

Telio Holding ASA

Capital Markets Day

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Konferansesenter
Oslo

5 March 2013

Agenda

Agenda	Presenter
Telio Group History in brief Why NextGenTel? Restructuring of NextGenTel	Eirik Lunde, CEO
Telio Norway Int'l markets Financials	Eirik Lunde, CEO and Tom Nøttveit, CFO
NextGenTel NGT at a glance NGT's way forward Consumer segment Corporate segment Financials	Jørn Hodne, COO and Tom Nøttveit, CFO
Telio Group Consolidated pro forma figures Debt financing and financial covenants Summary financial targets	Tom Nøttveit, CFO and Eirik Lunde, CEO

Telio Group company facts

Telio

- European communications service provider
 - Access independent broadband telephony
 - Broadband
 - Mobile
 - Mobile broadband
 - Web based solution for SMEs
- Technology vendor
 - Network operator and technology vendor branded "Gojitek"
 - Access independent white label broadband telephony provider
 - Innovative products and services based on scalable, access independent technology platform
 - World renowned technology experts

NextGenTel

- Leading provider of broadband and data communication services to consumer and corporate customers
- The second largest provider of XDSL-based broadband.
- Operate a state of the art multicast enabled national network backbone
- Offering telephony (VoIP) services to both residential and SME market including MS Lync certified SIP-trunks
- Offering IPTV services to residential customers based on third party products

The combined entity shall become a highly efficient customer-oriented telecom player



- Large customer base representing approximately 430,000 revenue generating units (RGUs) covering private households & businesses – platform for scale operations
- Key product markets – VoIP, mobile & broadband
- Cost efficient operations

Cost efficient

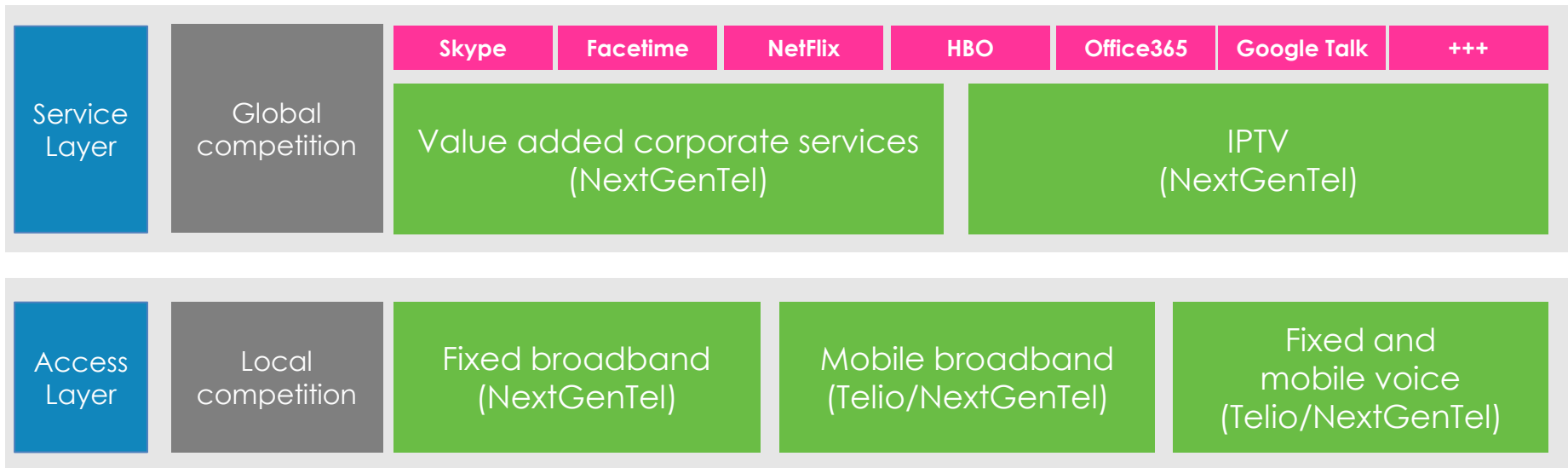
- Lean and cost-efficient delivery model fitted to a mature and competitive market
- The combined entity will have significant potential for realizing scale benefits and more cost effective operations

Growth options

- Grow VoIP, mobile and broadband to existing customer base
- Cross sales of other party's existing products to the residential and the corporate markets

Taking the access position

Customers

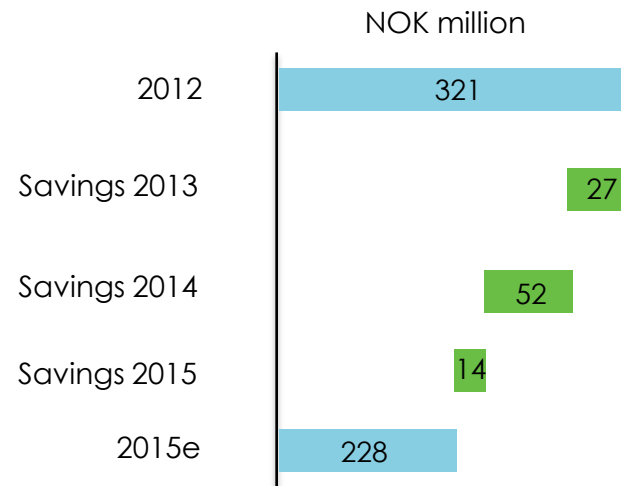


Elements in a restructuring of NextGenTel

- The following main elements are identified in a restructuring of the company
 - Cost level – operating expenses are too high for a company not being in a growth phase
 - Total number of staff, employees and temps, is too high
 - The ownership by TeliaSonera has required extra resources
 - Other operating expenses, including marketing, will be adjusted to the company's current situation
 - The capex level is also too high for a company not being in a growth phase
 - Investments in systems have to be adjusted to the company's size and services offering
 - Investments in network to be aligned with the company's strategy
 - Opportunities for reduced investments in CPE (customer equipment)

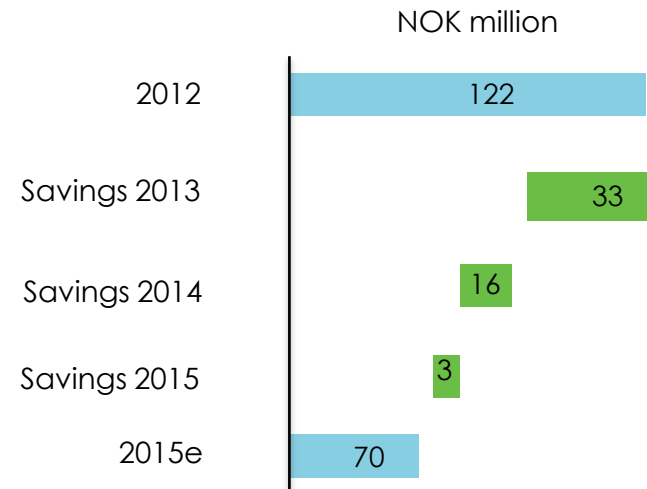
Opex savings

- Opex savings – target NOK 93 million
 - Reduce the number of resources working with support functions in the organization
 - Standardize technical network (reduce complexity in the network)
 - Consolidate HW platforms in sites where possible and economically viable
 - Reduce general sponsorship and marketing activities
 - Simplify value chain and delivery processes
 - Reduced number of inquiries to customer support leads to reduced staffing
 - During 2012 the number of inquiries decreased from approx 70k to 54k inquiries per month
 - Continue improvements program to reduce the number of inquiries to customer support
 - Focus on standardized products and services



Capex savings

- Capex savings – target NOK 52 million
 - Capex level in 2008-2010 was in the range of NOK 60-70 million, increasing to NOK 110-120 million in 2011/2012
 - bring it back to a normalized level
 - Invest in IT systems that are aligned with the company's strategy and product portfolio
 - Extend life time of end-user equipment
 - Better management of investments – clear responsibilities within the organization
 - Implement a stepwise HW renewal program instead of a "big bang" philosophy



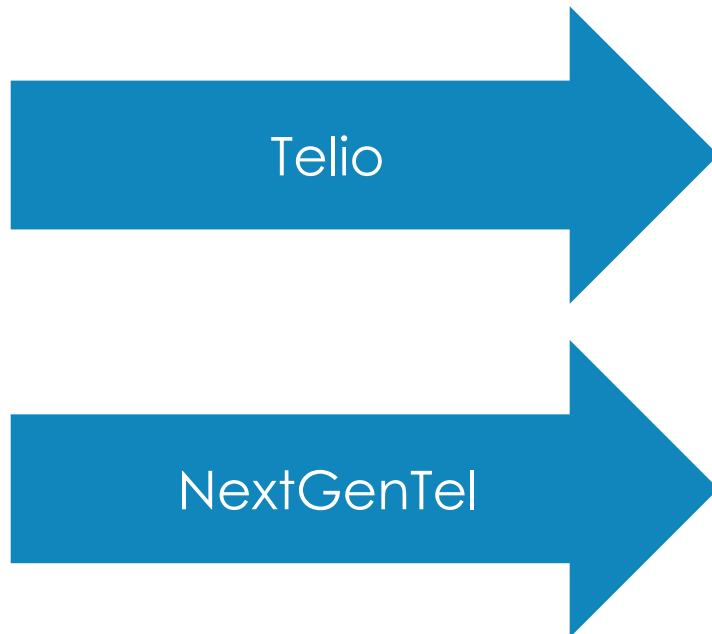
Key financial targets Telio Group

Key figures	Pro forma 2012	Target 2013	Target 2014	Target 2015
Revenues	1,316	1,342	1,348	1,356
Gross margin	53%	53%	53%	53%
EBITDA margin	16%	21%	24%	25%
EBIT margin	5%	8%	13%	14%
Capex/sales	13%	9%	8%	8%

Synergies - next step

2013

- Two companies, two brands
- Implement lean and cost-conscious organizations
- Achieve sales and product synergies



2014/2015

- Merge when common production systems are implemented
=> One company, one brand



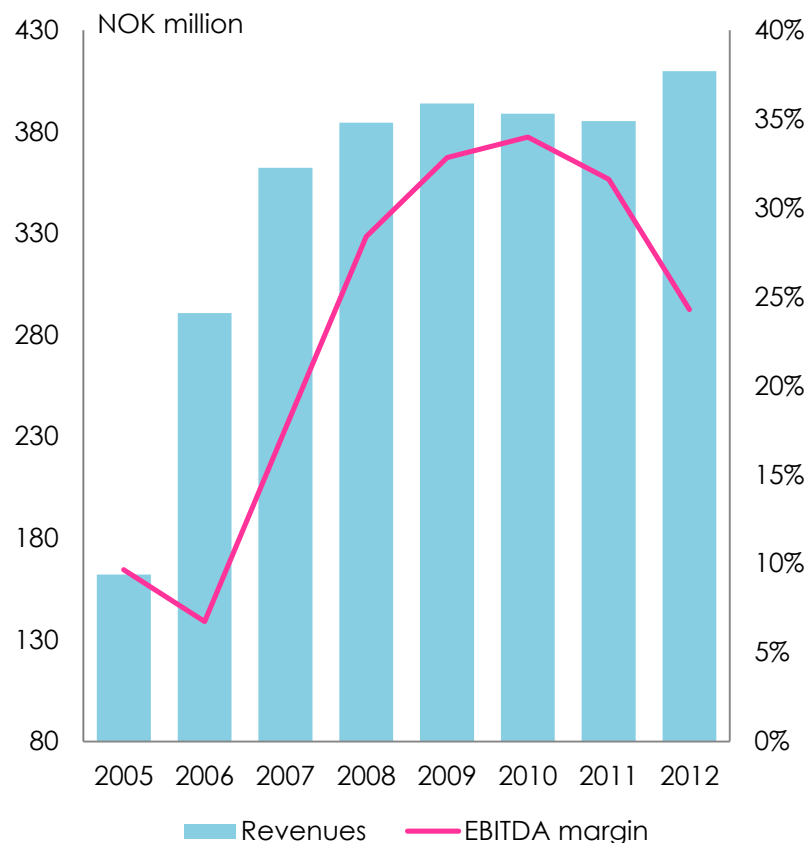
A photograph of a business meeting. Two people in suits are looking at documents on a desk. One person's hand is pointing at a line graph on a document. A blue speech bubble with the word 'Telio' is overlaid on the left side of the image. The documents contain various charts and graphs, including a line graph with multiple data series and a bar chart. A yellow notepad is visible on the left side of the desk.

