

# Telenor – Second Quarter 2003

# Group Overview

Jon Fredrik Baksaas

CEO

Q2 2003

## Another solid Quarter

- Revenue growth of 10% to 13,2 NOKbn
- EBITDA 4,4 NOKbn - improved by 1,1 NOKbn
- Good development in international mobile operations
- Strong domestic competition
- Positive EBIT within Broadcast

# Reported P&L

	Q2 2003	Q2 2002	2002	2001
Revenue	13 223	12 011	48 826	46 040
EBITDA	4 350	3 212	13 469	14 250
EBIT	1 612	691	(320)	3 177
Profit before Tax	2 490	383	(5 136)	10 255
Net Income	1 683	1 107	(4 298)	7 079

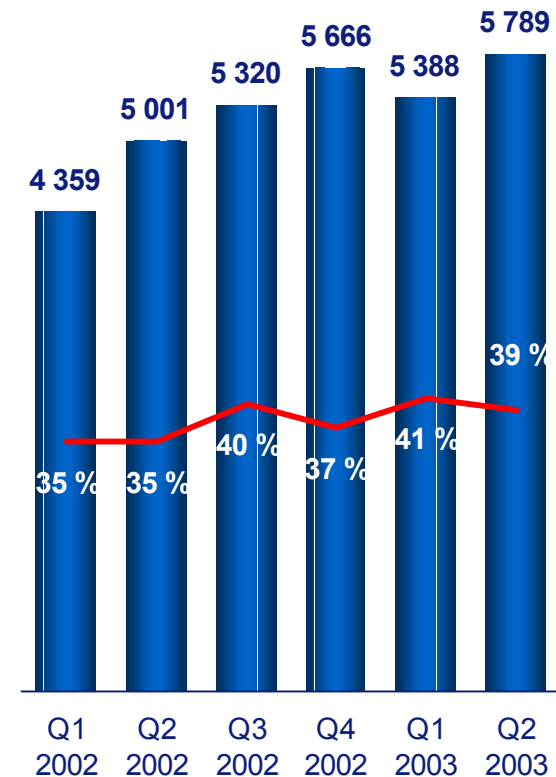
NOKm

# Mobile

## Strong growth from international operations

- 10 million consolidated subscribers
- Revenue growth of 16%
- EBITDA growth of 28% to NOK 2,3 Bn
- Low CAPEX - NOK 0,7 Bn
- Positive results from associated companies
- Sales gain Cosmote: NOK 1,5 Bn

### Revenues (NOKm) / EBITDA %

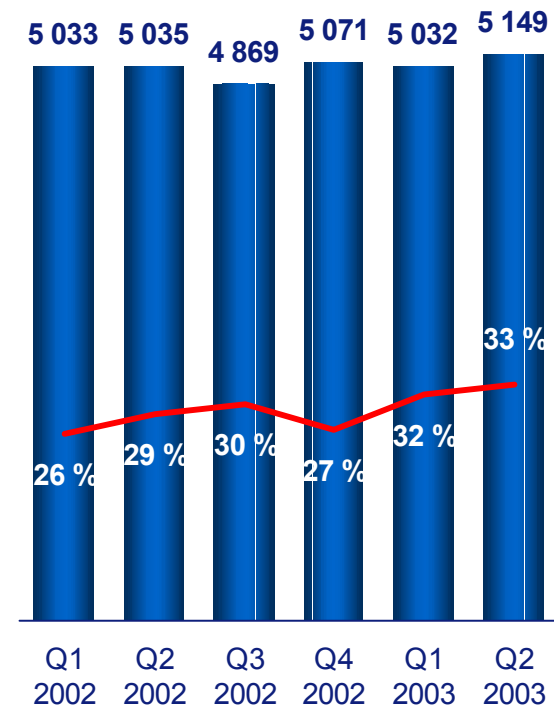


## Fixed Line

# Stable revenues and increasing margins

- Revenue growth of 2% from Q2 02
- Domestic revenues flat in H1 03 vs. H1 02
- Domestic market share stable at 70%
- EBITDA of 1 690 NOKm – Capex of 449 NOKm
- Reported EBIT 629 NOKm

### Revenues (NOKm) / EBITDA %



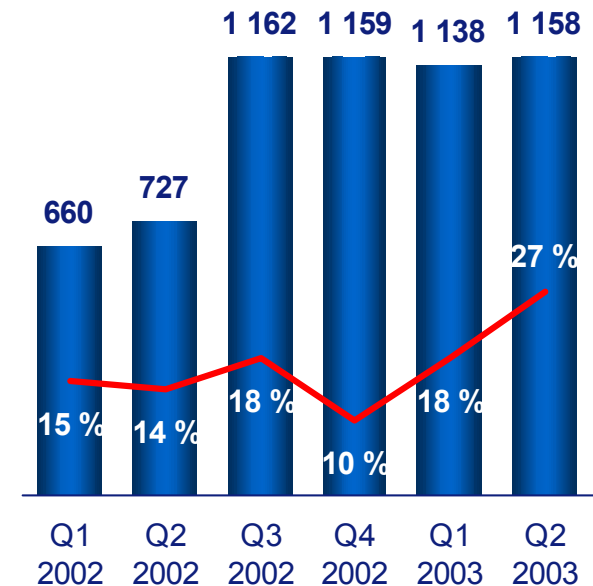
Revenue and EBITDA excludes gains and losses

# Broadcast

## EBIT positive in Q2

- Positive underlying margin development
- Solid performance in Canal Digital
- EBITDA of 316 NOKm and Capex of 35 NOKm
- Underlying EBIT of 15 NOKm

### Revenues (NOKm) / EBITDA %



Revenue and EBITDA excludes gains and losses

# Margin expansion from Delta 4

**2002**

Has recorded  
1,1 NOKbn  
gross cost  
savings

**2003**

At least  
additional 1,3  
NOKbn in  
gross cost  
savings

**2004**

Will achieve  
more than 4  
NOKbn in  
gross annual  
cost savings

**2005**

Expect  
additional  
gross cost  
savings

**Savings H1 2003 - approx 0,8 NOKbn**



# Focus and Strategy




- **Maximise Cash Flow in home market**
- **Extract maximum synergies from growing international mobile portfolio**
- **Increased transparency and simplicity**

