

Q4 2017

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- **Q4 highlights**
- **Global market update**
- **Nel in brief & segment updates**
 - Nel Hydrogen Electrolyser
 - Nel Hydrogen Fueling
 - Nel Hydrogen Solutions
- **Nel strategic ambitions**
- **Summary/Outlook**
- **Appendix: Q4 financials**

- Financial results and financing

- Revenues of 111.9 MNOK in Q4'17, up from 50.6 MNOK in Q4'16
- Revenue growth largely due to the acquisition of Proton Onsite – underlying organic growth (ex. Proton) of around 40% in FY'17
- Cash-balance of 295 MNOK at end of Q4'17, positive cash contributions from operations
- Successfully completed a subsequent offering of 10,000,000 new shares at NOK 2.50 per shares

- Operations and sales

- Order backlog grew slightly to ~465 MNOK – all-time high
- Exclusive partnership with Nikola for development of mega-scale hydrogen fueling station network, received PO for two demo stations totaling 3.6 MUSD
- Awarded 4.5 MEUR purchase order for a combined electrolyzer and fueling station in Estonia
- Awarded 20 MNOK public grant, through the JV Uno-X Hydrogen AS, from Enova for two fueling stations in Akershus, Norway
- Received combined purchase orders of 2.3 MUSD for electrolyzer cell stacks for U.S. and U.K. navy submarine fleets
- Evaluating increasing production capacity at Notodden by up to 10x to accommodate mega-scale orders and maintaining leading cost position

Financial highlights

Nel ASA Q4 2017

Q4 Highlights

(NOK million)	2017 Q4 Adj*	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Operating revenue	111.9	111.9	111.7	39.1	35.7	50.6	24.4	13.5	26.0
Total operating costs	155.4	155.4	145.0	63.9	51.3	66.6	37.1	29.9	36.1
EBITDA	-11.1	-27.7	-18.5	-22.0	-13.0	-13.1	-10.2	-14.0	-7.6
EBIT	-26.9	-43.5	-33.3	-24.7	-15.6	-16.0	-12.8	-16.5	-10.1
Pre-tax profit	-28.0	-44.6	-36.4	-26.0	-16.2	-24.1	-12.4	-16.0	-10.1
Net profit	39.3	22.7	-32.6	-26.7	-15.6	-18.5	-12.0	-15.6	-9.7
Net cash flow from operating activities	2.7	2.7	-90.9	37.3	-14.0	11.0	-10.5	-24.2	-21.3
Cash balance at end of period	295.0	295.0	85.6	201.2	386.3	225.0	223.6	265.9	289.0

* EBITDA negatively impacted in Q4'17:

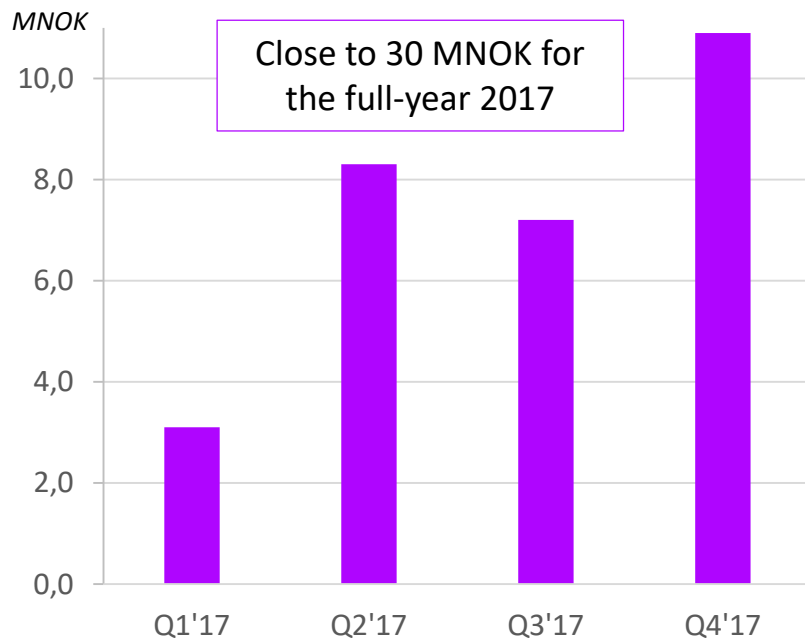
- Ramp-up costs and non-recurring items of 10.9 MNOK
 - Expensed all heritage projects in Q4, cost overruns related to certain customer solution projects
- Non-cash share option costs of 5.7 MNOK
- Positive EBITDA contribution from our U.S. operations
- Net profit positively affected by change in U.S. corporate tax rate (38% to 21%), net effect on tax of positive 53.2 MNOK

