

Nel ASA

Company presentation

June 2018

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Transaction and trading update

The contemplated transaction

KEY TRANSACTION DETAILS		USE OF PROCEEDS
CONTEMPLATED TRANSACTION	<ul style="list-style-type: none">Private placement	<ul style="list-style-type: none">The proceeds will be used to accommodate the Nikola order announced today and to fund the potential expansion of the production facility at NotoddenThe investment required is estimated to ~150 MNOKAn expansion would give Nel a production capacity of 250MW/year, in addition to its current capacity up to 40MW/yearThe announced Nikola order represents delivery of 448 electrolyzers from 2020, each electrolyser representing 2.2 MW, or a capacity of 1 ton hydrogen per dayIn addition, Nel has been invited to invest up to 5 MUSD in Nikolas upcoming fundraising and will consider using parts of the proceeds from the share issue for such an investmentThe proceeds will also fund additional working capital in response to increased order volumes and improved positioning to benefit from markets with high activity and growth momentum, as well as general corporate purposes
OFFER SIZE	<ul style="list-style-type: none">Approx. 10% of the current shares outstanding	
OFFER PRICE	<ul style="list-style-type: none">To be determined through bookbuilding	
MINIMUM SUBSCRIPTION	<ul style="list-style-type: none">NOK equivalent of EUR 100,000	
CONDITIONS	<ul style="list-style-type: none">Board approval of the transaction based on the authorization to issue shares from the annual general meeting	

Awarded multi-billion NOK electrolyzer and fueling station contract by Nikola

Game changing production volume – by far the largest electrolyzer contract ever awarded

Contract for delivery of up to 448 electrolyzers

- Contract awarded as part of Nikola's development of a hydrogen station infrastructure in the US
- The multi-billion NOK electrolyzer and fueling station contract, to be deployed from 2020 – by far the largest electrolyzer contract ever awarded
- Nel will deliver up to 1 GW of electrolysis - up to 448 electrolyzers and associated fueling equipment, with roll-out expected to start in 2020
- The contract includes an initial order for an engineering package of around USD 1.5 million, where Nel will develop a revolutionary station design with on-site electrolysis, specifically built to enable fast fueling of the Nikola trucks
- The electrolyzer stacks will be manufactured in Norway and fueling equipment in Denmark. Other supporting components including frames, pipes and vessels will be sourced locally in the US
- Nikola announced in May that Anheuser-Busch has placed an order for up to 800 Hydrogen-Electric Powered Semi-Trucks
 - Nel and Nikola will deploy around 28 stations, which alone will give Nel a revenue of potentially more than USD 500 million



Reiteration of plans for a potential major expansion of the production capacity at Notodden to accommodate the Nikola order

Plans to develop the Notodden facility into the world's largest electrolyzer stack production facility in the world

- Total Nikola contract volume represents an order several times higher than the current production capacity at Notodden
- Conclusions regarding expansion plans anticipated to be made during second half of 2018
- A game changer for large scale electrolyzer production - with the large production order the company will aim at a cost reduction of more than 40 percent
- A potential production facility upgrade and unmatched scale will reinforce Nel's competitive position delivering predictable high-quality at low cost



Anheuser-Busch places order of up to 800 Nikola trucks

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

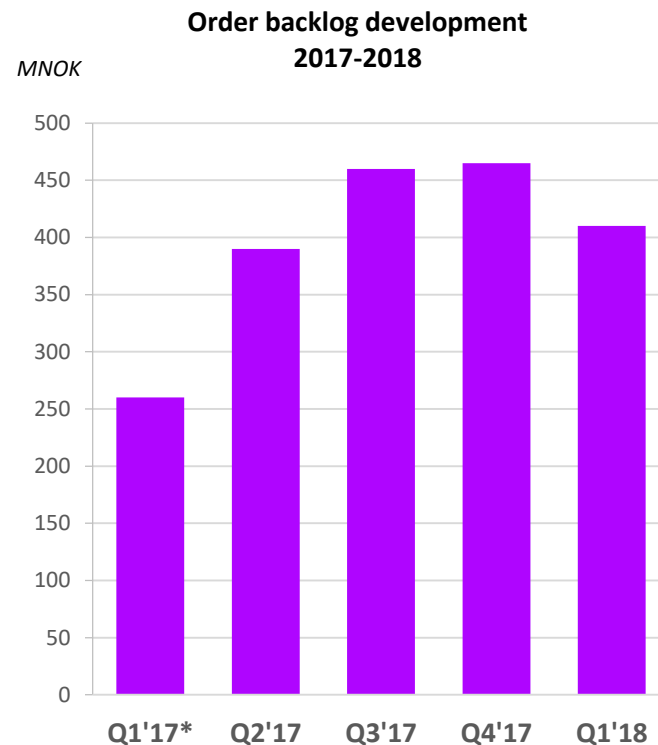
- Anheuser-Busch (AB) is one of the world's largest brewery companies with 22 breweries in the US, and over 100 brands of beer
- AB targets to convert its entire long-haul fleet to renewable powered trucks by 2025
- AB has placed an order of up to 800 Nikola trucks, expected to be integrated into AB's fleet starting from 2020
- Evaluating 28 commercial stations with production of 8 – 32 ton/day, from 2019 – 2021



