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# DRIVING ENERGY TRANSFORMATION

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# Q3

2020 THIRD QUARTER



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OSLO, 6 NOVEMBER 2020

JON ERIK ENGESET, CEO  
DAVID BANDELE, CFO

# Agenda

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

# COVID- 19 Impact

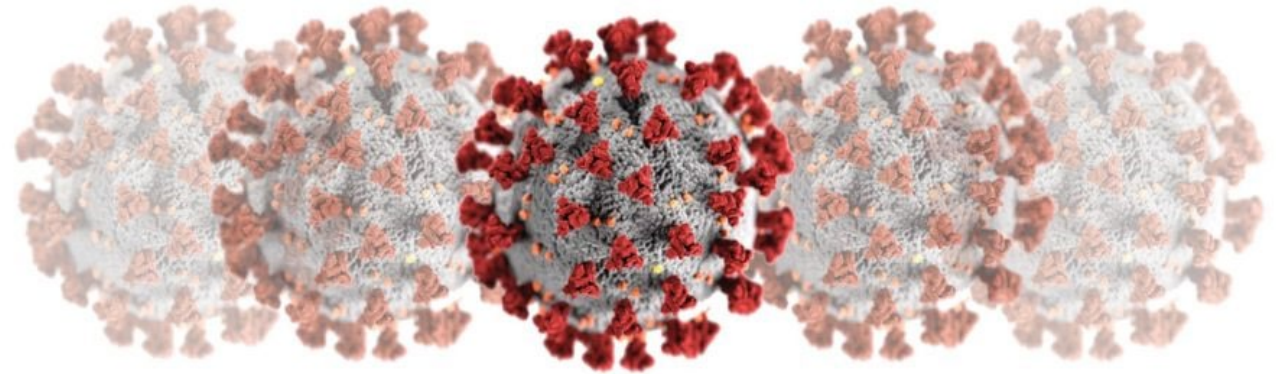
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- **As of November 5, 2020**

- 34 Cases YTD
  - 5 recovering
  - 29 recovered
  - 0 work related

- **Business impact**

- No major supplier disruptions
- All production facilities have remained open and only marginally affected during the quarter
- Underlying market demand is strong





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## Sustainability targets are fast-tracked...

**EU commission  
proposes to raise  
2030 greenhouse  
gas emission  
reduction target to  
55% by 2030**

**China commits  
to going carbon  
neutral by 2060**

**California bans  
new gasoline cars  
and trucks from  
2035**



## ...and our customers continue their energy transition

**Anheuser-Busch** plans to convert its **entire long-haul** dedicated fleet to renewable energy-powered trucks by **2025**

**UPS** will purchase more than **6000 natural gas** vehicles between 2020 – 2022

**Toyota and Hino** launch their future of **zero emissions** vehicles

**Waste Management** to cut fleet emissions by **45%** by 2038



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## Hexagon Digital Wave –

The digital transformation is essential in reducing global emissions

Building on unique technologies for **Modal Acoustic Emissions testing** and **Ultrasonic Examination**

Utilize **artificial intelligence** to develop smart tanks and smart tanks systems

Work **across all business areas** to generate new business streams

*“Digital technologies will be key part of making sure the EU reaches climate neutrality”  
European Commission*

# Building on our Modal Acoustic Emissions technology to set a new industry standard



**Increased  
safety**

**Reduced total  
cost of  
ownership**

**Increased  
lifetime of the  
tanks**

# Combining Mobile Pipeline with Agility Fuel Solutions - renaming to Hexagon Agility



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Drive **efficiency**  
by **full utilization**  
of the Mobile  
Pipeline  
organization

Turn the market  
volatility for  
Mobile Pipelines  
into a **capacity  
opportunity** for  
Fuel Solutions

