

NextGenTel Holding ASA

Q4 2016 presentation

Eirik Lunde, CEO

Thon Hotel Vika Atrium, Oslo
15 February 2017

This is NextGenTel Group

Customers

377,000

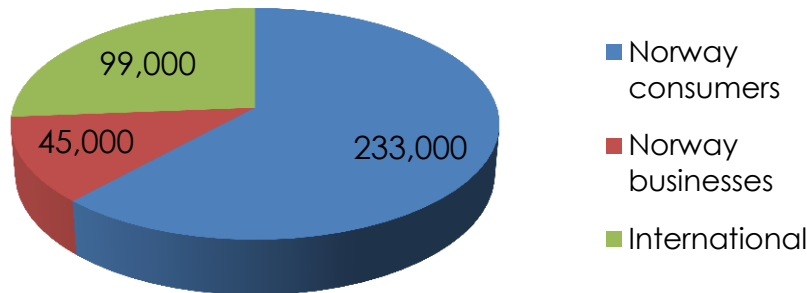
RGUs

Revenues

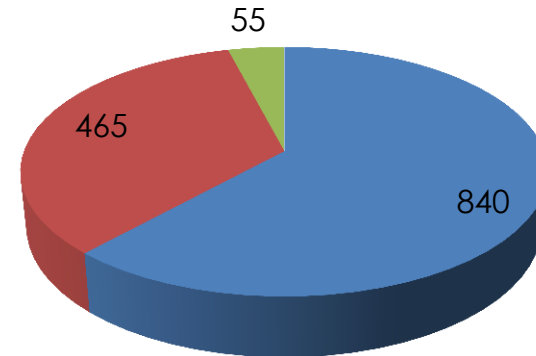
~1,360

NOK million

Customers break-down



Revenues break-down



xDSL



Datacom



TV



Fiber



Voice



Highlights Q4

- Operations
 - Increase in consumer ARPU y-o-y
 - Increase in business mobile y-o-y
 - Increase in fiber access y-o-y
 - Continues to sign up MDUs (multi-dwelling units). 1,820 households signed in 2016
 - Significant contracts signed after quarter-end
- Financials
 - Group EBITDA slightly weaker than Q3
 - Kvantel performing well and growth initiatives and EBITDA according to plan
 - NOK 66.6 million in cash
 - Equity ratio 19.68%
 - Net debt/EBITDA 1.14
- Strong belief in modernization of the copper network and expect a signed agreement by the end of Q1 2017

