

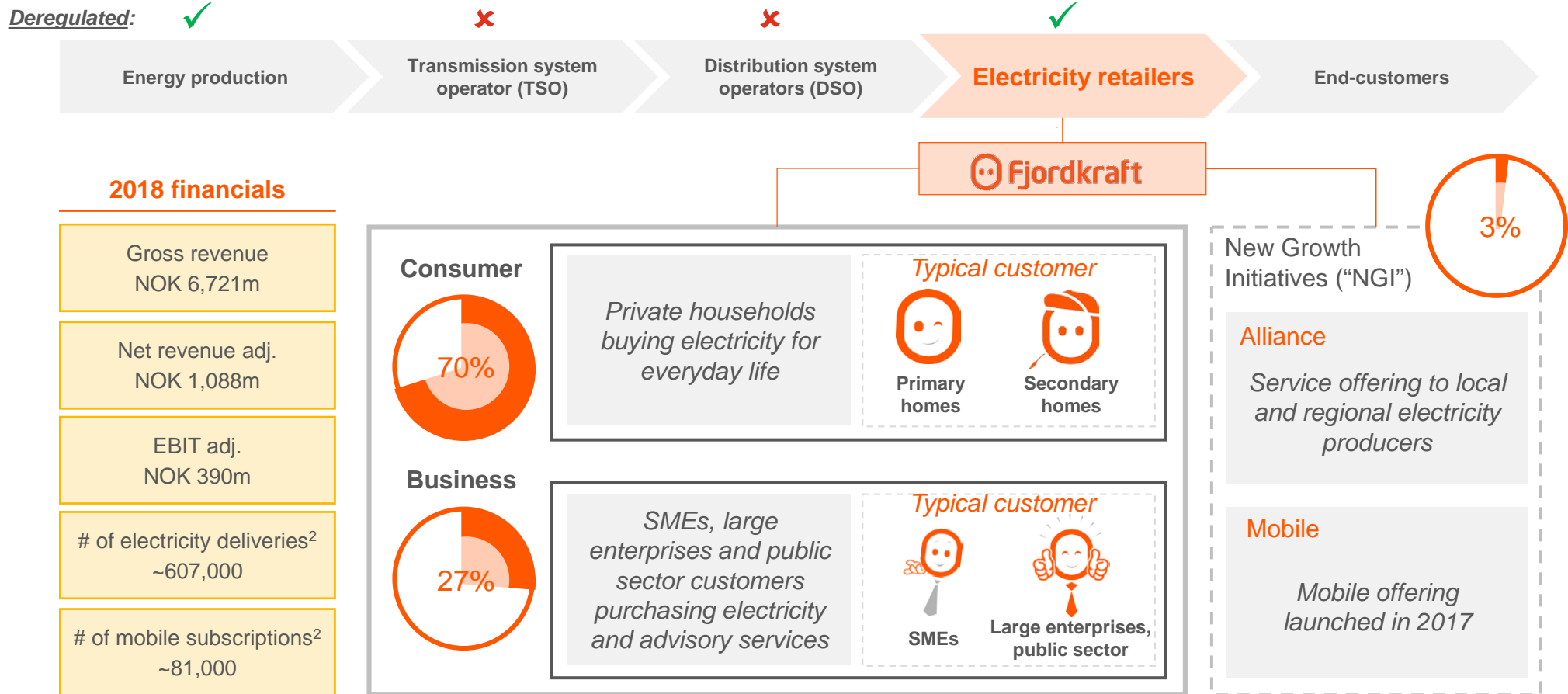


# HORDALAND PÅ BØRS 2019

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Rolf Barmen (CEO)

