

Hexagon Composites ASA

2018 DNB SME Conference



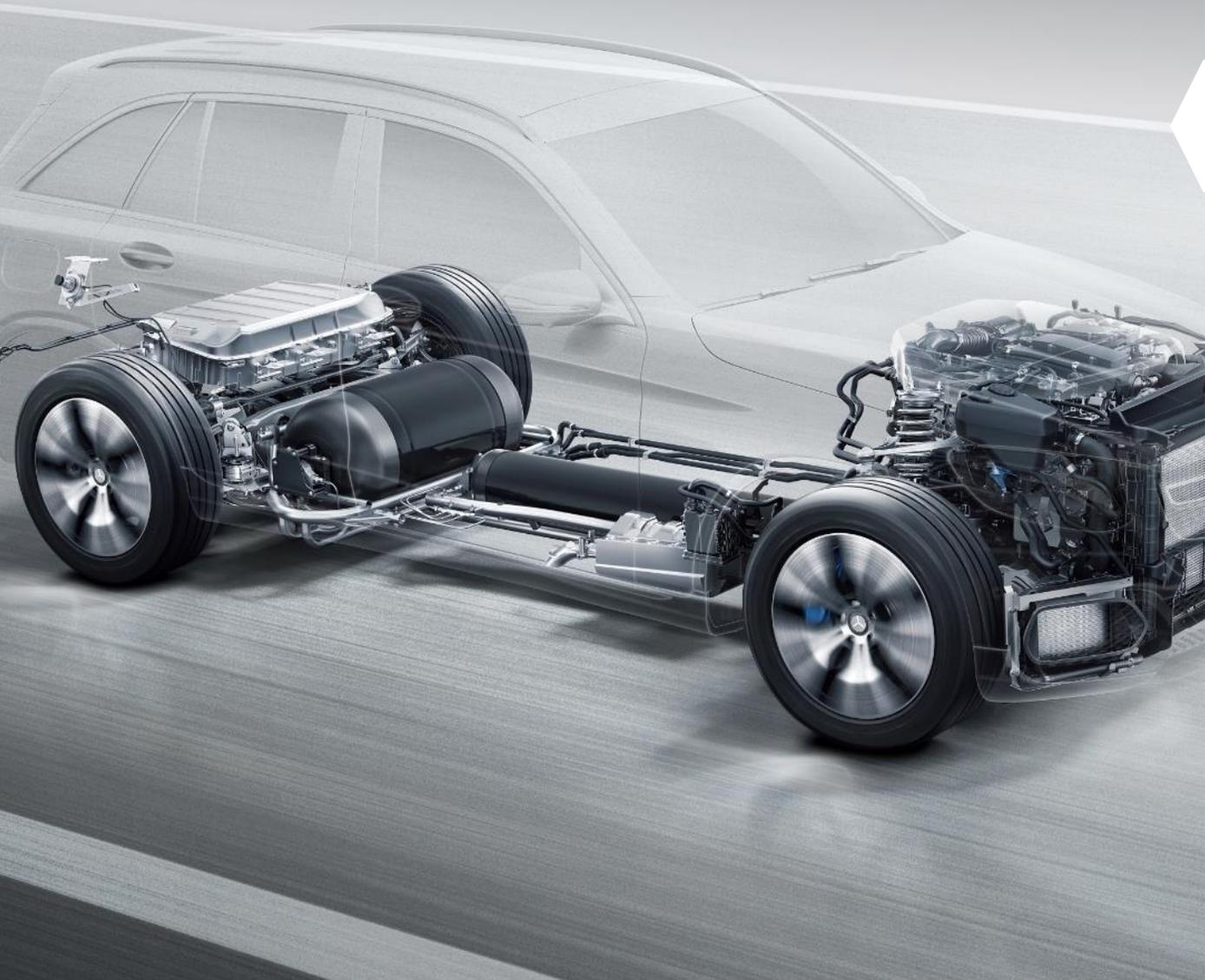
HEXAGON

David Bandele, CFO

Oslo, 21 March 2018

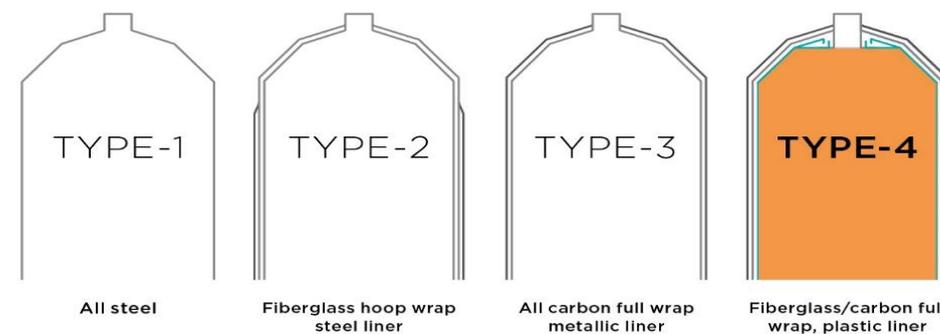
HEX.OL Market Cap: ~NOK 4 bn

Hexagon cleaner energy future



DELIVERING ENERGY SOLUTIONS

Hexagon Composites delivers
safe and innovative solutions for a
cleaner energy future



