



HEXAGON
COMPOSITES

Oslo, 12th February 2015

Jon Erik Engeset, CEO
David Bandele, CFO

4TH
QUARTER
2014



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AGENDA

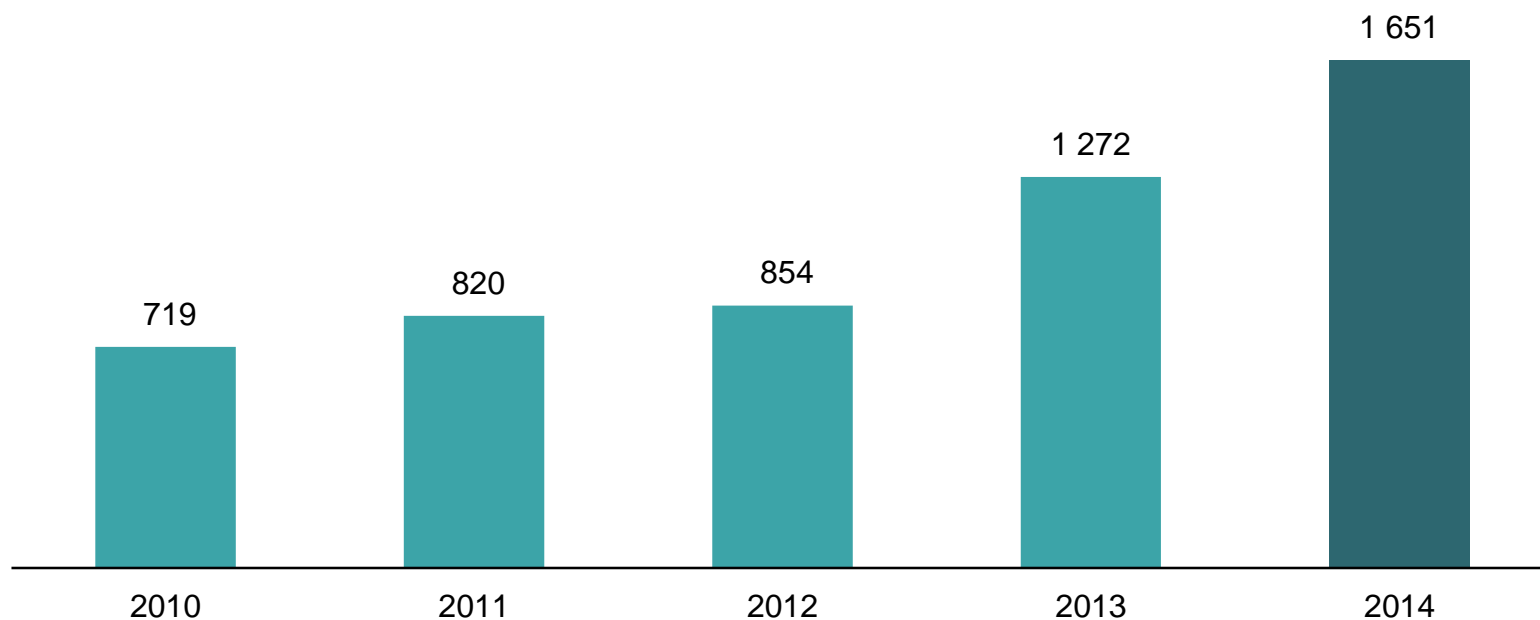
- Group Highlights
- Group Financials & Segment Overview
- Outlook
- Q & A



RECORD YEAR

OPERATING REVENUES

NOK Million



NO. 1 GLOBAL POSITION



HIGHLIGHTS Q4 2014

- Record quarter with strong growth in both revenues and profits
- High capacity utilization in the Low Pressure Cylinders segment
- Strong Gas Distribution Products (mobile pipelines™) sales
- Some near-term market uncertainty due to oil price volatility
- Positive overall impacts of USD and EUR currency developments



GAS DISTRIBUTION PRODUCTS (MOBILE PIPELINES™)



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- Strong sales of TITAN™ and SMARTSTORE™ in Q4
- Market development has been good despite the oil price fall
- Large orders to South and North America taken at the beginning of Q4
- Moving into 2015 with a satisfactory order backlog





HEAVY DUTY VEHICLES

- Heavy Duty sales in North America and rest of world picked up somewhat from Q3
- Bus markets in the US and Europe were good in Q4
- Record performance for the year in the heavy duty segment





LIGHT-DUTY VEHICLES



- A key customer is undertaking plant restructuring
 - This has resulted in lower order volume during the quarter
- Continued efforts to achieve volumes towards 2017



LOW PRESSURE CYLINDERS (LPG)

- Record year in turnover, EBITDA and EBIT
- Completed delivery of the Qatar and Iraq orders
- Record number of cylinders delivered and produced in 2014





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4TH
QUARTER 2014
&
PRELIMINARY FULL YEAR
GROUP FINANCIALS

SUMMARY FINANCIAL HIGHLIGHTS

Q4 & PRELIMINARY FULL YEAR 2014



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Through 2014 we have:

- Delivered growth **and profitability**
- Grown Net profit 84% to NOK 165 million
- Increased Equity by 40%
- Generated NOK 310 million in underlying* operational cash flow; NOK 199 million net
- Reduced Net Interest Bearing Debt by NOK 103 million
- Strengthened finance organisation and processes



