***"Mørke utsikter for økonomien, men enkelte lyspunkter er å skimte.***

***Aksjemarkedet har priset inn mye, og for flere av de ledende IT-selskapene i Norge er utsiktene for aksjekursene gode"***

Ole Petter Kjerkreit, Analytiker telecom og IT, SEB Enskilda

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SEB ENSKILDA

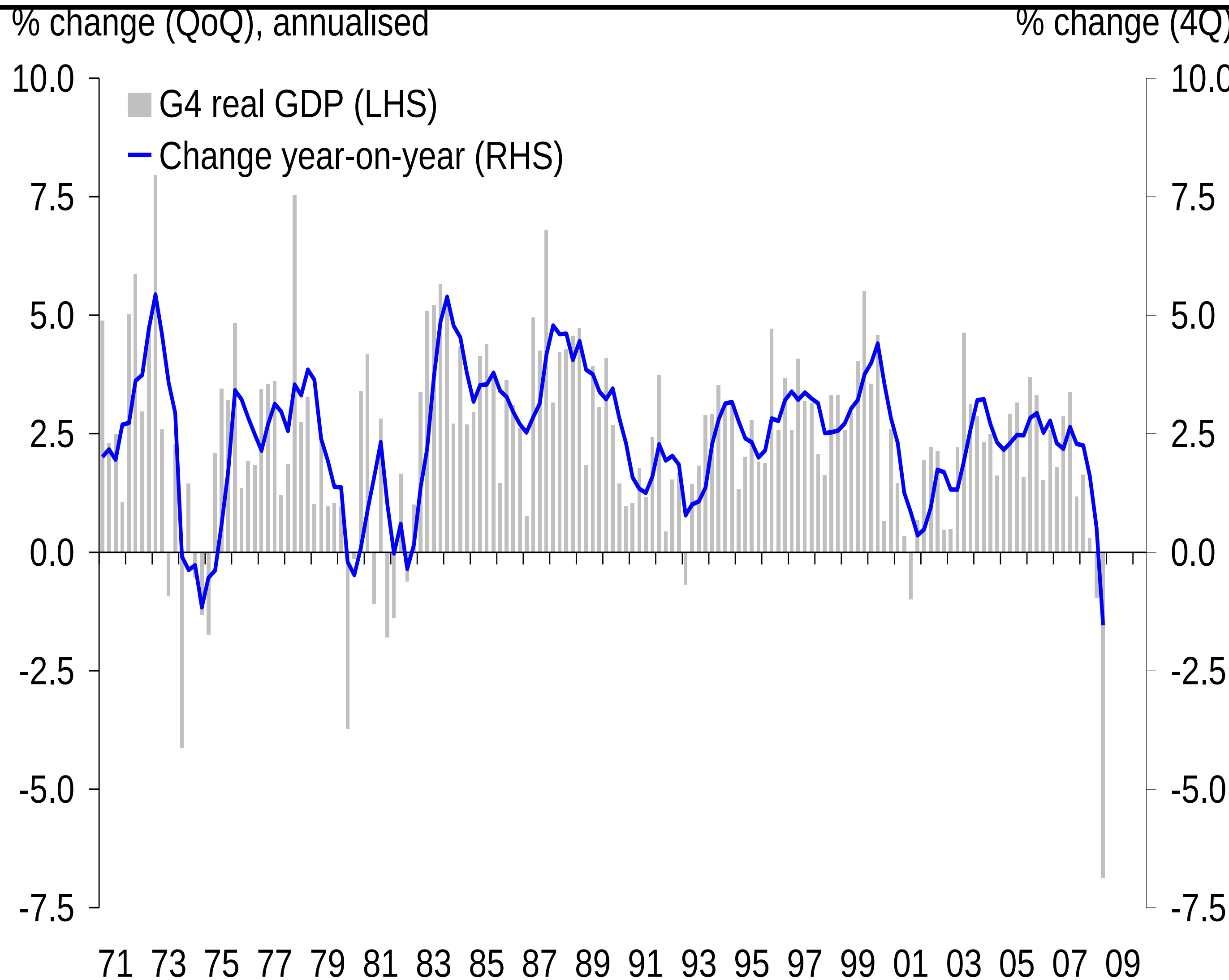
***Gjeldsnivået globalt har vokst enormt drevet av finanssektoren, og nådd nivåer som ikke kunne vedvare.***

***Situasjonen er neppe noen ”quick fix”, selv om kraftige tiltak settes inn.***

***Resultatet så langt har vært en usedvanlig kraftig svekkelse av økonomien globalt. Det finnes tegn som tyder på at takten mht. forverring avtar.***

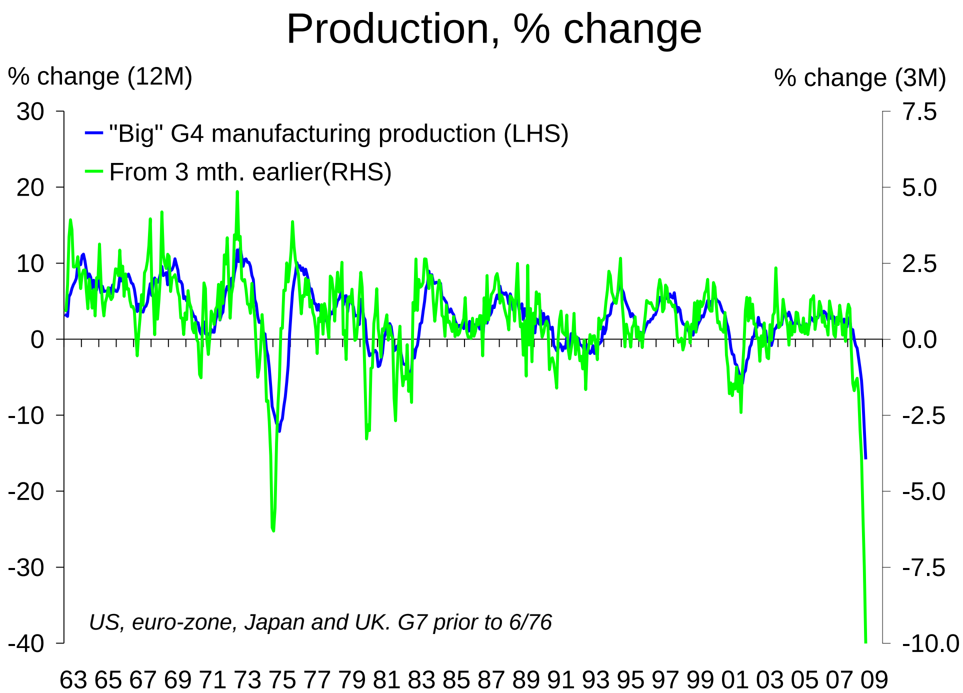
# *At the core of the problem: Debt levels has grown enormously mainly driven by the financial sector and households*

