

Q4 2018 presentation

Oslo / 5 March 2019
Eirik Lunde, CEO
Gaute W. Krekling, CFO

Voluntary offer to acquire all shares in NGT ASA

Background	<ul style="list-style-type: none">• Telecom Holding 3 AS, a company controlled by Kistefos AS, has made a voluntary offer to acquire all shares in NextGenTel Holding ASA• The offer price is NOK 14.0 per share and the offer period is from and including 5 March 2019 to 25 March 2019
Process	<ul style="list-style-type: none">• Telecom Holding 3 AS initiated a discussion with the BoD in NGT in December 2018 and the parties entered into a transaction agreement 15 January 2019• Before and after the transaction agreement was entered into, the BoD in NGT has solicited alternative offers
BoD recommendation	<ul style="list-style-type: none">• Based on the evaluation of the Company's strategic stand-alone options, the discussions with other potential interested parties and SEB's fairness opinion of Telecom Holding 3 AS' offer the Board of Directors of the Company unanimously recommends the Company's shareholders to accept the Offer

Highlights

DSL

- Continued churn on consumer DSL
- Change in DSL cost from Telenor in Q1 19 with net negative effect for NGT
- Replacement product for DSL needs to be established to prepare for shut down of the copper network

FIBER

- Telenor has now opened up for access to homes passed
- Current margins give limited gross profit contribution
- New cloud based TV platform with increased functionality will be launched in Q2/Q3 2019

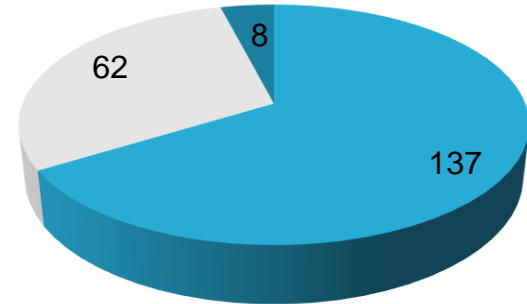
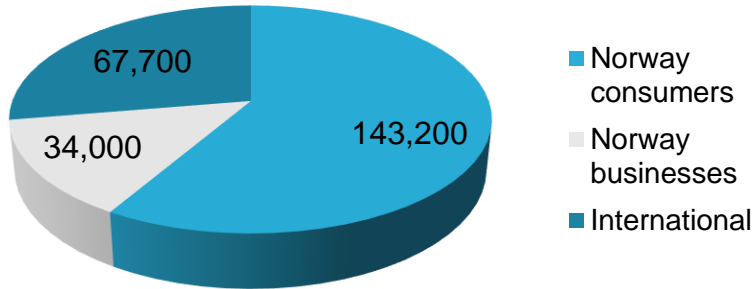
STRATEGY

- Growth in consumer revenues will be focused on regulated fiber, also utilizing the new TV platform
- Opportunities to take part in fiber roll-out have been identified, but this will require a significant increase in capex and is put on hold due to the voluntary offer
- SD-Wan will be launched as a new generation IP-VPN within B2B in Q2

Q4 2018 in brief

CUSTOMERS
at 31 Dec **244,900** RGUs
Revenue
generating
units

REVENUES
Q4 '18 **207.2** NOK
MILLION



Financial results

(Figures in NOKm)	Q4 2018 ¹⁾	Q3 2018	Q4 2017 ¹⁾
Operational revenue	205,5	213.6	256.0
Gross margin	47.6%	43.0%	44.6%
EBITDA	37.1	17.7	33.2
EBITDA adjusted ²⁾	19.9	17.7	33.2
EBIT	19.2	-4.6	-9.5
Cash flow from operations	14.4	-20.9	1.2
Cash and cash equivalents	86.1	78.8	17.8
Net debt	-58.8	-44.3	224.0

