TELIO

Telio Holding ASA

Q3 08 presentation

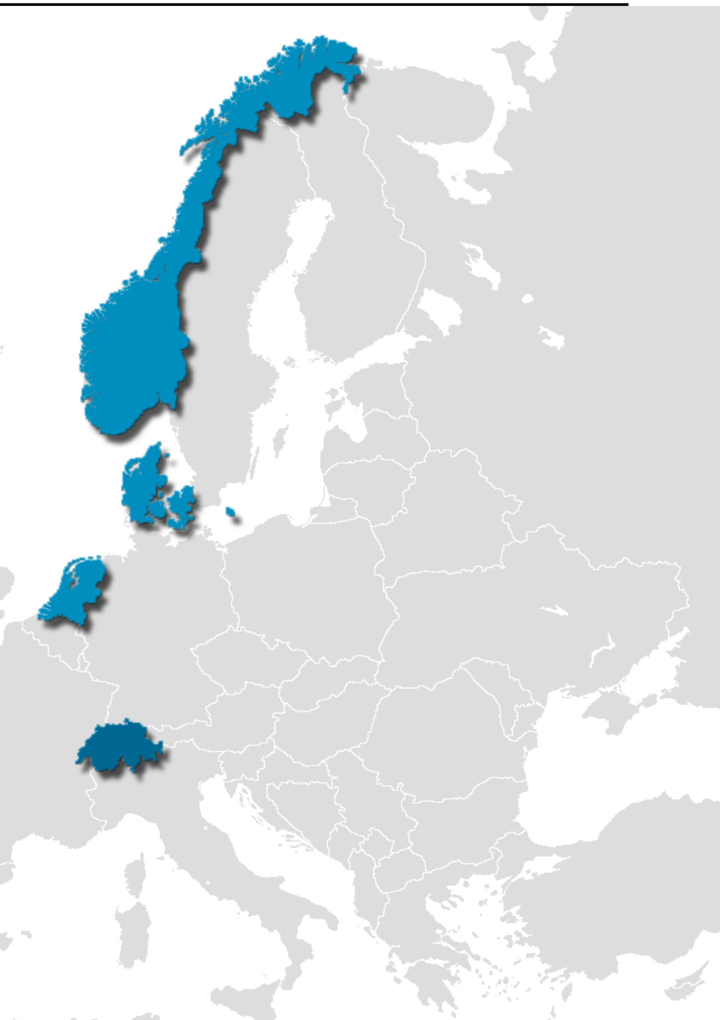
Eirik Lunde, CEO

Oslo, 28 October 2008

TELIO LISTED OSLO OSLO BØRS

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”



Q3 08 Highlights

- Financials
  - Revenues: NOK 93 million
  - 63% gross margin
  - 26% EBITDA margin
  - Operating profit of NOK 14.2 million, an increase of 660% (Q3 07: NOK 1.9 million)
  - Continued economies of scale
  - Cash position: NOK 117.1 million
- Continued customer growth
  - Subscribers: total increase of 4,138 net VoIP customers during Q3
  - 1,200 new SMB lines during Q3
- Customers & distribution
  - Wholesale agreement with Pretium Telecom BV signed 27 October

