

First Quarter 2007 Earnings Call

Fredrik Halvorsen, CEO

April 19, 2007

TANDBERG

See: productivity

See: passion

See: performance

Agenda

- Financial Overview
- Theatre Review
- Priorities and Outlook
- Q&A

Quarterly Financial Overview

(MUSD)	Q1-07	Q4-06	Q1-06	Comments
Revenue	128.5	130.8	82.7	55.3% y-o-y
Gross Margin %	67.2%	66.6%	69.1%	within 66%-68% band
Operating Profit	29.2	31.5*	17.7	64.9% y-o-y
% EBIT margin	22.8%	24.1%*	21.4%	reflecting business momentum
Inventory	41.3	29.6	30.7	high-end target range
Accounts Receivable	85.9	90.8	71.4	DSO 60.2 days
Cash Flow from Operations	9.9	45.6	14.5	including effect of non-recurring item of MUSD 12
Cash and Bank Deposits	140.3	149.6	197.5	
Unit Volume (incl. OEM)	12,866	12,744	8,124	58.4% y-o-y
Network Sales	15.1	17.9	9.2	63.4% y-o-y
Value Added Services	16.7	17.5	11.6	44.3% y-o-y

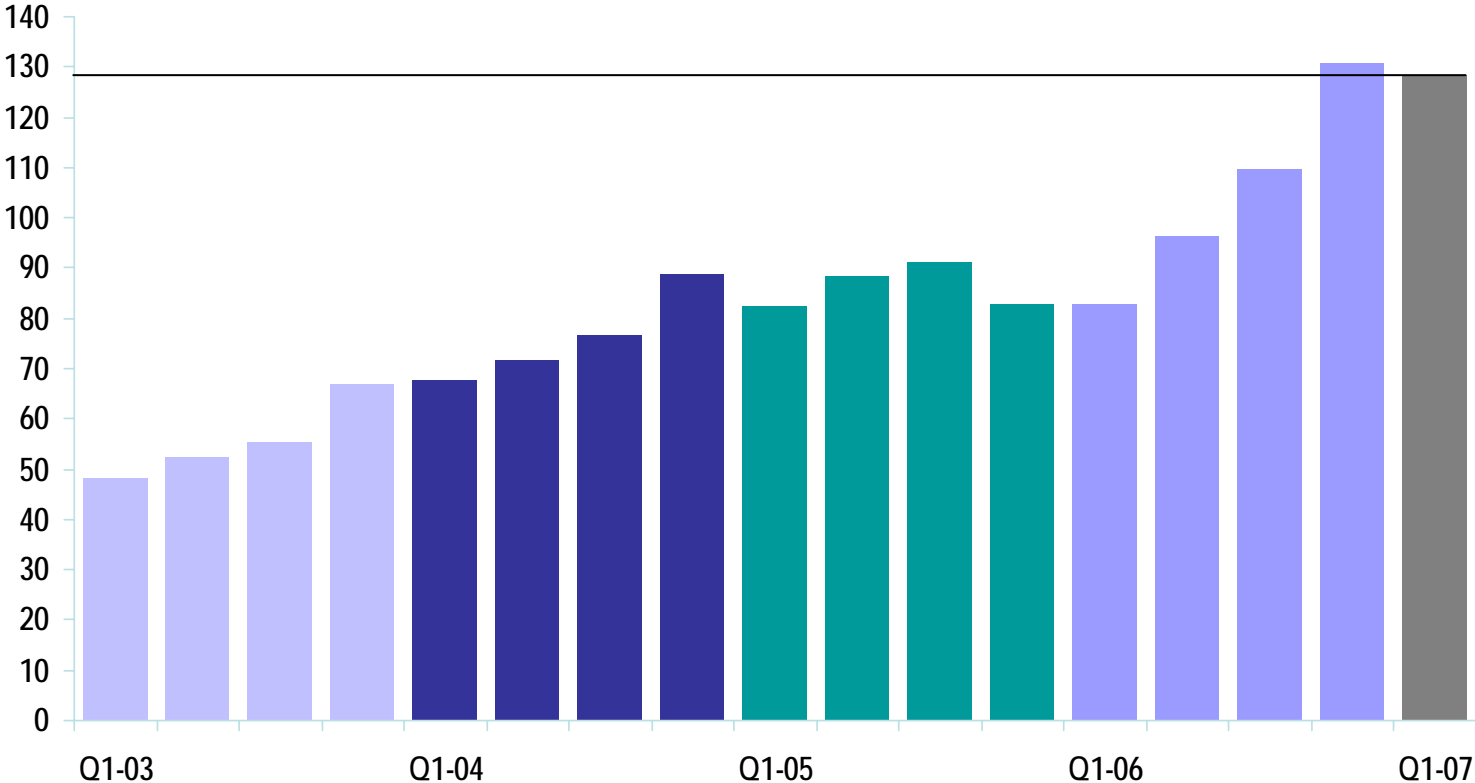
■ *Note: excludes non-recurring legal settlement costs amounting to 13.1 MUSD

