Today's agenda

Start	Finish	Time (min)	Subject	Presenter
08:00	08:15	15	1. Financial update Q4 2019	Rolf Barmen/Ole Johan Langenes
08:15	*08:25*	*10*	*Q&A*	
08:25	08:50	25	2. CEO state of the union	Rolf Barmen
08:50	09:10	20	3. Regulations and M&A	Arnstein Flaskerud
09:10	*09:25*	*15*	*Break*	
09:25	09:35	10	4. Innovation	Arnstein Flaskerud
09:35	09:55	20	5. Consumer segment	Christian Kalvenes
09:55	10:15	20	6. Business segment	Roger Finnanger
10:15	10:25	10	7. New financial targets	Ole Johan Langenes
10:25	*10:50*	*25*	*Q&A*	

Q4 2019 PRESENTATION

Rolf Barmen (CEO)
Ole Johan Langenes (Acting CFO)

Oslo, 13th February

Fjordkraft

Q4 2019 HIGHLIGHTS

Rolf Barmen (CEO)

Highlights fourth quarter 2019

Favourable market dynamics driving strong profitability growth

- Net revenue growth across all segments. Margin improvement is the main driver for the increase
    - Particularly favourable market dynamics in both the elspot market and other commodity markets positively affecting COGS
- EBIT adjusted increase 38% YoY. The Consumer segment is the main driver
- Organic growth in all segments. Reaching the 100k mobile subscribers milestone, further strengthening the position as the largest mobile service provider apart from the network operators
- Fjordkraft Mobile awarded best call centre in both the Telecom industry and on top across all industries in Norway's most prestigious call centre awards

Key Highlights

# of deliveries (end of period)[1] **622 092** Increase of 3 % YoY	**Δ in # of deliveries (QoQ)** **2 637** Of which org. growth 2 637
Volume sold[2] **4 002 GWh** Increase of 1 % YoY	**Gross revenue** **NOK 2 047m** Decrease of -6 % YoY
Net revenue (adj.)[3] **NOK 372m** Increase of 22 % YoY	**EBIT (adj.)[3]** **NOK 148m** Increase of 38 % YoY
Basic EPS (reported) **NOK 1.20** Increase of 76 % YoY	**NIBD (cash)** **(NOK 581m)** NIBD/LTM EBITDA: -0.85

Sources: Company information
1) Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 654,188
2) Not including Alliance volume. Volume turnover for alliance partners Q4 2019: 1,297 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

BUSINESS REVIEW

Rolf Barmen (CEO)

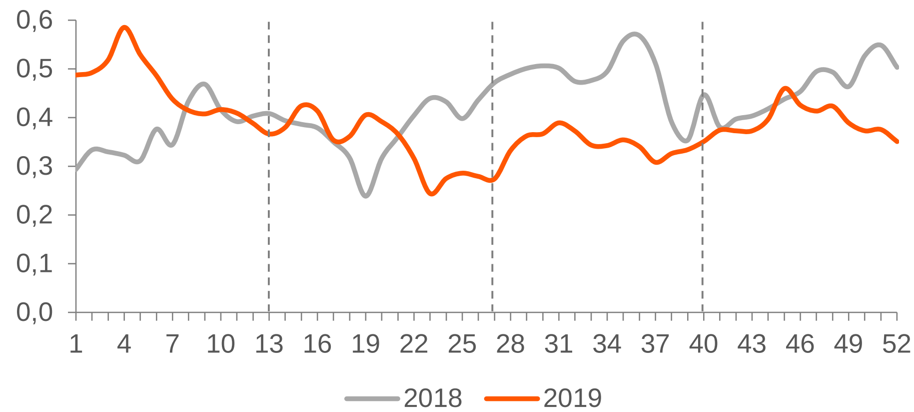
Fjordkraft
Mer for pengene

Market development

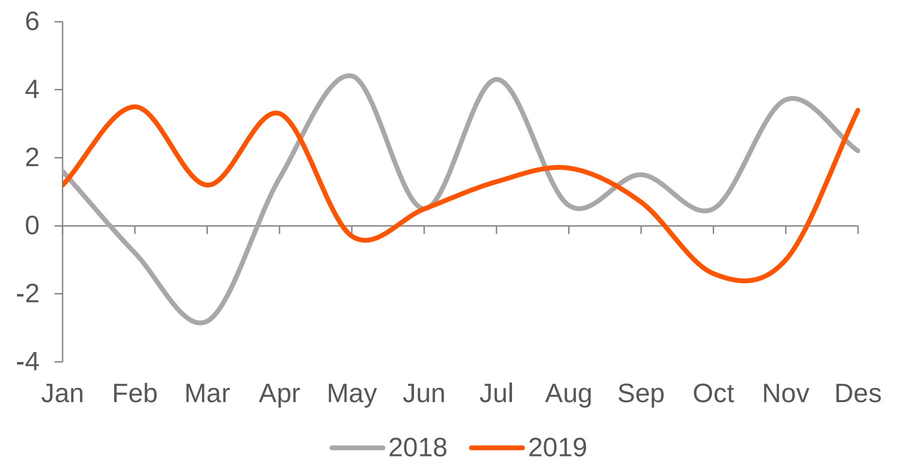
Key highlights in Q4 2019

- Increase in elspot prices during the first part of the quarter, then decrease in prices through November and December
- Temperatures colder than normal in two out of three months. Two out of three months are also colder than last year[1]
  - October: -1.4°C below normal (1.9°C colder than 2018)
  - November: -1.0°C below normal (4.7°C colder than 2018)
  - December: +3.4°C above normal (1.2°C warmer than 2018)

Weekly elspot prices (NOK/kWh)[2]



Temp – deviation from normal (°C)[1]



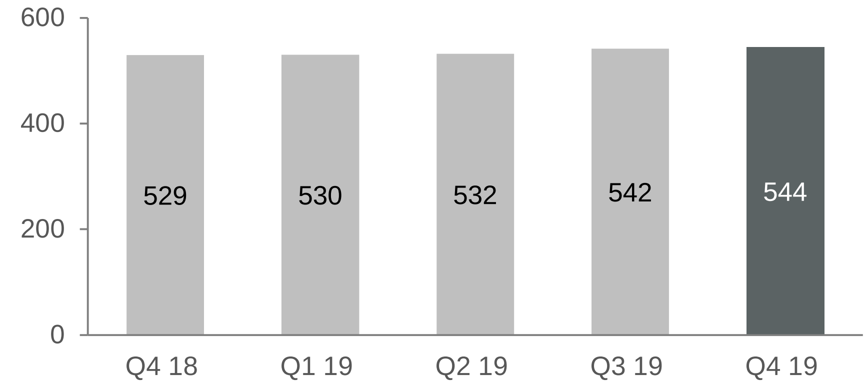
Sources:
1) Temperature figures from met.no's monthly reports
2) Weekly system prices in NOK from Nordpool, forward prices from Montel

Segment development - Consumer

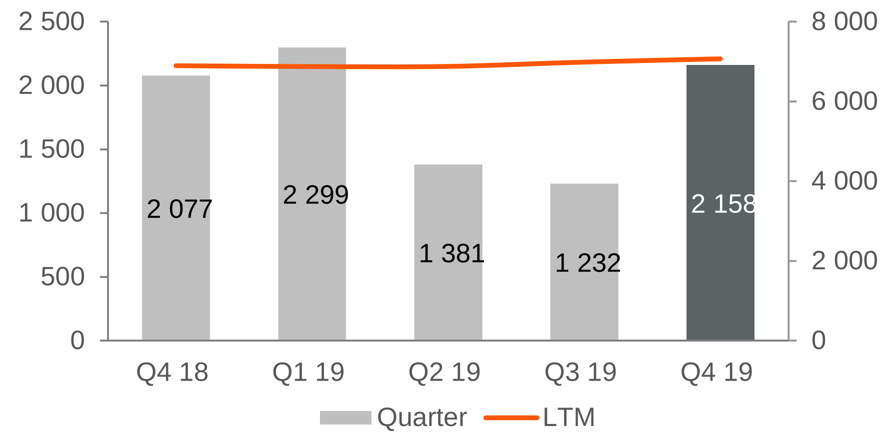
Key highlights in Q4 2019

- Continued organic growth
  - Net additions in Q4 2019 were 2,169, all of which organically
- Volume growth of 4% YoY, with increase in # of deliveries being the driver for the growth
  - Avg. volume per delivery is stable YoY 3,976 kWh in Q4 2019 vs. 3,959 kWh in Q4 2018

of electricity deliveries[1] ('000)



Volume (GWh)



Sources: Company information

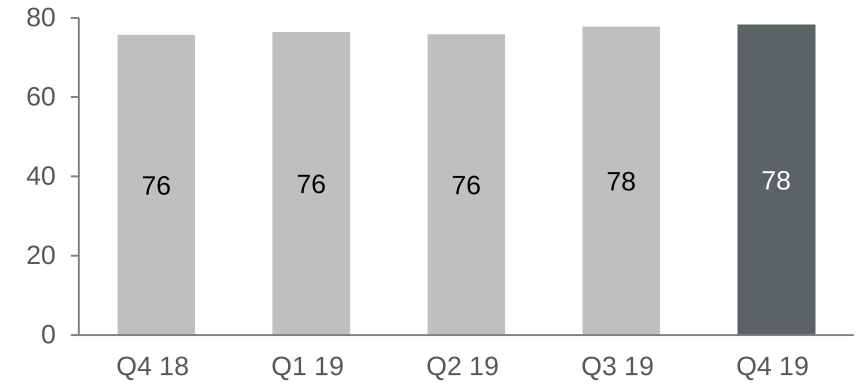
1) Number of electricity deliveries at the end of the period

Segment development - Business

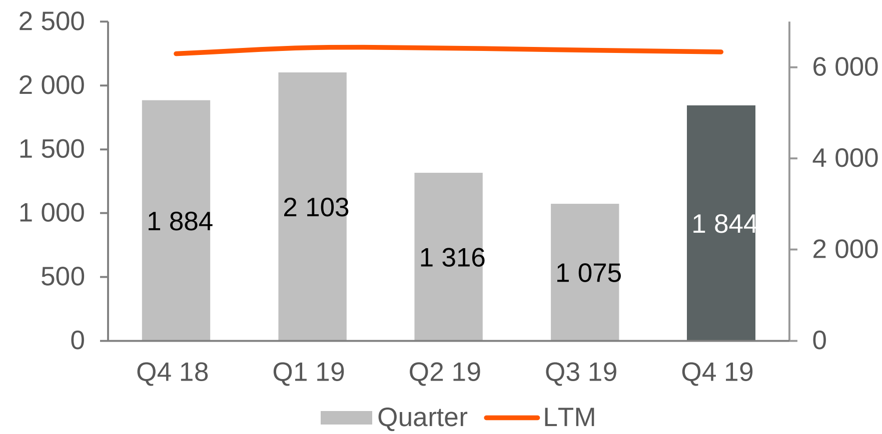
Key highlights in Q4 2019

- Positive development in the segment
  - Net additions in Q4 2019 were 468, all of which organically
- Volume decrease 2% YoY driven by decrease in avg. consumption per delivery because of loss of tender customers. Limited financial impact
  - Avg. volume per delivery decreasing -5% YoY 23,636 kWh in Q4 2019 vs. 26,771 kWh in Q4 2018

of electricity deliveries[1] ('000)



Volume (GWh)



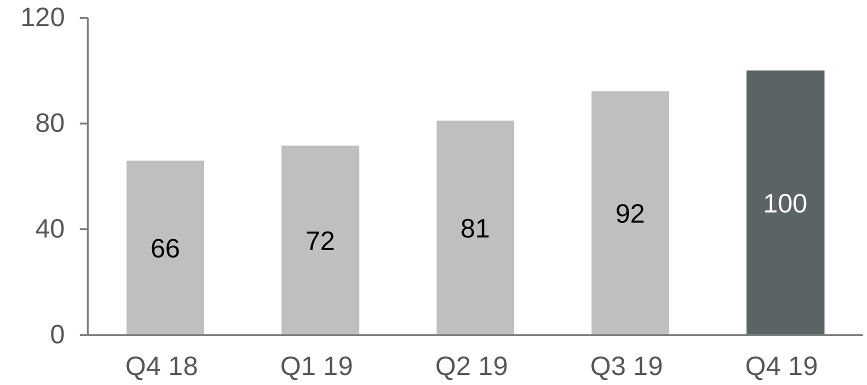
Sources: Company information
1) Number of electricity deliveries at the end of the period

New Growth Initiatives

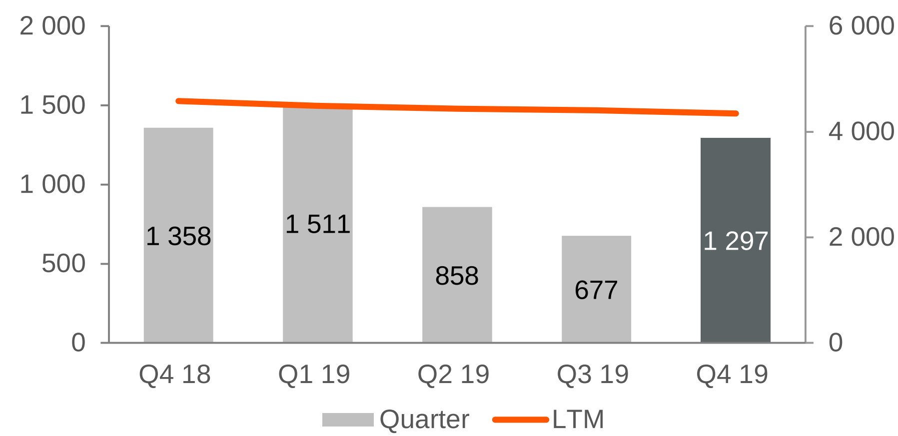
Key highlights in Q4 2019

- Strong growth in the number of Mobile subscribers, reaching the 100k subscriber milestone at the end of the quarter
  - Growth of 7,756 subscribers in Q4 2019
- Fjordkraft Mobile awarded best call centre in both the Telecom industry and on top across all industries in Norway's most prestigious call centre awards
- 4% YoY Alliance volume decrease YoY, as Vesterålskraft is now included in the Consumer and Business segments

of Mobile subscribers[1] ('000)