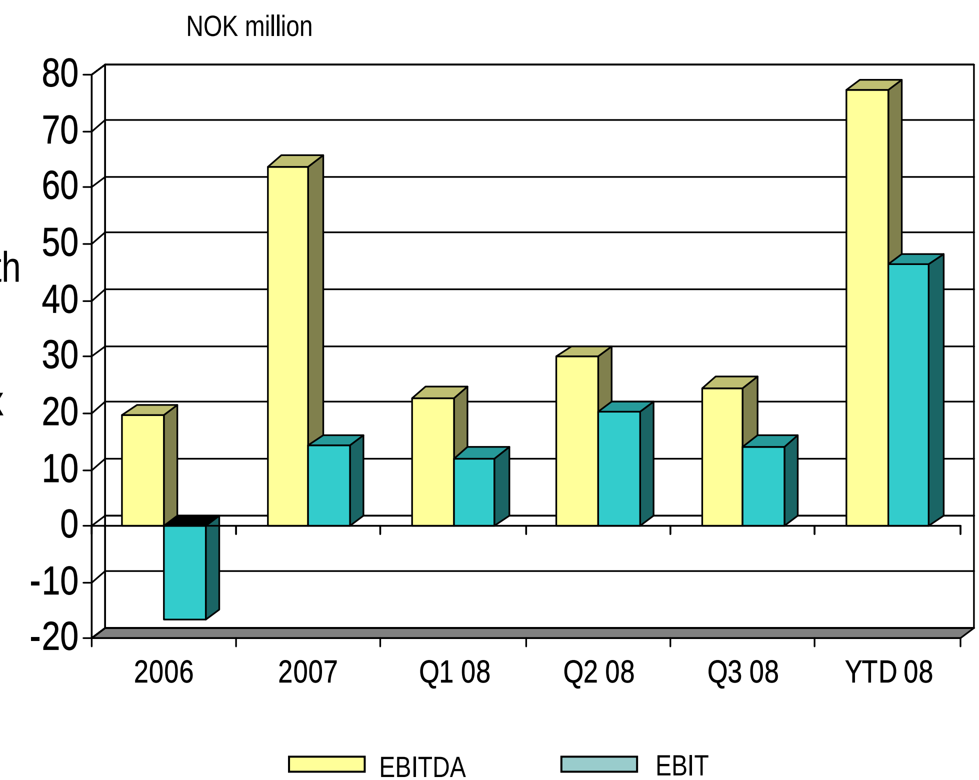
YTD 08 Key figures

(Figures in NOK 1,000)

Pr. Q3	YTD 08	YTD 07	Growth	
Revenues	283,927	268,021	15,906	6%
Gross profit Gross margin	174,534 61%	155,740 58%	18,794	12%
EBITDA	77,307	46,609	30,698	66%
EBIT	46,379	8,959	37,420	418%

Development in EBITDA/EBIT – significant shift in profitability from Q1 2008 →

- Healthy revenue growth despite a more mature residential market and regulatory issues (pricing)
- Continuously COGS optimizing (vendor agreements etc.) results in increased gross margin
- Focus on profitable customer growth at reduced acquisition cost
- Continuous focus on reducing opex (economies of scale)
- Potential for further improvements



Strong cash flow in 2008

(Figures in NOK 1,000)

	YTD 08	Q3 08	Q2 08	Q1 08	2007
Cash flow from operations	77,145	30,999	29,620	16,525	49,958
Investment activities	(6,911)	(1,711)	(2,333)	(2,867)	(15,810)
Cash flow after investments	70,234	29,288	27,287	13,658	34,148

Status SMB

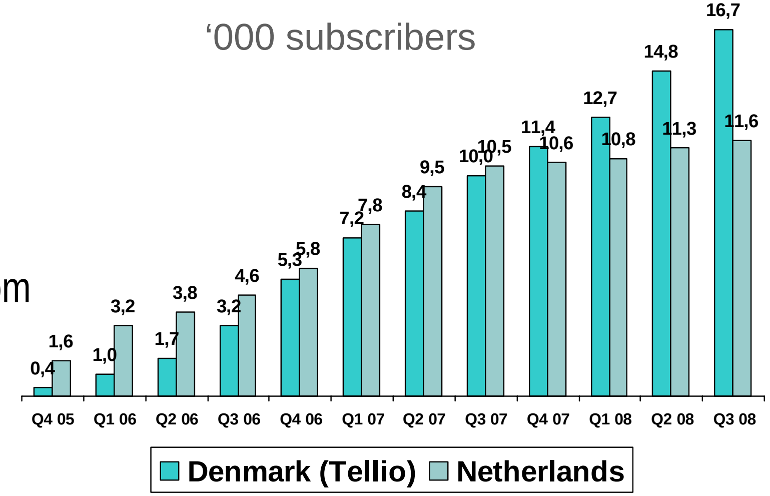
- Recent developments in financial markets lead to cost savings becoming more important for SMB companies and puts Telio in an even more unique position with our SMB VoIP offering
- Continued good growth in Q3, with total of 4,000 lines at the end of the quarter
- At the end of Q3, Telio has launched solution for targeting SMBs with higher number of lines, expanding our reach to companies with above 8 lines
- New launched solution consists of:
  - higher end IP Phone (Linksys SPA 962) with Call Attendant Console (Linksys SPA 932)
  - it includes additional attractive set of IP Centrex features and functionality, which increases efficiency of companies in this market segment

