

NextGenTel Holding ASA

Q3 2016 presentation

Eirik Lunde, CEO

Thon Hotel Vika Atrium, Oslo
27 October 2016

This is NextGenTel Group

Customers

389,000

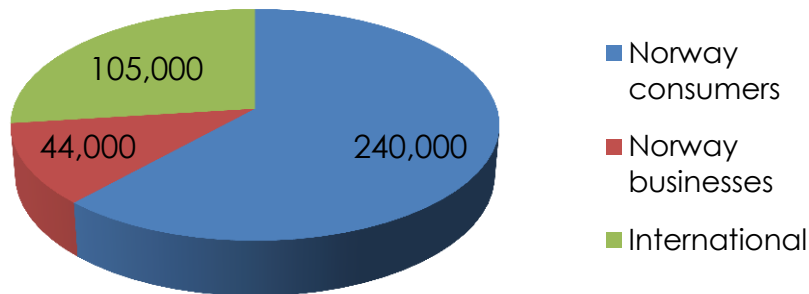
RGUs

Revenues

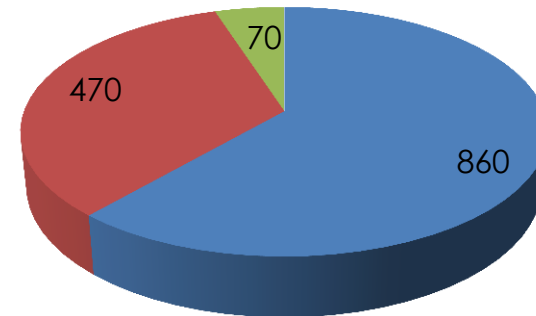
~1,400

NOK million

Customers break-down



Revenues break-down



xDSL



Datacom



TV



Fiber



Voice



Q3 2016 in brief

Revenues

339.0

NOK million

EBITDA

56.3

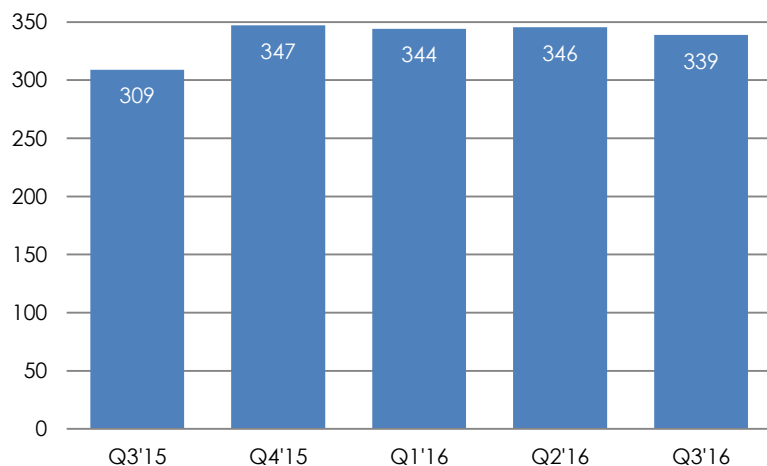
NOK million

EBIT

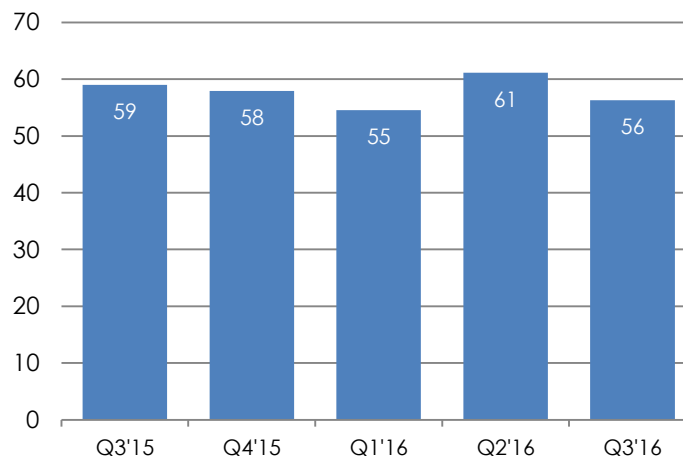
25.4¹⁾

NOK million

Revenues (NOKm)



