

NextGenTel Holding ASA

Q3 2015 presentation

Eirik Lunde, CEO

Felix Konferansesenter, Oslo
12 November 2015

This is NextGenTel Group

Customers

429,000

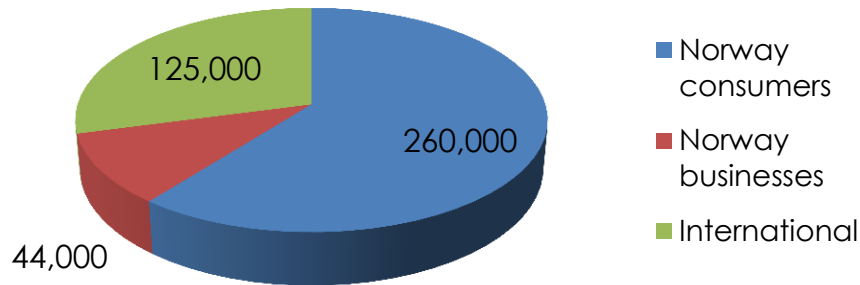
RGUs

Revenues

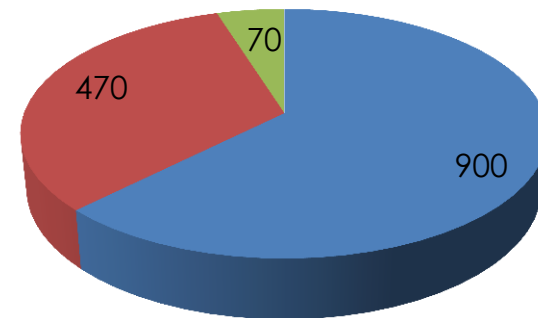
1,440

NOK million

Customers break-down



Revenues break-down



xDSL



Datanet/Ethernet



TV



Fiber



Voice



Q3 2015 in brief

Revenues

309.1

NOK million

EBITDA

59.0

NOK million

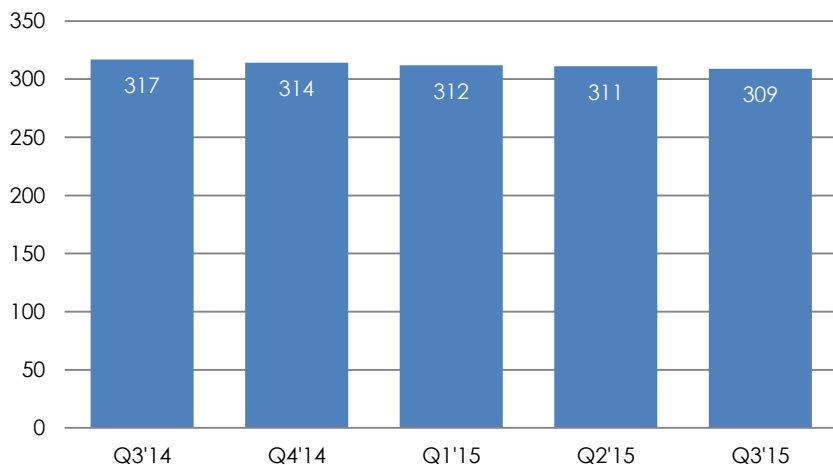
EBIT

30.3

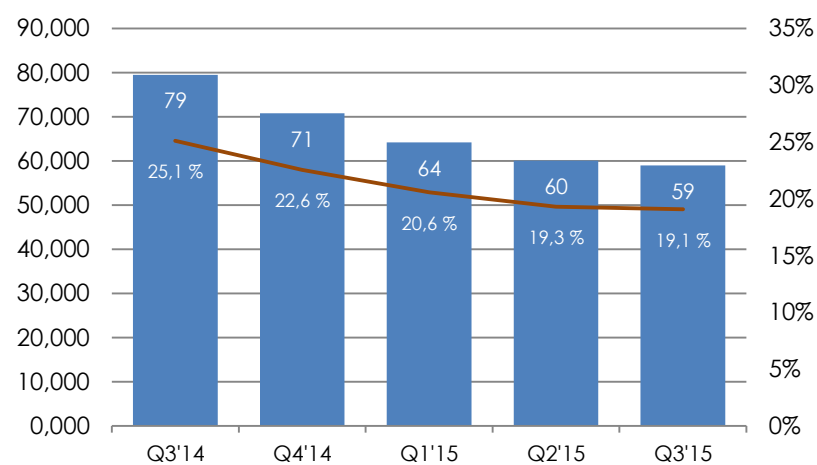
NOK million ¹⁾

Quarterly dividend
of NOK 0.75 per
share paid 22 Sept

Revenues (NOKm)



