

Hexagon to acquire Agility Fuel Solutions



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Agenda

- Investment at a glance
- About Agility
- Market update
- Financials

Two market leaders are uniting



Driving energy transformation

Investment highlight

- To acquire remaining interests of Agility Fuel Solutions from Element Partners, Cummins and founders
- Equity value USD 125m (approx. NOK 1.0bn)
- Signing on 8 November, closing January 2019
- Bridge facility secures financing, followed by bond issuance



Investment rationale

- Take advantage of favourable macro dynamics
 - Fuel price spreads
 - Payback times
- Economic and environmental benefits drive market adoption
- Secure No.1 position as the integrated clean fuel systems provider
- Accelerate Hexagon's green-tech strategy
- Accretive investment for shareholders
 - Fully consolidate financials into Group accounts



Hexagon Composites Group

Global market leader in all segments



HEXAGON PURUS



Hydrogen &
CNG Light-Duty Vehicles

HEXAGON MOBILE PIPELINES



Gas Transportation

HEXAGON RAGASCO



LPG

AGILITY FUEL SOLUTIONS



Medium and Heavy-Duty Vehicles

Who is Agility?



Agility overview

- #1 market position within alternative fuel solutions
 - Clean energy storage and delivery solutions
 - Unparalleled service expertise
- 415 employees, including 70 Agility technology experts
- Over 40,000 vehicles on the road today operating with Agility fuel systems

Medium & Heavy Duty Trucks, Bus and Refuse

Heavy Duty



Medium Duty



Transit Buses



Refuse Trucks



G-Mobility and E-Mobility Solutions

Agility Alternative Fuel Strategy

Natural Gas & Biogas



- CNG cylinders
- CNG fuel storage systems
- Natural gas fuel systems and engines
- Complete vehicle integration

Propane



- Propane fuel systems and engines
- Propane tanks
- Complete vehicle integration
- Dispensers

Hydrogen



- Hydrogen fuel storage systems

Hybrid & Electric



- Modular battery packs
- Electric drivetrain and vehicle integration

A unique customer proposition

Complete clean fuel solutions for the alternative fuels market

Fuel Storage & Delivery

- Modular fuel storage and delivery systems
- CNG and hydrogen



High Pressure Cylinders

- Largest manufacturer of Type 4 composite cylinders globally



Powertrain Systems

- Integrated Power Train and Fuel Systems solutions
- Medium duty vehicle market: propane and CNG



Market update



Favourable market condition

Greener and cleaner

- Global and local climate goals
- Demand for transport solutions meeting emission reduction regulations
- Commitment to reduced local emissions

Economic

- Attractive diesel and natural gas price delta
- Locally produced renewable gas reduces imports and dependency
- Available technology and infrastructure

Renewables & Natural Gas are expected to continue increasing their share of the global energy mix