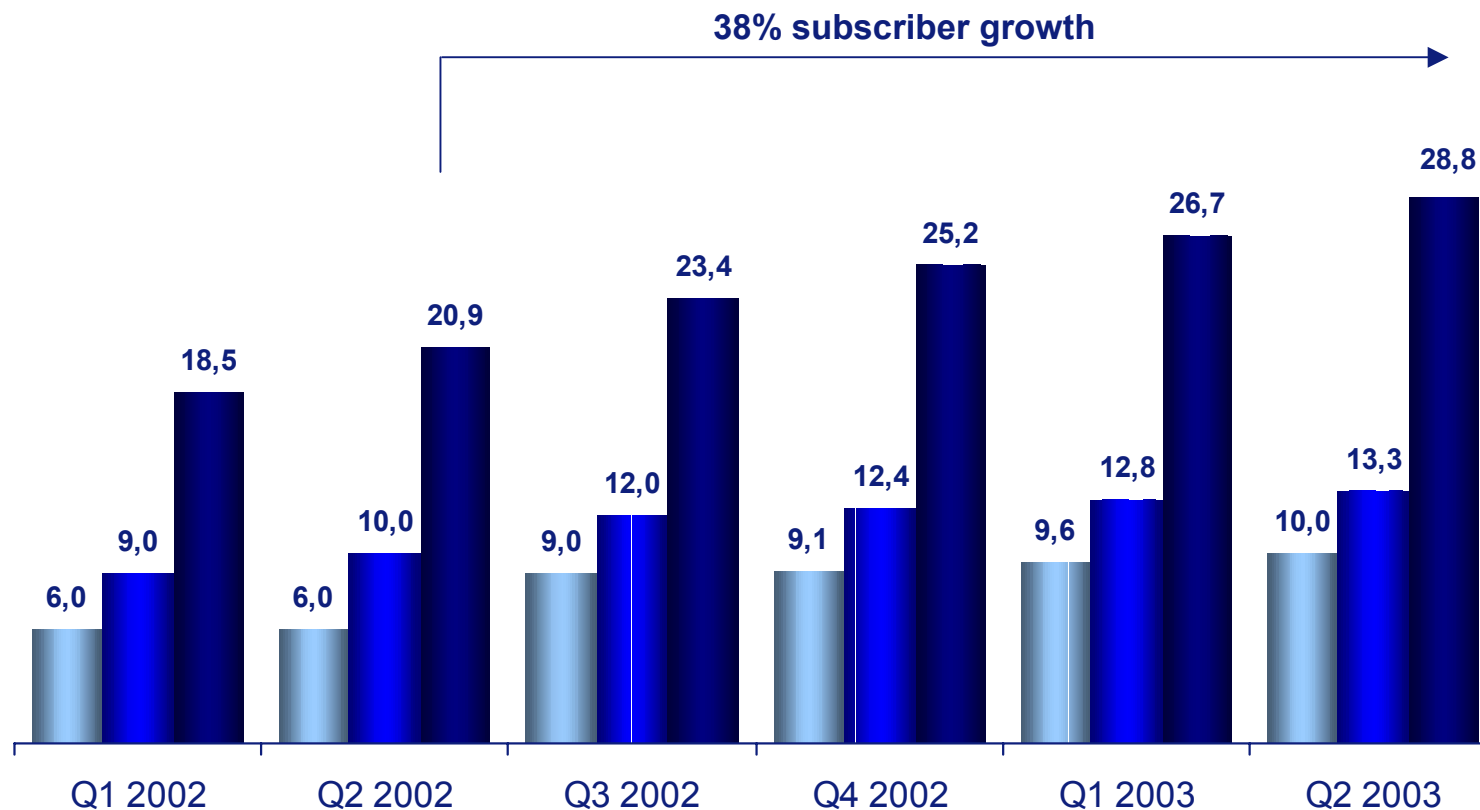
# Telenor Mobile

Arve Johansen

CEO

# Mobile Subscribers (in millions)

-  Total Consolidated
-  Total Pro Rata
-  100% figures (in all companies)

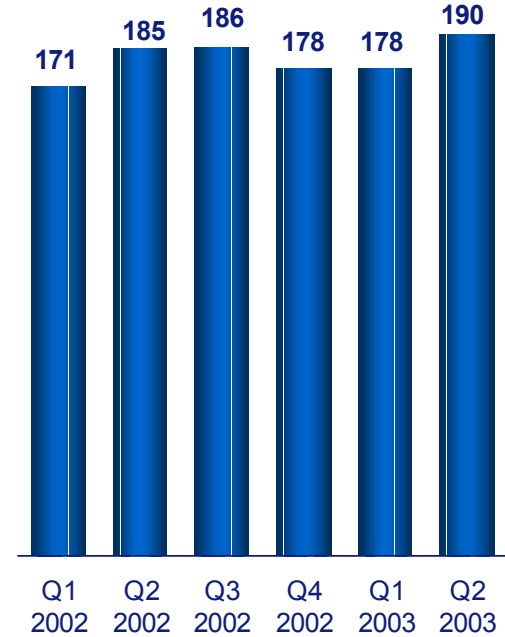
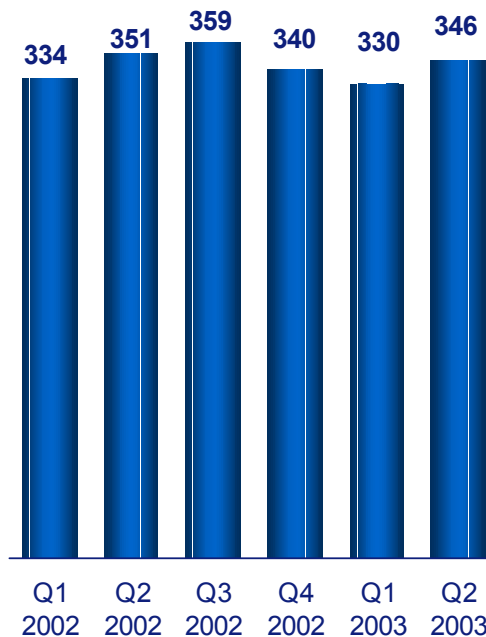
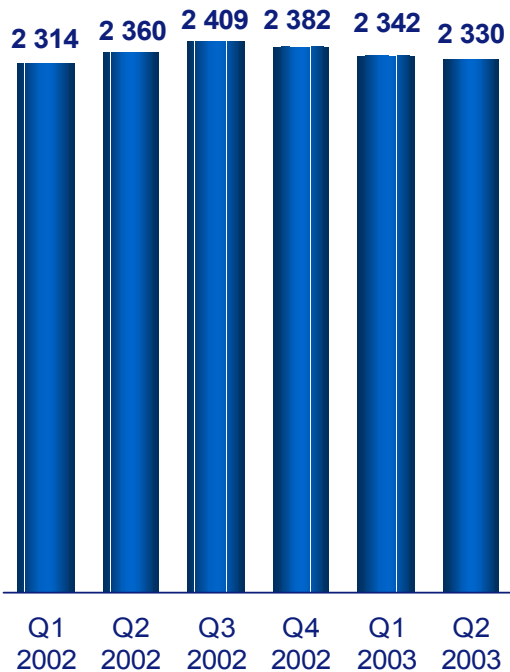


# Quarterly operational development

Subscribers ('000)

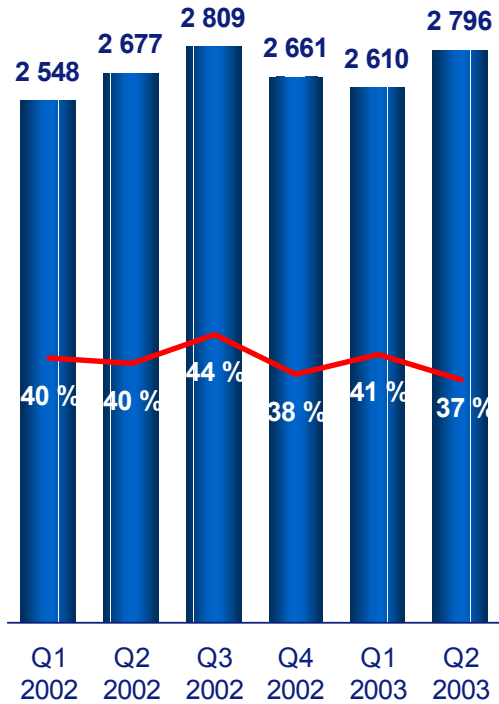
ARPU (NOK)

MoU (AMPU)

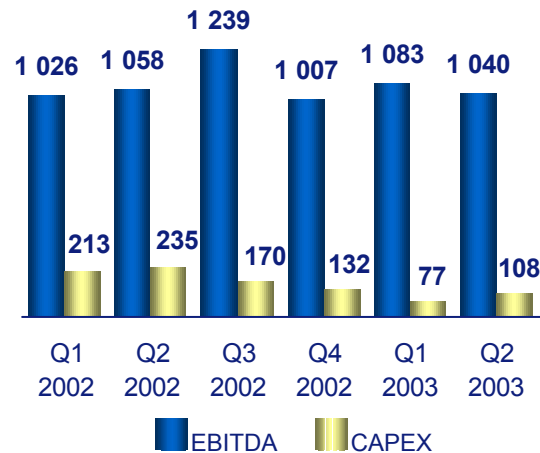


# Quarterly financial development

Revenues (NOKm) / EBITDA %



EBITDA and Capex (NOKm)



