

# TANDBERG DATA

Securing your Information

## Tandberg Data, third quarter 2006

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Oslo



interim results

# Highlights

- Acquisition of Exabyte. Cost synergies exceeding USD 15 million are identified
- Revenue growth of 22 per cent to USD 29.2 million compared to Q3 2005
- Operating loss primarily due to weak sales in July
- Non-recurring cost of USD 1.2 million due to discontinuation of CDG business (BAKStor) and loss of contract
- Successful launch of RDX® QuikStor

# Agenda

- Key Figures
- Operational Review
- The Exabyte Acquisition
- Product roadmap
- Outlook & Summary
- Appendix: Financial statements

# Key Figures

## INCOME STATEMENT

USD million	Q3 06	Q2 06	Q1 06	Q4 05	Q3 05	2005
Revenues	<b>29.2</b>	30.6	30.5	29.0	23.9	100.4
Gross profit	<b>6.5</b>	6.5	7.8	6.7	5.9	25.4
Gross margin (%)	<b>22.5%</b>	21.3%	25.5%	23.0%	24.7%	24.9%
Operating profit	<b>-3.6</b>	-6.8	0.0	-2.3	-2.3	-7.8
Pre-tax profit	<b>-4.0</b>	-9.0	-0.5	-2.5	-2.2	-7.9

# Key Figures

## CASH FLOW STATEMENT

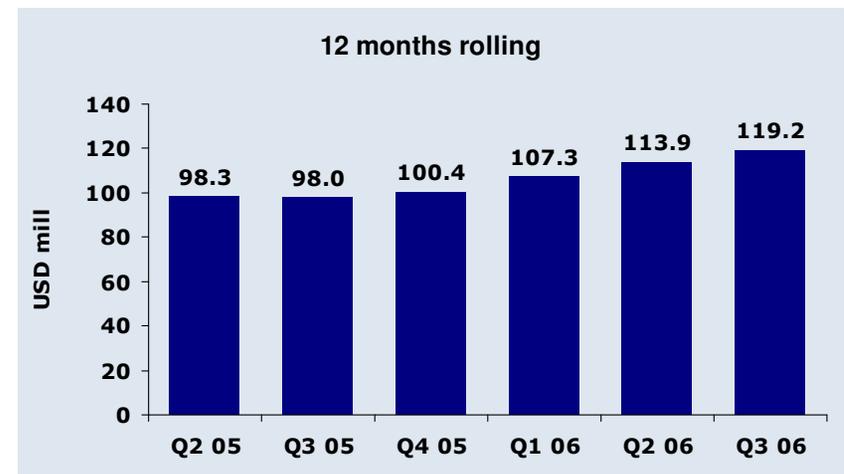
USD million	Q3 06	Q2 06	Q1 06	Q4 05	Q3 05	2005
Net cash flow operating activities	<b>-0.9</b>	-0.3	-2.6	-4.8	-2.6	-9.7
Net cash flow investing activities	<b>-0.8</b>	-1.3	-1.5	-5.9	-1.5	-11.9
Net cash flow financing activities	<b>-1.5</b>	17.6	-0,3	12.9	-0.3	23.5
Net change in cash	<b>-3.1</b>	16.0	-4.4	2.2	-4.3	1.9
Opening cash balance	<b>20.6</b>	4.5	9,0	6.8	11.1	7.1
Closing cash balance	<b>17.4</b>	20.6	4.5	9.0	6.8	9.0