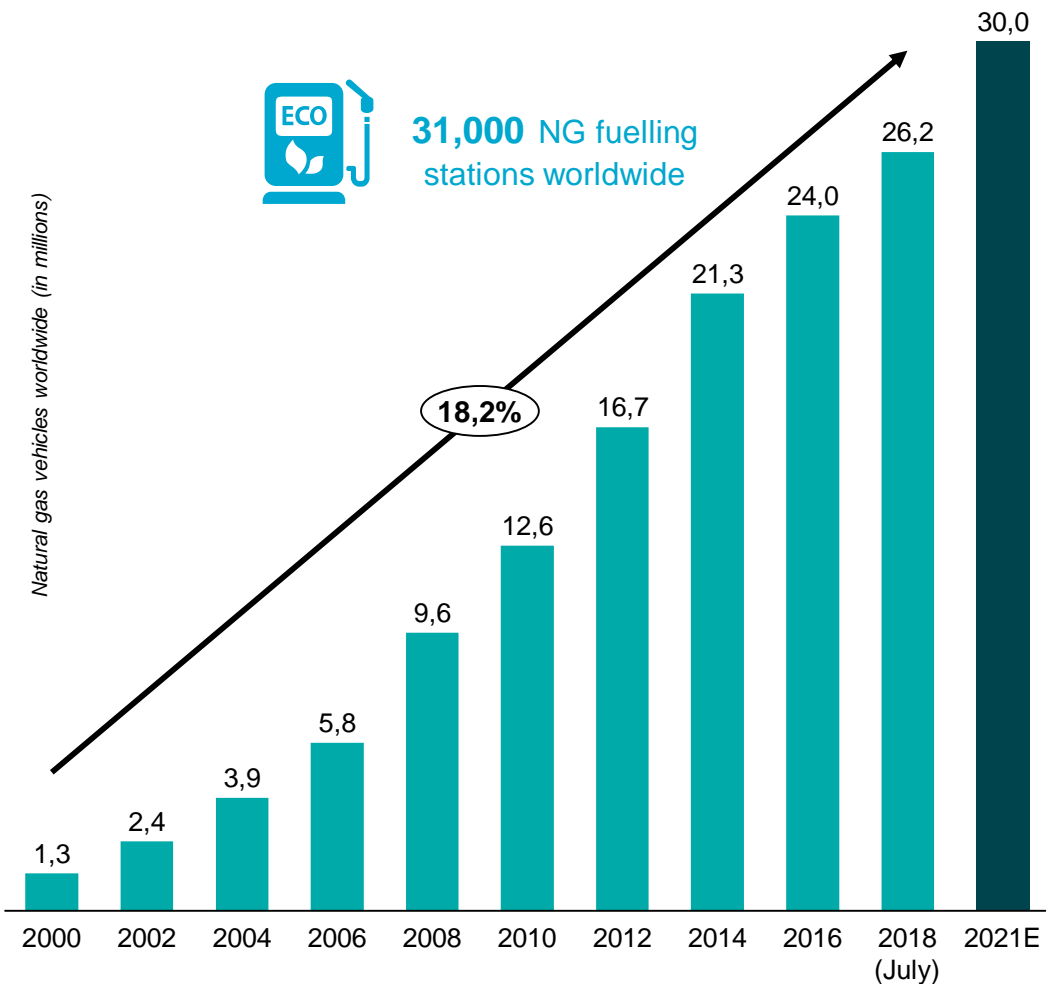
+1.6%

Natural gas
fastest growing
fossil fuel¹

+7%

Renewables the
fastest growing
energy source¹

Global natural gas vehicles count

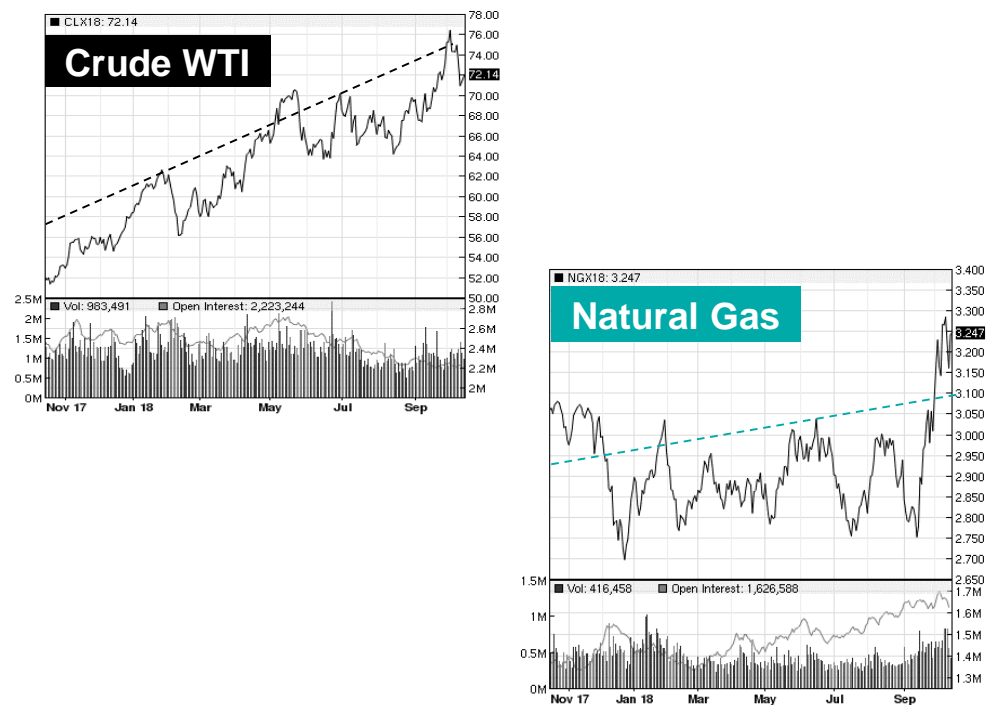


Going forward we assume that growth will accelerate, driven by..

- 1 Lower total cost of ownership for natural gas vehicles than diesel / gasoline
- 2 Lower greenhouse gas emissions than diesel/gasoline
