

# Results 4<sup>th</sup> Quarter 2006

February 9<sup>th</sup> 2007

André P. Løvestam, CEO

Robert Giori, CFO



# Q4 2006 Overview

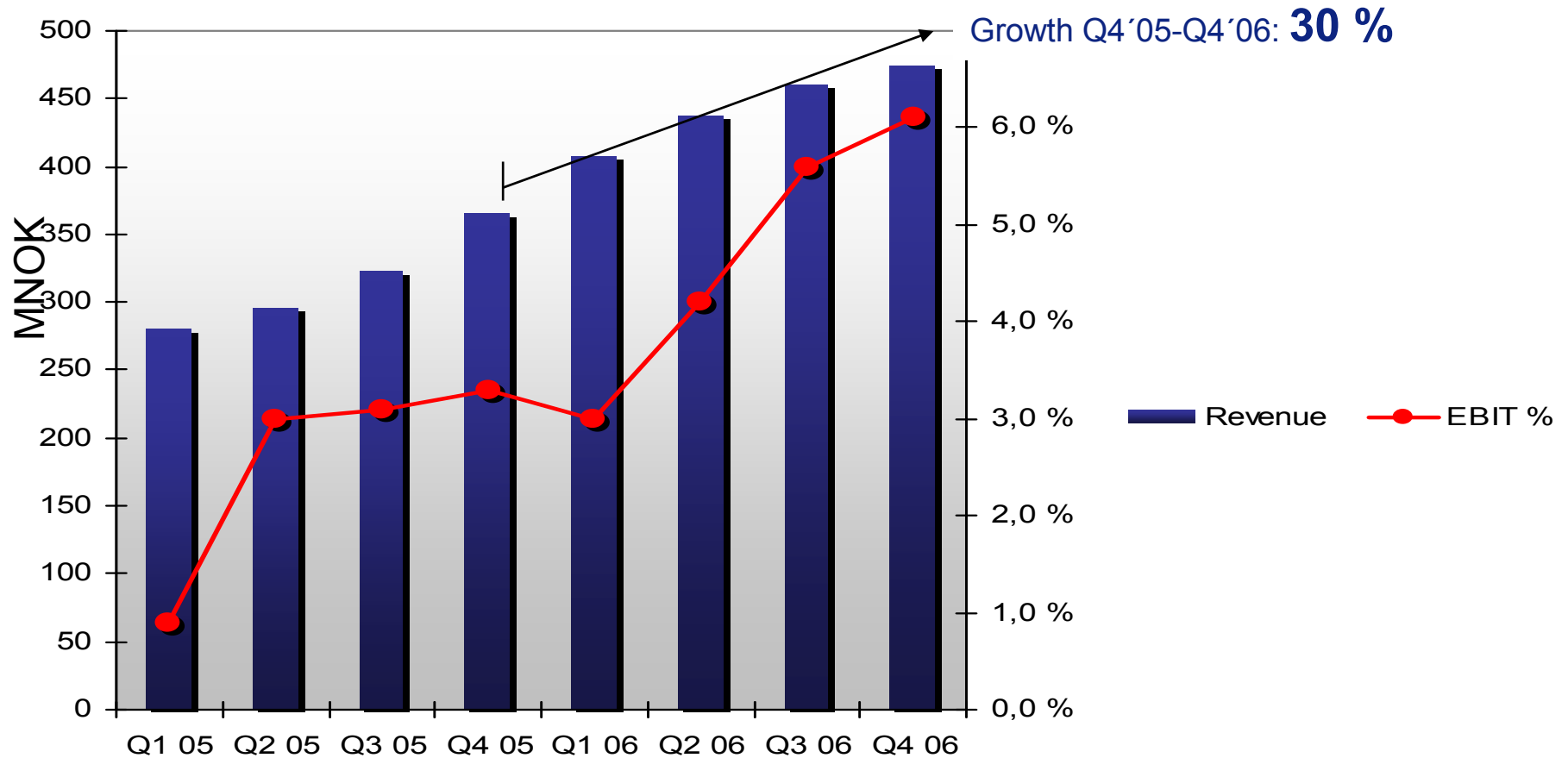
Q4 2006



- **Record high order inflow of MNOK 204**
- **Record high revenue from continued operations of MNOK 130 (13,7 % growth from Q4 2005)**
- **EBIT from continued operations of MNOK 9,5 (58,1 % growth from Q4 2005)**
- **EBITA margin from continued operations of 7,7 %**
- **Net income (incl. discontinued operations) of MNOK 20,3**
- **Sale of TC IS subsidiary and Microsoft Business Services unit**
- **Acquisition process with Kentor AB and Netthuset AS, executed in Q1 2007**
- **Strong cash flow (+MNOK 50), with cash balance of MNOK 135**

