

# Q3 2023

Jon Erik Engeset, CEO  
David Bandele, CFO

9 November 2023

## Disclaimer and important notice

This company presentation (the "Presentation") has been prepared by Hexagon Composites ASA ("Hexagon" or the "Company"). The Presentation 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 Presentation and/or the statements set out herein. This presentation is not and does not purport to be complete in any way. The information included in this Presentation 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 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 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 Presentation 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 Presentation has been prepared for information purposes only. This Presentation 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 Presentation in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Presentation speaks as of 9 November 2023, and there may have been changes in matters which affect the Company subsequent to the date of this Presentation. Neither the issue nor delivery of this Presentation 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 Presentation. 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 City Court as exclusive venue. By receiving this Presentation, you accept to be bound by the terms above.

# Key highlights

- **Strong growth in revenues and profitability year-over-year**
- **Record high activity for Mobile Pipeline**
- **Strategic review of Hexagon Ragasco initiated**
- **Significant orders announced since end Q2:**
  - Hexagon Agility: NOK ~1.1 billion
  - Hexagon Ragasco: EUR 20 million

# Driving Energy Transformation

In the first three quarters of 2023,  
our solutions enabled the  
avoidance of

**1,034,900**

metric tons of CO<sub>2</sub> equivalents

*Equal to 250,000 petroleum cars  
off the road for one year*



# Q3 2023 Key financials

**Revenues**  
NOK 1,252 million  
(NOK 1,080 million)

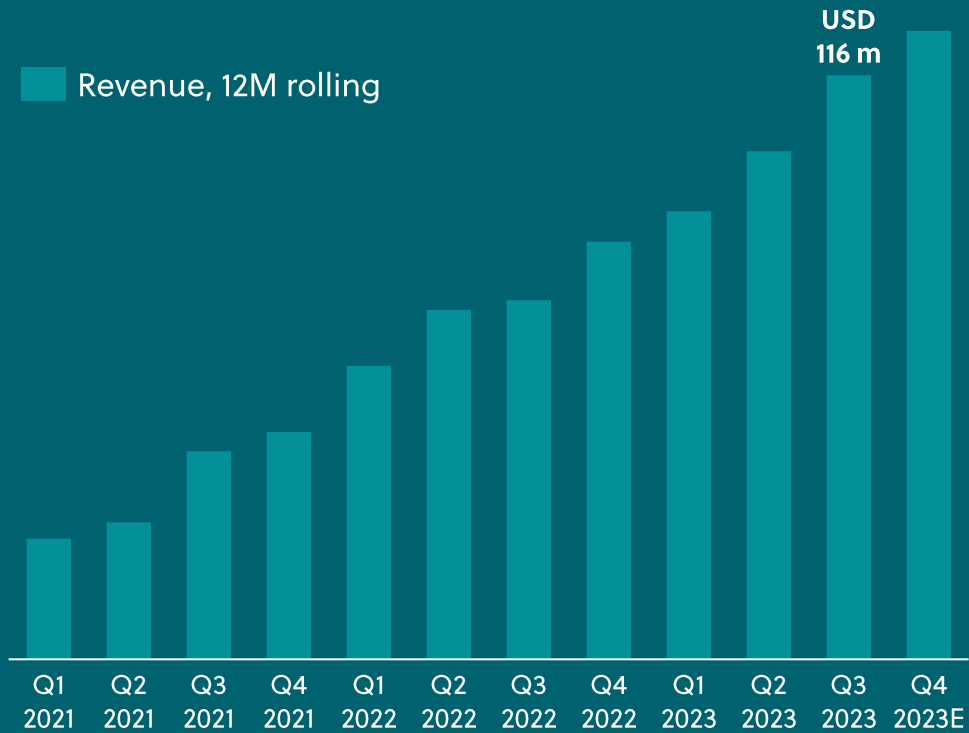
**EBITDA**  
NOK 124 million\*)  
(NOK 68 million)

**EBITDA margin**  
10%  
(6%)

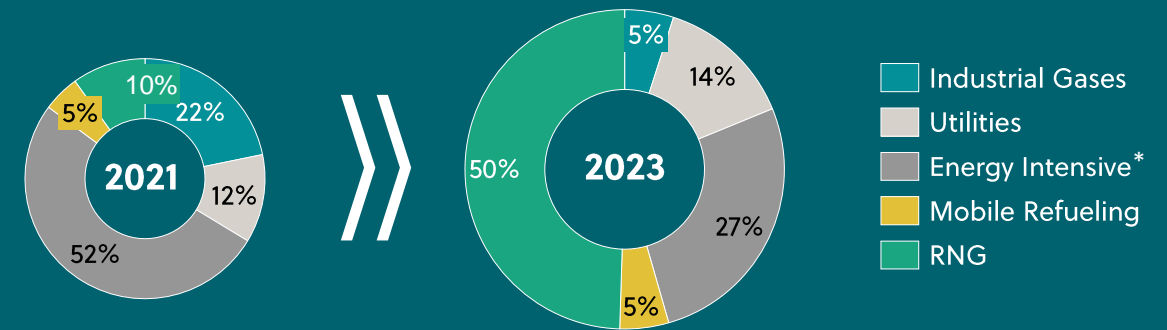


# Mobile Pipeline

## Mobile Pipeline revenue development USDm



## Customer segmentation development and key comments



- Strategic shift towards RNG
- Substantial opportunities in other key markets
  - Europe, Latin America and Middle East

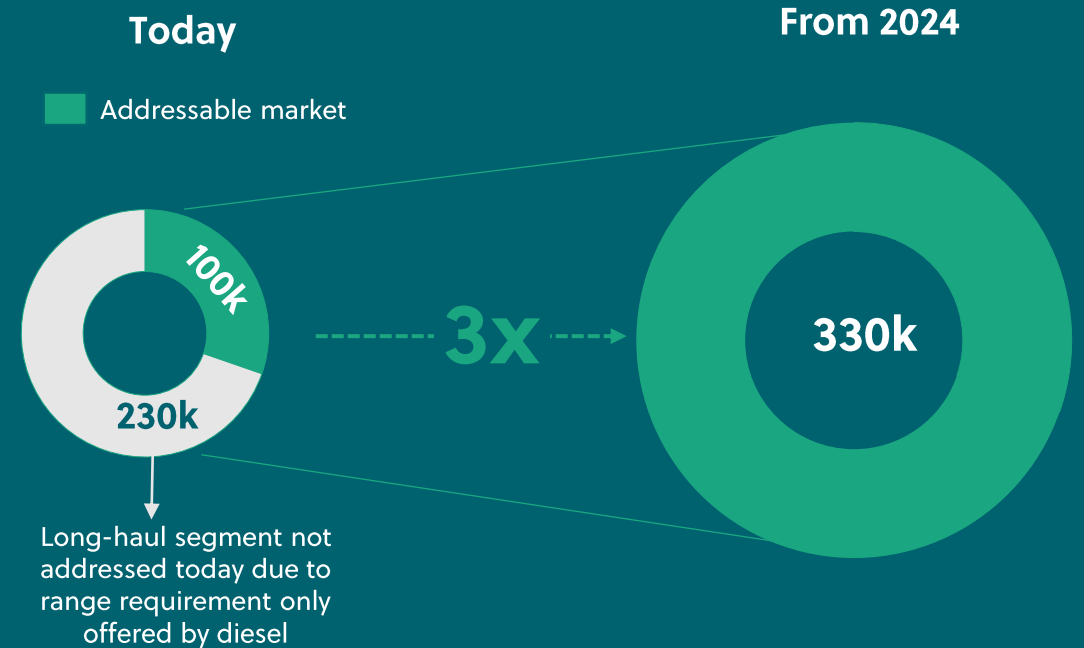
\*Includes oil & gas customers.

