

# Q4 2019

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4. Key Nel developments
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## Financial results and financing

- Nel announced a trading update 21 January 2020 with preliminary key financial figures
- Revenues of 176 MNOK in Q4'19, compared to 125 MNOK in Q4'18
  - Highest revenues so far, 41% growth y-o-y
  - In line with company outlook
- All-time high pipeline of tenders and projects across segments
- Order backlog of 513 MNOK at end of Q4'19
  - Up ~46% y-o-y
- Adjusted EBITDA\* of negative 27 MNOK
- Cash balance of 526 MNOK (Q4'18: 350), before January 2020 private placement

## Operations and sales

- PO for H2Station® hydrogen fueling stations
  - Two in Korea, ~3 MEUR
  - Multiple in the Netherlands, ~3 MEUR
  - Two in Europe, ~2 MEUR
  - Hydrogen fueling station solution for taxis in Denmark
- PO for delivery of a 3.5 MW alkaline electrolyser for ENGIE, ~4 MUSD
- Establishes JV to supply green hydrogen to Hyundai trucks in Norway

## Subsequent events

- Nel raised 846 MNOK in gross proceeds in January 2020
- Kjell Christian Bjørnsen appointed CFO effective 1 March 2020
- Filip Smeets appointed new head of Nel's electrolyser activities
- PO for MC200 containerized PEM electrolyser from Trillium

# Financial review

# Financial highlights

Nel ASA Q4 2019

(NOK million)	2019 Q4 Adj*	2019 Q4	2018 Q4	2019 Q3	2019	2018
Operating revenue	175.9	175.9	124.9	148.9	569.7	489.0
Total operating expenses	239.3	239.3	185.6	197.3	824.3	685.1
EBITDA	-26.8	-42.7	-41.9	-28.9	-179.1	-131.6
EBIT	-47.5	-63.4	-60.7	-48.4	-254.6	-196.1
Pre-tax loss	-79.2	-95.1	-55.8	-35.3	-277.2	-197.5
Net loss	-77.2	-93.2	-54.3	-33.4	-269.7	-188.8
Net cash flow from operating activities	-64.1	-64.1	-44.6	-31.2	-207.9	-142.6
Cash balance at end of period**	526.0	526.0	349.7	651.0	526.0	349.7

*\*Non-recurring and ramp-up costs of 15.9 MNOK has been booked in the quarter. Mainly related to ramp-up costs of the activities in South Korea and California, ramp-up activities related to factory expansion at Herøya and certain project execution costs. In addition, non-cash costs related to the group's share option program of 1.9 MNOK was booked in the quarter.*

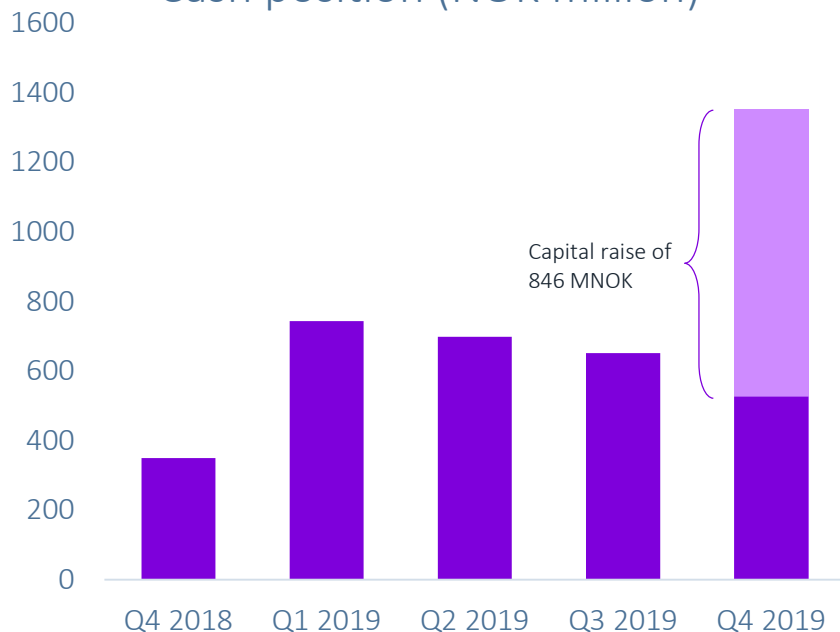
*\*\*Nel raised 846 MNOK in gross proceeds in January 2020*