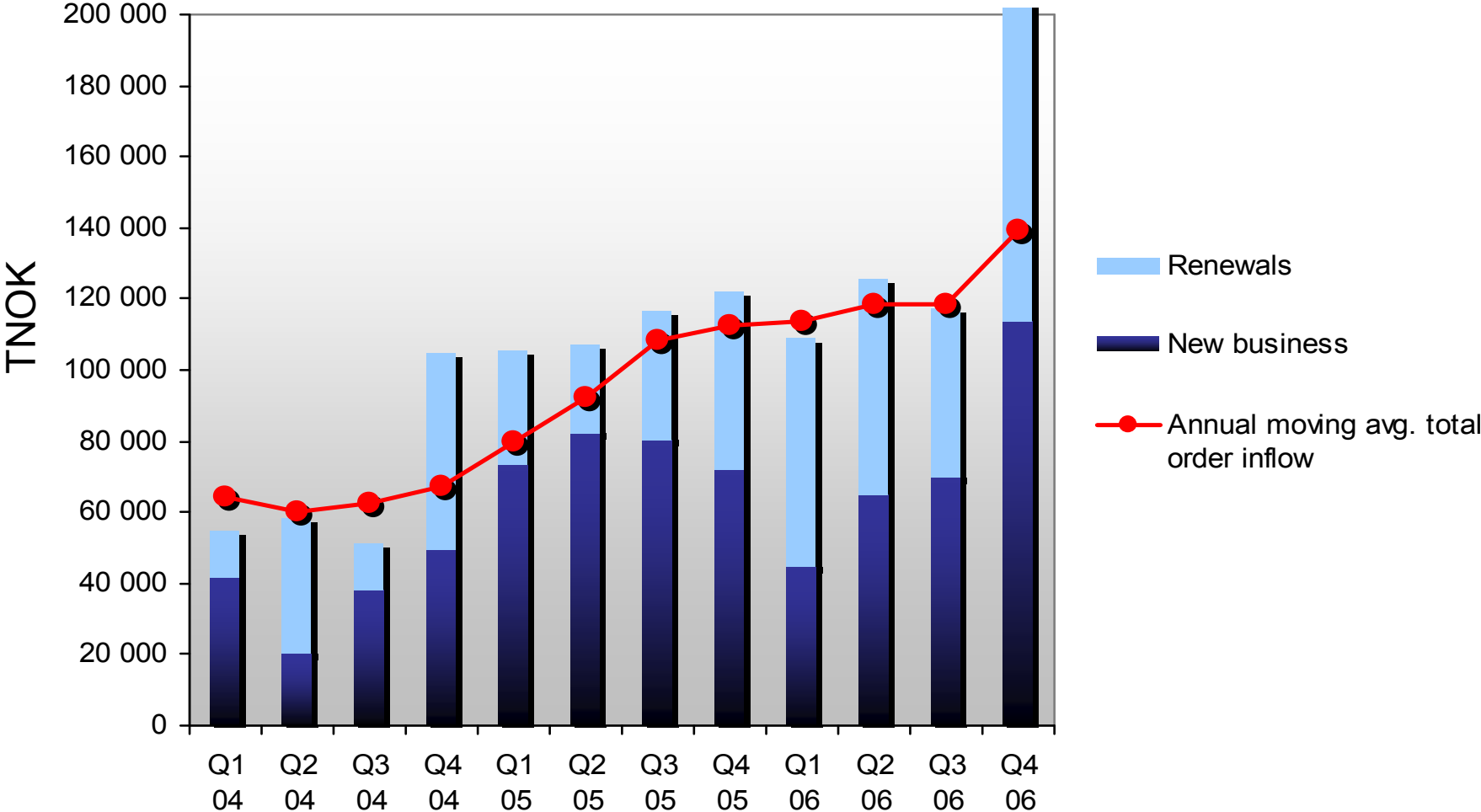
# P&L (continued operations) - 12 months rolling

Q4 2006



# Record high order inflow

Q4 2006



# Order Inflow, Q4 2006

Q4 2006



## New contracts

- Securitas
- Sveriges Kommuner och Landsting
- Akelius fastigheter AB
- Servando Law AB
- Norwegian Broker/Claims link
- Fjordline
- Petroleum Tec Group
- Tscudi & Malling
- Medicus Plesner
- Nordstrand Eiendomsmegling

## Contract renewal

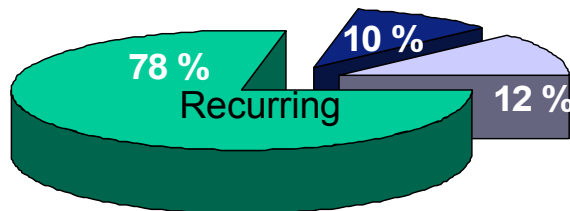
- ÖPwC
- Rusta
- RnB
- Uniflex
- Barncancerfonden
- E-work
- Aktiv Kapital
- Natre gruppen
- Ing. Per Gjerdrum
- Den Nasjonale Scene
- Sportsklubben Brann
- Ortopediteknikk

