

Telenor Q3 2025 Results | Telenor | October 29, 2025

Frank Maaø:

Good morning and welcome to Telenor's Q3 results call. I'm Frank Maaø, Head of Investor Relations here at Telenor. I'm presenting today our CEO, Benedicte Schilbred Fasmer here, and our CFO, Torbjørn Wist.

Before we get started, just a few quick notes. So unless we say otherwise, all growth rates are organic and made on a constant currency basis, and when we mention EBITDA, we're referring to adjusted EBITDA. And for the Q&A, please just ask one question with a short follow-up if needed so that everyone gets a chance. And with that, I'll hand it over to Benedicte.

Benedicte Fasmer:

Thank you, Frank, and good morning everyone.

This quarter we've seen a challenging external environment. Hybrid warfare, extreme weather, and a high level of cyber threats have all impacted power and communications. And these events are a reminder of how crucial, robust digital infrastructure is. And at the same time, they give us opportunities to help customers build resilience, thanks to our strong network and technology foundation.

Today, we are reporting another solid quarter, mainly driven by strong results in the Nordics. Our commercial strategy and ongoing transformation efforts continue to pay off with EBITDA in the Nordics, up 8%, and 50,000 new mobile customers added.

In Asia however, we do see a bit of a more mixed picture. On one hand, we grew service revenues and EBITDA by 4% with positive contributions from both Pakistan and Grameenphone in Bangladesh. On the other hand, we continue to expect challenges in the region as Torbjørn will get back to, and including the macroeconomy and headwinds tied to the cost of supporting data growth, including Spectra.

Thanks to the dedication of our employees across the group, we have delivered an EBITDA growth of 5.4% and a free cash flow before M&A of 4.2 billion this quarter. And this represents a 50% year-on-year increase due to higher EBITDA, prudent CAPEX, and supportive working capital management. And with three quarters now behind us, we are reaffirming our expected performance for 2025, and we are tightening our guidance ranges.

So let me walk you through the key developments in the Nordics and Asia before Torbjørn takes you through the financials in more detail.

The Nordics continued to deliver strong results with momentum across all business units. Organic service revenues in the Nordics rose 2.1% as Opex declined by the same percentage year over year, driving the 8% increase in EBITDA, breaking it down gross profit improved, supported by upselling, rising product mix and increased wholesale revenues. Ongoing transformation programs helped lower Opex and even though we spent more on sales, marketing and business resilience. And again, Norway remained our top performer with 2.3 service revenue growth and 9.2 EBITDA growth. And that was also supported by the National Roaming Agreement announced last year.

In Sweden, top line growth was flat due to our fixed transformation initiative, but EBITDA grew seven-and-a-half percent thanks to improved gross margins and Opex efficiencies, especially in customer service. We made good progress in the mass market mobile segment, increasing both [inaudible 00:04:20] and our customer base though the enterprise segment in Sweden remained very challenging.

In Finland, DNA grew service revenues by 2% year-over-year. This was supported by net additions of 28,000 mobile customers and 3,000 fixed customers during the quarter. For this quarter, DNA grew EBITDA by 5% and quite a bit more on an underlying basis.

Denmark delivered 5% growth powered by strong mobile and fixed wireless access. EBITDA was up 4% despite strategic challenge shifts and a huge transformation effort.

Overall, the Nordics delivered a strong performance.

In Asia. We continued to make operational progress despite a tough external backdrop. Grameenphone delivered growth in both service revenues and EBITDA, though the upswing was softer than hoped. The macro context is still fragile, and data price competition is intense. During my recent trip there, I could genuinely feel a sense of optimism building up among the people as the election approaches early next year.

Telenor Pakistan delivered 17% year-over-year EBITDA growth, which is actually great to see. Nevertheless, a key milestone for us was the competition authority approval for the sale to PTCL. We are now awaiting the last approvals and aiming to close the transaction during the next few months.

In Malaysia, we recognized half a billion adjustments to our share of CelcomDigi's second quarter results. This was due to the financial profile of its associated 5G network company DNB, and Torbjørn will cover that in more detail.

In Thailand, True continued to improve profitability and reduce leverage in Q2. Next week, a first-ever interim dividend is expected to be proposed with payment in Q4.

