



HEXAGON
COMPOSITES

Q2
2016

OSLO, 18 AUG 2016

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AGENDA

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

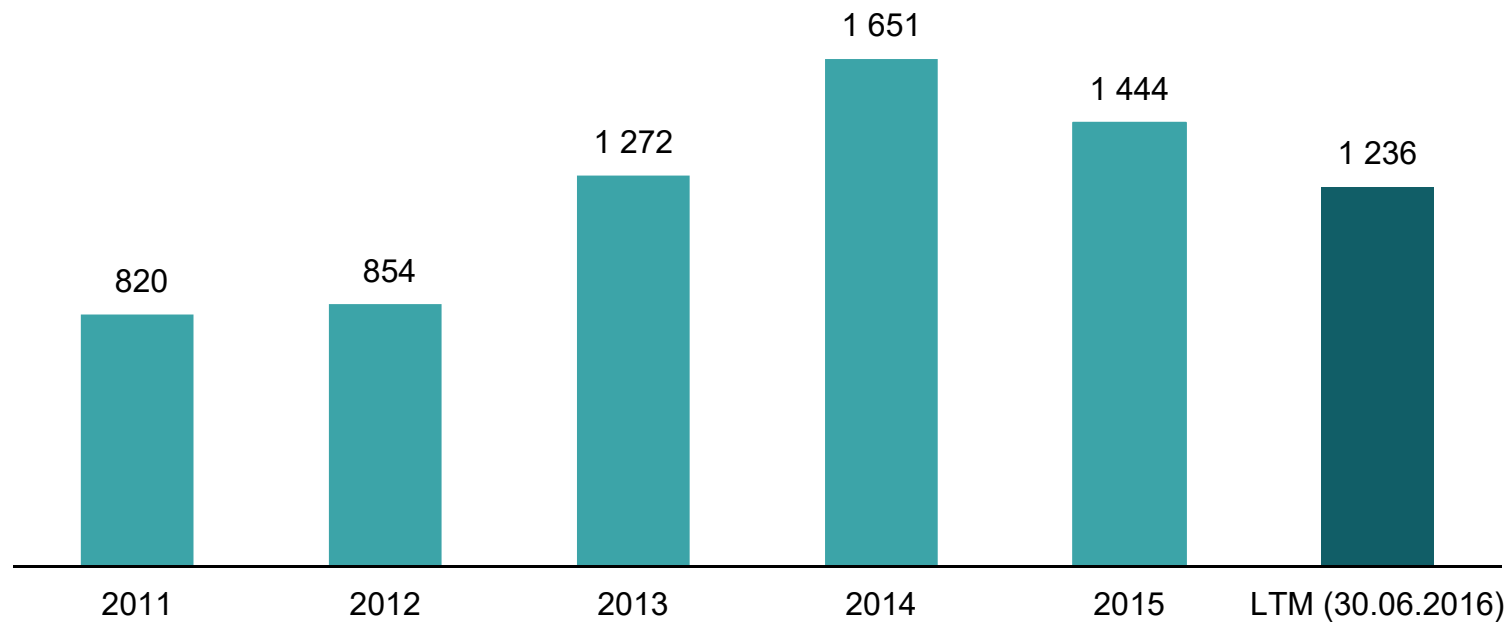
SOFT HIGH-PRESSURE VOLUMES OFFSET STRONG LPG SALES



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OPERATING REVENUES

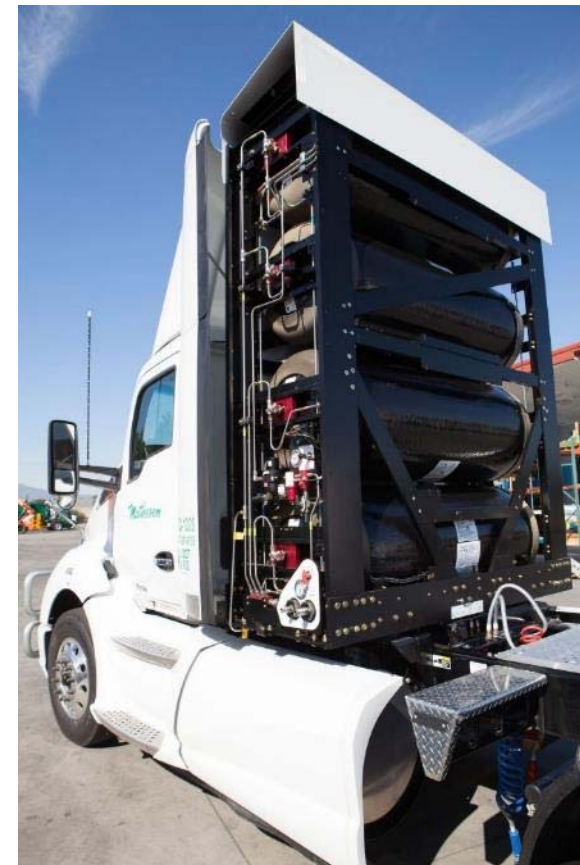
NOK Million





HIGHLIGHTS Q2 2016

- Continued solid growth in the LPG segment
- Low Mobile Pipeline[®] sales in the quarter but strong order intake
 - First delivery to the CNG rail segment in the US
 - TITAN[®] XL received USDOT market approval
- Overall soft CNG Automotive sales
 - Strong US bus market
 - Healthy Light-Duty development
- Hydrogen opportunities evolving at a rapid pace
- CNG Automotive Heavy-Duty merging with Agility Fuel Systems
- Joint venture agreement in India





