



TELENOR GROUP

Fourth quarter 2019

Sigve Brekke, CEO

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The comments in the presentation are related to Telenor's development in 2019 compared to the same quarter of 2018 and accounting standards as of 31 December 2018, unless otherwise stated. Outlook for 2020 is given on the IFRS 16 accounting standard.

Highlights – Fourth quarter 2019

2% subscription and traffic
revenue growth

Solid fixed momentum and
4% mobile ARPU growth in Norway

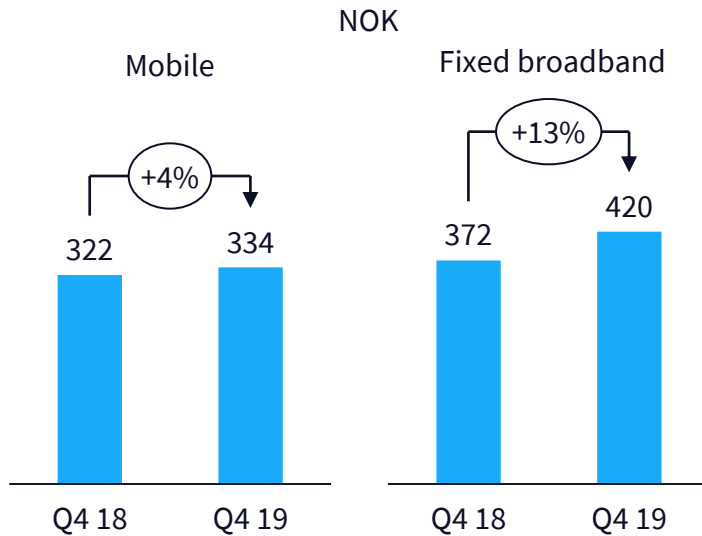
Modernisation driving
6% opex reduction

Continued strong development in both
Thailand and Myanmar



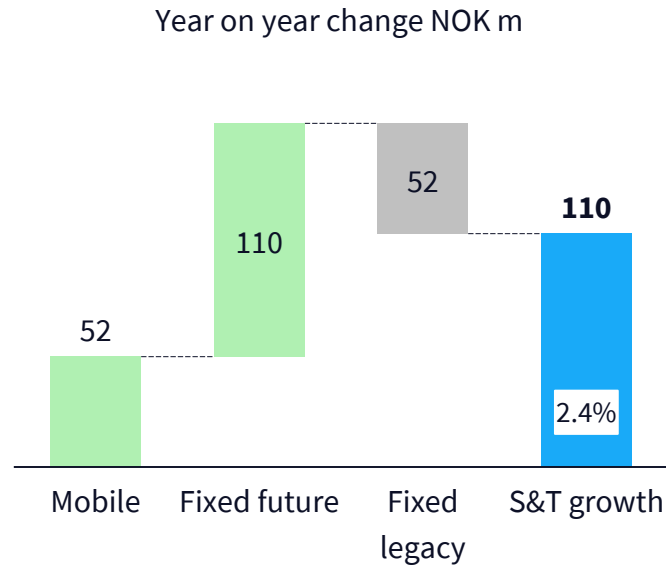
Continued strong performance in Norway

ARPU growth across mobile and fixed



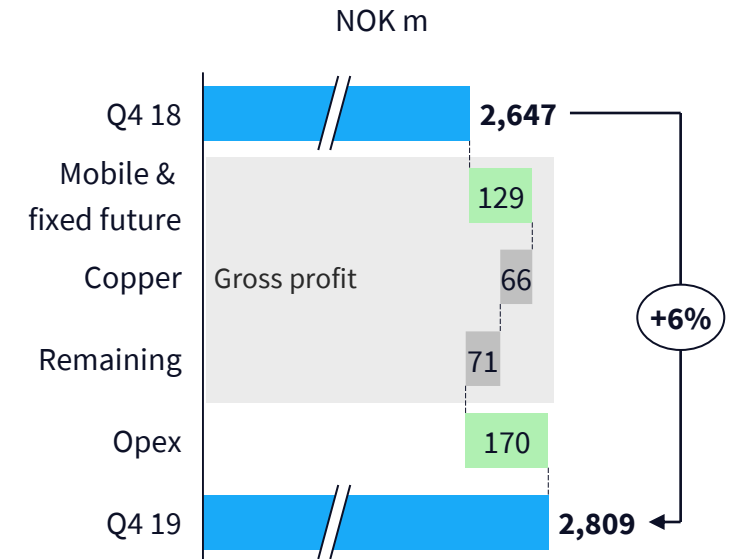
- > Mobile ARPU growth driven by sale of adjacent services

Subscription and traffic revenue growth



- > Fibre and FWA revenue growth more than offset by decrease in copper related products
- > 18k subscribers on FWA

Solid EBITDA growth



- > Opex reductions primarily driven by improvements in sales & marketing and operations

Organic growth



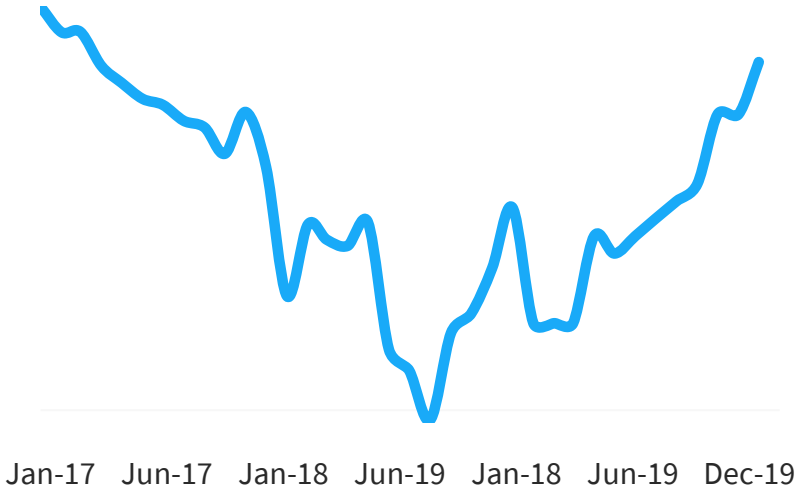
Solid growth in Finland

- › Mobile subscription and traffic revenue growth of 8%
- › Commercial launch of 5G, initially targeting FWA opportunities
- › Integration going according to plan
- › Delisting expected in Q1 2020

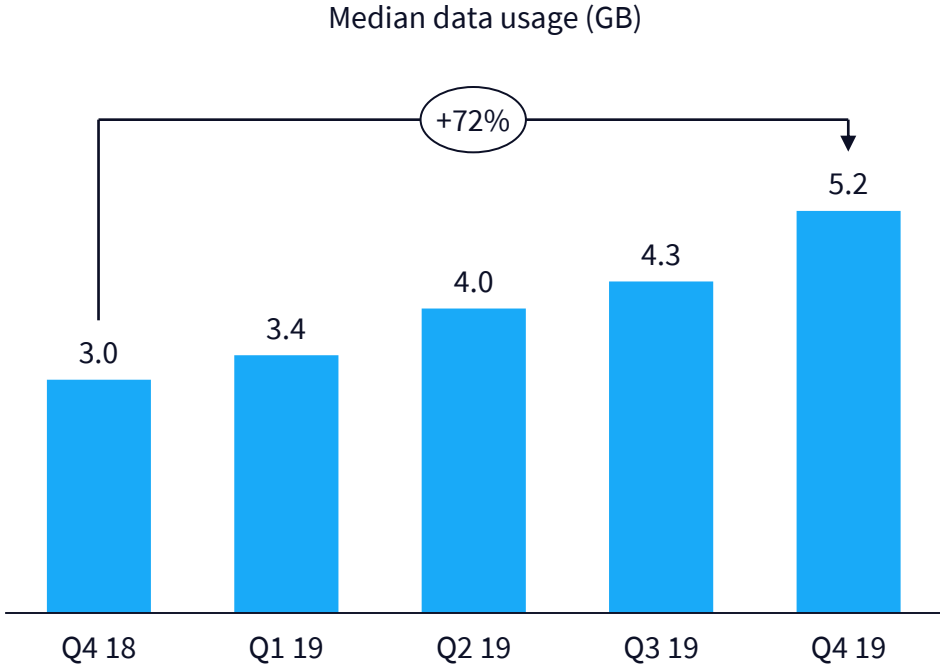


Thailand delivering growth, backed by network performance

Improving network NPS

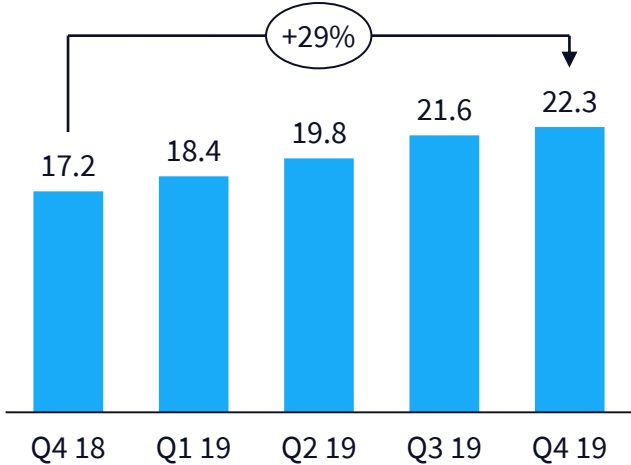


Significant increase in data usage



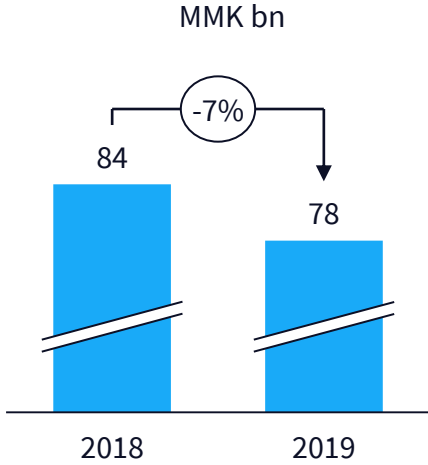
Subscriber growth driving double digit growth in Myanmar

Strong subscriber growth



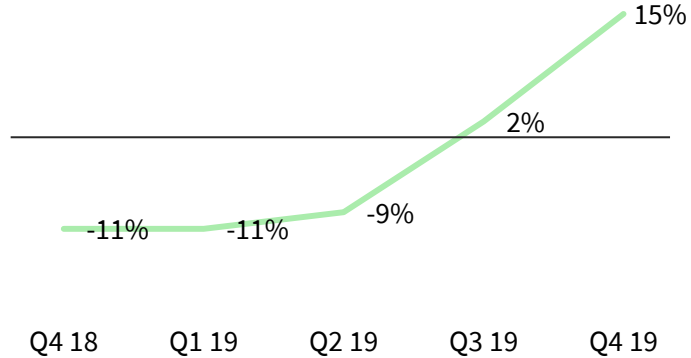
> All time high subscriber base – 5 million added in 2019

Voice decline



> 4% reduction in call minutes, despite subscriber base increase of 29% yoy
 > Voice ARPU reduced by 25%

