

Q2 2018 presentation

Oslo / 24 August 2018
Eirik Lunde, CEO
Gaute W. Krekling, CFO

Highlights Q2 2018

Sale of Kvantel AS	<ul style="list-style-type: none">The transaction was based on an enterprise value of NOK 250 million, resulting in a gain of NOK 132.7 million in Q2
Sale of Consumer Mobile	<ul style="list-style-type: none">The sale of the consumer mobile portfolio was completed in Q2, resulting in a gain of NOK 7 million in Q2 on top of the NOK 75 million booked in Q1
Debt	<ul style="list-style-type: none">The proceeds from the sales in Q2 have been used to repay all outstanding bank debt. Remaining financial debt as of 30 June 2018 is solely related to financial lease obligationsThe tax claim related to dividends from Switzerland have been fully paid in July with NOK 28 million including interest. The claim is still disputed
Strategy	<ul style="list-style-type: none">A strategy process has been initiated to set the new direction for future growth
Dividend	<ul style="list-style-type: none">The BoD has the intention to resolve a distribution of NOK 2 per share. Further use of available cash will be assessed as part of the ongoing strategy process.

Q2 2018 in brief

CUSTOMERS
at 30 Jun

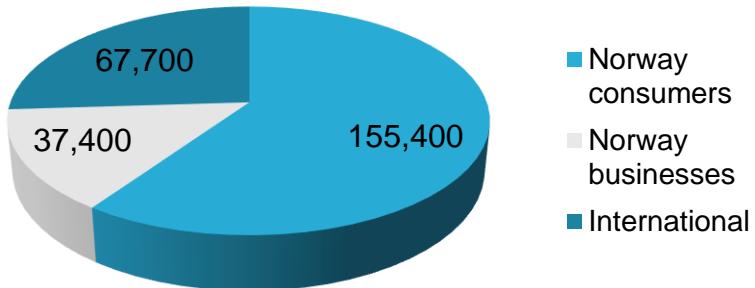
260,500

RGUs
Revenue
generating
units

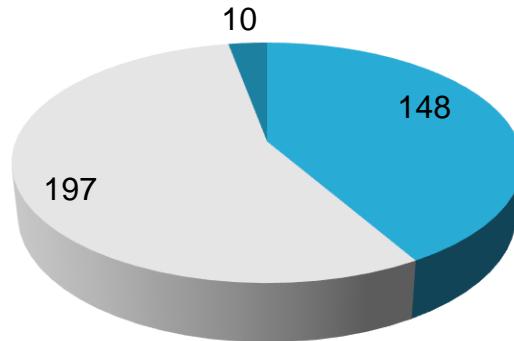
REVENUES
Q2 '18

355

**NOK
MILLION**



- Norway consumers
- Norway businesses
- International



Business revenues includes NOK 132.7m in gain from sale of Kvantel. Consumer revenues includes NOK 7.0m in gain from sale of mobile customers

Q2 2018 financials in brief

REVENUES	354.8	NOK MILLION	CASH	158.9	NOK MILLION
EBITDA	162.3	NOK MILLION	EQUITY RATIO	46.2%	
EBIT	135.0	NOK MILLION	BANK DEBT	0	

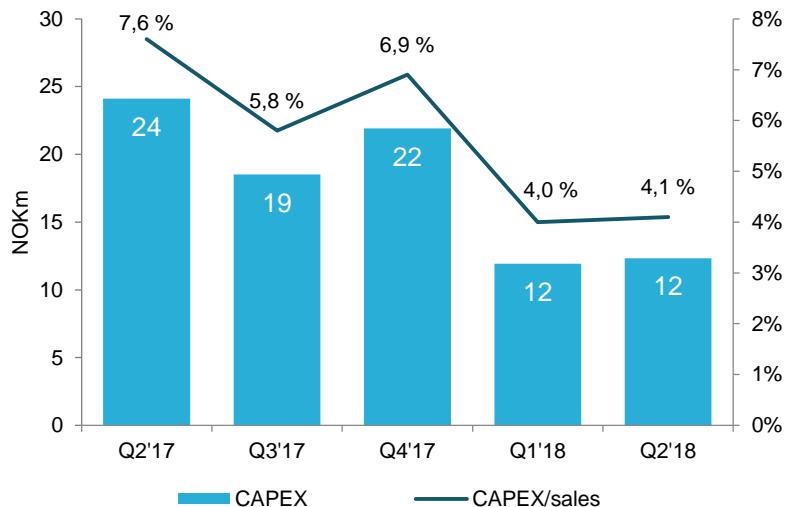
Financial results

(Figures in NOKm)	Q2 2018	Q1 2018	Q2 2017
Revenues	354.8	321.3	266.6
Gross margin	66.5%	58.7%	45.8%
EBITDA	162.3	105.4	38.0
EBIT	135.0	77.2	0.1
Cash flow from operations	31.0	12.9	22.0
Cash and cash equivalents at end of quarter	158.9	15.0	19.4

