



Capital Markets Day

13 February - 2004

Fixed Line

Åsmund Løset

Agenda

1. Overview
2. Norway
3. Sweden
4. Russia
5. Summary



Highlights 2003

- Stabilised revenues in Norway
- Increased EBITDA margin
- Reduced Capex

- Comincom-Combellga merged with Golden Telecom (Russia)



Overview 2003

Fixed Line

- Revenues 20.5 NOKbn
- EBITDA growth of 1.0 NOKbn (19%)
- Capex reduced by 1.4 NOKbn (43%)

Norway

- Revenue 18.2 NOKbn

Sweden

- Revenue 1.6 NOKbn

Russia

- Revenues 0.7 NOKbn (to Nov. '03)

Financial Overview

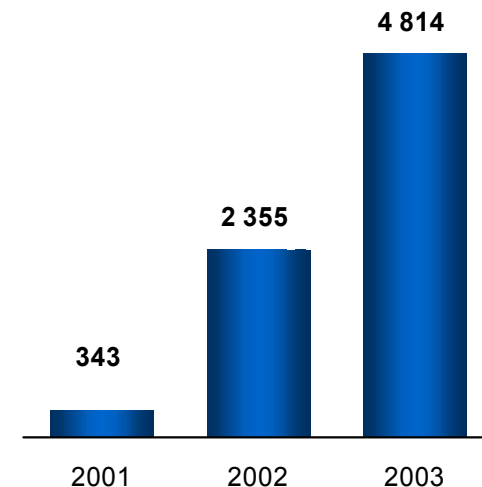
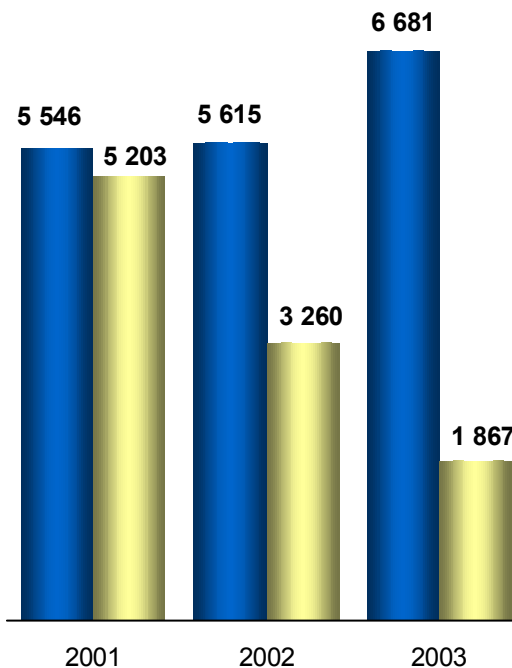
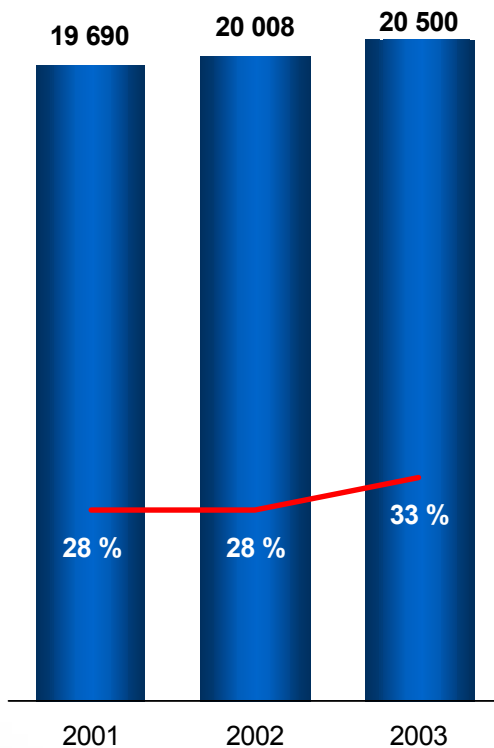
Increasing margins and cash flow

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

Operating Cash Flow (NOKm)

