Q2 2019 PRESENTATION

Rolf Barmen (CEO)
Birte Strander (CFO)

Oslo, 22th August

Q2 2019 HIGHLIGHTS

Rolf Barmen (CEO)

Fjordkraft

Highlights second quarter 2019

Another solid quarter driven by strong price management and favourable market dynamics

- Strong YoY growth in net revenue adj. and EBIT adj. driven by strong price management and favourable market dynamics
  - Mild weather and decrease in average consumption per delivery is offset by growth in # of deliveries
- Strong growth in number of mobile subscribers - passing 80k and further strengthening our position as the largest mobile service provider without its own mobile network
- Successful acquisition of Vesterålskraft Strøm AS. Transaction completed 1 July 2019

Key Highlights

# of deliveries (end of period)[1] **607 563** Increase of 2 % YoY	**Δ in # of deliveries (QoQ)** **911** Of which org. growth 911
Volume sold[2] **2 696 GWh** 0 % YoY	**Gross revenue** **NOK 1 428.8m** Increase of 10 % YoY
Net revenue (adj.)[3] **NOK 273.8m** Increase of 13 % YoY	**EBIT (adj.)[3]** **NOK 98.4m** Increase of 26 % YoY
Basic EPS (reported) **NOK 0.73** Increase of 40 % YoY	**NIBD (cash)** **(NOK 292.2m)** NIBD/LTM EBITDA: -0.51

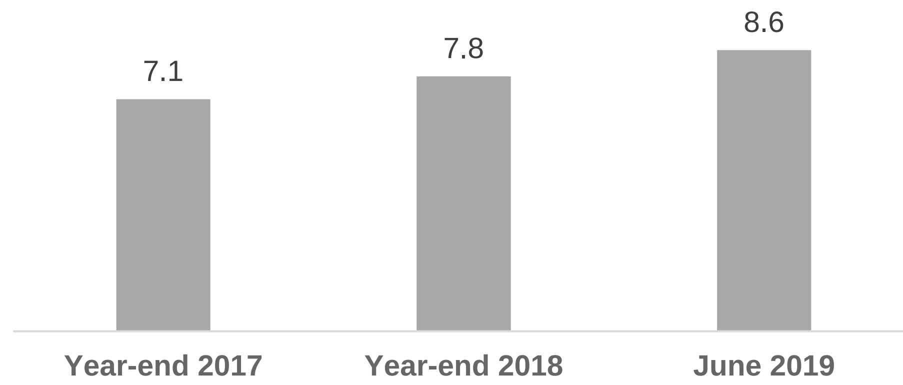
Sources: Company information
1) Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 641,954
2) Not including Alliance volume. Volume turnover for alliance partners Q2 2019: 858 GWh
3) Adj. Net revenue and EBIT are reported figures adjusted for any estimate deviations on sales and distribution of electricity related to previous reporting periods, special items, unrealised gains and losses on financial derivatives and depreciations from acquisitions

Agreement to acquire Vesterålskraft Strøm ("VKS")

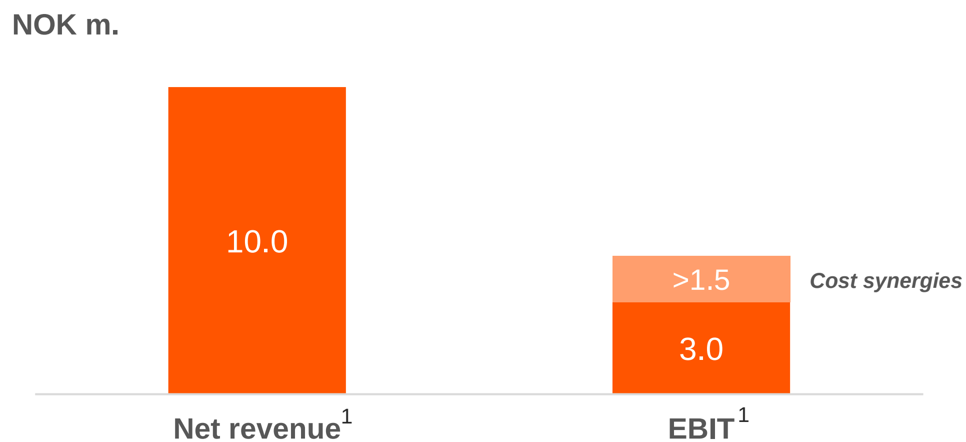
Transaction highlights

- **Clear strategic rationale for acquiring VKS**
  - Strong strategic fit – a regional office enabling increased market share in the northern part of Norway
  - Leveraging from long-lasting Alliance relationship
- **VKS – a sales organisation with solid customer growth**
  - 8,600 electricity deliveries split into 7,800 in the consumer market and 800 in the business market
  - 18 employees, primarily sales personnel and customer service
- **The transaction was completed at an EV of NOK 27.3m, split between the customer portfolio (NOK 24.8m) and workforce (NOK 2.5m)**
  - The transaction was financed through available cash
  - Seller has purchased FKRAFT shares with the settlement
- **Underlying cost synergies[1] estimated to at least NOK 1.5m p.a.**
  - However, the acquisition and the new regional office enables market share gains in the northern part of Norway, and we will use this momentum to further invest in sales activities in this region
- **One-off integration costs expected to be in the area of NOK 4m**
- **The transaction was completed 1 July 2019**

Customer portfolio ('000)



Key financials 2018 (NOKm)



Sources: Company information

1) Underlying net revenue and EBIT based on reported 2018 financials and adjusted for certain growth related costs and pension costs

Solar panels now available to the Consumer segment

- Consumer customers can now order solar panels for their homes through Fjordkraft
- Three different panel offerings with different outputs and prices
- The majority of consumers want to finance it on their own. Financing might be offered in the future
- Professional and nation-wide partner in Solcellespesialisten
- Check the suitability of your roof at www.fjordkraft.no/solceller
- Supporting loyalty and strengthening the value added service offering

