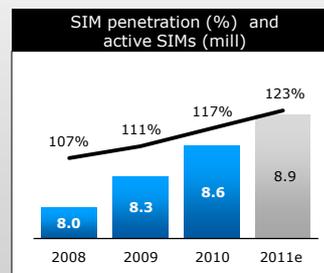
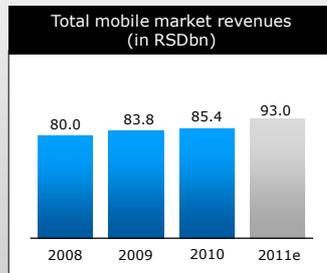


Telenor Serbia
Kjell Morten Johnsen, CEO Telenor Serbia

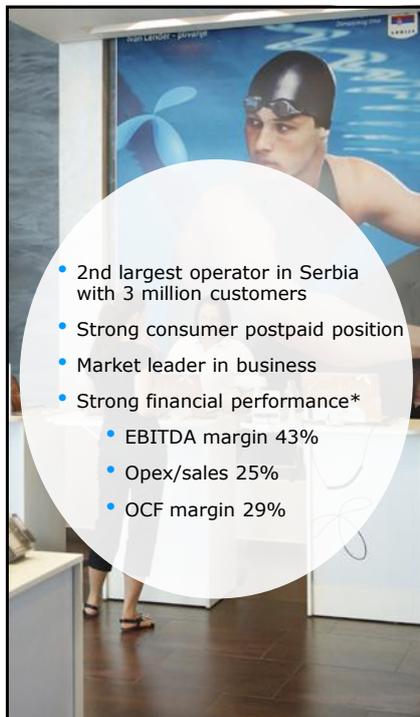


The Serbian mobile market has overcome the crisis



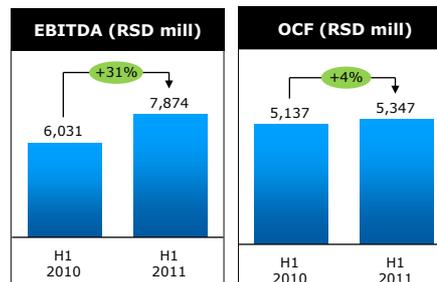
- Mobile voice market close to saturation point, yet still growing
- Real penetration at 82%
- Total mobile market revenues have increased by 7% since 2008

Telenor estimates for 2011



- 2nd largest operator in Serbia with 3 million customers
- Strong consumer postpaid position
- Market leader in business
- Strong financial performance*
 - EBITDA margin 43%
 - Opex/sales 25%
 - OCF margin 29%

Telenor Serbia: A company on the right track



*H1 2011

Operating cash flow (OCF): EBITDA before other items less capex, excl. spectrum fees.



Telenor Serbia's growth platform paved the way for operational excellence

Revenue initiatives

- Brand platform
- Postpaid: Focus on high-value customers
- Best data network

Cost initiatives

- Network modernisation
- Bad debt and fraud prevention
- Rightsizing

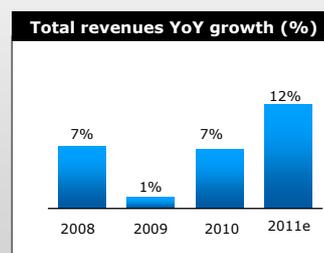
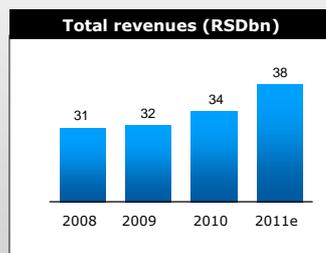
Ambitions

- Become number 1 in postpaid
- The strongest brand in Serbia
- Revenue and innovation leader in mobile data

- Industry-leading cost efficiency
- Prepare network for the future and reduce maintenance costs



Telenor Serbia is delivering strong revenue growth

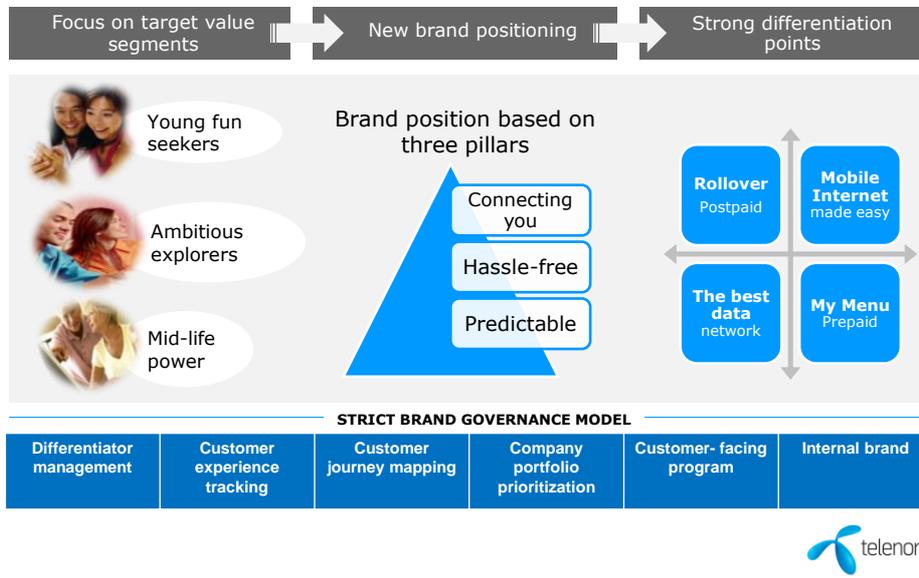


Main revenue growth drivers:

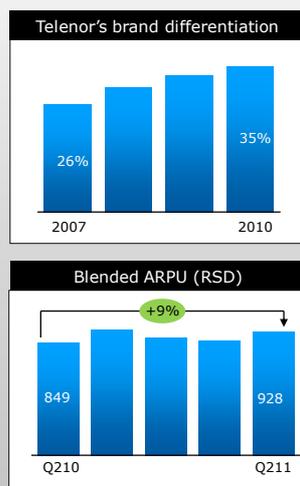
- Net growth of subscription base
- Postpaid consumer voice and data traffic and monthly fees
- Interconnection



Structured approach to brand governance is the foundation for market success



Brand governance helps with market differentiation and revenue growth



Initial results

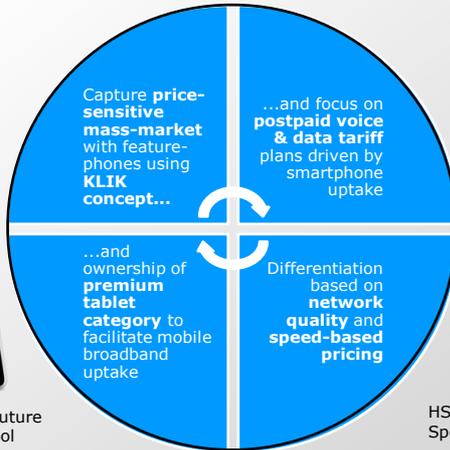
- Gross add leadership (above 40%)
- Customer base has grown by 6% since Q2 2010
- Blended ARPU increased by 9% since Q2 2010
- Gradual improvement of brand differentiation

Taking the data revenue leader position

Data bundle with Opera browser



The best data network



Voice & data tariff plans as Telenor differentiation point



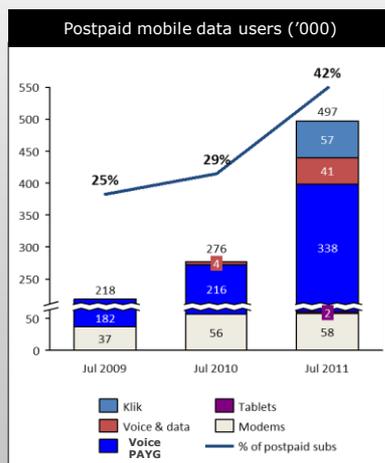
Tablets as future profit pool



HSPA+ Speed-based pricing



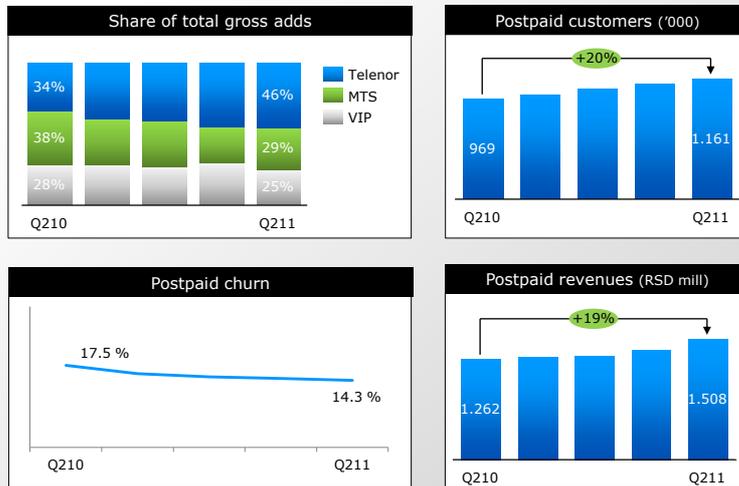
The increasing postpaid subscriber base is driving both large and small screen data usage



- Strong growth of voice and data bundles
- Capturing feature phone owners with KLIK service
- Focus on small screen and profitability
- Price war on modems has slowed down large screen growth

