HEXAGON

Q3

OSLO, 31 OCTOBER 2018

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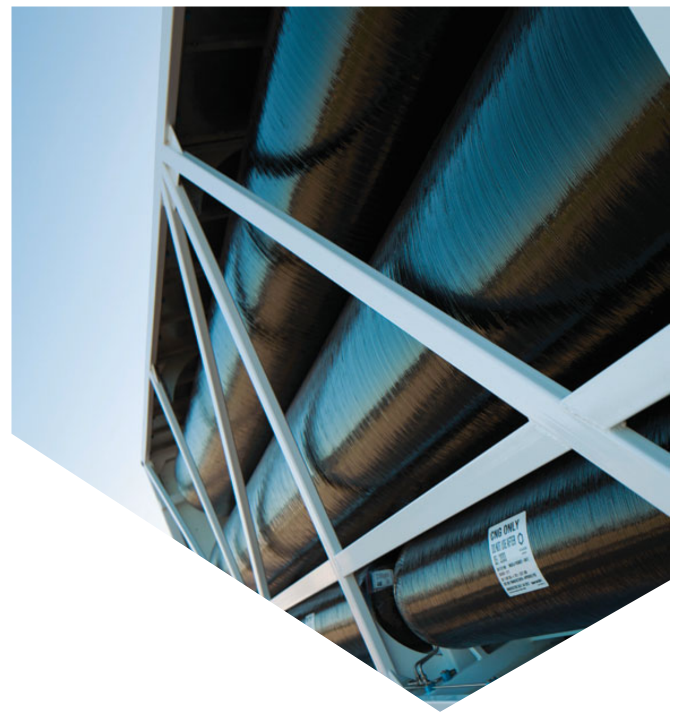
Agenda

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

Highlights from Q3 2018

- Temporary weakness in sales driven by:
  - Weak Mobile Pipelines volumes but capacity used to build for strong Q4
  - Light-Duty Vehicles volumes heavily impacted by Worldwide Light-Duty vehicle Testing Program (WLTP); sales postponed to future quarters
- Strong Agility Fuel Solutions profitability
  - Heavy-Duty Truck sales begins an upwards cycle
- Announced Digital Wave acquisition
  - Unique testing technology for pressure vessels

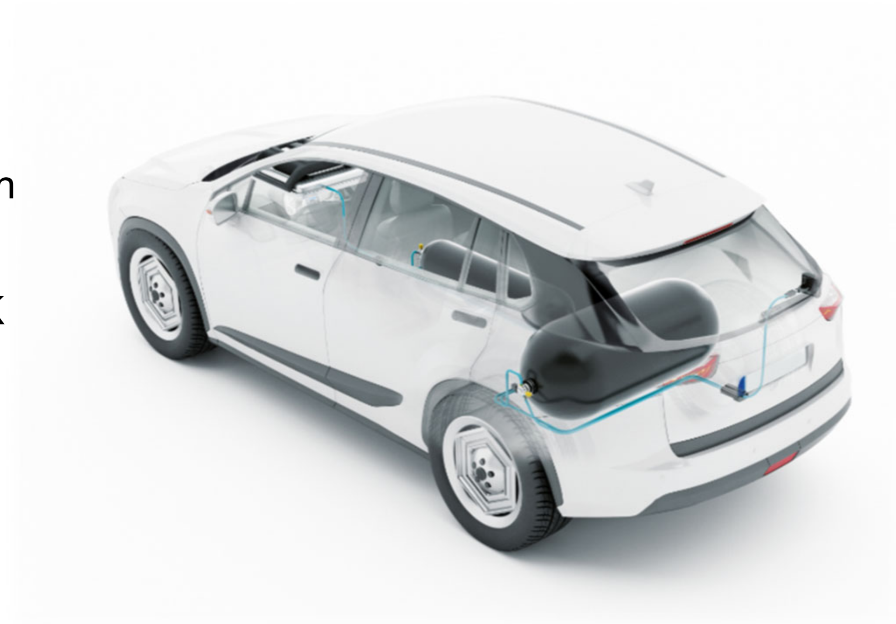


Business Update

Hot topics

3rd OEM FCEV serial production contract

- Received our second largest contract to date
  - Combined value for development and serial production in the range of NOK 420 to 590 million
- Total projected revenues for the 2nd and 3rd contract in the range of NOK 1.4 to 1.8 billion
- Both contracts to be served by previously guided NOK 300 million capex program through to end 2020
  - Capex partly backstopped by customers



Hexagon FCEV illustration

3rd

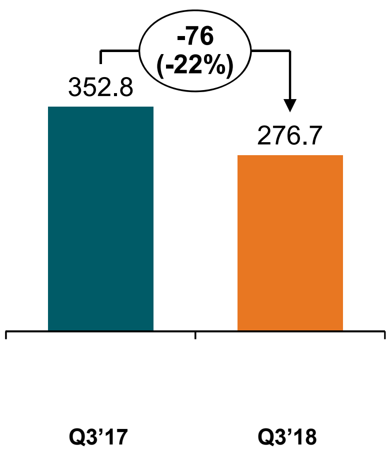
QUARTER 2018

FINANCIALS

Financial highlights Q3 2018

Revenues

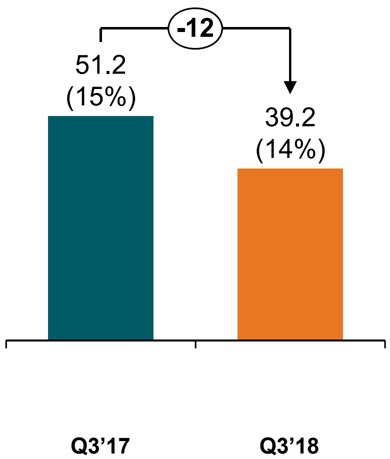
NOKm



- **Mainly driven by pause in LDV volumes due to global emissions testing program**
- **2017 included extraordinary sales to Agility of NOK 21.5m**

