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Agenda

• Strategy update
• Summary Group highlights and financials
• Outlook
• Q & A
• Appendix: Segment financials & other material
Governments, companies and the public at large are seeing **global warming** and local pollution as main threats to civilization.
Strategic context

**Significant push for greener transportation**

- Short to medium term (5-10 years), **natural gas** represents the energy carrier with the **largest potential for a positive environmental impact**
  - Further improved by blending with **Biogas (RNG)**, with its **carbon negative** characteristics

- The automotive industry is shifting towards **electric drive trains. E-drives** are more **energy efficient** than mechanical drive trains
  - The jury is still out on Battery Electric vs Fuel Cell (Hydrogen) Electric vs Hybrids
  - Infrastructure is a huge challenge, less so for hybrids

- Centre of gravity of **Hydrogen** development shifting towards East Asia and towards heavier applications – LDV projects in Europe and North America delayed

We expect **significant growth**
Mobility shifting to cleaner solutions

In 2018 Hexagon’s addressable g-mobility and e-mobility market was estimated to 0.04% of all vehicles sold, corresponding to ~NOK 4 billion.

If 10% by 2030 → more than NOK 600 billion addressable market
Strategy recap – from shale gas play to world leader in clean fuel systems

- Repositioned group as alternative fuels solutions provider
- Merger, repositions group from product to systems supplier
- Industry consolidation with significantly strengthened European footprint
- Purus as H2 vehicle
- Digitization
- Strong platform established – pursuing major g- and e-mobility opportunities

2014
Sharp oil price fall
2015
2016
2017
2018
2019
World leading engineering capabilities
Hexagon has solutions across the clean fuels spectrum

**g-mobility**

**LOW EMISSION**

- CNG
- Biogas / RNG

- Tier 1 products and systems supplier

- Combining g-mobility and e-mobility

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**e-mobility**

**ZERO EMISSION**

- Biogas / RNG
- CNG
- Hydrogen

- Tier 1 products and systems supplier

- Electric drivetrain and vehicle integration
- Own battery pack design

*There will not be a ‘one and only’ drivetrain technology: executives project a similar split by 2040 for BEVs (30%), FCEVs (23%), ICES (23%) and hybrids (25%).*
Hydrogen momentum building up strongly

- Hydrogen core topic at G20 summit in Japan
  - The US, EU and Japan formed a new hydrogen and fuel cells partnership
- German government targeting leadership position
  - Desire to break out of coal dependency
- Cummins acquiring Hydrogenics

The world should not miss this unique chance to make hydrogen an important part of our clean and secure energy future.


“Hydrogen is one of the hottest topics in the energy transition in the country (Germany) at the moment. The interest from the private sector is really huge.”
Inga Posch, Managing Director at FNB Gas e.V., the federation of Germany’s gas network operators
China’s “father of electric cars” says hydrogen is the future

- Government targets 1 million hydrogen fuel cell vehicles by 2030
  - Home to half of the global EV fleet
  - Delivery vans, buses and trucks prioritized segments

- Energy independence and local pollution main drivers

- Significant hydrogen capacities available

“We will sort out the factors that have been hindering the development of fuel-cell vehicles.”
Wang Gang, Vice Chairman of China’s national advisory body for policy making
Renewable natural gas (RNG) – the fast track to emission reductions

- UPS targets 40% alternative fuels by 2025
  - Makes record RNG deal of 170 million diesel gallon equivalents

- RNG gives 45% - 382% CO2 reductions compared with diesel*

* Source: NGV America. Dependent upon RNG source: Reductions of 45% up to 382% compared to diesel; values based on CARB LCFS program data under CA-GREET 3.0.

"It’s (RNG) a winning solution that will help UPS to reach our ambitious sustainability goals. At the same time, we hope our unprecedented seven-year commitment serves as a catalyst for wider adoption of RNG by other companies."