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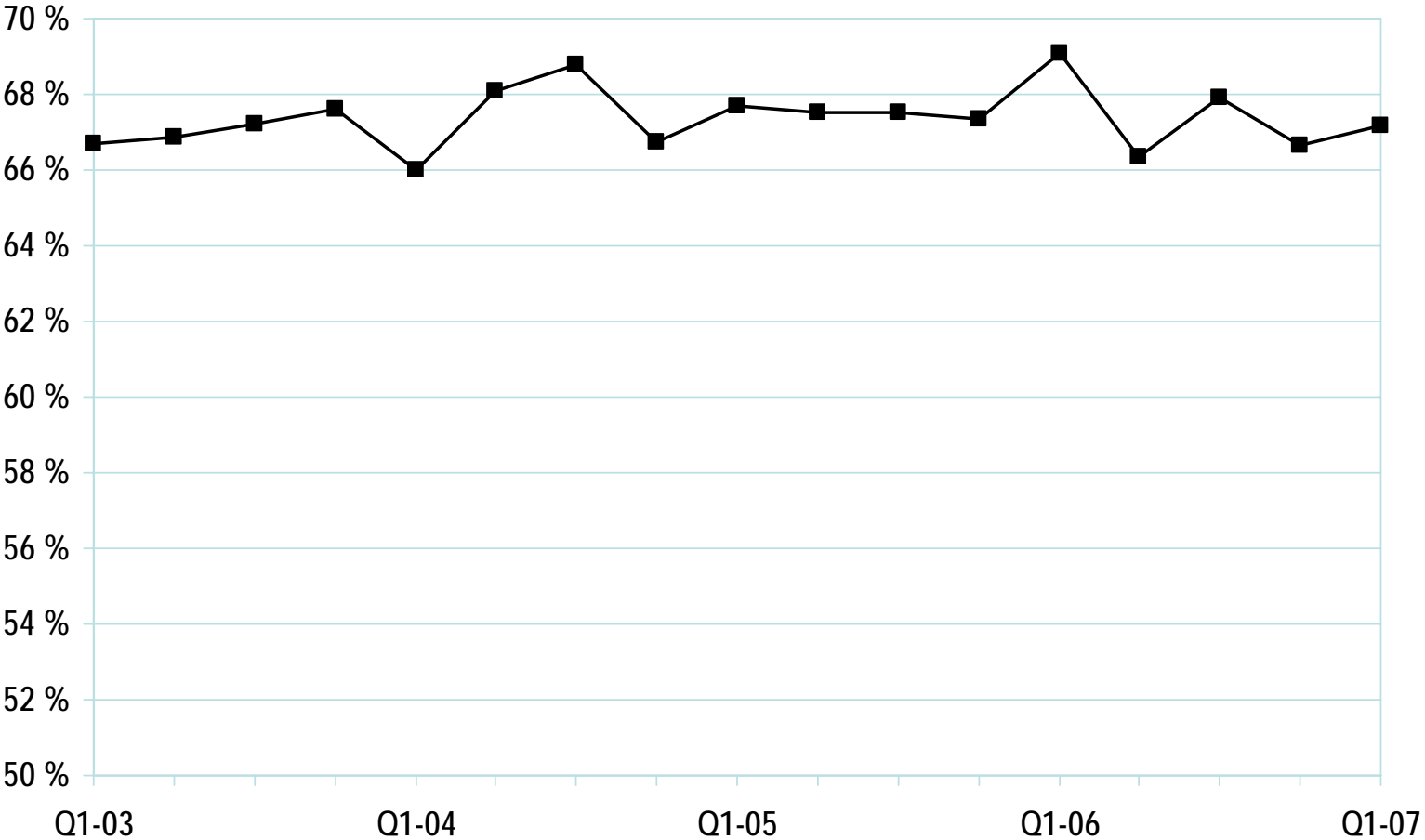
See: **performance**

