

## Telenor – First Quarter 2013

Jon Fredrik Baksaas, CEO

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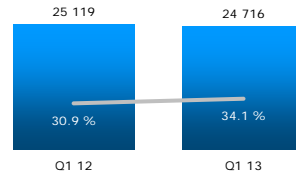
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## Q1 2013

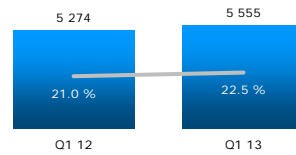
### Improved margins with stable revenues

- Stable organic revenues, with strong margins and cash flow
- Multiple issues in Asia in the quarter, but positive underlying trends
- Strengthening the network leadership position in Norway
- Preparing for transition from concession to licence in Thailand
- On track towards breakeven in India

Revenues (NOK m) and EBITDA (%)



OCF (NOK m) and OCF margin



EBITDA margin before other items. Operating cash flow, excluding licences and spectrum  
Operating cash flow defined as EBITDA before other items - capex



## Q1 2013

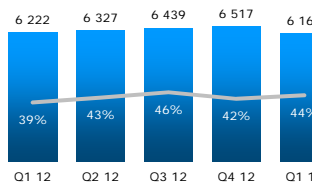
### Strengthening the network leadership position in Norway

- 6% underlying growth in mobile subscription & traffic revenues
- Investing in quality network position
  - 3G coverage and capacity
  - 4G with fall back solution
  - 4G on 1800 MHz
  - HD voice
  - Fibre to the home
- Adjusting mobile service offering, using data as key differentiator

Mobile ARPU development (NOK)



Revenues (NOK m) and EBITDA %

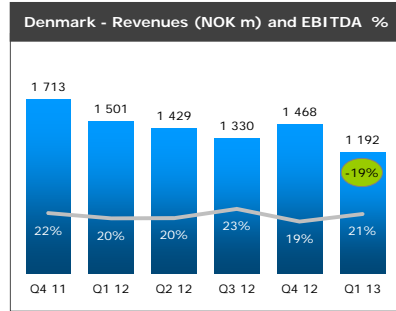
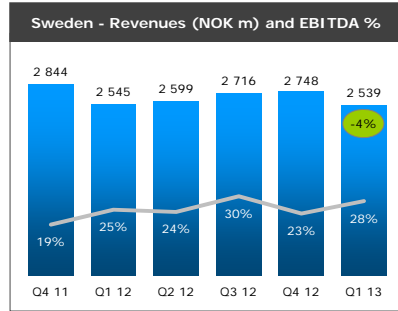


EBITDA margin before other items



Q1 2013

Margin improvement in Sweden and Denmark



- 1.4% mobile service revenue growth excluding handset-related discount

- 65% MTR cut from 1 January
- New strategy and reorganisation announced in March

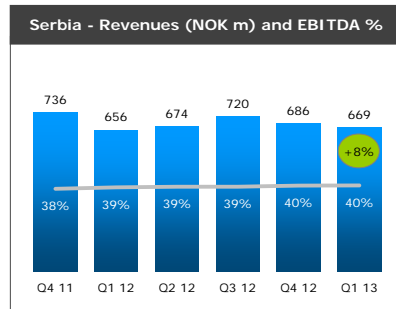
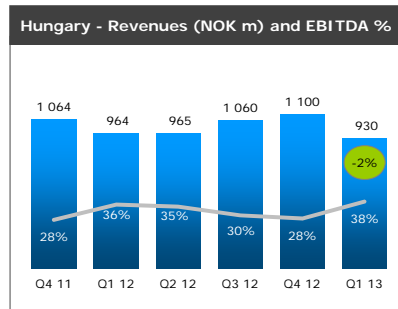
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items

● Organic revenue YoY



Q1 2013

Good performance in Serbia and Hungary



- 25% MTR cut and removal of initial telecom tax from 1 January

- Service revenue growth driven by migration to postpaid

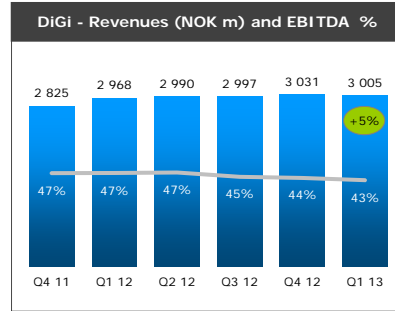
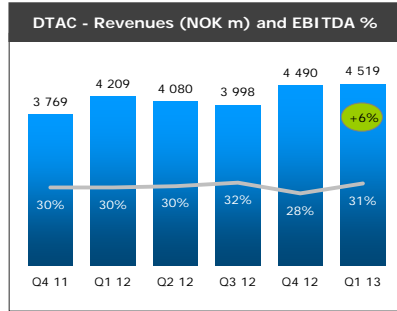
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other item

