A close-up photograph of a woman with light blue eyes and a slight smile, wearing a dark blazer over a light blue collared shirt. She is holding a black mobile phone to her ear with her right hand. The background is a plain, light color.

Telio Holding ASA  
Q1 08 presentation

**Eirik Lunde, CEO**

**Oslo, 29 April 2008**



## Telio Holding ASA

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- Leading European 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"

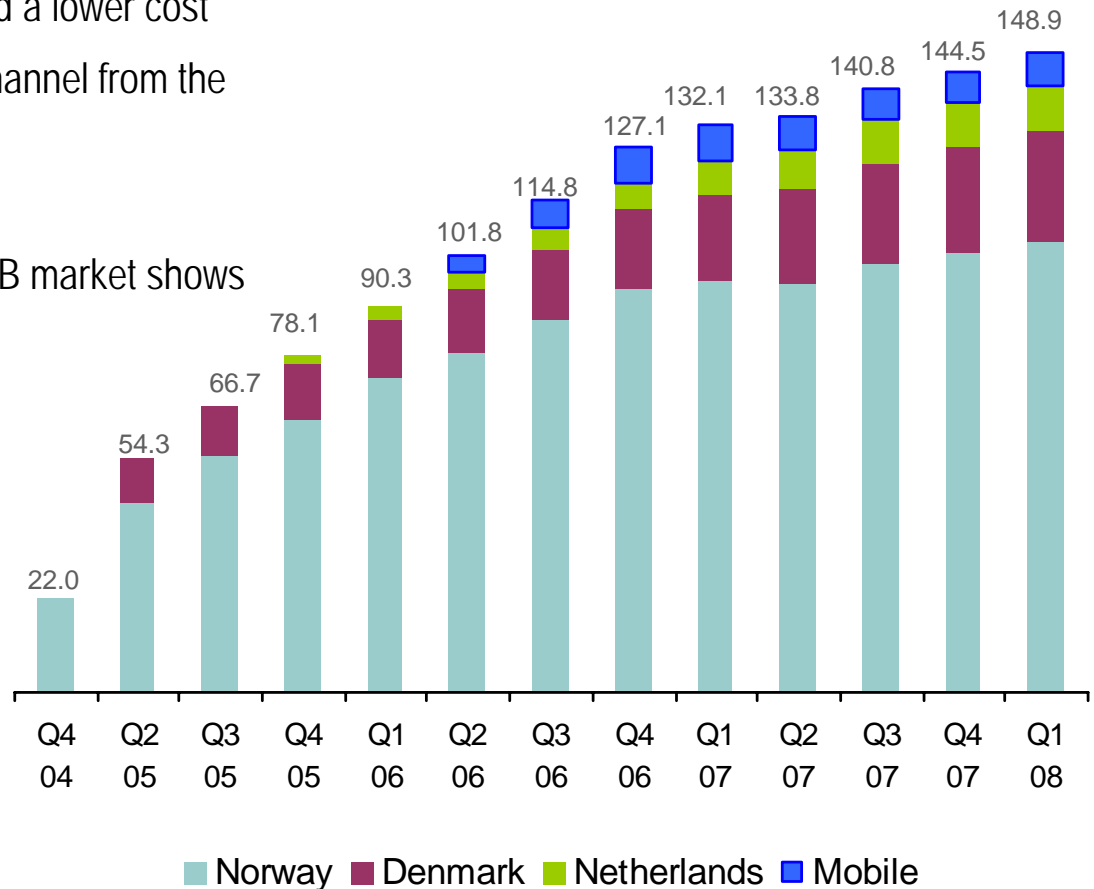
## Q1 08 Highlights

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- Continued customer growth
  - Subscribers: total increase of 4,210 net VoIP customers during Q1
    - 2,268 net VoIP customers in Norway
    - 1,475 net VoIP customers in Denmark
  - Revenues: NOK 94.3 million
  - Q1 revenues in line with Q4 07 revenue level, despite reduced termination prices from 1 January, Easter holidays in March and seasonality in general
- Financials
  - 61% gross margin
  - 24% EBITDA margin
  - **Strongest operating profit ever of NOK 12 million, an increase of 193% (Q1 07: NOK 4.1 million)**
  - OPEX continues to scale
  - Cash position: NOK 72.1 million (after repayment of bond loan)
- Customers & distribution
  - Strong development in SMB distribution
  - Healthy customer growth in Denmark