Volume Alliance (GWh)



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

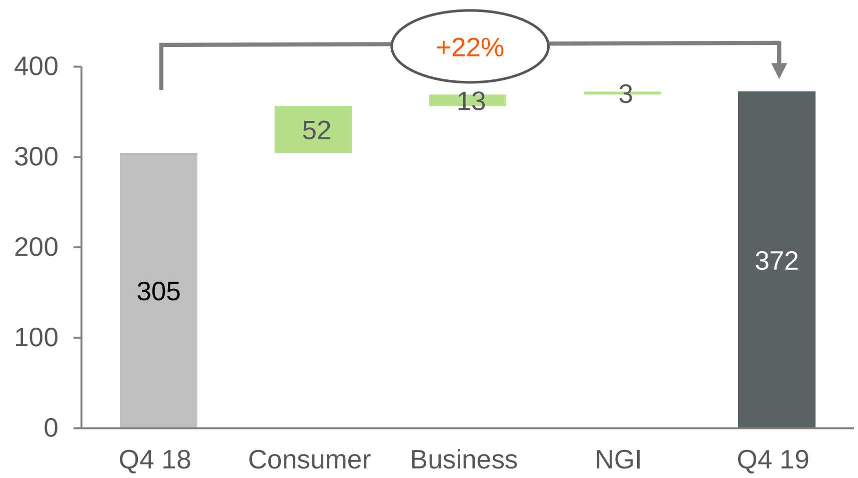
FINANCIAL REVIEW

Ole Johan Langenes (Acting CFO)

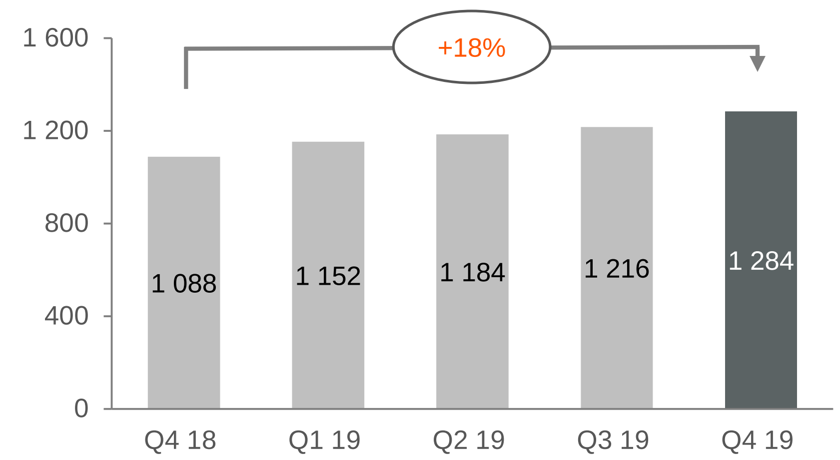
Fjordkraft
Mer for pengene

Net revenue improvement across all segments

Change in adj. net revenue (NOKm)



Adj. net revenue LTM (NOKm)



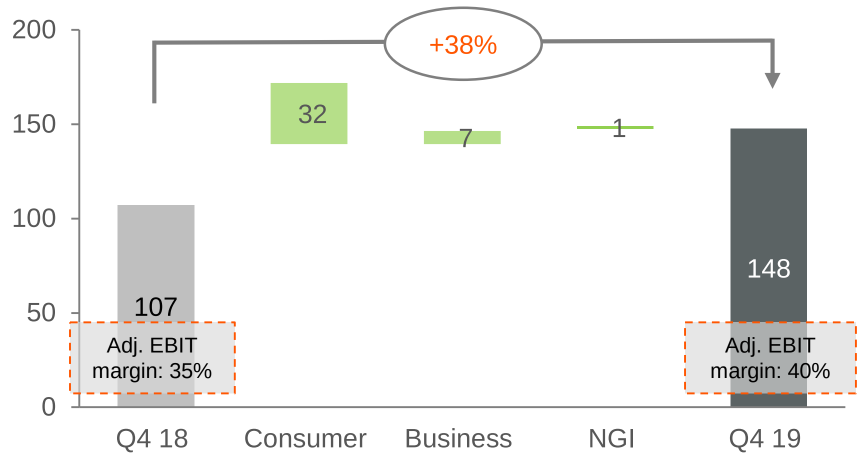
- Adj. net revenue growth driven almost entirely by margin improvement – Consumer segment with the biggest impact
  - Particularly favourable market dynamics in both the elspot market and other commodity markets positively affecting COGS
- Last twelve months adj. net revenue improvement ~ 90/10 split between improved margins and volume growth[1] YoY

Sources: Company information

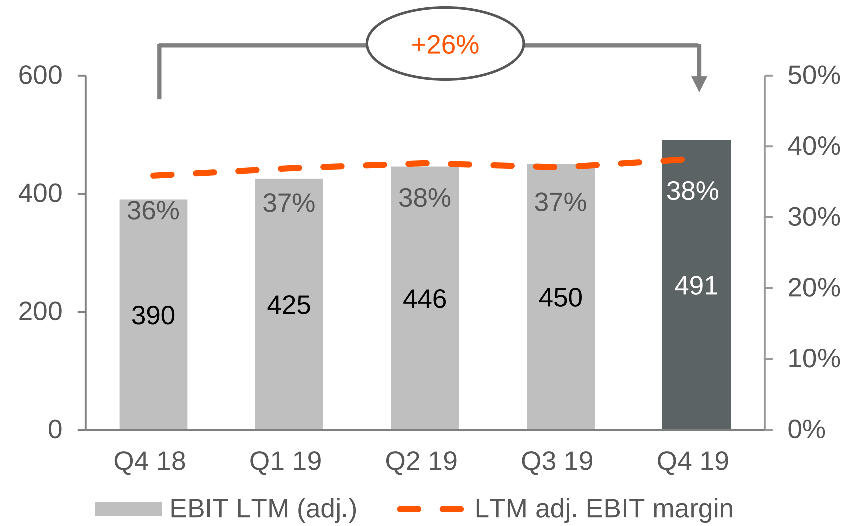
1) New Growth Initiatives figures are excluded from the calculations, as high volumes with very low margins distorts the analysis

Continued increase in EBIT adj.

Change in adj. EBIT (NOKm)



Adj. EBIT LTM (NOKm)



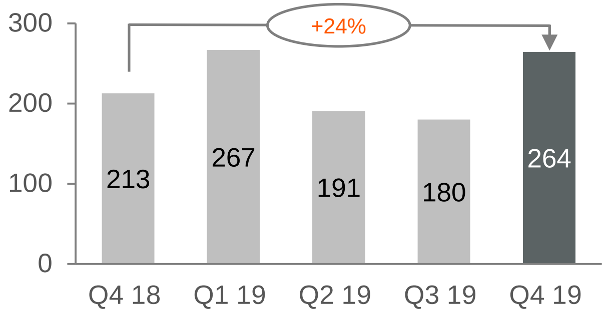
- EBIT improvement of 41 NOKm with the Consumer segment as the main driver
  - OPEX increase driven by sales and marketing costs, customer service costs and administrative costs
- Adj. EBIT margin increasing 5 pp YoY. Adj. EBIT margin LTM is increasing 2 pp YoY and 1 pp quarter over quarter

Sources: Company information

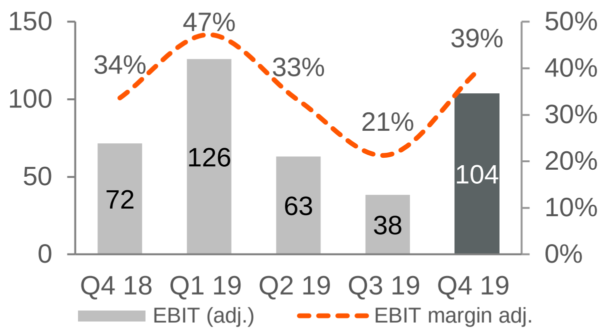
Segment overview

Consumer segment

Adj. net revenue (NOKm)



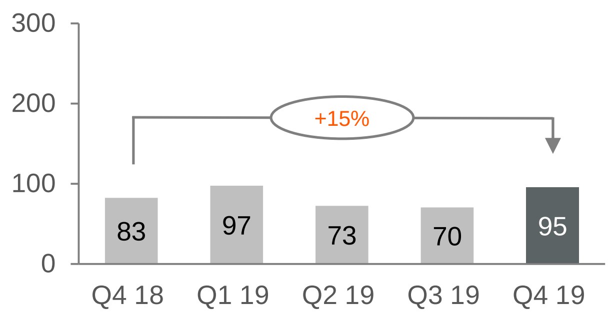
Adj. EBIT (NOKm)



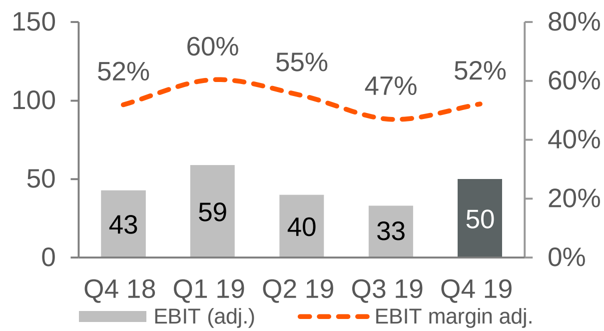
- Increase in adj. net revenue YoY – margin improvement accounting for ~85% of the increase. Favourable market dynamics driving the growth
- 5 pp margin expansion driven by net revenue growth

Business segment

Adj. net revenue (NOKm)



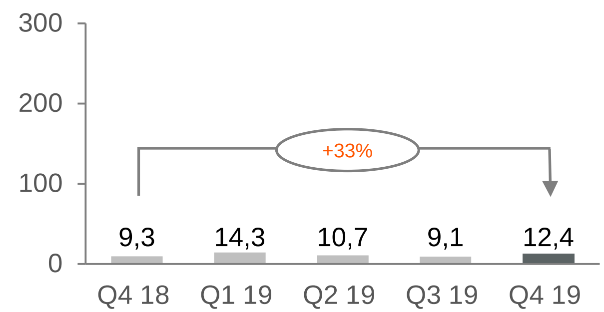
Adj. EBIT (NOKm)



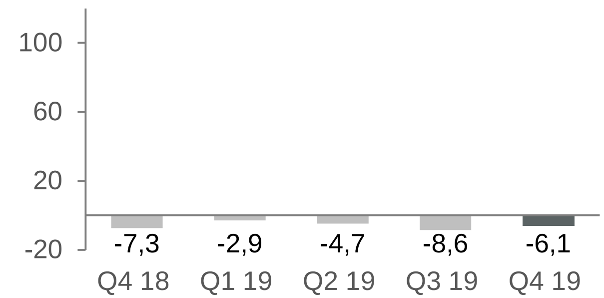
- Increase in adj. net revenue is driven by improved margins, primarily from value added services
- Stable development in EBIT margin YoY

New Growth Initiatives

Adj. net revenue (NOKm)



Adj. EBIT (NOKm)

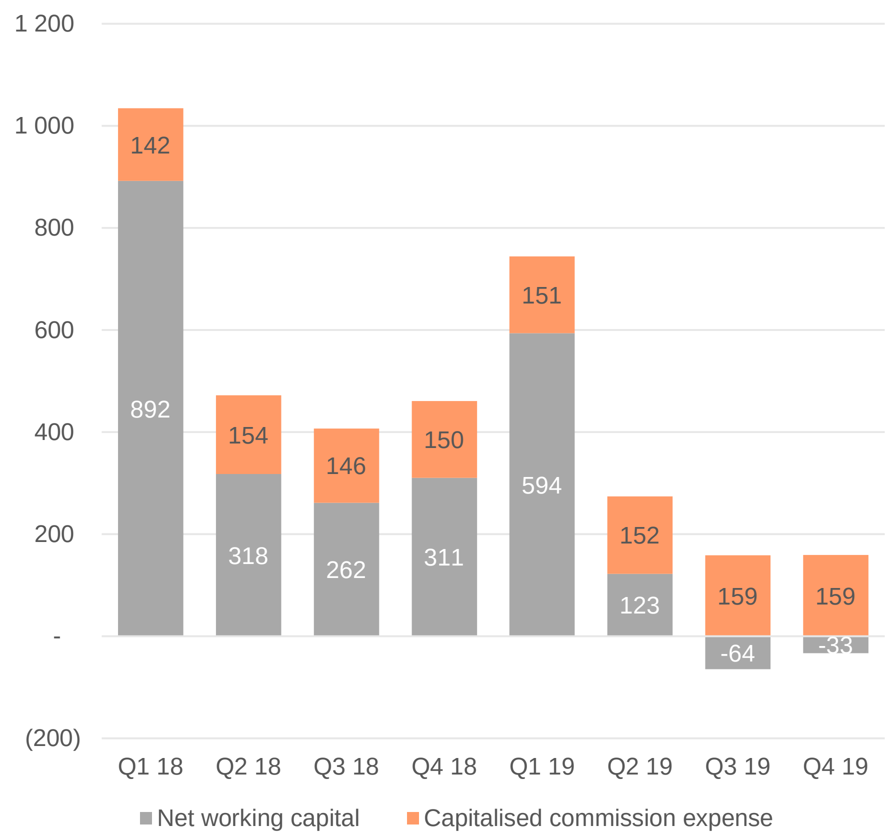


- Adj. net revenue and adj. EBIT improvement driven by Alliance
- Solid growth in # of Mobile subscribers, passing 100k subscribers at the end of 2019

