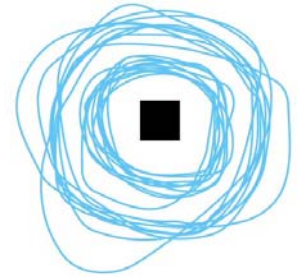


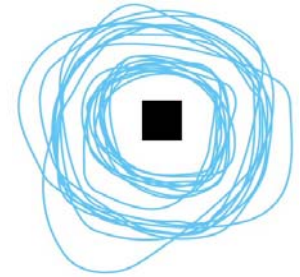
TELIO



Telio Holding ASA

Q3-06 presentation

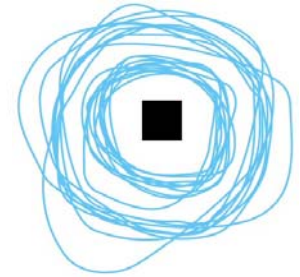
TELIO



Telio Holding ASA

- Leading broadband telephony provider
- Committed to improving user experience and reducing cost to subscribers
- Innovative products and services based on access independent platform
- World renowned technology experts
- Headquartered in Oslo, listed on OSE with ticker “telio”

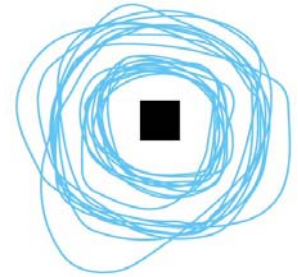
TELIO



Telio Holding highlights

- Growth increases
 - Total revenues of NOK 76.1m up 67% y/y and 9% sequentially
 - 115,000 total subscriptions, increase of 13,000 subscribers in Q3
- Strong improvement in gross margin per subscriber
- Scaling of OPEX continues
- EBIT positive at NOK 3,5 m – improvement of NOK 7,9 m compared to Q2
- Market consolidated in Norway
- Telio to take leadership in Mobile VoIP backed by close cooperation with Nokia based on their mobile VoIP platform

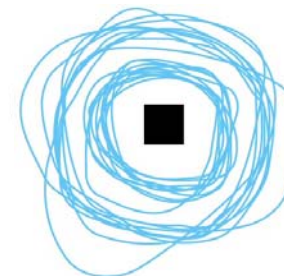
TELIO



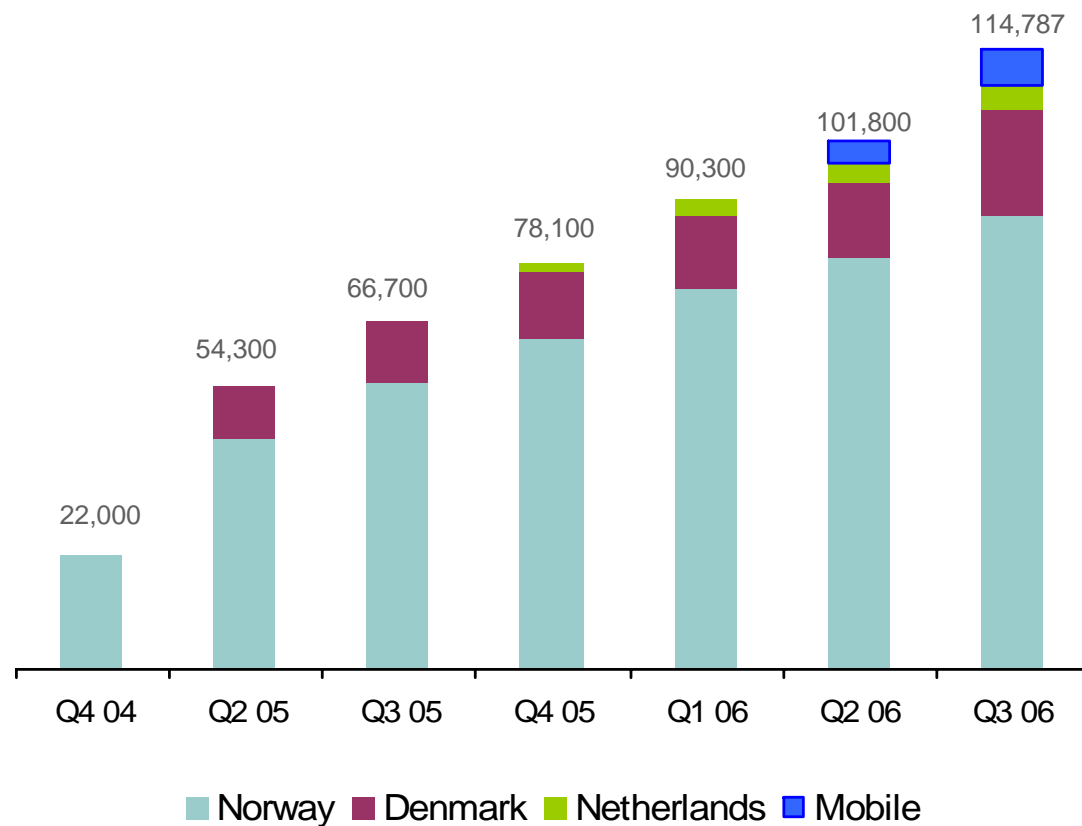
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- Mobile VoIP
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- Other events

