

Today's agenda

Start - finish	Time (min)	Subject	Presenter
09:00 - 09:15	15	1. Financial update	Rolf Barmen/Birte Strander
09:15 - 09:40	25	2. CEO state of the union	Rolf Barmen
09:40 - 09:50	10	Q&A	
09:50 - 10:10	20	3. Regulations and M&A	Arnstein Flaskerud
10:10 - 10:25	15	4. The Power market and the Fjordkraft Factory	Ingeborg Morken
10:25 - 10:35	10	Q&A	
10:35 - 10:45	10	Break	
10:45 - 11:00	15	5. Consumer segment	Christian Kalvenes
11:00 - 11:15	15	6. Business segment	Roger Finnanger
11:15 - 11:25	10	Q&A	
11:25 - 11:30	5	7. Concluding remarks	Rolf Barmen
11:30 - 12:00	30	Lunch	

Today's presenters and Fjordkraft management team

Today's presenters



Rolf Barmen
Chief Executive Officer



Birte Strander
Chief Financial Officer



Arnstein Flaskerud
EVP - Head of Strategy and M&A



Christian Kalvenes
EVP - Head of Consumer



Roger Finnanger
EVP - Head of Business



Ingeborg Morken
EVP - Head of Operations

Broader management



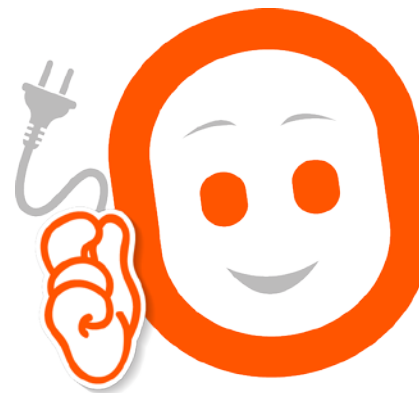
Alf Kåre Hjartnes
EVP - Head of Technology



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



Solfrid Aase
EVP - Head of Alliance





Q4 2018 HIGHLIGHTS

Rolf Barmen (CEO)

Highlights fourth quarter 2018

Strong performance in a competitive quarter

- Adjusted net revenue was NOK 304.6m, +15% YoY
- Adjusted EBIT increased +12% YoY and was NOK 107.1m
- +14% YoY growth in deliveries, of which 2% organic
 - Quarter over quarter growth:
 - Consumer & Business: +8,687
 - Extended Alliance: -59
 - Mobile Subscriptions: +4,763
- The Oppdal and Etne acquisitions successfully implemented during Q4 2018
- Gross revenue increasing +55% YoY, reflecting volume growth (+9%) and significantly higher elspot prices than last year (+56%)¹

Key Highlights

of deliveries (end of period)²

604 973

Increase of 14 % YoY

Net change in # of deliveries

8 687

Of which org. growth 2 108

Volume sold³

3 961 GWh

Increase of 9 % YoY

Gross revenue

NOK 2 179,1m

Increase of 55 % YoY

Net revenue (adj.)⁴

NOK 304,6m

Increase of 15 % YoY

EBIT (adj.)⁴

NOK 107,1m

35 % Adj. EBIT margin (this q.)

EPS (reported)

NOK 0,68

Increase of 5 % YoY

NIBD (cash)

(NOK 131,2m)

NIBD/LTM EBITDA: -0,27

Sources: Company information

1) Arithmetic average difference in Nordpool's daily system prices in NOK between Q4 2018 and Q4 2017

2) Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 638,437

3) Not including Alliance volume. Volume turnover for alliance partners Q4 2018: 1,358 GWh

4) Adj. Net revenue and EBIT are reported figures adjusted for any estimate deviations on sales and distribution of electricity related to previous reporting periods and unallocated items (incl. unrealised gains and losses on financial derivatives, depreciations from acquisitions and non-recurring cost/revenue)

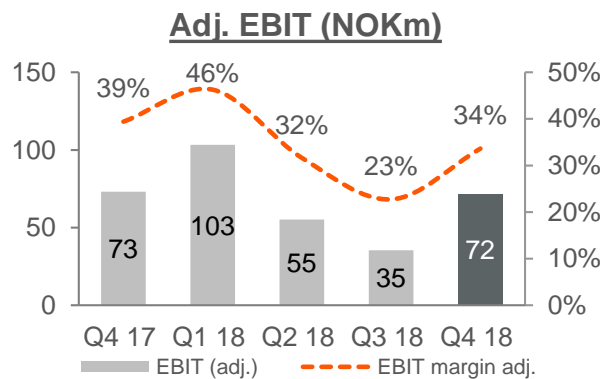
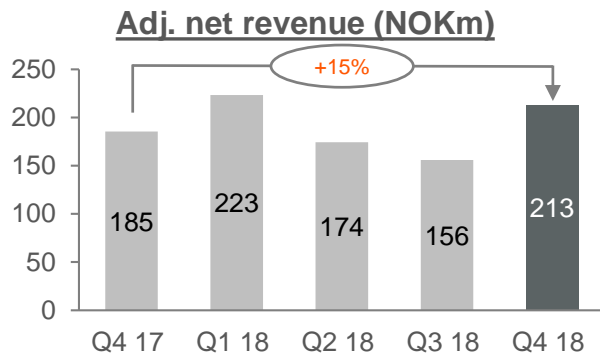


FINANCIAL REVIEW

Birte Strander (CFO)

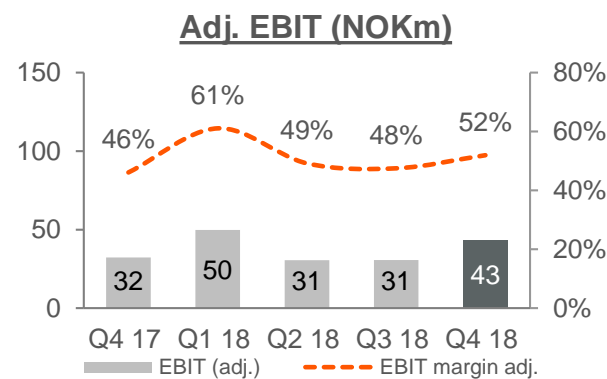
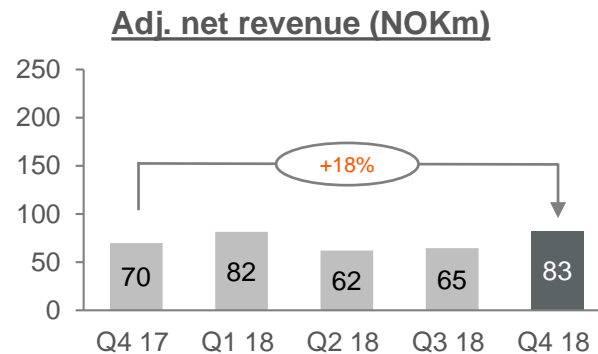
Adj. net revenue and adj. EBIT by segment – quarterly

Consumer segment



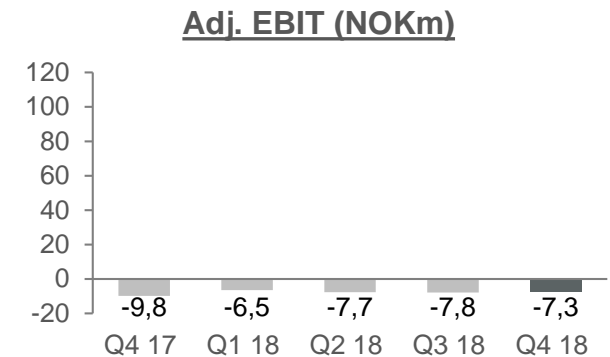
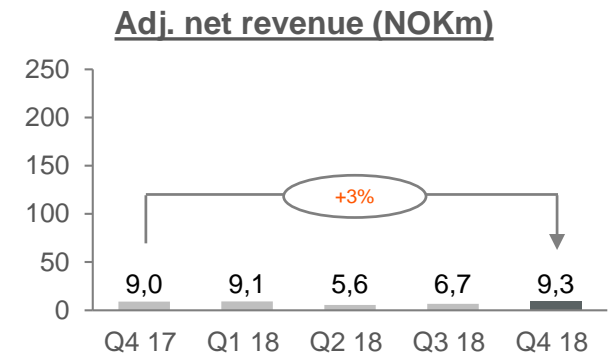
- Increase in adj. net revenue driven ~50/50 by improved margins and volume growth
- 5 pp adj. EBIT margin contraction YoY

Business segment



- Volume growth accounting for ~60% of the adj. net revenue improvement
- 6 pp adj. EBIT margin improvement YoY, driven by scale and net revenue growth

New Growth Initiatives



- Adj. net revenue growth driven by Mobile
- Continued positive development in mobile margins - reduced data cost from Telenor with a positive impact
- YoY adj. EBIT improvement driven by Mobile

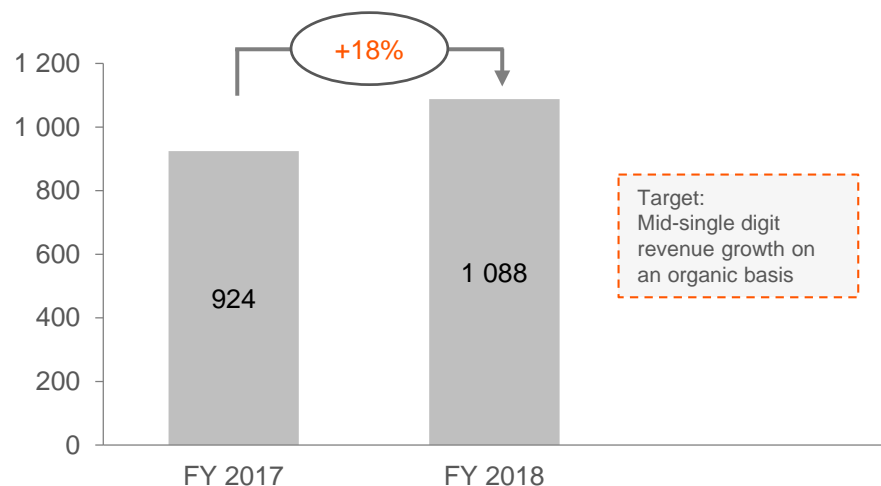


FULL YEAR 2018

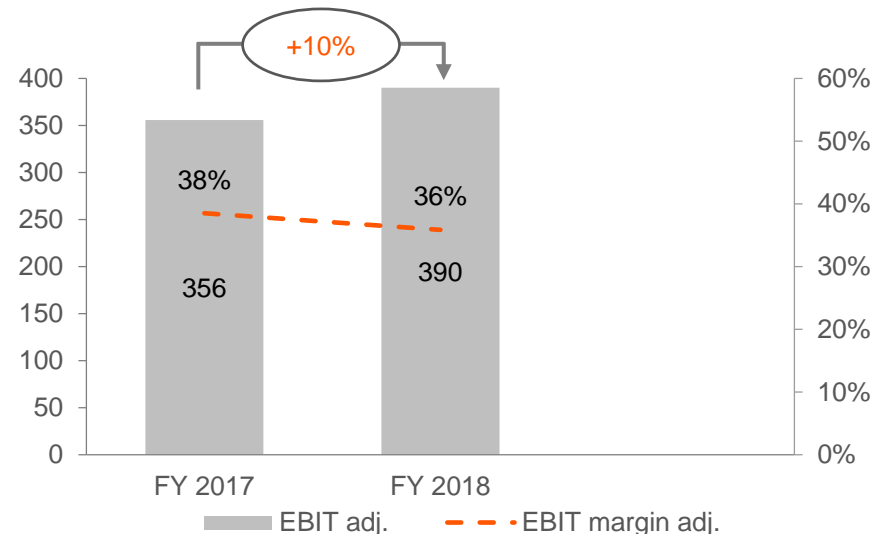
Birte Strander (CFO)

Group performance stronger than expected

Adj. net revenue¹ (NOKm)



Adj. EBIT¹ (NOKm)



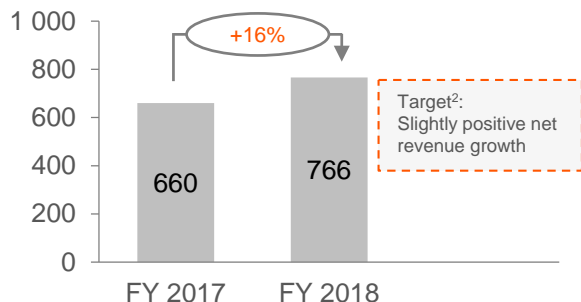
- Both successful M&A transactions and product margin improvement contributing to 18% growth in adj. net revenue
 - Well above targeted, also adjusted for positive M&A effects
 - 1 pp of the increase is related to New Growth Initiatives
 - ~50/50 contribution from Alliance and Mobile, driven by customer growth and margin improvements in the Mobile offering
- All time high adj. EBIT - improvement driven by the Business segment
 - Adj. EBIT margin better than expected, reaching a sustainable level of 36%