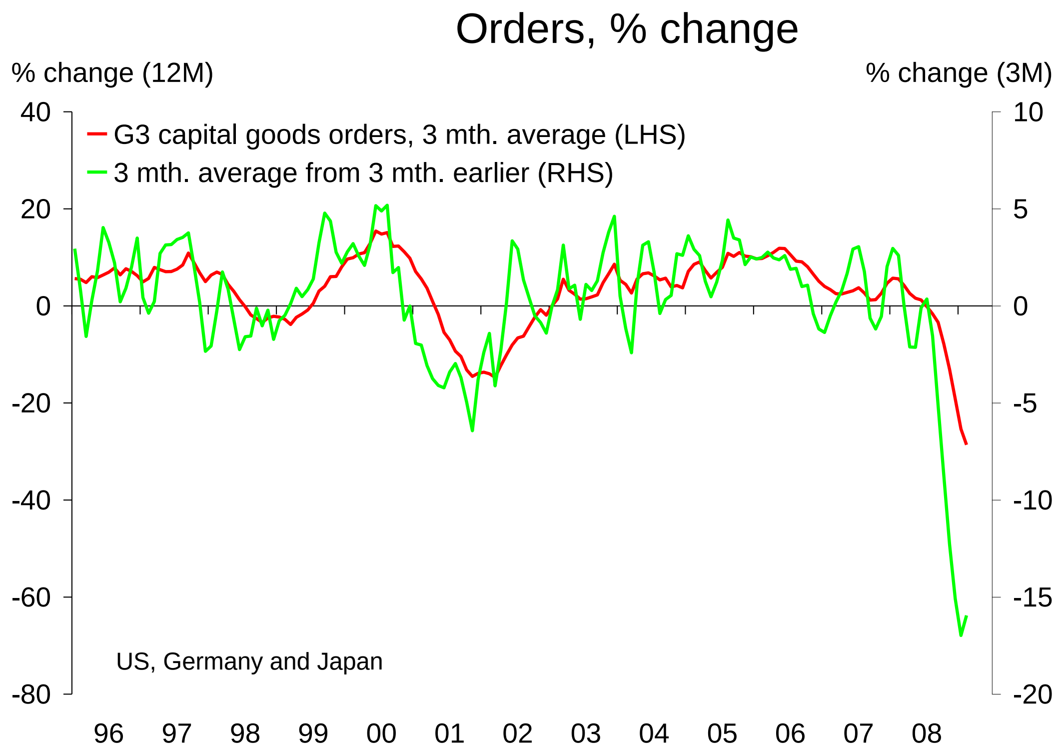
## *GDP in G4* tumbled in Q4/08, probably as extremely weak in Q1/09*



