



**TECNOTREE**

*powering the digital marketplace*

# **Renewing and Growing Game Changer of Digital Services Business**



# Agenda

**1. Tecnotree as an investment**

**2. Summary of key financials**

**3. Rights offering**

# TECNOTREE AS AN INVESTMENT



# Industry trends

- Digital services, wireless broadband and smartphones are shaping our lives fast
- Data transfers are growing rapidly, generating a need for flexible payment and billing solutions
- Apple, Android, Google, Facebook challenge operators to change their role
- Consumer may have a number of different subscription plans (mobile, broadband, cable-TV) and services (Skype, Spotify, Netflix) all having separate tariffs and options for payment. Following up all of these is tedious and difficult, and managing the total monthly cost can be challenging



# Tecnotree's vision

*Tecnotree enables communication service providers to create a consumer friendly marketplace of digital services*

# Tecnotree

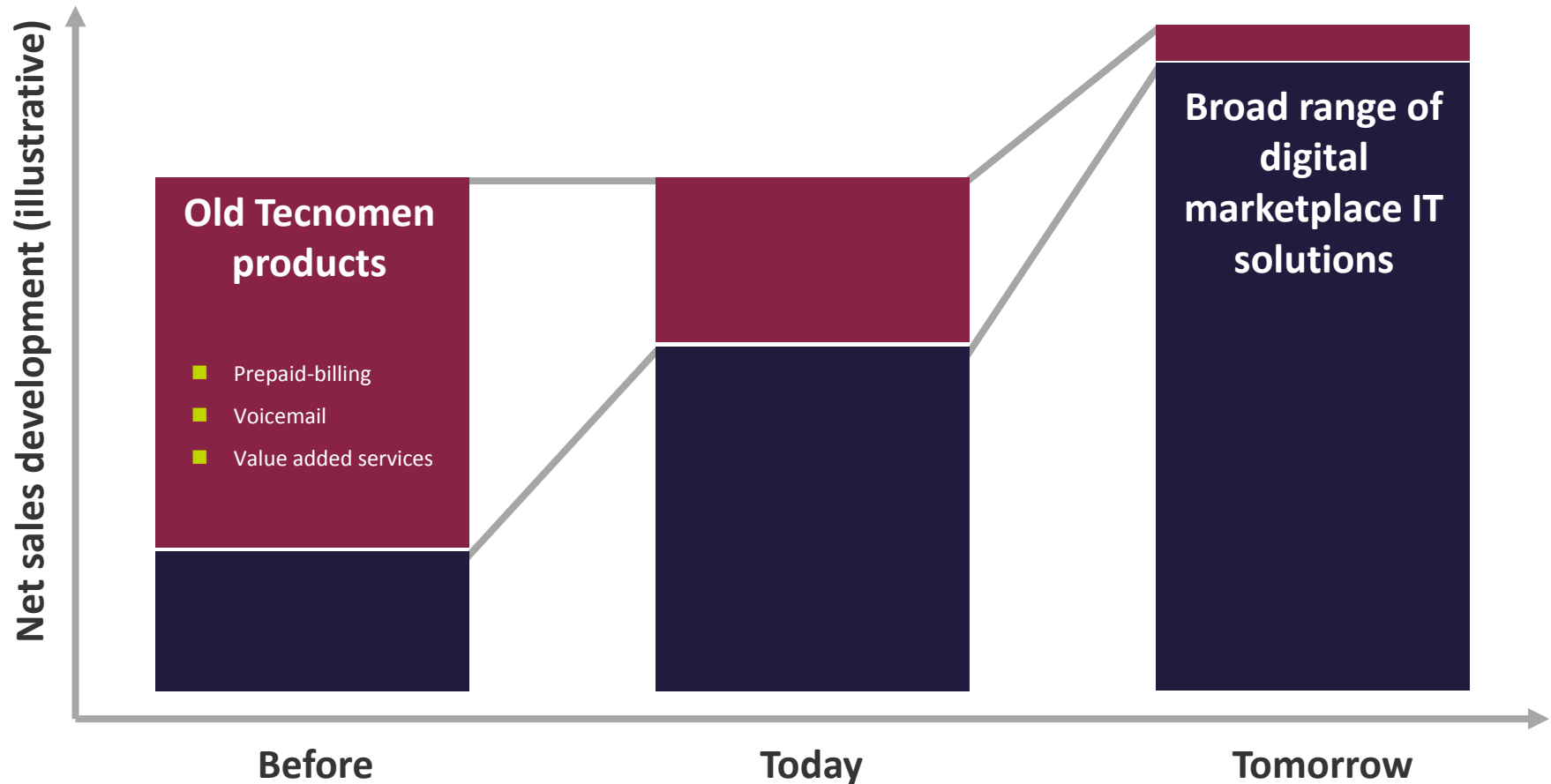
## Game changer of digital services business

