

# Results 4<sup>th</sup> Quarter 2008

February 12<sup>th</sup> 2009

André P. Løvestam, CEO

Robert Giori, CFO

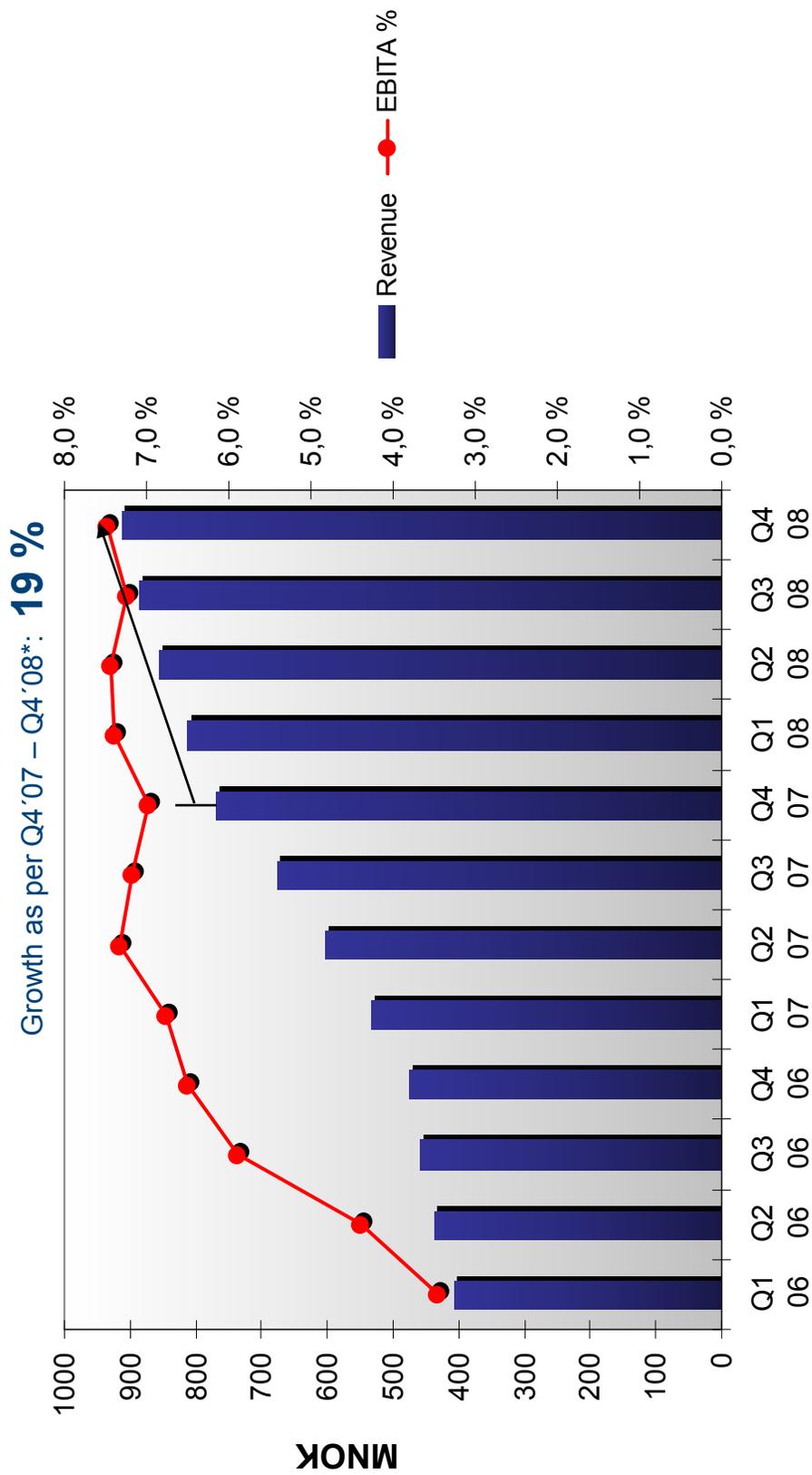
## 2008 – Our fourth consecutive record year:

- ✓ Record high revenue of MNOK 913,3
- ✓ Record high profitability and margins
  - EBITA: MNOK 68,3 (7,5 %)
  - EBIT: MNOK 60,7 (6,6 %)
- ✓ Record high order inflow of MNOK 676
- ✓ Record high order backlog of MNOK 1.047
- ✓ Record high cash flow from operations of MNOK 108,4
- ✓ And meeting our over-all Best in Class targets

