



# Telio Holding ASA

## Q1 09 presentation

**Eirik Lunde, CEO**

**Oslo, 29 April 2009**



## Telio Holding ASA

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- 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”



## Q1 09 Highlights

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- **Financials**
  - **Revenues: NOK 99.1 million**
  - 60% gross margin
  - 30% EBITDA margin
  - **Operating profit of NOK 19.5 million, an increase of 62% (Q1 08: NOK 12 million)**
  - Cash position: NOK 135.4 million
- **Continued customer and recurring revenue growth**
  - 1,869 net new customers
- **International**
  - 57% growth in customer base in Denmark from Q1 08
  - 31% growth in customer base in Netherlands from Q1 08

## Q1 09 Key figures

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(Figures in NOK 1,000)

	Q1 09	Q1 08	Growth		2008
Revenues	99,100	94,267	4,833	5.1%	384,368
Gross profit	59,580	57,349	2,231	3.9%	235,769
Gross margin	60.0%	60.8%			61.3%
EBITDA	29,970	22,717	7,253	31.9%	109,131
EBIT	19,471	12,033	7,438	61.8%	68,080

## Cash flow

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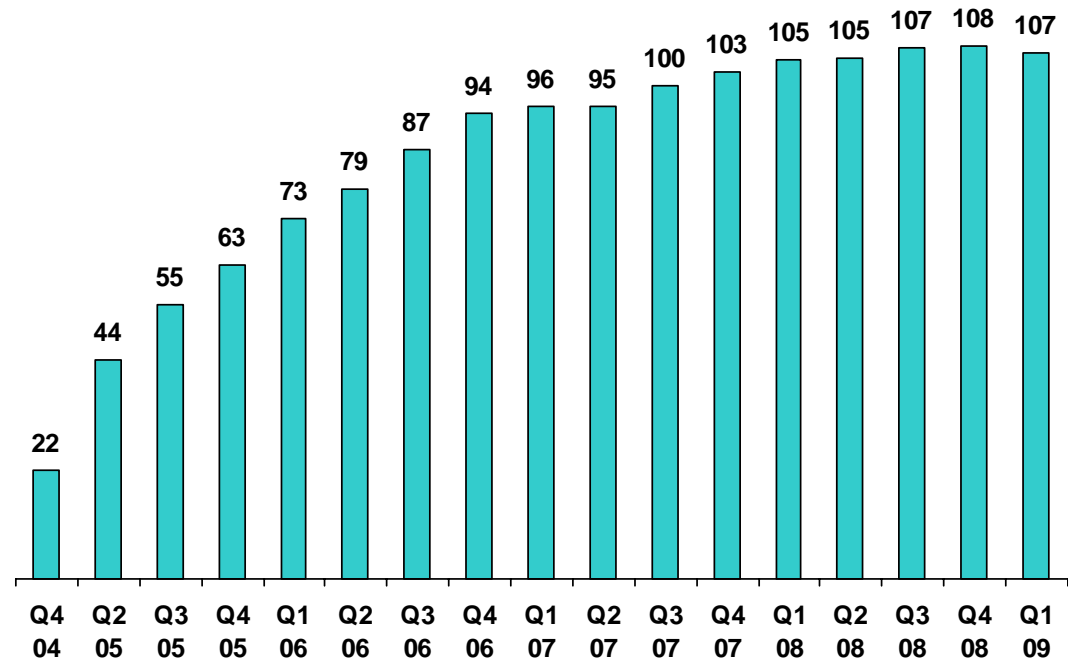
(Figures in NOK 1,000)

	Q1 09	Q1 08	2008
EBITDA	29,970	22,717	109,131
Capex	(9,444)	(5,551)	(31,203)
Changes in w/c	(3,889)	(5,494)	(16,576)
Tax	(1,311)	(159)	(4,372)
Finance	621	(1,108)	641
Free cash flow	15,947	10,405	57,621

