



HEXAGON
PURUS

Hexagon Composites ASA
Bond Investor Presentation
Purus spin-off and bond amendment
8 October 2020



HEXAGON

Disclaimer (I/II)

- This presentation (the “Presentation”) has been produced by Hexagon Composites ASA (the “Issuer” or the “Company”, and together with its subsidiaries, the “Group” or “Hexagon Group”) with assistance from DNB Markets (the “Manager”) in connection with a request for amendments (the “Amendments”) to the terms of the senior unsecured bonds in an initial amount of NOK 1,100,000,000 with ISIN NO 0010846280 (the “Bonds” or the “Bond Issue”) by the Issuer (the “Request”). This Presentation is strictly confidential and may not be reproduced or redistributed, in whole or in part, to any other person. This Presentation has not been reviewed by or registered with any public authority or stock exchange and does not constitute a prospectus. Only the Company and the Manager are entitled to provide information in respect of matters described in this Presentation. Information obtained from other sources is not relevant to the content of this Presentation and should not be relied upon.
- This Presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities.
- This Presentation contains 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 and are 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 Presentation, 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, the Manager or any of their parent or subsidiary undertakings or any such person’s 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 Presentation or the actual occurrence of the forecasted developments described herein. None of the Company, the Manager or their respective advisors or representatives assume any obligation, except as required by law, to update this Presentation, including any forward-looking statements or to conform any forward-looking statements to our actual results.
- THE COMPANY DOES NOT CONSIDER THAT THE REQUEST, IF IMPLEMENTED, INTRODUCES ANY ADDITIONAL RISKS RELATED TO THE BONDS, BUT THE INVESTORS SHOULD ON THEIR OWN CAREFULLY CONSIDER ALL RELEVANT CIRCUMSTANCES AND RISKS BEFORE APPROVING THE REQUEST. THE INVESTORS SHOULD REFER, IN REVIEWING ANY FINANCIAL FIGURES IN THIS PRESENTATION, TO THE RELEVANT FOOTNOTES. THE RELEVANT FINANCIAL FIGURES OF THE GROUP AND HEXAGON PURUS RELATE TO THE PERIODS CONTAINED IN THE FOOTNOTES.



Disclaimer (II/II)

- This presentation is confidential and is being communicated in the United Kingdom to persons who have professional experience, knowledge and expertise in matters relating to investments and are “investment professionals” for the purposes of article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and only in circumstances where, in accordance with section 86(1) of the Financial and Services Markets Act 2000 (“FSMA”), the requirement to provide an approved prospectus in accordance with the requirement under section 85 FSMA does not apply.
- This Presentation (or any part of it) is not to be reproduced, copied, distributed, passed on, or the contents otherwise divulged, directly or indirectly, to any other person (excluding an investment professional’s advisers) without the prior written consent of the Company or the Manager. The distribution of this Presentation may, in certain jurisdictions, be restricted by law. Persons in possession of this Presentation are required to inform themselves about and to observe any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of any documents or any amendment or supplement thereto (including but not limited to this Presentation) in any country or jurisdiction where specific action for that purpose is required.
- IN RELATION TO THE UNITED STATES AND U.S. PERSONS, THIS PRESENTATION IS STRICTLY CONFIDENTIAL AND IS BEING FURNISHED SOLELY IN RELIANCE ON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. THE BONDS HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR ANY OTHER U.S. AUTHORITY, HAS APPROVED THIS PRESENTATION.
- This Presentation speaks as of 8 October 2020. There may have been changes in matters which affect the company subsequent to the date of this Presentation. The information contained herein is subject to change, completion, or amendment without notice. Neither the delivery of this Presentation nor any further discussion of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. None of the Company or the Manager intend to, nor do they assume any obligation to, update or correct the information included herein.
- This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts with Oslo District court (Nw: Oslo tingrett) as exclusive legal venue.

Agenda

I

Background and summary of proposal

II

Hexagon Purus and spin-off rationale

III

Supporting materials: Q2 2020 review

Hexagon to spin off Purus to realize value for all stakeholders

- On 24 August 2020, Hexagon Composites ASA (“Hexagon”) announced its intention to spin off and list Hexagon Purus separately as an independent company to include Hexagon’s business within zero emission hydrogen and battery electric mobility solutions (“e-mobility”)
- In conjunction with the spin-off, Hexagon successfully raised approx. NOK 907m (gross) in an equity issue, to fund both the initial development phase within e-mobility as well as for general corporate purposes within the remaining group
- The intended separation will unlock further value from an industrial and financial perspective by creating two focused companies with separate strategic agendas and investment stories
- The separation will also allow for individual strategies for future funding, capital allocation and dividend policy
- Hexagon and Hexagon Purus will continue to have operational co-operation following the spin-off, albeit on an arms-length basis
- The spin-off is intended to be completed before year-end 2020, following the transfer of Hexagon Purus’ CNG LDV business to Hexagon’s g-mobility business

g-mobility

LOW EMISSION

A company focused on low emission gas mobility solutions with attractive profitability, increased cash flow stability in light of reduced investments and an array of longer-term growth opportunities, targeting several initiatives to drive low-emission fuel adoption

e-mobility - «Hexagon Purus»

ZERO EMISSION

A pure-play hydrogen and battery electric e-mobility company attractively positioned to benefit from the tremendous growth that is expected in the e-mobility market

Separating Hexagon Purus as a stand-alone company to strengthen both Hexagon's g-mobility and e-mobility (Hexagon Purus) businesses



Strategic rationale for separating e-mobility and g-mobility



Logical step from an industrial and financial perspective
- unlocking value by creating two focused companies



