



# Telenor Fourth Quarter 2000

The year ended December 31, 2000 was a successful year for the Telenor Group. Telenor was listed in December, and important steps have been taken to position the company for continued expansion and profit growth. The acquisition of 53.5% of the shares in the Danish mobile company Sonofon, as well as indirect and direct investment in 40% of the shares in mobile company TAC in Thailand, were among the most significant investments made. In addition, important initiatives have been taken toward achieving Telenor's strategy of becoming a leading operator of mobile Internet and interactive TV services. The Board of Directors will propose a dividend of NOK 532 million, corresponding to NOK 0.30 per share, for the 2000 financial year.

Revenues increased 12.1% over 1999 to NOK 37.6 billion in 2000. As expected, investments in major growth initiatives, such as djuice, Zalto, Zonavi and IP based CSP, increased interest charges and depreciation and amortization in connection with the increased investments had a negative effect on Telenor's profit before taxes. Profit before taxes was NOK 2,003 million in 2000 as compared to NOK 3,314 million in the previous year. Telenor's EBITDA (operating profit before depreciation and amortization) was, after adjustment for gains and losses, and in spite of the significant investments made in Telenor's future growth and the increased competition, particularly in the end-user market for fixed line telephony, at approximately the same level as the previous year. Telenor's share of EBITDA from associated companies (unconsolidated) increases Telenor's EBITDA, after adjustment for gains and losses, by around NOK 1.4 billion.

## Important events in the fourth quarter of 2000

- Stock exchange listing in December and share offering that gave the company NOK 15.25 billion in new equity.
- Growth of over 0.5 million new mobile subscriptions (Telenor's share) in Norway and abroad in the fourth quarter.
- Telenor was awarded a UMTS license in Norway, and associated companies in Portugal and Austria were also awarded licenses.
- Telenor realized a gain of approximately NOK 900 million in connection

with the selloff and stock exchange listing of the Greek mobile company Cosmote.

- The mobile Internet portal djuice was launched in Thailand and Malaysia.
- Gain of NOK 345 million was realized in connection with the sale of the head office.
- Bravida merged with BPA and was accounted for as an associated company as of 1 November.
- Phase two of the carrier pre-selection reform in Norway was implemented.
- Telenor launched ADSL Internet access in Norway.

Telenor's stake in Viag Interkom has been sold in 2001, and a decision has been made to exercise Telenor's option to sell its interest in Esat Digifone. Upon completion of the Esat Digifone transaction upon approval from the relevant authorities, together these transactions will give the company approximately NOK 30 billion in liquid assets and a gain before tax of around NOK 20 billion.

## FINANCIAL ANALYSIS

### Revenues

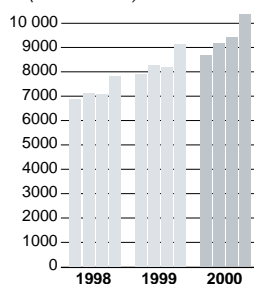
Revenues, excluding gains on the sale of assets, increased by NOK 3,818 million in the year 2000. All the business areas have shown healthy growth during the year. Mobile Communications has shown the highest level of growth. Revenues for the fourth quarter, excluding gains on the sale of assets, increased by 17.4% to NOK 9,878 million compared to same period last year.

### Operating expenses

- Cost of materials and traffic charges increased in 2000 as a result of the higher level of activity and traffic. This applies in particular to the traffic charges (including lease of satellite capacity) related to Mobile Communications, Internet and Broadband Services.
- The increase in salaries and personnel costs is attributed primarily to the acquisition of new businesses and wage inflation in general. The number of fulltime equivalent employees declined by around 1,750 during the year. On 1 November 2000 the number of fulltime equivalent employees was reduced by around 5,750 in connection with the deconsolidation of Bravida, which gives a lower increase in salaries and personnel costs in the fourth quarter than for the year. There has been an increase in fulltime equivalent employees in connection with acquired businesses (around 2,300 fulltime equivalent employees), including EDB Business Partner, the Internet and other businesses.
- The increase in other operating expenses is primarily due to the establishment and acquisition of new businesses, mainly in the Internet area and EDB Business Partner. In addition, the costs associated with the development of new products and services has increased significantly. Bad debt losses have declined. The aforementioned factors were rein-

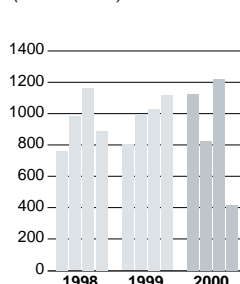
### Revenues – per quarter

(NOK million)



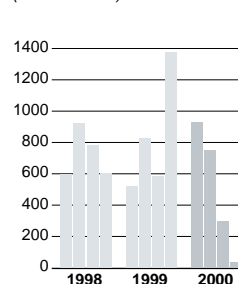
### Operating profit – per quarter

(NOK million)



### Profit before taxes – per quarter

(NOK million)



forced in the fourth quarter, and the cost of purchases from Bravida also increased other operating expenses.

