Q1 2018 PRESENTATION

Rolf Barmen (CEO)
Birte Strander (CFO)

Oslo, 8th May

Fjordkraft
Mer for pengene

Q1 2018 HIGHLIGHTS

Rolf Barmen (CEO)

Highlights first quarter 2018

An important high-volume quarter – a good start to the year

- Adjusted net revenue was NOK 314.1m, +16% YoY.
  - Growth mainly from increased volume sold (+13% YoY).
- Increased volume and higher electricity prices have temporarily increased NWC and NIBD greatly.
  - These factors are also the main reason for the 38% YoY increase in gross revenue.
- Adjusted EBIT increased +3% YoY and was NOK 145.6m.
- On track to achieve the strategic objectives. Positive organic growth in all segments.
- Increase in customer satisfaction despite high elspot prices and volumes.
- The acquisition of TrønderEnergi Marked was successfully completed 18 April 2018, as communicated 28 March, when clearance from the Norwegian Competition Authority was received.

Key Highlights

# of deliveries (end of period) [1] **532 195** Increase of 8 % YoY	**Net change in # of deliveries** **3 722** Of which org. growth 3 722
Volume sold [2] **4 288 GWh** Increase of 13 % YoY	**Gross revenue** **NOK 1 916,0m** Increase of 38 % YoY
Net revenue (adj.) [3] **NOK 314,1m** Increase of 16 % YoY	**EBIT (adj.)** [3] **NOK 145,6m** 46 % Adj. EBIT margin (this q.)
EPS (reported) **NOK 0,97** Decrease of -2 % YoY	**Net debt / (Net cash)** **NOK 330,6m** NIBD/LTM EBITDA: 0,77

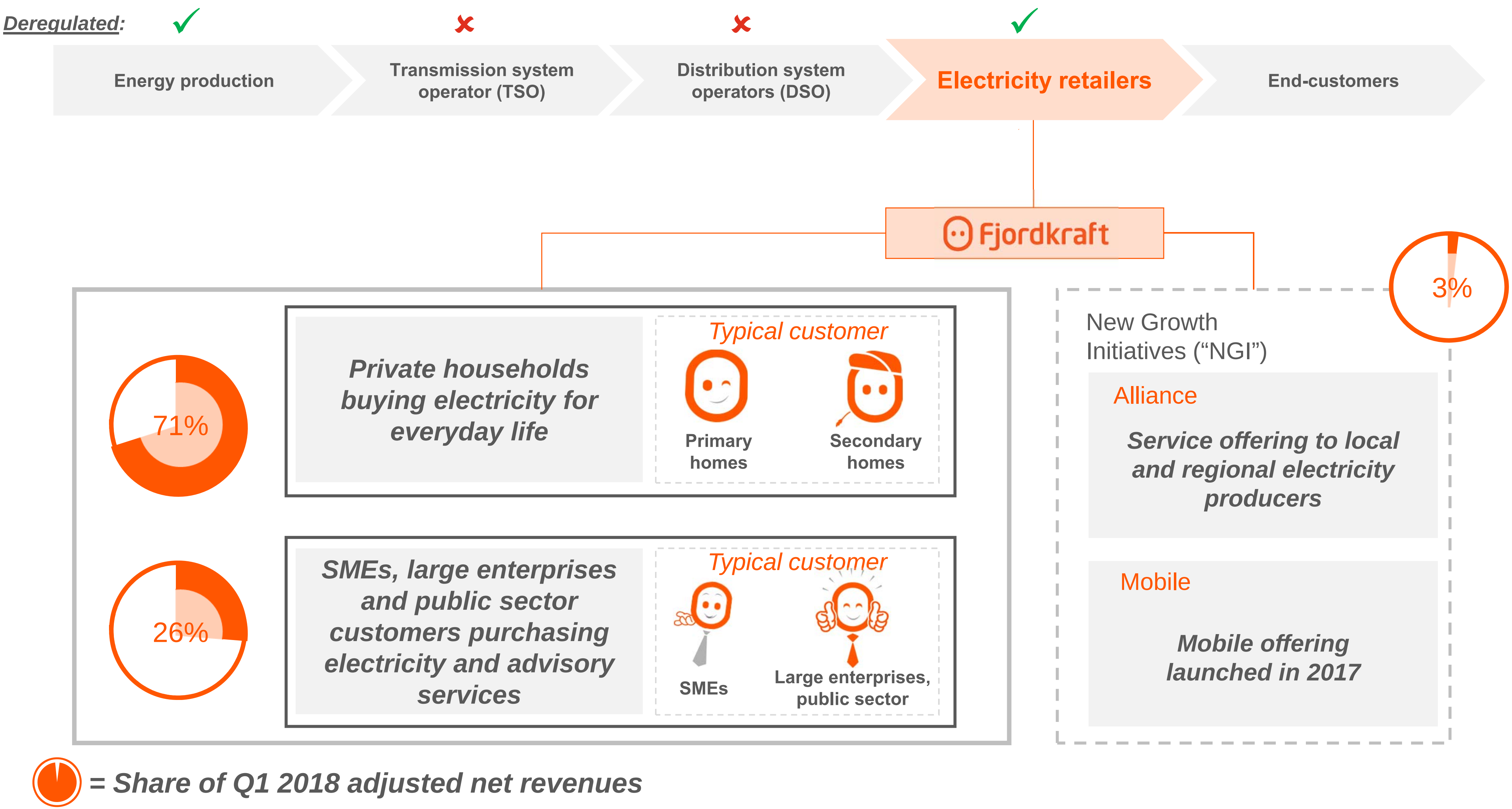
Sources: Company information
1) Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 554.183
2) Not including Alliance volume. Volume turnover for alliance partners Q1 2018: 1,603 GWh.
3) Adj. Net revenue and EBIT is reported figures adjusted for any estimate deviations on sales and distribution of electricity related to previous reporting periods and unallocated items (incl. unrealised gains and losses on financial derivatives, IPO related costs, and non-recurring marketing expenses related to the launch of mobile offering).