Operating Cash Flow (NOKm)



■ EBITDA ■ CAPEX

Operating Cash Flow = EBITDA - CAPEX

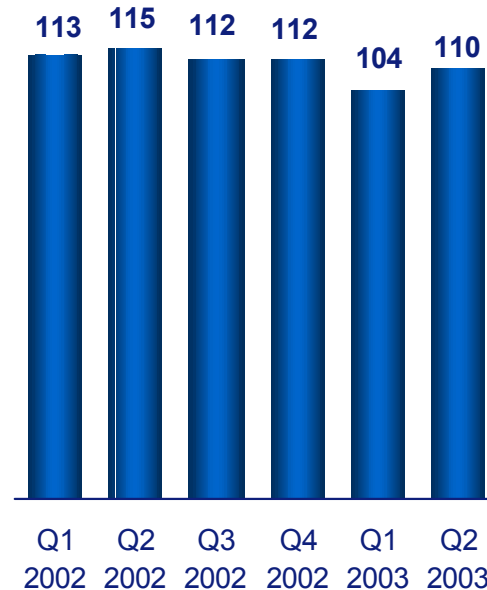
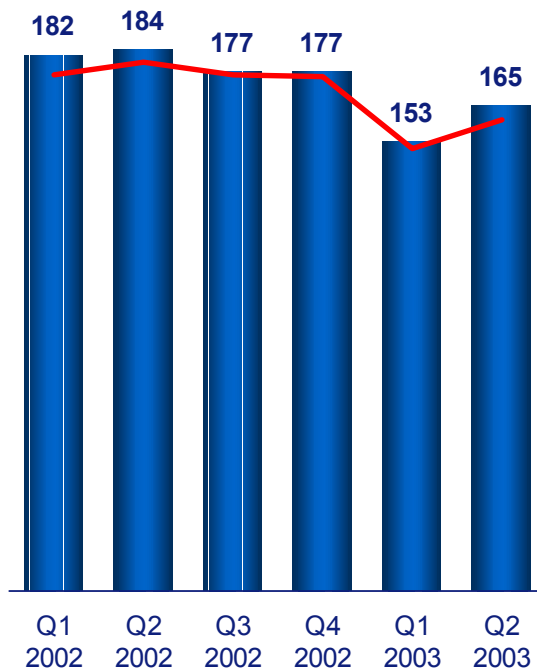
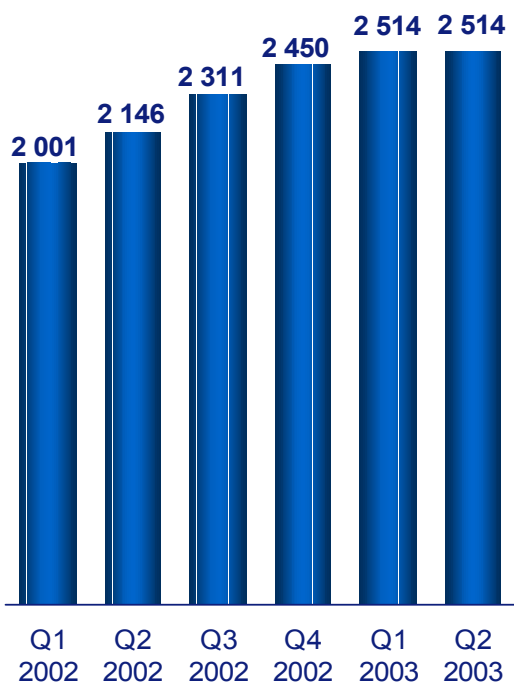
# Quarterly operational development

Subscribers ('000)

ARPU

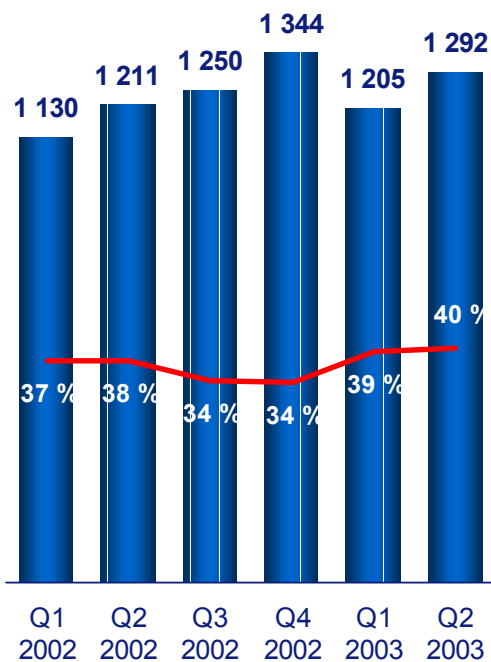
MoU (AMPU)

■ NOK — HUF

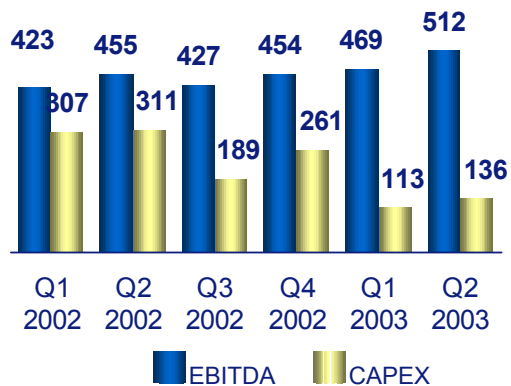


# Quarterly financial development

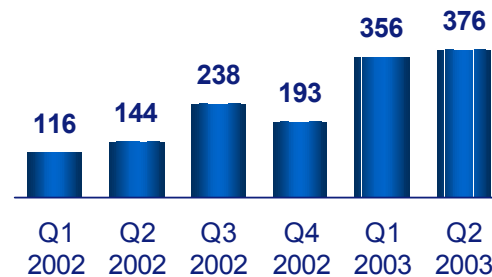
## Revenues (NOKm) / EBITDA %



## EBITDA and Capex (NOKm)



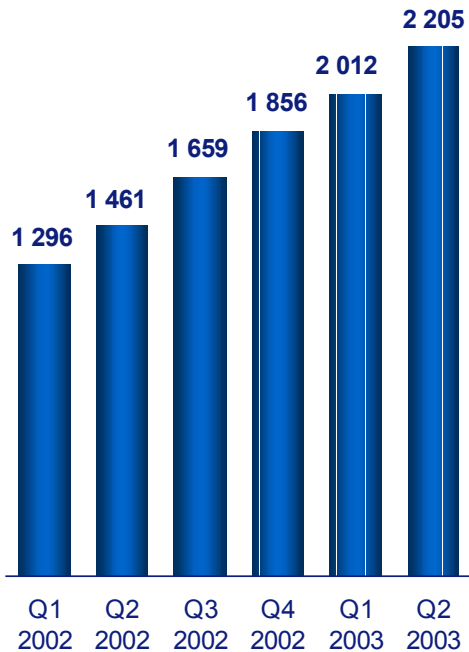
## Operating Cash Flow (NOKm)



