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# Q1 – 2016



Interim report  
January – March 2016



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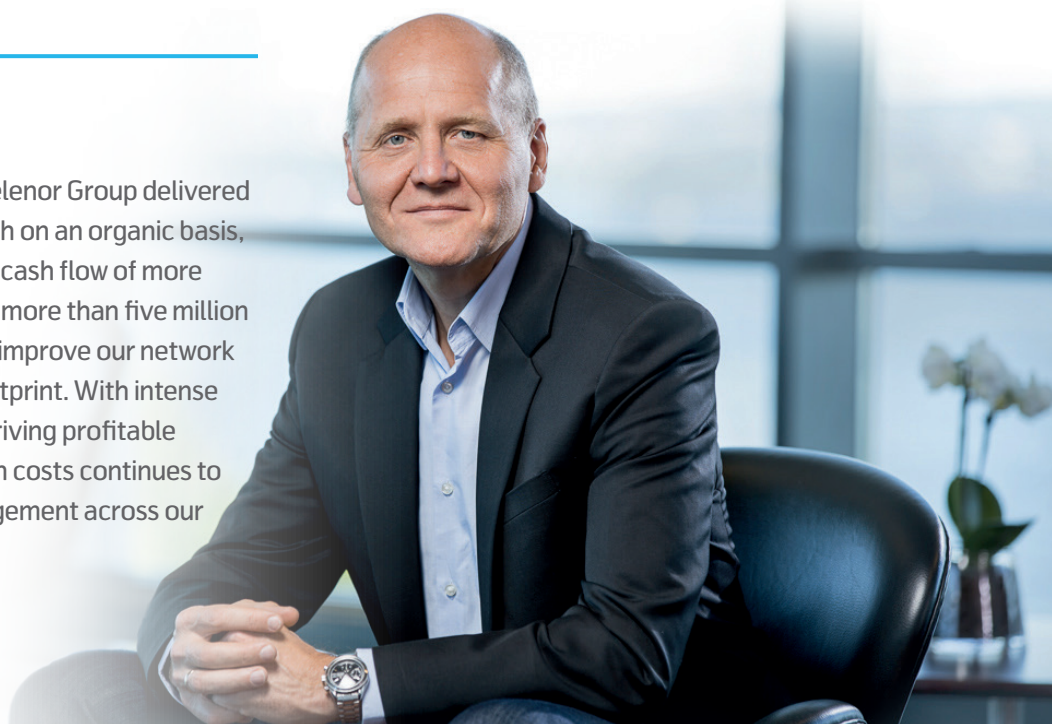
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During the first quarter of 2016, Telenor Group delivered 5% EBITDA and 2% revenue growth on an organic basis, and achieved a healthy operating cash flow of more than NOK 6 billion. We connected more than five million new customers as we continue to improve our network and service quality across our footprint. With intense competition in several markets, driving profitable growth and keeping a close eye on costs continues to be a priority for me and my management across our European and Asian markets.

– Sigve Brekke, President and CEO



## Key figures Telenor Group

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
Revenues	33 013	31 446	128 175
Organic revenue growth (%)	1.5%	7.3%	4.7%
EBITDA before other income and other expenses	11 685	10 795	44 197
EBITDA before other income and other expenses/Revenues (%)	35.4	34.3	34.5
Profit after taxes and non-controlling interests	4 256	3 852	3 414
Capex excl. licences and spectrum/Revenues (%)	16.8	14.8	18.4
Mobile subscriptions – Change in quarter/Total (mill.)	5.4	5.9	203

## Highlights for Q1 2016

Telenor reported first-quarter revenues of NOK 33 billion. Mobile subscription and traffic revenue growth remained healthy at 6%, while total revenues were impacted by lower handset sales and declining revenues from fixed legacy products. The EBITDA margin improved one percentage point to 35%. Adjusted for one-time effects, operating profit was NOK 6.4 billion while profit after taxes and non-controlling interests was NOK 3.6 billion.

5.4 million new mobile subscribers were added, of which 2.2 million in Pakistan, 1.8 million in Myanmar and 1.5 million in India. The total customer base now stands at 208 million and about 40% are active internet users.

In Myanmar, Telenor further improved its market position and the cash flow was positive after seven quarters of operations. Grameenphone in Bangladesh had a solid performance, with an EBITDA and revenue growth of 12% and 9% respectively. In Pakistan, the positive revenue momentum continued and total revenues increased by 9%.

In Norway, subscription and traffic revenues continued to grow, while total revenues dropped as a result of lower fixed revenues, as well as a decline in interconnect rates and handset sales. The EBITDA margin remained strong during the quarter. Through today's launch

of new tariffs, Telenor Norway will give customers improved value and predictability, through increased data speeds, new data buckets and the removal of roaming charges within the entire EU. In Sweden, we plan to further increase our fibre investments amid rising demand. We currently serve around 1.5 million households and aim to expand our fibre offering to an additional 500,000 homes by 2020.

Fierce competition in our Thai and Malaysian markets continued in the first quarter. Digi reported solid postpaid subscriber growth from stronger data network and new price plans. In Thailand, dtac's EBITDA margin widened by one percentage point due to lower handset subsidies. The network expansion programme continued, with 4,700 new sites rolled out during the quarter.

Going forward, Telenor's key priority will continue to be securing profitable growth and cost efficiency.

Based on the first quarter performance, the financial guidance for 2016 remains unchanged. We expect an organic revenue growth in the range of 2% to 4% and an EBITDA margin of 33% to 34%. The capex to sales ratio is expected to be 17% to 19%.

# Interim report

## Telenor's operations

The comments below are related to Telenor's development in the first quarter of 2016 compared to the first quarter of 2015, unless otherwise stated. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 8 for 'Specification of other income and other expenses'. Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir)

### Norway

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues mobile operation</b>			
Subscription and traffic	2 831	2 792	11 544
Interconnect revenues	144	211	745
Other mobile revenues	251	299	998
Non-mobile revenues	355	385	1 795
<b>Total revenues mobile operation</b>	<b>3 581</b>	<b>3 687</b>	<b>15 082</b>
<b>Revenues fixed operation</b>			
Telephony	478	570	2 139
Internet and TV	1 335	1 352	5 414
Data services	127	130	506
Other fixed revenues	420	433	1 698
<b>Total retail revenues</b>	<b>2 360</b>	<b>2 484</b>	<b>9 758</b>
Wholesale revenues	389	452	1 703
<b>Total revenues fixed operation</b>	<b>2 749</b>	<b>2 937</b>	<b>11 460</b>
<b>Total revenues</b>	<b>6 330</b>	<b>6 624</b>	<b>26 542</b>
<b>EBITDA before other items</b>			
	<b>2 772</b>	<b>2 792</b>	<b>11 088</b>
Operating profit	1 772	1 869	7 218
<b>EBITDA before other items/ Total revenues (%)</b>			
	43.8	42.2	41.8
Capex	908	848	4 844
<b>Mobile ARPU - monthly (NOK)</b>			
	315	312	320
Fixed Telephony ARPU	261	276	270
Fixed Internet ARPU	344	346	345
TV ARPU	283	285	291
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(34)	(10)	3 163
Fixed telephony	(20)	(24)	620
Fixed Internet	(1)	(1)	854
TV	3	(5)	527

- The number of mobile subscriptions decreased by 34,000 during the quarter, mainly from a reduction in the number of data cards and prepaid subscriptions. At the end of the quarter, the subscription base was 2% lower than last year.
- Mobile ARPU increased by 1% or NOK 4 from increased share of contract subscriptions and demand for subscriptions with larger data volumes, more than offsetting the negative effects of reduced interconnect rates and lower roaming prices. Excluding the price changes in interconnect, ARPU increased by 3%.
- Mobile subscription and traffic revenues increased by 1%. Total mobile revenues decreased by 3% as the growth in subscription and traffic revenues was more than offset by lower interconnect, wholesale and handset revenues.
- Total fixed revenues decreased by 6% primarily due to reduced revenues from fixed telephony, broadband and wholesale products. During the quarter, 12,000 high-speed internet subscriptions were added, taking the total number of high-speed connections to 556,000.
- Total reported revenues decreased by 4% compared to last year.
- EBITDA decreased by 1% as the decrease in revenues was partly offset by reduced handset and interconnect costs and lower personnel, commissions cost in combination with fewer fault corrections. The EBITDA margin improved by 2 percentage points to 44% or to 43% excluding a one-off related to reversal of project costs.
- Capital expenditure was driven by continued 4G network expansion and fixed high-speed broadband roll-out, in combination with transformation initiatives within the fixed business.
- From 1 January 2016, the mobile interconnect rate was reduced from NOK 0.083 to NOK 0.075.

