-pressure – solid turnover in quarter but lower margin than prior year

FINANCIAL POSITION V PREVIOUS QUARTER

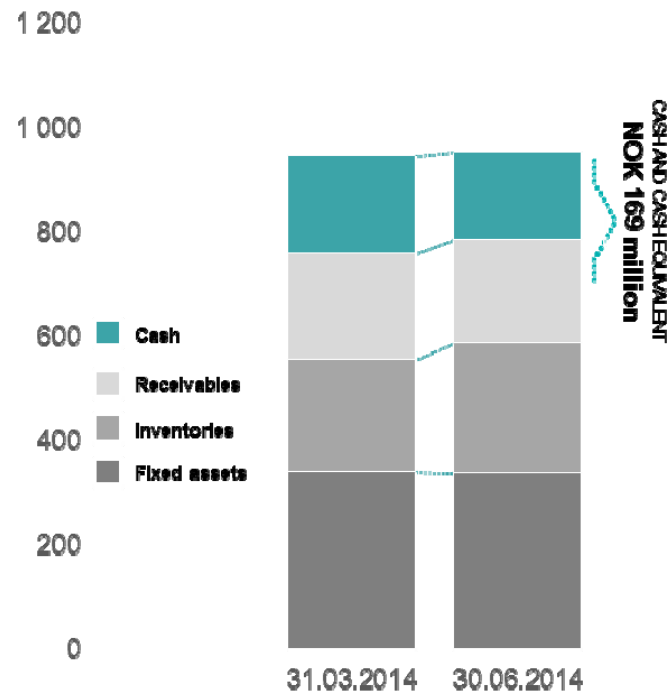


NOK THOUSAND	30.6.2014*	31.3.2014*	Change
Intangible assets	92 700	100 955	(8 255)
Tangible fixed assets	239 847	233 429	6 418
Other non-current assets	3 940	3 547	393
Total Non-current Assets	336 487	337 931	(1 444)
Inventories	249 056	216 765	32 291
Receivables	200 077	203 247	(3 170)
Bank deposits, cash and similar	168 912	189 362	(20 450)
Total Current Assets	618 045	609 374	8 671
Total Assets	954 532	947 305	7 227
Total Equity	388 786	390 195	(1 409)
Provisions	18 512	18 487	25
Long-term interest-bearing debt	296 903	296 736	167
Total Non-current Liabilities	315 415	315 223	192
Short-term interest-bearing debt	-	-	-
Other current liabilities	250 331	241 887	8 444
Total Current Liabilities	250 331	241 887	8 444
Total Liabilities	565 746	557 110	8 636
Total Equity and Liabilities	954 532	947 305	7 227

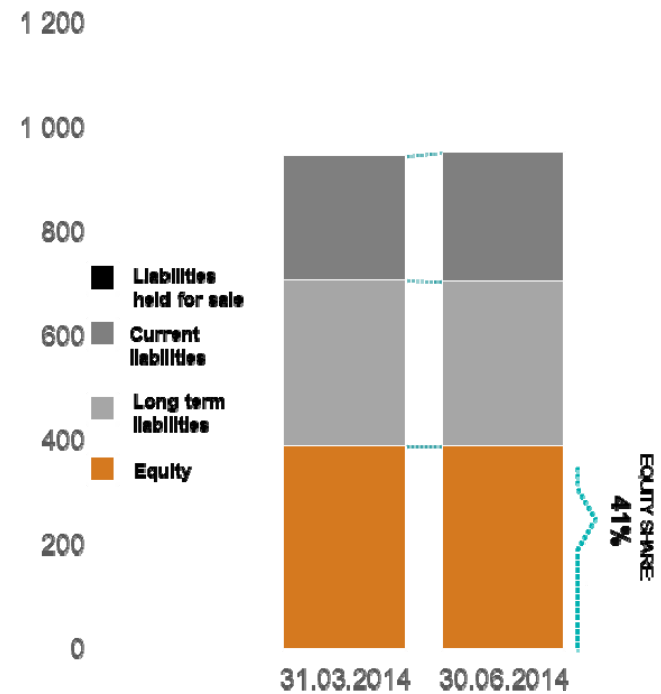
- Additional Liquidity reserves are NOK 420 million
- Net Interest-bearing debt increased by NOK 21 million (Q1 2014: 107 v Q2 2014: 128)
- Dividend of Nok 44 million paid in the quarter