Well positioned for 2015 with enhanced competitive advantage

GROUP INCOME STATEMENT

Q4 & PRELIMINARY FULL YEAR 2014



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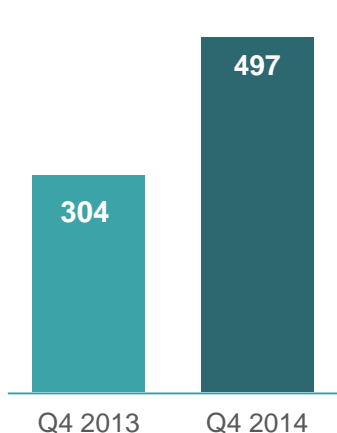
NOK THOUSAND	THREE MONTHS ENDING*			TWELVE MONTHS ENDING*		
	31.12.14	31.12.13	Variance	31.12.14	31.12.13	Variance
Operating Income	496 861	304 433	192 428	1 650 829	1 271 621	379 208
Operating expenses	(408 335)	(271 331)	(137 004)	(1 321 678)	(1 067 259)	(254 419)
EBITDA	88 526	33 102	55 424	329 151	204 362	124 789
Depreciation and impairment	(17 152)	(17 959)	807	(72 363)	(62 297)	(10 066)
EBIT	71 374	15 142	56 231	256 788	142 065	114 723
Share of profit/(loss) from associates	(6 613)	(2 351)	(4 262)	(9 554)	(4 224)	(5 330)
Other financial items (net)	(1 257)	(4 818)	3 561	(9 815)	(9 396)	(419)
Profit before tax from cont. operations	63 504	7 973	55 531	237 419	128 445	108 974
Tax expense	(22 237)	(1 558)	(20 679)	(77 072)	(41 742)	(35 330)
Profit after tax from cont. operations	41 267	6 415	34 852	160 347	86 703	73 644
Profit/(loss) from companies held for sale	(530)	617	(1 147)	4 325	2 941	1 384
Profit/(loss) for the quarter/year	40 737	7 032	33 705	164 672	89 644	75 028
EBITDA %	17.8%	10.9%		19.9%	16.1%	
EBIT %	14.4%	5%		15.6%	11.2%	



Q4 '14* V '13* INCOME STATEMENT HIGHLIGHTS

Operating Income NOK million

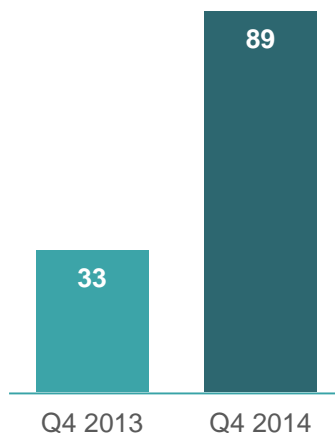
63% Growth



- High-pressure growth NOK 99 million (39%)
- Low-pressure growth NOK 86 million (142%)
- Overall positive FX impacts of c. 70 NOK (+17% USD / +10% EUR)

EBITDA NOK million

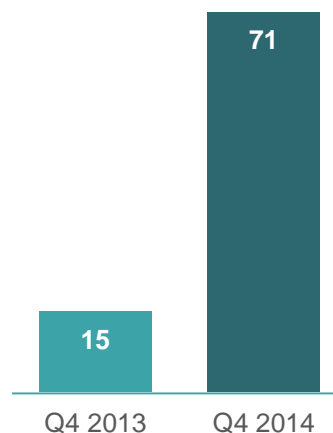
167% Growth



- High-pressure at 19.6% margin
- Low-pressure at 14.2% margin

EBIT NOK million

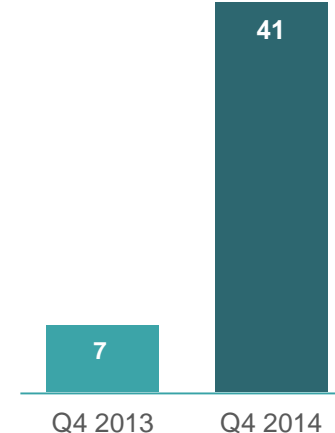
373% Growth



- Depreciation at same level in quarter
- Overall positive FX impacts of c. 18 NOK