# Strong cash position of ~ NOK 1.3 billion

Nel ASA Q4 2019

Raised NOK 846 million in gross proceeds in January 2020

## Cash position (NOK million)

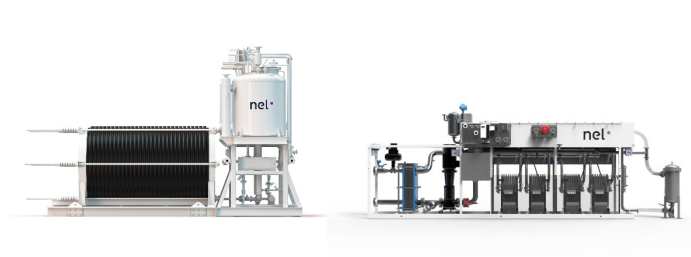


- Nel targets to have a strong financial position to execute on the strategic plans
- January 2020 issue was 2.5x oversubscribed towards international and Norwegian institutional investors
- Proceeds will strengthen market position through accelerated investments in technology and organization to take advantage of the attractive market opportunities
- Planning subsequent offering of 13.5 million shares at NOK 9.50

# Nel in brief



- Pure play hydrogen technology company listed on Oslo Stock Exchange (NEL.OSE) w/~24,000 shareholders
- Manufacturing facilities in Norway, Denmark, and U.S., and a global sales network
- World's largest electrolyser manufacturer, >3 500 units delivered in 80+ countries since 1927
- World leading manufacturer of hydrogen fueling stations, ~50 H2Station® solutions delivered to 9 countries



## ALKALINE AND PEM ELECTROLYSERS

Converting water and electricity to hydrogen and oxygen – for industry, mobility and energy purposes



## COMPACT HYDROGEN FUELING STATIONS

Hydrogen fueling stations capable of fueling any kind of vehicle. World's most compact – simple to integrate with other fuels & standardized

# Strong field know-how & manufacturing capacity

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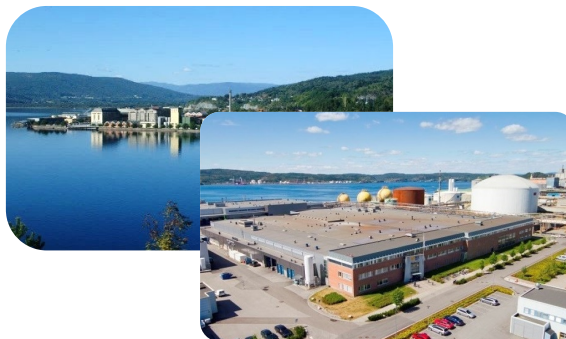
Wallingford, USA

PEM electrolyzers

2 700+ systems delivered

Production capacity:

>40MW/year



Notodden/Herøya, Norway

Alkaline electrolyzers

800+ systems delivered

Production capacity:

40 MW/year

→ 360 MW/year (> 1 GW/year)



Herning, Denmark

Hydrogen refuelling stations

50+ stations delivered

Production capacity:

300 HRS/year

# Key Nel developments

# Received purchase order for multiple H2Station® units

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Key Nel developments

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## Diverse and solid project backlog and pipeline

- OrangeGas, Dutch alternative fuels supplier, will open several stations in the Netherlands, ~3 MEUR
- PO for two H2Station® units in Europe, ~2 MEUR
  - Customer to be announced
- PO for H2Station® hydrogen fueling station solution for taxis in Copenhagen, Denmark
- PO for additional two H2Station® units in Korea, ~2.7 MEUR



Everfuel 

# Summary of H2Station® purchase orders received in 2019 in Korea

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Key Nel developments

## Breakthrough year for hydrogen fueling solutions from Nel in the Korean market

- Nel Korea received the following purchase orders in 2019:
  - 2 H2Station® from Gangwon Technopark (Q1-19, ~2.8 MEUR)
  - 6 H2Station® from KOGAS-Tech (Q2-19, ~8 MEUR)
  - 2 H2Station® from HyNet (Q3-19, ~2.7 MEUR)
  - 2 H2Station® from HyNet (Q4-19, ~2.7 MEUR)
- Nel partner HyNet is a special purpose company for expanding the hydrogen infrastructure in Korea
  - HyNet aims to establish 100 hydrogen stations in Korea by 2022
- National target in Korea of 310 hydrogen stations by 2022



