



HEXAGON

Q1

2019 FIRST QUARTER

FIRST QUARTER 2019 REPORT

NOK 1 000 EXCEPT PER SHARE DATA	Q1 2019	Q1 2018	PERCENT CHANGE
GROUP RESULTS			
Revenue	821.8	416.3	97%
Operating profit before depreciation (EBITDA)	150.3	66.5	126%
Operating profit (EBIT)	92.2	47.3	95%
Profit before tax	66.1	31.3	111%
Profit after tax	68.4	23.1	197%
SEGMENT RESULTS			
AGILITY FUEL SOLUTIONS			
Revenue	443.9	294.3 ¹	51%
EBITDA	53.5	9.5 ¹	463%
EBIT	26.4	-9.3 ¹	384%
HEXAGON PURUS			
Revenue	90.2	83.5	8%
EBITDA	-12.8	0.1	-11 315%
EBIT	-24.2	-6.4	-281%
HEXAGON MOBILE PIPELINE & OTHER			
Revenue	144.5	164.1	-12%
EBITDA	15.3	20.2	-24%
EBIT	8.1	16.3	-50%
HEXAGON RAGASCO LPG			
Revenue	166.6	184.9	-10%
EBITDA	23.1	45.6	-49%
EBIT	14.5	39.5	-63%

1) Preliminary unaudited estimates

* All subsequent numbers in parentheses refer to comparative figures for the same period last year. Comparable figures for the new segments are prepared on proforma basis.

In the first quarter 2019 Hexagon Group generated NOK 821.8 (416.3) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 150.3 (66.5) million, driven by the strong performance of Agility Fuel Solutions, consolidated for the first time in this quarter after its acquisition on 4 January. The acquisition included a net gain on the transaction of NOK 69.4 million. Operating profit (EBIT) was NOK 92.2 (47.3) million and profit/loss before tax came to NOK 66.1 (31.3) million.

Key developments

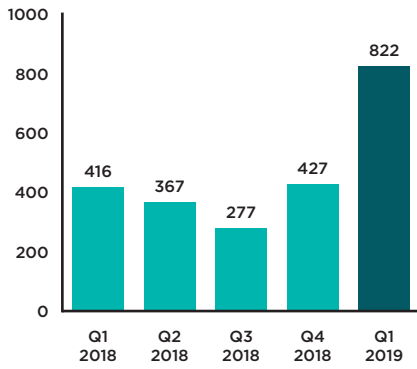
- Closed the Agility Fuel Solutions transaction on 4 January 2019
- Agility extended exclusive long-term agreement with New Flyer Industries with total value of MUSD 75 (approx. MNOK 640)
- Awarded order for TITAN® transport modules from Certarus with a total value of MUSD 8.1 (approx. MNOK 70)
- Completed a private placement raising MNOK 493 of new share capital

- Placed a new senior unsecured bond of NOK 1.1 billion to complete the long-term financing of the Agility transaction
- Awarded contract from Audi to supply hydrogen tanks for development and small FCEV serial production.

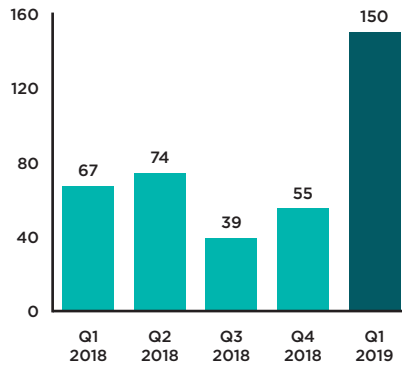
Key developments after balance sheet date

- Agility launched high-performance battery packs and electric drivetrains, which will be delivered to multiple truck OEM electric vehicle programs
- Awarded order for TITAN® transport modules from Certarus with total value of MUSD 5.2 million (approx. MNOK 45).