Leverage **global  
market positions**  
and opportunities

CNG ONLY  
DO NOT USE AFTER  
01/1/2025



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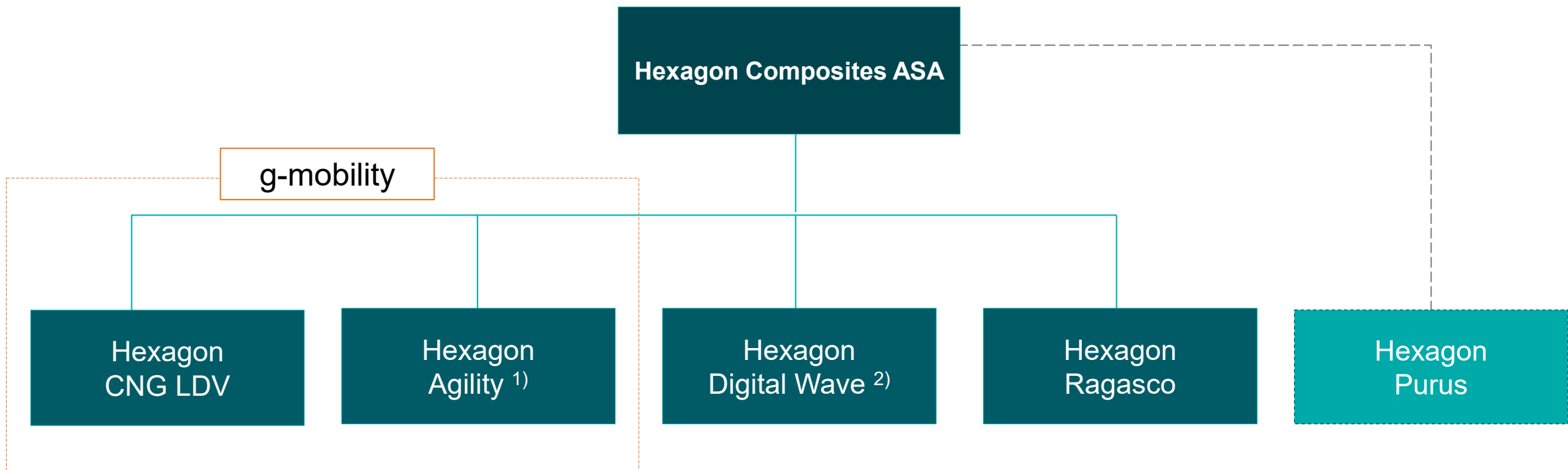
# Positioning Hexagon Purus as a pure play e-mobility company

Allows Hexagon Purus to realize its **full potential**

Listing preparations **on track**



# High level structure from 1 January 2021



1) Hexagon Agility represents the combination of Mobile Pipeline and Agility Fuel Solutions. Combination and name is effective 01.01.2021

2) Hexagon Digital Wave will be an own business area effective 01.01.2021.



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FINANCIAL UPDATE

# IMPACTS OF COVID - 19



# COVID – 19 Impacts

## Company position update

- Recovery in progress overall in Q3
  - Record strong results for Agility
  - Mobile Pipeline continues to be impacted, being project based
- 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
- Good liquidity and Hexagon remains financially robust. As of Q3 we have:
  - Undrawn committed facilities of NOK 653m\*
  - NOK 957m in cash after NOK 907m\*\* private placement
  - Net Interest-bearing debt of NOK 0.5bn\* = ~6% of market cap\*\*\*
- Flexible arrangements with our principal financier
  - Provide good headroom through challenging 2020 and into 2021



# Q3 2020 FINANCIALS



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# Highlights from Q3 2020

- Record revenues and EBITDA in Agility
  - Further deliveries on major logistics customers
  - Anheuser-Busch order for USD 8 million received
- Weak Mobile Pipeline volumes impacted by COVID-19
  - Production geared towards USD 7m order for fourth quarter
- Low CNG Light-Duty Vehicle volumes
  - Production restarted after production relocation of major customer
  - Call offs have restarted in the quarter
- Heated Purus e-mobility market
  - Nominated for serial production contract towards Fuel Cell Electric SUV with an estimated sales value of EUR 25 million
  - Announced intended spin-off and public listing
- Robust LPG performance
  - First deliveries to Bangladesh since pandemic
  - Europe remains strong
  - Diversified customers and geographies



Photo: US Gain

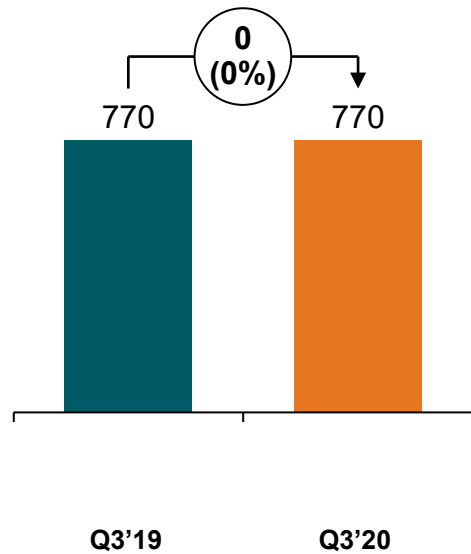
Anheuser-Busch truck with Agility Fuel Solution's CNG system. Fueling at a US Gain station.

