

TAA: REVENUE OF 88.9 MUSD WITH OPERATING PROFIT OF 22.3 MUSD IN Q4 2004

Executing on Plan and Expanding the Market for Visual Communication

OSLO and NEW YORK, February 3, 2005 – TANDBERG (OSLO: TAA.OL), a global leader in visual communication, today announced financial results for the fourth quarter 2004.

Highlights for the fourth quarter include:

- Revenue of 88.9 MUSD with record volume of 8,330 units
- Operating profit of 22.3 MUSD and pre-tax profit of 22.4 MUSD
- Gross margin of 66.7%
- Excellent cash flow from operations of 22.0 MUSD
- Announcement and acceptance of new personal products line
- Expanding presence in the MCU market
- Strong public sector and enterprise sales across all theatres

Discussing the fourth quarter results, Andrew Miller, Chief Executive Officer, commented, "The fourth quarter results reflected our consistent execution and strong business model. The company set records for quarterly revenue, operating profit, unit volume and EPS during the quarter, with solid performances by all three theatres. Compared to last year, operating profit increased 53% on 33% sales growth. On a sequential basis, operating profit was up 11% and sales were up 16%. Operating fundamentals continued to improve, and TANDBERG delivered strong profit margins and cash flow.

The revenue growth was driven by our continued efforts to expand the market for visual communication. The advanced MXP-based endpoints have been strongly embraced by the market. Sales of the TANDBERG MPS, a scaleable multipoint control unit, to the Global 1000 grew in the fourth quarter while the Company also recognized the first MPS sale to a Service Provider. The personal product line, which was introduced in November to provide business-quality video in every office and on every desktop, also gained traction with the Global 1000.

TANDBERG has led the market in areas such as H.264 and video telephony, and has now developed breakthrough technology that will be the key driver in accelerating the expansion of video communications. For the market to grow, visual communication has to move from within the boundaries of an organization to between organizations – securely and without barriers. In the first quarter, TANDBERG will launch its firewall traversal solution for all H.323 endpoints and MCUs. The solution will provide video communication from any IP connection by securely tunneling through firewalls. Organizations can visually connect with their customers, supply chain and home office workers without firewall issues.

In addition to this firewall traversal technology breakthrough, TANDBERG continues to strengthen its alliances with Cisco Systems, Inc. and Microsoft Corp., companies that are driving widespread acceptance of visual communications. In 2005, a range of TANDBERG video systems on the MXP platform will be integrated into the Cisco CallManager environment. TANDBERG has also prepared to deploy SIP, a simple call set-up protocol for video telephony. The TANDBERG SIP products will interoperate with Microsoft Live Communications Server and will ship in the first quarter. By expanding the MXP platform to support CallManager and SIP, anyone – from individuals to large groups – will be able to experience the convenience of video telephony. "

FINANCIAL HIGHLIGHTS

Revenue in the fourth quarter of 2004 was 88.9 MUSD compared with 66.9 MUSD in the same quarter of 2003 and 76.5 MUSD in the third quarter of 2004. Operating profit was 22.3 MUSD compared with 14.6 MUSD in the fourth quarter last year and 20.0 MUSD in the third quarter of 2004. The Company generated a strong net cash flow from operations of 22.0 MUSD, ending the quarter with a cash balance of 242.9 MUSD. Earnings per share (after tax) were 0.12 USD in the fourth quarter of 2004 compared with 0.08 USD in the same quarter of 2003, excluding the impact of currency movements on NOK denominated cash balances in 2003. In the third quarter of 2004, earnings per share were 0.10 USD. A number of factors contributed to fourth quarter growth, including increased network infrastructure sales, robust enterprise spending and further penetration in the Company's vertical segments.

For the year, revenue totaled 305.0 MUSD in 2004 compared with 223.3 MUSD in 2003. Operating profit was 74.5 MUSD for 2004 and 46.0 MUSD for 2003.