## Sweden

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues mobile operation</b>			
Subscription and traffic	1 578	1 416	5 944
Interconnect revenues	144	133	552
Other mobile revenues	80	82	367
Non-mobile revenues	491	583	2 553
<b>Total revenues mobile operation</b>	<b>2 293</b>	<b>2 214</b>	<b>9 416</b>
<b>Revenues fixed operation</b>	<b>828</b>	<b>770</b>	<b>3 160</b>
<b>Total revenues</b>	<b>3 121</b>	<b>2 984</b>	<b>12 576</b>

<b>EBITDA before other items</b>	<b>893</b>	<b>854</b>	<b>3 667</b>
Operating profit	479	491	2 094

EBITDA before other items/ Total revenues (%)	28.6	28.6	29.2
Capex	336	308	1 302
Investments in businesses	-	3	3

Mobile ARPU - monthly (NOK)	225	207	213
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	3	(23)	2 548
Fixed telephony	(9)	(21)	244
Fixed Internet	1	(5)	639
TV	(3)	(3)	487

Exchange rate (SEK)	1.0213	0.9310	0.9572
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- The number of mobile subscriptions increased by 3,000 during the quarter, driven by continued growth in the business segment. The subscription base was 3% higher than at the end of first quarter last year.
- Mobile ARPU in local currency decreased by 1% as price pressure in the business segment more than offset the continued solid trend in the contract consumer segment.
- Total mobile revenues in local currency decreased by 6%. The reported handset revenues declined due to the high handset sales in first quarter last year, and change in accounting treatment for handsets sold through external channels. Mobile subscription and traffic revenues increased by 2%.
- 11,000 high-speed fixed internet subscriptions were added this quarter, taking the total number of high-speed internet subscriptions to 486,000. The decline in ADSL continued. The number of TV subscribers decreased by 3,000 due to reduction in Coax.
- Fixed revenues in local currency decreased by 2% due to declining fixed telephony revenues.
- The EBITDA margin remained stable. EBITDA in local currency decreased by 5% as operating expenditure related to sales and marketing activities as well as salaries more than offset the effects from higher mobile service revenues and improved handset margin.
- Capital expenditure in the quarter was mainly related to network modernisation and 4G coverage expansion as well as fibre roll-out.

## Denmark

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues mobile operation</b>			
Subscription and traffic	771	718	2 939
Interconnect revenues	43	42	173
Other mobile revenues	33	28	149
Non-mobile revenues	251	308	1 300
<b>Total revenues mobile operation</b>	<b>1 097</b>	<b>1 097</b>	<b>4 561</b>
<b>Revenues fixed operation</b>	<b>159</b>	<b>159</b>	<b>640</b>
<b>Total revenues</b>	<b>1 256</b>	<b>1 256</b>	<b>5 201</b>

<b>EBITDA before other items</b>	<b>162</b>	<b>208</b>	<b>591</b>
Operating profit (loss)	80	1	(2 516)

EBITDA before other items/ Total revenues (%)	12.9	16.6	11.4
Capex	118	134	497

Mobile ARPU - monthly (NOK)	152	144	146
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	13	22	1 784
Fixed telephony	(1)	(2)	76
Fixed Internet	(2)	4	159

Exchange rate (DKK)	1.2769	1.1721	1.2004
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- The number of mobile subscriptions increased by 13,000 during the quarter driven by growth in the business segment. The development in consumer contract and prepaid segments remained stable. The subscription base was 2% higher than at the end of first quarter last year.
- From 31 March, pay-as-you-go cards will no longer be part of Telenor Denmark's product offering. Subscription and ARPU figures have been updated retrospectively.
- In February the Bibob brand was closed down and activities merged with the CBB brand. Bibob's customers were offered to continue on similar service plans under the CBB brand.
- Mobile ARPU in local currency declined by 3% as a consequence of conversion to lower priced tariffs and lower interconnect rates.
- Total revenues in local currency decreased by 8% mainly as a result of lower mobile ARPU and 9% decline in fixed revenues. Mobile subscription and traffic revenues decreased by 2%.
- The EBITDA margin decreased by 4 percentage points, mainly explained by increased operating expenditure related to the implementation of new business support systems.
- Operating profit in local currency increased by DKK 61 million. A DKK 114 million reduction in depreciation & amortisation following write-down of assets in the fourth quarter last year in the amount of DKK 1.7 billion was partly outbalanced by DKK 53 million EBITDA decrease first quarter this year.
- The capital expenditure was mainly related to the ongoing network roll-out.
- See Other units for additional information on investments in common business support systems.
- From 1 January 2016, the mobile termination rate was reduced from DKK 0.0602 to DKK 0.0541 per voice minute.

## Hungary

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	908	836	3 526
Interconnect revenues	68	152	349
Other mobile revenues	18	18	81
Non-mobile revenues	124	90	535
<b>Total revenues</b>	<b>1 117</b>	<b>1 098</b>	<b>4 490</b>
<b>EBITDA before other items</b>	<b>354</b>	<b>354</b>	<b>1 382</b>
Operating profit	190	208	760
<b>EBITDA before other items/ Total revenues (%)</b>	<b>31.7</b>	<b>32.2</b>	<b>30.8</b>
Capex	46	67	314

No. of subscriptions - Change in quarter/ Total (in thousands):	(13)	(27)	3 164
ARPU - monthly (NOK)	103	102	100
Exchange rate (HUF)	0.0305	0.0283	0.0289

- The number of subscriptions decreased by 13,000 in the quarter mainly due to loss of prepaid customers. The subscription base was 2% lower than at the end of first quarter last year.
- ARPU in local currency decreased by 6% due to significant reduction in interconnect rates from 1 April 2015. ARPU excluding interconnect increased by 3%.
- Total revenues in local currency decreased by 6% from lower interconnect revenues partly offset by 1% increase in subscription and traffic revenues and revenues related to network sharing.
- The EBITDA margin remained stable as the interconnect reductions was offset by cost related to the business support system. EBITDA in local currency decreased by 7%.
- Capital expenditure in local currency was 36% lower than first quarter last year mainly due to lower IT investments as well as higher 4G roll-out last year.
- See Other units for additional information on investments in common business support systems.

## Bulgaria

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	568	527	2 180
Interconnect revenues	60	41	195
Other mobile revenues	6	6	34
Non-mobile revenues	124	111	531
<b>Total revenues</b>	<b>758</b>	<b>685</b>	<b>2 940</b>
<b>EBITDA before other items</b>	<b>286</b>	<b>253</b>	<b>1 134</b>
Operating profit (loss)	137	173	615
<b>EBITDA before other items/ Total revenues (%)</b>	<b>37.8</b>	<b>37.0</b>	<b>38.6</b>
Capex	33	113	525

No. of subscriptions - Change in quarter/ Total (in thousands):	(60)	(87)	3 583
ARPU - monthly (NOK)	59	49	52
Exchange rate (BGN)	4.8708	4.4646	4.5777

- The number of subscriptions decreased by 60,000 during the quarter, mainly within prepaid, due to aggressive competition and market trends of SIM consolidation. The subscription base decreased by 8% compared to end of first quarter last year.
- ARPU in local currency increased by 10%, mainly due to increased demand for high-end bundled subscriptions supported by the new portfolio with 4G focus and increased share of contract subscriptions. Mobile subscription and traffic revenues decreased by 1% mainly due to lower customer base.
- Total revenues in local currency increased by 1% from higher handset sales and interconnect revenues.
- The EBITDA margin increased by 1 percentage point mainly due to operational efficiency efforts, which more than compensated for the market pressure on service revenues.
- Capital expenditure in the first quarter was mainly related to new sites, 4G roll-out and IT, and was below last year's level due to the network modernisation programme in 2015.

