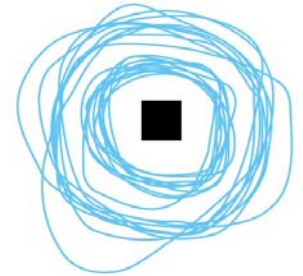


TELIO



“They [Telio] have no baggage – it’s just pure VoIP built by sharp people who really understand the technology.”

Jon Arnold, industry analyst

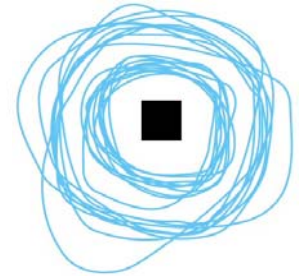
Telio – Q3 – 05 presentation

“We believe the Norwegian market to be the home of the most advanced and successful of the access-independent VoIP operators we have encountered in Europe - Telio”

James Enck, telecom analyst

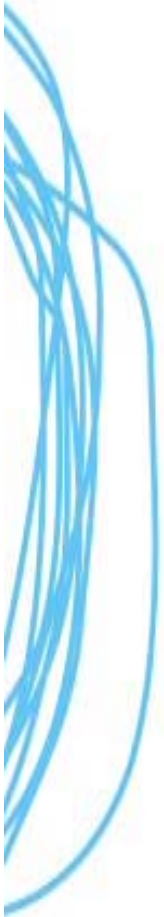


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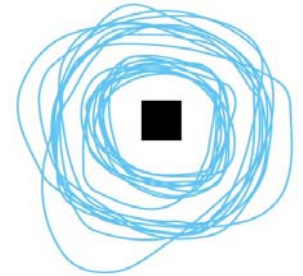


Agenda today`s presentation

- **Highlights**
- Q3-05
- Market and competition
- International activities
- Outlook
- Q&A



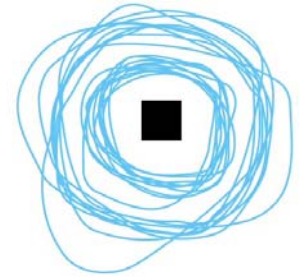
TELIO



Telio highlights

- Q3 revenues continue to grow
 - Q3 revenues of 48 MNOKs. 400 % growth since Q3-04 and 13% compared to the previous quarter. Recurring revenues grew 25 % compared to Q2..
 - Operating profit of 5,8 MNOKs before extraordinary charges (EBITDA of 8,2 MNOK)
- Market still growing strong
 - 73400 subscribers per 31/10-05
 - Added 13000 gross customers in Q3, with considerably lower cancellation rates/regrets than Q2.
 - Smart Club new distribution channel
 - New competitors still entering the market, but our growth continues
- International expansion continues:
 - New contract in Holland. FTTH project to 55000 homes passed in phase 1 of development
 - Swedish OEM platform built and passed acceptance tests

