



HEXAGON
COMPOSITES

3RD

QUARTER

2013

A decorative graphic in the top left corner consisting of several overlapping teal-colored triangles and polygons of various sizes, creating a modern, abstract geometric design.

BOARD OF DIRECTORS' REPORT

Hexagon Composites ASA achieved a turnover of NOK 391.4 (234.1) million and an operating profit before depreciation (EBITDA) of NOK 60.7 (11.8) million in the third quarter of 2013. Operating profit (EBIT) was NOK 42.0 (-1.7) million and profit before tax was NOK 34.9 (-9.0) million. All business areas showed a positive operating profit for the period.

Highlights from the quarter

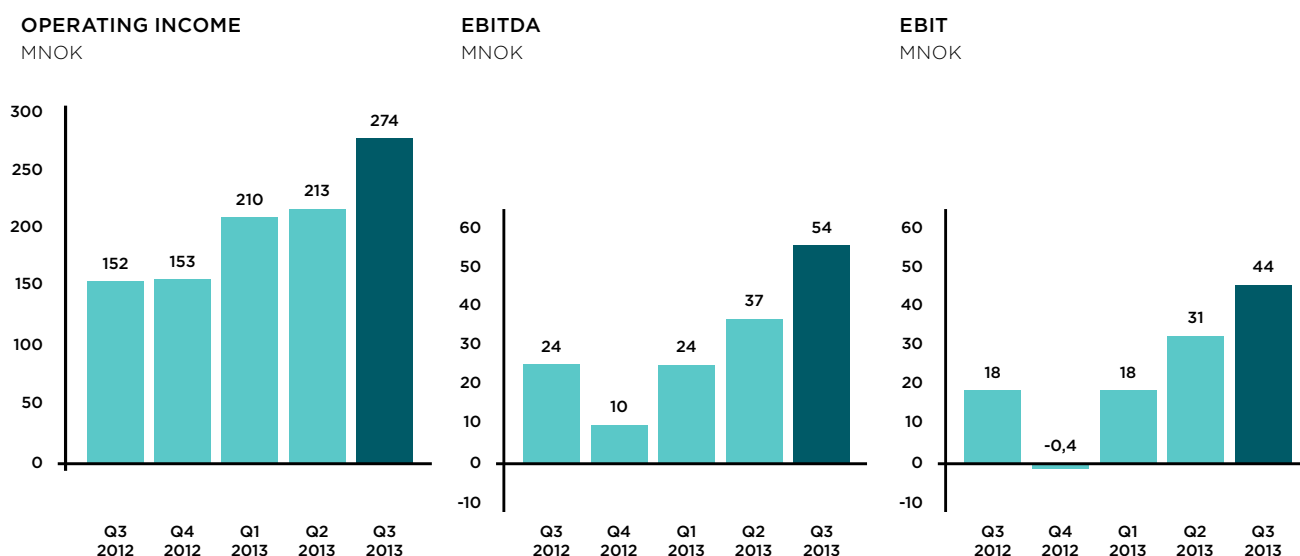
- Cummins-Westport started ordinary sales of its new 11.9 litre gas-powered engine. The engine has been very well received in the market and has led to strong growth in demand for Hexagon Composites' gas tanks for heavy duty vehicles in North America.
- Most of the end customers in North America are reported to be choosing CNG rather than LNG systems. Hexagon Composites is the market leader in CNG tanks.
- Continued high activity in the segment for CNG transportation and storage systems (TITAN™ and SMARTSTORE™).
- Good quarter for bus systems in Europe.
- Higher than anticipated demand for LPG containers in Europe and satisfactory growth outside Europe.
- Successful Factory Acceptance Test in Rugasco (RUS).
- Renewed growth in the North American windmill market.

SEGMENT RESULTS

HIGH-PRESSURE CYLINDERS

HEXAGON LINCOLN/HEXAGON RAUFOSS

Hexagon Composites is the global market leader in composite containers for CNG and hydrogen.



Sales and market

Turnover in the third quarter was NOK 274.4 (151.5) million, which is new quarterly record.