BUSINESS REVIEW

Rolf Barmen (CEO)

Fjordkraft at a glance

A leading Norwegian electricity retailer for both consumer and business customers

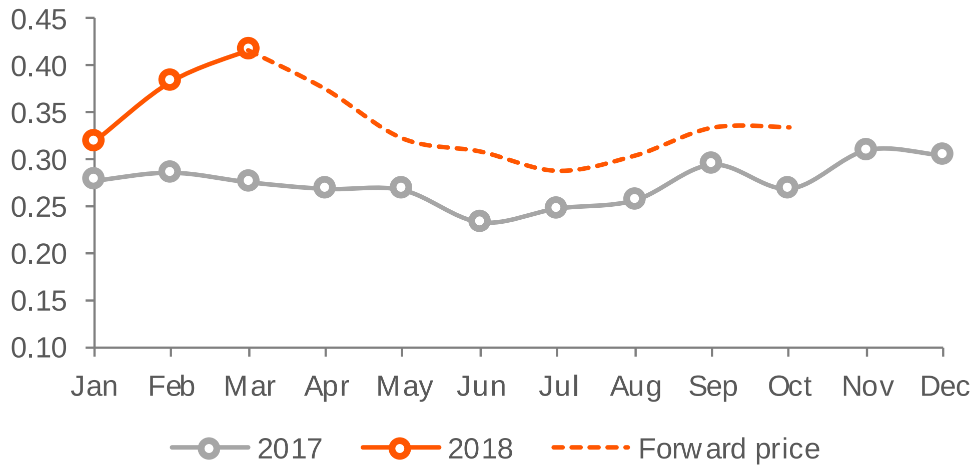


Market development

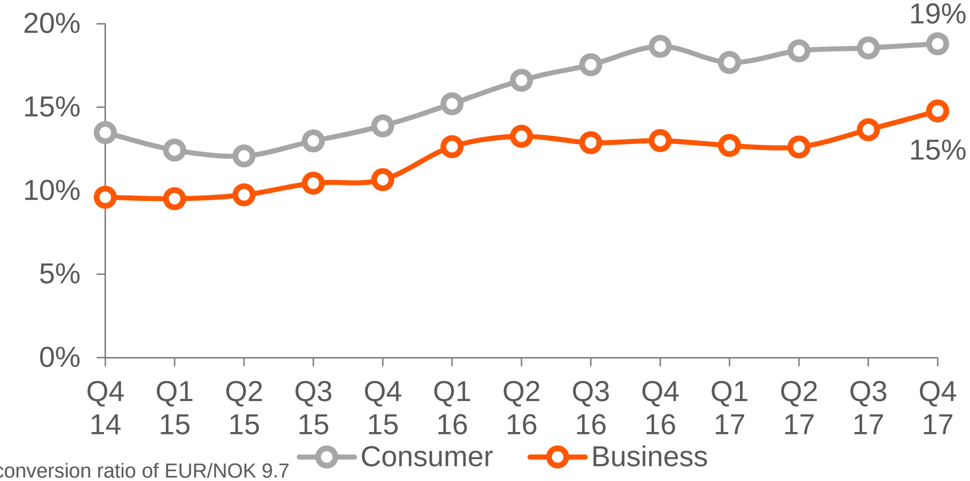
Key highlights in Q1 2018

- Elspot prices have been high and rising throughout the quarter.
  - Significantly higher than same period last year, especially towards the end of the quarter.
  - Elspot prices are expected to be higher throughout the year compared to last year
- Colder than normal weather[3] in two out of three months:
  - January: +1.6°C above normal
  - February: -0.8°C below normal
  - March: -2.8°C below normal
- According to NVE's figures, churn in both the Consumer and Business segment is increasing on an LTM basis.

Monthly elspot prices (NOK/kWh)[1]



Market churn (LTM)[2]



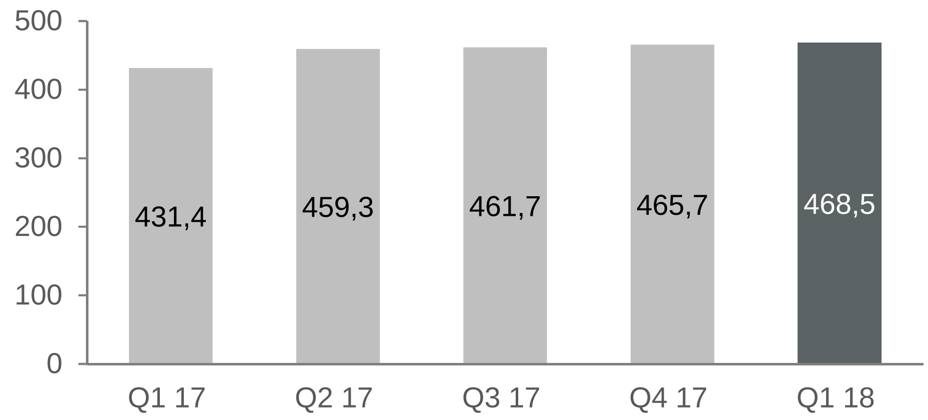
Sources:
1) Historical elspot prices are from Nordpool. Forward prices are from Nasdaq OMX Commodities 25 April, 2018 using a conversion ratio of EUR/NOK 9.7
2) Figures from NVE. Q4-17 figures were published 18 March 2018
3) Temperature figures from met.no's monthly reports