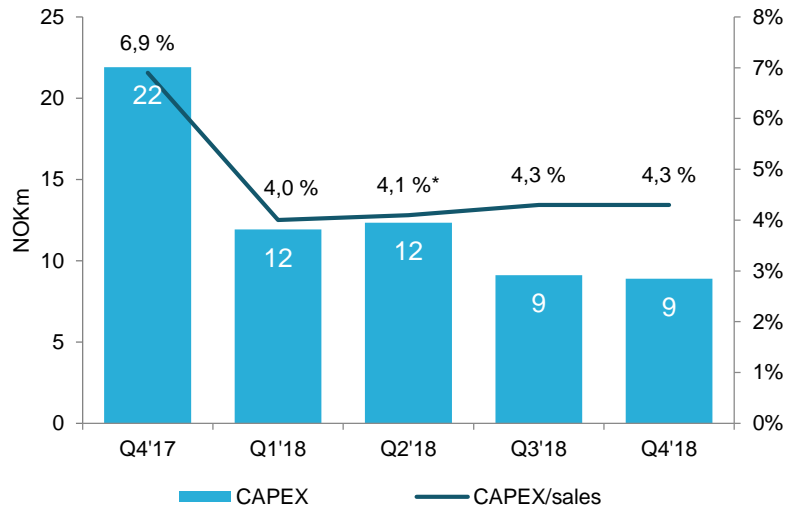
- In addition to the operational revenue, NOK 2.0m was recorded as revenue in Q4 18 from final settlement of the sale of Kvantel AS
- Q4 18 is also affected by reversal of provisions related to previous periods, with positive cost effect of NOK 18.4m
- Reclassification of fixed assets in Q4 18 has affected cost negatively with NOK 2.9m
- NOK 8m of reported cash is restricted
- Tax liabilities of NOK 20m affected by the taxable sale of consumer mobile

1) The figures for Q4 17 have been restated after implementation of IFRS 15 and are also excluding profit & loss in Kvantel AS, presented as discontinued business in the financial report for Q4 18

2) EBITDA adjusted for reversal of provisions related to previous periods, gain from sale of business and reclassification of fixed assets

CAPEX development

Capex and capex/sales



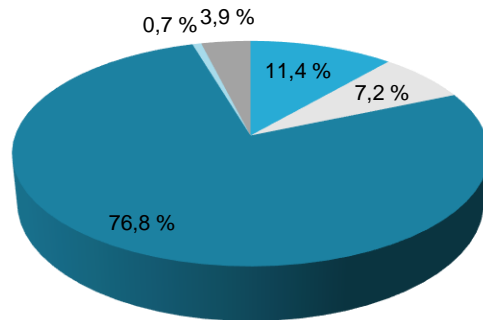
Lower capex after sale of Kvantel AS

- Capex has been reduced after the sale of Kvantel in Q2 18
- Capex/ sales have been stable at around 4% in 2018
- NOK 3.4m of the capex in Q4 18 was related to CPE

* Capex/ sales for Q2 18 has been calculated excluding Kvantel to be comparable with Q3 and Q4 18

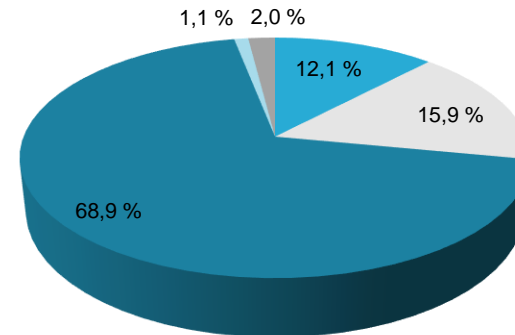
Product mix – share of revenues

Q4 2018



- VoIP
- Mobile
- Broadband (incl TV)
- Wholesale
- Other

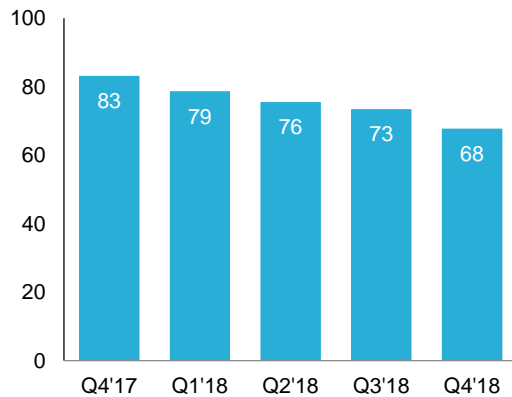
Q4 2017



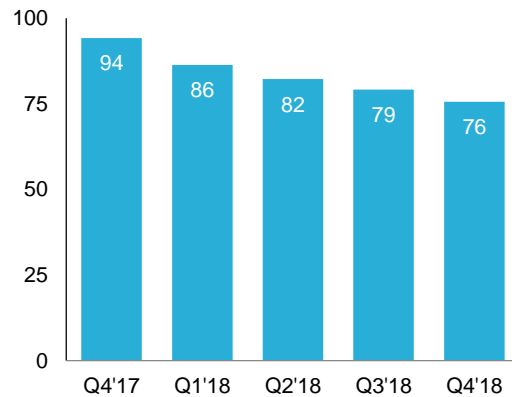
ARPU increase reduces the churn impact in Q4

- Increased churn in Q4 18
- ARPU increase contributes to a stable decline in revenues