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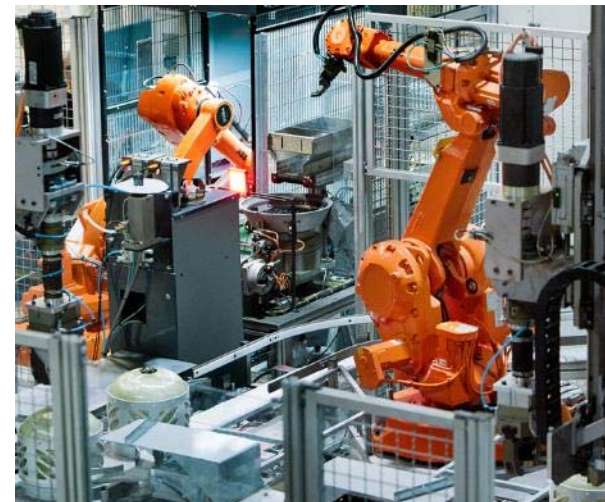
2ND
QUARTER 2016
FINANCIALS



FINANCIAL HIGHLIGHTS Q2 2016

- Key factor impacting profits this quarter:
 - Weak High-Pressure volumes
 - Positive impacts of cost initiatives
 - Strong Low-Pressure performance
- Strong transit bus but softer refuse and truck volumes in CNG North America
- Steadily recovering Mobile Pipeline® volumes
- Diverse sales and new customer orders in Low-Pressure Cylinders
- Negative working capital movement
 - Positive impact of reduced inventory offset by negative movements in current liabilities
- Repayment of debt using new equity proceeds received at end of Q1

