

january
+ february
+ march
= first quarter 2001

TELENOR ASA FIRST QUARTER 2001

Profit before taxes and minority interests was NOK 10,666 million for the first quarter of this year. This is the best quarterly result ever in the history of Telenor and is due to the gain on the sale of Telenor's stake in VIAG Interkom.

Telenor's operations were marked by continued strong growth in the first quarter. Revenues, excluding gains on the disposal of assets, increased by 16.9 % compared to the same period last year. Growth was especially strong in the Mobile Communications business area.

EBITDA, excluding gains on the disposal of assets, was NOK 2,293 million. This corresponds to a growth rate of 9.0 % in spite of the marked increase in the costs associated with the development of new business in the Internet, Mobile Communications and Broadband Services business areas.

Telecom Solutions and mNorway alone have an EBITDA level that is in line with the group's total EBITDA excluding gains. The EBITDA growth in these areas was NOK 259 million, excluding gains, or 13 %. In mNorway the EBITDA growth of almost 30 % is primarily attributed to a greater number of subscriptions and increased revenue per subscription. In the fixed network area we have succeeded to keep the market share at the end of first quarter 2001 at the same level as the end of last year and reduced costs in Telecom Solutions, so that EBITDA has increased by 4.4 % from first quarter last year. Telenor has shown improvement in the first quarter in spite of sharpened competition that has entailed price reductions and the loss of market shares throughout last year.

Telenor's balance sheet was strengthened significantly as a result of the sale of VIAG Interkom. The net interest bearing liabilities at the end of the first quarter totalled NOK 20.5 billion, which is a reduction of NOK 20 billion compared to the end of last year. The sale of Esat Digifone alone reduced Telenor's net interest bearing liabilities by an additional NOK 11.4 billion in April.

› IMPORTANT EVENTS IN THE FIRST QUARTER OF 2001

- Telenor exercised options to sell the ownership stakes in VIAG Interkom and Esat Digifone and recorded gains before taxes of NOK 10.7 billion for each sale.*
- Telenor entered into an agreement to acquire COMSAT Mobile Communications for approximately NOK 1,050 million, which will make the company the largest integrated player in the mobile satellite communications area.
- An agreement has been signed with New Zealand Telecom to establish the mobile Internet portal djuice. A letter of intent has also been signed with Nokia relating to cooperation in connection with the development of a mobile Internet platform.
- Telenor sold Norcom Networks to the listed company Wireless Matrix Corporation in exchange for shares. A gain of NOK 259 million was recorded in connection with this transaction.
- Telenor launched the new GPRS mobile system in Norway.

An effort has been started to adjust and restructure Telenor's organization to establish a greater focus on market developments.

* Sale of Telenor's stake in Esat Digifone was executed in April and will be recorded in the second quarter this year.

› FINANCIAL REVIEW

› Revenues

- Revenues, excluding gains on the disposal of assets, increased by NOK 1,407 million (16.9 %) in the first quarter this year, compared to the same period last year. All the business areas have shown a healthy growth during the period. Around half of the increase in revenues is related to Mobile Communications. Growth from acquired operations are largely offset by Bravida that has been accounted for as an associated company as of 1 November 2000, and was not consolidated in the first quarter this year.

› Operating expenses

- The low increase in our cost of materials and traffic charges compared to the increase in revenues this year is attributed to the fact that Bravida contributed NOK 285 million in the first quarter of last year and that the increase in revenues in Mobile Communications did not entail a corresponding increase in our cost of materials and traffic charges.
- Salaries and personnel costs were reduced compared to the same period last year. Bravida is no longer consolidated and this entailed a reduction in our salaries and personnel costs of NOK 548 million, and a reduction of 5,750 full-time equivalent employees compared to the first quarter last year. The other business areas had an increase of 3,850 full-time equivalent employees compared to the first quarter of last year. The growth in the number of full-time equivalent employees is primarily attributed to growth and acquisitions in the EDB Business Partner and Internet business areas, as well as Telecom's ASP operations and in Other Units. The increase in the number of full-time equivalent employees and salary increases resulted in higher salaries and personnel costs. The number of full-time equivalent employees increased by 300 since the end of last year, and is primarily the result of acquisitions and the upscaling of operations outside of Norway in Media and Broadband Services.
- The increase in other operating expenses is related to the establishment and acquisition of new businesses, especially in the Internet and EDB Business Partner business areas, as well as in Other Units. In addition, purchases from Bravida increased external operating expenses.
- The increased depreciation and amortization compared to the first quarter of last year is primarily related to new companies, including the amortization of excess values. The high rate of investments in recent years have also contributed to increased depreciation. The sale of software by the ASP operations in the Telecom business area entails costs in the form of depreciation of intangible assets and contributes to this increase.