Telio

Telio history in brief

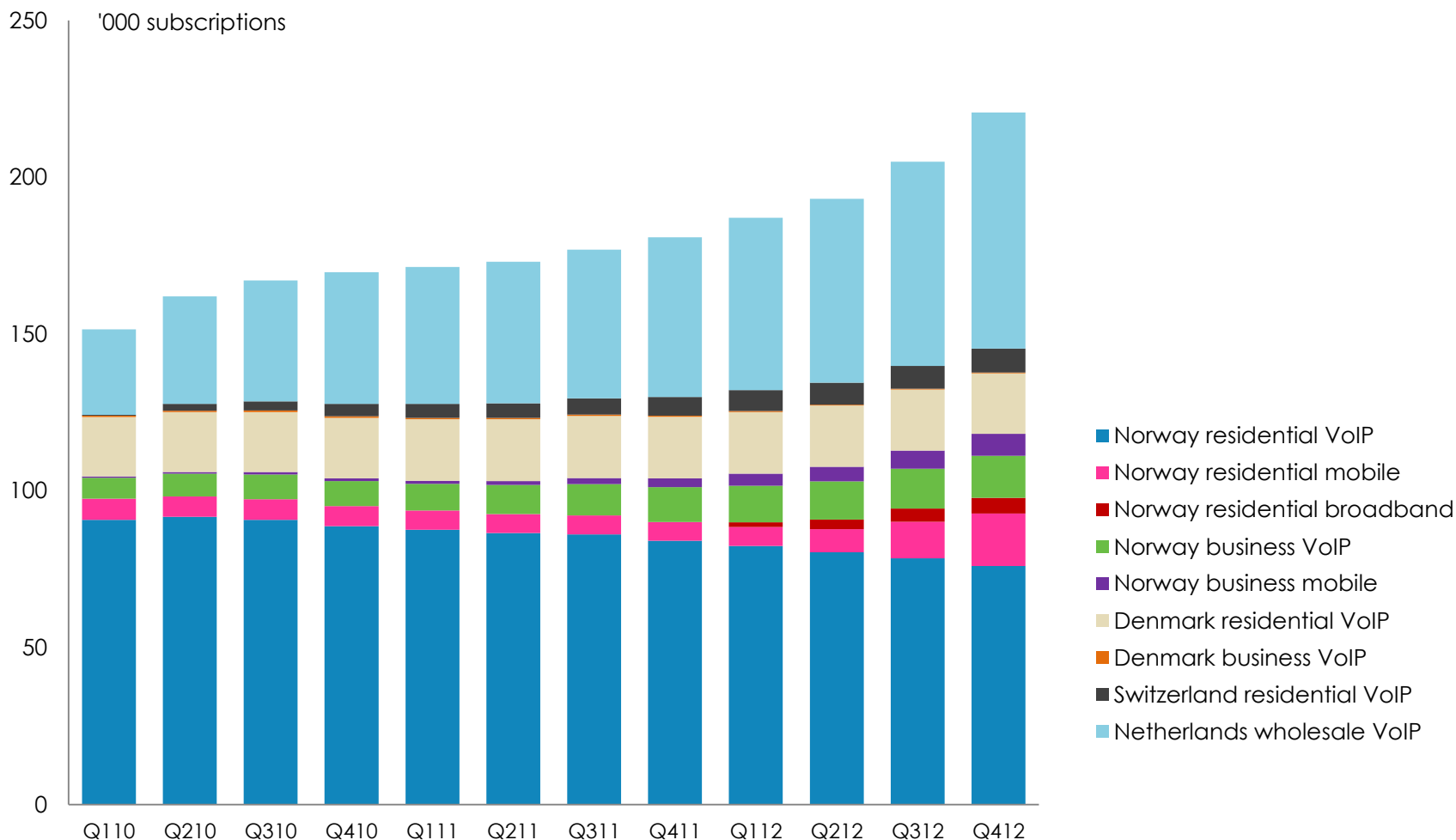
- Pioneer in the Norwegian VoIP market - rapid growth after the introduction of VoIP services in 2004
- Listed on OSE in June 2006
- Significantly improved profitability from 2007
- VAT on electronic services introduced from July 2011 affecting 2011 revenues and profit
- Paid a total of NOK 14.50 per share in dividend 2009-2012
- 2012 profitability affected by introduction of new services and strong customer growth
 - **40,000 net new customers in 2012**

Revenues and EBITDA margin



Note: Figures adjusted for non-recurring items

Customer base last three years



A photograph showing two hands holding smartphones. The hand in the foreground is holding a black smartphone, while the hand in the background is holding a silver one. The background is a soft, out-of-focus green, suggesting an outdoor setting. A blue speech bubble is overlaid on the left side of the image.

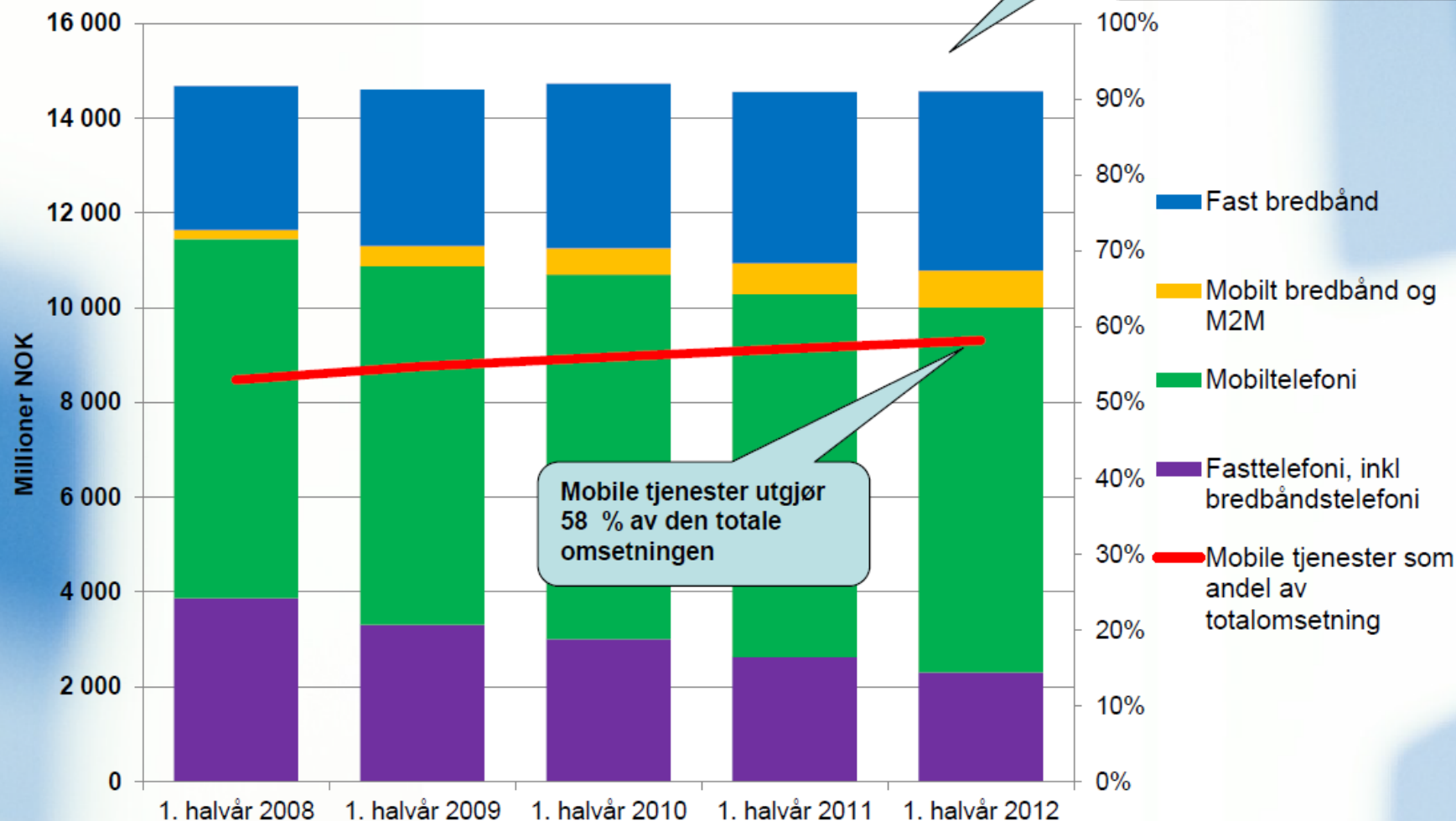
Telio
Norway



Samlet sluttbrukeromsetning*

Total økning på 11 mill kr

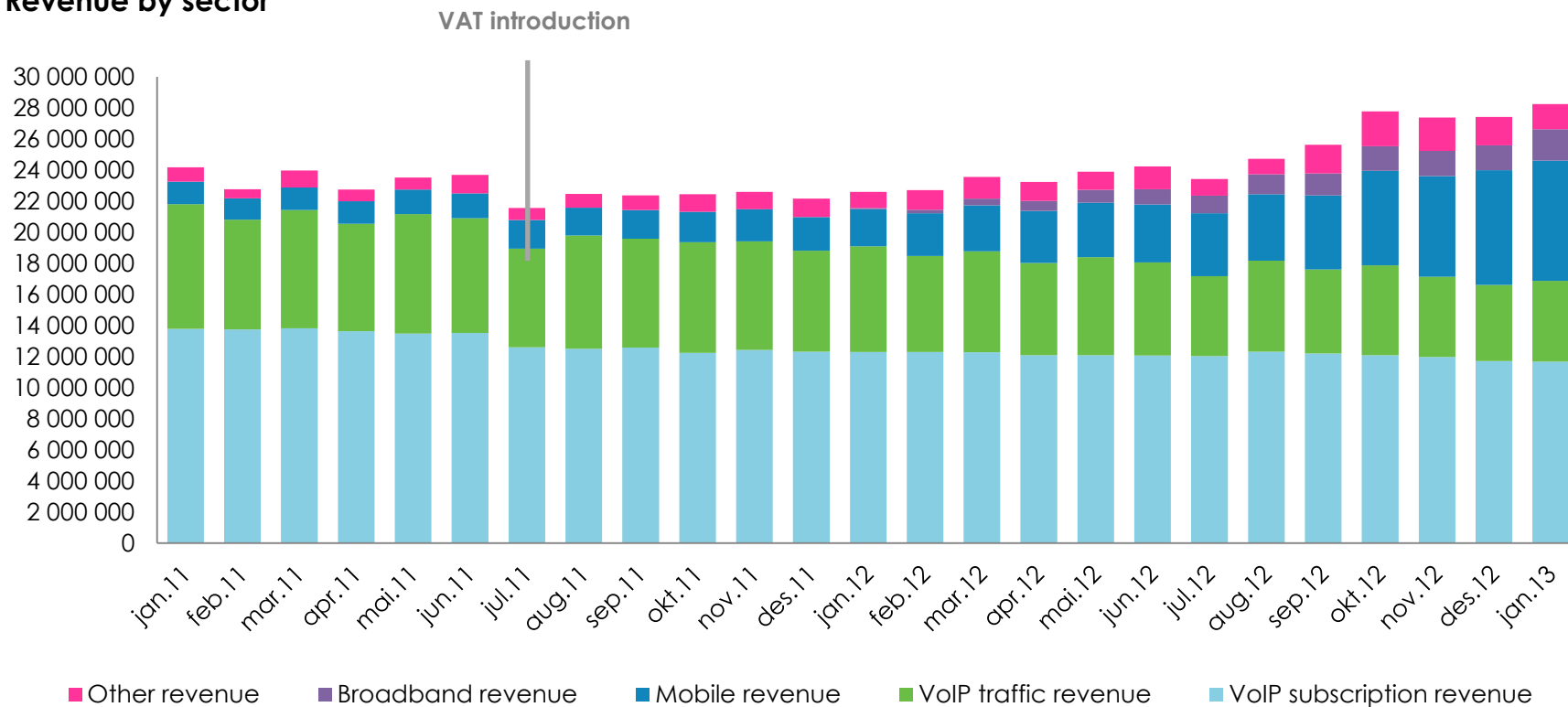
Fasttelefoni	- 323 mill
Moblitelefoni	+ 47 mill
Mobilt bredbånd og M2M	+ 119 mill
Fast bredbånd	+ 168 mill