## Montenegro &amp; Serbia

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	607	572	2 467
Interconnect revenues	203	168	790
Other mobile revenues	14	21	100
Non-mobile revenues	128	93	458
<b>Total revenues</b>	<b>952</b>	<b>853</b>	<b>3 815</b>
<b>EBITDA before other items</b>	<b>296</b>	<b>285</b>	<b>1 329</b>
Operating profit	169	184	902
<b>EBITDA before other items/ Total revenues (%)</b>	<b>31.1</b>	<b>33.4</b>	<b>34.8</b>
Capex	82	105	776
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>	<b>(59)</b>	<b>(55)</b>	<b>3 443</b>
ARPU - monthly (NOK)	79	69	77
Exchange rate (RSD)	0.0777	0.0719	0.0742
Exchange rate (EUR)	9.5264	8.7318	8.9530

- The number of subscriptions decreased by 59,000 during the quarter, driven by seasonal churn of prepaid subscriptions. The subscription base decreased by 4% compared to the end of first quarter last year.
- ARPU in local currency increased by 6% due to increase in interconnect revenues and higher share of post-paid subscriptions.
- Total revenues in local currency increased by 3% driven by increased interconnect revenues and higher handset sales, in addition to increased mobile banking revenues.
- The EBITDA margin decreased by 2 percentage points due to growth in low margin revenues and increasing operating expenditures due to network roll-out.
- Capital expenditure was mainly related to mobile site roll-out, equipment for the technical premises in Montenegro and investments related to the banking business.
- On 1 January 2016, the mobile interconnect rates in Montenegro were reduced from EUR 0.019 to EUR 0.0118.

## dtac - Thailand

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	3 923	3 925	15 375
Interconnect revenues	287	388	1 327
Other mobile revenues	71	63	204
Non-mobile revenues	979	1 067	3 781
<b>Total revenues</b>	<b>5 260</b>	<b>5 443</b>	<b>20 687</b>
<b>EBITDA before other items</b>			
Operating profit	515	779	2 333
<b>EBITDA before other items/ Total revenues (%)</b>			
	33.8	32.3	31.8
Capex	1 139	1 314	4 766
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>			
	225	419	25 252
ARPU - monthly (NOK)	55	51	52
Exchange rate (THB)	0.2425	0.2377	0.2355

- The number of subscriptions increased by 225,000 during the quarter, of which 108,000 were contract subscriptions. The subscription base was 10% lower than at the end of first quarter last year as the requirement to register all prepaid subscribers by 31 July 2015 impacted the subscriber development negatively last year.
- ARPU in local currency increased by 6%. Adjusted for the clearing of nonregistered prepaid SIM cards, ARPU increased by 1%. Growth in data revenues was offset by the negative trend on voice revenues.
- Total revenues in local currency decreased by 5% driven by lower handset sales, interconnect rate reduction and lower subscriber base. Subscription and traffic revenues in local currency decreased by 2%.
- The EBITDA margin improved by 1 percentage point as lower sales of subsidised handsets was partly offset by increased operating expenditures. EBITDA in local currency declined by 1% mainly driven by increased operating expenditures related to network expansion and market activities.
- Operating profit in local currency decreased by 38% as increased network investments negatively impacted depreciations.
- Capital expenditure was mainly related to roll-out of 4,700 new sites of which 3,900 were 4G sites.
- From 1 July 2015, the mobile interconnect rate was reduced from THB 0.45 to 0.34 THB

## Digi - Malaysia

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	3 045	3 218	12 425
Interconnect revenues	144	159	596
Other mobile revenues	26	28	137
Non-mobile revenues	189	432	1 148
<b>Total revenues</b>	<b>3 405</b>	<b>3 837</b>	<b>14 306</b>
<b>EBITDA before other items</b>			
Operating profit	1 110	1 371	4 923
<b>EBITDA before other items/ Total revenues (%)</b>			
	42.0	43.6	43.5
Capex	351	412	1 870
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>			
	211	271	12 125
ARPU - monthly (NOK)	86	97	93
Exchange rate (MYR)	2.0602	2.1420	2.0691

- The strong development in the contract segment continued this quarter with 62,000 new subscriptions. The total number of subscriptions increased by 211,000 this quarter, and the subscription base is now 6% higher than at the end of first quarter last year.
- ARPU in local currency decreased by 8% due to competitive price pressure.
- Total revenues in local currency decreased by 8% mainly due to reduced handset sales. Subscription and traffic revenues in local currency decreased by 2%.
- The EBITDA margin decreased by 2 percentage points, caused by lower margin on international voice traffic due to price competition, weakening of the Malaysian Ringgit resulting in higher international termination costs and higher termination rates to some key destinations. In addition, higher operating expenditures related to market incentives and network roll-out impacted EBITDA.
- Capital expenditure was related to roll-out of 4G and high capacity backhaul transmission, as well as IT modernisation. The 4G population coverage at end of first quarter reached 73%.

## Grameenphone - Bangladesh

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	2 633	2 130	9 266
Interconnect revenues	266	264	1 101
Other mobile revenues	14	15	36
Non-mobile revenues	131	108	479
<b>Total revenues</b>	<b>3 045</b>	<b>2 516</b>	<b>10 881</b>
<b>EBITDA before other items</b>			
Operating profit	1 124	955	3 829
<b>EBITDA before other items/ Total revenues (%)</b>			
	55.3	54.2	53.4
Capex	1 004	370	1 996
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>			
	(395)	502	56 679
ARPU - monthly (NOK)	17	15	16
Exchange rate (BDT)	0.1102	0.0997	0.1036

- The number of subscriptions decreased by 0.4 million during the quarter, negatively impacted by the ongoing biometric verification. The subscription base was 8% higher than at the end of first quarter last year.
- ARPU in local currency increased by 1% driven by high growth in voice traffic and increased data usage, partly offset by discounted add-ons and bundles. Subscription and traffic revenues in local currency increased by 12%.
- Total revenues in local currency increased by 9% mainly as a result of strong subscription growth and higher ARPU.
- The EBITDA margin increased by 1 percentage point due to lower subscriber acquisition cost, partly offset by higher regulatory, commissions and personnel cost in addition to one-off costs related to biometric verification.
- Capital expenditure was prioritised towards expanding 3G network coverage and capacity, with the aim to have 3G at all network sites by June 2016. At the end of the quarter, the 3G population coverage was 80%.
- Bangladesh Telecommunication Regulatory Commission (BTRC) has introduced a new SIM registration process through an online National Identity Database and Biometric Verification System. BTRC has directed all mobile operators in Bangladesh to perform a biometric re-registration of the complete customer base within end of April 2016.

## Pakistan

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	1 536	1 397	5 699
Interconnect revenues	285	162	874
Other mobile revenues	9	11	48
Non-mobile revenues	315	259	1 146
<b>Total revenues</b>	<b>2 144</b>	<b>1 829</b>	<b>7 766</b>
<b>EBITDA before other items</b>			
Operating profit	547	518	2 069
<b>EBITDA before other items/ Total revenues (%)</b>			
	39.5	41.9	40.6
Capex	315	326	1 442
<b>No. of subscriptions – Change in quarter/ Total (in thousands):</b>			
	2 167	50	34 563
ARPU – monthly (NOK)	17	14	16
Exchange rate (PKR)	0.0826	0.0765	0.0785

- The number of subscriptions increased by 2.2 million during the quarter. The subscription base is now back at par with first quarter last year, despite having disconnected unverified SIM cards in the second quarter of 2015.
- ARPU in local currency increased by 11%, primarily due to the disconnection of unverified SIM cards, high growth in data usage and increased incoming international traffic. Subscription and traffic revenues in local currency increased by 2%.
- Total revenues in local currency increased by 9%, supported by continued growth in financial services and higher ARPU. Growth in incoming international traffic contributed with 6 percentage points of the reported growth.
- The EBITDA margin decreased by 2 percentage points, primarily explained by the positive one-time effect from reversal of accruals last year. In addition, the abolishment of the SIM activation tax from 1 July 2015 has a positive impact on the EBITDA margin.
- Capital expenditure was prioritised towards expanding 3G network coverage and capacity. At the end of the quarter, the 3G population coverage was 55%.
- During the quarter Telenor purchased the remaining 49% stake in Tameer Microfinance Bank, making it a wholly owned subsidiary.