- Increased depreciation and amortization is related to new companies, including the amortization of excess values, and higher investments in Telecom business area.

### EBITDA (operating profit before depreciation and amortization)

EBITDA for the year 2000 increased by NOK 514 million compared to 1999. This development has been marked by investments in future-oriented products and services, as well as Internet operations outside Norway. In addition, Telenor has experienced increasing competition and reduced market shares in the end-user market for fixed telephony in 2000. Increased profitability especially within Mobile Communications has resulted in EBITDA after adjustment for gains and losses at the same level as 1999.

After adjustment for gains and losses, EBITDA shows a reduction of NOK 191 million in the fourth quarter of 2000 compared to the same period last year. Expenses related to the aforementioned initiatives has been significant in the fourth quarter.

### Associated companies

Telenor share of* (NOK in millions)	Year		4th quarter	
	2000	1999	2000	1999
Revenues	12,492	5,915	5,369	1,800
EBITDA	1,213	-227	570	-170
Net income	-1,086	-1,119	-474	-449
Amortization of net excess value	-776	-190	-377	-45
Gains from sale of ownership interest	1,170	70	927	70
<b>Net results from associated companies</b>	<b>-692</b>	<b>-1,239</b>	<b>76</b>	<b>-424</b>

\* The amounts are based in part on the management's estimates that are used in connection with preparation of the group accounts. Neither revenues nor EBITDA from associated companies are consolidated into the group accounts. There is only one line in the consolidated profit and loss statement for profit/losses attributed to associated companies.

- Increased revenues from associated companies are related primarily to foreign mobile companies. Bravida has been deconsolidated and accounted for as an associated company for the last two months of 2000.
- Increased revenues and economies of scale have made a positive contribution to the higher EBITDA from associated companies. Increased depreciation and financial costs in the companies account explains why net income do not have the same increase as the EBITDA. Telenor's share of net income has been influenced negatively by costs related to the adopted restructuring plan for Bravida.
- Higher amortization of net excess values is mainly related to companies acquired in 2000.
- Telenor realized significant gains by reducing its ownership stake in connection with the stock exchange flotation of Cosmote and Scandinavia Online.

### Financial income and expenses

(NOK in millions)	Year		4th quarter	
	2000	1999	2000	41999
Financial income	828	573	372	181
Financial expenses	-1,924	-761	-908	-138
Net exchange gain and loss	-61	104	73	-39
Net gain and loss and write downs	223	635	8	622
<b>Net financial items</b>	<b>-934</b>	<b>551</b>	<b>-455</b>	<b>626</b>

- The increased financial income is related to the growth in liquid assets and a loan to Viag Interkom to fund the expenses associated with its UMTS license in the second half of 2000.
- Telenor's increased financial costs are due to significantly higher borrowing to finance the acquisitions in 2000, generally higher interests rates and higher risk premiums for the telecom industry.

- Telenor raised NOK 15,251 million from the issuance of new equity in December 2000. The proceeds were used to repay debt.
- The reduction in net gains is attributed to the gain of over NOK 500 million on the sale of Elkjøp shares in the fourth quarter of 1999.

### Investments

- Telenor invested NOK 50.3 billion in 2000 (NOK 13.2 billion in 1999). The largest investments were in Sonofon (NOK 14.2 billion), Viag Interkom (NOK 8.1 billion), TAC/UCOM (NOK 6.4 billion), Fellesdata (NOK 2.5 billion), and Telenordia (NOK 1.3 billion). Moreover, significant sums of money have been invested in the fixed and mobile networks, IT related investments and real property. In Norway, a total of NOK 3.3 billion was invested in the fixed network (NOK 2.9 billion in 1999) and total of NOK 0.8 billion was invested in the mobile network (0.9 billion in 1999). Investments outside Norway totaled NOK 36.6 billion (NOK 6.2 billion in 1999).

### Taxes

- The statutory tax rate in Norway is 28%. The losses in our associated companies and subsidiaries outside Norway and the amortization of net excess values, which cannot be accounted for as deferred tax assets, have, however, a negative effect on Telenor's effective tax rate. As a result of the sale of Viag Interkom, the tax effect of the accumulated negative share of Viag's earnings has been recorded as a deferred tax asset as of December 31, 2000. This has significantly reduced the effective tax rate that was calculated earlier, and now it is estimated that the tax rate will be 43% of the profit before taxes and minority interests.

