



Telio Holding ASA

Fourth Quarter 2011

Eirik Lunde, CEO

Oslo, 10 February 2012

Telio Group company facts

○ Operator

- **European communications service provider**
 - Access independent broadband telephony
 - Broadband
 - Mobile
 - Mobile broadband
 - Web based solution for SMEs
- **Committed to improving user experience and reducing cost to consumers and SMEs**

○ Technology vendor

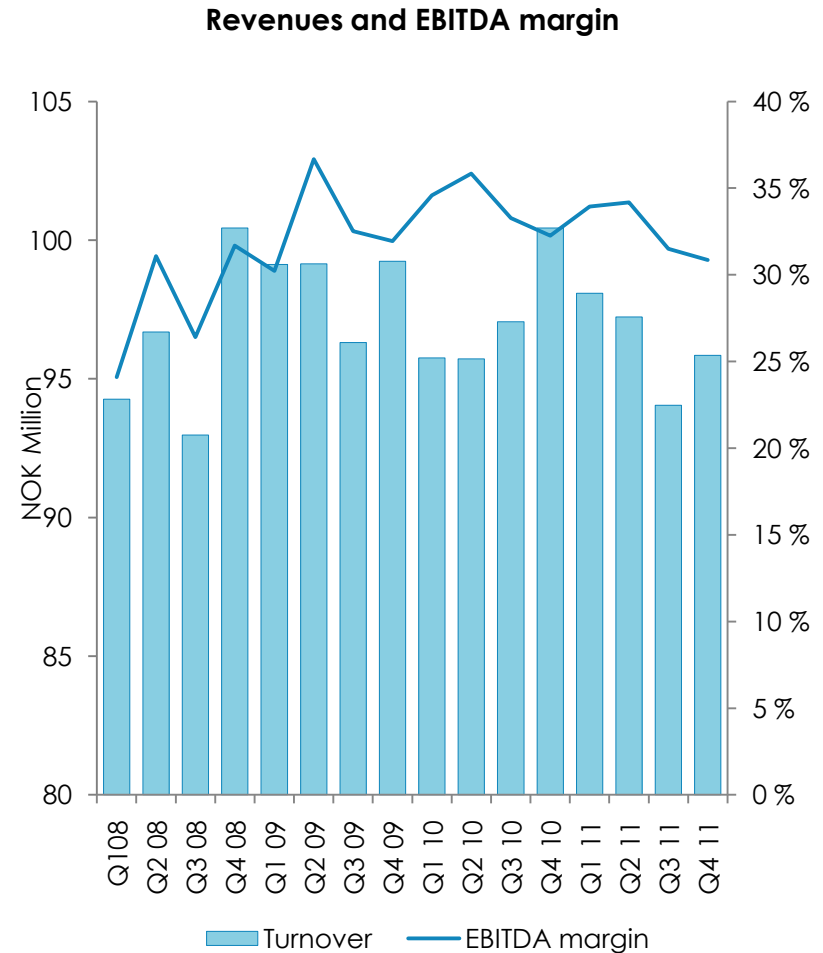
- **Network operator and technology vendor branded “Gojitek”**
- **Leading European access independent broadband telephony provider**
- **Innovative products and services based on scalable, access independent technology platform**
- **World renowned technology experts**

Agenda

- Q4 2011 highlights
- Key figures
- Customer development
- Segment reporting
- Technology/services update

Q4 2011: Highlights

- Net customer growth with 3,938 net new customers
 - Continued growth in the SME segment
 - Improved intake of wholesale customers
- Revenues
 - NOK 95.9 million
- Gross margin at 64.4%
- Continued strong financial performance
 - EBITDA margin 28.8% *)
 - EBIT NOK 18.0 million*)



*) Before one-off effect from extraordinary VAT claim

Key figures for the period

- Revenues affected by full VAT from 1 July, effect as expected
- Continued strong gross margin
- Profitability almost maintained despite price reduction from introduction of VAT

NOK million	Q4'11	Q4'10	YTD'11	YTD'10
Total revenues	95.9	100.4	385.2	388.9
Gross profit	61.8	61.1	247.5	244.5
EBITDA ¹⁾	27.6	32.4	123.7	132.2
Operating profit (EBIT) ¹⁾	18.0	22.3	85.1	90.5
Ordinary profit before tax	(32.9)	19.9	34.0	83.6
Profit for the period *)	(22.5)	8.6	29.6	69.2
EPS (fully diluted) *)	(1.16)	0.44	1.52	3.54