■ EBITDA ■ CAPEX



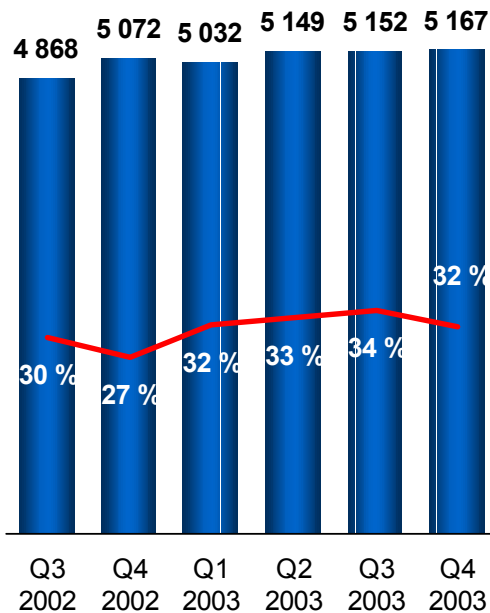
Excludes sales gains / losses
Operating Cash Flow = EBITDA - CAPEX



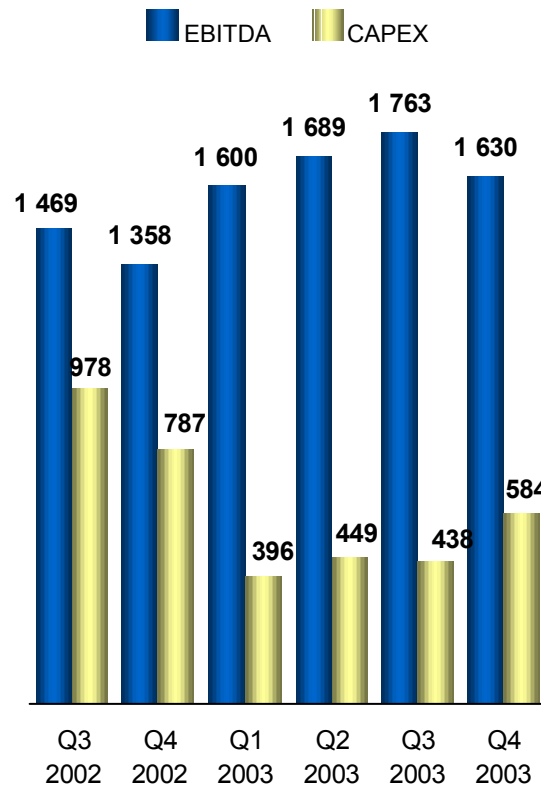
Financial Overview

Quarterly development

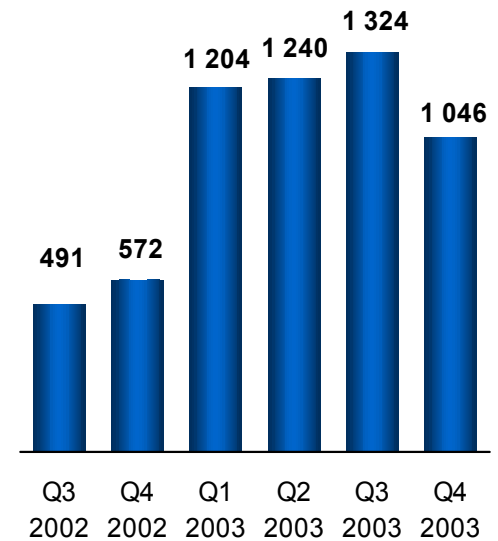
Revenues (NOKm) / EBITDA %



EBITDA and Capex (NOKm)



Operating Cash Flow (NOKm)