Group key figures	NOK million
Operating Income	316
EBITDA	37
Net profit	15



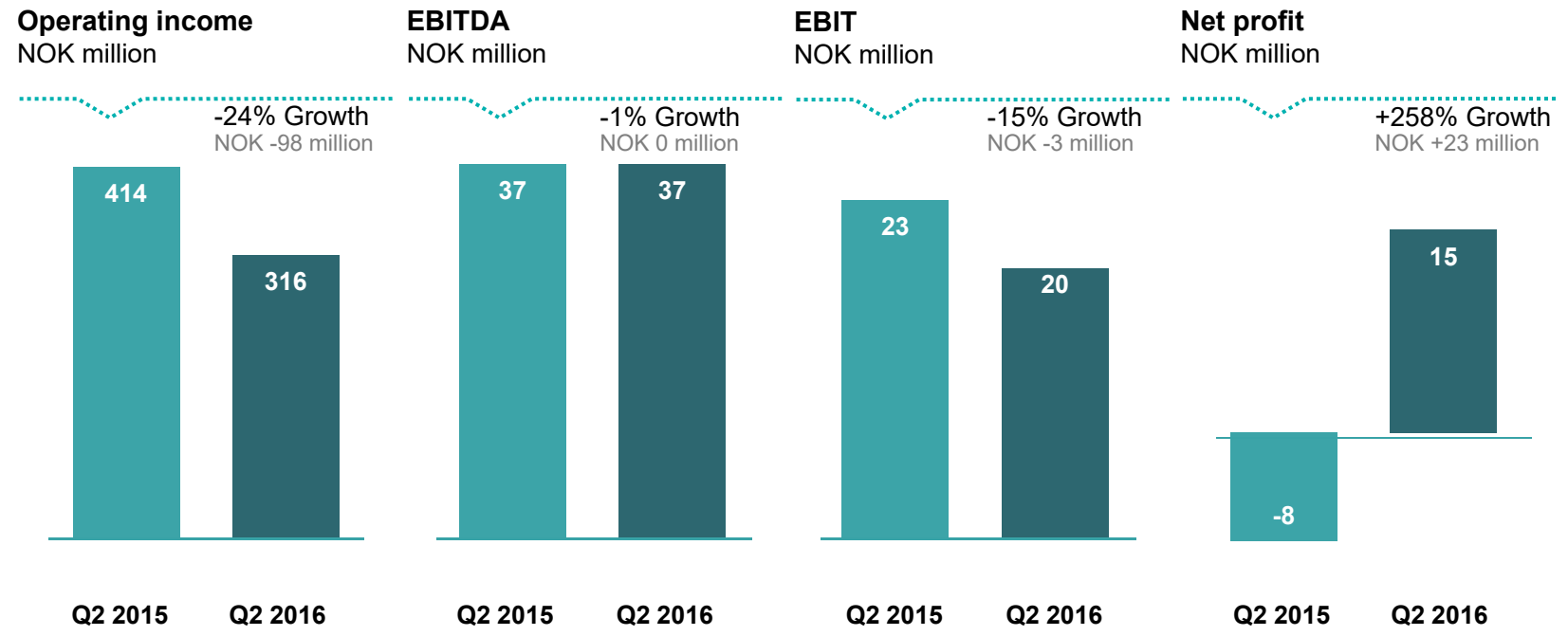


Q2 AND HALF-YEAR 2016 GROUP INCOME STATEMENT

NOK MILLION	THREE MONTHS ENDING			SIX MONTHS ENDING			TWELVE MONTHS ENDING
	30.06.16	30.06.15	Variance	30.06.16	30.06.15	Variance	31.12.15
Operating Income	315.6	413.9	(98.3)	607.2	815.5	(208.3)	1 443.9
Operating expenses	(278.6)	(376.5)	97.9	(551.6)	(725.3)	173.7	(1 343.8)
EBITDA	37.0	37.4	(0.4)	55.6	90.2	(34.6)	100.1
Depreciation and impairment	(17.3)	(14.2)	(3.1)	(32.6)	(27.5)	(5.1)	(62.6)
EBIT	19.7	23.2	(3.5)	23.0	62.7	(39.7)	37.5
Share of profit/(loss) from associates	0.0	0.0	0.0	0.0	(0.1)	0.1	(0.3)
Other financial items (net)	(1.3)	(34.8)	33.5	(7.2)	(21.0)	13.8	(36.9)
Profit/(loss) before tax	18.4	(11.6)	30.0	15.8	41.6	(25.8)	0.3
Tax expense	(3.3)	3.4	(6.7)	(0.3)	(12.2)	11.9	4.3
Profit/(loss) after tax	15.1	(8.2)	23.3	15.5	29.4	(13.9)	4.6
EBITDA %	11.7%	9.0%		9.2%	11.1%		6.9%
EBIT %	6.2%	5.6%		3.8%	7.7%		2.6%
NET PROFIT%	4.8%	(2.0)%		2.6%	3.6%		0.3%



Q2 '16 V '15 INCOME STATEMENT HIGHLIGHTS



- High-Pressure decline NOK 124 million (-44%)
- Includes positive USD FX impacts of c. NOK 17 million
- Low-Pressure increase NOK 26 million (+20%)

- High-Pressure decline NOK 10 million (-0.1% margin)
- Low-Pressure increase NOK 13 million (25.4% margin)

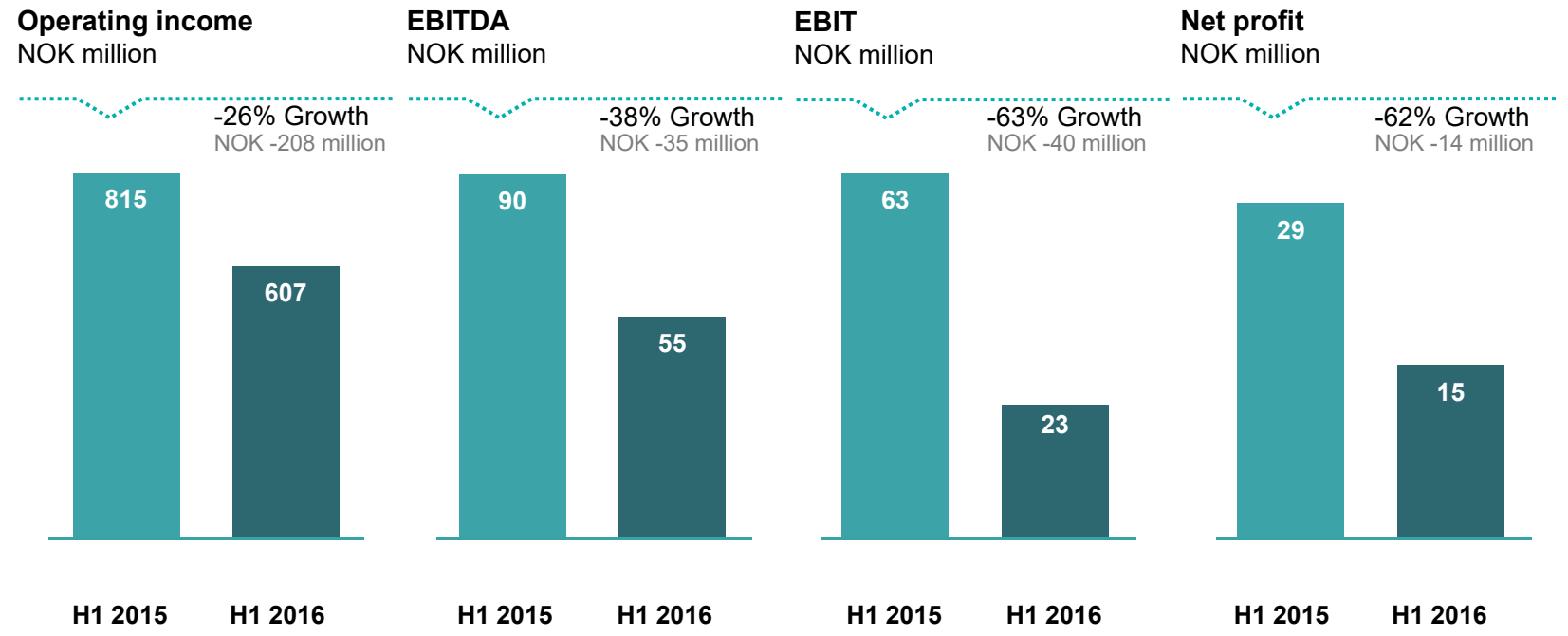
- Higher depreciation in Low-Pressure following investment program throughout 2015