Q4 2016 in brief

Revenues

330.0

NOK million

EBITDA

53.9

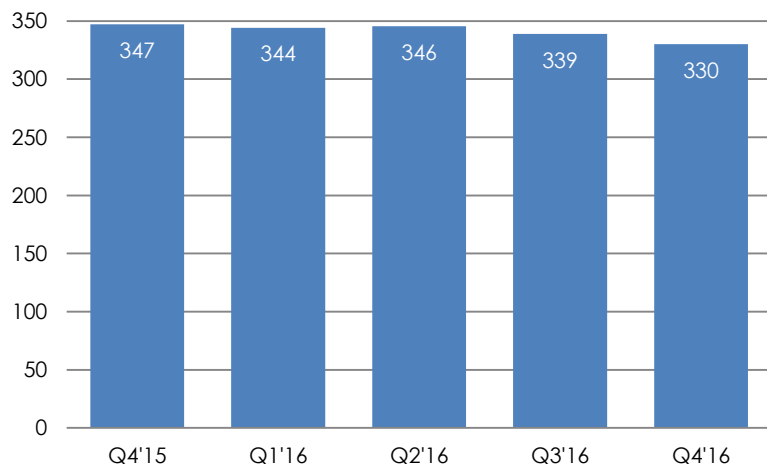
NOK million

EBIT

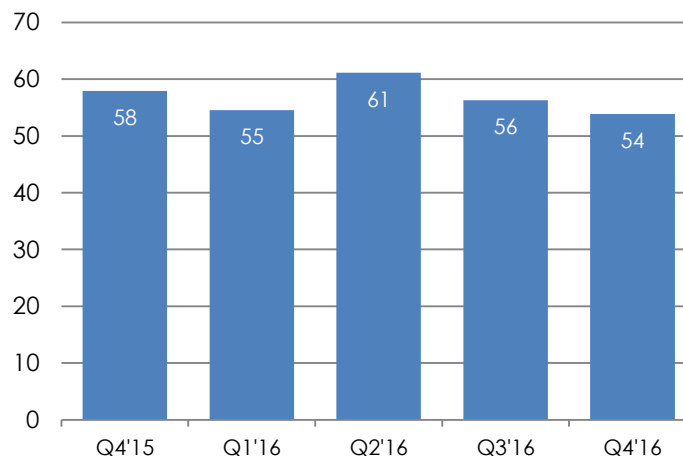
22.1¹⁾

NOK million

Revenues (NOKm)



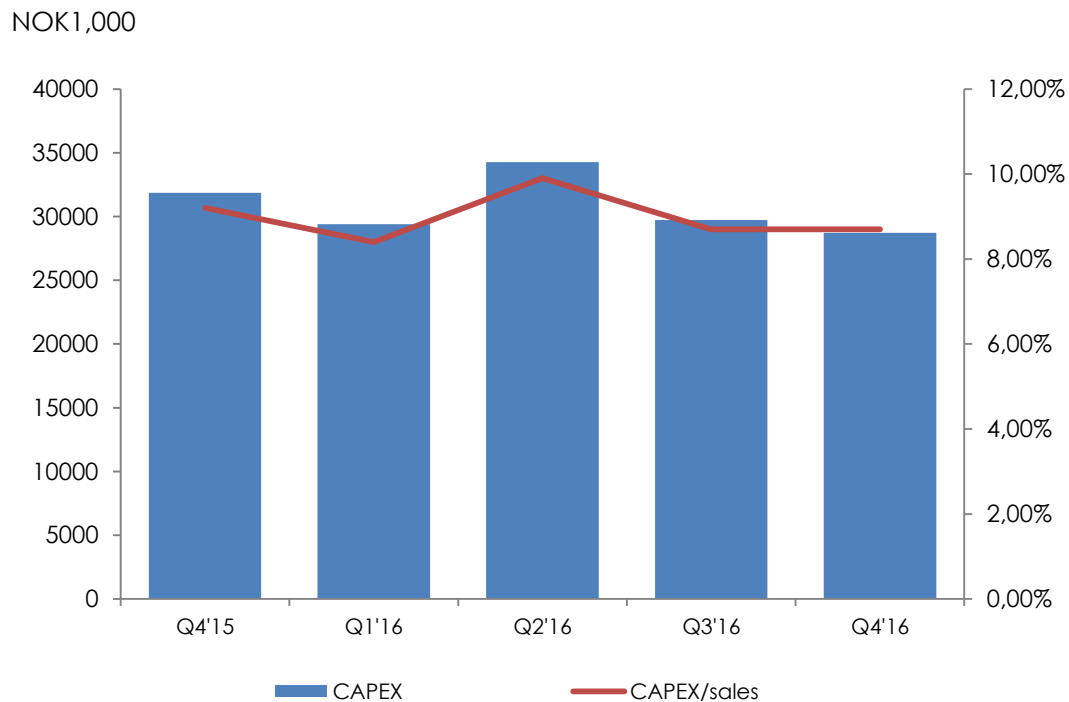
EBITDA (NOKm)



1) EBIT adjusted for amortization of excess values related to business combinations (acquisitions of NextGenTel and Kvantel).