Fourth quarter gross margin was 66.7%, compared with 67.6% in the fourth quarter of 2003 and 68.8% in the third quarter of 2004. Gross margin in the fourth quarter was impacted by transitional expenses related to the market implementation of the MXP-platform, the largest product launch in TANDBERG history, and the introduction of the personal product line.

Selling, general & administrative (SG&A) expenses for the fourth quarter totaled 35.7 MUSD, compared with 28.8 MUSD in the fourth quarter of 2003 and 31.3 MUSD in the third quarter of 2004. Despite ongoing investment in sales, R&D and administrative infrastructure, fourth quarter SG&A expenses dropped as a percentage of sales to 40.1%.

The Company continues to generate strong cash flow, ending the quarter with a cash balance of 242.9 MUSD and an equity ratio of 78.4% as of December 31, 2004. This compares to a cash balance of 272.9 MUSD and an equity ratio of 82.9% as of September 30, 2004. Compared to the third quarter, the decrease in the cash balance reflects a 2.95% repurchase of TANDBERG shares under the 10% mandate granted by the EGM and the acquisition of the Forgent patent portfolio, totaling 49.2 MUSD, offset by 22.0 MUSD cash flow generated from operations.

MARKETS

For the quarter ended December 31, 2004, TANDBERG sold a record volume of 8,330 units, an 18% increase over the third quarter, and a 46% increase over the same quarter in 2003.

AMERICAS

Revenue in the Americas theatre during the fourth quarter totaled 45.7 MUSD, compared with 42.1 MUSD in the same quarter last year and 45.8 MUSD in the third quarter of 2004. Robust enterprise sales in the fourth quarter offset the seasonal decline in federal spending. Virtually all regions contributed to growth, with strong contributions from MXP and MPS sales. The Americas theatre earned significant wins in public sector, education and enterprise markets during the quarter. Within the enterprise market, financial services, insurance and retail companies were well represented.

EMEA

Revenue in EMEA during the fourth quarter totaled 31.6 MUSD compared with 17.4 MUSD in the same quarter last year and 21.1 MUSD in the third quarter of 2004. All regions contributed to revenue, especially Northern Europe, with key wins in the finance, public sector and oil & gas segments. Network products continued to build momentum, while the personal products achieved acceptance in the market.

ASIA PACIFIC

Revenue in Asia Pacific during the fourth quarter was 11.7 MUSD compared with 7.4 MUSD in the same quarter last year and 9.6 MUSD in the third quarter of 2004. Results were consistent across regions as TANDBERG continued to invest in the theatre. Expanding according to plan, Mr. Benny Lee, previously the Vice President of Equant in Asia Pacific, joined TANDBERG as President for the APAC theatre, effective January 2005. Mr. Lee is joining TANDBERG with 20 years of extensive management experience from the APAC region, and is part of TANDBERG's commitment to aggressively grow its business in this theatre. TANDBERG Asia Pacific continued to gain traction with new partners, broadening its geographic coverage in the Chinese market. The MXP platform continued its successful roll-out, and the personal systems were widely accepted. Key deployments in China included public sector, financial services and utilities. Another example of marketplace acceptance in the region included deployment in a large healthcare network in Australia.

PRODUCTS

In November, TANDBERG introduced a portfolio of personal video systems designed for desktops and offices.

- The 2000 MXP is a slim floor standing unit with a 23-inch display and has all of the MXP features of larger units, including: standards-based CD-quality audio and stereo; H.264 across features; and enhanced multipoint capabilities. Ideal for an executive office or small meeting room.
- The TANDBERG 1500 MXP has a 17-inch widescreen display that can double as a PC monitor. The 1500 MXP is also wireless-capable.
- The TANDBERG 150 is a desktop unit with an 8.4-inch display, integrated keypad and optional handset.

TANDBERG also announced that it had purchased patents related to video management and scheduling software from Forgent Networks Inc. The purchase strengthens TANDBERG's portfolio of patents for the TANDBERG Management Suite (TMS), its industry-leading software for management, administration and scheduling of video communication.

TANDBERG recently announced the new Educator MXP for the world's classrooms. The system features a 50" plasma display and CD-quality sound.