Ramp-up/non-recurring items/option cost - negatively impacting EBITDA

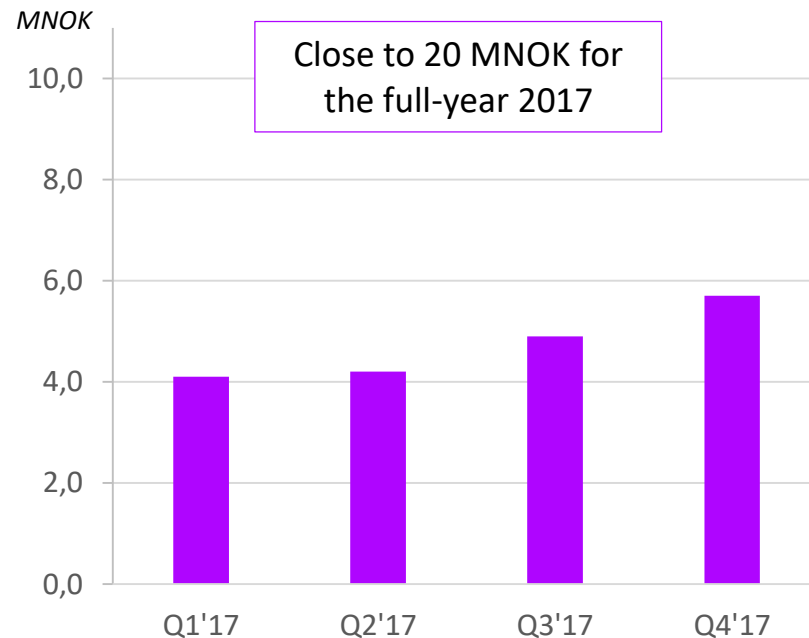
Nel ASA Q4 2017

Q4 Highlights

Ramp-up cost and other non-recurring items*



Non-cash cost related to stock options**



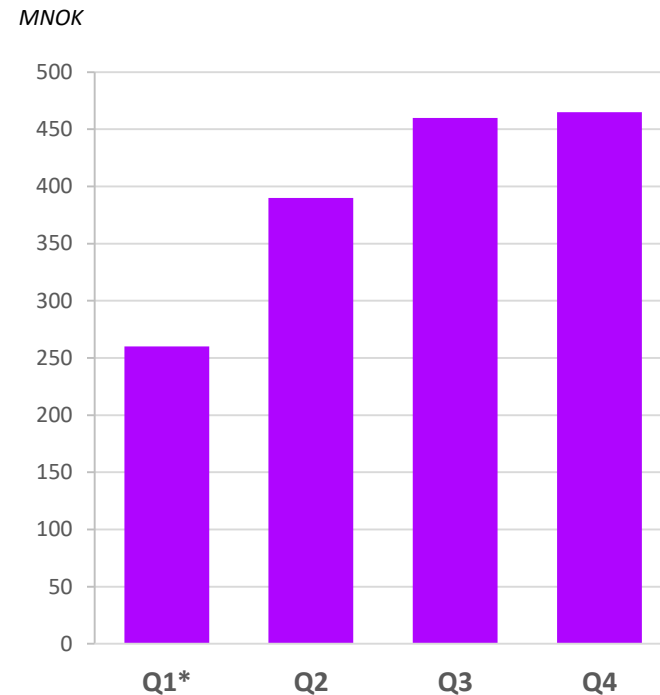
Solid backlog

Nel ASA Q4 2017

Q4 Highlights

- Orders received in Q4 ended at >110 MNOK
 - Only includes firm PO's with agreed price/volume/Terms & Conditions
- Current order backlog ~465 MNOK
- Main orders contributing to backlog in Q4'17:
 - Demo station order from Nikola Motor, 3.6 MUSD
 - Order for a combined electrolyzer and fueling station in Estonia, 4.5 MEUR
 - U.S. and U.K. navy-stack order for submarine fleets, 2.3 MUSD
 - Other, like service & maintenance, lab equipment as well as electrolyser aftermarket sales

Order backlog development in 2017



* Not including Proton

Significant increase in hydrogen market activities

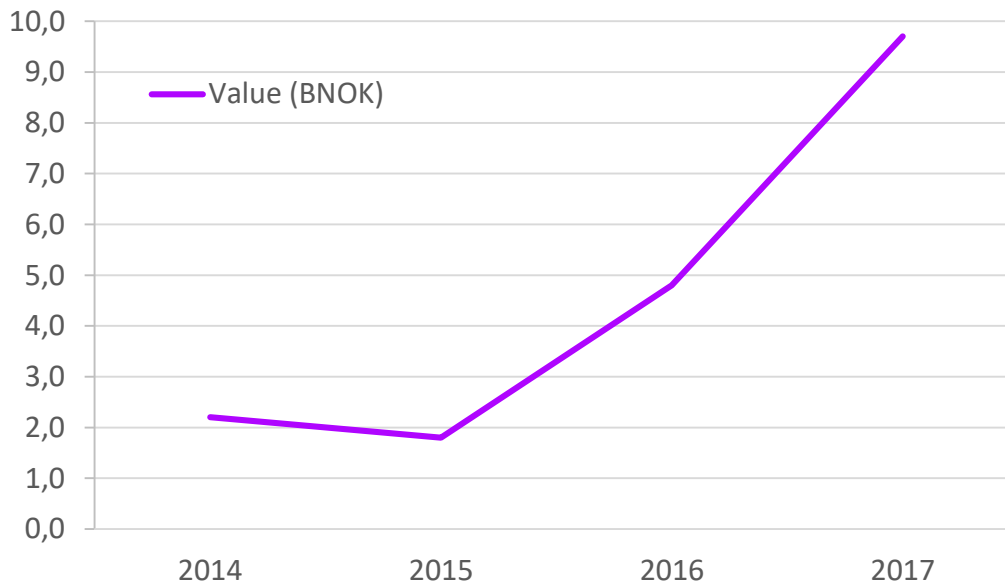
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Q4 Highlights

- Nel experiences a significant increase in market related activities
- Total value of offers amounted to ~10 BNOK in 2017
- Often long lead times between offer and order
 - From a few quarters to...
 - ...a few years
- Continued good lead generation is key to continued commercial success

Increasing market activities, value of budget offers submitted

Total value of budget offers

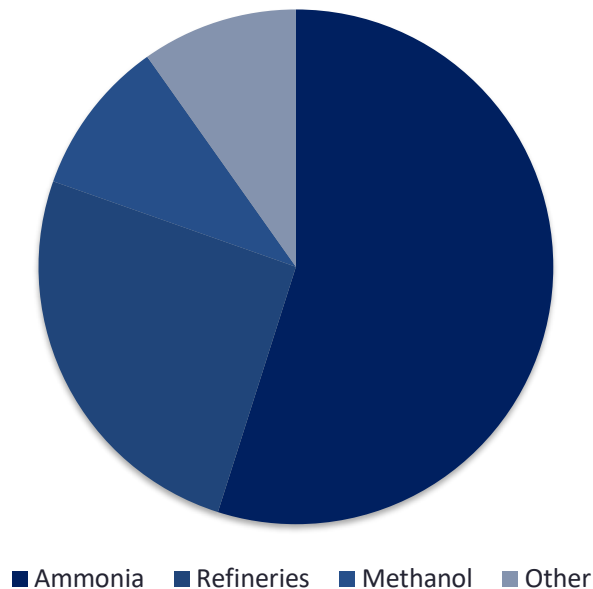


General market update

Large opportunities for electrolysis within the already existing hydrogen market

- ~55 million ton/year market (~150 BUSD)
 - 15% merchant market (5 – 15 \$/kg)
 - 85% on-site (~2\$/kg)
- Only 1% from water electrolysis today, rest from SMR/gasification
- Large potential for growth, driven by increasing focus on:
 - climate and renewable energy
 - decreasing electricity prices
 - decreasing electrolyser CAPEX
- Special focus on refineries and green ammonia
 - Account for ~80% of market
- If today's total market was supplied by electrolysis, annual equipment sales would amount to ~20 BUSD/year