*) YTD 2010 figures include NOK 10.8 million in positive acquisition effect from the acquisition of Bellit AS

Gross margin	64.4%	60.9%	64.3%	62.9%
EBITDA margin ¹⁾	28.8%	32.2%	32.1%	34.0%
EBIT margin ¹⁾	18.8%	22.2%	22.1%	23.3%
Net cash flow operations	33.6	22.0	127.3	98.8
Change in net WC	65.6	-1.1	75.4	-17.9
CAPEX (ex financial lease)	9.0	8.1	27.6	29.1
Equity ratio	11%	32%		
Cash and cash equivalents	93.9	68.5		

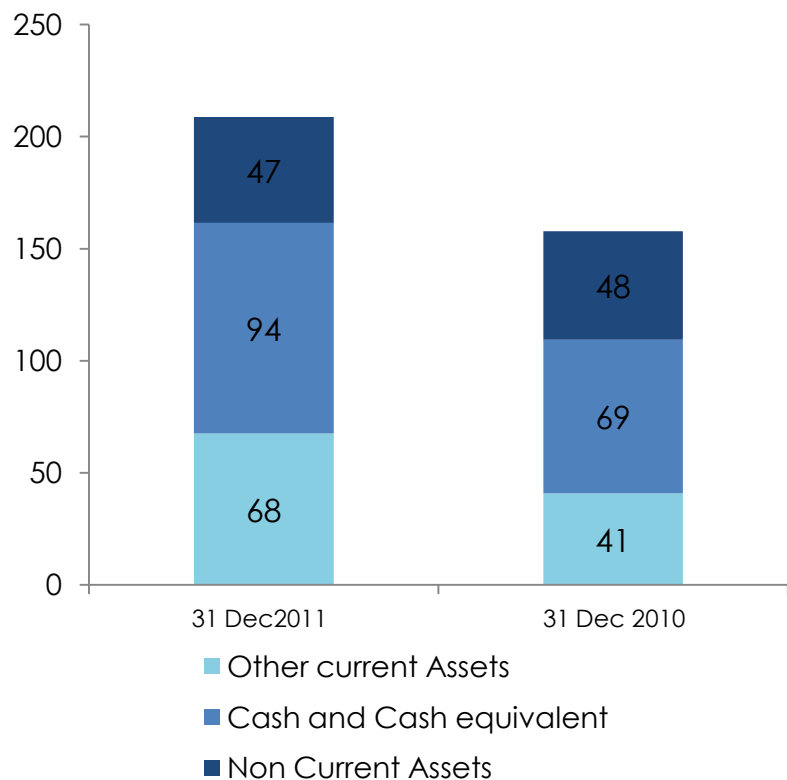
1) Before one-off effect from extraordinary VAT claim

VAT claim

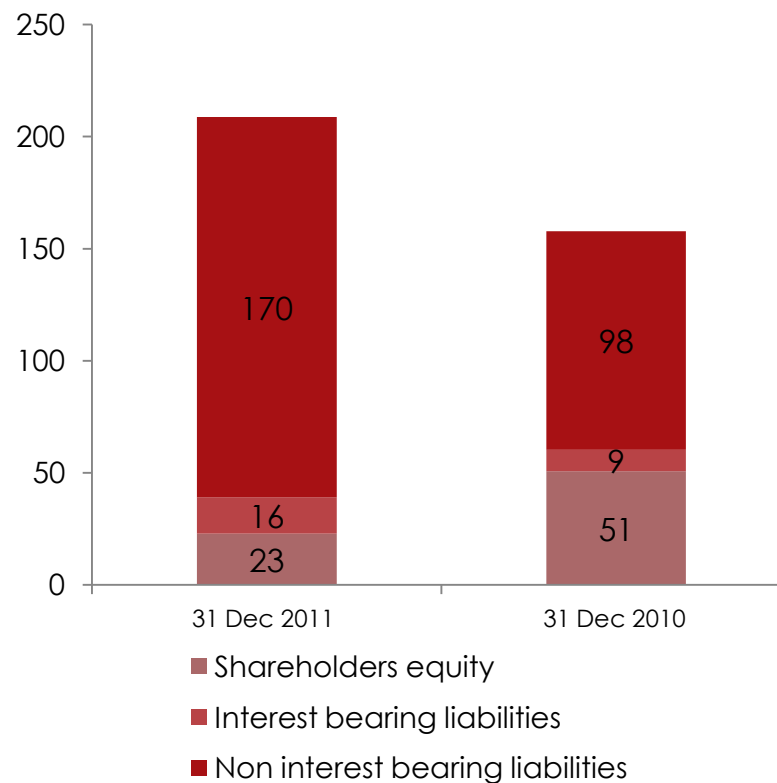
- NOK 50 million is split in NOK 46.5 million in VAT and NOK 3.5 million in interest expense
- The NOK 50 million is tax deductible, giving a positive tax effect of NOK 14 million
- The company expects to receive interest income for having paid too much tax in previous years (estimated NOK 1.2 million). (This is not accounted for in the 2011 financial statements.)
- Total net effect NOK 34.8 million

