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Presenter: Meera Bhatia
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Meera Bhatia: Good morning and welcome to today's First Quarter Results Presentation. My name is Meera Bhatia and I will take you through today's presentation. Our CEO Sigve Brekke and acting CFO Morten Karlsen Sørby will present the results. There will be as usual a Q&A session following the presentation, first here from the audience and then from our conference call participants.

Without further ado, Sigve, I'll leave the floor to you.

Sigve Brekke: Good morning to all of you and welcome to another quarter. We got a solid start in 2016, despite very competitive pressure still in two of our Asian markets, Malaysia and Thailand. We added 5.4 million new subs and in total we now have 208 million. Most of these new subs in this quarter came from India and Pakistan and also Myanmar. We have a 6% growth in subscriber and traffic revenues. Again this comes from Myanmar and for this quarter a positive surprise is also the growth we see in Bangladesh. We have a 5% EBITDA growth in this quarter. That's better than what I expected when the quarter started. However, we are still on a transformational journey to address more structural costs. So we are not happy with the cost development and there is more to come. We have an operating cash flow of NOK6.1 billion despite high investments and that's about the same level as we had a year ago.

I'm going to spend two slides on our biggest market at this time, Norway, starting with the revenues. I have called this a mixed revenue trend in Norway. The mobile revenues are down 3% but that is coming from lower handset sales. It's coming from an effect on interconnection and also the loss of the national wholesale revenues that started from April last year.



The underlying growth, it's 1% growth on subscriber and traffic revenues and we have to bear in mind that that is compared with a 7-8% growth in the same quarter last year. We are up against an impressive growth in 2015. However I think there is a potential for an increased growth in the Norwegian market and I'm happy to see that the Norwegian management have now launched new tariff plans and you saw that being presented yesterday where we are taking a position of including free roaming in Europe, in the EU area, into the data buckets, free MMS and also, we have included the storage service capture. Still the data usage with our Norwegian customers are relatively low, around 600 megabytes per customer compared with a much higher consumption in Sweden. So we think there is a potential now with the new tariff plans to continue to upsell logic that has given us revenue growth in the last two years.

In the fixed segments we see the fixed telephony loss in line with earlier trends. We added 64,000 high-speed customers compared with where we were a year ago. We are still struggling a bit on fixed broadband. Our ambition as we have stated in several quarters is to stabilise the market share loss and we are increasing the rollout and we are increasing the focus through a cluster model, but we are still not there.

Norway delivered a 44% EBITDA margin in this quarter. That's up two percentage points compared with where we were a year ago. That I really want to call solid and this is despite lower roaming revenues, despite also the loss of the wholesale revenue deal that I described and it is because we are able to use the upsell logic for the packages and also an active pre to post migration.

Norway is working on several long-term structural initiatives and our objective here is to create a single fixed value chain that is access independent. The focus is then on automating processes. It's to simplify architecture, it's to simplify the product portfolio and it's to use the digitalisation as a tool when it comes to reducing costs both in the IT stack and also in the customer interactions. And, as we told the investors last year, and that's the chart on the right, we are on track in terms of efficiency programmes and their ambition is to be net positive from these initiatives during 2017.



Sweden. We are continuing the growth in Sweden at 2% mobile subscription and traffic growth, and we see positive trends in the consumer segment. We have been able to grow the ARPU with 4% in the consumer segment. However there is tough price competition on the business segment and we have seen in the quarter that we have had a reduction of 8% in the business segment. The total revenues are down 5%, and as in Norway this is mostly due to lower handset sales in the quarter.

We see a high fiber demand in Sweden. We have a solid position now in the multi-dwelling segment with 470,000 customers; and we are ramping up our activities in the single-dwelling household segment. The aim is to cover additionally 500,000 households within the coming four or five years which will bring us up to a subscriber base of 2 million households in this segment.

In the rest of Europe, the market conditions in Denmark continue to be very challenging. We see some improved headline prices in the industry, however the aggressive below-the-line prices continues. We have launched a new business support system in Denmark. We did that in this quarter – that has been in the planning for the last two years. It's a business support system we have developed together with a Chinese vendor and the aim here is to simplify the IT stack and also have a one-screen logic with our customers, regardless of which device they are using, or which access they are using to our system. The plan now is to take this forward into several others of our European markets: Hungary first, then Bulgaria, and then we will move into some of the other European markets and then trying to build some scale through a common IT system. However, the profitability in the Danish market continued to be weak, and as we have said before, there is a need for a consolidation in this market, to maintain or to create a long-term profitability.

In the Central & Eastern Europe operations, we see the trend continues, nothing dramatic there. We see healthy margins continues also, and we see that relatively we are able to keep our market share positions in all those markets.