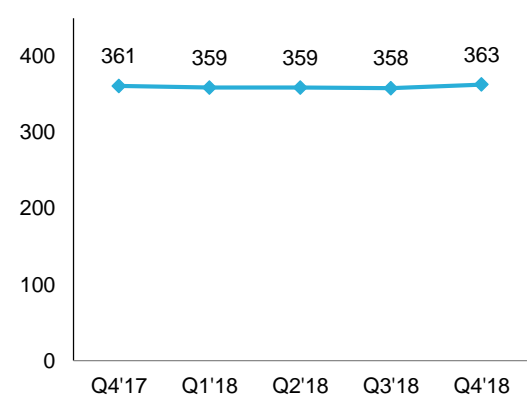
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REVENUES (MNOK)



ARPU (NOK/MONTH)

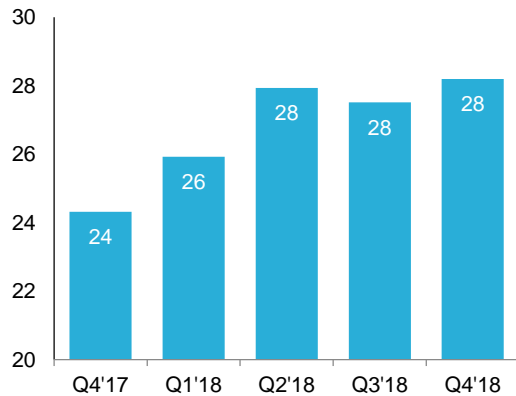


Consumer broadband - Fiber

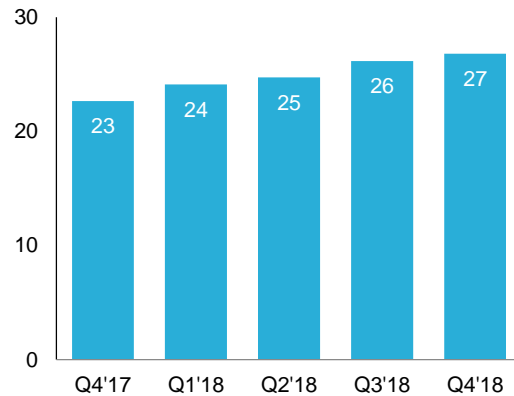
Continued revenue growth in Q4

- Slight increase in fiber subscriptions in Q4 18
- ARPU stable on 320 NOK
- Revenue growth in both SDU and MDU segment

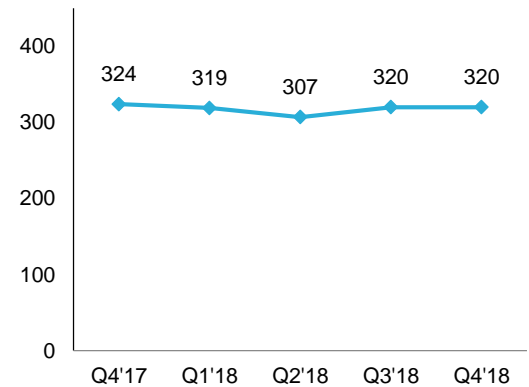
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REVENUES (MNOK)



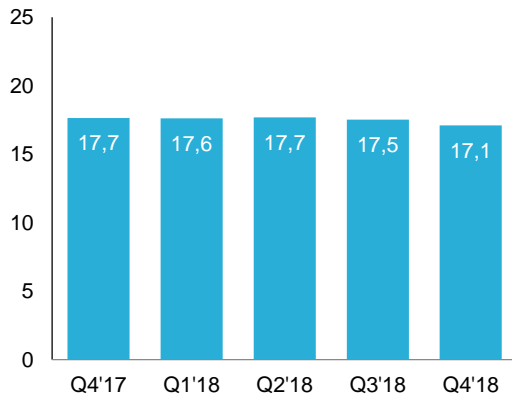
ARPU (NOK/MONTH)



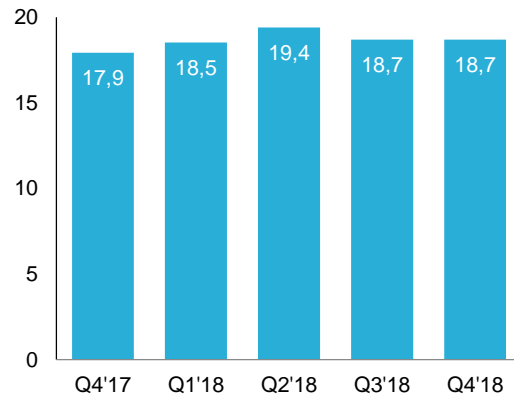
Increasing ARPU

- Reduced number of subscriptions are compensated by price increase in Q4 18
- Stable revenue

