

NextGenTel Holding ASA

# Q1 2015 Presentation

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Oslo  
7 May 2015



# This is NextGenTel Group

| <b>Background Telio</b>       | <ul style="list-style-type: none"><li>▪ Pioneer in the Norwegian VoIP market – rapid growth after the introduction of VoIP services in 2004</li><li>▪ Listed on Oslo Stock Exchange in June 2006</li><li>▪ 76% of revenues generated in Norway, and Telio also has established market positions in Denmark, Switzerland and the Netherlands.</li><li>▪ Large share of revenues are recurring (subscription based)</li></ul>   |
|-------------------------------|---|
| <b>Background NextGenTel</b>  | <ul style="list-style-type: none"><li>▪ Founded in 2000 and a frontrunner within broadband technology and services</li><li>▪ Has today a #2 market position within DSL broadband in Norway with 160,000 broadband subscribers (xDSL and fiber)</li><li>▪ 74% of revenues generated within the consumer segment and 26% within the corporate segment</li><li>▪ Large share of revenues are recurring (subscription based)</li><li>▪ Acquired by Telio with effect from 1 February 2013</li></ul> |
| <b>NextGenTel Holding ASA</b> | <ul style="list-style-type: none"><li>▪ The parent company - changed name from Telio Holding ASA in May 2015</li></ul>  |

The NextGenTel Group is a major player in providing fixed and mobile internet communication services to consumers and businesses with a #2 position within DSL broadband in the Norwegian market. The range of services covers access independent broadband, data net, Ethernet, VoIP, mobile and TV. In addition, the Group provides VoIP services to consumers in Denmark, Switzerland and the Netherlands.

[www.nextgentel.com](http://www.nextgentel.com)  
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# Change of company name and ticker

- After the acquisition of NextGenTel AS, Telio Telecom AS and NextGenTel AS have merged with NextGenTel AS as the acquirer with effect from 1 January 2015
- NextGenTel has the strongest brand name and the AGM approved 24 April 2015 to change the name of the parent company from Telio Holding ASA to NextGenTel Holding ASA to support the identity to the NextGenTel brand in the Norwegian market
- The new ticker at Oslo Stock Exchange is 'NGT'





NextGenTel  
Group  
Financials

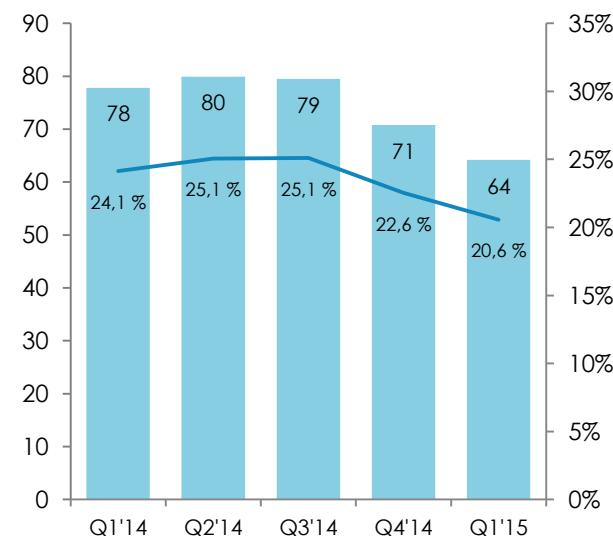
# Q1 2015: Highlights

- **Revenues NOK 311.9 million**
- **EBITDA NOK 64.2 million**
- **EBIT NOK 36.4 million <sup>1)</sup>**
- **Quarterly dividend of NOK 1.25 per share announced (paid 9 April)**

