

Q2 2018

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- **Q2 highlights**
- **Nel in brief & segment updates**
 - Nel Hydrogen Fueling
 - Nel Hydrogen Solutions
 - Nel Hydrogen Electrolyser
- **Nikola**
- **Plant expansion at Notodden**
- **Summary/Outlook**

Financial results and financing

- Revenues of NOK 135.8 million in Q2'18, up from NOK 39.1 million in Q2'17, mainly following the acquisition of Proton Energy Systems Inc. (Proton OnSite) as per 30 June 2017
 - Growth in Q2'18 of 52% on a like-for-like proforma basis, incl. Proton OnSite
 - Underlying organic growth in Q2'18 of 61%, excl. Proton OnSite
- Order backlog of approximately NOK 388 million, exclusive any commercial station orders from Nikola
- Successfully completed a private placement and secondary sale, raising approximately NOK 281 million in gross proceeds
- Cash-balance of NOK 478 million (Q2 2017: NOK 201 million)

Operations and sales

- Received a USD 5.5 million additional purchase order from Nikola followed by a multi-billion NOK contract for delivery of 448 electrolyzers and associated fueling equipment
- Nel's H2Station® achieved the world's first UL certification of a hydrogen fuel dispensing system station
- Received EUR 2 million purchase order for H2Station® solution in South Korea and took full ownership of joint venture Nel-Deokyang Co. Ltd, renaming it Nel Korea Co. Ltd.
- Halted further work on agreement with H2V PRODUCT after H2V made limited progress and was unable to secure project financing
- After quarter end, received additional H2Station® orders from Germany and Norway

(NOK million)	2018 Q2 Adj*	2018 Q2	2017 Q2	2017	2016
Operating revenue	135.8	135.8	39.1	298.4	114.5
Total operating costs	173.0	173.0	63.9	415.6	169.8
EBITDA	-8.8	-20.6	-22.0	-81.2	-44.9
EBIT	-25.5	-37.2	-24.7	-117.2	-55.3
Pre-tax loss	-29.9	-41.5	-27.0	-124.4	-62.6
Net loss	-27.1	-38.8	-27.0	-52.4	-55.8
Net cash flow from operating activities	-22.6	-22.6	37.3	-113.0	-34.2
Cash balance at end of period**	478.8	478.8	201.2	295.0	225.5

*** EBITDA negatively impacted in Q2 18:**

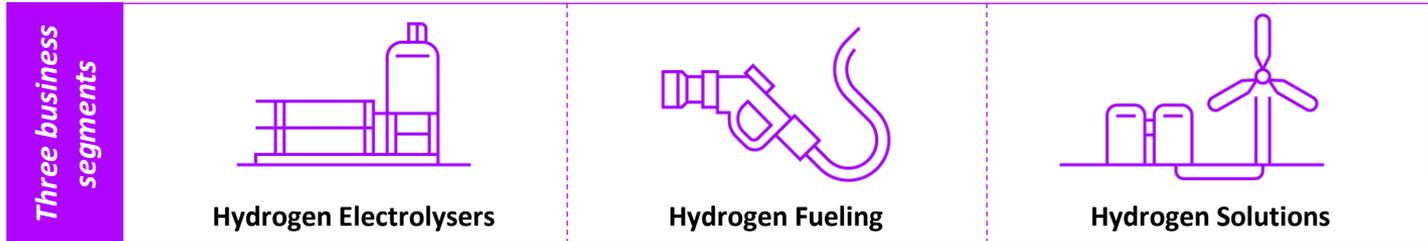
- Ramp-up costs and non-recurring items of NOK 8.5 million
- Business development Asia, legal cost, establishing a service organization for Fueling in the US and exploring new markets
- Non-cash share option costs of NOK 3.2 million