Thailand, very intense competition as we have seen in the last now almost two years. It continues and especially now on both AIS and TrueMove are moving into even more aggressive prepaid subsidies to capture customers. As you know dtac has lost market share, revenue market share over the last two years and because of this we have been working with turning around some of our operations. We have more aggressively not built out our data network. We have revamped the distribution and then also implemented a cluster model as we have been successfully using in some of the other Asian markets. Fortunately we see now that the market share loss has been adjusted in both Q3, Q4 and we estimate also in the first quarter a flat market share development. As we have stated the 2016 ambition is to keep and defend the market share that we are having. It's good to see then that we have been able, in this quarter, to add more than 400,000 net new subscribers. The EBITDA margin is improved, mostly because of lower handset sale in this market also in the first quarter, but also because we have chosen not to subsidise prepaid handsets in this quarter, different from what our competitors have done. However we don't think we can continue to do that, so in this quarter we may also have to use some of the same tools to stay competitive. We have also initiated several structural initiatives to address the cost base in dtac but you cannot see that coming through in this quarter. That will be more a long-term initiative. The data network has been significantly improved. We now have a 94% population coverage on 3G. We are aggressively rolling out 4G and we have 4G now in all the 77 provinces, but there is still a way to go before the entire population is covered with the 4G network. As you know, Jasmine was not able or willing to pay the 900 spectrum that they won in the last auction. That is now returned back to the regulator and will come out again in an auction on 27th May. The starting price for that seems to be the same as the result in the last auction, THB 75 billion and because of that dtac has already announced that we do not intend to participate in this auction. As described in the slide, we think that we have a good spectrum portfolio that is not forcing us to participate this time but rather look for future auctions especially in 2018, when our 1800 and 850 spectrum, our licence concession is coming out in an auction.

Malaysia, also very tough market conditions and that seems to continue especially in the migrant segment where we see now that the prices are dropping quite significantly and we also



have an effect of weak currency impacting the cost of international calls. We also see in the market that more and more data is bundled into the data packages and we also see that some of our competitors are having free Internet for social media use.

DiGi continues to be good at execution. I think we have seen that demonstrated over many years. So despite the very tough prices and also the reaction from our competitors, DiGi is keeping its market share. They did so last year and we estimate that they will do that in this quarter as well, also in Q1 as well. They have also repositioned their brand from being mainly a prepaid operator to now also being more attractive for the postpaid segment. And you see there is also that coming out with quite impressive 7% organic growth, in the postpaid segment.

DiGi is continuing its leadership on data, having now a 3G network that covers 88% of the population, and an LTE coverage of 73% of the population. And as you also know, there was a reforming of the 900 spectrum, which will give DiGi another 5 megahertz, 900 spectrum, which will greatly help when it comes to rural coverage, and also indoor coverage. Bangladesh, as I said in the beginning, a very positive surprise in this quarter; organic revenue growth of 12% on subscriber and traffic revenues and ARPU, it's slightly increased in the quarter. And as I said before, we are now seeing early signs on ability to monetize data in these emerging markets and Bangladesh is a visible sign of that. To give you some numbers to back up the data growth: we now have 80% 3G network population coverage. By June, we will put 3G equipment on all our 2G base stations, which will bring us up to a 95% 3G coverage population-wise. 36% of our customers are now active data users. We see the smartphone penetration now increases and it has increased from 20% to 23% in this quarter. And we see now that prices for smartphone dropping quite significantly and we assume that the end of this year we'll be down to levels where the mass market can really afford picking up smartphone devices. In the midst of this, Bangladesh Grameenphone has also started to implement the biometric verification system where basically all the customers, not only the new registered, but also existing customers, need to go to our sales points and re-verify their identify with fingerprints. We are half through that process. 55% of our customers are now verified. Pakistan, also a good revenue growth: 2% organic; added 2.2 million new subscribers. Lots of the revenues are coming from growth in



incoming international traffic, but also from the position we have built on financial services. 11% of the revenues is now coming from financial services. In the quarter, we increased our shareholding in Tameer Bank from 51% to 100%, so we are now fully controlling that bank.

With that, we are now launching more advanced balance sheet products like saving products for our customers, like handset financing, like micro loan, but also ecommerce solutions. We now see that this is a position we take not only with our own customers, but also offer that to the market as -- the whole market. Healthy EBIDTA margin, 40%, and with that, we see a healthy and profitable growth. Myanmar, I think I've said many quarters now, that this cannot continue, but it does. And now, after 1.5 years into operation, we launched our operation in October 2014, they are not only keeping the EBITDA margin, actually increasing it slightly, 42%, but they are now cash flow positive for the first time. And I must really say that that's impressive, 1.5 years into the operation. And not only slightly positive, but actually having a margin of 10%. Despite the aggressive rollout, I expect them to be able to stay in the positive territory on cash flow in the quarters to come. They did 1.8 million new subscribers in this quarter, bringing the total number up to 15 million, a little bit more than 15 million. We do not have 100% factual data on this, but we assume that we around 38%, 39% market share now on subscribers. And, as said before, still our subscribers are continuing to use data; 52% of them are now using data.

A key strength I will say we have developed in this market is one, network. We rolled 800 new sites in the first quarter and now have together 5,000 sites covering 62% of the population and 90% of the townships. The aim is to bring that 5,000 sites up to 9,000 sites and then we will, basically, cover the whole population. The other strength: it's our focus on distribution. We now have 68,000 point of sales and we are way ahead of our competitors on the sales presence out in the rural market. And thirdly is the brand position we have. We are by far the market leader in terms of brand preference in the market. India had a good quarter, did 1.5 million new subscribers, bringing that up to 44 million totally. That was a 15% subscriber growth year on year. Also, despite pressure on data now replacing voice revenues, they were able to grow revenues with 7%. However, the ARPU is under pressure, so the ARPU is down 7% year on year. Revenue market share, it's 6.5% in the six circles where we operate. It's higher in the two



