

Q1 2018

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- **Q1 highlights**
- **Fuel Cell Electric Bus (FCEB) opportunity**
- **Nel in brief & segment updates**
 - Nel Hydrogen Electrolyser
 - Nel Hydrogen Fueling
 - Nel Hydrogen Solutions
- **HYON update**
- **Summary/Outlook**
- **Appendix: Q1 financials**

Financial results and financing

- Revenues of 112.5 MNOK in Q1'18, up from 35.7 MNOK in Q1'17, mainly following the acquisition of Proton Energy Systems Inc. (Proton OnSite) as per 30 June 2017
- Growth in Q1'18 of 45% on a like-for-like proforma basis, incl. Proton OnSite
- Underlying organic growth in Q1'18 of ~57%, excl. Proton OnSite
- Order backlog of approximately 410 MNOK
- Cash-balance of 250.8 MNOK (Q1 2017: 142.9 MNOK)

Operations and sales

- Received additional purchase order of 5.5 MUS\$ from Nikola, as part of previously announced exclusive partnership agreement
- H2Station® achieved the world's first UL system certification of a hydrogen fuel dispensing system
- Entered into a contract for a H2Station® fueling solution for SSAB EMEA AB (SSAB) in Sweden
- Purchased a new production facility in Notodden
- Halted further work on agreement with H2V PRODUCT after H2V having made limited progress and was unable to secure project financing

Financial highlights

Nel ASA Q1 2018

(NOK million)	2018 Q1 Adj*	2018 Q1	2017 Q1	2017 Q1-Q4	2016 Q1-Q4
Operating revenue	112.5	112.5	35.7	298.4	114.5
Total operating costs	144.3	144.3	51.3	415.6	169.8
EBITDA	-5.5*	-15.8	-13.0	-81.2	-44.9
EBIT	-21.6	-31.9	-15.6	-117.2	-55.3
Pre-tax loss	-22.6	-32.9	-16.2	-124.4	-62.6
Net loss	-19.8	-30.1	-15.6	-52.4	-55.8
Net cash flow from operating activities	-37.9	-37.9	-14.0	-113.0	-34.2
Cash balance at end of period	250.8	250.8	368.3	295.0	225.5

* EBITDA negatively impacted in Q1'18:

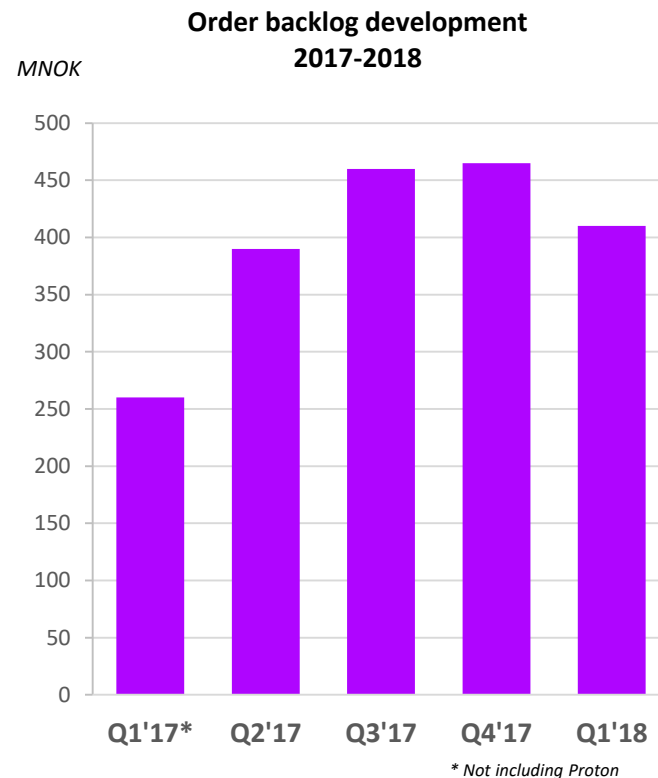
- Ramp-up costs and non-recurring items of 7.1 MNOK
 - Business development Asia, legal cost, new factory Herning, Denmark
- Non-cash share option costs of 3.2 MNOK