# Financial highlights Q3 2020

## Hexagon Composites Group

### Revenue

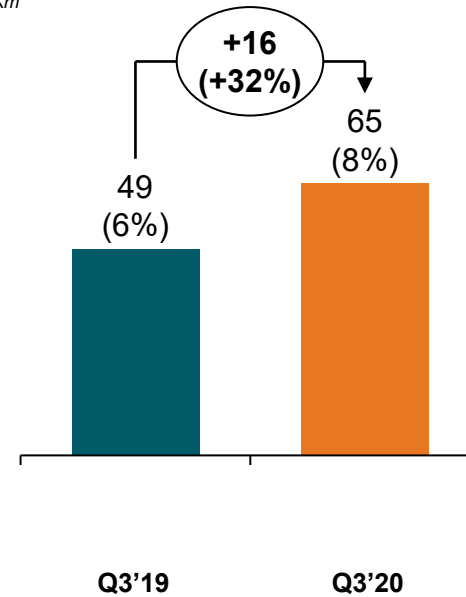
NOKm



- Record Agility revenues
- Weak Mobile Pipeline volumes

### EBITDA

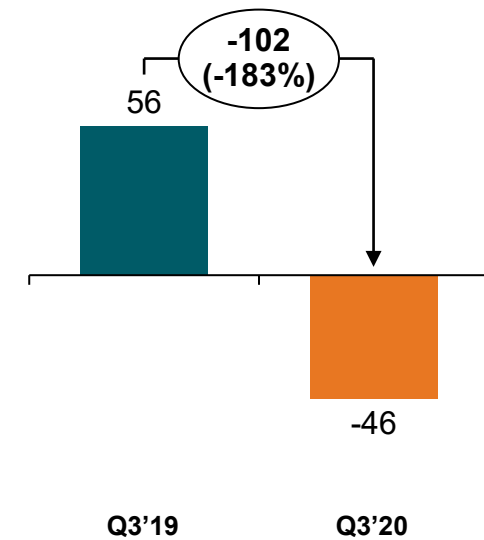
NOKm



- Recovering top-line after C-19 and cost control boosts profitability
- e-mobility ramp-up effect NOK -28m (-20m)

### Profit after tax

NOKm

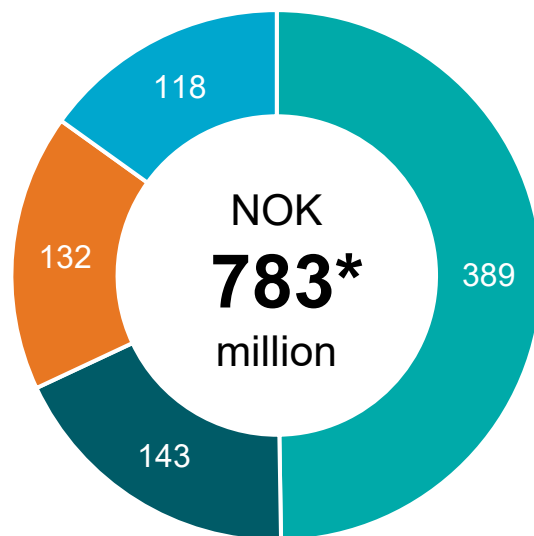


- Y-o-Y effects of depreciation NOK -1m; interest NOK +2m; FX NOK -94m; other charges NOK -2m; tax NOK -23m