## Q4 2008 – best quarter ever

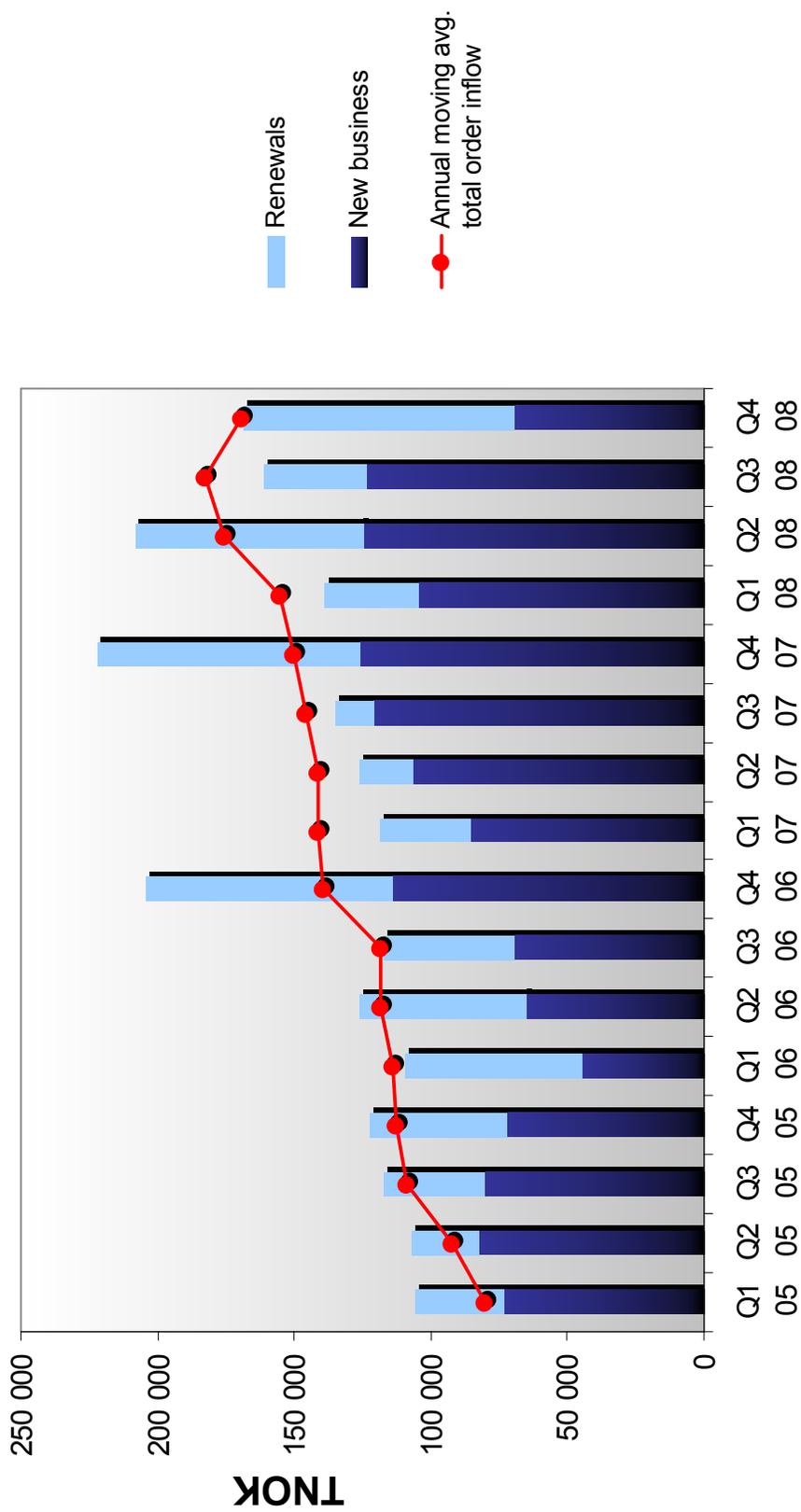
- **Group revenue of MNOK 247,2 (MNOK 221,1)**
  - 12 % annual growth (all organic)
  - 16 % annual growth in service revenues, offset by lower HW revenue
- **Total outsourcing order inflow of MNOK 169 (MNOK 222)**
  - New business order inflow of MNOK 70 (MNOK 126)
- **EBITA of MNOK 19,1 (MNOK 15,0)**
  - EBITA margin 7,7 %
- **Profit before tax of MNOK 12,0 (MNOK 9,3)**
- **Strong cash flow from operations (MNOK 49,4)**
  - Increase in cash balance from MNOK 58 to MNOK 97