# Large backlog of recurring revenue

Q4 2006

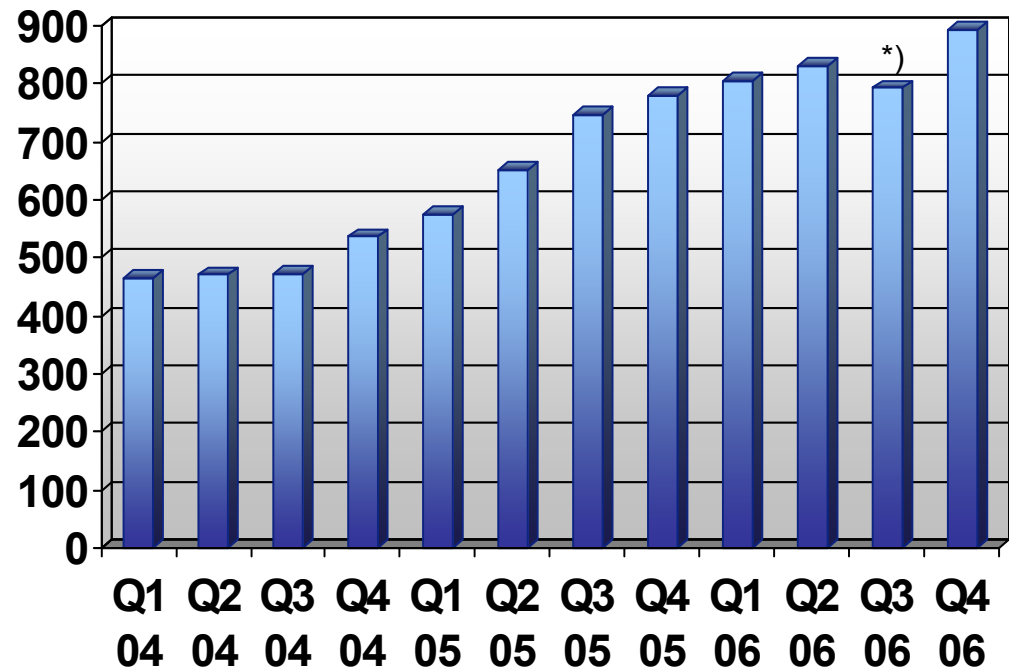


## Break down of revenue



- Long term contracts
- Consulting and implementation
- HW/SW

## Order backlog (recurring revenue)



\*) Excl. TeleComputing IS AS order backlog from Q3'06

# Geographical Status Q4 2006

Q4 2006



IFRS Segments	Q4-2006	Q4-2005	Growth
<b>Norway</b>			
Revenue	83,8	71,5	17,2 %
EBIT *	9,4	2,6	257,3 %
EBIT %	11,2 %	3,7 %	
<b>Sweden</b>			
Revenue	46,4	43,1	7,7 %
EBIT *	0,1	3,4	-96,2 %
EBIT %	0,3 %	7,8 %	
<b>Consolidated</b>			
Revenue	130,2	114,6	13,7 %
EBIT *	9,5	6,0	58,1 %
EBIT %	7,3 %	5,2 %	

\* Includes full allocation of corporate overhead

# Sale of discontinued operations

Q4 2006



- **TeleComputing IS (formerly Infostream)**
  - Acquired in 5-04 / Sold to Basefarm in 11-06 for MNOK 38,5
- **Microsoft Business Solutions unit (TC Stavanger)**
  - Acquired in 5-05 / Sold to Hands ASA

<b>DISCONTINUED OPERATIONS FINANCIAL RESULTS (MNOK)</b>	<b>Q4 2006</b>	<b>Q4 2005</b>	<b>2006</b>	<b>2005</b>
Operating revenue	-	18,5	24,4	30,9
Net operating profit	-	-	1,6	2,5
Net cash flow	-	5,0	-5,1	6,7
Gain on sale	13,0	-	13,0	-

# Income Statement

Q4 2006



INCOME STATEMENT (MNOK)	Q4 2006	Q4 2005	Growth	2006	2005	Growth
Revenue	130,2	114,6	13,7 %	475,3	365,2	30,2 %
Cost of goods sold	-35,2	-28,1	25,3 %	-121,6	-94,4	28,8 %
Gross Margin	95,0	86,5	9,9 %	353,7	270,8	30,6 %
<i>GM %</i>	73,0 %	75,5 %		74,4 %	74,2 %	
Personnel cost	-59,4	-53,8	10,4 %	-221,3	-168,4	31,4 %
Other operating expenses	-14,3	-15,0	-4,7 %	-56,0	-50,6	10,7 %
<b>EBITDA</b>	<b>21,4</b>	<b>17,7</b>	<b>20,7 %</b>	<b>76,4</b>	<b>51,8</b>	<b>47,5 %</b>
Depreciation	-11,4	-11,3	0,7 %	-45,5	-38,5	18,2 %
<b>EBITA</b>	<b>10,0</b>	<b>6,4</b>	<b>56,0 %</b>	<b>30,9</b>	<b>13,3</b>	<b>132,4 %</b>
<i>EBITA %</i>	7,7 %	5,6 %		6,5 %	3,6 %	
Amortisation	-0,5	-0,4	25,7 %	-2,0	-1,2	70,2 %
<b>Operating profit (EBIT)</b>	<b>9,5</b>	<b>6,0</b>	<b>58,1 %</b>	<b>28,9</b>	<b>12,1</b>	<b>138,6 %</b>
<i>EBIT %</i>	7,3 %	5,2 %		6,1 %	3,3 %	
Net financial items	0,6	-	n/a	1,2	-0,2	n/a
<b>Profit/loss before tax</b>	<b>10,0</b>	<b>6,0</b>	<b>67,4 %</b>	<b>30,0</b>	<b>11,9</b>	<b>152,4 %</b>
Tax	-2,8	-3,0	-7,0 %	-2,8	-5,5	-49,3 %
<b>Net income, continuing operations</b>	<b>7,3</b>	<b>3,0</b>	<b>141,8 %</b>	<b>27,2</b>	<b>6,4</b>	<b>325,7 %</b>
Net income, discontinued operations (appendix 2)	13,0	-		14,6	2,5	
<b>Net income</b>	<b>20,3</b>	<b>3,0</b>	<b>576 %</b>	<b>41,9</b>	<b>8,9</b>	<b>370,6 %</b>

# Cash Flow Statement

Q4 2006



CASH FLOW (MNOK)	Q4 2006	Q4 2005	2006	2005
Profit before tax	23,1	6,0	44,7	14,4
Depreciation / amortization	11,9	12,2	49,5	41,7
Share based salary	0,2	0,1	1,6	0,7
Results of discontinued operations	-13,0	-	-14,6	-
Change in working capital	5,8	5,9	-9,7	9,4
<b>Cash flow from operations</b>	<b>28,0</b>	<b>24,2</b>	<b>71,5</b>	<b>66,2</b>
Investments intangible assets	-4,7	-4,0	-8,7	-11,0
Investments tangible assets	-15,4	-10,2	-42,1	-36,4
Sale of fixed assets	30,3	-	31,9	-
Investments in businesses	1,8	-0,1	1,8	-14,9
<b>Cash flow from investments</b>	<b>12,0</b>	<b>-14,3</b>	<b>-17,1</b>	<b>-62,3</b>
<b>Cash flow from financing</b>	<b>5,4</b>	<b>-0,7</b>	<b>6,9</b>	<b>-3,6</b>
Translation differences	1,5	0,2	1,5	-1,2
<b>NET CHANGE IN CASH</b>	<b>46,8</b>	<b>9,4</b>	<b>62,7</b>	<b>-0,9</b>
Cash at beginning of period	88,2	62,8	72,2	73,1
Cash at end of period	135,0	72,2	134,9	72,2