Sources: Company information
1) 2018 figures are not audited

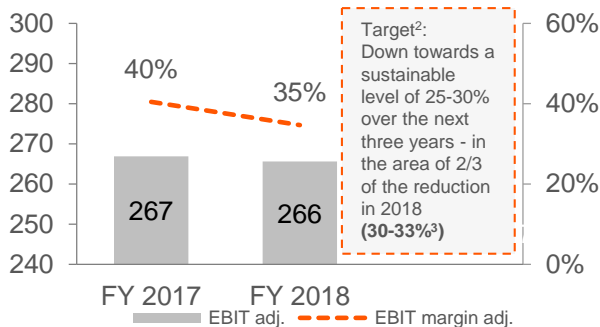
Adj. net revenue and adj. EBIT by segment – Full Year

Consumer segment

Adj. net revenue¹ (NOKm)



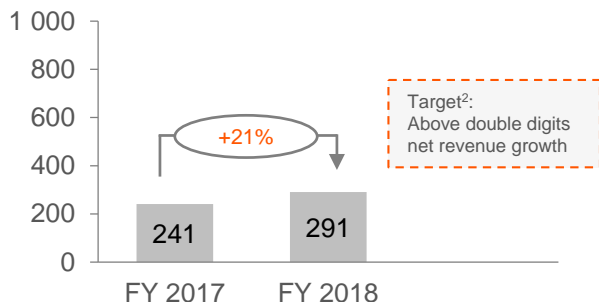
Adj. EBIT¹ (NOKm)



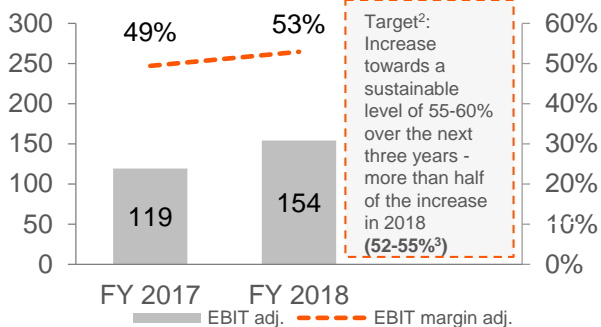
- Net revenue growth well above target
- Partly due to successful M&A, but also due to ability to maintain product margins at a higher level than expected in a competitive market
- EBIT margin stronger than targeted, driven by net revenue performance

Business segment

Adj. net revenue¹ (NOKm)



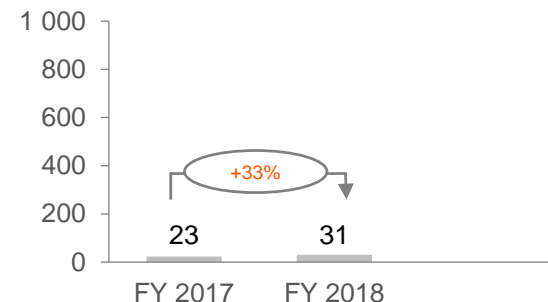
Adj. EBIT¹ (NOKm)



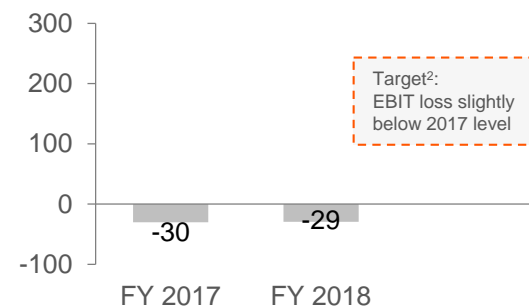
- Net revenue growth well above target, positively affected by M&A
- EBIT margin in line with target

New Growth Initiatives

Adj. net revenue¹ (NOKm)



Adj. EBIT¹ (NOKm)



- Net revenue growth split ~50/50 between Mobile and Alliance
- EBIT performance in line with targets

Sources: Company information

1) 2018 figures are not audited

2) All targets are on an organic basis

3) Implies an EBIT margin within the specified range, depending on interpretation

Performance vs financial targets¹

Targets

Status

Group	Targets				Status
Group	<ul style="list-style-type: none"> Ambition to act as a consolidator in a fragmented market 				<ul style="list-style-type: none"> Three acquisitions in 2018
Acquisition	# of deliveries	Purchase price	Expected annual synergies 2018	Expected annual synergies 2019	Status
TrønderEnergi Marked	~61,200	278 NOKm	>5 NOKm	>15 NOKm	<ul style="list-style-type: none"> Synergies realized as expected in 2018 Well on track in 2019
Oppdal Everk	~5,200	18 NOKm	–	~1 NOKm	
Etne Kraftlag	~1,600	Confidential (at seller's request)	–	~0,5 NOKm	
Cap.ex.	<ul style="list-style-type: none"> Targeted to be in the area of NOK 35 – 40m annually on an organic basis over the next three years 				<ul style="list-style-type: none"> In line with targets (34 NOKm)
Dividend	<ul style="list-style-type: none"> Attractive and increasing dividend Target pay-out ratio of at least 80% (based on adjusted net income) 				<ul style="list-style-type: none"> Proposed dividend of 2.2 NOK per share^{2,3}

1) Base line for the financial targets is adjusted 2017 financials

2) Subject to approval at the annual general meeting

3) How the dividend is calculated:

$[(\text{Adjusted EBIT} + \text{net finance}) \times (1 - \text{average tax rate}) - \text{amortisation of acquisition debt}] \times \text{pay-out ratio}$
 $[(390 \text{ NOKm} + 5 \text{ NOKm}) \times (1 - 23.6\%) - 27.8 \text{ NOKm}] \times 83.9\% = 229.9 \text{ NOKm}$, equivalent of a DPS of 2.2 NOK



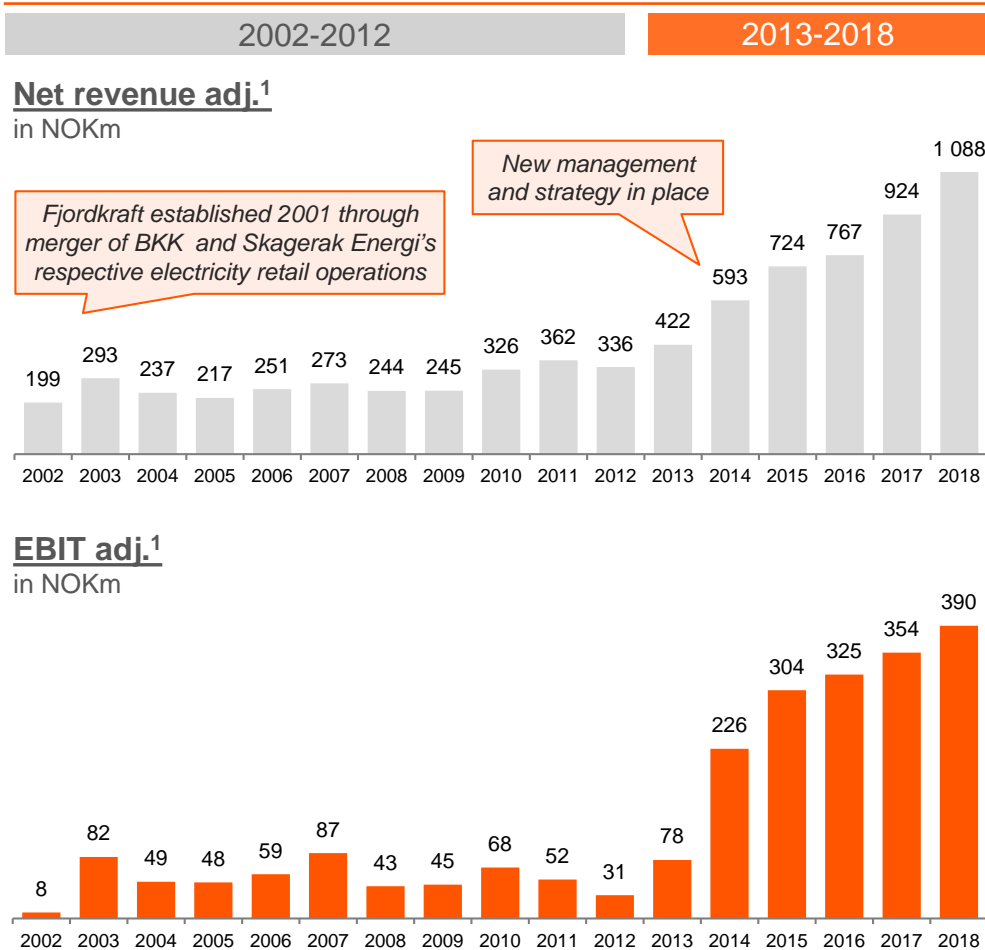
CEO STATE OF THE UNION

Rolf Barmen (CEO)

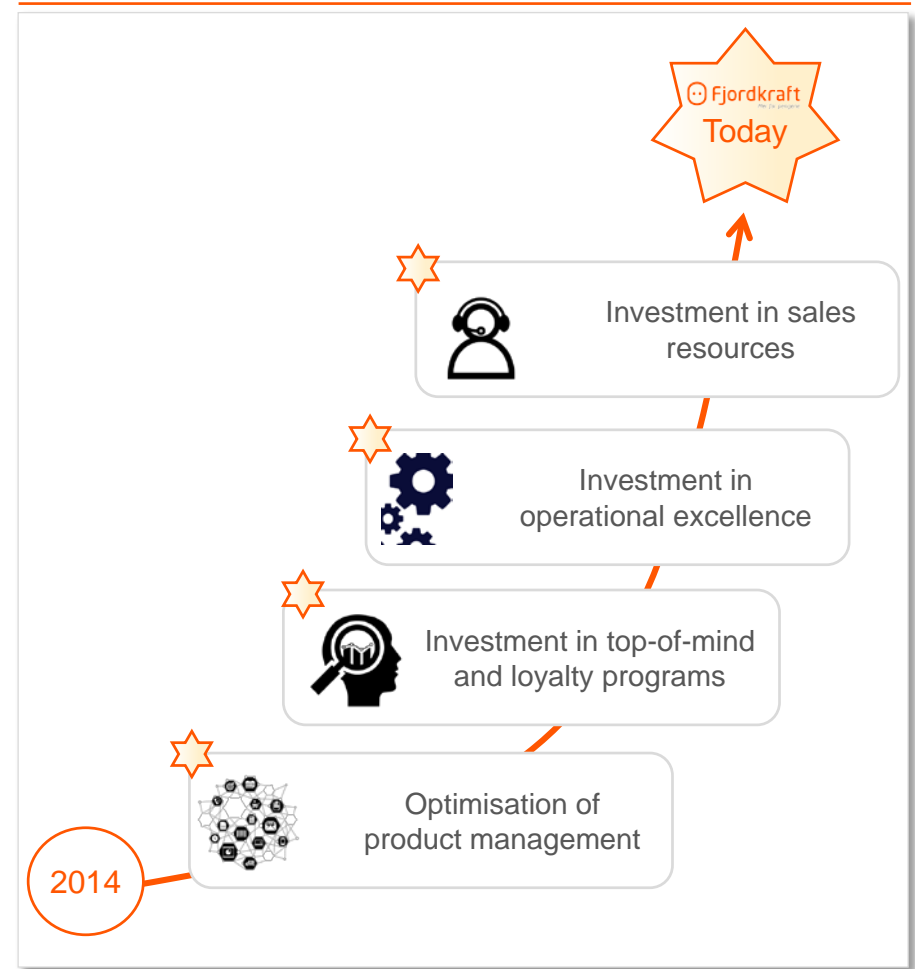
Oslo, 14th February

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

Impressive net revenue and EBIT development...