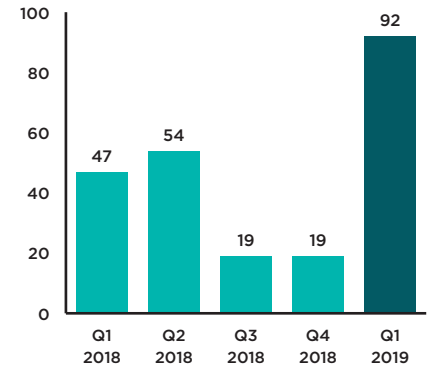
REVENUE MNOK



EBITDA MNOK



EBIT MNOK



SEGMENT RESULTS

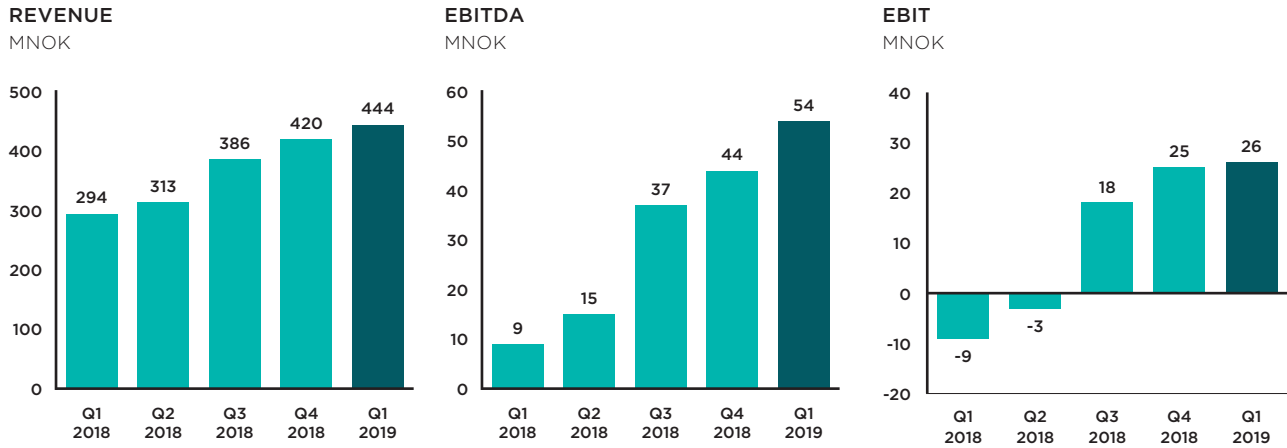
The new segment and reporting structure from first quarter 2019 is:

- Agility Fuel Solutions
- Hexagon Purus
- Hexagon Mobile Pipeline & Other
- Hexagon Ragasco LPG

AGILITY FUEL SOLUTIONS

Agility Fuel Solutions is a leading global provider of clean fuel solutions for medium- and heavy-duty commercial vehicles.

Figures for 2018 are prepared on proforma basis.



Agility's revenues for the quarter increased by 50.8% to NOK 443.9 million, compared with proforma NOK 294.3 million in the corresponding period last year. The EBITDA came to NOK 53.5 million compared with proforma NOK 9.5 million in the corresponding period last year.

The continued strong performance was driven by positive development within the Heavy-Duty Truck segment, which almost doubled year over year. Also, the Refuse Truck in the U.S. and European Transit Bus segments recorded strong performance compared with the corresponding period last year, while the US Transit Bus segment continued its steady growth.

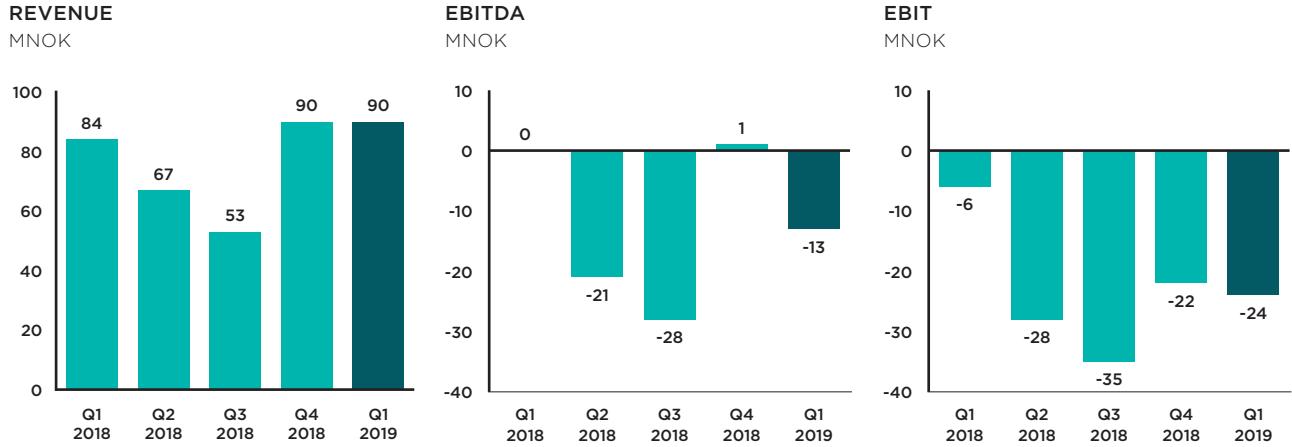
In the first quarter, Agility extended a long-term exclusive agreement with New Flyer Industries for the supply of CNG cylinders for transit buses with an estimated overall delivery value of USD 75 million (approx. NOK 640 million).

The positive momentum for cleaner fuel solutions, especially for CNG and biogas/renewable natural gas in North America and Europe, coupled with the positive price spread between diesel and natural gas continue to stimulate demand, particularly within larger fleets and urban applications.

In April, Agility unveiled its high-performance battery packs and electric vehicle drivetrain integration solution for medium- and heavy-duty trucks. The battery packs will be delivered to multiple truck OEM electric vehicle programs during 2019.

HEXAGON PURUS (HYDROGEN & CNG LIGHT-DUTY VEHICLES)

Hexagon Composites is a leading global provider of high-pressure composite cylinders and solutions for a wide range of hydrogen applications as well as CNG-fueled Light-Duty Vehicles.



Revenues for the segment amounted to NOK 90.2 (83.5) million and EBITDA was NOK -12.8 (0.1) million in the first quarter of 2019.

The CNG Light-Duty Vehicle (LDV) business generated revenues of NOK 70.9 (64.0) million. After a couple of quarters of low volumes, due to the Worldwide Harmonized Light Vehicle Test Procedure (WLTP), the first quarter of 2019 reflected the underlying positive sentiment for CNG Light-Duty Vehicles in Europe. Volumes picked up as all relevant models from the Company's key customer were WLTP approved and available for order.

The Hydrogen business generated NOK 19.3 (19.5) million of revenues in the first quarter. Revenues in the quarter were primarily generated from OEM development programs with the balance coming from commercial sales.