Cummins Westport commenced ordinary sales in North America of its 11.9 litre gas-powered engine for heavy duty vehicles. The engine has been very well received. This engine can use both CNG (Compressed Natural Gas) and LNG (Liquefied Natural Gas). It is reported that a great majority (80%+) of customers have chosen CNG fuel systems. Hexagon Lincoln is the global market leader in composite tanks for CNG systems. It is expected that the demand for CNG systems for heavy duty vehicles will continue to grow fast.

Deliveries of TITAN™ modules for the North and South American markets have been high in the quarter. There is still strong interest in the company's transportation and storage solutions in North and South America, Asia and Russia.

The North American bus market has been strong in the quarter and continued growth is expected in the fourth quarter. Sales of fuel tanks to the gas bus market in Europe have also been high. The introduction of the Euro 6 standard from January 1st 2014

will lead to a short-term reduction in sales in the fourth quarter, as well as the first quarter of 2014, due to increased demand for diesel buses before Euro 6 comes into force.

Third quarter marked increased sales to the CNG Passenger car segment in Europe compared with the first and second quarters, and sales in Asia have been good. Mercedes is now starting production of new models with CNG solutions, and several other manufacturers are planning to use composite cylinders in their new models. The European car market remains, however, relatively weak.

Production

Production capacity at Hexagon Lincoln has been fully utilised throughout the quarter.

The programme to double capacity over 2012 is somewhat delayed, due to technical issues and priority to current deliveries. The company will gradually increase its capacity during the fourth quarter of 2013, and expects to complete the expansion in first quarter 2014.

The programme for further capacity increase from the first quarter of 2015 is running as planned. Recent market

developments confirm the strategic rationale for this investment.

Production of cylinders for passenger cars at Hexagon Raufoss has run as planned.

Profit

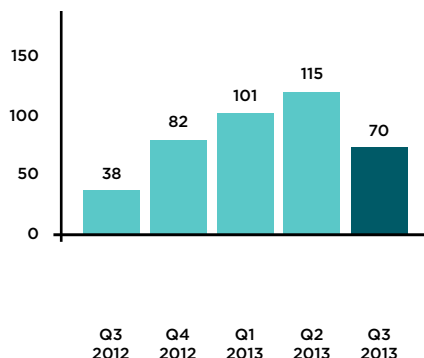
The high-pressure area achieved an operating profit (EBIT) in third quarter 2013 of NOK 43.7 (17.7) million, which is a new quarterly record.

LOW-PRESSURE LPG CONTAINERS

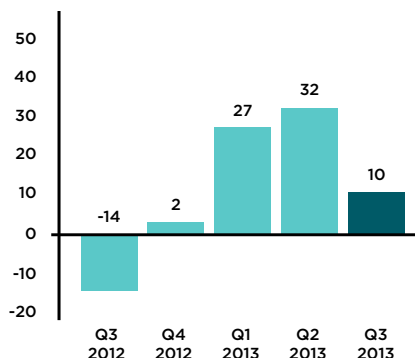
HEXAGON RAGASCO

Hexagon Composites is the global market leader in composite LPG containers.

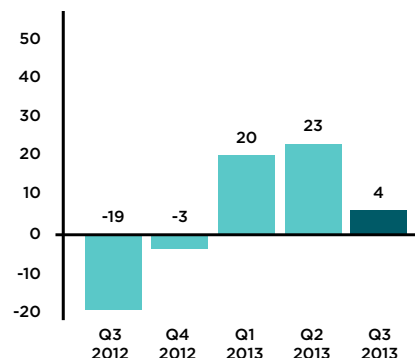
OPERATING INCOME
MNOK



EBITDA
MNOK



EBIT
MNOK



Sales and market

Hexagon Ragasco's sales for the third quarter amounted to NOK 69.7 (37.7) million. This is an improvement on the same period of last year (the CNG Passenger cars segment was included in last year's figures), but a seasonal reduction from the previous quarter. A long, warm summer in Europe led to higher sales in the leisure segment than anticipated.

There is a focus on selected markets in North, Central and South America, as well as in Asia, to bring additional sales in the

second half of the year. In areas with high humidity levels, composite containers have a definite advantage over steel containers that are prone to corrosion. An increase in sales to these markets has been noted.

Production

Production in the third quarter has been satisfactory, considering short series. Inventories were considerably reduced compared with the same period last year. Through the third quarter, the company has continued to operate at four shifts because of the relatively high turnover for the season.