Operating Cash Flow = EBITDA - CAPEX

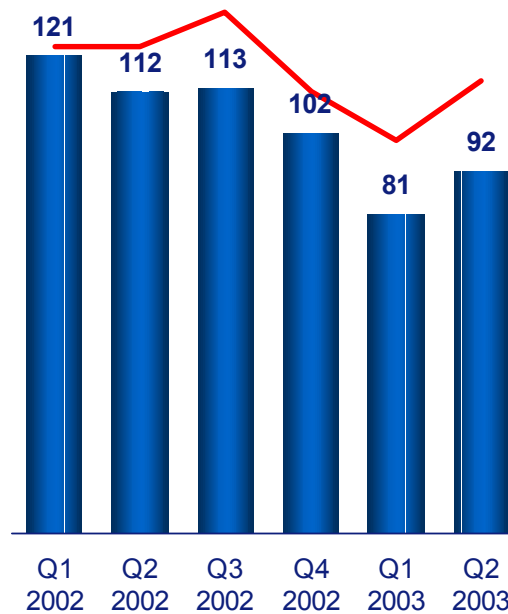
# Quarterly operational development

## Subscribers ('000)

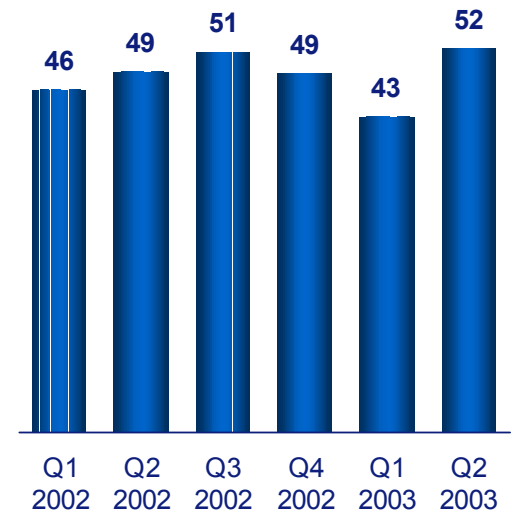


## ARPU

■ NOK — USD



## MoU (AMPU)

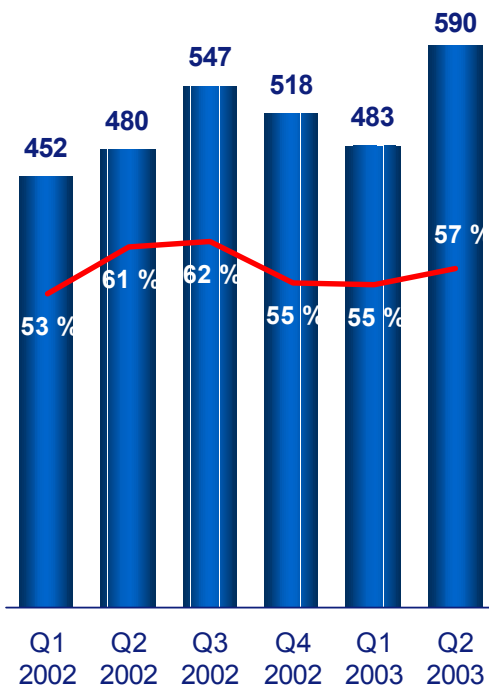


Subscriber figures based on 3 months churn for pre-paid

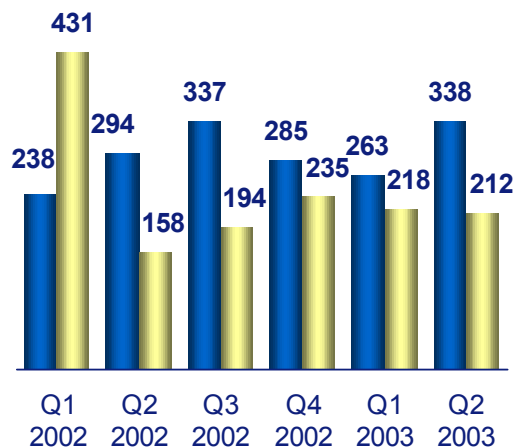


# Quarterly financial development

## Revenues (NOKm) / EBITDA %

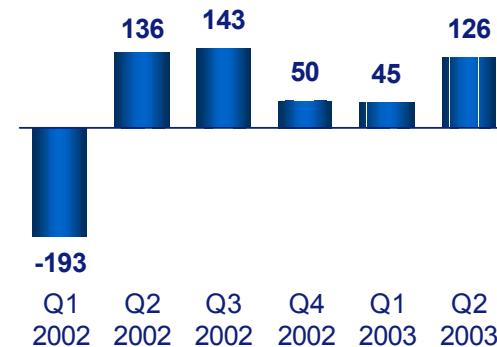


## EBITDA and Capex (NOKm)



■ EBITDA ■ CAPEX

## Operating Cash Flow (NOKm)

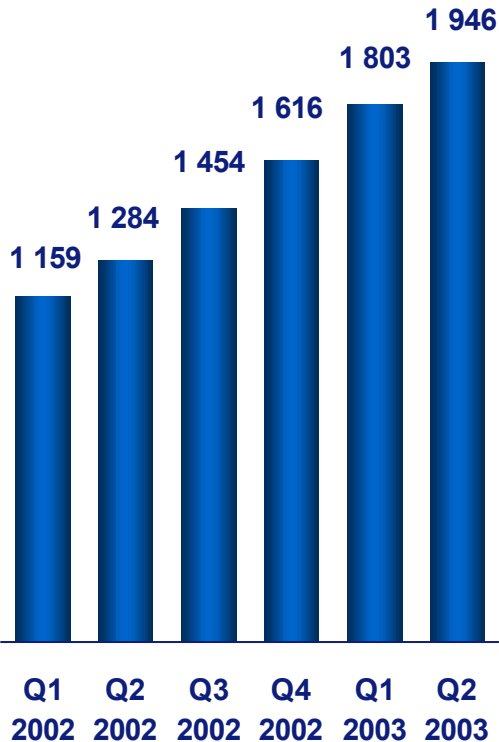


Operating Cash Flow = EBITDA - CAPEX