Solid backlog

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Q1 Highlights

- Orders received in Q1 ended at ~70 MNOK
 - Only includes firm PO's with agreed price/volume/Terms & Conditions
- Current order backlog ~410 MNOK
- Contributions to backlog in Q1'18:
 - A number of orders normally not announced, like service & maintenance, lab equipment as well as electrolyzer aftermarket sales



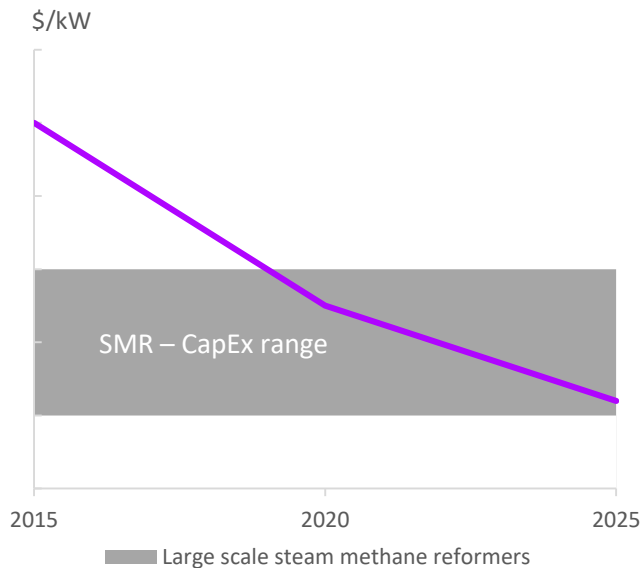
Fuel Cell Electric Bus (FCEB) opportunity

Renewable hydrogen from electrolysis becoming more and more competitive

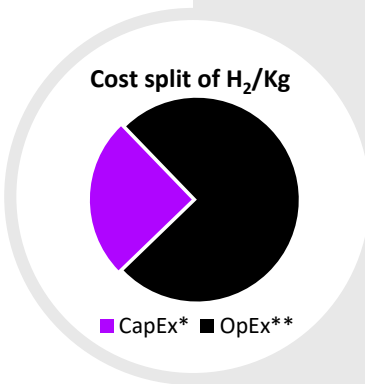
Nel ASA Q1 2018

General market update

CapEx: Electrolyzers from Nel - becoming competitive with SMR



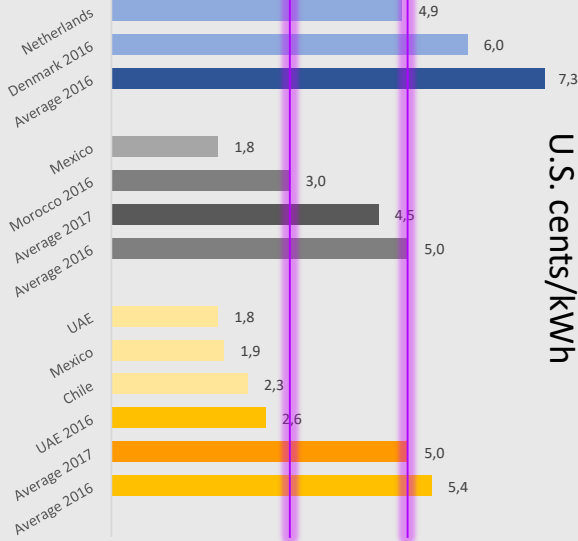
OpEx: Renewable energy already enables fossil parity for hydrogen



Offshore wind

Onshore wind

Solar PV



FOSSIL PARITY: INDUSTRY

FOSSIL PARITY: FUEL

Source: Pareto Securities, Lazard
EUR/USD: 1:1.2

How Fuel Cell Electric Buses can outcompete diesel (fossil fuels)