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



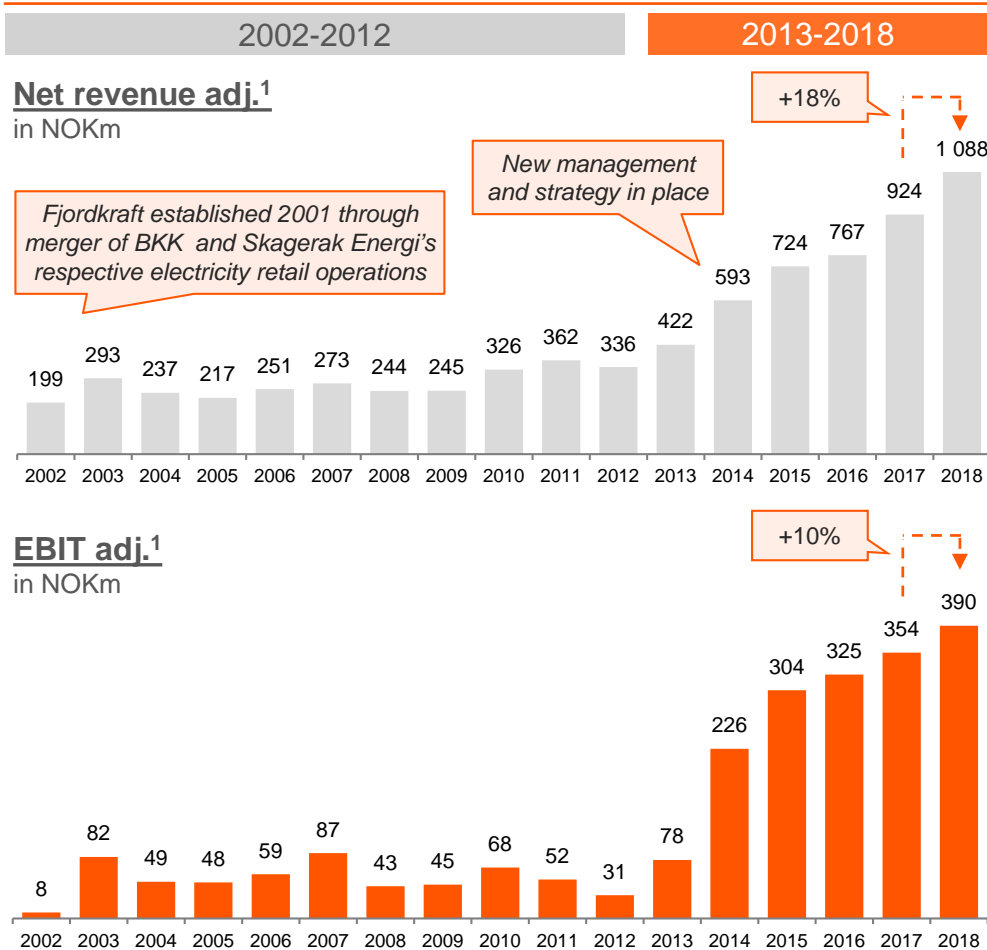
1.4 million people are supplied with electricity from Fjordkraft!

 = Share of 2018 net revenues (adj.)

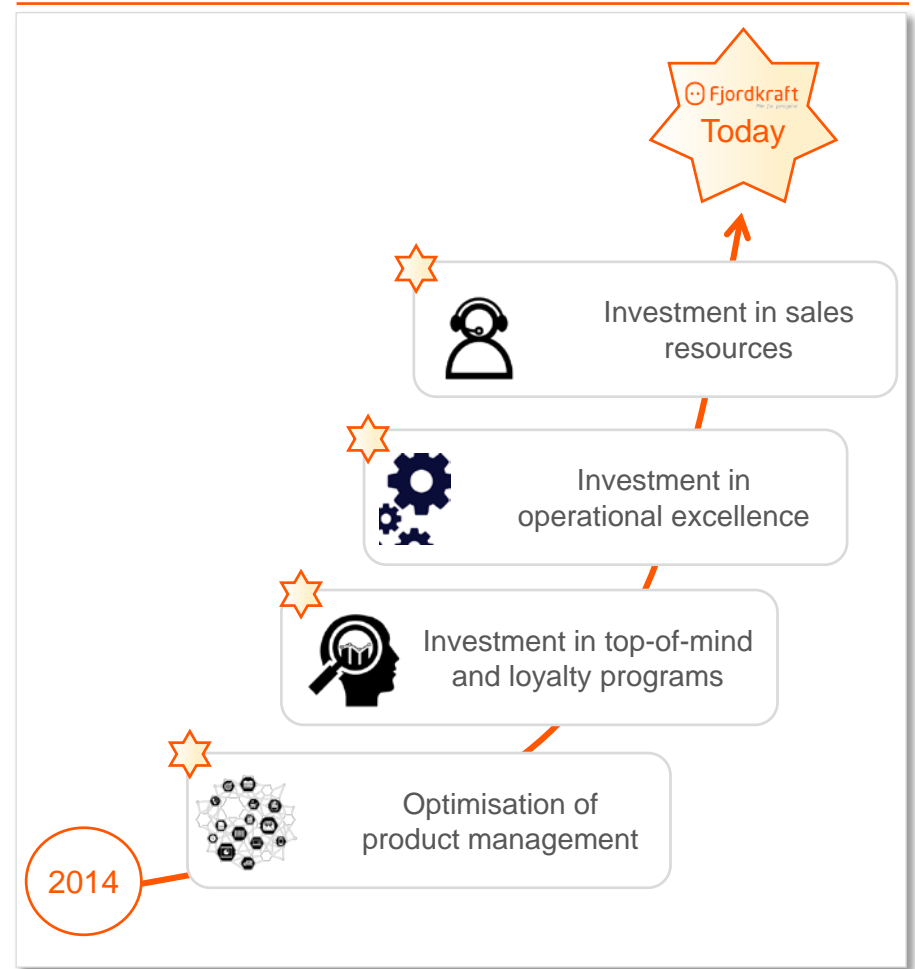
Source: Company information  
 1) Number of deliveries and subscribers at the end of Q2 2019

