

Q1

2019 FIRST QUARTER



HEXAGON

OSLO, 8 MAY 2019

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DAVID BANDELE, CFO



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Agenda

- Group highlights
- Agility update
- Summary Group financials
- Outlook
- Q & A
- Appendix: Segment financials & other material

Highlights from Q1 2019

- Strong Agility Fuel Solutions growth and profitability
 - 51% increase in overall revenue versus Q1 2018 with growth across all Heavy and Medium-Duty market segments
 - Double-digit EBITDA margin
 - Successfully completed long-term financing of Agility acquisition
- Strong Hydrogen market activity
 - Awarded by Audi our 4th OEM Light-Duty development and serial production contract
 - Breakthrough trials for New Flyer hydrogen prototype transit bus
 - Lower revenues this quarter from revenue recognition on projects
- Recovery in Light-Duty CNG volumes
 - All new models are emissions tested and available for order
 - Volkswagen pushing demand in Europe
- Lower profitability in LPG due to mix factors
 - Solid sales volumes
- Solid Mobile Pipeline volumes
 - Deliveries primarily to North America





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Agility Update

- Long-term financing of acquisition

Long-term Financing of Agility acquisition completed in Q1

- Raised additional 10% of share capital attracting an additional NOK 493 million gross receipts
 - De-levers the Company and increased attractiveness of subsequent Bond issue
- Issued a four-year NOK 1.1 billion Senior Unsecured Bond
 - Priced at NIBOR 3M + 375 bps
 - Replaces temporary bridge loan facility used to short-term finance the acquisition
- Together with the bank loan facilities, the company has a solid yet flexible debt structure at comfortable leverage levels



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1st

QUARTER 2019

FINANCIALS

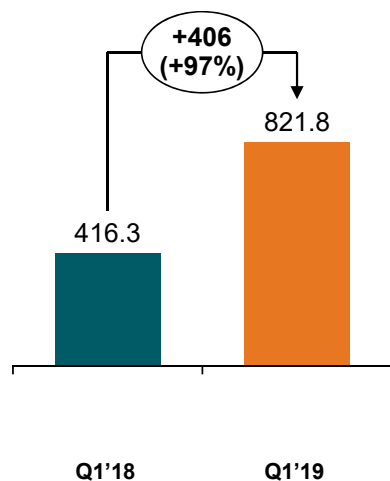
Financial highlights Q1 2019 | Agility now consolidated in numbers

Hexagon Composites Group



Revenues

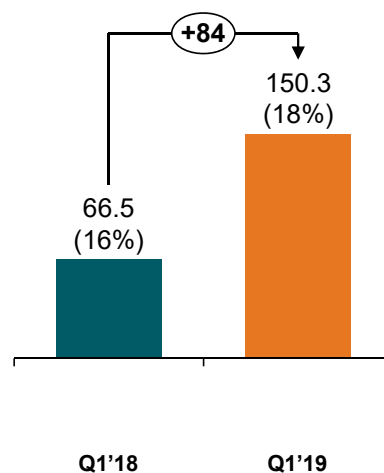
NOKm



- Growth driven by inclusion of Agility contributing +NOK 444m

EBITDA

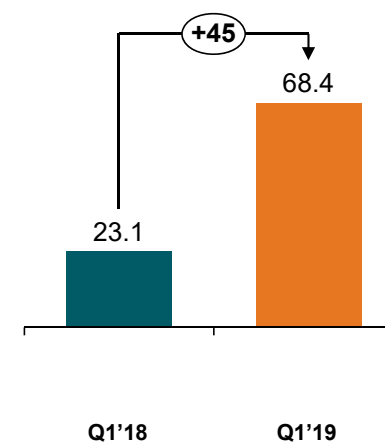
NOKm



- Agility contributes +NOK 54m
- Transaction impacts +NOK 62m
- Hydrogen dilutes by -NOK 22m
- LPG adverse mix of -NOK 18m

