

Telenor Q3 2026 Results | Telenor ASA | October 28, 2026

Frank Maaø:

Good morning and welcome to Telenor's third quarter results presentation for 2026. Joining me today are our president and CEO, Benedicte Schilbred Fasmer, and our CFO Torbjørn Wist. We'll follow our usual format today. Benedicte will begin with the quarter's main developments, the financial highlights or new organization, as well as an update on our main markets. Torbjørn will then cover the financial performance and output followed by Benedicte's final remarks before we open the line for questions. Before we begin, a reminder that in this presentation, revenue and EBITDA growth rates are organic and currency neutral and that all EBITDA references are made to adjusted EBITDA. And with that, Benedicte, over to you.

Benedicte Schilbred Fasmer:

Thank you so much, Frank, and good morning everyone. In the third quarter, we continued to execute on our priorities and delivered a strong cash flow. Markets remained competitive, but disciplined cost management helped us offset soft revenue growth, inflation, and temporary transformation cost. Sweden maintained its strong performance, Norway improved sequentially, and Grameenphone returned to modest growth. During the quarter, we announced the acquisition of Bahnhof and together with the previously announced acquisitions of GlobalConnect and Eninvest, we are deploying capital to build scale in attractive mature Nordic fixed markets. These acquisitions add more than 650,000 consumer broadband relationships and will strengthen our competitive positions in both Norway and Sweden.

We also reorganized becoming a leaner organization and changed the leadership team. We completed the connection partnership, taking another step towards a more Nordic-centric Telenor, and we kept investing in our high quality networks and customer experience to support growth. We continued to simplify the business and we are announcing today an acceleration of our share buyback program. In other words, we kept delivering on our key drivers for value creation, strengthening the customer experience, efficiency, and capital allocation, and through this, supporting the increase in return on capital and dividends over time. Finally, we reaffirm our full year outlook and our longer term ambitions remain unchanged.

Turning to the headline numbers, group service revenues grew 1.6% to 14.8 billion while EBITDA increased 1.5% to 8.8 billion. Cash generation was particularly strong in Q3. Free cash flow before M&A reached 4.7 billion up 13% year-on-year while adjusted earnings per share increased 45% to 2.70 krona. With leverage at 1.2 times well below our target range, we retain flexibility to combine shareholder distributions with targeted investment, including the recently announced broadband acquisitions. And Torbjørn will elaborate more on this later. An important step this quarter was reorganizing Telenor, taking out the business area layer and establishing the new group leadership team. This makes us better positioned, sorry, for delivering on our strategy with a simpler organization, decisions closer to the customers, clearer accountability and a stronger ability to scale technology and capabilities across Telenor. Simplifying our organizational structure will deliver around 0.4 billion in total savings. We are already seeing some of the benefits in Asia with the majority of the remaining 0.3 billion to be faced in from the end of this year and a minor portion from mid '27.

Turning to the Nordic markets where we continue to transform the business while working to strengthen our commercial momentum. In Norway, disciplined cost management drove a clear

sequential improvement. Promotional activity in B2C remained unusually high. B2B ARPU developed positively and we added 5,000 fiber customers. In Sweden, we continued the fixed and customer service transformation, helping lift the EBITDA margin to 44%. This demonstrates the operating leverage available when healthy market dynamics, commercial execution and structure efficiencies reinforce each other. Mobile service revenues grew 4.5% with 35,000 mobile net ads during the quarter. In Denmark, mobile ARPU supported 4% service revenue growth. However, margins did not keep quite pace in Q3. Product mix, continued high transformation costs, and an increase in sales cost weighed on profitability.

In Finland, customer momentum improved and churn declined year over year. Competition intensified within B2B and fixed. The data center connectivity contract with Google also shows how we can monetize the strengths of our network. Across the region, our priorities are to improve customer experience and commercial execution while structurally improving the cost base through continuous transformation. Moving to Asia, Grameenphone showed resilience. Despite continued pressure in the economy, we returned to modest service revenue growth in Bangladesh. Our recently revamped voice and data packages supported a continued and ongoing shift from voice to data. In addition, we grew the customer base by around 600,000 subscribers. Cost discipline also supported performance. However, given the high inflationary environment and the placing of some costs into Q4, the improved performance this quarter should not be extrapolated into a new run rate. In Malaysia, CelcomDigi continued to provide staple dividends supporting the cash contribution from Asia. The company secured a 2.6 gigahertz 5G license and saw significant progress on the 5G side. The DNB 5G joint venture moved more than double its spectrum portfolio and refinanced the business.