# Agenda

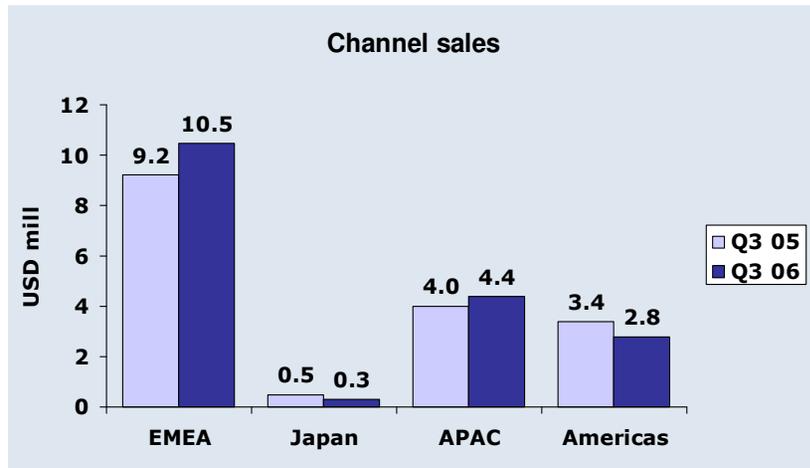
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# Revenues

- Revenue growth of 22.2 per cent in Q3 2006 from corresponding quarter in 2005
  - Significant increase in OEM sales
  - Increase in tape drives sales of USD 5.9 million from Q3 2005.
- Revenues down 4.7 per cent from previous quarter due to:
  - Seasonal fluctuations Q3
  - Extra weak sales in July
- Positive revenue growth trend

