



HEXAGON  
COMPOSITES

# FOURTH QUARTER 2010 RESULTS



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Tor Olsen Husø, CFO

*Oslo, 15 February 2011*

# AGENDA Q4 2010 RESULTS

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- ▶ Hexagon Composites overview
- ▶ Key figures
- ▶ Business Units
- ▶ Group financials
- ▶ Summary & Outlook
- ▶ Q & A

# HEXAGON COMPOSITES GROUP

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## ▶ Composite Containers

For storage and transport of propane gas

- LPG cylinders
- CNG containers for passenger cars



## ▶ High-pressure containers

In composite for biogas, natural gas and hydrogen

- CNG tanks for heavy-duty vehicles
- Containers and modules for transportation and storage of gas
- High-pressure containers for compressed hydrogen



## ▶ Composite reinforcements

For light weight constructions

- Unidirectional, multiaxial fibre reinforcements
- Mainly used in wind turbines and boats



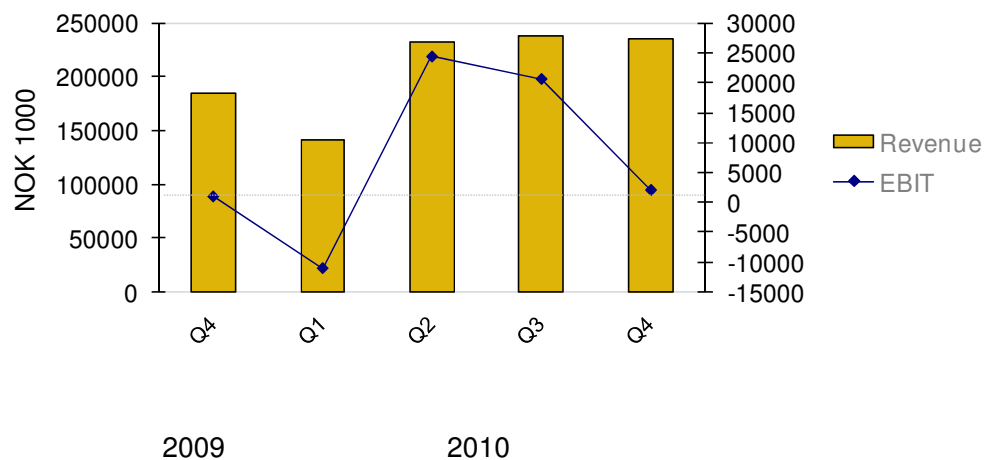
# GROUP KEY FIGURES Q4 COMPARISON

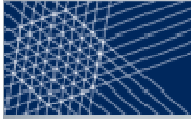
	Q4 2009	Q3 2010	Q4 2010
Total Sales	184 375	237 683	235 036
EBITDA	15 645	42 281	23 665
EBIT	976	20 722	2 063
EBIT %	0,53 %	8,72 %	0,88 %

## Q4 operating results

- Profit warning in December
- Weak results for Ragasco and Devold AMT due to reduced sales
- Record sales in Lincoln Composites/Raufoss Fuel Systems
- Strategic breakthrough for TITAN™ in Asia with new contracts

Total Sales and EBIT last quarters





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# **Q4 2010 - BUSINESS UNITS**



# COMPOSITE CONTAINERS



- ▶ Reduced sales income due to postponed delivery of major order from Q4 2010 to 2011
- ▶ Strong focus on sales activities and cost reductions
- ▶ Good order book for first half 2011



# COMPOSITE CONTAINERS

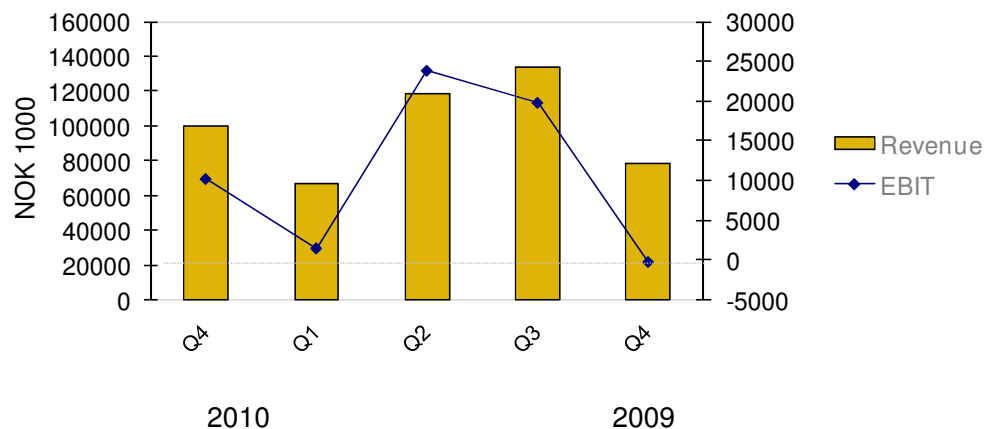


	Q4 2009	Q3 2010	Q4 2010
Total Sales	99.763	133.683	78.801
EBITDA	18.929	35.310	15.822
EBIT	10.176	19.774	-287
EBIT %	10,20 %	14,79 %	-0,36 %