# P&L - 12 months rolling average



\* Represents rate of growth in 12-month rolling average revenue at Q4 2008 vs Q4 2007

# Order inflow 2005 – 2008



## Order inflow Q4 2008

### New customers / upsells

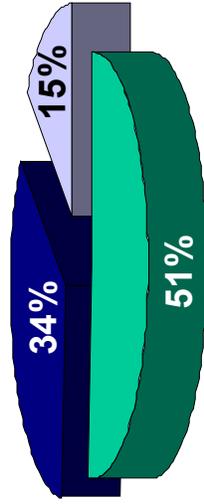
- ComHem
- APL (BW Offshore subsidiary)
- Heimdal Gruppen
- Eiendomsfinans
- Addici
- RnB
- ...and more

### Contract renewals

- ComHem
- Svenska Tennisförbundet
- Confex
- Jølstad
- Photocure
- Primaflor
- Ferd
- ...and more

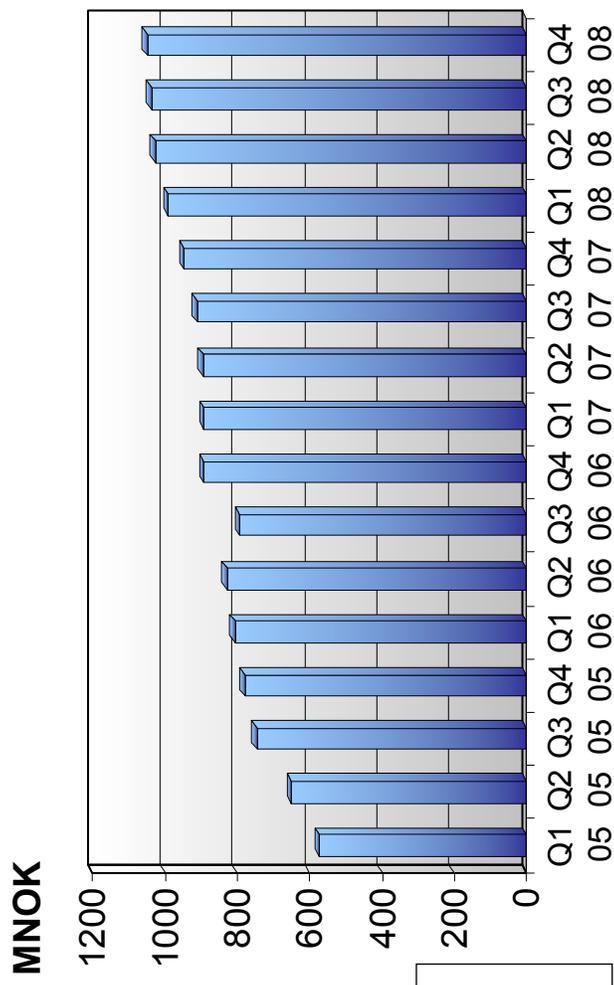
# Large backlog of recurring revenue

**Breakdown of revenue Q4 08**



- Outsourcing contracts
- Consulting and implementation
- HW/SW/subcontractor

**Order backlog (Outsourcing Contracts)**





## Balance Sheet – assets

CONDENSED BALANCE SHEET (MNOK)	31.12.2008	30.09.2008	31.12.2007
Deferred tax asset	54,2	60,3	62,6
Goodwill	289,1	263,3	262,0
Customer relationships	24,2	25,2	29,6
Trademarks	21,6	20,8	21,6
Software licenses	30,1	28,9	23,1
Tangible fixed assets	84,3	78,0	77,9
Financial fixed assets	0,6	1,1	1,2
<b>Total fixed assets</b>	<b>504,1</b>	<b>477,7</b>	<b>478,0</b>
Inventory	-	0,5	0,3
Accounts receivable	162,6	151,0	126,3
Other short term receivables	23,9	27,8	41,0
Cash and cash equivalents	97,1	58,0	73,1
<b>Total current assets</b>	<b>283,5</b>	<b>237,3</b>	<b>240,7</b>
<b>TOTAL ASSETS</b>	<b>787,6</b>	<b>715,0</b>	<b>718,7</b>