› EBITDA (operating profit before depreciation and amortization)

EBITDA, after adjustment for the net gains from the disposal of assets, increased by NOK 189 million compared to the first quarter last year. The positive development in the Telecom and Mobile Communications business areas is partly offset by the increased costs associated with the international investments in the Internet area, which increased greatly during 2000.

› Associated companies

Telenor's share* (NOK in millions)	first quarter		year
	2001	2000	2000
Revenues*	5,038	1,919	12,492
EBITDA*	803	148	1,213
Net income	(136)	(157)	(1,086)
Amortization of Telenor's net excess values	(399)	(82)	(776)
Gain on the disposal of ownership interests	10,723	10	1,170
Net results from associated companies	10,188	(229)	(692)

* The amounts are based in part on management's estimates that are used in connection with preparation of the consolidated financial statements. Telenor's share of the revenues and EBITDA is not part of the consolidated financial statements. The profit and loss statement for the group only includes one line for the net results from associated companies.

- Increased revenues and EBITDA from associated companies are related primarily to foreign mobile companies and Bravida. Growth in the mobile companies is attributed to new companies and strong underlying growth. Bravida has been accounted for as an associated company since November 2000, and contributed to revenues and EBITDA in the first quarter of this year of NOK 1,273 and NOK 58 million, respectively, for Telenor's share.
- The higher depreciation and financial costs in the companies account for the difference between the EBITDA and net income. In addition, the amounts for the first quarter this year include a write-down of Vimpelcom's D-AMPS mobile network with NOK 117 million after tax.
- The higher amortization of net excess values is primarily related to companies that were acquired last year.
- Gains on the disposal of ownership interests are primarily attributed to the sale of VIAG Interkom.

› Financial income and expenses

(NOK in millions)	first quarter		year
	2001	2000	2000
Financial income	310	142	828
Financial expenses	(401)	(213)	(1,921)
Net foreign currency gains/losses	(394)	(49)	(64)
Net gains/losses and write-downs	(23)	91	223
Net financial items	(508)	(29)	(934)

The development of the financial items has been marked by a sharp increase in liabilities throughout last year and the major transactions associated with the sale of VIAG Interkom and Esat Digifone.

- The increase in financial income compared to the first quarter last year is related to higher investments and lending.
- From the end of last year to the end of the first quarter Telenor has reduced its net interest bearing liabilities by NOK 20 billion to NOK 20.5 billion, primarily as a result of the sale of VIAG Interkom (NOK 20.5 billion). The net interest bearing liabilities will be reduced by an additional NOK 11.4 billion in April this year in connection with the sale of Esat Digifone. The interest bearing liabilities have been higher throughout the first quarter this year compared to the same period last year, which has contributed to higher financial expenses.
- The net foreign currency losses in the first quarter are primarily related to the circumstances surrounding the Esat and VIAG transactions. Some of the proceeds from the VIAG transaction

have been placed in Euro with a view to covering future investments in this currency. The Euro has decreased in relation to Norwegian kroner and a foreign currency loss has been recorded in connection with this placement. The put option on Esat was partly covered by a foreign exchange contract. Since US dollars has increased compared to Norwegian kroner during the period, a foreign currency loss has been recorded on this transaction. This loss will be more than compensated for by the higher gain associated with the Esat sale in April as a result of the foreign exchange development.

- The reduction in the net gains/losses from the first quarter last year is attributed to the fact that Telenor Venture has realized losses on the sale of shares, while Telenor realized gains on the reduction of its stake in Intelsat and sale of other shares during the corresponding period last year.

› Profit before taxes and minority interests

- Excluding net gains and foreign currency effects of NOK 394 million, which are primarily related to the realization of gains, profit before taxes and minority interests was NOK 56 million, which is NOK 388 million less than first quarter last year. This is primarily attributable to an increase in negative results from associated companies by NOK 296 million in connection with the increased amortization of Telenor's net excess values.

