

Telenor acquires Bredbandsbolaget and Cybercity



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Telenor acquires Bredbandsbolaget and Cybercity



- Purchase price (including net debt) is 6,033 mSEK
- A clear number 2 position in the Swedish broadband market

- Purchase price (including net debt) is 1,385 mDKK
- Number 3 position in the Danish broadband market (No 2 DSL)



Main Priorities (from Telenor's Capital Markets Day)

- **Increase competitive advantage in our mobile companies**
- **Maintain market positions and cash flow in Norway**
- **Continued evaluation of growth opportunities**



Continued evaluation of growth opportunities Bredbandsbolaget and Cybercity characteristics

- **Strong growth**
- **Expand Telenor's Nordic footprint**
- **Synergies and scale**
- **Strong investment cases**





2nd largest broadband operator
in Sweden

- **335 000 subscribers and 24% broadband market share**
- **Focus on high-end residential, home office and SME segments**
- **Own infrastructure with fibre and DSL accesses**
- **Voice over IP service since 2003 with more than 80 000 subscribers**
- **TV service launched recently with 3 000 subscribers so far**



Key financials – Bredbandsbolaget

SEKm

	2002 (PF)	2003 (PF)	2004 (PF)
Revenue	446	761	1197
<i>YoY growth</i>		70%	57%
EBITDA	-221	-60	223
<i>EBITDA margin</i>	<i>n.a</i>	<i>n.a</i>	18%
Capex	259	298	492

2005 outlook:

- Subscriber growth 30%
- Revenue growth 30%
- EBITDA margin 32%

Broadband subscribers	161 000	226 000	307 000
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Fastest growing broadband provider in Denmark

- **90 000 subscribers and 8% market share (13% DSL)**
- **Capturing 20-25% of the market growth over the last 5 quarters**
- **Focus on high-end residential, home office and SME segments**
- **Own DSL infrastructure with 70% national coverage**
- **Voice over IP service launched with 8 000 customers so far**



Key financials – Cybercity

DKKm

	2002	2003	2004
Revenue	267	294	392
<i>YoY growth</i>	9%	10%	33%
EBITDA	29	71	123
<i>EBITDA margin</i>	10%	24%	31%
Capex	109	81	137

2005 outlook:

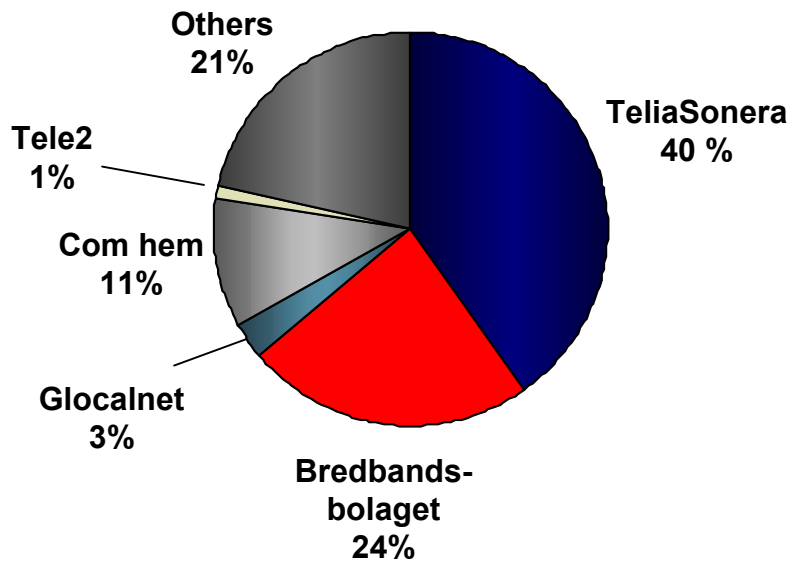
- Subscriber growth 45%
- Revenue growth 30%
- EBITDA margin +30%