*Nel Korea fully established with local office in Gangnam, Seoul & taking active part in the Korean hydrogen development*

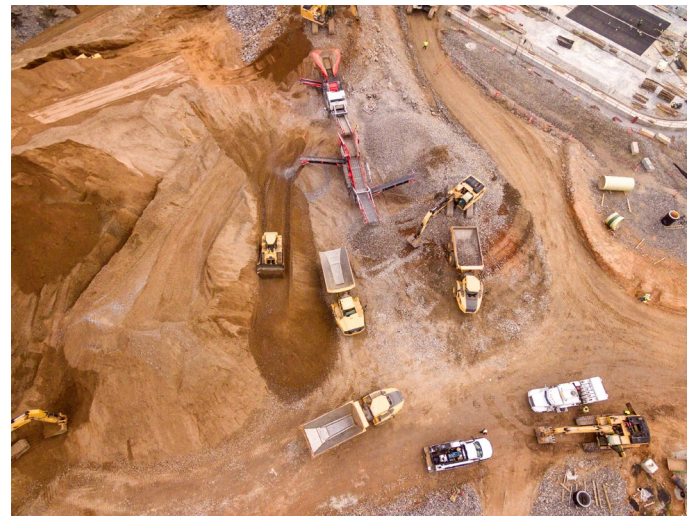
# Contract for delivery of 3.5 MW alkaline electrolyser to ENGIE

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Key Nel developments

## Hydrogen will contribute to reduce carbon footprint of the mining industry

- Nel to deliver a 3.5 MW alkaline electrolyser to utility company ENGIE, aim to become world leader in “zero-carbon transition as a service” for its customers
  - ~4 MUSD contract value
  - ENGIE will provide renewable hydrogen for Anglo American,
  - Anglo American has ambitions to reduce emissions associated with mining dramatically going forward, putting the world's largest fuel cell electric mining haul truck into operation during 2020
- One dumper truck can consume up to 900 kilo of hydrogen per day
- Most of the top 40 mining companies have targeted significant reduction in greenhouse gas emissions\*



Dump trucks. Photo: [Shane McLendon](#) on [Unsplash](#)

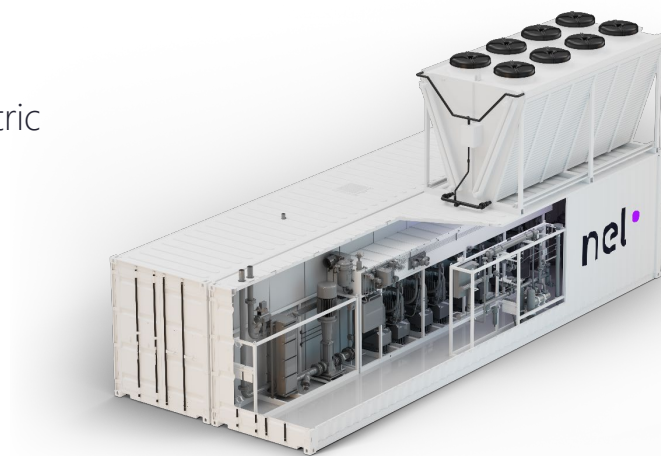
# Received purchase order for a containerized PEM electrolyser in the US

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Key Nel developments

## Delivering a containerized 1 MW PEM electrolyser for buses in Illinois

- Received purchase order for a 1 MW containerized Proton PEM® electrolyser from Trillium Transportation Fuels, LLC
  - Will be used to produce hydrogen for a fleet of 12 fuel cell electric buses in Urbana, Illinois, US
  - ~2.2 MUSD contract value
- Electrolyser scheduled to be delivered late 2020



# Signed strategic collaboration agreement with Kvaerner

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Key Nel developments

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## Projects and standardization for large scale hydrogen production plants

- Kvaerner has extensive experience from large projects all over the world
  - Supports larger projects with increased complexity
  - Contributes with engineering, procurement and construction (EPC) services and project management
    - Potential to utilize Kvaerner's global supply chain for electrolyser balance of plant (BoP) elements
  - Starting with project to standardize large-scale green hydrogen production facilities – key to reduce cost and project risk
    - Initial module of a 20 MW building block, to be expanded to 100 MW & 200 MW modules for large-scale solutions

The Kvaerner logo is displayed in a bold, teal, sans-serif font. The letters are closely spaced, and a small trademark symbol (TM) is located at the top right of the final letter 'R'.