## Q4 operating results

- Reduced sales income due to postponed delivery of major order from Q4 2010 to 2011
- Negative operating margin caused by low sales volume
- Higher outstanding receivables and inventory than normal

Total Sales and EBIT last quarters



## Outlook

- The market for LPG containers is good
- Increasing interest/accept for our CNG tanks for cars



# HIGH PRESSURE CONTAINERS



- ▶ Turnover record in Q4 2010
- ▶ TITAN™: Strategic breakthrough in Asia:
  - Major contract with Sime Darby in Malaysia
  - New contract with PV Gas City in Vietnam
- ▶ CNG for buses: Continued positive market development
- ▶ Good order book for first half 2011



# HIGH PRESSURE CONTAINERS

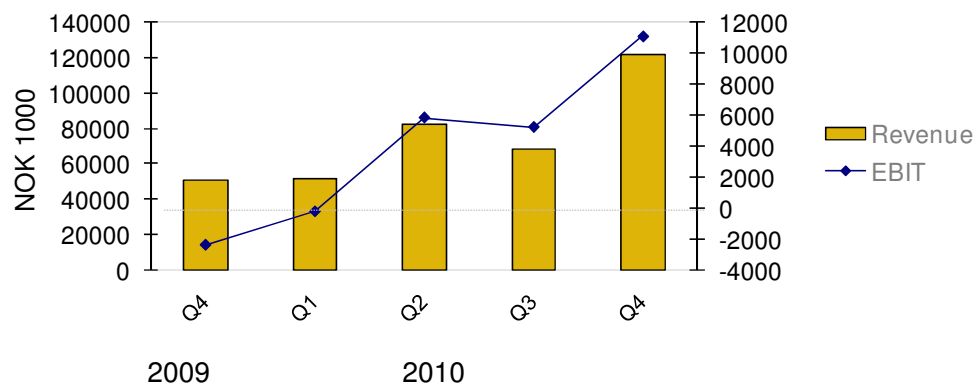


	Q4 2009	Q3 2010	Q4 2010
Total Sales	50.889	67.964	121.994
EBITDA	1.160	8.935	14.367
EBIT	-2.387	5.236	11.091
EBIT %	-4,69 %	7,70 %	9,09 %

## Q4 operating results

- Turnover record. 140% increase since Q4 2009 and 80% increase since Q3 2010.
- Increasing operating margin
- Doubled capacity in new plant verified
- High outstanding receivables and inventory

Total Sales and EBIT last quarters



## Outlook

- The market interest for TITAN™ is good, especially in Asia and South America
- Continued good bus market
- Increasing carbon prices may reduce margins



# COMPOSITE REINFORCEMENTS



- ▶ Turnover in Q4 on same level as Q3
- ▶ New wind power customers secured for 2011
- ▶ Anti-dumping duty + normal duty on imported Chinese fiber glass to EU countries total 20%  
- gives cost advantages for production in Norway



# COMPOSITE REINFORCEMENTS



	Q4 2009	Q3 2010	Q4 2010
Total Sales	34.296	37.326	35.688
EBITDA	-1.500	-82	-3.515
EBIT	-3.844	-2.406	-5.590
EBIT %	-11,21 %	-6,45 %	-15,66 %

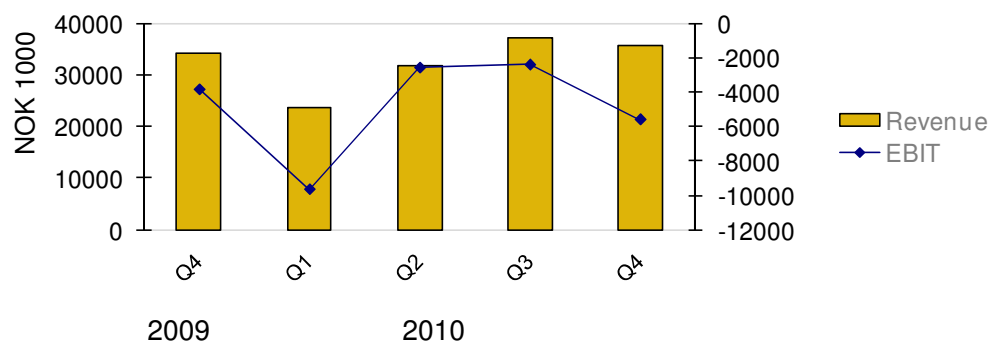
## Q4 operating results

- Negative operating margin due to low activity and product mix
- Continued pressure on operating margins

