



Telio Holding ASA

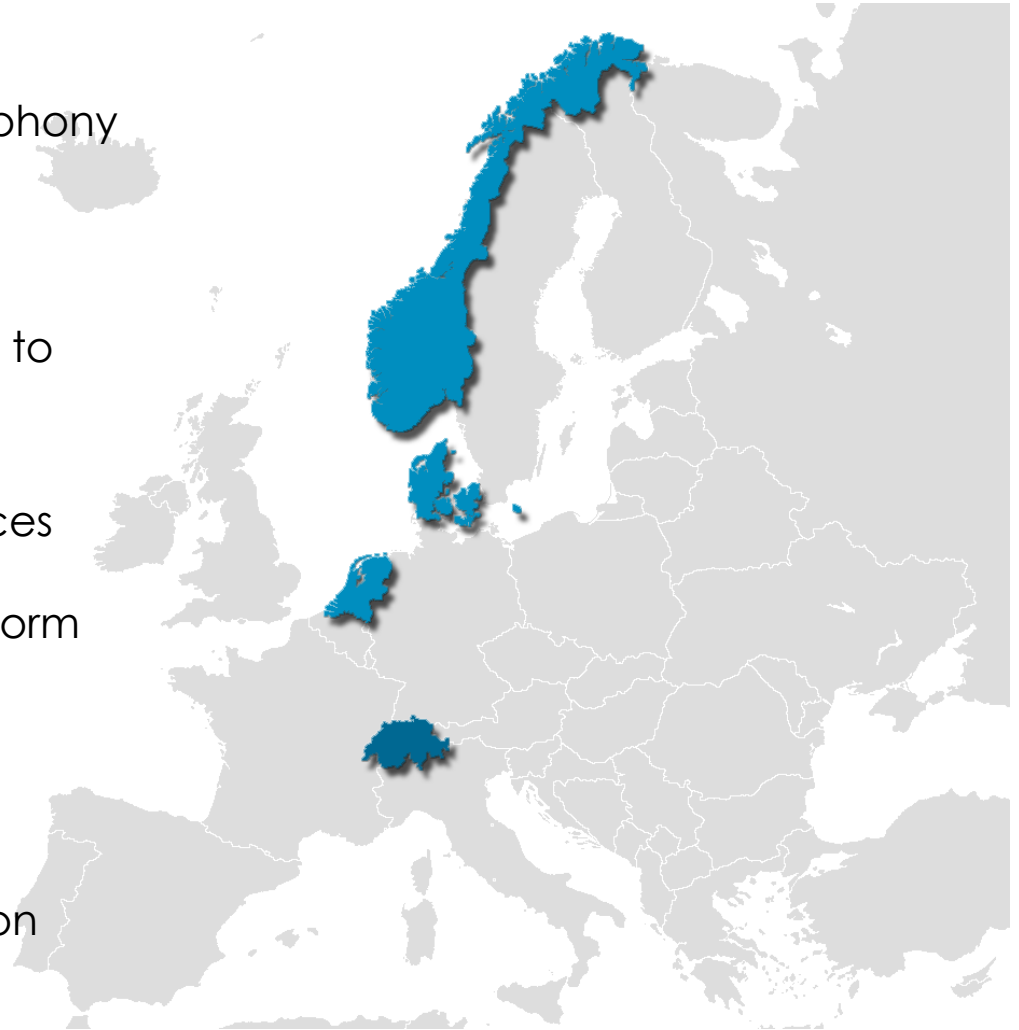
Third Quarter 2011

Eirik Lunde, CEO

Oslo, 27 October 2011

Company facts

- Leading European access independent broadband telephony provider
- Committed to improving user experience and reducing cost to subscribers
- Innovative products and services based on scalable, access independent technology platform
- World renowned technology experts
- Headquartered in Oslo, listed on OSE with ticker "telio"

