



Telenor Q2 2026 Results | July 16, 2026

Frank Maaø:

Good morning and welcome to Telenor's second quarter results presentation for 2026. With me here today, I have our CEO, Benedicte Schilbred Fasmer, and our CFO, Torbjørn Wist. Today's agenda follows our usual structure. Benedicte will start with the main developments in the quarter, including the Nordic markets, transformation, M&A and defense topics. And Torbjørn will then take you through the financials. As usual, all revenue and EBITDA growth, just as a reminder in terms of rates are organic and made on a constant currency basis, and EBITDA always refers to adjusted EBITDA. At the end of the presentation, we will open the line for questions. And with that, Benedicte, over to you.

Benedicte Schilbred Fasmer:

Thank you very much, Frank, and good morning everyone. The results in the group's business units were mixed this quarter with a more demanding mobile markets in Norway, tough competition in Finland, but good financial progress in Sweden, Denmark, and AMP. In AMP, the net asset value of the portfolio has grown to around NOK 15 billion, reflecting the new connection partnership and solid performance in KNL. The inflationary effects from the Iran war still weighs on Grameenphone in Bangladesh.

We have particularly tough year-on-year comparables due to the national roaming agreement, timing and size of pricing adjustments, facing and step up of robustification and transformation costs, and we faced a more promotional market in Norway this quarter where we also needed to make a provision related to a dispute on VAT for TV news channels dating back to 2020 to 2022.

In Q2, we report a decline in service revenues of 0.7% and a decline in EBITDA of 4.8%. However, underlying performance on a fully comparable basis was better, with 0.3 increase in service revenues and a 2.3% decrease in EBITDA. In Q2, we've taken active measures to build a stronger Nordic franchise going forward. We took multiple important steps to strengthen our Nordic market position, expanding our broadband footprint in Norway and becoming the number two fixed provider in Sweden. We announced a value unlocking partnership for Telenor connection to scale growth within IoT, and we also were awarded important contracts within defense and mission-critical communications.

2026 is the transition year for Telenor from several perspective. And as you remember, we've just sold two of our Asian businesses and focusing more on the Nordics. We also advanced on our transformation agenda, which is set to bring substantial costs improvement in the years to come. However, due to the performance year-to-date, we are revising down our outlook for the year, and we will elaborate on this later in the presentation. This said our strategic direction and mid to long-term financial ambitions remain unchanged. We are building a simpler, more Nordic-centric and more profitable Telenor. Turning to the Nordics, as mentioned, performance was mixed across the markets this quarter. In Norway, we faced an exceptionally tough comparison with 16% EBITDA growth in Q2 last year. Reported results were also affected by the TVVAT provision and the business transfers we mentioned earlier this year. Excluding these effects, service revenues increased by 0.6% in Norway, while EBITDA declined by 2% due to timing effects on both revenues and OpEX, including transitional IT costs. In mobile, we grew well in B2B and also won a frame agreement with the armed forces that will add approximately 25,000 subscriptions during the year. In B2C, a quite promotional quarter and market put further pressure on

our ARPU growth, although we saw some positive pricing trends in the market during June. Sweden added 36,000 new mobile customers and grew mobile service revenue by 3.1%. The fixed transformation continued and helped drive an EBITDA growth of 5.2%.

Denmark sustained its commercial momentum and delivered service revenue growth of 3.5%. EBITDA improved substantially from the previous quarter in line with our expectations. In Finland, we saw modest improvement over the previous quarter with a low level of churn in B2C mobile. The recovery in new sales consumer output was modest as earlier campaign pricing continues to affect the customer base. As ARPU for DNA's new sales did not improve much from March through June, we expect new sales ARPUs to still take a few months to potentially coming back to year-over-year growth.

We also see a more competitive fixed market in Finland. Transformation initiative supported good cost control and underlying EBITDA growth of 4.8%. Overall, the underlying development in the Nordics is more resilient than the reported figures suggest, but we also see that the competition has picked up in some of our markets compared to what we saw earlier this year. Let me briefly give you status on our transformation agenda.

As mentioned at our CMD, 2026 is the peak transition year with significant activities across several programs driving an uptick in Nordic OpEX in the short term. We execute the transformation on a country by country basis and you see examples of this on the slide. We are also scaling pan-Nordic programs in selected areas like, for instance, shared services, common products, AI, procurement, and network in IT. In the near term, this means supporting dual IT cost structures and incurring implementations costs which will start rolling off from 2027.

In May we announced a new and simplified organizational structure with effect from mid-August, leading to a leaner operating model supporting our more focused portfolio. By removing the business area layer, we will be reducing costs, FTEs, and complexity, and annual OpEX savings will be around 0.3 billion from 2027. Additionally, we have scaled down our office in Singapore following the exit of True and Pakistan, which with annual OpEX savings of 75 million already effective from this quarter. We are confident that these efforts will drive meaningful cost efficiency with average annual OpEX reductions in the Nordics of 0 to -2% from '25 to '28 while increasing operational leverage and organizational speed.

