

Q3 2018

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- **Q3 highlights**
- **Nel in brief & segment updates**
 - Nel Hydrogen Electrolyser
 - Nel Hydrogen Fueling
 - Nel Hydrogen Solutions
- **H2BusEurope**
- **Hydrogen train opportunity**
- **Summary/Outlook**

Financial results and financing

- Revenues of NOK 116.0 million in Q3'18, up from NOK 111.7 million in Q3'17, representing a growth of 4 %:
 - Customers experience certain project delays, pushes revenue recognition out in time
 - Lower demand for hydrogen as cooling gas to traditional power generation, i.e. fewer HydroPowerGen projects, working to switch and replace
 - All-time high pipeline
- Order backlog of approximately NOK 365 million, exclusive any commercial station orders from Nikola
- Cash-balance of NOK 434.1 million (Q3 2017: NOK 252.8 million)

Operations and sales

- Received purchase order for two additional fueling stations in Norway and two in Germany
- Granted NOK 7.5 million in funding for hydrogen fueling stations in Denmark
- Constructing the world's largest electrolyzer plant at Notodden, bringing name plate capacity to 360 MW/year, approx. 10 times current annual production capacity
- Invested USD 5 million into Nikola as part of their C-round financing
- Received purchase order for first Power-to-Gas (P2G) project in Australia
- Officially opened new Nel H2Station® factory in Herring, Denmark, with nameplate capacity of 300 H2Stations per year
- H2BusEurope selected for proposed award of approx. EUR 40 million by the Connecting Europe Facility Program (CEF)

Non-recurring/other negative effects on EBITDA

- PDC legal and other related costs of NOK 19.0 million
 - Substantial efforts undertaken by Nel, legal council and technical experts to support case
 - Parties have decided to settle and look forward, continue to work together on upcoming opportunities
- Experienced cost overrun related to two specific projects, negative Q3'18 effect of NOK 7.0 million
 - Working to implement new routines and recourses related to project execution
- Extraordinary VAT charge in Norway of NOK 3.4 million, related to earlier periods/years
- Ramp-up and other non-recurring costs of NOK 4.5 million
- Non-cash share option costs of NOK 2.6 million
- **Q3'18 total non-recurring and other cost of NOK 36.5 million**

Financial highlights

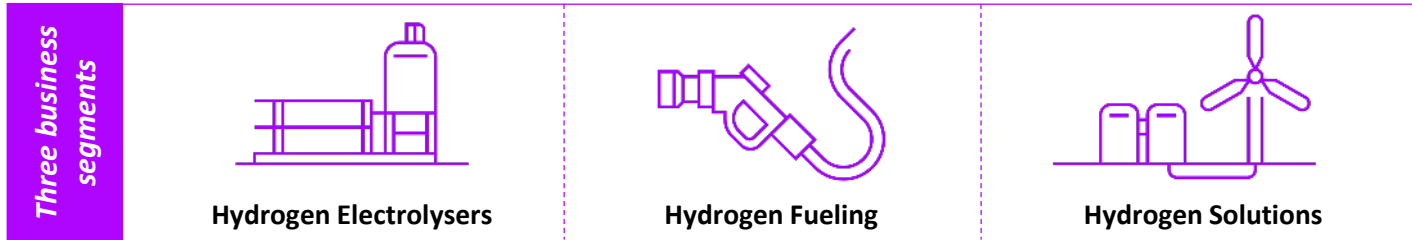
Nel ASA Q3 2018

(NOK million)	2018 Q3 Adj*	2018 Q3	2017 Q3	2017 Q1-Q4	2016 Q1-Q4
Operating revenue	116.0	116.0	111.7	298.4	114.5
Total operating costs	182.2	182.2	145.0	415.6	169.8
EBITDA	-16.8*	-53.3	-18.5	-81.2	-44.9
EBIT	-29.8	-66.3	-33.3	-117.2	-55.3
Pre-tax loss	-30.9	-67.4	-36.4	-124.4	-62.6
Net loss	-29.0	-65.5	-32.6	-52.4	-55.8
Net cash flow from operating activities	-37.4	-37.4	-90.9	-113.0	-34.2
Cash balance at end of period	434.1	434.1	252.8	295.0	225.5