# Norway

'000 subscribers

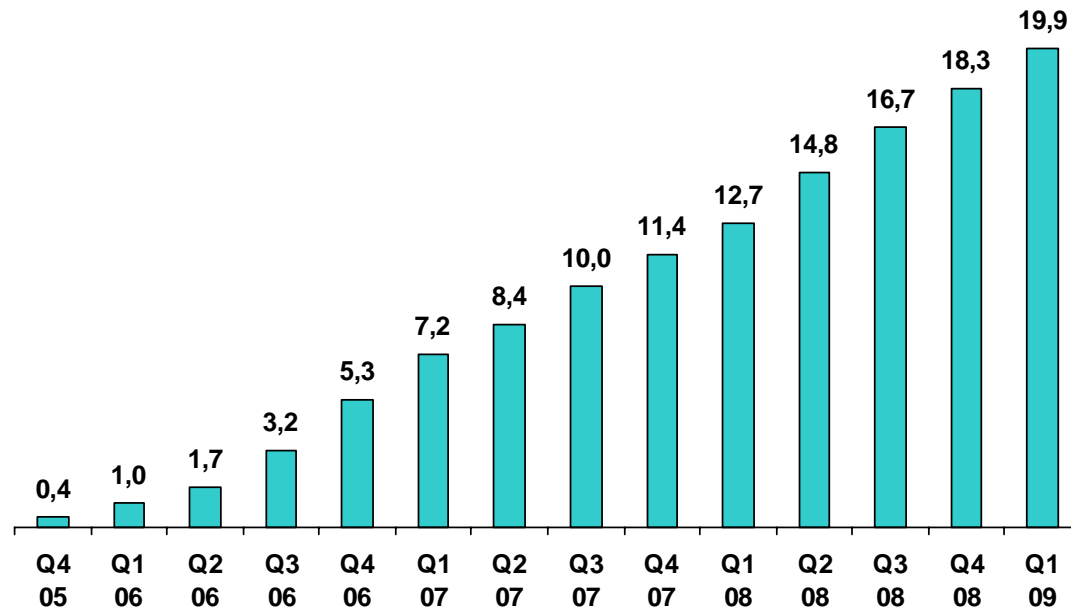
- Maintain strong position
- Launch of new services
  - Q2 video telephony



# Denmark

'000 subscribers

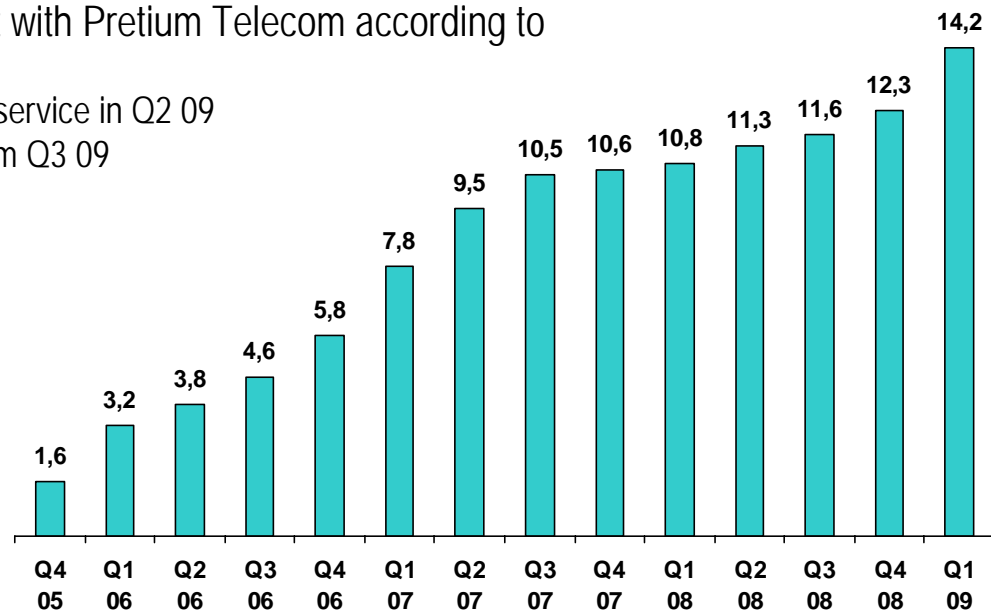
- Healthy customer growth continued in Q1
- 57% customer growth from Q1 08



# Netherlands

'000 subscribers

- Strengthened presence in NL
- Experiencing positive development with existing wholesale partners
  - Accelerated roll-out of fibre to the home
  - 31% customer growth from Q1 08
- Implementation project with Pretium Telecom according to plan
  - Expected launch of service in Q2 09
  - Customer intake from Q3 09