Individual strategic agendas and investment stories



Individual strategies for future funding, capital allocation and dividend policy



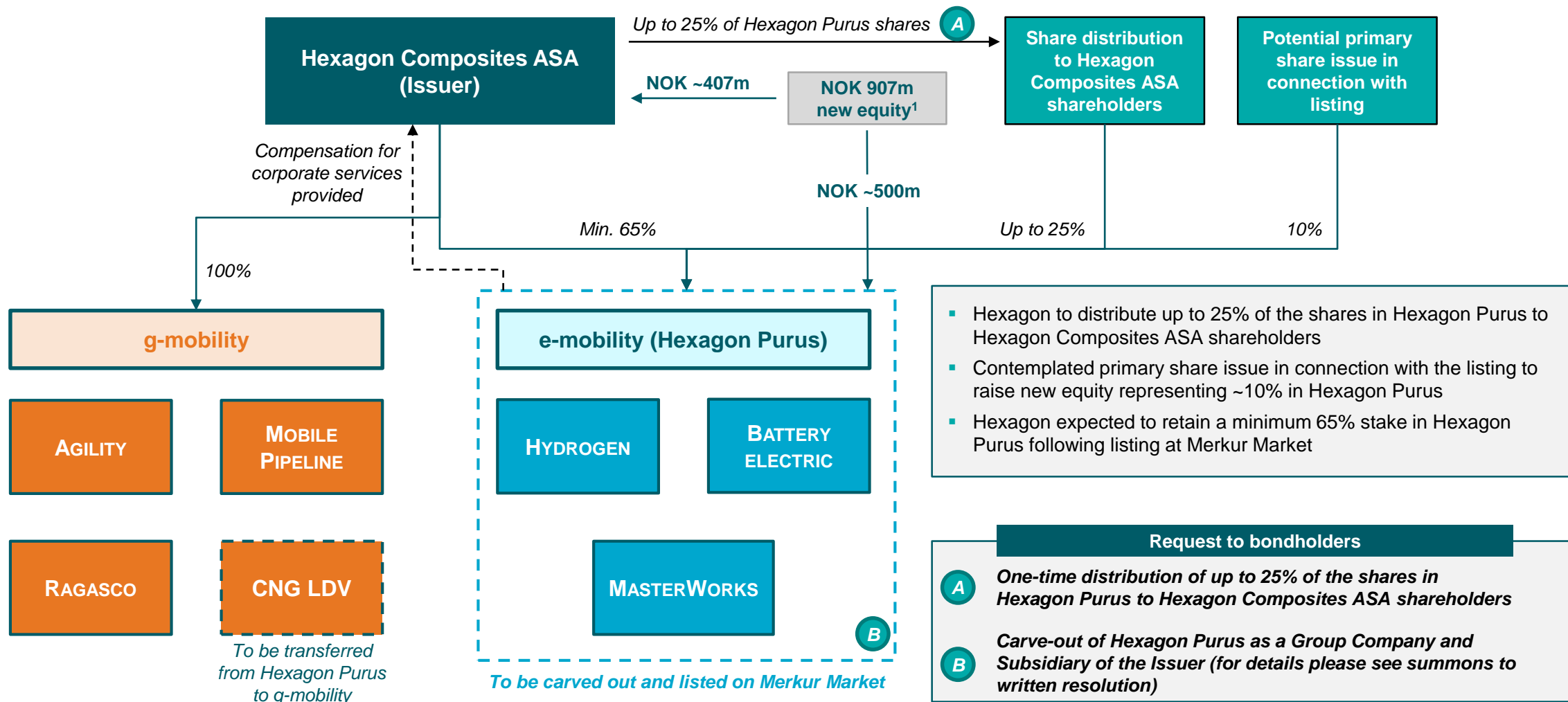
Hexagon Purus will be a pure-play e-mobility company attractively positioned to benefit from the tremendous growth in the e-mobility market



Hexagon will be a g-mobility-focused company with attractive profitability and an array of longer-term growth opportunities, targeting several initiatives to drive low-emission fuel adoption



