



Telio Holding ASA

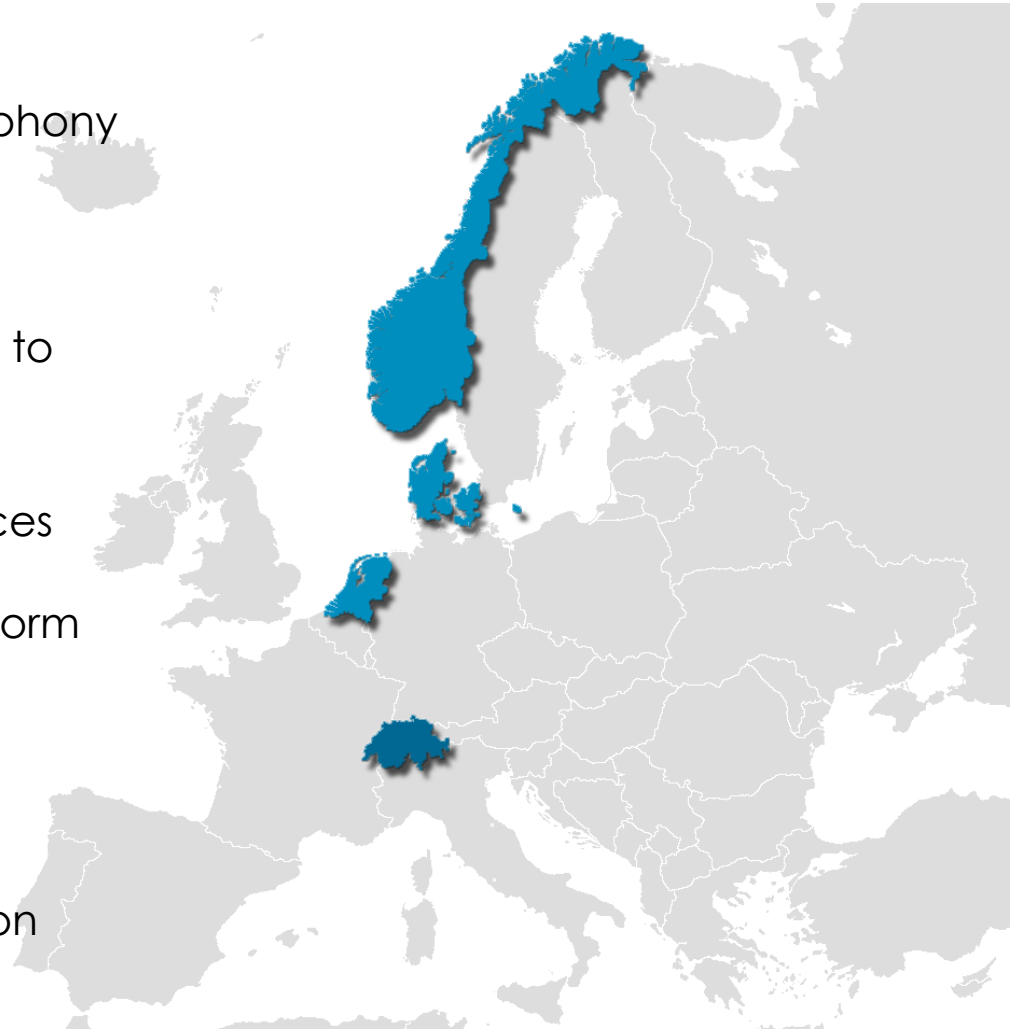
Second Quarter 2011

Eirik Lunde, CEO

Oslo, 18 August 2011

Company facts

- 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"

