

Nel ASA: Third Quarter 2018 Results

(Oslo, November 1, 2018) Nel ASA (“Nel”) reported revenues in the third quarter of 2018 of NOK 116.0 million, up from NOK 111.7 million in the third quarter of 2017. Nel received several purchase orders during the quarter, recently announced the construction of the world’s largest electrolyzer manufacturing plant and reiterates a strong market outlook.

“The third quarter of 2018 was a hectic quarter, reflecting both the momentum we are gaining across the world, as well as our ambitions for the future. This includes announcing the construction of the world’s largest electrolyzer plant in Norway, opening our new state-of-the-art H2Station factory in Denmark, and also key purchase orders like the first power-to-gas project in Australia. Not least, our H2BusEurope project, alongside other leading industry partners, has been proposed for a grant award of around EUR 40 million. We are all hands on deck as we move forward and continue our efforts to develop Nel further,” says Jon André Løkke, Chief Executive Officer of Nel.

In the third quarter of 2018, Nel reported revenues of NOK 116.0 million, compared to NOK 111.7 million in the same quarter of 2017. The Fueling and Solutions segments had a good quarter, while the Electrolyzer segment was negatively impacted by certain project delays and lower activity within the global hydro power plant market. The adjusted EBITDA ended at NOK -16.8 million (-10.5), adjusting for non-recurring and other cost of NOK 36.5 million following cost overrun on two specific projects, legal cost related to the US settlement with PDC Machines, Inc. and other issues. The reported EBIT was NOK -66.3 million (-33.3).

The order backlog amounted to NOK 365.3 million, which includes the two demo hydrogen fueling stations for Nikola’s fleet of prototype hydrogen trucks, but does not include the exclusive commercial station contract, which Nel and Nikola are jointly working on to determine exact timing of deliveries, as well as detailed station design.

“Overall, we are not satisfied with the revenue development, nor the EBITDA for the quarter. We are, however, expecting that recently implemented cost reductions across the majority of our product range, as well as further alignment of our sales force, will take us back on a more aggressive growth path, while delivering on our long-term ambition of being in the forefront of the industry,” says Løkke.

The net cash balance at the end of the quarter ended at NOK 434.1 million. The company raised NOK 46.8 million in gross proceeds in a subsequent offering during the quarter, following the NOK 281 million private placement in June 2018. The proceeds will primarily be used to fund the expansion of the production facility at Notodden, as well as product developments to prepare for deliveries to Nikola. Nel also invested USD 5 million into Nikola as part of their C-round financing during the third quarter, further strengthening the partnership between Nel and Nikola.

“The activity within hydrogen across the globe has never been higher, nor has the value of our pipeline. In this environment, we are working hard and making tough priorities, constantly balancing between current business and longer-term strategic positioning. We target to maintain a leadership position with a global presence, cost leadership, and preferred-partner status for industry participants,” Løkke concludes.

Nel will host a presentation at 08:00 CET at Hotel Continental in Oslo on November 1, 2018. A live webcast of the call will also be available on the company’s website, www.nelhydrogen.com/webcast, and on <http://webtv.hegнар.no/presentation.php?webcastId=97451404>.

The third quarter 2018 report and presentation are enclosed and available through www.newsweb.no (Ticker: NEL) and www.nelhydrogen.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 origin in 1927 as part of Norsk Hydro, Nel has a proud history of development and continuous 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.