## Balance Sheet – liabilities / equity

CONDENSED BALANCE SHEET (MNOK)	31.12.2008	30.09.2008	31.12.2007
<b>Equity</b>	<b>374,5</b>	<b>349,7</b>	<b>320,2</b>
Interest bearing debt	158,3	150,1	174,2
Deferred tax liability	20,4	18,9	19,9
Other long term debt	10,7	17,6	16,7
<b>Long term debt</b>	<b>189,5</b>	<b>186,7</b>	<b>210,8</b>
Accounts payable	52,7	37,2	49,7
Public duties payable	49,7	43,9	47,0
Other short term debt	121,2	97,6	91,0
<b>Short term debt</b>	<b>223,6</b>	<b>178,6</b>	<b>187,7</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>787,6</b>	<b>715,0</b>	<b>718,7</b>
Equity ratio	48 %	49 %	45 %

## Cash Flow Statement

<b>CONDENSED STATEMENT OF CASH FLOW (MNOK)</b>	<b>Q4 2008</b>	<b>Q4 2007</b>	<b>2008</b>	<b>2007</b>
Cash flow from operations	49,4	19,3	108,4	48,2
Cash flow from investments	-19,3	-28,3	-72,2	-303,4
Cash flow from financing	7,7	-6,3	-13,6	198,1
Translation differences	1,3	5,0	1,4	-4,8
<b>NET CHANGE IN CASH</b>	<b>39,0</b>	<b>-10,1</b>	<b>24,0</b>	<b>-61,9</b>
Cash at beginning of period	58,0	83,2	73,1	135,0
Cash at end of period	97,1	73,1	97,1	73,1

# Segment Reporting Q4 2008

IFRS Segments (MNOK)	Q4-2008	Q4-2007	Growth	Full Year 2008	Full Year 2007	Growth	Organic Growth
<b>Norway IT Operations</b>							
Revenue	117,4	107,0	9,7 %	445,8	393,9	13,2 %	12,6 %
EBITA	12,1	11,5	5,4 %	41,7	37,4	11,3 %	10,8 %
EBITA %	10,3 %	10,7 %		9,3 %	9,5 %		
EBIT	11,3	11,1	1,5 %	39,8	36,1	10,4 %	10,0 %
<b>Sweden IT Operations</b>							
Revenue	71,1	60,2	18,1 %	252,9	233,9	8,1 %	7,2 %
EBITA	2,0	(3,6)	N/A	4,6	0,3	1374,6 %	1392,5 %
EBITA %	2,9 %	-6,0 %		1,8 %	0,1 %		
EBIT	1,4	(4,3)	N/A	2,1	(2,1)	N/A	N/A
<b>Sweden IT Solutions</b>							
Revenue	58,6	53,9	8,8 %	214,7	140,2	53,2 %	26,6 %
EBITA	5,0	7,2	-30,2 %	22,1	15,7	40,2 %	6,6 %
EBITA %	8,5 %	13,3 %		10,3 %	11,2 %		
EBIT	4,1	6,3	-34,7 %	18,7	13,2	42,2 %	8,3 %
<b>Consolidated</b>							
Revenue	247,2	221,1	11,8 %	913,3	767,9	18,9 %	14,8 %
EBITA	19,1	15,0	27,5 %	68,3	53,5	27,8 %	21,0 %
EBITA %	7,7 %	6,8 %		7,5 %	7,0 %		
EBIT	16,8	13,2	27,6 %	60,7	47,1	28,8 %	23,3 %

\* Note: Organic growth excludes the prior 12 months' acquisitions and divestitures.

# IT Operations

- **Q4 2008 Results**
  - TC Norway:
    - Continued strong performance
    - Current economic slowdown has impacted growth rates due to slowing sales of HW/SW and increased customer churn due to bankruptcies (real estate brokerages)
  - TC Sweden:
    - Significant performance improvement vs Q4 2007
    - The turnaround process continues with focus on OPEX and COGS savings, as well as streamlining of internal processes
    - TC Sweden anticipates continued improvement of financial performance through 2009
- **Areas of strength**
  - Strong order inflow and solid generation of prospects for Q2/Q3
  - Turnaround in TC Sweden confirmed in Q4
- **Priorities going forward**
  - Maintain momentum in Norway, while continuing the turnaround in TC Sweden
  - Continue to focus on EBIT and cash flow improvements