...enabled through optimisation & focused investment



Source: Company information

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

Observations and fundamental beliefs

We observe that

- Our industry is fragmented
- Our business environment is becoming increasingly more complex
- All retail business across all industries suffer from deflation sooner or later
- All winning players across all industries possess competitive advantages

We believe that

- We are in a pole position to act as the consolidator
- Our products still need to be actively sold
- Managing share of wallet and price elasticity is key to maintain profitability
- We possess and are able to maintain well defined competitive advantages

Our observations and our beliefs are transformed into a clear business plan and roadmap to growth

A highly fragmented industry – Fjordkraft ready to be the consolidator

We observe that

We believe that

The industry is very fragmented

>100 retailers **11** with national presence



XXk = Number of electricity deliveries

Fjordkraft is positioned to take lead in the consolidation

- ✓ *Management and organisation with ambition to consolidate*
- ✓ *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*
- ✓ *Substantial financial fire power*
- ✓ *Listed shares as an attractive acquisition currency*

Our observations and our beliefs are transformed into a clear business plan and roadmap to growth

Fjordkraft well positioned in an increasingly complex market

We observe that

- Complexity increases
- Electricity needs to be sold
- Larger companies more profitable
- Lower tech barriers, increased commercial barriers, increased financial barriers

We believe that

- Complexity fuels consolidation
- GAAFA companies likely to search for partners like us
- Small disruptive players likely to search for partners like us
- For big companies outside the industry, leveraging brand awareness and sales distribution systems into electricity retailing will not be accretive
- Foreign competitors deciding to enter the Norwegian market, might find Fjordkraft attractive

Our observations and our beliefs are transformed into a clear business plan and roadmap to growth

Key focus areas to handle deflation

We observe that

- All retail business across all industries, sooner or later suffers from deflation

We believe that

- Digitalisation needs to be accompanied by a focused growth strategy
- We must take advantage of competing tech solutions
- We must take advantage of non-competing players' interest in Fjordkraft's customer base
- We must monitor regulatory development

Our observations and our beliefs are transformed into a clear business plan and roadmap to growth

Competitive advantages supporting Fjordkraft's business plan

We observe that

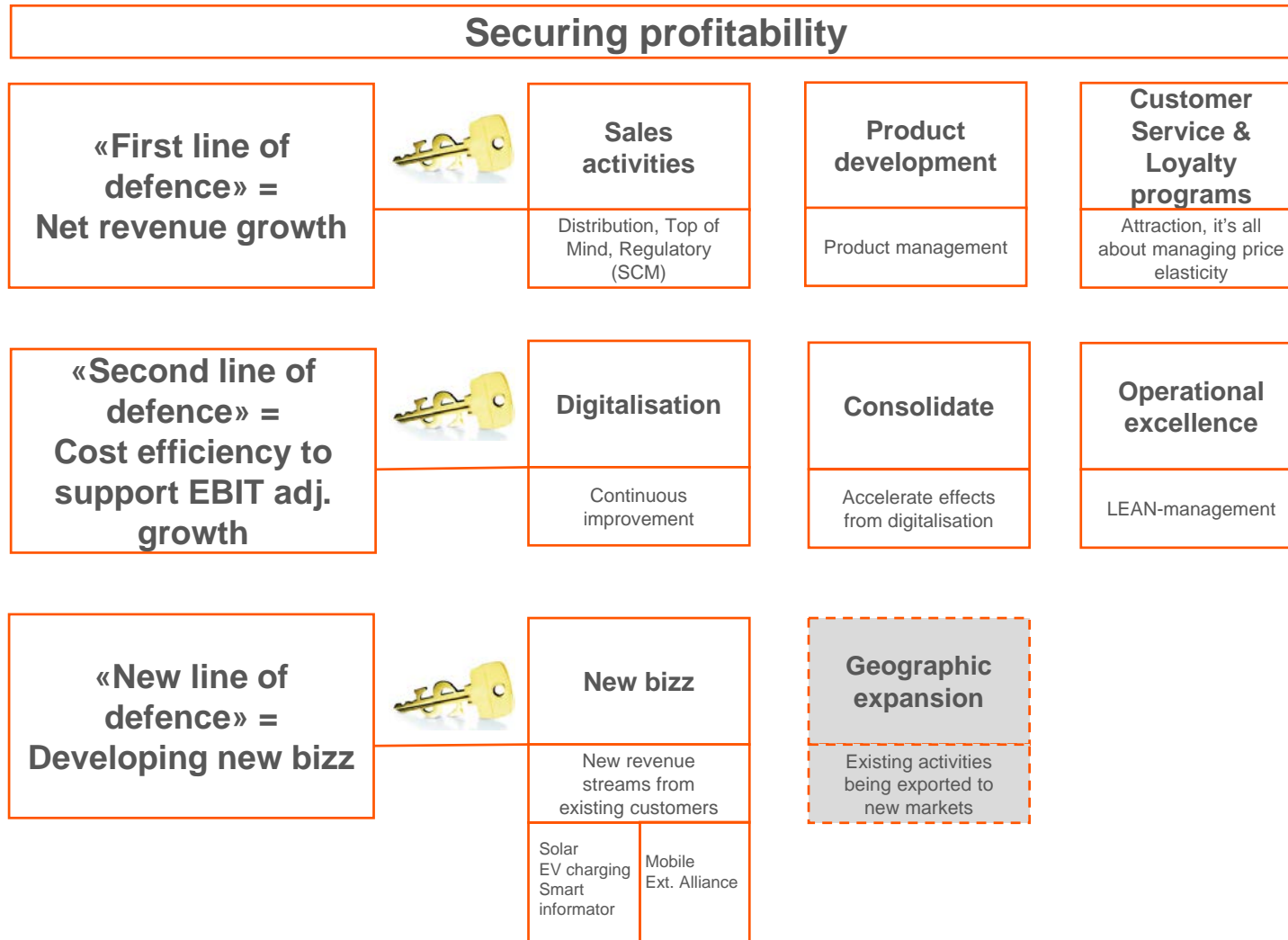
- **Winning players across all industries possess competitive advantages**

We believe that

- **We have well defined competitive advantages:**
 - **Brand**
 - **Sales distribution system**
 - **Large customer base**
 - **“The Fjordkraft factory”**

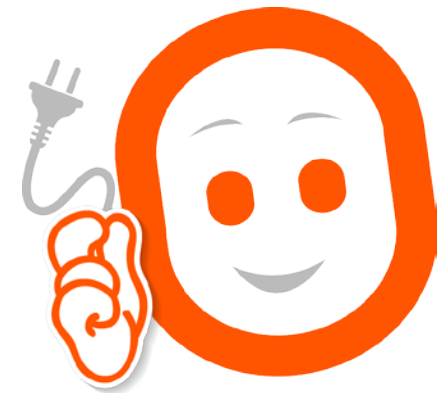
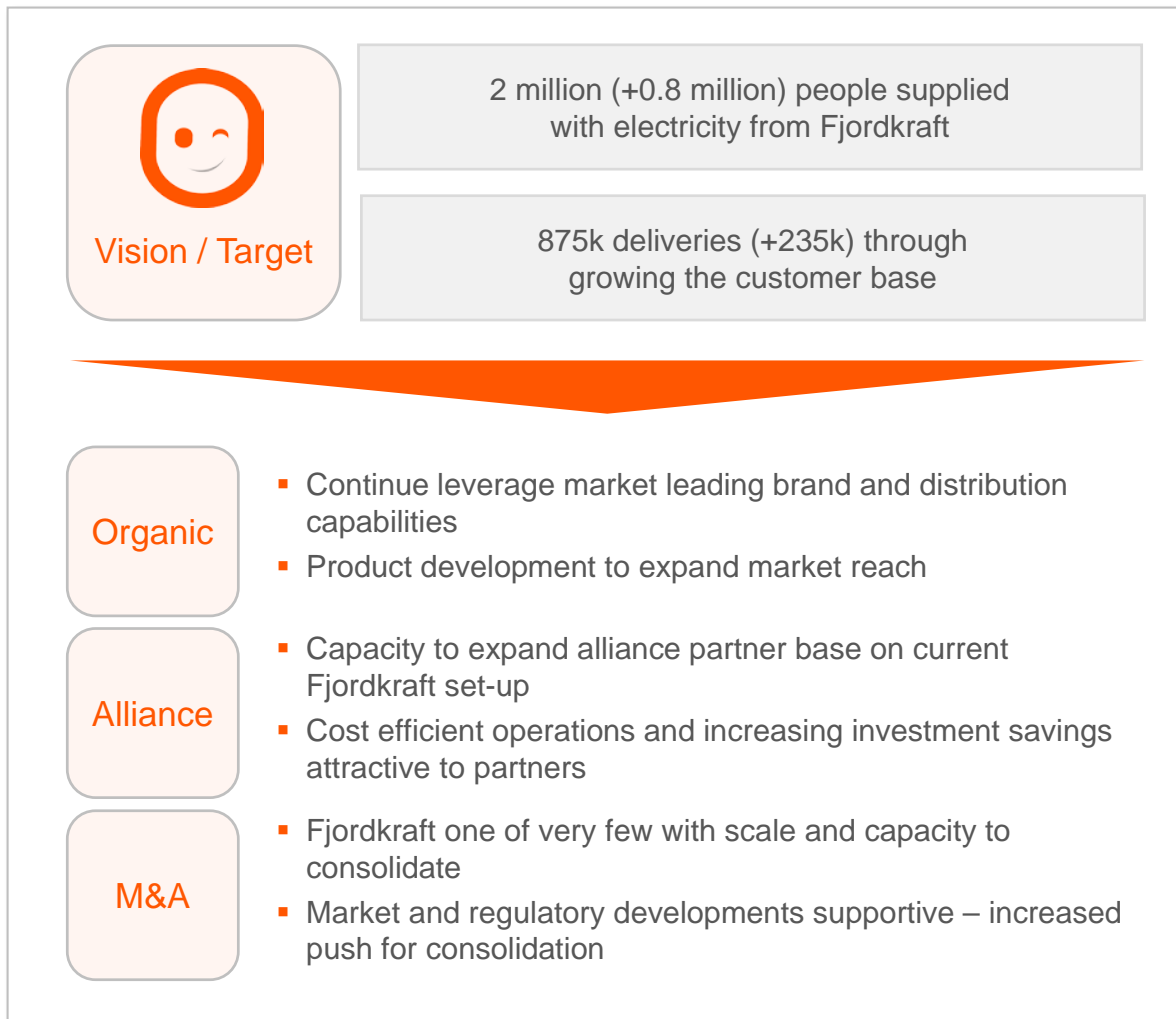
Our observations and our beliefs are transformed into a clear business plan and roadmap to growth

Securing profitability through the three «defensive lines»



Updated roadmap to growth – increased focus on M&A

Roadmap to growth 2019-2020



Financial targets for the next two years¹

Group	<ul style="list-style-type: none"> ▪ 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 <ul style="list-style-type: none"> ▪ Targeting mid-single digit net revenue growth on an organic basis
	EBIT margin <ul style="list-style-type: none"> ▪ Targeted to gradually go down towards a sustainable level of slightly above 30% on an organic basis, driven by increased competition
Business	Growth <ul style="list-style-type: none"> ▪ Targeting around double digit net revenue growth on an organic basis
	EBIT margin <ul style="list-style-type: none"> ▪ Targeted to increase to above 55% on an organic basis, driven by scale effects
New growth initiatives	<ul style="list-style-type: none"> ▪ 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
Cap.ex.	<ul style="list-style-type: none"> ▪ Targeted to be in the area of NOK 40m annually on an organic basis
Leverage	<ul style="list-style-type: none"> ▪ Moderate leverage with variations intra-year due to seasonality in net working capital ▪ Current balance sheet enabling substantial capacity to finance acquisitions
Dividend	<ul style="list-style-type: none"> ▪ Attractive and increasing dividend ▪ Target pay-out ratio of at least 80% of net income, adjusted for certain cash and non-cash items²

1) Base line for the financial targets is adjusted 2018 financials. All targets are adjusted figures

