

# Q2 2024

Knut Flakk, Chair of the Board  
David Bandele, CFO

15 August 2024

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Our Vision

**Clean Air Everywhere**

Our Purpose

**Driving Energy Transformation**

Our Values

**Integrity and Drive**

# Contributing to the green energy transition

In the first half of 2024, our solutions enabled the avoidance of

**537,790**

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

*Equal to removing ~120,000 petroleum cars off the road for one year*

Hexagon's **near-term** and **net-zero** greenhouse gas emissions reductions targets were validated in July 2024.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



## Key highlights

Q2 was a solid quarter with significant margin growth,  
and we are on track to meet our 2024 targets<sup>1</sup>



Revenue

**NOK 1,150 million**



EBITDA

**NOK 137 million**



EBITDA margin

**12 %**

## Key highlights

# Important commercial milestones reached



Hexagon Agility received significant new orders



Hexagon Purus launches the battery electric TERN® Truck



Successful sale of Hexagon Ragasco to Worthington Enterprises

## Key highlights

### Hexagon Agility receives USD 57.7 million order from UPS, a frontrunner in the X15N natural gas engine

- New order with estimated value USD 57.7 million (approx. NOK 620 million)
- Renewed **master agreement for 3 years**
- Confirms continued momentum for renewable natural gas, despite a soft North American freight market.



## Key highlights

# Mobile Pipeline receives USD 12.8 million order from a global gas company – the largest single order to date for an industrial gas

- The order supports the diversification of Mobile Pipeline applications
- Delivered all-time high revenues in the first half of 2024



**Key highlights**

**Hexagon Purus launched the TERN® truck**



**HEXAGON**

The Tern RC-8 is a groundbreaking heavy-duty battery electric truck tailored for regional & city use in North America



Tern trucks will be available exclusively through Hino's dealer network and will leverage that network for aftermarket service & support



A Toyota Group Company

TERN



Initial launch of Tern Trucks with selected dealers in California on the back of current strong zero-emission demand



## Key highlight

# Successful sale of Hexagon Ragasco to Worthington Enterprises

- We have developed Hexagon Ragasco to become the world leader in composite LPG cylinders with more than **22+** million cylinders sold to over **100** countries
- The transaction enables Hexagon Ragasco to grow in new geographies and verticals
- Substantially strengthens Hexagon's balance sheet and positions the Group for strong growth in high pressure systems



# Q2 2024 Financials

- Higher heavy-duty Truck volumes
- Accelerated margin increase
- Strengthened balance sheet



# Successful transactions in the second quarter



## Hexagon Ragasco to Worthington Enterprises

- Agreement completed on 3 June
- Hexagon Ragasco sale at enterprise value of NOK 1 050m with earn-out component -50 million to +100 million
- Net gain of NOK 677 million
- Hexagon Ragasco reclassified and presented as discontinued operations



## Acquired 49% of Worthington Enterprises' Sustainable Energy Solutions business

- Agreement signed and closed on 29 May
- SES acquisition of 49% for NOK 114 million
- SES classified as an associated company accounted for by use of the equity method

## Q2 2024 Financial Highlights

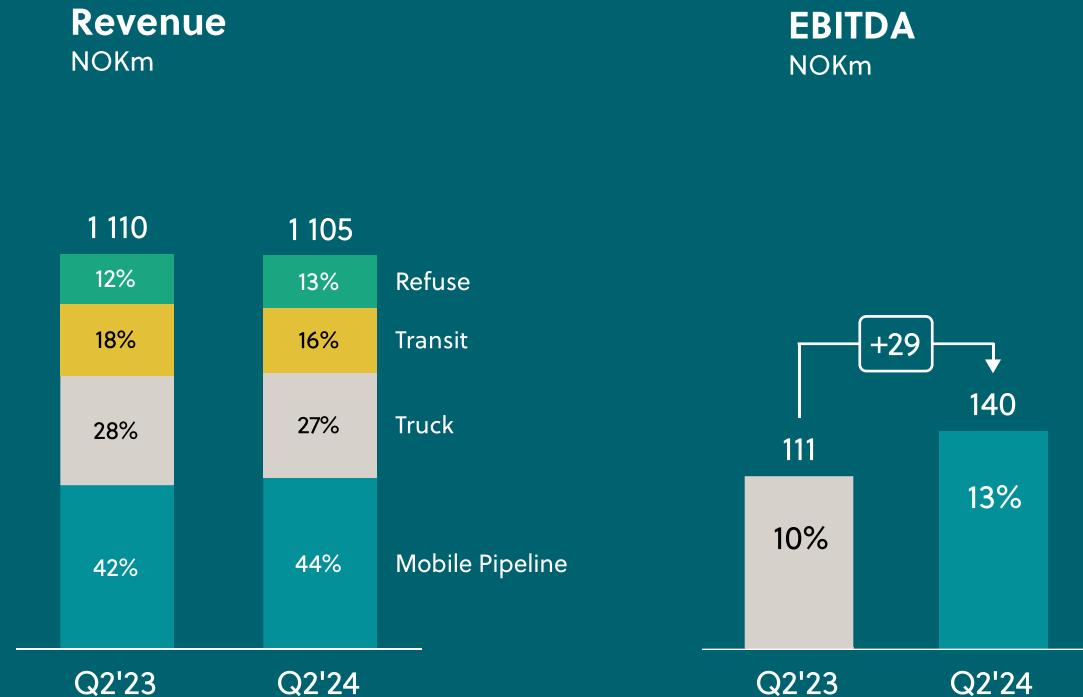
# Accelerated margin recovery sets up stronger second-half of year



- **Solid Group revenues of NOK ~1.15 billion**
- **Record-high EBITDA of NOK 137 million excl. Hexagon Ragasco**
- **Substantial margin increase to 12%**
- **Net debt at 753 million, leverage reduced to 1.6x after sale of Hexagon Ragasco**

# Hexagon Agility

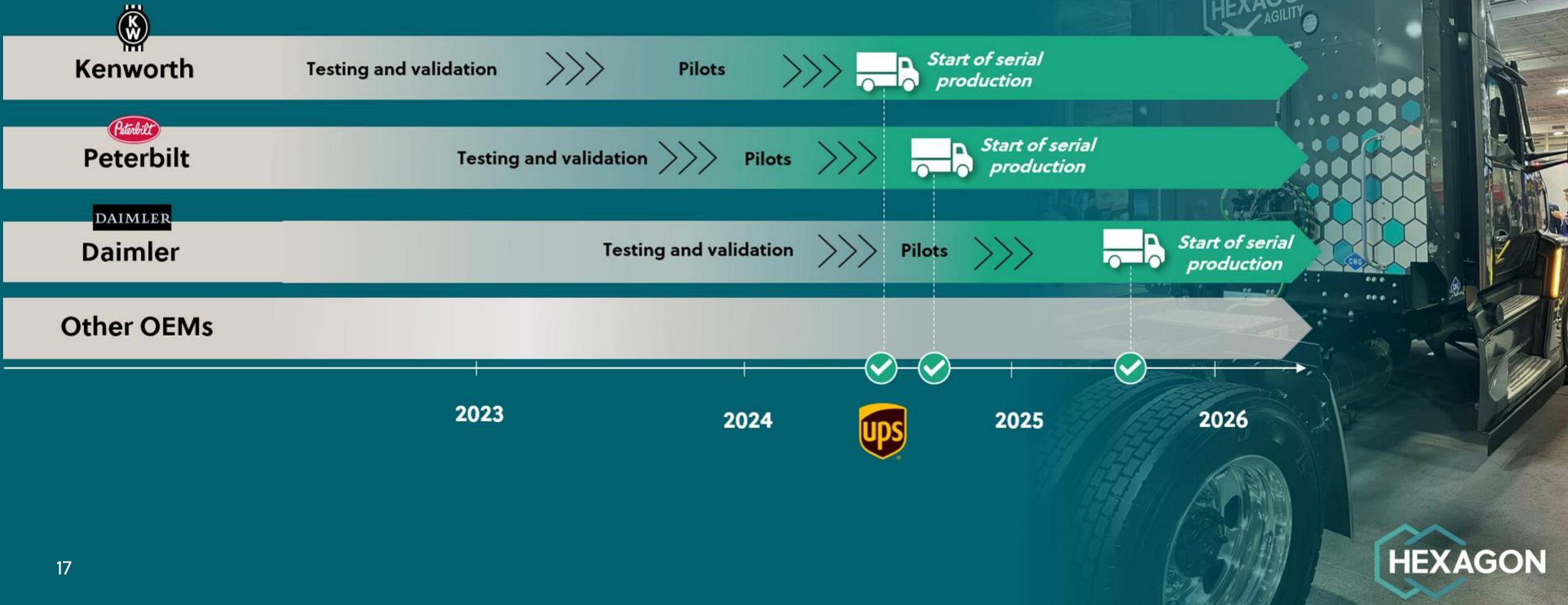
## Margin appreciation from strong Mobile Pipeline and uptick in Truck volume



