



# NextGenTel Holding ASA

## Q4 2016 presentation

Eirik Lunde, CEO

Thon Hotel Vika Atrium, Oslo  
15 February 2017

# This is NextGenTel Group

Customers

377,000

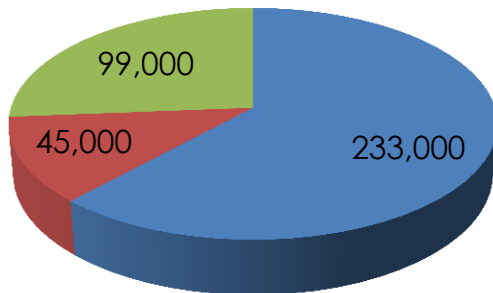
RGUs

Revenues

~1,360

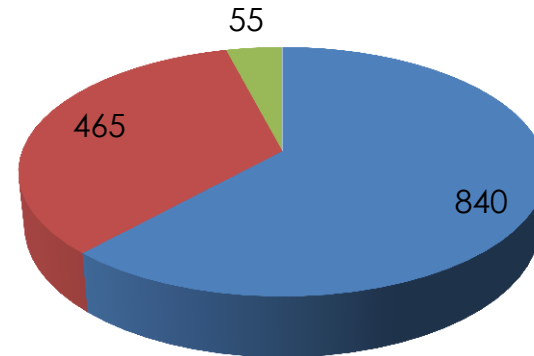
NOK million

Customers break-down



- Norway consumers
- Norway businesses
- International

Revenues break-down



xDSL

Datacom

TV

Fiber

Voice



# Highlights Q4

- Operations
  - Increase in consumer ARPU y-o-y
  - Increase in business mobile y-o-y
  - Increase in fiber access y-o-y
  - Continues to sign up MDUs (multi-dwelling units). 1,820 households signed in 2016
  - Significant contracts signed after quarter-end
- Financials
  - Group EBITDA slightly weaker than Q3
  - Kvantel performing well and growth initiatives and EBITDA according to plan
  - NOK 66.6 million in cash
  - Equity ratio 19.68%
  - Net debt/EBITDA 1.14
- Strong belief in modernization of the copper network and expect a signed agreement by the end of Q1 2017