### MOBILE COMMUNICATIONS

(NOK in millions)	Year		4th quarter	
Revenues	2000	1999	2000	1999
Traffic revenues	4,451	3,663	1,168	945
SMS/Mobilinfo	739	400	224	165
Subscription and connection fees	1,318	1,248	330	317
Other revenues	1,059	868	342	225
International operations/ mHorizon/mFuture	679	361	226	118
<b>External revenues</b>	<b>8,246</b>	<b>6,540</b>	<b>2,290</b>	<b>1,770</b>
Internal revenues	1,532	1,493	393	395
<b>Total revenues</b>	<b>9,778</b>	<b>8,033</b>	<b>2,683</b>	<b>2,165</b>
<b>EBITDA – mNorway</b>	<b>3,190</b>	<b>2,437</b>	<b>831</b>	<b>720</b>
<b>EBITDA – international operations/ mHorizon/mFuture</b>	<b>-470</b>	<b>-276</b>	<b>-216</b>	<b>-95</b>
<b>EBITDA – Total Mobile Communications</b>	<b>2,720</b>	<b>2,161</b>	<b>615</b>	<b>625</b>
<b>EBITDA – excl. gains and losses</b>	<b>2,700</b>	<b>2,161</b>	<b>611</b>	<b>625</b>

The Mobile Communications business area has delivered significant growth in revenues and profit in 2000. The Norwegian mobile business (mNorway) experienced strong subscription growth and made a significant contribution to the results. The international mobile businesses (mHorizon) have also experienced strong growth. Increased investments in djuice and Zalto have had a negative impact on the results for Mobile Communications in the fourth quarter.

- The increase in the traffic revenue is related to the growth in the number of subscribers. Subscription growth was somewhat lower than in 1999, but a greater share of the increase in 2000 was for postpaid subscriptions. Certain call prices and the price for termination of traffic in our mobile network were reduced effective 1 January 2001.
- The estimated market share (GSM) at the end of 2000 was 68%, as opposed to 71% at the end of 1999. The decline is related to increased competition as the result of a greater number of service providers. The estimated penetration rate increased from 61 % to 74 % in the same period.

- The total number of invoiced text messages (SMS) in 2000 was 849 million, an increase of 486 million as compared to 1999.
- Other revenues consist primarily of equipment sales from company-owned distributors and traffic revenue from service providers. The revenues from service providers totaled NOK 173 million in 2000, NOK 91 million of which was generated in the fourth quarter. Agreements have been entered into with 10 service providers.
- The increase in revenues from international operations etc. is primarily related to growth in the customer base of Grameen Phone in Bangladesh.
- The increase in EBITDA is related to the growth in the number of subscribers. The operating expenses have increased as a result of increased international investments, acquisitions and the development of new business concepts, especially Zalto and djuice. The development and marketing of Zalto and djuice reduced EBITDA by NOK 248 million in 2000, NOK 144 million of which was in the fourth quarter.

#### Associated companies and joint ventures outside Norway

Telenor share of* (NOK in millions)	Year		4th quarter	
	2000	1999	2000	1999
Revenues	8,915	4,186	3,180	1,370
EBITDA	1,388	-105	651	-132
Net income	-691	-910	-214	-361
Amortization of net excess value	-689	-161	-336	-37
Gain from sale of ownership interest	920	-	920	-
<b>Net results from associated companies</b>	<b>-460</b>	<b>-1,071</b>	<b>370</b>	<b>-398</b>

\* Telenors share of revenues and EBITDA from associated companies is not consolidated. There is only one line in the consolidated profit and loss statement for profit/loss attributed to associated companies.

- All the companies have experienced strong customer growth. The growth was 2.3 million subscriptions (Telenor's share).
- The increase in Telenor's share of revenues and EBITDA can be attributed to successful commercial development of the companies, as well as the acquisition of interests in Sonofon, TAC and DiGi.com. The aforementioned companies contributed NOK 2,209 million and NOK 0.7 billion, respectively, to the increase in Telenor's share of revenues and EBITDA.
- Increased depreciations and financial expences in the companies explains why net income do not have the same increase as the EBITDA. Telenor's interest in Viag Interkom was sold in 2001, and a decision has been made to exercise Telenor's option to sell its interest in Esat Digifone. Viag Interkom and Esat Digifone contributed NOK -700 million and NOK -40 million, respectively, to Telenor's share of result from associated companies, and NOK -500 million and NOK 380 million, respectively, to Telenor's share of EBITDA.
- Amortization of net excess values increased as a result of the acquisition of Sonofon, TAC/UCOM and DiGi.com.
- Gains on the sale of assets is primarily related to the reduction in Telenor's ownership interest in Cosmote to 18% in the fourth quarter in connection with the company's stock exchange flotation.

#### TELECOM

(NOK in millions)	Year		4th quarter	
	2000	1999	2000	1999
<b>Revenues</b>				
Subscription and connection fees	4,353	4,339	1,111	1,203
Traffic	6,466	7,139	1,556	1,746
Tot. fixed network end user market	10,819	11,478	2,667	2,949
Fixed network wholesale market	1,819	1,739	485	460
Other revenues	2,258	1,921	561	356
<b>Total Telecom Solution</b>	<b>14,896</b>	<b>15,138</b>	<b>3,713</b>	<b>3,765</b>
<b>Total Business Solution</b>	<b>1,724</b>	<b>783</b>	<b>702</b>	<b>182</b>
<b>External revenues</b>	<b>16,620</b>	<b>15,921</b>	<b>4,415</b>	<b>3,947</b>
<b>Internal revenues</b>	<b>2,439</b>	<b>1,681</b>	<b>663</b>	<b>264</b>
Gain on sale of fixed assets and operations	320	-	-	-
<b>Total revenues</b>	<b>19,379</b>	<b>17,602</b>	<b>5,078</b>	<b>4,211</b>
<b>EBITDA</b>	<b>5,661</b>	<b>5,146</b>	<b>1,382</b>	<b>1,160</b>
<b>EBITDA exclusive gains and losses</b>	<b>5,348</b>	<b>5,432</b>	<b>1,382</b>	<b>1,234</b>

The Telecom business area experienced increasing competition and reduced market shares in the end-user market for fixed line telephony in 2000. Nevertheless the EBITDA adjusted for gains and losses was approximately at the same level as in 1999. Business Solutions in particular made a positive contribution in the fourth quarter.

