



HEXAGON
COMPOSITES

3RD QUARTER 2015

Oslo, 29th October 2015

Jon Erik Engeset, CEO
David Bandele, CFO



DISCLAIMER AND IMPORTANT NOTICE

This company presentation (the “Presentation”) has been prepared by Hexagon Composites ASA (“Hexagon” or the “Company”). The Presentation has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market place. The Company makes no representation or warranty (whether express or implied) as to the correctness or completeness of the information contained herein, and neither the Company nor any of its subsidiaries, directors, employees or advisors assume any liability connected to the Presentation and/or the statements set out herein. This presentation is not and does not purport to be complete in any way. The information included in this Presentation may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or its advisors or any of their parent or subsidiary undertakings or any such person’s affiliates, officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company and its advisors assume no obligation to update any forward-looking statements or to conform these forward-looking statements to the Company’s actual results. Investors are advised, however, to inform themselves about any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or press releases. This Presentation has been prepared for information purposes only. This Presentation does not constitute any solicitation for any offer to purchase or subscribe any securities and is not an offer or invitation to sell or issue securities for sale in any jurisdiction, including the United States. Distribution of the Presentation in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Presentation speaks as of 29th October 2015, and there may have been changes in matters which affect the Company subsequent to the date of this Presentation. Neither the issue nor delivery of this Presentation shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this Presentation. This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Presentation, you accept to be bound by the terms above.



AGENDA

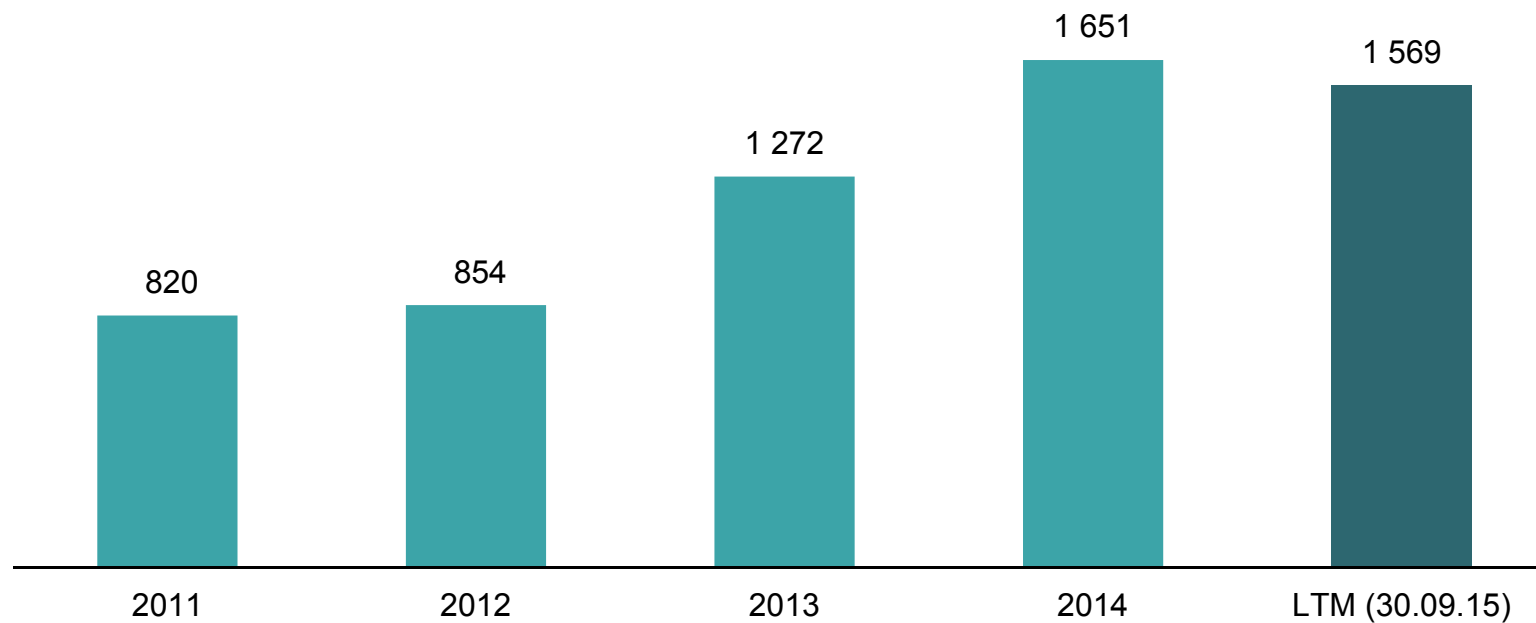
- Group highlights
- Group financials & segment overview
- Outlook
- Q & A