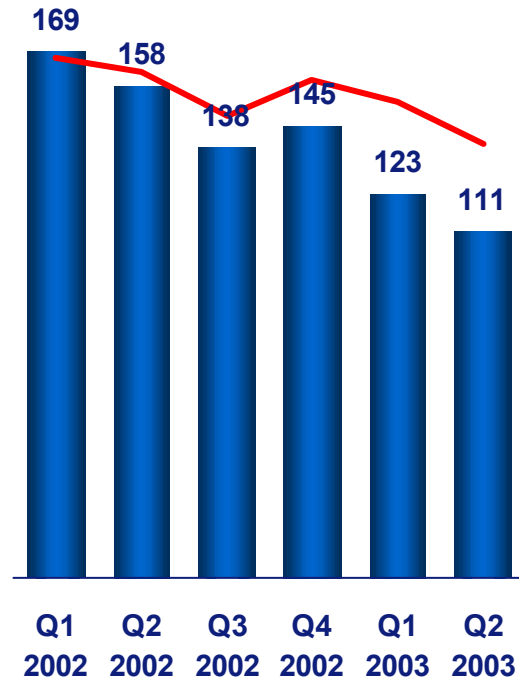
# Quarterly operational development

### Subscribers ('000)

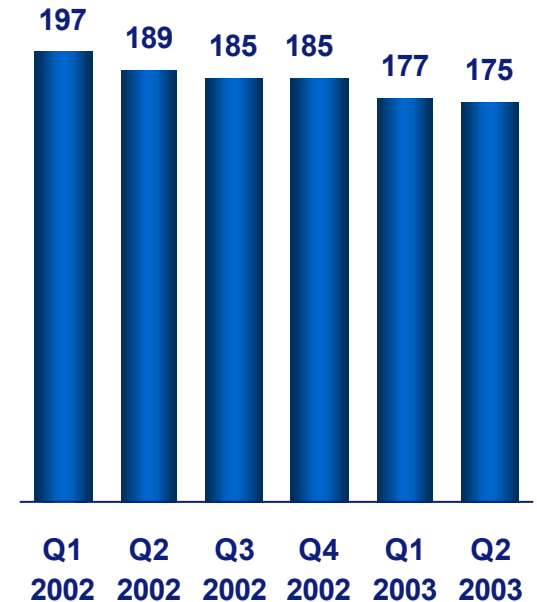


### ARPU

■ NOK — MYR



### MoU (AMPU)

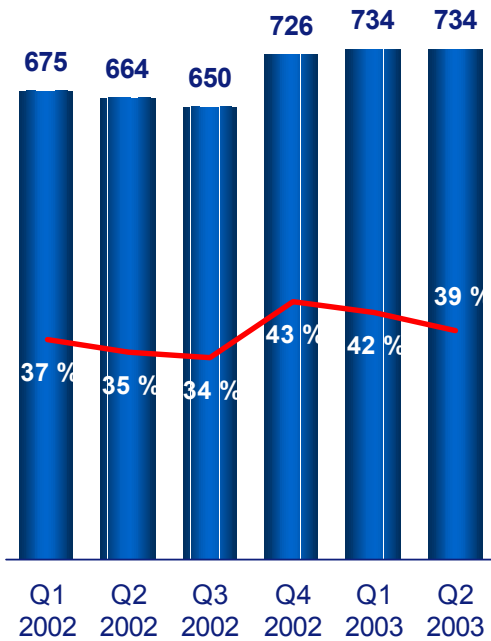


Subscriber figures based on 3 months churn for pre-paid

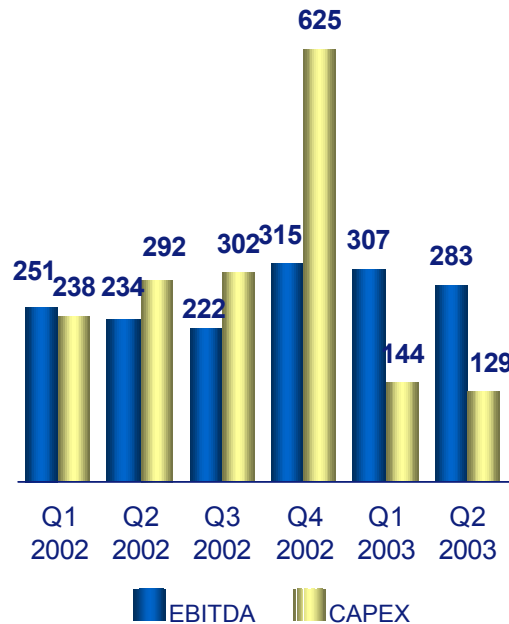


# Quarterly financial development

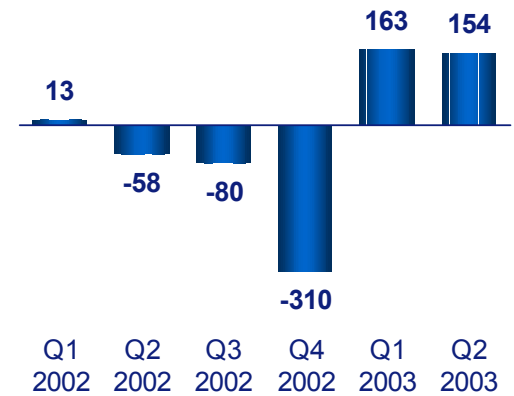
Revenues (NOKm) / EBITDA %



EBITDA and Capex (NOKm)



Operating Cash Flow (NOKm)

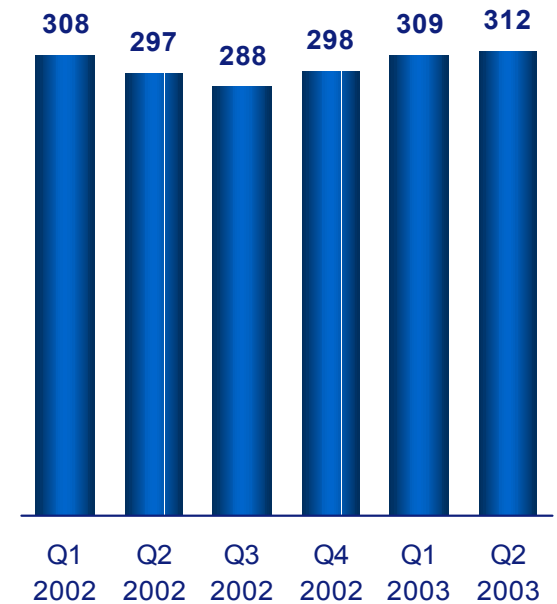
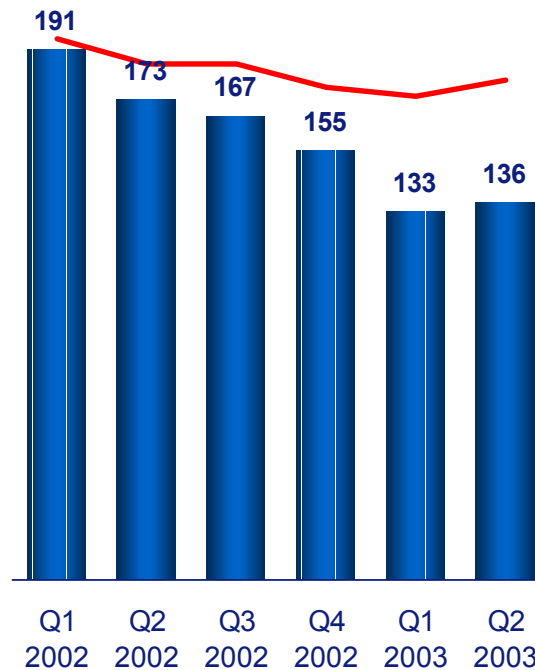
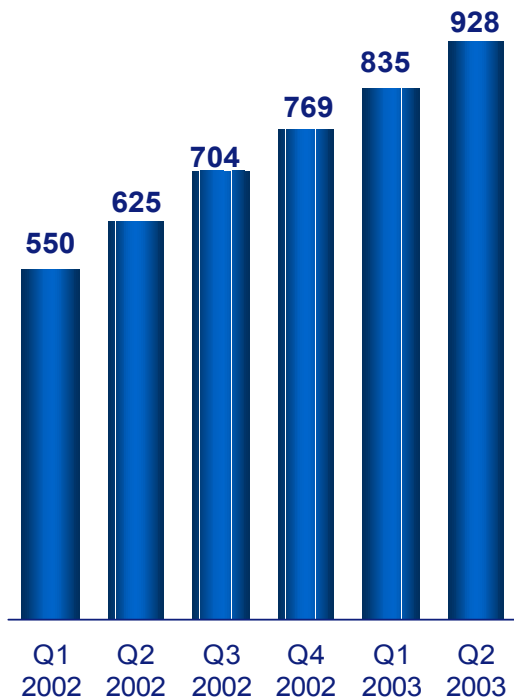


