

# Q1 2017

Jon André Løkke  
Chief Executive Officer

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- Q1 highlights and financials
- Segment updates
  - Nel Hydrogen Electrolyser
  - Nel Hydrogen Fueling
  - Nel Hydrogen Solutions
- Market update
- Proton OnSite acquisition
- Summary/Outlook
- Appendix: Q1 financials

- Reported revenues in Q1 2017 of NOK 35.7 million, up from NOK 26.0 million in Q1 2016, representing a growth of 37.3 percent
- All-time-high order book of approximately NOK 260 million
- Entered non-binding term-sheet to acquire Proton Energy Systems (“Proton OnSite”), creating world’s largest electrolyser company with a global footprint
  - Final agreement signed after closing of the quarter
- Completed successful placement of NOK 176.7 million in gross proceeds at NOK 2.72/share, contributing to a cash position of NOK 368.3 million at the end of the quarter
- Awarded frame contract for multiple hydrogen fueling stations in California by Royal Dutch Shell Plc, first purchase order received with value in excess of NOK 140 million

- Awarded contract by Icelandic Hydrogen for three H2Station® hydrogen fueling stations and NEL C-Series electrolyser, with value of more than EUR 4 million
- Entered into agreement with SunPower to build and operate the first solar-driven hydrogen production plant in the U.S
- Entered into Letter of Intent (LoI) with Hexagon Composites ASA and PowerCell Sweden AB to establish a joint venture (JV) for development of integrated hydrogen projects
  - Final agreement signed after closing of the quarter

## Subsequent events:

- Received purchase order from Uno-X Hydrogen for additional H2Station® in Bergen
- Final Proton agreement
- Final JV agreement with Hexagon and PowerCell

# Solid backlog for 2017

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- Orders received March end 2017: NOK >190 million
- Main order announcements to date:
  - Iceland EUR >4 million
  - Royal Dutch Shell Plc (California) NOK >140 million
  - H2 Frontier Inc. USD >1 million
  - Service/replacement/maintenance orders
- **Current order backlog NOK ~260 million**
  - Backlog does not include Proton Onsite



*Shell and BMW design  
works newly developed  
hydrogen dispenser*

# Key figures

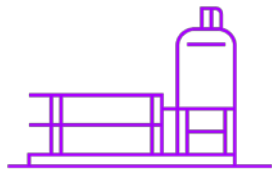
Nel ASA Q1 2017

(NOK million)	2017 Q1	2016 Q1	2016
Operating revenue	35.7	26.0	114.5
Total operating costs	51.3	36.1	169.8
EBITDA	-13.0	-7.6	-44.9
EBIT	-15.6	-10.1	-55.3
Pre-tax profit	-16.2	-10.1	-62.6
Net profit	-15.6	-9.7	-55.8
Net cash flow from operating activities	-14.0	-21.3	-34.2
Cash balance at end of period	368.3	289.0	225.5

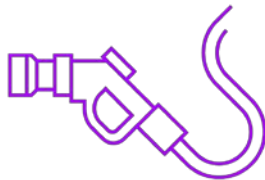
- Revenue growth of 37.3% compared to same period last year
  - Positive EBITDA contribution from Nel Electrolysers
- Operating earnings negatively impacted by ramp-up cost, non-cash option commitments, other Proton transaction related costs

# Segment updates

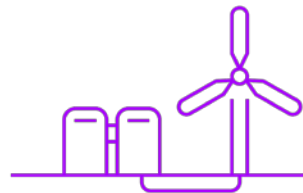
- Pure-play hydrogen company listed on the Oslo Stock Exchange – facilities in Norway and Denmark
- Three divisions offering hydrogen technology and solutions for industrial and energy applications
- More than 850 hydrogen solutions delivered in 60 countries world wide since 1927
- World #1 on hydrogen electrolyzers and hydrogen fueling – unrivalled performance and track-record
- Financially strong company with a world-class experienced management team in place



