



Telenor Group – Third Quarter 2014

Jon Fredrik Baksaas, CEO



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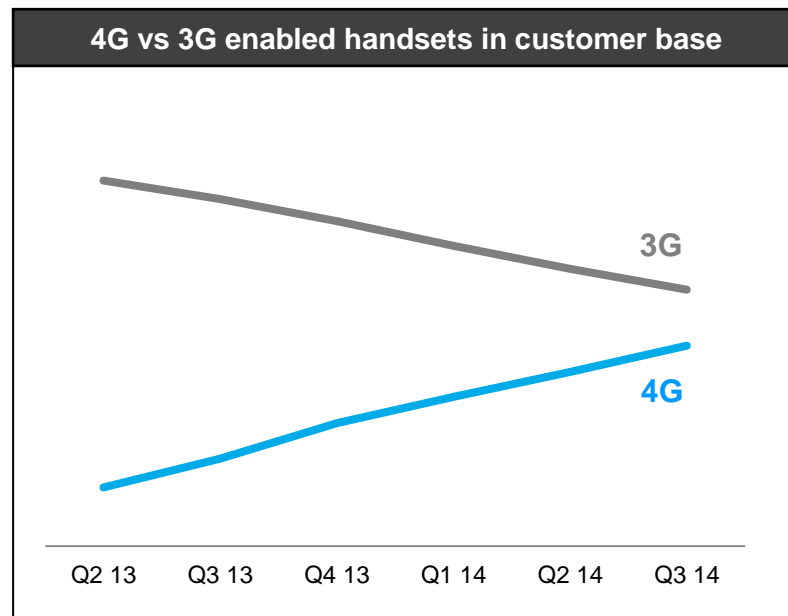
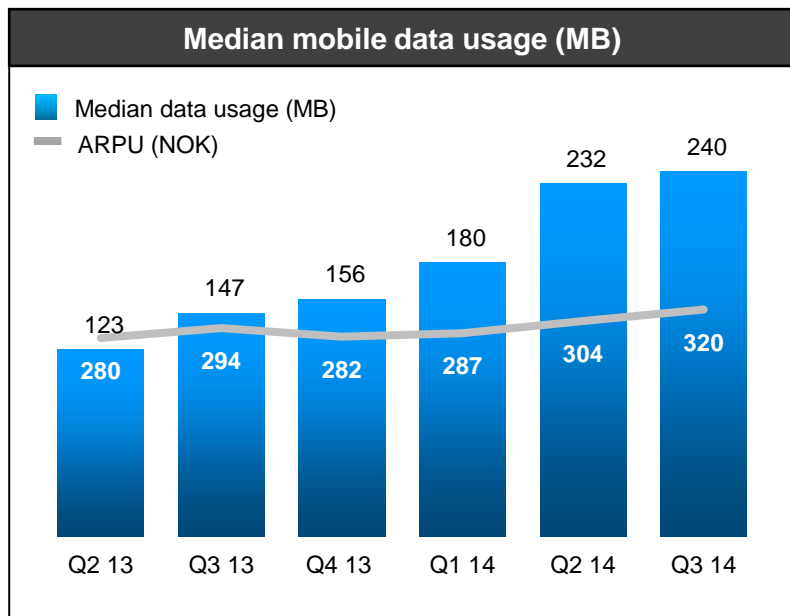
Q3 2014

All-time high revenues and EBITDA

- 3.4 million new mobile subscribers
- Revenues of NOK 27.7 billion
 - 3.5% organic revenue growth
- EBITDA of NOK 10.3 billion
 - 4% organic growth in EBITDA
- Successful launch in Myanmar



Increasing data usage continues to drive growth in Norway



- 69% active data users
- 64% growth in median data usage*

- 1.2 million (38%) 4G enabled handsets
- 4G handsets surpassing 3G handsets around year-end

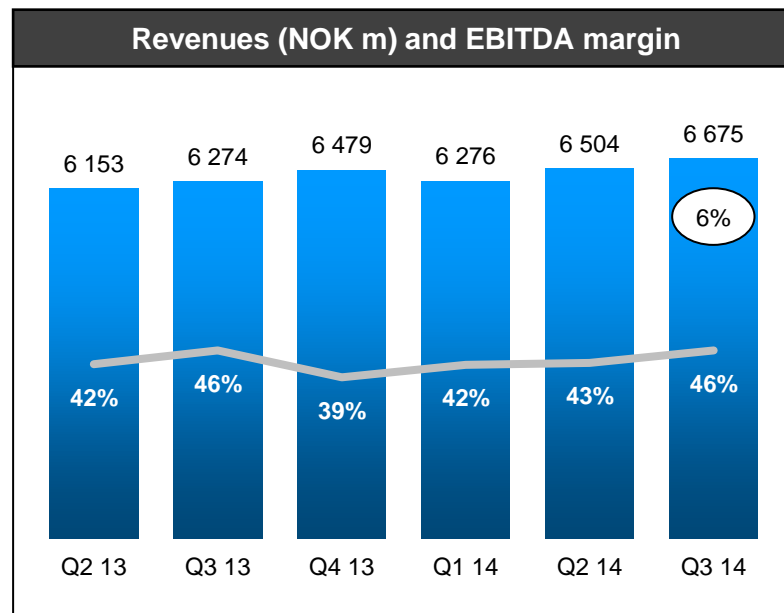
○ Organic revenue growth

* Calculation based on active data users.

Q3 2014

...resulting in solid performance in Norway this quarter

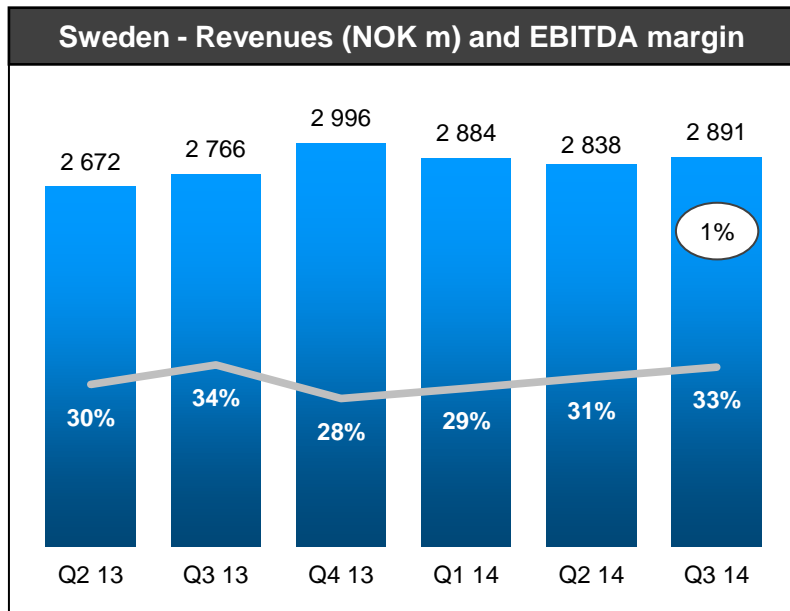
- 10% growth in mobile subscription and traffic revenues
- 7% growth in fixed Internet and TV revenues, offsetting fixed telephony decline
- Stable EBITDA margin
- Continuous work on cost efficiency agenda
 - NOK 800 m gross cost saving target 2015
 - Longer term transformation agenda



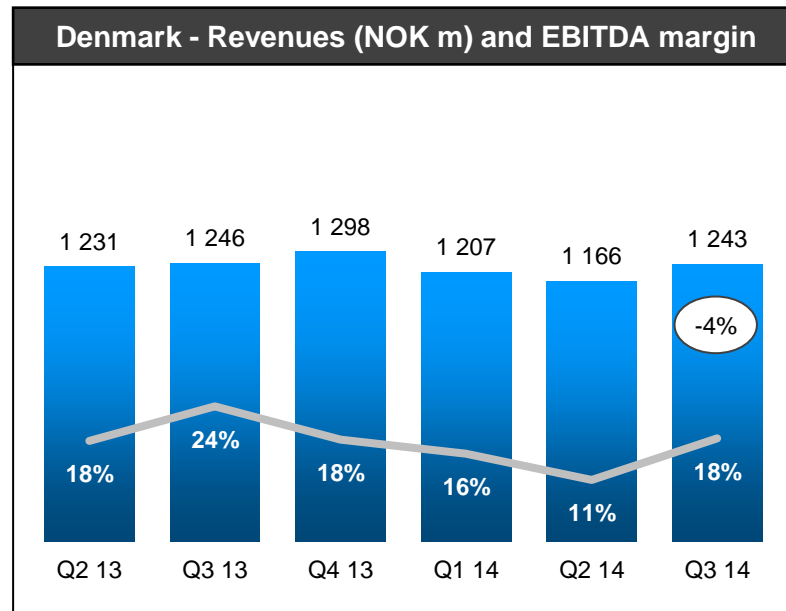
○ Organic revenue growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items.

Profitable growth in Sweden - Denmark still challenging



- 5% organic EBITDA growth and EBITDA margin +1pp adj. for fixed acquisition

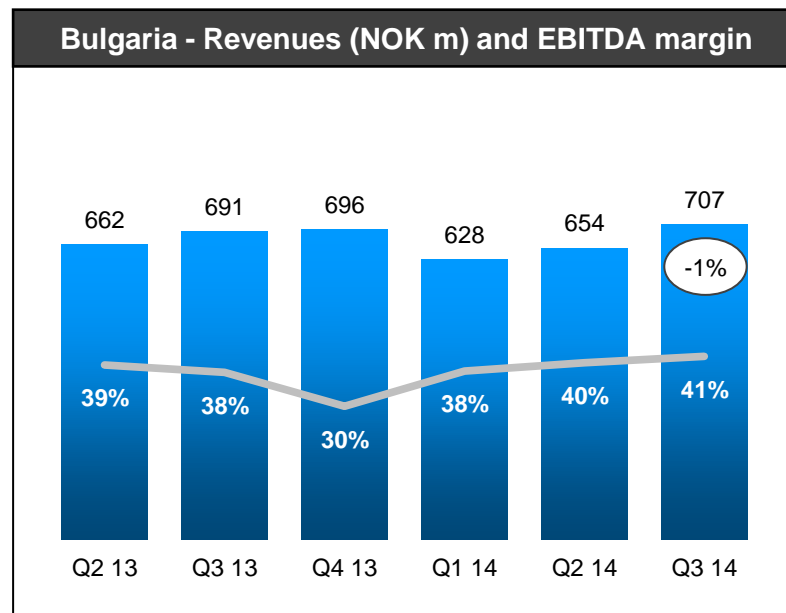
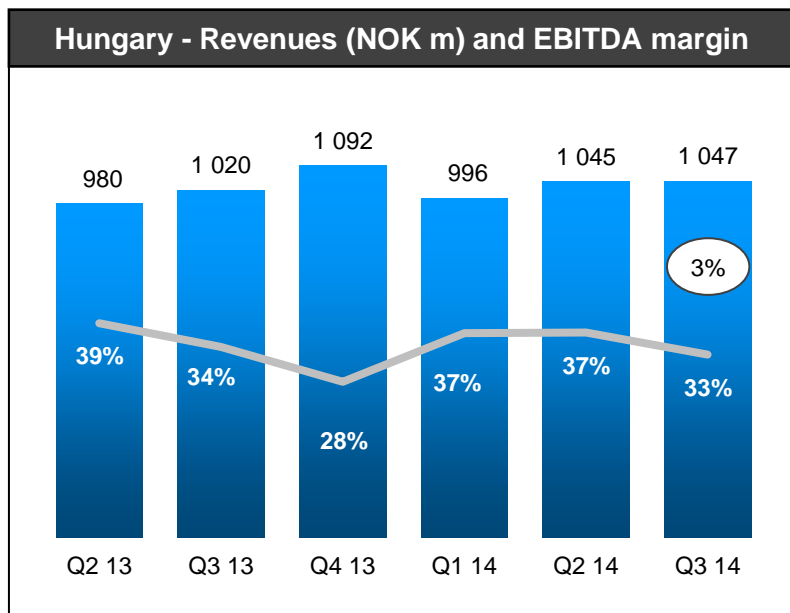


- Subscriber growth but continued ARPU pressure

○ Organic revenue growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA and EBITDA margin before other items.

Stable development in Central & Eastern Europe



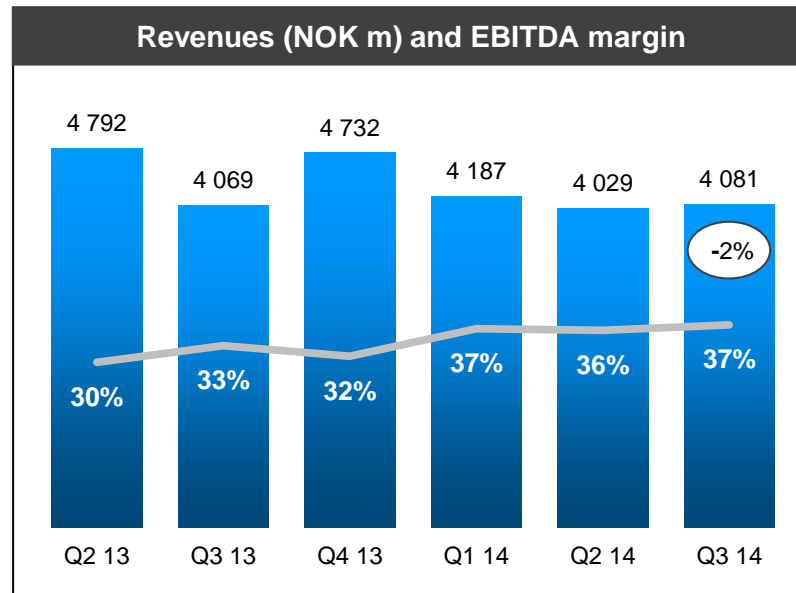
- Secured 800 MHz spectrum in September

- Performance according to plan
- Network renovation 40% completed

○ Organic revenue growth

Intensified competition puts pressure on top-line in Thailand

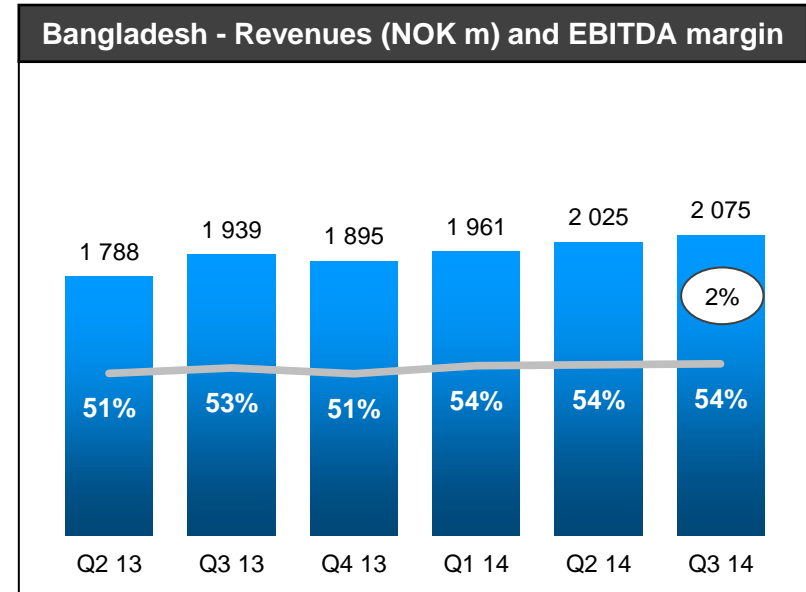
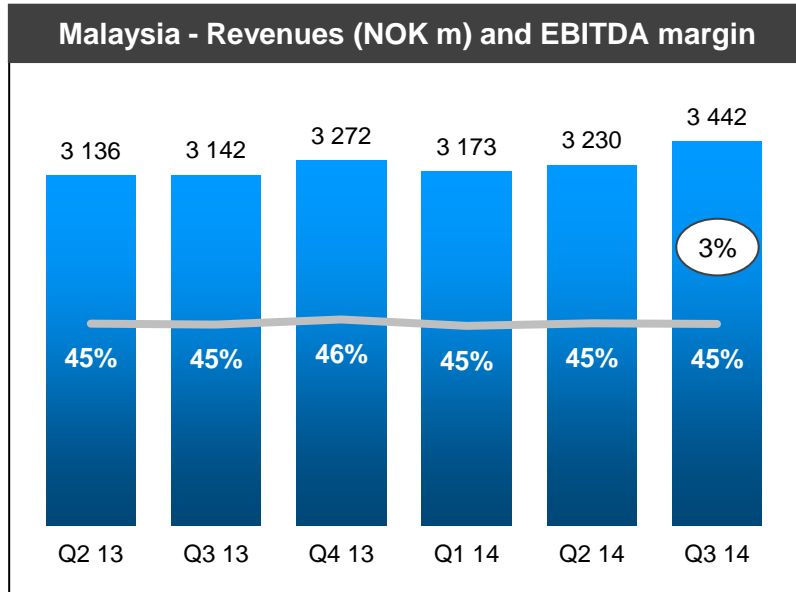
- Aggressive competition now also on data and handset offerings
 - 259k net subscriber loss
 - 4% decline in service revenues
- 71% of subscribers migrated to 2.1 GHz network
- Further reductions in regulatory cost partly offset by increased market spend
- Stepping up investments in 3G network



○ Organic revenue growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items.

