



HEXAGON
COMPOSITES

Q4

2016

FOURTH QUARTER REPORT

FOURTH QUARTER 2016 REPORT

NOK 1 000 EXCEPT PER SHARE DATA	Q4 2016	Q4 2015	PERCENT CHANGE	31.12.2016 UNAUDITED	31.12.2015 AUDITED	PERCENT CHANGE
GROUP RESULTS						
Operating income	347.1	371.4	-7 %	1 220.5	1 443.9	-15 %
Operating profit before depreciation (EBITDA)	314.7	40.9	670 %	374.9	100.1	274 %
Operating profit (EBIT)	288.7	18.6	1 449 %	299.3	37.5	698 %
Profit before tax	304.9	14.7	1 976 %	302.3	0.3	103 837 %
Profit after tax	192.9	10.8	1 682 %	197.8	4.6	4 235 %
SEGMENT RESULTS						
HIGH-PRESSURE CNG & CHG						
Operating income	221.3	265.4	-17 %	728.3	1 047.4	-30 %
EBITDA	324.4	26.8	1 111 %	302.5	35.8	745 %
EBIT	303.6	8.7	3 380 %	248.5	-13.4	1 955 %
LOW-PRESSURE LPG						
Operating income	128.7	108.1	19 %	502.2	405.1	24 %
EBITDA	14.4	16.4	-12 %	98.4	65.9	49 %
EBIT	9.9	12.4	-20 %	77.9	53.4	46 %

* All subsequent numbers in parentheses refer to comparative figures for the same period last year. There is no restatement of comparative results as a result of the new business combination. We refer to the Company's fourth quarter 2016 presentation on the Company's website for analysis of the proforma fourth quarter 2015 comparatives at EBITDA level adjusted for the Agility Fuel Solutions deconsolidation. The same presentation also isolates the main effects of the newly consolidated xperion Energy & Environment acquisition into the fourth quarter 2016 financial figures.

In the fourth quarter 2016 Hexagon Composites generated NOK 347.1 (371.4) million in operating income and made an operating profit before depreciation (EBITDA) of NOK 314.7 (40.9) million. Operating profit (EBIT) was NOK 288.7 (18.6) million and profit/loss before tax came to NOK 304.9 (14.7) million. The results include a one-off gain of NOK 348 million, with corresponding tax provision charges of NOK 122 million, recognized as a result of the Agility Fuel Solutions ("Agility") transaction executed at the start of the quarter. The results also include one-off costs and movement in accruals contained to the quarter of approximately NOK 46 million.

The financial statements for the fourth quarter 2016 include the impact of deconsolidating the previous Medium and Heavy-Duty CNG Automotive business unit results and instead accounting for Hexagon Composites' fifty-percent share of Agility results under the equity method for the first time. In addition, the fully consolidated financial results of the acquired xperion Energy & Environment ("xperion") and related group subsidiaries for the whole quarter is included for the first time. There are no restatements to previously reported figures as a result of the transactions.

The main impact to profit & loss is lower underlying revenue, EBITDA and EBIT levels versus immediately before the transaction, whereas the one-off gain as a result of the Agility transaction increases EBITDA and EBIT levels. The one-off gain is booked within EBITDA with a corresponding provision for deferred tax charges booked in the tax cost line.

The main impacts to the statement of financial position are materially higher total assets after recognition of the relevant investment value of both transactions, an inclusion of the earn-out provision forming part of the booked investment cost of the xperion acquisition and increased equity from recognition of the one-off gain from the Agility transaction.

Operating results in the fourth quarter, aside from the above mentioned effects, were impacted positively by a 19% growth in revenues within the Low-Pressure segment versus the same period last year. Despite strong sales volumes of Mobile Pipeline[®] in the quarter, profitability within the High-Pressure segment was hampered by one-off items, indirect impacts of M&A activities and movements in accruals totaling NOK 26 million, as well as the dilutive impacts of the Hydrogen business unit which is now in an early growth phase. Integration synergies from the acquisition of xperion have not yet been realized in the fourth quarter. However, the High-Pressure segment is expected to benefit from such synergies in 2017.