DSL subscribers **29 600** **44 500** **77 200**



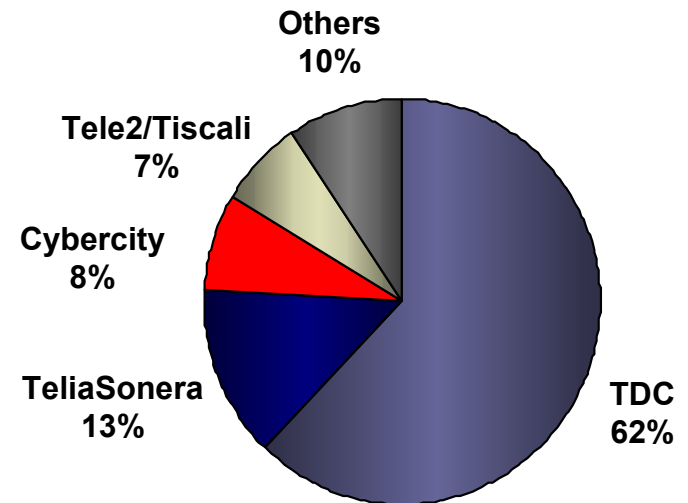
Bredbandsbolaget and Cybercity Fast growing and strong market positions

Broadband marked shares in Sweden 2004



Source: Swedish National IT and Telecom Authorities

Broadband market shares in Denmark 2004



Source: Danish National IT and Telecom Authorities



Broadband is key

- **Broadband is an important distribution channel for future voice, content and TV services**
- **Common infrastructure for business and residential market – fixed and mobile**
- **Cybercity enables datacom offering in Denmark and enables Telenor to offer seamless Nordic services**

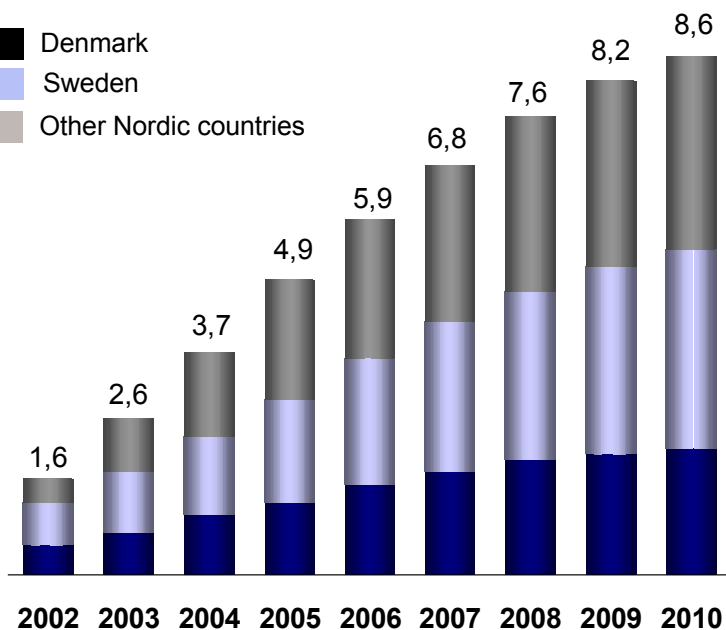


Going for growth in broadband and VoIP

Nordic broadband subscribers in total*

Million

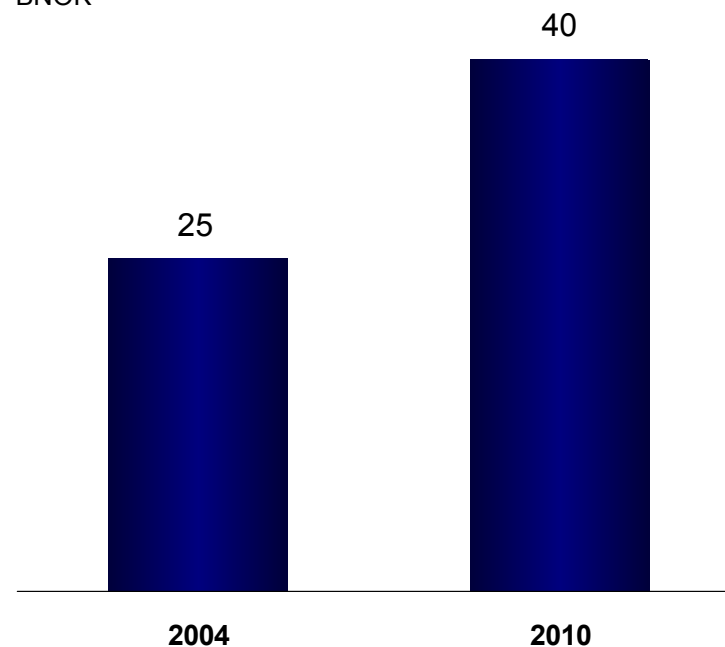
- Denmark
- Sweden
- Other Nordic countries