# Revenue by segment Q3 2020 | Before Group eliminations\*

## Revenue Q3'19 (Proforma after internal reorganizations\*\*)

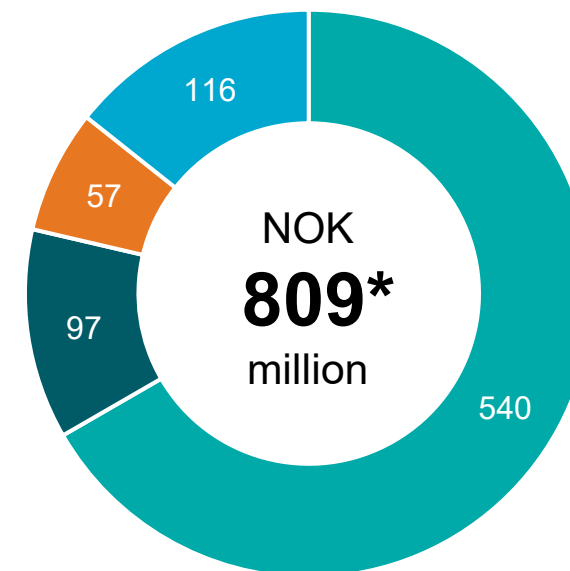
NOKm, before group eliminations



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

## Revenue Q3'20

NOKm, before group eliminations



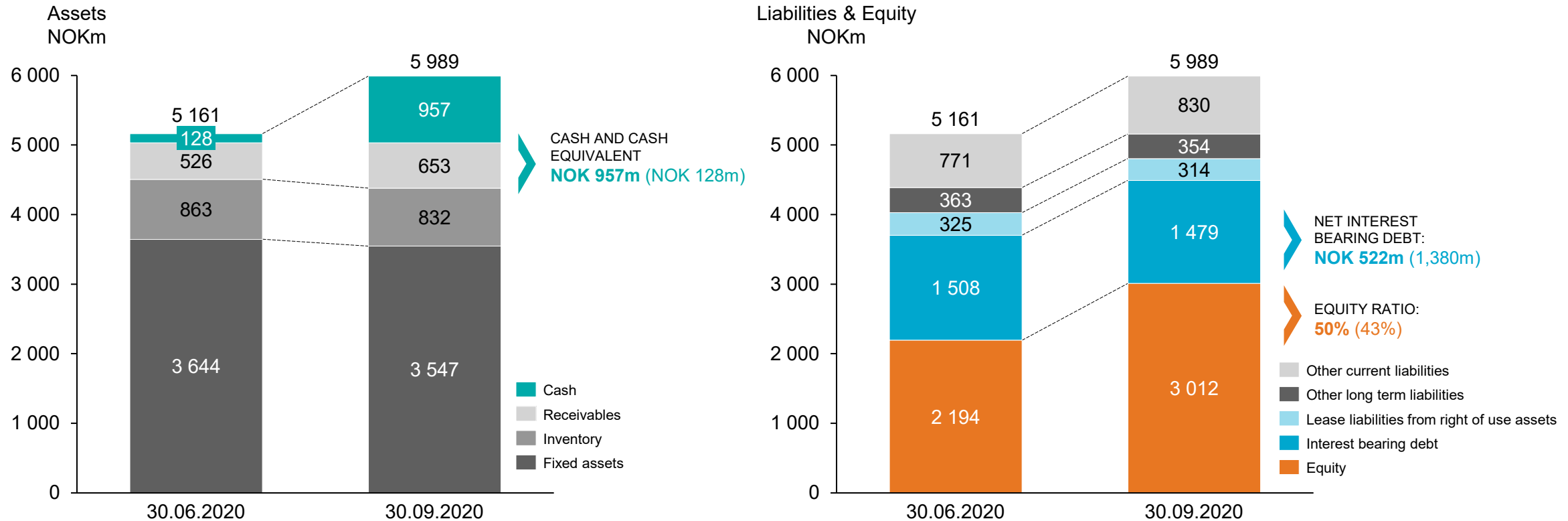
- Agility Fuel Solutions (Heavy and Medium-Duty)
- Hexagon Purus (e-mobility & CNG Light-Duty Vehicles)
- Hexagon Mobile Pipeline® & Other
- Hexagon Ragasco LPG

# Balance sheet | Q3 2020 vs Q2 2020

Net Interest Bearing Debt NOK 522m (Adjusted\* 489m) & Equity Ratio 50%



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**Stronger balance sheet after private placement**

\*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 33 million in the period



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# OUTLOOK





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**Agility Fuel Solutions  
Medium and Heavy-Duty  
Vehicles**



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## Strong activity in Heavy and Medium-Duty g-mobility

- Another strong quarter expected in Heavy-Duty Truck business
- Large number of deliveries to major logistics supplier continue in Q4
- European bus picking up and expected to continue in Q4 – mainly due to ramp up following the onset of COVID-19



# Hexagon Purus e-mobility



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# Hexagon Purus wins contract for first hydrogen powered commuter train in the U.S.

- Hexagon Purus signed a contract with Stadler Rail to develop and supply cylinder storage system for the first hydrogen powered commuter train in the U.S.
  - Train will be built and tested in Switzerland and then transferred to California for further tests in 2023 before commissioning in 2024.





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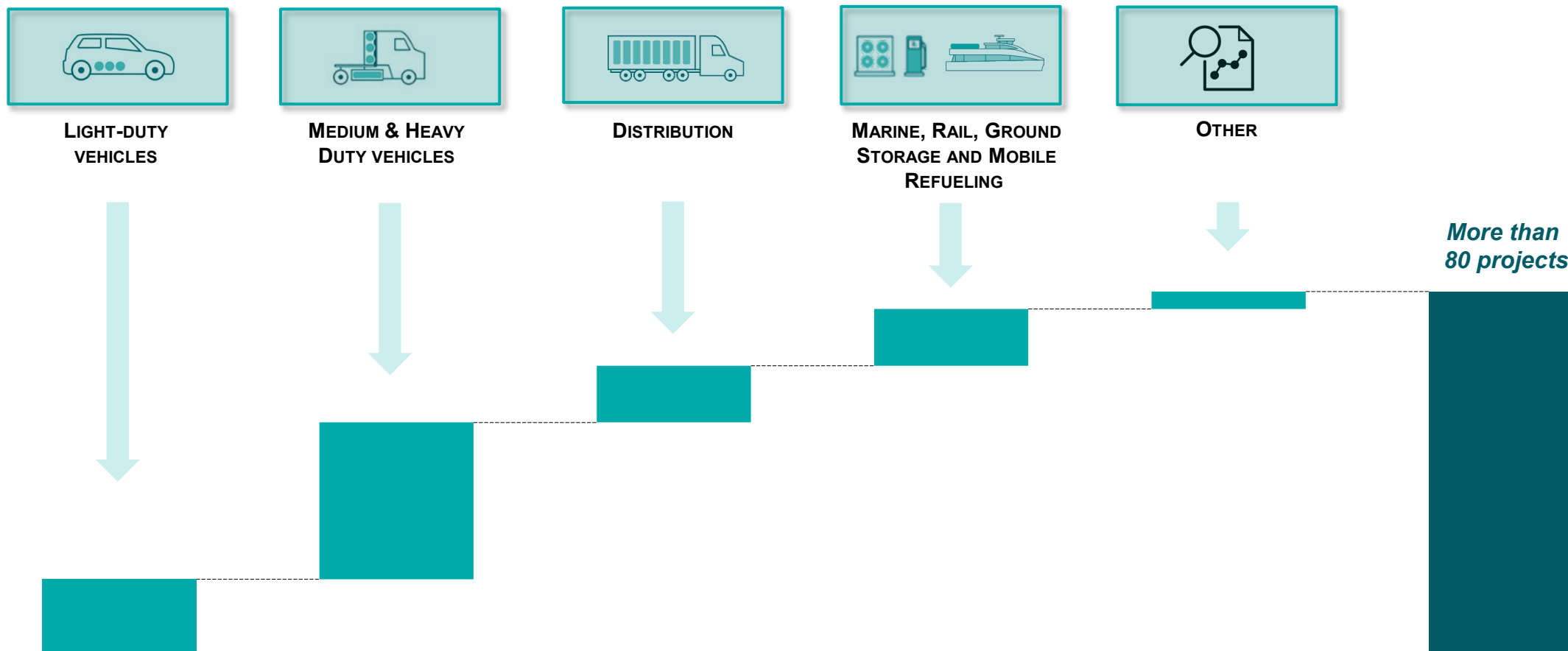
## Partnering with OEMs