Let me now share a more concrete set of examples from Norway, where we see the greatest complexity and the most significant benefit from simplification. We have a strong and long track record of reducing costs in Norway. We currently have multiple large scale transformation programs running in parallel across four key dimensions. Improving robustness, modernizing platforms, reducing systems and product complexity, and digitizing remaining manual interfaces. And we are now carrying out the heavy lifting on IT migration, legacy platform exit, cloud transformation, and robustification.

And as you may understand, this temporarily increases our cost because parts of the old and new platforms run in parallel in addition to implementation costs on top. But from January 1st, we are set to exit one major legacy vendor platform and move workloads to public cloud. This alone would lead to 0.4 billion OpEX and CapEx savings ramping up from next year. In addition, our private cloud initiative targets further savings of around 0.4 billion over the next four years. And these are just two examples of the large transformation program we have in Norway. In short, we are taking transition costs now and to build a stronger and more efficient platform for the years ahead.

Our strategic momentum this quarter extended well beyond transformation. We started by unlocking value in Telenor connection through a partnership that supports further scaling globally in IoT. The IoT transaction is strategically important and financially attractive and will release close to four billion in proceeds upon closing expected in Q3. We also made some important progress within broadband. In Norway, the Global Connect transaction was approved by the competition authority in Q2. And as a

result of the announced broadband transactions, Telenor is set to become the number two broadband provider both in Norway and Sweden pending regulatory approval.

The three broadband deals will add around three and a half billion in revenues and are expected to generate around three quarters of a billion in annual synergies from 2030 and beyond. Together, these actions sharpen our portfolio, strengthen our Nordic central gravity and positions Telenor for longer value creation over time.

Let me spend a moment on the acquisition of Bahnhof in Sweden, which was announced just last week. This is a strategically important expansion for us in the largest Nordic market. The acquisition is set to make Telenor the second-largest fixed telecom provider in Sweden, increasing our market share from around 15% to around 27%. Bahnhof is a service provider that brings half a million consumer fiber customers to our portfolio, a very strong B2B position, and a differentiated brand built on privacy, security and technical expertise. The company also brings secure infrastructure capabilities, including military-grade data center assets, representing a strong fit with Telenor focus on resilience and security.

And the industrial logic is clear, strengthening our competitive position, enhancing cross-selling potential, and transforming the profitability of our combined fixed businesses. And this will create a foundation for renewed growth after a three-year period where we have peeled off layers of unprofitable fixed business due to suboptimal segment scale. Finally, let me also highlight our progress in defense and mission-critical communications. KNL is seeing substantial traction with its international expansion and has qualified for a framework agreement with the UK defense on tactical communication. While the individual contracts have not been awarded yet, the opportunity is significant over time. KNL has also received pilot orders from another non-Nordic NATO country and has just been awarded a six and a half million euro contract with the Finish defense forces, the third so far.

In Norway, Telenor has secured a four plus three-year mobile agreement with the Norwegian Armed Forces, with 750 million in estimated revenues over the contract period. For Telenor, these wins signal growing traction within secure and resilient communication, a key strategic focus area for us. And with that, I'll hand you over to Torbjørn for the financials.

Torbjørn Wist:

Thank you, Benedicte, and good morning everyone. Let me start with the group financial highlights for the quarter. The main financial message is that Q2 was affected by tough comps, timing effects and the TV VAT provision in Norway combined with the soft home market. Group service revenues were 14.7 billion, corresponding to a decline of 0.7%. Adjusted EBITDA was around 8 billion, down 4.8%. Free cash flow before M&A was 1.8 billion, up 13% year-on-year, while adjusted EPS was 1.94 kroners, down 12% year over year.

Torbjørn Wist:

The CapEx to sales ratio was 14.5%. And leverage ended at 1.4 times, still well below our target range. ROCE was negatively affected by the CelcomDigi impairment we booked in Q1 in addition to the softer operating profit this quarter. ROCE, excluding associated companies, was still a solid 12%.

Now let me now walk you through the main drivers starting with the top line. The service revenues for the group were in a soft patch this quarter. The organic decline was mainly driven by Nordics and Asia, partly offset by continued growth in Amp. In the Nordics, service revenues were affected by Norway, the VAT provision and timing of price migrations. In Asia, Grameenphone remained under pressure from lower voice and data revenues in a challenging macro and competitive environment. On an underlying comparable basis, group organic service revenue growth was slightly positive at 0.2%.

Turning to OpEx, which grew 1.5% for the Nordics, while growth in Amp as well as special projects on the HQ level drove Group OpEx growth to 2.6%. The increase was mainly related to transformation, robustification, and M&A activity, as well as amortization of commission costs.

