

# Q2 2020

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# Forward-looking information

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# Agenda

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- Q2 highlights
    - Financial review
      - Nel in brief
      - Key developments
      - Summary / Outlook
  - Q&A

# Q2 highlights

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## Financial results and financing

### Revenues

**NOK 148.6 million**

Up 21% increase from NOK 122.5 million in Q2 2019

### EBITDA adjusted\*

**NOK -22.3 million**

Improved from Q2 2019

### Order backlog

**NOK >1 billion**

All time high and up 75% compared to end of last quarter (Q1 2020)

### Cash balance

**NOK >2.5 billion**

Supports Nel's leading position and accelerated investments in organization and technology

## Operations and sales

- PO for 85 MW alkaline electrolyzers to Nikola, value >USD 30 million
- PO for multiple H2Station™ units, value >NOK 150 million
- PO for three H2Station™ by HyNet, value ~EUR 4 million
- PO for 2.5 MW PEM electrolyzers, value >USD 3 million
- Took 100% ownership of Uno-X Hydrogen, changed the name to H2 Fuel Norway, Uno-X took 100% ownership of HRS at Åsane and Hvam

## Subsequent events

- NOK 16 million R&D-grant from Research Council of Norway to further develop next generation alkaline electrolyser
- USD 4.4 million R&D-grant from Department of Energy to further develop next generation PEM electrolyser

# Financial review

# Financial highlights

(NOK million)	2020 Q2 Adj*	2020 Q2	2019 Q2	2020 Q1	2019	2018
Operating revenue	148.6	148.6	122.5	126.5	569.7	489.0
Total operating expenses	194.2	220.6	213.3	213.4	823.3	685.1
EBITDA	-22.3	-48.7	-72.6	-64.6	-178.1	-131.6
EBIT	-45.6	-72.0	-90.7	-86.9	-253.6	-196.1
Pre-tax income (loss)**	620.7	594.3	-94.7	-5.2	-277.2	-197.5
Net income (loss)	622.8	596.4	92.8	-3.2	-269.7	-188.8
Net cash flow from operating activities	-54.1	-54.1	-81.7	-8.8	-209.2	-142.8
Cash balance at end of period***	2.566.1	2 566.1	697.7	1 221.4	526.0	349.7

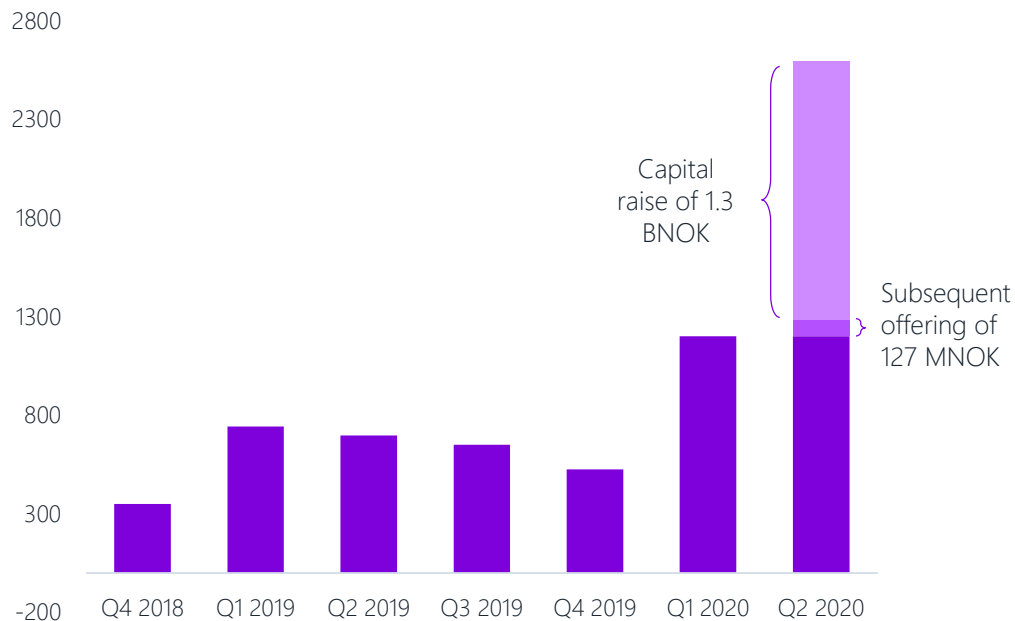
\* Non-recurring, ramp-up and net other costs of 23.5 MNOK have been booked in the quarter. Mainly related to start-up costs for the activities in new markets and ramp-up activities, counterbalanced in part by positive one-offs in the quarter. In addition, costs related to the group's share option program of 2.9 MNOK were booked in the quarter.