Summary of the contemplated Hexagon Purus spin-off

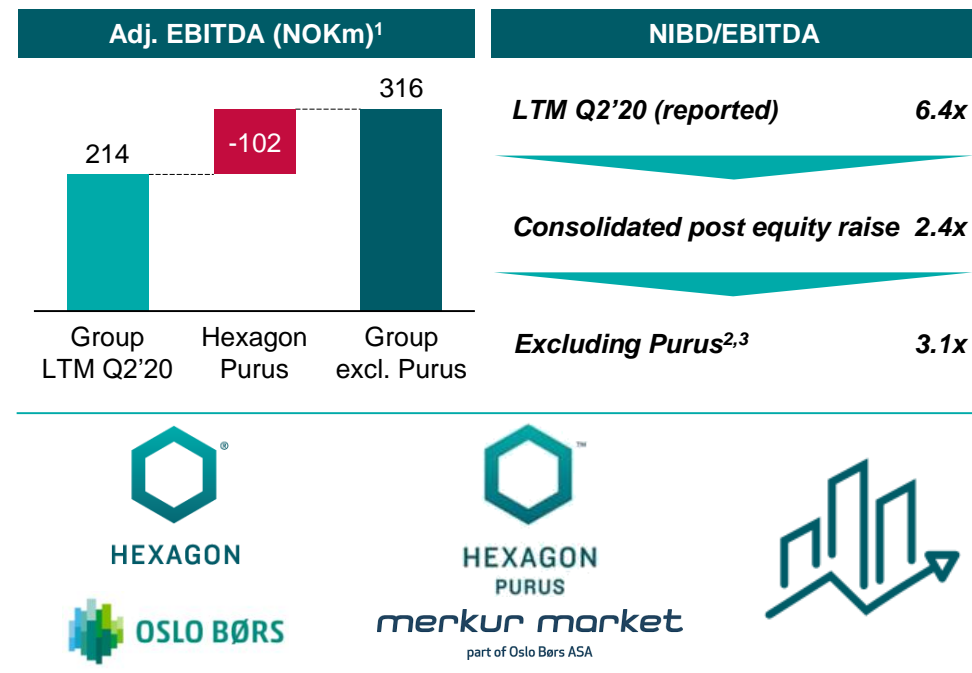


¹ Gross proceeds from recent equity issue

The Hexagon credit story is set to strengthen following the spin off

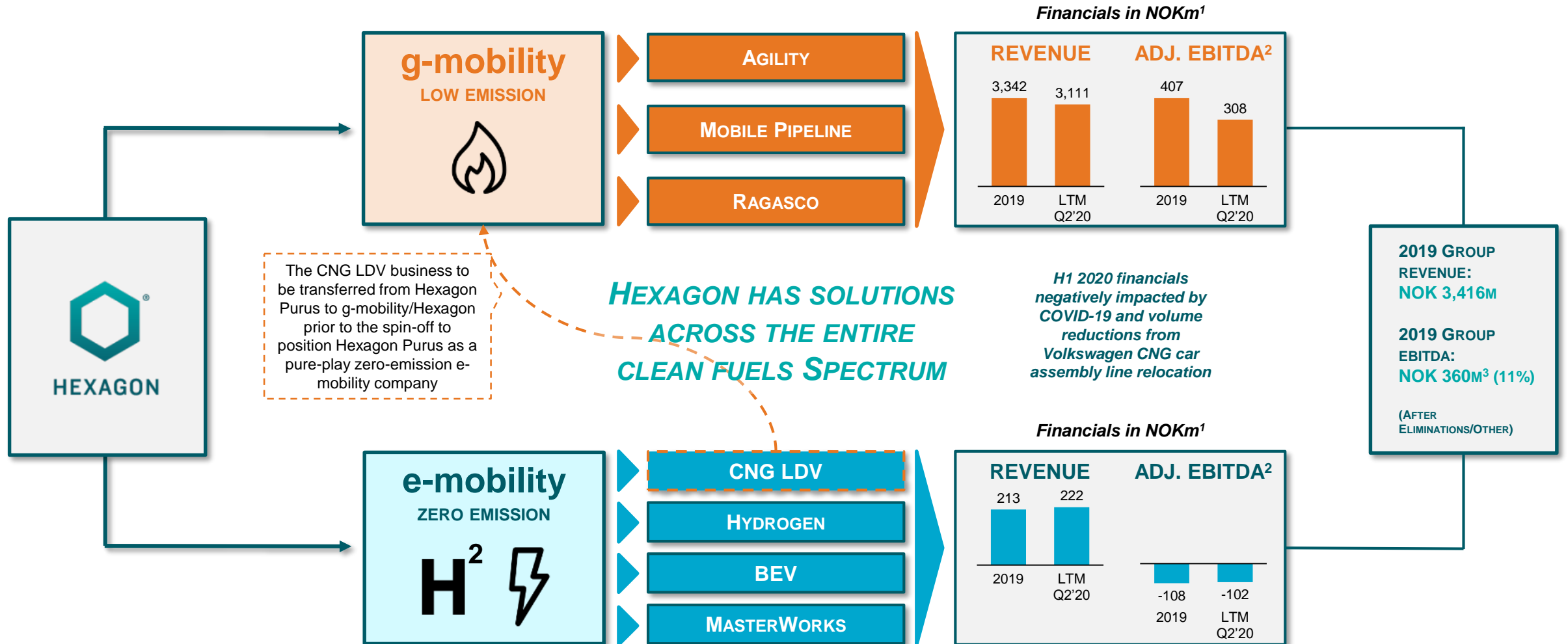
Key considerations

- 1 A carve-out will allow Purus to obtain stand-alone funding, which will significantly ease the Issuer's financial commitments going forward
- 2 A carve-out of Purus will yield significant de-leveraging on a stand-alone basis (i.e. leverage for "Hexagon ex. Purus" or g-mobility)
- 3 For the remainder of the bond tenor Purus is facing a period of significant growth capex, and the spin-off will thus improve cash flow and credit quality for Hexagon Composites ASA
- 4 The listing of Hexagon Purus will provide strong value backing from an ownership position in a listed entity with inherent transparency and liquidity
- 5 Bondholders will be compensated with 0.50% of holdings for voting in favour



¹ Calculated in accordance with covenants excluding exceptional items, based on unaudited, preliminary pro-forma EBITDA for H2 2019 reflecting internal reorganizations effective 1 January 2020. Difference from reported Group EBITDA of NOK 203m is related to transaction related charges and costs related to vested stock compensation | ² Illustrative net leverage excluding 100% of Purus. Purus will remain a part of consolidated group financials and be treated in accordance with IFRS accounting principles | ³ Assuming distribution of equity proceeds as described on page 7

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



¹ Based on unaudited, preliminary pro-forma EBITDA for 2019 reflecting internal reorganizations effective 1 January 2020 – segment financials before eliminations

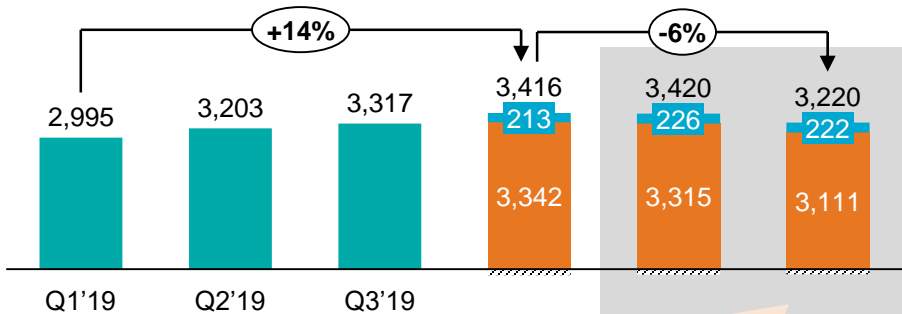
² EBITDA excluding exceptional items

³ Reported 2019 EBITDA, including positive impact of NOK 69m from gain related to Agility transaction

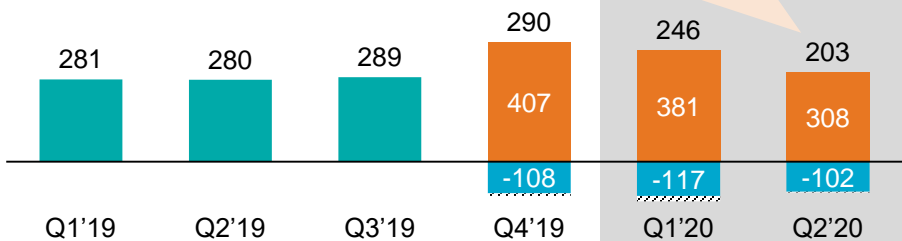
G-mobility has delivered strong performance since bond issue – temporary negative effects of COVID-19 in H1 2020

LTM group financials and key metrics^{1,2}

Revenue (NOKm)¹ e-mobility g-mobility² Group Elims.



