



Telio Holding ASA

Third Quarter 2011

Eirik Lunde, CEO

Oslo, 27 October 2011

TELIO

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"

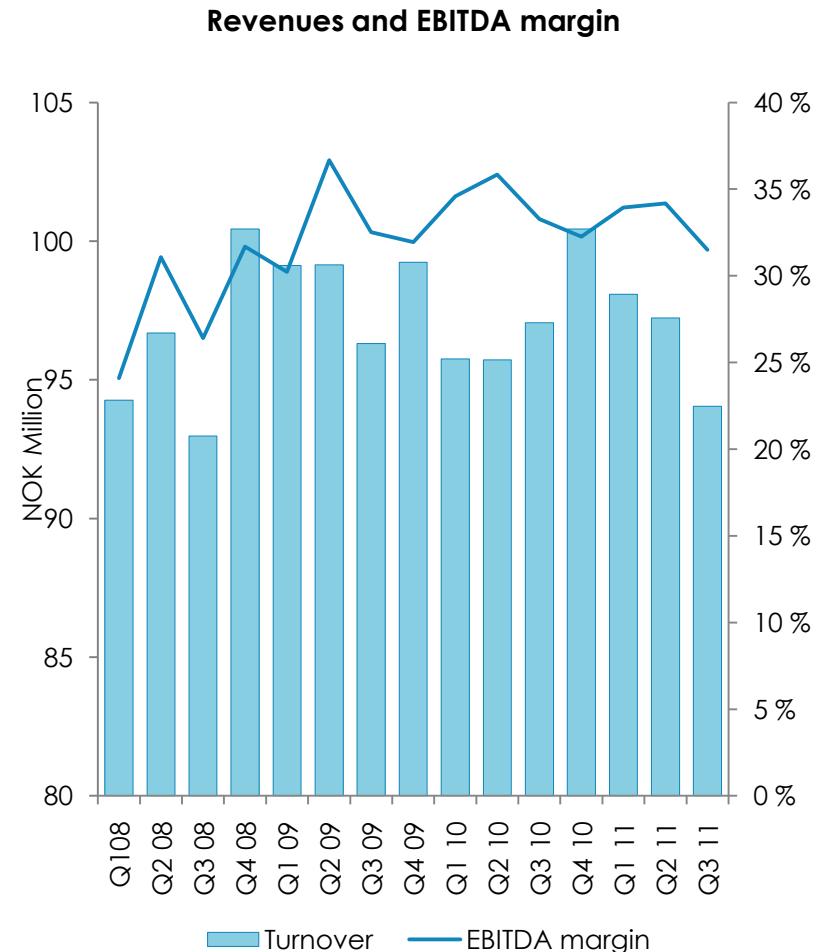


Agenda

- 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



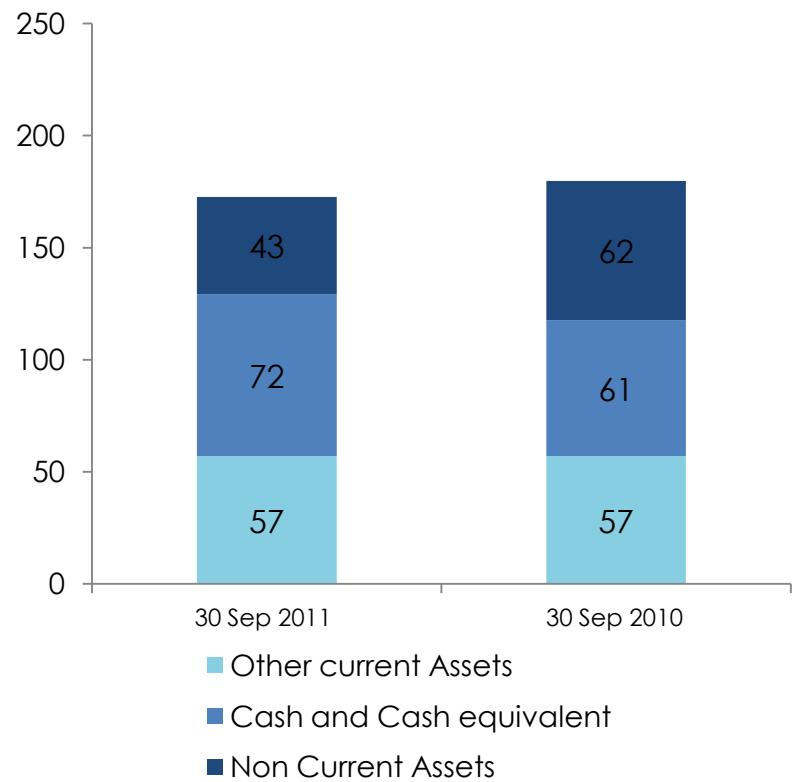
Key figures for the period

- 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