EBITDA

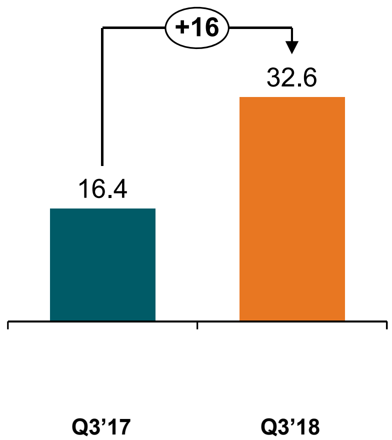
NOKm



- **Net impact of delayed sales and earn-out reversal of +NOK 22m**
- **Hydrogen dilution including organization ramp-up -NOK 15m**

Net profit

NOKm

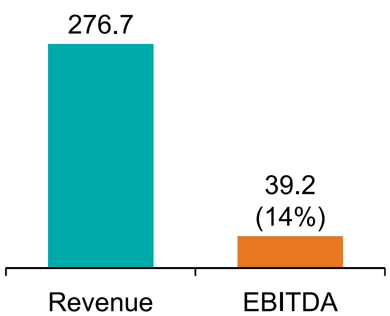


- **Agility contribution effect of +NOK 14m**
- **FX effects year-over-year +NOK 5m and tax +NOK 12m**

Other Hexagon businesses vs Hydrogen results | Q3 2018

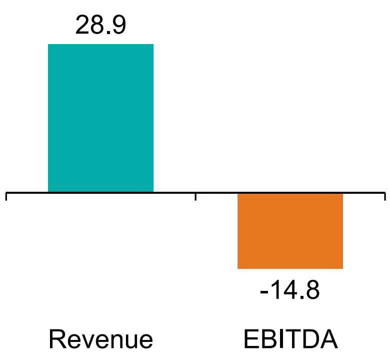
HEX Group reported*

*NOKm, *includes reversal of earn-out obligation of NOK 50 million offsetting impacts of delayed revenues*



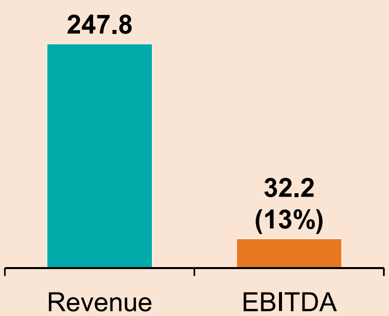
Hydrogen

NOKm



Normalized HEX ex. Hydrogen**

*NOKm; **normalizing for reversal of earn-out obligation of NOK 50 million offsetting impacts of delayed revenues*



13% EBITDA margin from normalized non-H2 business

Q3 2018 Group income statement

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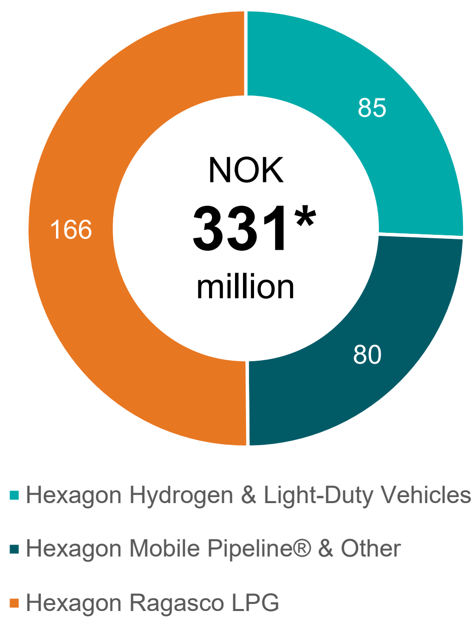
NOK MILLION	QUARTER			FULL YEAR
	Q3 2018	Q3 2017	*Variance*	2017
Revenue	**276,7**	**352,8**	***(76,0)***	**1 429,4**
Operating expenses	(287,7)	(301,5)	*13,9*	(1 255,4)
Earn-out obligation reversal	50,2	0,0	*50,2*	0,0
EBITDA	**39,2**	**51,2**	***(12,0)***	**174,0**
Depreciation on tangibles	(13,9)	(12,2)	*(1,7)*	(52,4)
Amortisation and impairment	(5,9)	(5,2)	*(0,7)*	(22,3)
EBIT	**19,4**	**33,8**	***(14,4)***	**99,3**
Share of profit/(loss) from associates	11,5	(2,1)	*13,6*	(3,0)
Amortisation of associates intangibles	(3,4)	(3,3)	*(0,1)*	(13,6)
Other financial items (net)	(1,6)	(6,6)	*5,0*	(34,4)
Profit/(loss) before tax	**25,9**	**21,8**	***4,1***	**48,2**
Tax expense	6,7	(5,4)	*12,1*	21,0
Profit/(loss) after tax	**32,6**	**16,4**	***16,2***	**69,3**
EBITDA %	*14,2 %*	*14,5 %*		*12,2 %*
EBIT %	*7,0 %*	*9,6 %*		*6,9 %*
Profit/(loss) after tax %	*11,8 %*	*4,6 %*		*4,8 %*

Revenue by Segment Q3 2018 | Before Group eliminations*

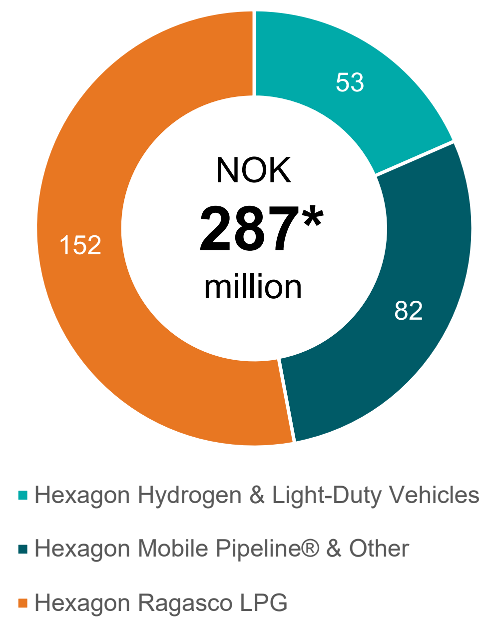
Revenue Q3'17 (Excludes sales to Agility of NOK 21.5 m)