Segment development - Consumer

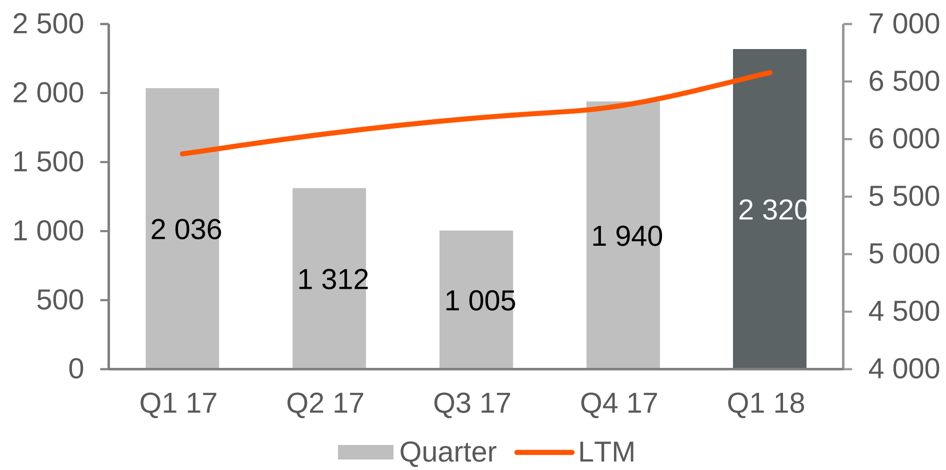
Key highlights in Q1 2018

- Continued organic growth in number of electricity deliveries.
  - Net additions in Q1 2018 were 2,818
- Both colder than normal[1] weather and growth in number of deliveries contributed to increased volume sold.
  - Volume 14% higher than Q1 2017.
  - Avg. volume per delivery was 4,967 kWh in Q1 2018, compared to 4,783 kWh in Q1 2017.
- Started selling home chargers for electrical vehicles, offering customers a 3 year repayment plan (NOK 499 per month).

of electricity deliveries[2] ('000)



Volume (GWh)



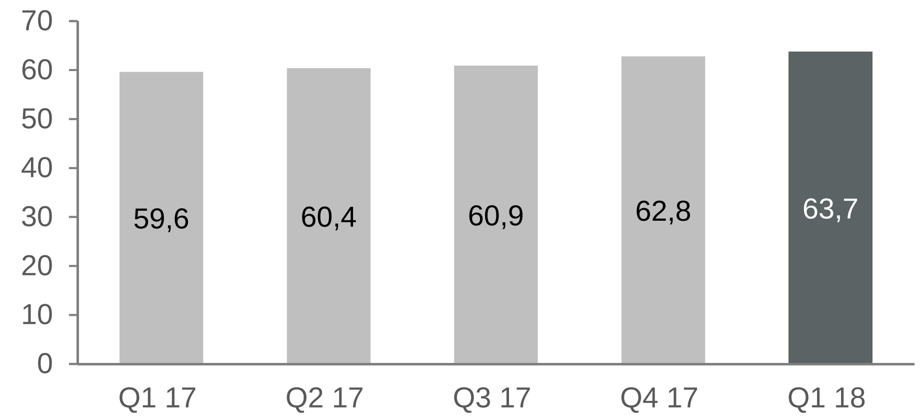
Sources: Company information
1) Temperature figures from met.no's monthly reports
2) Number of electricity deliveries at the end of the period

Segment development - Business

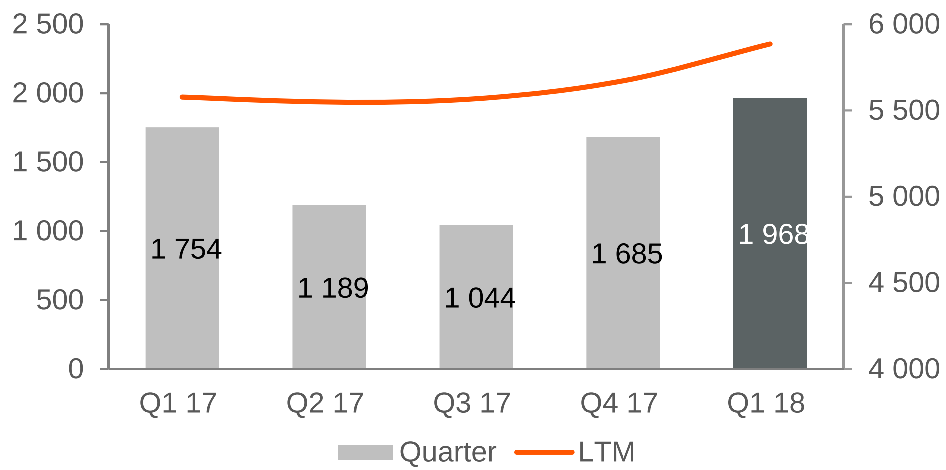
Key highlights in Q1 2018

- Continued organic growth in number of electricity deliveries.
  - Net additions in Q1 2018 were 904
- Both colder than normal[1] weather and growth in number of deliveries contributing to increased volume sold.
  - Volume 12% higher than Q1 2017.
  - Avg. volume per delivery was 31,121 kWh in Q1 2018, compared to 29,778 kWh in Q1 2017.
- Increased functionality in the web reporting service "Min Bedrift", now also including a carbon footprint calculator and the possibility to buy CO_2 quotas.

of electricity deliveries[2] ('000)



Volume (GWh)



Sources: Company information
1) Temperature figures from met.no's monthly reports
2) Number of electricity deliveries at the end of the period

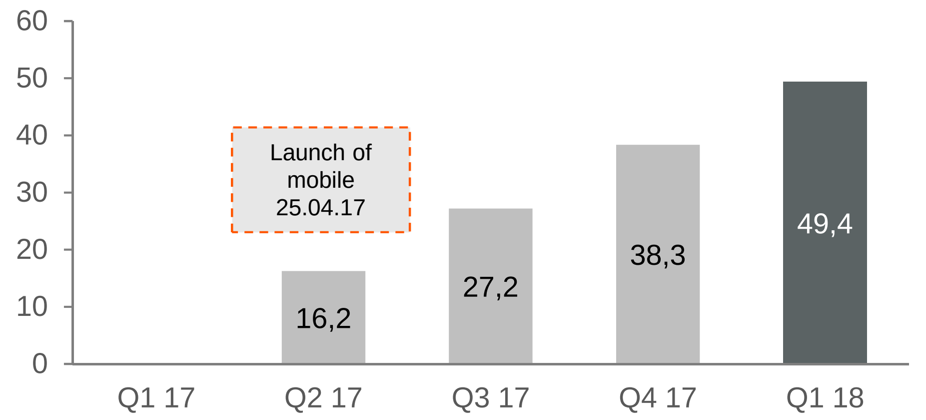
Segment development - New Growth Initiatives