BUSINESS REVIEW

Rolf Barmen (CEO)

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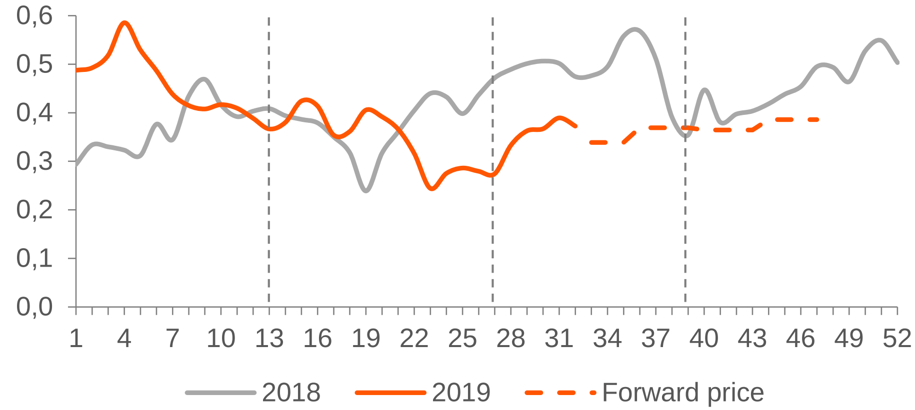
Market development

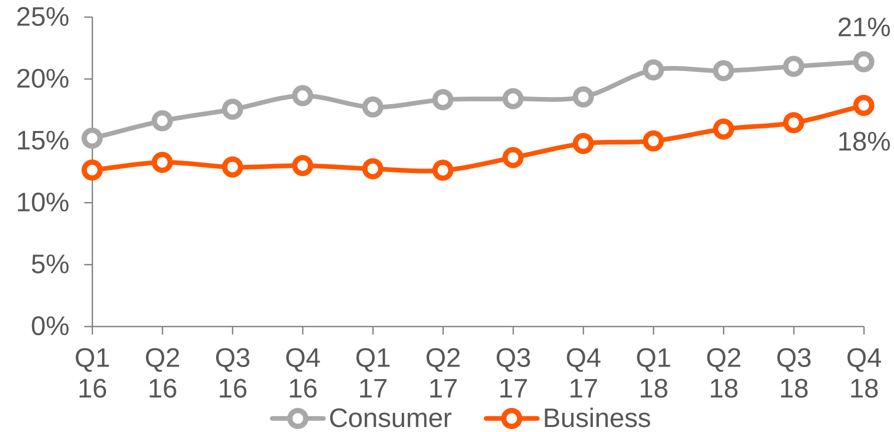
Key highlights in Q2 2019

- The decrease in elspot prices from Q1 continues – beneficial for variable products
- Warmer than normal weather in two out of three months, having a negative impact on average consumption per delivery[1]
  - April: +3.3°C above normal
  - May: -0.3°C below normal
  - June: +0.5°C above normal
- According to NVE, the market churn figures for Q1 2019 are delayed due to Elhub

Weekly elspot prices (NOK/kWh)[2]



Market churn (LTM)[3]



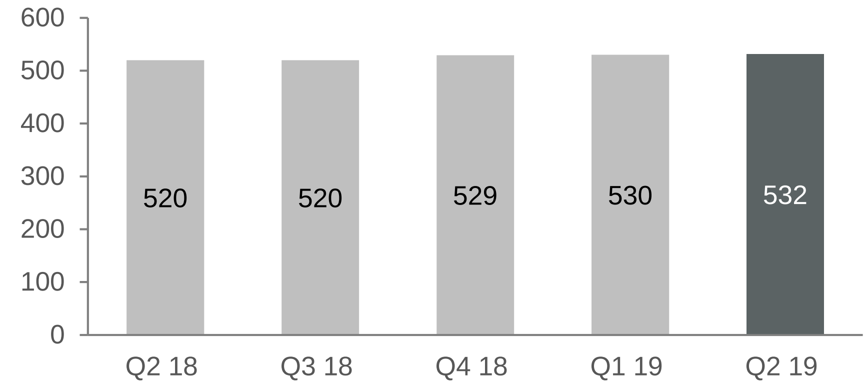
Sources:
1) Temperature figures from met.no's monthly reports
2) Weekly system prices in NOK from Nordpool, forward prices from Montel
3) Figures from the Norwegian Water Resources and Energy directorate

Segment development - Consumer

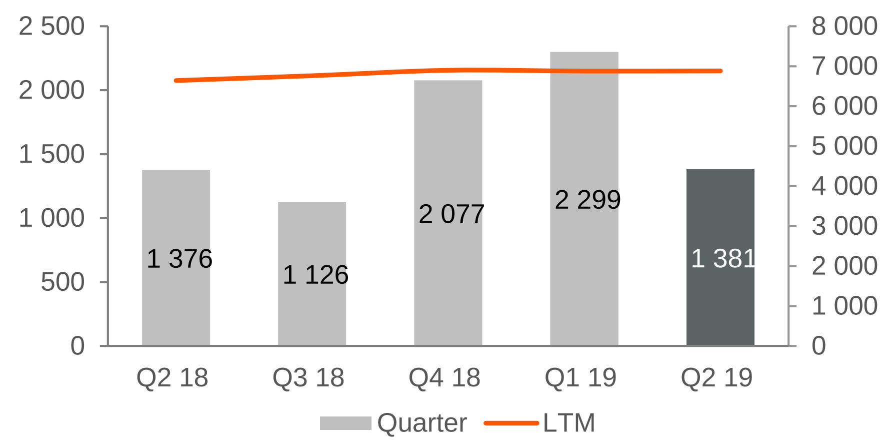
Key highlights in Q2 2019

- Positive organic development quarter over quarter and a positive trend within the quarter
  - Net additions in Q2 2019 were 1,471, all of which organic
- Stable volume development YoY. The decrease in avg. volume per delivery is offset by increase in # of deliveries
  - Avg. volume per delivery decreasing -7% YoY 2,600 kWh in Q2 2019 vs. 2,785 kWh in Q2 2018

of electricity deliveries[1] ('000)



