



# FOURTH QUARTER 2011 RESULTS

Erik Espeset, Group President

Tor Olsen Husø, CFO

*Oslo, 15 February 2012*

# AGENDA FOURTH QUARTER REPORT 2011

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- ▶ Hexagon Composites overview
- ▶ Key figures
- ▶ Business units
- ▶ Group financials
- ▶ Summary & outlook
- ▶ Q & A



# THIS IS HEXAGON COMPOSITES



HEXAGON COMPOSITES ASA

**COMPOSITE CONTAINERS**  
FOR PROPANE, NATURAL GAS AND BIOGAS



**HIGH-PRESSURE CONTAINERS**  
NATURAL GAS, BIOGAS AND HYDROGEN



**COMPOSITE REINFORCEMENTS**  
FOR LIGHTWEIGHT CONSTRUCTIONS



UAB AMT BALTIFA

PPG-DEVOLD LLC  
(50/50)



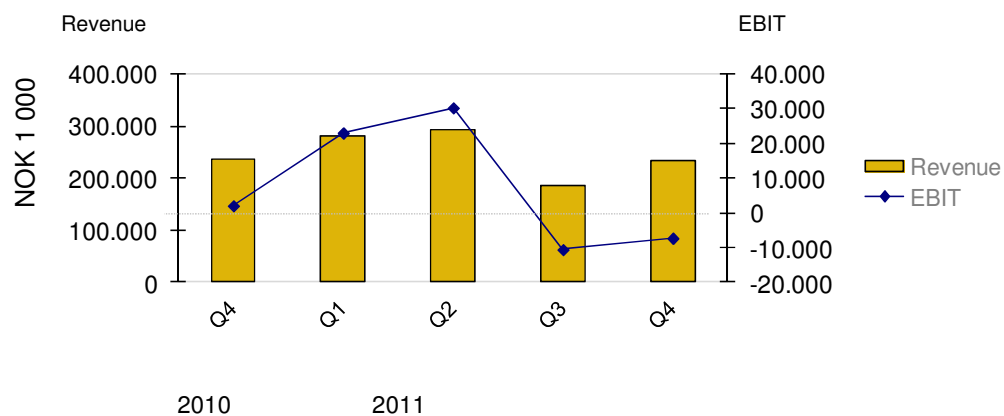
# GROUP KEY FIGURES

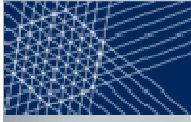
	Q4 2010	Q3 2011	Q4 2011
Total Sales	235.036	186.270	231.819
EBITDA	23.665	5.151	11.853
EBIT	2.063	-10.561	-7.278
EBIT %	0,88 %	-5,67 %	-3,14 %

## Q4 operating results

- Stable turnover compared to Q4 2010 - improved compared to Q3 2011
- Improved operating margin
- Implemented Group cost reduction measures start to yield results

Total Sales and EBIT last quarters





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COMPOSITES

## **Q4 2011 - BUSINESS UNITS**



# COMPOSITE CONTAINERS



- ▶ Stable turnover compared to Q4 2010 and slightly improved compared to Q3 2011
- ▶ Hexagon will separate the product area CNG passenger cars from Ragasco AS and merge it with Raufoss Fuel Systems AS.
- ▶ The order book for 1<sup>st</sup> half of 2012 is satisfactory – 2<sup>nd</sup> half is still not clarified
- ▶ Continued strong focus on sales activities