EBITDA (NOKm) and EBITDA margin

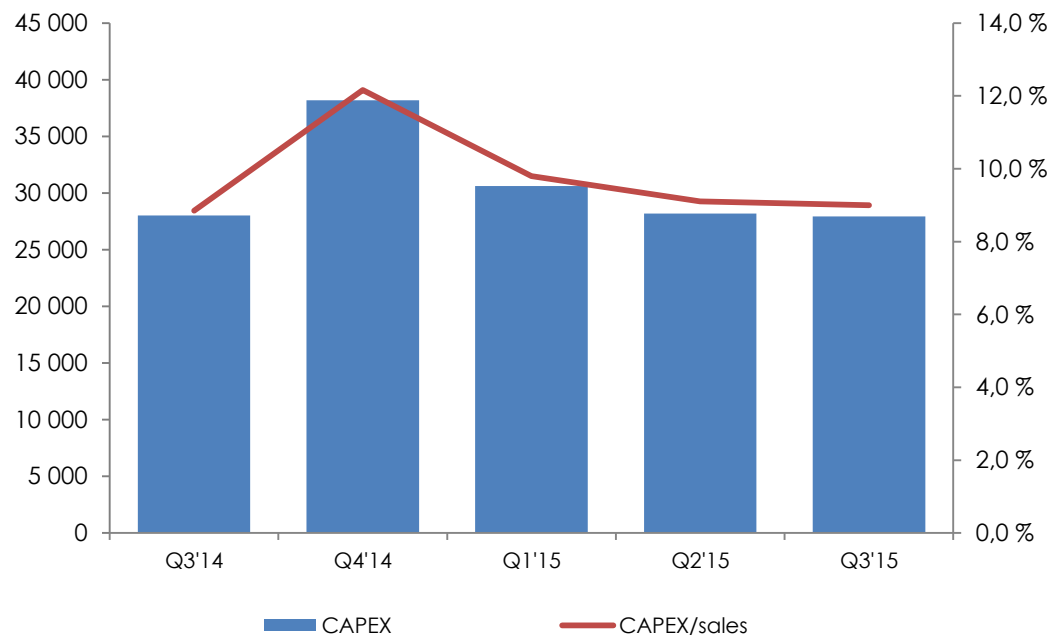


1) Adjusted for amortization of excess values related to the acquisition of NextGenTel AS

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.

