



HEXAGON

Q2

OSLO, 15 AUGUST 2018

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Agenda

- Group highlights
- Business update
- Summary Group financials
- Outlook
- Q & A
- Appendix: Segment financials

Highlights from Q2 2018

- Strong profitability overall for the Group
- Solid Mobile Pipelines volumes in the quarter
 - More diversified customer base than previous quarters
- Strong LPG results
 - New production record in Q2
- High activity levels within Hydrogen & Light-Duty Vehicles
 - Many development projects in Hydrogen
 - Preparing for higher CNG LDV demand in Europe
- Agility Fuel Solutions profitability continues upwards trend





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Business Update

Hot topics

Recent FCEV order received validates value proposition

Hydrogen



- Hexagon received serial production order of new FCEV (fuel cell electric vehicle)
 - Demonstrates the vast long-term potential of the FCEV market
- Combined value for development and serial production of USD 120-150m (approx. NOK 1.0-1.2bn)
 - Ongoing development project to support production from 2020-2025
 - Leveraging Hexagon's global footprint in Nebraska and Ohio (US), and Kassel (Germany)
- Supported by our strategic alliance partner, Mitsui & Co. Ltd.



Hexagon FCEV illustration

Financial solutions to reduce obstacles to adoption

Agility Fuel Solutions



- Oil major Total makes investment of USD 83.4m for 25% of shares of Clean Energy Fuels Corp (major natural gas retailer in the US)
 - And USD 100m credit financing facility
 - Complements their strategy of expanding low carbon business
 - Strong validation of natural gas as a transportation fuel
- Clean Energy to provide this financing for natural gas-powered heavy-duty trucks
 - Aiming to match the prices of comparable diesel trucks
 - Allows fuel savings from day 1 of purchase
 - Funding capability of ~2,000 new trucks



Press Room



JULY 18, 2018

Clean Energy Launches Zero Now Financing To Put Fleets In Clean New Natural Gas Trucks For The Price Of A Diesel Truck

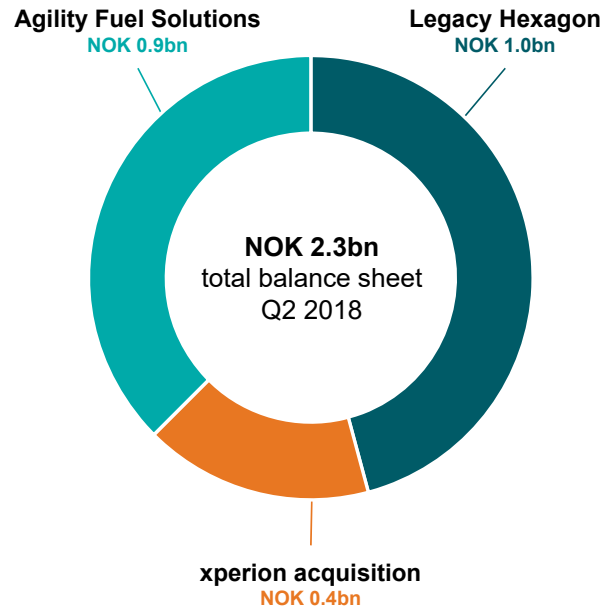
Clean Energy Fuels Corp. a leading provider of natural gas and RNG for transportation in North America, launched financing program

Hidden value of Agility Investment

Agility Fuel Solutions

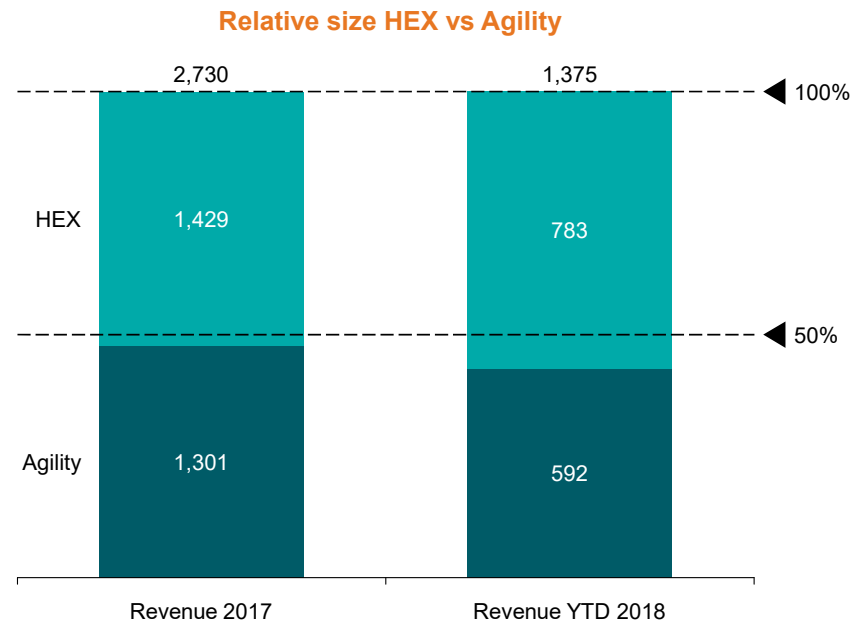
Agility represents ca. 40% of total balance sheet...