Key highlights in Q1 2018

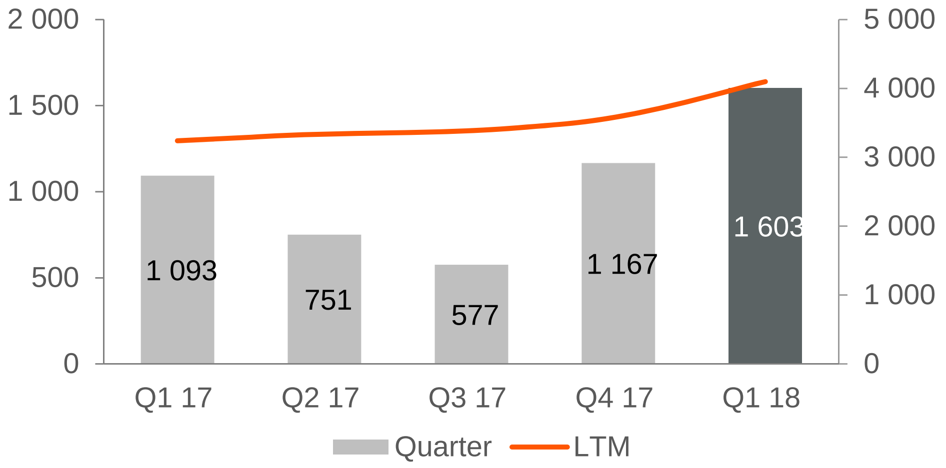
- Rapid growth in number of mobile subscribers.
  - Mobile subscription base grew +28% in Q1 2018 to 49,369 subscribers by the end of the quarter
- The 47% YoY Alliance volume growth explained by the signing of new alliance partners and colder than normal weather[1].

In addition, Fjordkraft offers 10 + 20 GB mobile packages

of Mobile subscribers[2] ('000)



Volume Alliance (GWh)



Sources: Company information
1) Temperature figures from met.no's monthly reports
2) Number of mobile subscribers at the end of the period

FINANCIAL REVIEW

Birte Strander (CFO)

Fjordkraft

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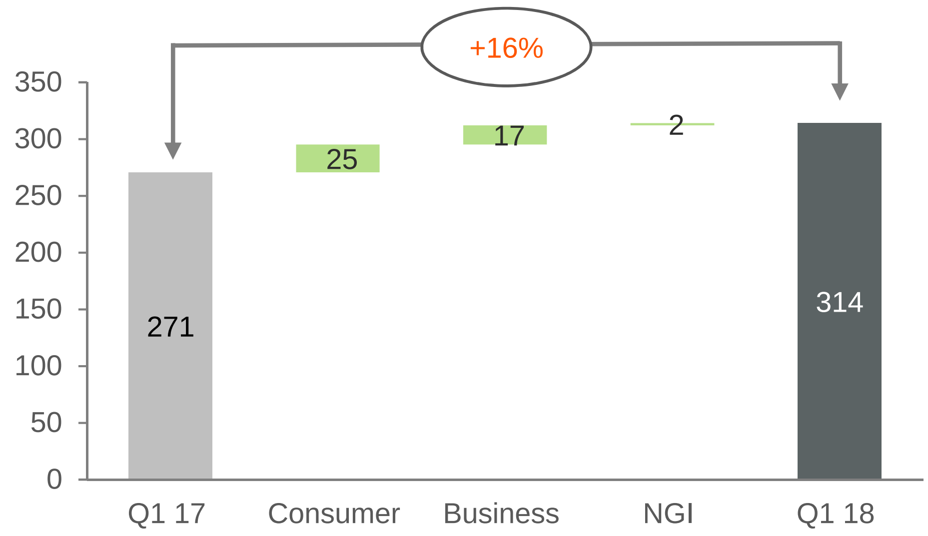
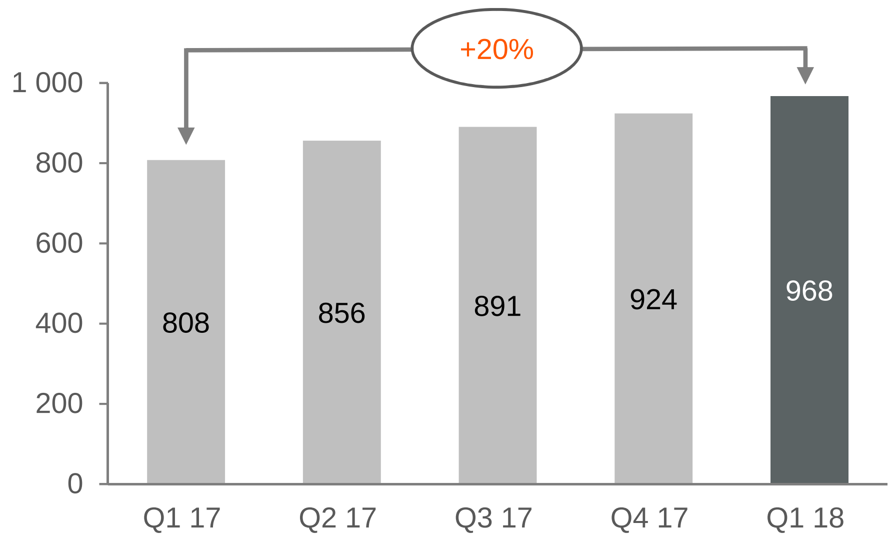
Strong improvement in adj. net revenue YoY

Change in adj. net revenue (NOKm)



Adj. net revenue LTM (NOKm)