\*\* Includes 32.2 MNOK in unrealised currency exchange loss related to internal loans and a positive fair value adjustment of the shareholding in Nikola Corporation of NOK 675.6 million (a value of USD 67.53 per share as of June 30, 2020). A 10 USD increase/reduction in the share price of Nikola Corporation will lead to gains/losses of about MNOK 100.0 with a USD/NOK of 9.0

\*\*\* Nel raised 128 MNOK in gross proceeds in April 2020 and 1.3 BNOK in June 2020

## Strong cash position of ~2.6 BNOK

### Cash position (NOK million)

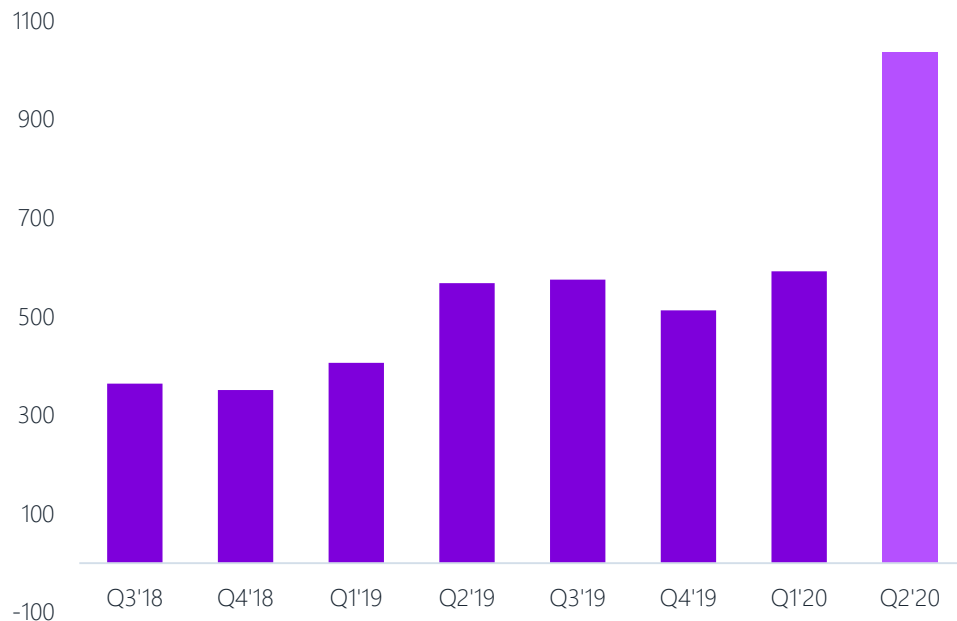


### Targets strong financial position to execute on strategic plans

- Completed private placement of 89.0 million shares in January 2020
- Completed subsequent offering of 13.4 million shares in April 2020
- Completed private placement of 70.5 million shares in June 2020
- Contemplated subsequent offering of 10.8 million shares after close of Q2
- Targeted to strengthen market position through accelerated investments in technology and organization to take advantage of market opportunities