biggest circles, UP East and UP West, but overall, 6.5%. Which brings us up to a number four position in those six circles where we operate where, of course, the three big ones are way ahead, but we have a now clear number four position. But as communicated before, the long-term presence in India is dependent on our ability to secure additional spectrum. We are not, with the current spectrum portfolio we have, able to compete in the growing data market and we need to find a solution and pay a price that we can justify. That's why we are looking at the upcoming auction. That's why we are looking at potential spectrum trading opportunities. But we have also said that we need to be pragmatic to consider also other alternatives if that turns out not to be possible to find value-focused solutions only. Before I hand over to Morten, we are inviting you to a Capital Markets Day in September. We haven't done that for the last two years and I think it's time to do so. We plan to do that in London and we plan then to present the digital strategy that we are now in the midst of starting a transformational journey on. We plan also to be clear on our financial priorities and ambitions in the coming years, especially give you a little bit more guidance on where we see the opex development going and also give you a guiding on capex in the years to come. And we will, of course, also use this opportunity to update on our key markets.

So that's the highlights I would like to give you and then I hand over to Morten.

Morten Karlsen Sørby: Thank you, Sigve. Before I go into the details on the Q1 result, let me quickly touch upon the highlights from the first quarter. Like Sigve said, I believe Telenor has delivered a solid Q1, despite competitive pressures in some of our key markets. We delivered a solid 6% organic growth in mobile subscription and traffic revenues, and continuing the momentum from previous quarters. The EBITDA margin was improving by 1 percent point to 35% and growth in EBITDA was 5% on an organic basis. Despite high investments, the operating cash flow was NOK6.1 billion, one of the highest ever. We are maintaining the outlook for the year and I will get back to the outlook in more detail later in the presentation. If we move into the details for the quarter, starting with the revenues. Reported revenues for the first quarter was NOK33 billion. That is an increase of 5% from the same quarter 2015. We still see positive currency effects from the weakening of the Norwegian krone, explaining NOK1 billion of the Group's



NOK1.6 billion growth in revenues. If we then adjust for currency, the organic revenue growth was 1.5%. And as you can see from the graph on the right side, the mobile subscription traffic revenues are growing at a healthy rate of 5.8% organic, supported by solid trends in Myanmar and Bangladesh. Most of the deviation between subs and traffic revenues and the growth in that with the total organic revenue growth is explained by lower handset sales in the quarter, that's 2 percent points; and a fixed line decline of 1 percentage point. And it's important to understand that Q1 2015 was a very strong quarter when it comes to the device sales in most of our markets, due to the launch of new handsets at that particular point in time.

Moving to the EBITDA. EBITDA increased by 8% on the reported figures compared to the first quarter 2015, and adjusted for currency, the organic EBITDA growth was 5%. The key contributors to the Group growth in EBITDA was again Myanmar, with NOK0.6 billion and, in addition, Grameenphone added NOK0.3 billion, both showing solid operational trends. The broadcast division also contributes positively this quarter. This is mostly explained by a positive one-time item of approximately NOK200 million related to a settlement in Belgium. On the negative side, DiGi has a negative contribution of approximately NOK0.3 billion, primarily coming from the continued margin pressure on international traffic mentioned by Sigve earlier. The EBITDA margin for the quarter was 35%, and that is an improvement of 1 percent point versus the same quarter last year. And as you can see the margin improvement, you will see that later, the margin improvement is primarily explained by a higher gross margin. If we move on and give a few comments on our investments. Like we said when we gave our capex outlook for 2016, we are in the phase of heavy investments to improve our 3G and 4G coverage.

Capex was NOK5.5 billion in the quarter, implying a capex to sales ratio of 17%. The capex this quarter is NOK0.9 billion, higher than the comparable quarter in 2015. It's worthwhile to think that two-thirds of our investments are currently going into our Asian operations; especially our Asian operations in Bangladesh and Thailand have made significant network investments in Q1. In Norway we also invested heavily as we have done for a very significant period now. We invested NOK0.9 billion to maintain our premium position, both in mobile and fixed networks. If we look into the Group's operating cash flow of NOK6.1 billion in the quarter, that is stable with



the same quarter last year. But as we said in the introduction, this is one of our best quarters ever when it comes to cash flow generation. As you can see from the graph on the right, we deliver a NOK2.1 billion gross profit increase, which is offsetting higher capex, primarily in Thailand, Bangladesh, and India, and increased investments which I just covered.

When it comes to capex, we clearly see that we are in a high investment phase right now, and we aim to give more colour on the mid-term capex profile at the Capital Markets Day, as mentioned, in September. There are some significant one-time items in this quarter. These have a total positive effect of NOK699 million on the net income. I will just very briefly take you through these items. As we have previously disclosed in connection with the decision to divest our shares in VimpelCom, we will adjust the market price, or the book value of the VimpelCom shares according to the market price at the close of each quarter. This quarter, that gave a reversal of impairment taken in Q4, and this reversal comes to NOK4.4 billion, reflecting a share price at the end of the quarter of the VimpelCom share of \$4.26. As a consequence of the recent developments in observed spectrum trading prices and updated estimates of contractual obligations, we have recognized an impairment loss amounting to NOK2.9 billion for India. And when you allocate this according to the accounting rules, you will find NOK2.3 billion as an impairment, and a write-down of interest-bearing debt of NOK0.6 billion; but in total an adjustment of the value of the Indian operation by NOK2.9 billion. We have also made an impairment loss in the connection with the sales of the shares in Amedia, earlier reported. Finally in the first quarter we have also recognized a currency loss of NOK577 million, mainly related to a partial payment of a loan to Telenor Denmark, which was considered as part of a net investment in Denmark. This is now transferred back to the profit and loss, while the changes in the hedging has earlier been recognized through other comprehensive income. Then to the normalized net income of NOK3.6 billion; the reported net income for the first quarter is impacted by the one-time items, which I just went through. Adjusted for these effects and some other non-recurring items, the normalized net income in Q1 is NOK3.6 billion, implying a normalized EPS of around NOK2.40. If we look into the debt and net debt position, as you can see from the graph on this slide, the Group continues to be in a very solid financial position, and well below our net debt to EBITDA ceiling at 2 times net debt to EBITDA. Net debt excluding