Net profit

NOKm

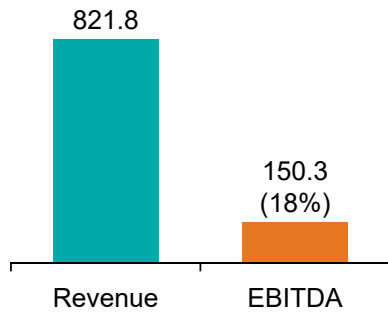


- Depreciation, amortization and reclassified contributions mainly from Agility transaction of -NOK 35m
- Financial items, primarily interest charges net of FX -NOK 14m
- +NOK 10m tax impacts

Other Hexagon businesses vs Hydrogen results | Q1 2019

HEX Group reported*

NOKm, *EBITDA includes net gain on Agility transaction of NOK 69.4m million



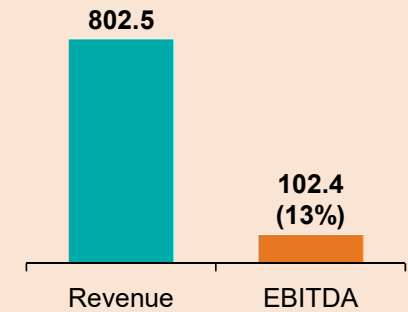
Hydrogen

NOKm



Normalized HEX ex. Hydrogen**

NOKm; **normalizing for net gain on Agility transaction of NOK 69.4 million

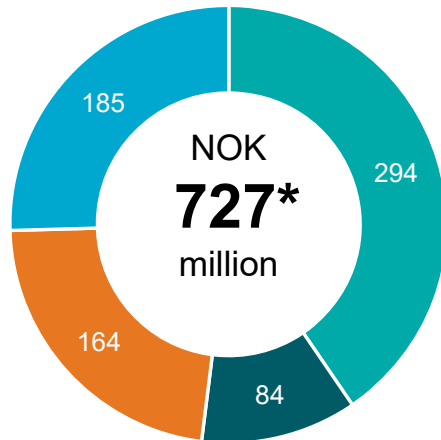


13% EBITDA margin from normalized non-H2 business

Revenue by segment Q1 2019 | Before Group eliminations*

Revenue Q1'18 (Proforma Agility numbers)

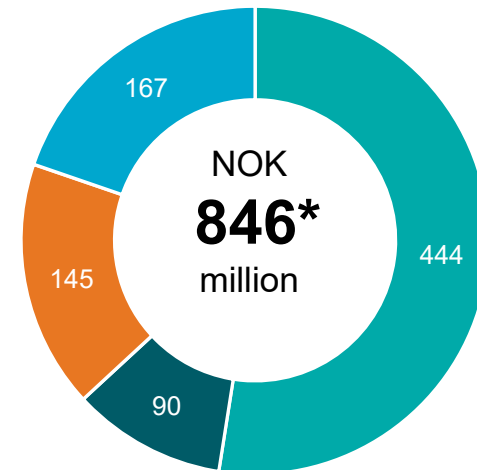
NOKm, before group eliminations



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

Revenue Q1'19

NOKm, before group eliminations



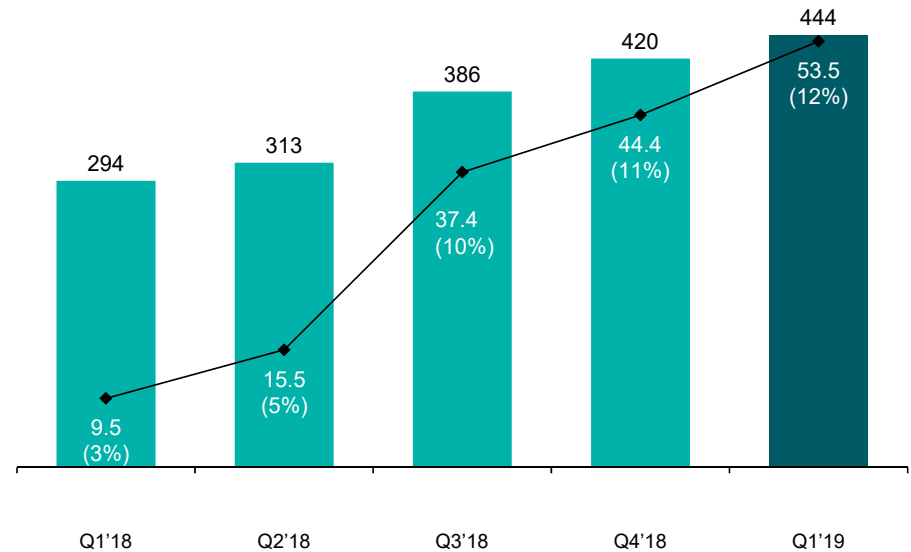
- Agility Fuel Solutions (Heavy and Medium-Duty)
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Agility Fuel Solutions: Q1 2019