NOKbn



...but is not consolidated in Hexagon's Revenue

NOKm, based on average 2017 and 2018 exchange rates





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2nd

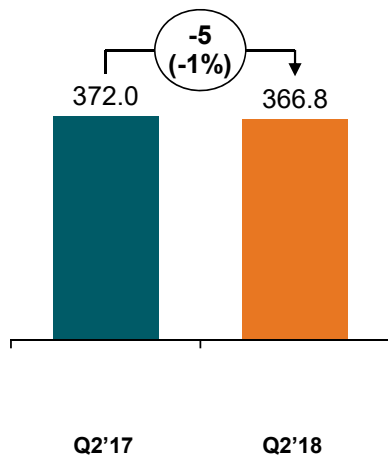
QUARTER 2018

FINANCIALS

Financial highlights Q2 2018 | Strong Profitability

Revenues

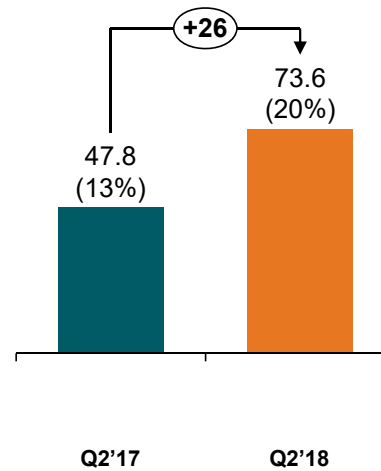
NOKm



- Lower H2 commercial sales despite higher project activity
- Higher Mobile Pipelines volumes

EBITDA

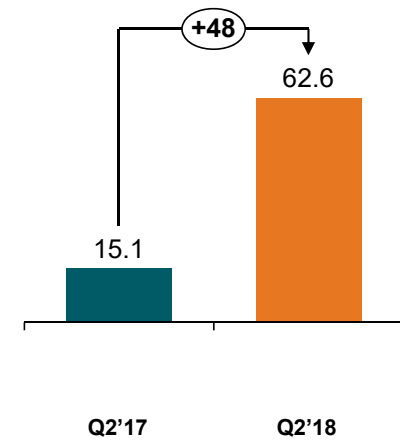
NOKm



- Positively impacted by provision reversal +NOK 40m
- Hydrogen dilution including organization ramp-up -NOK 20m

Net profit

NOKm

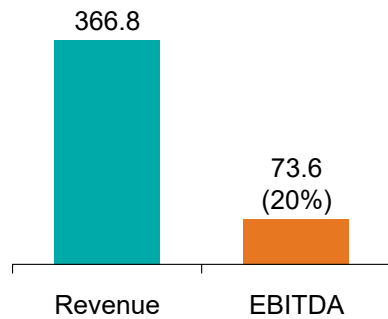


- Higher EBITDA trickles down to EBIT
- Positive FX effects year-over-year +NOK 36m

Other Hexagon businesses vs Hydrogen results | Q2 2018

HEX Group reported*

*NOKm, *includes reversal of provisions of NOK 40 million*



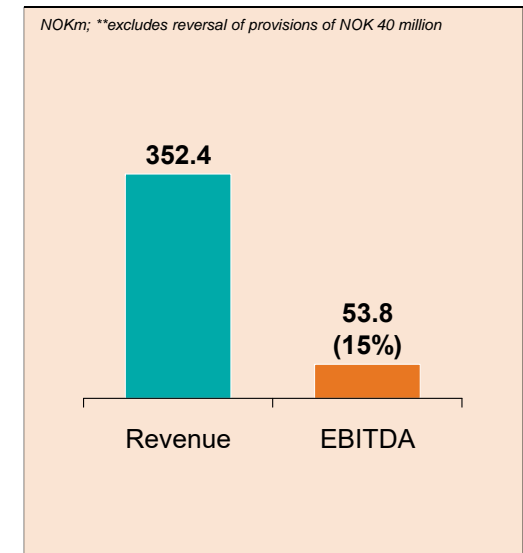
Hydrogen

NOKm



Underlying HEX ex. Hydrogen**

*NOKm; **excludes reversal of provisions of NOK 40 million*



15% EBITDA margin from underlying non-H2 business



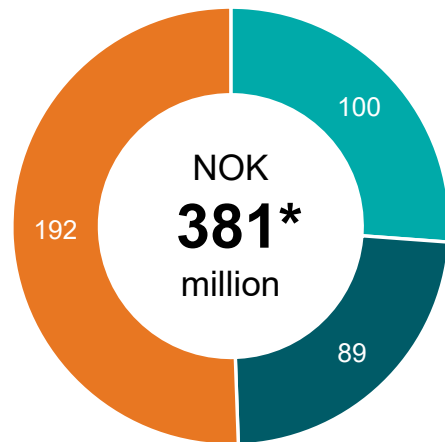
Q2 and first half 2018 Group income statement