Sources: Company information

Negative NWC driven by positive effect from el. cert and operational improvements

Net working capital[1] (NOKm)



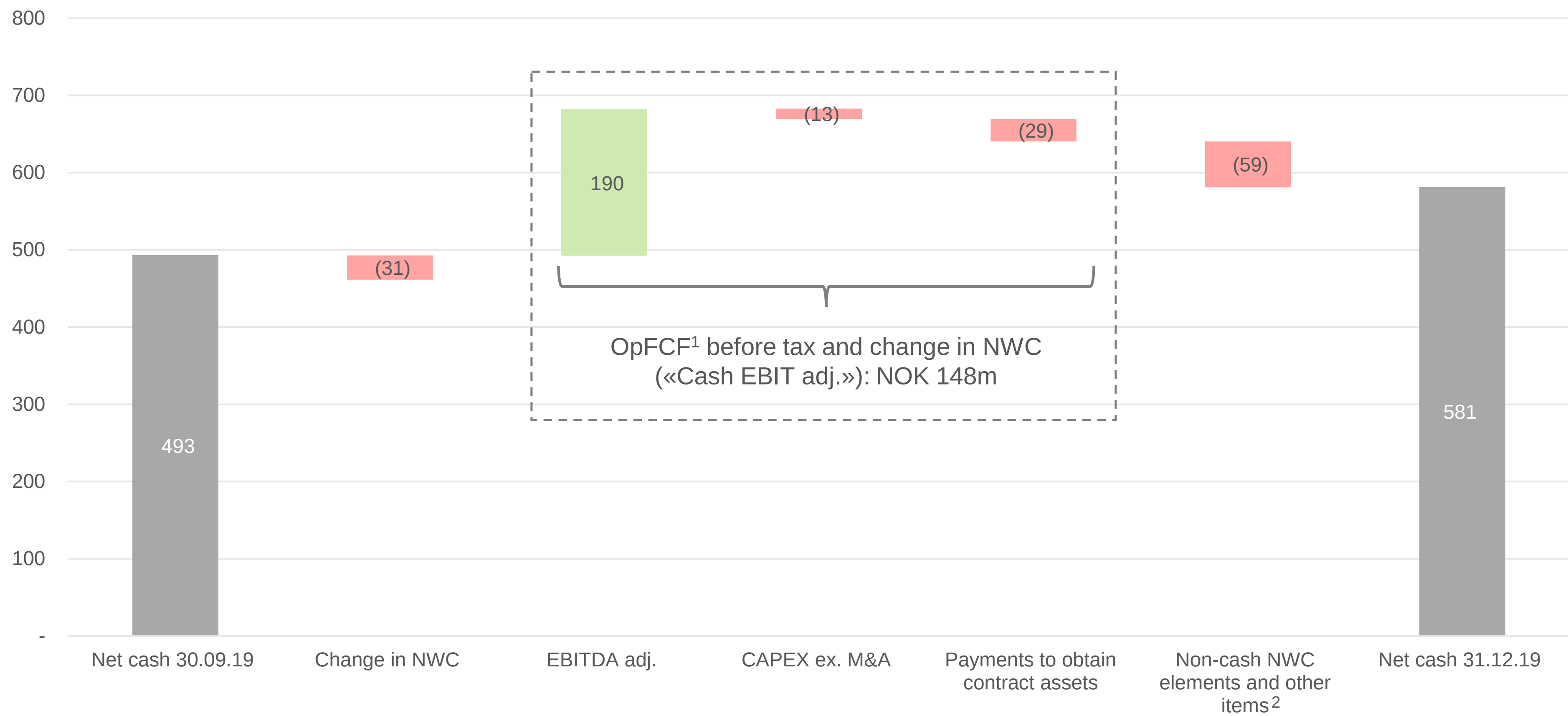
- Net working capital (NWC) is increasing by 31 NOKm from last quarter, driven by seasonally higher volumes and elspot prices
  - Volume increase 73% from last quarter[2]
  - Elspot prices increase 14%[3] from Q3 2019 to Q4 2019
  - Positive effect from post-payment practice of el certificates throughout the year
  - Continuous improvements in the invoicing process is also contributing positively to the development

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) Volume sold in the Consumer and Business segments
3) Average of daily system prices in NOK

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.

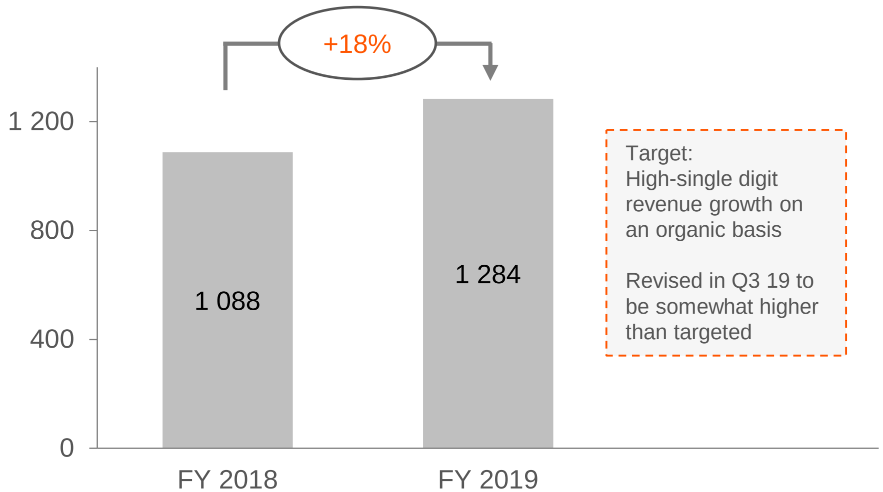
FULL YEAR 2019

Ole Johan Langenes (Acting CFO)

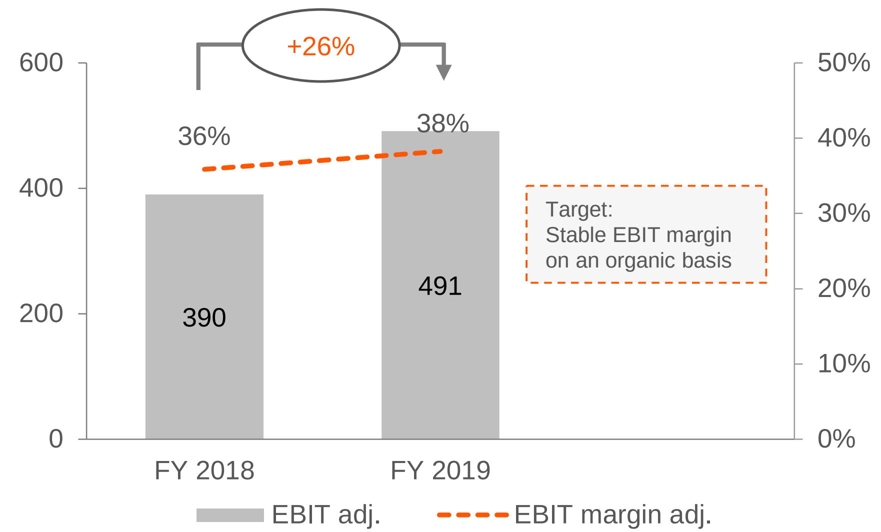
Fjordkraft
Mer for pengene

Group performance stronger than expected

Adj. net revenue[1] (NOKm)



Adj. EBIT[1] (NOKm)



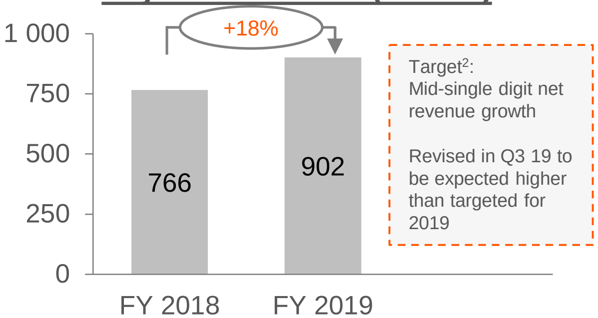
- Product margin improvement is the main driver for the 18% adj. net revenue growth
  - Well above targeted, also adjusted for positive M&A effects
  - 1 pp of the increase is related to New Growth Initiatives
    - ~60/40 contribution from Alliance and Mobile, driven by both margin improvement and customer growth
- All time high adj. EBIT - improvement across all segments
  - Adj. EBIT margin increasing 2 pp from 2018 – better than targeted

Sources: Company information
1) 2019 figures are not audited

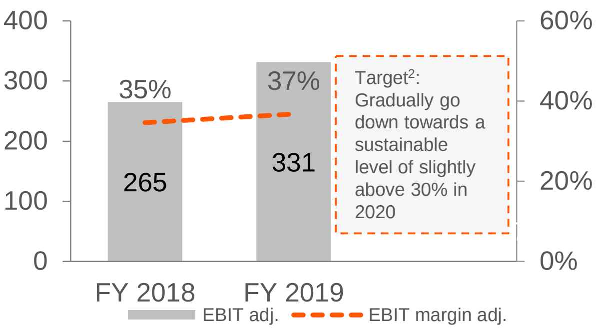
Adj. net revenue and adj. EBIT by segment – Full Year

Consumer segment

Adj. net revenue[1] (NOKm)



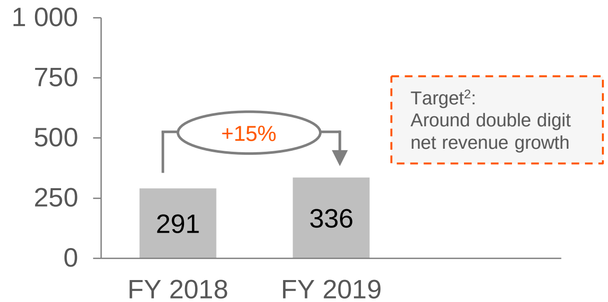
Adj. EBIT[1] (NOKm)



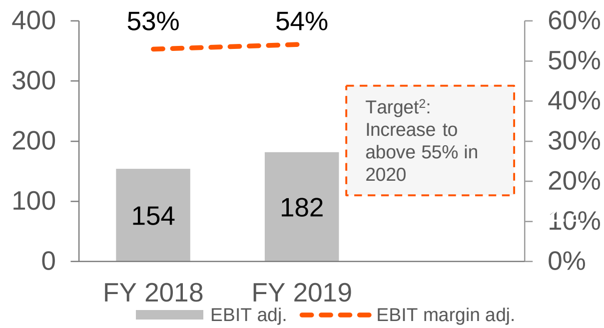
- Stronger adj. net revenue performance than expected, driven by ability to maintain product margins in a competitive market as well as positive M&A effects
- EBIT margin stronger than targeted, driven by net revenue performance

Business segment

Adj. net revenue[1] (NOKm)



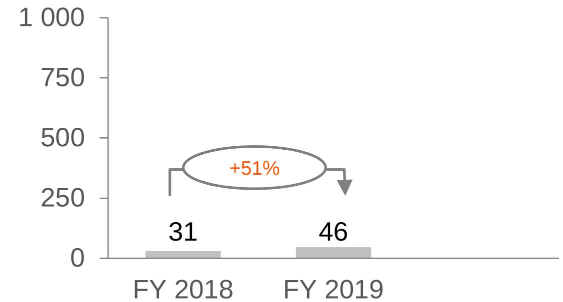
Adj. EBIT[1] (NOKm)



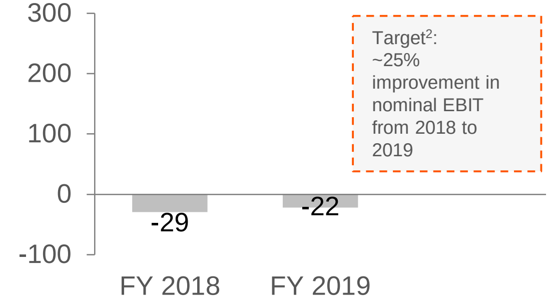
- Net revenue growth well above target, driven by both VAS and improved product margins with minor positive impact from M&A
- EBIT margin in line with target

New Growth Initiatives

Adj. net revenue[1] (NOKm)



Adj. EBIT[1] (NOKm)



- Net revenue growth split ~60/40 between Alliance and Mobile
- EBIT performance in line with targets

Sources: Company information
1) 2019 figures are not audited
2) All targets are on an organic basis

Performance vs financial targets[1]

	Targets	Status
Group	▪ Ambition to act as a consolidator in a fragmented market	▪ One acquisition in 2019
Cap.ex.	▪ Targeted to be in the area of NOK 50m annually on an organic basis over the next three years	▪ In line with targets (50 NOKm)
Leverage	▪ Moderate leverage with variations intra-year due to seasonality in net working capital ▪ Current balance sheet enabling substantial capacity to finance acquisitions	▪ Currently net cash position, supporting M&A ambitions
Dividend	▪ Attractive and increasing dividend ▪ Target pay-out ratio of at least 80% (based on adjusted net income)	▪ Proposed dividend of 3.0 NOK per share[2,3]

1) Base line for the financial targets is adjusted 2018 financials
2) Subject to approval at the annual general meeting
3) How the dividend is calculated:
[(Adjusted EBIT + net finance)*(1-average tax rate) – amortisation of acquisition debt]*pay-out ratio
[(491 NOKm+8 NOKm)*(1-22%)-55.6 NOKm]*94.0%=313.5 NOKm, equivalent of a DPS of 3.0 NOK with the current number of shares outstanding

Q&A

Fjordkraft
Mer for pengene

CEO STATE OF THE UNION

Rolf Barmen (CEO)

Oslo, 13th February

Fjordkraft
Mer for pengene

Today's presenters and Fjordkraft management team

Today's presenters

Rolf Barmen
Chief Executive Officer

Ole Johan Langenes
Acting Chief Financial Officer

Arnstein Flaskerud
EVP - Head of Strategy and M&A

Christian Kalvenes
EVP - Head of Consumer

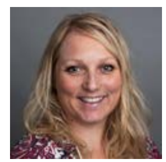
Roger Finnanger
EVP - Head of Business

Broader management

Alf Kåre Hjartnes
EVP - Head of Technology and Digitalisation

Jeanne Tjomsland
EVP - Head of Group Marketing, Communications & HR

Solfrid Aase
EVP - Head of Alliance



Solfrid Andersen
EVP - Head of Operations

Fjordkraft at a glance – a leading Norwegian electricity retailer for both consumer and business customers

***Deregulated*:**

Energy production	Transmission system operator (TSO)	Distribution system operators (DSO)	Electricity retailers	End-customers
✓	✗	✗	✓	

Fjordkraft

2019 financials

Gross revenue
NOK 7,123m

Net revenue adj.
NOK 1,284m

EBIT adj.
NOK 491m

# of electricity deliveries[1]
~620,000

# of mobile subscriptions[1]
~100,000

Consumer

70%

Private households buying electricity for everyday life

Typical customer

Primary homes | **Secondary homes**

Business

26%

SMEs, large enterprises and public sector customers purchasing electricity and advisory services

Typical customer

SMEs | **Large enterprises, public sector**

New Growth Initiatives ("NGI")

4%

Alliance

Service offering to local and regional electricity producers

Mobile

Mobile offering launched in 2017

1.4 million people are supplied with electricity from Fjordkraft!