**Hydrogen Electrolyzers**



**Hydrogen Fueling**



**Hydrogen Solutions**

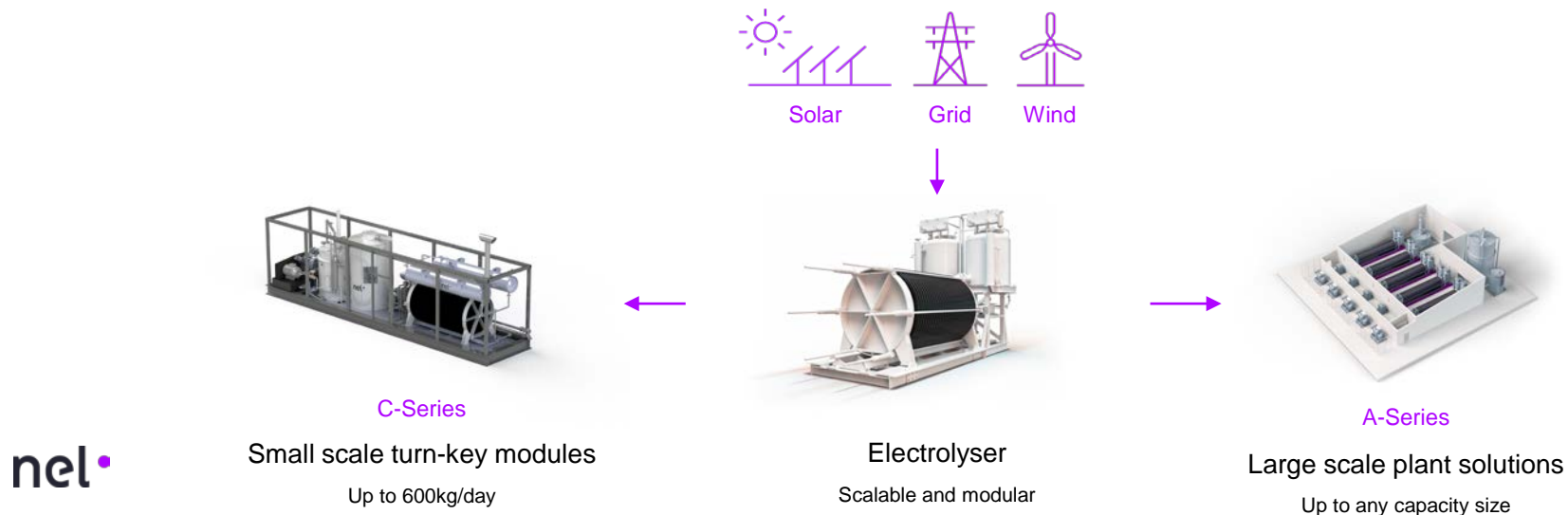


# Nel Hydrogen Electrolyser

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Production and installation of water electrolyzers for hydrogen production

- Global leader in hydrogen production plants - highest uptime, lowest conversion cost, robust/reliable
- More than 850 hydrogen solutions delivered in 60 countries world wide since 1927
- Scalable production capacity for industrial and energy/transport applications – small scale to large scale solutions



# Recent developments

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## Nel Hydrogen Electrolyser

- Ongoing electrolyser project deployments, including initiation of Nel-C electrolyser delivery to Icelandic Hydrogen
- Continued high interest for C-range electrolysers
- Commercialization of the RotoLyzer® electrolyser is progressing as planned, with target of commercial unit of 10Nm<sup>3</sup>/h by 2018 and commercial-scale prototype operational in 2017
- Entered into final agreement to acquire Proton, creating the world's largest hydrogen electrolyser company with a global footprint

Turn-key, both delivering 200 bar output pressure:



### C-150

150 Nm<sup>3</sup>/h (330 kg/day)  
700 kW system



### C-300

300 Nm<sup>3</sup>/h (660 kg/day)  
1.4 MW system

# Nel Hydrogen Fueling

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Production of hydrogen fueling stations for cars, buses, trucks, forklifts and other applications

- Global leader within hydrogen fueling solutions for vehicles, first to adapt the newest fueling standards
- Delivered more than 30 stations in 8 countries across Europe since 2003
- Highest reported availability and innovative, in-house developed technologies



High capacity, smallest footprint

200 kg/day, 10m<sup>2</sup>



Flexible installation, smallest footprint

50 m from station, 1/3 size of normal dispenser



Largest manufacturing facility

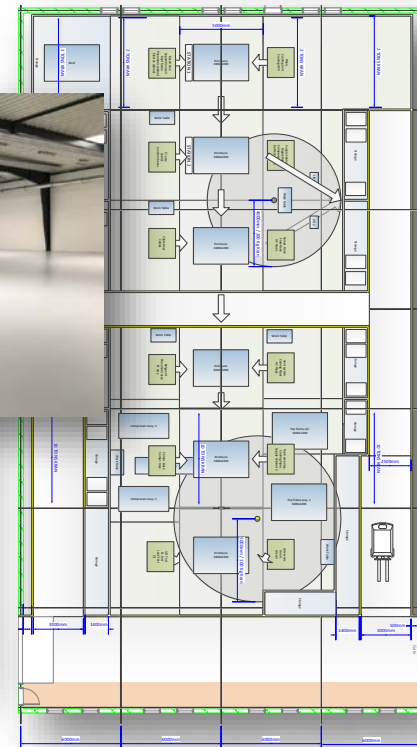
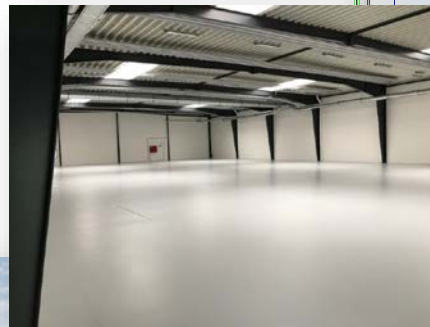
300 station per year capacity

# Recent developments

## Nel Hydrogen Fueling

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- Development of Herning facility continues on budget & schedule
  - Investments related to plant takeover/rebuild/ construction amounts to NOK 85 million, start of production in Q3'17
  - Name-plate production capacity of ~300 stations/year
  - Just started installing production equipment



