



Telio Holding ASA

Q4 08 presentation

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Oslo, 12 February 2009



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”



Q4 08 Highlights

- Financials
 - **All-time-high revenues: NOK 100.4 million**
 - 61% gross margin
 - 32% EBITDA margin
 - **All-time-high operating profit of NOK 21.7 million, an increase of 313% (Q4 07: NOK 5.3 million)**
 - Continued economies of scale
 - Cash position: NOK 123.9 million
- Continued customer and recurring revenue growth
- Positive ruling in EKOM case (Tingretten)
- International
 - Wholesale agreement with Pretium Telecom BV signed and implementation project according to plan
 - 61% customer growth in DK

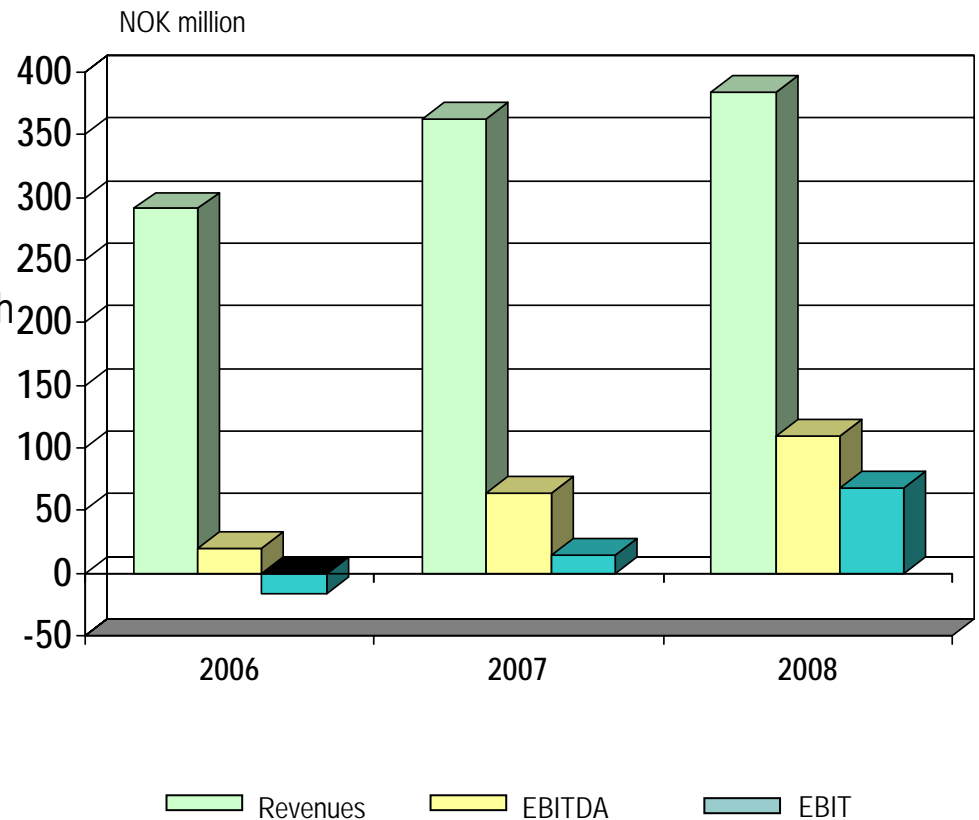
2008 Key figures

(Figures in NOK 1,000)

	2008	2007	Growth	
Revenues	384,368	362,302	22,066	6%
Gross profit	235,769	213,832	21,937	10%
Gross margin	61%	59%		
EBITDA	109,131	63,688	45,443	71%
EBIT	68,080	14,247	53,833	378%
EBT	75,571	11,298	64,273	569%