## India

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	1 306	1 171	4 795
Interconnect revenues	203	200	750
Other mobile revenues	8	10	33
Non-mobile revenues	3	3	14
<b>Total revenues</b>	<b>1 520</b>	<b>1 383</b>	<b>5 592</b>
<b>EBITDA before other items</b>			
Operating profit (loss)	(3 100)	(159)	(990)
Capex	409	109	1 046
<b>No. of subscriptions – Change in quarter/ Total (in thousands)*):</b>			
	1 526	1 839	42 619
ARPU – monthly (NOK)	12	12	12
Exchange rate (INR)	0.1280	0.1247	0.1258

\* Please note that the definition for active subscriptions in the Indian operation is more conservative than the Group definition on page 20, due to high churn in the Indian market. Subscriptions are counted as active if there has been activity during the last 30 days.

- Telenor's Indian operation added 1.5 million subscriptions during the first quarter. At the end of the quarter, the subscription base was 15% higher than the same quarter last year.
- ARPU in local currency fell by 8% to INR 90. The decline was primarily driven by lower voice consumption and the impact from reduced mobile termination rate, partly compensated by increased data usage.
- Revenues in local currency increased by 7% compared to the same quarter last year. Subscription and traffic revenues in local currency increased by 9%.
- The EBITDA improved as result of the revenue growth and positive effects from the ongoing network modernisation programme, including one-off positive impact of NOK 26 million related to settlements with various vendors.
- Operating profit was negatively impacted by NOK 2.9 billion in impairment and write-down. See note 4 for more information.
- The network modernisation initiated in the third quarter last year continued in the first quarter and impacted the capital expenditure for the quarter, as well as accelerated depreciations of current network assets.

## Myanmar

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Subscription and traffic	1 412	631	3 973
Interconnect revenues	288	117	781
Other mobile revenues	6	3	19
Non-mobile revenues	17	17	66
<b>Total revenues</b>	<b>1 722</b>	<b>768</b>	<b>4 839</b>
<b>EBITDA before other items</b>			
Operating profit (loss)	528	32	1 383
<b>EBITDA before other items/ Total revenues (%)</b>			
	41.7	19.8	40.5
Capex	565	442	3 380
<b>No. of subscriptions – Change in quarter/ Total (in thousands):</b>			
	1 786	2 985	13 683
ARPU – monthly (NOK)	39	52	44
Exchange rate (MMK)	0.0069	0.0075	0.0068

- Telenor Myanmar added 1.8 million new subscriptions during the first quarter. By the end of first quarter the subscription base was 15.5 million.
- ARPU in local currency decreased by 5% compared to the fourth quarter last year, and was negatively impacted by promotional activities in the beginning of the quarter.
- Revenues in local currency increased by 9% compared the fourth quarter last year, as a result of strong subscription growth.
- EBITDA was driven by the continued growth in subscription and usage, partly offset by increased costs on the back of larger number of network sites on air.
- Financial information related to the financial services operation in Myanmar is now reported as part of Other units. The financial information for 2015 has been restated to reflect this.
- Capital expenditure remained high in the quarter, with the continued ambition to expand network coverage across the country and enhance capacity to cater for the strong demand for voice and data. At the end of the first quarter, a total of 5,011 sites were on air, adding a total of 838 sites during the quarter.
- Operating cash flow was positive with NOK 154 million in the quarter after seven quarters of operation.



**Broadcast**

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Canal Digital DTH	1 147	1 114	4 572
Satellite Broadcasting	237	244	1 012
Norkring	500	288	1 120
Other/Eliminations	(119)	(116)	(468)
<b>Total revenues</b>	<b>1 765</b>	<b>1 530</b>	<b>6 236</b>

**EBITDA before other items**

Canal Digital DTH	210	167	781
Satellite Broadcasting	154	159	670
Norkring	375	138	607
Other/Eliminations	(6)	(8)	(26)
<b>Total EBITDA before other items</b>	<b>732</b>	<b>457</b>	<b>2 032</b>

**Operating profit**

Canal Digital DTH	198	158	735
Satellite Broadcasting	71	103	388
Norkring	179	73	325
Other/Eliminations	(6)	(8)	(26)
<b>Total operating profit</b>	<b>442</b>	<b>326</b>	<b>1 422</b>

EBITDA before other items/ Total revenues (%)	41.5	29.9	32.6
Capex	95	75	1 785

**No. of subscriptions - Change in quarter/Total (in thousands):**

DTH TV	(20)	(7)	897
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- Total revenues increased by 15% primarily a result of a positive one-time effect related to a settlement in Norkring. Consequently EBITDA grew 60%, improving the margin by 12 percentage points. Excluding the one-time item, revenues grew by 2% and EBITDA grew by 14%.
- Revenues in Canal Digital DTH increased by 3% due to currency effects which were partly offset by lower hardware sales and lower sales to the business segment. The effects of a lower DTH subscriber base were mainly compensated by price.
- The EBITDA margin in Canal Digital DTH was 18%, which is 3 percentage points higher than the same quarter last year. The improvement was mainly driven by positive currency effects and operational efficiency improvements.
- Revenues in Telenor Satellite decreased by 3% primarily due to reduced sales of data communication services, partly compensated by positive currency effects. The EBITDA margin was on level with last year due to lower use of leased capacity.
- Revenues in Norkring increased by 74% primarily due to a one-off settlement related to changes in a customer contract. As a result, EBITDA margin increased by 27 percentage points partly helped by reduced operating cost.
- Operating profit in Broadcast increased by 36% as the EBITDA growth was partly offset by a NOK 128 million impairment of excess values as a consequence of the one time effect.
- Capital expenditure increased due to extension of the DAB network and other network investments in Norkring.

**Other units**

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Revenues</b>			
Global wholesale	703	717	2 676
Corporate functions	739	613	2 734
Digital Businesses	220	128	543
Other / eliminations	173	158	711
<b>Total revenues</b>	<b>1 835</b>	<b>1 617</b>	<b>6 665</b>

**EBITDA before other items**

Global wholesale	29	130	243
Corporate functions	(337)	(270)	(1 143)
Digital Businesses	11	53	128
Other / eliminations	(8)	18	71
<b>Total EBITDA before other items</b>	<b>(306)</b>	<b>(68)</b>	<b>(701)</b>

**Operating profit (loss)**

Global wholesale	17	122	211
Corporate functions	(467)	(359)	(1 621)
Digital Businesses	(2)	52	120
Other / eliminations	(22)	(5)	5
<b>Total operating profit (loss)</b>	<b>(474)</b>	<b>(189)</b>	<b>(1 285)</b>

Capex	175	102	649
Investments in businesses	3 138	305	500

- In Global Wholesale, the revenue and EBITDA decline is primarily attributable to price reductions for traffic into Pakistan.
- Revenues in Corporate Functions increased due to higher internal trade related to services and systems. EBITDA decreased due to increased corporate activities including strategy and transformation processes, legal and advisory costs and higher cost in Group support units.
- Digital Businesses include Telenor Connexion, Tapad and staff units in Telenor ASA. Revenues increased mainly due to higher traffic in Telenor Connexion and because Tapad was included from 18 February this year. EBITDA decreased due to cost related to the acquisition of Tapad and negative EBITDA in Tapad, partly offset by improved EBITDA in Telenor Connexion.
- Financial information related to the financial services operation in Myanmar is now reported as part of Other units. The financial information for 2015 has been restated to reflect this.
- Operating profit decreased mainly due to depreciations related to the launch of new business support systems in Denmark.
- NOK 115 million were invested in the development of new business support systems for Denmark and Hungary in the first quarter. This investment accumulates to NOK 691 million.
- Investments in businesses in 2016 were mainly related to acquisition of Tapad and 2015 mainly related to the financing of joint ventures in online classifieds (SnT Classifieds and Search units) in cooperation with Schibsted Classifieds Media, Singapore Press Holdings and Naspers Limited.

## Group overview

The comments below are related to Telenor's development in 2016 compared to 2015 unless otherwise stated. Telenor Denmark is no longer classified as a discontinued operation. Consequently, historical Group figures are re-presented accordingly.

### Revenues

- Revenues increased by 5% or NOK 1.6 billion of which NOK 1.0 billion was due to positive currency effects. Significant positive contribution from Myanmar and Grameenphone was countered by tough market conditions in Thailand, Denmark and Malaysia in addition to the declining fixed revenues and loss of a wholesale contract in Norway last year.

