



HEXAGON

Q3

OSLO, 1 NOVEMBER 2017

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Agenda

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

Highlights from Q3 2017

- Best third-quarter results since 2014 driven by
 - 74% revenue growth in the LPG segment versus Q3 2016
 - Profitable High-Pressure EBITDA performance overall
- Strong Hydrogen volume growth versus Q3 2016
 - Commenced work on significant development contract for two new Fuel Cell Electric Vehicle (FCEV) models
- Strong Light-Duty Vehicles growth versus Q3 2016
- Solid Mobile Pipeline® volumes within North America
 - Awarded a significant new order within industrial sector
 - Rest of world impacted heavily by project delays
- Launched Mobile Pipeline® regulatory requalification testing to improve customer value and minimize downtime
- Solid profitability within Agility Fuel Solutions





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3RD
QUARTER 2017
FINANCIALS

Financial highlights Q3 2017

- Key factors impacting **EBITDA** this quarter:
 - Strong LPG performance
 - Other income from Agility
- Solid underlying contribution below the line from Agility
 - Diluted by accounting adjustments
- Strong cash and liquidity

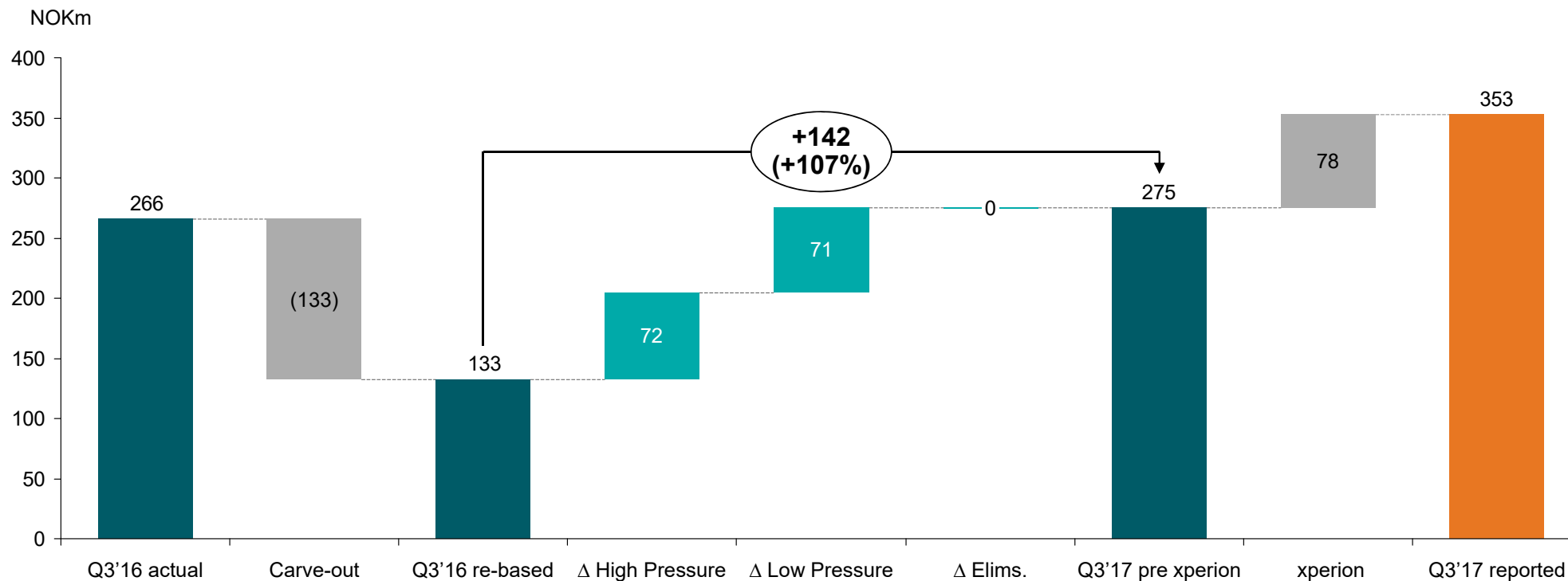
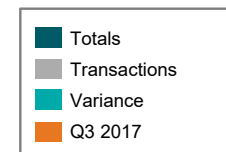
Group key figures NOK million	Q3 2016			Q3 2017		
	Reported	CNG carveout	Pro-forma ex xperion	Pro-forma ex xperion	xperion	Reported
Operating Income	266	(133)	133	275	78	353
EBITDA	5	(20)	(15)	48	4	51
Net profit / (loss)	(11)	n.a.	n.a.	n.a.	n.a.	16