Key developments

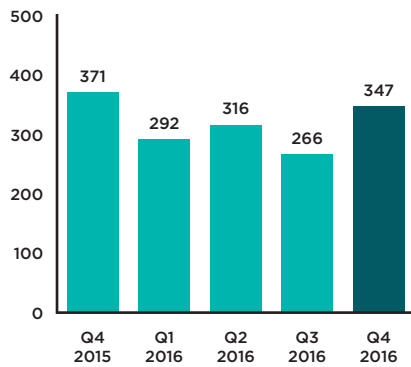
- Closing of Agility Fuel Solutions merger
- Acquisition of xperion Energy & Environment
- Strong Mobile Pipeline® sales driven by large order deliveries
- Large order to North American oil and gas industry customer for delivery mainly in first quarter 2017
- Hexagon Ragasco entered into strategic partnership with customers in Bangladesh and Chile
- Hexagon Ragasco LPG order to Qatar with a total value of NOK 121 million
- Letter of Intent with Nel ASA and PowerCell Sweden AB to establish a JV to pursue hydrogen opportunities.

Preliminary annual 2016 results

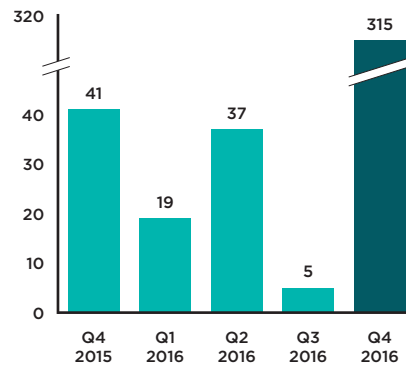
For the year 2016, Group operating income decreased to NOK 1,220.5 (1,443.9) million. Operating profit before depreciation (EBITDA) was NOK 374.9 (100.1) million. Operating profit (EBIT) was NOK 299.3 (37.5) million. Profit before tax for continuing operations was NOK 302.3 (0.3) million.

The lower revenues were driven principally by lower volumes of Mobile Pipeline®, US Heavy-Duty truck and Rest-of-the-world transit bus during the first three quarters of 2016. Profitability was negatively impacted by one-off items, movements in accruals and M&A related costs totaling approximately NOK 46 million, while positively impacted by the recognition of the gain on the Agility transaction.

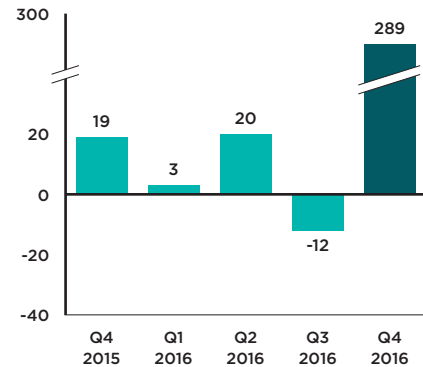
OPERATING INCOME
MNOK



EBITDA
MNOK



EBIT
MNOK



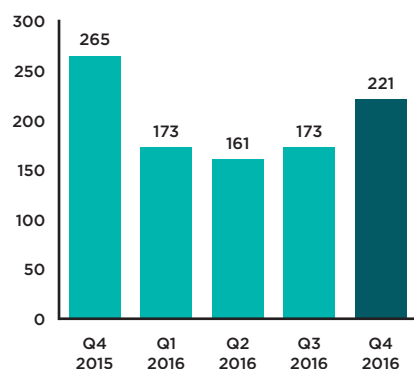
SEGMENT RESULTS

HIGH-PRESSURE CNG AND CHG

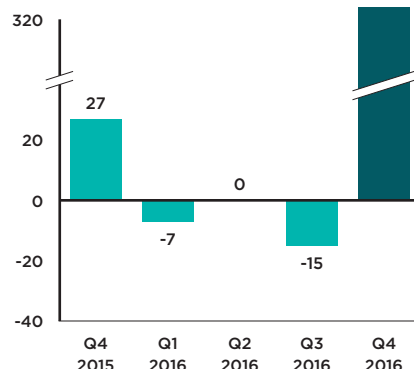
HEXAGON LINCOLN | HEXAGON RAUFOSS | XPERION ENERGY & ENVIRONMENT | AGILITY FUEL SOLUTIONS

Hexagon Composites is the global market leader in high-pressure composite cylinders for compressed natural gas (CNG) and compressed hydrogen gas (CHG).