**Revenues (NOKm)**

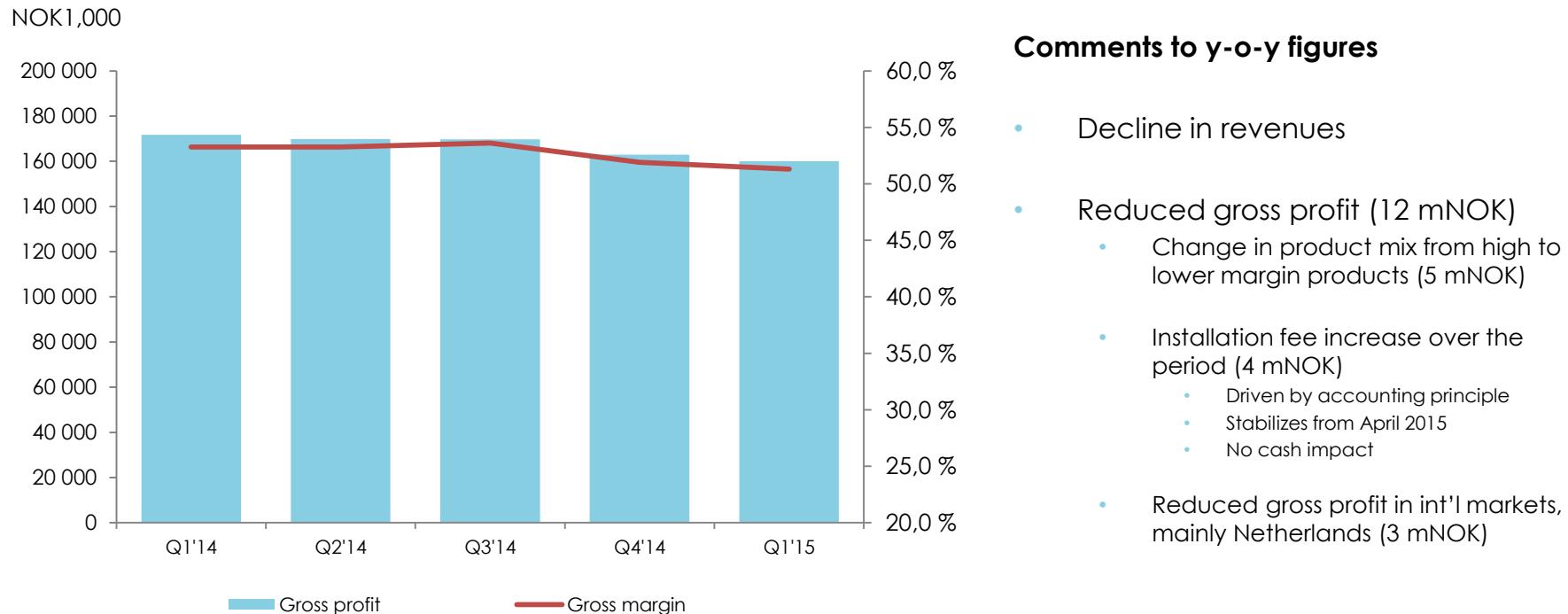


**EBITDA (NOKm) and EBITDA margin**



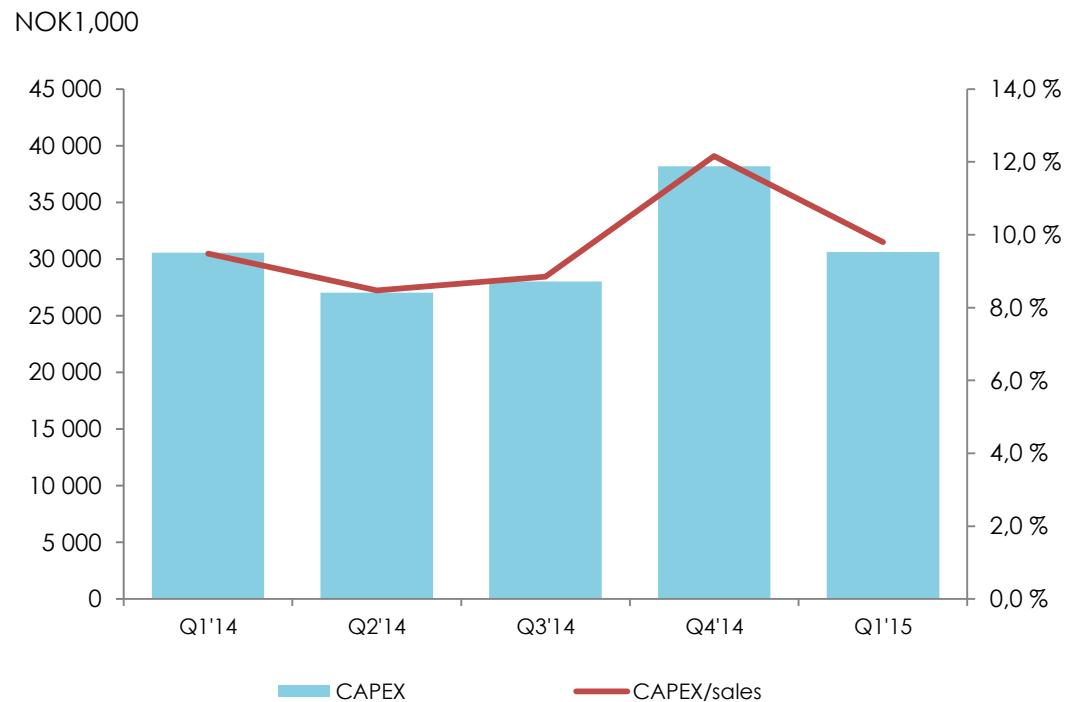
Note: Reported EBITDA for Q4 14 included NOK 10.7 million in reduced LLUB cost (copper rental fee) for the period March – Dec 2014. In the chart above, this has been allocated to each quarter from Q1'14 and onwards.