Successful private placement and secondary sale

- Raised NOK 281 million in gross proceeds through a private placement of 90,000,000 new shares at NOK 3.12 per share
- F9 Investments LLC sold 50,000,000 existing shares in the company at NOK 3.12 per share
- Net proceeds to be used to:
 - Accommodate Nikola order
 - Fund potential expansion of production facility at Notodden, estimated to cost ~ NOK 150 million
 - Potential investment in Nikola
 - Additional working capital in response to increased order volumes and high market activity
- Subsequent repair offering of 15,000,000 shares at NOK 3.12 to be offered to shareholders as of 28 June 2018
 - Expect to launch transaction in 1st half of September, as soon as prospectus is approved

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
 - >3,500 hydrogen solutions delivered in ~80 countries world wide since 1927
 - ~40 hydrogen fueling stations delivered to 9 countries, and delivering to South Korea in 2019
- Capable of delivering solutions to produce, store and distribute hydrogen from renewable energy



Achieved world's first UL certification for hydrogen fueling station product

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Nel in brief & segment updates

FACTORY certified H2Station[®], approved by UL

- Sets new industrial norm and benchmark for safety level and legal compliance for hydrogen fueling stations
- Enables faster and more streamlined installation and permitting processes in the U.S., thereby reducing installation time and risk
- Underlines Nel's commitment to enable widespread and cost-effective deployment of hydrogen as a fuel for transportation
- Result of substantial R&D efforts, high-volume, lean manufacturing, and achievement of higher levels of safety and product quality



Received purchase order in Korea, assumed full ownership of joint venture

Nel in brief & segment updates

Enables Nel to extend and accelerate activities and sales in the region

- Nel-Deokyang Co., Ltd. received EUR 2 million purchase order for a H2Station® hydrogen fueling solution
 - Purchase order marks first installation in Korea and first compact fueling station solution to follow new gas law and local standards
 - Installation to commence in 2019
- Nel subsequently assumed full ownership of Nel-Deokyang, making it a fully-owned subsidiary of Nel and renaming it Nel Korea Co., Ltd.
- South Korean government has announced the establishment of a Special Purpose Company (SPC) for expanding the country's hydrogen infrastructure
 - Goal of installing hydrogen fueling stations along most travelled roads and highways and in Seoul and other major cities



Members of South Korean Government and the Ministry of Trade, Industry and Energy having signed agreement to build hydrogen fueling stations

Subsequent event: Received purchase order for two additional H2Stations in Norway

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Nel in brief & segment updates

- Nel Hydrogen Solutions awarded EUR 2 million contract by Uno-X Hydrogen AS to build next two H2Station® hydrogen fueling stations in Norway
 - To be located in Hvam and Ski, Akershus
- Will help increase the value of the total network, with existing stations in Akershus and Bergen
- Delivery expected in first and second quarter of 2019
- Uno-X Hydrogen, a joint venture between Uno-X, Praxair and Nel, aims at building a network of hydrogen fueling stations covering major cities in Norway by 2020



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

Subsequent event: Received purchase order for two additional H2Stations in Germany

Nel ASA Q2 2018

Nel in brief & segment updates

- Nel Hydrogen Solutions awarded EUR 2 million contract by H2 Mobility to build two H2Station[®] hydrogen fueling stations in Germany
- Part of largest hydrogen infrastructure project in Europe
- Delivery expected medio 2019
- The action plan for H2 Mobility is to establish a Germany-wide network with close to 50 stations in operation by end 2018 and about 50 additional to be deployed by 2020



Screen-shot from H2.Live app. showing current and future hydrogen fueling stations in Germany

Nel electrolyzer powers first hydrogen vessel to travel around the world

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Nel in brief & segment updates

The Energy Observer: 6 years, 50 countries and 101 ports of call

- First vessel powered entirely by a mix of clean hydrogen and renewable energies to embark on trip around the world
 - Powered by a Nel PROTON PEM electrolyzer
- First vessel in the world able to produce its own hydrogen onboard
 - From sea water, without greenhouse gas and particles emissions, thanks to a mix of renewable energies
- Aims to demonstrate advantages of hydrogen, incl. efficiency and performance of a complete hydrogen chain in hostile marine environment
 - Will validate applications to allow a range of other developments