Q3 2017 Group income statement

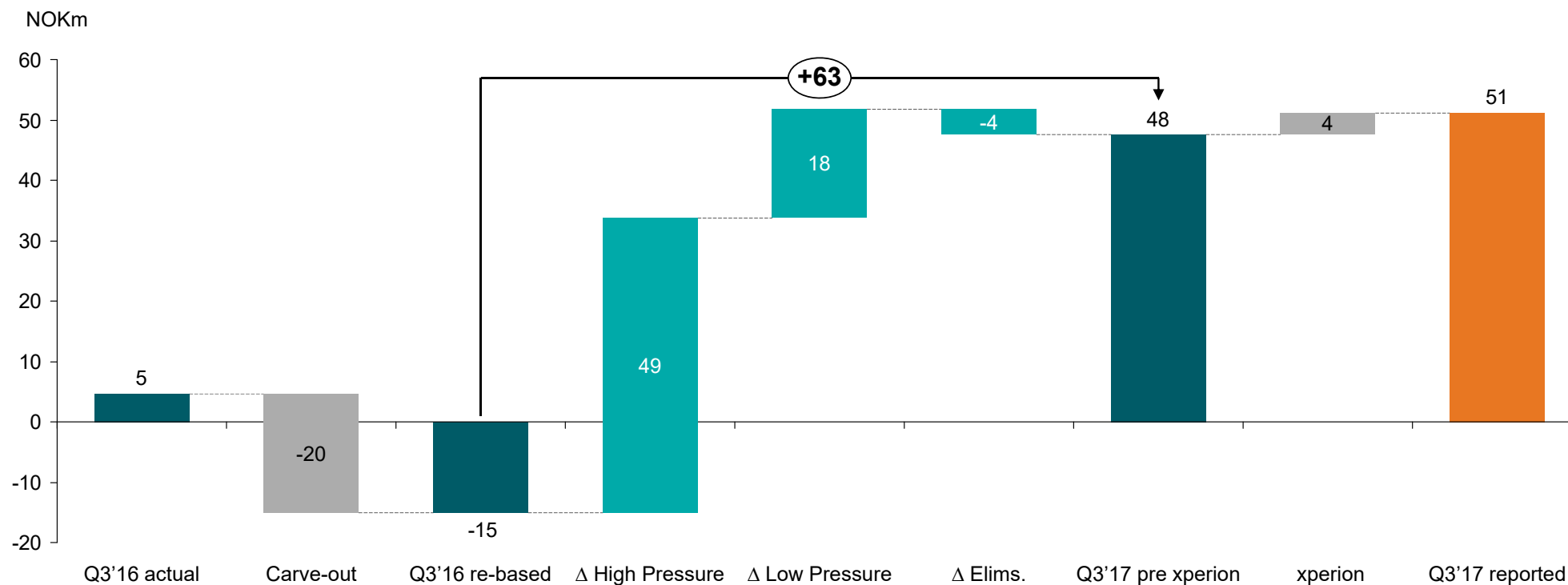
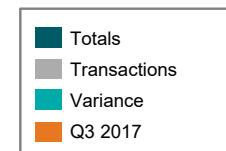
NOK MILLION	QUARTER			FULL YEAR
	Q3 2017	Q3 2016	Variance	2016
Operating Income	352.8	266.2	86.5	1 220.5
Operating expenses	(301.5)	(261.6)	(39.9)	(1 193.8)
Exceptional Gains	0.0	0.0	0.0	348.2
EBITDA	51.2	4.6	46.6	374.9
Depreciation on tangibles	(12.2)	(15.8)	3.5	(59.8)
Amortisation and impairment	(5.2)	(1.3)	(4.0)	(15.8)
EBIT	33.8	(12.4)	46.2	299.3
Share of profit/(loss) from associates	(2.1)	0.0	(2.1)	2.1
Amortisation of associates intangibles	(3.3)	0.0	(3.3)	(3.6)
Other financial items (net)	(6.6)	(6.0)	(0.6)	14.1
Profit/(loss) before tax	21.8	(18.4)	40.2	311.9
Tax expense	(5.4)	7.8	(13.2)	(103.6)
Profit/(loss) after tax	16.4	(10.6)	27.0	208.3
<i>EBITDA %</i>	14.5 %	1.7 %		30.7 %
<i>EBIT %</i>	9.6 %	-4.7 %		24.5 %
<i>NET PROFIT / (LOSS)%</i>	4.6 %	-4.0 %		17.1 %