- Financial items effect NOK +33 million (FX +11; Interest +3; Other +19)
- Tax effect of NOK -7 million

Positive effects of cost initiatives program help offset profitability impact of weak High-Pressure volumes



H1 '16 V '15 INCOME STATEMENT HIGHLIGHTS



- High-Pressure decline NOK 251 million (-43%)
- Includes positive USD FX impacts of c. NOK 46 million
- Low-Pressure increase NOK 44 million (+19%)

- High-Pressure decline NOK 51 million (-2.1% margin)
- Low-Pressure increase NOK 13 million (23.6% margin)

- Higher depreciation in Low-Pressure following investment program throughout 2015

- Financial items effect NOK +14 million (FX -9; Interest +5; Other +18)
- Tax effect of NOK +12 million

Weak High-Pressure volumes have negatively impacted year-over-year profit growth; turnaround within Q3

SEGMENT SHARES Q2 2016

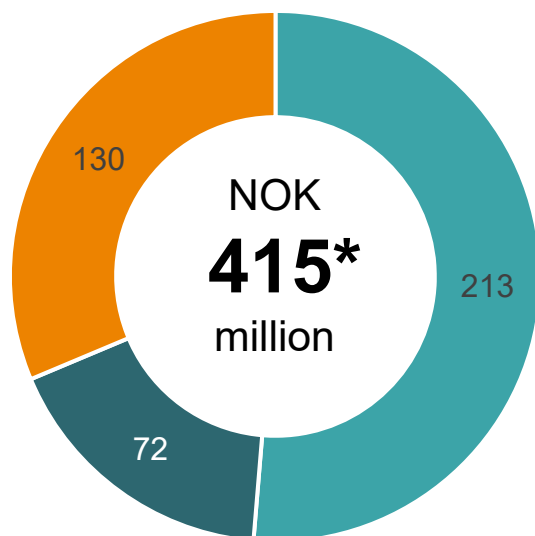
BEFORE GROUP ELIMINATIONS*



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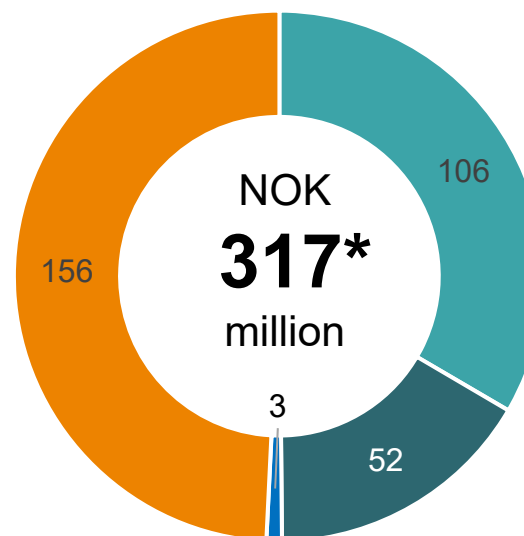
SHARE OF OPERATING INCOME

Q2 2015



- High-Pressure: CNG Automotive (Global)
- High-Pressure: Mobile Pipeline®
- Low-Pressure: LPG (Propane)

Q2 2016



- High-Pressure: CNG Automotive (Global)
- High-Pressure: Mobile Pipeline®
- High-Pressure: Hydrogen
- Low-Pressure: LPG (Propane)