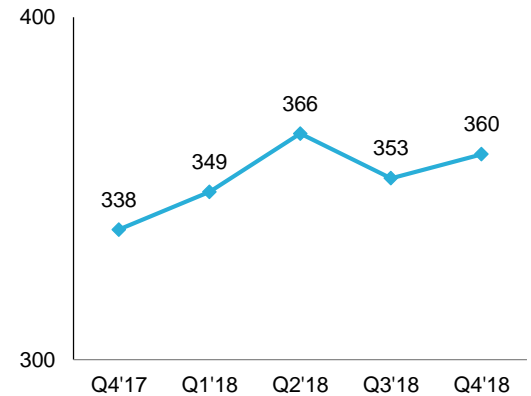
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REVENUES (MNOK)



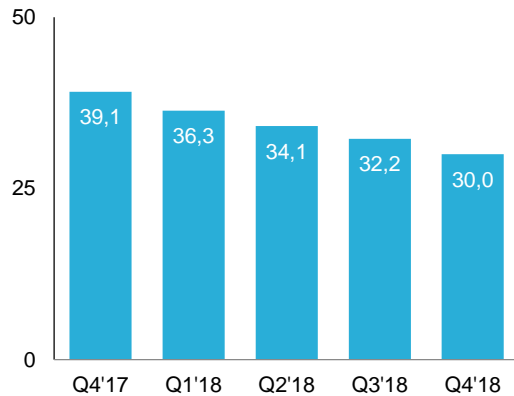
ARPU (NOK/MONTH)



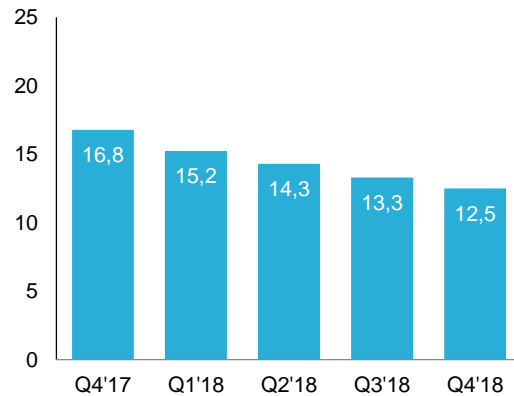
Continued churn, but stable ARPU development

- Development in line with trend

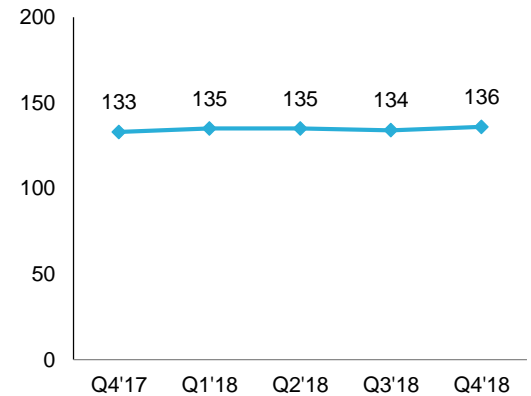
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REVENUES (MNOK)



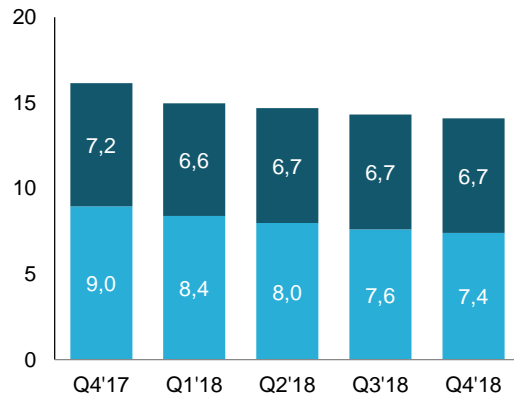
ARPU (NOK/MONTH)



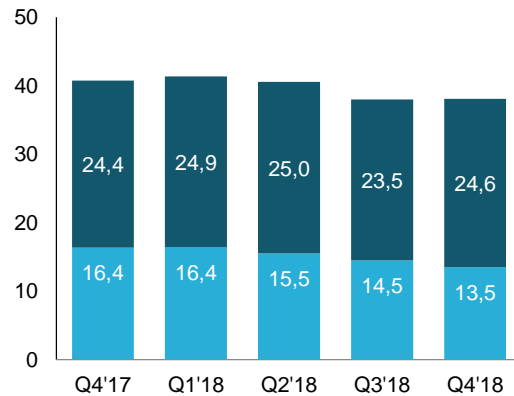
Datanet stable, continued reduction in Internet subscriptions