# Balance Sheet

Q4 2006



<b>BALANCE SHEET (MNOK)</b>	<b>31.12.2006</b>	<b>30.09.2006</b>	<b>31.12.2005</b>
Deferred tax asset	43,8	46,0	51,6
Goodwill, other	82,2	78,4	90,1
Tangible fixed assets	65,7	61,1	68,3
<b>Total fixed assets</b>	<b>191,8</b>	<b>185,5</b>	<b>210,0</b>
Accounts receivable, other short term	66,6	62,5	63,0
Cash and cash equivalents	135,0	84,5	72,2
<b>Total current assets</b>	<b>201,5</b>	<b>147,0</b>	<b>135,2</b>
<b>Net assets, discontinued ops</b>		<b>24,8</b>	
<b>TOTAL ASSETS</b>	<b>393,3</b>	<b>357,3</b>	<b>345,1</b>
<b>Equity</b>	<b>285,0</b>	<b>255,7</b>	<b>224,5</b>
Long term debt	10,0	8,6	11,8
Short term debt	98,3	93,0	108,9
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>393,3</b>	<b>357,3</b>	<b>345,1</b>
<b>Equity ratio</b>	<b>72 %</b>	<b>70 %</b>	<b>65 %</b>

# Shareholder information

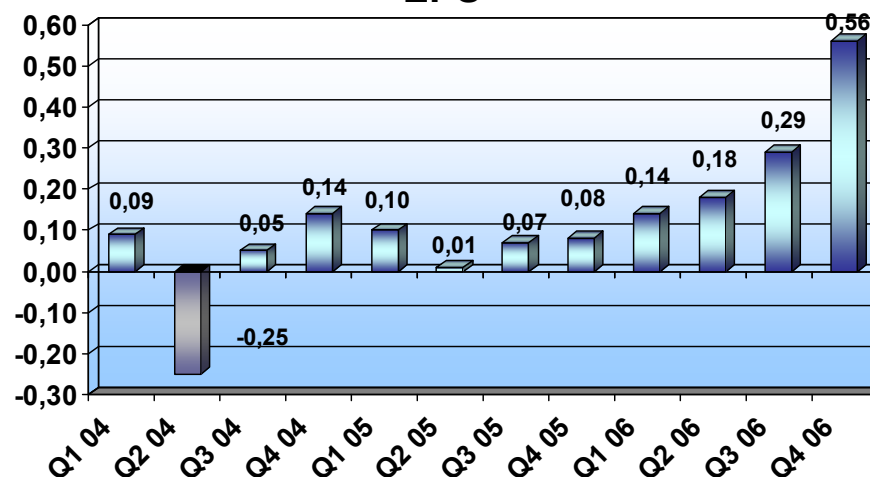
Q4 2006



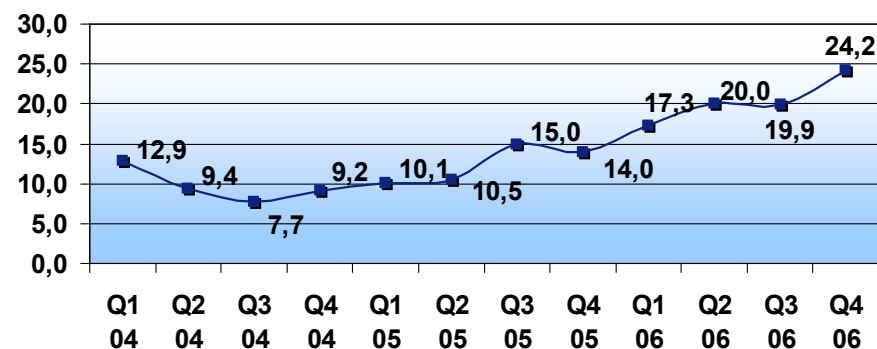
## 20 largest shareholders

Name	Share	26.01.2007
Sabaro Investments L. John Casely	45,33 %	16 482 270
Enskilda, egenhandel	10,91 %	3 965 991
Fortis Global Custody treaty account	6,59 %	2 395 000
Skandinaviska Enskilda Banken, Oslo	5,23 %	1 900 000
DnB Nor Bank ASA egenhandelskonto	4,46 %	1 620 000
ABG Sundal Collier, egenhandel	4,30 %	1 564 000
Nobelssystem Scandinavia	4,20 %	1 525 900
Epsilon AS	1,49 %	541 500
Heliport Invest AS	1,47 %	535 000
Max Bjerke AS	1,38 %	500 000
AG Holding AS	0,71 %	259 500
Kjell Bråthen	0,69 %	250 000
Image Plus AB	0,62 %	225 000
Pershing securities clients account	0,62 %	224 392
Per Helge Svensson	0,61 %	220 978
Erik Just Johnsen	0,56 %	203 000
Rikard Storvestre	0,49 %	178 000
Karl Marcus Lindstedt	0,41 %	150 000
Catering og Restaurantservice AS	0,41 %	147 500
Euroclear Bank SA/client	0,39 %	141 365
<b>20 largest shareholders</b>	<b>90,85 %</b>	
<b>Total number of shares</b>	<b>36 357 707</b>	
<b>Foreign owned</b>	<b>55,10 %</b>	

## EPS



## Stock price - Historic Development



# Long term goals and execution: "Best in Class 2008"

Q4 2006



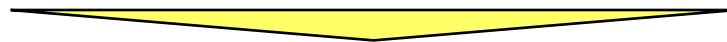
	<b>Long term goals</b>	<b>Yearly KPI</b>	<b>Q4 2006</b>	<b>2006</b>
<b>Growth</b>	1.000 mnok in 2008	M&A 100-150 mnok / year		
		Exceed market growth organically (6-8%)	13,7 %	10,9 %
<b>Margins</b>	> 10% reaching scalability and growing in line with market	Operating margins (EBITA) 6-8% while exceeding market growth	7,7 %	6,5 %
<b>Customer Satisfaction</b>	> 4 (1-5)	Survey 2 / year	3,8	3,8
<b>Strategic Direction</b>	Consolidator for SME IT outsourcing in Scandinavia	Value add and geography	Initiated Acquisition Process with Kentor, Netthuset	
		Synergies		