# SMB VoIP status

- Steady growth through Direct Sales, Web and ITS
- More than 5,000 active lines
- Offering is being improved to attract larger SMB accounts
  - GSM for SMB



Bildet: Rasmus Hansson, generalsekretær i WWF-Norge ordbeholder ordene å ringe med Tello

## WWF Anbefaler Tello!

WWF (World Wide Fund for Nature) er en av mange bedrifter som har valgt Tello. Organisasjonen har valgt en fleksibel løsning hvor de benytter seg av et IP-adapter og flere trådløse telefonapparater, noe som er ideelt i kontorlandskap. Brukerne kan dermed enkelt forflytte seg i lokalene sine og være tilgjengelige der de til enhver tid befinner seg.

## WWF ringer for kr 0,- per minutt i Norge og til utlandet!

– Vi bruker telefonen mye både til innland, utlandsamtaler og til telefonkonferanser. Ved å bytte til IP-telefoni fra Tello har vi spart betydelige summer sier IT-ansvarlig Anne Grøfarud.

**Gjør som andre smarte små- og mellomstore bedrifter, prøv Tello i dag!**

**Ring oss på 02101 og hør hva vi kan gjøre for din bedrift.**

**TELLO**

Det koster ingenting å si det

**TELIO.**

Communication evolved.



**Speech**

Superior sound quality  
– better than anything  
you have experienced  
until now

**Video**

See the other party  
– experience face to  
face communication

**Simplicity**

Just as easy to use as  
any normal telephone  
– now even grandma  
can do video calls

## Go to market strategy, available in Norway in Q2

### Customer segments:

Families  
Special interest groups  
SMB



### Subscriptions:

Telio Video: 199,- pr. month  
Establishment with 12m. Lockup:  
495,- incl VAT

### Sales & distribution:

Web, Retail, ITS  
Refer a Video Friend



## Industry revenue growth 2009

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### “VoIP Defies the Bear Economy like Chuck Norris defies a 700lbs Bear”

An interesting report by [IBISWorld, Inc.](#) just named VoIP as the predicted #1 performer in 2009 - it even beat video games. Yet more proof that [VoIP isn't dead](#) and indeed VoIP is the one shining bright spot in an otherwise dismal bear economy. The recession is crippling businesses across the nation, but several industries will remain unscathed by the current economic strife, according to recent Recession Updates published by industry research firm IBISWorld. As one of the nation's most respected independent publishers of business intelligence research reports, IBISWorld today announced the top 10 industries expected to have the largest revenue growth in 2009:

#### INDUSTRY REVENUE GROWTH 2009

1. Voice Over Internet Protocol Providers (VoIP)	20.1%
2. ecommerce & Online Auctions	12.6%
3. Biotechnology	10.3%
4. Engine, Turbine & Power Transmission Equipment Manufacturing	10.0%
5. Scheduled Bus Service	9.2%
6. Court Reporting Services	7.7%
7. Community Housing Services	7.5%
8. Search Engines	6.5%
9. Family Counseling	6.1%
10. Video Games	5.8%