Revenue walk Q3 2017



Strong organic growth in both High and Low-Pressure segments

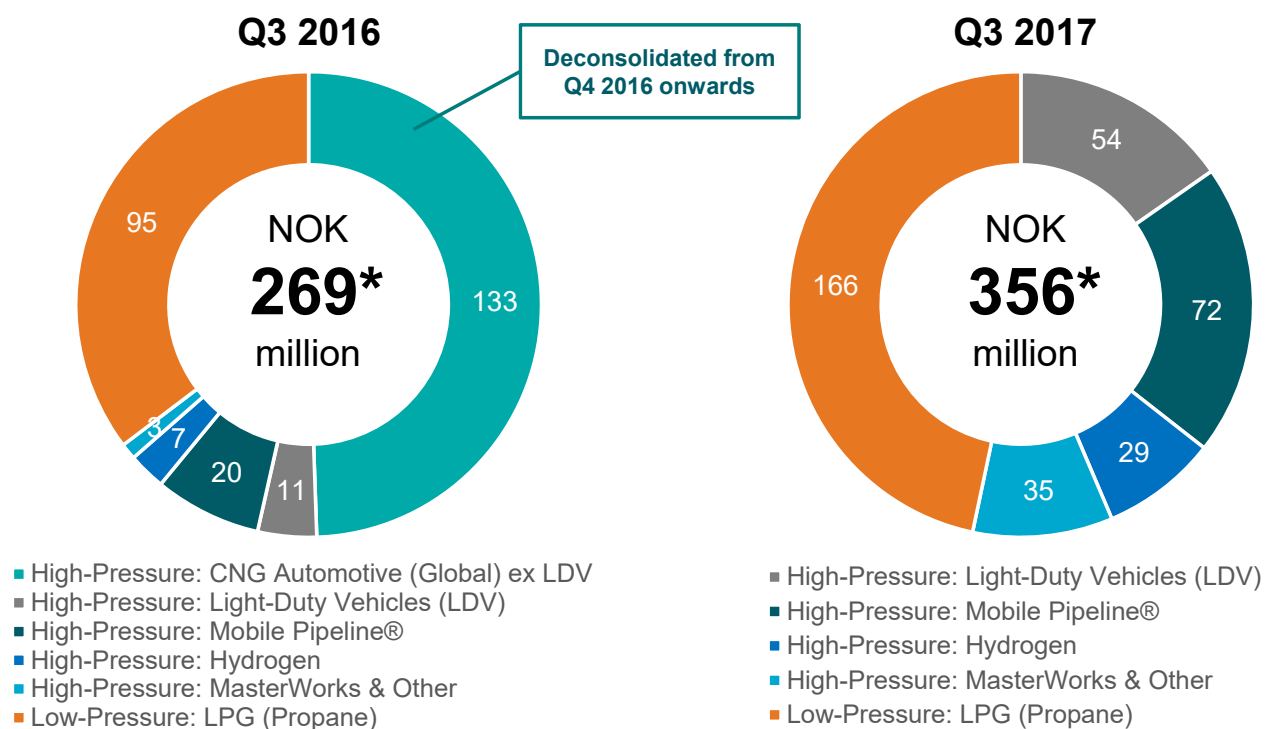
EBITDA walk Q3 2017



Solid organic EBITDA growth with significant improvement in High-Pressure segment

Segment shares Q3 2017 | Before Group eliminations*

SHARE OF OPERATING INCOME



Q3: High-Pressure segment

- Mobile Pipeline® deliveries to the oil and gas industry in North America
- Hydrogen continues exponential growth
 - Revenues from diverse applications
- Light-Duty highest revenue quarter so far in 2017
- MasterWorks sales volumes beginning to take-off
- Profitability improvement visible but still at low levels
 - Operational inefficiencies and Ohio plant incurred losses impacted negatively
 - Offset by positive net impact of other income received

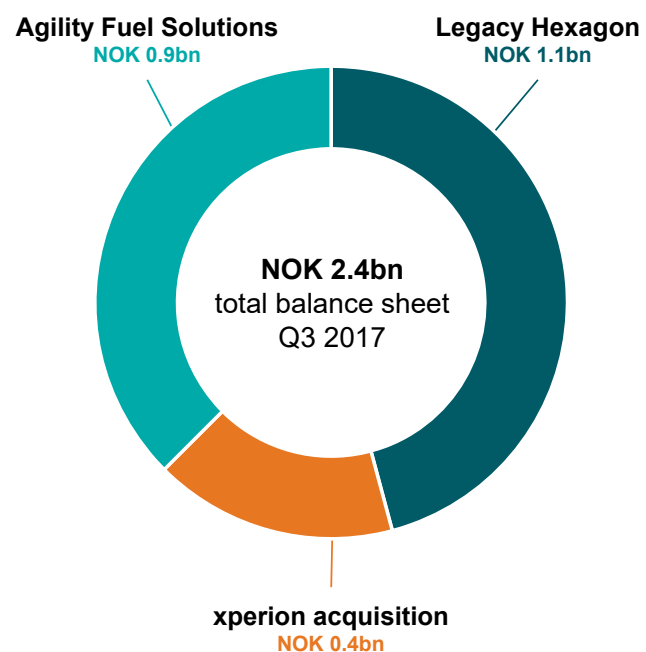
NOK MILLION	SUMMARY FINANCIALS		
	Q3 2017	Q3 2016	Variance
Operating Income	189.7	173.4	16.3
Operating expenses	(172.0)	(188.4)	16.4
EBITDA	17.7	(15.0)	32.7
Depreciation on tangibles	(7.5)	(10.0)	2.5
Amortisation and impairment	(5.2)	(1.3)	(4.0)
EBIT	5.1	(26.2)	31.2



Investment in Agility Fuel Solutions (50%)



Agility investment is a significant part of the Group balance sheet



Agility Fuel Solutions represents a significant portion of Hexagon Composites' total balance sheet – where P&L contribution from this investment is not included in EBIT

Legacy Hexagon: Pre xperion acquisition Mobile Pipeline®, Light-Duty, Hydrogen and LPG

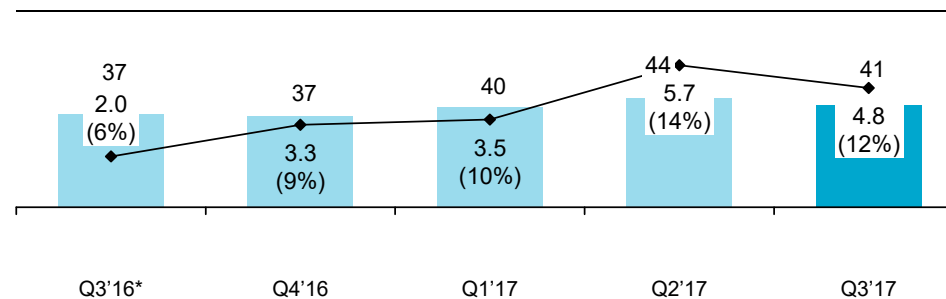
xperion acquisition: Closed in Q4 2016 for purchase consideration of NOK 293m in cash and contingent earn-out of up to NOK 103m

