

welcome to capital markets day 2005



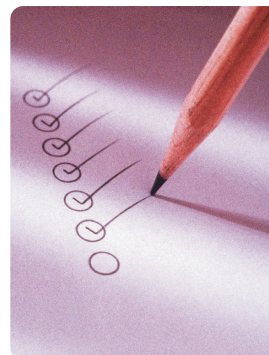
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Managing mature markets

Morten Karlsen Sørby
Nordic

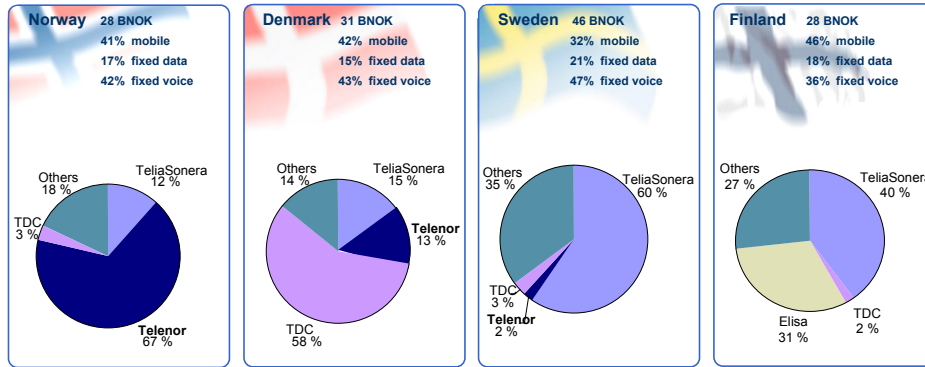
Agenda

- Nordic overview
- Manage long term cash effects of fixed migration in Norway
- Sustain margin and market share in Norwegian mobile
- Develop Danish and Swedish operations



Nordic retail telecom market

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*Source: National Post and Telecom Authorities Telecom revenues at retail level (2004E); wholesale telecom, managed services and equipment related revenues not included. Business segment 60 BNOK, residential 70 BNOK

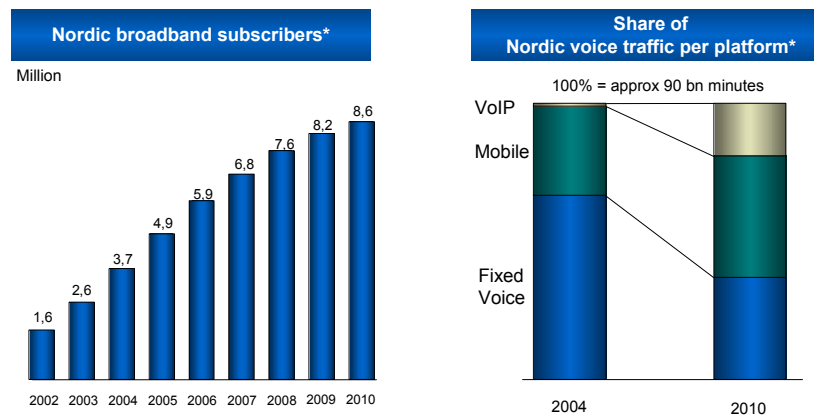


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Strong growth in broadband and voice migration to mobile and VoIP

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* Telenor estimates (scenario)

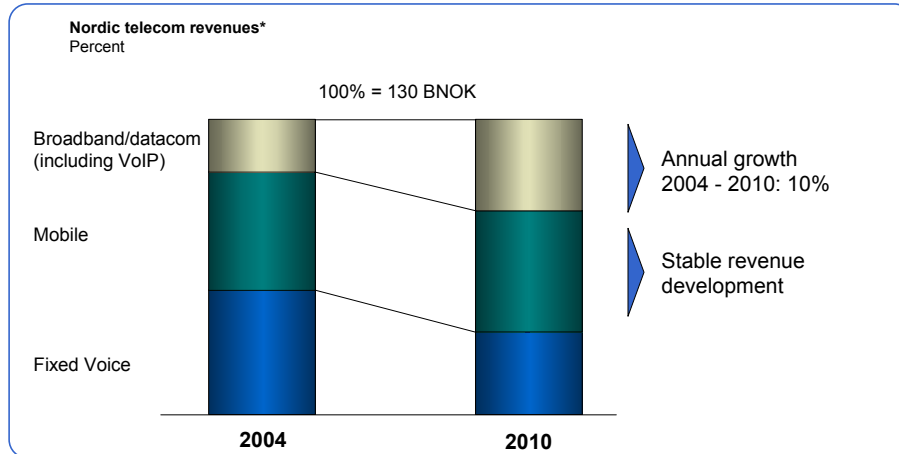


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Broadband and VoIP growth redistribute telecom revenues

