

Q3 2018 presentation

Oslo / 25 October 2018
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Gaute W. Krekling, CFO

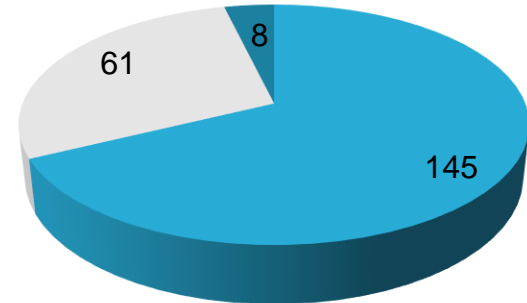
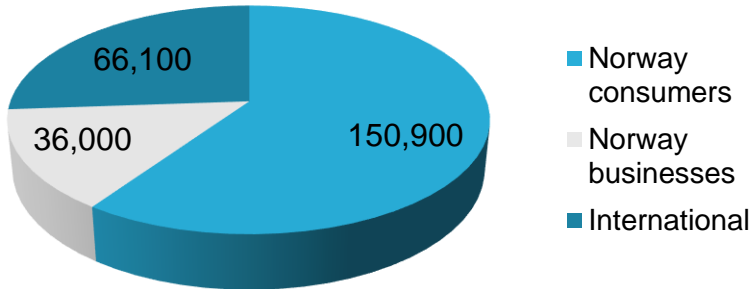
Highlights

Financial	<ul style="list-style-type: none">• Growth in consumer fiber revenues, with a current run-rate of NOK 100m+ in yearly revenues• Reduced churn on DSL• Dividend payment of NOK 2 per share in Q3
Efficiency	<ul style="list-style-type: none">• Focus on system support to improve efficiency• Simplify customer interactions• NOK 40m in effect in 2019
Strategic focus	<ul style="list-style-type: none">• Alternatives being assessed to increase our fiber revenues• Key to build on our current product offerings and competence• Final strategy will be finalized during Q4

Q3 2018 in brief

CUSTOMERS
at 30 Sep **253,000** RGUs
Revenue
generating
units

REVENUES
Q3 '18 **213.6** NOK
MILLION



Financial results

(Figures in NOKm)	Q3 2018	Q2 2018*	Q3 2017*
Operational revenues	213.6	215.1	254.9
Gross margin	43.0%	44.7%	43.8%
EBITDA	17.7	22.6	27.1
EBIT	-4.6	-4.7	-9.7
Gain from sale	0	139.7	0
Cash flow from operations	-20.9	36.3	64.6
Cash and cash equivalents	78.8	158.9	24.4
Net debt	-44.3	-119.8	212.9

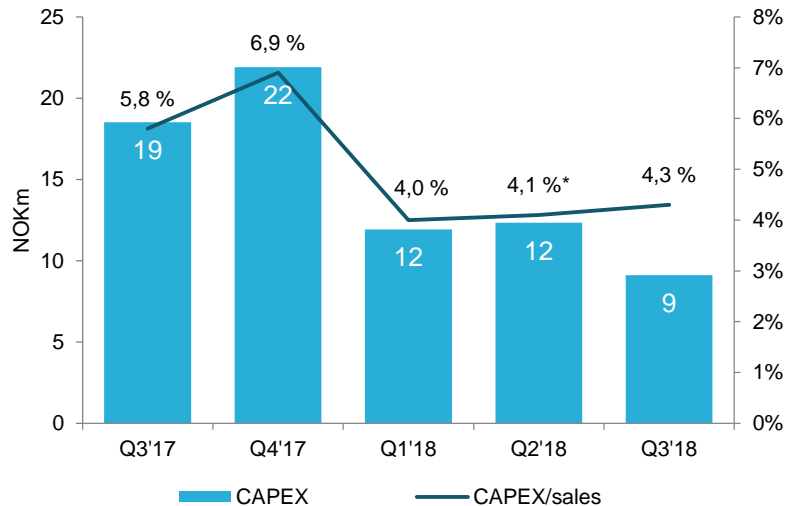
- Reduction in revenue from Q3 17 to Q3 18 is affected with NOK 26m by the sale of consumer mobile customers
- EBITDA Q3 18 negatively affected by NOK 4.6 from amortization of historical sales cost (IFRS 15)
- Cash flow from operations in Q3 18 reflects payment of the tax claim amounting to NOK 28 million
- The cash position is also affected by dividend payment of NOK 46.2 million in Q3 18