* Telenor estimates

Total Nordic broadband, datacom and VoIP revenues in total*

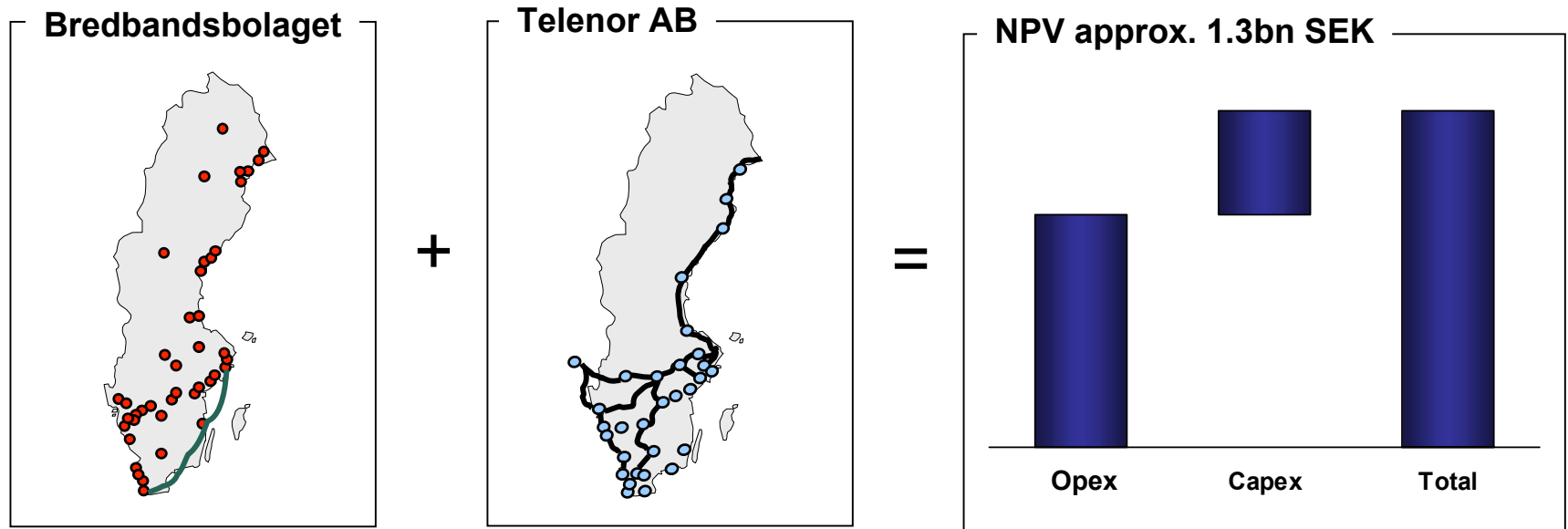
BNOK



*Telenor estimates, excludes content related revenues



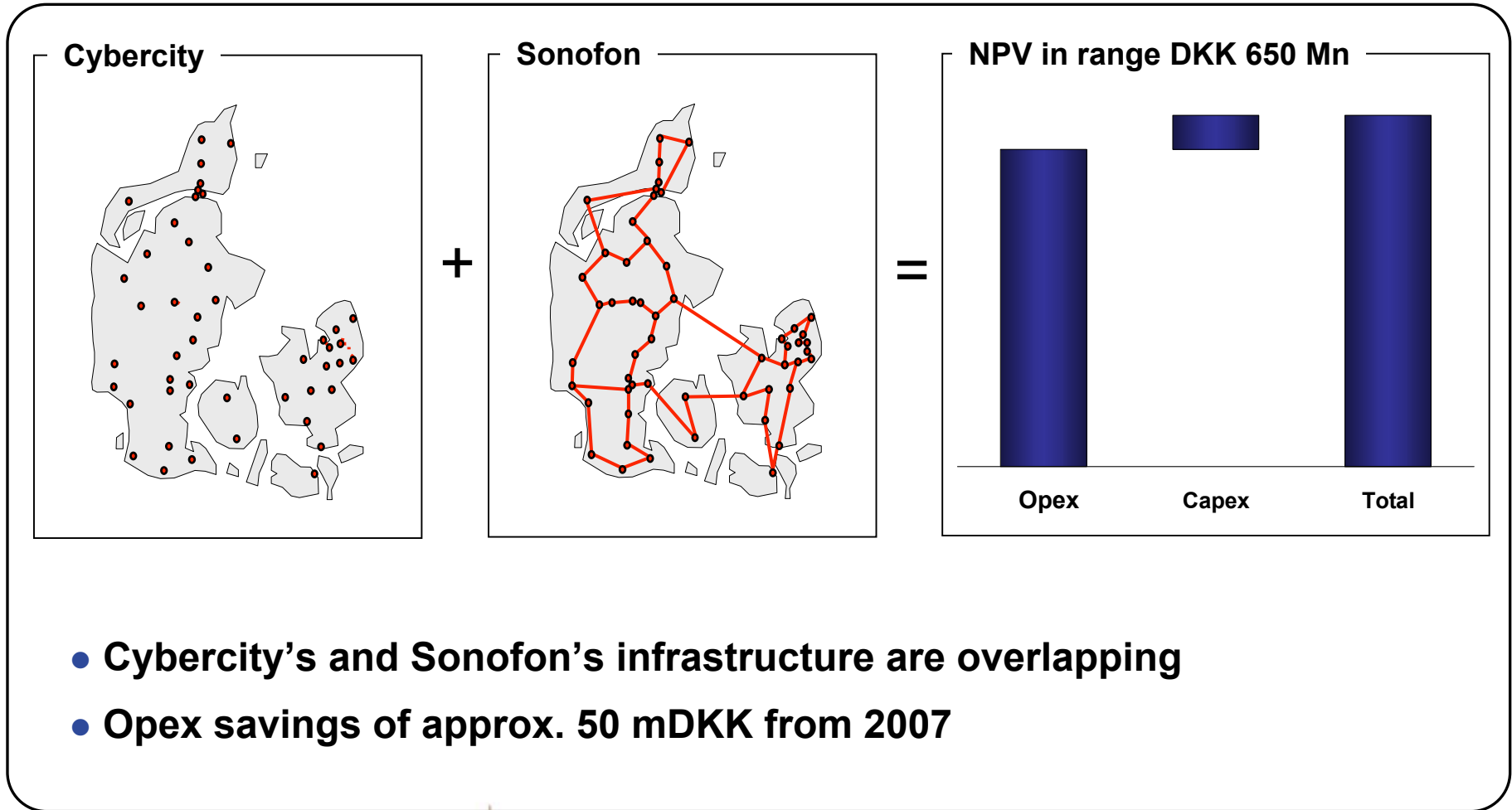
1 300 mSEK in synergies between Bredbandsbolaget and Telenor AB



- Bredbandsbolaget's and Telenor AB's infrastructure are overlapping
- Opex savings of 80 mSEK in 2007
- Capex savings of 50 mSEK in 2007
- Significant tax shield in Bredbandsbolaget and Telenor AB



650 mDKK in synergies between Sonofon and Cybercity



Bredbandsbolaget and Cybercity The perfect fit for Telenor

- **Captures attractive positions in fast growing markets**
- **Expands Telenor's Nordic footprint**
- **Total value of synergies and tax shield approximately 2.5bn NOK**
- **Strong investment cases**



Financials



Bredbandsbolaget Profit & Loss 2002-2004