# Next generation natural gas engine (X15N) expected to be launched mid-2024



- First OEMs expected to open order books in January 2024 – deliveries from Q3 2024
- Certification of X15N expected mid 2024 with production commencing in 2H 2024
- **25 field test units including Hexagon Agility customers UPS and Matheson**

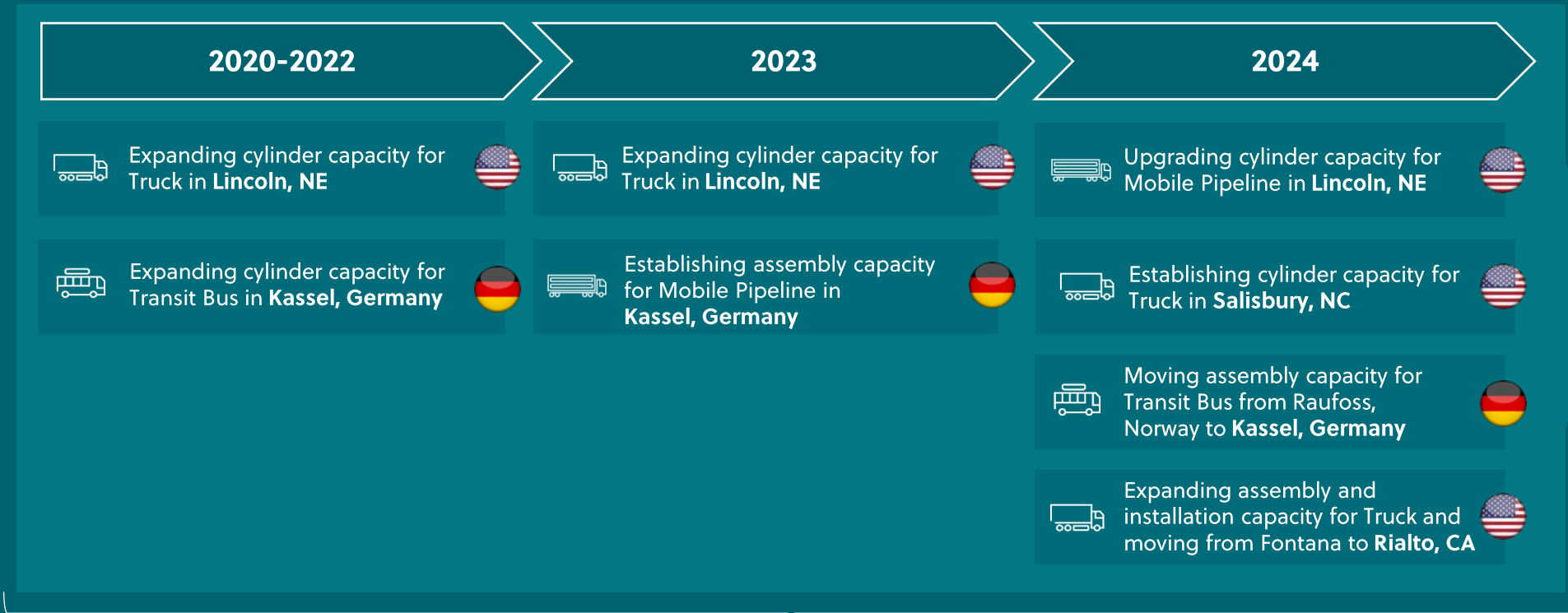
## US heavy-duty truck addressable market for natural gas solutions (# trucks sold per year)



# 2020-24 capacity investment program in Hexagon Agility allows for growth well above 2025 target

## Major capex initiatives 2020-2024

## Group financial targets 2025



**Revenue**  
**>NOK 6bn**

**EBITDA**  
**15% margin**

**USD ~55m aggregated capacity investments**

**~200% increase in Truck and Bus cylinder capacity**

**~35% increase in Mobile Pipeline cylinder capacity**





# Capacity expansion in Salisbury



Footprint allows 4 additional lines at attractive incremental cost if / when required



2024  
2 new production lines

# Hexagon Ragasco continues expanding customer base



## Five-year distribution agreement with Gasco in Saudi-Arabia

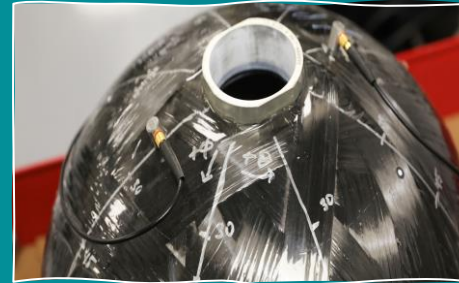
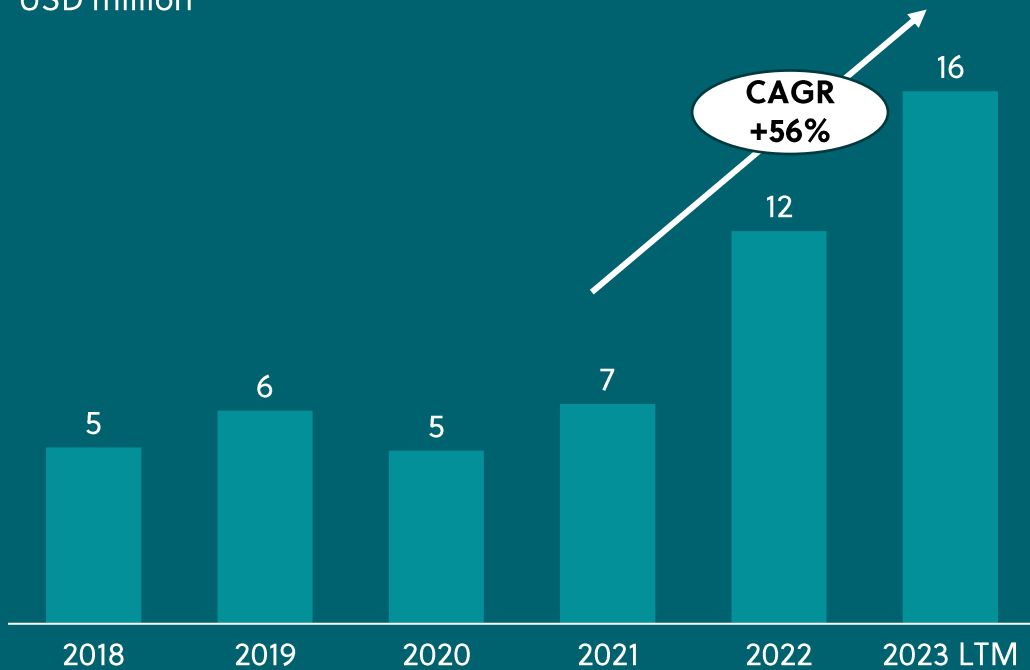
- **Five-year contract (2023-2028)**
  - Deliveries starting in Q1 2024
- Total value around **EUR 20 million**

