

Q1 2019 PRESENTATION

Rolf Barmen (CEO)
Birte Strander (CFO)

Oslo, 15th May



Q1 2019 HIGHLIGHTS

Rolf Barmen (CEO)



Highlights first quarter 2019

Strong price management in an important quarter

- Net revenue adj. and EBIT adj. performance better than expected, driven by strong price management and favourable market dynamics
 - 3% YoY growth in volume sold, driven by 14% YoY growth in # of deliveries
 - Partly offset by mild weather, negatively affecting average consumption per delivery
- Positive organic growth in all segments QoQ
- Fjordkraft is now the largest mobile service provider without its own mobile network
- Positive revision of targets following strong results

Key Highlights

of deliveries (end of period)¹

606 652

Increase of 14 % YoY

Net change in # of deliveries

1 679

Of which org. growth 1 679

Volume sold²

4 402 GWh

Increase of 3 % YoY

Gross revenue

NOK 2 545,6m

Increase of 33 % YoY

Net revenue (adj.)³

NOK 378,4m

Increase of 20 % YoY

EBIT (adj.)³

NOK 181,9m

48 % Adj. EBIT margin (this q.)

Basic EPS (reported)

NOK 1,29

Increase of 32 % YoY

NIBD (cash)

NOK 23,3m

NIBD/LTM EBITDA: 0,04

Sources: Company information

1) Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 640,474

2) Not including Alliance volume. Volume turnover for alliance partners Q1 2019: 1,511 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

Sustainability report for 2018

– read more at investor.fjordkraft.no



Sustainability Report 2018



Rolf Barmen
Photo: Cecilie Barrow

A word from the Chief Executive Officer: Time for action

To put it concisely, sustainable development is about meeting today's needs, without destroying the environment for the people who come after us. The UN Climate Panel has shown with great clarity that we are heading in the wrong direction.

Therefore, since 2016 we have given special attention to UN Sustainable Development Goal 13; Fjordkraft is going to help to stop climate change.

It goes without saying that an escalating problem requires an escalating solution. Fjordkraft's answer is "Klimanjøro" – the requirement for our suppliers to be climate-neutral from 2019. In 2016 we did not know what the consequences would be if our main suppliers refused to comply with this requirement. Nor did we know whether climate-neutral companies could deliver the same services at the same price and with the same quality. But this was a risk we thought was necessary to take.

By setting the requirement for our suppliers, we are making an impact that is more than 100 times greater than what Fjordkraft could achieve alone. If other businesses impose the same requirements on their suppliers, we will see a domino effect that exceeds the impact of all other climate actions.

"Klimanjøro" can be replicated by any company in any industry anywhere in the world. All it takes is a decision. If we are to have any hope of limiting the global rise in temperature to one and a half degrees, that decision has to be made now.



BUSINESS REVIEW

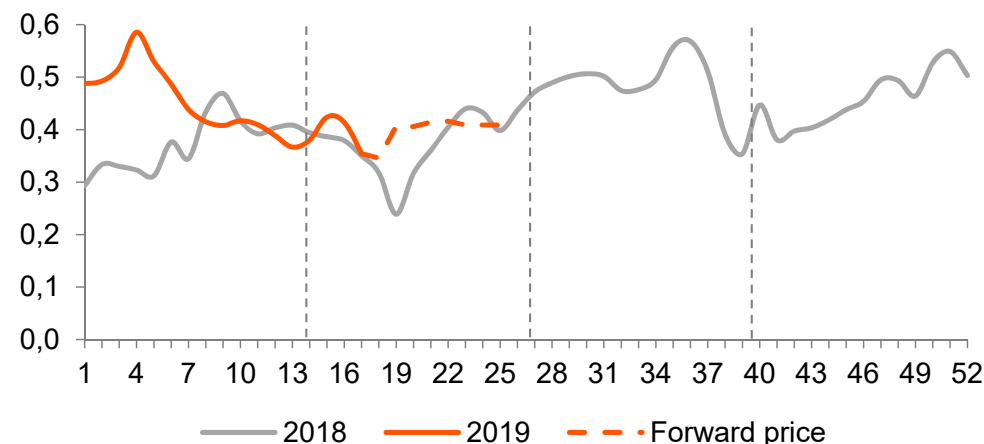
Rolf Barmen (CEO)

Market development

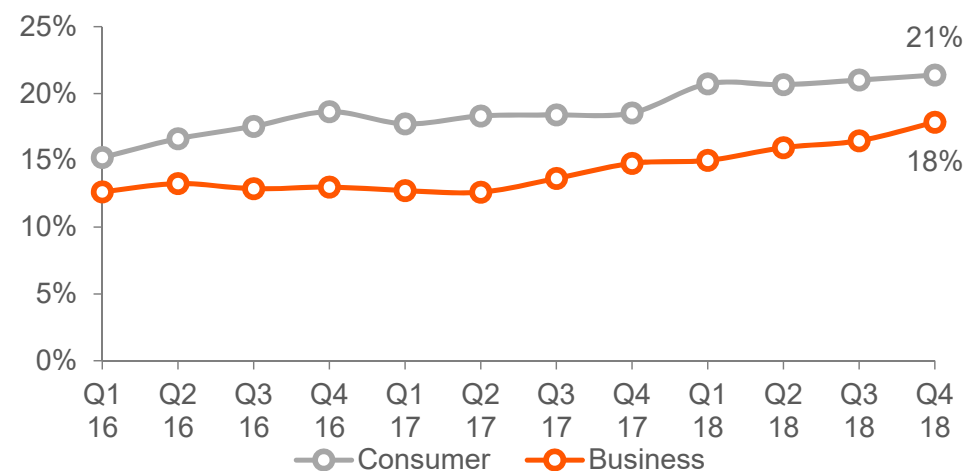
Key highlights in Q1 2019

- Decreasing elspot prices throughout the quarter – beneficial for variable products
- Warmer than normal weather in three out of three months, negatively affecting average consumption per delivery¹
 - January: +1.2°C above normal
 - February: +3.5°C above normal
 - March: +1.2°C above normal