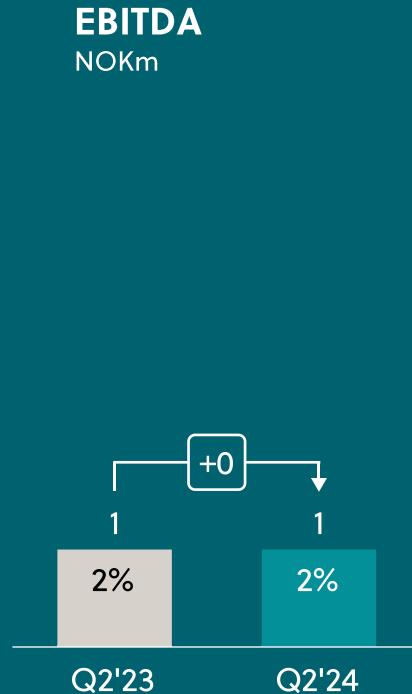
- **Strong Mobile Pipeline revenue and performance**
- **2.6x** pick-up in heavy-duty Truck sales vs. low Q1
- Recovering Truck volumes driving further **EBITDA margin gains**

## Hexagon Agility

Significant quoting activity with fleets for X15N Natural Gas engine powered trucks, with orders to follow



# High activity in MAE Mobile Pipeline trailer testing



- Increased revenues by 13%
- Pick up in UE machine volumes from low Q1
- Modest profit due to continued growth opex year-over-year

# Hexagon Group 2024 Financial Outlook

## Guidance confirmed, adjusted for sale of Hexagon Ragasco



### Mobile Pipeline

Strong growth with additional capacity available at end Q3; Includes sales to Hexagon Purus

### Transit & Refuse truck

Lumpy Transit, steady Refuse truck

### Truck

Increased order activity from end Q2 including demand for the new X15N engine launch in Q3; higher revenues in second half 2024 spearheaded by large UPS order

### Cylinder testing and inspection technologies

Profitable performance expected in second half 2024

### Revenue

- Truck sales increase significantly in second-half of 2024 boosted by UPS order
- On track for our targets adjusted for Hexagon Ragasco sale<sup>1</sup>

### EBITDA

- Margin appreciation in second-half of year, in line with increased truck volumes
- EBITDA levels on track for our targets adjusted for Hexagon Ragasco sale

2024  
NOK  
~4.8 bn\*

(2023:NOK 4.5bn<sup>1</sup>)

2024  
NOK  
>500m\*

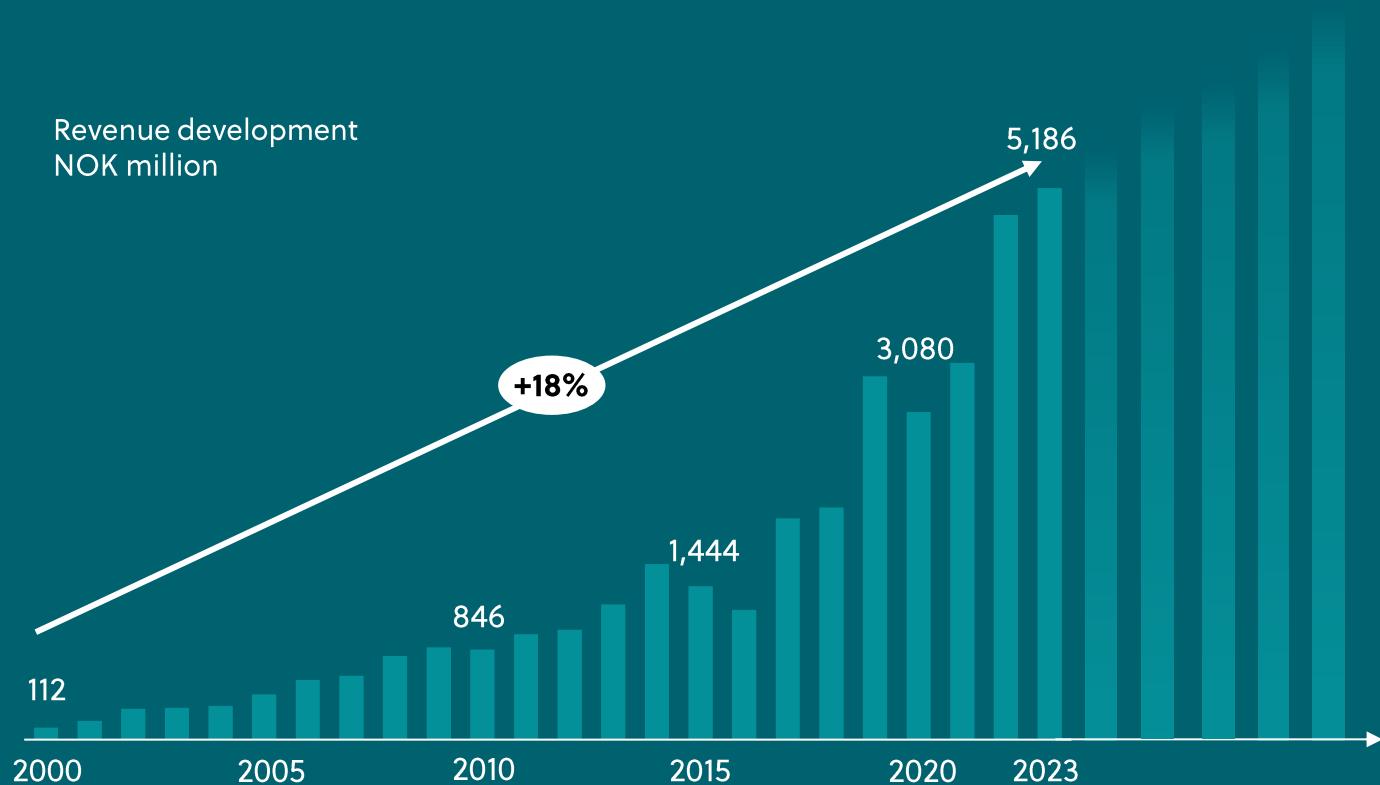
(2023:NOK 366m<sup>1</sup>)

\* Based on reasonable and current expectations as of 14 August 2024, excluding any material unforeseen impacts

An aerial photograph of a landscape featuring a river flowing through a dense forest. A two-lane road runs parallel to the river, with a single blue car visible on the right side. The forest is a mix of green and yellowish-green foliage, suggesting a transition between seasons. The water of the river is a deep teal color. In the bottom left corner, a small dock with a boat is visible. The overall scene is a mix of natural beauty and human-made infrastructure.