- Tecnotree's solutions allow communication service providers to provide flexible, personalised service bundles and subscriptions with flexible tariffs and charging options
- Growth market worth € 60 billion worldwide
- In November 2011, the research company Gartner raised Tecnotree among the industry's 13 most interesting companies
- Tecnotree benefits from the growth of the emerging markets
- Order backlog is at the highest level in the company's history
- Future growth ties in more capital
- Tecnotree aims to be the leading supplier of digital marketplace solutions worldwide



# Tecnotree's strategic change

According to its new strategy, Tecnotree positions itself as the provider of broad range of telecom IT solutions. Solution service volumes are replacing the old Tecnomen products



# Digital marketplace

From the consumer point of view



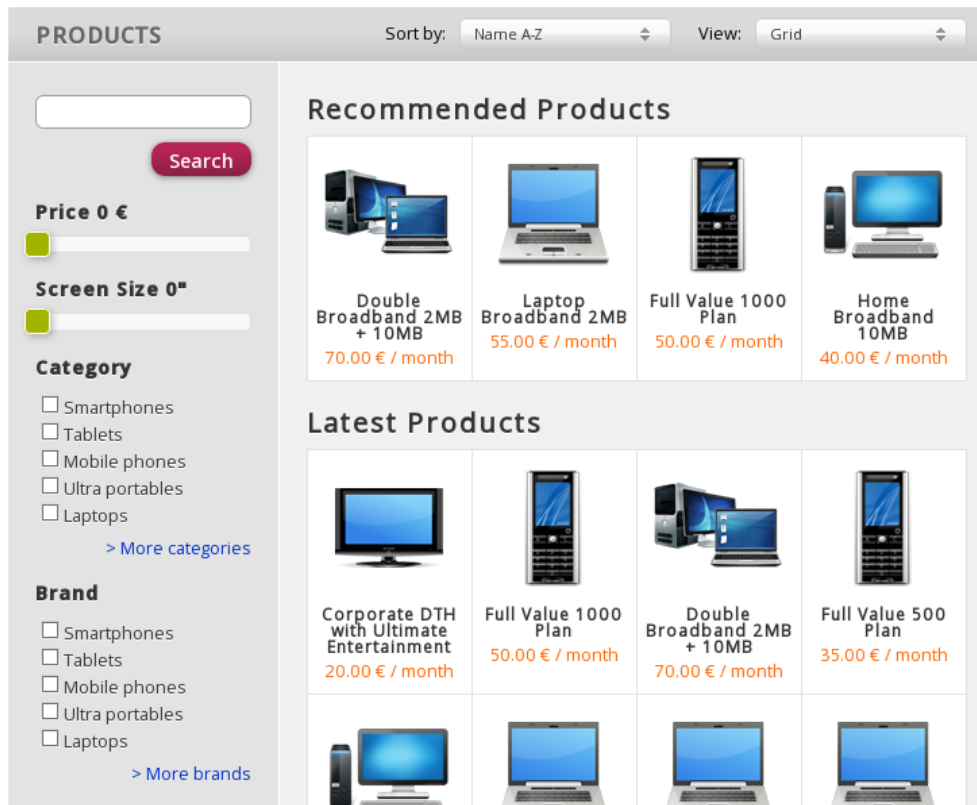


# Consumers' view

Example of a consumer portal powered by Tecnotree's solutions



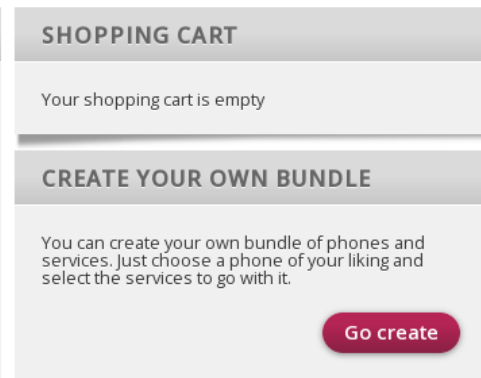
The header navigation bar features the Tecnotree logo on the left, followed by the text "UNIFIED PRODUCT CATALOGUE". On the right, there is a search bar with a "SEARCH" label and a magnifying glass icon, and a "LOGGED IN:" section showing the user name "John K. Cole" and a link to "My settings". Below this is a dark blue navigation bar with buttons for "eStore", "My Subscriptions", "My Orders", and "Support". A green banner below the navigation bar displays the "eStore" text.



The "PRODUCTS" section includes a search bar and a "Search" button. It features two filter sections: "Price 0 €" and "Screen Size 0\"", each with a slider. Below these are "Category" and "Brand" sections, each with a list of checkboxes for "Smartphones", "Tablets", "Mobile phones", "Ultra portables", and "Laptops", and a link to "> More categories" or "> More brands". The main content area is divided into "Recommended Products" and "Latest Products".

