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DRIVING ENERGY TRANSFORMATION

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Q2

2020 SECOND QUARTER
HALF YEAR INTERIM REPORT



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OSLO, 12 AUGUST 2020

JON ERIK ENGESET, CEO
MORTEN HOLUM, PRESIDENT HEXAGON PURUS
DAVID BANDELE, CFO



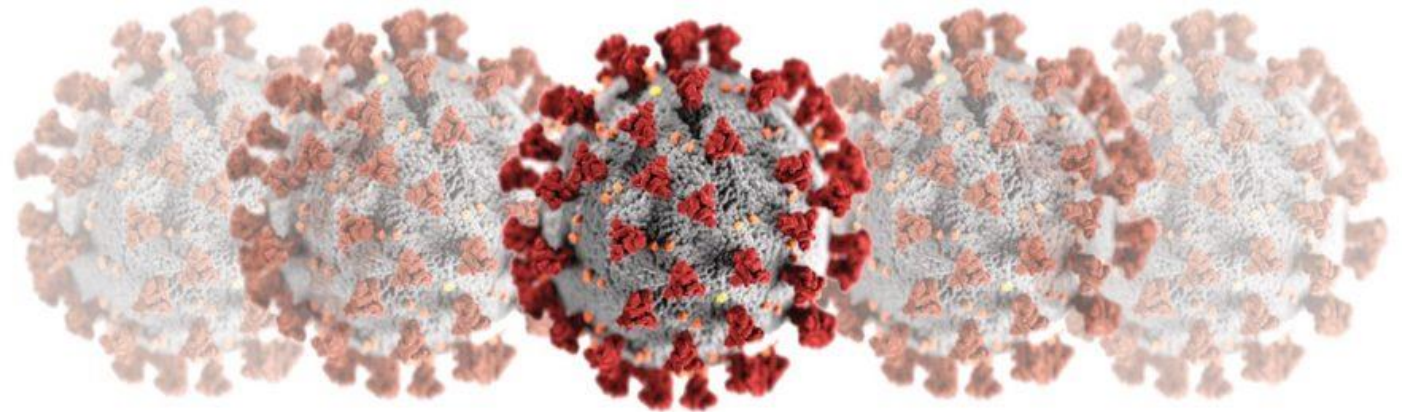
Agenda

- Company update & market overview
- Summary Group highlights and financials
- Outlook
- Q & A
- Appendix: Segment financials & other material



COVID- 19 Impact

- **As of August 11, 2020**
 - 14 Cases YTD
 - 3 recovering
 - 11 recovered
 - 0 work related
- **Business impact**
 - No major supplier disruptions
 - Several segments impacted in Q2, but high market activity points towards recovery from Q3



COVID-19: Moving from containment to recovery



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*“Governments have a **once-in-a-lifetime opportunity** to reboot their economies and bring a wave of new employment opportunities while accelerating the shift to a more resilient and cleaner energy future.”*

*Dr. Fatih Birol,
IEA Executive Director*

IEA Sustainable Recovery Plan



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Over 3 years:

- Invest USD 1 trillion annually
- Produce 1.1 percent global economic growth annually
- Create 9 million jobs each year
- Reduce annual energy emissions by 4.5 billion tons



Funding the shift to clean energy



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- **EU** Recovery plan for Europe
- **US** Department of Energy's – H2@Scale
- **Germany** allocated \$10 billion of its recovery budget to "green hydrogen"
- **Italy** has implemented an "*ecobonus*" program
- **France** has pledged €15bn of "*new*" *green funding*
- The **California** Air Resources Board (CARB) has adopted a **first-in-the-world rule**
- **China's** '*new infrastructure*' concept
- **Australia** has adopted eight *future of hydrogen* international standards
- **Korea's** "New Deal" and "Hydrogen Law"

Hexagon is well positioned to capture the opportunities

g-mobility LOW EMISSION



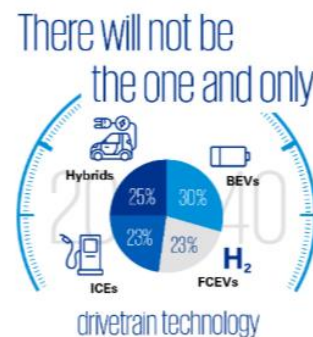
Compressed
Natural Gas



Biogas / Renewable
natural gas



Liquefied
petroleum gas



There will not be a 'one and only' drivetrain technology: executives project a similar split by 2040 for BEVs (30%), FCEVs (23%), ICEs (23%) and hybrids (25%).