license commitments decreased this quarter by NOK0.5 billion and net debt to EBITDA remains stable at 1.2. The main special items in the net debt development in this quarter are the investments in ad tech, Tapad, as well as the instalment on the license in Myanmar. And as you may recall, the total license fee for Myanmar was \$500 million, and we have now paid the last instalment of \$125 million. Apart from these items, the rest of the net debt reconciliation should be fairly straightforward. Just one additional comment on that is on the currency effects. There is an effect from currency gain and translation effect, excluding licenses of NOK1.95 billion which is netted with the currency on placements, taking the figure down to NOK1.6 billion.

Then to the outlook. So this is the full-year guidance, which is based on the Group structure as of March 21 this year. As reflected in the presentation today, we have had a solid start to the year. However it is still early in the year and competition remains intense in some of our key markets, in particular Thailand and Malaysia. Based on this, we maintain our outlook for the year, which means an organic revenue growth of 2% to 4%, EBITDA margin of 33% to 34%, and capex to sales ratio of 17% to 19%, excluding spectrum licenses. A few comments to the revenue outlook. As stated, we have tough comparables in the first quarter, especially due to the strong handset sales at the beginning of last year. And we expect growth to improve throughout this year. When it comes to the EBITDA margin, as it looks now we are likely to end up in the higher end of the range. Our ambition is to do better than this, but this requires more visibility in development, in key areas and key markets, and also on the progress on the cost efficiency initiatives before we do any change to the guiding. So these are the two main reflections on our statement then, that we maintain the guidance given earlier this year.

That concludes my walk-through, and I will then invite Sigve back for Q&A.

Meera Bhatia: Thank you, Morten and Sigve. We will start with a Q&A here from the audience.

Fredrik Thoresen: Fredrik Thoresen, SEB. Can you provide some more colour on the reasoning behind the impairment and write-down of the assets in India, on the back of the recent spectrum transaction? It appears that you considered exit costs of around NOK3.5 billion. And



on Norway, you mentioned that you expect to be able to improve mobile services growth rate with the new price plan. Can you also provide some details as to the NOK1 billion you have had, 2015, in international roaming revenues from your main brand?

Sigve Brekke: Yes, I can start with Norway, and then you can take India, Morten. Yes, I think you are right that there is around NOK1 billion in roaming revenues for Norway; about half of that comes from the EU area, and the other half, the rest of the world. So what we are talking about here is around NOK500 million. What we expect to do here is that the new packages, which, if you look into them, are slightly more expensive for the consumers, but also, we are filling them with more content. And we expect that when we are able then to upsell our current customers to these new packages that some of that will be more than compensating for that potential NOK500 million. In addition to that, of course, not everyone will migrate up to those new packages but will stay on their current package that they have; and for those customers, the free roaming will then not be offered. So, on balance, we expect that this will be a positive contributor, both to the profitability, but also to an increased revenue growth. In addition to that, as I said, still the average data usage for Norwegian customers is relatively low, around 500/600 megabytes. And we also hope now that not only we'll be able to upgrade to these new packages, but we also will, with those new packages, be able to increase the overall data usage, which, again, will have a positive effect on the top line.

Morten Karlsen Sørby: On India, as you probably have seen, there have been some movements when it comes to consolidation initiative and spectrum trading this year. There have been several transactions on spectrum trading. The first one was the announcement of the deal between Videocon and Idea, which later was cancelled; and subsequent to that, the Videocon spectrum were entirely sold to Bharti Airtel. So that's one transaction. Further, you have Aircel selling spectrum in the 2.3 megahertz band in eight circles, I think, also to Bharti. And you have seen the consolidation, at least I wouldn't say it's concluded, but the discussions announced between Aircel and RCom. Reflecting on the consequences of this, we have found it prudent to make the impairment.



Chris Roth: Chris Roth, DNB. Just a few quick questions to follow up on India. Could you comment on the price levels paid in India for the spectrum transactions you've seen? How does that compare to what you deem prudent and pragmatic in terms of further investments and buying spectrum in India? Secondly, in terms of the upcoming auction in India, it seems like TRAI's initial suggestion was for 2.3 gigahertz to be sold in 20 megahertz blocks. You've suggested that this be amended to 10 megahertz blocks, which could suggest that you have some interest in 2.3 gigahertz spectrum there. Could you comment on what kind of capex we would have to see if you were to roll out 4G on 2.3 gigahertz in India? And finally, in terms of the Tapad acquisition, could you explain to us the reasoning behind this, and why you've needed to buy the company, as opposed to just buying services from the company? Thank you.