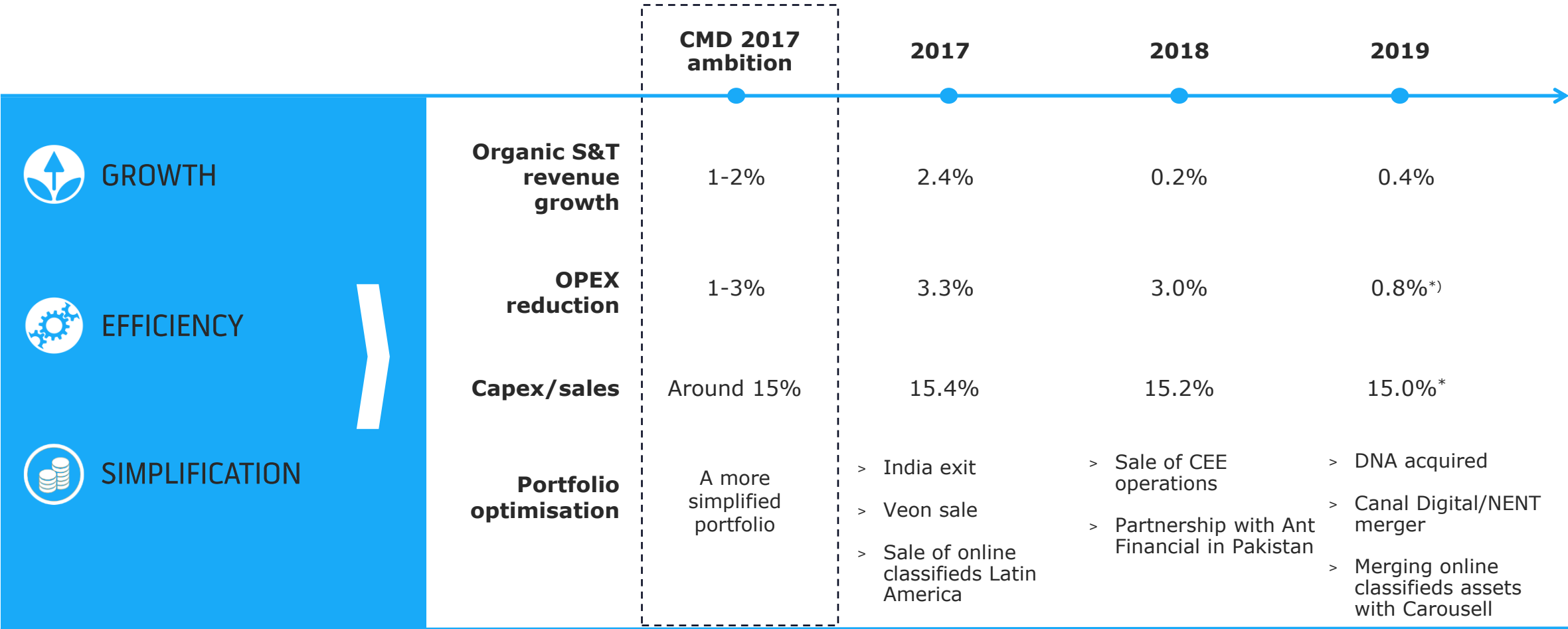
Subs and traffic revenue growth yoy



> Growth in subscriber base driving S&T revenues



Strong execution on a consistent strategy



*Excluding DNA

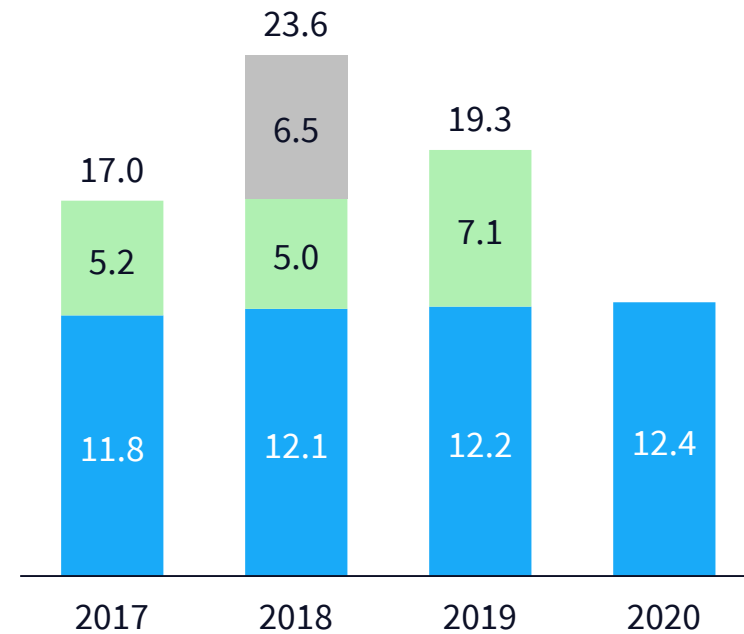


Proposing ordinary dividend of NOK 12.4 bn to shareholders in 2020

4% growth in ordinary dividend per share

- > Proposing a dividend of NOK 8.70 per share for FY 2019, for approval by AGM
- > First tranche of NOK 4.40 in May, second tranche of NOK 4.30 in October
- > Dividend yield of 5%, total payout of NOK 12.4 billion

Total remuneration (NOK bn)





Priorities for 2020

- Modernisation in Norway and roll-out of 5G
- Continue recovery in dtac and Myanmar
- Strengthen Nordic B2B
- Step up on climate ambition
- Manage business environment risk in Emerging Asia





TELENOR GROUP

Fourth quarter 2019

Jørgen C. Arentz Rostrup, CFO

Solid financial results for the quarter

+2%

Organic subs & traffic
revenues

-6%

OPEX*

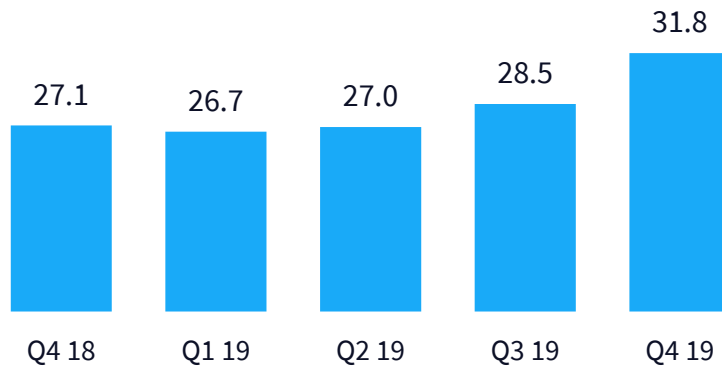
+5%

Organic EBITDA



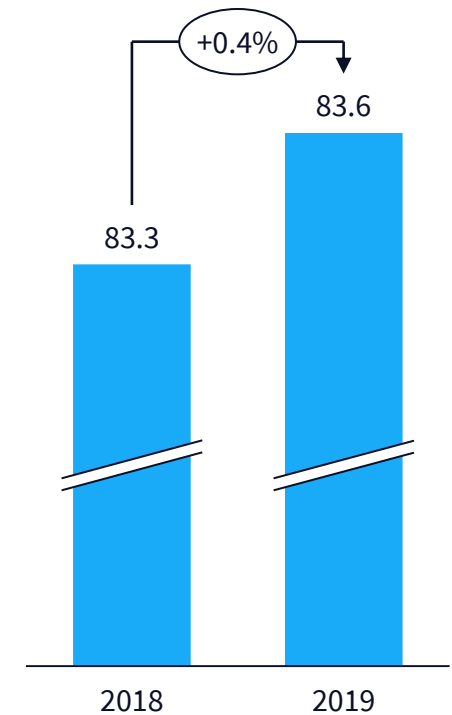
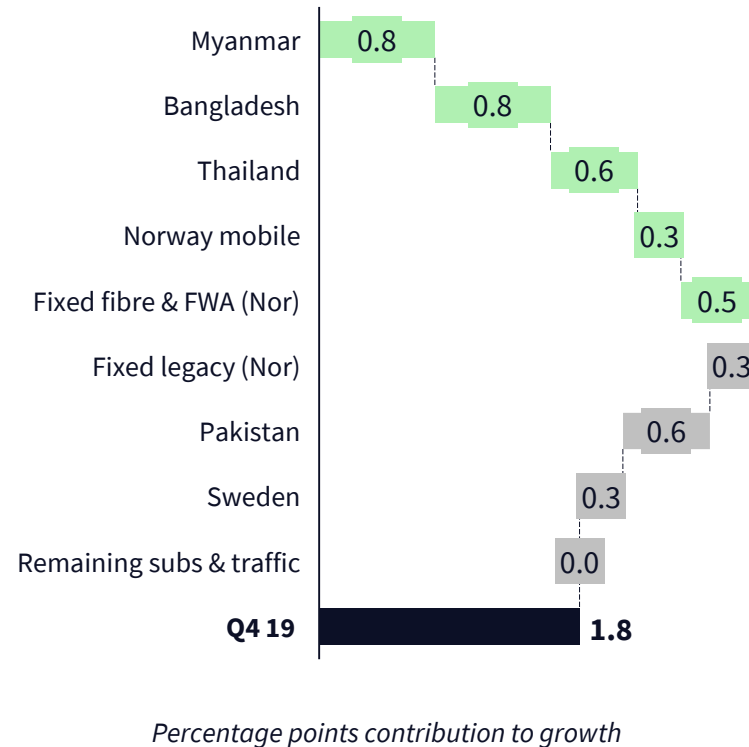
Returning to growth in organic subscription and traffic revenues

Total revenues (NOK bn)



- > Reported revenues increased by 18%, primarily from inclusion of DNA (Finland)
- > Organic revenues increased by 3%

Organic subs & traffic revenue growth (%)