- Figures for 2017 have been restated after implementation of IFRS 15
- Profit & loss related to Kvantel AS have been excluded from the figures in the table to the left
- Revenues for Q1 18 includes NOK 79.8 million in gain from sale of customer portfolios
- Revenues for Q2 18 includes NOK 139.7 million in gain from sale of Kvantel AS and completion of the consumer mobile sale
- After 30 June 18, available cash has been used to pay the outstanding tax claim with NOK 28 million

CAPEX development

Lower capex key to improve cash flow

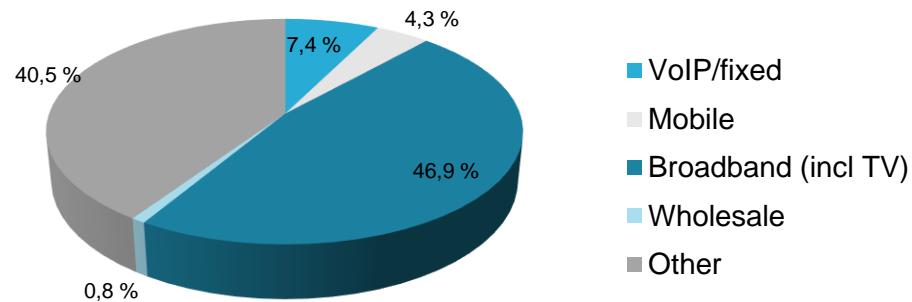


Kvantel included in the figures

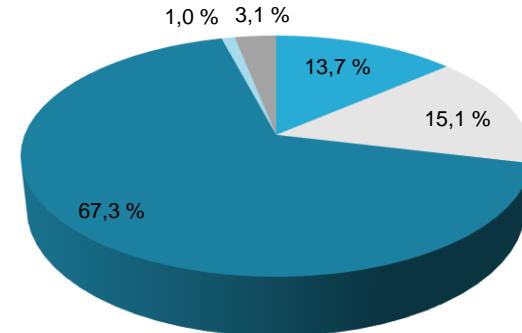
- NOK 3.5 million of the capex in Q2 18 was related to Kvantel. Capex/ sales for this quarter has been calculated excluding this capex and the gain from sale of operations.

Product mix – share of revenues

Q2 2018



Q2 2017



Other revenues in Q2 18 includes gain from sale of operations

Consumer broadband

- Continued churn on xDSL was in Q2 18 almost offset by growth on fiber
- High-speed subscriptions increased to 48,400

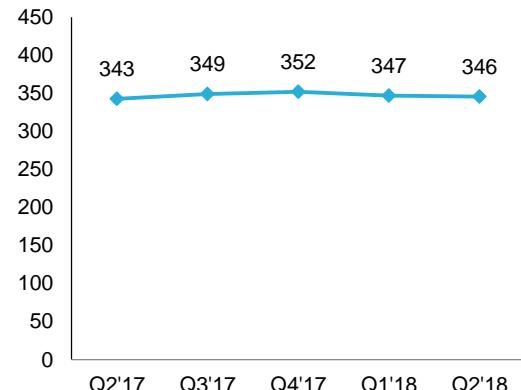
SUBSCRIPTIONS ('000)



REVENUES (MNOK)



ARPU (NOK/MONTH)



Consumer TV

- Underlying stable development in number of subscriptions
- Revenue in Q2 positively affected by corrections from previous periods

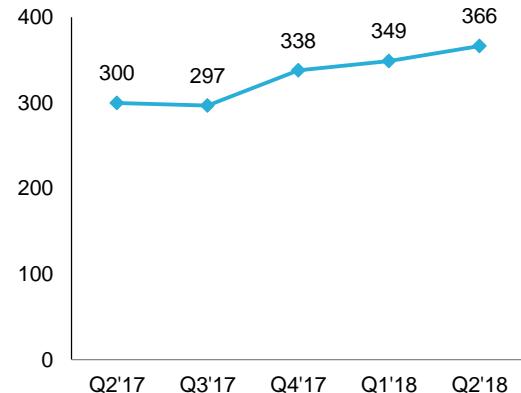
SUBSCRIPTIONS ('000)



REVENUES (MNOK)