- The subscription and connection fee revenues increased during the year due to the transition from PSTN connections to ISDN connections, combined with an increase in the subscription prices from March 1999. At the end of the year there were 412,000 connections that had pre-selected a competing company. In addition, there were 478,000 prefix users without any pre-selection at the same time.
- The number of invoiced traffic minutes from end users increased by 4.4% over the previous year. There was, however, a decline of 2.8% in the fourth quarter in relation to the same period in 1999. Growth in the overall market was 22.7% and 17.6%, respectively during the same periods. Telenor's market share measured in traffic minutes at the end of the year was 73% (incl. Telenor Internet) as opposed to 78% at the end of the third quarter (87% at the end of 1999). Around 4 percentage points of the total market share loss of 5 percentage points was attributed to an expansion of the traffic types for customers who already have carrier pre-selection (carrier pre-selection phase 2). The increase in the invoiced traffic minutes over the previous year was not enough to compensate for the price reduction during the same period, and this has resulted in a decline in traffic revenue from end users as compared to 1999. The traffic revenues in the fourth quarter 2000 are lower than the fourth quarter last year, as a result of the decline in invoiced traffic minutes.
- External revenues from wholesale operations increased by NOK 633 million after adjustment for the sale of operations. This increase is due to increased interconnection revenues as a result of growth in the number of end users who have pre-selected a competing company or are prefix users and the increase in transit traffic.
- The increase in other external revenues is primarily attributed to increased leased line sales and data services such as the high-speed services ATM and Frame Relay.
- The growth in external revenues at Business Solutions is due to a significant increase in the revenues from ASP operations and increased sale of customer equipment.
- EBITDA was approximately the same as 1999 after adjustment for gains and losses, in spite of the price reductions and development towards products with lower margins. The increase in EBITDA during the fourth quarter of 2000 compared to the fourth quarter of 1999 can be attributed to Business Solutions. High revenue growth from ASP operations in particular, as well as a greater share of the costs from depreciation, has resulted in an increase in EBITDA.

## BROADBAND SERVICES

(NOK in millions)

Revenues	Year		4th quarter	
	2000	1999	2000	1999
Broadcasting <sup>1)</sup>	2,104	1,655	593	505
Satellite Mobile	779	629	215	172
Satellite Networks	359	279	102	82
Customer equipment	28	134	-	29
Other	51	57	24	24
<b>External revenues</b>	<b>3,321</b>	<b>2,754</b>	<b>934</b>	<b>812</b>
<b>Internal revenues</b>	<b>176</b>	<b>143</b>	<b>46</b>	<b>42</b>
<b>Total revenues</b>	<b>3,497</b>	<b>2,897</b>	<b>980</b>	<b>854</b>
<b>EBITDA</b>	<b>644</b>	<b>530</b>	<b>121</b>	<b>130</b>
<b>EBITDA exclusive gains and losses</b>	<b>673</b>	<b>527</b>	<b>162</b>	<b>127</b>

<sup>1)</sup> Revenues, cost of materials and traffic charges have been adjusted. Program revenue is now recorded gross.

In the Broadband Services business area Broadcasting has shown a positive development, while Satellite Networks and Satellite Mobile had lower margins.

- Revenues in Broadcasting increased in 2000 primarily as a result of the increased satellite capacity sales and increase in the number of subscribers. The consolidation of Norkring for the entire year has also contributed to an increase in the revenues. No decision has been made as to whether new satellite capacity will be acquired.
- Satellite Mobile's increase in revenue is due to changes in the price and traffic agreements as well as a higher USD rate of exchange.
- Satellite Networks increased its revenues in 2000 as compared to 1999 due to the growth in satellite based Internet services.
- EBITDA increased in 2000 compared with 1999. The profitability of Broadcasting improved, while increased costs for the development of interactive services and lower margins in Satellite Networks and Satellite Mobile made a negative impact on the EBITDA. NOK 65 million in provisions that were regarded as necessary in the fourth quarter of 1999 have been reversed in 2000, NOK 25 million of which was reversed in the fourth quarter of 2000.

## Associated companies

Telenor share of\*

(NOK in millions)

Revenues	Year		4th quarter	
	2000	1999	2000	1999
Revenues	955	608	409	164
EBITDA	-91	-101	-15	-82
Net income	-231	-137	-84	-63
Amortization of net excess value	-18	-3	-12	-1
Gain from sale of ownership interest	5	-	-	-
<b>Net results from associated companies</b>	<b>-244</b>	<b>-140</b>	<b>-96</b>	<b>-64</b>

\* Telenor's share of revenues and EBITDA from associated companies is not consolidated. There is only one line in the consolidated profit and loss statement for profit/losses attributed to associated companies.