Hybrids

e-mobility ZERO EMISSION

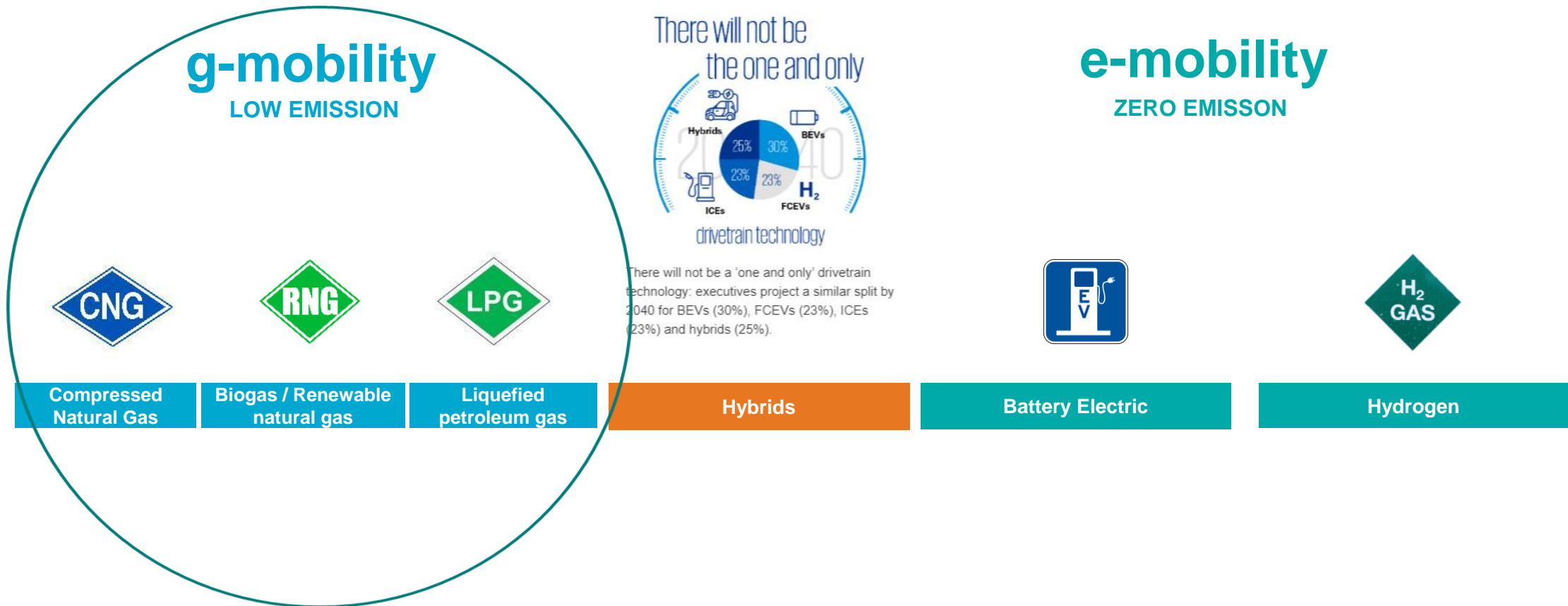


Battery Electric



Hydrogen

Hexagon is well positioned to capture the opportunities



Multifaceted approach to low-carbon/no-carbon fuel adoption

“Trucking and logistics companies are incrementally adopting clean fuel technologies that reduce tailpipe pollutants and greenhouse gas emissions.”

Mike Roeth, Executive director for the North American Council for Freight Efficiency (NACFE)





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G-mobility is in the fast lane

More than
**23 million Natural
Gas Vehicles** on
roads worldwide
today

In 2019, **25% of
UPS** natural gas
deployment was
renewable - **by
next year, 50%**

Cummins
commits to
**reducing
emissions** from
new products **by
25%**

The Climate Pledge –
commitment by
Amazon to have **net
zero carbon across**
their business by
2040



Hexagon is well positioned to capture the opportunities

g-mobility LOW EMISSION



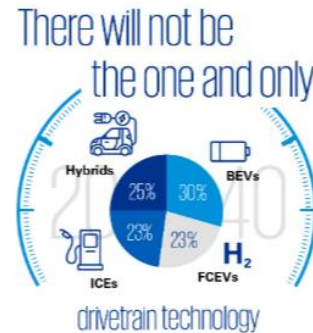
Compressed
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There will not be a 'one and only' drivetrain technology: executives project a similar split by 2040 for BEVs (30%), FCEVs (23%), ICEs (23%) and hybrids (25%).

Hybrids

e-mobility ZERO EMISSION



Battery Electric



Hydrogen



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PURUS



Global leader in Type 4 cylinder technology



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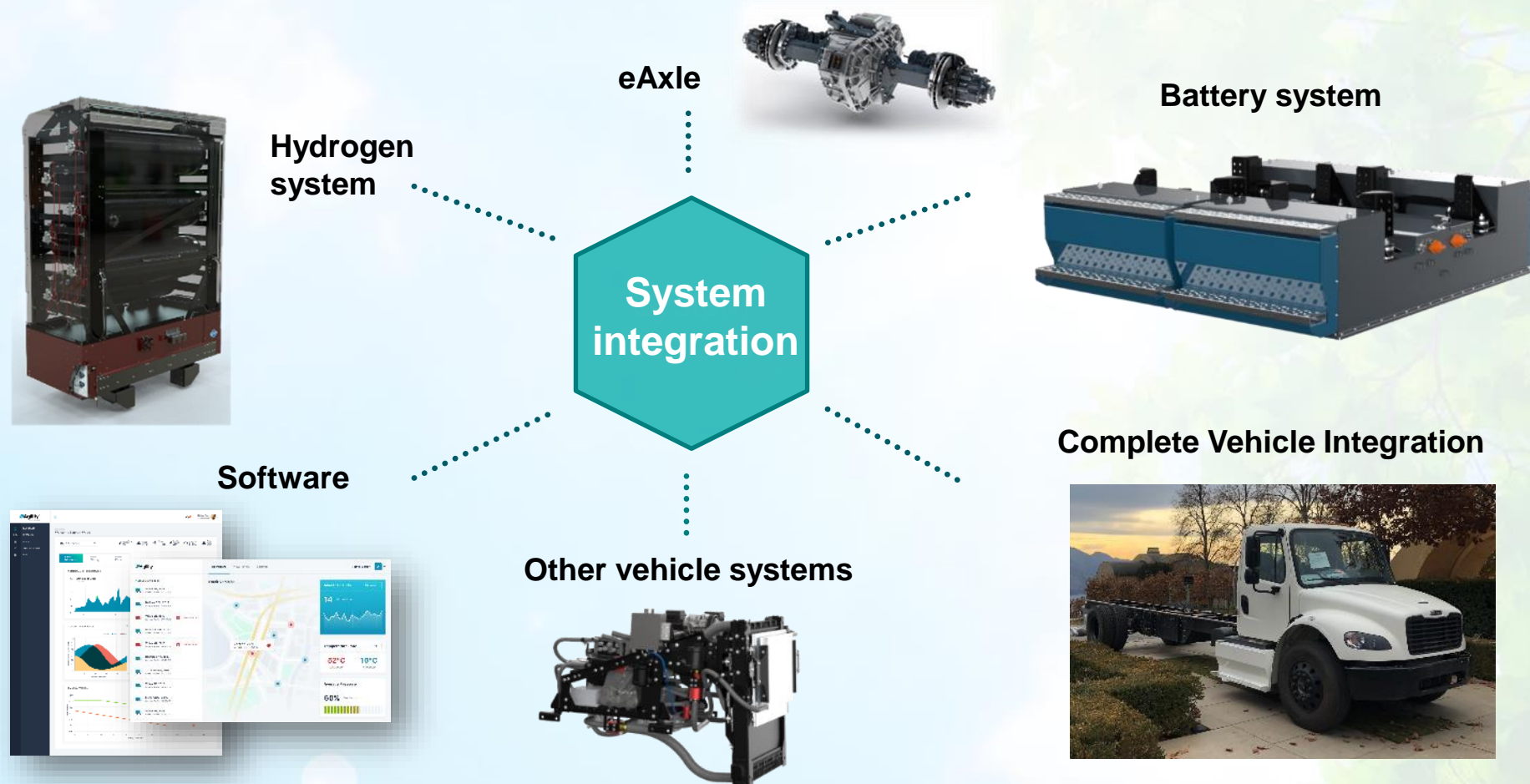
Light-weight

