

Q4 2018

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- **Q4 highlights**
- **Nel in brief & organization**
- **Market trends**
- **Segment updates**
- **Summary/Outlook**

Financial results and financing

- Revenues of NOK 124.9 million in Q4'18, up from NOK 115.6 million in Q4'17, representing a growth of 8 %:
 - In line with guidance/trading update in the company presentation released together with the announcement regarding the contemplated private placement on January 30, 2019
 - The quarter is influenced by cost overruns related to certain projects, non-recurring and ramp-up cost
 - All-time high pipeline
- Order backlog of approximately NOK 350 million, exclusive any commercial station orders from Nikola
- Cash balance of NOK 349.7 million (Q4 2017: 295.0), excluding the NOK 462.7 million in gross proceeds from the January 2019 share issue

Operations and sales

- Participating in consortium to support hydrogen trains from Alstom
- Awarded a contract by Uno-X Hydrogen to deliver two H2Stations®
- Awarded EUR 1 million R&D grant from EUDP for continued H2Station® development
- Received PO for two H2Stations® in the Netherlands from Shell
- Awarded PILOT-E grant for development of green fertilizer project together with Yara

Subsequent events

- Awarded USD 6.5 million contract for the delivery of H2Station® solution for fueling of heavy-duty vehicles in the U.S. from Shell
- Completed a successful private placement of 84 906 560 new shares, raising NOK 462.7 million in gross proceeds
- Received notice on bid winner for two hydrogen fueling stations in Korea
- USD >3 million PEM electrolyser order from H2Energy for heavy duty trucking

Financial highlights

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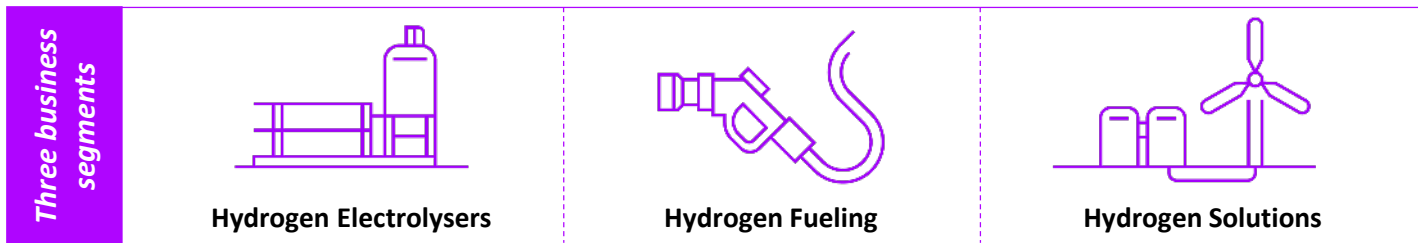
(NOK million)	2018 Q4 Adj*	2018 Q4	2017 Q4	2018	2017
Operating revenue	124.9	124.9	115.6	489.1	302.2
Total operating expenses	185.6	185.6	159.2	685.1	419.4
EBITDA	-18.3	-41.9	-23.9	-131.6	-77.4
EBIT	-37.1	-60.7	-43.5	-196.1	-117.2
Pre-tax loss	-32.1	-55.8	-44.6	-197.5	-124.4
Net loss	-30.9	-54.5	22.7	-189.0	-52.4
Net cash flow from operating activities	-44.6	-44.6	2.7	-142.6	-113.0
Cash balance at end of period**	349.7	349.7	295.0	349.7	295.0

*EBITDA negatively impacted in Q4'18 by non-recurring and ramp-up costs of NOK 23.6 million

