

NextGenTel Holding ASA

Q2 2016 presentation

Eirik Lunde, CEO

Thon Hotel Vika Atrium, Oslo
25 August 2016

This is NextGenTel Group

Customers

400,000

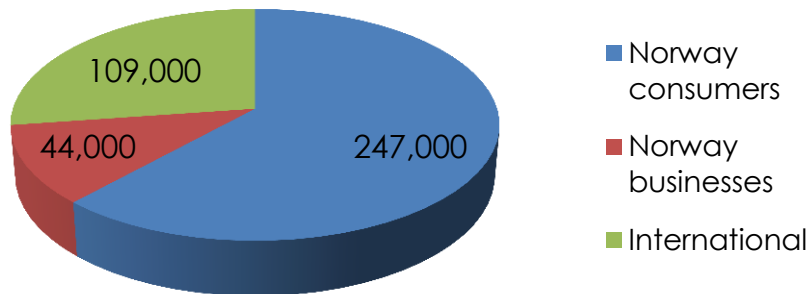
RGUs

Revenues

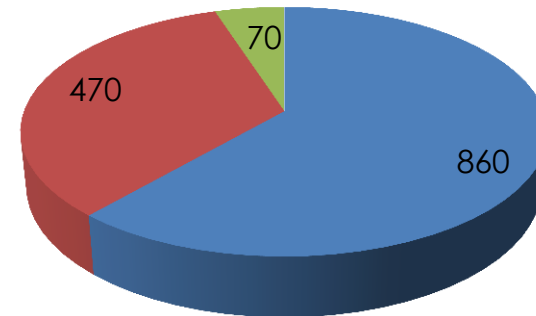
~1,400

NOK million

Customers break-down



Revenues break-down



xDSL



Datacom



TV



Fiber



Voice



Q2 2016 in brief

Revenues

345.5

NOK million

EBITDA

61.1

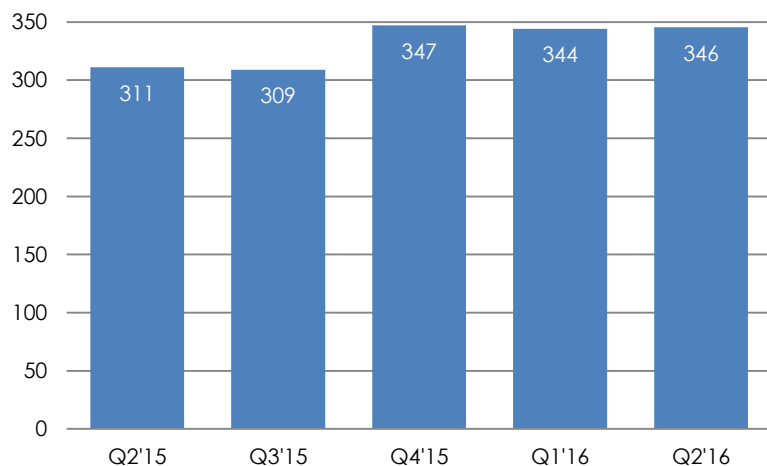
NOK million

EBIT

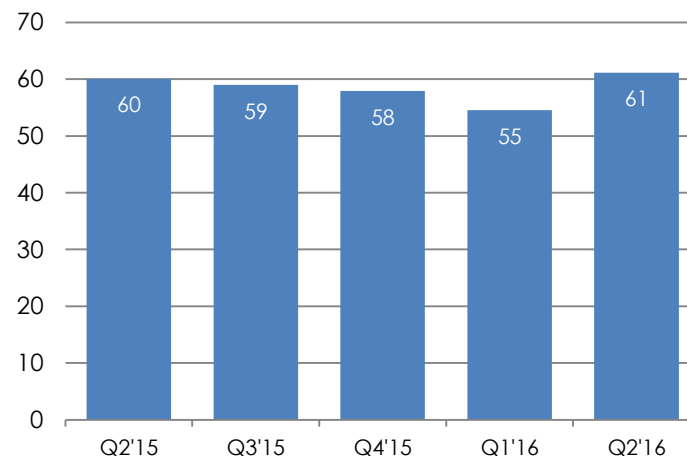
32.0¹⁾

NOK million

Revenues (NOKm)