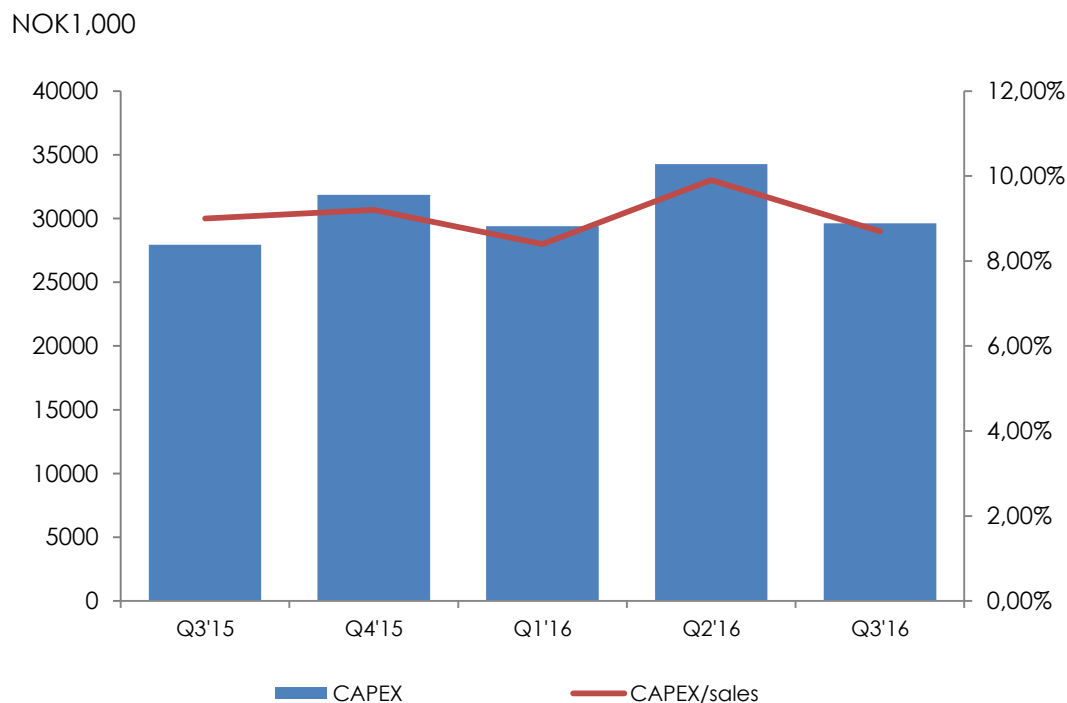
EBITDA (NOKm)



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
- Update on FY 2016 target
 - Tangible capex expected to be reduced by NOK 20 million during 2016
 - Higher than expected capitalization of development costs related to new Business Support System
 - NextGenTel reduces capex by NOK 13 million during 2016 and thereby absorbing the capex added from the acquisition of Kvantel
- Including the full-year effect from Kvantel (consolidated from 1 Oct 2015), estimated capex for 2016 for the Group is NOK 117 million (2015: NOK 119 million)