# Outlook

## What is at the core of Hexagon's success?



2000

Making **composites**  
cost competitive

2024

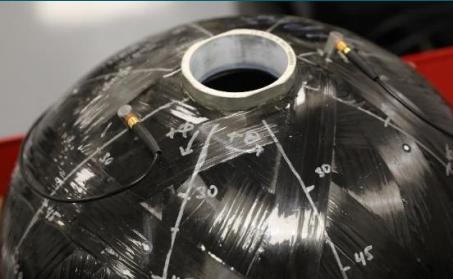
Making **alternative fuel systems**  
cost competitive

- To enable the green shift
- To stay ahead of the competition

# Strengthened portfolio, focused on high-pressure gas and alternative fuel solutions



Provider of renewable natural gas distribution systems and fuel systems for commercial vehicles



Frontrunner in cylinder testing and monitoring technology



Early-mover in hydrogen distribution systems and zero-emission fuel systems for commercial vehicles

38.4%



Cryoshelter

40%



Innovator of cryogenic tank technology for liquid natural gas and liquid hydrogen

49%

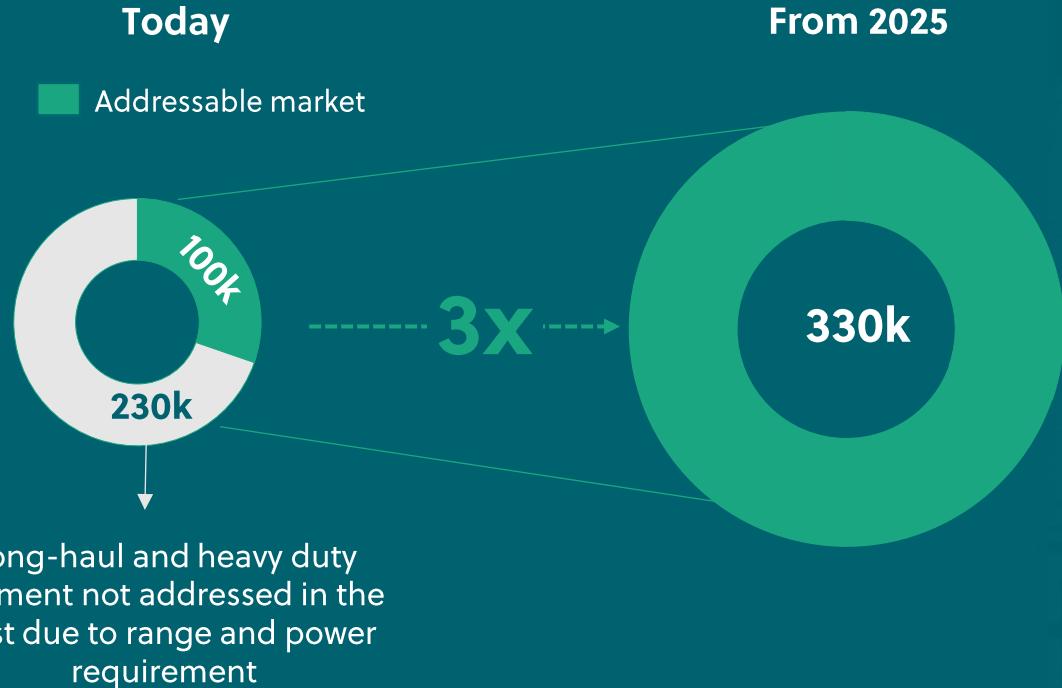


Provider of high-pressure cylinders and systems for clean energy storage and distribution

## Hexagon Agility

**The X15N engine unlocks the long-haul segment, tripling our addressable market for fuel systems**

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



## Continued momentum for X15N natural gas engine and RNG

- Cummins X15N engine with Hexagon Agility's high-capacity RNG fuel systems matches diesel on power, range and reliability
- Kenworth and Peterbilt confirmed production start of trucks with X15N in Q3 2024
- Heavy-duty fueling stations expansion, leading indicator of incoming powertrain demand

**FleetOwner** LOGIN JOIN SEARCH

**ALTERNATIVE POWER | NATURAL GAS**

**Cummins' 15-liter gives nat gas the hype it deserves**

Jason Cannon May 23, 2024

**EQUIPMENT**

**Kenworth produces T680 and T880 models with Cummins' natural gas engines**

May 17, 2024

The Cummins renewable industry's diesel-like

**Clean Energy Fuels Unveils New RNG Fueling Stations for Heavy-Duty Fleets to Expand Footprint in Southern California**

company is also investing hundreds of millions of dollars to ace RNG at dairy farms in the US to ensure a steady supply of carbon RNG

nna Sandridge, Senior Editor

6, 2024

**FLEET PROFILES**

**Walmart 'betting big' on Cummins new X15N natural gas engine**

Tom Quimby May 14, 2023 | Updated Jun 13, 2024

**HEXAGON**

## Hexagon Agility

# Leading heavy-duty fleets rely on RNG to meet their sustainability targets



**11,300**  
alternative fuel trucks

Target 100% renewable natural gas by 2026



**4,400**  
natural gas trucks

Invested in RNG fueling stations

**2040**  
Net-zero



**6,500**  
natural gas trucks

Plans to purchase 975 million liter of RNG in the next 7 years

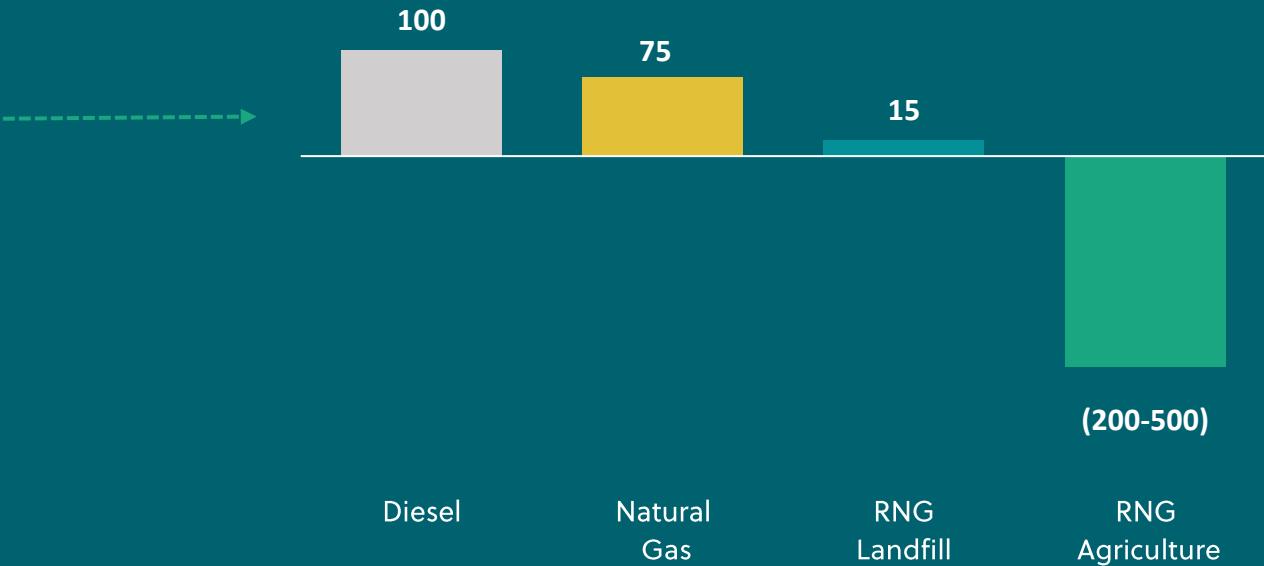
**2050**  
Carbon neutral



## The adoption of renewable natural gas is accelerating

- In 2023, **79%** of on-road fuel used in natural gas vehicles was RNG, up from 69% the previous year.