Associated companies consist primarily of Canal Digital and A-pressen (from October 2000). Telenor's share of the revenues and earnings from Canal Digital was NOK 654 million and NOK -183 million, respectively, in 2000, as compared with NOK 493 million and NOK -133 million in 1999.

## INTERNET

(NOK in millions)

Revenues	Year		4th quarter	
	2000	1999	2000	1999
Telenor Internett (residential Norway)	309	299	81	90
Nextra business (Norway)	242	184	75	48
Nextra business (outside Norway)	363	83	153	40
<b>External revenues</b>	<b>914</b>	<b>566</b>	<b>309</b>	<b>178</b>
<b>Internal revenues</b>	<b>212</b>	<b>320</b>	<b>54</b>	<b>88</b>
<b>Total revenues</b>	<b>1,126</b>	<b>886</b>	<b>363</b>	<b>267</b>
<b>EBITDA</b>	<b>-744</b>	<b>-27</b>	<b>-349</b>	<b>-9</b>

Internet has made a number of acquisitions and started up businesses in Europe in 2000. At the end of the year the Internet business area operated in 10 European countries outside Norway, as compared to four countries outside Norway at the end of the first six months of 1999. The increased level of activity internationally is the primary reason for the business area's profit performance in 2000.

- The external revenues of Telenor Internet (residential Norway) increased primarily as a result of growth in the number of regular subscriptions. The decline in external revenues in the fourth quarter of 2000 as compared to the corresponding period in 1999 is attributed to the accrual of high-volume customer contracts entered into in 2000.
- The increase in external revenues for Nextra business (Norway) is due to the increase in the number of hosting and access customers, and the sale of more access capacity and value added services to existing customers.
- The significant increase in the revenues of Nextra business (outside Norway) is a result of the acquisition of companies in 2000 and 1999.
- The reduction in the international revenues is primarily due to the reduced price per minute for Internet generated traffic.
- The higher EBITDA loss in 2000 is related to the buildup of the business area's international portfolio. A great deal of resources have been used, in the second half of 2000 in particular, to integrate companies that have been acquired with regard to both operations and marketing, including the costs related to the introduction of the Nextra concept to local markets.
- Internet realized a significant EBITDA loss in the fourth quarter 2000 compared to the third quarter. This is due in part to the increased level of activity and in part to the impact of charges of a one-time nature.
- In addition to the increased level of activity in general, the business area has invested in various initiatives such as CSP operations to ensure future growth.
- Charges of a one-time nature have had a negative impact on the results, including costs related to the introduction of ADSL, as well as costs related to the integration of businesses, especially in Germany and the Czech Republic.

## MEDIA

- Revenues are lower as the result of selling off operations. The directory operations in Norway accounted for NOK 1,369 million of the total revenues in 2000. NOK 133 million of the increase in revenues is the result of a higher sales volume for printed and electronic products in the businesses we have had for both years.
- EBITDA, after adjustment for the sale of operations, increased by NOK 21 million in 2000 as compared to 1999. This is in spite of considerable charges related to the implementation of a new customer information and invoicing system.
- EBITDA after adjustment for gains on the sale of assets increased in the fourth quarter of 2000 over the same period in 1999 due, primarily, to a change in the schedule for distribution of the directories in the year 2000.

## EDB BUSINESS PARTNER

- The increased revenues are primarily related to the merger with EDB ASA and acquired companies. EDB Business Partner achieved under-

lyiing growth in revenues in 2000 on a comparable pro forma basis. EDB Business Partner had a good fourth quarter with significant growth in the banking/finance, operation management and telecom sectors.

- EBITDA shows significant growth, a great deal of which is related to the acquisition of businesses. The development in the banking/finance, operation management and telecom sectors has been very good. The general consulting operations and infrastructure showed a decline in relation to 1999 after a very difficult start for the year. The good developments in the fourth quarter are a result of the fact that most of markets that started the year poorly have now normalized.

## **BRAVIDA**

- Bravida was consolidated for the ten first months of 2000 and is now being accounted for as an associated company of Telenor from 1 November 2000.
- Bravida had external revenues of NOK 2,439 million and internal revenues of NOK 2,491 million for the first ten months of 1999. The decline in the revenues for the ten first months in 2000 compared to the same period in 1999, can be attributed to lower demand for customer equipment, IT service and installation services in Norway.
- EBITDA for the first 10 months of 2000 was NOK 83 million, a reduction of NOK 111 million compared to the same period in 1999. The reduction in EBITDA is related to the lower revenues and the costs associated with the restructuring of the operations of Bravida AS in Sweden, brand building and merger costs related to the merger with BPA AB.
- In the merger agreement between Bravida AS and BPA AB, the parties have agreed to restructure the operations of Bravida AS. In December the Board of Directors adopted a restructuring plan that entailed workforce reductions in the sale of business solutions and Bravida AS's Swedish operations, joint localization and the write-down of assets. Implementation of the restructuring plan started before the end of the year. This had a negative impact of NOK 123 million on Telenor's share of the earnings, NOK 75 million of which affects Telenor's share of EBITDA. After adjustment for the restructuring, brand building and merger costs, Bravida had an EBITDA for the two last months of 2000 that was close to zero.