Balance sheets

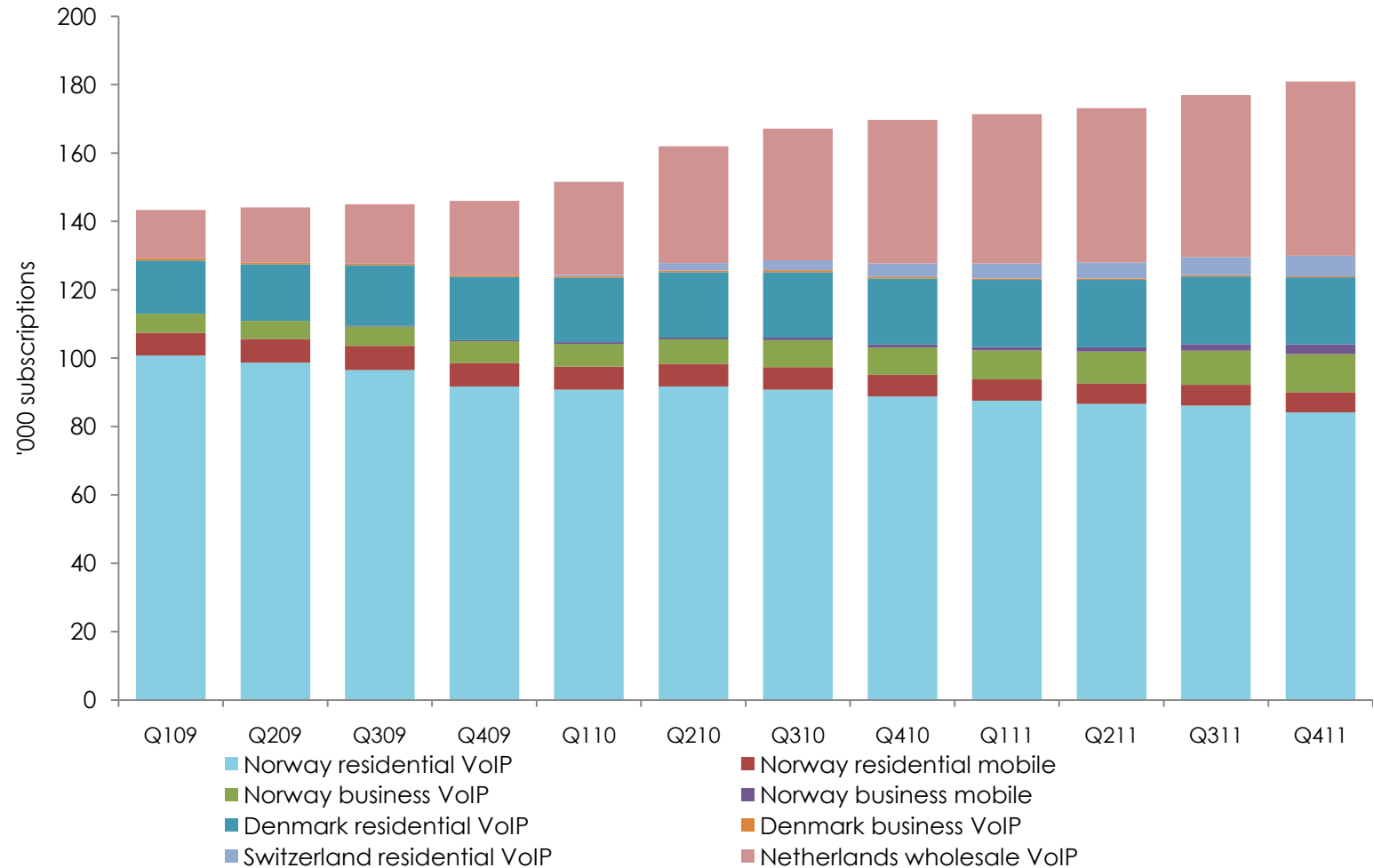
Assets (NOK million)