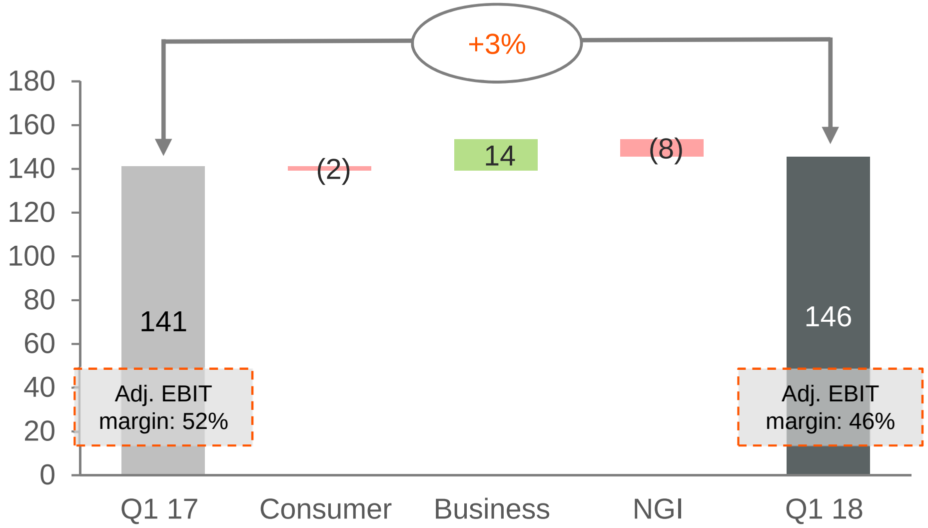
- Strong adj. net revenue development across all segments, particularly in the Consumer and Business segment.
- Adjusted net revenue increased +16% YoY, primarily driven by growth in number of deliveries.
  - 3 percentage points (pp) of the increase[1] is related to increased avg. volume per delivery.
- All-time high LTM adjusted net revenue, increasing by +20% YoY.
  - 9 pp of the increase[1] is related to increase in volume, where growth in number of deliveries account for more than 100% of the increase.
  - 11 pp of the increase[1] is related to improved product margins

Sources: Company information

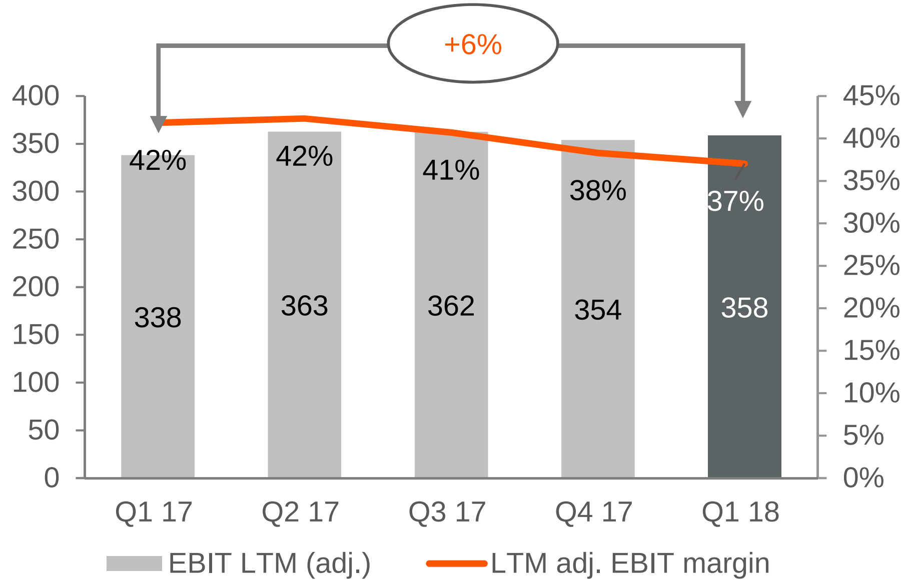
1) New Growth Initiatives figures are excluded from the calculations, as high volumes with very low margins distorts the analysis

Consistent adj. EBIT performance

Change in adj. EBIT (NOKm)



Adj. EBIT LTM (NOKm)



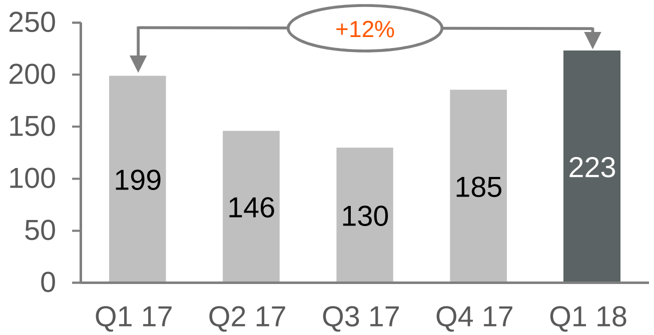
- 3% increase in adjusted EBIT YoY, driven by the Business segment.
- Increased sales and marketing costs but also variable operating costs are affecting adjusted EBIT in the consumer segment. NGI YoY development affected by launch of mobile.
- 6% growth in LTM adjusted EBIT YoY, driven by both increase in number of deliveries and improved product margins.
- 5 percentage points LTM margin contraction YoY driven by increasing sales and marketing costs and launch of mobile.

Sources: Company information

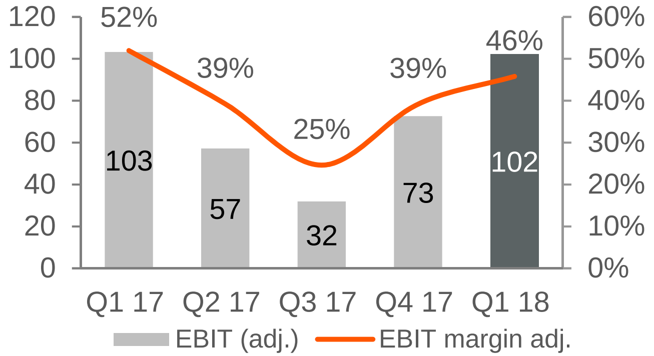
Adj. net revenue and adj. EBIT by segment – quarterly

Consumer segment

Adj. net revenue (NOKm)



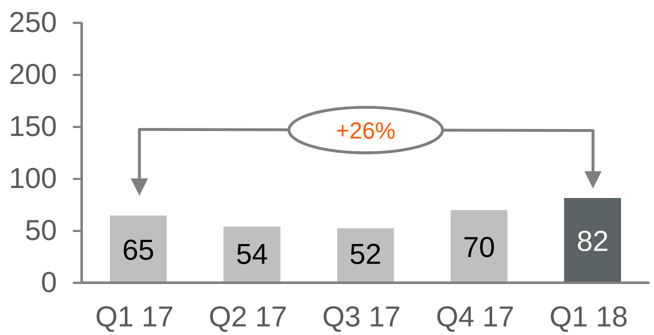
Adj. EBIT (NOKm)



