

# 2017

## TELENOR GROUP – FIRST QUARTER

Sigve Brekke, CEO

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## HIGHLIGHTS FIRST QUARTER 2017

### OPERATIONAL HIGHLIGHTS

- Data monetization in Emerging Asia
- Solid fibre momentum in Norway and Sweden
- Strong postpaid, while working to stabilize prepaid in Thailand and Malaysia
- Progress on strategic agenda

### KEY FINANCIALS

- Revenues of NOK 30.5 bn (0%)
- EBITDA of NOK 11.5 bn (+3%)
- Net income of NOK 4.2 bn
- Free cash flow of NOK 2.2 bn

# REVAMPED MOBILE OFFERINGS AND FIBRE GROWTH IN NORWAY

## MOBILE

- Successful launch of new offerings in March, targeting the youth segment
- Stable revenues excluding effect from launch of data rollover

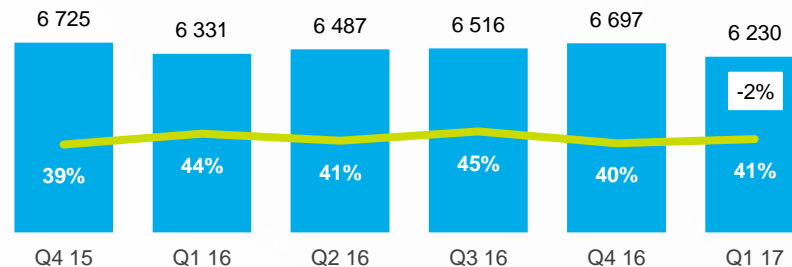
## FIXED

- Good momentum on fibre rollout, with 12k new fibre connections and 5% broadband ARPU growth
- 6% growth in Internet and TV revenues, offsetting decline on legacy revenues

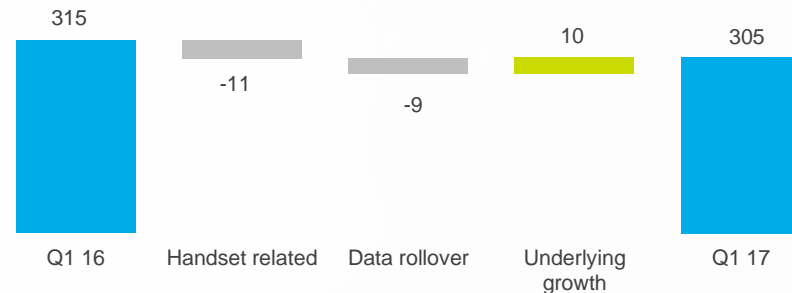
## EBITDA

- EBITDA impacted negatively by NOK 85 m rollover effect
- Stable opex YoY, cost programme progressing as planned

### Revenues (NOK m) and EBITDA margin (%)



### Mobile ARPU development (NOK)



Organic revenue growth.

# SOLID REVENUE AND EBITDA GROWTH IN SWEDEN AND DENMARK

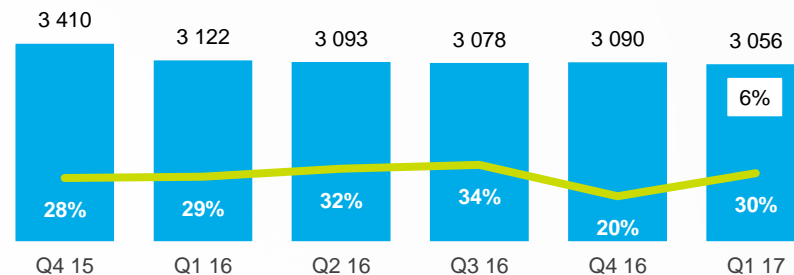
## SWEDEN

- 24k net mobile subscriber growth and 19k new fibre connections
- 5% organic growth in fixed revenues, driven by fibre
- Stable opex and 11% organic growth in EBITDA

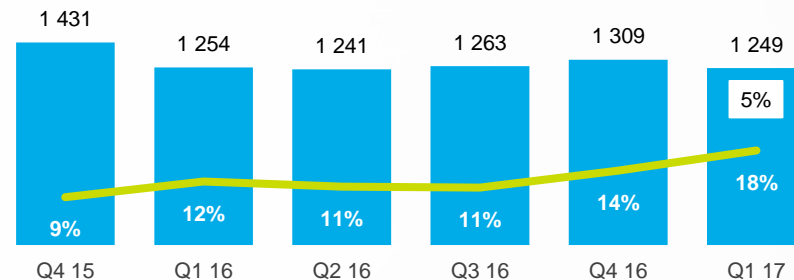
## DENMARK


- 9k net mobile subscriber growth in continued highly competitive environment
- Revenue growth driven by strong handset sale
- Solid EBITDA improvement from 15% decline in opex

### Sweden - Revenues (NOK m) and EBITDA margin (%)



### Denmark - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth.

# STEADY PERFORMANCE IN CENTRAL AND EASTERN EUROPE

## HUNGARY

- Stable organic subscription and traffic revenues
- 3% organic growth in EBITDA, driven by opex reduction

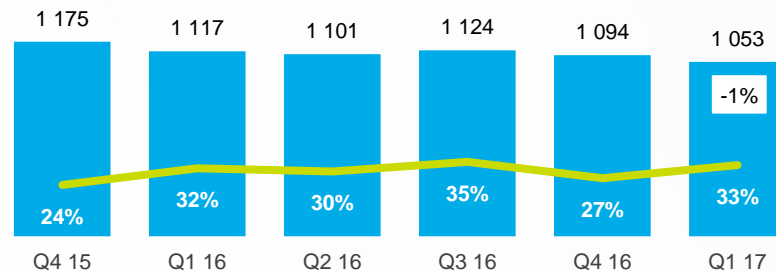
## BULGARIA

- 1% organic subscription and traffic revenue growth
- Focus on 4G and pre to post migration
- Stable opex and 3% organic growth in EBITDA

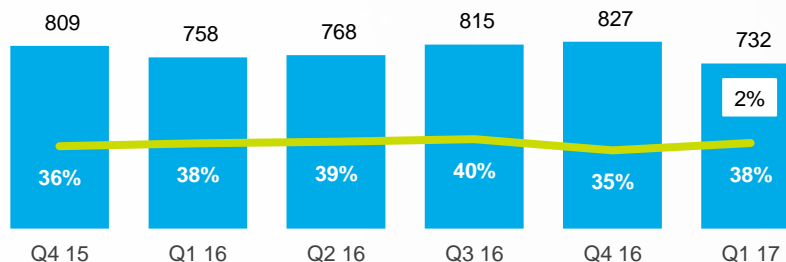
## SERBIA AND MONTENEGRO


- Stable organic subscription and traffic revenues
- 1% organic growth in EBITDA, supported by opex decline

### Hungary - Revenues (NOK m) and EBITDA margin (%)



### Bulgaria - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth

# SOLID POSTPAID TRENDS AND CONTINUED PREPAID COMPETITION IN DEVELOPED ASIA

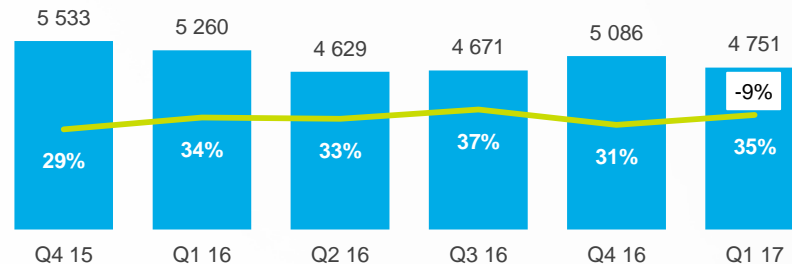
## THAILAND (DTAC)

- Slight reduction in subscription and traffic revenues, while total revenues impacted by lower handset sales
- 20% organic growth in postpaid revenues and successful launch of speed based price plans
- Network densification continues with improvement in network perception

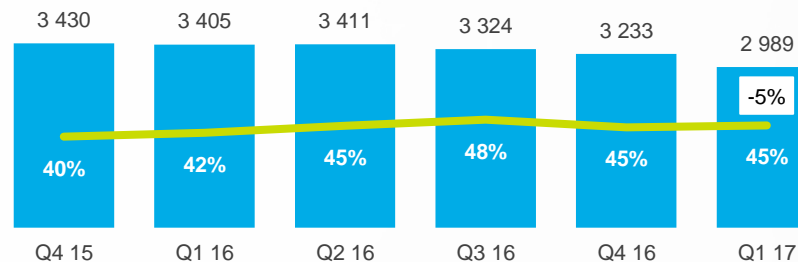
## MALAYSIA (DIGI)


- Intense prepaid competition offsetting strong postpaid performance
- 45% EBITDA margin supported by stringent cost control
- 4G network reaching 85% population coverage

### Thailand – Revenues (NOK m) and EBITDA margin (%)



### Malaysia - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth

# DATA MONETIZATION DRIVING REVENUE GROWTH AND MARGINS IN EMERGING ASIA

## BANGLADESH (GRAMEENPHONE)

- 11% organic revenue growth, supported by 6% ARPU growth
- 58% EBITDA margin and 17% organic growth in EBITDA