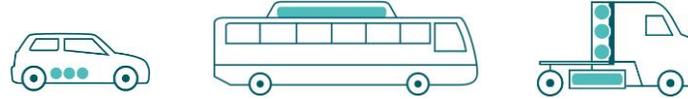
Safer & Lighter

Adopting our leading technology to multiple mobility applications

Fuel & Energy Sources

Fuel cylinders for automotive

Light-duty vehicles, transit buses, refuse trucks and heavy-duty trucks



Compressed natural gas (CNG)
Biogas
Hydrogen

Mobile Pipelines

Storage and transportation cylinders and modules for off-pipeline applications



Compressed natural gas (CNG)
Biogas
Hydrogen

Marine & Rail

Fuel and storage cylinders for marine and rail



Compressed natural gas (CNG)
Biogas
Hydrogen

Ground storage

Cylinders for ground storage



Hydrogen

Cylinders

LPG cylinders for leisure activities, household and industrial applications



LPG (Propane and Butane)



Type 4
low-pressure
cylinder LPG

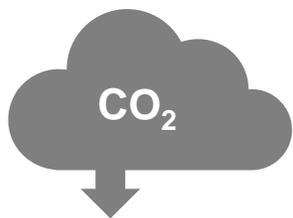


Type 4
High-pressure cylinder
CNG & H2



User value proposition

GREENER & CLEANER



CNG emits 84% less CO₂ than diesel

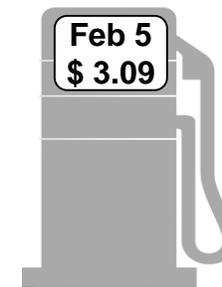


H₂ and biogas help achieve near zero emissions

SAVES CASH



Lower weight provides lower OPEX and longer range;
More gas volume transported



DIESEL

CNG is cheaper and more price stable than diesel



CNG

Users enable cleaner air and achieve savings versus traditional fossil fuels for mobility applications

Hexagon Composites Business Areas

CONSOLIDATED SEGMENTS

HYDROGEN & LIGHT-DUTY VEHICLES



MOBILE PIPELINES



LPG



OTHER



Hexagon MasterWorks

EQUITY ACCOUNTED

MEDIUM AND HEAVY-DUTY VEHICLES



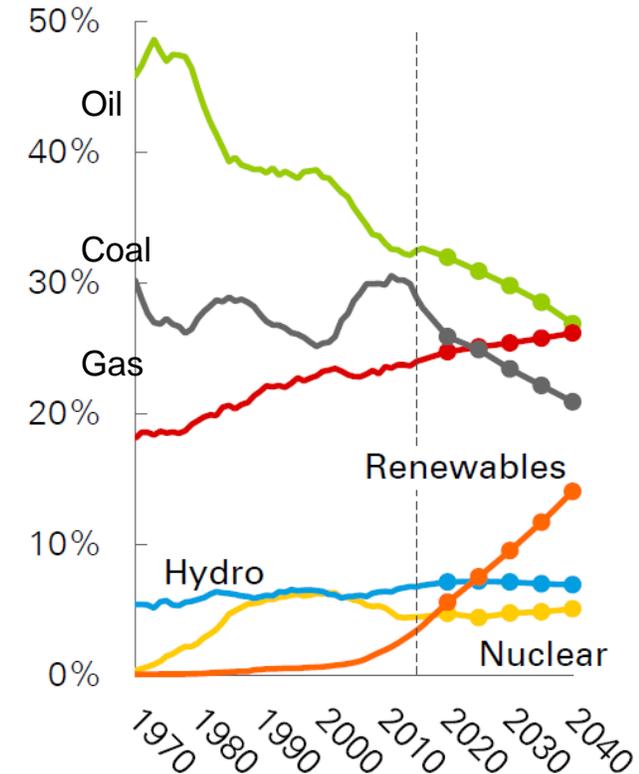
Agility Fuel Solutions
(50%)



So...why are we excited about the future?

- Renewables the fastest growing energy source
 - **Biofuels** and **hydrogen** produced from clean primary sources
 - Japan, Germany, California, Scandinavia, major European cities and China are particular hot-spots
- High growth in natural gas usage
- Natural gas fastest growing fossil fuel (+1.9% p.a.)
- Natural gas set to overtake coal by 2035

Global shares of primary energy



*Renewables includes wind, solar, geothermal, biomass and biofuels
Source: BP Energy Outlook, 2018 edition



Our position on the Hydrogen and Biogas opportunities

#1 The transition to cleaner energy, supported by public and private players, is happening now...