Equity and liability (NOK million)



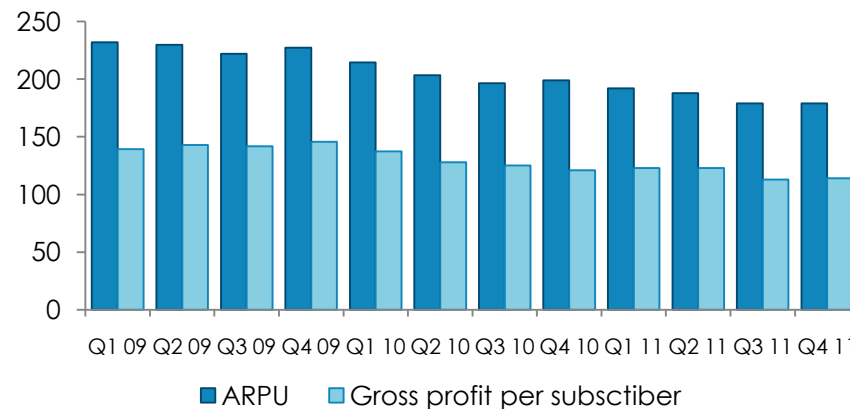
Total subscriptions base



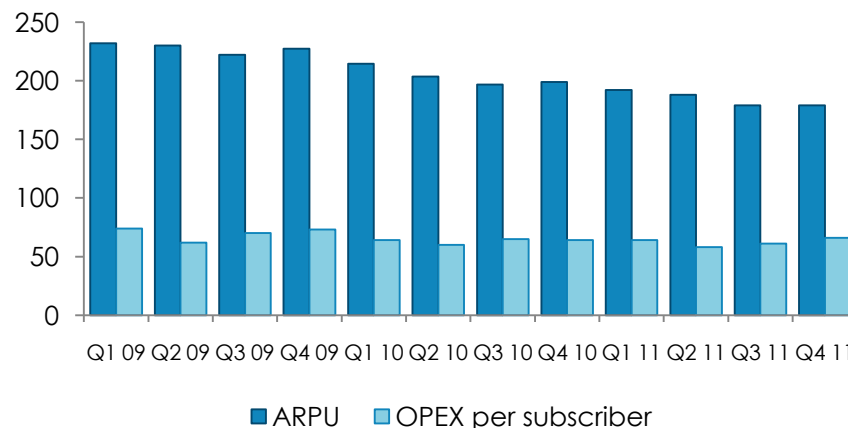
Key customer development

- Decreasing ARPU from introduction of full VAT
- Over time, decreasing ARPU due to increase in wholesale customer base

ARPU versus Gross profit per subscriber



ARPU versus OPEX *) per subscriber



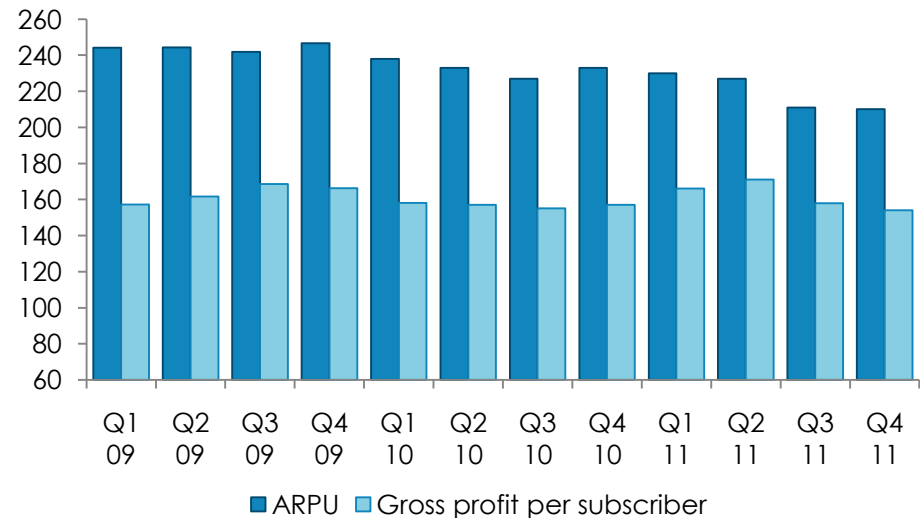
*) Excl sales & marketing, share based and one-off costs