# All new multipurpose H2Station®

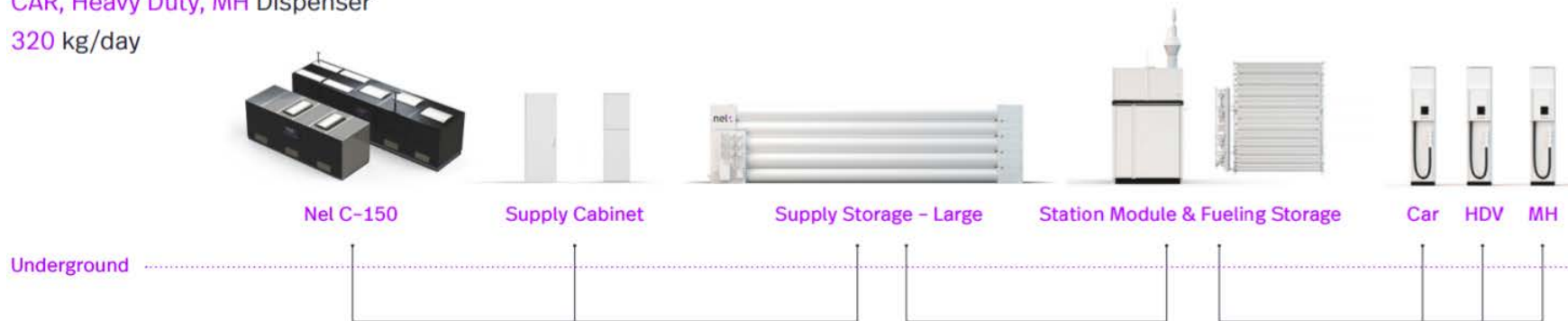
Nel Hydrogen Fueling

Nel ASA Q1 2017

## H2Station®

CAR, Heavy Duty, MH Dispenser

320 kg/day



- Modular, flexible and scalable fueling solution that can operate up to three dispensers and can fuel cars, busses, heavy duty trucks and forklifts
  - Can deliver both 700 and 350 bar pressure at multiple dispensers

# Nel Hydrogen Solutions

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Established to utilize market opportunities across the Nel group and offers complete solutions to customers

- Unified delivery of complex renewable hydrogen solutions, efficient system integration, project development and sales across segments
- Only provider of integrated solutions along the entire value chain:

## 1. Fueling Networks

- Develop entire fueling networks, incl. renewable hydrogen production
- Service and maintenance
- Network monitoring services

## 2. Renewable Hydrogen & Storage Solutions

- Renewable hydrogen
- Production based hydro, wind or solar
- Large, medium or small scale
- Storage solutions and “constant” renewable supply



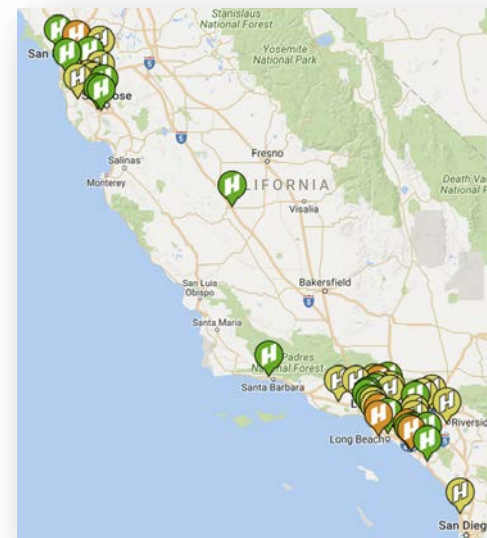
# Agreement with Royal Dutch Shell Plc.

Nel Hydrogen Solutions

Nel ASA Q1 2017

- Entered exclusive framework contract with Shell in partnership with Toyota Motor Corp. for supply, construction and maintenance of hydrogen fueling stations
  - Total value depends on no. H2Stations® and scope of equipment and services
  - First purchase order received after closing of quarter, with value in excess of NOK 140 million
  - H2Stations® to be shipped in 2017 and 2018
- California Energy Commission contributing 16.4 MUSD in grants towards 7 locations in San Francisco area, Shell/Toyota will contribute the remaining