- Strong revenues and margin overall
 - Growth in all market segments
- Accelerating European Transit Bus market
- Good liquidity

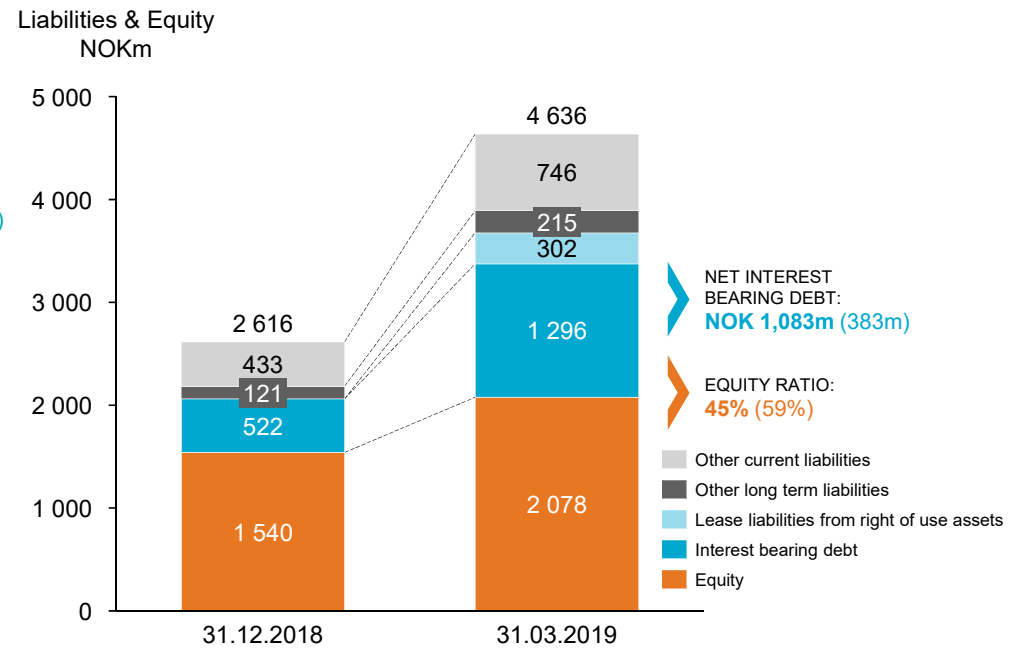
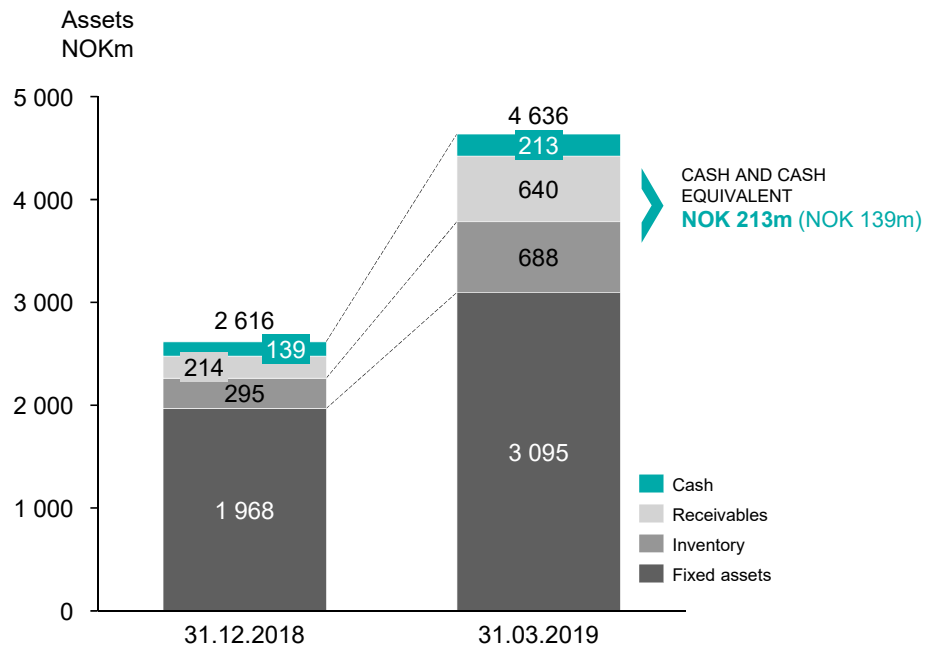
Revenues and EBITDA*