## New customers acquired 2022-2023 YTD



# Hexagon Digital Wave - smart growth

Revenue  
USD million



**Modal Acoustic Emissions**  
Composite cylinder testing and  
requalification services  
(Type 4)



**Ultrasonic Examination**  
Metallic cylinder testing machines,  
software subscription and services  
(Type 1)

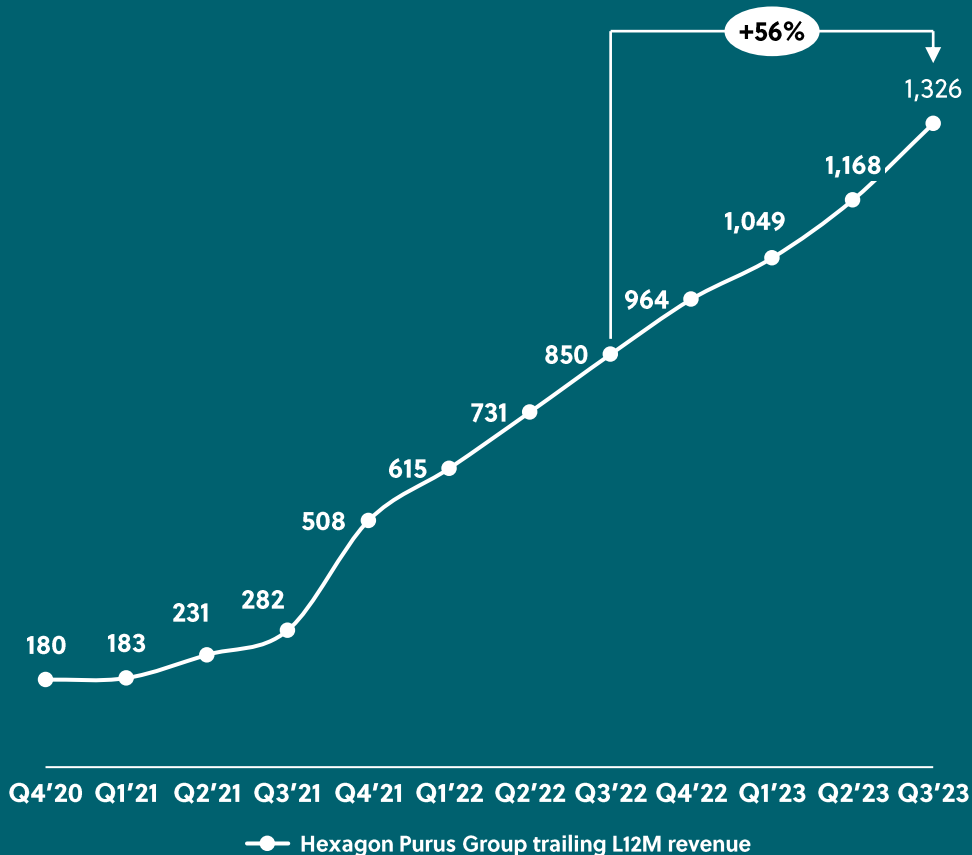


**Smart Systems**  
Automation, optimization, telemetry  
and monitoring solutions

# Hexagon Purus

## Continued revenue growth, strong order book

Last 12 months revenue is up 56% YoY



### Highlights

- **Strong momentum** for hydrogen infrastructure solutions
- **Inaugurated new hydrogen** cylinder production hub in Kassel, Germany
- **Strong order backlog** with firm purchase orders of approximately NOK 1.1 billion
- Frame agreements supporting 2025 target of NOK 4-5bn revenue and EBITDA break-even

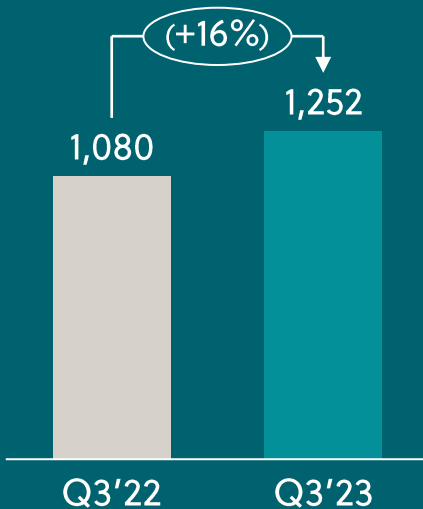
# Financials



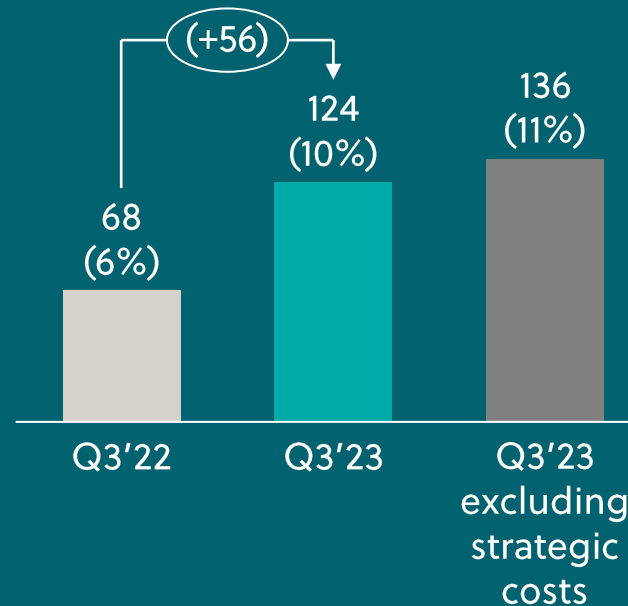
# Financial highlights | Q3 2023

## Hexagon Group

Revenue  
NOKm



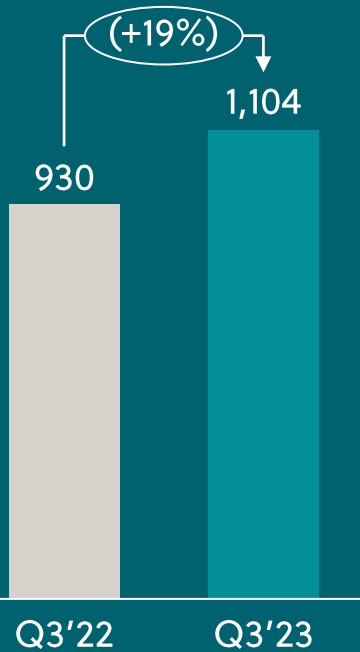
EBITDA  
NOKm



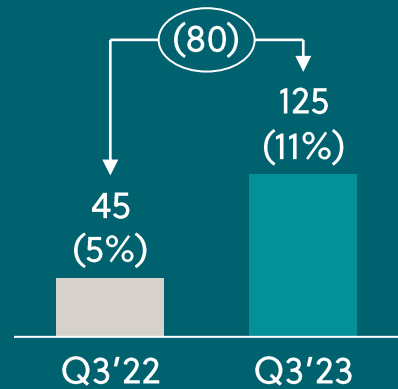
- **16% revenue growth** driven by continued growth in Hexagon Agility
- **Significantly improved margins** in Hexagon Agility
- Close to **doubling** year-over year **EBITDA**
  - Includes NOK 12 million of costs related to strategic review of Hexagon Ragasco