# Growth opportunities

- Increasing customer base in residential market, at a lower pace and a lower cost
- Reduced activity in OTS channel from the end of Q1
  - Better provisioning rate
- Building distribution for SMB market shows promising progress



## SMB - posed for strong growth until 2012

- According to results of Canalys' analysts research (April 2008):
  - SMB VoIP take-up so far has been very slow compared to Medium and Big enterprises
  - By 2012 it is expected that total share of SMB lines on VoIP will be 70 pct throughout EMEA
- Current number of SMB VoIP lines is just a few pct of total SMB lines in Norway and most of EU countries, so it will be growing in the order of magnitude
- Telio has a great value proposition, strong technological platform and newly established channels for effective SMB distribution



### Nå kan bedriften virkelig spare penger!

IP-telefoniløsningen fra Telio er spesielt egnet for små- og mellomstore bedrifter. Ringer bedriften til utlandet er det ekstra mye å spare. **De fleste samtaler koster kr 0,-**

Bytt ut dyr og gammeldags fasttelefoni i dag og spar tusenlapper!



Bestill i dag, få en IP-telefon for kun kr 195,-  
Linksys SPA 942, verdi 1290,-

Tilbake

"Å bytte til Telio er et av de smarteste valgene vi har gjort!"  
Ellisabeth, Experion AS



Klikk her for å bestille Telio bredbåndstelefon!

# Norway - focus on profitable growth in SMB market

- Telio's acquisition cost for an SMB customer is less than half of the acquisition cost in the residential market
- Profit from an SMB customer is higher than for a residential customer
- Currently above 1,900 lines in the SMB market
- Strong growth in April
- Stronger focus on a direct distribution model, with 100 % focus on Telio
- Success with direct sales force and web
- Few competitors in the SOHO-segment
- Excellent value proposition for the SMB segment (price plan, installation, quality of service etc.)

**TELIO**  
Det koster ingenting å si det

**Er din bedrift lei høye telefonregninger?**

*"Å bytte til Telio er et av de smarteste valgene vi har gjort!"  
Elisabeth, Experion AS*

	Telio Bedrift
Pris per linje per måned	kr 159,-
Etablering	kr 0,-
Ringe til fastnett i Norden	kr 0,-
Ringe til fastnett i Vest-Europa inkl. Polen	kr 0,-
Ringe til fast- og mobilnett i USA og Canada	kr 0,-
Kina, Taiwan, Thailand og Australia	kr 0,-
Mobil	kr 0,69
Startavgift samtaler	kr 0,39

**Så enkelt er bredbåndstelefon fra Telio!**

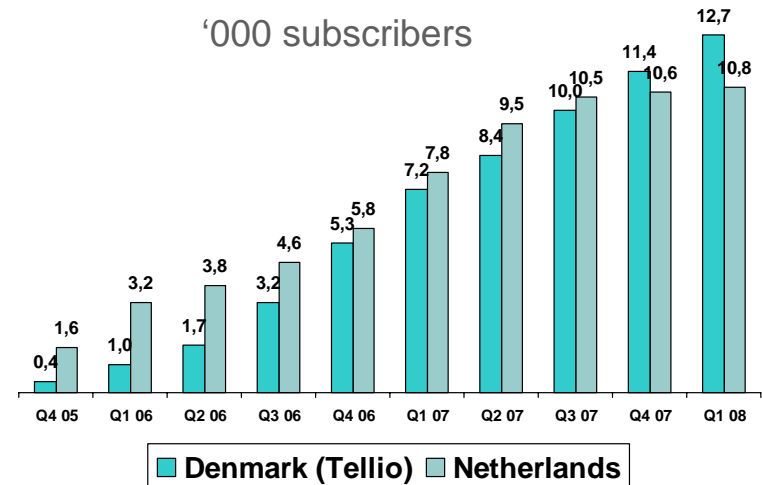
- 1 Bestill
- 2 Du mottar adapteret i posten
- 3 Koble til adapteret
- 4 Koble til telefonen
- 5 Ring for kr 0,-

Med bredbåndstelefon fra Telio ringer du med din vanlige telefon og du beholder selvfølgelig ditt telefon nummer dersom du ønsker det. Som vanlig telefoni, bare mye billigere!