Net profit NOK million

479% Growth



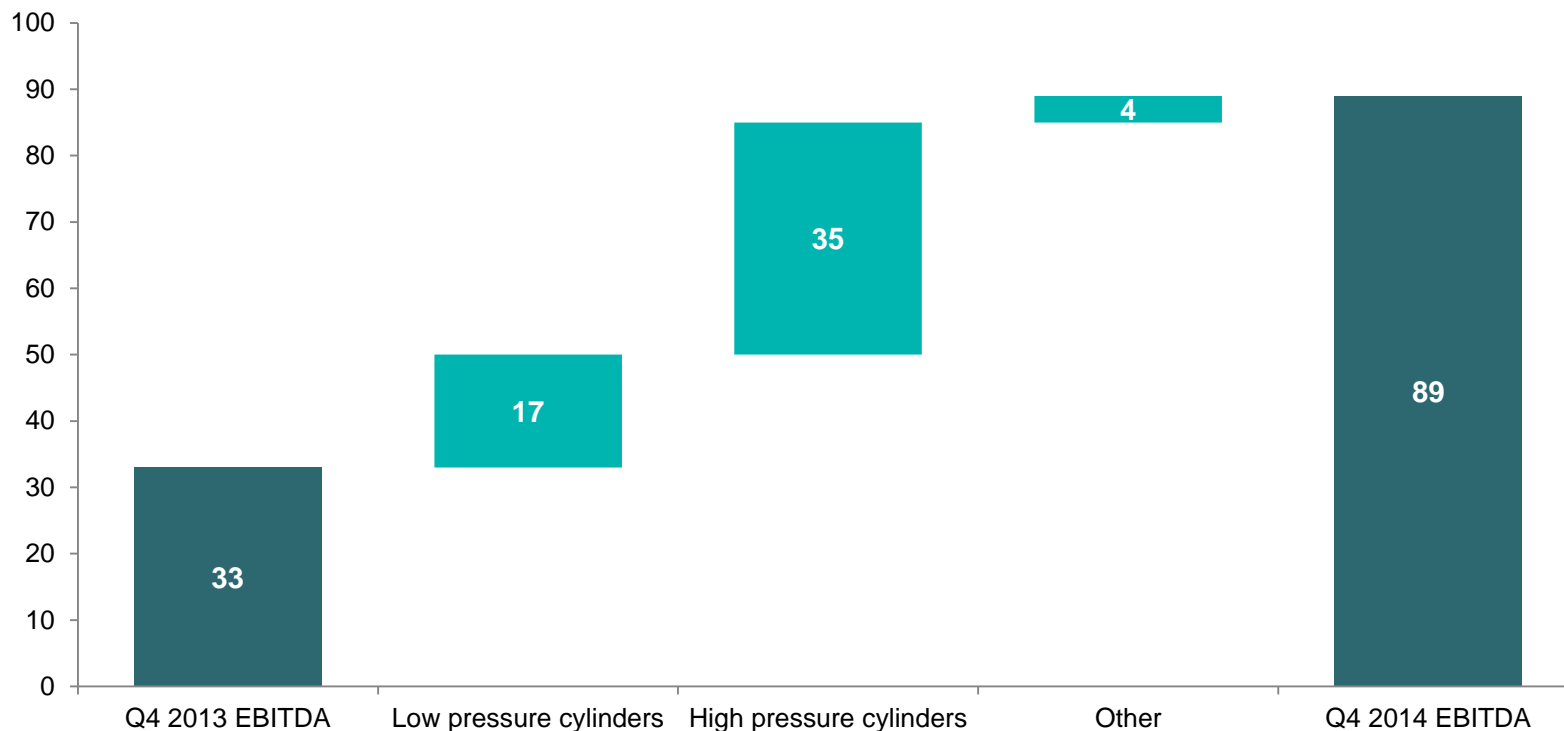
- Financial items effect of +NOK 3 million (FX +3; Interest 0)
 - Negative mark to market effects offset by positive translational effects
- Share from Rugasco JV NOK -4 million
- Tax effect of -NOK 21 million

Maintained healthy and profitable growth in quarter



GROUP EBITDA Q4 '14* V Q4'13*

NOK million



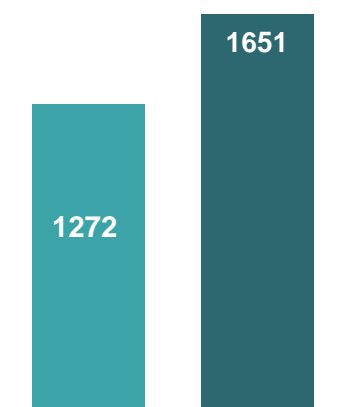
Strong Q4 performance in 2014; traditionally a “soft” quarter for Low Pressure



2014* V 2013* INCOME STATEMENT HIGHLIGHTS

Operating Income NOK million

29% Growth

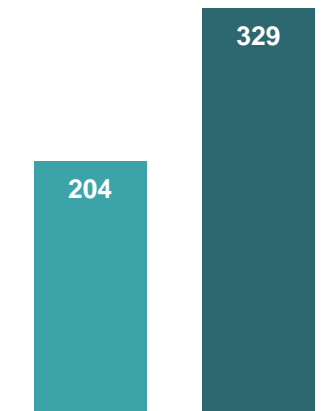


YEAR 2013 YEAR 2014

- High-pressure growth NOK 150 million (16%)
- Low-pressure growth NOK 220 million (65%)
- Overall positive FX impacts of c. 100 NOK (+7% USD / +6% EUR)

EBITDA NOK million

61% Growth

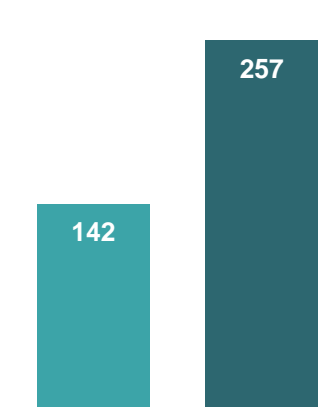


YEAR 2013 YEAR 2014

- High-pressure at 19.7% margin
- Low-pressure at 24.8% margin

EBIT NOK million

81% Growth

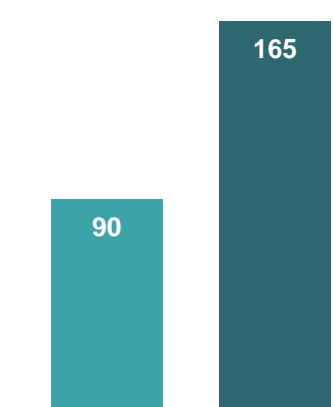


YEAR 2013 YEAR 2014

- NOK 10 million depreciation impact (volume method in Low Pressure)
- Overall positive FX impacts of c. 28 NOK

Net profit NOK million

84% Growth



YEAR 2013 YEAR 2014

- Financial items effect neutral (FX +7; Interest & charges -4; Other financial items -3)
- Share from Rugasco JV - NOK 5 million effect
- Tax effect of - NOK 35 million