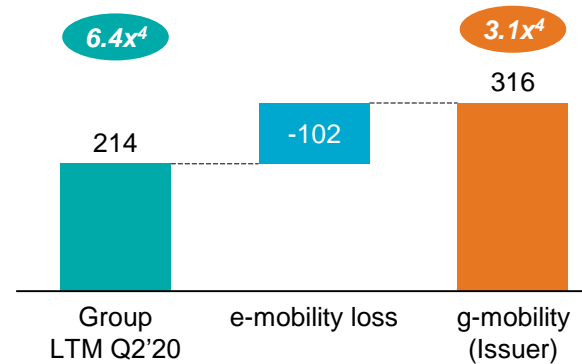
Adj. EBITDA (NOKm)^{1,3}



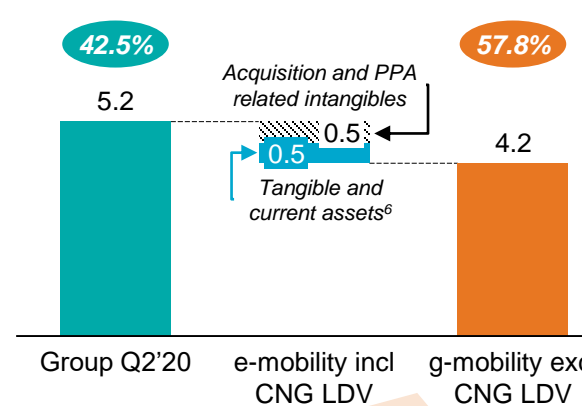
	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
NIBD/EBITDA ^{3,4}	2.5x	2.7x	3.1x	3.1x	5.0x	6.4x
Equity ratio	44.8%	45.2%	45.6%	44.6%	43.2%	42.5%

Key metrics excluding Purus

Adj. EBITDA (NOKm)³ and NIBD/EBITDA (x)⁴ (Excluding 100% of e-mobility)⁵



Total assets (NOKbn) and equity ratio (%)⁵



Purus balance sheet figures excluding CNG LDV not yet available

Comments

- Strong revenue growth and stable LTM adjusted EBITDA in the NOK 280-290m range throughout 2019 driven in particular by strong performance in Agility and Purus' CNG LDV business (to remain in g-mobility) – negative impact from COVID-19 (mainly Q2) and Volkswagen production relocation in H1 2020
- Continued high investments over the P&L within Purus leading to increased nominal losses, reaching -117m in Q1'20 on an LTM basis
- On a pro forma basis as of Q2, LTM adjusted EBITDA increases by NOK 102m from the spin-off, hence the remaining Group EBITDA was NOK 316m as of Q2 2020
- Segment assets for Purus (including CNG LDV) as of Q2 was NOK ~1bn, including NOK ~0.5bn of acquisition related Purchase Price Allocation intangibles. Book equity (including CNG LDV) was negative NOK ~200m
- Of the gross proceeds from the recently completed NOK 907m equity issue, NOK ~500m is expected to be injected as cash in Hexagon Purus while NOK ~407m will remain in the group
- For the remainder of the bond tenor Purus is facing a period of significant growth capex, and the spin-off will thus improve cash flow and credit quality for Hexagon Composites ASA

¹ Unaudited, preliminary pro-forma financials including Agility acquisition for 2018 and reflecting internal reorganizations effective 1 January 2020 for 2019 | ² g-mobility financials including CNG LDV

³ EBITDA excluding exceptional items and positive impact from reversal of earn-out obligation related to xperion acquisition in 2016 | ⁴ Based on EBITDA calculated in accordance with covenant (see page 8 for details)

⁵ Illustrative effect excluding 100% of Purus. Purus will remain a part of consolidated group financials and be treated in accordance with IFRS accounting principles | ⁶ Including CNG LDV

Strong progress following March 2019 bond issue – the Purus spin-off represents the next phase of Hexagon’s development



- 1 Increased revenues
- 2 Strong flow of new contracts
- 3 Stable underlying EBITDA
- 4 Increased equity cushion



Growing revenues following bond issue with limited impact from Purus spin-off

Solid g-mobility outlook following several key account announcements

Significant EBITDA uptick post spin-off

Considerably increased equity cushion in addition to multiple equity raises - further potential from Purus