Moving to EBITDA, the combination of the service revenue development and higher organic OpEx resulted in a 4.8% organic decline in adjusted EBITDA. However, the underlying decline is 2% when adjusting for VAT in Norway, the coastal radio transfer to the state and with like-for-like accounting in Finland. This is still an outlier quarter, reflecting several moving parts, tough comps, timing effects, transformation spend, and the macro pressure in Bangladesh. There was also a negative contribution on the HQ level reflected by the other end elimination column here. This was due to the cancellation of a procurement contract with True and higher spending on special projects this year. As a side note, we are adjusting the procurement organization as part of our reorganization to address lower income from Asia on the procurement side.

Before I go into the Nordic's overview, let me now zoom in on Norway where these effects are particularly visible this quarter. On Norway, it is useful to take a step back and look at the development in more detail over a two-year period. Compared with Q2 2024, Norway has delivered 4.6% EBITDA CAGR on an underlying comparable basis even when excluding revenues from the National Roaming Agreement.

In Q2 2025, growth in Norway was 16%. We were clear back then that this was exceptional on many levels. It was driven by commercial timing effects, new but temporary roaming revenues, and supported by counter-seasonal swings on the COGS and OpEx lines. In Q2 this year, Norway's underlying adjusted EBITDA declined 2%. The reason is that we lapped last year's larger than usual backbook pricing effects, the price uplifts we made were more spread out, and last year's boost from the National Roaming Revenue Agreement went into a gradual reversal this quarter. As Benedicte said, we also had an OpEx increase partly driven by transitionally higher IT transformation spend as well as robustification projects, which included transfer of sites from infrastructure.

Q2 '26 in isolation is therefore not a clean quarter in terms of assessing the long-term earnings trajectory in Norway. Our focus is on driving commercial performance while progressing the transformation that will support a structurally lower cost base over time. For the Nordics overall, adjusted EBITDA declined 3.1% organically. Norway was the main negative contributor. Sweden contributed positively, supported by subscriber growth, fixed transformation, and structural OpEx reductions. Denmark remained in the red on EBITDA due to amortization of commissions, but made a 12 percentage point uplift quarter on quarter as introductory campaigns rolled off. While the near term in Denmark will be challenged by an increase in OpEx, we do expect return to sound growth in the fourth quarter. DNA improved EBITDA as transformation initiatives offset higher sales costs.

On an underlying comparable basis, Nordic adjusted EBITDA increased 0.6%. And again, the OpEx level is affected by the temporary IT transformation spend, which particularly weighs on Norway and Denmark for 2026, as well as dimension year-on-year timing and facing of both price changes and costs in Norway.

Let me then move to Asia.

In Bangladesh, Grameenphone continues to operate in what can only be described as a difficult environment. Service revenues declined 3.2% as the inflationary effects due to the situation in the Gulf ripple through the economy, creating pressure on consumer wallets, further intensifying price competition on the data side. EBITDA declined by 6%. Still, commercial momentum improved sequentially with three and a half million new data subscribers and overall 2.1 million new subscribers added. To support the voice-to-data transition that is taking place in the country, the 700 megahertz low-band rollout has started. While this increases CapEx across Q2 and Q3, we continue to manage

spending diligently and with tight focus on operational and capital efficiency. The timing and strength of any recovery remains uncertain and a risk given macrosensitivity and the wider regional situation.

Let us then move to the P&L cashflow and leverage. The P&L is fairly clean this quarter apart from the mentioned VAT item, which is spread out across fixed service revenues, OpEx, and a minor effect on financial items. Reported EBITDA was impacted by workforce reductions and restructuring related cost of 337 million, which is higher than last year. You can expect more of this in coming quarters. Also, last year we recorded half a billion in M&A gains from the Jottacloud merger. Net financial items improved materially year-on-year supported by higher financial income and items related to true. In total, we generated two and a half billion in net income to our shareholders.

Turning to cashflow, free cashflow before M&A was 1.8 billion, an improvement of around 0.2 billion year over year despite lower EBITDA. The improvement was supported by lower net interest paid, dividends from associates and financial investments, and lower dividends to non-controlling interests. Working capital was a negative driver in the quarter, mainly due to timing effects year over year. Also, handset financing in previous periods was a headwind on this line. CapEx paid was around 2.3 billion and total free cashflow was 2 billion, including almost 200 million in M&A cashflow from a true deferred installment.

Now, our balance sheet remains very strong. Net interest-bearing debt was 51.5 billion at the end of June with leverage at 1.4 times. The increase in the quarter was mainly driven by the half-year dividend payment to our shareholders. Our three-year 15 billion buyback program is now well underway. We bought back 2.9 million shares in the market for a total of 0.4 billion kroners during June. Our financial position gives room to sustain shareholder returns while also pursuing disciplined value creative Nordic investments.