**Klikk her for tilbud på IP-telefoni**

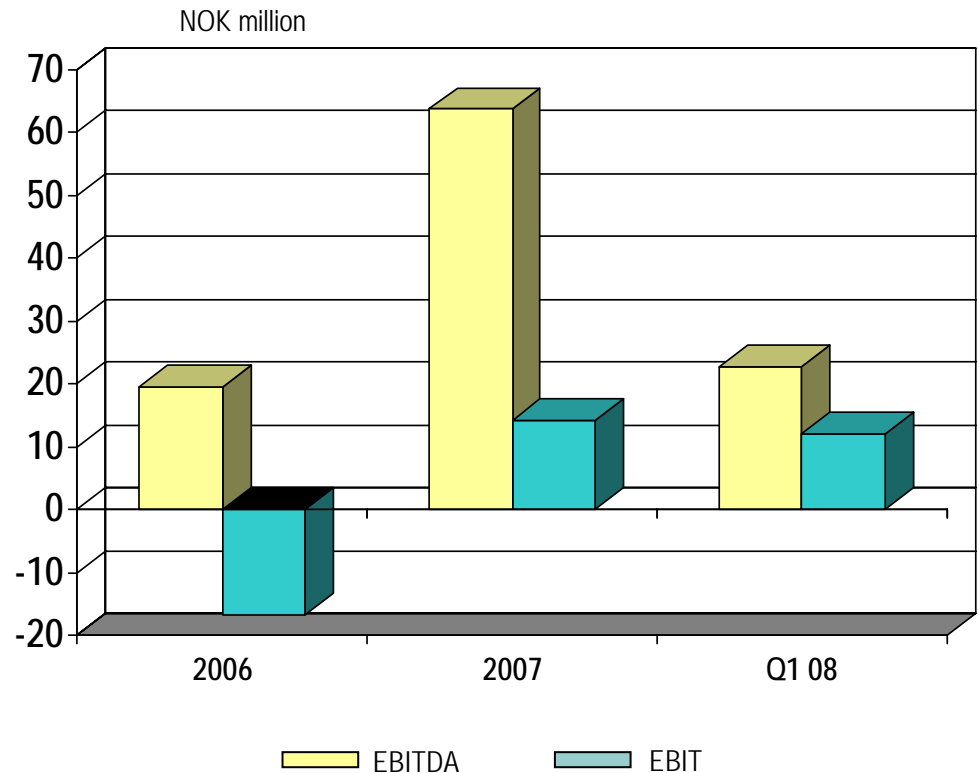
# International

- Healthy growth
  - DK 76% compared to Q1 07
  - NL 38% compared to Q1 07
  
- Denmark
  - Launched SMB services in Q1
  - Positive development in online sales (lower CAC)
  - Good response from the market on reduced prices to mobile and international
  - 5th largest provider of fixed international traffic



# Development in EBITDA/EBIT – significant shift in profitability

- Healthy revenue growth despite a more mature residential market and regulatory issues (pricing)
- Continuously COGS optimizing (vendor agreements etc.) results in increased gross margin
- Focus on profitable growth and more healthy customer intake at reduced costs
- Continuously focus on scaling OPEX
- Potential for further improvements





## Cash flow

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	Q1 08	Q1 07	2007
<b>Cash flow from operations</b>	<b>16,525</b>	<b>8,423</b>	<b>49,958</b>
Investment activities	(2,867)	(4,701)	(15,810)
<b>Cash flow after investments</b>	<b>13,658</b>	<b>3,722</b>	<b>34,148</b>
Financing activities	(64,378)	(5,271)	(21,202)
<b>Net cash flow</b>	<b>(50,720)</b>	<b>(1,549)</b>	<b>12,946</b>