Before moving on, let me briefly address the recent developments relating to the Myanmar legal matters. First, a local district court in Norway allowed a class action case to proceed regarding the alleged disclosure of customer data, a decision we have appealed. Secondly, in September, Telenor became the subject of a police investigation and has been charged in connection with sanctions regulations and alleged complicity in crimes against humanity. Telenor entered Myanmar in 2014 to expand connectivity in a country emerging from decades of military rule. After this development was suddenly and brutally reversed in the 2021 coup, our employees faced grave personal risks if they resisted military orders.

While complying raised profound legal, ethical, and human rights concerns. Left with no good options, Telenor decided to exit Myanmar. We remain deeply mindful of the immense suffering endured by the people of Myanmar following the military coup. However, we do maintain that Telenor committed no criminal offense under the circumstances prevailing at the time. So turning to the corporate development portfolio, which was previously organized under Business Area AMP, this also now includes our sovereign data assets, the Telenor AI factory, the sovereign cloud project, and our stake in the Shiga data centers. The key milestone this quarter was completing the sale of 50% of Telenor connection to Verdane in September. The partnership crystallizes value while retaining exposure to an attractive IOT business where both revenues and EBITDA grew 18% over the last 12 months.

We also saw further momentum in defense with K&L being awarded another framework agreement, this time with the Danish Armed Forces. Although the portfolio represents a smaller part of Telenor, it combines several attractive growth assets and contributes meaningfully to group value creation. At the end of Q3, the portfolio had a net asset value of 11.4 billion, having generated more than 10 billion in proceeds since Q4 2022. And with this, let me hand you over to Torbjørn for the financials.

Torbjørn Wist:

Thank you, Benedicte. And hardly good morning to everyone on the call. I'll take you through first the main financial drivers starting with group service revenues. The group returned to growth after a softer second quarter with service revenues increasing 1.6% to 14.8 billion. On an aggregated basis, the four Nordic telcos grew service revenues by half a percent. Denmark delivered solid growth, Norway was broadly stable, and Sweden and Finland recorded modest increases. Asia returned to slight growth while other units contributed positively, led by connection, our managed IOT business. Turning to costs, group OpEx remained broadly stable, increasing 0.3% year-on-year. Cost discipline and efficiency measures largely offset inflation, transformation activity, higher sales costs, and energy costs. In this regard, Norway is a good example. OpEx came down even with transformation activity at its peak. As to the OpEx reduction in Asia, the downscaled Asian headquarters contributed to cost savings while one-off effects of 51 million kronas more than explained the year-over-year decline.

Energy costs increased in Asia due to reduced electricity subsidies in Bangladesh from June. Some market spending shifted from Q3 into Q4, while higher churn in recent quarters affected Q3 sale costs with a lag. Despite this phasing, our transformation initiatives continue to improve structural cost efficiency. Together, these revenues and cost developments lifted group EBITDA to 8.8 billion, up 1.5% organically. Sweden made the strongest Nordic contribution combining commercial momentum with the benefits of fixed transformation. Other units also contributed positively and Asia returned to modest growth. Norway was broadly stable while Denmark continued to weigh. Q3 is seasonally the strongest EBITDA quarter of the year with a five-year average of four to 5% quarter-over-quarter growth. As such, this quarter's sequential EBITDA growth of 10% represents a notable improvement. Now, looking at the four Nordic telcos together, service revenues grew half a percent and EBITDA was broadly stabled up 0.2%.

Sweden's solid gross profit growth helped offset the pressure from product mix and lower gross margins in Denmark and Finland. We expect Denmark to show meaningful performance improvements in the fourth quarter. 2026 remains the peak transition year. As implementation costs roll off, we expect the benefits to become increasingly visible in customer experience, earnings and cash flow.

In Norway, service revenues were broadly stable and EBITDA declined 0.4% against a strong comparable quarter last year. Note however that excluding the business transfers of IOT and coastal radio that we talked about in previous quarters, EBITDA growth would've been plus 1%. Transformation savings, disciplined spending, and some timing effects helped offset inflation and the costs of moving from legacy systems to the cloud. Commercially, we launched a New Sikre mobile subscription in August, followed by more for more price increases

Torbjørn Wist:

Increases for new subscriptions in September. Together with fiber growth, this supports our commercial agenda. Although promotional intensity in the market remains unusually high and is expected to continue for the remainder of the year. In Sweden, the combination of commercial execution and simplification is clearly visible in the results. EBITDA grew 3.8% marking the 15th consecutive quarter of growth, and the margin reached an all-time high of 44%.

Behind that, gross profit grew 3.3% while our transformation initiatives and organizational changes supported structural efficiencies. Excluding sales and marketing, OPEX fell 2%. In Denmark, service revenues grew 4% while EBITDA declined 4.9%. Campaign pricing and a mixed shift towards third party fiber and content pressured gross margins, while commissions relating to prior periods increased OPEX. Broader operational benefits from the IT transformation in Denmark are expected from mid 27.