● Organic revenue YoY



Q1 2013

Data driving growth in Thailand and Malaysia



- 8% organic service revenue growth
- Launch of 3G on 2.1 GHz in Q2

- Price pressure on international traffic
- Handset sales diluting margin

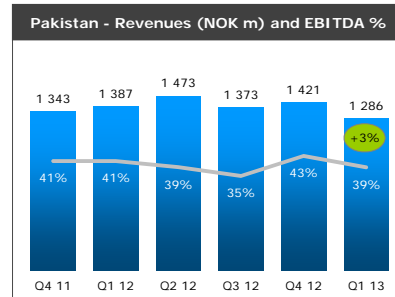
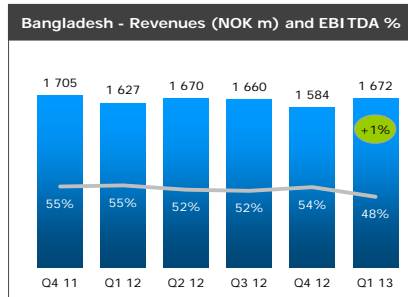
Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA and EBITDA margin before other items

● Organic revenue YoY



Q1 2013

Back to growth in Bangladesh, temporary slowdown in Pakistan



- Good momentum on market combat plan
- EBITDA margin impacted by increased market activities with 1.8m net adds

- Market growth temporarily hampered by SIM sale restrictions
- Grey traffic challenging international incoming traffic revenues

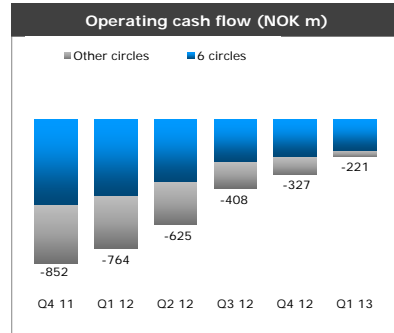
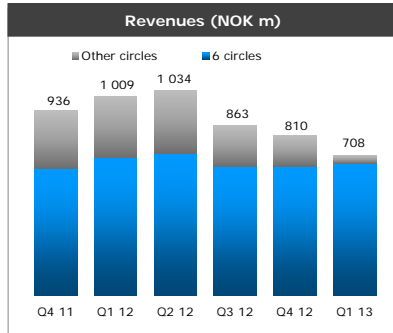
Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA and EBITDA margin before other items

● Organic revenue YoY



Q1 2013

On track towards breakeven in India



- 7% organic revenue growth in 6 circles, monthly churn now at 5%

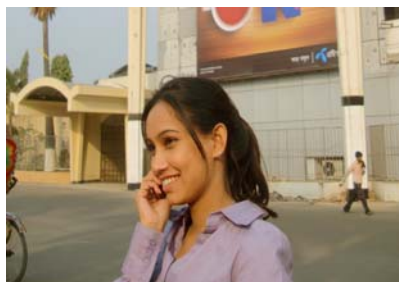
- Government in principle decided to grant offset of 2008 licence fee

