

Telenor Norway

Berit Svendsen, CEO

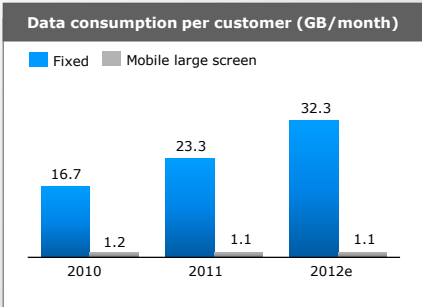
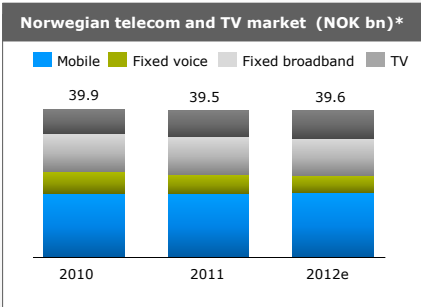
A photograph of a construction worker wearing a blue hard hat and a blue shirt, looking down at a smartphone. The background is a blurred construction site. A large, stylized white leaf graphic is overlaid on the right side of the image.

Positioning Telenor Norway for the future

- Building fixed and mobile networks for the future
- Monetising on network investments
- Building a future-proof operating model

The Telenor logo, consisting of a blue stylized 'T' followed by the word "telenor" in lowercase.

Stable telecom market with underlying transitions



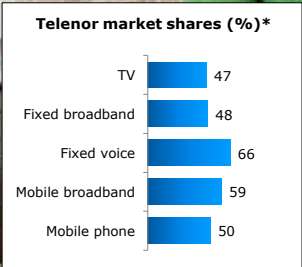
- Voice to data substitution, with growing demand for bandwidth...
- ...and willingness to pay for future-proof technologies

*) Norwegian Post & Telecommunications authority. Telenor estimates 2012.



Strong market positions based on infrastructure leadership

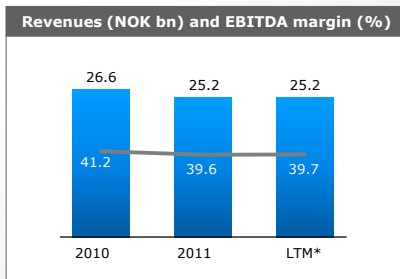
- Stable market share development
- Market leader across all platforms
- Optimal utilisation of technology
- Infrastructure leadership



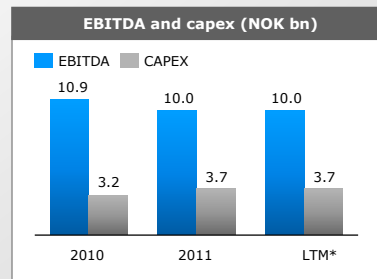
*) Subscriber market shares end of Q2 2012. TV market share including DTH



Stable financial development



- Continued fixed voice decline

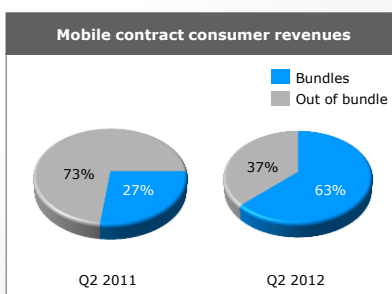


- EBITDA margin recovery
- Substantial investments in mobile broadband coverage and capacity
- Substantial investments in fibre

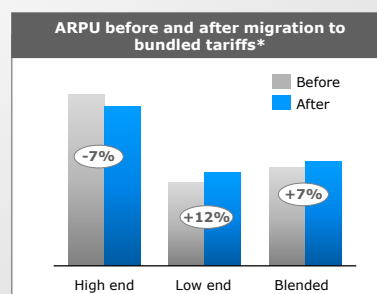
*) LTM: Last twelve months (Q311-Q212)



Successful migration to bundled mobile subscriptions



- 52% of postpaid customers on bundled tariffs
- Driven by smartphone penetration

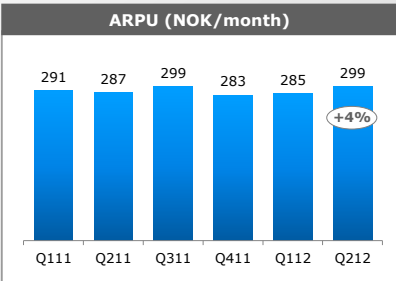
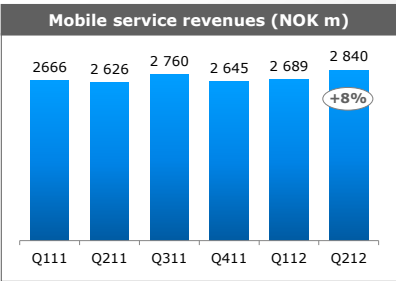