* eksklusive dataoverføringstjenester og leide linjer

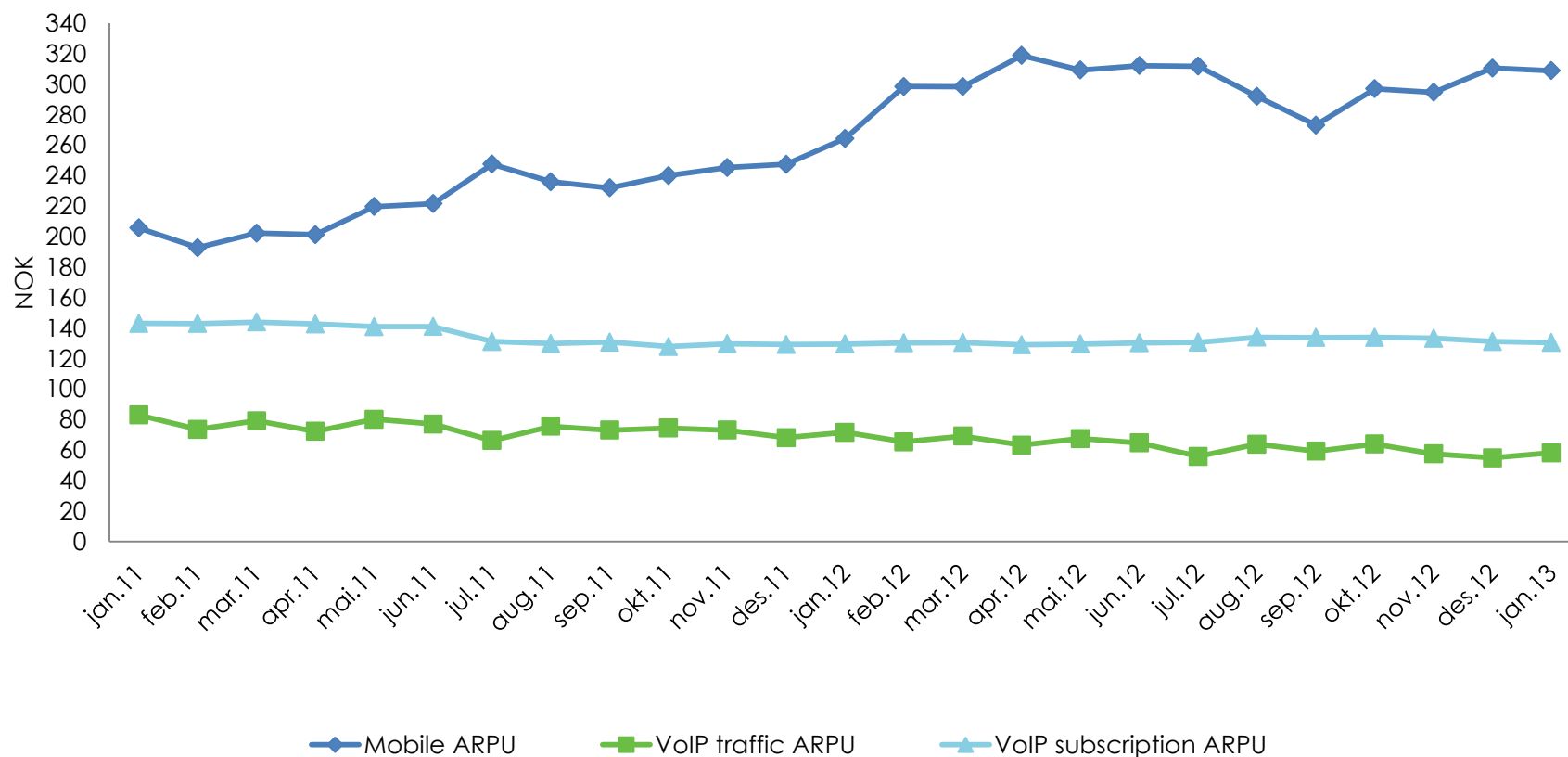
Telio Norway revenue by sector

Revenue by sector



2013: Gross margin VoIP > 70%
2013: Gross margin mobile approx. 30%

Telio Norway ARPU development



Sales & marketing strategy

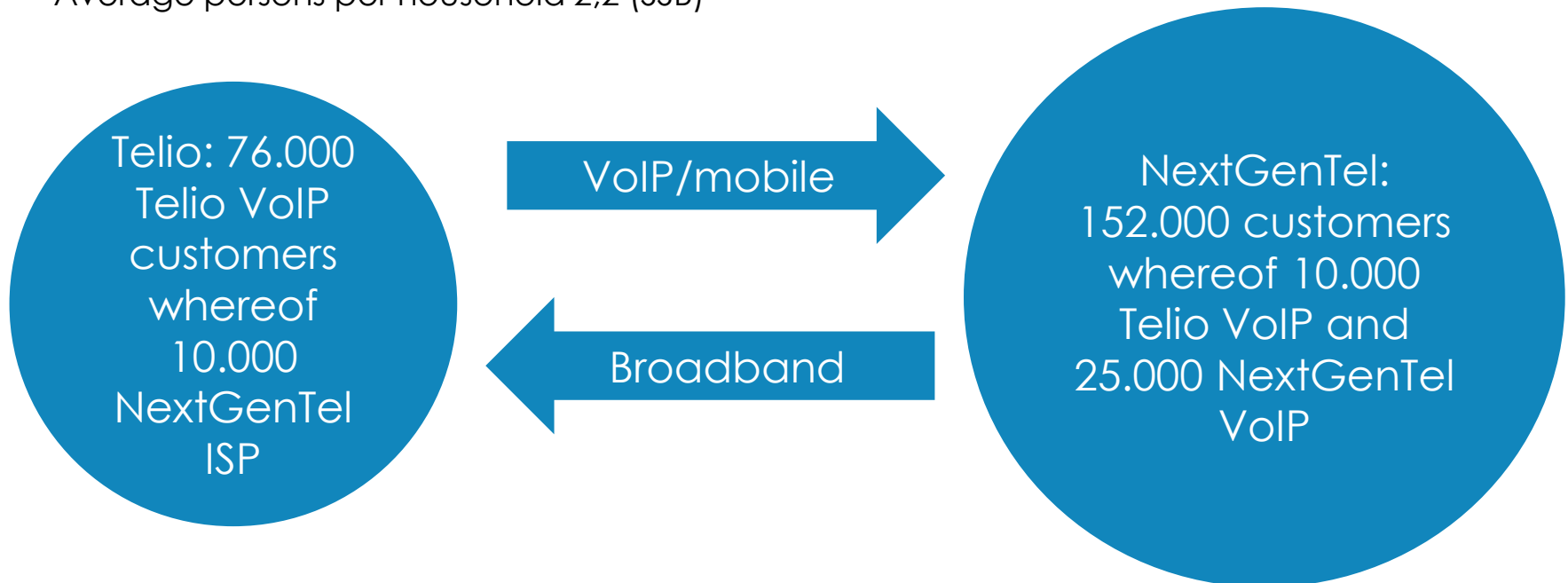


- We believe the best branding is **through sales and customer experience**
- All marketing = **sales driven**
- All channels are owned by Telio
 - WEB
 - Incoming telephone sales (ITS)
 - Customer care
 - Outgoing telephone sales (OTS)

Sales synergies Telio – NextGenTel

Residential

- Common customer base
 - 219.000 unique households
- Average persons per household 2,2 (SSB)



- All markets are fully penetrated
 - Existing customer relationship is the key to cost-efficient cross sales



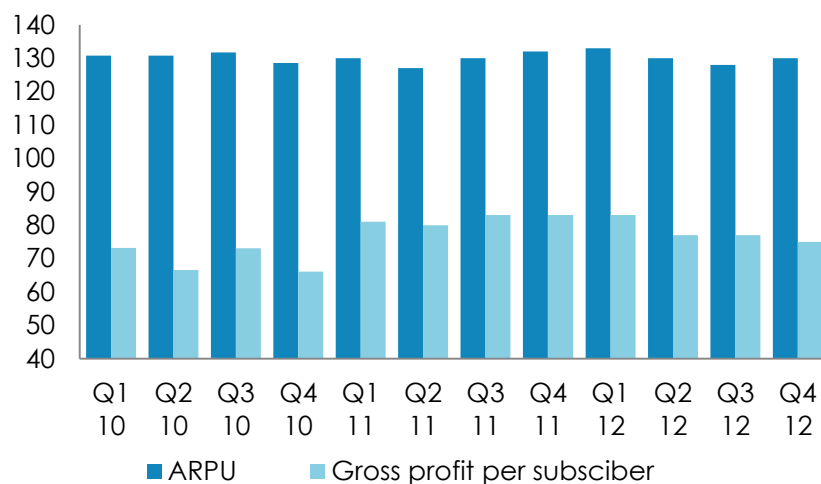
International markets

Denmark

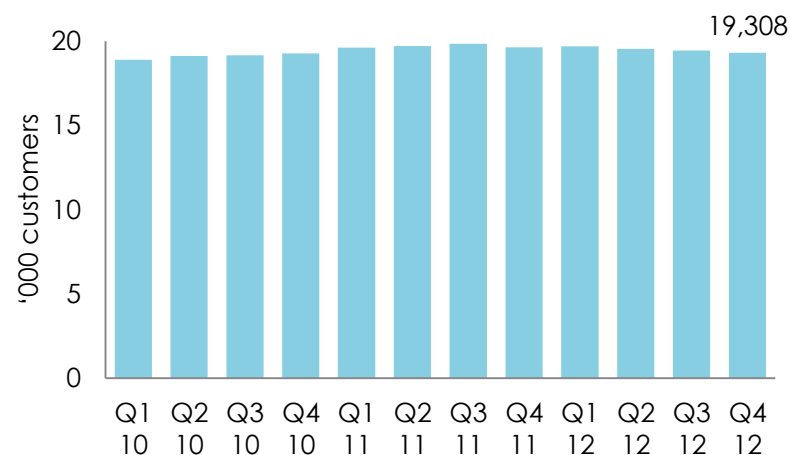
- Temporary decline in gross margin due to cost increase to major destinations
- Revenues negatively affected by currency

NOK millions	Q4'12	Q4'11	FY'12	FY'11
Total revenue	9.0	10.2	36.8	38.5
Gross profit	5.3	6.2	22.2	23.7
Gross margin	59%	61%	60%	62%

ARPU versus gross profit per subscriber (DKK)



Customer development in Denmark

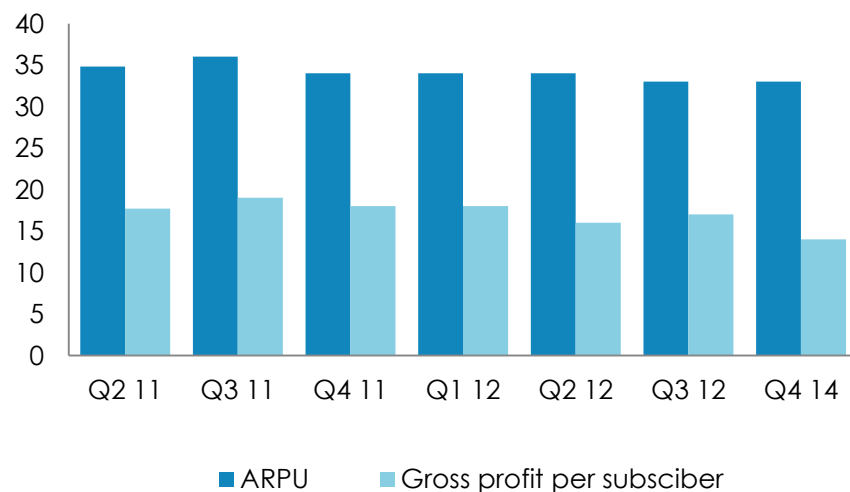


Switzerland

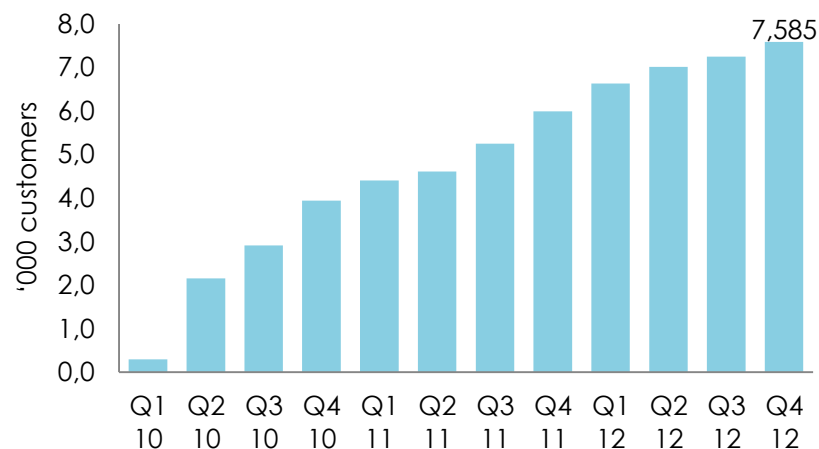
- Stable development in customer intake
- High and stable ARPU (equivalent to NOK 200)
- Temporary decline in gross margin
- Revenues negatively affected by currency

NOK millions	Q4'12	Q4'11	FY'12	FY'11
Total revenue	4.7	3.8	17.7	13.3
Gross profit	1.9	2.2	8.3	6.7
Gross margin	40%	59%	47%	51%

ARPU versus gross profit per subscriber (CHF)



Customer development in Switzerland

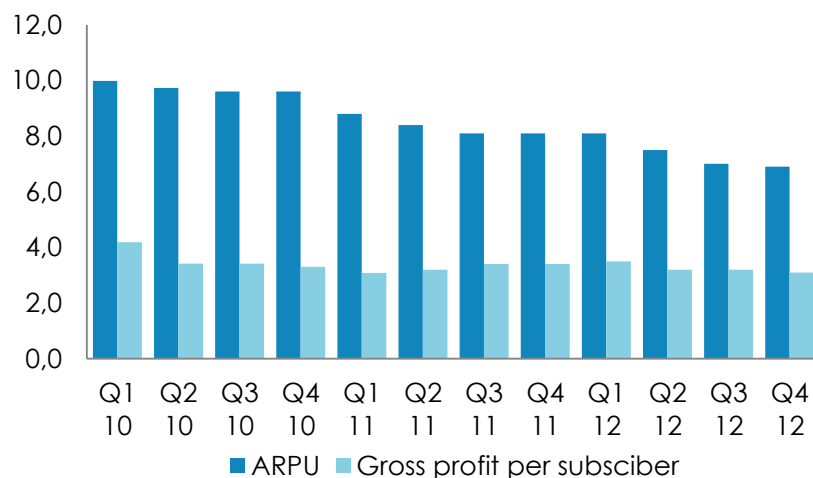


Netherlands

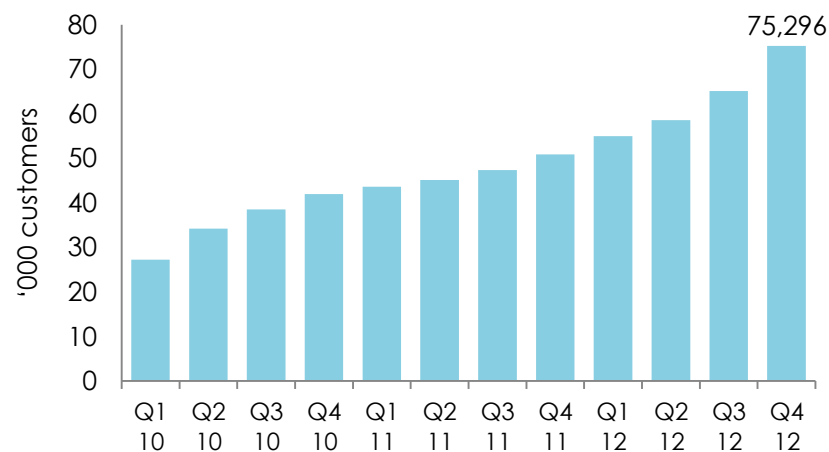
- Increase in customer base Q4 y/y of 24,355 customers (+48%)
 - 10,131 net new customers in Q4
- Improved gross margin
- Steady increase in customer base expected
- Revenues negatively affected by currency

NOK millions	Q4'12	Q4'11	FY'12	FY'11
Total revenue	10.7	9.3	39.4	35.7
Gross profit	4.8	3.9	17.6	14.4
Gross margin	45%	43%	45%	40%

ARPU versus gross profit per subscriber (EUR)



Customer development in the Netherlands





Telio Financials

Telio

Financials – P&L

NOK million	2012	2011
Total revenue	409.8	385.2
Gross profit	248.2	247.5
Gross margin	61%	64%
Salaries/personnel	(68.8)	(59.6)
Selling & marketing	(25.6)	(17.5)
Other *)	(54.3)	(48.7)
EBITDA *)	99.5	121.7
D&A	(41.8)	(38.6)
EBIT *)	57.6	83.1
Finance	(1.6)	(1.1)
EBT	51.0	32.1
Tax	(14.4)	(1.8)
Profit	36.6	30.3

- Revenue growth of 9% yoy and 17% in Q4 (adjusted for VAT on electronic services from 1 July 2011 and currency effects)
- Decline in gross margin from introduction of mobile and broadband services
- Increased opex from introduction of new services and significant increase in customer intake
 - 40,000 net new customers in 2012
- Measures taken to improve profitability effective from Q1 2013

*) Adjusted for non-recurring items

Telio

Financials – balance sheet

NOK million	2012	2011
Property, plant & equipment	10.2	13.3
Intangible assets	34.1	28.4
Deferred tax asset	11.5	6.2
Non-current assets	55.8	47.9
Inventory	1.8	11.3
Trade and other receivables	39.5	56.2
Cash and cash equivalents	52.5	93.9
Current assets	93.8	161.4
Total assets	149.6	209.4
Total equity	13.6	21.9
Borrowings	1.3	3.2
Non-current liabilities	1.3	3.2
Trade and other payables	81.4	133.0
Current income tax liabilities	19.7	18.9
Borrowings	6.2	13.0
Deferred income	26.6	18.2
Accrued liabilities	0.8	1.1
Current liabilities	134.7	184.2
Total equity & liabilities	149.6	209.4

- Increased intangible assets from high customer growth; capitalized customer acquisition costs (accounting principle to change from 1 January 2013)
- Inventory relates to Telio Touch terminals (media phone)
- Borrowings are financial lease (CPE and other IT equipment)
- Trade and other payables end 2011 include NOK 50 million accrual for VAT for previous years – paid in 2012 (settlement with Norwegian tax authorities)
- Increase in deferred revenues from revenue growth (advance invoicing of subscription fee)
- Dividend of NOK 47.8 million paid in 2012

Telio

Financials – P&L January 2013

NOK million	Jan '13	Q4 '12
Total revenue	37.8	110.9
Gross profit	21.1	58.9
Gross margin	56%	53%
Salaries/personnel	(6.7)	(21.7)
Selling & marketing	(3.7)	(6.5)
Other *)	(4.6)	(14.7)
EBITDA *)	6.1	16.0
D&A	(1.6)	(10.8)
EBIT *)	4.5	5.2

- Measures imposed before year-end to improve gross margin showing positive effects in January
- Measures to reduce opex will continue to show positive effects in Q1/Q2
- Selling & marketing cost and D&A reflect the change in accounting principle from 1 January 2013
 - Expense customer acquisition costs when incurred

*) Adjusted for non-recurring items (related to the acquisition of NextGenTel AS)



NextGenTel

1. NextGenTel at a glance
2. NextGenTel way forward
3. Consumer segment
4. Corporate segment
5. Financials



NextGenTel at a glance

NextGenTel is a high quality provider of broadband services in the Norwegian market...