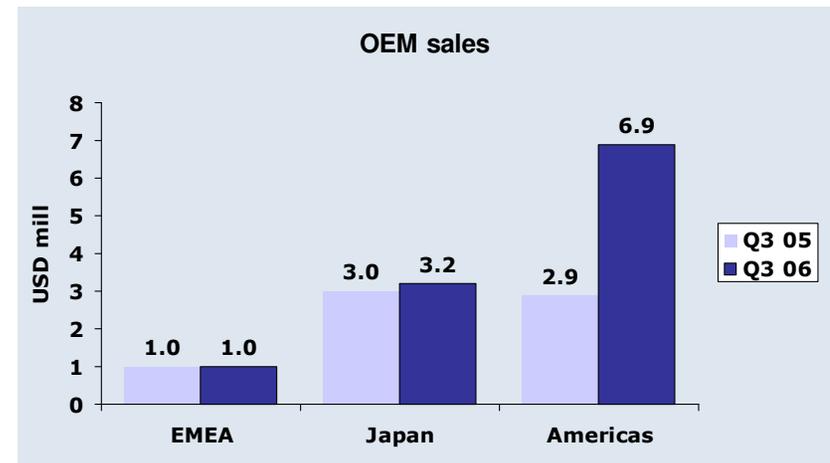


# Sales by customer groups

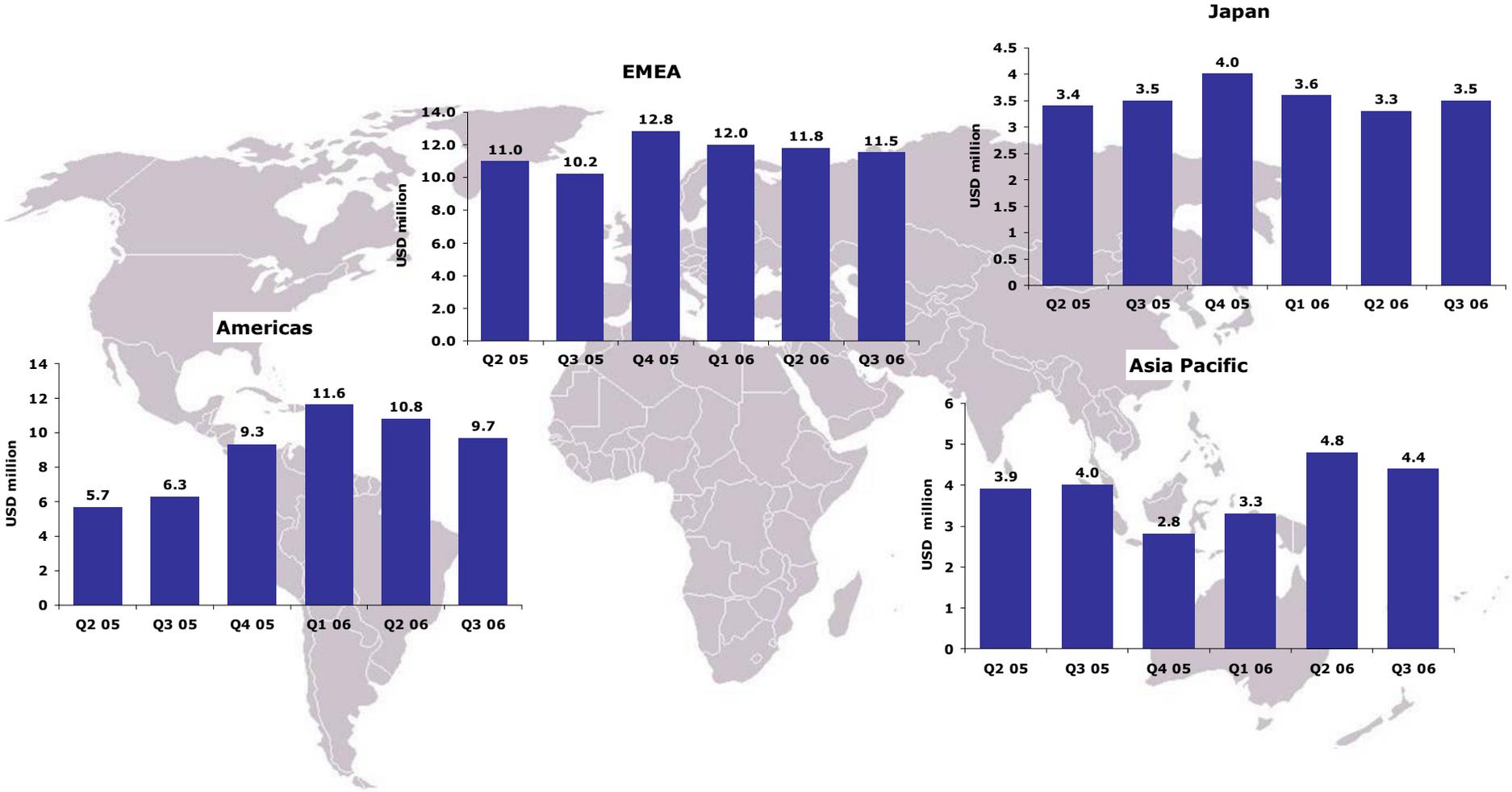


- Sales through distributors amounted to USD 18.1 million in Q3 2006, up USD 1.1 million from corresponding quarter in 2005
- Channel sales constitute 62 per cent of total

- Significant growth in sales to OEM's (60%)
- Sales amounted to USD 11.1 million in Q3 2006, an increase of USD 4.2 million from corresponding quarter in 2005
- OEM sales slightly down from Q2 2006
- OEM sales constitute 38 per cent of total sales