# COMPOSITE CONTAINERS

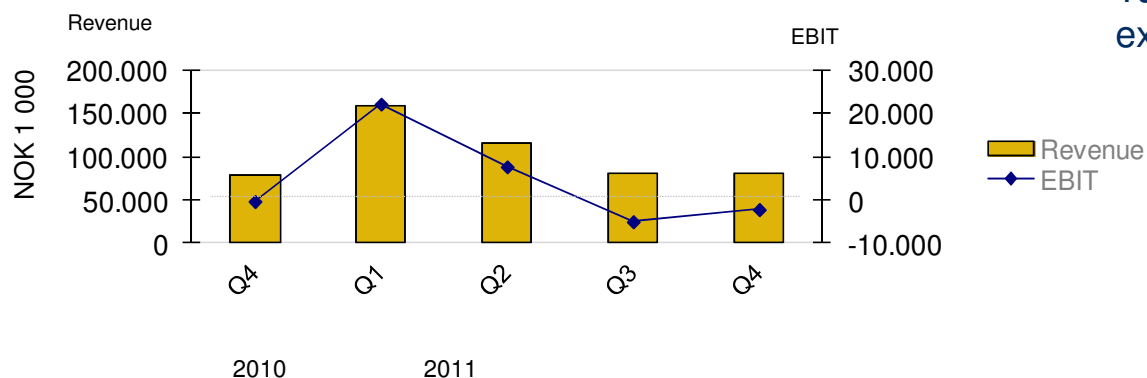


	Q4 2010	Q3 2011	Q4 2011
Total Sales	78.801	80.321	81.162
EBITDA	15.822	4.685	10.740
EBIT	-287	-5.004	-2.189
EBIT %	-0,36 %	-6,23 %	-2,70 %

## Q4 operating results

- Stable turnover in Q4
- Constant operational focus, e.g. production and cycle time
- Organisational measures implemented to reduce costs
- Satisfactory order book for 1<sup>st</sup> half of 2012
- Turnover and profit for Q1 is expected to be improved

Total Sales and EBIT last quarters



# HIGH PRESSURE CONTAINERS



- ▶ Reduced turnover compared to Q4 2010 however, increased with 74% compared to Q3 2011
- ▶ Strong growth in the North American CNG vehicle market
- ▶ Despite a weak demand in the European bus market we have increased our market share
- ▶ Reduced TITAN™ sales due to market variations and stronger competition





# HIGH PRESSURE CONTAINERS

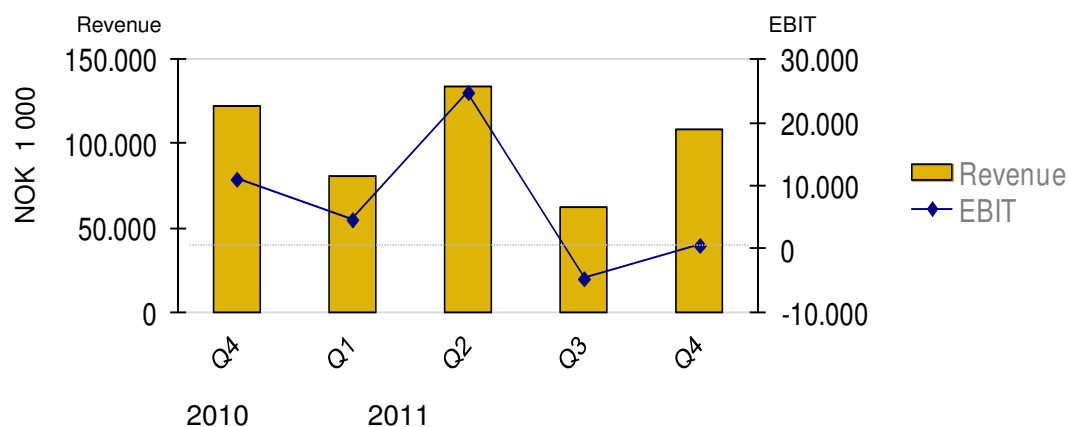


	Q4 2010	Q3 2011	Q4 2011
Total Sales	121.994	62.782	109.031
EBITDA	14.367	-956	4.394
EBIT	11.091	-4.701	570
EBIT %	9,09 %	-7,49 %	0,52 %

## Q4 operating results

- Reduced turnover compared to Q4 2010 however, increased with 74% compared to Q3 2011
- Strong growth in the North American CNG vehicle market
- Weak European bus market and reduced TITAN™ sales

Total Sales and EBIT last quarters



# COMPOSITE REINFORCEMENTS



- ▶ Improved turnover compared to Q4 2010, however slightly reduced compared to Q3 2011
- ▶ It was decided in January 2012 to move the remaining production of reinforcements in Langevåg in Norway to Lithuania
- ▶ Implemented restructuring measures yield lower costs and increasing margins
- ▶ The Sales and market organisation has been strengthened with two new sales representatives