Global hydrogen market, by end-use:



Overall hydrogen market set to grow 10x by 2050

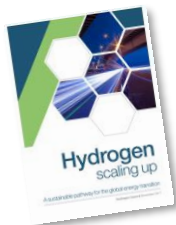
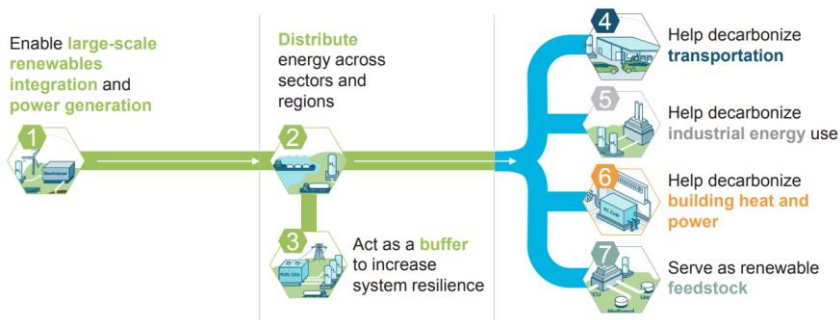
Nel ASA Q4 2017

General market update

If high share of renewables, electrolysis market can potentially grow >1000x...

... and an IEA study confirms the competitiveness of renewable hydrogen

Enable the renewable energy system → Decarbonize end uses

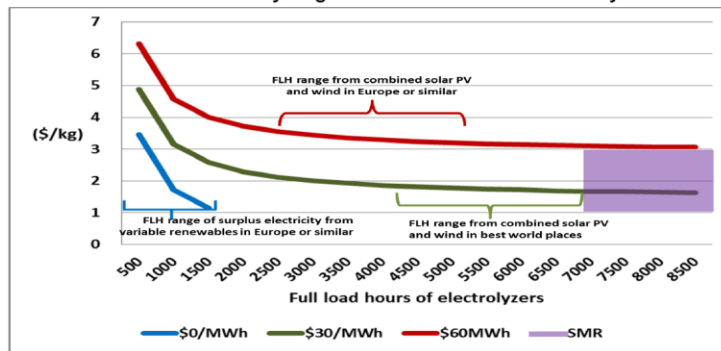


Report authored by the Hydrogen Council, consisting of senior executives of 18 companies in different industries, supported by McKinsey & Co



Clean H₂: electrolysis of water

Costs of hydrogen from alkaline water electrolysis



Assumptions: alkaline electrolyzers \$ 450/kW; efficiency 70%; WACC 7%; lifetime 30 y

Renewables-based water electrolysis can compete with SRM in areas with excellent solar and wind resources combined

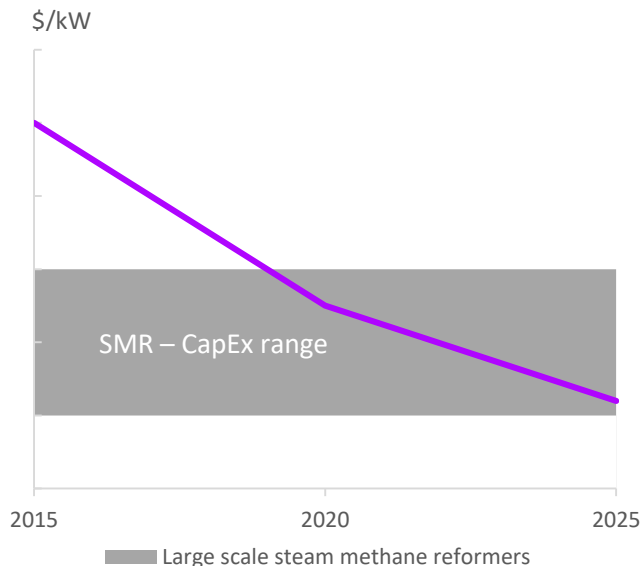
Source: https://www.iea.org/media/news/2017/Fertilizer_manufacturing_Renewables_01102017.pdf

Electrolysers outcompeting fossil alternatives

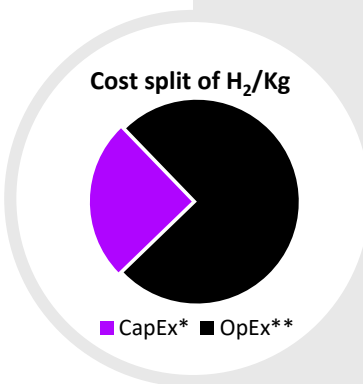
Nel ASA Q4 2017

General market update

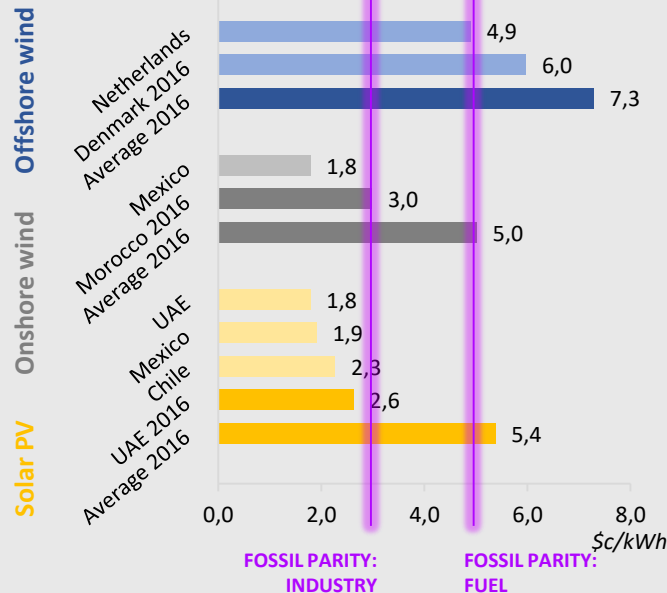
CapEx: Electrolysers from Nel - becoming competitive with SMR