Note: EBITDA Q4'15 adjusted for none-recurring acquisition costs

CAPEX development



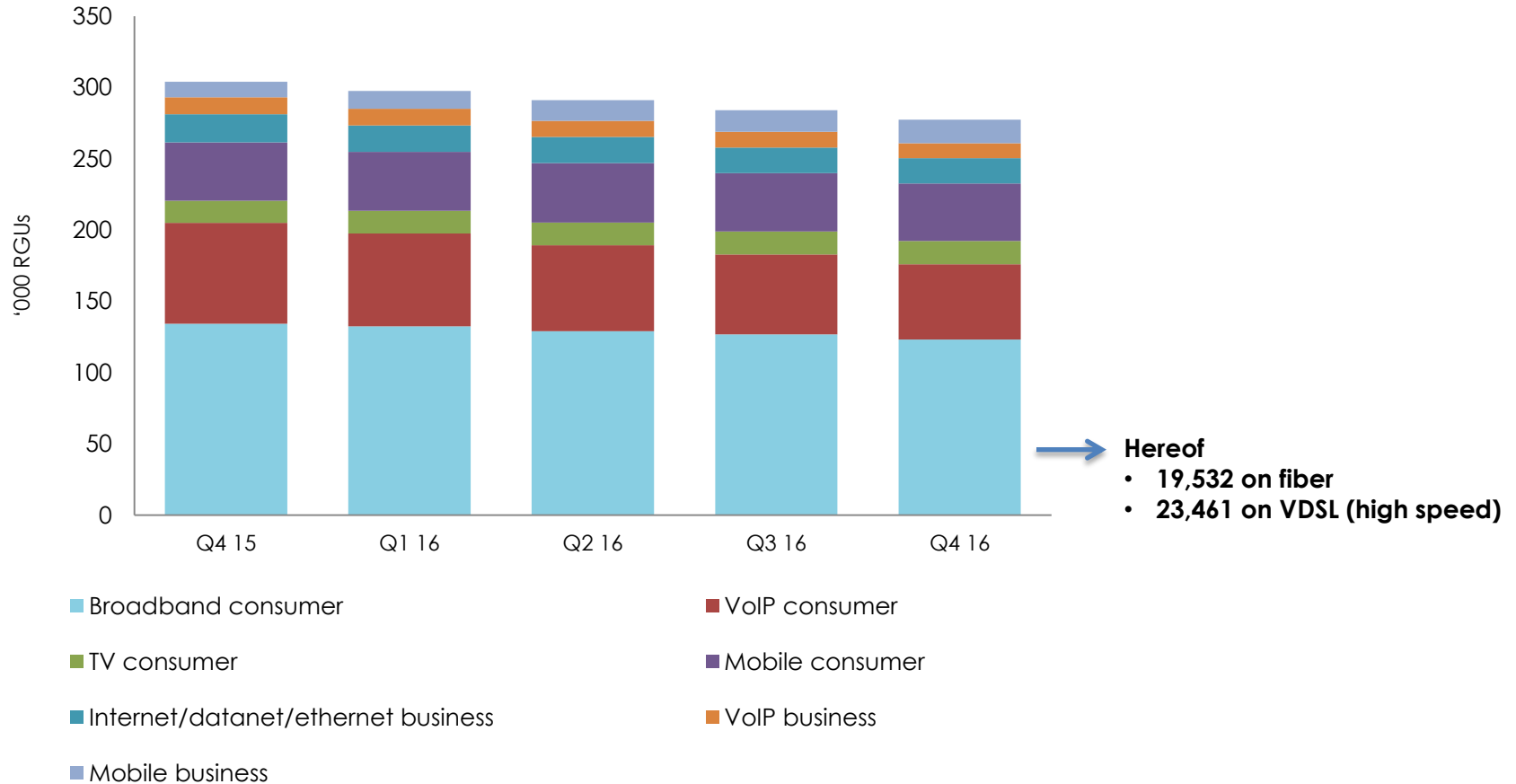
- Quarterly variations in capex depending on maintenance needs, customer inflow, changes in customer equipment, development projects etc
- The target for capex/sales in 2017 is below 8% for the full year and closer to 7% towards the end of the year