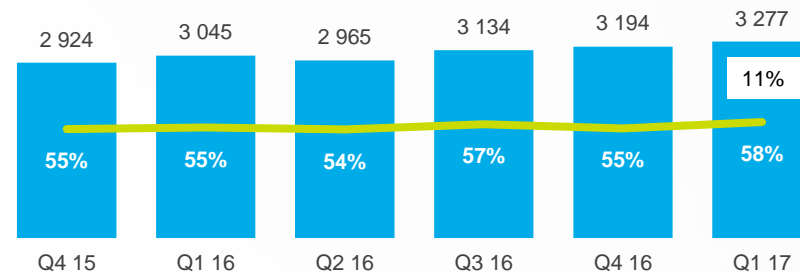
## PAKISTAN

- 10% organic revenue growth
- 49% EBITDA margin and 25% organic growth in EBITDA

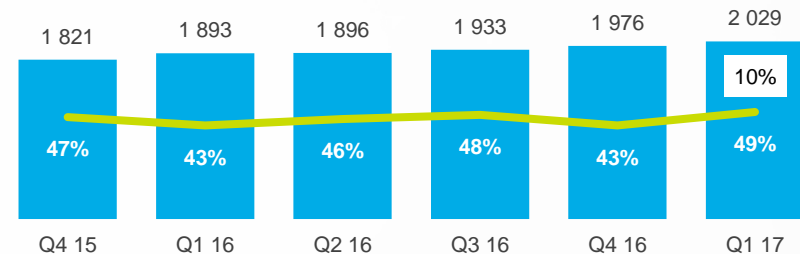
## MYANMAR


- 13% organic revenue growth and stable ARPU vs Q4 16
- Successful re-registration of subscriber base
- 43% EBITDA margin and 16% organic growth in EBITDA

### Bangladesh - Revenues (NOK m) and EBITDA margin (%)



### Pakistan - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth



# TAKING STEPS TOWARDS SIMPLIFICATION

- India exit announced in February
- Cluster organization launched
- Further sell-down in VEON
- Continue to simplify portfolio  
- divested Startside
- Efficiency efforts continues



# 2017

## TELENOR GROUP – FIRST QUARTER

Jørgen C. Arentz Rostrup, CFO

## HIGHLIGHTS FIRST QUARTER 2017

### OPERATIONAL HIGHLIGHTS

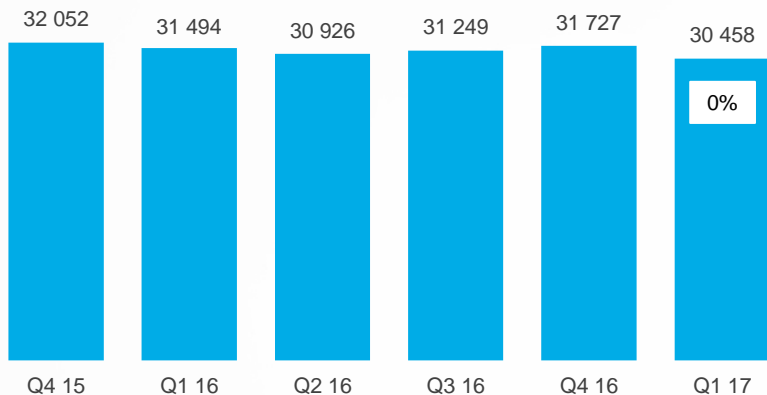
- Data monetization in Emerging Asia
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- Net income of NOK 4.2 bn
- Free cash flow of NOK 2.2 bn

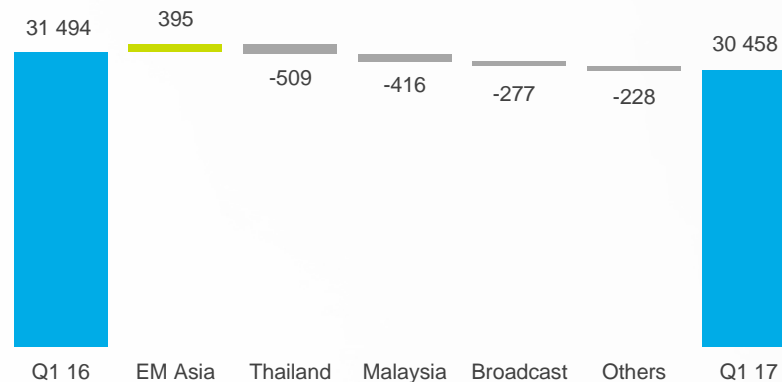
# STABLE ORGANIC REVENUES

## Revenues (NOK m)



- Negative currency effects of NOK 1.1 bn from strengthening of NOK against most functional currencies
- 1% organic revenue growth adjusted for one-time item in Broadcast in Q1 2016

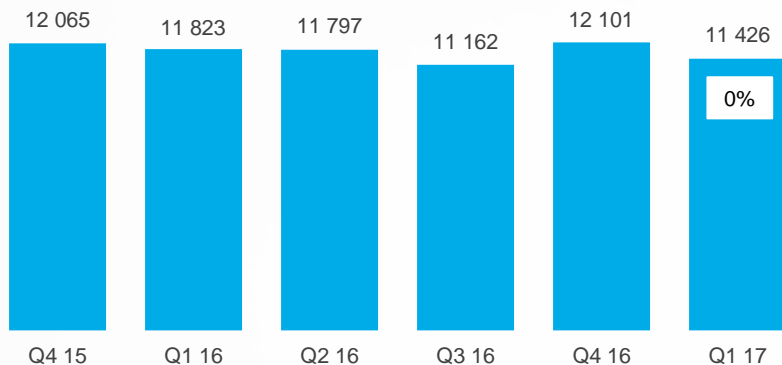
## Revenues (NOK m) development



- Continued double-digit organic growth in emerging Asia
- Lower handset sales in Thailand
- Positive one time effect of NOK 0.2 bn in Broadcast in Q1 2016

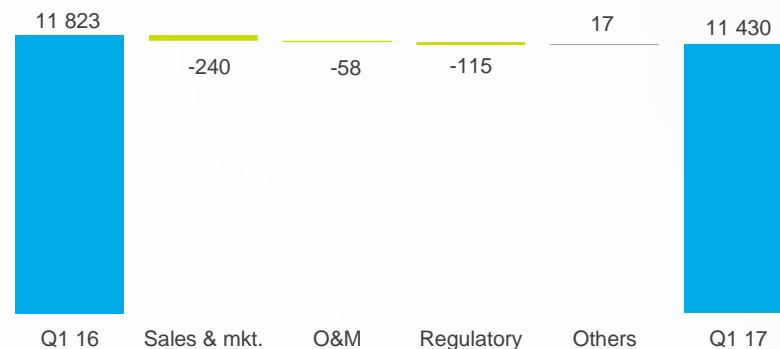
# FOCUS ON TURNING THE OPEX TREND IN 2017

## Opex (NOK m)



- 3% yoy reported opex reduction vs stable organic development
- Workforce reductions of around 600 FTEs during Q1

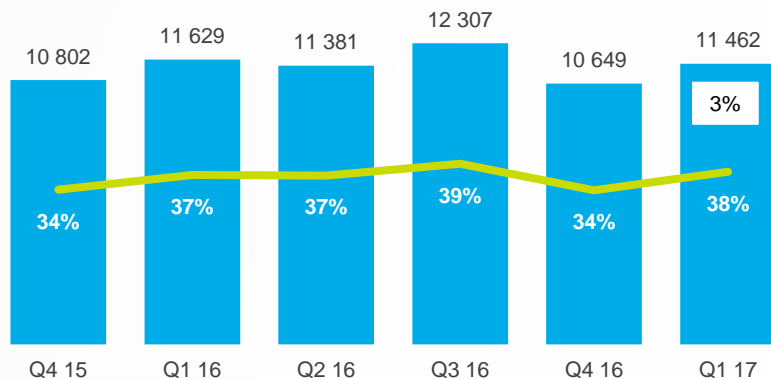
## Opex (NOK m) development



- Increased marcom efficiency and lower regulatory cost

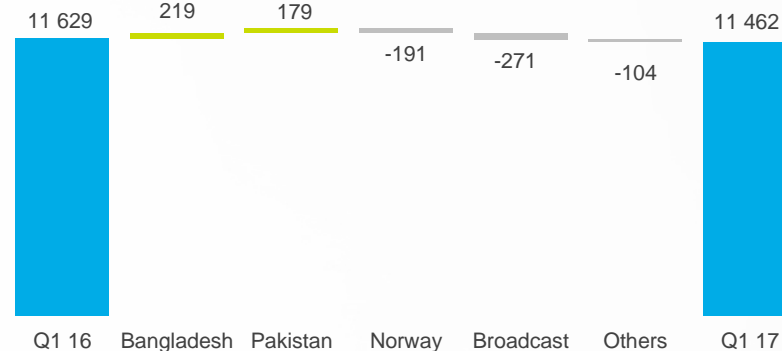
# 38% EBITDA MARGIN AND 3% ORGANIC EBITDA GROWTH

## EBITDA (NOK m) and EBITDA margin (%)



- +1 pp EBITDA margin uplift from improved gross margin
- 5% organic EBITDA growth adjusted for one-time effects in Broadcast in Q1 2016

