



HEXAGON  
COMPOSITES

3<sup>rd</sup>

QUARTER 2013

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*Oslo, 31 October 2013*

Jon Erik Engeset, Group President & CEO  
Tor Olsen Husø, CFO

# AGENDA

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- Highlights
- Segment results
- Group financials
- Summary and outlook
- Q & A

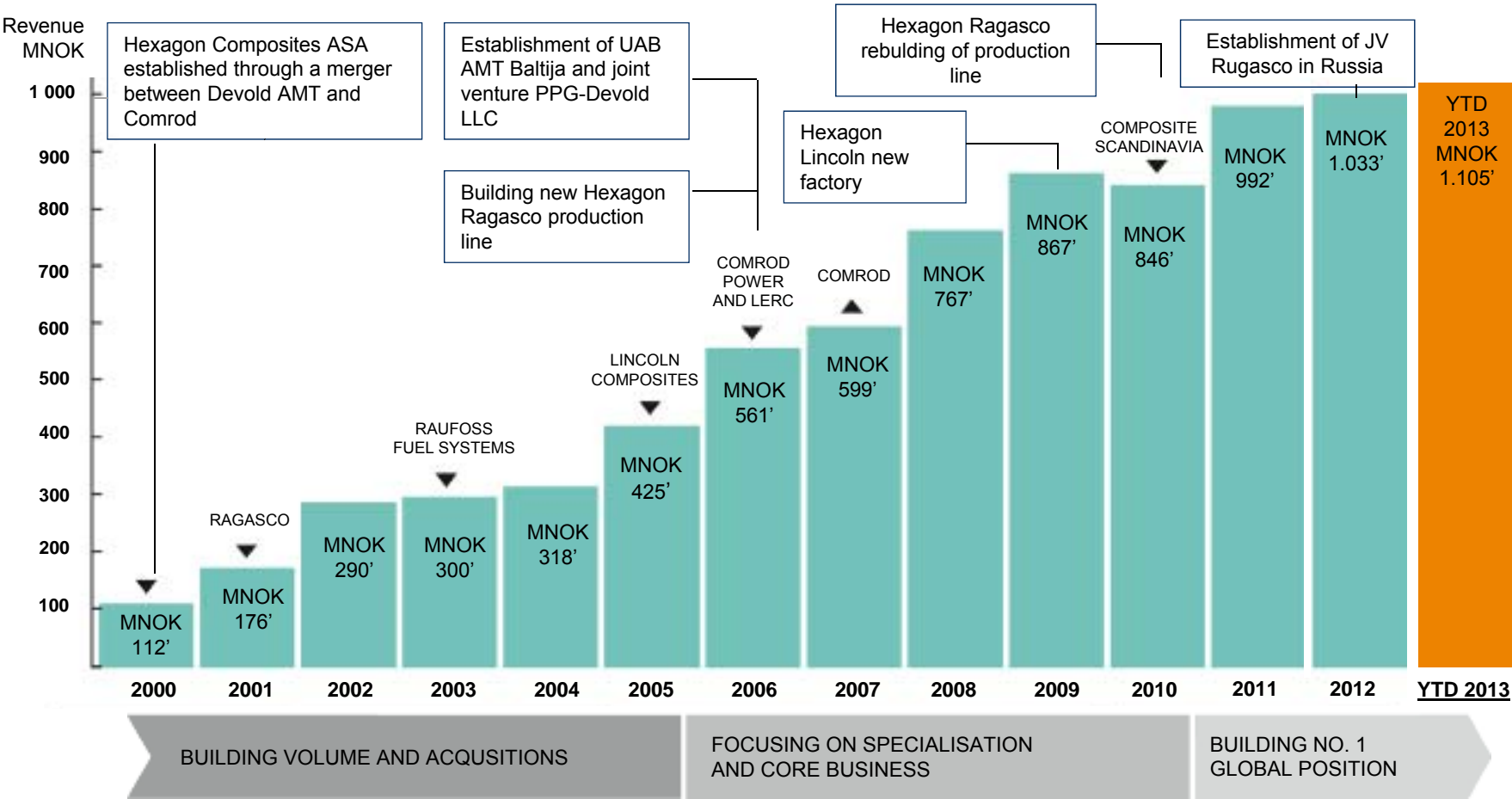
# HIGHLIGHTS Q3 2013

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- Positive results in all business units
- Cummins-Westport started commercial sales of its new 11.9 litre gas-powered engine
- Most end customers in North America are choosing CNG over LNG systems
- Continued strong global interest for TITAN™ and SMARTSTORE™ for CNG transportation and storage
- Good quarter for bus systems in both Europe and North America
- Higher demand for LPG containers in Europe than expected and growth outside Europe
- Successful Factory Acceptance Test in Rugasco (RUS)
- New growth in the North American windmill market.

# SOLID EXPERIENCE IN A GROWING INDUSTRY



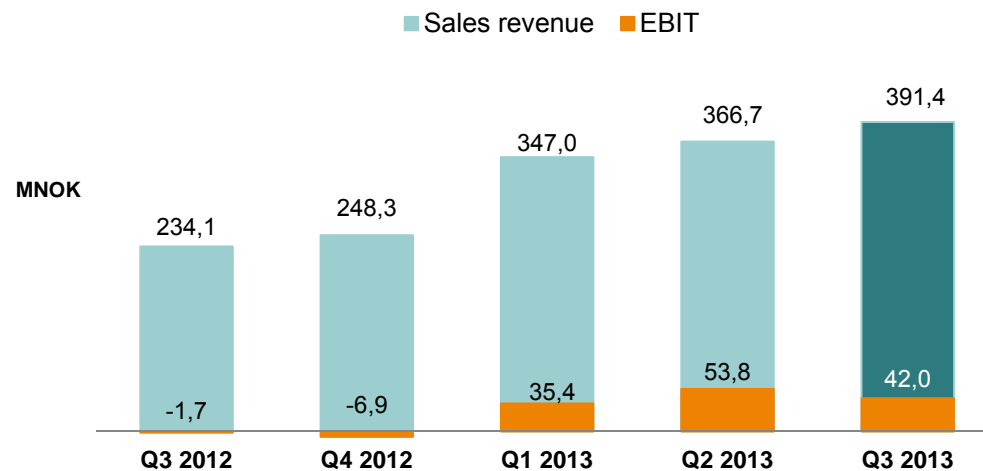
# GROUP KEY FIGURES

	Q3 2012	Q3 2013
Sales revenue	234 100	391 447
EBITDA	11 781	60 679
EBIT	-1 654	41 952
EBIT %	-0,7 %	10,7 %
EBITDA %	5,0 %	15,5 %

## Q3 Operating results

- Positive operating results in all business units
- Strongly increased sales compared with Q3 2012 (+67 %)
- Accruals and provisions of around NOK 15.5 million
  - Including NOK 5.2 million management bonuses
- Strong cash flow and cash reserves

## Sales revenue and EBIT last quarters





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**SEGMENT RESULTS**

# HIGH-PRESSURE CYLINDERS

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- Continued strong market growth in North America
- Continued high global activity for TITAN™ and SMARTSTORE™ transportation and storage systems
- The bus markets are quite strong, while the European passenger car market is relatively weak
- The programme to double the capacity in Lincoln over 2012 is delayed due to technical issues and engineering resource allocation to current business. The capacity will gradually be increased during Q4 2013 and completed by end Q1 2014
- The programme for further capacity increase (additional production line) from Q1 2015 is running as planned