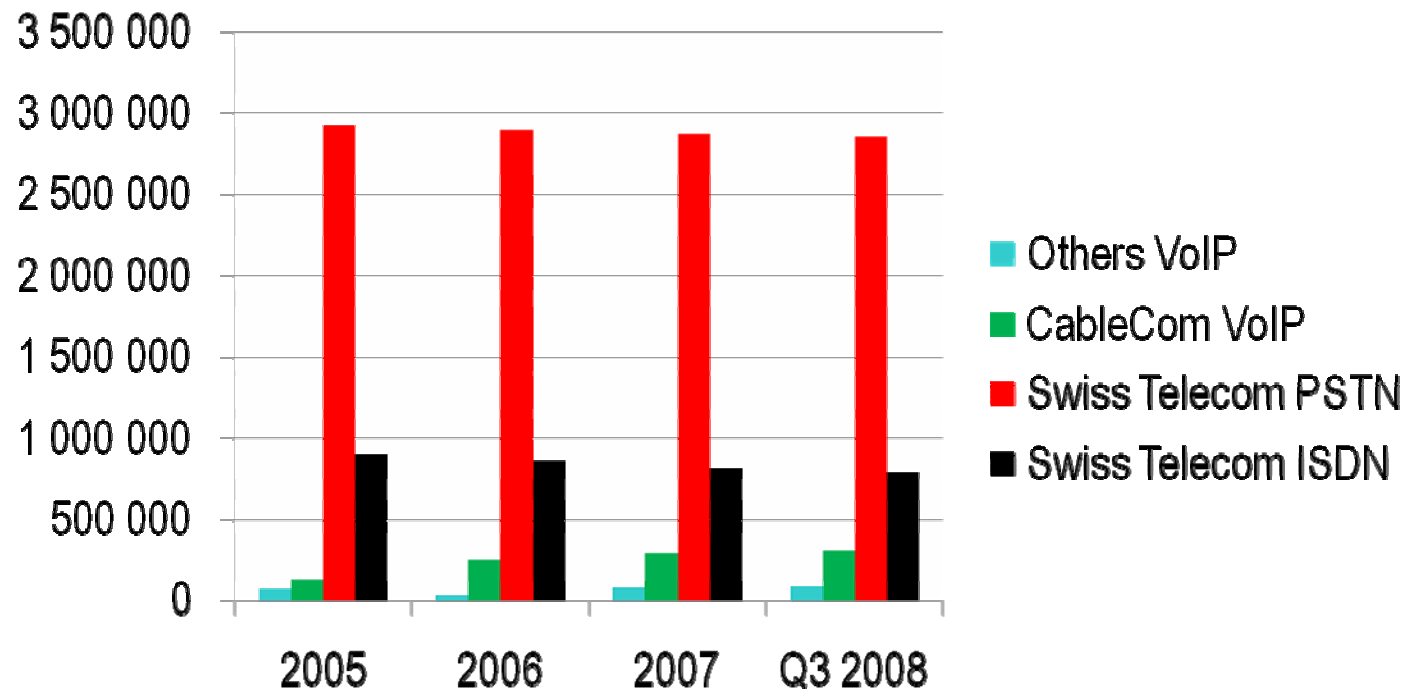
# Switzerland

- Telio will launch its own brand in Switzerland during Q4 09
- Copy of the very successful Telio business model
- Market is similar to Norway
  - High cost of living
  - High broadband penetration