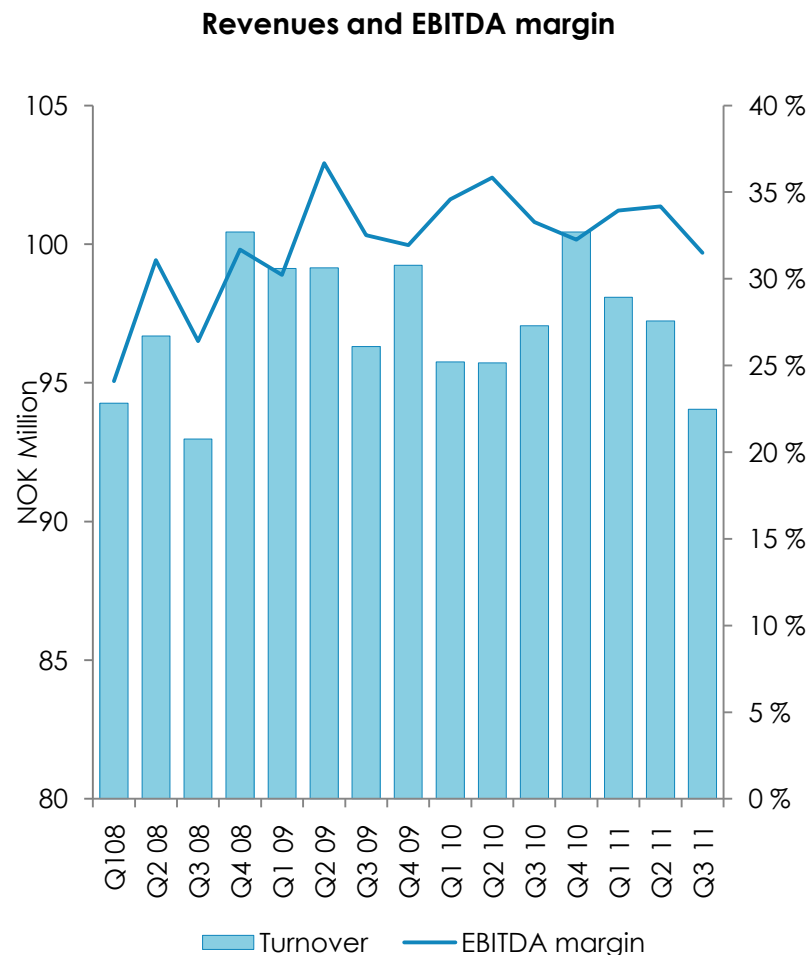


Agenda

- Q3 2011 highlights
- Key figures
- Customer development
- Segment reporting
- Technology/services update
- Two business units – operator and technology vendor
- Agreement with Call Norwegian – launch of SkyCall

Q3 2011: Highlights

- Net customer growth with 3,883 net new customers
 - Continued growth in the SME segment
 - Net increase of 242 lines in Norway
- Revenues
 - NOK 94.0 million
 - First quarter with full VAT after the introduction of VAT on electronic services
- Gross margin at 63.2%
- Continued strong financial performance
 - EBITDA margin 31.5%
 - EBIT NOK 20.5 million



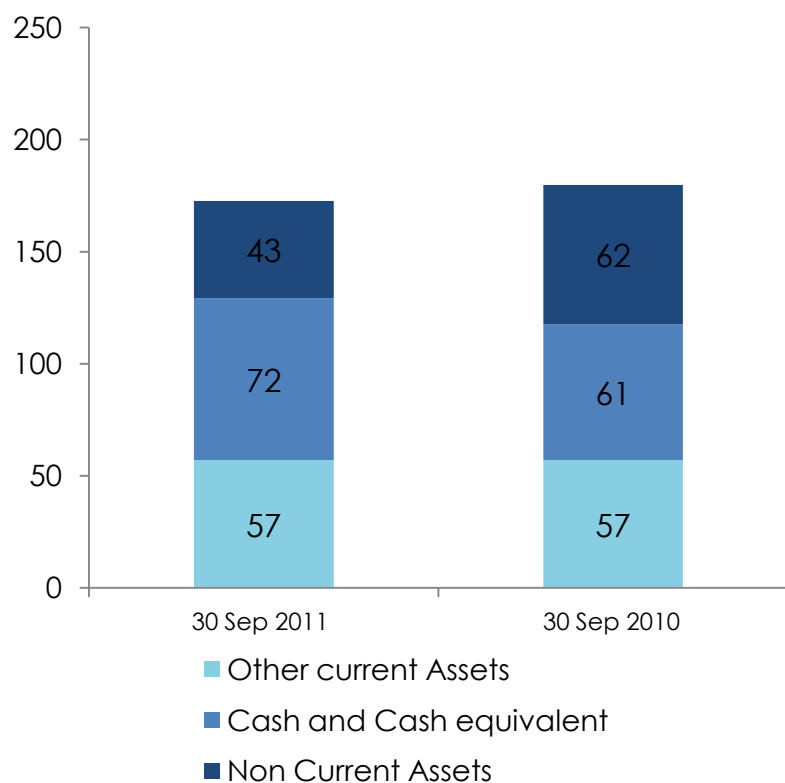
Key figures for the period

- Revenues affected by full VAT from 1 July, effect as expected
 - Profitability almost maintained yoy
- Continued strong gross margin
- Cash flow from operations includes payment of NOK 11.9 million in taxes