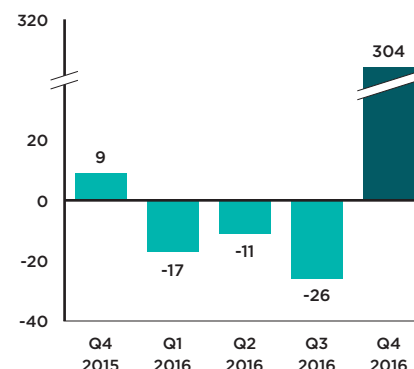
OPERATING INCOME
MNOK



EBITDA
MNOK



EBIT
MNOK



Operating income for the High-Pressure segment declined by 17% to NOK 221.3 (265.4) million in the fourth quarter of 2016 compared with the same period in 2015. The fourth quarter 2016 is impacted by the Agility and xperion transactions resulting in lower comparable revenues. Operating income for the year 2016 amounted to NOK 728.3 (1,047.4).

The Light-Duty Vehicle (LDV) business, is now boosted with the inclusion of the LDV unit of xperion. The combined business unit reported reasonable sales volumes for the quarter.

Sales volume for the Hexagon Lincoln Mobile Pipeline® business was strongly driven by deliveries of major orders within North America. Despite circa 60% of total annual sales for the Lincoln division occurring in the fourth quarter and the inclusion of xperion's Mobile Pipeline® business, sales levels were still lower for the year than in 2015. New market entrants in the US have put pressure on the profit margins.

The Hydrogen business unit is working globally on several hydrogen projects with passenger car OEMs, transit bus, ground storage, transport, back-up power, marine and rail applications. The inclusion of xperion's Hydrogen business unit fast-tracks the progress on rail and distribution opportunities. As the Hydrogen business unit is still in the early growth stage, it will continue to be dilutive to results.

The fourth quarter delivered steady overall results for the Agility Fuel Solutions joint-venture comprising the medium and heavy duty CNG automotive businesses. Volumes have remained fairly flat since the previous quarter for the organic business within transit buses, heavy-duty and refuse trucks. Non-organic growth in sales from the previous quarter, now including the merged Hexagon businesses, was around 37%.

Revenues for Agility were USD 36.8 million (approximately NOK 309 million), reported EBITDA was USD 1.6 million (approximately NOK 13 million) and EBITDA adjusted for non-recurring or non-cash items was USD 3.3 million (approximately NOK 28 million). The net contribution realized in Hexagon Composites financial statements was NOK -11 million after all charges, including depreciation of intangibles of NOK -3 million. Although still in a stagnant phase, there are good indications for a market pick-up towards end of 2017.

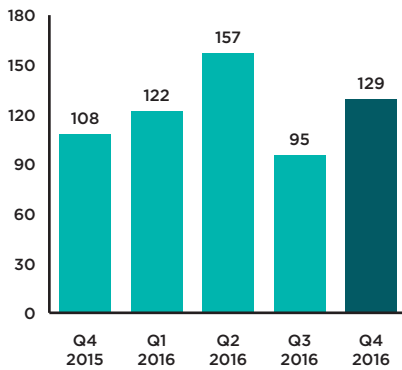
EBIT in the fourth quarter for the High-Pressure segment was NOK 303.6 million versus NOK 8.7 million in the same period last year. The segment recorded an operating profit (EBIT) for the year of NOK 248.5 million (-13.4). This was principally driven by positive one-off impacts from the Agility transaction, dampened by significant one-off items contained to the fourth quarter and the dilutive effects of the Hydrogen business unit.

LOW-PRESSURE LPG

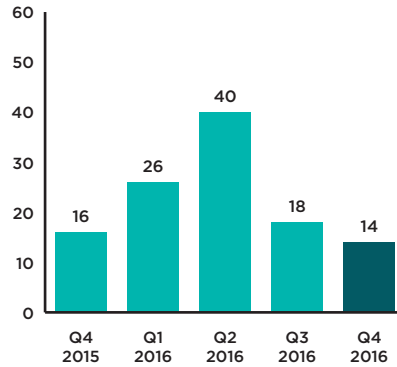
HEXAGON RAGASCO

Hexagon Composites is the global market leader in composite cylinders for propane (LPG).