Nel ASA Q1 2018

General market update

Fossil parity for hydrogen electric buses are:

Renewable hydrogen bus solution competitive with diesel busses on cost of ownership basis

- Renewable hydrogen at the pump at **50 NOK/kg equals diesel price of ~9 NOK/liter** excl. VAT
- No cost assigned to harmful fossil emissions like: CO₂, SO₂, NO_x, CO, HC, PM
- Lower noise emissions
- Cleans city air (filters ~1,500 Nm³ of air per day)

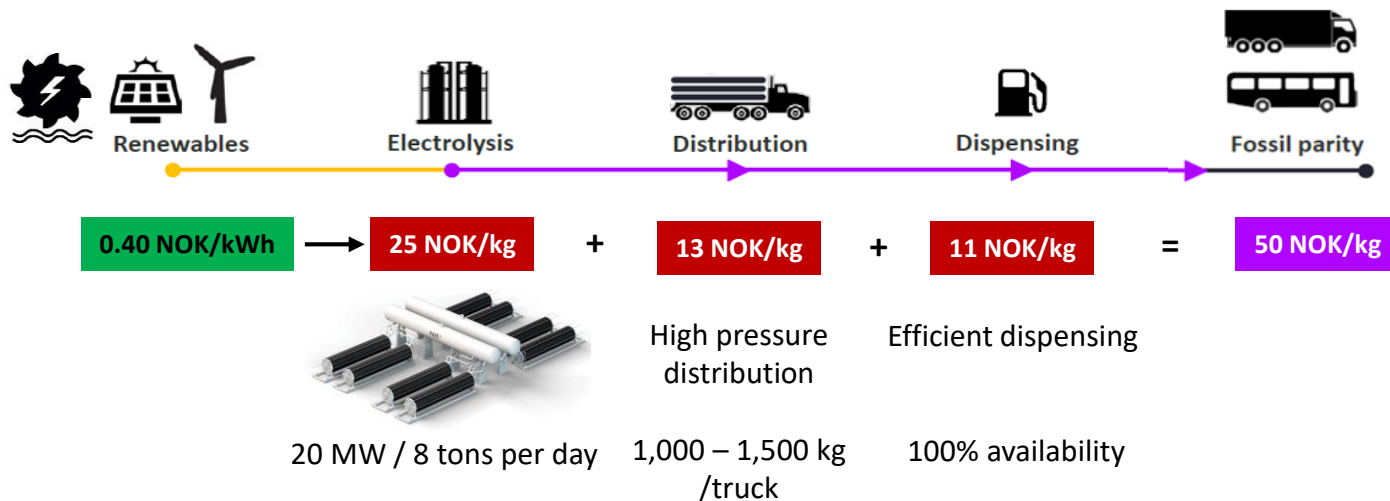


How to reach fossil parity with Fuel Cell Electric Buses

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General market update

- Semi-centralized hydrogen production, use low cost renewable energy
- Centralized vs. onsite depends on power availability/pricing in the specific market and distribution cost/distance