# Q4 2016 in brief

Revenues

330.0

NOK million

EBITDA

53.9

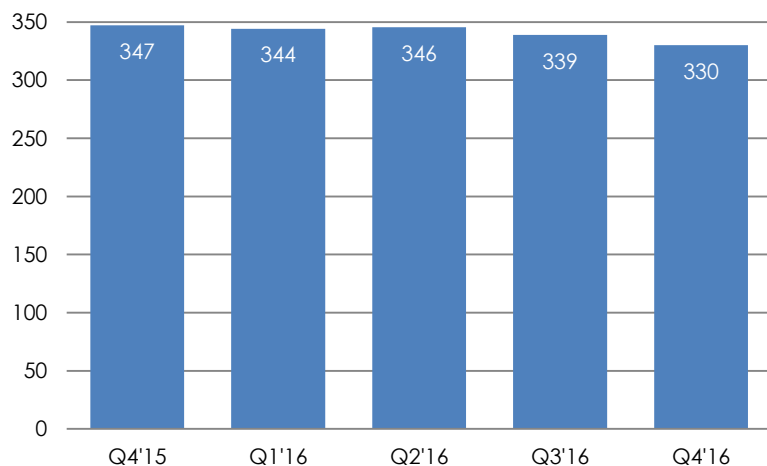
NOK million

EBIT

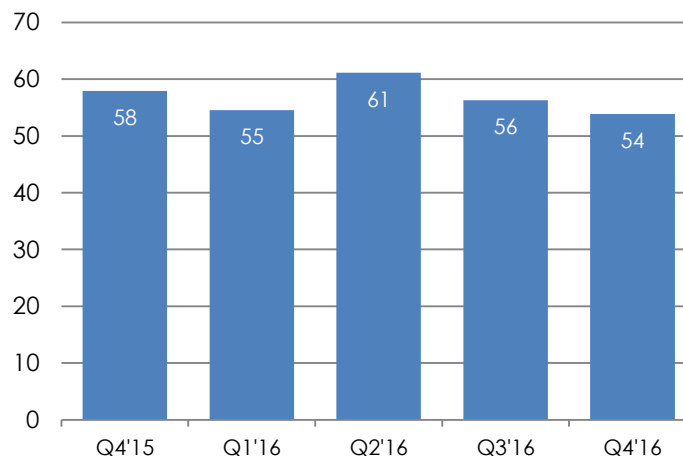
22.1<sup>1)</sup>

NOK million

Revenues (NOKm)



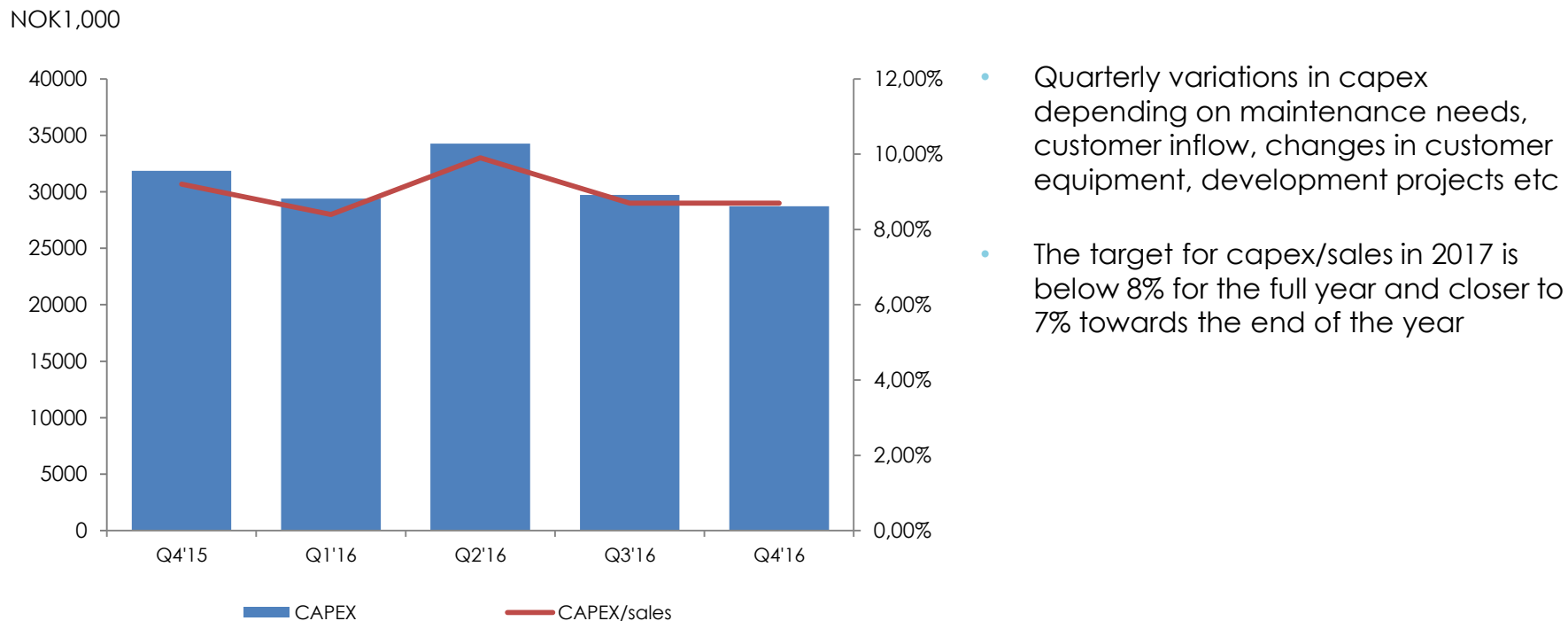
EBITDA (NOKm)