CHALLENGING QUARTER

OPERATING REVENUES

NOK Million



NO. 1 GLOBAL POSITION



HIGHLIGHTS Q3 2015

- Weak Mobile Pipeline™ sales
- Robust volumes in Heavy-Duty segment
- Seasonally weak LPG demand
- 5 year long-term distribution agreement for LPG cylinders to Saudi Arabian market
- Increased number of projects and market opportunities in Hydrogen
- Raufoss Light-Duty Vehicles restructured according to plan
 - Operationally integrated with Hexagon Ragasco
- Renewed focus on vehicle particulate emissions around the world





HEXAGON
COMPOSITES

3RD
QUARTER 2015
FINANCIALS



FINANCIAL HIGHLIGHTS Q3 2015

- Overall profitability impacted by:
 - Weak volumes and one-off relocation costs of NOK 9 million volume in Mobile Pipeline™
 - Seasonal weakness in LPG
 - Losses in Light-Duty Vehicles
 - Higher fixed cost base
- Strong underlying growth in CNG North America with better cost efficiencies
- Good overall working capital performance despite operational losses

Group key figures	NOK million
Operating Income	257
EBITDA	-31
Net loss	-36



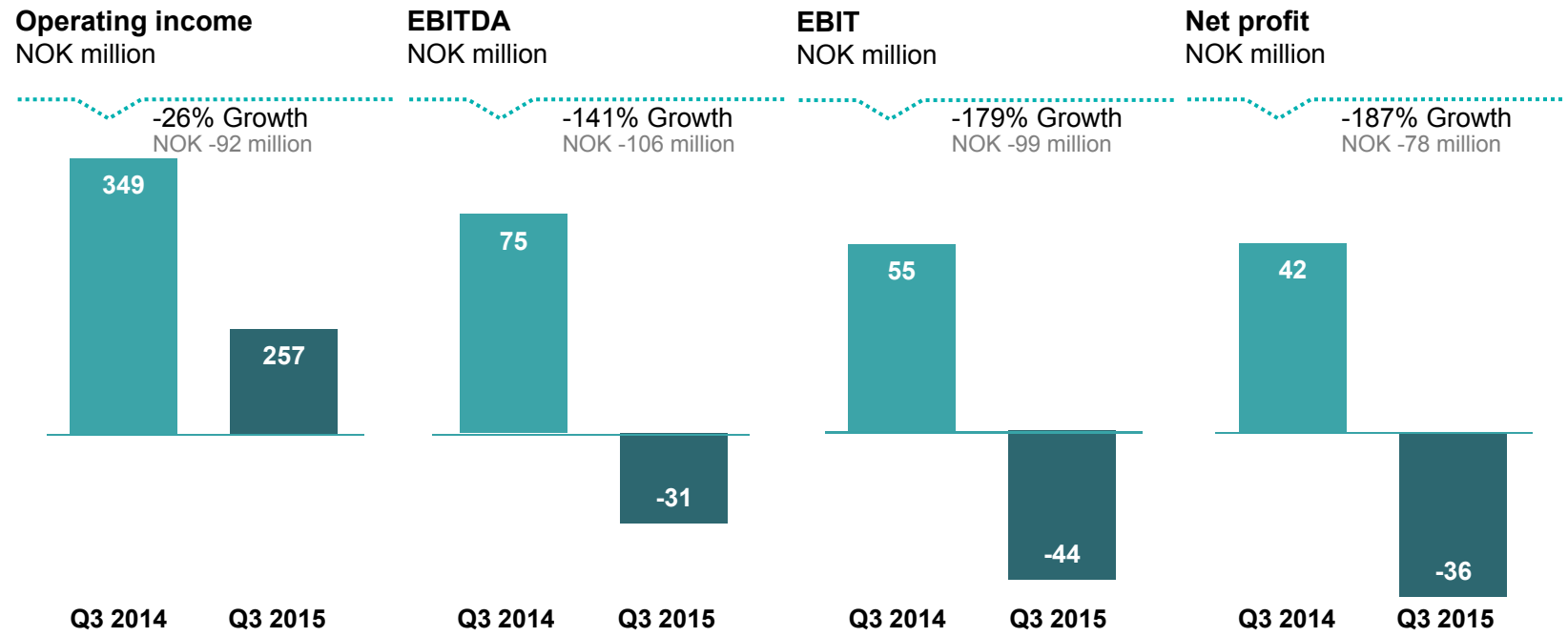


Q3 2015 GROUP INCOME STATEMENT

NOK THOUSAND-	THREE MONTHS ENDING*			TWELVE MONTHS ENDING*
	30.09.15	30.09.14	Variance	31.12.14
Operating Income	256 929	349 272	(92 343)	1 650 829
Operating expenses	(287 913)	(274 208)	(13 705)	(1 321 678)
EBITDA	(30 984)	75 064	(106 048)	329 151
Depreciation and impairment	(12 846)	(19 594)	6 748	(72 363)
EBIT	(43 830)	55 470	(99 300)	256 788
Share of profit/(loss) from associates	(27)	(1 150)	1 123	(9 554)