** The figures do not include the NOK 462.7 million in gross proceed from the January 2019 share issue

Nel in brief & organization

- 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



Evolving the Nel organization, to support next phase of development

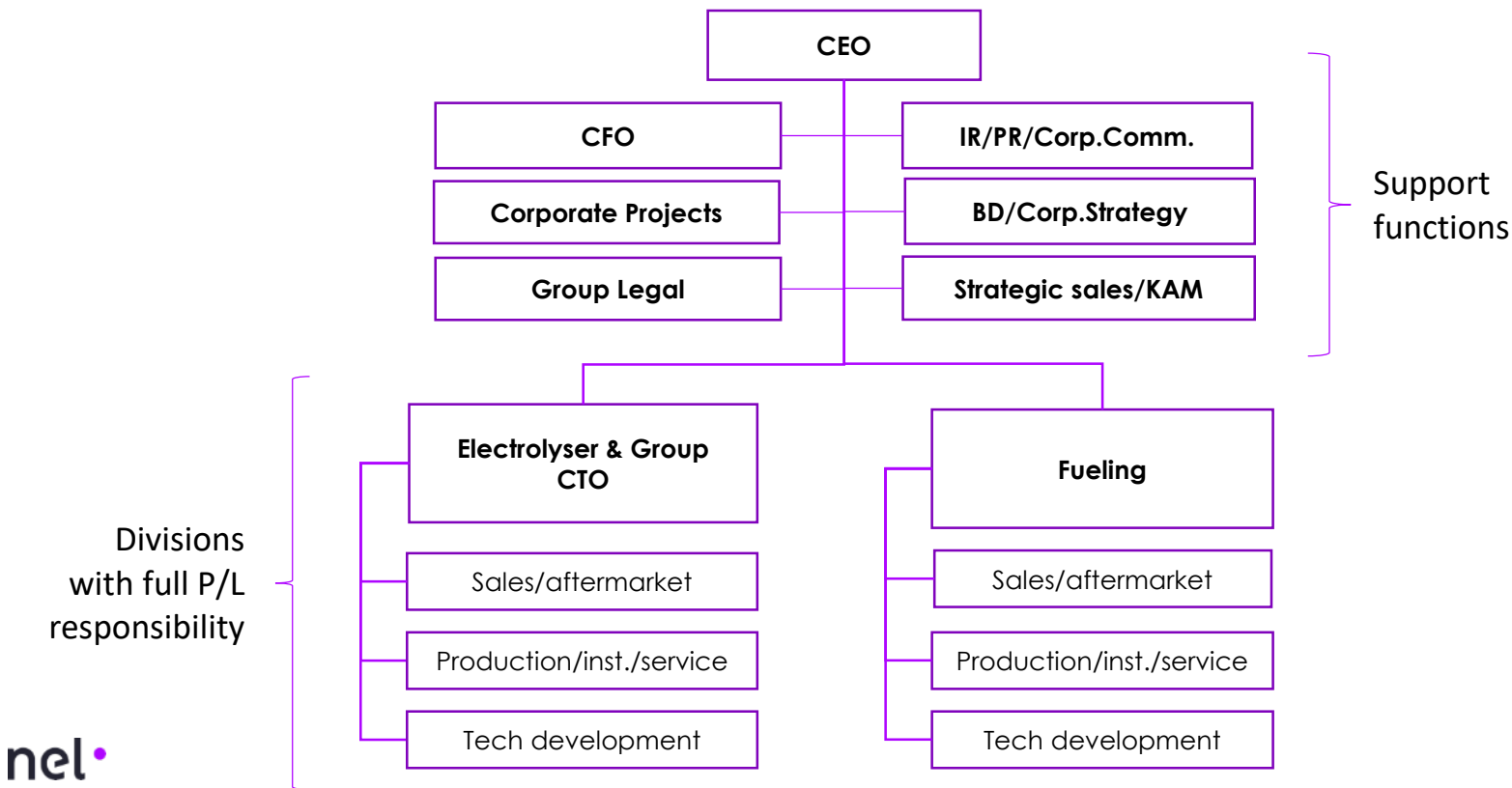
Ramping the organization for growth, cost reductions and future development

- Build organization that is capable of taking Nel into the next phase of development, a number of strengthening adjustments
- In short, the following improvements are being made:
 - Strengthening the finance function, added resource
 - New Corporate Project function
 - New Group Legal function
 - Improved IR/PR/Corporate Communication function, added resource
 - Stronger Business Development/Corporate Strategy function
 - New function for Strategic Sales and Key Account Management
 - Initiative to accelerate sales, incl. better coordination w/production, more focus on selling standard products
 - Closer follow-up and coordination on technology, CTO

Updated organization

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Ramping the organization for growth, cost reductions and future development

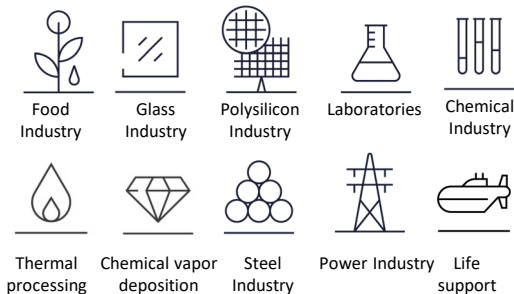


Market trends

Hydrogen is expanding its areas of application

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CONVENTIONAL INDUSTRY



- Conventional industries represents “traditional” hydrogen markets
- Steady demand for hydrogen

Steady growing market

MOBILITY

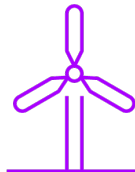


Mobility
(transportation)