- 3 Increased utilization of renewable biogas
- 4 Phasing out of diesel
- 4 End-user subsidies of low-carbon technologies
- 5 Growing number of natural gas fueling stations

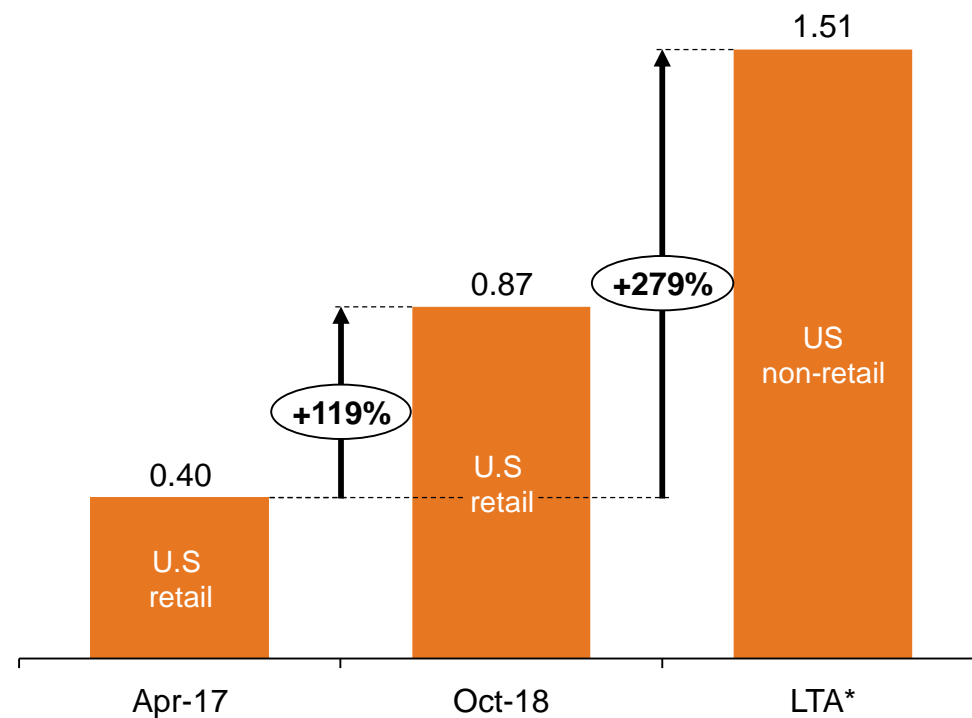
Fuel price spread is favorable

Price development last 12 months



Positive diesel vs CNG fuel price spreads

USD per diesel gallon equivalent



Oil price increase vs. stable natural gas price drives the fuel price spread in favor of CNG