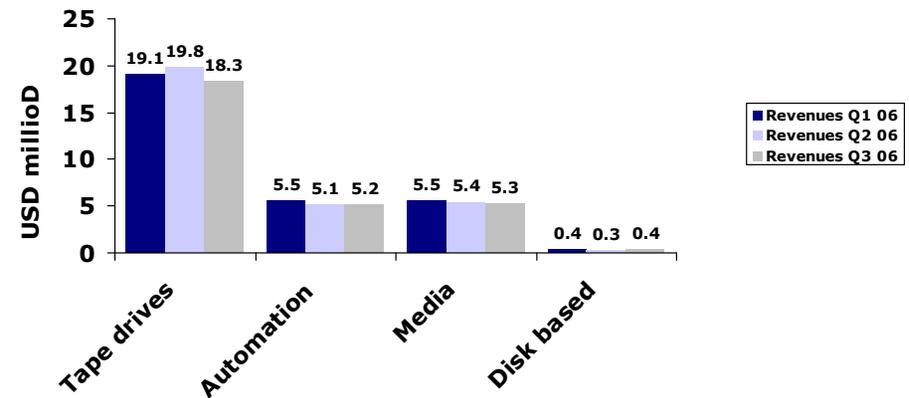
# Sales by region



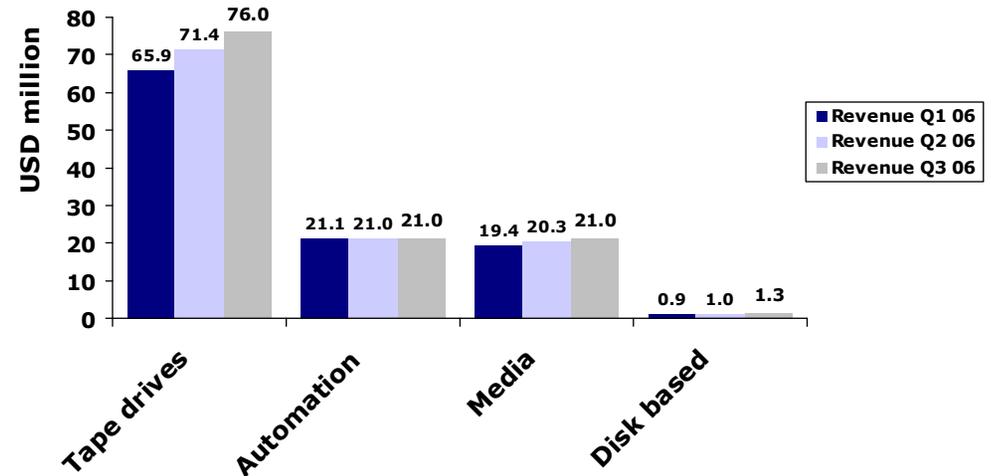
# Sales by product

- Weaker than expected sales of tape drives in July
- Tape drives constitutes two thirds of sales, automation and media one third and approximately equal size
- The trend is positive for tape drives while flat for automation and media

Product revenues Q3

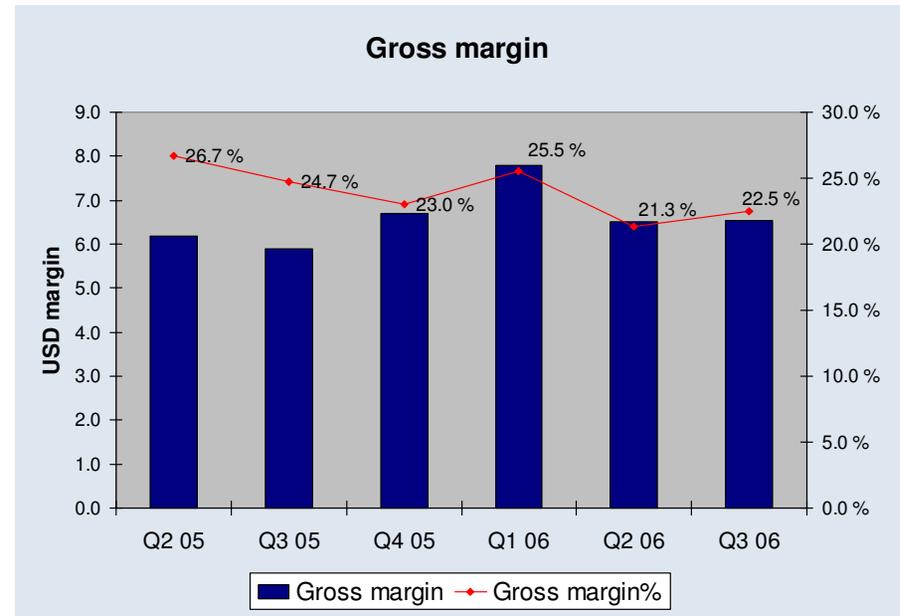


Product revenues, last 12 months rolling



# Gross margin

- Gross margin of 22.5 per cent in Q3 2006, compared to 24.7 per cent in Q3 2005
- Decreased margin due to:
  - Aggressive pricing
  - Product mix
  - Increased OEM sales
- Margin increase of 1.2 percentage from previous quarter
  - Change towards own developed automation products
    - Sales of 4U StorageLibrary according to expectations
    - Positive development of sales of T40



