



# HALF YEAR INTERIM REPORT 2012

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*Oslo, 22 August 2012*

# AGENDA HALF YEAR INTERIM REPORT 2012

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- ▶ Hexagon Composites overview
- ▶ Key figures
- ▶ Business units
- ▶ Group financials
- ▶ Summary & outlook
- ▶ Q & A



# THIS IS HEXAGON COMPOSITES



HEXAGON COMPOSITES ASA

**COMPOSITE CONTAINERS**  
FOR PROPANE, NATURAL GAS AND BIOGAS



**HIGH-PRESSURE CONTAINERS**  
NATURAL GAS, BIOGAS AND HYDROGEN

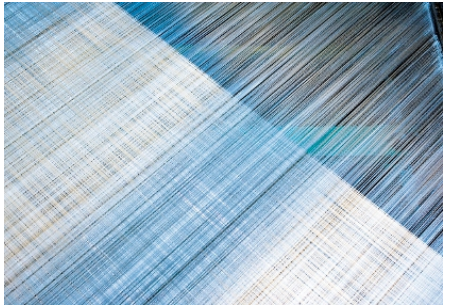


**COMPOSITE REINFORCEMENTS**  
FOR LIGHTWEIGHT CONSTRUCTIONS



UAB AMT BALTIFA

PPG-DEVOLD LLC  
(50/50)



# HIGHLIGHTS Q2 2012

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- ▶ Lincoln Composites awarded a significant TITAN™ contract in Thailand
- ▶ Lincoln Composites received the three first TITAN™ orders to the North American market
- ▶ Completed relocation of the remaining production in Devold AMT from Norway to Lithuania

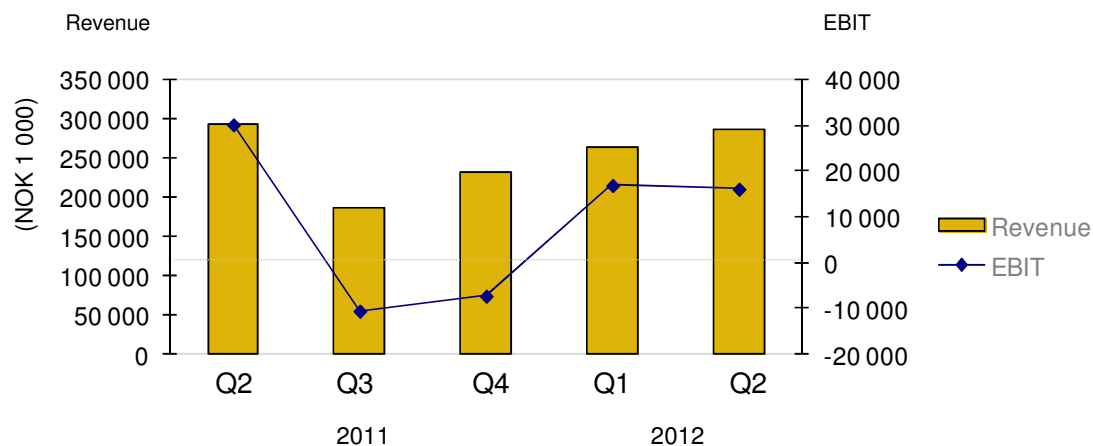


# GROUP KEY FIGURES

	Q2 2011	Q1 2012	Q2 2012
Total Sales	293.183	263.598	286.969
EBITDA	48.283	34.872	31.322
EBIT	30.239	16.952	16.140
EBIT %	10,31 %	6,43 %	5,62 %

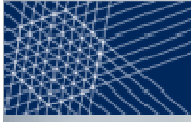
	1st half interim 2011	1st half interim 2012
Total Sales	573 703	550 567
EBITDA	91 142	66 194
EBIT	53 244	33 092
EBIT %	9,28 %	6,01 %

Total Sales and EBIT last quarters



Half year interim operating results

- Continued strong sales in the High-pressure area
- Weaker sales in Ragasco than expected
- Reduced EBIT margin due to extra ordinary costs related to restructuring and start-up of Ragasco CNG production.