# Gross profit development



Note: Reported gross profit for Q4 14 included NOK 10.7 million in reduced LLUB cost (copper rental fee) for the period March – Dec 2014. In the chart above, this has been allocated to each quarter from Q1'14 and onwards.

# CAPEX development

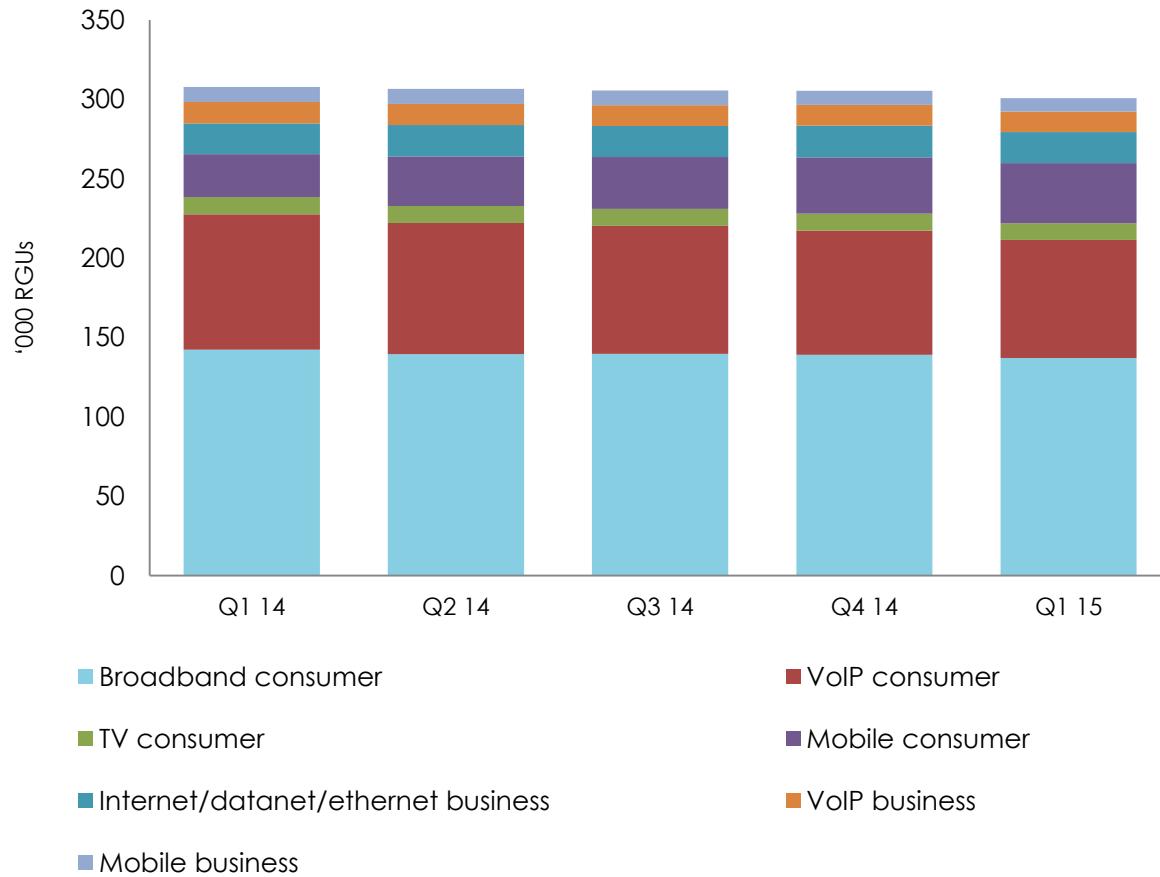


- Capex will vary on a quarterly basis
- Q4 2014 included acquisition of Bofiber customers and new TV platform

# Norway Financials – P&L

| NOK million   | Q1 2015       | Q1 2014 |
|---------------|---------------|---------|
| Total revenue | <b>289.7</b>  | 296.1   |
| Gross profit  | <b>147.1</b>  | 155.4   |