# Operating costs

- Operating cost of USD 7.9 million in Q3 2006, compared to USD 7.4 million in Q3 2005
  - Launch of new products, T40 and RDX QuickStor
  - Increased cost to consultants



# Depreciation

- Non-recurring cost of USD 1.2 booked
  - Discontinuation of CDG business (BAKStor). Activity in place to sell the technology.



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# Highlights Exabyte Acquisition

- Creating the leading challenger in the data storage market
- Strengthening of market position, primarily in the US
- Exabyte's strong technology and relations with leading OEM's and distributors will provide a platform for further growth in data storage and automation
- Significant synergies identified



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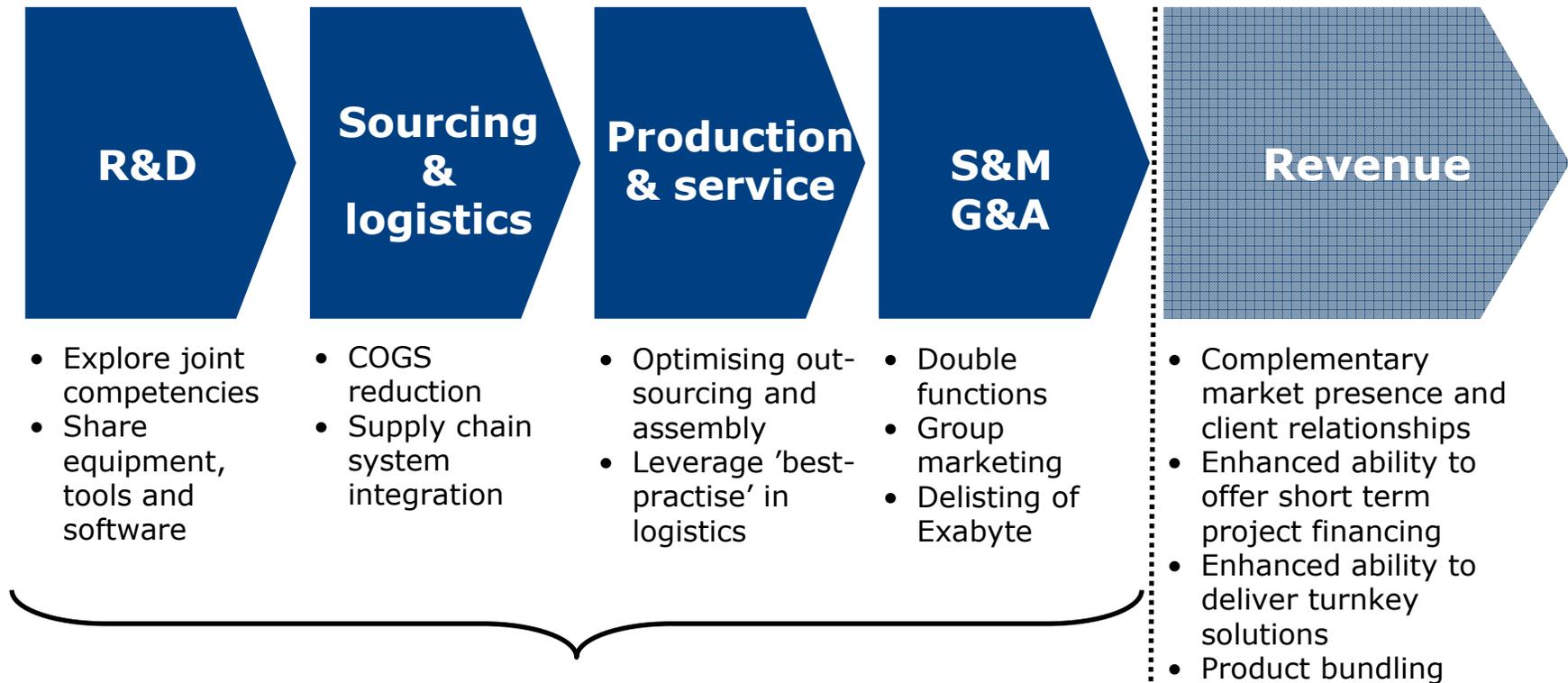