# 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

Local players  
(<10k)



Regional players  
(10-50k)



National players  
(50-150k)



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*

Acquisitions last 18 months:  
TEM, Oppdal, Etne, Vesterålskraft  
~77k deliveries:

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

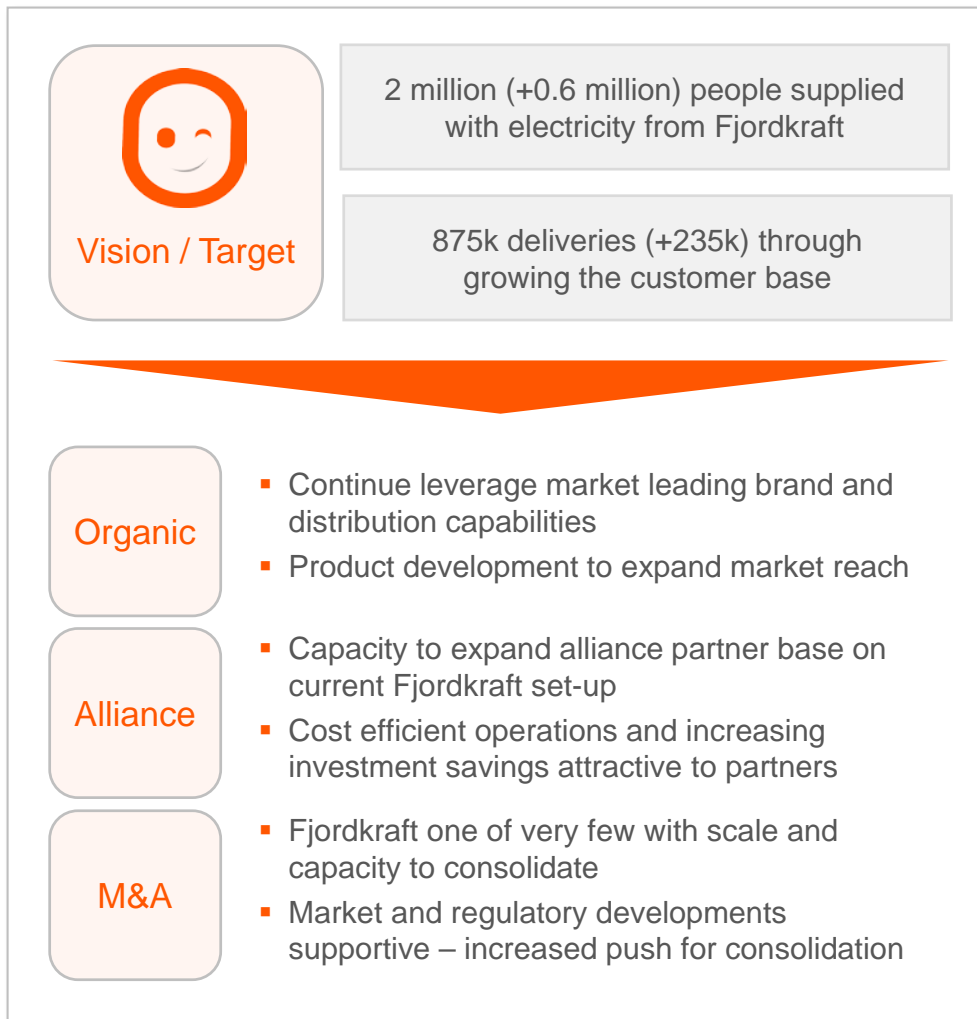
- **We have well defined competitive advantages:**
  - **Brand**
  - **Sales distribution system**
  - **Large customer base**
  - **“The Fjordkraft factory”**