Volume (GWh)

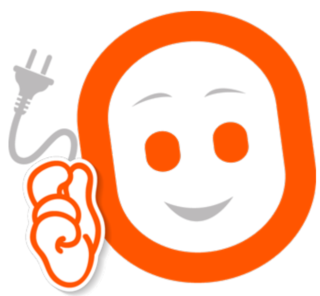


Sources: Company information
1) Number of electricity deliveries at the end of the period

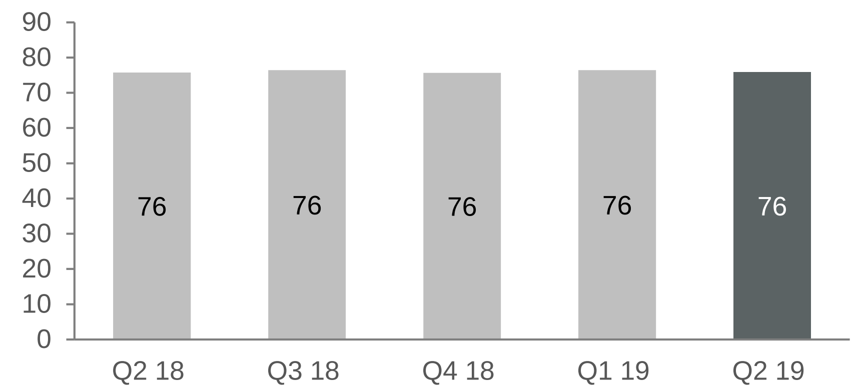
Segment development - Business

Key highlights in Q2 2019

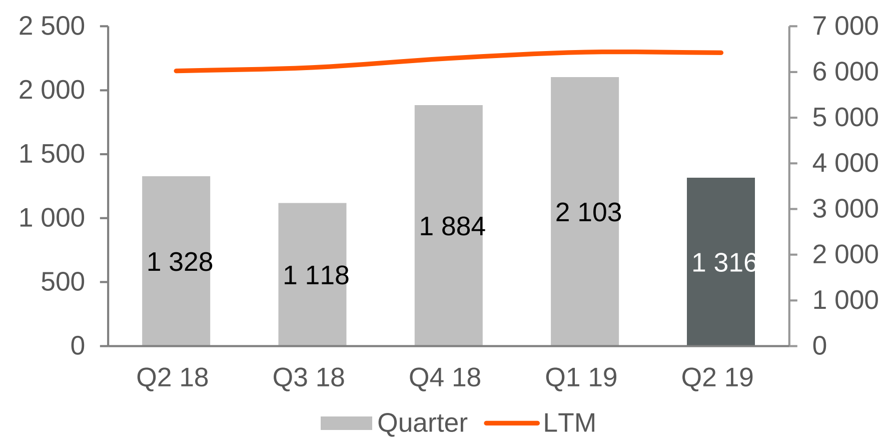
- A slight decrease in number of deliveries, driven by loss of tender customer. Limited financial impact
  - Net additions in Q2 2019 were -560
- Volume decrease 1% YoY. Decrease in avg. volume per delivery is partly offset by growth in # of deliveries
  - Avg. volume per delivery decreasing -9% YoY
    17,279 kWh in Q2 2019 vs. 19,043 kWh in Q2 2018



of electricity deliveries[1] ('000)



Volume (GWh)



Sources: Company information
1) Number of electricity deliveries at the end of the period

New Growth Initiatives

Key highlights in Q2 2019

- Strong development with an accelerating growth in number of mobile subscribers. Highest quarterly growth since Q1 2018
  - Growth of 9,446 subscribers in Q2 2019
- -6% YoY Alliance volume growth driven by mild weather
- New contract within Extended Alliance
  - ~5,000 electricity deliveries and ~8,000 broadband customers with expected start-up in 2020

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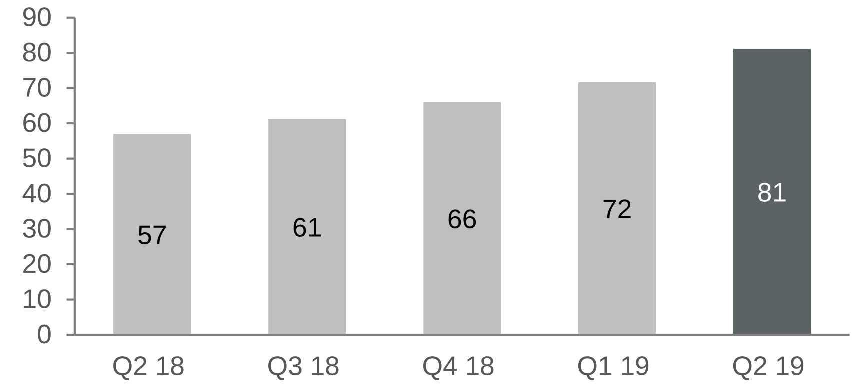
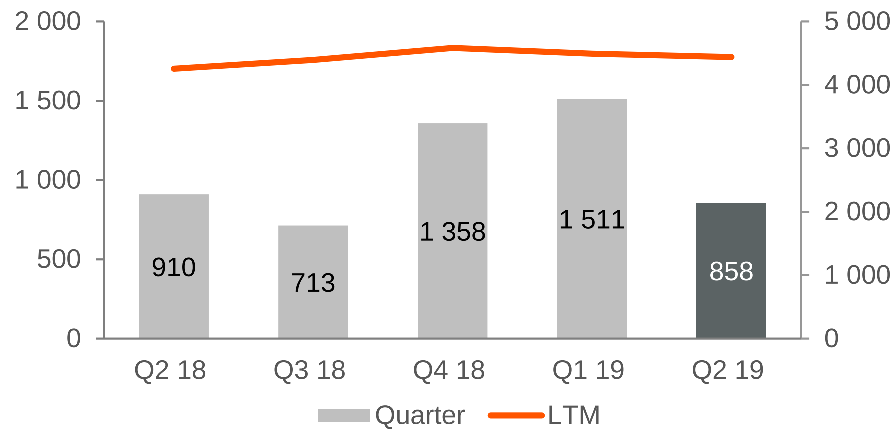
of Mobile subscribers[1] ('000)