We therefore remain measured at the pace of near term improvement while retaining confidence in the medium to long-term opportunity. In Finland, service revenues grew 0.6% and EBITDA was broadly stable. We saw higher customer growth and lower churn while mobile ARPU was flat after excluding last year's accounting adjustment. Improved consumer pricing was offset by increased buildup of IFRS 15 gift voucher deductions. Competition remains intense in consumer fixed and business mobile.

Our priority is to convert the improved customer momentum into profitable growth. Turning to Asia, service revenues grew 0.3% and EBITDA increased 0.9%. Grameen Fund's improvement included a one-time settlement while the downsized regional headquarters and a provision reversal also supported Asia's EBITDA. From our investments in CelcomDigi and True, we received around 4.4 billion in dividends during the quarter.

In other units, Towers benefited from co-location growth and pricing in Norway while Connection continued to contribute strongly before its deconsolidation on the 10th of September as Benedicta mentioned earlier. K&L delivered triple digit growth in Q3. We expect growth in K&L to continue at a solid rate in coming years, but note that EBITDA growth may be limited in Q4 given particularly backend loaded deliveries last year. Partly offsetting this, termination of the true procurement contract had an impact of around 75 million year over year. This will also affect the comparison in Q4 in a similar manner. Then turning to the group's profit and loss statement. The main item to highlight is the gain of around seven billion from selling 50% of connection. This increased both reported unadjusted EBITDA and net income, taking net income attributable to shareholders to 9.8 billion. Given the size of that gain as well as a smaller gain relating to FX and a loss on our holding in True, it is useful to look separately at adjusted earnings.

Excluding adjustment items, net income was 3.7 billion and earnings per share was 2.7 kroners up 45% year over year. Elsewhere in the P&L, depreciation and amortization were lower year-on-year while net financial expenses increased because of a lower share price of True. Other expenses included 323 million relating to restructuring and workforce reduction costs. These costs are excluded from adjusted EBITDA.

Then turning to free cash flow before M&A, which came in at 4.7 billion up 13% year-on-year. Solid operating cash generation and a positive working capital contribution related to a temporary change in VAT collection schedule in Bangladesh supported the working capital development. We expect this 0.8 billion working capital timing in Bangladesh to be reversed in the fourth quarter. No additional third party handset financing has been made year to date, but as last year, we expect a contribution from this in the fourth quarter.

Including M&A, mainly the connection transaction, total free cash flow reached 8.5 billion. The quarter's strong organic free cash flow generation further strengthened our balance sheet. The connection proceeds and a stronger NOKI also contributed to the sequentially lowered leverage. Net interest bearing debt ended September at 42.5 billion with leverage at 1.2 times below our target range of 1.8 to 2.3. This gives us a strong starting point for capital allocation. Our 15 billion buyback program is an important part of shareholder returns.

We now aim to complete the program within two years rather than three subject to sufficient stock liquidity. As of the 23rd of October, we had repurchased shares for 2.8 billion or 77% of the first year program. This of course relates to the market purchases. Alongside buybacks, yesterday we paid the second dividend tranche of 6.4 billion. Our capital allocation commitments also include the announced acquisitions of GlobalConnect and Invest and Bonhoff that Benedicta mentioned.

In addition, we have committed to funding potential M&A in connection and in total these M&A transactions sum up to 16 billion. Importantly, these transactions will also make a meaningful EBITDA contribution in the years ahead, especially following the integration period when the synergies are fully

realized. So we continue to balance attractive shareholder distributions with value creative investments in our Nordic business with a disciplined approach to capital allocation.

So let me conclude by reaffirming the outlook for the full year 2026. Following the organizational changes, the outlook now represents the four Nordic telcos on an aggregated basis. The resulting growth rates are almost identical to those previously reported for the Nordic business area. For the four Nordic telcos in aggregate, excluding the Q2 TV/VAT items, we continue to expect flat to low single digit growth in both service revenues and EBITDA with CapEx to sales of around 14%.

For the group, we expect flat to slightly negative EBITDA growth and free cash flow before M&A of around 10 billion, excluding dividends from associates and incremental spectrum payments. As mentioned in previous quarters, we made incremental spectrum payments of 0.3 billion in Q1, and there is potential for further payments this year depending on the ongoing spectrum renewal process in Bangladesh.