Data communication



Broadband Internet access



Telephony / Unified Communication



Television



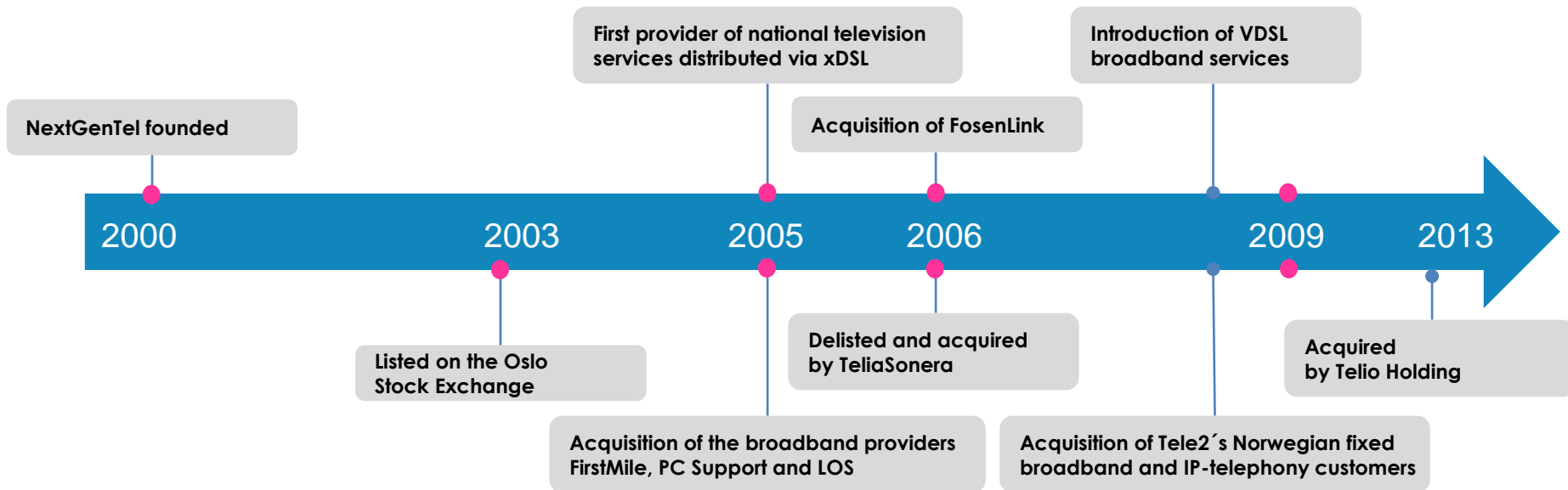
Telephony



Broadband

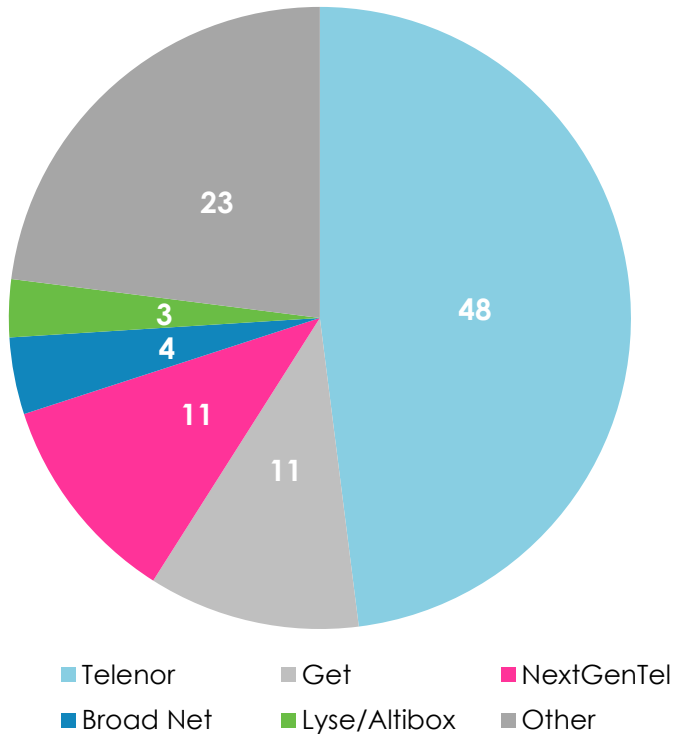


...pioneering the Norwegian telecom industry as a frontrunner within broadband technology and services

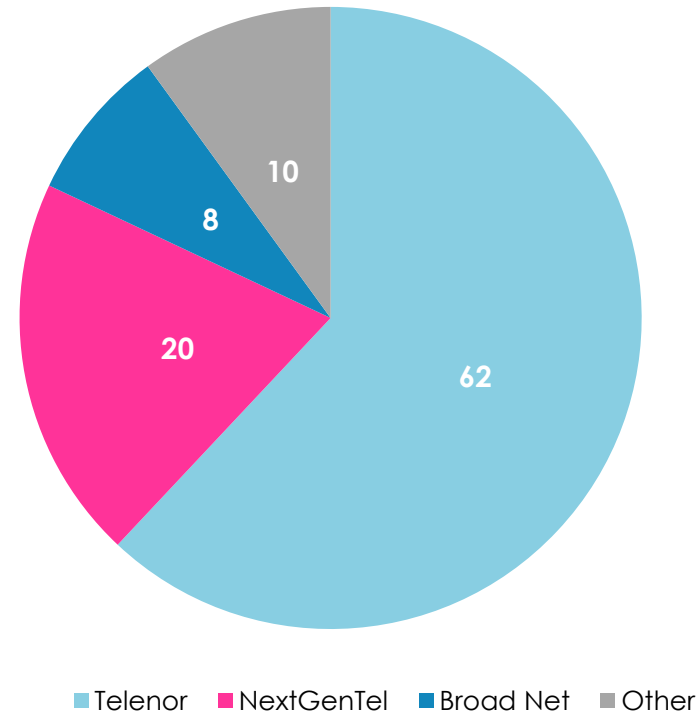


NextGenTel is one of the largest broadband providers in Norway...

Total broadband market shares⁽¹⁾ – #2 / #3



DSL market shares⁽¹⁾ – # 2

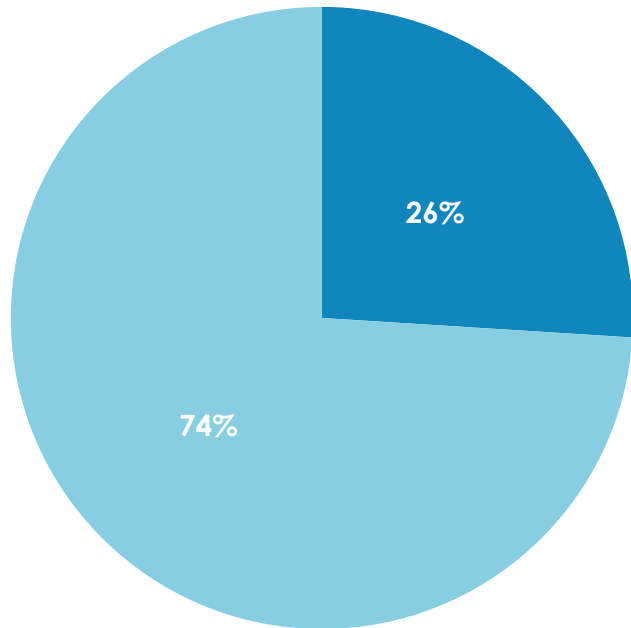


Source: NPT

Note: (1) Market share based on subscriptions as of H2 2011. Altibox/Lyse excluding partners.

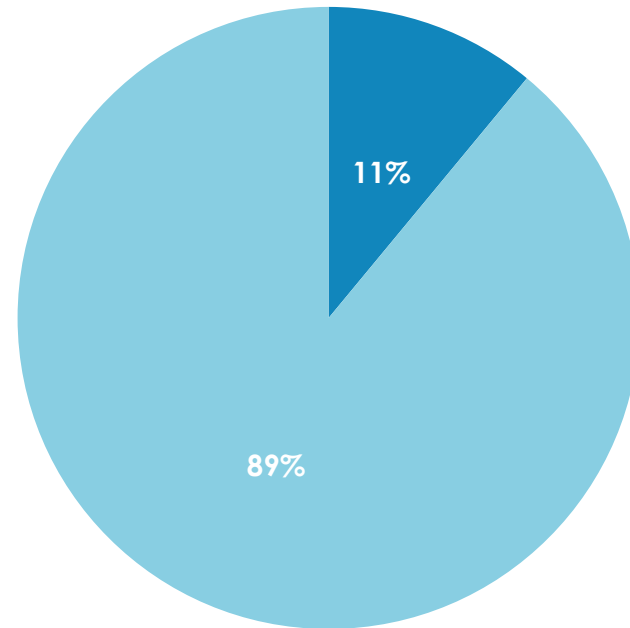
NextGenTel has a strong and growing Corporate segment providing the latest solutions

Corporate share of revenues



■ Corporate ■ Consumer

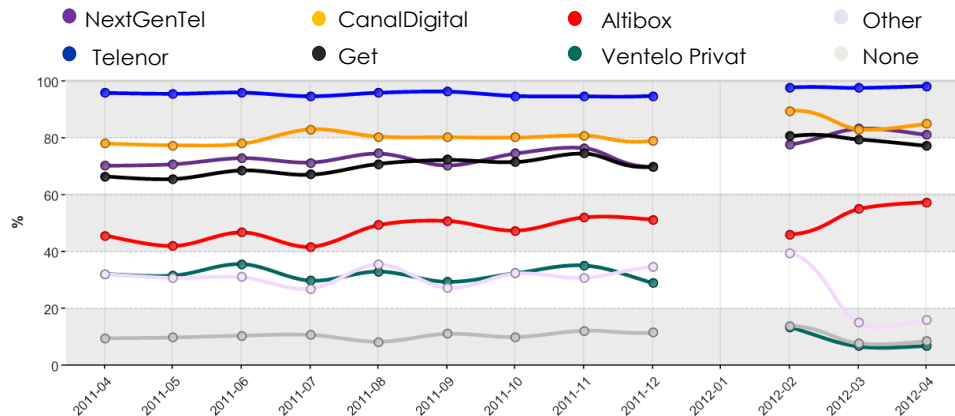
Corporate share of subscriptions



■ Corporate ■ Consumer

NextGenTel is one of the best known brands in the Norwegian broadband market

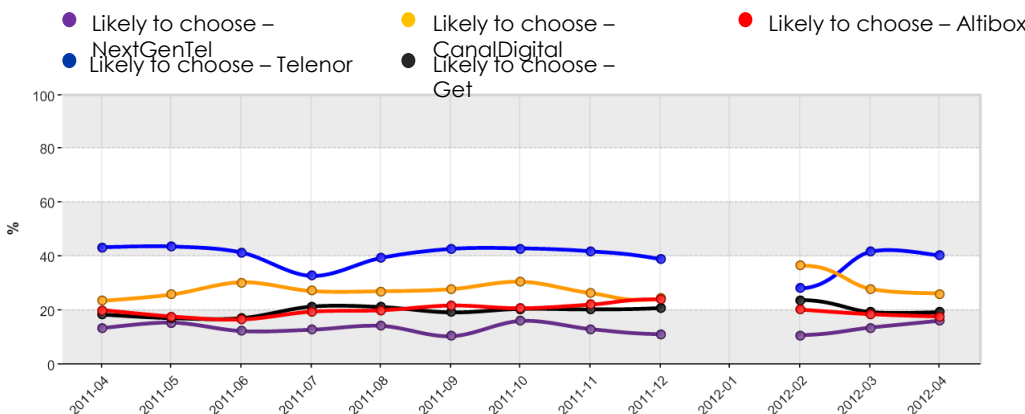
Which broadband operators do you know or have heard of?