TELIO



Overall strong subscription inflow in Q3

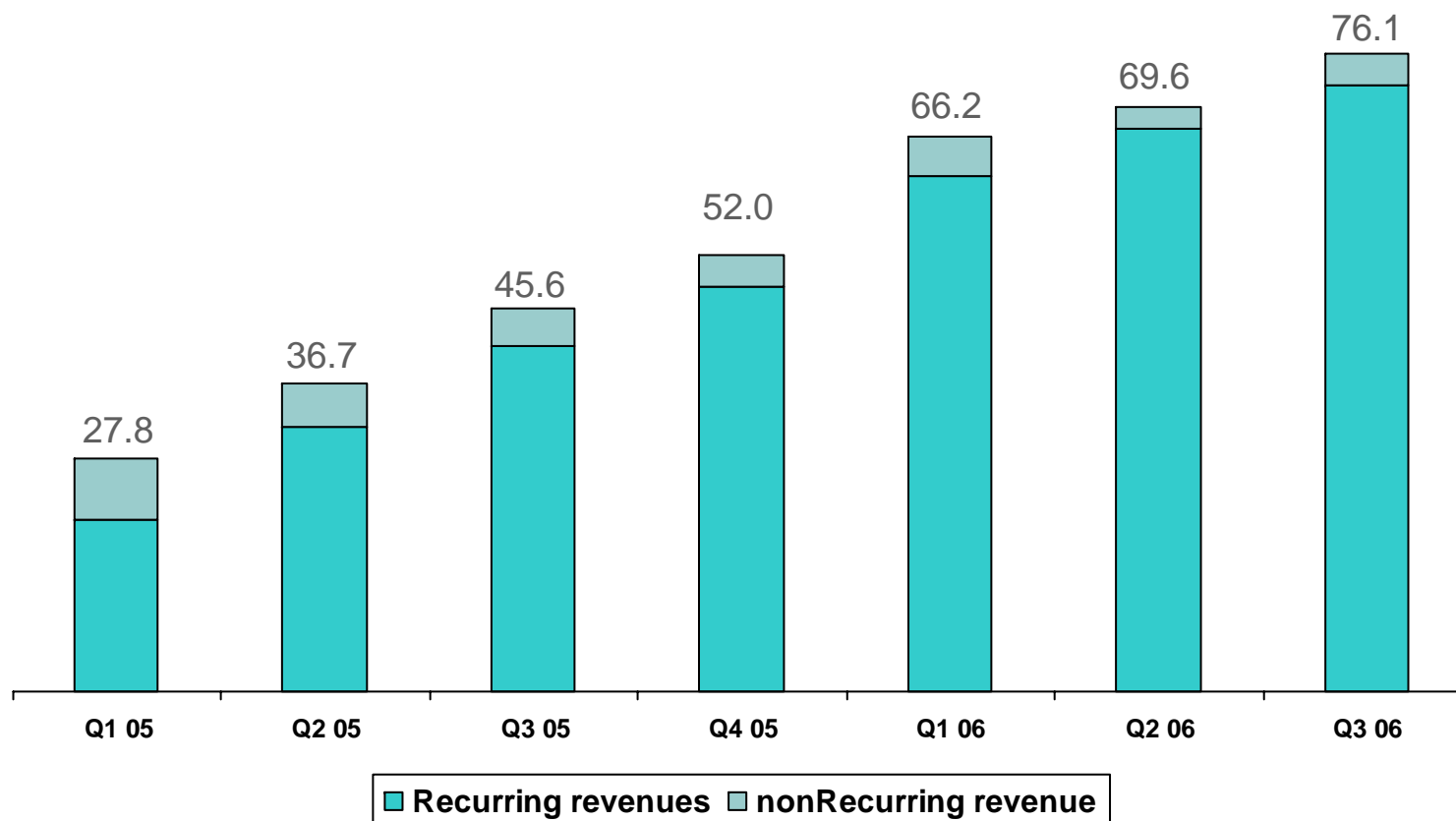


TELIO



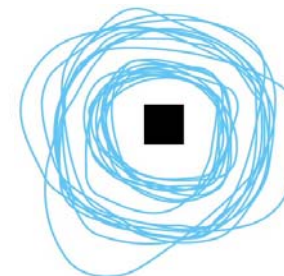
Recurring revenues increased by 8% compared to previous quarter

NOK mill.



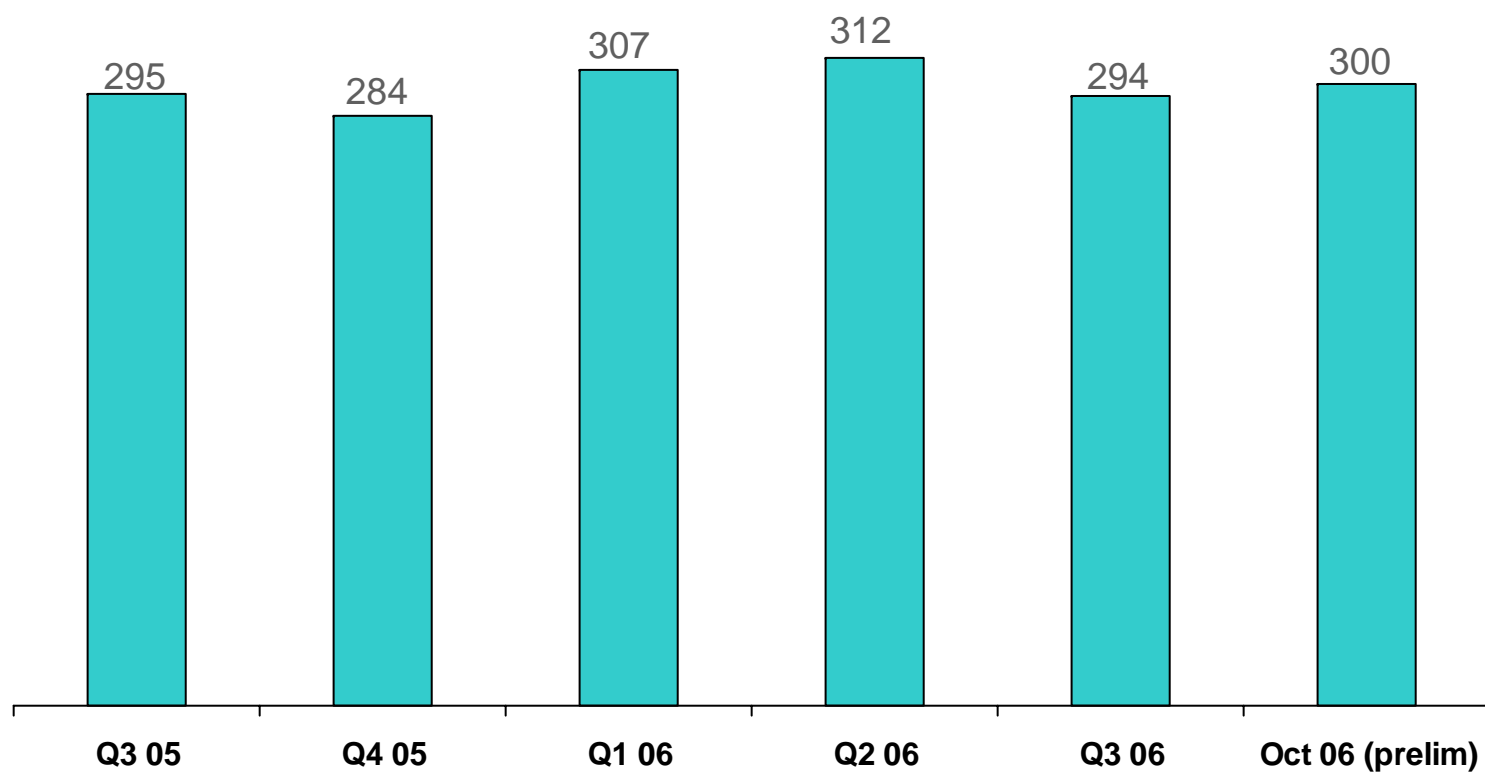
* Revenues from existing customer base, i.e excl. connection fees and special items