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# **BUSINESS UNITS**



# COMPOSITE CONTAINERS



- ▶ Weaker sales than expected
- ▶ Continued strong focus on sales activities. New Sales & Marketing Director and International Marketing Manager for LPG appointed
- ▶ Production at Composite Scandinavia (CS) will be discontinued by end of third quarter according to plan
- ▶ Production of LPG cylinders at the joint-venture in Russia is expected to commence in first half of 2013.
- ▶ The expected challenges for Ragasco CNG have been solved and a positive development in second half of 2012 is expected.



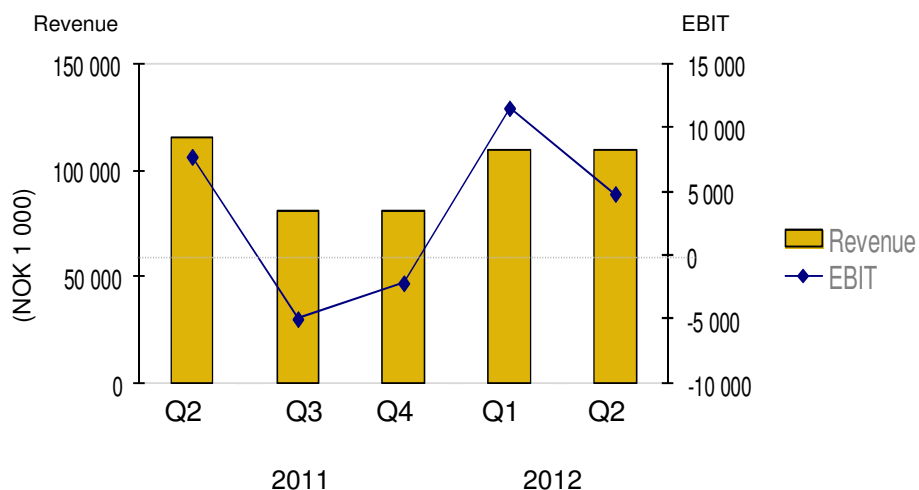
# COMPOSITE CONTAINERS



	Q2 2011	Q1 2012	Q2 2012
Total Sales	114 871	109 811	109 310
EBITDA	19 887	22 912	13 245
EBIT	7 736	11 542	4 819
EBIT %	6,73 %	10,51 %	4,41 %

	Half year interim 2011	Half year interim 2012
Total Sales	274 309	219 121
EBITDA	56 318	36 157
EBIT	30 008	16 360
EBIT %	10,94 %	7,47 %

## Total Sales and EBIT last quarters



## Half year interim operating results

- Weaker sales than expected
- Reduced operating margin due to extra ordinary costs related to CS restructuring and start-up Ragasco of CNG
- Margins are maintained



# HIGH PRESSURE CONTAINERS

- ▶ Continued strong sales in the High-pressure area
- ▶ Continued strong growth in the North American CNG vehicle market
- ▶ Several new TITAN™ orders received
- ▶ Weaker European bus market in Q2



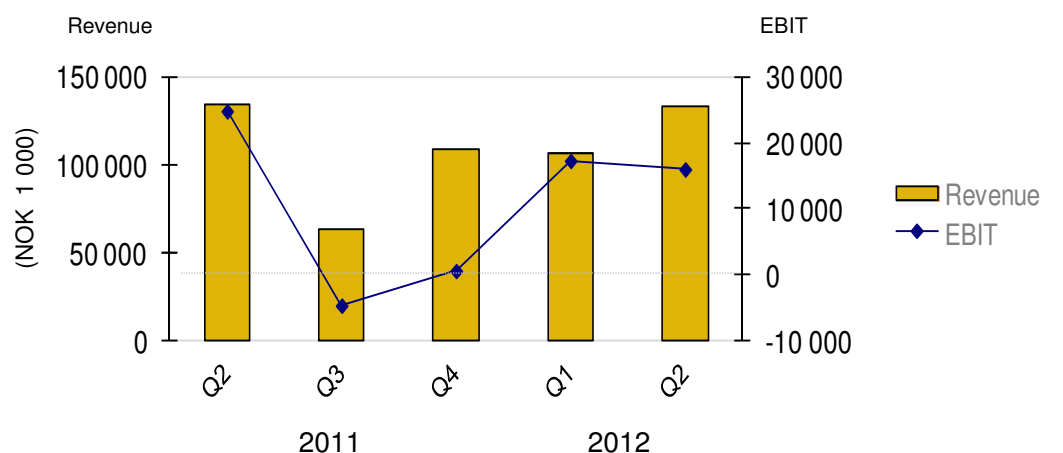
# HIGH PRESSURE CONTAINERS



	Q2 2011	Q1 2012	Q2 2012
Total Sales	133 911	107 077	133 598
EBITDA	28 468	21 650	20 274
EBIT	24 858	17 310	16 007
EBIT %	18,56 %	16,17 %	11,98 %