Volume Alliance (GWh)



Sources: Company information
1) Number of mobile subscribers at the end of the period

FINANCIAL REVIEW

Birte Strander (CFO)

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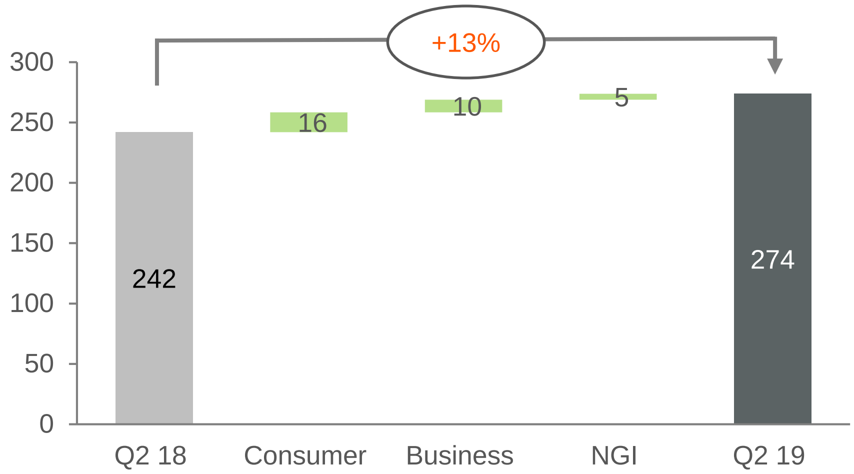
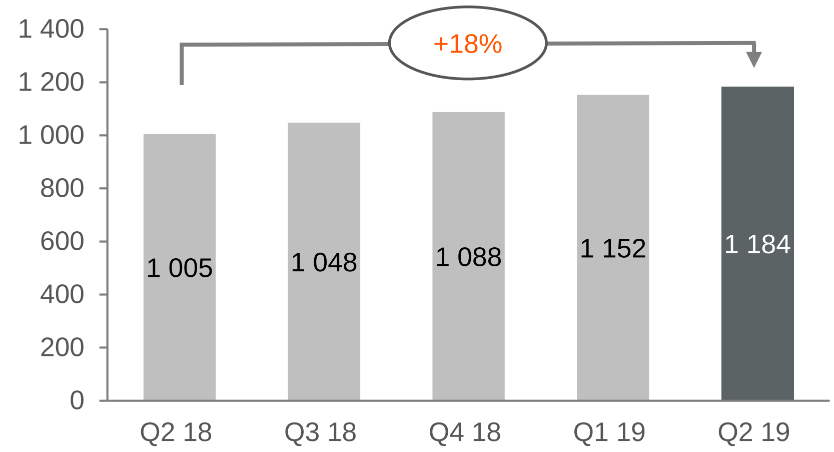
Net revenue improvement across all segments

Change in adj. net revenue (NOKm)



Adj. net revenue LTM (NOKm)



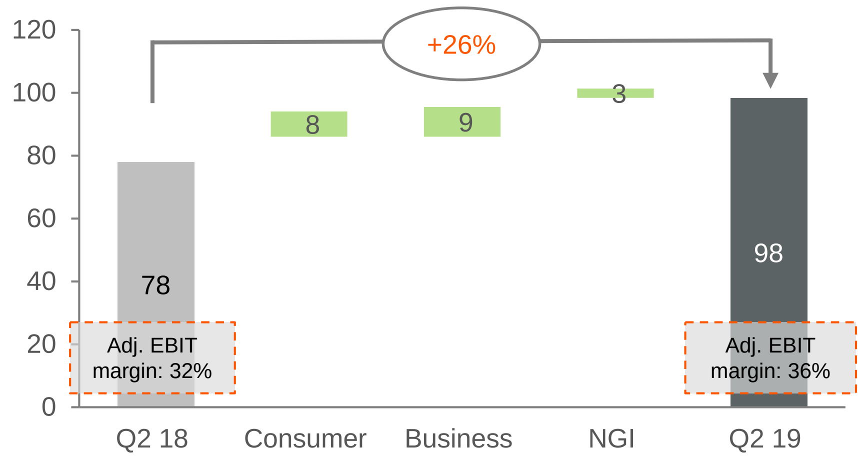
- Successful margin improvement in a quarter with 0% YoY volume growth
  - Favourable elspot price development positively impacting variable product margins in both Consumer and Business segments
- Last twelve months adj. net revenue improvement ~ 70/30 split between improved margins and volume growth[1] YoY