- Awarded contract to provide full electric drive system to Hino Trucks “Project Z”\* (a Toyota Group Company)
  - Deliveries in the first half of 2021, customer demonstrations in 2022, and production prior to 2024
- Deliveries continue to major OEMs
- Bus segment active
  - Delivery of roof mount hydrogen storage systems to CaetanoBus
  - Continue to ship product to Solaris, fuel cell bus demo products currently in the field



*The Hino XL 7, with Hexagon Purus battery systems. Part of Hino's future range of zero emission vehicles.*

# Large and diversified e-mobility project pipeline



High number of hydrogen and battery electric development projects in a variety of segments

# CNG Light-Duty Vehicles

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- VW production continues to ramp up through Q4 as expected
  - Supply levels returning to normal with call-offs to end of year
  - Run rate in estimated somewhat lower than 2019 level (due to COVID-19 and subsequent delay of SEAT LEON launch)
- The launch of SEAT LEON's facelift in SEAT's assembly plant in Mortorell, is planned to follow in the first quarter of 2021.



*Credit: SEAT*

# Hexagon Mobile Pipeline



# Focusing on opportunities in new segments

- COVID-19 and oil related impacts continue in Q4
  - Low activity in onshore oil and gas sector in North America leading to postponed capital spends to 2021
  - Industrial gas segment still recovering from COVID related shut-downs earlier this year leading to postponed capital spends to 2021
- Additional orders for Mobile refueling units expected in Q4
- Expect solid Q4 with deliveries of units for virtual connect, RNG and energy intensive applications



# Hexagon Ragasco LPG

স্মার্ট সিলিন্ডার™  
আপনার জন্য specially





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# Demand for LPG domestic use recovering

- Stable demand from Europe continues
- First order from Argentina received in Q3, deliveries made in Q4





# Outlook summary

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- 1** Barring any unfavorable COVID-19 developments, we are expecting the stronger market outlook in the second half of the year to continue in Q4
- 2** Covid recovery is spurring significant green funding, incentive programs and new regulations focused on cleaner fuel solutions around the world
- 3** Strong liquidity and business resilience; Well prepared for spin-off of Hexagon Purus



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# DRIVING ENERGY TRANSFORMATION