Even following the recent M&A announcements, we still have significant financial flexibility for either acquisitions or additional shareholder returns.

So with that... [inaudible 00:25:07]. So we're just having a little bit of a technical issue here. If you can give me the speaker notes.

Benedicte Schilbred Fasmer:

Yeah. Okay.

Torbjørn Wist:

Okay. Thank you very much. Apologies for that.

Now let me turn to the financial outlook. In light of the market developments and performance in Q2, we have updated our financial outlook for 2026. The revision is driven by a combination of technical and market-related effects. The more technical effects relate to direct and indirect effects of recent transactions such as the loss of procurement revenues from True and the expected deconsolidation of connection from September. In terms of the market-related effects, the main issue is revenue momentum in parts of the Nordics, especially in Norway where B2C ARPU has been affected by promotional activity and only modest scaling of our new services in the quarter. Finland is also improving more modestly than expected while competition with competition in both mobile and fixed, and Bangladesh continues to remain uncertain.

Given this, for Telenor Nordics, we now expect organic growth in both service revenues and adjusted EBITDA of flat to low single digit for 2026. Note that the guidance as usual excludes prior year activities, which in Q2 means that we have excluded the impact of the TV VAT provision. We continue to see Nordic's CapEx-to-sales at around 14% for the year.

Or the group, the updated outlook is for flat to slightly negative organic growth in adjusted EBITDA, obviously with Bangladesh remaining a key sensitivity. Note that our Nordic transformation activity and the profile of our commission amortization schedule is set to drive OpEx increases in the very near term. This means that the underlying EBITDA improvement in Q3 will be temporarily held back by OpEx. However, transformation benefits will soon once again start to offset implementation costs, becoming more visible from late Q4 and especially into '27 and '28.

So with that, Benedicte, I will hand it back to you for the concluding remarks.

Benedicte Schilbred Fasmer:

Thank you very much, Torbjørn.

To sum up, Q2 was a bit softer financially, but it was also a quarter with clear strategic progress. We advanced heavy lifting on IT simplification, strengthened our Nordic broadband position, progressed in defense and continue to sharpen both the portfolio and the organization.

As Torbjørn said, we also remain financially strong with leverage well below our target range, and the buyback program is well underway. As we move through this soft patch, our focus is firmly on execution, improving commercial momentum, delivering transformation benefits, and turning this year's strategic actions into stronger cashflow and returns over time. Our long-term ambitions remain unchanged and we are confident in the direction we are taking. I'll now hand back to Frank to moderate the Q&A.

Please, Frank.

Frank:

Thank you, Benedicte.

So we'll now open the line for questions. And as usual, please limit yourself to one question each plus a brief follow-up if needed so that everyone gets an opportunity to participate.

Operator, please go ahead.

Operator:

Thank you. To ask a question, please click on the Raise Hand button on the bottom of your Zoom screen. When it is your turn, please accept the prompt that appears. This will allow you to turn on your video, unmute, and ask your question. As a reminder, we are allowing analysts one question and one related follow-up.

Our first question comes from Andrew Lee with Goldman Sachs. Please turn on your video, unmute your line and ask your question.

Andrew Lee:

Thank you. Good morning everyone. I had a question clearly around the guidance cut today. The share prices are telling us all that investors have lost confidence in the structural growth outlook of some of the Nordic markets and also in execution. So I had a question that hits on both those things. On the structural side, the concern in Norway is have we run out of road on the More for More growth and the value-added services? It's worked well for the last few years, but it's not working this year. Is that just poor execution or is there a structural problem of us running out of road there? And then also on the execution side, the cost of transformation, cost reduction is always a black box, but it's unprecedented the amount of EBITDA headwind that this IT stack transformation is generating to your business. Investors haven't seen that before across the sector.

Could you just tell us what the total cost of the IT stack transformation is and what the anticipated boost to Nordic EBITDA is so people understand that better because it's confused a lot of people? Many thanks.

Benedicte Schilbred Fasmer:

Okay. I'll try and pick up on... So it's the structural in Norway, right? On the More for More strategy?

Andrew Lee:

Yeah, it's the value-added service. Yeah, exactly.

Benedicte Schilbred Fasmer:

Yeah. Yeah. Okay. Firstly, I'll just like to repeat that the service revenue in Norway adjusting for the VAT effects and the business transfer, even with the different timing effects of price increases this year compared to last year, was at or grew by all 0.6%.

Benedicte Schilbred Fasmer:

... 6%. What we saw in the second quarter was that there was much more rotation in the market and much more campaigns, which means that our ARPU was still growing, but had a lower growth than it had in previous quarter. We still have our More for More strategy and on top of that we have our services first layer on top. However, the services first products that we've launched, the first one in November of last year and the second now in March, have not picked up with the pace that we anticipated, but we are adjusting and fine-tuning that and hope to be able to prove that that also is a viable way forward for Telenor. And we continued of course with a More for More concept as well. On the transformation side, would you like to cover that, Tobian?