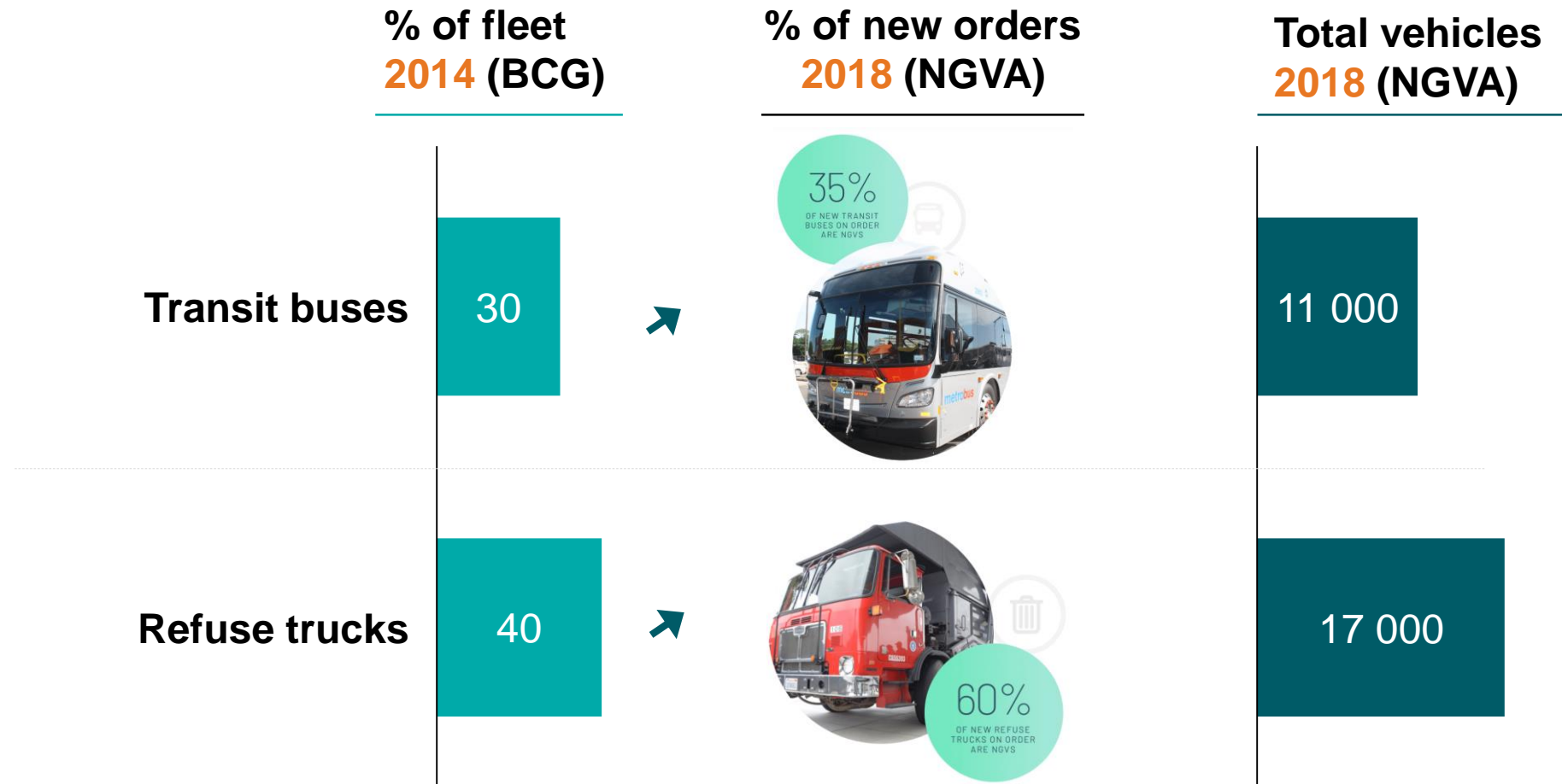
Financial solutions reduce obstacles to adoption