**High-
pressure**

Durable

**Non-
corrosive**

We deliver storage systems and e-drive integration





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PURUS

**From
vision to
reality**

**Part of Toyota's
fuel cell heavy-
duty truck
proof-of-
concept**



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Several ongoing
H2 bus projects



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**Delivered 700 bar
tanks to
Mercedes GLC-
FCELL**



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Highest
capacity
distribution
module
worldwide



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1st hydrogen
vessel in
the U.S



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Photo: Switch Marine

World's 1st
hydrogen
powered regional
train



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1st hydrogen
refueling station
in Western
Canada



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In the push to decarbonize, hydrogen is ready for scale

**Average CO2
emission need to
decrease by 70%
per passenger km**

**Hydrogen powered
FCEV make up 20%
of total vehicle fleet**

**Hydrogen
locomotives
replace 20% of
diesel
locomotives**

** Targets by 2050*

Source: «Path to hydrogen competitiveness. A cost perspective». Hydrogen Council 01-20

Strong growth in FCEVs and hydrogen infrastructure expected in China over the next decade



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750,000
FCEVs in 2030

25%
of new car sales
to be zero-
emissions by
2025

3,000
H2 refueling
stations in 2030

CIMC ENRIC



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PURUS



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EU H2 Strategy: Aims to be world leading region in Hydrogen

6GW of renewable
hydrogen
electrolysers

1 million tons of
renewable H2

Today - 2024

H2 integrated into
energy system.
40GW of renewable
H2

10 million tons
renewable H2.

2025-2030

Hydrogen
deployed at a
large scale
across all hard-
to-decarbonize
sectors

2030-



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3 June:

Hexagon Purus
awarded contract by
Toyota for hydrogen
powered electric
heavy-duty trucks





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18 July:

Hexagon Purus
receives first contract
to provide hydrogen
transport modules in
the US





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21 July:
Hexagon granted
funding by the U.S
Department of
Energy





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29 July:
Hexagon Purus to
produce
high-pressure
cylinders for a major
new aerospace
customer



Photo: iStockphoto. For illustration purposes only

Hexagon Purus is well positioned to benefit from the growth of zero-emission mobility



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Leading product competence

Global leader in Type 4 pressure vessel technology



Trusted customer relationships

Established and successful collaborations with major OEMs



Established operational footprint

Engineering centers and serial production facilities in EU and N. America



Extensive track record

Decades of experience in pressure vessels and clean fuel systems



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FINANCIAL UPDATE

IMPACTS OF COVID-19

COVID – 19 Impacts

Company position update

- Deeper financial impacts in Q2
 - Reduced Transit bus volumes in North America especially and Europe
 - Mobile Pipeline being project based also impacted
 - LPG so far robust though activities in Bangladesh are delayed
- Difficult to assess or predict with precision the future broad effects of COVID-19 and the actual ongoing impact will depend on many factors beyond a company's control and knowledge
 - Can expect overall negative impact to full year results in 2020
 - Do not expect any material impairments within balance sheet
- Liquidity is good and Hexagon remains financially robust. As of Q2 we have:
 - Undrawn committed facilities of NOK 655m (includes NOK 400m of acquisition facilities)
 - NOK 128m in cash
 - Adjusted Net Interest-bearing debt of NOK 1.32bn* = ~16% of market cap*
- Flexible arrangements with our principal financier
 - Provides headroom for continual investment in e-mobility through challenging 2020
- We have access to relevant government stimulus programs in Norway, Germany and USA





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2nd

QUARTER 2020

FINANCIALS

Highlights from Q2 2020

- Lower revenues and EBITDA for Agility due to impacts of COVID-19
 - Major new customer secured in logistics sector
- Weak Mobile Pipeline volumes impacted by COVID-19
 - USD 7.3m order received in quarter
- Low Purus CNG Light-Duty Vehicle volumes
 - Mainly due to planned production relocation of major customer
- Heated Purus e-mobility market
 - Awarded contract on latest Toyota fuel cell electric truck
 - Signed term sheet with CIMC Enric for Chinese market entry
 - Strong international focus on hydrogen green-technology
- Strong LPG sales volumes
 - Sales to Europe, Middle East, Africa and South America

