

Telio continues to deliver strong results **- Operating profit of NOK 23 million in 1st quarter**

Telio continues to deliver strong results, thereby confirming their position as a leading European provider of access independent broadband telephone services. Telio increased its customer base by 1,668 net new customers in the first quarter. Revenues in the first quarter ended at NOK 98.1 million, an increase from NOK 95.8 million in the first quarter last year. Operating profit increased to NOK 23 million.

- We are satisfied with growth in both revenues and results compared to the same quarter last year and a cash flow from operations of NOK 24.2 million, says Eirik Lunde, CEO of Telio Holding ASA.

Distribution agreement with Expert

A major event in the quarter was the agreement with Expert for distribution of Telio Touch in the retail chain's 180 stores in Norway. This agreement represents a breakthrough in the distribution of this new telephone concept and has been followed by an extensive marketing campaign.

- The Norwegian market for home electronics is very competitive and Expert is dependent on the ability to offer the best products to the customers in order to stay competitive. After thorough testing of Telio Touch we are convinced about both quality and the capabilities of this product, said Pål Trudeng, Category Director in Expert when the agreement was announced.

Continued growth in international markets

Telio continues to grow in the markets outside Norway. Especially, the Dutch operation has achieved a strong growth and the customer base increased by 60% compared to Q1 2010 and Telio now has a customer base of 43,648 subscribers in the Netherlands. Net increase in customers was 341 in Denmark and 464 in Switzerland in 1st quarter.

Strong financial results

In the 1st quarter 2011, the Telio Group achieved revenues of NOK 98.1 million compared to NOK 95.8 million in the year-ago quarter. Revenues in Q1 2011 are negatively affected by currency fluctuations of NOK 0.7 million. EBITDA was NOK 33.3 million (33.9% EBITDA margin) compared to NOK 33.2 million (34.7 % EBITDA margin) in the same quarter last year. Operating profit ended at NOK 23 million compared to NOK 22.7 million in the 1st quarter of 2010.

(See separate financial report and market presentation for Q1 2011 at http://www.telioholding.no/investor_relations/reports_presentations)

For further information, please contact:

Mr. Eirik Lunde, CEO

Telephone: +47 23 62 66 88.

Mobile: +47 48 09 69 64

Download high definition pictures of CEO Eirik Lunde at http://www.telio.ch/om_telio/presse

-mail: eirik.lunde@telio.no