* EBITDA negatively impacted in Q3'18, total non-recurring and other cost of NOK 36.5 million (see previous page)

Nel in brief & segment updates

- Global, listed pure-play hydrogen company – facilities in Norway, Denmark and the U.S.
 - Significant foothold in fast-growing markets with several breakthrough contracts
 - World-leading on hydrogen electrolyzers and fueling equipment – unrivalled performance and track-record
- Capable of delivering solutions to produce, store and distribute hydrogen from renewable energy
 - >3,500 hydrogen solutions delivered in ~80 countries world wide since 1927
 - ~40 hydrogen fueling stations delivered to 9 countries, entering South Korea in 2019



Received purchase order for two additional H2Stations in Norway

Nel in brief & segment updates

Extending network of hydrogen fueling stations between major cities in Norway

- Nel Hydrogen Solutions awarded EUR 2 million contract by Uno-X Hydrogen AS to build next two H2Station[®] hydrogen fueling stations in Norway
 - Will help increase the value of the total network, with existing stations in Akershus and Bergen (5 stations in total)
 - HRS deployment supported by Enova
- Delivery expected in Q1/Q2'19



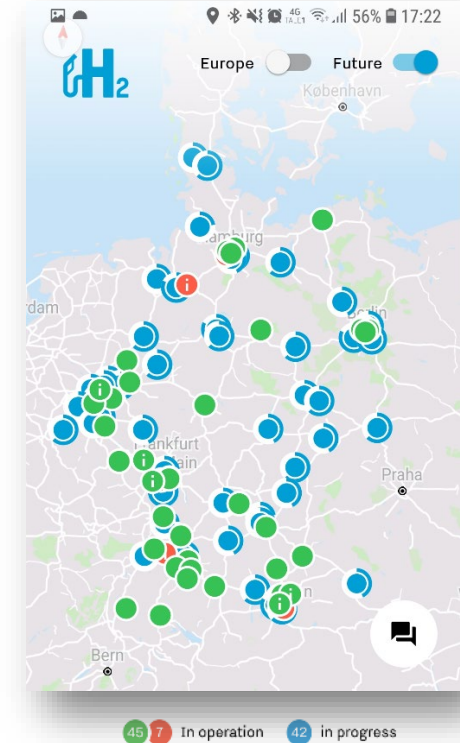
Uno-X Hydrogen fueling station at Kjørbo, Norway
Onsite hydrogen production from solar power

Received purchase order for two additional H2Stations in Germany

Nel in brief & segment updates

Part of largest hydrogen infrastructure project in Europe

- Nel Hydrogen Solutions awarded EUR 2 million contract by H2 Mobility to deliver two H2Station® hydrogen fueling stations in Germany
- Delivery expected medio 2019
- H2 Mobility is a public-private partnership with target to establish a Germany-wide network with 50+ hydrogen fueling stations by end 2018 and 100 by 2020
 - Target of 400 by 2025 & 1000 by 2030
- Nel is not part of H2Mobility, but is the only non-partner supplying hydrogen fueling stations into this JV



Current and future hydrogen fueling stations in Germany. Source: H2.LIVE

Invested USD 5 million in Nikola C-round financing

Nel in brief & segment updates

Equity investment further strengthens partnership and collaboration between Nel and Nikola

- Nikola raised USD 100 million in August 2018, still working to raise additional funds in the same funding round
 - Pre-money valuation of USD 1.1 billion
- Nikola and Nel have multi-billion NOK partnership where Nel will deliver 448 electrolyzers and associated hydrogen fueling equipment
- Demo stations will ship to Nikola for installation in Q1'19
- Good progress on the pre-engineering related to the commercial 8-ton/day stations