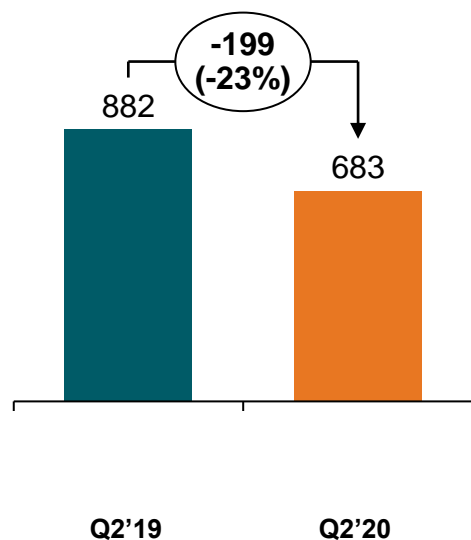


Financial highlights Q2 2020

Hexagon Composites Group

Revenue

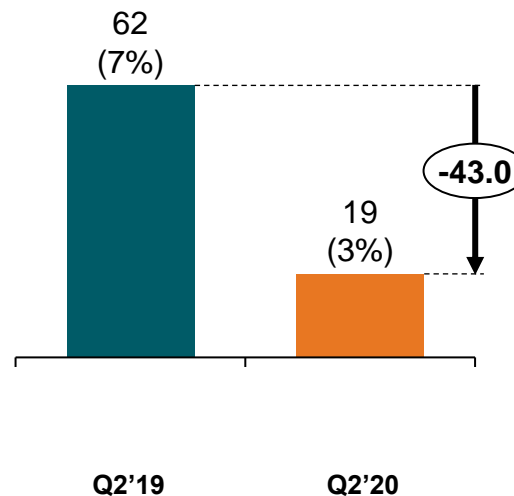
NOKm



- C-19 impacts Group revenues negatively
- LPG revenues remained strong

EBITDA

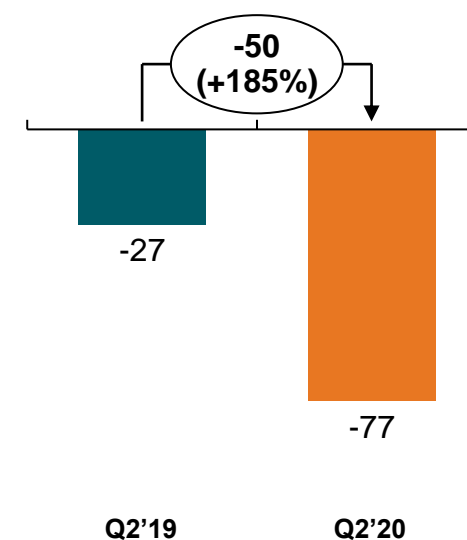
NOKm



- Temporary C-19 driven top-line weakness mitigated significantly by cost control
- e-mobility ramp-up effect NOK -17m (-30m)

Profit after tax

NOKm



- Y-o-Y effects of depreciation NOK -6m; mark to market charges on swap NOK +19m; interest NOK +1m; FX NOK -25m; tax NOK +4m

H1 2020 | e-mobility & g-mobility financials*, NOKm

Solid base with profitable g-mobility business, supports major future growth in e-mobility



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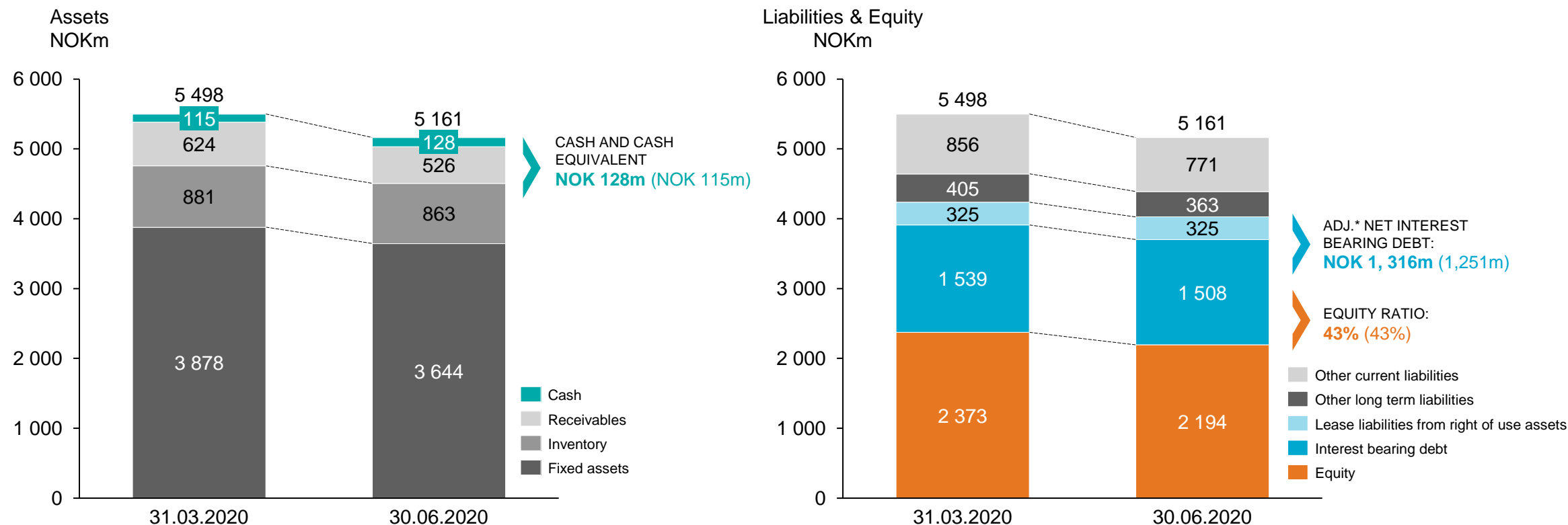


Balance sheet | Q2 2020 vs Q1 2020

Adjusted* Net Interest Bearing Debt NOK 1,316m (Unadjusted 1,380m) & Equity Ratio 43%



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Strong balance sheet

*The bond was raised in NOK and remains ultimately an obligation to be settled in NOK, however the company entered into a currency swap hedging arrangement effectively converting the instrument to USD and is therefore accounted for as USD and subject to non-cash FX translation movements; such movements on the bond in total were NOK 64 million in the period



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OUTLOOK

Agility Fuel Solutions Medium and Heavy-Duty Vehicles



Increased activity in Heavy and Medium-Duty g-mobility

- Heavy-Duty Truck business picks up in second-half of 2020
 - Additional orders expected in Q3
 - Large number of deliveries to **major logistics supplier** to be made in Q3 - and additional orders received
- European bus business expected to become stronger in second half of year – mainly due to ramp up after COVID-19
 - Slower year expected in transit bus sector for North America