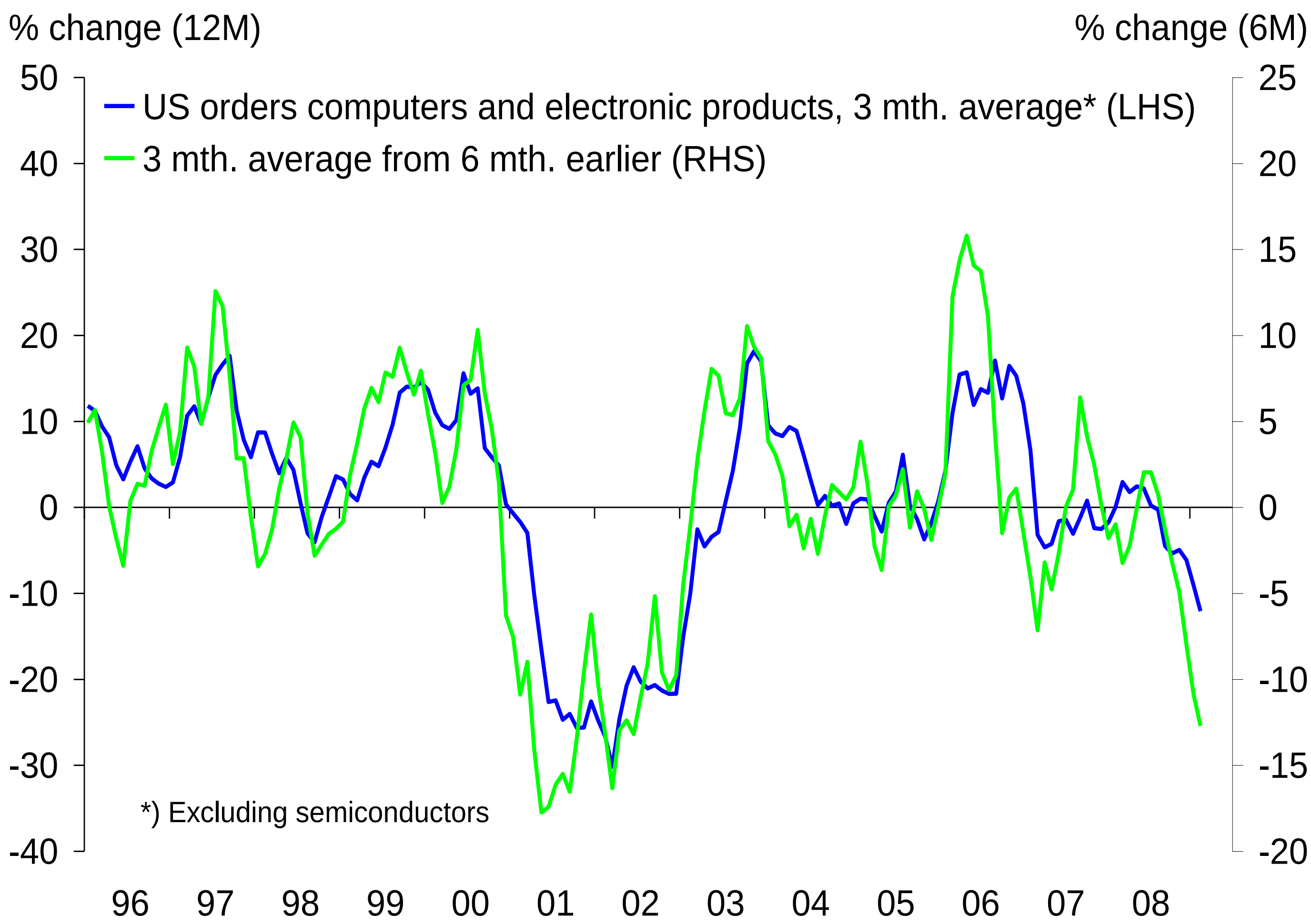

* USA, Euroland, UK, Japan

# *An extremely deep contraction in production and capital goods orders*

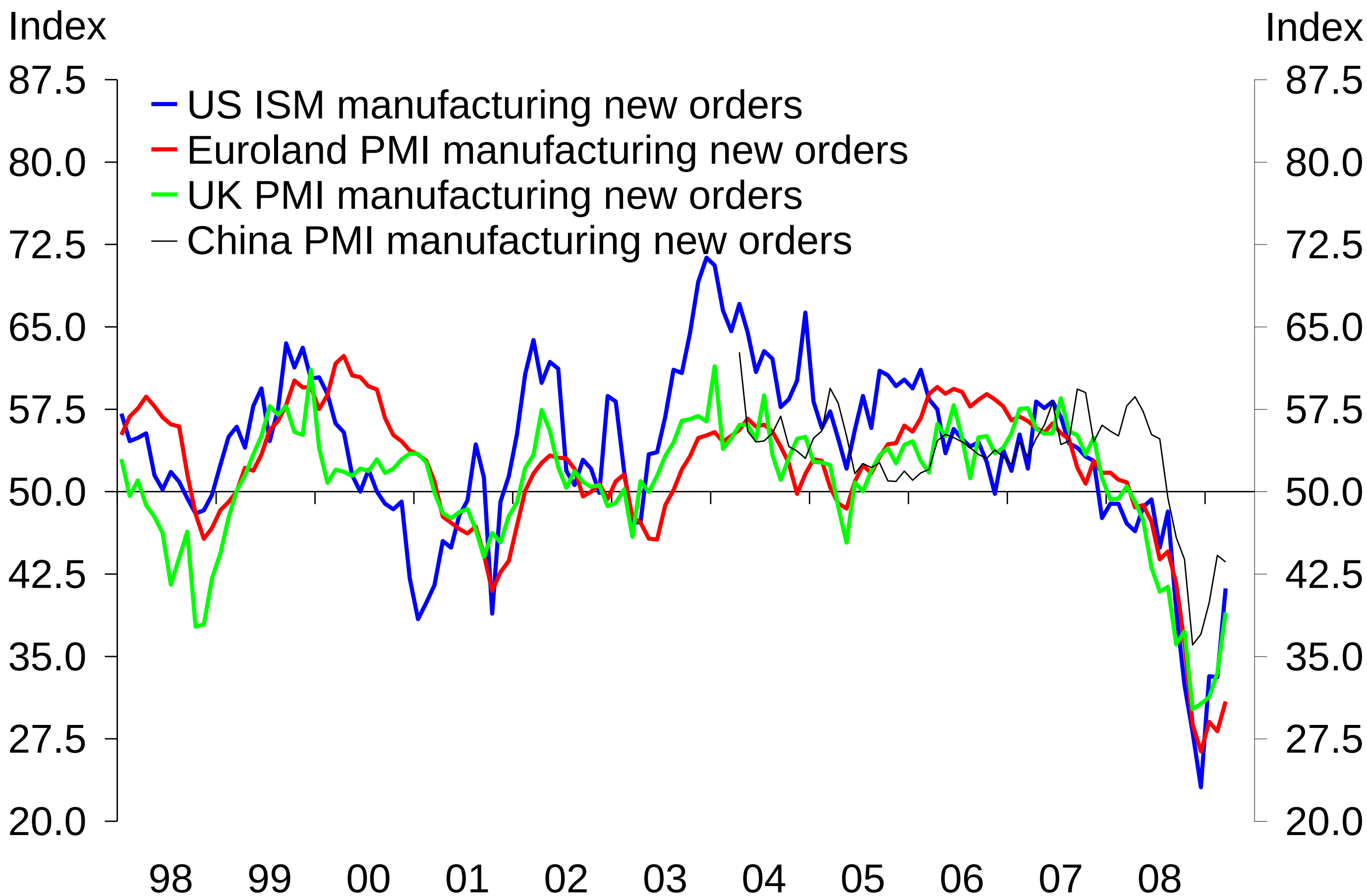


## *Declining orders for computers and electronic equipment strongly suggest a very sharper contraction in investment*



## *Much indicates, however, that the worst is behind us when it comes to the speed of the contraction*



***Norge vil være blant de landene som klarer seg best gjennom den makroøkonomiske krisen. Økt offentlig forbruk stimulerer kraftig.***

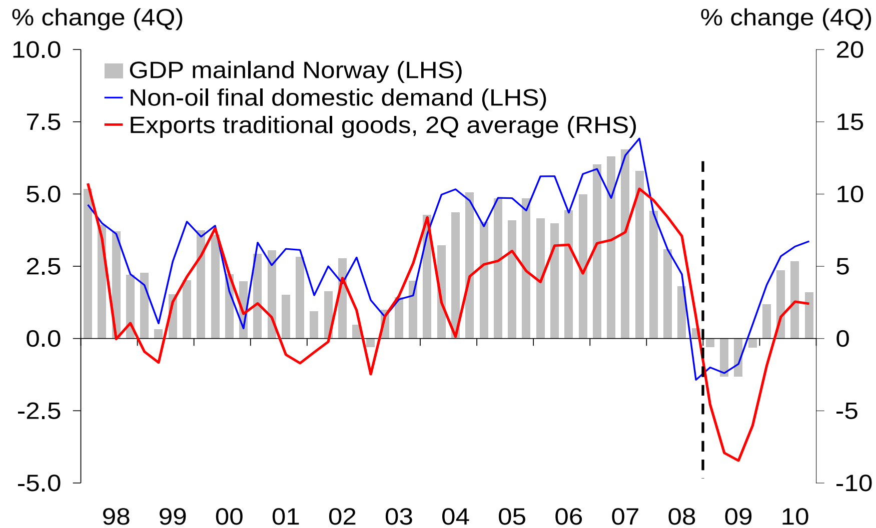
***2009 blir vanskelig, vi tror 2010 vil vise bedring.***

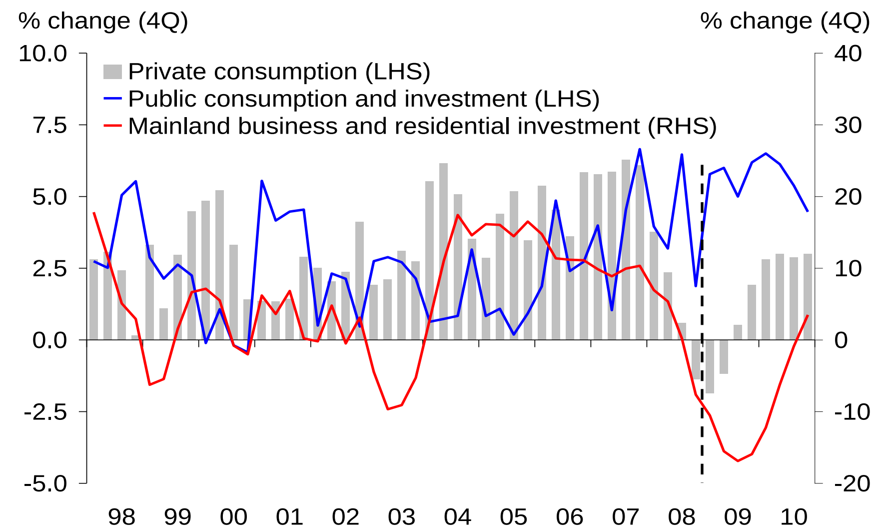
# Norway: Very weak consumption, investment and exports, public demand the only positive factor in 2009