= Share of 2019 net revenues (adj.)

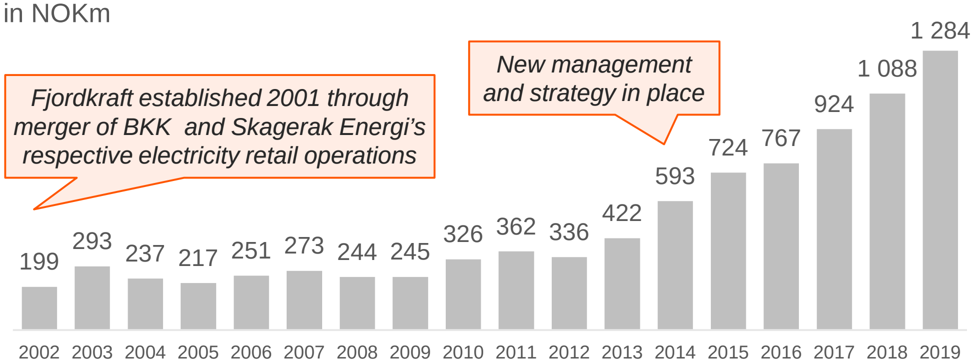
Source: Company information
1) Number of deliveries in the Consumer and Business segment. In addition: ~30k deliveries in Extended Alliance
Number of deliveries and subscribers at the end of 2019

A highly successful strategy execution has resulted in an impressive profitability shift and net revenue growth

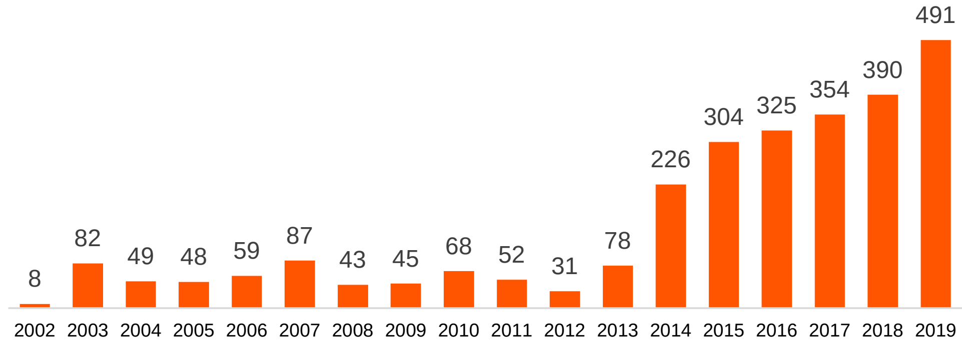
Impressive net revenue and EBIT development…

2002-2012 | 2013-2019

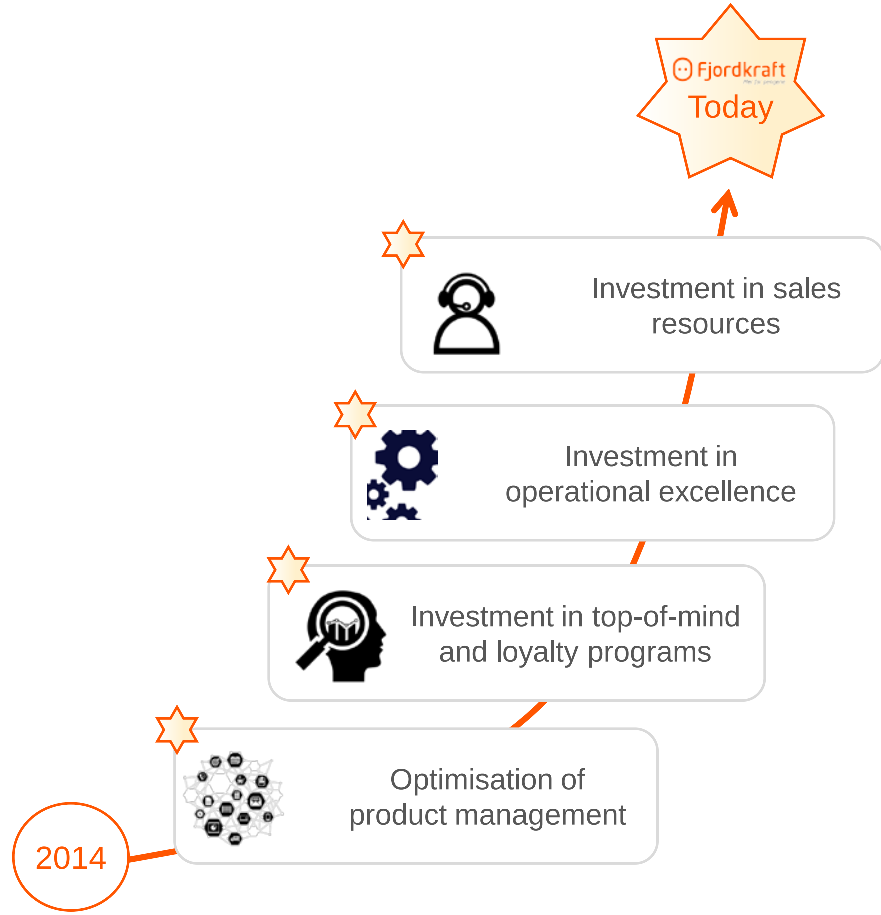
Net revenue adj.[1]
in NOKm



EBIT adj.[1]
in NOKm



…enabled through optimisation & focused investment



Source: Company information
1) NGAAP until 2015, IFRS for 2016 and 2017. 2016, 2017, 2018 and 2019 excluding estimate deviations, other gains & losses, special items and depreciation of acquisitions

A highly fragmented industry – Fjordkraft ready to be the consolidator

We observe that

The industry is very fragmented

>100 retailers **~10** with national presence

Local players (<10k)	Regional players (10-50k)	National players (50-150k)

XXk = Number of electricity deliveries

We believe that

Fjordkraft is positioned to take lead in the consolidation

- ***Substantial financial fire power***
- ***Scale including 'Fjordkraft Factory' supporting ability to integrate***
- ***Alliance offering building relations to regional / local utilities***
- ***Profile adding to attractiveness as partner to utilities planning spin-offs***
- ***Management and organisation with ambition to consolidate***
- ***Listed shares as an attractive acquisition currency***

Sources: Company information

A complex power market handled through clear mandates and strict governance – volatility supporting margin upside

Several wholesale markets

- the day-ahead market
- the intraday market
- the balancing market

Five bidding areas in Norway due to grid congestions

- National players get a natural diversification to local price risk

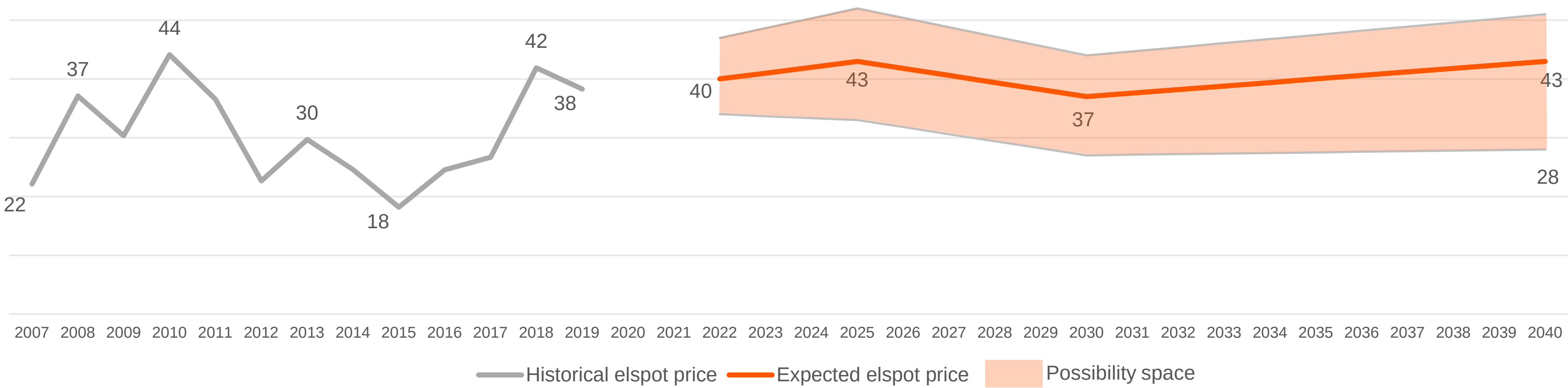
COGS mainly affected by these elements

- The price of electricity within the different price areas
- The price of guarantees of origins
- The price of electricity certificates
- Various trading fees
- Accuracy of consumption estimates
- Purchasing strategy

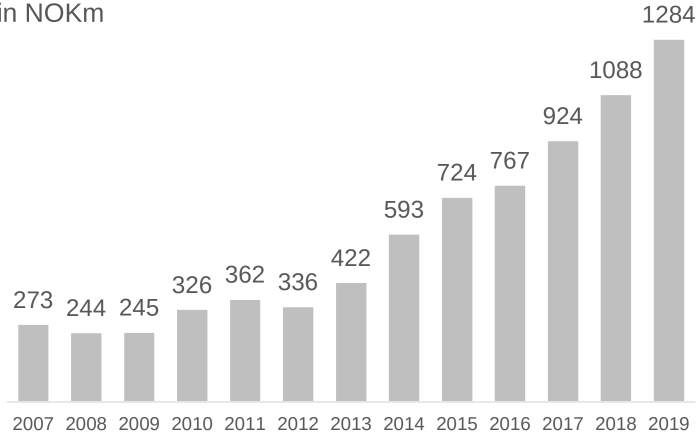
Fjordkraft has a low risk tolerance with clear mandates and strict governance
Exposure to volatility in various markets supports margin upside

Electricity prices expected to increase slightly along with increased volatility

Electricity prices[1]
in NOK øre/kWh



Net revenue adj.[2]
in NOKm

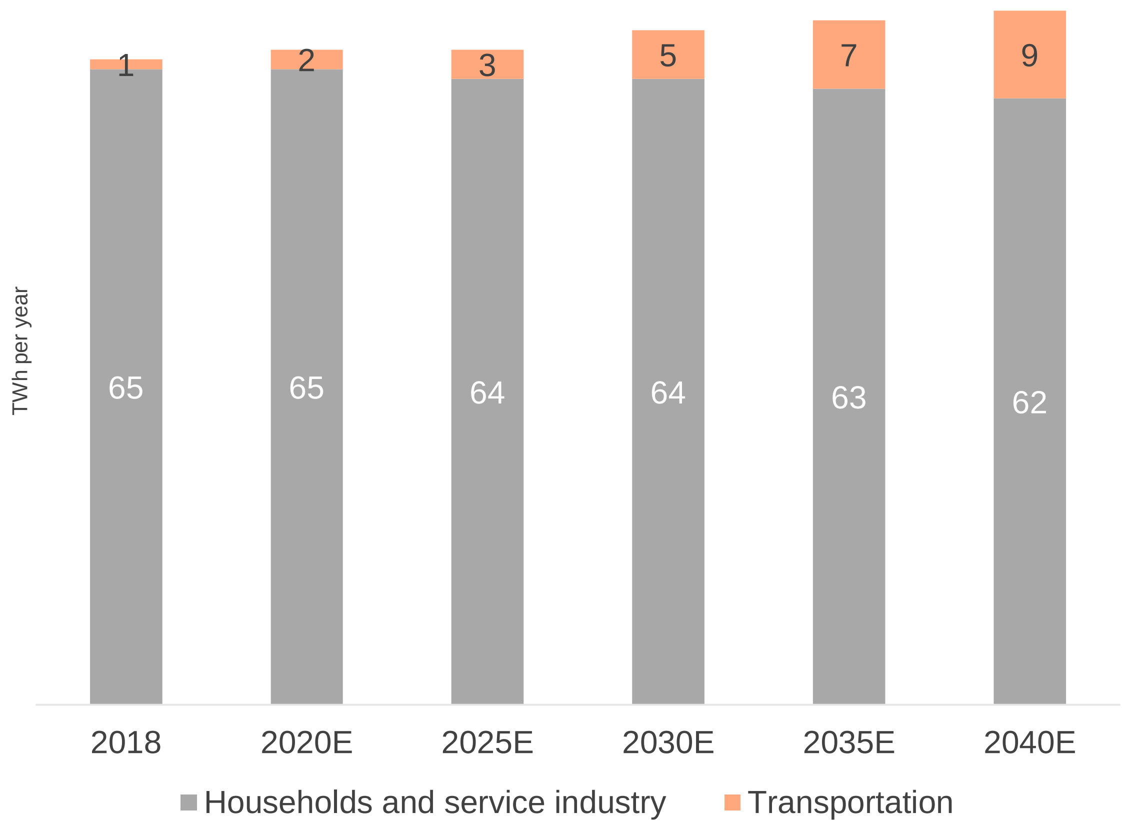


- Norwegian electricity prices are expected to increase ~8% from 2022 to 2040, driven by increasing CO2 prices and downscaling of nuclear production[2]
- Growing supply of new and more volatile renewable production. Increased renewable production reduces impact from CO2 prices on elspot price
- Robust business model – profitability not affected by price level of electricity