#2 ...driving game-changing opportunities especially within Hydrogen...

#3 ...we are investing significantly in 2018-20 for attractive returns from 2022 onwards

#1 The energy transition is happening now

- Switching from diesel to CNG reduces CO2 emissions by **84%**
- Biogas is the most emissions-friendly fuel available today
- By 2050, hydrogen could meet **18%** of the world's energy demands



Market Drivers

The Hydrogen Council's views



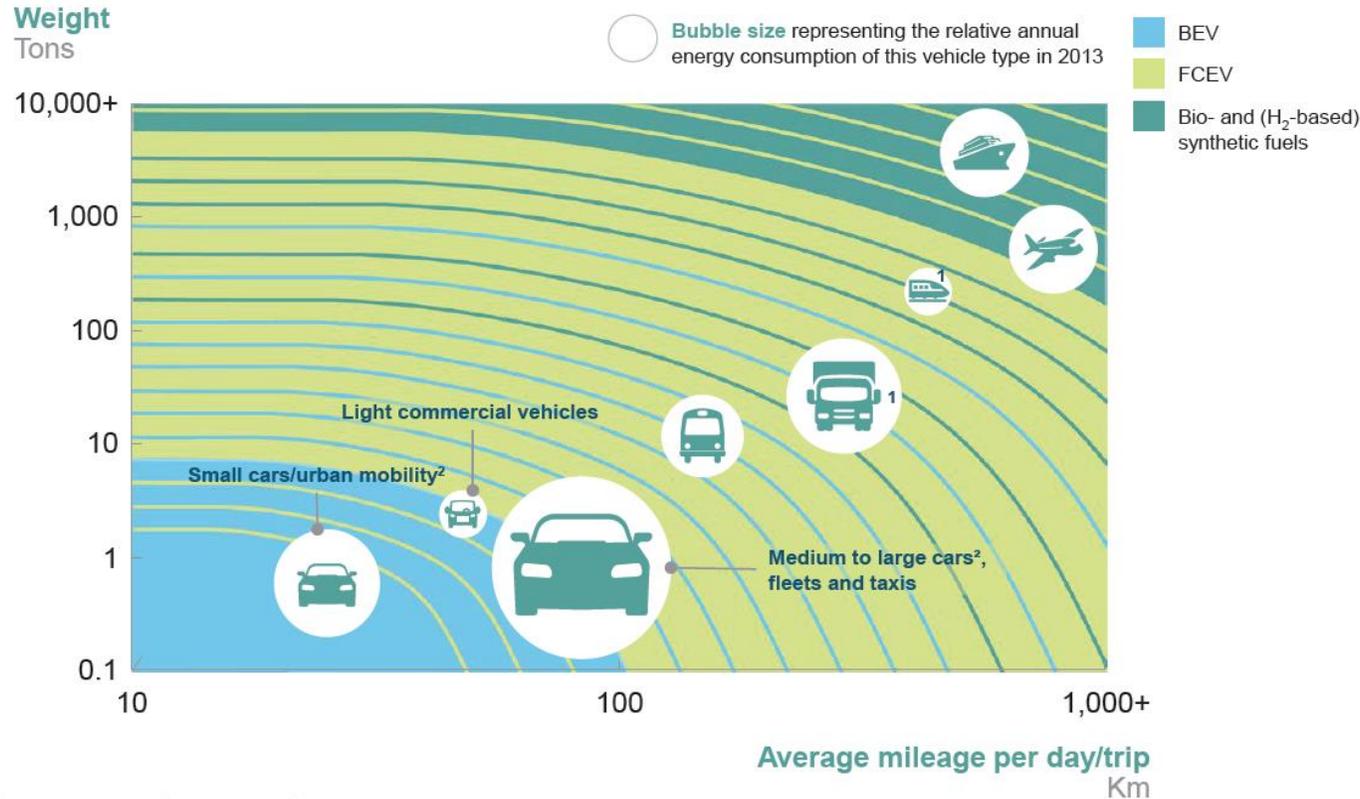
- **Significant cost/kW reduction** over a 10 year period
- Commercial products available along the **full hydrogen value chain**
- Exponential growth is underway, **supported by clear political backing**
- **Investments** will multiply by 10 over the period and are required along full value chain

Battery and Fuel Cell Electric Vehicles will play an essential role in decarbonizing transportation