NOK MILLION	QUARTER			HALF YEAR			FULL YEAR
	Q2 2018	Q2 2017	Variance	H1 2018	H1 2017	Variance	2017
Revenue	366.8	372.0	(5.2)	783.0	718.2	64.8	1,429.4
Operating expenses	(333.1)	(324.2)	(9.0)	(682.8)	(635.3)	(47.6)	(1,255.4)
Provision reversal	40.0	0.0	40.0	40.0	0.0	40.0	0.0
EBITDA	73.6	47.8	25.8	140.1	82.9	57.2	174.0
Depreciation on tangibles	(10.1)	(13.4)	3.3	(23.3)	(26.7)	3.4	(52.4)
Amortisation and impairment	(9.2)	(5.3)	(3.9)	(15.2)	(10.4)	(4.8)	(22.3)
EBIT	54.3	29.1	25.2	101.6	45.8	55.8	99.3
Share of profit/(loss) from associates	1.8	12.9	(11.1)	0.9	11.6	(10.7)	(3.0)
Amortisation of associates intangibles	(3.3)	(3.5)	0.2	(6.5)	(7.0)	0.4	(13.6)
Other financial items (net)	16.2	(20.5)	36.7	4.3	(26.2)	30.5	(34.4)
Profit/(loss) before tax	69.0	18.0	51.0	100.3	24.2	76.1	48.2
Tax expense	(6.4)	(2.9)	(3.5)	(14.6)	(1.9)	(12.7)	21.0
Profit/(loss) after tax	62.6	15.1	47.5	85.7	22.3	63.3	69.3
<i>EBITDA %</i>	<i>20.1 %</i>	<i>12.9 %</i>		<i>17.9 %</i>	<i>11.5 %</i>		<i>12.2 %</i>
<i>EBIT %</i>	<i>14.8 %</i>	<i>7.8 %</i>		<i>13.0 %</i>	<i>6.4 %</i>		<i>6.9 %</i>
<i>Profit/(loss) after tax %</i>	<i>17.1 %</i>	<i>4.1 %</i>		<i>10.9 %</i>	<i>3.1 %</i>		<i>4.8 %</i>

Revenue by Segment Q2 2018 | Before Group eliminations*

Revenue Q2'17

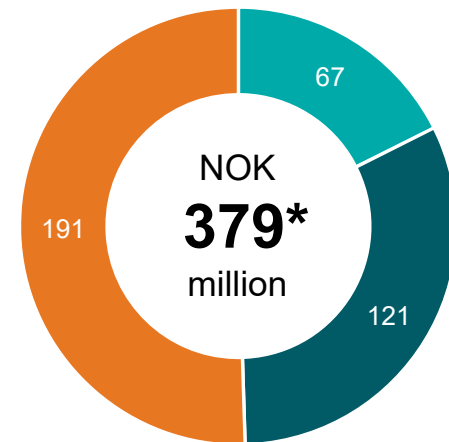
*NOKm, before group eliminations
2017 = Pro-forma*



- Hexagon Hydrogen & Light-Duty Vehicles
- Hexagon Mobile Pipeline® & Other
- Hexagon Ragasco LPG

Revenue Q2'18

NOKm, before group eliminations



- Hexagon Hydrogen & Light-Duty Vehicles
- Hexagon Mobile Pipeline® & Other
- Hexagon Ragasco LPG

