



# INTERIM RESULTS

## For the six months ended 30 June 2011

**Presented by**

Arnold Rørholt – Chief Executive Officer

Marne Martin – Chief Financial Officer

**Trusted. Experienced. Proven.**

Helping government agencies and some of the world's largest telecom companies build and enhance their communication networks.

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# OVERVIEW

# Reviewing the first half



- **Continued to execute on our strategic ambitions**
  - To diversify our client base geographically
  - To extend the range of services we offer as a firm
- **Good operational momentum has continued**
  - Built upon the progress made in H2 2010
  - Existing client relationships strong, new clients won
- **Market dynamics of our sector provide encouragement**
  - New technologies are driving investment in the telecoms space
  - 4G/LTE, NGN/FTTH – all beginning to gain traction
- **Financial performance resilient**
  - Revenue increased year-on-year

- **New client wins secured in target geographies**
  - South East Asia
  - Europe – in particular Scandinavia
  - Central Asia
  - Middle East – outside Saudi Arabia
- **Core market base strengthened and extended**
  - Core Middle East engagements renewed
  - Successful extensions to mandates in Abu Dhabi and in Indonesia
- **Defence and Security verticals remain a development focus**
  - An investment focus for Middle East governments
  - Complex programmes which match neatly with our skill set
- **Key hires secured to help maintain this good momentum**
  - New COO to join end-October



# FINANCIALS

# Financial overview



- Year-on-year Revenue increase delivered
  - US\$35.9m (H1 2010: US\$34.2m)
- Gross Profit of US\$6.0m (H1 2010: US\$6.6m)
- Profit After Tax of US\$2.4m (H1 2010: US\$2.8m)
- Net Cash of US\$1.1m (30 June 2010: Net Cash US\$5.0m)
  - Significant proportion of outstanding balances since collected, post period end
  - Net cash improved by more than US\$7.0m since period end
- Pro-forma EPS of US\$0.05 (H1 2010: US\$0.06)
- Strengthened Balance Sheet ration of 4.1 (30 June 2010: 2.6)

# Consolidated P&L



	HY TO 30 JUNE '11 US\$'000	HY TO 30 JUNE '10 US\$'000
Turnover	35,878	34,242
Cost of sales	(29,911)	(27,665)
<b>Gross profit</b>	5,967	6,577
<i>Gross margin (%)</i>	18%	19%
Operating costs (net)	(2,171)	(1,984)
<b>Operating profits</b>	3,796	4,593
Other costs/income	(526)	(495)
<b>Profit before tax</b>	3,270	4,098
Tax	(858)	(1,322)
<b>Profit after tax</b>	2,412	2,776
<b>Basic pro forma Eps (US\$)</b>	0.05	0.06

# Consolidated balance sheet



	AS AT 30 JUNE '11 US\$'000	AS AT 30 JUNE '10 US\$'000
Non-current Assets	844	866
Current Assets		
- Cash	8,425	13,513
- Trade Debtors	43,890	34,553
<b>Total Assets</b>	<b>53,159</b>	<b>48,932</b>
Current Liabilities		
- Creditors	9,384	12,222
- Income tax payable	1,373	1,438
- Short term loan	7,288	5,052
Non-current Liabilities	9,860	7,891
<b>Net Assets</b>	<b>25,254</b>	<b>22,329</b>