Product Name	Price / month
Double Broadband 2MB + 10MB	70.00 € / month
Laptop Broadband 2MB	55.00 € / month
Full Value 1000 Plan	50.00 € / month
Home Broadband 10MB	40.00 € / month

Product Name	Price / month
Corporate DTH with Ultimate Entertainment	20.00 € / month
Full Value 1000 Plan	50.00 € / month
Double Broadband 2MB + 10MB	70.00 € / month
Full Value 500 Plan	35.00 € / month



The "SHOPPING CART" section displays the message "Your shopping cart is empty". Below it is the "CREATE YOUR OWN BUNDLE" section, which includes the text "You can create your own bundle of phones and services. Just choose a phone of your liking and select the services to go with it." and a "Go create" button.

# Consumers' view

Example of a consumer portal powered by Tecnotree's solutions

The screenshot shows a consumer portal interface. At the top left is the Tecnotree logo and the text "UNIFIED PRODUCT CATALOGUE". To the right is a search bar with "SEARCH" and "Advanced search" links, and a "LOGGED IN:" section for "John K. Cole" with a "My settings" link and a power button icon. Below this is a navigation bar with "eStore", "My Subscriptions", "My Orders", and "Support". A large green banner reads "Create Your Own Bundle".

The main content area features three category buttons: "MOBILE" (57.68 €), "BROADBAND" (0.00 €), and "TELEVISION" (0.00 €). A "TOTAL" section shows "57.68€" and an "Order now" button. To the right is a "SHOPPING CART" section with the message "Your shopping cart is empty".

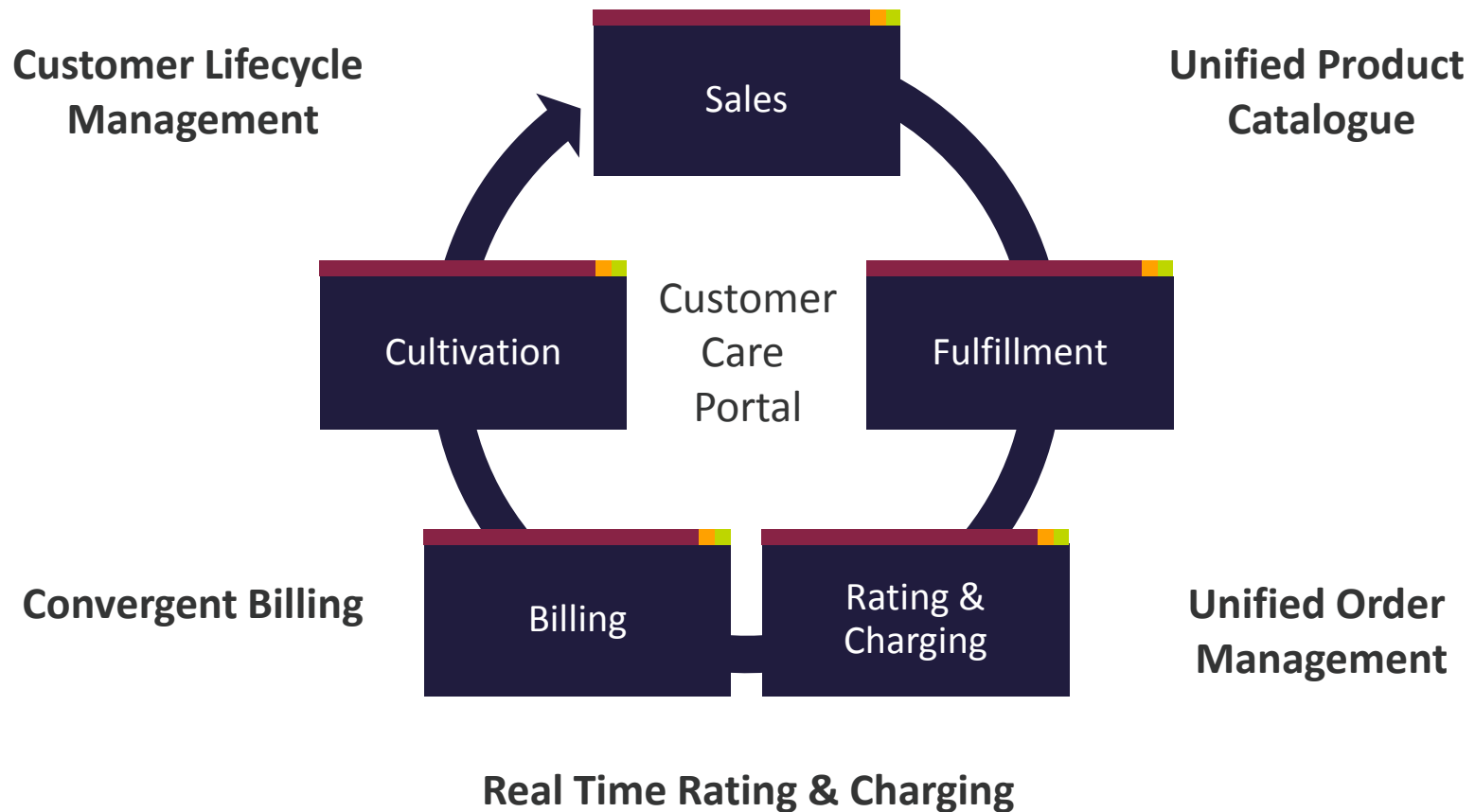
The "MOBILE" section is expanded to show configuration options:

- Phone**
  - Model: iPhone 4S
- Mobile Connection**
  - Minutes: 300
  - Text Messages: 200
  - Data (GB): 3

A "Custom Bundle" preview shows an iPhone 4S and the text: "Includes 300 minutes, 200 messages, and 3GB mobile data" with a price of "57.68 €".

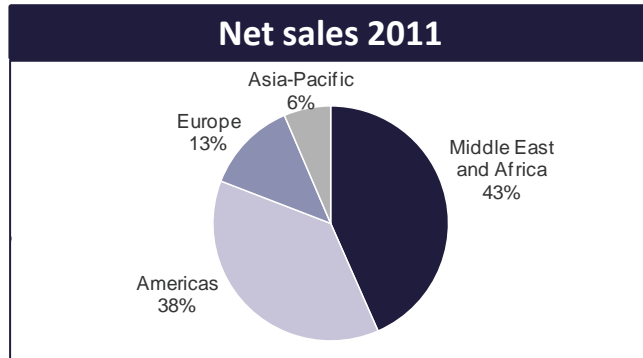
# Products: Tecnotree Agility™

Covers the whole business cycle of a communication service provider



# Global business model

Tecnotree's over 900 experts serve more than 100 operators in over 50 countries

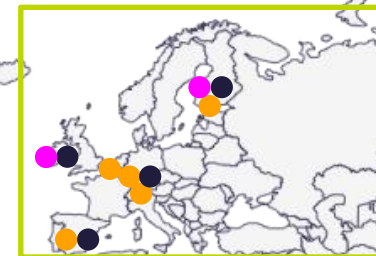


Examples of customers in America

"América Móvil is the world's third largest operator group"



Examples of customers in Europe

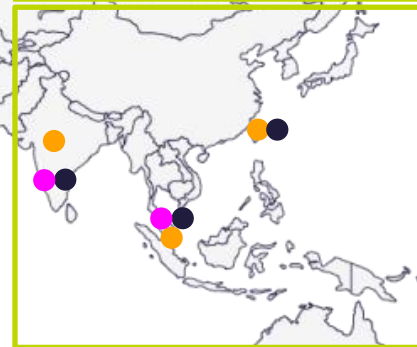


Examples of customers in Middle East and Africa

"MTN is one the world's largest operator groups"

"Airtel is one of the five largest operators in the world"