  - Large community of immigrants
- Population: 7.6 million

Geographical distribution of the languages of Switzerland (2000)



# Competitive landscape



## Q1 09 Summary

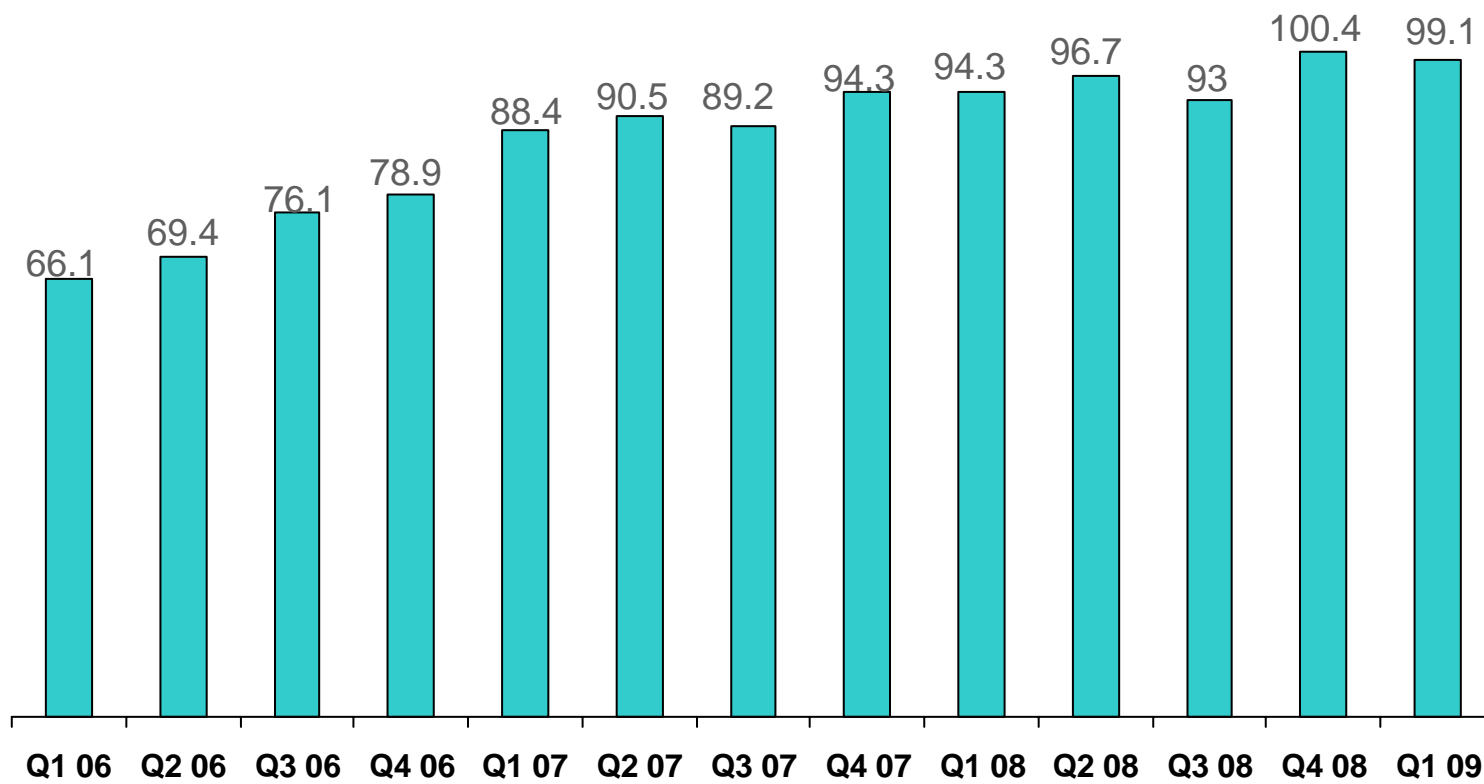
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# Enclosures