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



Q&A



REGULATORY DRIVERS AND CONSOLIDATION

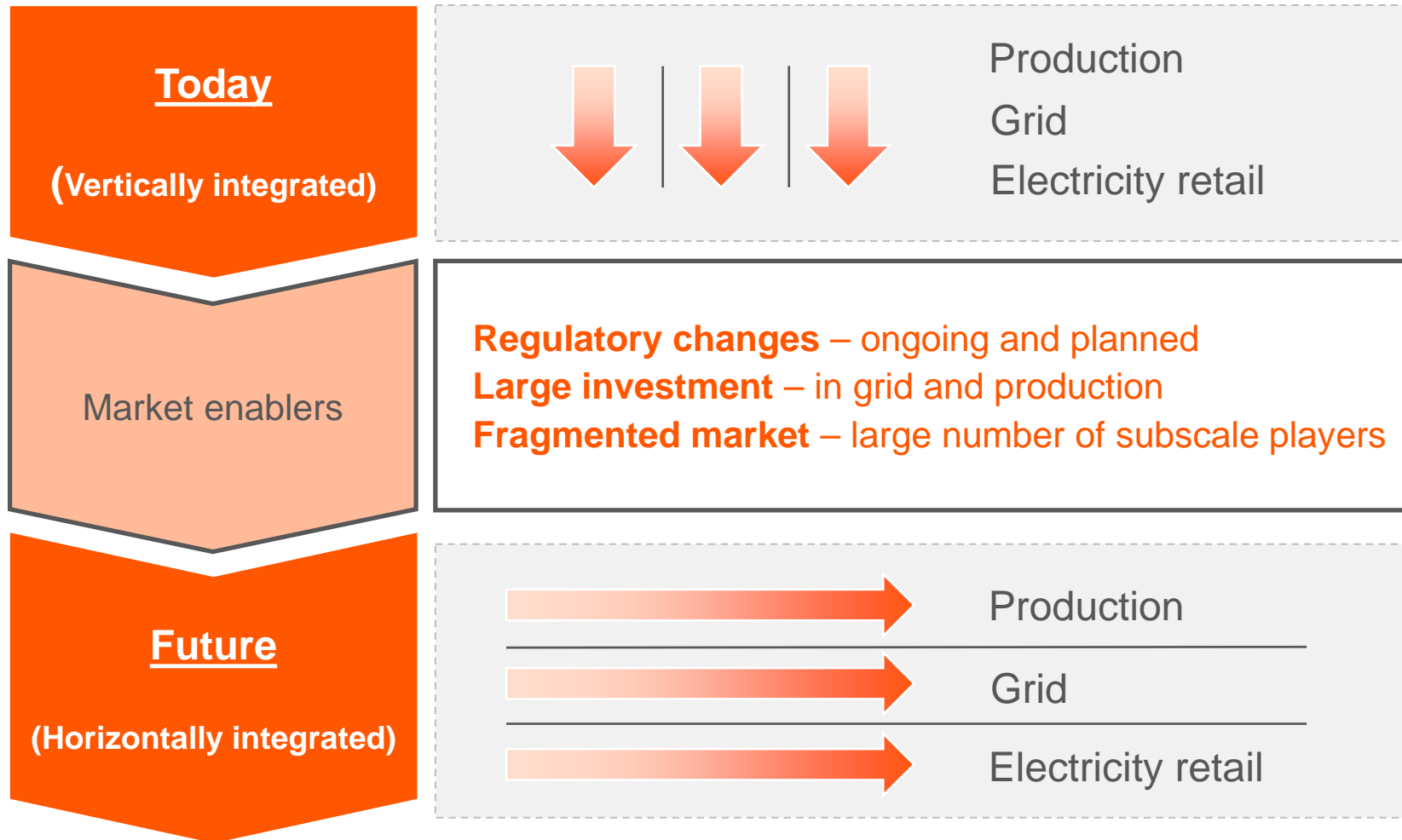
Arnstein Flaskerud (EVP Head of Strategy and M&A)

Oslo, 14th February



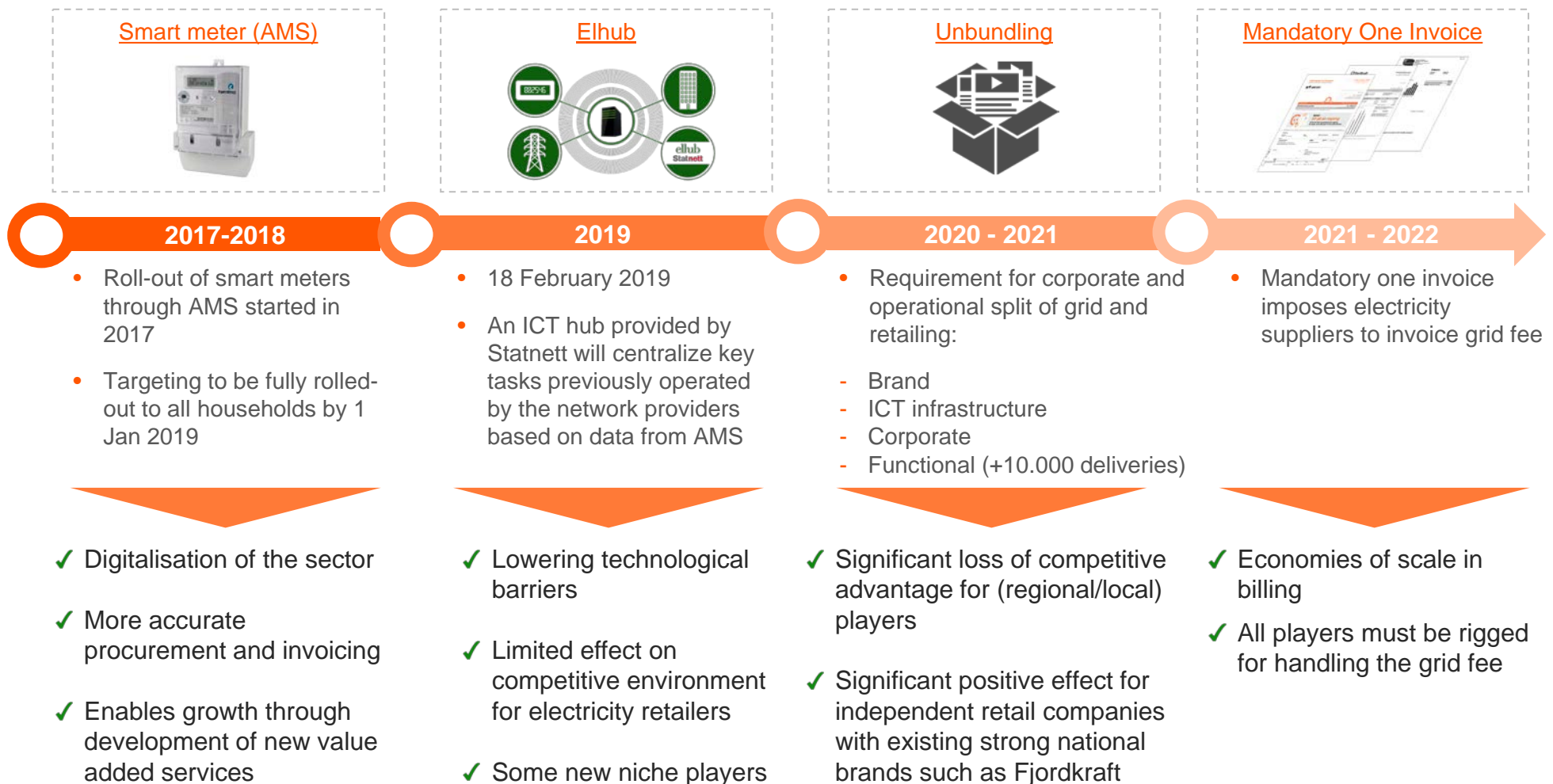
ELECTRICITY – REGULATIONS

The energy sector becomes more horizontal



Regulatory developments providing significant opportunities for large independent electricity retailers

Regulatory milestones in Norway

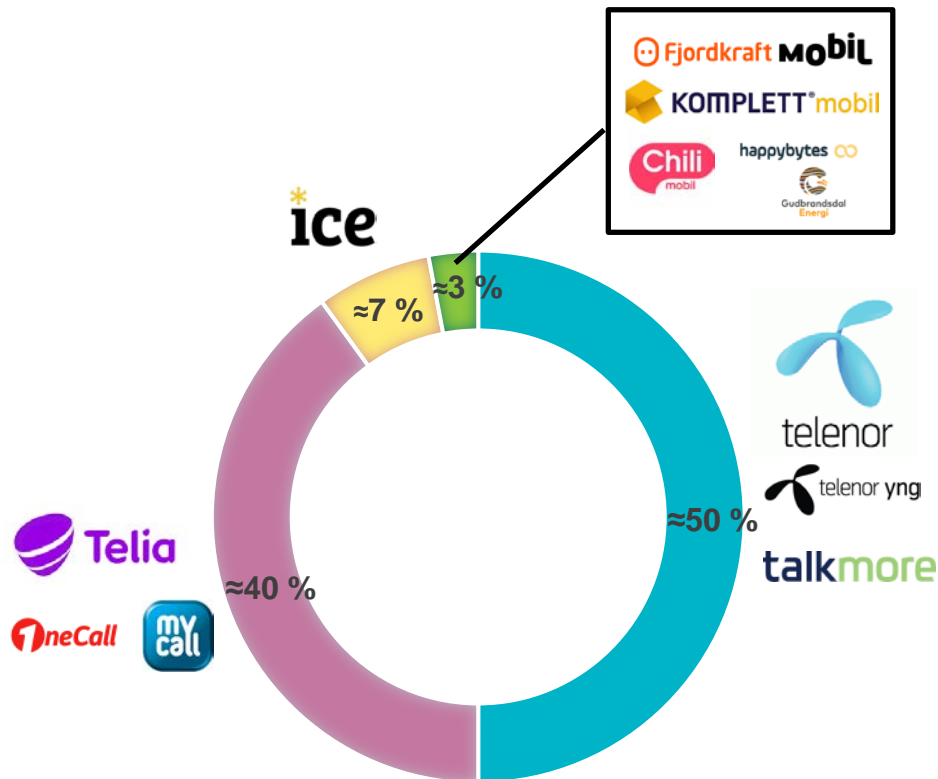


Sources: Company information



MOBILE – REGULATIONS

Market shares and the mobile regulation



- The market is regulated
- 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

- New market regulation expected on hearing in April 2019
- **We expect full effect in 2020**

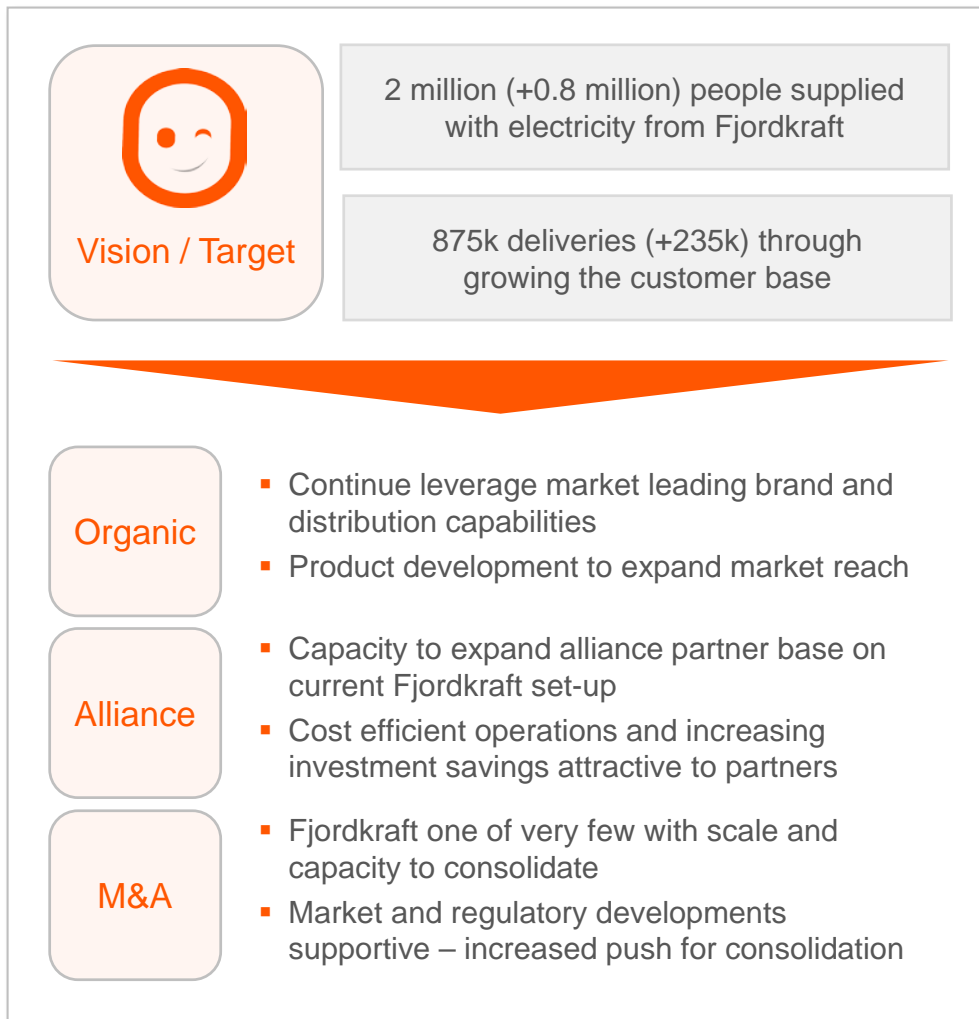
Sources: Company information



MERGERS & ACQUISITIONS

Ambitions & opportunities

Roadmap to growth 2019-2020



Drivers for consolidation

- Regulatory changes
- Merging of grid companies
- Merging of counties and municipalities
- Intensified competition
- Technology development
- Complexity and scale

The market is evolving in a direction of increased complexity in every part of the value chain - growing the need for scale

The M&A target is now 150k deliveries within the end of 2020

Market and competition are driving costs required for local players to compete

Incumbents are rigged for local competition – **lack of national brand and distribution channels**