# All-time high order backlog

## Order backlog by quarter (MNOK)



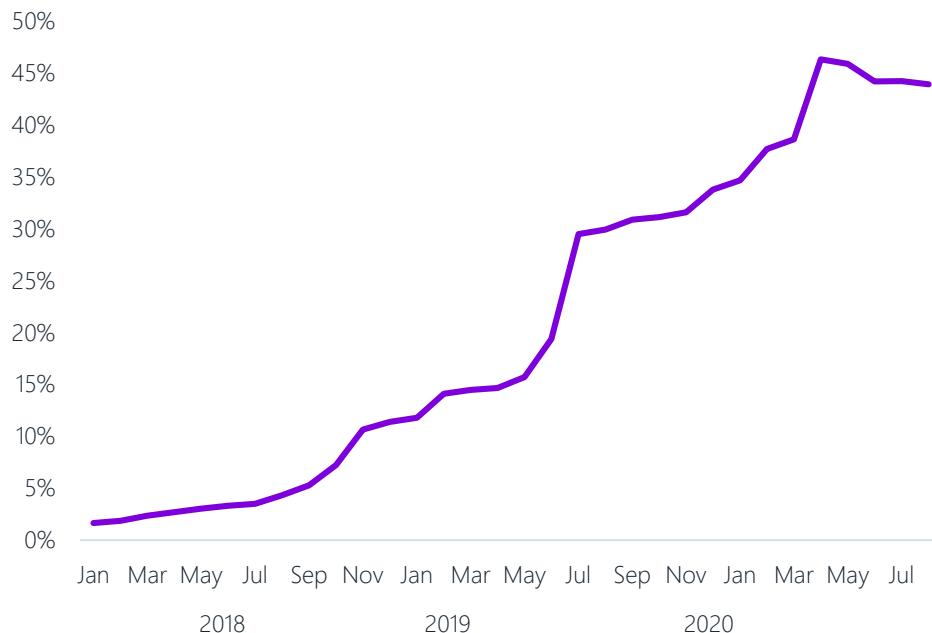
### All-time high order backlog

- Order intake of NOK 602.3 million in Q2
- The order backlog includes a USD >30 million electrolyser PO for Nikola
- Received a PO of NOK 150 million for multiple H2Station™
- All-time high order backlog of NOK 1 036.6 million
- Strong pipeline across segments and industries



# Insight into nominee account reveals high number of German shareholders

## Shareholding of Clearstream Banking S.A. since 2018



### More than 140,000 shareholders

- Clearstream Banking S.A. (Clearstream) is a nominee account majority owned by Deutsche Börse AG
  - Shows up on the shareholder list of numerous companies on OSE
- Has since 2018 grown to >44%
- Nominee account for mainly German banks
- Nel has asked for, and so far received lists of beneficiary owners for 72% of the holdings
- Lists received show that there are >140,000 private and >160 institutional investors, with biggest private owning ~2 M shares, and biggest institutional owning 31 M shares

# Nel in brief

# Leading pure play hydrogen technology company with a global footprint

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Pure play hydrogen technology company listed on Oslo Stock Exchange (NEL.OSE) with >27,000 VPS-registered shareholders



Manufacturing facilities in Norway, Denmark, and U.S., and a global sales network



World's largest electrolyser manufacturer, with >3,500 units delivered in 80+ countries since 1927



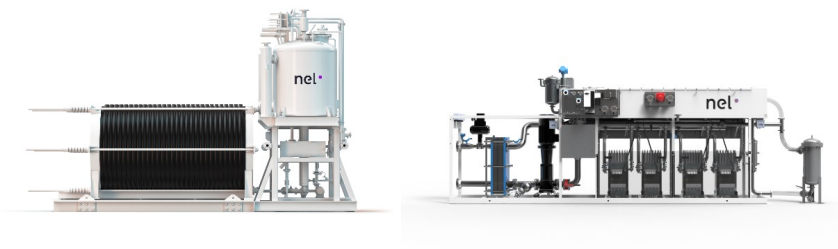
Leading manufacturer of hydrogen fueling stations, with >80 H2Station™ solutions delivered to 9 countries