## IT Solutions

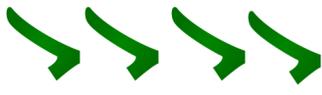
- **Q4 2008 Results**
  - Kentor has been impacted by the current economic slowdown through slower growth, longer sales cycles and tougher competition
  - However, with a business model based on long-term customer relations and expertise in business-critical, customer-specific IT solutions, Kentor is well positioned to withstand the economic downturn.
- **Areas of strength**
  - Kentor's financial performance is still among the very best in the Swedish IT consulting sector
  - Continued healthy generation of orders in Q4
    - New customers include Sveriges Kommuner och Landsting, Haninge Kommun, and Net Entertainment
    - Continued strong demand from key accounts like Comhem, Tele2, SACO, Stockholms Läns Landsting, Unibet, Stockholms Lokaltrafik, H&M and Boxer
- **Priorities going forward**
  - Continue strong focus on the public sector
  - EBIT and cash flow

# Finishing the “Best in Class 2008” era

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## ”Best in Class 2008”

- Turnover: NOK 1 bn run rate by end 2008
- EBITA margin: 6 – 8% in the growth phase (10% long term)
- Customer satisfaction: 4 on a 5 point scale
- Employee satisfaction: 70 points on a 100 point scale (overall ESI)



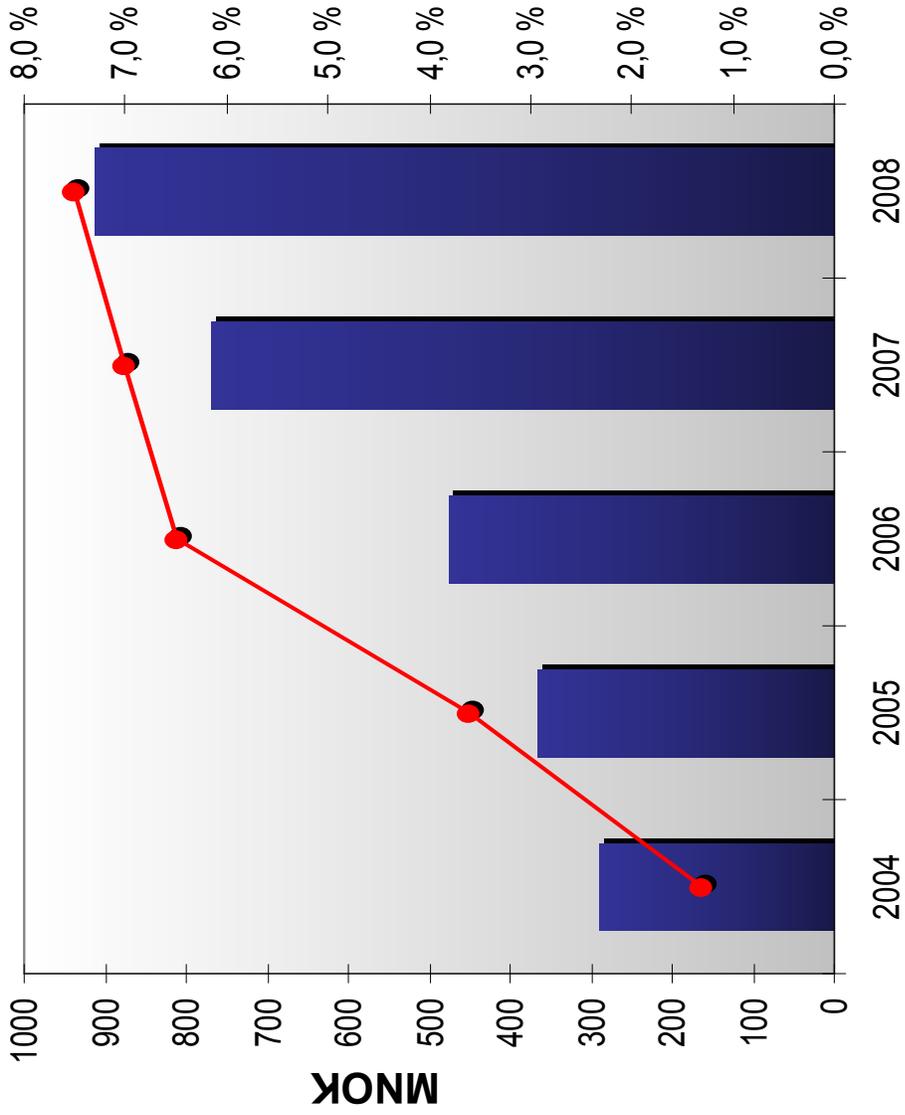
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## Achieving the “Best in Class 2008” Objectives