Examples of customers in Asia-Pacific regions



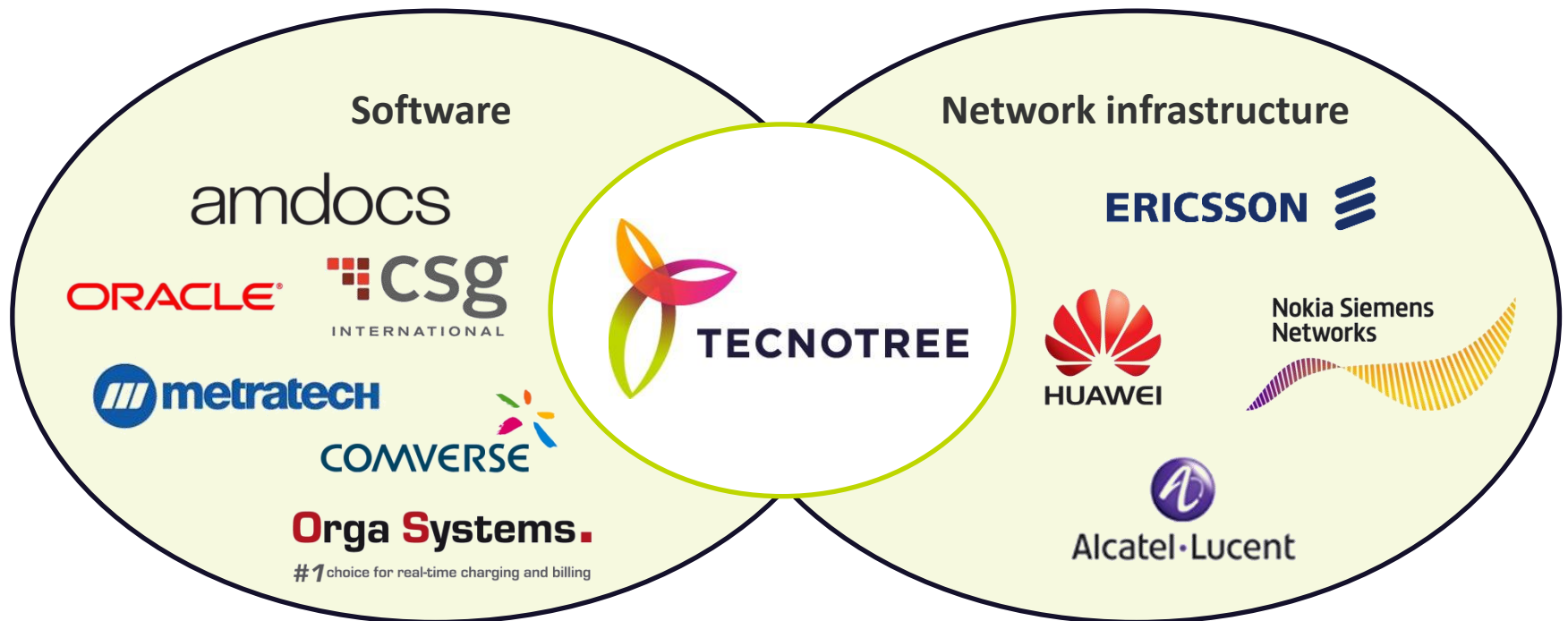
● R&D

● Technical support

● Sales & business development

# Competitive landscape

Gartner raised Tecnotree among the industry's 13 most interesting companies in November 2011



# Competitive advantages

Despite Tecnotree's relatively small size, the Company has enabled to form solid position within tier 1 operators in the emerging markets

- **Large enough** to deliver on promise and small enough to care
- **Extensive solution offering** to tackle all the core needs of telecom IT
- **Agile** and **cost-efficient** solution provider with over 30 years of experience
- Heavy investment into **R&D** and **customer services**

# Evidence of successful strategic change

Tecnotree has recently entered into two landmark deals

**\$ 31 million  
convergent billing  
and customer  
management  
contract in Latin  
America**

- Deal worth approximately \$ 31 million with a major operator group in Latin America in December 2011
- Solutions for fixed and mobile networks, and encompasses convergent billing, customer management, product catalogue and order management solutions
- Sales and cash flow impact of the deal will span across the following two years

**\$ 24 million  
convergent charging  
contract in Latin  
America**

- Deal worth approximately \$ 24 million with a major operator group in Latin America in April 2012
- Tecnotree will replace existing voice and data charging systems with the Tecnotree convergent online charging solution
- Sales and cash flow impact of the deal will span across the following two years

# SUMMARY OF KEY FINANCIALS

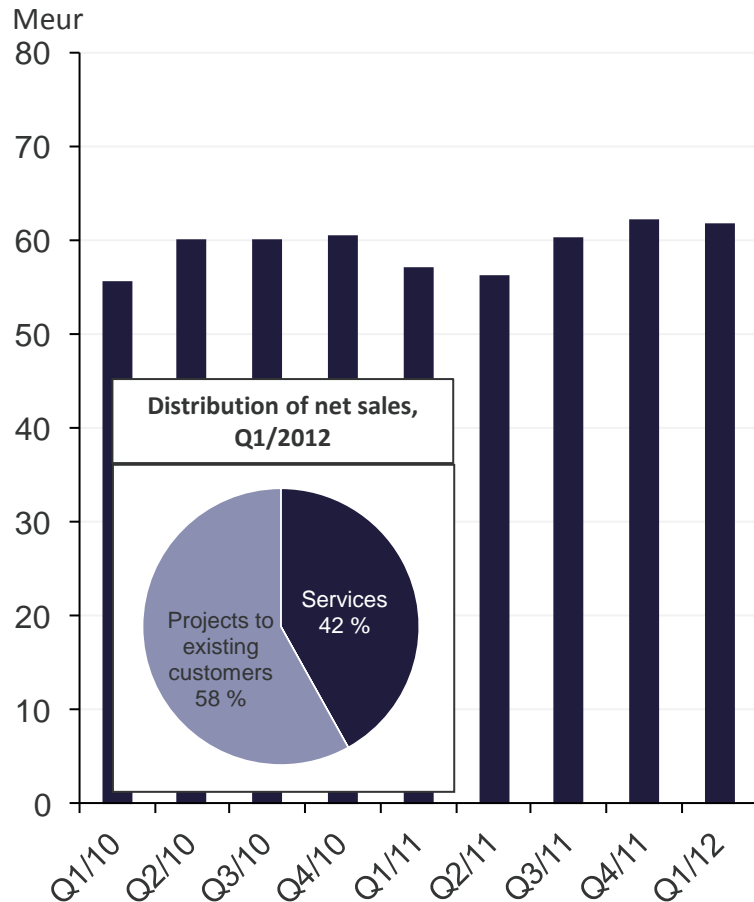
A decorative graphic consisting of a dark blue horizontal bar on the left, a thin vertical maroon bar extending upwards from its right edge, and two horizontal bars (one orange, one lime green) extending to the right from the bottom of the maroon bar.