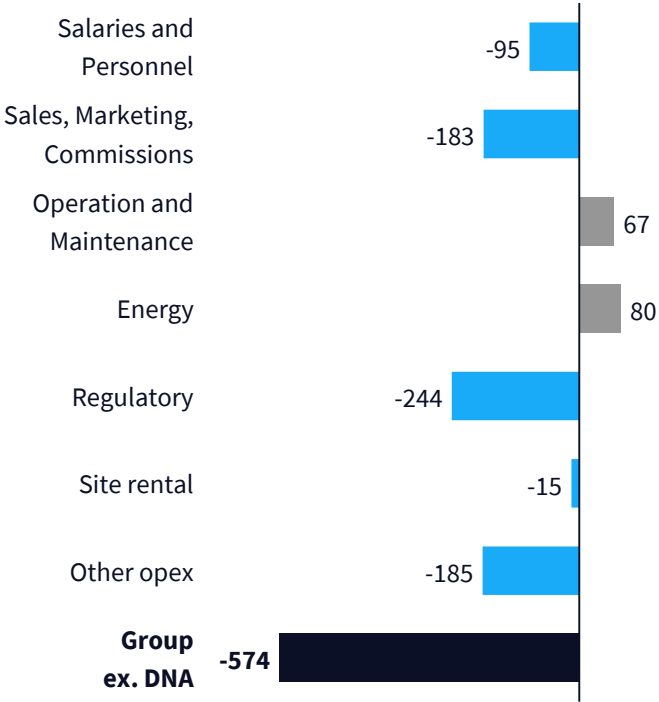


Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony and data services

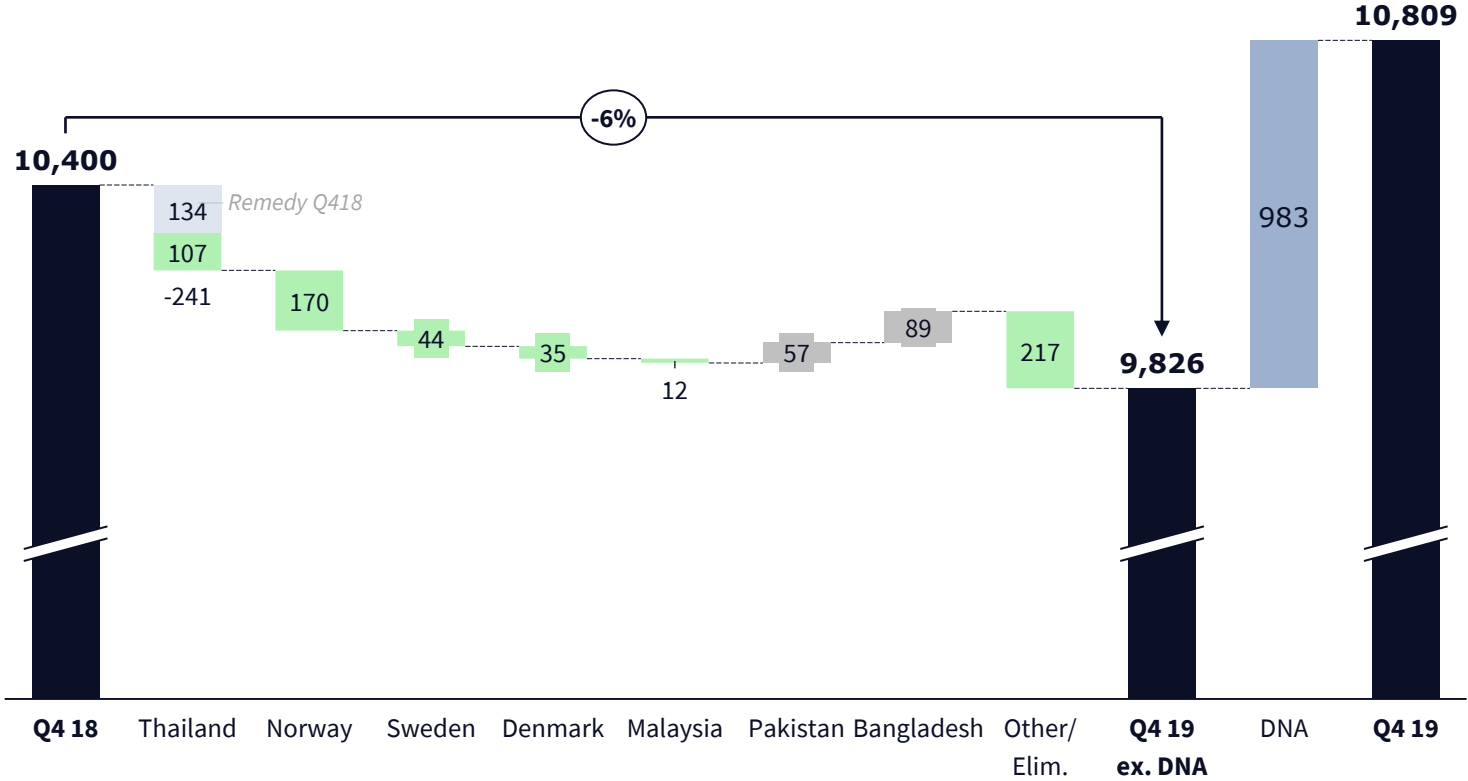


Solid opex reduction of 6% in Q4

Opex by category (NOK m)*



Opex by country (NOK m)*

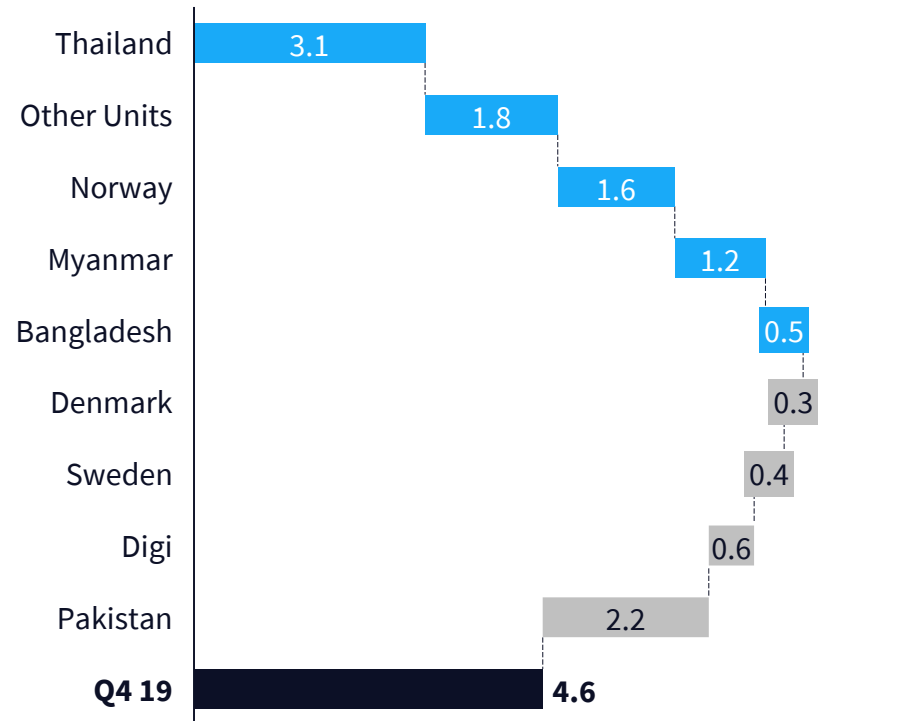


* FX adjusted

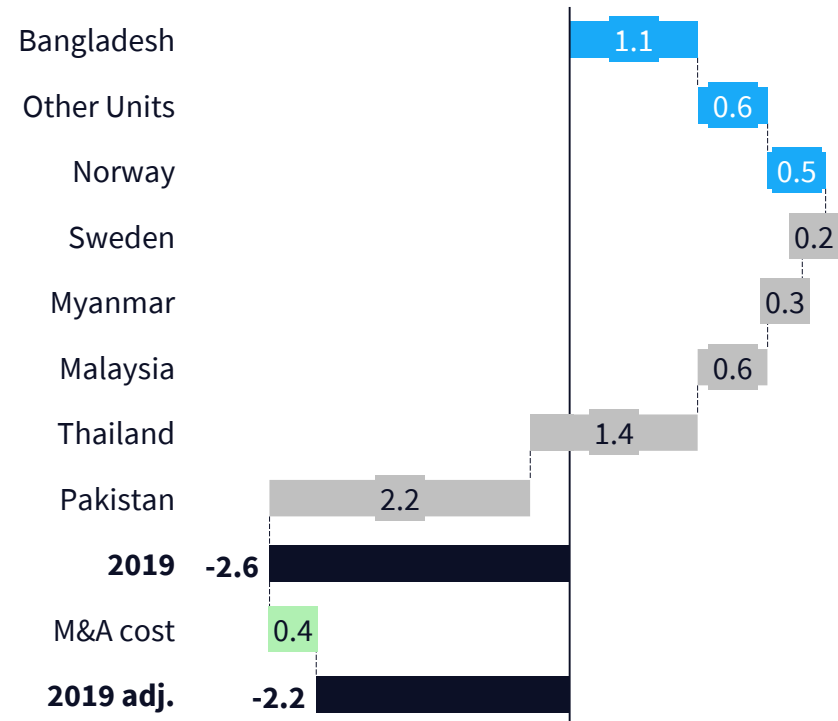


5% organic EBITDA growth

Q4 2019 EBITDA growth (%)



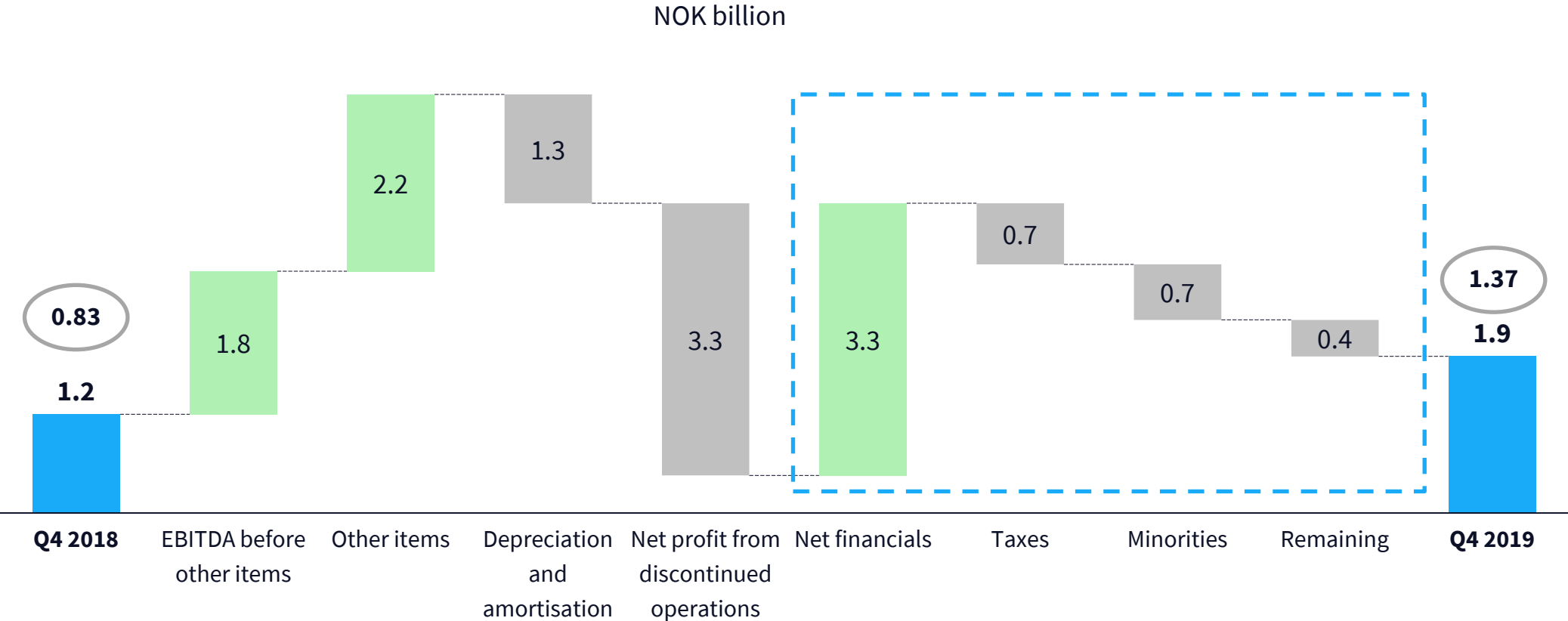
2019 EBITDA growth (%)



Percentage points contribution to growth



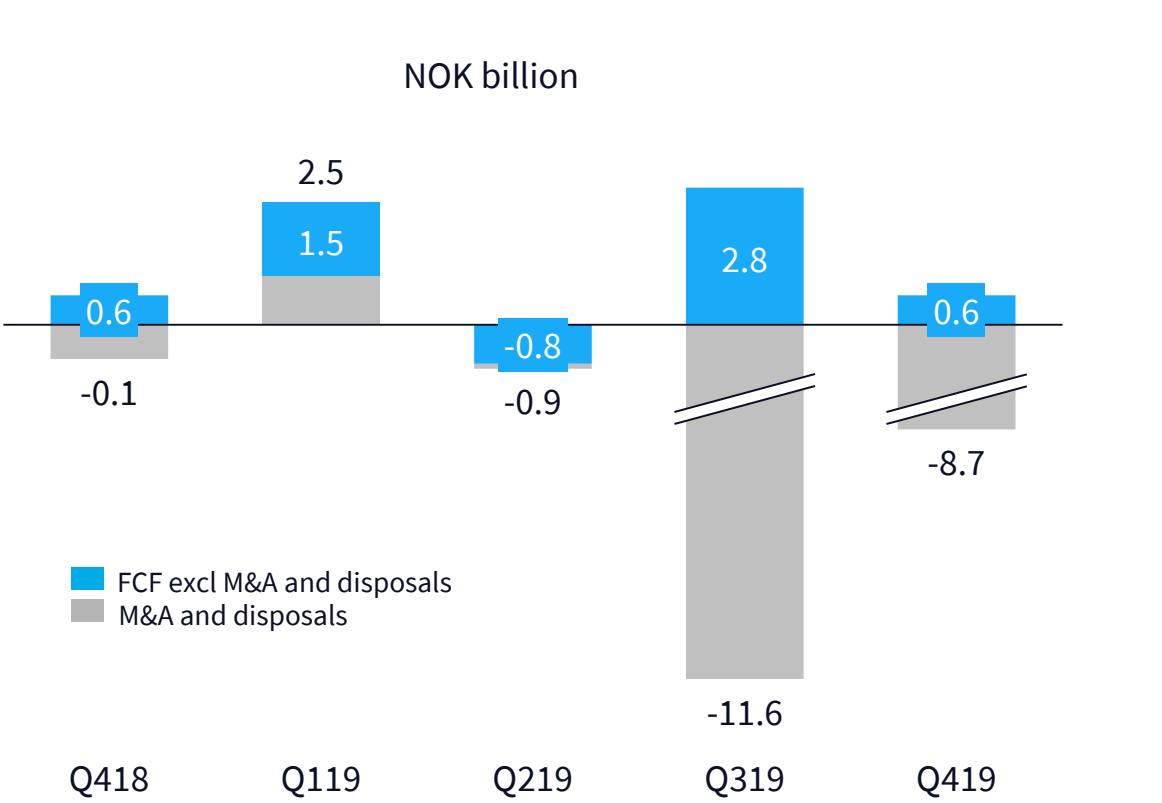
Net income of NOK 2 billion to equity holders of Telenor