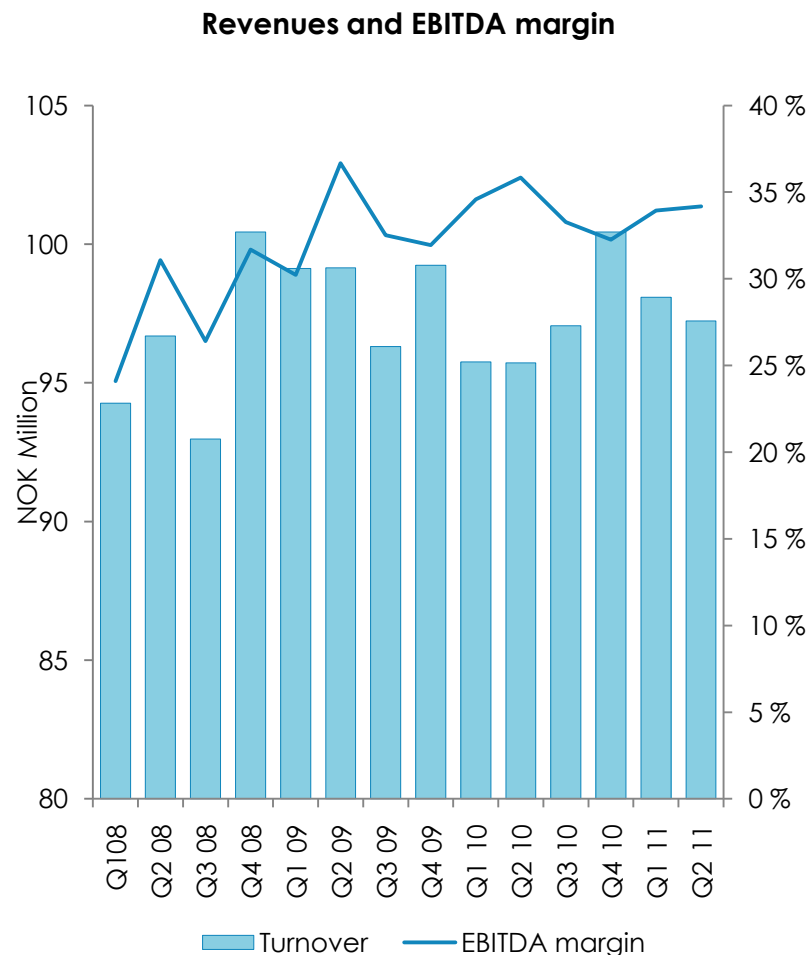


Agenda

- Q2 2011 highlights
- Key figures
- Customer development
- Segment reporting
- Technology/services update

Q2 2011: Highlights

- Net customer growth with 1,695 net new customers
 - Continued growth in the SME segment
 - Net loss of only 170 lines in Norway
- Revenue growth
 - NOK 97.2 million
- Strong gross margin at 65.5%
- Continued strong financial performance
 - EBITDA margin 34.2%
 - EBIT NOK 23.5 million
- Products/services
 - Wholesale agreement with Call Norwegian
 - New price plans introduced in Norway
 - Goji



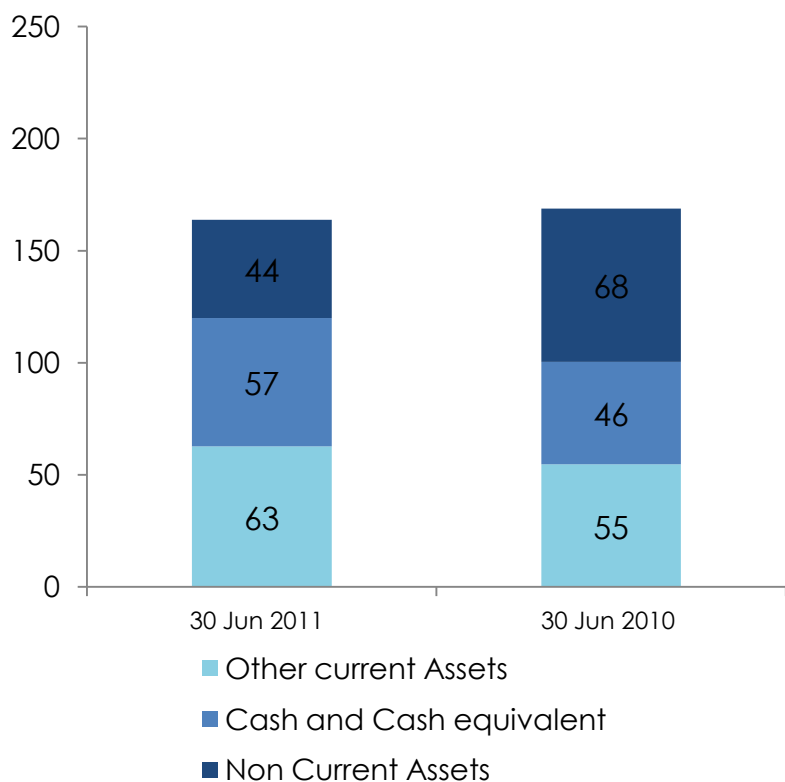
Key figures for the period

- Revenue growth
- Increased gross margin
- Strong earnings despite extraordinary *OpEx* (legal fees, stock option plans and TV commercials)
- Strong cash flow