Excludes sales gains / losses
 Operating Cash Flow = EBITDA - CAPEX



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Norway - Overview

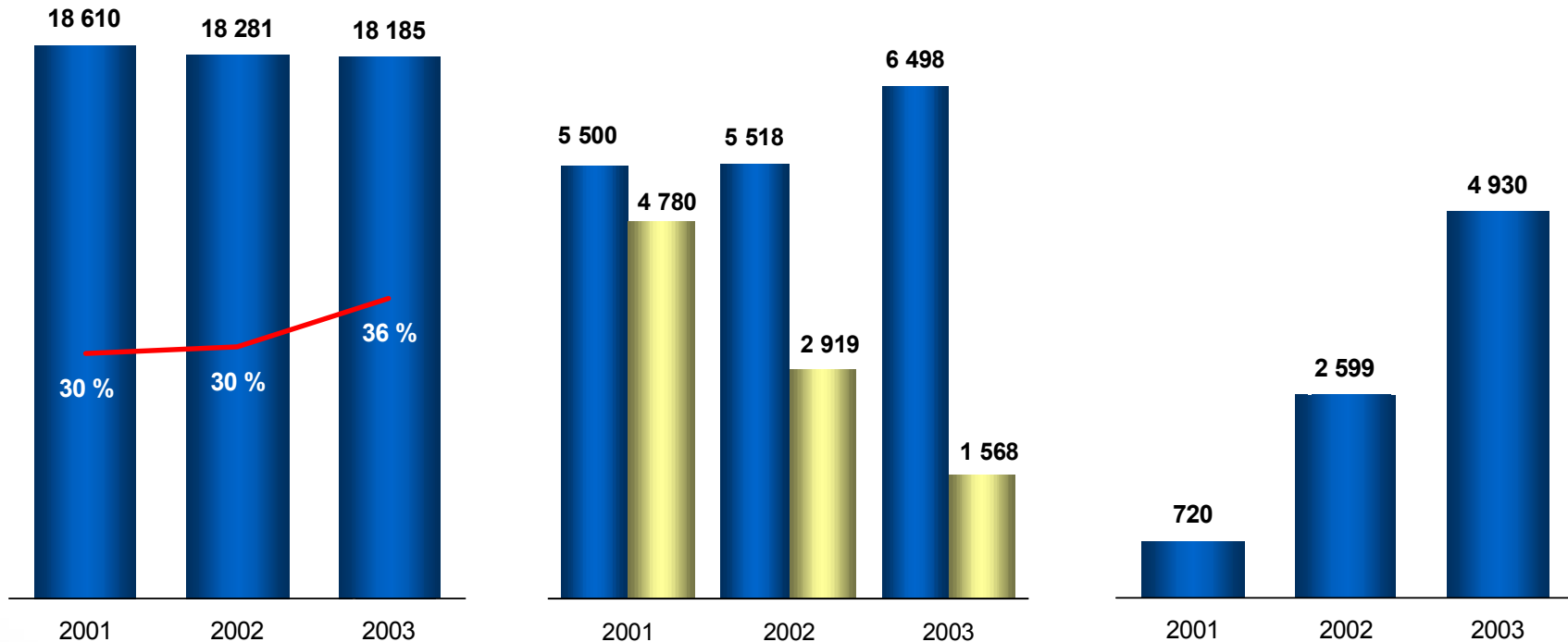
Cash flow driven by Capex control and cost savings

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

Operating Cash Flow (NOKm)

■ EBITDA ■ CAPEX



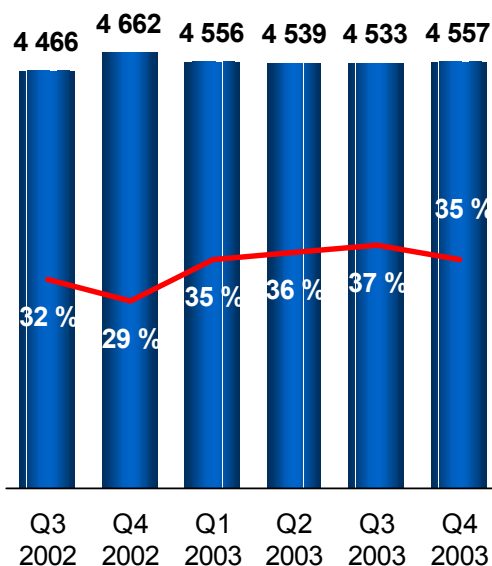
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Operating Cash Flow = EBITDA - CAPEX