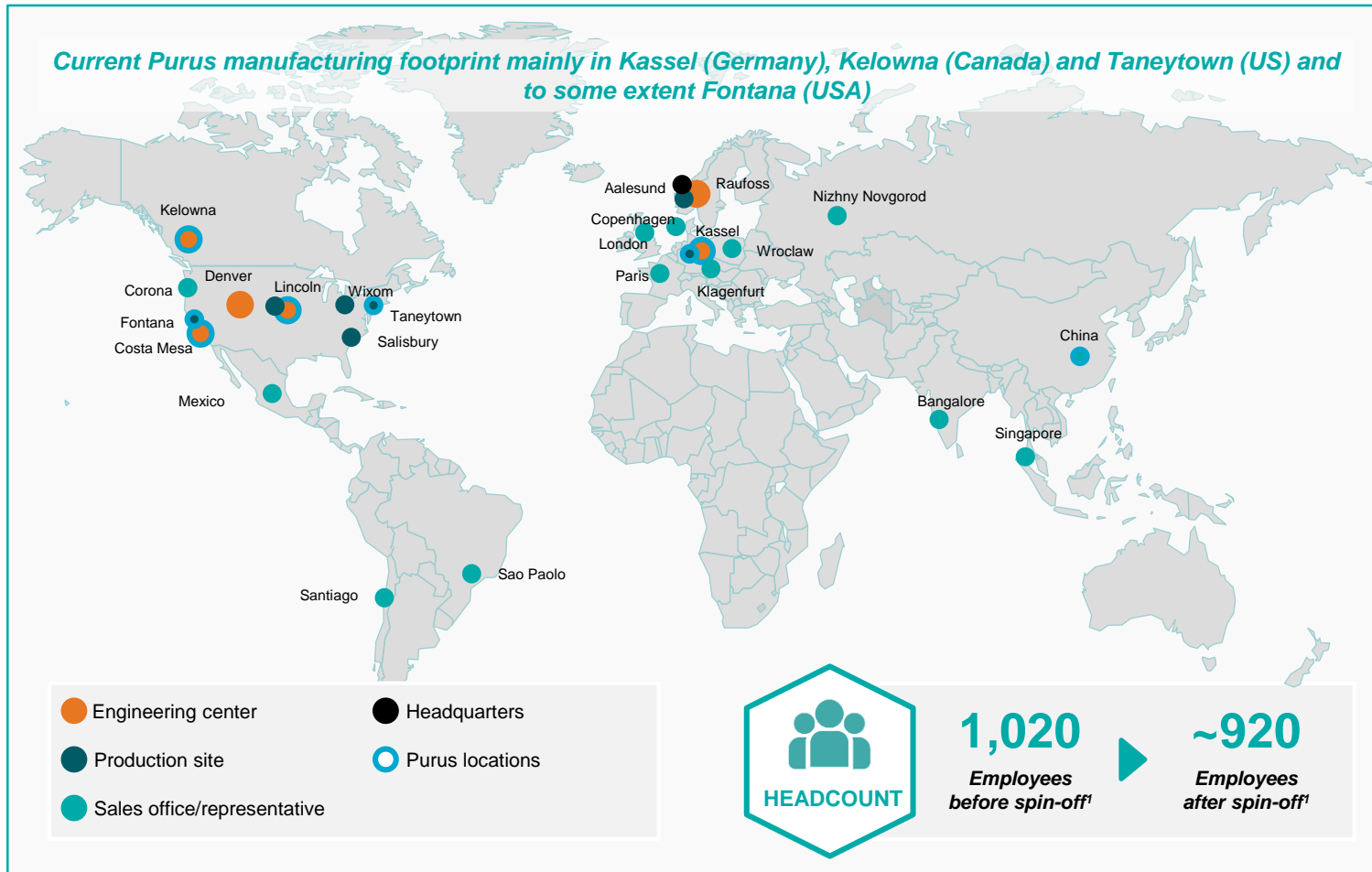
¹ Unaudited, preliminary pro-forma financials including Agility acquisition for 2018 and reflecting internal reorganizations effective 1 January 2020 for 2019 | ² g-mobility financials including CNG LDV

² EBITDA excluding exceptional items and positive impact from reversal of earn-out obligation related to xperion acquisition in 2016

³ Market cap. as of 7 October 2020

Hexagon will remain a significant long-term owner in Purus

- Operational co-operation to continue on arms-length basis



- Hexagon plans to remain a significant long-term owner in Hexagon Purus to support and develop customer and shareholder value
- A close operational cooperation will be maintained following the carve-out with limited changes to operations in the near to medium term
- Following the spin-off, Hexagon will provide Purus with valuable support on a number of key functions such as sales, procurement, operations, finance/accounting, communications, IT and HR
- Ongoing process of determining the scope of an industrial agreement which is expected to involve inter alia corporate services, cooperation on R&D, route to market, facility cost sharing and contract manufacturing
- Hexagon will be compensated for all management services provided on an arms-length basis to Purus according to OECD transfer pricing practice

¹ As of April 2020 Hexagon Group employed approximately 1,020 people of which approximately 100 belonged to Purus (excluding CNG LDV)

Agenda

I

Background and summary of proposal

II

Hexagon Purus and spin-off rationale

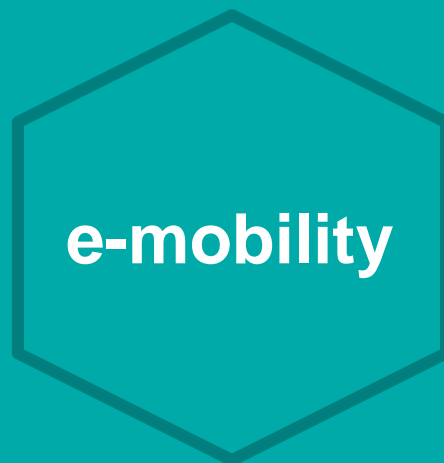
III

Supporting materials: Q2 2020 review



HEXAGON

Hexagon Purus to be spun off and listed as a separate company



With its unique legacy, Hexagon Purus is a global leader well positioned to support the shift towards zero emission transportation through its hydrogen cylinder/system, battery system and electric drivetrain technologies