- Key market going forward – both within hydrogen production and fueling
- Heavy duty sector developing faster than anticipated – hydrogen now relevant fuel for all forms of mobility

Markets expected to see fast growth going forward

POWER-TO-X



Power-To-X
(renewable hydrogen)

- Decreasing cost of renewables & electrolyzers is accelerating market
- Vast opportunities within existing & new sectors

Hydrogen is becoming relevant in all forms of mobility

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Hydrogen as preferred future fuel alternative:

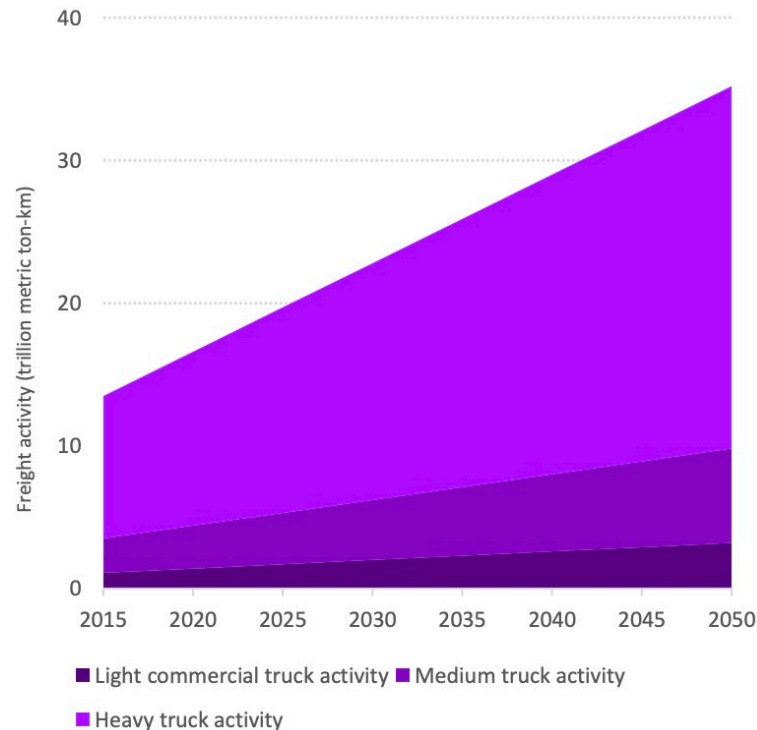
- True zero emission from production to use
- Can beat fossil fuel applications on a TCO-basis
- Low weight (compared to e.g. batteries), especially relevant in the heavy duty segment
- Fast recharging (fueling) time
- Long driving range
- Low/no need for electric grid upgrades
- Not dependent on rare metals (e.g. cobalt, lithium)
- Global standards for fueling established
- Same quality fuel used for small to large applications

Freight activity / heavy duty transport projected to double by 2050

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Trend supported by external analysts, like Miller, J. & Façanha

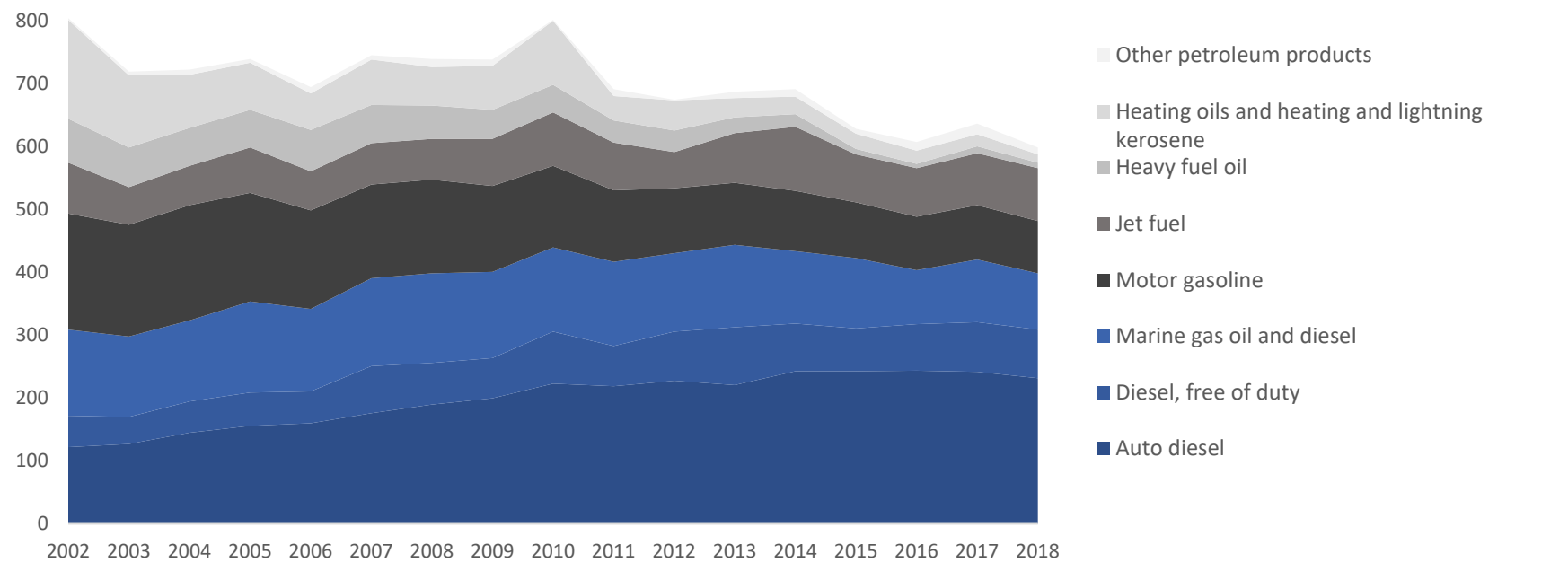
- Heavy duty vehicles responsible for 47% of CO₂ emissions from land-based mobility and ~8% of total global CO₂ emissions
- Freight activity (ton-km) projected to double by 2050
- Hydrogen most promising zero-emission fuel for heavy trucks