A record year for Income and profitability

FINANCIAL POSITION V PREVIOUS QUARTER



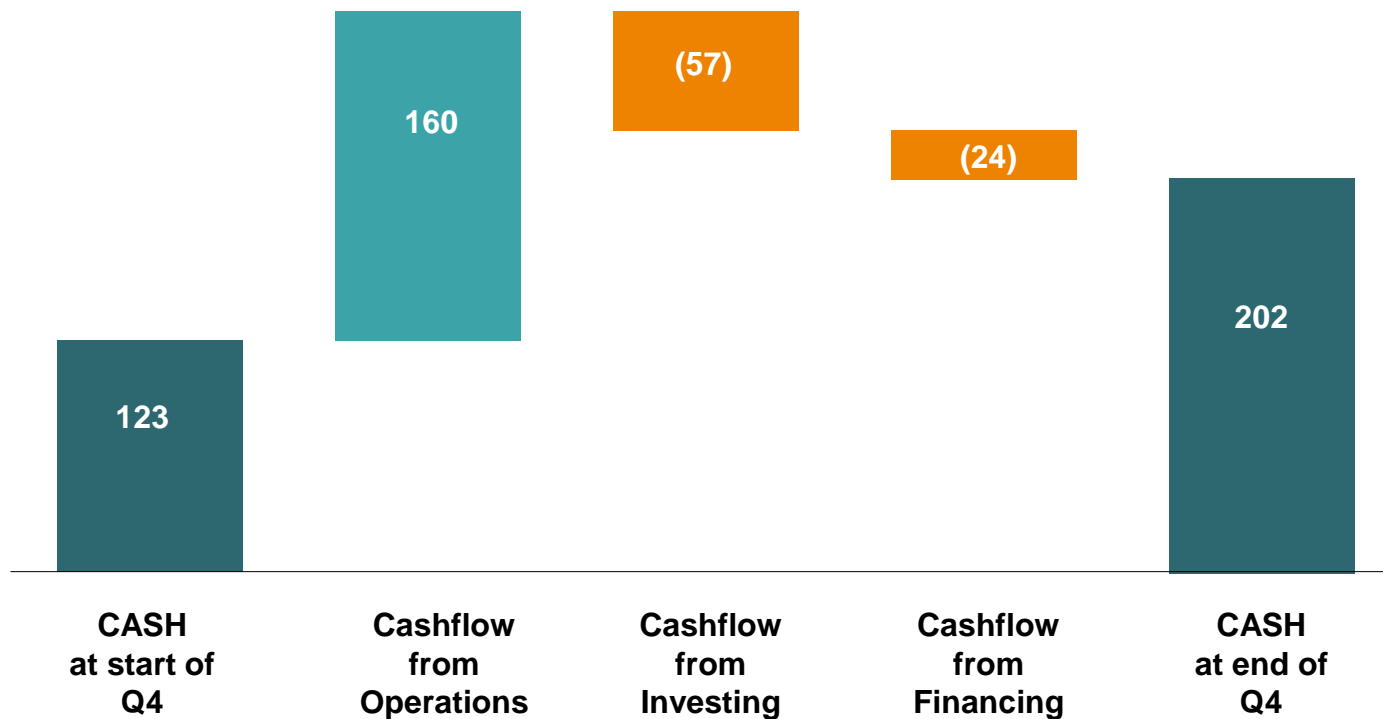
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NOK THOUSAND	31.12.2014*	30.9.2014*	Change
Intangible assets	106 233	82 965	23 268
Tangible fixed assets	294 462	246 734	47 728
Other non-current assets	4 852	2 613	2 239
Total Non-current Assets	405 547	332 312	73 235
Inventories	320 468	337 410	(16 943)
Receivables	250 536	216 003	34 533
Bank deposits, cash and similar	202 178	123 403	78 776
Total Current Assets	773 182	676 816	96 366
Total Assets	1 178 729	1 009 128	169 601
Total Equity	487 109	429 157	57 952
Provisions	35 720	23 988	11 732
Long-term interest-bearing debt	297 243	297 130	113
Total Non-current Liabilities	332 963	321 118	11 845
Short-term interest-bearing debt	-	-	-
Other current liabilities	358 657	258 853	99 804
Total Current Liabilities	358 657	258 853	99 804
Total Liabilities	691 620	579 971	111 649
Total Equity and Liabilities	1 178 729	1 009 128	169 601

- Additional Liquidity reserves are NOK 391 million
- Net Interest-bearing debt reduced by NOK 79 million (Q3 2014: 174 v Q4 2014: 95) – despite capex intensive quarter - 43 million in cash outlay
- Further optimised operational working capital levels in Q4
- Other current liabilities movement is mainly AP, Tax and Currency derivatives



CASHFLOW Q4 2014 – NOK MILLION



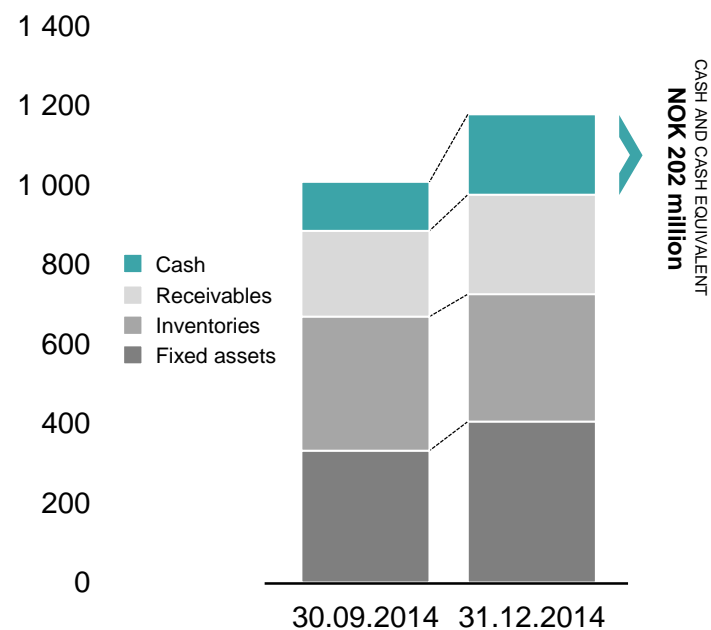
CF from Operations of NOK 160m includes working capital optimisation of NOK 80m