Hexagon Purus in brief – global leader in the e-mobility space

Market segments

Medium & Heavy-Duty Vehicles



Light-Duty Vehicles



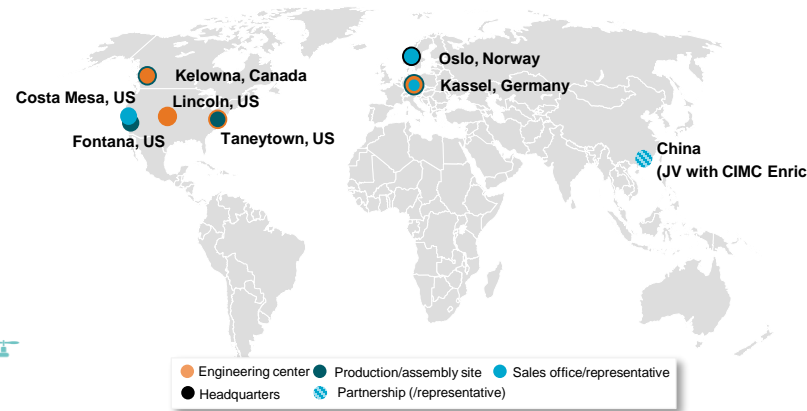
Distribution



Other



Main locations

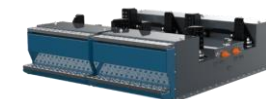


State-of-the-art technology



Type 4 hydrogen cylinder

- ✓ Hexagon Purus' high-pressure Type 4 cylinders are a key enabler of FCEVs, hydrogen storage and distribution
- ✓ Hexagon Purus delivers complete BEV & FCEV drivetrains, hydrogen and battery systems for medium- and heavy-duty vehicles
- ✓ Able to store energy at industry-leading storage density with uncompromised safety
- ✓ Optimal combination of weight, efficiency and durability



Modular battery pack

Blue-chip customers and partnerships



Northeast Asian OEM with global presence

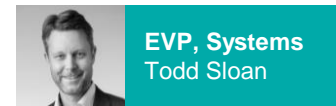
Experienced key management



CEO
Morten Holum



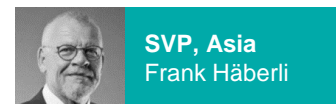
EVP, LDC
Michael Kleschinski



EVP, Systems
Todd Sloan



CFO
Dilip Warriar



SVP, Asia
Frank Häberli

The history of Hexagon Purus in short

- 1963: First filament wound product Lincoln Composites begins filament wound rocket motor cases for NASA
- 2006-2010: Market development of type 4 high-pressure systems as well as high pressure cylinders for hydrogen. Secures Daimler and Linde as anchor customer
- 2011: Strategic focus on the energy and mobility market
- 2016: Hexagon Composites acquires xperion and strengthens its position in hydrogen composite pressure vessel market
- Jan-20: Established as a stand-alone company to create a pure play on zero emission mobility applications

Hexagon Purus – world leading within hydrogen cylinders / systems and electric drivetrain solutions

1

Hydrogen storage, cylinders and cylinder systems

Compressed hydrogen type 4 cylinders



Cylinder systems

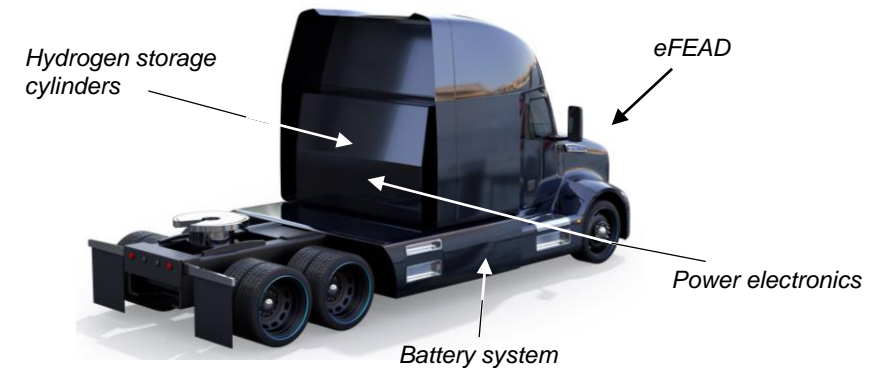


2

Battery systems and electric drivetrain integration

Powertrain integration for zero emissions medium and heavy-duty vehicles (BEV, FCEV, hybrids)

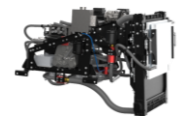
Example of parts Hexagon Purus integrate in fuel cell electric trucks