Incremental net savings from transformation efficiencies are set to materialize from 27 onwards, including transformation benefits in Denmark, which will follow from mid 27. As we look to Q4, we expect a campaign driven finish to the year in some markets with notable sales and marketing spend towards year-end. For Grameenphone, continued macro pressure and the presumed absence of positive one-offs means that the fourth quarter performance is expected to be more in line with the first half quarters than with Q3.

Also, note that our other unit segment had a particularly strong finish last year, including some significant one-off elements. For full transparency on the outlook details as well as the impact on the year-on-year comparisons, we have added a new slide in the appendix of the presentation that sets out the key outlook exclusions and housekeeping items. So with that, Benedicta, I'll hand back to you for some concluding remarks.

Benedicte Schilbred Fasmer:

Thank you so much, Torbian. To sum up, this quarter we improved Operation Momentum, return group service revenue to growth and delivered strong cash generation and earnings growth. At the same time, we took further steps to simplify Telenor, reaffirmed our full year outlook and increased capacity for shareholder returns by accelerating our buyback program.

From here, our focus is on further strengthening our commercial execution and fully embedding the new operating model while we will use technology and AI to make the customer experience simpler and more valuable. At the same time, we are driving our transformation and operational efficiency agenda, maintaining disciplined capital allocation and strengthening our fixed position in both Norway and Sweden.

Combined with our transformation and operational efficiency agenda and disciplined capital allocation, this is how we are building an even leaner and more competitive Telenor, supporting cashflow growth and robust shareholder returns over time. We remain confident in our direction and are committed to our longer term ambitions. And with that, I'll hand back to Frank for the Q&A.

Frank:

Okay. Thank you very much, Benedicta. We'll now open up the line for questions. And as usual, we would appreciate if you would stick to only one question and potential related follow-up if needed, and please stick to one question and make sure the follow-up is on the same topic. That would be very much appreciated. So with that, operator, please go ahead.

Operator:

Thank you. To ask a question, please click the raise hand button on the bottom of your screen. When it is your turn, please accept the prompts that appears. This will allow you to turn on your video, unmute, and ask your question. As a reminder, we are allowing one analyst one question and one related follow-up. Our first question will come from Nick Lyle with Berenberg. You may now turn on your video, unmute, and ask your question.

Nick Lyle:

Yeah, morning everybody. I hope you can hear me.

Torbjørn Wist:

Yeah.

Nick Lyle:

It was a quick one on Bangladesh, if that's okay. Just to put a clarification and a question on the auction. Just on your comment there, Torbian, the first half was about minus three to minus four for revenues and EBITDA. Is that the sort of range you think for the fourth quarter?

Is that the sort of range given the electricity changes and macro pressures that you're talking about? And then the second thing was just to ask you on anything new on the timing of the auctions, please. It's obviously potentially a very big number, and you've mentioned that could feed into Q4 debt there. So could you just give us an update on any latest thinking and any comments or conversations you've had with regulator, please? Thank you.

Torbjørn Wist:

Yeah. So if we start with the sort of performance, I think the macro situation is challenging in Bangladesh. I think the company has done a very good job in terms of repositioning its product portfolio, sort of combining voice and data, but it is challenging. So directionally, we think it's going to be more in line with the second quarter, sorry, the first half quarterly performances without going into specific guidance on how much.

As it relates to the spectrum auction, of course, we are very careful about making public remarks about sort of processes around spectrum because it's obviously quite a sensitive thing, but the process is underway and we remain hopeful that this will be concluded in the near term, and that could potentially entail some form of payment within the current year, but that of course is excluded from our outlook guidance, sorry, or our performance versus outlook for the year.

Nick Lyle:

Well, thanks very much.

Frank:

Nick.

Nick Lyle:

Yeah, that's perfect. Thanks very much.

Frank:

Okay, thanks. We'll take the next one then.

Operator:

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

Andrew Lee:

Good morning, everyone. I just had a question on Norway. So obviously sustained subdued growth in Norway. I wondered if you could talk about your confidence in re-accelerating that service revenue growth. You obviously mentioned heightened promotional intensity. Are you seeing any changes or improvements there, and how is your own execution on upselling helping you to potentially raise that revenue growth proactively? Thank you.

Frank:

Yeah, I think that was a few questions on Norway there, the confidence. And the-

Andrew Lee:

Follow up

Frank:

Yeah. So would you like to start with that, Benedicte?

Benedicte Schilbred Fasmer:

Yeah, there was many questions in one and I'll try to pick up your points, Andrew. First of all, Q3 was a clear sequential improvement and adjusted for business transfers as Torbian mentioned, Norway returned to growth of around 1% and mobile ARPU rose 3% while fixed ARPU rose 4%, and the market was unusually promotional in Q3, and we observed large discounts on handsets in multiple channels.