New design of the Nikola TWO

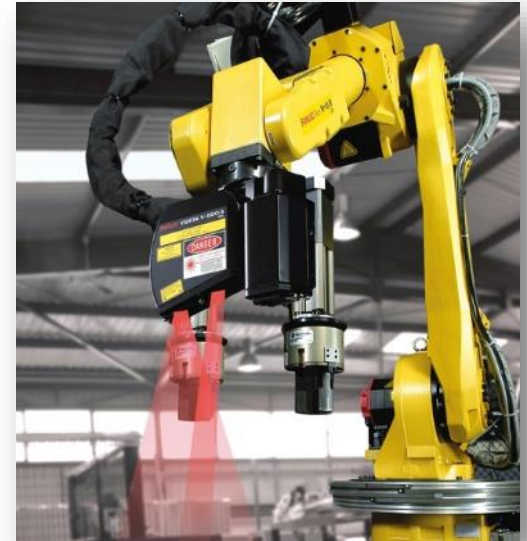
Constructing world's largest electrolyzer manufacturing plant

Nel ASA Q3 2018

Nel in brief & segment updates

Name plate capacity of 360 MW per year, more than 10x current annual production

- Highly automated and designed according to lean manufacturing principles
- Industrial scale production, the most efficient electrolyzers in the market at a game changing cost
 - Accommodating the multi-billion NOK order from Nikola
- Manufacturing plant will be constructed as an extension of the current facility at Notodden, Norway
 - Total planned investments of around NOK ~150 million
- Operational in 2020 with ramp-up aligned to customer requirements
 - 30-40 new employees, includes all organizational functions



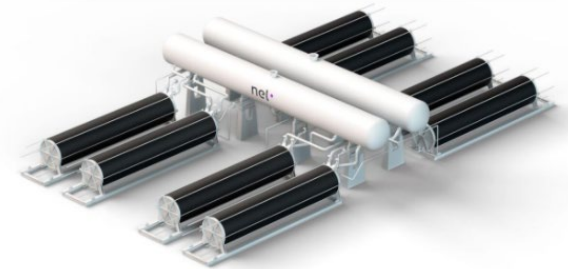
A high degree of automation is planned for the new facility

Making renewable hydrogen mainstream – changing industries

Nel in brief & segment updates

Aiming at system cost reduction of more than 40%

- Electrolysis has for several decades been a niche solution, will now become competitive with steam methane reforming of natural gas (SMR)
- The largest hydrogen consumers globally are already evaluating switching to electrolysis and away from SMR
 - Replacement market alone represents a potential market opportunity of ~20 BUSD/year
- Expansion will support ambitions of Nikola as well as other customers who want to make a significant change to their business model
- Hired Erik Løkke-Øwre as plant manager in Notodden, previously responsible for REC Singapore GW plant



8-cluster electrolyzer solution, produce 8 tons of hydrogen per day

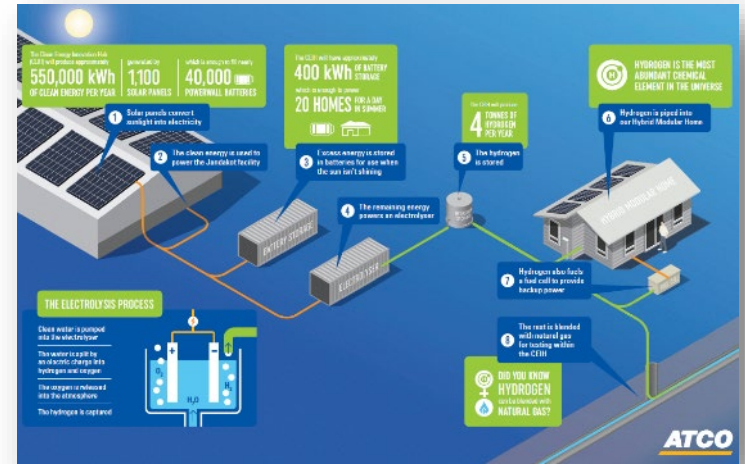
Awarded Australia's first Power-to-Gas (Solar-to-Hydrogen) project