- ARPU uplift and increased usage for the average Telenor customer migrating to bundled tariffs
- Competitive offers for the most valuable customers
- Reduced threat from OTT players

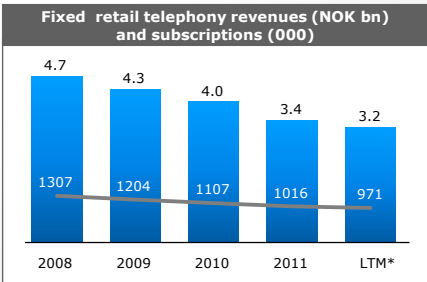
*) Consumer segment



Positive mobile service revenue development



However revenue decline and high complexity in fixed operations



- Stable decline in subscriptions
- Declining AMPU
- Reduced ARPU

- Long time to market
- High development costs
- Complex interfaces

*) LTM: Last twelve months (Q311-Q212). Including broadband telephony.





Strategic priorities

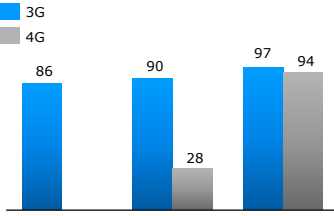
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Investing to meet our customers' demand

- Network swap completed in 2011
- Increasing back-haul capacity
- Strengthening 3G coverage
- Launching 4G in Q4 2012
 - 4 largest cities
 - 4G to all new large screen customers
 - 4G smartphones
- Seeking to acquire 800/1800 MHz frequency spectrum

3G and 4G population coverage (%)

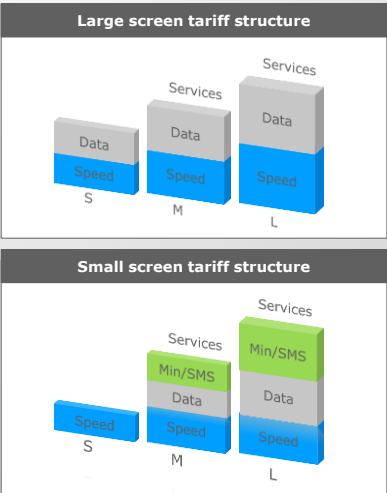


Year	3G (%)	4G (%)
2010	86	-
2012	90	28
2015	97	94



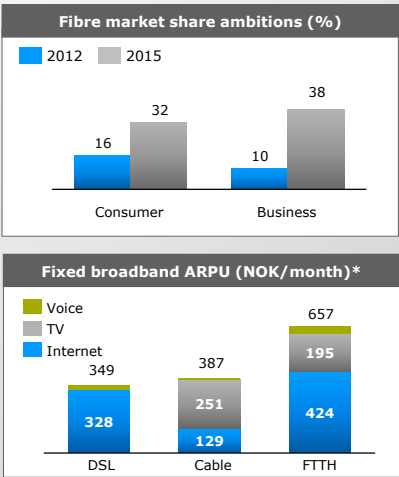
Monetising on mobile data network investments

- Leverage network coverage and quality
- Migrate customers to bundled price plans
- Lift lower price points
- Re-balance voice and data pricing
- Offer relevant add-on services
- Differentiate by speed, volume and QoS
- Launch multi-SIM options
- Utilise customer insight