## **Other activities**

- Other units consist of Telenor Communication AS (formerly Telenor AS), Teleservice, CominCom/Combella, Norsk Data (UK), Venture, Innovasjon, Telenordia AB and other smaller business units. Telenor Finans AS and Telenor Inkasso AS were sold in the fourth quarter of 2000.
- The sale of real estate and businesses increased the revenues and EBITDA by NOK 590 million for the year and NOK 402 million in the fourth quarter of 2000. The increase in other external revenues is primarily related to new business in for example Innovasjon and the International Center (CominCom/Combella).
- Telenor AS incurred a high level of costs in 1999 in connection with the work associated with the Telia merger. Group project costs and investments abroad increased in the year 2000, especially in the fourth quarter.

## **Future outlook**

The year 2000 has been marked by major investments for the acquisition of new companies and development of new services aimed at

achieving future growth. Telenor is well-positioned as a leading company in the area of mobile telephony, mobile Internet, IP based CSP, roll-out of ADSL and interactive broadband services.

Mobile Communications launched the GPRS standard on February 1, 2001 in the Norwegian market. In combination with the development of the UMTS network, this launch represents an opportunity for a number of new value added services. We will continue to invest more in djuce as the leading mobile Internet portal in Norway and to develop the concept in other selected markets. Mobile Communications expects continued revenue and profit growth in Norway in 2001.

An increased number of subscriptions is expected in the associated mobile companies in spite of the sale of Viag Interkom and Esat Digi-fone. An increase in EBITDA is expected in the associated companies.

Continued strong competition in the end-user market for fixed telephony is expected in the Telecom business area. Measures to maintain and win back customers will be given priority in order to maintain a high market share. Telecom intends to increase its focus on cost-effectiveness. Continued growth in the ASP operations in Scandinavia is expected in the Business Solution business area.

Continued customer growth and increased revenues in Broadcasting are expected in the Broadband Services business area. Telenor believes it is well-positioned for growth in the market as the leading distributor of pay TV and TV-based broadband services in Scandinavia. The results in 2001 will be affected by the costs associated with the digitalization and launch of interactive services.

In the Internet business area, a European CSP in the SME market has been developed in 2000. In the most recent quarters we have worked on fine-tuning this concept and the organization. The business is still in an early phase. It is expected that an EBITDA loss will not be significantly higher than in 2000.

The losses attributable to associated companies excluding gains from the sale of assets is expected to be sizeable in 2001 despite the sale of the ownership interest in Viag Interkom.

The group as a whole will continue to be in a growth phase in 2001. Expenses related to the development of new services will increase in 2001 compared to 2000, at the same time as an improvement in the underlying earnings is expected, as measured by EBITDA. The group's profit is expected to be unusually high in 2001 as the result of the realization of gains on the sale of assets.

*This report includes preliminary results under Norwegian GAAP on the basis of current information. Differences may arise between these figures and the audited figures that will be included in the annual report.*

*This report contains forward-looking statements with respect to certain growth initiatives, results of operations and certain strategies and objectives of Telenor. By their nature forward-looking statements involve risk and uncertainty that could cause actual results and developments to differ materially from those expressed or implied. The risks related to Telenor's business are identified in Telenor's filings with the U.S. Securities and Exchange Commission.*

*Oslo, February 15, 2001  
Board of Directors of Telenor ASA*

## Profit and loss statement\*

### Telenor Group

<i>(NOK millions)</i>	Year		4th quarter	
	2000	1999	2000	1999
<b>Revenues</b>	<b>36,602</b>	<b>32,784</b>	<b>9,878</b>	<b>8,415</b>
Gains on sale of fixed assets and operations	1,042	783	448	726
<b>Total revenues</b>	<b>37,644</b>	<b>33,567</b>	<b>10,326</b>	<b>9,141</b>
Costs of materials and traffic charges	9,847	9,115	2,876	2,319
Own work capitalized	-1,544	-1,773	-434	-658
Salaries and personell costs	10,513	8,961	2,760	2,532
Other operating expenses	9,207	7,913	2,970	2,325
Loss on sale of fixed assets and operations	58	302	48	83
Depreciation and amortization	5,934	5,047	1,695	1,362
<b>Total operating expenses</b>	<b>34,015</b>	<b>29,565</b>	<b>9,915</b>	<b>7,963</b>
<b>Operating profit</b>	<b>3,629</b>	<b>4,002</b>	<b>411</b>	<b>1,178</b>
<b>Associated companies</b>	<b>-692</b>	<b>-1,239</b>	<b>76</b>	<b>-424</b>
Net financial items	-934	551	-455	626
<b>Profit before taxes and minority interests</b>	<b>2,003</b>	<b>3,314</b>	<b>32</b>	<b>1,380</b>
Taxes	-861	-1,323	-14	-551
Minority interests	-66	44	-71	-6
<b>Net income</b>	<b>1,076</b>	<b>2,035</b>	<b>-53</b>	<b>823</b>
Profit margin	5.5 %	10.1 %	0.3 %	16.4 %
EBITDA	9,563	9,049	2,106	2,540
EBITDA excl. gains and losses on sale of fixed assets and operations	8,579	8,568	1,706	1,897
EBITDA – margin	25.4 %	27.0 %	20.4 %	27.8 %
Net income per share (basic and diluted) in NOK	0.754	1.454	-0.035	0.588
<b>US Gaap</b>				
Net Income	1,082	2,188	-171	836
Net Income per share (basic and diluted) in NOK	0.759	1.563	0.113	0.597