CAPEX development

NOK1,000



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

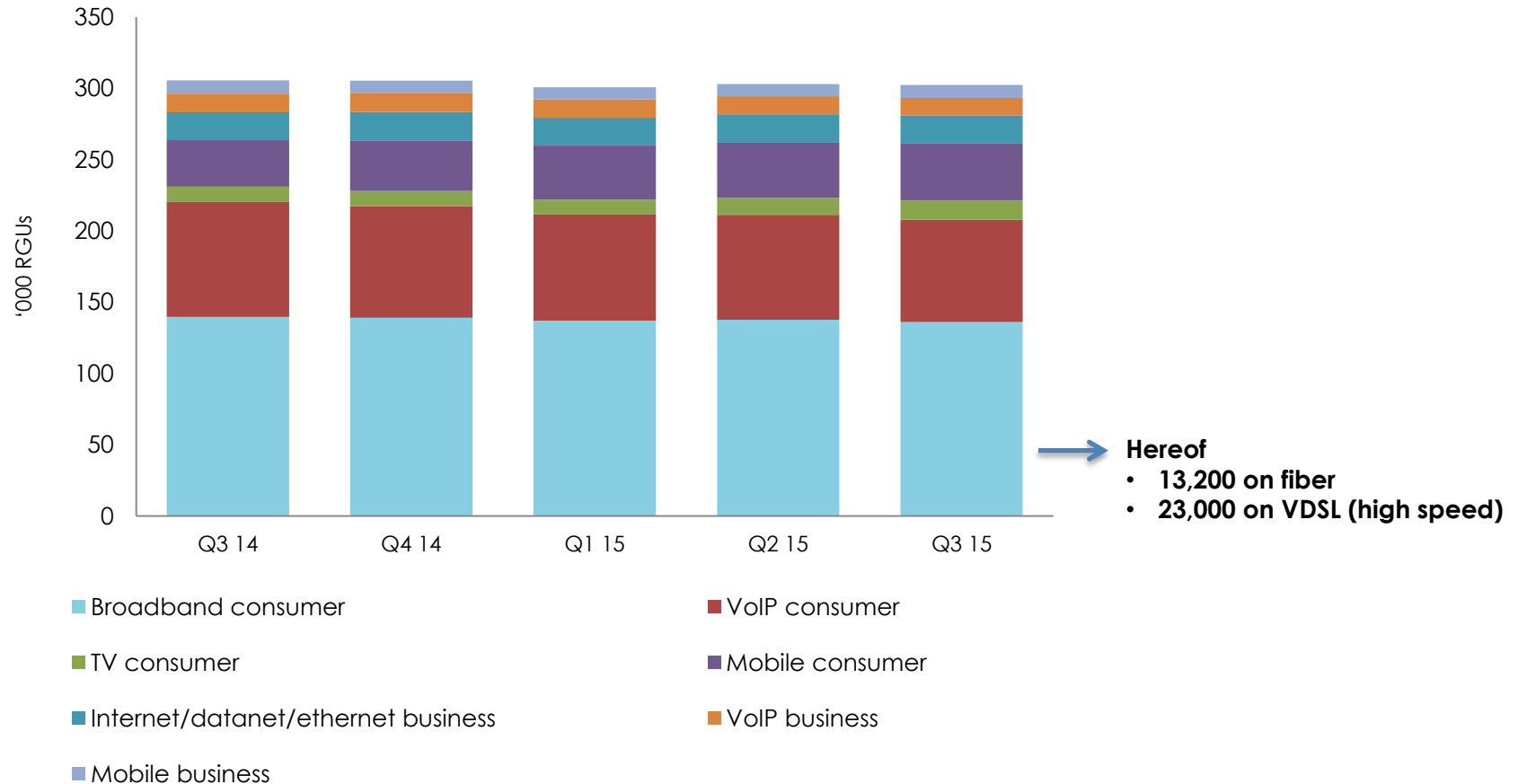
Norway Financials – P&L

NOK million	Q3 2015	Q2 2015	Q1 2015
Total revenue	292.9	293.7	289.7
Gross profit	148.7	150.7	147.1
Gross margin	50.8%	51.3%	50.8%
Total opex	(91.3)	(94.4)	(89.1)
EBITDA	57.4	56.3	58.0
D&A	(28.6)	(27.8)	(28.1)
EBIT	28.8	28.5	29.9
CAPEX	27.5	28.2	30.6

Comments Q3 vs Q2

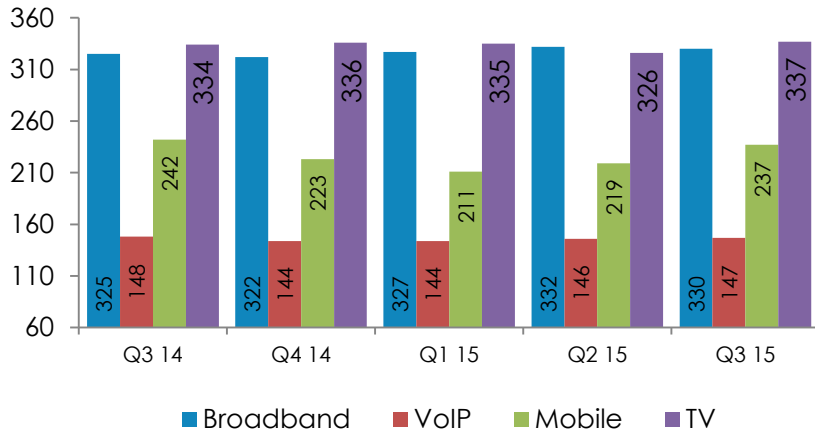
- Revenue increase for the consumer segment and a decline for the corporate segment due to seasonality
- Opex reduction mainly related to sales and marketing