* The figures for Q3 17 have been restated after implementation of IFRS 15. Both Q3 17 and Q2 18 are excluding profit & loss in Kvantel AS, presented as discontinued business in the financial report for Q3 18

CAPEX development

Lower capex key to improve cash flow

Q3 18 first quarter without Kvantel AS

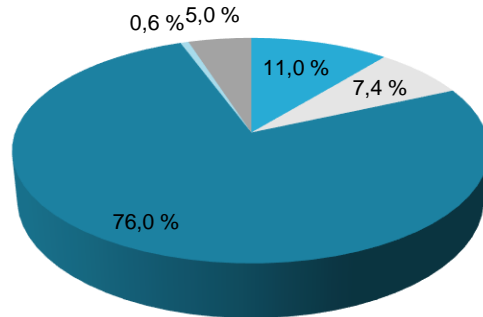


- Capex/ sales have been stable around 4% over the last quarters

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

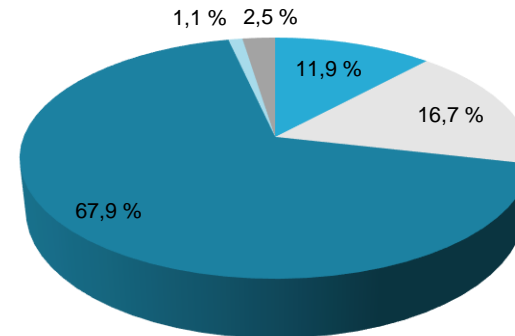
Product mix – share of revenues

Q3 2018



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

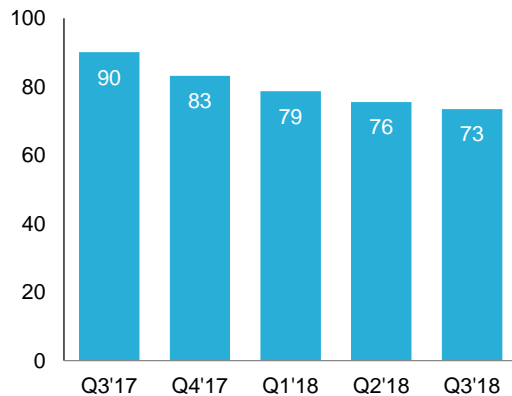
Q3 2017



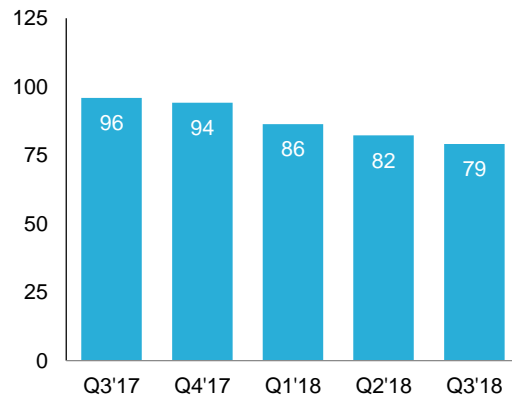
Reduced churn with positive impact on revenue reduction

- Churn reduced over the last quarters
- Stable ARPU development, with price increase implemented in Q4
- New app and web page for self service will be launched Q1 19 to improve customer satisfaction

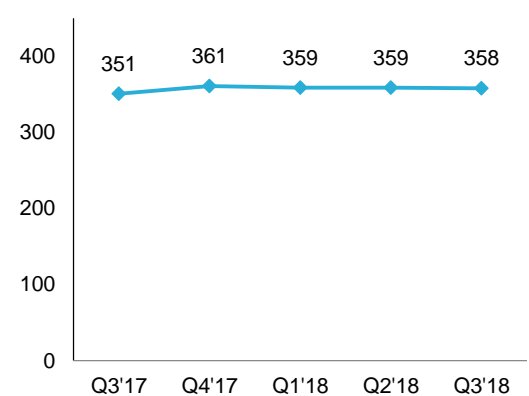
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REVENUES (MNOK)