Source:
1) 2007-2019 is the average of the Norwegian bidding areas in NOK/kWh from Nordpool Spot. 2022-2040 from The Norwegian Water and Energy Directorate's report 41/2019
2) NGAAP until 2015, IFRS for 2016 and 2017. 2016, 2017, 2018 and 2019 excluding estimate deviations, other gains & losses, special items and depreciation of acquisitions

Operating in the highly attractive Norwegian market with an unparalleled demand profile, both now and for the foreseeable future

Electricity consumption in continental Norway[1]



Non-discretionary service with stable and slightly increasing long-term demand

Electrification of the transportation sector more than offsets the effects of improved energy efficiency within households and service industry

Prosumers with reduced electricity demand – while demand for value added services is increasing

Source:
1) 2018 figures from SSB. 2020-2040 figures from The Norwegian Water and Energy Directorate's baseline scenario in report 22/2019
2) The Norwegian Water and Energy Directorate's report 41/2019

Securing profitability through the three «defensive lines»

Securing profitability

«First line of defence» = Net revenue growth

- **Sales activities**
  Distribution, Top of Mind, Regulatory (SCM)
- **Product development**
  Product management
- **Customer Service & Loyalty programs**
  Attraction, it's all about managing price elasticity

«Second line of defence» = Cost efficiency to support EBIT adj. growth

- **Digitalisation**
  Continuous improvement
- **Consolidate**
  Accelerate effects from digitalisation
- **Operational excellence**
  LEAN-management

«New line of defence» = Developing new bizz

- **New bizz**
  New revenue streams from existing customers
  - Solar
    EV charging
    Smart
    informator
  - Mobile
    Ext. Alliance
- **New bizz 2**
  New revenue streams from related operations
  - Tech spin off, capitalising on IT structure
  - Rating and billing spin off, capitalising on Ext. All.
- **Geographic expansion**
  Existing activities being exported to new markets

Growth targets for 2020 are still valid

Roadmap for growth 2020

2 million (+0.6 million) people supplied with electricity from Fjordkraft

875k deliveries (+225k) through growing the customer base

Organic

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

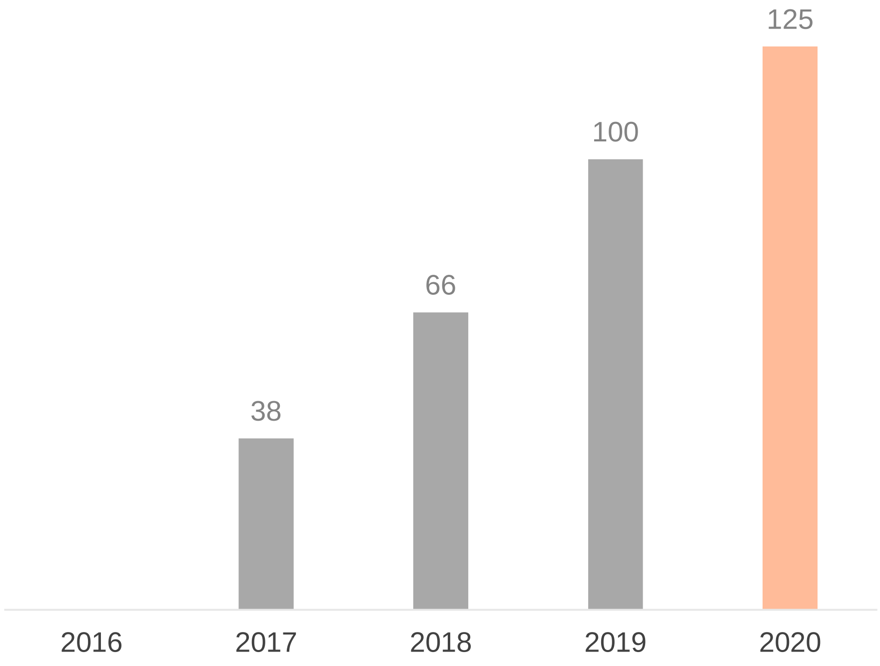
Alliance

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

M&A

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

Number of mobile subscribers ('000)[1]



Rationale for launch of mobile services:

- Add loyalty to existing customers and support core product by offering market-leading prices and reaching every member of the household
- Capitalise on a large customer base and existing organisation and know-how

Source: Company information

1) Number of mobile subscribers at the end of the period. Targeting 125 thousand subscribers at the end of 2020.

Targeting further growth over the next years

Roadmap for growth 2020-2022

Target at the end of 2022:
1075k electricity deliveries (+420k) through growing the customer base

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

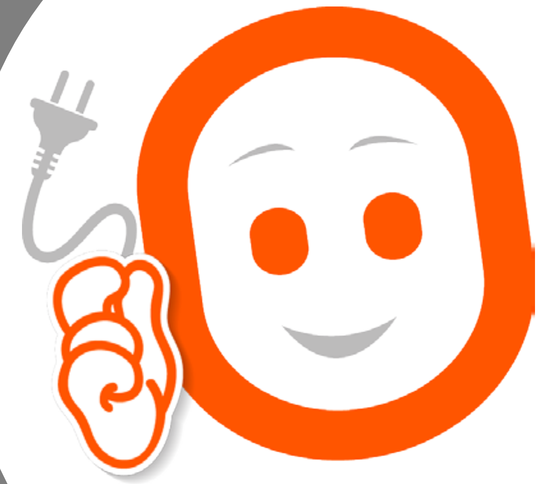
Alliance
- Capacity to expand alliance partner base on current Fjordkraft set-up
- Cost efficient operations and increasing investment savings attractive to partners

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

Mobile
- Capitalising on a large customer base and existing organisation and know-how
- Adding loyalty to existing customers and supports core product by offering market-leading prices and reaching every member of the household

Fjordkraft – Summary investment highlights

1. Operating in the attractive Norwegian electricity retailing market with an unparalleled demand profile and a level playing field favouring strong national brands such as Fjordkraft
2. A proven business model providing ‘need to have’ electricity combined with sought after value-added services - supporting differentiation and margin robustness
3. The leading and most recognized electricity retail brand in Norway
4. Unmatched platform for distribution of best in class service offering to consumer and business customers across Norway
5. Strong competitive advantages and a robust platform for further organic and bolt-on acquisition driven growth
6. Attractive financial profile based on a robust business model with limited capital expenditure requirements resulting in solid bolt-on acquisition and dividend capacity



A clear ESG focus leading to recognition from i.a. United Nations Climate Change secretariat

Strategic collaborator - The Church City Mission

In 2018 Fjordkraft entered into an agreement to become a strategic partner with the Church City Mission, and signed a multi-year agreement starting on 1 January 2019. The purpose of the cooperation is to strengthen the beneficial and humanitarian measures the Church City Mission is implementing in the cities of Oslo, Bergen and Sandefjord.

For Fjordkraft, cooperation is included in the company's corporate social responsibility strategy, with an internal goal of creating pride and employee engagement. Kindness is one of Fjordkraft's core values, and we want to see how we can link our commitment to the work the Church City Mission is doing to secure a warmer society with less loneliness. The intention is for Fjordkraft's employees themselves to be able to contribute to the work of the Church City Mission in the local area.

In autumn 2018, a group of Fjordkraft

REGULATORY DRIVERS AND CONSOLIDATION

Arnstein Flaskerud (EVP Head of Strategy, M&A, Innovation and Regulations)

Oslo, 13th February

Substantial changes in the regulatory environment in 2019

The EU Third Energy Package with change of authority and a new independent appeal body

Digitalisation of the industry. Smart meters and Elhub streamlining processes between all the players

Unbundling of vertically integrated companies, and separation of the end user business and monopoly activities

REGULATIONS

Electricity market - regulatory developments providing significant opportunities for large independent retailers

Regulatory milestones in Norway

Unbundling

2020 - 2021

- Vertically integrated companies need to split grid operations and retail operations within the following areas:

- Brand name
- ICT infrastructure
- Corporate - grid and retail must be split into separate companies
- Functional split – all companies with more than 10K deliveries must split processes

✓ Significant loss of competitive advantage for (regional/local) players

✓ Significant positive effects for independent retail companies with existing strong national brands such as Fjordkraft

Mandatory One Invoice and Power Tariff

2022 - 2023

- Change from voluntary to mandatory one invoice imposes all electricity suppliers to invoice grid fee
- New Grid fee models based on Power Tariffs – Max load and Time of use

✓ Economies of scale in billing

✓ All players must be rigged for handling the grid fee

✓ Power Tariffs adds more complexity to the market and benefits large players

Sources: Company information

Mobile market - new regulations betters the opportunities for the independent service providers

Regulatory milestones in Norway

Gross Margin squeeze test only

NKOM Nasjonal kommunikasjons-myndighet

2017 - 2019

- Telenor is obliged to provide access and call origination to other mobile operators
- No discrimination regarding price or technology
- Margin squeeze tests bi-annually to evaluate Telenor's pricing scheme

✓ This has led to several price reductions to our wholesale procurement

✓ Still unbalanced rules highly favoring the network operators

More balanced regulations


Utkast til vedtak om utpeking av tilbyder med sterk markedsstilling og pålegg om særskilte forpliktelser i markedet for tilgang til og samtaleoriginering i offentlige mobilkommunikasjonsnett

2020 - 2022

- New market regulation is now published from the regulator
- Modelling player in the margin squeeze test is reduced from 5% to 3% market share
- Telenor are mandated to provide both linear price models and bulk price model

✓ More balanced regulations

✓ Gives the service provider a better range of tools to innovate and gives the customers better solutions

✓ Leads to more robust service provider business models

✓ Expected effect from Q3 2020

Sources: Company information

MERGERS & ACQUISITIONS

Fjordkraft

Mer for pengene

Substantial potential for consolidation within electricity retailing in Norway

National players (50 >)	Typically have strong regional positions and national presence – facing increased competition from larger national players	Players ≈ **10** Deliveries ≈ **1000’**
Regional players (10 - 50k)	The smaller regional players typically have strong regional positions, that may be challenged by unbundling and increased regional consolidation	Players ≈ **15** Deliveries ≈ **350’**
Local players (< 10k)	Smaller local players with very good local customer relationships, but typically with limited scale and mass to operate a profitable stand alone retail business	Players ≈ **100** Deliveries ≈ **250’**

Sources: Company information

Main drivers for consolidation

Driver	Description
Regulatory changes	Significant loss of competitive advantage for (regional/local) players
Merging of grid companies	Consolidation in other parts of the value chain is supporting a more horizontal structure and can trigger divestment of retail portfolios
Merging of municipalities	Significant owners of our prospects and substantial value comes into play
Intense competition	Incumbents are rigged for local competition – lack of national brand and distribution channels will lower market share and profitability
Technology development	Increasing technological debt due to digitalisation of both internal and external processes + customer expectations and VAS competition
Complexity and scale	Building up a strong defense and adding more sales and customer service resources is costly

M&A approach and synergies

Approach

Cash
or
Shares

+

Industrial approach:
- Co ownership
- Local jobs
- Regional office

Cost synergies

Administration

Invoicing, customer service and back-office

Sales and marketing

Fjordkraft is well positioned as the consolidator

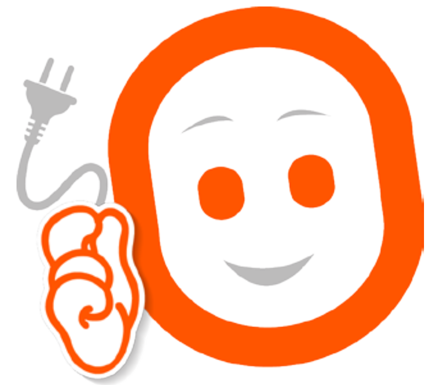
M&A roadmap 2020
Maintaining target of +150K deliveries from 2018 (140k remaining)

1. The Fjordkraft Factory - our system and process architecture - enables significant scale and synergy effects
2. Offers scale through industrial partnership, as an attractive alternative strategy to regional players
3. Financial power and listed shares as an attractive acquisition currency - offers the prospects the opportunity to stay exposed to the downstream part of the value chain

M&A roadmap 2020-2022
Targeting a total of 265K new deliveries from M&A

Key highlights from regulations and M&A

1. We expect that M&A activities will fulfill a major part of our Roadmap to Growth
2. Regulations both in the electricity market and the mobile market are supporting Fjordkraft's growth strategy
3. The electricity market is highly fragmented and provides a substantial number of attractive M&A prospects
4. Fjordkraft has the ambitions and experience to consolidate, and offers a wide range of attractive M&A alternatives