Customer base development

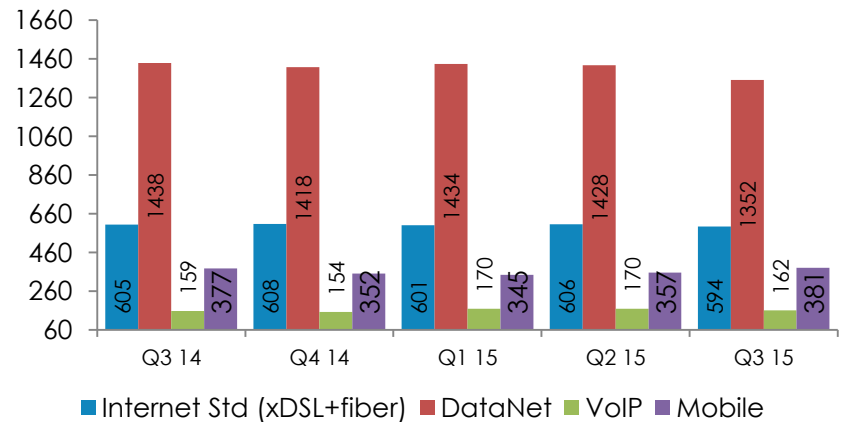


ARPU by product/segment

Consumer segment – monthly ARPU by product (NOK)



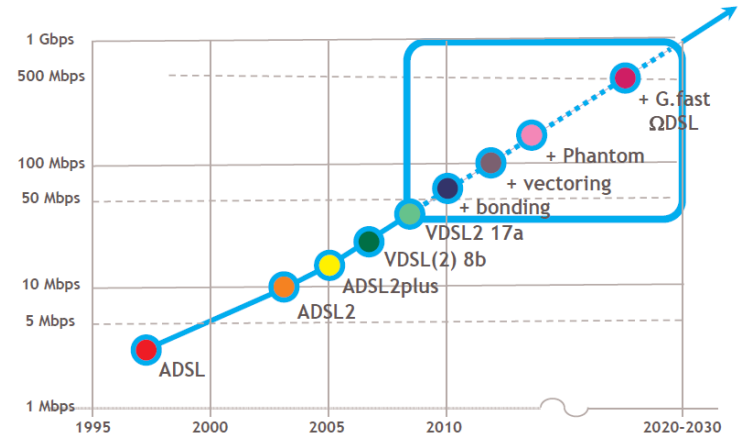
Business segment – monthly ARPU by product (NOK)



Copper broadband technology update

- Vectoring and G.Fast is emerging as a possibility in Norway
- Will compete with fiber and coax regarding speeds
 - 100 Mbit/s and above
- NKOM needs to embrace technology and support a regulatory change
- Pilot testing being performed together with Telenor
- Negotiations ongoing with Telenor regarding agreement – letter of intent signed
- Possible impact from 2H 2016
 - High uncertainty

EVOLVING COPPER



Safe route into the future: bonding, vectoring, phantom... and more

AT THE SPEED OF IDEAS™
ALCATEL-LUCENT — CONFIDENTIAL — SOLELY FOR AUTHORIZED PERSONS HAVING A NEED TO KNOW
PROPRIETARY — USE PURSUANT TO COMPANY INSTRUCTION

Alcatel-Lucent

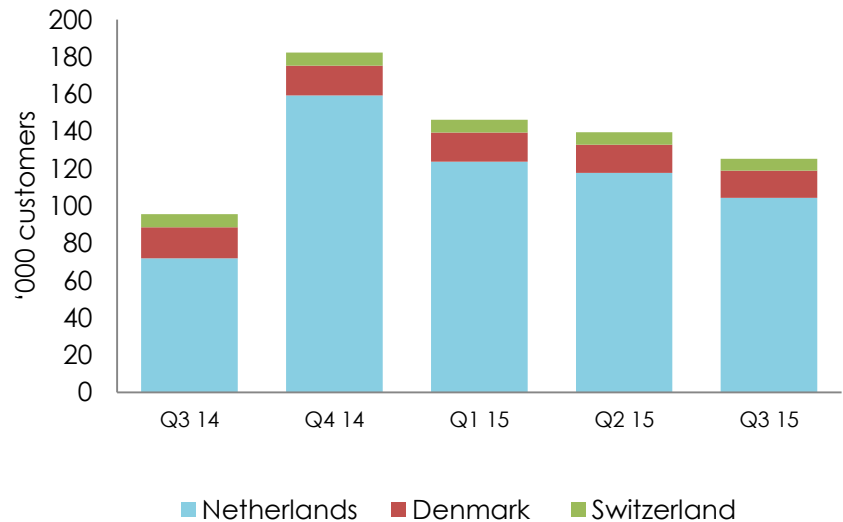
International markets

- Telio brand (DK and CH)
 - Primary focus to maintain customer base and profitability