### EBITDA before other income and other expenses

- EBITDA before other items increased by NOK 0.9 billion or 8%, of which NOK 0.3 billion was due to positive currency effects. The underlying EBITDA improvement was mainly driven by Myanmar and Bangladesh.

### Specification of other income and other expenses

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
EBITDA before other income and expenses	11 685	10 795	44 197
EBITDA before other income and expenses (%)	35.4	34.3	34.5
Gains on disposals of fixed assets and operations	9	90	113
Write-down of non-current receivables in India	(611)	-	-
Losses on disposals of fixed assets and operations	(75)	(85)	(525)
Workforce reductions, onerous (loss) contracts and one time pension costs	(15)	(43)	(460)
<b>EBITDA</b>	<b>10 994</b>	<b>10 757</b>	<b>43 325</b>
EBITDA margin (%)	33.3	34.2	33.8

In the first quarter of 2016 'Other income and other expenses' consisted mainly of:

- Write-down of non-current receivables in India (NOK 0.6 billion). See note 4 for further information.
- Losses on disposals of fixed assets and scrapping mainly in dtac (NOK 36 million) and India (NOK 24 million).
- Workforce reduction in Telenor Norway (NOK 75 million), offset by positive impact of settlement with a vendor from exiting some of the old service areas in India (NOK 83 million).

During the first quarter of 2015, there were no significant transactions reported in 'Other income and other expenses'.

### Impairment

- As a consequence of recent development in observed spectrum trading prices and updated assumptions of contractual obligations, Telenor recognised an impairment loss amounting to NOK 2.3 billion related to tangible and intangible assets in Telenor India. See note 4 for more information.

### Operating profit

- Reported operating profit decreased by NOK 3.0 billion as higher EBITDA before other items was countered by impairment and write-down in India and increased depreciation and amortisation. Currency effects positively impacted operating profit by NOK 0.2 billion.

### Associated companies and joint ventures

(NOK in millions)	First quarter		Year
	2016	2015	2015
<b>Telenor's share of</b>			
Profit after taxes	146	456	(1 455)
Amortisation of Telenor's net excess values	(6)	(23)	(50)
Impairment losses	4 035	(4)	(5 565)
Gains (losses) on disposal of ownership interests	-	224	251
<b>Profit (loss) from associated companies</b>	<b>4 175</b>	<b>653</b>	<b>(6 819)</b>

- Profit after tax from associated companies and joint ventures in the first quarter of 2016 includes positive contribution from VimpelCom of NOK 190 million for Telenor's 33.0% share of VimpelCom's result for the fourth quarter of 2015.
- The result from online classifieds joint ventures was negative NOK 46 million in the first quarter of 2016 compared to negative NOK 40 million in the first quarter of 2015.
- As previously disclosed in connection with Telenor's decision to divest its shares in VimpelCom, the carrying amount of VimpelCom is measured at the lower of carrying amount under equity method before impairment and fair market value. In 2015, impairment loss of NOK 5.5 billion was recognised based on VimpelCom's share price of USD 3.28 as of the end of 2015. VimpelCom's share price as of 31 March 2016 was USD 4.26, and hence there is a reversal of impairment of NOK 4.4 billion recognised in the first quarter of 2016.
- Pursuant to Telenor's agreement to sell its 48% ownership in Amedia for NOK 190 million to Sparebankstiftelsen DNB (Foundation), an impairment loss of NOK 363 million is recognised in the first quarter of 2016. The transaction is expected to be closed in the second quarter of 2016.

## Financial items

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
Financial income	116	114	491
Financial expenses	(667)	(652)	(2 727)
Net currency gains (losses)	(540)	(191)	(961)
Net change in fair value of financial instruments	81	180	277
Net gains (losses and impairment) of financial assets and liabilities	2	(2)	-
<b>Net financial income (expenses)</b>	<b>(1 008)</b>	<b>(550)</b>	<b>(2 921)</b>
Gross interest expenses	(549)	(552)	(2 327)
Net interest expenses	(494)	(498)	(2 070)

- The interest expenses for the first quarter of NOK 549 million, includes a refund of interest cost paid on a tax liability of NOK 53 million (one-time effect). Adjusted for this one-time effect, gross interest expenses were at a higher level than the same quarter last year, mainly due to a higher level of interest-bearing debt.
- In the first quarter of 2016, Telenor has recognised a currency loss of NOK 577 million, mainly related to a partial repayment of internal loans which were considered as part of net investment hedges. The translation effects previously recognised in OCI related to the repayment have been recycled through profit or loss.
- Other currency gains were mainly caused by a strengthening of NOK and MMK towards other currencies over the quarter, somewhat offset by currency losses on intercompany positions.

## Taxes

- For the first quarter of 2016 the estimated effective tax rate is 24%. The effective tax rate is low mainly due to the reversal of write-down of the VimpelCom investment. The effect is mostly offset by the impairment in India and Amedia.
- The effective tax rate for 2016 is estimated to be around 29%.

## Investments

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
Capex	5 578	4 722	25 193
Capex excl. licences and spectrum	5 546	4 657	23 612
Capex excl. licences and spectrum/Revenues (%)	16.8	14.8	18.4

- Capital expenditure (excl. licences and spectrum) in 2016 grew by NOK 0.9 billion mainly do to higher investments in Grameenphone and India. Currency effects increased capital expenditure by NOK 0.1 billion.

## Cash flow

- Net cash inflow from operating activities during the first quarter of 2016 was NOK 11.2 billion, an increase of NOK 2.8 billion compared to the first quarter of 2015. Profit before taxes adjusted for items without cash effect or not related to operating activities<sup>1)</sup> was NOK 0.3 billion higher during 2016. In addition, taxes paid were lower with NOK 0.2 billion and changes in working capital and other was higher with NOK 2.2 billion mainly due to working capital improvement in dtac and Norway.
- Net cash outflow to investing activities during the first quarter of 2016 was NOK 9.4 billion, an increase of NOK 5.5 billion compared to the first quarter of 2015. The increase is mainly explained by acquisition of Tapad Inc. of NOK 2.7 billion and NOK 1.3 billion higher cash outflow related to capex and licence investments during 2016. In addition there was a disposal of the associated company Evry ASA resulting in cash inflow of NOK 1.3 billion during the first quarter of 2015.
- Net cash outflow to financing activities during the first quarter of 2016 was NOK 1.5 billion. This is mainly explained by net repayments of borrowings of NOK 0.6 billion and dividends paid to and purchase of shares from non-controlling interest of NOK 0.7 billion.
- Cash and cash equivalents increased by NOK 0.2 billion during the first quarter of 2016 to NOK 14.0 billion as of 31 March 2016.

<sup>1)</sup> Items without cash effect or not related to operating activities adjusted for include:

- Depreciation, amortization and impairment losses
- Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities
- Loss (profit) from associated companies and joint ventures
- Currency (gains) losses not related to operating activities

## Financial position

- During the first quarter, total assets increased by NOK 0.1 billion to NOK 205.0 billion. The increase is mainly due to reversal of impairment of VimpelCom (see note 3 for further information), increase in assets due to acquisition of Tapad Inc. (see note 2 for further information) and further investments in network. Those effects were partially offset by strengthening of Norwegian Krone against most relevant currencies and impairment loss recognised on Telenor India.
- Net interest bearing debt decreased by NOK 0.5 billion to NOK 53.6 billion. Interest bearing liabilities excluding licences decreased with NOK 0.2 billion, while fair value of hedging instruments increased with NOK 0.4 billion.
- Total equity increased by NOK 3.5 billion to NOK 66.6 billion mainly due to positive net income from operations of NOK 5.1 billion partially offset by dividends to non-controlling interests of NOK 0.5 billion, negative currency translation effects of NOK 0.6 billion and pension re-measurement of NOK 0.4 billion.

## Transactions with related parties

For detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2015.

## Outlook for 2016

Based on the current Group structure, Telenor expects:

- Organic revenue growth in the range of 2% to 4%.
- EBITDA margin before other income and other expenses in the range of 33% to 34%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 17% to 19%.

### Risk and uncertainties

The existing risks and uncertainties described below are expected to remain for the next three months.