Solid backlog and strong double-digit revenue growth in Q1 2018

Q1 Highlights

- 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
- Nel expects revenues in Q2'18 to be in line with Q1'18 levels
- 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



* Not including Proton

Outlook

- 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
- As mentioned in the company's financial statements, Nel is in preliminary proceeding with PDC which may lead to litigation in the US. The company maintains that it has acted in compliance with all its obligations toward PDC, but there can be no assurances as to whether litigation will commence, or as to the outcome of any such litigation

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®

Introduction to Nel

Nel – key investment highlights

The **world's largest producer of electrolyzers** with more than 3,500 hydrogen solutions delivered in ~80 countries worldwide

Huge market opportunity driven by megatrends – overall hydrogen market set to grow by **10x by 2050** with **higher potential for electrolysis** driven by renewables

Full-suite provider; from hydrogen production to distribution – **preferred partner to world leading companies**

Covers **all relevant sizes and technologies** in the rapidly growing hydrogen market

Global footprint with secured stronghold in the US after the acquisition of Proton OnSite


Strong **double-digit revenue growth** – 58% underlying organic growth in Q1 2018

Nel in brief

BUSINESS OVERVIEW

- Global pure-play OSE listed hydrogen company, w/facilities in Norway, Denmark and US
- World leading on hydrogen electrolyzers and fueling – unrivalled performance and track-record
- More than 3,500 hydrogen solutions delivered in ~80 countries worldwide since 1927
- Significant foothold in fast-growing markets with several breakthrough contracts
- Complete range of products optimally positioned for large market opportunities
- Capable of delivering solutions to produce, store and distribute hydrogen from renewable energy – serving industry, energy and gas companies

Three business segments


Hydrogen Electrolyzers

Including newly acquired company Proton OnSite


Hydrogen Fueling


Hydrogen Solutions

NEL GROUP REVENUES

2016
114.5 MNOK

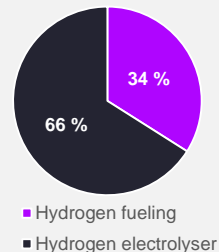
Pro forma 2016*
342.7 MNOK

2017**
298.4 MNOK

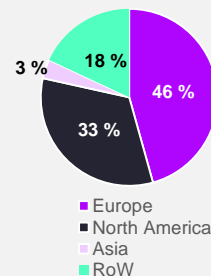
Combined 2017***
~390 MNOK

REVENUE SPLIT

BY SEGMENT**



BY GEOGRAPHY**



Nel - pioneering renewable hydrogen for 90 years

1927: Building of the first small electrolyser installation at Norsk Hydro at Notodden, Norway. Testing for pure hydrogen for fertilizer production

1929: World's largest installation of water electrolyzers at Rjukan, Norway. Increasing over time to 3 plants and 440 electrolyzers, exceeding 60,000 Nm³/hour. Sourced by hydropower

1953: Creation of a second large-scale hydropowered electrolyser plant for supplying hydrogen for ammonia production in Glomfjord, Norway

1974: Nel's renowned electrolyser technology made available for other companies and other industries

1988: The world's first electrolyser supplier to provide non-asbestos alkali electrolyzers

2003: Nel opens the world's first publicly available hydrogen fueling station in Reykjavik, Iceland

2004: The world's first Power-to-Power demonstration project at the island of Utsira, Norway, enabling power to 10 households from stored hydrogen produced by excess wind power

