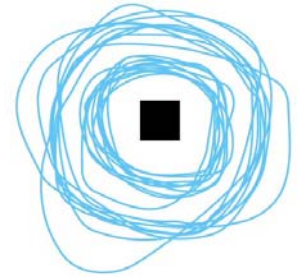


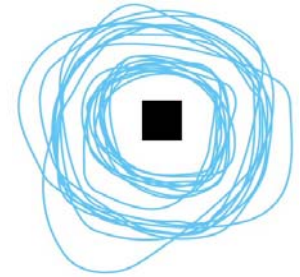
TELIO



Telio Holding ASA

Q1-06 presentation

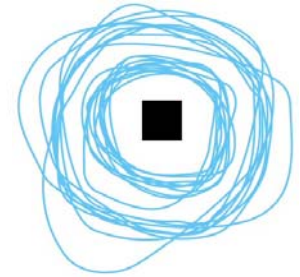
TELIO



Agenda

- **Highlights**
- Review of Q1-06
- New strategy
- Listing of the company
- Outlook
- Q&A

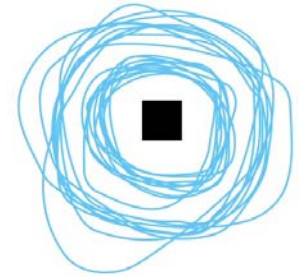
TELIO



Telio Holding highlights

- Strong revenue growth in Q1 – Total revenues of NOK 66.2m up 138% y/y and 21% sequentially
- Operating losses of NOK 2.2m, of which NOK 5.6m in recurring operating profit. Listing and IPO costs bring down the results by NOK 2.7m
- More than 90,000 customers end of Q1 - higher net subscribers add than Q4
- Telio's mobile and international strategy decided
- Listing and IPO on route for Q2

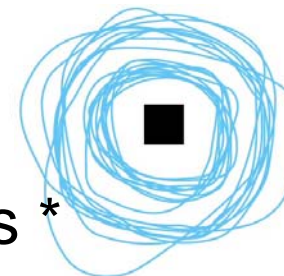
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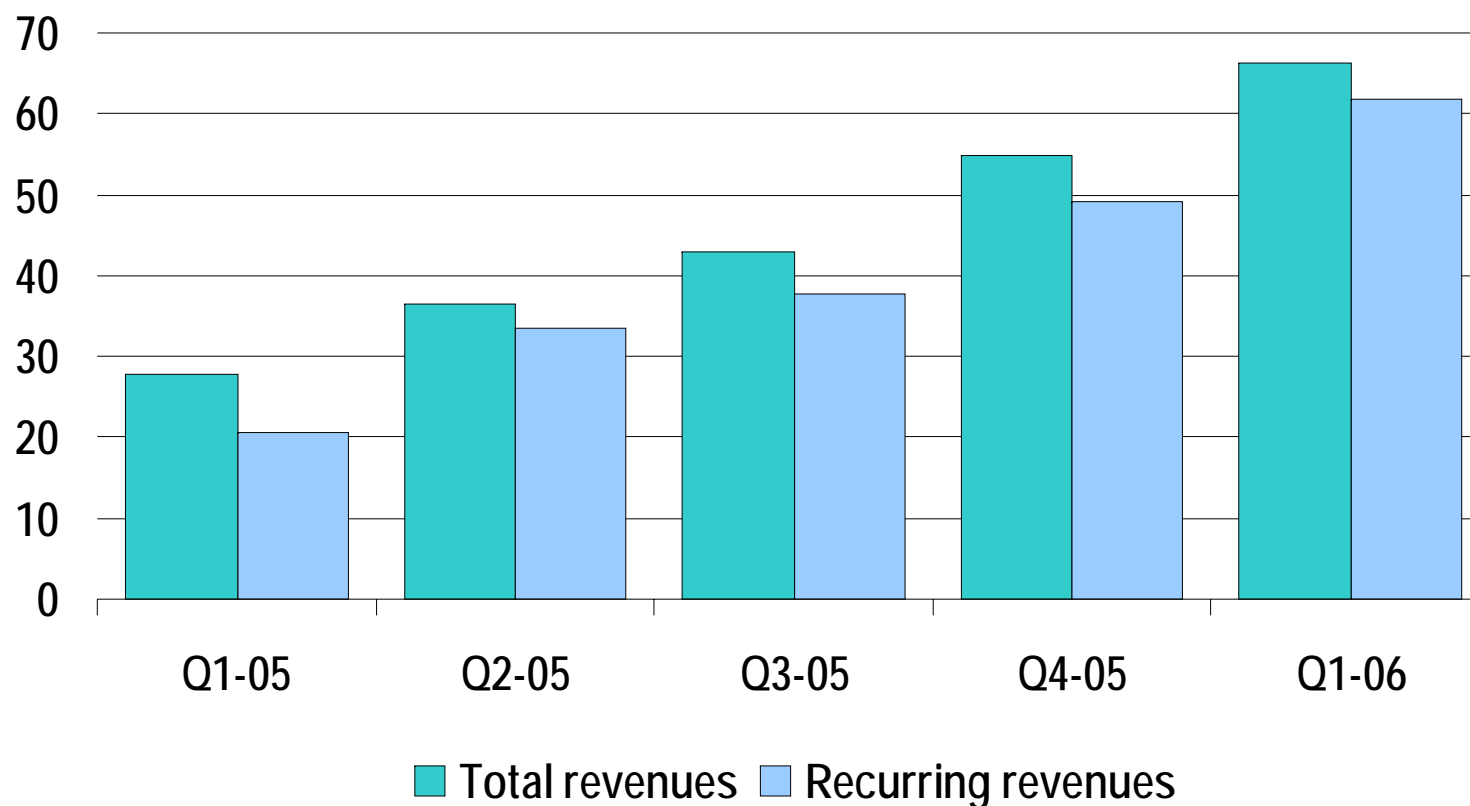
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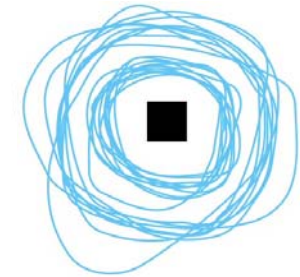
Strong growth (26%) in q/q recurring revenues *