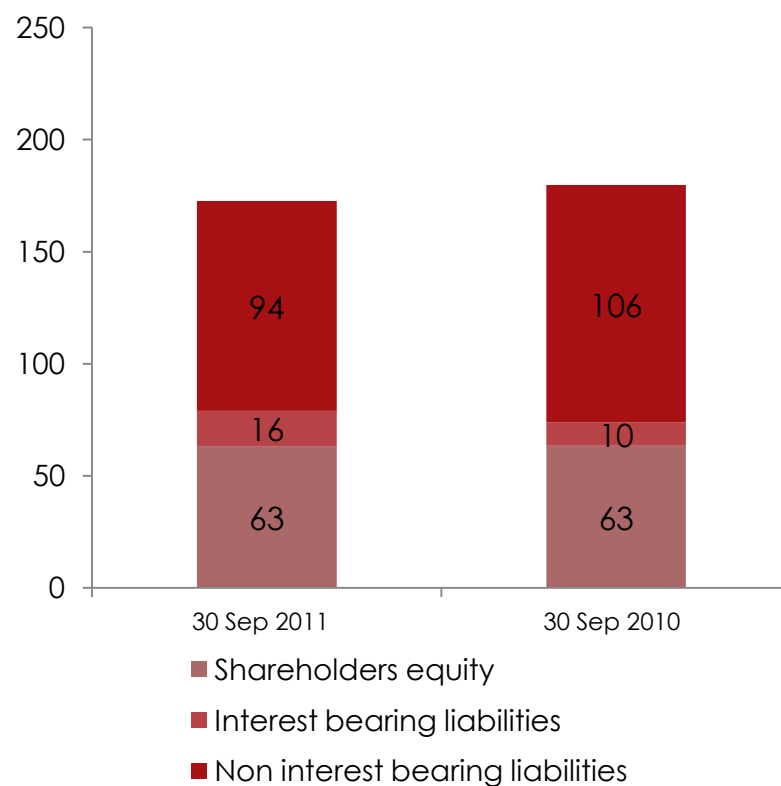
NOK million	Q3'11	Q3'10	YTD'11	YTD'10
Total revenues	94.0	97.1	289.4	288.5
Gross profit	59.5	61.8	185.8	183.3
EBITDA	29.6	32.3	96.1	99.8
Operating profit (EBIT)	20.5	21.4	67.0	68.2
Ordinary profit before tax	20.4	21.5	67.0	63.8
Profit for the period *)	15.2	16.7	52.1	60.5
EPS (fully diluted) *)	0.78	0.86	2.68	3.10
*) YTD 2010 figures include NOK 10.8 million in positive acquisition effect from the acquisition of Bellit AS				
Gross margin	63.2%	63.7%	64.2%	63.5%
EBITDA margin	31.5%	33.3%	33.2%	34.6%
EBIT margin	21.8%	22.1%	23.2%	23.6%
Net cash flow operations	27.1	30.1	93.6	76.9
Change in net WC	9.4	-1.3	9.8	-16.8
CAPEX (ex financial lease)	10.6	8.8	29.4	30.8
Equity ratio	36.6%	35.3%		
Cash and cash equivalents	72.3	60.7		

