

Mamut ASA
Quarterly Report
Q4 - 2010

Quarterly Report

Mamut ASA – Quarterly report – Q4 2010

Mamut reached operating revenues of MNOK 490.6 in 2010, compared to MNOK 496.6 in 2009. The company improved key metrics, including growth in invoiced revenue (+5%) on a lower cost base (-3%). In 2010, Mamut reached EBITDA of MNOK 90.5 (+9%), and EBIT of 30.9 (+46%). As a result of underlying growth, both in the hosting and software segments, combined with continued streamlining of operations, the company has been able to improve financial scalability and improve cash flow.

Highlights Q4

- Operating revenues of MNOK 133.0 in 4Q10, compared to MNOK 131.4 in 4Q09
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of MNOK 20.2 in 4Q10 compared to MNOK 14.1 in 4Q09. EBIT of MNOK 4.9 in 4Q10 compared to MNOK -2.5 in 4Q09
- Mamut experiences underlying growth, both in the software and the hosting segments, and expects improved margins based on top line growth, reduced costs and improved financial scalability
- Mamut has reduced short and long term debt with MNOK 30 and improved cash flow from operations
- Mamut increased deferred revenue with MNOK 16.9 in 4Q10 and reduced DSO to 53 from 58 in 4Q09
- Mamut has successfully launched Mamut One 2011 edition, introducing new cloud based services and web hosting services to improve value for all customers and increase the number of users. The roll-out started in Q4 and will include all seven markets where Mamut Business Software is offered in 2011
- Today, Mamut has reached more than 3.000 customers of Mamut One and the company expects to double number of customers by the end of 2Q11
- Mamut One was elected finalist in the 2010 Accountancy Age Awards in the software category and finalist in IT Europe's European IT Excellence Award

Full year 2010

For the full year of 2010 operating revenues amounted to MNOK 490.6, compared with MNOK 496.6 for 2009. Growth in invoiced revenue (+5%) on a lower cost base (-3%). EBITDA of MNOK 90.5, compared to MNOK 83.2 for 2009. EBIT of MNOK 30.9 in 2010 compared to MNOK 21.2 for 2009. Profit before tax for 2010 was MNOK 18.3, compared to MNOK 9.8 for 2009.

Fourth Quarter 2010

Mamut ASA had operating revenues of MNOK 133.0 in 4Q10 compared to MNOK 131.4 in 4Q09. Growth in invoiced revenue (+11%) on a lower cost base (-4%). Operating profit before depreciation (EBITDA) for 4Q10 was MNOK 20.2, compared to MNOK 14.1 in 4Q09. EBIT for 4Q10 was MNOK 4.9, compared to MNOK -2.5 in 4Q09. Profit before tax for 4Q10 was MNOK 0.5, compared to MNOK -5.2 in 4Q09.

Cash and cash equivalents were MNOK 62.3 at the end of 4Q10 compared with MNOK 51.5 at the end of 3Q10. Equity ratio was 49.9 % and deferred revenues were MNOK 94.5. Diluted earnings per share (EPS) were NOK 0.05 for 4Q10, compared with NOK -0.04 in 4Q09. At the end of 4Q10, the Company had 440 employees compared to 470 at the end of 4Q09 and 440 at the end of 3Q10.

Segment information

Segment reporting consolidates all business units in three regions; Nordic/HQ, Western Europe and Central Europe.

Nordic/HQ

Operating revenues was MNOK 97.2 in 4Q10 (3% growth), EBITDA was MNOK 17.8 and EBIT was MNOK 11.0 an EBIT margin of 11 per cent. This region includes Norway, Sweden and Denmark.

Western Europe

Operating revenues was MNOK 25.0 in 4Q10 (-2% growth), EBITDA was MNOK 1.1 and EBIT was MNOK -2.5. This region includes the Netherlands, the UK, Republic of Ireland, Germany, Austria and Spain. Good growth in the UK, but overall decline in the region mainly due to strategic decision of discontinuing low margin product offerings in France, Switzerland and Belgium.

Central Europe

Operating revenues was MNOK 10.8 in 4Q10 (-3% growth), EBITDA was MNOK 1.3 and EBIT was MNOK 0.7, an EBIT margin of 7 per cent. This region includes the Czech Republic, Poland and Serbia.