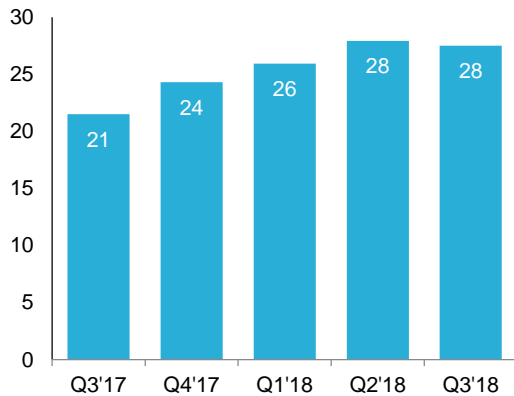
ARPU (NOK/MONTH)



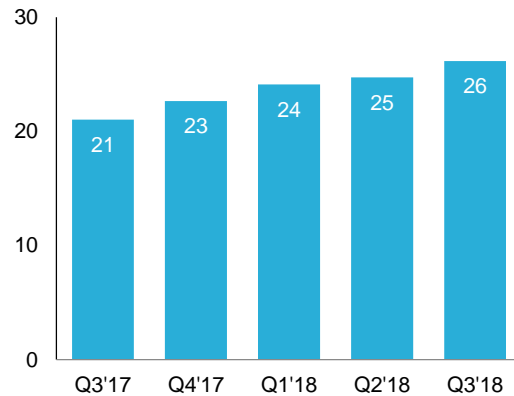
Continued revenue growth in Q3

- Underlying organic growth in subscriptions
- Number of subscriptions negatively affected in Q3 18 from previously announced sale of ~700 subscriptions to NTE. These subscriptions have had negative impact on ARPU in Q2 18

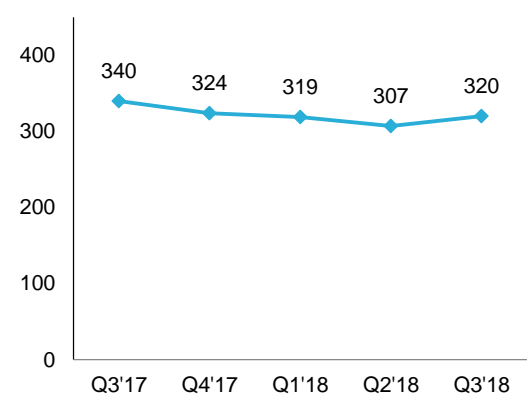
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REVENUES (MNOK)



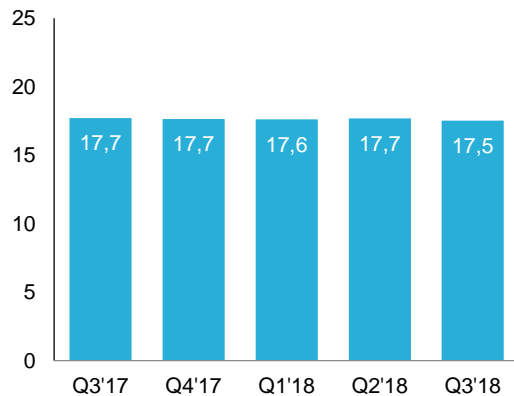
ARPU (NOK/MONTH)



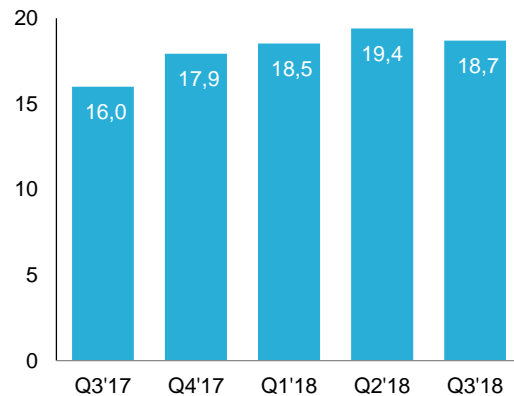
Increasing underlying ARPU

- Stable number of subscriptions
- Revenues and ARPU in Q2 18 were positively affected by corrections from previous periods
- Price increase on some TV channels implemented with effect in Q4 18

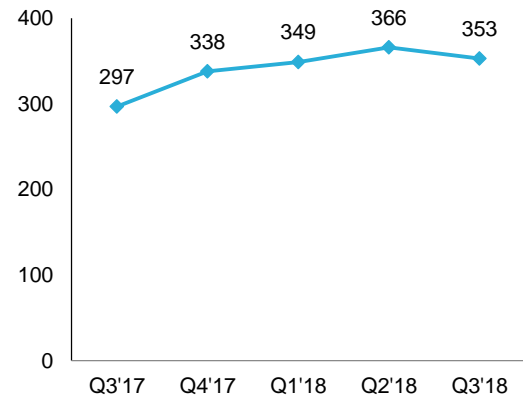
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REVENUES (MNOK)