- Mainland GDP to fall 0.9% in 2009, weakest in 20 years, on slump in non-oil exports and private investments and broadly flat consumption. Strong public demand only positive – to add almost 2%-point to mainland GDP. Acceleration to +1.9% in 2010

- Oil-sector investments a big uncertainty (downside risks in 2010): important stimulus to rest of the economy

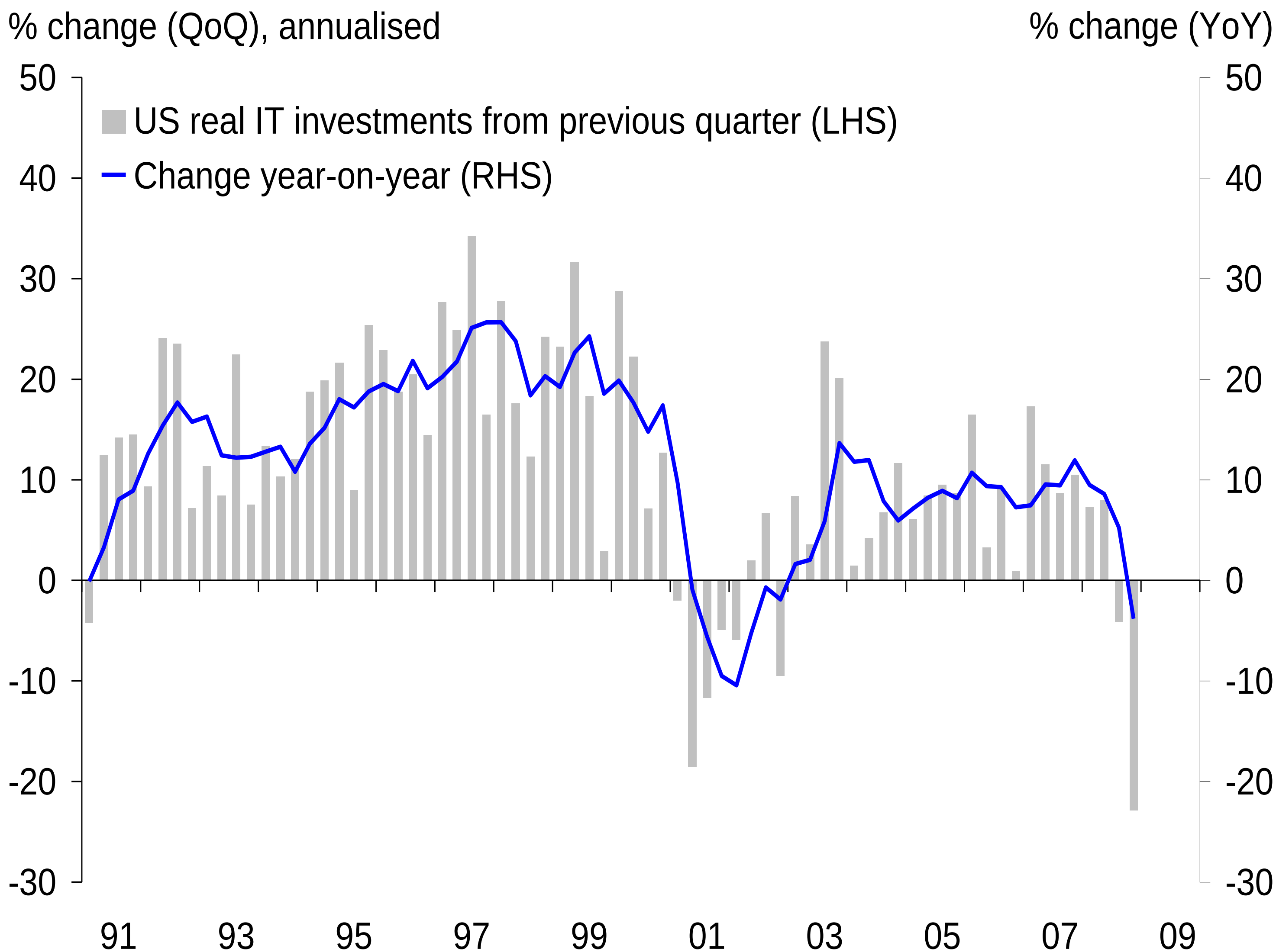
- A mild contraction relative to most western economies: downturn is cushioned by an unprecedented dose of fiscal and monetary policy stimuli