- Netherlands
 - Majority of KPN ITNS customers migrated out (approx 2,000 customers left to be migrated later this year)

NOK million	Q3'15	Q2'15	Q1'15
Total revenue	16.9	19.3	21.9
Gross profit	10.3	10.9	12.5
Gross margin	61%	56%	57%

Customer base development



Kvantel acquisition

- The business case is based on identified cost synergies planned to be phased in over the next 24 months
 - CoGS
 - Backbone
 - Personnel

Business case (Datacom+Voice) (NOK million)	2016	2017	2018
Revenues	179	184	191
Gross profit	82	89	95
Gross margin	45.8%	48.2%	50.0%
Opex	63	54	49
EBITDA	19	35	46

EBITDA in year 2 and EV of NOK 137 million implies an EV/EBITDA multiple of 3.9

Kvantel + NextGenTel

- ~500 mNOK B2B player
- *“SME’s procure data communications services from outsourced IT company – or with Mobile-/IN node provider”*
- With the acquisition of Kvantel and Kvantel Voice – NextGenTel has secured a solid position for further growth in B2B
- Strengthened position to leverage **wholesale business** towards professional partners, system integrators and IT companies. «One-stop shopping»
 - Kvantel has an established position with integrators (Telecomputing, Intility...)
 - Combined entity opens opportunities towards larger IT companies/partners and thereby large Norwegian IT communications contracts

Dividend

- The board has in a board meeting 11 November 2015 decided to distribute a quarterly dividend of NOK 0.75 per share. This decision was based on a proxy from the annual general meeting on 24 April 2015.
- The share will be traded ex dividend from 19 November 2015 and the dividend will be settled on 3 December 2015.
- Including this dividend, NextGenTel has paid **NOK 4.0 per share in dividend in 2015** (10.4% yield based on average share price YTD Sep'15).

Summary Q3

- **The Q3 business in brief**

- Revenue increase for the consumer segment, decline for the business segment
- A net decline in total customer base in Norway of 600 customers during the quarter
- Customers on fiber access increased by 2,000 to 13,200 during the quarter
- Progress in the collaboration with Telenor regarding planned deployment of vectoring technology
- Dividend of NOK 0.75 per share

- **Strategic focus**

- Management and the board have focused on the assessment of the company's strategic direction during Q3. NextGenTel will be seeking organic as well as non-organic growth opportunities in line with the following priorities:
 - Increase the value of the copper (existing customer base)
 - Grow market share in the housing cooperatives segment
 - Pursue opportunities to expand the fiber footprint
 - New business in the corporate segment

Capital markets day

- The company will host a capital markets day on 14 January 2016 focusing on:
 - The current status of the company
 - Strategic direction
- Time and venue for the CMD will be announced at a later stage