## Map of current hydrogen stations in CA



Green = open  
Yellow = under construction

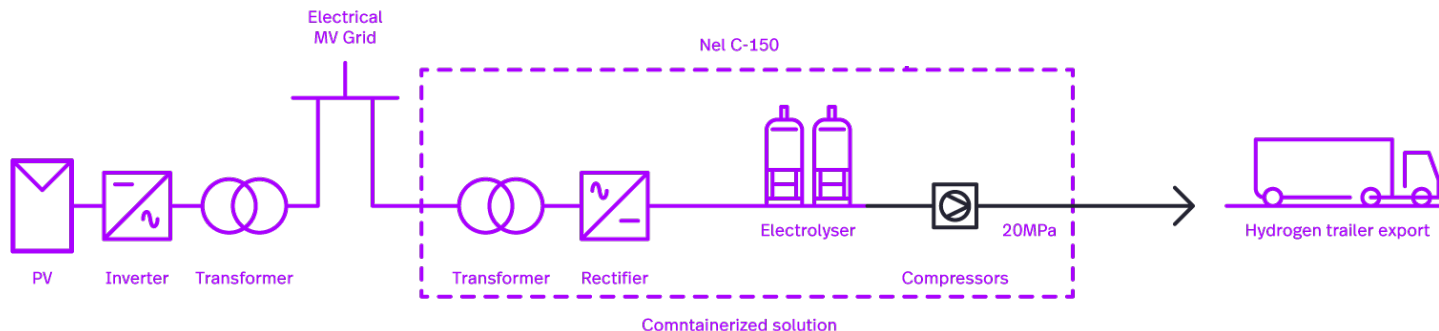
Source: California Fuel Cell Partnership

# Partnership with SunPower Corp.

Nel Hydrogen Solutions

Nel ASA Q1 2017

- Framework agreement with SunPower to construct and operate renewable hydrogen production tied directly to solar.
  - First project of its kind in the U.S., located in California
- Will serve the local market with 100% TRUE renewable hydrogen, target H2'17
  - Plant can produce up to 120 metric tons per year
  - Target to market the renewable hydrogen at the plant for \$3-5/Kg
- Experience gained will allow for deployment of significantly larger plants going forward





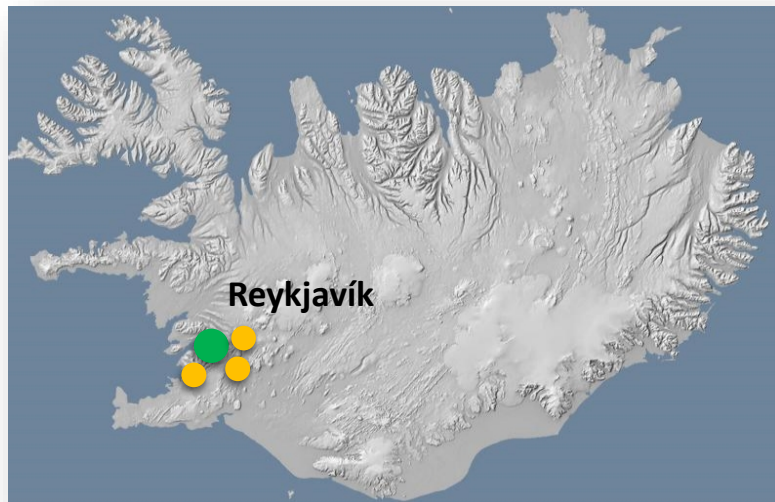
# Electrolyser and 3 stations to Iceland

Nel Hydrogen Solutions

Nel ASA Q1 2017

- Awarded contract by Icelandic Hydrogen for three H2Station® hydrogen fueling stations and one Nel C-series electrolyser
- Icelandic Hydrogen is the customer, JV between Nel and oil retail company Skeljungur
  - Skeljungur 90% and Nel owns 10%
- Target to deliver first fueling station and electrolyser towards end of 2017, installations to take place during 2018
- Aim to expand the network along with FCEV deployments, total contract value EUR >4 million

## Initial hydrogen network in Iceland



- Central production
- Hydrogen station



# Entered LoI creating Scandinavian Powerhouse on Hydrogen

Nel ASA Q1 2017

Nel Hydrogen Solutions

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The hydrogen specialists in Scandinavia join forces to create a JV, taking advantage of each party's respective technologies and competencies to develop world-class, integrated hydrogen solutions



**Leading company on hydrogen  
production and fueling technologies**



**Leading company on composite  
hydrogen storage solutions**



**Leading company on fuel cell  
technology**

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- Strategically important cooperation, working with global market leaders with specialized technology and competencies
- One-stop-shop for world-class hydrogen solutions tailored for selected emerging, high growth hydrogen energy markets
- Final JV agreement signed after the closing of the first quarter end

# General market update

# Industry getting serious about hydrogen: pledges USD 10.7 bn investment

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General market update



*“...hydrogen emerges among the key solutions for the energy transition, in the mobility as well as in the power, industrial and residential sectors...”*

**Benoît Potier**

Co-chair Hydrogen Council  
CEO Air Liquide

# Record range and low cost achieved

General market update

Nel ASA Q1 2017

- Hyundai recently launched next generation FCEV
- Range of >800 km
- Second generation FCEV from Hyundai will receive fourth generation fuel cell tech.:
  - ~20% lighter fuel cell
  - ~10 % more efficient
  - ~30% higher effect density
  - ~65% Fuel Cell efficiency
- Commercial launch in 2018, second generation Hyundai FCEV