Maintained strong margins in Malaysia and Bangladesh



- 442k net subscriber growth
- 18% growth in data revenues

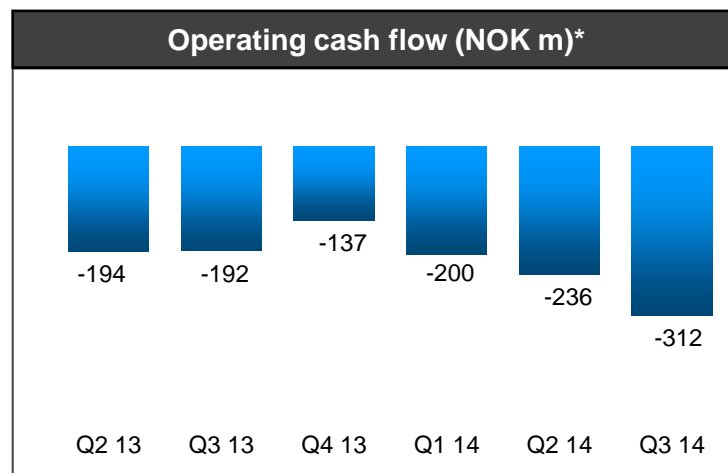
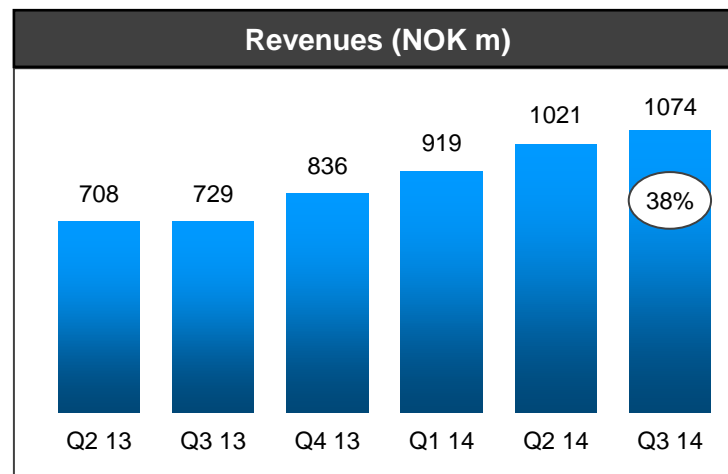
- 1.1m net subscriber growth

○ Organic revenue growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items.

Redeployment of sites supporting revenue growth in India

- Strong subscriber and revenue growth
 - 1.8 million net subscriber growth
 - 18% active Internet users
 - 38% organic revenue growth
- Significant catch-up on site redeployment
 - 3,100 new sites in Q3 (4,420 YTD)
 - Promising revenue pick-up on new sites
- Ownership increased from 74% to 100%



○ Organic revenue growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
 Operating cash flow = EBITDA before other items – capex excl. licences
 *) Excl bonus pay-out in Q4 2013

Q3 2014

Going live in Myanmar

- Commercial launch in 3 major cities
 - Mandalay on 27 September
 - Nay Pyi Taw on 3 October
 - Yangon on 26 October
- Large pent-up demand in mass market
 - 1 million subscriber mark passed on 25 October
- Targeting EBITDA break-even within 3 years from licence award
- USD 1 bn peak funding incl licence fee

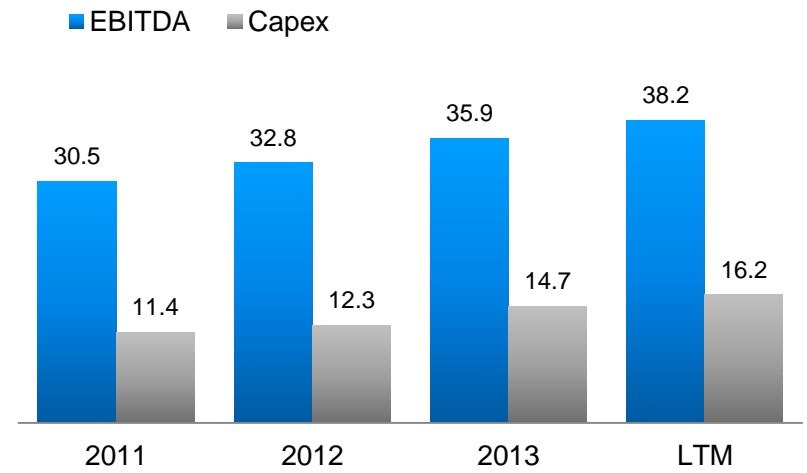


Our priority going forward: Profitable data growth

- Stimulate usage through **Internet for All** strategy
- Investments in data networks
- Relevant offerings and healthy pricing



EBITDA and capex (NOK bn)





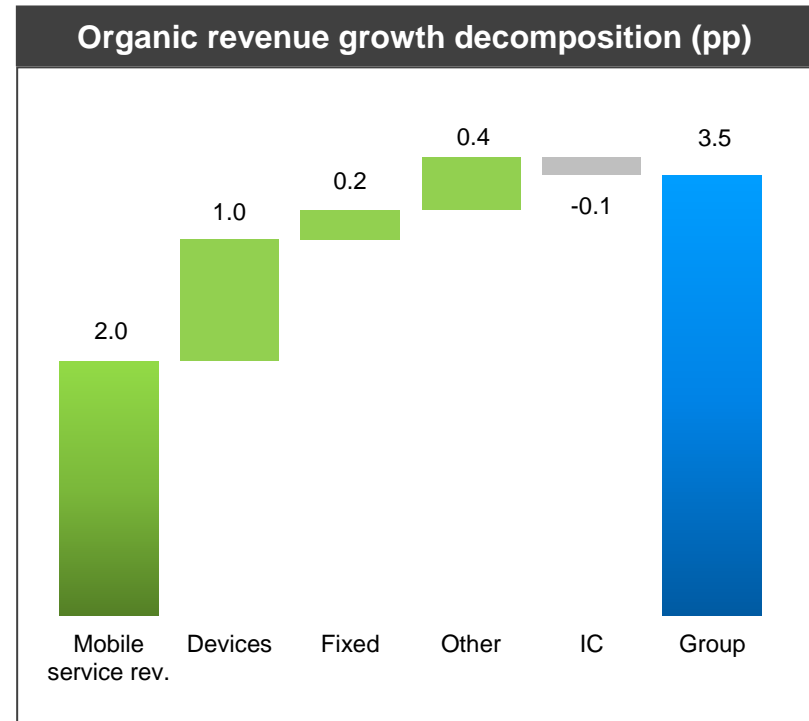
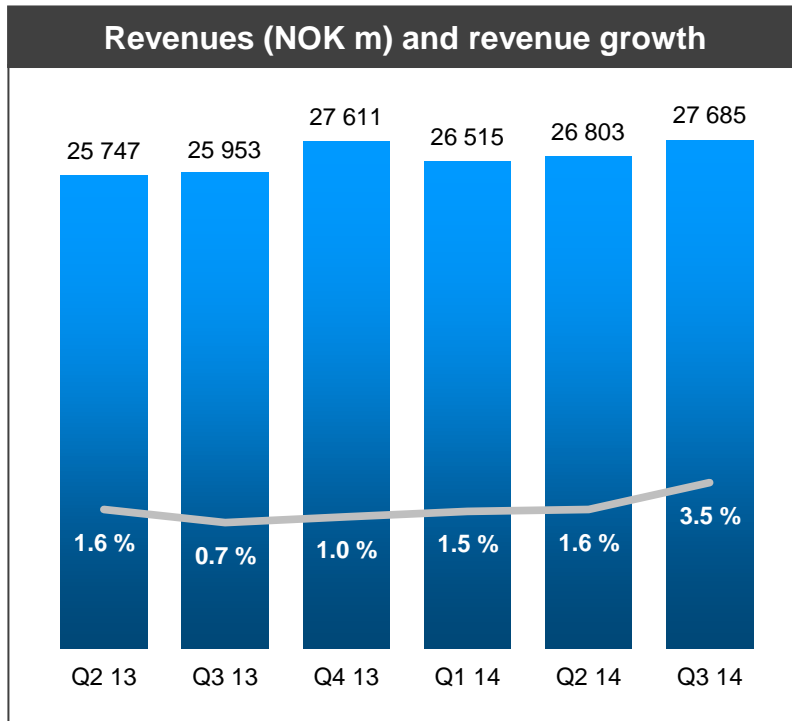
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Richard Olav Aa, CFO



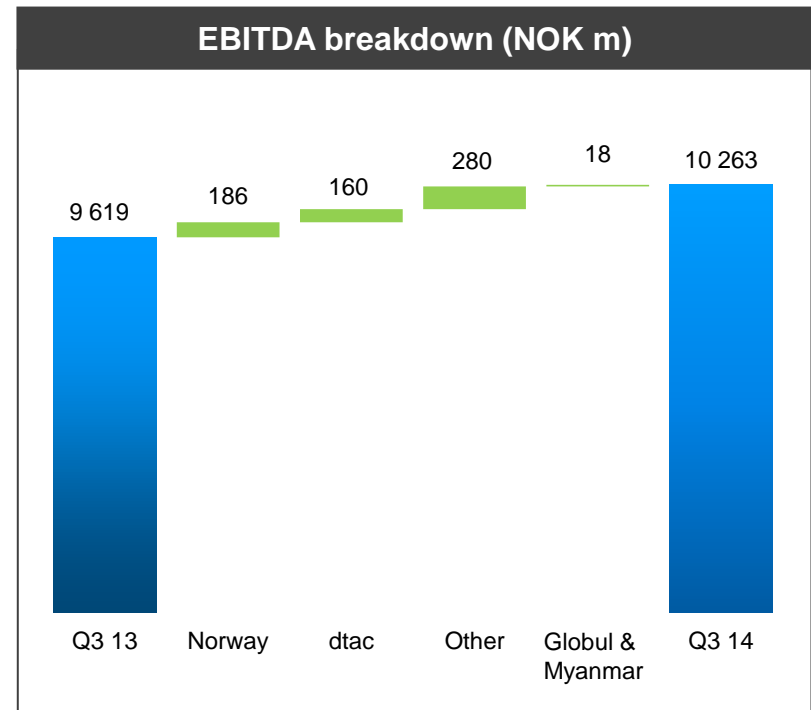
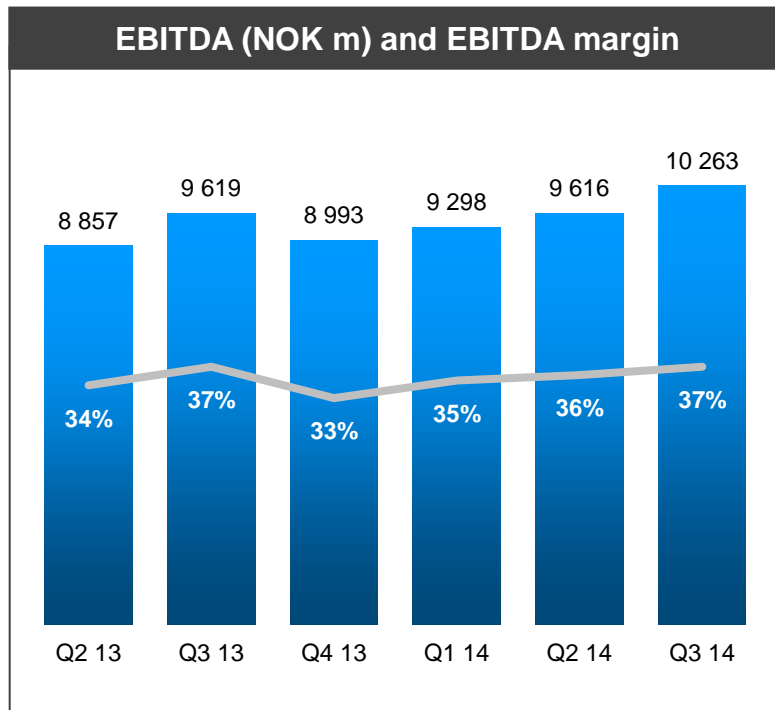
Q3 2014

