



# Q4 2010 Presentation

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**Simplifying the way small organisations do their business by delivering software, services and knowledge**

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# Financial highlights – Q4 and 2010

## Improved margins and cash flow, reduced costs

### ● 2010 – key metrics improvements

- Growth in invoiced revenue (+5%) on a lower cost base (-3%)
- EBIT improved 46% and Net Profit improved 111% vs 2009
- Reduced short and long term debt with MNOK 30.0
- Cash flow from operations MNOK 54.4 vs. MNOK 43.7 in 2009

### ● Q4 – key metrics improvements

- Growth in invoiced revenue (+11%) on a lower cost base (-4%)
- EBIT improved with MNOK 7.3 vs Q409
- Cash flow from operations reached MNOK 25.9 vs MNOK 21.1 in 4Q09

# Mamut Financials 4Q10 / 2010

## Overall improvement in 4Q10 vs 4Q09

### PROFIT AND LOSS STATEMENT

(All figures in NOK 1.000)

	Group	Group		Group	Group	
	Q4 2010	Q4 2009		2010	2009	
<b>Operating revenues (Invoiced)</b>	<b>149 998</b>	<b>134 687</b>	<b>11 %</b>	<b>496 140</b>	<b>474 487</b>	<b>5 %</b>
Net change def rev	16 990	3 266		5 546	(22 151)	
<b>Operating revenues</b>	<b>133 008</b>	<b>131 420</b>	<b>1 %</b>	<b>490 594</b>	<b>496 639</b>	<b>-1 %</b>
Cost of goods sold	19 269	20 230		66 836	68 625	
Personnel costs	63 283	64 405		223 515	228 335	
Other operating expenses	30 254	32 727		109 700	116 484	
<b>Total operating expenses</b>	<b>112 806</b>	<b>117 362</b>	<b>-4 %</b>	<b>400 052</b>	<b>413 443</b>	<b>-3 %</b>
<b>EBITDA</b>	<b>20 202</b>	<b>14 059</b>	<b>44 %</b>	<b>90 543</b>	<b>83 195</b>	<b>9 %</b>
Depreciation Tangible assets	4 963	6 030		19 649	23 814	
Depreciation Capitalized R&D	6 030	6 117		23 902	22 132	
Depreciation Intangible assets	4 337	4 366		16 069	16 070	
<b>EBIT</b>	<b>4 872</b>	<b>(2 454)</b>		<b>30 922</b>	<b>21 180</b>	<b>46 %</b>

- Invoiced revenues increased 11% in 4Q10 and 5% for 2010
- Operating Revenues increased 1% in 4Q10, down 1% for 2010
- Recognized revenue impact due to estimate change in 4Q09
- Cost reduction 4% in 4Q10 (3% for 2010) due to ongoing streamlining process
- EBIT improved to MNOK 4.9 in 4Q10 and 46% for 2010
- No. of employees 440 in 4Q10, down from 470 in 4Q09

# Balance Sheet 4Q10 / 2010

## Overall improvement in 4Q10 vs 4Q09

### BALANCE SHEET - GROUP

(All figures in NOK 1.000)

	Group 31.12.2010	Group 31.12.2009
<b>Assets</b>		
<b>Fixed assets</b>		
Capitalized R&D	33 186	33 687
Other Intangible assets	109 979	126 216
Goodwill	123 002	123 752
Investments in associates (JV)	1 906	
Deferred tax assets	144 903	146 770
Tangible fixed assets	29 916	35 219
Loan to associates (JV)	2 046	
Financial fixed assets	3 768	3 518
<b>Total fixed assets</b>	<b>448 707</b>	<b>469 162</b>
<b>Current assets</b>		
Inventory/Deferred COGS	33 362	28 989
Accounts receivable	106 068	103 723
Other short-term rec./Prepaid exp	5 952	14 567
Bank deposits, cash, etc.	62 340	70 353
<b>Total current assets</b>	<b>207 722</b>	<b>217 632</b>
<b>Total assets</b>	<b>656 429</b>	<b>686 794</b>