So going forward, we think that there is still a good potential in Norway. We focus on ourselves and we expect relative operator growth move a bit back and forth between us as players, and we will focus on our execution and our long-term strategy.

Frank:

Yeah. And I think that was a question about the upselling part also, the upselling that we would do.

Tobian:

Yeah.

Benedicte Schilbred Fasmer:

Yeah. Sorry. Yes, we are continuing more-for-more strategy, although the pace will be somewhat slower or more subdued than in the past, in line with also change in the inflationary trend. And we also have this services-first approach where we are developing new services to cater for more stickiness and a broader relationship with the customers. And in the third quarter, the value added services growth alone on a standalone basis was around 9% in Norway.

Andrew:

If you exclude TV.

Benedicte Schilbred Fasmer:

Yeah, ex.TV, sorry. Yes.

Andrew:

Thank you.

Frank:

Hope that answered most of your question, Andrew. Thank you. We'll take the next one, operator.

Operator:

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

Ondrej Cabejsek:

Hey, good morning and thank you for the presentation. I had a second question on Norway, please. So Telenor gave us more detail on the Ice network sharing, which will obviously be a drag to you next year as you flagged, but I was wondering whether you foresee any regulatory implications from this JV of theirs, which could be a positive for you as the only regulated entity currently. And on the other hand, if you also see this as a bit of a negative for the market overall, given that it alleviates some of the pressures Ice would've faced had they had to build a network of their own. Thank you.

Benedicte Schilbred Fasmer:

As we've communicated all the way since the time we entered the contract, we expect a significant headwind from the roaming agreement in '27. To quantify precisely, it's around 550 million this year and likely to be somewhere around 200 million for '27 and then tapering off basically. You are right, we are the only regulated entity in this space and we expect the authorities to change that following if they allow the network consolidation to happen. However, that's of course not our decision, but the regulators, so there is still risks connected to that.

Frank:

Okay.

Ondrej Cabejsek:

Thank you. Maybe if I can pull up, does this change the process overall that we were expecting in April 2027 around the market reviews both on mobile and fixed? Because I guess the two transactions, the JV that they're talking about and yours with Global Connect on the other hand are potentially slowing things down. So where are we in terms of the regulatory impacts?

Benedicte Schilbred Fasmer:

Well, as far as we know, the timeline with the regulator is still the spring of '27, which is what they've indicated to that. So that's what we know as of now.

Ondrej Cabejsek:

Thank you.

Frank:

I can just add to that, Ondrej, that I think the regulator always launch this analysis and research piece before they make a change in regulation or potentially just continue the existing regulation. And that has still to happen. So that could indicate that there could potentially be some delays in the regulation or deregulation on both areas.

Ondrej Cabejsek:

Thank you.

Frank:

Thanks, Ondrej. Next question, please.

Operator:

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

Ulrich Rathe:

Yeah, thanks very much. I wanted to follow up actually on Norway. A particular aspect of the conversation so far is that this is high promotion intensity where you said in the prepared remarks that you're expecting this to continue until year-end. My question is there any reason to believe that this would actually improve in 2027 or are you talking until year-end or qualifying this until year-end only because that's how far your visibility reaches and there's little to be known about 2027? Thank you.

Benedicte Schilbred Fasmer:

Thanks for that question. I'm very sorry, but we have to be very careful describing the market dynamics. However, we have experienced a very much more commercially-driven or campaign-driven market in Norway over the last say six months, and we expect that to continue into the Black Week and leading up to Christmas, but that's also an annual event or dynamic, if you wish. We remain confident that we will do everything we can in order to support Norway and the growth in Norway going forward, but it remains to be seen how the market develops.

Ulrich Rathe:

Thank you.

Frank:

Thank you, Ulrich. Let's go to the next question, please.

Operator:

Our next question comes from Felix Henriksen with Nordia. Please turn on your video, unmute your line, and go ahead with your question.

Felix Henriksen:

Thank you for taking my question. It's on OPEX. You flagged the stronger than usual sales and marketing spend for Q4 and seems to be that there's some commentary around campaigning intensity leading up to the year-end. Which market specifically do you regard to be above the normal seasonal intensity in regards to campaigning for Q4? And as a quick follow-up to that, was Q3 still the peak OPEX growth quarter for the year in the Nordics? Thank you.

Frank:

Thank you, Felix. Would you like to take that one Tobian?

Tobian:

Sure. First of all, I think we demonstrated very strong discipline in Q3 in terms of both cost discipline, continued delivery on structural OPEX savings in order to offset a lot of the transformation costs that we've seen. As we've talked about in the past, 2026 is a peak year for transformational costs. As it relates to phasing of sales and marketing costs, we do expect Norway and Denmark to be a more promotional quarter over quarter as we move into the fourth quarter of this year.

