

Nel ASA: Second quarter 2017 results

(Oslo, 24 August 2017) Nel ASA (“Nel”) reported revenues in the second quarter of 2017 of NOK 39.1 million, compared to NOK 13.5 million in the second quarter of 2016, representing a growth of 190 percent. The quarter was especially marked by finalization of the acquisition of Proton OnSite (“Proton”) on June 30, 2017 creating the world’s largest electrolyser company, as well as an exclusive, industrial-scale framework agreement with H2V PRODUCT with an initial contract value of approximately NOK 450 million.

“The second quarter was characterised by significant developments that provide a promising outlook for the rest of the year and the future of Nel. The key highlight was the successful closing of the Proton acquisition, meaning we have now created a world leading electrolyser company. The combined entity will be able to offer the full spectre of electrolysers in terms of capacity and technology, in addition to having a strong foothold in the US. Proton has a motivated and talented organization, a solid backlog, a clear product roadmap and we expect a good demand for our PEM electrolysers going forward,” says Jon André Løkke, Chief Executive Officer of Nel.

In the second quarter of 2017, Nel reported revenues of NOK 39.1 million, compared to NOK 13.5 million in the same quarter of 2016, representing a topline growth of nearly 190 percent. The high activity level within business development, investments and preparations for productions ramp-up continues as planned. Also in the second quarter, the EBITDA was negatively affected by the ramp-up costs and ended at NOK -12.5 million, adjusted for transaction costs related to the Proton acquisition and non-cash share options.

During the second quarter, the company entered an exclusive, industrial-scale power-to-gas framework agreement with H2V PRODUCT. The first 100 MW hydrogen plant has a contract value of approximately NOK 450 million, increasing to about NOK 3.15 billion for six other plants and a total of 700 MW. The first plant will be developed in the period 2018-2020, with a target to continue adding lines from 2020 until 2025. The partnership also represents significant opportunities for expansion at the Notodden facility.

The quarter also marked Nel’s entry into the Korean market through a joint venture with Deogyang Co. Ltd, South Korea’s largest hydrogen supplier. The joint venture Nel-Deogyang Ltd. was established for exclusive sales and marketing of the Nel H2Station® in Korea, where the government targets to install around 100 fueling stations by 2020 and 230 stations by 2025.

The company also initiated the production of the fueling stations for the Californian market in August, supporting the NOK 140 million purchase order received from Shell earlier this year. The stations will be produced at the new Hering facility, and the company expects to start shipments later this year.

“It has been an eventful second quarter with important partnership agreements, a milestone acquisition and an order backlog at the end of the period that is almost 3.5 times the revenue of last year. With an all-time high level of sales leads, both in traditional and new markets, we expect contribution from all business areas, including Proton. To provide the investors with a better understanding of the outlook going forward, we are stating that the revenues in the third quarter of 2017 will more than twice that of the second quarter,” says Løkke.

Nel will host a presentation at 08:00 CET at Hotel Continental in Oslo on August 24, 2017. A live webcast of the call will also be available on the company’s website, www.nelhydrogen.com/webcast, and on <http://webtv.hegnar.no/presentation.php?webcastId=58635400>

The second quarter 2017 report and presentation will be made available through www.newsweb.no (Ticker: NEL) and www.nelhydrogen.com

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For further information, please contact:

Jon André Løkke, CEO, Nel ASA, +47 907 44 949

Bent Skisaker, CFO, Nel ASA, +47 468 21 693

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.