Balance sheets

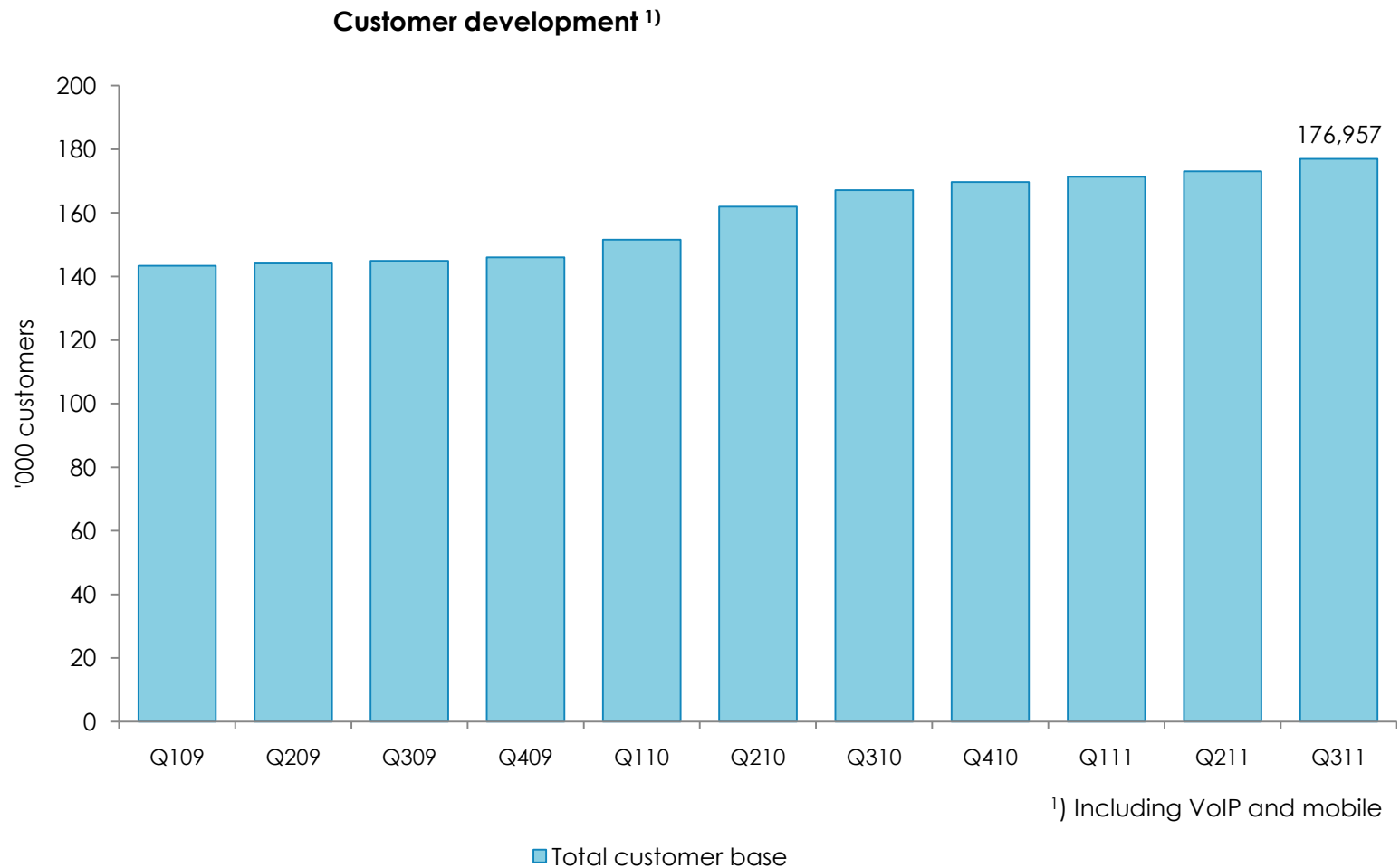
Assets (NOK million)



Equity and liability (NOK million)



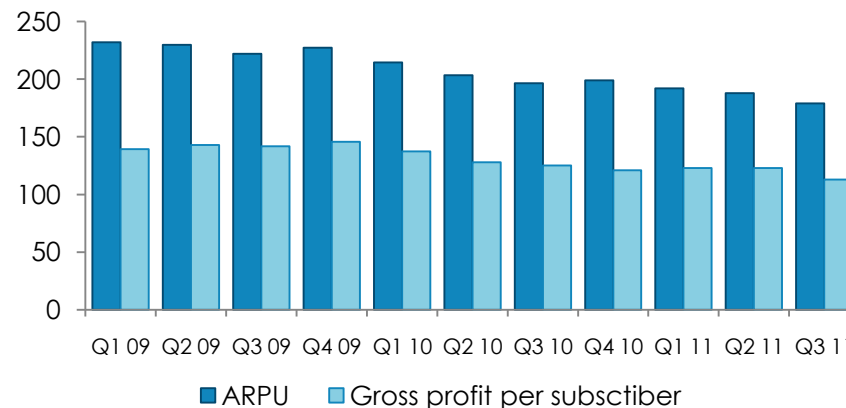
Total customer development



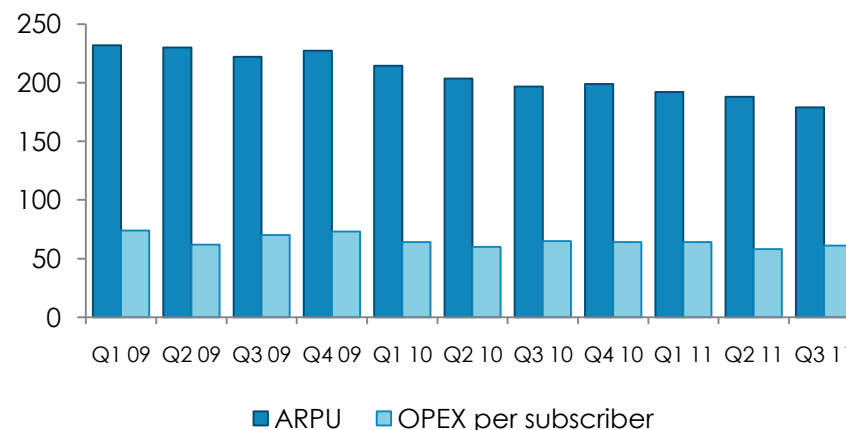
Key customer development

- Decreasing ARPU from introduction of full VAT
- Over time, decreasing ARPU due to increase in wholesale customer base
- Continuous improvement of opex