***Investeringene i IT-utstyr globalt kraftig rammet. Alt tyder på at 2009 blir meget svakt – eller ekstremt svakt.***

## *US IT investment turned noticeably weaker towards end-2008. Q1 has also been nasty…*

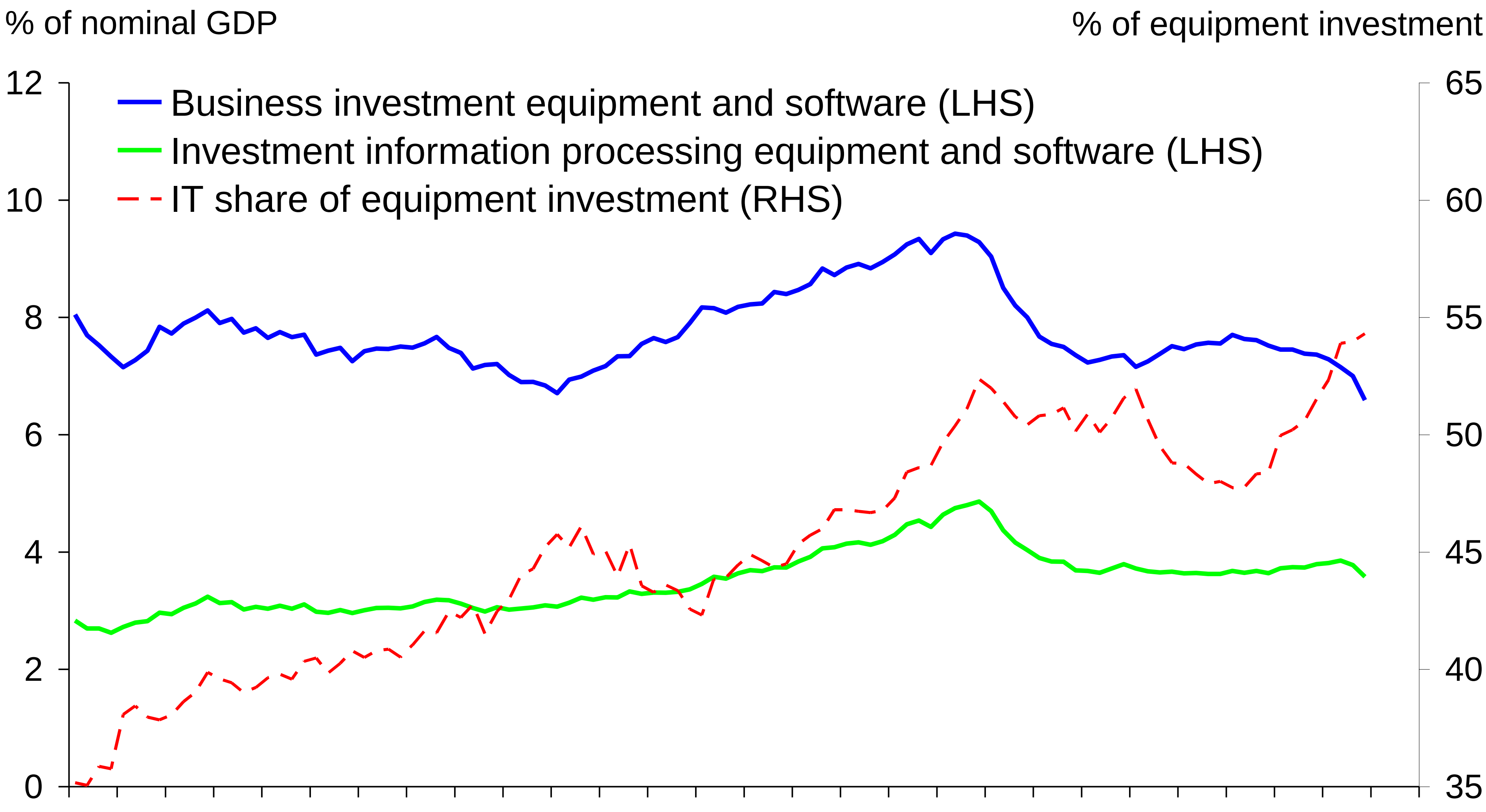


# *IDC, Gartner and Forrester paint a gloomy picture of IT spending for 2009, and it may be even worse than following the dot-com bust*

- IDC forecasts a negative growth of 4.5 to 5.5% on IT hardware in the Nordics for 2009, while positive growth in IT service and software
- Forrester estimate that US business and government purchases of IT goods and services will decrease by 3.1% in 2009
- Gartner now expects a 3.8% decline to global spending on IT in 2009, which is a downgrade from the 0.5% increase (for 2009) the company expected as late as in February 2009
- Comparison: Global IT spending fell by 2.1% following the dot-com bust

- …and others are painting an even gloomier picture..
  - IHS Global Insight expects US businesses to spend 8% less on IT in 2009 compared to 2008
  - Goldman Sachs estimated in March 2009 a 9% decline to global IT spend in 2009

## *Investment levels are, however, low in a historical context. Supports a fairly positive long term outlook.*



***Aksjemarkedet har falt katastrofalt, og er globalt nede på nivåer vi så for om lag 12 år siden.***

***Prisingen av aksjemarkedet er nå meget lavt i en historisk sammenheng relativt til forventet inntjening i selskapene. Usikkerheten ligger i om inntjeningen vil falle enda mye mer enn analytikerne forventer.***

***IT-sektoren i USA er fortsatt priset høyere enn markedet, men differansen er lavere enn den har pleid å være de siste årene.***