# COMPOSITE REINFORCEMENTS

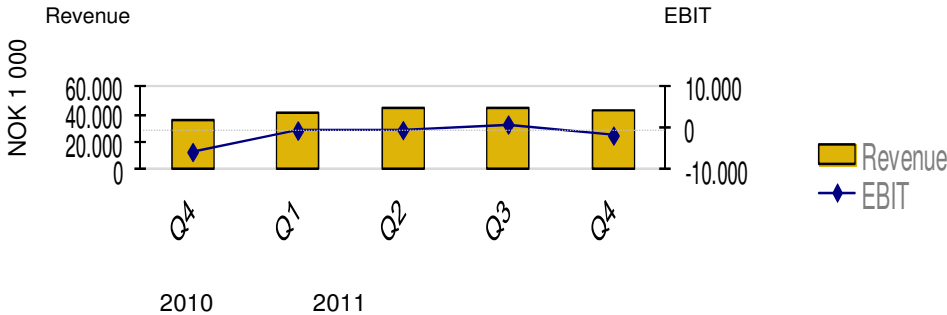


	Q4 2010	Q3 2011	Q4 2011
Total Sales	35.688	43.824	42.342
EBITDA	-3.515	3.190	603
EBIT	-5.590	1.036	-1.640
EBIT %	-15,66 %	2,36 %	-3,87 %

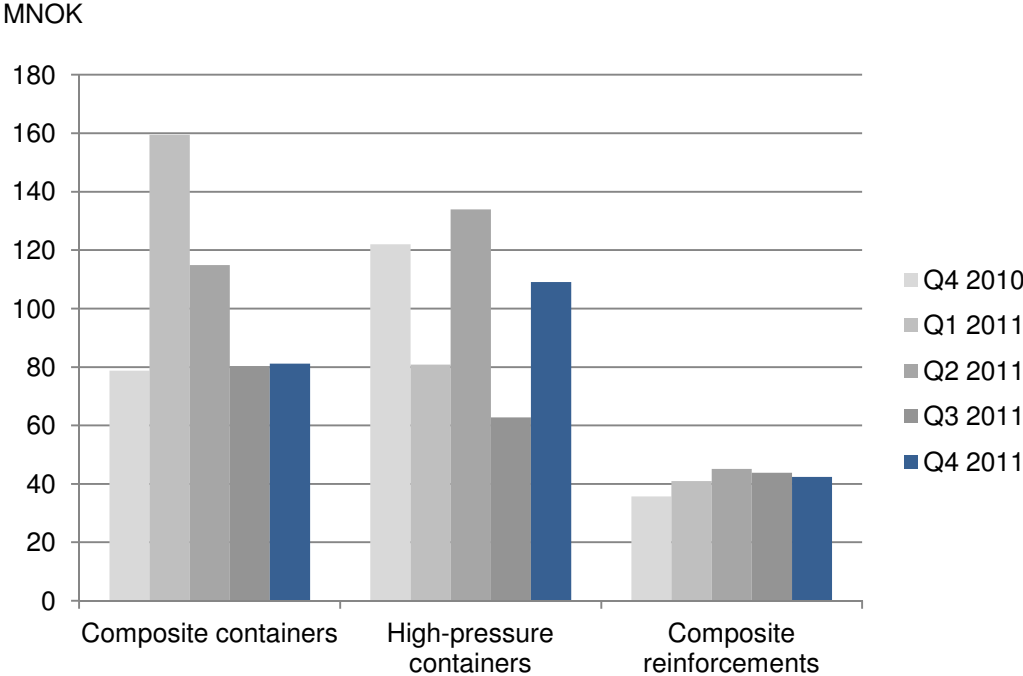
## Q4 operating results

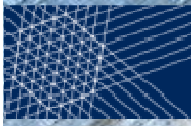
- Improved turnover compared to Q4 2010, however slightly reduced compared to Q3 2011
- Restructuring measures yield lower costs and increasing margins

Total Sales and EBIT last quarters



# TURNOVER PER BUSINESS UNIT





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# **Q4 2011 – GROUP FINANCIALS**

# PROFIT AND LOSS ACCOUNT Q4 2011

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Key figures (NOK 1 000)	Q4 2011	Q4 2010	Change
Sales Revenue	231.819	235.036	-1%
EBITDA	11.853	23.665	-50%
EBIT	-7.278	2.063	-453%
EBIT %	-3,1 %	0,9 %	
Profit before tax	-4.625	-5.583	-17%