Quarterly Revenues

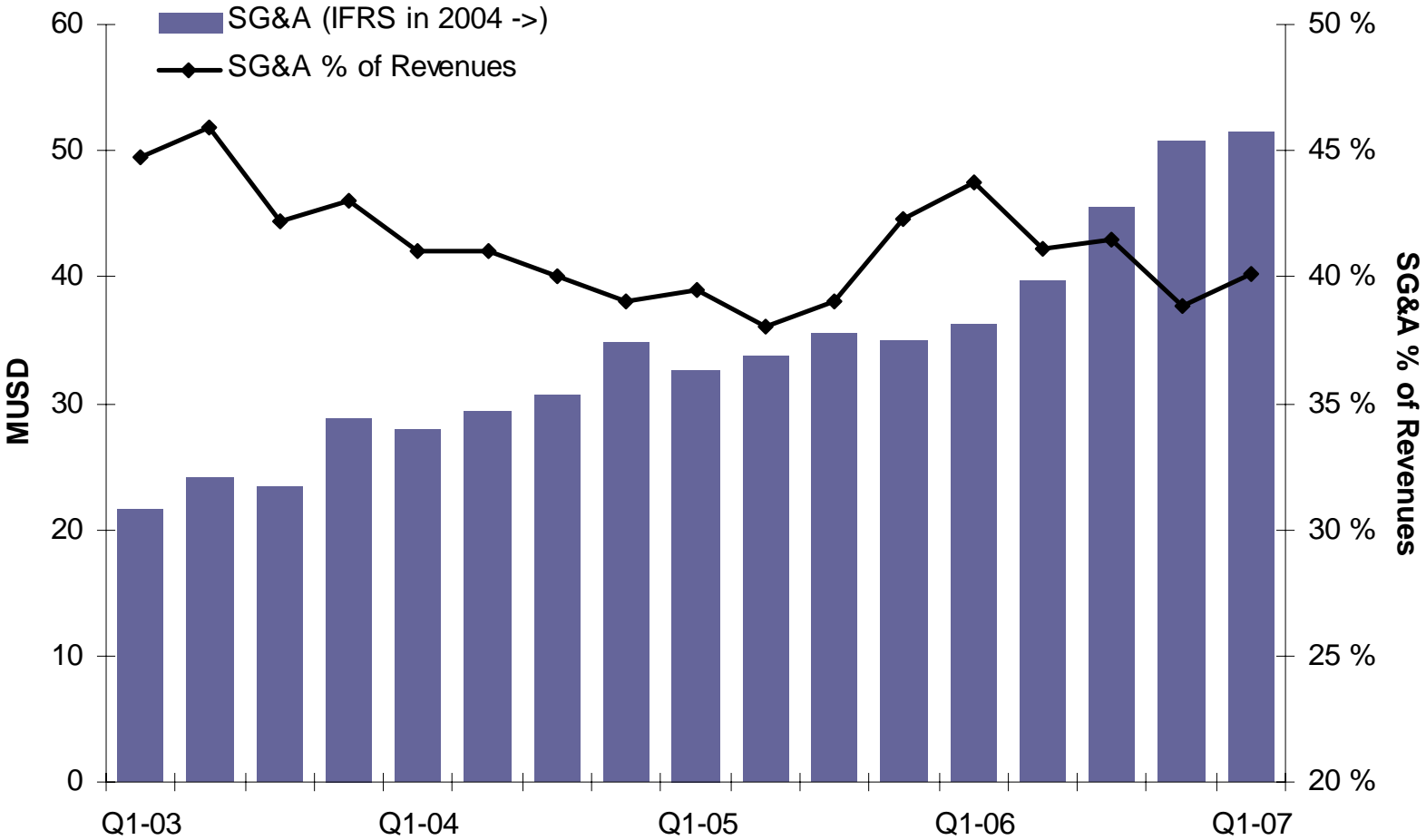
MUSD



Gross Margin

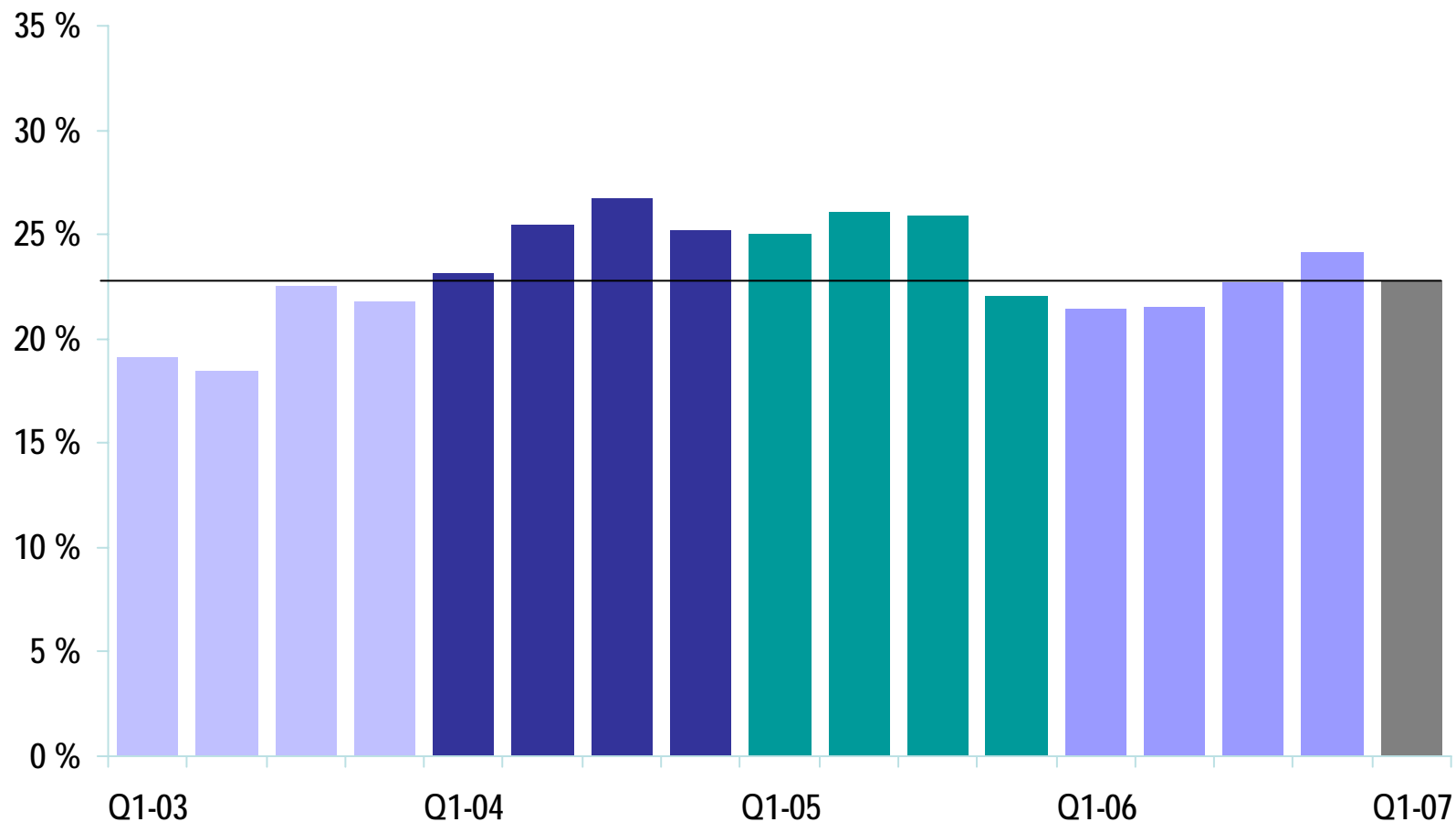


SG&A



■ Note: Q4-06 excludes non-recurring legal settlement costs amounting to 13.1 MUSD

