

Q4 2017 presentation

Oslo / 6 March 2018
Eirik Lunde, CEO
Gaute W. Krekling, CFO

Q4 2017 financials in brief

CUSTOMERS
at 31 Dec

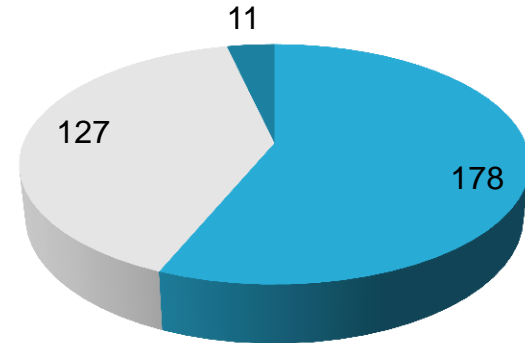
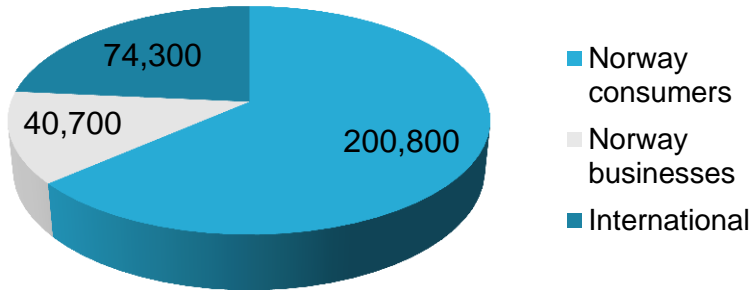
315,800

RGUs
Revenue
generating
units

REVENUES
Q4 '17

316

NOK
MILLION



Q4 2017 financials in brief

REVENUES **316.2** NOK
MILLION

CASH **11.5** NOK
MILLION

EBITDA **34.4** NOK
MILLION

EQUITY RATIO **14.4%**

EBIT **-15.4** NOK
MILLION

NET DEBT
/EBITDA **1.40**

Highlights Q4

REVENUE DEVELOPMENT

- Stable revenue and gross margin development from Q3 to Q4
- Price increases with positive effect on ARPU in consumer broadband and TV

COST REDUCTION

- The previously announced cost reduction plan (**NOK 40 million** annually) is on track

STRUCTURAL CHANGES

- Consumer Mobile portfolio sold to Telia during Q4. First payment of 75 MNOK received in January
- Demerger of NextGenTel AS from 1 November to establish Proximo Norge as a separate legal entity to focus on end-user corporate segment

Financial results

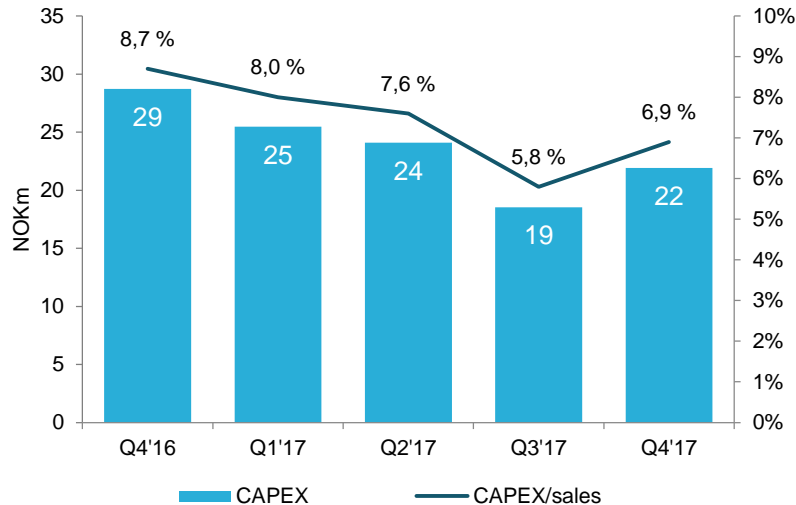
(Figures in NOKm)	Q4 2017	Q3 2017	Q4 2016
Revenues	316.2	317.4	330.0
Gross margin	41.6%	41.4%	46.8%
EBITDA	34.4	35.9	53.9
EBIT	(15.4)	(7.8)	10.0
Cash flow from operations	2.3	64.6	38.5
Free cash flow per share	(0.82)	2.02	0.51
Cash and cash equivalents at end of quarter	11.5	24.4	66.6