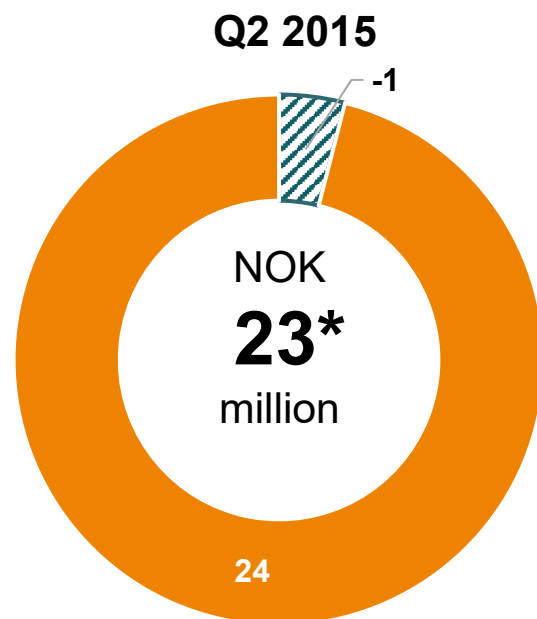
SEGMENT SHARES Q2 2016

BEFORE GROUP ELIMINATIONS*



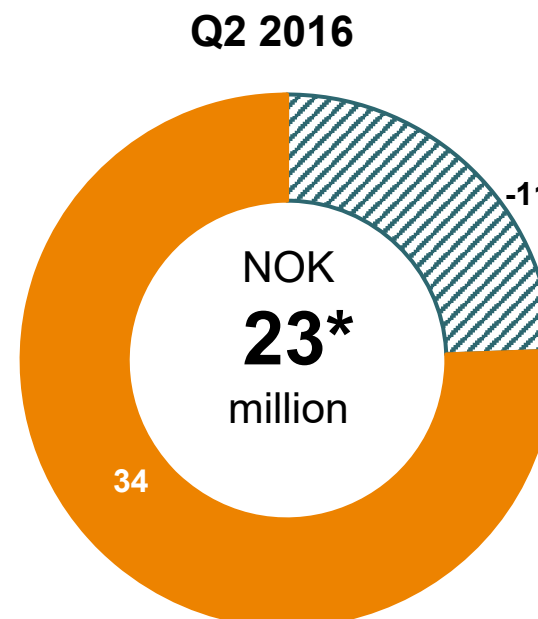
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SHARE OF EBIT



■ High-Pressure: CNG Automotive and Mobile Pipeline®

■ Low-Pressure: LPG (Propane)



■ High-Pressure: CNG Automotive, H2 and Mobile Pipeline®

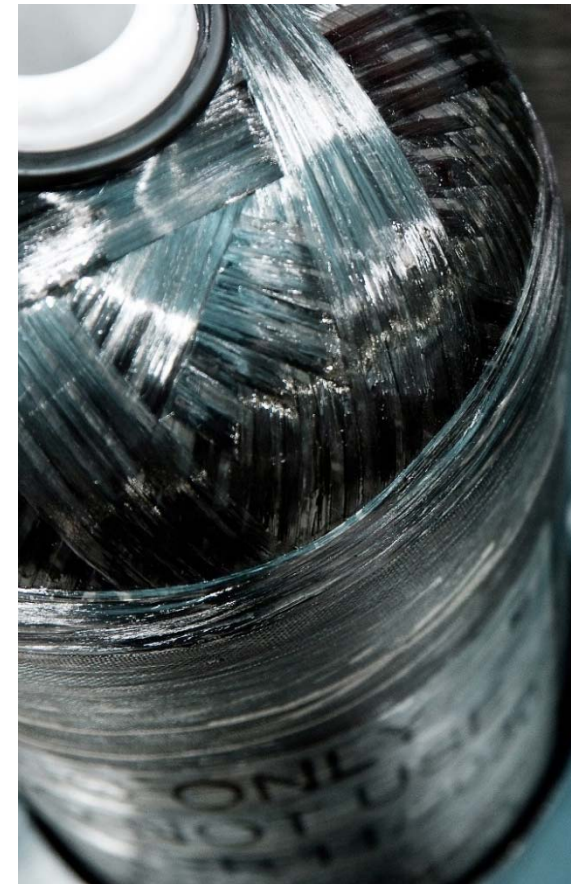
■ Low-Pressure: LPG (Propane)



Q2: HIGH-PRESSURE CYLINDERS

- Improving Mobile Pipeline® sales; good order intake
- Strong transit bus demand in USA; soft outside USA
- Weak Heavy-Duty volumes; Backlog supports up-tick in Q3
- Continued profits in European Light-Duty Vehicles
- Hydrogen sales to ground storage applications
- Dispute settlement - NOK 5 million positive P&L impact

NOK MILLION	SUMMARY FINANCIALS		
	Q2 2016	Q2 2015	Variance
Operating Income	160.9	285.0	(124.1)
Operating expenses	(161.0)	(274.7)	113.7
EBITDA	(0.1)	10.3	(10.4)
Depreciation and impairment	(11.4)	(11.2)	(0.2)
EBIT	(11.5)	(0,9)	(10.6)