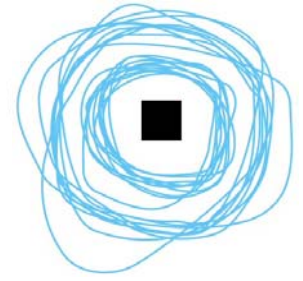
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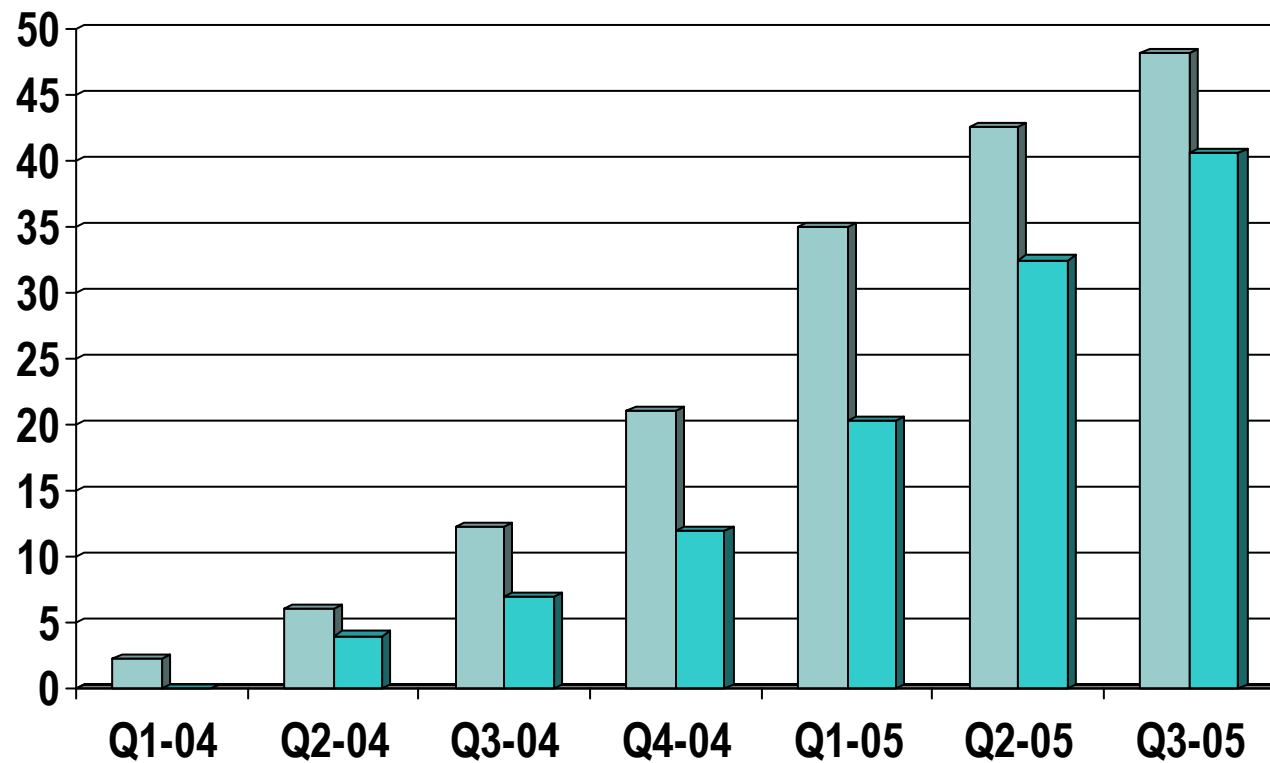
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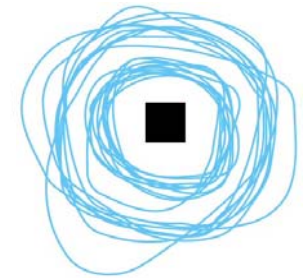
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Total sales and recurring revenues per quarter



TELIO



Figures in nok '000
2005 unaudited

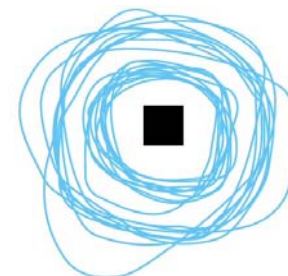
Profit & Loss Statement

	Q1 2005	Q2 2005	Q3 2005	Ytd Q3 2005
Sales revenue	35 075	42 650	48 226	125 951
Other operating revenues	0	0	0	0
Total operating revenues	35 075	42 650	48 226	125 951
Cost of goods sold	(11 974)	(11 477)	(25 018)	(48 469)
Personnel costs	(4 718)	(4 079)	(7 211)	(16 008)
Depreciations	(1 625)	(1 964)	(2 518)	(6 107)
Other operating expenses	(10 553)	(19 446)	(13 915)	(43 914)
Total operating expenses	(28 870)	(36 966)	(48 662)	(114 498)
Operating profit	6 205	5 684	(436)	11 453
Financial income	10	248	712	970
Financial expenses	(52)	(220)	(214)	(486)
Profit before taxes	6 163	5 712	62	11 937

Continued strong growth in Q3, profits before
tax low due to one time items

Figures in nok '000
2005 unaudited

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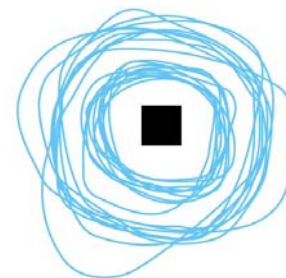
Correctly stated quarterly results 2005

	Q1-'05	Q2-'05	Q3-'05	YTD Q3-05
Sales revenue	29 373	43 319	47 429	120 122
Other operating revenues	0	0	0	0
Total operating revenues	29 373	43 319	47 429	120 122
Cost of goods sold	(11 974)	(17 149)	(19 346)	(48 469)
Personnel costs	(4 718)	(4 255)	(6 559)	(15 532)
Depreciations	(1 625)	(1 964)	(2 518)	(6 107)
Other operating expenses	(11 396)	(19 353)	(13 166)	(43 914)
Total operating expenses	(29 713)	(42 721)	(41 589)	(114 022)
Operating profit pre one time items	(339)	598	5 841	6 100
One time items	5 829		(476)	5 353
Operating profit	5 490	598	5 365	11 453

However, correcting for misplaced cost in Q2 vs Q3,
Q3 results come out as the best so far.