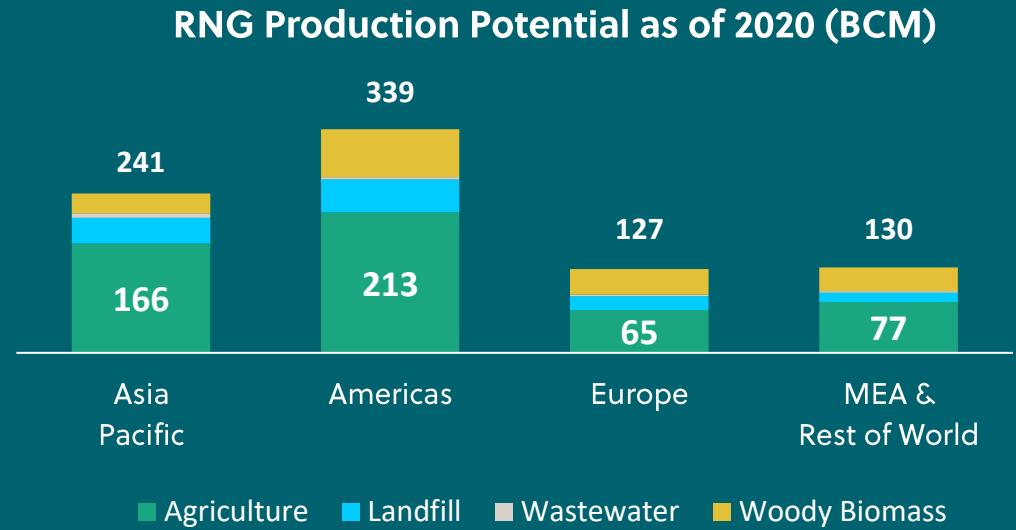
Average Carbon Intensity Score  
CO2 Equivalent



- RNG is interchangeable with CNG and can decarbonize transportation, homes and industries.

## Less than 5% of the world's RNG potential is being produced today

- RNG is an abundant resource worldwide
- RNG from Agriculture has the lowest carbon intensity of all sources, and is the largest potential source of RNG
- **Agricultural production facilities are mostly located in rural areas with no gas grid**



### Stranded gas to pipeline

*Renewable natural gas, agriculture*



### Pipeline to Stranded User

*Energy intensive, Industrial plants*



### Pipeline to Pipeline

*To constrained urban areas.*



### Mobile refueling

*Enables fleet to accelerate the adoption of natural gas vehicles*



## Hexagon Agility

Mobile Pipeline has pioneered the market and enabled high-pressure gas to be transported and used competitively without a fixed pipeline



*The world's largest composite cylinders.*

**2.5x**

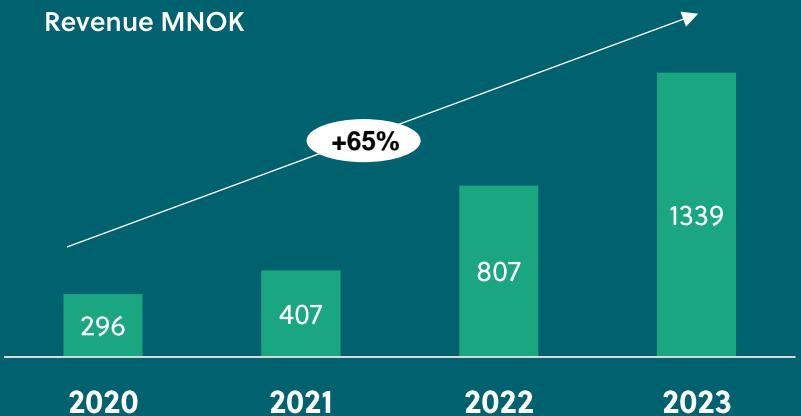
capacity per load compared to steel

**75%**

lighter  
compared to steel cylinders

## Hexagon Agility

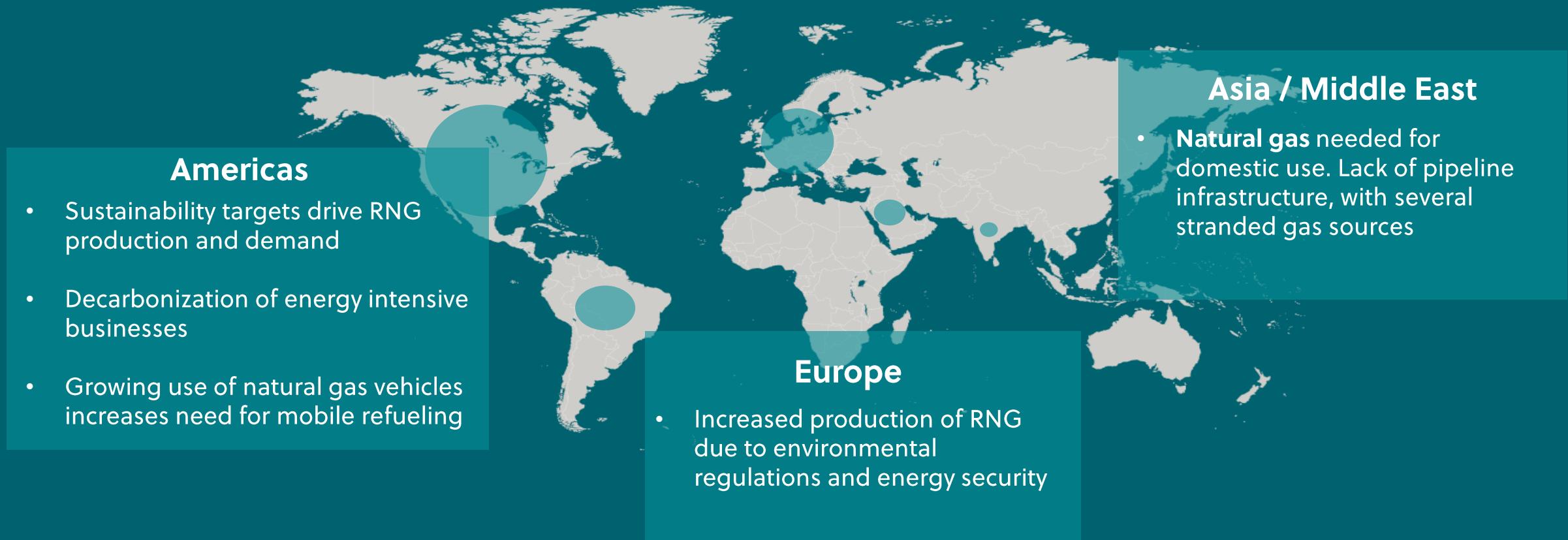
Strong growth in the past years and the largest fleet of composite modules in operation



Selected customers



## Stranded RNG will drive geographic market expansion of Mobile Pipeline®



# Hexagon Agility

## Increased capacity in Mobile Pipeline to meet future demand



**+40%**  
**Mobile Pipeline**  
**cylinder capacity**

# Key takeaways

The background of the slide is a photograph of a road through a forest. The trees are in autumn colors, with shades of orange, yellow, and green. The road is dark asphalt with white dashed lines. A white truck is visible on the road, driving away from the viewer. The overall atmosphere is professional and focused.