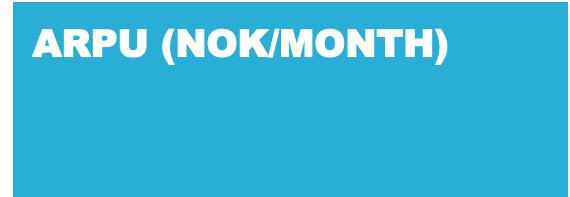


ARPU (NOK/MONTH)



Consumer VoIP

- Decrease in number of subscriptions in line with trend
- Stable ARPU over the last quarters



Business datacom

- Change in reporting of number of subscriptions with effect from Q1 18
- ARPU increase on datanet offset the slight reduction in number of subscriptions



Business mobile

- ARPU increase compensates for slightly lower number of subscriptions

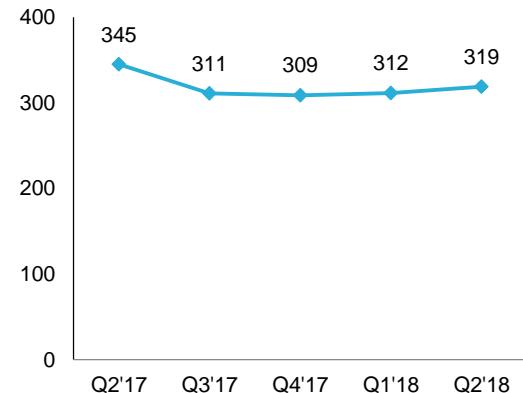
SUBSCRIPTIONS ('000)



REVENUES (MNOK)



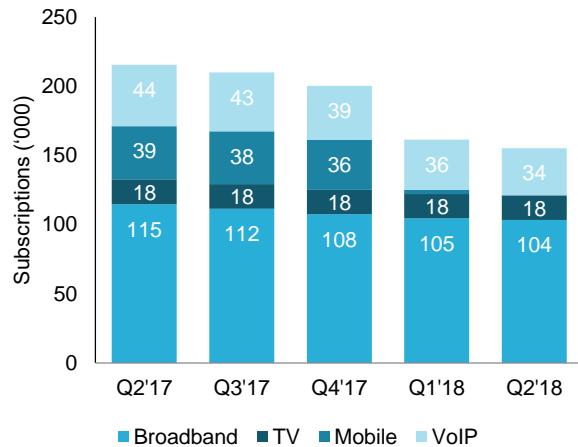
ARPU (NOK/MONTH)



Financial results – Norway B2C segment

(Figures in NOKm)	Q2 2018	Q1 2018
Revenues	151.9	177.3
Gross margin	41%	38%
EBITDA	15.1	16.9

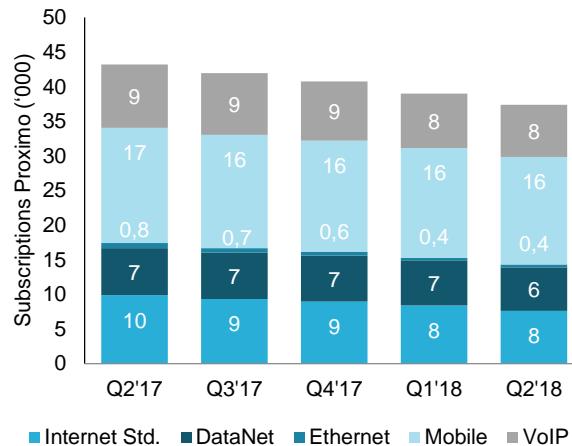
Figures for 2018 excludes gain from sale of consumer mobile subscribers, but includes the voice business transferred from Kvantel in Q2 18



Financial results – B2B segment

(Figures in NOKm)	Q2 2018	Q1 2018
Revenues	64.2	67.2
Gross margin	47%	42%
EBITDA	6.1	3.0

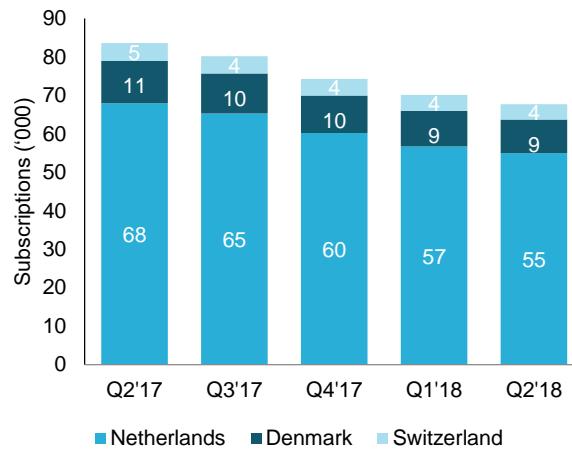
Figures for 2018 excluded effects from sale of Kvantel