Felix Henriksen:

Thank you. Much appreciated.

Frank:

And when it comes to your question on the end there on the peak OPEX, I think we will see from our numbers that the OPEX in the Nordics peaked in actually Q1, so that we basically had a underlying transformation peak in Q3, but that was offset by the factors mentioned in the prepared remarks. Okay. With that, let's go to the next question please, operator.

Operator:

Thank you. Our next question comes from Maurice Patrick with Barclays. Please turn on your video, unmute your line and ask your question.

Maurice Patrick:

Yeah. Hi guys. Hopefully you can hear me fine. So for me, just a high level question please. Investors are very focused on the disruption potential from subjects such as satellites and agentic AI. I know it's early days in terms of the potential AI impact on your business, but I'd be very curious to understand a bit about how you see those risks. So maybe you could talk a little bit about which of the markets you see could be most exposed and why, and also what measures maybe you are putting in place or could put in place to address those risks. Thank you.

Frank:

Yeah, Benedicte, you'd like to start with perhaps the satellite part and Tobian can take the AI ident part.

Benedicte Schilbred Fasmer:

Sure. Yes, we do see LEO satellite as an alternative and particularly within fixed broadband segments and particularly in rural and remote locations. So we do not dismiss that. However, extensive Nordic terrestrial networks, some of the best coverages in the world actually, will limit that impact in our

opinion, but there will still be some local customer and potentially pricing pressure. Fiber offers stronger capacity and upgrade potential, and satellite can be attractive where terrestrial build is uneconomic. Satellite fixed broadband uses a dedicated terminal or dish unlike direct to device services and for ordinary handsets. And within the mobile part of it, we do not see an immediate benefit for the customers. And that is also why when it comes to coverage and the fact that you have to have line of sight to the satellite, so we do not see the competition elements as strong, if you wish, within the mobile sector.

So that's our view as of now.

Frank:

Yeah. And for agents?

Tobian:

So if we look at AI agents, I would say that they're both opportunity and a threat. If we start with the umbrella picture on it, first of all, there's already great transparency on pricing within the mobile sector, but of course the use of AI agents can enhance the transparency even more. I think in that respect, one still needs to look at the things that differentiate the various subscriptions. We still will offer the best coverage, the best capacity, security, trust, which of course is important to our customers. So that will always be a strategic mode for us. We also see that AI agents could also represent a future distribution channel that can be utilized, provided that we have the right openings of information exchanged with AI agents. Yes, of course there might be risks of optimized behavior on the customers as it relates to pricing, but I think that is somewhat offset by the other things.

And then finally, I would say that keep in mind that AI agents also offers us a tremendous opportunity to enhance our productivity within Telenor. So they're both opportunities and threats with AI agents, but I think our moats are also very strong.

Maurice Patrick:

Thank you.

Frank:

Did that answer your question, Maurice?

Maurice Patrick:

That's great. Thank you.

Frank:

Okay. Let's go to the next one please, operator.

Operator:

Thank you. Our next question comes from Christopher Wang Bjornsen: with DNB. Please turn on your video, unmute your line, and go ahead with your question.

Christopher Wang Bjornsen::

Good morning. I hope you can hear me.

Frank:

Good morning.

Christopher Wang Bjornsen::

Yes. So just continuing on the satellite question, I was just wondering if you could maybe share if you have some insight into how that has progressed thus far, just looking at the income statistics, it seems like it accelerated pretty significantly last year, although from small numbers, so just if you have some insight into how this has affected your churn in some of your key markets thus far this year, just as a leading indicator, and then I have a follow-up.

Benedicte Schilbred Fasmer:

And I think you referred to the Norwegian market in your question, right?

Christopher Wang Bjornsen::

I have the data on the Norwegian market in front of me, but any experience you have from the Nordics, I guess.

Benedicte Schilbred Fasmer:

Yes, we have registered the same as you, that there has been an increase in the competition within the broadband area. And as I said previously, that's the area where we see an immediate competitive consequence of the LEO satellite build outs. And we also know that Norway is a test bed and has been a test bed for some of the players here in order to test their services. However, we at Telenor added 5,000 broadband customers in the quarter, and we are still delivering very high quality and with high customer satisfaction, so we are performing very well under these circumstances.

Christopher Wang Bjornsen::

Yeah, I just felt that your comment in the shareholder letter was a bit broader this quarter than last quarter on the 13 satellite, but I understand. Thank you. And then my follow-up is on just the implications of satellite for the regulatory environment and the potential for in-market consolidation in the Nordics and in Europe. Do you get the sense that this could be a tailwind to that discussion, that we have the potential of a global player coming in and we need to strengthen the local players, I guess?