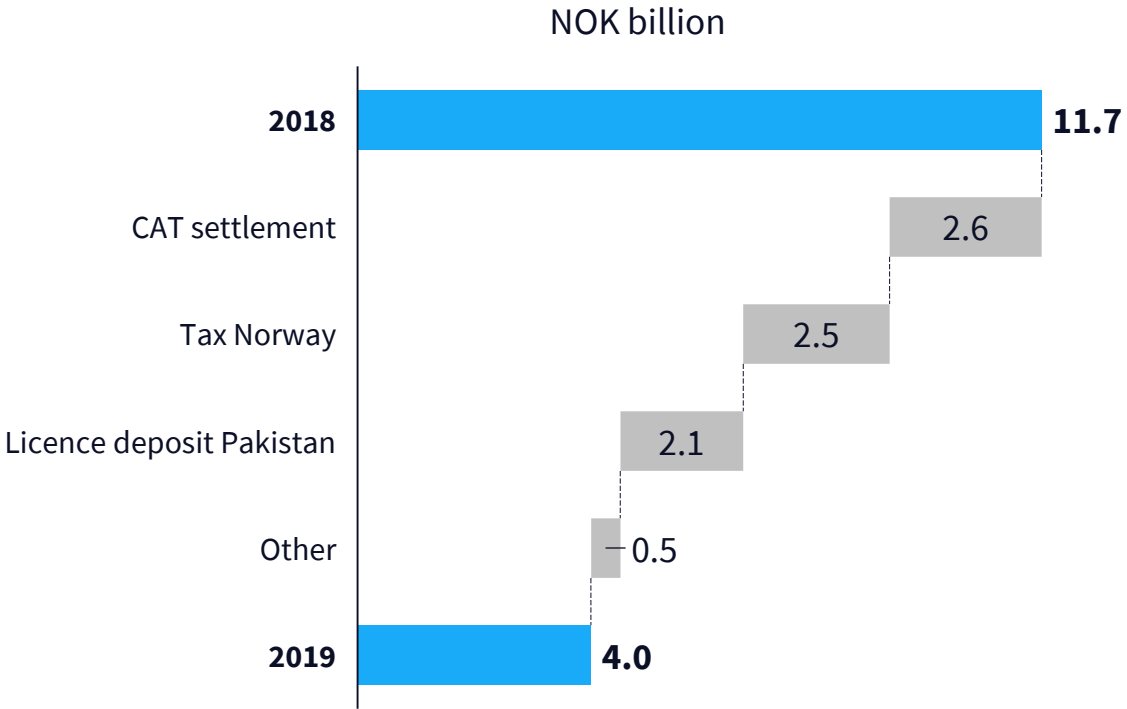
○ Earnings per share



Free cash flow before M&A of NOK 4.0 billion for 2019



Free cash flow to equity holders of Telenor ASA



Special items in Q4

India

- › Disputed calculation of adjusted gross revenue between the industry and Department of Telecommunication in India
- › Supreme court decision in October
- › Telenor exposed through warranties to Bharti
- › Accrual of NOK 1.7 bn in Q4 to multiple cases in India. Total accruals now amounting to NOK 3.4 bn

Grameenphone – BTRC dispute

- › BTRC¹ has conducted an information system audit of Grameenphone for 1997 to 2014.
- › Grameenphone received a demand notice from BTRC for NOK 8.9² billion to BTRC and NOK 4.4 billion to NBR³
- › Telenor and Grameenphone find the audit claim to be erroneous and unjustified
- › The errors of the audit and absence of a formal solution process creates significant uncertainty of the validity and outcome of the dispute

Telenor Microfinance Bank

- › Telenor Microfinance Bank (TMB) is a joint venture company of Telenor Group in Pakistan
- › TMB Management identified lending irregularities in several branches of the bank during autumn 2019
- › Evaluation initiated and initial screening of the portfolio conducted
- › Provision of NOK 0.5 bn has been made in Q4 19 to cover potential loss

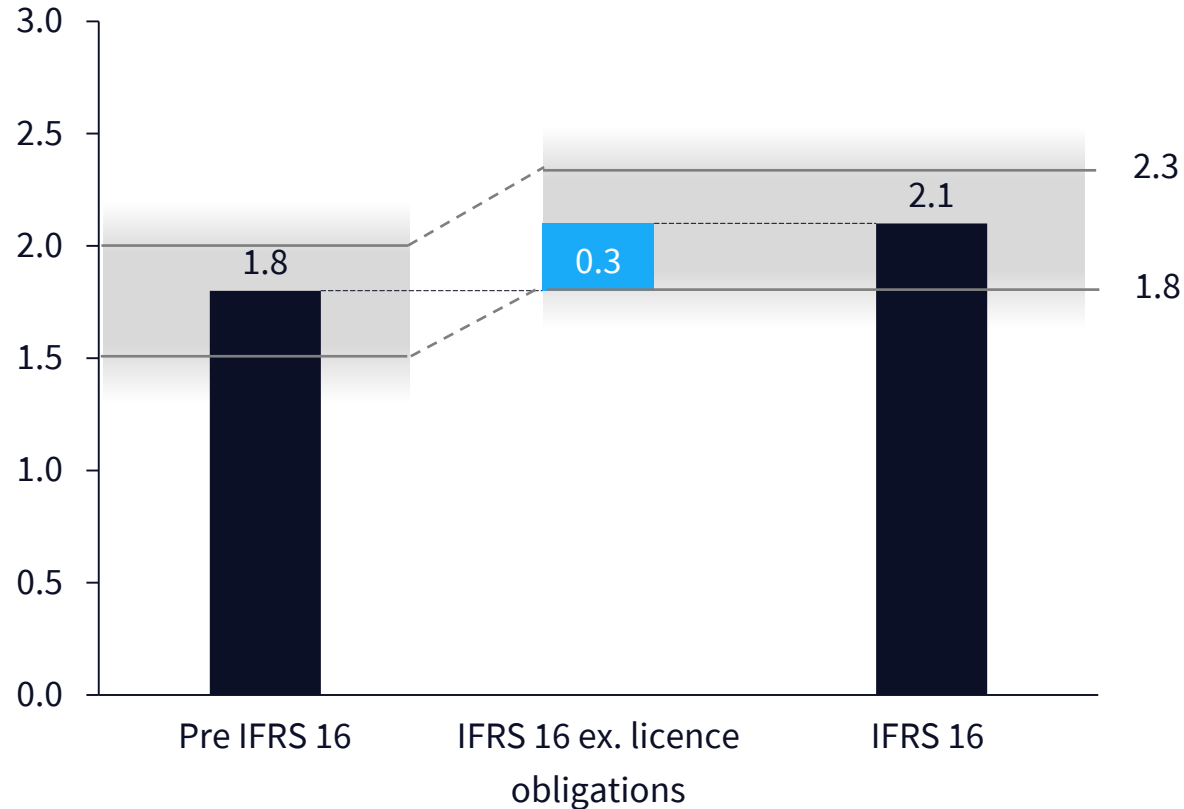
1. Bangladesh Telecommunication Regulatory Commission

2. (NOK 2.4 billion in principal and NOK 6.5 billion in interest)

3. National Board of Revenue



Technically translating leverage target to IFRS 16



- > IFRS 16 impact on Net debt / EBITDA of 0.3x
- > Licence obligations still excluded (0.3x)
- > New target range of 1.8-2.3x continuing current leverage policy



Delivering on 2019 guidance – Outlook for 2020

	2019 (pre IFRS 16) <i>Excl. DNA</i>		2020 (IFRS 16)
Organic growth in subscription & traffic revenues	Around 2018 level	+0.4%	0-2%
Organic EBITDA growth	Low single digit decline*	-2.2%*	2-4%
Capex excl. licences (NOK bn)	16-17 bn	16.6	Around 15% Capex/Sales

*Excluding M&A cost related to DNA and Axiata

The outlook for 2020 is based on Group structure and accounting standard as of 31 December 2019. Subscription & traffic revenues from mobile, fixed and TV services. Org. revenue growth in fixed currency, adj. for acquisitions and disposals. EBITDA before other items.



Reminder

CAPITAL MARKETS DAY

3 MARCH 2020

TELENOR HQ – FORNEBU NORWAY





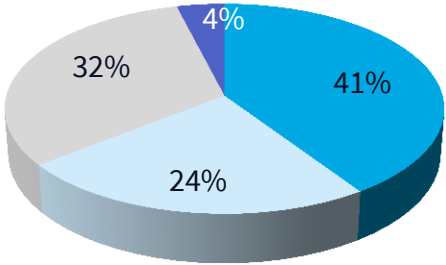
TELENOR GROUP

Fourth quarter 2019

Appendix

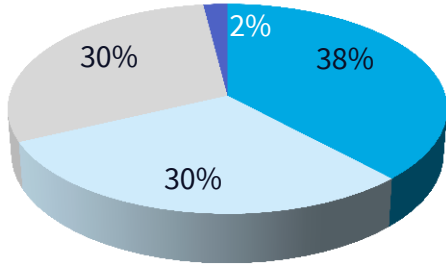
Geographic split of key financials 2019

Revenues



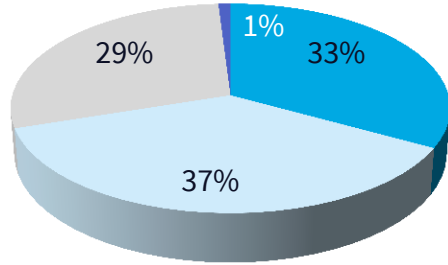
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



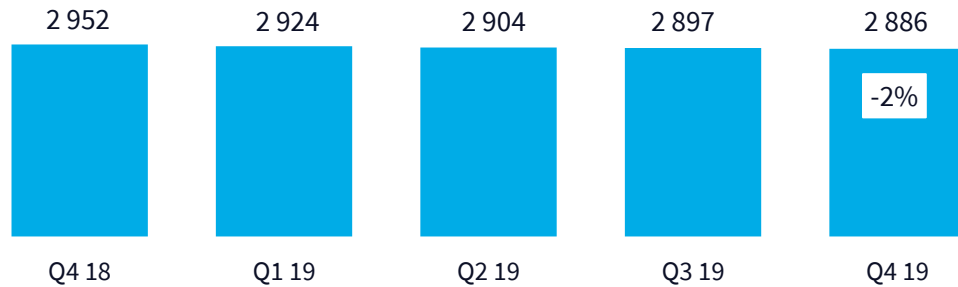
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.

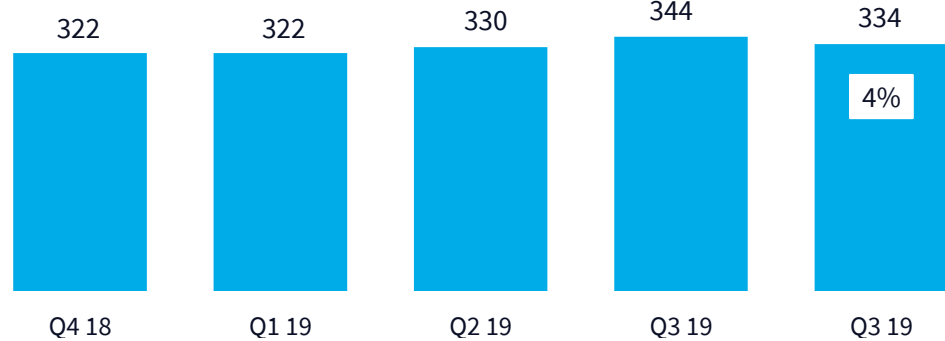


Norway

Mobile subscribers ('000)

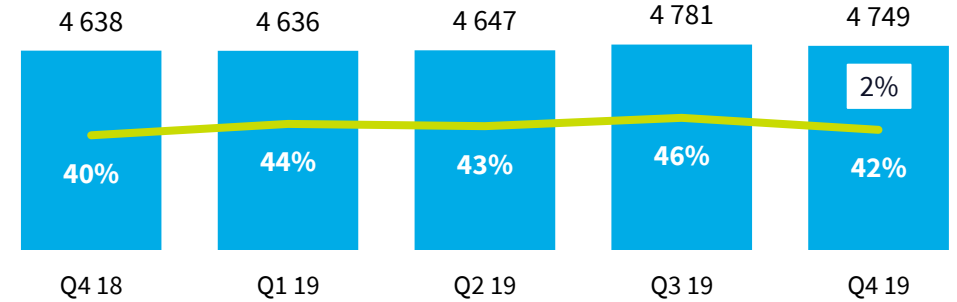


Mobile ARPU (NOK/month)