Hydrogen supply from central production

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General market update

Central large scale production, distribution and fueling services

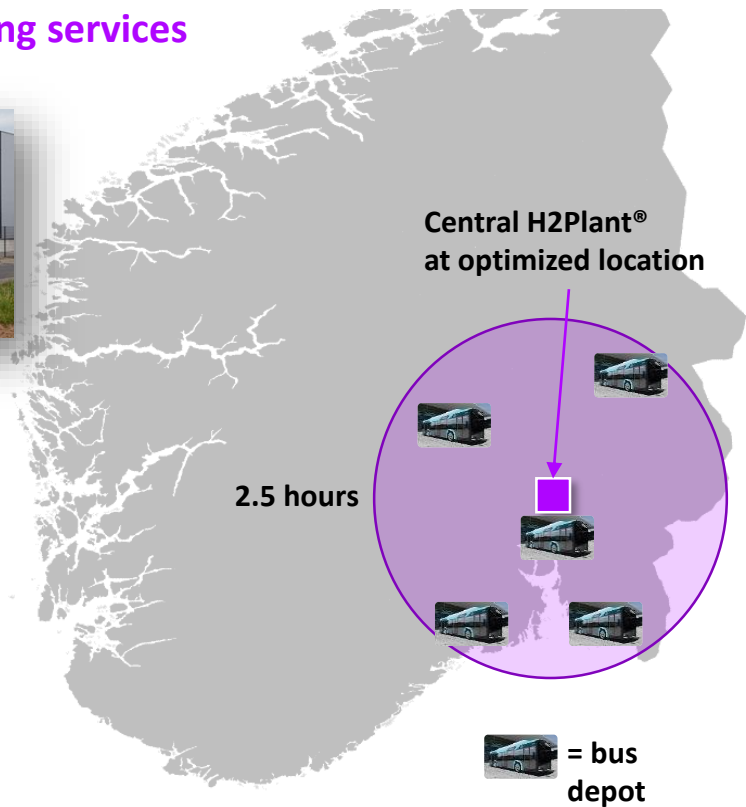
Efficient Hydrogen distribution:

- 1,500 kg pr. truck
- Container swap or dump-off



Efficient Hydrogen distribution:

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



H2 distribution example – Rosenholm Oslo (operated by Unibus/Ruter)

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General market update



Semi-central large scale hydrogen production (hydro power available at numerous sites)



Trucked-in in pressurized tanks, 700 bar in a 40ft container, 1,500kg of hydrogen



Bus depot at Rosenholm, currently serving 5 buses, operated by Unibuss/Ruter

Example: New fueling solution enables 10x capacity at half price

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General market update



Existing solution from 2012:

- Existing H2 fuelling
- Onsite production
- Up to 250 kg/day, ~10 FC buses
- Footprint: ~350m²
- H2 price: +110 NOK/kg

New proposed solution:

- New H2Station®
- Central production – trucked-in
- Up to 3,000 kg/day, ~150 FC buses
- Footprint: ~200m²
- H2 price: ~50 NOK/kg

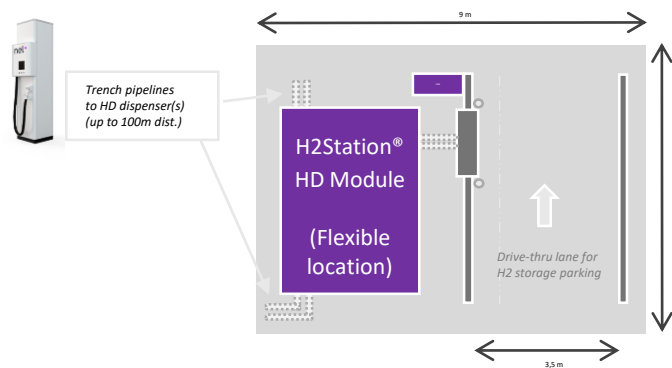
Flexible and scalable configuration

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General market update

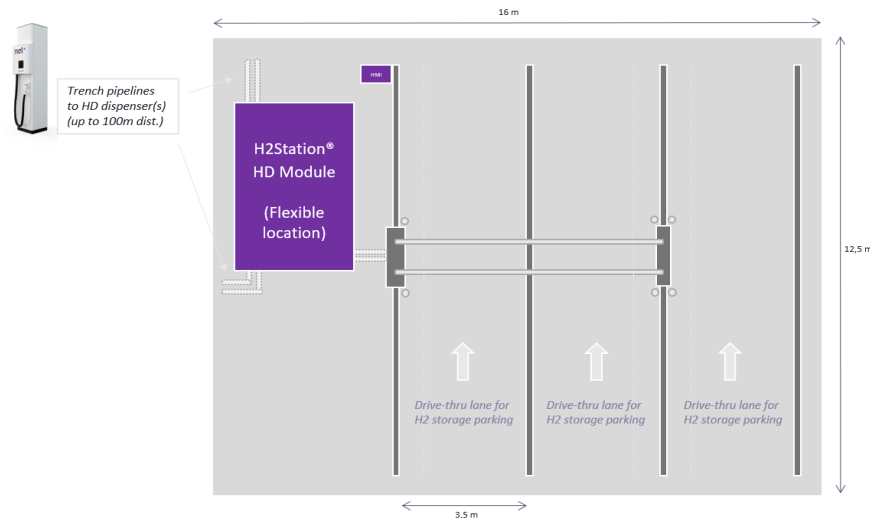
- Operating multiple dispensers to fuel hydrogen buses, swap storage and driver can leave with empty trailer
- Scalable and efficient solution, can also add dispensers for cars and trucks