OpEx: Renewable energy already enables fossil parity for hydrogen



Source: Pareto Securities
EUR/USD: 1:1.2



Current markets served by electrolyzers

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General market update



Food Industry



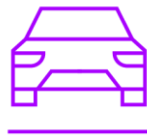
Glass Industry



Polysilicon Industry



Laboratories



Transport Sector



Chemical Industry



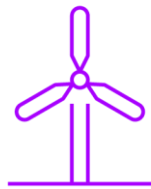
Steel Industry



Power Industry



Life support



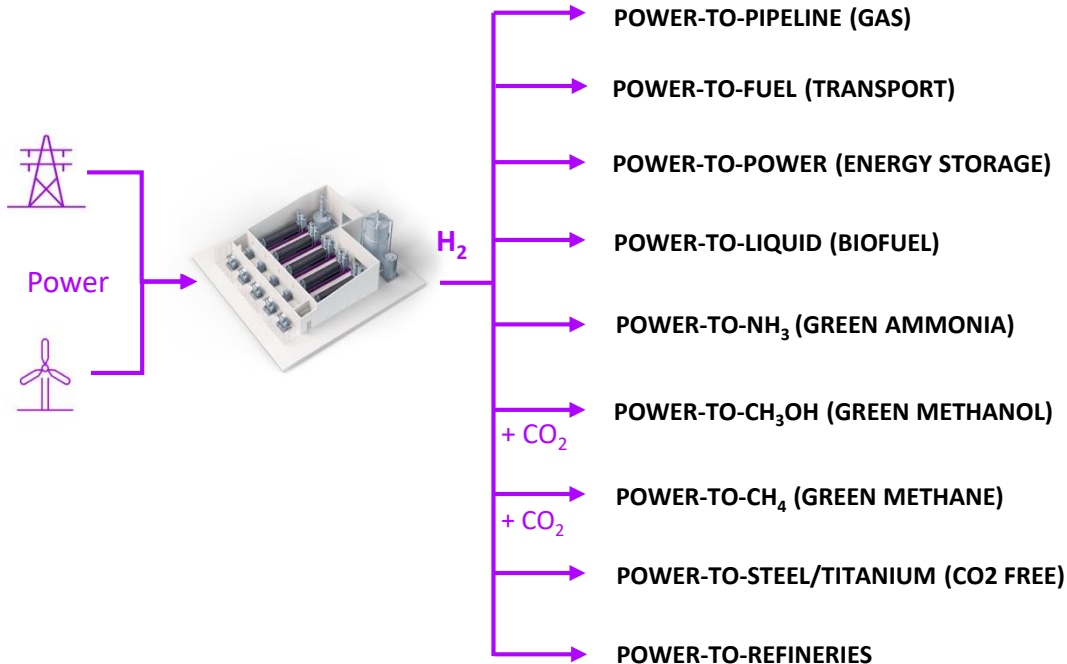
Power-To-X
(renewable hydrogen)

Historical market

New markets

Unparalleled position of electrolysis in producing other green energy forms

- Hydrogen from electrolysis will be key in producing large quantities of sustainable energy in various forms
- Ability to adapt to diverse and intermittent renewable energy sources becoming increasingly important



Hydrogen is becoming relevant in all forms of transportation

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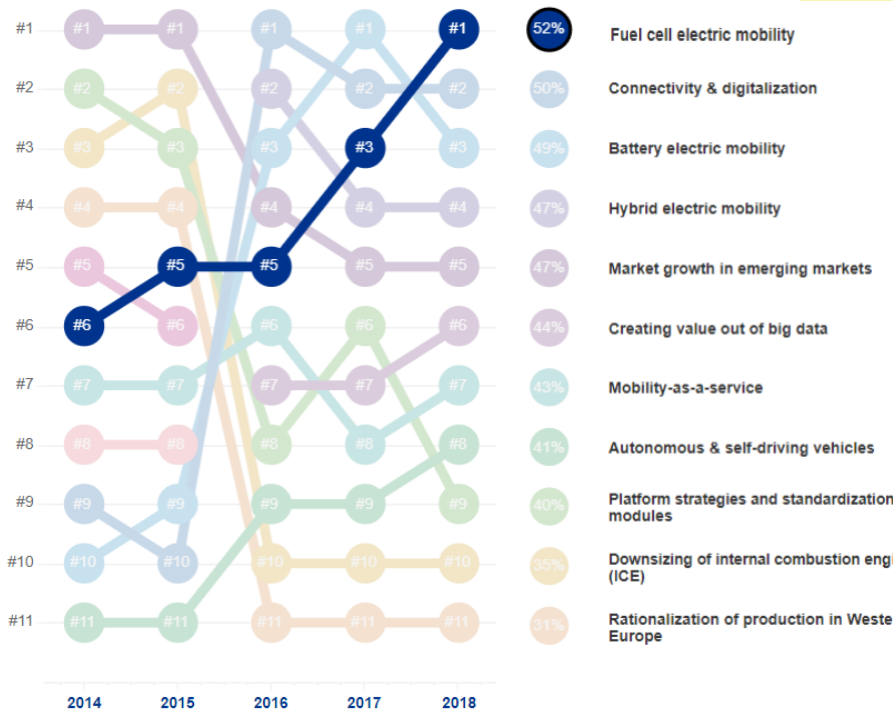
General market update



Recent survey increases the importance of hydrogen as a fuel

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General market update



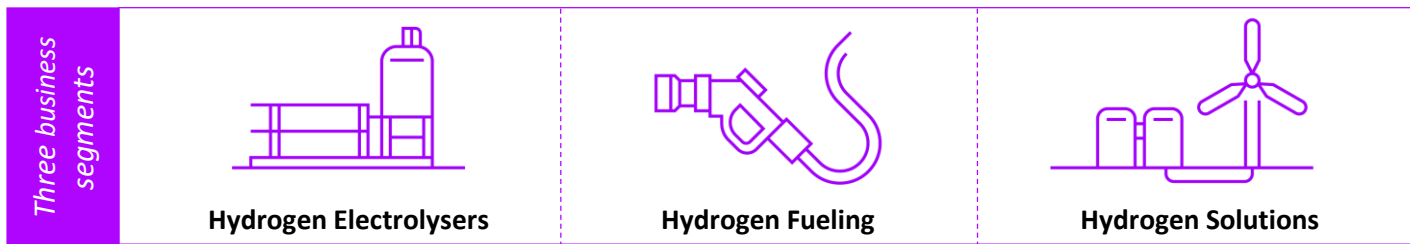
Fuel cell electric mobility is now the #1 trend until 2025

“There will not be a single solitary drivetrain technology: Executives project a split by 2040 for BEVs (26%), FCEVs (25%), ICEs (25%) and hybrids (24%).”