International

- Healthy growth
  - DK 67% compared to Q3 07
  - NL 11% compared to Q3 07

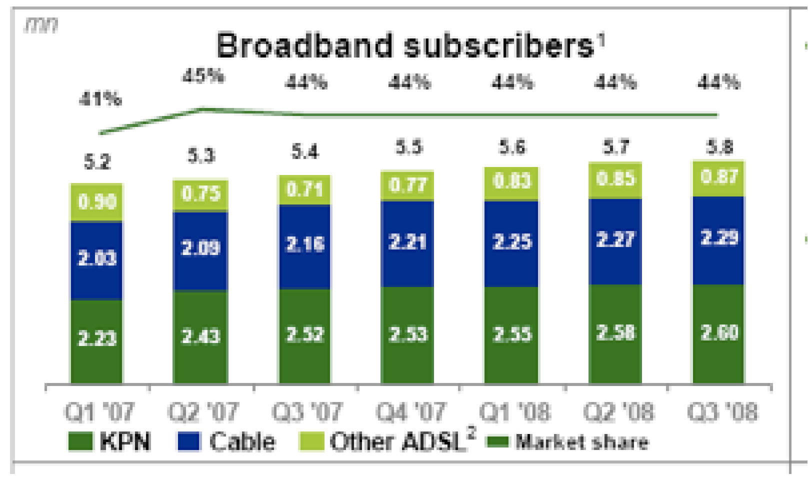
- Denmark
  - SMB distribution model for Norway implemented in Denmark
  - Success in online sales

- Netherlands
  - Wholesale agreement with Pretium Telecom



Contract with Pretium Telecom

- Multi year contract (initial term 5 years), which will enable Pretium Telecom to offer Dutch subscribers VoIP services on Telio's award winning platform
- Pretium Telecom is 3rd largest Dutch Telecom operator with 200,000 subscribers on CPS (Carrier Pre-Select) platform
- This contract strengthens Telio's position on the Dutch market and positions Telio as the leading White Label vendor in this market, which is posed for growth across Europe (as regulatory regimes are maturing and "mass conversion of PSTN to VoIP" will start taking off)



Source: KPN, Q3 2008 presentation

Dutch VoIP market landscape

- High awareness and adoption of VoIP
- Low “fixed to mobile substitute” rate (stable number of fixed voice customers)
- Large available market as PSTN to VoIP conversion is taking off

Consumer voice market[1]

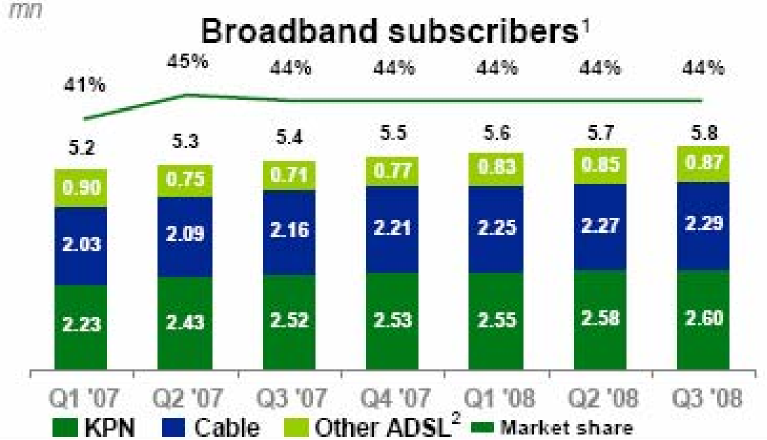
mn	Q3 '08	Q2 '08	Q3 '07
KPN PSTN / ISDN	2.46	2.57	3.04
Wholesale Line Rental (WLR)	0.38	0.36	0.28
Total traditional voice	**2.84**	**2.93**	**3.31**
KPN VoIP	1.03	0.98	0.79
Cable VoIP	1.21	1.17	0.98
Alternative DSL VoIP	0.34	0.32	0.26
Total VoIP	**2.58**	**2.47**	**2.03**
Cable voice analogue	0.06	0.08	0.11
Mobile-only	1.18	1.18	1.17
Total households	**6.65**	**6.64**	**6.62**