Diesel is the most resilient petroleum product in Norway

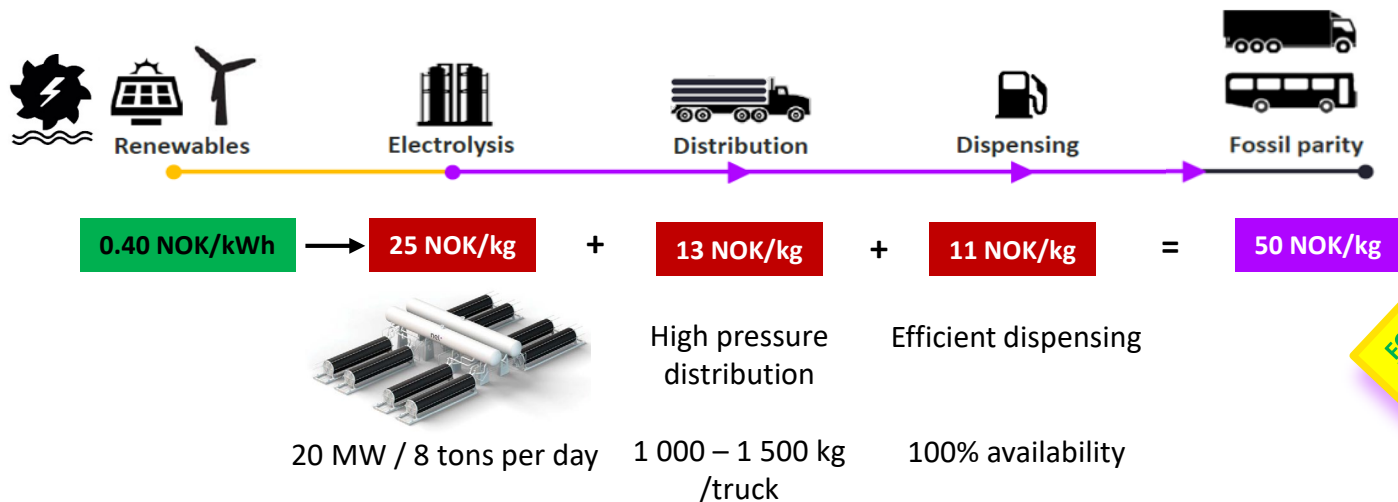
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Sale of auto diesel has stabilized on a high level despite transition to electrical vehicles



Centralized production close to power or heat source enables business case

- Regional hydrogen production, use of low cost renewable energy
- Possible to integrate with central heating and grid balancing services
- Parity with taxed diesel possible already from 4-8 ton per day



Establishing centralized, large scale production sites with local distribution, serving multiple mobility needs

Green hydrogen Production:

- 8 – 24 tons / day from Hydro/Wind



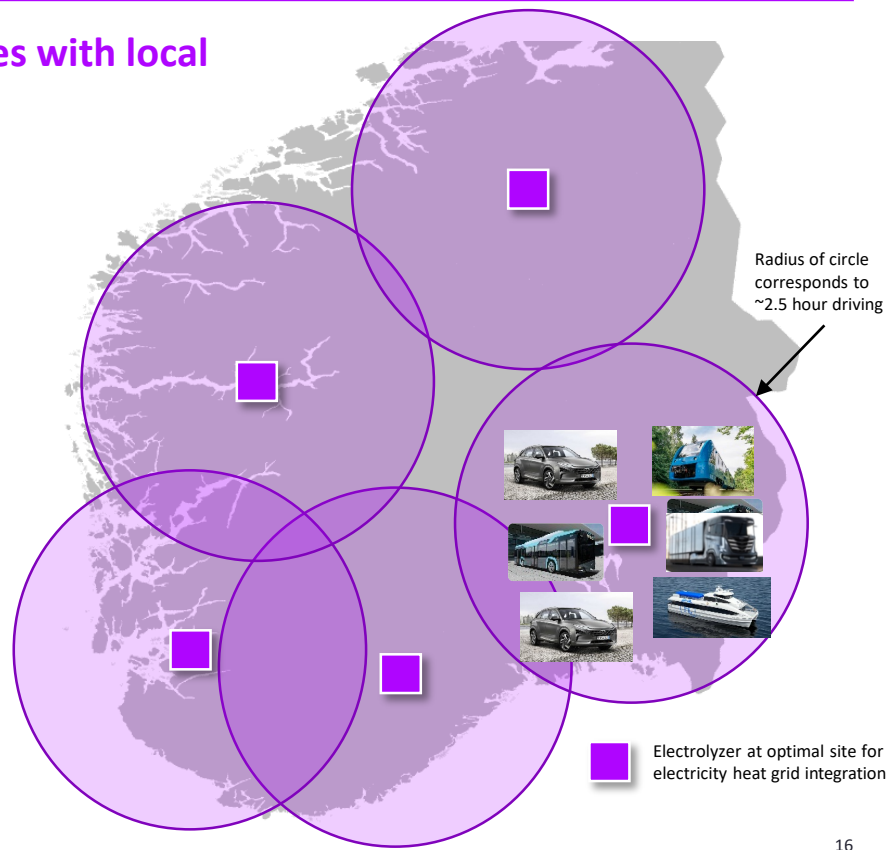
Efficient hydrogen distribution:

- 1 000 – 1 500 kg pr. truckload



Efficient hydrogen distribution:

- 2.5 hour travel distance for optimal distribution cost
- H2Station capacity can easily be added or expanded
- Fuel with 100% renewable hydrogen at attractive price



Developing new solutions to strengthen position in heavy duty vehicle segments

	Key specs	Key focus going forward
1 Current H2Station® (Small) ✓	<ul style="list-style-type: none">• Small footprint• First station to be both CE & UL certified• Fueling >5 kg @ 700 bar in 3-5 minutes• Equals charging @750 kW on avg. (1 MW peak)• Complies with latest fueling standards	<ul style="list-style-type: none">✓ Improve performance✓ Reduce cost✓ Increase capacity✓ Continued inhouse technology development – maintain leadership
2 HDV H2Station® (Medium) ✓	<ul style="list-style-type: none">• High capacity fueling for commercial bus fleets• Fueling >30 kg @ 350 bar in ~15 minutes• Equals charging @ 1 MW on avg. (2 MW peak)• Demonstration of 700 bar trucks (small scale setups)	<ul style="list-style-type: none">✓ Enable fossil parity (5-6 EUR/kg) on commercial bus fleets (based on learnings from multiple demo projects 13' – 18')✓ Fueling time comparable to diesel✓ Target to launch by 2020
3 HDV H2Station® (Large) ✓	<ul style="list-style-type: none">• Dedicated HDV Platform for commercial applications like trucks, trains etc.• Fueling >50 kg @ 700 bar in ~10 minutes• Equals charging @ 5 MW on avg (10 MW peak)• Applicable for Nikola commercial H2Stations	<ul style="list-style-type: none">✓ New technology for fast fill capability✓ Develop new Nel compressor and cooling technology✓ Target to launch in 2021/2022

Decreasing cost of renewable hydrogen (and oxygen) opening up new business areas

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Targeting further development within all segments to maintain position