On October 1st, we announced a strategic procurement partnership with Vodafone, and this collaboration brings together the scale and expertise of two global leaders serving over 550 million customers across 23 markets. And by combining the strength of our two organizations and an annual spend of altogether 300 billion NOX, we can unlock significant value within sourcing. As we gradually face this in towards the latter part of this decade, we expect this partnership to provide meaningful value creation.

And for Telenor, this translates into enhanced competitiveness and improved cost efficiency. It also strengthens our attractiveness to suppliers and partners while bolstering supply chain resilience, a very critical capability in today's evolving geopolitical and technological environment. The partnership is also grounded in a shared sustainability commitment, reinforcing our leadership in responsible sourcing and business practices. Ultimately, this partnership is about creating long-term value for both our customers and shareholders.

And with that, I'll hand you over to Torbjørn for more on the financials. Here you go, Torbjørn.

Torbjørn Wist:

Thank you, Benedicte, and good morning everyone.

Let's dive straight into the Q3 financial highlights. Group service revenues in the quarter reached 16.3 billion, which is up 2.7% year-on-year. The adjusted EBITDA was nine-and-a-half billion, up 5.4%, mainly driven by the strong 8% EBITDA growth in the Nordics.

In Q3, adjusted EPS was 1.85 kroners, down 3% from last year, mainly due to the half a billion accounting adjustment for CelcomDigi that Benedicte mentioned in her remarks. Without this adjustment, the EPS growth would have been 18%.

Now we generated a solid free cash flow before M&A of 4.2 billion during the quarter, which is up 50% year-on-year on the back of our EBITDA growth and slightly reduced CAPEX. The group CAPEX to Sales ratio was 13.3%, 0.7 percentage points lower than in the same period last year. The leverage ratio ended

up at 2.3 times within our target range, and this was supported by both the free cash flow profile as well as slightly favorable end of quarter currency movements as the Norwegian Kroner strengthened against pretty much all our currencies.

As previously stated, driving return on capital employed over time remains a top priority for us. Return on capital employed came in at 8.6 for the last 12 months, up 0.6 percentage points from last year. If you exclude all our non-controlled companies, the group return on capital employed would've been close to 14%.

Let's zoom in then on the top line. The group service revenue growth of 2.7% year-on-year remain constrained by weak macroeconomic conditions in Bangladesh. The Nordics were the main contributor to group growth, with service revenues up 2.1%. If you exclude the 56 million adjustment to the first half service revenues in DNA, underlying growth for the Nordics would've been 2.6%. Nordic mobile service revenue growth of 3.2% was mainly driven by Norway, Denmark, as well as DNA in Finland. Pakistan continued its strong momentum and Grameenphone contributed positively for the first time since the second quarter of 2024.

If we turn to Opex, Telenor Nordics delivered a solid reduction in Opex in the third quarter, declining 2.1% year-over-year, driven by lower personnel costs and a successful transformation activities, with Sweden standing out as a key contributor. FTEs across the region were reduced by 3%. Denmark saw higher Opex largely attributed to the higher commissions in recent quarters, as well as higher costs linked to its ongoing and important IT transformation effort, while Finland benefited from lower personnel costs and positive effects from a minor reclassification. Overall, the rise in sales and marketing expenses was driven by amortization of subscriber costs.

For the Nordics, this resulted in a 5% year-over-year increase in sales and marketing spend. Opex in Asia rose 3.7% year-on-year, mainly due to higher O&M costs as well as personnel costs in Grameenphone as well as Telenor Pakistan. Amp recorded a 21% increase in Opex reflecting growth initiatives, as well as the transfer of two businesses from Telenor Norway as we mentioned in Q2. Overall, there was a modest uptick of 1.3% in group Opex in the third quarter, underscoring our progress of transformation activities, cost discipline.