Weekly elspot prices (NOK/kWh)²



Market churn (LTM)³



Sources:

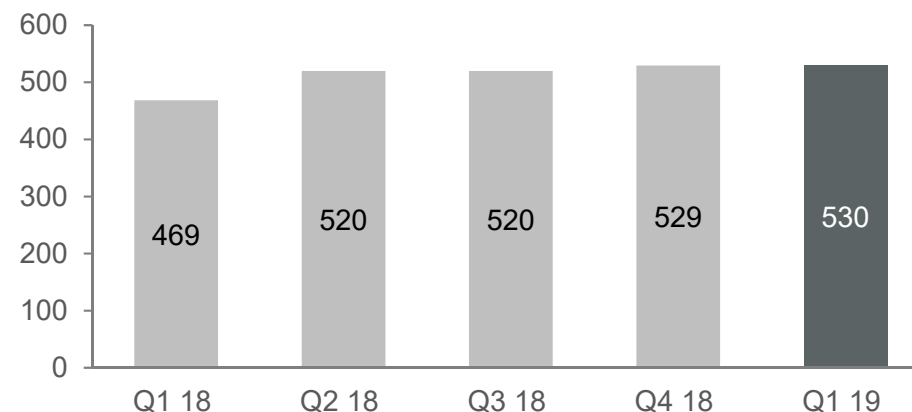
- 1) Temperature figures from met.no's monthly reports
- 2) Weekly system prices in NOK from Nordpool, forward prices from Montel
- 3) Figures from the Norwegian Water Resources and Energy directorate

Segment development - Consumer

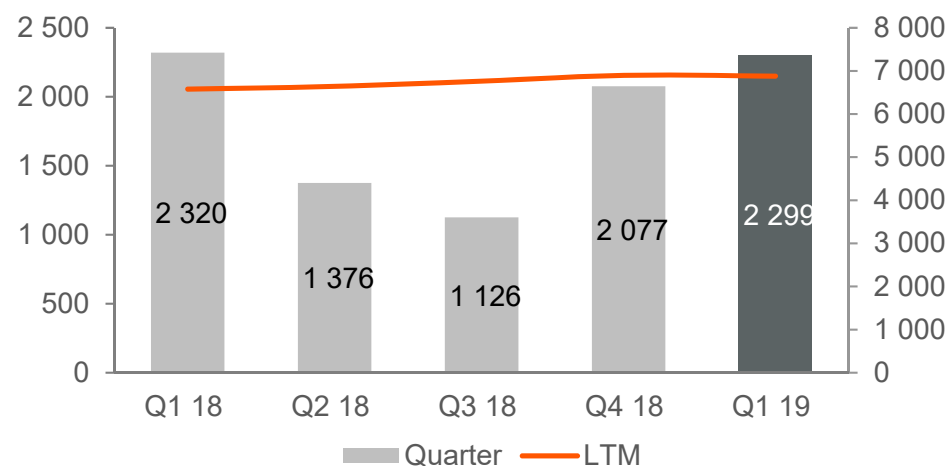
Key highlights in Q1 2019

- Positive organic development quarter over quarter
 - Net additions in Q1 2019 were 921, all of which organic
- Volume growth of -1% YoY driven by decrease in average consumption, partly offset by growth in # of deliveries
 - Avg. volume per delivery decreasing -13% YoY
4,340 kWh in Q1 2019 vs. 4,967 kWh in Q1 2018

of electricity deliveries¹ ('000)



Volume (GWh)