- Cash flow from operations (working capital) negatively affected by late payments of approx. NOK 5 million
- Repayment of bond loan of NOK 60 million in Q1
- NOK 72.1 million in cash 31 March

## Update legal issues

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- Ecom
  - No new information to report regarding the upcoming court trial in June 2008
  
- Ministry of Transport and Communications has on the 22nd of April decided that
  - Telio can not compensate loss of revenue on incoming international calls by raising termination price for incoming national calls
  - The announced penalties of 15th of November are not applicable

## Q1 08 Summary

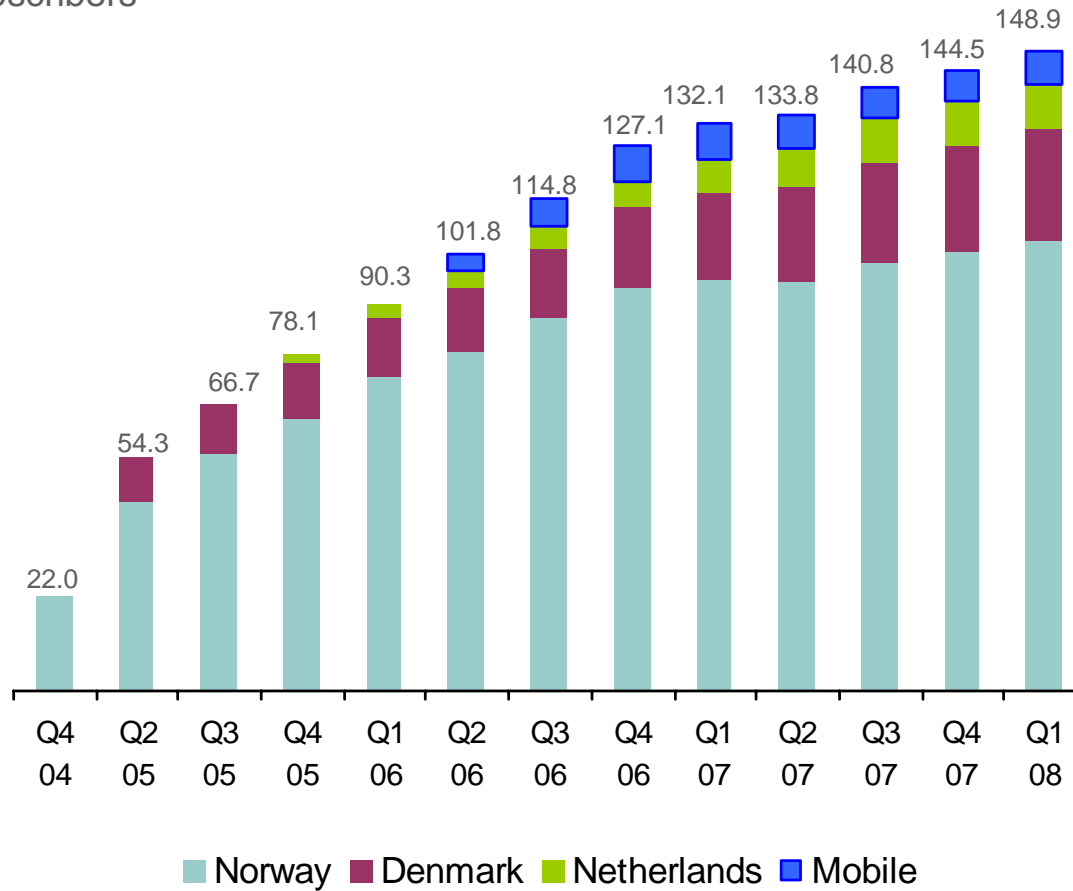
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# Enclosures