MNOK - IFRS



* Revenues from existing customer base, i.e excl. Connection fees and special items

Strong performance in recurring * business



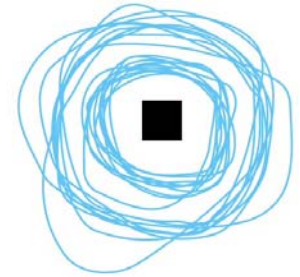
NOK '000 - IFRS

	<u>TOTAL</u>	<u>Recurring *</u>	<u>Non-recurring</u>	<u>Spec items</u>
Q1-2006				
Sales	66 121	61 938	2 183 [▲]	2 000
Other revenues	77	77		
Total revenue	66 198	62 015	2 183	2 000
Cost of connections and traffic charges	(29 930)	(29 930)		
Salaries and personnel costs **	(9 003)	(9 003)		
Selling and marketing costs	(7 754)	0	(7 754)	
Other expenses	(15 232)	(12 532)		(2 700)
Depreciation and amortisation	(6 440)	(4 963)	(1 477)	
Operating profit	(2 161)	5 587	(7 048)	(700)

* Current activities relating to existing customer base

** Includes share based payment of NOK 0,9 million

TELIO



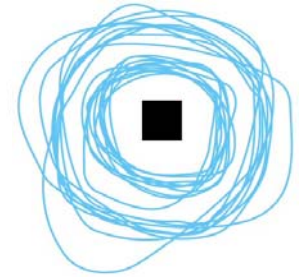
Strong increase in total customer base

- 90,300 total customers end of Q1
 - Norway 73,000 – up 9,600
 - Denmark 14,100 – up 1,000
 - 13,100 Musimi accounts*
 - 1,000 Tellio customers
 - Netherlands** 3,200 – up 1,600

- Solid net subscription growth during the whole quarter, higher net adds than Q3

- *Note that Musimi “customers” are counted as opened accounts. Not all accounts may be active
- **Note that Dutch customers belong to our partners in Netherlands

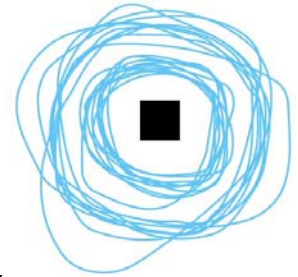
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Denmark and Netherlands

- Telio Denmark
 - So far mostly internet sales
 - Distribution to be added in Q2
 - Added marketing spend likely
- Optibel and XMS Netherlands
 - Optibel has 1,600 customers with limited growth
 - XMS so far 1,600 customers, growth comes as fibre rolled out
 - Increase of 1,000 customers from changing to Telio platform

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Continuous testing and introduction of new channels in Norway

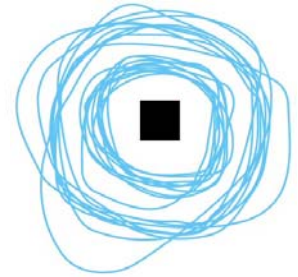
○ Retail

- Launched in Rema 1000 just after Easter.