-Mike Casteel, UPS director of fleet procurement
“Volkswagen is committed to the Paris Climate Agreement. CNG has an important role to play in the alternative drive systems strategy that runs alongside the Group’s electrification offensive. It is sufficiently proven, immediately available, efficient and cost-effective.”

Stephen Neumann, Volkswagen Group Representative for CNG Mobility
Leverage established leadership position to pursue even stronger growth

- R&D
- World Class Organization
- Asian footprint
2nd QUARTER 2019
FINANCIALS
Highlights from Q2 2019

• Strong Agility Fuel Solutions growth
  – 44% increase in overall revenue versus Q2 2018
  – Driven primarily by Refuse Truck volumes

• Strong CNG Light-Duty Vehicle volumes
  – Volkswagen pushing CNG in Europe;
    - Tripling of annual production volume from 2018 to 2019

• Relatively soft Mobile Pipeline volumes
  – Pick-up outside North America

• Solid LPG sales volumes
  – Profitability impacted adversely by mix factors

• Dynamic Hydrogen market
  – Delay in a hydrogen light-duty project
  – Joined H2Bus Consortium focused on heavy-duty
Financial highlights Q2 2019 | Agility consolidated from 2019
Hexagon Composites Group

**Revenues**

- **Q2’18**: NOK 366.8m
- **Q2’19**: NOK 882.1m
- Growth driven by inclusion of Agility contributing +NOK 450m and strong CNG LDV

**EBITDA**

- **Q2’18**: NOK 73.6m (20%)
- **Q2’18 Adjusted**: NOK 33.7m (9%)
- **Q2’19**: NOK 62.0m (7%)
- Agility contributes +NOK 38m incl. −NOK 7m transaction impacts
- Hydrogen dilutes by −NOK 30m (−20%) – 20m

**Net profit**

- **Q2’18**: NOK 62.6m
- **Q2’19**: NOK 41.0m
- Depreciation, amortization and reclassed contributions mainly from Agility transaction of −NOK 38m
- Effects of interest & leasing −NOK 20m; FX −NOK 30m; tax +NOK 10m

* Adjusted for NOK 40m, reversal in earn-out accrual related to 2016 acquisition of xenair
Other Hexagon businesses vs Hydrogen results | Q2 2019

**11% EBITDA margin from normalized non-Hydrogen business**
Revenue by segment Q2 2019 | **Before Group eliminations**

### Revenue Q2’18 (Proforma Agility & Digital Wave numbers)

- Agility Fuel Solutions (Heavy and Medium-Duty) 191
- Hexagon Purus (Hydrogen & CNG Light-Duty Vehicles) 313
- Hexagon Mobile Pipeline & Other 131
- Hexagon Ragasco LPG 67

Total: **NOK 702*** million

### Revenue Q2’19

- Agility Fuel Solutions (Heavy and Medium-Duty) 175
- Hexagon Purus (Hydrogen & CNG Light-Duty Vehicles) 129
- Hexagon Mobile Pipeline & Other 150
- Hexagon Ragasco LPG 450

Total: **NOK 904*** million

*NOKm, before group eliminations*
Agility Fuel Solutions: Q2 2019

• Strong revenue trend maintained
  – Refuse Truck volumes skewed to first half of 2019
  – Accelerating European Transit Bus market
  – Heavy-Duty Truck volumes expected to be skewed to second half of 2019

• Temporary margin reduction is a consequence of
  – PPA and other transaction adjustments of - NOK 7m
  – Adverse mix and ramp-up of EV program

• Self-funded and strongly cash generating

Revenues and EBITDA*

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenues</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2'18</td>
<td>313</td>
<td>15.5 (5%)</td>
</tr>
<tr>
<td>Q3'18</td>
<td>386</td>
<td>37.4 (10%)</td>
</tr>
<tr>
<td>Q4'18</td>
<td>420</td>
<td>44.4 (11%)</td>
</tr>
<tr>
<td>Q1'19</td>
<td>444</td>
<td>53.5 (12%)</td>
</tr>
<tr>
<td>Q2'19</td>
<td>450</td>
<td>38.0 (8%)</td>
</tr>
</tbody>
</table>
Balance sheet | Q2 2019 vs Q1 2019
NOK 1,169m Net Interest Bearing Debt & 45% Equity Ratio