Figures in nok '000
2005 unaudited

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Comments reported P&L (Q3-05)

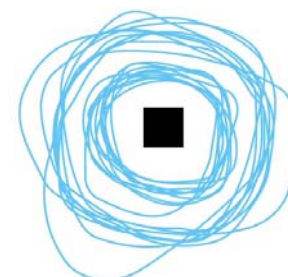
- Cash effect
 - Social security on converted options; db nok 0,2 mill.
 - Interconnect costs related to Q2-05; db nok 5,2 mill.

- Non-cash effect
 - Accrued social security on vested options, db nok 0,5 mill.
 - Additional provisions for bad debt Establishments; db nok 1,3 mill.
 - Release of overaccrued media costs, cr nok 1,1 mill.

Total; db nok 6,1 mill.

Figures in nok '000
2005 unaudited

TELIO

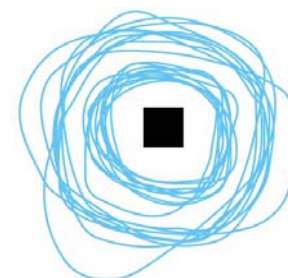


Recurring revenues show the underlying growth in the company

	Q1-'05	Q2-'05	Q3-'05	YTD Q3-05
Recurring revenues	20 277	32 523	40 582	93 383
Recurring costs excl. depr.	(22 649)	(30 649)	(34 907)	(88 204)
Ebitda recurring business	(2 371)	1 874	5 676	5 179
Non recurring revenues	9 096	10 796	6 847	26 739
Non recurring costs	(5 439)	(10 108)	(4 164)	(19 711)
Ebitda non recurring business	3 657	688	2 683	7 028
EBITDA	1 286	2 562	8 359	12 207
Depreciation	(1 625)	(1 964)	(2 518)	(6 107)
Operating result pre one time items	(339)	598	5 841	6 100
One time items	5 829	0	(476)	5 353
Operating result	5 490	598	5 365	11 453

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TELIO

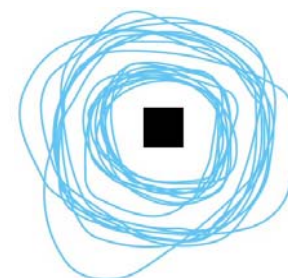


Balance sheet, Assets

	Sep 30, 2005	Jun 30, 2005	Mar 31, 2005
Assets			
Fixed Assets			
<i>Intangible assets</i>			
IT platform and other intangible rights	9 433	8 748	7 317
Total intangible assets	9 433	8 748	7 317
<i>Tangible fixed assets</i>			
Plant, machinery, operating equipment, fixtures etc	26 395	20 544	18 889
Total tangible fixed assets	26 395	20 544	18 889
Total non-current assets	35 827	29 292	26 206
<i>Currents assets</i>			
<i>Debtors</i>			
Accounts receivables	35 254	28 707	20 486
Other receivables	3 506	1 523	3 525
Total debtors	38 760	30 230	24 010
Cash and bank deposits	29 311	24 995	7 138
Total current assets	68 071	55 225	31 148
TOTAL ASSETS	103 898	84 517	57 354