2014: Nel becomes the first 100% dedicated hydrogen company listed on the Oslo Stock Exchange

2015: Nel acquires H2 Logic, adding world leading hydrogen fueling technology to the product portfolio

2016: Initiates construction of the world's largest manufacturing plant for hydrogen fueling stations, with a capacity of 300 units per year

2017: Nel acquires Proton OnSite, adding world leading PEM electrolysis technology to the product portfolio, becoming the world's largest electrolyser company

1927

1929

1953

1974

1988

2003

2004

2014

2015

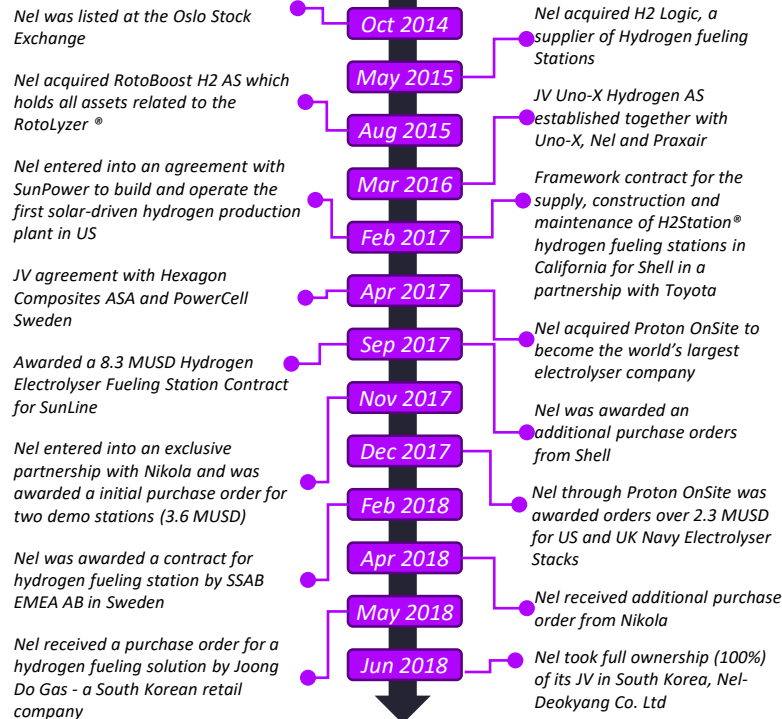
2016

2017

Nel– recent events

- Nel dates back to 1927 when Norsk Hydro installed the first small electrolyzers at Notodden
- Nel initially served Norsk Hydro's own demand for green hydrogen, a critical component in the production of ammonia/fertilizer
- In the 1970's, Norsk Hydro started offering the electrolyser technology to external customers
- Nel was later developed into a separate entity and listed on the Oslo Stock Exchange in 2014 (listed entity DiaGenic ASA acquired Nel and changed its name to Nel ASA)
- Nel has grown significantly through a range of acquisitions as well as organic growth, and has taken a leadership role in the development of the global hydrogen economy
- Hence, the slogan “number one by nature”