Norway

- Q4 is the second quarter with full effect of new VAT legislation. Decrease in revenue as expected
- Improved gross margin
- No extra short-term churn registered due to increased customer prices

NOK millions	Q4'11	Q4'10	YTD'11	YTD'10
Total revenue	72.7	78.7	297.8	312.1
Gross profit	49.5	51.7	202.9	208.4
Gross margin	68%	66%	68%	67%

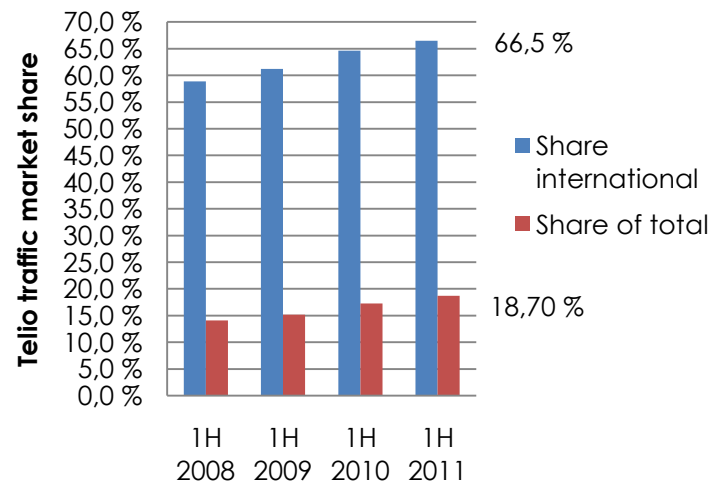
ARPU versus Gross Profit per subscriber



Norway residential

- **Status**
 - 84,000 VoIP customers
 - 5,900 mobile customer
 - 9,000 Teliophone customers
- **Full service offering**
 - Triple play
 - One invoice
 - One customer care
 - Competitive prices
- **New products from 2012**
 - Mobile subscriptions
 - 6 new subscriptions from 1.1.2012
 - National and international segment
 - Broadband
 - First phase: xDSL technology
 - Second phase: considering fiber
- **OBOS agreement** (Norway's largest building society with 300k members)