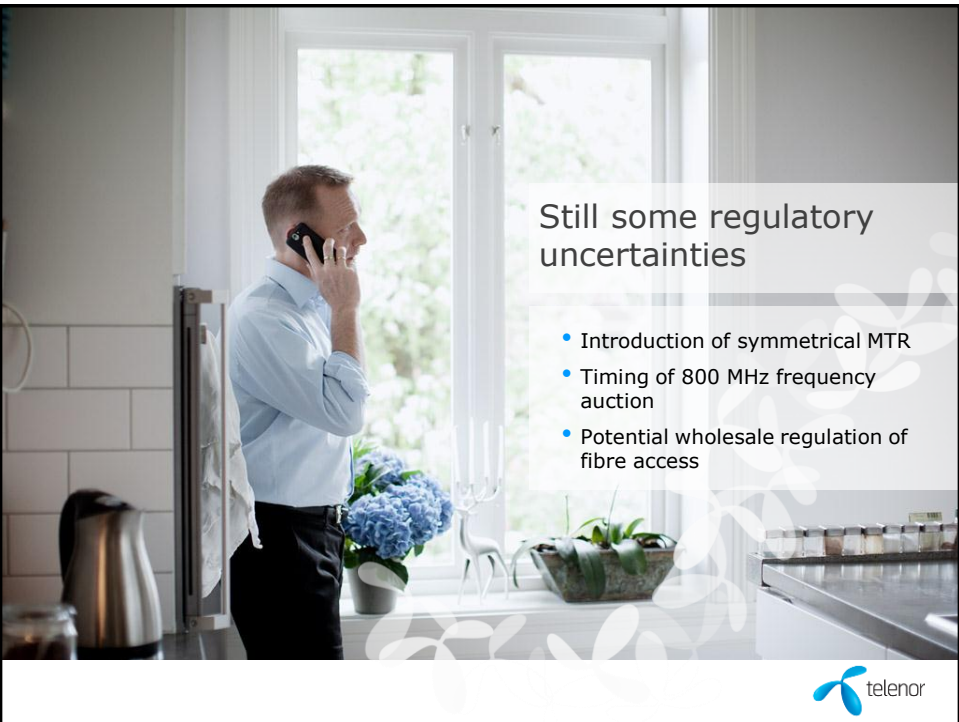
Ambitious plans for fibre roll-out to maintain fixed broadband market leadership

- Targeted fibre roll-out
- Utilise network scale
- Minimise investments per homes passed
- Offer attractive multi-play services
- Increase take-rate and ARPU




*) Consumer segment, Q2 2012.





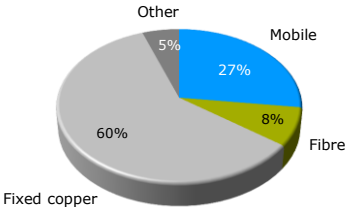
Still some regulatory uncertainties

- Introduction of symmetrical MTR
- Timing of 800 MHz frequency auction
- Potential wholesale regulation of fibre access



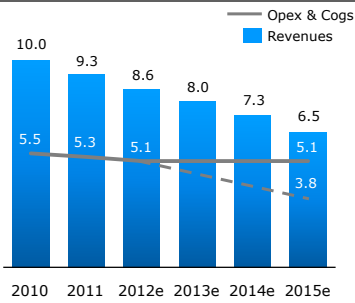
Addressing the copper network challenge

Opex split excl sales and marketing cost




Category	Percentage
Fixed copper	60%
Mobile	27%
Fibre	8%
Other	5%

Copper network cost & revenues (NOK bn)



Year	Opex & Cogs (NOK bn)	Revenues (NOK bn)
2010	10.0	5.5
2011	9.3	5.3
2012e	8.6	5.1
2013e	8.0	-
2014e	7.3	-
2015e	6.5	3.8



Strengthening cost position

- Planning for a new operating model
- Implementing ambitious operational excellence initiatives



Planning for a new operating model

Establish a dedicated copper unit

- Contain and reduce costs within fixed value chain
- Encapsulate complexity
- Drive technology shift

Consolidate TV and fibre sales and platforms

- Strengthen infrastructure deployment
- Realise platform synergies and scale benefits

Consolidate into one technology organisation

- Utilise network scale across technologies
- Simplify IT infrastructure, processes and interfaces



Driving technology shift and DSL modernisation

- Decommission copper access infrastructure in selected areas
- Modernise DSL infrastructure in remaining areas
- Deliver voice services on alternative platforms
- Pilots running in Lillehammer, Askøy and Modalen