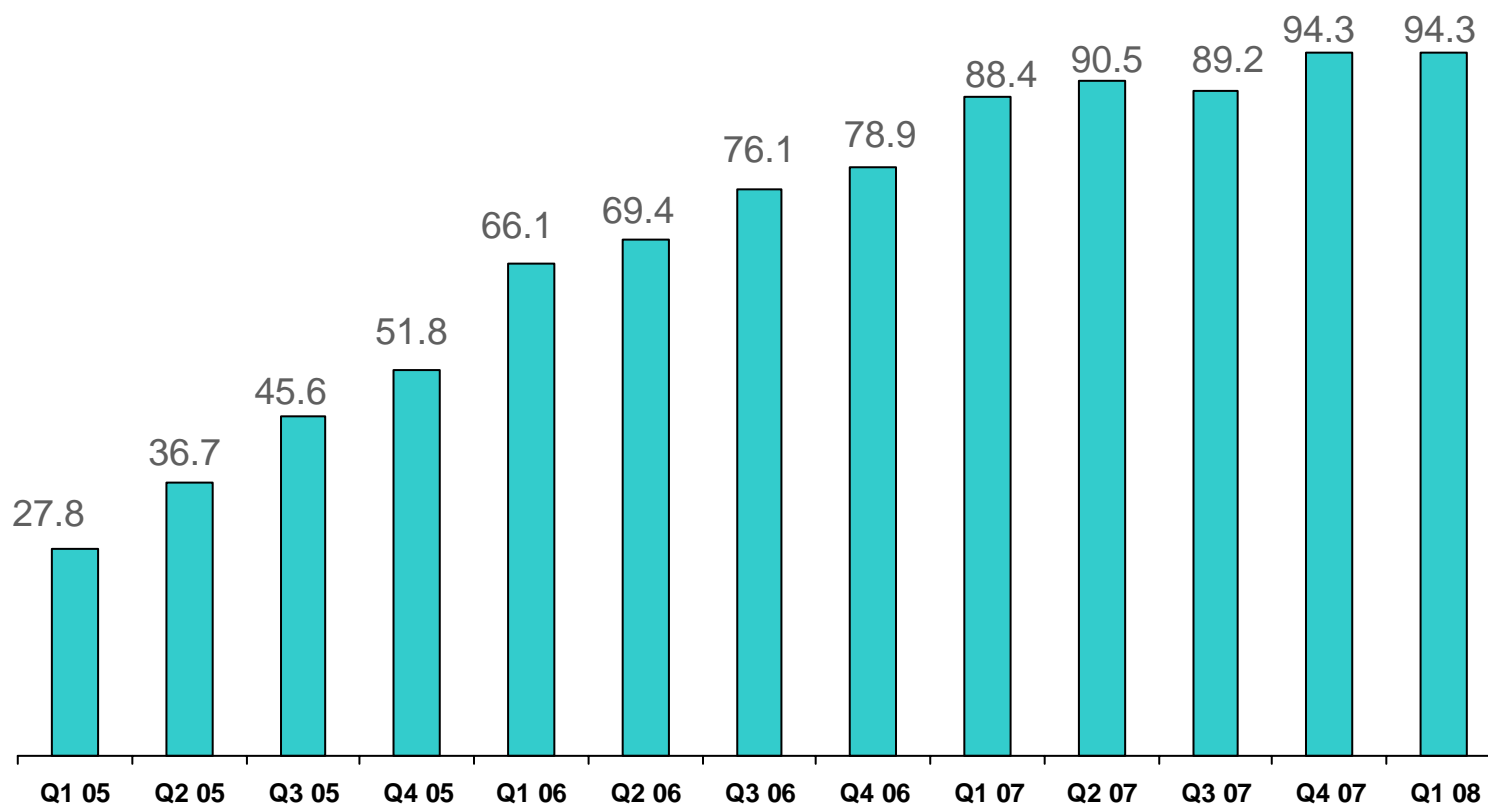
# Overall subscriptions per Q1 08

'000 subscribers