Then turning to EBITDA. EBITDA for the group was up 5.4% in Q3. Asia contributed positively, partly offset by group effects similar to the ones we've discussed before. But the main driver this quarter was the performance in the Nordics, and in this business area, EBITDA grew 8% in Q3, and as you can see on the right-hand side of the slide, Telenor Norway was the cornerstone this quarter. The performance in Norway was driven by service revenue growth, as well as wholesale revenues, mainly from the national roaming agreement highlighted during our Q2 presentation. On a side note, we still forecast the full year revenues-

Torbjørn Wist:

On a side note, we still forecast the full year revenues from this contract to be more than half a billion for 2025 as a whole. Together, these factors paid way for a 9.2% year-on-year growth for Norway. Now, DNA also had a reported EBITDA increase of 5% despite booking of catch-up items, and this was driven by strong gross profit. Sweden reported an EBITDA growth of 7.5% supported by growing gross profit and a solid OPEX decline.

So with that, let me move to Asia. Our two consolidated companies in Asia delivered service revenues of 4.3 billion and EBITDA of 2.5 billion, representing organic growth on more than 4% for both metrics. This was mainly driven by Telenor Pakistan's continued high EBITDA growth supported by our uplift and lower energy costs. Grameenphone returned to growth in both topline and EBITDA, which is good to see, though the upswing was softer than hoped, despite the easier comparables due to the impact of

the regime change we saw in Bangladesh in Q3 last year. As you know, the market is gradually transitioning from voice to data, which is challenging as competition in data is quite intense. Grameenphone has had subdued 4G investments with CapEx to sales of 9% over the past four quarters due to the macro situation. But given the data demand from our customers, we will eventually need to dial this up a bit again to accommodate for expanded data coverage.

Among our associates, True reported 2.6% year on year EBITDA growth for its second quarter and continued its deleveraging profile. The company nudged down its full year outlook following a network outage as well as some of the macro headwinds. True has stated plans to propose an interim dividend in conjunction with its Q3 reporting, which is due already next week. In the quarter we received 350 million in dividends from CelcomDigi as the company increases dividend per share while also reporting 5G traffic costs.

Taken together, Asia's profitability improved during Q3 despite the relatively challenging external backdrop. However, we do see some short to midterm risks and headwinds in Asia. Among the risks we see we have touched on in the past, I would like to highlight three that will affect us. First in Malaysia, the 5G landscape remains challenging. CelcomDigi's associated company, originally a 5G network for all telcos, is undergoing the final stages of privatization. Its recently reported financials suggest a lack of sustainable long-term financial situation in this associated company. We are working with partners to support a restructuring with the aim of helping CelcomDigi ensure a competitive 5G company setup. However, the outcome of this process remains to be seen. The financial profile of the 5G NetCo is also the backdrop for the 530 million adjustment to our share of results from CelcomDigi this quarter, as mentioned earlier. This quarter, we have only one year left until a major chunk of our spectrum in Bangladesh needs to be removed. This will entail a step up in spectrum payments for up to four renewed licenses, as these spectrum licenses were paid for years ago. As always, our spectrum resources web page on Telenor.com gives you full details on our spectrum portfolio.

In addition, spectrum pricing in the country has historically been two times the global median despite a much lower GDP per capita in the country, as you can see in the graph in the middle of the page. Finally, competition authority clearance was recently granted to PTCL for the takeover of Telenor Pakistan. Very pleased to see that. We're hoping for a smooth process from here onwards and look forward to closing the transaction soon. Given the recent strong performance, we expect Telenor Pakistan to contribute around half a billion kroners in free cash flow for '25. And note of course that this contribution will end once this sale is complete.

Then moving back up to the group level and let's look at the P&L, cash flows, and leverage. There are three items in the P&L this quarter that I would like to highlight. First, we have the adjustment we've made related to CelcomDigi mentioned earlier. This reduces our share of net income from associated companies. Second, we book a 269 million reversal of impairment of our shares in True. Note that as we said in Q2, all of our shares in True are now directly owned. Finally, on income tax, we book a 312 million provision for withholding tax on retained earnings in associated companies. This is the main reason why the effective tax rate increased to 33% from 26% in Q3 last year. All in all, we generated net income to equity holders of 3 billion in Q3 and an adjusted EPS of 1.85 kroners per share.