Q2: LOW-PRESSURE CYLINDERS

- Strong sales to core markets
- New sales and orders to European, African and South American markets
- Continued development of customised product offerings: branding and design

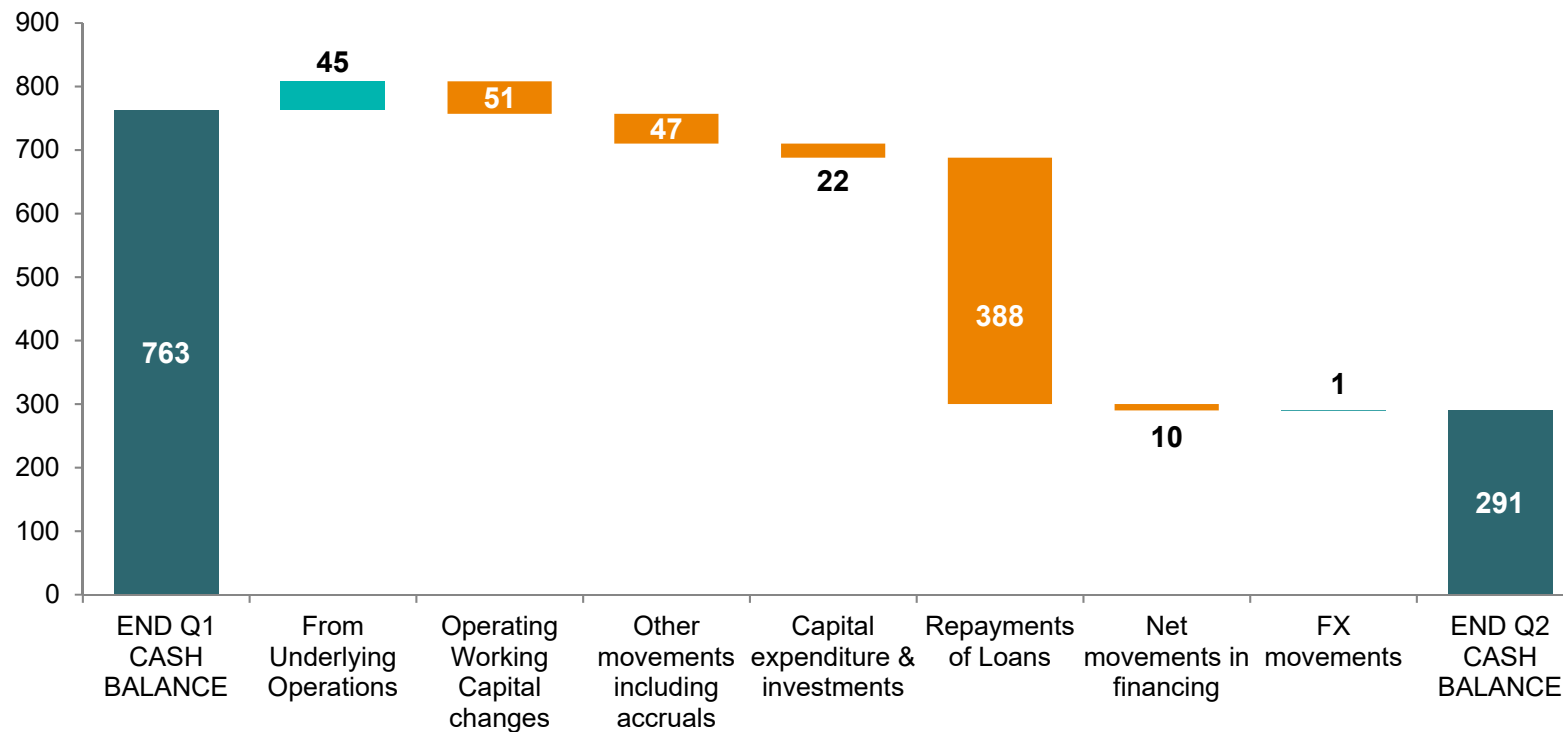


NOK MILLION	SUMMARY FINANCIALS		
	Q2 2016	Q2 2015	Variance
Operating Income	156.5	130.4	26.1
Operating expenses	(116.7)	(103.9)	(12.8)
EBITDA	39.8	26.5	13.3
Depreciation and impairment	(5.7)	(2.7)	(3.0)
EBIT	34.1	23.8	10.3