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

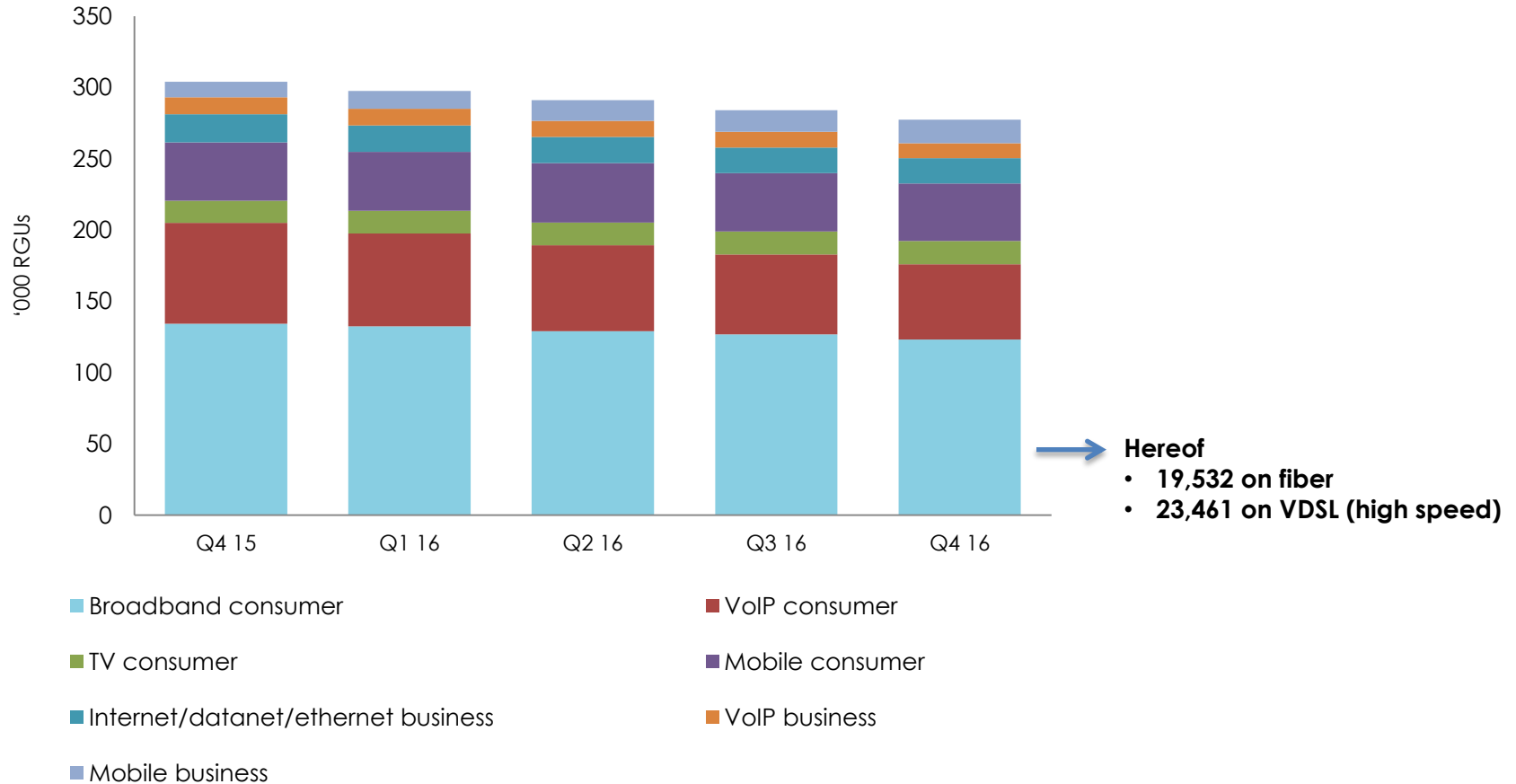


# Norway (excl Kvantel) Financials – P&L

NOK million	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Total revenue	<b>276.7</b>	283.9	287.7	286.9
Gross profit	<b>126.9</b>	131.4	136.8	136.7
Gross margin	<b>45.9%</b>	46.3%	47.5%	47.6%
Total opex	<b>(84.2)</b>	(86.9)	(84.1)	(88.9)
EBITDA	<b>42.7</b>	44.5	52.7	47.8
D&A	<b>(27.9)</b>	(27.7)	(25.8)	(26.9)
EBIT	<b>14.8</b>	16.8	26.9	20.9
CAPEX	<b>22.9</b>	23.5	31.2	26.8