- Oil major Total makes investment of USD 83.4m for 25% of shares of Clean Energy Fuels Corp
 - Complements their strategy of expanding low carbon business
- Strong validation of natural gas as transportation fuel
- Clean Energy to provide USD 100m financing for natural gas-powered heavy-duty trucks
 - Aiming to match the prices of comparable diesel trucks
 - Allows fuel savings from day 1 of purchase
 - Funding capability of ~2,000 new trucks



Clean Energy Fuels Corp. a leading provider of natural gas and RNG for transportation in North America, launched financing program

CNG adoption in the US

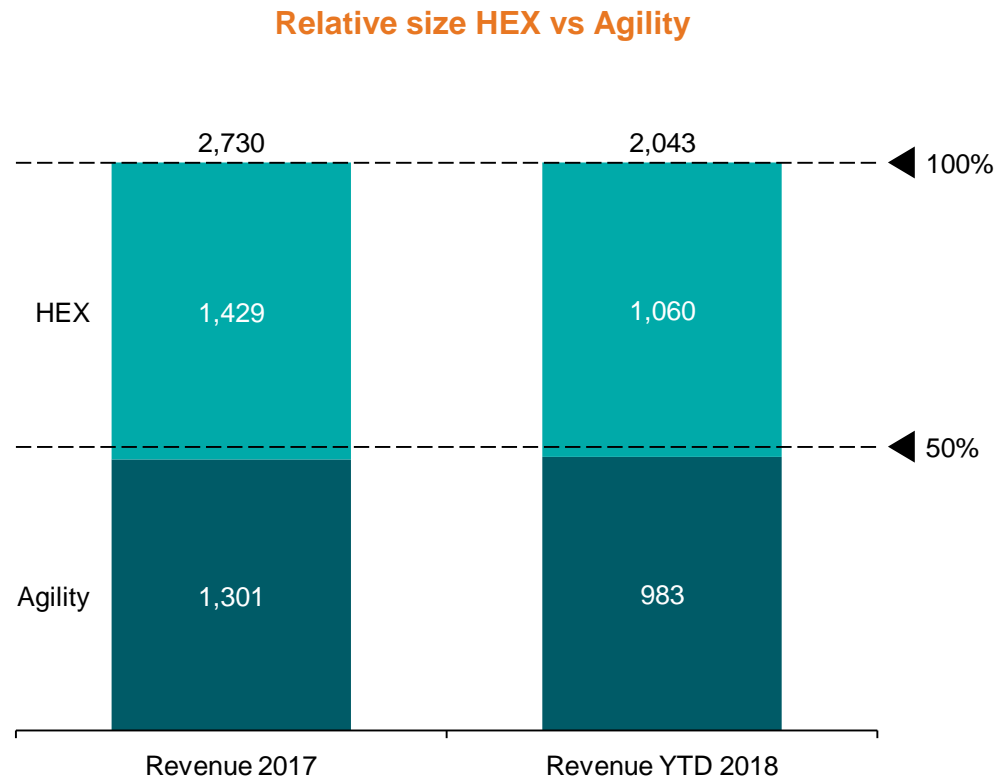


Financials



Agility acquisition allows for full P&L consolidation

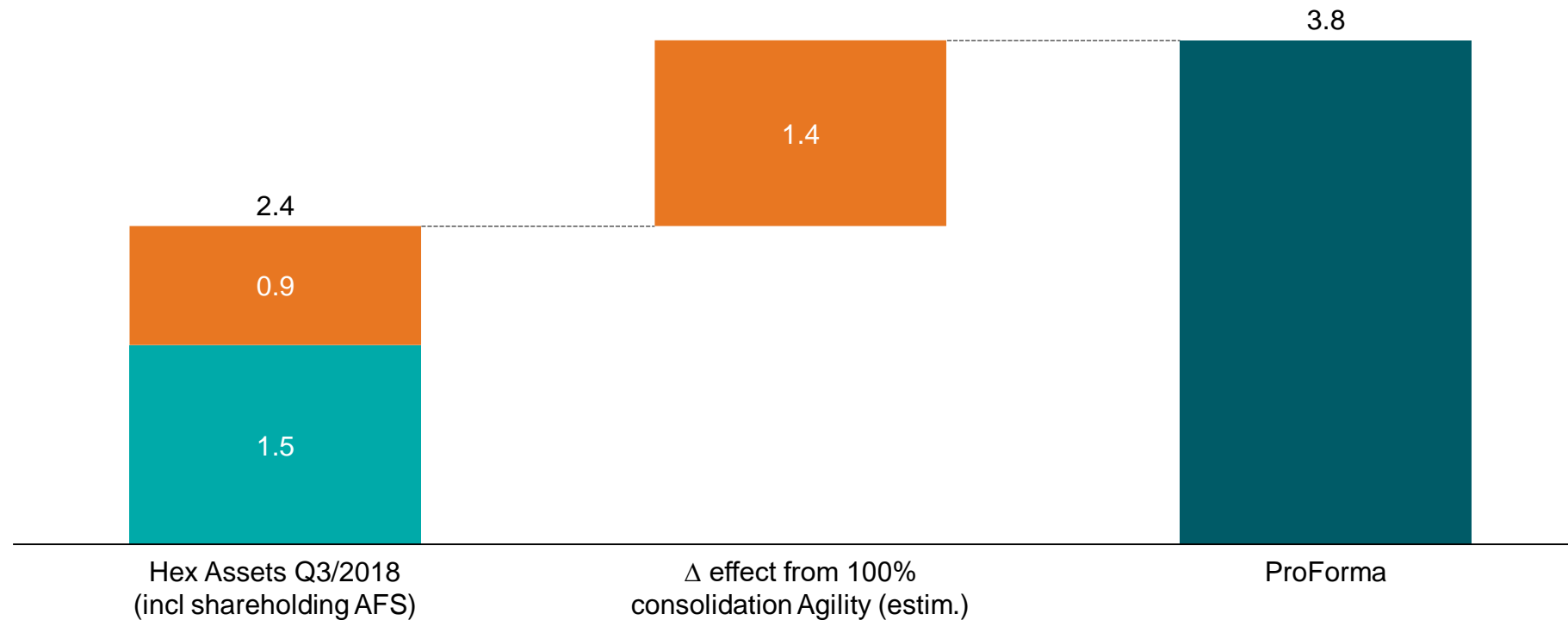
Revenue expansion (NOKbn)



Fully consolidated figures almost doubles Group revenues

Balance sheet expansion from acquisition

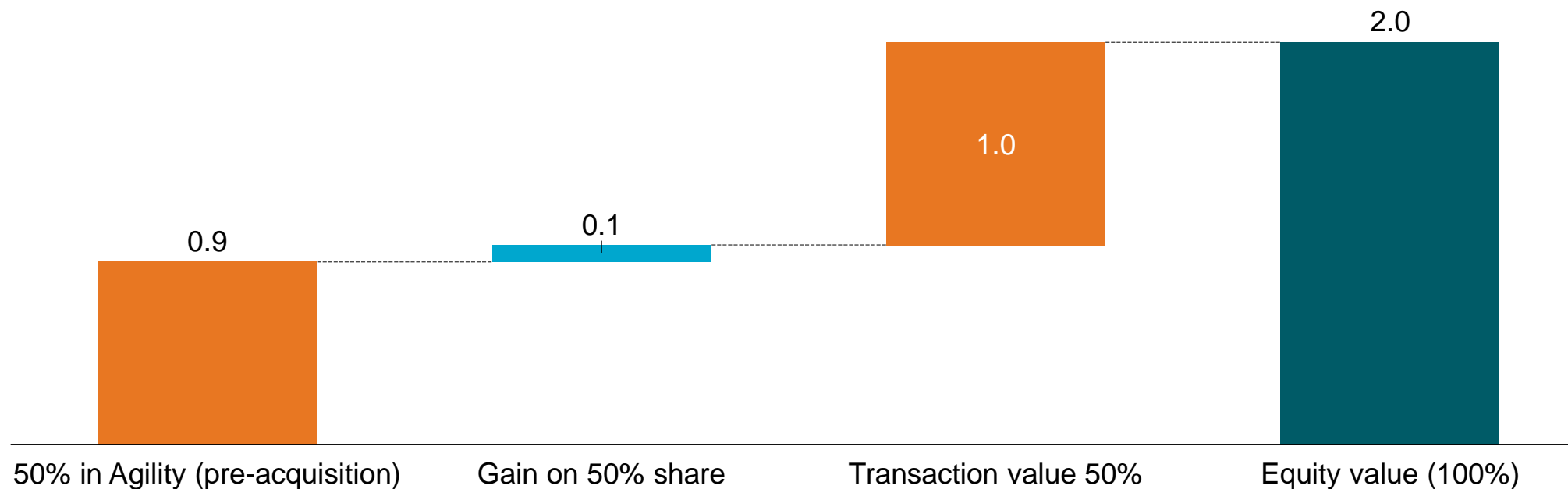
Assets (NOKbn)