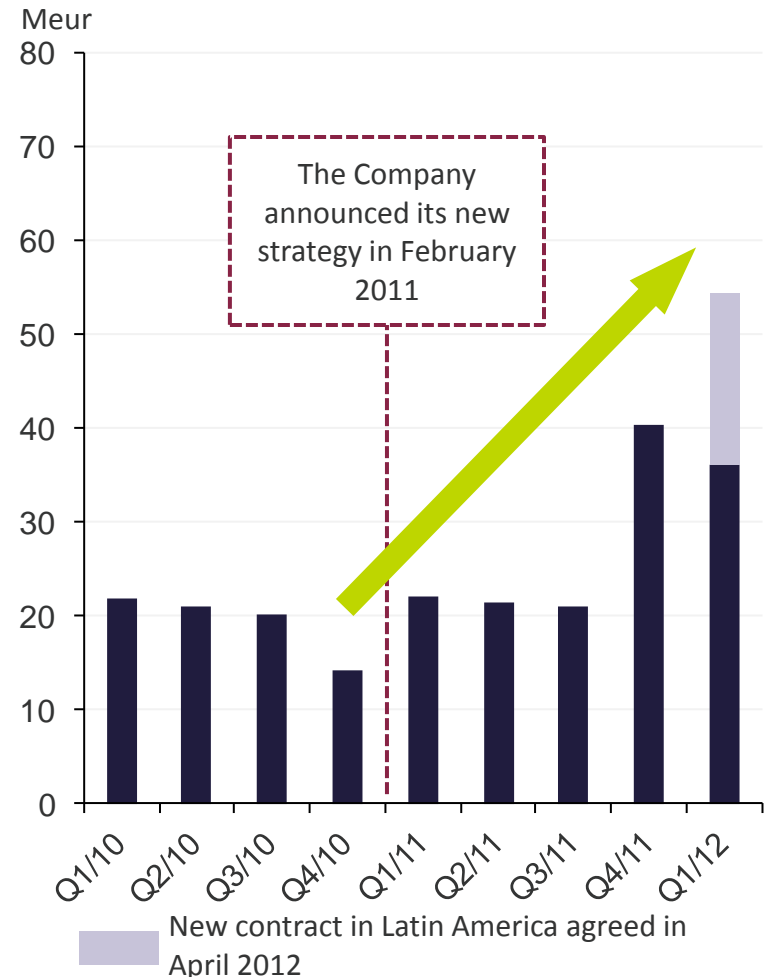
# Net sales and order backlog

Transformation to a solution provider has kept net sales development flat. Order backlog is at a record high level