The Factory Acceptance Test in Rugasco, partly owned by Hexagon Composites, was successfully passed in September. Formal Russian product approval is expected by year-end. Work has started on developing the Russian market.

Profit/loss

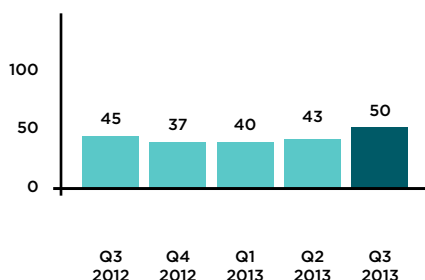
The business area achieved an operating profit (EBIT) of NOK 4.1 (-19.1) million in the third quarter. Last year's result was negatively affected by the CNG Passenger car segment, which this year is included in the High-pressure area (Hexagon Raufoss).

COMPOSITE REINFORCEMENTS

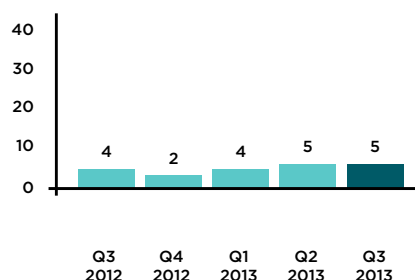
HEXAGON DEVOLD

Hexagon Devold is an international supplier of stitched composite reinforcements.

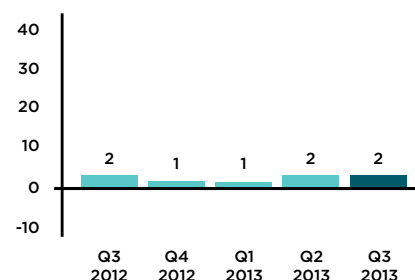
OPERATING INCOME
MNOK



EBITDA
MNOK



EBIT
MNOK



Sales and market

Hexagon Devold's sales for the third quarter amounted to NOK 50.4 (45.4) million. The increased sales compared with third quarter 2012 are due to 100% of Hexagon Devold USA being consolidated in with effect from this quarter after the acquisition of PPG's 50% holding. The company has enjoyed a positive development in new orders in the quarter, primarily in the US, and it appears that this will continue in the fourth quarter and through 2014.

The growth in the US is an effect of the Product Tax Credit (PTC) incentive scheme, which is expected to be continued in the years to come. The process of evaluating strategic alternatives for Hexagon Devold, including strategic partnerships, mergers or complete or partial divestment, is on schedule, and there is good interest from industry parties and financial investors.

Production

Hexagon Devold is well positioned with

low-cost production in Lithuania and the US. Production is proceeding well, albeit low utilisation.

Profit/loss

Hexagon Devold achieved an operating profit (EBIT) of NOK 1.5 (2.4) million for the third quarter. The positive result is largely due to competitive production at the plant in Lithuania, even compared with very aggressive pricing by manufacturers of finished products in China.



PARENT COMPANY

Operating expenses for the third quarter amounted to NOK 5.2 (3.8) million.

GROUP

The group's sales for the third quarter amounted to NOK 391.4 (234.1) million. Operating profit before depreciation (EBITDA) was NOK 60.7 (11.8) million, while operating profit (EBIT) amounted to NOK 42.0 (-1.7) million. Profit before tax was NOK 34.9 (-9.0) million.

During the quarter, allocations were made for management bonuses and other provisions, totalling just over NOK 15 million.

Balance sheet total at the end of the quarter was NOK 1 135.4 million (845.1). The group's equity ratio is 29.6% (32.0). The cash flow is strong and cash reserves are high. There were no significant events after the balance sheet date.

MARKET OUTLOOK

For the fourth quarter of 2013, the Board expects a continued high activity level for the High-pressure area, good development for Hexagon Ragasco considering the season and stable development for Hexagon Devold. Overall, the Board expects strong trading also in the fourth quarter. The Board is satisfied with the development and considers the prospects to be very strong.

