

# Results 1st Quarter 2006

28 April, 2006

André P. Løvestam, CEO

Ellen Solum, CFO

# Agenda

Q1 2006



- **Q1 Highlights**
- **Financial Results**
- **Long term goals and strategy**
- **Outlook**
- **Q's & A's**

# Q1 Highlights

Q1 2006



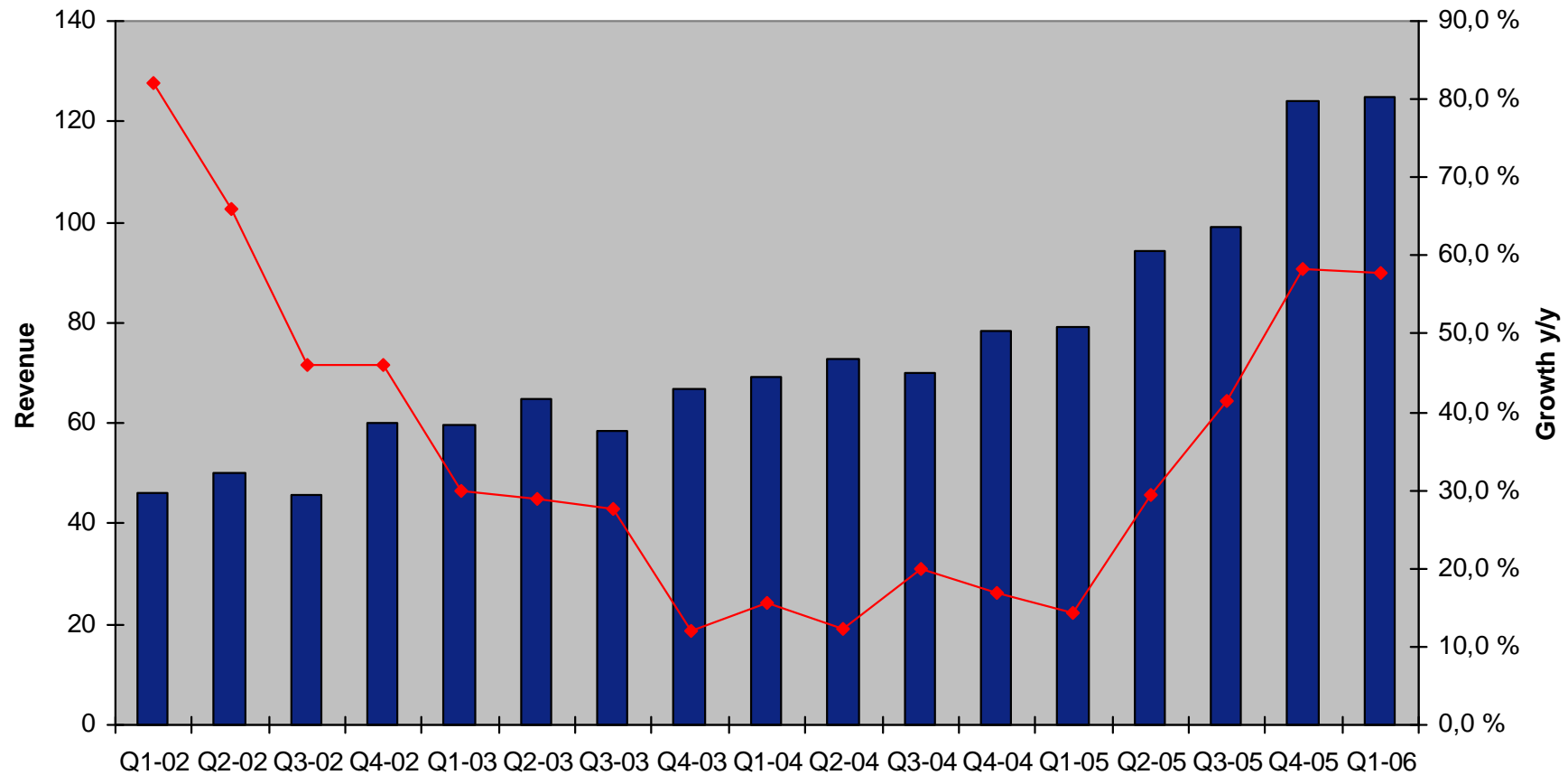
- **Strong growth 58% Y/Y**
  - Organic growth 16.7%
  - Organic growth Norway 20.4%
  - Organic growth Sweden (local currency) 11.7%
- **Order inflow**
  - Total order inflow of mnok 109 in Q1 (mnok 105 in Q1-2005)
  - New order inflow mnok 45 (mnok 73) negatively impacted by low hit rate in Sweden
- **Improved EBITA from operations (IFRS)**
  - mnok 8,8 (mnok 4.6) before special items
- **Special items charged with mnok 3.3 in first quarter**
  - Expenses related to change of CEO and cost of an employee tax related to options
  - Expenses related to measures implemented in Swedish operations
- **Continued strong cash flow from operations**
  - mnok 15.2 (mnok 11.1)
- **Integration of acquisitions as planned**