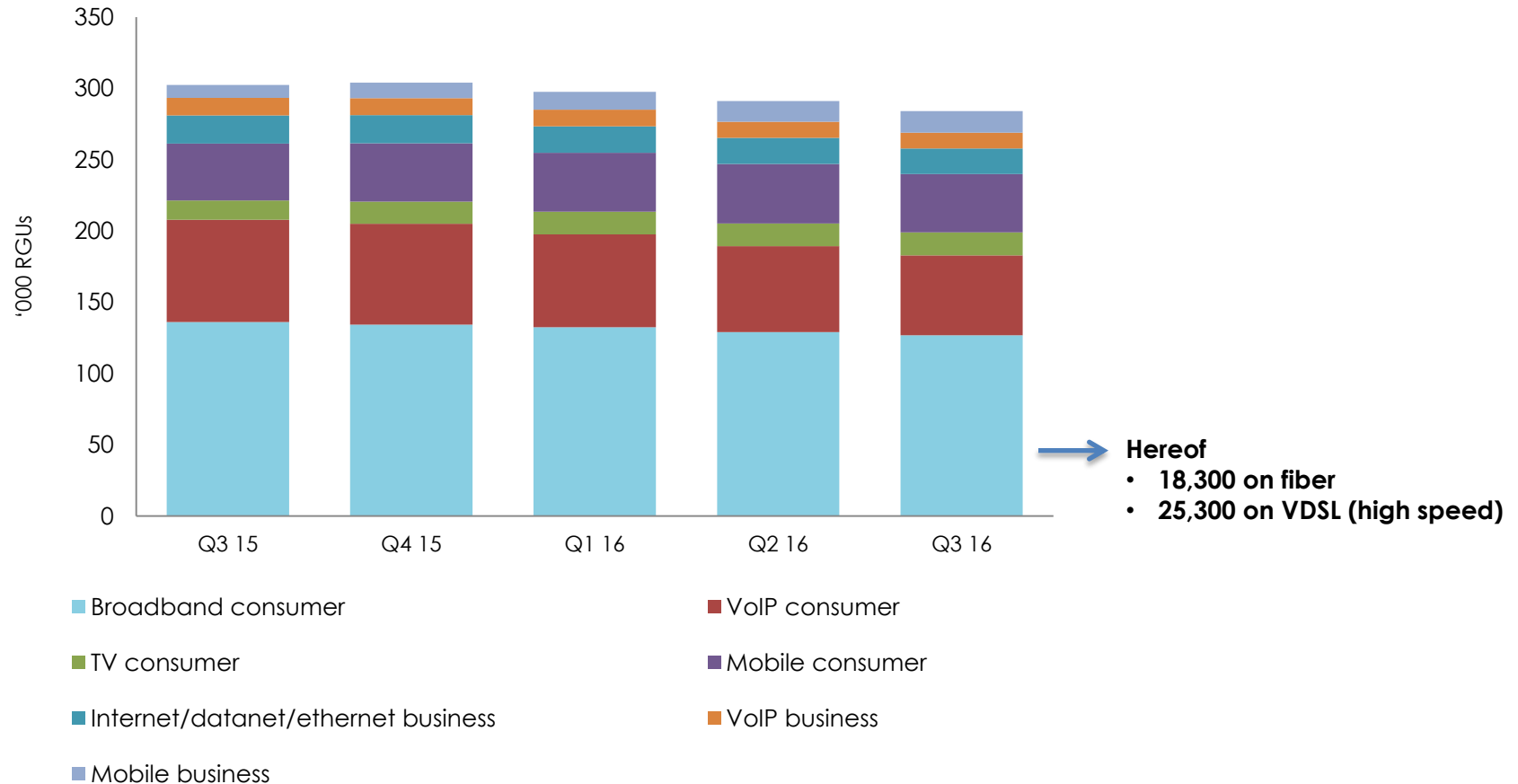
Norway (excl Kvantel) Financials – P&L

NOK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Total revenue	283.9	287.7	286.9	288.7	292.9
Gross profit	131.4	136.8	136.7	141.7 ¹⁾	148.7
Gross margin	46.3%	47.5%	47.6%	49.1%	50.8%
Total opex	(86.9)	(84.1)	(88.9)	(89.6)	(91.3)
EBITDA	44.5	52.7	47.8	52.1	57.4
D&A	(27.7)	(25.8)	(26.9)	(27.6)	(28.6)
EBIT	16.8	26.9	20.9	24.5	28.8
CAPEX	29.7	31.2	26.8	29.7	27.5

- Gross profit in Q3 2016 negatively affected by lower revenues (partly due to seasonality) and reduced margin (mobile)
- Mobile business subscriber base increased from 9,100 to 15,200 y-o-y
- Lower capitalization of development costs affects opex negatively compared to Q2 (NOK 4.5 million). Underlying personnel cost is reduced compared to Q2