Tobian:

Sure. I think the way to think about the... We're not going to the specifics about the cost itself, but clearly what is driving a lot of cost right now is the number of IT people we have involved in one, the IT... the system out in Norway, that needs to be done by the end of this year, as well as the implementation of the BSS stack in Finland. Sorry, in Denmark. And those two things in combination with running two systems in practice in parallel, brings additional cost.

And of course, when you look at the efficiency savings that will come on the back of that, into next year and beyond, that is of course that those costs that we are now running to implement those systems will be taken out. But the IT stack is not just important from a cost perspective, it is also an important part of our customer journey, because the old, what I call technology debt systems often stand in the way of good customer journeys. And this is of course important for our customer experience, to ensure that we have proper future-proof systems that will deliver a whole new level of customer service in the future.

Benedicte Schilbred Fasmer:

I'll just add a teeny bit to that, which has to do with the paying off on robustification, which is one of the key elements of the transformation as well. And in light of the global context, if you could put it that way, one of the reasons for winning, for instance, the Norwegian defense contract, is that we have stepped up on the robustification and resilience of our networks as well.

Andrew:

Thank you.

Operator:

Thank you-

Frank Maaø:

I might just add before you go to the next question, an element as to the aspect you raised, Andrew, on whether or not this type of development that caused by the IT transformation in terms of the EBITDA growth, which by the way on underlying basis down 2% year-on-year on a very tough comp, is unprecedented. I think what is also unprecedented is what we're actually doing in terms of creating a cloud native incumbent telco in Norway. And I don't think many operators out there have been doing what we are doing now, with a combination of going to a public cloud and private sovereign clouds production stack for the IT part. So I think that's fair to add, and that will bring significant benefits in the years ahead.

Andrew:

Yeah. Thank you.

Operator:

Thank you.

Frank Maaø:

Next question, please.

Operator:

Our next question comes from Christopher Wang Bjornsen with DNB Carnegie. Please turn on your video, unmute your line, and ask your question.

Christopher Wang Bjornsen:

Good morning. Can you hear me? Yeah. Yes, just some IT issues here this morning. Yeah, so I just wanted to follow up on the competitive dynamics. It seems like a theme across, like Andrew said, the different telcos in the region, and your report is increased competition, and the commentary on the Tele2 call was also quite strong on that front. So could you maybe give some more color on what you're seeing across the different countries? Is this a new norm of higher competition, and what is driving that? And if not, what will change, going forward? And then I'll have a follow-up, please.

Benedicte Schilbred Fasmer:

It's always difficult to have forward-looking statements and particularly on markets, and I guess that's what's hurting us a little bit also this quarter, that we didn't see that a very good and stable three-player market actually turned more rotational in Norway, with much more aggressive campaigning. But we saw some recent improvements towards the end of the quarter, so that's the story for Norway. In Sweden, it's a four-player market, as you know, and it's quite stable, and seems to continue that way. In Denmark, which has been highly, maybe the most competitive market in Europe, we've seen an improvement in the way the pricing and the market is behaving. And then I guess in Finland, which has

also been confirmed by some of the other market players, the price shock we got in Q4, which has, you know?, Remember you have a 12- month binding period for new customers, takes some time to recover, but it seems to be stabilizing and recovering from that price shock.

Christopher Wang Bjornsen:

All right, thank you. And then my follow-up is more on the dividend and the buyback program. You obviously making some big moves with Bonnov and other deals and you're having these transitory headwinds to the cashflow and the earnings this year. And next, can you just help us understand how to think about the buyback program and the dividend, going forward, if you're still committed to those? I think when you launched the buyback program, you said it gave you flexibility, but if anything, to increase it, if you did not do any big deals. Just wanted to get confirmation that there's no risk to the program or the dividend, and the near-term weakness you're seeing now in all these deals and just getting a lot of questions on that from investors.

Tobian:

The short answer is, no. We have a 16-year track record on paying dividends, so there's a strong fundamental commitment to the payment of dividends both in the board and in the management. So the-

Benedicte Schilbred Fasmer:

Increasing dividends, not only dividends.

Tobian:

Increasing dividends, thank you. Which has now been complimented by a share buyback program, which is well underway. And of course the buyback program, A, it returns the capital to shareholders, but B, it also reduces a little bit the absolute amount of dividends that we pay out, which is important, given that we have sold off businesses where the cash is no longer coming in. Then with the acquisitions we are making, this will of course add to the financial profile going forward. We think they are good acquisitions that will support our development in the years ahead. And then we always have good discussions with our own board on, call it, alternative uses of the financial strength we have, and that is something that you would have to wait for, until we have that discussion with our board and communicate something. But there's a strong commitment to compensating our shareholders in a good way.