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

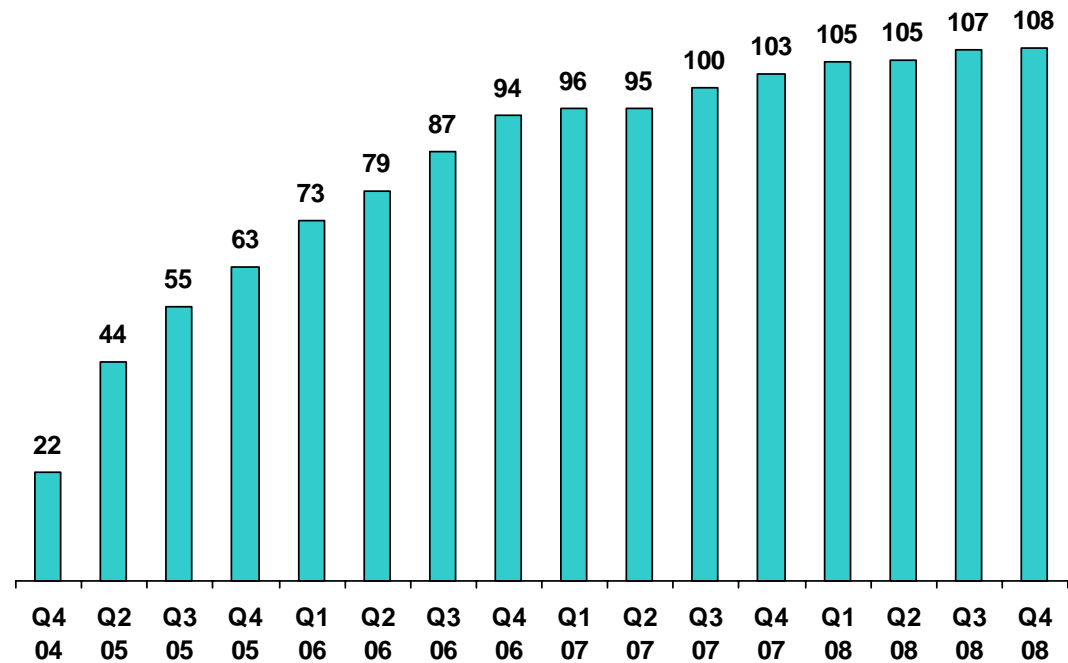
- Healthy revenue growth despite a more mature residential market and regulatory issues (pricing)
- Continuously COGS optimizing (vendor agreements etc.) results in increased gross margin
- Focus on profitable customer growth at reduced acquisition cost
- Continuous focus on reducing opex (economies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



Norway

'000 subscribers

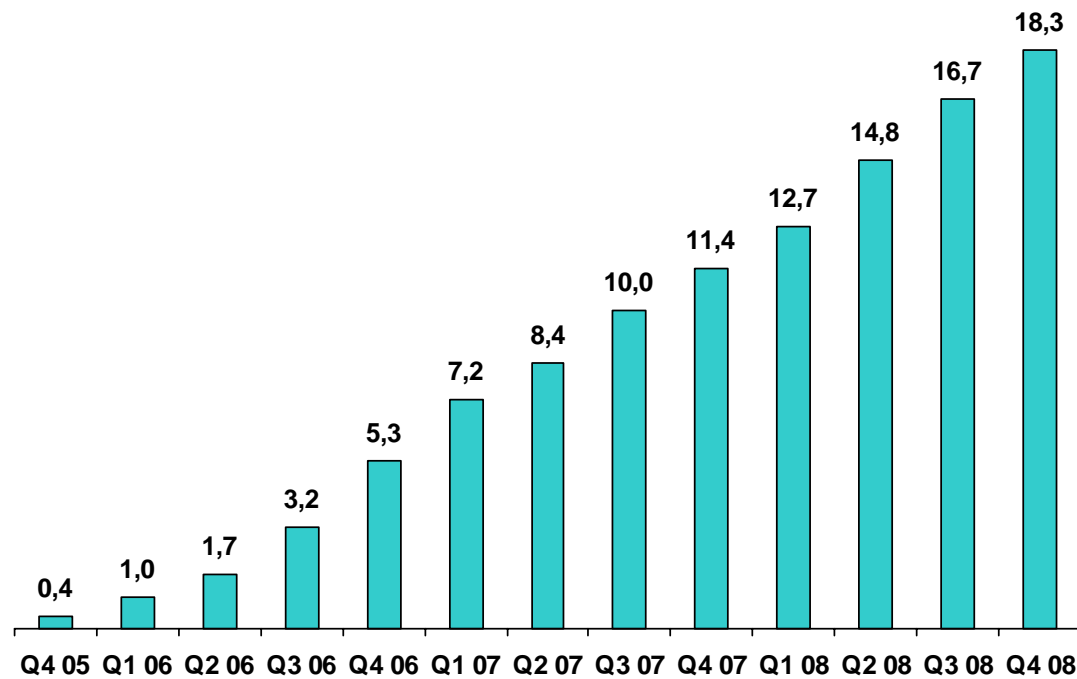
- Continued profitable growth
- SMB lines: 4,774 as of 31 Dec 2008