*NOKm, *2018 = Pro-forma on reported basis. 2019 = Segment reported*



Balance sheet | Q1 2019 vs Q4 2018

NOK 1,083m Net Interest Bearing Debt & 45% Equity Ratio



Agility and capital market transactions significantly increase the balance sheet while maintaining sound equity



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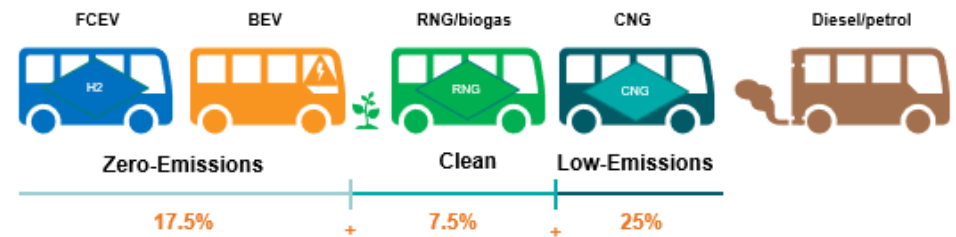
OUTLOOK

Heavy-duty vehicles on the agenda

Authorities determined to cut emissions

- EU targeting
 - 30% CO2 reduction from new trucks within 2030
 - 50% of new trucks and buses to be Low-Emissions by 2025
- Renewable Natural Gas (RNG) reached 32% of natural gas fuel sold in USA in 2018

EU Clean Vehicle Directive: 50% Low-Emissions vehicles by 2025



Agility Fuel Solutions Medium and Heavy-Duty Vehicles



Strong momentum across the board

- Strong order backlog for Q2 and beyond
 - US Transit Bus and Refuse Truck continue upward trend
 - Heavy-Duty Truck pick-up in activity with smaller fleets
 - Continued strong growth in European Transit Bus segment
- Several heavy-duty vehicle OEMs piloting battery electric and fuel cell electric solutions



New Flyer has delivered more than 13,000 CNG equipped buses with Agility, reducing CO2 emissions by approximately 4.4 million metric tons compared to diesel
Photo: New Flyer

Zero-emission trucking

- Toyota and Kenworth unveiled new fuel cell electric heavy-duty trucks
 - Total of 10 prototype trucks
 - Zero-emissions cargo hauling throughout the greater Los Angeles ports and basin



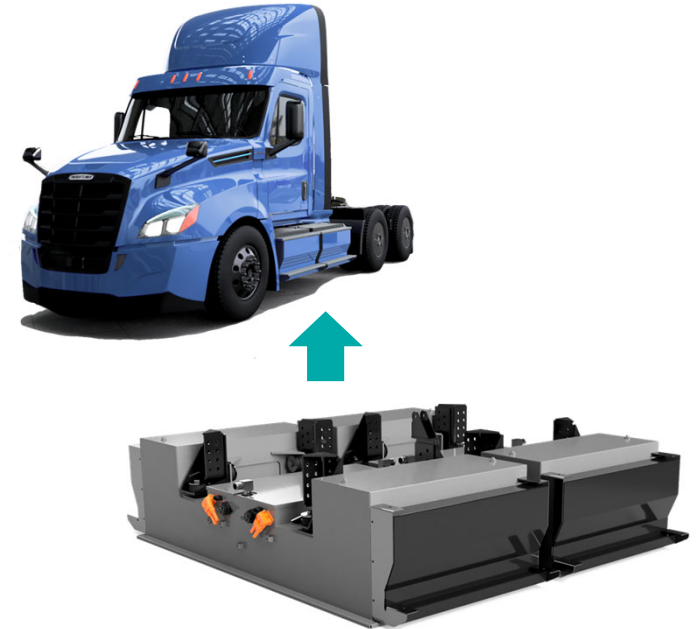
UPS adds three hydrogen fuel cell trucks to its fleet
Photo: Toyota