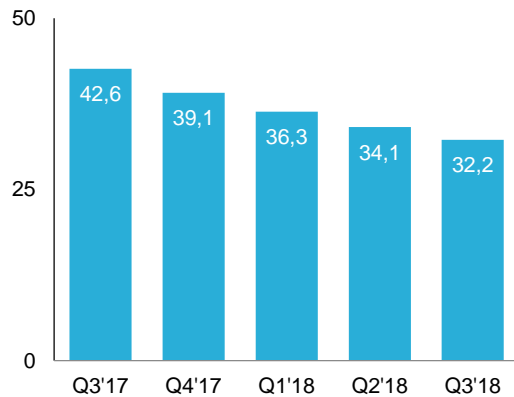
ARPU (NOK/MONTH)



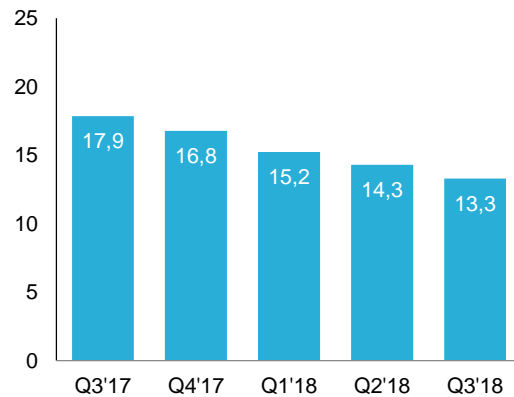
Stable ARPU level

- Churn in line with historical trend
- Stable ARPU levels

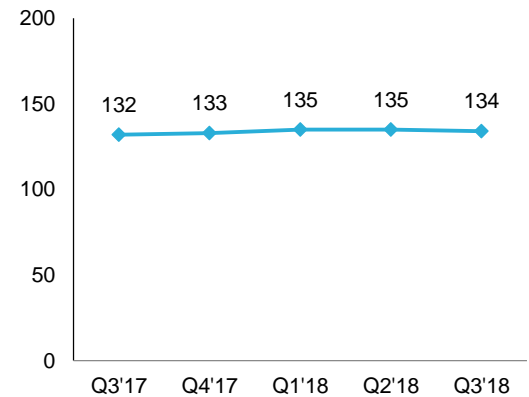
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REVENUES (MNOK)



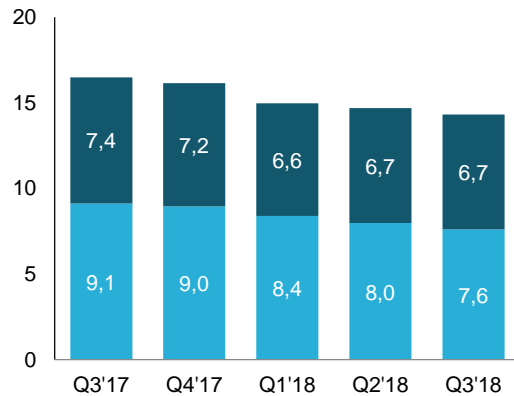
ARPU (NOK/MONTH)



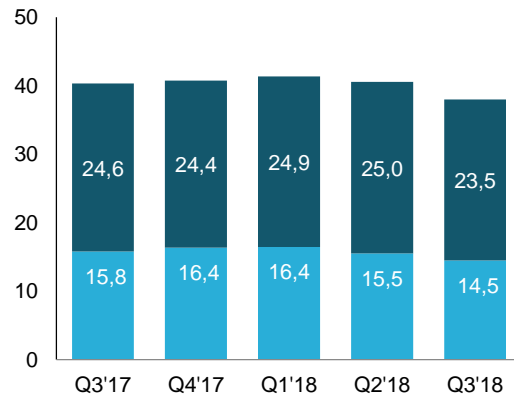
Stable Datanet subscriptions

- Datanet revenues in Q3 negatively affected by credit related to previous periods after migration to new BSS in 2018
- Seasonality with low activity on establishments during summer have also had negative impact on one-time charges