Norway (excl Kvantel) Financials – P&L

NOK million	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Total revenue	276.7	283.9	287.7	286.9
Gross profit	126.9	131.4	136.8	136.7
Gross margin	45.9%	46.3%	47.5%	47.6%
Total opex	(84.2)	(86.9)	(84.1)	(88.9)
EBITDA	42.7	44.5	52.7	47.8
D&A	(27.9)	(27.7)	(25.8)	(26.9)
EBIT	14.8	16.8	26.9	20.9
CAPEX	22.9	23.5	31.2	26.8

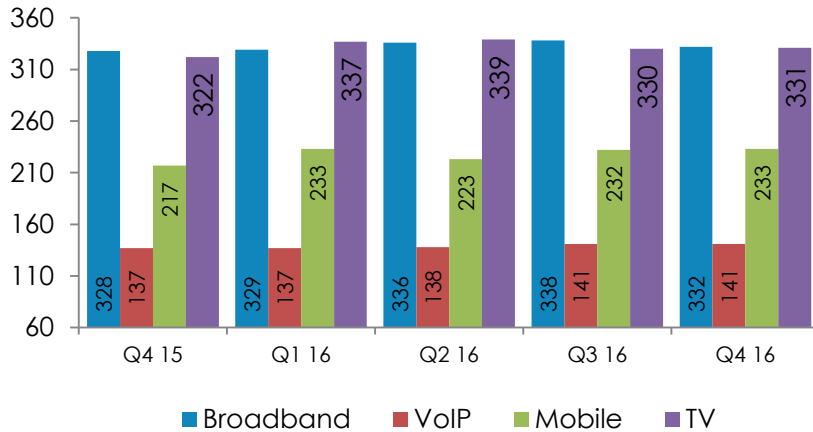
- Gross profit negatively affected by lower revenues and reduced margin
- Mobile business subscriber base increased from 10,900 to 16,400 y-o-y
- Opex positively affected from reduction in personnel costs
- Significant contracts signed after quarter-end
 - Renewal of 3-year agreement with Telia (annual revenue of NOK 75 million)
 - Oslo S Utvikling
- The target for opex/sales in 2017 is 30% for the full year, declining to 28% towards the end of the year

Customer base development

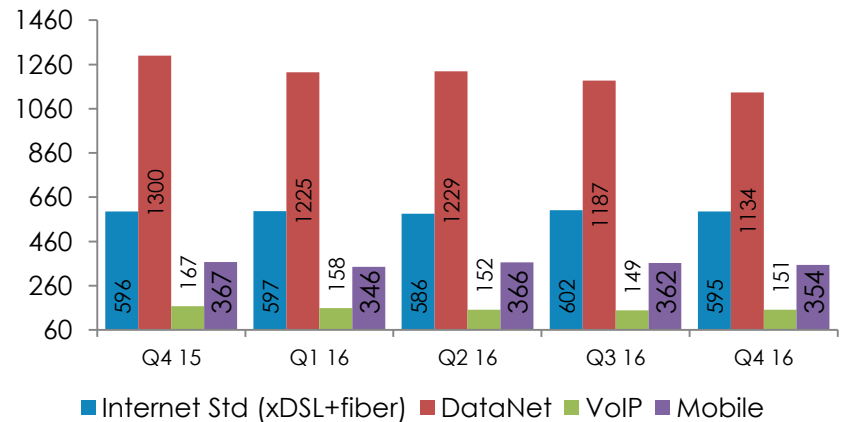


ARPU by product/segment

Consumer segment – monthly ARPU by product (NOK)



Business segment – monthly ARPU by product (NOK)



Kvantel

NOK million	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Total revenue	45.8	44.3	45.2	45.5
Gross profit	19.5	17.5	18.2	17.0
Gross margin	42.5%	39.6%	40.3%	37.3%
Total opex	(13.6)	(11.3)	(13.1)	(15.2)
EBITDA	5.9	6.2	5.1	1.8
D&A	(3.6)	(3.2)	(3.0)	(3.2)
EBIT	2.3	3.0	2.1	(1.4)
CAPEX	5.8	6.2	2.4	1.9