Higher churn erodes their local markets shares and **forces them out** of their protected home markets

Building up a strong defense and **adding more sales and customer service resources is costly**

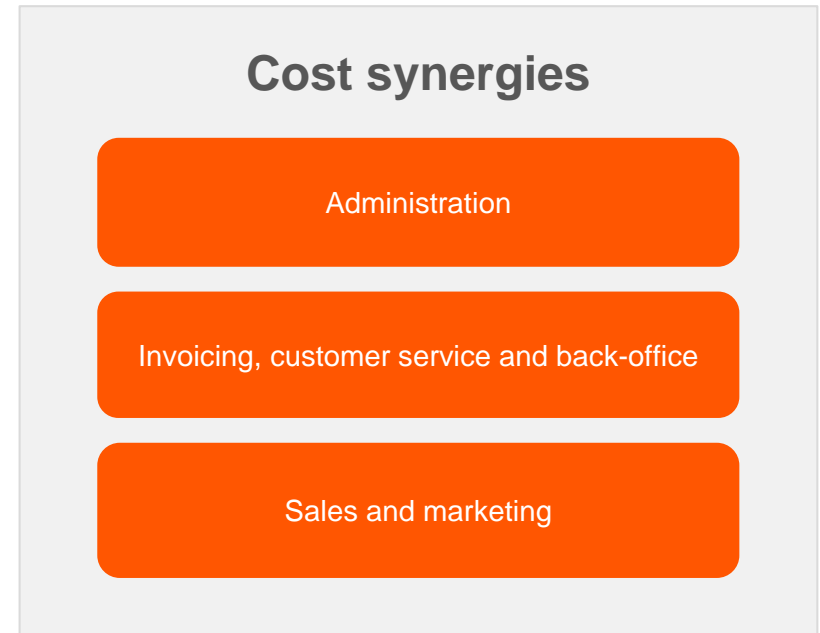
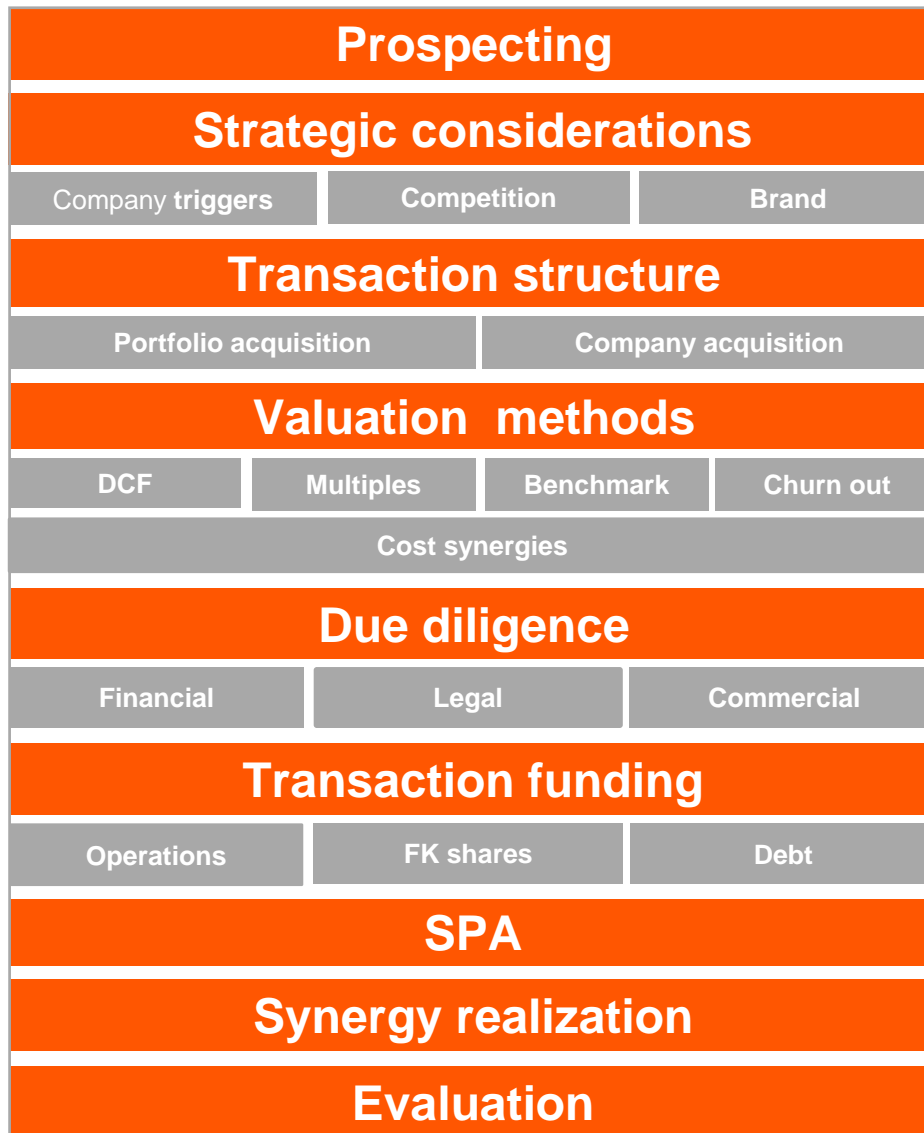
Fjordkraft

- Organization with ambition to consolidate
- Experience from acquiring and integrating portfolios
- The Fjordkraft Factory enables significant scale and synergy effects
- Listed shares as an attractive acquisition currency

Substantial potential for consolidation within electricity retailing in Norway

<u>National players</u> (50-150k)	<i>Typically have strong regional positions and national presence – facing increased competition from larger national players</i>	Players ≈ 10 Deliveries ≈ 850'
<u>Regional players</u> (10-50k)	<i>The smaller regional players typically have strong regional positions, that may be challenged by unbundling and increased regional consolidation</i>	Players ≈ 20 Deliveries ≈ 400'
<u>Local players</u> (<10k)	<i>Smaller local players with very good local customer relationships, but typically with limited scale and mass to operate a profitable stand alone retail business</i>	Players ≈ 100 Deliveries ≈ 250'

M&A methodology



Key highlights from regulations and M&A

1

We expect that our M&A activities will fulfill a major part of our Roadmap to Growth

2

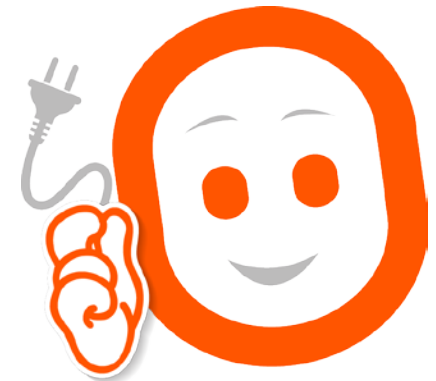
Regulations both in the electricity market and the mobile market are supporting Fjordkraft's growth strategy

3

The electricity market is highly fragmented and provides a substantial number of attractive prospects

4

Our M&A methodology secures both sustainable valuation and facilitates realization of synergies





THE POWER MARKET AND THE FJORDKRAFT FACTORY

Ingeborg Morken (EVP Head of Operations)

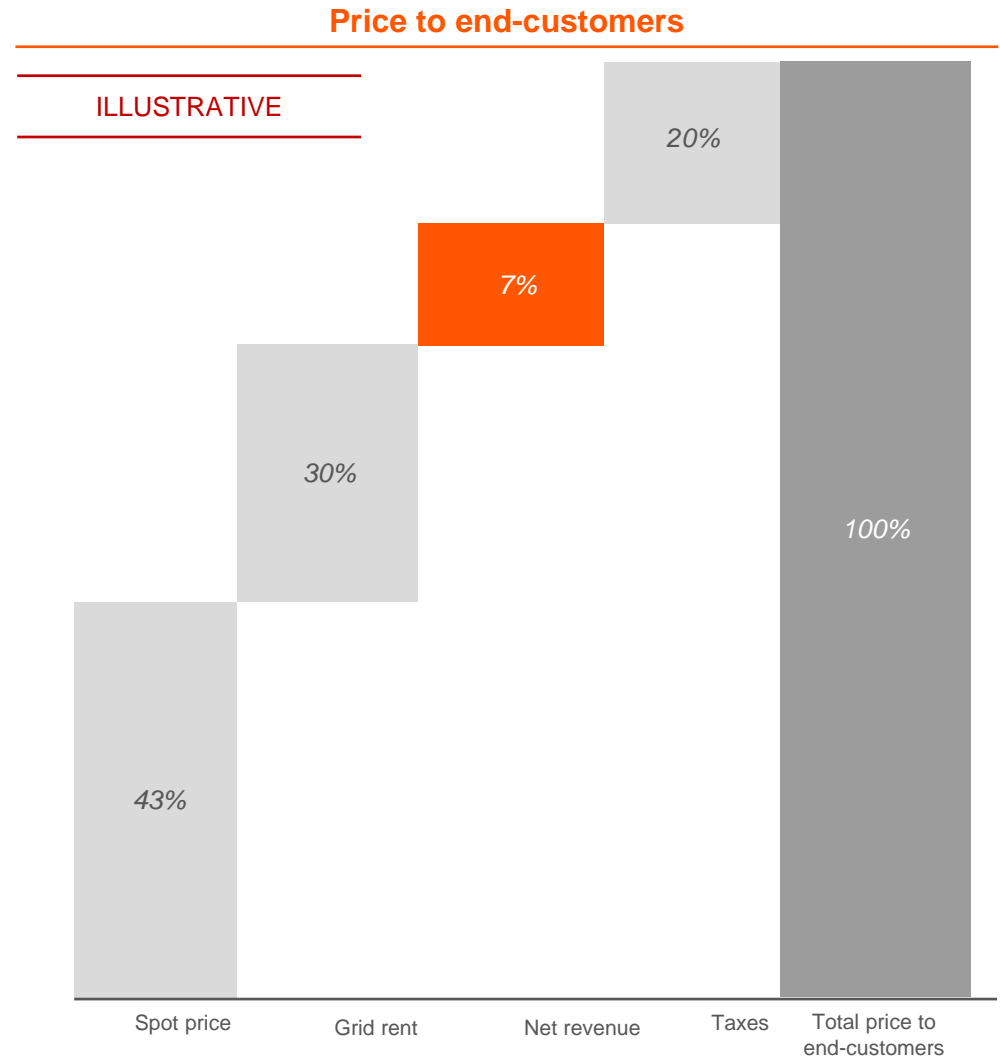
Oslo, 14th February



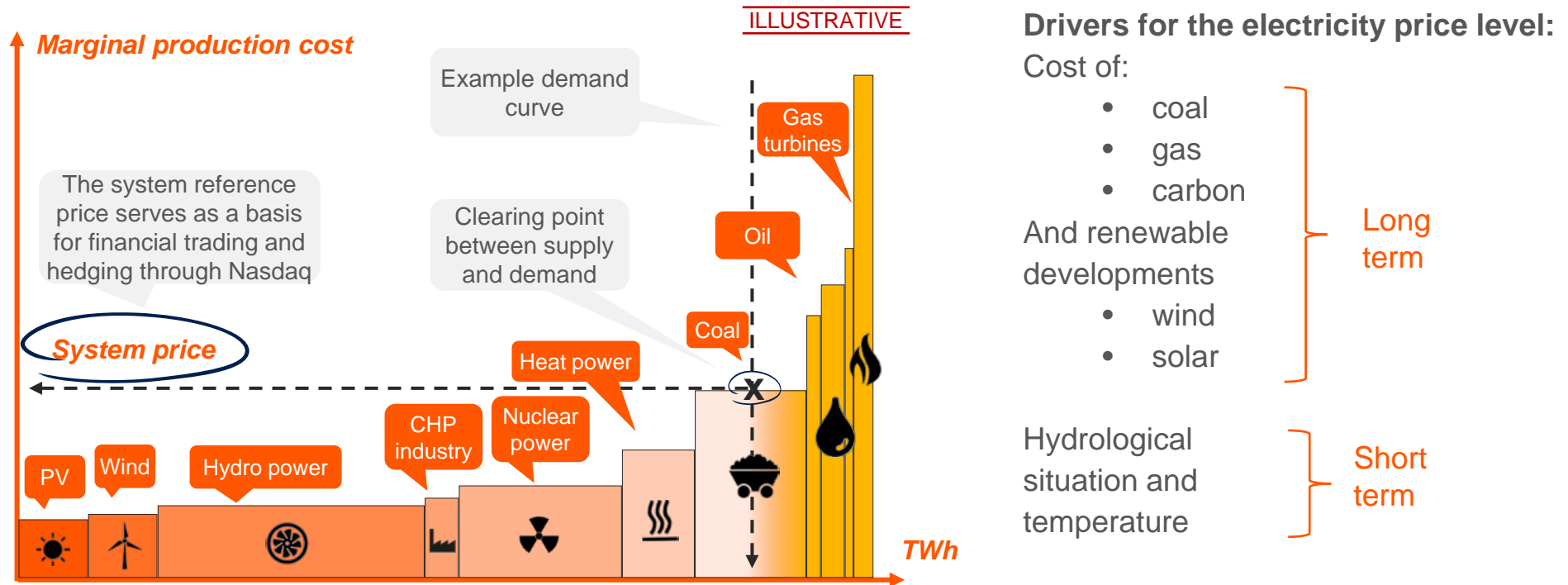
THE POWER MARKET

Managing the volatile power market and power trading right is important

- Fjordkraft operates in a low margin business
- Aggregating consumption from both consumer, business and alliance partners brings opportunities for diversification and economies of scale
- Price components are our core business – we manage volatility well
- Fjordkraft is set up with a thorough governance to monitor risk management