KPMG Global Automotive Executive Survey is the compound input from 1000 executives from the automotive industry

Nel in brief & segment updates

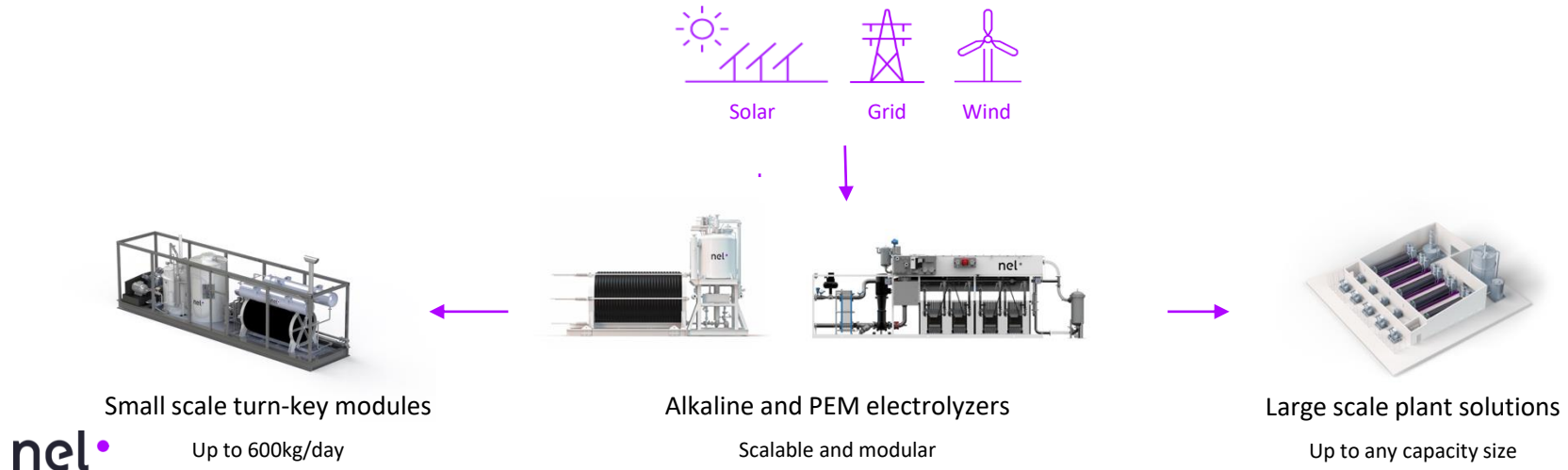
- Global, listed, pure-play hydrogen company – facilities in Norway, Denmark and the U.S.
 - Significant foothold in fast-growing markets with several breakthrough contracts
 - World-leading on hydrogen electrolyzers and fueling equipment – unrivalled performance and track-record
- Capable of delivering solutions to produce, store and distribute hydrogen from renewable energy
 - >3500 hydrogen solutions delivered in ~80 countries world wide since 1927



Nel Hydrogen Electrolyser

Production and installation of water electrolyzers for hydrogen production

- Global leader in hydrogen prod. plants - highest uptime, lowest conversion cost, robust and reliable
- >3500 hydrogen solutions delivered in >80 countries world wide since 1927
- Scalable production capacity for industrial and energy/transport applications – small scale to large scale solutions



Awarded 2.3 MUSD order for U.S. and U.K. Navy Electrolyzer Stacks

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Nel Hydrogen Electrolyser

Proton PEM electrolyzers from Nel delivering life support oxygen for submarines

- Received PO from United Technologies Aerospace Systems for electrolyzer cell stacks for U.S. and U.K. submarine fleets
 - Value of current PO was 2.3 MUSD
 - Part of exclusive contract Framework Contract
- The electrolyzer will produce critical life support oxygen for Navy crews on multiple classes of nuclear powered submarines
 - Has supplied similar systems for over a decade



World's largest power-to-gas project planned for France

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Nel Hydrogen Electrolyser

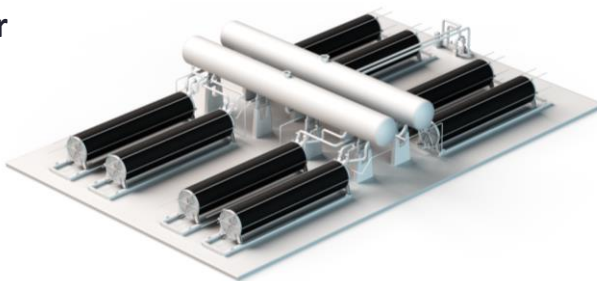
700 MW electrolyzer plant for power-to-gas in Northern France

- Exclusive, industrial-scale power-to-gas framework agreement
 - Still working on final agreements for initial 200MW order, expected in the next few months
 - Complex agreements - has taken more time
- H2V wants to reserve production capacity in Notodden, discussing to pay a significant non-refundable pre-payment to support expansion

Have developed the 8-Cluster design to support H2V and similar large scale projects