Organic revenue growth accelerating to 3.5%, driven by reduced pressure from IC



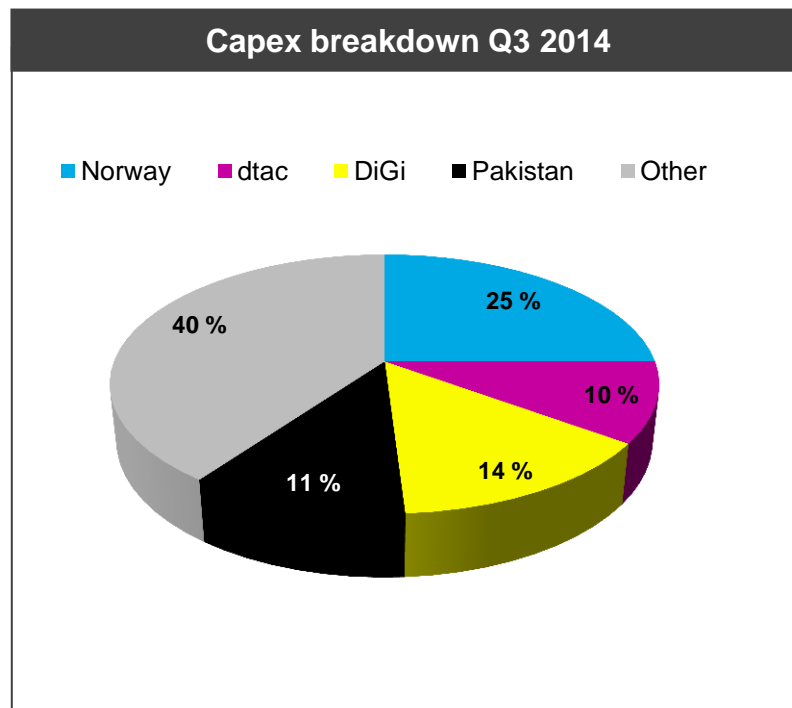
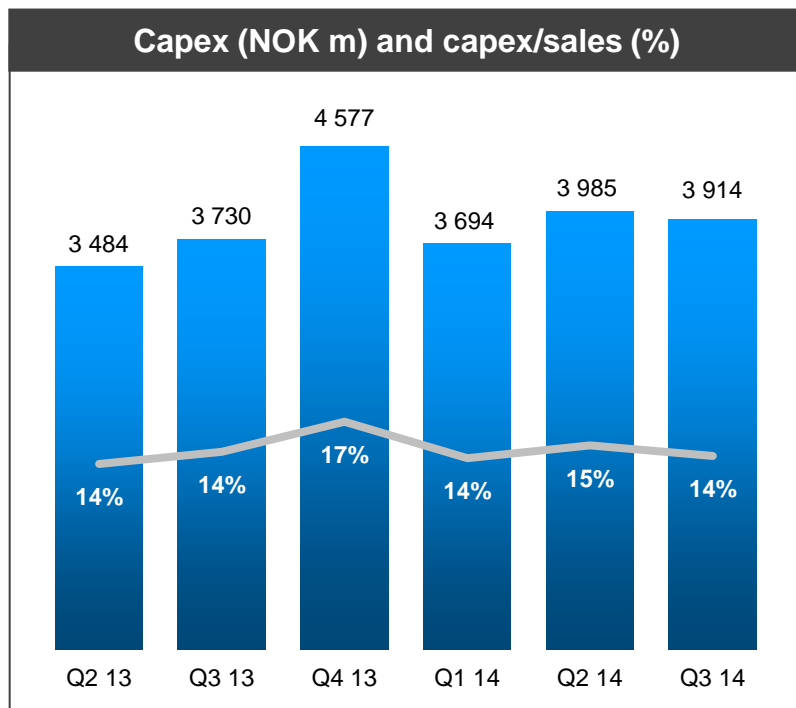
Q3 2014

37% EBITDA margin and 4% organic growth in EBITDA



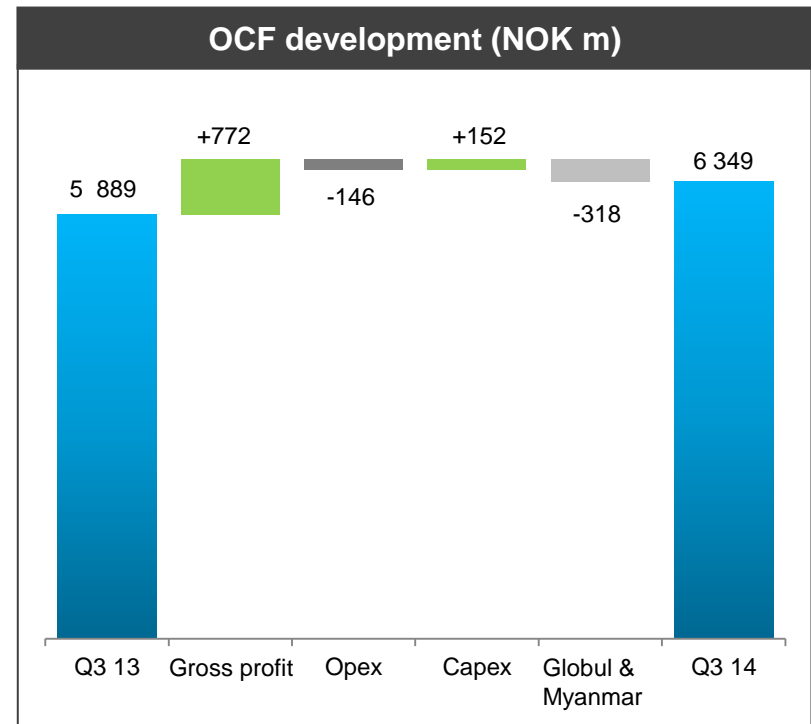
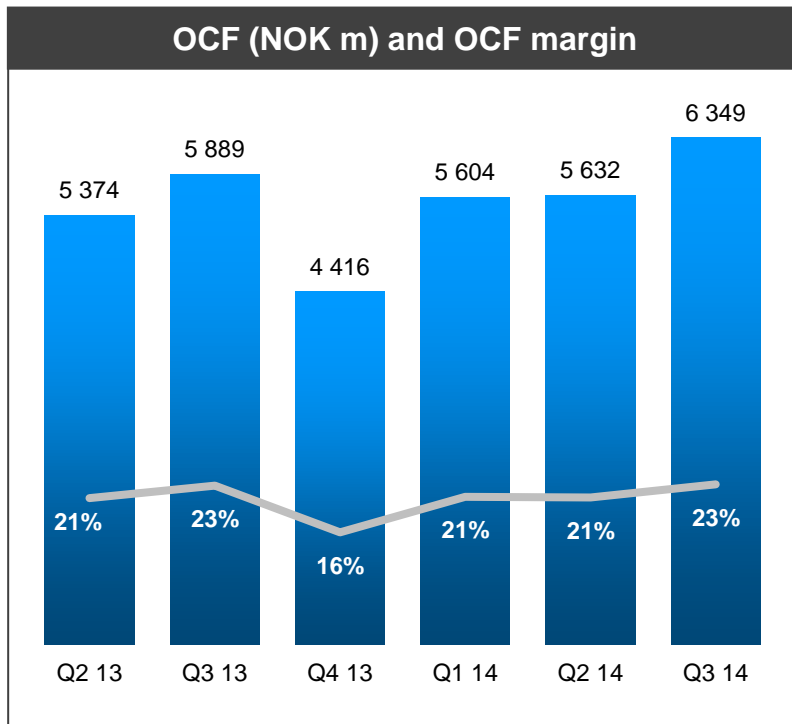
Q3 2014

Capex of NOK 3.9 billion and capex/sales of 14.1%



Q3 2014

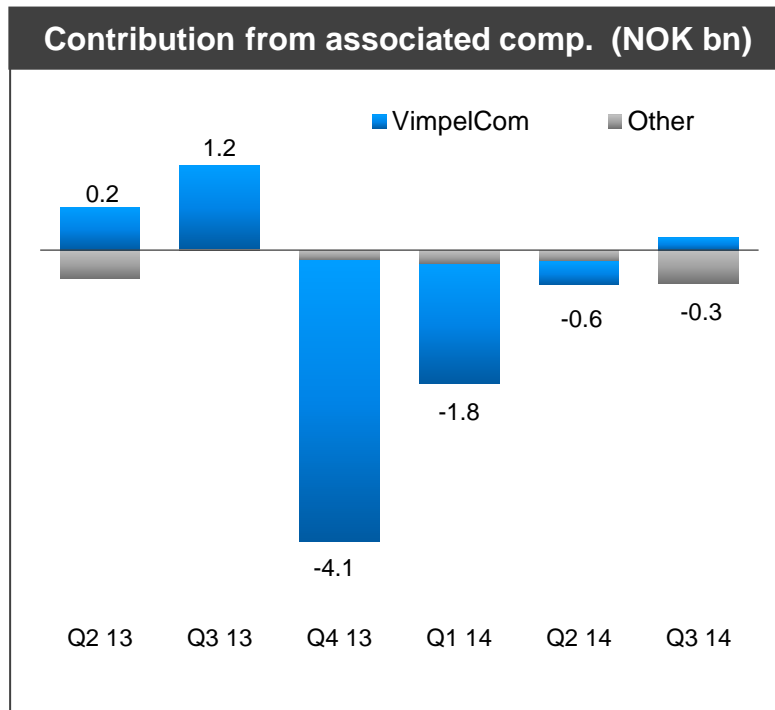
All-time high operating cash flow of NOK 6.3 billion



Operating cash flow = EBITDA before other items – capex excl. licences

Q3 2014

Negative contribution of NOK 0.3 bn from associated companies incl Amedia impairment



- VimpelCom contribution of NOK 204 m
 - Depreciation of Russian Rouble and Ukrainian Hryvnia
 - Continued tough competition in Russia
- Online classifieds contribution of NOK -238 m, driven by start-up spending in Brazil
- NOK 276 m impairment losses in Amedia

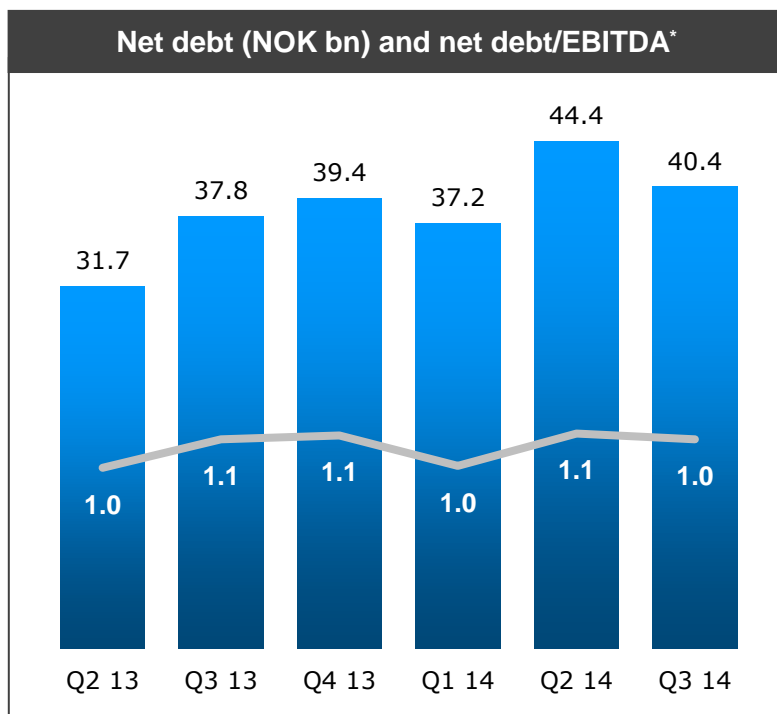
Q3 2014

Net income of NOK 2.6 billion

NOKm	Q3 14	Q3 13	
Revenues	27 685	25 953	
EBITDA before other items	10 263	9 619	
Other items	-100	-154	<ul style="list-style-type: none"> Denmark (-30m), Broadcast (-47m), Other units (-28m)
EBITDA	10 163	9 465	
Depreciation and amortisation	-3 872	-3 337	
Impairments	-17	-122	<ul style="list-style-type: none"> VimpelCom (204m) Online classifieds (-238m) Amedia impairment (-276m)
EBIT	6 273	6 005	
Associated companies	-291	1 173	
Net financials	-577	-827	<ul style="list-style-type: none"> Incl. currency losses of 502m, mainly non-cash
Profit before taxes	5 406	6 351	
Taxes	-1 846	-1 677	
Non-controlling interests	-973	-758	
Net income to Telenor	2 586	3 917	
Earnings per share (NOK)	1.72	2.59	

Q3 2014

Net debt/EBITDA of 1.0x



Change in net debt (NOK bn)

Net debt 30 Jun 2014	44.4
EBITDA	(10.2)
Income taxes paid	0.9
Net interest paid	0.2
Capex paid	4.7
Paid WHT on Telenor ASA dividend	0.5
Share buybacks	1.0
Dividends paid to minorities	1.2
Revenue share in dtac	(0.4)
Currency effects	(0.8)
Other changes in working capital	(1.1)
<i>Net change</i>	<i>(4.0)</i>
Net debt 30 Sep 2014	40.4

*) 12 months rolling EBITDA. Net debt excl licence commitments

Outlook for 2014 maintained

	2014	2014 YTD	FY 2013
Organic revenue growth	Low single digit	2.2%	0.9%
EBITDA margin	Above 2013 level	36.3%	34.5%
Capex / sales	14-15%	13.5%	14.1%

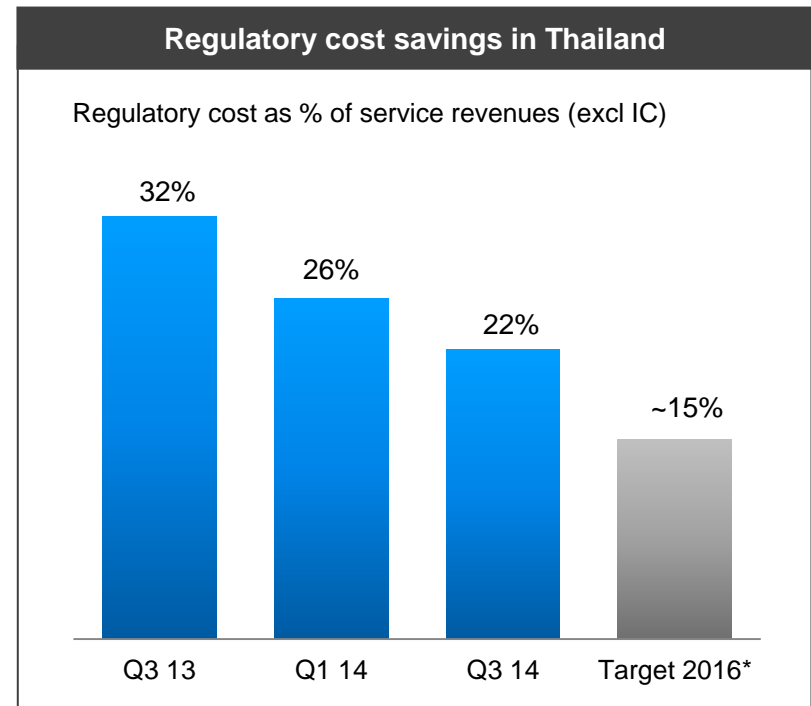
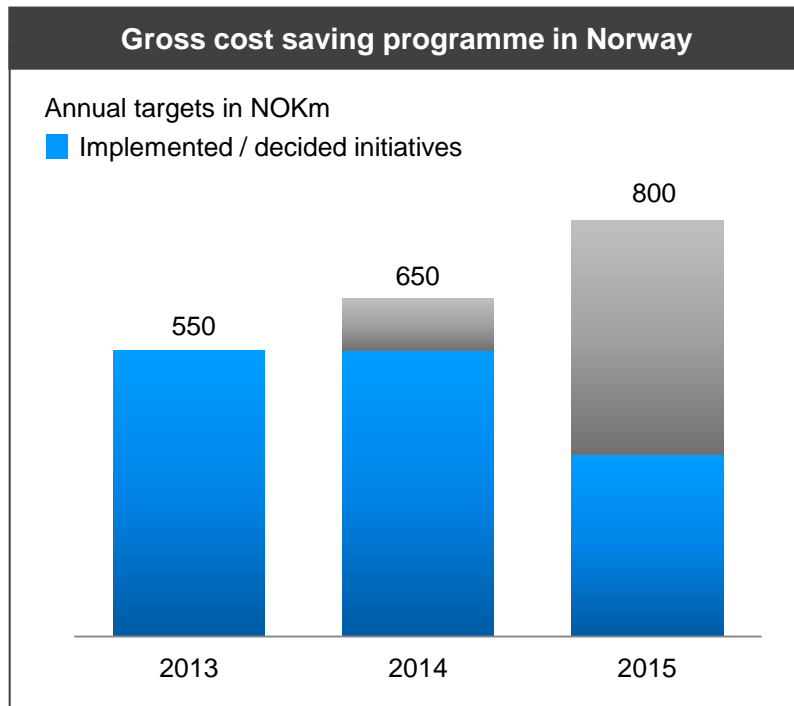
Group structure as of 30 September 2014, excl Myanmar

Organic revenue growth in fixed currency, adj. for acquisitions and disposals.