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



# 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**

# About the FKRAFT share

## Sales from major shareholders increasing free float

**BKK selger 15 prosent av Fjordkraft for 666 mill.**

04.06.2019 · André Haugen

BØRS OG FINANS

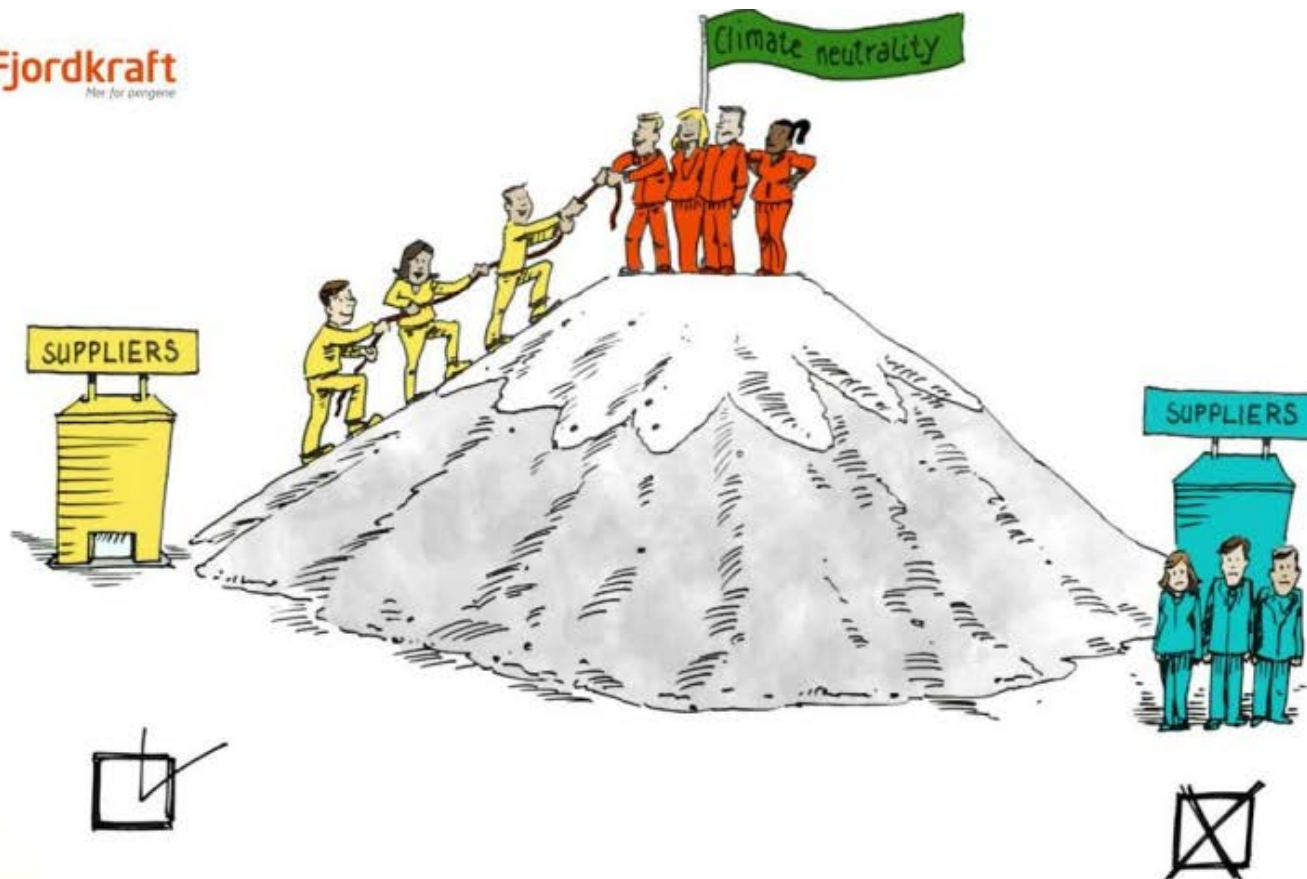
## Skagerak selger seg ned i Fjordkraft

### Shareholders by nationality

Country	# Shares	% of total
Norway	76 422 734	73 %
United Kingdom	8 316 179	8 %
Luxembourg	4 881 013	5 %
Sweden	4 518 683	4 %
United States	3 591 075	3 %
Cyprus	3 000 000	3 %
Finland	1 251 450	1 %
Denmark	1 137 463	1 %
Ireland	668 803	1 %
Belgium	297 495	0 %
<i>Other</i>	411 321	0 %
<b>Total</b>	<b>104 496 216</b>	<b>100 %</b>

### Shareholders by nationality (free float)

Country	# Shares	% of free float
Norway	44 330 463	61 %
United Kingdom	9 274 062	13 %
Luxembourg	4 526 295	6 %
Sweden	4 490 155	6 %
United States	3 625 716	5 %
Cyprus	3 000 000	4 %
Finland	1 138 218	2 %
Denmark	1 134 928	2 %
<i>Other</i>	1 515 085	2 %
<b>Total</b>	<b>73 034 922</b>	<b>100 %</b>



## Looking for the next 'E share' – could it be Fjordkraft?

5 June, 2019

### Peter Hermanrud

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Mobile : (+47) 95 18 48 86  
E-mail : ph@sb1markets.no

### Thomas Myrholt

Phone : (+47) 24 13 37 19  
Mobile : (+47) 45 45 29 30  
E-mail : tm@sb1markets.no

### SpareBank 1 Markets

Phone : (+47) 24 14 74 18  
Visit address : Olav Vs gate 5, 0161 Oslo  
Post address : PostBox 1398 Vika, 0114 Oslo

**SpareBank** **1**  
MARKETS

# “We need more companies like Fjordkraft”

– The United Nations Climate Change Secretariat







# Solar panels now available to the Consumer segment

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





**SOLCELLER:** Toket på skur 7 på Bradbenken har fått solcellepanel. – Vi er utrolig takknemlige for at Fjordkraft vil være med og gjøre oss grønnere, sier Haakon Vatle, direktør for Stiftelsen Seiskipet Statsraad Lehmkuhl. Her sammen med Erlend Korseth i Fjordkraft.

FOTO: EVANETELAND