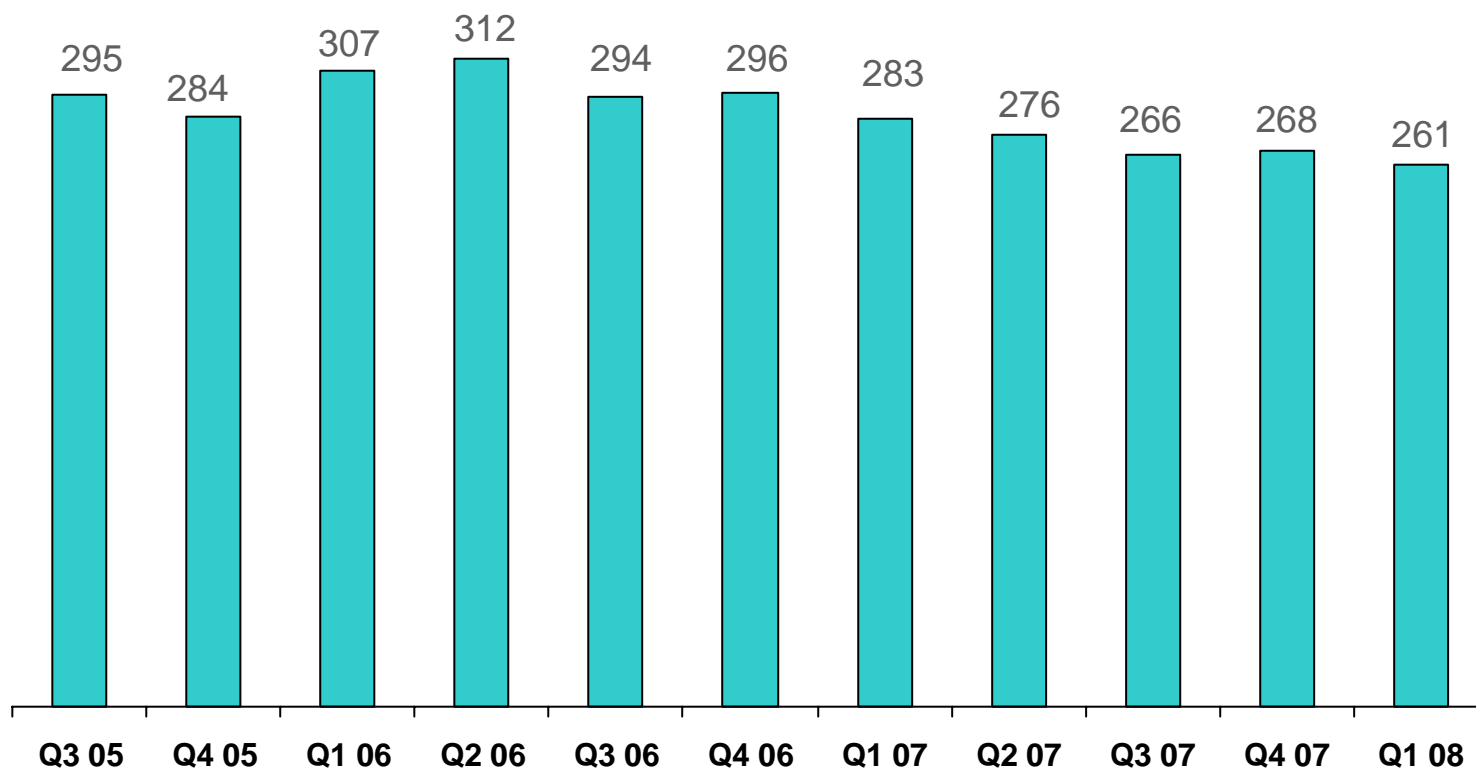
## 7% revenue growth compared to Q1 07

NOK mill.