	Half year interim 2011	Half year interim 2012
Total Sales	214.735	240.675
EBITDA	36.807	41.925
EBIT	29.539	33.317
EBIT %	13,76 %	13,84 %

## Total Sales and EBIT last quarters



## Half year interim operating results

- Continued strong sales in the High-pressure area
- Good capacity utilization during the period (24/7)
- Improved EBIT, mainly due to increased turnover.
- Good order situation for second half of 2012

# COMPOSITE REINFORCEMENTS



- ▶ Turnover on same level as in Q1 2012
- ▶ Completed relocation of the remaining production in Devold AMT from Norway to Lithuania
- ▶ Extra ordinary costs relocation
- ▶ Cost structure will be improved



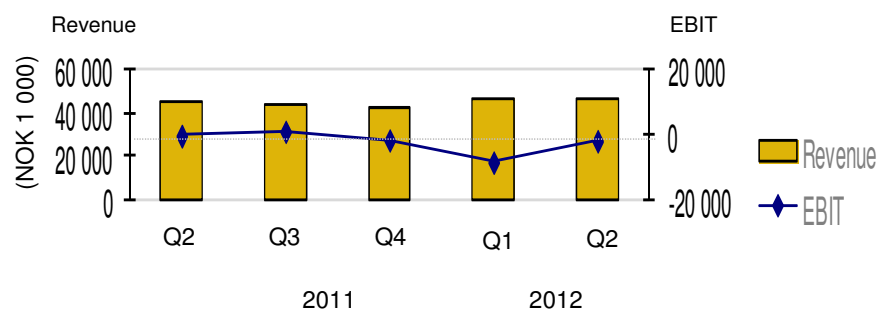
# COMPOSITE REINFORCEMENTS



	Q2 2011	Q1 2012	Q2 2012
Total Sales	45 087	47 131	46 657
EBITDA	1 847	-6 406	470
EBIT	-311	-8 487	-1 888
EBIT %	-0,69 %	-18,01 %	-4,05 %

	Half year interim 2011	Half year interim 2012
Total Sales	86 082	93 788
EBITDA	3 322	-5 936
EBIT	-750	-10 375
EBIT %	-0,87 %	-11,06 %