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8-Cluster Electrolyzer



Dunkerque gas terminal

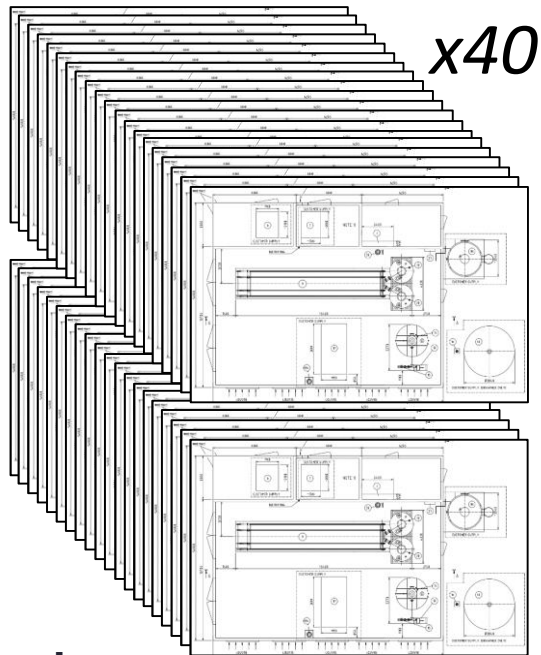


Clustering concept enables a step-up in cost-efficiency

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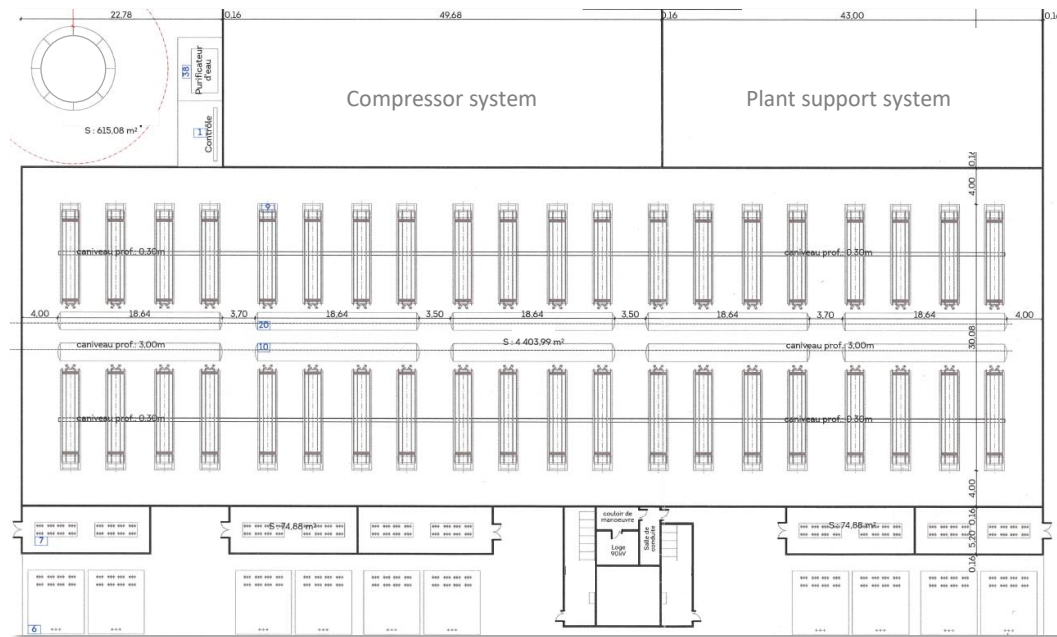
NEL Hydrogen Electrolyser

Each electrolyzer needs
its own infrastructure...



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... but with the clustering concept, eight
electrolyzers can share plant infrastructure



~100MW plant, initial contract up to 700MW (7*100MW)

Nel Hydrogen Fueling

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

- Global leader within hydrogen fueling solutions for vehicles, adapted to latest fueling standards
- Delivered >30 stations in 8 countries across Europe since 2003, expanding into US & Asia
- Highest reported availability and innovative, in-house developed technologies

Dispenser assembly

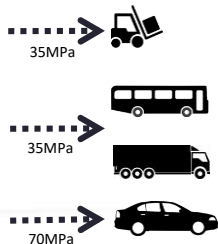


5-stage H2Station® assembly



World's largest
manufacturing
facility for
H2Stations®:

300 station per
year capacity



Nel Hydrogen Solutions

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



20 MNOK support for establishment of 2 additional fueling stations in Akershus in 2018

- Uno-X Hydrogen received support to establish 2 new hydrogen fueling stations in Ås & Hvam, Akershus
- After installation, JV will operate 5 HRS in Norway
- Åsane, Bergen opened formally on January 26th, 2018
- Currently ~100 FCEVs in Norway, annual sales growth of >2x
- Responsibility for Enova moved from OED to KLD

The 2018 national political platform states that Norway shall “have a comprehensive strategy for research, technology development, and use of hydrogen as an energy carrier.”



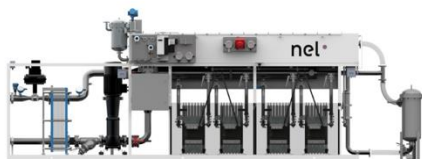
Awarded contract for combined fueling solution in Estonia

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Nel Hydrogen Solutions

Received PO of 4.5 MEUR from NT Bene in Estonia

- Combined solution with PEM electrolyzer and H2Station® will have hydrogen capacity of >400 kg/day
- To be installed in Pärnu, Estonia, where it will serve cars and a fleets of buses and trucks
- Expected delivery and installation during 2019



1 MW PEM electrolysis



Hydrogen storage



Station module



Dispensers



70MPa



35MPa



Awarded contract for hydrogen fueling station by SSAB

Nel Hydrogen Solutions

Nel ASA Q4 2017

H2Station® fueling solution for fueling of very large fork lifts

- Contract with SSAB EMEA AB, Sweden for leasing arrangement of a H2Station®
- The H2Station® will be installed at SSABs site in Oxelösund, Sweden, where it will serve large forklift at the local SSAB production facility
- The station will be 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



Delivering mega-scale hydrogen fueling stations for Nikola

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Nel Hydrogen Solutions

Entered into exclusive partnership with Nikola Motor

- Sole equipment supplier to create the largest hydrogen fueling network in the world
- 14 mega-scale stations covering 2000 miles & up to 450 ton/day
 - Signed PO for first two demo stations, start installation in 2018
- Commercial stations with up to 32 ton/day of hydrogen produced/dispensed
 - Installation during 2019 – 2021
- Contact potential up to 1,000 MW of electrolysis (400-500 of the largest Nel A-485 electrolyzers) and up to 250 hydrogen fueling dispensers

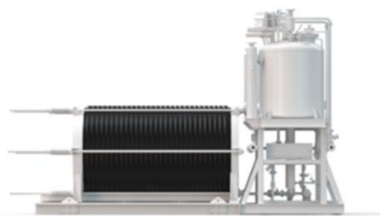


Nikola: Two demo stations with installation start in H2'18, order of 3.6 MUSD

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Nel Hydrogen Solutions

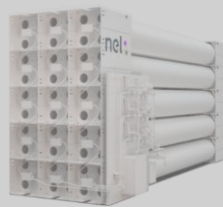
- Reviewing potential demo-route from plant in Arizona, will support Nikola prototype truck fleet
- Equipment for onsite production and fueling of 70MPa
 - 2 Alkaline electrolyzer stacks for hydrogen production – 2 x 1.000kg/day
 - 2 x 70MPa dispensers and 2xH2Station® – 2 x 500 kg/day
 - Possibility to upgrade fueling capacity later