EBITDA before other items. Capex excl. licence fees.

Exchange rates as of 30 September 2014

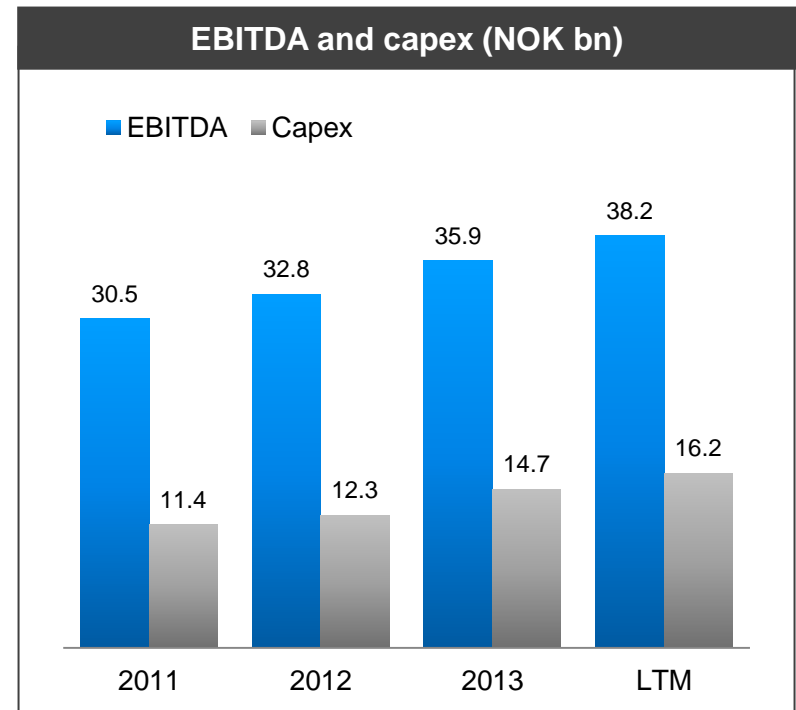
Progress towards NOK 5 bn gross cost saving target



* Target announced at Telenor Group CMD 2013

Revised cash flow target for 2015 to be provided in February

- Good underlying trend in operating cash flow expected to continue
- However, NOK 28-30 bn cash flow target for 2015 too ambitious due to:
 - Satellite launch shifted from 2014 to 2015
 - Revenue decline in Thailand and Denmark in 2014
 - Good opportunity to monetise data investments
- Update at Q4 presentation in February



Q3 2014 Summary

- All-time high revenues, EBITDA and operating cash flow
- Monetising on increasing data usage in Norway
- Intensified competition in Thailand
- Successful service launch in Myanmar





Q&A





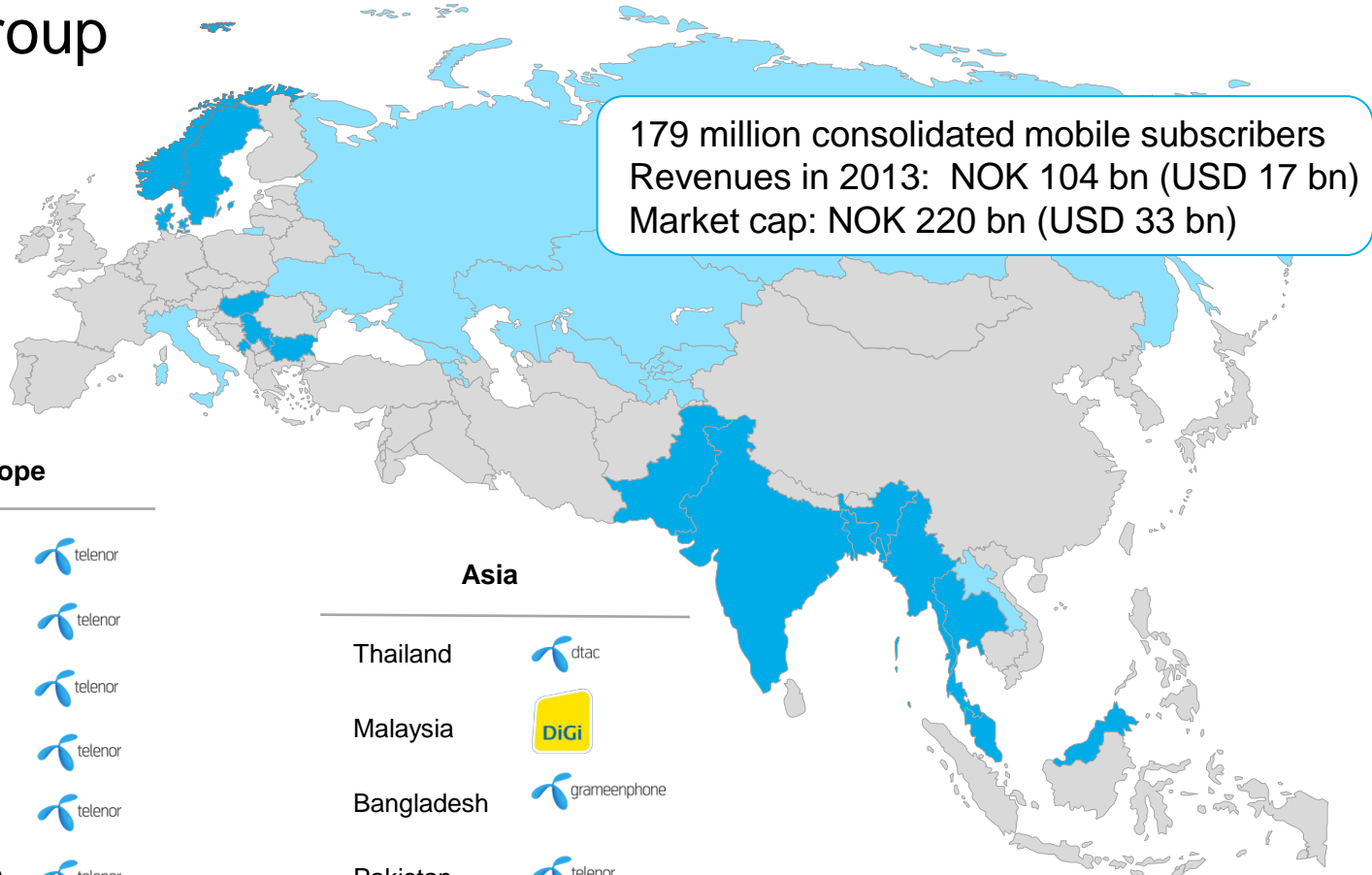
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Appendix



Telenor Group



Europe

- Norway 
- Sweden 
- Denmark 
- Hungary 
- Serbia 
- Montenegro 
- Bulgaria 

Asia

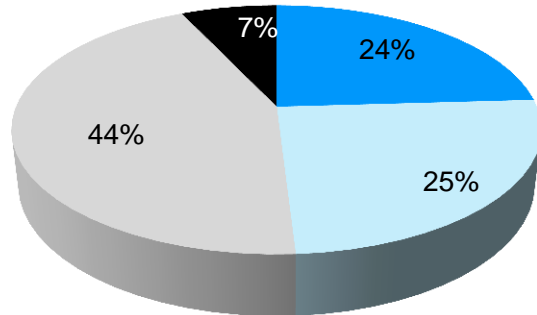
- Thailand 
- Malaysia 
- Bangladesh 
- Pakistan 
- India 
- Myanmar 

VimpelCom Ltd.

Telenor Group holds 33.0% economic stake in VimpelCom Ltd.

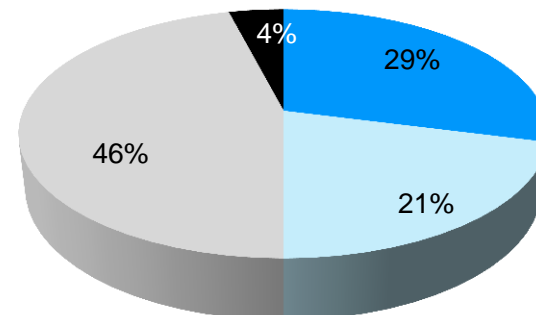
Geographic split of key financials in 2014 YTD

Revenues



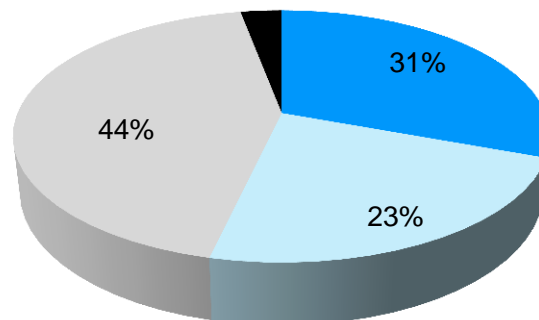
■ Norway ■ Europe ■ Asia ■ Other

EBITDA



■ Norway ■ Europe ■ Asia ■ Other

Operating cash flow

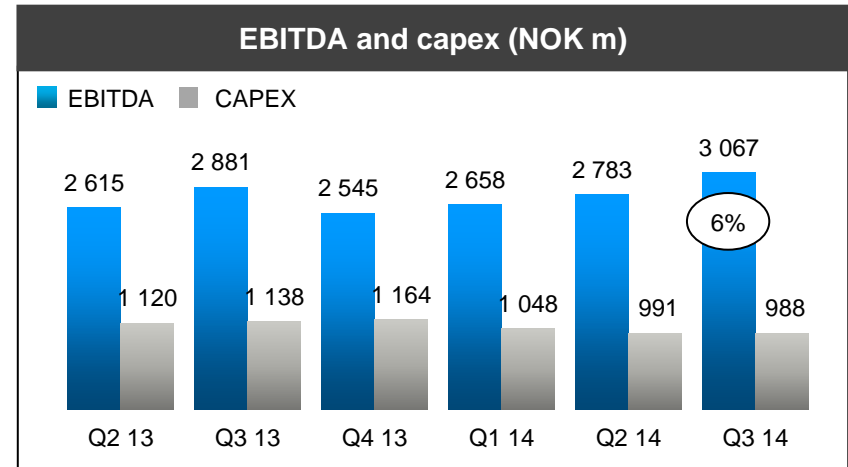
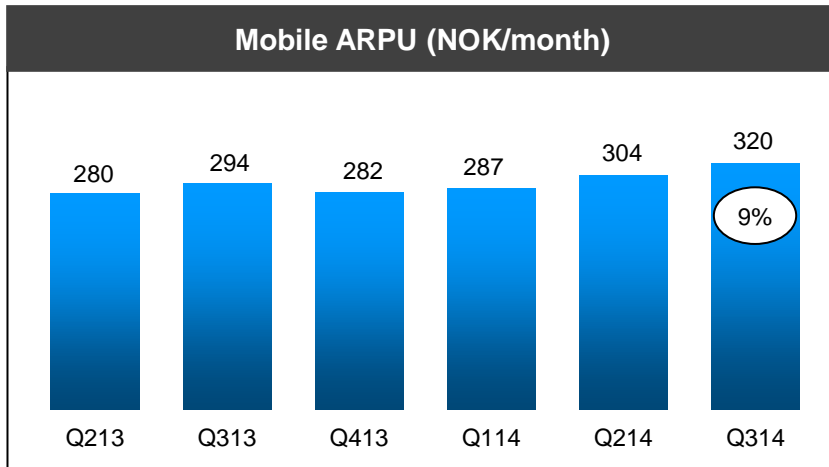
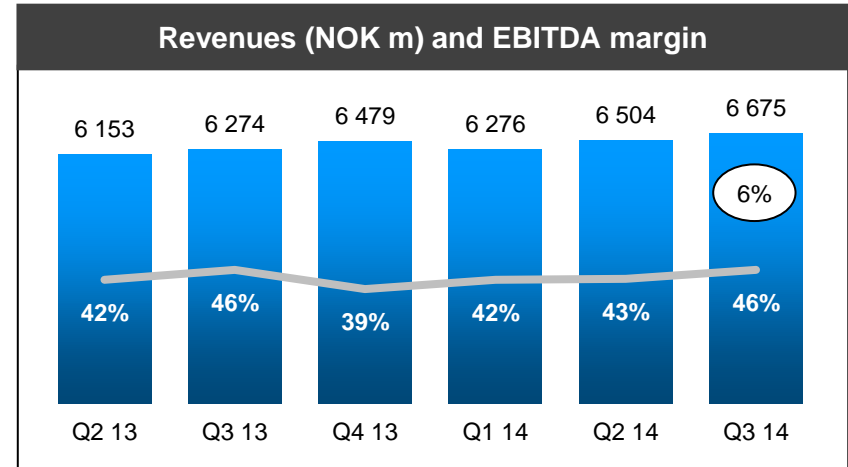
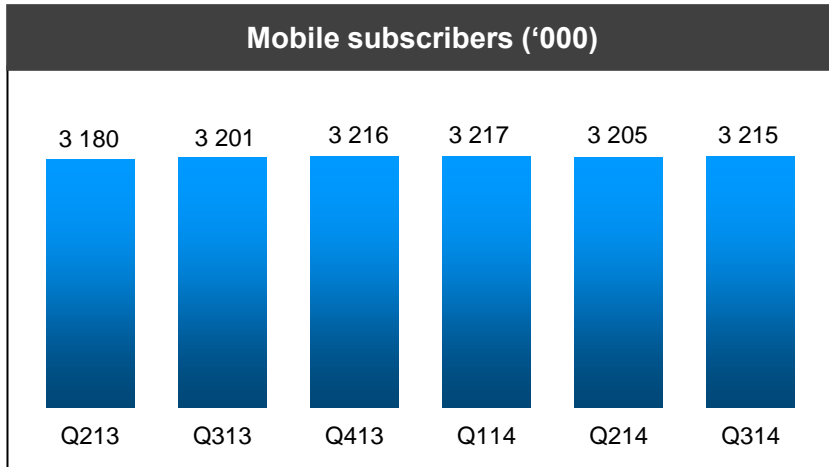