TELIO

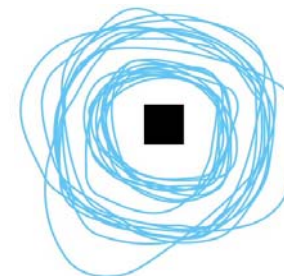


Stable revenue per subscriber in Norway

NOK

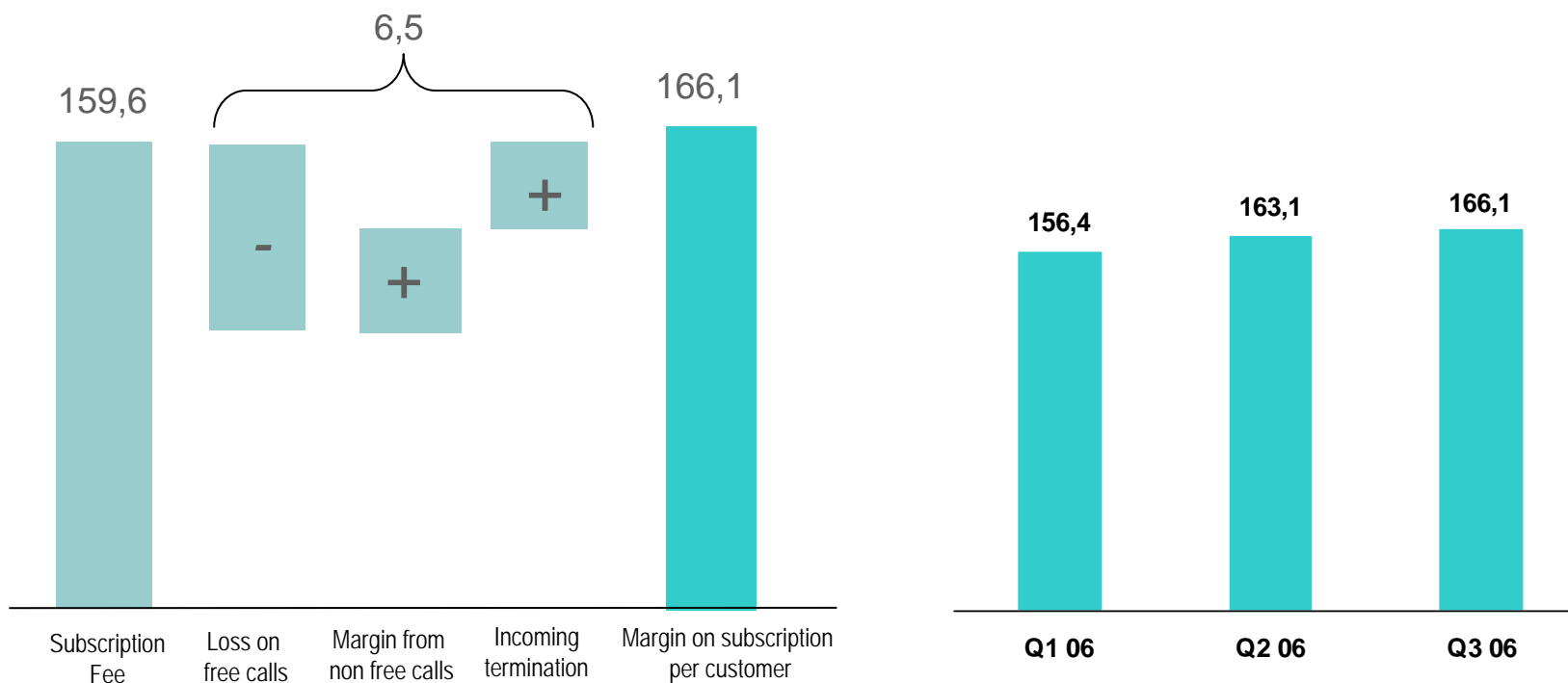


TELIO



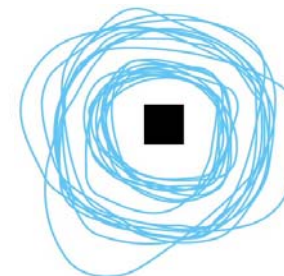
Continued increase in average monthly gross margin per subscriber*

NOK



* Billable subscribers Norway

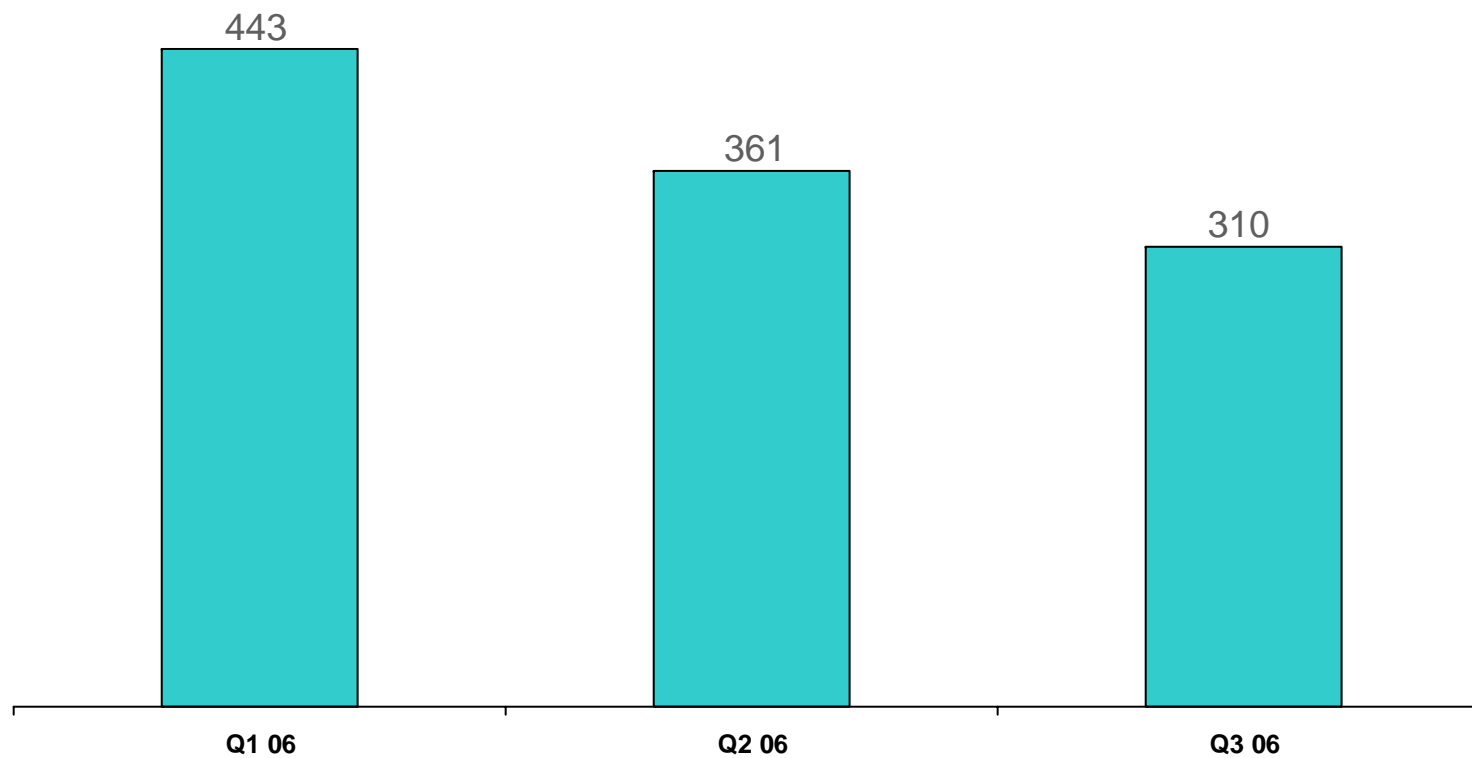
TELIO



Scaling continues

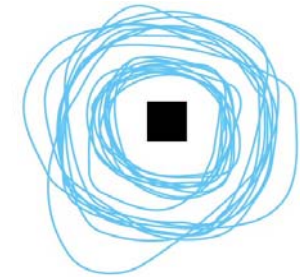
– improved quarterly opex per subscriber ratio *