Other financial items (net)	(12 132)	5 374	(17 506)	(9 815)
Profit/(loss) before tax from cont. operations	(55 989)	59 694	(115 683)	237 419
Tax expense	19 817	(18 018)	37 835	(77 072)
Profit/(loss) after tax from cont. operations	(36 172)	41 676	(77 848)	160 347
Profit/(loss) from companies held for sale	-	-	-	4 325
Profit/(loss) for the period	(36 172)	41 676	(77 848)	164 672
EBITDA %	(12.1)%	21.5%		19.9%
EBIT %	(17.1)%	15.9%		15.6%
NET PROFIT%	(14.1)%	11.9%		10.0%



Q3 '15 V '14 INCOME STATEMENT HIGHLIGHTS



- High-Pressure decline NOK 22 million (-10%)
- Includes positive USD FX impacts of c. NOK 67 million
- Low-Pressure decline NOK 70 million (-53%)

- High-Pressure decline NOK 74 million (-18% margin)
- Low-Pressure decline NOK 42 million (+4.3% margin)

- Prior years' asset base well depreciated in Low Pressure whilst asset base increases in High Pressure
 - Low Pressure effect NOK +8 million
 - High Pressure effect NOK -1 million

- Financial items effect of NOK -18 million (Other +3; FX -23; Interest +2)
- Effect from Rugasco JV NOK +1 million
- Tax effect of NOK +38 million

Profitability impacted negatively by lower Mobile Pipeline™ and low seasonal LPG volumes

SEGMENT SHARES Q3 2015

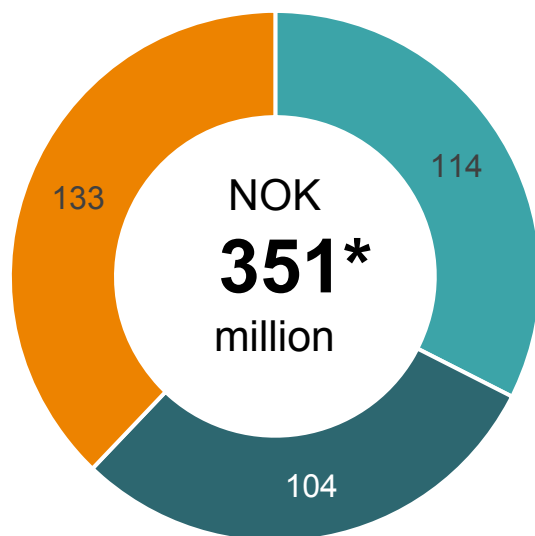
BEFORE GROUP ELIMINATIONS*



HEXAGON
COMPOSITES

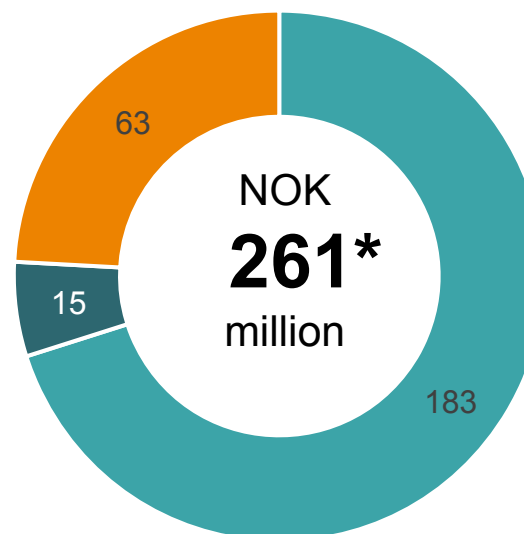
SHARE OF OPERATING INCOME

Q3 2014



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

Q3 2015



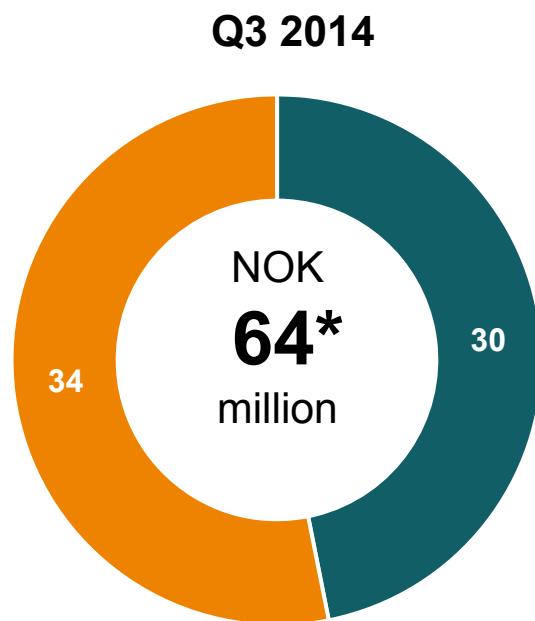
- High-Pressure: CNG Automotive (Global)
- High-Pressure: Mobile Pipeline™
- Low-Pressure: LPG (Propane)