# Industry developments

# Strong tailwind for hydrogen solutions

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## Industry developments

Rapid fall in the cost of renewable energy will eventually drive renewable hydrogen to outcompete natural-gas based hydrogen as electricity accounts for 70-80% of green hydrogen

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STRONG  
MOMENTUM  
WITHIN  
MOBILITY –  
ESPECIALLY  
WITHIN HDV

*Hydrogen as the preferred future fuel alternative – facilitates true zero emission from production to use*

*Electrolysis potential >2,000 GW*

Selected announcements:

Hyundai reveals Heavy-Duty Truck concepts – plan to deliver 1,600 trucks to Switzerland  
Anglo American/Engie to develop Fuel Cell Electric mining trucks

IVECO and Nikola partnering in the European fuel cell Heavy-Duty Truck market



2

ACCELERATED  
FOCUS ON  
INDUSTRIAL  
HYDROGEN  
APPLICATIONS

*Strong adoption of hydrogen application across industries with huge overall potential*

*Electrolysis potential >2,000 GW*

Selected applications:



# Green hydrogen is on top of the agenda

Industry developments

Nel ASA Q4 2019

## Strong attention from several of the world's largest industry- and energy companies

- Large industry- and energy companies have engaged in green hydrogen projects recently
  - Some of the companies own and operate hydrogen solutions, while others also engage in development and manufacturing of electrolyzers and/or hydrogen refueling stations
  - In addition, several EPC companies are also positioning themselves to build green hydrogen production plants
- The activity of Nel's competitors is growing, with selected competitors receiving considerable capital injections from large industrial companies during 2019

Recent investments by gas heavyweights illustrate the increasing emphasis placed on hydrogen as part of the clean energy transition



20% stake in British electrolyser manufacturer ITM Power



10% stake in Swiss green hydrogen producer and supplier Hydrospider



18.6% stake in the capital of the Canadian company Hydrogenics Corporation



Undisclosed stake in FirstElement Fuel, a retail hydrogen station operator

## Europe sees hydrogen in a pivotal role – stepping up efforts

- The European Commission recently presented the European Green Deal, outlining the main policy initiatives for reaching net-zero global warming emissions by 2050
  - Hydrogen is key to reach the objective
- Frans Timmerman, VP European Green Deal, commented on Europe's efforts to achieve its climate goals: «I see a pivotal role for hydrogen»
- Simultaneously, The European Investment Bank has agreed to phase out its multibillion-euro financing for fossil fuels within the next two years to become the world's first "climate bank"



Ursula von der Leyen presenting the European Green Deal. (Photo: Etienne Ansotte/EC - Audiovisual Service)

# ASKO starts operations of hydrogen delivery trucks

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Industry developments

## Hydrogen is key to ASKO's zero emission target

- ASKO has collaborated with vehicle manufacturer Scania and independent research organization SINTEF
- Hydrogen trucks will take groceries from the Trondheim warehouse to NorgesGruppen's local grocery stores
- Up to 500 km range on a single refueling
- In support of ASKO's ambition of achieving zero emissions from its 600+ goods transport vehicles by 2026
- Station with on-site hydrogen production & three-hose refueling of fork-lifts, passenger vehicles and trucks delivered by Nel in 2018



The new hydrogen truck from Scania. (Photo: ASKO)

# World's first liquid hydrogen carrier ship launched

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Industry developments

## Japan taking a leading role on ocean transport of hydrogen

- On December 11<sup>th</sup> Kawasaki Heavy Industries launched "Suiso Frontier", world's first liquid hydrogen carrier
- Capacity of 1250 m<sup>3</sup> LH<sub>2</sub> (~100 tons)
- Will transport liquid hydrogen from Australia to Japan starting early 2021
- Other liquid hydrogen carriers are being developed, among others by Norwegian consortium of Moss Maritime, Wilhelmsen Ship Management, Equinor and DNV-GL
- Supports the Hyper projects where Nel participates together with SINTEF, Equinor and Kawasaki among others