Moving to free cash flows. The free cash flow in Q3 was driven by the strong operational performance in the Nordics. We paid almost 1 billion in income taxes, of which 70% is in Grameenphone. As we have discussed before, we have seasonally lower interest payments in Q1 and Q3. And as usual spectrum payments are very small in Q3. Networking capital contributed negatively by 0.3 billion mainly due to high activity in Norway and increased receivables. CapEx paid amounted to 2.6 billion in line with the quarter's CapEx booked. Other lease payments amounted to a total of 1 billion, a figure slightly below the indicated average for the year. As Grameenphone and Telenor Fiber streamed up interim dividends,

we also paid out a total of 600 million to non-controlling shareholders. On a side note, around 1.1 billion of the Q3 Grameenphone NCI was staggered and is due for payment in Q4. Altogether, this led to the free cashflow coming in at 4.2 billion, a solid 50% increase year-on-year.

But moving to the debt side, net-interest-bearing debt, excluding license obligations, ended the quarter at 85 billion, which is down 5.2 billion quarter-on-quarter, benefiting from a 1.1 billion FX gain as the kroner strengthened against all our key debt currencies. At the end of the quarter, leverage stood at 2.3, within our 1.8 to 2.3 target range. We maintain a resilient balance sheet and prudent maturity profile and our dividend policy ensures predictable shareholder remuneration.

Then let's move to our outlook update. Heading into Q4 and our upcoming capital markets day on November 11th, our full year '25 outlook pillars remain unchanged. We're tightening the ranges based on our solid year-to-date execution and our visibility for the year. For the Nordics, we see two to 3% service revenue growth, eight to 9% EBITDA growth and CapEx to sales is confirmed around 14%. As we stated in Q2, on the decimal side the CapEx number is more likely than not going to be somewhat on the north side of 14%. Considering the investments we announced earlier this year with regards to resilience and fiber in Finland. For the group, outlook for adjusted EBITDA growth is tightened to five to 6% from mid single digit previously. We maintain our view of around 13 billion free cash flow before M&A. We believe that the contribution from Asia will probably be a bit less than a third. All in all, the updated outlook reaffirm our overall traction for the full year. And with this, Benedicte, I believe it is time to wrap it all up.

Benedicte Fasmer:

Thank you so much, Torbjørn. And to sum up, in the third quarter we delivered consistent execution, strong performance in the Nordics, improving profitability in Asia, and a robust cash flow. We also highlighted some expected headwinds in Asia. We are focused on customer experience, service reliability and security. And with transformation being key for both efficiency and future growth for us. Our financial principles emphasize return on capital, balance sheet strength and a predictable dividend trajectory. We achieved these results thanks to the ongoing commitment and relentless drive of our great people across Telenor. The updated '25 outlook reaffirms our overall traction and we are tightening the ranges and maintaining the free cash flow outlook.

One final note, we are excited to remind you about our upcoming capital markets day on the 11th of November. We look forward to welcoming you here at our Fornebu office. And please do not forget to register your attendance, whether you'll be just joining us in person or virtually. So with that, thank you all for your attention and continued support. We are now ready to take your questions.

Frank Maaø:

Thank you, Benedicte. And as a request to the analysts, we would appreciate if you would keep your question to forward-looking topics on 2025 only, as the prospect for future periods will be covered at our CMD in less than two weeks. And please do limit yourself to only one question and, if needed, a related clarification follow-up, to give your colleagues a chance to ask their question. So operator, please go ahead.

Moderator:

Thank you. At this time we invite those analysts wishing to ask a question to click on the raise hand button, which can be found on the bottom of your screen. When it is your turn, you'll receive a prompt to be promoted as a panelist. Please accept, wait a moment. And once you have been introduced, you may unmute yourself, turn on your video and ask your question. As a reminder, we are allowing analysts

one question and one related follow-up today. We will wait one moment to allow the queue to form. Our first question will come from Owen McGivern, Bank of America. You may now unmute your audio, turn on your video and ask your question.

Owen McGivern:

Hi, good morning. Thank you for taking my question. So you've flagged higher spending on sales and marketing for Q4 in the Nordics. This is similar commentary to your competitors. I guess what I'm trying to understand is, is this comment in line with seasonally higher spending in Q4, or do you think that this year is going to be particularly competitive? And where in the Nordics do you think you'll have to deploy this additional spending? Thank you.

Benedicte Fasmer:

Thank you for your question. I think we have intensified our sales and marketing efforts and I think that also adds to the quality of the OpEx, that we can sustain a solid OpEx reduction while still putting more total on the marketing spend. And we see also that that has given us good results. To what extent we intensify or not going forward, I think we will have to come back to. But we see that it's given us quite good results this quarter.