# HIGH PRESSURE CYLINDERS

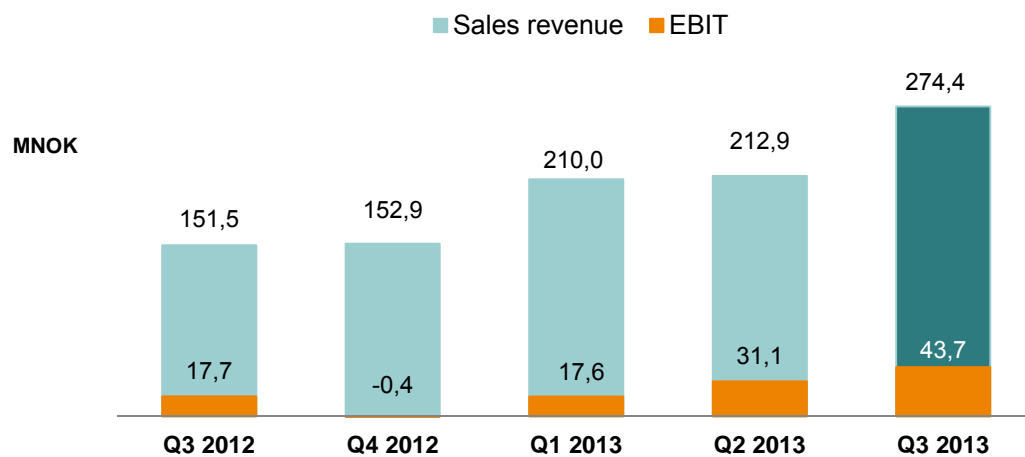


	Q3 2012	Q3 2013
Sales revenue	151 537	274 371
EBITDA	23 617	53 791
EBIT	17 696	43 743
EBIT %	11,7 %	15,9 %
EBITDA %	15,6 %	19,6 %

## Q3 Operating results

- Record sales and profit
- Fully utilised production capacity in Lincoln
- Increased utilisation of Raufoss plant

## Sales revenue and EBIT last quarters



# LOW-PRESSURE LPG CONTAINERS

- Higher sales than expected in the European leisure segment due to long and warm summer
- Increased sales to North, Central and South America and Asia
  - Product advantage over steel containers in humid regions due to corrosion
- Successful Factory Acceptance Test in Rugasco
  - Formal Russian product approval expected end of 2013



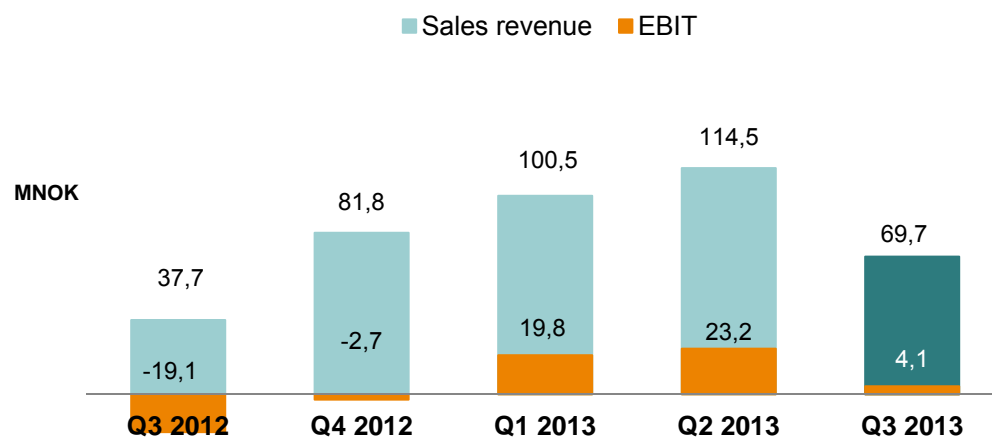
# LOW-PRESSURE LPG CONTAINERS

	Q3 2012	Q3 2013
Sales revenue	37 696	69 671
EBITDA	-13 546	9 706
EBIT	-19 070	4 149
EBIT %	-50,6 %	6,0 %
EBITDA %	-35,9 %	13,9 %