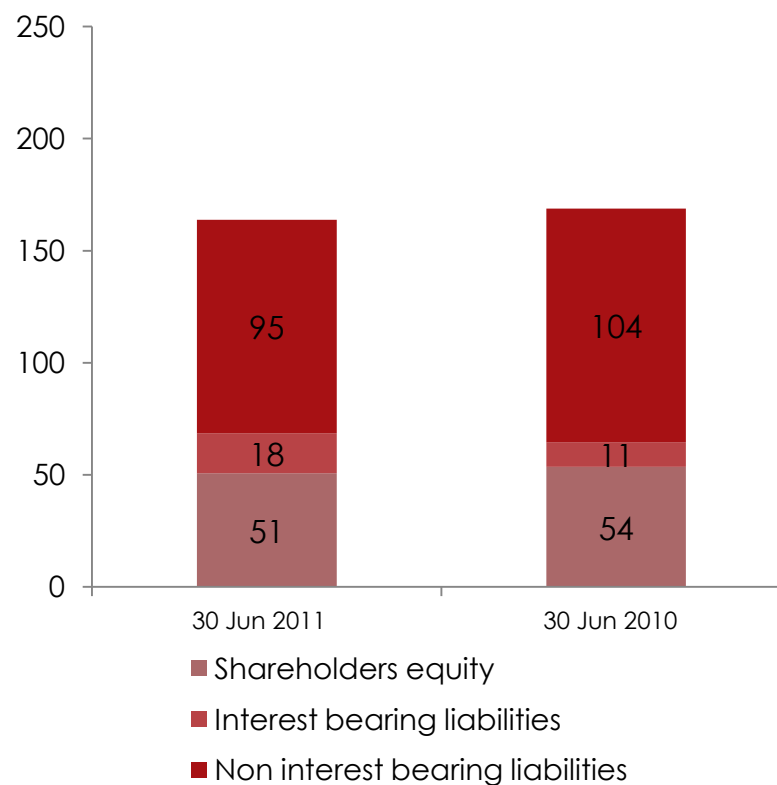
NOK millions ⁸	Q2'11	Q2'10	H1'11	H1'10
Total revenues	97.2	95.7	195.3	191.5
Gross profit	63.7	60.2	126.3	121.5
EBITDA	33.2	34.3	66.5	67.5
Operating profit (EBIT)	23.5	24.1	46.5	46.8
Ordinary profit before tax	23.1	21.7	46.6	42.3
Profit for the period *)	17.7	27.6	36.9	43.8
EPS (fully diluted) *)	0.90	1.40	1.89	2.24
*) 2010 figures include NOK 10.8 million in positive acquisition effect from the acquisition of Bellit AS				
Gross margin	65.5%	62.9%	64.6%	63.5%
EBITDA margin	34.2%	35.8%	34.1%	35.3%
EBIT margin	24.2%	25.2%	23.8%	24.5%
Net cash flow operations	42.0	26.8	66.5	50.8
Change in net WC	8.2	-2.4	0.4	-11.5
CAPEX (ex financial lease)	10.0	16.0	18.8	26.0
Equity ratio	31.0%	32.0%		
Cash and cash equivalents	57.2	45.8		

Balance sheets

Assets (NOK million)