OUTLOOK

The Company expects market conditions to improve and momentum to continue to build with its MXP and MPS platforms as well as its new line of personal products. The Company has a solid pipeline and believes that the recently launched products, the firewall traversal solution shipping in the first quarter and continued market expansion with Cisco and Microsoft will positively impact future revenue growth. TANDBERG maintains a long-term view towards the market for visual communication solutions and is focused on FY05 goals and strategy.

SHAREHOLDERS' MEETING

The Annual General Meeting (AGM) will be held on April 14, 2005 in Oslo, Norway, at 6:00 p.m. Central European Time.

WEBCAST/CONFERENCE CALL DETAILS

Today at 10:45 a.m. Eastern Time or 4:45 p.m. Central European Time, Andrew Miller, Chief Executive Officer, and Terje Rogne, Sr. Vice President of Operations, will host a web conference call live from Oslo, Norway, and New York, USA. Additionally, a PowerPoint presentation will accompany the web conference call. To access the webcast call, please copy and paste the following link into a browser:

<https://tandbergevents.webex.com/>

For those who prefer to dial-in, the conference call can be accessed at + (1) 617 614 3674 for international callers or 1 800 276 0269 for U.S. callers. Participant password is TANDBERG. Please allow extra time prior to the call to visit the site and download the streaming media software required for the Internet broadcast. An online archive of the broadcast will be available on the same day as the live call at www.tandberg.net.

ACCOUNTING STANDARDS

The financial information contained within this press release and attached unaudited quarterly financial tables have been prepared in accordance with NGAAP standards for interim financial reporting and are consistent with the principles and practices used in the Company's audited financial statements and annual report for the fiscal year ended 2003.

Starting on January 1, 2004, TANDBERG began reporting its financial statements in U.S. Dollars ("USD").

Previously, the Company reported its financial results in Norwegian Kroners ("NOK"). To assist the Company's

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stakeholders in comparing 2004 financial results with prior periods, the information provided in this press release for periods prior to January 1, 2004 is presented as if the USD was the reporting currency for that period.

IMPLEMENTATION OF IFRS

TANDBERG anticipates no major effects of implementing International Financial Reporting Standards (IFRS) to its consolidated financial statements beginning in 2005. Compared to equity as at 31 December 2004, the estimated net effect is less than (2.0) MUSD.

OSLO and NEW YORK, February 3, 2005

The Board of Directors of TANDBERG ASA

Jan Chr. Opsahl (sign.)
Chairman

Andrew M. Miller (sign.)
Chief Executive Officer

For further information please contact Sr. Vice President of Operations Terje Rogne, tel. + 47 98 28 98 02

TANDBERG GROUP, JANUARY - DECEMBER 2004 (non audited figures)

PROFIT AND LOSS	OCTOBER - DECEMBER			JANUARY - DECEMBER		
	2004	2003	2002	2004	2003	2002
Figures in USD million						
Operating revenues	88.9	66.9	69.8	305.0	223.3	231.9
Cost of goods	29.6	21.6	23.5	99.4	73.3	76.5
Operating expenses	35.7	28.8	24.9	125.5	98.0	82.6
Depreciation	1.4	1.8	1.5	5.6	5.9	5.0
Operating profit	22.3	14.6	19.9	74.5	46.0	67.8
Net financial items*	0.2	7.2	12.9	2.5	12.6	37.3
Profit before tax	22.4	21.8	32.8	77.0	58.7	105.0
Estimated tax	6.7	3.2	5.2	23.1	14.8	19.4
Profit after estimated tax	15.7	18.6	27.7	53.9	43.8	85.6

*Pre-USD reporting (2003 and 2002), currency movements on NOK denominated non-operating cash balance causes significant variation in net financial items

BALANCE SHEET	31 DECEMBER	
Figures in USD million	2004	2003
Fixed assets		
Intangible fixed assets	56.8	34.3
Tangible fixed assets	4.2	5.3
Financial fixed assets	0.4	1.2
Current assets		
Inventory	32.0	18.7
Accounts receivable	79.6	51.6
Other current assets	5.3	4.3
Cash and bank deposits	242.9	254.2
Total assets	421.2	369.6
Equity		
Paid-in capital	127.8	106.0
Treasury shares	(46.4)	-
Retained earnings	248.9	200.9
Long-term liabilities	-	-
Current liabilities	90.8	62.7
Total equity and liabilities	421.2	369.6