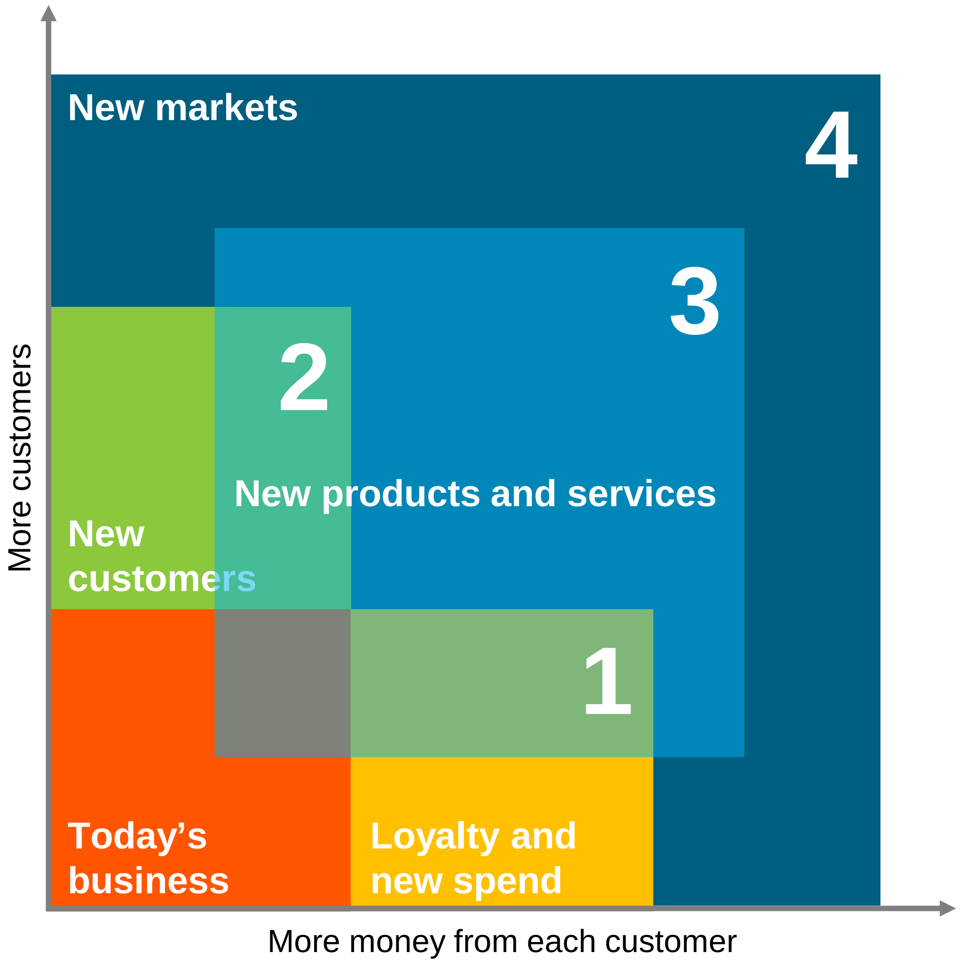
Innovation strategy

Arnstein Flaskerud (EVP Head of Strategy, M&A, Innovation and Regulations)

Oslo, 13th February

Fjordkraft
Mer for pengene

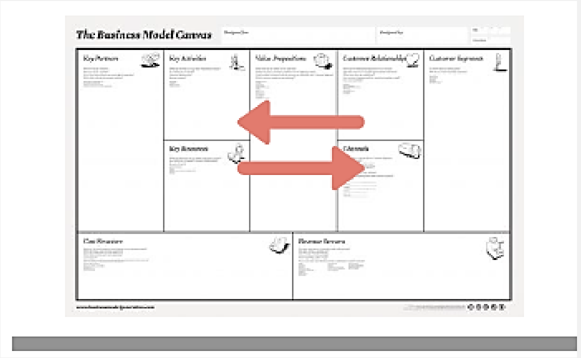
Growth model and growth opportunities



	Existing services
1	Loyalty and new purchases related to core business
2	New customers, organic, M&A, expanded alliance
3	New products and services from other industries
4	New markets, Internationalization

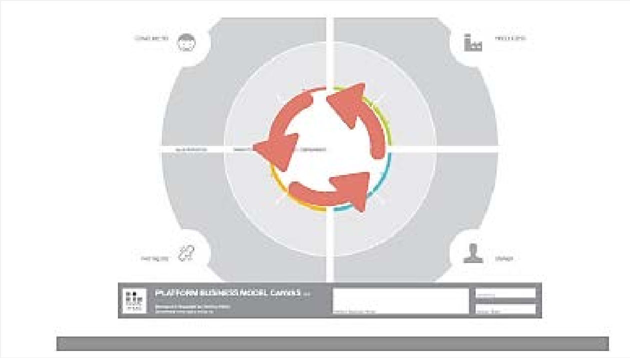
Sources: TNS Kantar Growth model

Building both linear business models and platform business models



- Sells products and services to end users
- Owns one side of the transaction
- The value creation lies in the product

Collects value from products and services



- Facilitates transactions between the participants
- Owns the infrastructure that facilitates the transactions
- Collects value from network effects

Collects value from the platform users

Fjordkraft is applying a “Fast second” innovation strategy

First mover

Must be able to handle high uncertainty related to:

- Technology development
- Customers adoption

This role demands willingness to take uncertain bets and a culture based on high flexibility

Fast second

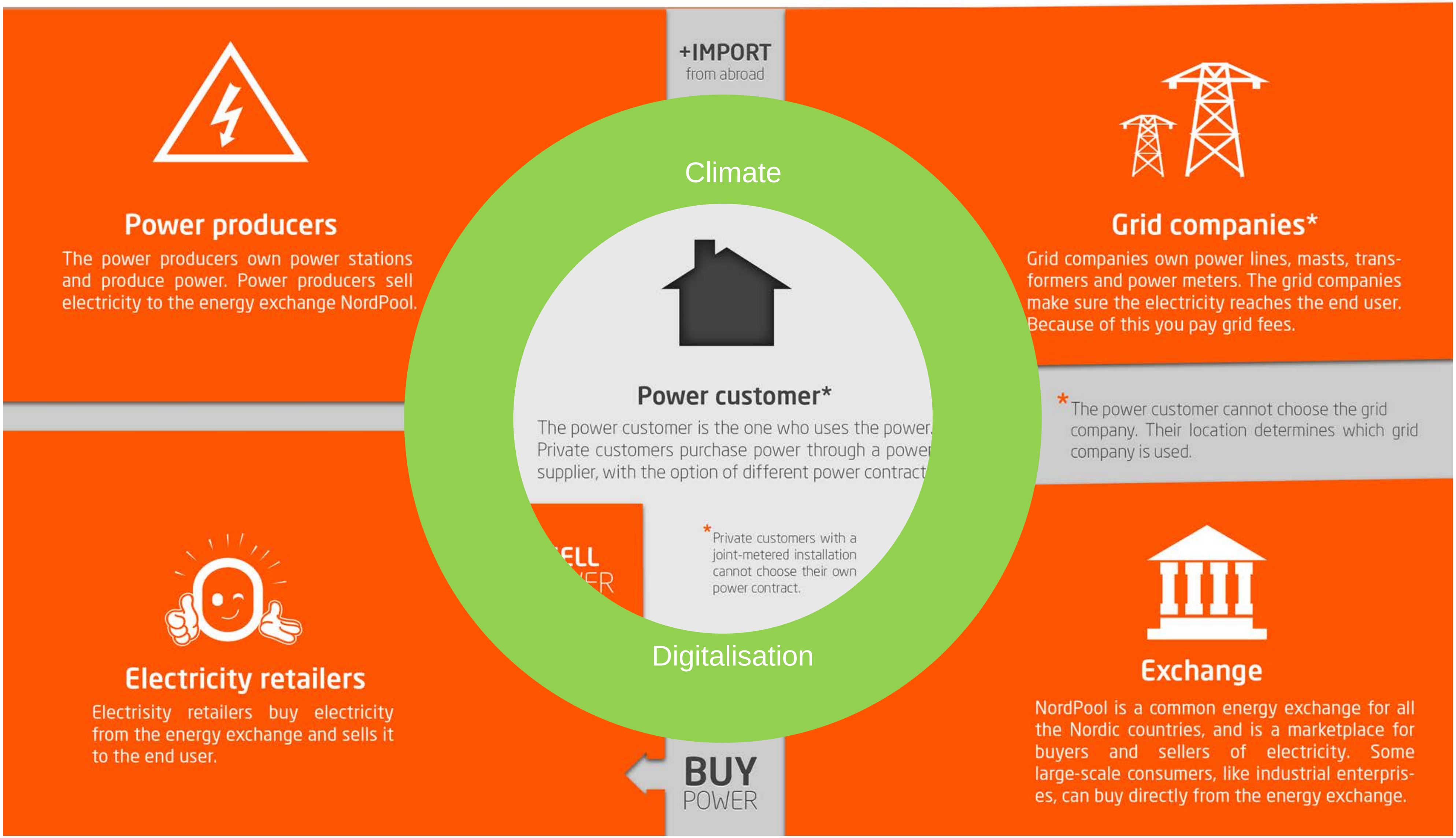
Must win the battle of dominant market design

Must be able to scale fast
- Brand
- Sales
- Distribution
- Operations

When it comes to technology-driven innovation, Fjordkraft will primarily use a **Fast Second Strategy**, which requires careful timing and the ability to act and scale fast

Sources: Fast Second – C. C. Markides and P. A. Geroski

The green shift facilitating new business opportunities



Ongoing and upcoming new services and businesses

Consumer

Digital customer front end - overview and control

Marketplace offering goods from quality 3rd party vendors

Business

Full-Service Solar (PPA)

Full-Service Heat Pumps (PPA)

EV Charging

New Growth Initiatives

METZUM

Joint venture software company (Metzum AS) offering standard software components from the Fjordkraft Factory to grid companies and suppliers

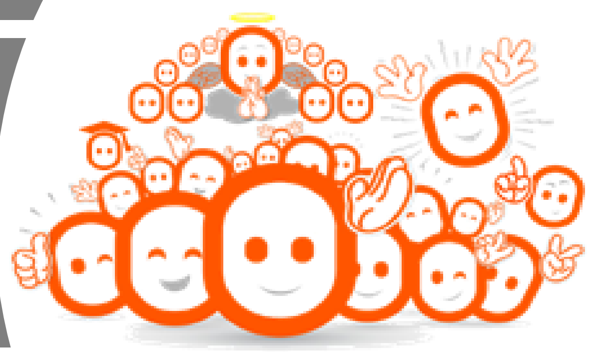
Fjordkraft Spin Off.
Offering rating and billing services to grid companies and to Fjordkraft's Extended Alliance segment

KlimaHub

Web based solution supporting implementation of climate accounting, climate initiatives and climate neutrality

Key highlights from Innovation Strategy

1. Our focus is to stay closest to the customer and develop our core business, in parallel with looking at new growth areas
2. Our competitive advantage will normally be that we have the most cost-efficient muscles for new growth areas
3. When it comes to technology-driven innovation, we will primarily use a Fast Second Strategy
4. Now it’s time to generate spin-offs and to develop platform business models in parallel with our linear business model



CONSUMER

Christian Kalvenes (EVP Head of Consumer)

Oslo, 13th February

Fjordkraft
Mer for pengene

The No.1 brand for electricity retailing in the Norwegian consumer market

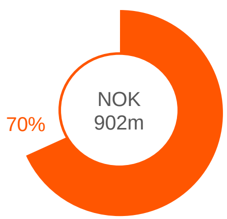
Consumer segment in brief

The Consumer segment comprises energy sales and an attractive menu of value-added and adjacent services for private households across Norway

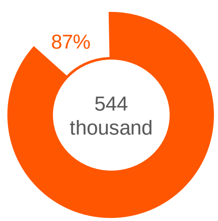
A leading market position

- #1 The No. 1 electricity retail brand in the consumer segment[1]
- #1 The No. 1 top-of-mind brand in the consumer segment[1]
- #1 Winner of Norway's best customer service[2]
- #1 Winner of Bearing point's Digital leader[3]
- #1 Nominated as the world's best energy brand in the Charge Awards[4]

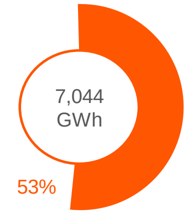
Net revenue adj.[5]



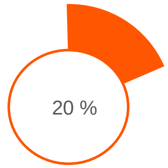
of electricity deliveries[6]



Volume (GWh)[7]



Market Share[8]



Source: Company information, TNS Kantar, Norsk Kundebarometer
1) Based on market share and customer awareness data from Kantar TNS Energibarometer Q4 2019
2) Kantar's KS-Index January 2020
3) Digital Leaders 2019 by Bearingpoint
4) Charge Awards 2019
5) Net revenue 2019 based on IFRS unaudited figures
6) Equivalent to the number of deliveries to all electricity meters. One customer may have multiple electricity meters
7) Only includes customer and business segments
8) Based on number of deliveries end of Q4 2019 and total market size from NVE's Q4 2018 report

A broad and market leading product offering

Spot products

Product characteristics:
- The customer's price follows the spot price
- The customer is fully exposed to the spot price volatility
- Fixed nominal markup with no price or volume risk for Fjordkraft