# Hexagon Agility | Q3 2023

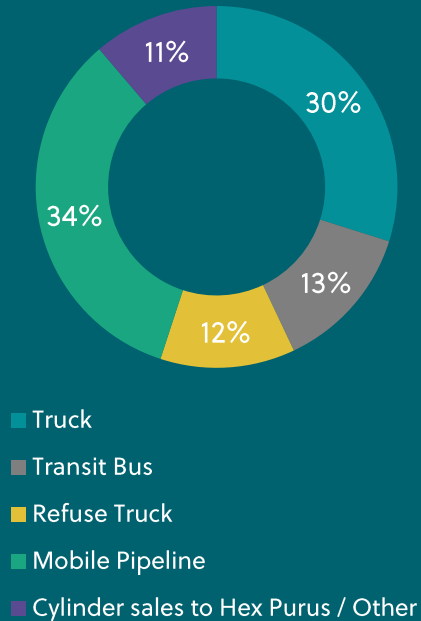
**Revenue**  
NOKm



**EBITDA**  
NOKm



**Revenue split**



- **19% revenue growth**

- Record Mobile Pipeline & strong -sales to Hexagon Purus
- Solid Refuse Truck & Transit bus volumes
- Lower y-o-y Heavy-Duty Truck; however improved q-o-q

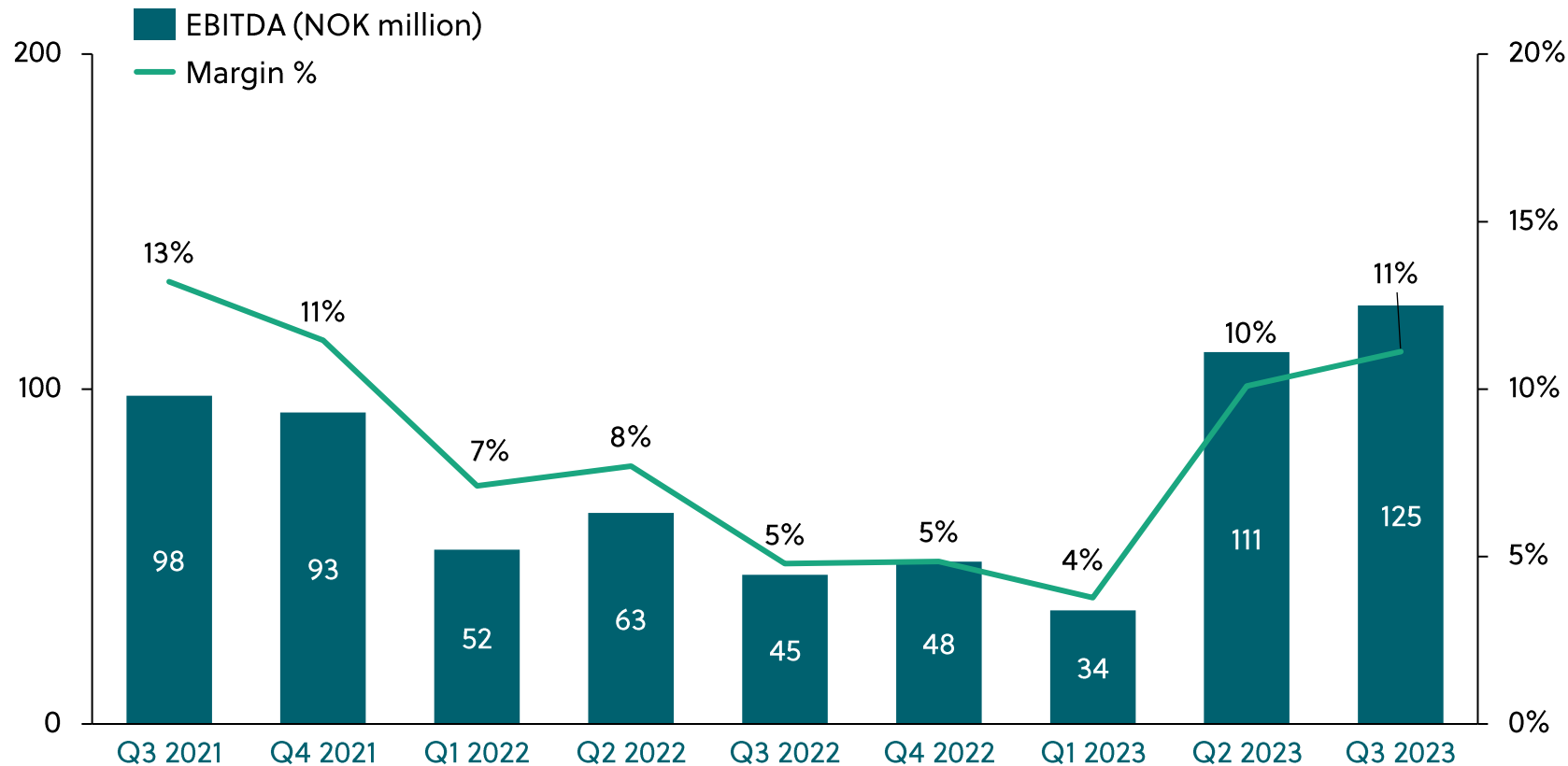
- **Recovering margins**

- Effects of higher pricing realized through P&L
- Stable but high carbon fiber input cost

**Diversified revenue streams supporting critical infrastructure and decarbonization targets**

# Hexagon Agility EBITDA margin progression

## Quarterly EBITDA and Margin



Pricing effects are mitigating cost inflation

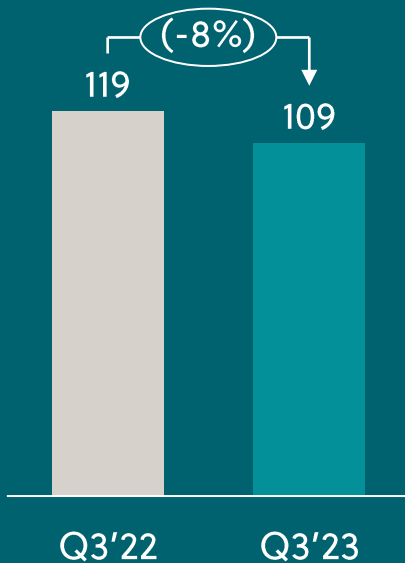
Short-term, margins can improve further with volume

Medium-term, margins will improve further with sustainable productivity gains and scale from new 15L natural gas engine launch

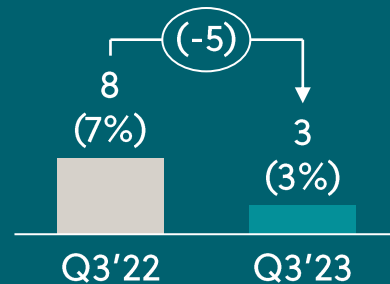


# Hexagon Ragasco | Q3 2023

Revenue  
NOKm



EBITDA  
NOKm



- **Seasonally low revenues**

- Weak volumes in Europe
- Strong growth in Middle-East and African volumes

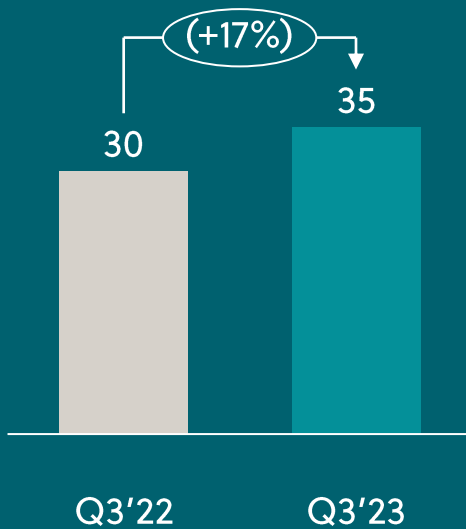
- **Profitability:**

- Margins impacted mainly by lower volumes

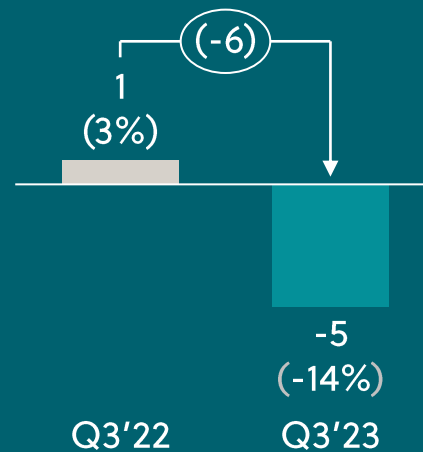
**Resilient business with growing global customer base**