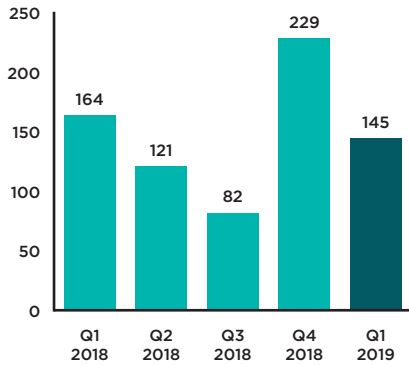
Hexagon was selected by Audi AG to supply high-pressure tanks for a multi-year hydrogen tank development and small-serial production project. This is the fourth light duty fuel-cell electric vehicle nomination for the company.

In the Hydrogen business the EBITDA for the quarter was NOK -21.5 (-6.7) million due to continued organizational investments to develop Hexagon's leading position within hydrogen mobility applications.

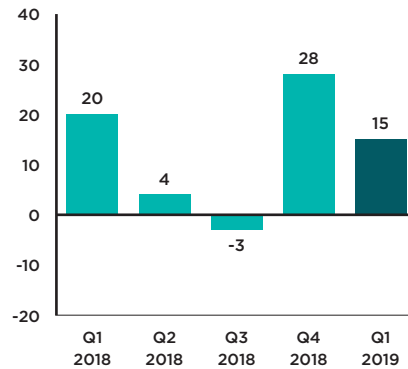
HEXAGON MOBILE PIPELINE & OTHER

Hexagon Composites is the global market leader in high-pressure composite storage and transportation cylinders and modules for compressed natural gas (CNG) and biogas.

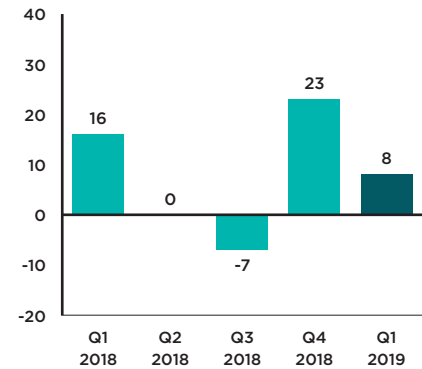
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Revenues for the segment amounted to NOK 144.5 (164.1) million. The market sentiment remains positive and economic and environmental benefits continue to drive demand both in North America and the rest of the world.

The segment reported an EBITDA of NOK 15.3 (20.2) million in the first quarter.

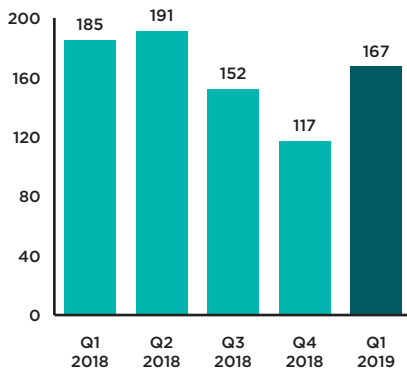
In the beginning of the quarter, Hexagon was awarded an order for TITAN® transport modules from Certarus, with a total value of USD 8.1 million (approx. NOK 70 million). The Mobile Pipeline® modules will support Certarus' expansion in USA and Canada bolstering natural gas supply to domestic and industrial users.

Another order from Certarus came on 6 May for TITAN® transport modules with a total value of USD 5.2 million (approx. NOK 45 million). These modules will be used for power generation of oil and gas production in Northern Ontario, Canada.

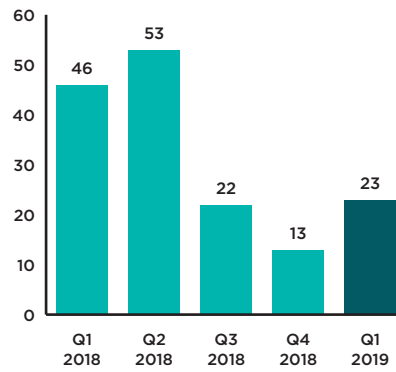
HEXAGON RAGASCO LPG

Hexagon Composites is the global market leader in composite cylinders for propane (LPG).

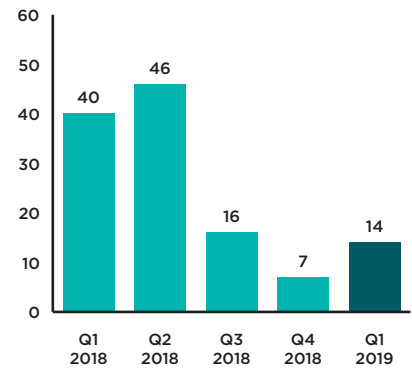
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Revenues for the LPG segment amounted to NOK 166.6 (184.9) million in the first quarter of 2019, although volumes were similar as the corresponding period last year, the customer and product mix was less optimal. LPG cylinders were primarily delivered to the Asian and European markets.

EBITDA was NOK 23.1 (45.6) million in the first quarter. Deliveries to European markets were relatively stable, while the Company increased its deliveries to Bangladesh, where it is continuing to actively support market development for composite cylinders and establishing a strong position.