Nel ASA Q3 2018

Nel in brief & segment updates

Integrating electrolysis as an integral part of a clean energy system

- Nel will deliver PEM electrolyzer connected to solar PV to the ATCO Group's Clean Energy Innovation Hub (CEIH)
- Strategically important, new market for electrolyzer technology
- Converts excess solar power to hydrogen, stored and used to generate electricity locally with a fuel cell
- Surplus hydrogen to be injected into the local natural gas grid, making it greener
- Projected expected to be fully operational in 2019



Overview of ATCO's Clean Energy Innovation Hub

Officially opened large-scale H2Station production facility in Denmark

Nel ASA Q3 2018

Nel in brief & segment updates

Annual nameplate production capacity of up to 300 H2Stations

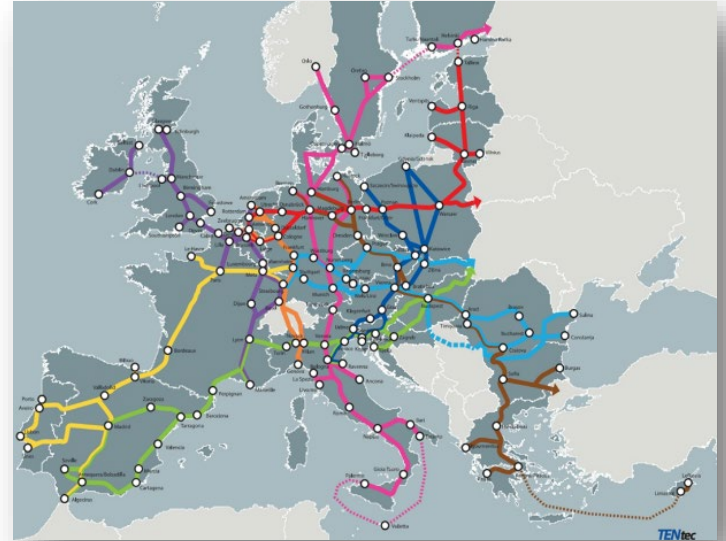
- First production line in the world for hydrogen stations
- Serial production according to lean principles represents significant improvements in existing production efficiency
 - Hydrogen compression, cooling and gas control assembled onto one skid
 - Allows both CE- and UL-certified stations off the line
- H2Stations for Europe, US and Asia running on same production line. 70MPa and 35MPa fueling option



H2BusEurope: Commercializing hydrogen buses

Nel & partners awarded EUR 40 million in project support for 600 FC buses & infrastructure in EU

- Nel has taken lead within H2BusEurope
- EU-funding (CEF) for large-scale rollout of buses and infrastructure to reach commercial hydrogen deployment
- Nel to supply equipment for each H2Hub deployed (production, distribution and fueling)
- Supported by ambitious industry partners, to be announced later
 - Nel with partners target to hold press conference during Q4 to provide information