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



Growth and efficiency: Execution of strategy

Preferred by customers



Monetise on mobile data

Take positions in new services

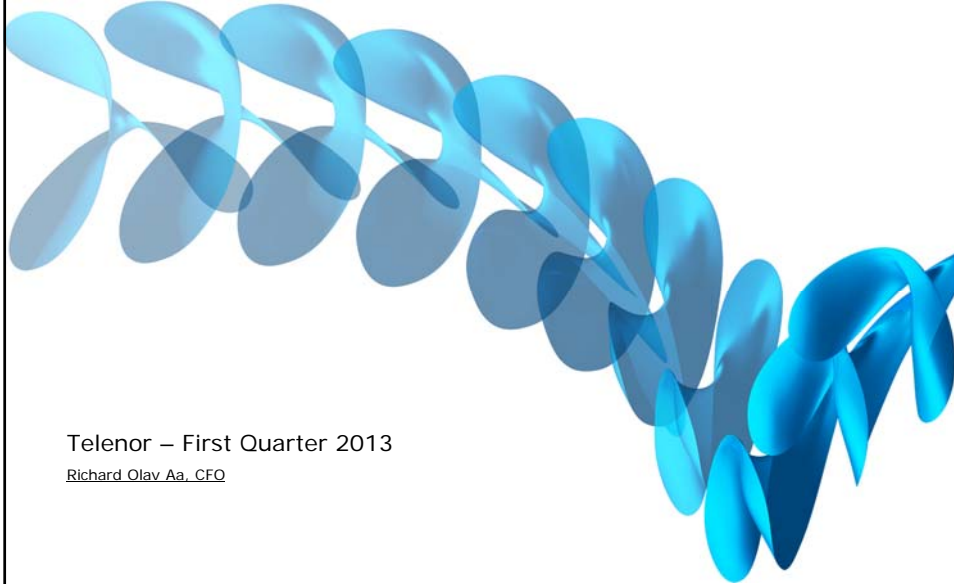
Cost efficient operator



Continuous improvement

New operating models

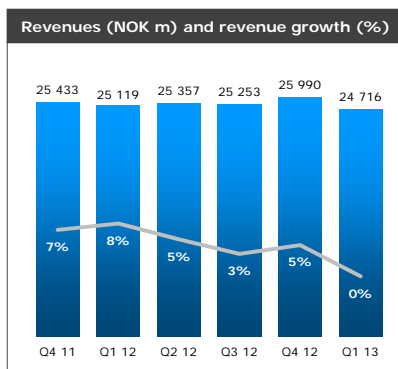




Telenor – First Quarter 2013

Richard Olav Aa, CFO

**Q1 2013**  
Stable organic revenues



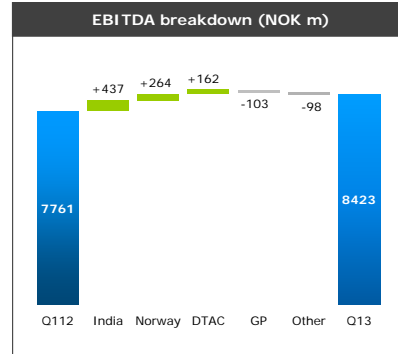
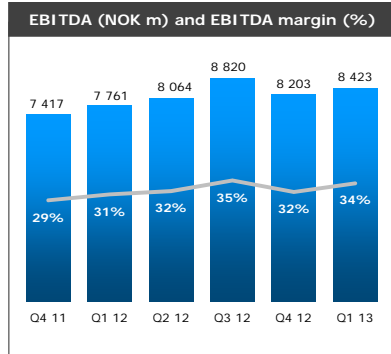
Organic growth decomposition

<b>Organic growth 2012</b>	<b>5.1%</b>
India	~ 1pp
Handset sale	~ 2pp
<b>Service revenues</b>	<b>~ 2%</b>
<b>Organic growth Q113</b>	<b>0.3%</b>
India	-
Handset sale	-
Less working days	-0.5pp
IT issue in DTAC	-0.5pp
Regulatory GP & Pakistan	-0.5pp
<b>Underlying organic growth</b>	<b>2%</b>

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

**Q1 2013**

**34% EBITDA margin and 9% growth in EBITDA**

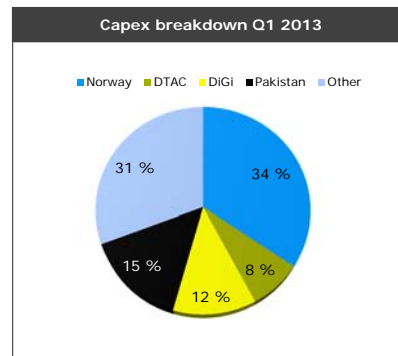
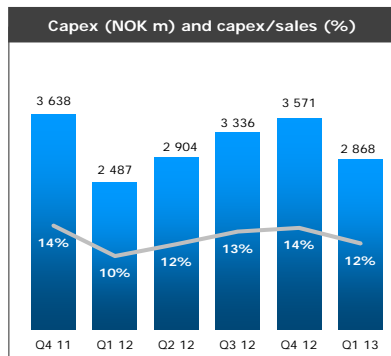


EBITDA and EBITDA margin before other items



**Q1 2013**

**Capex driven by network modernisation**

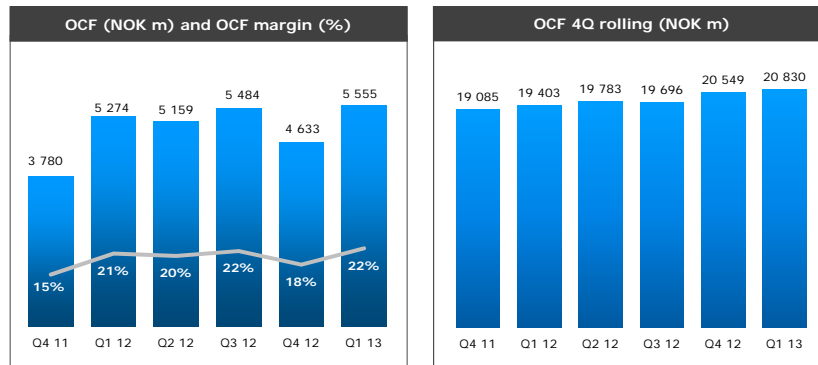


Capex from continuing operations  
Capex and capex/sales ratio excluding licence fees.