■ Norway ■ Europe ■ Asia ■ Other

Priorities for capital allocation

1	Maintain a solid balance sheet	<i>Net debt/EBITDA below 2.0x</i>
2	Competitive shareholder remuneration	<i>50-80% dividend payout of normalised net income Aim for YoY growth in dividends</i>
3	Disciplined and selective M&A	<i>Value driven, within core assets and regions</i>

Norway

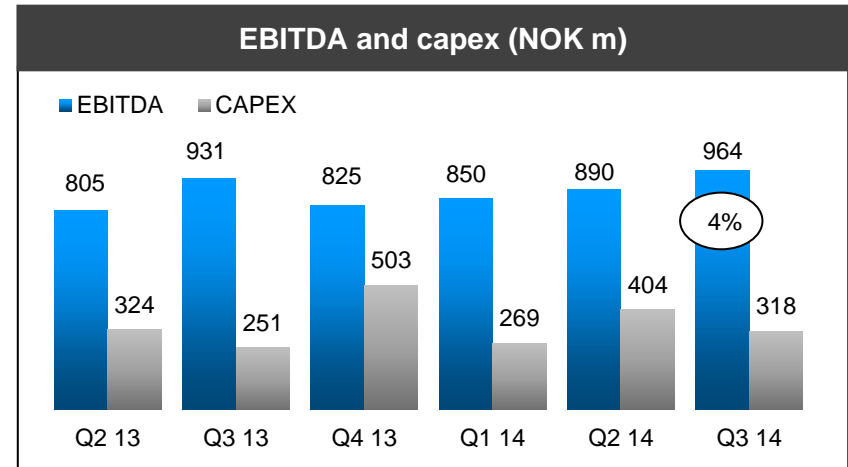
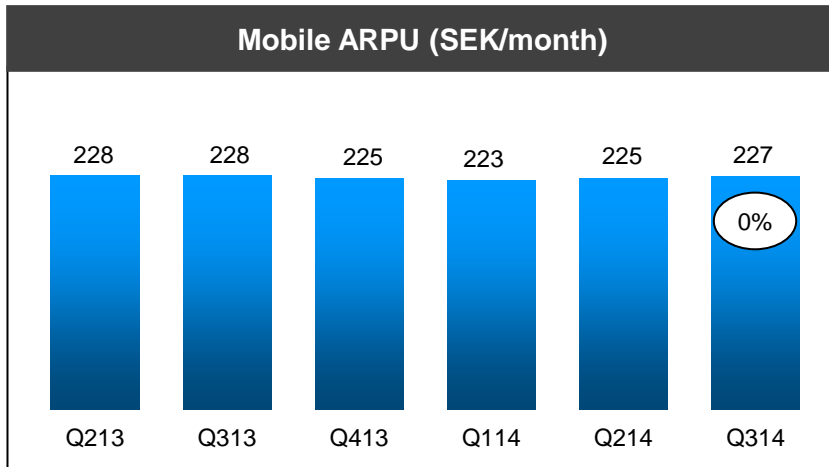
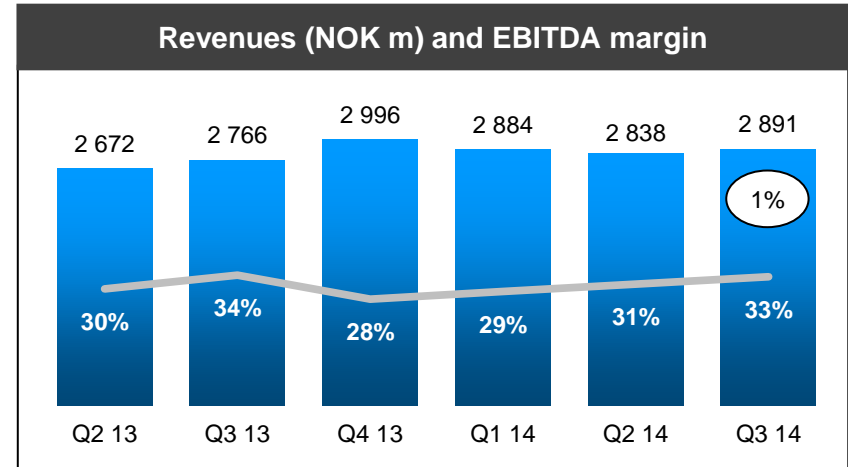
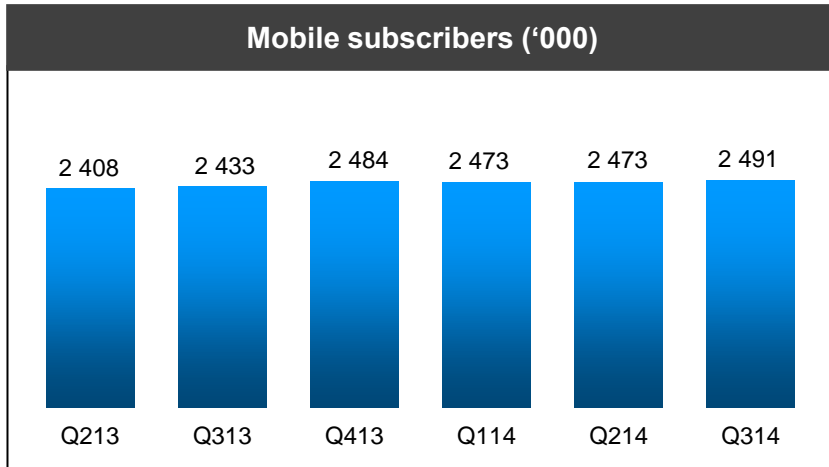


○ Organic growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees

Q3 2014

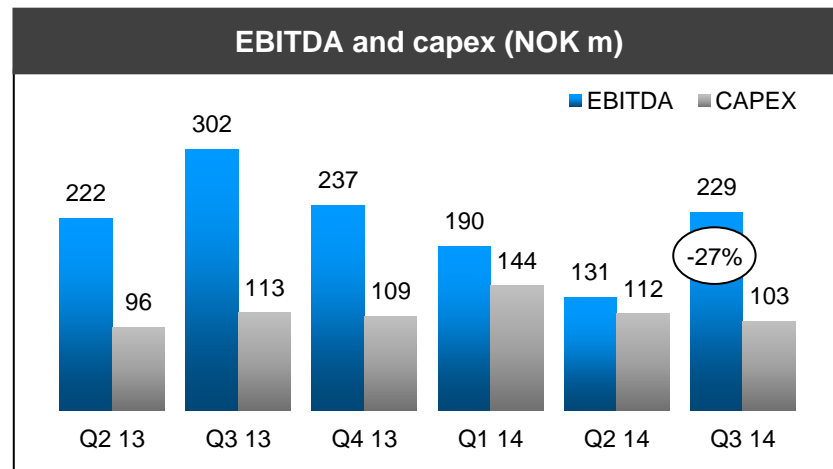
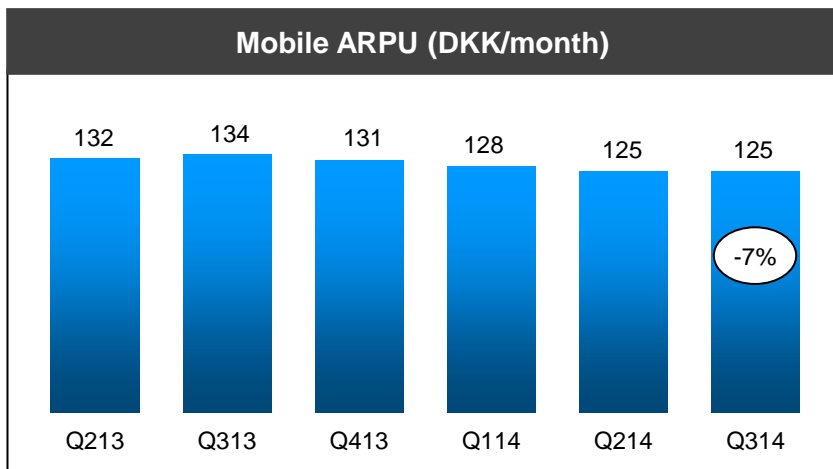
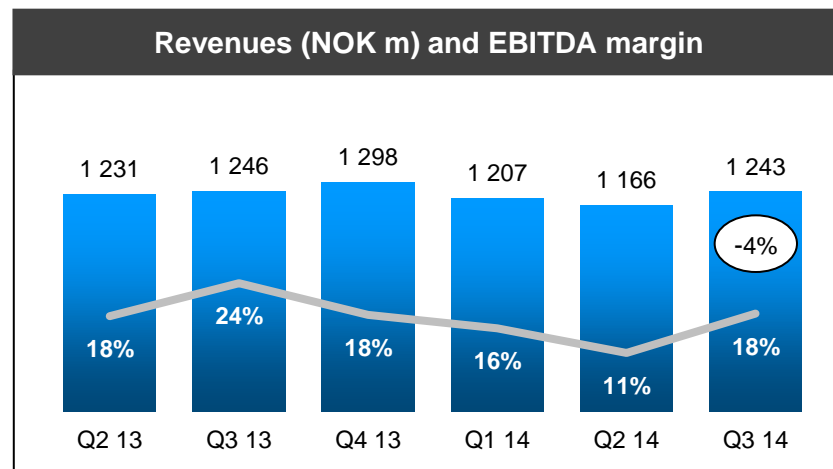
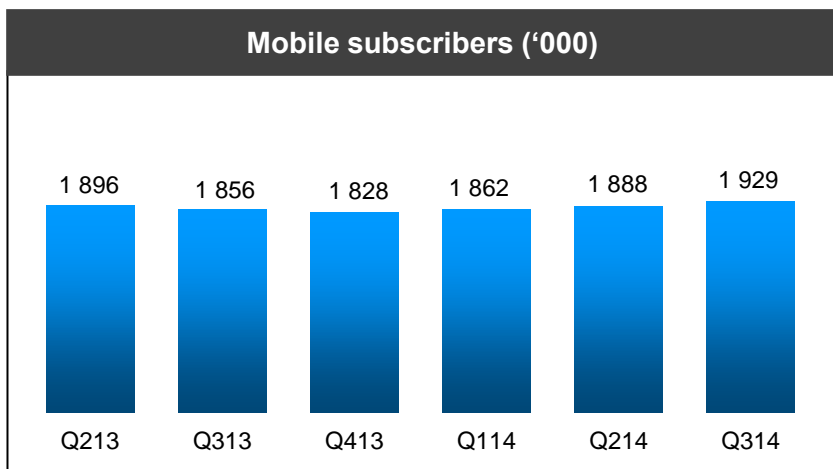
Sweden



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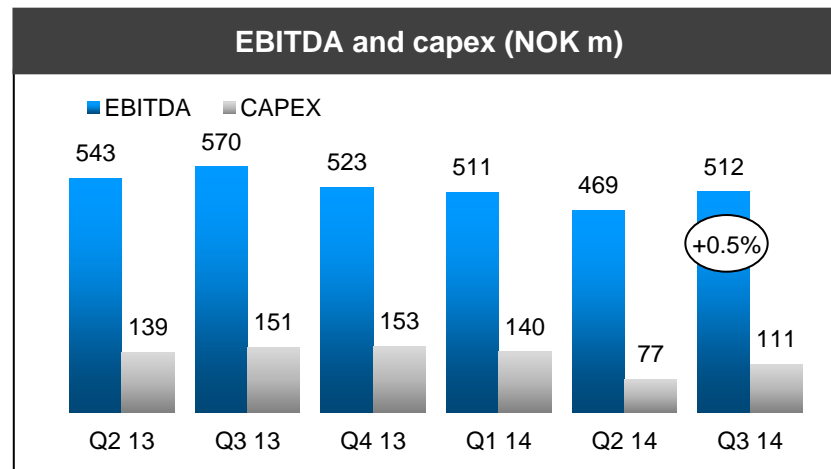
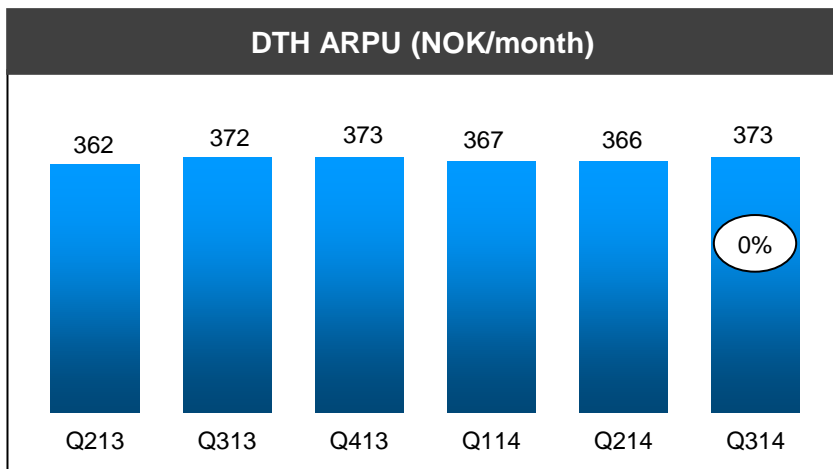
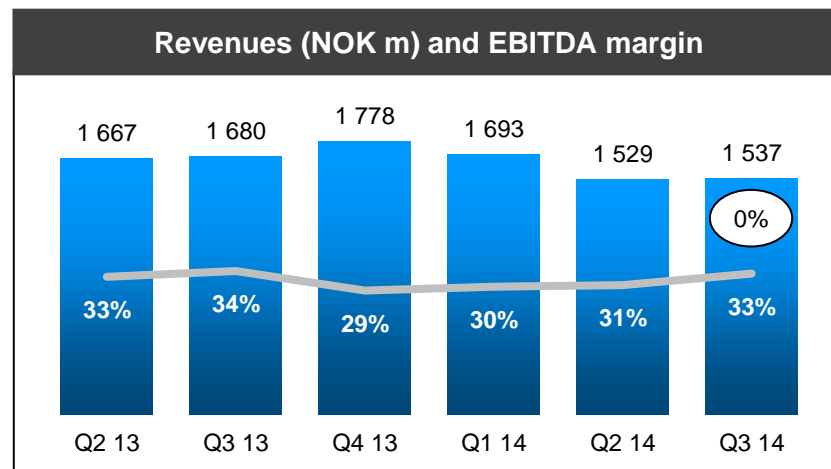
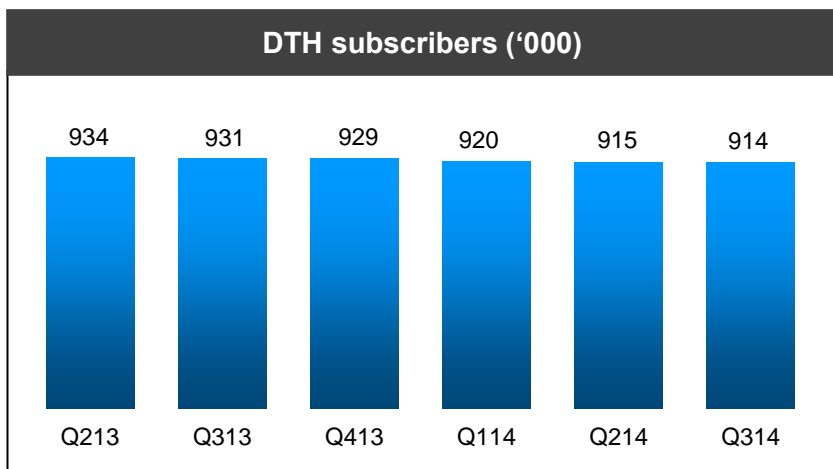
Denmark