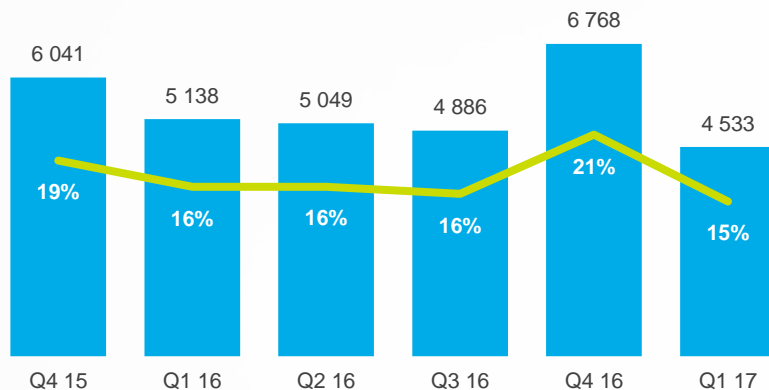
## EBITDA (NOK m) development



- Solid EBITDA contribution from Emerging Asia
- YoY development in Norway and Broadcast impacted by data rollover and one-time effects in Q1 2016

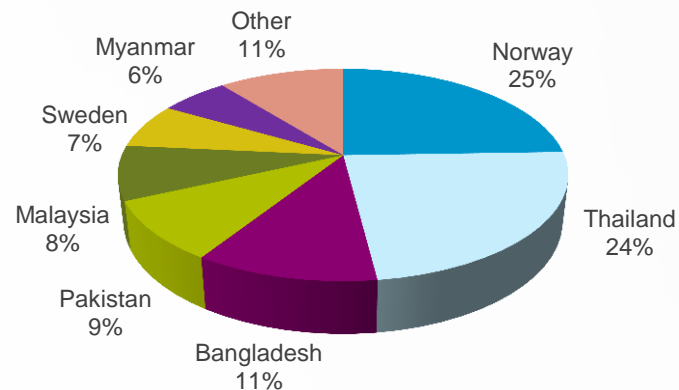
# CAPEX OF NOK 4.5 BILLION AND CAPEX/SALES OF 15%

## Capex (NOK m) and capex/sales



- Total capex coming down following high network investments in 2016

## Capex distribution



- 4G and fibre investments in Norway
- Network densification programme in Thailand

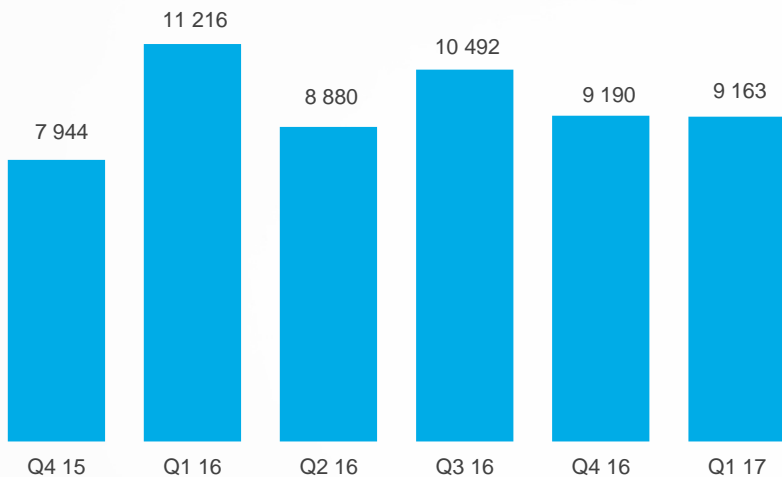
# NET INCOME OF NOK 4.2 BILLION

NOK m	Q1 2016	Q1 2017	
Revenues	31 494	30 458	
<b>EBITDA before other items</b>	<b>11 629</b>	<b>11 462</b>	
Other items	-140	-178	<ul style="list-style-type: none"> <li>• Workforce reductions (-213m)</li> <li>• Gain on disposal of Startside (+65m)</li> </ul>
<b>EBITDA</b>	<b>11 490</b>	<b>11 283</b>	
Depreciation and amortisation	-4 890	-5 109	
<b>Operating profit</b>	<b>6 599</b>	<b>6 175</b>	
Associated companies	4 175	1 117	<ul style="list-style-type: none"> <li>• Reversal VEON impairment incl. share of Q4 net income</li> </ul>
Net financials	-937	-879	
Taxes	-1 601	-1 670	<ul style="list-style-type: none"> <li>• Loss on derivative (exchangeable bond) of NOK 111m</li> </ul>
Profit from continuing operations	8 236	4 742	
Profit (loss) from discontinued operations	-3 149	120	<ul style="list-style-type: none"> <li>• India classified as discontinued operation. Including impairment of NOK 2.3 bn in Q1 2016</li> </ul>
Net income - non-controlling interests	830	694	
<b>Net income - Telenor equity holders</b>	<b>4 256</b>	<b>4 168</b>	
<b>Earnings per share (NOK)</b>	<b>2.83</b>	<b>2.78</b>	

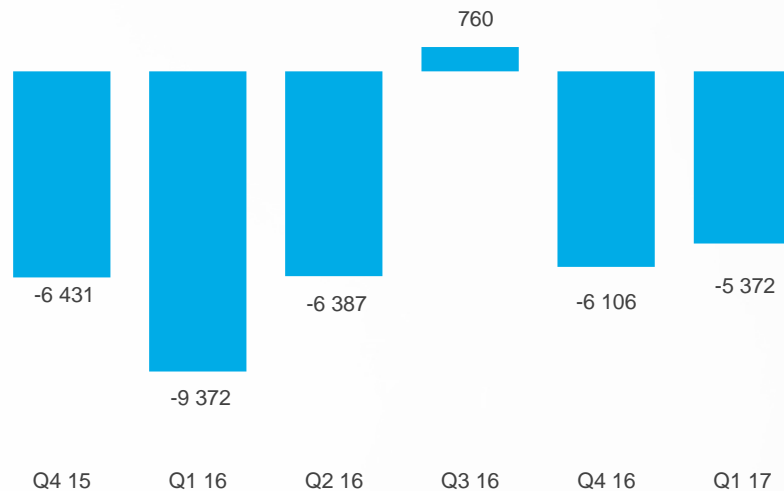


## FREE CASH FLOW OF NOK 2.2 BILLION

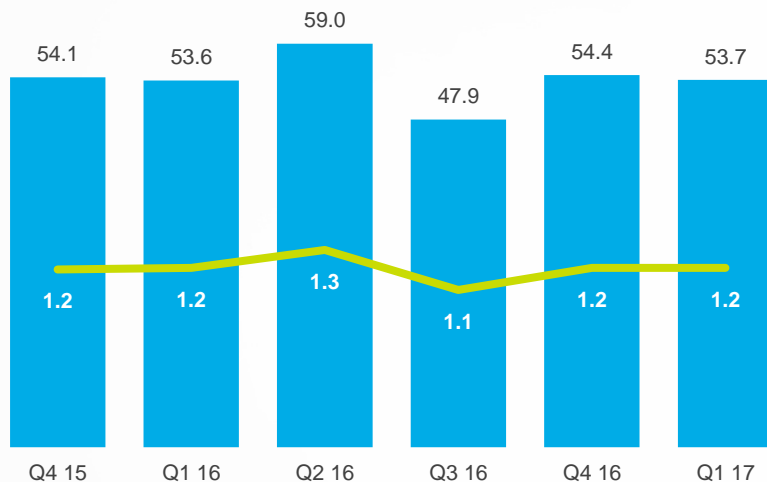
Net cash flow from operating activities (NOK m)



Net cash flow from investing activities (NOK m)



# STABLE NET DEBT OF NOK 54 BN AND NET DEBT/EBITDA OF 1.2x

**Net debt (NOK bn) and net debt/EBITDA\***

**Change in net debt (NOK bn)**

<b>Net debt 31 Dec 2016</b>	<b>54.4</b>
EBITDA	(11.3)
Income taxes paid	1.1
Net interest paid	0.5
Capex paid	5.3
Dividends paid	0.6
Currency effects	1.2
Changes in working capital and other	1.9
<i>Net change during Q1 17</i>	<i>(0.7)</i>
<b>Net debt 31 Mar 2017</b>	<b>53.7</b>

# FURTHER SELL-DOWN IN VEON IN APRIL

- 70 million VEON ADSs sold on 7 April through a bookbuilding process
- Net proceeds of UDS 259 million (around NOK 2.2 billion) to be included in Telenor's cash flow statement Q2 2017
- Remaining 19.7% shareholding in VEON, including the VEON ADSs that are underlying Telenor's USD 1 billion, 3-year exchangeable bond
- Following the transaction, VEON will no longer be treated as an associated company in Telenor's financial reporting
- All previously recognized currency translation differences, amounting to an accounting loss of NOK 7.5 billion will be reclassified to the income statement. The effect will be recognized Q2 2017.

## OUTLOOK FOR 2017 ADJUSTED TO REFLECT CURRENT GROUP STRUCTURE EXCL. INDIA

	2017	YTD	2016 ex. India
<b>Organic revenue growth</b>	<b>1-2%</b>	<b>0.2%</b>	<b>0.8%</b>
<b>EBITDA margin</b>	<b>Around 37%</b>	<b>37.6%</b>	<b>36.7%</b>
<b>Capex/sales ratio</b>	<b>15-16%</b>	<b>14.9%</b>	<b>17.4%</b>

Organic revenue growth in fixed currency, adj. for acquisitions and disposals.  
EBITDA before other items. Capex excl. spectrum and licence fees.

Excluding India from the Group structure has approx. 1 pp positive effect on the Group's EBITDA margin.  
The impact on revenue growth and capex/sales is marginal.