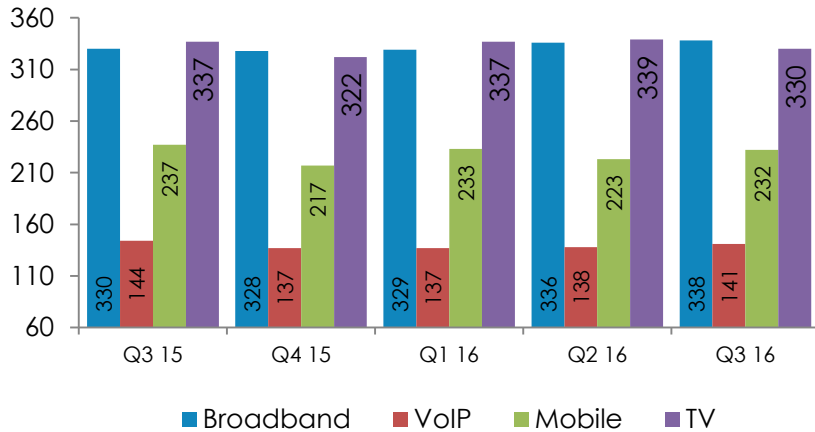
¹⁾ Adjusted for one-off items

Customer base development

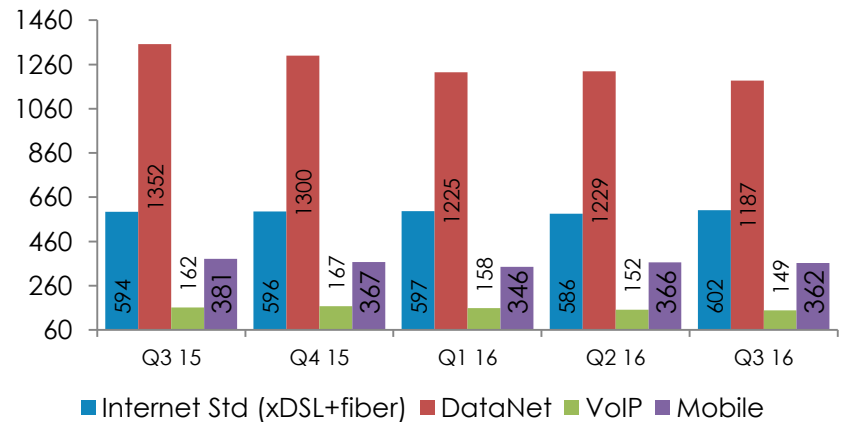


ARPU by product/segment

Consumer segment – monthly ARPU by product (NOK)



Business segment – monthly ARPU by product (NOK)



Kvantel

NOK million	Q3 2016	Q2 2016	Q1 2016
Total revenue	44.3	45.2	45.5
Gross profit	17.5	18.2	17.0
Gross margin	39.6%	40.3%	37.3%
Total opex	(11.3)	(13.1)	(15.2)
EBITDA	6.2	5.1	1.8
D&A	(3.2)	(3.0)	(3.2)
EBIT	3.0	2.1	(1.4)
CAPEX	6.2	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
- Higher capex in Q3 from capitalization of development costs

Modernization of the copper network

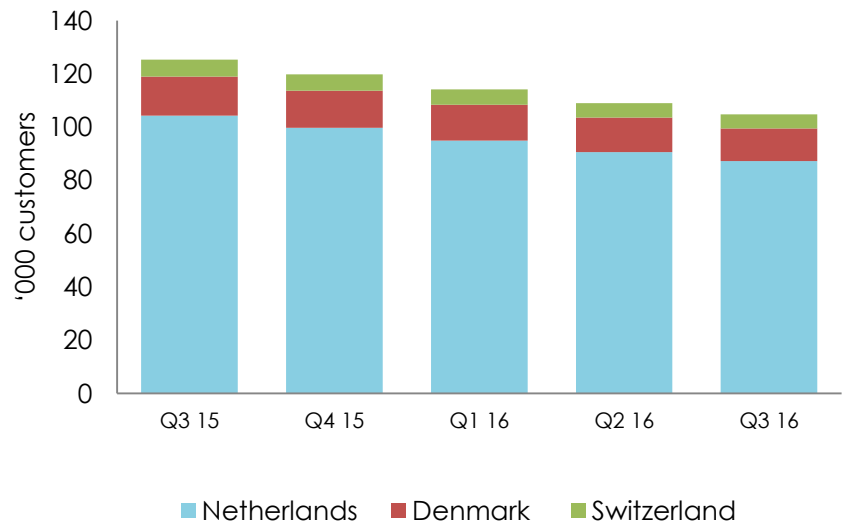
- Negotiations between xDSL operators are being done via
 - Bredbåndsforum
 - Organized by NKOM, the national regulator
 - Bilateral discussions
- Letter of intent signed between Telenor and NextGenTel (30.10.2015) regarding high-speed pilot in Garten
 - Garten is operational and NextGenTel customers are migrated to Telenor infrastructure
- Timeframe
 - The company has had expectation to finalize an agreement with Telenor by the end of September. This did not materialize; however, the company continues its efforts to come to an agreement with Telenor and to find a solution for the industry
 - 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