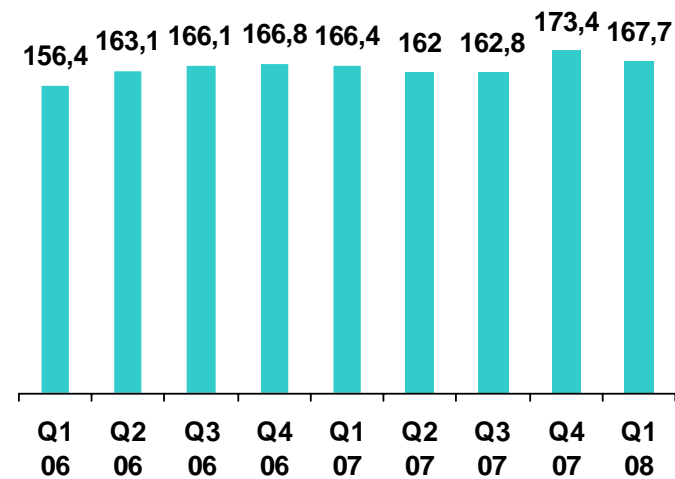
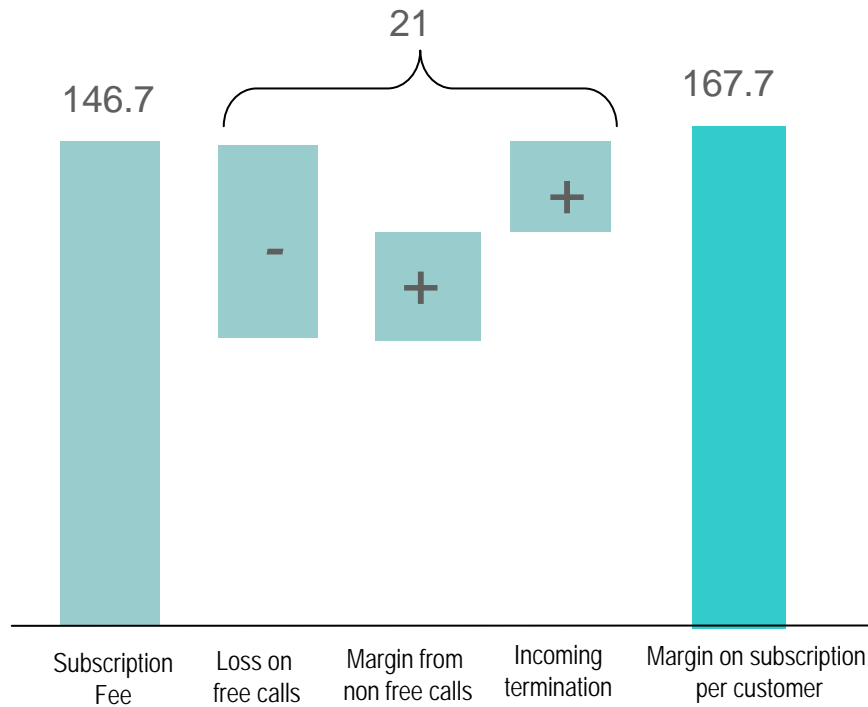
## Average monthly revenue per subscriber for VoIP Norway

NOK



# Average monthly gross profit per subscriber for VoIP Norway

NOK





## Scaling continues

– improved quarterly opex\* per subscriber\*\*

NOK



\* Opex excludes sales & marketing, amortization of subscriber acquisition cost, share based payment and one-off costs

\*\* Billable subscriber (Musimi includes number of customers that used the account during the quarter)

## Profit & loss statement

NOK '000

	Q1 08	Q1 07	var	FY 2007
Sales	92 073	87 163	6 %	356 900
Other revenues	2 194	1 215	81 %	5 402
<b>Total revenue</b>	<b>94 267</b>	<b>88 378</b>	<b>20 %</b>	<b>362 302</b>
Cost of connections and traffic charges	(36 918)	(37 408)	-1 %	(148 470)
Salaries & personnel costs	(12 482)	(10 155)	23 %	(43 543)
Selling & marketing costs	(10 706)	(12 191)	-12 %	(58 809)
Other expenses	(11 444)	(13 155)	-13 %	(47 792)
Depreciation and amortisation	(10 684)	(11 394)	-6 %	(49 441)
<b>Operating profit (loss)</b>	<b>12 033</b>	<b>4 075</b>		<b>14 247</b>
Finance costs	(1 108)	(432)	156 %	(2 949)
<b>Profit (loss) before tax</b>	<b>10 925</b>	<b>3 643</b>		<b>11 298</b>