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# 2017

## TELENOR GROUP – FIRST QUARTER APPENDIX



# TELENOR GROUP

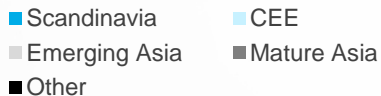
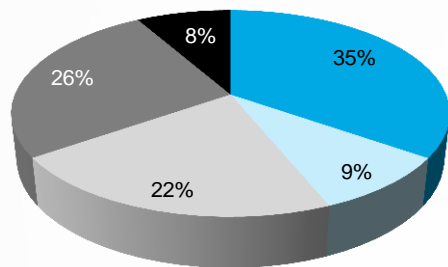
172 million mobile subscribers

Revenues in 2016: NOK 125 bn (USD 15 bn)

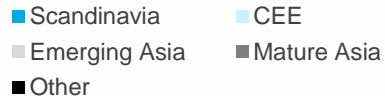
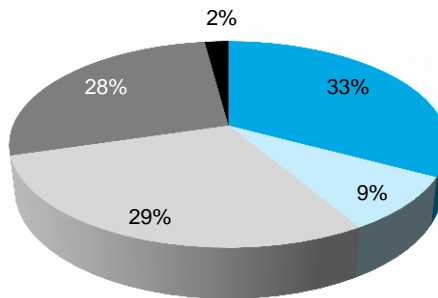
Market cap: NOK 213 bn (USD 25 bn)

# GEOGRAPHIC SPLIT OF KEY FINANCIALS - FULL YEAR 2016

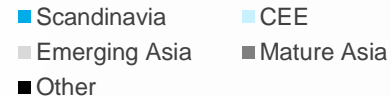
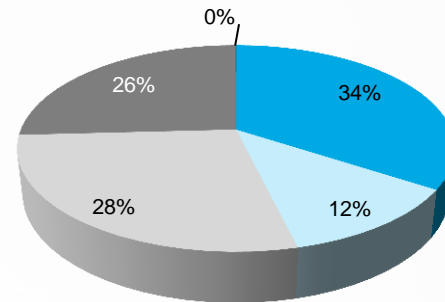
## REVENUES



## EBITDA



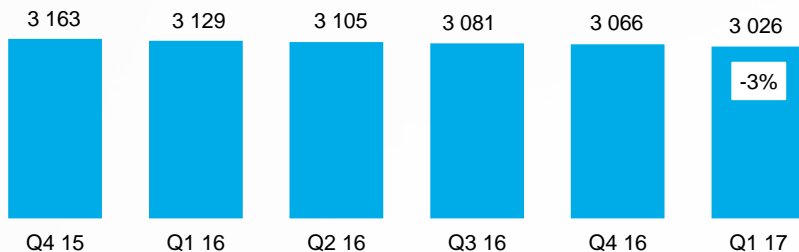
## EBITDA LESS CAPEX



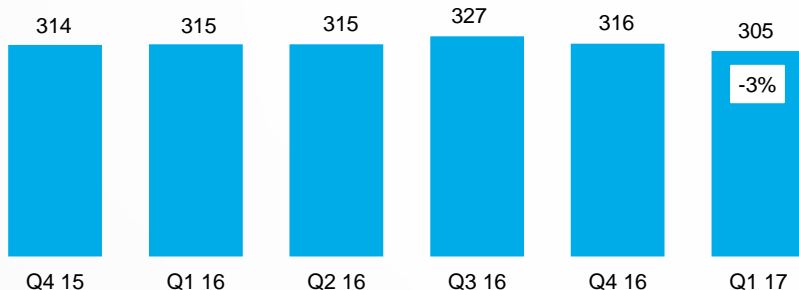


## NORWAY

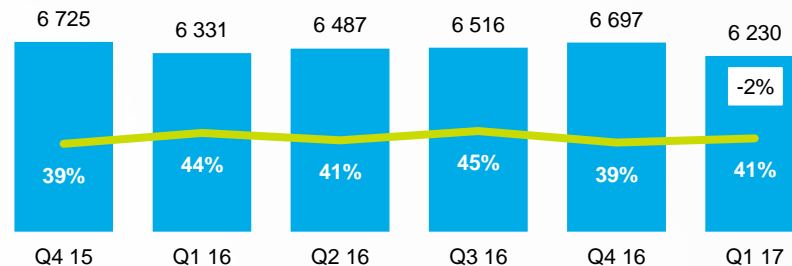
## Mobile subscribers ('000)



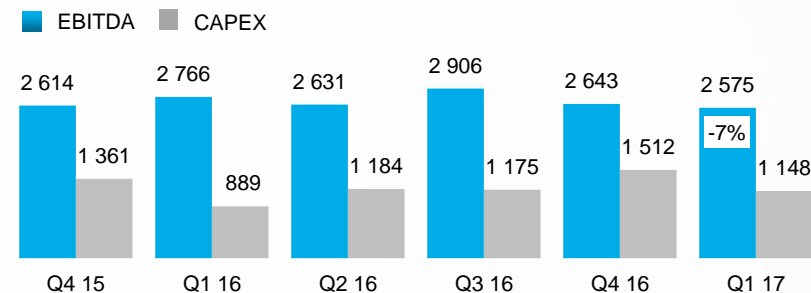
## Mobile ARPU (NOK/month)



## Revenues (NOK m) and EBITDA margin



## EBITDA and capex (NOK m)

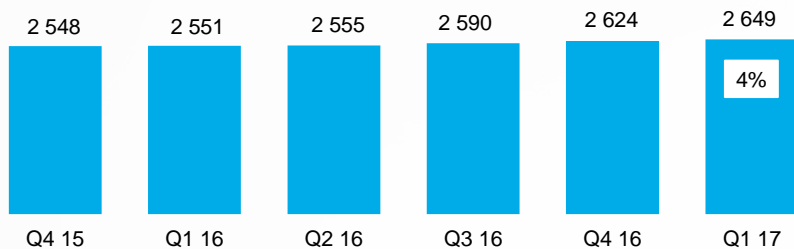


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

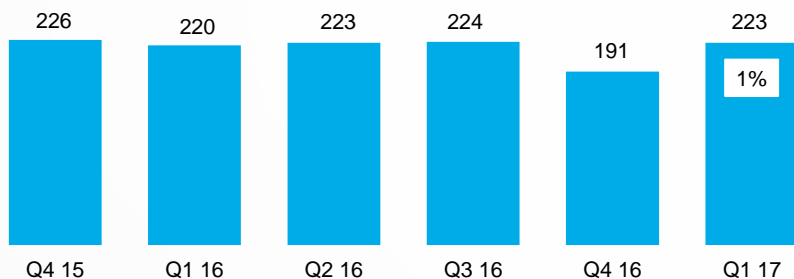
 Organic growth

## SWEDEN

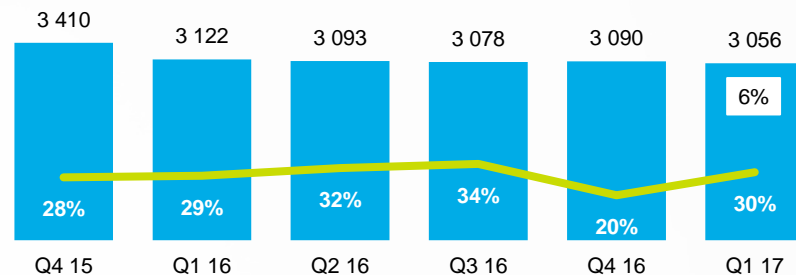
## Mobile subscribers ('000)



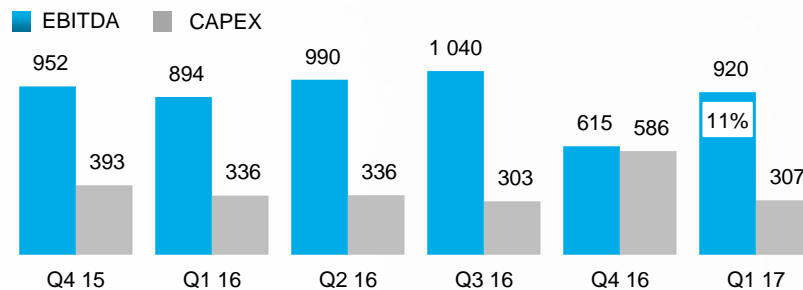
## Mobile ARPU (SEK/month)



## Revenues (NOK m) and EBITDA margin



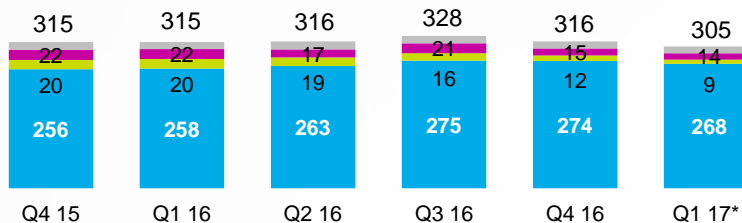
## EBITDA and capex (NOK m)



## ADDITIONAL INFORMATION – NORWAY AND SWEDEN

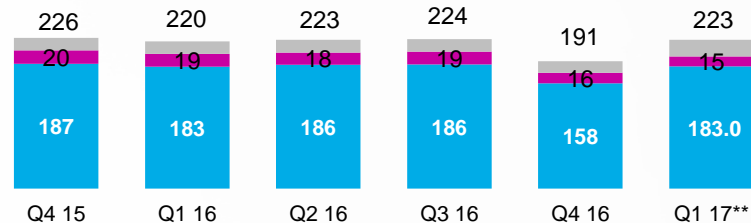
### Norway – mobile ARPU (NOK)