# Tandberg Data and Exabyte business case

- Expected revenues of USD 230 million
- Secure number two position
- Gross margin improves to 28-30 %
- Cost synergies exceeding USD 15 million
- Strengthening the market position towards OEM customers and the US sales channel
- Complementary product portfolio



# Significant cost synergies



**Annual cost synergies of minimum USD 15 million in 2007**

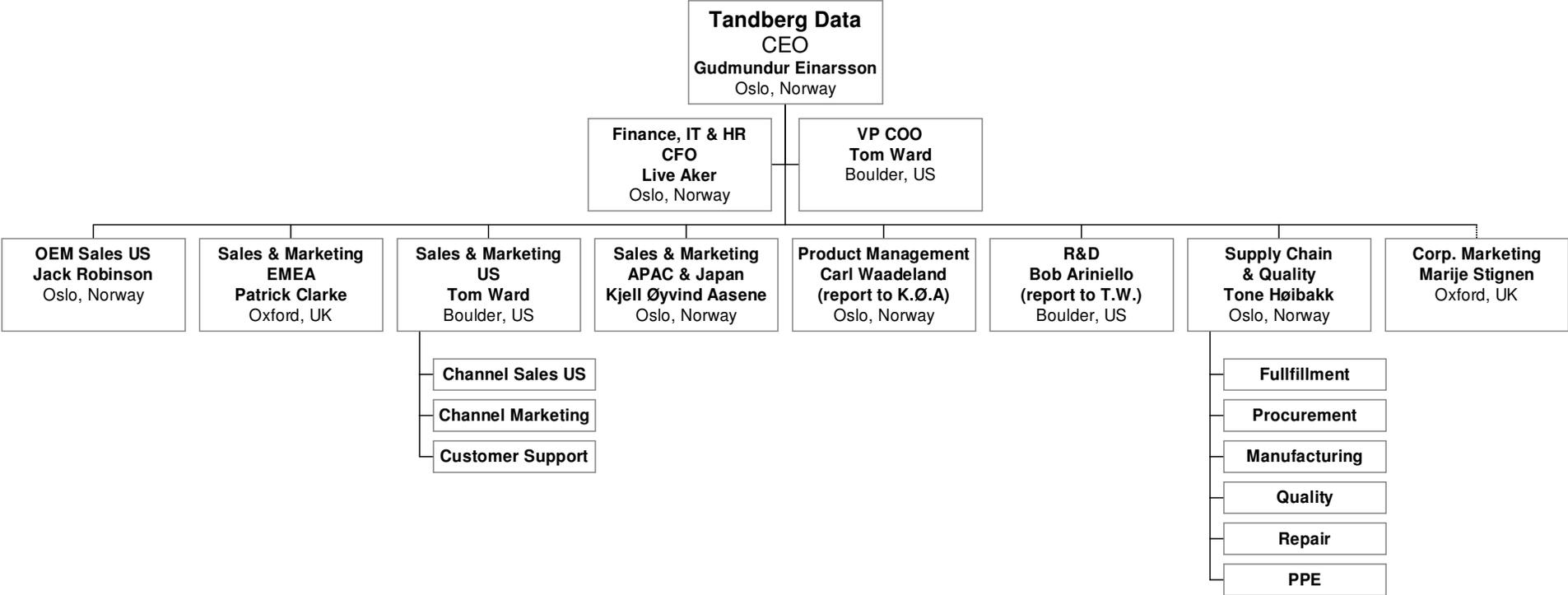
## Cost synergies measures

- Headcount reductions of 120 employees
- Coordinating main support functions
- Centralized R&D function to Boulder
- Facility reductions
- Efficiency of sales & marketing

