



Telio Holding ASA

Q1 2010 presentation

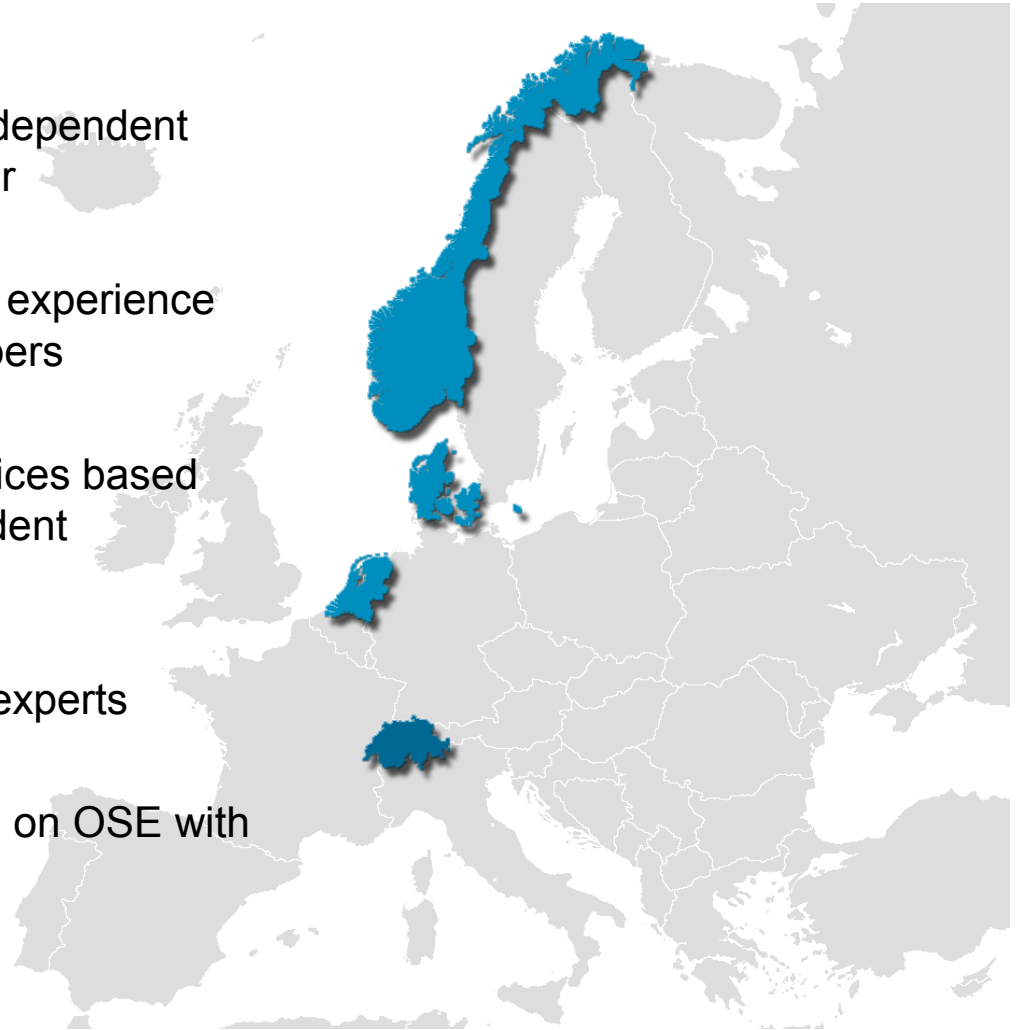
Eirik Lunde, CEO

Oslo, 29 April 2010



Telio Holding ASA

- Leading European access independent broadband telephony provider
- Committed to improving user experience and reducing cost to subscribers
- Innovative products and services based on scalable, access independent technology platform
- World renowned technology experts
- Headquartered in Oslo, listed on OSE with ticker “telio”



Agenda

- Q1 2010 highlights and key figures
- Market update Norway
- Market update international

Q1 10 Highlights

- **Financials**
 - Revenues: NOK 95.8 million
 - 64% gross margin
 - **35% EBITDA margin**
 - **Operating profit of NOK 22.7 million (+17% compared to Q1 09)**
 - Cash position: NOK 149.8 million (after net purchase of treasury shares of NOK 6.6 million)