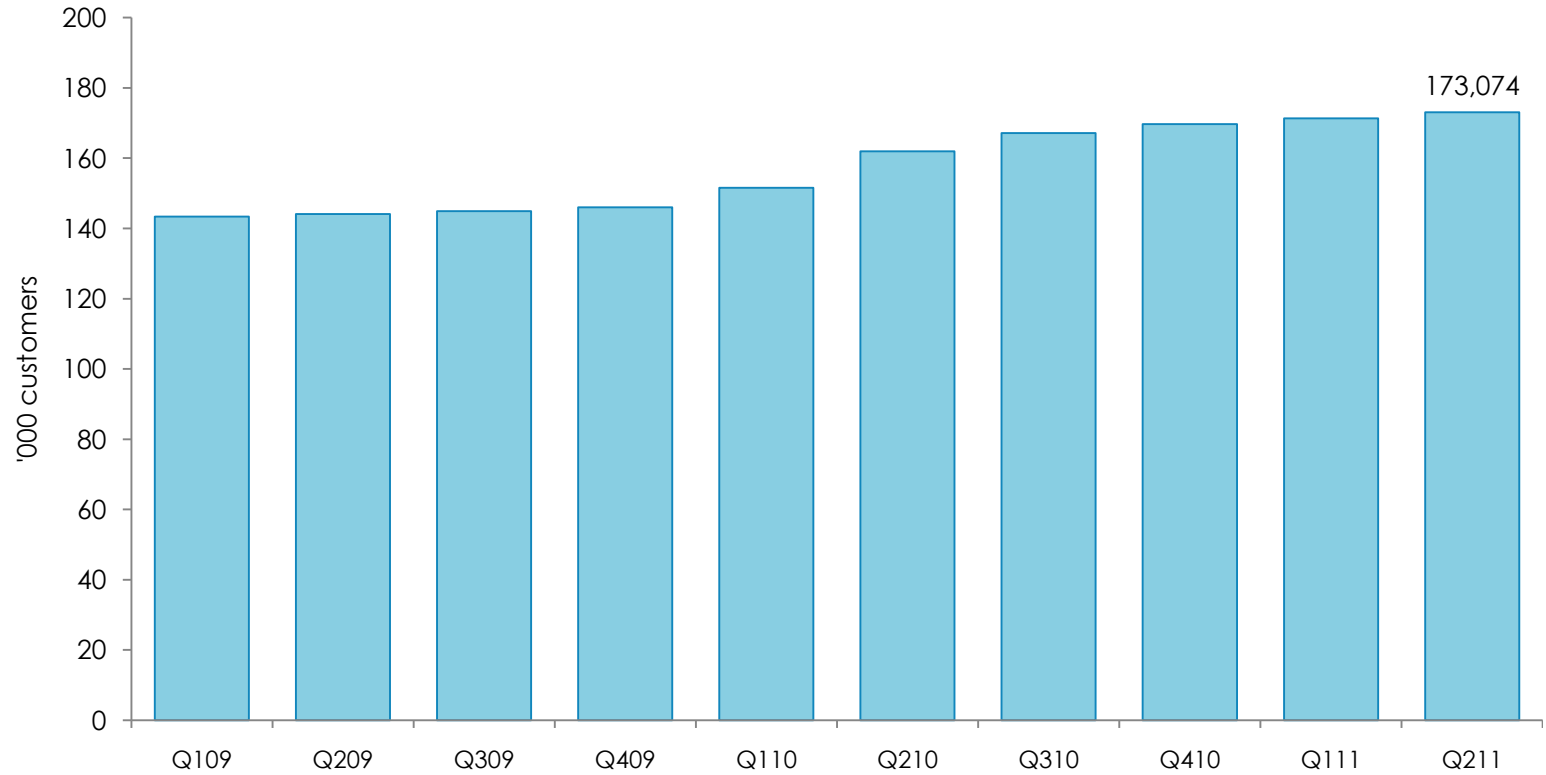


Equity and liability (NOK million)



Total customer development

Customer development ¹⁾



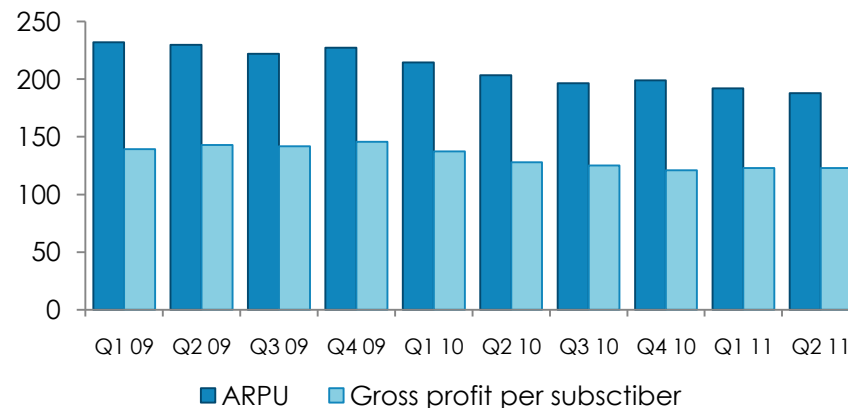
¹⁾ Including VoIP and mobile

■ Total customer base

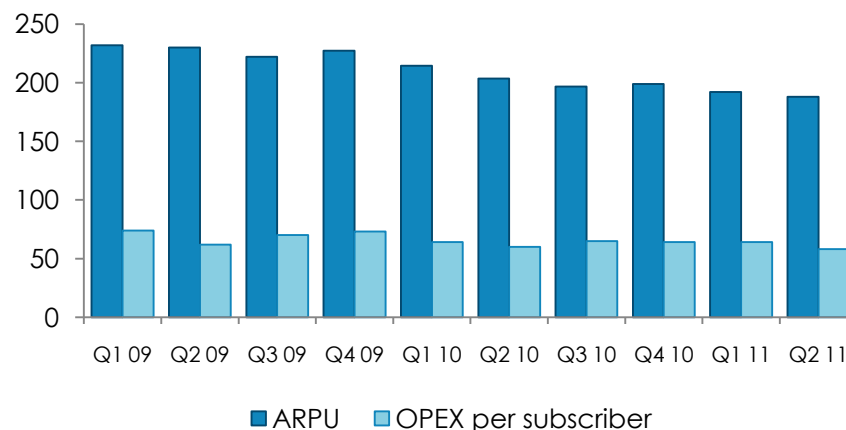
Key customer development

- Decreasing ARPU due to increase in wholesale customer base
- Stable margin development due to COGS optimization
- Continuous improvement of opex