## Q1 2013

### Operating cash flow of NOK 5.6 billion



Operating cash flow from continuing operations, excluding licence fees  
 Operating cash flow defined as EBITDA before other items less capex



## Q1 2013

### Net income to Telenor of NOK 3.6 billion

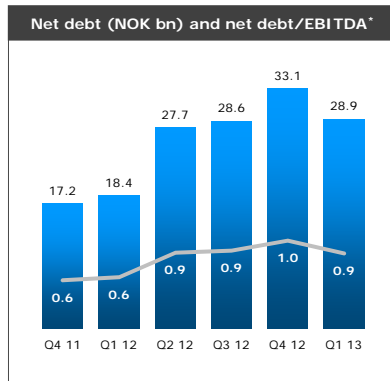
NOKm	Q1 13	Q1 12	
Revenues	24 716	25 119	
EBITDA before other items	8 423	7 761	
Other items	-270	-121	• Norway (-47m), Denmark (-69m), DTAC (-106m), other units (-33m)
EBITDA	8 153	7 640	
Depreciation and amortisation	-3 438	-3 736	
Impairments	-2	-3 862	• Write-down of licences and goodwill related to India
EBIT	4 713	42	
Associated companies	1 065	595	• VimpelCom adjusted Q4 contribution of NOK 1.1 bn
Net financials	-207	309	
Profit before taxes	5 572	947	• Net change in fair value of financial instruments of NOK 789m
Taxes	-1 363	-1 335	
Minorities	-607	973	• Minorities' share of write-down in India NOK 1,265m
Net income to Telenor	3 602	584	
Earnings per share (NOK)	2.34	0.37	





Q1 2013

Net debt/EBITDA of 0.9x



Change in net debt (NOK bn)

<b>Net debt 31 Dec 2012</b>	<b>33.1</b>
EBITDA	(8.1)
Net interests paid	0.3
Income taxes paid	1.6
Capex paid	2.6
Share buyback	0.5
VimpelCom dividends	(2.6)
Dividends to minorities	0.2
Net revenue share in DTAC	(1.0)
Currency effects	1.0
Other changes in working capital	1.3
<i>Net change</i>	<i>(4.2)</i>
<b>Net debt 31 Mar 2013</b>	<b>28.9</b>

\*) 12 months rolling EBITDA  
Excl licence commitments

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Priorities for capital allocation remain firm

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



Q1 2013

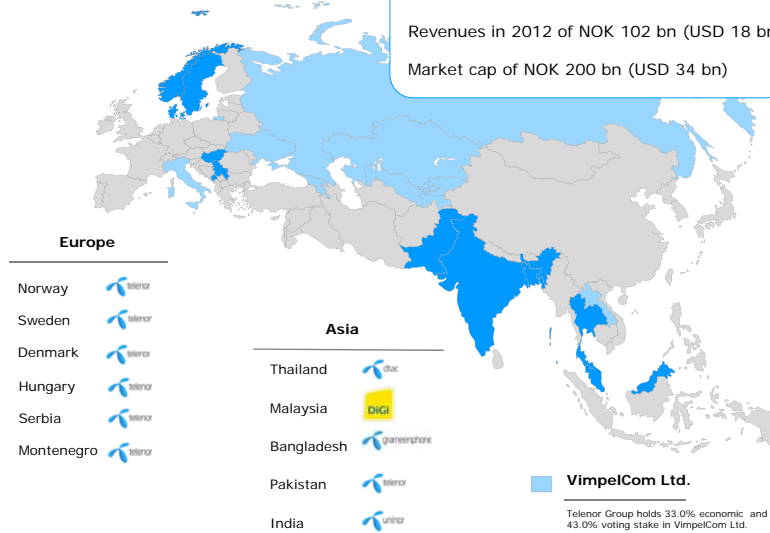
Outlook for 2013

	2013	2013 YTD
Organic revenue growth	2-4% (previously 3-5%)	0.3%
EBITDA margin	Around 34%	34.1%
Capex / sales	12-14%	11.6%

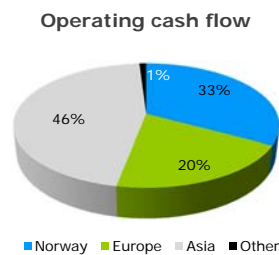
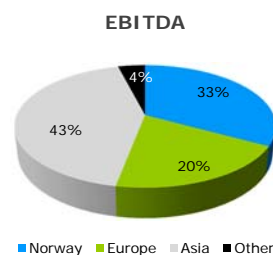
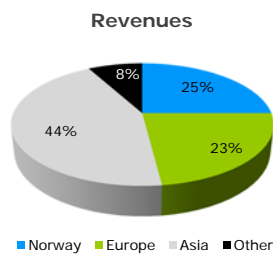
Outlook assuming Group structure incl. India 6 circles.  
EBITDA before other items. Capex excl. licence fees.  
Exchange rates as of 31 March 2013.