Agility Fuel Solutions: Closed in Q4 2016 at value of NOK 971m

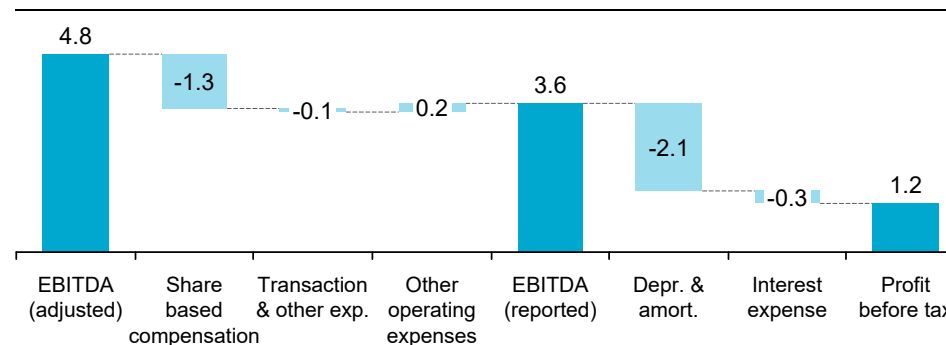
Agility Fuel Solutions Q3 2017

- Solid quarter for revenues and margin
 - Fully-funded
- Good cash and working capital position
 - Year-over-year growth significant vs. weak 2016
- Solid Heavy-Duty Truck deliveries in quarter
 - Year-over-year decline vs. strong 2016 in US
- Bus volumes relatively soft in quarter
 - Year-over-year decline vs. strong 2016 in US
- Refuse Truck sales picked up in quarter
 - First time in 2017 with Year-over-year growth for the quarter
- Powertrain Systems (propane) on track to business plan

Revenues and adjusted EBITDA (USDm)*



Q3 2017 EBITDA to profit before tax (USDm) walk



* Proforma figures presented for Q3'16

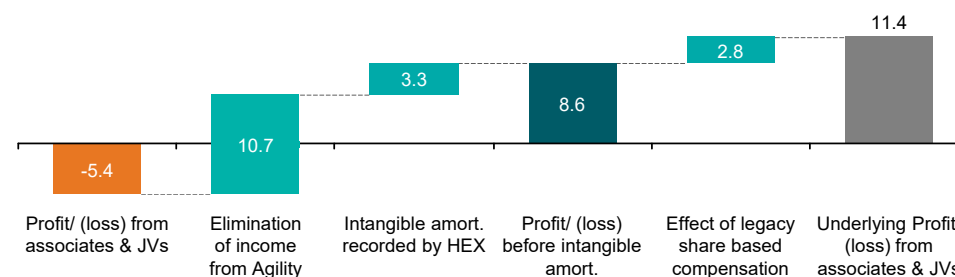
Effects for Group reporting Q3 2017

- Underlying Agility investment contribution is significantly higher than as recorded in Group results
 - We eliminate 50% of other income received from Agility, approximately NOK 11 million
- The level of the share-based compensation P&L charge is driven by legacy company valuations
 - The accounting “non-cash” cost deviates significantly from the “cash” value
- Intangible assets from Agility deal are amortized over their lifetime

Agility impact to Group P&L (NOKm)



Positive underlying contribution from operations



Q3: Low-Pressure segment

- 74% year-over-year sales growth
- Record third-quarter revenues
 - Volume driven
- Deliveries primarily to the Middle East
- On-track with capex programs
 - Year to date spend of NOK 31 million

NOK MILLION	SUMMARY FINANCIALS		
	Q3 2017	Q3 2016	Variance
Operating Income	165.8	95.1	70.7
Operating expenses	(129.6)	(76.9)	(52.6)
EBITDA	36.2	18.2	18.0
Depreciation on tangibles	(4.6)	(5.6)	1.0
Amortisation and impairment	0.0	0.0	0.0
EBIT	31.6	12.5	19.1