“It’s a clean, scalable, advanced zero-emissions electrification solution that moves beyond the binding constraints of big batteries and electrical grids.” – Bob Carter, Executive Vice President for Automotive Operations Toyota

Expanding the clean solutions portfolio

Battery packs and drivetrain integration

- The market's lightest and most compact battery packs for medium and heavy-duty vehicles
- Chosen by leading truck OEMs
 - Daimler Trucks North America's Innovation Fleet
 - Peterbilt e579 Class 8 truck
- Electric vehicle drivetrain integration also applicable for FCEV trucks



High performance battery pack for heavy-duty trucks
Image: Agility Fuel Solutions

“The beginning of the post-internal combustion engine era for commercial vehicles is here.”
– Roger Nielsen, CEO Daimler Trucks North America

Hexagon Purus Hydrogen



Awarded #4 serial production FCEV contract

- Multi-year hydrogen tank development and small-serial production project for Audi AG
 - Serial production early 2020s
- Germany stepping up its hydrogen ambitions



Audi h-tron Quattro Concept
(Photo: Audi AG)

“We really want to speed it up. We are going to put more priority into hydrogen fuel cells - more money, more capacity of people, and more confidence”

- Audi CEO, Bram Schot

China shifting subsidies from battery electric to fuel cell electric

- China is the world's largest producer of hydrogen
 - By-product from metals production
- Government technology roadmap targets 1 million Hydrogen vehicles by 2030
 - Backed by subsidies and public to private partnership
 - The fuel cell electric vehicles road map follows the blueprint from the successful Chinese battery electric vehicle strategy



A hydrogen fuel cell bus in Zhangjiakou, northern Hebei province

“We believe that hydrogen fuel cell vehicles and pure electric vehicles will coexist and complement each other for a long time to meet the needs of transportation and people’s travel.”

- Huang Libin, spokesman for Ministry of Industry and Information Technology

Hexagon Purus CNG Light-Duty Vehicles



WLTP* completed, growth has resumed

- Strong order backlog
- Volkswagen rolling out longer range and better performance CNG models
 - 18 available CNG models
- Expecting substantial volume in 2019
 - Investing ~Euro 6 million in new capacity to meet demand



Audi A3 Sportback g-tron 2019
Photo: Audi



**Hexagon Ragasco
LPG**

Flattish volume development

- Some European customers holding back on capex
 - Softness in underlying propane market
- Bangladesh emerging as a significant market
 - Successful roll-out
- First deliveries to Gambia and Germany
- Somewhat unfavorable mix compared with previous years



Beximco promotion

Hexagon Mobile Pipeline



Favorable market fundamentals

- New order from Certarus of MUSD 5.2
 - Supporting expansion into Northern Ontario, Canada
- Promising pipeline funnel for rest of the world
- Digital Wave off to a good start
 - MAE requalification



Big capital moving into renewable natural gas (RNG)

- Renewable natural gas (RNG) developments driven by favorable regional incentives
 - Southern California Gas Company to replace 20% of traditional pipeline natural gas with RNG by 2030



Smithfield manure lagoon for renewable natural gas production

Group Outlook Q2 2019

- 1 Strong environmental push and favorable economic conditions
- 2 Softer European LPG market, while strong momentum in Agility and step-change for CNG LDV expected to drive group results
- 3 Continued dilutive EBITDA effect from Hydrogen