Sigve Brekke: I think on India, you had a lot of ifs. And I don't think I can answer all those questions, other than saying that all those transactions that Morten mentioned, none of them had been approved yet. So we are yet to see if this spectrum trading potentials is going to happen in practice. Secondly, we need to see what is the final decision from the telcom department on TRAI's recommendation. However, what is new here is that much more spectrum is now coming out in the auction, different from what we have seen in previous auctions, where they have kept the balance between supply and demand on an artificial level. Now there is a lot of supply coming out in the auction. So the only comment I can help to all your ifs questions is that we are in India to make money; we are in India to have a return. If we cannot see that return through either an auction, participation in an auction, or through a spectrum trading deal, then we need to look at other alternatives. And more than that, I cannot answer you. On the Tapad acquisition, we did that for two reasons. One is that we see and need now to, in a much better way, actually use all the customer insight, the customer information that we have and utilize that in contextual marketing. Meaning rather than thinking traditionally where you're dividing your customer base into segments, you use that data and each customer becomes a segment. The capability Tapad has in active data management, not only analysing, but also executing on contextual marketing is one reason. And we are running pilots projects now with some of our Asian operations where we're actually taking what the capability that Tapad has and we're plugging them, so to speak, into the data management platform we have ourselves, and we are



trying then to utilize that knowledge. In addition, Tapad also has knowledge about a lot of other operators' customers that we also can try to attack with combining all this data. The other reason, of course, was to take a position on the ad tech vertical, also digital advertising. And we believe that there is a potential for actually growing that business in the Asian market. Still very early days. I've been to New York to visit the team myself and trying to familiarize ourselves a little bit more about the way it works. When we come to the Capital Markets Day in September, I will be able to talk a little bit more in detail both on why, but, more importantly, on the early results we have from these pilots, where we actually are bringing this directly in to the core business.

Meera Bhatia: Thank you, Sigve. Any further questions here from the audience? No? Then, we'll open up to the conference call, please.

Nick Lyle: Can I just ask two, please? Again, on India, and apologies, but could you just give us the background, please, for the assumptions that you use for your write-down on the spectrum trading costs? What are the assumptions that you're using there in terms of megahertz or pricing that you could maybe give us a bit more detail on? Also, on the commitments in India, what does that relate to as well, please? Is that some sort of network rollout commitment, or could you tell us that, too? Final one was you made some comments, I think, Sigve, in the last month or so on a potential interest in Indonesia, Vietnam, or Philippines; is that just an off-the-cuff comment? Or could you update us on what your thinking is behind that, please? Thank you.

Sigve Brekke: Let me take the last one, and then you can think about India. No, I think there is no -- let me phrase it like this: right now, the main focus we are having is to find a long-term situation in India. In addition to that, we also need to find a long-term situation in Denmark. And then, on top of that, we really need to demonstrate that we are able to monetize data in more than Norway and Sweden. This is really the priority of the Group. Having said that, of course we will always be looking for new opportunities. But as we speak, there is no ongoing activities in that respect. Of course, with the presence we have in Asia, the markets that you mentioned could be of interest, but there's nothing going on right now. You called it off the cuff, that comment; it's



more a comment that those markets will be on our radar screen but there's nothing that we are focusing on right now.

Morten Karlsen Sørby: On India, I think we partly have answered on that already. I think we have said that we need more spectrum long term, and we are looking into how to obtain that in a way which is profitable. If we are not able to obtain profitable spectrum, then we have to look into other possibilities and solutions; so that's on the commitment. When it comes to the details on the specific impairments, I don't want to go into details on that. Just saying that was -- the basis, is what we have stated. It's the observed spectrum prices in the market and the obligations we find in Telenor India.

Nick Lyle: Okay. Thank you.

Roman Arbuzov: My question was actually on VimpelCom. Could you please just give us a little bit more colour around the divestment? And perhaps you could clarify whether you'd be prepared to get rid of the stake before the Italian deal is concluded. Also in terms of the profile of your potential counterpart, can you say whether you're focused on perhaps strategic buys mainly, or would you also consider a capital market solution? Thank you very much.

Sigve Brekke: I will give you a little bit general answer to your question. We have clearly announced that we are going to exit VimpelCom. We have also announced that we didn't do much with that until we saw the final settlement. However, after that we are starting to prepare ourselves. Of course, preparing ourselves means picking a bank and then starting to look at the different alternatives. We have also said that we are not in a hurry. We want to have a fair price for our shares, so we are not going to dump this stock at all. However, the ambition is then to exit. How that's going to be done and when it's going to be done, that you have to wait and see. We will take our time and do this in a prudent manner.

Roman Arbuzov: Okay. Thank you very much.



Ulrich Rathe: I have two questions, please. The first one is on Norway. Sigve, when you outlined the outlook into 2016 in the fourth quarter, you did talk about a big theme of share defence and did mention in particular Norway with that. Now in the first quarter, you're reporting I think what most would consider relatively soft top line and relatively strong margin. I was just wondering how this fits into the plan for 2016. Second question is on Thailand. I suppose it has been discussed already a bit by dtac management but I was wondering on your thoughts what the risk is of simply waiting until 2018, i.e., the time when the concession expires, because you'll be obviously in absolute need of spectrum at that time and competitors see that. So there's a risk that they will try to, essentially, put a lot of pressure on you if you leave it until 2018. How do you think about that risk of leaving it all to 2018 when you have an absolutely urgent need for spectrum? Thank you.