Hexagon Purus e-mobility



Distribution

- Signed first contract for hydrogen transport modules in the US
 - X-STORE transport modules to major US H2 fuel supplier and refueling station operator
 - Estimated value: USD 4.8 million (approx. NOK 45 million)
 - Includes additional purchase options - if exercised, will bring the total value to approx. USD 7 million (approx. NOK 65 million)



Example of the X-STORE transport module where the hydrogen tanks are stored

Battery Electric Vehicle Systems in demand

- Toyota Motor North America doubles order for hydrogen systems for its prototype hydrogen-powered heavy-duty fuel cell electric trucks
 - Increased from 1 million to 1.9 million USD
- Battery electric drivetrain deliveries continue to major OEMs in Q3:
 - Daimler Innovation Fleet successfully exceeded 300,000 miles
 - Electric HINO XL7 prototype on the road



Freightliner announced that its eCascadias and eM2 trucks have accumulated more than 300,000 miles in real-world operation

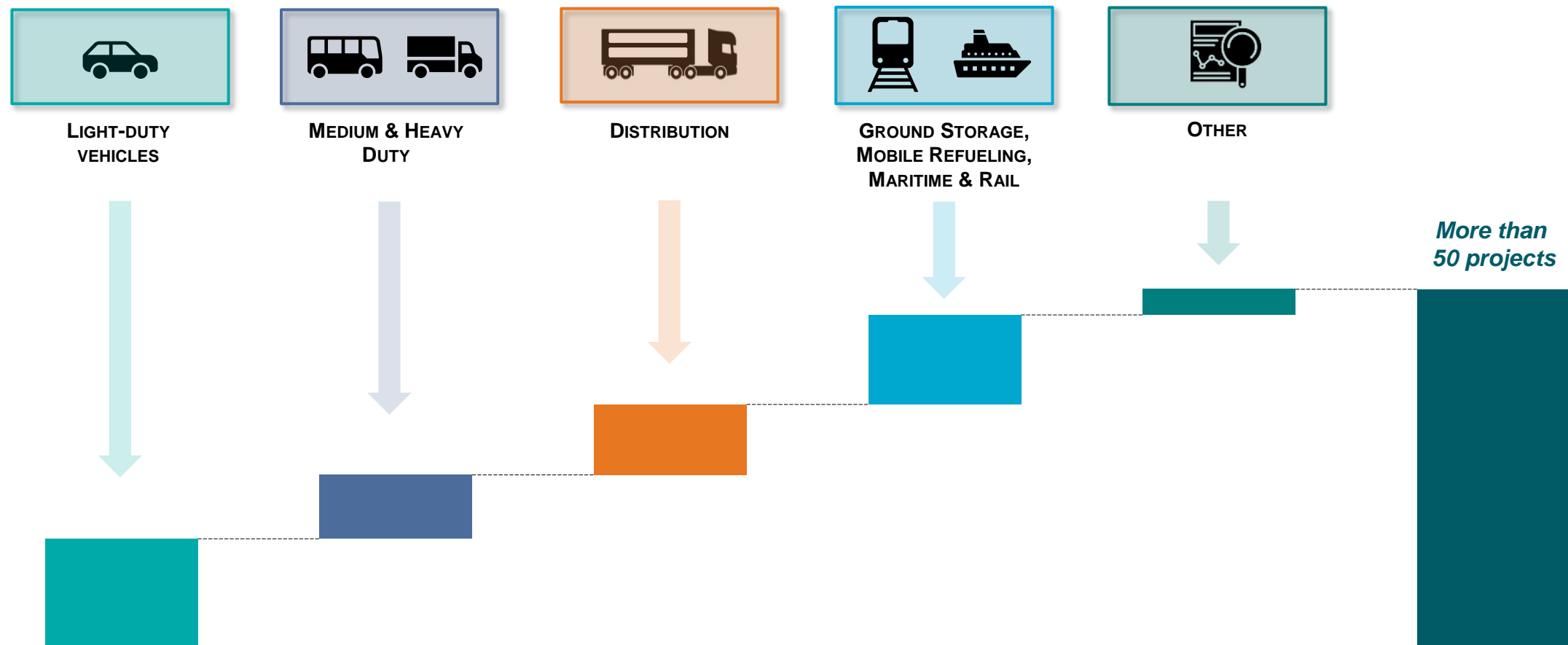
CNG Light-Duty Vehicles

- VW production line ramp up starting in Q3 as expected
 - Supply levels returning to normal with call-offs to end of year
 - Run rate in 2H of the year estimated somewhat lower than 2019 level (due to COVID-19)



For illustration purposes. Credit: Volkswagen AG

Diversified hydrogen project pipeline



High number of hydrogen development projects across all segments

Hexagon Mobile Pipeline



Focusing on opportunities in new segments

- Continued COVID-19 and oil related impacts expected in Q3
 - Low activity in onshore oil and gas sector in North America and general risk of project delays due to capital constraints
- New opportunities with MicroCNG
 - Awarded X-Store module order for new segment in Indonesia
- Healthy development expected in mobile refueling business
 - Awarded SmartStore order with new customer, additional orders expected
- Additional orders for Virtual interconnect expected in Q3
 - Titan53 deliveries scheduled for Q4
- Positive trend for power generation business in Latin American market





Hexagon Ragasco LPG

LPG demand for leisure use increases

- Significant increase in orders from markets where LPG is used for leisure purposes – mainly Northern and Central Europe
- Expect delays in orders for domestic use to countries significantly impacted by pandemic
- Orders for cylinders from new market in the Caribbean expected



Outlook summary

1

COVID-19 related disruption may have a negative impact to earnings for Q3 2020

Barring any unforeseen COVID-19 developments, we expect a stronger market outlook in the second half of the year

2

Strong liquidity and business resilience

3

Moving from containment to recovery – e-mobility and g-mobility drivers are visibly strengthened, and Hexagon is well positioned to capture these opportunities