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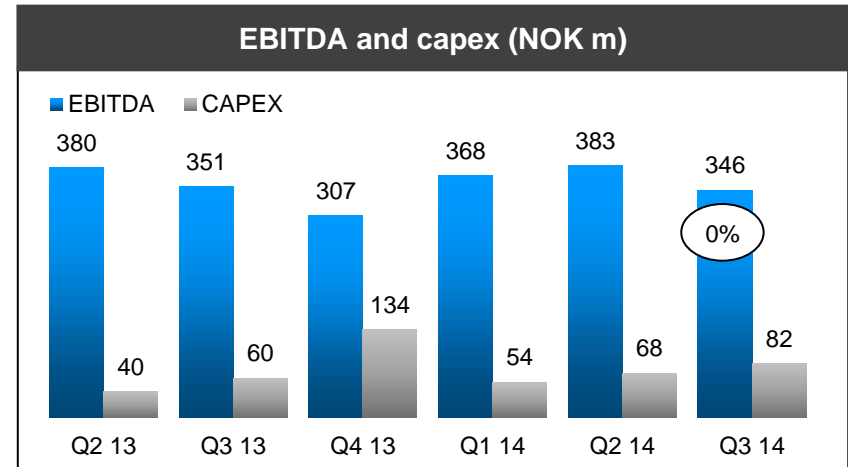
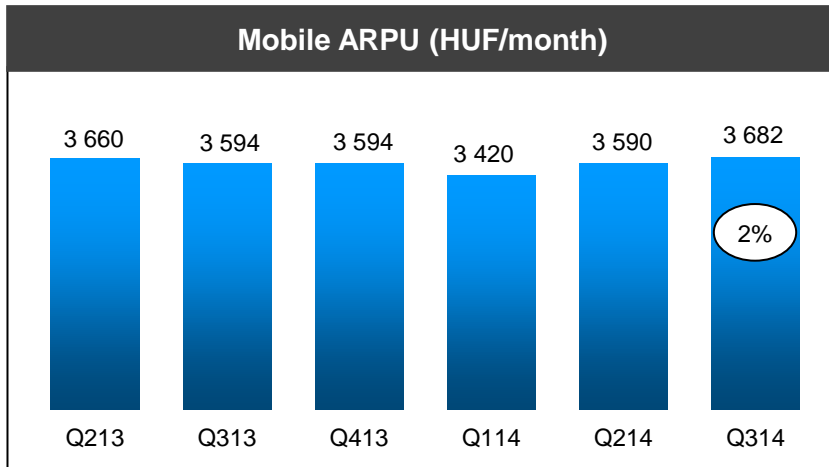
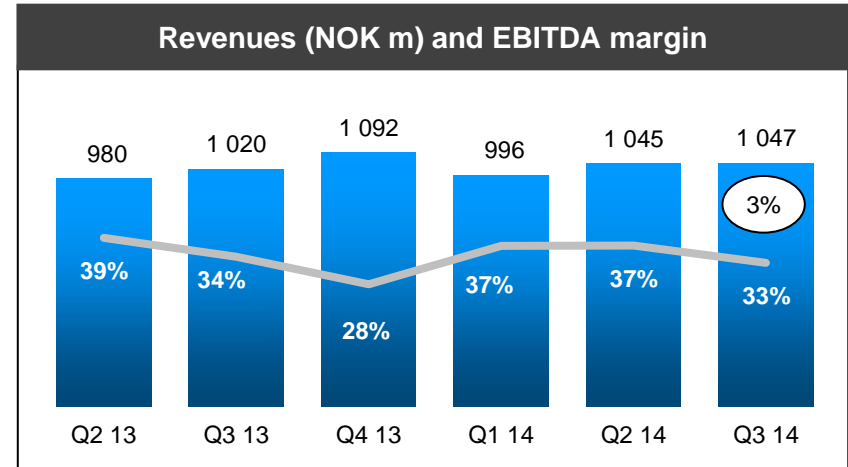
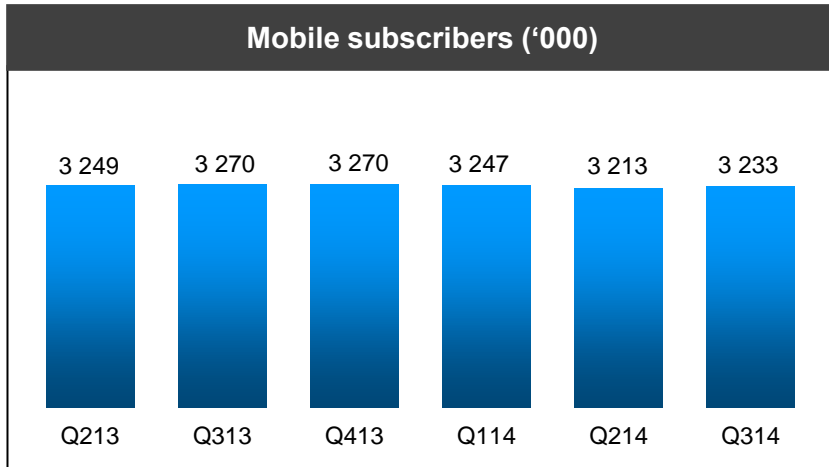
Broadcast



○ Organic growth

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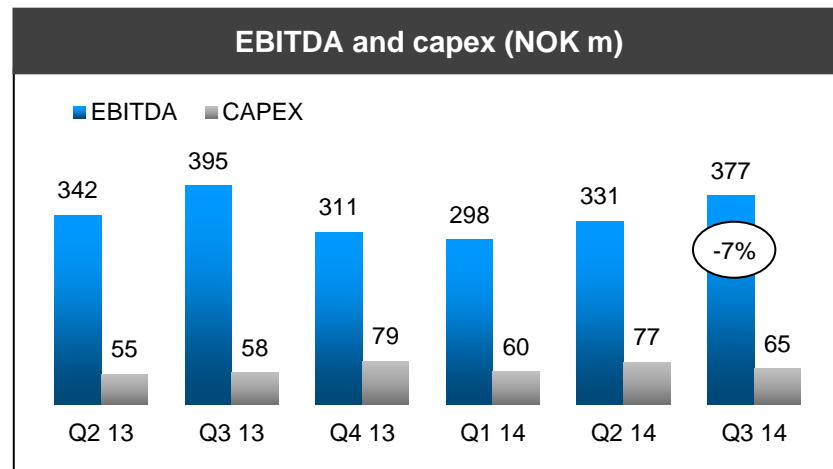
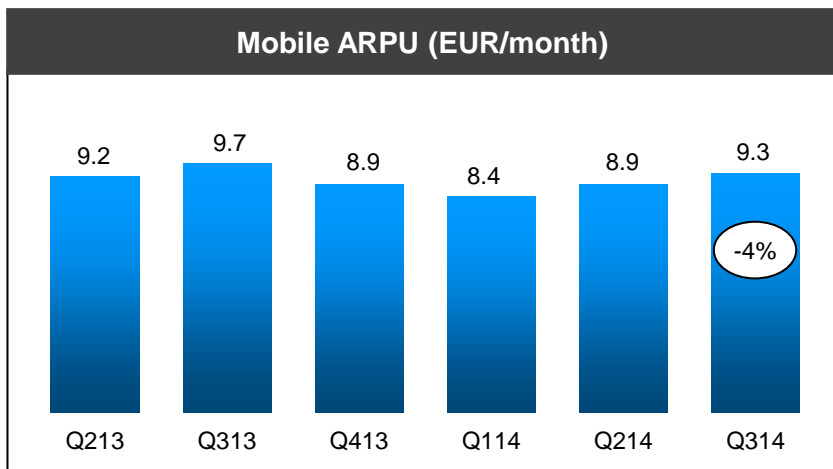
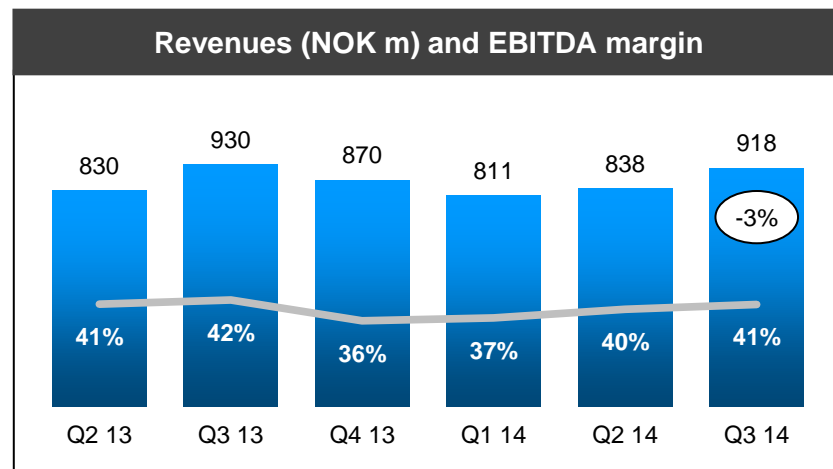
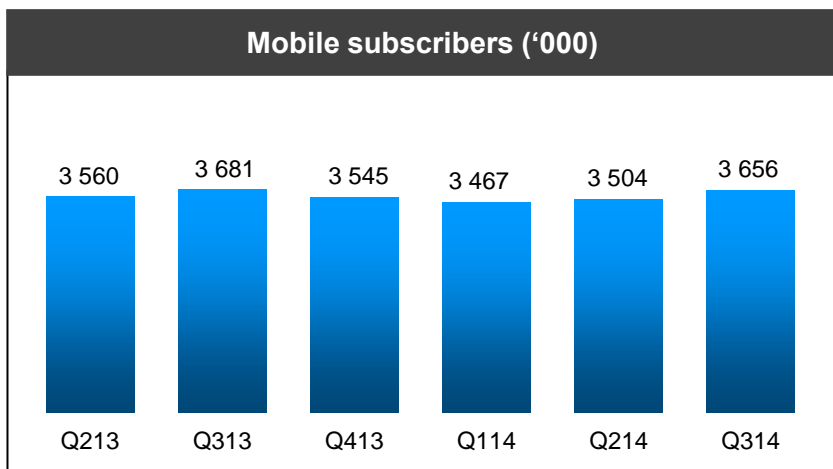
Hungary



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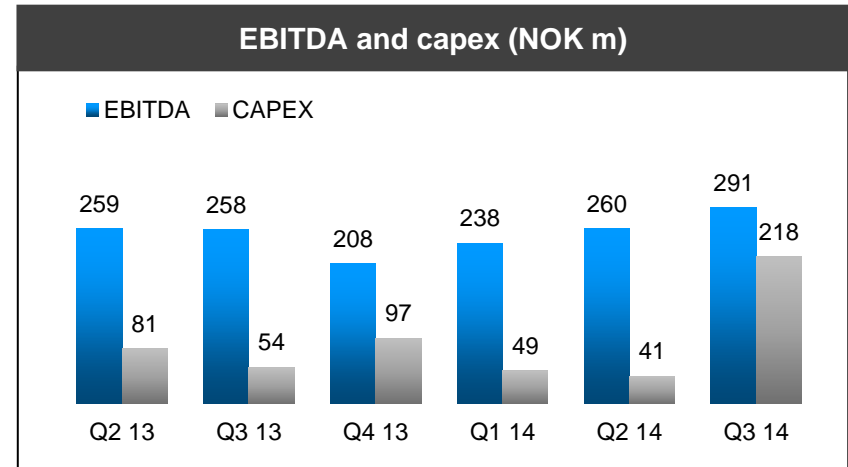
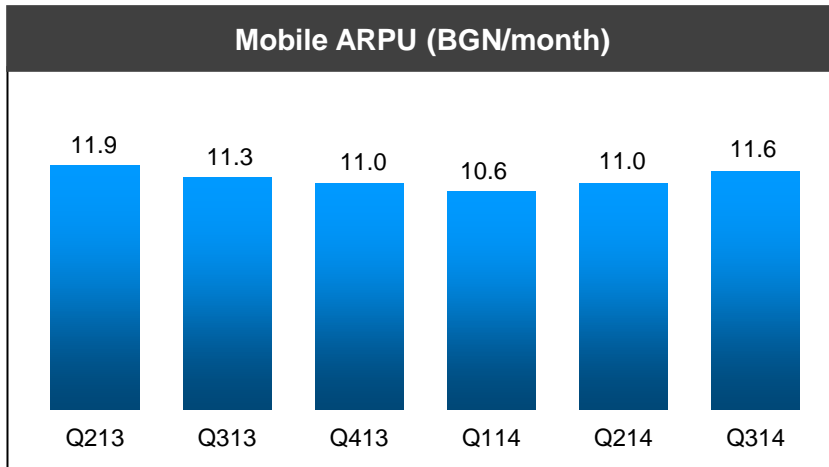
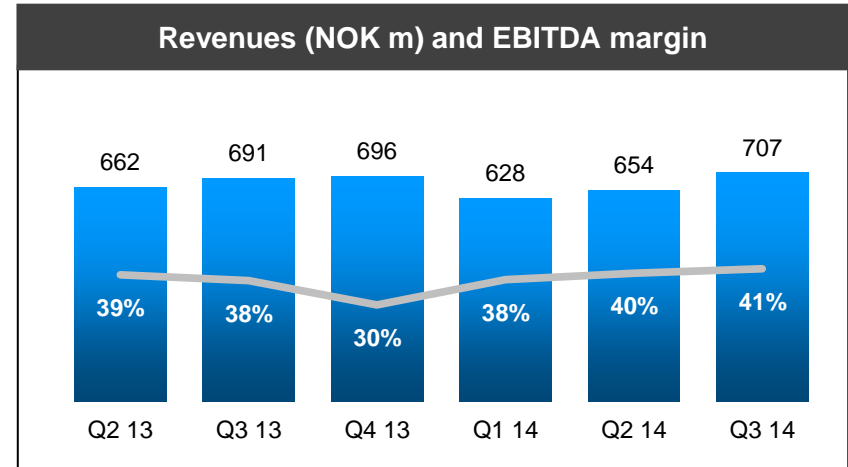
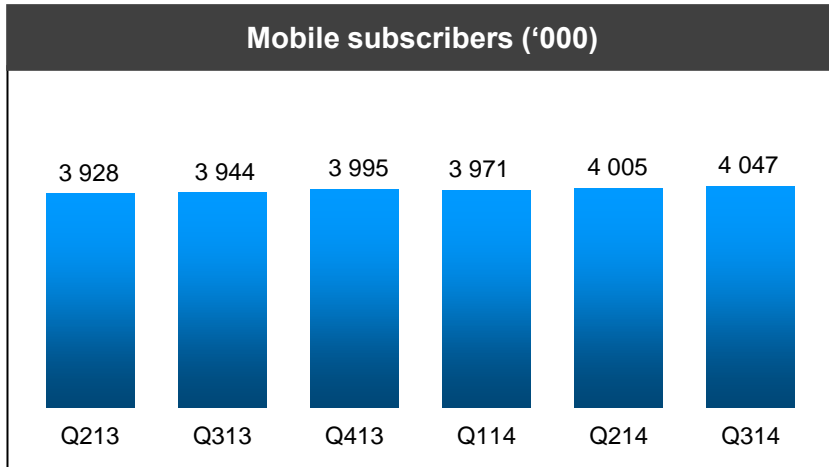
Montenegro and Serbia