A growing share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Political risk, including regulatory conditions, may also influence the results.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2015, section Risk Factors and Risk Management, and Telenor's Annual Report 2015 Note 28 Managing Capital and Financial Risk Management and Note 33 Legal Disputes and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New developments of risks and uncertainties since the publication of Telenor's Annual Report for 2015 are:

#### Legal disputes

No significant developments in the quarter.

#### Financial aspects

In relation to the licence issuance in Myanmar, a performance bond of USD 180 million has been issued to Myanmar authorities as a guarantee towards coverage and quality of service commitments during the next four years of the licence.

#### Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2016' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Fornebu, 26 April 2016  
The Board of Directors of Telenor ASA

# Interim condensed financial information

## Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	First quarter		Year
	2016	2015 Re-presented	2015
Revenues	33 013	31 446	128 175
Costs of materials and traffic charges	(8 442)	(8 990)	(35 147)
Salaries and personnel costs	(3 381)	(3 078)	(12 406)
Other operating expenses	(9 506)	(8 583)	(36 425)
Other income	9	90	113
Other expenses	(700)	(128)	(985)
<b>EBITDA</b>	<b>10 994</b>	<b>10 757</b>	<b>43 325</b>
Depreciation and amortisation	(5 044)	(4 180)	(18 384)
Impairment losses	(2 430)	(13)	(2 181)
<b>Operating profit</b>	<b>3 520</b>	<b>6 564</b>	<b>22 761</b>
Share of net income from associated companies and joint ventures	4 175	428	(7 070)
Gain (loss) on disposal of associated companies	-	224	251
Net financial income (expenses)	(1 008)	(550)	(2 921)
<b>Profit before taxes</b>	<b>6 688</b>	<b>6 667</b>	<b>13 020</b>
Income taxes	(1 601)	(1 850)	(6 317)
<b>Net income</b>	<b>5 086</b>	<b>4 817</b>	<b>6 704</b>
<b>Net income attributable to:</b>			
Non-controlling interests	830	967	3 289
Equity holders of Telenor ASA	4 256	3 852	3 414
<b>Earnings per share in NOK</b>			
Basic from total operations	2.83	2.57	2.27
Diluted from total operations	2.83	2.57	2.27

The interim financial information has not been subject to audit or review.

## Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
<b>Net income</b>	<b>5 086</b>	<b>4 817</b>	<b>6 703</b>
Translation differences on net investment in foreign operations	(2 744)	2 927	7 774
Income taxes	82	11	(3)
Amount reclassified from other comprehensive income to income statement on partial disposal	(658)	-	(15)
Net gain (loss) on hedge of net investment	2 224	(751)	(5 491)
Income taxes	(556)	202	1 232
Amount reclassified from other comprehensive income to income statement on partial disposal	1 082	-	-
Net gain (loss) on available-for-sale-investment	(6)	12	(17)
Share of other comprehensive income (loss) of associated companies and joint ventures	352	(1 132)	(3 357)
Amount reclassified from other comprehensive income to income statement on disposal	-	(23)	(23)
<b>Items that may be reclassified subsequently to income statement</b>	<b>(224)</b>	<b>1 247</b>	<b>99</b>
Remeasurement of defined benefit pension plans	(447)	340	1 111
Income taxes	91	(92)	(249)
<b>Items that will not be reclassified to income statement</b>	<b>(355)</b>	<b>248</b>	<b>862</b>
<b>Other comprehensive income (loss), net of taxes</b>	<b>(579)</b>	<b>1 495</b>	<b>961</b>
<b>Total comprehensive income</b>	<b>4 509</b>	<b>6 313</b>	<b>7 665</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests	616	1 366	3 762
Equity holders of Telenor ASA	3 892	4 947	3 903

The interim financial information has not been subject to audit or review.

## Consolidated statement of financial position

Telenor Group

(NOK in millions)	31 March 2016	31 December 2015	31 March 2015 Re-presented
Deferred tax assets	2 271	3 366	2 831
Goodwill	25 829	23 968	22 535
Intangible assets	37 956	40 495	41 516
Property, plant and equipment	68 156	69 211	62 393
Associated companies and joint ventures	22 476	19 400	25 632
Other non-current assets	5 668	6 155	6 148
<b>Total non-current assets</b>	<b>162 356</b>	<b>162 596</b>	<b>161 055</b>
Prepaid taxes	1 002	770	310
Inventories	2 069	2 271	2 028
Trade and other receivables	23 717	23 877	20 967
Other current financial assets	1 670	1 436	1 034
Assets classified as held for sale	199	3	2
Cash and cash equivalents	13 996	13 956	14 126
<b>Total current assets</b>	<b>42 652</b>	<b>42 313</b>	<b>38 467</b>
<b>Total assets</b>	<b>205 009</b>	<b>204 909</b>	<b>199 522</b>
Equity attributable to equity holders of Telenor ASA	61 975	58 467	68 611
Non-controlling interests	4 636	4 660	5 037
<b>Total equity</b>	<b>66 611</b>	<b>63 126</b>	<b>73 648</b>
Non-current interest-bearing liabilities	66 372	63 802	59 345
Non-current non-interest-bearing liabilities	3 278	4 010	3 232
Deferred tax liabilities	3 024	3 023	2 575
Pension obligations	2 932	2 424	3 033
Provisions and obligations	3 500	3 545	3 345
<b>Total non-current liabilities</b>	<b>79 106</b>	<b>76 805</b>	<b>71 529</b>
Current interest-bearing liabilities	8 644	12 626	7 779
Trade and other payables	43 061	44 030	39 440
Current tax payables	3 484	3 392	2 546
Current non-interest-bearing liabilities	2 623	3 339	3 079
Provisions and obligations	1 481	1 591	1 500
<b>Total current liabilities</b>	<b>59 292</b>	<b>64 978</b>	<b>54 344</b>
<b>Total equity and liabilities</b>	<b>205 009</b>	<b>204 909</b>	<b>199 522</b>

The interim financial information has not been subject to audit or review.

## Consolidated statement of cash flows

Telenor Group

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
Profit before taxes from total operation	6 688	6 667	13 020
Income taxes paid	(1 269)	(1 512)	(5 141)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(35)	(183)	81
Depreciation, amortisation and impairment losses	7 474	4 193	20 565
Loss (profit) from associated companies and joint ventures	(4 175)	(653)	6 819
Dividends received from associated companies	-	-	189
Currency (gains) losses not related to operating activities	646	224	667
Changes in working capital and other	1 888	(343)	906
<b>Net cash flow from operating activities</b>	<b>11 216</b>	<b>8 394</b>	<b>37 107</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(6 223)	(4 898)	(21 168)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(2 732)	(308)	(497)
Proceeds from PPE, intangible assets and businesses, net of cash disposed	14	1 313	1 462
Proceeds from and purchases of other investments	(430)	(21)	(79)
<b>Net cash flow from investing activities</b>	<b>(9 372)</b>	<b>(3 913)</b>	<b>(20 281)</b>
Proceeds from and repayments of borrowings	(600)	(2 071)	(540)
Dividends paid to and purchases of shares from non-controlling interests	(694)	(611)	(3 777)
Dividends paid to equity holders of Telenor ASA	(235)	-	(10 724)
<b>Net cash flow from financing activities</b>	<b>(1 530)</b>	<b>(2 682)</b>	<b>(15 041)</b>
Effects of exchange rate changes on cash and cash equivalents	(102)	189	81
<b>Net change in cash and cash equivalents</b>	<b>213</b>	<b>1 988</b>	<b>1 866</b>
Cash and cash equivalents at the beginning of the period	13 760	11 893	11 893
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>13 973</b>	<b>13 881</b>	<b>13 760</b>

<sup>1)</sup> As of 31 March 2016, restricted cash was NOK 444 million, while as of 31 March 2015, restricted cash was NOK 507 million

The interim financial information has not been subject to audit or review.



## Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2015</b>	<b>9 078</b>	<b>(20 377)</b>	<b>73 974</b>	<b>1 080</b>	<b>63 755</b>	<b>4 750</b>	<b>68 505</b>
Net income for the period	-	-	3 414	-	3 414	3 289	6 703
Other comprehensive income for the period	-	(2 534)	-	3 022	488	473	961
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(2 534)</b>	<b>3 414</b>	<b>3 022</b>	<b>3 903</b>	<b>3 762</b>	<b>7 665</b>
Transactions with non-controlling interests	-	(2)	-	-	(2)	24	22
Equity adjustments in associated companies and joint ventures	-	1 732	-	-	1 732	-	1 732
Dividends	-	-	(10 959)	-	(10 959)	(3 876)	(14 835)
Share - based payment, exercise of share options and distribution of shares	-	37	-	-	37	-	37
<b>Equity as of 31 December 2015</b>	<b>9 078</b>	<b>(21 143)</b>	<b>66 429</b>	<b>4 102</b>	<b>58 467</b>	<b>4 660</b>	<b>63 126</b>
Net income for the period	-	-	4 256	-	4 256	830	5 086
Other comprehensive income for the period	-	31	-	(395)	(365)	(214)	(579)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>31</b>	<b>4 256</b>	<b>(395)</b>	<b>3 892</b>	<b>616</b>	<b>4 404</b>
Transactions with non-controlling interests	-	(156)	-	-	(156)	(139)	(296)
Equity adjustments in associated companies and joint ventures	-	(229)	-	-	(229)	-	(229)
Dividends	-	-	-	-	-	(501)	(501)
Share - based payment, exercise of share options and distribution of shares	-	2	-	-	2	-	2
<b>Equity as of 31 March 2016</b>	<b>9 078</b>	<b>(21 495)</b>	<b>70 685</b>	<b>3 706</b>	<b>61 976</b>	<b>4 636</b>	<b>66 611</b>

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2015</b>	<b>9 078</b>	<b>(20 377)</b>	<b>73 974</b>	<b>1 080</b>	<b>63 755</b>	<b>4 750</b>	<b>68 505</b>
Net income for the period	-	-	3 851	-	3 851	967	4 818
Other comprehensive income for the period	-	(894)	-	1 990	1 096	399	1 495
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(894)</b>	<b>3 851</b>	<b>1 990</b>	<b>4 947</b>	<b>1 366</b>	<b>6 313</b>
Equity adjustments in associated companies	-	(96)	-	-	(96)	-	(96)
Dividends	-	-	-	-	-	(1 079)	(1 079)
Share - based payment, exercise of share options and distribution of shares	-	4	-	-	4	-	4
<b>Equity as of 31 March 2015 - Re-presented</b>	<b>9 078</b>	<b>(21 362)</b>	<b>77 825</b>	<b>3 069</b>	<b>68 611</b>	<b>5 037</b>	<b>73 648</b>

## Notes to the interim consolidated financial statements

### Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited liability company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the three months ending 31 March 2016, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Financial Statements 2015. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2015.

For the first quarter 2015, Telenor Denmark was presented as discontinued operations due to the planned merger between Telenor and TeliaSonera. On 11 September 2015, Telenor and TeliaSonera announced the withdrawal of the proposed merger and Telenor Denmark ceased to be classified as discontinued operations. Telenor Denmark is consolidated as continuing business with retrospective effect and financial statements for the first quarter 2015 have been re-presented.

For information about the standards and interpretations effective from 1 January 2016, please refer to Note 1 in the Group's Annual Report 2015. The standards and interpretations effective from 1 January 2016 do not have a significant impact on the Group's consolidated interim financial statements.

### Note 2 – Business combination

On 18 February 2016, the Group acquired approximately 95% of the interests in Tapad Inc., a leading marketing technology firm based in New York, for a cash consideration of NOK 2.7 billion. For the remaining 5% of the interests, Telenor has entered into a put and call arrangement with the non-controlling shareholders. Effectively, the acquisition is recognised as the Group has acquired 100% of the interests in Tapad Inc. A liability of NOK 133 million was recognised on the acquisition date, reflecting the put option's redemption amount. Any subsequent change to the redemption amount will be recognised in the income statement. The Group currently holds approximately 95% of the voting rights in Tapad Inc. The acquisition related transaction cost was approximately NOK 63 million, recognised as other operating expenses.

Tapad Inc. delivers unified cross-device marketing technology solutions that give publishers, marketers and technology providers a holistic view of consumers across devices and screens, including smartphones, tablets, home computers and smart TVs. Tapad Inc. currently has more than 160 of the top U.S. brands among its customers and benefits from over 50 data technology licensing partnerships. The acquisition enables Telenor to take a position within the rapidly growing market for advertising technology and secures important competence within digital marketing and analytics. Tapad Inc. has approximately 160 employees, with offices in 13 key cities in the U.S. and Europe.

The purchase price allocation, which was performed with assistance from third-party valuation experts, has been determined to be preliminary pending upon the final assessment of identifiable assets. The preliminary fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

NOK in millions	Preliminary fair values as of acquisition date
<b>Technology</b>	720
<b>Other intangible assets</b>	98
<b>Property, plant &amp; equipment</b>	65
<b>Other assets</b>	179
<b>Total assets</b>	<b>1 062</b>
<b>Deferred tax liability</b>	272
<b>Non-current liabilities</b>	82
<b>Current liabilities</b>	310
<b>Total liabilities</b>	<b>663</b>
<b>Net identifiable assets</b>	<b>399</b>
<b>Goodwill</b>	2 492
<b>Total consideration for the shares,</b>	<b>2 890</b>
Of which cash	2 740
Of which liability	151

The goodwill of NOK 2.5 billion comprises of the value of expected synergies arising from the acquisition, database of search-based and customer related information, assembled workforce and deferred tax on excess values. None of the goodwill is expected to be deductible for income tax purposes.

For the period between the date of acquisition and 31 March 2016, Tapad Inc. contributed NOK 67 million to Revenue and NOK 26 million negative to Telenor Group's profit before taxes. If the business combination had taken place at the beginning of the year, Revenue would have been NOK 33 059 million and Profit before taxes for the Group would have been NOK 6 655 million.

### Note 3 – Associated companies and joint ventures

#### VimpelCom Ltd.

On 5 October 2015, Telenor Group announced its intention to divest all its shares in VimpelCom. Accordingly, the carrying amount of VimpelCom is measured at the lower of carrying amount based on the equity method before impairment and market value. An impairment loss of NOK 5.5 billion was recognized in 2015 based on VimpelCom's share price of USD 3.28 as of the end of 2015. In the first quarter of 2016, reversal of impairment charge of NOK 4.4 billion is made based on VimeplCom's share price of USD 4.26 as of 31 March 2016. After the reversal of impairment, the carrying amount of the investment in VimpelCom is NOK 20.5 billion, equivalent to USD 4.26 per share.

VimpelCom will continue to be classified as an associated company until it is highly probable that a sale within 12 months will occur. The cumulative income and expenses recognised in other comprehensive income amounting to a net loss of NOK 10.2 billion as per 31 March 2016, will be proportionately recycled to the income statement upon disposal. Total equity for the Group will not be impacted by the recycling effects.

**Note 4 – Impairment**

The Group has applied fair value less cost of disposal when determining recoverable amount of Telenor India. Key assumptions in determining the fair value less cost of disposal (level 3) have been spectrum prices and contractual obligations in India. As a consequence of the development in spectrum trading prices and updated assumptions of the contractual obligations, the Group has reassessed the fair value less cost of disposal of Telenor India. An impairment loss of NOK 2.3 billion has been recognised in the first quarter of 2016, of which NOK 1.4 billion mainly relates to network equipment and the remaining NOK 0.9 billion mainly relates to spectrum. The recoverable amount of tangible and intangible assets in Telenor India after impairment is NOK 4.5 billion. In addition, NOK 0.6 billion in non-interest-bearing receivables have been written down during the quarter.