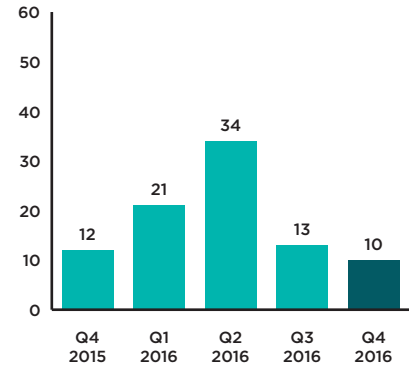
OPERATING INCOME
MNOK



EBITDA
MNOK



EBIT
MNOK



Operating income for the Low-Pressure segment increased 19% to NOK 128.7 (108.1) million in the fourth quarter of 2016 compared with fourth quarter 2015.

Sales revenues for the year 2016 were NOK 502.2 (405.1) million, an increase over 2015 of 24%. The growth is attributed to greater flexibility within the product offering and penetration initiatives into new geographies. This has been in conjunction with productivity initiatives allowing faster cycle-times and capacity improvement.

Production uptime continued to be good during the quarter, however with a negative productivity impact resulting from the product mix. The recent program of investments has effectively increased capacity within the plant by allowing for faster cycle production times when required. Hexagon Ragasco is expected to continue investments into processes and technologies that can further enhance manufacturing efficiency and product differentiation.

EBIT for the Low-Pressure segment decreased to NOK 9.9 (12.4) million in the fourth quarter versus the same period last year. One-off items of NOK 4 million together with the lower productivity in the quarter negatively impacted results.

Operating profit (EBIT) for the year totaled NOK 77.9 million (53.4) representing a growth of 46%.

THE GROUP

Hexagon Composites Group had a net profit after tax of NOK 192.9 (10.8) million in the fourth quarter after positive foreign exchange effects recorded in other financial items of NOK 19 million. Underlying contribution to net profit after tax from Agility under the equity method is NOK -11 million. In addition, the one off gain related to the Agility merger, net of taxes of NOK 112 million and transactions costs of NOK 33 million, was NOK 226 million. Transaction costs directly related to the xperion acquisition were circa NOK 16 million.

In general, a strong USD relative to NOK has a positive impact on Group equity due to the US operations, however exports from the US would be relatively more expensive. The acquisition of xperion will increase the proportion of EUR denominated transactions and cashflows. The acquisition was financed through loans drawn in EUR in order to naturally manage the balance sheet exposure.

At quarter-end the statement of financial position totaled NOK 2,396.6 (1,187.7) million and the Group's equity ratio was 55.1% (39.5%). This expansion is primarily a consequence of the private placement in the first quarter 2016 and the M&A transactions executed in the year.

AFTER BALANCE SHEET DATE

There have been no significant events after the balance sheet date not previously described in this report or as highlighted in the notes to this report.

OUTLOOK

The Board views the continued market penetration in Low-Pressure very positively. This segment is unaffected by the oil price driven headwinds experienced in the High-Pressure segment, and continued double digit growth is expected.

The Mobile Pipeline® business displays a non-linear trend, but the Board expects a solid first quarter 2017. The project funnel is strong, but visibility on timelines to realization of these projects remains challenging. The improved market outlook for mobile pipelines in the US has attracted new competition and profit margins are under pressure. Hexagon has countered this development by cost reduction measures, and will continue to develop its technology and business model to differentiate itself from the competition.

The demand for CNG Light-Duty Vehicles is promising and the combination of the Hexagon Composites and xperion businesses has created a global market leader within this market segment.

Many exciting opportunities are presenting themselves in the Hydrogen business unit, especially prospects in the automotive, transportation and storage applications make this a significant growth area in 2017. This involves continued investment in resources and capital however, and the business unit is not expected to return a profit in the short and medium term.

Oslo, 21 February 2017

The Board of Directors of Hexagon Composites ASA

FINANCIAL STATEMENTS GROUP

INCOME STATEMENT	Q4 2016	Q4 2015	31.12.2016	31.12.2015
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
Operating income	347 076	371 416	1 220 511	1 443 873
Cost of materials	192 134	219 764	643 803	803 695
Payroll and social security expenses	95 943	83 280	364 877	377 630
Other operating expenses	92 527	27 496	185 150	162 428
Gain carve out	-348 196	0	-348 196	0
Total operating expenses before depreciation	32 409	330 540	845 634	1 343 753
Operating profit before depreciation (EBITDA)	314 668	40 876	374 877	100 119
Depreciation and impairment	25 937	22 237	75 611	62 607
Operating profit (EBIT)	288 731	18 639	299 266	37 513
Profit/loss from investments in associates and joint ventures	-11 002	-149	-11 002	-311
Other financial items (net)	27 176	-3 804	14 050	-36 911
Profit/loss before tax	304 905	14 686	302 315	291
Tax	-112 021	-3 865	-104 522	4 272
Profit/loss after tax	192 884	10 821	197 794	4 563
Earnings per share			1.33	0.03
Diluted earnings per share			1.35	0.05

