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Nel ASA: Second quarter 2022 financial results

(Oslo, 11 August 2022) Nel ASA (Nel, OSE:NEL) reported revenues of NOK 183 million in the second quarter of 2022, up 12% from NOK 164 million in the same quarter of 2021. Second quarter order intake was NOK 236 million, up 61% from the same quarter last year. Subsequent to the quarter the company announced a record size order of 200 MW of alkaline electrolyser stacks. Based on continued positive market developments Nel has made a final investment decision on the second production line in the Herøya facility, increasing annual alkaline production capacity to approximately 1 GW.

Quarterly highlights

- Nel reported revenue and operating income in the second quarter 2022 of NOK 183 million, up 12% from the second quarter 2021 (Q2 2021: 164).
- Order intake this quarter of NOK 236 million (Q2 2021: 147).
- At quarter end, Nel reported the highest ever order backlog of NOK 1 439 million, up 33% from the second quarter 2021 (up 12% compared to the first quarter 2022).
- EBITDA of NOK -197 million (Q2 2021: -120).
- Strong cash balance of NOK 3 646 million (Q2 2021: 3 074) following a successful private placement during the first half 2022 which raised NOK 1 500 million in gross proceeds.
- Subsequent to the quarter,
 - Nel has received record size purchase order for 200 MW of alkaline electrolyser equipment
 - Nel has initiated the continued expansion at Herøya in Norway, for an additional new 500 MW alkaline production line
 - Nel has received purchase order for multiple H2Station™ units for a value of approximately EUR 8 million.

“The high activity level in the second quarter resulted in signing of the largest order the company has ever received, a contract that will have substantial positive effects on the company” says Nel’s CEO, Håkon Volldal

“The EUR 45 million 200 MW contract could potentially double in value as there is a potential for Nel to deliver balance of plant equipment in addition to the stacks following an ongoing paid FEED study”.

“In addition to having significant positive impact on Nel as a company, it also shows that the green hydrogen market is developing in the right direction. Political support and real incentives are emerging, equipment capex is coming down, long-term green power purchase agreements and off-take agreements are achievable, and financial institutions have matured their thinking on how to finance green hydrogen projects. These are all key requirements for realizing more large-scale projects”, Volldal says

Yesterday, the company’s Board of Directors approved further expansion in the company’s factory at Herøya, Norway. Nel will invest in a second fully automated 500 MW alkaline production line and bring total production capacity at the factory to ~1 GW. Total CAPEX for the equipment is estimated to be EUR 35 million. The line is expected to be operational in April 2024.

“The Herøya expansion supports what we have previously communicated: when demand is present, we will add capacity. The recent 200 MW contract will not be a one-off, and as we see a potential for additional large orders in the foreseeable future, we have decided to expand our production capacity”, Volldal says

Q2 2022 revenues grew from the same quarter last year as the company continues to increase electrolyser system deliveries according to plan.

EBITDA decreased from the same quarter last year. Continued ramp-up of the organization, in-line with Nel's strategy to pursue growth, negatively affects profitability. The increase in personnel expenses predominantly relates to hires of experienced project, production, and technology workers. Furthermore, supply chain challenges leading to increased raw materials expenses and somewhat delayed deliveries had a negative effect.

EBITDA and other alternative performance measures (APMs) are defined and reconciled to the IFRS financial statements as a part of the APM section of the first quarter 2022 report on page 21.

The second quarter 2022 report and presentation are enclosed and available on www.newsweb.no (Ticker: NEL) and www.nelhydrogen.com. Nel will host a live broadcast at www.nelhydrogen.com and the event can also be streamed at https://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20220811_2

The presentation will be held at Hotel Continental, Oslo at 08:00 CET. Following the presentation there will be a Q&A-session based on submitted questions during the call. Physical participation is welcomed.

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About Nel ASA | www.nelhydrogen.com

Nel is a global, dedicated hydrogen company, delivering optimal solutions to produce, store and distribute hydrogen from renewable energy. We serve industries, energy and gas companies with leading hydrogen technology. Since its origins in 1927, Nel has a proud history of development and continual improvement of hydrogen plants. Our hydrogen solutions cover the entire value chain from hydrogen production technologies to manufacturing of hydrogen fueling stations, providing all fuel cell electric vehicles with the same fast fueling and long range as conventional vehicles today.

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