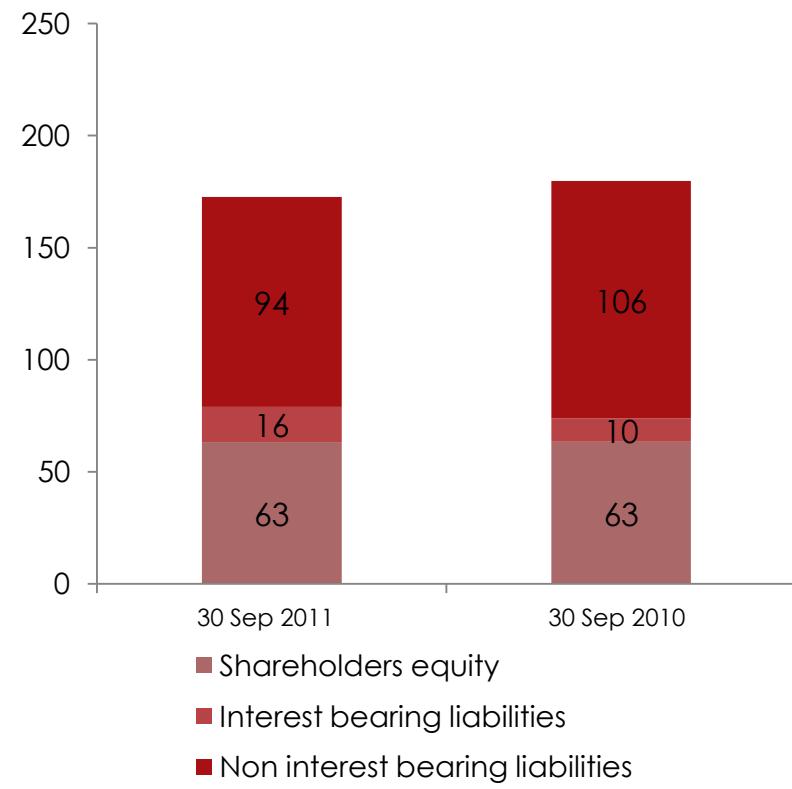
| NOK million | Q3'11 | Q3'10 | YTD'11 | YTD'10 |
|---|--------------|-------|--------------|--------|
| Total revenues | 94.0 | 97.1 | 289.4 | 288.5 |
| Gross profit | 59.5 | 61.8 | 185.8 | 183.3 |
| EBITDA | 29.6 | 32.3 | 96.1 | 99.8 |
| Operating profit (EBIT) | 20.5 | 21.4 | 67.0 | 68.2 |
| Ordinary 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