*Hyundai 2018 model concept FCEV: **>800 km range***

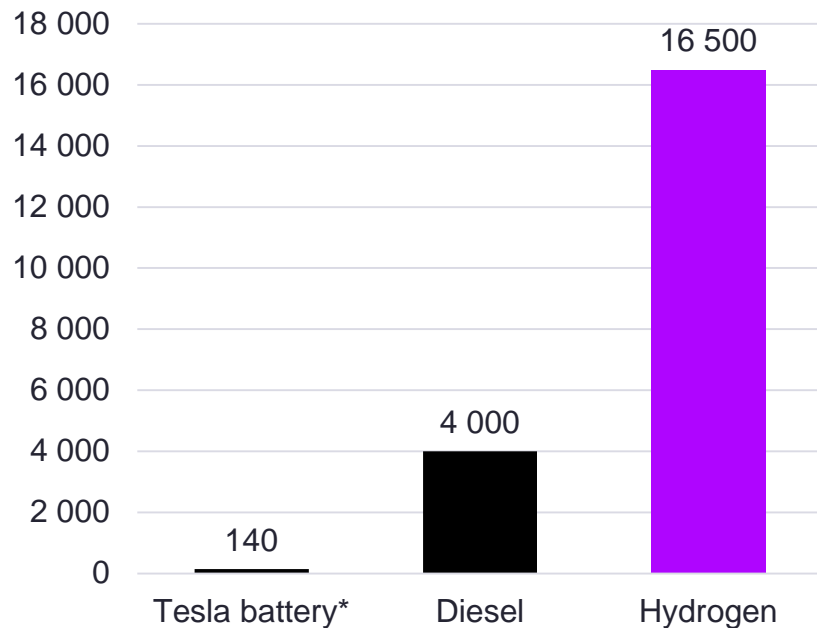
# Energy density matters

General market update

Nel ASA Q1 2017

- With 1000 kg of a given energy carrier, how much useful energy can be recovered?
  - Battery: <140 kWh
  - Diesel: ~4 000 kWh
  - Hydrogen: >16 500 kWh
- High energy density makes hydrogen relevant in all forms of transportation
  - The longer the distance and the heavier the load, the more relevant hydrogen becomes

## Useful energy per 1000 kg (in kWh)



*\* For marine applications, batteries tends to have ½ the kWh capacity compared to cars due to stricter durability requirements (i.e. ~60 kWh)*

# Nikola One unveiled, Nikola Two announced

General market update

Nel ASA Q1 2017

## Class 8 hydrogen truck unveiled December 1st 2016

- Up to 1,900 km range
- 100 kg onboard hydrogen storage & 320 kWh battery
- Close to 10 000 truck reservations received
- Norwegian orders:
  - Tine, Tenden Transport, VT Gruppen, Per E. Kristiansen
- Intends to build a network of 364 stations across the U.S. and Canada, and provide renewable hydrogen at \$3.5/kg

### Nikola One



### Nikola Two





# Other recent hydrogen heavy-duty truck initiatives

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General market update



**TOYOTA'S STILL SERIOUS ABOUT  
HYDROGEN—IT BUILT A SEMI  
TO PROVE IT**



# Nel acquires Proton OnSite

# Nel + Proton OnSite: Creating the world's largest electrolyser company

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- Have signed the final share purchase agreement to acquire U.S.-based hydrogen technology company, Proton OnSite and successfully closed private placement - target to close in Q2'17
- Settlement to be done through a 20 MUSD cash payment and a fixed number of Nel share with lockup for 12 and 24 months after closing
- Nel will be able to offer any type of electrolyser in the market
- **Combined pro forma FY 2016 revenues of NOK ~345 million (vs Nel 2016 revenue of NOK 114 million)**

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ALKALINE ATMOSPHERIC



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ALKALINE PRESSURIZED



 **PROTON**  
ON SITE

PEM



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Nel will become the **world's largest** producer of electrolyzers with a global outreach

Nel will get **strong foothold in the U.S. hydrogen market** accelerating Nel's growth ambitions

Complementing Nel's current business with **several areas of synergies**

Nel will **cover relevant sizes and technologies** in the rapidly growing worldwide hydrogen market

Nel will **more than double its revenue** and be a player with industry leading scale

**Strong cultural fit** combining two organizations with stellar track-record in the hydrogen industry

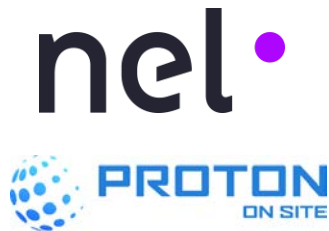
**Optimally positioned to benefit from global opportunities** arising within energy storage and hydrogen fueling