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*Telenor estimates, excludes content related revenues



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Main priority - maintain strong cash flows

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- Manage long term cash effects of fixed migration in Norway
- Sustain margin and market share in Norwegian mobile
- Develop Danish and Swedish operations



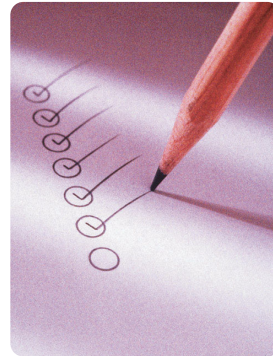
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Agenda

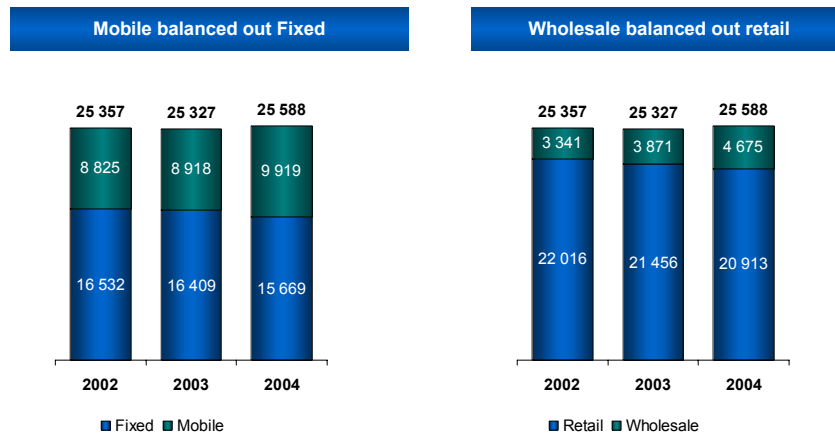
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- Nordic overview
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Stable revenues despite changing environment

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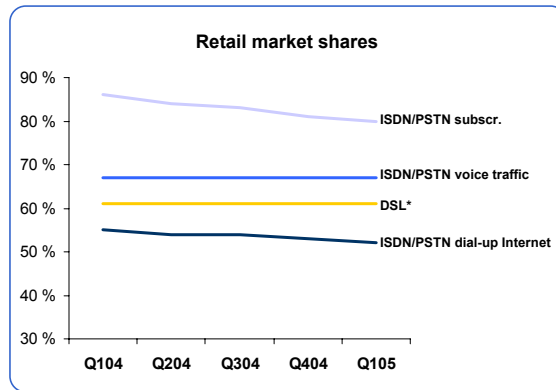


Telenor external revenues (excluding sales of equipment)



Sustained high market shares

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- Introduction of wholesale line rental reduced share of subscriptions
- Stable share of voice traffic
- Higher DSL market share than Internet dial-up
- Marginal reduction of dial-up Internet share

*Including Tiscali

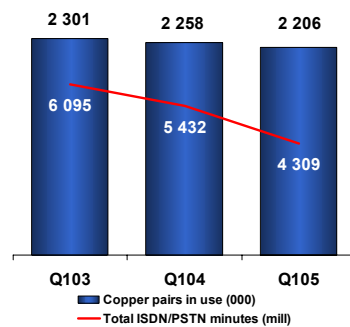


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ISDN/PSTN traffic decreased 21% from Q104

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- Only 2% less active lines despite 21% traffic decline
- Accelerated consumer migration from ISDN to DSL
- Quite stable number of PSTN consumers
- Stabilized business segment

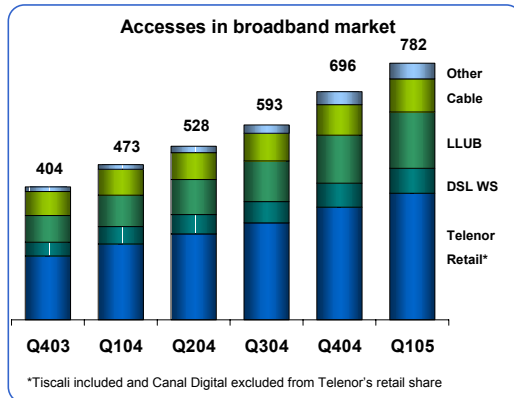


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High share of broadband growth - key for success

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- 35% residential broadband penetration
- Telenor will reach 90% of households by Q405
- 81% of Norwegian broadband over Telenor copper
- 61% retail DSL market share