Operating Cash Flow = EBITDA - CAPEX

# Quarterly operational development

**Subscribers ('000)**
**ARPU**
**MoU (AMPU)\***

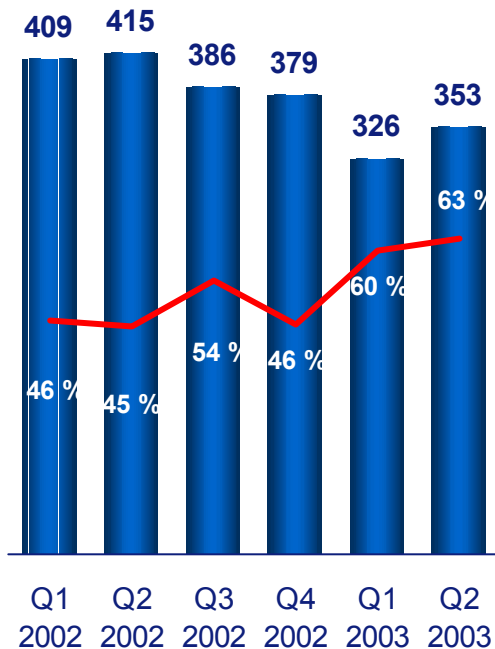
■ NOK — BDT



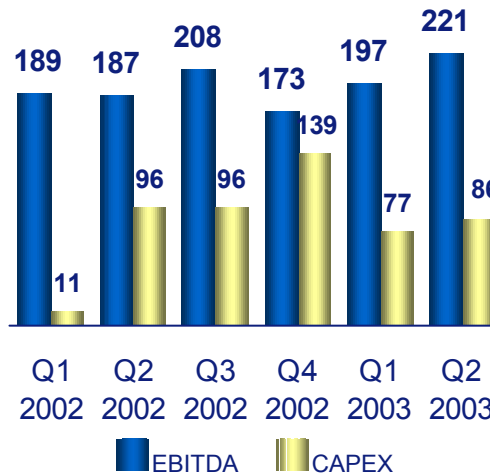
\* Minutes of Use include both incoming and outgoing, including non-revenue generated incoming minutes. Figures can not be compared to other companies in portfolio

# Quarterly financial development

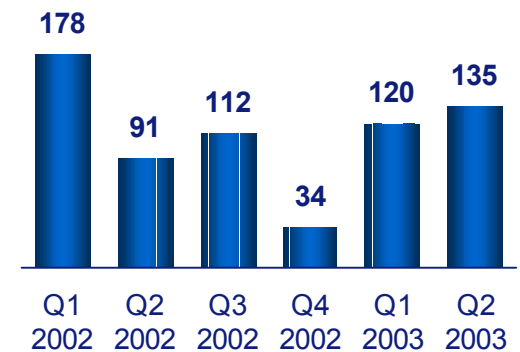
## Revenues (NOKm) / EBITDA %



## EBITDA and Capex (NOKm)



## Operating Cash Flow (NOKm)

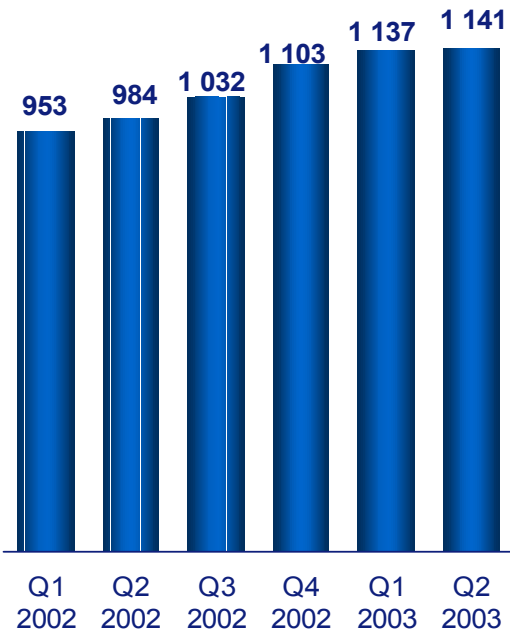


Operating Cash Flow = EBITDA - CAPEX

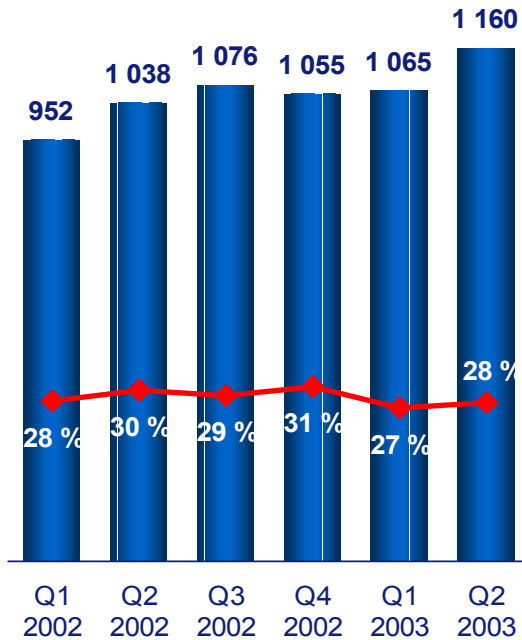


# Quarterly financial development

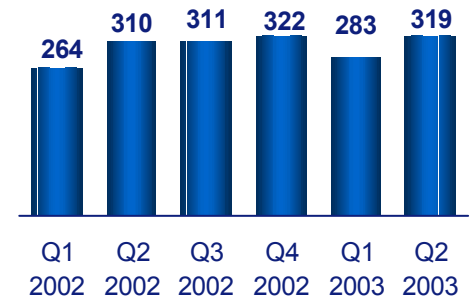
## Subscribers ('000)



## Revenues (NOKm) and EBITDA %



## EBITDA (NOKm)



Subscriber figures published by the Danish National Telecom Agency (excludes service providers and based on 12 month pre-paid churn). Q1 & Q3 2002-2003 figures have not been published and have been submitted by Sonofon

Figures are based on actual company figures

# Group Financial Overview

## Q2 2003

Torstein Moland  
CFO

# Key messages

- Revenue growth of 10,1% to 13,2 NOKbn
- Increased margins in all business areas compared to Q2 2002
- Strongly improved results and cash flow
- Continued low CAPEX
- Net Interest Bearing debt of 25,3 NOKbn



# Reported P&L

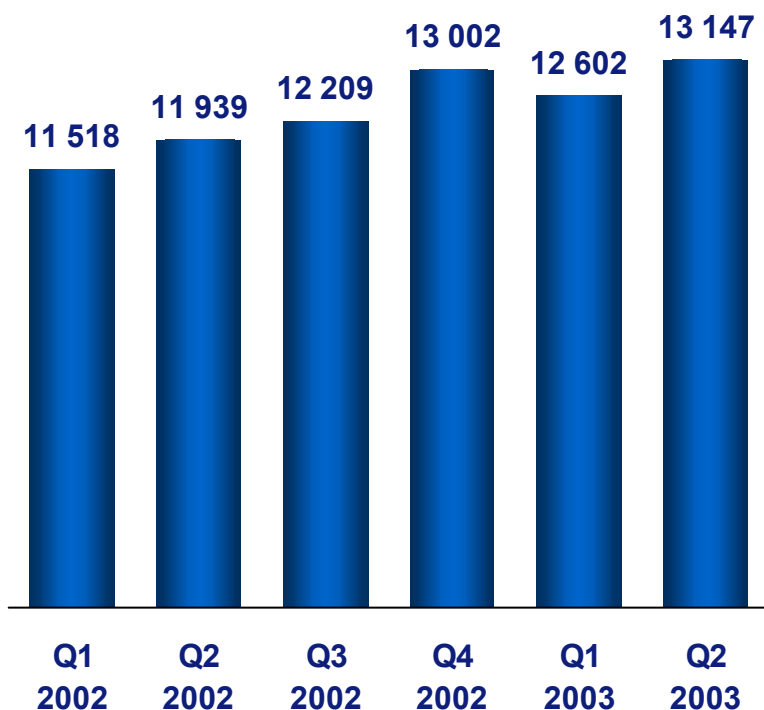
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Profit before Tax	2 490	383	(5 136)	10 255
Net Income	1 683	1 107	(4 298)	7 079

NOKm

# Quarterly revenue growth

## Revenues\*

## Comments



- Revenue growth of 10%
- Underlying growth of 6%
- Underlying growth for the three business areas of 7%