NOKm, before group eliminations
2017 = Pro-forma



Revenue Q3'18

NOKm, before group eliminations



Agility Fuel Solutions: Q3 2018

Business Operating results – Strong rebound in Heavy-Duty Truck sales

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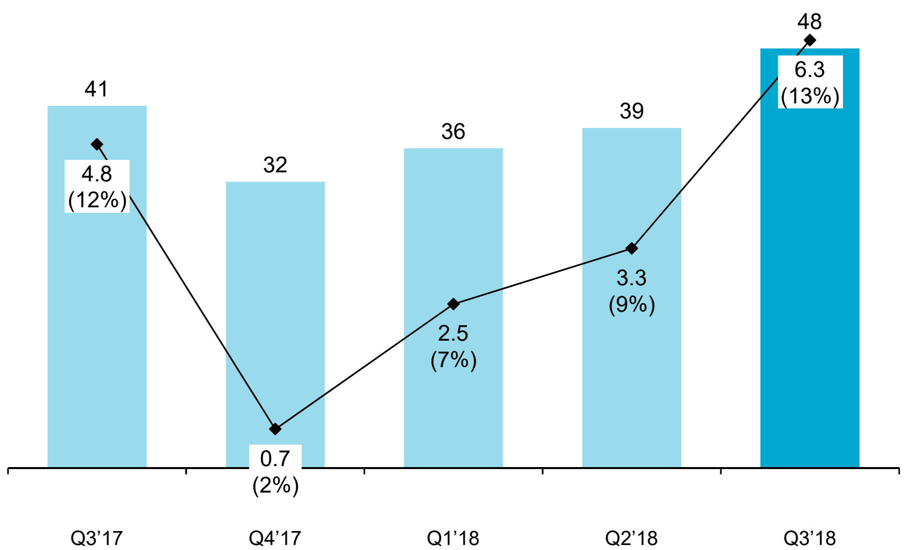
- Continued increase in revenues and margin through 2018
  - Driven by strong rebound in Heavy-Duty truck sales
  - Q3 sales higher than Q1+Q2 combined
- Continued high Transit bus volumes in quarter
  - Strong year over year growth in Q3
- Solid Refuse Truck sales
  - Continued upward trend in 2018 over 2017
- Good Liquidity
  - Fully-funded