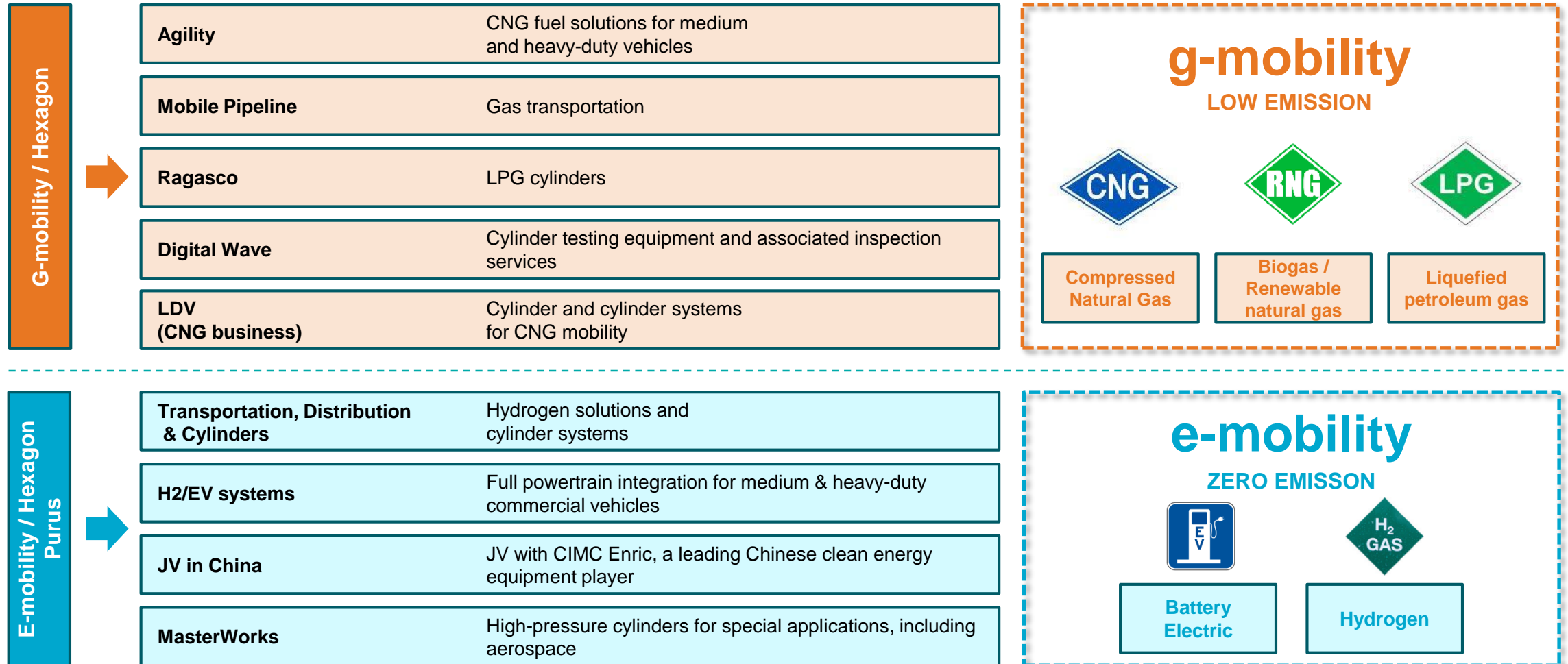
Modular battery system



Electric Front End Accessory Drive (eFEAD)



An important step for both Hexagon and Hexagon Purus - a stronger future for both groups





Creating a truly unique pure-play e-mobility company

- I** In pole position to benefit from game changing market opportunities for hydrogen and battery electric solutions globally driven by the ongoing ESG push towards a zero emission society
- II** Global leader in Type 4 cylinders, a key enabling technology for hydrogen mobility, set to accelerate growth in an addressable market that is expected to reach ~USD 7bn in 2030
- III** Unique hydrogen and battery systems as well as electric drivetrain integration capabilities meeting OEM standards
- IV** Strong customer relationships – notable early successes with major OEMs in North America, Europe and Asia
- V** Established manufacturing footprint with serial production and tier 1 supply capabilities
- VI** Positioned for significant growth with record-high activity and substantial expansion potential in China through announced partnership with CIMC ENRIC

Agenda

I

Background and summary of proposal

II

Hexagon Purus and spin-off rationale

III

Supporting materials: Q2 2020 review



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



COVID – 19 Impacts

Company position update



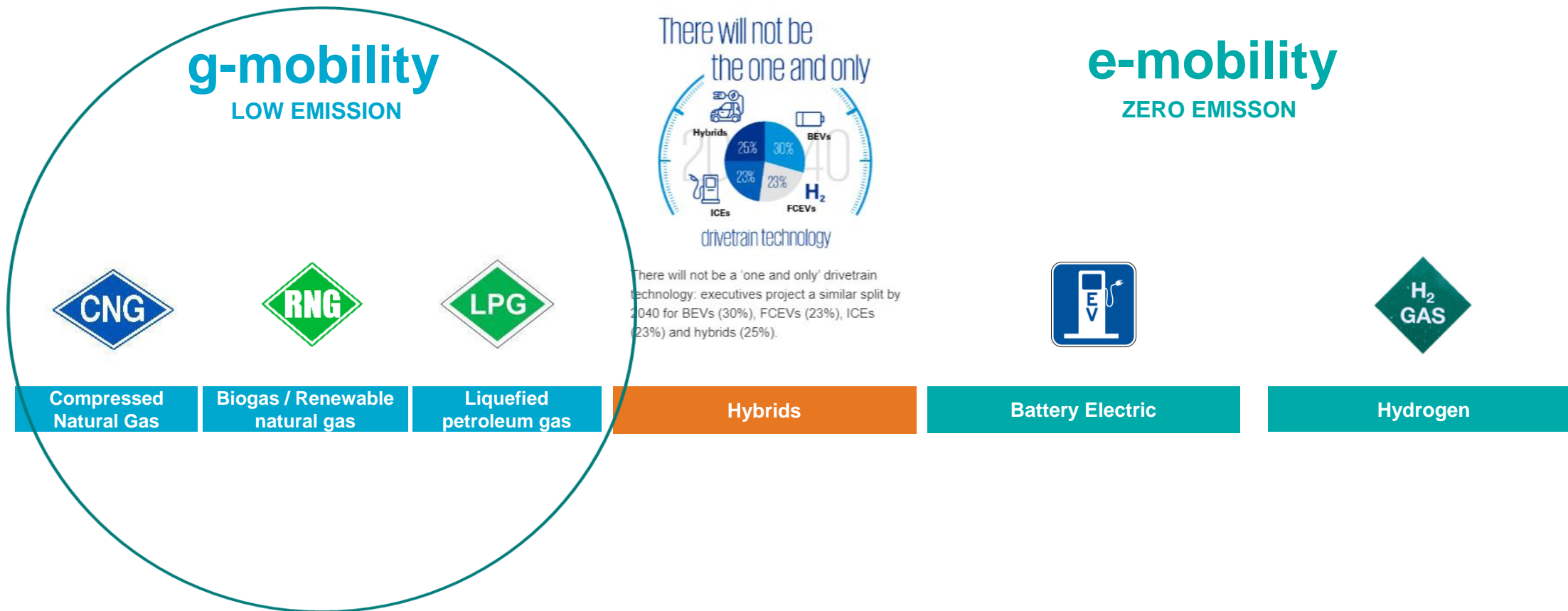
HEXAGON

- 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



* As of Aug 7th, 2020

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)