Telenor estimates

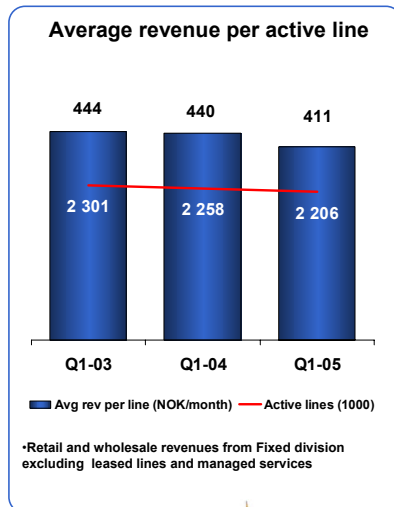


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Revenues per line in use decline

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- Revenues per line decreased 7% last 12 months
- No significant VoIP effects yet



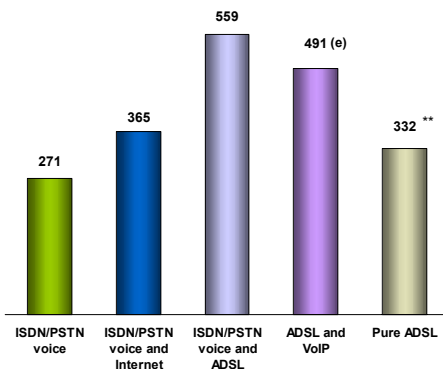
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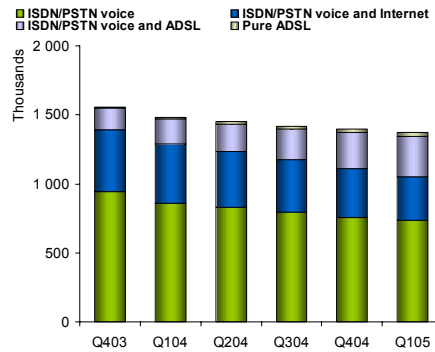
Limited VoIP impact on ARPU

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Retail ARPU mix Q1 05* (NOK)



Households on main product lines



*Average revenue per household ex VAT.
**Pure ADSL includes full access fee



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Actions to maintain subscribers and ARPU

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- Launched more flexible ISDN/PSTN and DSL subscriptions
- Increased bandwidths
- Launched VoIP offering to consumers
- Developing integrated solutions and new IP-services
- Continue to differentiate Telenor's offering through customer service, quality and security

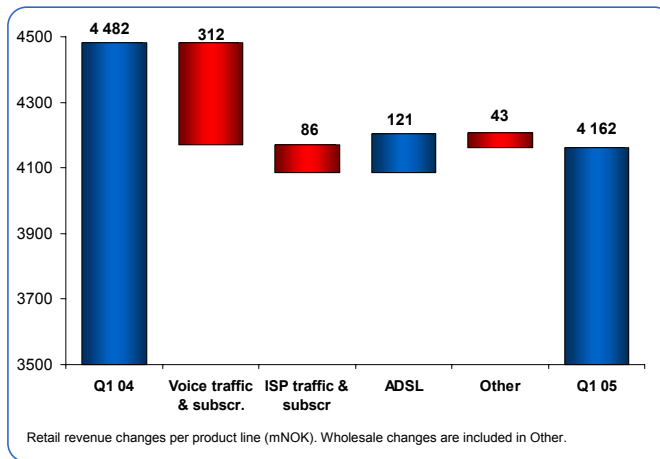


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Net migration effects on Fixed revenues

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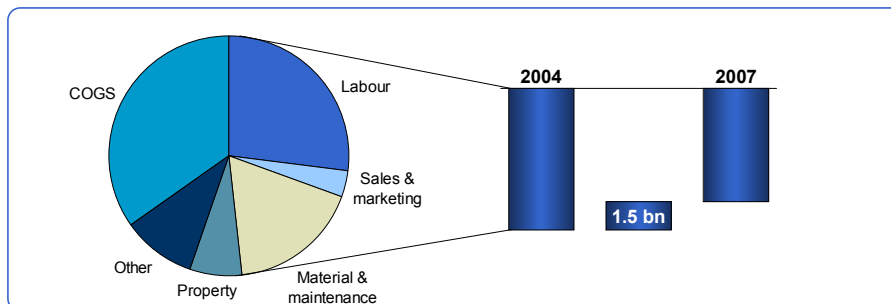
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Lost revenues require actions

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- Revenues from Fixed operations decline
- Cost reductions are required
- Planned cost reductions of 1.5 bn NOK to maintain margins



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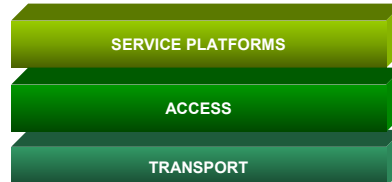
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Network upgrades needed to meet broadband growth