# Hexagon Digital Wave | Q3 2023

**Revenue**  
NOKm



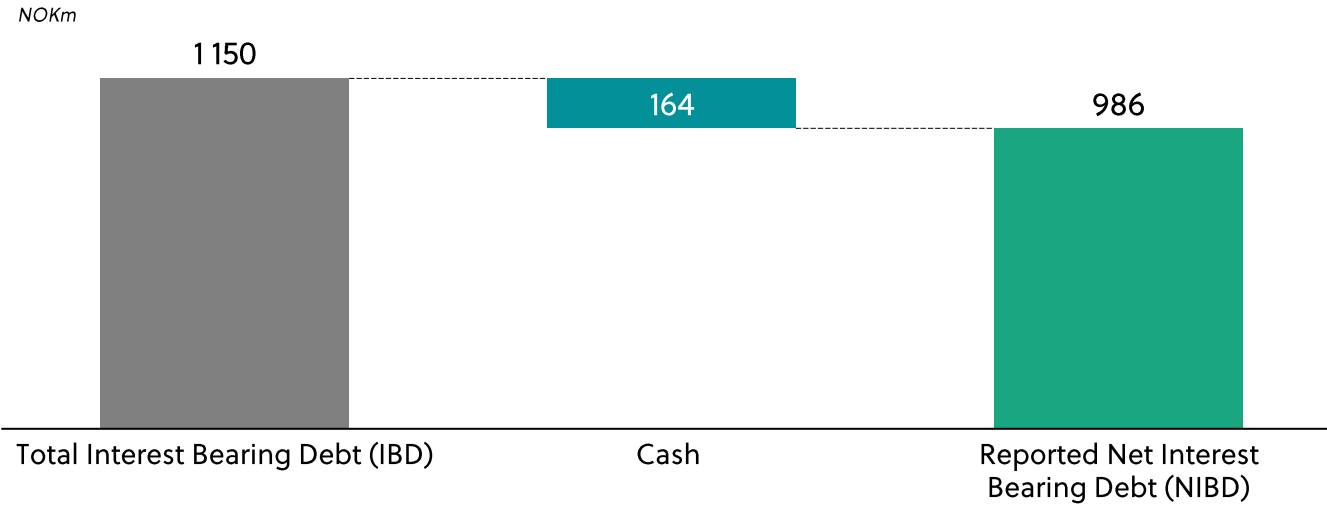
**EBITDA**  
NOKm



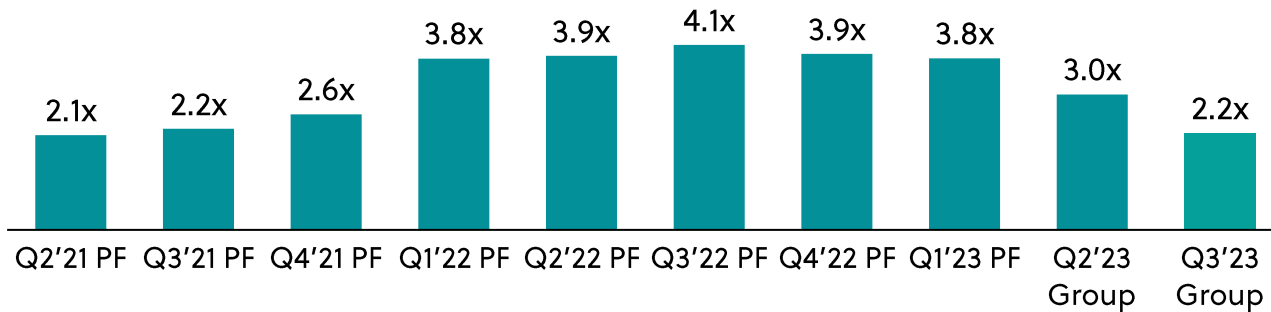
- **3x growth** in services (MAE) business<sup>1</sup>
- Lower machine sales in product (UE) business<sup>1</sup>; timing related
- **Investment in operational capacity** weigh on margins

**Modal Acoustic Emission (MAE) technology is core to Hexagon's product differentiation strategy and certified pre-owned program**

# Hexagon Group leverage



## NIBD/EBITDA LTM



- As at Q3, Hexagon Group has NOK 711 million in available liquidity
  - Total NIBD of NOK 986 million
  - NIBD/EBITDA leverage of **2.2x**

# Outlook

# Hexagon Group 2023 outlook

## Solid backlog and focus on operational output to deliver on rest of year



### Mobile Pipeline

Strong RNG driven growth with healthy backlog for 2024

### Transit & Refuse

Resilient volumes

### Heavy-Duty Truck

Q4 order book healthy with backlog extending into 2024; US OEM strike activity may delay small portion of revenues into 2024

### LPG cylinders

Seasonally lower H2 2023; expect some pick up in Q4 vs Q3 2023 but weaker **LPG cylinder** than Q4 2022 primarily due to order postponements

### Cylinder testing and inspection technologies

Continued growth of Ultrasonic Examination products and Modal Acoustic Emission trailer requalification services expected



## Revenue

Solid Group topline expected for Q4

## EBITDA

Expecting 2023 full year margin at similar level as YTD

# Key takeaways

**Strong top-line growth**

**Margin improvement through 2023**

**Hexagon Purus equity accounted for from Q3 2023**

**2025 Targets  
Hexagon Group**

**Revenue: >NOK 6bn  
EBITDA margin: ~15%**

# Q&A

# Appendix



# Investor relations information



## Exchange

Ticker symbol: HEX  
ISIN: NO0003067902  
Exchange: Oslo Børs



## Market cap

**NOK ~5.3 bn**  
Market capitalization



## Investor base

**~ 5,480**  
Shareholders



## Financial calendar 2023

Q3'23	9 November
Q4'23	14 February



## Equity analyst coverage

ABG  
Carnegie  
Danske Bank  
DNB  
Nordea  
SEB  
Sparebank 1

For details, please visit our [website](#)