# The front runner within hydrogen technologies

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## Alkaline and PEM electrolyzers

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



## Hydrogen fueling stations

The H2Station™ from Nel is the world's most compact fueling stations, capable of fueling any kind of vehicle and simple to integrate with other fuels



# Strong field know-how & manufacturing capacity

## PEM electrolyzers

Wallingford, USA



Systems delivered: **2,700+**

Nameplate capacity: **~40MW/year**

## Alkaline electrolyzers

Notodden/Herøya, Norway



Systems delivered: **800+**

Nameplate capacity: **~40MW/year**  
**→ ~500 MW/year (~2GW/year)**

## Hydrogen refuelling stations

Herning, Denmark



Stations delivered: **80+**

Nameplate capacity: **~300 HRS/year**

# Key developments

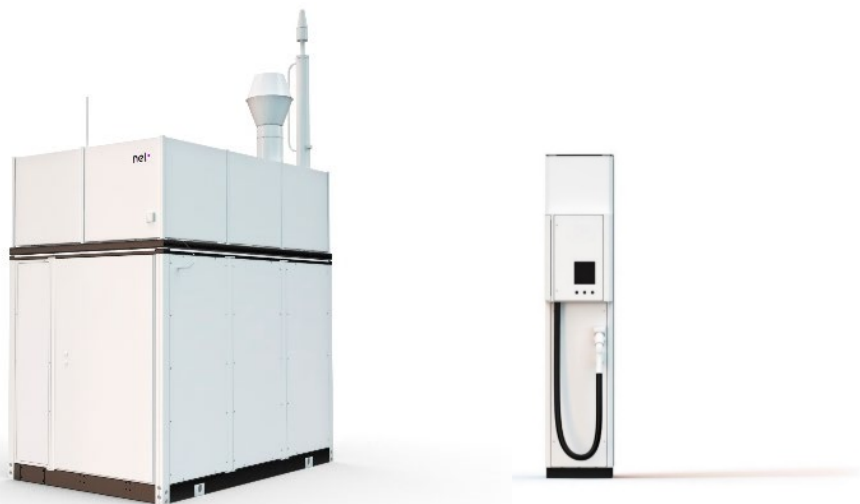
## Purchase order for 85 megawatt of electrolyzers from Nikola



### Reached major milestone with Nikola

- Partnership with Nikola, global leader in zero-emission transportation and infrastructure solutions
- PO on June 3, 2020
  - Excess of USD 30 million
  - 85 MW alkaline electrolyzers related to development of world's first 8 ton/day hydrogen fueling stations
  - Electrolyzers will primarily be delivered from new electrolyser mega-factory currently under development in Norway
- PO for remaining station equipment expected when Nikola has firmed up exact station locations

## H2Station™ order to large international company



### Purchase order for multiple hydrogen fueling stations

- Value in excess of NOK 150 million
- H2Station™ modules to be used for fueling of passenger vehicles in an existing market for Nel
- To be installed on multiple sites during 2021
- The unnamed customer is a large multinational company
- Additional information on project to be provided in second half of 2020



# Framework agreement for delivery of electrolyzers in France

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Initially focusing on the French market, Lhyfe is a developer /owner/operator of green hydrogen production sites

## Signed framework agreement

- Agreement covers 60 MW of electrolyzers to be delivered by 2024
- Follows previously announced PO of an alkaline electrolyser in Q1 2020
- France has recently stepped up hydrogen efforts
- Lhyfe targets to develop a number of different sites, all producing renewable hydrogen for different applications