› Investments

- Telenor invested NOK 3.1 billion in the first quarter this year (NOK 2.3 billion in the first quarter last year). In Norway a total of NOK 2.1 billion was invested (NOK 1.3 billion), of which NOK 0.6 billion was in the fixed network (NOK 0.8 billion) and NOK 0.2 billion of which was in the mobile network (NOK 0.2 billion). In addition, a total of NOK 0.4 billion was invested in real estate (new Head Office etc.). NOK 0.3 billion of the investments outside Norway are related to new companies.

› Taxation

- The income tax rate in Norway is 28 %. The effective tax rate for the year has preliminarily been estimated to be 34 % of the profit before taxes and minority interests. The losses in our associated companies and subsidiaries outside Norway and the amortization of excess values, which cannot be accounted for as deferred tax assets, have a negative effect on Telenor's effective tax rate. The estimated tax rate is lower than in 2000 (43 %), this is due to the fact that we have calculated a tax rate of 28 % on the significant gains from the sale of VIAG Interkom and Esat Digifone, which reduces the average tax rate. The actual tax rate may differ from the estimated rate.

› BUSINESS AREAS

› MOBILE COMMUNICATIONS

(NOK in millions)	first quarter		year
	2001	2000	2000
External revenues			
Traffic	1,191	885	4,451
SMS/Mobilinfo/CPA	249	150	739
Subscription and connection fees	333	311	1,318
Other revenues	311	231	1,036
International operations/mFuture*	314	120	679
Total external revenues	2,398	1,697	8,223
Internal revenues	350	392	1,532
Gain on disposal of fixed assets and operations	259	-	23
Total revenues	3,007	2,089	9,778
EBITDA – Total Mobile Communications	1,077	611	2,720
EBITDA – excl. gains and losses	818	611	2,700
of which mNorway (incl. Zalto)	878	677	3,190
of which International operations/mFuture*	(60)	(66)	(490)

* Does not include associated companies and joint ventures (see the table below).

The trend of increasing revenues and profit continued in the Mobile Communications business area in the first quarter. Revenues in the Norwegian mobile operations (mNorway) have shown growth of 23 % compared to the same period last year. The EBITDA margin for mNorway increased from 34 % to 36 % during the same period. The companies in the international mobile operations (mHorizon) continued the trend of growth in revenues, EBITDA and the number of subscriptions.

- The increase in revenues is primarily due to the increase in the number of subscriptions and the fact that each subscription generates, on average, more revenue. The average monthly revenue per digital subscription (GSM) increased from NOK 297 in the first quarter of 2000 to NOK 318 in the first quarter of 2001, in spite of the price reductions during this period. This increase is attributed to higher traffic and increased use of SMS and other related services. During the same period the number of digital subscriptions (GSM) has increased by 18 % to 2.2 million. The number of NMT subscriptions is reduced by 52,000 in the first quarter of 2001. This can primarily be related to the close down of the NMT-900 network in March this year. The NMT-450 network will continue to operate as a supplement to the GSM network.
- In January 2001 the price for the termination of traffic in our mobile network was reduced at the same time as certain call prices were reduced. In March 2001 the call initiation fee was increased and additional price reductions were introduced in April this year.
- The total number of messages from SMS/MobilInfo/CPA during the first quarter of 2001 was 318 million, which is an increase of 160 million messages compared to the first quarter of 2000.
- External service providers were given access to our mobile network in the first quarter of 2000, the revenues from this service have increased from NOK 5 million in the first quarter of 2000 to NOK 97 million in the first quarter of 2001. Agreements have been entered into with 10 service providers.

- The decline in internal revenues is related to the reduction in the termination price for traffic from Telenor Telecom.
- Our market share (GSM) at the end of the first quarter was estimated to be 65 %, as compared to 71 % at the end of the first quarter last year. This decline is attributed to increased competition as the result of a large number of new service providers. During the same period the estimated mobile penetration increased from 63 % to 78 %.
- The increase in revenues from the international operations etc. is primarily related to growth in the customer base of Grameen Phone in Bangladesh.
- The gain of NOK 259 million in the first quarter of this year is related to the sale of the subsidiary Norcom Networks in exchange for shares in the listed Canadian company Wireless Matrix Corporation. Norcom recorded revenues and EBITDA of NOK 14 million and NOK –25 million, respectively, for the first quarter of this year and NOK 78 million and NOK –70 million, respectively, for the year 2000.
- The increase in EBITDA from the first quarter of 2000 is related to the increased revenues. The increase in operating expenses is primarily attributed to the increased traffic costs due to the higher traffic volume, higher commission expenses in Norway, and expenses related to increased international investment and the development of new business concepts. Zalto and djuce recorded a total EBITDA of NOK –75 million for the first quarter this year. Operating expenses related to international expansion and the development of new business concepts are somewhat lower in the first quarter of this year, compared to the fourth quarter last year.