Comments

- NextGenTel among the "top four" best known broadband brands in Norway
- 80% total brand awareness in 2012

Customer preferences when choosing broadband provider



Comments

- Customer perception = Forecast for future revenue
- NextGenTel, with a market share of 11%, has increased the share of people saying it is "likely/fairly likely" to choose NextGenTel as their broadband provider to around 20%

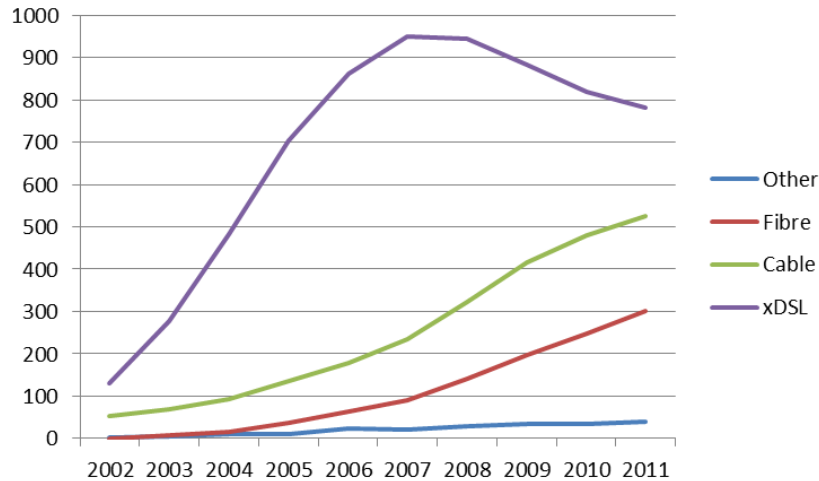


– Way
forward

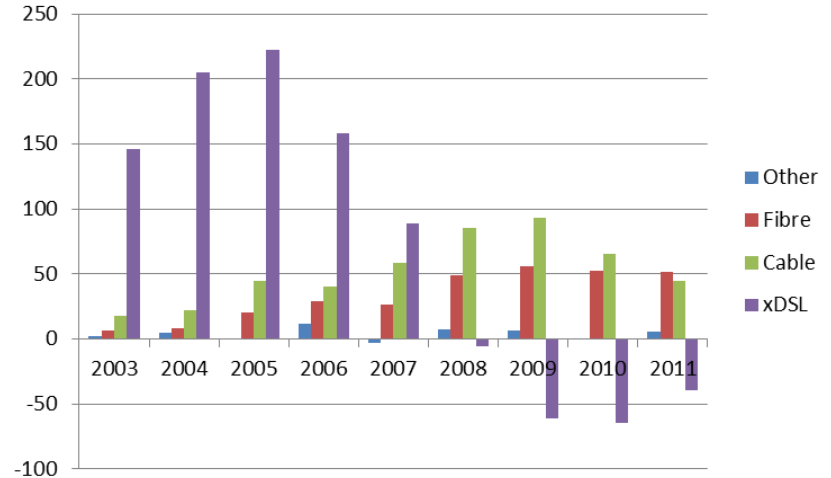
Technology development within Access area – a challenge and an opportunity

Consumer segment

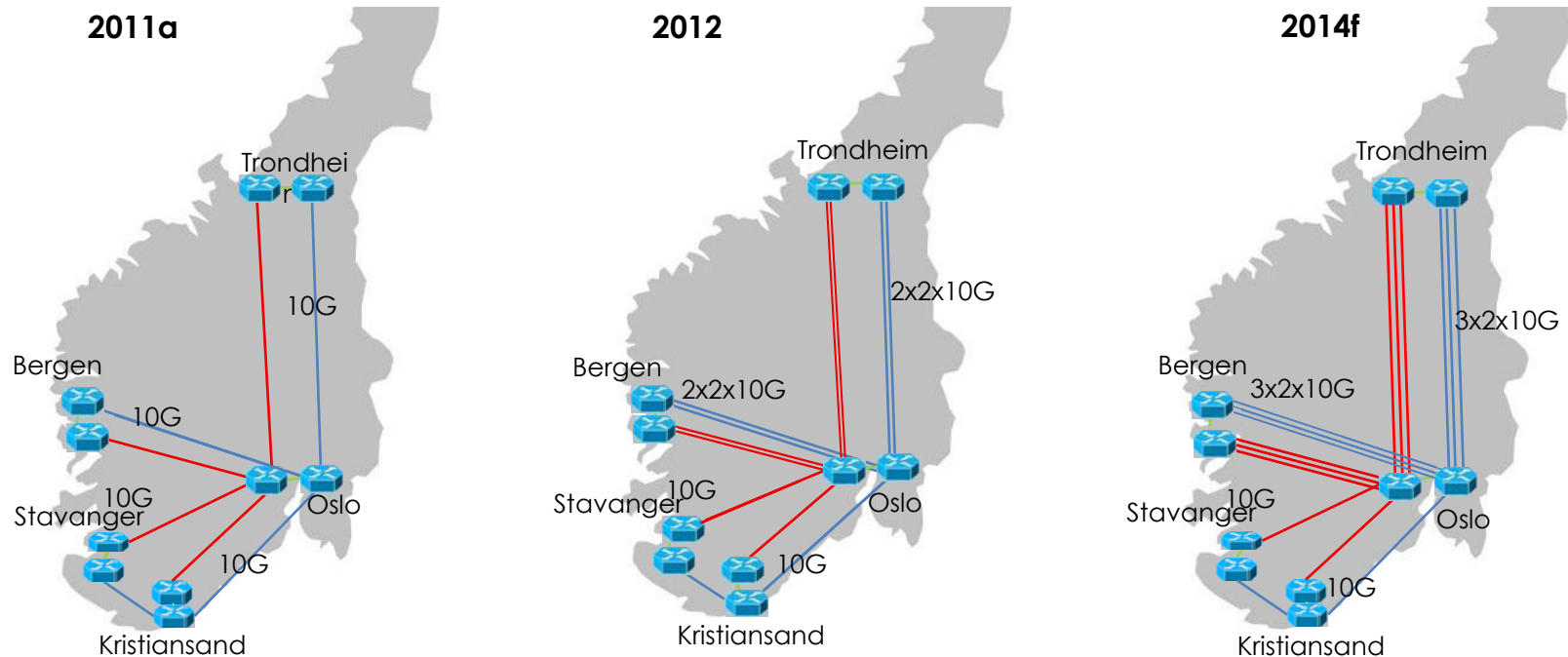
Subscriptions, absolute numbers



Subscriptions, growth year-on-year



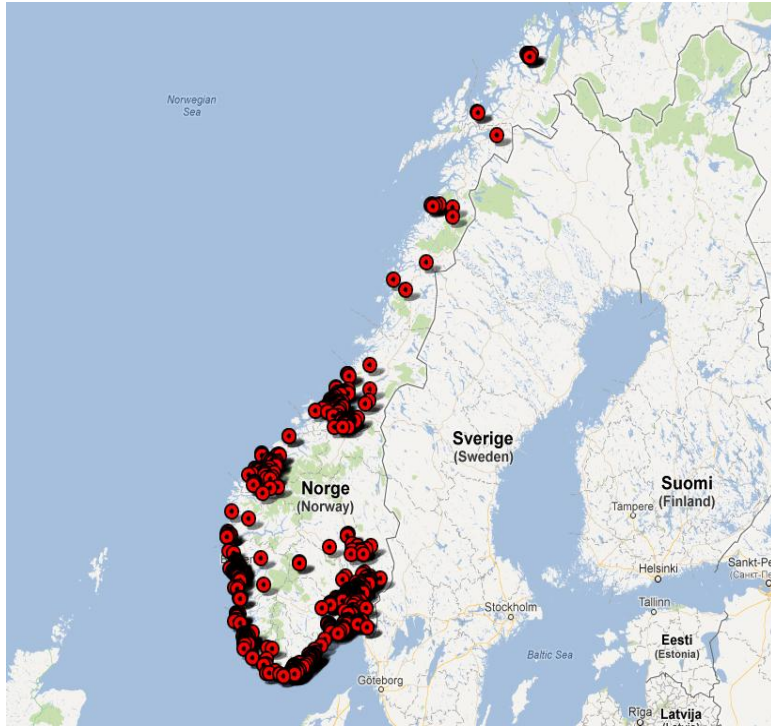
A powerful cost optimized redundant Core Network is in place



- 1 NextGenTel aims to increase its capacity in the core network until 2014 to meet customer demand and manage increasing data traffic volumes
- 2 The backbone network comprises to a large extent dark fibre but also capacity products from e.g. Telenor
- 3 Redundant core and metro infrastructure providing high network security
- 4 Network routers are owned by NextGenTel and purchased primarily from Cisco and Alcatel Lucent

Attractive footprint for IP-based services

Footprint – 657 "points-of-presence"



Example of footprint for IP-based product

- 1 IPTV is available at 382 of the 657 "points-of-presence", corresponding to more than 60% of the current customer base. All new DSLAMs have IPTV capabilities immediately. IPTV not available at WS
- 2 Datanet (IP VPN) are available at all "points-of-presence". Additionally, Nordic E-line from Telenor is used to reach 100% coverage for these services, including wholesale
- 3 VOIP is available for all customers both on own equipment and on wholesale accesses
- 4 VDSL is available at 358 "points-of-presence", but also on wholesale from Telenor
- 5 Additionally, fibre is provided to all "points-of-presence"

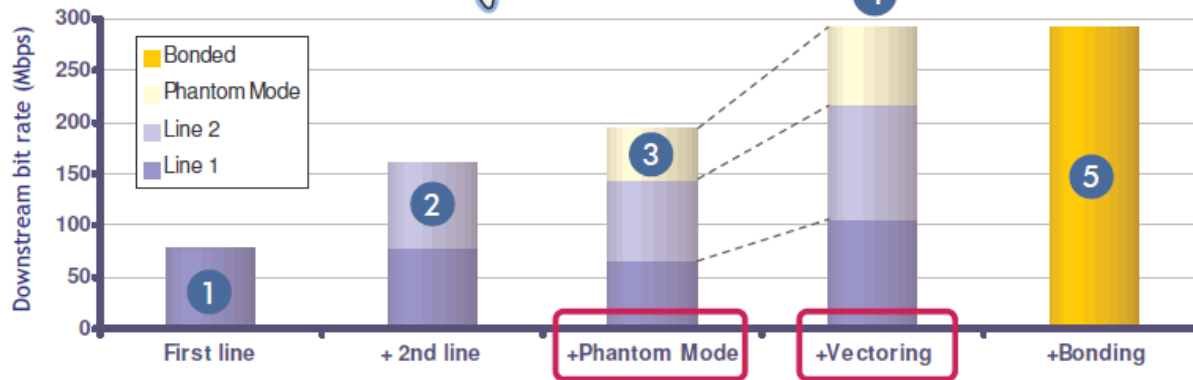
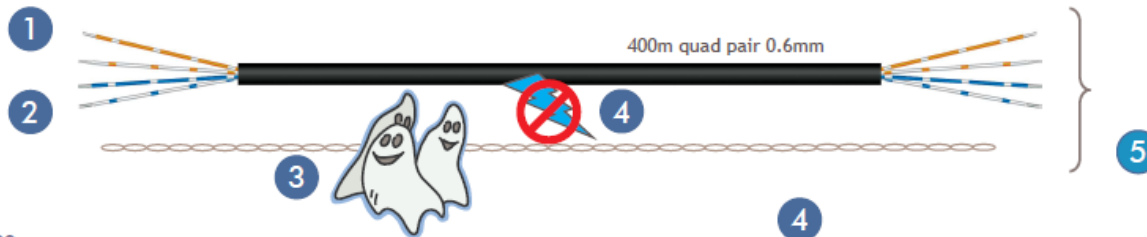
Innovation in DSL technology extends the life of copper

300Mbps over 2 pairs @ 400m

Bell Labs "Phantom mode" innovative demo

300Mbps in 5 steps

- Start with a 1st twisted pair.
- Add a 2nd twisted pair
- BELL LABS !**
Create a 3rd virtual pair = 'phantom mode' pair
- BELL LABS !**
Apply vectoring (crosstalk cancelation)
- Bond the 3 links into one big 300Mbps pipe.



Industry-first demonstration of 300Mbps@400m over 2 pairs
Bell Labs : Innovative combination of phantom mode + vectoring

Alcatel-Lucent

AT THE SPEED OF IDEAS™

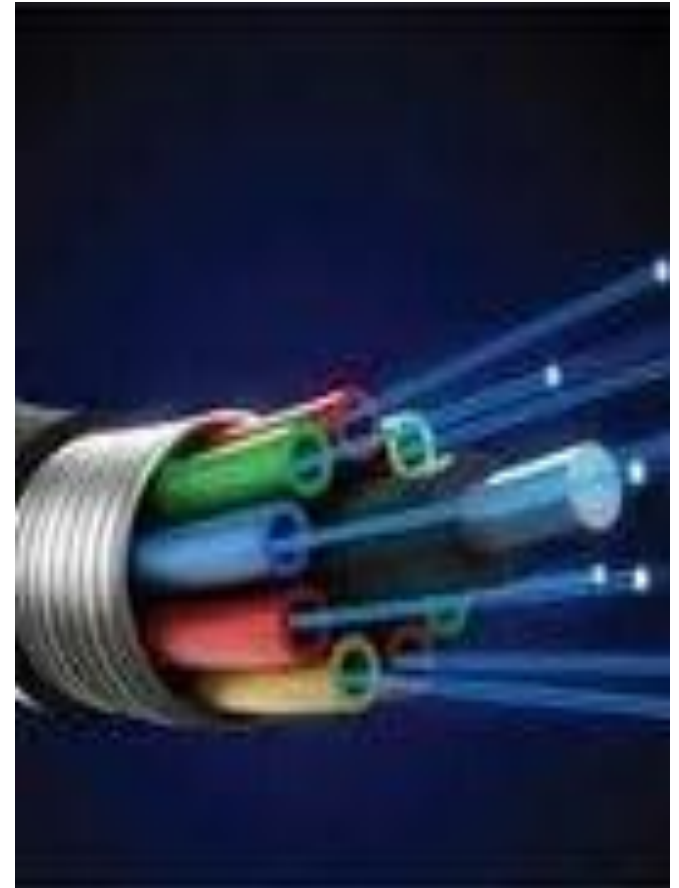
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 ALCATEL-LUCENT — CONFIDENTIAL — SOLELY FOR AUTHORIZED PERSONS HAVING A NEED TO KNOW
 PROPRIETARY — USE PURSUANT TO COMPANY INSTRUCTION

NextGenTel is well positioned in relation to the new regulatory framework for the Norwegian broadband market

Norwegian Post & Telecommunication Authority

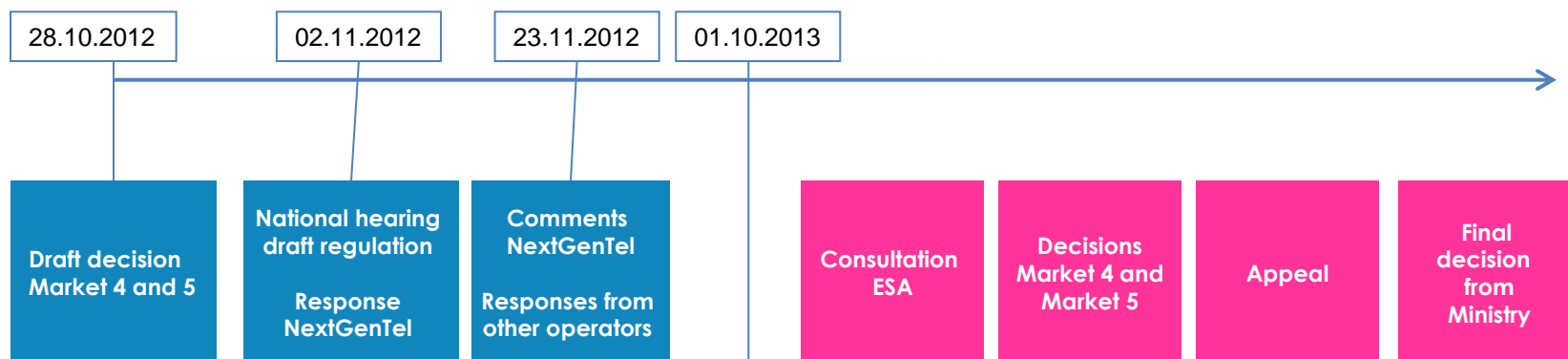
(NPT) has sent draft decisions regarding new regulation for Market 4 (LLUB) and Market 5 (Wholesale) on a national hearing. Key elements from the hearing documentation:

- **Access/co-location/information and support systems:** extension of existing obligations for Access/Co-location to **also cover Telenor's fiber infrastructure**
- **Continuation of price cap regulation** for the copper network, but with a reduction of the price cap from NOK 95 to NOK 85
- **Obligation to offer access to the fibre infrastructure** based on cost oriented prices
- **Non-discrimination**
- **Transparency** – reference offer, publication of KPI, etc.