**Established market leader serving large and demanding blue-chip customers**

**In pole position to capture significant growth from the renewable natural gas sector**

**On track to deliver on 2024 targets, adjusted for sale of Hexagon Ragasco**

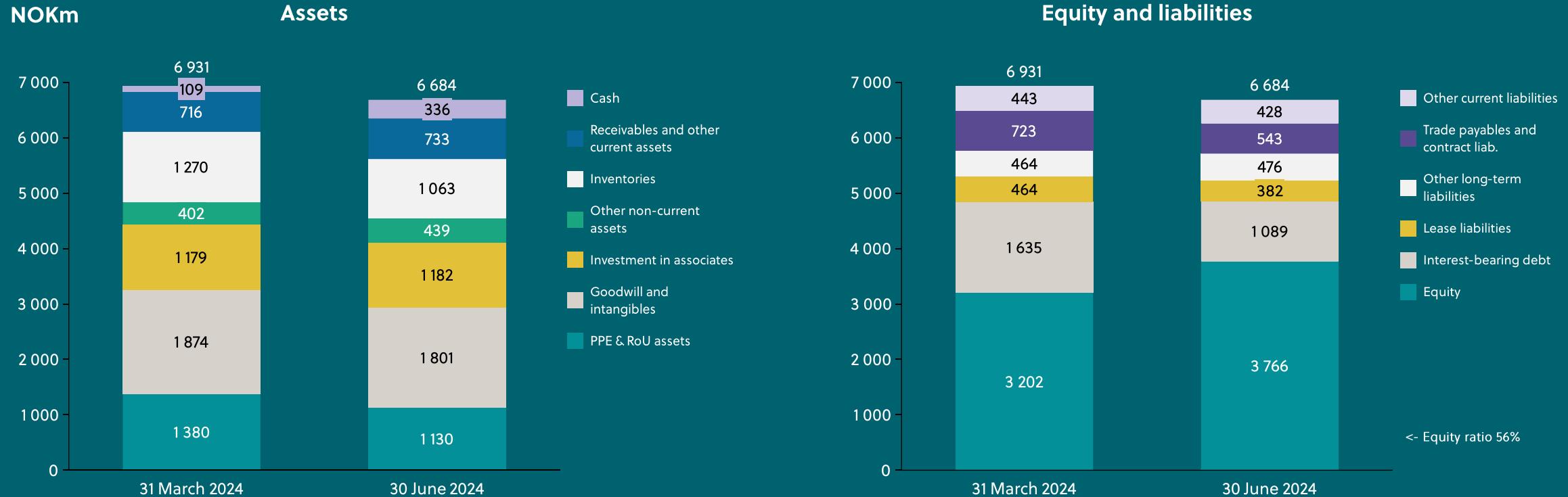
# Q&A

# Appendix

# Investor relations information



# Hexagon Group | Balance sheet



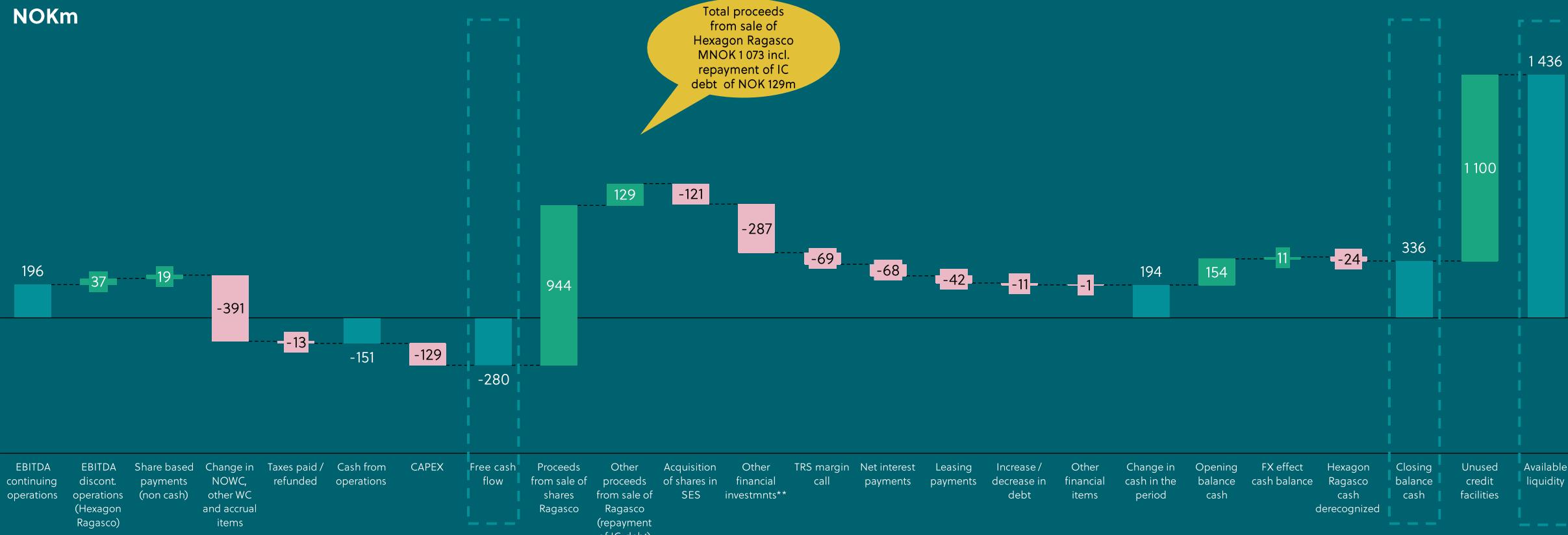
Total balance sheet reduced from end of last quarter, impacted by the sale and derecognition of Hexagon Ragasco and the acquisition of SES. Proceeds from sale of Ragasco partly used to repay debt. Equity ratio significantly improved to 56% largely due to gain from sale of Ragasco of NOK 677m.

# Hexagon Group | Cash flow Q2



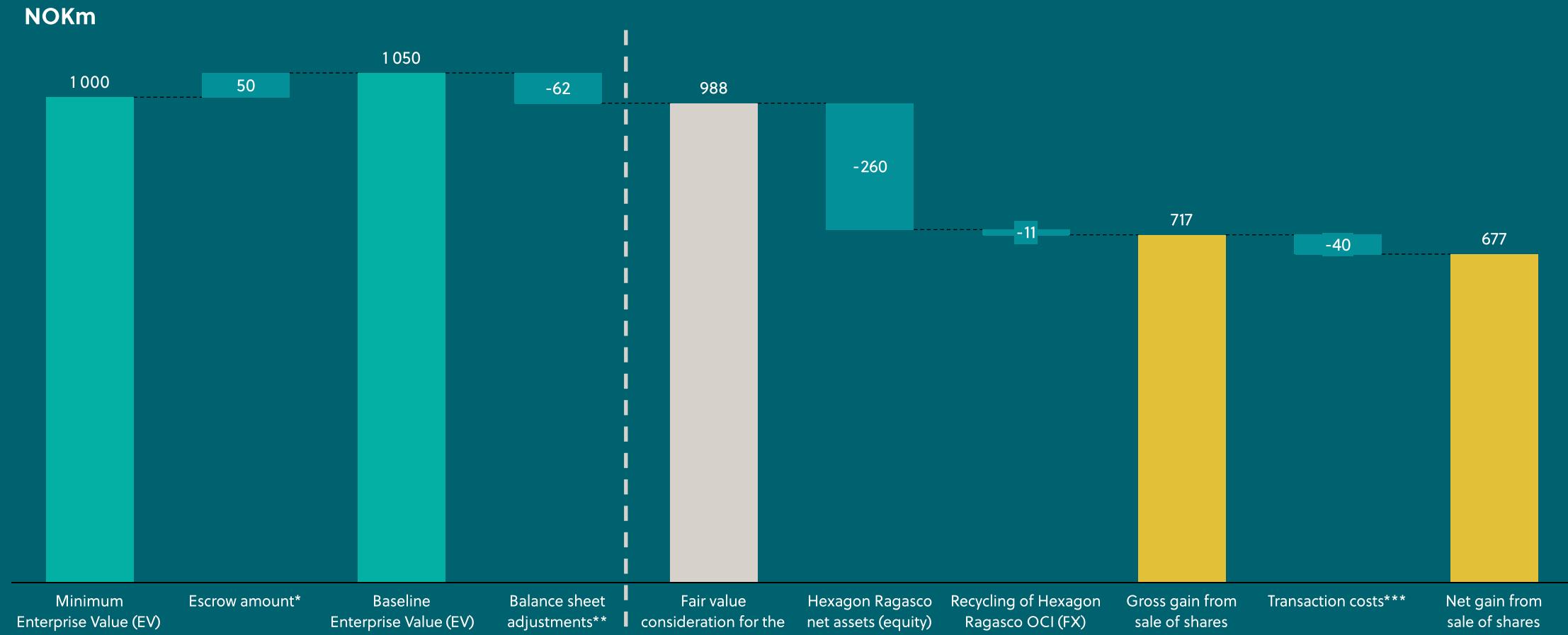
Underlying operating profitability good, with increased working capital in Hexagon Agility leading to negative free cash flow in the quarter. Proceeds from sale of Ragasco partly used to repay debt of NOK 537m, leaving NOK 336m in cash and NOK 1 100m in unused credit facilities end of the quarter. Available liquidity was NOK 1 436m million as of period end.