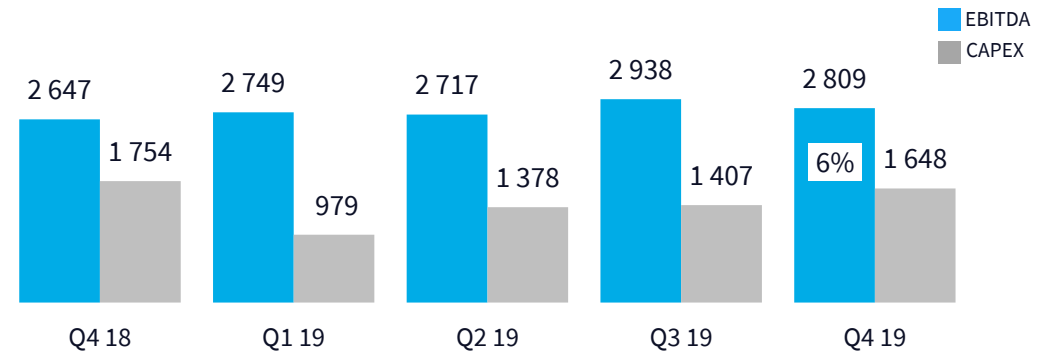


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

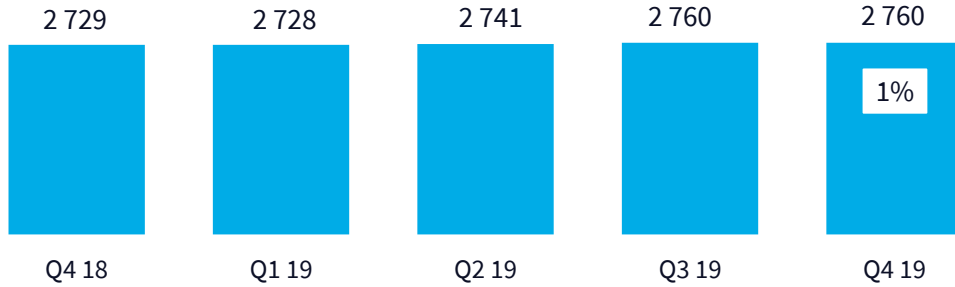


Organic growth

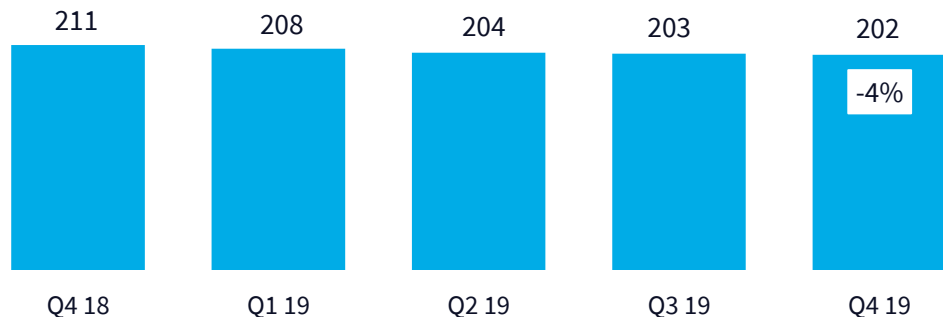


Sweden

Mobile subscribers ('000)

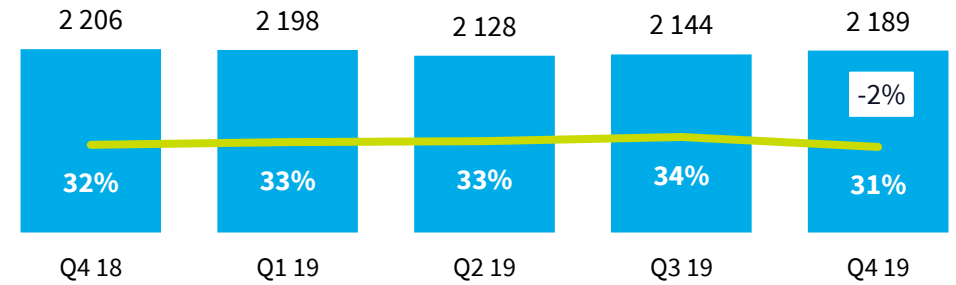


Mobile ARPU (SEK/month)

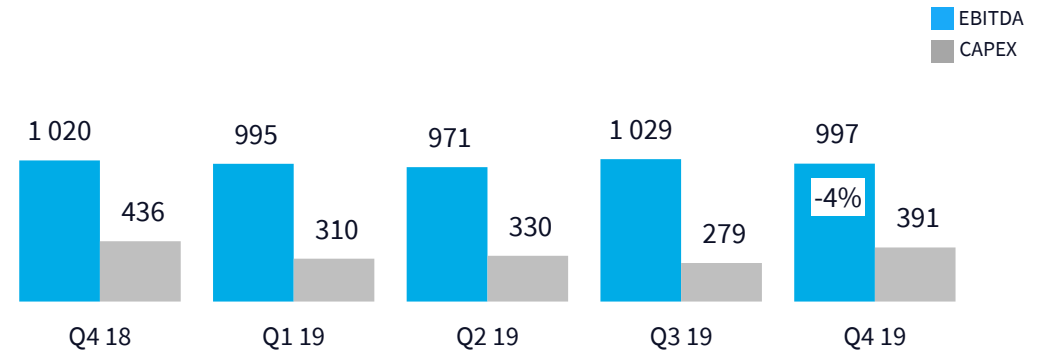


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs. and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

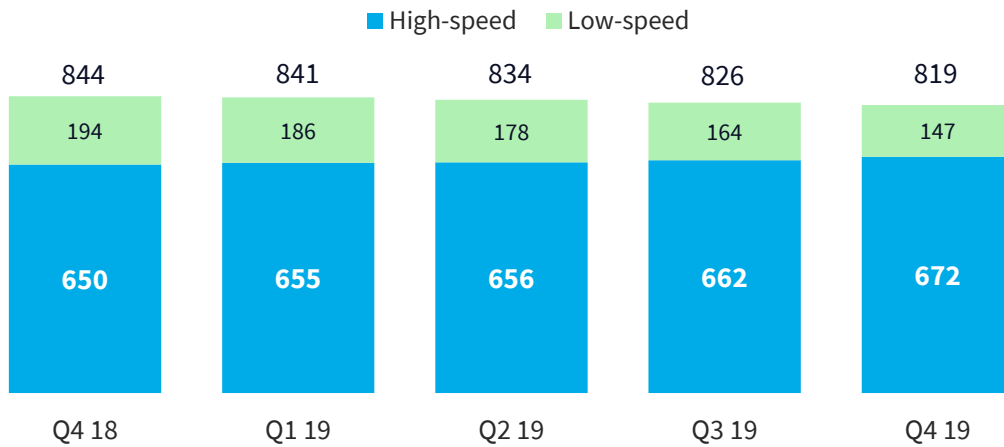


Organic growth

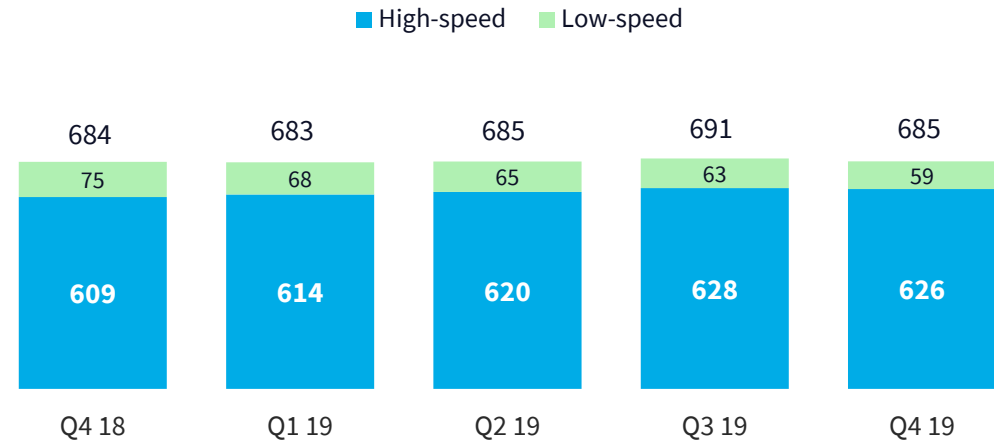


Additional information – Norway and Sweden

Norway – fixed broadband subscribers ('000)

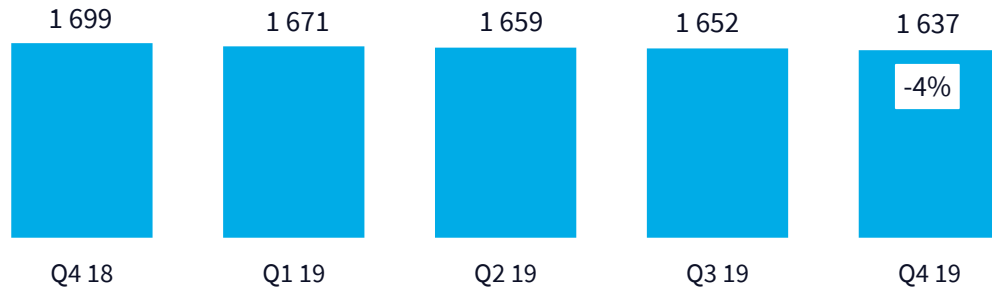


Sweden – fixed broadband subscribers ('000)

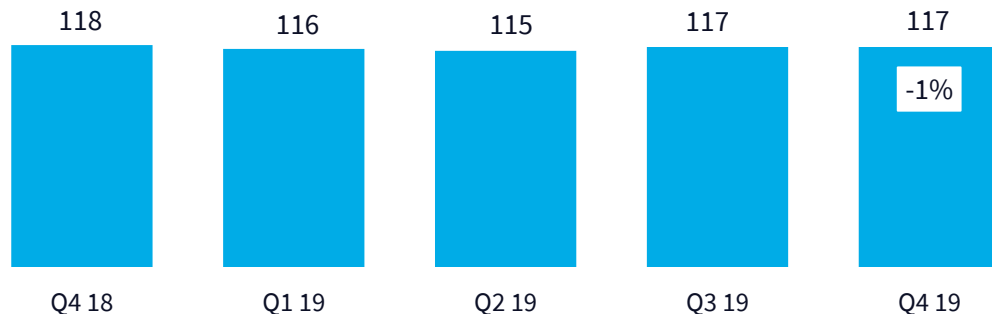


Denmark

Mobile subscribers ('000)

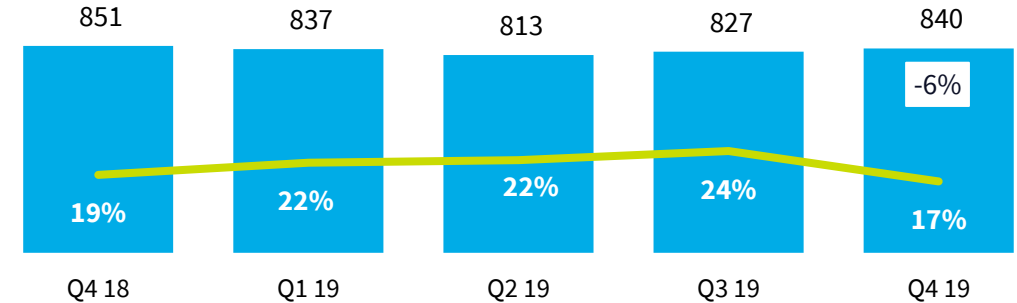


Mobile ARPU (DKK/month)