mSEK	2002PF	2003PF	2004PF
Revenues	446	761	1 197
<i>Ethernet LAN</i>	217	323	388
<i>DSL</i>	183	331	572
<i>SME</i>	18	32	90
<i>VoIP</i>	28	75	147
Variable costs	-235	-336	-586
Gross profit	211	425	611
<i>Gross margin %</i>	47 %	56 %	51 %
Operating costs	-432	-485	-388
EBITDA	-221	-60	223
<i>EBITDA margin %</i>	<i>n.a.</i>	<i>n.a.</i>	19 %
EBIT	-1 104	-402	-235
Net result	-991	-361	-370

Note: All figures pro forma including Bostream



Cybercity Profit & Loss 2002-2004

mDKK

	2002	2003	2004
Total revenue	267	292	393
<i>DSL</i>	141	205	323
<i>Dial-up</i>	70	55	39
<i>Other</i>	57	32	30
Direct costs	67	50	60
Network costs	40	27	39
Gross profit	160	216	293
<i>Gross margin</i>	60 %	74 %	75 %
Operating costs	131	147	170
EBITDA	29	71	123
<i>EBITDA margin</i>	11 %	24 %	31 %
Depreciation	85	119	124
EBIT	-56	-48	-1
Net result	-66	-57	-10