Q&A





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APPENDIX

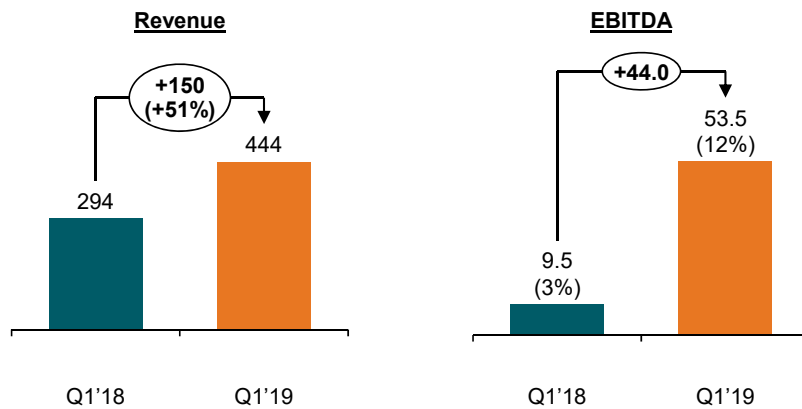
Q1 2019 Group income statement

NOK MILLION	QUARTER			FULL YEAR
	Q1 2019	Q1 2018	Variance	FY 2018
Revenue	821.8	416.3	405.5	1 486.5
Operating expenses	(740.9)	(349.7)	(391.1)	(1 360.5)
Earn-out obligation reversal / gain on transaction	69.4	0.0	69.4	108.5
EBITDA	150.3	66.5	83.8	234.5
Depreciation on tangibles	(42.8)	(13.2)	(29.6)	(52.4)
Amortisation and impairment	(15.3)	(6.0)	(9.3)	(41.9)
EBIT	92.2	47.3	44.9	140.2
Share of profit/(loss) from associates	(0.4)	(0.9)	0.4	31.4
Amortisation of associates intangibles	0.0	(3.2)	3.2	(13.4)
Other financial items (net)	(25.7)	(11.9)	(13.8)	10.6
Profit/(loss) before tax	66.1	31.3	34.8	168.7
Tax expense	2.3	(8.2)	10.5	(27.3)
Profit/(loss) after tax	68.4	23.1	45.4	141.5
<i>EBITDA %</i>	18.3 %	16.0 %		15.8 %
<i>EBIT %</i>	11.2 %	11.4 %		9.4 %
<i>Profit/(loss) after tax %</i>	8.3 %	5.5 %		9.5 %

Segment financial highlights Q1 2019

Agility Fuel Solutions

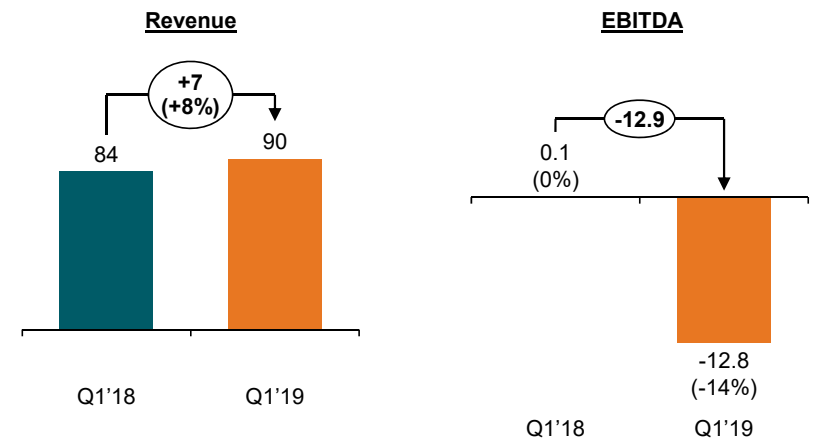
NOKm. Note: 2018 = Pro-forma on reported basis



- Very strong quarter with +51% topline growth coupled with solid profitability improvement
- Growth within all business units

Hexagon Purus (Hydrogen & CNG LDV)

NOKm



- Modest year-over-year increase driven by CNG LDV
- Investing in future H2 growth dilutes EBITDA by NOK 21.5m