GROUP CASH MOVEMENTS Q2 2016

NOK million



Repaid all outstanding bank loans – Group is in a net cash position



FINANCIAL POSITION V PREVIOUS QUARTER

NOK MILLION	30.6.2016	31.3.2016	Change
Intangible assets	108.1	97.5	10.6
Tangible fixed assets	389.4	386.8	2.6
Other non-current assets	4.3	6.7	(2.4)
Total Non-current Assets	501.8	491.0	10.8
Inventories	379.1	403.0	(23.9)
Receivables	241.7	230.4	11.3
Bank deposits, cash and similar	290.8	762.9	(472.1)
Total Current Assets	911.6	1 396.3	(484.7)
Total Assets	1 413.4	1 887.3	(473.9)
Total Equity	1 118.0	1 100.1	17.9
Long-term interest-bearing debt	0.0	383.2	(383.2)
Other non-current liabilities	26.5	23.4	3.1
Total Non-current Liabilities	26.5	406.6	(380.1)
Short-term interest-bearing debt	0.0	0.0	0.0
Other current liabilities	268.9	380.6	(111.7)
Total Current Liabilities	268.9	380.6	(111.7)
Total Liabilities	295.4	787.2	(491.8)
Total Equity and Liabilities	1 413.4	1 887.3	(473.9)

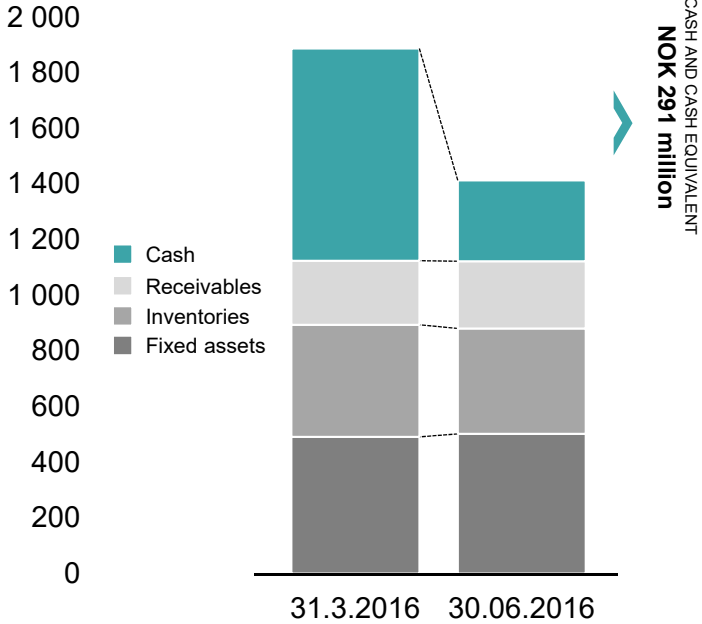
- New equity significantly de-levers the Balance Sheet
 - Repaid outstanding bank loans with equity proceeds
- Negative working capital effects in quarter
 - Inventory being steadily reduced after large bulk purchases – positive impact
 - Reduced Accounts Payable balances and realisation of deferred income – negative impact

DEBT REPAYED RESULTING IN BALANCE SHEET WITH SIGNIFICANT CAPACITY

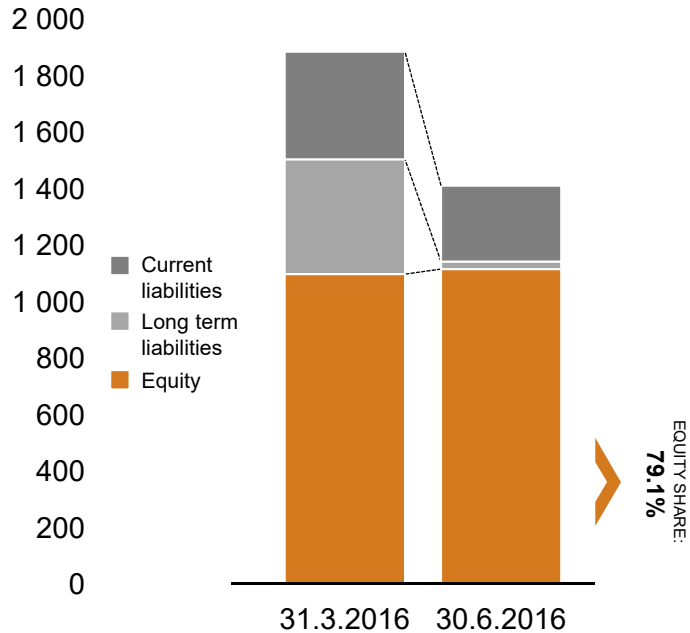


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ASSETS NOK Million



LIABILITIES AND EQUITY NOK Million



FURTHER INFORMATION ON IMPACTS TO FINANCIAL REPORTING



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- Hexagon Group's heavy and medium duty CNG business will be transferred to new Agility Fuel Solutions company of which Hexagon Group will own 50%
- Close targeted for 1st October 2016
- Group reporting as is up to and including Q3
- The new venture will be reported under equity method
 - Share of Profit/loss will be reported on one line in the P&L
 - Share of Assets and Liabilities will be reported on one line within Investments in Joint Ventures and associates
- A significant gain will arise from the transaction
- Further information will be available in due course post-closing; establishing the final carve-out opening position will be complex and requires time
- Please refer to attachment to Q2 release for more information based on non audited proforma statements