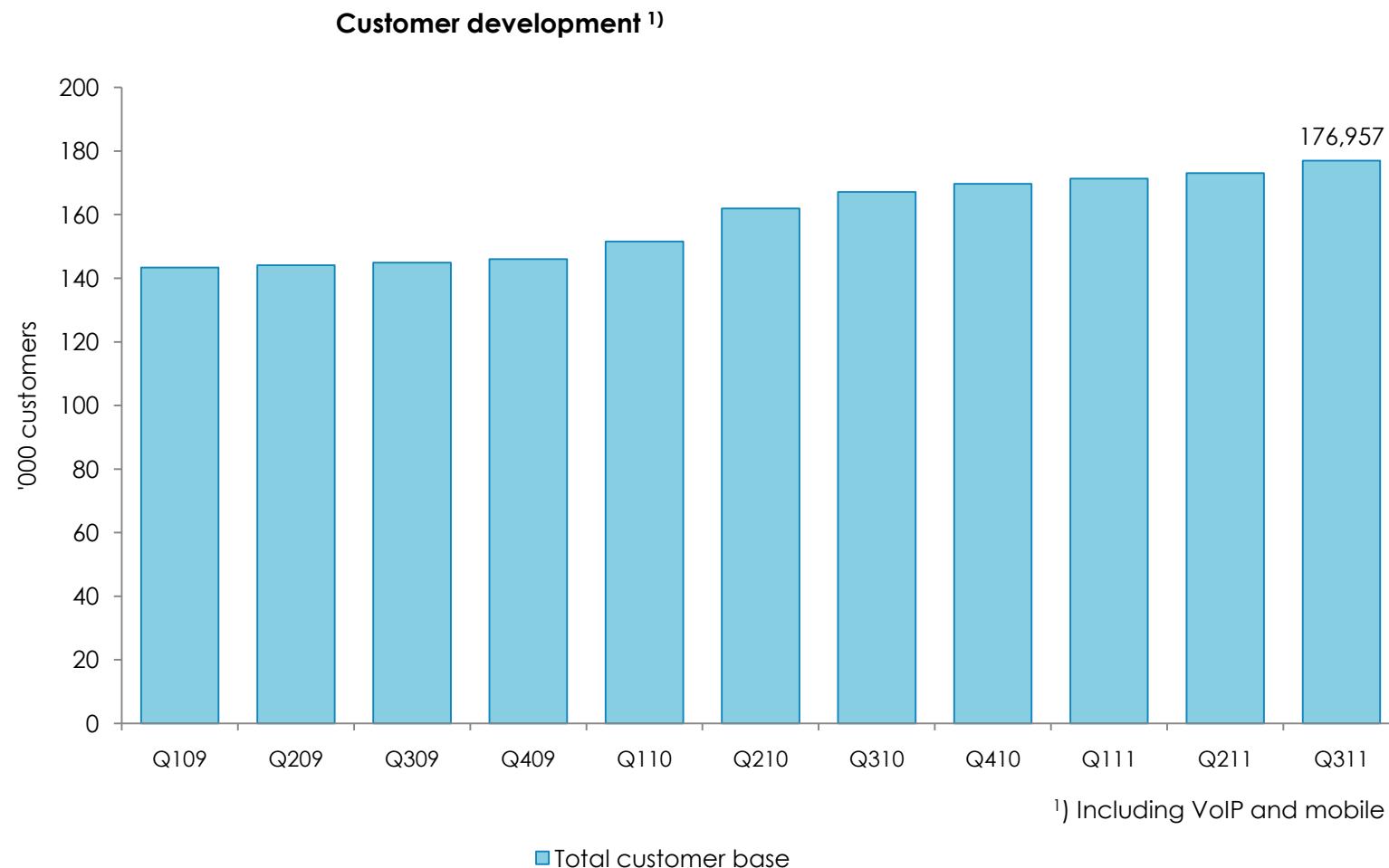
Assets (NOK million)



Equity and liability (NOK million)