ARPU versus Gross profit per subscriber



ARPU versus OPEX *) per subscriber



*) Excl sales & marketing, share based and one-off costs

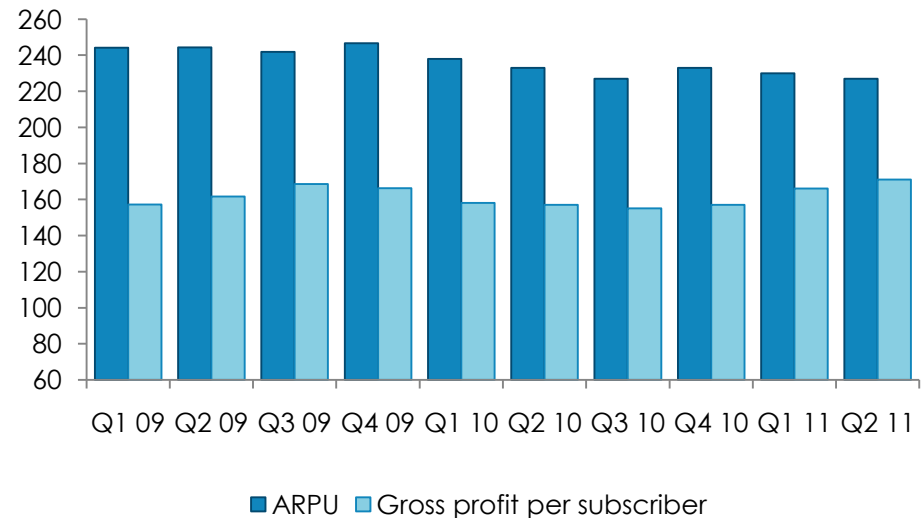
Norway: Market update

- Increased VoIP gross profit per subscriber
 - Decreased COGS in Norway and to international destinations

- Increased value proposition
 - Decreased international traffic prices
 - Introduced new and more attractive price plans

NOK millions	Q2'11	Q2'10	H1'11	H1'10
Total revenue	76.2	76.9	152.9	156.2
Gross profit	53.1	51.2	105.0	104.3
Gross margin	70%	67%	69%	67%