Figures in nok '000
2005 unaudited

TELIO

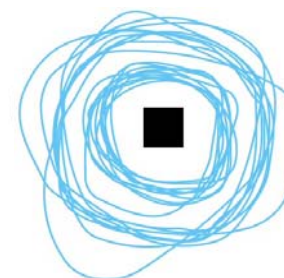


Balance sheet, Equity & Liabilities

	Sep 30, 2005	Jun 30, 2005	Mar 31, 2005
EQUITY AND LIABILITIES			
EQUITY			
<i>Called-up and fully paid share capital</i>			
Share capital	179	179	171
Share premium reserve	43 688	43 695	28 468
Total capital and reserve	43 867	43 874	28 639
Other equity	11 204	12 076	7 035
Total retained earnings	11 204	12 076	7 035
Total equity	55 071	55 950	35 674
LIABILITIES			
<i>Other long-term liabilities</i>			
Financial lease liability	14 412	5 798	3 399
Total other long-term liabilities	14 412	5 798	3 399
<i>Current liabilities</i>			
Accounts payable	10 272	16 496	8 168
Deferred tax	468	412	294
Current tax	2 371	2 183	1 190
Public dues other than income tax	(858)	56	1 708
Other current liabilities	22 162	3 622	6 922
Total current liabilities	34 415	22 769	18 282
Total liabilities	48 827	28 567	21 681
TOTAL EQUITY AND LIABILITIES	103 898	84 517	57 354

Figures in nok '000
2005 unaudited

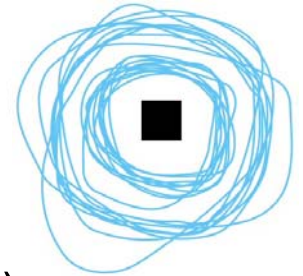
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Cash flow

	Q3 2005
Ordinary result before taxes	62
Ordinary depreciation fixed assets	2 518
Net financial items excl. gains/losses on sales	0
Net change customer receivables	(6 545)
Net change accounts payables	(6 224)
Net change other short term assets	15 663
Other	390
Net cash flow from operations	5 864
Capital expenditures	(9 053)
Net cash flow from investment activities	(9 053)
Received from raising of new long-term debt	7 505
Capital increase	0
Net cash flow from financing activities	7 505
Net change in cash/cash equivalents	4 316
Cash/cash equivalents as of	24 995
Cash/cash equivalents as of	29 311

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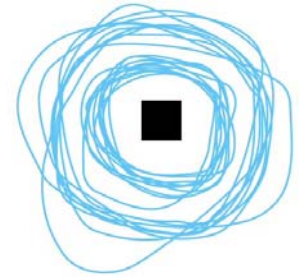
Comments balance sheet & Cash flow (change Q2 to Q3)

- Accounts receivables (- nok 6,5 mill)
 - Non trade receivables
 - Sale&lease back agreement, IBM GF
 - Termination income, Priority Telecom

- Accounts payables (- nok 6,2 mill)
 - Deferred income reclassified from Accounts Receivables to Short tem debt (8,8 mill)

- Other short term liabilities (- nok 18,6 mill.)
 - Deferred income reclassified to Short term debt from Accounts Receivables
 - All traffic costs accrued (due to earlier reporting and late invoicing)

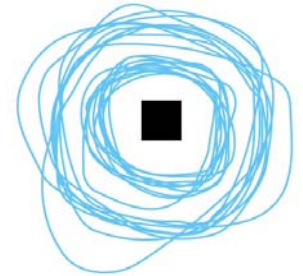
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TELIO



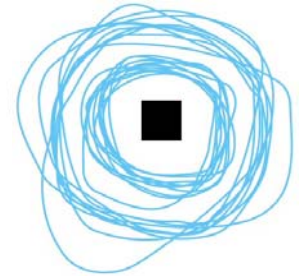
Marketshare per H1 – 05 (by # of customers)

Company	Share	Comments
Telio AS	45,5%	62000 per 31/10-05
Briiz Telecom AS	13,9%	Many 0 subscription customers
NextGenTel AS	6,9%	10700 Q3 (growth 3100 in Q3)
Lyse Tele AS	6,5%	
TeleVoip	6,4%	Nov 9000, Many 0 subscription customers
Catch Communications AS/ BlueCom	8,3%	7000 in Q3, Acquired by Ventelo
Telenor AS	3,8%	13000
Phonzo AS	2,3%	Many 0 subscription customers
Others	6,4%	

Note – by measuring market share in revenues, the result will tilt massively in favour of Telio

Source: NPT + reports

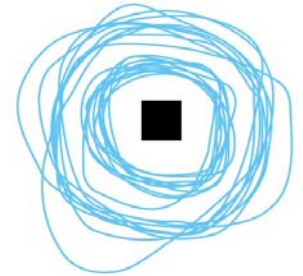
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Key initiatives during Q3