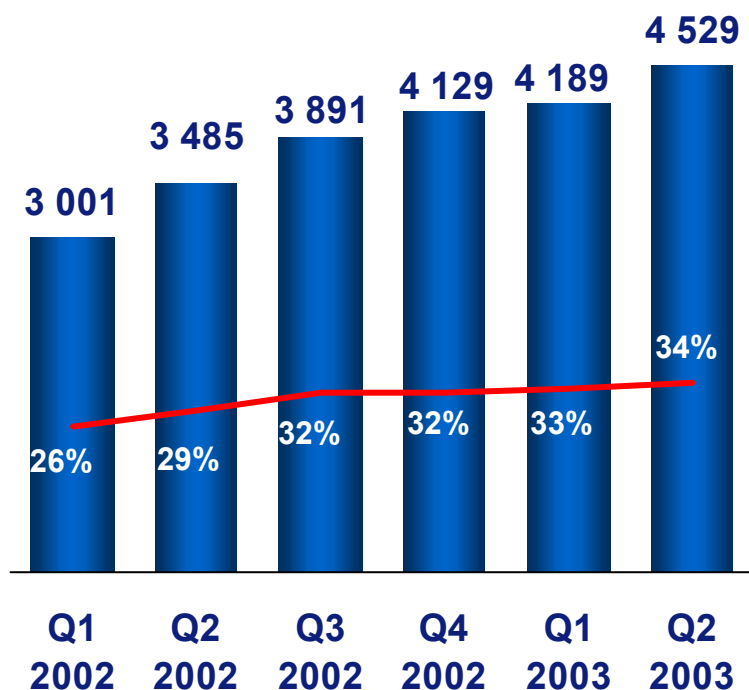
\* Revenues adjusted for sales gains

# EBITDA

- sharply improved quarter by quarter

## Adjusted EBITDA (NOKm) and Margin

## Comments



- Strong underlying performance
- Margin increase
  - Delta 4 measures
  - Increased gross margins

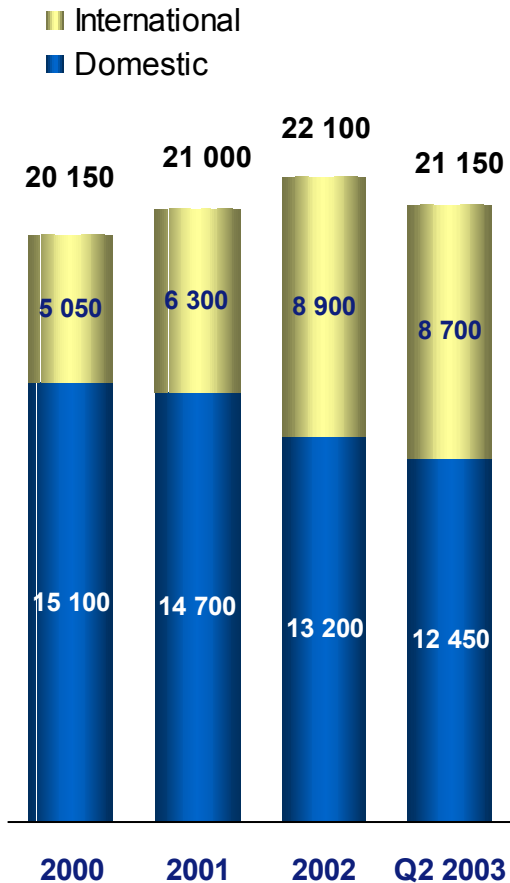
# Adjusted P&L

	Q2 2003	Q2 2002	Growth	2002
Revenue	13 147	11 939	10.1%	48 668
EBITDA	4 529	3 485	30.0%	14 506
EBIT	1 838	1 069	71.9%	4 270
Assoc. companies	(60)	2	nm	(205)
Profit Before Tax	1 278	791	61.6	2 488