12 month rolling net sales Q1/2010-Q1/2012



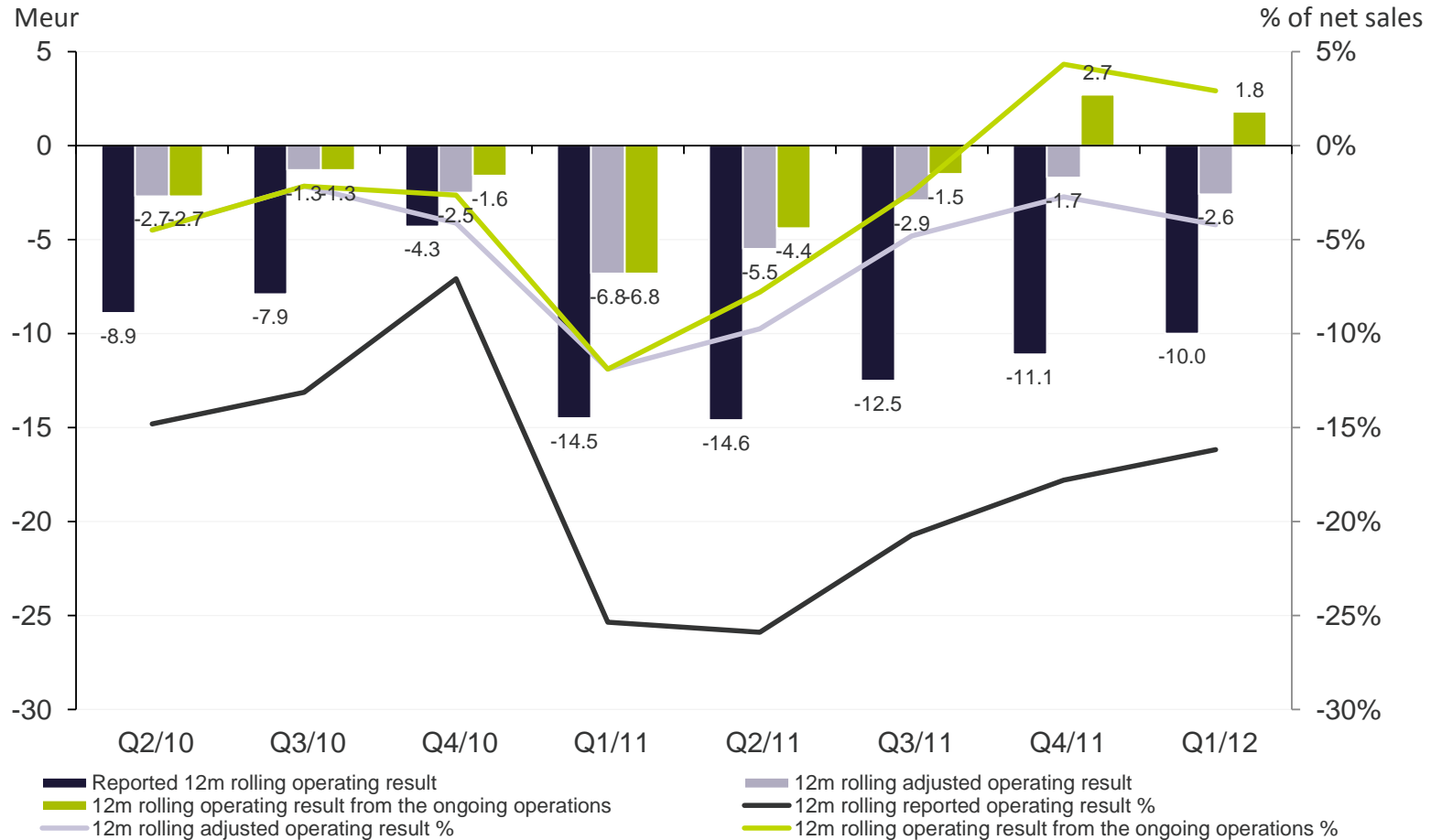
Order backlog Q1/2010-Q1/2012



# Operating result and margin

Operating result of the ongoing operations has turned positive<sup>1</sup>

12 month rolling operating result and adjusted operating result, Q2/2010-Q1/2012



(1) Operating result from the ongoing operations = Reported operating result + impairment of receivables from Libya + impact of R&D capitalisation + one-time costs