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Financial update

Mamut improved all key metrics in 4Q10, including growth in invoiced revenue, reduced cost base, reduced short and long term debt and improved cash flow from operations. Based on the current underlying growth, both in the software and the hosting segments, the company expects improved margins based on top line growth, reduced costs and improved financial scalability.

Business Update

Mamut has prepared for the launch of Mamut One 2011 edition, introducing new cloud based services and web hosting services to improve user value for all customers. The roll-out starts in Q4 and will include all seven markets where Mamut Business Software is offered in 2011; Norway, Sweden, Denmark, the Netherlands, UK, Ireland and Germany. Mamut has over 300.000 customers in these markets.

On October 19, Microsoft Office 365 was announced as Microsoft's next generation cloud productivity service in San Francisco with Mamut as one of the six global launch partners. Microsoft Office 365 brings together SharePoint, Exchange, Lync, and Office WebApps in an always-up-to-date cloud service, a productivity backbone for modern businesses, and offers true enterprise level features and reliability to small businesses.

The next release of Mamut One includes new cloud based services built on Windows Azure in addition to including Microsoft Office 365. Mamut was one of the first companies to launch Software + Services solutions embedding Microsoft's cloud platform to ensure rapid deployment, greater flexibility, and reduced operational costs. Mamut already delivers comprehensive online solutions for SMEs with Mamut Online Backup for Azure as the first solution to be launched on Microsoft's cloud platform.

In 2010, Mamut introduced new premium hosting services with improved features based on the latest versions and leading edge technology. The hosting solutions also offer reduced cost per hosting customer by using automation, self-service, server consolidation to Microsoft Hyper-V and other improvements to the hosting infrastructure. An increasing number of solutions utilise Microsoft Azure public cloud services for computing and storage. The new solutions tend more towards a consumption based cost structure and support subscription revenue facilitating financial scalability.

Outlook

Mamut is well positioned for improved results and further growth in all markets. The company continues to maintain its focus on establishing and strengthening strategic alliances with international partners and increasing the distribution of Mamut's products and services. The company sees considerable growth potential following the launch of Mamut One 2011 edition in combination with existing customer bases in acquired companies.

Oslo, February 24, 2011
The Board of Directors
Mamut ASA



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PROFIT AND LOSS STATEMENT - GROUP

(All figures in NOK 1.000)

	Group Q4 2010	Group Q4 2009		Group 2010	Group 2009	
Operating revenues (Invoiced)	149 998	134 687	11 %	496 140	474 487	5 %
Net change deferred revenue	16 990	3 266		5 546	(22 151)	
Operating revenues	133 008	131 420	1 %	490 594	496 639	-1 %
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	
Total operating expenses	112 806	117 362	-4 %	400 052	413 443	-3 %
EBITDA	20 202	14 059	44 %	90 543	83 195	9 %
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	
EBIT	4 872	(2 454)		30 922	21 180	46 %
Net financial items	(2 085)	(2 793)		(10 395)	(11 416)	
Share of loss in associates	(2 260)	-		(2 260)	-	
Profit before tax	527	(5 248)		18 268	9 763	87 %
Tax	(3 200)	(2 295)		1 740	1 912	
Net profit	3 727	(2 953)		16 528	7 852	111 %
Translation differences	(7 285)	(9 723)		(18 547)	(27 460)	
Total comprehensive income	(3 558)	(12 676)		(2 019)	(19 608)	
<i>EBITDA - margin</i>	<i>15 %</i>	<i>11 %</i>		<i>18 %</i>	<i>17 %</i>	
<i>EBIT - margin</i>	<i>4 %</i>	<i>-2 %</i>		<i>6 %</i>	<i>4 %</i>	
EPS (NOK)	0,06	-0,05		0,25	0,12	
EPS diluted (NOK)	0,05	-0,04		0,23	0,11	
Outstanding shares (mill.)	65,17	65,17		65,17	65,17	
No. of employees	440	470		440	470	

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SEGMENT INFORMATION

(All figures in NOK 1.000)

	Group			Group		
Total Group	Q4 2010	Q4 2009		2010	2009	
Operating revenues	133 008	131 420	1 %	490 594	496 639	-1 %
Operating expenses	112 806	117 362		400 052	413 443	
EBITDA	20 202	14 059		90 543	83 195	
Depreciation Tangible assets/R&D	10 993	12 147		43 551	45 945	
Depreciation Intangible assets	4 337	4 366		16 069	16 070	
EBIT	4 872	(2 454)		30 922	21 180	
<i>EBITDA - margin</i>	15 %	11 %		18 %	17 %	
<i>EBIT - margin</i>	4 %	-2 %		6 %	4 %	