THE GROUP

Hexagon recorded a net profit after tax of NOK 68.4 (23.1) million. Net financial items were NOK -25.7 (-11.9) million driven by negative foreign exchange fluctuation effects of NOK -1.3 (-10.1) million and interest and other charges of NOK -24.4 (-1.8) million during the quarter. Interest and charges for the quarter include one off fees of NOK 6.3 million related to the commitment and drawing of a bridge loan for the purposes of the Agility transaction.

At quarter-end the balance sheet amounted to NOK 4,635.8 (2,356.2) million and the Group's equity ratio was 44.8% (59.5%). In the first quarter, the Company raised NOK 493 million in new share capital and placed a senior unsecured bond of NOK 1.1 billion.

AFTER BALANCE SHEET DATE

There have been no other significant events after the balance sheet date that have not been disclosed in this report.

OUTLOOK

With an extensive portfolio offering of alternative fuel systems, as well as aftermarket requalification and testing capabilities, Hexagon has substantially strengthened its position as the globally leading gas fuel solutions provider.

Agility benefits from increased adoption of clean energy and the cost advantages of natural gas. The Heavy-Duty Truck volumes are expected to increase, driven primarily by strong focus on emissions. The Transit Bus segment continues to grow in Europe, driven by more stringent emission regulations. Also, the Transit Bus and Refuse Truck segments in USA continue an upward trend.

Hexagon is experiencing high activity in all segments of the hydrogen business. The hydrogen contract received from Audi underpins the market development and movement into large scale serial production and confirms Hexagon's strong competitive position in the market for hydrogen storage solutions. Substantial organizational investments and product development are being made to further develop Hexagon's Hydrogen position. These investments are dilutive to short and medium-term profitability, however accretive to long-term shareholder value.

The delivery delays related to the emissions testing program, WLTP have eased out, and deliveries for all CNG Light-Duty Vehicle models resumed in the first quarter. The strong growth seen in the first half of 2018 is expected to resume from second quarter of 2019.

The strong environmental focus is pushing the demand for natural gas and biogas/RNG. The demand for the Company's Mobile Pipeline® products is driven by conversions from petroleum fuels to cleaner natural gas, particularly within energy intensive industries in North America. Also, the market activity in the rest of the world has significantly improved. Deliveries of modules to distilleries in the United Kingdom will start in the second quarter.

Hexagon Digital Wave expects sound demand as TITAN® modules come up for testing and requalification during the year. Strategies will be developed to accelerate growth for this business for the coming years.

Hexagon Ragasco volumes remain at a high level, however with a more complex customer and product mix. Some of the European customers are assessing their requirements on the back of lower LPG bulk demand this past winter. The volumes are therefore expected to be temporarily lower into Europe. Meanwhile the Company is growing its position in the Asian region through its efforts in Bangladesh which are expected to generate recurring revenues for the segment going forward.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. For further information please refer to the section "Forward -Looking Statements" at the end of this report.

FINANCIAL STATEMENTS GROUP

INCOME STATEMENT	31.03.2019	31.03.2018	31.12.2018
(NOK 1 000)	Unaudited	Unaudited	Audited
Revenue from contracts with customers	816 047	416 059	1 485 417
Rental income	5 740	200	1 103
Total revenue	821 788	416 260	1 486 521
Cost of materials	399 038	194 887	696 970
Payroll and social security expenses	199 039	90 927	397 030
Other operating expenses	142 775	63 929	266 550
Gain / Fair value adjustment earn-out	-69 386	0	-108 549
Total operating expenses before depreciation	671 465	349 743	1 252 000
Operating profit before depreciation (EBITDA)	150 323	66 516	234 520
Depreciation and impairment	58 096	19 204	94 318
Operating profit (EBIT)	92 226	47 312	140 202
Profit/loss from investments in associates and joint ventures	-419	-4 099	17 965
Other financial items (net)	-25 691	-11 919	10 560
Profit/loss before tax	66 116	31 294	168 727
Tax	-2 305	-8 229	27 265
Profit/loss after tax	68 421	23 065	141 462
Earnings per share	0.40	0.14	0.86
Diluted earnings per share	0.40	0.15	0.92
COMPREHENSIVE INCOME STATEMENT	31.03.2019	31.03.2018	31.12.2018
(NOK 1 000)			
Profit/loss after tax	68 421	23 065	141 462
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences arising from the translation of foreign operations	-12 407	-39 480	38 740
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-12 407	-39 480	38 740
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Actuarial gains/losses for the period	0	0	-786
Income tax effect of actuarial gains/losses for the period	0	0	181
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0	-605
Total comprehensive income, net of tax	56 014	-16 415	179 597

STATEMENT OF FINANCIAL POSITION	31.03.2019	31.03.2018	31.12.2018
(NOK 1 000)	Unaudited	Unaudited	Audited
ASSETS			
Property, plant and equipment	778 594	259 605	358 457
Right-of-use assets	301 151	0	0
Intangible assets	2 012 852	545 803	615 554
Investment in associates and joint ventures	981	869 396	993 777
Other non-current assets	1 799	768	367
Total non-current assets	3 095 378	1 675 572	1 968 146
Inventories	687 605	227 051	295 207
Receivables	633 385	246 726	200 974
Contract assets (accrued revenue)	6 286	3 001	13 486
Bank deposits, cash and similar	213 174	203 811	138 531
Total current assets	1 540 450	680 590	648 198
Total assets	4 635 828	2 356 162	2 616 343
EQUITY AND LIABILITIES			
Paid-in capital	1 253 509	763 452	773 803
Other equity	824 235	639 639	766 260
Total equity	2 077 744	1 403 090	1 540 063
Interest-bearing long-term liabilities	1 289 914	359 997	516 163
Lease liabilities	305 439	0	0
Other non-current liabilities	210 973	215 000	121 621
Total non-current liabilities	1 806 325	574 997	637 784
Interest-bearing current liabilities	5 979	18 617	5 769
Contract liabilities (incl. prepayments from customers)	96 301	46 383	47 185
Other current liabilities	649 478	313 075	385 543
Total current liabilities	751 759	378 075	438 496
Total liabilities	2 558 084	953 072	1 076 280
Total equity and liabilities	4 635 828	2 356 162	2 616 343