Christopher Wang Bjornsen:

And the flexibility, if anything, was more on the upside rather than downsizing the program, the buyback program, if you do these big deals.

Tobian:

Yeah. As I said, now we have kicked off on the 15 billion program. Of course, in sizing up these things, one is of course returning a good amount of capital to the shareholders, then that needs to be conducted in accordance with market regulations. But yes, there's always flexibility to add additional shareholder remuneration, but that's something that I'm not going to pre-flag here. That is something that we would have to communicate as and when we make a decision.

Christopher Wang Bjornsen:

[inaudible 00:40:49].

Frank Maaø:

I think we need to move to the next question, which seems to be from Felix to Nordia.

Operator:

Thank you. Our next question comes from Felix Henriksen with Nordia. Please turn on your video, unmute your line and ask your question.

Felix Henriksen:

Very good. Thanks for taking my question. I'll actually follow up on Christopher's question on capital allocation more broadly. I'd like you to discuss about the financial and operational headroom that you still have left for larger maybe mobile M&A, given that you've now announced three acquisitions on the fixed side of things. You have the buyback going and it seems like the earning strains are worsening, because obviously there's been speculation about mobile market consolidation in the Nordics, and historically it seems like you've been quite open to that. So just curious to hear your thoughts about your both financial headroom as far as operational capacity to do anything larger on top of what you've already announced. Thanks.

Benedicte Schilbred Fasmer:

Yeah, I think we will not do anything that will not benefit our shareholders from a financial perspective in the areas of M&A. And I think the three or actually four proof points you have from this quarter is a testament to that. And that would also of course apply if we were to pursue any other consolidation efforts or acquisitions within our markets. And of course, as Tobian just said, answering Christopher's questions, we have a very strong balance sheet at the moment. We have initiated the share buyback program, which will take down the number of shares and give higher returns per share. And if we cannot apply or invest in things that we think yields more to the investors, of course we will suggest to our board that we in some way or form repatriate that to our shareholders if that occurs.

Frank Maaø:

Okay. I hope that answers your question.

Felix Henriksen:

Thank you.

Operator:

Thank you. Our next question comes from Nick Lyle with Berenberg. Please turn on your video, unmute your line, and ask your question.

Nick Lyle:

Yeah, morning guys. I hope you can hear me. I wish to come back to Norway, please, if possible. And you've mentioned competition in broadband, I think in your comments, Benedicte. So would it be possible, there's loads of moving parts obviously in the Norwegian numbers this quarter, but could you tell us where we find, if anything, in your KPIs, it looks like mobile is more [inaudible 00:43:36], so could

you just help us and tell us exactly what the effects are on the numbers and what you've penciled into guidance? And then just a very quick clarification on the last point. You did mention Celcomdigi as a stake in the last point. Can you just remind us what the criteria are for you thinking about sale or keeping the asset please? Thank you.

Tobian:

Sure. So when it comes to the Norwegian market, what we saw in Q2, which of course you can think of also as a little bit of a bridge to... which is a bridge to the outlook for the year, is that we saw a lot stronger promotional development in B2C and mobile in Norway, which led to higher churn and then pressure on ARPU growth. Q2 is typically a very promotional quarter with summer campaigns, et cetera. And they were quite aggressive campaigns this quarter. And that, when you do get rotational churn, perhaps into lower price points, that has a carry-on effect, which affects the outlook for the year. Then as Benedict talked about, we had had a bit of a slower start to our value-add services. We had growth on the security products, but less so on the entertainment products, so we're now of course taking steps to recompose that package. So those were the main things that was affecting the performance in Norway. On the broadband side-

Benedicte Schilbred Fasmer:

Well, there is one more thing, which is the price adjustments that were a bit more staggered this year compared to last year. So it kind of comes in in different periods of the year, or between quarters.

Tobian:

And on the broadband side, the main focus there has been to... You know? We've taken a couple of steps now to strengthen our market position on the fixed side in Norway, with the acquisition of Global Connect, which was recently approved, as well as the announced acquisition of Ainvest. And sorry, the second part of your question, Nick.

Frank Maaø:

Celcomdigi, was it?

Tobian:

Yeah, so Celcomdigi. Yeah, briefly, I mean, what we have said is that long-term we see ourselves becoming more of a Nordic-centric group. And of course, with the acquisitions we make, we are just by nature of the ratings, becoming more Nordic-centric. Our main focus there is to be active owners. And if we do see structural opportunities, we will of course consider those. But that is about as far as we go when commenting on the future of our Asian assets.

Nick Lyle:

That's great. Thank you.

Operator:

Thank you. Our next question comes from Ulrich Rathe with Bernstein. Please turn on your video, unmute your line, and ask your question.