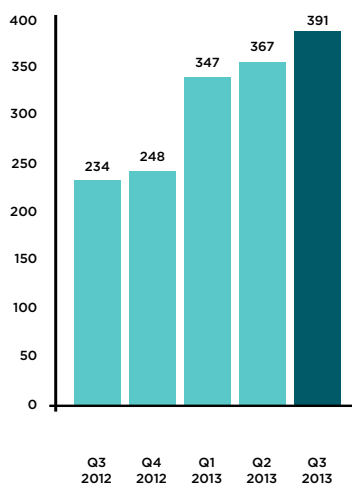
Oslo, 30 October 2013
Board of Hexagon Composites ASA

FINANCIAL STATEMENT GROUP

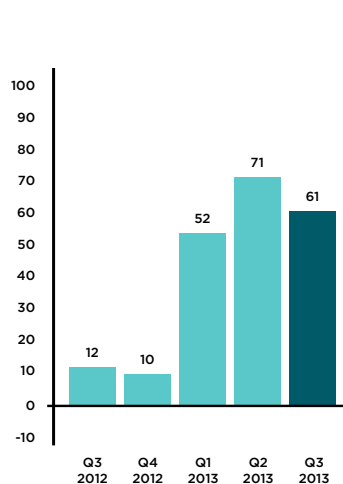
INCOME STATEMENT	30.09.2013	Q3 2013	30.09.2012	Q3 2012	31.12.2012
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Operating income	1 105 224	391 447	784 667	234 100	1 032 984
Cost of materials	613 980	229 646	452 102	143 914	591 891
Payroll and social security expenses	186 301	62 549	155 369	50 174	213 321
Other operating expenses	121 217	38 573	99 221	28 230	139 973
Total operating expenses before depreciation	921 498	330 768	706 692	222 318	945 185
Operating profit before depreciation (EBITDA)	183 726	60 679	77 975	11 781	87 799
Depreciation	52 538	18 728	46 537	13 436	63 212
Operating profit (EBIT)	131 188	41 952	31 438	-1 654	24 587
Income from investments in associates	-1 247	170	-414	50	-826
Other financial items (net)	-7 132	-7 268	-10 429	-7 406	-15 521
Profit/loss before tax	122 810	34 854	20 595	-9 011	8 241
Tax	-40 199	-12 081	-8 883	1 395	-2 794
Profit/loss after tax	82 611	22 773	11 711	-7 616	5 447
Earnings per share	0.62		0.09		0.04
Diluted earnings per share	0.62		0.09		0.04

COMPREHENSIVE INCOME STATEMENT	30.09.2013	30.09.2012	31.12.2012
(NOK 1 000)			
Profit/loss after tax	82 611	11 711	5 447
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences arising from the translation of foreign operations	13 630	-3 456	-5 451
Fair value adjustments hedging instruments	1 120	-4 506	-4 330
Income tax effect of fair value adjustments hedging instruments	-313	1 262	1 212
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	14 436	-6 700	-8 569
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Actuarial gains/losses for the period	0	0	-3 409
Income tax effect of actuarial gains/losses for the period	0	0	954
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0	-2 454
Total comprehensive income, net of tax	97 047	5 011	-5 576

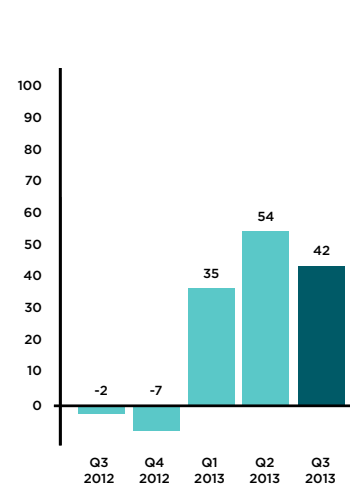
OPERATING INCOME
MNOK



EBITDA
MNOK



EBIT
MNOK



STATEMENT OF FINANCIAL POSITION

(NOK 1 000)

ASSETS

	30.09.2013	30.09.2012	31.12.2012
	Unaudited	Unaudited	Audited
Intangible assets	102 901	110 200	118 437
Tangible fixed assets	324 686	255 194	286 772
Investments in associates	0	1 998	1 587
Other financial fixed assets	4 012	1 407	2 128
Total non-current assets	431 599	368 798	408 925
Inventories	274 729	249 435	243 445
Receivables	223 476	173 945	155 280
Bank deposits, cash and similar	205 626	52 899	80 322
Total current assets	703 830	476 279	479 046
Total assets	1 135 430	845 077	887 971