The transformational Nikola partnership

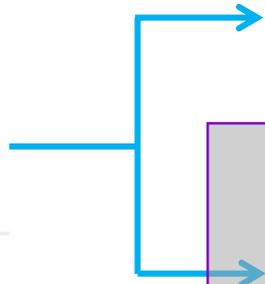
Additional USD 5.5 million purchase order from Nikola

The transformational Nikola partnership

- Two DEMO stations to support Nikola test-fleet of trucks
 - Additional purchase order of USD 5.5 million brings total value for demo stations to USD >9 million
- Delivery in the second half of 2018 and into 2019
- Equipment for onsite production and fueling of 70MPa
 - 2 alkaline electrolyzer stacks for hydrogen production – 2 x 1,000kg/day
 - 2 x 70MPa dispensers and 2xH2Station® – 2 x 500 kg/day
- Possibility to upgrade fueling capacity later



A-485 Electrolyser – 1.000kg/day



Hydrogen storage, compression and dispensing

Awarded multi—billion NOK electrolyzer and fueling station contract by Nikola

Nel ASA Q2 2018

The transformational Nikola partnership

Contract for delivery of up to 448 electrolyzers / 1 GW of electrolysis

- Contract awarded as part of Nikola's development of a hydrogen station infrastructure in the U.S.
- Multi-billion NOK electrolyzer and fueling station contract, to be deployed from 2020 – by far the largest electrolyzer contract ever awarded
- The contract includes an initial order for an engineering package of around USD 1.5 million
- Electrolyzer stacks to be manufactured in Norway, fueling equipment in Denmark - supporting components, including frames, pipes and vessels to be sourced locally in the U.S.



Nikola Motors has received nearly \$11 billion in pre-orders

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The transformational Nikola partnership

Received pre-order from Anheuser-Busch (AB) and raised capital

- AB targets to convert its entire long-haul fleet to renewable powered trucks by 2025
- AB has placed an order of up to 800 Nikola trucks, expected to be integrated into AB's fleet starting from 2020
- Nikola raised USD 100 million in August 2018
 - Pre-money valuation of USD 1.1 billion
 - Expecting to raise another USD 100++ million in same funding round



Construction of mega-factory

Constructing the world's largest electrolyzer manufacturing plant

Construction of mega-factory

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 electrode production of the markets most efficient electrolyzes at a game changing cost
- Accommodating the NOK multi-billion 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



A high degree of automation is planned for the new facility

Game-changer for large-scale electrolyzer cell stack production

Construction of mega-factory

Aiming at system cost reduction of more than 40%

- Phase 1 expansion from 25 MW/year to ~40 MW/year completed
 - Debottlenecking and optimizing the existing plant
- Total production capacity at Notodden will be up to 360 MW worth of electrolyzers or ~160 units of A485 per year
- Expansion project to be initiated in 2H'18
- Operational in 1H'20 with ramp-up aligned to customer requirements
- 30 - 40 new employees – includes all organizational functions



Highly automated and designed according to lean manufacturing principles

Nel ASA Q2 2018

Construction of mega-factory



- Plant layout has been designed to accommodate lean principles
- Based upon a “built in quality” philosophy with high degree of automation and process control
- Improved manufacturing standard will also support supplier collaboration and development
- New plant will be integrated with existing production facility on both infrastructure and material flow