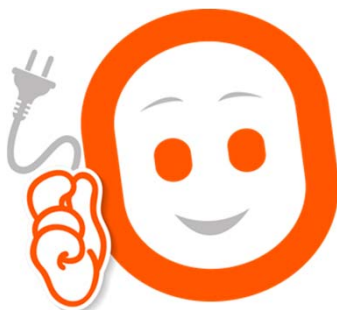
Sources: Company information

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

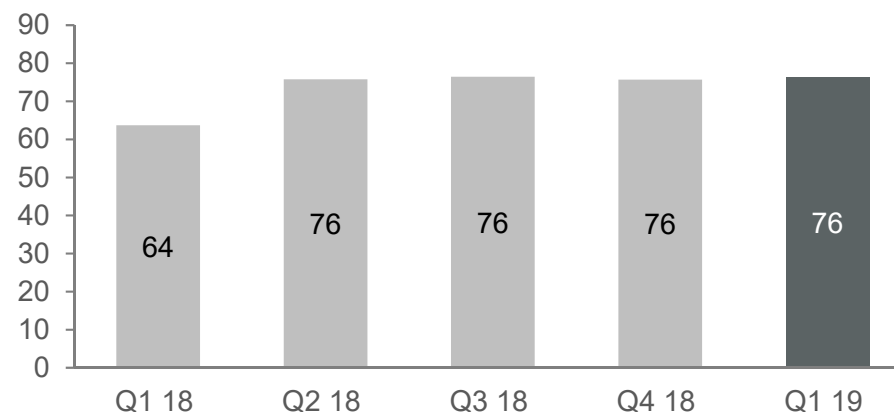
Segment development - Business

Key highlights in Q1 2019

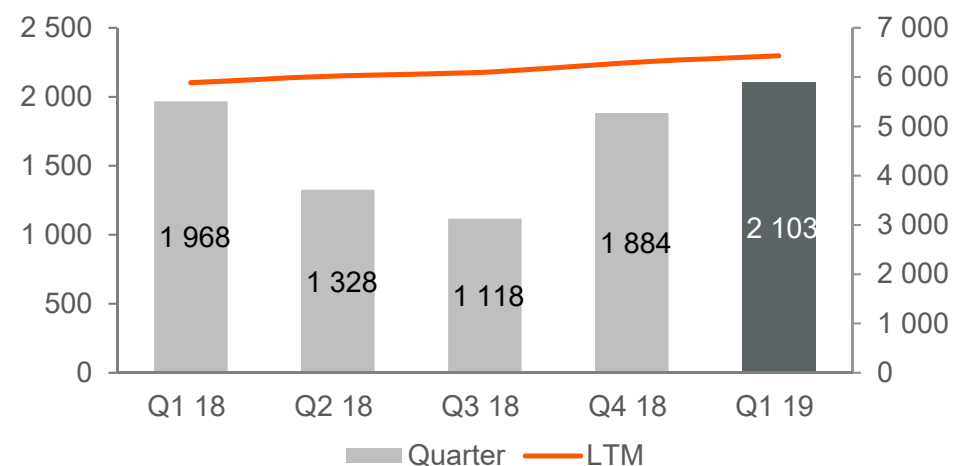
- Increase in deliveries
 - Net additions in Q1 2019 were 758
- Volume growth of 7% YoY driven by growth in # of deliveries
 - Avg. volume per delivery decreasing -11% YoY
27,653 kWh in Q1 2019 vs. 31,121 kWh in Q1 2018
- Increase in market share according to TNS Kantar's survey², now no. 1 in the Business segment alongside Hafslund



of electricity deliveries¹ ('000)



Volume (GWh)



Sources: Company information

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

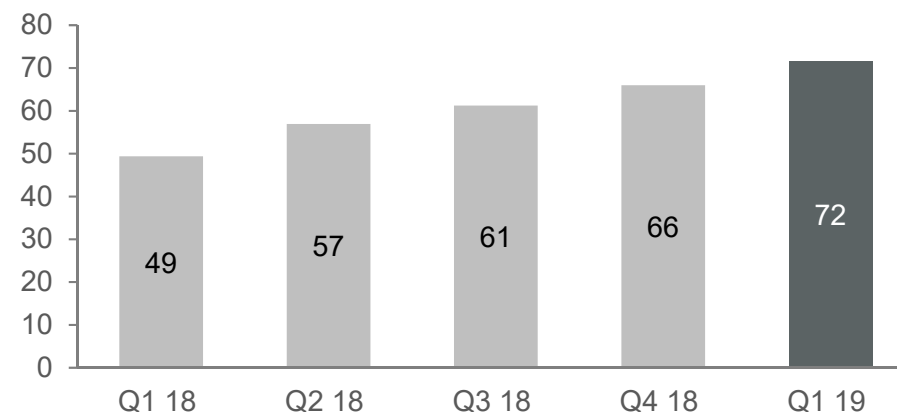
New Growth Initiatives

Key highlights in Q1 2019

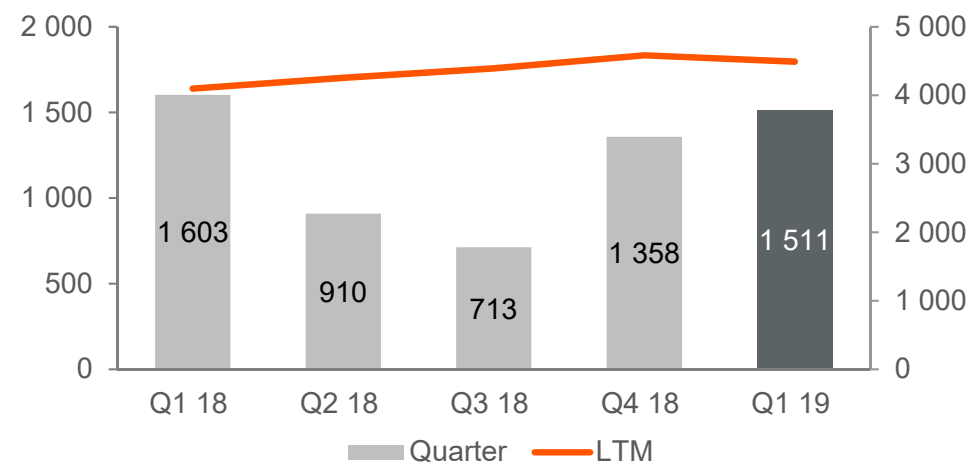
- The organic growth in mobile subscribers continues
 - Growth of 5,667 subscribers in Q1 2019
- Fjordkraft is now the largest mobile service provider without its own mobile network
- -6% YoY Alliance volume growth driven by mild weather
- New contract in Extended Alliance
 - ~6,000 deliveries with expected start-up Q3



of Mobile subscribers¹ ('000)



Volume Alliance (GWh)