Owen McGivern:

Okay, understood. Thank you.

Moderator:

Thank you. Our next question comes from Andre Chavasek from UBS. Please turn on your video, unmute your line and go ahead with your question.

Andre Chavasek :

Hi everyone. Thank you for the presentation. I wanted to focus on some of the Asia challenge-

Andre Chavasek :

... I wanted to focus on some of the Asia challenges that you flagged in your presentation and how you plan to approach them. I guess are there any mitigating factors that you already have in mind? Are there some industry initiatives, for example, that you are taking with respect to the 5G JV or the spectrum auction that you flag as unusually high in Bangladesh, and do you think that this could, for example, rationalize the markets that you're seeing the headwinds in to kind of promote higher growth to offset some of these headwinds? Thank you.

Torbjørn:

Yeah.

Benedicte Fasmer:

Yeah. Please, Torbjørn.

Torbjørn:

In Malaysia, if we start with that, we are actively working together with our partners or core shareholders in the company as well as the other parties that are invested in the 5G NetCo because,

obviously, this is a situation that is affecting everyone and we want to make sure that we have a well-functioning 5G company. So these are efforts that are done at multiple levels through the channels where we have influence, but you can be assured that there is a lot of focus on this on the ground in Malaysia as well as with people in Telenor Asia to help resolve the situation.

In Bangladesh, clearly there is a voice-to-data transition going on. Ensuring that we can compete effectively in that is important, and I think what we have been very good at doing in an environment which has at times been challenging is to ensure that we can throttle and de-throttle also on the investment side to be in line with expected recovery in the market, and of course we assume that this is a market that will improve post-election, but that is obviously something we're watching keenly and we will gas up or slow down depending on the situation.

Andre Chavasek :

Thank you. If I may follow up on the election, is that... The spectrum you expect to be not influenced by this election, I guess, or is this something that you're flagging as potentially signaling a new approach to the sector in both spectrum auctions? But then also we've seen in the past that sometimes the regulator in Bangladesh specifically tried to basically, I guess, extract a lot of value from the telecoms industry overall.

Torbjørn:

Yeah, no, I would de-link the two. When I talk about the election, there is an expectation that the market will recover, and I think we touched on this in Q2 that we expected earlier this year a recovery in Bangladesh in the second half of this year, but we don't see that. We see that now more as a '26 event because the election is slated to take place in February of '26, so that of course is an important milestone for the country. With respect to the spectrum portfolio, we always take a prudent approach and we obviously need to make sure that it makes sense, and we don't sort of talk too loudly about it, but we will of course consider our position when it comes to new spectrum, whether it be the renewal of the four licenses we're talking about or the low-band spectrum auction which is expected at some point.

Andre Chavasek :

Thank you very much.

Moderator:

Thank you. Our next question comes from Christoffer Bjørnsen with DNB Carnegie. Please turn on your video, unmute your line, and go ahead with your question.

Christoffer Bjørnsen:

Yes. Good morning. Thanks for taking my question. So just wanted to touch upon on the GlobalConnect transaction that you're now working on. So I appreciate you don't want to spill all the juice before the Capital Markets Day, but given that that's already announced, it would be really helpful to kind of hear your high-level thinking around whether that investment is kind of incremental to your current fiber investment plans in Norway or if that's kind of an alternative to the plans you already had in Norway. It just seems like the investments in Norway are kind of slowing down in the fiber space, so just trying to understand your thinking around that, I guess.

Benedicte Fasmer:

When we hopefully get the approval, I mean, this is subject to authority approval so we have to have that little caveat, we will increase our market share by around seven percentage points, and we do see that our ability and our strength in the fiber market is important for us to be able to deliver connectivity in the different ways and forms that the customers actually want.

And the reason for doing it this by way of an acquisition is twofold. I mean, one is that it's a step-up in market share and kind of gives us a very much stronger position in the market, and the second thing is, as you allude to, there is around 50% overbuild in the market that we see, and we have done very careful considerations around those elements as well, but we believe that this will give us very interesting synergies as well as a good market position towards the customer. So it should be good for our shareholders, I guess. That's the summary.