International markets

- Primary focus to maintain customer base and profitability

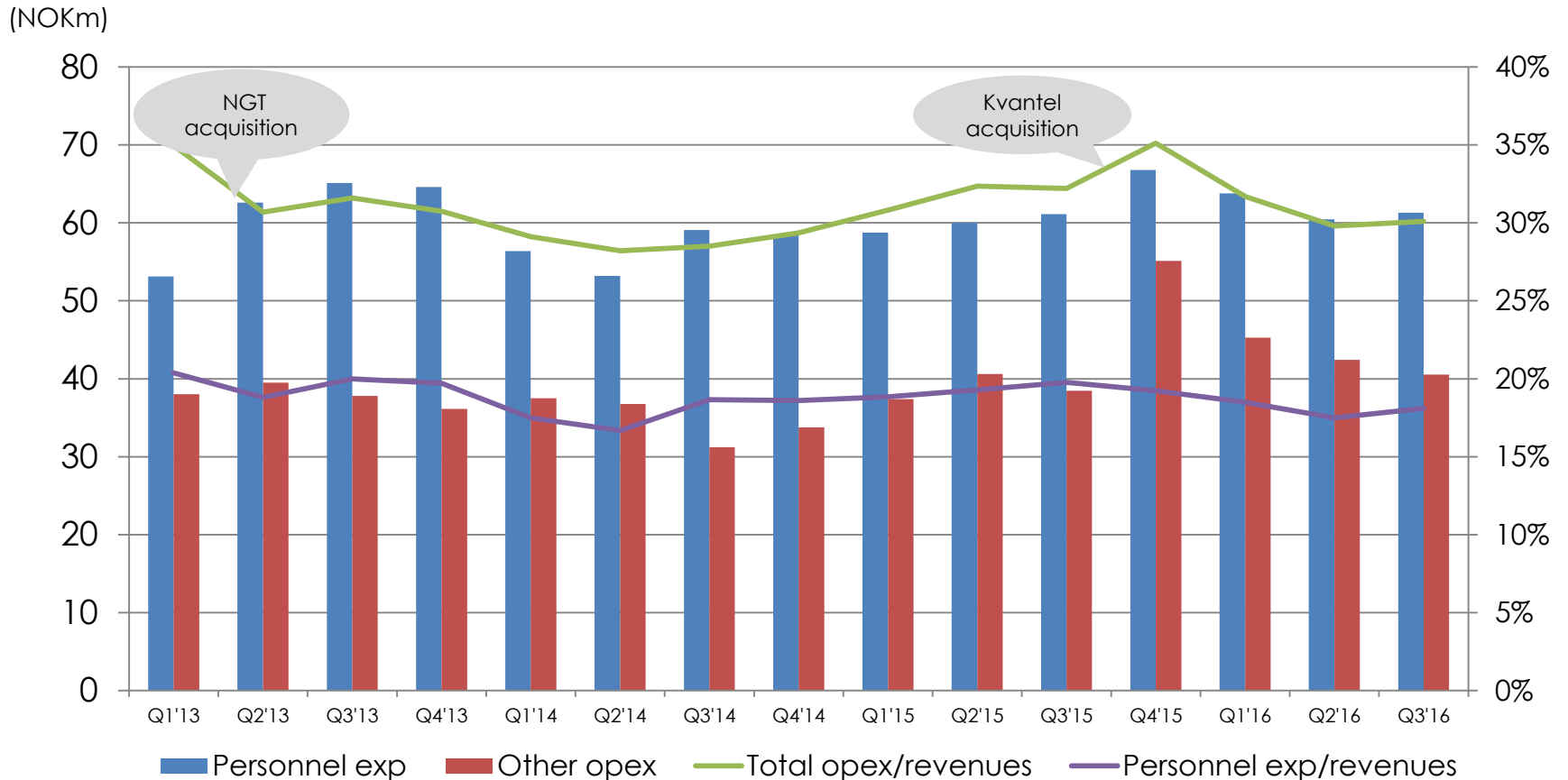
NOK million	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15
Total revenue	14.3	14.6	15.9	15.8	16.9
Gross profit	8.8	8.9	9.7	9.6	10.3
Gross margin	62%	61%	61%	61%	61%

Customer base development



Opex – planned reductions

- Efficiency gains from implementation of new business support system
- 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)



Dividend

- Status key metrics as of 30 September
 - Equity ratio of 19.13% (financial covenant 17.50%)
 - Net interest-bearing debt/EBITDA 1.17 (covenant <1.75)
 - Annualized capex NOK 117 million (covenant <NOK 150 million)
- The Board will consider dividend payment in connection with release of the financial results for Q4 2016

Highlights Q3

- Operations
 - Underlying personnel costs reduced
 - Increase in mobile customer base and revenues
- Financials
 - Kvantel EBITDA according to plan
 - Strong free cash flow of NOK 34.5 million, NOK 1.49 per share
 - Paid NOK 35 million in debt installment
 - NOK 57.8 million in cash
 - Equity ratio 19.13%
- Still strong belief in modernization of the copper network and related agreement with Telenor

Thank
you!

Financial calendar 2017

Q4 2016

Wednesday 15 February at 09:00

Annual general meeting

Thursday 20 April at 15:00

Q1 2017

Thursday 4 May at 09:00

Q2 2017

Wednesday 16 August at 09:00

Q3 2017

Friday 27 October at 09:00

Investor relations:
www.nextgentelholding.com

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