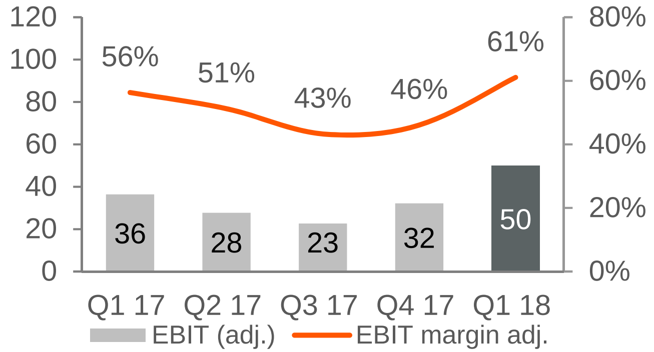
- Solid increase in net revenue driven in whole by customer growth and increased avg. volume per delivery.
- 6 pp margin contraction YoY driven by increased sales and marketing costs and variable operating costs.

Business segment

Adj. net revenue (NOKm)



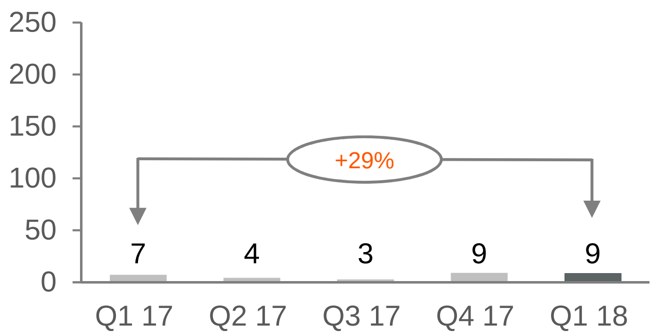
Adj. EBIT (NOKm)



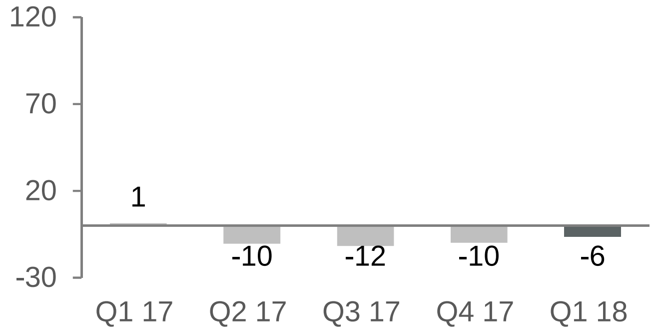
- Strong increase in net revenue driven ~50/50 by increased volume and improved product margins/VAS.
- 5 pp margin expansion YoY driven by revenue growth and a relatively stable cost base.

New Growth Initiatives

Adj. net revenue (NOKm)



Adj. EBIT (NOKm)

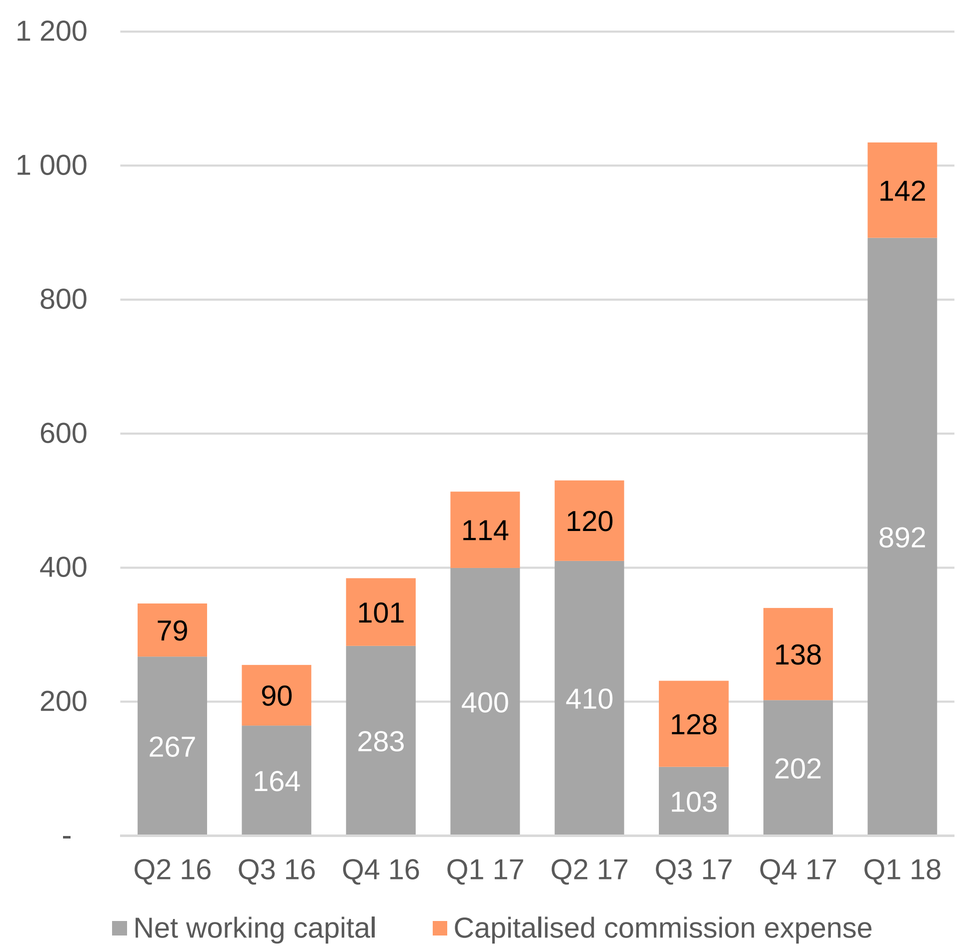


- Net revenue growth driven by much higher Alliance volumes and growth in # of Extended Alliance deliveries.
- EBIT negatively affected by launch of mobile (Q2 2017), but has shown a positive development in Q1 2018.