# Revenue mnok 124,8 in Q1-2006

Q1 2006



## - growth year on year 58%



# P&L – Key figures

Q1 2006



<b>TeleComputing</b>	<b>IFRS (*) Q1 2006</b>	<b>IFRS Q1 2005</b>	<b>Change</b>	<b>IFRS 2005</b>	<b>IFRS 2004</b>	<b>Change</b>
Revenue	124,8	79,1	58 %	396,1	290,4	36 %
COGS	-31,7	-21,0	51 %	-101,5	-80,6	26 %
Gross margin	75 %	73 %		74 %	72 %	
Operating cost (*)	-75,4	-45,7	65 %	-238,3	-175,2	36 %
<b>EBITDA</b>	<b>17,7</b>	<b>12,4</b>	43 %	<b>56,3</b>	<b>34,6</b>	63 %
Depreciation	-12,2	-7,8	56 %	-40,5	-34,2	19 %
<b>EBITA</b>	<b>5,5</b>	<b>4,6</b>	20 %	<b>15,8</b>	<b>0,5</b>	3335 %
Amortisation customers	-0,5	0,0		-1,2	0,0	
<b>Operating result</b>	<b>5,0</b>	<b>4,6</b>	9 %	<b>14,6</b>	<b>0,5</b>	3074 %
Financial items	0,0	0,0		-0,2	0,0	
<b>Result before tax</b>	<b>5,0</b>	<b>4,6</b>	9 %	<b>14,4</b>	<b>0,5</b>	3030 %
Earnings per share	0,14	0,10		0,27	0,03	

(\*) Restructuring charge related to restructuring of the Swedish organization (mnok 1,4) and other special items (mnok 1,9) is included in operating costs

# P&L – Historic Development

Q1 2006



TeleComputing Group	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Revenue	124,8	124,0	99,0	94,1	79,1	78,4	70,0	72,8	69,2
COGS	-31,7	-32,2	-23,0	-25,4	-21,0	-21,7	-19,4	-20,7	-18,8
Gross margin	75 %	74 %	77 %	73 %	73 %	72 %	72 %	72 %	73 %
Operating cost	-72,1	-71,3	-58,4	-52,2	-45,7	-43,6	-40,6	-40,5	-40,6
<b>EBITDA before special</b>	<b>21,0</b>	<b>20,5</b>	<b>17,6</b>	<b>16,5</b>	<b>12,4</b>	<b>13,1</b>	<b>10,0</b>	<b>11,6</b>	<b>9,8</b>
Depreciation	-12,2	-11,7	-11,2	-9,7	-7,8	-9,0	-8,5	-9,8	-6,8
<b>EBITA before special</b>	<b>8,8</b>	<b>8,8</b>	<b>6,4</b>	<b>6,8</b>	<b>4,6</b>	<b>4,1</b>	<b>1,5</b>	<b>1,8</b>	<b>3,0</b>
EBITA %	7,1 %	7,1 %	6,5 %	7,2 %	5,8 %	5,2 %	2,1 %	2,5 %	4,3 %
Amortisation customers	-0,5	-0,5	-0,5	-0,3	0,0	0,0	0,0	0,0	0,0
Integration and restructuring	-1,4	-1,6	-2,0	-6,0				-9,8	
Other items	-1,9	-0,8	-0,4						
<b>Operating result</b>	<b>5,0</b>	<b>5,9</b>	<b>3,5</b>	<b>0,5</b>	<b>4,6</b>	<b>4,1</b>	<b>1,5</b>	<b>-8,0</b>	<b>3,0</b>
Financial items	0,0	0,0	0,0	-0,2	0,0	0,1	0,0	-0,1	0,0
<b>Result before tax</b>	<b>5,0</b>	<b>5,9</b>	<b>3,5</b>	<b>0,3</b>	<b>4,6</b>	<b>4,2</b>	<b>1,5</b>	<b>-8,1</b>	<b>3,0</b>

- Other items in Q3-2005 relates to employee tax on options. In Q4 2005 and Q1-2006; cost of and employee tax on options, and costs in relation to change of CEO

- Restructuring in Q1 2006 relates to restructuring costs for the Swedish operations.