CAPITAL STRUCTURE

ASSETS NOK Million



LIABILITIES AND EQUITY NOK Million



Continued strong cash, equity and low net debt positions

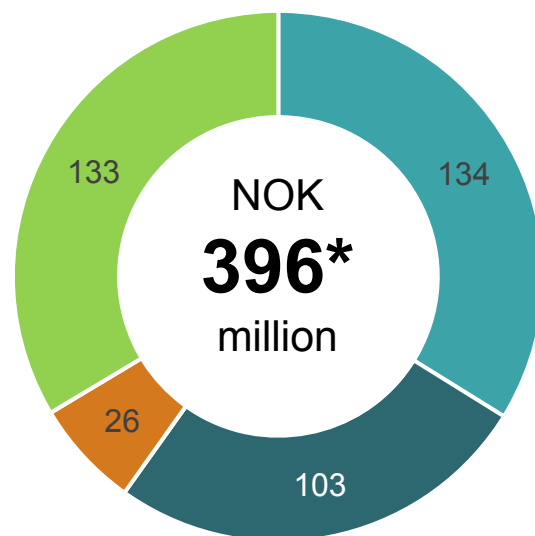


SEGMENT SHARES Q2 2014

BEFORE INTERCOMPANY ELIMINATIONS AND GROUP CHARGES*

SHARE OF OPERATING INCOME

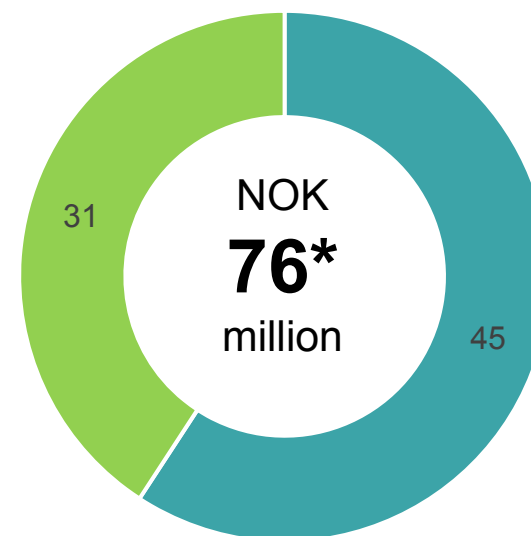
Percent



- High Pressure: CNG (excluding passenger cars)
- High Pressure: Gas Distribution Products
- High Pressure: Passenger cars
- Low Pressure: LPG (Propane)

SHARE OF EBIT

Percent



- High Pressure: CNG and Gas Distribution Products
- Low Pressure: LPG (Propane)

Q2: HIGH-PRESSURE CYLINDERS

- Some temporary weakness in heavy duty demand in North America balanced by strong global bus market
- Global market for TITAN™ and SMARTSTORE™ transportation and storage systems on target
- Continued positive developments in European passenger car market

NOK THOUSAND	SUMMARY FINANCIALS		
	Q2 2014	Q2 2013	Variance
Operating Income	263 454	212 863	50 591
Operating expenses	(208 021)	(175 687)	(32 334)
EBITDA	55 433	37 176	18 257
Depreciation and impairment	(7 758)	(6 113)	(1 645)
EBIT	47 675	31 063	16 612



Q2: LOW-PRESSURE LPG CONTAINERS

- Strong sales, especially in Europe
- Continued geographical expansion into new markets in and outside Europe
- Margins negatively impacted by non-standard production runs
- Russia/Ukraine conflict not impacting results materially
- Production balanced to cater for Middle Eastern orders for rest of year; Assumes no interruptions to Iraq order

NOK THOUSAND	SUMMARY FINANCIALS		
	Q2 2014	Q2 2013	Variance
Operating Income	132 806	112 045	20 761
Operating expenses	(101 094)	(79 924)	(21 170)
EBITDA	31 712	32 121	(409)
Depreciation and impairment	(9 273)	(8 648)	(625)
EBIT	22 439	23 473	(1 034)



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OUTLOOK



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SOME CHALLENGES IN Q3 – Q4 LOOKING GOOD

- LPG on steady course to record year
- Temporary softening in US Heavy Duty Class 7-8 truck market
 - Partnership with Agility beneficial
- Strong US and European bus market extending into new regions
- Gas Distribution Products looking strong, but some deliveries could slip into 2015



CAPACITY EXPANSION HEXAGON LINCOLN



- Expansion Phase I nearing completion
 - Challenges with curing installations have affected up-time
- Normal lead times have been restored
- Second TITAN™ winder being commissioned in Q3
- Expansion Phase II is on-going with key equipment on order
- Capacity constraints not expected in the foreseeable future



MEDIUM AND LONG TERM OUTLOOK REMAINS STRONG



- Performance resting on several segments and geographies, all of which represent significant growth opportunities
- Organizational development and recruitments on-going
 - Geographical expansion
 - New segments
 - Broadening of services
 - Innovation



QUESTIONS PLEASE

Jon Erik Engeset, CEO

David Bandele, CFO



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