Christoffer Bjørnsen:

That's great. And just as my follow-up really quickly, maybe you already mentioned it but I was a bit late onto the call, just on D&A and that accounting and just... I mean, could just unpack a bit what actually happened there and how I should think about that. That would be helpful.

Benedicte Fasmer:

But which... Unpack what in D&A?

Torbjørn:

[inaudible 00:31:48].

Benedicte Fasmer:

The accounting [inaudible 00:31:51]?

Torbjørn:

Yeah. Yeah.

Benedicte Fasmer:

Yes, please. Yeah.

Torbjørn:

Yeah. Very quickly, as we've touched on in previous presentations, in Finland there has been widespread use of vouchers as an incentive to get people to lock into new subscriptions. Historically, these were taken as OpEx and then amortized over on the OpEx over five years, but having considered that, we're moving that now into a revenue effect which is taken over one year rather than spreading the cost of each voucher over five years, so that pulls down the revenue by 56 million in D&A.

Christoffer Bjørnsen:

All right. [inaudible 00:32:35].

Benedicte Fasmer:

And just to add a little bit to the effects, Christoffer, on a group level, the EBITDA effect was negative around 0.8 percentage points, on the Nordic level minus 1.1, and on D&A it was as much as 5.5%.

Christoffer Bjørnsen:

So not really any changes in the competitive dynamics of Finland in that market?

Benedicte Fasmer:

Yeah.

Torbjørn:

This was an accounting adjustment.

Benedicte Fasmer:

This is just accounting adjustment.

Christoffer Bjørnsen:

All right. Thank you.

Torbjørn:

Thank you.

Moderator:

Thank you. Our next question comes from Ajay Soni with JP Morgan. Please turn on your video, unmute your line, and go ahead with your question.

Ajay Soni:

Hi, guys. Thanks for taking my question. Mine's just around the Swedish cost base. So you called this out in your remarks as being one of the key drivers behind your lower Nordic OpEx. I just wanted to dig into two areas. So firstly, around... I know you're going through a fixed transformation, but have you seen any material change in your fiber wholesale costs? And then you also called out your customer service cost benefits, so what have you done here and could this be rolled out into other Nordic regions? Thank you.

Benedicte Fasmer:

Would you like to [inaudible 00:33:54]?

Torbjørn:

Yeah. There were a few questions there. Yeah. If we start with some of the sort of cost initiatives, there has been a very strong and focused effort to ensure that one cleans up the fixed portfolio a little bit, which is why you're seeing that on service revenue, it's pretty flat due to that fixed is weighing down, but that is a very conscious choice.

If you look at the gross profit and you look at the O&M development in the company as well as cost within customer service, those are thanks to strong OE initiatives that have been running for a long time.

I think in terms of whether this is something that can be redeployed in other markets, let's postpone some juice till we come to the CMD in a couple of weeks, but I can of course say that we always look at ways to replicate things across markets, so let's just leave it at that for now.

Ajay Soni:

Great. Thank you.

Moderator:

Thank you. Our next question comes from Andrew Lee from Goldman Sachs. Please turn on your video, unmute your line, and go ahead with your question.

Andrew Lee:

Yeah. Good morning, everyone. I just had a question around your data costs in Asia, which appears to be the key reason for the kind of negative surprise today. So it looks like it's a bit of an incremental negative from your perspective as well in terms of what you're anticipating, so I wonder if you could just talk through what the obstacles to your visibility are in terms of your cost base in Asia, particularly around data, and I think particularly around Malaysia and Bangladesh, and then how confident are you in your visibility now in your cost outlook for Asia, certainly for the rest of 2025 and for 2026? If you just give us a bit more of an understanding around what's going on and what's kind of precluding your ability to really have true visibility on that cost base, that'd be helpful. Thank you.

Benedicte Fasmer:

Shall I start with Bangladesh and then you can cover [inaudible 00:36:06]?

Torbjørn:

Yeah.