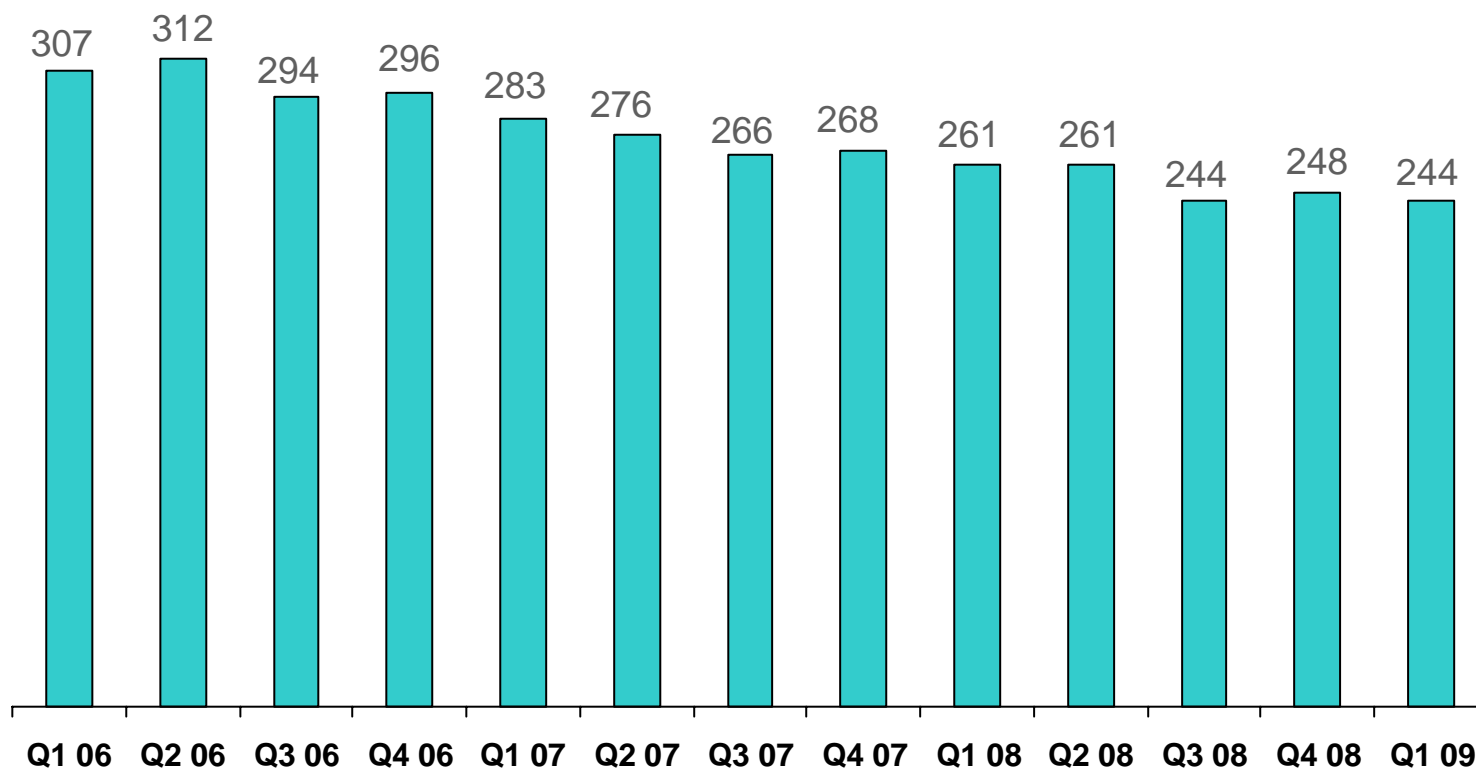
## Revenue development

NOK mill.



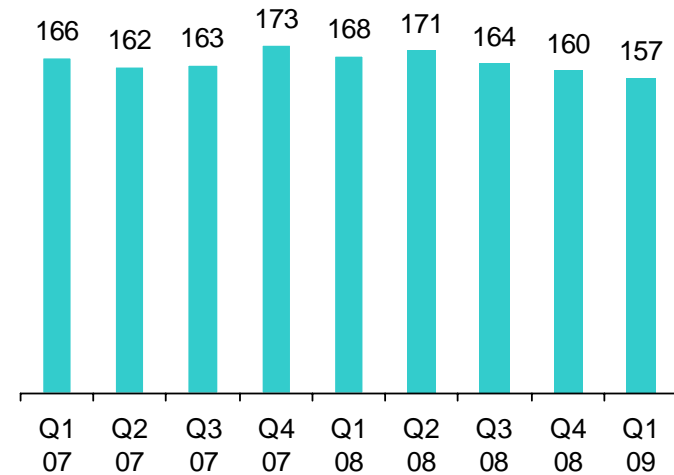
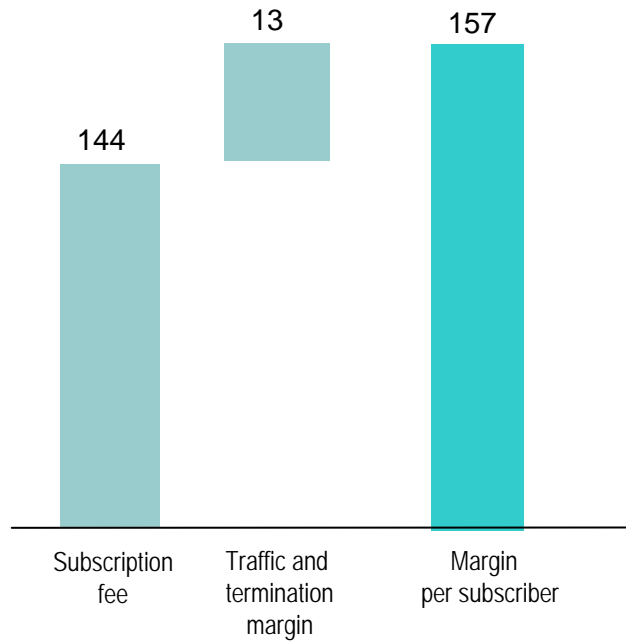
## Average monthly revenue per subscriber for VoIP Norway