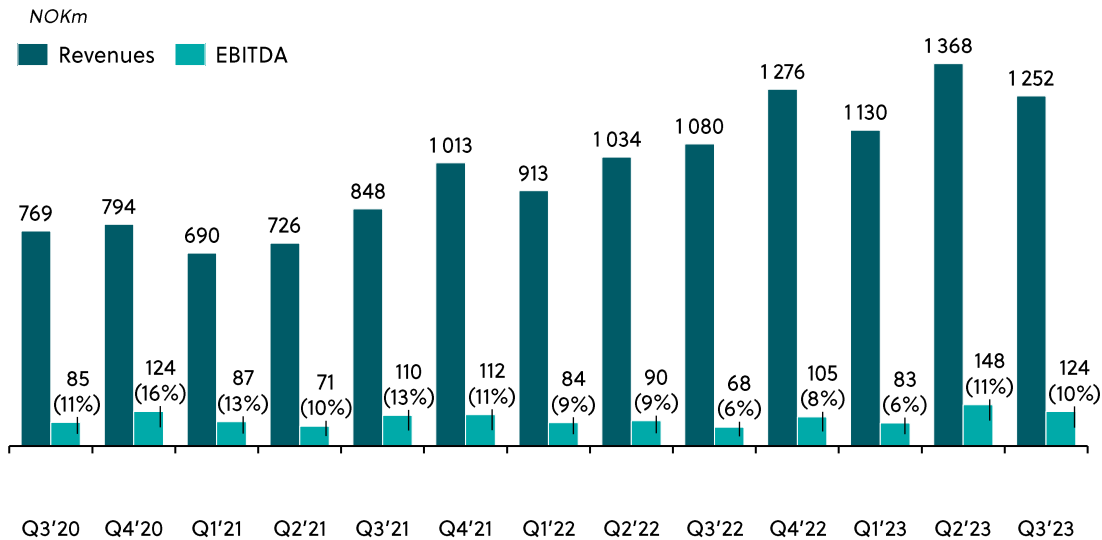
## Investor relations contacts

Ingrid Aarsnes  
Vice President, IR & ESG  
Email: [ingrid.aarsnes@hexagongroup.com](mailto:ingrid.aarsnes@hexagongroup.com)  
Direct: +47 950 38 364

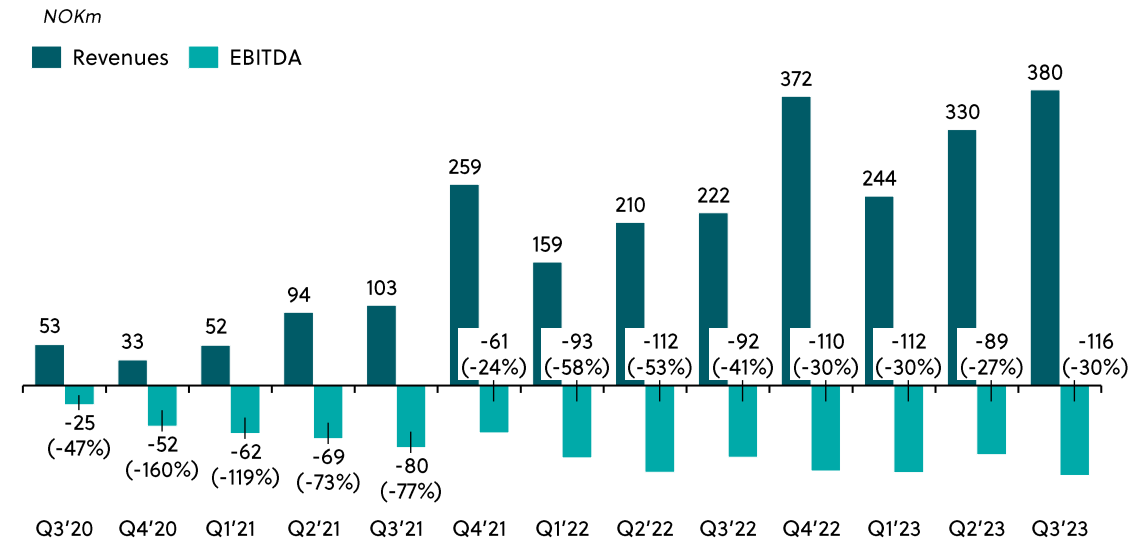
David Bandele  
Chief Financial Officer  
Email: [david.bandele@hexagongroup.com](mailto:david.bandele@hexagongroup.com)  
Direct: +47 920 91 483

# Hexagon proforma financial highlights (1/3)

## Hexagon Group (excluding Hexagon Purus)\*



## Hexagon Purus\*



- **Hexagon (excl. Hexagon Purus) provides clean solutions with strong ESG benefits**

- Hexagon Agility\*\*: (renewable) natural gas clean mobility solutions
- Hexagon Ragasco: Portable LPG cylinders for household and leisure applications
- Digital Wave: smart technology for monitoring and testing of cylinder systems and creating circular economy by extending life expectancy

- **Hexagon Purus provides clean and sustainable fuel solutions for battery electric and hydrogen vehicles**

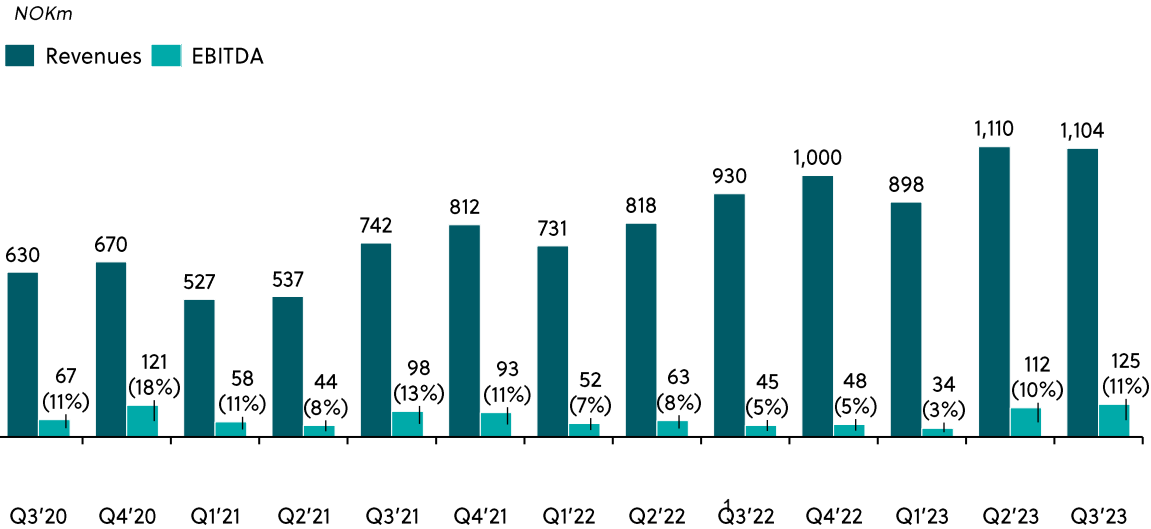
\*2020: preliminary unaudited pro-forma figures after adjusting for reorganizations; 2021 segment reported and is after central/corporate and eliminations within the segments

\*\* previously referred to as g-mobility and being rebranded to be consistent with other reported segments and ahead of transferring operational responsibility of CNG LDV business to Hexagon Agility by 1.1.22