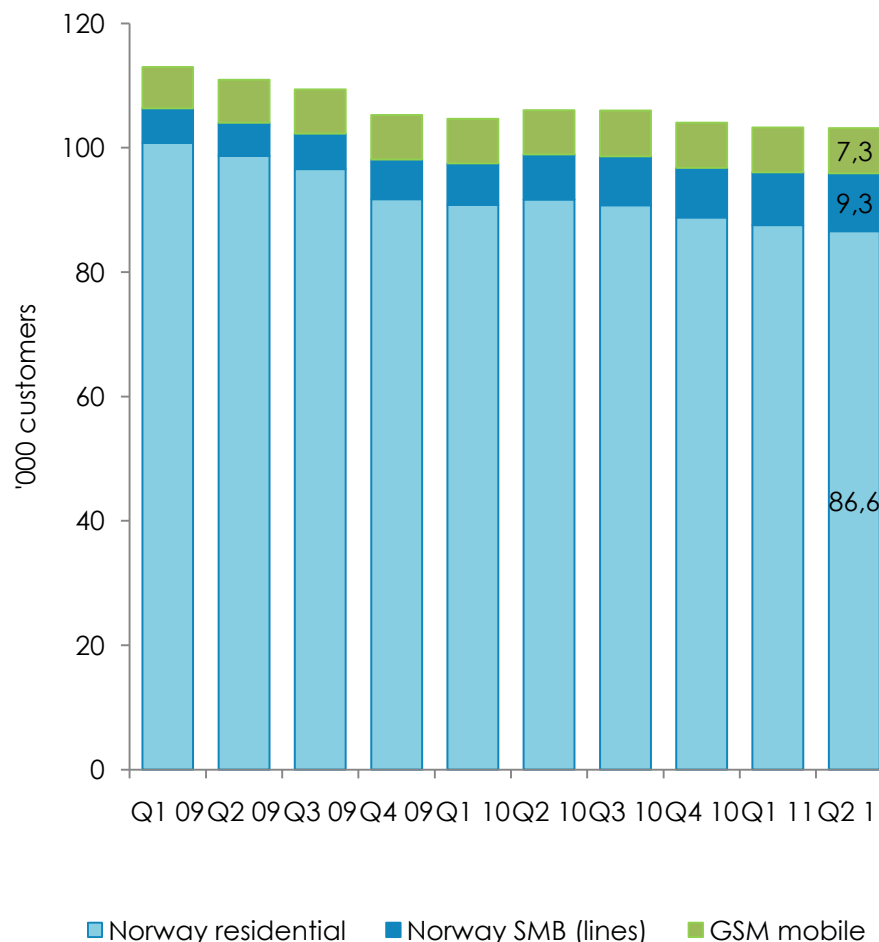
ARPU versus Gross Profit per subscriber



Norway: Customer development

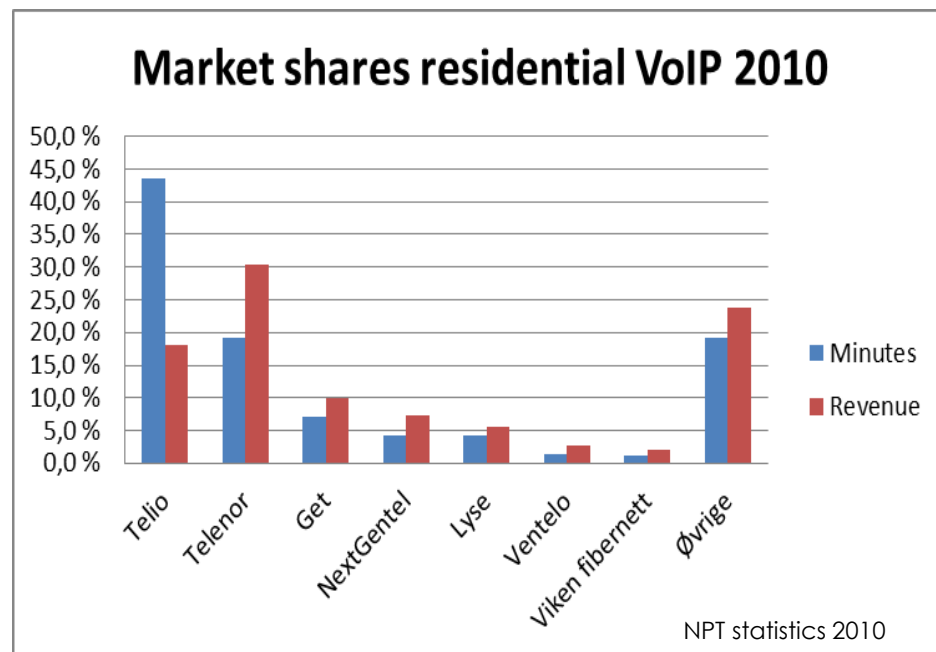
- Strong development in SME segment with all-time-high customer intake in June
- New residential priceplans launched in May
 - Targeting Telio's domestic and international customer segments
 - Includes «All Inclusive» subscriptions
 - Telio Touch at NOK 0,-
 - 12 months instalments

Customer development in Norway



Norway: Residential segment outlook

- Telio has a unique base of customers who utilizes our current services
 - Usage market share is more than 2x Telio's subscription market share
- From one service to multiple services per customer
 - Fixed telephony
 - Mobile telephony
 - Fixed broadband
 - Mobile broadband



Norway: Business segment outlook

Full service provider – offering broader range of products to widen scope of business attracting more business and larger distribution.

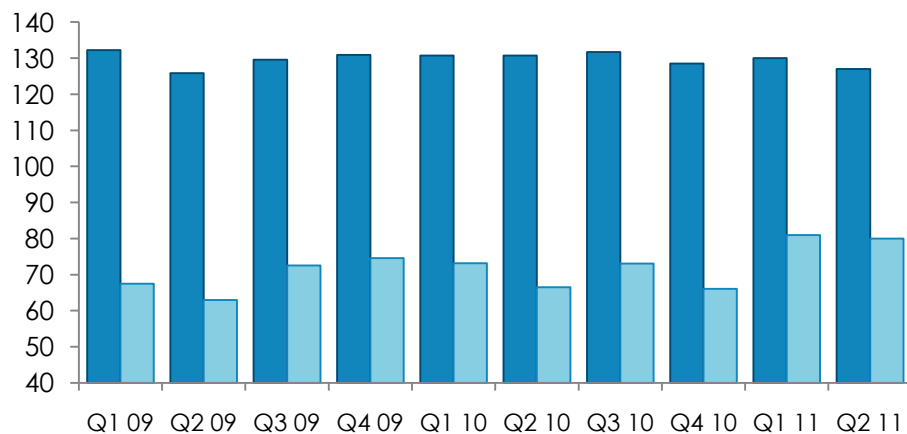
- **Web based switchboard solution – Mobile + VoIP**
 - Demanded in up to 50% - 70% of all sales in SME
- **VoIP ISDN replacement** (PRI/BRI CPE & SIP Trunk)
 - Enables entry into new customer segments in B2B
- **Telio – MVNO (mVoIP)**
 - Increased margins
 - Full presence information – connects with switchboard solution.
 - Possible to route traffic between GSM and Telio VoIP – increasing margins.
 - Unique cross sale opportunities to existing VoIP customers

Denmark: Market update

- Revenues negatively affected by currency
- Optimizing profitability

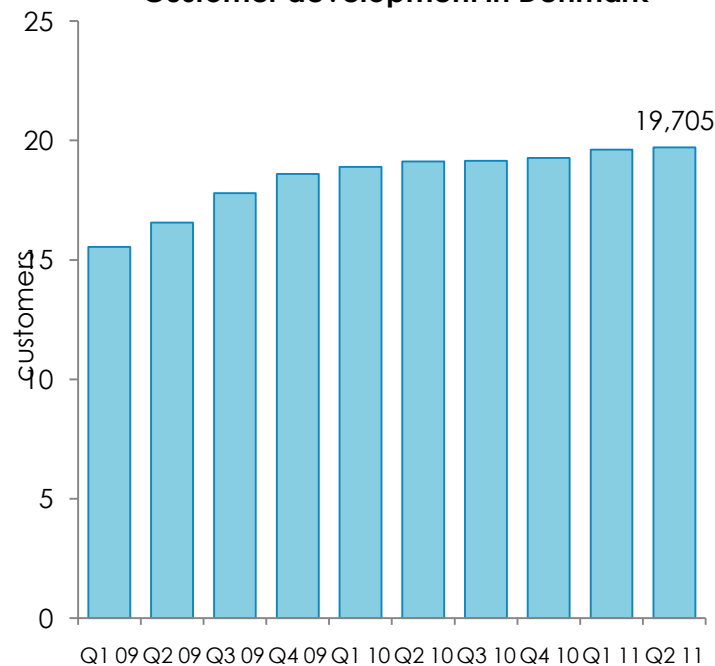
NOK millions	Q2'11	Q2'10	H1'11	H1'10
Total revenue	9.0	9.7	18.8	19.8
Gross profit	5.5	5.1	11.6	10.7
Gross margin	61%	52%	62%	54%