Small bus station, 700 bar in a 20ft. container



Small station:
Service 30 buses in ~60 m²

Large bus station, 700 bar in a 40ft. container



Large station:
Service up to 150 buses in ~200 m²

Price of Fuel Cell Electric Buses cut by >60%

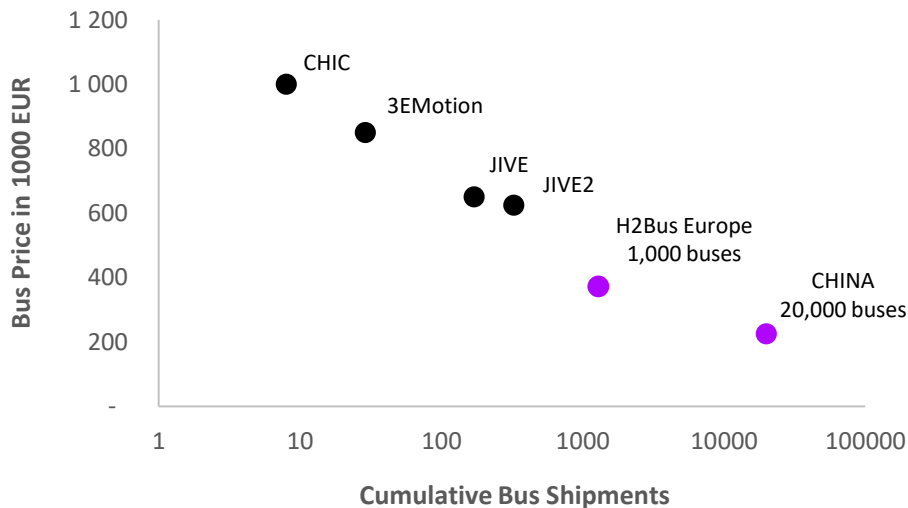
Nel ASA Q1 2018

General market update

CapEx for FC electric bus is lower than battery and close to diesel buses

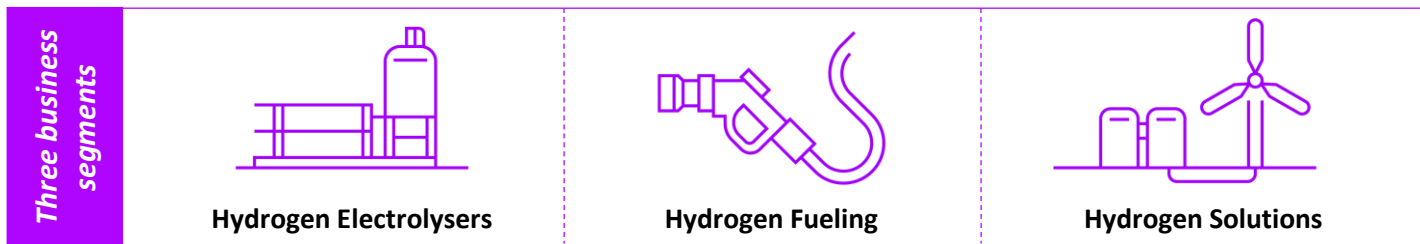
- Price has come down with every new demonstration project
- Next trigger: 1,000 FC electric buses
 - Current Zero emission legislations require 15,000 buses/year
 - Total number of city buses operating in Europe ~350,000 (annual turnover: >25,000)