Sources: Company information

Net working capital highly affected by seasonally high price level and volumes

Net working capital (NOKm)



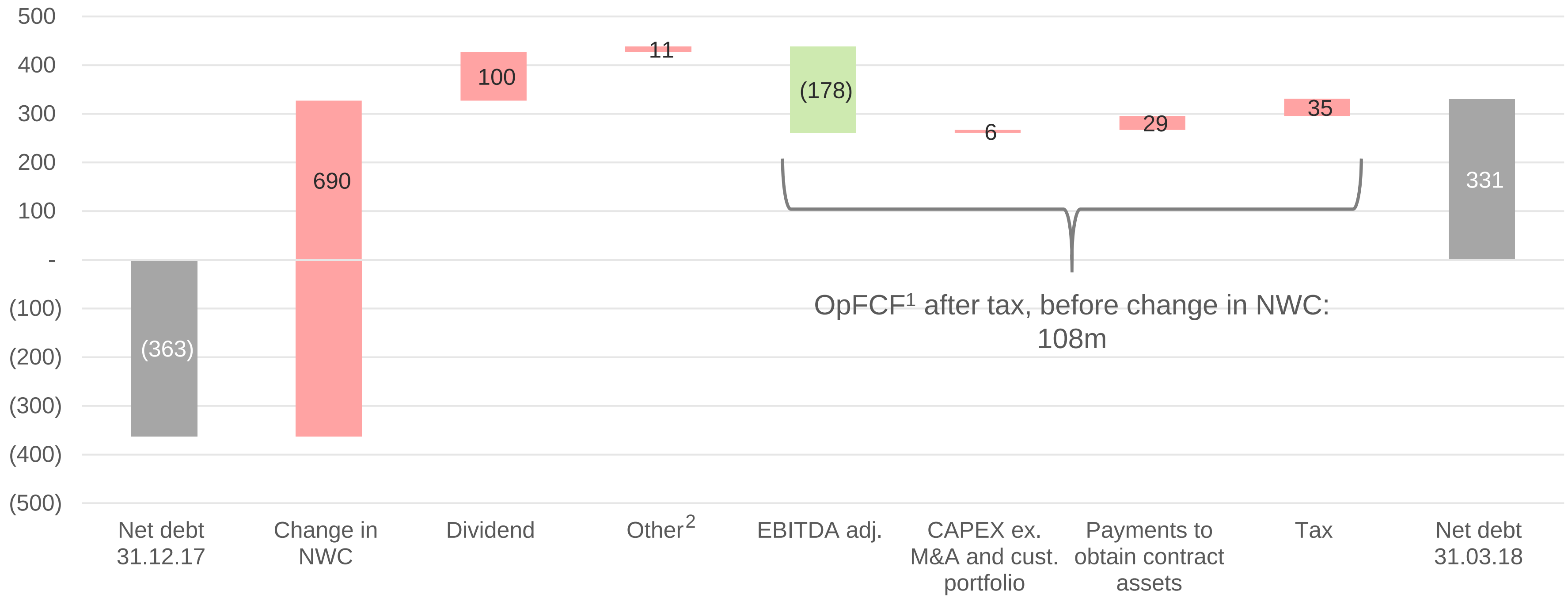
- Net working capital (NWC) is normally at its highest level in Q1 due to seasonally high price level and volume.
- NWC in Q1 2018 were in addition to seasonality impacted by quarter-end during Easter public holidays, which affected the timing of customer payments, temporarily increasing accounts receivables recorded at the end of the quarter.
- Disposal of 2017 el-certificates in Q1 2018, consequently affecting net working capital. Throughout the rest of the year, the post payment practice is a free source of capital which will positively affect net working capital.
- Slight increase in capitalised sales commissions, as the expensed amount exceeds amortisation.

Sources: Company information

1) NWC includes the following items from current assets: Inventories, intangible assets, trade receivables, derivative financial instruments and other current assets (that is, all current assets in the balance sheet except cash and cash equivalents); and the following items from current liabilities; trade payables, current income tax liabilities, derivative financial instruments, social security and other taxes and other current liabilities (that is, all items under current liabilities, except proposed dividend (zero according to IFRS))

Change in NIBD mainly affected by change in NWC

Change in net debt Q-o-Q (NOKm)



- From net cash to net debt – 331 NOKm temporarily drawn on overdraft facility.
- Highly affected by change in net working capital.
- A 100 NOKm dividend was paid in Q1 2018.
- Solid underlying cash generation – EBITDA adj. of 178 NOKm generates an OpFCF* of 108 NOKm.

Sources: Company information
1) OpFCF defined as EBITDA adj. less CAPEX excl. M&A and customer portfolios, expensed contract assets and tax.
2) Other includes CAPEX related to M&A and customer portfolios, interest and adjustments made on EBITDA.

OUTLOOK

Rolf Barmen (CEO)

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Outlook

Roadmap to growth 2018-2020

Vision / Target

2 million (+0.8 million) people supplied with electricity from Fjordkraft

875k deliveries (+325k) through growing the customer base

Organic (33%)

- Continue leverage market leading brand and distribution capabilities
- Product development to expand market reach

Alliance (33%)

- Capacity to expand alliance partner base on current Fjordkraft set-up
- Cost efficient operations and increasing investment savings attractive to partners

M&A (33%)

- Fjordkraft one of very few with scale and capacity to consolidate
- Market and regulatory developments supportive – increased push for consolidation

Q&A

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Appendix

Closing of TrønderEnergi Marked deal

- Acquisition of TrønderEnergi Marked (“TEM) successfully completed 18 April 2018.
- The final purchase price was NOK 280.3m, including interest accrued from year-end 2017 locked box date of NOK 2.0m.
- The acquisition is debt financed through a new five-year secured loan from DNB.
- TEM will be consolidated in the Group accounts from 18 April 2018, and has thus no effect on Q1 2018 figures.
- Preliminary purchase price allocation indicates NOK 125m assigned to customer portfolio value
  - Accumulated depreciation first five years: ~ NOK 110m
  - Annual depreciation of NOK 32-34m in 2018 and 2019, then decreasing.
- Goodwill is currently estimated to NOK 144m, including NOK 29m of deferred tax on excess value.
- As indicated earlier, significant cost synergies are expected and estimated to at least NOK 15m p.a. with full effect in 2019. 1/3 is expected to be realized in 2018.
  - One-off integration costs expected to be in the area of NOK 10m incurred between Q2 and Q4 2018.
- TEM had net revenue[1] of NOK 22.6m and EBIT[1] of NOK 10.8m in Q1 2018.
- Adj. EBIT going forward will be reported excl. TEM customer portfolio depreciation.