ARPU versus Gross Profit per subscriber (DKK)



■ ARPU ■ Gross profit per subscriber

Customer development in Denmark



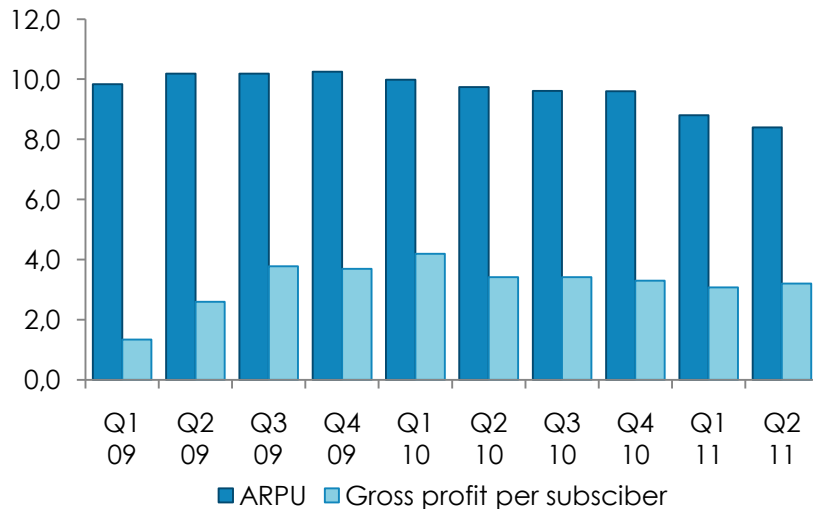
■ Denmark residential (Tello)

Netherlands: Market update

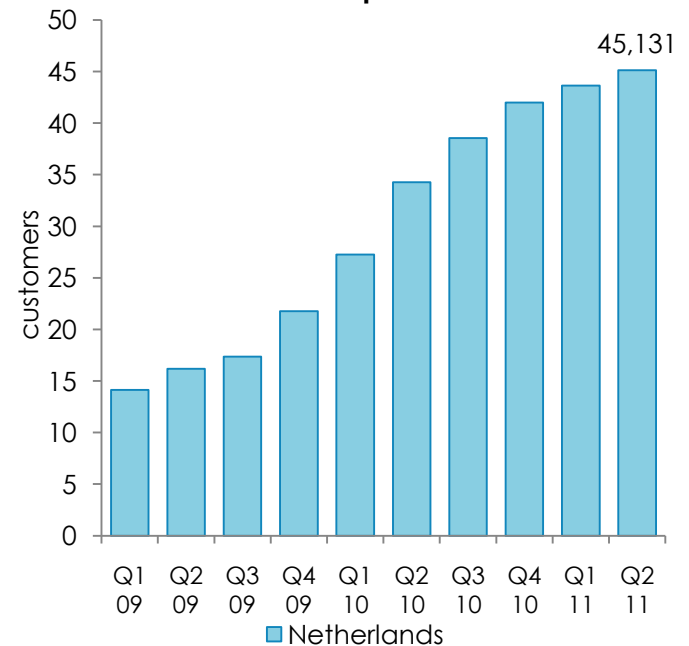
- Increase in customer base
Q2 y/y of 10,876 customers
- Revenues negatively affected by currency

NOK millions	Q2'11	Q2'10	H1'11	H1'10
Total revenue	9.0	7.6	17.8	13.9
Gross profit	3.6	2.7	6.7	5.3
Gross margin	40%	35%	38%	38%

ARPU versus Gross Profit per subscriber (EUR)