| Gross margin  | <b>50.8%</b>  | 52.5%   |
| Total opex    | <b>(89.1)</b> | (85.9)  |
| EBITDA        | <b>58.0</b>   | 69.5    |
| D&A           | <b>(28.1)</b> | (29.8)  |
| EBIT          | <b>29.9</b>   | 39.7    |
| CAPEX         | <b>30.6</b>   | 30.6    |

# Customer base development

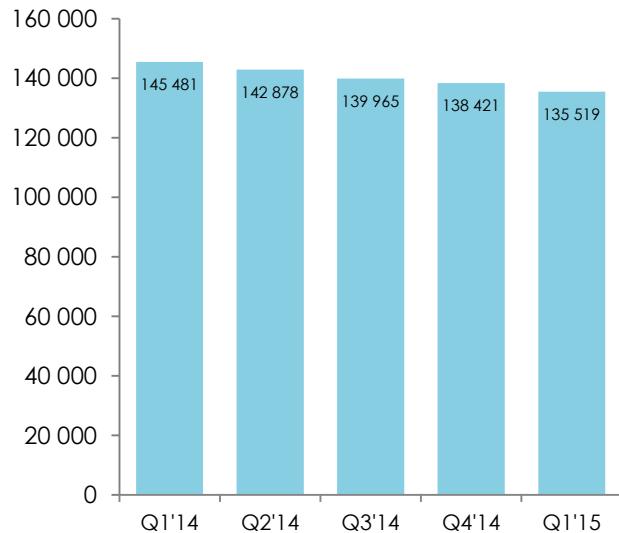


# Broadband consumers

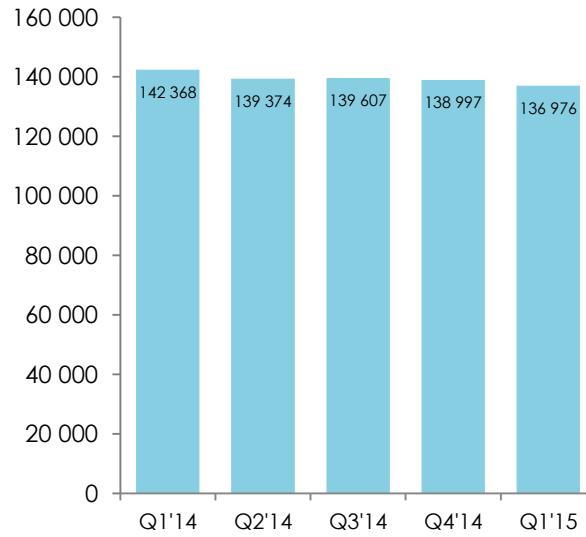
- Access independent broadband with growth opportunities within fiber (FTTH) and collective agreements ("Borettslag")
- More than 75% of fiber customers choose TV and VoIP ("triple play")