CONDENSED CASH FLOW STATEMENT	31.03.2019	31.03.2018	31.12.2018
(NOK 1 000)			
Profit before tax	66 116	31 294	168 727
Depreciation and write-downs	58 096	19 204	94 318
Change in net working capital	-155 291	12 184	-108 444
Net cash flow from operations	-31 078	62 683	154 601
Net cash flow from investment activities	-1 106 753	-21 638	-224 920
Net cash flow from financing activities	1 178 773	-4 623	32 060
Net change in cash and cash equivalents	40 942	36 421	-38 258
Net currency exchange differences	-2 574	-4 215	-4 204
Cash and cash equivalents at start of period	138 531	171 605	171 605
Cash and cash equivalents acquisition	36 275	0	980
Cash and cash equivalents at end of period	213 174	203 811	138 531
Available unused credit facility	864 774	643 235	1 568 751

CONDENSED STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	OTHER PAID IN CAPITAL	TRANSLATION DIFFERENCES	OTHER EQUITY	TOTAL
(NOK 1 000)							
Balance 01.01.2018	16 663	-117	727 639	16 888	87 847	563 521	1 412 441
Implementation of IFRS 15						2 204	2 204
New balance 01.01.2018	16 663	-117	727 639	16 888	87 847	565 725	1 414 645
Profit/loss after tax						23 065	23 065
Other income and expenses					-39 480		-39 480
Share-based payment				2 379		2 481	4 860
Balance 31.03.2018	16 663	-117	727 639	19 266	48 367	591 271	1 403 090
Balance 01.01.2018	16 663	-117	727 639	16 888	87 847	563 521	1 412 441
Implementation of IFRS 15						2 204	2 204
New balance 01.01.2018	16 663	-117	727 639	16 888	87 847	565 725	1 414 645
Profit/loss after tax							141 462
Other income and expenses					38 740	-605	38 135
Dividends						-49 639	-49 639
Share-based payment				12 850		13 285	26 135
Movement in own shares		-120				-30 556	-30 676
Balance 31.12.2018	16 663	-237	727 639	29 738	126 587	639 673	1 540 063
Balance 01.01.2019	16 663	-237	727 639	29 738	126 587	639 673	1 540 063
Profit/loss after tax						68 421	68 421
Other income and expenses					-12 407		-12 407
Share-based payment				2 496			2 496
Movement in own shares		39				1 961	2 000
Increase share capital	1 666		475 505				477 172
Balance 31.03.2019	18 329	-197	1 203 145	32 233	114 180	710 055	2 077 744

On 27 February 2019 the Company issued 16,662,780 new shares in a private placement at the price of NOK 29.60 per share. The increase in share capital is presented net after transaction costs.

BUSINESS SEGMENT DATA	31.03.2019	31.03.2018	31.12.2018
(NOK 1 000)	Unaudited	Unaudited	Audited
AGILITY FUEL SOLUTIONS			
Sales of goods external customers	437 629	NA	NA
Sales of services and funded development	0	NA	NA
Internal transactions	6 313	NA	NA
Total revenue from contracts with customers	443 943	NA	NA
Segment operating profit before depreciation (EBITDA)	53 510	NA	NA
Segment operating profit (EBIT)	26 397	NA	NA
Segment assets	2 690 992	NA	NA
Segment liabilities	536 571	NA	NA
HEXAGON PURUS (HYDROGEN & CNG LIGHT-DUTY VEHICLES)			
Sales of goods external customers	75 615	63 115	229 421
Sales of services and funded development	11 144	12 930	48 153
Internal transactions	3 424	7 491	15 789
Total revenue from contract with customers	90 183	83 537	293 363
Segment operating profit before depreciation (EBITDA)	-12 836	114	-48 819
Segment operating profit (EBIT)	-24 226	-6 352	-90 595
Segment assets	897 676	691 118	782 716
Segment liabilities	858 176	729 333	716 795

BUSINESS SEGMENT DATA	31.03.2019	31.03.2018	31.12.2018
HEXAGON MOBILE PIPELINE & OTHER			
Sales of goods external customers	114 445	155 654	551 655
Sales of services and funded development	13 911	2 281	21 200
Internal transactions	10 705	6 158	22 439
Total revenue from contract with customers	139 061	164 093	595 294
Rental income	5 477	0	342
Total revenue	144 538	164 093	595 636
Segment operating profit before depreciation (EBITDA)	15 313	20 244	48 711
Segment operating profit (EBIT)	8 146	16 314	31 870
Segment assets	549 286	318 106	370 893
Segment liabilities	911 536	727 534	906 308
HEXAGON RAGASCO LPG			
Sales of goods external customers	163 991	182 355	634 281
Sales of services and funded development	17	585	2 079
Internal transactions	2 576	1 974	8 348
Total revenue from contract with customers	166 584	184 914	644 708
Segment operating profit before depreciation (EBITDA)	23 113	45 561	133 300
Segment operating profit (EBIT)	14 463	39 517	108 560
Segment assets	453 794	453 861	403 254
Segment liabilities	339 520	327 254	301 184

NOTES

NOTE 1: INTRODUCTION

The condensed consolidated interim financial statements for first quarter 2019, which ended 31 March 2019, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "The Group").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2018.