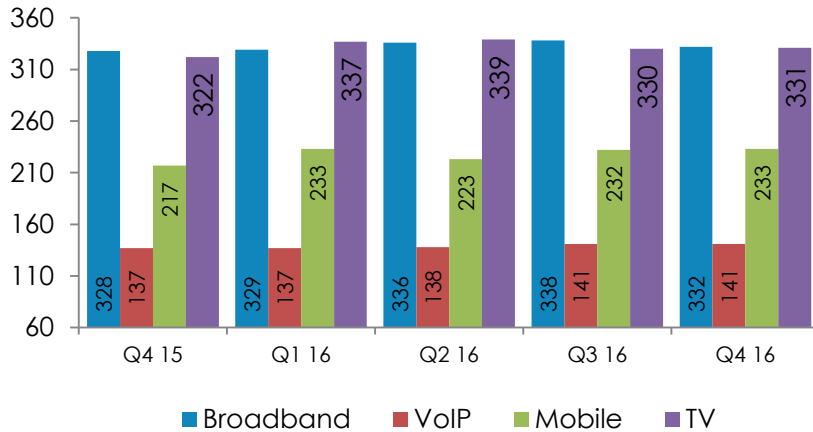
- Gross profit negatively affected by lower revenues and reduced margin
- Mobile business subscriber base increased from 10,900 to 16,400 y-o-y
- Opex positively affected from reduction in personnel costs
- Significant contracts signed after quarter-end
  - Renewal of 3-year agreement with Telia (annual revenue of NOK 75 million)
  - Oslo S Utvikling
- The target for opex/sales in 2017 is 30% for the full year, declining to 28% towards the end of the year

# Customer base development

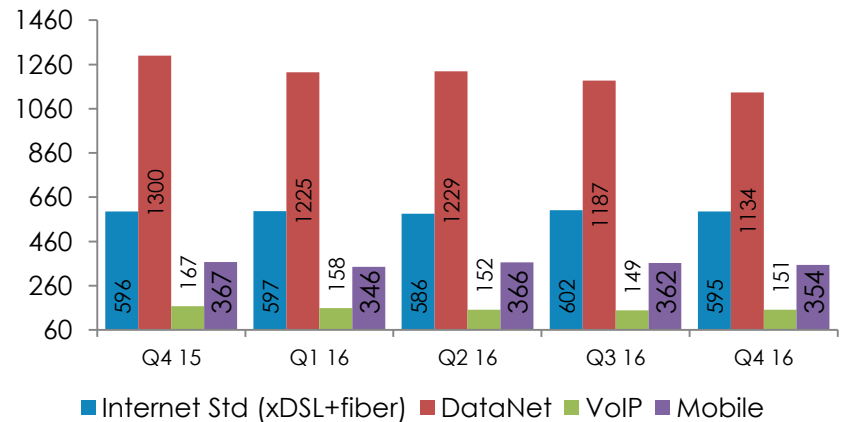


# ARPU by product/segment

Consumer segment – monthly ARPU by product (NOK)



Business segment – monthly ARPU by product (NOK)





# Kvantel

NOK million	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Total revenue	<b>45.8</b>	44.3	45.2	45.5
Gross profit	<b>19.5</b>	17.5	18.2	17.0
Gross margin	<b>42.5%</b>	39.6%	40.3%	37.3%
Total opex	<b>(13.6)</b>	(11.3)	(13.1)	(15.2)
<b>EBITDA</b>	<b>5.9</b>	6.2	5.1	1.8
D&A	<b>(3.6)</b>	(3.2)	(3.0)	(3.2)
EBIT	<b>2.3</b>	3.0	2.1	(1.4)
CAPEX	<b>5.8</b>	6.2	2.4	1.9