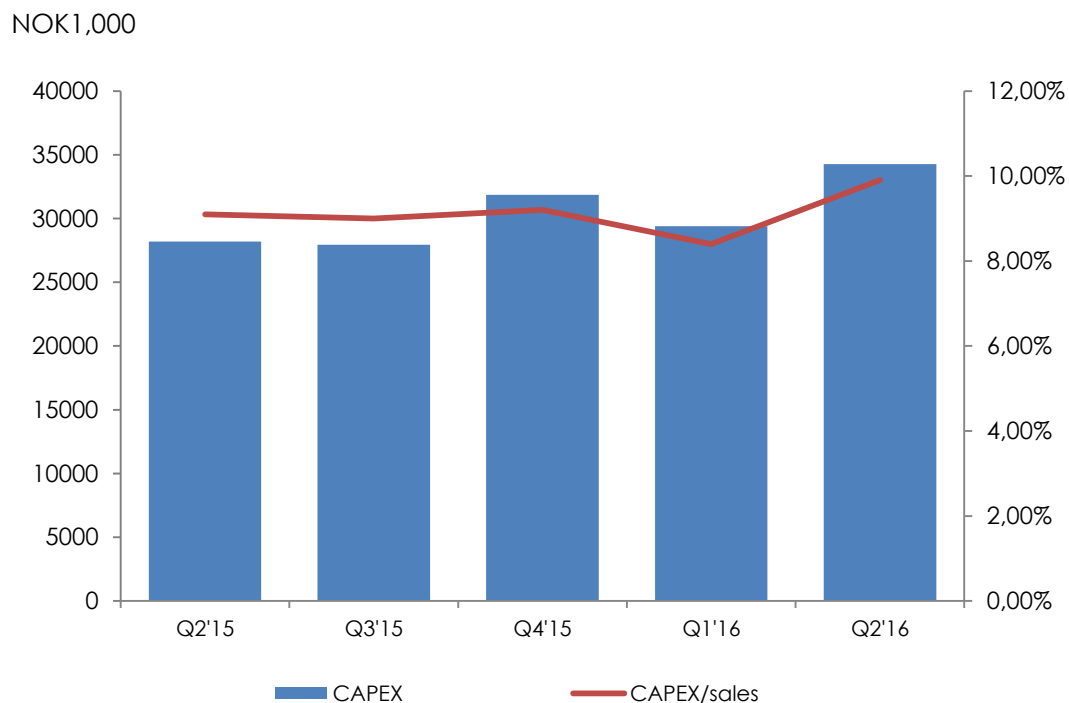
EBITDA (NOKm)



1) EBIT adjusted for amortization of excess values related to business combinations (acquisitions of NextGenTel and Kvantel).

Note: EBITDA Q4'15 adjusted for none-recurring acquisition costs

CAPEX development



- Quarterly variations in capex depending on maintenance needs, customer inflow, changes in customer equipment, development projects etc
- Q2: higher capitalization related to new business support system and unified communication platform
- Expect significantly lower capex in H2'16
- Plan to reduce capex by NOK 15 million in 2016 and further reduce capex/sales below 7% during 2017