EBIT Margin



■ Note 1: Q4-06 excludes non-recurring legal settlement costs amounting to 13.1 MUSD

■ Note 2: NGAAP in 2003, IFRS in 2004 and onwards

Profitability

Profit and Loss Statement

MUSD	Q1-07	Q4-06*	Q1-06
REVENUE	128.5	130.8	82.7
EBIT	29.2	31.5	17.7
NET FINANCE	0.2	1.0	1.4
PRETAX PROFIT	29.5	32.5	19.1

- *Note: excludes non-recurring legal settlement costs amounting to 13.1 MUSD

Balance Sheet

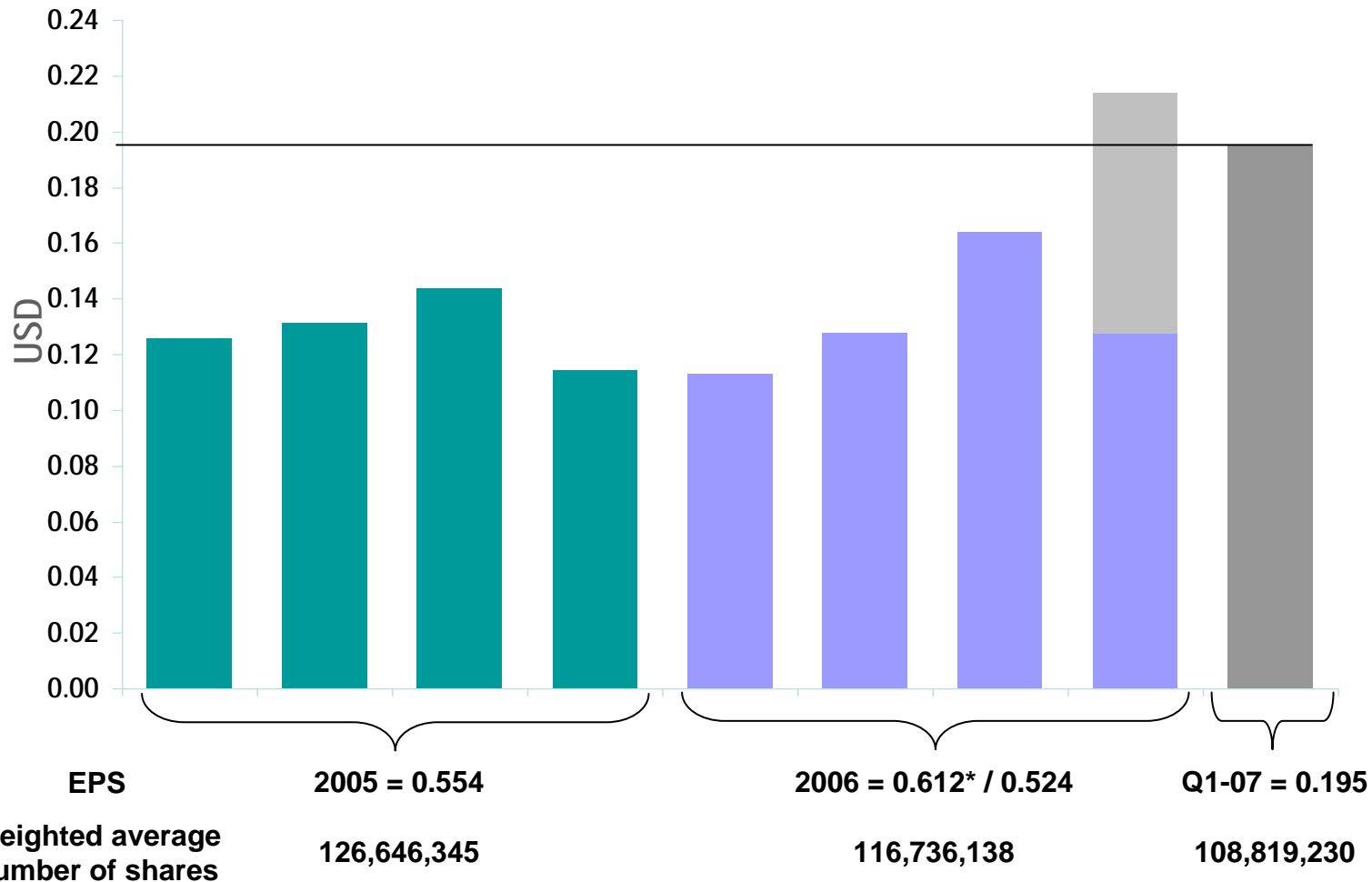
MUSD	31/03/07	31/12/06	31/03/06
Inventory	41.3	29.6	30.7
Accounts receivable*	85.9	90.8	71.4
Cash	140.3	149.6	197.5
Equity	240.5	227.0	285.0
Total liabilities and equity	388.5	384.3	389.3