EQUITY AND LIABILITIES

Paid-in capital	103 781	103 782	103 781
Other equity	232 763	166 294	155 707
Total equity	336 544	270 076	259 488
Provisions	39 365	9 623	25 355
Interest-bearing long-term liabilities	475 203	309 649	324 566
Total non-current liabilities	514 569	319 272	349 921
Interest-bearing current liabilities	3 514	9 719	32 892
Other current liabilities	280 803	246 010	245 670
Total current liabilities	284 317	255 729	278 562
Total liabilities	798 886	575 001	628 483
Total equity and liabilities	1 135 430	845 077	887 971

CONDENSED CASH FLOW STATEMENT

(NOK 1 000)

	30.09.2013	30.09.2012	31.12.2012
Profit before tax	122 810	20 595	8 241
Depreciation and write-downs	52 538	46 537	63 212
Change in net working capital	-71 865	44 927	44 843
Net cash flow from operations	103 483	112 059	116 295
Net cash flow from investment activities	-65 743	-31 743	-26 175
Net cash flow from financing activities	87 565	-43 621	-26 003
Net change in cash and cash equivalents	125 305	36 695	64 118
Cash and cash equivalents at start of period	80 322	16 204	16 204
Cash and cash equivalents at end of period	205 626	52 899	80 322
Available unused credit facility	269 909	125 761	91 683

CONDENSED STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	SHARE PREMIUM RESERVE	REVALU- ATION RESERVE	OWN SHARES	OTHER PAID IN CAPITAL	OTHER EQUITY	TOTAL
Balance 01.01.2012	13 329	82 955	0	-106	7 437	161 283	264 898
Profit/loss after tax						5 447	5 447
Other income and expenses			-3 117			-7 906	-11 023
Share-based payment etc.					165		165
Balance 31.12.2012	13 329	82 955	-3 117	-106	7 602	158 824	259 488
Balance 01.01.2013	13 329	82 955	-3 117	-106	7 602	158 824	259 488
Profit/loss after tax						82 611	82 611
Other income and expenses			806			13 630	14 436
Dividends						-19 991	-19 991
Balance 30.09.2013	13 329	82 955	-2 311	-106	7 602	235 074	336 544

BUSINESS SEGMENT DATA

	30.09.2013	Q3 2013	30.09.2012	Q3 2012	31.12.2012
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
HEXAGON LINCOLN / HEXAGON RAUFOSS - HIGH-PRESSURE CYLINDERS					
Operating income external customers	694 404	273 602	392 212	151 537	544 514
Internal transactions	2 824	769	0	0	612
Total operating income	697 228	274 371	392 212	151 537	545 126
Segment operating profit before depreciation (EBITDA)	114 865	53 791	65 542	23 617	75 483
Segment operating profit (EBIT)	92 359	43 743	51 013	17 696	50 611
Segment assets	570 328		433 982		481 135
Segment liabilities	346 674		297 897		323 202

The product area CNG passenger car was merged into the segment High-pressure cylinders with effect from 1 October 2012. The accounting figures are included as from the 4 quarter 2012.

HEXAGON RAGASCO - LPG CYLINDERS					
Operating income external customers	277 917	67 410	253 252	37 148	312 325
Internal transactions	6 789	2 261	3 564	548	26 279
Total operating income	284 706	69 671	256 817	37 696	338 605
Segment operating profit before depreciation (EBITDA)	68 540	9 706	22 611	-13 546	24 265
Segment operating profit (EBIT)	47 099	4 149	-2 709	-19 070	-5 414
Segment assets	321 397		329 113		318 388
Segment liabilities	204 578		223 759		234 003

The product area CNG passenger car was demerged from the segment LPG cylinders with effect from 1 October 2012.

HEXAGON DEVOLD - COMPOSITE REINFORCEMENTS					
Operating income external customers	132 903	50 435	139 202	45 414	176 145
Internal transactions	0	0	0	0	0
Total operating income	132 903	50 435	139 202	45 414	176 145
Segment operating profit before depreciation (EBITDA)	13 084	4 504	-1 669	4 267	784
Segment operating profit (EBIT)	4 885	1 511	-7 970	2 405	-7 355
Segment assets	206 016		133 914		179 275
Segment liabilities	194 315		135 527		173 054

In November 2012 Hexagon Devold AS purchased all the shares in the Lithuanian property company UAB Scandpark. The acquired company was consolidated into the segment Composite reinforcements from the acquisition date. In May 2013 Hexagon Devold acquired PPG Industries' 50% share of the joint venture company PPG-Devold LLC in North Carolina, USA. The company is consolidated as a joint venture with 50% until the acquisition date, and thereafter consolidated with 100% from the acquisition date.