### BALANCE SHEET - GROUP

	Group 31.12.2010	Group 31.12.2009
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>327 718</b>	<b>327 519</b>
Long term debt financing	160 000	180 000
Long term debt/Leasing	-	1 976
<b>Long term debt</b>	<b>160 000</b>	<b>181 976</b>
<b>Current liabilities</b>		
Accounts payable	20 439	21 770
Tax payable	1 285	341
Public duties payable	31 726	38 683
Other short-term liabilities	20 722	27 512
Deferred revenue	94 539	88 993
<b>Total current liabilities</b>	<b>168 711</b>	<b>177 299</b>
<b>Total equity and liabilities</b>	<b>656 429</b>	<b>686 794</b>

- 2% increase in AR compared to 11% increase in invoiced revenue in 4Q10
- DSO reduced to 53 in 4Q10 from 58 in 4Q09 due to streamlining processes
- Deferred revenue increase of MNOK 16.9 in 4Q10 and MNOK 5.5 for 2010
- Reclassified JV investments from *Other short term* to *Long term items* (MNOK 4.0)
- Long term debt reduced with MNOK 22.0
- Cash position MNOK 62.3 (increased MNOK 10.8 in 4Q10)

# Cash Flow 4Q10 / 2010

## Improvement compared to 2009

### CASH FLOW STATEMENT - GROUP

(All figures in NOK 1.000)

	Group Q4 2010	Group Q4 2009	Group 2010	Group 2009
<b>Profit before tax</b>	<b>527</b>	<b>(5 248)</b>	<b>18 268</b>	<b>9 763</b>
Taxes paid	123	613	(341)	(1 337)
Depreciation	15 330	16 513	59 621	62 016
Changes in inventory, AR and AP	1 518	(2 425)	(8 094)	(1 030)
Wages employee options	267	2 133	2 217	3 389
Changes in other balance sheet items	8 111	9 547	(17 288)	(29 143)
<b>Cash flow from operations</b>	<b>25 876</b>	<b>21 133</b>	<b>54 383</b>	<b>43 658</b>
Investments in tangible fixed assets	(4 956)	(7 025)	(16 230)	(18 120)
Investments in intangible fixed assets	(7 425)	(8 333)	(23 400)	(27 113)
Acquisition	-	-	-	(6 150)
Loan to associates (JV)	(1 206)	-	(1 206)	-
<b>Net cash flow from investments</b>	<b>(13 587)</b>	<b>(15 358)</b>	<b>(40 836)</b>	<b>(51 383)</b>
Proceeds from long term debt	(5 000)	20 000	(20 000)	7 500
Proceeds from equity issue	-	2 107	-	34 532
Own shares	-	(1 268)	-	(1 268)
Net paid leasing	(592)	(753)	(1 949)	(4 342)
<b>Cash flow from financing activities</b>	<b>(5 592)</b>	<b>20 086</b>	<b>(21 949)</b>	<b>36 422</b>
Translation differences	4 141	2 296	389	(3 749)
<b>Net cash flow</b>	<b>10 838</b>	<b>28 157</b>	<b>(8 013)</b>	<b>24 948</b>
Cash and cash equivalents (beginning)	51 502	42 196	70 353	45 405
<b>Cash and cash equivalents (end)</b>	<b>62 340</b>	<b>70 353</b>	<b>62 340</b>	<b>70 353</b>

- Strengthened cash flow from operations, both in 4Q10 and 2010
- Reduced investments in tangible (-10%) and intangible fixed assets (-14%)
- Improved cash flow from investments (no acquisitions in 2010)
- Improved change in cash flow from financing activities with a net difference of MNOK 58.4

# Details on revenue 4Q10 / 2010

## Streamlining operations in all regions

### SEGMENT INFORMATION

(All figures in NOK 1.000)

Nordic / HQ	Q4 2010	Q4 2009		2010	2009	
<b>Operating revenues</b>	<b>97 237</b>	<b>94 785</b>	<b>3 %</b>	<b>352 550</b>	<b>353 155</b>	<b>0 %</b>
Operating expenses	79 464	78 314		276 417	276 118	
<b>EBITDA</b>	<b>17 773</b>	<b>16 472</b>		<b>76 134</b>	<b>77 037</b>	
Depreciation	6 766	7 606		26 689	27 879	
<b>EBIT</b>	<b>11 007</b>	<b>8 866</b>		<b>49 445</b>	<b>49 157</b>	
<i>EBITDA - margin</i>	18 %	17 %		22 %	22 %	
<i>EBIT - margin</i>	11 %	9 %		14 %	14 %	