- Datanet revenues stable, revenues in Q3 were negatively affected by credit related to previous periods
- Internet with reduction in both subscriptions and ARPU

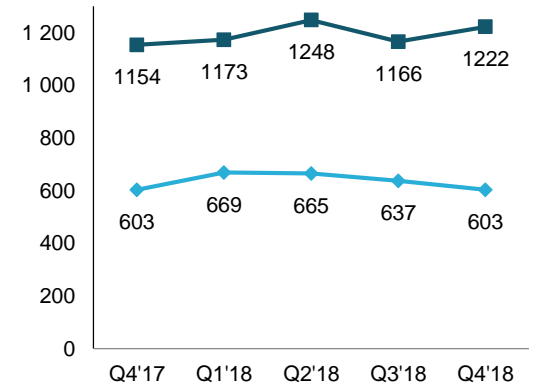
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REVENUES (MNOK)



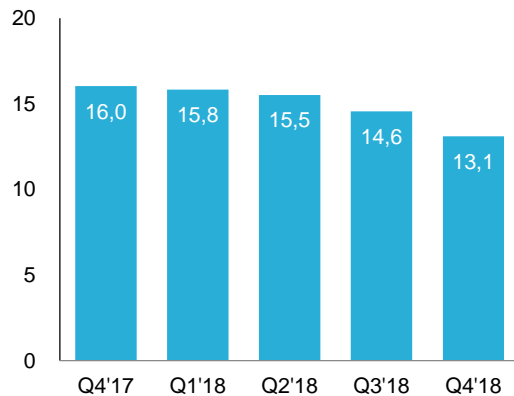
ARPU (NOK/MONTH)



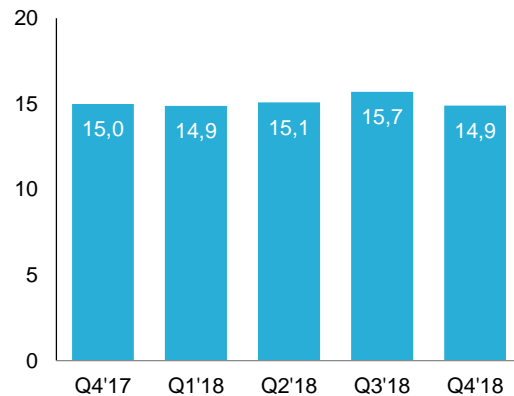
High churn is partly offset by increased ARPU

- Increased churn is related to lower new sales activity and focus on higher ARPU price plans
- Revenues maintained stable in Q4 18, positively affected by high fees related to subscription churn within the contract period

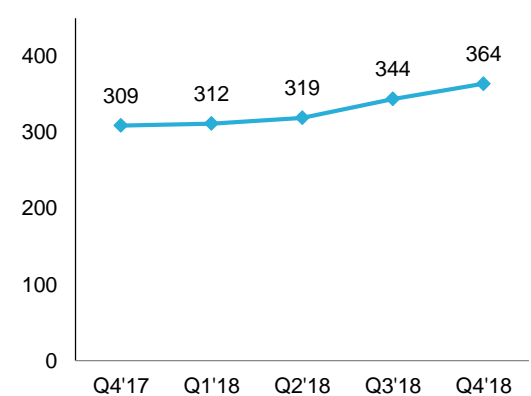
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REVENUES (MNOK)

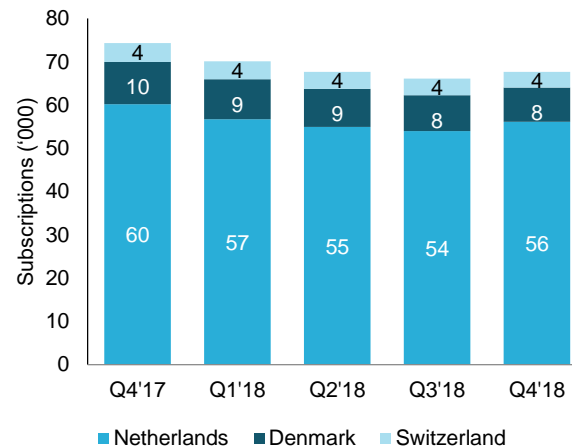


ARPU (NOK/MONTH)



Financial results – international

(Figures in NOKm)	Q4 2018	Q3 2018
Revenues	8.3	8.3
Gross margin	68%	55%
EBITDA	2.6	1.7



- Increase in number of subscriptions in Netherlands compensate for churn in Denmark and Switzerland
- EBITDA positively affected by reduced internal charges from the Norwegian entities



Thank you!

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