Denmark

'000 subscribers

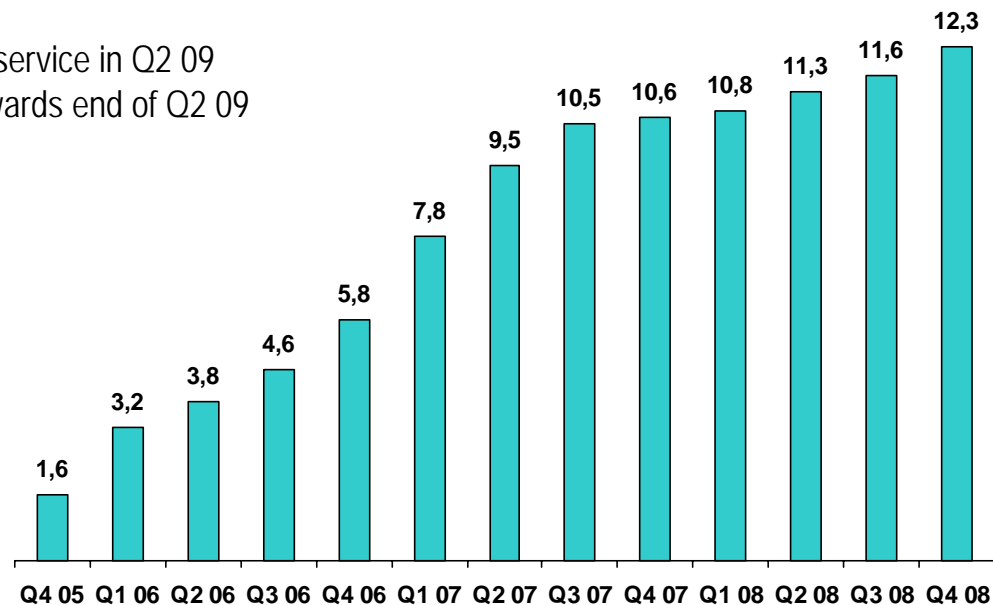
- Healthy customer growth continued in Q4
- 61% customer growth from Q4 07



Netherlands

'000 subscribers

- Strengthened presence in NL
- Expected positive development with existing wholesale partners
 - Accelerated roll-out of fibre to the home
- Implementation project with Pretium Telecom according to plan
 - Expected launch of service in Q2 09
 - Customer intake towards end of Q2 09



SMB VoIP status

- Increasing market share
- Now having a complete offering for the lower end of the SMB segment
 - Full call attendant functionality
 - Additional Centrex functions (group numbers, advanced call hunting etc.)
- Currently ongoing work that has focus on:
 - functionality that enables Telio to target larger SMBs, beyond 10 lines (ongoing several UC - SIP trunking trials)
 - improving user efficiency/experience (other advanced IP services)



Er din bedrift lei høye telefonregninger?