Stable and strong Balance Sheet
OUTLOOK
Agility Fuel Solutions
Medium and Heavy-Duty Vehicles
Positive development across all segments

• Accelerated growth in European Transit Bus
  – Backed by more stringent regulations

• Lower 2H 2019 Refuse Truck volumes following a skewed 1H 2019
  – Full year volumes in 2019 remain at high levels

• Growing momentum for low and zero-emission heavy-duty trucks
  – RNG & CNG initiatives help stakeholders achieve sustainability commitments
  – Battery Electric Vehicle pilot programs are on track

Agility is the exclusive supplier of fuel systems to MAN Lion’s City bus
Photo: MAN
Hexagon Purus
Hydrogen
High activity levels especially within Heavy-Duty applications

• H2Bus partnership to drive zero-emission public transportation in Europe
  – Deploying 600 buses by 2023 at competitive price
  – Hexagon to provide hydrogen fuel solutions and distribution trailers

• Strong interest in Asia for hydrogen bus and truck
  – Chinese and Korean markets expanding

• Requiring continued organization ramp-up
Hexagon Purus
CNG Light-Duty Vehicles
Very strong CNG demand in Europe

• Strong order backlog for CNG Light-Duty Vehicles
  – Order intake at all-time high

• Capacity investment running according to plan
  – Commissioning expected end of Q3

• Growing demand for VW’s models in key countries
  – Italy, Germany, Spain, Belgium, Sweden and Czech Republic
  – Target of 1 million vehicles on the road by 2025 in Germany alone

The new VW Golf Variant TGI enabling range up to 440 km (based on WLTP) with CNG alone
Photo: Volkswagen
Hexagon Mobile Pipeline
Strong underlying growth drivers, but challenging near term

• Lumpy demand, with low order visibility for rest of 2019
  – North American oil & gas and industrial users are still main driver of sales
  – Increase in Renewable Natural Gas (RNG) projects provide more diversification

• New order from Certarus of USD 7 million
  – Supporting expansion in eastern Canada e.g. mining sector

• Awarded USD 4 million RNG transportation contract with leading gas utility
  – Enabling reduction of agricultural carbon emissions
Hexagon Ragasco
LPG
Stable “step by step” development

• Seasonally softer second half of year
• Strategically well positioned in Bangladesh to capture growth opportunities
• Gaining some traction in USA with 7 ongoing pilot programs
• First entry into Bulgaria

Toplivo Gas, Bulgaria
Group outlook second half of 2019

1. Weak profitability in Q3; looking strong for Q4
2. Agility, CNG LDV and LPG remain strong contributors
3. Underlying drivers remain strong with significant push for greener mobility
DRIVING ENERGY TRANSFORMATION
## Q2 2019 Group income statement