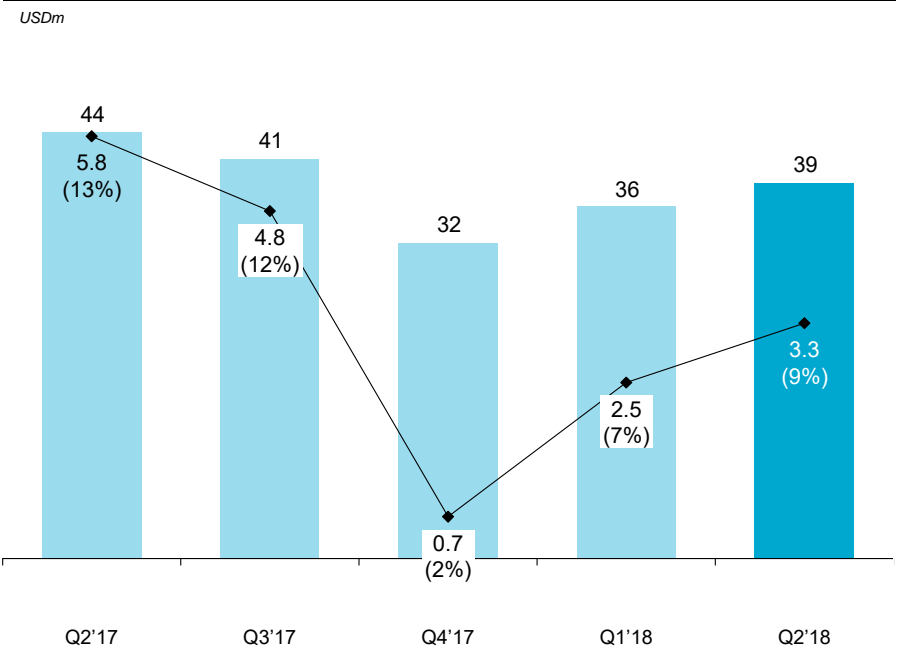
Agility Fuel Solutions: Q2 2018

Business Operating results



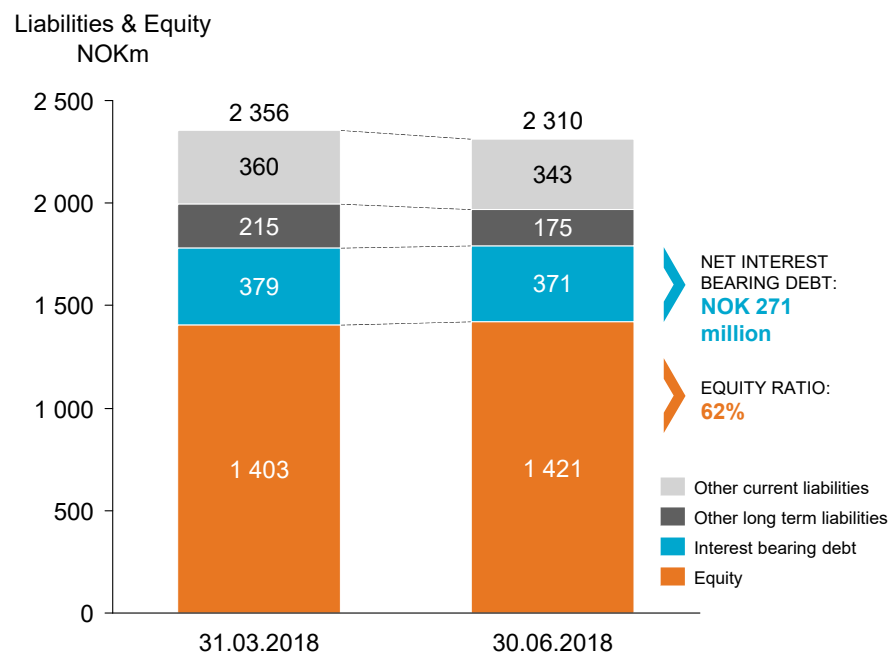
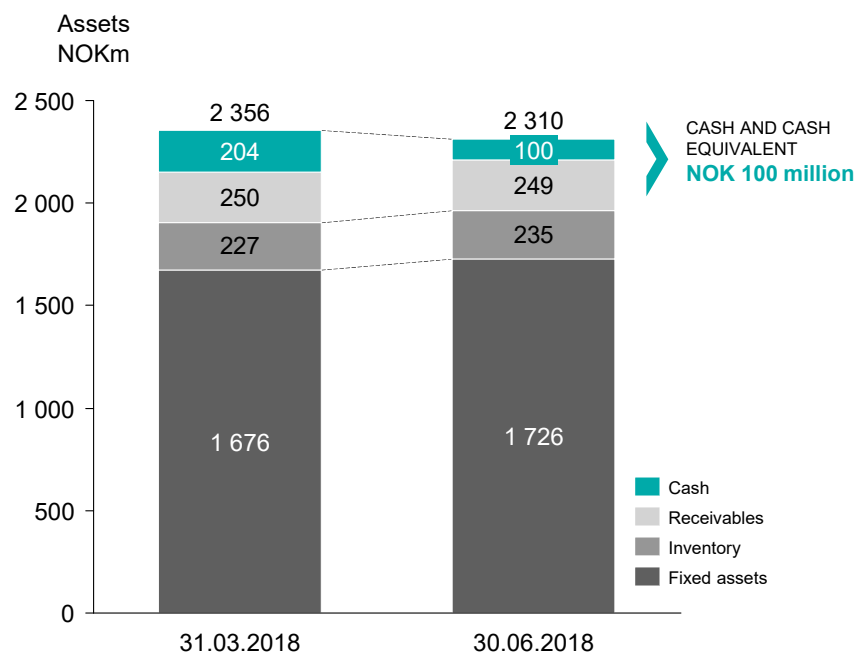
- Increase in revenues and margin through 1H 2018
 - Driven by strong transit bus volumes
- Slow Heavy-Duty Truck volumes in quarter
 - Some pick-up from Q1 2018 including sales to trucks with new near-zero 12L engine
- Solid Refuse Truck sales
 - Continued upward trend in 2018 over 2017
- Good Liquidity
 - Fully-funded

Revenues and adjusted EBITDA



Balance sheet | Q2 2018 vs Q1 2018

NOK 271m (175m) Net Interest Bearing Debt & 62% (60%) Equity Ratio



Dividends and share buyback drives higher NIBD



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OUTLOOK

Favorable macro conditions

- Attractive diesel vs. natural gas price spread
- Tighter governmental regulations are a strong driving force
- Incentive programs in Europe, the US and East Asia
- Hydrogen, biogas and natural gas widely acknowledged as essential components of the low carbon energy mix



Hydrogen



E-mobility with fuel cells is a viable option

"...Battery and fuel cell form a perfect symbiosis..."



Hydrogen Council

"The automotive industry is in the middle of a huge transformation. Even if the battery technology is currently in the forefront regarding large scale market introduction at the moment – we are convinced that hydrogen will play a vital role in our future energy and transportation system and we have to prepare for this future already today. Battery and fuel cell form a perfect symbiosis. We are just at the beginning."

JOCHEN HERMANN

Head of Development CASE and Development eDrive, Daimler AG

Growing demand for Hydrogen trucks and buses

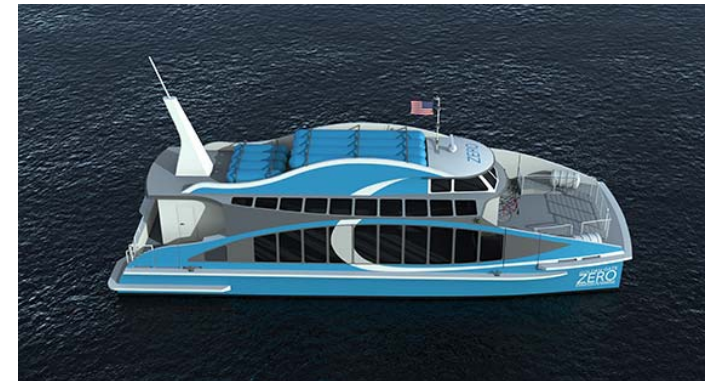
- Heavy-duty applications receiving strong interest
 - Toyota unveils the 2nd iteration of its hydrogen class 8 truck
 - Nikola reports to have USD 11bn worth of pre-orders
 - Secured a 800-truck order from Anheuser-Busch in the US
 - Will build extensive hydrogen filling station network in the US (NEL exclusive supplier)
 - ASKO of Norway to deploy its first hydrogen truck on the road by the end of 2018
- Operationally the most efficient zero-emission solution
 - Fueling time, weight and range