Sigve Brekke: Let me start with Thailand. We have 2.1 spectrum in Thailand through a license. And as you know, we are operating on 1800 and 850 as a concession. As I have said several times, I think the best thing that can be said about last year's auction was that it actually took place. Our worry has always been that they keep on extending the concessions rather than putting this concessionary spectrum out in an auction. With the type of prices we saw in the last auction, and also knowing now that they will re-auction the slot was not sold, shows me at least that the principle of auctioning out spectrum in Thailand will be very difficult to reverse. Which means that in 2018, I don't see why the Government shouldn't auction out 50 megahertz from 1800, which we are sitting on, plus the 10 megahertz from 850. On top of that, the Government has also made it clear that they would like to auction out the 700 band and also the 2.3 band and 2.6 band. So there is lots of spectrum that will come out in the market in Thailand in the years to come. That's what I'm basing my statement on when I say that we don't urgently need to buy the 900 slot, which is coming out in the auction in the end of May. To answer your question, what is the risk? Well, the risk is of course that what I'm now saying is not happening; that there will not be an auction and that they look for some other mechanism to continue the concessionary arrangement. Of course that risk is always there. If that turn out to happen, well then we need to find other solutions and see if there are other ways to cooperate with license holders or whatever that mechanism would be. I must say that I will be surprised if that



happened, with the background that I just described. On Norway, I think that I will give Norway credit for the cost control we have seen in the first quarter. Yes, some of that is coming from lower handset sales. Some of that is coming from a relatively nice wet winter in Norway that we have a little bit less expenses, or costs, on that side. But it's also coming from some of the structural initiative now starting to kick in. Those structural initiatives is actually to make, as I said, not only the fixed business infrastructure but, in time, infrastructure that we have in Norway more access independent. Some of this is coming through. Unfortunately it's also then, of course, coming through with some reduction in manpower. But all this is a part of modernizing and also making the entire asset infrastructure, asset base, more efficient. So I want to give them credit for that. I see that this will continue, and we have to continue to work with the cost base in Norway. On the top-line side, well 1% is not bad, if you compare, as I said, with an extremely strong quarter last year. 7% to 8% was what we had last year, so this is not bad. However, as I also said, I think we can do even better. That's why I'm happy that the management in Norway now have taken initiatives to try to continue the upsell logic that has benefited us in the last couple of years with introducing new packages. And also getting Norwegian customers to use data into a better, to a larger extent. So I think we are on the way to, despite the growth we had last year, also to bring up the growth this year, better than the 1% we saw in the first quarter.

Ulrich Rathe: Just a follow-up; in the fourth quarter, you specifically said that the share defence was aimed fixed, right, and the fixed top line was the really weak one, at minus, more than minus 6% year on year. So sorry, maybe I should be more specific, but my comment was actually more on the fixed top line disappointment there, in conjunction with the share defence in fixed that you mentioned at the fourth quarter.

Sigve Brekke: Now on the fixed side, on the fixed broadband side, we are not satisfied. We are not satisfied that we are not able to take more our fair share of the growth in that market. I know that, again, the management is addressing this, and that they are, as I said, increasing the rollout speed, and they are trying to utilize all the different fixed access technologies that are already out there. And also trying to really stay on the ground to be able to stabilize the market share.



So this -- I have seen all the plans, I am satisfied by the plans, but it is yet to come true in revenue growth.

Morten Karlsen Sørby: And if I may just add, the major issue in Norway is, of course, the old voice and ADSL business, which is declining. The decline this quarter is just following the pattern from earlier quarters. There is no specific events in this quarter.

Keval Khiroya: I've got two questions, please, one on Denmark, and then one on Norway. First on Denmark, you said for a while that Denmark needs to consolidate. Your first attempt at consolidation was rejected, and the news flow around the UK suggests that that deal could also be rejected too. Does the news flow around the UK change your thinking it's all about whether another attempt at consolidation in Denmark would actually be approved? And what's the strategy for trying to actually create some returns in the meantime? And then on Norway, have you seen any impacts from Ice in the market at all, and do you think there's a risk that Ice becomes more aggressive once it can rely on its own network? Thank you.

Sigve Brekke: I'm going to try to take Norway, and then you take Denmark. Of course we see Ice, of course we see our closer competitors, TeliaSonera. However, we don't see a major impact on our business from Ice. However, they are preparing themselves, they are rolling out their own network, and I wouldn't absolutely -- I would not rule out that they can also give us some competitive pressure. But I think in the first quarter, and in the coming couple of quarters, that will not be the major concern.

Morten Karlsen Sørby: When it regards Denmark, there are probably better people than me to speculate on the outcome in the UK. Of course that will be an important decision, because it will give guidance on -- in market consolidation, not only in Denmark, but throughout Europe. I think we are still of the opinion that the Danish market needs structural changes, which means consolidation. We are not happy with the profits we are gaining from Denmark, but I think we are doing exactly what you are saying, that we are not counting on structural measures to be undertaken in the very, very short term. So we are actually running, together with our Danish



management team, a transformation process inside Denmark to make the business unit, as such, better fitted for the future. We have just recently launched the Optimus Prime BSS solution, which will help, when we are through the initial phase, both the customer offering and the efficiency of the Company in the years to come.

Sigve Brekke: Maybe just one more comment on Norway. You may have seen that we have a negative customer development in Norway in the first quarter. But that's not coming from -- related to your question on Ice. That's coming from mostly prepaid customers that are now shopping around with the affordability positioned as such. And we are really focusing on the -- on keeping our share in the value segment, the postpaid segment.