### Western Europe

<b>Operating revenues</b>	<b>25 011</b>	<b>25 509</b>	<b>-2 %</b>	<b>93 337</b>	<b>97 964</b>	<b>-5 %</b>
Operating expenses	23 863	29 874		85 350	98 536	
<b>EBITDA</b>	<b>1 148</b>	<b>(4 365)</b>		<b>7 987</b>	<b>(572)</b>	
Depreciation	3 649	3 857		14 532	15 607	
<b>EBIT</b>	<b>(2 501)</b>	<b>(8 222)</b>		<b>(6 545)</b>	<b>(16 179)</b>	
<i>EBITDA - margin</i>	5 %	-17 %		9 %	-1 %	
<i>EBIT - margin</i>	-10 %	-32 %		-7 %	-17 %	

### Central Europe

<b>Operating revenues</b>	<b>10 760</b>	<b>11 126</b>	<b>-3 %</b>	<b>44 707</b>	<b>45 520</b>	<b>-2 %</b>
Operating expenses	9 479	9 174		38 285	38 790	
<b>EBITDA</b>	<b>1 281</b>	<b>1 952</b>		<b>6 422</b>	<b>6 730</b>	
Depreciation	578	684		2 330	2 459	
<b>EBIT</b>	<b>703</b>	<b>1 268</b>		<b>4 092</b>	<b>4 271</b>	
<i>EBITDA - margin</i>	12 %	18 %		14 %	15 %	
<i>EBIT - margin</i>	7 %	11 %		9 %	9 %	

### REVENUES SOURCE

(All figures in NOK 1.000)

	Group Q4 2010	Group Q4 2009		Group 2010	Group 2009	
Mamut Business Softw:	82 947	81 190	2 %	302 045	295 311	2 %
Mamut Active Services	45 987	46 043	0 %	175 055	185 959	-6 %
Other	4 074	4 187	-3 %	13 495	15 368	-12 %
<b>Total</b>	<b>133 008</b>	<b>131 420</b>	<b>1 %</b>	<b>490 594</b>	<b>496 639</b>	<b>-1 %</b>

## Segment reporting

- Nordic (NO, SE, DK)
- W.Europe (NL, UK, IE, DE, AT, ES)
- C.Europe (CZ, PL, SR)

## Highlights from markets 2010

- Nordic: 14% EBIT margin
- W.E: Streamlining improved EBIT with MNOK 9.7
- Central Europe: 9 % EBIT margin

## Segment revenues 2010

- Business Software: 2% growth
- Hosting Services: -6% decline



# Financial Summary

## Confirming message from Capital Markets Day

### ● **Summary 2010**

- Improved margin and cash-flow compared to 2009
- Overall improvement in 4Q10 vs 4Q09

### ● **Outlook 2011**

- Targeting quarterly double-digit revenue growth during 2011
- Operational leverage by converting at least 1/3 of revenue growth to EBIT
- Improved cash flow

### ● **Key financial focus**

- Strong organic growth through increased ARPC/ARPU
- Reach a consistent 30% EBITDA margin
- Cash flow from operation exceeding 80% of EBITDA

# Business Highlights 4Q10 / 2010

## New offerings and streamlined operations

### ● **Markets & Customers**

- Continued improved market sentiment and underlying growth, both in the software and the hosting segments
- Stable customer base in 2010 with increasing ARPC

### ● **Product offerings**

- Successful launch of Mamut One 2011 Edition - reached 3000 customers
- Launch of new hosting platform for Active 24 in Western Europe

### ● **Operations**

- Improved scalability and streamlining of operations
- Reduced cost base, headcount and investments levels