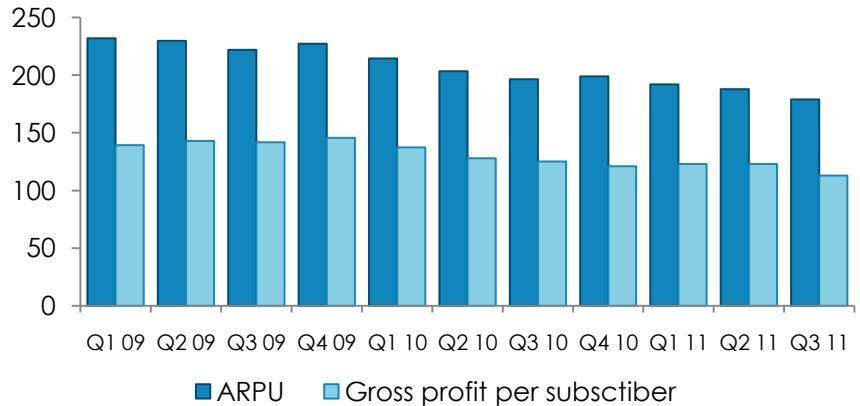
Total customer development



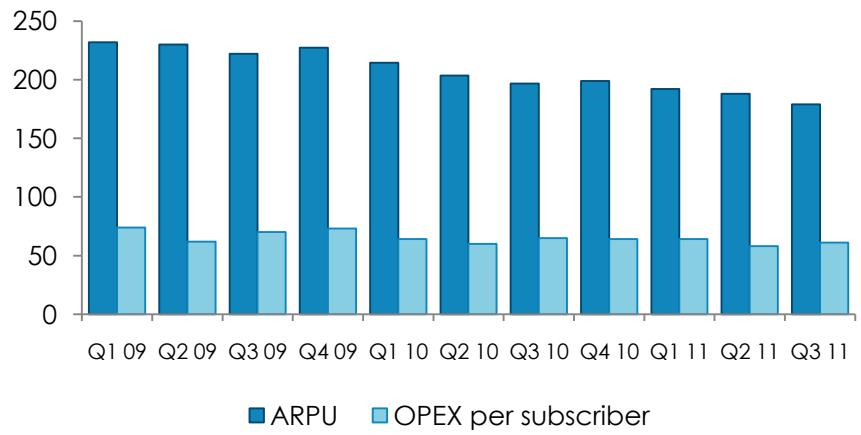
Key customer development

- 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



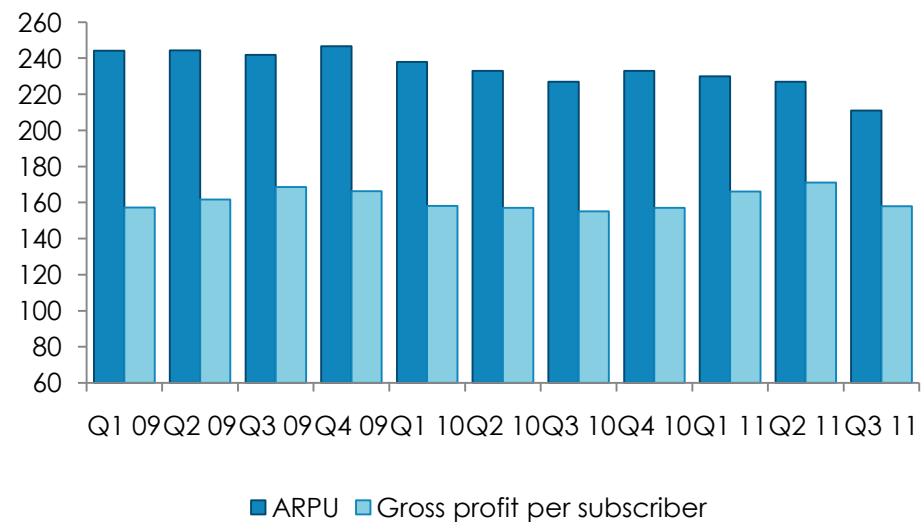
*) Excl sales & marketing, share based and one-off costs