Keval Khiroya: That's clear, thank you.

Thomas Heath: Two questions if I may. Firstly, in Myanmar, excellent to see positive cash flow margins, what do you see in terms of ability to withdraw cash from that market, given that it's quite recently opened up, and currencies have shifted? Then secondly, on Tapad, you are spending NOK3 billion for this asset. The track record of telcos owning and managing this type of non-core asset is quite bleak across the globe. What makes you at all confident that you'll be able to manage this business, and preserve the value, the standalone value in Tapad, regardless of the possible synergies with Telenor's core business? Thank you.

Sigve Brekke: I'll take Myanmar first. Of course we haven't taken out any dividends so far, and there we need to give them a couple more quarters before that become an issue, I guess. But I must say that our entry into Myanmar, I will say that the Government has treated us well. The way the license process was managed; the way the regulations have been developed, the way the investment laws are coming into place; the way we cooperate with both the previous Government and the current Government; the way we are discussing with them on lots of operational matters, gives me a very good experience. And if I take that experience, and if I see how serious the Government here is to facilitate a good framework for international investors, that leads me to believe that it shouldn't be any obstacles either when it comes to then, when



that time come, take money out of the country. For the Tapad question, while of course that's yet to be seen. I'm not standing here and saying that this has been a success after three month. But I think that you have to look at the Tapad, as I tried to explain in the last -- when I answered the previous question. This is not us buying into some type of value-added services. This is us getting customer data that we want to use directly into our core business. Using that to better utilize the data into other customer insight that we have, or data management. And that's why we have started to run those pilots to see how that value can be created. And of course, to do that, we need to let them move in alone, and continue to do exactly what they do. And fortunately, the entire top management had decided to stay on board here and to be a part of the journey, also with Telenor as an owner, and at the same time trying to extract the competence that they have into our core business. So that's the reason for it and again, I hope that in the Capital Markets Day I can go a little bit more into details on what we have experienced so far, because some of the pilots should then have given us some result.

Thomas Heath: Thank you.

Jakob Bluestone: Just got one question on fixed Norway, just following up from Ulrich's question earlier. If you go back a year or so, your fixed revenues were almost flat and now they're shrinking 5%/6%. Could you maybe just give us a little bit of context, of why we've seen such a big deterioration? Is it because of these promotions that you've been running on DSL or what's happened over the last four or five quarters to drive such a big deterioration in fixed revenue growth? Thank you.

Morten Karlsen Sørby: Well as I said, the decline in fixed line was ADSL on the traditional service, is continuing in this quarter as with earlier quarters. We also have been driving some campaigns which is putting some pressure on the revenues in order to take on newer customers and also to develop our TV offering. So I think that is the main explanation for the development in this quarter.

Jakob Bluestone: Thanks.



Sunil Patel: Most of my questions on Norway have actually been answered but I'm intrigued by Sweden. The performance there was relatively, I thought, solid on the top line in the quarter. In terms of the fixed line market in Sweden, I think Telia's done quite well with fiber connection fees and driving people up the upsell ladder. Do you not think that the model in Sweden fixed can somehow be applied to Norway and you could potentially increase FGTH investments and charge connection fees in the same way that Telia has managed to successfully in Sweden?

Sigve Brekke: I really would wish so, but I think we need to look at how the market competition works. In Sweden, fortunately, that is the case that we can get some upfront payment; in Norway, it's not. And for us then to introduce that in Norway, I think it's a bit unrealistic. So we need to be a part of how the competition works. So however, of course, we are looking at all possible ways to increase the revenues and we see that there is a demand in the market and we see that we have one advantage at least and that that we have a lot of different access, fixed access out there already being ADSL, VDSL, being fiber nodes and also being cable. So it's a combination of this and an increased rollout, that is the way they now want to make sure that we take our fair share and hopefully a little bit more than our fair share of the growth in that segment.

Morten Karlsen Sørby: If I just could add, if you look in to the two main differences in the market place on fiber in Norway and Sweden. Of course the upfront payment from the customer is much higher in Sweden, so it's much better from a cash flow point of view. But you should also recognize that the ARPU in average is higher in Norway and then we find -- if you compare our domestic business with Telenor Sweden's business.

Sunil Patel: Thank you.

Stefan Gauffin: A couple of questions. First of all relating to the new price plans in Norway where you now differentiate both in terms of speed and data package size, just comment on how you think that that will impact the performance in Norway? Secondly, you gave the comment that you



could defend your market share in Thailand without offering prepaid handset subsidies. Why then are you considering entering a prepaid handset subsidies in that market? Thank you.

Sigve Brekke: On Norway, I think I already answered that question on Norway. I think with those new packages we will be using the upsell logic and with that create more value both for the consumers, but also then create more revenue growth for ourselves. And that's why I'm saying that I'm satisfied with what Norway's doing but even more so with the initiatives that they have been taking. On Thailand I don't think I said what you referred to. What I said was that in the first quarter we did not subsidize prepaid handsets. Our competitors did but we see now that they are getting even more aggressive on doing so. And that's why I said that in the second quarter you will have to expect that we also need to, to a certain extent, be a part of that if we want to keep our market share. That's why I'm saying also that that, of course, will then have an impact on EBITDA or on the cost delivered in the second quarter.

Stefan Gauffin: Okay, thank you.