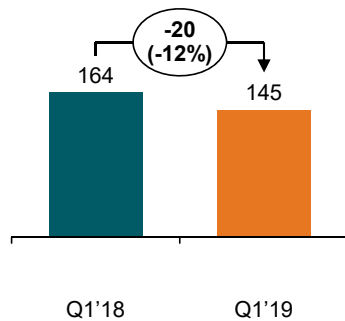
Segment financial highlights Q1 2019

Hexagon Mobile Pipeline & Other

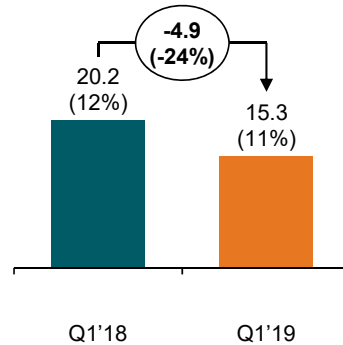
NOKm



Revenue



EBITDA



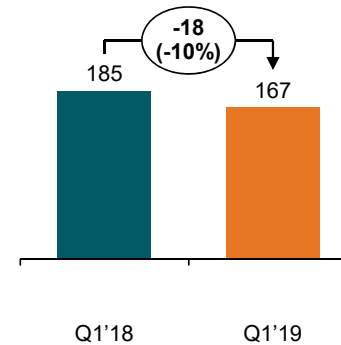
- Lower volumes versus last year, but overall a good quarter in North America, while rest of the world backlog to be delivered from Q2 onwards

Hexagon Ragasco (LPG)

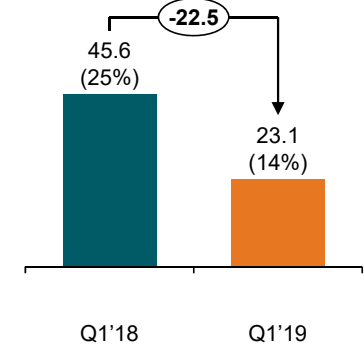
NOKm. Note: 2018 = Pro-forma adjusted



Revenue



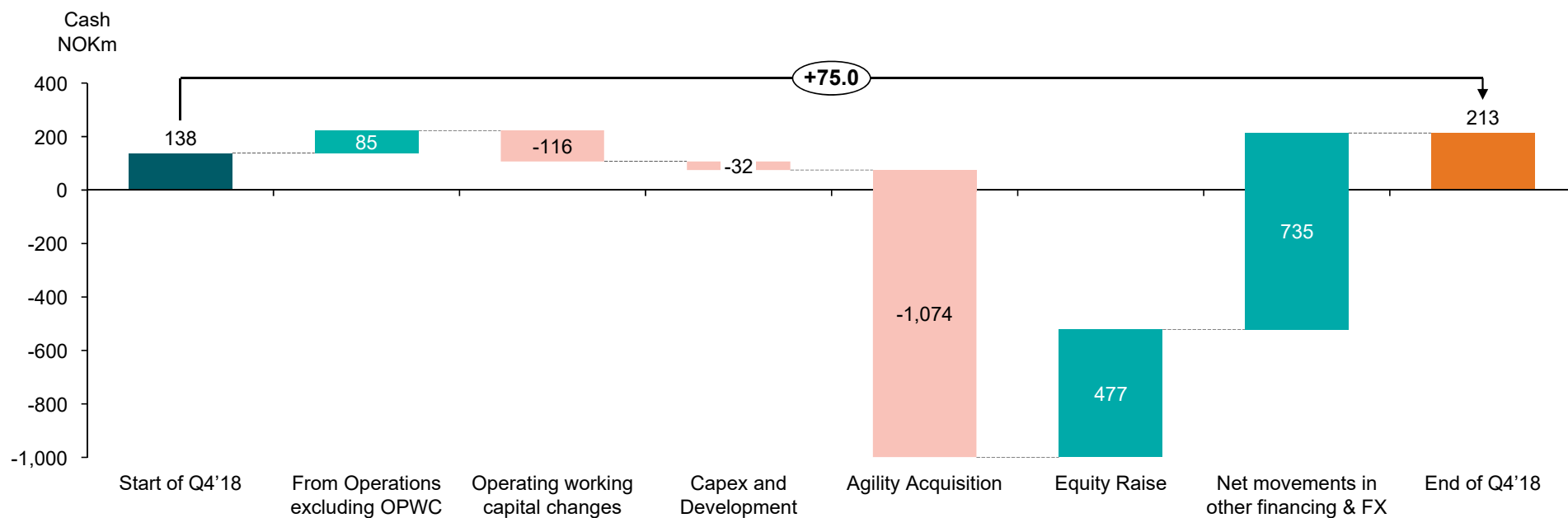
EBITDA



- Revenues primarily from Asian and core European markets
- Product mix effects drive EBITDA lower year-over-year



Group cash movements Q1 2019



Healthy cash generation offset by working capital drawing ; Agility acquisition fully funded