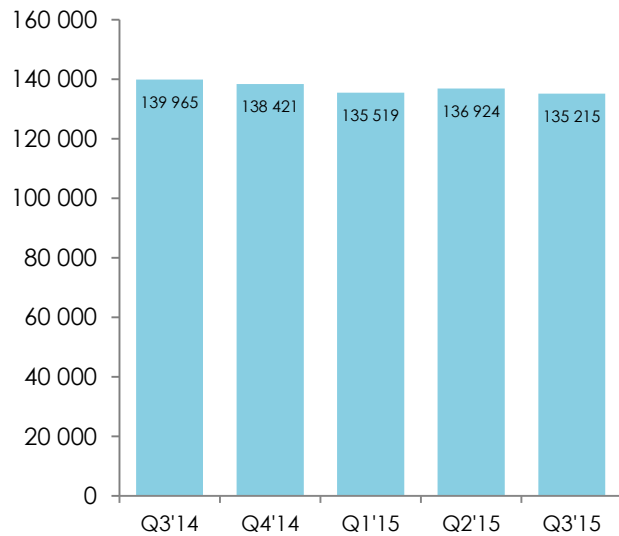
Appendix

Broadband consumers

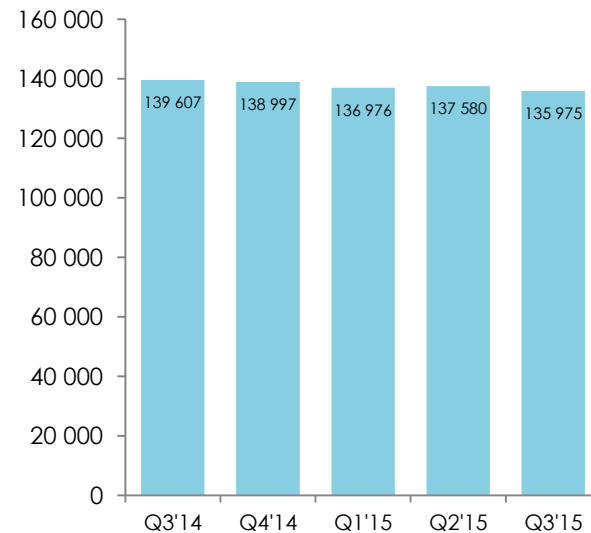
- Access independent broadband with growth opportunities within fiber (FTTH) and collective agreements (“Borettslag”)
- More than 75% of fiber customers choose TV and VoIP (“triple play”)



Revenues (NOKm)



RGUs

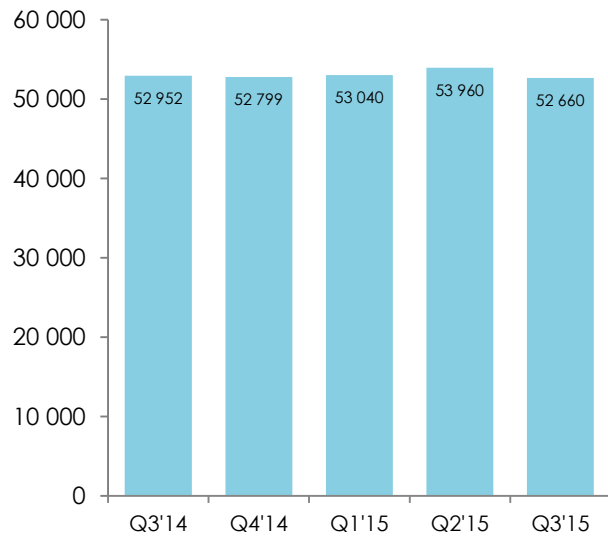


Broadband business

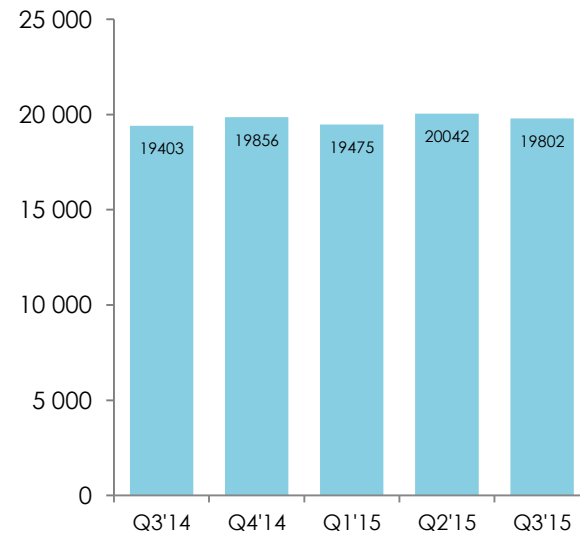
- Increased focus on high ARPU data net shows growing volume sales
- Internet showing stable ARPU levels



Revenues (NOKm)



RGUs

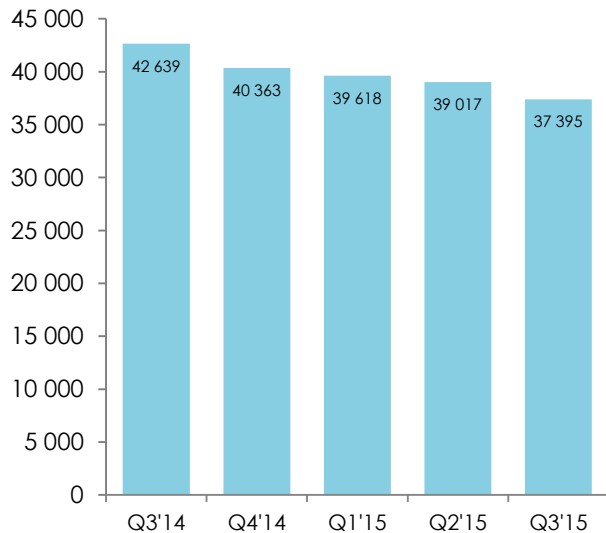


VoIP (consumers and business)