○ Organic growth

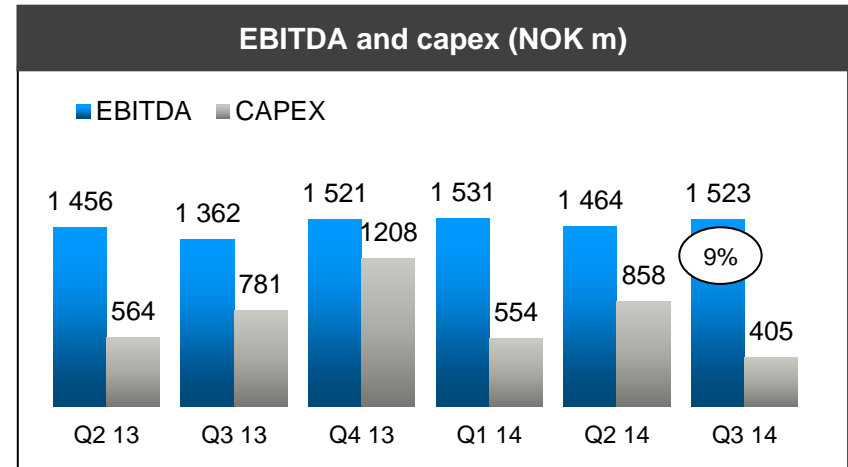
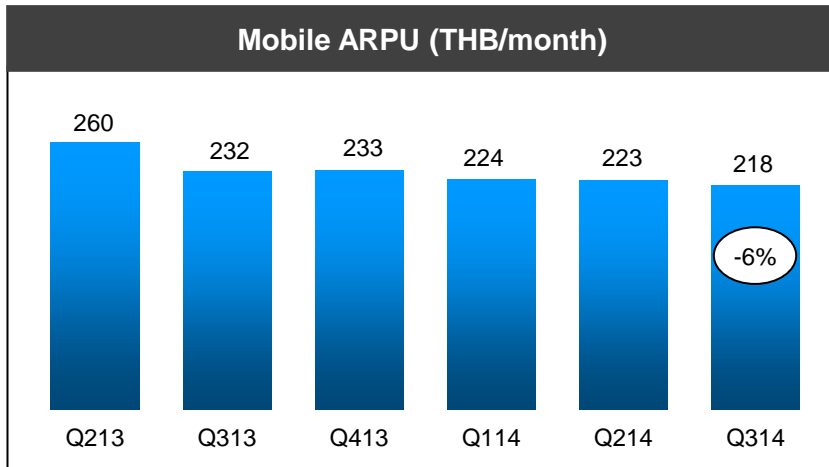
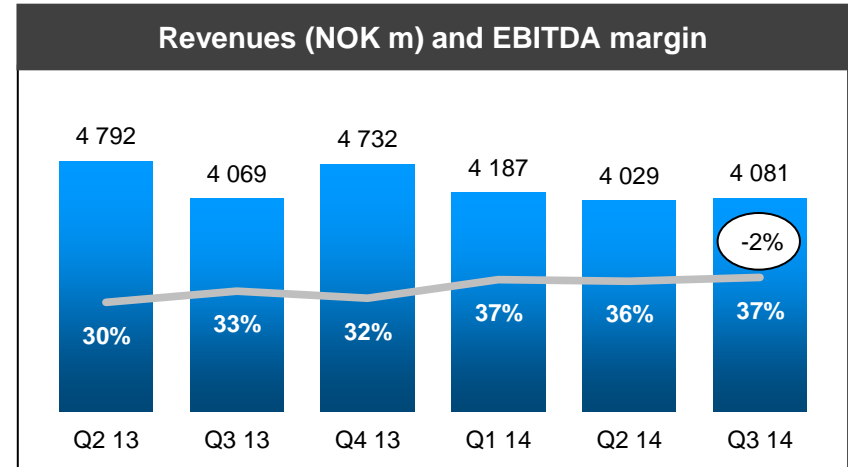
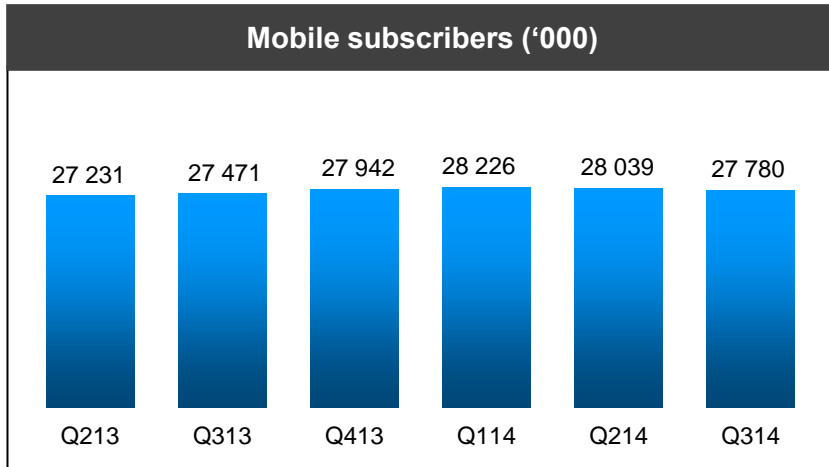
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EBITDA and EBITDA margin before other items. Capex excl licence fees

Bulgaria (Globul)



○ Organic growth

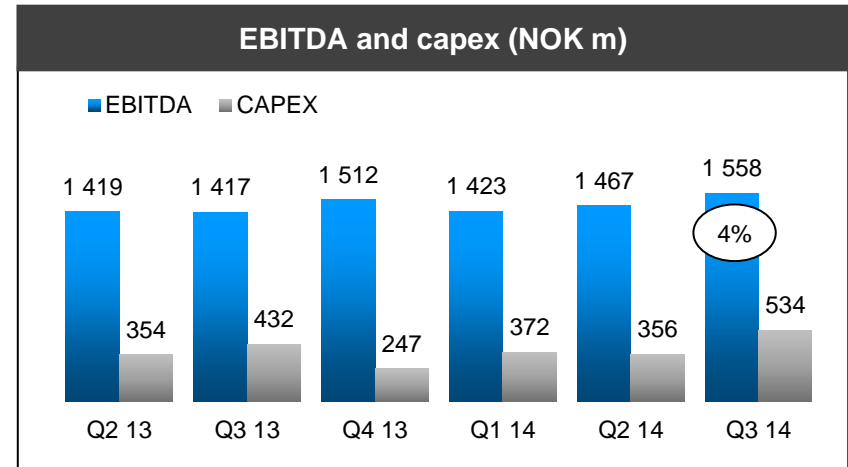
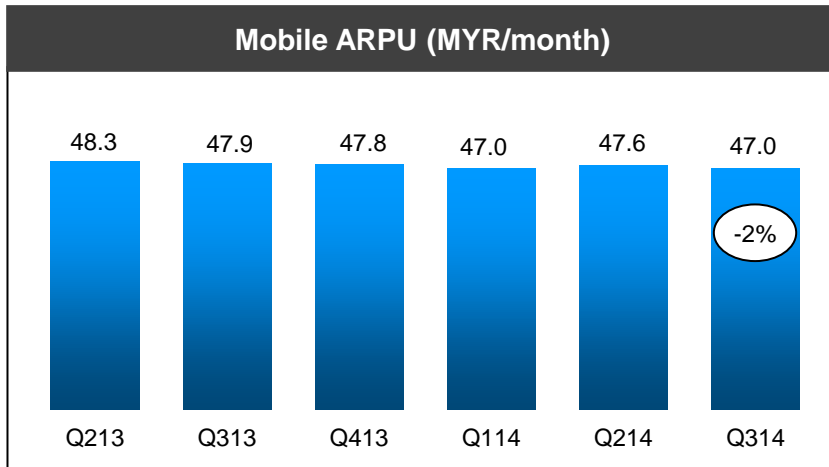
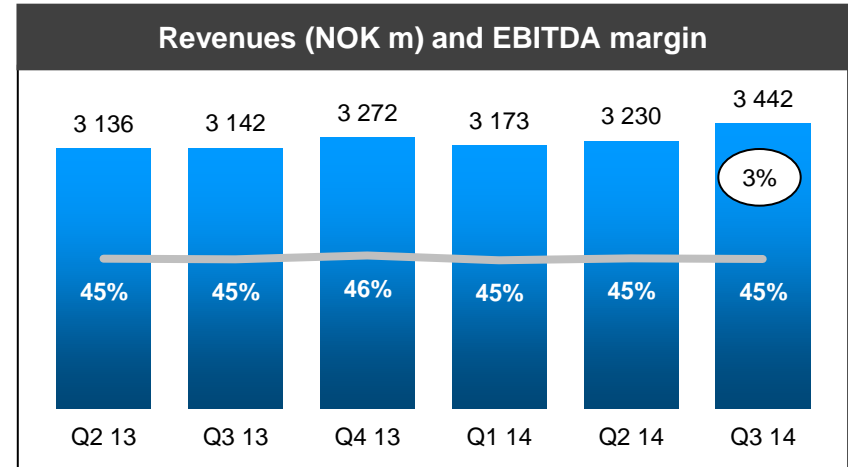
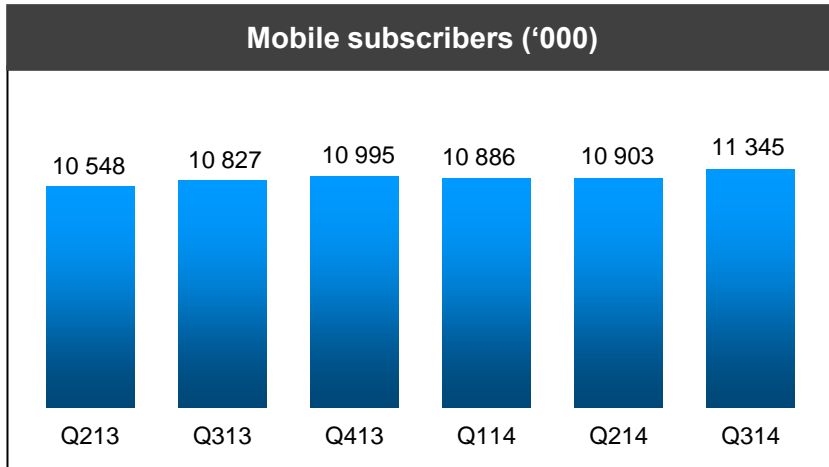
Thailand (dtac)



○ Organic growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees

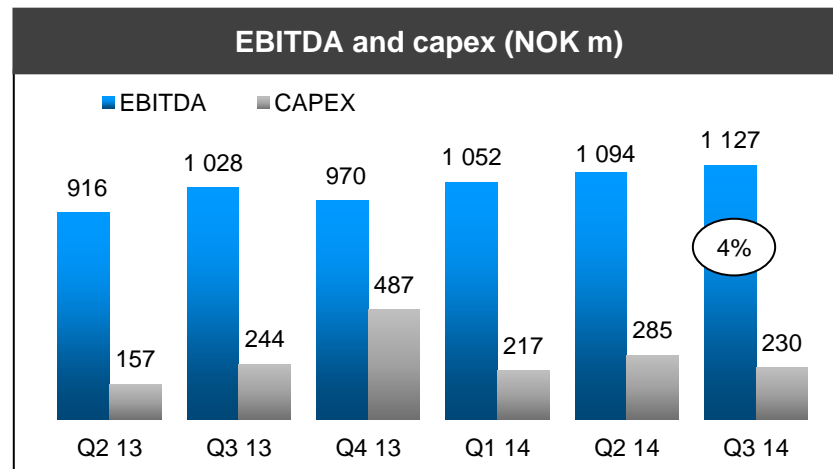
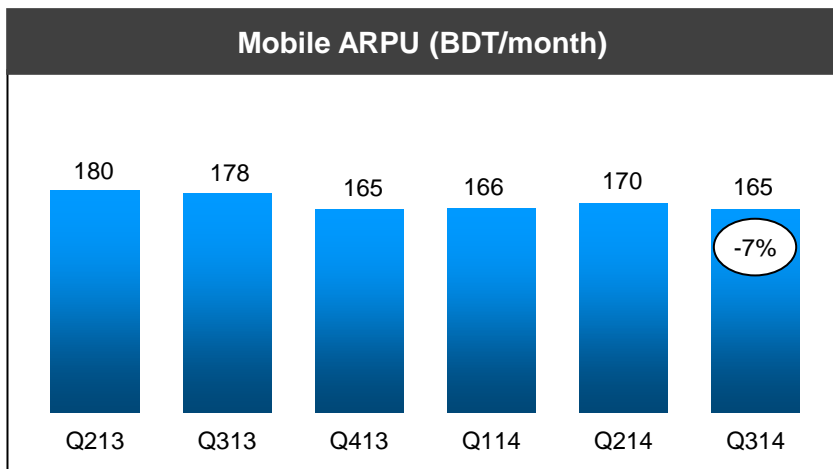
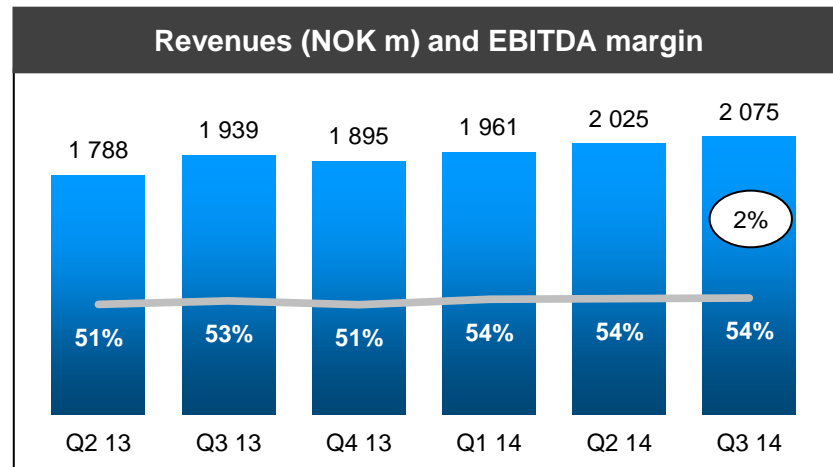
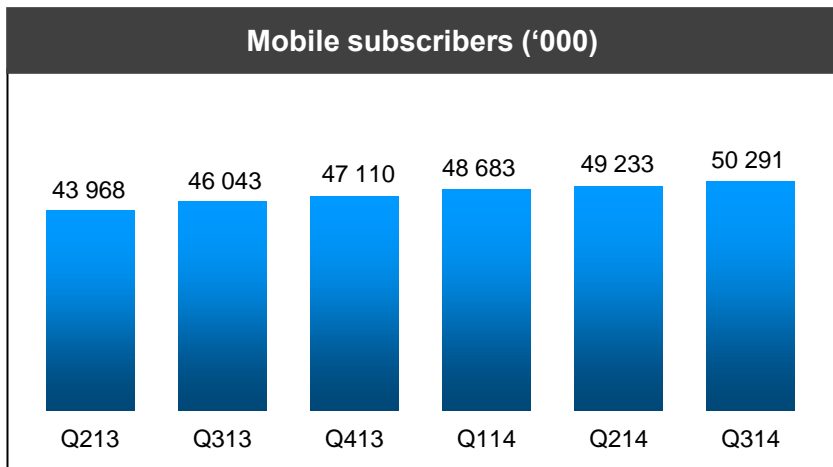
Malaysia (DiGi)