GROUP EQUITY	JANUARY - DECEMBER	
Figures in USD million	2004	2003
Equity as of 01.01	306.9	254.1
Capital increases year-to-date	10.8	10.3
Treasury shares	(45.5)	-
Repayment of equity	-	(8.0)
Profit after est. tax year-to-date	53.9	43.8
Translation differences	4.3	6.7
Equity as of 31.12	330.3	306.9

QUARTERLY RESULTS

Figures in USD million (except EPS)	2003				2003	2004				2004
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Operating revenues	48.3	52.5	55.6	66.9	223.3	67.8	71.8	76.5	88.9	305.0
Operating profit	9.2	9.7	12.5	14.6	46.0	14.9	17.4	20.0	22.3	74.5
Operating margin (%)	19.1	18.4	22.5	21.8	20.6	21.9	24.2	26.2	25.1	24.4
Pre-tax profit margin (%)	13.0	22.7	33.6	32.6	26.3	25.6	25.0	25.2	25.2	25.3
EPS after tax*	0.02	0.06	0.11	0.14	0.33	0.09	0.09	0.10	0.12	0.40
Adj. EPS after tax**	0.07	0.06	0.07	0.08	0.28					

Fully diluted EPS approximates reported EPS

*For 2003 - pro-forma EPS by weighted average number of shares

**Adjusted to exclude currency effects of NOK cash balances

CASH FLOW ANALYSIS

Figures in USD million	OCTOBER - DECEMBER		JANUARY - DECEMBER	
	2004	2003	2004	2003
Cash flow from operations				
Profit before tax	22.4	21.8	77.0	58.7
Taxes paid	(3.4)	(6.0)	(16.4)	(16.5)
Ordinary depreciation	1.4	1.8	5.6	5.9
Write-down of fixed assets	-	-	-	-
(Gain)/loss on sale of fixed assets	-	-	-	-
Change in receivables/ payables/ inventories	(7.2)	(5.3)	(28.4)	0.1
Change in other accounts	4.3	6.7	13.7	4.5
Change in pension scheme assets/ liabilities	(0.3)	0.3	(0.3)	0.3
Effect of changes in exchange rates	4.8	2.8	4.5	4.8
Entries classified as investments/ financing activities	-	-	-	-
Net cash flow from operations	22.0	22.1	55.9	57.8
Cash flow from investments				
Proceeds from sales of assets	0.1	-	0.2	-
Investments in fixed assets	(4.5)	(1.4)	(6.1)	(1.9)
Investments in subsidiaries	0.0	-	(16.4)	-
Change in other investments	-	-	-	-
Net cash flow from investments	(4.3)	(1.4)	(22.2)	(1.9)
Cash flow from financing				
Repayment/ drawdown of debt	-	-	-	-
Proceeds from share issues	0.4	-	10.8	10.7
Repurchase of shares	(45.5)	-	(45.5)	-
Dividend paid	-	-	(7.8)	-
Net cash flow from financing	(45.0)	-	(42.5)	10.7
Net change in liquid assets during the period	(27.4)	20.7	(8.9)	66.6
Liquid assets opening balance	272.9	231.4	254.2	186.9
Effect of exchange rate on cash	(2.6)	(2.0)	(2.5)	(0.6)
Liquid assets at 31.12	242.9	254.2	242.9	254.2

ABOUT TANDBERG

TANDBERG is a leading global provider of visual communication products and services. The Company has dual headquarters in New York and Norway. TANDBERG designs, develops and markets systems and software for video, voice and data. The Company provides sales, support and value-added services in more than 90 countries worldwide. TANDBERG is publicly traded on the Oslo Stock Exchange under the ticker TAA.OL. Please visit www.tandberg.net for more information.

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