- **Continued customer growth**
 - 5,475 net new customers

- **International**
 - 93% growth in customer base in the Netherlands from Q1 09
 - Full operation and first phase distribution in place in Switzerland during the quarter

- **Telio awarded Cisco Small Business Partner of the Year 2009**

Key figures Q1 10

(Figures in NOK 1,000)	Q1 10	Q1 09	2009
Revenues	95,751	99,128	393,818
Gross profit	61,264	59,580	246,405
Gross margin	64.0%	60.0%	62.6%
EBITDA	33,213	29,970	129,333
EBIT	22,725	19,471	86,106

- Revenues in Q1 09 included NOK 1.3 million one-time revenues from Pretium Telecom BV
- Revenues in Q1 10 affected by NOK 1.7 million in negative currency effects
- Revenues in Q1 10 affected by NOK 1.0 million in traffic price reductions

Cash flow

(Figures in NOK 1,000)	Q1 10	Q1 09	2009
EBITDA	33,213	29,970	129,333
Capex	(10,038)	(12,129)	(40,282)
Changes in w/c	(9,102)	338	(5,775)
Tax	(998)	(1,602)	(2,308)
Finance	442	79	446
Free cash flow	13,575	16,656	81,414

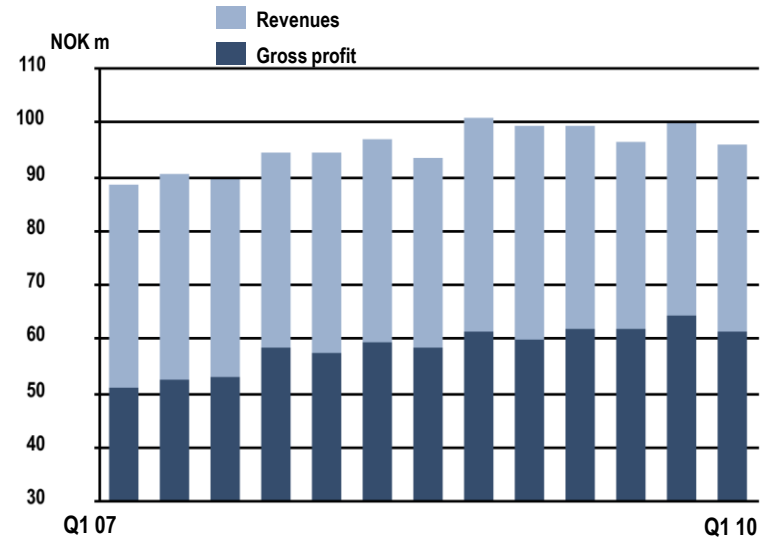
- Fluctuations in working capital is a combination of reduced payables/accruals and increased prepayments (paid for terminals, not capitalized at end Q1)

Telio Group

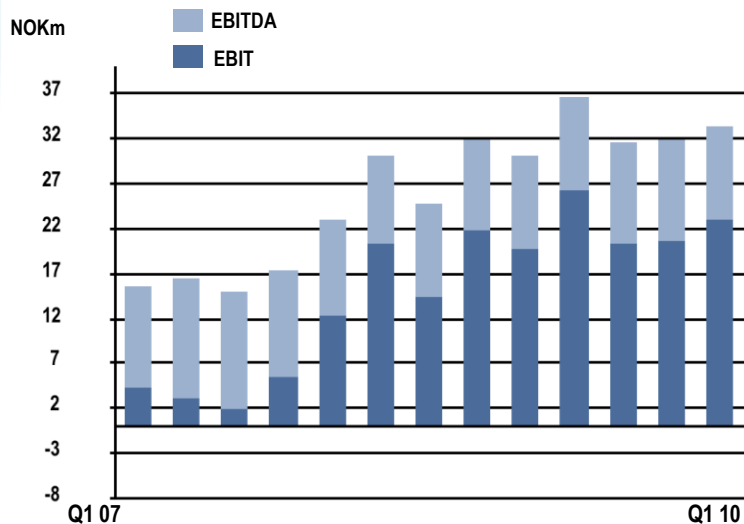
Comments regarding Q1 2010

- Sustained gross margin at 64%
- Stabilization in number of subscribers in Norway (marginal decline)
- Partnerships in the Netherlands develop according to expectations
- Building up operation and distribution in Switzerland