- Strong inflow of customers with low level of marketing
 - 13000 customers with low cancellation rates. Total 73400 subscribers per 31/10-05
- Increased focus on win back and retention
 - Launched Win Back campaign to reduce cancellation. Early results show 26% win back
- Established Smart Club (three outlets) as a new channel with great success
- Will test out stand sales as sales channel in Q4
- Sales from www.telio.no and incoming calls (815 69070) increased in the period
- Support function strongly improved with new, experienced support management plus additional support people hired. Focus now on improving efficiency and much has been achieved in short time

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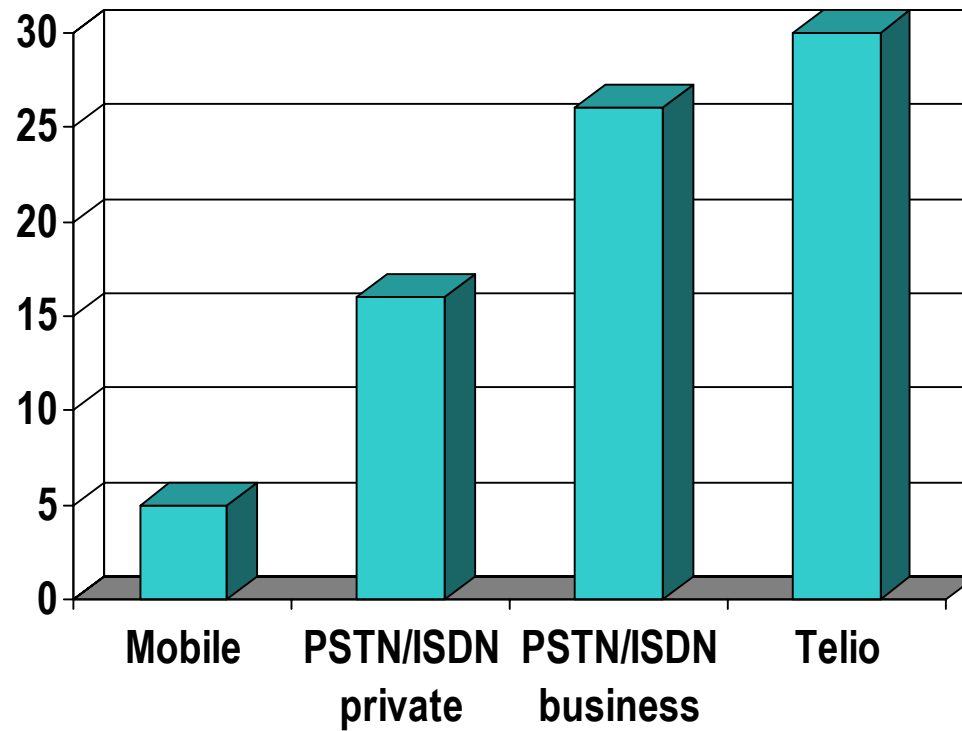
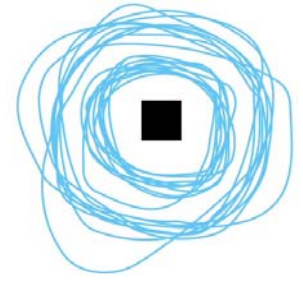


Competition

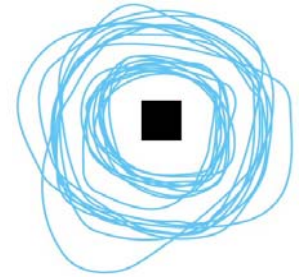
- Seems to be no end to new companies being established in the VoIP sector
- New players contribute to the Company growth and the market growth at present
- However, most will likely fail because VoIP is all about creativity around business model+technology+scaling to critical mass, especially for companies copying the Telio model:
 - *"Televoip's turn over in 2004 was 1,3 MNOKs. This year it will reach 7 MNOKs with 9000 customers. It goes to tell how fast this business is growing. (Quote CEO TeleVoip)*
- Telio main competitor is Telenor, they will fight to maintain market share

Average minutes per day per user per telecom technology

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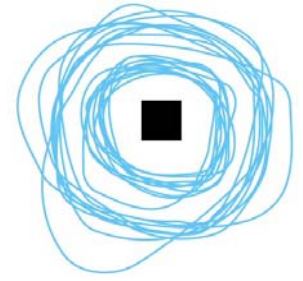