NOK



# Average monthly gross profit per subscriber for VoIP Norway

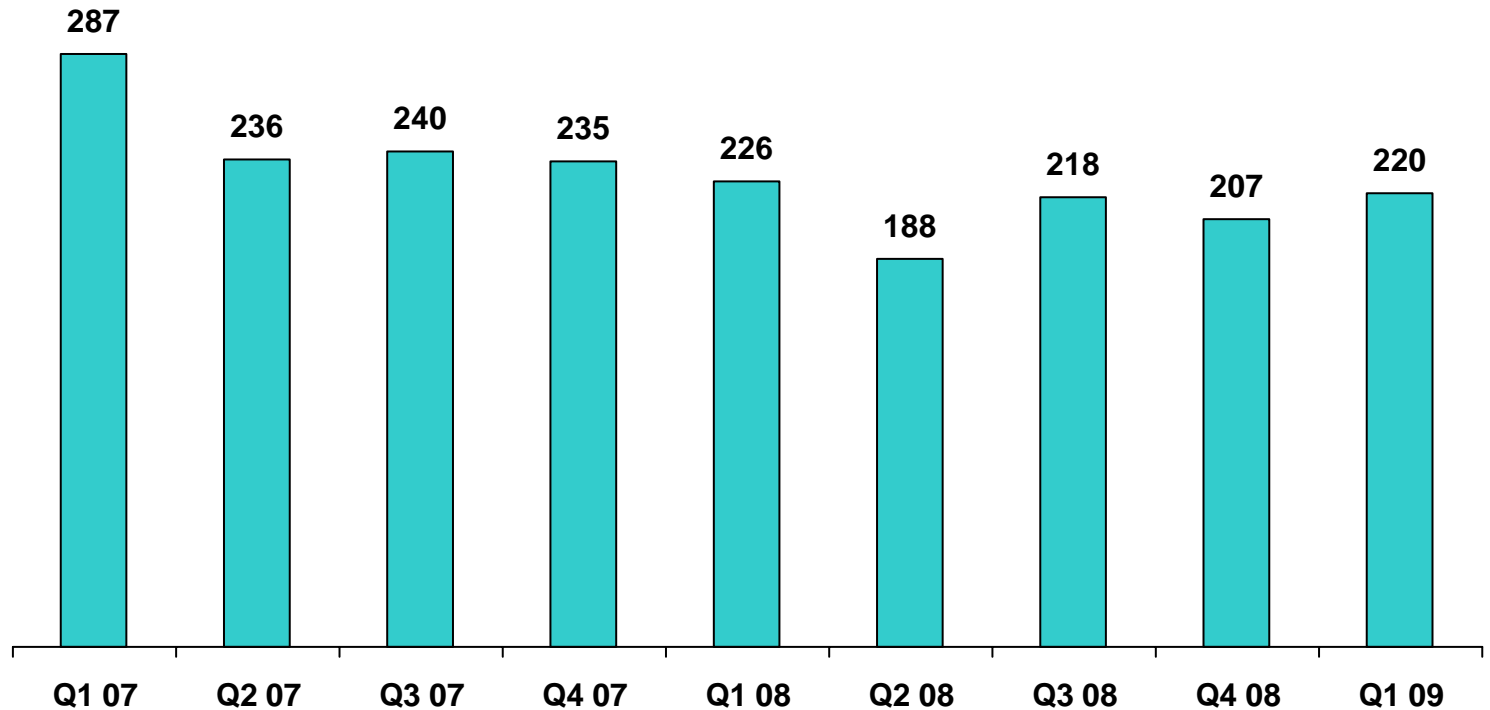
NOK



# Economies of scale

– quarterly opex\* per subscriber\*\*

NOK



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

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

## Profit & loss statement

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NOK '000

	<u>Q1 09</u>	<u>Q1 08</u>	<u>var</u>	<u>2008</u>
Sales	96 809	92 073	5 %	374 669
Other revenues	2 319	2 194	6 %	9 699
<b>Total revenue</b>	<b>99 128</b>	<b>94 267</b>	<b>5 %</b>	<b>384 368</b>
Cost of connections and traffic charges	(39 548)	(36 918)	7 %	(148 599)
Salaries & personnel costs	(13 124)	(12 482)	5 %	(47 139)
Selling & marketing costs	(3 824)	(10 706)	-64 %	(34 483)
Other expenses	(12 662)	(11 444)	11 %	(45 016)
Depreciation and amortisation	(10 499)	(10 684)	-2 %	(41 051)
<b>Operating profit</b>	<b>19 471</b>	<b>12 033</b>	<b>62 %</b>	<b>68 080</b>
Finance	(5 857)	(1 108)		7 491
<b>Profit before tax</b>	<b>13 614</b>	<b>10 925</b>	<b>25 %</b>	<b>75 571</b>