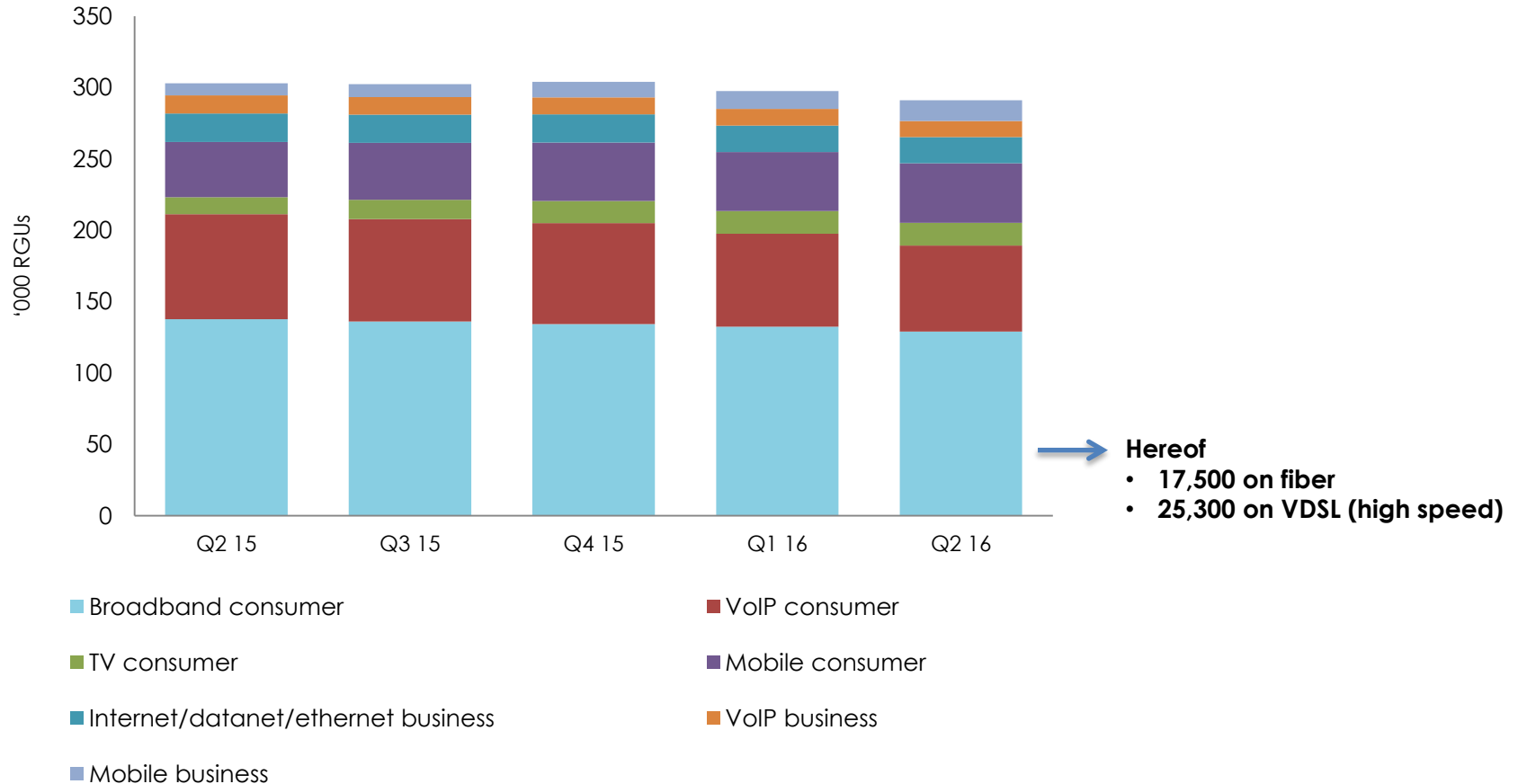
Norway (excl Kvantel) Financials – P&L

NOK million	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Total revenue	287.7	286.9	288.7	292.9	293.7
Gross profit	136.8	136.7	141.7 ¹⁾	148.7	150.7
Gross margin	47.5%	47.6%	49.1%	50.8%	51.3%
Total opex	(84.1)	(88.9)	(89.6)	(91.3)	(94.4)
EBITDA	52.7	47.8	52.1	57.4	56.3
D&A	(25.8)	(26.9)	(27.6)	(28.6)	(27.8)
EBIT	26.9	20.9	24.5	28.8	28.5
CAPEX	31.2	26.8	29.7	27.5	28.2

- Longer term decline in customer base affects revenues negatively, however, able to increase revenues slightly in Q2
- High margin revenues being replaced by lower margin revenues affects gross profit
- Mobile business subscriber base increased from 8,500 to 14,400 y-o-y
- Planned opex and capex reductions
 - Opex NOK 5 and 10 million in 2016 and 2017 respectively
 - Capex NOK 15 million in 2016 and capex/sales of 7% at the end of 2017