Suiso Frontier on the water outside Kobe. (Photo: Kawasaki Heavy Industries)

# Nikola announces NASDAQ-listing through merger with VectoIQ

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Industry developments

## Nikola secures additional financing and targets listing under the ticker “NKLA”

- March 3<sup>rd</sup> Nikola announced a merger with VectoIQ Acquisition Corp. (NASDAQ: VTIQ), a publicly-traded special purpose acquisition company
- Transaction includes a 525 MUSD fully committed common stock private placement by institutional investors incl. Fidelity Management & Research Company, ValueAct Spring Fund and P. Schoenfeld Asset Management LP
- The proceeds will be used to accelerate its portfolio of battery-electric (BEV) and hydrogen fuel-cell electric vehicles (FCEV) targeting zero emissions globally



(Photo: Nikola Investor presentation March 2020)

# Nel investment program and Herøya update



# Increasingly important to be a financially strong counterpart

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Nel investment program and Herøya update

## Larger projects set higher financial demands

- Nel is experiencing increased number of inquiries for larger scale projects
- For larger projects a strong balance sheet and financial position is important to show ability to satisfy contractual obligations including ability:
  - to deliver technology, solutions, equipment according to customer expectations
  - to ensure that projects are bankable, incl. performance guarantees
  - to execute projects with large-scale requirements



*HYBRIT fossil free steel plant under construction in Luleå (Picture: H2View)*

# Nel will accelerate investments in technology and organization

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Nel investment program and Herøya update



Increase investment in technology development, both for existing and future platforms

- Development of pressurized electrolyzers continues, both for alkaline and PEM, with need for continued innovation alongside cost reductions to maintain leading position
- Increased focus on heavy duty mobility application (trucks, buses, ferries, etc.) with new demands for fueling capacity and speed, has triggered a step-up of product development



Continue to develop org. both within engineering, project execution, production and process improvements

- Nel has built up and will further strengthen mgt. systems and org. for development, engineering, commissioning and construction mgt. of large-scale H2 production facilities
- Work to reduce cost further while increasing efficiency, together with sub-suppliers and EPC companies, by reviewing total process from design/manufacturing to installation/operation



Prepare for rapid capacity expansions and entry into new markets/regions

- Positioning for increased use of renewable hydrogen for various industrial applications, e.g.:
  - Replacement of natural gas-based hydrogen in refineries and ammonia production
  - Replacement of coal with hydrogen as reducing agent in steel production etc.

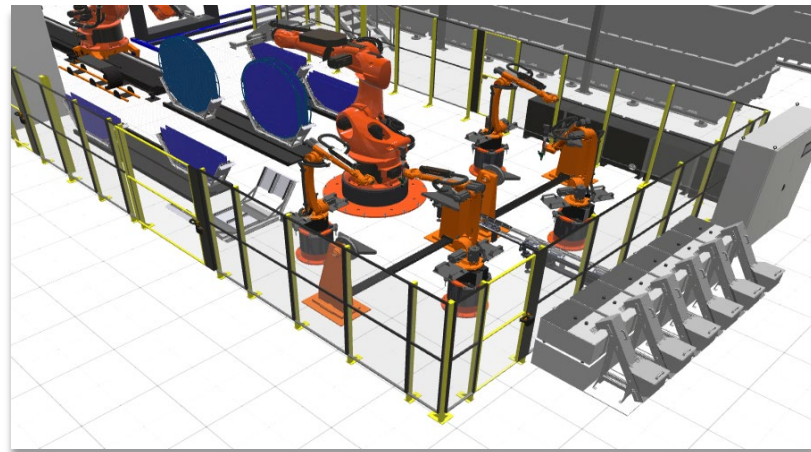
# Full scale pilot line installation and organization ramp-up are key priorities in 2020

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Nel investment program and Herøya update

## Automated and high efficiency electrolyzer production line

- Manufacturing improvement potential higher than initially expected
  - Thorough systematic approach in analyzing and optimizing all process steps, material usage and assembly procedures
  - Broad internal team and partners working on all aspects related to the expansion – industry experience from other sectors beneficial to identify improvements
- Several new-hires related to expansion in H2'19 and also during H1'20, resulting in added costs
- Applied for support from Enova to part-fund the first full scale pilot line