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APPENDIX

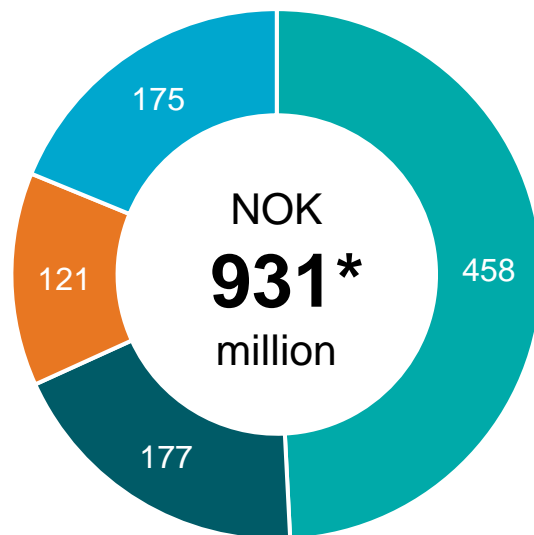
Q2 2020 and YTD 2020 Group income statement

NOK MILLION	QUARTER			YEAR TO DATE			FULL YEAR
	Q2 2020	Q2 2019	Variance	YTD 2020	YTD 2019	Variance	FY 2019
Revenue	682,9	882,1	(199,2)	1 508,0	1 703,9	(195,9)	3 416,1
Operating expenses	(664,1)	(820,2)	156,1	(1 452,5)	(1 561,0)	108,6	(3 126,0)
Earn-out obligation reversal / gain on transaction	0,0	0,0	0,0	0,0	69,4	(69,4)	69,6
EBITDA	18,8	62,0	(43,1)	55,6	212,3	(156,7)	359,7
Depreciation on tangibles	(48,4)	(44,8)	(3,6)	(94,4)	(87,6)	(6,8)	(182,2)
Amortisation and impairment	(16,4)	(14,3)	(2,1)	(31,1)	(29,5)	(1,6)	(57,4)
EBIT	(45,9)	2,9	(48,9)	(69,9)	95,2	(165,1)	120,1
Share of profit/(loss) from associates	(0,1)	(0,3)	0,1	(0,6)	(0,7)	0,1	(0,7)
Other financial items (net)	(39,0)	(34,0)	(5,1)	66,5	(59,7)	126,2	(8,1)
Profit/(loss) before tax	(85,1)	(31,3)	(53,8)	(4,0)	34,8	(38,7)	111,2
Tax expense	8,0	4,0	3,9	(11,1)	6,3	(17,4)	(3,8)
Profit/(loss) after tax	(77,1)	(27,3)	(49,9)	(15,0)	41,1	(56,2)	107,5
<i>EBITDA %</i>	2,8 %	7,0 %		3,7 %	12,5 %		10,5 %
<i>EBIT %</i>	-6,7 %	0,3 %		-4,6 %	5,6 %		3,5 %
<i>Profit/(loss) after tax %</i>	-11,3 %	-3,1 %		-1,0 %	2,4 %		3,1 %

Revenue by segment Q2 2020 | Before Group eliminations*

Revenue Q2'19 (Proforma after internal reorganizations**)

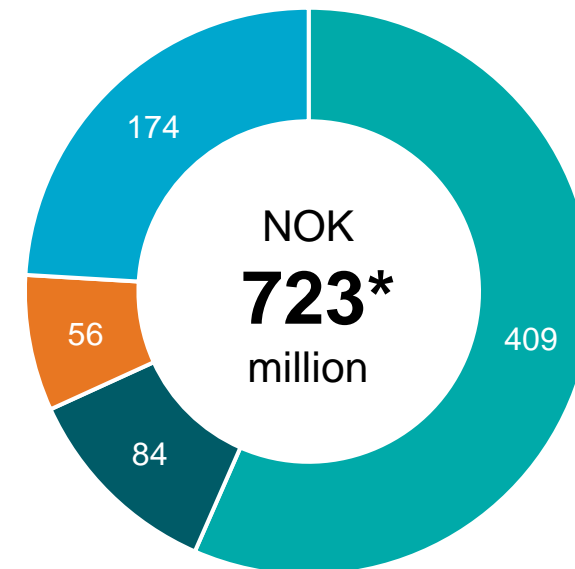
NOKm, before group eliminations



- Agility Fuel Solutions (Heavy and Medium-Duty)
- Hexagon Purus (e-mobility & CNG Light-Duty Vehicles)
- Hexagon Mobile Pipeline & Other
- Hexagon Ragasco LPG

Revenue Q2'20

NOKm, before group eliminations

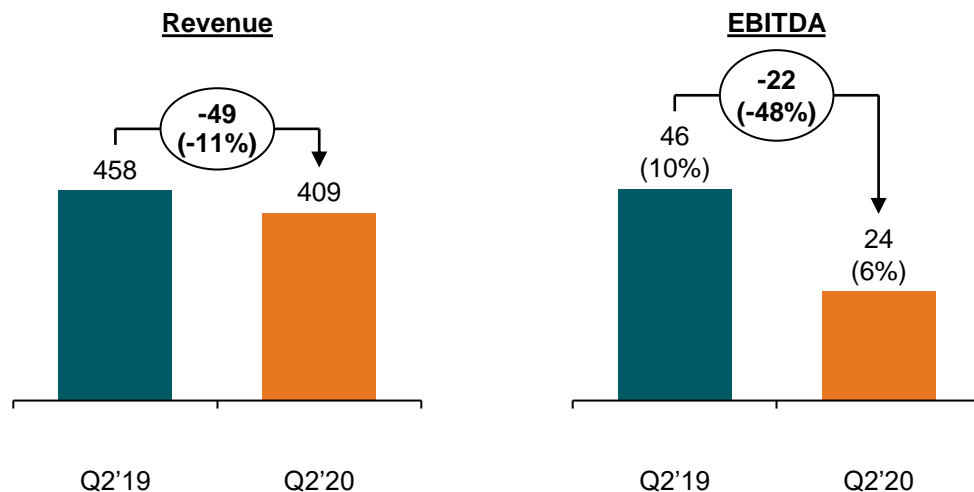


- Agility Fuel Solutions (Heavy and Medium-Duty)
- Hexagon Purus (e-mobility & CNG Light-Duty Vehicles)
- Hexagon Mobile Pipeline® & Other
- Hexagon Ragasco LPG