COMPREHENSIVE INCOME STATEMENT	31.12.2016	31.12.2015
(NOK 1 000)		
Profit/loss after tax	197 794	4 563
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Exchange differences arising from the translation of foreign operations	-496	53 867
Fair value adjustments for cash flow hedging instruments	0	4 629
Income tax effect of fair value adjustments for cash flow hedging instruments	0	-1 250
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-496	57 247
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Actuarial gains/losses for the period	-23	1 628
Income tax effect of actuarial gains/losses for the period	6	-407
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-17	1 221
Total comprehensive income, net of tax	197 281	63 031

STATEMENT OF FINANCIAL POSITION

	31.12.2016	31.12.2015
(NOK 1 000)	Unaudited	Audited
ASSETS		
Intangible assets	532 214	99 009
Tangible fixed assets	260 550	409 994
Investment in associates and joint ventures	964 019	0
Other financial fixed assets	2 606	3 837
Total non-current assets	1 759 390	512 839
Inventories	227 481	332 358
Receivables	201 691	242 415
Bank deposits, cash and similar	208 073	93 177
Total current assets	637 245	667 950
Total assets	2 396 635	1 180 789
EQUITY AND LIABILITIES		
Paid-in capital	758 537	105 688
Other equity	561 730	364 449
Total equity	1 320 267	470 138
Interest-bearing long-term liabilities	439 868	382 868
Other non-current liabilities	287 840	24 540
Total non-current liabilities	727 708	407 408
Interest-bearing short-term liabilities	8 839	10 719
Other current liabilities	339 821	292 524
Total current liabilities	348 660	303 244
Total liabilities	1 076 368	710 652
Total equity and liabilities	2 396 635	1 180 789

CONDENSED CASH FLOW STATEMENT

	31.12.2016	31.12.2015
(NOK 1 000)		
Profit before tax	302 315	291
Depreciation and write-downs	75 611	62 607
Change in net working capital	-400 728	-21 622
Net cash flow from operations	-22 802	41 276
Net cash flow from investment activities	-529 486	-146 728
Net cash flow from financing activities	644 929	-24 509
Net change in cash and cash equivalents	92 641	-129 961
Net currency exchange differences	-1 728	20 959
Cash and cash equivalents at start of period	93 177	202 179
Cash and cash equivalents acquisition	23 983	0
Cash and cash equivalents at end of period	208 073	93 177
Committed unused credit facility	591 117	601 463

CONDENSED STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	OTHER PAID IN CAPITAL	HEDGING RESERVE	OTHER EQUITY	TOTAL
(NOK 1 000)							
Balance 01.01.2015	13 329	-117	82 955	7 602	-3 379	386 718	487 109
Profit/loss after tax						4 563	4 563
Other income and expenses					3 379	55 089	58 468
Dividends						-81 920	-81 920
Share-based payment				1 918			1 918
Balance 31.12.2015	13 329	-117	82 955	9 520	0	364 449	470 138
Balance 01.01.2016	13 329	-117	82 955	9 520	0	364 449	470 138
Profit/loss after tax						197 794	197 794
Other income and expenses						-513	-513
Share-based payment				4 831			4 831
Increase share capital	3 333		644 684				648 017
Balance 31.12.2016	16 663	-117	727 639	14 352	0	561 730	1 320 267

On 21 March the Company issued 33,333,000 new shares to Mitsui & Co., Ltd at the price of NOK 20 per share. The increase in share capital is presented net after transaction costs.