Telio residential traffic shares



Norway business

Status

- 11,167 VoIP lines
- 2,792 mobile customer
- Strong growth

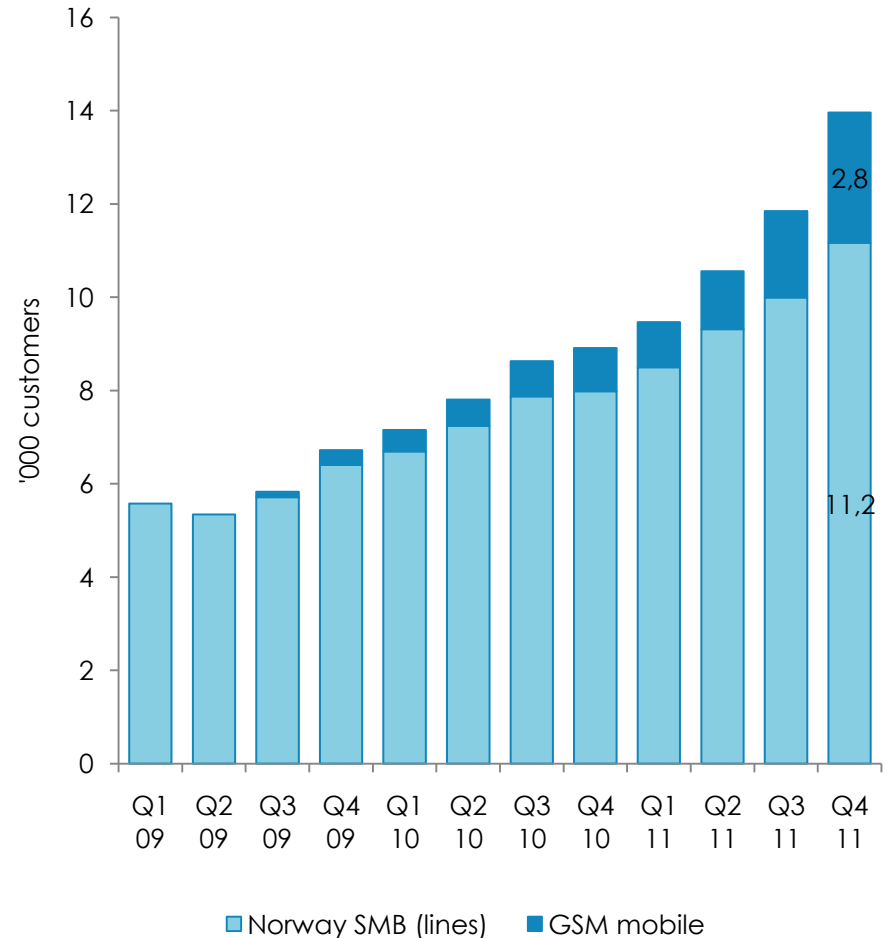
New products from 2012

- IP-ISDN – PRI PSTN replacement
- SIP Trunk – Lync/UC
- Wholesale xDSL/Fiber access

Market and distribution

- Significant cross sales opportunities
- Agents and resellers
- New segments within SME
- Number of business PSTN lines in Norway approx 659,000 lines
- Total market: NOK 2.5 billion revenues

Customer development in Norway

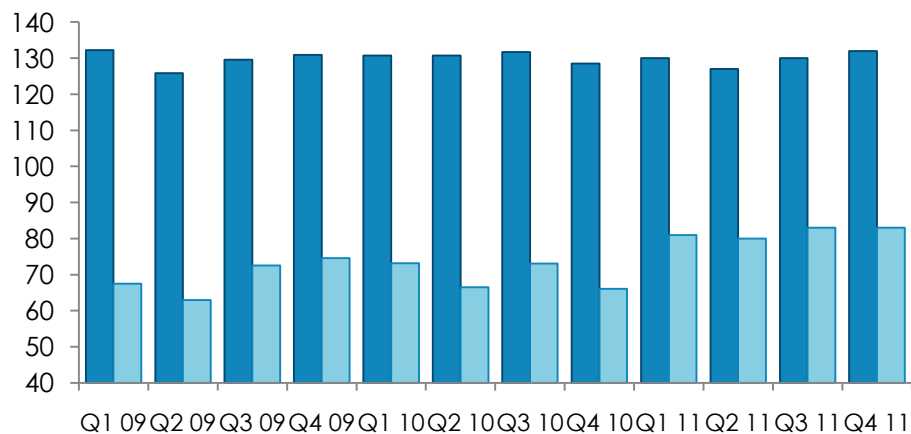


Denmark

- Revenues negatively affected by currency
- Optimizing profitability
- Introducing broadband Internet in 2012

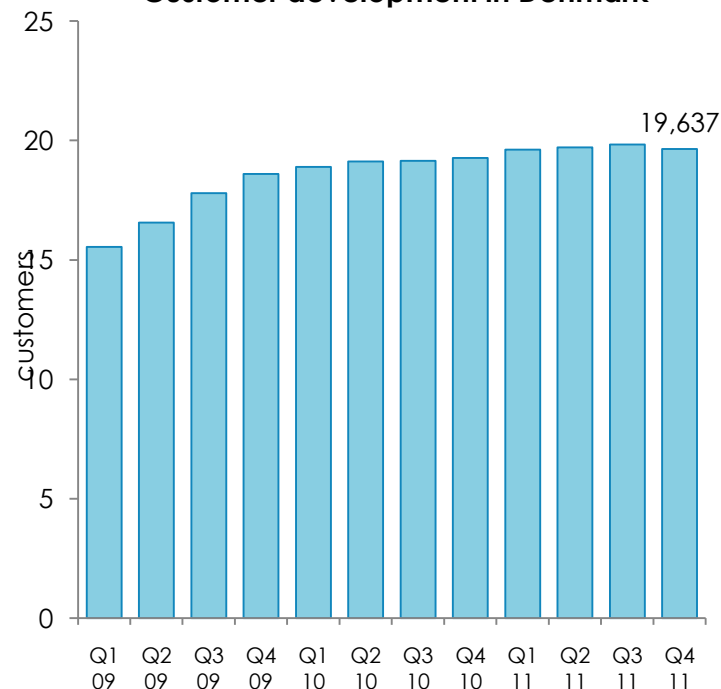
NOK millions	Q4'11	Q4'10	YTD'11	YTD'10
Total revenue	10.2	10.6	38.5	40.8
Gross profit	6.2	6.0	23.7	23.2
Gross margin	61%	57%	62%	57%

ARPU versus Gross Profit per subscriber (DKK)