<table>
<thead>
<tr>
<th>NOK MILLION</th>
<th>QUARTER</th>
<th></th>
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<th></th>
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</tr>
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<tbody>
<tr>
<td></td>
<td>Q2 2019</td>
<td>Q2 2018</td>
<td>Variance</td>
<td>H1 2019</td>
<td>H1 2018</td>
<td>Variance</td>
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<tr>
<td>Revenue</td>
<td>882.1</td>
<td>366.8</td>
<td>515.4</td>
<td>1,703.9</td>
<td>783.0</td>
<td>920.9</td>
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<tr>
<td>Operating expenses</td>
<td>(820.2)</td>
<td>(333.1)</td>
<td>(487.1)</td>
<td>(1,561.0)</td>
<td>(682.8)</td>
<td>(878.2)</td>
</tr>
<tr>
<td>Earn-out obligation reversal / gain on transaction</td>
<td>0.0</td>
<td>40.0</td>
<td>(40.0)</td>
<td>69.4</td>
<td>40.0</td>
<td>29.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>62.0</td>
<td>73.6</td>
<td>(11.7)</td>
<td>212.3</td>
<td>140.1</td>
<td>72.1</td>
</tr>
<tr>
<td>Depreciation on tangibles</td>
<td>(44.8)</td>
<td>(13.4)</td>
<td>(31.4)</td>
<td>(87.6)</td>
<td>(26.6)</td>
<td>(61.0)</td>
</tr>
<tr>
<td>Amortisation and impairment</td>
<td>(14.3)</td>
<td>(5.9)</td>
<td>(8.3)</td>
<td>(29.5)</td>
<td>(12.0)</td>
<td>(17.6)</td>
</tr>
<tr>
<td>EBIT</td>
<td>2.9</td>
<td>54.3</td>
<td>(51.4)</td>
<td>95.2</td>
<td>101.6</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Share of profit/(loss) from associates</td>
<td>(0.3)</td>
<td>1.8</td>
<td>(2.1)</td>
<td>(0.7)</td>
<td>0.9</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Amortisation of associates intangibles</td>
<td>0.0</td>
<td>(3.3)</td>
<td>3.3</td>
<td>0.0</td>
<td>(6.5)</td>
<td>6.5</td>
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<tr>
<td>Other financial items (net)</td>
<td>(34.0)</td>
<td>16.2</td>
<td>(50.2)</td>
<td>(59.7)</td>
<td>4.3</td>
<td>(64.0)</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>(31.3)</td>
<td>69.0</td>
<td>(100.3)</td>
<td>34.8</td>
<td>100.3</td>
<td>(65.5)</td>
</tr>
<tr>
<td>Tax expense</td>
<td>4.0</td>
<td>(6.4)</td>
<td>10.4</td>
<td>6.3</td>
<td>(14.6)</td>
<td>21.0</td>
</tr>
<tr>
<td>Profit/(loss) after tax</td>
<td>(27.3)</td>
<td>62.6</td>
<td>(89.9)</td>
<td>41.1</td>
<td>85.7</td>
<td>(44.5)</td>
</tr>
</tbody>
</table>

| EBITDA %                                  | 7.0 %         | 20.1 %  | 12.5 %  | 17.9 %  | 15.8 %  |
| EBIT %                                    | 0.3 %         | 14.8 %  | 5.6 %   | 13.0 %  | 9.4 %   |
| Profit/(loss) after tax %                 | -3.1 %        | 17.1 %  | 2.4 %   | 10.9 %  | 9.5 %   |
Segment financial highlights Q2 2019

**Agility Fuel Solutions**

- Continue strong topline growth with +44% vs. last year, coupled with margin expansion
- Growth primarily from Refuse truck

**Hexagon Purus (Hydrogen & CNG LDV)**

- Very strong year-over-year revenue increase driven by CNG LDV
- Investing in future H2 growth dilutes EBITDA by NOK -29.6m
Segment financial highlights Q2 2019

### Hexagon Mobile Pipeline & Other

<table>
<thead>
<tr>
<th></th>
<th>Q2’18</th>
<th>Q2’19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>121</td>
<td>129</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>4.0</td>
<td>2.7</td>
</tr>
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</table>

- Flattish development versus last year with adverse product/market mix

### Hexagon Ragasco (LPG)

<table>
<thead>
<tr>
<th></th>
<th>Q2’18</th>
<th>Q2’19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>191</td>
<td>175</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>52.5</td>
<td>34.6</td>
</tr>
</tbody>
</table>

- Revenues primarily from Asian and core European markets
- Product mix effects drive lower year-over-year EBITDA
Group cash movements Q2 2019

Cash generation from operations offset by working capital draw