Projected economic attractiveness

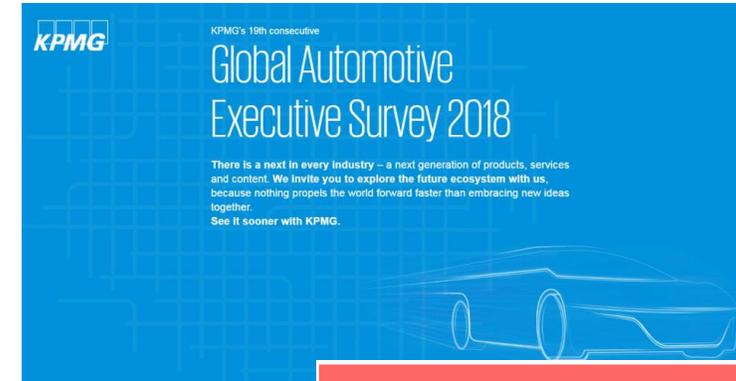


HEXAGON



¹ Battery-hydrogen hybrid to ensure sufficient power

² Split in A- and B-segment LDVs (small cars) and C+-segment LDVs (medium to large cars) based on a 30% market share of A/B-segment cars and a 50% less energy demand



«
More than three-quarters of executives think that fuel cell hydrogen vehicles will be the future.

Source: Hydrogen Council, Toyota, Hyundai, Daimler

Numerous Hydrogen related plays...

United Kingdom will reduce CO2 with hydrogen grid blend



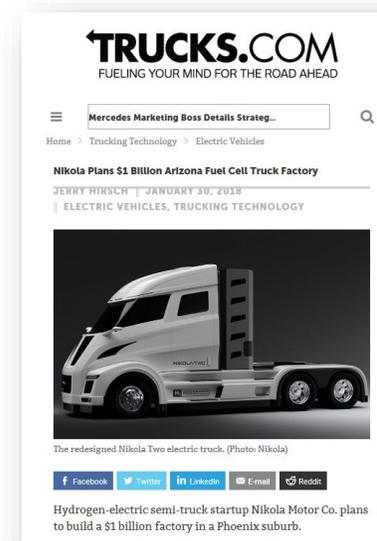
Japanese majors speeding up the Hydrogen Society



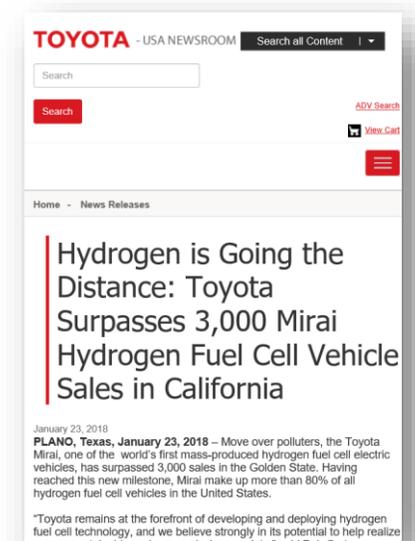
China aims to build a “hydrogen city”



US based Nikola plans \$1bn fuel cell truck factory



California hit 3,000 Toyota Mirai



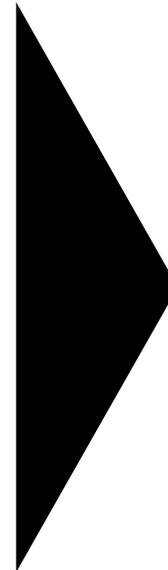
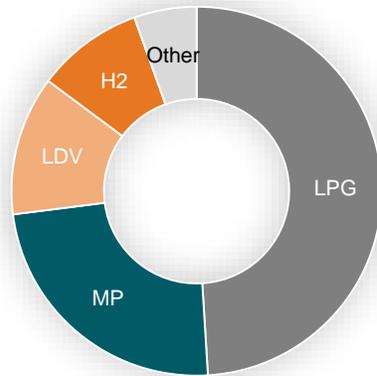
#2 ...opening up growth opportunities in hydrogen and biogas



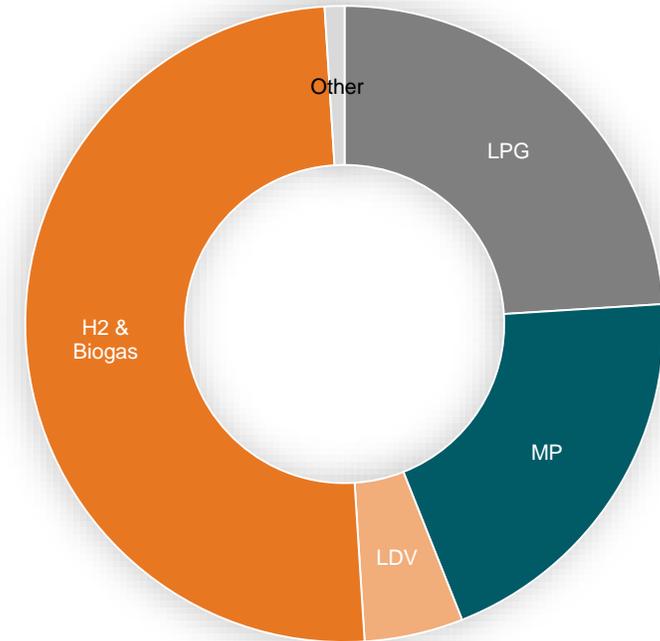
The cleaner energy transition will drive significant growth and distribution of revenue streams

