

Steady strategy execution continues to yield results

(Fornebu, 23 October 2019) “The performance in the third quarter reflects continued strong execution on our strategy, focusing on growth, efficiency and simplification. Overall, the Group delivers an almost flat organic subscription and traffic revenue growth and organic EBITDA decline of 2%, when adjusting for project costs this quarter and non-recurring items last year. Our cost base remained stable, excluding DNA and project costs.

The modernisation in Norway is progressing according to plan, and we see a 3% mobile subscription and traffic revenue growth combined with a 5% reduction in operating expenses this quarter. In Thailand and Myanmar, the momentum seen earlier in 2019 continued and both operations have now returned to positive subscription and traffic revenue growth. However, headwinds in Pakistan as a result of the telecom tax re-introduction and a difficult macroeconomic environment have made the situation locally challenging. During the quarter we have successfully concluded the acquisition of DNA in Finland. The mandatory tender offer period ended on 10 October and resulted in an ownership share of 97.96 percent. We have started to onboard DNA to our procurement processes to materialise synergies, and we are now looking for opportunities to expand service offerings to Finnish business customers. Recently, we have also taken further steps on our simplification agenda. Yesterday, we announced that we will be entering into a joint venture with Nordic Entertainment Group, combining our satellite-based entertainment businesses to extract synergies and deliver enhanced customer experience. Based on the performance so far this year and our expectations for the fourth quarter, we maintain our outlook for 2019. Execution on our strategic agenda remains our focus and key driver for value creation going forward,” said Sigve Brekke, President and CEO, Telenor Group.

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Third quarter 2019 summary¹

- On 21 August, Telenor completed the acquisition of DNA and subsequently initiated a mandatory tender offer for the remaining shares, which ended on 10 October with Telenor achieving a holding of 97.96%. DNA was consolidated from 21 August 2019.²
- Subscription and traffic revenues decreased by 1% on an organic basis. In a challenging market environment, revenues in Pakistan declined significantly, offsetting growth in several other markets. Total reported revenues increased by 7% to NOK 29.5 billion.
- Currency adjusted gross profit excluding DNA declined by NOK 0.8 billion, impacted by the revenue drop in Pakistan and reversals last year. Reported gross profit increased by NOK 0.6 billion.
- Currency adjusted opex increased by NOK 0.6 billion, but was stable excluding DNA and project costs related to the DNA acquisition and the Axiata merger discussions. Reported opex increased by NOK 0.9 billion or 10%.
- EBITDA decreased by 7% or NOK 0.9 billion on an organic basis, primarily as a consequence of the development in Pakistan. Reported EBITDA before other items was NOK 12.1 billion with an EBITDA margin of 41%.
- The Group generated Free cash flow before M&A of NOK 2.8 billion in the quarter.

Outlook for 2019³

Based on the performance so far this year and our expectations for the fourth quarter, we maintain our outlook for 2019. We expect organic subscription and traffic revenue growth at around the 2018 level and a low single digit organic EBITDA decline. Capex excluding licences and spectrum is expected to be in the range of NOK 16–17 billion, excluding DNA. ¹ The key figures and summary for the third quarter of 2019 as well as the forward-looking statements are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 31 for descriptions of alternative performance measures. ² Some of the comments on the Group's financial results for the third quarter 2019 are made excluding DNA. Please refer to page 8 for the Group's consolidated figures in NOK for DNA. ³ The outlook for 2019 is based on Group structure as of 30 September 2019, but excludes DNA and project costs related to the acquisition of DNA and the merger discussions with Axiata in Asia.

Presentation of Q3 results

Wednesday 23 October, 0900 CET / 0800 UK TIME To view the webcast, visit; <https://t.expo.no/PJaBqk>

To participate in the conference call, dial:

- +47 2100 2610 (local Norway)
- +46 (0)8 5664 2753 (local Sweden)
- +44 (0)330 336 9126 (local UK)
- +1 929-477-0402 (local US)

Please state confirmation code 2306607, your name and company to the operator For the Q&A session: to queue up for questions please press *1 Visit www.telenor.com/Q3-2019 to read the report.

Press meeting

A separate press meeting will be held at 1100 CET at Telenor Expo Visitor Centre, Snarøyveien 30, Fornebu. The media session will be held in Norwegian. To RSVP, please email: Jonathan.Higgins@telenor.com

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