Experience Curve - Fuel Cell Transit Bus



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 8 countries, delivering to Shell in California in 2018



Purchased adjacent facility at Notodden

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Nel Hydrogen Electrolyser

- Evaluating capacity expansion by developing a fully automated, large-scale production line at Notodden that will reduce costs by more than 30%
- Enables leading cost-position, ability to offer renewable hydrogen projects competitive with fossil alternatives
- Ideal facility in good condition and with all the necessary utilities intact, easy connect into existing infrastructure



New building includes all the main utility needs like power input, cooling water capacity, ventilation system, etc.

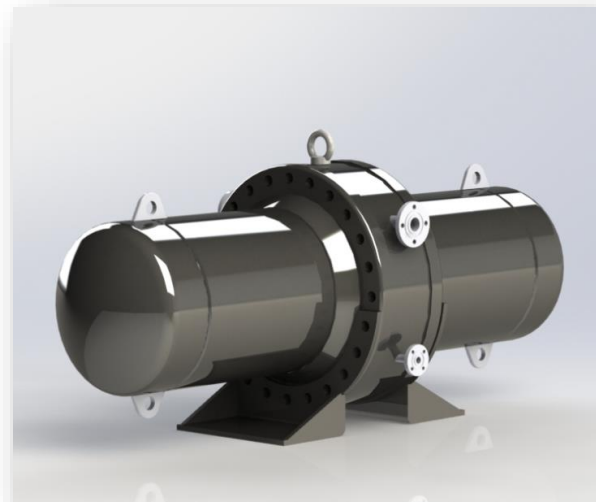
Installed and started up NEW pressurized, alkaline electrolyzer

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Nel Hydrogen Electrolyser

Important step in ensuring longer term product portfolio

- Successfully started up prototype 50 Nm³/h alkaline, pressurized electrolyzer
 - Significantly higher capacity per electrolyser compared to current platform
- More compact, rapid response to intermittent renewable power load, reduces compressor requirements
 - Ideal for large scale renewable ammonia production
- Goal to develop a pressurized electrolyzer with same efficiency as Nel's current world-leading technology
- Research Council of Norway supporting the project with a grant of ~11 MNOK



Awarded contract for hydrogen fueling station by SSAB

Nel ASA Q1 2018

Nel Hydrogen Solutions

H2Station® fueling solution for fueling of very large fork lifts

- Contract with SSAB EMEA AB, Sweden for leasing arrangement of a H2Station®
- Installed at SSABs site in Oxelösund, Sweden, where it will serve large forklift at production facility
- Station delivered during Q1'18
- SSAB has recently launched their HYBRIT concept together with LKAB and Vattenfall, which aims at replacing coal with hydrogen in their steel making process



Fueling and Solutions has moved to their new office in Herning

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Nel Hydrogen Solutions



Path to main entrance



Reception area



*Standardized production
line – 5 steps*

Phase I: Production started up in August 2018

Phase II: Move into completed office space during Q1'18

Key developments in Californian market

Nel Hydrogen Solutions

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- First H2Station® installed in California
 - Shell and SunLine stations to follow
- Working on a number of important RFPs, continuing to position Nel as the preferred hydrogen equipment supplier
 - Incl. electrolyzers for renewable hydrogen production as well as H2Stations® for cars/HDV



First H2Station® installation in California – Burbank, L.A.