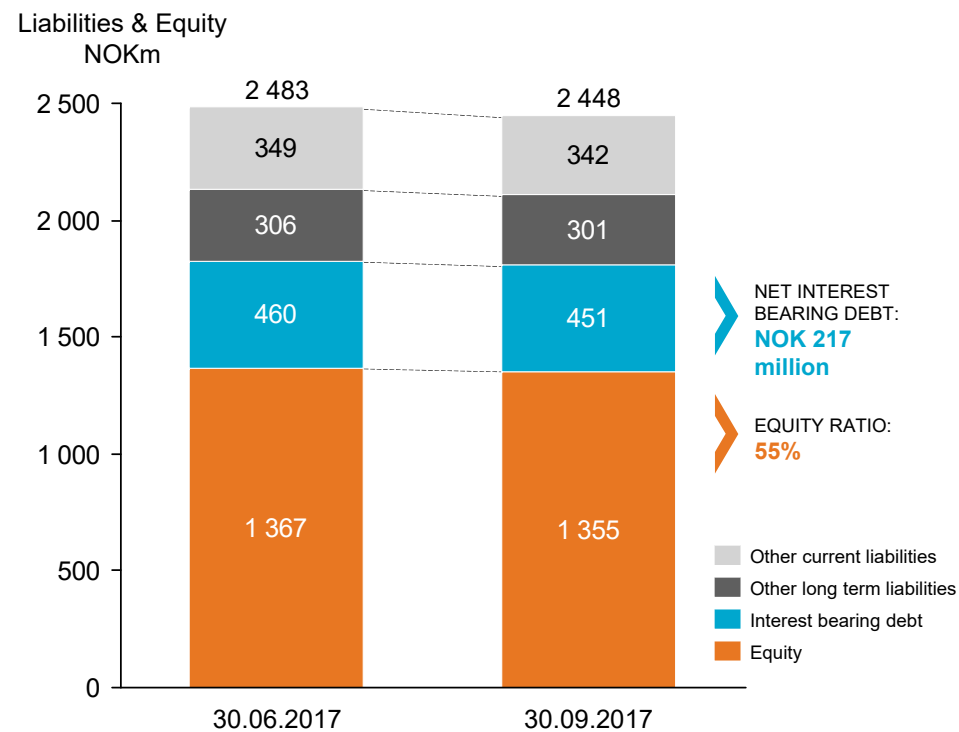
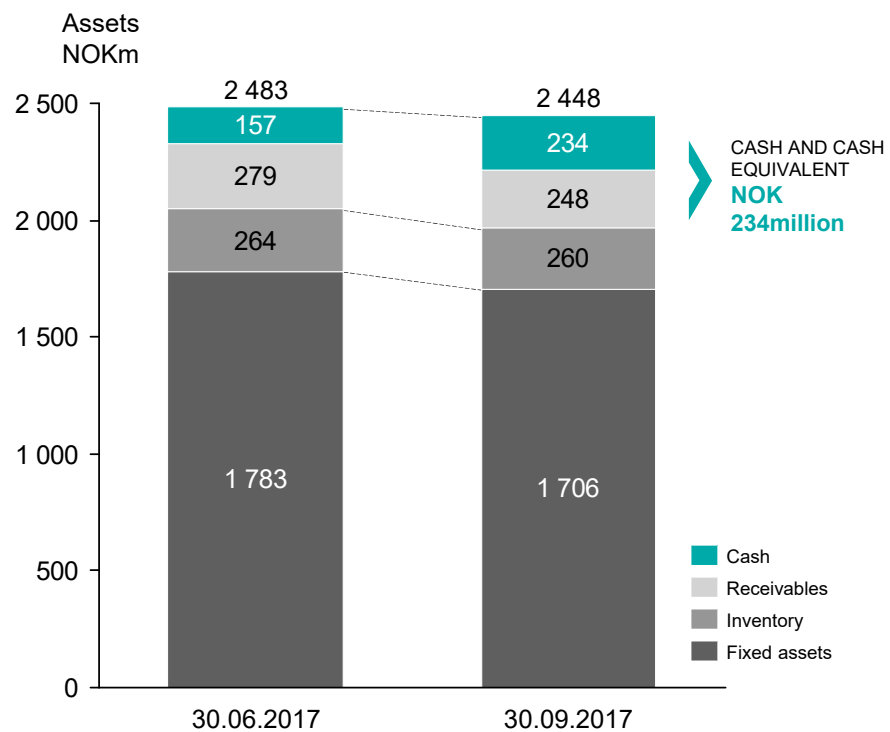


Financial position vs previous quarter

NOK MILLION	BALANCE SHEET		
	30.09.2017	30.06.2017	Change
Intangible assets	556.1	567.6	(11.6)
Tangible fixed assets	239.9	252.9	(13.0)
Investments in JVs and associates	908.5	960.4	(51.8)
Other non-current assets	1.6	2.0	(0.4)
Total Non-current Assets	1 706.1	1 782.9	(76.8)
Inventories	260.2	264.0	(3.9)
Receivables	248.0	278.8	(30.8)
Bank deposits, cash and similar	233.7	157.0	76.7
Total Current Assets	741.8	699.8	42.0
Total Assets	2 447.9	2 482.7	(34.7)
Total Equity	1 354.8	1 367.4	(12.6)
Long-term interest-bearing debt	436.8	445.6	(8.9)
Other non-current liabilities	300.5	305.9	(5.3)
Total Non-current Liabilities	737.3	751.5	(14.2)
Short-term interest-bearing debt	14.1	14.5	(0.4)
Other current liabilities	341.8	349.3	(7.5)
Total Current Liabilities	355.9	363.8	(7.9)
Total Liabilities	1 093.2	1 115.3	(22.1)
Total Equity and Liabilities	2 447.9	2 482.7	(34.7)