Sources: Company information

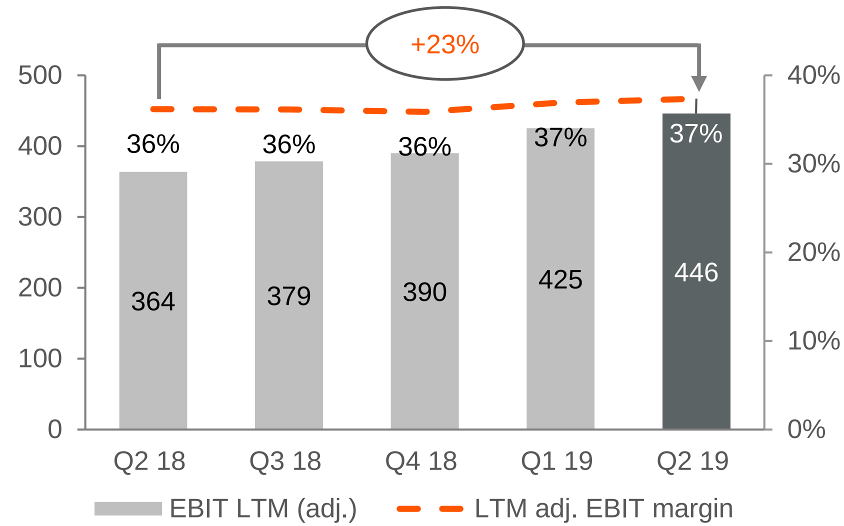
1) New Growth Initiatives figures are excluded from the calculations, as high volumes with very low margins distorts the analysis

Strong adj. EBIT performance

Change in adj. EBIT (NOKm)



Adj. EBIT LTM (NOKm)



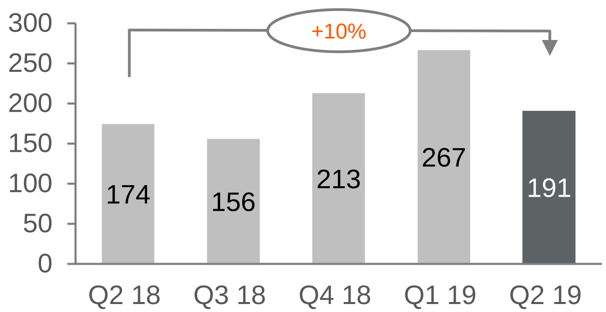
- Positive EBIT contribution from all segments – EBIT margin in the quarter up 4pp YoY
  - OPEX increasing by 7% YoY, primarily driven by sales and marketing
- Solid growth in LTM EBIT – stable development in LTM EBIT margin

Sources: Company information

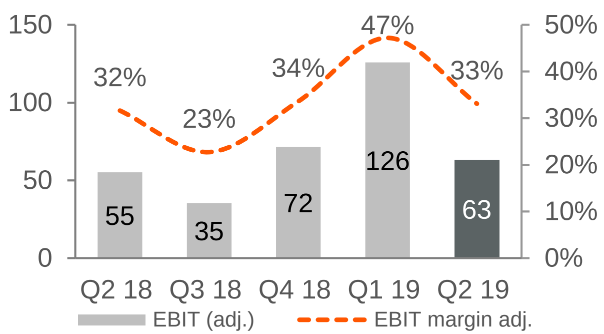
Solid growth in all segments

Consumer segment

Adj. net revenue (NOKm)



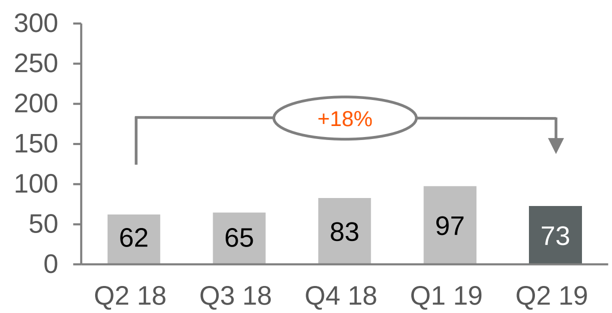
Adj. EBIT (NOKm)



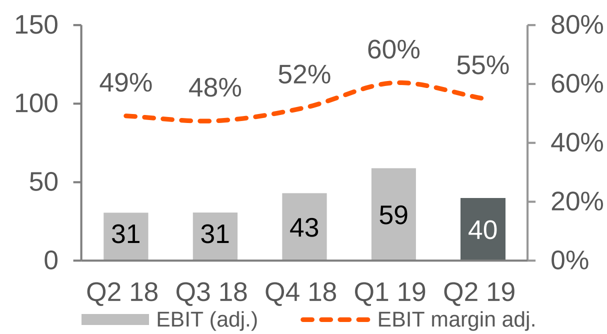
- Increase in adj. net revenue driven by strong price management in favourable market conditions, contributing to a 1 pp adj. EBIT margin improvement YoY

Business segment

Adj. net revenue (NOKm)



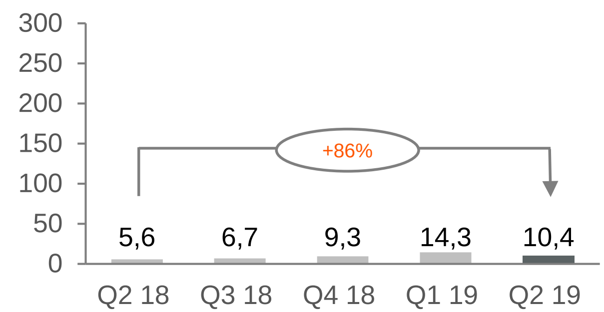
Adj. EBIT (NOKm)



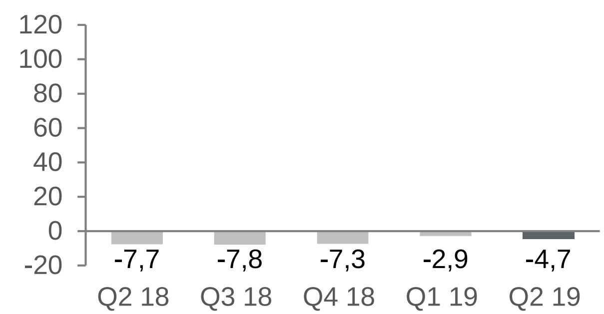
- Increase in adj. net revenue, driven by both value added services and variable products, contributing to a 6 pp adj. EBIT margin increase YoY