	Objective	Yearly KPI	Q4 2008	2008
<b>Revenue</b>	1.000 mnok in 2008 (250 mnok / quarter)	Quarterly run rate revenue	247,2	
		Exceed market growth organically (6-8%)	11,8 %	14,8 %
<b>Margins</b>	10% reaching scalability and growing in line with market	Operating margins (EBITA) 6-8% while exceeding market growth	7,7 %	7,5 %
<b>Customer satisfaction</b>	4 (1-5)	Survey 2 / year	3,75	3,75
<b>Employee satisfaction</b>	70 points on a 100 point scale (overall ESI)	Annual Survey	75	75

# “Best in Class 2008” financial performance

Group revenue and EBITA margins



**Financial performance in “Best in Class” period**

- Revenue increase from MNOK 290 to MNOK 913 (33 % CAGR)
- EBITA increase from MNOK 4 to MNOK 68
- EBITA margin increase from 1,3 % to 7,5 %

■ Revenue

● EBITA %

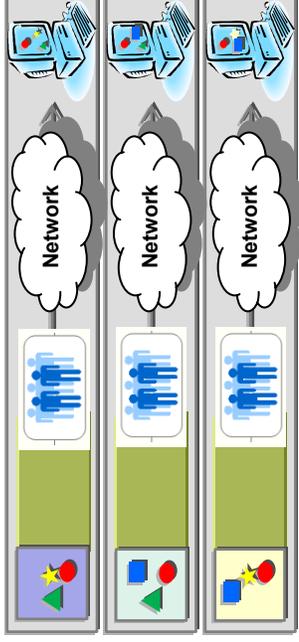
# TeleComputing remains well-positioned to sustain long-term revenue and profit growth above market growth

<p>State of the art shared IT delivery platform</p>	<ul style="list-style-type: none"><li>• Unique competitive advantage in IT service delivery</li><li>• Highly cost-efficient shared IT platform, with 750+ customers, 30,000 users, and 2,100 applications, of which 1,100+ are in daily operation</li><li>• Provides customized IT operations at scale and on-demand to SMB</li></ul>
<p>Leading position within SMB market</p>	<ul style="list-style-type: none"><li>• Market leadership position in SMB Outsourcing</li><li>• SMB is the fastest growing and least penetrated segment of the market</li></ul>
<p>Long-term contracts with recurring revenue</p>	<ul style="list-style-type: none"><li>• ~50% of current revenues are Outsourcing contracts with 3-5 year term</li><li>• ~95% annual retention rate experienced on existing customer base</li><li>• Highly secure revenue base, even in an economic downturn</li></ul>
<p>Successful IT consulting business</p>	<ul style="list-style-type: none"><li>• High growth and profitability in IT Solutions business, with relatively low historic volatility due to longstanding customer relations</li><li>• Additional consulting revenues to IT Outsourcing customers</li></ul>
<p>New product and service offerings</p>	<ul style="list-style-type: none"><li>• Successful investments in new product and service offerings which can be sold to its current and future customer base</li><li>• Recent launches: Managed Client, Managed video, webshop</li></ul>

# State-of-the-art shared IT delivery platform provides competitive advantage in Outsourcing

## Traditional Outsourcing

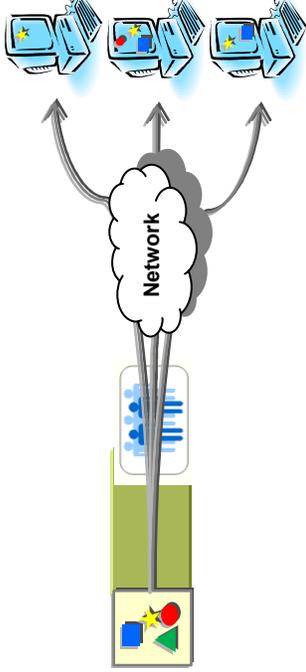
- **Dedicated** infrastructure
- **Dedicated** processes & teams
- Very limited economic scalability



- One Vendor -> SPOC
- Customer specifies applications and SLAs
- **Expensive, predictable** Total Cost of Ownership

## TeleComputing

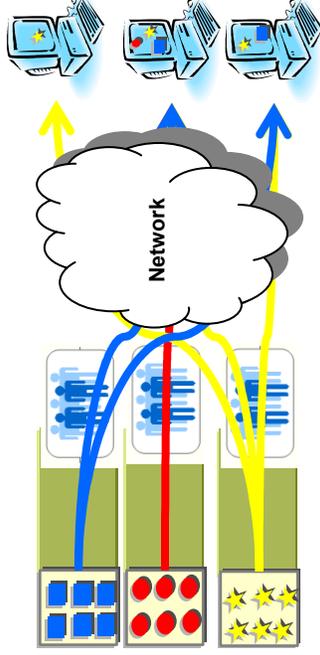
- **Shared** infrastructure
- **Shared** processes & teams
- Economies of scale through standardized components, automation & reuse of resources