Norway - Overview

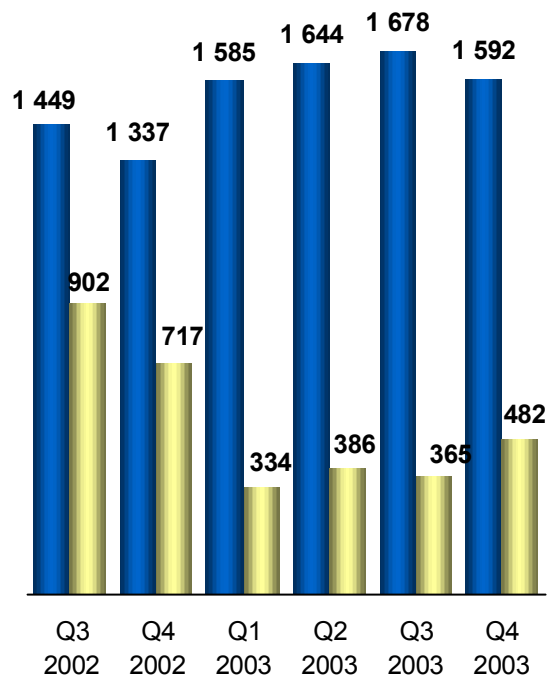
Quarterly development

Revenues (NOKm) / EBITDA %

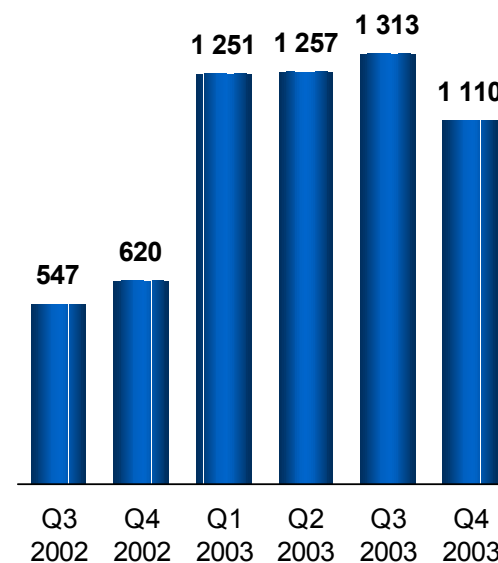


EBITDA and Capex (NOKm)

■ EBITDA ■ CAPEX



Operating Cash Flow (NOKm)



Excludes sales gains / losses
 Operating Cash Flow = EBITDA - CAPEX



Norway - Key focus areas

Maintaining high cash flow

Maintaining Revenue

- Maintaining stable retail market shares
- New Broadband revenues to compensate for revenue reductions in PSTN/ISDN

Stabilising Margins

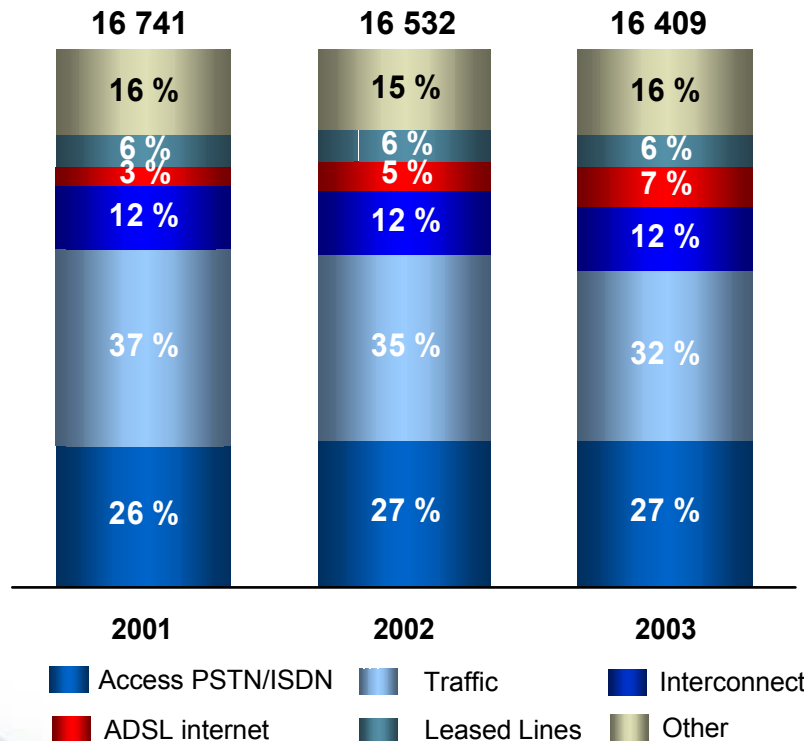
- Optimising operational efficiency through process improvements

Stabilising Capex

- Effective Capex utilisation
- Capitalising on strong existing network infrastructure