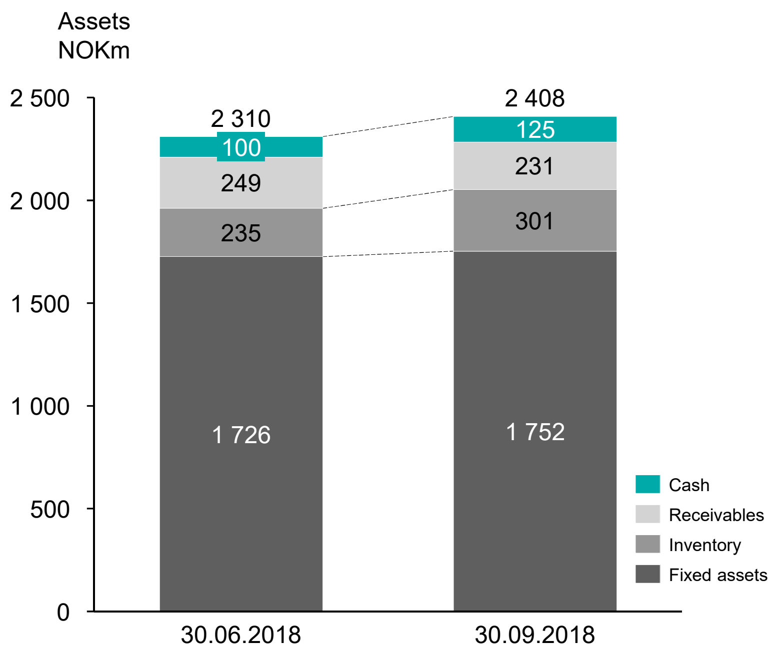
Revenues and adjusted EBITDA

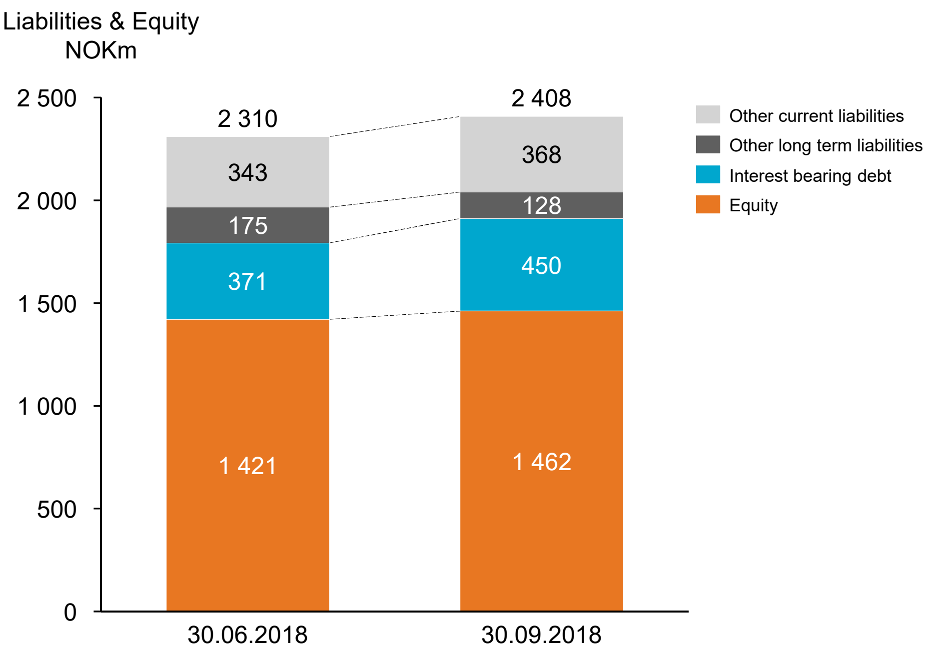
USDm



Balance sheet | Q2 2018 vs Q3 2018

NOK 326m Net Interest Bearing Debt & 61% Equity Ratio



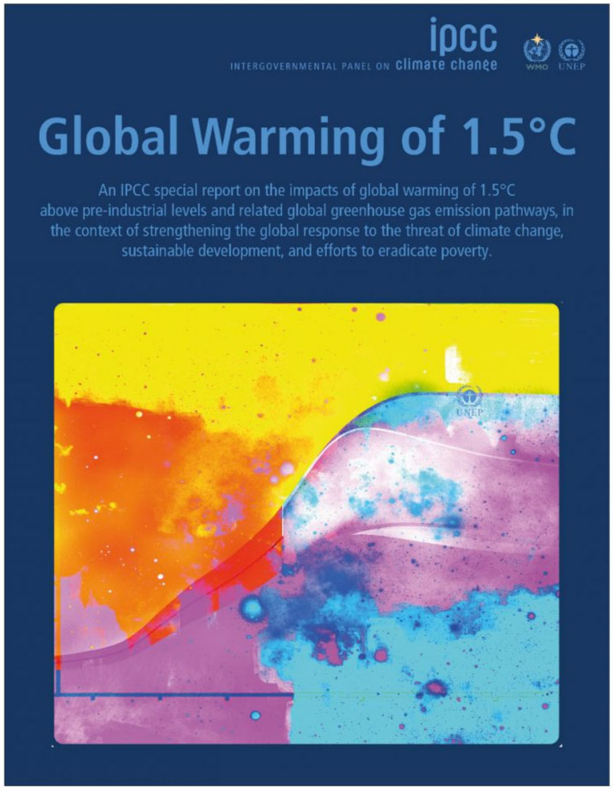


Inventory build ahead of revenue ramp-up in MP and LDV draws higher working capital requirements

OUTLOOK

Macro drivers intact

- UN report urges action
- Oil price remains at high level

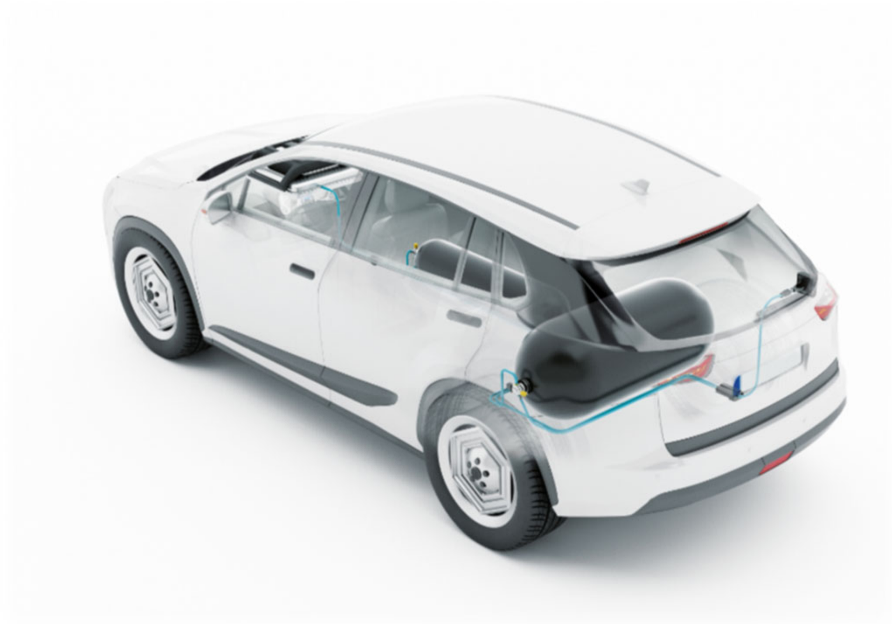


Hydrogen

OEM programs put in motion

- Another confirmation of the viability of Hexagon's hydrogen strategy

- FCEV serial production order from 3rd OEM
  - Development 2018-2020
  - Serial production 2020-2025



Hexagon FCEV illustration

Hydrogen heavy-duty vehicle market is moving fast

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- Shaping the hydrogen bus market in North America together with New Flyer
  - 20 buses delivered
  - Additional deliveries expected in 2019
- Hyundai to deliver 1,000 hydrogen trucks in Switzerland