○ Telemarketing

- Recruited personnel to our own Telemarketing company
- Personnel experienced in selling Telio and will only sell Telio
- Will save significant marketing costs plus improve Telemarketing net sales
- Operational from May 1 and located in Lillehammer (“Salgs-senteret Lillehammer as”)

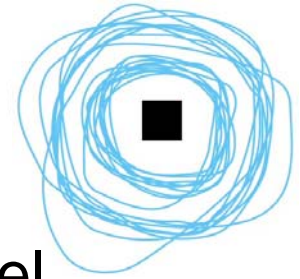
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Consolidation starting in Norway

- Bellit and Televoip merged
- Telio acquired some assets from IPtech, IPtech in reality out of business
- Consolidation likely to increase as competition increases

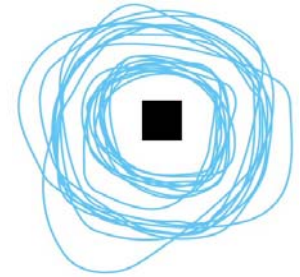
TELIO



Stronger competition from incumbent– need to raise VoIP to the next level ...

- Telenor launched Telio look alike in March
- Many others have Telio look alike price plans
- Will launch Telio Mobile for Telio VoIP customers
 - Launched as a feature to VoIP
 - Unbeatable low price plan
 - To be launched in May
 - Is the starting point of our mobile strategy
- Will make it obvious that VoIP limited to fixed line substitution will become an inferior product

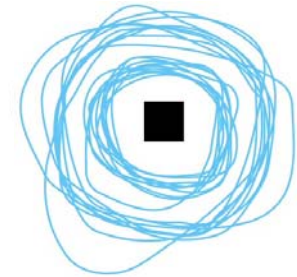
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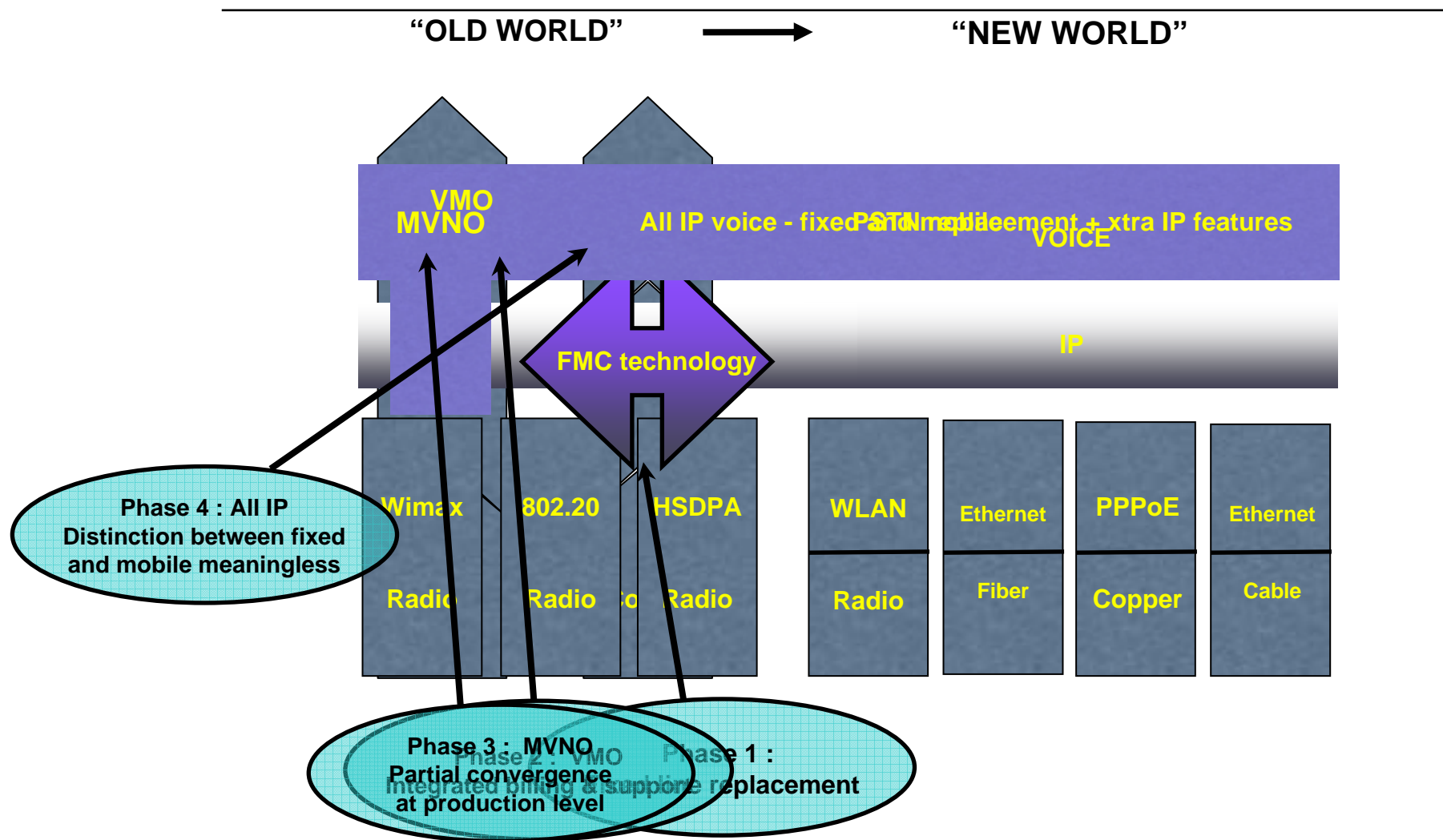
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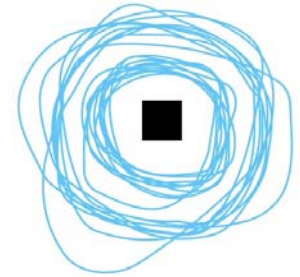
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...cheap mobile only the starting point