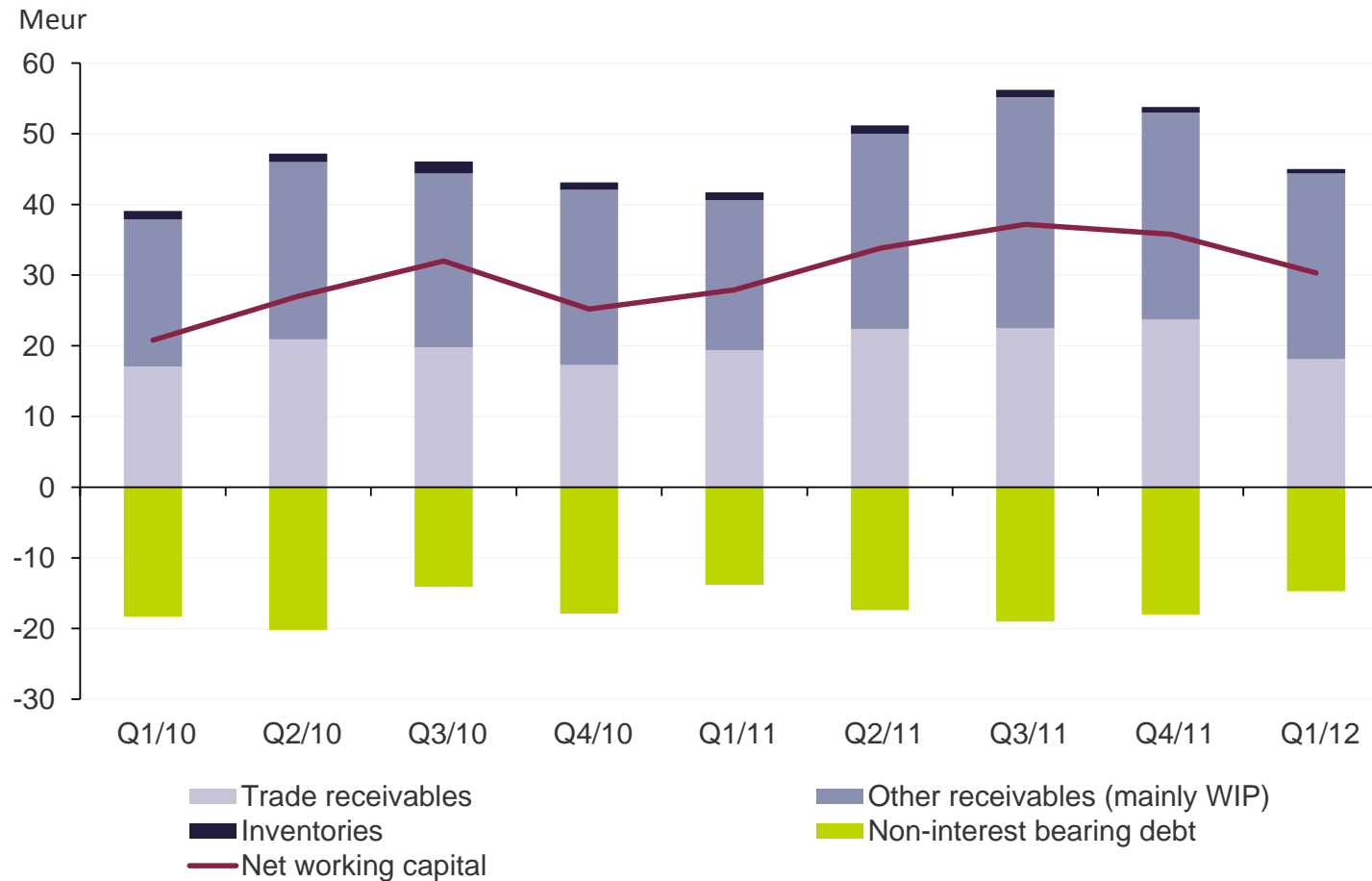
# Income statement 2010-2011

<b>Meur</b>		<b>2011</b>	<b>2010</b>
	Net sales	62.3	60.7
	Other operating income	0.2	
	Costs from operations	-59.8	-62.3
	<b>Operating result from the ongoing operations</b>	<b>2.7</b>	<b>-1.6</b>
1	Impairment of receivables from Libya	-4.4	-0.9
	<b>Adjusted operating result</b>	<b>-1.7</b>	<b>-2.5</b>
2	Net impact of R&D capitalization	-7.0	-5.5
3	One-time costs	-2.4	
	<b>Operating result</b>	<b>-11.1</b>	<b>-8.0</b>
	Financial income and expenses	1.2	-1.4
	Income taxes		
4	Withholding taxes	-1.5	8.0
	Other income taxes	-4.1	-2.4
	<b>Result for the period</b>	<b>-15.5</b>	<b>-11.0</b>
<b>FIGURES FROM OTHER THAN DAILY OPERATIONS</b>			
1	Impairment of receivables from Libya	-4.4	-0.9
2	Net impact of R&D capitalisation	-7.0	-5.5
3	One-time costs	-2.4	
4	Withholding taxes	-1.5	0.8
	<b>TOTAL</b>	<b>-15.3</b>	<b>-5.6</b>

# Working capital

Due to the nature of business Tecnotree ties significant amount of working capital

Working capital, Q1/2010-Q1/2012



# Outlook for 2012

- Record order backlog of over € 50 million
- Net sales and operating result estimated to grow from the previous year
- Adjusted operating result is estimated to be positive
- Variations in the quarterly figures will be considerable
- Cash flow after investments is estimated to improve from the 2011 level

# Rights offering impact on balance sheet

€ 6 million additional share capital will enable Tecnotree to raise project financing of € 5 million

Assets, Meur	31.3.2012	Impact of the offering	Post-offering	Equity and liabilities, Meur	31.3.2012	Impact of the offering	Post-offering
Goodwill	19.4		19.4	<b>Total equity</b>	<b>41.3</b>	<b>6.0</b>	<b>47.3</b>
Other intangible assets	8.2		8.2	Interest-bearing liabilities	12.2		12.2
Property, plant and equipment	6.0		6.0	Deferred tax liabilities	3.3		3.3
Deferred tax assets	1.4		1.4	Other non-current liabilities	0.4		0.4
Other assets	0.5		0.5	<b>Total non-current liabilities</b>	<b>15.9</b>		<b>15.9</b>
<b>Total non-current assets</b>	<b>35.5</b>		<b>35.5</b>	Interest bearing liabilities	14.8	5.0	19.8
Inventories	0.6		0.6	Non-interest bearing liabilities	14.3		14.3
Trade receivables	18.1		18.1	<b>Total current liabilities</b>	<b>29.1</b>	<b>5.0</b>	<b>34.1</b>
Work in progress (WIP)	26.3		26.3				
Investments	0.0		0.0				
Cash and cash equivalents	6.7	11.0	17.7				
<b>Total current assets</b>	<b>51.0</b>	<b>11.0</b>	<b>62.0</b>				
<b>TOTAL ASSETS</b>	<b>86.3</b>	<b>11.0</b>	<b>97.3</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86.3</b>	<b>11.0</b>	<b>97.3</b>

Equity ratio

Pre-offering: 48.6%

Post-offering: 49.3%

Net gearing

Pre-offering: 50.9%

Post-offering: 31.8%

# RIGHTS OFFERING



# Background for the rights offering

- Increasing need for working capital
  - ▣ New projects are broader in scope
  - ▣ New projects have a longer delivery cycle
- Strengthening of balance sheet
- Tecnotree has negotiated a € 5 million additional project financing credit limit. Additional financing is subject to collecting € 5 million subscriptions for the rights offering





**A global, Finnish provider of IT solutions**