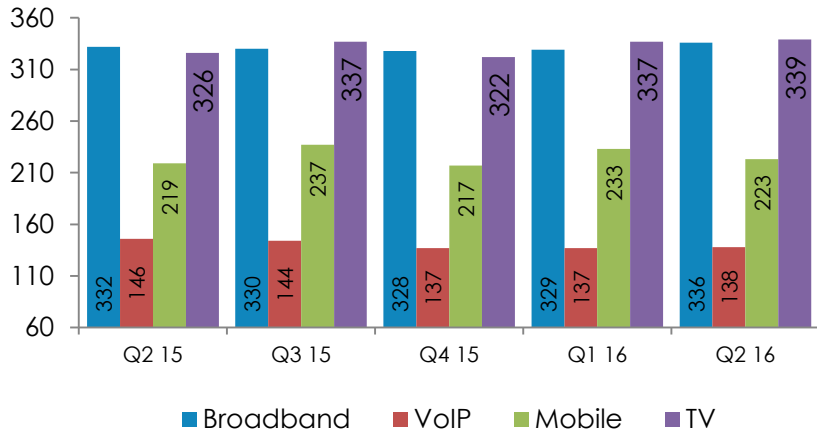
¹⁾ Adjusted for one-off items

Customer base development

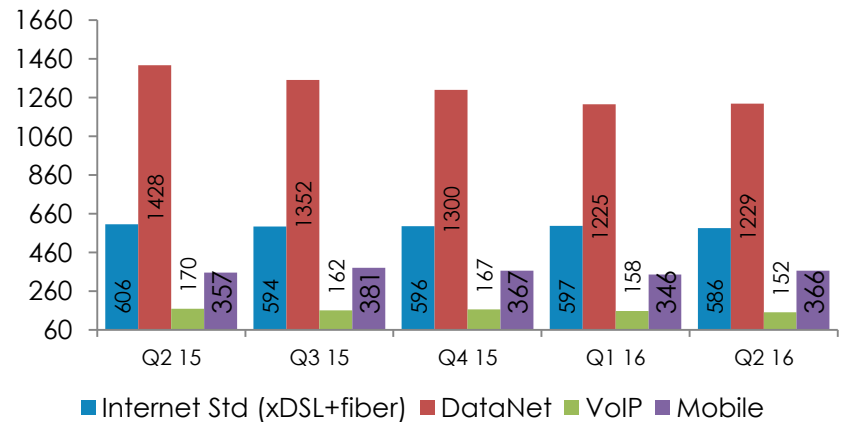


ARPU by product/segment

Consumer segment – monthly ARPU by product (NOK)



Business segment – monthly ARPU by product (NOK)



Kvantel

NOK million	Q2 2016	Q1 2016
Total revenue	45.2	45.5
Gross profit	18.2	17.0
Gross margin	40.3%	37.3%
Total opex	(13.1)	(15.2)
EBITDA	5.1	1.8
D&A	(3.0)	(3.2)
EBIT	2.1	(1.4)
CAPEX	2.4	1.9