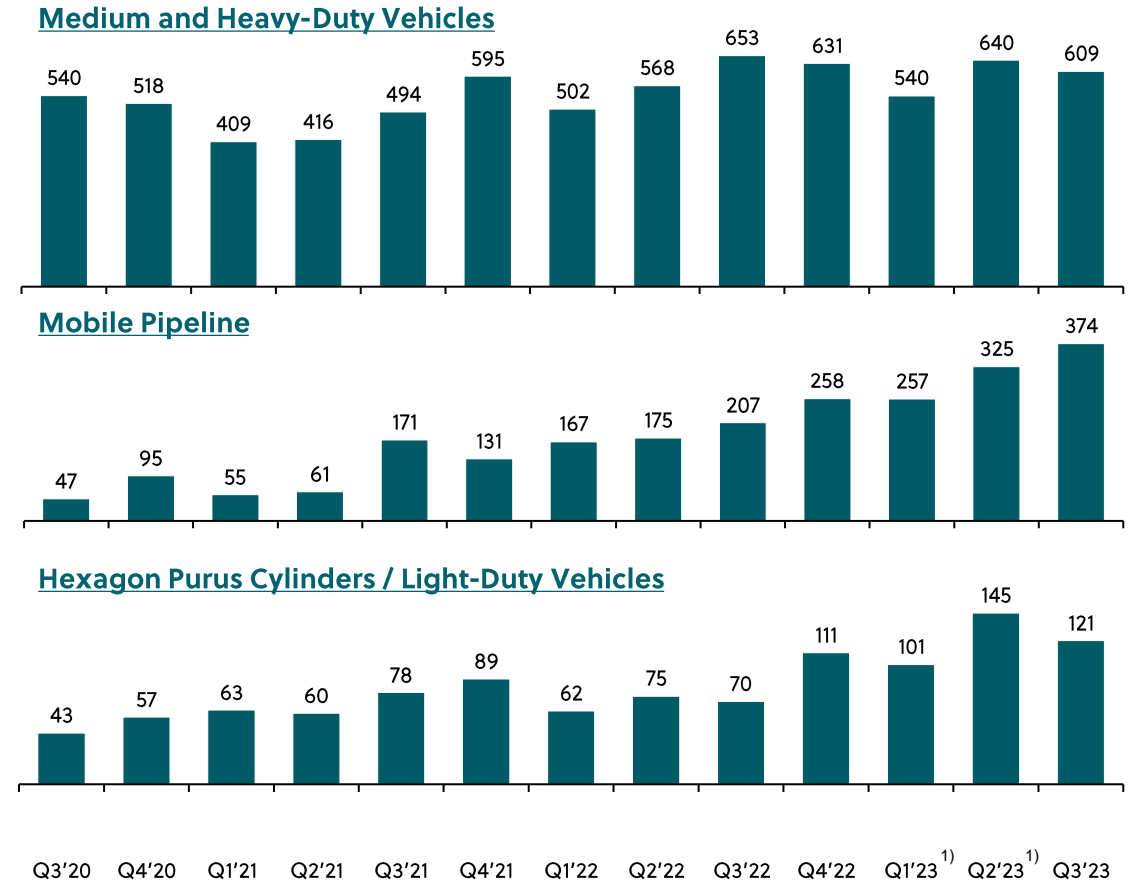
# Segment proforma financial highlights (2/3)

## Hexagon Agility\*



- Hexagon Agility provides (renewable) natural gas clean mobility solutions for Heavy and Medium Duty Vehicles, Mobile Pipeline, and Light-Duty Vehicles
- Global leading provider within markets including Heavy-Duty/ Medium-Duty Trucks, Refuse Truck, Transit Bus, Gas Transportation, Mobile Refueling units and Passenger cars

## Hexagon Agility split (after eliminations)\* NOKm



\*Previously referred to as g-mobility and being rebranded to be consistent with other reported segments and ahead of transferring operational responsibility of CNG LDV business to Hexagon Agility by 1.1.22; 2020: preliminary unaudited pro-forma figures after adjusting for reorganizations; 2021 segment reported  
 1) Corrected compared to previous quarters due to reclassifications.

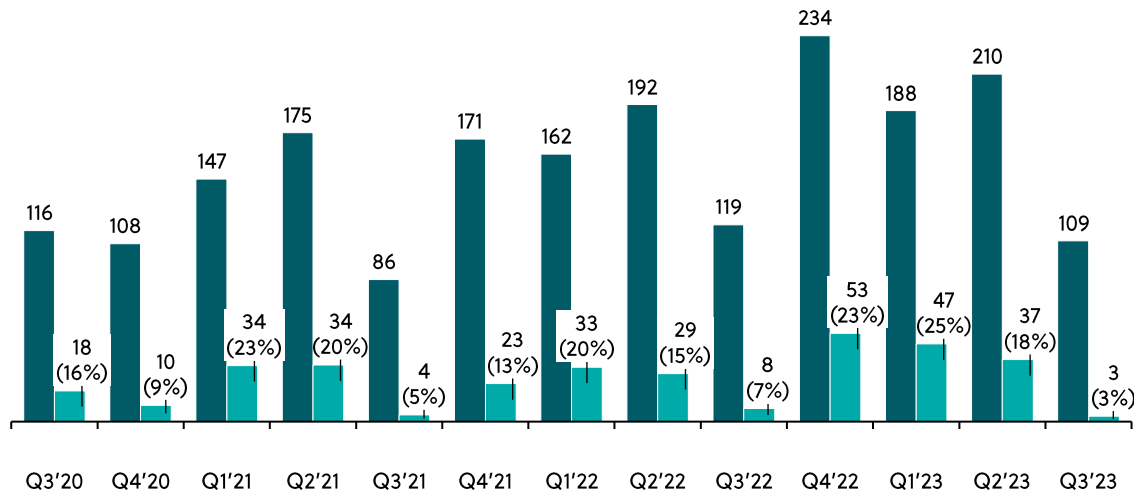


# Segment proforma financial highlights (3/3)

## Hexagon Ragasco

NOKm

Revenues EBITDA

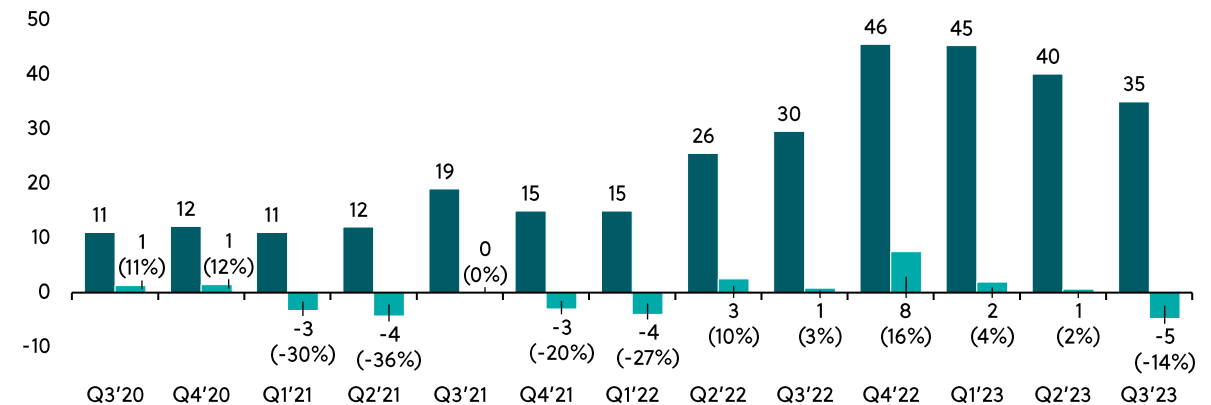


- World leading provider of LPG composite cylinders
- Delivered over 20 million cylinders worldwide
- Strategic agenda include IoT and digitalization providing connectivity and driving value chain transformation