# BALANCE SHEET AS PER 31.12.2011

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## ASSETS

<b>Balance Sheet - Assets</b>	<b>31.12.2011</b>	<b>30.09.2011</b>	<b>Change</b>
Intangible assets	119.635	122.123	-2.488
Tangible fixed assets	264.980	267.301	-2.321
Investments in associates	2.413	2.565	-152
Other financial fixed assets	1.775	961	814
Inventories	196.779	217.801	-21.022
Receivables	195.776	164.591	31.185
Bank deposits, cash and similar	16.204	6.832	9.372
<b>Total Assets</b>	<b>797.563</b>	<b>782.174</b>	<b>15.389</b>

(NOK 1 000)

# BALANCE SHEET AS PER 31.12.2011

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## LIABILITIES AND EQUITY

<b>Balance Sheet - Liabilities and Equity</b>	<b>31.12.2011</b>	<b>30.09.2011</b>	<b>Change</b>
Paid-in capital	103.624	103.560	64
Other equity	161.309	163.277	-1.968
Provisions	13.295	18.844	-5.549
Interest-bearing long-term liabilities	307.021	307.876	-855
Interest-bearing current liabilities	44.199	46.250	-2.051
Other current liabilities	168.115	142.367	25.748
<b>Total Liabilities and Equity</b>	<b>797.563</b>	<b>782.174</b>	<b>15.389</b>

(NOK 1 000)



# BALANCE SHEET AS PER 31.12.2011

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## ASSETS

<b>Balance Sheet - Assets (NOK 1 000)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>Change</b>
Intangible assets	119.635	135.048	-15.413
Tangible fixed assets	264.980	293.302	-28.322
Investments in associates	2.413	5.499	-3.086
Other financial fixed assets	1.775	915	860
Inventories	196.779	201.391	-4.612
Receivables	195.776	262.916	-67.140
Bank deposits, cash and similar	16.204	9.028	7.176
<b>Total Assets</b>	<b>797.563</b>	<b>908.099</b>	<b>-110.536</b>

# BALANCE SHEET AS PER 31.12.2011

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## LIABILITIES AND EQUITY

<b>Balance Sheet - Liabilities and Equity</b>	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>Change</b>
Paid-in capital	103.624	103.180	444
Other equity	161.309	150.399	10.910
Provisions	13.295	18.161	-4.866
Interest-bearing long-term liabilities	307.021	307.251	-230
Interest-bearing current liabilities	44.199	96.951	-52.752
Other current liabilities	168.115	232.158	-64.043
<b>Total Liabilities and Equity</b>	<b>797.563</b>	<b>908.099</b>	<b>-110.536</b>

(NOK 1 000)

# CASH FLOW STATEMENT AS AT 31.12.2011

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<b>Cash Flow Statement (NOK 1 000)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Profit before tax	28.407	27.254
Depreciation and write-downs	72.741	75.034
Change in net working capital	17.379	-60.455
Net cash flow from operations	118.527	41.834
Net cash flow from investment activities	-29.417	-68.717
Net cash flow from financing activities	-81.933	-10.652
Net change in cash and cash equivalents	7.176	-37.535
Cash and cash equivalents at start of period	9.028	46.563
Cash and cash equivalents at end of period	16.204	9.028
Available unused credit facility	92.797	50.926



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COMPOSITES

# SUMMARY & OUTLOOK



# MARKET DRIVERS



## Composite containers

LPG:

Market change from steel to composite cylinders

Increased focus on design, light-weight and safety



## High-pressure containers

Increased oil price and stable low gas price will increase gas vehicle market

Increasing political incentives:

- CNG Europe: Biogas
- CNG USA: Natural gas

More gas vehicles require more filling stations

Conversion of power plants from oil to gas

- more bulk hauling

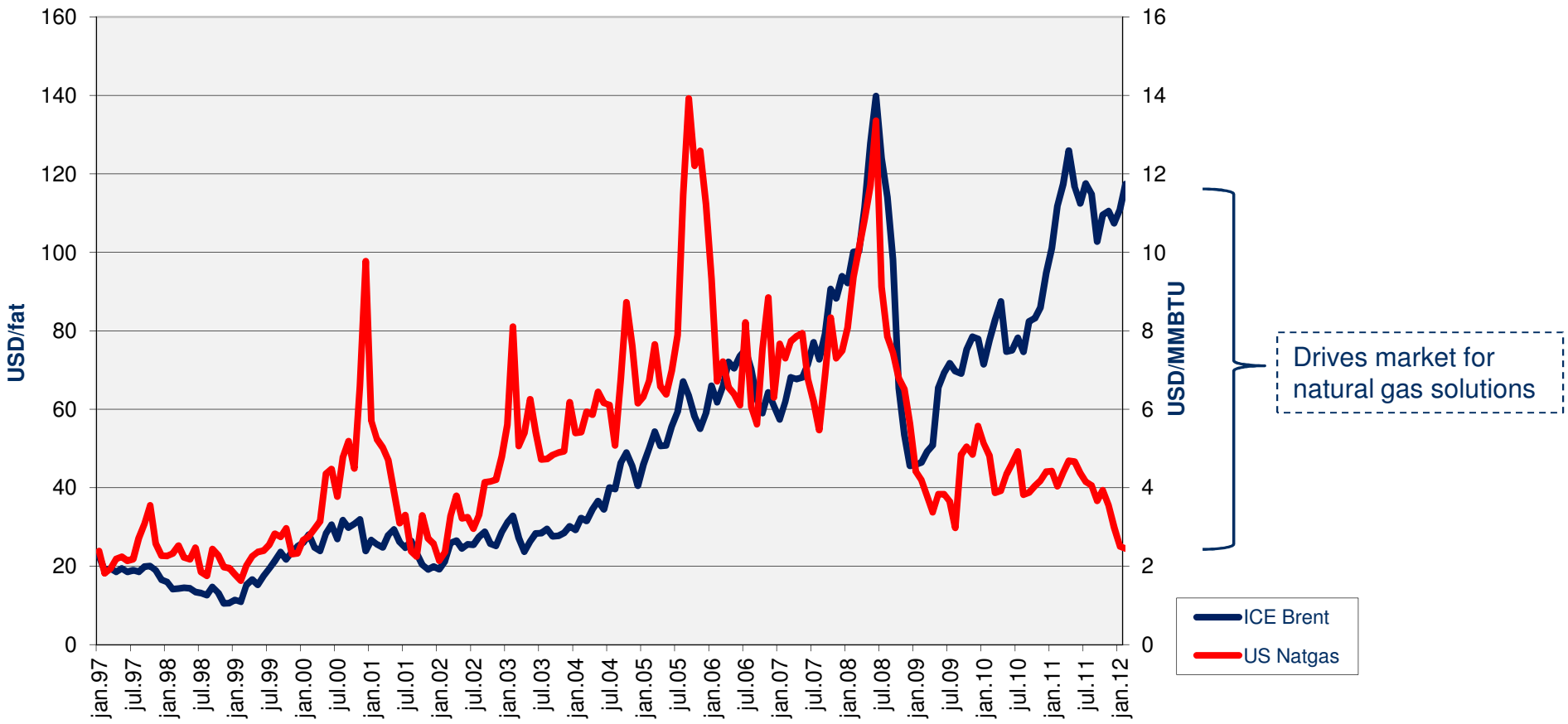


## Composite reinforcements

Continued growth with wind power as clean energy

# OIL AND NATURAL GAS

## ICE Brent og US Natgas - Historical



# SUMMARY & OUTLOOK

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- ▶ The order book for 1<sup>st</sup> half of 2012 is satisfactory – 2<sup>nd</sup> half is still not clarified
- ▶ Good market interest for our LPG cylinders, however long-term orders are challenging to predict due to complex buying and decision making processes.
- ▶ The main market for LPG cylinders in the future is considered to be Europe, Middle East and South America.
- ▶ Continued strong focus on sales activities and cost reductions



# SUMMARY & OUTLOOK

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- ▶ Continued strong CNG vehicle market in USA
- ▶ Expected weaker European bus market in 2012
- ▶ Uncertain TITAN sales for 2012





# SUMMARY & OUTLOOK

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- ▶ Devold AMT will move the remaining production of reinforcements in Langevåg to Lithuania. Production in Langevåg until summer 2012.
- ▶ By assembling all production facilities in Lithuania the company will yield lower costs and increasing margins





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Q&A