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

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Nel Hydrogen Fueling

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 from substantial R&D efforts, high-volume, lean manufacturing, and achieving higher levels of safety and product quality



Accelerating efforts in South Korea following government agreement

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Nel Hydrogen Solutions

- South Korean Government 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
- Agreement includes Nel-Deokyang and other participants from major South Korean corporations, state-run utilities and automakers
- Nel stands ready to accelerate efforts through previously announced JV agreement in South Korea



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

Additional USD 5.5m purchase order from Nikola

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Nel Hydrogen Solutions

- 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



Prepared for later upgrade

Hydrogen storage, compression and dispensing

Anheuser-Busch places order of up to 800 Nikola trucks

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With order from Anheuser-Busch, Nikola Motors has nearly \$9 billion in pre-orders

- Anheuser-Busch (AB) is one of the world's largest brewery companies with 22 breweries in the US, and over 100 brands of beer
- 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
- Evaluating 28 commercial stations with production of 8 – 32 ton/day, from 2019 – 2021



Hyon update

Hyon AS, a one-stop-shop for complete hydrogen energy solutions

Scandinavian powerhouse within hydrogen w/maritime expertise

- Joint venture between Nel ASA, Hexagon Composites ASA and PowerCell Sweden AB
- Utilizes each partner's respective world-leading technologies and competencies to manage and develop projects for effectively integrating and optimize zero-emission power solutions for the customers
- Strong maritime competence in Hyon - adds value through marinization and integration of core products and systems
- The value of leads Hyon currently is working on is ~1300 MNOK

The logo for Hyon AS, featuring the letters H, Y, O, and N in a stylized, black, sans-serif font. The 'Y' is formed by two diagonal lines meeting at a point, and the 'O' is a simple circle.

Maritime applications:

- Offers complete on-board hydrogen systems, incl. tank and fuel cell arrangements
 - Fuel cell solutions up to 50% smaller/lighter and 35-100% higher efficiency vs. traditional maritime gen-sets
- Offers bunkering solutions based on Nel equipment, assuring quick filling time
- **Currently involved in ferry projects, high-speed crafts, cruise vessels, dredgers, work boats, research vessels, commuter boats, cargo vessels**
- Working close with DNVGL and Norwegian Maritime Authority for approvals of solutions developed by Hyon

Onshore applications:

- Developing concepts for energy storage systems based on hydrogen from renewables
- Inquiries for emergency power applications for hospitals, commercial and residential
 - One project will need storage of 6 tons hydrogen, up to 4 MW fuel cells



Photographer Panu Hänninen

The Aranda test vessel

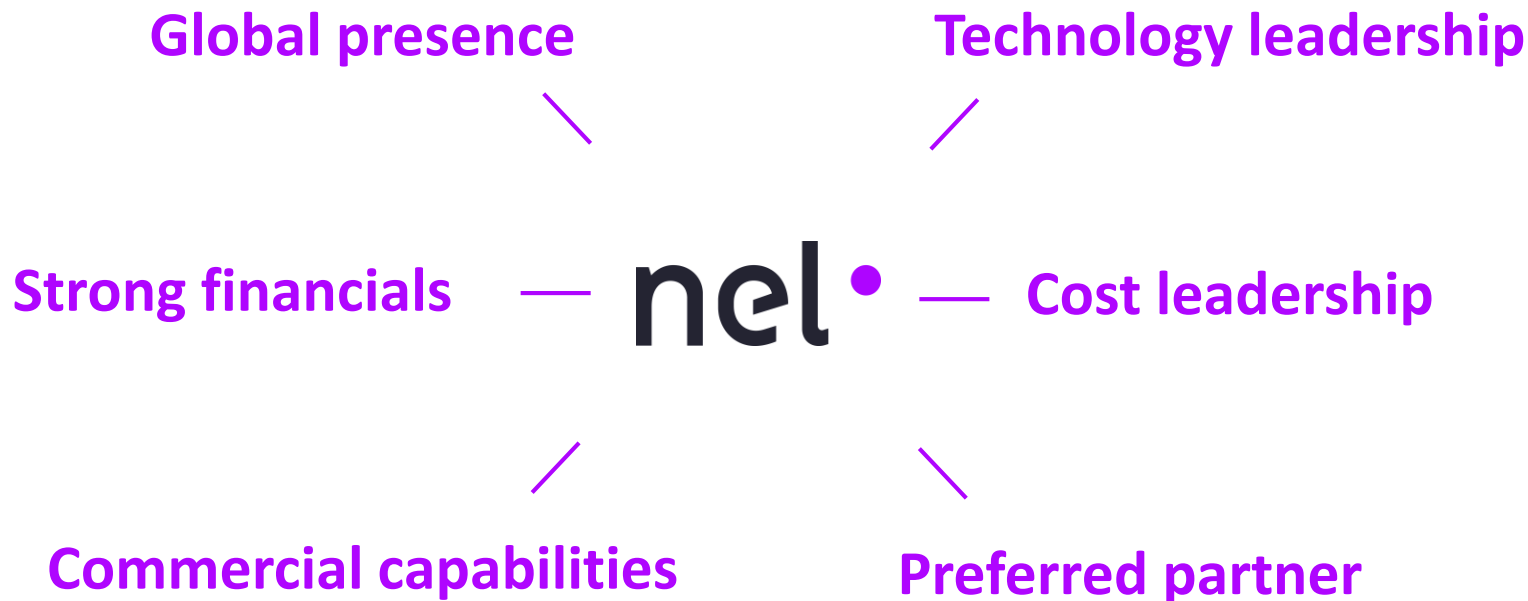
EU lighthouse project Maranda will demonstrate hydrogen and fuel cells in ships from 2018