# Telenor Group

148 million consolidated mobile subscribers  
 Revenues in 2012 of NOK 102 bn (USD 18 bn)  
 Market cap of NOK 200 bn (USD 34 bn)



## Geographic split of key financials in 2012

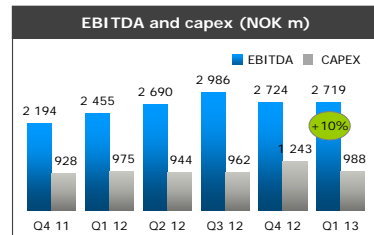
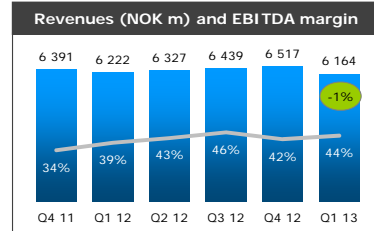


"Other" includes Broadcast, Other Units/Group functions and eliminations



## Q1 2013 Norway

- 5k net mobile subscriber loss, due to reduction in data cards
- 6% underlying growth in mobile subscription & traffic revenues
- Improved EBITDA margin from increased gross margin and lower opex
- Increased market activities from March
  - Adjusted mobile product portfolio
  - Launched 4G on 1800 MHz
- 800 MHz auction expected in 2H 2013



● Organic revenue / EBITDA growth YoY

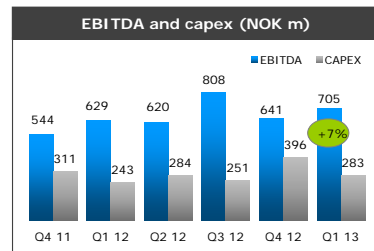
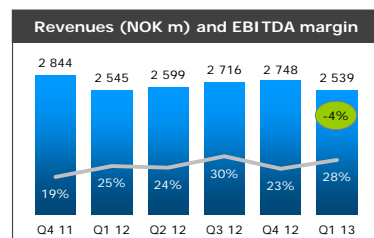
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

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## Q1 2013 Sweden

- Stable mobile subscriber base
- Mobile ARPU decline mainly from MTR & roaming cuts and increased discount
- Stable fixed revenues, with positive contribution from acquisitions in 2012
- EBITDA margin increase from improved handset margin and lower opex
- Outsourcing and change of partners for customer service



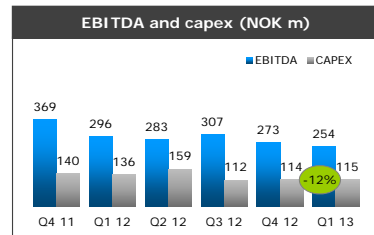
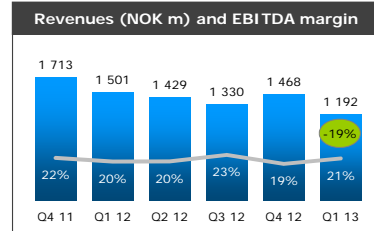
● Organic revenue / EBITDA growth YoY

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



## Q1 2013 Denmark

- 88k net mobile subscriber loss, of which 37k due to clean-up
- 65% MTR cut from 1 January
- 4G launched in March
- New strategy with focus on building customer loyalty
- Restructuring of the organisation, including FTE reductions



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

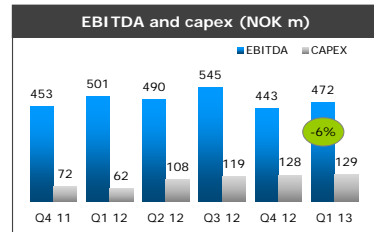
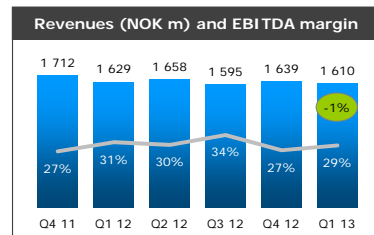
● Organic revenue / EBITDA growth YoY

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## Q1 2013 Broadcast

- 8k DTH subscriber loss offset by ARPU growth and hardware sale
- 4% organic revenue decline in Conax from sales in low price markets
- Revenue decline in Satellite from Thor 2 phase out in January
- Capex increase due to DAB rollout in Norkring



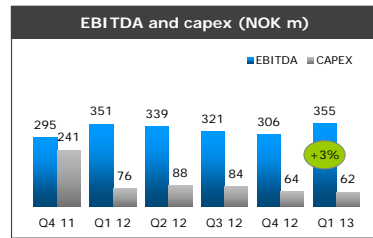
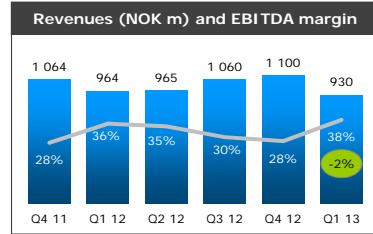
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items

● Organic revenue / EBITDA growth YoY



**Q1 2013**  
Hungary

- 69k net subscriber loss, mainly due to churn from Christmas campaigns
- 2% organic revenue growth excl interconnect
- Removal of initial telecom tax from 1 January 2013
- Remaining telecom tax impacting EBITDA margin by -8pp
- EGSM auction in January 2012 cancelled, licence fees to be paid back