## Hexagon Digital Wave

NOKm

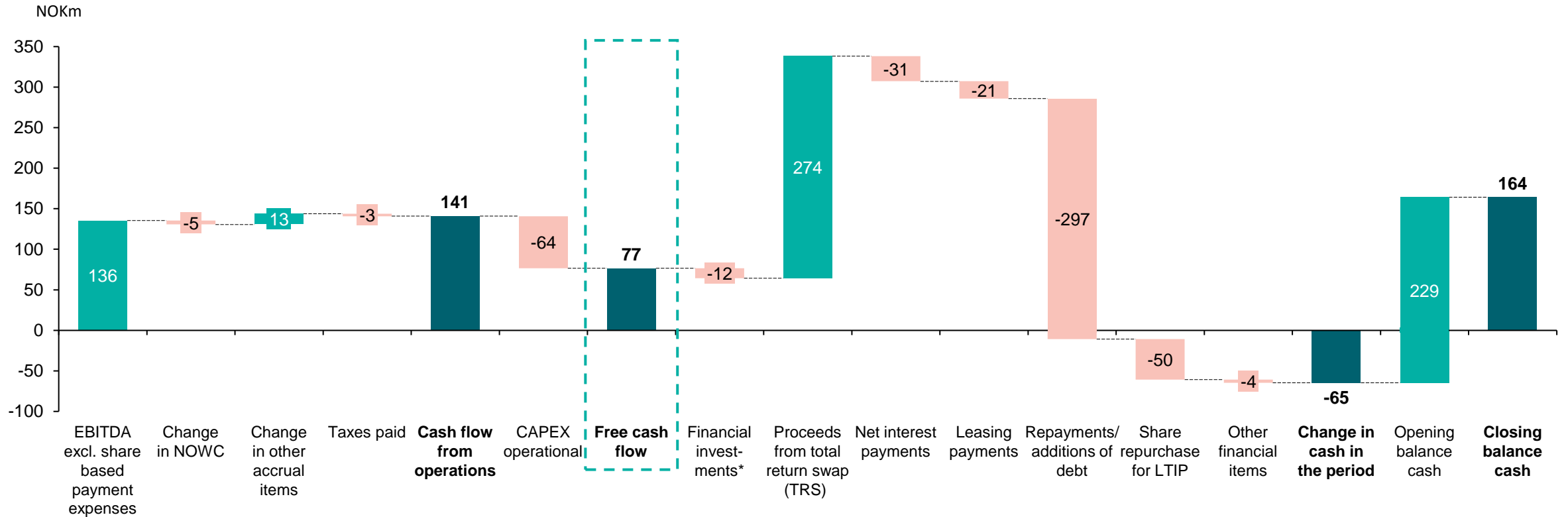
Revenues EBITDA



- Proprietary safety technology – Modal Acoustic Emission (MAE) technology for testing and certifying cylinders
- Strategic agenda include cylinder digitalization with real-timing monitoring, testing and certification, creating a circular economy through enabling life extension



# Group cash Q3 2023



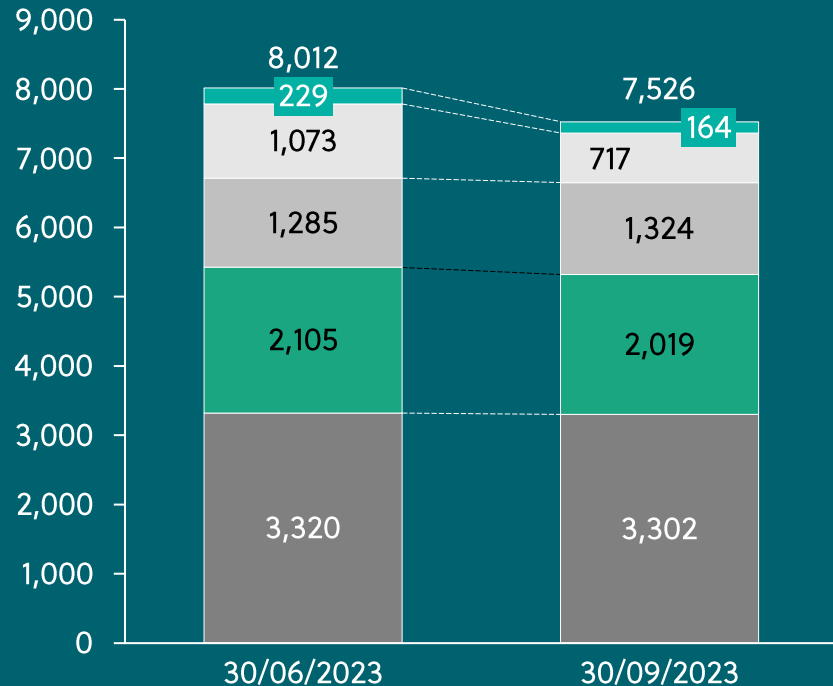
Hexagon Group cash down NOK 65m to NOK 164m primarily due to paying down drawn loan facilities with cash from Total Return Swap



\* Financial investments relate to loans to Cryoshelter

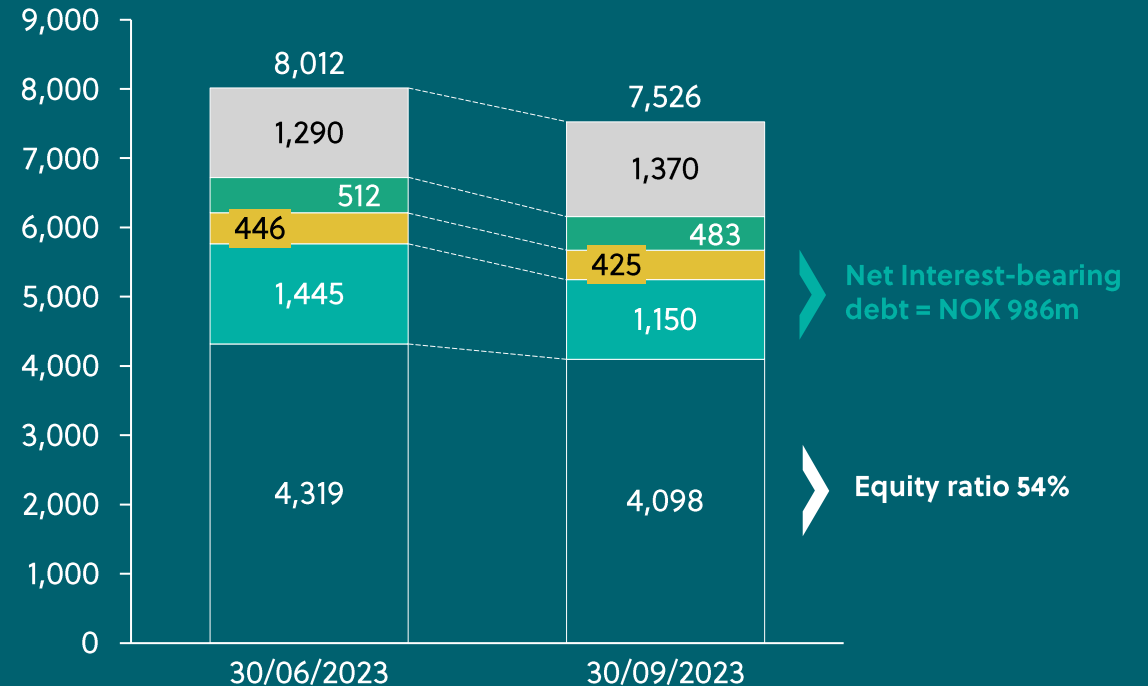
# Hexagon Group Balance sheet | Q3 2023 vs Q2 2023

## Assets NOKm



- Cash
- Receivables & other current assets
- Inventory
- Investment in Hexagon Purus
- Non-current assets

## Liabilities & Equity NOKm



- Other current liabilities
- Interest bearing debt
- Other long term liabilities
- Equity
- Lease liabilities

**Balance sheet strengthened through debt reduction in the quarter**



Clean air everywhere