■ Interconnect ■ Roaming ■ Handset related ■ Domestic



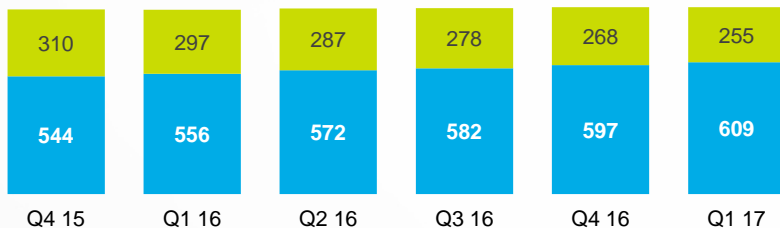
### Sweden – mobile ARPU (SEK)

■ Domestic ■ Roaming ■ Interconnect



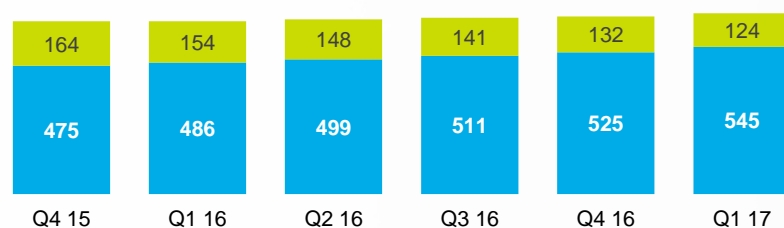
### Norway – fixed broadband subscribers ('000)

■ High speed ■ Low speed



### Sweden – fixed broadband subscribers ('000)

■ High speed ■ Low speed

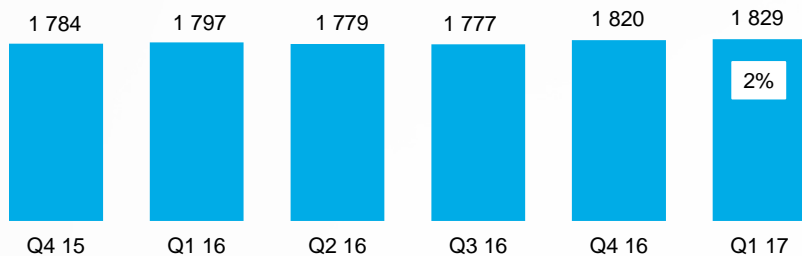


\*Introduction of data rollover has a negative (non-cash) effect of NOK 9 on ARPU

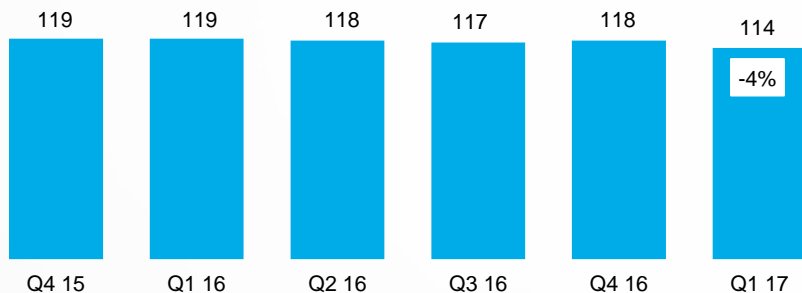
\*\*ARPU includes a positive one-time effect of SEK 7 related to an interconnect settlement

## DENMARK

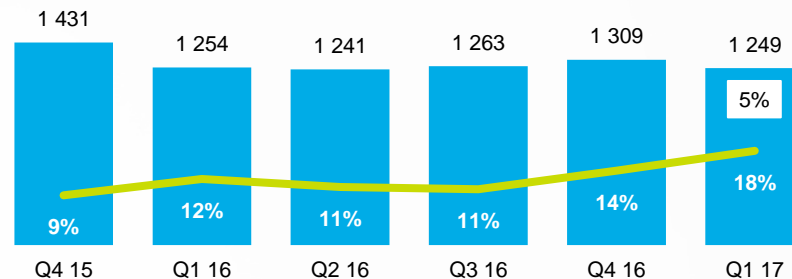
## Mobile subscribers ('000)



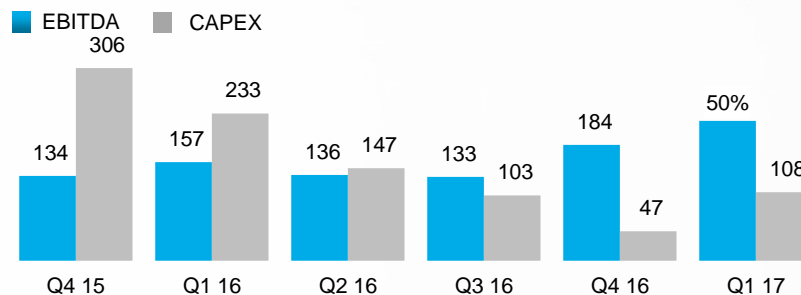
## Mobile ARPU (DKK/month)



## Revenues (NOK m) and EBITDA margin

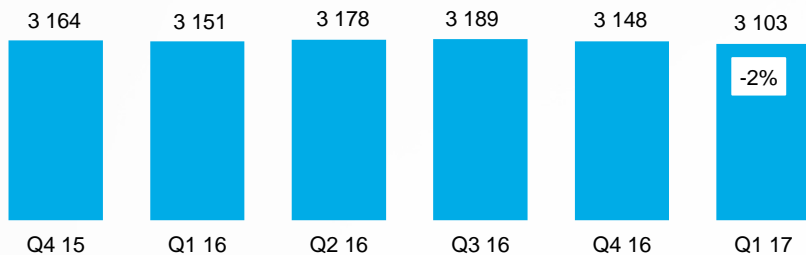


## EBITDA and capex (NOK m)

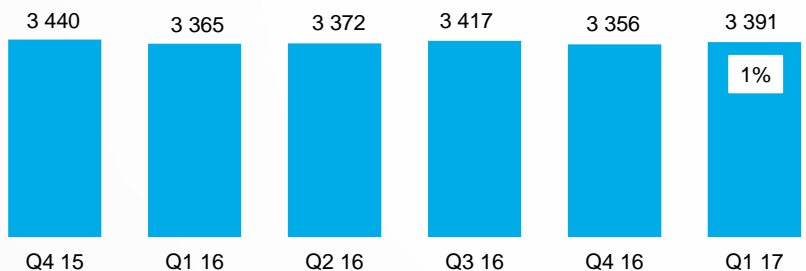


## HUNGARY

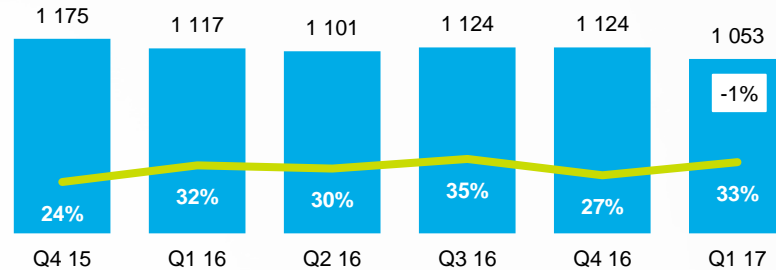
## Mobile subscribers ('000)



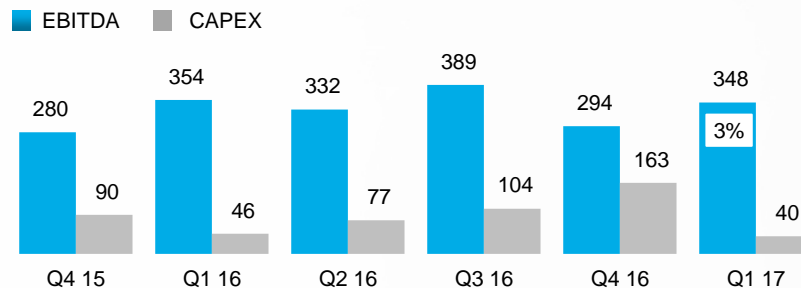
## Mobile ARPU (HUF/month)



## Revenues (NOK m) and EBITDA margin

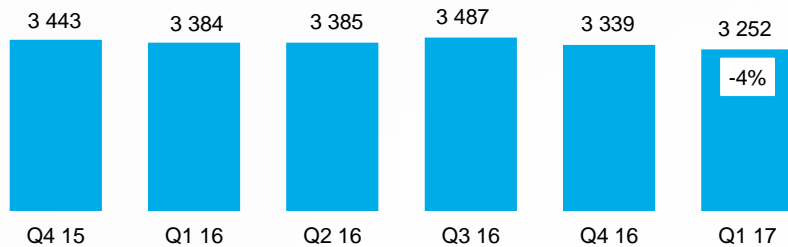


## EBITDA and capex (NOK m)

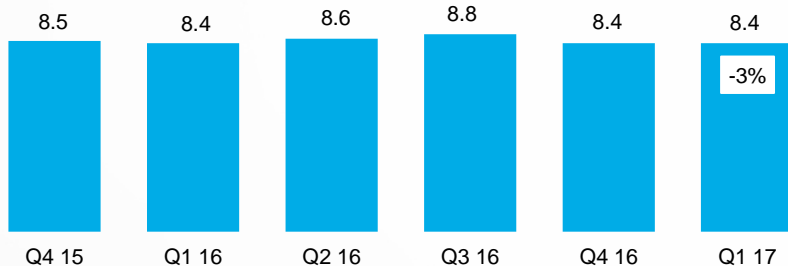


# MONTENEGRO AND SERBIA

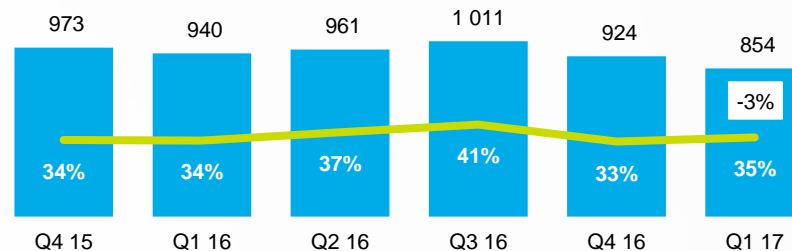
## Mobile subscribers ('000)