Toyota is increasing the H2 truck's estimated range from 200 to 300+ miles per fill
Source: Toyota

The maritime segment speeds up

- First fast ferry customer announced
 - Golden Gate Zero Emission in California, USA
 - Launch expected mid-2019
- Several new projects in discussion
 - Work boats, fast ferries and car ferries
 - From early 2020 and onwards
- Strong regulatory push
 - CO2 emissions from global shipping to be halved by 2050 – IMO¹⁾
- Norwegian parliament adopts zero-emission regulations latest by 2026
 - A comprehensive hydrogen strategy has been requested



Golden Gate Zero Emission Marine (GGZEM) building the first hydrogen fuel cell vessel in the US.
Source: Golden Gate Zero Emission Marine

¹⁾ IMO: International Maritime Organization



CNG Light-Duty Vehicles

CNG car sales rising on tougher emissions rules

- Pick-up in CNG demand in many European countries
 - Strict EU CO2 limits
 - Government incentives e.g. Sweden (Bonus-malus), Belgium (no excise duty) Germany (tax exemption extended to 2026)
 - Diesel car bans considered in many cities, i.e. Hamburg
- Extensive expansion plan for CNG filling stations in Italy
 - Eni to roll out 20 new CNG filling stations
 - Snam and API Group have signed agreement for 200 natural gas fuelling stations
- Volkswagen launching mono-fuel CNG models at the end of 2018



Volkswagen Group CNG models
Source: Volkswagen Group

WLTP testing rules creating temporary delays for OEMs rollout*

“Carmakers are facing bottlenecks as they rush to get models through the more complex WLTP tests on a limited number of exhaust emissions test benches as they won’t be able to sell new vehicles after Sept. 1 without the new carbon dioxide (CO2) emissions and fuel consumption readings”

“Implementation of the so-called Worldwide Harmonized Light Duty Vehicles Test Procedure (WLTP) on Sept. 1 for new cars will temporarily restrict the availability of some models and could affect working capital by driving up first-half inventories, Volkswagen (VW) said on Friday, without being more specific.”

Reuters, June 8th

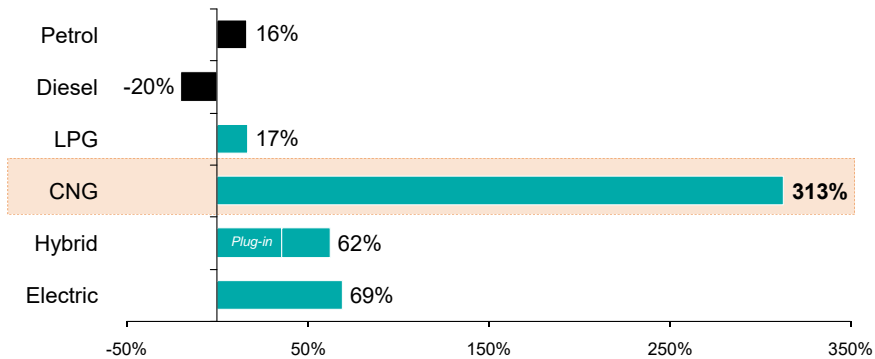
The temporary slowdown will affect Hexagon in Q3 but strong growth is expected to resume in Q4

* WLTP: Worldwide Harmonized Light Duty Vehicles Test

g-mobility in Germany continues to grow

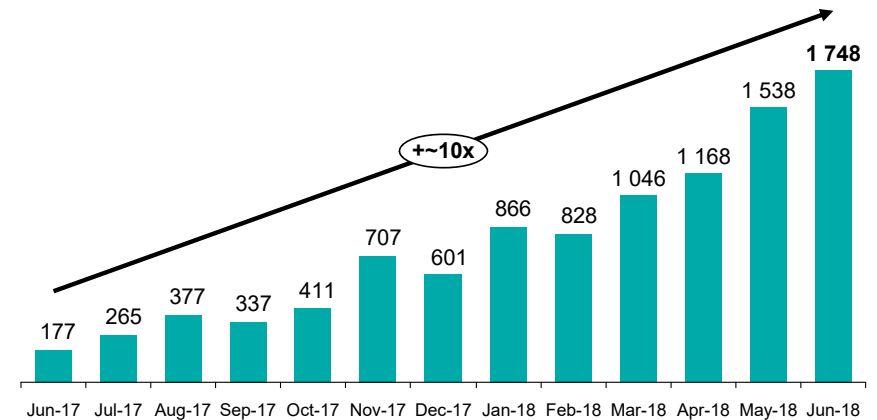
Registered vehicles by drivetrain YoY growth

For the period Jan-Jun 2018 vs same period 2017



VW new CNG registrations in Germany

#vehicles



Mobile Pipelines



TITAN®53 gas transportation module with the largest composite cylinder tanks in the world