# Acquisition of Netthuset AS

Q4 2006



- **Netthuset: IT service provider in SW Norway (Sandnes)**
  - 2006 Revenue (unaudited): ~ MNOK 25
  - 2006 EBIT: ~ MNOK 2
  - 12 employees
- **Acquired for MNOK 17,6M (inc. MNOK 4 cash = EV MNOK 13,6)**
- **Purchase consideration includes 18% shares, 82% cash**



- **Strengthens TeleComputing's market presence in fast-growth Stavanger region**
- **Strong customer relations and competence**

# TeleComputing Strategy recap:



## 1. Organic growth within IT services

- Focused, proactive, competence driven sales to existing and new customers
- Focus upwards in the SMB segment – larger target customers
- Development of complementary services: From "operations supplier" to "IT partner"
- Move upwards in the value chain – increased focus on professional services
- Increased focus on partnering
- Consistent top customer service
- Build brand awareness and brand strength in the market place

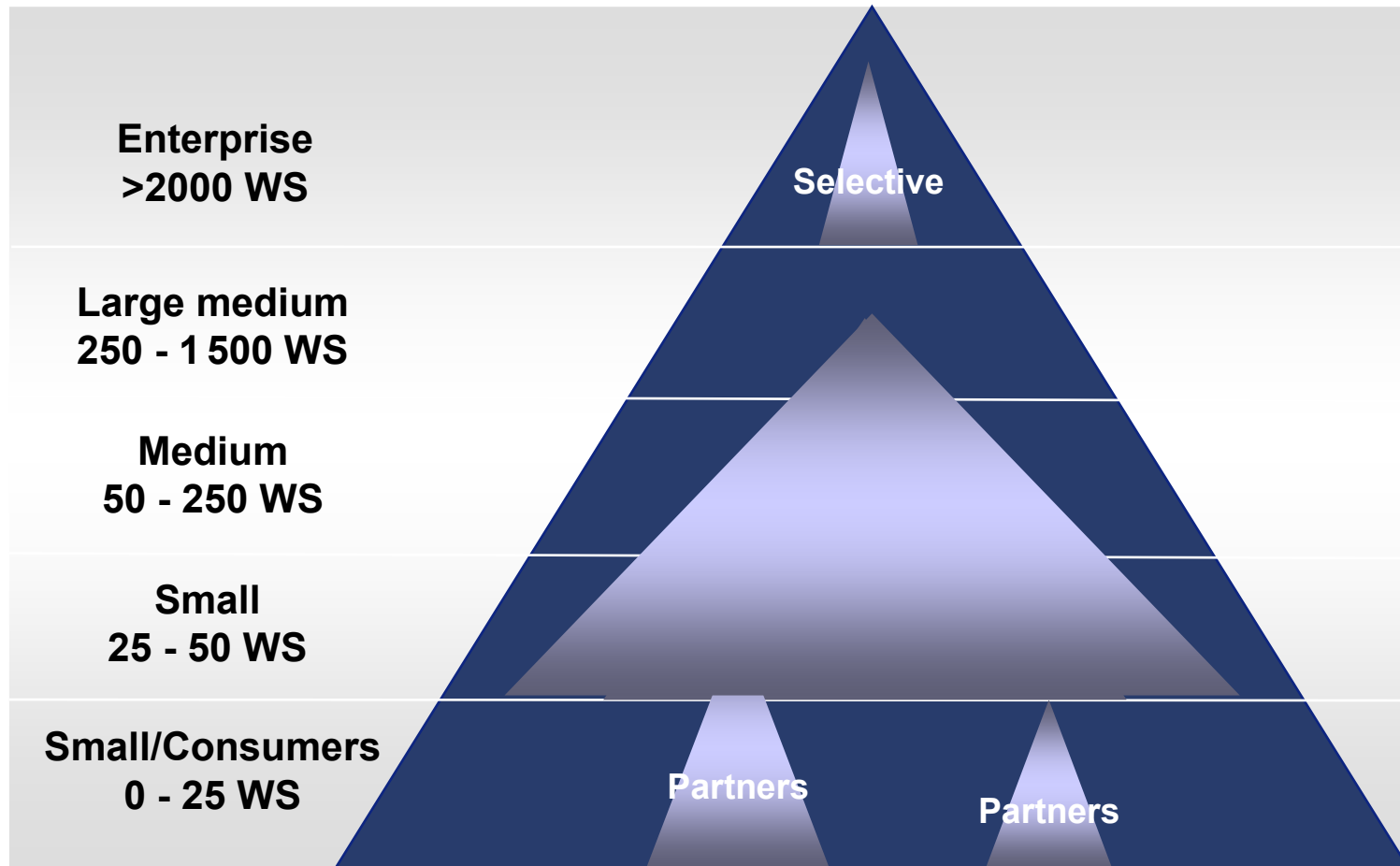
## 2. Growth through strategic acquisitions within IT services

- Add competency:  
core business volume, geographical/customer coverage, professional services, etc.
- Main target candidates:
  - Competitors within SMB
  - Local players (e.g. Göteborg, Malmö, Trondheim)
  - Consultancy firms focusing on IT consulting and/or on-site support
  - Internal IT departments
- Priority no. 1 is Sweden.