ARPU versus Gross profit per subscriber



ARPU versus OPEX ^{*)} per subscriber



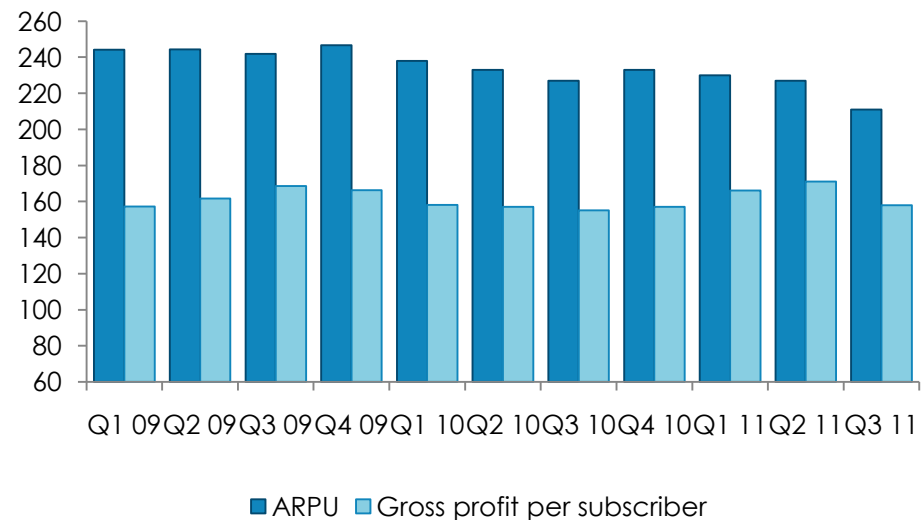
^{*)} Excl sales & marketing, share based and one-off costs

Norway: Market update

- Q3 is first quarter with full effect of new VAT legislation. Decrease in revenue as expected
- No extra short-term churn registered due to increased customer prices
- Traffic revenue affected by holiday season

NOK millions	Q3'11	Q3'10	YTD'11	YTD'10
Total revenue	72.8	77.2	225.6	233.4
Gross profit	48.8	52.4	153.7	156.7
Gross margin	67%	68%	68%	67%

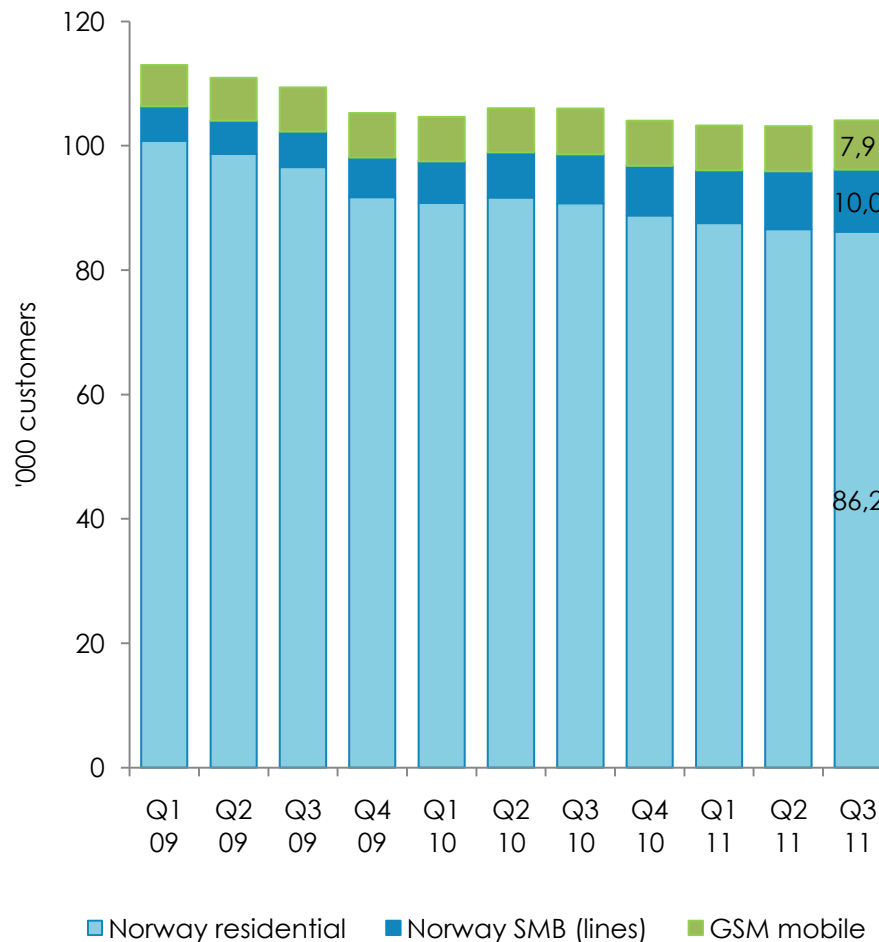
ARPU versus Gross Profit per subscriber



Norway: Customer development

- Net growth of 242 lines in the quarter
- Continued strong customer and distribution development in SME segment
- Extended service offering in SME segment