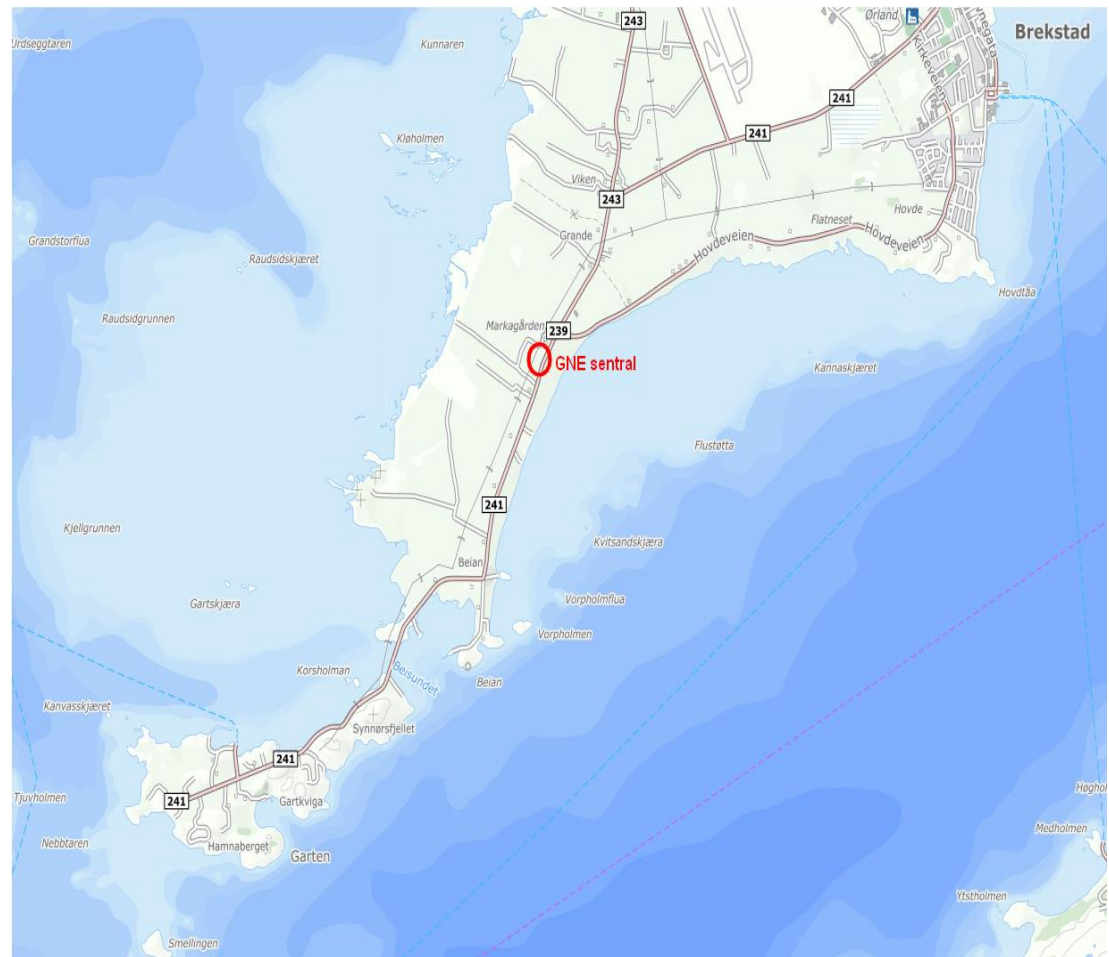
- The restructuring of Kvantel develops according to plan
- Organizational changes had full impact from the beginning of Q2 2016
- Initiatives for reduction in CoGS and backbone costs have been implemented and the financial results are according to plan after H1 2016

Modernization of the copper network

- Negotiations between xDSL operators are being done via
 - Bredbåndsforum
 - Organized by NKOM, the national regulator
 - Bilateral discussions
- Letter of intent signed between Telenor and NextGenTel (30.10.2015) regarding high-speed pilot in Garten
 - Garten is operational and NextGenTel customers are migrated to Telenor infrastructure
- Timeframe
 - Agreement with Telenor most likely signed in September 2016
 - If and when such an agreement is in place, the Norwegian Communications Authority (NKOM) still has to conclude on the regulatory consequences for the industry

Pilot project together with Telenor at Ørlandet

- Telenor builds out 7 micro nodes (fiber) at Grande central (GNE) in the Garten area
- NextGenTel has 105 customers at GNE of which 67 will be influenced



Main central is Grande (GNE) at Ørlandet
Nodes are located towards and on the Garten island

Preliminary results from the project

- Line length has been reduced from 4000+ meters to below 500 m for most of the customers
- Most common subscription before the transition was Bredbånd 2
- All customers now have Bredbånd 20 or higher
- Many of the customers can get VDSL 75/22
- Vectoring is not activated

Increased speed (average)

Speed x20

Reduced line length(average)