Newly launched TITAN®53

- Delivers almost 40% greater payload than the first TITAN® modules allowing customers to move greater volumes of CNG
- First TITAN®53 order received from XNG expanding their TITAN® fleet
 - Total value USD 10.6m (approx. NOK 86m)
 - Deliveries of modules scheduled for Q4 2018 – Q1 2019
 - To serve virtual interconnect projects connecting communities and facilities to the gas grid in the US



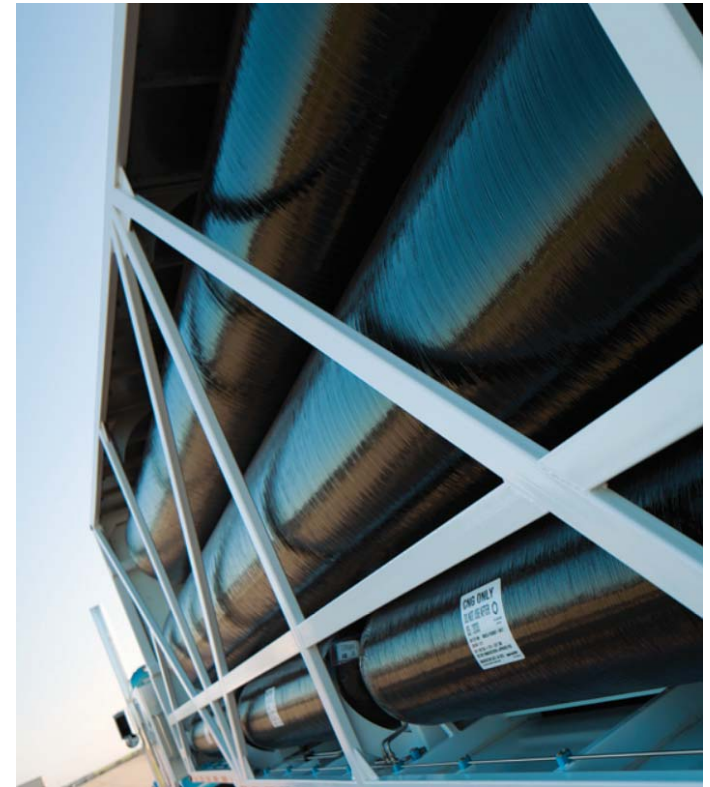
TITAN®53 gas transport module



XNG Mobile Pipelines

Positive sentiment in Mobile Pipelines

- Demand in North America expected to continue
 - High onshore drilling activity
 - Growth in conversions from petroleum fuels to natural gas due to availability and favourable fuel spread, i.e. energy intensive industries
- Still slow project flow outside North America
 - However several projects in the pipeline e.g. energy intensive industries, gas islands and power generation
 - First sale into Guatemala in Q3
- MAE* business is growing as modules come up for requalification
- Expect strong year-over-year growth
 - Back-end loaded project pipeline i.e. soft Q3 but strong Q4



LPG



Healthy LPG market

- Expect to reach similar capacity utilization rate as last year
- Continued stable European market
- Bangladesh emerging as one of the fastest growing bottled LPG markets in the world
 - Replacing piped natural gas with bottled LPG for domestic use
- Continued expansion in the US BBQ Propane Exchange market
 - Entering California and Nebraska, following the introduction in Florida in Q1 2018



Beximco composite LPG cylinder



Agility Fuel Solutions

Agility Fuel Solutions

- Natural gas truck sales expected to rebound in 2nd half of 2018
 - 1st half slowed by delayed availability of Cummins Westport's near-zero emissions natural gas engine
 - Pent up demand for new engine means order board is strong for balance of year
 - All time high heavy-duty truck (incl. diesel) sales could limit chassis availability and push orders into 2019
- Expect good growth in North American and European Transit Bus segment
- Refuse Truck market also enjoying a good year
 - Customers continue to expand fleets of natural gas vehicles
 - Increasing investments into landfills turning waste to renewable natural gas (RNG)



Volvo Trucks' VNL 300 Now Available with Cummins ISX12N "Near Zero" Natural Gas Engine

Feedback

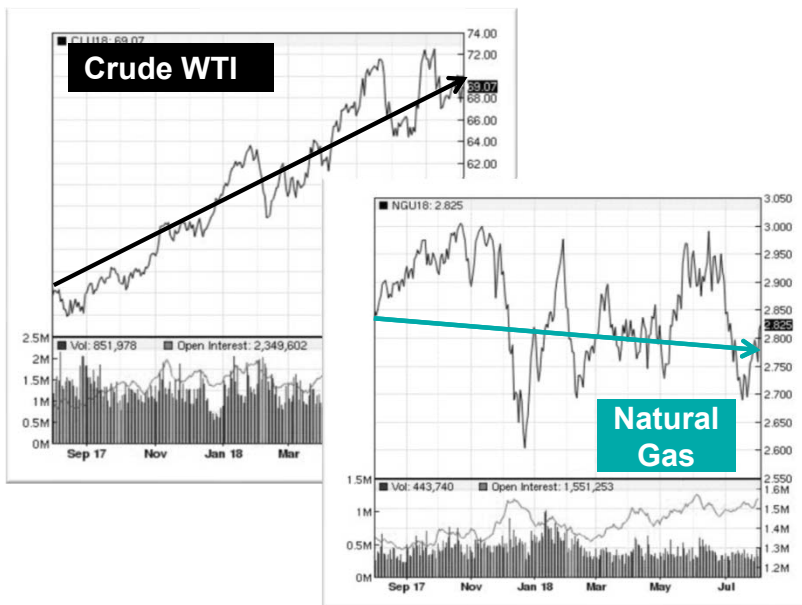
7/23/2018

The new Volvo VNL 300 daycab is now available with the latest version of the Cummins ISX12N "Near Zero" natural gas engine, providing an alternative fuel solution for pick-up and delivery and regional-haul operations.