- EBITDA target of NOK 19 million for 2016 achieved
- Capex higher than planned due to higher capitalization of development expenses and capex related to new customer contracts
- New significant contracts signed after quarter-end
  - Nordic Choice Hotels, 3-year agreement
  - Phonet (annual revenue of NOK 60 million)
- The Kvantel business is developing very positively and the company is positioned to generate significant growth in 2017

# Modernization of the copper network

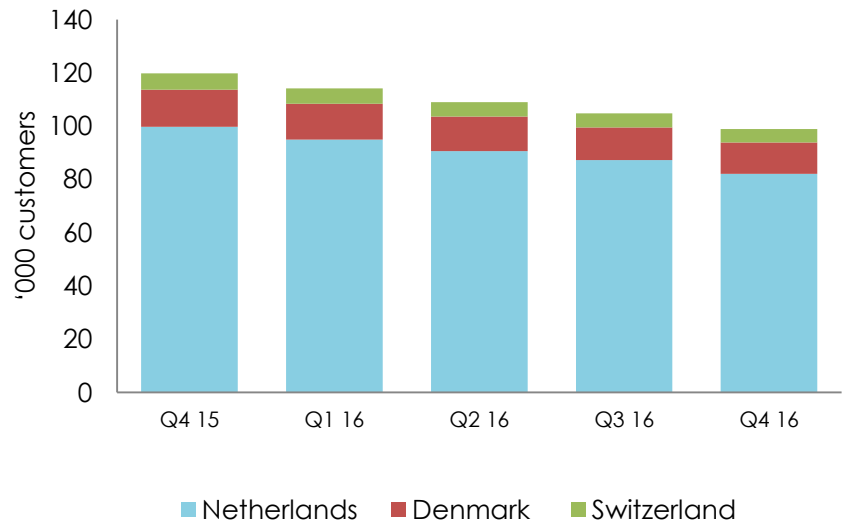
- Negotiations are still ongoing in Bredbåndsforum and between xDSL operators (Telenor, Broadnet and NextGenTel)
- We expect that an agreement will be reached and formally signed by the end of Q1 2017

# International markets

- Primary focus to maintain customer base and profitability

NOK million	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15
Total revenue	<b>12.9</b>	14.3	14.6	15.9	15.8
Gross profit	<b>8.1</b>	8.8	8.9	9.7	9.6
Gross margin	<b>63%</b>	62%	61%	61%	61%

Customer base development



# Tax issue

- Meeting with Norwegian tax authorities (Skatt øst) 7 February to present the company's view
- The company has aimed at paying sufficient tax in Switzerland in order to not be regarded as a low tax jurisdiction
- A key and principal matter for the tax authorities is if Telio SA should be considered being in a low tax jurisdiction due to the general effective tax rate for *comparable companies* (which is significantly lower than the effective tax rate for Telio SA)
- It is the company's assessment that, in the event of a final outcome where NextGenTel Holding ASA has to pay 28% tax on dividends received for the relevant period, a tax credit will be given for the tax paid in Switzerland. 28% tax equals approx. NOK 56 million and the credit deduction is approx. NOK 45 million. In such a scenario the net risk amounts to NOK 11 million
- It is the company's view that no additional tax should be imposed and hence no additional tax expense has been accounted for in the Q4 2016 financial accounts

# Dividend

- The board has decided to distribute a dividend of NOK 0.50 per share. The share will be traded ex dividend from 20 February 2017 and the dividend will be settled on 8 March 2017.
- Future dividend distribution will depend on the prevailing investment plans, financial covenants and necessary financial flexibility.

# Summary Q4

- Operations
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# Q&A

# 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](http://www.nextgentelholding.com)**



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