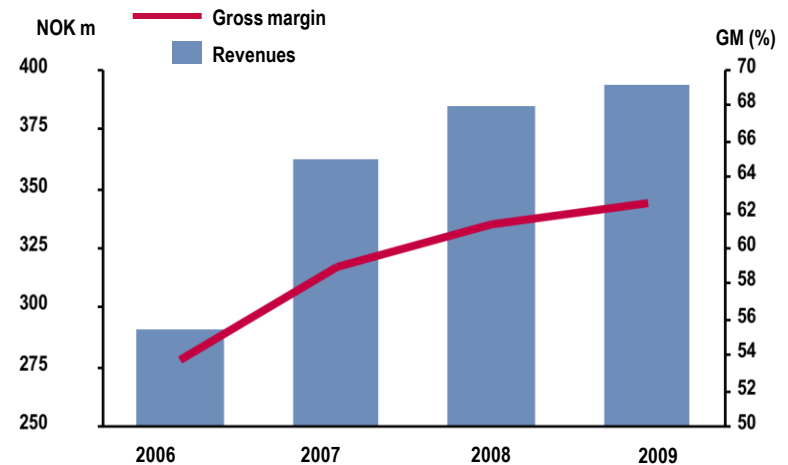
Quarterly revenues and gross profit



Quarterly EBITDA and EBIT



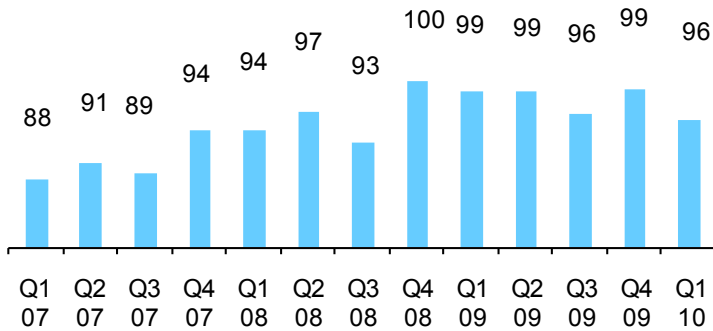
Revenues and gross margin



Quarterly development of key metrics

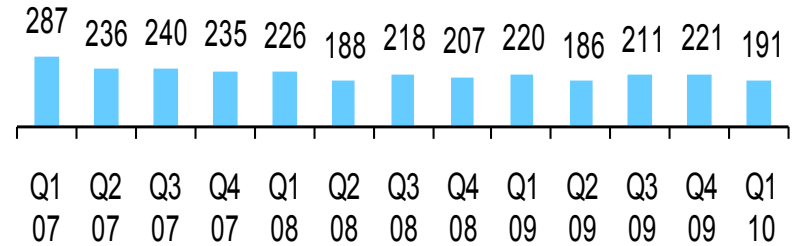
Revenue development for Telio Group

NOK million



Economies of scale – opex* per subscriber** for Telio Group

NOK

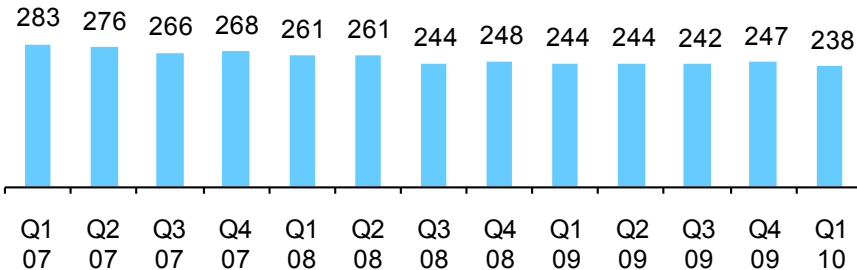


*Opex excl sales & marketing, amort. of CAC, share based and one-off costs

** Billable subscribers

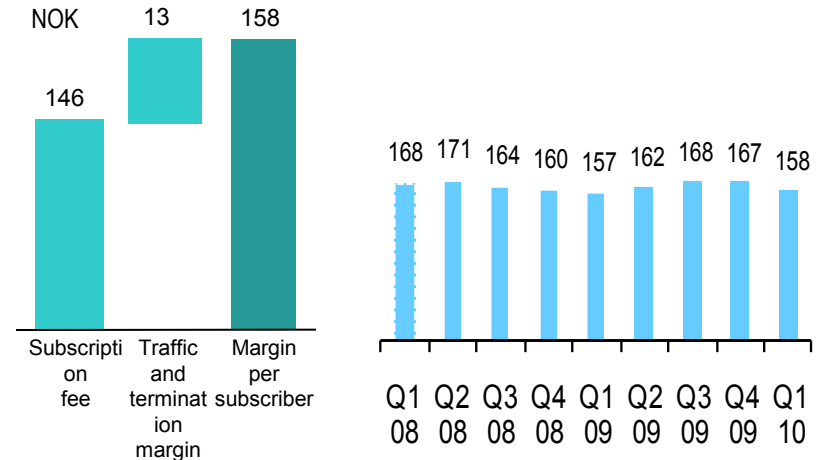
