

## **UNOFFICIAL TRANSLATION**

### STATEMENT BY THE BOARD OF HEXAGON COMPOSITES ASA IN CONNECTION WITH FLAKK HOLDING AS' MANDATORY OFFER

On the 28<sup>th</sup> May 2008 Flakk Holding AS ("Offeror") published a mandatory offer ("Offer") to acquire all outstanding shares in Hexagon Composites ASA ("The Company") at a price of NOK 3.80 per share ("Offer Price"). Detailed information regarding the Offer was published in an offer document dated 27<sup>th</sup> May 2008 ("Offer Document"). The Offer Document was approved of by the Norwegian Stock Exchange (Oslo Bors) pursuant to § 6-14 of the Norwegian Securities Trading Act of 29<sup>th</sup> June 2007

This statement has been produced by the Board of Directors of Hexagon Composites ASA in accordance with section 6-16 of the Securities Trading Act.

Chairman of the Board, Knut Flakk, is also Chairman and administering director of the Offeror. He has therefore declared himself disqualified to participate in preparing this statement. The Board of Directors of Hexagon Composites ASA has therefore formed a quorum of directors who are deemed not to have a conflict of interest in relation to the Offer ("Board").

### **THE BOARD'S ASSESSMENT OF THE OFFER**

The background for the Offer is the Offeror's acquisition of 2 425 630 shares in The Company on 30<sup>th</sup> April 2008. The Offeror and related parties have, after the acquisition, a holding of 49 906 025 shares which represents 37.56 % of outstanding shares in The Company. The Offeror has had a significant relationship with The Company since 1999.

The Board has reviewed the Offer Document and outlines below factors assumed to be of relevance when assessing whether the Offer should be accepted. The offer price in the Offer is NOK 3.80 per share ("Offer Price") reflecting a total valuation of Hexagon's equity of NOK 505 million.

### **Effects of the Offer**

According to the Offer Document the Offeror considers The Company as an investment opportunity and would like to continue to develop The Company, building on The Company's performance to date, and to continue the organisation and strategy of The Company in its current form and to continue the listing of The Company on the Norwegian stock exchange.

It is also stated in the Offer Document that the Offeror has received statements from shareholders representing 32 144 175 shares, equating to 24.19 %, that they will not accept the Offer.

The transaction is not expected to have any legal, financial or work related effects for Hexagon's employees. The Board has not been made aware of any view on the Offer stated by the employees of Hexagon. The Board has taken the contents of the Offer Document into consideration.

### **The Offer Price**

The Offer Price of 3.80 NOK per share represents a discount on The Company's share of:

- 9.5 % in relation to the closing price of NOK 4.20 on the day of the Offer triggering share purchase.
- 17.9 % in relation to the average closing price of NOK 4.6 during the last month before the triggering event.
- 22.4 % in relation to the average closing price of NOK 4.9 during the last quarter before the triggering event.
- 36.8 % in relation to the average closing price of NOK 6.0 during the last half-year before the triggering event.
- 49.4 % in relation to the average closing price of NOK 7.9 during the last year before the triggering event.

The Hexagon shares have, since 30<sup>th</sup> April 2008, been traded at higher prices than the Offer Price. Since the trigger transaction resulting in the Offer, the shares have traded in the range NOK 4.20 – 4.60.

The Board unanimously believes that the Offer Price of NOK 3.80 does not reflect the true value of The Company. This is based upon future expected earnings and the above information.

The Board places importance upon the fact that the Offeror has, in the Offer Document, expressed the wish to maintain The Company's listing upon the Norwegian Stock Exchange and furthermore given that shareholders representing 24.19% of the shares have stated that they will not accept the Offer secures the possibility for the long-term value increase of the shares.

The Board has not commissioned a tailor-made evaluation of The Company from an independent third party. A valuation of the Offer and expectations for the long-term share price of The Company, have been made in conjunction with the reports from 3 independent analysts who follow Hexagon Composites ASA. These are analysts from DnB Market, Orion Securities and First Securities. The brokerage houses have differing recommendations. Both DnB Market and Orion Securities have a sale recommendation based upon a share price target of 4.20. DnB Market in fact has a recommendation that shareholders accept the Offer by the Offeror. First Securities have a buy recommendation.

The Board has not been contacted by any potential investors who wish to make a competing offer.

Board Member's position regarding the mandatory offer:

The following board member(s) and executive management own directly or indirectly shares in Hexagon Composites ASA and have decided not to accept the Offer from the Offeror.

|                                  |                   |
|----------------------------------|-------------------|
| Gunnar S. Bockmann, Board member | 11 547 531 shares |
| Erik Espeset, Group President    | 354 544 shares    |

#### **THE BOARD'S RECOMMENDATION**

Based on the information in the Offer Document and the above assessment, the Board unanimously recommends the shareholders of Hexagon Composites ASA not to accept the Offer by the Offeror. The Chairman of the Board, Knut Flakk did not participate in any way in the Board's handling of the case.

9<sup>th</sup> June 2008, Ålesund