## Cash flow statement\*

### Telenor group

<i>(NOK millions)</i>	Year	
	2000	1999
Net cash flow from operating activities	6,423	7,370
Net cash flow from investing activities	-47,722	-9,205
Net cash flow from financing activities	41,481	2,916
<b>Net change in cash and cash equivalents</b>	<b>182</b>	<b>1,081</b>
Cash and cash equivalents 01.01	2,124	1,043
Cash and cash equivalents by the end of the period	2,306	2,124

## Balance sheet\*

### Telenor group

<i>(NOK millions)</i>	Dec. 31, 2000	Dec. 31, 1999
Fixed assets	80,510	37,617
Current assets	14,110	10,409
<b>Total assets</b>	<b>94,620</b>	<b>48,026</b>
Shareholders equity	35,533	20,033
Minority interests	2,706	1,232
Total equity and minority interests	38,239	21,265
Long-term liabilities	42,825	15,962
Short-term liabilities	13,556	10,799
<b>Total equity and liabilities</b>	<b>94,620</b>	<b>48,026</b>
<b>US Gaap</b>		
Shareholders equity	36,363	21,035

## Shareholders equity\*

### Telenor group

<i>(NOK millions)</i>	
<b>Balance as of December 31, 1999</b>	20,033
Net income	1,076
Dividends	-532
Translations adjustments	-295
Issuance of common shares	15,251
<b>Balance as of December 31, 2000</b>	<b>35,533</b>

\* Preliminary and unaudited

## The business areas for the year\*

(in NOK millions)

	Revenues <sup>1)</sup>		Of which external		EBITDA		Operating profit		Associated companies and joint ventures		Net financial items		Profit before taxes and minority interests	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Mobile Communications	9,778	8,033	8,246	6,540	2,720	2,161	1,594	1,106	-460	-1,071	-821	-150	313	-115
Telecom	19,380	17,602	16,940	15,921	5,662	5,146	2,787	2,509	3	-26	-131	-2	2,659	2,481
Broadband Services <sup>2)</sup>	3,497	2,897	3,321	2,754	644	530	4	8	-244	-140	28	92	-211	-40
Internet	1,126	886	914	566	-744	-27	-1,025	-138	252	14	-67	-4	-840	-128
Media	1,655	2,368	1,557	2,277	359	1,085	301	1,006	6	-3	33	42	340	1,045
Bravida	4,225	6,057	1,800	2,912	80	147	-10	19	-148	-	-11	-22	-169	-3
EDB Business Partner	4,368	3,015	2,876	1,508	535	341	167	127	-21	-5	-22	-13	123	109
Other units	5,651	4,467	2,072	1,020	816	-88	82	-655	-80	-8	40	559	41	-104
Elimination	-12,036	-11,758	-82	69	-509	-246	-271	20	-	-	17	49	-253	69
<b>Total</b>	<b>37,644</b>	<b>33,567</b>	<b>37,644</b>	<b>33,567</b>	<b>9,563</b>	<b>9,049</b>	<b>3,629</b>	<b>4,002</b>	<b>-692</b>	<b>-1,239</b>	<b>-934</b>	<b>551</b>	<b>2,003</b>	<b>3,314</b>

## The business areas 4th quarter\*

(in NOK millions)

	Revenues <sup>1)</sup>		Of which external		EBITDA		Operating profit		Associated companies and joint ventures		Net financial items		Profit before taxes and minority interests	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Mobile Communications	2,683	2,165	2,290	1,770	615	625	324	366	370	-398	-308	-41	386	-73
Telecom	5,079	4,211	4,415	3,947	1,382	1,160	568	455	-6	-15	-86	5	476	445
Broadband Services <sup>2)</sup>	980	854	934	812	121	130	-60	-25	-96	-64	-8	51	-163	-38
Internet	363	267	309	178	-349	-9	-456	-43	-2	1	-51	-3	-509	-45
Media	348	933	333	926	12	648	-3	633	14	11	9	11	20	655
Bravida	490	1,599	187	700	18	-26	8	-54	-148	-	-2	-14	-142	-68
EDB Business Partner	1,367	913	926	513	193	95	97	35	-9	-1	-21	-10	66	24
Other units	1,810	1,373	964	295	278	-171	40	-321	-47	42	38	616	29	337
Elimination	-2,794	-3,174	-32	-	-164	88	-107	132	-	-	-26	11	-131	143
<b>Total</b>	<b>10,326</b>	<b>9,141</b>	<b>10,326</b>	<b>9,141</b>	<b>2,106</b>	<b>2,540</b>	<b>411</b>	<b>1,178</b>	<b>76</b>	<b>-424</b>	<b>-455</b>	<b>626</b>	<b>32</b>	<b>1,380</b>