	Key specs	Key focus going forward
1 ATMOSPHERIC ALKALINE ✓	<ul style="list-style-type: none">• High efficiency• Low capex• Proven, high reliability• Already deployed in 100+ MW scale	<ul style="list-style-type: none">✓ Scaling up production dramatically to take out full cost potential✓ Maintain and strengthen Nel's position in large scale electrolysis
2 NEXT GEN. ALKALINE ✓	<ul style="list-style-type: none">• Targeting same efficiency as atmospheric electrolyzer• Pressurized and compact• Direct integration with renewables• Adapted for GW-scale H2-production	<ul style="list-style-type: none">✓ Develop unique pressurized technology to be commercialised around 2022✓ Test unit together with key partners, e.g. Yara International (green fertilizer)
3 PEM ✓	<ul style="list-style-type: none">• Most proven PEM electrolyzer in market• High reliability and long life time• Direct integration with renewables• Offering PEM in all relevant markets	<ul style="list-style-type: none">✓ Increase cell stack to MW-level✓ Further strengthen position within PEM electrolyzers✓ Adapt and prepare for mass production

Segment updates

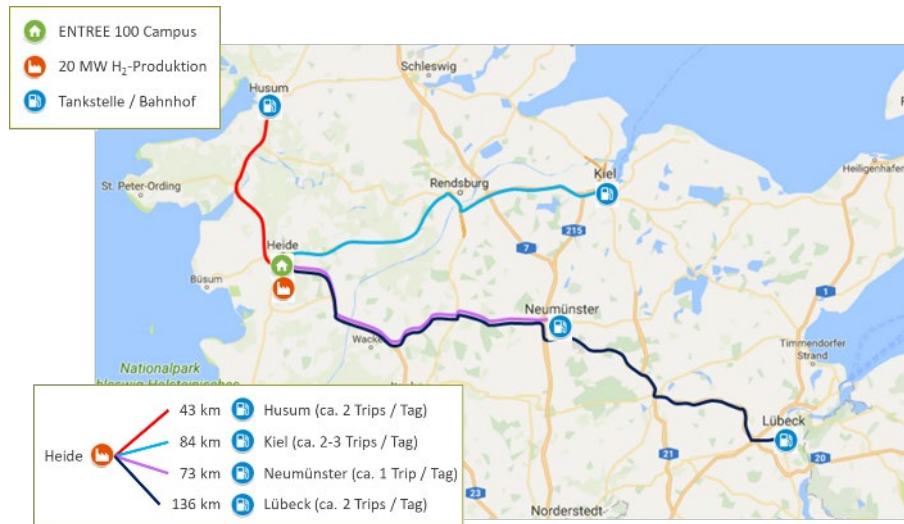
Nel preferred supplier for hydrogen train opportunity in Germany

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Latest developments

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
- No conclusion yet in relation to the tendering process
 - Timeline has been extended
 - No change in timeline for deployment, potential from 2021



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ALSTOM

GP JOULE
TRUST YOUR ENERGY.

iPP

ENTREE
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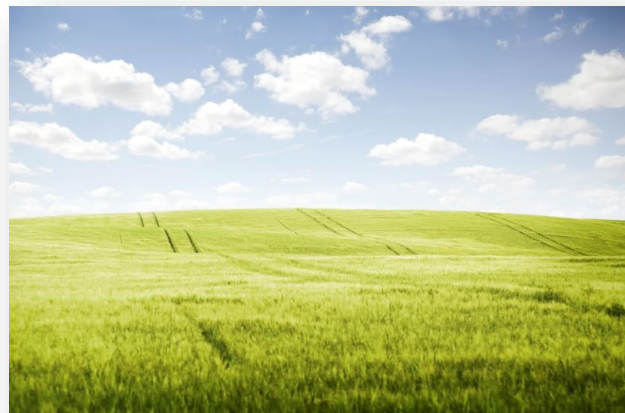
REGION HEIDE

Nel and Yara awarded grant for development of green fertilizer project

- Grant from PILOT-E scheme aimed towards developing next generation green (renewable) ammonia and fertilizer production
- Target to utilize Nel's next generation alkaline electrolyzer technology currently under development
 - Technology tailored for large scale hydrogen production w/direct connection to renewables
 - Ambitious development targets: lower unit cost, higher level of flexibility, higher pressure, lower footprint, equal efficiency
- Ammonia production accounts for >50% of total hydrogen market which currently is >95% fossil energy based
 - USD >100 billion total theoretical market opportunity



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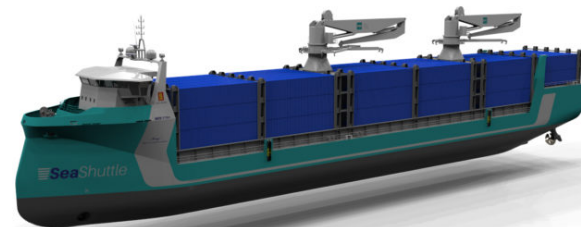
Joint maritime hydrogen projects awarded public grants