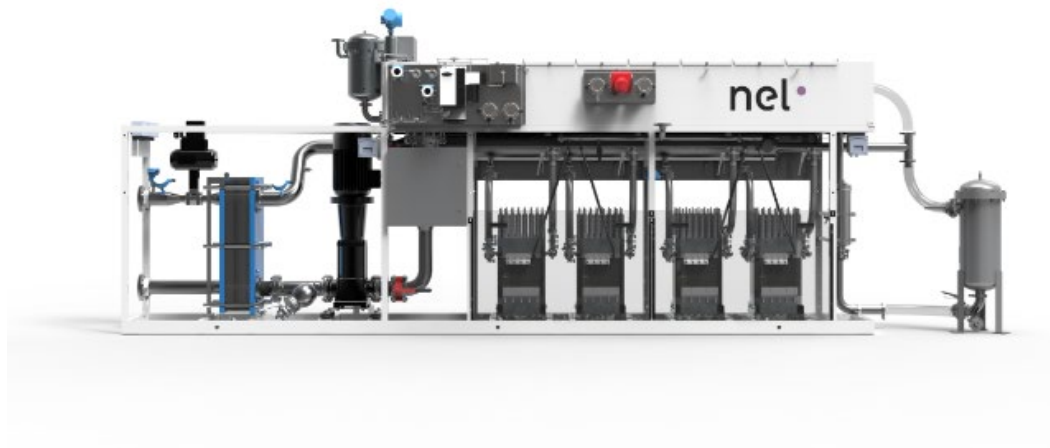
## Purchase order for three additional hydrogen fueling stations from South Korea



### Hydrogen fueling stations roll-out in Korea

- PO from Hydrogen Energy Network Co., Ltd. (HyNet) for three additional H2Station™ units
- Value of approx. EUR 4 million
- To be installed on multiple sites during 2021
- HyNet to roll out 100 hydrogen fueling stations in Korea by 2022, as part of the national ambition in Korea to have more than 300 stations operational by the same year

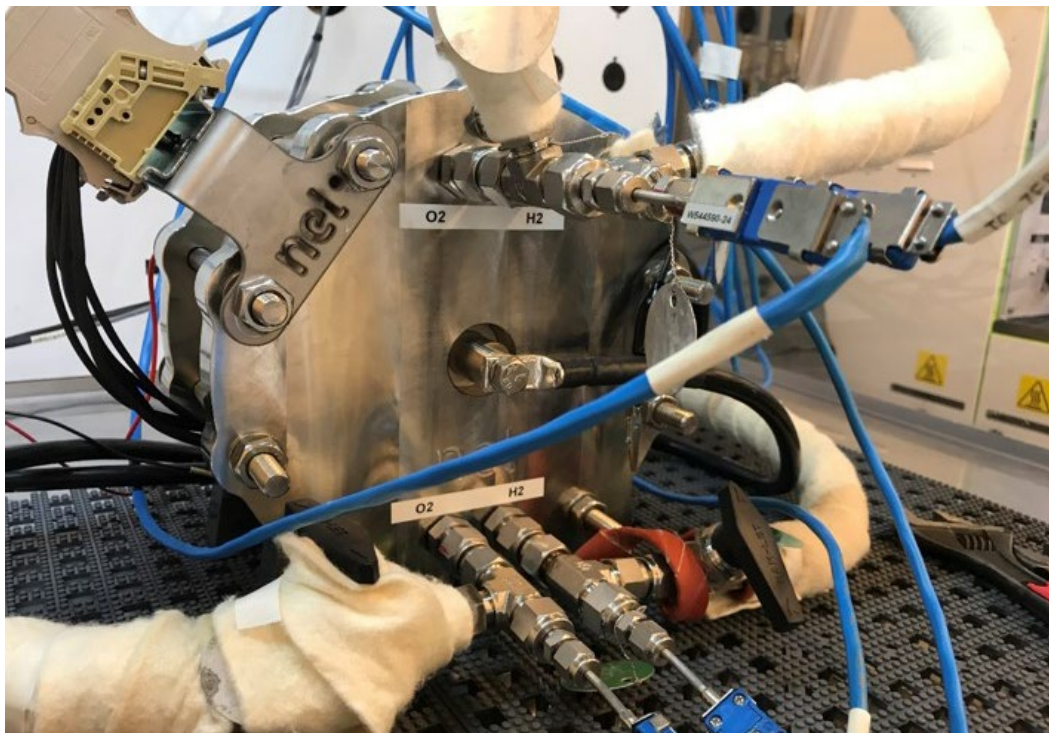
## Purchase order for a 2.5 MW PEM electrolyser in Europe