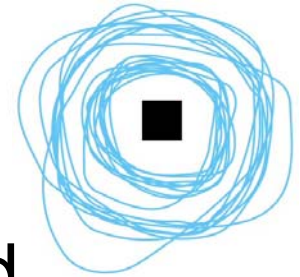
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The business implications of IP going wireless will be dramatic

- The distinction between fixed and wireless voice becomes meaningless
- Nearly triples available market size
- Makes it obvious for consumer that VoIP limited to POTS replacement becomes inferior product
- Makes it clear that bundling voice with fixed broadband access may not be most “natural bundle
- Enhanced competitiveness of access independent VoIP providers because separation of access and service is “*built into the genes*”
- May force cellular carriers to transform themselves to wireless ISPs

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Intelligent international strategy decided

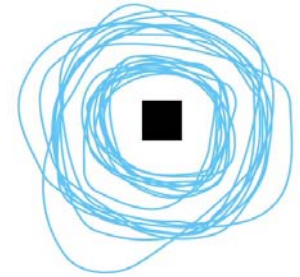
- Challenging international regulatory framework
 - Norway in lead
 - Key regulatory requirements:
 - number portability
 - naked DSL
 - cost based interconnection

- Strategy designed to work with the regulatory complexity
 - Phase 1: Offer second line VoIP service in Europe for very high volume callers
 - Phase 2: Offer primary line VoIP service in specific countries
 - Phase 3: Launch mobile offering similar to the offer in Norway

- Limited technical investments in phase 1 – can use one platform

- Market investments will be made to support launch where needed
 - Considerable marketing investments will require new funding

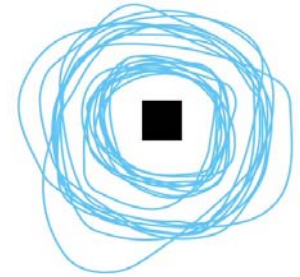
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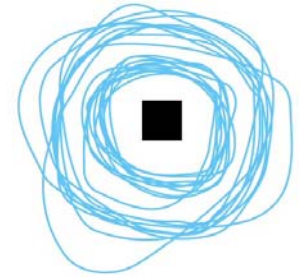
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Listing and IPO continues as planned

- Applied for listing April, 26th
- Pre-marketing starts Monday
- Analytical reports available from Monday
- Road show starts mid-May
- Structure of the IPO to be decided
- Final go on listing from OSE board May, 29th

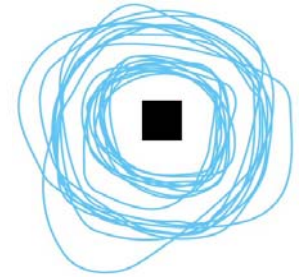
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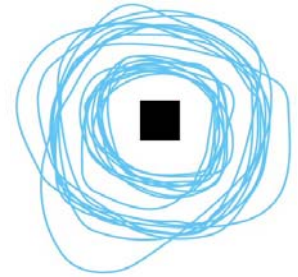
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Growth expected to continue in Q2

- Market
 - Continued customer inflow expected
 - Strong interest for the mobile service from our customer base even before launch
- Financials
 - Continued growth in revenues
 - Expect increased spending on marketing

TELIO



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