New Growth Initiatives

Adj. net revenue (NOKm)



Adj. EBIT (NOKm)

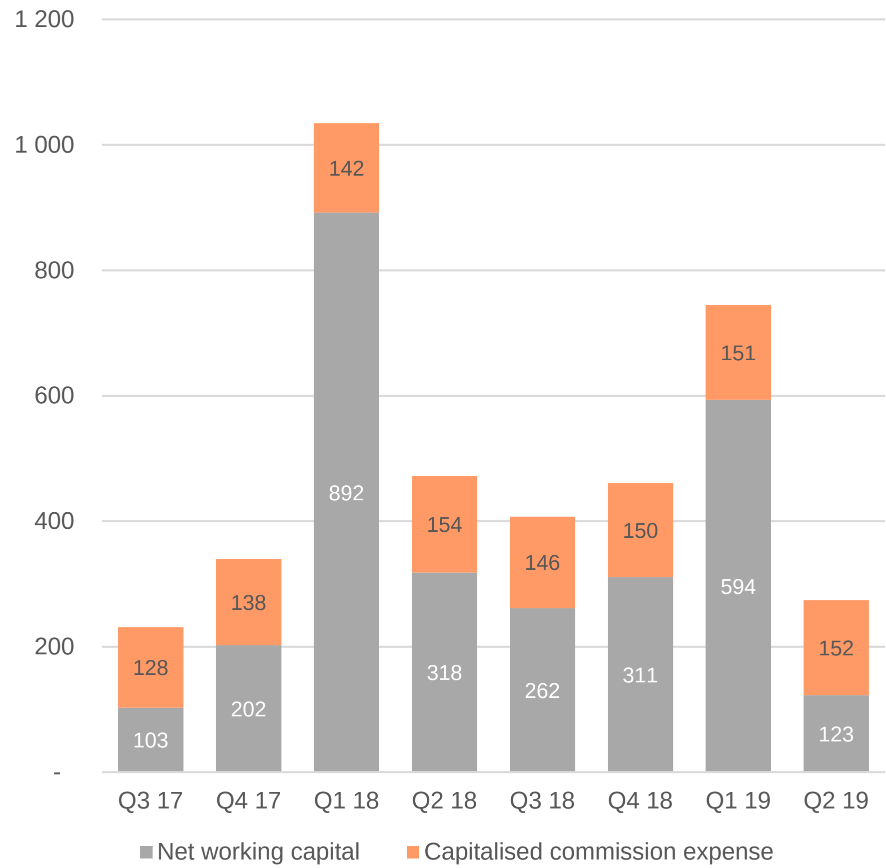


- Adj. net revenue improvement driven ~60/40 between Mobile and Alliance
  - ~50/50 split in EBIT contribution from Mobile and Alliance

Sources: Company information

Seasonally lower volume and decreasing elspot prices driving NWC decrease QoQ

Net working capital[1] (NOKm)



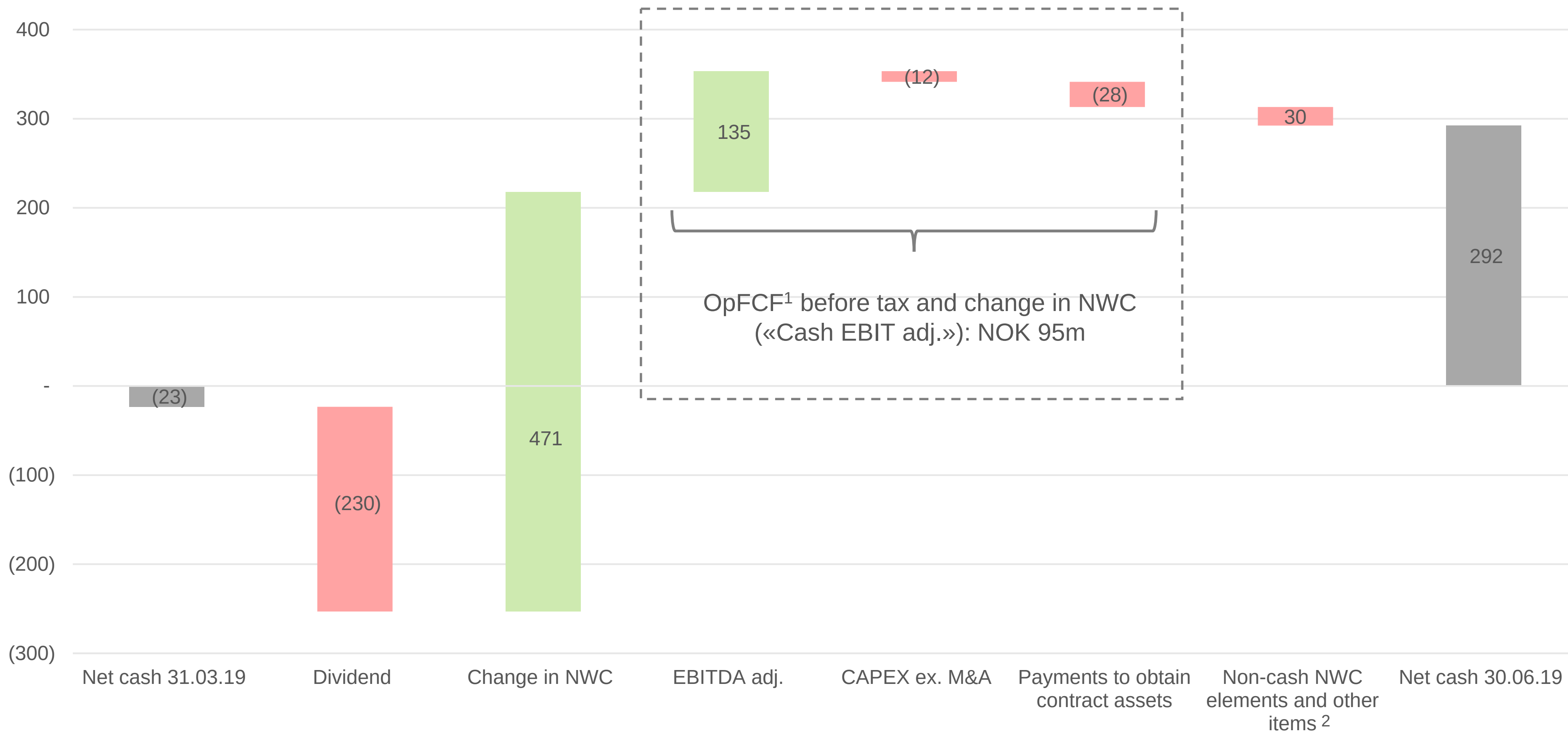
- Net working capital (NWC) decreased by 471 NOKm from last quarter due to seasonally lower volume and decrease in prices.
  - Prices decrease 24%[2] and volume decrease 39%[3] from Q1 2019 to Q2 2019
- NWC decreasing 195 NOKm YoY. Prices decrease 7% YoY[2] while volume is stable[3]