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# APPENDIX



# Q3 2020 and YTD 2020 Group income statement

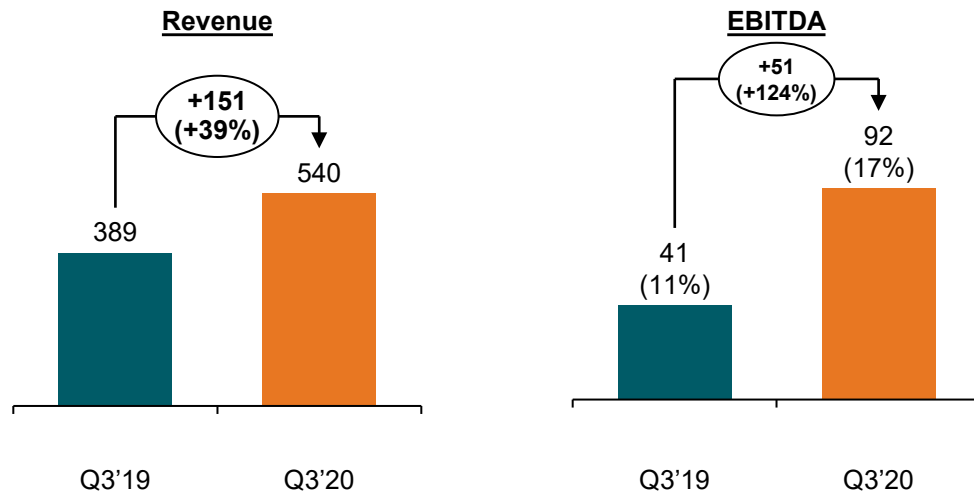
NOK MILLION	QUARTER			YEAR TO DATE			FULL YEAR
	Q3 2020	Q3 2019	Variance	YTD 2020	YTD 2019	Variance	FY 2019
<b>Revenue</b>	<b>769,5</b>	<b>770,3</b>	<b>(0,7)</b>	<b>2 277,6</b>	<b>2 474,2</b>	<b>(196,6)</b>	<b>3 416,1</b>
Operating expenses	(704,6)	(721,0)	16,4	(2 157,0)	(2 282,0)	125,0	(3 126,0)
Earn-out obligation reversal / gain on transaction	0,0	0,0	0,0	0,0	69,4	(69,4)	69,6
<b>EBITDA</b>	<b>65,0</b>	<b>49,3</b>	<b>15,6</b>	<b>120,5</b>	<b>261,6</b>	<b>(141,1)</b>	<b>359,7</b>
Depreciation on tangibles	(44,6)	(45,1)	0,5	(139,0)	(132,7)	(6,3)	(182,2)
Amortisation and impairment	(16,2)	(14,8)	(1,4)	(47,3)	(44,3)	(3,0)	(57,4)
<b>EBIT</b>	<b>4,2</b>	<b>(10,6)</b>	<b>14,7</b>	<b>(65,7)</b>	<b>84,6</b>	<b>(150,3)</b>	<b>120,1</b>
Share of profit/(loss) from associates	(0,2)	(0,2)	(0,0)	(0,8)	(0,8)	0,1	(0,7)
Other financial items (net)	(11,0)	82,9	(93,8)	55,6	23,2	32,4	(8,1)
<b>Profit/(loss) before tax</b>	<b>(7,0)</b>	<b>72,1</b>	<b>(79,1)</b>	<b>(10,9)</b>	<b>106,9</b>	<b>(117,9)</b>	<b>111,2</b>
Tax expense	(39,3)	(16,6)	(22,7)	(50,4)	(10,3)	(40,1)	(3,8)
<b>Profit/(loss) after tax</b>	<b>(46,3)</b>	<b>55,5</b>	<b>(101,8)</b>	<b>(61,3)</b>	<b>96,6</b>	<b>(158,0)</b>	<b>107,5</b>
<i>EBITDA %</i>	<i>8,4 %</i>	<i>6,4 %</i>		<i>5,3 %</i>	<i>10,6 %</i>		<i>10,5 %</i>
<i>EBIT %</i>	<i>0,5 %</i>	<i>-1,4 %</i>		<i>-2,9 %</i>	<i>3,4 %</i>		<i>3,5 %</i>
<i>Profit/(loss) after tax %</i>	<i>-6,0 %</i>	<i>7,2 %</i>		<i>-2,7 %</i>	<i>3,9 %</i>		<i>3,1 %</i>

# Segment financial highlights Q3 2020 | (1/3)

## Agility Fuel Solutions\*



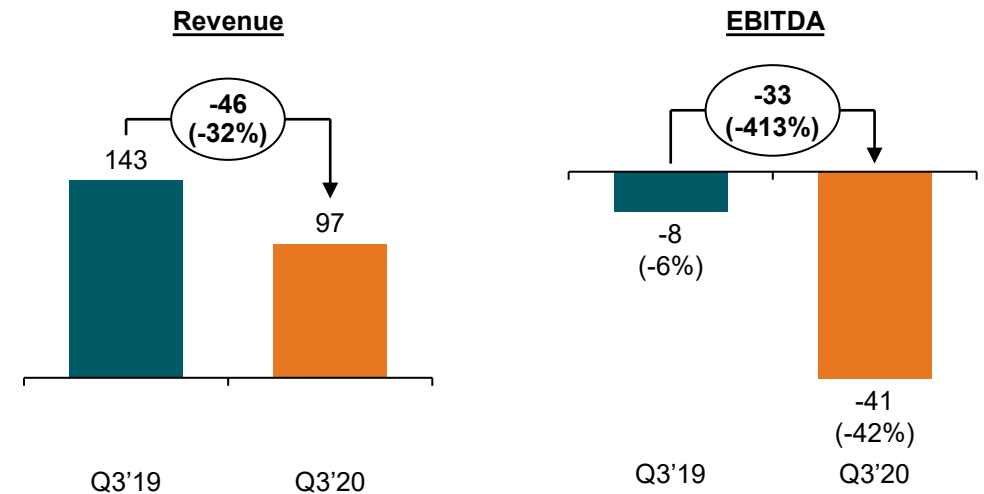
NOKm



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



NOKm



- Record quarter for revenue and EBITDA driven by volume
- Volumes driven by Heavy-Duty Truck and European Transit bus