SEGMENT SHARES Q3 2015

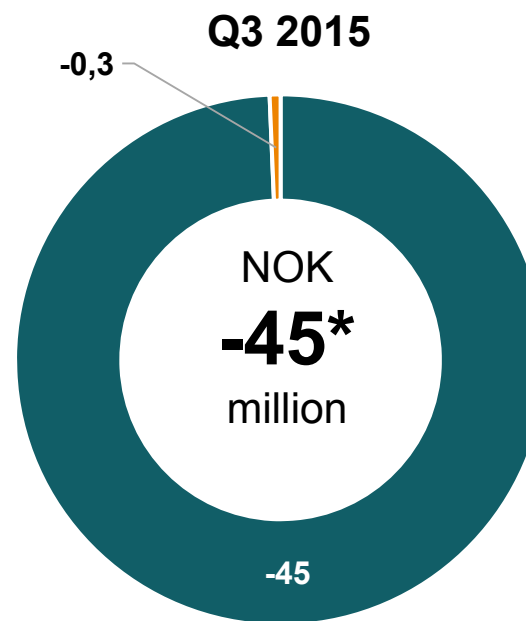
BEFORE GROUP ELIMINATIONS*



SHARE OF EBIT



- High-Pressure: CNG Automotive and Mobile Pipeline™
- Low-Pressure: LPG (Propane)



- High-Pressure: CNG Automotive and Mobile Pipeline™
- Low-Pressure: LPG (Propane)



Q3: HIGH-PRESSURE CYLINDERS

- Very weak sales of Mobile Pipeline™ solutions
- Continued solid heavy-duty demand in North America; strong global transit bus market
- Light-Duty Vehicles losses has led to restructuring action
- Production move of TITAN™ cost NOK 9 million
- High fixed cost relative to outlook precipitates need for additional cost saving measures

NOK THOUSAND	SUMMARY FINANCIALS		
	Q3 2015	Q3 2014	Variance
Operating Income	197 615	218 425	(20 810)
Operating expenses	(233 127)	(180 245)	(52 882)
EBITDA	(35 512)	38 180	(73 692)
Depreciation and impairment	(9 609)	(8 215)	(1 394)
EBIT	(45 121)	29 965	(75 086)





Q3: LOW-PRESSURE CYLINDERS

- Seasonally low sales
- Low production capacity utilization also due to summer shut-down period
- Break-even operating profit despite low volumes
- Positive underlying momentum with various new market prospects

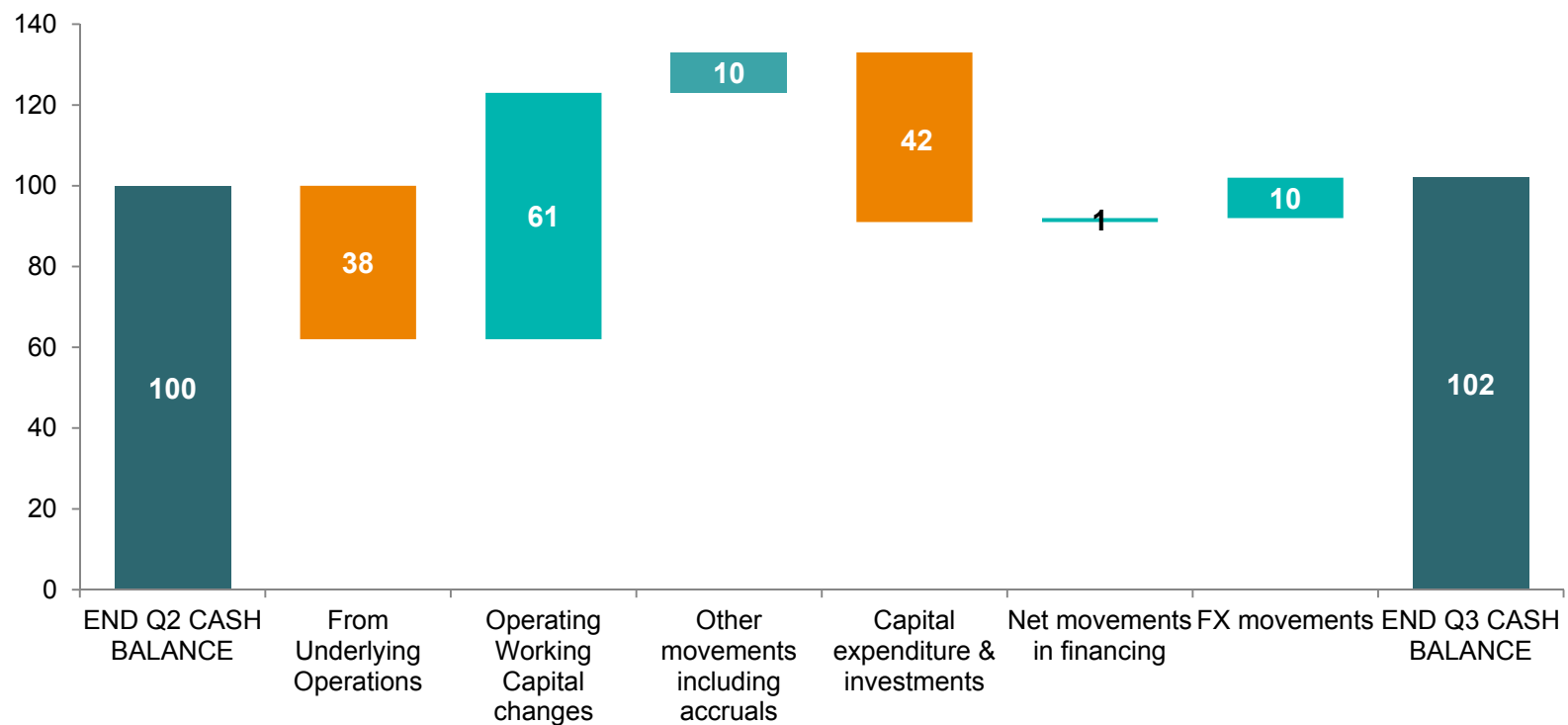
NOK THOUSAND	SUMMARY FINANCIALS		
	Q3 2015	Q3 2014	Variance
Operating Income	62 500	132 727	(70 227)
Operating expenses	(59 823)	(88 296)	28 473
EBITDA	2 677	44 431	(41 754)
Depreciation and impairment	(2 941)	(10 782)	7 841
EBIT	(264)	33 649	(33 913)