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

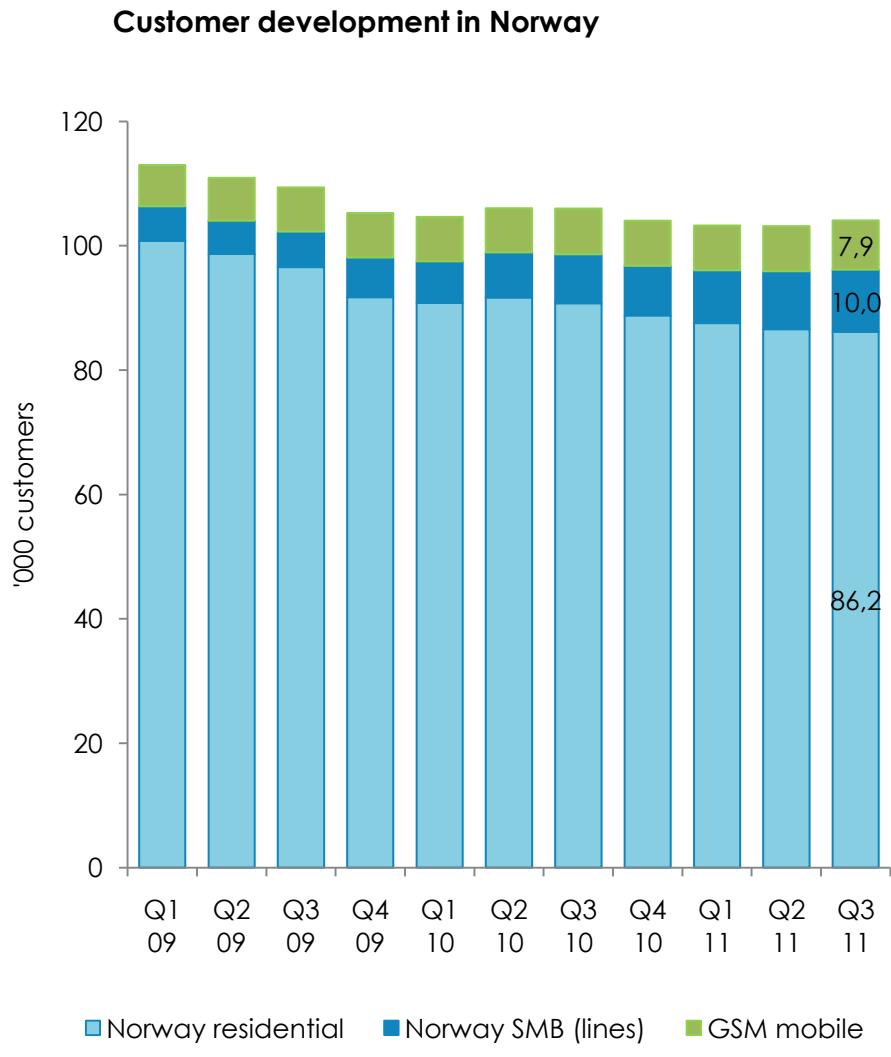
| NOK millions | Q3'11 | Q3'10 | YTD'11 | YTD'10 |
|---------------|-------------|-------|--------------|--------|
| Total revenue | 72.8 | 77.2 | 225.6 | 233.4 |
| Gross profit | 48.8 | 52.4 | 153.7 | 156.7 |
| Gross margin | 67% | 68% | 68% | 67% |

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

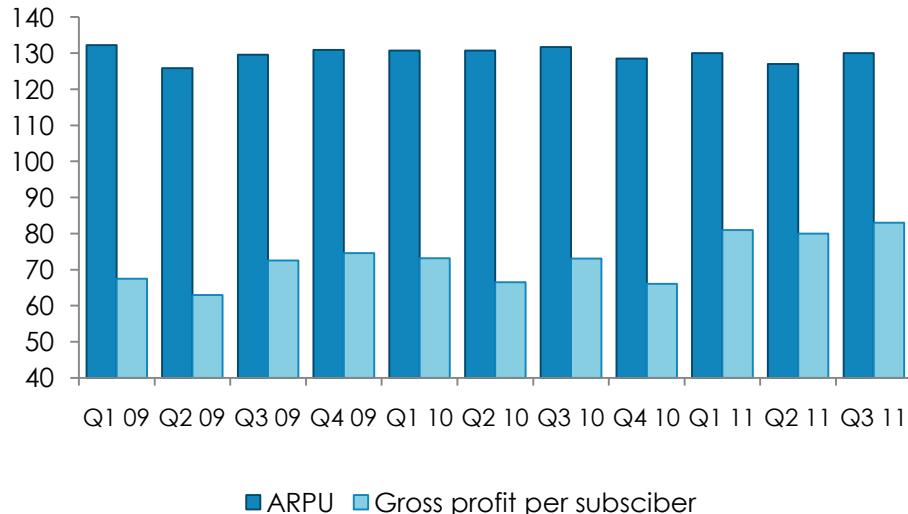


Denmark: Market update

- 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% |

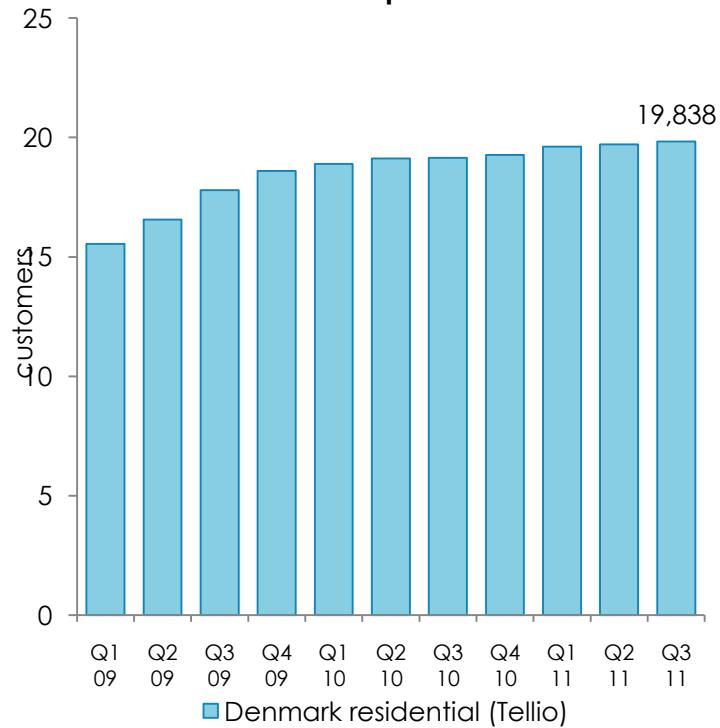
ARPU versus Gross Profit per subscriber (DKK)