**Revenues (NOKm)**



**RGUs**

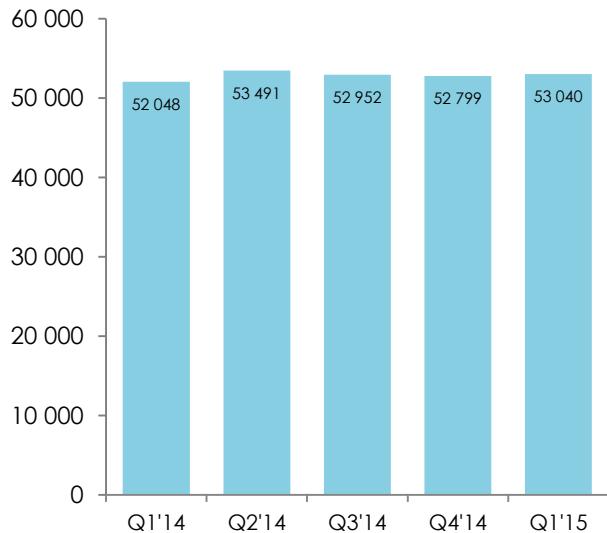


# Broadband business

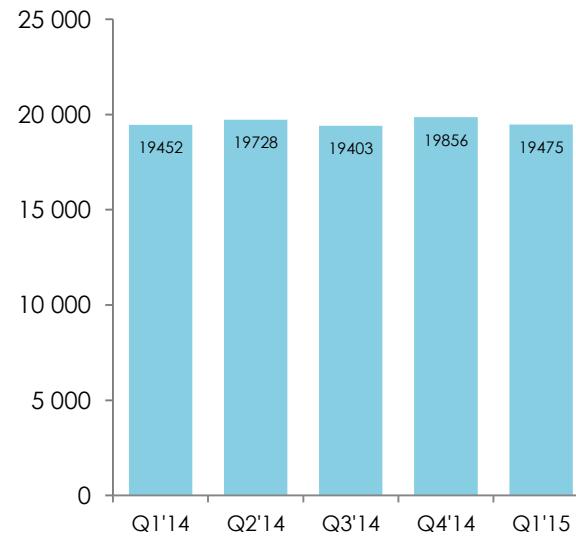
- Increased focus on high ARPU data net shows growing volume sales. High success in the retail segment
- Internet showing stable ARPU levels



Revenues (NOKm)



RGUs

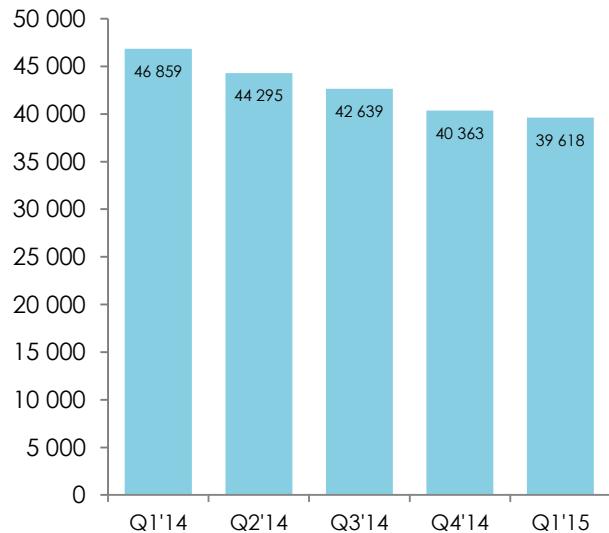


# VoIP (consumers and business)

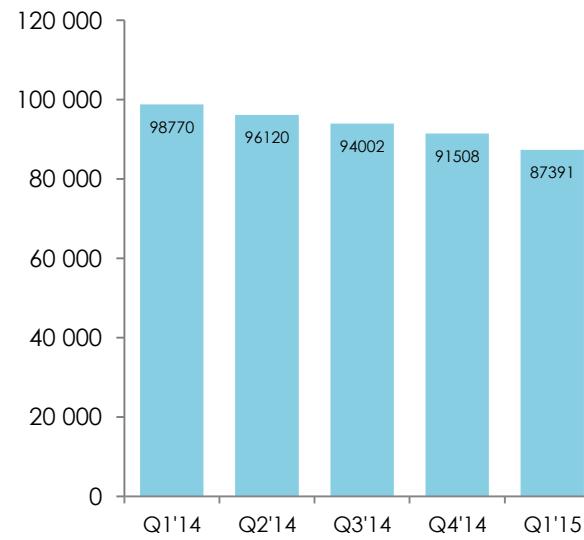
- Following the long term trend of VoIP being replaced by mobile
- Launching a brand new communication platform in 2015 integrating IP and mobile telephony with next generation mobile switchboard (IN/Bedriftsnett), also enabling unified communication. This move will strengthen the company's competitiveness