NOK



* Opex excl. sales&marketing and amortization of subscriber acquisition cost per billable subscriber excl. Musimi in Denmark.

TELIO

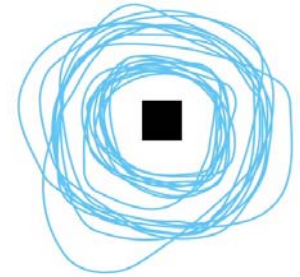


Profit & Loss statement (unaudited)

NOK '000

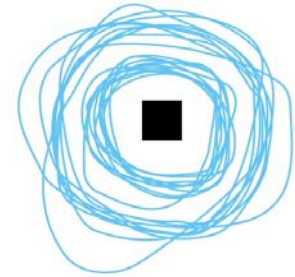
	Q3 06	Q3 05	var	Ytd Q3-06	Ytd Q3 05	var
Sales	74 704	42 707	75 %	210 309	102 851	104 %
Other revenues	1 377	2 869	-52 %	1 589	7 270	-78 %
Total revenue	76 081	45 576	67 %	211 898	110 121	92 %
Cost of connections and traffic cl	(33 110)	(24 069)	38 %	(96 185)	(45 887)	110 %
Salaries&Personell costs	(10 103)	(8 352)	21 %	(27 411)	(21 361)	28 %
Selling&Marketing costs	(7 775)	(900)	764 %	(26 206)	(8 631)	204 %
Other expenses	(12 571)	(9 784)	28 %	(42 373)	(23 062)	84 %
Depreciation and amortisation	(8 977)	(3 456)	160 %	(22 788)	(8 092)	182 %
Operating profit (loss)	3 545	(985)		(3 065)	3 088	
Finance costs	(738)	484		(2 004)	459	
Profit (loss) before tax	2 807	(501)		(5 069)	3 547	

TELIO



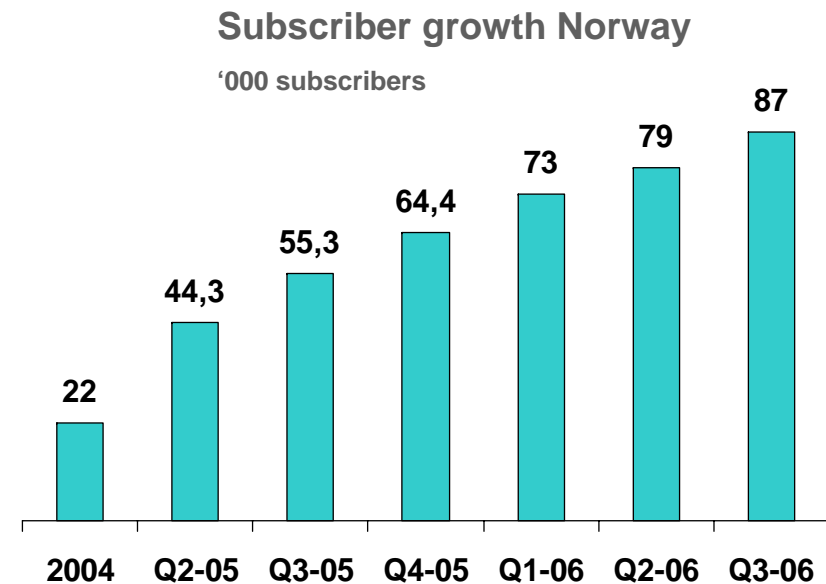
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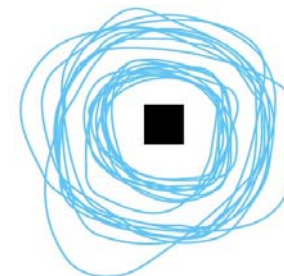


Growth back on track in Norway

- Increase of approx. 8,000 VoIP subscriptions to total 87,000 subscriptions
- Good performance in all channels, especially Telemarketing
- Telemarketing will remain important channel now and near future
- Most new subscribers sold on 12 month contracts
- Pilot of new distribution channels to be started late Q4