Norway - Maintaining Revenue Revenue Split

Total Norwegian Revenue Split (NOKm) – External revenue

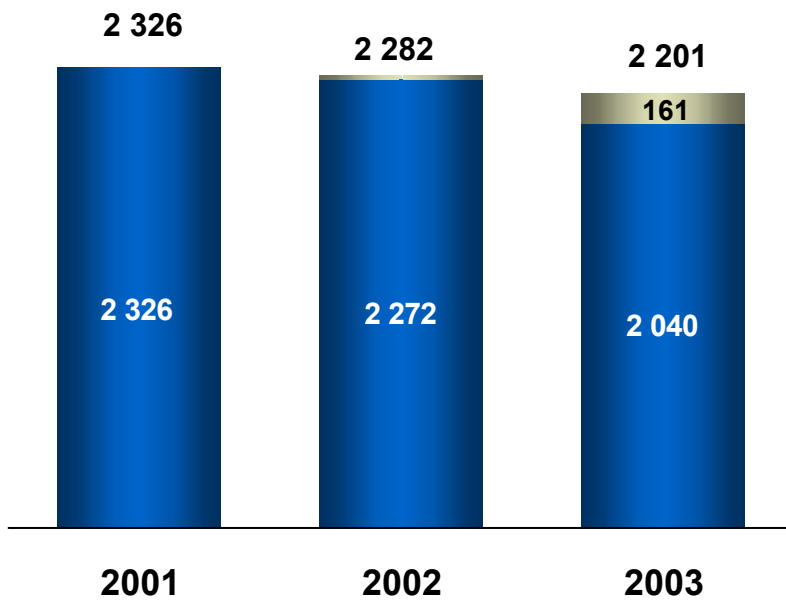


- Stable revenues
 - Price increase mid 2002
 - New ADSL / broadband revenues
- Reduction in traffic revenues

Norway - Maintaining Revenue

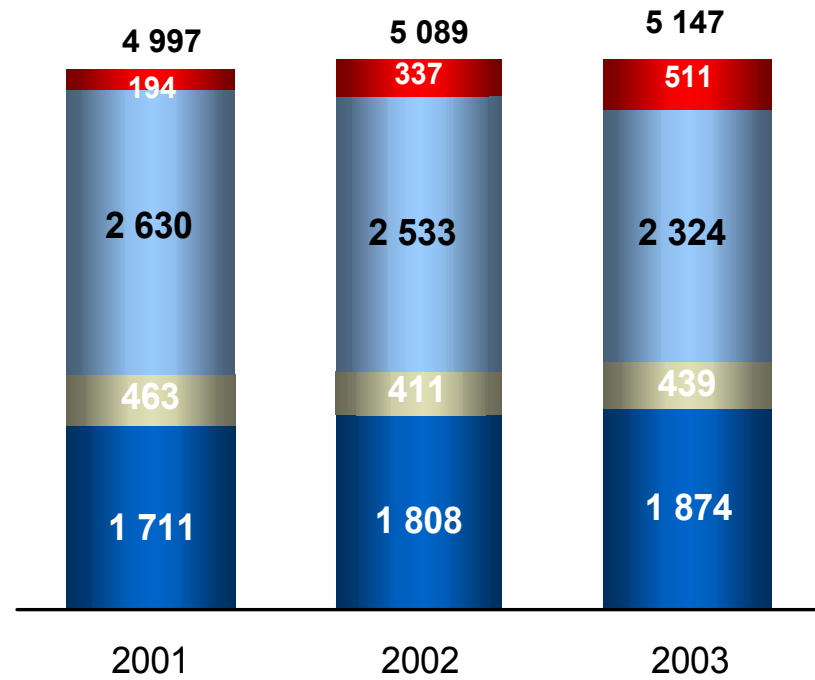
Decreasing number of access lines offset by increasing ARPU

Number of Access Lines
Year end ('000)