CAPITAL STRUCTURE

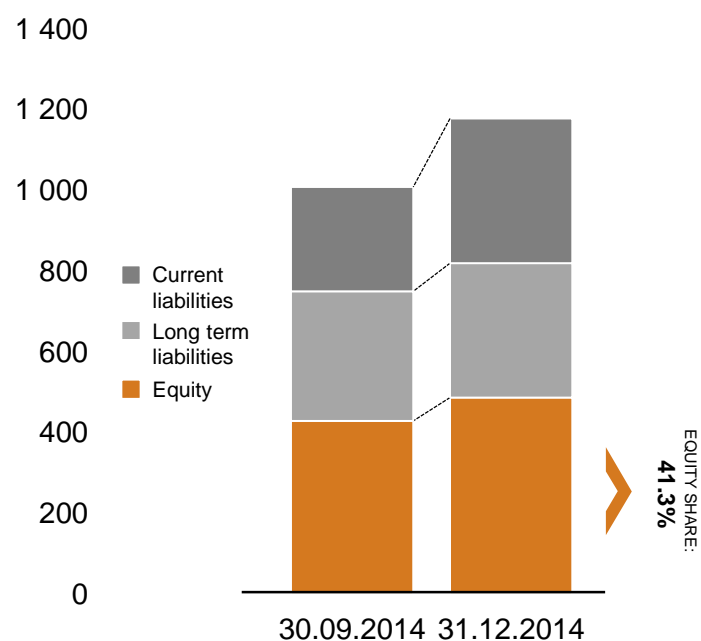
ASSETS

NOK Million



LIABILITIES AND EQUITY

NOK Million



Strong Cash and Equity position

SEGMENT SHARES Q4 2014

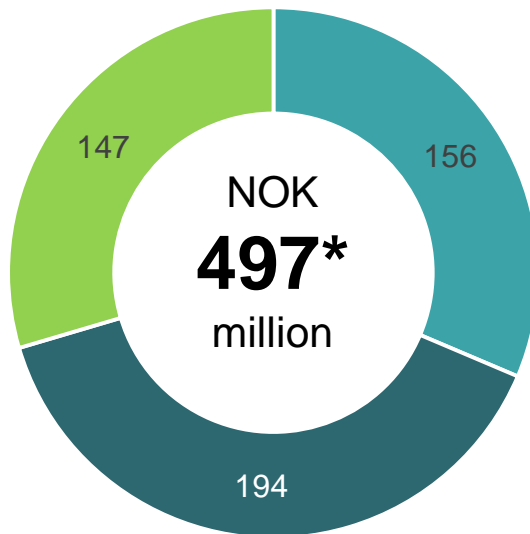
BEFORE INTERCOMPANY ELIMINATIONS AND GROUP CHARGES*



HEXAGON
COMPOSITES

SHARE OF OPERATING INCOME

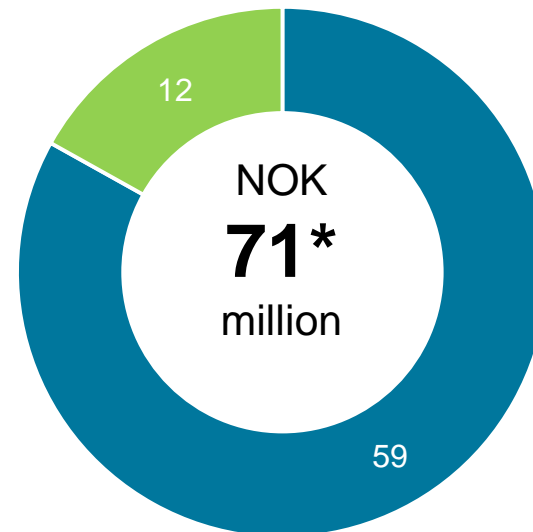
Percent



- High Pressure: CNG Automotive (Global)
- High Pressure: Gas Distribution Products
- Low Pressure: LPG (Propane)

SHARE OF EBIT

Percent



- High Pressure: CNG Automotive and Gas Distribution Products
- Low Pressure: LPG (Propane)

SEGMENT SHARES YEAR 2014

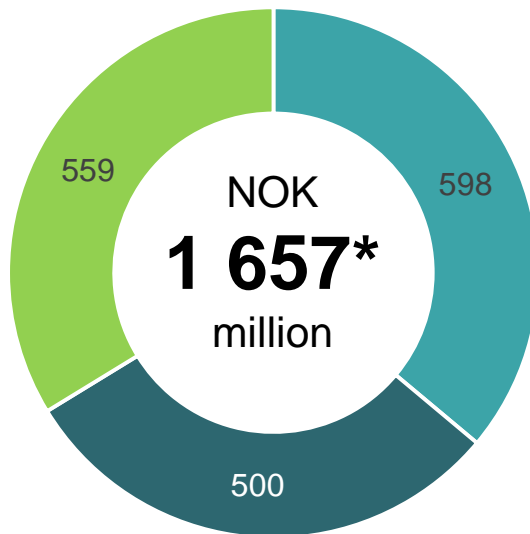
BEFORE INTERCOMPANY ELIMINATIONS AND GROUP CHARGES*