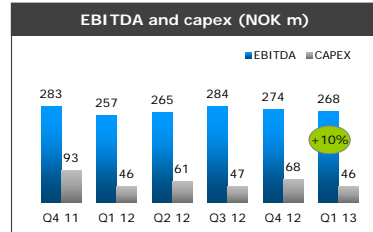
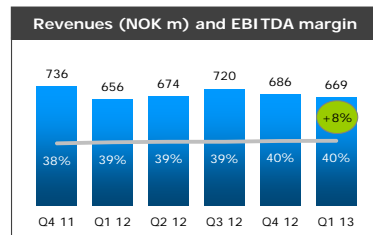
● Organic revenue / EBITDA growth YoY

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



**Q1 2013**  
Serbia

- 7k net subscriber growth
- Continued migration from prepaid to postpaid
- 5% ARPU increase from higher subscription fee revenues
- 33% operating cash flow margin



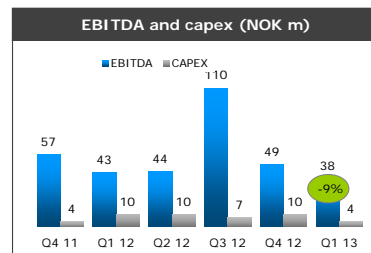
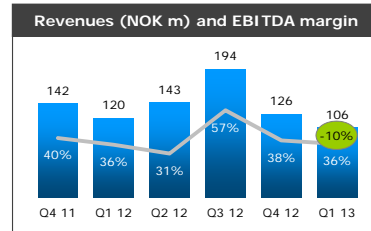
● Organic revenue / EBITDA growth YoY

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



## Q1 2013 Montenegro

- 28k net subscriber decline
- Declining SIM penetration in the Montenegrin market
- Challenging macroeconomic climate
- 4% ARPU decline, primarily from reduced MTR
- 33% operating cash flow margin



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

● Organic revenue / EBITDA growth YoY

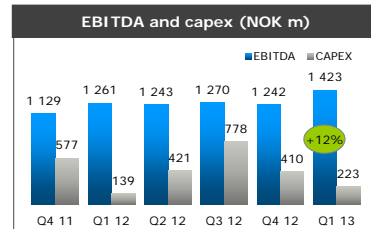
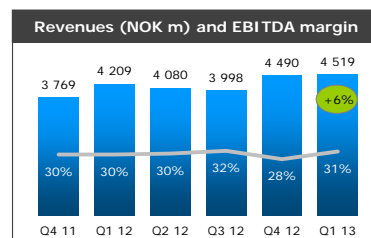


## Q1 2013 Thailand (dtac)

- 291k net subscriber growth
- 8% service revenue growth
- 35% EBITDA margin excl handset sale
- 3G expansion on 850 MHz
- Launch of 3G on 2.1 GHz licence in Q2

### Outlook for 2013\*:

- High single digit revenue growth
- EBITDA margin of 30-31%
- Capex of minimum THB 12.5 billion



\*) In local currency

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

● Organic revenue / EBITDA growth YoY



## Q1 2013

### Malaysia (DiGi)

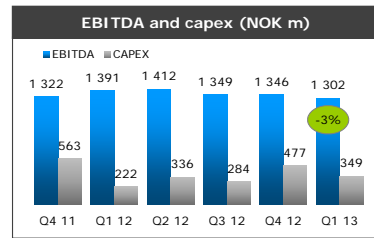
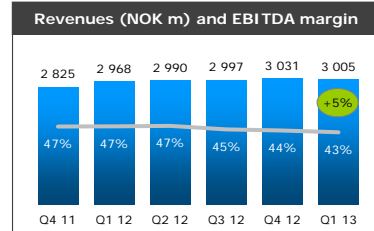
- 121k net subscriber decline
- Continued data revenue growth and higher bundle up-take
- Strong competition in domestic voice and international traffic
- Continuous cost optimisation focus
- Good momentum on network swap

#### Outlook for 2013\*:

- 5-7% revenue growth
- EBITDA and cash flow margins at 2012 level

\*) In local currency

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



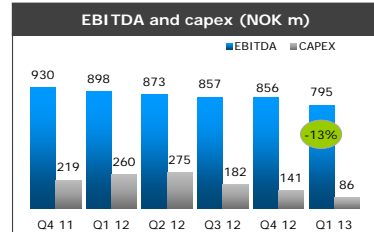
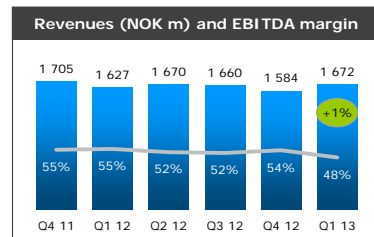
● Organic revenue / EBITDA growth YoY