A-485 Electrolyser – 1.000kg/day



Prepared for later upgrade

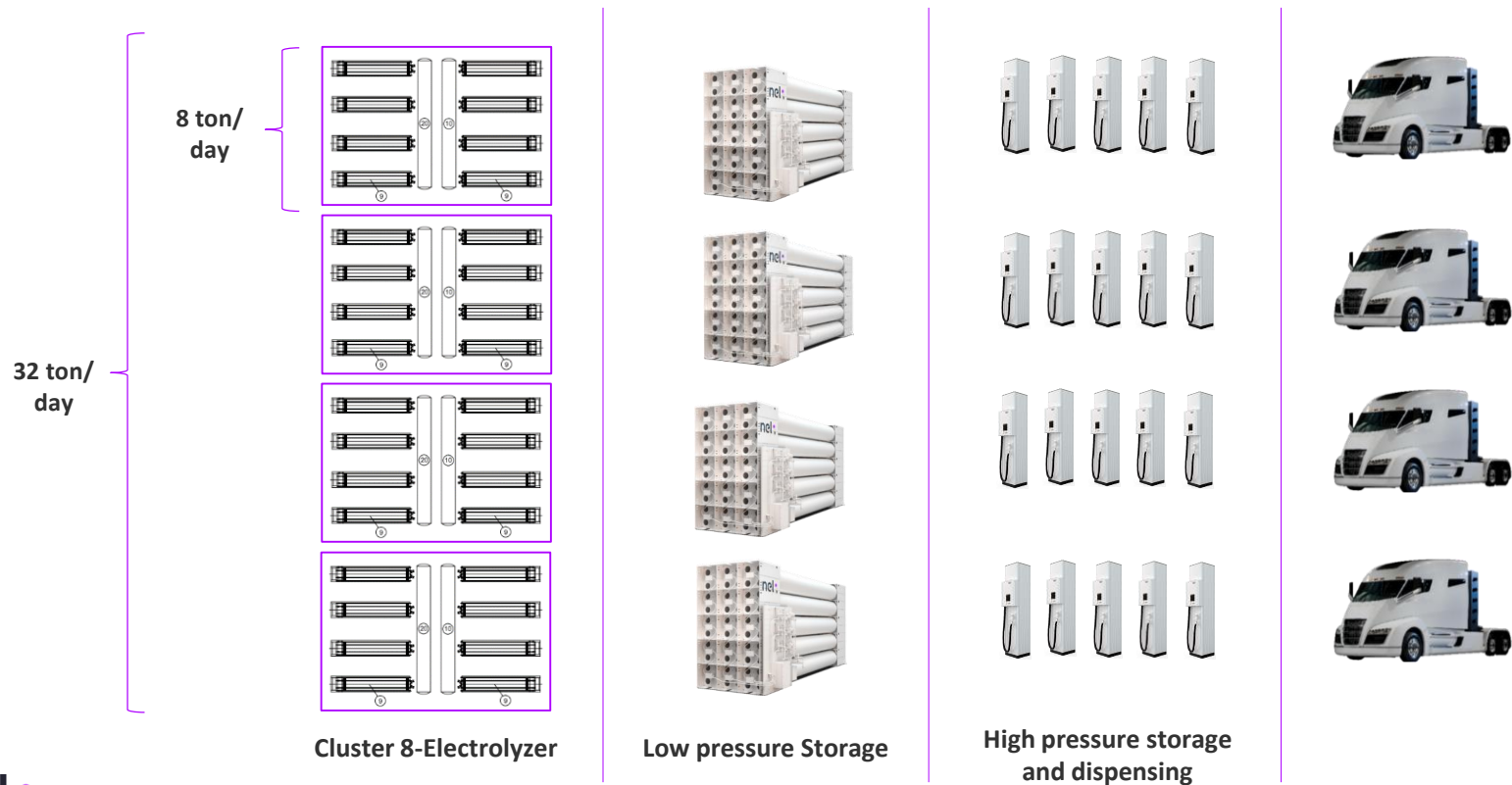


Hydrogen storage, compression and dispensing

Nikola: 14 commercial stations – from 8 to 32 ton/day at each site

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Nel Hydrogen Solutions



How to maintain leading cost position

Successful commercial efforts in 2017 – towards capacity expansions/cost reductions

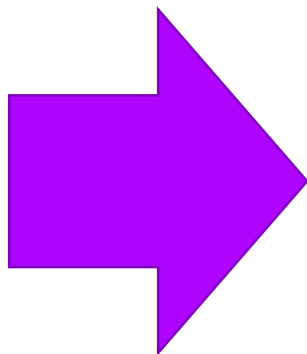
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How to maintain leading cost position

2017

Accelerated commercial activities

- Nel increased market related activities significantly
- Solid order backlog – now at all-time high
- Vast tender pipeline
- Entered into partnerships with e.g. H2V, Nikola, and others
- Established position as a global #1 in the hydrogen market



2018

Capacity expansions/cost reductions

- Continue marketing efforts, and implementing strategy for capacity expansion and cost leadership
- From semi-automated to fully-fledged, global low-cost producer
- Started preparing for a potential 10x ramp-up on electrolyzers
- Target to improve cost levels to unparalleled new industry standard

Evaluating 10x capacity increase to maintain leading cost position

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How to maintain leading cost position

Scaling production capacity by 10x puts Nel in first-mover/pole position for next growth cycle

- Initial capacity extension from 25MW to 40MW completed at minimal cost
- Evaluating a total 10x capacity increase, from 25MW to 250MW, to support:
 - H2V: up to 700MW electrolyzer plant
 - Nikola: 14 mega-scale stations with close to 1000MW potential
- Production capacity ramp-up reduces production cost by >30%
- Allows Nel to maintain leading cost position and gives competitive advantage towards future hydrogen projects

Available	Capacity	Scaling	Status
2017	25MW	+15MW	Completed
2018	40MW	+210MW	Preparing
2019	250MW		

Expanding capacity from 25MW to 250MW, option to purchase building

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How to maintain leading cost position



- Construct new line in parallel with running production in existing facility

- Ideal scenario, can connect into existing infrastructure like; power supply, etc.