# *A disastrous period in the stock market is behind us*

**Buy- and hold strategy US and European equities:**

**12 years without return!**

**Decline since peak:**

**S&P 500: -55%**

**DJ Stoxx: -59%**

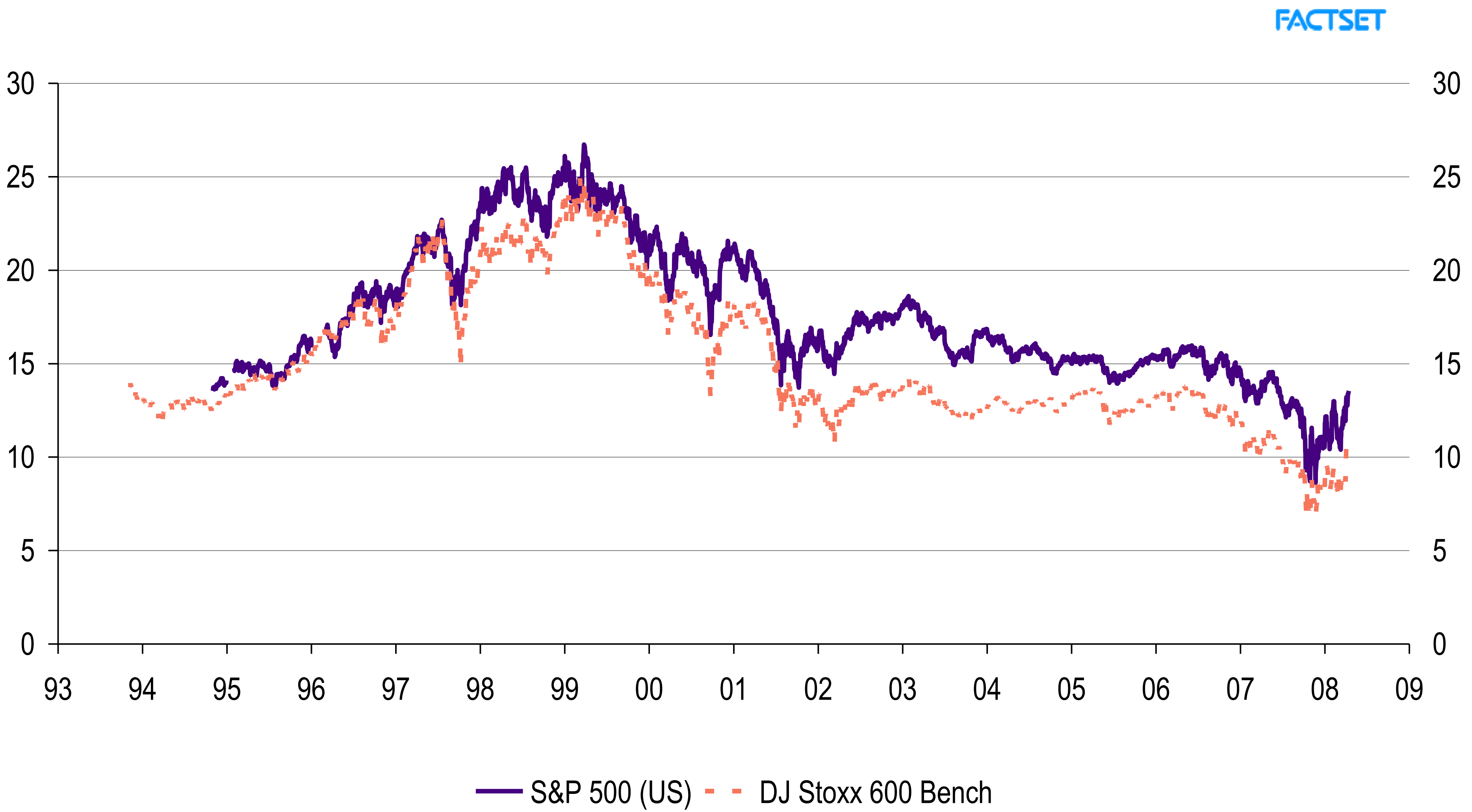
**OSEBX: -62%**

**OMX: -56%**

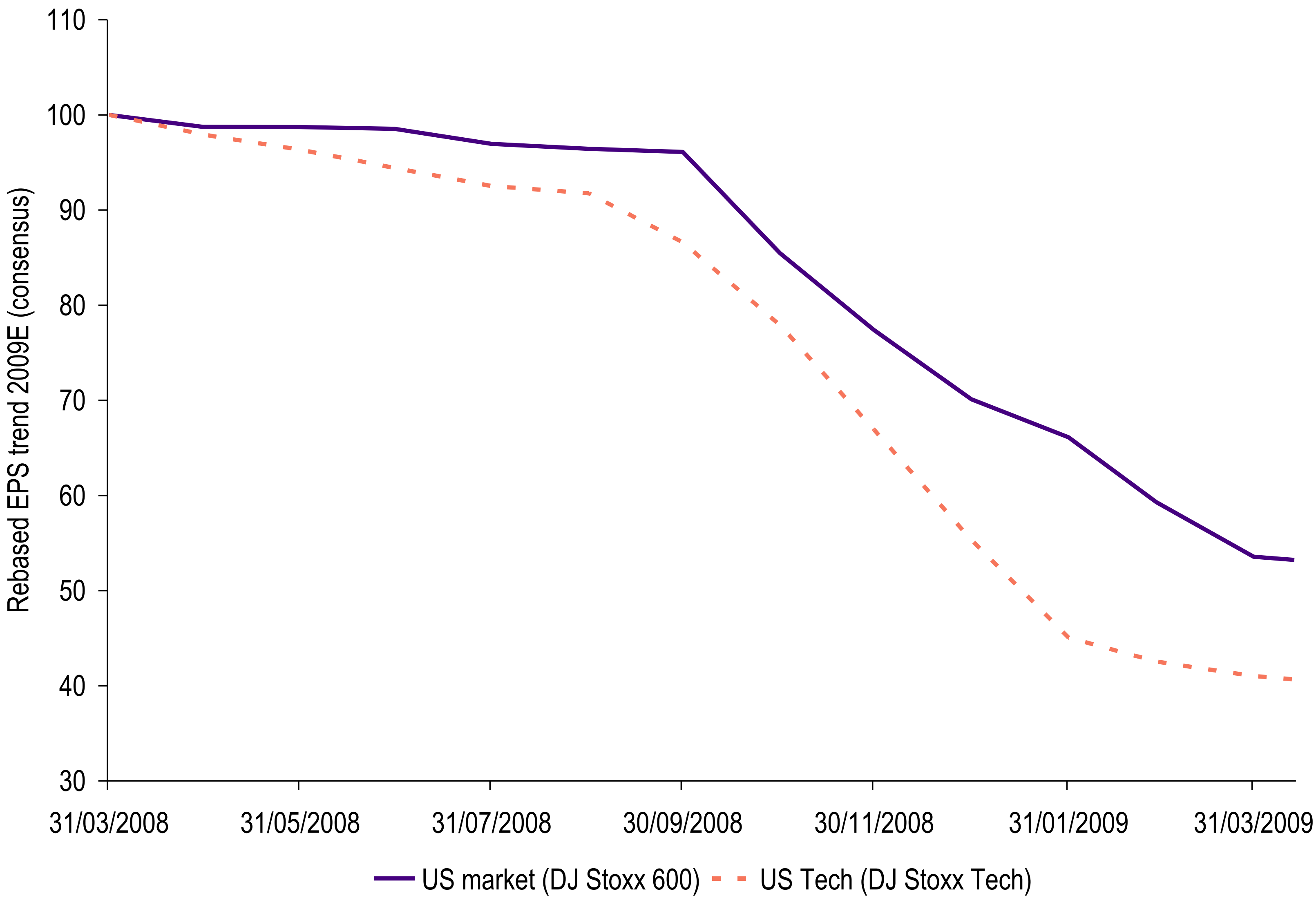
**(Sweden)**

# *The overall stock market both in the US and in Europe is valued clearly below the average pricing levels seen over the past 15 years*

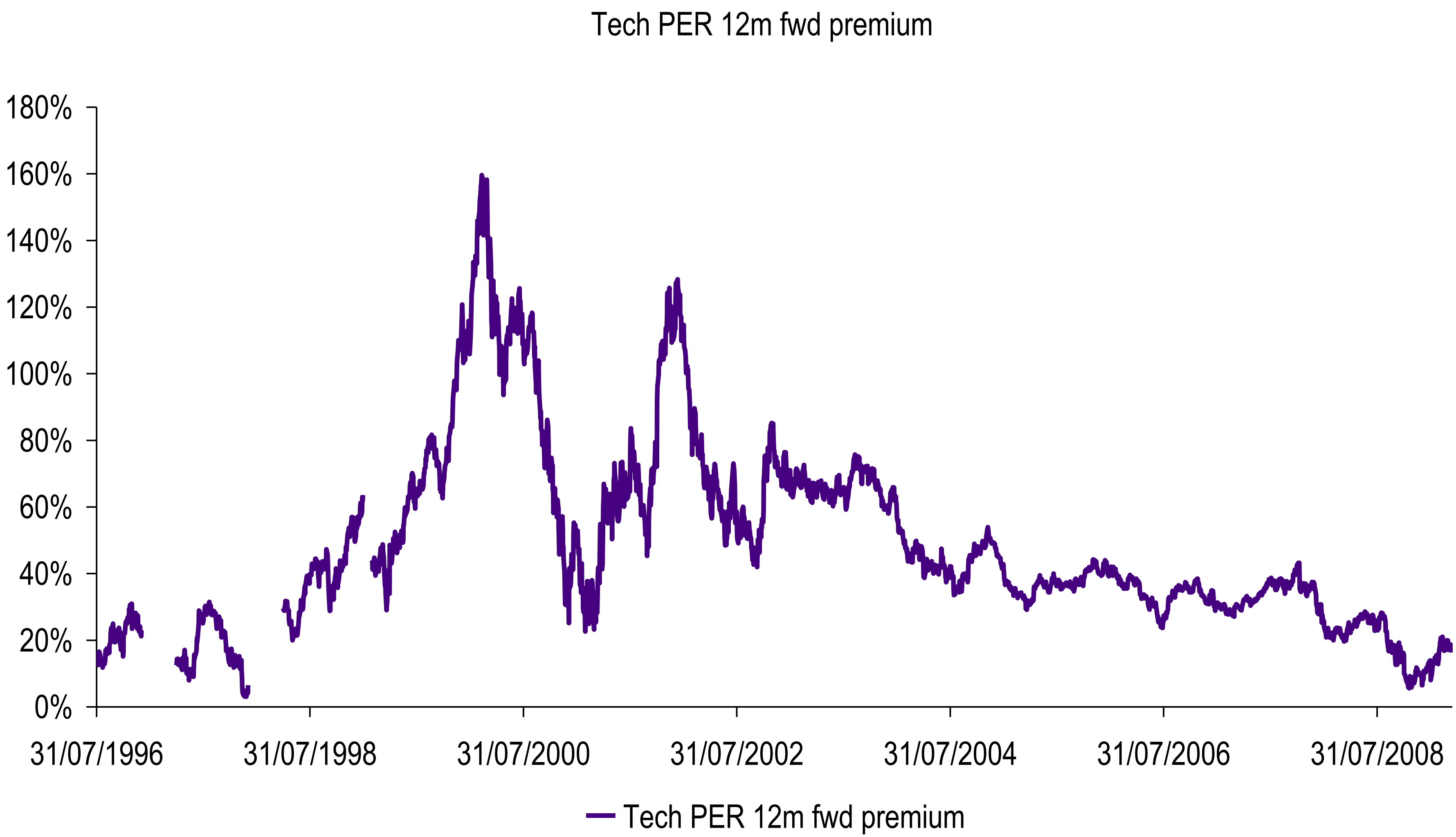
PE 12m fwd (= aksjepris / forventet inntjening per aksje neste 12 måneder)