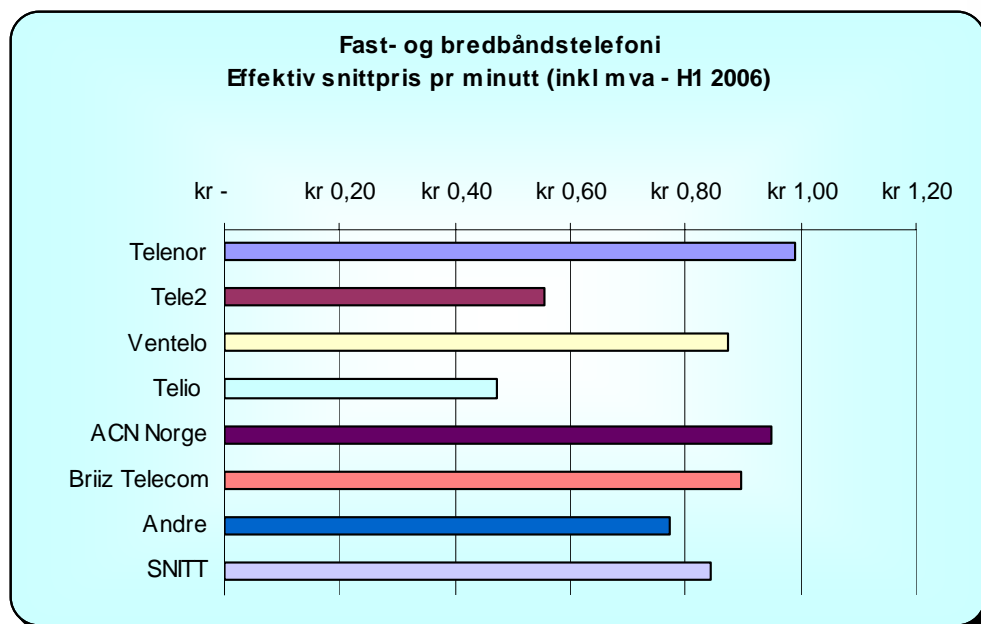


TELIO



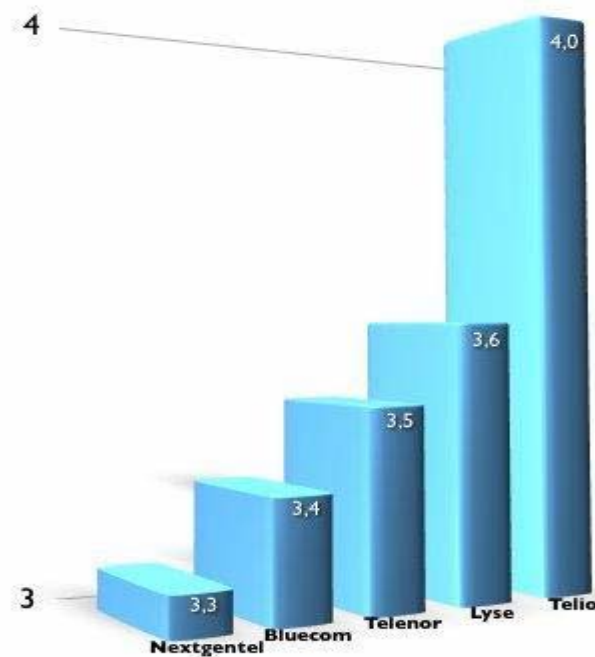
Telio – the best VoIP alternative

Price



Source: Norsk Telekom AS

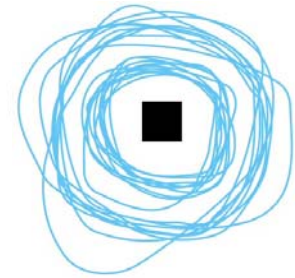
Quality



Source: Post og Teletilsynet
On a scale 1 - 5

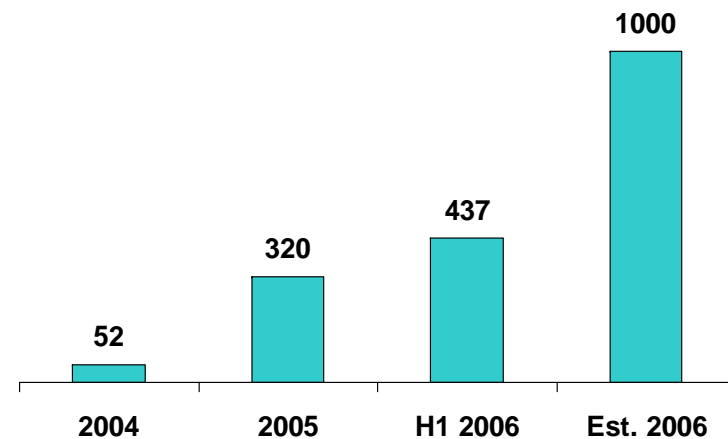
Telio – a reliable, scalable and gigantic traffic machine

TELIO

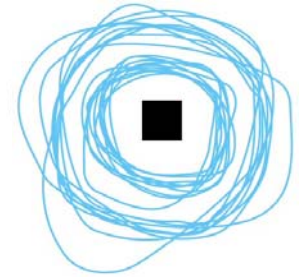


- Fantastic traffic growth, platform scales!
- Market share first half year 2006
 - 7,2% of all residential fixed line traffic

Million minutes carried by Telio



TELIO



Market has consolidated in Norway

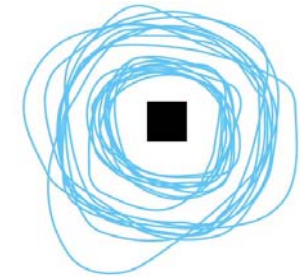
Company	Subscribers	Growth
○ Telenor	90,000	↑
○ Telio	87,000	↑
○ NextGenTel	26,000	↘
○ Ventelo	21,000*	↘
○ Tele 2	15,000*	↘



Measured in any other way but subscribers, Telio is the largest and best VoIP operator in Norway

*Estimates

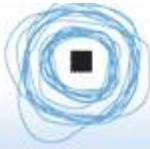
TELIO



Second tier VoIP players struggle

2005 financials from VoIP companies

Company	Revenues	Gross Margin	EBIT	Equity
Telio Holding ASA (IFRS)	162 126	91 884	3 857	41 476
Bellit AS	706	-484	-7 176	2 691
Phonzo AS	468	-134	-12 944	-1 652
Telipol AS	477	277	-776	-66
TeleVoIP AS	4 561	1 103	-1 830	-2 064
IP24 Norge AS	7 849	-97	-7 955	-6 218
One Call AS	5 478	171	-8 223	2 690
IPLINK AS	1 349	913	451	466
IPTalk (Ventelo)	44	44	-141	120



TELIO

Bredbåndstelefoeni gjort enkelt



Kom i gang i dag!

For 159,- pr mnd kan du snakke så lenge du vil til fasttelefoner i Norge, Vest-Europa, USA og Canada.

Etablering nå kr 0,-

Hva er Telio



Telio - Best i t



Mest fornøy



Så mye k



Bedre og billigere »



Tilleggstjenester »

Click to order rates
doubled after web
site re-launch

... nå!

ing
oppkobling
alitet

estill



... kan vi med?

kundeservice



Logg inn Dine Sider

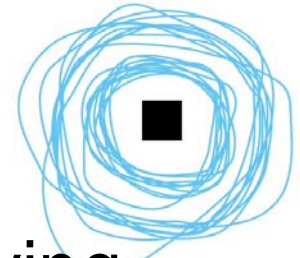
Brukernavn

Passord

[Glemt passord?](#)

Logg inn

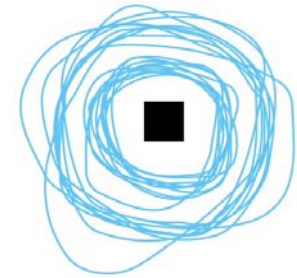
TELIO



International numbers – new way of saving

- International numbers launched August
- Initially Danish, Swedish, Spanish and UK numbers available, More destinations to follow
- Use case
 - Attach international number to existing Norwegian VoIP service
 - Companies get international presence and give saving to calling party
 - Families with relatives in those countries keep in touch with substantial savings
- For Telio, reversal of traffic flow giving increased incoming termination revenues

TELIO



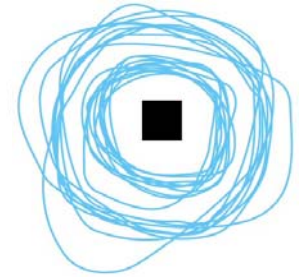
Widening the market focus

- Telio Micro
 - 59 kr/month + unlimited free minutes to fixed line in Norway (call start up fee applies)
 - Will attract new medium volume caller segment to Telio
 - Clear competitive edge vs. similar offer from Telenor;