## Q3 Operating results

- Good production flow despite short series
- Inventories considerably reduced compared with Q3 2012
- Q3 2012 result was negatively affected by CNG passenger car segment (now in Hexagon Raufoss)

## Sales revenue and EBIT last quarters



# COMPOSITE REINFORCEMENTS

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- Renewed growth in the North American windmill market
  - Product Tax Credit (PTC) incentive scheme resumed
- Stagnant European market
- Aggressive competition from Chinese market players
- The process of evaluating strategic alternatives is progressing as planned with considerable investor interest



# COMPOSITE REINFORCEMENTS



	Q3 2012	Q3 2013
Sales revenue	45 414	50 435
EBITDA	4 267	4 504
EBIT	2 405	1 511
EBIT %	5,3 %	3,0 %
EBITDA %	9,4 %	8,9 %

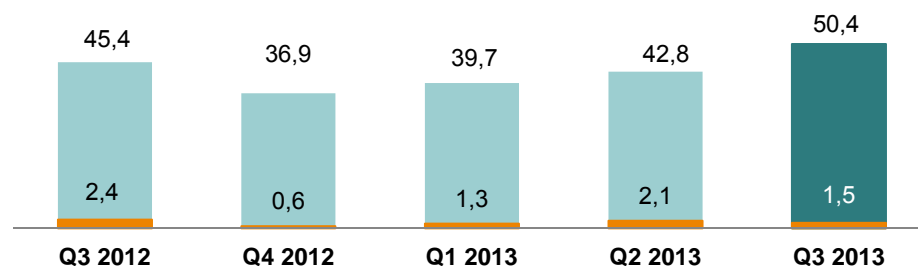
## Q3 operating results

- The acquisition of PPG Industries' 50% share of Hexagon Devold USA was consolidated with full effect from Q3 2013
- Competitive production in Lithuania
  - Also vis-a-vis Chinese competitors
- Good production flow, however low utilisation