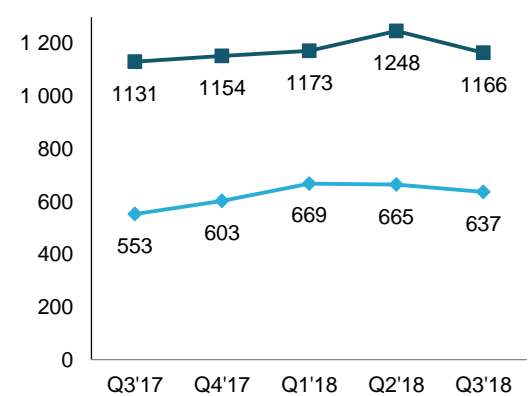
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REVENUES (MNOK)



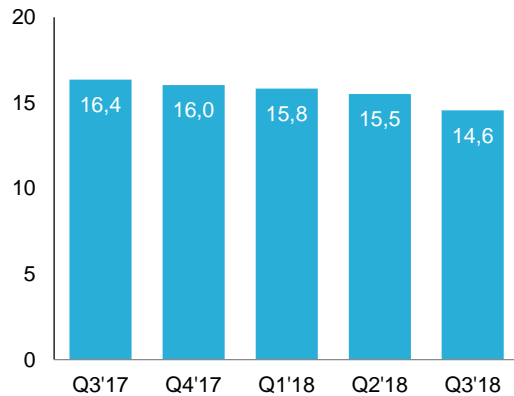
ARPU (NOK/MONTH)



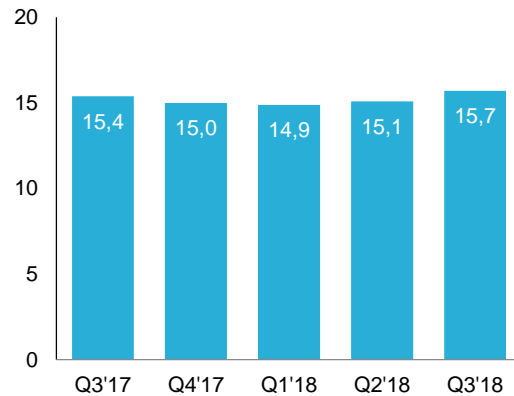
Focus on profitable price plans

- Positive revenue development due to higher ARPU, positively affected by foreign traffic revenues during summer
- Focus on more profitable price plans in new sales and rebinding of existing customers

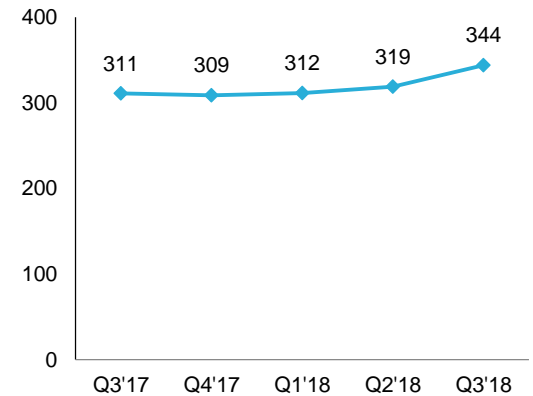
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REVENUES (MNOK)

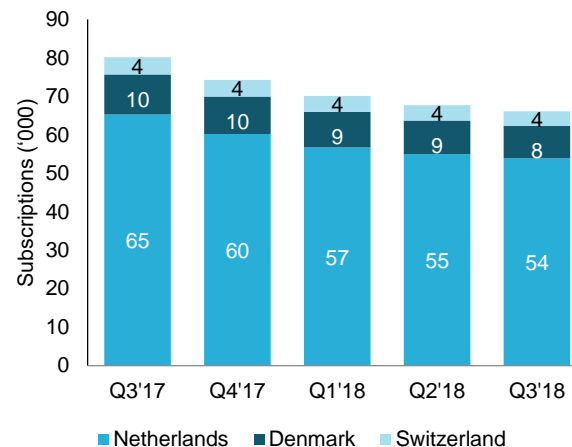


ARPU (NOK/MONTH)



Financial results – international

(Figures in NOKm)	Q3 2018	Q2 2018
Revenues	8.3	10.3
Gross margin	55%	59%
EBITDA	1.7	3.5



- Lower revenue in the Netherlands after signing a new agreement for two years with new prices



Thank you!

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