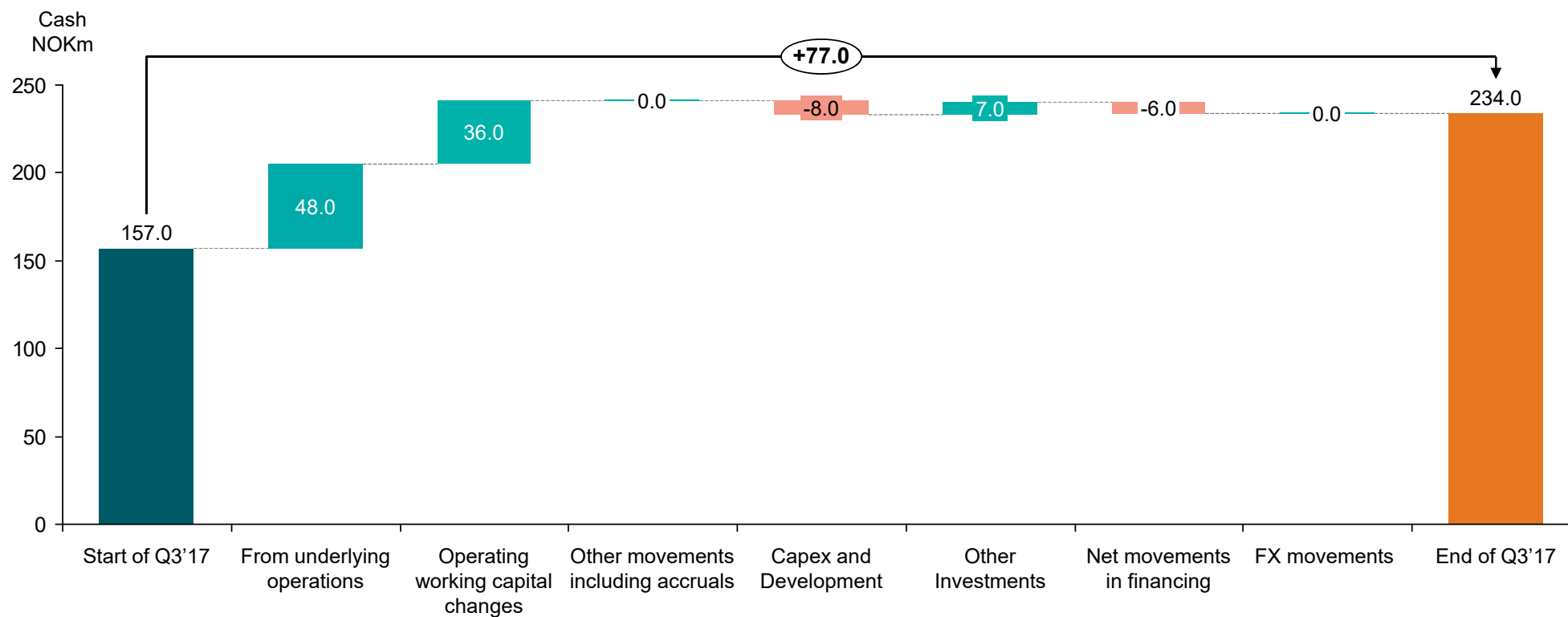
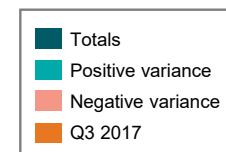
- Significant reduction in USD:NOK rate impacting held value of Agility investment
- Otherwise no significant changes for the quarter

Solid balance sheet



Reported NOK 217m net interest bearing debt and 55% equity ratio

Group cash movements Q3'17



Strong contribution from underlying operations and positive working capital movements



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OUTLOOK

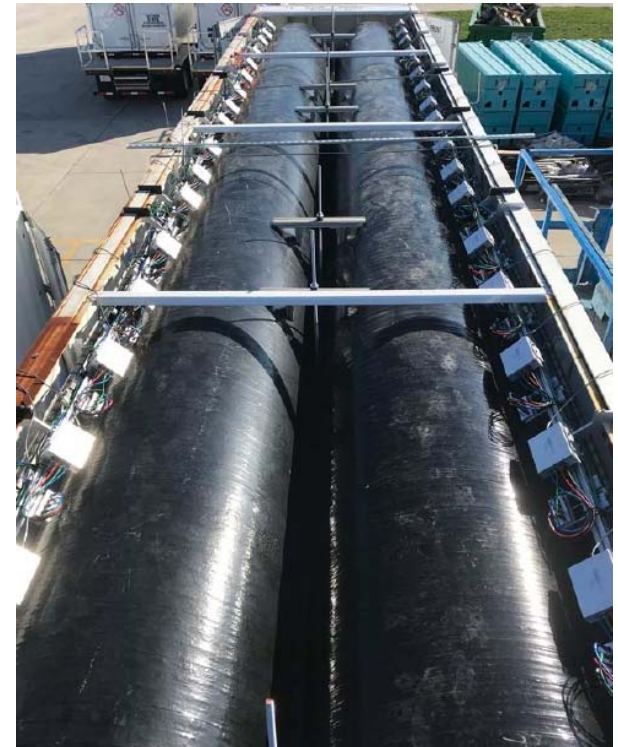
Mobile Pipeline®

- Strong market interest in North America
 - Industrial sector and O&G
- Currently low order intake outside North America
 - Long prospect list
- Numerous new application opportunities, e.g:
 - Flare gas capture, gas utilities and biogas plants in North America
 - “Gas islands” in Brazil
 - Gas transportation by sea
- Launch of rental services in North America