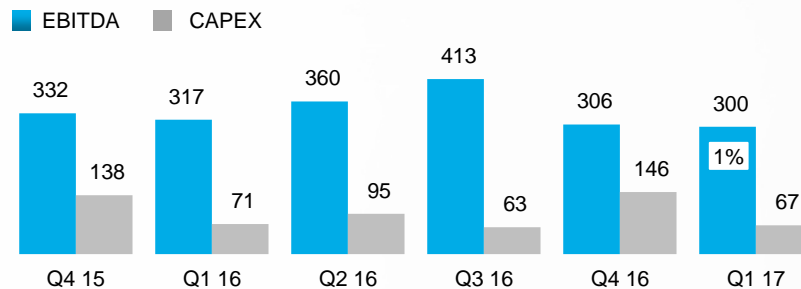
## Mobile ARPU (EUR/month)



## Revenues (NOK m) and EBITDA margin

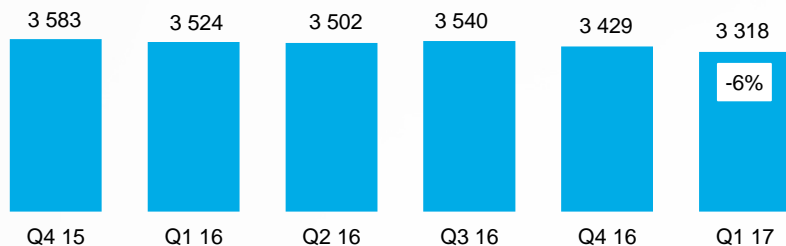


## EBITDA and capex (NOK m)

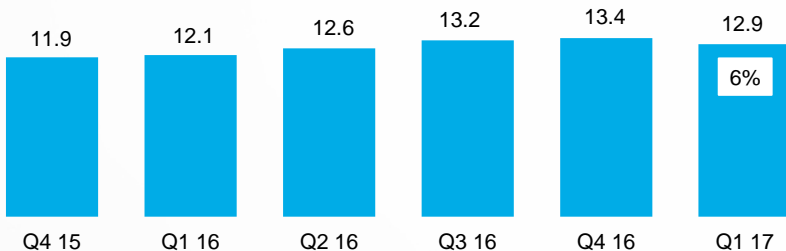


## BULGARIA

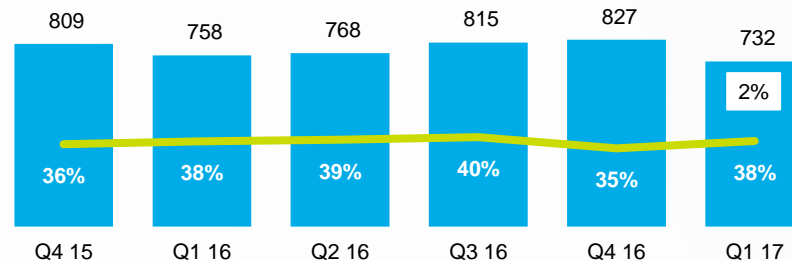
## Mobile subscribers ('000)



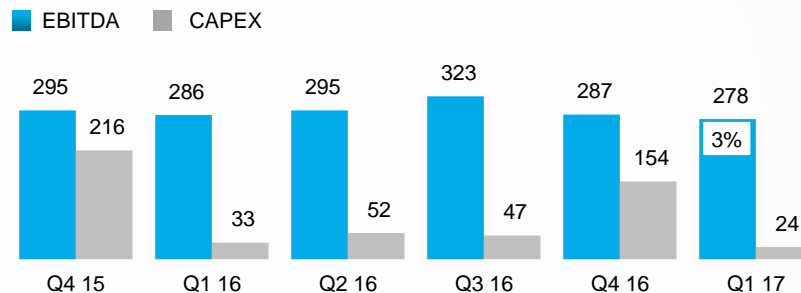
## Mobile ARPU (BGN/month)



## Revenues (NOK m) and EBITDA margin

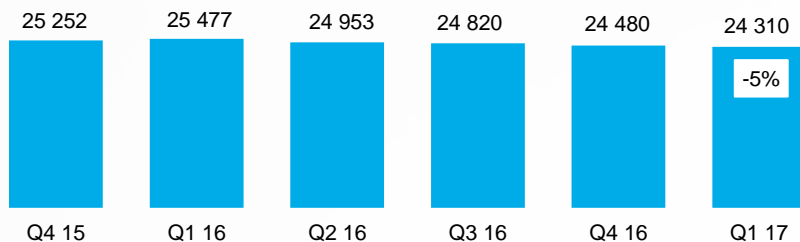


## EBITDA and capex (NOK m)

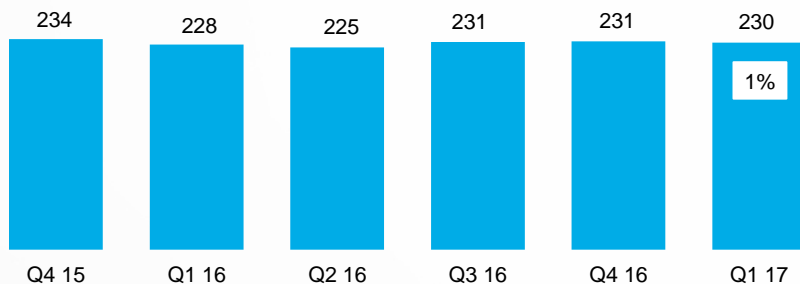


## THAILAND (DTAC)

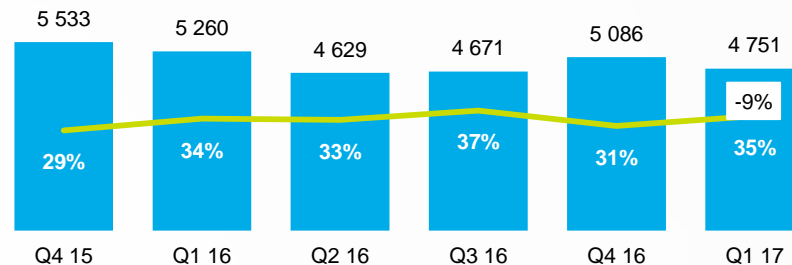
Mobile subscribers ('000)



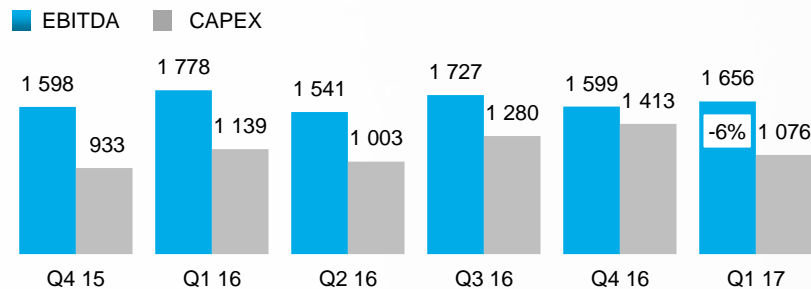
Mobile ARPU (THB/month)



Revenues (NOK m) and EBITDA margin



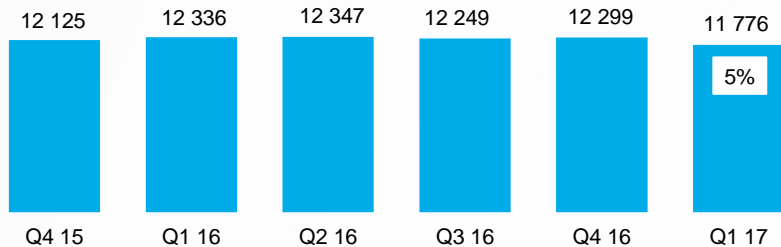
EBITDA and capex (NOK m)



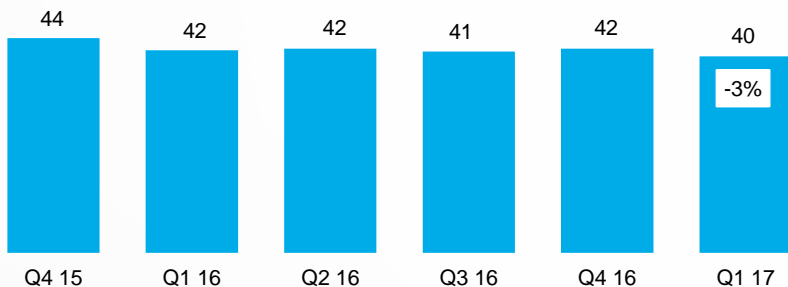


## MALAYSIA (DIGI)

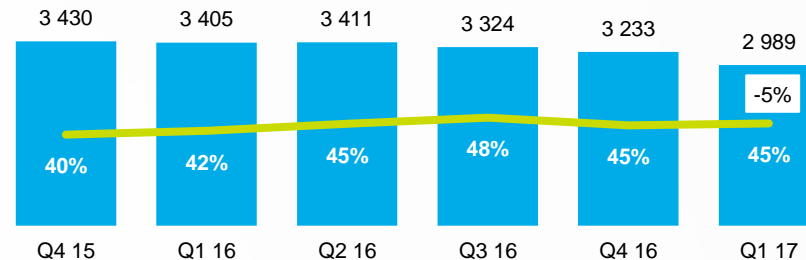
## Mobile subscribers ('000)