Photo: New Flyer

Photo: Hyundai Motor Co

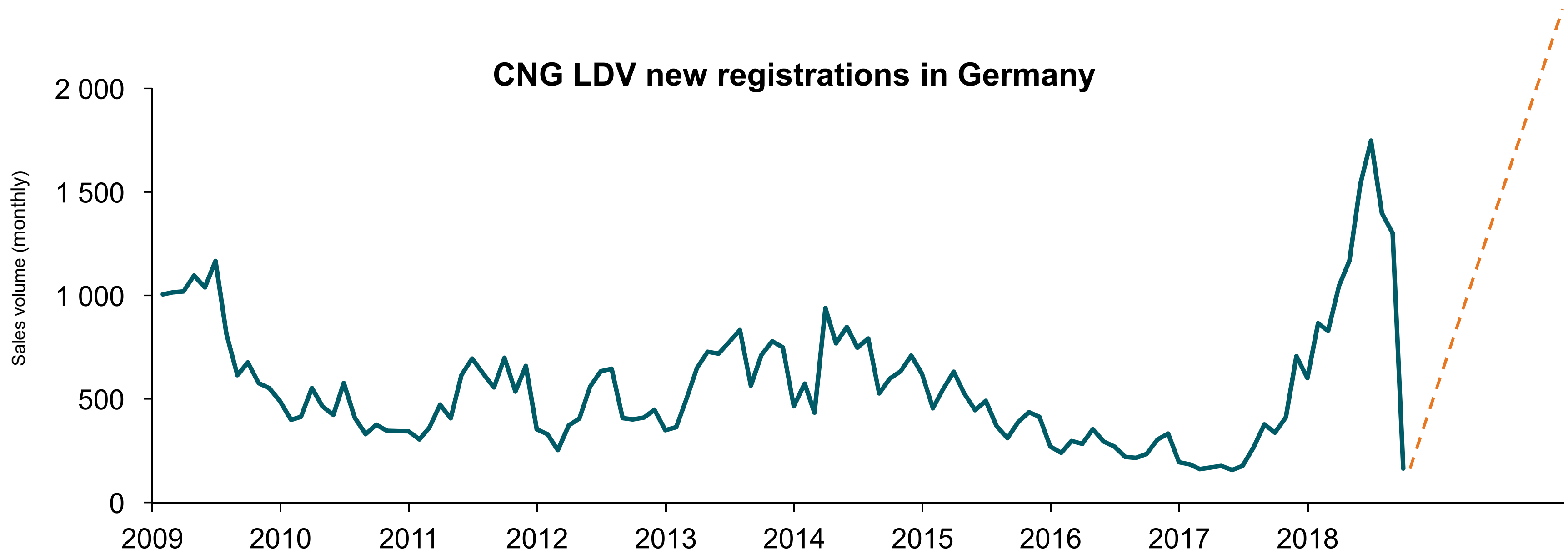
Expanding portfolio of storage applications

- Received US DOT* special permit for ultra-high pressure modules
- First delivery of tank racks to hydrogen refuelling station in The Netherlands
  - To be opened mid-2019
- First orders in Canada

*US Department of Transportation

CNG Light-Duty Vehicles

Strong underlying demand, despite temporary WLTP* delays



“Caught off guard by the CNG boom: Car manufacturers struggle with bottlenecks”
- Article on October 22, 2018 in AUTOMOBILWOCHE (*translated)*

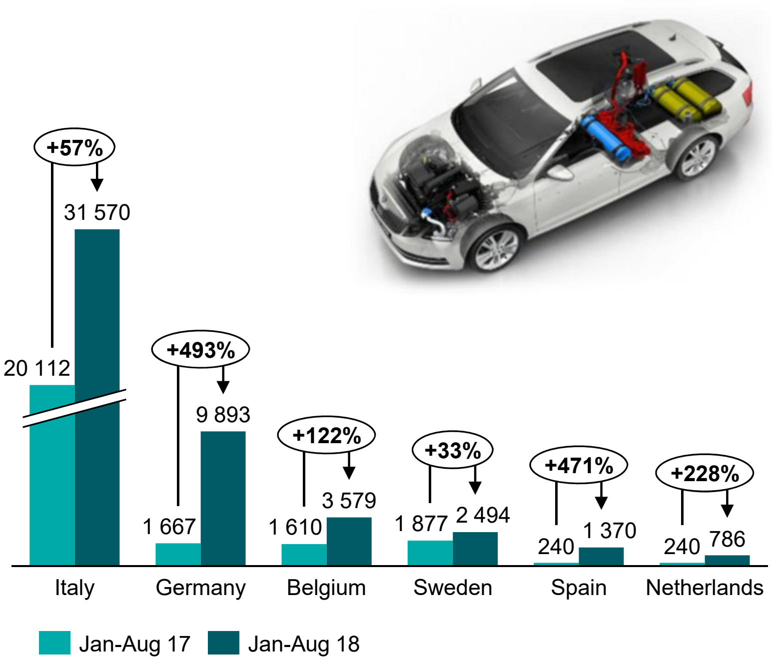
**Worldwide Harmonized Light Vehicles Test Procedure*
Source:KBA-Zulassungsstatistik , Bloomberg, Hexagon

Sustainability drives g-mobility in Europe

- Deliveries have resumed in Q4
  - Worldwide Harmonized Light Vehicles Test Procedure (WLTP) bottleneck easing out
  - VW's high volume CNG models now WLTP compliant
- VW reiterates CNG commitment
  - Seat Leon and Skoda Octavia rolled out to all markets
  - Steep ramp-up during second half of 2019

CNG vehicles registrations in Europe

#vehicles



Source: EFO

CNG Light-Duty Vehicles – cheaper and cleaner than the incumbent

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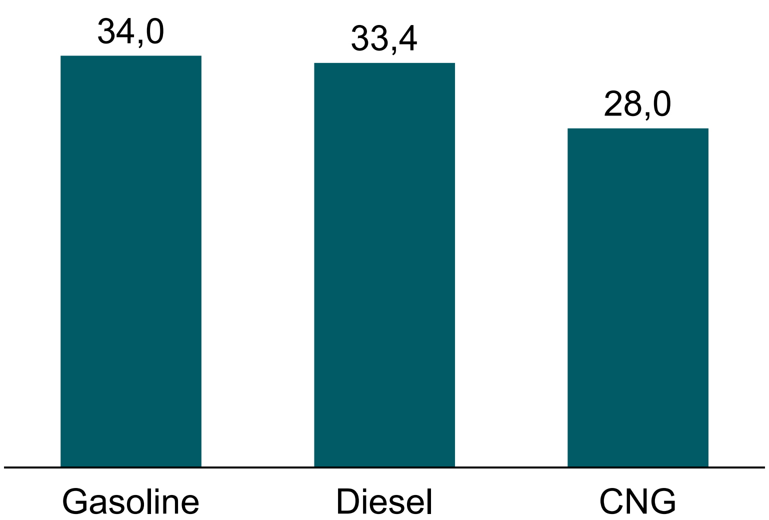
CNG cheaper in operation