BUSINESS SEGMENT DATA	Q4 2016	Q4 2015	31.12.2016	31.12.2015
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
HIGH-PRESSURE CNG AND CHG				
Operating income external customers	220 531	264 674	727 081	1 044 975
Internal transactions	736	686	1 219	2 375
Total operating income	221 267	265 360	728 300	1 047 350
Segment operating profit before depreciation (EBITDA)	324 420	26 800	302 467	35 776
Segment operating profit (EBIT)	303 593	8 723	248 497	-13 398
Segment assets			2 059 956	933 394
Segment liabilities			1 507 881	518 877
LOW-PRESSURE LPG				
Operating income external customers	126 545	106 742	493 206	398 898
Internal transactions	2 198	1 362	8 964	6 192
Total operating income	128 743	108 104	502 170	405 090
Segment operating profit before depreciation (EBITDA)	14 411	16 350	98 385	65 862
Segment operating profit (EBIT)	9 949	12 382	77 935	53 411
Segment assets			389 571	345 901
Segment liabilities			237 383	253 184

NOTES

NOTE 1: INTRODUCTION

The condensed consolidated interim financial statements for fourth quarter 2016, which ended 31 December 2016, 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 2015.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2015. For a more detailed description of accounting principles see the consolidated financial statements for 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 21 February 2017.

NOTE 2: INTEREST-BEARING DEBT

The following shows material changes in interest-bearing debt during 2016:

AMOUNTS IN NOK THOUSAND	LONG-TERM	SHORT-TERM	TOTAL INTEREST-BEARING DEBT
Balance 01.01.2016	382 592	10 719	393 587
Unsecured bank loans	303	-10 719	-10 416
Balance 31.03.2016	383 171	0	383 171
Unsecured bank loans	-383 171	0	-383 171
Balance 30.06.2016	0	0	0
Unsecured bank loans	402 332	0	402 332
Balance 30.09.2016	402 332	0	402 332
Unsecured bank loans	4 591	0	4 591
Financial leases	19 983	6 435	26 418
Other loans	12 961	2 404	15 365
Balance 31.12.2016	439 868	8 839	448 707

The current financing facility has been modified to a bilateral facility with DNB Bank, incorporating certain beneficial changes to the facility particularly in relation to higher leverage covenants. The modifications will allow more flexibility for the Group overall going forward. The overall size of the facility remains at NOK 1 billion, comprising a main revolving credit with overdraft facility of NOK 600 million and an optional ancillary facility of NOK 400 million.

On 30 September 2016 the Company drew a total of NOK 402 million against the facility in readiness for the acquisition payments made after the quarter end to acquire xperion Energy & Enviroment GmbH.

The increase in loan in the fourth quarter is related to currency change and the acquisition of the xperion Group.

There are no breaches of the financial covenants under the financing facility agreements.

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 recognized 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 2015.

NOTE 4: SHARE-BASED PAYMENTS

3 March 2015 Hexagon Composites ASA issued 975,000 call options to senior executives and managers in the Group. The share options give rights to buy shares in Hexagon Composites ASA at NOK 25 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2017, first quarter of 2018 or second quarter of 2018.

1 April 2016 Hexagon Composites ASA issued 925,000 new call options to senior executives and managers in the Group at NOK 20 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2018, first quarter of 2019 or second quarter of 2019.

The fair value of the options was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with the share option scheme were NOK 4.8 million YTD 31 December. The cost in the fourth quarter were NOK 1.4 million. The fair value of all options granted is estimated to NOK 9.8 million per 31 December 2016.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for outstanding share options

NOTE 5: CHANGES IN THE GROUP'S STRUCTURE

MERGER OF HEXAGON COMPOSITES CNG AUTOMOTIVE PRODUCTS DIVISION AND AGILITY FUEL SYSTEMS:

At 3 October 2016, Hexagon Composites ASA Group completed its merger transaction with Agility Fuel Systems Inc. Hexagon Composites ASA contributed its existing CNG Automotive heavy and medium duty business and Agility Fuel Systems contributed its natural gas fuel systems solutions business into a newly formed equally owned company Agility Fuel Solutions. In addition to the contribution of the CNG business, Hexagon Composites ASA Group also made a cash payment of USD 17.5 million (approximately MNOK 151.0) for the 50% interest in Agility Fuel Solutions.

The merger resulted, at the date of loss of control 3 October 2016, in a de-recognition of the wholly owned CNG business. The fair value of the newly formed entity was MNOK 2 688 of which Hexagon Composites ASA Group's 50% share was MNOK 1 344. Hexagon Composites ASA Group has made an accounting policy choice to recognize 50% of the excess value and present this gain as a separate line in the financial statements included in operating profit. The de-recognition resulted in a net accounting gain of MNOK 348.