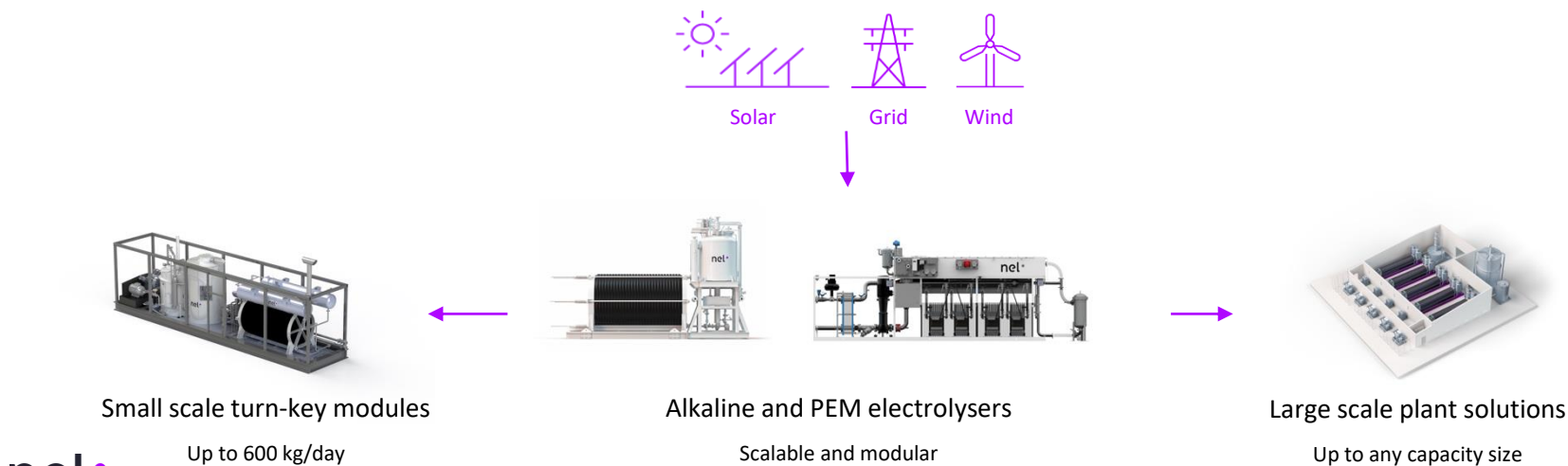
KEY EVENTS UNDER NEL ASA



Segment overview

Nel Hydrogen Electrolyser business area

- Production and installation of water electrolyzers for hydrogen production
- Global leader in hydrogen production plants - highest uptime, lowest conversion cost, robust and reliable
- >3,500 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



Proton OnSite – part of Nel Hydrogen Electrolyser business area

- Nel completed the acquisition of Proton OnSite on 30 June, 2017
- Creating the world's largest electrolyser company
- Enabling Nel to offer any type of electrolyser in the market
- Great strategic fit, and several areas of synergies
- Proton OnSite and Nel have started to work together on integrated projects, proving the strong organizational and technical fit
- Enhances Nel's foothold in the US and accelerates Nel's growth ambitions
- Combined Nel and Proton OnSite 2017 full-year revenues of ~390 MNOK (vs Nel 2017 revenue of 298 MNOK)*



PROTON IN NUMBERS

- 27 MUSD in revenues (2016)
- 2,600+ installations worldwide
- 75+ countries with generators installed
- 80 registered patents
- 20 years of installations
- ~100 employees
- Fully developed product offering, with the world's largest megawatt PEM electrolyser deal at the time in December 2016 (deal value excess of 20 MUSD)

Nel Hydrogen Fueling business area

- 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 and Asia
- Highest reported availability and innovative, in-house developed technologies



nel•

H2Station®

Dispenser assembly



5-stage H2Station® assembly



World's largest
manufacturing
facility for
H2Stations®:

300 stations per
year capacity

Nel Hydrogen Solutions business area

- 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
- Sole 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 and Storage Solutions

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



Purchase order of 8.3 MUSD on a combined hydrogen PEM electrolyser and H2Station® fueling solution for SunLine Transit Agency California

Attractive market opportunity

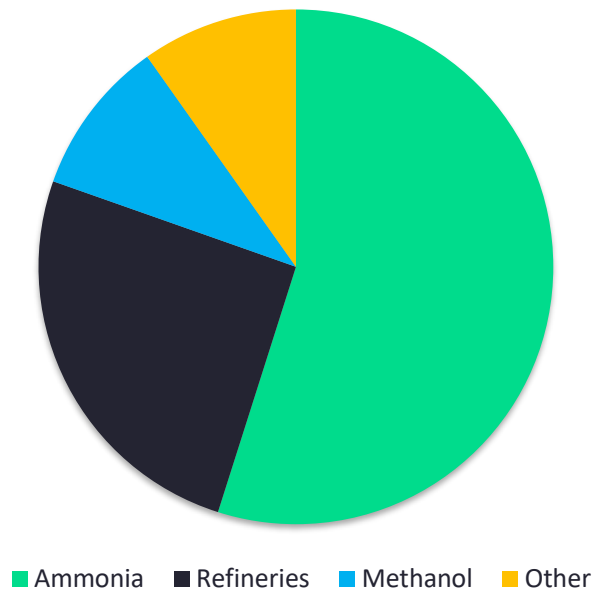
Operating in a global hydrogen market with large and exciting opportunities