► Som teliokunde koster de fleste samtaler **kroner 0,-** per min.

► **KLIKK HER!**

KUN 159 kr./md.



SMB trends – bad economy drives 2009 VoIP surge

Telio has shown the largest growth of all players since the last NPT report

Business market	Telenor	Ventelo	Phonect	Broadnet	Bellit	Telio	Others
Minutes 1st half 2008	24.7%	14.0%	5.3%	16.0%	16.7%	5.8%	18%
Revenues 1st half 2008	26.8%	16.8%	10.2%	8.9%	5.5%	4.4%	27%

Source: NPT

- Telio has positioned itself on the SMB map, right after few months of fully deployed service
- With focus on cost cutting, a number of companies world-wide are turning to VoIP and "VoIP sales may increase by 200-300% over previous forecasts" (source TMC, December 2008)
- In expected accelerated growth of the SMB VoIP market, Telio is well positioned to take part in this growth

Video telephony for residential market

- Video telephony/conferencing market to grow 30%-80% per year, during the next couple of years (Gartner, IDC & Forrester 2008)
- Telio is starting with pilot during March and full product launch in Q2
- Video conferencing solution is developed in close cooperation with LG (first deployment outside of Korea)
- Solution provides high quality video (H.264) and high quality wideband voice (G.722)