- EBITDA target of NOK 19 million for 2016 achieved
- Capex higher than planned due to higher capitalization of development expenses and capex related to new customer contracts
- New significant contracts signed after quarter-end
 - Nordic Choice Hotels, 3-year agreement
 - Phonet (annual revenue of NOK 60 million)
- The Kvantel business is developing very positively and the company is positioned to generate significant growth in 2017

Modernization of the copper network

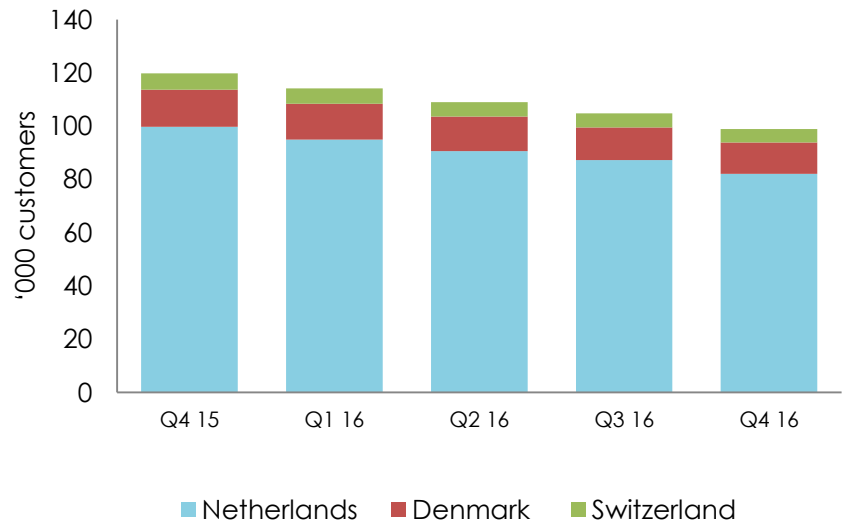
- Negotiations are still ongoing in Bredbåndsforum and between xDSL operators (Telenor, Broadnet and NextGenTel)
- We expect that an agreement will be reached and formally signed by the end of Q1 2017

International markets

- Primary focus to maintain customer base and profitability

NOK million	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15
Total revenue	12.9	14.3	14.6	15.9	15.8
Gross profit	8.1	8.8	8.9	9.7	9.6
Gross margin	63%	62%	61%	61%	61%

Customer base development



Tax issue

- Meeting with Norwegian tax authorities (Skatt øst) 7 February to present the company's view
- The company has aimed at paying sufficient tax in Switzerland in order to not be regarded as a low tax jurisdiction
- A key and principal matter for the tax authorities is if Telio SA should be considered being in a low tax jurisdiction due to the general effective tax rate for *comparable companies* (which is significantly lower than the effective tax rate for Telio SA)
- It is the company's assessment that, in the event of a final outcome where NextGenTel Holding ASA has to pay 28% tax on dividends received for the relevant period, a tax credit will be given for the tax paid in Switzerland. 28% tax equals approx. NOK 56 million and the credit deduction is approx. NOK 45 million. In such a scenario the net risk amounts to NOK 11 million
- It is the company's view that no additional tax should be imposed and hence no additional tax expense has been accounted for in the Q4 2016 financial accounts

Dividend

- The board has decided to distribute a dividend of NOK 0.50 per share. The share will be traded ex dividend from 20 February 2017 and the dividend will be settled on 8 March 2017.
- Future dividend distribution will depend on the prevailing investment plans, financial covenants and necessary financial flexibility.

Summary Q4

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Q&A

Thank you!

Financial calendar 2017

Q4 2016

Wednesday 15 February at
09:00

Annual general meeting

Thursday 20 April at 15:00

Q1 2017

Thursday 4 May at 09:00

Q2 2017

Wednesday 16 August at 09:00

Q3 2017

Friday 27 October at 09:00

Investor relations:
www.nextgentelholding.com

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