› Associated companies and joint ventures abroad (mHorizon)

Telenor's share* (NOK in millions)	first quarter		year
	2001	2000	2000
Revenues	3,041	1,501	8,915
EBITDA	836	180	1,388
Net income	22	(137)	(690)
Amortization of Telenor's net excess values	(357)	(75)	(689)
Gain on the disposal of ownership interests	10,707	-	920
Net results from associated companies	10,372	(212)	(459)

* Telenor's share of the revenues and EBITDA is not consolidated. The profit and loss statement for the group only includes one line for net results from associated companies.

- Telenor's share of the subscriptions in the associated companies was 3.5 million at the end of the first quarter of the year, an increase of 2.1 million compared to the first quarter last year. Excluding acquisition and sale of companies during the period, the increase was just over 1 million subscriptions (85 %). Since the end of last year there has been an increase of 0.4 million subscriptions after adjustment for VIAG.
- The increase in Telenor's share of the revenues (excluding acquisition and sale of companies) from the first quarter of last year to the first quarter of this year was NOK 480 million or 37 %. The corresponding figures for the increase in EBITDA were NOK 240 million or 79 %.
- Increased depreciation and financial costs in the companies explains why the net income does not show a similar increase as the EBITDA increase in the companies. In addition, the first quarter this year include a write-down of Vimpelcom's D-AMPS mobile network, which reduces Telenor's share of the profit by NOK 117 million after tax.
- The amortization of Telenor's net excess values increased as a result of the acquisition of Sonofon and TAC/UCOM.

- Telenor's stake in VIAG Interkom was sold in January this year with a gain before tax of NOK 10.7 billion. The shares in Esat Digifone was sold in April and will give a gain before tax of NOK 10.7 billion in the second quarter.

› TELECOM

(NOK in millions)	first quarter		year
	2001	2000	2000
External revenues*			
–Subscription and connection fees	1,117	1,130	4,353
–Traffic	1,558	1,752	6,466
Total end-user market – fixed line telephony	2,675	2,882	10,819
Wholesale market – fixed line telephony	530	401	1,819
Other revenues	555	486	2,331
Total Telecom Solutions	3,760	3,769	14,969
Business Solutions	431	226	1,184
Total external revenues	4,191	3,995	16,153
Internal revenues*	486	425	1,968
Gain on disposal of fixed assets and operations	-	310	320
Total revenues	4,677	4,730	18,441
EBITDA *	1,404	1,581	5,748
EBITDA excl. gains and losses*	1,404	1,267	5,438
of which Telecom Solutions	1,384	1,326	5,470
of which Business Solutions	20	(59)	(42)

* Figures are exclusive of Itworks (reported as part of Other Units). Adjustments have also been made for the transfer of operations between Business Solutions and Telecom Solutions.

Telenor has kept the market share on the end-user market for fixed line telephony in this quarter at the same level as the end of last year, in spite of continued strong competition. Excluding gains on the sale of businesses, EBITDA increased compared to the first quarter last year. In the first quarter this year, increased revenues in Business Solutions and the cost efficiency of Telecom Solutions contributed in particular to this development.

- Traffic revenues in the first quarter this year declined in relation to the first quarter of last year as a result of the decline in invoiced traffic minutes and reduced fixed to mobile and international tariffs. At the end of the first quarter this year, there were 421,000 connections that had pre-selected a competing company. The increased dialing price has partially offset this reduction in revenues. The number of invoiced traffic minutes from end users declined by 8 % in the first quarter this year, as compared to the corresponding period last year. Telenor's market share measured in traffic minutes at the end of the first quarter was 73 % (incl. Telenor Internet), as opposed to 83 % at the end of the first quarter of last year. The introduction of carrier pre-selection has contributed to a reduction in our market share for traffic. Our market share declined throughout last year, and Telenor has now a market share at 73 % in the first quarter, the same level as the end of last year.
- The increase in external revenues from wholesale operations is due to increased interconnection as a result of growth in the number of end users who have pre-selected a competing companies or are prefix users, as well as the increase in transit traffic.
- The increase in other external revenues is primarily attributed to the increased sales of leased lines and data services such as the high-speed services ATM and Interlan.