# Outsourcing - positioning



SMB



# IT-partner "value pyramid"



Clear focus on  
**SMB** segment

Strategic  
IT consulting

Application development

Application integration

Application management

IT-Delivery

Operations, Consulting, Onsite, Support

Acquisition(s)

+

TeleComputing

# TeleComputing acquires Kentor



# Transaction highlights



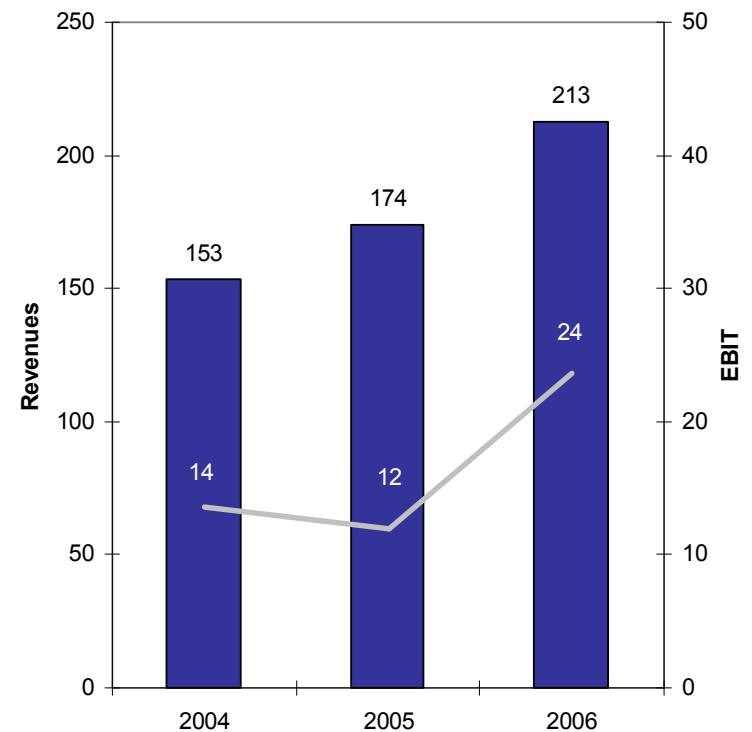
- TeleComputing acquires all shares in Kentor AB for SEK 290 mill
  - SEK 240 million on a cash and debt free basis (Enterprise Value)
- The acquisition is financed by bank loan on favourable terms, approx. 225 MSEK, and approx. 65 MSEK in cash
- The acquisition...
  - combines two profitable, growing and complementary IT companies
  - is perfectly in line with TeleComputing's strategy and our ambition to strengthen our position in Sweden
  - contributes significantly to establishing TeleComputing as the Best in Class IT partner for SMB

# Kentor highlights



- Kentor is a systems integrator that takes responsibility for all parts of a complete IT solutions delivery, from analysis through to deployment, operations and maintenance
- Revenues of MSEK 213 and EBIT of MSEK 23,7 in 2006
- Founded in 1983, Kentor currently has 235 employees in Stockholm, Gothenburg and St. Petersburg
- Relatively stable profitability since start – even during weak economic cycles
- Well established and solid brand in Sweden

## Financial development (MSEK)\*



\* All figures in Swedish GAAP

# Kentor highlights



## Strong customer base in upper SMB segment and beyond

- UPC/com hem, Tele2, Glocalnet, Telia, Stena Line, SVT, *if*, Unibet, Boxer, Wallenstam, Svenska kraftnät, Stockholms Läns Landsting and Ericsson
- Kentor is the market leading supplier of Business Support Systems to triple play operators (television, broadband and telephony) within the targeted market
- Kentor IT Services acts as prime contractor - overall responsibility for delivery and governance
- Special competence and focus: Telecom, as well as Property, Health and Membership systems

## Competence

- 95 % higher education in IT Services unit (university level or similar)
- Expert skills in Oracle, Microsoft and Java ~60 specialists
- Expert skills in Sharepoint 2007, Integration and Business Intelligence
- Packaged service offerings in Information Worker, Seamless Migration, Continuous Integration

## Strategic partnerships

- Strategic partners are Microsoft, Oracle and Abalon

# Attractive market proposition



TCO is a leading provider of IT Operation and Outsourcing in the SMB-segment

**No 1  
SMB  
IT partner**

**Kentor**

Kentor is a leading provider of IT Services and Solutions in the SMB-segment

- Unique – and differentiated - positioning
- Originating from lower SMB segment means lean delivery model with no unnecessary overhead. Highly competitive in the higher parts of the SMB segment
- We will be a unique joint force in the SMB-segment