- *Note: DSO in Q1-07 at 60.2 days, Q4-06 at 62.5 days and Q1-06 at 77.7 days

Cash Flow

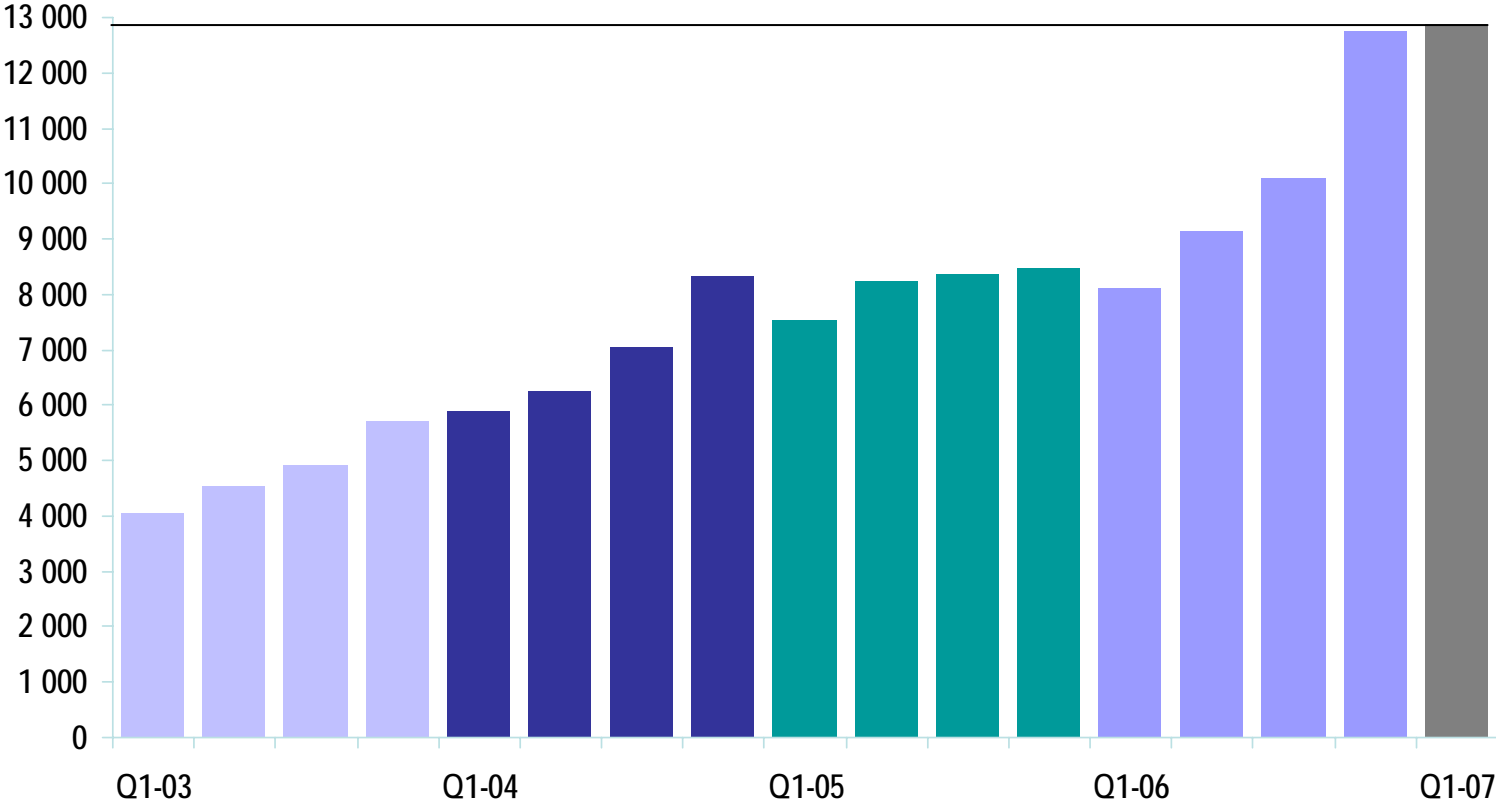
MUSD	Q1-07	Q1-06
Profit before tax	29.5	19.1
Taxes paid	(12.8)	(5.9)
Ordinary depreciation / amortization	2.0	1.3
Amortization of capitalized development	3.5	1.9
Share-based incentive program	2.7	-
Change in receivables / payables / inventory	(5.8)	1.9
Change in other accounts / other movements	2.8	(3.8)
Cash flow from ordinary operations	21.9	14.5
Non-recurring settlement costs	(12.0)	-
Cash flow from operations	9.9	14.5
Investment in tangible / intangible assets	(3.6)	(1.5)
Capitalized development	(5.5)	(4.5)
Financing activities	(9.8)	(13.6)
Net cash flow	(9.1)	(5.1)