Sources: Company information

1) Number of mobile subscribers at the end of the period

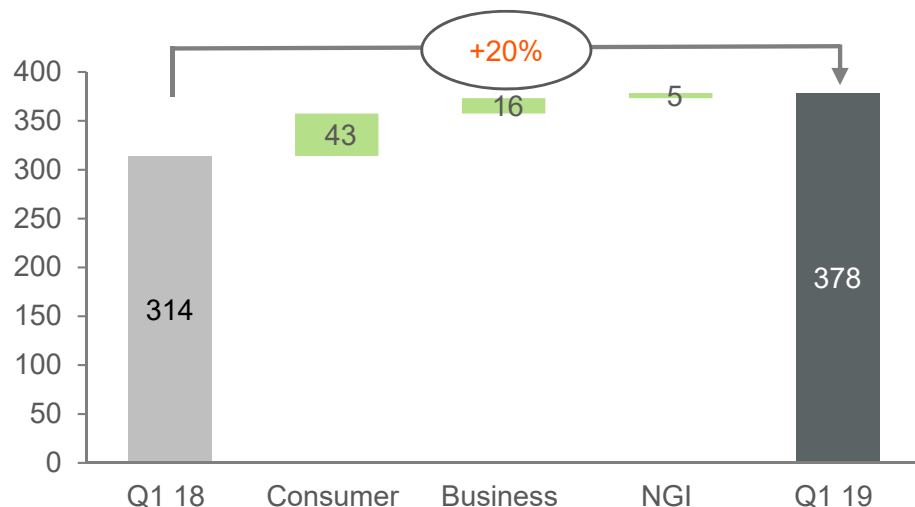


FINANCIAL REVIEW

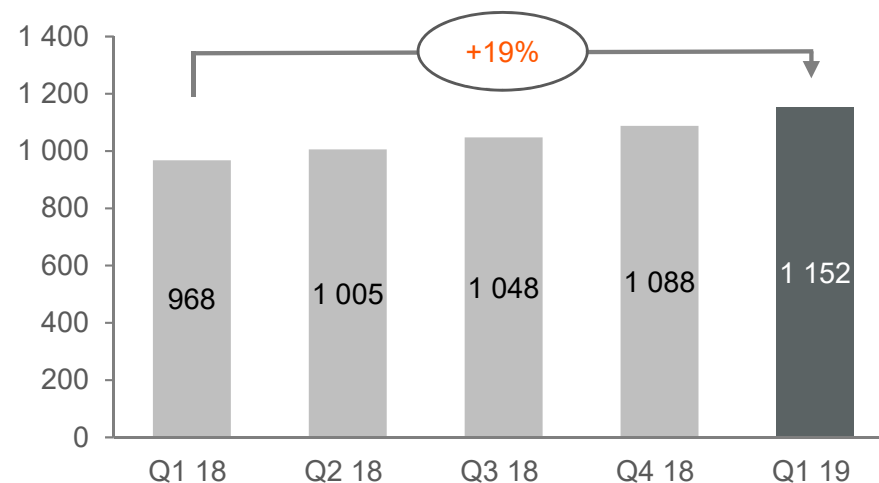
Birte Strander (CFO)

Solid growth in adj. net revenue

Change in adj. net revenue (NOKm)



Adj. net revenue LTM (NOKm)



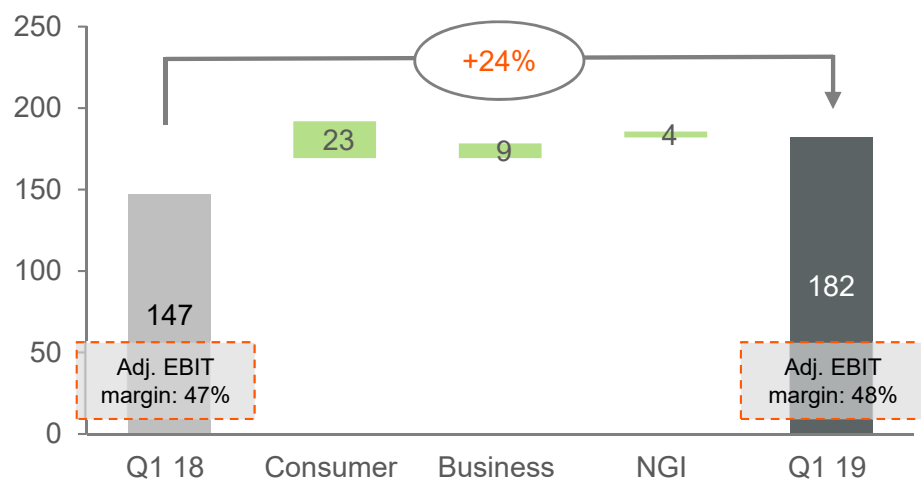
- Quarterly adj. net revenue improvement ~ 90/10 split between improved margins and volume growth¹ YoY due to strong price management and mild weather
 - Favourable elspot price development positively impacting variable product margins in both Consumer and Business segments
 - 3% volume growth YoY, driven by increase in # of deliveries
 - 10% decrease in average consumption per delivery in the Consumer and Business segment in total
- Last twelve months adj. net revenue improvement ~ 60/40 split between improved margins and volume growth¹ YoY
 - Improvement mainly driven by the Consumer segment