Benedicte Fasmer:

I actually visited Bangladesh just a couple of weeks ago, and you're right. What we do see in the market is that there is a transition from voice to data, and that segment is highly competitive, but we also realize or we're very realistic that the number of actual phones and mobiles that will have 5G capacity or 4G or 5G capacity that will support this demand is quite limited. So what we're doing is we're doing software upgrades both in 4G and some 5G in densely populated area, and we do it in a software upgrade manner, if I could call it that, to the extent possible. So it's a very careful development, but we do see that there is a transition from voice to data that is going quite rapidly as of now, and this is just the positioning in the market answering that change. Would you like to cover the [inaudible 00:37:22] situation?

Torbjørn:

Yeah. Sure.

Benedicte Fasmer:

Yeah.

Torbjørn:

And just to add on to Bangladesh, of course the voice-to-data transition is happening and of course we want to make sure that we can get our fair share, of course making sure that this gives us a good return on investment. And as we've said, there is spectrum renewal and some investments that will be required, but we always measure this in a prudent manner with a focus on return on capital employed.

With Malaysia, slightly different situation because here, as more and more people use 5G, of course the cost associated with that 5G traffic is increasing, and of course a concern here is that if you have a 5G NetCo which at present is not in a good financial situation, that could result in increasing costs being transferred to the serve costs, if you can call the MNOs that. So this is something that is driving an extreme focus with our stakeholders there and partners to ensure that we have a strong, financially viable 5G NetCo following the changes that has been made to the 5G structure where the new company was awarded a license to build a network and was given some of the frequency or the spectrum from our 5G NetCo. So it is a complicated situation, but very much a key focus on the ground.

Andrew Lee:

And do you think you've got a high degree of visibility on that cost outlook now over the next, say, 12 months?

Torbjørn:

Yeah. I'm not going to-

Andrew Lee:

... over the next say 12 months.

Torbjørn:

Yeah, I'm not going to guide today for anything beyond '25 as you would appreciate. So of course this is a key challenge that one looks at addressing going forward. And we will come back to that at later points.

Andrew Lee:

Yeah, fine.

Benedicte Fasmer:

Andrew, I just wanted to remind you that the merge cos, as we call them, I mean, True and Celcom-Digi and Grameenphone, are all listed companies in their respective countries so there is some limitations as to what we can give of forward-looking statements.

Andrew Lee:

Thank you.

Torbjørn:

Thanks, Andrew.

Moderator:

Thank you. Our next question comes from Keval Khiroya, Deutsche Bank. Please turn on your video, unmute your line, and go ahead with your question.

Keval Khiroya:

Thank you for taking the question. So one of your competitors flagged tougher competitive backdrop in Finland during Q3 whilst another has also talked about wanting to stem some of the market share loss in Finland and Norway. Do you feel Finland was more competitive in Q3? And have you noticed any changes across your Nordic markets in Q4 from a competition perspective?

Benedicte Fasmer:

Yes, I mean, that's the short answer, but then I'll elaborate a little bit. We also saw an increased competitive or a more competitive situation in Finland in Q3. And which was highlighted by our competitors when they published their results quite recently. And we believe it will continue to be quite tough in Finland. However, the intensity was more on the low cost side in the mobile market. And as I mentioned earlier on, we managed to increase our subscriber base with 28,000 customers on the mobile side. And I think it was 3,000 fixed or something like that? Yeah. But we expect it to continue to be tough.

Keval Khiroya:

And just by way of follow up, have you noticed any changes in Norway during Q4? I think one of your other competitors flagged them wanting to rebound in Norway as well.

Benedicte Fasmer:

It's been actually quite, I was about to say flatish, but not a significant change. We saw that the churn also has been a little bit up, but also leveling off. So no major changes in this quarter to mention, no.

Keval Khiroya:

That's clear. Thank you.

Torbjørn:

Short version is that Norway and Sweden are in neutral to somewhat positive territory., Whereas Finland and Denmark have a higher degree of competitive intensity as we've touched on in the past.

Moderator:

Thank you. Our next question comes from Fredrik Lithell, Handelsbanken. Please turn on your video, unmute your line, and go ahead with your question.

Fredrik Lithell:

Good morning. Thank you for taking my question as well. I thought maybe we could spend some time on the Swedish market. And what you feel you can do to improve your situation and get growth going again? We have seen a little bit of higher competitive pressure I think. So it would be interesting to hear your description, a little bit more color on the Swedish market. Thank you.