Share of group revenue before eliminations (illustrative)

Current



Future



**The total pie is expected to grow substantially;
Hydrogen and Biogas expected to increase significantly in relative share**



Hydrogen potential | Light-duty vehicles illustration

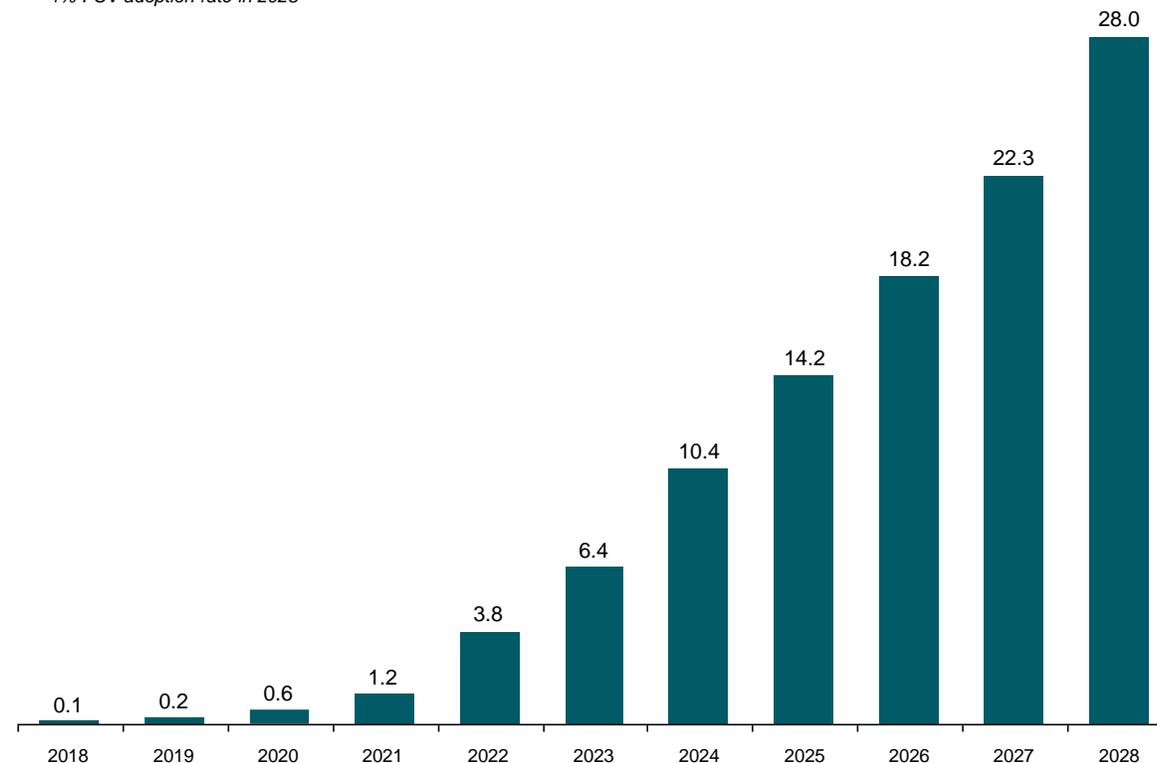


#Vehicles	2020	2024	2028
Est. vehicles sold (million)	86	93	100
H2 adoption rate	0.03%	0.40%	1.00%
H2 vehicles sold (thousand)	21.5	371	1,000

- Hexagon has development/trial production contracts with several OEMs
- New contract for 2 new FCEV models ongoing through 2020
- Supplied several other OEMs with test tanks
- Building on leading position within production of CNG composite cylinders
- Unique production technology for mass production of composite cylinders
- Potential for scope beyond cylinder manufacturing (systems)

Market potential | Hexagon estimate (NOKbn)

- USD:NOK @ 8.00
- ~1.9% CAGR for #LDV vehicles sold p.a.
- 1% FCV adoption rate in 2028

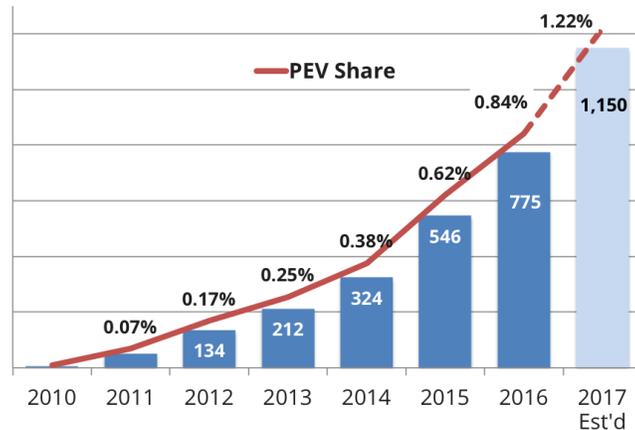


Fuel Cell Electric Vehicle market penetration rate expected to follow adoption rates for BEVs