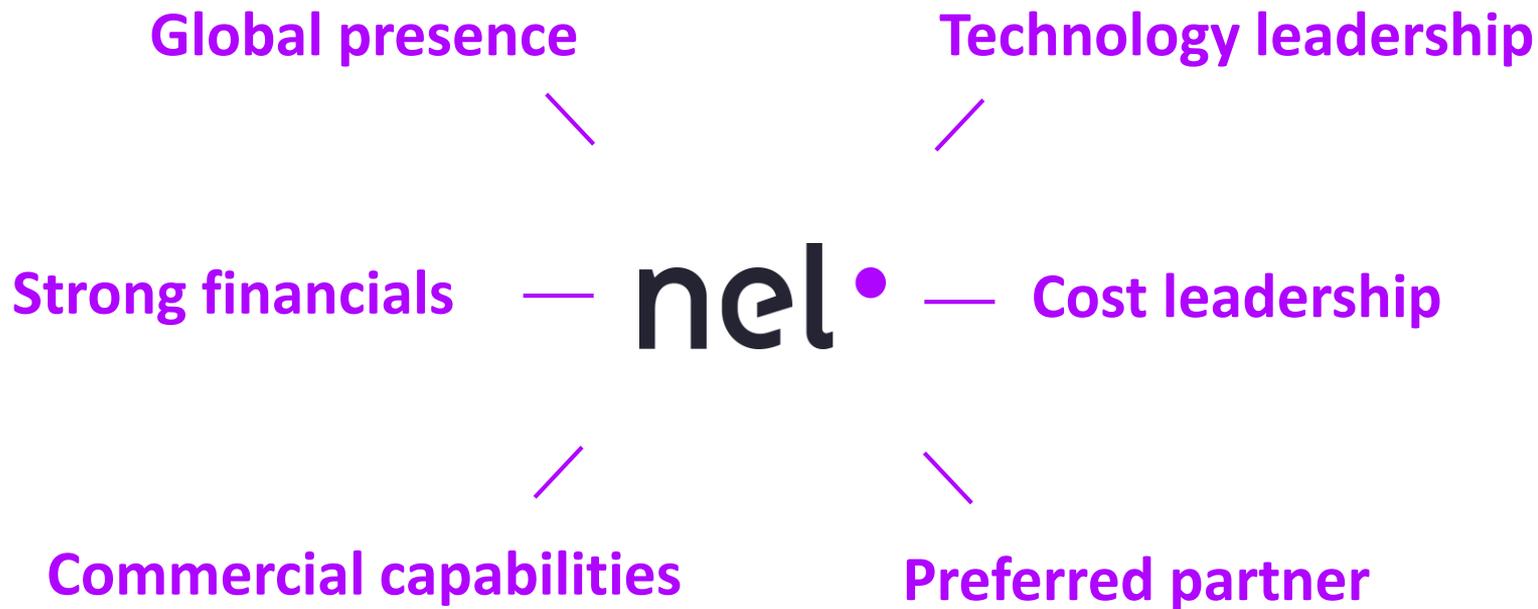
Cost efficient alternative to natural gas reforming

- Electrolysis has for several decades been a niche solution, but will now become an attractive and renewable alternative to steam methane reforming of natural gas (SMR)
- The largest hydrogen consumers today (ammonia, methanol, refineries) are already evaluating changing from SMR to electrolysis
 - Replacement market alone represents a potential market opportunity of ~20 BUSD/year
- The Notodden plant will deliver the most efficient electrolyzers at a game changing cost, and with shorter lead time
- Expansion will support the ambitions of Nikola as well as other customers who want to make a significant change to their business model



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

Summary/Outlook



Outlook

- Following the July private placement, the company is well funded to support current business plan and ongoing expansion activities
- Initiated factory expansion at Notodden to support deliveries to Nikola and other customers
 - Ongoing growth initiatives and US legal costs will have a negative impact on the company's ability to deliver a positive EBITDA in the short-term
- Continued activities to build up Nel in South Korea in response to positive market developments - working to establish new office in Gangnam, Seoul
- In addition to agent agreement in China, Nel has newly established a sales-office in Shanghai
 - Additionally, Nel continues to explore further market penetration strategies in China
- Official opening of the new Herring factory scheduled for 21 September

Number one by nature