Attractive market opportunities

Large opportunities for electrolysis within the already existing hydrogen market

- ~55 million ton/year market (~150 BUSD)
 - 15% merchant market (5 – 15 USD/kg)
 - 85% on-site (~2 USD/kg)
- Only 1% from water electrolysis, 3% from chlor-alkali, 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
- Assuming that total market is supplied by electrolysis, annual market potential would be > ~20 BUSD/year

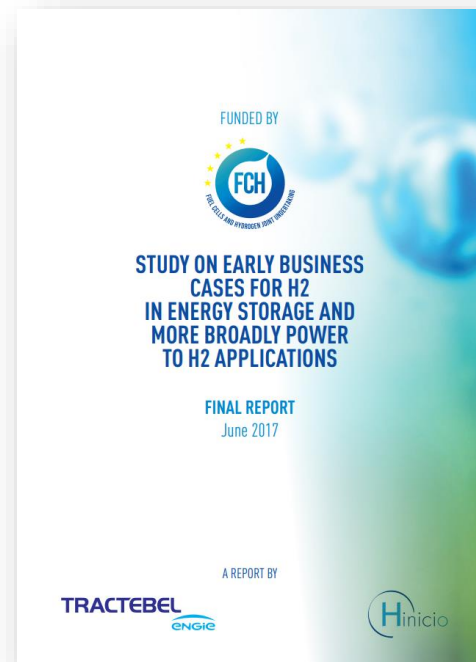
Global hydrogen market, by end-use:



Power-to-H₂ market of NOK 39 billion until 2025, in Europe alone

Attractive market opportunities

- Recent study shows that power-to-hydrogen is already bankable in Europe at electricity prices of 40 – 50 €/MWh (37 – 47 øre/kWh)
- Potential in the EU from now until 2025 of a **cumulative electrolyser capacity of 2.8 GW, representing a market value of NOK 39 billion**
- Most bankable in short- and medium-term:
 - Hydrogen mobility deployment
 - Oil refineries
 - Chemical and fertilizer industries
 - Complemented by gas grid injection
- First ever Green-Ammonia Conference held in Rotterdam May 18th-19th

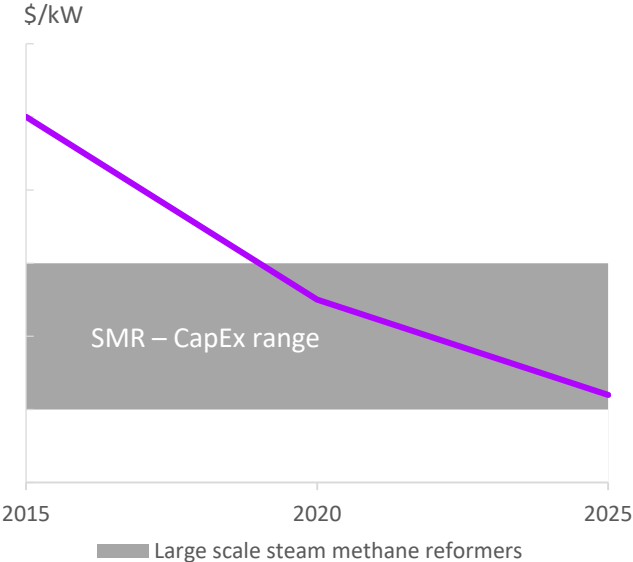


http://www.fch.europa.eu/sites/default/files/P2H_Full_Study_FCHJU.pdf

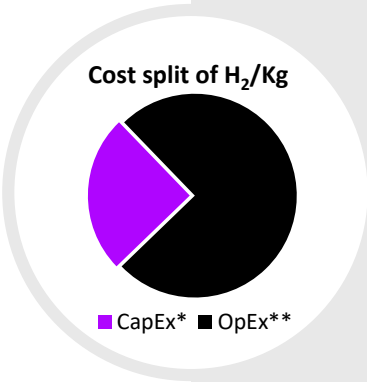
Renewable hydrogen from electrolysis becoming more and more competitive