■ ARPU ■ Gross profit per subscriber

Customer development in Denmark



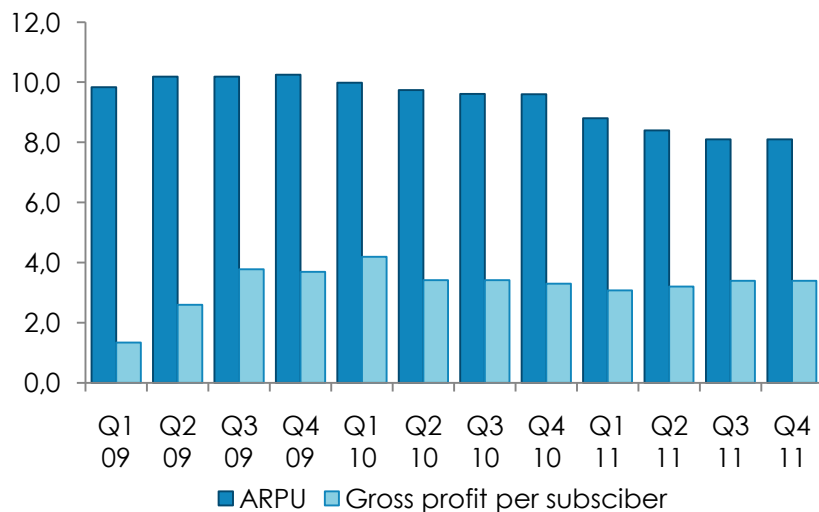
■ Denmark residential (Tello)

Netherlands

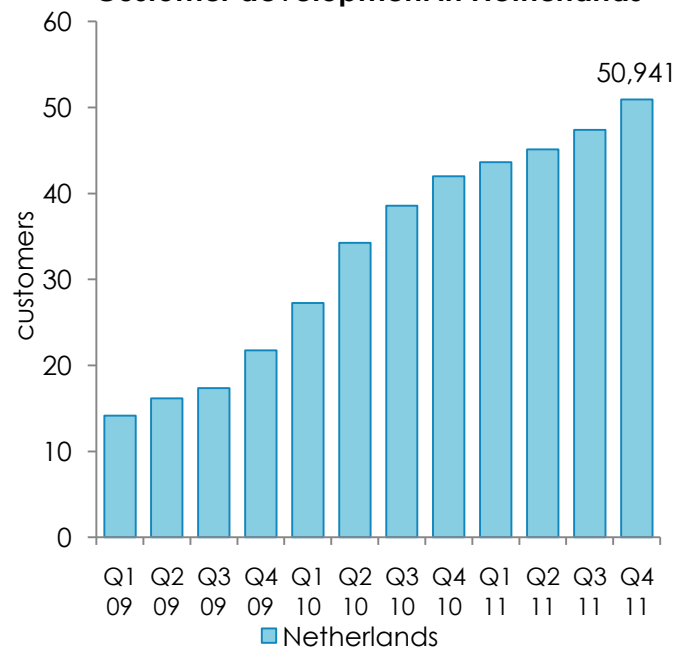
- Increase in customer base Q4 y/y of 8,951 customers (3,541 new customers in Q4)
- Revenues negatively affected by lower termination prices from 1 Sept 2011 (regulated) and by currency

NOK millions	Q4'11	Q4'10	YTD'11	YTD'10
Total revenue	9.3	9.4	35.7	31.7
Gross profit	3.9	3.3	14.4	11.2
Gross margin	43%	35%	40%	36%

ARPU versus Gross Profit per subscriber (EUR)