■ Retail ■ Wholesale

Revenue (NOK) per Physical Access Line
per year



■ Subs. Fee ISDN/PSTN ■ Traffic ■ Interconnect ■ ADSL

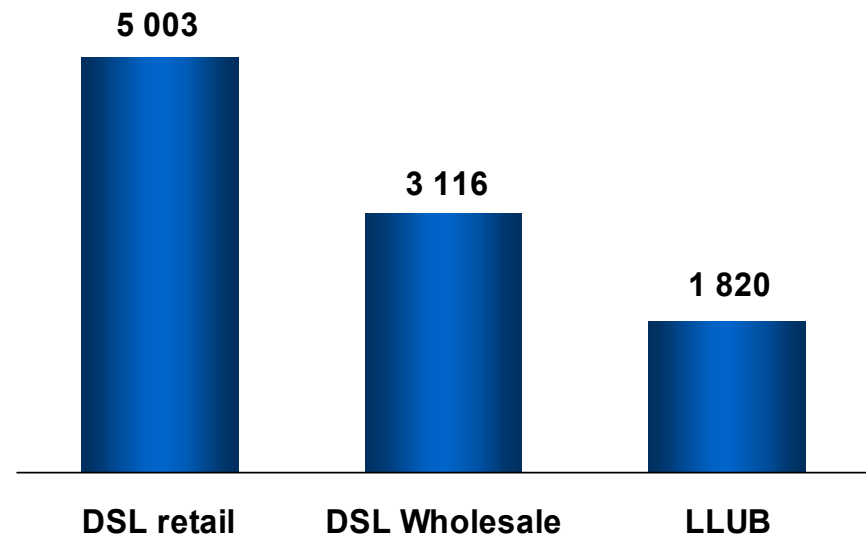
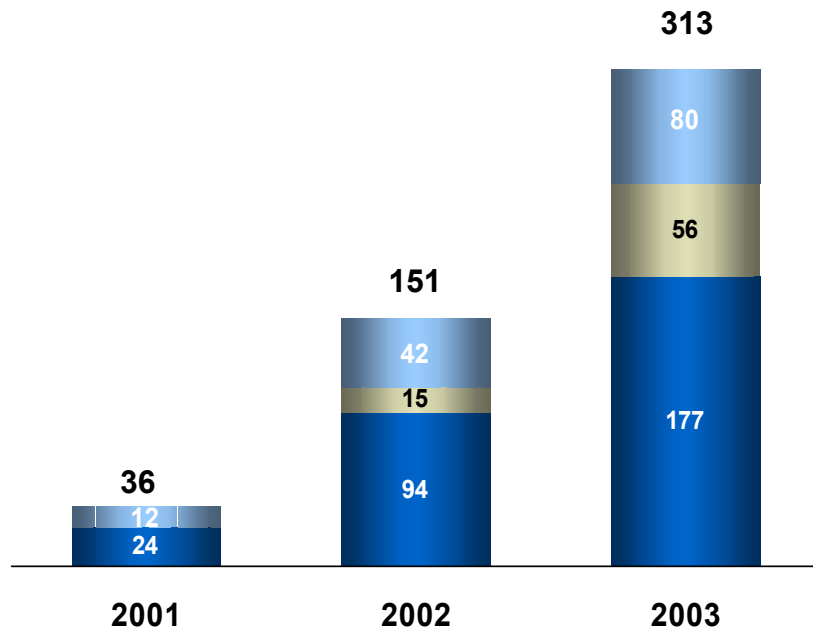
Norway - Maintaining Revenue

New revenues from broadband access lines

Development of Access Lines for Broadband

Number of accesses (1000)

Annual ARPU (NOK)



■ DSL retail ■ DSL wholesale ■ Local Loop Unbundling



Norway - Stabilising Margins

Focus on process efficiency

Focus areas

- Operating processes
 - consolidation and automation
 - fault handling
- Provisioning
 - Workflow
- Procurement
- IT platforms
- Process design

Effects in 2003

Operating costs
reduced by
740 NOKm

Norway

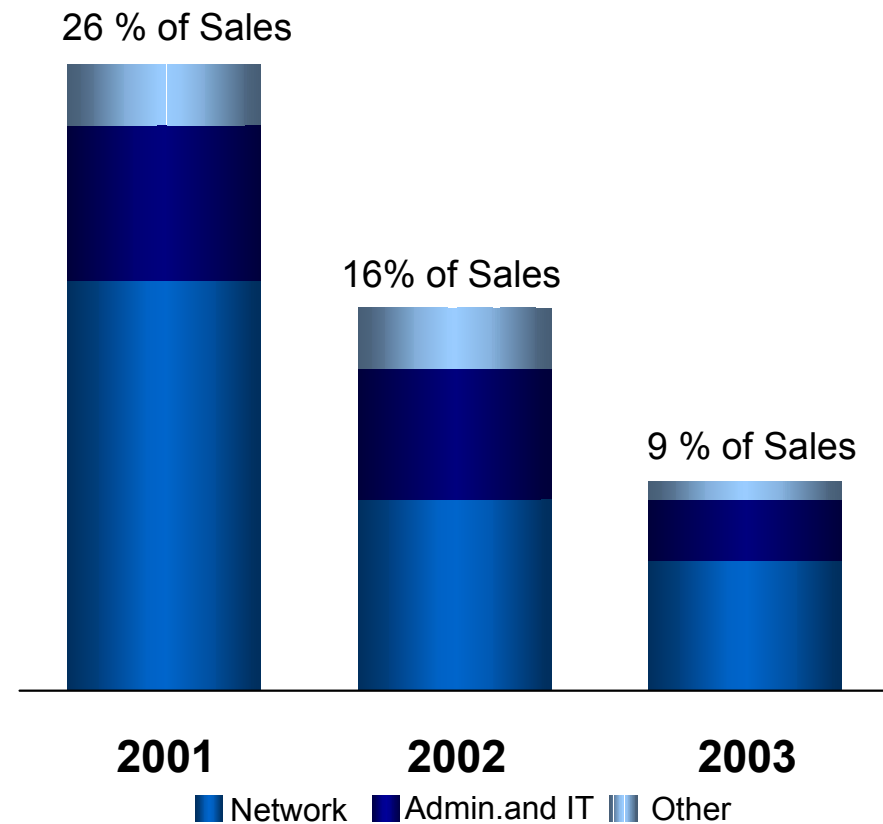
Cash flow and capex

Cash flow drivers

- Reduced unit cost
 - Focus on key performance indicators
 - Capitalised on existing infrastructure
 - Price reductions on purchased equipment and services