Third quarter 2011

11

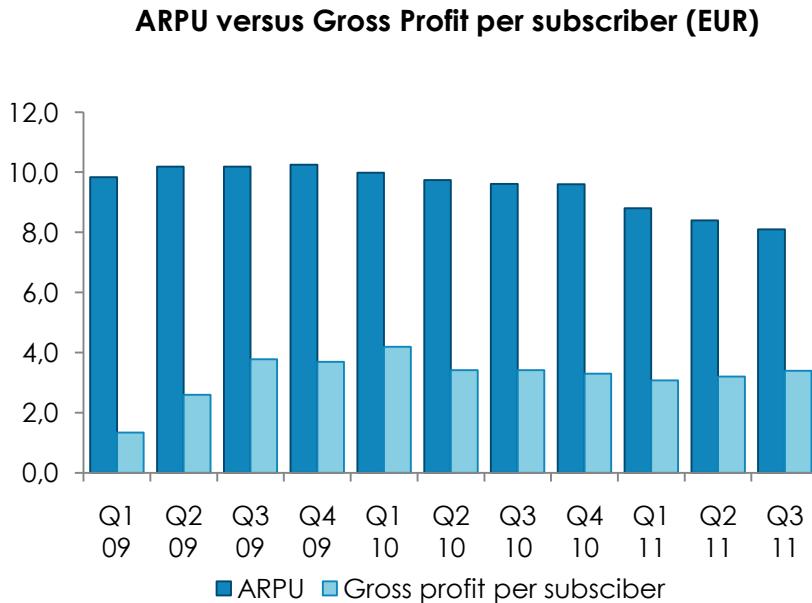
Customer development in Denmark



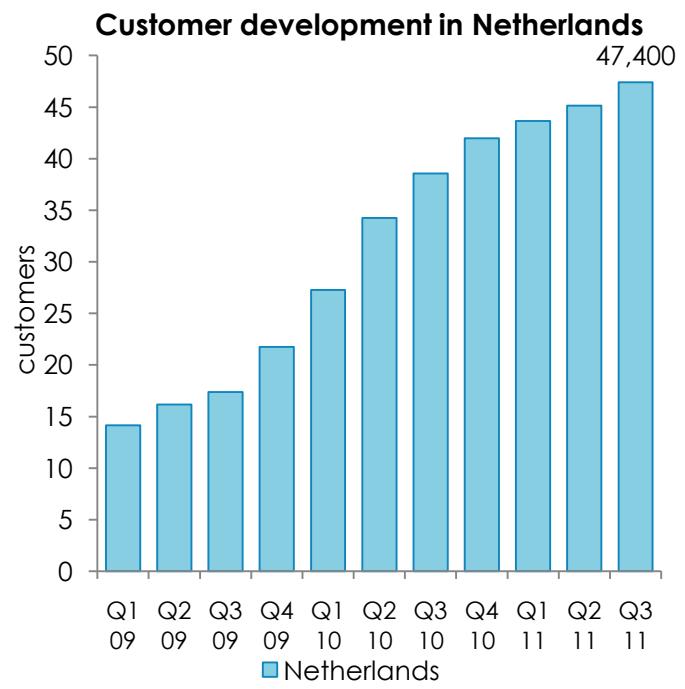
TELIO

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



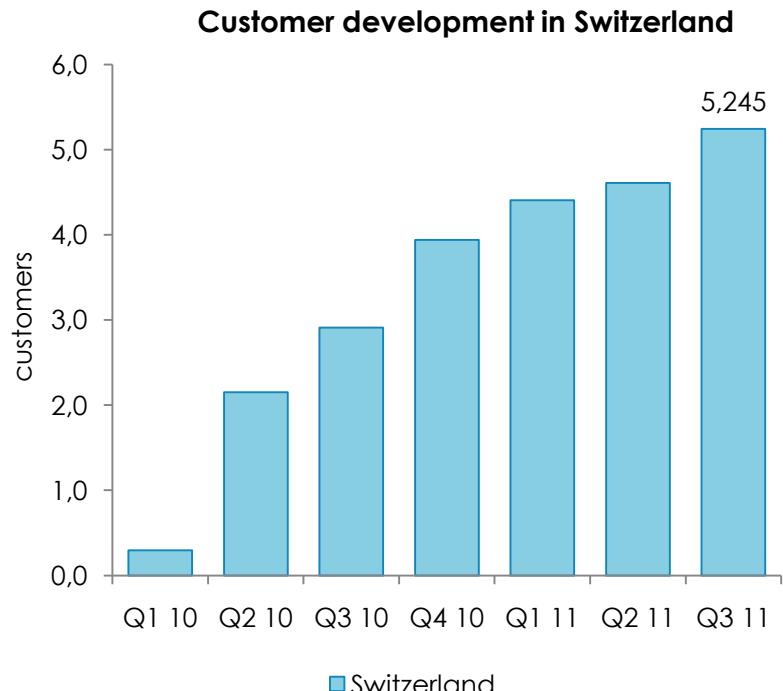
| NOK millions | Q3'11 | Q3'10 | YTD'11 | YTD'10 |
|---------------|------------|-------|-------------|--------|
| Total revenue | 8.6 | 8.4 | 26.4 | 22.3 |
| Gross profit | 3.7 | 2.6 | 10.4 | 7.9 |
| Gross margin | 43% | 32% | 39% | 36% |



Switzerland: Market update