Earnings Per Share after Tax



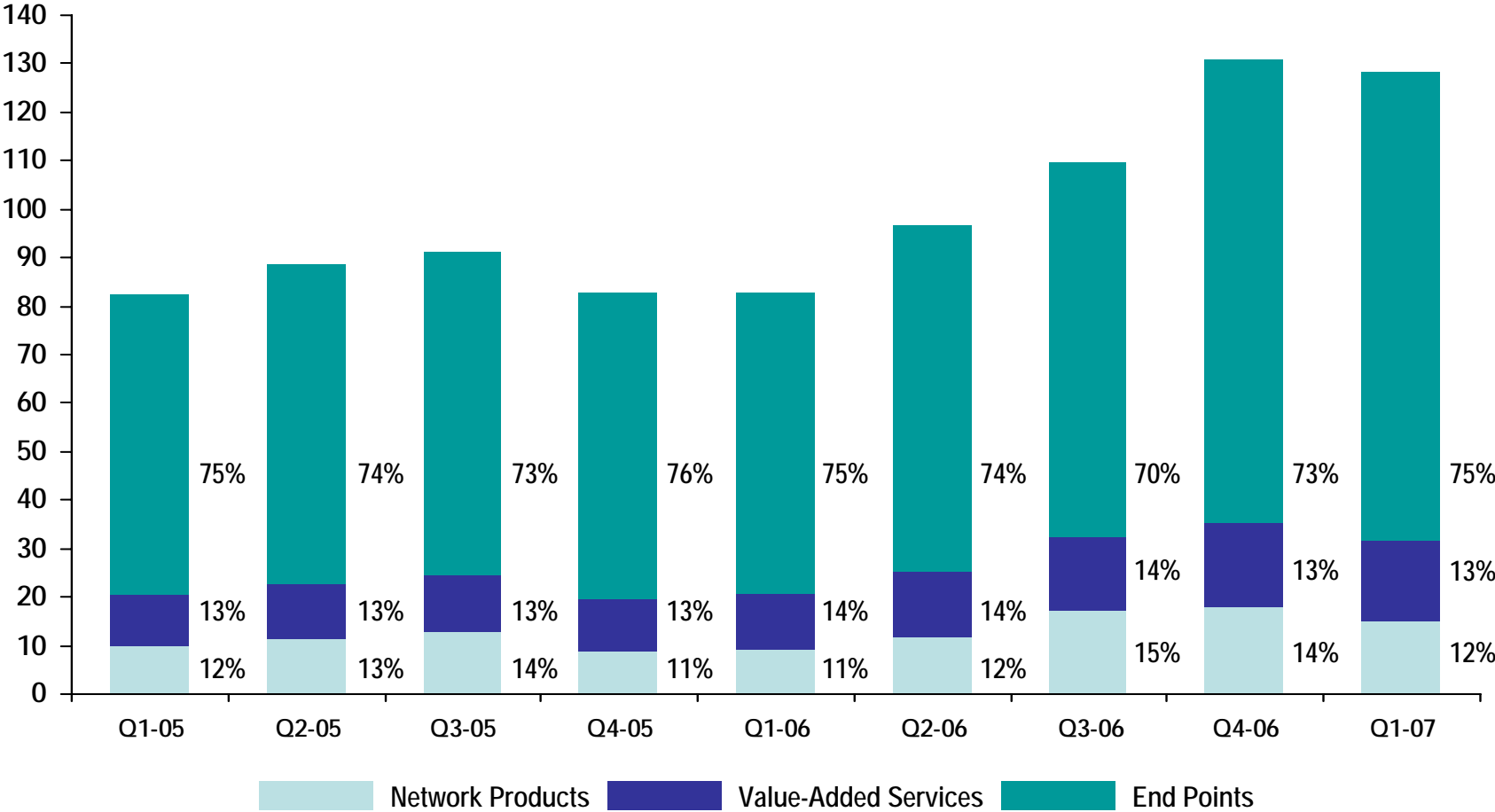
▪ *Note: excludes non-recurring legal settlement costs amounting to 13.1 MUSD