- The growth in external revenues in Business Solutions is due to a significant increase in revenues from the ASP operations, including the sale of software.
- Excluding gains and losses on disposal of fixed assets and operations, EBITDA was significantly higher than in the first quarter of last year. This increase can be attributed to high revenue growth, especially from the ASP operations in Business Solutions, including the sale of software that does not entail any cost of materials, and reduced costs in Telecom Solutions.

› BROADBAND SERVICES

(NOK in millions)	first quarter		year
	2001	2000	2000
External revenues			
Broadcast	540	499	2,039
Content & Interactive	25	13	65
Satellite Mobile	231	188	779
Satellite Networks	90	72	359
Customer equipment	-	-	28
Other revenues	6	13	38
Total external revenues	892	785	3,308
Internal revenues	45	41	176
Gain on disposal of fixed assets and operations	-	-	13
Total revenues	937	826	3,497
EBITDA	129	165	644

The Broadband Services business area showed a marked increase in revenues compared to the first quarter of last year. The EBITDA margin is a little below the same period last year when one-time revenue of NOK 50 million last year is taken into consideration. Increased development costs reduce the EBITDA margin. In order to strengthen our position in mobile satellite operations, an investment has been made in SAIT Mobile Communication in Belgium and an agreement has been signed to acquire COMSAT in the USA for USD 116 million (approximately NOK 1,050 million).

- Revenues from Broadcast showed a strong increase in the first quarter when one-time revenue related to the termination of a transponder contract in the first quarter of last year of NOK 50 million is taken into account. This growth can be attributed to the increase in the sale of satellite capacity, new companies (NOK 17 million) and the increase in the number of subscribers.
- The revenues in Content & Interactive, primarily related to Conax, doubled compared to last year as a result of the increase in sale of smart cards.
- In Satellite Mobile the revenues increased primarily as a result of the consolidation of SAIT with revenues of NOK 45 million in March.
- A great deal of the revenue growth in Satellite Networks is attributed to satellite based Internet services.
- EBITDA margin was 14 % for the first quarter as opposed to 15 % for the same period last year after adjustment for one-time revenue related to the termination of the transponder contract. Investments in the development of content and interactive services have reduced EBITDA. The EBITDA margin has improved in Satellite Networks. SAIT has a lower margin than the Norwegian earth station operations, which gave Satellite Mobile a lower EBITDA margin so far this year.

› Associated companies

Telenor's share* (NOK in millions)	first quarter		year
	2001	2000	2000
Revenues	375	146	955
EBITDA	(57)	(26)	(91)
Net income	(100)	(43)	(231)
Amortization of Telenor's net excess values	(12)	-	(18)
Gain on the disposal of ownership interest	-	5	5
Net results from associated companies	(112)	(38)	(244)

* Telenor's share of the revenues and EBITDA is not consolidated. The profit and loss statement for the group only includes one line for the net results from associated companies.

- Associated companies consist primarily of Canal Digital and A-pressen ASA. Telenor's share of Canal Digital's revenues increased by 27 % compared to the first quarter of last year to NOK 183 million. EBITDA in Canal Digital declined compared to the same period last year as a result of the company being in a development phase with strong customer growth and conversion from analog to digital subscriptions. The number of subscribers in Canal Digital (100 %) increased by 114,000 to 531,000, which encompasses an increase in digital subscriptions by 228,000 to 371,000 compared to the first quarter of last year. Telenor's share of Canal Digital's losses totalled NOK -89 million (NOK -41 million in the first quarter of last year).

› INTERNET

(NOK in millions)	first quarter		year
	2001	2000	2000
External revenues			
Telenor Internett (residential Norway)	94	77	309
Nextra business (Norway)	65	52	242
Nextra business (outside Norway)	182	52	363
Total external revenues	341	181	914
Internal revenues	66	58	212
Total revenues	407	239	1,126
EBITDA	(297)	(91)	(744)

In the first quarter of 2001 the Internet area focused on the operation and development of units that were acquired in the second half of 2000, in addition to the implementation of various cost-reducing measures.

- The introduction of a separate prefix in the summer of 2000 resulted in higher external revenues in the first quarter of this year for Telenor Internett (residential Norway), compared to the corresponding period last year.
- The increase in external revenues in Nextra business (Norway) is due to the increase in the number of hosting and access customers, in addition to the sale of more access capacity and value-added services to existing customers.
- NOK 74 million of the significant increase in Nextra business (outside Norway) can be attributed to the acquisition of companies in 2000.
- The higher internal revenues are due to an increase in the number of traffic minutes generated.
- EBITDA for the first quarter was NOK -297 million, a decline of NOK 206 million compared to the corresponding period last year. This reduction is primarily due to extensive activities in connection with

the development of international CSP operations. After adjustment for provisions and non-recurring effects, EBITDA in the first quarter this year is somewhat better than the fourth quarter last year.