Segment financial highlights Q2 2020 | (1/3)

Agility Fuel Solutions*

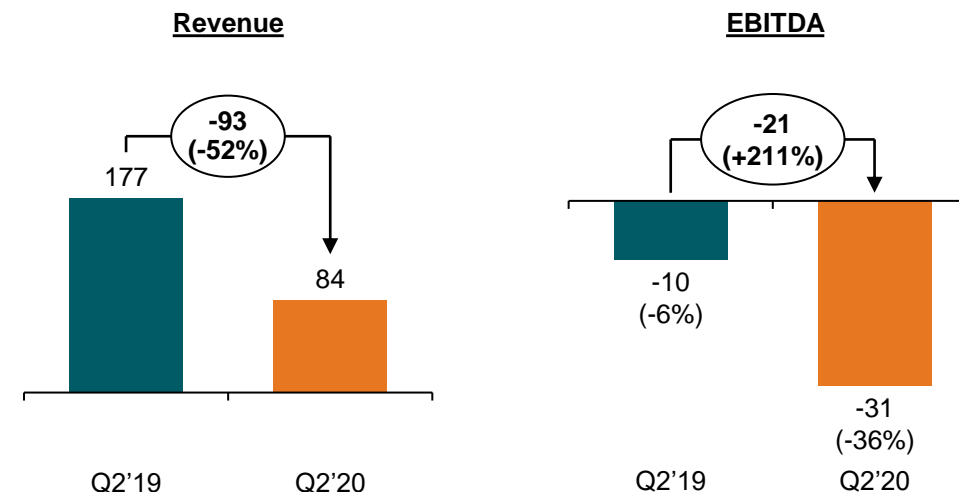
NOKm



- Positive FX movements partly offsetting YoY decline
- Medium-Duty (UPS contract) continues to contribute positively, albeit quarter is overshadowed by significant COVID-19 impacts in Transit segment

Hexagon Purus* (e-mobility, incl. MW & CNG LDV)

NOKm



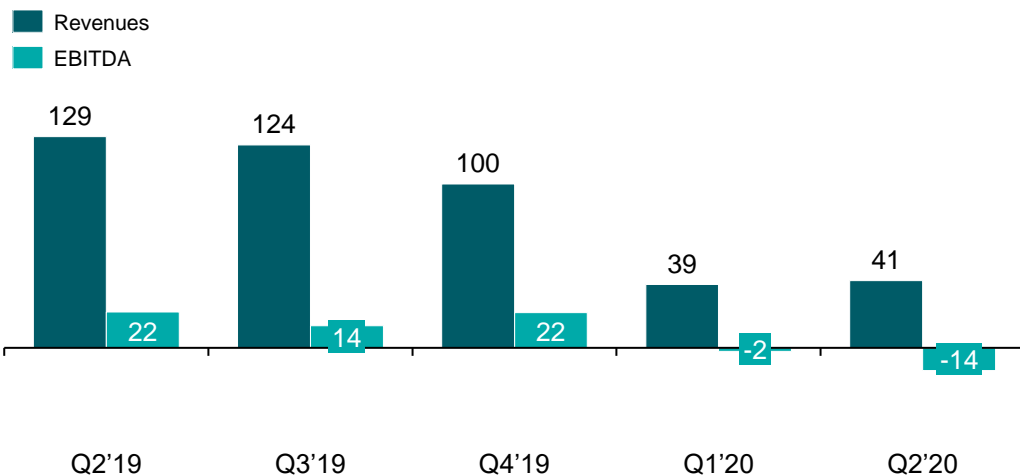
- Lower call-offs from VW Group following relocation of CNG vehicle assembly line coupled with COVID-19 shutdowns hit revenues in the CNG LDV segment
- Higher proportion of commercial hydrogen distribution revenues in Q2'20
- Please see separate CNG and e-mobility figures on next slide

Segment financial highlights Q2 2020 | (2/3)

Hexagon Purus CNG-LDV*



NOKm

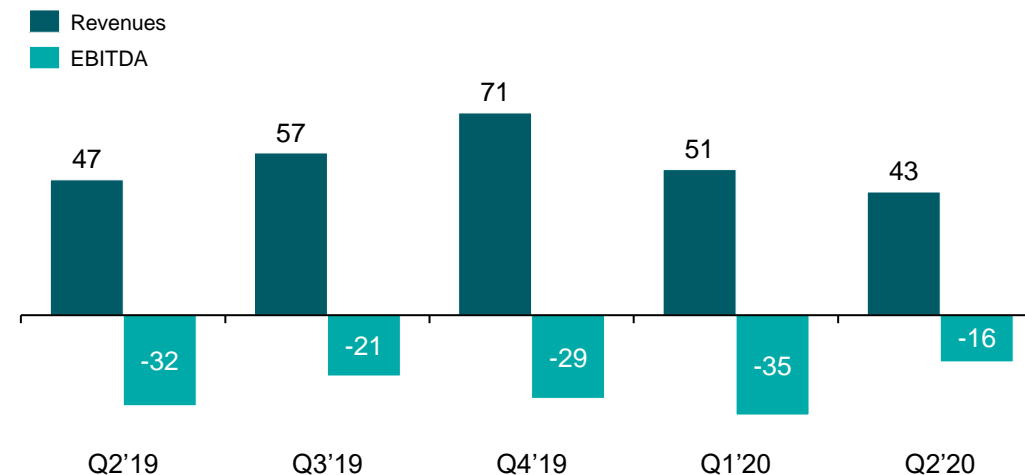


- Q2'20 revenues for CNG LDV was adversely impacted by lower calls-off from VW Group due to relocation of its CNG vehicle assembly line, in addition to effects from COVID-19