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OUTLOOK



CNG AUTOMOTIVE

- US transit bus systems market remains strong
- Temporarily slow European and RoW transit bus market
 - Uptick expected in second half of the year
- North America heavy-duty truck and refuse backlog supports volume uptick in second half of the year
- Profitable growth expected from Light-Duty Vehicles segment
 - new models to be launched late Q3 and 2017



MOBILE PIPELINE®



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- Satisfactory order backlog for second half of 2016
- Environmental legislation in the US and elsewhere is a strong medium term driver
 - New SMARTSTORE® meets demand for smaller footprint and lower unit cost
- Entering the CNG-for-rail market with new joint venture
 - CNG provides cost savings and significant emissions reduction over diesel



Washington Post, 11 August 2016



HYDROGEN

- Getting ready
 - From prototype development to serial production
- Several initial product orders received and long-term agreements under negotiation
- Sales volume increase expected from coming quarters

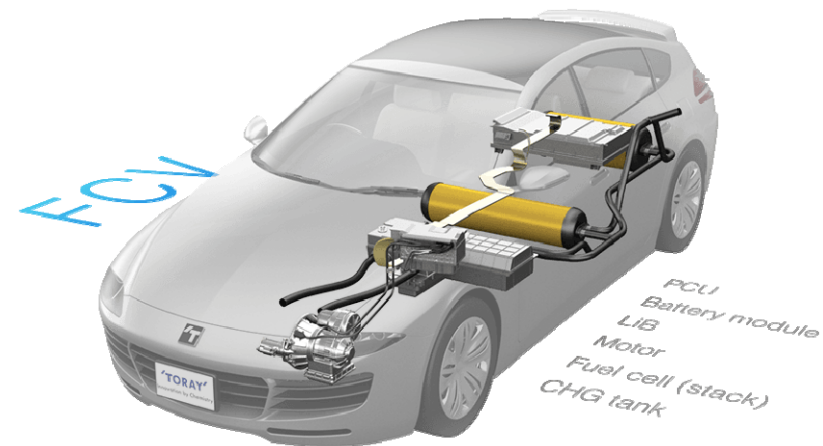


Photo: Toray Industries



CONTINUED LPG MARKET ROLL-OUT

Europe – Core markets	Europe – New customers	Rest of World
<p>Sound market development in core European markets</p> <ul style="list-style-type: none">• Benelux• France• Scandinavia• Switzerland• United Kingdom	<p>Increasing penetration in new European markets</p> <p>New customers in existing markets:</p> <ul style="list-style-type: none">• Austria• Greece• Italy <p>New markets:</p> <ul style="list-style-type: none">• Luxembourg• Poland• Romania	<p>Several new markets in Africa, Americas and South East Asia</p> <ul style="list-style-type: none">• Angola• Nigeria• Uganda• Seychelles • Dominican Republic



DELIVERING ON STRATEGIC AGENDA – FROM PRODUCT TO SOLUTIONS SUPPLIER



Transactions/Partnerships

Strategic rationale

<ul style="list-style-type: none"> Mitsui & Co. investment and strategic alliance 	<p>Drive organic growth opportunities</p>
<ul style="list-style-type: none"> Acquisition of Brazilian systems integrator Joint venture in India 	<p>Enhanced market capability</p>
<ul style="list-style-type: none"> Merger with Agility Fuel Systems 	<p>Build a global integrated player for NGV fuel systems and solutions</p>
<ul style="list-style-type: none"> Possible JV with Mitsui & Co. and Toray Industries 	<p>Take a prominent position in the development of Japanese hydrogen society</p>
<ul style="list-style-type: none"> CNG-for-rail joint venture 	<p>Develop new applications for Mobile Pipeline® technologies</p>

- Extend geographic footprint to facilitate organic growth
- Partner with leading players in target markets and segments
- Offer services and total solutions to compliment Hexagon’s core products and technology

AGILITY FUEL SOLUTIONS



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- Taking Hexagon Lincoln CNG Automotive from products to fuel systems and solutions
 - Transit Buses
 - Refuse Trucks
 - Heavy-Duty Trucks
- Fully integrated supplier
- Global ambition
- Very strong management team
 - Freeing up management and business development capacity for other High-Pressure segments



Agility Fuel Systems 160 DGE BTC



OUTLOOK

- High-Pressure demand gradually getting firmer
 - Q4 looks good
- Low-Pressure continues double-digit year-over-year growth
 - Second half of year seasonally softer than first half
- Environmental arguments supporting growth in many markets and segments
- Economic CNG value proposition improving with higher oil price, but current level still hampering US CNG Automotive segment
- The Hydrogen opportunity is materializing
 - ... but the market is developing “from scratch”



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QUESTIONS PLEASE

Jon Erik Engeset, CEO
David Bandele, CFO