Source: Volvotrucks.us

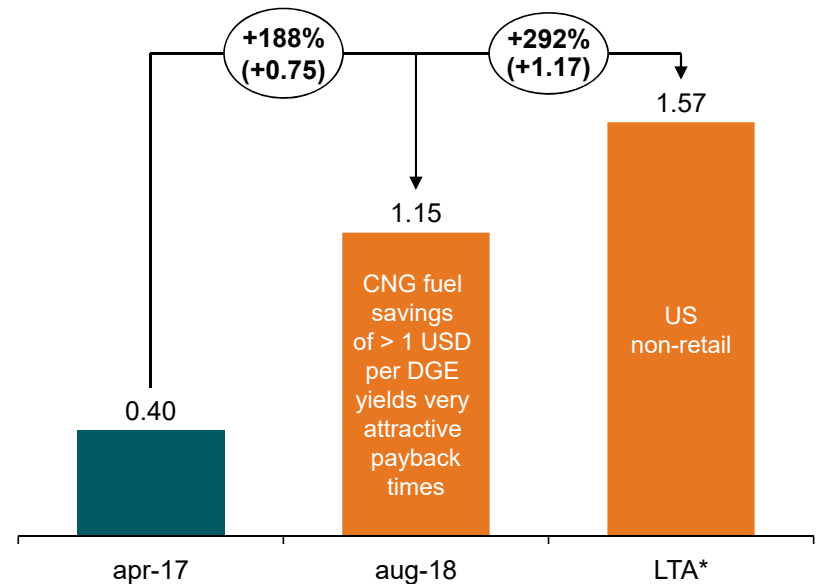
Fuel price spread has become significantly more favorable

Price development last 12 months



Diesel vs CNG fuel price spread (U.S. retail)

USD per diesel gallon equivalent



Oil price increase & natural gas price decrease are driving the fuel price spread in favor of CNG

* LTA: Long-term agreement for non-retail fleet CNG refueling

Sources: EIA, NYMEX, cngprices.com, Agility Fuel Solutions, Hexagon Composites

Group Outlook

- **Hydrogen**
 - Deep into major development programs across several applications
 - Revenue recognition sensitive to project milestones
 - Expected revenue uptick in late 2018 / early 2019 as planned
 - Continues to be heavily dilutive as the organization is ramping up and incurring costs
- **CNG LDV**
 - Mandatory test program temporarily bottlenecking OEMs
 - Underlying strong momentum in key European markets
 - Expect to exit 2018 with strong run-rate
- **Mobile Pipelines**
 - Softer Q3 due to postponements into Q4
 - Strong long term market view
- **LPG**
 - Working to fill 2nd half 2018
 - Expect volumes similar to 2nd half 2017
- **Agility Fuel Solutions**
 - Natural gas truck sales expected to rebound in 2nd half, with improving market conditions and availability of near-zero engine

- 1 **Strong underlying market development in all segments**
- 2 **Expect temporary soft Q3 results due to WLTP* and postponement of Mobile Pipelines projects to Q4**
- 3 **Continued dilutive EBITDA effect from Hydrogen through ramp-up phase**

* WLTP: Worldwide Harmonized Light Duty Vehicles Test



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Questions Please

Jon Erik Engeset, CEO
David Bandele, CFO



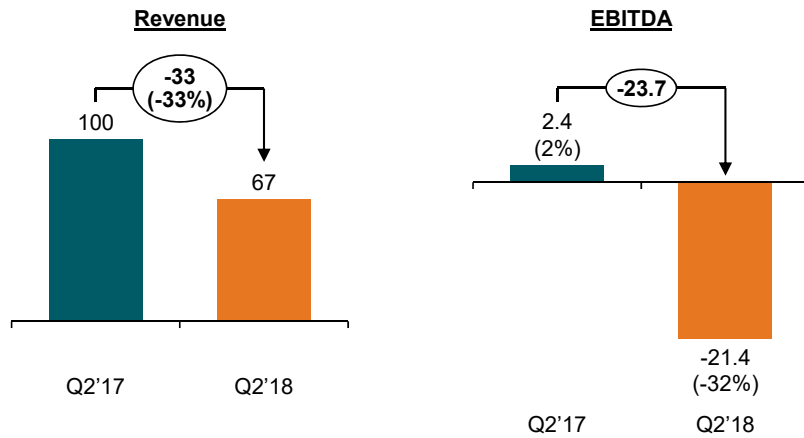
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APPENDIX