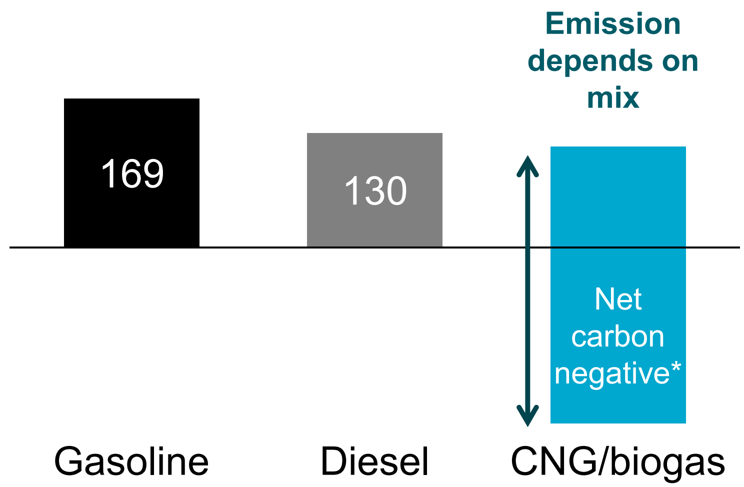
Total cost of ownership, '000 EUR



Case example:
- 15 000km/year
- 7 year ownership of Ford Focus or equivalent in Germany

CNG cleaner in operation*

Well-to-wheel GHG emissions gram CO2-eq/km



CNG/biogas also ~90% lower NOX than diesel

* Depends on organic source and production method

Mobile Pipelines

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

Fundamentals point to strong demand

- Q4 2018 looks very strong
- Favourable fundamental drivers for 2019
- New segment opportunities
  - Growing biogas (renewable natural gas) supply in North America
  - Opportunities in industrial gas segments

Biogas creates opportunities for Mobile Pipelines

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- Tradeable "green" credits drive investments into biogas (renewable natural gas) projects
- Growing industry collaboration between utilities and biogas producers
- Mobile Pipelines connect stranded production sites

Digital Wave
Unique testing technology

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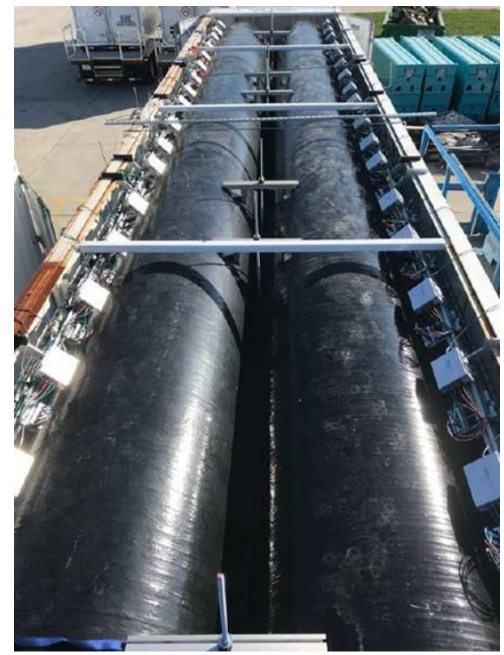
- Modal Acoustic Emissions (MAE) testing technology
- Securing control of cutting edge testing and requalification process for composite cylinders
- Great potential to commercialise the technology for other types of pressure vessels and structures
- Expecting sound growth in 2019 and strong growth thereafter as modules come up for mandatory re-certification

DIGITAL WAVE
THE WAVE OF THE FUTURE



LPG

Reaching a new milestone

15 million cylinders sold

2018 set to be a record volume year

- Expect to deliver close to 1.8 million cylinders in 2018 compared with 1.7 million units in 2017
- New market opened; Palestine
- Q4 looking relatively strong
  - Not optimal product mix
  - Maintenance closure second half of December