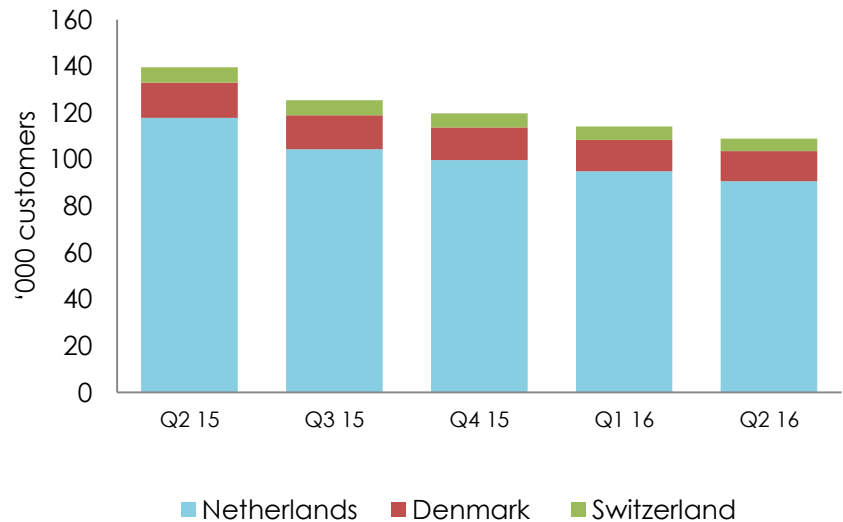
3,535 m

International markets

- Primary focus to maintain customer base and profitability

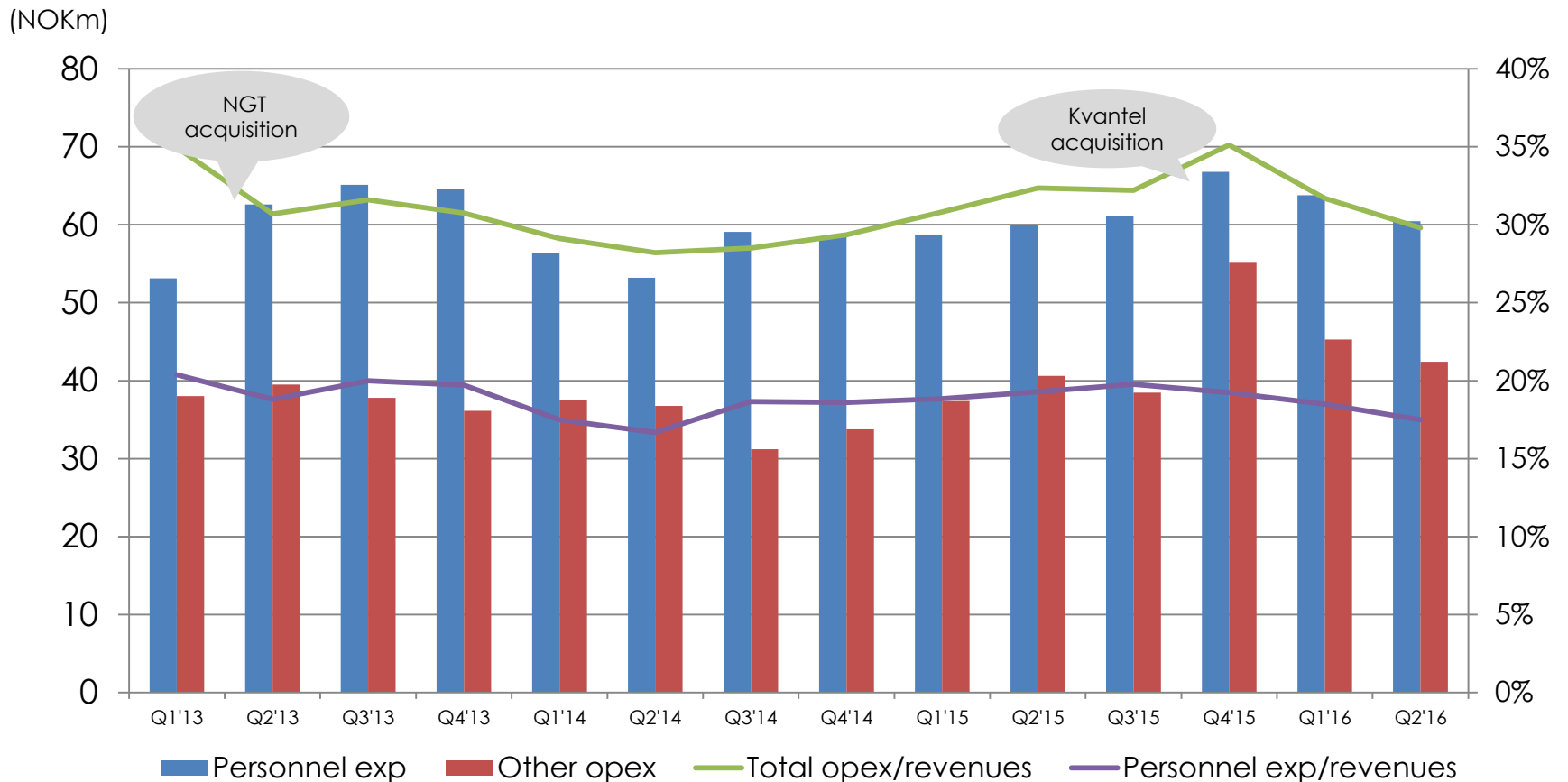
NOK million	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15
Total revenue	14.6	15.9	15.8	16.9	19.3
Gross profit	8.9	9.7	9.6	10.3	10.9
Gross margin	61%	61%	61%	61%	56%