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

	Group			Group		
Western Europe	Q4 2010	Q4 2009		2010	2009	
Operating revenues	25 011	25 509	-2 %	93 337	97 964	-5 %
Operating expenses	23 863	29 874		85 350	98 536	
EBITDA	1 148	(4 365)		7 987	(572)	
Depreciation Tangible assets/R&D	3 649	3 857		14 532	15 607	
EBIT	(2 501)	(8 222)		(6 545)	(16 179)	
<i>EBITDA - margin</i>	5 %	-17 %		9 %	-1 %	
<i>EBIT - margin</i>	-10 %	-32 %		-7 %	-17 %	

	Group			Group		
Central Europe	Q4 2010	Q4 2009		2010	2009	
Operating revenues	10 760	11 126	-3 %	44 707	45 520	-2 %
Operating expenses	9 479	9 174		38 285	38 790	
EBITDA	1 281	1 952		6 422	6 730	
Depreciation Tangible assets/R&D	578	684		2 330	2 459	
EBIT	703	1 268		4 092	4 271	
<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			Group		
	Q4 2010	Q4 2009		2010	2009	
Mamut Business Software	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 %
Total	133 008	131 420	1 %	490 594	496 639	-1 %

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BALANCE SHEET - GROUP

(All figures in NOK 1.000)

	Group 31.12.2010	Group 31.12.2009
Assets		
Fixed assets		
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
Total fixed assets	448 707	469 162
Current assets		
Inventory/Deferred COGS	33 362	28 989
Accounts receivable	106 068	103 723
Other short-term receivables /Prepaic	5 952	14 567
Bank deposits, cash, etc.	62 340	70 353
Total current assets	207 722	217 632
Total assets	656 429	686 794
Equity and liabilities		
Total equity	327 718	327 519
Long term debt financing	160 000	180 000
Long term debt/Leasing	-	1 976
Long term debt	160 000	181 976
Current liabilities		
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
Total current liabilities	168 711	177 299
Total equity and liabilities	656 429	686 794

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CASH FLOW STATEMENT - GROUP

(All figures in NOK 1.000)

	Group Q4 2010	Group Q4 2009	Group 2010	Group 2009
Profit before tax	527	(5 248)	18 268	9 763
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)
Cash flow from operations	25 876	21 133	54 383	43 658
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)	-
Net cash flow from investments	(13 587)	(15 358)	(40 836)	(51 383)
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)
Cash flow from financing activities	(5 592)	20 086	(21 949)	36 422
Translation differences	4 141	2 296	389	(3 749)
Net cash flow	10 838	28 157	(8 013)	24 948
Cash and cash equivalents (beginning)	51 502	42 196	70 353	45 405
Cash and cash equivalents (end)	62 340	70 353	62 340	70 353

MOVEMENT IN EQUITY - GROUP

(All figures in NOK 1.000)

	Group 2010	Group 2009
Equity at 1st of January	327 519	309 457
Share issue	-	35 549
Wages employee options	2 217	3 389
Sale/Purc. own shares/exercised emp. opt.	-	(1 268)
Translation differences	(18 546)	(27 460)
Net profit/loss for the year	16 528	7 852
Equity end of period	327 718	327 519

Shareholders 22.02.2011

Name	Shares	Percent
LUDVIG LORENTZEN AS	13 500 000	20,72 %
AS REAL-FORVALTNING*	6 713 814	10,30 %
ALDEN AS**	5 277 000	8,10 %
BRAGANZA AS	5 062 050	7,77 %
GLAAMENE INDUSTRIER	2 318 995	3,56 %
SBL VINTAGE 1999 LTD P565	2 250 000	3,45 %
EXTELLUS AS	2 075 000	3,18 %
BANAN AS	1 963 300	3,01 %
CONTI AS	1 700 872	2,61 %
DNB NOR NORDIC TECHN VPF	1 171 258	1,80 %
Other	23 137 361	35,50 %
Total number of shares	65 169 650	100,00 %

*AS Real-forvaltning is 100% owned by CEO Eilert Hanoa

** Includes Trekka AS shareholding



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