Regulatory overview - timeline

Regulatory review of Market 4 and Market 5 - Schedule of work:



- Preparation for Consultation ESA
- Consultation ESA
- Decision Market 4 and Market 5
- Appeals –
- NPTs handling of complaints -
- Ministry's handling of complaints –

expected **March 2013**
April 2013
May 2013
June/July 2013
September/October 2013
November/December 2013

In best case new regulation will enter into force by end of Q4 2013, but most likely in Q1 2014

NextGenTel a part of Telio – why success

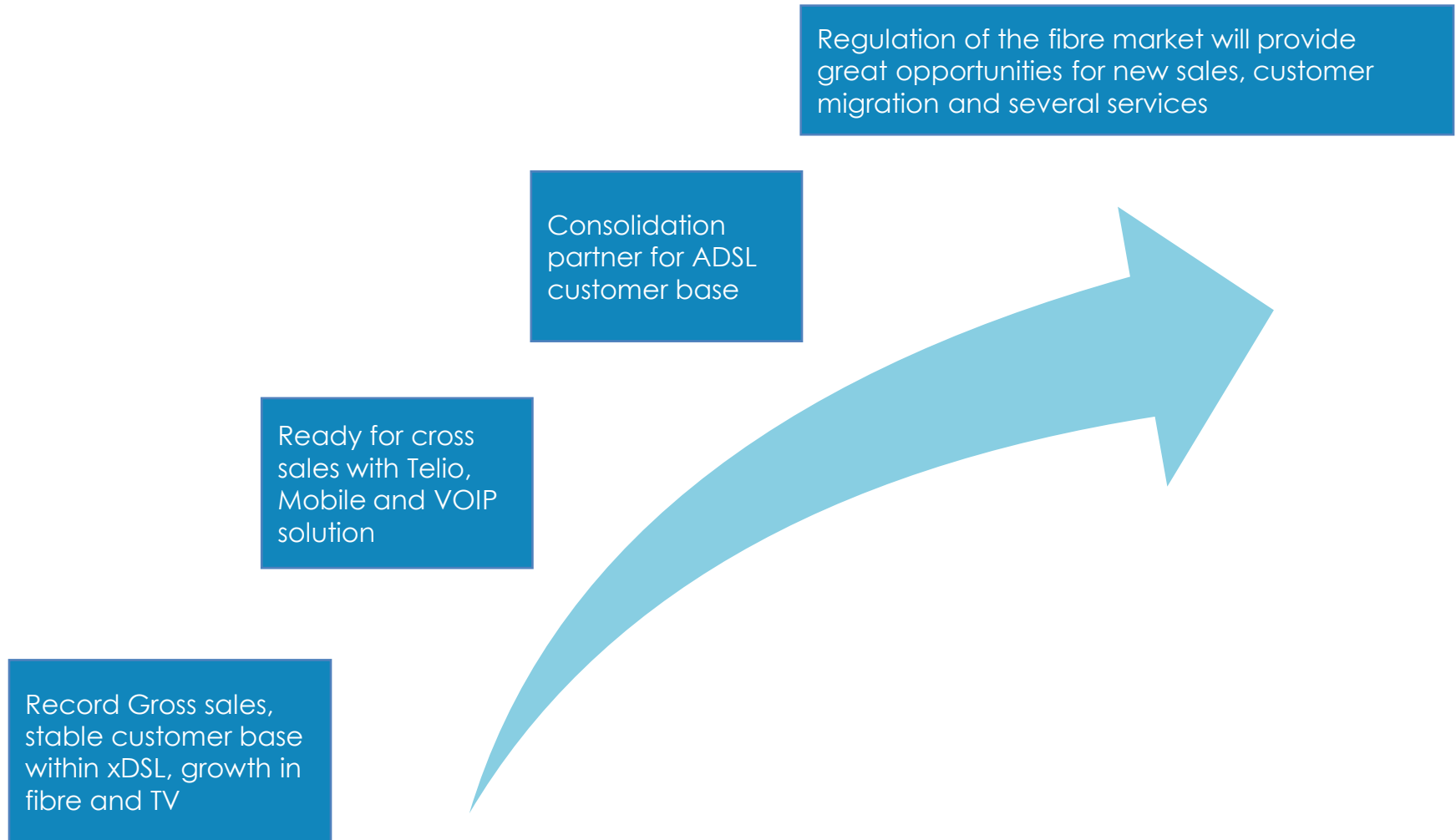


- NextGenTel and Telio have a complementary **holistic product portfolio**
- NextGenTel will be a **partner & reseller of Datacom services** from TeliaSonera in the B2B market
- NextGenTel has a **skilled and motivated workforce** which is eager to work for a flexible local company instead of a bureaucratic Incumbent
- NextGenTel is well positioned in relation to the **new regulatory framework** within the broadband market
- And **enthusiastic employees** who love to be part of a successful journey



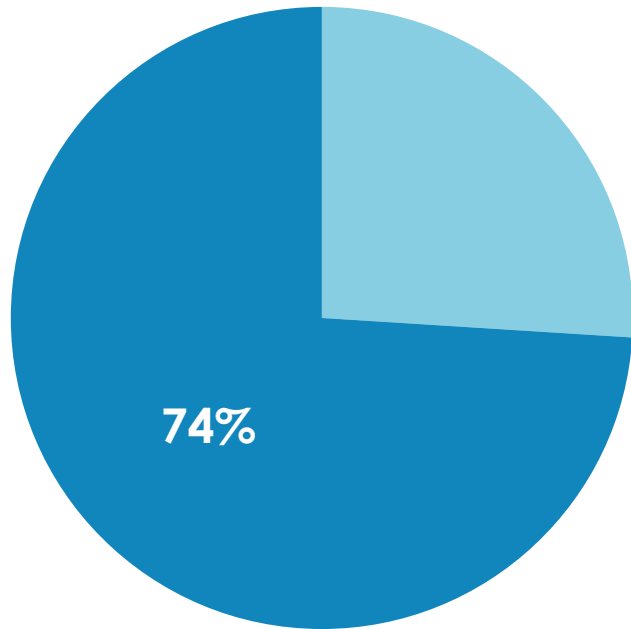
Consumer

Key takeaways – Consumer business area

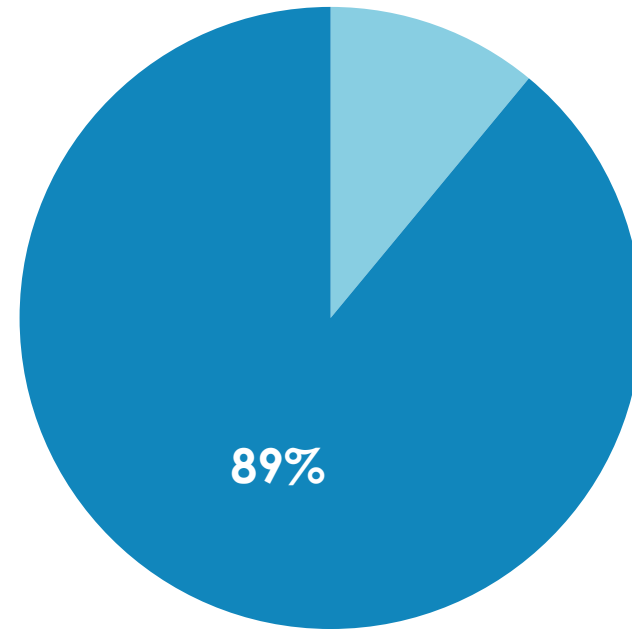


The majority of NextGenTel's revenue is generated within the Consumer segment

Consumer share of revenues

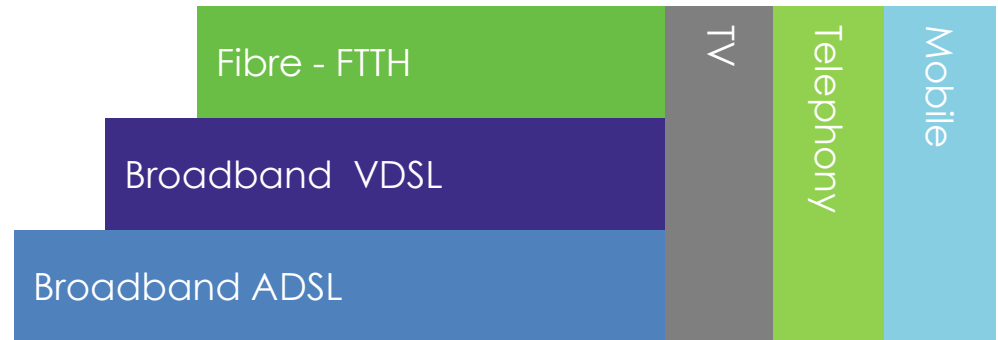


Consumer share of subscriptions



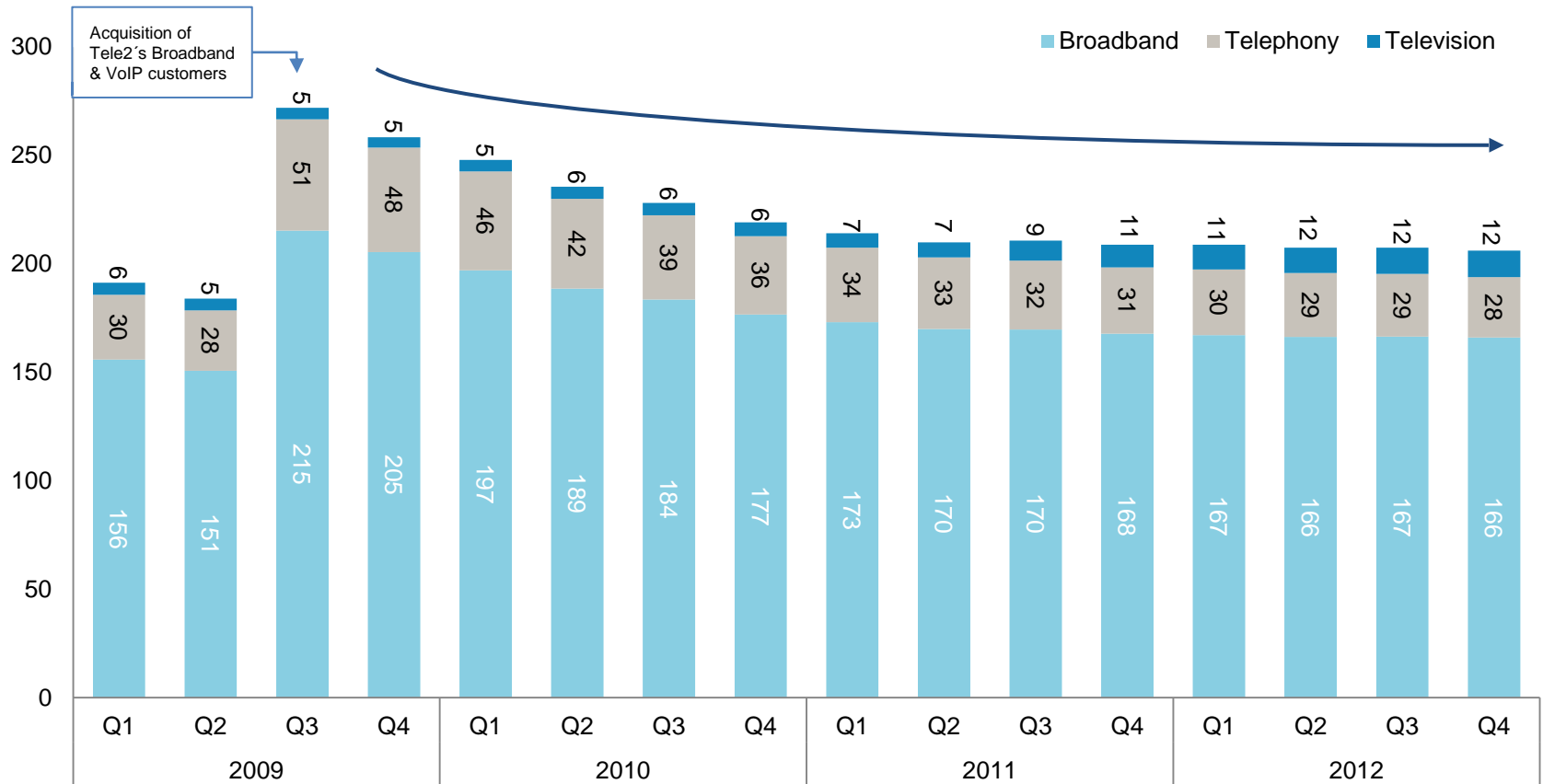
Portfolio - Consumer

- Broadband VDSL
 - Standard Internet
 - TV, Telephony & Mobile – upselling potential
- Broadband ADSL
 - Standard Internet
 - TV, Telephony & Mobile – upselling potential
- Fiber - FTTH
 - Broadband and TV packages
 - Hiring of fiber access
 - Telephony & Mobile – upselling potential