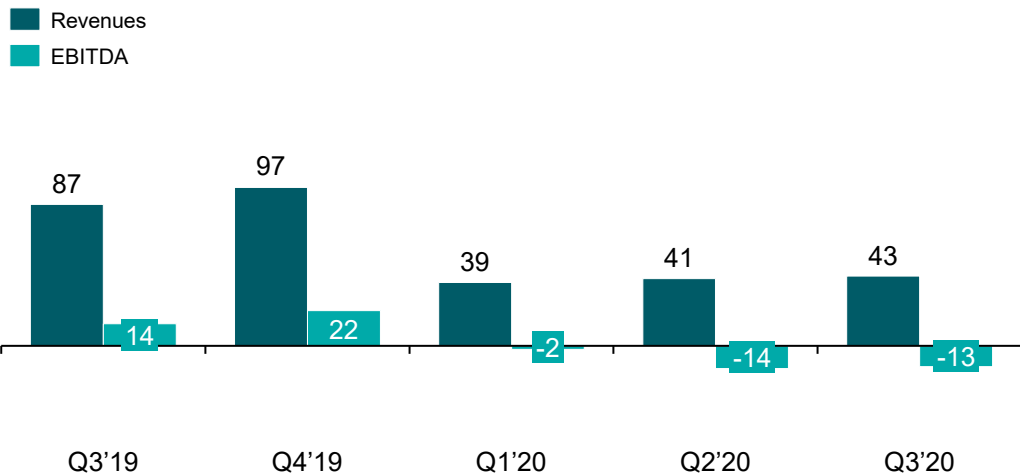
- Lower call-offs from VW Group following relocation of CNG vehicle assembly line coupled with COVID-19 shutdowns hit revenues in the CNG LDV segment
- One-off charge of NOK 8 million related to reversal of a gain on a carve-out transaction (zero group effect)
- Please see separate CNG and e-mobility figures and comments on next slide

# Segment financial highlights Q3 2020 | (2/3)

## Hexagon Purus CNG-LDV\*



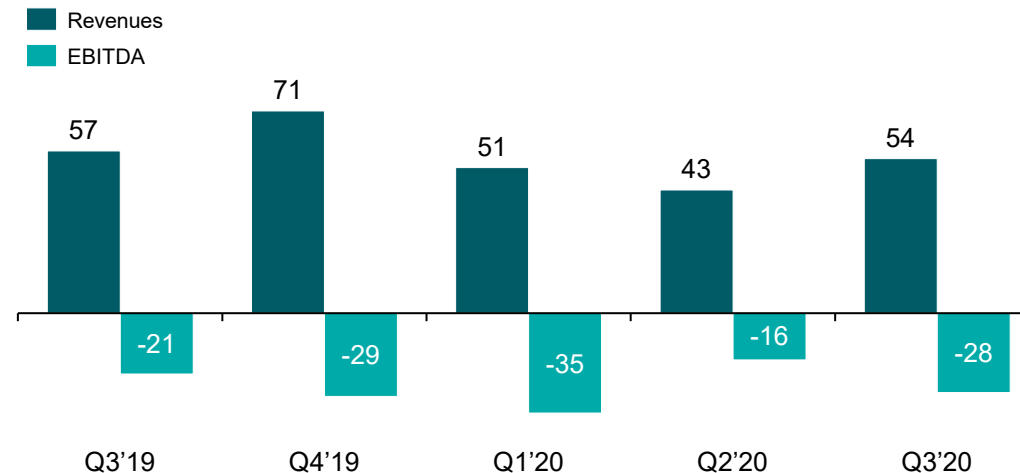
NOKm



## Hexagon Purus e-mobility\*



NOKm



- Q1'20 to Q3'20 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
- Production at VW's relocated facilities restarted towards the mid to end of Q3'20; call-offs recommenced

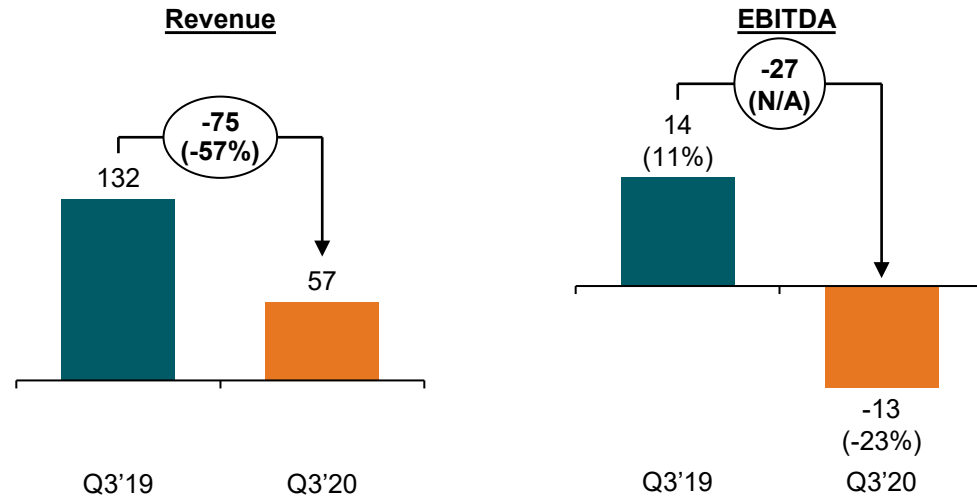
- One off charge impacted profitability in Q3'20