System price in the day-ahead market



Price determination is based on bids and offers from all market participants

The Nordic financial electricity trading market



Financial electricity trading can take place either bilaterally or on Nasdaq OMX Commodities AS (Nasdaq OMX) exchange

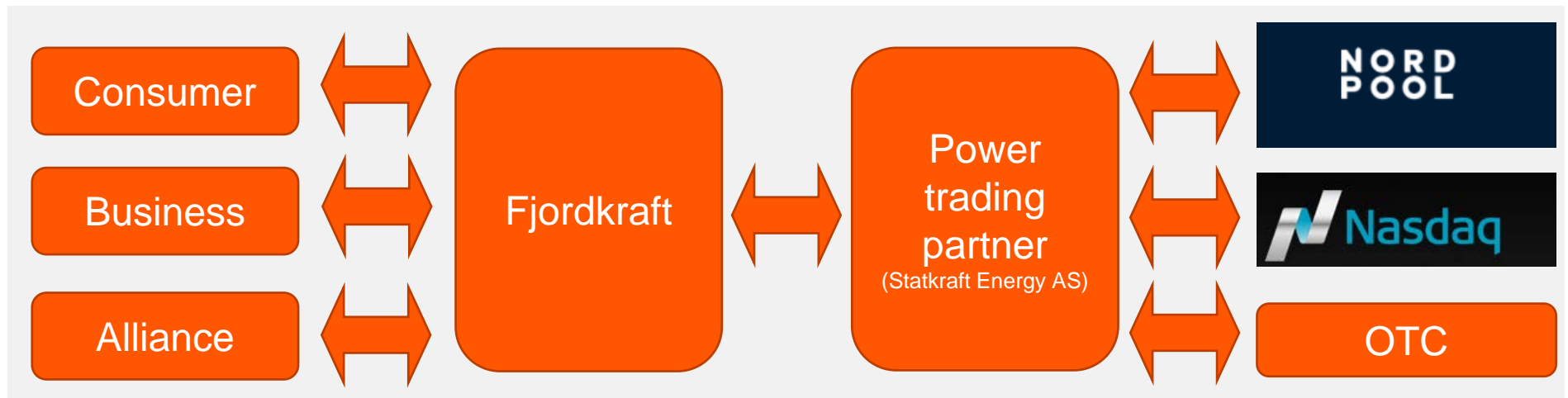
All contracts are settled financially without any physical electricity deliveries

At Nasdaq OMX, players can hedge prices for purchase and sale of 1 MW split by days, weeks, months, quarters and years

Financial products include

- future and forward contracts
- electricity price area differentials (EPAD)
- options

Power trading through partner



Our size and partner model give us unique advantages

Scalable and robust business model

	Risk exposure	
	Consumer	Business
<u>Volume risk – the exposure to the uncertainty of actual volume</u>	Low	N/A
<u>Electricity prices risk – the exposure to fluctuations in electricity area price</u>	Low	Low
<u>Foreign exchange risk – the exposure to currency fluctuations</u>	N/A	N/A
<u>Electricity Certificates risk – the exposure to fluctuations in electricity certificate price</u>	Limited	Low
<u>Financial counterparty risk – the exposure to counterpart not being able to settle hedging contracts</u>	Low	Limited

Fjordkrafts overall approach to market risk

Fjordkraft seeks to reduce market risk to a low level
Exposure to price volatility support margin upside



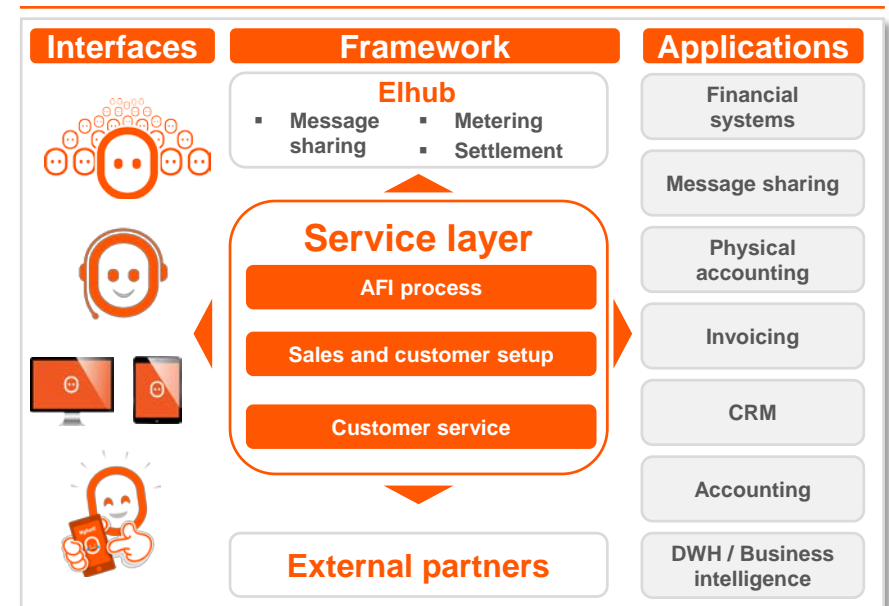
THE FJORDKRAFT FACTORY

A highly flexible and scalable “Fjordkraft factory”

Fjordkraft Factory overview







- Flexible platform for sale of intangible services
- Handling of new market and regulatory developments
- Scalable platform with capacity to handle bolt-on acquisitions
- Built on a Service Oriented Architecture
- Technology embedded to support new business models with increased commercial potential
- Support for continued innovation

A well-integrated service architecture



Proven cost efficient platform supporting growth ambitions and competitiveness

Operational efficiency – selected processes

	Cost per invoice	# of invoices per month	Cost per relocation	# of relocations per year	Cost per new sale	# of new sales per year
In 2012	NOK 9.4	~200k	NOK 218	~8k	NOK 137	~40k
						
In 2017	NOK 5.50 ¹	~420k	NOK 122	~75k	NOK 68	~200k
In 2018	NOK 4.62 ¹	~500k	NOK 118	~80k	NOK 65	~190k
Cost saving	~ NOK 29m per year		~ NOK 8m per year		~ NOK 14m per year	

Expecting further downward trend underpinning our competitive advantages

Daily operation for eight different brands

- Roll out of Extended Alliance, offering software as a service to six local and regional electricity producers in our alliance
- Yearly handling around 8.5 million invoices including mobile
- Yearly handling more than 27 million data transactions
- Expecting higher operational efficiency when Elhub is stabilized and “One-invoice” model is implemented

Key takeaways

1

Fjordkraft has a thorough governance to monitor risk

2

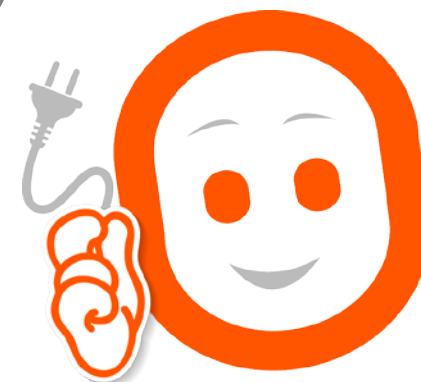
In the Power market - our size and partner model give us unique advantages

3

Overall Fjordkraft seeks to reduce market risk to a low level, but exposure to price volatility supports margin upside

4

A scalable and cost-effective Fjordkraft factory, expecting further downward cost trend underpinning our competitive advantages.





Q&A




CONSUMER

Christian Kalvenes (EVP Head of Consumer)

Oslo, 14th February


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

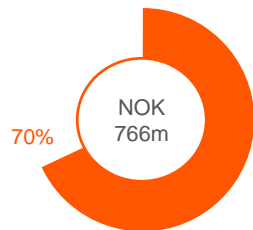
Nationwide presence



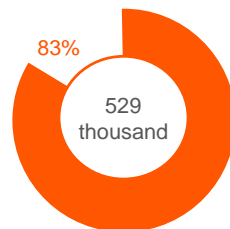
A leading market position

-  The No. 1 electricity retail brand in the consumer segment²
-  The most recognised brand in the consumer segment²
-  The No. 1 top-of-mind brand in the consumer segment²
-  The “Best-in-class” customer satisfaction³
-  Winner of Digital leader in digital marketing⁶

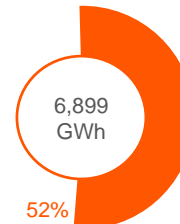
Net revenue¹



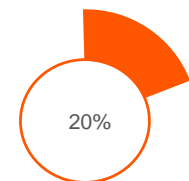
Number of electricity deliveries^{4,5}



Volume (GWh)⁵



Market share⁷



Source: Company information, TNS Kantar, Norsk Kundebarometer

- 1) Net revenue 2018 based on IFRS unaudited figures
- 2) Based on market share and customer awareness data from Kantar TNS Energibarometer Q4 2018
- 3) Scores from Norsk Kundebarometer, using average customer satisfaction from 2015-2017 for the top 5 Nationwide electricity retailers
- 4) Equivalent to the number of deliveries to all electricity meters. One customer may have multiple electricity meters
- 5) Only includes customer and business segments
- 6) Digital Leaders 2019 by Bearingpoint
- 7) Based on number of deliveries end of Q4 2018 and total market size from NVE's Q3 report

How we categorize our competitors in the electricity retail market

Local

- Located all over Norway, but operates in small geographical areas

Regional

- Located all over Norway and operates in relatively large geographical areas

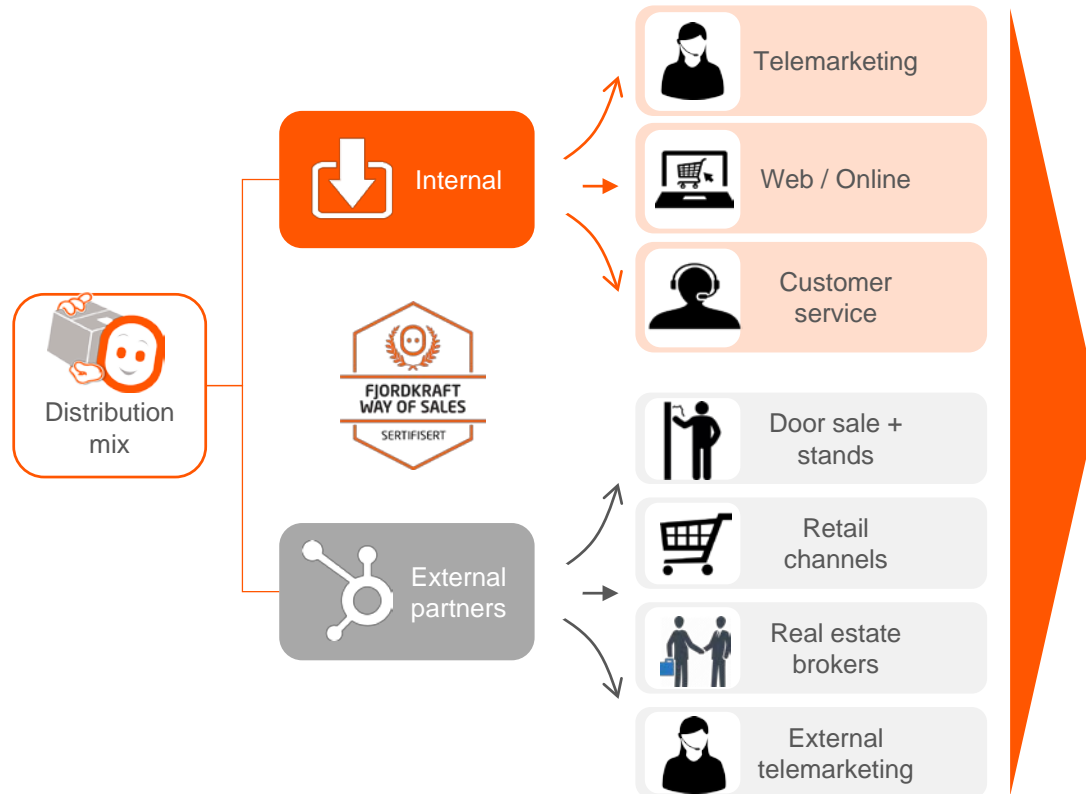
National

- Located and operates all over Norway. Our toughest competitors are found in this category