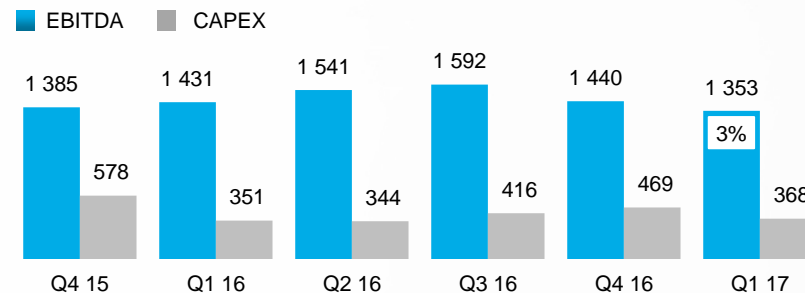
## Mobile ARPU (MYR/month)



## Revenues (NOK m) and EBITDA margin

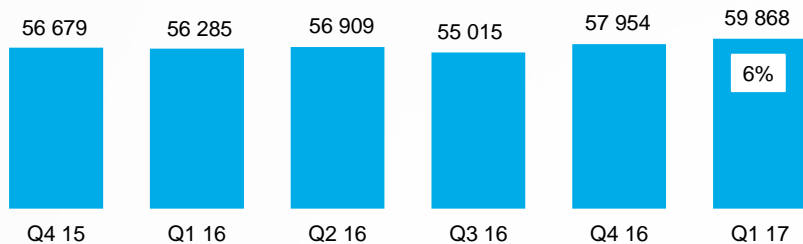


## EBITDA and capex (NOK m)

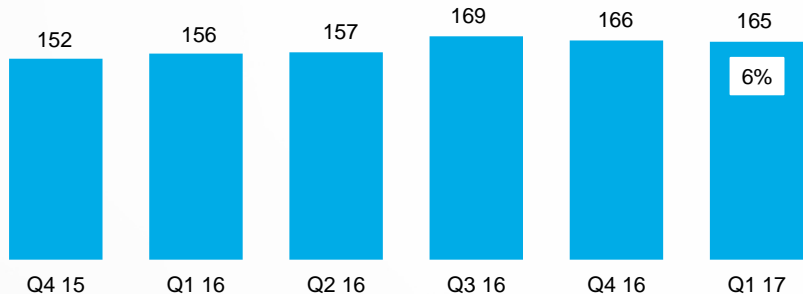


# BANGLADESH (GRAMEENPHONE)

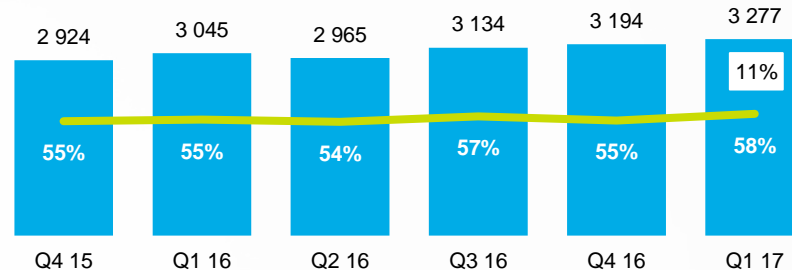
## Mobile subscribers ('000)



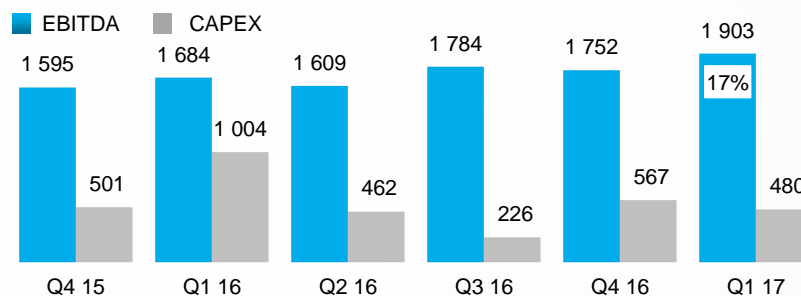
## Mobile ARPU (BDT/month)



## Revenues (NOK m) and EBITDA margin

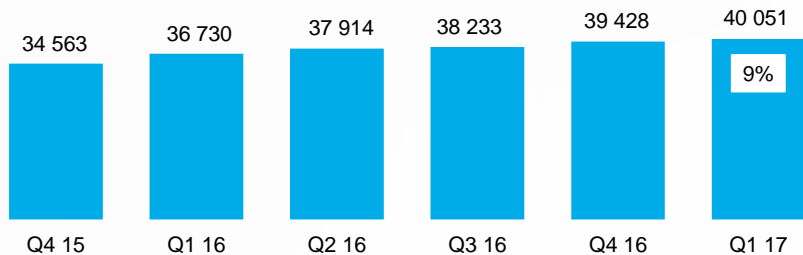


## EBITDA and capex (NOK m)

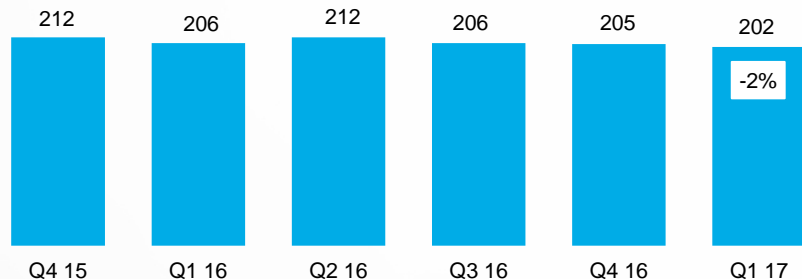


## PAKISTAN

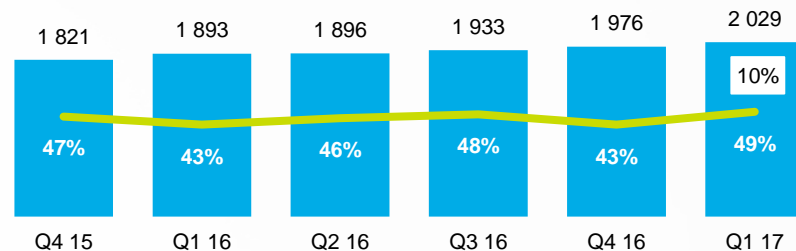
## Mobile subscribers ('000)



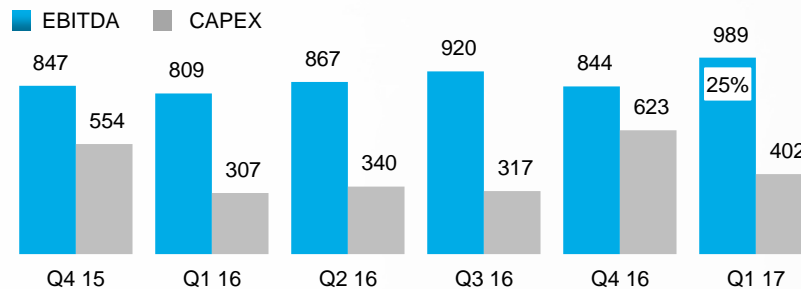
## Mobile ARPU (PKR/month)



## Revenues (NOK m) and EBITDA margin

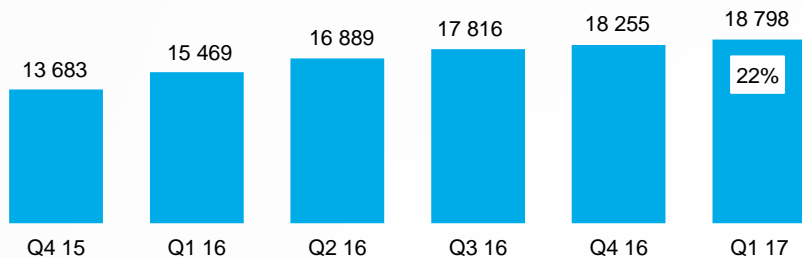


## EBITDA and capex (NOK m)

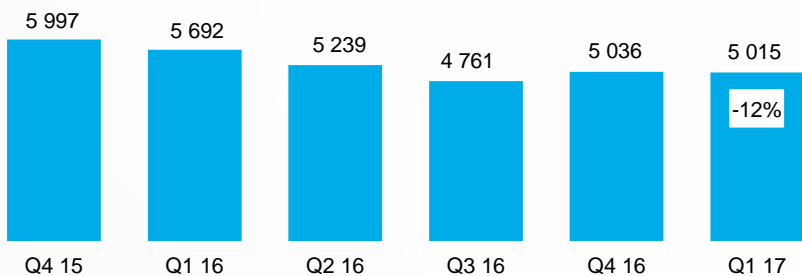


## MYANMAR

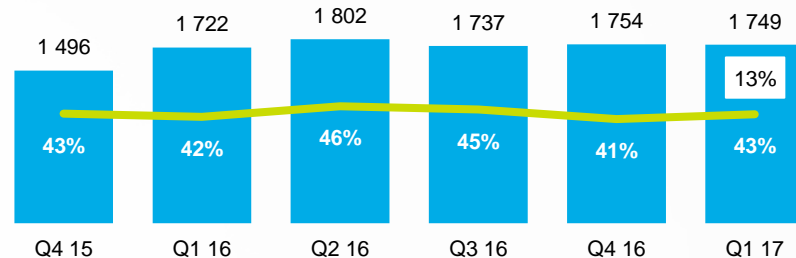
## Mobile subscribers ('000)