HEXAGON
COMPOSITES

SHARE OF OPERATING INCOME

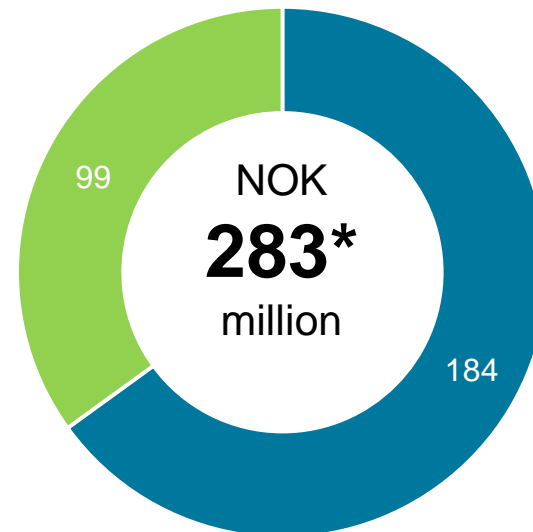
Percent



- High Pressure: CNG Automotive
- High Pressure: Gas Distribution Products
- Low Pressure: LPG (Propane)

SHARE OF EBIT

Percent



- High Pressure: CNG Automotive and Gas Distribution Products
- Low Pressure: LPG (Propane)



Q4 & 2014: HIGH PRESSURE CYLINDERS

QUARTER 4

- CNG Automotive underlying revenues for TUFFSHELL™ picked up from Q3
- Strong underlying Global revenues for TITAN™ and SMARTSTORE™ transportation and storage systems
- Continued weak demand for RoW Light Duty vehicles precipitated need for short-term cost initiatives



YEAR 2014

- Satisfactory Growth in challenging 2nd half of year for CNG Automotive sales
- Strong focus on resourcing business opportunities as platform for further growth; a year of consolidation of market position and new product offerings
- 50% Growth versus 2013 but still a small part of our business portfolio; still requires increased volume in European market

NOK THOUSAND	SUMMARY FINANCIALS			SUMMARY FINANCIALS		
	Q4 2014	Q4 2013	Variance	YEAR 2014	YEAR 2013	Variance
Operating Income	349 748	251 025	98 723	1 098 337	948 254	150 083
Operating expenses	(281 029)	(216 953)	(64 076)	(882 041)	(799 316)	(82 725)
EBITDA	68 719	34 072	34 647	216 295	148 937	67 358
<i>Margin</i>	19.6%	13.6%		19.7%	15.7%	
Depreciation and impairment	(9 425)	(10 853)	1 428	(32 355)	(33 359)	1 004
EBIT	59 294	23 219	36 075	183 940	115 578	68 362
<i>Margin</i>	17.0%	9.2%		16.7%	12.2%	



Q4 & 2014: LOW PRESSURE CYLINDERS

QUARTER 4

- Finished deliveries to Qatar and Iraq in quarter; another high revenue quarter
- High capacity utilization and variable cost productivity during plant uptime
- EBITDA margins impacted negatively by annual plant shutdown activities, price/mix factors and other items



YEAR 2014

- Record production and delivery of 1.5 million cylinders
- Significant contribution to operating profit of group; global penetration of composite cylinders for LPG is still only 3% - more to go for
- Need for increased capex investment going forward; replacements & enhancing productivity

NOK THOUSAND	SUMMARY FINANCIALS			SUMMARY FINANCIALS		
	Q4 2014	Q4 2013	Variance	YEAR 2014	YEAR 2013	Variance
Operating Income	147 023	60 685	86 338	559 092	338 947	220 145
Operating expenses	(126 219)	(56 753)	(69 466)	(420 555)	(265 856)	(154 699)
EBITDA	20 804	3 932	16 872	138 537	73 091	65 446
<i>Margin</i>	14.2%	6.5%		24.8%	21.6%	
Depreciation and impairment	(8 906)	(6 976)	(1 930)	(39 403)	(28 417)	(10 986)
EBIT	11 898	(3 044)	14 942	99 134	44 674	54 460
<i>Margin</i>	8.1%	(5.0)%		17.7%	13.2%	



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4TH
QUARTER 2014
OUTLOOK



2015 OUTLOOK

A world of opportunities, but low oil prices likely to temporarily slow growth in CNG Automotive