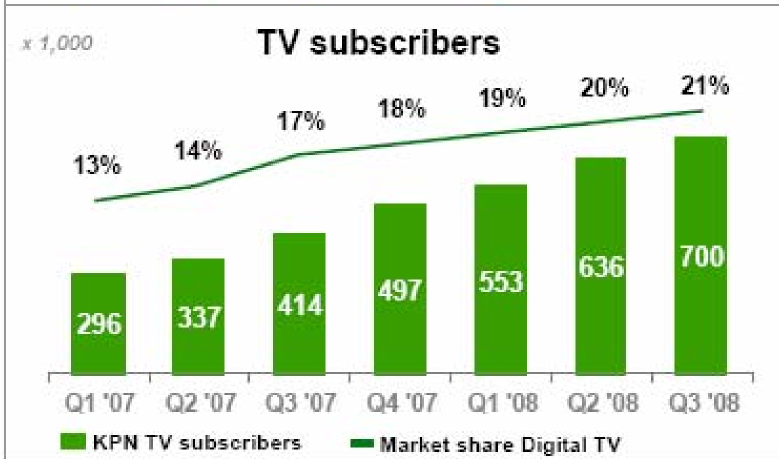
1 Management estimates

Source: KPN, Q3 2008 presentation

Consumer broadband and TV

Steady growth in broadband, continued strong growth in TV





- Sustaining market share at around 44%
  - Market growth slowing down
  - Churn decreasing
- Managing broadband base for value
  - Focus on small number of brands
  - Upselling / attracting high-value customers
  - New pricing schemes for broadband and VoIP since July
- Continued strong growth in TV, with increasing revenue contribution
  - 700k customers in Q3 '08, up 69% y-on-y
  - Steady growth in Interactive TV
  - Price increase Digitenne as of October
- Further expansion of DVB-T network
  - Coverage area expanded by ~550k households since end of Q2 '08

1 Based on management estimates, approximately 80% consumers and 20% businesses
2 Excluding Bitstream

Q3 08 Summary

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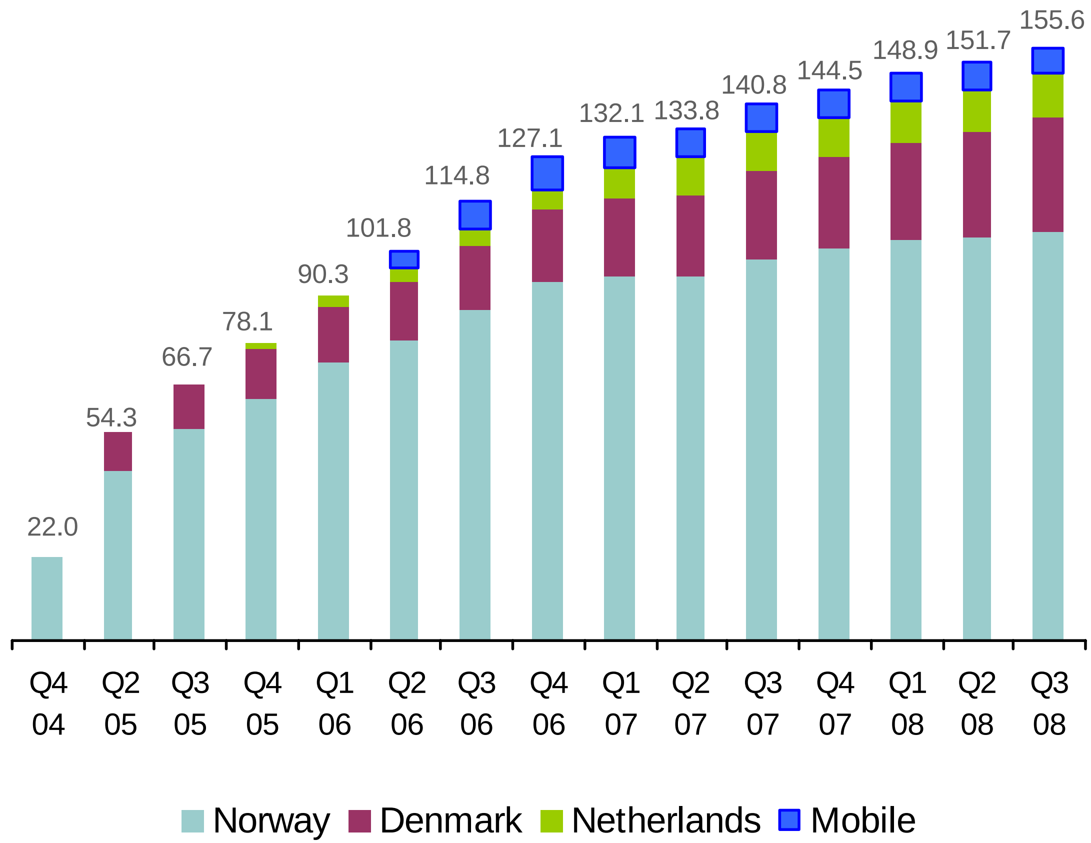
Enclosures