# Two companies with strategic and geographic fit

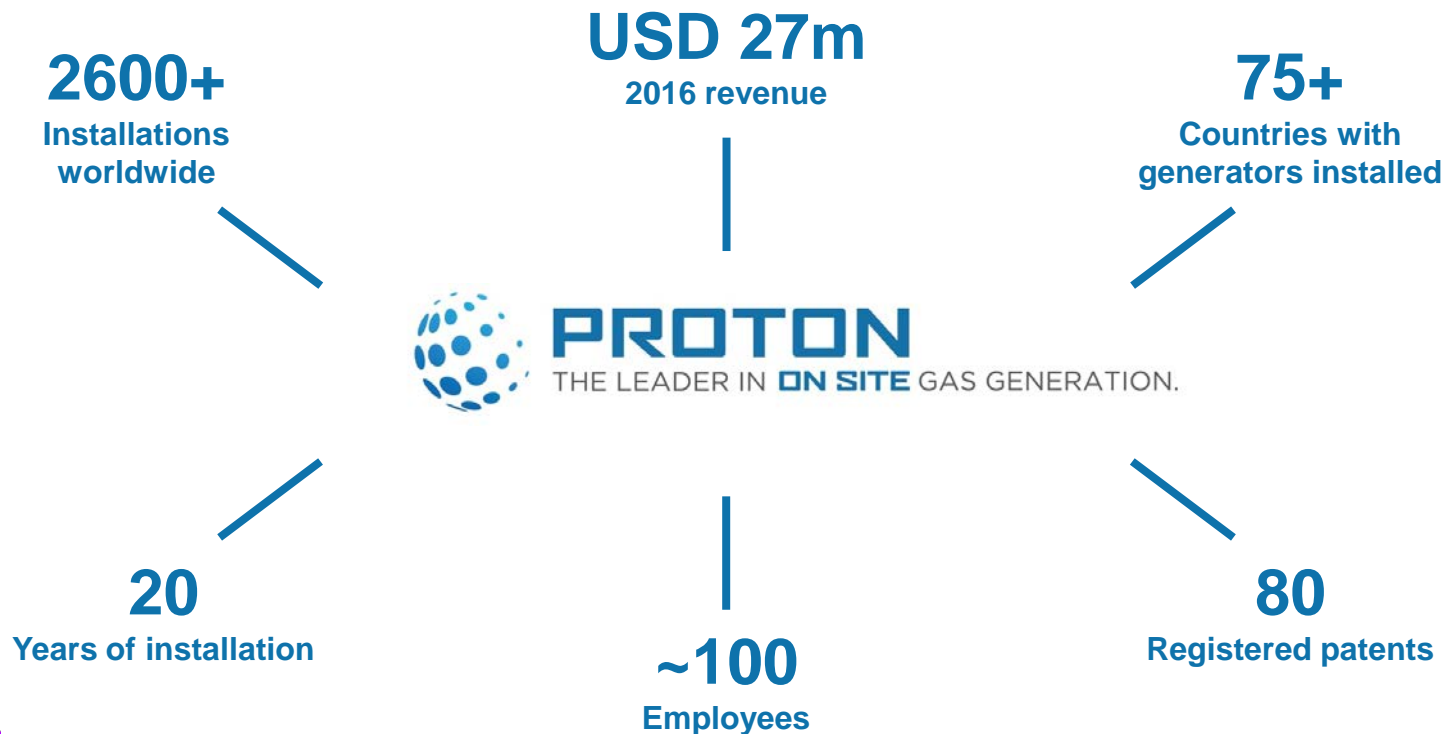
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Several beneficial synergistic areas



- ✓ Complementary sales organisation and market reach
- ✓ Provide strong foothold in the U.S. and new markets
- ✓ Complementary product offering, full range of electrolyser technologies
- ✓ Extending range of product offering (XS, S, M, L, XL, XXL, XXXL)
- ✓ Accelerating technological development
- ✓ Cost reduction through sourcing synergies
- ✓ Financial muscles to support ambitious development roadmap
- ✓ Few areas with overlap both along product and market dimension

# Proton OnSite in brief



# This is Proton OnSite

World leading PEM hydrogen production technology

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- Headquarters in Wallingford, Connecticut, U.S.
- World leader in Proton Exchange Membrane (PEM) hydrogen production technology
- Established in 1996, spin out of United Technologies Aerospace Systems (formerly Hamilton Sundstrand Division)
- 20 year track record of commercial success in industrial markets
- Fully developed product offering, recently announced the world's largest megawatt PEM electrolyser deal



**1 MW PEM electrolyser (containerised solution)**



# Proton OnSite key capabilities

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Complete product manufacturing & testing