Average monthly revenue per subscriber for VoIP Norway

NOK



Average monthly gross profit per subscriber for VoIP Norway

NOK

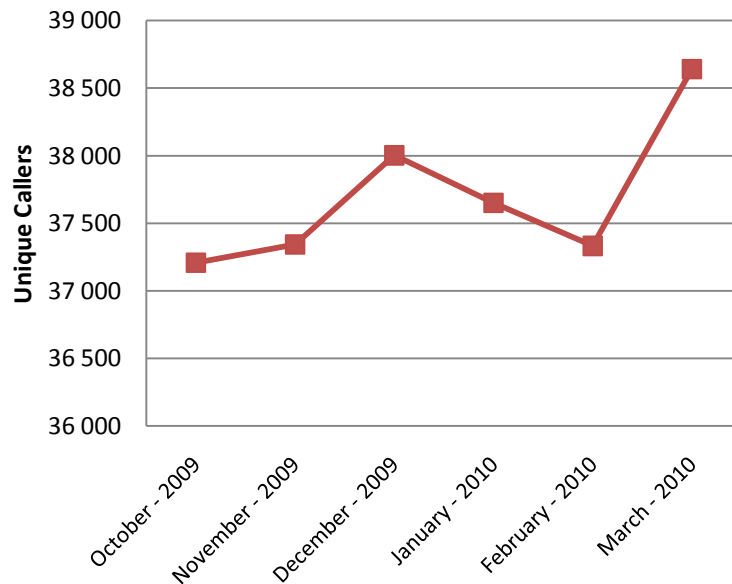


Norwegian market update I

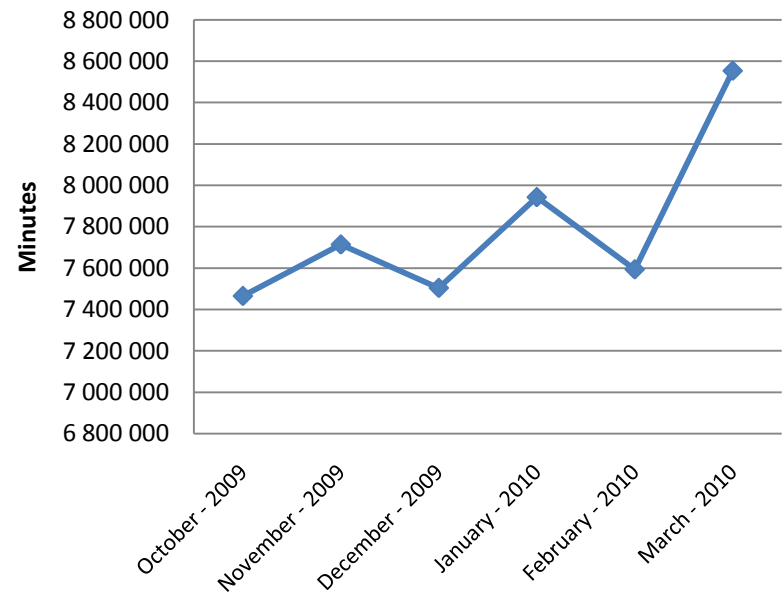
- Reduced prices to international destinations with up to 92% price reduction from 1.2.2010
- Short-term negative effect on revenues expected to be off-set by increased volume, more customers, and increased loyalty
- Net -638 lines through the quarter, vs. net -1.938 in Q4 2009 (90,793 residential and 6,694 SMB lines per 31 March)