General market update

CapEx: Electrolyzers from Nel - becoming competitive with SMR



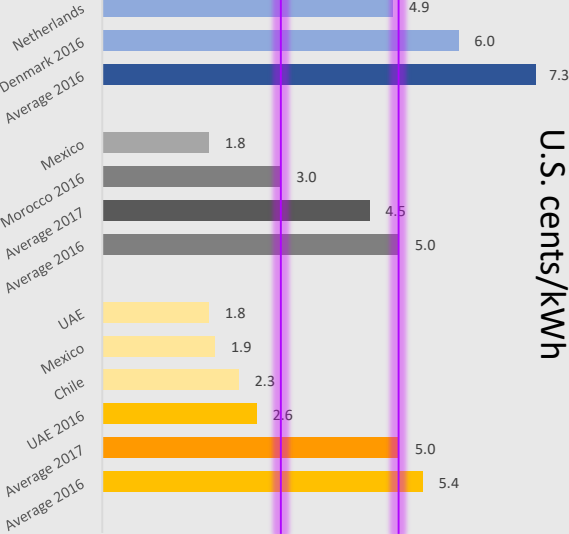
OpEx: Renewable energy already enables fossil parity for hydrogen



Offshore wind

Onshore wind

Solar PV



FOSSIL PARITY: INDUSTRY
FOSSIL PARITY: FUEL

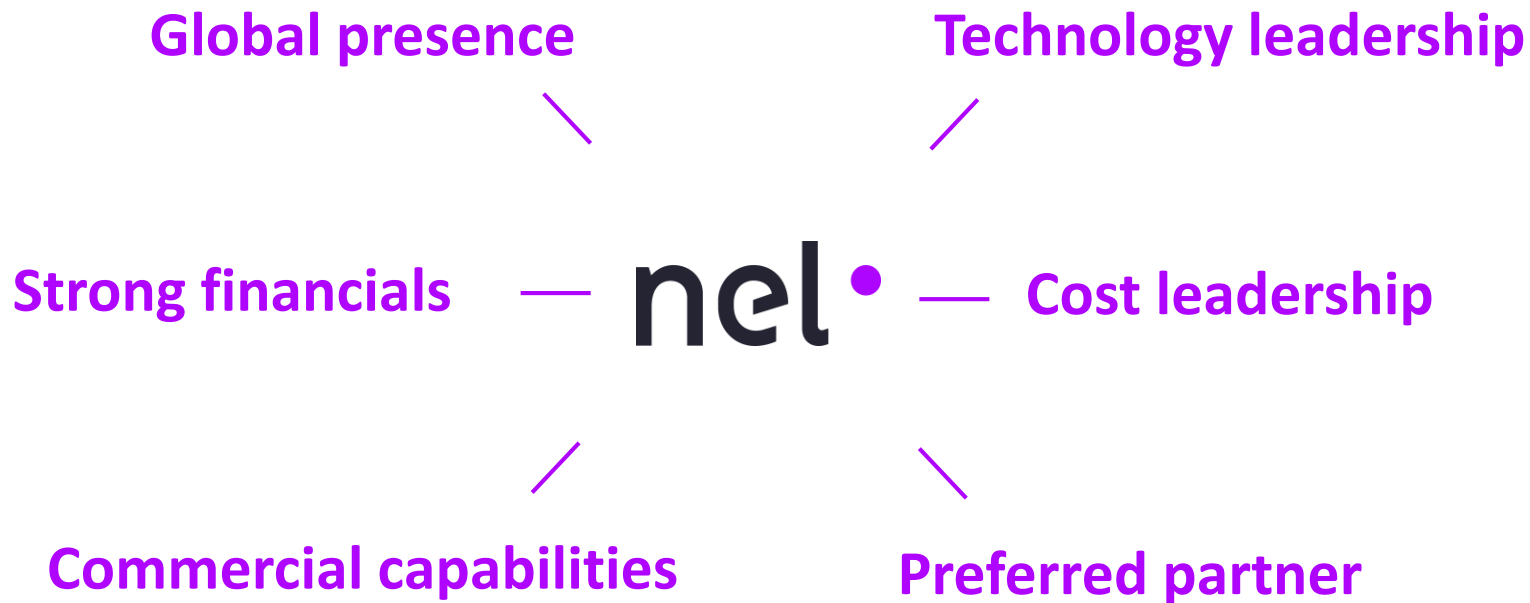
Source: Pareto Securities, Lazard
EUR/USD: 1:1.2

*incl. service, maintenance & operation
**electricity

Summary/Outlook

Creating a rapidly growing billion NOK company

Levering on the arising opportunities within energy storage and hydrogen fueling



Appendix

Appendix: Profit and loss

(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

Appendix: Balance sheet

(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

(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