Segment financial highlights Q2 2018

Hexagon Hydrogen & LDV

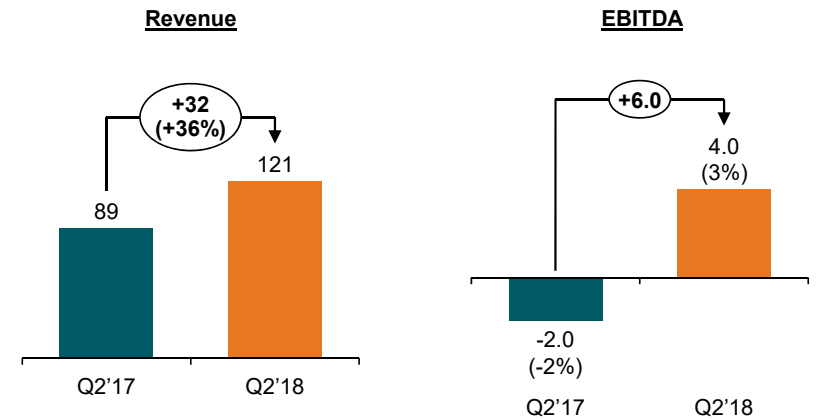
NOKm. Note: 2017 = Pro-forma



- Steady quarter for CNG powered Light-Duty Vehicles
- Lower Hydrogen product revenues, instead performance based development revenues
- Investing in future H2 growth dilutes EBITDA by NOK 20m

Hexagon Mobile Pipelines & Other

NOKm. Note: 2017 = Pro-forma

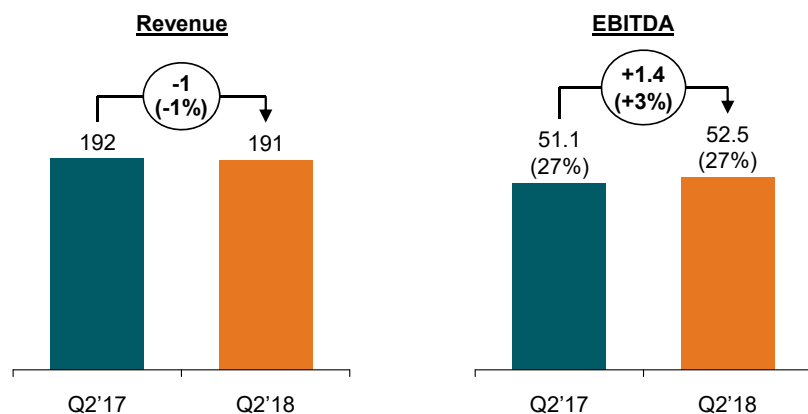


- +36% year-over-year growth driven by North American Mobile Pipelines sales
- Incremental volumes above current level will drive EBITDA

Segment financial highlights Q2 2018

Hexagon Ragasco (LPG)

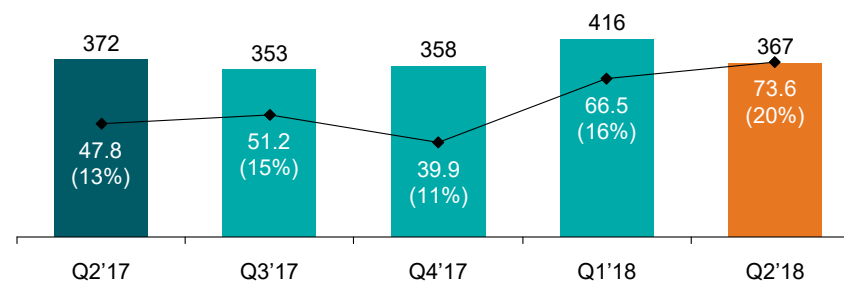
NOKm



- Revenues primarily from core European and Middle Eastern markets
- Flat year-over-year on both revenue and EBITDA but maintaining high absolute levels

Hexagon Group total¹

Revenues, EBITDA and EBITDA margin
NOKm



- Flat year-over-year Group revenue
- Strong EBITDA, however assisted by NOK 40m provision reversal

¹ After all eliminations

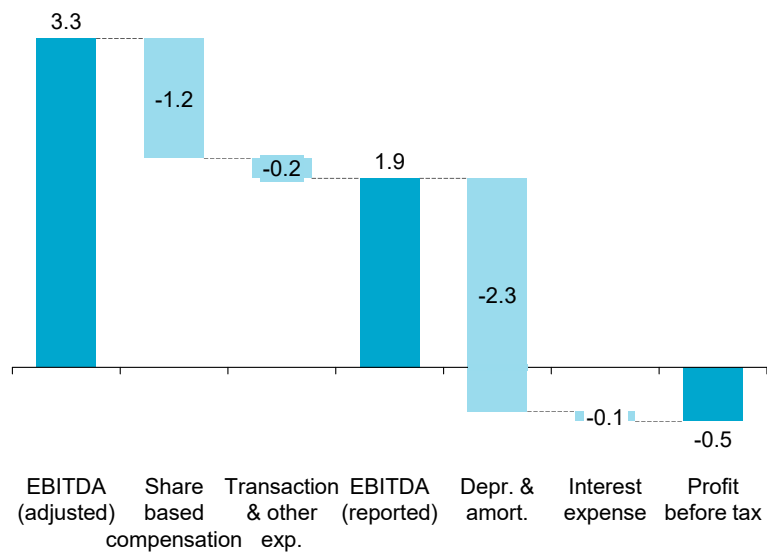
Agility Fuel Solutions: Q2 2018

Result to Hexagon Group per equity accounting method



Q2 2018 AFS EBITDA to profit before tax

USDm



Agility impact to Group P&L

NOKm