Aman Gaz LPG cylinder in Palestine

Agility Fuel Solutions

Fuel price spread has become significantly more favorable

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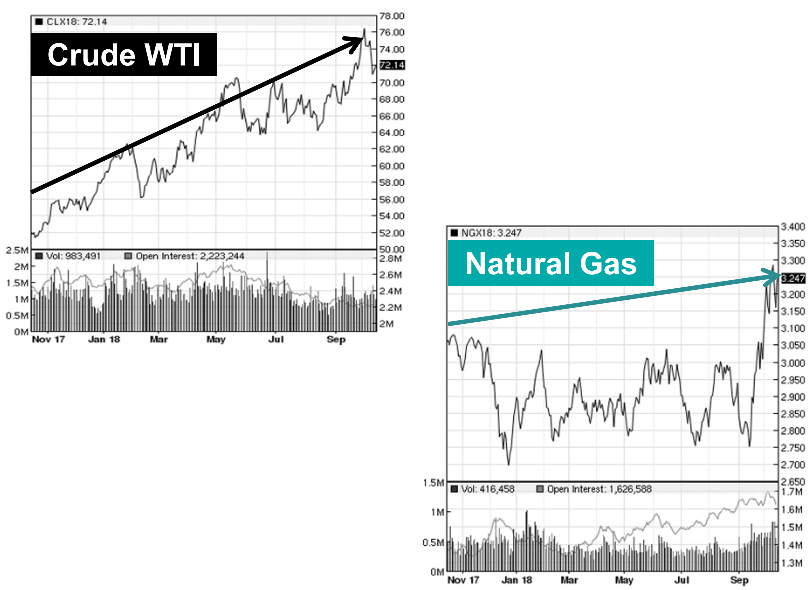
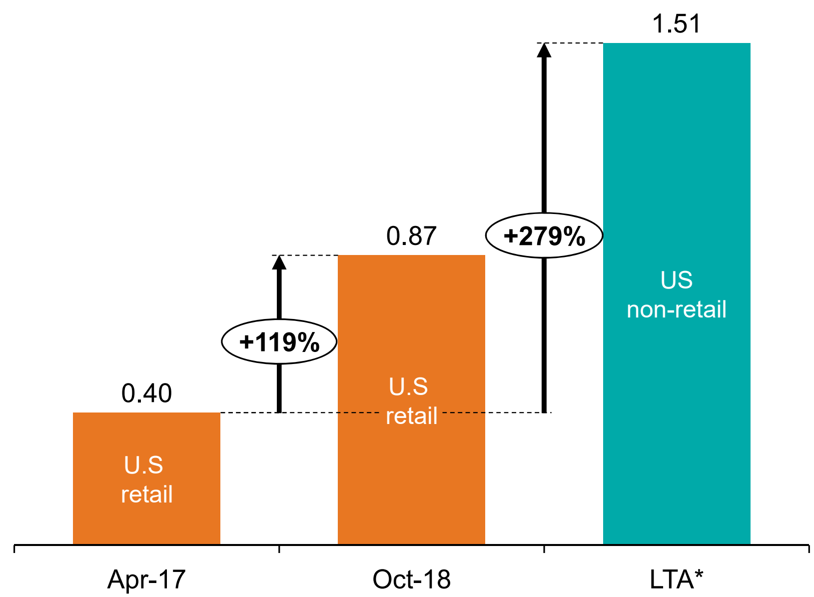
Price development last 12 months



Positive diesel vs CNG fuel price spread sustains

USD per diesel gallon equivalent



Oil price increase vs. stable natural gas price drives the fuel price spread in favor of CNG

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

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

Rising demand backed by economic and environmental focus

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- Rebound in Heavy-Duty Truck segment in 2H 2018
  - Chassis supply shortages may push orders into 2019
- Strong North American and all time-high European Transit Bus market
  - Solid market development expected to continue into 2019
- Refuse Truck market continues strong trend

Fuel Systems Assembly plant in Salisbury North Carolina
Photo: Agility Fuel Solutions

Group Outlook

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1. Strong underlying market development driven by favorable macro conditions
2. Expect improvement in Q4 results driven by pickup in CNG LDV volumes, Agility and Mobile Pipelines
3. Continued dilutive EBITDA effect from Hydrogen through ramp-up phase

APPENDIX

Segment financial highlights Q3 2018

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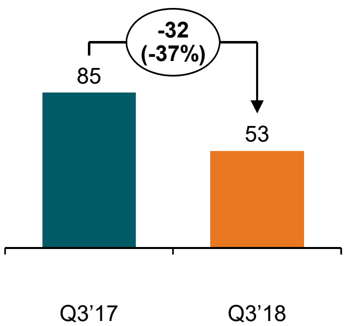
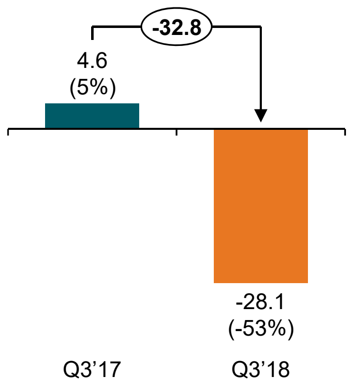
Hexagon Hydrogen & LDV

NOKm. Note: 2017 = Pro-forma

Revenue



EBITDA

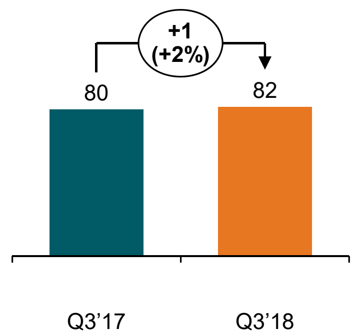


- **Light-Duty Vehicles impacted by delay in sales due to global emissions testing**
- **Investing in future H2 growth dilutes EBITDA by NOK 15m**

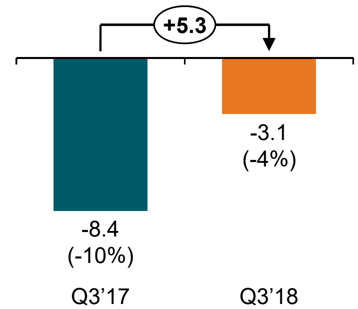
Hexagon Mobile Pipelines & Other

NOKm. Note: 2017 = Pro-forma

Revenue



EBITDA

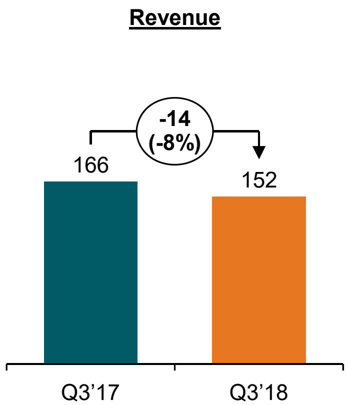


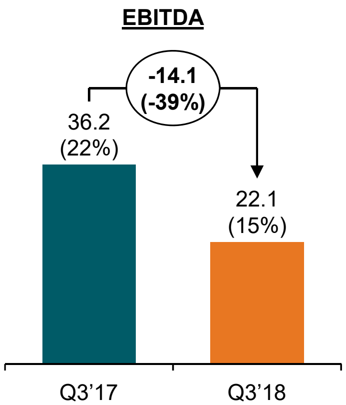
- **Sales volumes primarily from North America**
- **Profitable quarter within MasterWorks business unit**

Segment financial highlights Q3 2018

Hexagon Ragasco (LPG)