Customer development in Norway

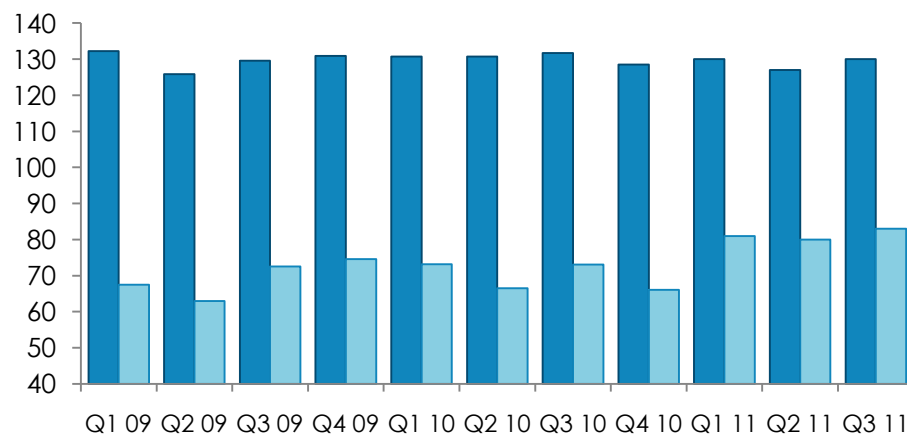


Denmark: Market update

- Revenues negatively affected by currency
- Optimizing profitability

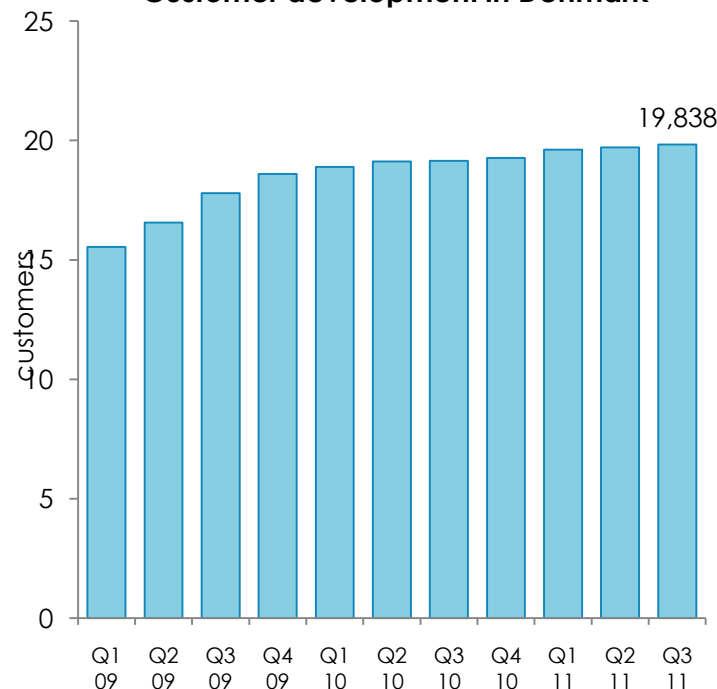
NOK millions	Q3'11	Q3'10	YTD'11	YTD'10
Total revenue	9.5	10.4	28.3	30.2
Gross profit	5.8	6.4	17.4	17.2
Gross margin	61%	62%	62%	57%

ARPU versus Gross Profit per subscriber (DKK)



■ ARPU ■ Gross profit per subscriber

Customer development in Denmark



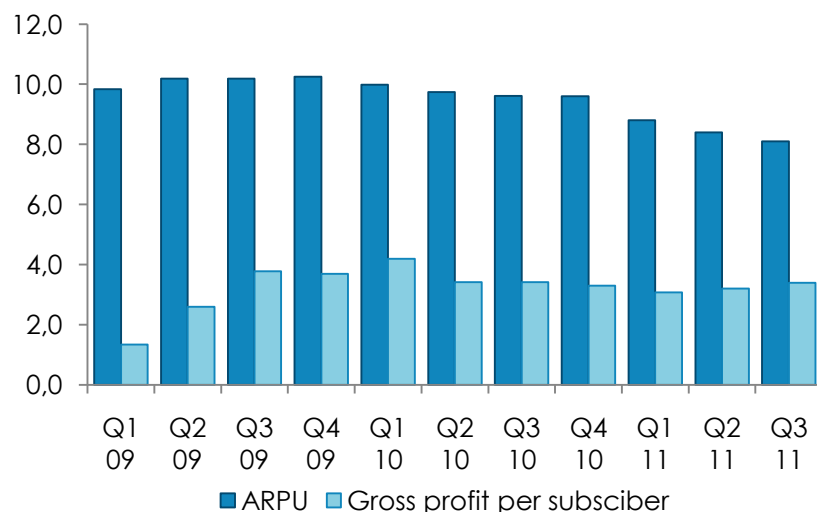
■ Denmark residential (Tello)