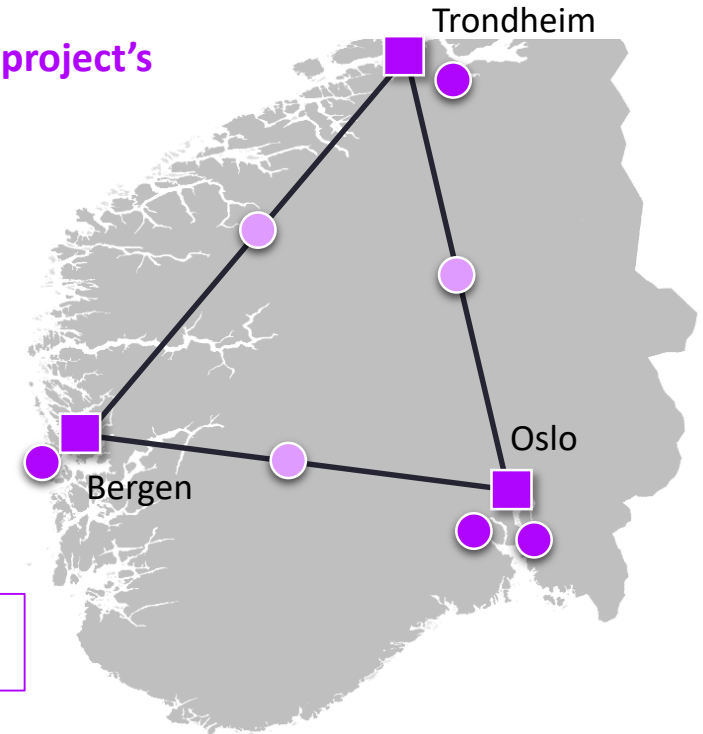
Map of the TEN-T core network

- **Current zero emission legislation in EU require 15 000 buses/year**
- **Total number of city buses operating in Europe: ~350 000**

Norway not included in this EU project, but can benefit from project's achievements

- Makes low-cost renewable hydrogen available for heavy duty transport sector in key locations – supports the “1000 trucks in Norway by 2023” - initiative launched by NHF and Greensight
- Basic setup with centralized production (~20 MW) & high pressure distribution

- **Bus prices come down 60% since the CHIC project (current buses in Oslo)**
- **Next trigger and target price: H2 electric buses at <400 kEUR per bus**

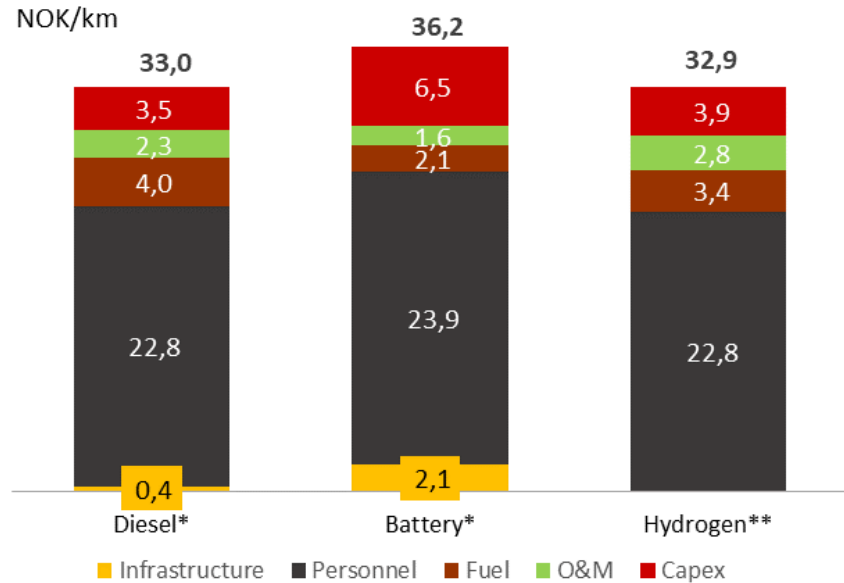


- Centralized renewable hydrogen production
- Heavy Duty stations – can service buses, trucks & vans, etc.
- Corridor stations for connecting the Captive fleets

Hydrogen electric busses have the lowest Total Cost of Ownership (TCO), i.e. NOK/km

Assumptions:

- Bus price: 3.3 MNOK (350 k€/bus)
- Hydrogen: 47 kr/kg (5 €/kg)
- O&M: 2.8 kr/km (0.3 €/km)
- **Hydrogen electric busses have the lowest cost per km, lower than diesel and battery electric**