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Latest developments

HYON granted support to develop solutions for zero emission maritime vessels

- Four Norwegian hydrogen projects received funding through PILOT-E scheme, HYON is engaged in two of the projects:
 - **Project ZEFF** – Zero Emission Fast Ferry
 - **Project SeaShuttle** – zero emission container transport for short-sea market
- HYON will use Nel as supplier for the on-shore hydrogen production and fueling solutions
- HYON is a joint venture, owned by Nel, Hexagon Composites ASA and PowerCell Sweden AB



Photos: Norled, Samskip

Update on Notodden electrolyzer facility expansion

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Latest developments

Targeted capacity of 360 MW per year, ~10x current annual production

- Detailed planning and pre-engineering done, currently in the process of receiving updated offers from key equipment suppliers
 - Final design, production concept and CapEx levels still to be concluded
- Exact timing of expansion will be aligned with commercial demand, such as Nikola as well as other industrial customers
 - Good interest for new low cost 20MW electrolyzer solution, total value of customer requests currently amounting to USD >200 million
 - Working with Nikola on detailed commercial station roll-out plan
 - Maintaining flexibility in expansion plan to accommodate the above



New facility located right next to existing plant



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

Receives H2Station® orders from Shell under new framework agreement

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Latest developments

Order follow signing of a new framework agreement between Nel and Shell

- The two H2Station® units in the Netherlands will be manufactured and installed during 2019
 - Total contract value of approximately EUR 2.5 million
- Nel has delivered several H2Station® solutions for Shell since 2014, both in Europe and in the U.S.
- New framework agreement underscores a commitment between the two companies to continue a partnership in the global roll-out of hydrogen stations



Newly opened hydrogen at Citrus Heights, California

Source: www.greencarcongress.com (Dec. 25, 2018)

Received purchase order for two additional H2Stations in Norway

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Latest developments

Extending network of hydrogen fueling stations between major cities in Norway

- Awarded a EUR 2 million contract with Uno-X Hydrogen to deliver two additional H2Station® hydrogen fueling stations in Norway
 - Stations to be deployed in Hell and Sandemoen in the Trondheim-region, making hydrogen available in another important region in Norway
 - Delivery expected during 2019
- Uno-X Hydrogen is a joint venture between Uno-X, Praxair and Nel, aiming at building a network of hydrogen fueling stations covering major cities in Norway by 2020



Newly opened energy station at Hvam, Norway (Photo: Uno-X)

Received grant for HDV fueling development & entered MoU for HDV standardization

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Latest developments / Subsequent events

Heavy duty fueling technology and standards reaching a mature stage

- Awarded R&D grant of EUR 1 million from the Danish Energy Technology Development and Demonstration Program (EUDP) for continued H2Station® hydrogen technology development
 - Support efforts in development and demonstration of increased hydrogen fueling capacity, especially for heavy duty applications
- Entered MoU together with Air Liquide, Hyundai, Nikola Motor, Shell and Toyota to develop and test hydrogen fueling hardware for heavy duty vehicles
 - Standardization will enable cost reductions and allow different makes of trucks to utilize the same infrastructure



Photo: Nikola Motor Company



Awarded USD >6 million purchase order for HDV H2stations from Shell

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Subsequent events

- Recently received a PO for a H2Station® solution for fueling of heavy-duty vehicles in California from Shell
 - Order issued under the recently announced framework agreement between Nel and Shell Global Solutions International B.V.
 - First order for a HDV station from Shell, potential for more
- H2Station® order has a total value of approximately USD 6.5 million, work has already started
 - Nel Hydrogen has delivered several H2Station® solutions for Shell
- Nel will upgrade existing H2Station® technology to better accommodate the HDV requirements as well as further improving uptime/reliability of station equipment



Photos: Toyota, The Sun

Proposed for funding for two H2Stations in Korea

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Subsequent events

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

- Nel Korea has received the notice as bid winner of two H2Station® hydrogen fueling station from Gangwon Technopark
 - Value of proposed station solution is around EUR 2.8 million
 - With financing in place, Nel and end customer will now work to finalize necessary agreements
- Korea has ambitions to increase number of stations from 30 to >300 by 2022
- The Special Purpose Company (SPC) for expanding the country's hydrogen infrastructure is under development
 - Will be named HyNet
 - Nel Korea is represented on the HyNet Board of Directors



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

Source: FuelCellWorks.com (April 25, 2018)