Telio's price advantage vs Telenor

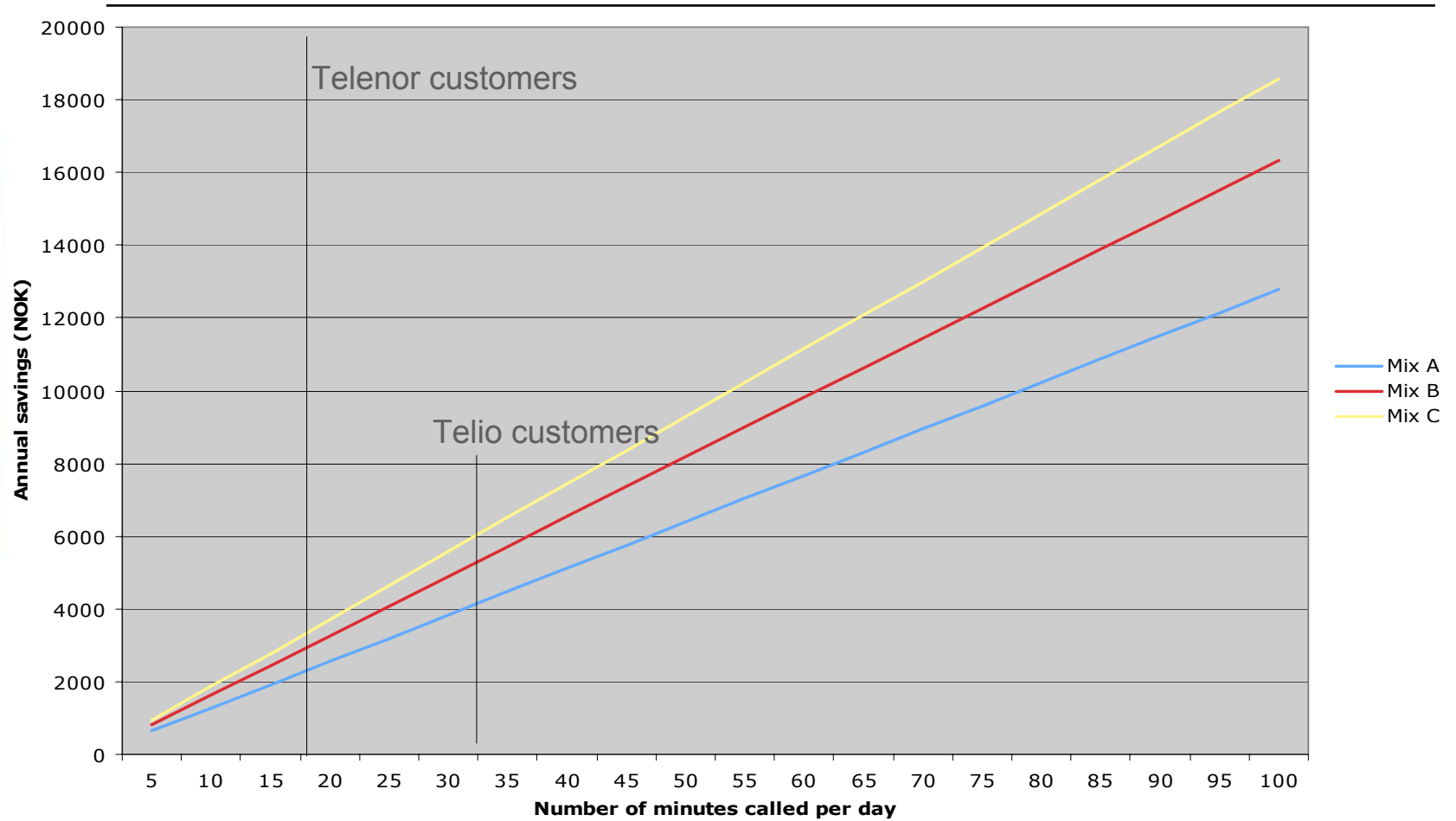
- Telenor : Ordinary analogue Basis PSTN
- Telenor broadband telephony
- Telio : Telio Mini

- Mix A : 80 % to Norwegian fixed net, 20 % to Norwegian mobile, 0 % international
- Mix B : 50 % to Norwegian fixed net, 40 % to Norwegian mobile, 10 % international
- Mix C : 40 % to Norwegian fixed net, 30 % to Norwegian mobile, 20 % international