For a more detailed description of accounting principles see the consolidated financial statements for 2018.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The prior year figures were not adjusted. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. As part of the initial application of IFRS 16, the Group decided to apply the relief option, which permits to adjust the right-of-use asset by the amount of any provision for onerous leases recognized in the balance sheet immediately before the date of initial application. In addition, The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease) is as follows (NOK 1 000):

ASSETS

Right-of-use assets	251 791
Property, plant & equipment	-7 798
Total assets	243 993

LIABILITIES

Lease liabilities IFRS 16	244 709
Other current liabilities	-716
Total liabilities	243 993

* Agility was acquired 4 January 2019 and their right-of-use assets and lease liabilities is not included.

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased item was not capitalized and the lease payments were recognized as other operating expenses in profit or loss on a straight-line basis over the lease term. Any prepayments were recognized under Trade payables and other current liabilities. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

- Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of NOK 251 791 thousand were recognized and presented separately in the statement of financial position. This includes the lease assets recognized previously under finance leases of NOK 7 798 thousand that were reclassified from Property, plant and equipment.
- Additional lease liabilities of NOK 244 709 thousand presented as lease liabilities were recognized.
- Provision for onerous contracts for a specific leasing contract on NOK 716 thousand were derecognized from other current liabilities and correspondingly adjusted towards the right-of-use asset.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase

option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below NOK 50 000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

c) Amounts recognized in the statement of financial position and profit or loss IFRS 16.53

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period (NOK 1 000):

	RIGHT-OF-USE ASSETS	LEASE LIABILITIES
As at 1 January 2019	251 791	250 478
Additions	62 044	71 169
Depreciation expense	-12 684	0
Interest expense	0	2 111
Payments	0	-12 341
As at 31 March 2019	301 151	311 418

Lease liabilities includes interest disclosed within current liabilities.

These condensed consolidated interim financial statements were approved by the Board of Directors on 7 May 2019.

NOTE 2: INTEREST-BEARING DEBT

The following shows material changes in interest-bearing debt during 2019 (NOK 1 000):

	LONG-TERM BANK LOAN	BOND LOAN	SHORT-TERM FINANCIAL LEASES AND OTHER	TOTAL INTEREST-BEARING DEBT
Balance 01.01.2019	516 163	0	5 768	521 931
Secured bank loans	-326 249	0	4 143	-322 106
Bond HEX	0	1 100 000	0	1 100 000
Financial leases and other loans	0	0	-3 932	-3 932
Balance 31.03.2019	189 914	1 100 000	5 979	1 295 893

The loan financing facility is a Senior Secured bilateral facility with DNB Bank. The overall size of the facility is NOK 1 billion, comprising a main multi-currency revolving credit and overdraft facility of NOK 600 million and an optional ancillary facility of NOK 400 million. Movements in the quarter on the loans and financial leases were primarily due to voluntary repayments of debt, contractual instalments on leases or foreign exchange translation differences.

The unsecured bond for NOK 1 100 million was issued in the quarter to complete the long-term financing of the Agility transaction. The bond is in process of being listed on the Oslo Stock Exchange.

There are no breaches of the financial covenants under the financing facility agreements.

NOTE 3: ACQUISITION OF AGILITY FUEL SOLUTIONS IN 2019

With effect from 4 January 2019 Hexagon Composites acquired the remaining 50% shares of Agility Fuel Solutions and its subsidiaries. Agility Fuel Solutions is reported as a separate segment in the Hexagon Group from the acquisition date.

Agility has production facilities in Salisbury, North Carolina, Lincoln, Nebraska, Fontana, California and Raufoss, Norway with technology centers in Lincoln, Nebraska, Wixom, Michigan and Kelowna, British Columbia. Agility maintains sales offices in North America, South America, India, the United Kingdom and Norway. The Agility Group reports financial results as a separate business area, fully consolidated into Hexagon's accounts.

The fair value of the identifiable assets and liabilities of Agility Group as at the date of acquisition were:

AGILITY FUEL SOLUTIONS	FAIR VALUE RECOGNIZED ON ACQUISITION
(NOK 1 000)	
ASSETS	
Property, plant and equipment	449 858
Intangible assets	508 415
Cash	36 275
Inventories	347 781
Deferred tax assets	24 013
Trade accounts receivable	350 813
Other current assets	28 935
Total assets	1 746 091
LIABILITIES	
Long term liabilities	81 676
Short term liabilities	306 987
Deferred tax liabilities	119 421
Total equity and liabilities	508 084
Net identifiable assets and liabilities at fair value	1 238 007
Goodwill*	910 926
Purchase consideration	2 148 933
50% Purchase consideration transferred / Paid in cash	1 074 467
ANALYSIS OF CASH FLOWS ON ACQUISITION:	
Net cash acquired with the subsidiary	36 275
Cash paid	-1 074 467

* Additional clarifications of the purchase price allocation are required. Therefore, there may be subsequent adjustments with corresponding adjustment to goodwill prior to 4 January 2020 (1 year after the transaction).