- A provision of NOK 20 million was made in connection with the decision to discontinue sales activities in Denmark and Finland and reduce the level of activity in Sweden.

› TELENOR MEDIA

- Revenues in the Norwegian operations totalled NOK 496 million, which is an increase of NOK 24 million compared to the first quarter of last year. The increase in revenues is related to the earlier publication of directories in Norway this year compared to last year, in addition to a gain of NOK 5 million from the disposal of businesses.
- The revenues from the international operations declined by NOK 6 million to NOK 7 million in the first quarter of this year. The increase in revenues from new companies was offset by the delayed distribution of directories. EBITDA after adjustment for gains on disposals was at the same level as the corresponding period last year. Earlier distribution of directories in Norway made a positive contribution, while reduced revenues internationally and new international operations reduced EBITDA.

› EDB BUSINESS PARTNER

- The operations that were transferred to Itworks have been excluded from the numbers for EDB Business Partner. Ephorma is accounted for in accordance with the equity method. This creates differences in relation to the figures that are presented by EDB Business Partner ASA itself.
- The increased revenues was largely attributable to the acquisition of Fellesdata. The underlying growth is nevertheless strong. The delivery of software, solutions and consulting services to the bank/finance sector showed a high level of activity in the first quarter of the year, while there was a low level of activity last year due to the banks' freeze period. NOK 8 million related to gains on the sale of real estate are included in the revenues of EDB Business Partner.
- EDB Business Partner showed good EBITDA growth during the first quarter of the year, compared to the corresponding period last year. The profitability has been good for the delivery of software, solutions and consulting services to the bank/finance sector. IT operating services has managed to maintain an acceptable margin in spite of declining unit prices through the realization of synergies and cost-efficient operations. The delivery of software, solutions and consulting services in the telecom sector showed higher revenues, and the business area made at the same time greater use of its own employees instead of contracted external consultants, which has a positive effect on the EBITDA margin.
- A provision of NOK 41 millions was made in the first quarter last year for social security tax on share options for the employees, as opposed to NOK 5 million this year.

› BRAVIDA

- Bravida became an associated company of Telenor as of November 1, 2000 after the merger with BPA AB. The figures for 2000 are still included in the tables for the business areas to illustrate the effect of Bravida.
- The underlying operations of Bravida ASA have shown a positive development in comparison to the corresponding period last year.
- Since the end of last year Telenor has reduced its ownership interest from 49.7 % to 48 % and have realized a gain of NOK 17 million.

› OTHER UNITS

- Other units consist of Telenor Communication AS, Comincom/Combellga, Teleservice, Venture, Norsk Data (UK), Innovasjon, Itworks, and some other smaller units.
- Telenor Finans AS and Telenor Inkasso AS were sold last year. They were included in the external revenues of NOK 52 million in the first quarter of last year.
- There was a change in the revenue from internal to external compared to the first quarter of last year. Sale to Bravida last year was accounted for as internal revenues, while sale to Bravida are accounted for as external revenues this year. Other increases in external revenues compared to the first quarter last year are generally related to new businesses, primarily Comincom/Combellga, which was acquired in the third quarter of last year.
- In addition to the effect of Bravida, lower internal sales of data services also contributed to reduced internal revenues.
- Comincom/Combellga and Itworks made a positive contribution to EBITDA in the first quarter of this year compared to the previous year. A reduction in the sale of real estate by NOK 25 million and companies sold in 2000 (NOK 57 million) contributed to the EBITDA reduction compared to the first quarter of last year. Increased emphasis on group projects and more activity and initiatives in other group functions has contributed to the increased expenses.
- Telenordia, including the amortization of net excess values, represents around NOK 40 million of the increase in losses from associated companies.

› FUTURE OUTLOOK

Based on the results for the first quarter, Telenor expects a continued development in line with the future outlook that was presented in the annual report for 2000.

- The Telecom business area will continue to focus on cost efficiency

and the maintenance of a high market share in the end-user market for fixed line telephony.