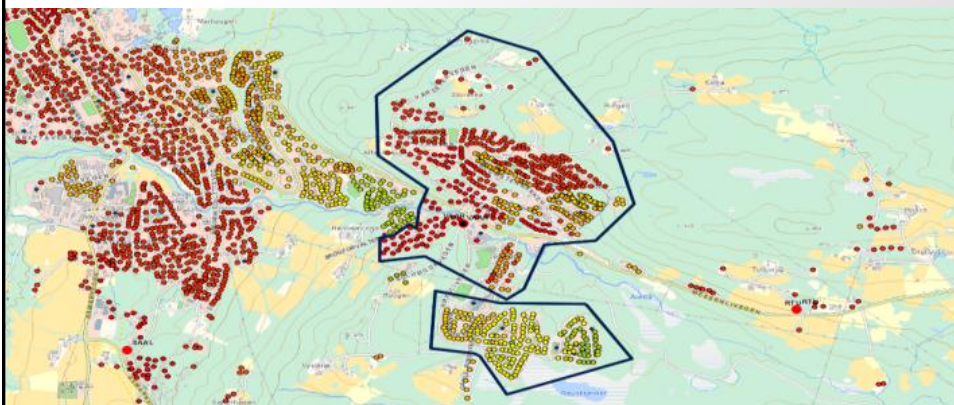
1 Migrate to higher ARPU fibre and coax

2 Migrate to mobile solutions in rural areas

3 Modernise in semi-rural areas without fibre competition



Migrating to higher ARPU coax infrastructure

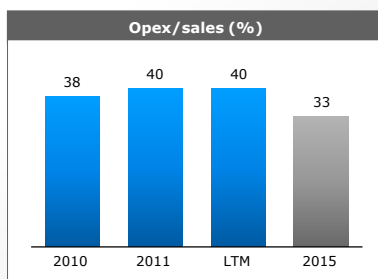


Targeting gross cost savings of NOK 2 billion

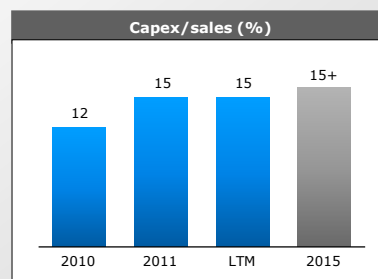
- Right-size organisation
- Modernise copper infrastructure
- Reduce fault handling volumes
- Simplify end-to-end delivery processes
- Digitalise distribution and shift customer service volumes to web
- Optimise use of properties
- Increase field force productivity



Targeting cash flow improvement through increased cost efficiency



- Significant reductions in opex/sales
- NOK 2 bn gross cost reductions
- NOK 1.1 bn net cost reductions



- Building infrastructure for the future
- Mobile backhaul capacity
- LTE roll-out
- Fibre deployment
- Modernisation of fixed value chain

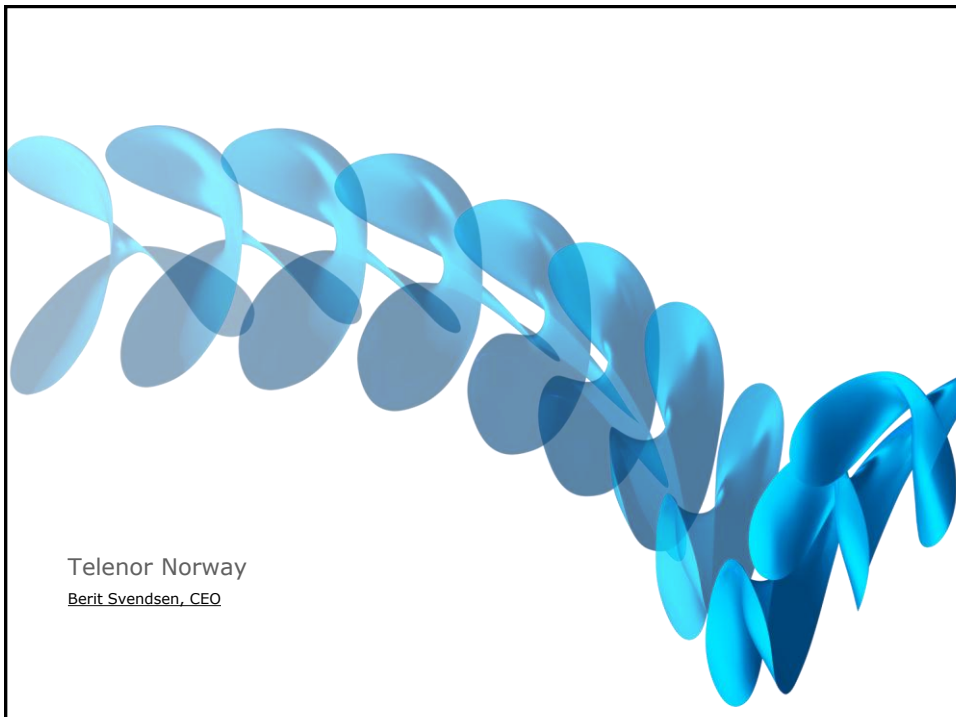
LTM: Last twelve months (Q311-Q212). Excluding spectrum investments.
Opex / sales excluding TGS and consistent with 2014 target from CMD 2011.





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