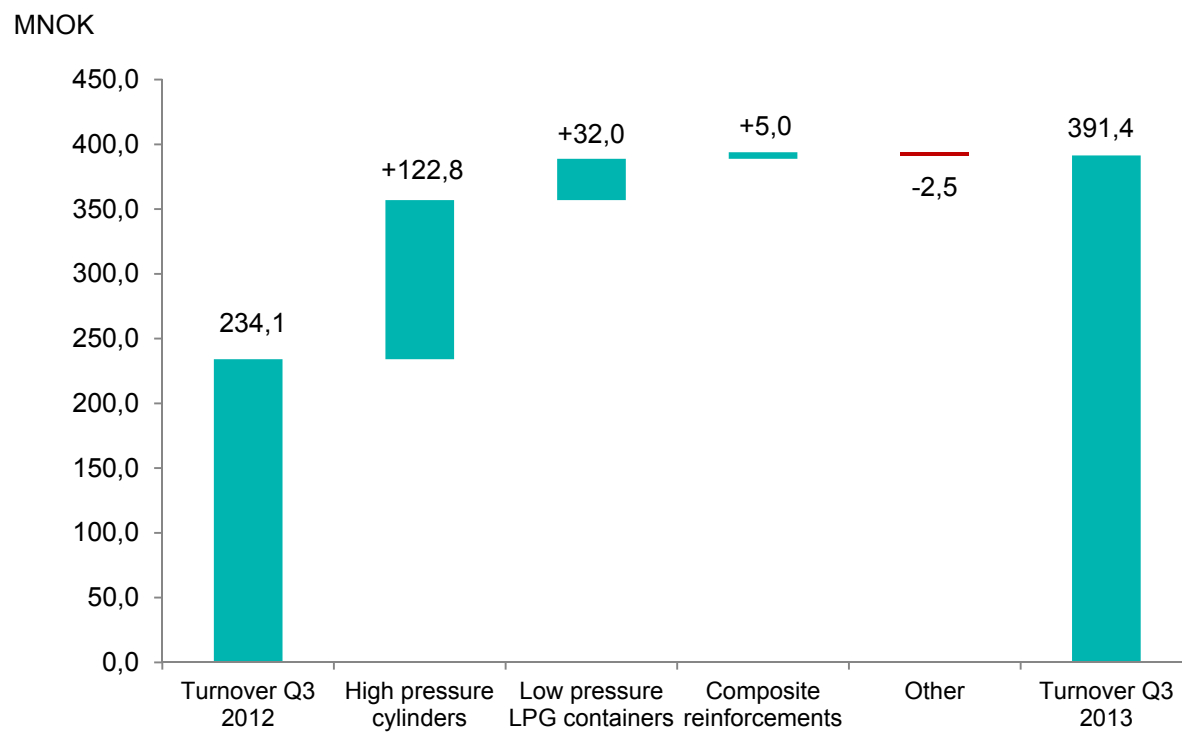
## Sales revenue and EBIT last quarters

■ Sales revenue ■ EBIT

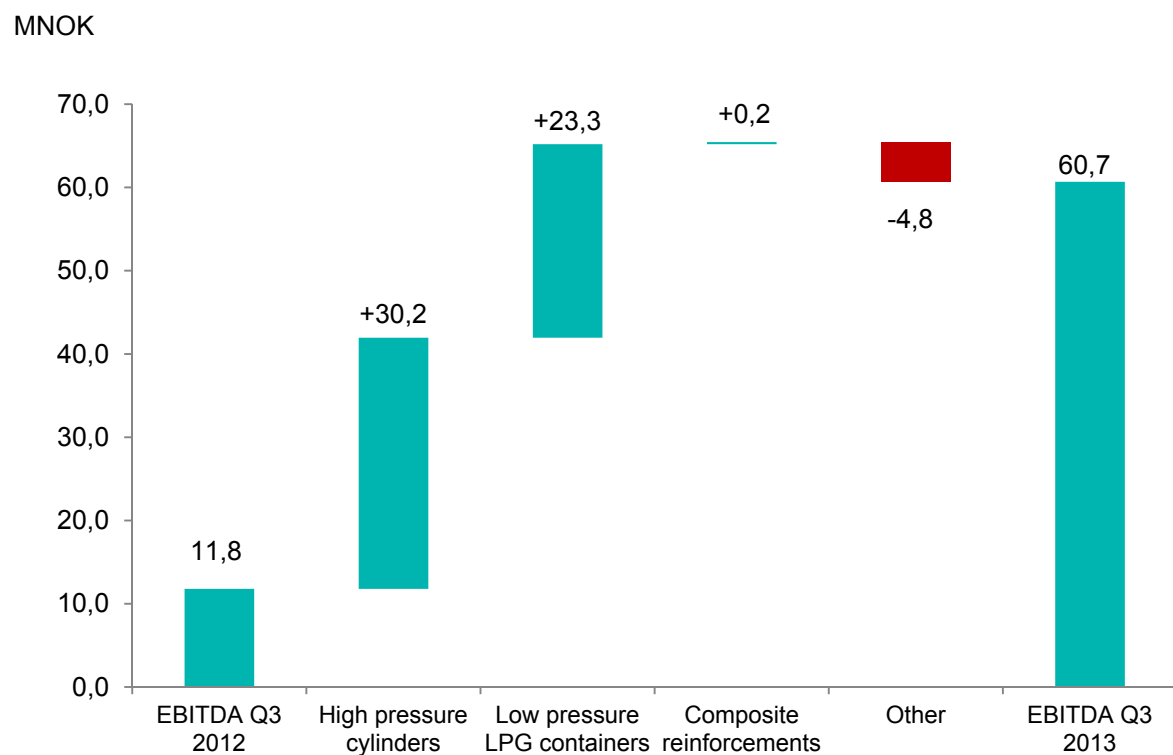
MNOK



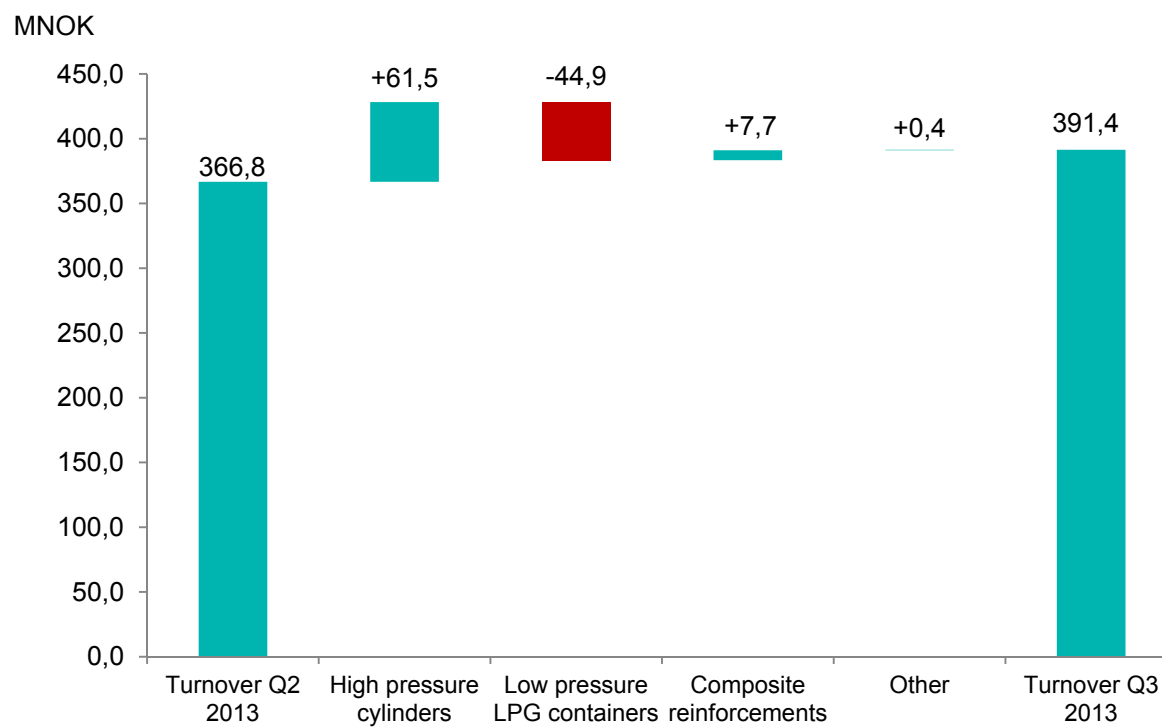
# GROUP TURNOVER Q3 2012 – Q3 2013



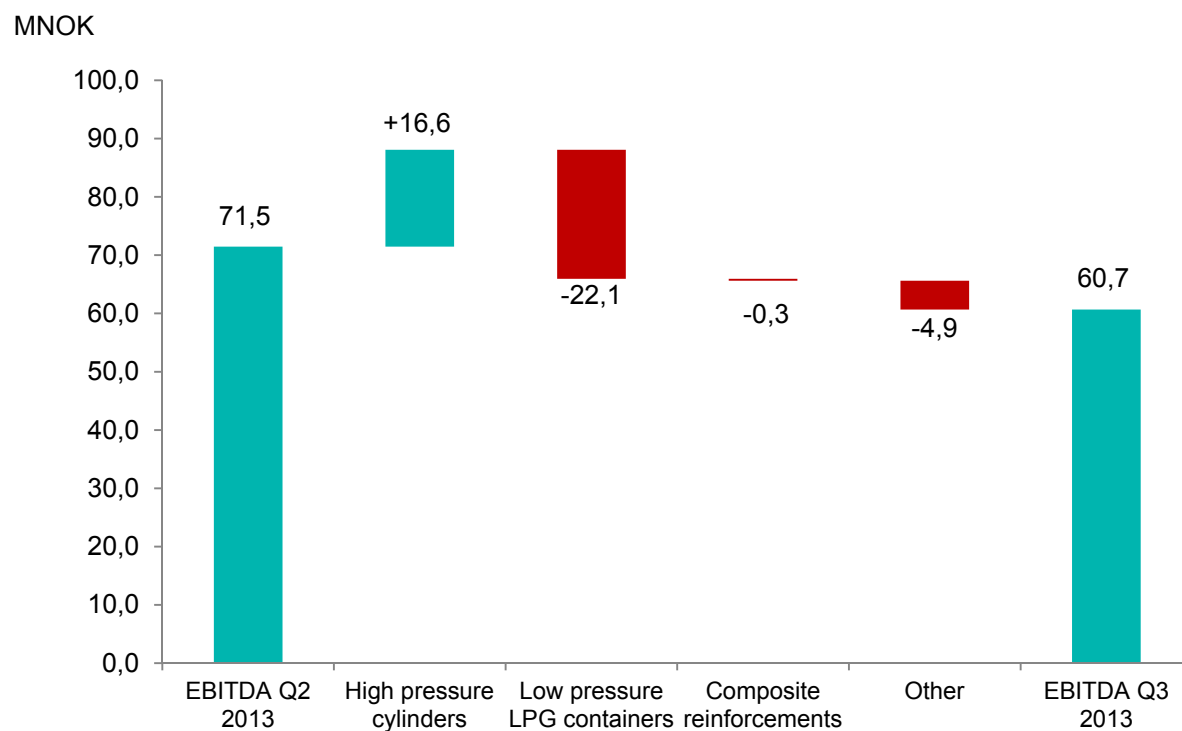
# GROUP EBITDA Q3 2012 – Q3 2013



# GROUP TURNOVER Q2 2013 – Q3 2013



# GROUP EBITDA Q2 