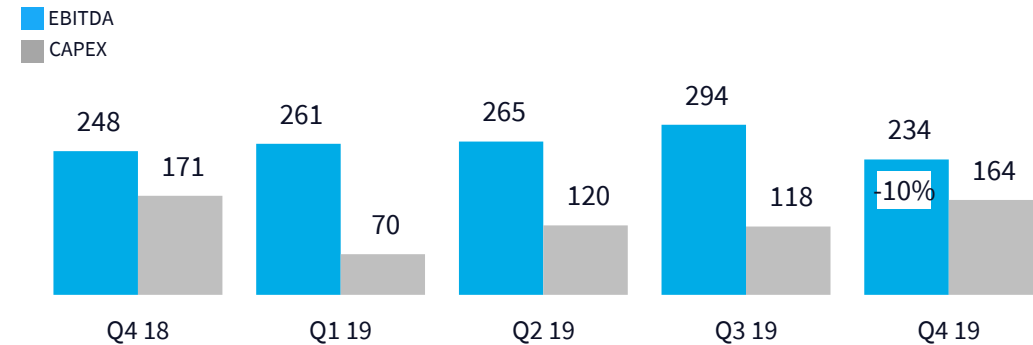


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

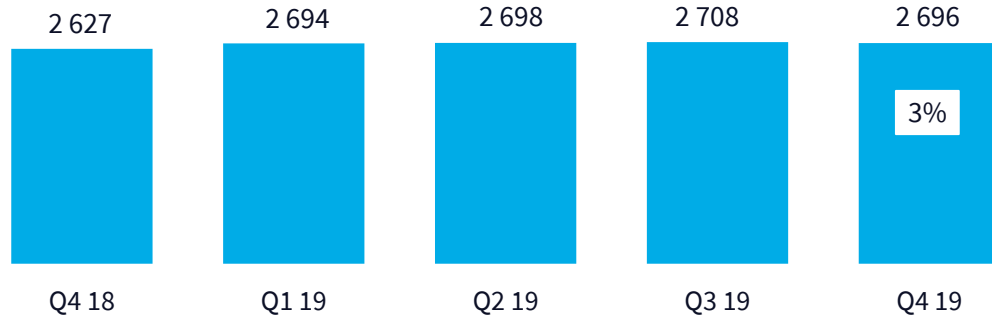


Organic growth

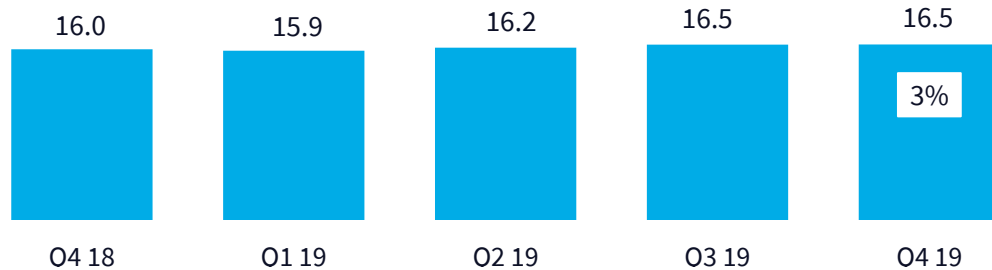


Finland

Mobile subscribers ('000)

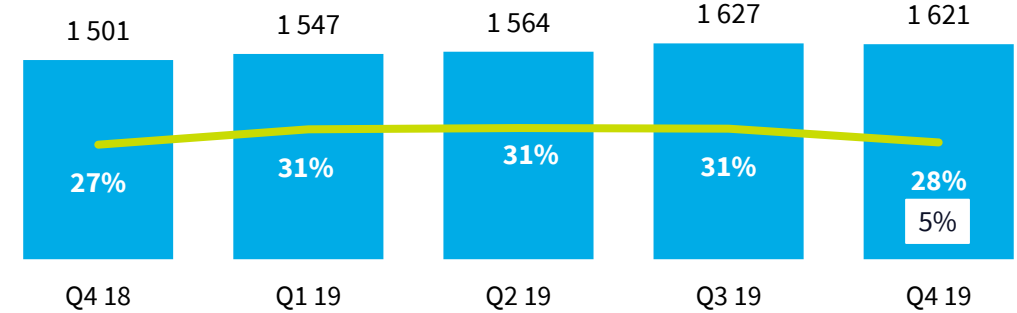


Mobile ARPU (EUR/month)

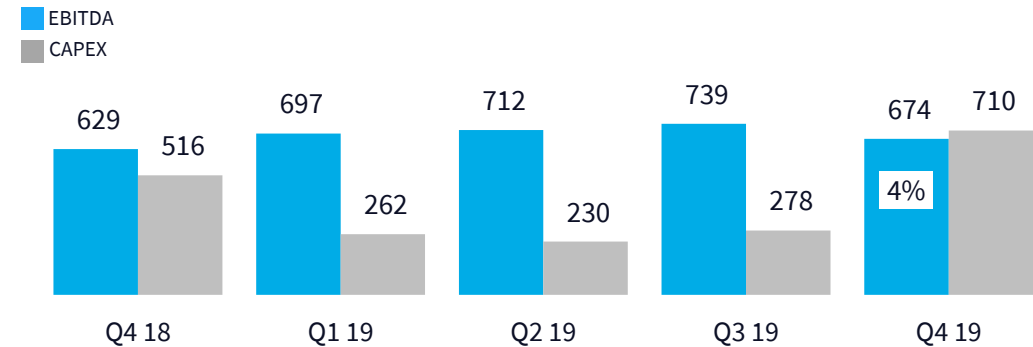


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

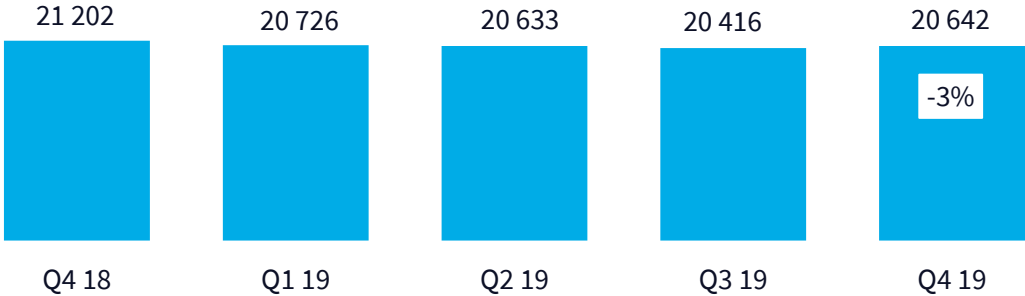


Organic growth

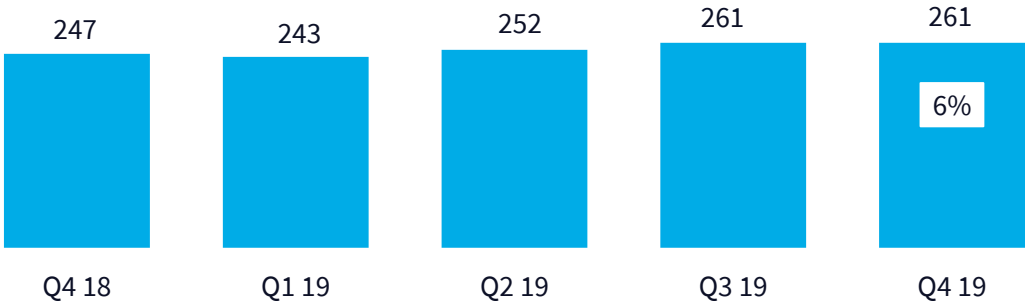


Thailand (dtac)

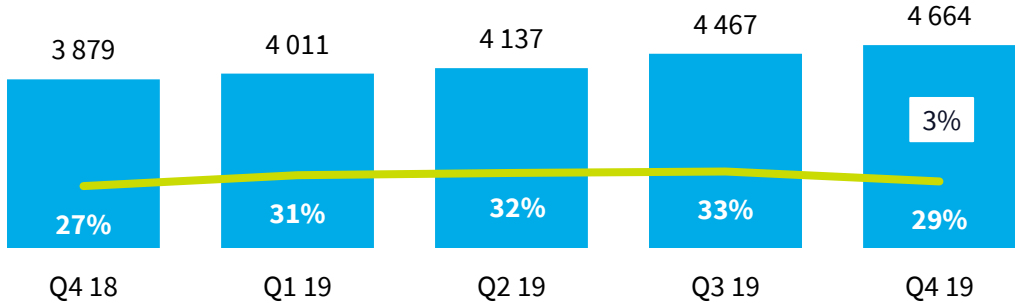
Mobile subscribers ('000)



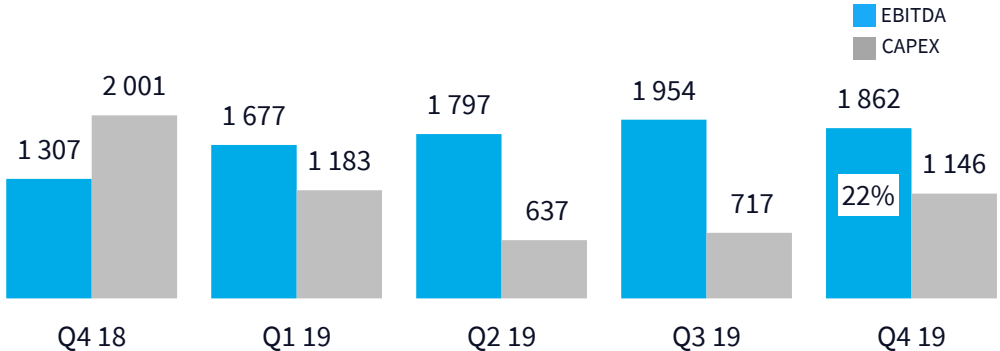
Mobile ARPU (THB/month)



Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



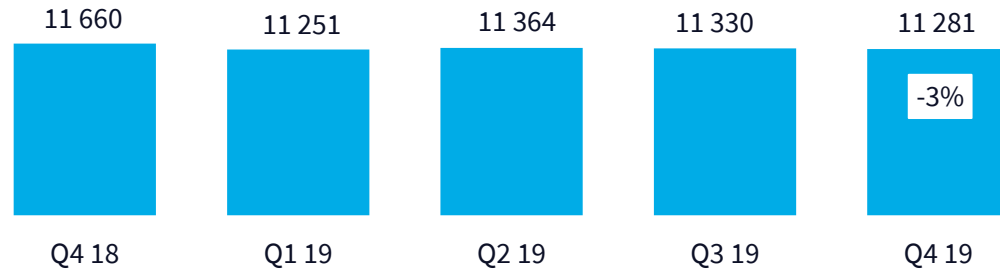
Organic growth

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

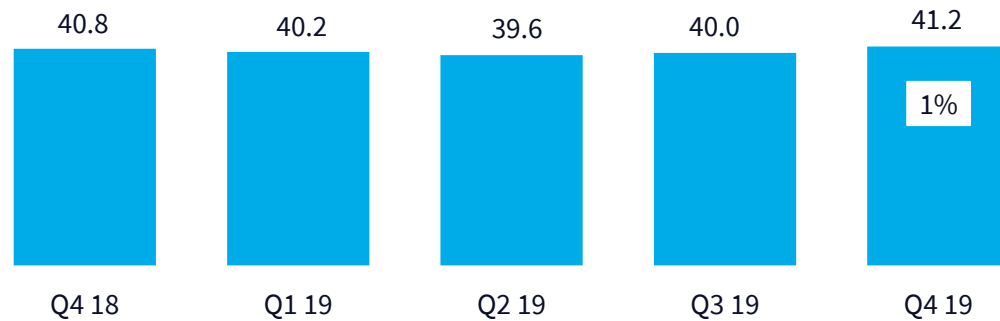


Malaysia (Digi)

Mobile subscribers ('000)

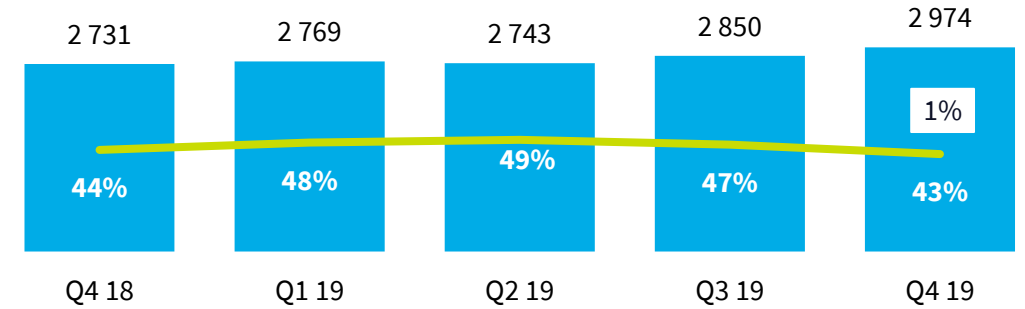


Mobile ARPU (MYR/month)