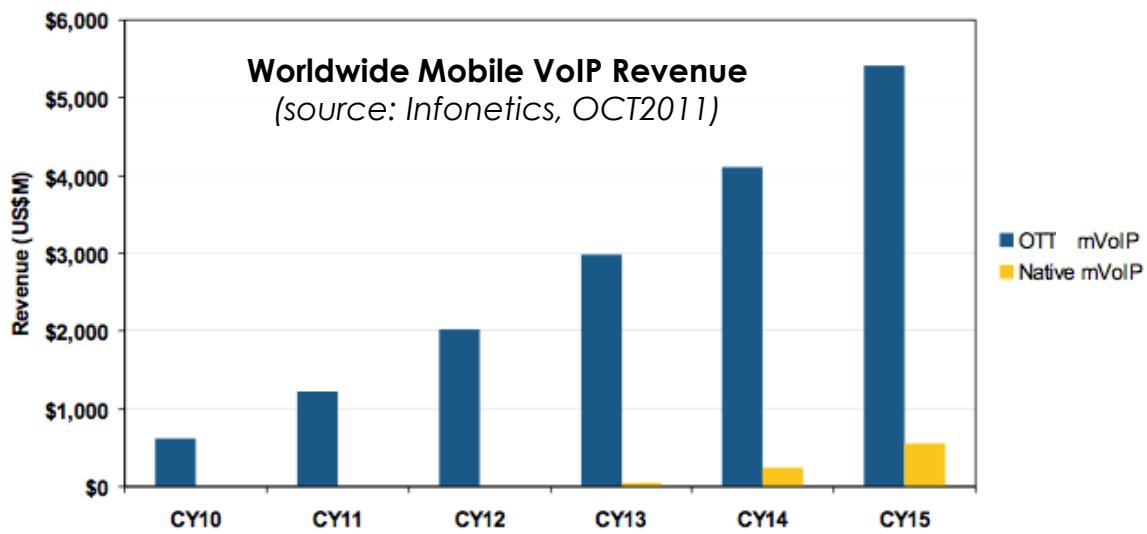
- Positive development in customer intake (635 net new customers)
- GM decrease due to cost accrual (dispute with interconnect partner)
- Focus on profitable growth

| 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)



Third quarter 2011

14



TELIO

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



November 2011

Stephen Parsli
Daglig Leder, Call Norwegian



Third quarter 2011

TELIO



"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