NOK	Telio Micro	Telenor Basis VoIP	Telenor Basis Analog	Telenor Basis ISDN
ARPU	177	251	368	448
Gross Margin	100	n.a.	n.a.	n.a.
Årlig besparelse	n.a.	888	2292	3252

- Telio SME offering
 - Delayed until early 2007
 - Details of offering to be announced later

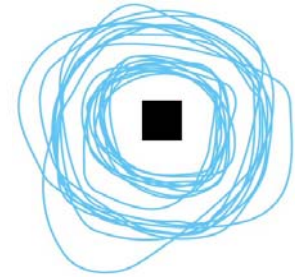
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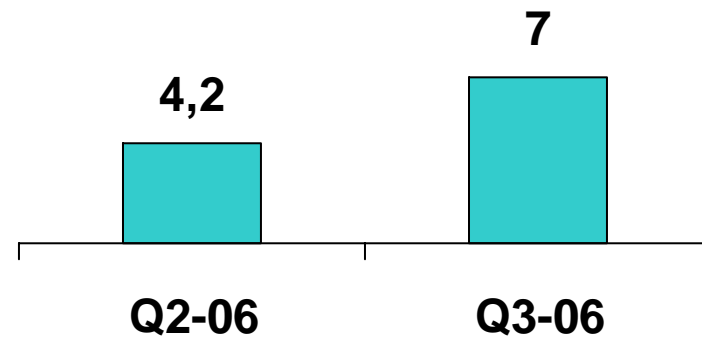
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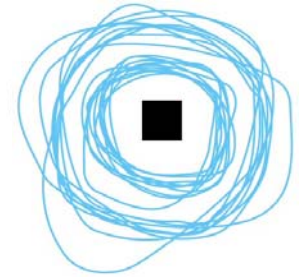
Continued growth in Telio Mobile

'000 subscriber

- 2 750 net new subscriptions, total of 6,946 subscribers
- No marketing spending, all new additions from existing subscriber base



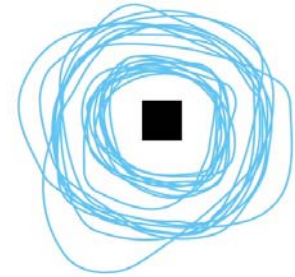
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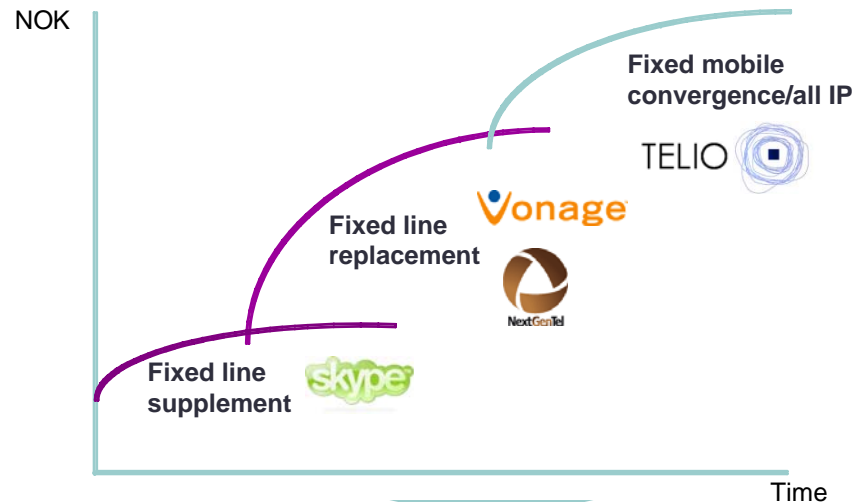
Mobile VoIP – what is it?

- Convergence of fixed and mobile services, will introduce many new services and reduce mobile tariffs significantly
- Phase 1 – 2006/2007 - Move mobile voice
 - Expensive mobile calls handed over to WLAN network when available
 - Significant cost saving potential for end user
- Phase 2 – 2007 -Move supplementary services
 - Expensive mobile supplementary services handed over to WLAN network when available
 - SMS, MMS, Video
 - Further cost saving potential for end user
- Phase 3 – 2010 onwards - Enable alternative wireless networks
 - Alternative wire less network in place increasing coverage (and cost saving potential)
 - WiMax, HSxPA, etc.
 - New services not yet available

TELIO

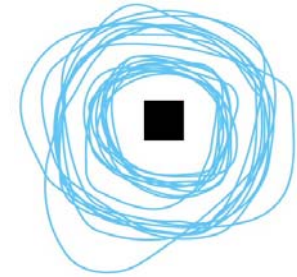


Mobile VoIP Is The Next Step

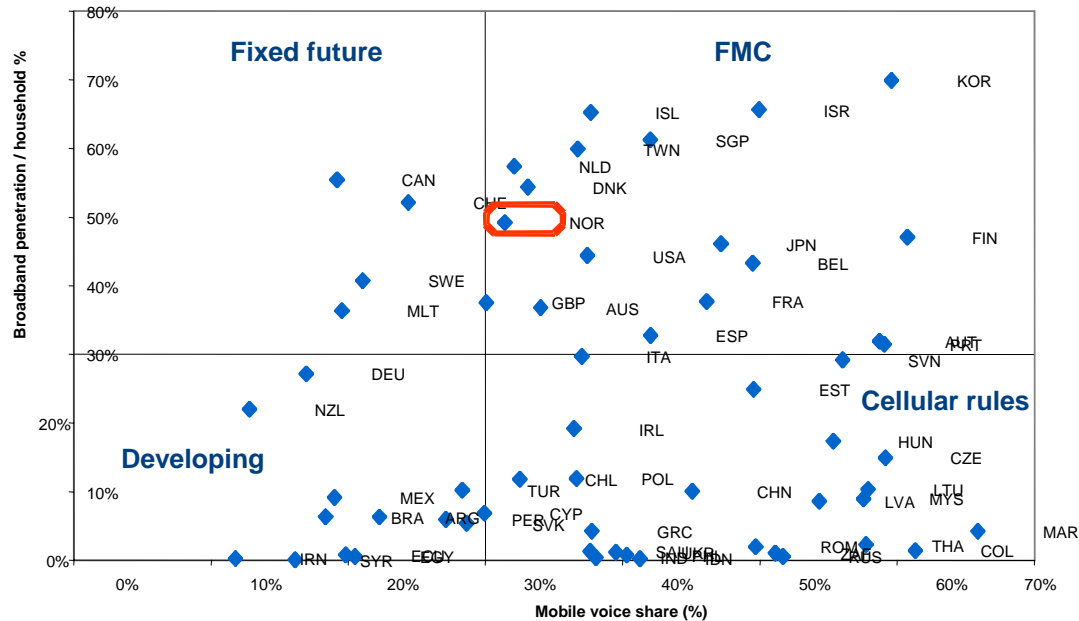


- Total amount of voice minutes is growing, despite decline in fixed telephony, moving to:
 - Traditional mobile (started 10 years ago)
 - Fixed VoIP (started 3 years ago)
 - Mobile VoIP (starting now)
- For Telio mobile VoIP is the natural “next step”, being prepared for it from the inception with its “Any IP access” platform

The IP revolution has only just begun!