- One Vendor -> SPOC
- Customer specifies applications
- Negotiated SLAs
- **Affordable cost, predictable** Total Cost of Ownership

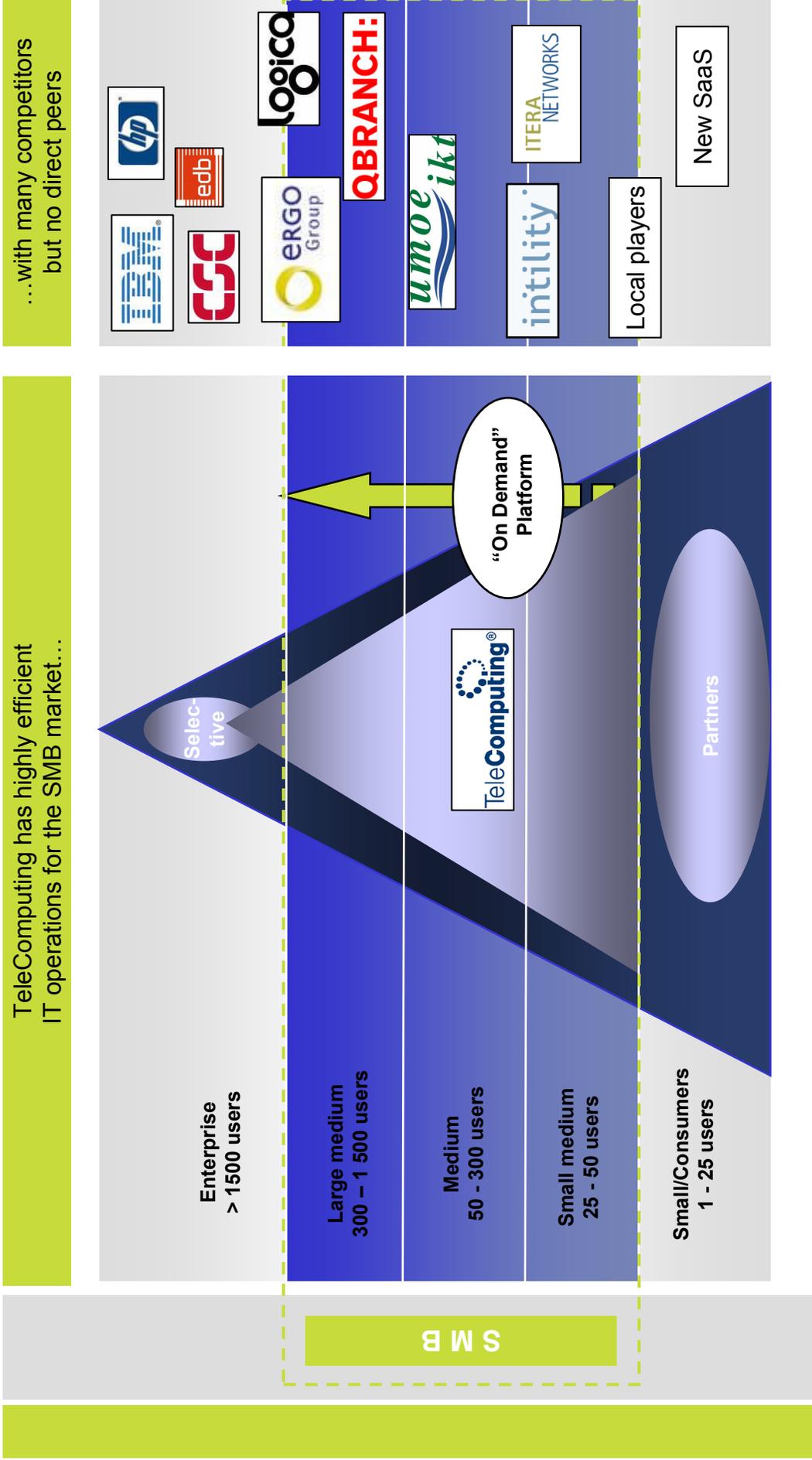
## Single Service Vendors

- **Shared** infrastructure targeted at single-service
- **Shared** processes & teams
- Economies of scale through standardization, automation & reuse of resources



- Several vendors - > Integration issues
- Very limited customization
- **Inexpensive services, uncertain** Total Cost of Ownership