○ Organic growth

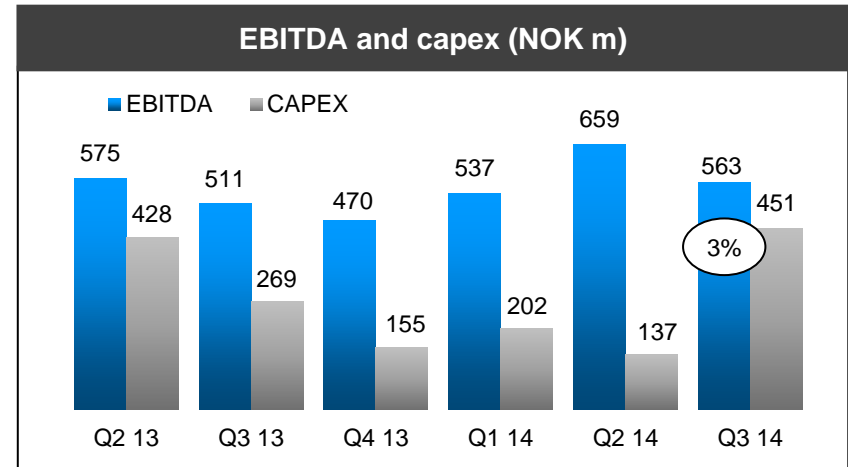
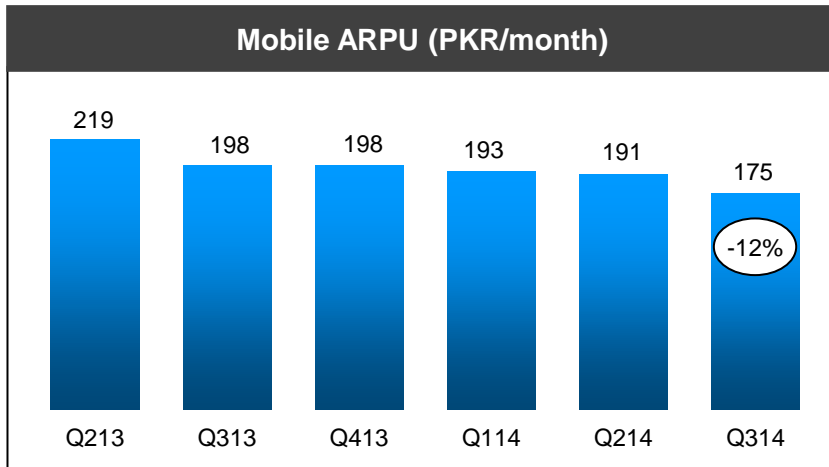
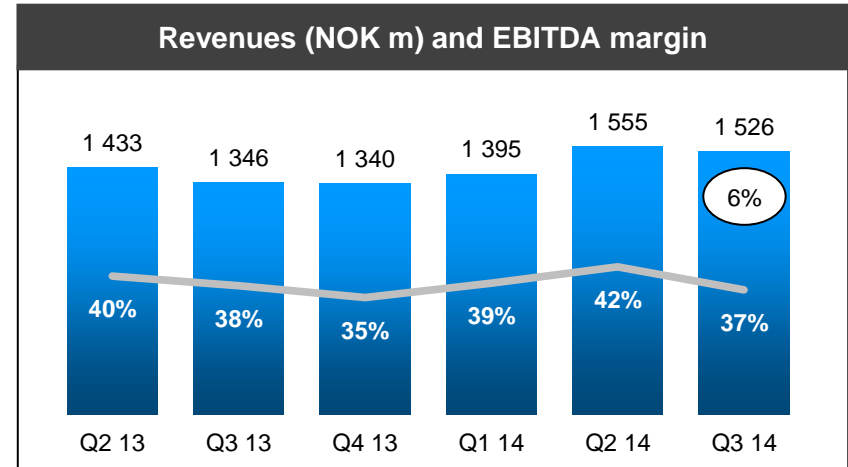
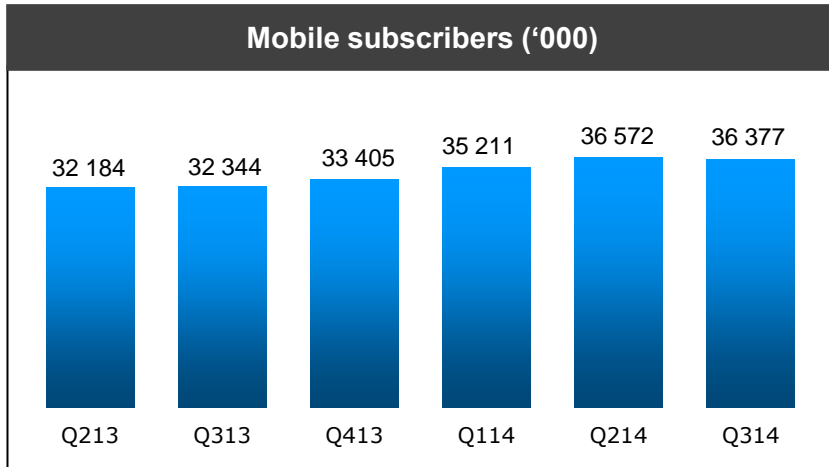
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees

Bangladesh (Grameenphone)



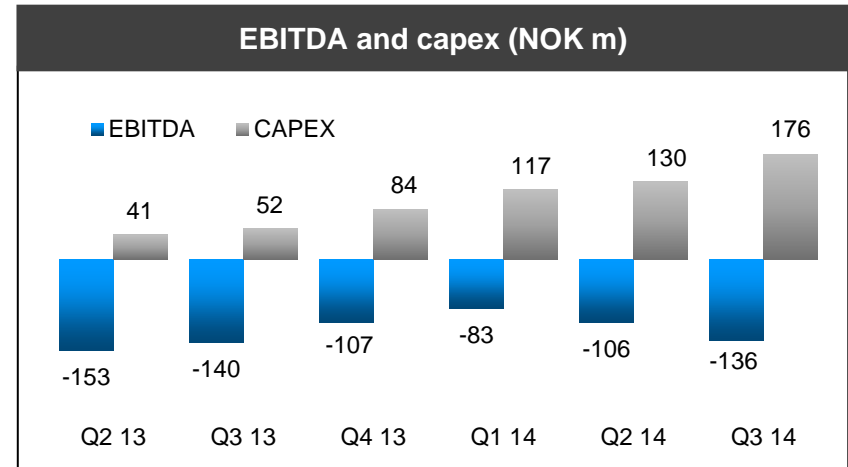
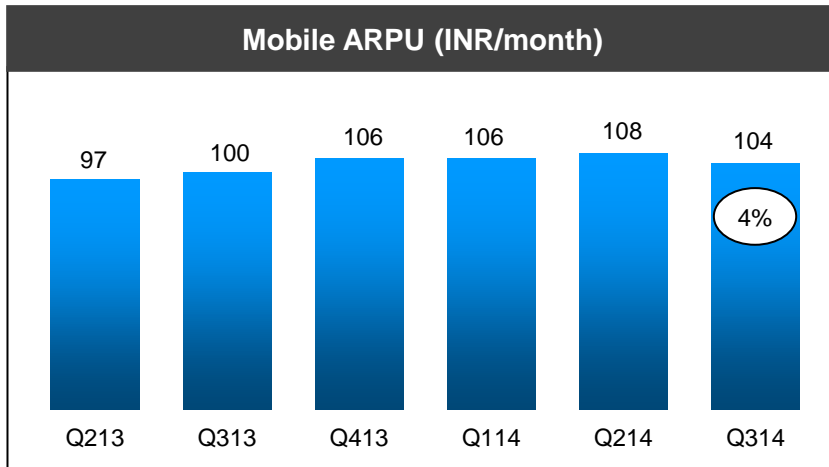
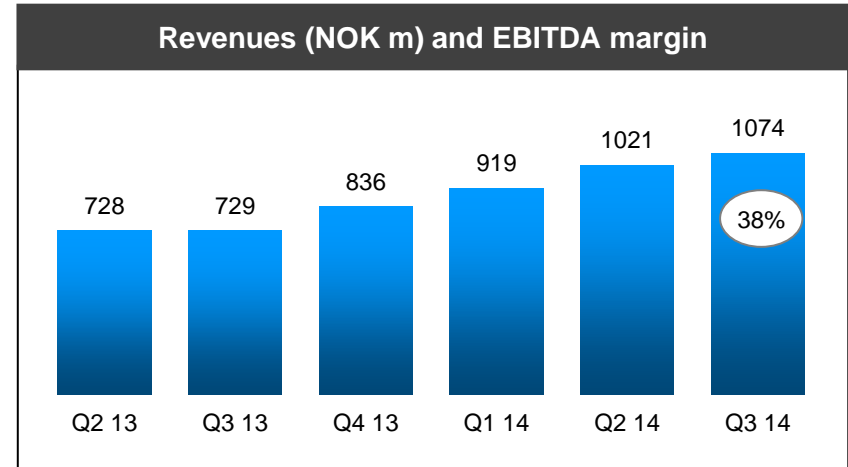
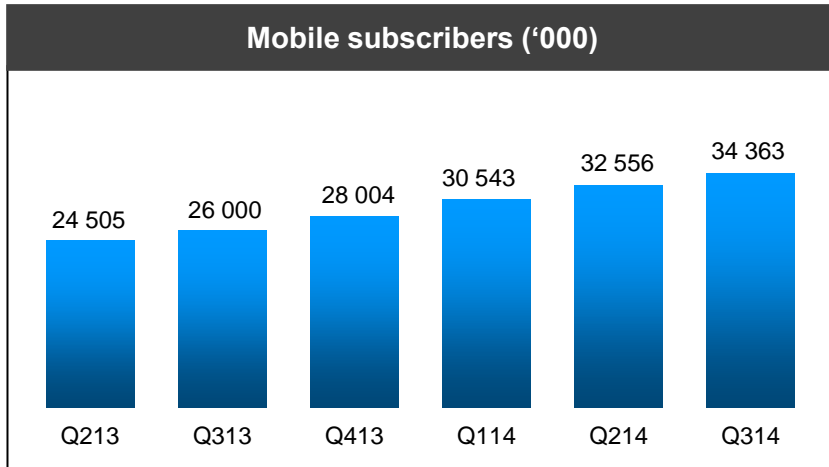
○ Organic growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees



○ Organic growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees



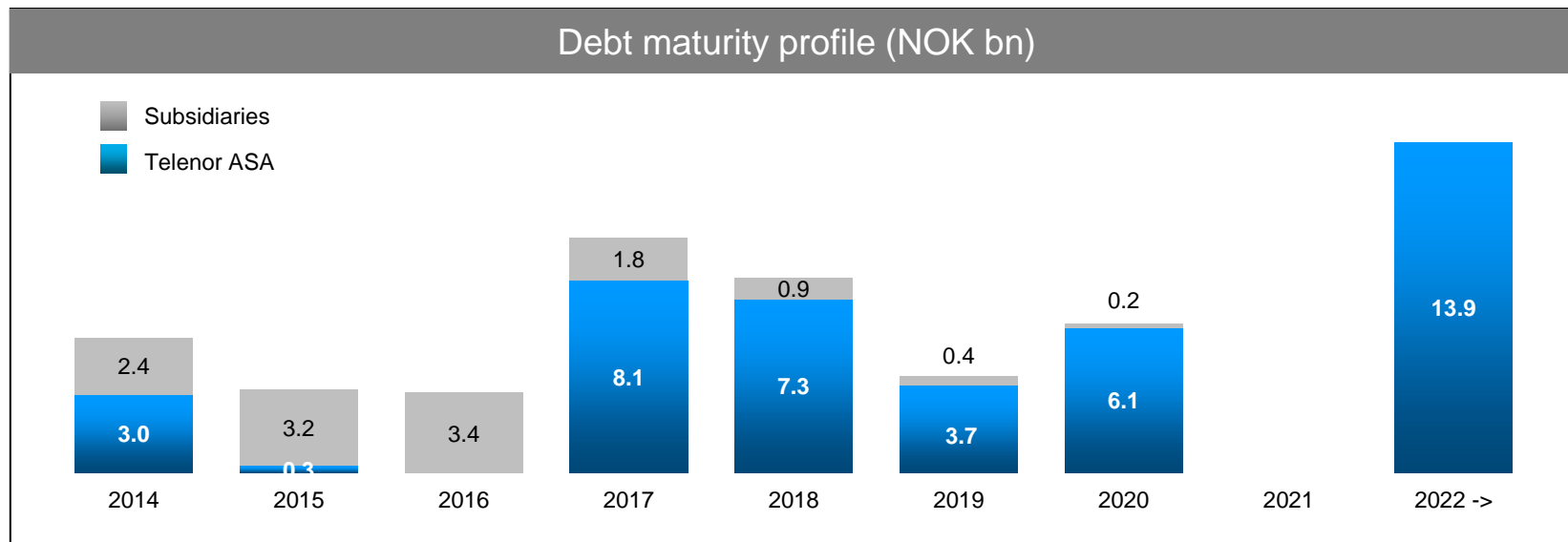
○ Organic growth

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees

Changes in revenues and EBITDA

	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	6.4 %	6.4 %	6.4 %	6.4 %
Sweden	4.5 %	1.5 %	3.5 %	3.6 %
Denmark	-0.2 %	-4.1 %	-24.0 %	-27.4 %
Hungary	2.6 %	3.3 %	-1.3 %	-0.2 %
Montenegro & Serbia	-1.2 %	-3.4 %	-4.6 %	-6.9 %
Thailand	0.3 %	-2.4 %	11.8 %	8.9 %
Malaysia	9.5 %	3.3 %	9.9 %	3.7 %
Bangladesh	7.0 %	2.5 %	9.6 %	4.1 %
Pakistan	13.3 %	6.0 %	10.3 %	2.9 %
India	47.3 %	38.0 %		
Broadcast	-8.5 %	0.1 %	-10.1 %	0.5 %
Telenor Group	6.7 %	3.5 %	6.7 %	3.8 %

Debt maturity and net debt in partly owned subsidiaries



Net debt in partly owned subsidiaries (NOK m)

(NOK m)	Q3 2014	Q2 2014	Q3 2013
DiGi	695	852	766
DTAC	2 989	3 151	2 054
Grameenphone	2 850	2 099	1 996
India	1 157	887	512

Per 30 Sep 2014. Excl licence commitments

Net debt in partly owned subsidiaries is shown on 100% figures