Sources: Company information

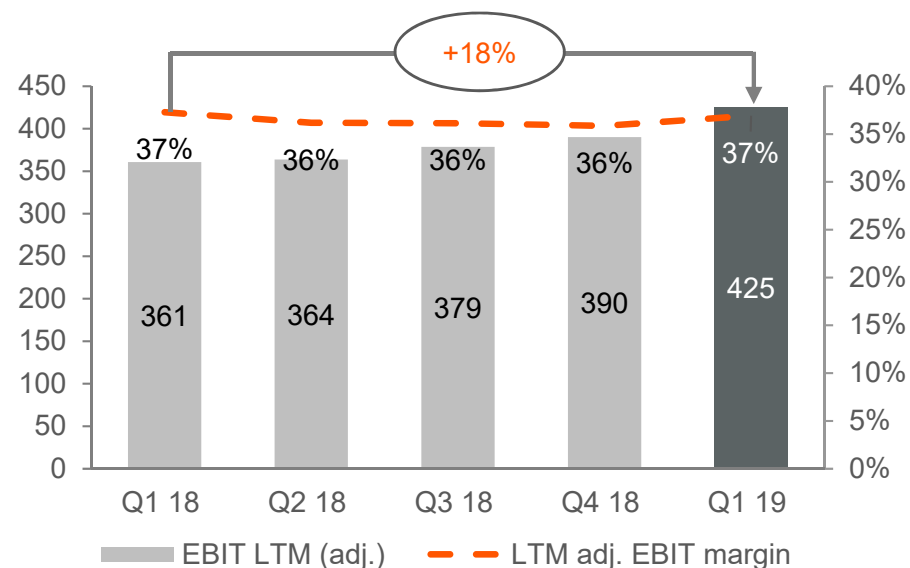
1) New Growth Initiatives figures are excluded from the calculations, as high volumes with very low margins distorts the analysis

Strong adj. EBIT performance

Change in adj. EBIT (NOKm)



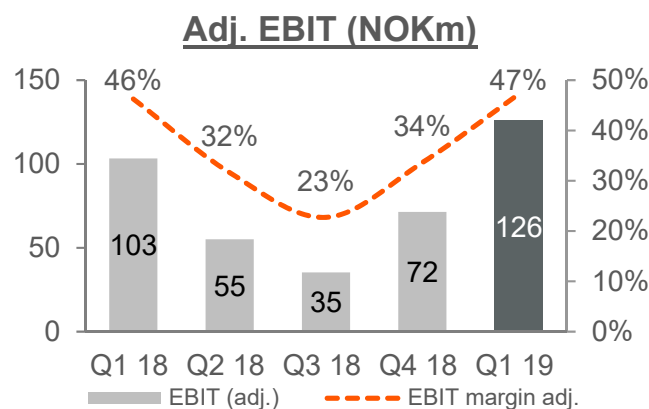
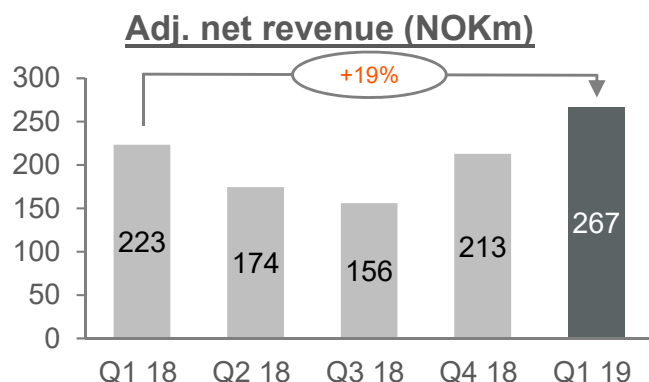
Adj. EBIT LTM (NOKm)



- Adj. EBIT performance and EBIT margin stronger than expected, mainly driven by growth in net revenues
 - OPEX increasing by 17% YoY, driven by sales and marketing, variable costs and administrative costs
 - Synergy realisation on track so far in 2019
- All time high adj. EBIT last twelve months, 1pp increase in LTM adj. EBIT margin
 - The Business segment is the main driver of the increase

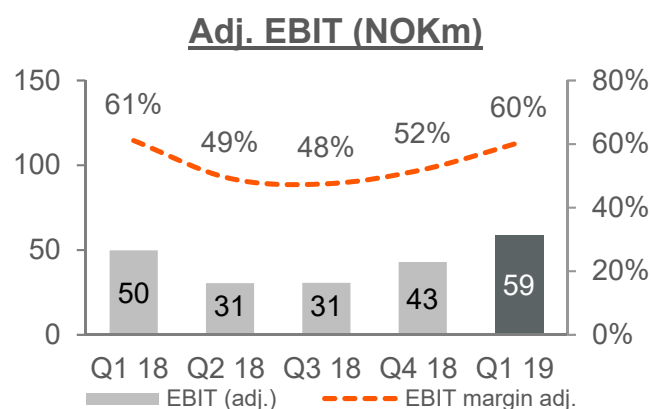
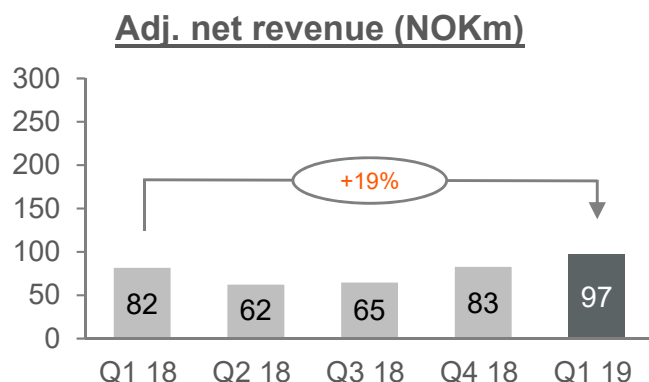
Solid performance across all segments