## Q1 2013

### Bangladesh (Grameenphone)

- 1.8 million net subscriber growth
- Stable revenue market share and improved subscriber market share
- Revenue growth effected by 10 second billing directive
- Increased market activities to drive gross-adds and service revenues
- Capex prioritisation and deferment
- 3G auction date set for 24 June 2013



● Organic revenue / EBITDA growth YoY

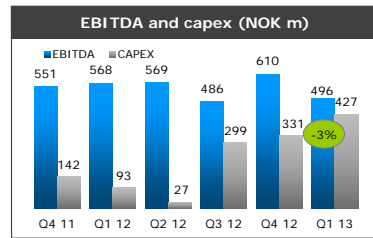
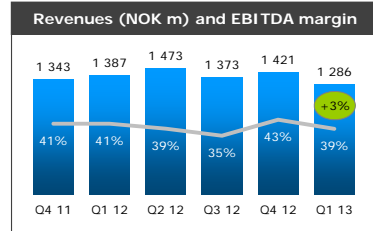
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees





**Q1 2013**  
Pakistan

- 277k net subscriber growth despite regulatory restrictions on SIM sale
- Government enforced network suspensions in January and March
- Grey traffic cannibalising incoming international traffic
- Financial services contributing to 3 pp of revenue growth
- Capex driven by network modernisation which will be finalised during 2013



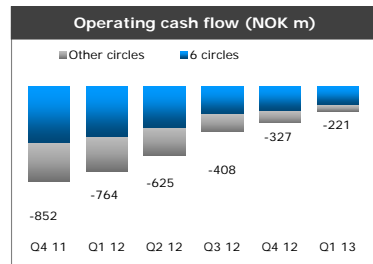
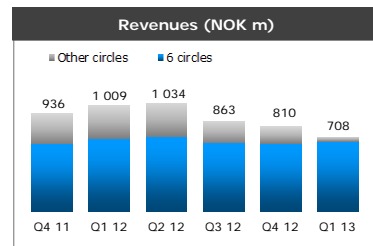
● Organic revenue / EBITDA growth YoY

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



**Q1 2013**  
India

- 1.4 million net subscriber growth in 6 circles
- 7% organic service revenue growth
- Accumulated losses of INR 139 bn excl licence fee
- Targeting OCF breakeven end of 2013, within INR 155 bn peak funding



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
Operating cash flow defined as EBITDA before other items, less capex excl licence fees



## Q1 2013

### Changes in revenues and EBITDA

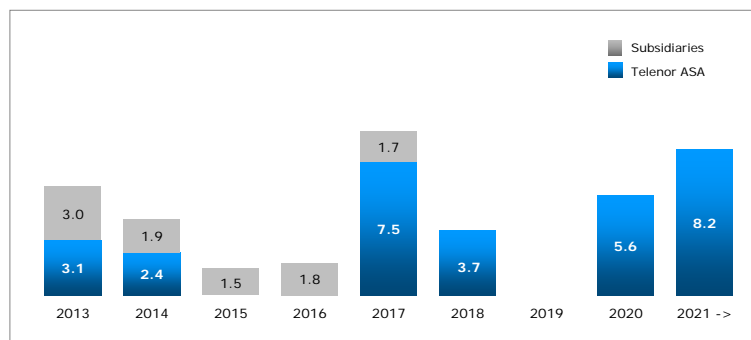
	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	-0.9 %	-1.3 %	10.7 %	10.4 %
Sweden	-0.3 %	-4.2 %	12.0 %	7.4 %
Denmark	-20.6 %	-18.7 %	-14.3 %	-12.2 %
Hungary	-3.6 %	-1.7 %	1.3 %	3.3 %
Serbia	2.1 %	7.8 %	4.4 %	10.2 %
Montenegro	-11.7 %	-9.8 %	-10.9 %	-9.0 %
Thailand	7.4 %	6.2 %	12.8 %	11.6 %
Malaysia	1.3 %	4.9 %	-6.4 %	-3.0 %
Bangladesh	2.8 %	1.2 %	-11.5 %	-12.8 %
Pakistan	-7.3 %	3.2 %	-12.7 %	-2.8 %
India	-29.8 %	6.7 %	70.3 %	67.1 %
Broadcast	-1.2 %	-1.2 %	-5.7 %	-5.7 %
<b>Telenor Group</b>	<b>-1.6 %</b>	<b>0.3 %</b>	<b>8.5 %</b>	<b>8.7 %</b>
Group excl. India	-0.4 %	0.1 %	2.7 %	3.6 %

Organic growth YoY in fixed currency and adjusted for acquisitions and disposals. EBITDA before other items. India organic revenue growth based on 6 circles.