GROUP CASH MOVEMENTS Q3 2015

NOK million



Working capital drive offsetting operational losses



FINANCIAL POSITION V PREVIOUS QUARTER

NOK THOUSAND	30.9.2015	30.6.2015	Change
Intangible assets	103 546	102 350	1 196
Tangible fixed assets	379 403	333 336	46 067
Other non-current assets	11 187	9 471	1 716
Total Non-current Assets	494 136	445 157	48 979
Inventories	390 245	347 556	42 689
Receivables	221 530	289 442	(67 912)
Bank deposits, cash and similar	101 737	100 013	1 724
Total Current Assets	713 512	737 011	(23 499)
Total Assets	1 207 648	1 182 168	25 480
Total Equity	444 701	451 959	(7 258)
Provisions	38 176	36 013	2 163
Long-term interest-bearing debt	382 592	382 320	272
Total Non-current Liabilities	420 769	418 333	2 436
Short-term interest-bearing debt	11 066	8 711	2 355
Other current liabilities	331 112	303 165	27 947
Total Current Liabilities	342 178	311 876	30 302
Total Liabilities	762 947	730 209	32 738
Total Equity and Liabilities	1 207 648	1 182 168	25 480

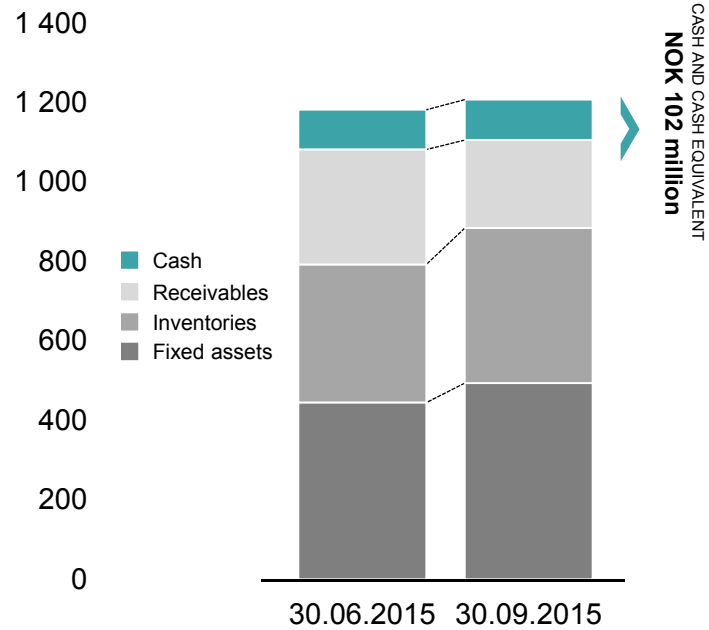
- Maintained net Interest-bearing debt levels (NOK 292 million)
 - Weak Mobile Pipeline™ sales drives lower operational net cash generation
 - Positive operating working capital movements
 - Capital expenditures of NOK 42 million