# Kentor is a perfect match ...



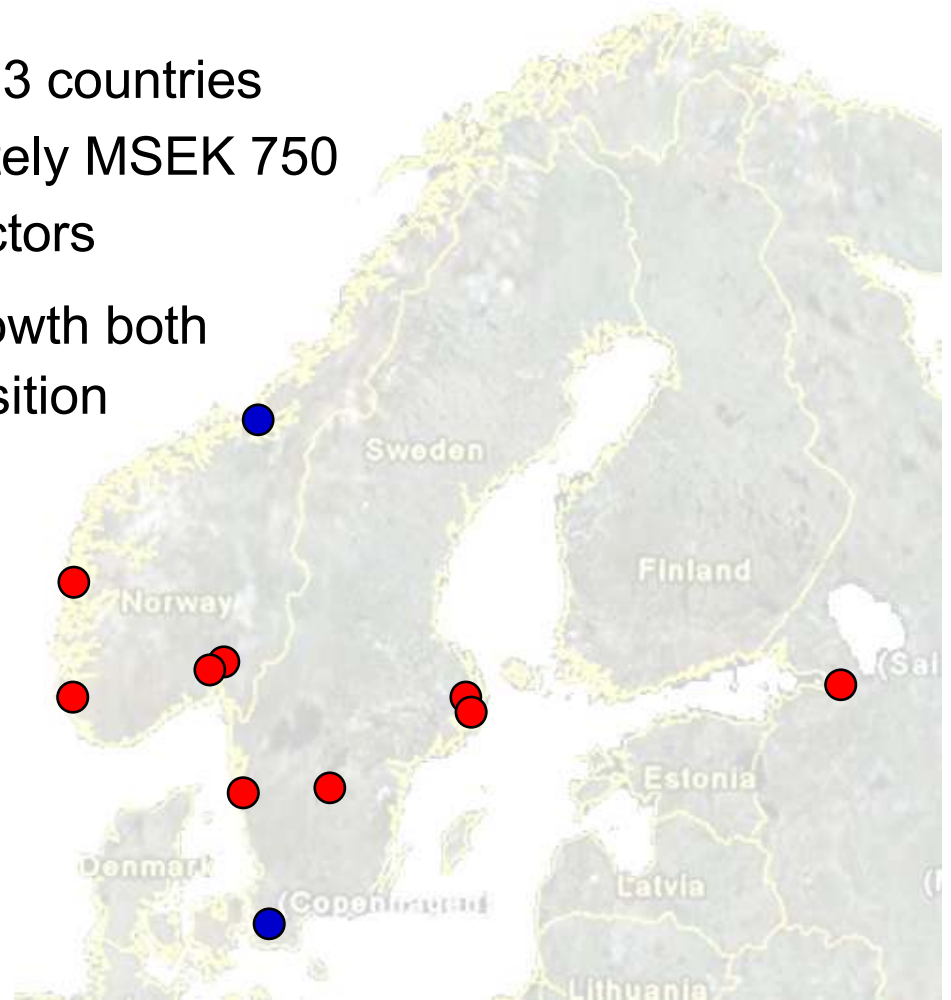
## The combined company will be characterised by:

- Best in class IT operations and best in class IT services for the Scandinavian SMB market
- More professional services enabling better penetration of customers
- Unique competence and services offering
- A considerable strengthening of the onsite IT operation
- A pan Nordic business focus with cross border cooperation;
  - The combined company has ambitions to offer Kentor's competence in the Norwegian market where TeleComputing has a leading position within SMB,
  - and to continue to deliver a competitive, yet profitable larger scale outsourcing solution in the Swedish market

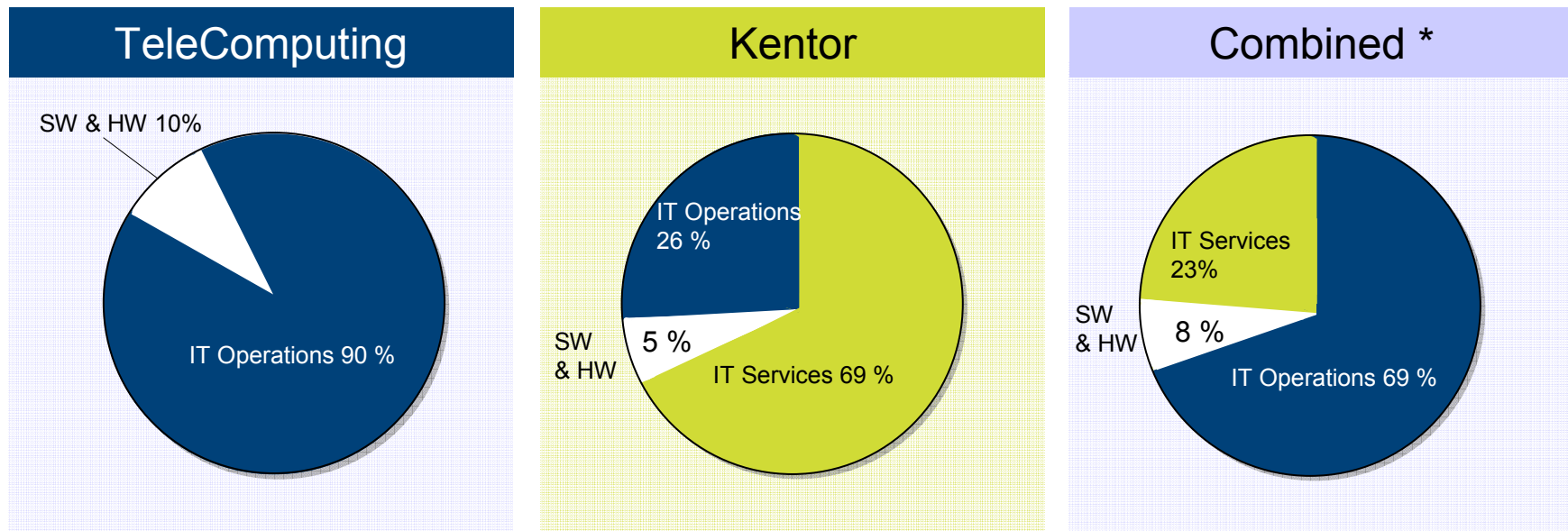
## ...with broadening coverage...



- 620 employees in 9 locations and 3 countries
- Pro forma revenues of approximately MSEK 750
- 770 customers spread over all sectors
- The growth strategy remains – growth both organically and by strategic acquisition in key local markets



## ... and a complementary product mix



- Significant cross sales opportunities on joint customer base...
  - ...IT operations to Kentor's customers
  - ... and IT services to TeleComputing's customers
- In addition, Kentor's professional services capabilities within IT Operations will be an attractive offering to TeleComputing's customers and an area for considerable growth

\* 2006 pro forma figures

# 2006 Proforma Financials



- Assumes acquisition in January 2006, at terms of agreement

PRO FORMA 2006 INCOME STATEMENT (MNOK)	TeleComputing 2006	Kentor 2006*	Combined 2006	% Increase
Revenue	475,3	191,4	666,7	40 %
Operating profit (EBIT)	28,9	21,3	50,2	74 %
Financial items **	1,2	0,3	-8,8	
Net income, continuing operations	27,2	15,1	32,1	18 %
<u>Earnings per share (NOK)</u>				
Basic EPS, continuing operations	0,76		0,90	18 %