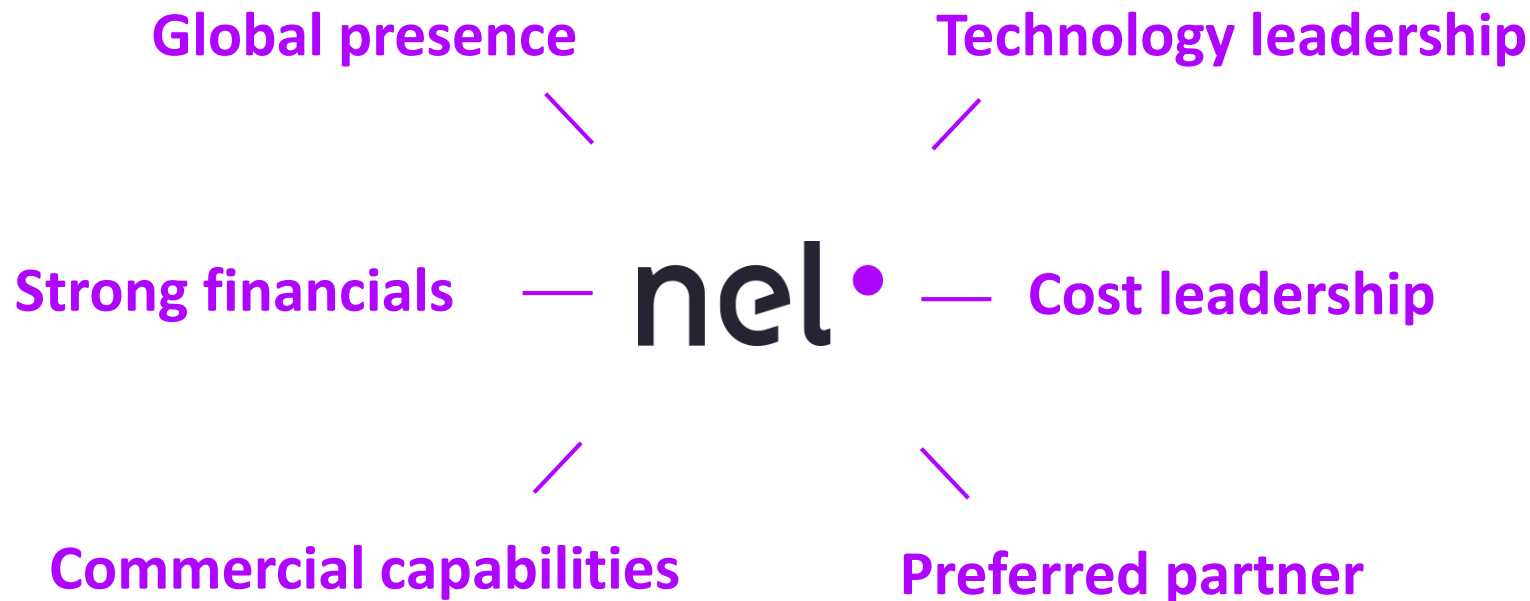


Summary/Outlook

Creating a rapidly growing billion NOK company

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Levering on the arising opportunities within energy storage and hydrogen fueling



Nel ASA

- Order backlog of approximately 465 MNOK
- Cash balance of 295 MNOK at end of year, to support continued development

Nel Hydrogen Electrolyser

- All time high level of sales leads, both in traditional and new markets
- Working to implement synergies between Norwegian and US operations
- Evaluating scaling up production capacity at Notodden by up to 10x to accommodate mega-scale orders and maintaining leading cost position

Nel Hydrogen Fueling

- Continued ramp-up of production capacity at the Herning facility, good contract coverage for 2018
- California installation- and service team in place, preparing for installations of Shell-, as well as Sunline- and H2Frontier stations

Nel Hydrogen Solutions

- Working to secure contracts on H2Stations® in Korea and Europe
- Exploring market opportunities in China, and alternative penetration strategies
- Ongoing collaboration on H2Bus Europe for a large scale hydrogen bus rollout

Q&A

Appendix: Profit and loss

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(NOK million)	2017 Q4	2016 Q4	2017	2016
Operating revenue	111.9	50.6	298.4	114.5
Operating costs	155.4	66.6	415.6	169.8
EBITDA	-27.7	-13.1	-81.2	-44.9
EBIT	-43.5	-16.0	-117.2	-55.3
Pre-tax profit	-44.6	-24.1	-124.4	-62.6
Net profit	22.7	-18.5	-52.4	-55.8
Total comprehensive income	30.2	-14.7	-34.2	-75.4

Appendix: Balance sheet

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(NOK million)	2017 Year-end	2016 Year-end
Non-current assets	1,141.4	462.9
Current assets	584.3	300.0
-of which is cash and cash equivalents	295.0	225.5
Equity	1,409.4	671.2
Long term liabilities	102.4	26.1
Short term liabilities	213.9	65.6
Total balance	1,725.7	762.9
Equity ratio (%)	82.0%	88.0%

Appendix: Cash flow

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(NOK million)	2017 Q4	2016 Q4	2017	2016
Pre-tax profit (loss)	-44.6	-24.1	-124.4	-62.6
Net cash from operations	2.7	11.0	-113.0	-34.2
Net cash from investments	-29.1	-9.2	-219.3	-60.2
Net cash from financing	235.9	-0.0	401.8	6.8
Net change in cash and cash equivalents	209.4	1.8	69.6	-87.6
Cash at end of period	295.0	225.5	295.0	225.5

Appendix: explanation of excess values and depreciation of identifiable intangible assets arising from the PPA related to the acquisition of Proton Onsite

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(NOK million)	Excess value	Lifetime	Depreciation per quarter
<i>Intangible assets:</i>			
Technology	261.7	7 and 15 years	4.7
Customer relationship	59.0	7 years	2.1
Customer contracts*)	19.5	1 year	4.9
Depreciation of intangible assets arising from the PPA related to the acquisition of Proton Onsite			11.7

*) Note that customer contracts are depreciated over 1 year only, so this element of the depreciation will cease from Q3-18

Number one by nature