The investment in Agility Fuel Solutions are accounted for according to the equity method from 3 October 2016. At 31 December 2016, the investment in associates amounted to MNOK 964, including goodwill and other intangibles of MNOK 485. The share of income from Agility Fuel Solutions presented as profit/loss from investments in associates and joint ventures in Q4 2016 is specified below (TNOK):

AMOUNTS IN NOK THOUSAND	2016
Profit / loss for the period	-15 635
Hexagon Composites ASA Group share of profit	-7 818
Depreciation of intangible assets	-3 186
Hexagon Composites ASA Groups share of profit / loss	-11 002

In addition, Hexagon Composites ASA share of profit of translation differences were TNOK -1 041 and share of share based payment of TNOK 4 912 directly attributable to equity (OCI) as of 31.12.16.

PURCHASE OF XPERION GROUP IN 2016.

With effect from 4 October 2016 Hexagon Composites acquired xperion Energy & Environment GmbH and its subsidiary companies. xperion includes high-pressure composite cylinder operations for light-duty vehicles, heavy-duty trucks, transit buses and gas transportation solutions at its modern production plants in Kassel, Germany and Ohio, USA.

The fair value of the identifiable assets and liabilities of xperion group as at the date of acquisition were:

XPERION GROUP	FAIR VALUE RECOGNISED ON ACQUISITION
(NOK 1 000)	
ASSETS	
Property, plant and equipment	60 306
Intangible assets	17 201
Cash	23 651
Inventories	62 092
Deferred tax asset	7 990
Trade accounts receivable	18 172
Total assets	189 412
LIABILITIES	
Long term liabilities	30 975
Short term liabilities	168 646
Total equity and liabilities	199 621
Net identifiable assets and liabilities at fair value	-10 209
Customer relationships	100 854
Tax on customer relationships	-30 256
Goodwill*	335 800
Purchase consideration	396 189
Accrued for earn-out	-103 353
Purchase consideration transferred / Paid in cash	292 836
ANALYSIS OF CASH FLOWS ON ACQUISITION:	
Net cash acquired with the subsidiary	23 651
Cash paid	-292 836

* Additional clarifications of the purchase price allocation is required. Thus there might be subsiquential adjustment with corresponding adjustment to goodwill prior to 30 September 2017 (1 year after the transaction).

An earn-out payment is contingent on future revenue development through 2017 and 2018 and may become payable within 2019. The earn-out is designed to be mutually beneficial to both parties. Debt totalling EUR 9.5 million (approximately NOK 85.9 million) was purchased as part of the transaction.

In 2016 xperion group contributed from the date of acquisition to the Group's revenues and profit before tax by NOK 71.1 million and -7.1 million respectively. If the acquisition had occurred at the beginning of 2016, revenues for 2016 and profit before taxes for 2016 for the Group would have been NOK 1 479 million and NOK 281 million respectively.

In The Hexagon Group's profit for 2016, xperion group was included from the acquisition date.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the xperion group with the Hexagon Group. The goodwill is not deductible for income tax purposes.

Transaction costs of NOK 16.0 million have been expensed and are included in administrative expenses in the statement of profit and loss and are part of operating cash flows in the statement of cash flows.

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

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

KEY FIGURES GROUP

KEY FIGURES GROUP	31.12.2016	31.12.2015
EBITDA in % of operating income	30.7 %	6.9 %
EBIT in % of operating income	24.5 %	2.6 %
EBITDA (rolling last 4 quarters) / Capital Employed %	21.2 %	11.5 %
EBIT (rolling last 4 quarters) / Capital Employed %	16.9 %	4.3 %
Net working capital / Operating income (rolling last 4 quarters) %	10.3 %	22.6 %
Interest coverage I ¹⁾	30.2	1.0
Interest coverage II ²⁾	36.2	5.9
NIBD / EBITDA (rolling last 4 quarters)	0.6	3.0
Equity ratio	55.1 %	39.8 %
Equity / Capital employed	74.6 %	54.1 %
Return on equity (annualised)	22.1 %	1.0 %
Total return (annualised)	17.5 %	1.8 %
Liquidity ratio I	1.8	2.2
Liquidity reserve ³⁾	799 190	694 640
Liquidity reserve ³⁾ / Operating income (rolling last 4 quarters) %	65.5 %	48.1 %
Earnings per share	1.33	0.03
Diluted earnings per share	1.35	0.05
Cash flow from operations per share	-0.15	0.31
Equity per share	7.92	3.53

1) (Profit before tax + interest expenses) / Interest expenses

2) Rolling Earnings Before Interest, Tax, Depreciation and Amortization the last 12 months to rolling Net Interest Costs