## Q1 2013

### Debt maturity profile



NOK bn per 31 March 2013.  
Excl licence commitments



**Q1 2013**

**Net debt in partly owned subsidiaries**

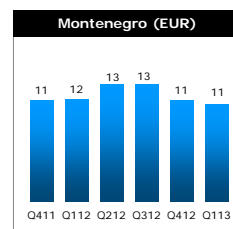
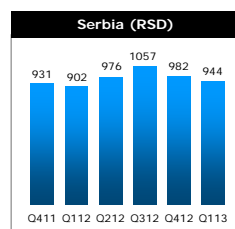
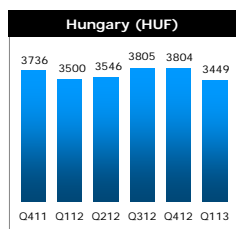
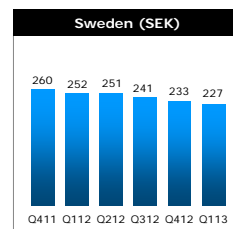
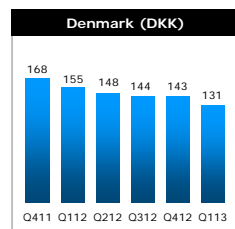
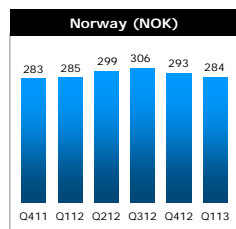
(NOK m)	Q1 2013	Q4 2012	Q1 2012
DiGi	688	705	-790
DTAC	3 262	4 572	2 182
Grameenphone	187	637	-584
Uninor	6	1 113	8 221

Net debt based on 100% figures  
Excl licence commitments



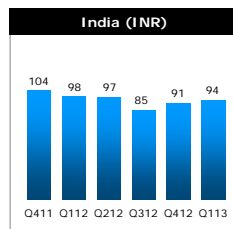
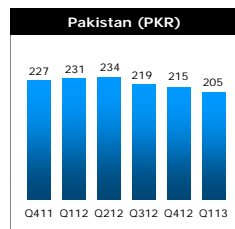
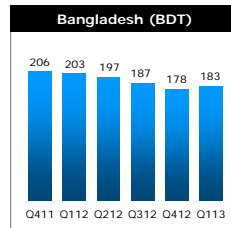
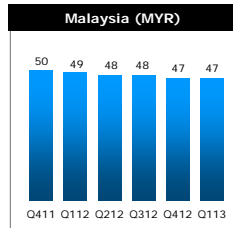
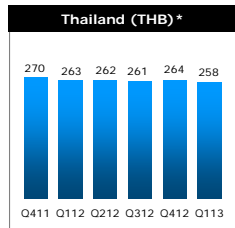
**Mobile operations**

**ARPU development (local currency)**



Mobile operations

ARPU development (local currency)

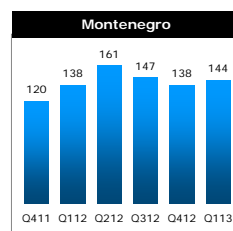
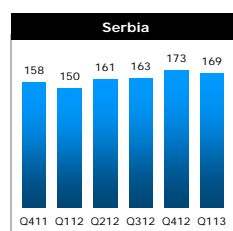
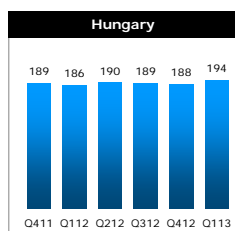
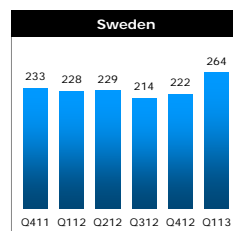
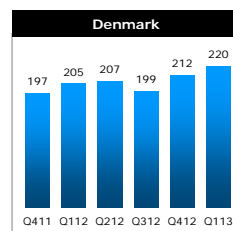
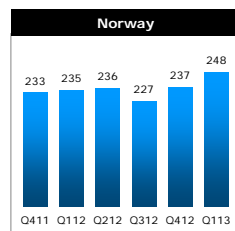


\* Restated from Q1 2012

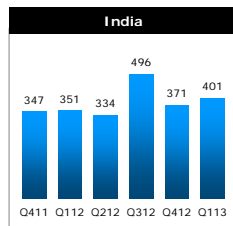
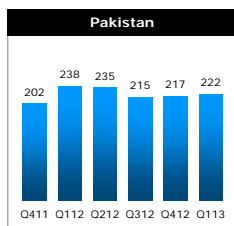
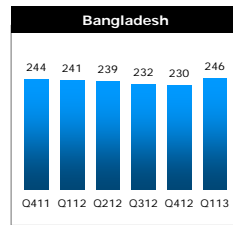
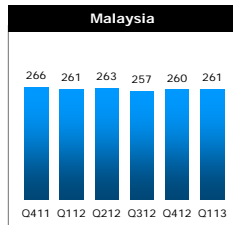
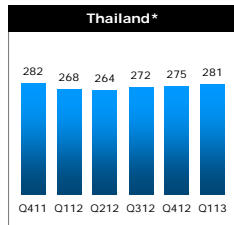


Mobile operations

AMPU development



Mobile operations  
AMPU development



\* Restated from Q1 2012