## Total Sales and EBIT last quarters

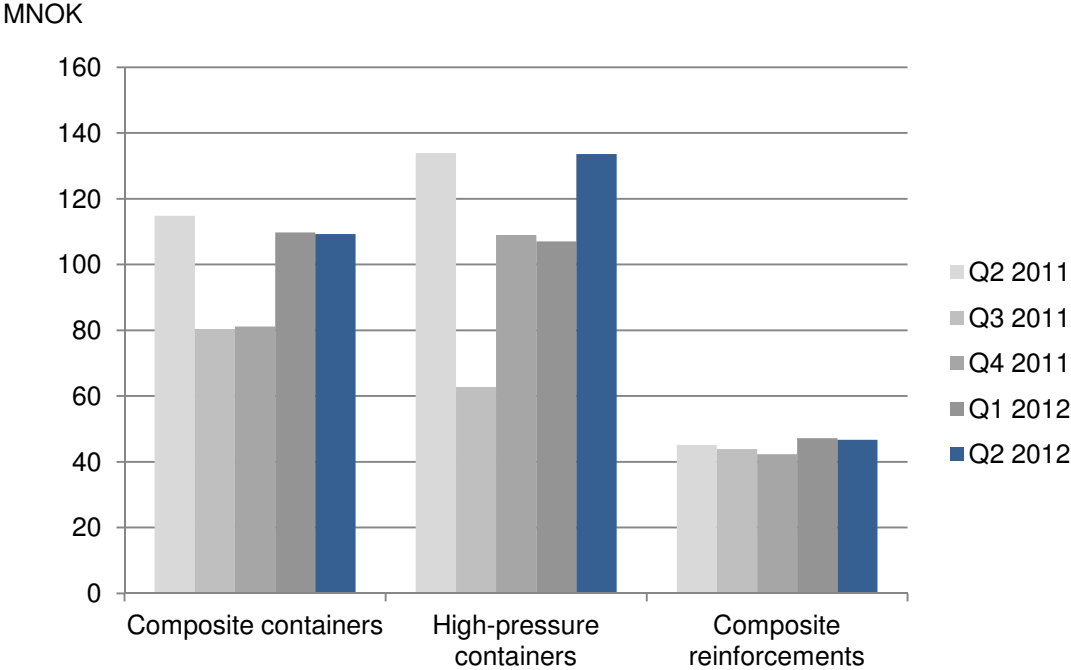


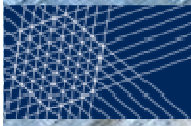
## Half year interim operating results

- Contribution margin has been stable throughout the period, but is strongly effected by extra ordinary cost
- Reduced EBIT, mainly due to above



# TURNOVER PER BUSINESS UNIT





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# **HALF YEAR INTERIM REPORT 2012**

## **GROUP FINANCIALS**

# PROFIT AND LOSS ACCOUNT HALF YEAR INTERIM REPORT 2012

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<b>Key figures (NOK 1 000)</b>	<b>1st half 2012</b>	<b>1st half 2011</b>	<b>Change</b>
Sales Revenue	550 567	573 703	-4%
EBITDA	66 194	91 142	-27%
EBIT	33 092	53 244	-38%
EBIT %	6,0 %	9,3 %	
Profit before tax	29 605	43 159	-31%

## Half year interim operating results

- Reduced turnover, however good sales in the High-pressure area
- Reduced EBIT due to extra ordinary costs of NOK 20 million
- Depreciation NOK 31,1 million (37,9)
- Net financial items NOK -3.5 million (-10,1) due to agio

# BALANCE SHEET AS PER 30.06.2012

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## ASSETS

<b>Balance Sheet - Assets</b>	<b>30.06.2012</b>	<b>30.06.2011</b>	<b>Change</b>
Intangible assets	113 303	125 380	-12 077
Tangible fixed assets	255 401	267 002	-11 601
Investments in associates	1 948	4 936	-2 988
Other financial fixed assets	1 208	1 015	193
Inventories	214 179	180 331	33 848
Receivables	231 592	247 377	-15 785
Bank deposits, cash and similar	25 918	10 668	15 250
<b>Total Assets</b>	<b>843 550</b>	<b>836 710</b>	<b>6 840</b>

(NOK 1 000)

# BALANCE SHEET AS PER 30.06.2012

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## LIABILITIES AND EQUITY

<b>Balance Sheet - Liabilities and Equity</b>	<b>30.06.2012</b>	<b>30.06.2011</b>	<b>Change</b>
Paid-in capital	103 740	103 438	302
Other equity	178 796	166 359	12 437
Provisions	16 095	20 075	-3 980
Interest-bearing long-term liabilities	308 720	308 846	-126
Interest-bearing current liabilities	5 063	56 634	-51 571
Other current liabilities	231 135	181 358	49 777
<b>Total Liabilities and Equity</b>	<b>843 550</b>	<b>836 710</b>	<b>6 840</b>

(NOK 1 000)

# BALANCE SHEET AS PER 30.06.2012

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## ASSETS

<b>Balance Sheet - Assets</b>	<b>30.06.2012</b>	<b>30.03.2012</b>	<b>Change</b>
Intangible assets	113 303	114 963	-1 660
Tangible fixed assets	255 401	250 280	5 121
Investments in associates	1 948	2 184	-236
Other financial fixed assets	1 208	2 542	-1 334
Inventories	214 179	204 733	9 446
Receivables	231 592	217 646	13 946
Bank deposits, cash and similar	25 918	19 840	6 078
<b>Total Assets</b>	<b>843 550</b>	<b>812 188</b>	<b>31 362</b>

(NOK 1 000)

# BALANCE SHEET AS PER 30.06.2012

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## LIABILITIES AND EQUITY

<b>Balance Sheet - Liabilities and Equity</b>	<b>30.06.2012</b>	<b>30.03.2012</b>	<b>Change</b>
Paid-in capital	103 740	103 678	62
Other equity	178 796	165 276	13 520
Provisions	16 095	14 116	1 979
Interest-bearing long-term liabilities	308 720	305 914	2 806
Interest-bearing current liabilities	5 063	32 179	-27 116
Other current liabilities	231 135	191 036	40 099
<b>Total Liabilities and Equity</b>	<b>843 550</b>	<b>812 188</b>	<b>31 362</b>