# - Verdens mest miljøvennlige



# Fjordkraft blir #plastsmart



I desember 2018 var Elisabeth Skage med Norges Miljøvernforbund og ryddet i en liten vik på Ulvøy i Øygarden. 11 frivillige ryddet 75 fulle sekker med plastseppel. Sekkene ble senere hentet med båt av Miljøvernforbundet.

- Det finnes allerede mange som organiserer strandrydding på en god måte, og #plastsmart kommer ikke til å legge til rette for strandrydding. Vi ønsker å gjøre tiltak som unngår at plast kommer på avveie. Men det er likevel en sterk opplevelse å være med og rydde, oppleve hvordan plasten smuldrer mellom fingrene og å se hvordan plasten hopper seg opp og forandrer landskapet. Det gir meg en sterk motivasjon til å bidra til å løse dette, sier Skage.

Foto: Rune Gåså

**Elisabeth Skage jobber til daglig som prosjektleder i Fjordkraft. Nå er hun utlånt til tenketanken Progressio for å lede prosjektet #plastsmart.**

## Hva er #plastsmart?

- #plastsmart er et initiativ fra toppledertenketanken Progressio, som er etablert av Bergen Næringsråd og har deltakere fra næringsliv, forskning, akademia og kommunen. Vi ønsker å ta ansvar og iverksette tiltak som kan bidra til å redusere omfanget av plastforurensing. I regionen har vi mye kompetanse og forskning på plast og hav, og vår verdiskapning er i stor grad knyttet til ressurser i havet. Derfor er det helt naturlig å samarbeide for å finne metoder og løsninger som begrenser tilsiget av plast til havet.



# Sustainability report for 2018

– read more at [investor.fjordkraft.no](http://investor.fjordkraft.no)



## Sustainability Report 2018



Rolf Barren  
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 "Klimanjaro" – 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.

"Klimanjaro" 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.

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