- Restructuring in Q3 and Q4 2005 relates to integration costs for Stim Computing AS

- Restructuring in Q2-2005 relates to integration costs for Proserva AB

- Restructuring in Q2-2004 relates to downsizing, severance payments etc.

# Cash Flow – Key figures

Q1 2006



<b>Cash flow</b>	<b>Q1 2006</b>	<b>Q1 2005</b>	<b>2005</b>	<b>2004</b>
Cash flow from operation	15,2	11,1	66,2	41,3
Cash flow from investment	-14,9	-11,8	-62,3	-42,2
Cash flow from financing	0,6	-0,2	-3,6	-9,3
Exchange rate effects	-0,1	-0,3	-1,2	-0,2
<b>Net change in cash</b>	<b>0,8</b>	<b>-1,2</b>	<b>-0,9</b>	<b>-10,4</b>
<b>Cash at end of period</b>	<b>73,0</b>	<b>71,9</b>	<b>72,2</b>	<b>73,1</b>

# Balance Sheet – Key Figures

Q1 2006



<b>Balance sheet</b>	<b>30.03.2006</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
Cash	73	72,2	73,1
Net cash position (*)	64,8	63,0	66,8
Equity	230,7	224,5	195,1
Equity ratio	67,3 %	64,9 %	73,0 %

(\*) Net cash position = cash - interest bearing debt

# Order Inflow, Q1 2006

Q1 2006



- **Mnok 109 (mnok 105)**
- **New business mnok 45 (mnok 73)**

## ▪ **New contracts**

- Norengros
- Intra gruppen
- Oslo Kinematografer ???

### **Q1 - 2006**

New contracts	45
Contract renewal	64
<b>Total contract value</b>	<b>109</b>

## ▪ **Contract renewal**

- Proffice
- Skanem
- Continued high rate of renewal

# Geographical Status Q1 2006

Q1 2006



## ■ Norway

- Revenue growth of 78,2%
- Organic growth 20,4%

<b>Norway (mnok)</b>	<b>Q1-2006</b>	<b>Q1-2005</b>
Revenues	87,3	49,0
Gross contr.	65,5	35,7
Gross margin	75 %	73 %
EBIT	7,0	2,8

## ■ Sweden

- Revenue growth, 35,5%  
(local currency)
- Organic growth 11,7%  
(local currency)
- Restructuring charge of  
mnok 1,4

<b>Sweden (mnok)</b>	<b>Q1-2006</b>	<b>Q1-2005</b>
Revenues	39,1	30,7
Gross contr.	29,2	22,4
Gross margin	75 %	73 %
EBIT	1,6	2,8

# Long term goals and execution

Q1 2006



	<b>Long term goals</b>	<b>Yearly KPI</b>	<b>Q1 2006</b>	<b>2005</b>
<b>Growth</b>	1.000 mnok in 2008	M&A 100-150 mnok / year	0 MNok	110 MNok
		Exceed market growth organically (6-8%)	16,7%	15,4%
<b>Margins</b>	> 10% reaching scaliabilty and growing in line with market	Operating margins (EBITA) 6-8% while exceeding market growth	7,1%	6,1%
<b>Customer Satisfactio n</b>	> 4 (1-5)	Survey 2 / year	Next survey in Q2	3,8
<b>Strategic Direction</b>	Consolidator for SME IT outsourcing in Scandinavia	Value add and geography	Integration	Competence and services
		Synergies		10 mnok per year

# Priorities and outlook

Q1 2006



- Expected market growth 6-8%
- Maintain strong momentum, especially in Norwegian market, while ensuring rapid recovery in new order inflow in Sweden
- Swedish growth rate will temporarily be impacted by low hit rate on New Sales, but actions are initiated to address this:
  - **Management changes**
  - **Reorganization of Sales organization**
  - **Initiation of comprehensive sales programmes**
  - **Restructuring charge Q2 approximately mnok 3**
- Continued focus on growth while initiating strategy process to define TeleComputing's future growth path