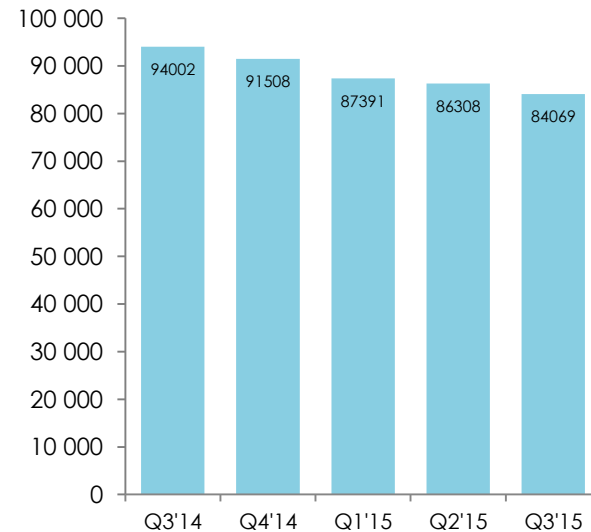
- Following the long term trend of VoIP being replaced by mobile
- Launching a brand new communication platform in 2015 integrating IP and mobile telephony with next generation mobile switchboard (IN/Bedriftsnett), enabling unified communication. This move will strengthen the company's competitiveness



Revenues (NOKm)



RGUs

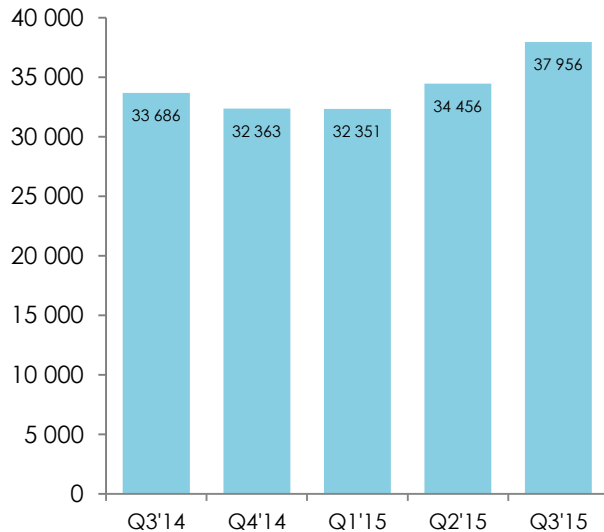


Mobile (consumers and business)

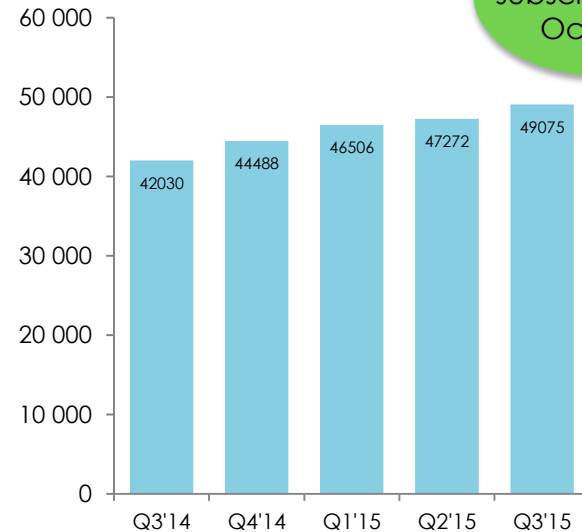
- Building mobile customer base
- Pre-paid service launched – new distribution agreements established
- New services to be launched end 2015 are expected to gain momentum higher up in the SME segment with state of the art new IN-platform – bringing much demanded new end- user features



Revenues (NOKm)



RGUs



Passed 50,000 subscriptions in October

Thank
you!

Financial calendar 2016

CMD: 14 January

Q4: 11 February

Q1: 28 April

Q2: 25 August

Q3: 27 October

AGM: 21 April

Investor relations:

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