Previously only accounted for as Investment in affiliates and JVs
Full consolidation expands the combined group

Value of shares in Agility

(NOKbn)



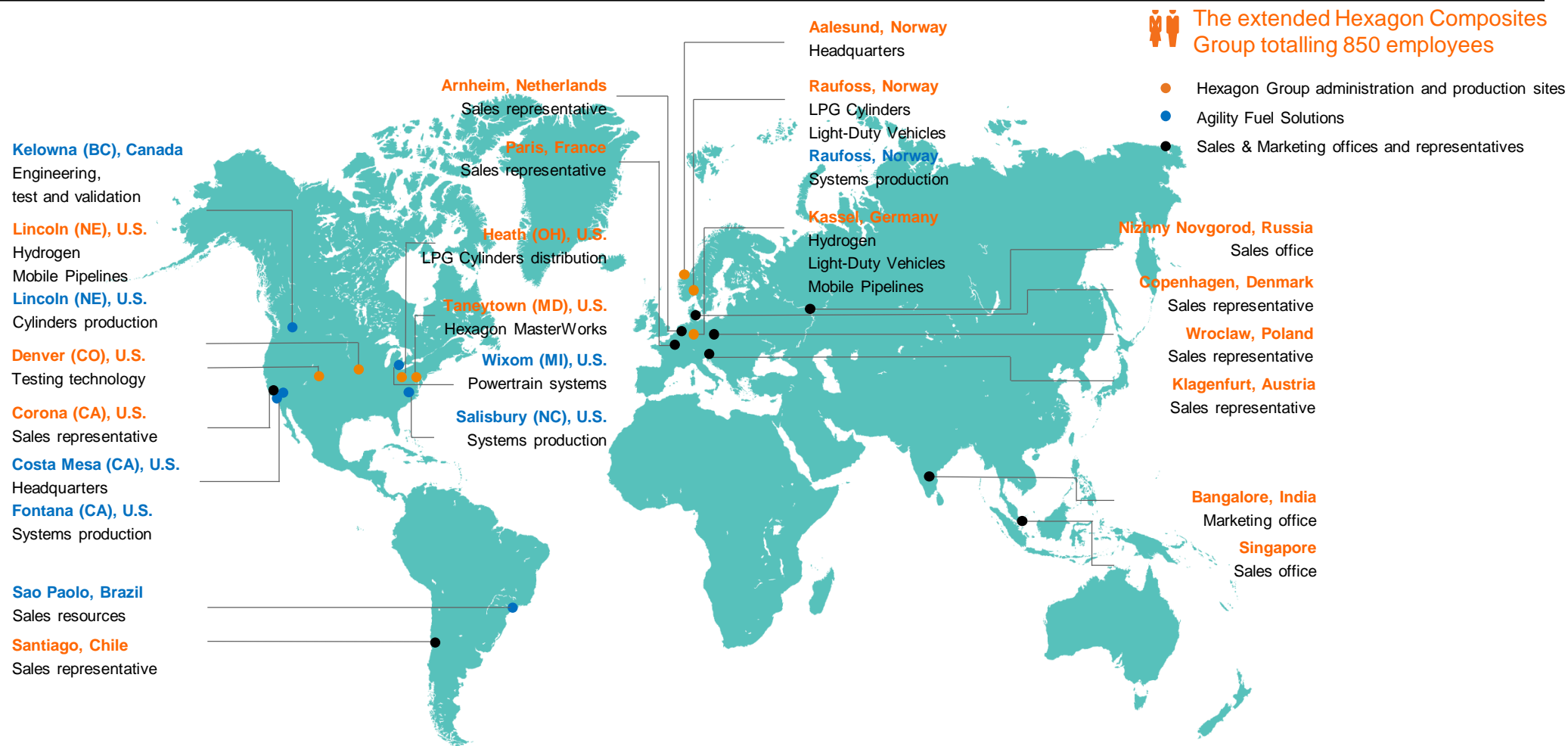
The equity value in the transaction implies a gain on existing 50% of shares