- Stable revenue and gross margin development in Q4
- EBITDA negatively affected by restructuring cost in Q4
 - De-merger of NextGenTel AS to establish Proximo as a separate legal entity
- One-off depreciations related to reclassification of leasing agreements affect EBIT negatively with 6.3 MNOK
- Cash flow from operations mainly affected by tax payments in Q4 and fluctuations in working capital

CAPEX development

Lower capex key to improve cash flow

Positive trend

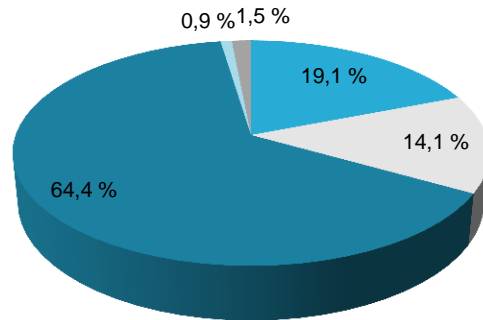


- Capex reduction ahead of ambition to reach 8% capex/sales for 2017.
- Total capex/sales for FY'17 of 7.1%

Note: Capex in Q2'17 do not include the acquisition of Bayonette customer base (4.5 mNOK)

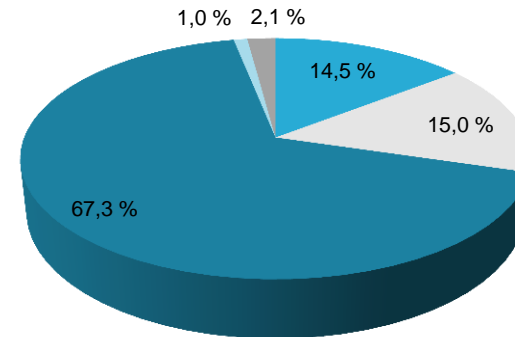
Product mix – share of revenues

Q4 2017



- VoIP/fixed
- Mobile
- Broadband (incl TV)
- Wholesale
- Other

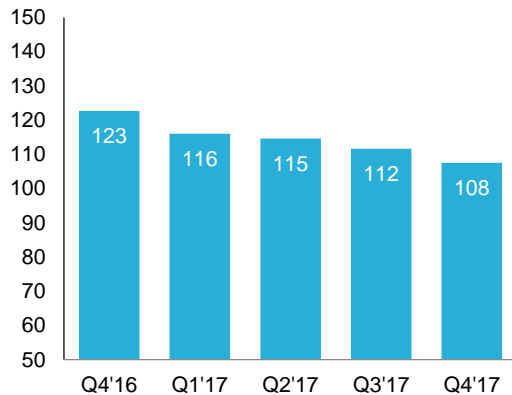
Q4 2016



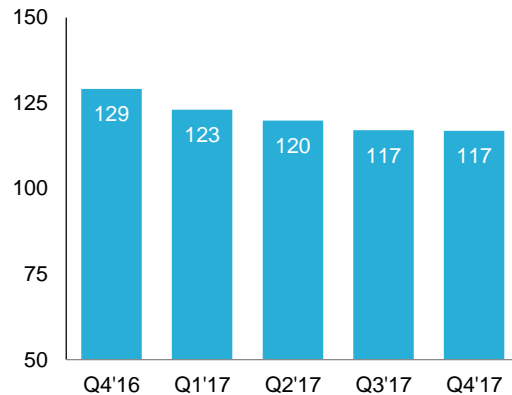
Consumer broadband

- Revenue growth on fiber based broadband compensate for the decline in xDSL revenues in Q4
- Improved Vula Fiber margin in Q4 and potential further cost reductions announced (through regulations)
- Implemented price increases with positive effect on ARPU in Q4