Benedicte Schilbred Fasmer:

Well, I hope you're right in that anticipation, but I think at least there is a higher attention with the regulators and the politicians that in order to make Europe more competitive, we will need stronger and bigger scale also within our industry. So I hope you're right that this also is brought to the attention and that we can get some tailwind in our opportunities and possibilities to build scale. Yes.

Tobian:

And I think just to add, I think

Tobian:

You're touching on something fundamentally important. On the one hand, you have telcos that are regulated in many respects, and then you have satellite providers who are not unregulated. So we of course believe that this should be high on the agenda for regulatory authorities to ensure that there is a

level competitive playing field that you don't have ones that are completely regulatory less, if you call it, and somebody who is regulatory heavy in the future.

Frank:

Okay. With that, I think we'll need to move to the next question here. Thank you.

Operator:

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

Keval Khroya:

Thank you for taking the question. You've already talked about some of the competitive issues in Norway, but your mobile subspace is falling close to 3% year on year. And to what degree are you concerned about the current rate of subscriber decline and do you see an increased need to stem that decline at all? Thank you.

Benedicte Schilbred Fasmer:

You are right. We did see a decline in subscription and as we also highlighted in our presentation, the competitive intensity within the Norwegian market was unusually high and I will not signal what we're going to do going forward. But as I said, we expect the Black Month and the fourth quarter to remain very competitive.

Keval Khroya:

And just by way of follow-up, if I could ask, have there been any increased signs that customers are in any way less accepting of your price premium in Norwegian mobile or do you think customers are quite happy with the level of premium versus the smallest player in particular?

Benedicte Schilbred Fasmer:

This is where the more for more strategy has been particularly successful because what we're doing is that we are including additional services into the subscription, making Telenor's subscription not only prime connectivity, but also security and entertainment products that are two big families of value add to our customers. And what we see is that Telenor has a particular strength within the security domain, and we also see that increasingly both consumers and businesses are willing to pay and concerned about their own security. So we believe that the basis for pursuing the more for more strategy and the value add services first approach is still very valid and strong.

Keval Khroya:

That's very clear. Thank you.

Frank:

Next question please.

Operator:

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

Abhilash Mohapatra:

Hi, good morning and thank you for taking my question. I wanted to ask on Finland please, a couple of points there I suppose, just looking at your performance, the second straight quarter where you've grown your mobile subscriber base, whereas your competitors have seen declining trends. So just wondering if you could share a bit of color on why you think you're outperforming and your thoughts on that. And the second, just related to that, when you were calling out markets where you see increased sales and marketing spend in Q4, you mentioned Norway and Denmark. So from a Finland perspective, is this a market that you see getting calmer? Have you seen any change in competitive trends recently? How do you view that market please? Thank you.

Tobian:

Okay, we'll start with the DNA or Finland situation. I think first of all, it is clear that the leading indicators are improving in Finland, but the financial recovery, if you can call it that, following the hyper competitive Q4 last year is of course still developing. We're not setting a specific recovery quarter other than to say that during the hyper competitive situation we saw last year, of course people entered into 12-month subscription, so that should give you some form of indication. But clearly Q4 will be an important quarter for renewals and hopefully get away from the heavily discounted model or subscriptions that were sold during Q4 in '25. So we remain hopeful that Q4 in '27 will be periods of improvement. I think the stepping stones for our operation in the country is of course a sustained momentum in customer satisfaction. I think the fact that we are gaining customers is that people are very happy with the services and packages provided by DNA.

I think I mentioned the constructive renewal of the subscriptions. As I mentioned, we've seen quite a lot of competition in fixed consumer as well as B2B. So to the extent that there are stabilization of those sub-segments, that would clearly benefit. And then as with any of our telcos, we're very mindful of the revenue to gross profit conversion. So those are some of the stepping stones that we think will contribute to the future performance of DNA.

Benedicte Schilbred Fasmer:

And I'll just add one little fact. We reported both our service revenue growth in Finland and a flattish EBITDA development, but please keep in mind that in Q3 of last year, there was a change to the IFRS 15 accounting rules on gift vouchers, which made it a bit of an easy comp. So underlying the service revenue was down 0.8% and the EBITDA was down 4%. So Finland is not yet out of the woods to put it that way.

Tobian:

Yeah.

Frank:

Okay. I think we have still a few questions left, so thanks Abhilash. Let's move to the next one please, operator.

Operator:

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

Fredrik Lithell:

Thank you very much. Thank you for taking my question as well. Maybe a short comment or question then on Sweden and the fact that Telia discontinued its Halebop operations or brand, if you like. Has that changed the dynamics in the market in any specific way or have you seen a space to take that in the market space would be interesting? Thank you.