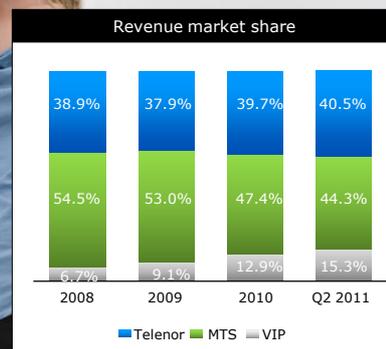


Winning the customer acquisition game and lowering postpaid churn



Revenue market share leadership is within reach

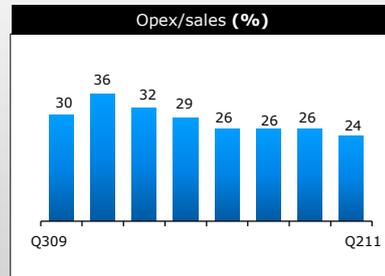
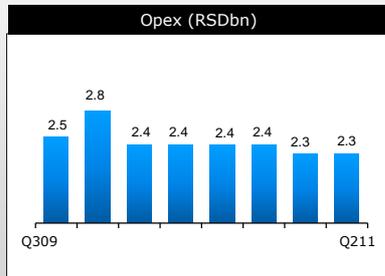
- Telenor's revenue share grew by 1.8 pp from 2009 to 2010
- Positive trend continues in 2011



Source: Annual reports, Telenor estimates for Q2 2011



Telenor Serbia manages opex well



Main initiatives contributing to opex/sales reduction:

- Operation & maintenance: Network modernisation
- Personnel costs: Rightsizing
- Bad debt cut in half by introducing credit scoring system and tightened sales documentation control



Network renovation to achieve industry-leading backbone and backhaul

Rationale

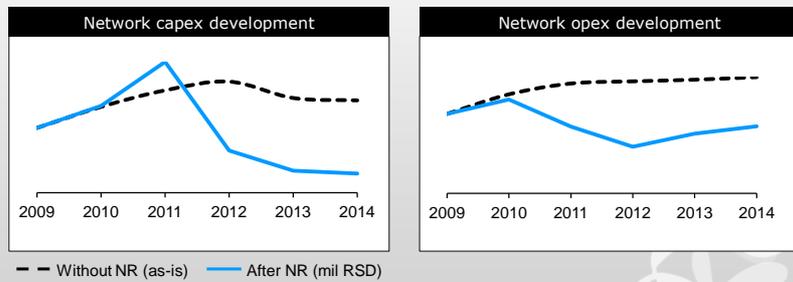
- Cost reduction with emphasis on opex
- Future proof technology introduction (LTE)
- Footprint optimization
- Energy efficiency, CO₂ reduction

Status

- Above 70% of swap completed with transport network migration to all-IP in parallel
- Fibre optic network expanded by 2,000 km in last four quarters



Significant benefits from network renovation



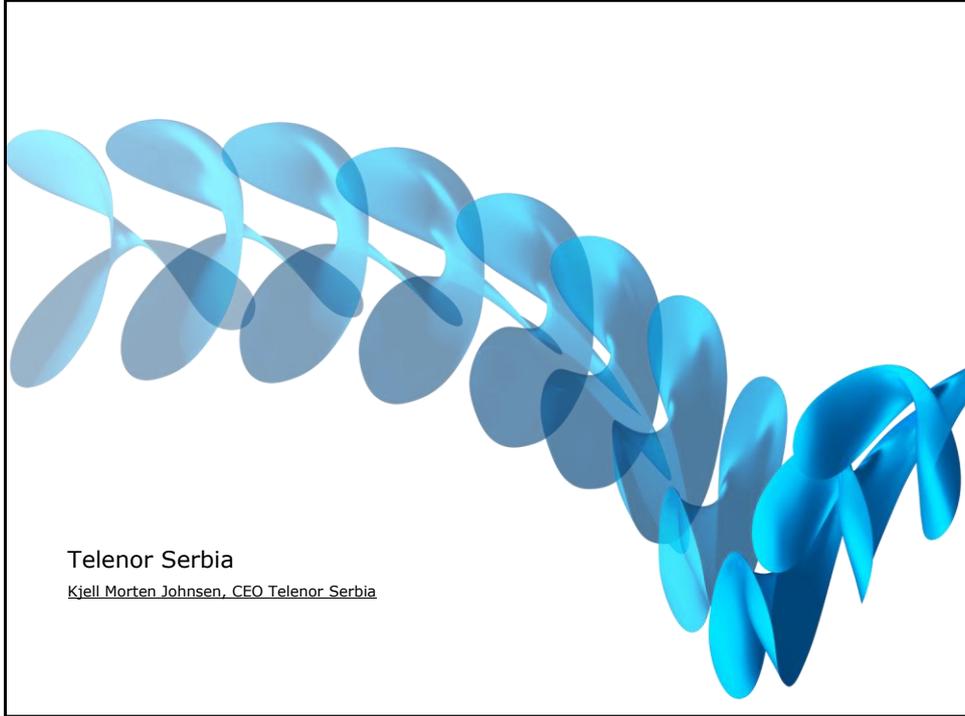
Expected results:

- IP-based microwave: Throughput up to 1.45 Gbps
- Fibre network extended by 3.4 times YoY by end of 2011
- Cost per GB will be more than 15 times lower by 2015
- Network opex savings: More than 50% from 2012



Ambitions towards 2014





Telenor Serbia

[Kjell Morten Johnsen, CEO Telenor Serbia](#)