(NOK 1 000)

# CASH FLOW STATEMENT AS AT 30.06.2012

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## FIRST HALF INTERIM 2011

<b>Cash Flow Statement (NOK 1 000)</b>	<b>30.06.2012</b>
Profit before tax	29 605
Depreciation and write-downs	33 101
Change in net working capital	10 548
Net cash flow from operations	73 255
Net cash flow from investment activities	-17 822
Net cash flow from financing activities	-45 719
Net change in cash and cash equivalents	9 714
Cash and cash equivalents at start of period	16 204
Cash and cash equivalents at end of period	25 918
Available unused credit facility	132 188

# KEY FIGURES AS AT 30.06.2012

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KEY FIGURES	30.06.2012	30.06.2011	31.12.2011
Equity ratio	33.5%	32.2 %	33.3%
Equity/Capital employed	47.4%	42.5 %	43.0%
Return on equity (annualised)	14.1%	22.8 %	7.4%
Total return (annualised)	9.1%	12.5 %	5.5%
Liquidity ratio I	2.00	1.84	1.93
Earnings per share	0.15	0.22	0.14
Diluted earnings per share	0.14	0.22	0.14
Cash flow from operations per share	0.55	0.54	0.88
Equity per share	2.12	2.02	1.99
Interest-bearing liabilities	313.783	365.480	351.220



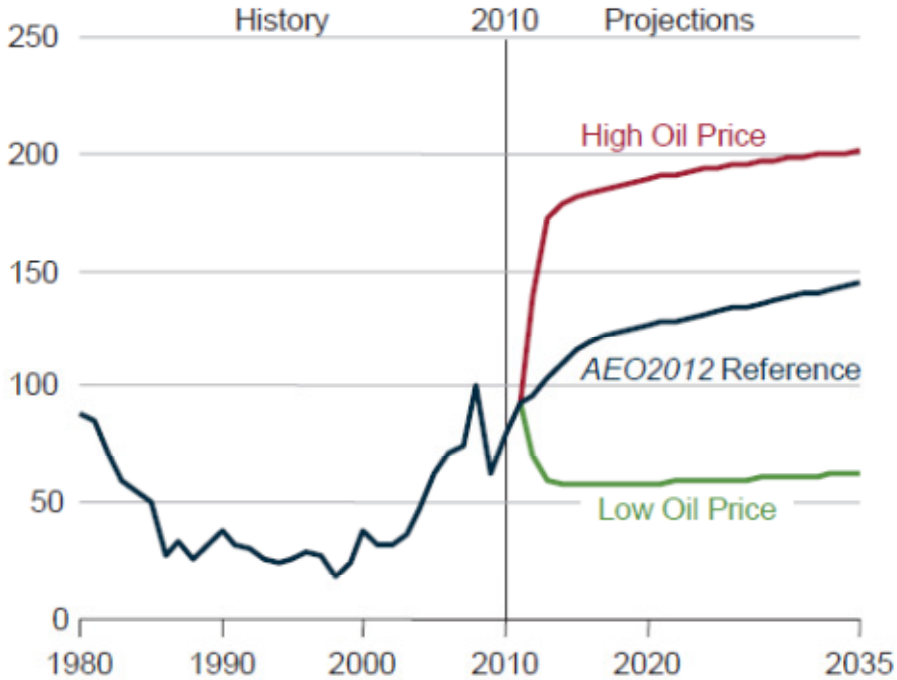
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# SUMMARY & OUTLOOK