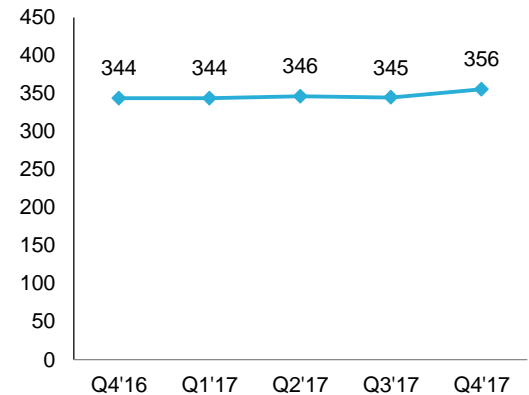
SUBSCRIPTIONS ('000)



REVENUES (MNOK)



ARPU (NOK/MONTH)

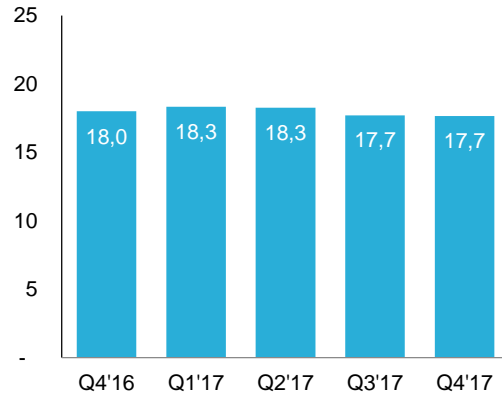


Note: Historical subscription figures updated due to implementation of new BSS revealing an error in historical figures

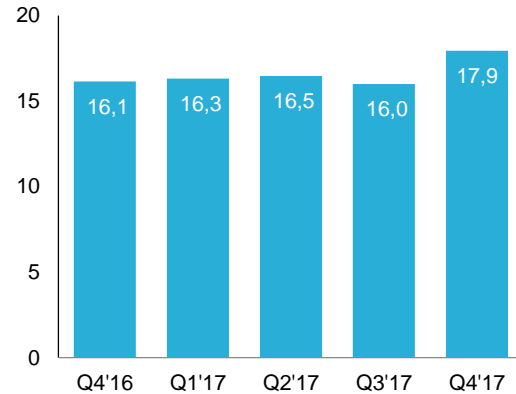
Consumer TV

- TV subscribers represent a smaller share of the broadband customer base
- Growth in high-speed broadband will facilitate upselling of TV services
- Price increase in Q4 with positive effect on ARPU

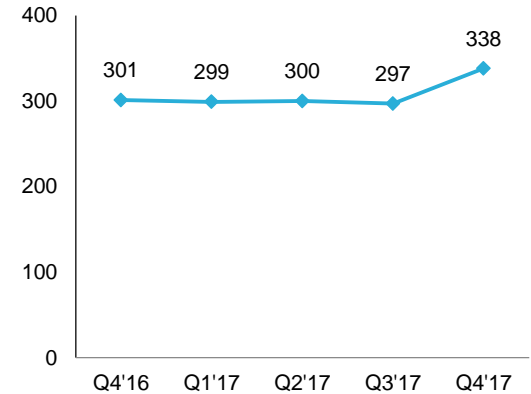
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REVENUES (MNOK)



ARPU (NOK/MONTH)

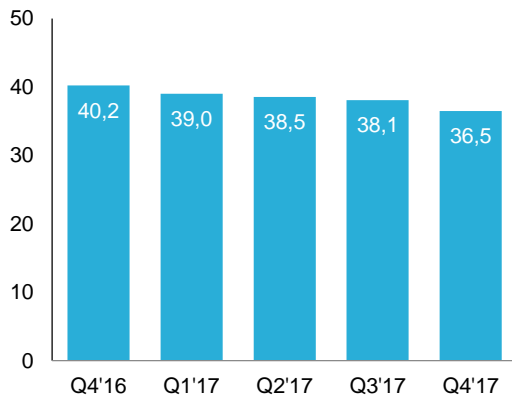


Note: Historical subscription figures updated due to implementation of new BSS revealing an error in historical figures