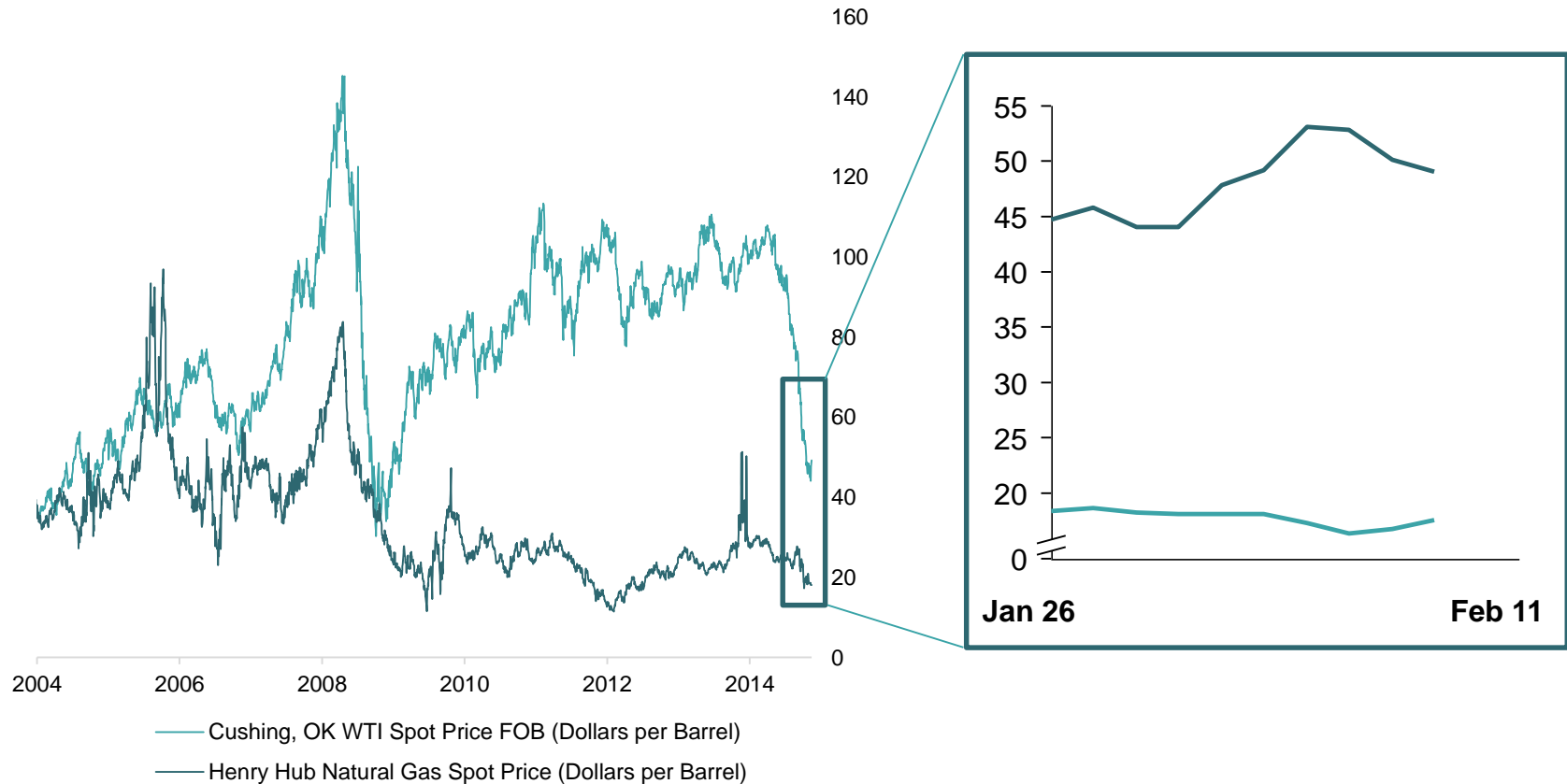
- Continued growth expected for the year as a whole driven by Gas Distribution Products (Mobile Pipelines™)
- Q1 challenging due to some order postponements in the Mobile pipelines™ and LPG businesses, while CNG Automotive looks good
 - Relatively weak Q1 results should be assumed
 - Not a function of oil prices
- Existing CNG Automotive end users continue their investment programs, but new customers sitting on the fence
 - Flat to moderately growing CNG Automotive market in 2015
- LPG enjoys a steady increase of leads, but capacity in 2nd half still not filled
 - The two major Middle East contracts from 2014 may prove hard to “copy” in 2015

SHARP FALL IN OIL PRICE HAS RAISED QUESTIONS



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WTI Oil vs. Natural Gas (BTU equivalence)



FUEL PRICE DELTA ONLY ONE OF SEVERAL DRIVERS



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- Fuel price delta
- Local and global emission reductions
- Fuel price stability
- Fuel availability
- Technology shifts from T1 (steel) to T4 (composites)