<sup>1)</sup> Revenues includes gains on sales of fixed assets and operations

<sup>2)</sup> Revenues, cost of materials and traffic charges have been adjusted. Program revenue is now recoded gross

\* Preliminary and unaudited

## Analytical information

	1998				1999				2000			
	1. quarter	2. quarter	3. quarter	4. kvartal	1. quarter	2. quarter	3. quarter	4. quarter	1. quarter	2. quarter	3. quarter	4. quarter
Revenues (NOK million)	6,904	7,130	7,113	7,851	7,922	8,286	8,219	9,141	8,726	9,113	9,479	10,326
Operating profit (NOK million)	762	982	1,163	890	802	994	1,028	1,178	1,166	817	1,234	411
Profit before taxes and minority interest (NOK million)	598	923	781	606	521	827	586	1,380	908	749	314	32
Equity ratio incl. minority interests	-	-	-	46.2 %	-	-	-	44.3 %	44.6 %	41.6 %	25.9 %	40.4 %
Cash and interest bearing investments (NOK million)	1,550	2,350	1,650	1,300	2,650	850	2,700	2,150	3,700	2,300	2,200	2,300
Interest bearing liabilities (NOK million)	10,400	10,850	10,500	11,450	13,400	13,700	15,400	15,000	16,450	21,200	54,370	42,700
<b>No. of man-years</b>	19,820	20,000	20,300	20,200	20,300	21,500	21,800	21,950	22,350	23,530	25,170	20,200
– of which abroad	2,650	2,600	2,500	2,500	2,900	3,200	3,000	3,150	3,300	3,550	4,580	5,050
<b>Norway</b>												
No. of PSTN subscriptions	2,269,000	2,225,000	2,214,000	2,167,000	2,093,000	2,044,000	1,985,000	1,908,000	1,826,000	1,773,000	1,724,000	1,680,000
No. of ISDN subscriptions (lines)	502,000	578,000	649,000	768,000	907,000	1,007,000	1,098,000	1,239,000	1,355,000	1,440,000	1,513,000	1,590,000
PSTN/ISDN generated traffic (mill. minutes)	4,197	4,012	3,802	4,599	4,732	4,642	4,349	5,010	5,396	4,889	4,404	4,871
No. of mobile subscriptions (NMT + GSM <sup>1)</sup> )	1,321,000	1,391,000	1,467,000	1,571,000	1,683,000	1,787,000	1,896,000	2,000,000	2,072,000	2,181,000	2,231,000	2,301,000
Number of GSM subscriptions	952,000	1,039,000	1,134,000	1,260,000	1,399,000	1,527,000	1,660,000	1,784,000	1,877,000	2,003,000	2,070,000	2,158,000
– of which prepaid	112,000	158,000	213,000	316,000	435,000	556,000	678,000	781,000	857,000	929,000	967,000	1,013,000
Traffic minutes per GSM subscription												
per month, generated and terminated	152	167	171	167	163	165	168	159	158	161	173	169
Revenues per GSM subscription per month	348	348	380	372	327	329	345	325	297	330	339	327
– of which contract	-	-	-	-	400	436	482	463	444	477	508	497
– of which prepaid	-	-	-	-	133	126	130	134	116	159	147	132
Pay television subscribers in the <b>Nordic region</b> ,												
– Cable TV	-	-	-	270,000	272,000	273,000	276,000	282,000	288,000	312,000	350,000	357,000
– Small antenna networks (SMATV)	-	-	-	686,000	670,000	766,000	766,000	937,000	1,002,000	1,038,000	1,066,000	1,086,000
– Home satellite dish (DTH)	-	-	-	352,000	368,000	380,000	382,000	405,000	417,000	418,000	452,000	506,000
No. of Internet subscriptions:												
– Business market	-	-	-	-	-	-	-	8,000	10,000	12,000	13,000	13,000
– Residential market	185,000	195,000	225,000	260,000	300,000	320,000	350,000	400,000	460,000	505,000	548,000	625,000
– of which freesurf	-	-	-	-	-	-	-	45,000	110,000	150,000	188,000	248,000
<b>Outside Norway (100%)</b>												
No. of mobile subscriptions	523,000	684,000	831,000	1,150,000	1,628,000	2,232,000	2,994,000	4,270,000	5,995,000	7,373,000	11,106,000	13,474,000
No. of Internet subscriptions (Nextra)	-	-	-	-	21,000	32,000	34,000	57,000	64,000	80,000	82,000	104,000

<sup>1)</sup> All GSM figures includes Zalto