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 excl. 55.6 NOKm in short-term interest bearing debt
2) Average of daily system prices in NOK
3) Volume sold in the Consumer and Business segments

From net debt to net cash– driven by seasonal decrease in NWC. Strong underlying cash generation

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



Sources: Company information

1) OpFCF defined as EBITDA adj. less CAPEX excl. M&A and payments to obtain contract assets

2) Non-cash NWC relates to items included in “change in NWC” that are not affecting net cash position. Other includes interest, tax, change in long-term receivables, proceeds from non-current receivables, proceeds from other long-term liabilities, share based payment expense, change in post-employment liabilities, payment of lease liability and adjustments made on EBITDA.

Outlook
Revised CAPEX target

Group		▪ Targeting high-single digit net revenue growth on an organic basis ▪ Targeting a stable EBIT margin on an organic basis ▪ Ambition to act as a consolidator in a fragmented market	
Consumer	Growth	▪ Targeting mid-single digit net revenue growth on an organic basis	Revised after Q1 2019: Expected to be somewhat higher than targeted for 2019
	EBIT margin	▪ Targeted to gradually go down towards a sustainable level of slightly above 30% on an organic basis, driven by increased competition	
Business	Growth	▪ Targeting around double digit net revenue growth on an organic basis	
	EBIT margin	▪ Targeted to increase to above 55% on an organic basis, driven by scale effects	
New growth initiatives		▪ Targeting substantial growth in number of customers in both Extended Alliance and Mobile ▪ EBIT loss in 2019 targeted lower than 2018. Positive run rate EBIT expected from second half of 2020	Clarified in Q1 2019: Expecting ~25% improvement in nominal EBIT from 2018 to 2019
Cap.ex.		▪ Targeted to be in the area of NOK 40m annually on an organic basis	Revised in Q2 2019: Targeted in the area of 50 NOKm annually on an organic basis
Leverage		▪ Moderate leverage with variations intra-year due to seasonality in net working capital ▪ Current balance sheet enabling substantial capacity to finance acquisitions	
Dividend		▪ Attractive and increasing dividend ▪ Target pay-out ratio of at least 80% of net income, adjusted for certain cash and non-cash items[1]	

1) Adjusted EBIT + net finance – estimated tax – amortisation of acquisition debt

Q&A

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Appendix

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PROFIT AND LOSS ACCOUNT

Summary reported financials

NOK million	Q2 2019	Q2 2018	∆ YoY
Gross revenue	1 428.8	1 297.3	131.4
Cost of sales	-1 145.6	-1 048.6	-96.9
Net revenue	**283.2**	**248.7**	**34.5**
Personnel expenses	-47.9	-40.7	-7.2
Other operating expenses	-92.5	-95.4	2.9
Operating expenses	**-140.4**	**-136.1**	**-4.3**
Other gains and losses, net	-0.1	2.0	-2.1
EBITDA	**142.7**	**114.6**	**28.0**
Depreciation & amortization	-48.0	-43.6	-4.4
Operating profit (EBIT)	**94.7**	**71.1**	**23.6**
Net financials	3.3	0.1	3.2
Profit / loss before taxes	**98.0**	**71.2**	**26.8**
Taxes	-21.9	-16.7	-5.2
Profit / loss for the period	**76.1**	**54.5**	**21.7**
Basic earnings per share (in NOK)	0.73	0.52	0.21
Diluted earnings per share (in NOK)	0.72	0.52	0.20

ADJUSTED EBIT reconciliation

NOK in thousands	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue adjusted	1 373 782	1 284 466	3 919 416	3 200 471	6 712 291
Corporate 1)	54 969	12 879	54 969	12 879	8 657
Revenue	**1 428 751**	**1 297 345**	**3 974 385**	**3 213 350**	**6 720 948**
Direct cost of sales adjusted	(1 099 954)	(1 042 430)	(3 267 227)	(2 644 374)	(5 624 399)
Corporate 1)	(45 603)	(6 206)	(45 603)	(6 206)	873
Direct cost of sales	**-1 145 557**	**-1 048 636**	**-3 312 830**	**-2 650 580**	**-5 623 526**
Revenue less direct cost of sales adjusted	273 828	242 036	652 189	556 097	1 087 893
Corporate 1)	9 366	6 673	9 366	6 673	9 529
Revenue less direct cost of sales	**283 194**	**248 709**	**661 555**	**562 770**	**1 097 422**
Total operating expenses adjusted	(175 392)	(163 996)	(371 815)	(331 343)	(697 751)
Special items 2)	(1 997)	(5 709)	(1 997)	(16 677)	(25 835)
Depreciation of acquisitions 3)	(11 009)	(9 948)	(22 011)	(11 020)	(36 375)
Total operating expenses	**-188 398**	**-179 653**	**-395 824**	**-359 040**	**-759 961**
Other gains and losses 4)	(92)	2 011	(84)	(3 048)	(10 578)
Operating profit	**94 705**	**71 068**	**265 647**	**200 681**	**326 883**
Interest income	5 553	3 594	10 435	7 535	15 178
Interest expense lease liability	(179)	-	(371)	-	-
Interest expense	(1 650)	(1 606)	(3 228)	(1 660)	(4 927)
Other financial items, net	(416)	(1 866)	(1 503)	(3 180)	(5 277)
Profit/(loss) before tax	**98 012**	**71 189**	**270 980**	**203 376**	**331 858**