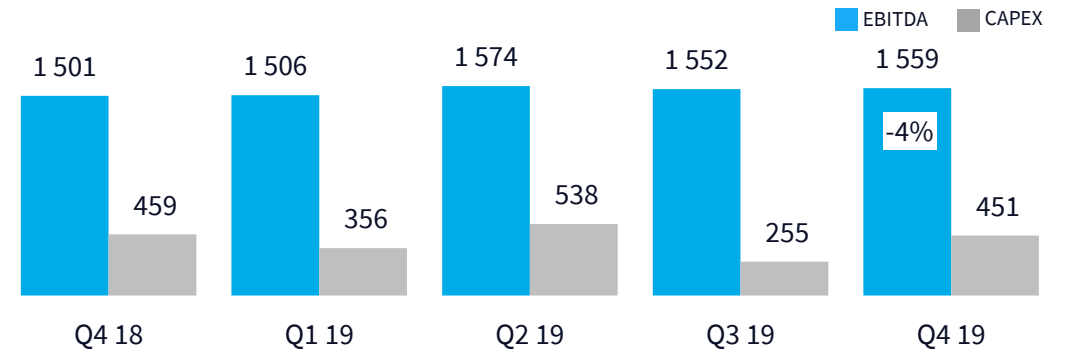


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

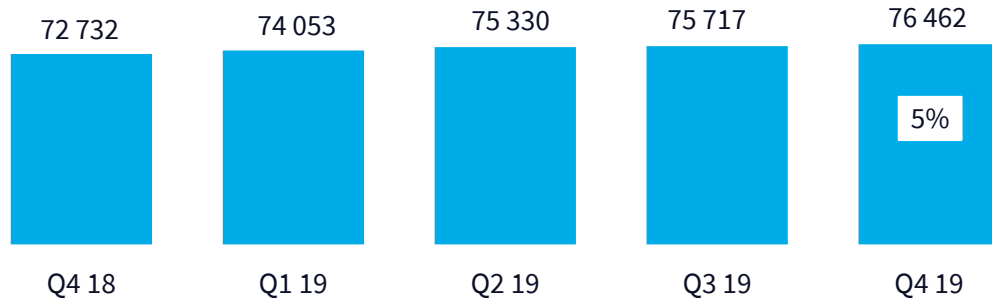


Organic growth

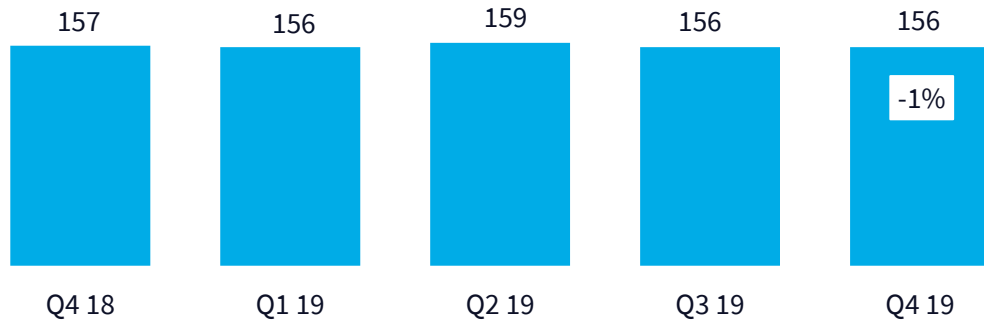


Bangladesh (Grameenphone)

Mobile subscribers ('000)

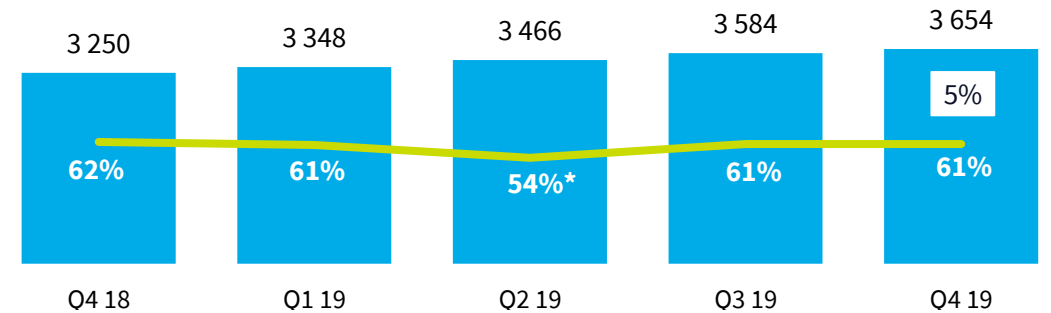


Mobile ARPU (BDT/month)

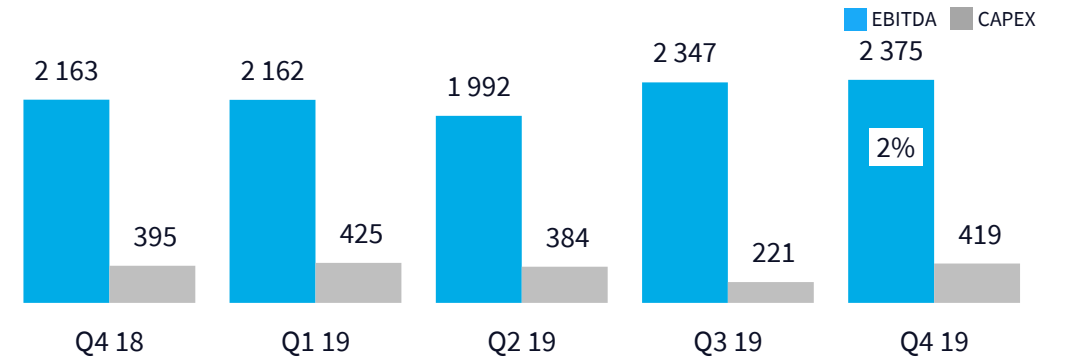


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



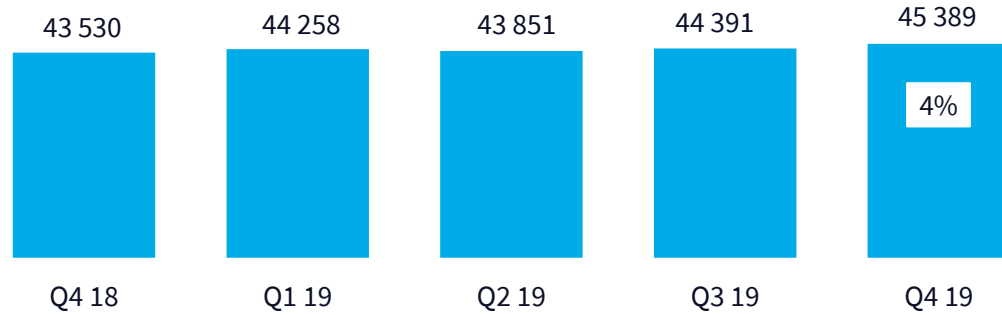
*62% EBITDA margin excluding provisions

Organic growth

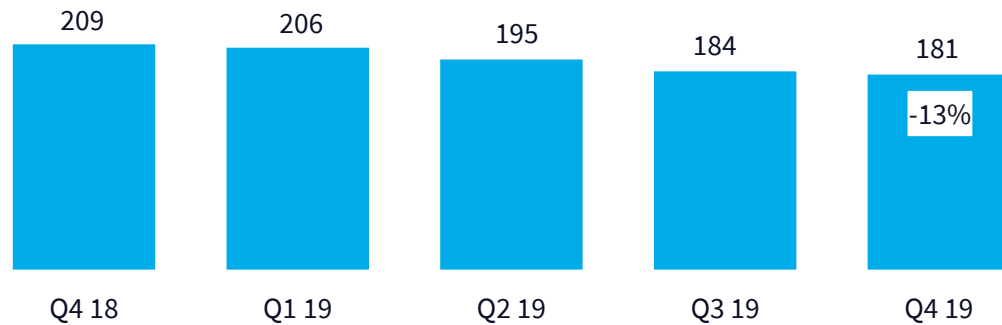


Pakistan

Mobile subscribers ('000)

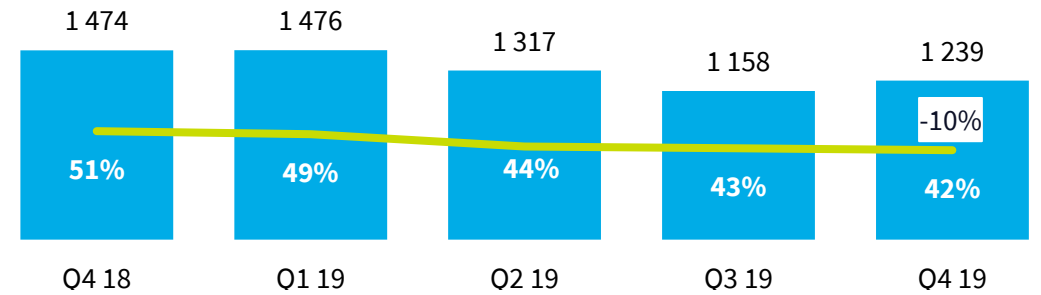


Mobile ARPU (PKR/month)

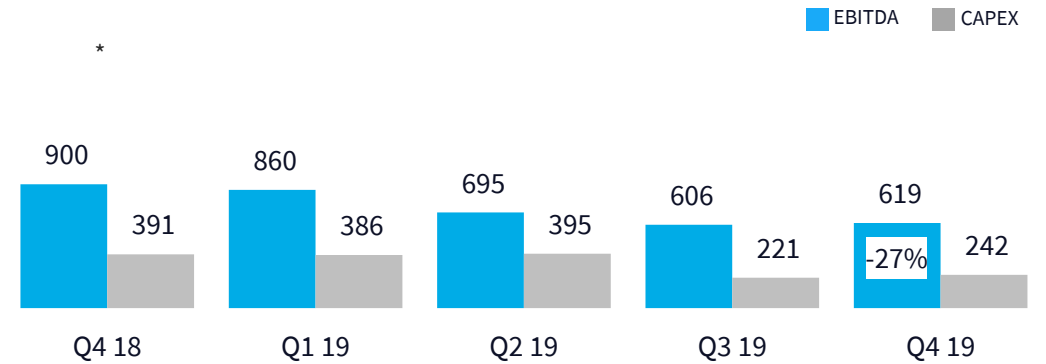


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

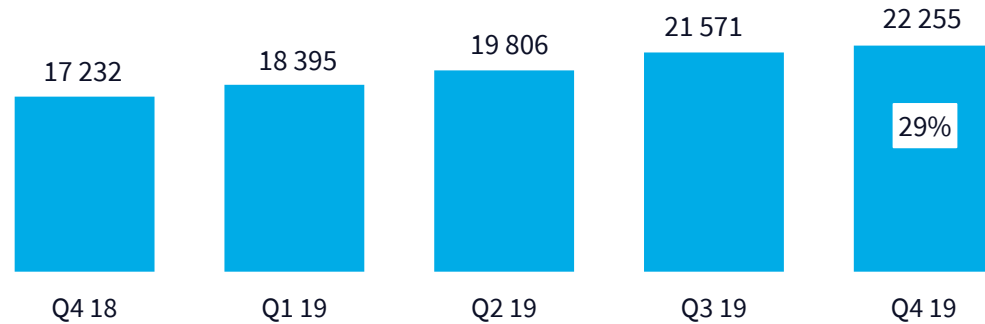


Organic growth

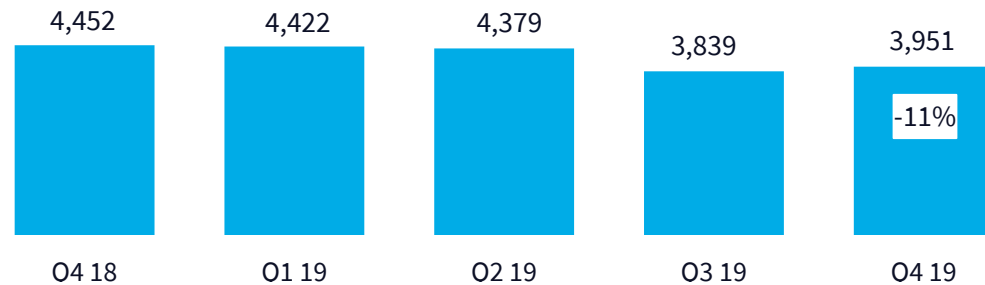


Myanmar

Mobile subscribers ('000)