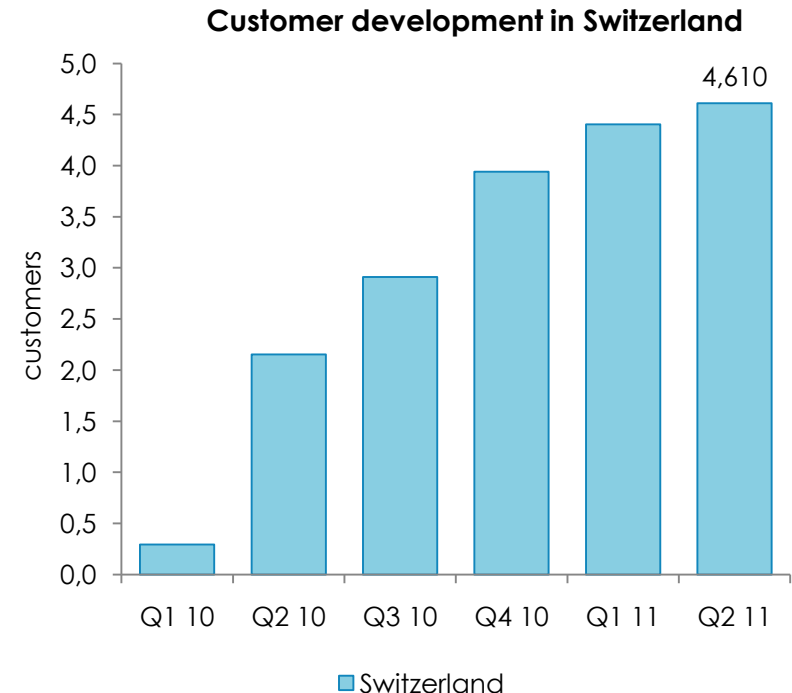
Customer development in Netherlands



Switzerland: Market update

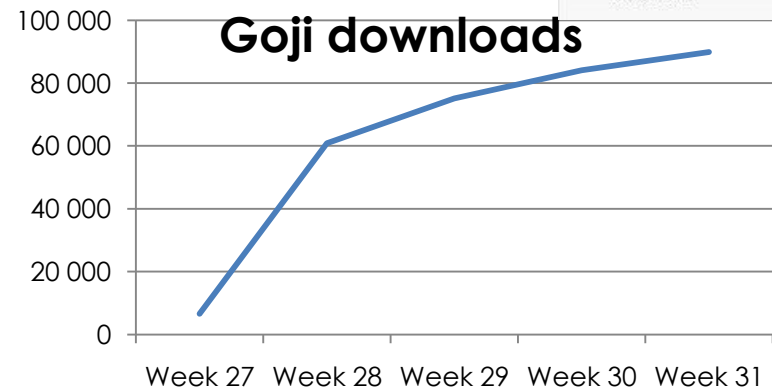
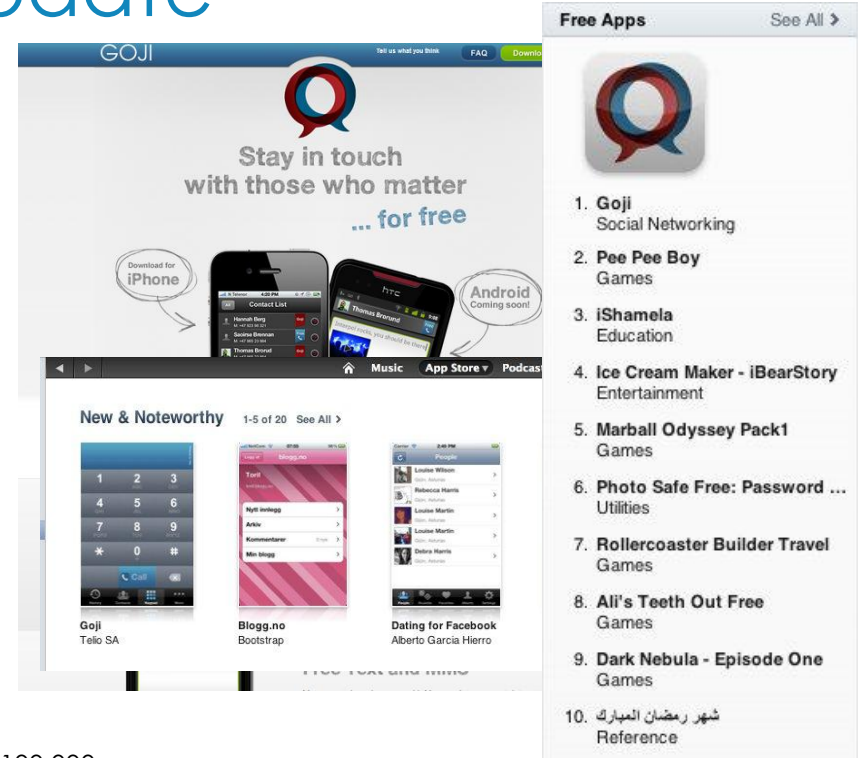
- Q1 restructuring initiatives to reduce opex and capex gave break-even EBITDA in 1H
- Focus on profitable growth

NOK millions	Q2'11	Q2'10	H1'11	H1'10
Total revenue	3.0	0.6	5.9	0.6
Gross profit	1.5	0.3	2.9	0.3
Gross margin	51%	50%	50%	50%



Technology/services update

- MVNO agreement signed with NetCom
- Silent launch of the new mobile VoIP technology platform Gojiapp.com
 - Includes multimedia messaging in addition to mobile video/VoIP
 - iPhone based client from the beginning of July and Android client from 17AUG2011
 - Fantastic take-up rate in over 80 countries worldwide
 - Platform is enabler for new White Label initiatives
- Combination of MVNO agreement and new technology platform will enable new business opportunities



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Revenues and EBITDA margin