- Predicted growth validated by past performance (trailing 7 years) of BEV accomplishments
- BEV's currently have > than 1% market share in China, France, Netherlands, Norway, Sweden and UK
- Embedded OEM also predicting greater than 1% penetration rates for Light-Duty FCEVs

Demonstrated market adoption

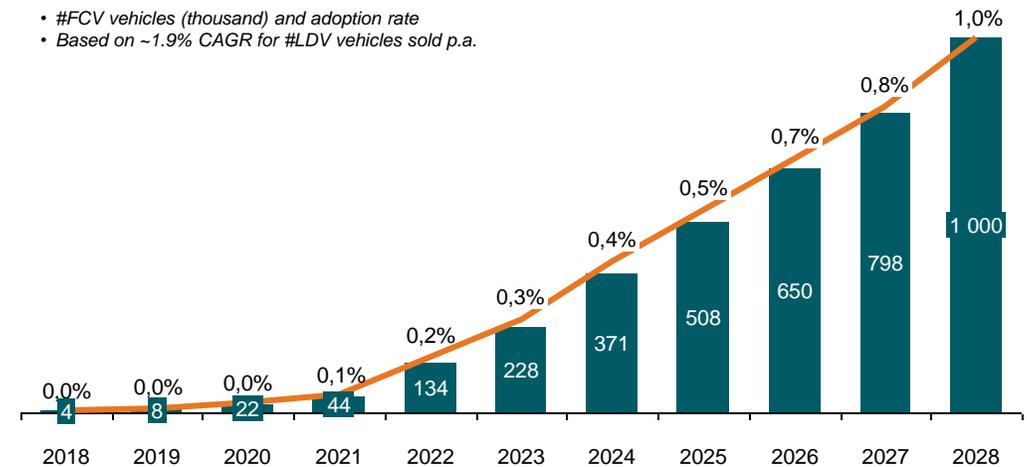
Global plug-in vehicle sales & adoption rates



Source: evvolumes.com

Potential FCEV adoption

- #FCV vehicles (thousand) and adoption rate
- Based on ~1.9% CAGR for #LDV vehicles sold p.a.



Battery (BEV) and Plug In Hybrid (PHEV) Electric Cars Co-Exist with Fuel Cell Electric Vehicles (FCEV)

Common fuel

- Electricity
- Created onboard = Fuel Cell Vehicle
- Stored onboard = Battery Electric or PHEV

Common drive train

- Drive motors
- Power distribution
- Battery present in both (large and heavy for BEV)