Stable customer base

Consumer subscriptions

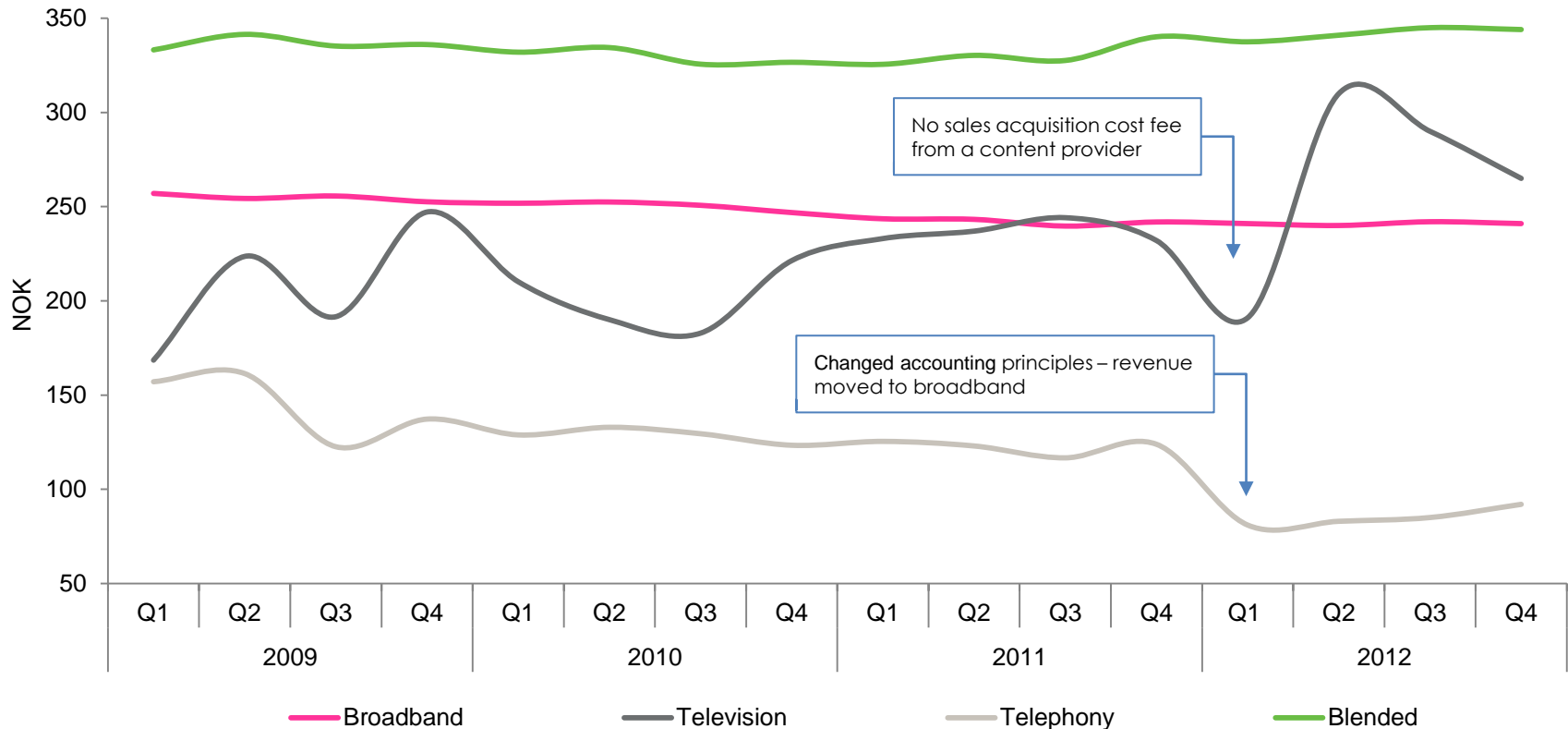


1 Focus on up-selling of IPTV services

2 Stabilizing broadband and IP-telephony customer base through lowered churn

NextGenTel has successfully managed to maintain a stable Consumer ARPU...

Consumer ARPU



- 1 Historically stable blended Consumer ARPU ranging between NOK 326 and 345

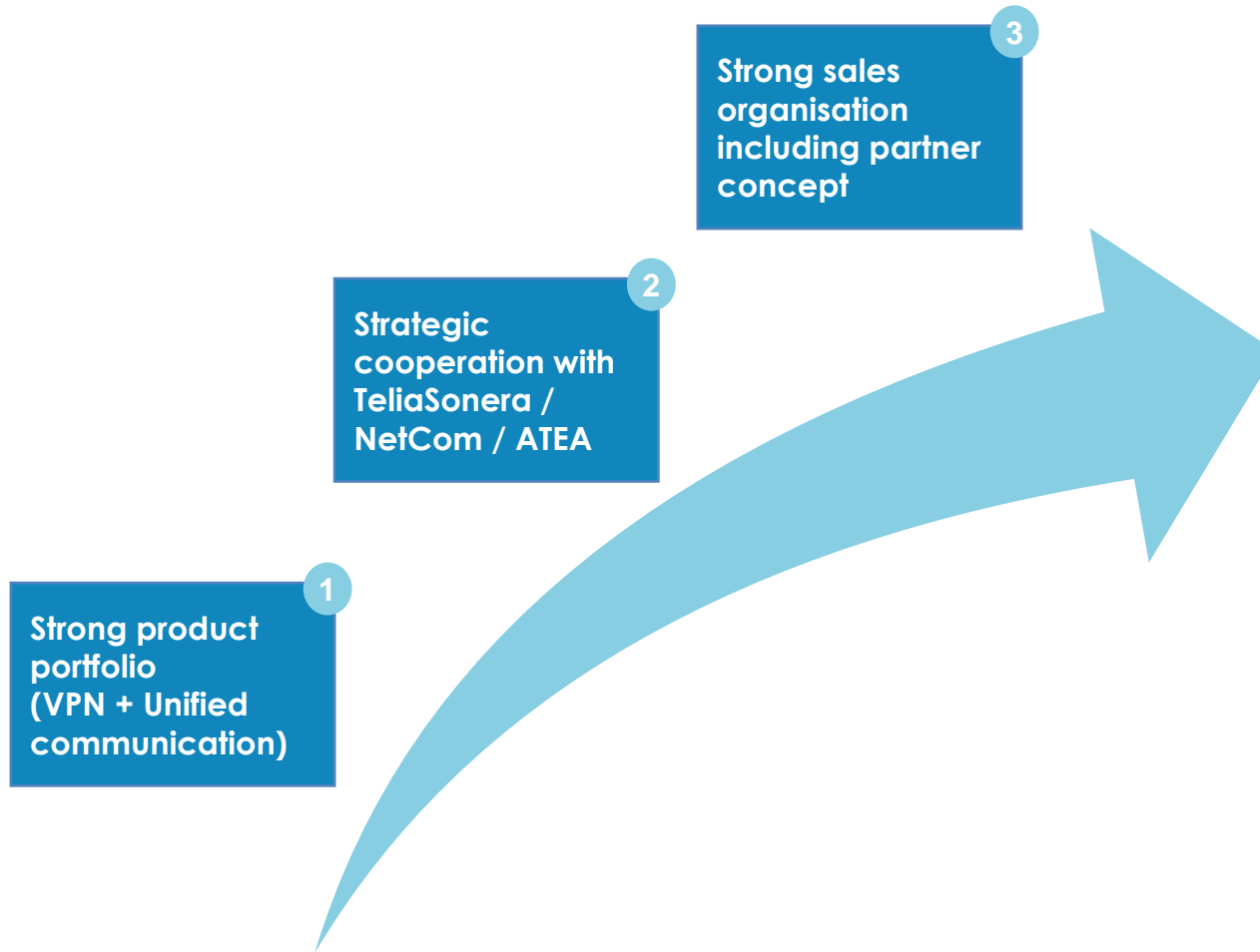
Focus on xDSL and existing customers, growth within fibre and services like TV, cross sale with Mobile and VOIP solution provided by Telio

	Comment	Objective
Focus on xDSL market	<ul style="list-style-type: none"> 850.000 customers using xDSL today Continued work with partners and White Labels Expansion of own sales force 	<ul style="list-style-type: none"> Stable customer base Partners with customer base Lower SAC using WEB and our own sales force
Fibre regulation	<ul style="list-style-type: none"> Regulation of Telenor in the fibre market, and partnership with other fibre owners gives substantial business opportunities 	<ul style="list-style-type: none"> Growth within FTTH market Migrate existing customers Higher ARPU and several services
Cross sale with Telio - Mobile and VOIP	<ul style="list-style-type: none"> Sell standard Telio Mobile and VOIP New services to existing customers 	<ul style="list-style-type: none"> Higher ARPU per customer Low SAC to existing customer Stabilization and limited churn Full services offering to customer included TV and Mobile



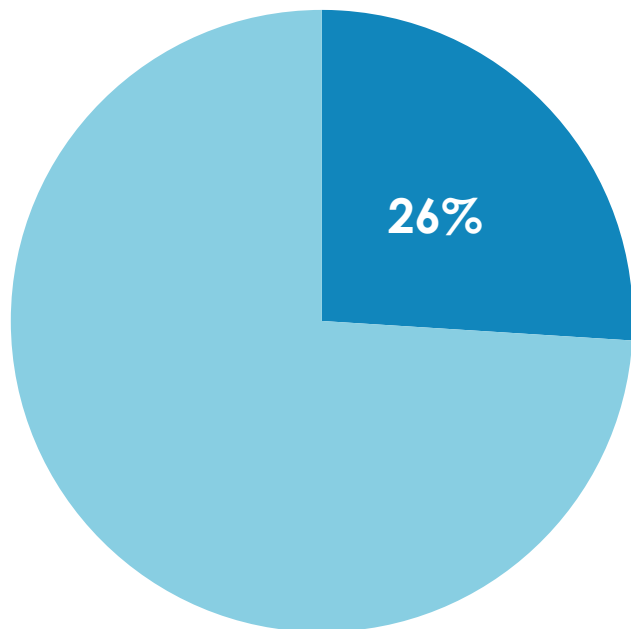
Corporate

Key takeaways – Corporate business area

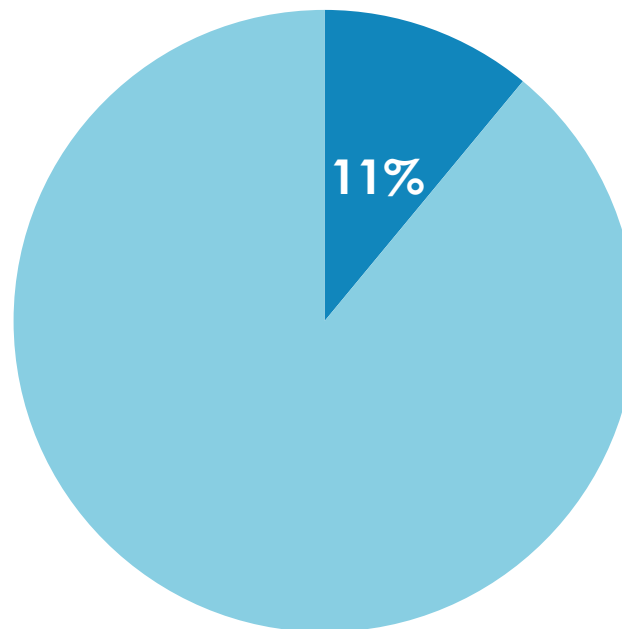


NextGenTel has a strong and growing Corporate segment providing the latest solutions

Corporate share of revenues

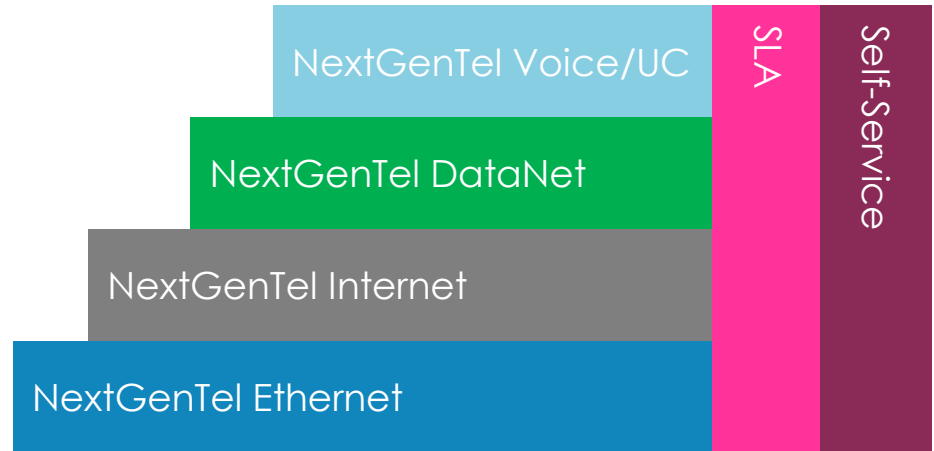


Corporate share of subscriptions



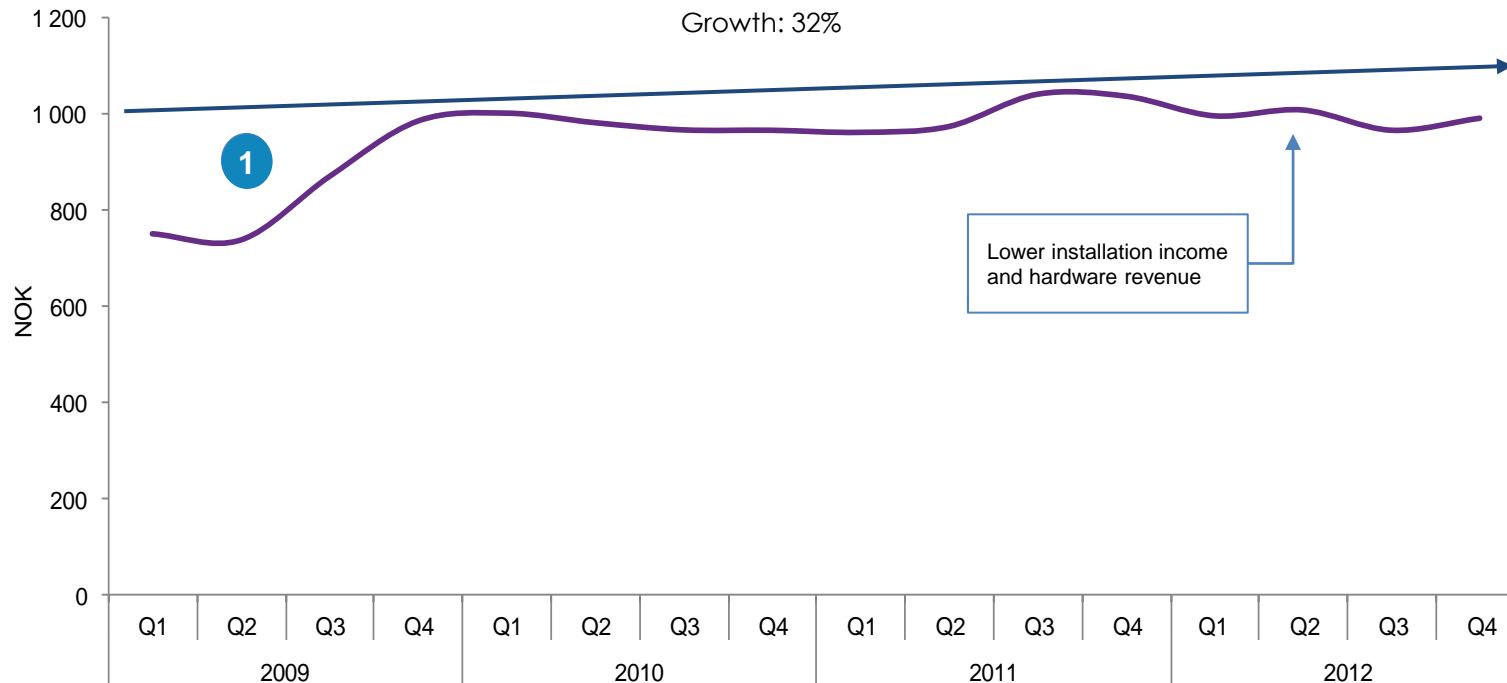
Focused product portfolio

- Voice and Unified Communication
 - IP telephony
 - Mobile voice and data
 - SIP trunk and Lync integration
 - Mobile integration
- DataNet
 - Layer 3 IP VPN MPLS
- Business Internet
 - Standard/Plus
 - IP Transit
- Ethernet Nordic
 - Layer 2 VPN