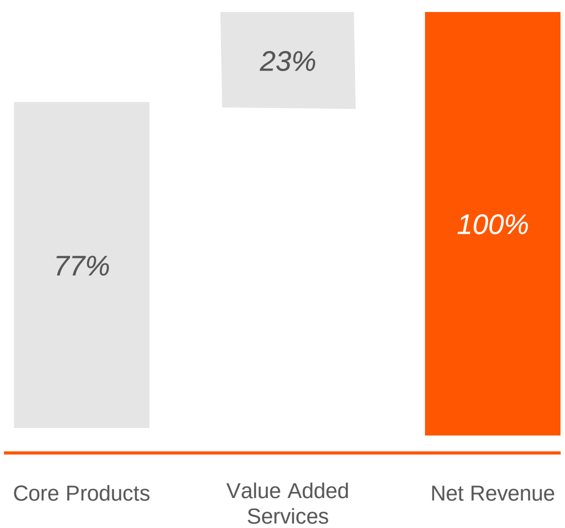
Variable products

Product characteristics:
- Discretionary pricing with a notification period of up to 14 days
- More steady and predictable prices for the customer
- Short term price risk within the notification period for Fjordkraft

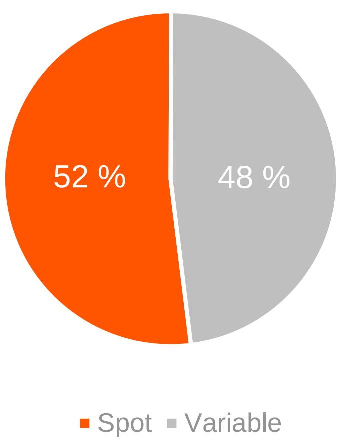
Value added services

Product characteristics:
- Differentiating and supplementary products to our core products
- Includes i.a. insurance products and flexible payment solutions

Composition of Net Revenue

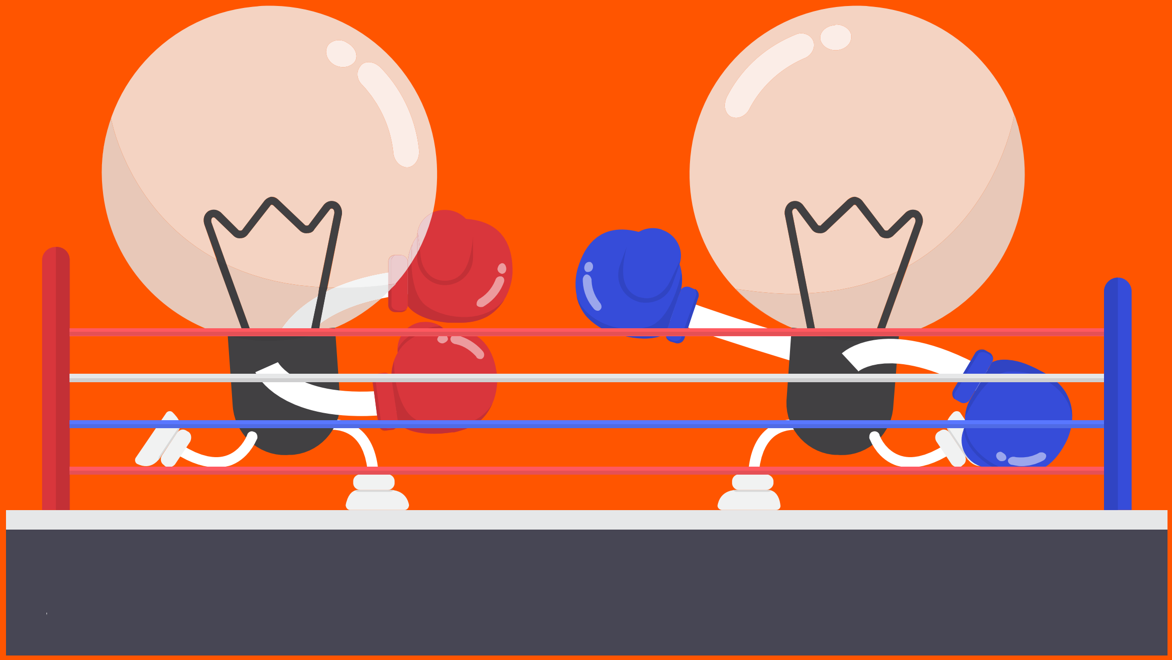


Product mix



Sources: Company information

The battle for market shares – more than just price and local affection



- Competition traditionally spearheaded by price or local affection
- Customer experience has emerged as an important part of the value proposition

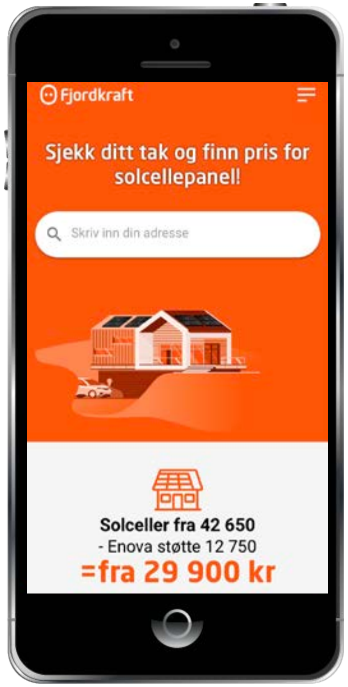
Digital customer experience as a competitive advantage

- The Fjordkraft app was released in Q4 2019
  - The app will give the customer access to the best services that the Fjordkraft-universe has to offer
  - More than 100,000 downloads
- Fjordkraft is perfectly positioned for making digital customer experience a competitive advantage

New technology and digitalisation empowering the customer

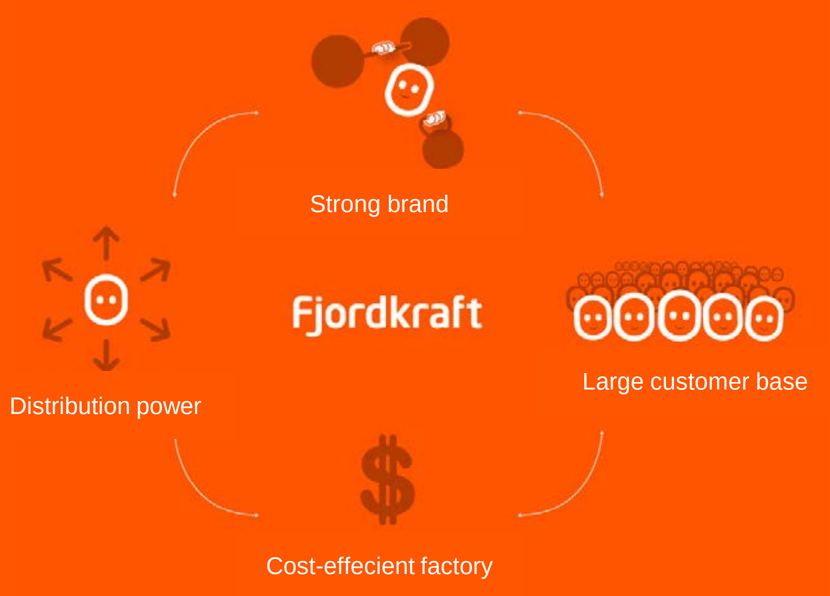
- During 2020 a wide range of services will be developed and offered through the Fjordkraft-app:
  - Quick and easy overview of electricity consumption, mobile data usage and customer benefits
  - Control of EV charging, live energy consumption smart home integration, focusing on helping customers towards a friction free daily life
- The services offered will be a mix of chargeable and free of charge services
- In the short term the main focus will be on growing the user base

Launch of digital marketplace – offering complementary products related to Fjordkraft's core business



- **The Fjordkraft Marketplace**
  - **The perfect place for customers to buy quality goods from quality 3rd party vendors**
  - **Fjordkraft will stay intangible, gain new revenue streams and increase customer loyalty**
  - **An important part of our digital ecosystem along with the Fjordkraft app**

Perfectly positioned for creating competitive advantages in the digital age



Fjordkraft is perfectly positioned:

- **Market leading value proposition**
- **Fjordkraft's distribution power, brand strength, customer base and factory are important assets to succeed in the digital age**
- **New revenue streams from new value adding services**
- **Digital competitiveness also protects our core product revenue streams**

Positive revision of financial targets for the Consumer segment

Adj. Net revenue growth

Current target for 2020:
Targeting mid-single digit net revenue growth on an organic basis.

Maintaining current net revenue growth target for 2020-2022:
Targeting mid-single digit net revenue growth on an organic basis.

Organic growth

Organic growth ambitions of 2-3 % annually

Net rev. per del.

- Core product margin expected to be stable
- Value Added Services enable Net Revenue expansion per delivery

Adj. EBIT margin

Current target for 2020:
Targeted to gradually go down towards a sustainable level of slightly above 30% on an organic basis, driven by increased competition.

Revised target for 2020-2022:
Targeting a sustainable level of 32-34% on an organic basis.

Competition

Competition expected to increase over the coming years

Digitalisation

Maintaining focus and investments in a digitalised customer experience will be important going forward

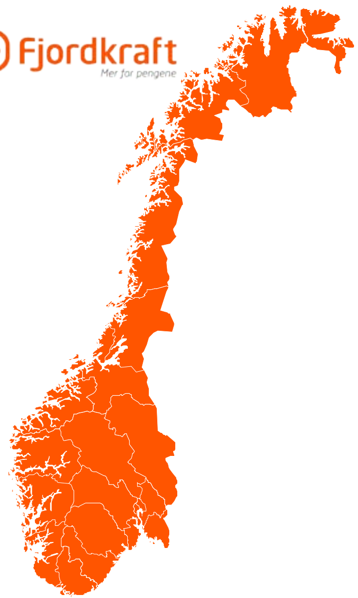
MOBILE

Fjordkraft
Mer for pengene

The No.1 service provider for mobile phone connectivity in the consumer market

Mobile in brief

Fjordkraft is a service provider in the mobile consumer market with highly attractive subscription plans through Telenor's network



A leading market position

- #1 The No. 1 service provider for mobile phone connectivity in the consumer segment[1]
- #1 Reached 100.000 subscriptions by 31/12-2019
- #1 Most satisfied customers in the consumer segment[1]
- #1 Highly attractive pricing across all data plans
- #1 Using Telenor's network with world class coverage and data speed.

Source: Company information, TNS Kantar, Norsk Kundebarometer

1) Based on market share and customer awareness data from Kantar TNS Energibarometer Q4 2019

Continued focus on both growth and profitability

Customer growth

Current target for 2020:
Targeting 125k subscribers at the end of 2020

Maintaining target for 2020 – continued focus on growth:
- Targeting 125k subscribers at the end of 2020
- Targeting an annual growth in the area of 20-25k subscribers in 2021 and 2022

Financial targets

Current target for 2020:
Targeting positive EBIT at the end of 2020

Maintaining target for 2020 – new target for 2022:
- Targeting positive EBIT at the end of 2020
- Targeting significant contribution to overall NGI guidance in 2021-2022, constituting ~1/3 of total NGI EBIT in 2022

Main drivers for the growth

- Strong portfolio management to optimize growth and revenue
    - New attractive price plan portfolio launched on the 15th of January
- Launch of attractive value adding services i.a. ID-security
- Launch of mobile phones and financing services as part of the Fjordkraft Marketplace
- New market regulation expected in Q1 2020. Expecting positive impact on net revenue

A Consumer segment with clear competitive advantages, ready to capitalise on digitalisation

1	The no 1 electricity retail brand in the consumer segment
2	Industry leading nationwide distribution platform and omnichannel strategy
3	Market leading value proposition addressing differentiated consumer needs
4	Perfectly positioned for creating competitive advantage in the digital age

BUSINESS

Roger Finnanger (EVP Head of Business)

Oslo, 13th February

Fjordkraft
Mer for pengene

A brief look at the Business segment

Business segment in brief

The Business segment comprises energy sales and services to small and large businesses and public entities, with access to all financial instruments allowing tailor made solutions catering all different needs

Selected customers

+ 32,000 businesses

A leading market position

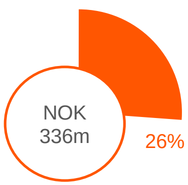
#1 A leading market position with > 78,000 deliveries and >32,000 business customers

#1 A leading brand position with 94% brand awareness and highest top-of-mind share[1]

#1 The most attractive electricity retailer for business customers[2]

#1 The highest market share in the Business segment[2]

Net revenue adj.[3]



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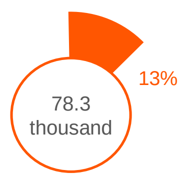
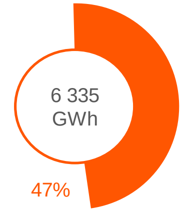
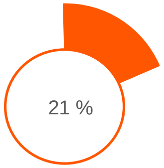


Volume (GWh)[5]



Market Share[6]



Source: Company information, Kantar TNS, Energibarometeret
1) Energibarometeret Q4 2019
2) Kantar TNS March 2019
3) Net revenue 2019 based on IFRS unaudited figures
4) Equivalent to the number of deliveries to all electricity meters. One customer may have multiple electricity meters
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6) Based on number of deliveries end of Q4 2019 and total market size from NVE's Q4 2018 report

Competitive advantage with distribution power covering all segments with national presence

A tailored approach to each of the segments

SMEs

Size: From 0 – 10 GWh

Sales capacity:
Balanced distribution with two internal and two external teams within telemarketing

National presence with four teams covering mid-sized customers

Products in sales:
- Standardized products and VAS covering all needs
- VAS
- 2 year contracts
- Personal advisor for mid-sized customers

Large Customers

Size: From +10 GWh

Sales capacity:
One team covering large customers all across the country

Products in sales:
- Tailored solutions
- 3-5 year contracts
- Personal advisor

Public entities

Size: From +5 GWh

Sales capacity:
One team covering public entities all across the country

Products in sales:
- Tailored solutions
- 3-5 years contracts
- Personal advisor

Dedicated KAM and customer service

A broad and market leading product offering

Spot products

Product characteristics:
- The customer's price follows the spot price
- The customer is fully exposed to the spot price volatility
- Fixed nominal markup with no price or volume risk for Fjordkraft

