

Nel ASA: Third quarter 2016 results

(Oslo, 16 November 2016) Nel ASA (Nel) reported revenues in the third quarter of NOK 24.4 million, sequentially up from NOK 13.5 million, with a solid order backlog going into 2017. Nel is preparing for market entry in California, and announces today a Letter of Intent (LoI) to establish a joint-venture (JV) with a leading global solar company. The JV will build and operate the first solar-driven hydrogen production plant in the US.

“Nel secured several important H2Station- and electrolyser contracts in the third quarter, contributing to a strong project development pipeline and a good backlog for 2017. We also announced the new Nel C-range containerised turn-key electrolyser in the period, with the first sales contract already signed, and are also preparing for the upcoming market entry in California”, says Jon André Løkke, Chief Executive Officer of Nel.

In the third quarter of 2016, Nel reported revenues of NOK 24.4 million (Q3'15: MNOK 30.8), with an EBITDA of NOK -10.2 million (2.3), impacted by the planned high activity level within business development in new markets, investments, and preparation for production ramp-up. Nel's cash balance at the end of the third quarter was NOK 223.3 million, in line with the third quarter of 2015.

The California Energy Commission has doubled the Grant Funding Opportunity (GFO) for 2016. The Commission's target is to reach 100 hydrogen fueling stations by 2020, of which half have already received funding. The 2016 GFO award is expected to cover 20 stations to be developed in 2017.

“To ensure a successful market entry in California, Nel has both a direct and indirect market penetration strategy. We have established the US subsidiary Everfuel to apply directly for funding and to ensure feet-on-the-ground. In addition, we have offered our leading H2Station technology to other GFO applicants and have received confirmation that several operators have included our equipment into their proposals. We are looking forward to the results of this allocation, which is expected to take place during the fourth quarter of 2016”, says Løkke.

Nel today also announced a Letter of Intent (LoI) to establish a joint-venture (JV) with a leading global solar company. The JV will build and operate the first solar-driven hydrogen production plant in the US. This project is the first step towards large-scale commercial renewable hydrogen production to meet the expected demand for renewable hydrogen in California and the US.

“We are excited to enter into this agreement for the development of the first renewable solar-to-hydrogen production plant in the US. Given the requirement from the government in California for 33 percent renewable hydrogen in the

transport sector, we are confident that this will become an attractive market for our joint technology solutions,” says Jon André Løkke.

The agreement is expected to be finalised before the end of 2016 and the JV aims to begin production and delivery of renewable hydrogen during the second half of 2017. The parties are already exploring additional sites in California for renewable hydrogen production at a larger scale.

The presentation will be broadcast live at www.nel-hydrogen.com/webcast and can also be viewed at <http://webtv.hegnar.no/presentation.php?webcastId=40094243>

The third quarter 2016 report and presentation will be made available through www.newsweb.no and www.nel-hydrogen.com.

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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 foundation 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.