2013 – Q3 2013





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**QUARTER 2013  
GROUP FINANCIALS**



# PROFIT AND LOSS ACCOUNT 30.09.2013

<b>KEY FIGURES</b>	(NOK 1 000)	<b>YTD 2013</b>	<b>YTD 2012</b>	<b>CHANGE</b>
<b>Sales Revenue</b>		<b>1 105 224</b>	<b>784 667</b>	41%
<b>EBITDA</b>		<b>183 726</b>	<b>77 975</b>	136%
Depreciation		52 538	46 537	13%
<b>EBIT</b>		<b>131 188</b>	<b>31 438</b>	317%
Income from investments in associates		-1 247	-414	NA
Other financial items (net)		-7 132	-10 429	NA
<b>Profit before tax</b>		<b>122 810</b>	<b>20 595</b>	496%
EBITDA %		16,6 %	9,9 %	
EBIT %		11,9 %	4,0 %	

# BUSINESS UNIT SHARES YTD 2013

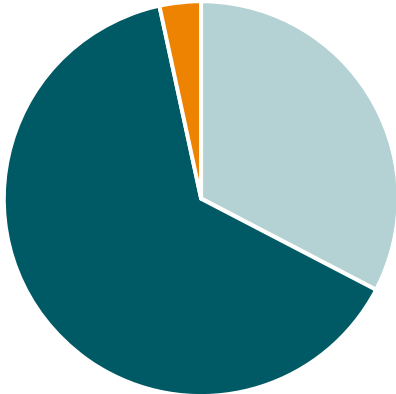
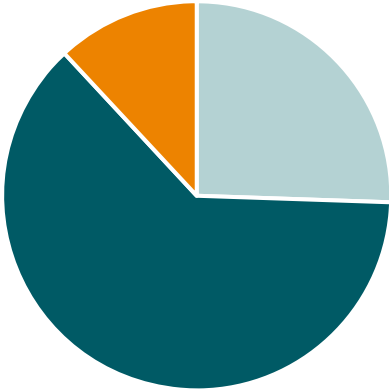