- Network investments
 - 80% customer driven
 - 20% maintenance driven

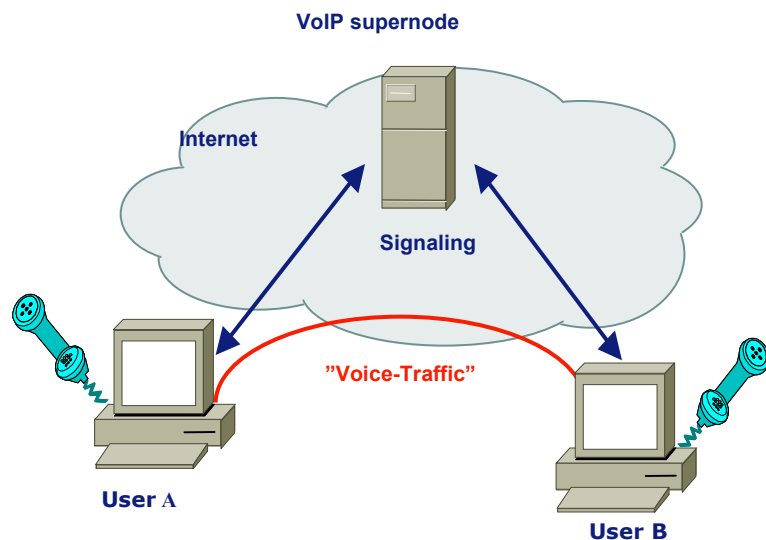
Capex Split and Ratio



Norway

Voice over IP

VoIP via Internet only

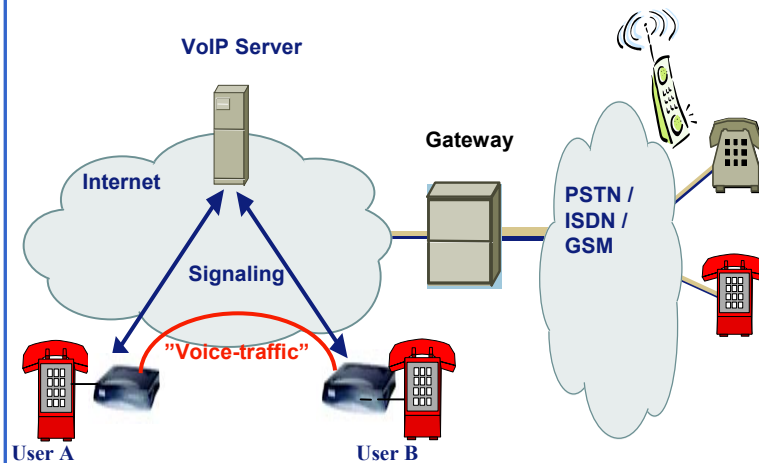


- No interconnect with PSTN/ISDN/GSM
- Traffic between “logged-on” users only
- Equivalent to Microsoft MSN
- No quality of service guarantees
- Risk for spread of viruses and “spam”
- **Currently complementary, no threat to Telenor’s revenues**

Norway - VoIP

New possibilities for fixed voice

VoIP with connection to fixed and mobile networks



- Utilises hardware terminals and standard telephone numbers
- Business model based on subscriptions and price per minute
- One operator to launch VoIP offering in Norway in Q1 2004
- Viewed as a standard competitive threat

Telenor is evaluating new business models for maintaining revenues from existing and future voice products, independent of technology

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Sweden Overview

Business Description

- Business market (no. 2 position) and wholesale operator
- Portfolio of datacom, DSL, fixed voice and mobile services
- Advanced IP-based network, connecting 50 cities in Nordic region
- Transparent Nordic services