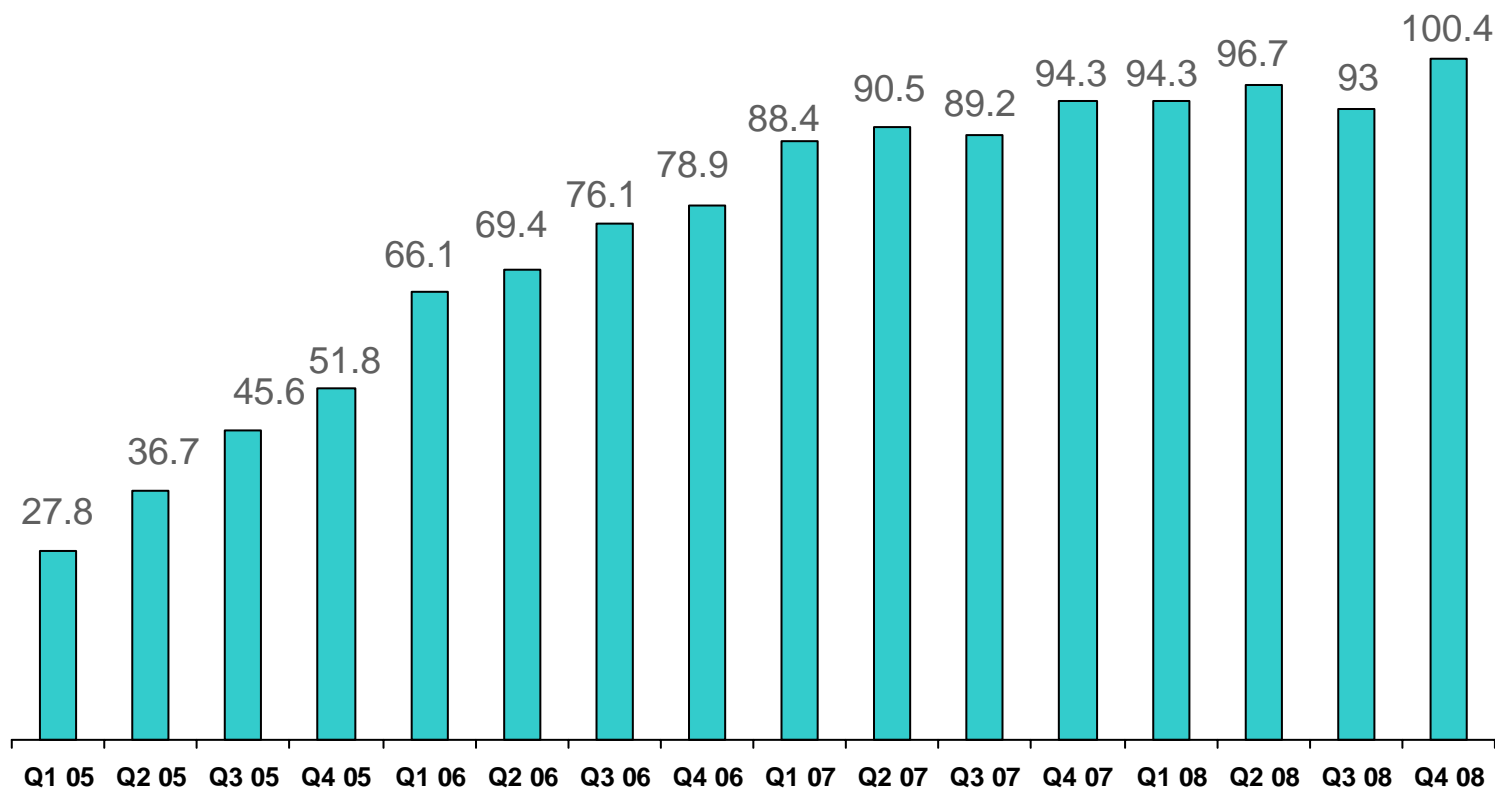
Q4 08 Summary

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Enclosures

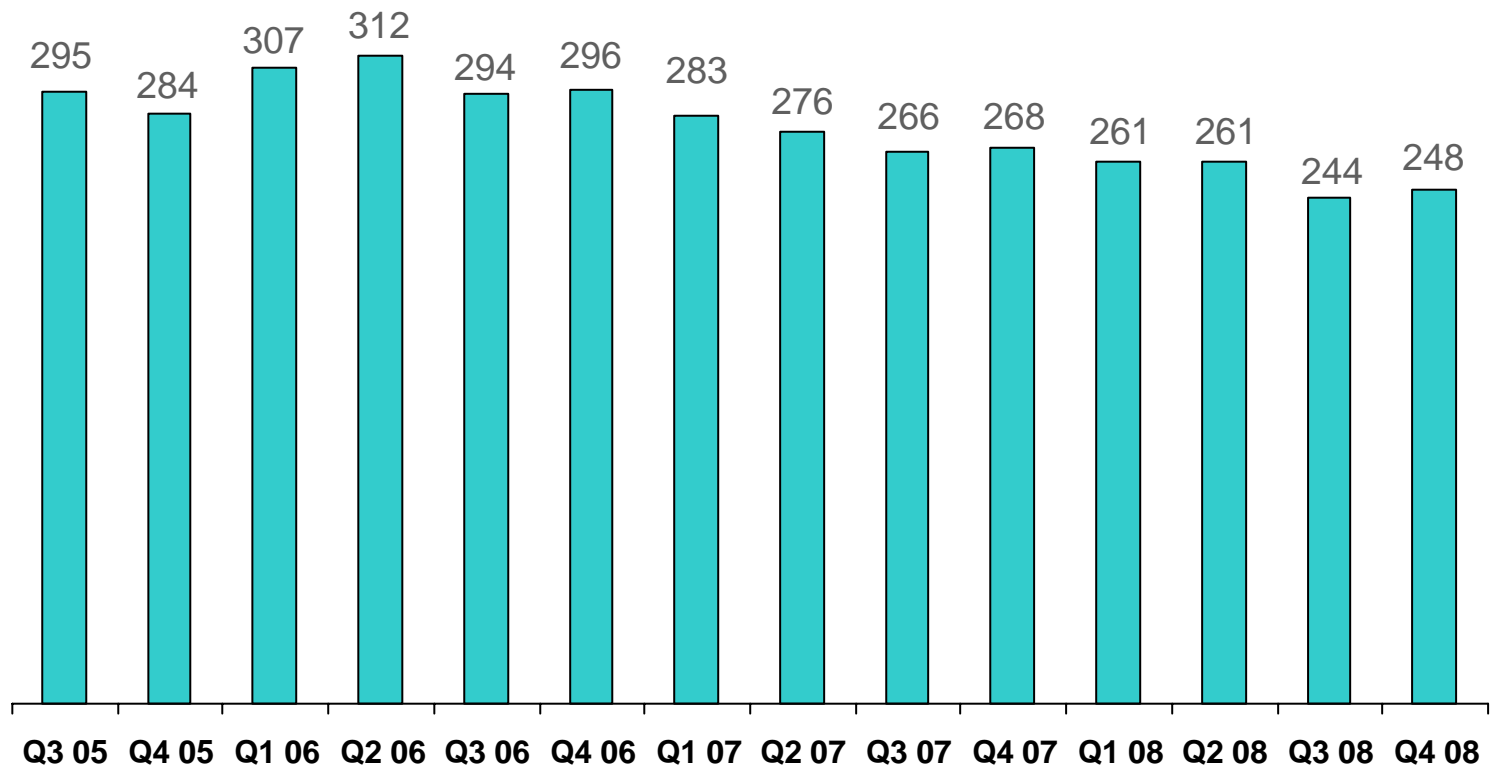