- Video telephony, 2 580 active users
 - New campaign in Q2

Unique Caller development to countries with price reduction



Traffic minutes development to countries with price reduction



New campaign for video telephone



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& SNAKK**

**BESTEMOR PÅ TÅSEN
SÅ TANN PÅ HAMAR**

TELIO



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& SNAKK**

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Videosamtaler alltid 0,- og mobil samtaler 0,89

TELIO

Norwegian market update II

○ Acquisition of Bellit

- Telio acquires all the shares in Bellit AS (Broadband telephony provider)
- Residential and SMB customer base in Norway
- Integration will take place now
- The parties have agreed not to disclose the acquisition price



○ Telio awarded Cisco small business partner of the year 2009

- Telio → Early, innovative and leading position in Norway with expansion outside Norway
- Telio → One of the leading players in the IP telephony market
- Telio → Using Cisco Small Business products and solution
- Telio → Close cooperation between Cisco's development team and Telio



Market update international

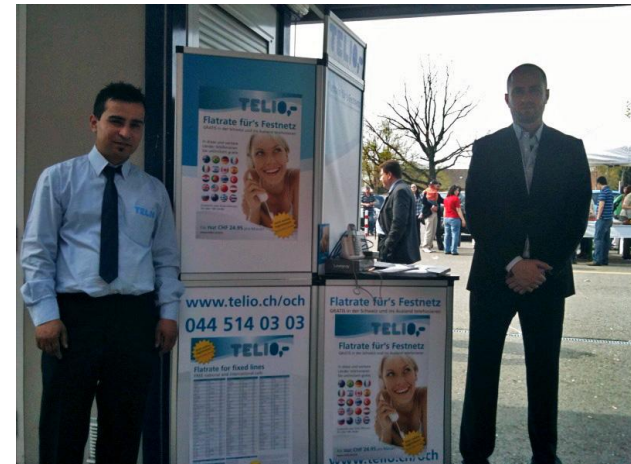
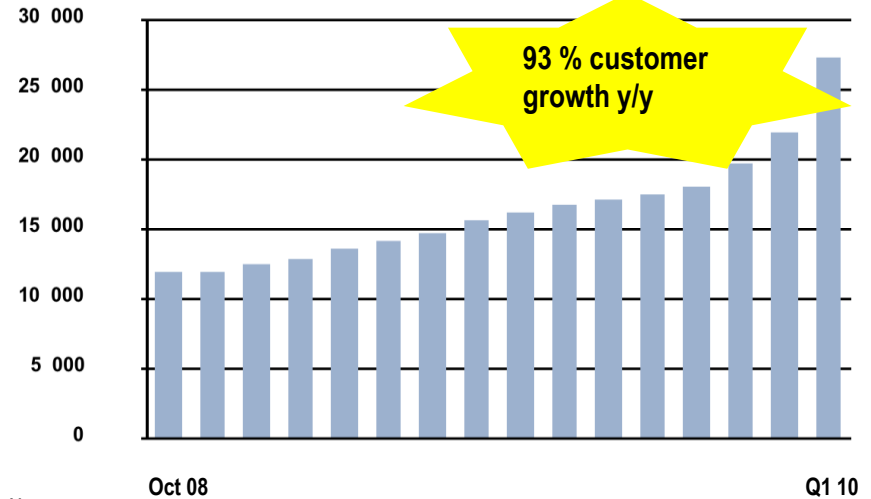
Denmark

- **Growth**
 - 2,356 gross new customers
- **Increased gross margin**
 - Interconnect agreement with better terms
 - Termination revenues
- **Increased traffic market share**
 - Telio's share of international traffic from IP increased from 47.2% in 1H09 to 54.8% in 2H09 *)

Switzerland

- **Build operation and distribution during Q1**
 - Telesales
 - Web
 - Agents
- **Q1, net new 300 customers**
- **Sales in April 604 customers (27.4.2010)**