Niche

- Located and operates all over Norway. Challenges the current market situation with new concepts and technology

An industry leading distribution platform, addressing customers through a national omnichannel strategy

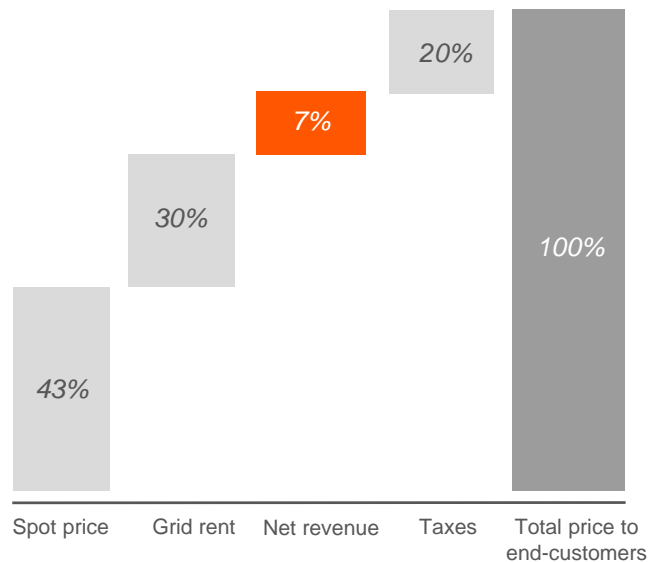


- **Targeting a balanced split between internal and external distribution**
 - Support diversification and reduce risk
 - Optimise profitability per channel – also through benchmarking
 - Multiple partners within the external categories to lower risk and remain well positioned versus competitors
- **Fjordkraft way of sales**
 - Strong focus on high quality and follow-up of both direct and indirect sales channels
 - All sales personnel are certified by Fjordkraft

Consumer segment business model with limited risk

Price to end-customers

ILLUSTRATIVE



Spot price contracts

Product characteristics

- The customers price follows the Nord pool spot price
- Can lead to large variations during the month
- 5 different price zones across the country

Why customers choose these products?

- Can handle price volatility

Variable price contracts

Product characteristics

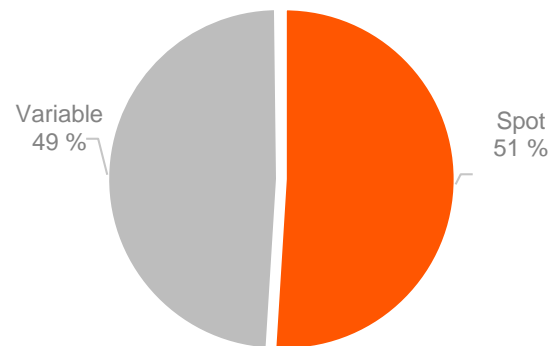
- Fixed price for up to 14 days
- More steady and predictable prices
- One price across Norway

Why customers choose these products?

- Less uncertainty, more price stability and predictability

Product distribution

- Targeting a balanced split between Spot and Variable products
- Product management that controls which products are sold in which distribution channels
- Price volatility and price management support margin upside



Sources: Company information, SSB

A differentiated, market leading offering with attractive prices and popular value added-services addressing consumer demands

Well-tailored service offering

Electricity supply agreements with add-on services

Differentiated offering of electricity supply agreements matching the customers' various needs and preferences with respect to risk and flexibility

Standard pricing plans

- Spot with a fixed margin to observed spot price
- Variable with up to 14 day pre-set (fixed) prices

Add-ons to agreements

- Price caps
- Competitor guarantees
- Renewable electricity
- Loyalty bonuses
- EuroBonus

Value adding services

- Home charger
- Solar panels
- Insurance
- Payment solutions

Wide range of customer benefits



Menu of alternative pricing models to match varying consumer preferences



Fordelsprogram - Attractive benefits based on Fjordkraft's partners



Online shopping – Discounts subtracted from electricity bill



Mobile – Highly attractive terms for Fjordkraft's electricity customers



Price matching ("Prismatch")



Satisfaction guarantee ("Fornøydgaranti")



Flexible payment solutions – no pre-payment required



Highly awarded "best-in-class" customer service¹ – available from 8-20



One invoice – both grid rental and electricity prices on the same bill



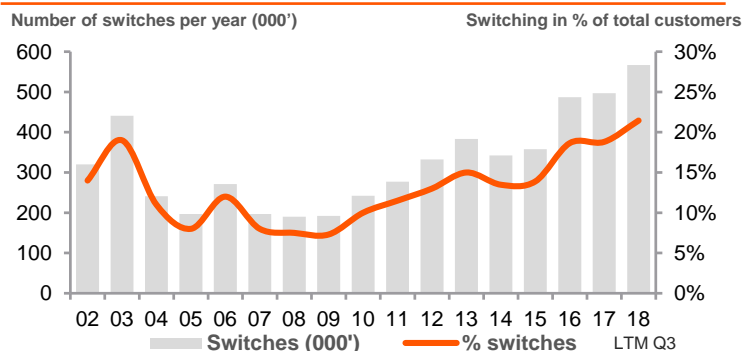
Local presence through local sponsorships across Norway

Fjordkraft's solid marketing muscle and distribution reach supporting growth in a dynamic consumer market

High churn rates...

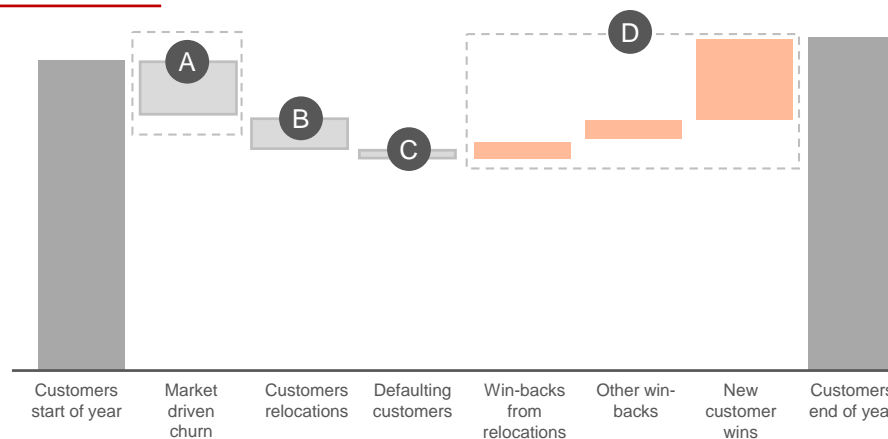
- Customer switching driven by sales and marketing activities by suppliers, and from consumers moving homes
- Fjordkraft's solid marketing muscles and distribution reach/quality with a decisive impact on organic growth
- Electricity retailing market experiencing increasing churn rates

...including high market driven churn¹



...supporting growth and optimizing customer mix

ILLUSTRATIVE



- A** Churn resulting from a competitive market with Fjordkraft and other electricity retailers focusing on winning new customers represents some ~2/3 of gross customer losses
- B** Customer loss in connecting with relocations represents some 1/3 of gross losses (a customer moving is recorded as lost regardless of new contract at new home / win-back)
- C** Very small part (<5%) of gross customer losses resulting from defaulting customers
- D** Customer wins through sales- and marketing campaigns, launch of new (value added) services and focused come-back and win-back activities – also related to relocations





MOBILE

Expanding service offering to leverage the Fjordkraft brand and strengthen customer relations



Mobile service launched April '17

- Introduced as a value enhancing service to electricity customers
- Focus on offering attractive price plans for existing and new electricity customers
- Mobile subscriptions sold through digital channels as well as through traditional customer service and telemarketing efforts
- Reached ~66,000 customers year-end 2018, targeting to each >125,000 by end of 2020

Illustration of offering



In addition, Fjordkraft offers 2, 4, 6, 10 and +20 GB mobile packages.

Strategic rationale

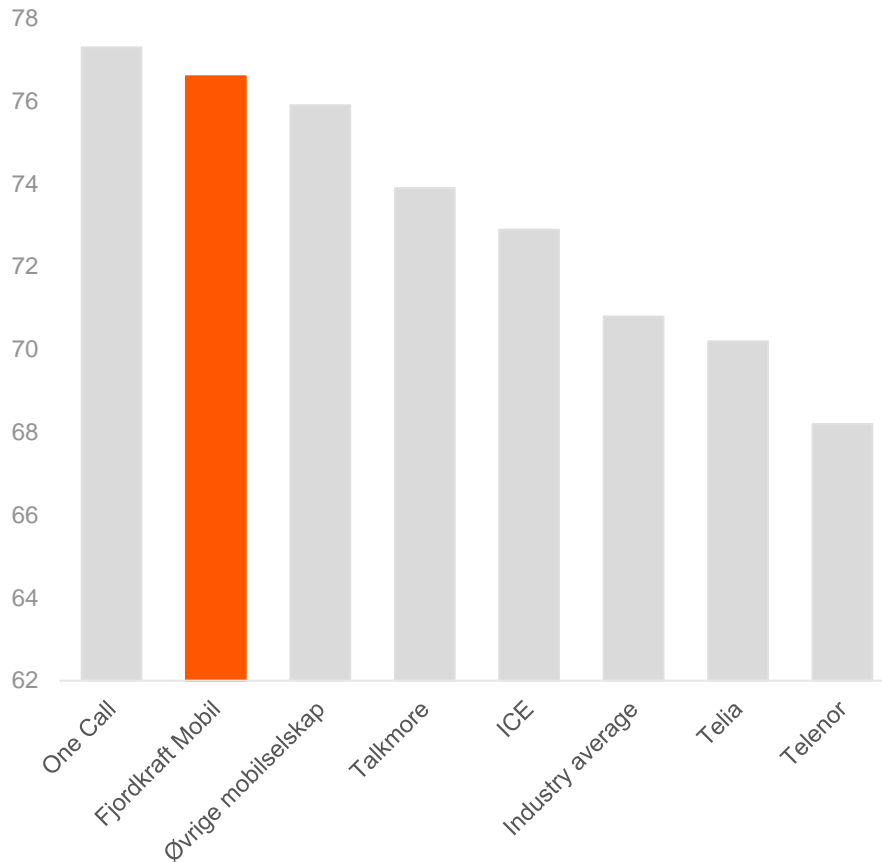
- ✓ Capitalise on the Fjordkraft brand
- ✓ Service targeting all members of consumer households
- ✓ Strengthen customer relations
- ✓ Reduce consumer segment churn
- ✓ Market opportunity – challenge duopoly

Financial target

Targeting positive run rate EBIT in second half of 2020

Mobile offerings has a massive impact on churn, customer satisfaction and loyalty

Customer satisfaction¹



Loyalty effect

Still too early to conclude, but preliminary analyses show more than 50% reduced electricity churn for customers with both electricity and mobile subscription from Fjordkraft



1) EPSI rating 2018

Key takeaways

1

The no 1 electricity retail brand in the consumer segment

2

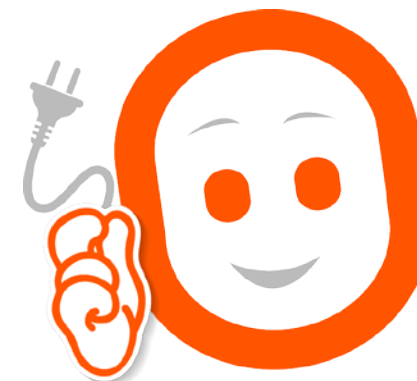
Industry leading nationwide distribution platform and omnichannel strategy

3

Market leading value proposition addressing differentiated consumer needs

4

Large retention toolkit spearheaded by market leading mobile offering that's making massive impact on churn, customer satisfaction and loyalty



Targeting mid-single digit net revenue growth and an EBIT margin slightly above 30%



BUSINESS

Roger Finnanger (EVP Head of Business)

Oslo, 14th February

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

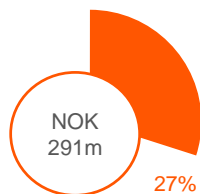


+ 30,000 businesses

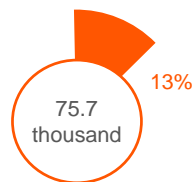
A leading market position

- #2 A leading market position with > 75,000 deliveries and >30,000 business customers⁴
- #2 A leading brand position with 95% brand awareness and high top-of-mind share⁴
- #1 The most attractive electricity retailer for business customers⁴
- #1 No. 1 ranked customer service for business customers⁵
- #1 The largest supplier to municipalities