Maurice Patrick: A very quick follow-up on the roaming in Norway. Can I just check, the plans you have, I think the NOK1 billion of revenues, that's enterprise and consumer? And also, the price plans, I think the ones you're announcing are consumer ones. So if I remember correctly, in the fourth quarter you saw a bit of enterprise weakness in mobile in Norway. Part of that, I think, was lower roaming. So perhaps some thoughts on the enterprise/consumer split would be very helpful. Thank you.

Sigve Brekke: Yes, we will do the new packages both for the consumer market and for the enterprise market, that's correct. And we plan to have the same logic on giving more into the packages, and at the same time, then get people to buy into packages, which will give us the revenue return on it. I don't think I can comment more than that. If you want to get into even more details of that, you have to either follow up with IR or call Norway. It's very early days; we launched -- just launched it yesterday. But the clear assumption here, it's not only to not prepare ourselves for a change in EU regulations that will come during 2017, but it's actually to



use this as -- rather than this being a threat to our top line, use it as an opportunity to actually grow our top line with upsell logic.

Maurice Patrick: Thank you.

Morten Karlsen Sørby: Just to underline that. As a customer, you have to take a positive change from the traditional plans into the new plans. Of course, we will help customers coming to the price plan which is the most appropriate for that customer.

Maurice Patrick: Great. Thank you.

Usman Ghazi: I just wanted to ask about Bulgaria. We saw declines in Bulgaria significantly get better. It's only down 1% from down 8% in the second half. Just wondering what's going on there. Then the second question was just on Sweden. You've indicated this morning that you're going to enter the SDU market. That strategy, is it meant to just ring fence your existing DSL base, or is it designed to be a bit more aggressive than that? Thank you.

Morten Karlsen Sørby: I can start with the Swedish. I think when you look into the SDU strategy, you will find that we will approach both current and new customers with that strategy. And the logic with the SDU is, of course, that you move into one area and try to gain as many customers as possible in that area. So that means that we will be able to meet the demands of some of the existing customers, but we'll also approach new areas with new customers. When it comes to Bulgaria, I don't think there is any particular things happening. It's a good competition, I wouldn't say intense, but it's a competitive situation now, of course. I think our team has been able to respond in a good way. And as you know, we have a good position on postpaid in Bulgaria.

Sigve Brekke: Maybe just add one more point on Bulgaria, just one more point on Bulgaria. We have taken a position of being first on launching 4G. And I think that is enabling us to really be attractive in the high-end segment and in the postpaid segment.



Usman Ghazi: Can I just do one follow-up? So in Sweden, are you -- is this going to be an open land strategy? Are you actually digging the streets yourself, or how are you going to roll out to additional households?

Morten Karlsen Sørby: Major part of what we have launched in the ambition of covering 500,000 more SDUs, is digging in the streets in a smart way. But, of course, if we find opportunities with the open net societies, etc., we'll also take that opportunity. So that could be a combination. But we will be digging, yes.

Usman Ghazi: Great. Thank you.

Meera Bhatia: We have time for two -- three more questions, and then close the session. Next question, please.

Terence Tsui: I've got a question here on capex. You mentioned higher capex spend in Bangladesh and Thailand. Can you give us some early ideas as to what financial payback you expect to see from these investments, or whether we should see this as recurring capex? And just a very quick second question. Just what's the latest that you're seeing in terms of timing on the Deloitte review on VimpelCom? Thank you.

Sigve Brekke: Well, the first question. If you look at the Q1 results from Bangladesh, 12% revenue growth and 55% margin. And now, with 36% of our customers actually using data, I think we have a good payback on additional investments. As I also said, we are now bringing then 3G in on all our 2G base stations, such that we will be, by far, the operator that is covering the widest on the data network. The same logic, of course, we are using in Thailand. One of the issues where we -- why we lost market share a couple of years ago was that we were too late to upgrade our network to data. And the entire Thai competition now is based on data. So we also see a payback on that. We haven't given you any answers on when or how long will that 17% to 19% capex guiding last. And you're not going to get that answer from me now either. But, of



course, we are in a high investment phase now. We are investing significantly into both the 3G and 4G in our markets. So when we meet you at the Capital Markets Day in September, we will put forward a little bit more clear guiding on when can we expect this high investment level to be reduced. On the Deloitte, we -- Deloitte is still working on their mandate, which was to go through the entire VimpelCom history from 2005 up to today. We don't know when that report will be finalized, but as soon as it will, we will, of course, then come out with the key findings here, and we have made it clear that those findings will be publicized.

Terence Tsui: Great. Thank you.

Meera Bhatia: Two more questions please.

Operator: Georgios Ierodionou, please go ahead.

Georgios Ierodionou: Thank you for taking my question. Just one actually, but it's relating directly to both India and the Philippines, which was mentioned in one of your interviews. Obviously, you had a mixed experience with JVs in the past and I was wondering under what circumstances will you be considering perhaps a JV structure or a structure where you may not have full control in both something like a new market you can enter, like the Philippines; or in India where obviously you need to look at all possible options available to you. Thank you.

Sigve Brekke: Your question is a nice try but I think you know my answer. We are looking at how can we create a long-term sustainable business, which means that we need more spectrum and there are several alternatives we are looking at. But at the same time, all options are on the table. And more than that, I cannot comment.

Meera Bhatia: Thank you Sigve and Morten. That concludes our session today. Thank you very much for participating. For media present, there will be the opportunity to speak to both Sigve and Morten shortly after this. Thank you very much.