### **Containerised 2.5 MW Proton PEM® electrolyser from European customer**

- Value in excess of USD 3 million
- Scheduled to start producing green hydrogen in spring of 2021
- Additional details to be provided following project launch

# Received R&D grants for development of next generation electrolyzers



## Grant for next gen alkaline electrolyser

- Will improve fundamental elements in the cell stack affecting efficiency and cost
- NOK 16 million grant by the Research Council of Norway
- Full scale pilot will be installed at Yara for testing and production of green ammonia

## Grant for next gen PEM electrolyser

- Will develop advanced components and manufacturing methods to optimize flow and conductivity of the stack
- USD 4.4 million grant by US Department of Energy under the H2@Scale initiative

## Capacity expansion at Herøya

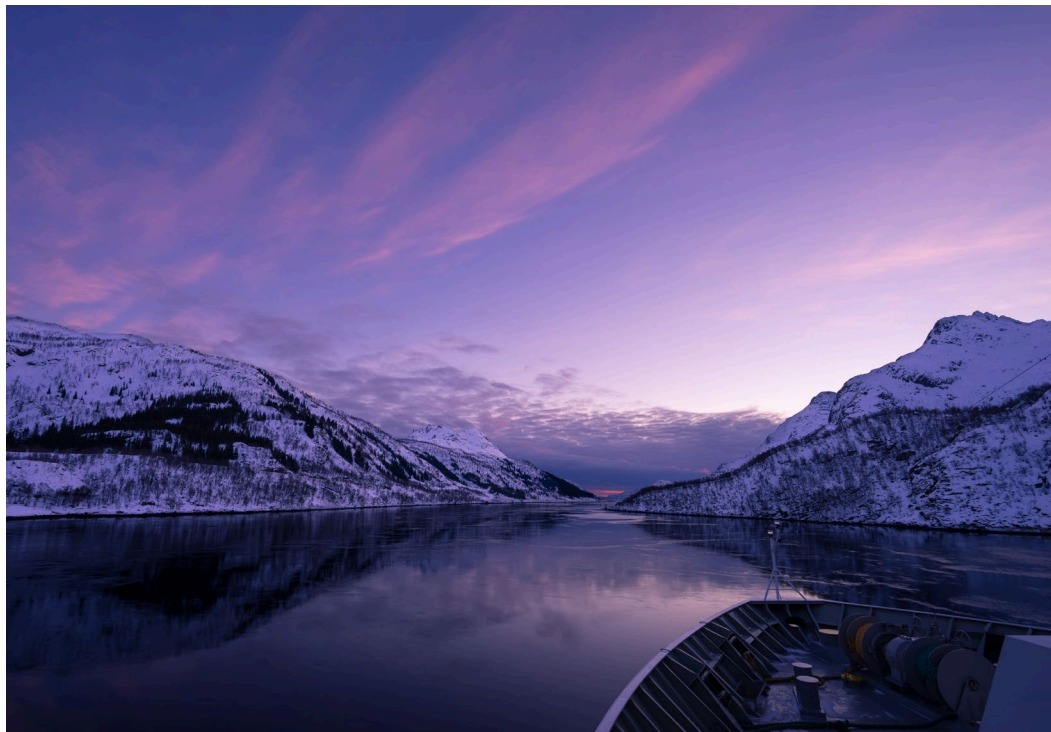


### Planned capacity expansion at Herøya

- Fully automated and designed according to lean manufacturing principles
- Industrial scale production of the most efficient electrolyzers in the market, at a game-changing cost
- Large production line improvements already identified, name plate capacity up from ~360 to ~500 MW/year
- Test production in new line Q2 2021, start of ramp-up Q3 2021
- Room to expand to ~2 GW/year with 4 production lines