Customer base development



Opex – planned reductions

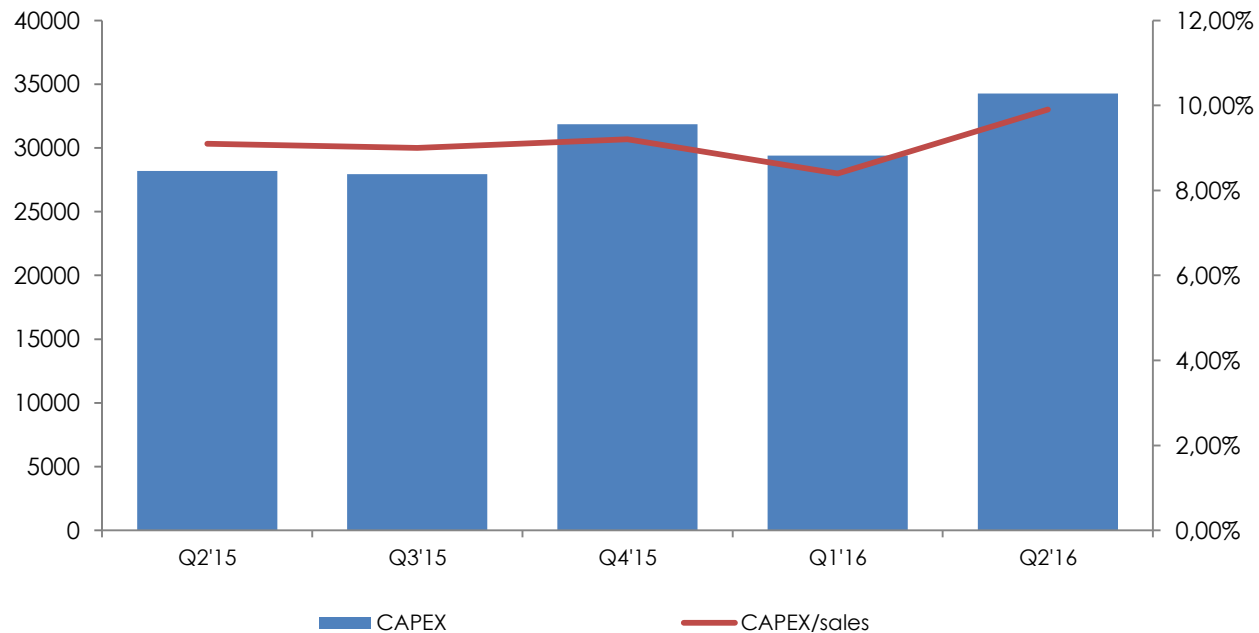
- Efficiency gains from implementation of new business support system (Q3/Q4 2016)
- Plan to reduce total opex to 29% of revenues by end 2017 (estimated effects of NOK 5 and 10 million in 2016 and 2017 respectively)