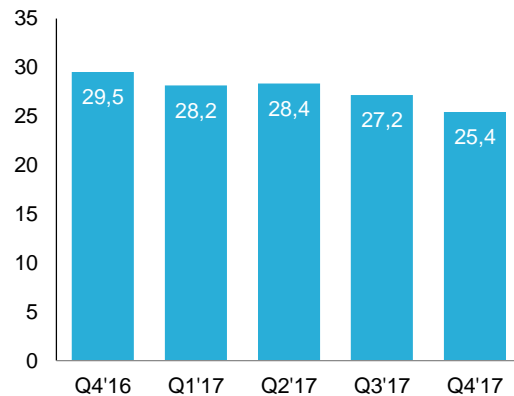
Consumer mobile

- Negative effect on ARPU from EU regulation and introduction of data rollover
- All consumer mobile customers will be ported to Telia during March 2018

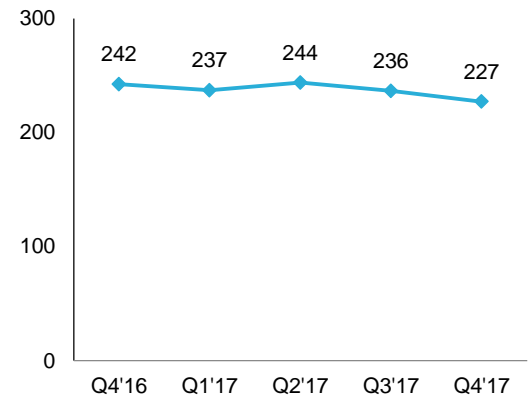
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REVENUES (MNOK)



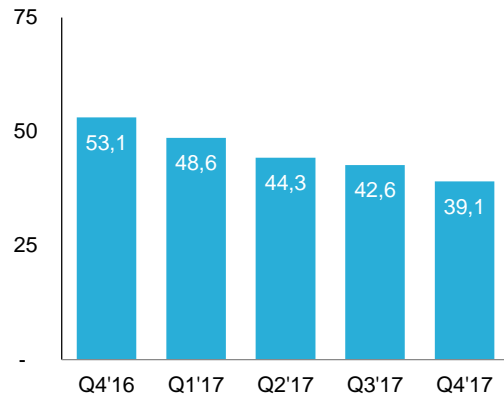
ARPU (NOK/MONTH)



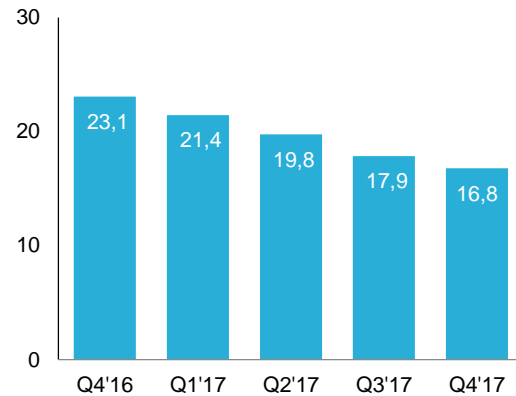
Consumer VoIP

- Subscriber base following the long term trend of VoIP being replaced by mobile
- Stable ARPU

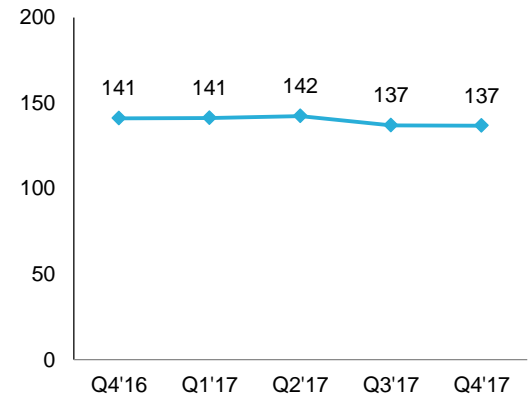
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REVENUES (MNOK)