Consumer segment



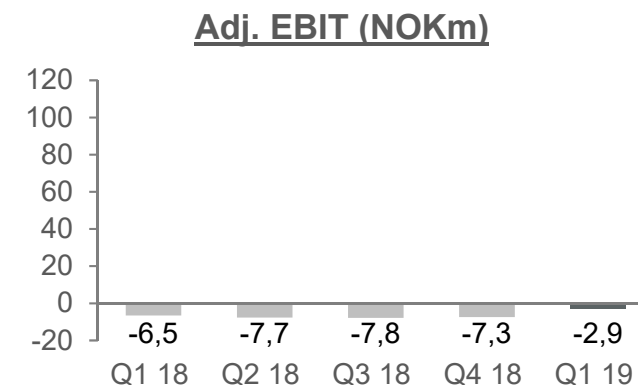
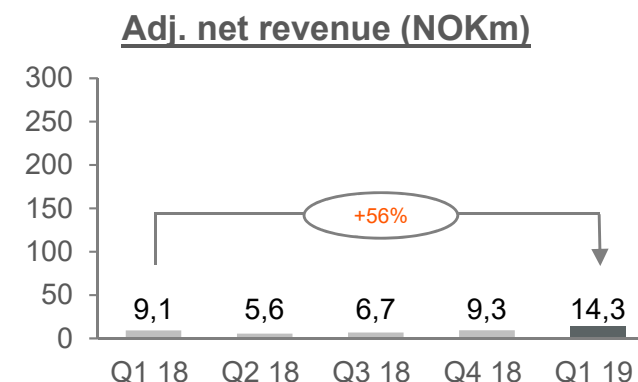
- Increase in adj. net revenue driven by improved margins
- 1 pp adj. EBIT margin improvement YoY driven by strong price management in favourable market conditions

Business segment



- Margin improvement accounting for ~70% of the adj. net revenue improvement
 - Increase in variable contracts, now amounting to 6%
- 1 pp adj. EBIT margin contraction YoY, driven by sales and marketing costs

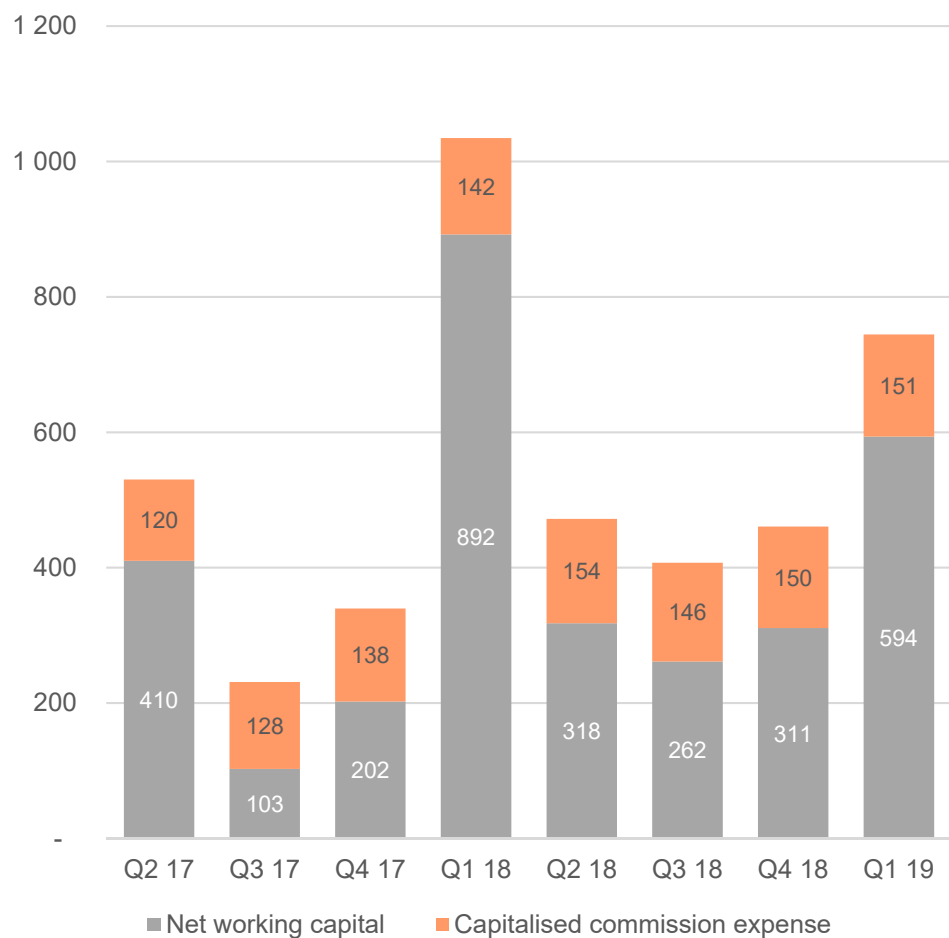
New Growth Initiatives



- Adj. net revenue growth and adj. EBIT improvement primarily driven by product optimization within Mobile
 - Alliance contributing with ~30% of the improvement in adj. net revenue and ~20% in adj. EBIT

Seasonally higher volume driving NWC increase QoQ

Net working capital¹ (NOKm)



- Net working capital (NWC) increased by 283 NOKm from last quarter due to seasonally higher volume. Prices decrease 1%² from Q4 2018 to Q1 2019
- NWC decreasing 298 NOKm YoY. Prices increase 23% YoY² and volume increase 3% YoY³
 - However, Q1 2018 negatively affected by quarter-end in Easter public holidays