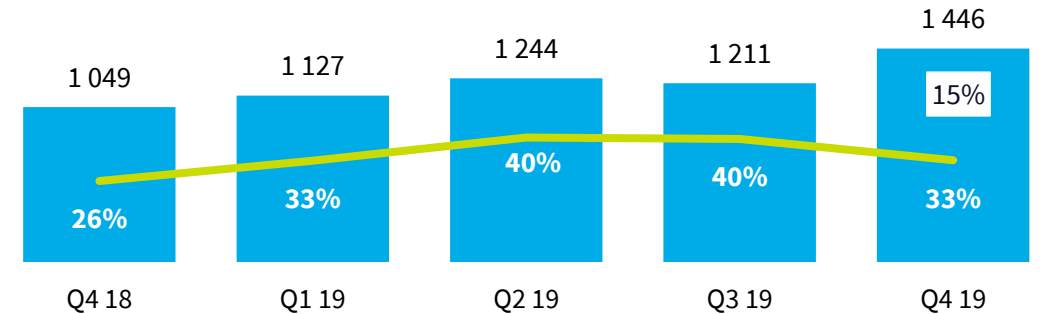


Mobile ARPU (MMK/month)

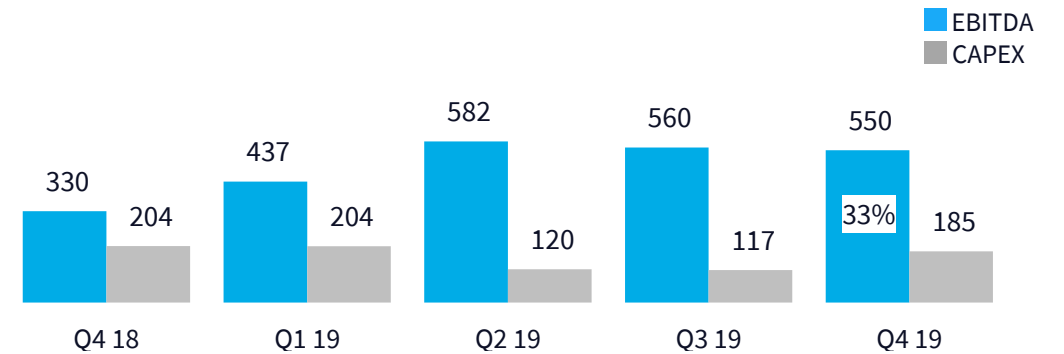


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



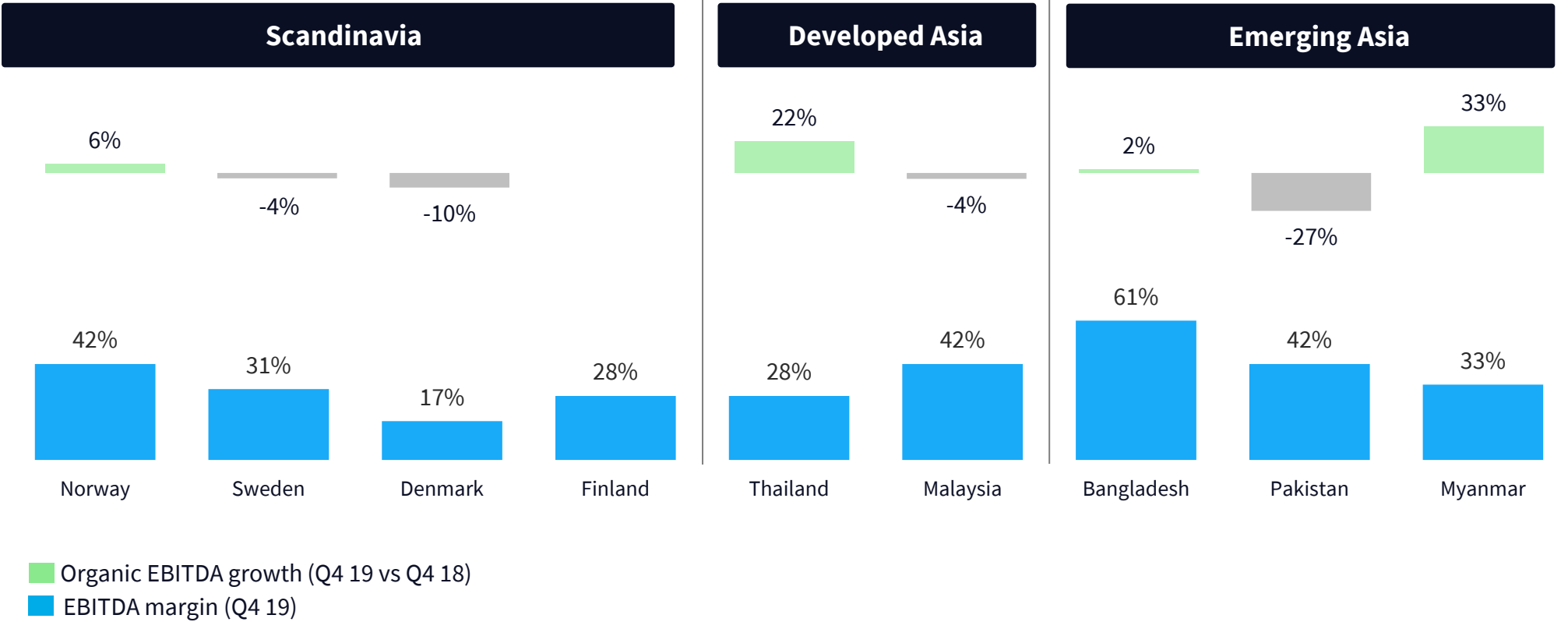
EBITDA and capex (NOK m)



Organic growth



Organic EBITDA growth



Q4 growth in subscription and traffic revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	2.4 %	2.4 %	6.1 %	6.1 %
Sweden	-0.8 %	-2.4 %	-2.2 %	-3.8 %
Denmark	-1.3 %	-5.8 %	-5.7 %	-10.4 %
Thailand	20.2 %	2.7 %	42.5 %	22.4 %
Malaysia	8.9 %	0.7 %	3.8 %	-4.2 %
Bangladesh	12.4 %	4.8 %	9.8 %	2.4 %
Pakistan	-15.9 %	-9.6 %	-31.2 %	-26.9 %
Myanmar	37.9 %	14.9 %	66.9 %	32.8 %
Telenor Group	16.6 %	1.8 %	17.4 %	4.6 %



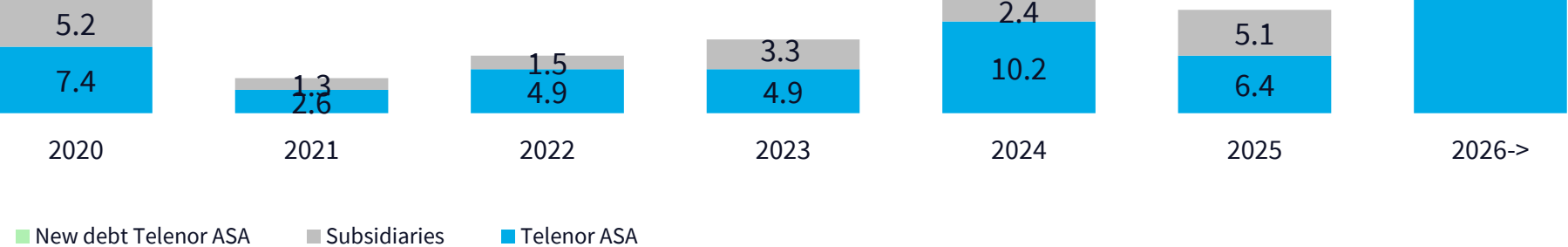
Net income of NOK 1.9 billion for Q4 2019

NOK m	2018	Q4 2018	Q4 2019	Q4 2019 (Post IFRS16)	Impact of IFRS 16
Revenues	105,923	27,070	31,808	31,737	-71
EBITDA before other items	44,220	10,124	11,882	13,397	+1,515
Other items	(3,181)	(2,395)	(212)	(215)	-3
EBITDA	41,040	7,740	11,670	13,182	+1,515
Depreciation & amortization	(20,095)	(4,189)	(5,554)	(6,899)	-1,345
Operating profit	20,945	3,550	6,116	6,283	+168
Associated companies	(81)	(101)	(482)	(482)	
Net financials	(3,163)	(3,118)	224	(73)	-297
Taxes	(6,024)	(495)	(1,224)	(1,351)	-127
Profit (loss) from discontinued operations	5,765	1,708	(1,562)	(1,562)	
Minorities	2,711	332	1,017	935	-82
Net income - Telenor equity holders	14,731	1,212	1,948	1,774	-174
Earnings per share (NOK)	10.00	0.83	1.37	1.25	-0.12

All figures according to accounting standard as of 31 Dec 2018 unless otherwise stated



Debt maturity profile (NOK bn)



Net debt in partly-owned subsidiaries:

NOK bn	Q4 2019	Q4 2018
Digi	5.7	4.8
dtac	12.0	8.9
Grameenphone	-0.6	0.8



Net debt reconciliation

NOK bn	Q4 2019	Q4 2018
Non-current interest bearing liabilities	92.9	55.1
Non-current lease liabilities	0.6	0.8
Current interest bearing liabilities	18.6	15.7
Current lease liabilities	0.1	0.1
Cash and cash equivalents	(13.9)	(18.5)
Fair value hedge instruments	(2.0)	(1.5)
Financial instruments	(0.5)	(0.4)
Licence obligations	(12.7)	(11.8)
Net interest bearing debt excl. licence obligations	83.1	39.5

All figures according to accounting standard as of 31 Dec 2018 unless otherwise stated



Balance sheet and key ratios

	31 Dec 2019	31 Dec 2018
Total assets	248.4	191.3
Equity attributable to Telenor ASA shareholders	38.1	49.4
Gross debt*	98.7	70.8
Net debt	83.1	39.5
Net debt/EBITDA**	1.8	1.0
Return on capital employed***	14%	16%

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

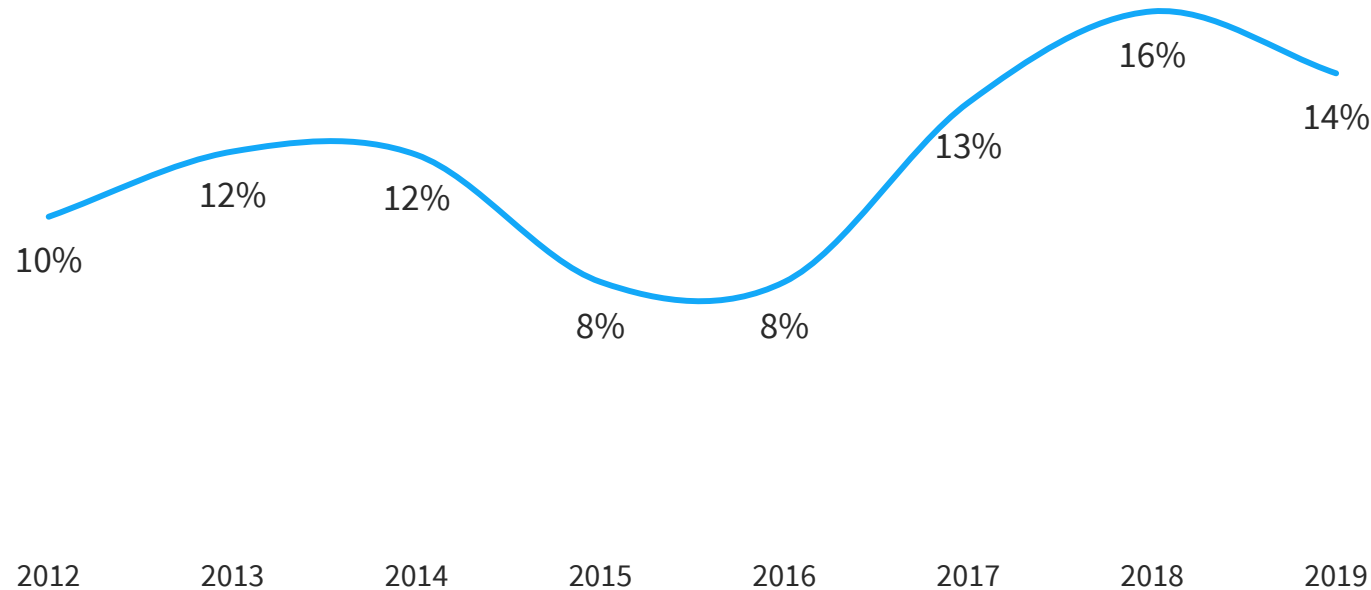
**) 12 months rolling EBITDA. For periods before consolidation of DNA, pro forma figures have been included.

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



Return on capital employed

Return on capital employed (Pre IFRS 16)*



*) ROCE is calculated excluding DNA