NOKm

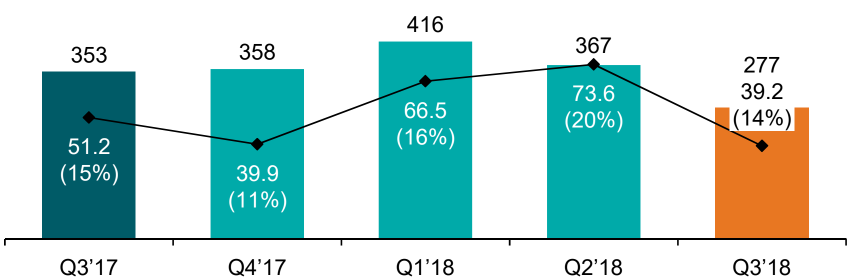




- **Revenues primarily from Asian and core European markets**
- **EBITDA lower due to product mix**

Hexagon Group total[1]

Revenues, EBITDA and EBITDA margin
NOKm



- **Lower than normal revenues in quarter as previously explained**
- **EBITDA margin achieved as earn-out reversal offsets large part of delayed revenues**

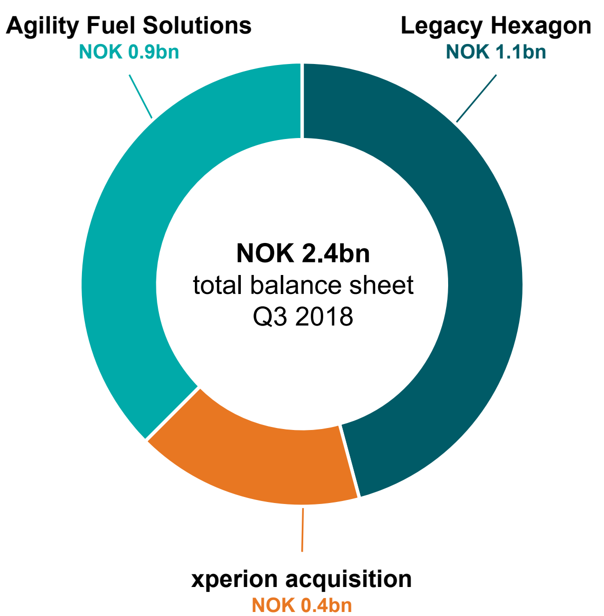
[1] *After all eliminations*

Hidden value of Agility Investment

Agility Fuel Solutions

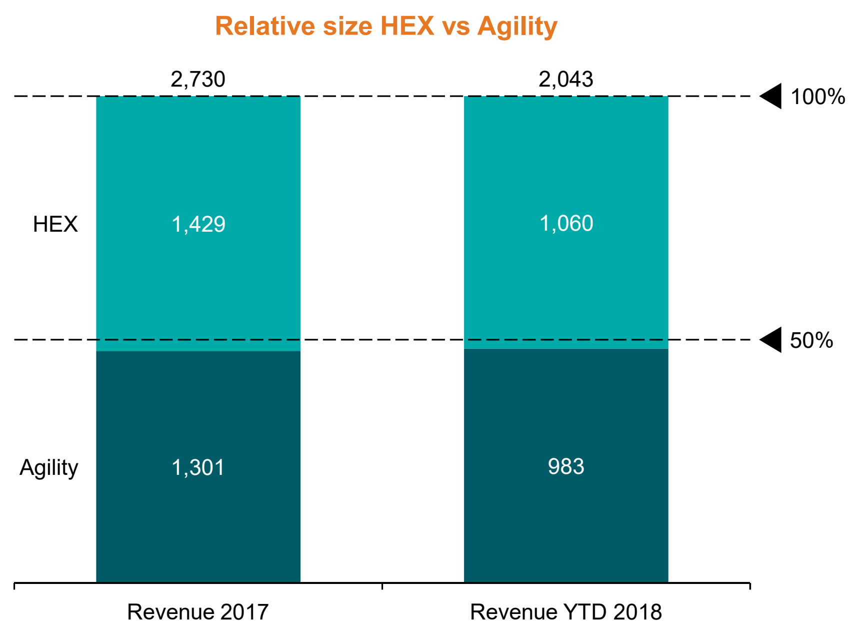
Agility represents ca. 40% of total balance sheet…

NOKbn



…but is not consolidated in Hexagon's Revenue

NOKm, based on average 2017 and 2018 exchange rates

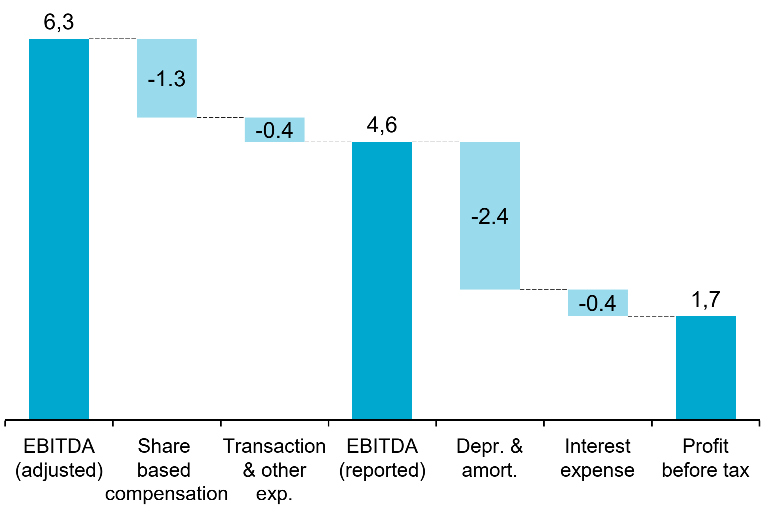


Agility Fuel Solutions: Q3 2018

Result to Hexagon Group per equity accounting method

Q3 2018 AFS EBITDA to profit before tax

USDm



Agility impact to Group P&L

NOKm