Timing is - now

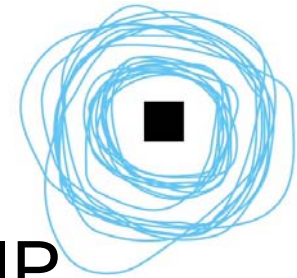


Source: ITU, National Regulators

Reaching the FMC tipping point

- Attaining high share of mobile voice minutes and broadband penetration, Norway is in “perfect quadrant”
- WLAN penetration at homes and work is substantial
- Availability of the mass market phones with acceptable performance and price
- High level of usability and technology systems readiness
- Cost savings possibilities are overwhelming

TELIO



Telio platform – the base for mobile VoIP

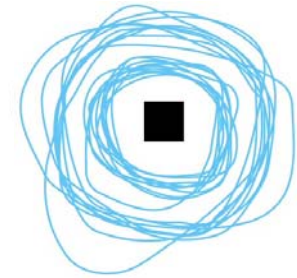


- Platform based on Telio's award winning VoIP platform and Nokia's NLBC system (provisioning and seamless mobility)
- First operator deployment of Nokia's platform
 - Telio selected because of market presence, size, vision and technological platform and skill base
 - Close cooperation and joint development work with Nokia since beginning of the year
 - Showcased on VON, Berlin Nov. 6-8th

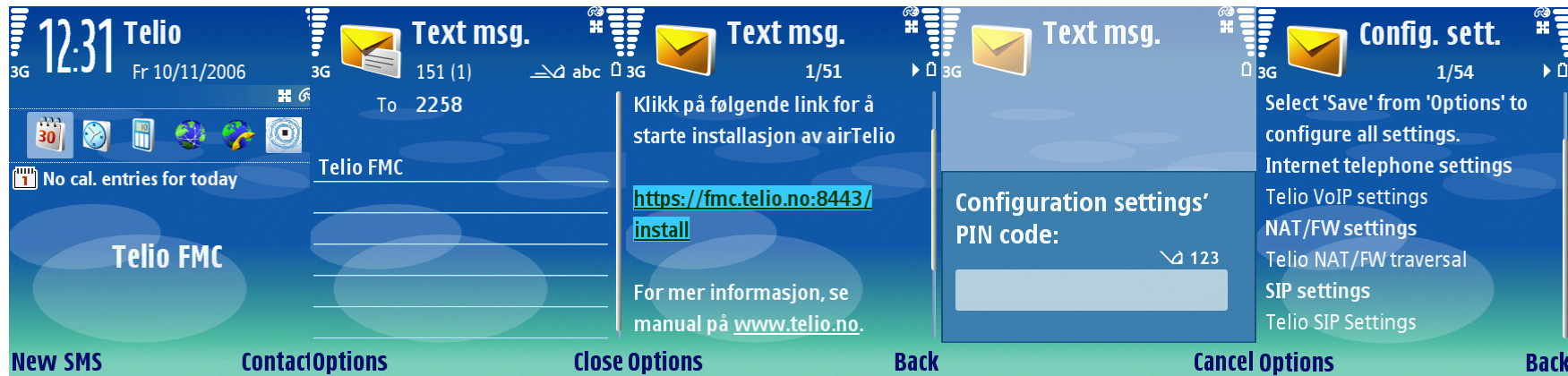


- Initially Nokia N80 and E61 terminals, to follow on UIQ Symbian, Linux and Windows Mobile based terminals
- Limited market deployment now, wide market deployment early 2007
 - Pricing to be announced with the launch

TELIO



Easy to set up, high security

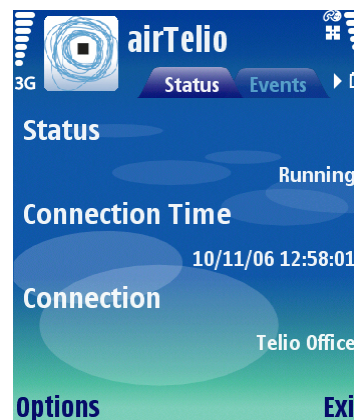


Write SMS

Click on the link

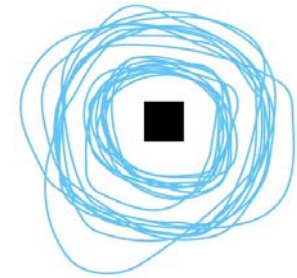
Enter SIM PIN

Click Save

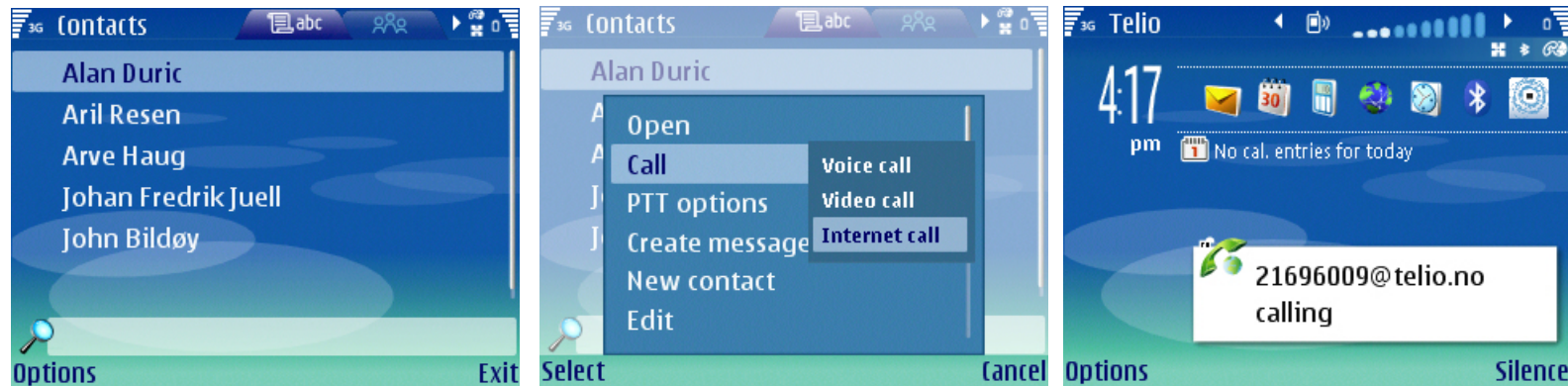


In a few simple steps
Telio subscriber is ready
to place call, with
maximum security in the
provisioning process!