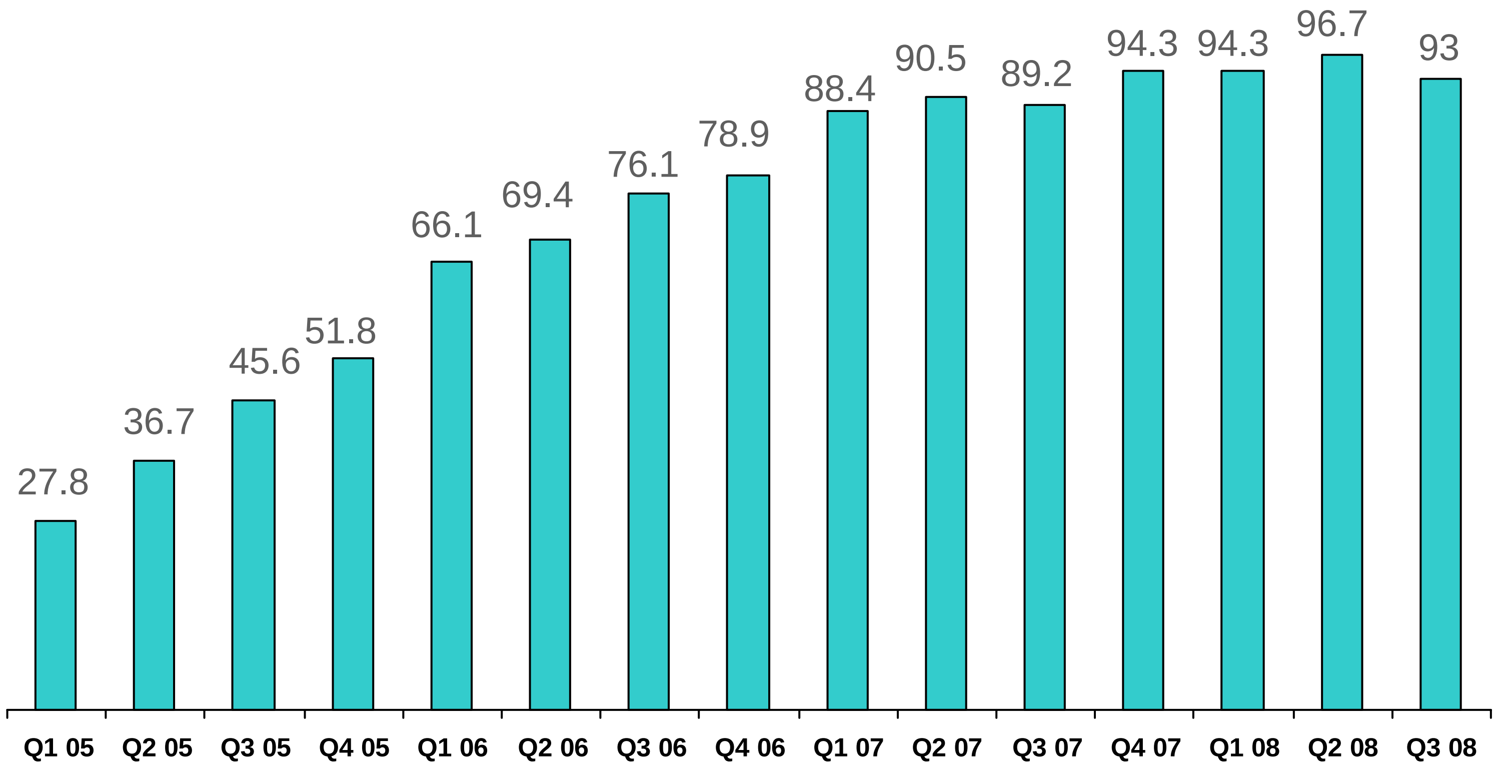
Overall subscriptions per Q3 08

’000 subscribers