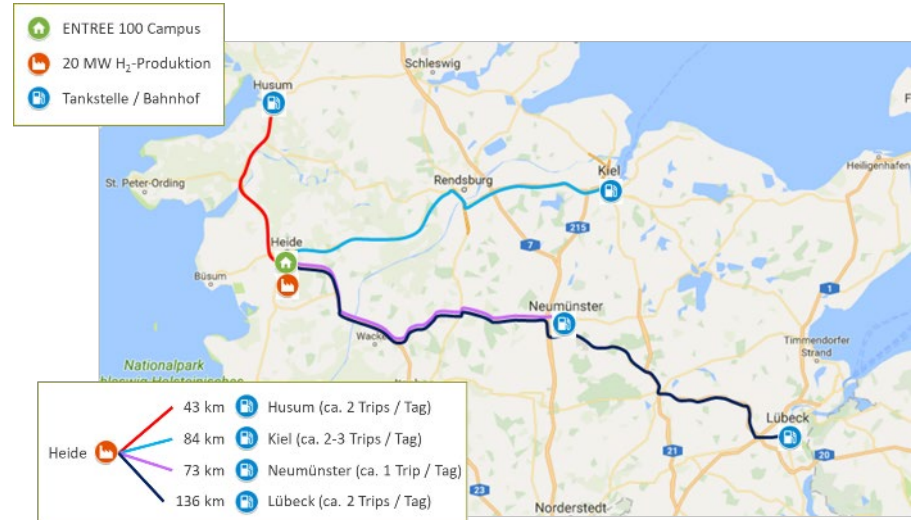


Source: *Ruter, **Nel numbers

Hydrogen train opportunity

Nel chosen as preferred supplier of hydrogen production and fueling equipment for Alstom in Schleswig-Holstein

- Centralized hydrogen production and distribution, owned by consortium (showed below)
- Green hydrogen production by centralized Nel electrolyser of 20 MW situated near Heide refinery
- Consortium currently cooperating closely with Alstom on a tender for zero-emission trains, which will be decided at the beginning of 2019
 - Potential deployment from 2021



Hydrogen trains are now operating in regular service

Project examples

Hydrogen trains are offering a low cost, zero emission alternative to diesel trains

- Today ~40% of trains in Europe run on diesel
 - Electrification with wires (“El-Wire”) costs ~15 MNOK/km
- Alstom hydrogen train has ~1000 km range & capacity for 300 passengers
- Study by SINTEF shows Total Cost of Ownership (“TCO”) of hydrogen trains ~1/2 of diesel and 1/3 of El-Wire trains by 2020
 - By 2050, TCO of hydrogen trains is reduced to 1/3 of diesel and 1/5 of El-Wire trains



Alstom's hydrogen train is now in regular service in Germany

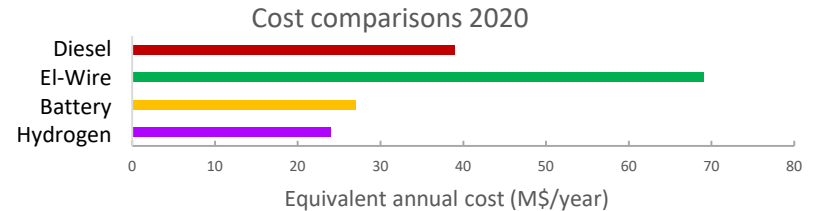
Major opportunities along Norwegian railroads

- Trønder- & Meråkerbanen (120 & 102 km)
 - Rørosbanen & Solørbanen (384 & 94 km)
 - Raumabanen (114 km)
 - Nordlandsbanen (731 km)
- **Total of ~1 550 km not electrified in Norway, El-Wire investments would amount to NOK >20 billion**



SINTEF study, example: Nordlandsbanen

Single-track line, 731 km
About 3000 train movements/year
CO₂ emissions: 37 800 t/year