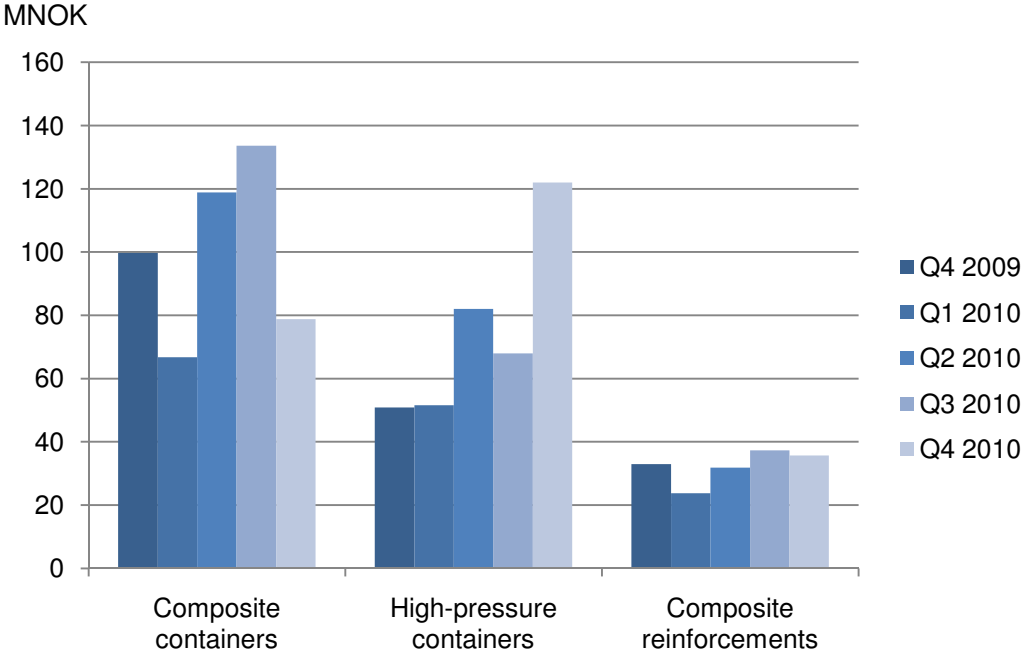
## Outlook

- Expected continued growth in the wind power market
- Improved turnover and reduced loss expected for 2011
- Anti-dumping duty + normal duty on imported Chinese fiber glass to EU countries total 20%  
- gives cost advantages for production in Norway

Total Sales and EBIT last quarters



# TURNOVER PER BUSINESS UNIT





# Q4 2010 – GROUP FINANCIALS

# PROFIT AND LOSS ACCOUNT Q4 2010

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Key figures (NOK 1 000)	Q4 2010	Q4 2009	Change
Sales Revenue	235.036	184.375	27%
EBITDA	23.665	15.645	51%
EBIT	2.063	976	111%
EBIT %	0,9 %	0,5 %	
Profit before tax	-5.583	802	-796%

## Q4 operating results

- Record sales in BU High-pressure containers
- Operating margins reduced due to product mix



# BALANCE SHEET AS PER 31.12.2010

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## ASSETS

<b>Balance Sheet - Assets</b>	<b>31.12.2010</b>	<b>30.09.2010</b>	<b>Change</b>
Intangible assets	135.555	135.601	-46
Tangible fixed assets	293.328	304.719	-11.391
Investments in associates	5.499	5.669	-170
Other financial fixed assets	871	1.046	-175
Inventories	201.391	154.152	47.239
Receivables	262.916	244.741	18.175
Bank deposits, cash and similar	9.028	9.195	-167
<b>Total Assets</b>	<b>908.589</b>	<b>855.124</b>	<b>53.465</b>

(NOK 1 000)