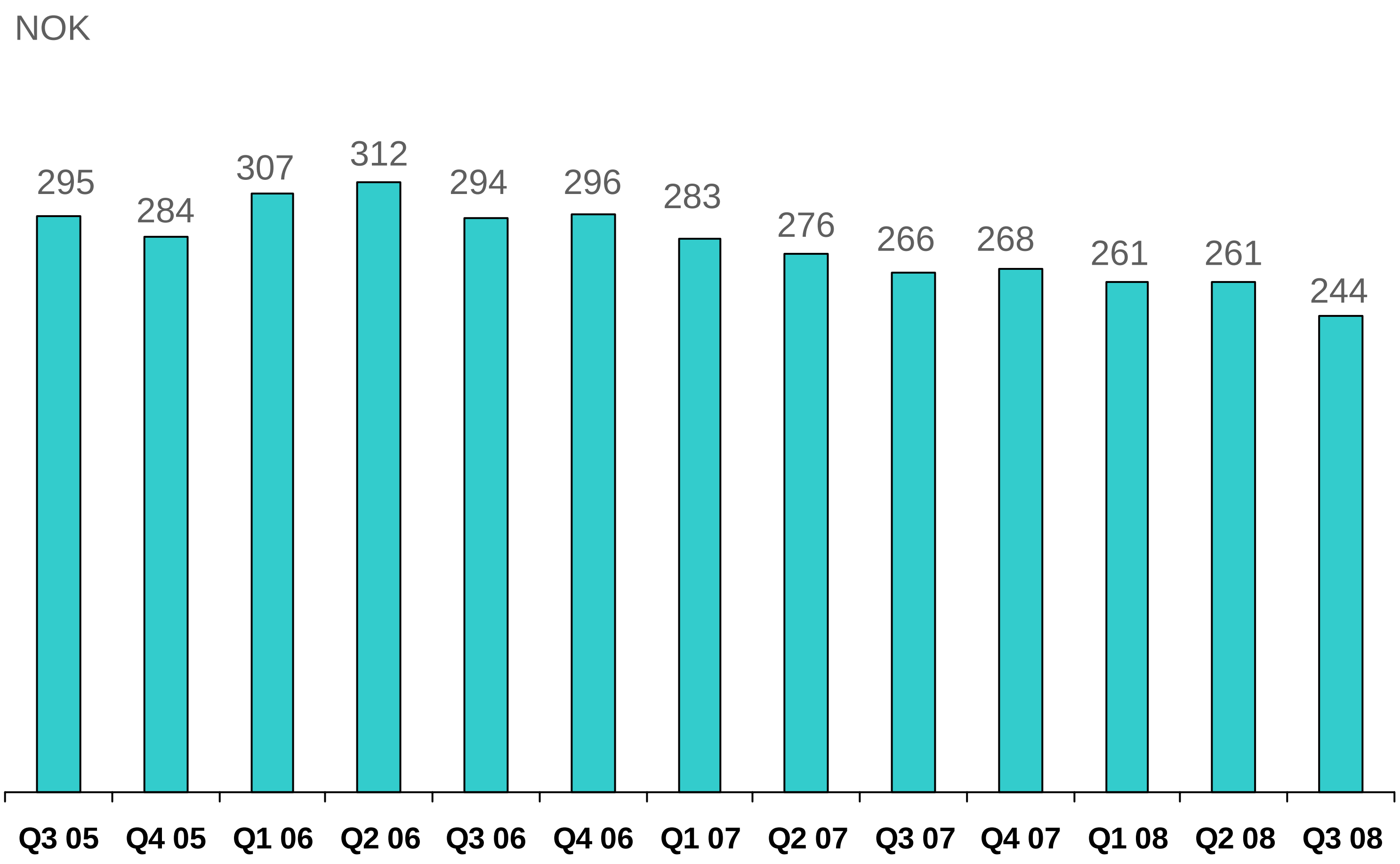


Revenue development

NOK mill.