Containerization and hydrogen storage solutions



Turnkey product installation



World-wide sales and service



PEM cell stacks



Complete systems



Storage solutions



Power plants



Heat treating



Semiconductors



Laboratories



Government

## H-Series



Net production rate: 2-6 Nm<sup>3</sup>/hr

## C-Series



Net production rate: 10-30 Nm<sup>3</sup>/hr

## M Series

### 1 MW Process Skid



Net production rate: 100-200 Nm<sup>3</sup>/hr

### 2 MW Process Skid



Net production rate: 300-400+ Nm<sup>3</sup>/h

## S-Series



Net production rate: 0.53-1.05 Nm<sup>3</sup>/hr

## Lab Gas Generators

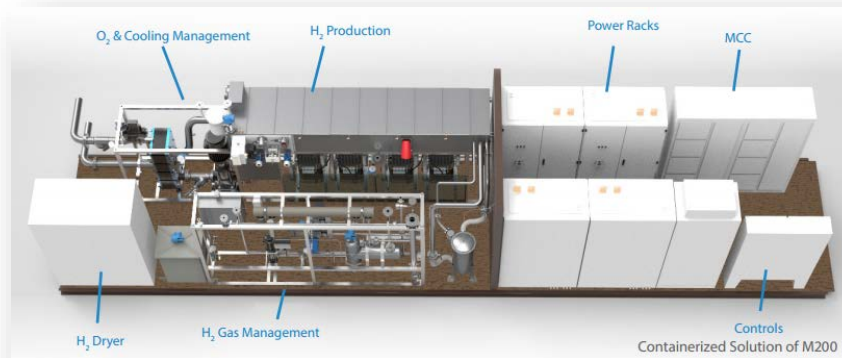


- Wide range of products sold to ~75 countries
- Customers range from industrial companies to laboratory institutes
- Also offers services, incl. installation training, service and maintenance
- More than 1 billion hours worth of operating experience on PEM

# The PEM megawatt (MW) electrolyser

Announced the world's largest megawatt PEM deal

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Key fact sheet	M Series
Net production rate (Nm <sup>3</sup> /hr)	100 – 400+
Purity	99.9995%
Output Pressure	15 barg (218 psig) / 30 barg (435 psig)
<b>Key features:</b>	0-100% variable output, > 99% availability
	Cold start less than 5 minutes
	Full ramp up/ramp down in seconds
	Indoor or outdoor options
	Instantaneous response to variable requirements
	Sense demand and automatically adjust production accordingly

- Announced the world's largest megawatt PEM electrolyser deal in December 2016, three systems to be delivered in 2017, possibilities for additional ten systems over next 18 months – total deal value for the 13 units in excess of USD 20m
- Growing market, opportunities for additional systems to be sold in different markets
- Several near-term opportunities for order wins

# Proton OnSite target markets

**Energy Storage**



**Hydrogen Fueling**



**Industrials**



**Laboratory**



- Renewable energy being installed at increasing rates, driven by growing demand for power and the need to reduce CO2 emissions
- However, intermittent power disruptions are common when dealing with renewable resources
- Storing excess power generated by renewable resources at times of low demand and distributing the power in periods of heightened demand
- As an energy carrier, hydrogen enables daily to seasonal storage
- PEM electrolysis has response time of a battery and the storage capacity of pumped hydro

## Value proposition

✓	Safe
✓	Cost-effective
✓	Reliable
✓	Space saving
✓	Convenient

## Related Proton OnSite products



H2 / H4 / H6



C10 / C20 / C30



M Series

# Hydrogen Fueling

- Fueling infrastructure grows at rapid pace, also demand for hydrogen production
- Converting energy from renewable sources into hydrogen via PEM enables green, carbon-free, hydrogen

## Project examples:

- Supported by the Department of Energy and the National Renewable Energy Laboratory, installed hydrogen production for the National Park Service
- Delivered equip. integrated into hydrogen fueling station in the Washington DC area
- Delivered equip. integrated into Shell hydrogen station in Germany and COOP in Switzerland

## Value proposition

✓	Reliable
✓	Green
✓	Safe
✓	Reduces carbon footprint
✓	Cost-effective

## Related Proton OnSite products



S20/S40



C10 / C20 / C30



M Series

- Hydrogen demanded to satisfy the need of industrial processes is increasing
- PEM saves space and generate hydrogen safely and reliably, easy to permit, install and operate

## Target markets:



Power plant



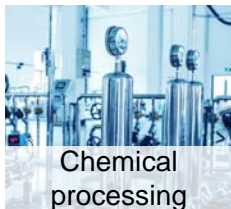
Semiconductor



Meteorology



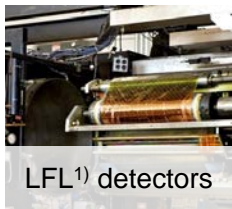
Material processing



Chemical processing



Leak detection



LFL<sup>1)</sup> detectors

## Value proposition

✓	Safe
✓	Cost-effective
✓	Reliable
✓	Space saving
✓	Convenient

## Related Proton OnSite products



H2 / H4 / H6



C10 / C20 / C30



M Series

- Lab professionals seek safe, reliable and simple gas sources
- Proton's hydrogen equipment, nitrogen and zero air generators are easy to install and operate, enabling customers to get the gas they need

## Several application areas



Gas chromatography



LCMS



ICP-MS



Total organic carbon analyzer



Auto sampling



Differential scanning calorimeter



Total hydrocarbon analyzer



Thermal gravimetric analyzer

## Value proposition

✓	Safe
✓	Cost-effective
✓	Reliable
✓	Space saving
✓	Convenient
✓	Broad product capabilities

## Related Proton OnSite products



G200/400/600



G4800



N341M



## Proton OnSite key figures

- 2016 gross profit levels were impacted by a concentration of revenue from lower margin projects, effect not expected to continue into 2017
- Lower margin lab equipment sale to China will be reduced going forward
- 2016 has focused on preparing for the launch of the new Megawatt product
- 2017 will be the first year with financial impact from the Megawatt product
- Megawatt is Proton OnSite's largest focus area going forward, and is expected to comprise a substantial share of the company's growth