- In the Mobile Communications business area continued strong competition is expected, especially in the Norwegian market in connection with positioning prior to the introduction of UMTS. The costs for the development of mobile Internet services will increase throughout the year.
- In the Broadband Services business area the profitability in 2001 will be affected by increased competition in DTH and increased costs associated with digitalization and launch of interactive services.
- The Internet business area is working on cost-saving measures in the European CSP operations. This entails downscaling marginal businesses, workforce reductions and streamlining the IT infrastructure. The EBITDA loss in 2001 is therefore not expected to be significantly greater than in 2000.

Telenor will continue to focus on the development of new services and markets in the Mobile Communications, Broadband Services and Internet business areas. An improvement compared to the previous year in profitability measured by EBITDA is nevertheless expected this year.

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 the Telenor's filings with the U.S. Securities and Exchange Commission.

Oslo, May 8, 2001

Board of Directors of Telenor ASA

› PROFIT
AND LOSS
STATEMENT

Telenor Group (NOK in millions)	first quarter		year
	2001	2000	2000
Revenues	9,743	8,336	36,602
Gains on disposal of fixed assets and operations	304	364	1,042
Total revenues	10,047	8,700	37,644
Costs of materials and traffic charges	2,431	2,165	9,847
Own work capitalized	(217)	(360)	(1,544)
Salaries and personnel costs	2,473	2,528	10,513
Other operating expenses	2,763	1,899	9,207
Loss on disposal of fixed assets and operations	-	1	58
Depreciation and amortization	1,611	1,301	5,934
Total operating expenses	9,061	7,534	34,015
Operating profit	986	1,166	3,629
Associated companies	10,188	(229)	(692)
Net financial items	(508)	(29)	(934)
Profit before taxes and minority interests	10,666	908	2,003
Taxes	(3,626)	(390)	(861)
Minority interests	2	16	(66)
Net income	7,042	534	1,076
Profit margin	106.2 %	10.4 %	5.3 %
EBITDA	2,597	2,467	9,563
EBITDA excl. gains and losses on disposal of fixed assets and operations	2,293	2,104	8,579
EBITDA margin	25.8 %	28.4 %	25.4 %
Net income per share (basic and diluted) in NOK	3.973	0.381	0.754
US Gaap			
Net income	7,010	632	1,082
Net income per share (basic and diluted) in NOK	3.955	0.451	0.759

› BALANCE
SHEET

Telenor Group (NOK in millions)	31.03.2001	31.03.2000	31.12.2000
	Fixed assets	72,020	38,066
Current assets	15,397	12,886	12,804
Total assets	87,417	50,952	93,685
Shareholders equity	42,494	20,520	35,474
Minority interests	2,839	2,107	2,706
Total equity and minority interests	45,333	22,627	38,180
Long-term liabilities	25,319	17,090	42,908
Short-term liabilities	16,765	11,235	12,597
Total equity and liabilities	87,417	50,952	93,685
US Gaap			
Shareholders equity	43,216	21,652	36,304

› SHARE-
HOLDERS
EQUITY

Telenor Group	Total (NOK in millions)
Balance as of December 31, 2000	35,474
Net income	7,042
Translation adjustments	(22)
Balance as of March 31, 2001	42,494

› CASH FLOW
STATEMENT

Telenor Group (NOK in millions)	first quarter		year
	2001	2000	2000
Net cash flow from operating activities	1,383	1,560	6,359
Net cash flow from investing activities	15,936	(2,387)	(47,752)
Net cash flow from financing activities	(17,844)	2,249	41,575
Net change in cash and cash equivalents	(525)	1,422	182
Cash and cash equivalents 01.01.	2,306	2,124	2,124
Cash and cash equivalents by the end of the period	1,781	3,546	2,306

> THE BUSINESS AREAS FIRST QUARTER

(NOK in millions)	¹⁾ Revenues		of which external		EBITDA		Operating profit		Associated companies and joint ventures		Net financial items		Profit before taxes and minority interests	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Mobile Communications	3,007	2,089	2,657	1,697	1,077	611	773	344	10,372	(211)	(218)	(47)	10,927	86
Telecom	4,677	4,730	4,191	4,305	1,404	1,581	646	924	(9)	(2)	(46)	2	591	924
Broadband Services	937	826	892	785	129	165	(54)	24	(112)	(38)	(58)	49	(224)	35
Internet	407	239	341	181	(297)	(91)	(415)	(134)	-	37	(19)	(5)	(434)	(102)
Media	503	485	471	446	180	176	163	162	(10)	(9)	11	8	164	161
Bravida	-	1,266	-	580	-	(2)	-	(27)	19	-	-	(2)	19	(29)
EDB Business Partner	1,114	665	746	316	150	49	54	(14)	(4)	(3)	(15)	25	35	8
Other units	1,579	1,519	751	427	12	131	(139)	(20)	(62)	(2)	(161)	(90)	(362)	(112)
Elimination	(2,177)	(3,119)	(2)	(37)	(58)	(153)	(42)	(93)	(6)	(1)	(2)	31	(50)	(63)
Total	10,047	8,700	10,047	8,700	2,597	2,467	986	1,166	10,188	(229)	(508)	(29)	10,666	908