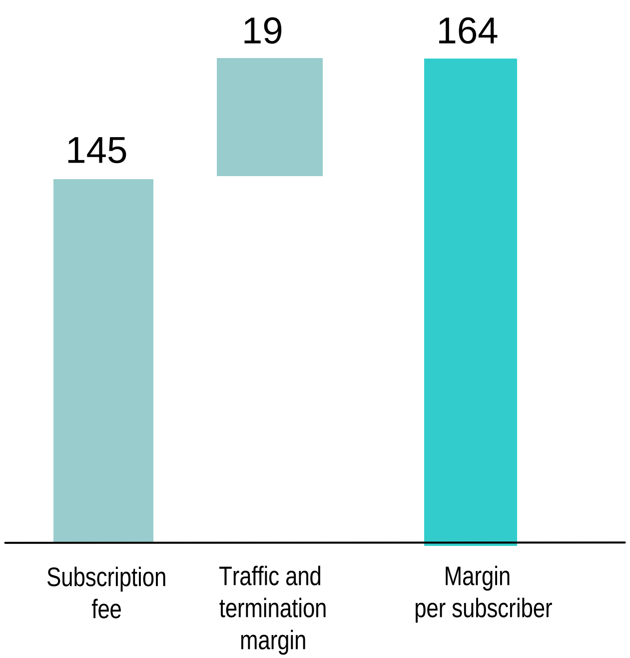


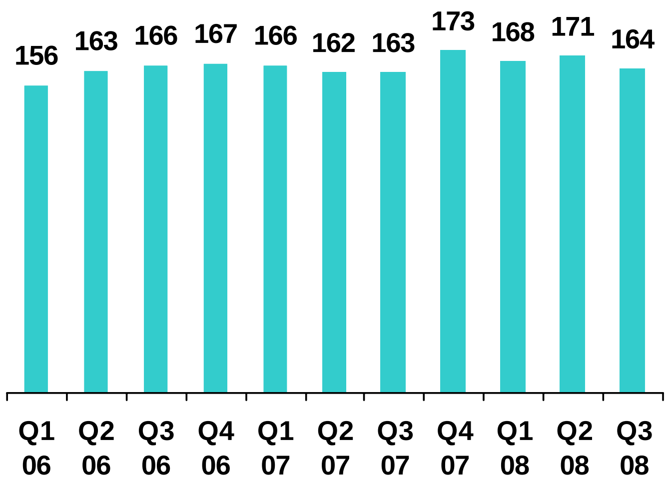
Average monthly revenue per subscriber for VoIP Norway