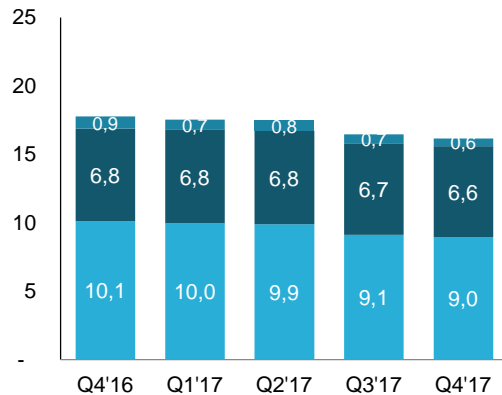
ARPU (NOK/MONTH)



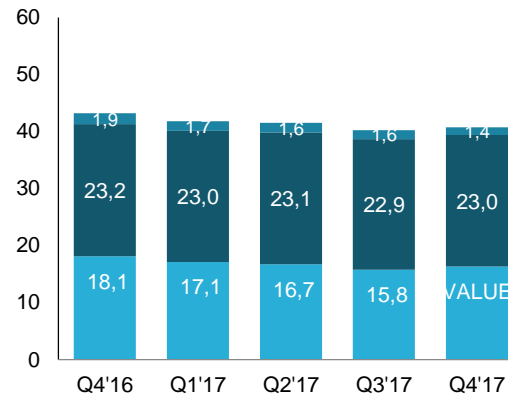
Business datacom

- Within the SMB segment, customers of Internet access over xDSL churn in favor of fiber or mobile broadband. Within Retail, xDSL is still the preferred access technology
- Stable revenues supported by ARPU increase in Q4

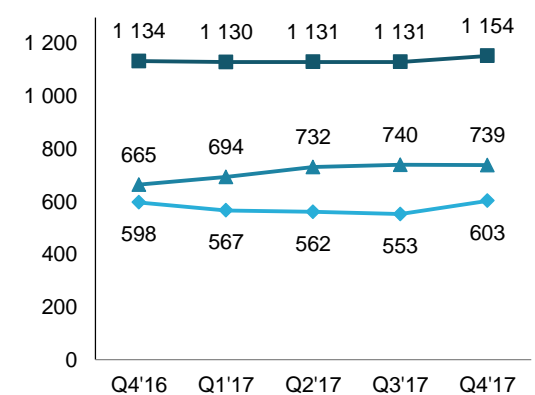
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REVENUES (MNOK)



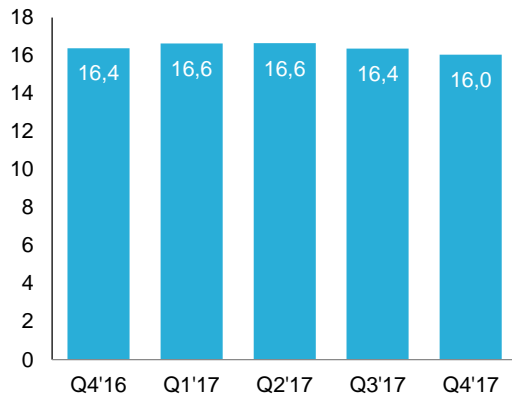
ARPU (NOK/MONTH)



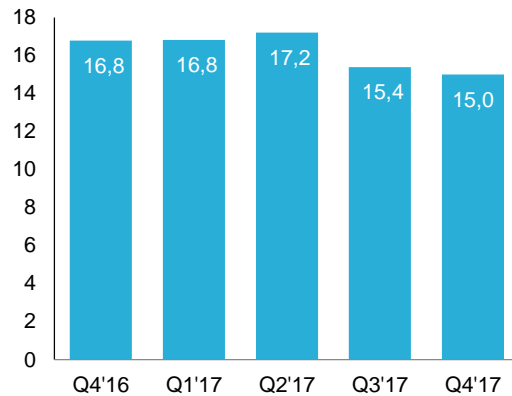
Business mobile

- ARPU development from Q3 affected by EU regulation and data rollover
- Price increases made during Q1 2018