***..Estimate trend creates uncertainty. If estimates continue to decline considerably earnings multiples may be higher than they appear, and as such the stock market may have further downside.***



## *The tech sector still valued at a premium (US), but the pricing premium is lower than the historical average*

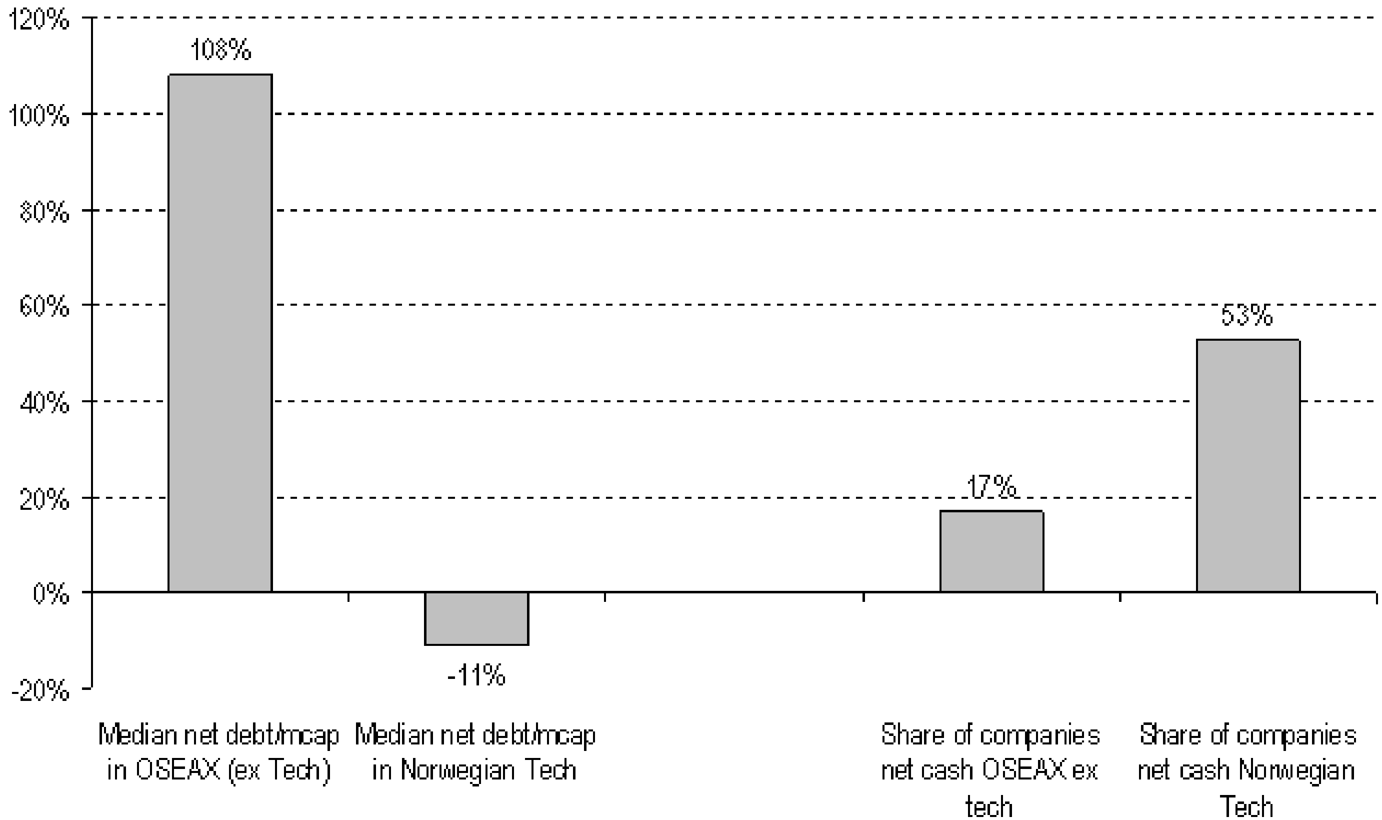


***Flere faktorer gjør at vi er relativt positive mht. utsiktene kursmessig for flere av de ledende IT-selskapene på Oslo Børs.***

# De ledende IT-selskapene på børsen har, men noen unntak, forholdsvis sterke balanser. Det reduserer risiko.

## 1. Cash-rich balance sheets

Significantly less leverage in Norwegian Tech




*Source: Factset, SEB Enskilda*

# *Forex changes lift EBIT by 21% from 08 to 09*

| | | | |
|---|---|---|---|
| Aggregated revenues (NOK) | 40,059 | 5% | 42,003 |
| Aggregated EBIT (NOK) | 2,617 | 21% | 3,175 |
| EBIT margin | 6.5% | | 7.6% |

# M&A activity likely to remain high. Several companies likely to be bought at a premium to the current share prices.

## M&A activity 2008

| | |
|---|---|
| Fast Search & Transfer | Microsoft |
| Trolltech | Nokia |
| Profdoc | Compugroup |
| Vmetro | Curtis-Wright |
| Confirmit | Sebastian Holdings |
| Intelecom | Norvestor |
| Superoffice | SuperInvest |
| Exense | Inmeta |
| Tandberg Storage | Tandberg Data |
| Software Innovation | Borea |