**Revenues (NOKm)**



**RGUs**

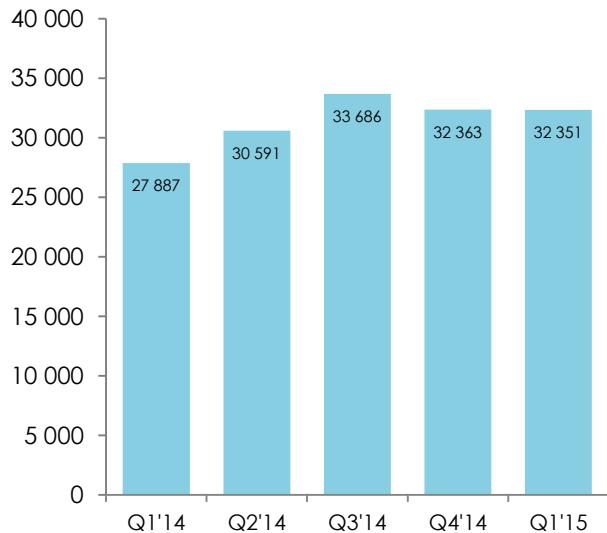


# Mobile (consumers and business)

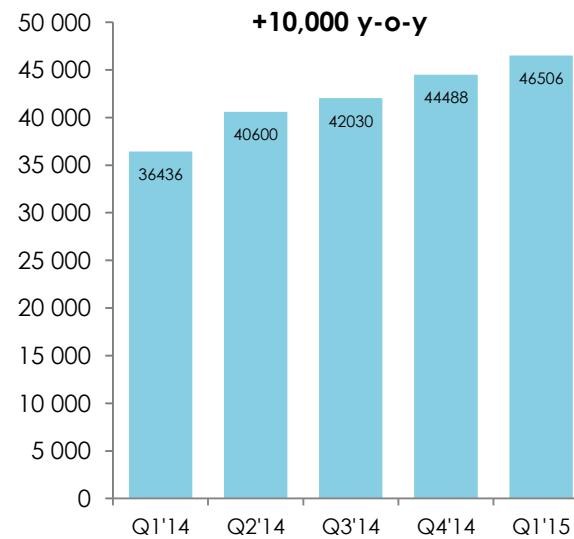
- Building mobile customer base
- Q3'14 revenues high due to vacation season (roaming)
- Pre-paid service to be launched in Q2 2015 – new distribution agreements established
- New services to be launched in 2015 are expected to gain momentum higher up in the SME segment with state of the art new IN-platform – bringing much demanded new end- user features



Revenues (NOKm)