Volume – Number of Units



Revenue Mix by Product Category

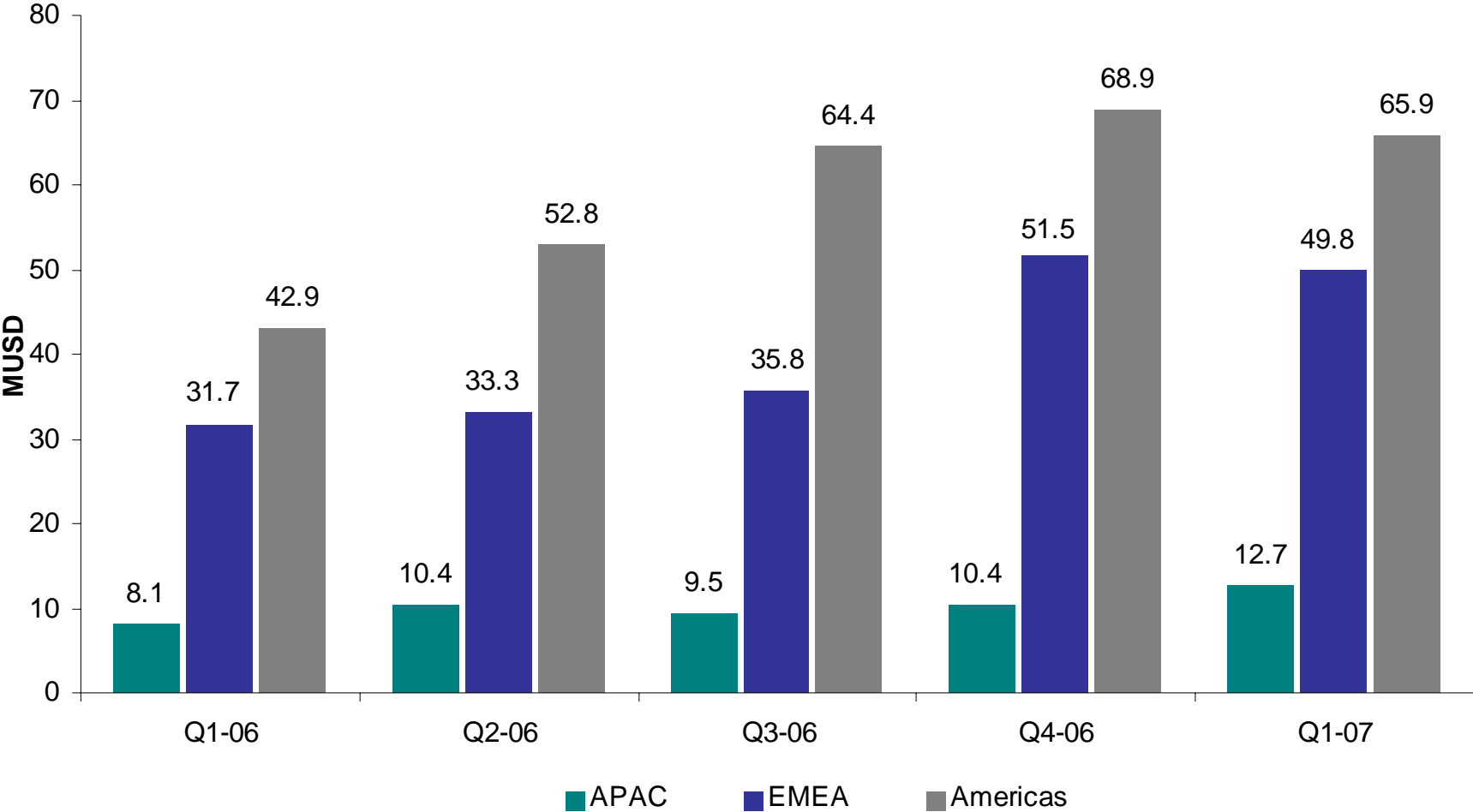
MUSD



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Revenue Mix by Theatre



Americas Review

- **Performance**

- Continued strong sales performance and pipeline development. Revenues increased to 65.9 MUSD, up 53.5% year-over-year.
- Balanced growth and consistent execution across the Enterprise sector, especially in Canada and the Pacific Northwest

- **Areas of strength**

- Solid traction on end-to-end solution portfolio (Experia and Movi betas) and Executive Briefing Centers showcasing these solutions
- Good momentum on T1700, the only HD executive workstation in the market
- Strengthened leadership capacity in the Enterprise and Channels space

- **Areas for improvement**

- Channel development in enterprise remains key area of focus

EMEA Review

- **Performance**

- Strong momentum, with revenues increasing 56.9% year-over-year to 49.8 MUSD
- All regions performed well, particularly Northern Europe and the UK

- **Areas of strength**

- Good traction around large accounts acquisition
- Usage and adoption program to assist existing customers in driving business benefits
- New head of Channels appointed

- **Areas for improvement**

- Strengthening the channel delivery model for total solution sales
- Implementation of executive briefing centers

APAC Review

- **Performance**

- Continued traction in South Asia and Australia
- At expectation but still below potential in North Asia

- **North Asia**

- Progress made in building the organization in both China and Japan
- Continued investments in growing presence and increasing competence. Impact not expected until second half.

- **South Asia**

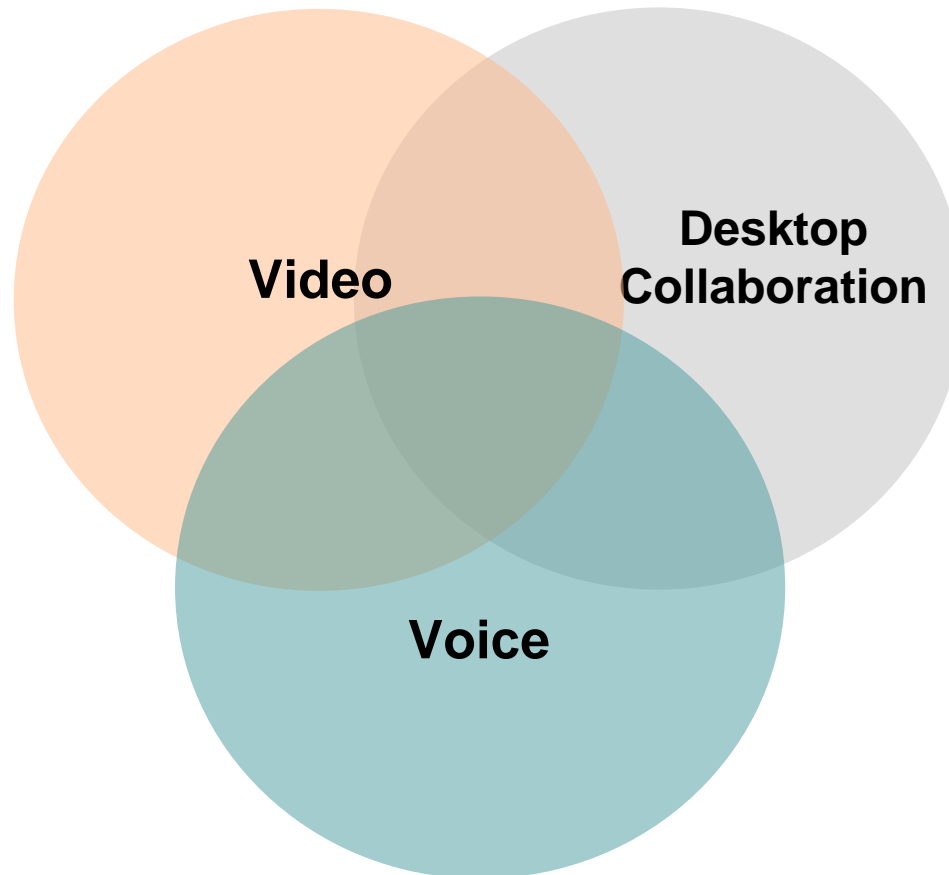
- Focus throughout region on large enterprise and government