# BALANCE SHEET AS PER 31.12.2010

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## LIABILITIES AND EQUITY

<b>Balance Sheet - Liabilities and Equity</b>	<b>31.12.2010</b>	<b>30.09.2010</b>	<b>Change</b>
Paid-in capital	103.180	103.054	126
Other equity	150.383	152.243	-1.860
Provisions	18.666	24.937	-6.271
Interest-bearing long-term liabilities	321.336	316.911	4.425
Interest-bearing current liabilities	82.865	53.920	28.945
Other current liabilities	232.158	204.058	28.100
<b>Total Liabilities and Equity</b>	<b>908.589</b>	<b>855.124</b>	<b>53.465</b>

(NOK 1 000)

# BALANCE SHEET AS PER 31.12.2010

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## ASSETS

<b>Balance Sheet - Assets (NOK 1 000)</b>	<b>31.12.2010</b>	<b>31.12.2009</b>	<b>Change</b>
Intangible assets	135.555	125.005	10.550
Tangible fixed assets	293.328	286.201	7.127
Investments in associates	5.499	6.097	-598
Other financial fixed assets	871	863	8
Inventories	201.391	95.397	105.994
Receivables	262.916	198.521	64.395
Bank deposits, cash and similar	9.028	46.563	-37.535
<b>Total Assets</b>	<b>908.589</b>	<b>758.648</b>	<b>149.941</b>

# BALANCE SHEET AS PER 31.12.2010

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## LIABILITIES AND EQUITY

<b>Balance Sheet - Liabilities and Equity</b>	<b>31.12.2010</b>	<b>31.12.2009</b>	<b>Change</b>
Paid-in capital	103.180	177.359	-74.179
Other equity	150.383	80.541	69.842
Provisions	18.666	24.049	-5.383
Interest-bearing long-term liabilities	321.336	309.898	11.438
Interest-bearing current liabilities	82.865	31.905	50.960
Other current liabilities	232.158	134.896	97.262
<b>Total Liabilities and Equity</b>	<b>908.589</b>	<b>758.648</b>	<b>149.941</b>

(NOK 1 000)

# CASH FLOW STATEMENT AS AT 31.12.2010

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<b>Cash Flow Statement (NOK 1 000)</b>	<b>31.12.2010</b>
Profit before tax	27.254
Depreciation and write-downs	75.034
Change in net working capital	-58.233
Net cash flow from operations	44.056
Net cash flow from investment activities	-72.069
Net cash flow from financing activities	-9.522
Net change in cash and cash equivalents	-37.535
Cash and cash equivalents at start of period	46.563
Cash and cash equivalents at end of period	9.028
Available unused credit facility	55.541



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# SUMMARY & OUTLOOK



# MARKET DRIVERS



## Composite containers

Market change from steel to composite cylinders

Increased focus on design, light-weight and safety

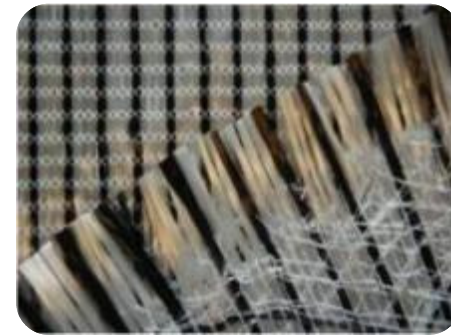


## High-pressure containers

Increased oil price and stable low gas price will increase gas vehicle market

More gas vehicles require more filling stations

Conversion of power plants from oil to gas - more bulk hauling



## Composite reinforcements

Continued growth with wind power as clean energy

# SUMMARY & OUTLOOK

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- ▶ Reduced sales income due to shift of product deliveries from Q4 2010 to 2011
- ▶ Strong focus on sales activities, cost reduction and improvement of working capital
- ▶ Good order book for first half 2011
- ▶ The market for LPG containers is good
- ▶ Increasing interest/accept for our CNG tanks for cars

# SUMMARY & OUTLOOK

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- ▶ Turnover record in Q4 2010
- ▶ TITAN™: Strategic breakthrough in Asia:
  - Major contract with Sime Darby in Malaysia
  - New contract with PV Gas City in Vietnam
- ▶ Good order book for first half 2011
- ▶ The market interest for TITAN™ is good, especially in Asia and South America
- ▶ Continued strong bus market

# SUMMARY & OUTLOOK

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- ▶ Turnover in Q4 on same level as Q3
- ▶ New wind power customers secured for 2011
- ▶ Improved turnover and reduced loss expected for 2011
- ▶ Anti-dumping duty + normal duty on imported Chinese fiber glass to EU countries total 20%
  - gives cost advantages for production in Norway





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**Q & A**