NOTES

NOTE 1 INTRODUCTION

The condensed consolidated interim financial statements for 3rd Quarter 2013, which ended 30 September 2013, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "The Group").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2012.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2012 and are described therein.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 October 2013.

NOTE 2 COVENANTS

Bond loan ISIN NO 0010683717 2013/2018 issued at 300 mill NOK has the following financial covenants:

- Interest Coverage Ratio > 2.0 ^{*)}
- Equity/Capital Employed ^{**) at least 30%}

Financing in DNB has the following financial covenants:

- NIBD/EBITDA < 4.0 ^{***)}
- Equity/Capital Employed ^{**) at least 30%}

^{*)} Rolling Earnings Before Interest, Tax, Depreciation and Amortization the last 12 months to Rolling Net Interest Costs

^{**) Capital Employed equals equity plus interest-bearing debt}

^{***)} Net Interest Bearing Debt / Rolling Earnings Before Interest, Tax, Depreciation and Amortization the last 12 months

30.09.2013

Interest Coverage Ratio	10.9
NIBD/EBITDA	1.4
Equity/Capital Employed	41.3 %

NOTE 3 ESTIMATES

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2012.

NOTE 4 EVENTS AFTER THE BALANCE SHEET DATE

There have not been any significant events after the balance sheet date.

KEY FIGURES GROUP

	30.09.2013	30.09.2012	31.12.2012
EBITDA in % of operating income	16.6 %	9.9 %	8.5 %
EBIT in % of operating income	11.9 %	4.0 %	2.4 %
EBITDA (rolling last 4 quarters) / Capital Employed %	23.7 %	15.2 %	14.2 %
EBIT (rolling last 4 quarters) / Capital Employed %	15.3 %	4.1 %	4.0 %
Net working capital / Operating income (rolling last 4 quarters) %	19.4 %	20.2 %	18.7 %
Interest coverage I ^{*)}	8.1	2.8	1.5
Interest coverage II ^{**) at least 30%}	10.9	6.3	6.5
NIBD / EBITDA (rolling last 4 quarters)	1.4	3.0	3.2
Equity ratio	29.6 %	32.0 %	29.2 %
Equity / Capital employed	41.3 %	45.8 %	42.1 %
Return on equity (annualised)	37.0 %	5.8 %	2.1 %
Total return (annualised)	18.4 %	5.2 %	2.7 %
Liquidity ratio I	2.5	1.9	1.7
Liquidity reserve ^{***)}	475 535	178 660	172 005
Liquidity reserve ^{***)} / Operating income (rolling last 4 quarters) %	35.1 %	17.6 %	16.7 %
Earnings per share	0.62	0.09	0.04
Diluted earnings per share	0.62	0.09	0.04
Cash flow from operations per share	0.78	0.84	0.87
Equity per share	2.52	2.03	1.95

^{*)} (Profit before tax + interest expenses) / Interest expenses

^{**) Rolling Earnings Before Interest, Tax, Depreciation and Amortization the last 12 months to rolling Net Interest Costs}

^{***)} Undrawn overdraft facility + bank deposits and cash. Use of undrawn overdraft facility can be limited by financial covenants