¹⁾ Revenues include gains on disposal of fixed assets and operations.

› ANALYTICAL INFORMATION

	1999				2000				2001
	1. quarter	2. quarter	3. quarter	4. quarter	1. quarter	2. quarter	3. quarter	4. quarter	1. quarter
Revenues (NOK millions)	7,922	8,286	8,219	9,141	8,700	9,139	9,479	10,326	10,047
Operating profit (NOK millions)	802	994	1,029	1,177	1,166	817	1,234	411	986
Profit before taxes and minority interests (NOK millions)	521	827	587	1,379	908	749	314	32	10,666
Equity ratio incl. minority interests	-	-	-	44.3 %	44.4 %	41.6 %	25.9 %	40.8 %	51.9 %
Cash and interest bearing investments (NOK millions)	2,650	850	2,700	2,150	3,700	2,296	2,207	2,316	4,587
Interest bearing liabilities (NOK millions)	13,400	13,700	15,400	15,000	16,450	21,200	54,369	42,812	25,089
No. of man-years	20,300	21,500	21,800	21,950	22,350	23,530	25,170	20,150	20,450
– of which abroad	2,900	3,200	3,000	3,150	3,300	3,550	4,580	5,050	5,300
Norway									
No. of PSTN subscriptions	2,093,000	2,044,000	1,985,000	1,908,000	1,826,000	1,773,000	1,724,000	1,680,000	1,646,000
No. of ISDN subscriptions (lines)	907,000	1,007,000	1,098,000	1,239,000	1,355,000	1,440,000	1,513,000	1,590,000	1,664,000
PSTN/ISDN generated traffic (million minutes)	4,732	4,642	4,349	5,010	5,396	4,889	4,404	4,871	4,956
No. of mobile subscriptions (NMT + GSM ¹⁾)	1,683,000	1,787,000	1,896,000	2,000,000	2,072,000	2,181,000	2,231,000	2,301,000	2,302,000
Number of GSM subscriptions	1,399,000	1,527,000	1,660,000	1,784,000	1,877,000	2,003,000	2,070,000	2,158,000	2,211,000
– of which prepaid	435,000	556,000	678,000	781,000	857,000	929,000	967,000	1,013,000	1,051,000
Traffic minutes per GSM subscription									
per month, generated and terminated	163	165	168	159	158	161	173	169	177
Revenue per GSM subscription per month	327	329	345	325	297	330	339	327	318
– of which contract	400	436	482	463	444	477	508	497	490
– of which prepaid	133	126	130	134	116	159	147	132	126
No. of Internet subscriptions									
– Business market	-	-	-	8,000	10,000	12,000	13,000	13,000	13,000
– Residential market	300,000	320,000	350,000	400,000	460,000	505,000	548,000	625,000	683,000
– of which freesurf	-	-	-	45,000	110,000	150,000	188,000	248,000	305,000
Pay television subscribers in the Nordic region									
– Cable TV	272,000	273,000	276,000	282,000	288,000	312,000	350,000	357,000	362,000
– Small antenna networks (SMATV)	670,000	766,000	766,000	937,000	1,002,000	1,038,000	1,066,000	1,086,000	1,145,000
– Home satellite dish (DTH) ²⁾	368,000	380,000	382,000	405,000	417,000	418,000	452,000	506,000	531,000
Outside Norway (100 %)									
No. of mobile subscriptions	1,628,000	2,232,000	2,994,000	4,270,000	5,995,000	7,373,000	11,106,000	13,474,000	11,286,000
No. of Internet subscriptions (Nextra)	21,000	32,000	34,000	57,000	64,000	80,000	82,000	104,000	119,000

¹⁾ All GSM figures includes Zalto.

²⁾ Includes all subscribers in Canal Digital, a joint venture in which Telenor have a 50 % ownership interest.

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