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Sales revenue YTD 2013

EBIT YTD 2013

- Hexagon Ragasco
- Hexagon Lincoln/Raufoss
- Hexagon Devold





## BALANCE SHEET AS PER 30.09.2013

<b>BALANCE SHEET - ASSETS</b>	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>CHANGE</b>
Intangible assets	102 901	110 200	-7 299
Tangible fixed assets	324 686	255 194	69 492
Investments in associates	0	1 998	-1 998
Other financial fixed assets	4 012	1 407	2 605
<b>Total non-current assets</b>	<b>431 599</b>	<b>368 798</b>	<b>62 801</b>
Inventories	274 729	249 435	25 294
Receivables	223 476	173 945	49 531
Bank deposits, cash and similar	205 626	52 899	152 727
<b>Total current assets</b>	<b>703 830</b>	<b>476 279</b>	<b>227 551</b>
<b>Total Assets</b>	<b>1 135 430</b>	<b>845 077</b>	<b>290 353</b>

<b>BALANCE SHEET - LIABILITIES AND EQUITY</b>	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>CHANGE</b>
Paid-in capital	103 781	103 781	0
Other equity	232 763	166 294	66 469
<b>Total equity</b>	<b>336 544</b>	<b>270 076</b>	<b>66 468</b>
Provisions	39 365	9 623	29 742
Interest-bearing long-term liabilities	475 203	309 649	165 554
<b>Total non-current liabilities</b>	<b>514 569</b>	<b>319 272</b>	<b>195 297</b>
Interest-bearing current liabilities	3 514	9 719	-6 205
Other current liabilities	280 803	246 011	34 792
<b>Total current liabilities</b>	<b>284 317</b>	<b>255 729</b>	<b>28 588</b>
<b>Total liabilities</b>	<b>798 886</b>	<b>575 001</b>	<b>223 885</b>
<b>Total Liabilities and Equity</b>	<b>1 135 430</b>	<b>845 077</b>	<b>290 353</b>

(NOK 1 000)

# CASH FLOW STATEMENT AS AT 30.09.2013



<b>CASH FLOW STATEMENT</b>	<b>(NOK 1 000)</b>	<b>30.09.2013</b>
Profit before tax		122 810
Depreciation and write-downs		52 538
Change in net working capital		-71 865
<b>Net cash flow from operations</b>		<b>103 483</b>
Net cash flow from investment activities		-65 743
Net cash flow from financing activities		87 565
<b>Net change in cash and cash equivalents</b>		<b>125 305</b>
Cash and cash equivalents at start of period		80 322
<b>Cash and cash equivalents at end of period</b>		<b>205 626</b>
Available unused credit facility		269 909



## KEY FIGURES AS AT 30.09.2013

KEY FIGURES	30.09.2013	30.09.2012	31.12.2012
EBITDA %	16.6 %	9.9 %	8.5 %
EBIT %	11.9 %	4.0 %	2.4 %
Interest coverage II	10.9	6.3	6.5
Net working capital/operating income (rolling last 4 quarters)	19.4 %	20.2 %	18.7 %
NIBD/EBITDA	1.4	3.0	3.2
Equity/capital employed	41.3%	45.8%	42.1%
Return on equity	37.0%	5.8%	2.1%
Total return	18.4%	5.2%	2.7%
Liquidity ratio I	2.5	1.9	1.7



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**QUARTER 2013  
SUMMARY & OUTLOOK**

# STRONG MOMENTUM

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- North American Heavy Duty Vehicle market set for exponential growth
- Improved outlook for CNG passenger car market
- Stable flow of CNG bus projects
  - Introduction of Euro 6 standard entails temporary drop in Q4 and Q1
- Global opportunity for CNG transportation and storage solutions
  - SMARTSTORE™ and TITAN™
- Systematic new market development for LPG containers
  
- Economies of scale
- Growth challenges
- Organizational development crucial
  - Recruitment
  - Systems, structures and processes
  - Internationalisation

**THANK YOU**

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