*Robot cells in process step from the new manufacturing plant at Herøya*

# Electrolyser manufacturing plan expansion at Herøya, Norway

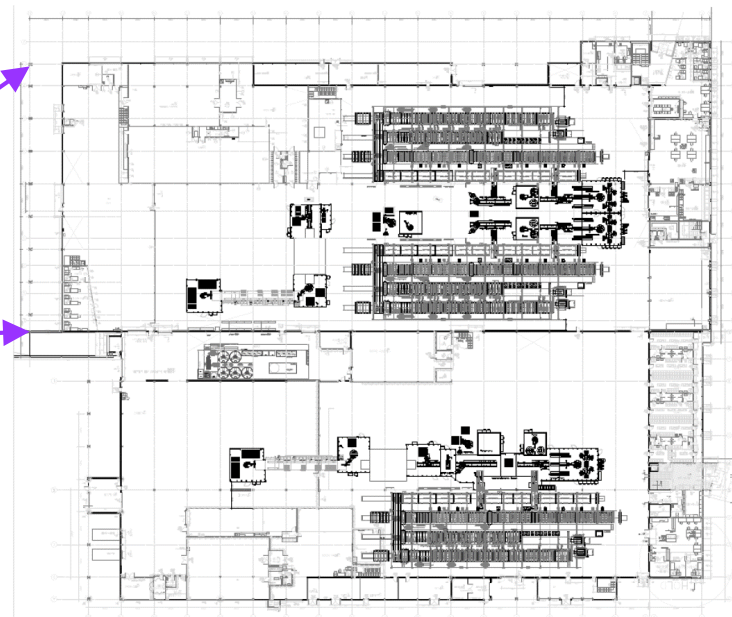
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Nel investment program and Herøya update

Alkaline electrolyser manufacturing plant with possibility to grow beyond 1 GW/year



*The new manufacturing facilities are located in Herøya Industrial Park, in a 15,000m<sup>2</sup> building in one of the largest industry parks in Norway*



*Possible set-up for 3 production lines at the Herøya facilities, each with a capacity of 360 MW/year*

# 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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Global presence

World-class safety

Strong financing

**nel•**

Cost leadership

Preferred partner

Technology front-runner

**nel•**



*The H2 market expected to grow significantly and renewable hydrogen on a trajectory to outcompete fossil hydrogen*



*Increasing adoption of industrial hydrogen applications with huge overall potential*



*Strong momentum within mobility – especially within HDV, H2 as preferred future fuel alternative*

To maintain and strengthen its leading position in a growing market, Nel will accelerate investments in organization and technology

Markets in which Nel operates show high activity and strong growth momentum – increasingly important to be a financially strong counterpart, especially for larger contracts

Nel targets to maintain its current leading position in the electrolysis sector, continuing to develop both PEM and alkaline technologies, as well as fueling technologies, to satisfy specific customer needs and preferences

A typical year normally starts slow in terms of revenues development (hence Q1'20 < Q4'19)  
Ongoing growth initiatives, ramp-up cost, will have a negative EBITDA impact in the short-, medium-term



# Welcome to Capital Markets Day 2020

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June 2020 (exact date to be announced), Haakon VIIs gate 2



Technology deep dive

Strategy and BD

Guest speakers



number one by nature

# Q&A

## Market Cap

NOK (billion)

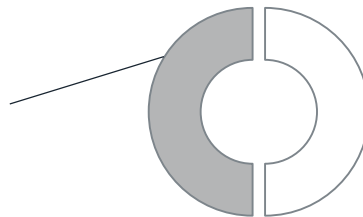
~15

## Investor base

>24 000 investors

Top 20

investors own  
~50%  
of the shares



## Financial calendar

May 7, 2020, Q1 2020

August 26, 2020, Half-yearly report 2020

November 11, 2020, Q3 2020



nel•

## Shares

YTD March 4, 2020

+32%

Daily average turnover  
of shares (million)

~55

## Analyst coverage

- Jonas Meyer – SB1
- Tomas Skeivys – Norne
- Mikkel Nyholt – Carnegie
- Daniel Stenslet – Arctic
- Ole-Andreas Krohn – DNB
- Gard Aarvik – Pareto