TELIO



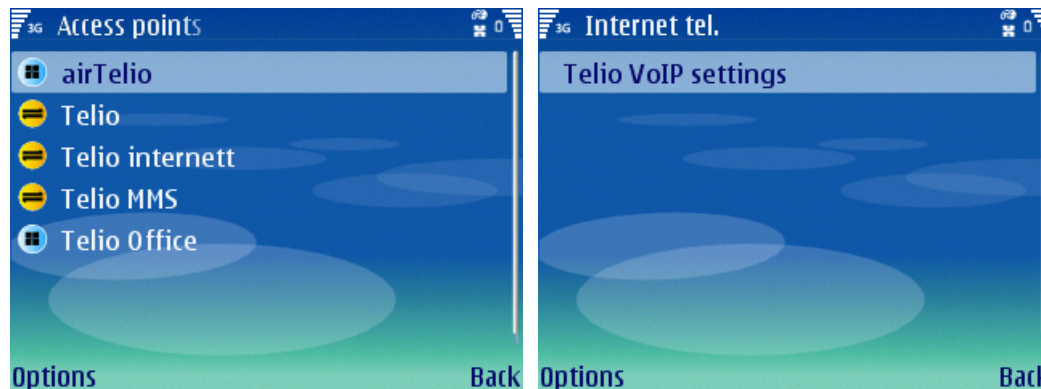
Easy to use, complexity hidden



Chose contact/write number

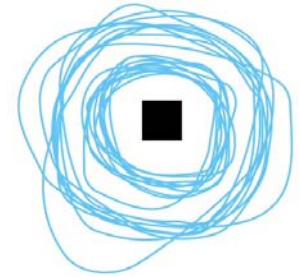
Click ...

And talk ...



Deployed platform includes Nokias systems which was developed in very close cooperation and it includes a number usability features that are not exposed otherwise!!!

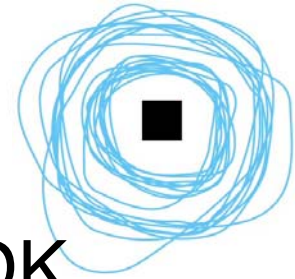
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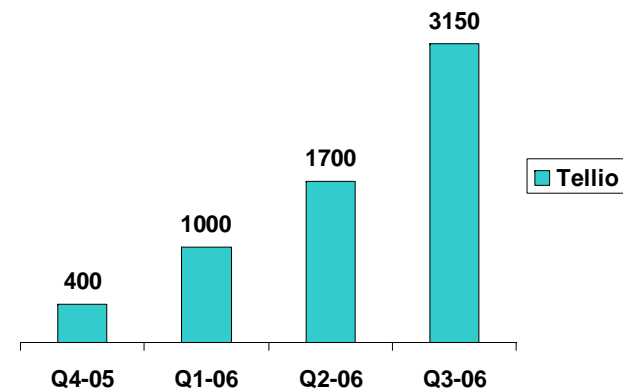
TELIO



Increased subscriber traction in Tellio DK

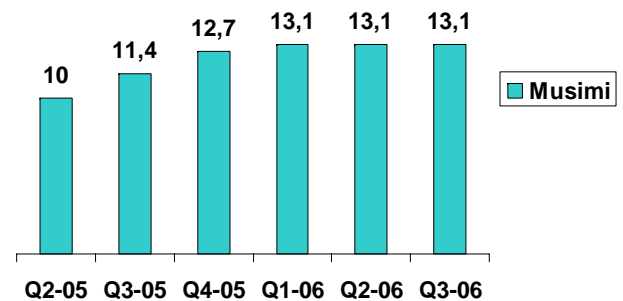
○ Tellio Denmark

- Increase of approx. 1,500 subscribers to 3,176 subscribers
- Increased distributions results in higher subscriber inflow
- Working to optimize current channels in Q4

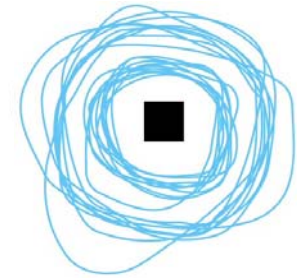


○ Musimi

- Stable at 13,100 accounts
- No sales and marketing going forward
- Subscribers defined as “accounts established”



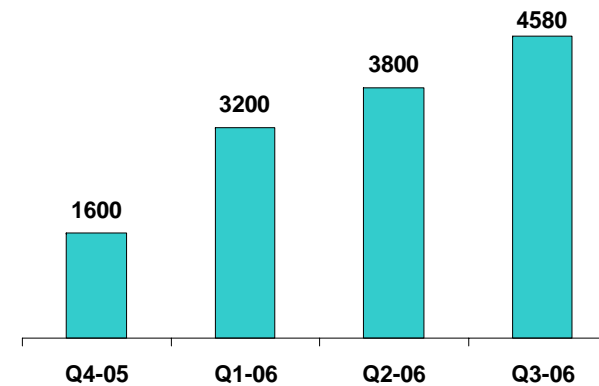
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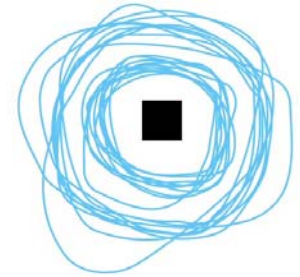
Clearer visibility in Netherlands

- Net add of 779 new subscribers, in total 4,579 subscribers
- Renegotiated contract signed with XMS
 - Will connect all 61 000 households
 - Roll out of fibre in 2007/2008
 - Low expectations on subscriber inflow 2006

Subscribers growth Netherlands



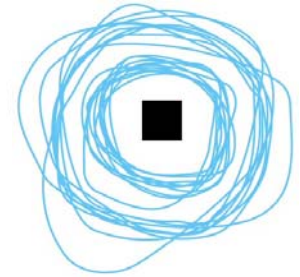
TELIO



International expansion

- International expansion beyond Denmark and Netherlands on hold
- Discussions ongoing how to, when and where to expand
- Mobile VoIP might be used as international platform
- Will return on Q1 presentation with redefined international strategy

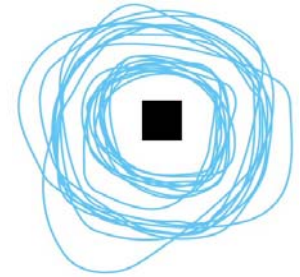
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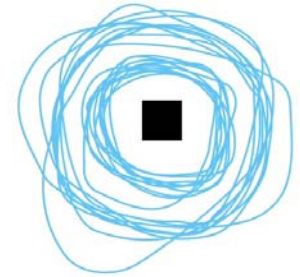
TELIO



Status VAT issue

- Updated legal evaluation on VAT concluded positive
 - Telio has a good case on VAT
 - No reason for Telio to start paying VAT now
- Telio will not include VAT effects in Q3 accounts
- Legal and financial status on VAT will be re-evaluated for each new quarter

TELIO



Telio Holding highlights

- Growth increases
 - Total revenues of NOK 76.1m up 67% y/y and 9% sequentially
 - 115,000 total subscriptions, increase of 13,000 subscribers in Q3
- Strong improvement in gross margin per subscriber
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