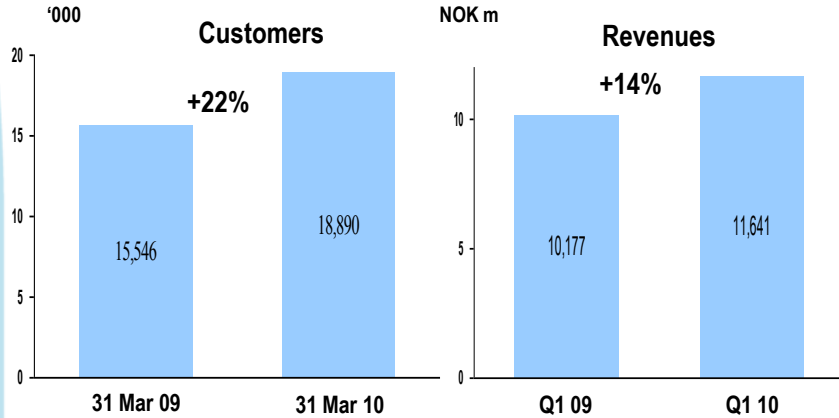
Netherlands



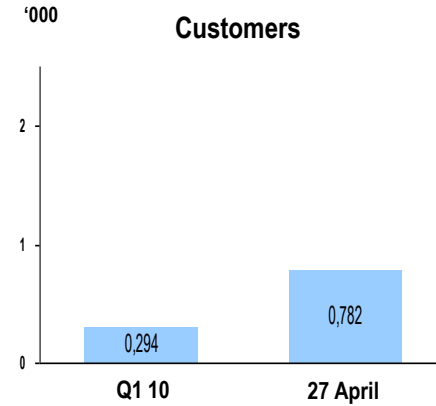
*) Source: IT- og telestyrelsen, Denmark

Development in international markets Q1 10

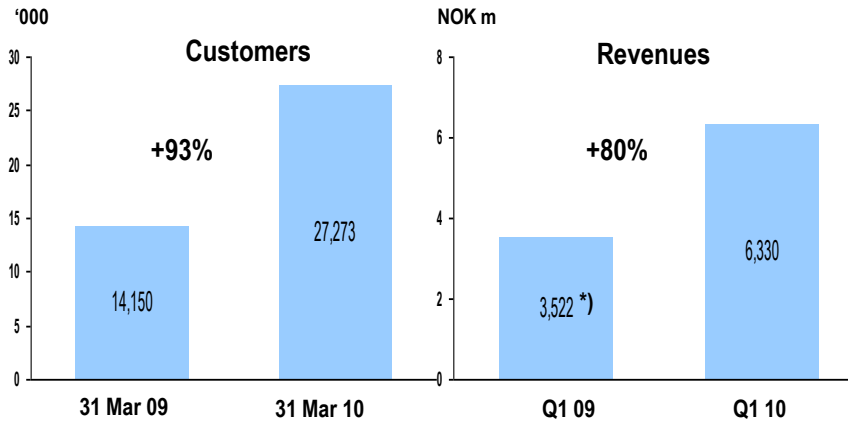
Denmark



Switzerland



Netherlands



*) Adjusted for one-off Pretium implementation fee

Q1 10 Summary

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Appendix

Profit & loss statement

NOK '000

	<u>Q1 10</u>	<u>Q1 09</u>	<u>var</u>	<u>2009</u>
Sales	92 771	96 809	-4 %	380 541
Other revenues	2 980	2 319	28 %	13 277
Total revenue	95 751	99 128	-3 %	393 818
Cost of connections and traffic charges	-34 487	-39 548	-13 %	-147 413
Salaries & personnel costs	-13 914	-13 124	6 %	-52 229
Selling & marketing costs	-4 066	-3 824	6 %	-15 448
Other expenses	-10 070	-12 662	-20 %	-49 395
Depreciation and amortisation	-10 489	-10 499	0 %	-43 227
Operating profit	22 725	19 471	17 %	86 106
Finance 1)	-2 177	-5 857		-10 836
Profit before tax	20 548	13 614	51 %	75 270

1) Includes net unrealized foreign exchange loss related to inter-company loans (Q1 10: MNOK 2.6, Q1 09: MNOK 6.5).