Variable products

Product characteristics:
- Discretionary pricing with a notification period of up to 14 days
- More steady and predictable prices for the customer
- Short term price risk within the notification period for Fjordkraft

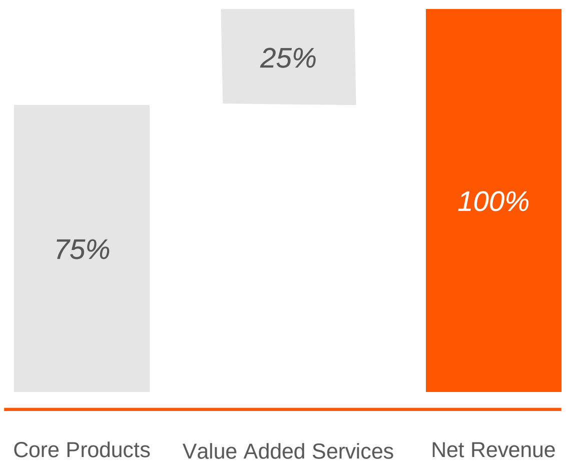
Spot w/ risk management

Product characteristics:
- Spot with risk management such as index hedging, fixed price, options etc.
- Hedging is mainly done back-to-back, reducing Fjordkraft's risk exposure
- Attractive for businesses seeking to manage budgets through predictable electricity costs

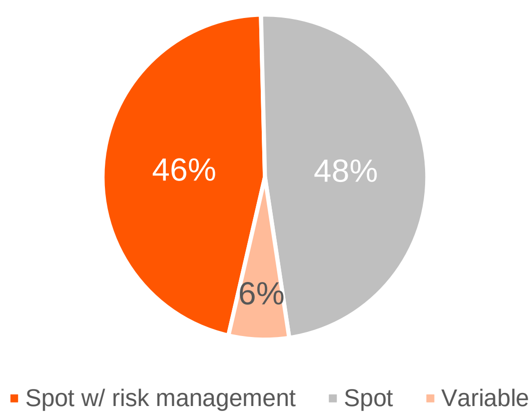
Value added services

Product characteristics:
- Differentiating and supplementary products to our core products, enabling increased insight and control
- Includes i.a. a web-based reporting tool with energy monitoring and management functionality and various green additional products

Composition of Net Revenue



Product mix



The most attractive
electricity provider*
in the business segment

Fjordkraft

National presence
Bergen, Oslo, Sandefjord, Stavanger, Trondheim and Sortland in Vesterålen

1850
Cooperative housings

4950
Commercial property customers in our portfolio

We are electrifying the construction industry

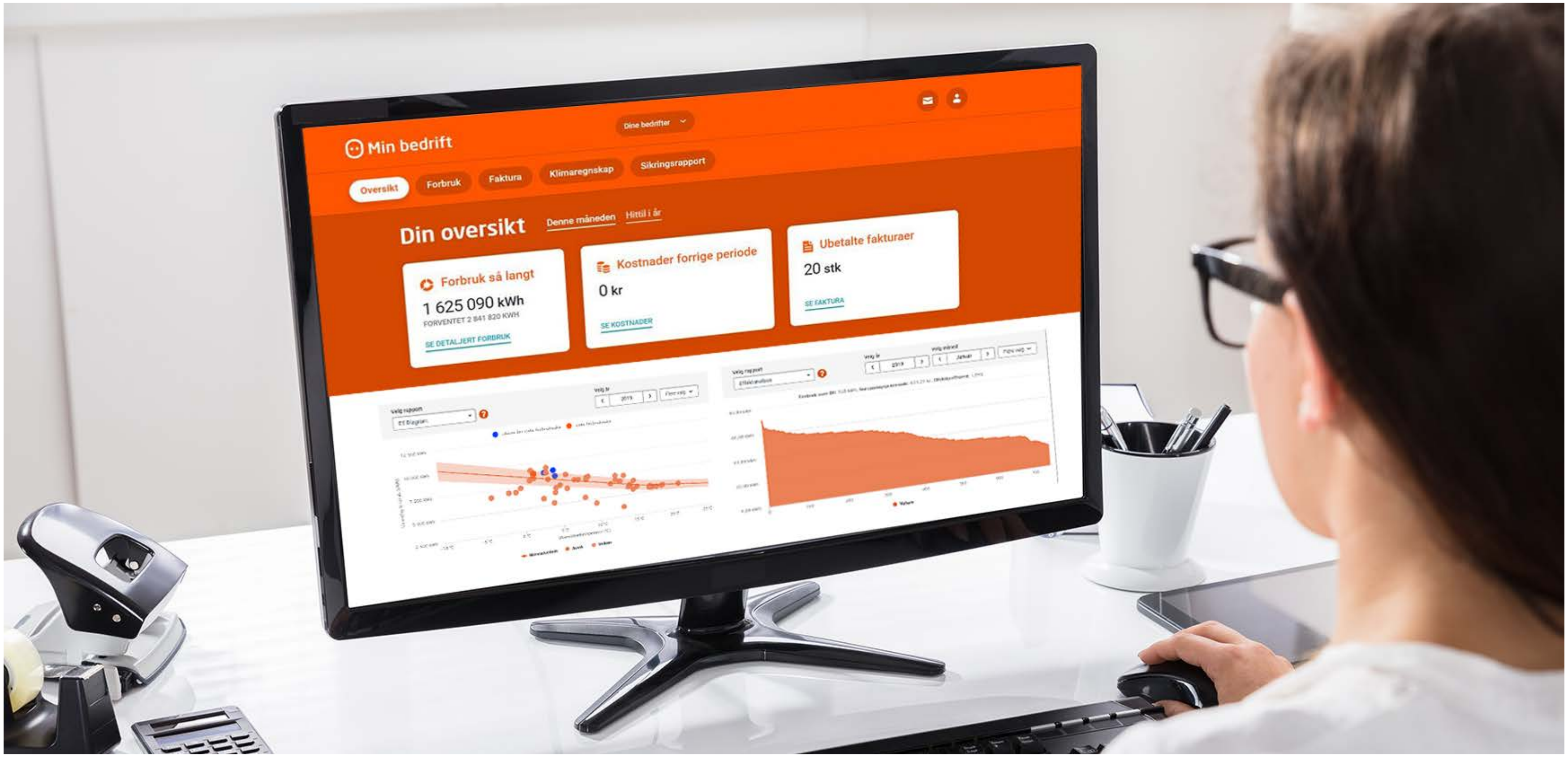
Biggest supplier to public entities

4500
Customers through our organizational chains and procurement agreements.

* Kantar TNS - March 2019

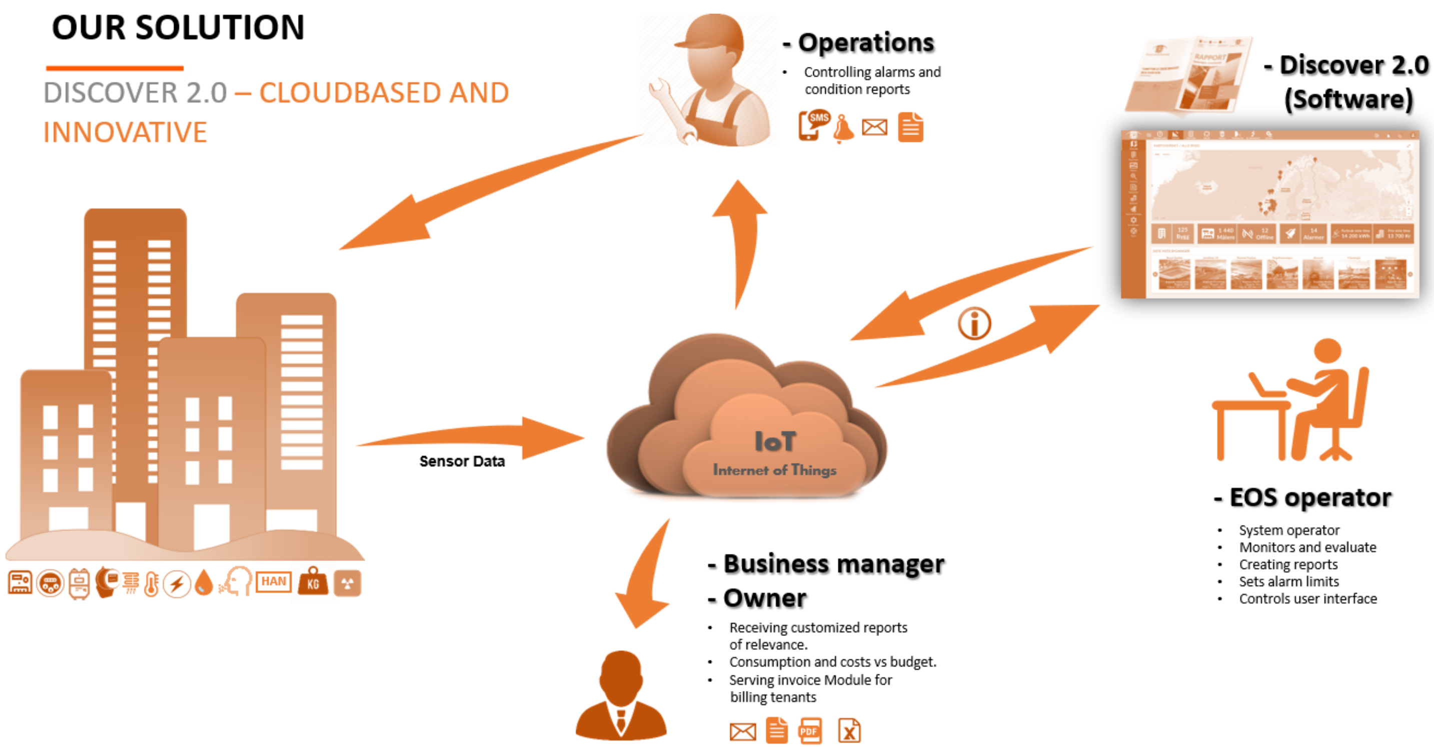
A professional and attractive partner through value added services

Increased profitability and increased loyalty through value adding services



- Energy and climate reporting through the web service “Min Bedrift” is offering businesses increased insight about their consumption
- Accompanied with professional advisory services and green product offerings, these differentiating factors increase both profitability and loyalty

Module based Energy Management System offering tailored solutions



Energy mapping – a complete inspection of energy usage in the building

Customers receive a report on energy consumption and suggested measures to reduce consumption

Energy Rating – an overall energy efficiency assessment of a building

Expanding the product range with local sustainable energy solutions

Full-Service Solar (PPA)

- No capital costs
- Long term – predictable costs
- Fixed long term price
- No management needed
- Get improved certification

Full-Service Heat Pumps (PPA)

- No capital costs
- Long term – predictable costs
- Fixed long term price
- No management needed
- Natural refrigerant

EV Charging

- Co-owners and business
- No administration needed
- Easy cost allocation between users
- Invoice service

Revised financial targets for the Business segment

Adj. Net revenue growth

Current target for 2020:
Targeting around double digit net revenue growth on an organic basis

Maintaining current net revenue growth target for 2020:
Targeting double digit net revenue growth in 2020, then a decrease to a sustainable level of mid-single digit growth

Organic growth

Organic growth ambitions of ~5% annually

Net revenue per del.

- Improved energy efficiency expected to reduce consumption per delivery
- VAS and product management important to offset volume decrease

Adj. EBIT margin

Current target for 2020:
Targeted to increase to above 55% on an organic basis, driven by scale effects

Revised target for 2020-2022:
Targeting a sustainable level of 52-54% on an organic basis

Competition

Competition expected to increase over the coming years

New products & VAS

Investments in new and attractive products and value added services will be important to win the battle for customers

A Business segment well positioned for further growth

1	Strong distribution power provides rapid market penetration on new products and services
2	A high brand awareness and large customer portfolio makes Fjordkraft an attractive partner for new sustainable solutions
3	New value added services strengthens Fjordkraft's position and climate commitment
4	Long term contracts reducing churn and defending revenue

New financial targets

Ole Johan Langenes (Acting CFO)

Oslo, 13th February

Fjordkraft
Mer for pengene

Outlook for 2020-2022[1]

Group		▪ Targeting high-single digit net revenue growth on an organic basis ▪ Targeting an EBIT margin of 36-38% ▪ Ambition to act as a consolidator in a fragmented market
Consumer	Growth	▪ Targeting mid-single digit net revenue growth on an organic basis
	EBIT margin	▪ Targeting a sustainable level of 32-34% on an organic basis
Business	Growth	▪ Targeting double digit net revenue growth in 2020, followed by a sustainable mid-single digit annual growth in 2021 and 2022
	EBIT margin	▪ Targeting a sustainable level of 52-54% on an organic basis
New growth initiatives		▪ Targeting a stable nominal EBIT from 2019 to 2020. Positive development in both Alliance and Mobile, while new spin offs negatively affect the segment EBIT in 2020 with in the area of -10 NOKm. ▪ NGI targeted to comprise up towards 5% of group EBIT in 2022
Cap.ex.		▪ Targeted to be in the area of NOK 50m annually on an organic basis
Tax rate		▪ Prevailing corporate tax rate for Norway – 22% for 2020
Leverage		▪ Moderate leverage with variations intra-year due to seasonality in net working capital ▪ Current balance sheet enabling substantial capacity to finance acquisitions
Dividend		▪ Target pay-out ratio of at least 80% of net income, adjusted for certain cash and non-cash items[2] ▪ Attractive and increasing dividend

1) All targets are based on adjusted figures, further described under alternative performance measures in the quarterly report
2)Adjusted EBIT + net finance – estimated tax – amortisation of acquisition debt

Q&A

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