KEY FIGURES SEGMENTS

	30.09.2013	30.09.2012	31.12.2012
HIGH-PRESSURE CYLINDERS			
EBITDA in % of operating income	16.5 %	16.7 %	13.8 %
EBIT in % of operating income	13.2 %	13.0 %	9.3 %
EBITDA (rolling last 4 quarters) / Capital Employed %	33.3 %	25.5 %	24.1 %
EBIT (rolling last 4 quarters) / Capital Employed %	24.5 %	18.8 %	16.2 %
Capital employed / Operating income (rolling last 4 quarters)	0.44	0.55	0.57
LOW-PRESSURE CYLINDERS LPG			
EBITDA in % of operating income	24.1 %	8.8 %	7.2 %
EBIT in % of operating income	16.5 %	-1.1 %	-1.6 %
EBITDA (rolling last 4 quarters) / Capital Employed %	27.2 %	12.6 %	10.1 %
EBIT (rolling last 4 quarters) / Capital Employed %	17.2 %	-1.8 %	-2.3 %
Capital employed / Operating income (rolling last 4 quarters)	0.70	0.78	0.71
COMPOSITE REINFORCEMENTS			
EBITDA in % of operating income	9.8 %	-1.2 %	0.4 %
EBIT in % of operating income	3.7 %	-5.7 %	-4.2 %
EBITDA (rolling last 4 quarters) / Capital Employed %	10.2 %	-1.2 %	0.8 %
EBIT (rolling last 4 quarters) / Capital Employed %	3.6 %	-10.1 %	-7.1 %
Capital employed / Operating income (rolling last 4 quarters)	0.90	0.53	0.58

SHAREHOLDER INFORMATION

A total of 15 277 160 (1 990 619) shares in Hexagon Composites ASA were traded on Oslo Børs (OSE) during third quarter 2013. The total number of shares in Hexagon Composites ASA at 30 September 2013 was 133 294 868 (par value NOK 0.10). During the quarter, the share price moved between NOK 10.00 and NOK 14.90, ending the quarter on NOK 13.00. The price at 30 September gives a market capitalisation of NOK 1 732 833 284 for the Company.

20 LARGEST SHAREHOLDERS PER 30.10.2013 SHAREHOLDER	NUMBER OF SHARES	SHARE OF 20 LARGEST	SHARE OF TOTAL	COUNTRY
Flakk Holding AS	51 285 988	49.29 %	38.48 %	NOR
MP Pensjon PK	12 903 097	12.40 %	9.68 %	NOR
Bøckmann Holding AS	11 547 531	11.10 %	8.66 %	NOR
Varma Mutual Pension Insurance Company	3 900 000	3.75 %	2.93 %	FIN
Skandinaviska Enskilda Bank AB (Oslofilialen)	2 856 000	2.75 %	2.14 %	NOR
Skagen Vekst	2 833 473	2.72 %	2.13 %	NOR
JP Morgan Chase Bank, N.A	2 591 655	2.49 %	1.94 %	GBR
Verdipapirfondet DNB	2 275 000	2.19 %	1.71 %	NOR
Verdipapirfondet WarrenWicklund	1 929 810	1.85 %	1.45 %	NOR
Spilka International AS	1 551 225	1.49 %	1.16 %	NOR
State Street Bank and Trust Co	1 433 190	1.38 %	1.08 %	USA
SEB Private Bank S.A	1 382 175	1.33 %	1.04 %	LUX
Euroclear Bank S.A./N.V	1 239 095	1.19 %	0.93 %	BEL
Flydal Lars Ivar	1 071 963	1.03 %	0.80 %	NOR
JP Morgan Chase Bank Handelsbanken Nordic	1 043 407	1.00 %	0.78 %	SWE
Delphi Norge JP Morgan Europe Ltd.	1 000 000	0.96 %	0.75 %	NOR
VJ Invest AS	841 822	0.81 %	0.63 %	NOR
Molvær Ivar Arvid	800 000	0.77 %	0.60 %	NOR
Skandinaviska Enskilda Bank AB	787 104	0.76 %	0.59 %	FIN
Fjell Tore Johan	771 044	0.74 %	0.58 %	NOR
Total 20 largest shareholders	104 043 579	100.00 %	78.06 %	
Remaining	29 251 289		21.94 %	
Total	133 294 868		100.00 %	

HEXAGON COMPOSITES ASA



**HEXAGON
COMPOSITES**



**HEXAGON
RAGASCO**



**HEXAGON
LINCOLN**



**HEXAGON
RAUFOSS**



**HEXAGON
DEVOLD**



RUGASCO (49/51)

**HEXAGON DEVOLD LITHUANIA UAB
HEXAGON DEVOLD USA LLC**

COMPOSITE CYLINDERS

LPG cylinders for households, catering
kitchens, leisure activities and
forklift trucks



HIGH-PRESSURE CYLINDERS

High-pressure CNG cylinders for vehicles
and bulk transport



COMPOSITE REINFORCEMENTS

For lightweight constructions



3 QUARTER 2013

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**HEXAGON
COMPOSITES**