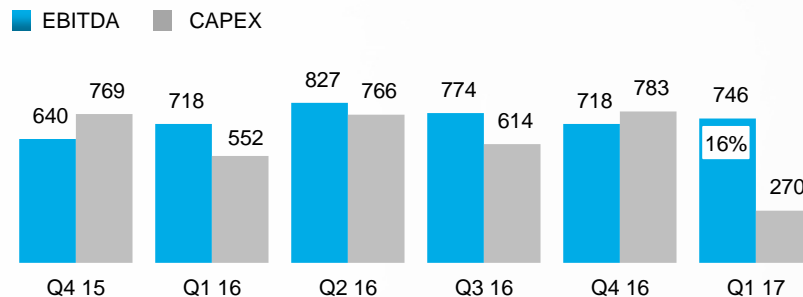
## Mobile ARPU (MMK/month)



## Revenues (NOK m) and EBITDA margin

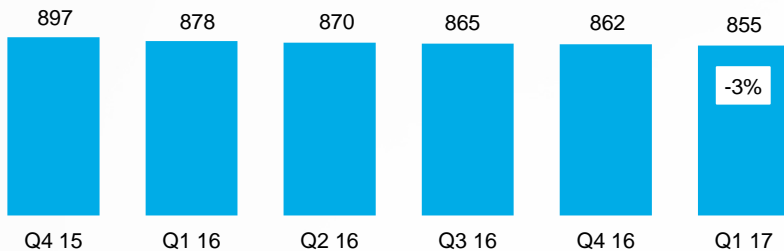


## EBITDA and capex (NOK m)

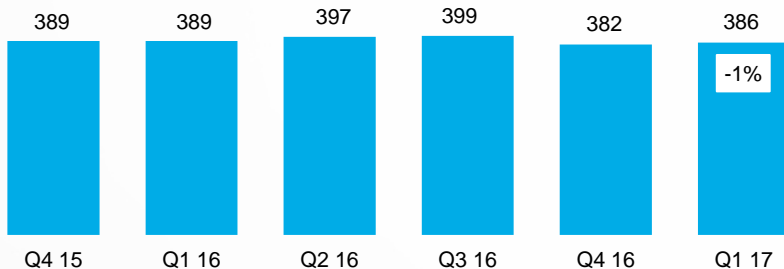


## BROADCAST

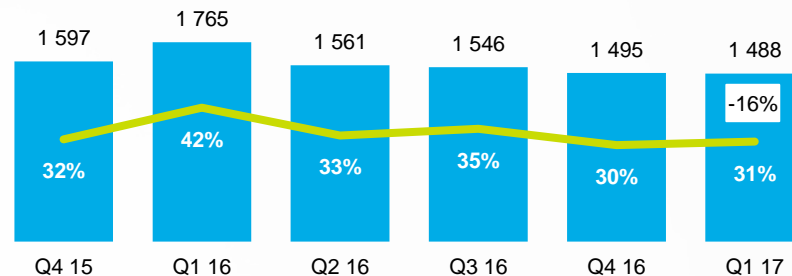
## DTH subscribers ('000)



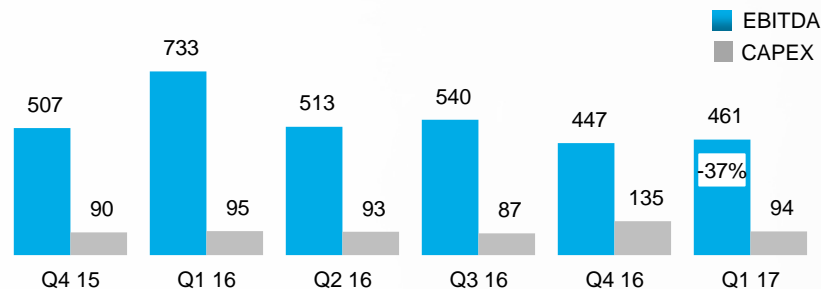
## DTH ARPU (NOK/month)



## Revenues (NOK m) and EBITDA margin



## EBITDA and capex (NOK m)

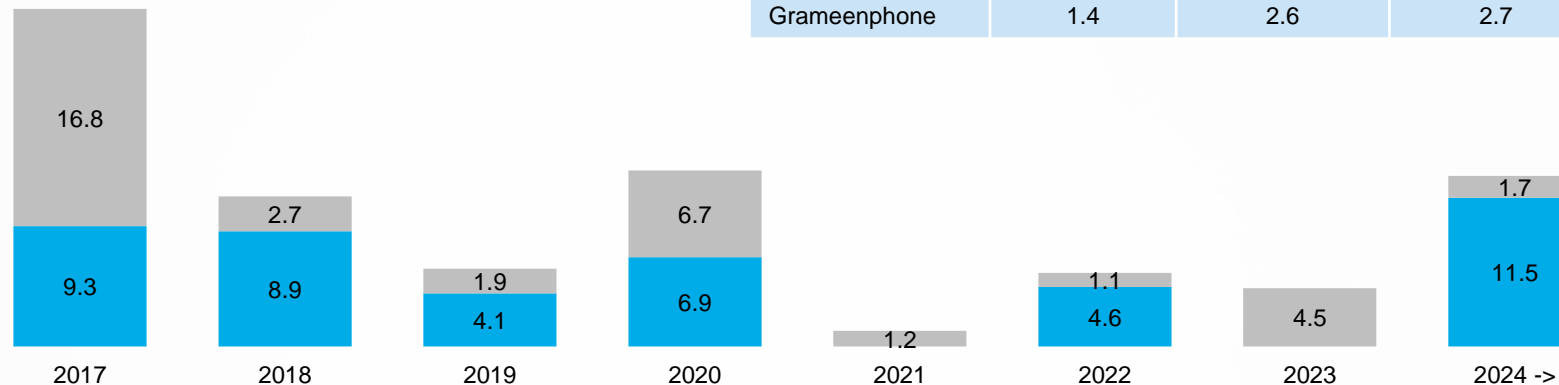


## CHANGES IN REVENUES AND EBITDA

	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	-1.6 %	-1.6 %	-6.9 %	-6.9 %
Sweden	-2.1 %	5.7 %	2.9 %	11.2 %
Denmark	-0.4 %	5.2 %	41.6 %	49.6 %
Hungary	-5.8 %	-1.0 %	-1.7 %	3.3 %
Montenegro and Serbia	-9.2 %	-2.9 %	-5.3 %	1.2 %
Bulgaria	3.4 %	2.4 %	-2.8 %	3.1 %
Thailand	-9.7 %	-8.9 %	-6.9 %	-6.1 %
Malaysia	-12.2 %	-4.8 %	-5.4 %	2.6 %
Bangladesh	7.6 %	11.1 %	13.0 %	16.7 %
Pakistan	7.2 %	9.9 %	22.2 %	25.3 %
Myanmar	1.6 %	13.0 %	3.9 %	15.6 %
Broadcast	-15.7 %	-15.7 %	-37.0 %	-37.0 %
<b>Telenor Group</b>	<b>-3.3 %</b>	<b>0.2 %</b>	<b>-1.4 %</b>	<b>2.5 %</b>

# DEBT MATURITY PROFILE (NOK BN)

■ Subsidiaries  
■ Telenor ASA



Net debt in partly-owned subsidiaries:

NOK bn	Q1 2017	Q4 2016	Q1 2016
Digi	4.1	3.7	2.4
dtac	7.8	7.4	7.6
Grameenphone	1.4	2.6	2.7

## BALANCE SHEET AND KEY RATIOS

	Q1 2017	Q4 2016	Q1 2016
Total assets	209.5	206.2	205.0
Equity attributable to Telenor ASA shareholders	54.8	50.9	62.0
Gross debt*	85.5	86.4	75.0
Net debt	53.7	54.4	53.6
Net debt/EBITDA	1.2	1.2	1.2
Return on capital employed**	7%	8%	8%

\*) Gross debt = current interest bearing liabilities + non-current interest bearing liabilities

\*\*\*) Calculated based on an after tax basis of the last twelve months return on average capital employed



# NET DEBT RECONCILIATION

NOK bn	Q1 2017	Q4 2016	Q1 2016
Current interest bearing liabilities	32.5	26.0	8.6
Non-current interest bearing liabilities	53.0	60.4	66.4
Less: licence obligations	(2.6)	(4.9)	(3.6)
<b>Debt excluding licence obligations</b>	<b>82.9</b>	<b>81.5</b>	<b>71.4</b>
Cash and cash equivalents	(26.1)	(23.1)	(14.0)
Investments in bonds and commercial papers	(1.0)	(1.7)	(0.9)
Fair value hedge instruments	(2.1)	(2.3)	(2.9)
<b>Net interest bearing debt excl. licence obligations</b>	<b>53.7</b>	<b>54.4</b>	<b>53.6</b>

# FREE CASH FLOW

NOK millions	Q1 2017	Q4 2016	Q1 2016
Net cash flows from operating activities	9 163	9 190	11 216
Net cash flows from investing activities	-5 372	-6 106	-9 372
Repayments of borrowings - license obligations	-149	-218	-956
Repayments of borrowings – supply chain financing	- 1 133	-944	-963
Dividends paid to and purchase of share from non-controlling interest	-343	-413	-694
<b>Free cash flow to equity</b>	2 166	1 509	-769