# Leading position within SMB market



# Kentor IT Solutions makes TeleComputing a full-service IT partner

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- TCO is a leading provider of IT Operation and Outsourcing in the SMB-segment

**No 1  
SMB  
IT partner**

**Kentor**

- Kentor is a leading provider of IT Services and Solutions in the SMB-segment

- Acquisition of Kentor established TC as a full-service IT partner
  - 10+ years of excellence in IT operations from shared data center
  - 20+ years in IT solutions and systems integration
  - Highly skilled team of employees across Sweden and Norway, with additional 20+ skilled consultants in Russian near-shoring office

## Business Strategy 2009: A year of consolidation

- Based on the current economic environment, TeleComputing has decided that this is not the correct time to invest in growth or to present a new set of long-term growth objectives.
- Rather, TeleComputing will focus on consolidating operations from the prior growth period and maximizing profit and cash flow during 2009.
- The long-term vision of growth from the “Best in Class 2008” period remains fully intact.
- TeleComputing will communicate a new set of long-term objectives towards the end of 2009.

# Results 4th Quarter 2008

## Appendix

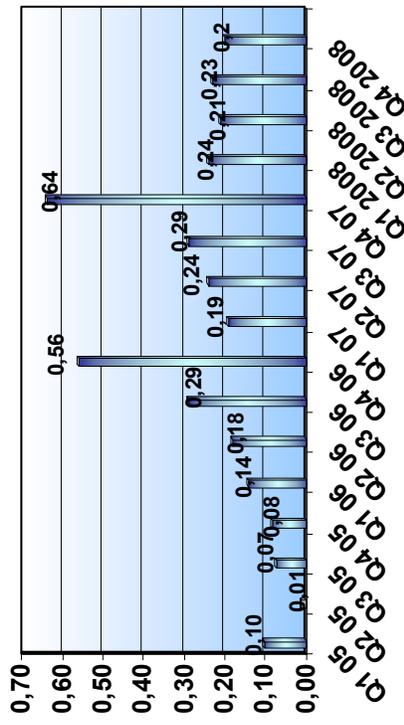


# Shareholder information

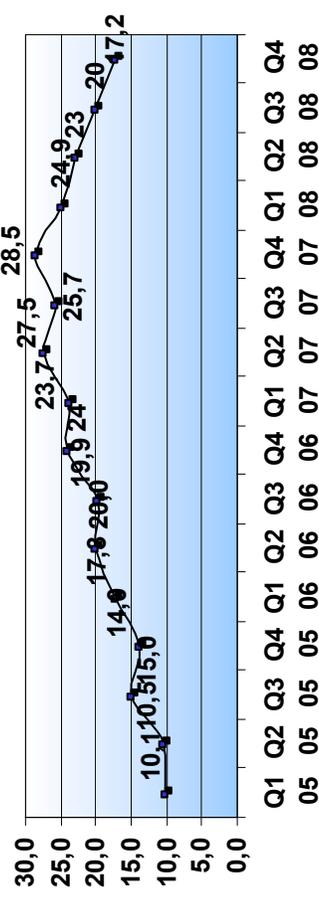
## 20 largest shareholders

Name	Share	09.02.2009
Sabaro Investments	57,16 %	21 132 270
SEB Enskilda	12,14 %	4 488 991
Nobelssystem Skandinavia	10,32 %	3 814 000
DnB NOR Bank ASA egenhandel	4,06 %	1 500 000
Epsilon AS	2,16 %	797 500
Heliport Invest AS	1,45 %	535 000
Max Bjerke AS	1,35 %	500 000
Bråthen, Kjell	1,09 %	403 000
Bank2 ASA	0,54 %	200 000
Kaasa Sven Tore	0,52 %	192 069
Nordea Securities AB	0,51 %	190 000
Erling Johnsen AS	0,47 %	174 500
Catering og Restaurantsservice AS	0,40 %	147 500
Euroclear Bank S.A./ client	0,39 %	145 925
Infix AS	0,35 %	128 000
Directmarketing Invest AS	0,30 %	111 000
Nordea Bank Norge ASA	0,27 %	100 695
Arnesen, Finn Espen	0,27 %	100 000
Sandland, Viktor	0,27 %	98 992
Aglen, Arnfinn	0,26 %	97 000
<b>20 largest shareholders</b>	<b>94,28 %</b>	
<b>Total number of shares</b>		<b>36 972 182</b>

## EPS



## Stock price - Historic Development



# Results 4th Quarter 2008

## Q & A