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Convergence Changing Industry Landscape

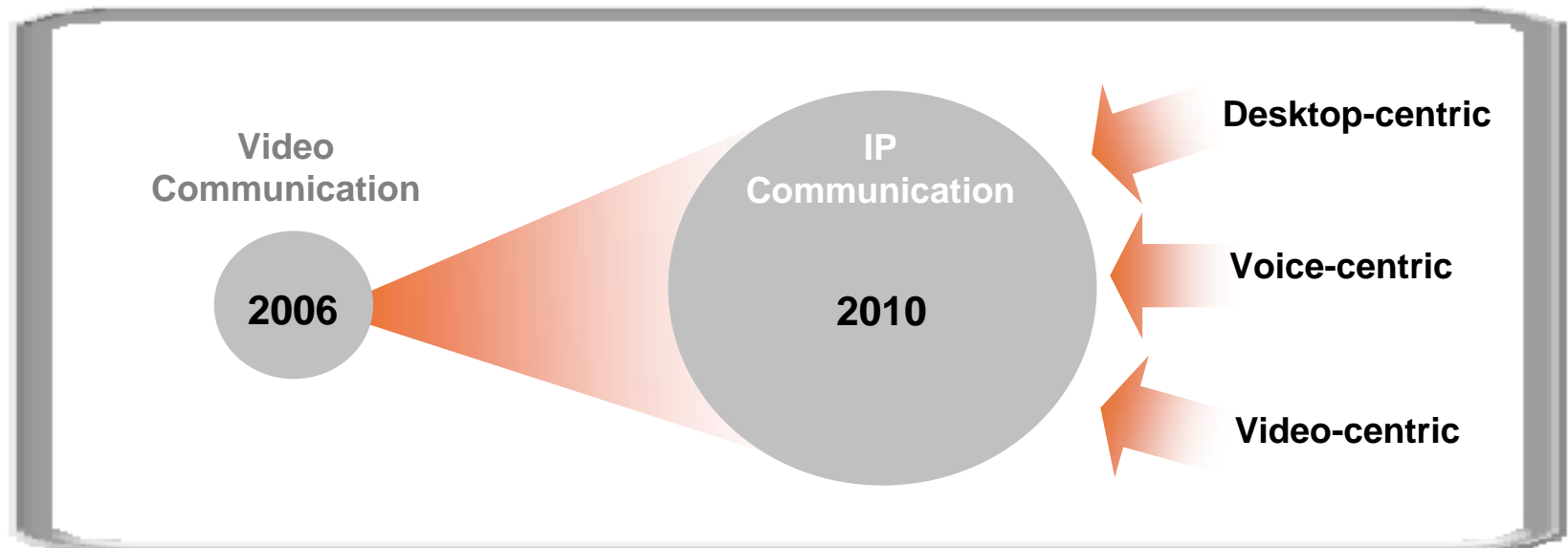
- TANDBERG has historically focused on the group video segment for Enterprise Communication
- IP Communication is now being rapidly embraced, driving convergence of voice, video, and desktop collaboration



TANDBERG Establishing Distinct Position

Provide a Natural Communication experience to our customers -- the ability to engage in every interaction as though it were an intimate, face-to-face discussion

- Develop a total solution for video-centric converged IP communication
 - Seamless interoperability, utility-like reliability, scalability and ease of use
- Deliver visual communication for voice- and desktop-centric converged IP communication through alliance partners



2007 Priorities

Sustain strong operating fundamentals

- Maintain balance sheet metrics
- Uphold consistent behaviour in the field to maintain long term/short term balance

Address areas of opportunity in core business in 2007

- Expand at the high-end with telepresence
- Drive global accounts business
- Grow business in Asia

Invest aggressively to capture the converged IP communication opportunity

- **Technology development and innovation.** Build video-centric solutions and provide visual communication for voice- and desktop-centric applications for converged IP communication
- **Marketing.** Establish distinct position in the IP communication market
- **Competence and capabilities building** in our service delivery model, and among our channel partners, our sales force, and our broader organization

Achieving our
vision for Natural
Communication

Summary

- Solid topline driven by continued market momentum and good execution
- Business priorities for 2007 with corresponding investment opportunities defined
- The second quarter update will be held on July 11 at 5:00 pm CET / 11:00 am ET

Thank you

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See: productivity

See: passion

See: performance