Revenue development

NOK mill.



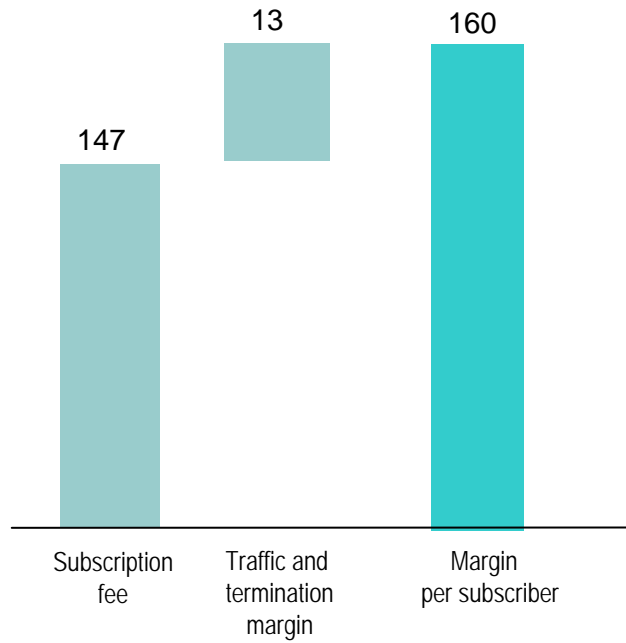
Average monthly revenue per subscriber for VoIP Norway