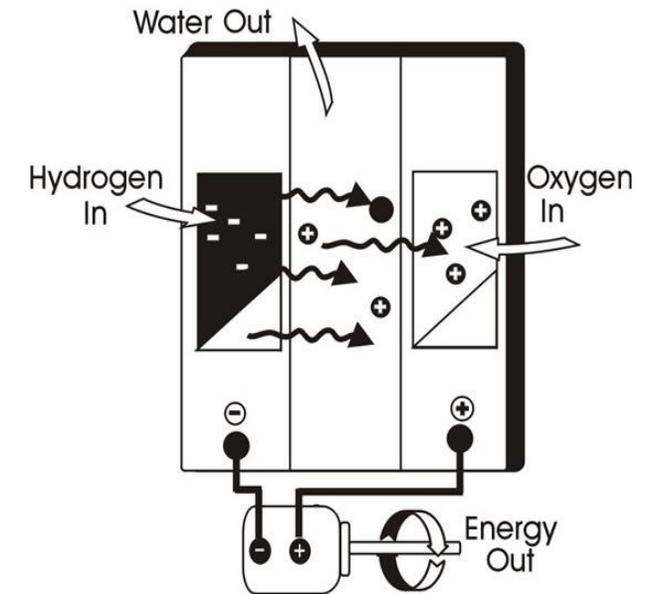
Varied fill time & range

- BEV/PHEV – plug in and wait for full fill
- FCEV – Pressure up and go

Battery vs fuel cell sustainability

- Precious metal possible limitation

Hydrogen Fuel Cell





Key to unlocking the market potential

The Drivers

Drive for zero emissions

Fast-fill & Range requirements

Cost competitive Fuel-cell technology

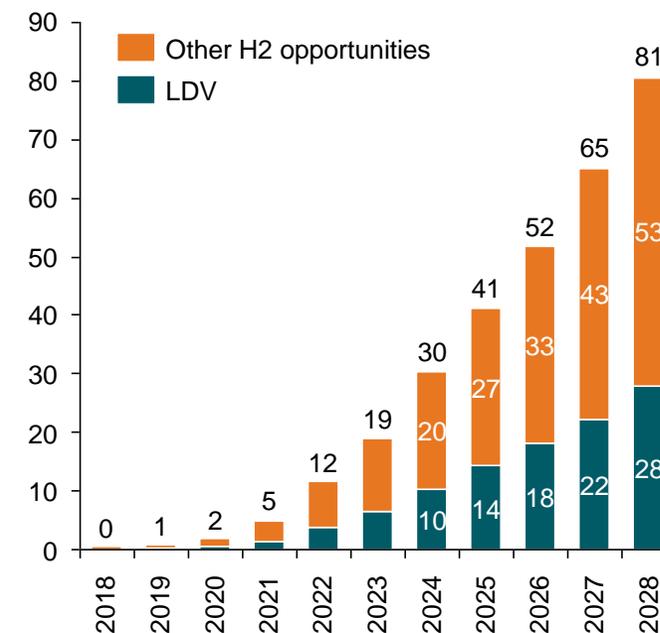
An unlimited energy carrier

Overcoming the Barriers

- Building-up Hydrogen infrastructure
- Scaling hydrogen production to be economic
- Forming regulatory frameworks that fairly support sustainability
- Familiarity

Total market potential

NOK billion. USD:NOK @8.00, Hexagon internal estimate



The multiple opportunities in Hydrogen can be a game changer for Hexagon Composites



Key enabler of growth opportunities

- Strategic Alliance with Mitsui & Co. & 25% shareholder
- Our **Hydrogen business is a key strategic focus area** within Mitsui's advanced materials sector
- Alliance secures a valuable and long-term minded partner
- Allows for **deeper value-chain penetration**
- Global footprint, geographic reach and leverage
- **Directly leverage the Hydrogen opportunity**



MITSUI & CO.

MITSUI & CO. at a Glance

About Us

Total Assets
US\$ **96.6**
billion

Total Equity¹
US\$ **29.9**
billion

Revenue
US\$ **42.1**
billion

Investments and Loans Result


US\$ **5.3**
billion

EBITDA


US\$ **3.0**
billion

Core Operating Cash Flow ²


US\$ **4.2**
billion



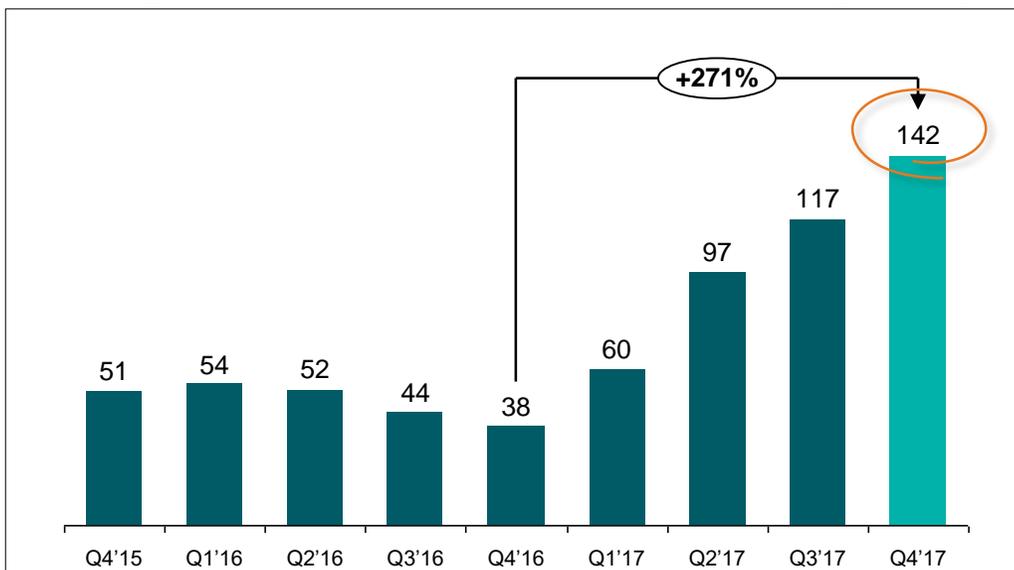
#3

We are investing significantly in 2018-20 for attractive returns from 2022 onwards



Hydrogen opportunities now materializing in revenue

Trailing last twelve months HEX H2 revenues (NOKm) ¹



Significant step-up in Hydrogen revenues

Selected HEX Hydrogen customers



Customer base comprising several key OEMs
[2 other prominent OEMs are confidential and not disclosed above]