Sources: Company information

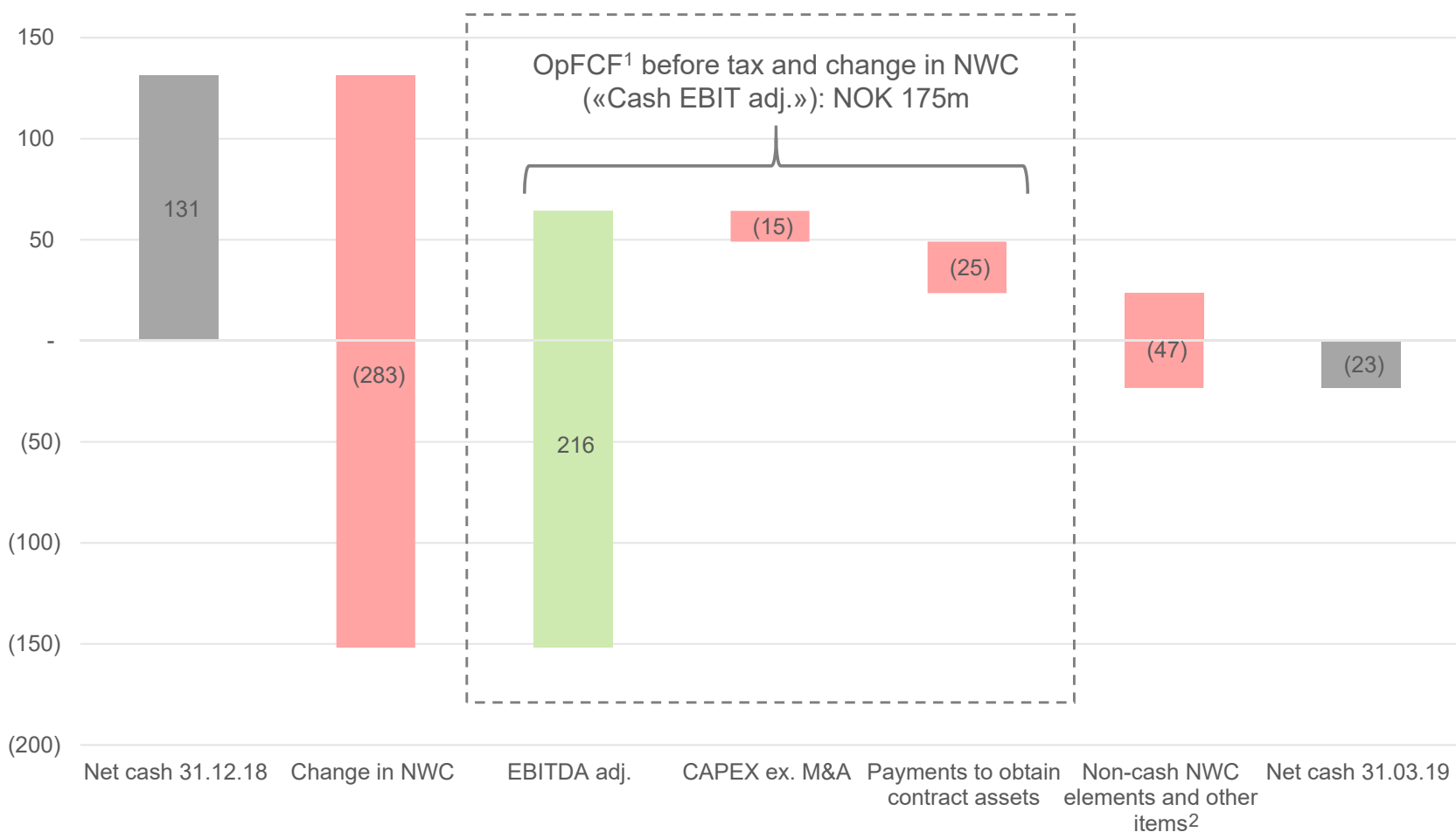
1) NWC includes the following items from current assets: Inventories, intangible assets, trade receivables, derivative financial instruments and other current assets (that is, all current assets in the balance sheet except cash and cash equivalents); and the following items from current liabilities: 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 cash to net debt – driven by seasonal increase 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

- Net revenue growth in the Consumer segment expected somewhat higher than targeted for 2019, due to a strong Q1
- EBIT loss in 2019 in New Growth Initiatives targeted lower than 2018. Expecting ~25% improvement from nominal EBIT in 2018





Q&A

Appendix



PROFIT AND LOSS ACCOUNT

Summary reported financials

NOK million	Q1 2019	Q1 2018	Δ YoY
Gross revenue	2 545,6	1 916,0	629,6
Cost of sales	-2 167,3	-1 601,9	-565,3
Net revenue	378,4	314,1	64,3
Personnel expenses	-64,4	-53,7	-10,8
Other operating expenses	-97,9	-93,7	-4,2
Operating expenses	-162,3	-147,4	-14,9
Other gains and losses, net	0,0	-5,1	5,1
EBITDA	216,0	161,6	54,4
Depreciation & amortization	-45,1	-32,0	-13,1
Operating profit (EBIT)	170,9	129,6	41,3
Net financials	2,0	2,6	-0,5
Profit / loss before taxes	173,0	132,2	40,8
Taxes	-38,5	-30,5	-8,0
Profit / loss for the period	134,4	101,7	32,7
Basic earnings per share (in NOK)	1,29	0,97	0,31
Diluted earnings per share (in NOK)	1,27	0,97	0,30