Ulrich Rathe:

Yeah, thanks very much. My video doesn't seem to work. I apologize for that. So I wanted to ask a little bit about this competition situation, particularly in mobile Norway. I mean, you're describing it very distantly as an externality. You're sort of saying there is higher competition, but could you dig a little bit more into the dynamics of it? For example, it is imaginable that you have enabled eyes through the NRA to become... the initial roaming agreement to become more of a quality player and they might be emboldened to be more aggressive in the market. So in this sense, it's not simply an externality of other players, it's also Telenor's contribution to the situation. Or if that's not true, any other underlying reasons for this flare-up of competition that you would see here?

Frank Maaø:

You want to take that, Tobian?

Tobian:

Yeah, I can start. Look, I wouldn't peg it on a particular operator, but there was some significant campaigning that was going on in Q2. We've had campaigning from all the M&Os, we've had campaigning from the MVNOs. So that's just part and parcel of operating in a market with several players. But of course, when there are packages being

Tobian:

... being offered with lower price points, all you can eat on data, etc. That will always create a certain market dynamic which has affected our numbers. And when the market is more competitive, we do see that sometimes there is rotational churn, which has led people switching into ... We've had, A, had to spend more cost in order to keep customers and secure them, but sometimes they will then switch into lower price points, as a result of which you do get some pressure on the ARPU, which is what is evident in our numbers. I think it is important to say that we did see some normalization towards the end of the quarter. Some of our competitors has increased their price points, but Q2 will always be a very dynamic quarter on the competition front.

Ulrich Rathe:

Thank you. Can I just clarify one thing? It's a very quick one on the clarification, Frank. Sorry about this. You seem to say during your prepared remarks that the guidance actually excludes, so for the year, the comparison to guidance would exclude the TV VAT issue, whereas in the organic growth rates, the VAT issue is included. Can you just confirm that and if it's true, explain why you would play it that way?

Frank Maaø:

Yeah, well, we have had a caveat for some years now on issues or claims or other factors relating to prior periods' activities, such as this TV VAT, which was a claim from the tax authorities on 2020 to 2022. So that comes in that category where we basically have said that our guidance doesn't include that sort of periods not related to the period in that way. So that's consistent with how we have done it. The adjusted service revenue growth, the organic growth and so on, the reported numbers, as we touched on in the presentation, are affected by the TV VAT. But the first half year rates that you see on our outlook slide have been adjusted for the TV VAT so as to be consistent with the guidance which excludes the TV VAT, if that makes sense.

Ulrich Rathe:

Thank you, Frank.

Operator:

Thank you. Our next question comes from Frederick Lithel with Handelsbanken. Please turn on your video, unmute your line and ask your question.

Frederick Lithel:

Thank you. Thank you for taking my question as well. I had one on Sweden. The announced acquisition of Bahnhof, if you have any regulatory approvals that is needed is the first one. And then secondly, if you can come through with this acquisition, do you feel you have your base ready in Sweden or do you have wide spots that will make you continue to look for M&As in Sweden on the fixed side as well? Thank you.

Benedicte Schilbred Fasmer:

Yes, we do need regulatory approval from the competitive authorities, which is put in motion, but we hope to get an answer to that within third to fourth quarter some time. And as you may remember, we are also, at that point, will make a mandatory offer for the remainder of the shares. And when it comes to, are we satisfied with our base? I think I'll just answer that, but if we have financially viable opportunity that would be incremental to our business, then we will look at it. If not, we won't. We have a pretty good position now, and improved with what we've done in Q2, crossing finger that it goes through, and we'll continue to be open but not too eager, if I can say it that way.

Frederick Lithel:

And then maybe a quick follow-up on Sweden. You said, Benedicte, that Sweden feels quite stable, and hopefully it will continue that way. We just had a conference call with one of your competitors that said it has been a flare-up of competitions here late spring into the summer. Is that something you can confirm and how you deal with that?

Benedicte Schilbred Fasmer:

I think from our perspective, we've progressed quite well in the market and our experience is that it has been a quite normalized market. And we've added, as I said, 36,000 new subscribers. We have still a decline in fixed, but remember then that some of it is now reported on the mobile for the fixed wireless access customers. But we are pretty pleased with how we are progressing in Sweden at the moment.

Frederick Lithel:

Okay, thank you very much.

Operator:

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

Ajay Soni:

Hi guys. My question is just on Finland. So you mentioned inbound ARPU's whose have somewhat deteriorated during Q2. I suppose this is a slightly different message to what Elisa said yesterday who'd

seen an improvement. So can we read this as Elisa are raising prices, creating a gap between themselves and the other operators? So do you see this or do you still see pricing as quite tight within the market?

Benedicte Schilbred Fasmer:

We can speak for ourselves, but why don't you cover that, Frank?

Frank Maaø:

Yeah, I think it's difficult for us to talk about the differences between the individual players and so on and gaps and the things you ask about, from a price perspective. Those type of discussions we don't do.