Corporate ARPU increased from NOK 751 in Q1 2009 to NOK 991 in Q4 2012 driven by the introduction of new services

Corporate ARPU increased by 32% since Q1 2009



1 Cross border data communication services in Q2 2009

Stable Corporate subscription base since Q1 2009

Corporate subscription base



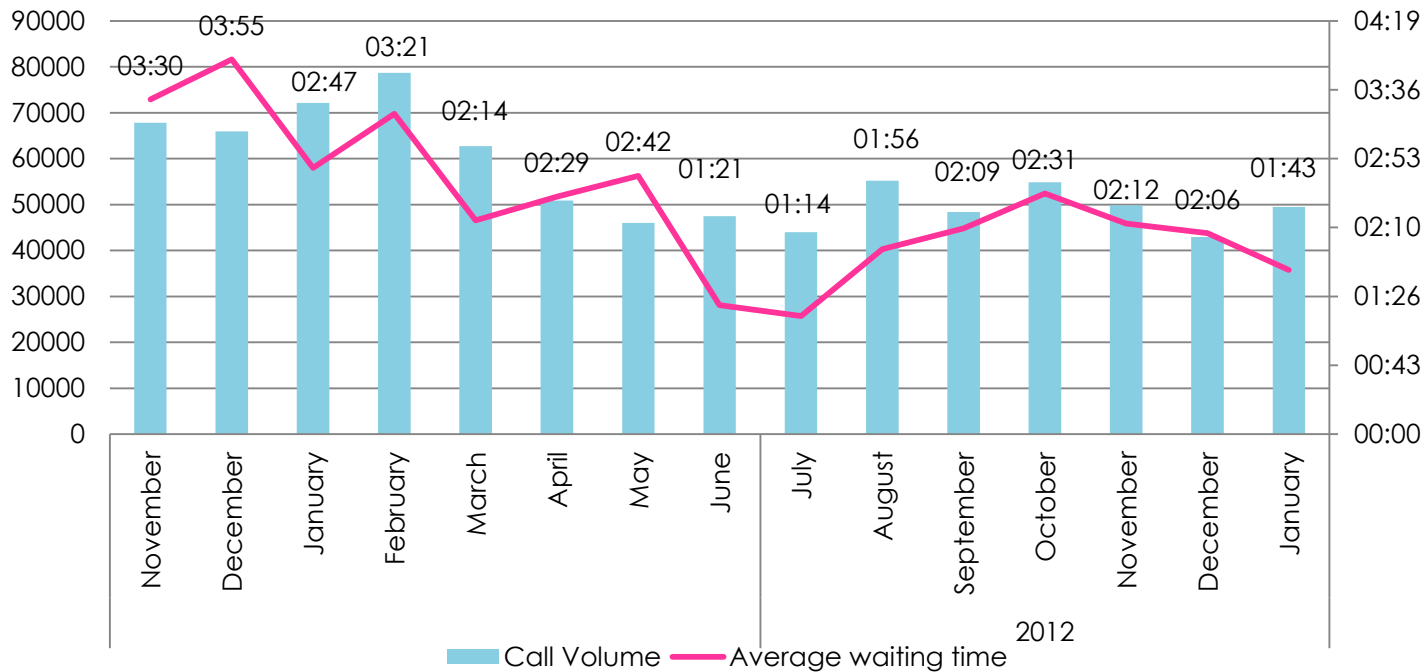
- 1** Strong focus on developing the corporate offering
- 2** New products launched in 2009 and 2011
- 3** Additional products to be launched during 2012, e.g. Ethernet Nordic

Focus on SMEs, expanded service offering and realize synergies across Telio and NextGenTel

	Comment	Objective
Increased focus on the SME segment 1	<ul style="list-style-type: none">• 130,000 small and medium sized companies in Norway today• Product portfolio across broadband and voice• Expansion of own sales force	<ul style="list-style-type: none">• Enable one-stop shop for SME and increase customer base• Cross sell Telio and NextGenTel existing SME customer base
Expanded service offering 2	<ul style="list-style-type: none">• Unified communication• Implement Telio portfolio in B2B• Wholesale Ethernet Nordic	<ul style="list-style-type: none">• 20 new large customers in 2013• 500 new customers in 2013• 5 new Wholesale customers in 2013
Telio NextGenTel synergies 3	<ul style="list-style-type: none">• Production of IP telephony middle and long term• Establish smart and simple concepts across mobile, IP telephony and broadband	<ul style="list-style-type: none">• Increase margins• Increase customer base

Average waiting time has been significantly reduced during the last 15 months

Consumer call volume versus average waiting time



- 1 Leadership
- 2 Education
- 3 Recruitment
- 4 New IVR
- 5 Technical system upgrade

Financials

NextGenTel

Financials – P&L

NOK million	2012	2011
Total revenue	918	917
Gross profit	451	455
Gross margin	49%	50%
Salaries/personnel	(154)	(161)
Other	(167)	(167)
EBITDA	130	127
D&A	(121)	(143)
EBIT	9	(16)
Finance	4	5
EBT	13	(11)
Tax	(4)	3
Profit	9	(8)

- Stable revenues and gross margin
- High opex level
 - Includes NOK 13 million in restructuring costs
- High D&A from high capex level

NextGenTel

Financials – balance sheet

NOK million	2012	2011
Property, plant & equipment	254	263
Intangible assets	196	184
Deferred tax asset	7	4
Non-current assets	457	451
Trade and other receivables	191	155
Cash and cash equivalents	189	227
Current assets	379	382
Total assets	836	833
Total equity	587	577
Trade and other payables	94	107
Current income tax liabilities	7	2
Other current liabilities	148	147
Current liabilities	249	256
Total equity & liabilities	836	833

- PP&E includes the office building of NextGenTel (approx 4,000 m2 at Sandslimarka 31, close to Bergen airport)
 - Book value NOK 53 million
- Intangible assets include in-house developed software (NOK 79 million), acquired customer base and licenses (NOK 26 million) and goodwill (NOK 91 million)
- There is no interest-bearing debt in the company

A close-up photograph of a business meeting. Several people, wearing dark patterned suits, are gathered around a table. Their hands are visible, pointing at and holding pens over documents that feature line graphs and tables of data. A blue speech bubble is overlaid on the left side of the image, containing the text 'Telio Group Financials'.

Telio Group Financials

Telio+NextGenTel

Financials - pro forma P&L *)

NOK million	2012
Total revenue	1,316
Gross profit	704
Gross margin	53%
Salaries/personnel	(220)
Other	(277)
EBITDA	207
D&A	(141)
EBIT	66
Finance	(26)
EBT	40
Tax	(11)
Profit	29

- Pro forma figures
 - Are adjusted for inter-company transactions between Telio and NextGenTel
 - Include harmonization of accounting principles; customer acquisition costs are expensed when incurred
 - Include financing costs related to the financing of the acquisition

*) For further details, reference is made to the Information Memorandum issued on 20 February 2013

Telio+NextGenTel

Financials - pro forma balance sheet *)

NOK million	2012
Property, plant & equipment	265
Intangible assets	392
Long term receivables	6
Non-current assets	663
Inventory	2
Trade and other receivables	226
Cash and cash equivalents	82
Current assets	310
Total assets	973
Total equity	116
Borrowings	426
Deferred tax liabilities	(16)
Non-current liabilities	410
Trade and other payables	188
Borrowings	81
Deferred income	141
Accrued liabilities	37
Current liabilities	447
Total equity & liabilities	973

- Pro forma figures
 - Are adjusted for inter-company balances between Telio and NextGenTel
 - Include harmonization of accounting principles; capitalized customer acquisition costs and deferred establishment revenues are eliminated against equity
 - Include borrowings established in connection with the acquisition

Preliminary Purchase Price Allocation	NOK million
Purchase price	601
Equity in NGT (after distrib. of excess cash)	(428)
Excess value	173
Intangible assets	(59)
Deferred tax	16
Goodwill	216

*) For further details, reference is made to the Information Memorandum issued on 20 February 2013

Debt financing of the acquisition

- Term loan of NOK 200 million
 - 3 year term loan
 - To be repaid in semi-annual installments of 2 x NOK 25m, 2 x NOK 35m and 2 x NOK 40m
 - Interest rate: 3M Nibor + 300 bps
- Bridge loan of NOK 300 million
 - In the period from closing of the acquisition to settlement of a planned bond issue in 2013
 - 9 month duration (option to convert to a term loan in the event that a bond is not being placed)
 - Interest rate: 3M Nibor + 300 bps (subject to margin step-up depending on when the bridge loan is being replaced by a bond issue)
- First meetings with potential bond investors in week 10
- Overdraft facility of NOK 30 million (unused)

Financial covenants

Period ending	Equity ratio	Interest coverage (EBITDA based)	Leverage (net debt/EBITDA)
30 Jun 2013	10.0%	5.00:1.00	2.4x
30 Sep 2013	10.0%	5.00:1.00	2.3x
31 Dec 2013	12.5%	5.00:1.00	2.1x
31 Mar 2014	12.5%	5.00:1.00	1.9x
30 Jun 2014	15.0%	5.00:1.00	1.7x
31 Dec 2014	20.0%	5.00:1.00	1.5x
30 Jun 2015	22.5%	5.00:1.00	1.5x
31 Dec 2015	25.0%	5.00:1.00	1.5x

Capex limit	NOK million
2013	153
2014	136
2015	134

Financial covenants cont'd

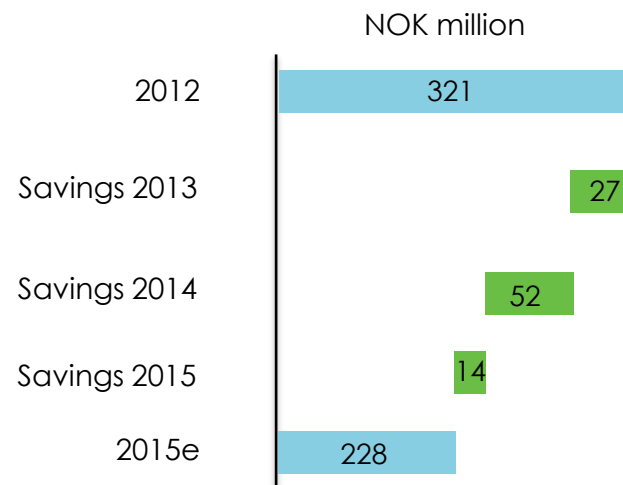
- Restrictions on dividend distribution
 - Maximum 50% of net profits for the previous financial year
 - Leverage ratio less than 1.5x
 - Equity ratio above 20%
 - Liquidity reserves (including unused overdraft facilities) of minimum NOK 45 million
- Outlook for future dividend payments
 - The company will continue its shareholder friendly dividend policy, now limited by the financial covenants
 - Will pay dividend when possible, in compliance with financial covenants



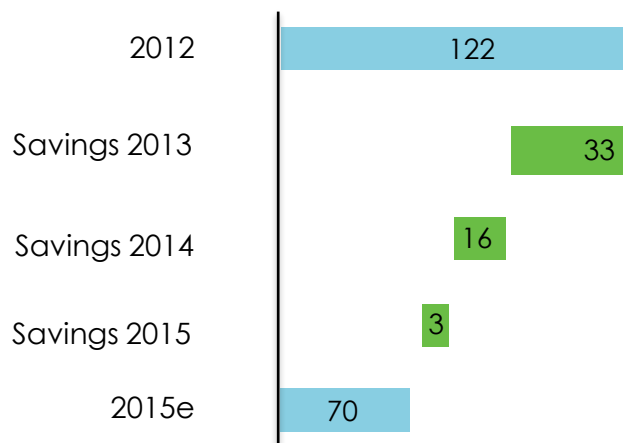
Summary

Opex/capex savings targets for NextGenTel

- Opex savings – target NOK 93 million
 - Right-size the organization
 - Reduce general marketing spending
 - Simplify value chain and delivery processes



- Capex savings – target NOK 52 million
 - Establish capex level in the same range as before integration with TeliaSonera started in 2011
 - Optimize investments in enterprise solutions in line with new strategy
 - Align investments in network infrastructure with the company's position and strategy



Key financial targets Telio Group

Key figures	Pro forma 2012	Target 2013	Target 2014	Target 2015
Revenues	1,316	1,342	1,348	1,356
Gross margin	53%	53%	53%	53%
EBITDA margin	16%	21%	24%	25%
EBIT margin	5%	8%	13%	14%
Capex/sales	13%	9%	8%	8%



Thank
you!

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