(USD million) USGAAP	2016	2015	2014	2013
Operating revenue	27.2	27.8	23.7	21.8
Cost of revenues	21.0	18.6	16.3	14.7
Gross profit	6.1	9.2	7.3	7.1
Gross margin (in %)	22.4%	32.9%	31.0%	32.5%

- Orders received to date 2017: USD ~8 million (NOK ~70 million)
- Current order backlog: USD ~16 million (NOK ~130 million)
- All time high market activities level resulting in accelerated growth throughout 2017

## Key differentiating factors of Proton vs. PEM competitors

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- By far the largest PEM electrolyser producer in the world, 5-10 times larger than the closest competitor
  - Lowest cost position on PEM systems in the industry
- Long track record with more than 1 billion hours aggregated operational experience in the field
- Highly productized portfolio with volume production up and running
  - Experienced operational team
  - Lean manufacturing and quality system integrated into production
- Full differential pressure PEM electrolyzers, hydrogen at 30 bar and atmospheric oxygen side simplifies design and reduces cost as well as improves safety
  - Robust technology roadmap to increase capacity and reduce cost going forward
  - More than 80 patents
- Global sales team with agents/distributors up and running

# Creating world's largest hydrogen electrolyser company with a global footprint

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## Transaction roadmap

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- Transaction expected to close in Q2 2017
- The plan for integration, synergies and business development, along with the new management team and company structure, will be presented at the Q2 2017 presentation

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# Summary/Outlook

## Nel Hydrogen Electrolyser

- All time high level of sales leads, both in traditional and new markets
- Strong interest for containerized turn-key solution and increasingly for very large production plants

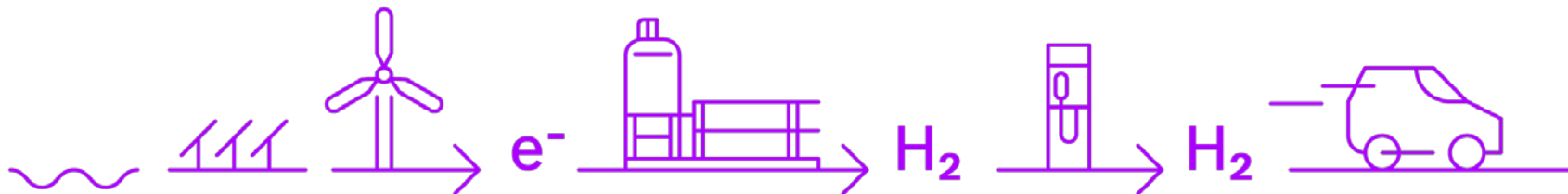
## Nel Hydrogen Fueling

- New Herning facility developing as planned, start of production expected in Q3'17
- Our new multipurpose H2Station® with three dispensers is increasingly attractive and improves the business case for our customers

## Nel Hydrogen Solutions

- Well-positioned for Californian market, both related to fueling stations and renewable hydrogen production
- Contract with Shell/Toyota (among others) and developing the first renewable hydrogen production plant with SunPower Corp.
- Leveraging on JV with Hexagon and PowerCell Sweden for development of integrated hydrogen projects

1. Strong financial and strategic position, successful completed private placement (NOK >170 million) at 2.72 NOK/share
2. Acquisition of Proton makes Nel the world's largest electrolyser manufacturer with a complete range of products in all relevant markets, on a pro forma basis, the combined FY revenues 2016 would be NOK ~345 million
3. All time high order backlog of NOK ~260 million at the end of the first quarter 2017, inclusive Proton the combined order backlog would be NOK ~400 million
4. The exceptional energy density makes hydrogen relevant in more and more markets - within transportation, hydrogen will not only be relevant in cars, but increasingly in busses, trucks, ferries and ships



# Q&A

## Appendix: Profit and loss

Nel ASA Q1 2017

(NOK million)	2017 Q1	2016 Q1	2016
Operating revenue	35.7	26.0	114.5
Operating costs	51.3	36.1	169.8
EBITDA	-13.0	-7.6	-44.9
EBIT	-15.6	-10.1	-55.3
Pre-tax profit	-16.2	-10.1	-62.6
Net profit	-15.6	-9.7	-55.8
Total comprehensive income	-15.0	-15.9	-75.4



## Appendix: Balance sheet

Nel ASA Q1 2017

(NOK million)	2017 Q1	2016
Fixed assets	470.3	462.9
Current assets	463.4	300.0
-of which is cash and cash equivalents	368.3	225.5
Equity	831.2	671.2
Long term liabilities	9.0	12.6
Short term liabilities	80.4	65.6
Total balance	933.7	762.9
Equity ratio (%)	89%	88%

## Appendix: Cash flow

Nel ASA Q1 2017

(NOK million)	2017 Q1	2016
Pre-tax profit (loss)	-15.6	-10.1
Net cash from operations	-14.0	-21.3
Net cash from investments	-11.4	-2.9
Net cash from financing	168.3	0.1
Net change in cash and cash equivalents	142.9	-24.1
Cash at end of period	368.3	289.0

Number one by nature