Modal Acoustic Emission (MAE) requalification testing

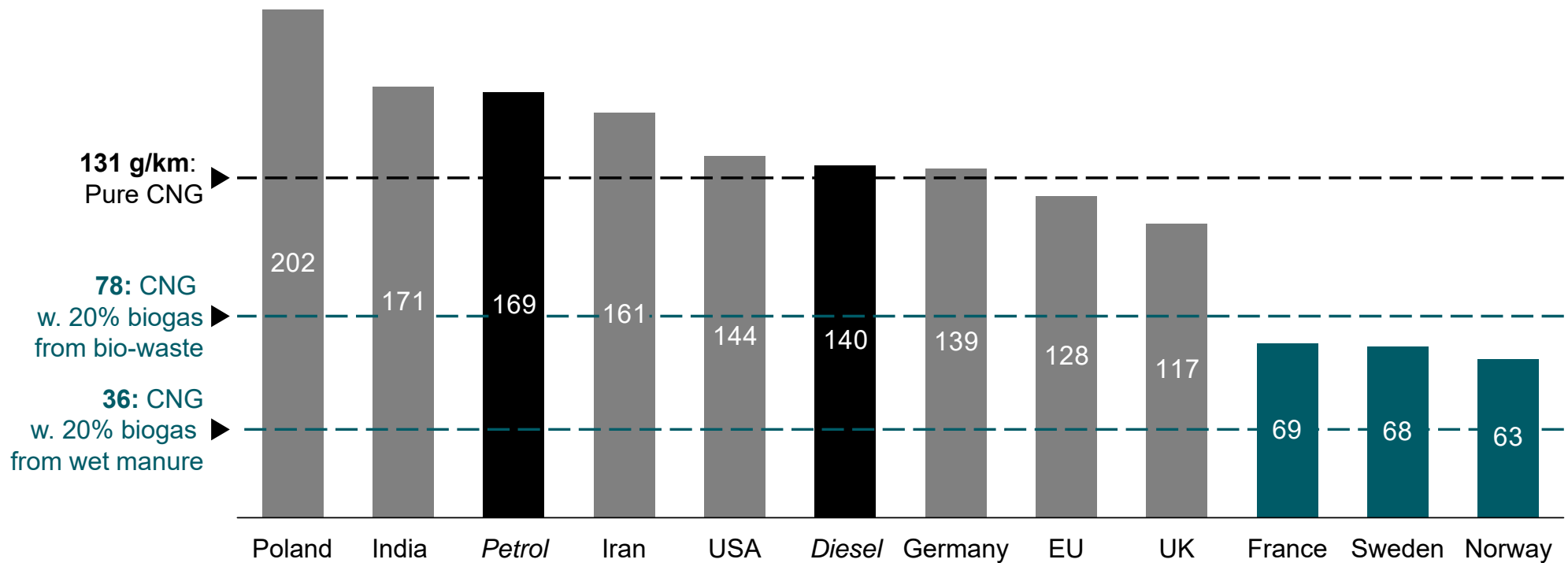
- Minimizing downtime
 - Near the customers
 - Avoiding disassembly of systems
- U.S. Department of Transportation (DOT) permit received
 - Substantial number of modules up for regulatory requalification from 2018
 - First order from NG Advantage for Q4 2017 delivery



MAE testing technology collects data from each cylinder and provides a comprehensive evaluation of its structural integrity

Battery Electric Vehicles do little for the climate near term

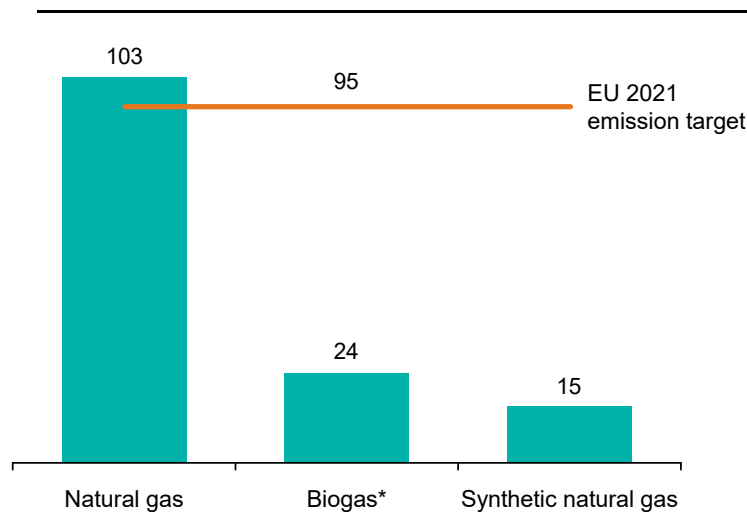
Estimated CO₂-equivalent emissions in grams per kilometer of a battery electric passenger car



g-Mobility – the fastest way to CO2 emissions reduction in the transportation sector



Golf TGI CO2 emissions g/km



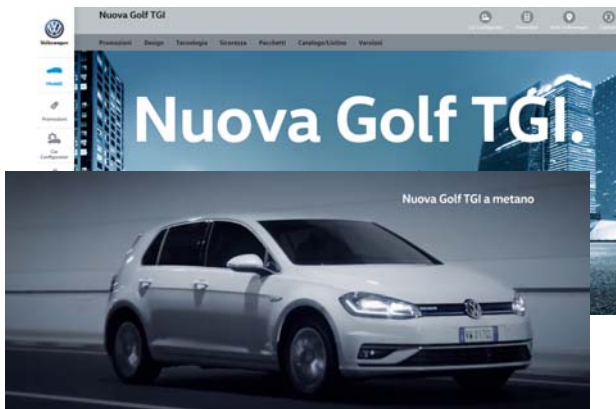
* Biogas from renewable energy sources

Source: Volkswagen – illustrated by Hexagon

“Thanks to the high availability, lower CO2 emissions and economic costs, natural gas and biogas (renewable natural gas) can already help to make the car more climate friendly.”

- Opel development engineer, Christian Müller

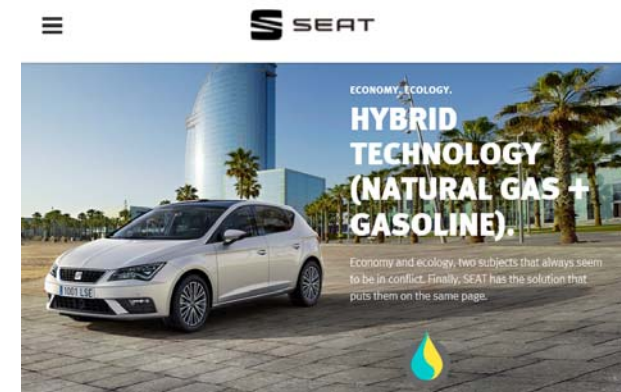
Several recent g-Mobility (natural gas & biogas) initiatives introduced alongside strong e-Mobility push



Golf TGI introduced to the Italian market



New Opel Astra CNG launched with Hexagon tanks



1.0 SEAT Ibiza TGI manufactured on the same production line as the rest of the range

Light-Duty Vehicles CNG

- Healthy Q4 market outlook
 - Deliveries to a new CNG model commenced in Q3 with ramp-up expected from Q1
- Longer term demand expected to be strong
 - The Volkswagen Group committed to increasing its NGV population in Germany tenfold by 2025 to 1 million vehicles*



Compressed natural gas – or CNG for short – is increasingly being mentioned as an alternative to conventional fuels. It most commonly takes the form of natural gas, a naturally clean fuel.