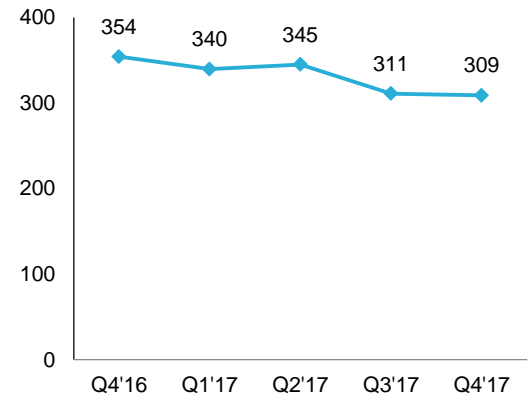
SUBSCRIPTIONS ('000)



REVENUES (MNOK)



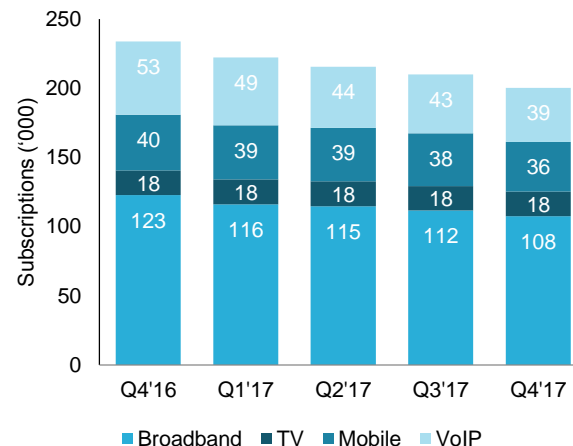
ARPU (NOK/MONTH)



Pro forma financial results NextGenTel (B2C)

(Figures in NOKm)	Q4 2017	Q3 2017	FY 2017
Revenues	189	191	779
Gross margin	40.6%	40.4%	41.0%
EBITDA	23	18	91

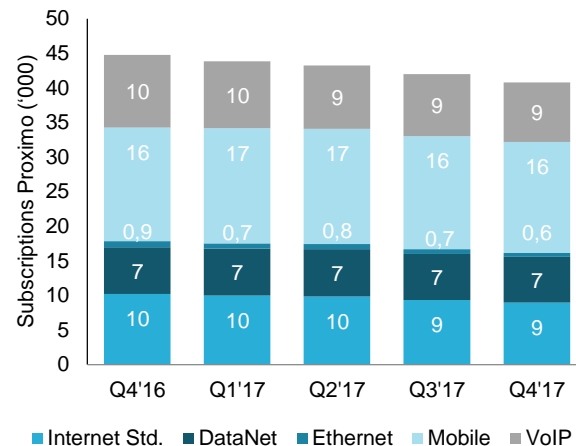
Pro forma figures are based on certain assumptions and may vary from future actual figures after completion of the demerger



Pro forma financial results Fiber Norge (B2B)

(Figures in NOKm)	Q4 2017	Q3 2017	FY 2017
Revenues	129	126	490
Gross margin	38.8%	39.1%	42.2%
EBITDA	11	14	57

Pro forma figures are based on certain assumptions and may vary from future actual figures after completion of the demerger



In addition comes approximately 6,000 RGUs in Kvintel as of Q4'17

Break-down pro forma EBITDA

(Figures in NOKm)	Q4 2017	Q3 2017	FY 2017
Fiber Norge (B2B)	11	14	56
NextGenTel (B2C)	23	18	91
Int'l markets	6	6	24
Eliminations	-6	-2	-10
EBITDA Group	34	36	161

Pro forma figures are based on certain assumptions and may vary from future actual figures after completion of the demerger

Financial calendar 2018

Q1 2018

Thursday 26 April 2018 at 09:00



Thank you!

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