The fair value of the Agility Group was NOK 2 138 million of which Hexagon Composites ASA Group's 50% share was NOK 1 074 million. According to IFRS excess value related to Hexagon Composites ASA Groups 50% share as of 4 January 2019 is presented as gain in a separate line in the financial statements included in operating profit. The net accounting gain was MNOK 69.4 after transaction costs of MNOK 16.4.

In the Group's profit for Q1 2019, Agility Group is included from the acquisition date.

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the Agility Group with the Hexagon Group. The goodwill is not deductible for income tax purposes.

Transaction costs of NOK 16.4 million are part of operating cash flows in the statement of cash flows.

NOTE 4: ESTIMATES

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2018.

NOTE 5: SHARE-BASED PAYMENTS

1 April 2016 Hexagon Composites ASA issued 925,000 call options to senior executives and managers in the Group at NOK 20 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2018, first quarter of 2019 or second quarter of 2019. These options were fully exercised during the first quarter 2019.

5 April 2017 Hexagon Composites ASA issued 1,450,000 call options to senior executives and managers in the Group at NOK 27 per share. 7 September 2017 additional 190,000 call options were added to this program. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2019, first quarter of 2020 or second quarter of 2020.

22 May 2018 Hexagon Composites ASA issued 1,200,000 call options to senior executives and managers in the Group at NOK 20,85 per share, provided that the share price on the date of exercise is minimum NOK 25.36 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2020, first quarter of 2021 or second quarter of 2021.

20 December 2018 Hexagon Composites ASA issued 100,000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

12 April 2019 Hexagon Composites ASA provisionally awarded 2,492,438 Performance Share Units (PSUs) to senior executives management in the Group. The PSUs are non-transferable and will vest on 11 February 2022 subject to satisfaction of the applicable vesting conditions. The actual number of PSUs to be allocated will depend on 2019 performance and attain minimum zero and maximum 2,492,438. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

The fair value of the options and RSUs was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with the share option and RSUs scheme were NOK 3.3 million YTD 31 March. The fair value of all outstanding share options (2,800,000) and RSUs (100,000) is estimated to NOK 12.4 million per 31 March 2019.

There are no cash settlement obligations. The Group does not have a past practice of cash settlement for outstanding share options and RSUs.

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Regarding new Performance Share Units see note 5.

There have not been any other significant events after the balance sheet date.

KEY FIGURES GROUP

KEY FIGURES GROUP	31.03.2019	31.03.2018	31.12.2018
EBITDA in % of operating revenue	18.3 %	16.0 %	15.8 %
EBIT in % of operating revenue	11.2 %	11.4 %	9.4 %
EBITDA ⁴ (rolling last 4 quarters) / Capital Employed %	12.8 %	11.5 %	11.4 %
EBIT ⁴ (rolling last 4 quarters) / Capital Employed %	7.1 %	7.3 %	6.8 %
Net working capital / Operating revenue ⁴ (rolling last 4 quarters) %	29.4%	19.1 %	16.2 %
Interest coverage I ¹⁾	4.6	21.0	18.3
Interest coverage II ²⁾	12.0	27.3	24.0
NIBD / EBITDA ⁴ (rolling last 4 quarters)	2.5	0.9	1.6
Equity ratio	44.8 %	59.5 %	58.9 %
Equity / Capital employed	61.6 %	78.7 %	74.7 %
Return on equity (annualised)	15.1 %	6.6 %	9.6 %
Total return (annualised)	9.3 %	5.5 %	7.1 %
Liquidity ratio I	2.0	1.8	1.5
Liquidity reserve ³⁾	1 077 948	847 046	1 568 751
Liquidity reserve ³⁾ / Operating revenue ⁴ (rolling last 4 quarters) %	36.0 %	56.5 %	105.5 %
Earnings per share	0.40	0.14	0.86
Diluted earnings per share	0.40	0.15	0.92
Cash flow from operations per share	-0.18	0.38	0.94
Equity per share	11.34	8.42	9.24

1) (Profit before tax + interest expenses) / Interest expenses.

2) Rolling Earnings Before Interest, Tax, Depreciation and Amortization the last 12 months to rolling Net Interest Costs

3) Undrawn overdraft facility + bank deposits and cash. Use of undrawn overdraft facility can be limited by financial covenants

4) Unaudited proforma estimates used for Agility in 2018

KEY FIGURES SEGMENTS

KEY FIGURES SEGMENTS	31.03.2019	31.03.2018	31.12.2018
AGILITY FUEL SOLUTIONS			
EBITDA in % of operating income	12.1 %	NA	NA
EBIT in % of operating income	5.9 %	NA	NA
HEXAGON PURUS			
EBITDA in % of operating income	-14.2 %	0.1 %	-16.6 %
EBIT in % of operating income	-26.9 %	-7.6 %	-30.9 %
HEXAGON MOBILE PIPELINE & OTHER			
EBITDA in % of operating income	10.6 %	12.3 %	8.2 %
EBIT in % of operating income	5.6 %	9.9 %	5.4 %
HEXAGON RAGASCO LPG			
EBITDA in % of operating income	13.9 %	24.6 %	20.7 %
EBIT in % of operating income	8.7 %	21.4 %	16.8 %

SHAREHOLDER INFORMATION

A total of 34,499,979 (3,971,274) shares in Hexagon Composites ASA (HEX.OL) were traded on Oslo Børs (OSE) during first quarter 2019. The total number of shares in Hexagon Composites ASA at 31 March 2019 was 183,290,648 (par value NOK 0.10), including 16,662,780 new shares raised on 27 February 2019. During the quarter, the share price moved between NOK 24.40 and NOK 34.00, ending the quarter on NOK 32.90. The price at 31 March gives a market capitalization of NOK 6,030.3 million for the Company.