ADJUSTED EBIT reconciliation

<i>NOK in thousands</i>	Q1 2019	Q1 2018	FY 2018
Revenue adjusted	2 545 634	1 916 005	6 712 291
Corporate 1)	-	-	8 657
Revenue	2 545 634	1 916 005	6 720 948
Direct cost of sales adjusted	(2 167 273)	(1 601 944)	(5 624 399)
Corporate 1)	-	-	873
Direct cost of sales	(2 167 273)	(1 601 944)	(5 623 526)
Revenue less direct cost of sales adjusted	378 361	314 061	1 087 893
Corporate 1)	-	-	9 529
Revenue less direct cost of sales	378 361	314 061	1 097 422
Total operating expenses adjusted	(196 424)	(167 351)	(697 751)
Special items 2)	-	(10 967)	(25 835)
Depreciation of acquisitions 3)	(11 002)	(1 070)	(36 375)
Total operating expenses	(207 426)	(179 388)	(759 961)
Other gains and losses 4)	8	(5 060)	(10 578)
Operating profit	170 942	129 613	326 883
Interest income	4 882	3 941	15 178
Interest expense lease liability	(193)	-	-
Interest expense	(1 578)	(54)	(4 927)
Other financial items, net	(1 086)	(1 314)	(5 277)
Profit/(loss) before tax	172 968	132 187	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	Q1 2019	Q1 2018	FY 2018
Special items incurred specific to:			
- the process of listing the company on Oslo Stock Exchange	-	(10 967)	(11 323)
- acquisition related costs	-	-	(11 643)
- legal costs related to the compensatory damages	-	-	(460)
- strategic costs related to markets abroad	-	-	(2 409)
Special items	-	(10 967)	(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	Q1 2019	Q1 2018	Full year 2018
TrønderEnergi Marked acquisition	(7 788)	-	(30 777)
Oppdal Everk Kraftomsetning acquisition	(1 085)	-	(1 306)
Other customer acquisitions	(2 129)	(1 070)	(4 292)
Depreciation of acquisitions	(11 002)	(1 070)	(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	Q1 2019	Q1 2018	Δ
Intangible assets	197,5	85,2	112,3
PP&E	33,1	3,5	29,6
Goodwill	155,8	-	155,8
Financial assets	23,0	15,1	7,9
Other non-current assets	150,6	142,3	8,3
Total non-current assets	559,9	246,1	313,8
Trade receivables	1 970,5	2 287,7	(317,1)
Derivative financial instruments	177,5	164,2	13,3
Other current assets	145,8	60,8	85,0
Cash and cash equivalents	213,0	-	213,0
Total current assets	2 506,9	2 512,7	(5,8)
Total assets	3 066,8	2 758,8	308,0
Total equity	1 006,3	718,0	288,3
Net employee defined benefit liabilities	85,7	78,9	6,8
Interest-bearing long term debt	180,7	-	180,7
Deferred tax liabilities	17,2	10,8	6,4
Other provisions	21,2	-	21,2
Total non-current liabilities	304,8	89,7	215,1
Trade payables	1 065,0	1 132,4	(67,3)
Overdraft facilities	-	330,6	(330,6)
Current income tax liabilities	62,5	68,7	(6,3)
Derivative financial instruments	169,3	151,3	18,0
Social security and other taxes	98,0	39,4	58,6
Other current liabilities	360,8	228,7	132,2
Total current liabilities	1 755,7	1 951,1	(195,5)
Equity and liabilities	3 066,8	2 758,8	308,0

CASH FLOW

Summary reported financials

NOK million	Q1 2019	Q1 2018	Δ YoY
EBITDA	216,0	161,6	54,4
Payments to obtain a contract (contract assets)	-25,5	-28,7	3,3
Other non-cash adjustments	6,3	5,2	1,2
Change in fair value of financial instruments	-0,0	5,1	-5,1
Changes in working capital, etc.	-262,5	-693,8	431,2
Cash from operating activities	-65,6	-550,7	485,1
Interest paid	-1,6	-0,1	-1,5
Interest received	4,9	3,9	0,9
Income tax paid	-73,9	-35,1	-38,8
Net cash from operating activities	-136,2	-581,9	445,7
Purchases of property, plant and equipment	-0,1	-0,2	0,1
Purchase of intangible assets	-15,4	-10,8	-4,5
Net cash outflow on aquisition of subsidiaries	-	-	-
Proceeds from non-current receivables	-0,5	-0,9	0,4
Net cash used in investing activities	-16,0	-11,9	-4,1
Proceeds from borrowings	-13,9	-	-13,9
Net (outflow)/proceeds from change in overdraft facilities	-	330,6	-330,6
Dividends	-	-100,0	100,0
Payment of lease liability	-2,3	-	-2,3
Net cash used in financing activities	-16,2	230,6	-246,8
Net change in cash and cash equivalents	-168,4	-363,2	194,8
Cash and cash equivalents at beginning	381,4	363,2	18,2
Cash and cash equivalents at end	213,0	-0,0	213,0

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.

All forward-looking statements in this presentation are based on information available to Fjordkraft on the date hereof. All written or oral forward-looking statements attributable to Fjordkraft, any Fjordkraft employees or representatives acting on Fjordkraft's behalf are expressly qualified in their entirety by the factors referred to above. Fjordkraft undertakes no obligation to update this presentation after the date hereof.



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