## Financing of Exabyte transaction

- Issue of 5 year senior unsecured convertible bond facility of NOK 130 million issued on October 30
- Fixed coupon of 9 per cent
- Conversion price of NOK 7
- Intention for second tranche of NOK 25 million for existing shareholders

# Organisation



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# A strong product portfolio

	DRIVES	MEDIA	AUTOMATION	INTERFACES
LTO	LTO2 HH	LTO MEDIA	MAGNUM 448	SCSI FireWire SAS USB
	LTO3 HH		T40	
	LTO3 FH		MAGNUM 224/T24	
	LTO4 FH		StorageLoader	
SLR	SLR7	SLR MEDIA		SCSI
	SLR75			
	SLR100			
	SLR140			
VXA	VXA2	VXA MEDIA	VXA PacketLoader	SCSI FireWire SAS USB
	VXA172			
	VXA320	LEGACY 8mm MEDIA		
RDX	RDX QUIKSTOR DOCKING BAY	RDX QUIKSTOR DISK CARTRIDGE		SATA USB

■ TAD products   
 ■ EXABYTE products   
 ■ Third party products

The combined Tandberg Data/Exabyte product line is very competitive

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# Outlook

- Further strengthening of the gross margin in Q4 and into 2007
- 60 per cent of cost synergies will be realised in Q1 2007
- RDX QuikStor will be launched by major OEM in Q4
- Coordinated sales & marketing and product portfolios will be in place in Q4

# Summary

- Successful integration of the companies is our number one priority
  - This will secure top line growth and improved gross margin
  - Close follow-up of the integration plan
  - Already executing on the integration plan

Merger with Exabyte opens new opportunities for Tandberg Data

# Q & A

# Agenda

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# Consolidated Profit & Loss

## Consolidated Profit and Loss Statement - unaudited

(Amounts in USD 1000)	IFRS		IFRS		IFRS
	Q3 2006	Q3 2005	9 months 2006	9 months 2005	2005
Sales Revenue	29 164	23 858	90 314	71 496	100 433
Cost of sales	-22 615	-17 967	-69 478	-53 100	-75 387
<b>Gross Margin</b>	<b>6 549</b>	<b>5 891</b>	<b>20 836</b>	<b>18 396</b>	<b>25 046</b>
Personnel cost	-4 999	-4 277	-13 522	-12 845	-17 360
Other operating expenses	-2 912	-3 075	-8 966	-9 082	-12 399
Restructuring expenses	0	0	-5 000	0	0
<b>Operating profit before depr.</b>	<b>-1 362</b>	<b>-1 461</b>	<b>-6 652</b>	<b>-3 531</b>	<b>-4 713</b>
Depreciation	-1 036	-840	-2 514	-1 974	-2 790
Impairment of assets	-1 167	0	-1 167	0	-326
<b>Operating profit</b>	<b>-3 565</b>	<b>-2 301</b>	<b>-10 333</b>	<b>-5 505</b>	<b>-7 829</b>
Net financial items	-331	81	-2 564	175	255
Loss-/Gain from associate	-116	40	-623	-94	-302
<b>Profit/loss before tax</b>	<b>-4 012</b>	<b>-2 180</b>	<b>-13 520</b>	<b>-5 424</b>	<b>-7 876</b>
Tax expense	44	-54	-343	-227	-456
<b>Profit/loss for the period</b>	<b>-3 968</b>	<b>-2 234</b>	<b>-13 863</b>	<b>-5 651</b>	<b>-8 332</b>
<b>Earnings per share</b>					
Basic (In USD)	-0,08	-0,05	-0,30	-0,13	-0,21
Diluted (In USD)	-0,08	-0,05	-0,30	-0,13	-0,21