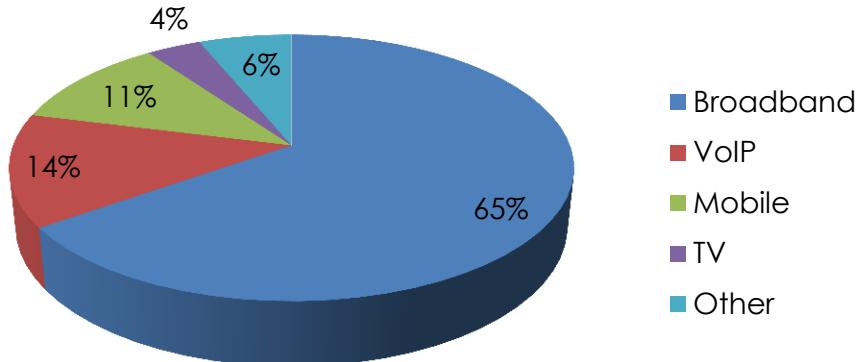


RGUs

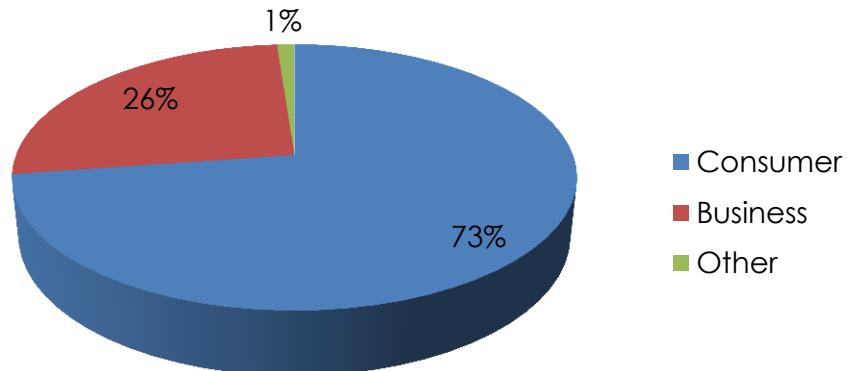


# Revenues by product and segment

Revenues by product Q1'15

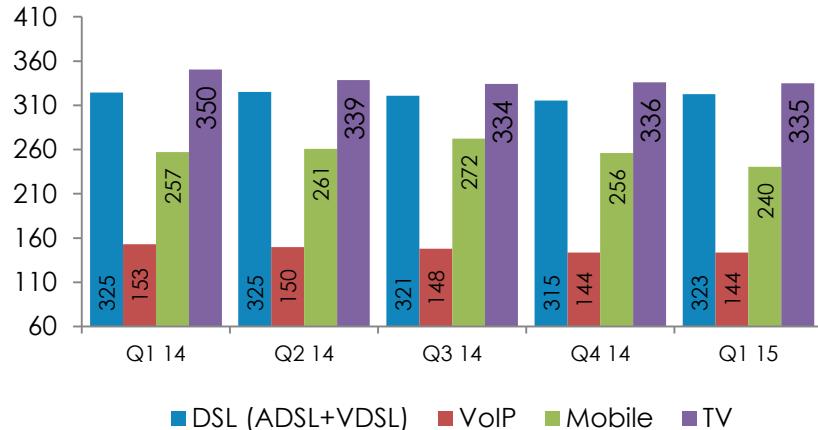


Revenues by segment Q1'15

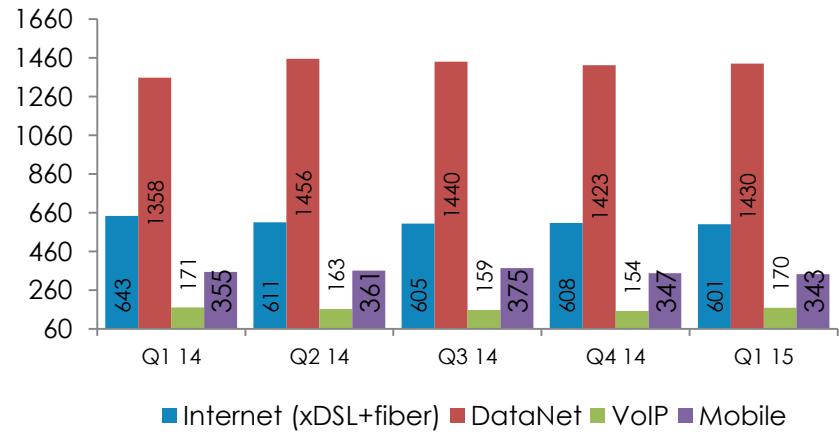


# ARPU by product/segment

Consumer segment – monthly ARPU by product (NOK)



Business segment – monthly ARPU by product (NOK)