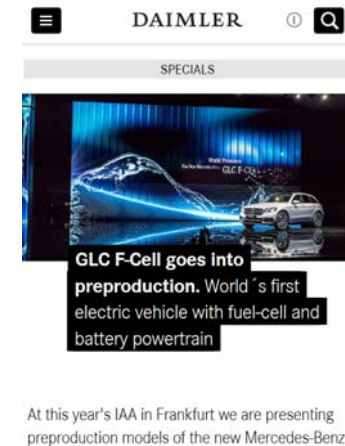
- Volkswagen Group

* Signed a joint declaration in 2017 together with CNG refueling station operators and gas networks. Other signers include E.ON Gas Mobil, Gazprom NGV Europa, TOTAL Deutschland among others. Declaration also commits to more than doubling CNG stations from 900 to 2000.

BEV and FCEV – complimentary routes to vehicle electrification

Several OEMs committed to Fuel Cell Electric Vehicle (FCEV) platforms

- Of the view that a zero emissions future will require both battery electric (BEV) and hydrogen fuel cell electric (FCEV) solutions



Hydrogen – vibrant market space

- High volume of requests in all segments
- Hydrogen trucks and buses emerging fast
- California leading the way
 - 3,000 FCEVs sold and leased
 - 31 open retail Hydrogen Refueling Stations (HRS)
 - 30 retail HRS in development
- Power-to-gas
 - storage of surplus solar power energy as hydrogen



Hydrogen class 8 truck successfully completed more than 4,000 miles (6,440 km). First Toyota proof-of-concept trucks equipped with Hexagon high-pressure tanks

HYON – an integrated solutions provider

- Hyon AS, the JV with NEL and PowerCell, operational from September
 - Managing Director and Marine Technology Director recruited
- Maritime opportunities
 - Ferries, cruise and river cruise vessels, short-sea shipping and other small to medium-sized vessels
 - First hydrogen-powered ferry in 2021
 - Onboard auxiliary power in larger vessels mainly for port use
- Big potential also in other sectors

HYON



Tomas Tronstad, Managing Director and Arild Eiken, Marine Technology Director, at Hyon AS

The Hydrogen Council – ready for scale

- USD 10.7 bn investment plan over next 5 years by original council members
- The Hydrogen Council totals 24 members including supporting members
 - Mitsui & Co. is a supporting member of the Hydrogen Council



“The impressive growth in the Hydrogen Council corporate membership shows that hydrogen technology has the widespread support it needs to scale up and soon, nobody will be able to imagine life without it”

- Takeshi Uchiyamada, Co-Chair of the Hydrogen Council and Chairman of Toyota Motor Corporation (7 September 2017)

Agility Fuel Solutions

- US Heavy-Duty Vehicle market remains relatively soft
 - Uncertainty going into 2018, but higher oil prices a positive factor
- Strong focus on plant optimization and synergies to ensure profits
- Powertrain Systems business unit (propane) on track for growth
- Further internationalization and other growth initiatives will be launched in 2018



LPG

- Full order book for Q4
 - Complex product mix affecting productivity
 - Maintenance break in December
- Solid order backlog for 1st half of 2018
 - Strong order base from European customers
- Continued good traction in the Middle East
 - Launch in Lebanon

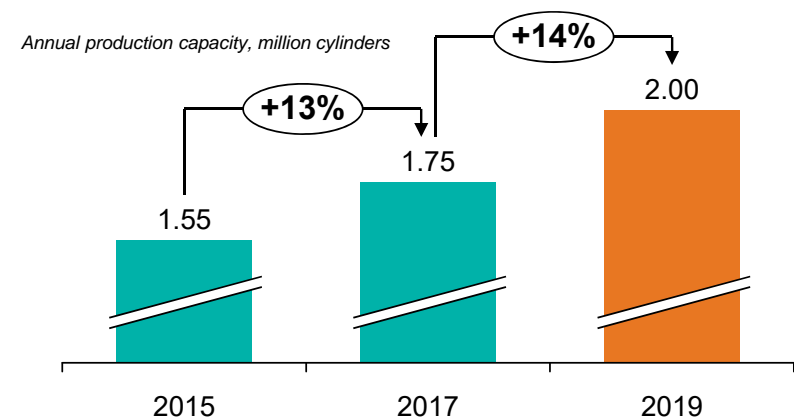
Lebanon launch on 27 October 2017



Expansion program on track

- MNOK 75 investment program (2017-2019) for further product differentiation
- Automation of processes enables improved quality consistency
- Incremental increase of uptime and thus higher real production capacity
- Higher capacity leads to lower unit cost

Capacity increase to ~2m in 2019



Construction work at Raufoss, October 2017

Outlook – Summary

- Mobile Pipeline® set to grow
- Continued positive development expected for Light-Duty Vehicles
- High Hydrogen activity
- Softer Q4 for Agility
 - Uncertainty going into 2018, but higher oil prices a positive factor
- Strong LPG order book
 - Q4 profitability will be impacted by unfavorable product mix and maintenance stop



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Questions Please

Jon Erik Engeset, CEO

David Bandele, CFO