Customer development in Netherlands

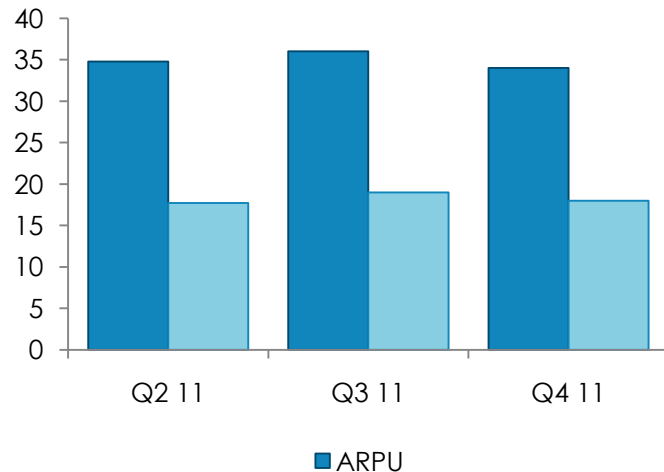


Switzerland

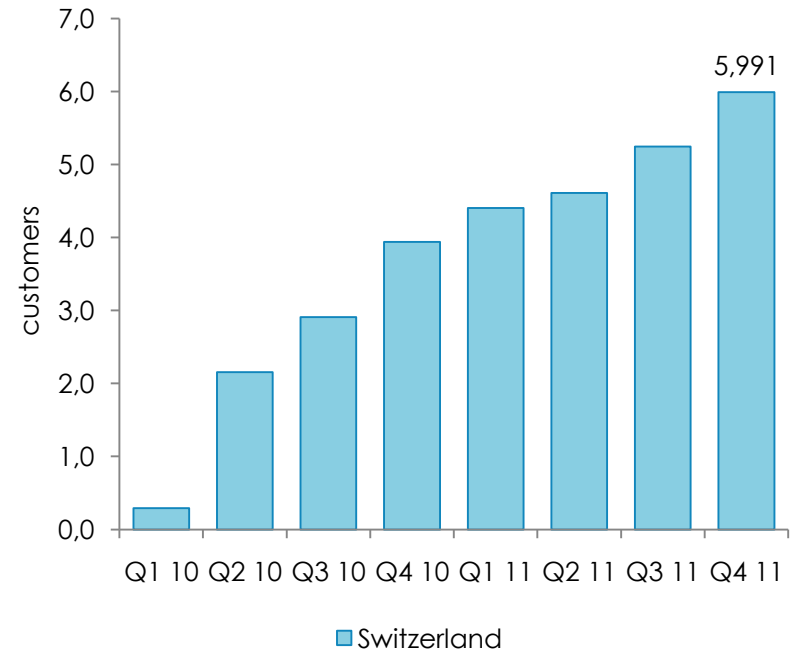
- Positive development in customer intake (746 net new customers)
- Focus on profitable growth
- Improved gross margin

NOK millions	Q4'11	Q4'10	YTD'11	YTD'10
Total revenue	3.8	2.1	13.3	4.3
Gross profit	2.2	0.5	6.7	1.7
Gross margin	59%	25%	51%	39%

ARPU versus Gross Profit per subscriber (CHF)

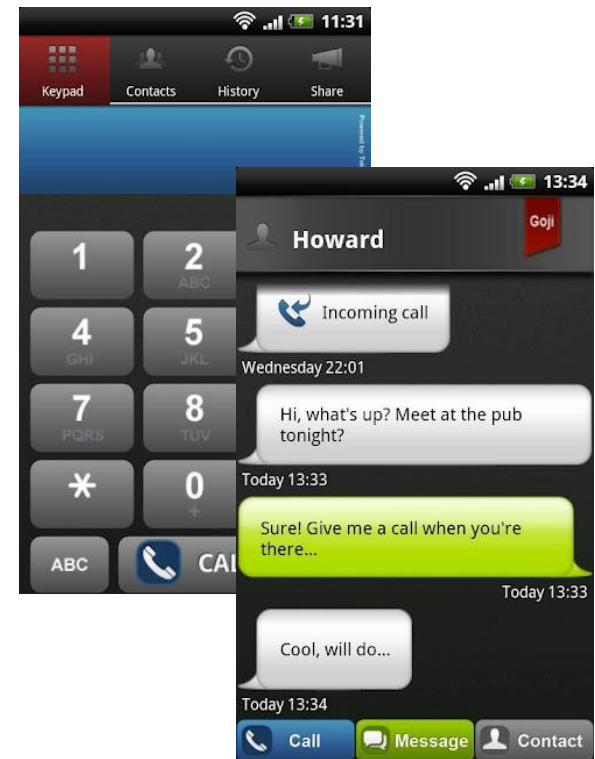


Customer development in Switzerland



Technology/Services update

- Second White Label deal based on Goji platform was signed with Pretium Telecom and will be delivered in April. Over The Top mobile VoIP will be added to the currently deployed fixed VoIP solution, fueling Pretium's unified communications offering for residential users.
- Goji for Android received Product of the Year award by Voxilla, most prominent portal dedicated to VoIP
"It's like Skype on a mobile without the bloat. If and when Telio turns on VoIP calling for Goji, it may be the only communications app you'll need on your mobile phone."



Q & A