HEXAGON

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**

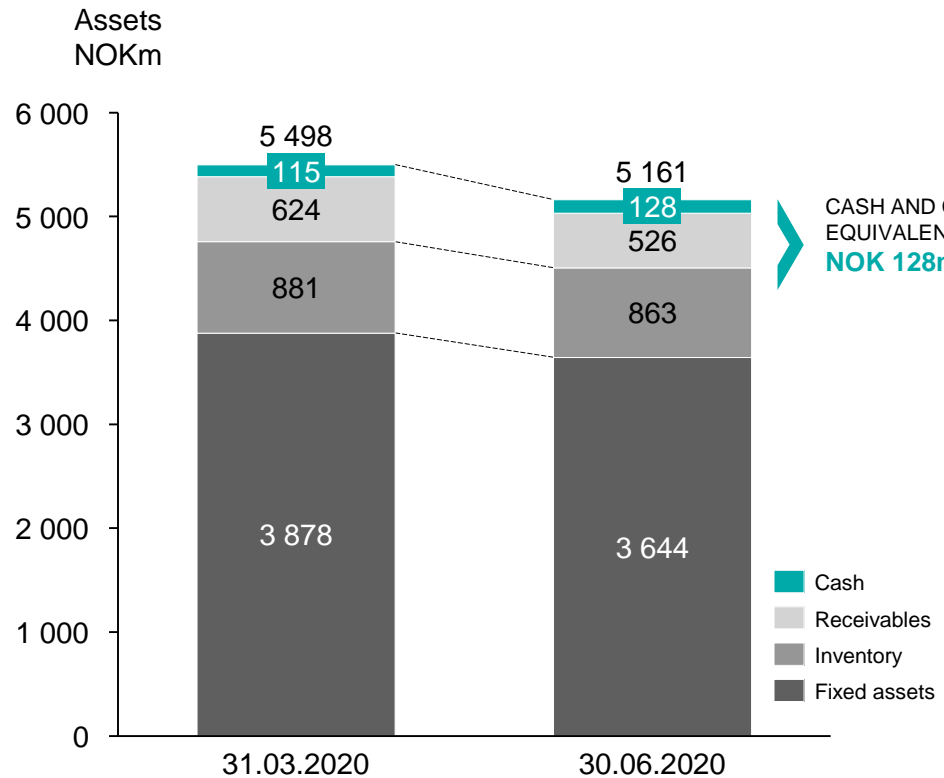


Balance sheet | Q2 2020 vs Q1 2020

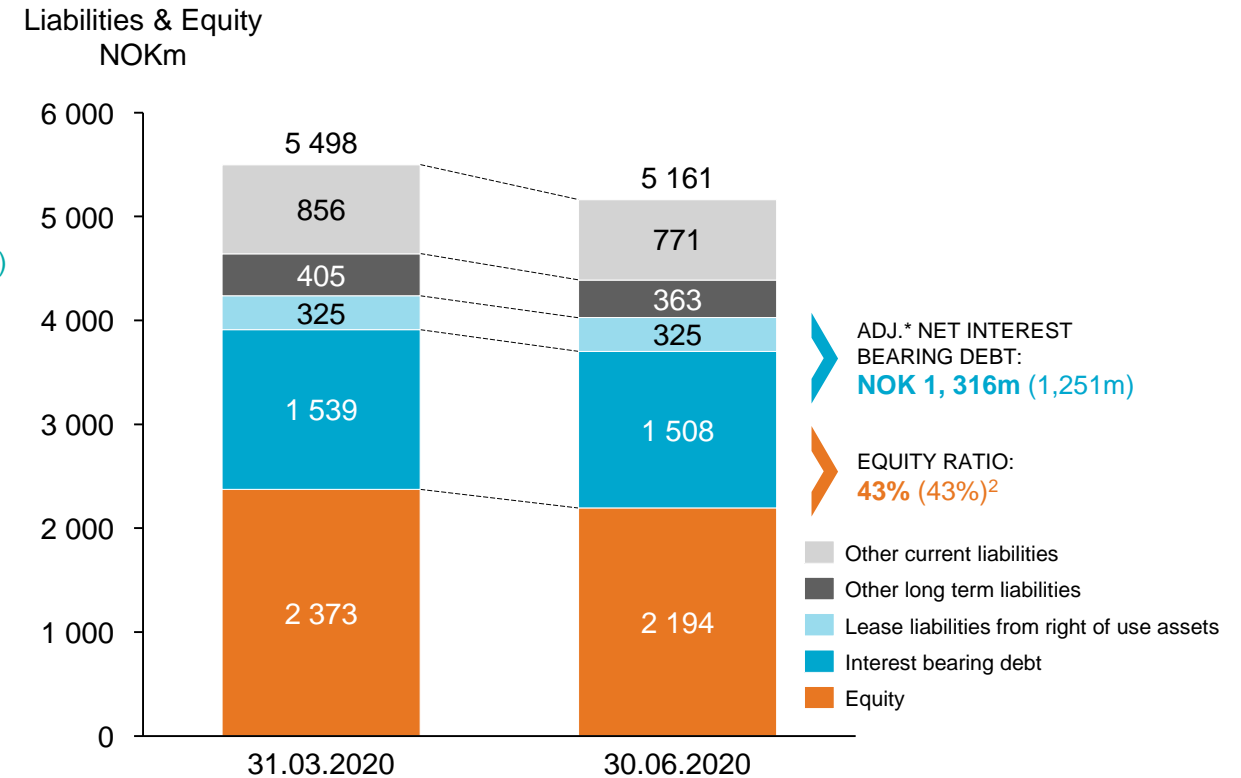
Adjusted¹ Net Interest Bearing Debt NOK 1,316m (Unadjusted 1,380m) & Equity Ratio 43%



HEXAGON



CASH AND CASH EQUIVALENT
NOK 128m (NOK 115m)



ADJ.* NET INTEREST BEARING DEBT:
NOK 1,316m (1,251m)

EQUITY RATIO:
43% (43%)²

- Other current liabilities
- Other long term liabilities
- Lease liabilities from right of use assets
- Interest bearing debt
- Equity

Strong balance sheet

¹ 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

² Please see page 11 for estimated equity for g-mobility (also excluding CNG LDV)



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



HEXAGON

DRIVING ENERGY TRANSFORMATION