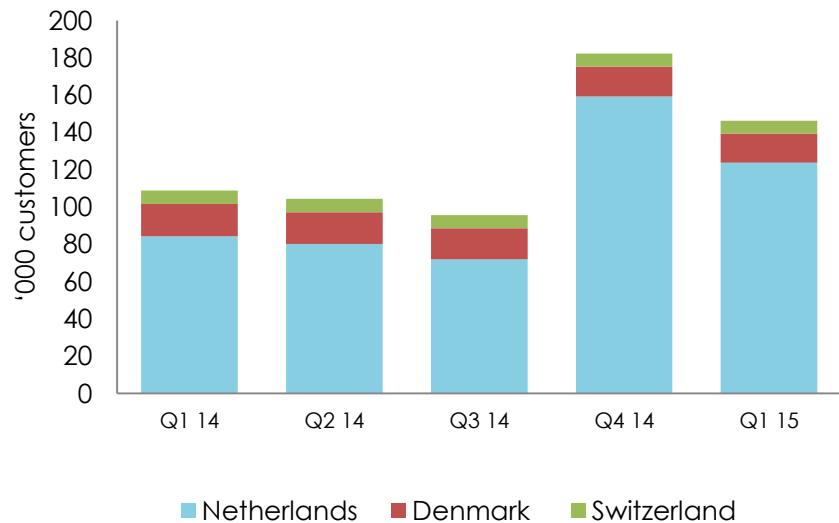


# International markets

- Telio brand (DK and CH)
  - Primary focus to maintain customer base and profitability
- Netherlands
  - Majority of KPN ITNS customers migrated out (approx 12,000 customers left to be migrated later this year)

| NOK million   | Q1'15 | Q1'14 | FY'14 |
|---------------|-------|-------|-------|
| Total revenue | 21.9  | 26.1  | 95.9  |
| Gross profit  | 12.5  | 14.7  | 54.1  |
| Gross margin  | 57%   | 56%   | 56%   |

Customer base development



# Growth opportunities

## Consumer segment

- Increased focus on fiber and collective agreements (“Borettslag”)



## Business segment

- Launch of major new voice services



# Consumers – focus on fiber and collective agreements

- Fiber via Telenor
  - Approximately 60,000 target customers per February 2015
  - Sales in progress since February
  - 2,000 customers per 6 May
  - >75% with TV and VoIP
  - ARPU = NOK 660
- Fiber via other partners
  - 8,000 customers as of end Q1
  - ARPU = NOK 536
- Collective agreements – disruptive offering
  - NextGenTel intends to become a key supplier to collective agreements
  - Target market is approximately 600,000 end customers, through condominiums and cooperative agreements
  - Freedom of choice for the customer by disabling TV from Internet

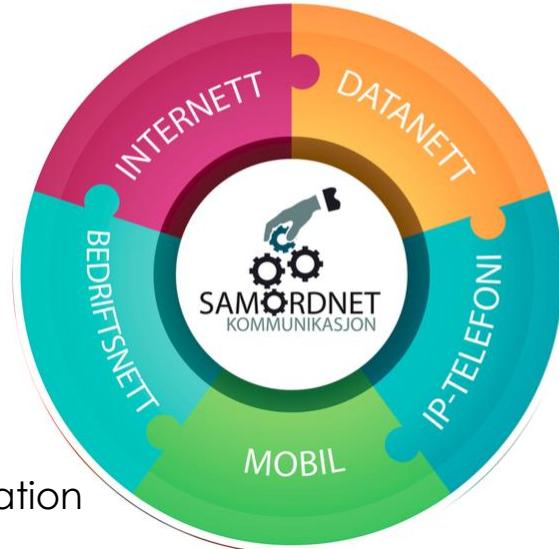
# Business – success in the retail segment

- Strengthened position within the retail chain segment
  - Internet/Datanet , mobile and VoIP
  - Great customer wins in Q1 2015



# Business – new services

- Total tele-/datacom solution from NextGenTel to business customers
  - Gaining competitive edge with new product innovation
  - Meets demand in higher end customer segments and public tenders
  - Cloud based switchboard; Mobile & Sip Trunk with Lync integration
  - One-number – full presence, use any device
    - PC, tablet, mobile phone, desk phone
  - Extended usability and features for end users





Thank  
you!

**Financial calendar 2015**

Q1: 7 May at 9:00

Q2: 27 August at 9:00

Q3: 5 November at 9:00

AGM: 24 April at 15:00

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