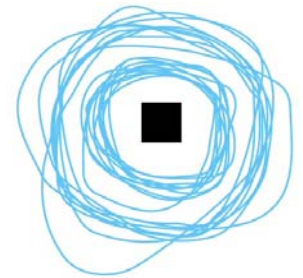
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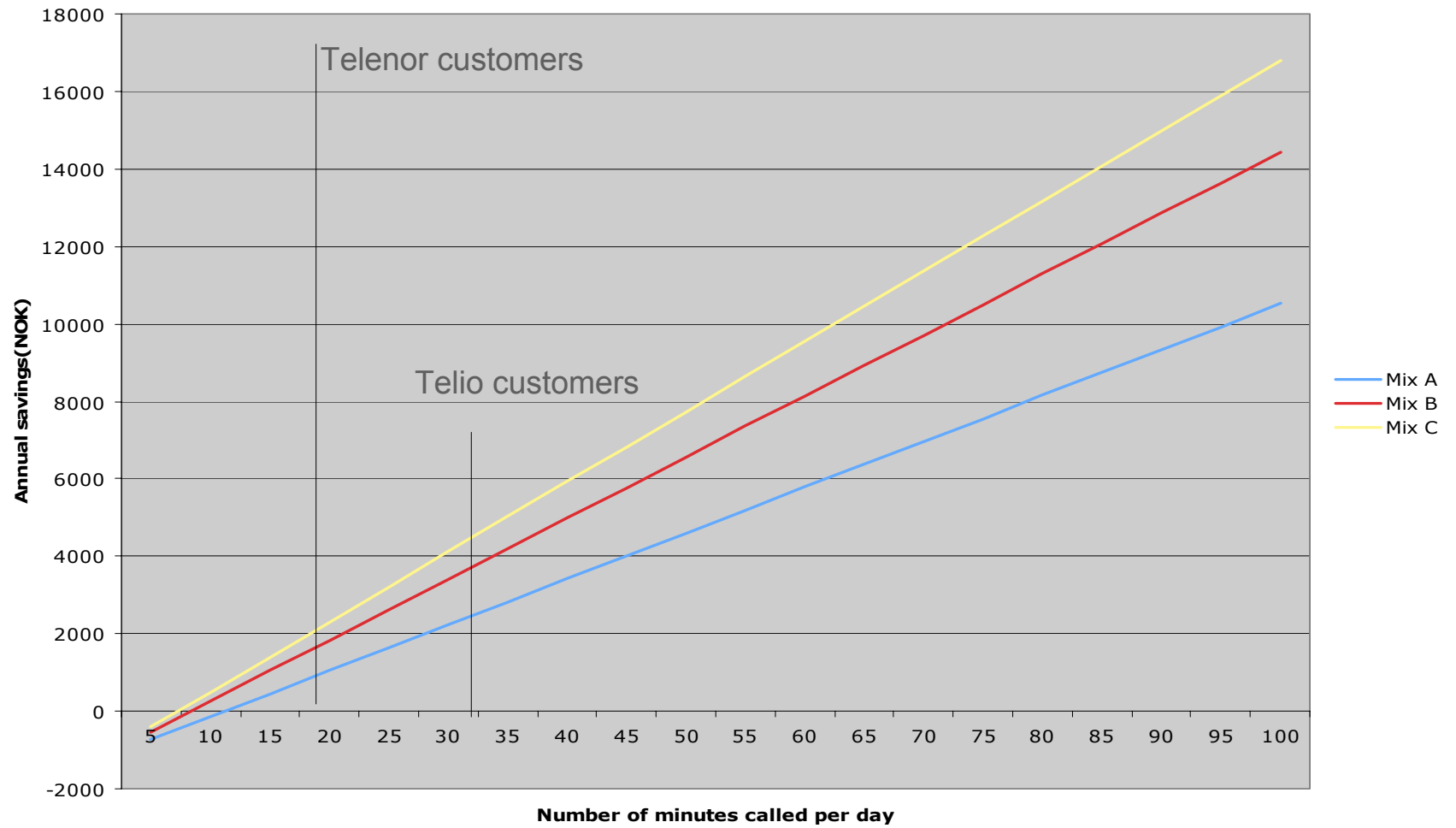
Annual savings- Telio vs Telenor fixed