20 LARGEST SHAREHOLDERS PER 7 MAY 2019	NUMBER OF SHARES	SHARE OF 20 LARGEST	SHARE OF TOTAL	TYPE	COUNTRY
MITSUI & CO LTD	45 833 321	32.58 %	25.01 %	Ordinary	Japan
FLAKK COMPOSITES AS	29 340 504	20.85 %	16.01 %	Ordinary	Norway
MP PENSJON PK	14 008 096	9.96 %	7.64 %	Ordinary	Norway
BRØDR. BØCKMANN AS	9 000 000	6.40 %	4.91 %	Ordinary	Norway
ODIN NORGE	6 725 901	4.78 %	3.67 %	Ordinary	Norway
NØDINGEN AS	5 000 000	3.55 %	2.73 %	Ordinary	Norway
SWEDBANK ROBUR SMABOLAGSFOND	4 340 000	3.08 %	2.37 %	Ordinary	Sweden
CLEARSTREAM BANKING S.A.	3 443 927	2.45 %	1.88 %	Nominee	Luxembourg
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 419 963	2.43 %	1.87 %	Ordinary	Norway
SKANDINAVISKA ENSKILDA BANKEN AB	3 374 978	2.40 %	1.84 %	Ordinary	Sweden
J.P. MORGAN BANK LUXEMBOURG S.A.	2 709 726	1.93 %	1.48 %	Nominee	Luxembourg
STOREBRAND NORGE I VERDIPAPIRFOND	2 688 113	1.91 %	1.47 %	Ordinary	Norway
HEXAGON COMPOSITES ASA	1 974 882	1.40 %	1.08 %	Ordinary	Norway
EIKA SPAR	1 702 037	1.21 %	0.93 %	Ordinary	Norway
VERDIPAPIRFONDET ALFRED BERG NORGE	1 310 445	0.93 %	0.71 %	Ordinary	Norway
EIKA NORGE	1 259 339	0.90 %	0.69 %	Ordinary	Norway
FLAKK INVEST AS	1 200 000	0.85 %	0.65 %	Ordinary	Norway
LANNEBO SMÅBOLAG	1 145 000	0.81 %	0.62 %	Ordinary	Sweden
VERDIPAPIRFONDET NORDEA KAPITAL	1 114 924	0.79 %	0.61 %	Ordinary	Norway
CREDIT SUISSE AG DUBLIN BRANCH	1 104 932	0.79 %	0.60 %	Ordinary	Switzerland
Total 20 largest shareholders	140 696 088	100.00 %	76.76 %		
Remaining	42 594 560		23,24 %		
Total	183 290 648		100,00 %		

FORWARD LOOKING STATEMENTS

This quarterly report (the "Report") has been prepared by Hexagon Composites ASA ("Hexagon" or the "Company"). The Report has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market place. The Company makes no representation or warranty (whether express or implied) as to the correctness or completeness of the information contained herein, and neither the Company nor any of its subsidiaries, directors, employees or advisors assume any liability connected to the Report and/or the statements set out herein. This Report is not and does not purport to be complete in any way. The information included in this Report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or its advisors or any of their parent or subsidiary undertakings or any such person's affiliates, officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Report or the actual occurrence of the forecasted developments. The Company and its advisors assume no obligation to update any forward-looking statements or to conform these forward-looking statements to the Company's actual results. Investors are advised, however, to inform themselves about any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or press releases. This Report has been prepared for information purposes only. This Report does not constitute any solicitation for any offer to purchase or subscribe any securities and is not an offer or invitation to sell or issue securities for sale in any jurisdiction, including the United States. Distribution of the Report in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Report speaks as of 7 May 2019, and there may have been changes in matters which affect the Company subsequent to the date of this Report. Neither the issue nor delivery of this Report shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this Report. This Report is subject to Norwegian law, and any dispute arising in respect of this Report is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Report, you accept to be bound by the terms above.

1ST QUARTER 2019

HEXAGON COMPOSITES ASA

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HEXAGON

HEXAGON PURUS HYDROGEN & LIGHT-DUTY VEHICLES



CNG Light-Duty Vehicles



Fuel Cell Electric Vehicles



Transit Buses



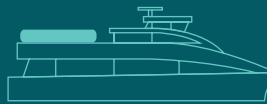
Heavy-Duty Trucks



Distribution



Ground storage



Marine



Rail

MOBILE PIPELINE



Distribution



Hexagon MasterWorks



Hexagon Digital Wave

OTHER

AGILITY FUEL SOLUTIONS



Heavy-Duty Trucks



Transit Buses



Refuse Trucks

HEXAGON RAGASCO

Leisure activities,
household and
industrial
applications