Tobian:

But I think what we can say, focusing on ourself, is that we do see that the ARPU ... Because remember it was a hyper-competitive Q4. We did see normalization of pricing as we moved into Q1. So keeping pricing aside, you still have the issue that in Finland, people are signing up for 12-month contracts. You also have that additional thing that let's say if you're a subscriber with one operator and you have three months to go, you can then sign up for the promotional package in December and then that starts kicking in April time or whatever. So you do get this delay in the improvement of the ARPU curve. And what we did see was that there was some improvement throughout Q1, but then that tailed off. So you're going to have, for the first, I would say, three quarters of this year, you're going to have an ARPU development which will take time to build itself up to where it were before. And I think that is one of the key things that has been topical for not just us.

Frank Maaø:

And I think just to give a bit of a better answer to my previous one, Ajay, on your question, I think in terms of the profile that you said that the ARPUs, inbound ARPUs seem to have deteriorated during Q2, which is a bit of a different message and so on, that's not quite precise. What we've said is that you think about month-on-month inbound RPU's during Q1, January to April, we're consistently improving. And even though we have seen continued improvement on average for Q2 versus Q1, the intra quarter development from April to June showed no further improvement, and actually rather with June it being slightly lower. But pricing, remember there's a lag between the actual pricing in the market and what we're able to book in an individual month or quarter because of how the market works. So pricing is moving in the right direction.

Benedicte Schilbred Fasmer:

But with a lag.

Frank Maaø:

Yeah. I think if that's good, Ajay, we have all the people in the queue. So I think we need to move on to the next one, please.

Operator:

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

Keval Khiroya:

Thank you for taking the questions. I think some of the promotional activity Norway has been on the unlimited offers and not just the lower-end options and mobile. Do you think there's been more competition on unlimited than usual? And how do you think about your price premium in Norwegian mobile for unlimited? Do you see it as sustainable or is the lesson here that maybe that level of price premium is a little bit more difficult to sustain? Thank you.

Benedicte Schilbred Fasmer:

I think I'd like to start with the second half of your question, if that's all right, where we've built a unique coverage, a unique brand position, a unique resilience over time. And we are also expanding that with products, both for the retail and for the business segment; and we experienced that our customers are willing to pay for that quality, and that has not changed. However, we do see more competition in certain pockets within the segments, and as you say, unlimited data usage and so on, that's been one of the promotional characteristics within the second quarter, as you say. So I can confirm that, but we have not experienced that our market position as such is changing.

Frank Maaø:

But you're right. I think the promotional activity in the market has lifted up from low to mid [inaudible 00:58:25] towards the more unlimited bracket, which is a higher bracket in the consumer market.

Keval Khiroya:

That's clear. Thank you.

Frank Maaø:

Good.

Operator:

Thank you. Our next question comes from Abhilash Mohapatra from BNP Paribas. Please turn on your video, unmute your line and ask your question.

Abhilash Mohapatra:

Hi there. Good morning and thanks for taking my question. I'll ask one on Asia, please. So just on Bangladesh, obviously you mentioned all of the various macro headwinds, which make it difficult to have a lot of visibility on the pace of the recovery. Can you just explain to us what you're now making in for Bangladesh during H2 in your new revised guidance? I think previously you had said that you were assuming stabilization. Has that view changed? Can you just clarify what you've assumed for H2? And then just on the topic of Bangladesh, is there any update that you could perhaps provide on the Spectrum options? Obviously quite a lot of Spectrum that was set to come up for renewal from your past Spectrum bands. Any updates there would be very helpful. Thank you.

Tobian:

Shall I?

Benedicte Schilbred Fasmer:

Yes, please.

Tobian:

So in terms of the outlook for the year, and of course Bangladesh hits, call it, EBITDA in terms of when we look at the group guidance. We do expect that it's still a form of normalization for the second half. You got to keep in mind that I think management has done a very good job in terms of focusing on costs when the top line is challenged, and of course that's important in terms of confidence in the guiding. But look, we will follow the Gulf War. No off-ramp has been secured yet for the parties there. So of course, if that situation deteriorates, it's difficult for me to sit here and be bombastic about what's going to happen in Bangladesh, which is dependent on energy imports from the Gulf. But again, management is definitely focusing on managing costs in order to protect cash also in a challenging situation.

When it comes to the Spectrum auctions, there is no news there. I will refer you to our website in terms of when these are up for renewal. We of course have our own dialogues with authorities there, but so far no information has come out on the nature, pricing, etc, of that Spectrum renewal process.

Benedicte Schilbred Fasmer:

But you're right, there are two Spectrum auctions expected this year, that are running out, sorry, this year?

Frank Maaø:

Yeah, I think there are up to four bands, actually, depending on how we define them, which will come up for renewal. The format is still to be seen as ... There's nothing official on that.

I think that concludes our call for this time. That's all we have time for. And if you have additional questions, please don't hesitate to reach out to IR, and Operator, I think that concludes our call.