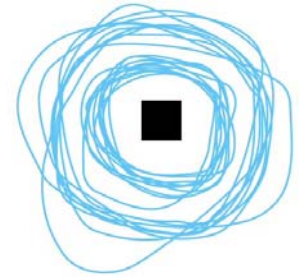
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Annual savings - Telio vs Telenor broadbandtelephony



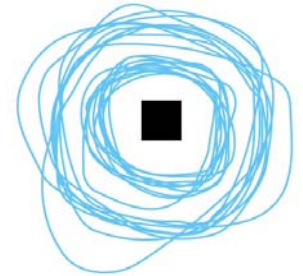
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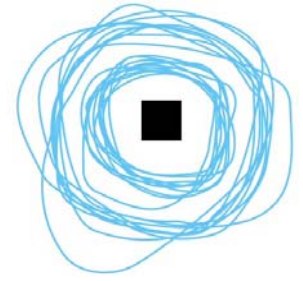
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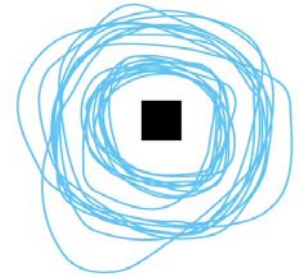
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Telio outlook

- Market
 - Continued strong customer growth
 - New distribution channels – will soon launch “recruit a friend”
 - Continued streamlining of existing distribution channels
- Financials
 - Increased customer intake and increased customer acquisition costs compared to Q3 is expected.
 - Increased revenues and operating result from recurring operations compared to Q3 is expected.

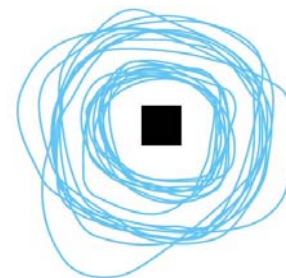
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Shareholder information

Navn		Ant aksjer	Andel
XFILE AS	NOR	2 751 000	15,36
LOMBARD ODIER DARIER GENERAL DOSSIER	CHE	2 510 000	14,02
SYNESI AS	NOR	2 276 667	12,71
PERSHING LLC MAIN CUSTODY ACCOI NOM	USA	1 168 181	6,52
EMA TELIO LIMITED PA	USA	607 319	3,39
GAMBAK C/O ABN AMRO KAPITAL	NOR	550 000	3,07
INSTITUSJONEN FRITT A TT.: ERIK RUDENG	NOR	523 300	2,92
CREO INVESTMENTS II V/ERIK OSMUNDSEN	NOR	510 000	2,85
LIME VENTURE AS	NOR	505 334	2,82
SAAMAND AS SAAMAND AS	NOR	378 500	2,11
PLUTON AS	NOR	305 000	1,70
VEEN A/S T.D.	NOR	300 000	1,68
RO INVEST AS	NOR	288 000	1,61
PULVER JEFFREY LAWRENCE	USA	250 000	1,40
FJOGSTAD ESPEN	NOR	218 333	1,22
CAT INVEST I C/O PROCURATOR ASA	NOR	172 500	0,96
VIOLINA AS C/O PROCURATOR ASA	NOR	162 500	0,91
SIRIUS AS	NOR	141 000	0,79
HAMMERSBORG INVEST A	NOR	139 750	0,78
SANDNES INVESTERING	NOR	125 000	0,70
ANDRE		4 025 116	22,48
TOTAL		17 907 500	100,00

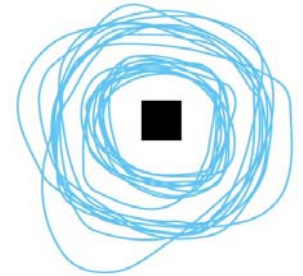
Share of shareholders with non-Norwegian adress (per Nov 14); 28%

Total number of shareholders (per Nov 14); 181

Outstanding options (nonvested and vested); 2,6 mill. average strike price 14,2 kr

New sharecapital approved by BoD on Nov 4; nok 500 (as 50.000 options were approved converted)

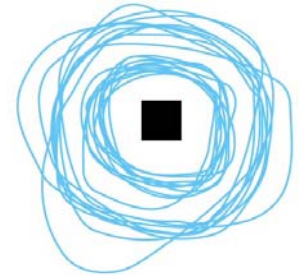
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 - Swedish OEM platform built and passed acceptance tests