3) Undrawn credit facility + bank deposits and cash. Use of undrawn credit facility can be limited by financial covenants

KEY FIGURES SEGMENTS

KEY FIGURES SEGMENTS	31.12.2016	31.12.2015
HIGH-PRESSURE CNG AND CHG		
EBITDA in % of operating income	41.5 %	3.4 %
EBIT in % of operating income	34.1 %	-1.3 %
EBITDA (rolling last 4 quarters) / Capital Employed %	20.5 %	5.1 %
EBIT (rolling last 4 quarters) / Capital Employed %	16.8 %	-1.9 %
Capital employed / Operating income (rolling last 4 quarters)	2.03	0.66
LOW-PRESSURE LPG		
EBITDA in % of operating income	19.6 %	16.3 %
EBIT in % of operating income	15.5 %	13.2 %
EBITDA (rolling last 4 quarters) / Capital Employed %	35.6 %	32.9 %
EBIT (rolling last 4 quarters) / Capital Employed %	28.2 %	26.7 %
Capital employed / Operating income (rolling last 4 quarters)	0.55	0.49

SHAREHOLDER INFORMATION

A total of 4,388,709 (24,901,749) shares in Hexagon Composites ASA (OSE:HEX) were traded on Oslo Børs (OSE) during fourth quarter 2016. The total number of shares in Hexagon Composites ASA at 31 December 2016 was 166,627,868 (par value NOK 0.10). During the quarter, the share price moved between NOK 25.10 and NOK 31.40, ending the quarter on NOK 26.90. The price at 31 December gives a market capitalization of NOK 4,482.3 million for the Company.

20 LARGEST SHAREHOLDERS PER 21 FEBRUARY 2017	NUMBER OF SHARES	SHARE OF 20 LARGEST	SHARE OF TOTAL	TYPE	COUNTRY
Mitsui & Co., Ltd	41 666 321	31.44 %	25.01 %	Ordinary	JPN
Flakk Investment AS	28 902 667	21.81 %	17.35 %	Ordinary	NOR
MP Pensjon PK	11 867 614	8.95 %	7.12 %	Ordinary	NOR
Bøckmann Holding AS	10 000 000	7.54 %	6.00 %	Ordinary	NOR
Odin Norge	7 438 064	5.61 %	4.46 %	Ordinary	NOR
Nødingen AS	6 000 000	4.53 %	3.60 %	Ordinary	NOR
Swedbank Robur Smabolagsfond Norden	5 624 346	4.24 %	3.38 %	Ordinary	SWE
SEB STO, SFMA1 Skandinaviska Enskilda	3 419 854	2.58 %	2.05 %	Ordinary	SWE
Storebrand Norge, I Verdipapirfond	3 217 908	2.43 %	1.93 %	Ordinary	NOR
JP Morgan Chase Bank, S/A Escrow Account	2 604 931	1.97 %	1.56 %	Nominee	GBR
Storebrand Vekst JP Morgan Europe Ltd.	1 757 210	1.33 %	1.05 %	Ordinary	NOR
JP Morgan Chase Bank N.A. London, Nordea Treaty Account	1 443 274	1.09 %	0.87 %	Nominee	GBR
Societe Generale BNY Mellon SA/NV	1 320 618	1.00 %	0.79 %	Ordinary	FRA
Verdipapirfondet DNB	1 281 057	0.97 %	0.77 %	Ordinary	NOR
Hexagon Composites ASA	1 166 075	0.88 %	0.70 %	Ordinary	NOR
Eika Norge	1 045 016	0.79 %	0.63 %	Ordinary	NOR
Flakk Invest AS	1 000 000	0.75 %	0.60 %	Ordinary	NOR
VPF Nordea Kapital c/o JP Morgan Europe Ltd.	974 924	0.74 %	0.59 %	Ordinary	NOR
Statoil Pensjon c/o JP Morgan Chase	912 547	0.69 %	0.55 %	Ordinary	NOR
TR European Growth Trust PLC	899 525	0.68 %	0.54 %	Ordinary	GBR
Total 20 largest shareholders	132 541 951	100.00 %	79.54 %		
Remaining	34 085 917		20.46 %		
Total	166 627 868		100.00 %		



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power

LOW-PRESSURE CYLINDERS LPG

Cooking, heating,
recreation and
fork-lift trucks