Netherlands: Market update

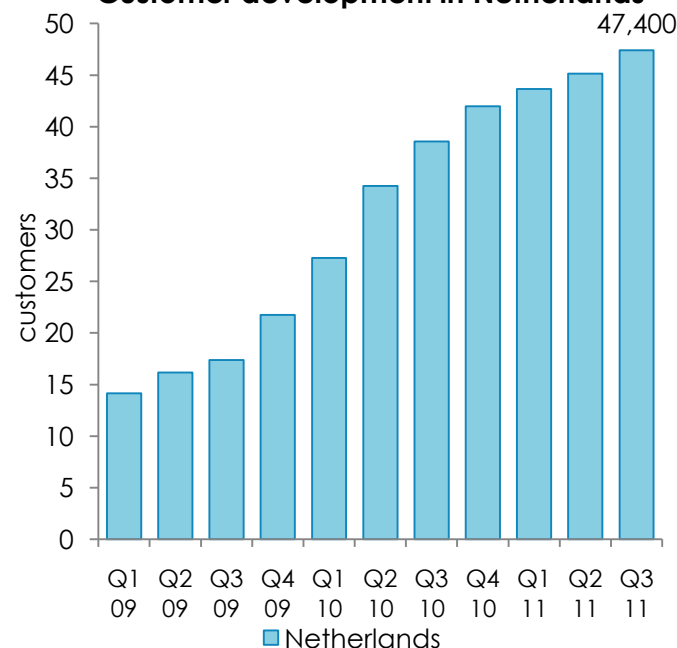
- Increase in customer base Q3 y/y of 8,843 customers (2,269 new customers in Q3)
- Revenues negatively affected by currency

NOK millions	Q3'11	Q3'10	YTD'11	YTD'10
Total revenue	8.6	8.4	26.4	22.3
Gross profit	3.7	2.6	10.4	7.9
Gross margin	43%	32%	39%	36%

ARPU versus Gross Profit per subscriber (EUR)