CONTINUED STRONG BALANCE SHEET

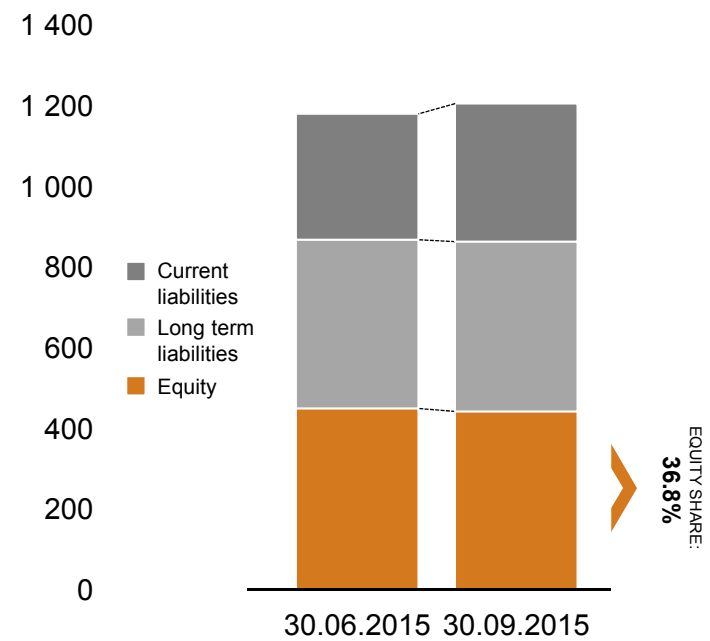
ASSETS

NOK Million



LIABILITIES AND EQUITY

NOK Million



PROFITABILITY DRIVE: REBALANCING OUR COST-BASE



HEXAGON
COMPOSITES

- Hexagon Raufoss (Light-Duty Vehicles) restructuring completed end October
 - Annualized cost reductions in excess of NOK 12 million
- Further cost saving measures to be taken in Q4, mainly in Lincoln
 - Annualized fixed and indirect cost reductions in excess of NOK 60 million
- Organization to remain agile for growth short and long term





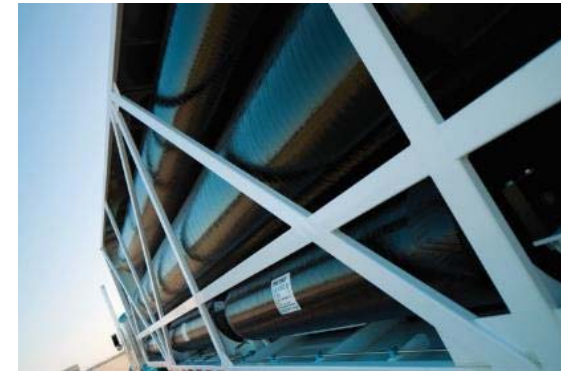
HEXAGON
COMPOSITES

OUTLOOK AND KEY ACTIONS



MOBILE PIPELINE™

- Improvement from Q3 into Q4, however order intake remains slow
- Large projects extend “virtual pipeline” use
 - Paper mill in North East US
 - CNG distribution terminal in North West US
- Continued belief in significant growth opportunities
 - CNG is a convincing economic value proposition for high horsepower users
 - Growing global interest in bio gas





CNG AUTOMOTIVE

- North American Heavy-Duty segment remains robust
 - Further market opportunities outside the US
 - Our solutions support tighter environmental regulations
- Transit bus growing strongly in Europe and US
 - 2015 record year for transit bus systems deliveries
 - Renewed focus on emissions likely to stimulate demand further
- 10 year extension to Supplier of Choice agreement with MAN Truck & Bus



**Raufoss: 1000 systems built in 2015
(per August)**





HEXAGON
COMPOSITES

LOW-PRESSURE CYLINDERS LPG

- Hexagon Ragasco solidifies its position as the #1 global supplier of composite LPG cylinders
- First deliveries to Gasco in Saudi Arabia in Q4
- Product launch in Taiwan
- Increased momentum in certain African markets
 - supported by the promotion of LPG over bio-material for heating and cooking
- Continued good traction in Italy

10  **10 million**
CYLINDERS IN USE
WORLDWIDE





QATAR PHASING OUT METAL CYLINDERS

Woqod campaign to promote Shafaf cylinders gains ground

By Peter Alagos
Business Reporter

Public awareness has increased on the safety and convenience of using the “lightweight and transparent” Shafaf liquefied petroleum gas (LPG) cylinders over its metallic counterpart, Woqod CEO Ibrahim al-Kuwari said.

Woqod has launched a “massive” campaign aimed at encouraging the public to replace their traditional metal LPG cylinders with Shafaf. The campaign, which runs until the end of December, is giving a discount to those who give up their metal gas cylinders for Shafaf. Instead of paying QR365, customers need pay only QR265. As part of the promotion, Woqod will refund QR100.