Hexagon Purus Hydrogen*



NOKm



- Higher proportion of commercial hydrogen distribution revenues lifts profitability somewhat
- Furloughing and other cost initiatives implemented in the quarter

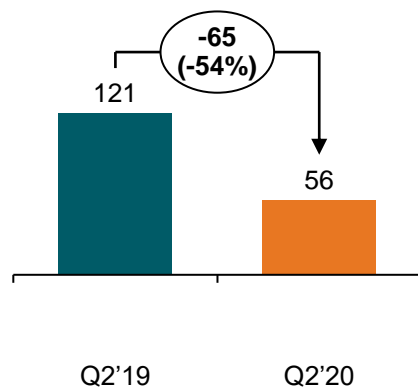
Segment financial highlights Q2 2020 | (3/3)

Hexagon Mobile Pipeline & Other*

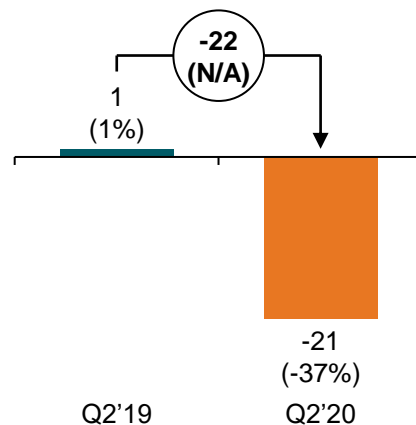
NOKm



Revenue



EBITDA



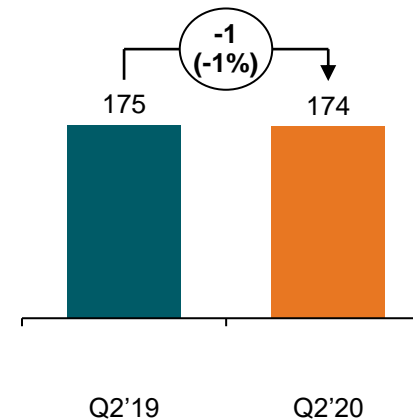
- Macro impacts from COVID-19 & onshore US oil & gas slowdown had negative impact to sales of new modules in Q2'20
- FX impacts revenue but marginally hits EBITDA, which distorts margin

Hexagon Ragasco (LPG)

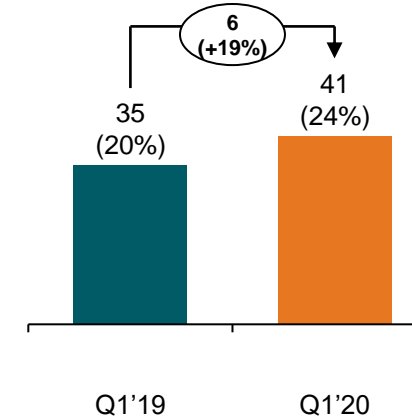
NOKm



Revenue



EBITDA



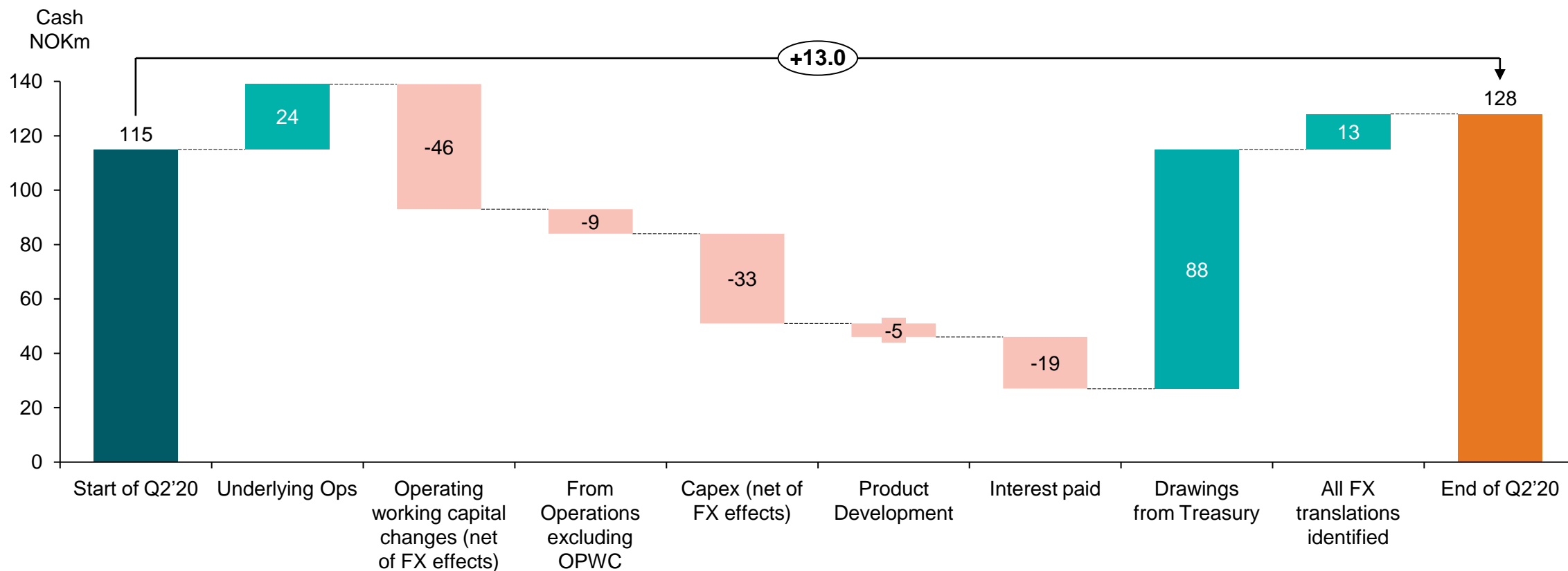
- Favourable FX movements in the quarter
- Solid YoY margin accretion on unchanged revenue driven by geographic market mix

Group cash Q2 2020

Stripping out effects of FX translations



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Drawing on liquidity to counter negative impacts of COVID-19