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Appendix

Expanding our geographical footprint





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Strong roots

1963

Lincoln Composites (US)
Type 3 CNG cylinders



1992

Raufoss Fuel Systems (NO)
Type 4 CNG cylinders

1998

Ragasco (NO)
LPG cylinders



2000

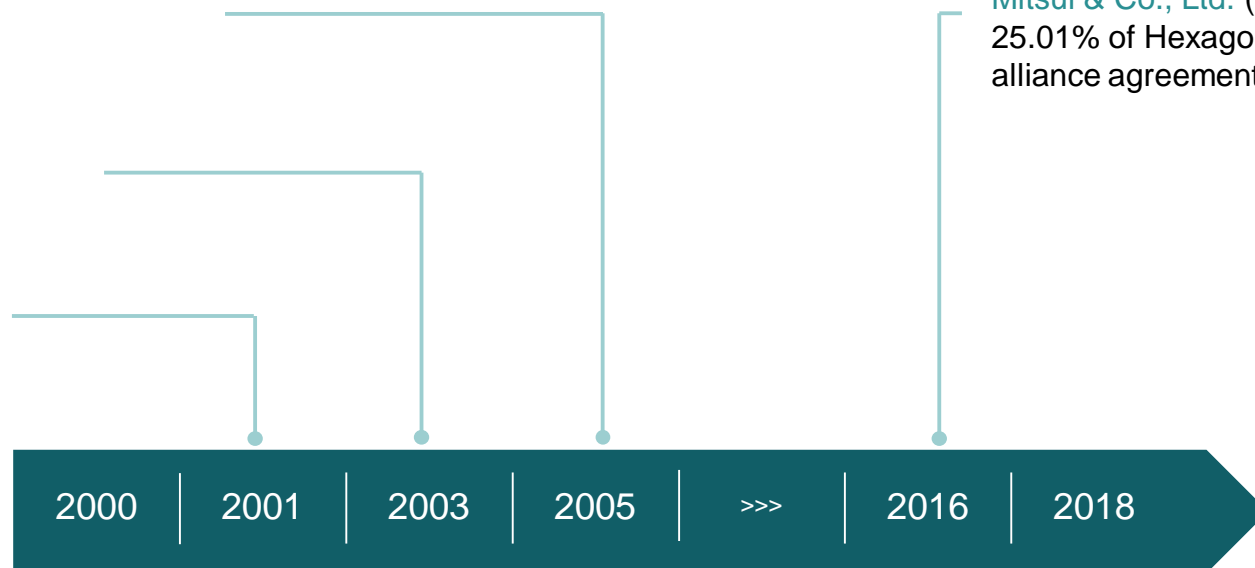
Hexagon Composites ASA

2001

xperion Energy & Environment (GE)
Type 4 CNG cylinders

2016

Mitsui & Co., Ltd. (JP) acquired
25.01% of Hexagon and a strategic
alliance agreement was signed



*Driving energy
transformation*