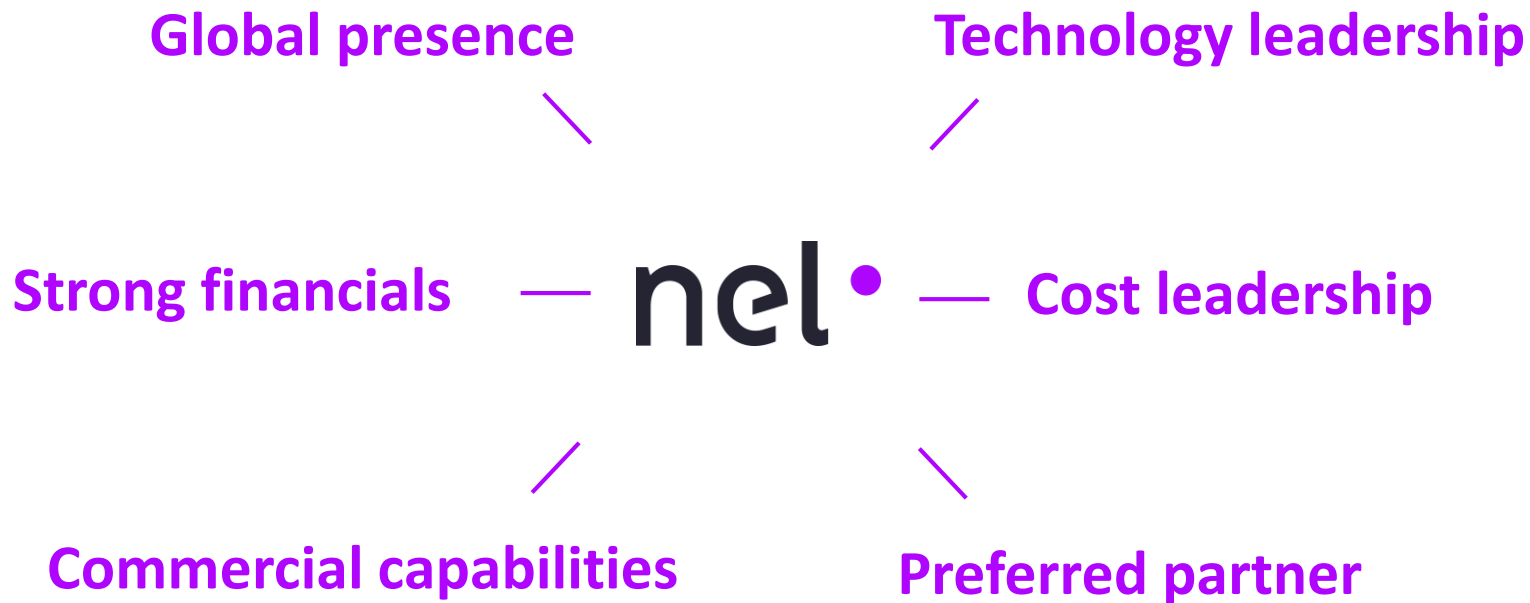


Summary/Outlook

Creating a rapidly growing billion NOK company

Nel ASA Q3 2018

Levering on the arising opportunities within energy storage and hydrogen fueling



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- As already communicated, ongoing growth initiatives and focus on long-term, high value opportunities will have negative impact on the company's ability to deliver a positive EBITDA in the short-term
 - Initiated x10 factory expansion at Notodden to support deliveries to Nikola and other customers
 - Nel continues to explore further market penetration strategies in China
 - Build-up of Nel in South Korea in response to positive market developments
 - Ongoing collaboration on H2BusEurope for a large- scale hydrogen bus rollout
 - Nel preferred supplier for hydrogen train opportunity in Germany
 - Significant tender activities for larger projects for electrolysers and H2Stations

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Q&A

Number one by nature