# Norway's new hydrogen strategy fails to create a European leader



## A missed opportunity if approved

- Norway's hydrogen strategy was launched on June 3, 2020
- No concrete targets and no support for infrastructure roll-out, sole focus on pilots
- Nel believes this strategy leaves Norway behind
- Strong contrast to ambitious targets throughout Europe
- As a consequence, Nel will assess whether to start orienting its activities towards areas with more hydrogen related activities

## Nel steps up with Hydrogen Europe

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<https://hydrogeneurope.eu/>

### **Nel enters board of Hydrogen Europe**

- Hydrogen Europe is the European industry association for hydrogen with more than 150 industry members
- Initiator of 2x40 GW Green Hydrogen Initiative
- Nel is joining the board to contribute making Europe the leading region globally for green hydrogen technologies

# EU launches hydrogen strategy, taking a global leadership in green hydrogen



## Towards a hydrogen economy in Europe

- European Commission announced new European hydrogen strategy on July 8, hydrogen will be part of the Covid-19 recovery plan
  - Phase 1 (2020-24) goal of 6 GW
  - Phase 2 (2025-2030) goal of 40 GW
  - Phase 3 (-2050) large-scale use of hydrogen
- Maximize use of green hydrogen, blue hydrogen will play a transitional role, NO grey hydrogen
- Production price for grey hydrogen (EUR 1.5/kg) benchmark for green hydrogen
- Cost target will be reached in a few years



# Summary/Outlook

## Leveraging on the arising opportunities within energy storage and hydrogen fueling

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# Covid-19 priorities and impact

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The global outbreak of Covid-19 will continue to cause disruptions in Nel's operations and financial performance, the pandemic negatively impacts the general business environment, orders received, installations, commissioning and associated revenue recognition.

Nel remains committed to its strategy and has since 2019 taken on additional employees and costs to prepare for future growth. The revenue shortfall and business disruptions caused by Covid-19 have impacted and will continue to impact financial results negatively throughout 2020:

- Installation and commissioning delays caused by travel restrictions
- Certain new order booking delays due to the macroeconomic slow-down
- Nel holds the workforce largely intact to maintain the momentum when the situation normalizes and will continuously assess the situation

**Nel reiterates the confidence in the long-term potential for the industry, supported by the “green recovery” outlined by various governmental initiatives**

**Safety as priority #1**

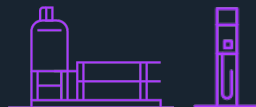
**Transparency**

**A green Covid-19 recovery**

# Reiterating strong long-term outlook



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



Nel targets to maintain its current leading position in the electrolysis sector, **continuing to develop both PEM and alkaline technologies**, as well as developing technology elements to support fast and reliable **hydrogen fueling of heavy duty applications**



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



Ongoing growth initiatives, ramp-up costs and remaining effects of the Covid-19 outbreak will have a **negative EBITDA impact in 2020**

# IR analytics

## Market cap

Billion NOK

~28.5

## Investor base

>167.000 investors

>75%

International  
ownership



## Shares

1. Jan - 21 Aug, 2020

+140%

Daily average turnover  
of NOK (million)

~275

## Financial calendar



11 Nov, 2020: Q3

Late Nov, 2020: CMD

## Road show



Digital Q2 road show

## Analyst coverage

Jonas Meyer (SB1), Tomas Skeivys (Norne), Mikkel Nyholt (Carnegie), Daniel Stenslet (Arctic), Ole-Andreas Krohn (DNB), Gard Aarvik (Pareto), Anders Rosenlund (SEB), James Carmichael (Berenberg)

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Q&A

number one by nature