Speaking to *Gulf Times*, al-Kuwari said the “campaign has been successful”, adding that around 20% of Woqod



Ibrahim al-Kuwari, Woqod CEO

customers were now using Shafaf instead of metal LPG cylinders.

“We have very good results and the numbers are increasing. We have received a lot of metal cylinders during the campaign period,” he said.



Shafaf LPG cylinders come in 12kg and 6kg.

“We are phasing out these metal cylinders off the market and the customer response to the campaign was excellent. The percentages are very good, around 15% to 20% of our customers have already replaced their metal cylin-

ders with Shafaf,” al-Kuwari said. Al-Kuwari said the immediate replacement and phasing out of metal LPG cylinders “depends on the customers”.

“The sooner they return their old

metal cylinders, the faster we could replace them with Shafaf. For now, returning metal cylinders is voluntary, but we might reach a stage where it would become mandatory.”

He added: “Replacing metal cylinders is more of a safety issue and Shafaf is lightweight and safer compared to metal cylinders.

“This campaign falls under our mandate to inform our customers the safety advantages of using Shafaf. The safety features of composite cylinders have been proven internationally and many countries have already been using this type of cylinder.”

Shafaf LPG cylinders come in 12kg and 6kg and are suitable for flats and small villas. They are available in all Woqod service stations.

At the opening of Woqod’s 27th service station along the Al Wakrah-Mesaieed Road recently, al-Kuwari told reporters that Woqod would continue to import Shafaf cylinders instead of

manufacturing them in Qatar.

“Based on the study we have conducted, we learned that for the time being it is not feasible to manufacture the cylinders here, which is why we did not push through with the project. Importing Shafaf cylinders is more feasible for us right now,” he explained.

The new service station, according to al-Kuwari, features a new Fahes Vehicle Inspection Centre.

“We are glad to inaugurate a new service station and Fahes centre. The Fahes centre will start inspection operations soon and after finalising small technical issues. This is the 27th service station and the third Fahes centre that Woqod has completed so far,” said al-Kuwari.

He also stressed that Woqod was expected to deploy some 25 mobile petrol stations in key areas around Qatar within the next two months and bring to around 50 the total number of permanent petrol stations across the country by the end of 2016.

“We are phasing out these metal cylinders off the market and the customer response to the campaign was excellent.”

Woqod CEO, Ibrahim al-Kuwari

Gulf Times, September 27, 2015

LIGHT DUTY FUEL CELL VEHICLES IN DEVELOPMENT



HEXAGON
COMPOSITES



Toyota Mirai



Toyota SUV



Mercedes Benz F-Cell



Mercedes-Benz F 105



Honda FCEV



Honda FCX Clarity



Volkswagen HyMotion



Audi A-7 Sportback



Hyundai Tucson



**General Motors
FCEV**



Nissan TeRRA FCEV



BMW Grand Turismo 5

WELL POSITIONED ACROSS THE HYDROGEN VALUE CHAIN



HEXAGON
COMPOSITES

- Multiple market opportunities opening up
 - Strong OEM interest in Hydrogen storage systems for FCVs (Fuel Cell Vehicles)
 - Growing demand for storage tanks from Hydrogen Refueling Stations (HRS) segment with several introductory orders in 2015
 - a precursor for growth in other tank segments
 - Storage of Hydrogen at production sites
 - “Hydrogen battery”
 - Transportation solutions for Hydrogen from production sites to Hydrogen Refueling Stations (HRS)