# Segment financial highlights Q3 2020 | (3/3)

## Hexagon Mobile Pipeline & Other\*



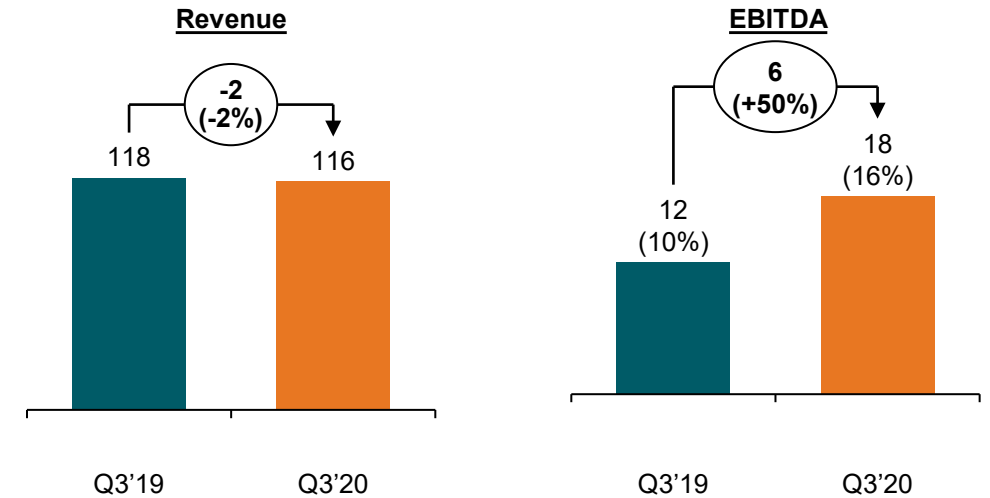
NOKm



## Hexagon Ragasco (LPG)



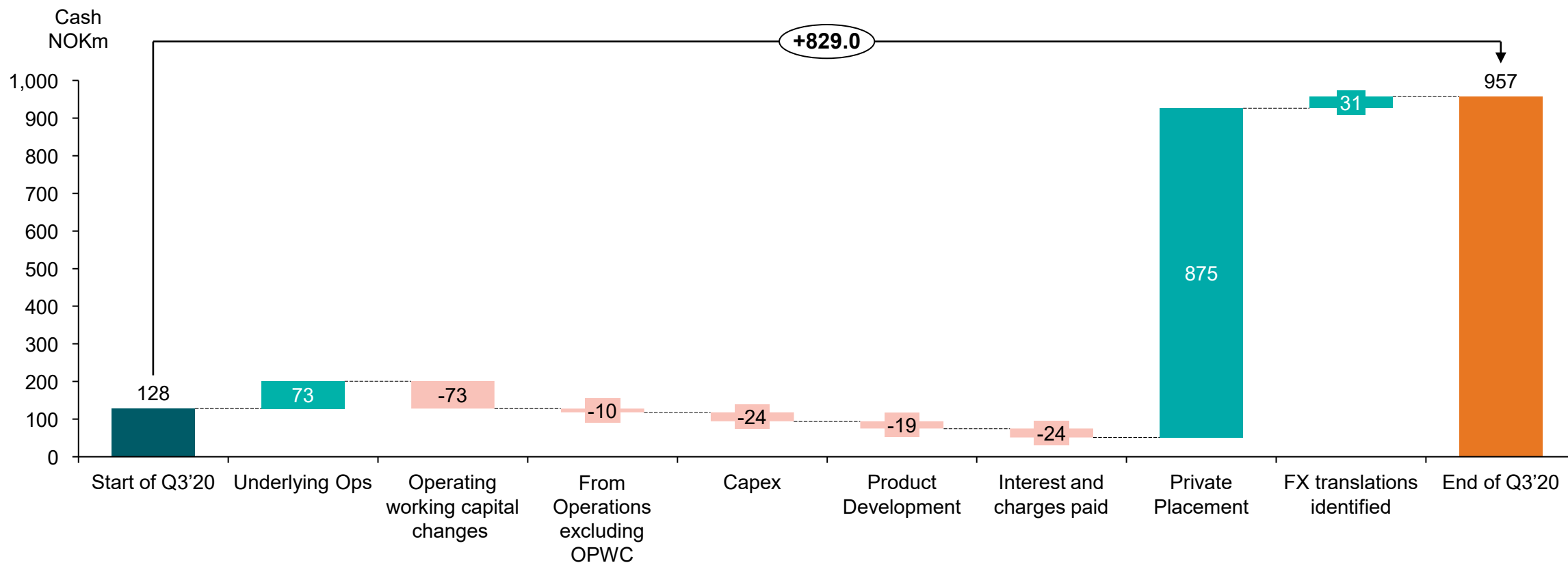
NOKm



- Macro impacts from COVID-19 & onshore US oil & gas slowdown had negative impact to sales of new modules in Q3'20

- Favourable year-over-year FX movements in the quarter accretive to margin

# Group cash Q3 2020



**Solid underlying operations cashflow offset by OPWC expansion from higher sales; Equity issue in quarter**