# Hexagon Group | Cash flow YTD per June



See Q2 comments. In addition, Other financial investments includes NOK 200m convertible bond investment in Hexagon Purus made in Q1 and convertible loans to Cryoshelter of NOK 82m

# Gain from sale of Hexagon Ragasco



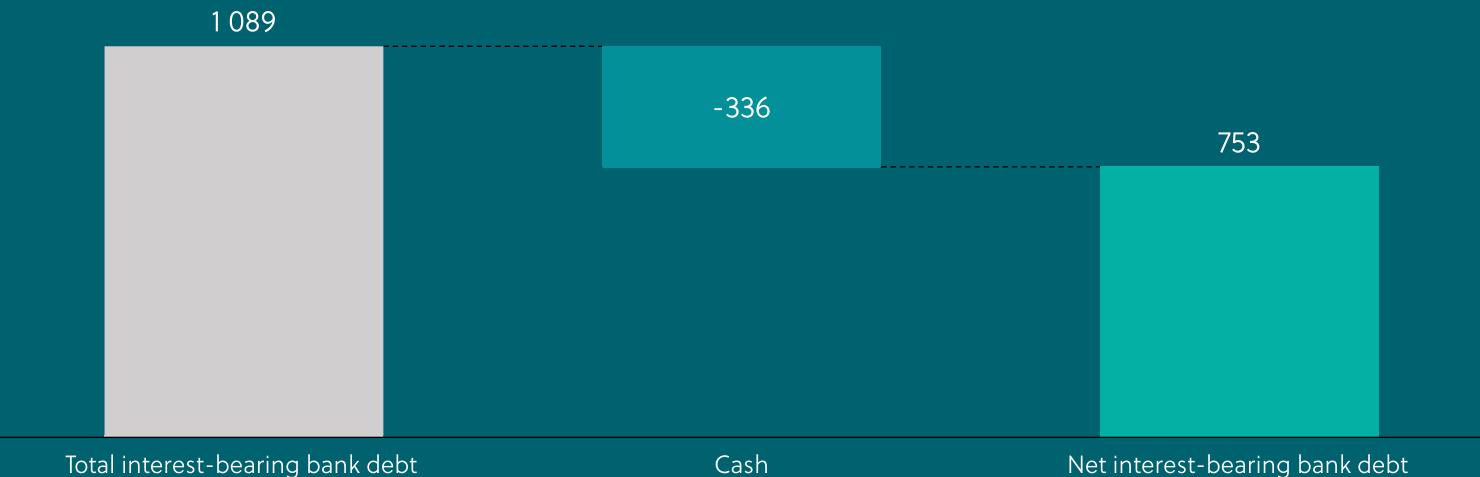
# Re-presentation of historical Group financials with Hexagon Ragasco as discontinued operations (example of 2023 re-presented below)

2023 P&L from reported to re-presented

NOKm	2023 Hexagon Group as reported	hereof Hexagon Ragasco fully consolidated	"Hexagon ex Ragasco" before elims.	Reversal group elims. w/ Ragasco	Hexagon Ragasco presented net as discontin. operations	2023 Hexagon Group re-presented
Continuing operations	Revenues	5 186	679	4 507	19	4 526
	EBITDA	480	114	366		366
	<i>EBITDA margin</i>	9%	17%	8%		8%
	EBIT	221	76	145		145
	<i>EBIT-margin</i>	4%	11%	3%		3%
	Profit/loss from associates	- 177	0	- 177		- 177
	Impairment loss on associates	- 702	0	- 702		- 702
	Net financial items	- 276	7	- 283		- 283
	Profit before tax	- 933	83	- 1 016		- 1 016
	Profit after tax	- 941	73	- 1 014		- 1 014
Discontinued operations	Profit after tax from discontin. ops. - Purus	- 302		- 302		- 302
	Profit after tax from discontin. ops. - Ragasco				73	73
	Gain from deconsolidation - Purus	2 351		2 351		2 351
	Profit after tax from disc. operations	2 050		2 050		2 122
	Total profit after tax	1 109	73	1 036		1 109