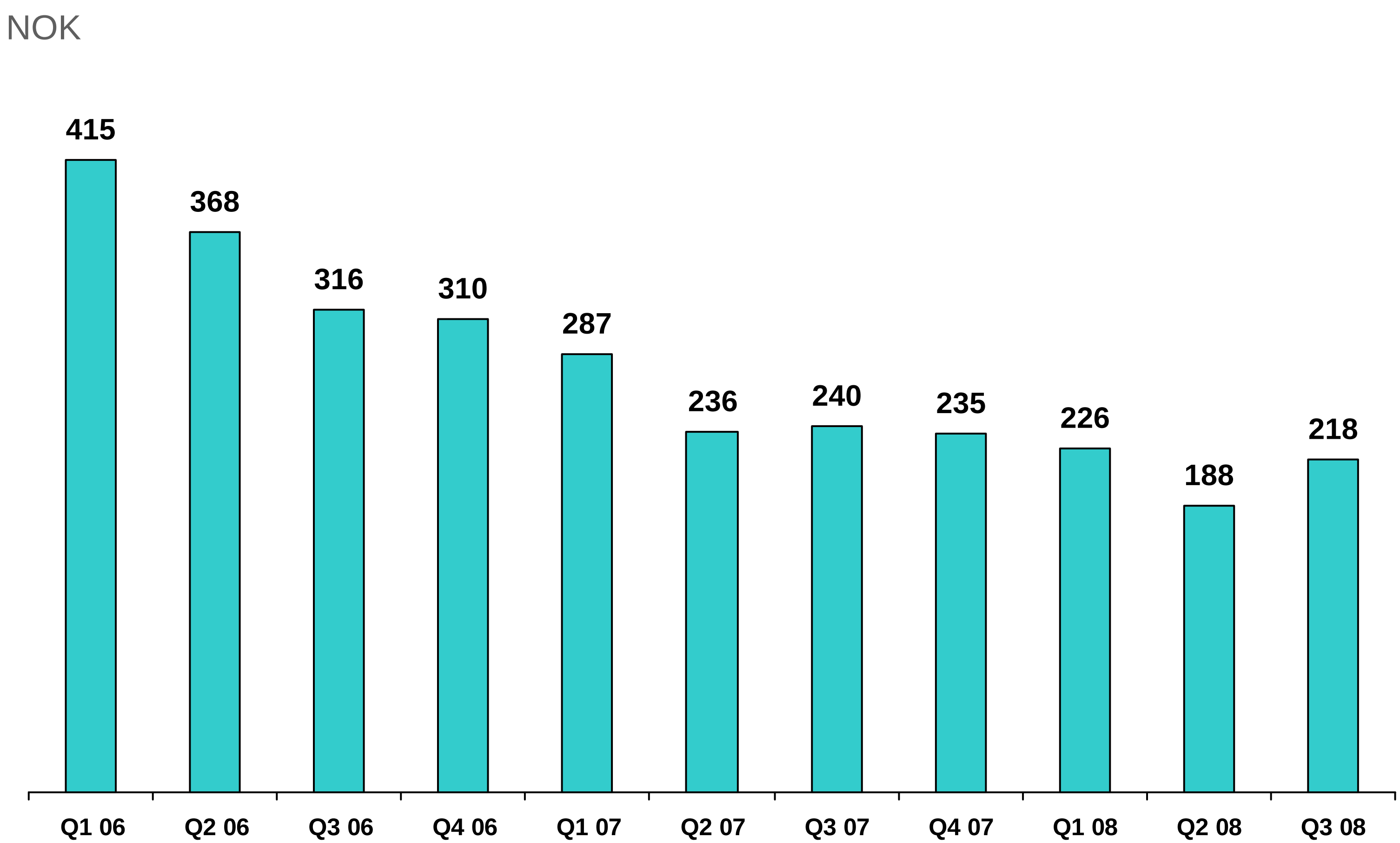
Average monthly gross profit per subscriber for VoIP Norway

NOK





Economies of scale
– improved quarterly opex* per subscriber**



* Opex excludes sales & marketing, amortization of subscriber acquisition cost, share based payment and one-off costs

** Billable subscriber (Musimi includes number of customers that used the account during the quarter)

Profit & loss statement

	Q3 08	Q3 07	var	YTD 08	YTD 07	var	FY 2007
Sales	91 080	88 121	3 %	278 542	264 587	5 %	356 900
Other revenues	1 889	1 059	78 %	5 385	3 434	57 %	5 402
Total revenue	**92 969**	**89 180**	**4 %**	**283 927**	**268 021**	**6 %**	**362 302**
Cost of connections and traffic charges	(34 742)	(36 506)	-5 %	(109 393)	(112 281)	-3 %	(148 470)
Salaries & personnel costs	(12 533)	(11 376)	10 %	(34 351)	(30 151)	14 %	(43 543)
Selling & marketing costs	(9 532)	(15 460)	-38 %	(28 872)	(42 645)	-32 %	(58 809)
Other expenses	(11 612)	(11 065)	5 %	(34 004)	(36 335)	-6 %	(47 792)
Depreciation and amortisation	(10 396)	(12 911)	-19 %	(30 928)	(37 650)	-18 %	(49 441)
Operating profit	**14 154**	**1 862**		**46 379**	**8 959**		**14 247**
Finance	1 880	(1 295)		1 203	(2 535)		(2 949)
Profit before tax	**16 034**	**567**		**47 582**	**6 424**		**11 298**