**Note 5 – Interest-bearing liabilities**

Fair value of interest-bearing liabilities recognised at amortised cost:

NOK in millions	31 March 2016	
	Carrying amount	Fair value
Interest-bearing financial liabilities	(75 015)	(79 620)
of which fair value level 1		(53 831)
of which fair value level 2		(25 789)

NOK in millions	31 December 2015	
	Carrying amount	Fair value
Interest-bearing financial liabilities	(76 428)	(80 422)
of which fair value level 1		(54 423)
of which fair value level 2		(25 999)

NOK in millions	31 March 2015	
	Carrying amount	Fair value
Interest-bearing financial liabilities	(66 753)	(71 928)
of which fair value level 1		(47 563)
of which fair value level 2		(24 365)

**Note 6 – Fair value of financial instruments**

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 29 in the Annual Report 2015 for valuation methodologies. The financial derivatives are classified in the statement of financial position as disclosed in the table:

NOK in millions	31 March 2016	31 December 2015	31 March 2015
Other non-current assets	3 858	3 547	3 331
Other financial current assets	390	391	166
Non-current non-interest-bearing financial liabilities	(2 770)	(3 615)	(2 825)
Non-current interest-bearing financial liabilities	-	-	-
Current non-interest-bearing liabilities	(627)	(960)	(1 445)
<b>Total</b>	<b>851</b>	<b>(637)</b>	<b>(774)</b>

### Note 7 – Events after the reporting period

On 22 April 2016, the Board of Directors of Digi declared the first interim dividend for 2016 of MYR 0.051 per share which corresponds to approximately NOK 0.8 billion total dividend and approximately NOK 0.4 billion for Telenor ownership share.

### Note 8 – Segment table and reconciliation of ebitda before other income and other expenses

Telenor Denmark is no longer classified as “Discontinued Operation”. Consequently, the figures for previous periods were re-presented accordingly.

As of third quarter 2015 international voice traffic previously reported as part of Telenor Pakistan is now reported under Global Wholesale, which is part of Other Units. The financial information for previous periods is restated accordingly.

Financial information related to the financial services operation in Myanmar is now reported as part of Other units. The financial information for 2015 has been restated to reflect this.

### The operations

#### First quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses <sup>1)</sup>			
	2016	2015	Growth	2016	2015	2016	Margin	2015	Margin
Norway	6 330	6 624	(4.4%)	75	73	2 772	43.8%	2 792	42.2%
Sweden	3 121	2 984	4.6%	14	19	893	28.6%	854	28.6%
Denmark	1 256	1 256	(0.0%)	28	20	162	12.9%	208	16.6%
Hungary	1 117	1 098	1.8%	15	7	354	31.7%	354	32.2%
Bulgaria	758	685	10.7%	4	2	286	37.8%	253	37.0%
Montenegro & Serbia	952	853	11.6%	41	31	296	31.1%	285	33.4%
DTAC - Thailand	5 260	5 443	(3.4%)	27	17	1 778	33.8%	1 760	32.3%
Digi - Malaysia	3 405	3 837	(11.2%)	2	1	1 431	42.0%	1 672	43.6%
Grameenphone - Bangladesh	3 045	2 516	21.0%	-	-	1 684	55.3%	1 363	54.2%
Pakistan	2 144	1 829	17.3%	20	36	847	39.5%	767	41.9%
India	1 520	1 383	9.9%	-	-	35	2.3%	(54)	nm
Myanmar	1 722	768	124.4%	63	18	718	41.7%	152	19.8%
Broadcast	1 765	1 530	15.3%	41	41	732	41.5%	457	29.9%
Other units	1 835	1 617	13.5%	888	710	(306)	nm	(68)	nm
Eliminations	(1 217)	(976)	24.7%	(1 217)	(976)	-	-	-	-
<b>Group</b>	<b>33 013</b>	<b>31 446</b>	<b>5.0%</b>	<b>-</b>	<b>-</b>	<b>11 685</b>	<b>35.4%</b>	<b>10 795</b>	<b>34.3%</b>

<sup>1)</sup> The segment profit is EBITDA before other income and other expenses.

<sup>2)</sup> Investments consist of capex and investments in businesses, licences and spectrum.

## Reconciliation

(NOK in millions)	First quarter		Year
	2016	2015 Re-presented	2015
<b>Net income</b>	<b>5 086</b>	<b>4 817</b>	<b>6 704</b>
Income taxes	(1 601)	(1 850)	(6 317)
<b>Profit before taxes</b>	<b>6 688</b>	<b>6 667</b>	<b>13 020</b>
Net financial income (expenses)	(1 008)	(550)	(2 921)
Profit (loss) from associated companies and joint ventures	4 175	653	(6 819)
Depreciation and amortisation	(5 044)	(4 180)	(18 384)
Impairment losses	(2 430)	(13)	(2 181)
<b>EBITDA</b>	<b>10 994</b>	<b>10 757</b>	<b>43 325</b>
Other income	9	90	113
Other expenses	(700)	(128)	(985)
<b>EBITDA before other income and other expenses</b>	<b>11 685</b>	<b>10 795</b>	<b>44 197</b>

	EBITDA		Operating profit (loss)				Investments <sup>2)</sup>			
	2016	Margin	2015	Margin	2016	Margin	2015	Margin	2016	2015
	2 695	42.6%	2 761	41.7%	1 772	28.0%	1 869	28.2%	908	848
	893	28.6%	857	28.7%	479	15.4%	491	16.5%	336	311
	153	12.2%	202	16.1%	80	6.4%	1	0.1%	118	134
	351	31.4%	348	31.7%	190	17.0%	208	18.9%	46	67
	287	37.8%	256	37.4%	137	18.1%	173	25.3%	33	113
	296	31.1%	285	33.4%	169	17.7%	184	21.6%	82	105
	1 741	33.1%	1 751	32.2%	515	9.8%	779	14.3%	1 139	1 314
	1 431	42.0%	1 672	43.6%	1 110	32.6%	1 371	35.7%	351	412
	1 683	55.3%	1 363	54.2%	1 124	36.9%	955	38.0%	1 004	370
	843	39.3%	773	42.3%	547	25.5%	518	28.3%	315	326
	(516)	nm	(50)	nm	(3 100)	nm	(159)	nm	409	109
	718	41.7%	152	19.8%	528	30.6%	32	4.2%	565	442
	731	41.4%	458	30.0%	442	25.0%	326	21.3%	95	75
	(313)	nm	(70)	nm	(474)	nm	(189)	nm	3 312	406
	-	-	-	-	1	(0.1%)	3	(0.3%)	-	-
	<b>11 605</b>	<b>35.2%</b>	<b>10 757</b>	<b>34.2%</b>	<b>3 520</b>	<b>10.7 %</b>	<b>6 564</b>	<b>20.9 %</b>	<b>8 715</b>	<b>5 030</b>

# Definitions

- Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
- Capital expenditure (capex) is investments in tangible and intangible assets.
- Operating cash flow is defined as EBITDA before other income and expenses less capex, excluding licences and spectrum.
- Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

## Mobile operations

### Revenues

#### Subscription and traffic

Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

#### Interconnect

Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

#### Other mobile

Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as machine-to-machine SIM cards (M2M), for example vending machines and meter readings.

#### Non-mobile

Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

#### Mobile revenues from company's own subscriptions

Consist of 'Subscription and traffic' and 'Interconnect' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

### Key Figures

#### Subscriptions

Contract subscriptions are counted until the subscription is terminated or until there has been no revenues or outgoing/incoming traffic during the last three months. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

#### Active mobile internet users

Active mobile internet users are subscriptions with at least 150 KB of data during the last three months.

#### Average traffic minutes per subscription per month (AMPUM)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

#### Average revenue per subscription per month (ARPU)

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

## Fixed operations

### Revenues

#### Telephony

Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

#### Internet and TV

Consist of subscription, traffic charges and connection fees for xDSL and fibre, in addition to revenues from TV services. High speed connections include fibre, cable and VDSL.

#### Data services

Consist of Nordic Connect/IP-VPN and security.

#### Other

Consist of leased lines, managed services and other retail products.

#### Wholesale

Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products.

### Key Figures

#### Subscriptions

Telephony consist of PSTN, ISDN and VoIP subscriptions. Internet consists of broadband access over xDSL, fibre and cable TV. TV consists of TV services over fibre and cable. Subscriptions are counted until the subscription is terminated.

#### Average revenue per subscription per month (ARPU)

ARPU is calculated based on revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. Internet ARPU is calculated based on Internet revenues as defined above except TV service revenues. TV ARPU is calculated based on revenues from TV services.

## Broadcast

### Revenues

#### Canal Digital DTH

Consist of revenues from Nordic DTH subscribers, households in SMATV networks and DTT subscribers in Finland.

#### Satellite

Consist of revenues from satellite services from the satellite position 1-degree west.

#### Norkring

Consist of revenues from terrestrial radio and TV transmission in Norway and Belgium.





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