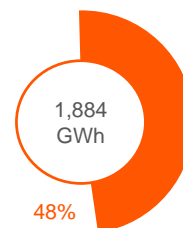
Net revenue adj.¹



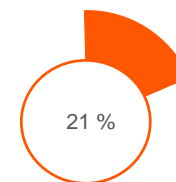
Number of electricity deliveries²



Volume (GWh)³



Market Share⁴



Source: Company information, TNS Kantar

1) 2018 financials

2) Number of deliveries at the end of 2018

3) Volume sold in 2018

4) Based on number of deliveries at the end of 2018 and market size from NVE's Q3 2018 report

5) TNS Kantar Q3 2017 business segment report

6) EPSI Strømhandel BM 2017

Our main competitors are divided between local, regional and national players in the electricity retail market

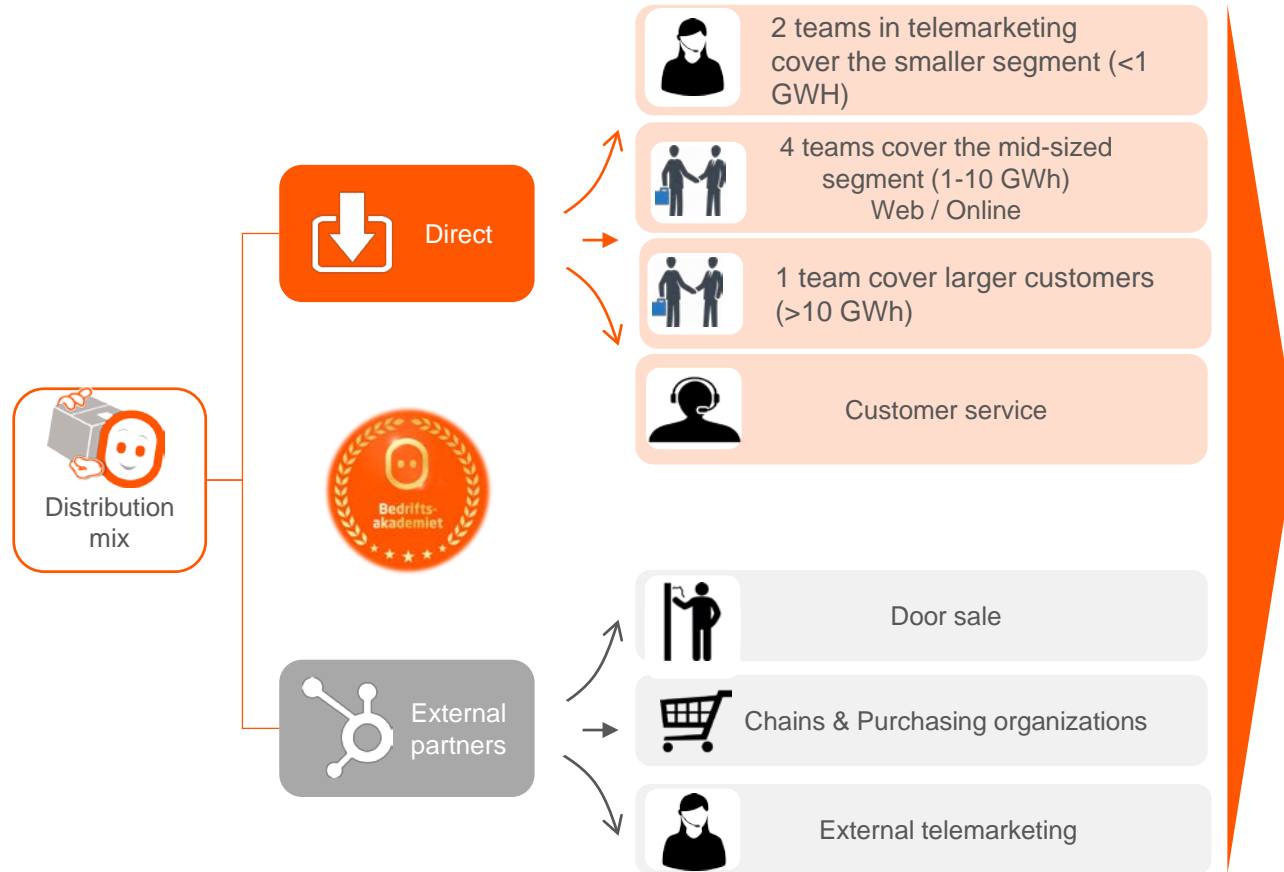
Selected local/regional players



National players

	SMEs	Large Customers	Public entities / tender market
Fjordkraft	X	X	X
Hafslund Strøm	X	X	X
Kinect ENERGY GROUP		X	X
Entelios		X	X
Ishavskraft	X		X
NTE	X		X
Fortum	X		
norges energi	X		
Eidsiva	X		
USTEKVEIKJA ENERGI	X		
Gudbrandsdal Energi	X		
AKRAFT	X		
KRAFT1	X		
ENEAS	X		
GNP ENERGY	X		
ELKRAFT AS	X		

An industry leading distribution platform, addressing customers with hands on advisory capabilities



- Sales force localised across the country (Oslo, Bergen, Stavanger, Sandefjord and Trondheim), with operational focus covering the whole of Norway
- Broad focus– one of the few vendor focusing on all segments
- Large sales force working with the business customer portfolio
- Customer service team providing high-quality advisory services to business customers
- Access to trading competence and products
- Close follow-up of customers according to preferred frequency
- Economies of scale enabled by the Fjordkraft Factory

 More than **80** people dedicated to sales and customer services.

Our large in-house telemarketing department keeps us agile and lets us sell in our desired areas.




170 000
We conduct more than 170 000 sales conversations yearly (customer service, door-to-door and telemarketing)


Sales offices all over the country
Bergen, Oslo, Sandefjord, Stavanger and Trondheim

Distribution power is about having enough muscle



25 
people in external sales departments.


23 000
members of trading cooperations are exposed to our company offers.


Being Norway's most well-known electricity retailer gives us a clear advantage.


13
National franchise deals

 **Fjordkraft** **Fordel**
Mer for pengene
Strong loyalty programme which triggers customers to choose Fjordkraft


Attractive offering to all sorts of businesses

Electricity supplier selection criteria

- **Competitive terms**
- **Predictable and correct invoicing**
- **Consumption reports**
- **Flexible solutions**
- **Experience and competence in energy trading**
- **Follow-up meetings and counselling**

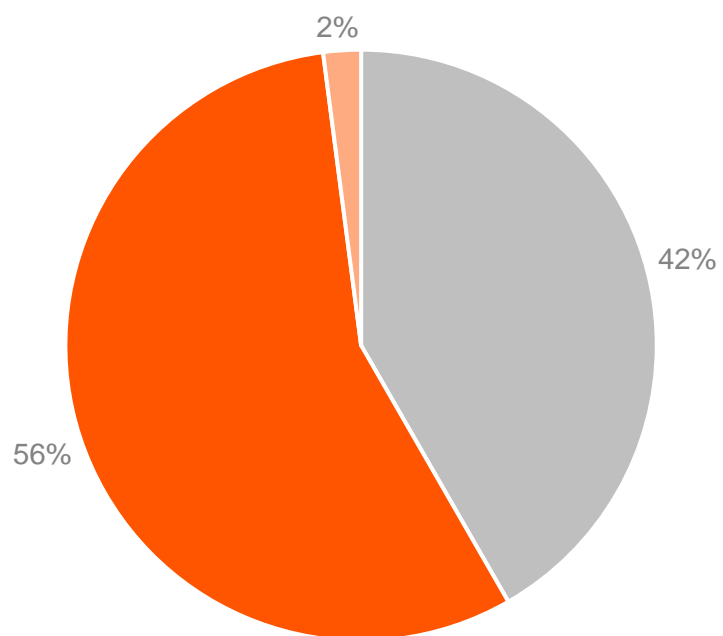
Fjordkraft's offering to address criteria

- **Flexible and tailored solutions for large customers**
- **Products for all risk profiles for SMEs**
- **Value added services such as reporting systems and climate management tools ("Min Bedrift")**
- **Energy labelling & energy mapping**
- **Climate reporting tool**

Customers' willingness to pay increases through differentiated services, follow-up meetings and counselling

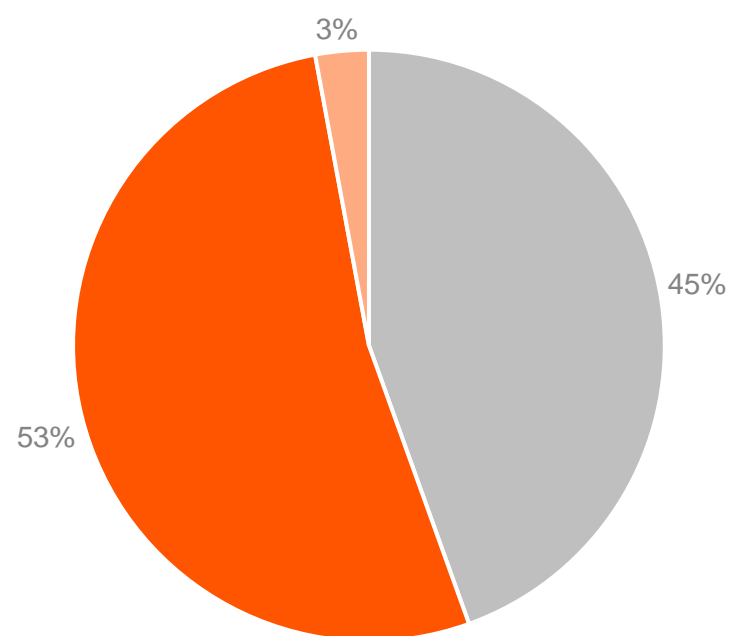
A balanced product mix through varied product offering

Product mix 2017¹



■ Spot incl. risk management ■ Spot ■ Variable

Product mix 2018¹



■ Spot incl. risk management ■ Spot ■ Variable

Source: Company information
1) Based on number of deliveries at the end of the year

A professional and attractive partner through value added services

From supplier to energy partner

From a traditional electricity retailer

- Standardized power contracts

To an attractive electricity partner

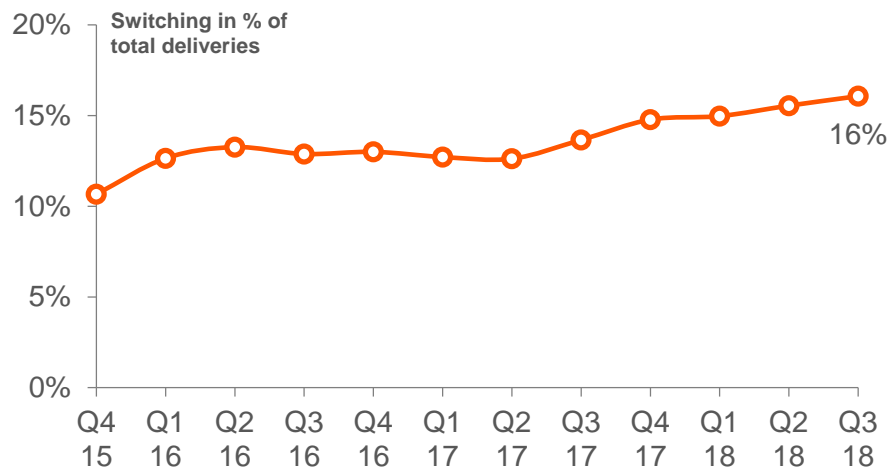
- Including professional advisory services

Enabled through value added services

- Risk management
- Climate reporting
- Energy mapping & labelling

Fjordkraft's solid marketing muscle and distribution reach supporting growth in a dynamic business market

Increasing churn rates¹



- Frequent supplier changes allow Fjordkraft to capitalise on its strong brand awareness and distribution capacity to gain market shares
- Public entities/tender market can cause fluctuations in number of deliveries

Important measures to reduce churn

Systematic training of sales resources to increase hit rate

Increase the market penetration of additional services to strengthen customer satisfaction and loyalty

Implementing switching barriers in all sales channels

Source: Company information, NVE
1) Market churn figures from NVE

Key takeaways



A strong distribution muscle – enabling market share gains

Reorganizing – smarter and better use of sales resources

New value added services – increasing customer loyalty and satisfaction

Targeting double digit net revenue growth and an increase in EBIT margin to above 55% through organic growth, scalability and value added services



Q&A

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 add-on acquisition- and dividend capacity