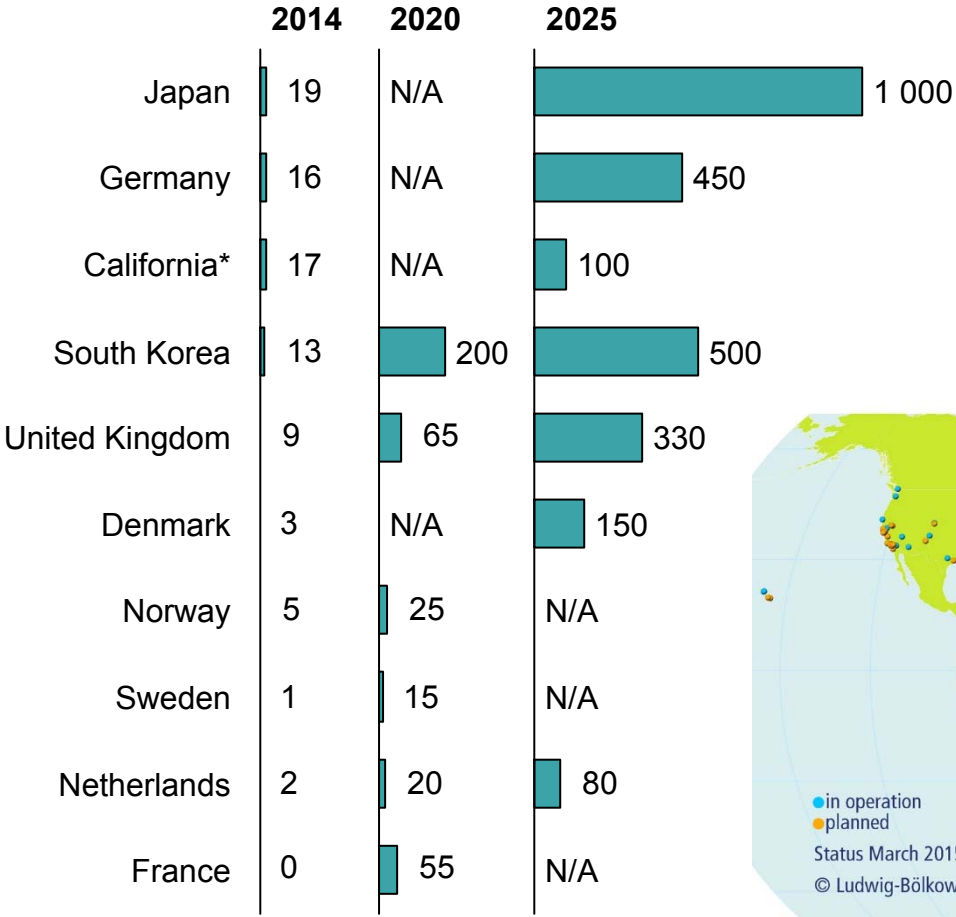
*New HRS at Oslo Airport opened 4 September 2015
Photo: HYOP AS*



HYDROGEN REFUELING STATION (HRS) INFRASTRUCTURE DEVELOPMENT



HEXAGON
COMPOSITES



Source: Hexagon analysis based on International infrastructure programs by LBST (Autumn 2014)



Source: H2stations.org by LBST

KEY ACTIONS TO RESTORE GOOD PROFITABILITY



HEXAGON
COMPOSITES

- Execute cost reduction program within Q4 2015
- Strong focus on sales
- Further develop financing solutions for customers
- Further reduce material cost
 - “all-carbon”
 - procurement
- Leverage new production technology at Hexagon Ragasco to increase customer value



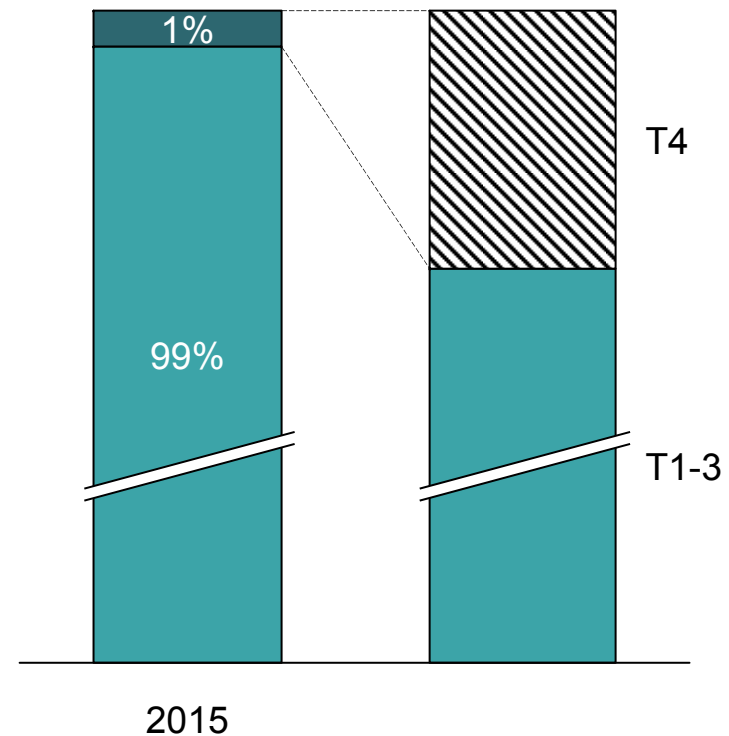
“Green machines”



OUTLOOK SUMMARY

- Mobile Pipeline™ improving in Q4 but way to go to full recovery
 - Several prospects due in 2016
- Expecting further market adoption of our LPG cylinders around the world in 2016
- Cost saving measures will give positive contribution from Q4 and full effect from Q1 2016
- The increased global focus on local emissions will drive demand for natural gas, biogas and other alternative fuels
- Hydrogen is a major growth opportunity, and Hexagon is well positioned to take a leading position

Type 4 cylinder adoption





HEXAGON
COMPOSITES

QUESTIONS PLEASE

Jon Erik Engeset, CEO
David Bandele, CFO