\* Kentor financials, reported in Swedish GAAP

\*\* Adjusted to reflect interest on loan agreements tied to acquisition financing

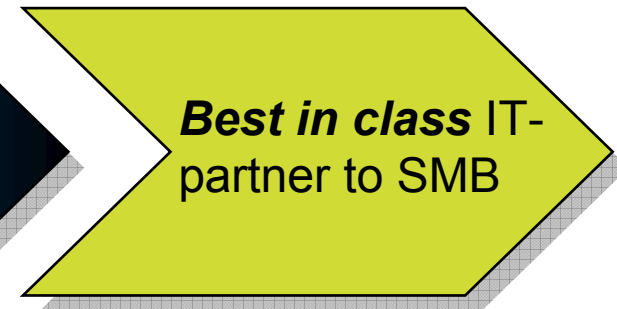
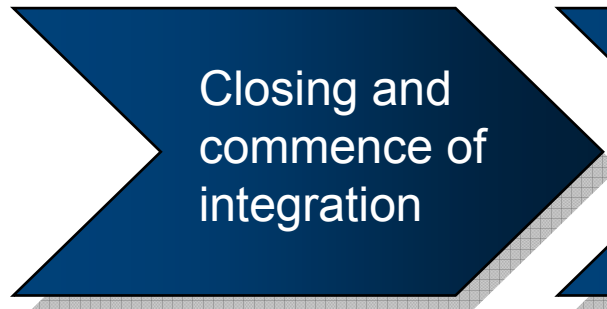
# Integration plan



Feb – Mar 2007

Q2 2007 =>

- 2008



- Closing of the transaction February 2007
- Management team in place
- New company structure in place
- Planning and decisions on increased operational effectiveness

- Integration of the organisations
- Kentor Teknik integrated into TeleComputing Sweden
- Stim Computing integrated into IT Services & Solutions
- Realisation of synergies with particular focus on cross sales opportunities
- Further strategic acquisitions when feasible

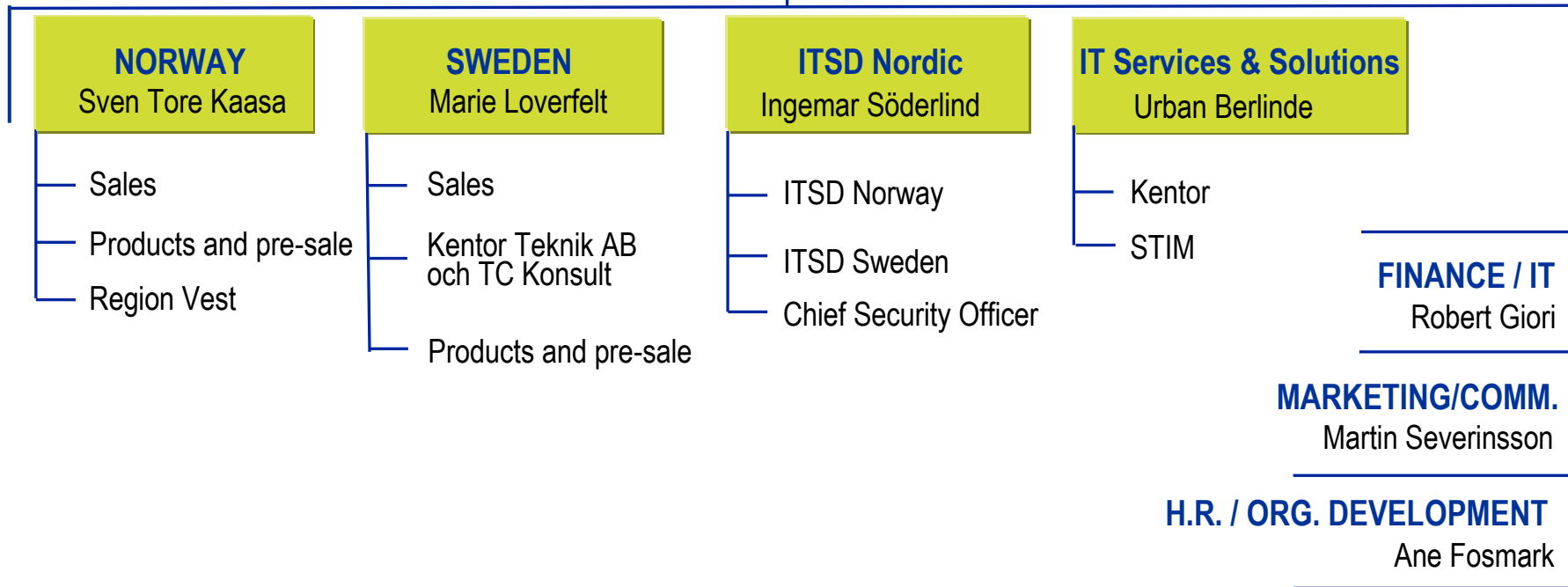
- Revenues of NOK 1 billion
- Long term EBITA margin 10 % (6-8 % while growing)
- Continuous focus on optimisation of business processes and synergy realization
- Further strategic acquisitions

# TeleComputing as of 9 February 2007



## TELECOMPUTING ASA

André P. Løvestam  
CEO



# 2007 Outlook and priorities

Q4 2006



- Maintain strong sales momentum, exceeding market growth
- Implement first round of integration of Kentor
  - Kentor Teknik AB into TeleComputing Sweden
  - Stim Computing AS into BU IT Services
  - Identify and start leveraging cross sale opportunities
- Execute launch of state-of-the-art Managed Client concept
- Continued active role in market consolidation
- Continued strong EBITA % in 2007
- Lower EBITA % in Q1 due to temporary increase in costs from:
  - M&A activities and subsequent restructuring
  - Due diligence investigation of proposed acquisition which was not executed

# Results 4th Quarter 2006

## Q & A