1) Corporate consists of estimate deviations previous year and special revenue items. A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period. Management is of the opinion that the underlying operating profit in the reporting period should be adjusted for such estimate deviations related to previous reporting periods, thus the table below also presents the Group's operating profit before such estimate deviations in the line "Operating profit (before unallocated and estimate deviations)".

ADJUSTED EBIT reconciliation cont.

2) Special items consists of one-time items as follows:

NOK in thousands	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Special items incurred specific to:					
- the process of listing the company on Oslo Stock Exchange	-	(124)	-	(11 022)	(11 323)
- acquisition related costs	(1 997)	(5 125)	(1 997)	(5 195)	(11 643)
- legal costs related to the compensatory damages	-	(460)	-	(460)	(460)
- strategic costs related to markets abroad	-	-	-	-	(2 409)
Special items	**-1 997**	**-5 709**	**-1 997**	**-16 677**	**-25 835**

3) Depreciation of acquisitions consists of depreciation related to customer portfolios and acquisitions of companies accounted for in intangible assets in the consolidated statement of financial position. The Group has decided to report the operating profit of the segments adjusted for depreciation of acquisitions. In order to accommodate this, historically reported figures have been adjusted accordingly:

NOK in thousands	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
TrønderEnergi Marked acquisition	(7 788)	(8 878)	(15 576)	(8 878)	(30 777)
Oppdal Everk Kraftomsetning acquisition	(1 085)	-	(2 171)		(1 306)
Other customer acquisitions	(2 136)	(1 070)	(4 264)	(2 142)	(4 292)
Depreciation of acquisitions	**-11 009**	**-9 948**	**-22 011**	**-11 020**	**-36 375**

4) Other gains and losses, net consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity.

BALANCE SHEET

Summary reported financials

NOK million	Q2 2019	Q2 2018	Δ
Intangible assets	190.5	198.8	(8.2)
PP&E	31.5	4.2	27.3
Goodwill	155.8	150.9	5.0
Financial assets	22.6	17.2	5.4
Other non-current assets	151.8	154.0	(2.3)
Total non-current assets	**552.3**	**525.2**	**27.1**
Trade receivables	1 074.8	1 054.7	20.1
Derivative financial instruments	115.4	399.9	(284.6)
Other current assets	57.4	120.3	(62.9)
Cash and cash equivalents	514.6	321.0	193.6
Total current assets	**1 762.3**	**1 895.9**	**(133.7)**
Total assets	**2 314.6**	**2 421.1**	**(106.5)**
Total equity	**853.2**	**772.5**	**80.8**
Net employee defined benefit liabilities	77.8	72.8	5.0
Interest-bearing long term debt	166.8	278.0	(111.2)
Deferred tax liabilities	17.1	40.1	(23.0)
Other provisions	19.1	1.0	18.1
Total non-current liabilities	**280.8**	**391.8**	**(111.1)**
Trade payables	563.8	527.5	36.2
Overdraft facilities	-	-	-
Current income tax liabilities	84.4	52.5	32.0
Derivative financial instruments	107.2	384.2	(277.0)
Social security and other taxes	40.8	21.9	18.9
Other current liabilities	384.3	270.7	113.6
Total current liabilities	**1 180.6**	**1 256.8**	**(76.2)**
Equity and liabilities	**2 314.6**	**2 421.1**	**(106.5)**

CASH FLOW

Summary reported financials

NOK million	Q2 2019	Q2 2018	Δ YoY
EBITDA	**142.7**	**114.6**	**28.0**
Payments to obtain a contract (contract assets)	-28.2	-27.9	-0.3
Other non-cash adjustments	-7.9	-8.1	0.2
Change in fair value of financial instruments	0.1	-2.0	2.1
Changes in working capital, etc.	449.0	598.0	-149.0
Cash from operating activities	**555.7**	**674.6**	**-118.9**
Interest paid	-1.7	-1.6	-0.1
Interest received	5.6	3.6	2.0
Income tax paid	-	-35.1	35.1
Net cash from operating activities	**559.6**	**641.5**	**-81.9**
Purchases of property, plant and equipment	-1.0	-0.2	-0.8
Purchase of intangible assets	-11.5	-11.5	0.0
Net cash outflow on aquisition of subsidiares	-	-254.1	254.1
Proceeds from non-current receivables	0.6	-2.1	2.7
Net cash used in investing activities	**-11.8**	**-267.9**	**256.0**
Proceeds from borrowings	-13.9	278.0	-291.9
Net (outflow)/proceeds from change in overdraft facilities	-	-330.6	330.6
Dividends	-229.9	-	-229.9
Payment of lease liability	-2.3	-	-2.3
Net cash used in financing activities	**-246.1**	**-52.6**	**-193.5**
Net change in cash and cash equivalents	**301.6**	**321.0**	**-19.4**
Cash and cash equivalents at beginning	**213.0**	**-**	**213.0**
Cash and cash equivalents at end	**514.6**	**321.0**	**193.6**

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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For more information:
Fjordkraft's Investor Relations
Morten A. W. Opdal
+47 970 62 526
morten.opdal@fjordkraft.no

Fjordkraft
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