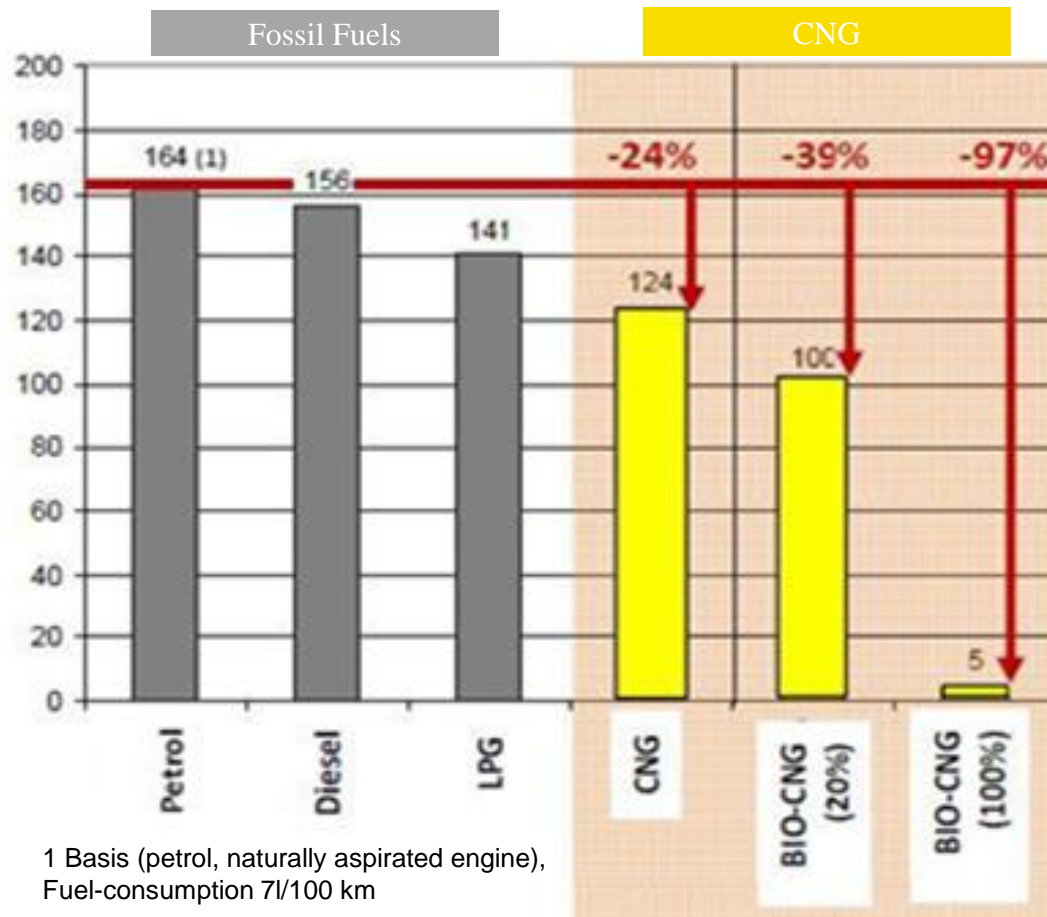


A MAJOR PART OF OUR BUSINESS IS DRIVEN BY ENVIRONMENTAL CONSIDERATIONS



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Well-to-Wheel GHG emissions for energy forms used in transportation
THG-Emission WTW in GCO₂ äq/km



1 Basis (petrol, naturally aspirated engine),
Fuel-consumption 7l/100 km

Source:: DENA; EUCAR-CONCAWE

EU HAS INITIATED AN AMBITIOUS GREEN FUELS PROGRAM WHERE CNG IS CENTRAL



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EU Parliament approved the world's strictest regulations on CO2 emissions

- “..create **coverage of gas refueling points** in Europe's cities and densely populated areas by 2020”
- “...provides **26 billion Euro of funding** for transport infrastructure development during 2014-2020”

NGVA Europe

- “Natural gas in both compressed (CNG) and liquefied form (LNG) is at the core of the strategy”



“I want diesel cars out of Paris by 2020”

-Ms Hidalgo, Mayor of Paris,
Financial Times

IN MANY AREAS OF THE WORLD NATURAL GAS IS THE ONLY RELIABLE SOURCE OF ENERGY

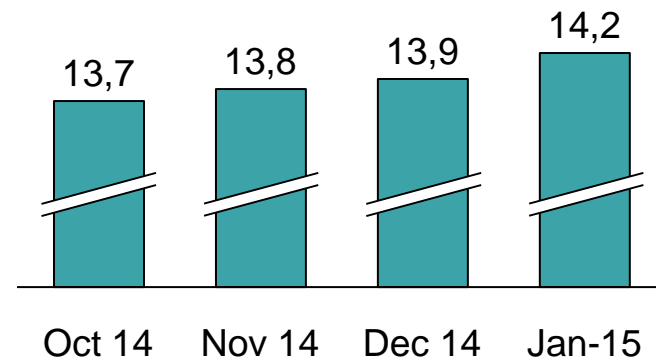


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- Usually also the cheapest alternative
- Low oil prices an occasion to remove governmental subsidies on oil products
 - e.g. Mexico and Indonesia
- Biogas opportunities pursued in most OECD countries as well as in several emerging economies

Price of diesel in Mexico

Pesos per liter (1 USD = 14.5 pesos)



Landfill project in Brazil

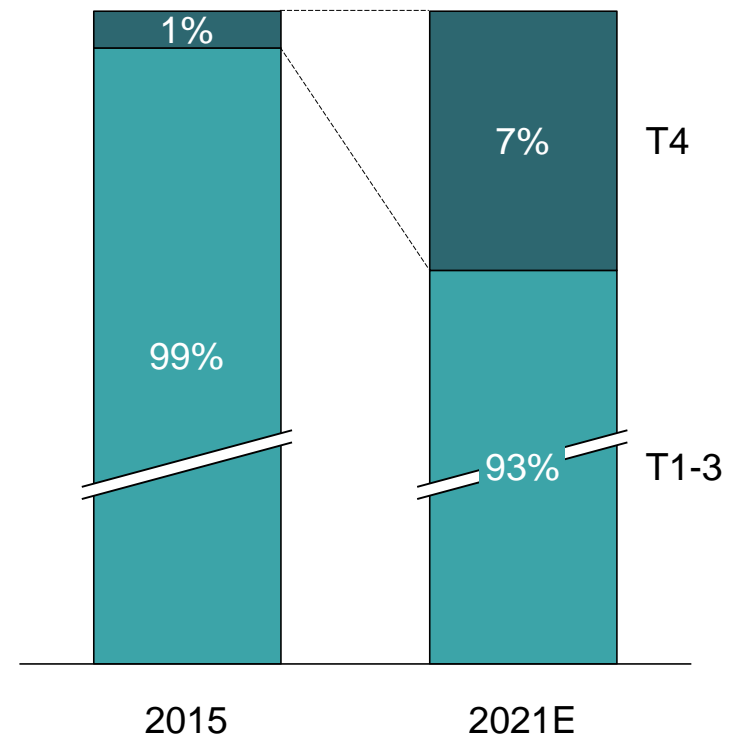
COMPOSITES SET TO TAKE A SIGNIFICANTLY HIGHER SHARE OF GLOBAL CYLINDER MARKET



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Weight, corrosion and safety advantages

- Know-how
- Product development
- Cost reductions
- Marketing



Source: Composites forecast and consulting



AGENDA 2015



- Continue and complete upgrade program at both manufacturing facilities
 - Use the opportunity to introduce improvements to the program and support product and market development
 - Ramp-up in Lincoln according to market requirements
- Significantly step up R&D
- Pursue M&A opportunities to strengthen technology platform and widen geographical footprint
- Further develop international sales and marketing capability
- Support governmental initiatives for Natural Gas, Biogas and Hydrogen



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QUESTIONS PLEASE

Jon Erik Engeset, CEO
David Bandele, CFO