Benedicte Fasmer:

As I mentioned, I mean, if we take mobile first, there is of course an intense competition as always, but we are quite pleased with the growth we have in the B2C market. We are cleaning up our fixed portfolio somewhat. And if you look at that, and I think Torbjørn mentioned it as well, that there is a little decline in the subs base on fixed. But if you look at the underlying fiber development, is actually quite positive and the gross margin is developing well. But what we also mentioned earlier is that the SME market or the corporate market is quite competitive still, quite challenging.

Torbjørn:

I guess it's worth pointing out that, as we see in other markets, calling on the B2B side, there tends to be different developments. I think we see that SME, you can perform strongly because it's closer to the offerings that we do to the B2C side. So we do see some modest growth there as well in Sweden.

Fredrik Lithell:

Thank you.

Moderator:

Thank you. Just as a reminder, if you would like to ask a question, please click on the raise hand button, which can be found at the bottom of your screen. Our next question comes from Ulrich Rathe, Bernstein. If you'd like to unmute yourself, turn on your video and go ahead with your question.

Ulrich Rathe:

Yeah, thanks very much. I'm afraid I have a video limitation here, apologies for that. So my question would be about expected proceeds from the Pakistan transaction. Are there any clauses in the agreement that would be related to ongoing operational performance of the asset? And would that potentially change the expected proceeds? That would be my main question.

Benedicte Fasmer:

I don't think there are any clauses on the performance side. And we've been managing on the last 22/23 months very carefully the CapEx spend and also the OPEX spend and so on and so forth to keep the business secured and afloat and with good quality, but not spending more than we have to in the situation of the sale. When we receive the proceeds from the sale, that would mainly go to diminish debt, right, Torbjørn? And of course we have seen over the last 12 months that the tax authorities have been quite active collecting tax claims. If you remember back early in the year, we had to pay 250 million extra in a disputed tax claim. So there is always risks tied to this, but I don't think there is any contractual obligations on that.

Torbjørn:

No, the only thing I'd like to clarify is that under the licenses we have there, there are rollout requirements. And of course, it's now been a protracted period since the deal was announced, it's now, what, 22/23 months, and obviously in the CapEx releases that we have done, it has always been focused on ensuring that we are in line with the CapEx commit and license obligations. So that that does not become a hurdle to the closing of the transaction. So that of course is key. We generally don't tend to ... this is a modest proceeds situation, but I guess to remind everyone, we also have to pay for GlobalConnect once that deal is approved.

Benedicte Fasmer:

And then in '25, we expect Pakistan to contribute around half a billion in pre-cash flow. So that will also fall away when the transaction is executed.

Ulrich Rathe:

Understood. Thank you very much for the answers.

Moderator:

Thank you. Our next question comes from Su Yiha at Citi. If you'd like to open your camera, unmute your line and go ahead with your question.

Su Yiha:

Hello, hi, good morning. Thank you for taking my question. I just have a follow-up question on the comments on Bangladesh. I think Torbjørn in your comments you mentioned that you see the CapEx investment in Bangladesh, you underspend a little bit over the last 12 months. But it seems, look at CapEx to sales, it has stayed at 12%, similar to previous quarters. Just wondering if you can comment on where you see the underspending, whether this is the comment against the competitors? And also I want to ask if there has been any discussions with regulator on potential spectrum payment installment with the upcoming auction and renewal. Thank you.

Torbjørn:

Yeah, the CapEx to sales in Bangladesh has been running at-

Speaker 1:

It's a bit south of that.

Torbjørn:

Yeah, a bit south of that. So I think if you look at the country as a whole, during the macroeconomic and political situation it's been in, that has constrained investments into the country, not just from incumbent players but also by other actors and other industries. And of course we have been releasing CapEx in a very prudent manner in the country given this challenging situation to ensure that we get an appropriate return on the investments that we make. So we will not guide specifically on what we'll be doing going forward other than the comments already made, that there will be spectrum related installments. Once spectrum is renewed, we will of course look at that in a prudent manner.

And our discussions with regulators and stuff, that's not something that we talk about externally. But needless to say, we talk to regulators all the time as part of our normal course of business.

Moderator:

Thank you. This concludes the Q&A. Thank you for your participation and you may now disconnect.