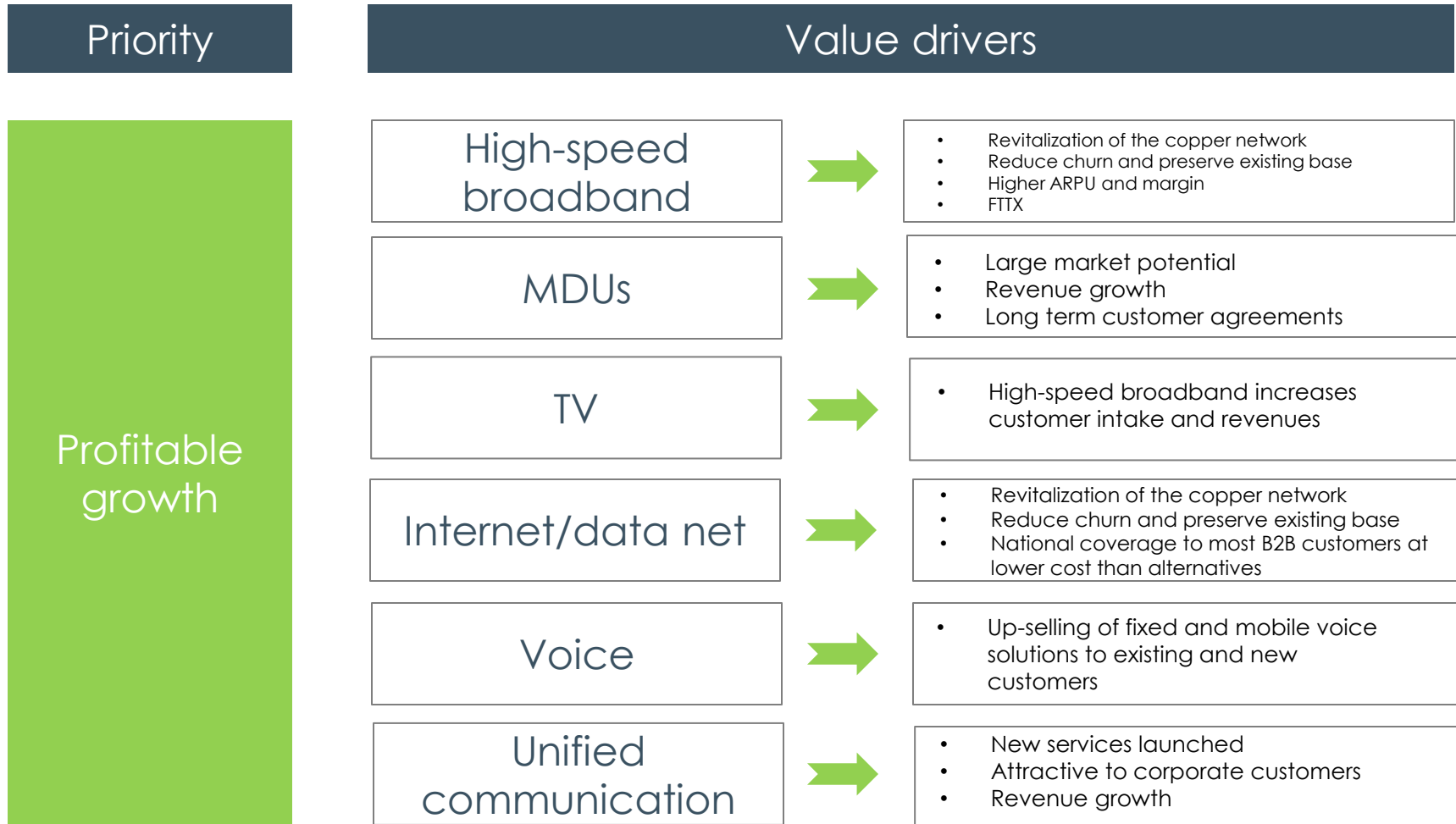
CAPEX – planned reductions

- Quarterly variations in capex depending on maintenance needs, customer inflow, changes in customer equipment, development projects etc
- Capex/sales was 9.3% in 2015
- Plan to reduce capex by NOK 15 million in 2016 and further reduce capex/sales below 7% during 2017

(NOKm)



Strategic focus – ensuring value creation



Thank
you!

Financial calendar 2016

Q4: 11 February

CMD: 20 April

Q1: 28 April

Q2: 25 August

Q3: 27 October

AGM: 21 April

Investor relations:
www.nextgentelholding.com

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