# Hexagon Group leverage

NOKm



## NIBD / EBITDA LTM

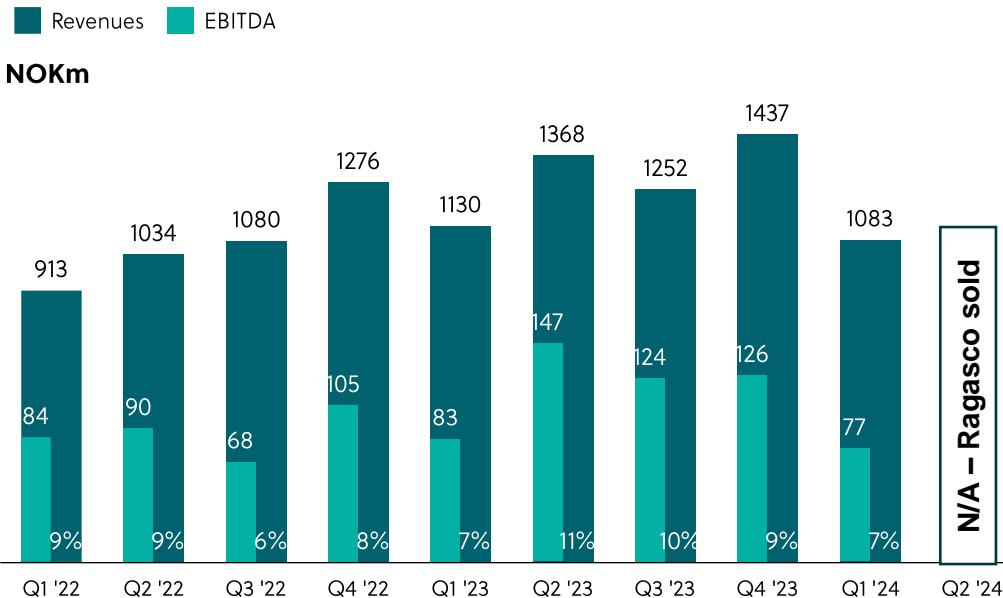


## Comments

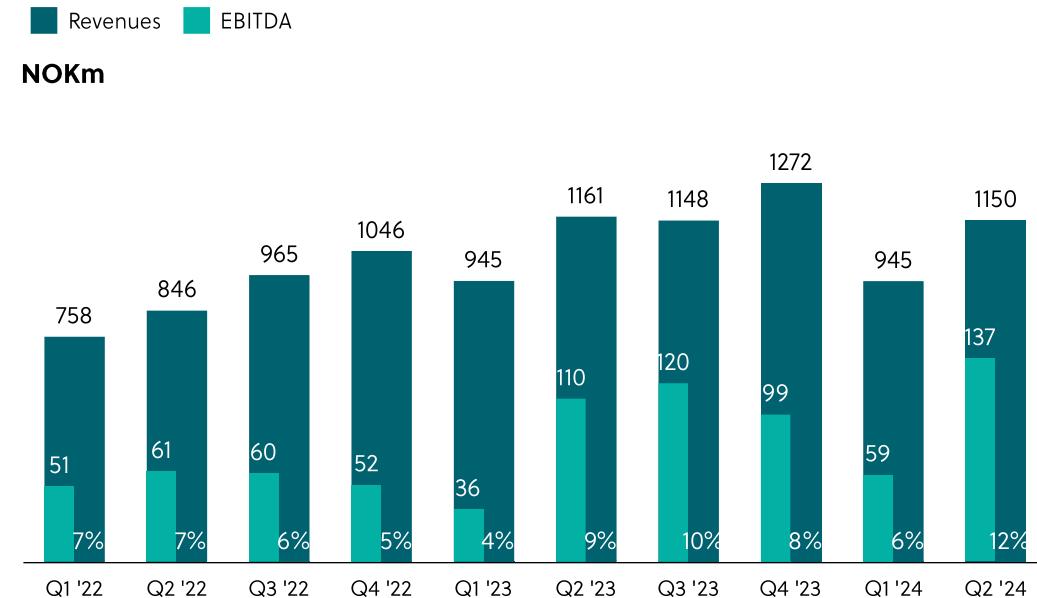
- Following the sale of Hexagon Ragasco, net-interest bearing bank debt is reduced to NOK 753 million as of Q2, compared to NOK 1 526 million end of Q1.
- NIBD reduced to 1.6x during the quarter.
- Available liquidity of NOK ~1.4 billion as at end of quarter

# Hexagon proforma financial highlights (1/4)

## Hexagon Group as reported (incl. Ragasco)



## Hexagon Group continuing operations (excl. Ragasco)<sup>1</sup>

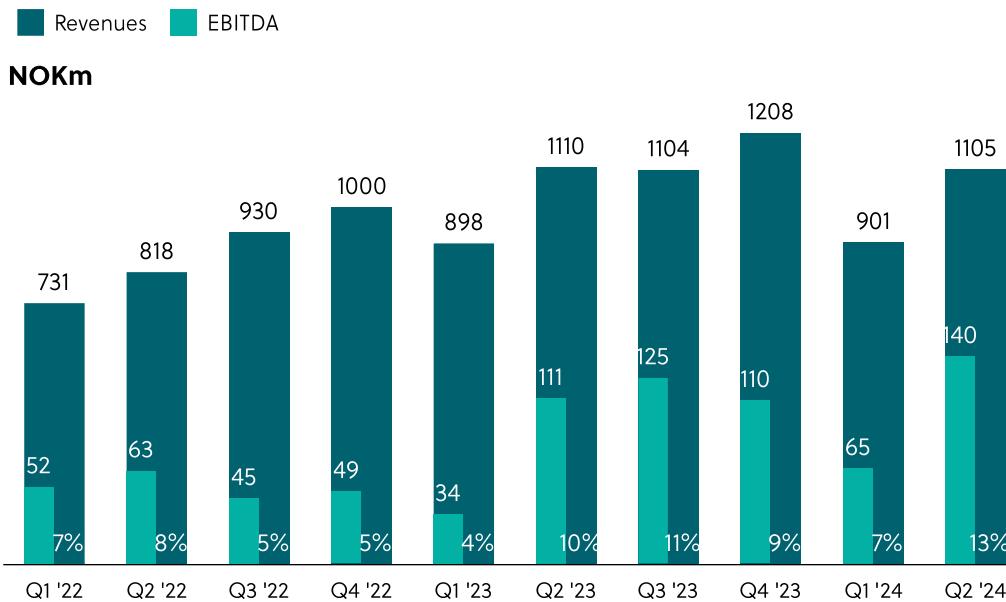


- Hexagon Group (continuing operations) provides clean solutions with strong ESG benefits
  - Hexagon Agility: (renewable) natural gas fuel systems for commercial vehicles and gas distribution solutions
  - Digital Wave: smart technology for monitoring and testing of cylinder systems and creating circular economy by extending life expectancy

<sup>1) Hexagon Ragasco was sold to Worthington Enterprises on 3 June 2024 and has for accounting and comparability purposes been presented as discontinued operations. Historical financials for the Group have been re-presented to show continuing operations only. Continuing operations refer to the operating segments Hexagon Agility and Hexagon Digital Wave in addition to Corporate overhead functions.</sup>

# Hexagon proforma financial highlights (2/4)

## Hexagon Agility)

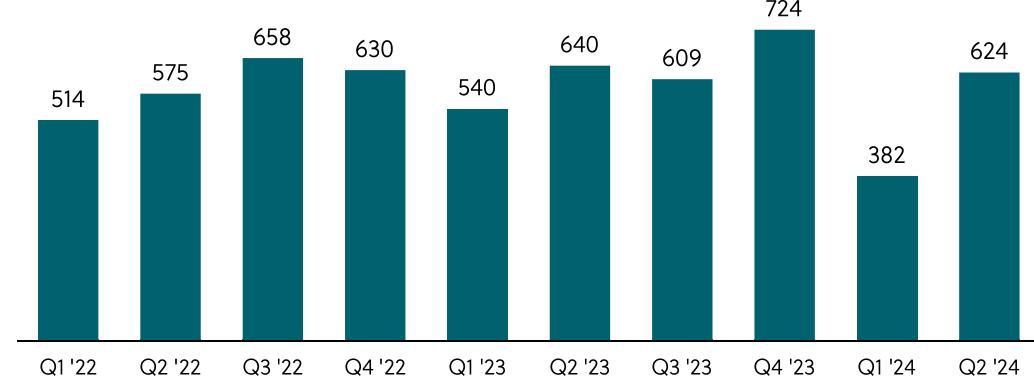


- **Hexagon Agility** provides (renewable) natural gas clean mobility solutions for Heavy and Medium Duty Vehicles, Mobile Pipeline, and Light-Duty Vehicles
- Global leading provider within markets including Heavy-Duty/ Medium-Duty Trucks, Refuse Truck, Transit Bus, Gas Transportation, Mobile Refueling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

## Hexagon revenue split (after eliminations)

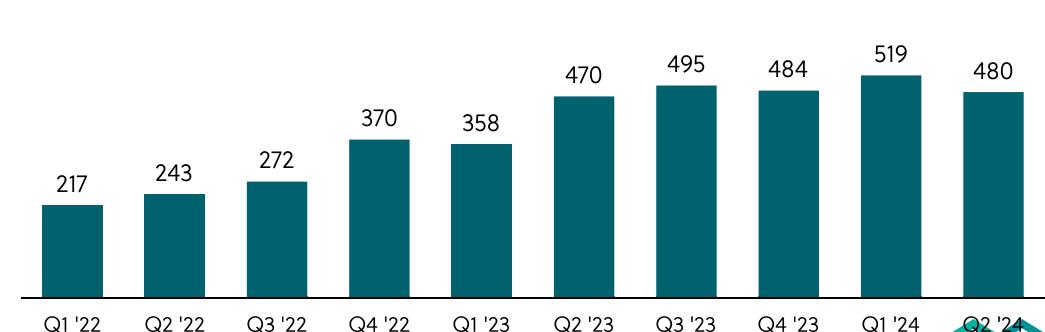
### Fuel systems commercial vehicles (medium and heavy-duty vehicles)