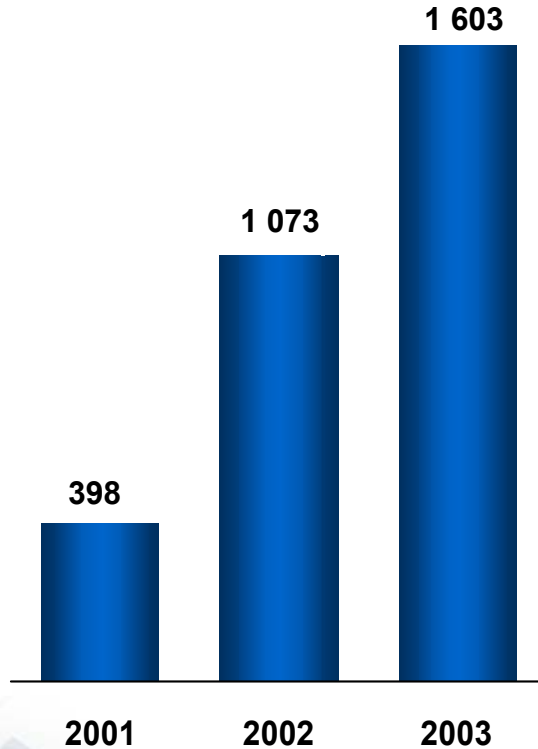
Strategy

- Strengthen no. 2 position in business communication
- Clear no. 2 position in wholesale of voice and broadband
- Extensive DSL infrastructure rollout
- Integrated mobile offering

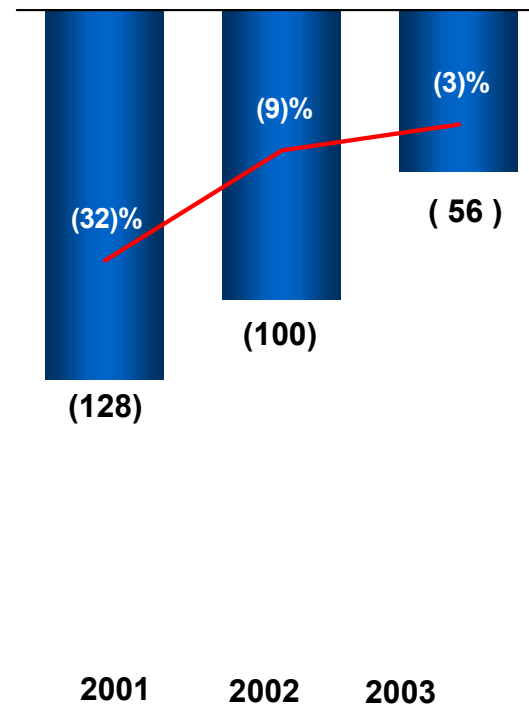
Sweden

Steady growth and increased volumes

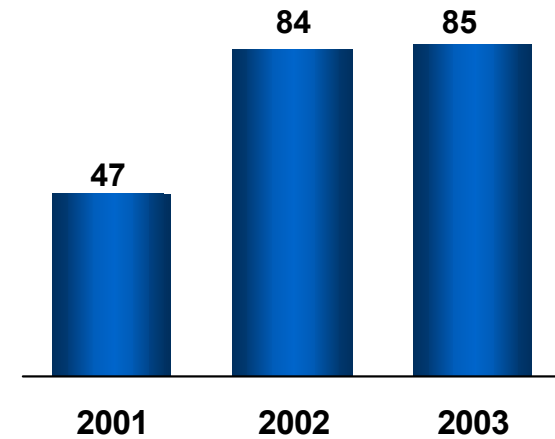
Revenues (NOKm)



EBITDA (NOKm) and Margin



Capex (NOKm)



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Russia Overview

2004 – “new” Golden Telecom

Telenor with 20.5% stake

- NASDAQ listed, most transparent fixed line company in Russia
- Stock value approx. 7.5 NOKbn
 - Telenor’s 20.5% = 1.5 NOKbn
- Fast growing market leader in the Russian business market (20%)
- Incumbent-like position
 - good profitability
 - proprietary last-mile



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5. **Summary**



Fixed Line Summary

- Continued performance improvement across all areas of the business
 - Stabilised revenues in Norway
 - Increased EBITDA margin
 - Reduced Capex

Cash flow driven by Capex control and cost savings;
continued focus to secure position

Fixed Line Outlook 2004

Norway

- Maintain revenue in mature market
- Stabilise margins through process optimisation
- Stabilise Capex to sales ratio at approx. 10%

Sweden

- Grow yearly revenues 10 -15%
- Continuous improvement in cash flow



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