Awarded PO for PEM electrolyzer and enters a 30 MW framework contract

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Subsequent events

- Awarded a USD >3 million purchase order for a containerized 2 MW Proton PEM electrolyzer as part of a new 30 MW framework contract from Hydrospider AG, an affiliated company of H2 Energy AG
 - Represents phase 1 of the 60 – 80 MW needed to supply green hydrogen to the 1000 expected trucks from Hyundai over the coming years
 - Will be first containerized M-series PEM electrolyzer from Nel to be installed in Europe – during second half of 2019
- H2 Energy is working together with various partners to establish a nation-wide network of hydrogen stations and corresponding supply chain in Switzerland, and Hydrospider will own and operate the hydrogen production assets



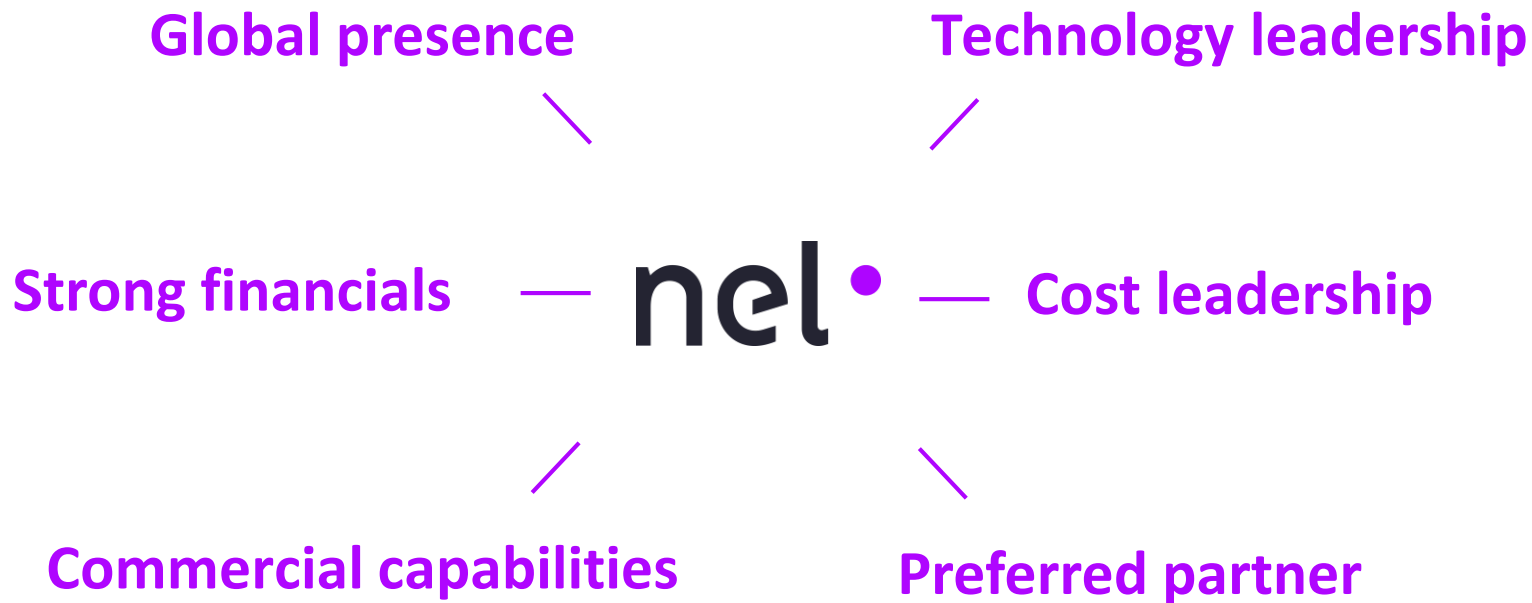
Hyundai fuel cell electric truck, to be deployed in Switzerland

Summary/Outlook

Creating a rapidly growing billion NOK company

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Levering on the arising opportunities within energy storage and hydrogen fueling



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- Ongoing growth initiatives and focus on long term high value orders will have a negative impact on Nel's ability to deliver positive EBITDA in the short term
 - Continuing work on the x10 factory expansion at Notodden to support deliveries to Nikola and other customers
 - Leveraging the fast-growing HDV opportunities, increasing technology development activities
 - Develop next generation electrolyzer technology for industrial applications, such as ammonia, refineries, etc.
 - Continue to explore further market penetration strategies in China
 - Ongoing collaboration on H2Bus Europe for a large-scale hydrogen bus rollout
 - Significant tender activities for larger projects for electrolyzers and H2Stations, continuing to strengthen pipeline

Q&A

Number one by nature