NOK



Average monthly gross profit per subscriber for VoIP Norway

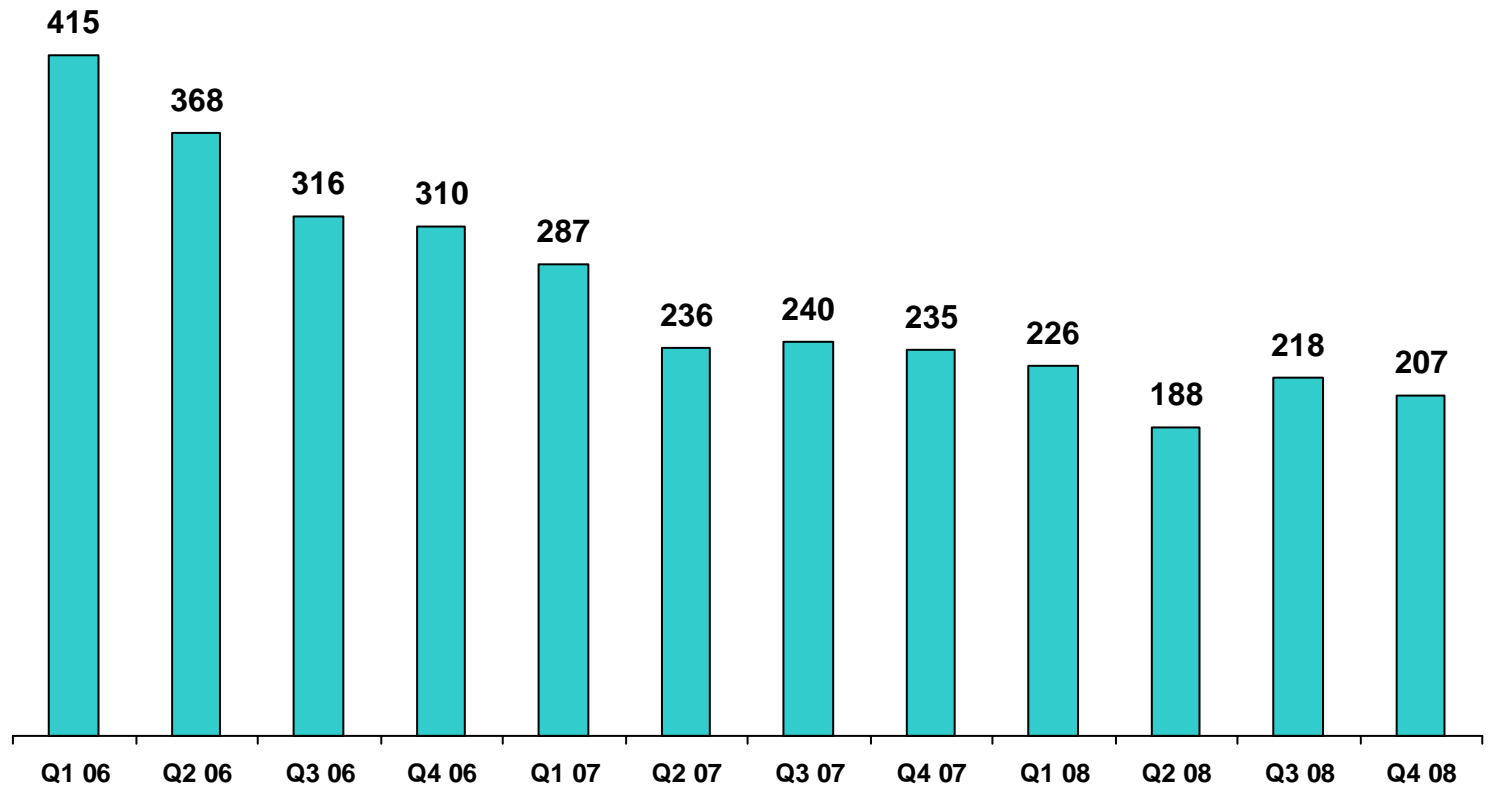
NOK



Economies of scale

– improved quarterly opex* per subscriber**

NOK



* 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

NOK '000

	<u>Q4 08</u>	<u>Q4 07</u>	<u>var</u>	<u>2008</u>	<u>2007</u>	<u>var</u>
Sales	96 127	92 313	4 %	374 669	356 900	5 %
Other revenues	4 314	1 969	119 %	9 699	5 402	80 %
Total revenue	100 441	94 282	7 %	384 368	362 302	6 %
Cost of connections and traffic charges	(39 206)	(36 189)	8 %	(148 599)	(148 470)	0 %
Salaries & personnel costs	(12 788)	(13 392)	-5 %	(47 139)	(43 543)	8 %
Selling & marketing costs	(5 611)	(16 164)	-65 %	(34 483)	(58 809)	-41 %
Other expenses	(11 012)	(11 489)	-4 %	(45 016)	(47 792)	-6 %
Depreciation and amortisation	(10 123)	(11 791)	-14 %	(41 051)	(49 441)	-17 %
Operating profit	21 701	5 257		68 080	14 247	
Finance	6 288	(413)		7 491	(2 949)	
Profit before tax	27 989	4 844		75 571	11 298	