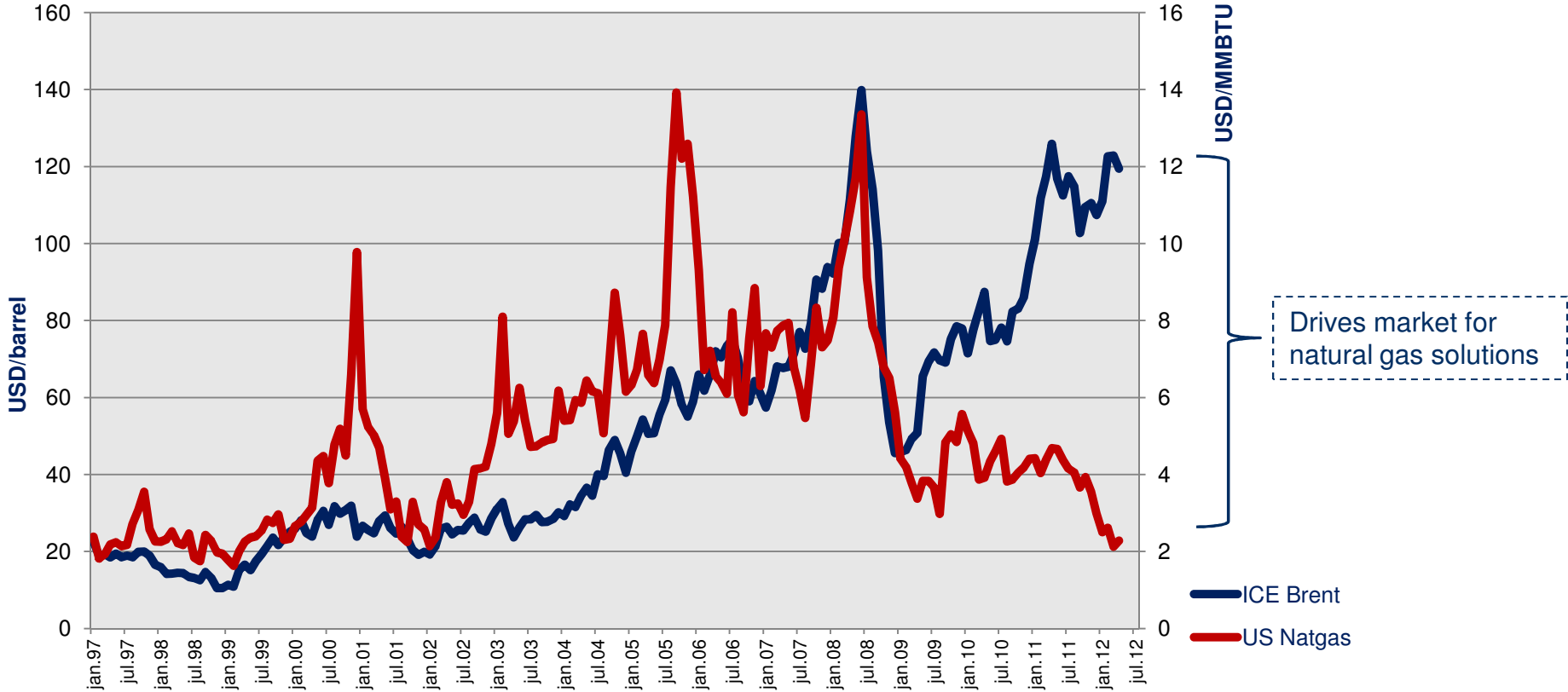
# WORLD OIL PRICES

Average annual world oil prices in three cases, 1980-2035 (real 2010 dollars per barrel)



# OIL AND NATURAL GAS

## ICE Brent og US Natgas - Historical



# SUMMARY & OUTLOOK

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- ▶ Weaker sales than expected
- ▶ Continued strong focus on sales activities. New Sales & Marketing Director and International Marketing Manager for LPG appointed
- ▶ Production at Composite Scandinavia (CS) will be discontinued by end of third quarter according to plan
- ▶ Production of LPG cylinders at the joint-venture in Russia is expected to commence in first half of 2013.
- ▶ The expected challenges for Ragasco CNG have been solved and a positive development in second half of 2012 is expected.
- ▶ Expected weaker sales in second half of 2012

# SUMMARY & OUTLOOK

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- ▶ Continued strong sales in the High-pressure area
- ▶ Continued strong growth in the North American CNG vehicle market
- ▶ Several new TITAN™ orders received
- ▶ Weaker European bus market in Q2
- ▶ Good order situation for second half of 2012

# SUMMARY & OUTLOOK

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- ▶ Turnover on same level as in Q1 2012
- ▶ Completed relocation of the remaining production in Devold AMT from Norway to Lithuania
- ▶ Extra ordinary costs relocation
- ▶ Cost structure will be improved
- ▶ Sales on same level is expected in second half of 2012





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Q&A