Benedicte Schilbred Fasmer:

We haven't noticed any considerable change in dynamics in the Swedish market as of late, no. So the answer is no, very simply.

Fredrik Lithell:

All right, that's very good. Can I have a follow-up then on Sweden Stilen? And you called out that your transformation program is giving you some effects now. Is that something that will have more of that coming and could you talk a little bit on what your transformation program will give you in the Swedish market going forward as well? Thanks.

Tobian:

Shall I?

Benedicte Schilbred Fasmer:

Yes, please.

Tobian:

We're not first of all guiding for next year, but let me just try to address your question Fredrik in more buckets. We have ongoing customer service transformation. We are working on lowering network operating costs, and of course continued mixed improvement in terms of the products we sell helps to do that. We have had a fixed transformation program as you know, and that has been a very, very strong contributor in terms of driving gross profit growth. I believe it was about 3.3% in Sweden this quarter, even though top line of course went down and moving unprofitable fixed subscriptions over to FWA has been a very, very important part of driving the success in Sweden. And of course, all these levers, whether it be transformation in terms of how we manage gross profit, will be levers that we will continue to push on in the period ahead as well.

Frank:

Yeah. And I think just to finalize on that, I think we've some couple of years at least into these two programs, fixed transformation, customer service transformation, there's still more to be done, but there's also other areas, of course, of transformation that will emerge in the next year.

Benedicte Schilbred Fasmer:

And I guess just to add, our ambition is still zero to minus 2% OPEX reduction towards 2030.

Frank:

Good. I think we'll stop with this question, Fredrik, for you and move to the next one. We still have a couple left in the queue.

Benedicte Schilbred Fasmer:

But just to be precise, that was not Sweden, that was on a group level.

Frank:

Yes, sure.

Benedicte Schilbred Fasmer:

Sorry.

Operator:

Thank you. Our next question comes from Oystein Elton Lodgaard with ABG. Please turn on your video, unmute your line, and go ahead with your question.

Oystein Elton Lodgaard:

Good morning. Start a follow-up question on Finland here. This has previously been a very good growth engine for you, very much driven by strong revenue growth. Do you now going forward see that with a changed competition landscape that maybe you won't be able to get back to the EBITDA growth that we have seen in previous years of high single digit in this market, or is there more to do on the cost side so you could get back to that strong performance that you have had in Finland previously, but more from a cost measure approach?

Tobian:

Yeah, I think we of course had a very competitive, hyper competitive market there in Q4 last year, and I guess it was quite some daylight from the last time that happened. And structurally that market has been highly competitive but not irrational. We do see that new sales RPU's are now above last year, so of course that is helpful to the performance. And as it relates to cost, we are continuously transforming the business and that will not stop. And for me, transforming the business is a way to generate, call it financial flexibility and buffers for any swings in the top line. We've done so consistently over many years and there are still lots of opportunities for that in the future.

Oystein Elton Lodgaard:

Thank you. Can I have a follow-up?

Frank:

Is it on Finland, the same topic? We have a couple of ones left and we're little time. So I think we'll just move to the next one please and then get back to you if we have time Mister. Thank you.

Operator:

Thank you. Our last 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, hope you can hear me. Mine's into-

Frank:

Yeah, good morning.

Ajay Soni:

Morning. Mine's into 2027 and just looking at the potential EBITDA headwinds you have from losing your wholesale revenues, I think it's around 500 million and I think you'll lose most of that next year, all as EBITDA. So how should we think about Nordic EBITDA growth into 2027? I understand you're obviously not going to give me guidance on it, but what levers do you have to offset that headwind into next year where you still feel you could grow Nordic EBITDA into 2027? Thank you.

Frank:

Yeah. Torbjørn?

Tobian:

The contract we have, the national roaming agreement was set to expire essentially just after end of next year in any event. So this is something that we expected. So to me, there's no drama in the fact that this is tailing off, this was supposed to happen. Keep in mind also that as we outlined in the second quarter presentation, 2026 is a year of transformation with peak transformation costs, which translates into savings that will start becoming visible from '27 onwards as we made clear in the second quarter. So all of these things are of course set to drive EBITDA performance into the future.

Ajay Soni:

Great, thank you.

Frank:

Yeah, and as we've said, I think you mentioned just a final comment on that, Ajay, the half a billion might not be the full headwind. We still expect some revenue from that as of now with higher uncertainty than in 2024, but we still expect there to be a tail also in the beginning of next year on that topic. With that, I think we will wrap up. So as we're out of time, this next question, I think we'll need to get back to offline and thank you everyone for your attention and until next time.