**NOKm**



### Mobile Pipeline<sup>1</sup>

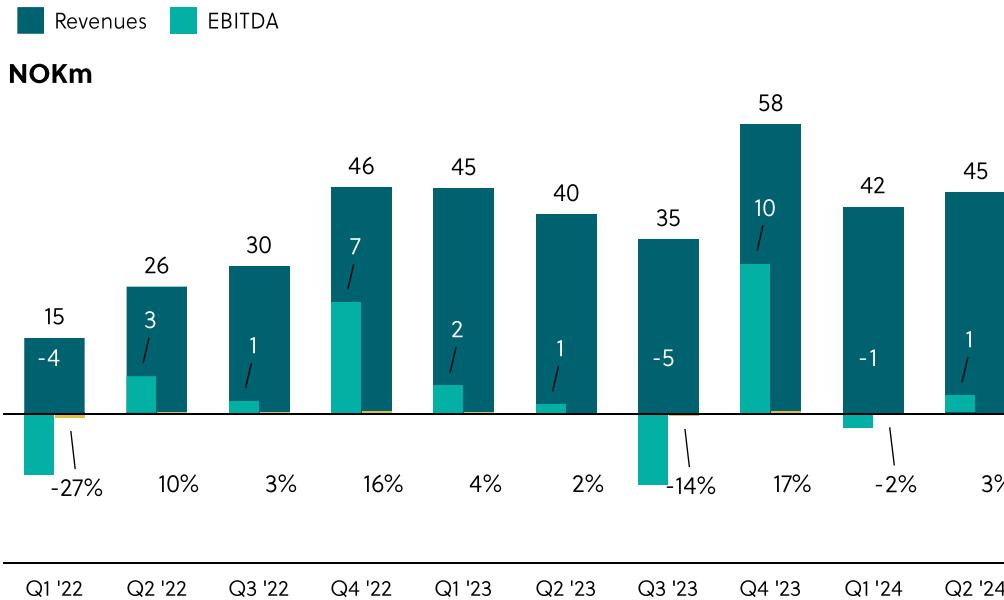
**NOKm**



1) Including revenues previously referred to as Cylinders/Other. Historical figures re-presented for comparability purposes.

# Hexagon proforma financial highlights (3/4)

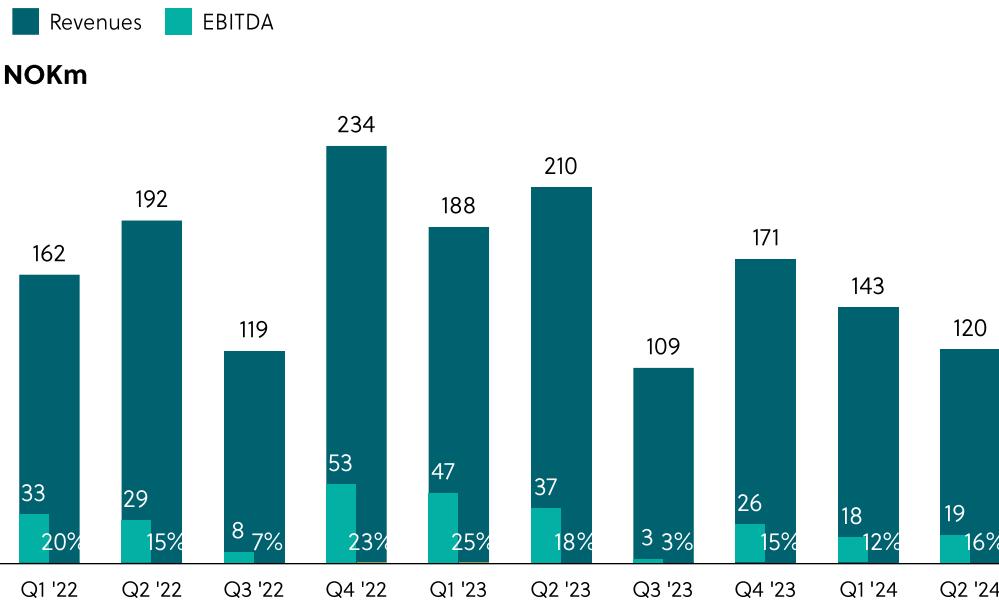
## Hexagon Digital Wave



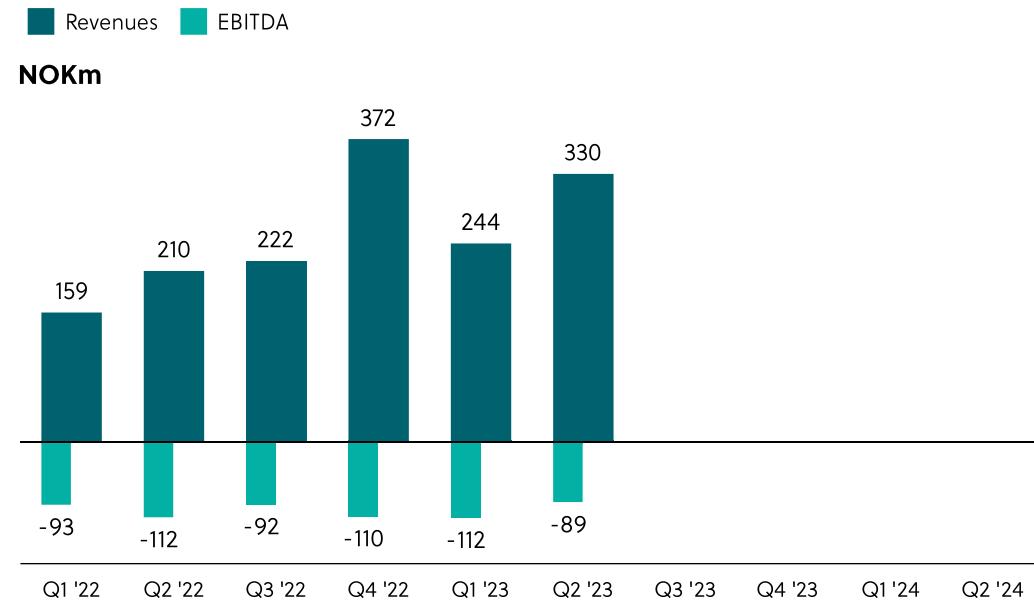
- Proprietary safety technology – Modal Acoustic Emission (MAE) technology for testing and certifying cylinders
- Strategic agenda include cylinder digitalization with real-timing monitoring, testing and certification, creating a circular economy through enabling life extension

# Hexagon proforma financial highlights (4/4)

## Hexagon Ragasco (discontinued since 3 June 2024)<sup>1</sup>



## Hexagon Purus (discontinued since 29 June 2023)<sup>2</sup>



- 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
- Sold to Worthington Enterprises on 3 June 2024 and presented as discontinued operations since.

<sup>1)</sup> Hexagon Ragasco was sold to Worthington Enterprises on 3 June 2024. Quarterly financials for Q2 2024 represent April and May 2024 only and is thus not comparable with previous quarters.

<sup>2)</sup> Hexagon Purus was effectively deconsolidated from the Group accounts of Hexagon Purus on 29 June 2023. See [www.hexagonpurus.com/investors](http://www.hexagonpurus.com/investors) for further information related to Hexagon Purus' financials.



Clean air everywhere