Sources: Company information
1) NGAAP figures.

PROFIT AND LOSS ACCOUNT

Summary reported financials

NOK million	Q1 2018	Q1 2017	∆ YoY
Operating income	1 916,0	1 385,7	530,3
Cost of sales	-1 601,9	-1 121,0	-480,9
Net revenues	**314,1**	**264,6**	**49,4**
Personnel expenses	-53,7	-40,9	-12,8
Other operating expenses	-93,7	-63,9	-29,8
Operating expenses	**-147,4**	**-104,8**	**-42,6**
Other gains and losses, net	-5,1	-0,1	-4,9
EBITDA	**161,6**	**159,7**	**1,9**
Depreciation & amortization	-32,0	-24,6	-7,3
Operating profit (EBIT)	**129,6**	**135,0**	**-5,4**
Net financials	2,6	1,4	1,1
Profit / loss before taxes	**132,2**	**136,5**	**-4,3**
Taxes	-30,5	-33,0	2,5
Profit / loss for the period	**101,7**	**103,5**	**-1,8**
Basic earnings per share (in NOK)	0,97	0,99	-0,0
Diluted earnings per share (in NOK)	0,97	0,99	-0,0

ADJUSTED EBITDA and EBIT reconciliation

NOK million	Q1 2018	Q1 2017	∆ YoY
Adj. EBITDA	**177,6**	**165,8**	**11,8**
Depreciation & amortization	-32,0	-24,6	-7,3
Adj. EBIT	**145,6**	**141,2**	**4,5**
Estimate deviations previous year	-	-6,0	6,0
Unallocated and other adjustments	-16,0	-0,1	-15,9
Total adjustments	**-16,0**	**-6,1**	**-9,9**
Operating profit (EBIT)	**129,6**	**135,0**	**-5,4**

BALANCE SHEET

Summary reported financials

NOK million	Q1 18	Q1 17	Q4 17	Δ YoY
Intangible assets	85,2	72,0	82,1	13,1
PP&E	3,5	2,9	3,6	0,7
Financial assets	15,1	14,1	14,2	1,0
Other non-current assets	142,3	114,0	137,5	28,3
Total non-current assets	**246,1**	**203,0**	**237,4**	**43,1**
Trade receivables	2 287,7	1 312,1	1 364,5	975,6
Derivative financial instruments	164,2	39,9	113,4	124,4
Other current assets	60,8	66,3	44,0	(5,5)
Intangible assets	1,7	5,4	2,6	(3,7)
Inventory	1,1	1,4	1,4	(0,2)
Other current assets	58,0	59,5	40,1	(1,5)
Cash and cash equivalents	-	170,9	363,2	(170,9)
Total current assets	**2 512,7**	**1 589,0**	**1 885,2**	**923,7**
Total assets	**2 758,8**	**1 792,0**	**2 122,6**	**966,8**
Total equity	**718,0**	**708,2**	**716,3**	**9,8**
Net employee defined benefit liabilities	78,9	50,6	73,7	28,2
Deferred tax liabilities	10,8	14,7	12,9	(3,9)
Total non-current liabilities	**89,7**	**65,3**	**86,7**	**24,4**
Trade payables	1 132,4	690,9	726,6	441,5
Overdraft facilities	330,6	-	-	330,6
Current income tax liabilities	68,7	59,4	71,2	9,4
Derivative financial instruments	151,3	29,9	95,4	121,4
Social security and other taxes	39,4	17,2	50,1	22,2
Other current liabilities	228,7	221,2	376,3	7,5
Total current liabilities	**1 951,1**	**1 018,5**	**1 319,6**	**932,6**
Equity and liabilities	**2 758,8**	**1 792,0**	**2 122,6**	**966,8**

CASH FLOW

Summary reported financials

NOK million	Q1 2018	Q1 2017	∆ YoY
EBITDA	**161,6**	**159,7**	**1,9**
Other non-cash adjustments	5,2	3,2	2,0
Change in fair value of financial instruments	5,1	0,1	4,9
Changes in working capital, etc.	-693,8	-106,7	-587,1
Cash from operating activities	**-522,0**	**56,3**	**-578,3**
Interest paid	-0,1	-0,0	-0,0
Interest received	3,9	2,7	1,2
Income tax paid	-35,1	-41,7	6,6
Net cash from operating activities	**-553,2**	**17,3**	**-570,5**
Purchases of property, plant and equipment	-0,2	-	-0,2
Purchase of intangible assets	-10,8	-7,7	-3,1
Payments to obtain a contract (contract assets)	-28,7	-31,7	3,0
Proceeds from non-current receivables	-0,9	-0,2	-0,7
Net cash used in investing activities	**-40,7**	**-39,7**	**-1,0**
Dividends	-100,0	-	-100,0
Net cash used in financing activities	**-100,0**	**-**	**-100,0**
Net change in cash and cash equivalents	**-693,8**	**-22,4**	**-671,5**
Cash and cash equivalents at beginning	**363,2**	**193,2**	**170,0**
Cash and cash equivalents at end	**-330,6**	**170,9**	**-501,5**

FORWARD-LOOKING STATEMENTS

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements with respect to Fjordkraft's expectations and plans, strategy, management's objectives, future performance, costs, revenue, earnings and other trend information. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Fjordkraft.

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