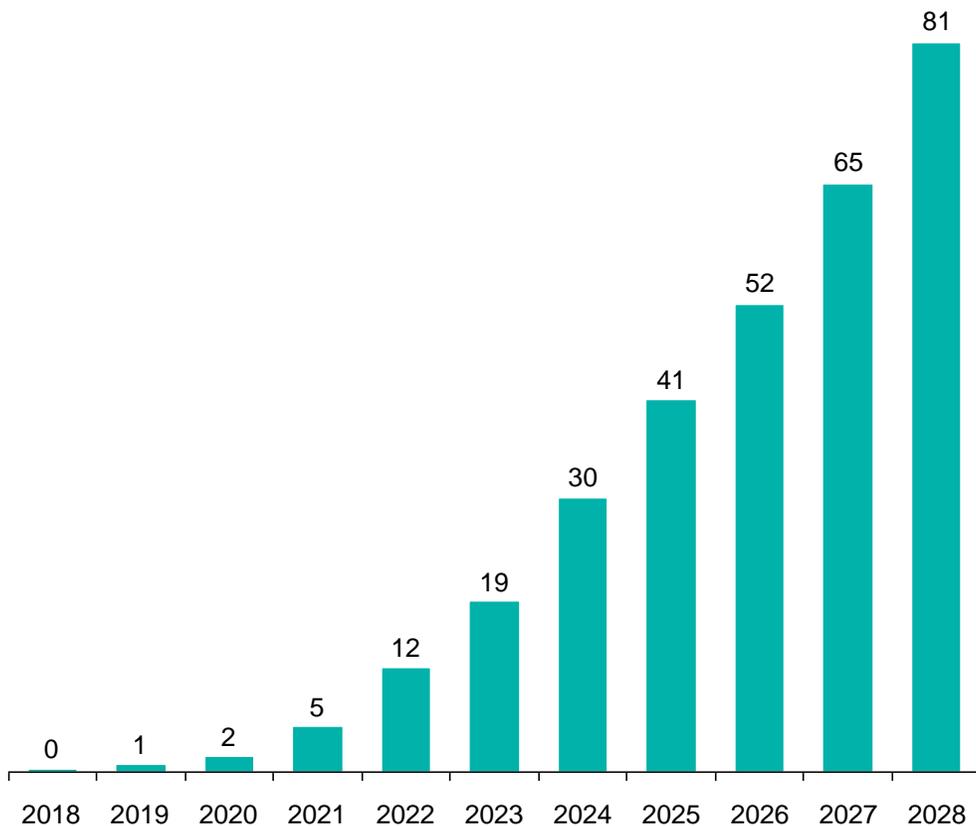
¹ Revenues before eliminations



Large Hydrogen market potential requires investments

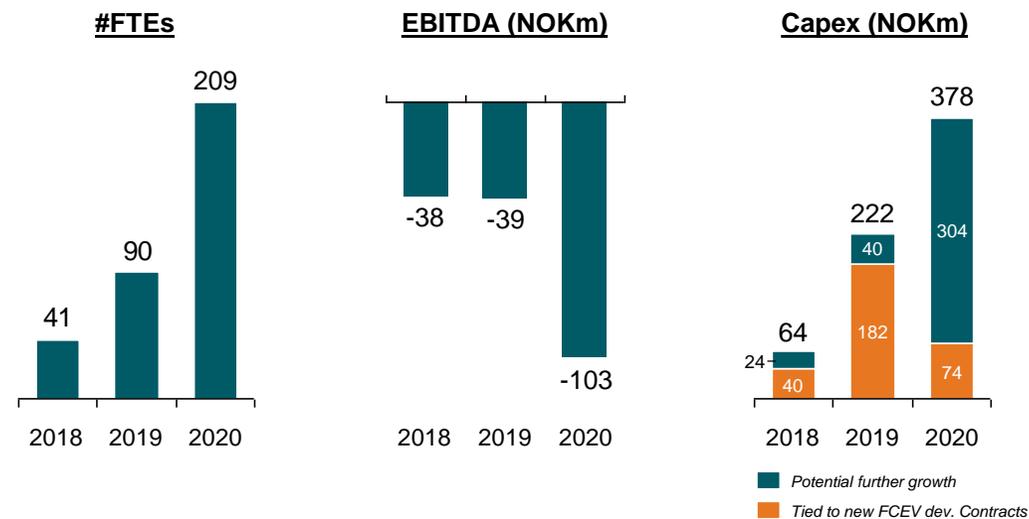
Total market potential

- NOK billion
- NOK:USD @ 8.00



Hexagon Hydrogen business unit

- NOK:USD @ 8.00



2018-2020 is a period of significant investment to pursue the Hydrogen opportunity and maintain market leadership



Key focal points for our Hydrogen & biogas opportunities

1 Invest in the organization to meet market demand & maintain technology leadership

2 Secure relationships with key LDV OEMs

3 Maintain market leadership for H2 cylinders within all applications

4 Pursue partnerships where relevant to offer integrated solutions



Significant investments in 2018-2020 will position attractive returns from 2022 and beyond