# Consolidated Balance Sheet – Assets

## Consolidated balance sheet - unaudited

(Amounts in USD 1000)	IFRS		IFRS
	30.09.2006	30.09.2005	31.12.2005
<b>ASSETS</b>			
<b>Non-current assets</b>			
Licenses	280	289	0
Goodwill	0	0	850
Technology	0	3 095	2 853
Development	7 422	5 172	5 920
Buildings	2 403	2 564	2 435
Tools and instruments	2 476	1 618	2 198
IT equipment and fixtures	713	735	713
Investment in associate	7 026	3 499	7 659
Other non-current assets	266	1 090	588
<b>Total non-current assets</b>	<b>20 586</b>	<b>18 062</b>	<b>23 216</b>
<b>Current assets</b>			
Inventories	7 597	10 444	9 523
Trade accounts receivable	27 045	21 783	28 218
Other current assets	3 690	843	2 509
Called up, allotted, but not paid equity	0	7 890	
Cash and cash equivalents	17 434	6 809	8 957
<b>Total current assets</b>	<b>55 766</b>	<b>47 769</b>	<b>49 207</b>
<b>TOTAL ASSETS</b>	<b>76 352</b>	<b>65 831</b>	<b>72 423</b>

# Consolidated Balance Sheet – Equity and liability

## Consolidated balance sheet - unaudited

(Amounts in USD 1000)	IFRS		IFRS
	30.09.2006	30.09.2005	31.12.2005
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15 540	14 097	15 540
Equity not registered	0	7 890	
Other equity	5 831	15 000	18 672
<b>Total equity</b>	<b>21 371</b>	<b>36 987</b>	<b>34 212</b>
<b>Non-current liabilities</b>			
Pension liability	600	461	581
Deferred tax	0	0	1 254
Interest bearing debt	23 555	0	1 574
Other non-current liabilities	0	2 200	1 603
<b>Total non-current liabilities</b>	<b>24 155</b>	<b>2 661</b>	<b>5 012</b>
<b>Current liabilities</b>			
Public duties payable	1 885	1 826	2 659
Tax payable	151	0	249
Trade accounts payable	16 621	14 096	17 302
Interest bearing debt	2 864	4 564	7 981
Other current liabilities	9 305	5 697	5 008
<b>Total current liabilities</b>	<b>30 826</b>	<b>26 183</b>	<b>33 199</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>76 352</b>	<b>65 831</b>	<b>72 423</b>

# Consolidated cash flow statement

## Consolidated statement of cash flows - unaudited

(Amounts in USD 1000)	IFRS		IFRS		IFRS
	Q3 2006	Q3 2005	9 months 2006	9 months 2005	2005
Net cash flow from operating activities	-882	-2 568	-3 852	-3 625	-9 684
Net cash flow from investing activities	-767	-1 494	-3 490	-9 674	-11 927
Net cash flow from financing activities	-1 475	-260	15 819	13 063	23 523
<b>Net change in cash</b>	<b>-3 124</b>	<b>-4 322</b>	<b>8 477</b>	<b>-236</b>	<b>1 912</b>
Opening cash balance	20 558	11 131	8 957	7 045	7 045
<b>Closing cash balance</b>	<b>17 434</b>	<b>6 809</b>	<b>17 434</b>	<b>6 809</b>	<b>8 957</b>

# Equity reconciliation

## Consolidated statement of changes in equity - unaudited

(Amounts in USD 1000)	IFRS		IFRS
	9 months 2006	9 months 2005	2005
<b>Equity at beginning of period</b>	<b>34 212</b>	<b>28 985</b>	<b>28 985</b>
Share issue	0	14 270	14 270
Share based payment	17	67	72
Acquisition of minority Inostor	0	-1 053	-1 053
Net transactions own shares	0	1 246	1 246
Embedded derivative long term debt	1 143	0	0
Profit/loss for the period	-13 863	-5 651	-8 332
Exchange rate differences on translating foreign operations	-138	-877	-976
<b>Equity at end of period</b>	<b>21 371</b>	<b>36 987</b>	<b>34 212</b>