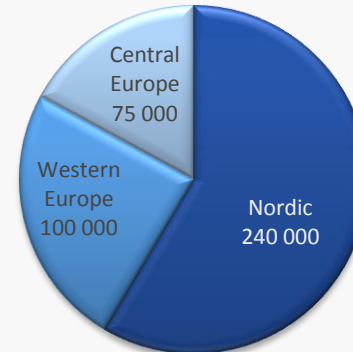
# Company overview

## Key Facts

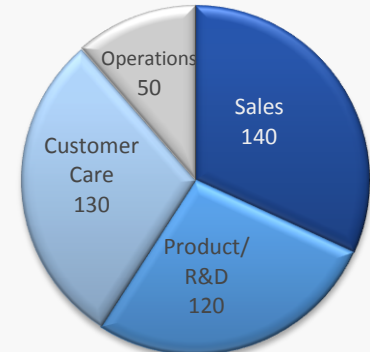
- Established 1994 in Oslo, Norway
- Listed on Oslo Stock Exchange since May 04
- Over 400,000 customers in 12 countries
- 440 employees whereof 325 at HQ in Oslo
- Over 90% of revenue from direct sales
- Scalable ERP solution for SMEs based on a single source code for seven European markets

## Customers and Organisation

Customers by Region



Organisation by Function



## The Mamut Business Model

- Complete business and web based solutions and hosting services to the European SME market
- Feature-rich and user-friendly product and solutions with a low total cost of ownership (TCO)
- Direct, all-inclusive customer care for all products
- Additional distribution through strategic partnerships and joint ventures

## Customers and Products

*Mamut Business Software*  
+100 000 customers

*Mamut Active Services*  
+330 000 customers

*Mamut Open Services*  
+ 100 000 users

*Mamut Business Network*



**LOOPIA**

Klubben Online



# Markets

## Focus on improving performance in existing markets

Country	Status 2010	Growth Initiatives 2011	Customer Base
Norway	Good market, growth	Mamut One, daTax, Klubben Online , A24	75,000
Sweden	Market improved, good growth	Offer premium hosting and Mamut One	160,000
Denmark	Challenging market, slight decline	Stellar migration and new hosting GTM	8,000
The Netherlands	Market improved, double digit growth	Offer premium hosting and Mamut One and VAR focus	46,000
UK & Ireland	Challenging market, slightly improved, double digit growth	Upgrade remaining MYOB and OA customers, new Mamut One	28,000
Germany	Challenging market, good growth	Refined GTM, high potential,	7,000

- **New products and pricing adapted to local markets**
- **Upgrade campaigns in all core 7 markets with new Mamut One**
- **Targeting existing customers with focus on increased user value**
- **Migration of Stellar (DK), MYOB (UK) and Office Accounting (UK) users, offering extended functionality and benefits**
- **New premium hosting offerings with improved upgrade paths**

# Complete Offerings for the SME segment

## Built on a scalable technology platform

- **Mamut One 2011 Edition**

- Complete solution from one vendor including small business software and web based services on an all-inclusive subscription agreement

- **Packaged “IT Outsourcing”**

- Providing Application Hosting, bundled hosted email, collaboration and virtual desktop as an all-inclusive service

- **Premium Hosting Services**

- Hosting services based on enterprise level technology packaged for SME’s

- **Embedded cloud based services**

- Integrating new Windows Azure-based services and Microsoft Office 365 in the Mamut One Software + Services solution

# Earnings Capacity

## Key initiatives for further growth and scalability

### ● Revenue Growth Potential

- Launch of new major release of Mamut One with new price structure including new add-on services such as application hosting
- Upgrade potential for 400,000 existing customers with Mamut One and new premium hosting packages
- Continued migration of MYOB and Microsoft Office Accounting user base
- New approach in Germany with Haufe Lexware based on new Mamut One

### ● Operational Scalability

- Centralised organisation scaled to handle increased volumes
- Reducing cost base to ensure operational flexibility
- More automation with improved back office solutions and infrastructure
- More resources dedicated to customer service

# Business Outlook

Focus on financial scalability and growth potential

- **Operational Opportunities**

- Increase customer satisfaction with new offerings
- Increase revenue and ARPC/ARPU
- Continue optimisation of organisation
- Capitalise on existing investments
- New products and services for further growth

- **Continue the Mamut One growth**

- Expect to double Mamut One customer base by end of 2Q11 to 6,000

- **Strategic Opportunities**

- Focus on strategic partnerships to increase the distribution of Mamut's products and services in established core markets



# Q&A



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