Summary/Outlook

Creating a rapidly growing billion NOK company

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Levering on the arising opportunities within energy storage and hydrogen fueling



- Nel has an enviable position within the hydrogen industry as a pure play company positioned to play an important role in a fast-growing market. Nel offers the complete range of electrolyzers, as well as state-of-the-art fueling stations for all types of fuel cell electric vehicles, and targets to maintain this unique position within the industry. Further, Nel intends on positioning the company to address the expected growth in our markets.
- Nel aims to capitalize on the emerging opportunities within power-to-X and hydrogen fueling, targeting continued technology leadership, global presence, cost leadership, and preferred-partner status for industry participants.

Key developments in 2018 includes:

- Ongoing activities to implement synergies between Norwegian and U.S. operations
- Continue to evaluate significant expansions at the facility in Notodden to be able to deliver larger volumes and further reduce production costs
- Continue ramp-up of production capacity at the Herning facility
 - Comfortable contract coverage for 2018
- California installation- and service team in place, preparing for installations of Shell-, as well as Sunline- and H2Frontier stations
- Working to secure contracts on H2Stations in South Korea and Europe
- Explore market opportunities in China, and alternative penetration strategies
- Ongoing collaboration on H2Bus Europe for a large-scale hydrogen bus rollout
- Significant tender activities for larger projects for H2Stations®

Q&A

Appendix: Profit and loss

Nel ASA Q1 2018

(NOK million)	2018 Q1	2017 Q1	2017 Q1-Q4
Operating revenue	112.5	35.7	298.4
Operating costs	144.3	51.6	415.6
EBITDA	-15.8	-13.0	-44.9
EBIT	-31.9	-15.9	-117.2
Pre-tax loss	-32.9	-16.1	-124.4
Net loss	-30.1	-15.6	-52.4
Total comprehensive income	-66.3	-15.0	-34.2

Appendix: Balance sheet

Nel ASA Q1 2018

(NOK million)	2018 Q1	2017 Year End
Fixed assets	1,119.7	1,141.4
Current assets	530.4	584.3
-of which is cash and cash equivalents	250.7	295.0
Equity	1,344.3	1,409.4
Long term liabilities	59.3	34.1
Short term liabilities	184.6	213.9
Total balance	1,650.1	1,725.6
Equity ratio (%)	81.5%	81.7%

Appendix: Cash flow

Nel ASA Q1 2018

(NOK million)	2018 Q1	2017 Q1-Q4
Pre-tax loss	-32.9	-15.6
Net cash from operations	-37.9	-14.0
Net cash from investments	-34.2	-11.4
Net cash from financing	27.9	168.3
Net change in cash and cash equivalents	-44.2	142.9
Cash at end of period	250.7	142.9

Number one by nature