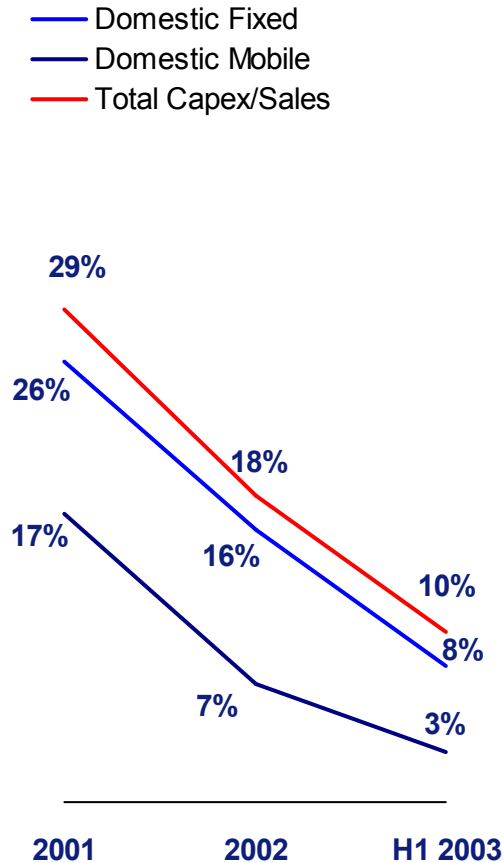
NOKm

# Cost cutting and capital discipline

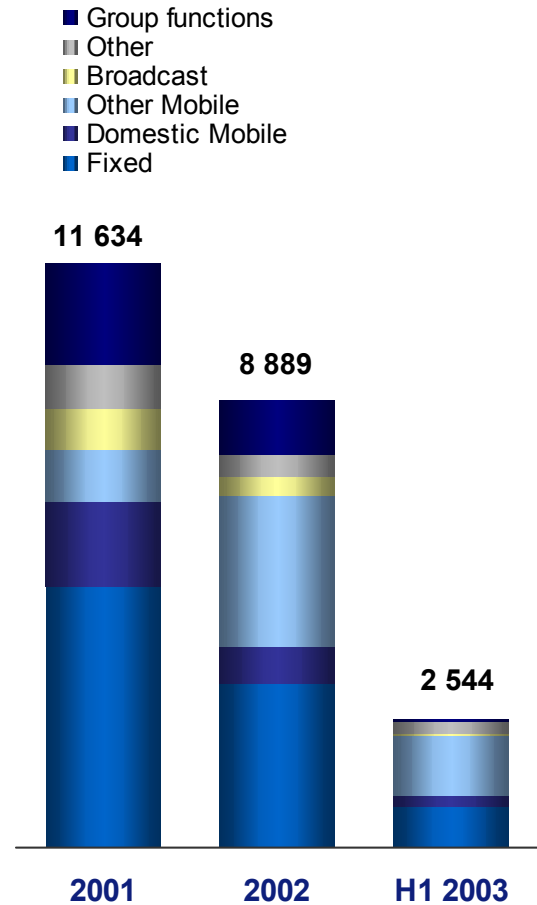
## Headcount



## Capex / Sales

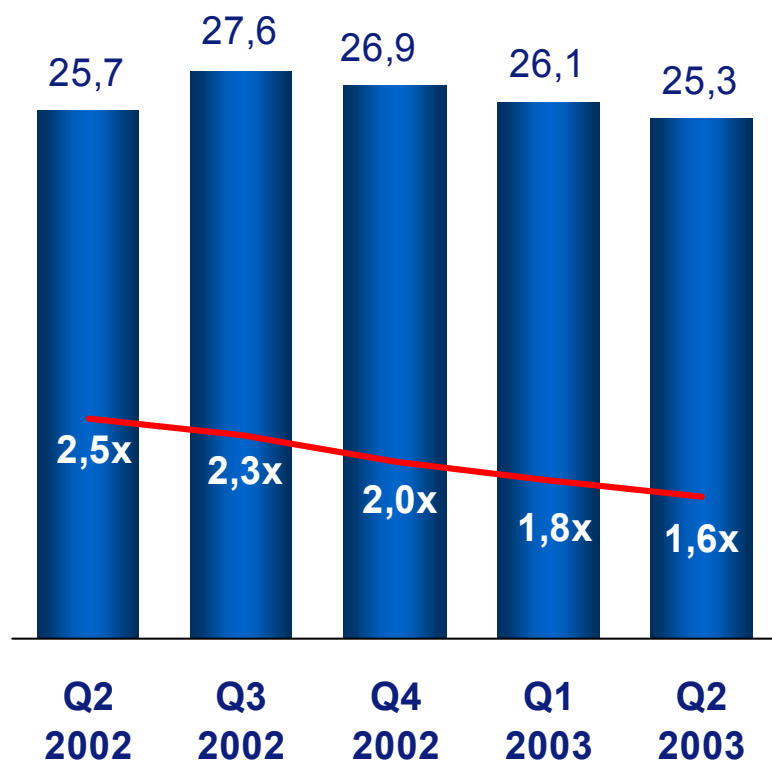


## Capex Breakdown (NOKm)



# Debt position

## Net Debt (NOKbn) to LTM EBITDA (x)



## Net Debt Changes – Q1 2003 to Q2 2003

<b>Net Debt 31 March 03 (NOKbn)</b>	<b>26,1</b>
- EBITDA ex. gain/loss	(4,4)
+ Net Interest	0,4
+ Tax	2,7
+ Investments - paid	1,3
- Investments - proceeds	(2,3)
+ Dividends	0,8
+ Other	0,7
<b>Net Debt 30 June 03</b>	<b>25,3</b>

# Outlook for 2003

**Telenor  
Group**

- Strong improvement in operating cash flow
- Continued revenue growth
- Increased EBITDA margins
- Significantly lower Capex than 2002

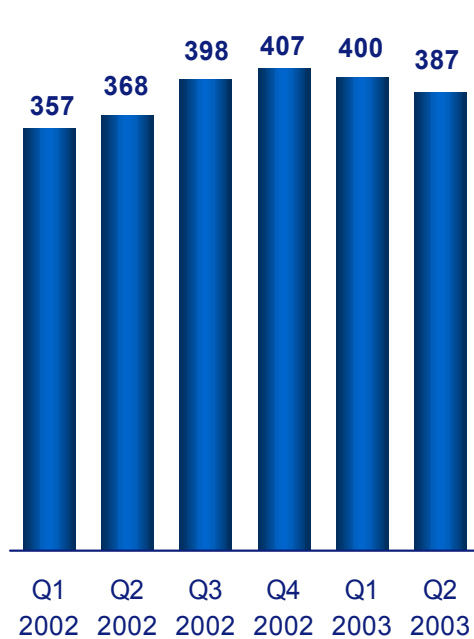
# Appendix



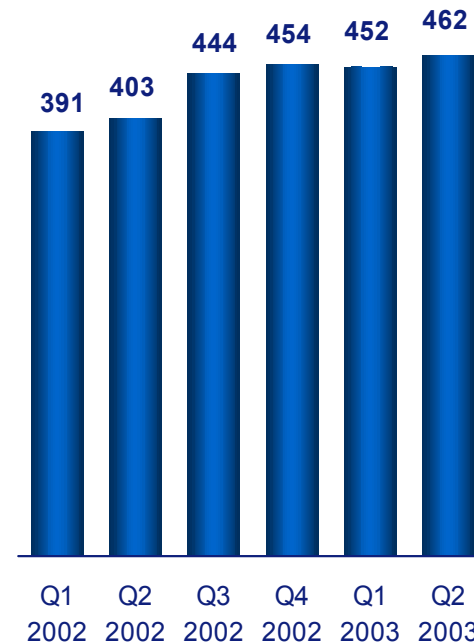
# mNorway

## SMS and Content

### Revenue\* (NOKm)



### Volume\*\*



\* Revenue from Outgoing SMS, SMS receipts, content messages and terminated messages

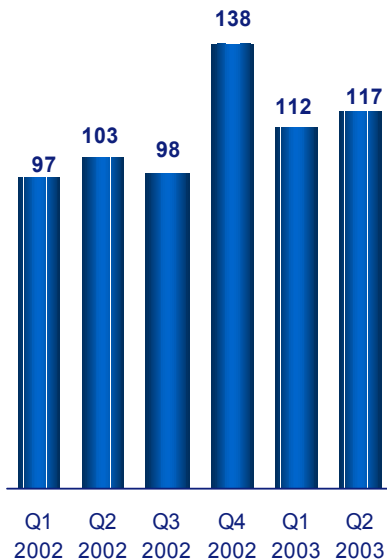
\*\* Volume from Outgoing SMS and content messages

# Quarterly Figures (NOKm)

## VAS Revenues

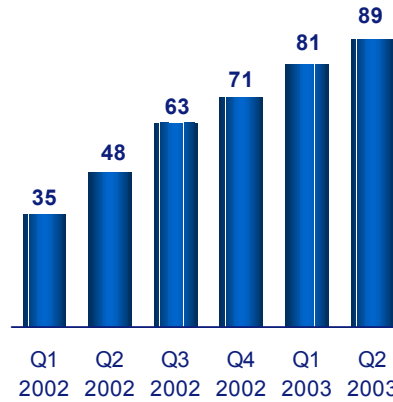
### Pannon GSM

9 % of sales in Q2 2003



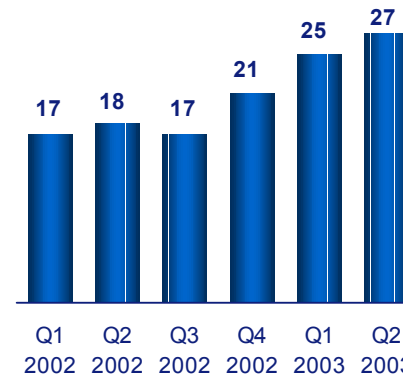
### DiGi.com

12% of sales in Q2 2003



### Kyivstar

5 % of sales in Q2 2003



### GrameenPhone

1,2% of sales in Q2 2003



# International Mobile Associates

(100% figures in NOK millions according to local GAAP)

	Subscriptions			Revenues YTD			EBITDA YTD <sup>1)</sup>			Net debt <sup>2)</sup>
	March 31 2002	March 31 2003	%-change 2002/2003	March 31 2002	March 31 2003	%-change 2002/2003	March 31 2002	March 31 2003	%-change 2002/2003	March 31 2003
<b>Nordic Region</b>										
Sonofon <sup>4)</sup>	953	1 137	19 %	952	1 065	12 %	264	283	7 %	4 002
<b>Europe</b>										
Connect Austria	1 304	1 370	5 %	1 139	1 212	6 %	239	367	53 %	10 004
Cosmote	3 075	3 641	18 %	2 043	2 256	10 %	885	964	9 %	2 239
Pro Monte	162	218	35 %	88	88	1 %	42	44	5 %	-67
<b>Russia</b>										
VimpelCom <sup>5)</sup>	2 662	6 188	133 %	1 295	1 727	33 %	565	763	35 %	3 415
<b>Southeast Asia</b>										
DTAC	3 226	5 626	74 %	1 997	1 188	-41 %	551	446	-19 %	7 507
UCOM <sup>3)</sup>	-	-	-	657	787	20 %	95	43	-55 %	1 042

1) EBITDA consists of earnings before interest, tax, depreciation and amortization excluding gains/(losses) from sales of fixed assets and operations

2) Net debt consists of long term and short term interest-bearing debt minus cash. Closing exchange rates used

3) UCOM classified according to NGAAP. Figures for DTAC are not included

4) Subscriber figures published by the Danish National Telecom Agency (excluding service providers)

5) Subscriber figures for VimpelCom are based on 6 months churn