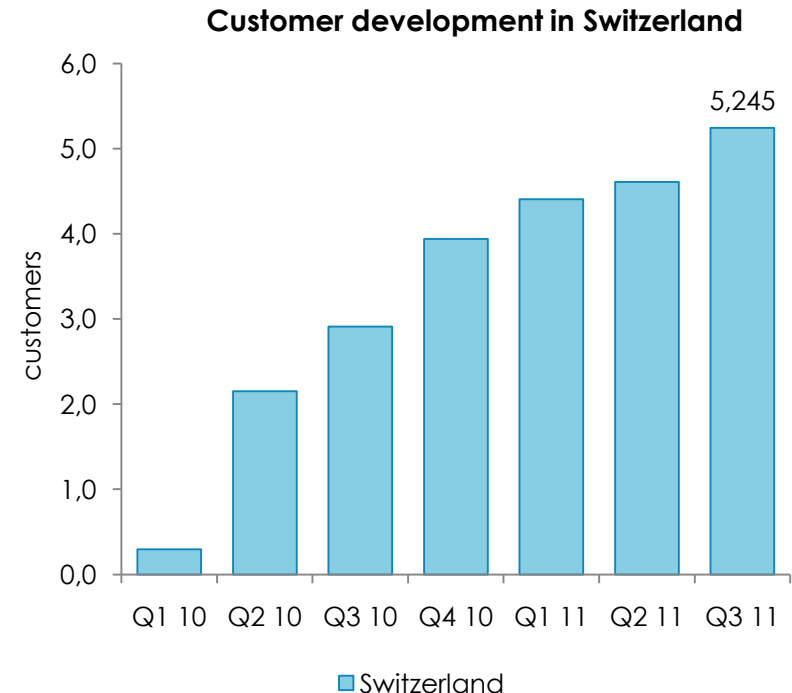
Customer development in Netherlands



Switzerland: Market update

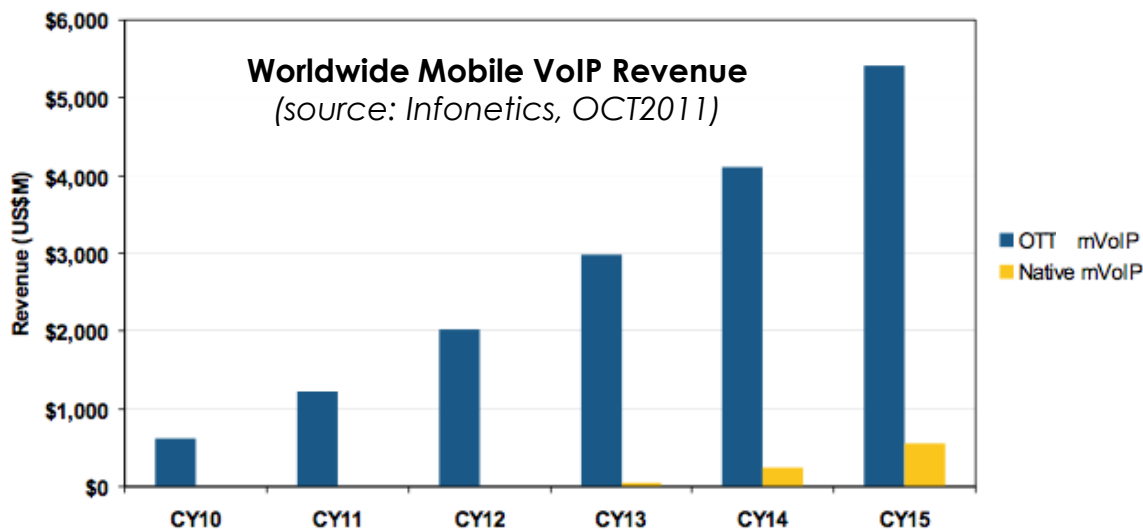
- Positive development in customer intake (635 net new customers)
- GM decrease due to cost accrual (dispute with interconnect partner)
- Focus on profitable growth

NOK millions	Q3'11	Q3'10	YTD'11	YTD'10
Total revenue	3.7	1.5	9.6	2.2
Gross profit	1.6	0.8	4.5	1.1
Gross margin	42%	54%	47%	53%



Technology/services update

- First White Label solution based on Goji platform for CallNorwegian is being launched on the 02NOV2011
- Launched Android OS version of Teliophone for Telio's subscriber base in Norway and Denmark
- Continued strong development and deployments of the products based on OTT mobile VoIP technology platform (cloud) in the segment with expected CAGR 52.7% for the next 5 years (source Infonetics, OCT2011)



Split in two business units

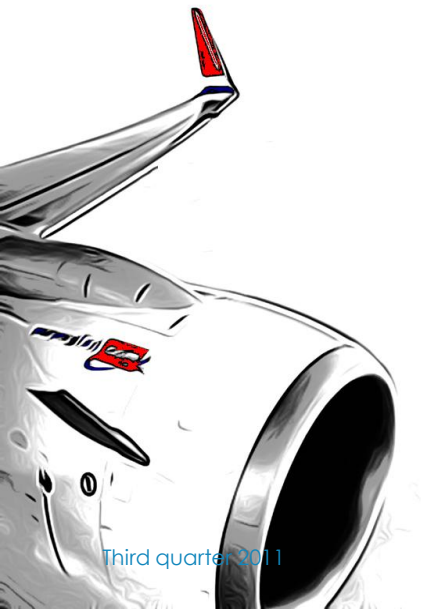
- Strategic view
 - Very interesting market, giving opportunities in the mobile VoIP area (Teliophone, Goji)
- **Operator unit**
 - Leading access independent broadband telephony provider
 - Focused on high volume callers in Norway, Denmark and Switzerland
 - Stable residential customer base, strong growth in SME segment
- **Technology unit**
 - Leading SIP technology company
 - Highly recognized and scalable IP technology platform
 - World renowned technology experts
 - Software as a Service (SaaS) to customers in the Netherlands and Norway
 - Innovative products and services, e.g., Teliophone and Goji
- Position the Telio Group in order to capitalize on strategic opportunities

Q & A

SkyCall

November 2011

Stephen Parsli
Daglig Leder, Call Norwegian



Third quarter 2011



"Soon you can call and cancel your dentist appointment from 30,000 feet"



Why



Opportunity and demand

- We have Internet onboard
- Value-added services
- Passengers want the possibility to call



Great potential

- 15 million passengers yearly
- WiFi in all planes during 2012

Choice of Telio as partner



- Delivers our technical solution (VOIP, App and payment)
- Long experience within IP telephony and wholesale
- Has launched apps for iPhone and Android
- Large traffic volume = low price
- Business model based on revenue sharing

Q & A