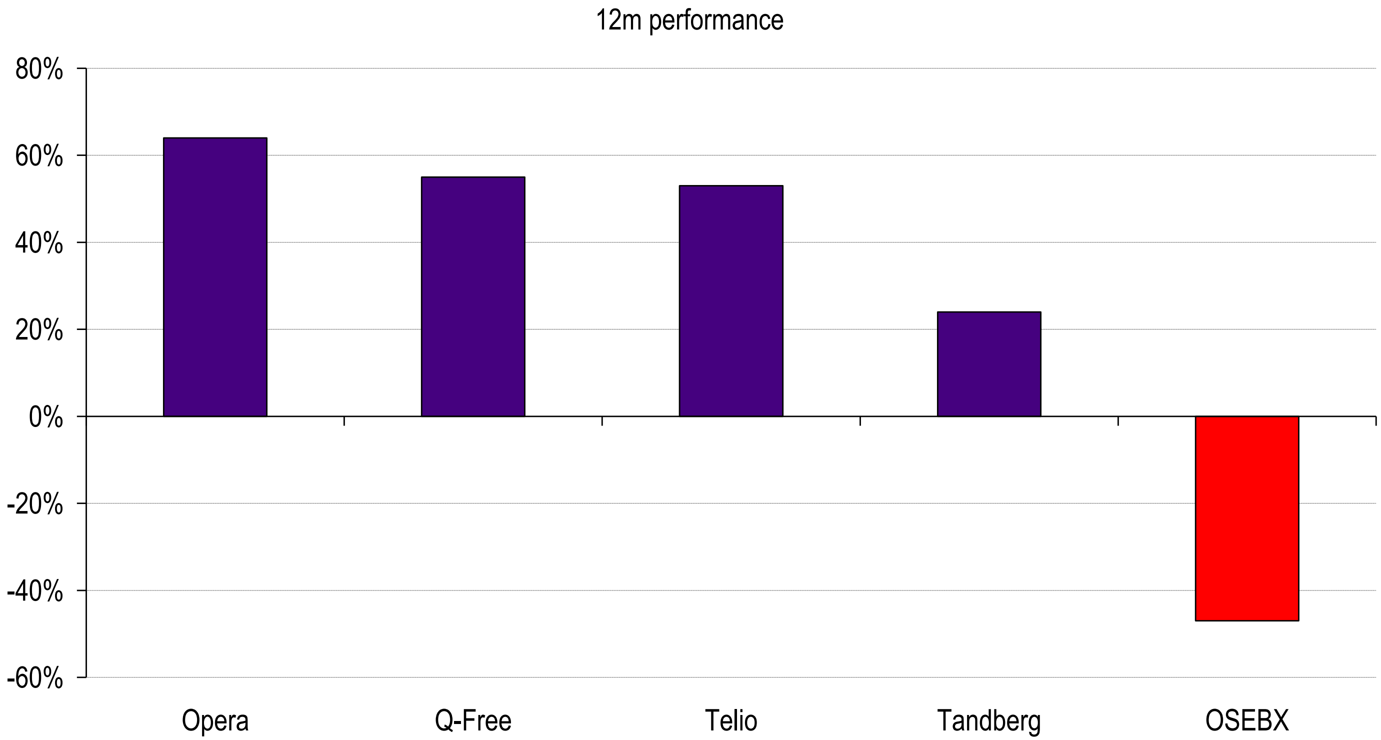
*Source: SEB Enskilda*

## Likelihood of acquisition in 2009

| Company | Likelihood of acquisition 2009 | Comment |
|---|---|---|
| **Q-Free** | 50% | Key competitor Kapsch has acquired 20.4% and Q-Free has hired advisors to assess strategic alternatives. The company is clearly in play. |
| **Tandberg** | 50% | Silver Lake likely still interested, but lacks debt funding from Nordic banks |
| **Blom** | 30% | Blom has engaged Jefferies as financial advisor to evaluate strategic alternatives. The company's unique 3D images may attract industrial interest. |
| **EDB Business Partner** | 25% | EQT appears to have consolidation ambitions within Nordic IT Operations. Low pricing of equity. Telenor could be for a sale. |
| **Eltek** | 25% | Nera Networks for sale. Likely difficult to find a willing buyer, but operations are improving |
| **Telio** | 25% | Great cash flow should attract PE and robust IP platform should attract industrial interest. |
| **Komplett** | 20% | Altor has bought the market leader Dustin in Sweden. Could have consolidation ambitions. |
| **Vizrt** | 20% | Private equity FSN capital owns 10%. Likely to buy more or sell all. We view other PE players as most likely bidding candidates. |
| **Ementor** | 15% | Highest free cash flow yield in Norwegian Tech which should attract PE interest. Chairman Ib Kunøe controls 30% and is an unlikely seller anywhere close to current levels. |
| **Nordic Semiconductor** | 10% | If Nordic Semiconductor is successful in the ULP Bluetooth work the company could become an acquisition candidate. We probably will not know until 2010 however. |
| **Opera Software** | 10% | Nokia and Microsoft have good reasons to buy Opera and good reasons not to buy. Shareholders arenot likely to agree on Opera's structural future could complicate potential deals. |

*Source: SEB Enskilda*

## *Several leading Norwegian IT companies have seen their shares rising sharply over the past year as they have achieved great success in their markets*




*Despite strong share price performance for the mentioned companies over the past year we remain positive to the shares.*

| | 12m performance | Reason |
|---|---|---|
| **Opera** | 64% | Strong user growth and contract rush |
| **Q-Free** | 55% | Several large contract wins |
| **Telio** | 53% | Strong cash flow improvement |
| **Tandberg** | 24% | Videoconferencing robust niche in weak economy, strong execution |
| **OSEBX** | -47% | |

## *Konklusjon:*

- Makroen har svekket seg dramatisk og vil fortsette å svekke seg, men ”takten” mht. forverring vil trolig avta. Finansektorens problemer er dramatisk og ingen ”quick fix”, men kraftige tiltak fra myndighetene ser ut til å begynne å bedre situasjonen noe.
- Norge vil klare seg bedre enn de aller fleste andre land. 2009 blir vanskelig. Svak oppgang forventes i 2010.
- IT-investeringene globalt preges kraftig av makrosvekkelsen. 2009 blir et meget svakt år, eller ekstremt svakt.
- Aksjemarkedet har falt katastrofalt og er priset lavt på multipler basert på forventet inntjening. Usikkerhetsmomentet ligger i om inntjeningen blir enda vesentlig svakere enn hva analytikerne venter.
- Flere faktorer gjør at vi er relativt positive mht. utsiktene aksjekursmessig for flere av de ledende IT-selskapene på Oslo Børs.

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