- Positive effect in Q2 18 from reversal of double invoicing from Q1 18

Financial results – international

(Figures in NOKm)	Q2 2018	Q1 2018
Revenues	10.3	10.6
Gross margin	59%	58%
EBITDA	3.5	3.2



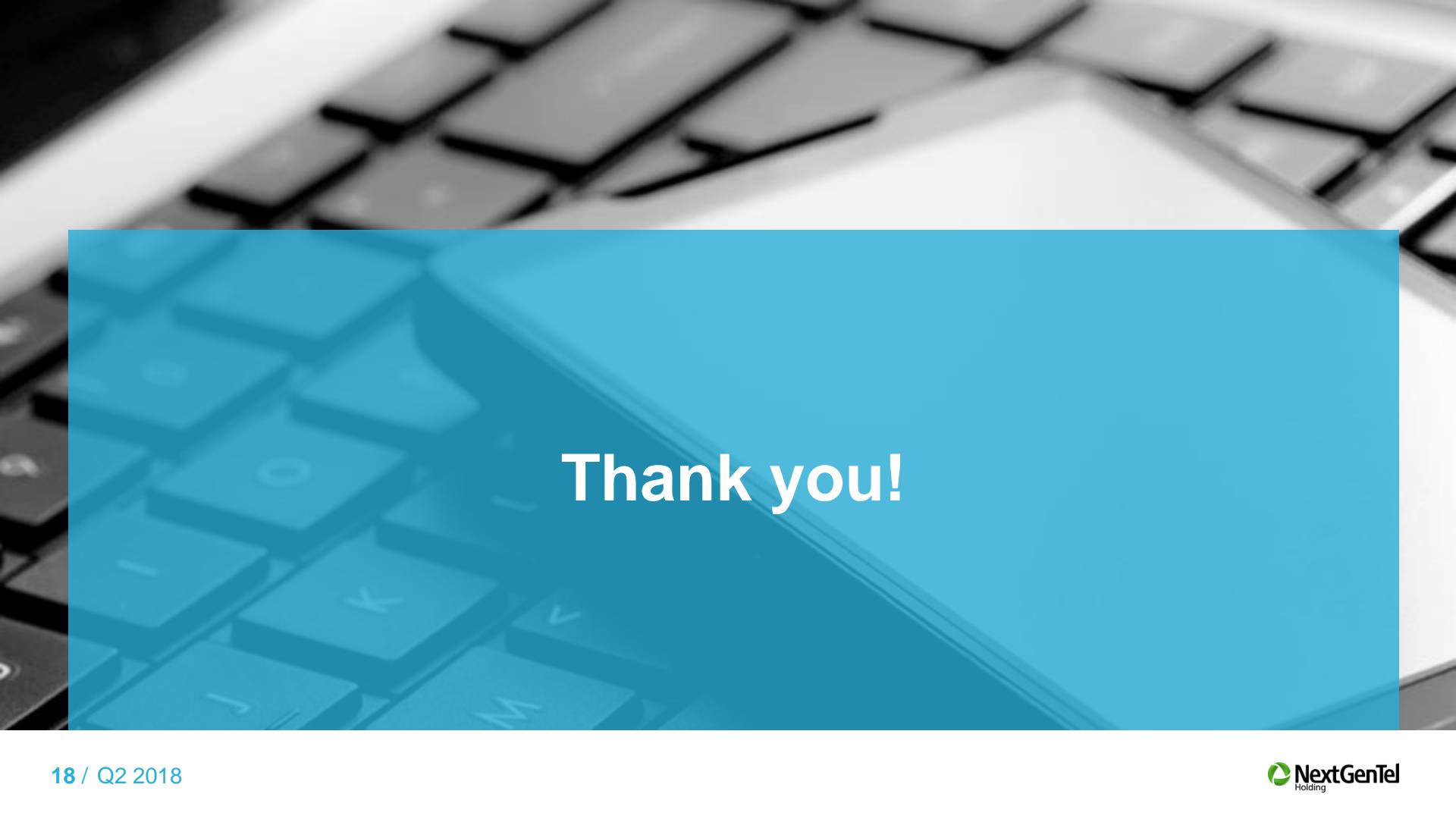
Focus going forward

Consumer	Growth in high-speed internet, focusing on FTTH and MDUs
Business	Utilize national coverage for Internet, Data Net and related communication platforms
Efficiency	NextGenTel will increase efficiency to align the cost structure with the decreasing volumes on xDSL and VoIP – improvement program has been initiated with both short term effects and significant cost reductions towards 2020
Strategy	A strategy process has been initiated to set the new direction for future growth

Financial calendar 2018

Q3 2018

Thursday 25 October 2018 at 09:00



Thank you!

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