# Consolidated cash flow



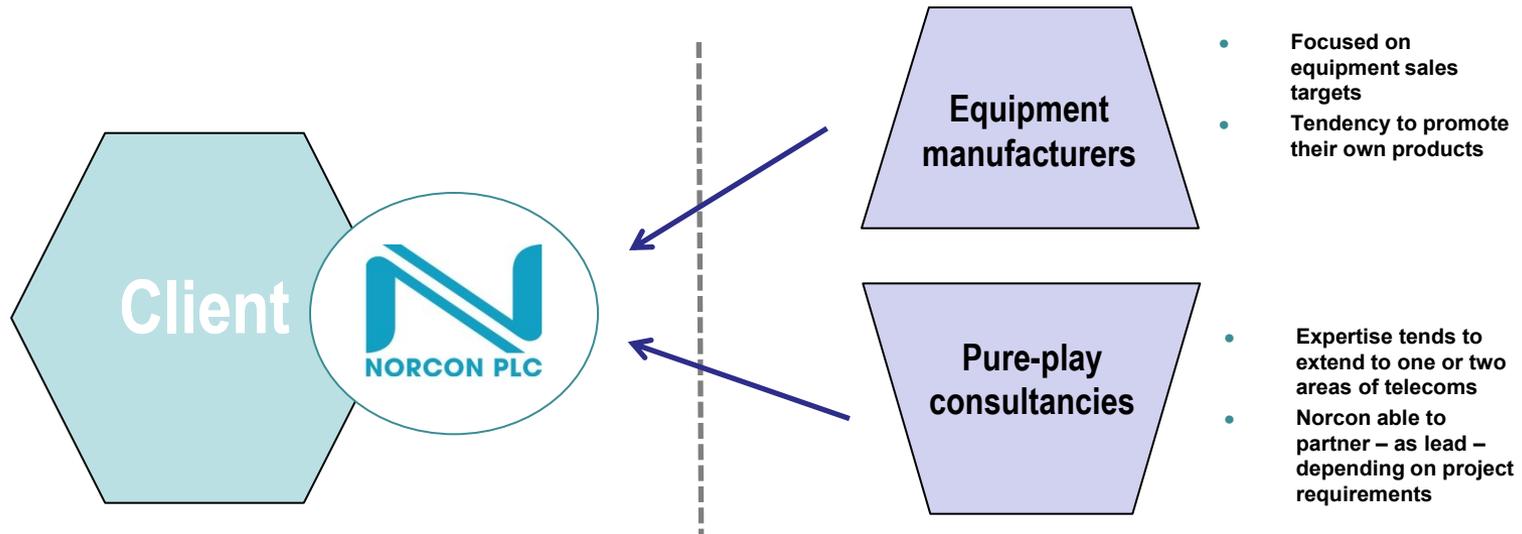
	HY TO 30 JUNE '11 US\$'000	HY TO 30 JUNE '10 US\$'000
Profit before tax	3,270	4,098
Adjustments	142	908
<b>Operating profit before working capital changes</b>	<b>3,412</b>	<b>5,006</b>
Increase/(decrease) in receivables	(12,422)	3,440
Increase/(decrease) in creditors	5,490	(4,497)
Taxation and other items	(1,231)	(1,707)
<b>Net cash inflow from operating activities</b>	<b>(4,824)</b>	<b>2,242</b>
Net cash used in investing activities	(13)	(208)
Interest paid	(81)	(203)
Dividends paid	-	-
(Repayment)/Proceeds from borrowing/Short term loan	(1,628)	(1,612)
Net change in share capital	-	6,350
<b>Net (decrease)/ increase in cash in period</b>	<b>( 6,546)</b>	<b>6,569</b>



# STRATEGY AND OUTLOOK

**We help government agencies and some  
of the world's largest telecom companies build and enhance their  
communication networks**

# A unique competitive position



- **Close to the client and vendor-neutral**
- **Combining the expertise of consultant and vendor**
  - Advising based on deep domain expertise
  - Not just selling “our” solution, able to select the right vendor solution for the job
- **Trusted adviser**
  - With clients’ internal headcount down, a clear opportunity exists for Norcon to deepen its client relationships

# Following our stated growth plan



- **The “in-client” opportunity**
  - A proven opportunity to repeat existing business through contract extensions
  - An opportunity to undertake additional work for clients, past and present
- **The “expansion” opportunity**
  - An opportunity to expand into key growth segments – i.e. defence in the GCC
  - An opportunity to expand into new demand environments – i.e. 4G in Scandinavia, network swap/transformation projects, etc.

# Market dynamics support our plans



- **New technologies driving investment in the telecom sector**
  - 4G / LTE evolutions beginning in pioneer markets
  - Demand in core Middle East markets remains strong
  - Emerging trend for greater outsourcing of telecom engineering functions
  - New technologies and new ventures require trusted partners
  - All serving to drive demand for our services
  
- **Our clients are themselves pursuing growth**
  - Boosting our presence in Scandinavia to support key client engagements
  - Supporting Scandinavian clients in their expansions outside of Scandinavia
  - Supporting Middle East clients as they expand in-region and in to SE Asia
  - Using partnerships and joint-ventures to complement our position

- **Our long-term investment case remains clear**
  - Significant barriers to entry and a highly defensible market position
  - Deeply entrenched in our customers' project and operations infrastructure
  - Profitable and cash generative
  - Flexible business model with >90% utilisation rates & contractor model
  - A diversified growth strategy: many end market opportunities
  
- **Outlook**
  - Good visibility through 2011
  - Some uncertainty over timing and impact of possible new contracts
  - Remain focused for the long-term on our stated growth plans



# APPENDIX

# Board of Directors



## **Arnold Rørholt – CEO**

- Experienced lawyer
- Joined the Company as non executive Chairman since 1997; CEO since 2000

## **Jørn Longem – Non-executive Director**

- MD of Teleplan Holdings AS and the 100 per cent. shareholder of Teleplan AS
- Became a director in 1997 and is also the largest shareholder in Norconsult Holdings Limited



## **Gaute Vik – Executive Director**

- PhD in statistics
- Joined the Company in 1986; Previous CEO and currently chairman of the operating company

## **Trond Tostrup – Non-executive Director**

- Experienced merchant banker and current CEO of Sparebanken Oest, Norway
- Non exec chairman of Norconsult Holdings since 2001; Director of Teleplan AS since 1989



## **Marne Martin – CFO**

- MBA with international telecoms and investment management experience
- Joined the Company in 2007

## **“Buzz” West – Non-executive Director**

- Ex-Reuters Managing Director in the Middle East and Africa. Non-Executive Director to Syndicate Asset Management plc
- Became a director in 2008

# Analyst coverage



- **finnCap (Nomad)**
  - Mark Paddon
  - +44 (0)20 7220 0541
  
- **IS Research**
  - Philip Carse
  - +44 (0)1189 001 362



**Thank you**

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