Road map towards All-IP

- Router upgrades initiated
- Migration of transport network finished in 2008
- Improved access network to follow

All IP network



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Fixed telecom – an industry in transition

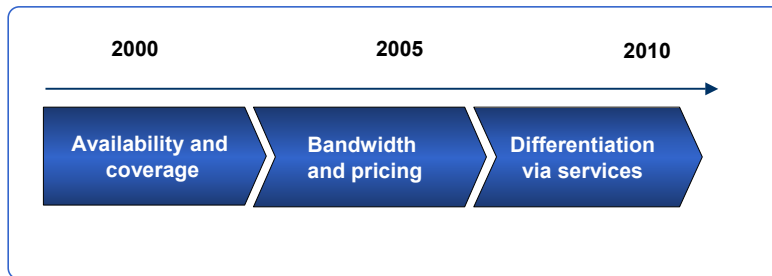
- More demanding customers
- Convergence enabled by new technology
- New players entering the scene
- Substantial growth in broadband subscribers and traffic
- Infrastructure must change to cost efficiently meet demand



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Services - next important broadband differentiator

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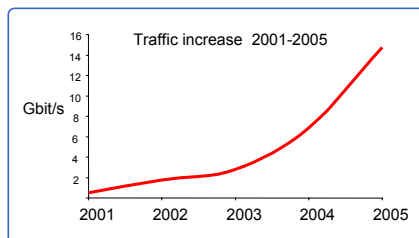
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All-IP enables Telenor to scale as we grow

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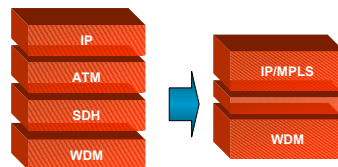
All IP handles traffic growth efficiently

- More dynamic and cost effective use of the infrastructure than old switched networks.



All IP reduces OPEX and CAPEX

- Reduces number of platforms
- Terminate redundant service platforms
- Simplified IT handling



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Competitive landscape is changing

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- New players without infrastructure are entering the market
- Software suppliers like Microsoft develop new convergent products
- Large R&D spending from players in consumer electronics
- Creates new opportunities for Telenor



Microsoft
Media Center
PCs



VONAGE
THE BROADBAND PHONE COMPANY*



Sony PS2, xBox
Broadband
connected game
consoles



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Telenor will remain a major player in broadband

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Triple Play important in next five years

- 10 operators have launched
- Migration to digital TV
- Main focus on the 3 basic services
- Operators must upgrade networks
- New players and constellations will occur

Telenor among first incumbents to test

- Satisfied and fully paying customers
- User interface testing for interactivity
- Telenor knows how to implement

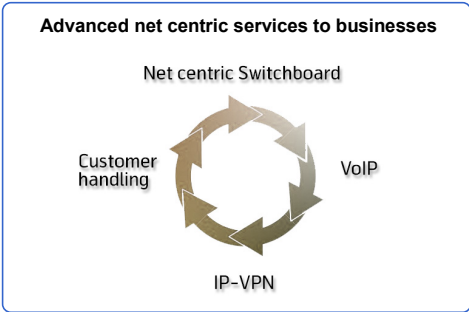
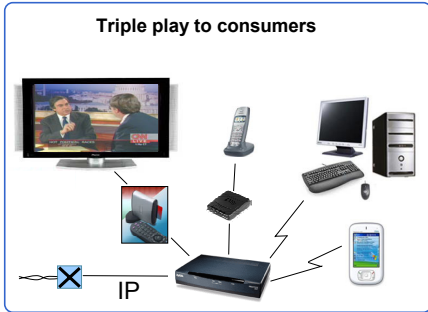


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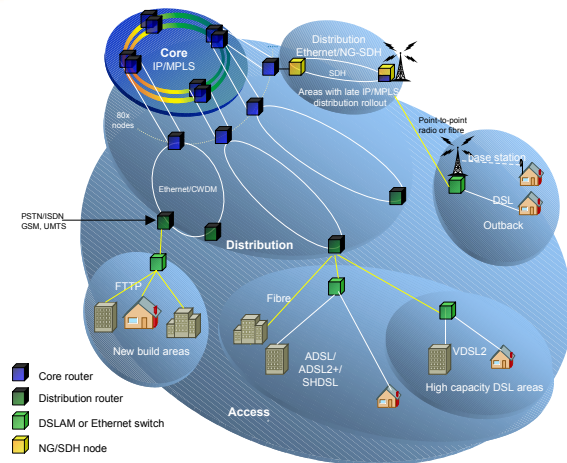
Telenor positions itself to offer All-IP services to both business and residential market

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The All-IP network

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Key features

- Higher capacity
- Fewer technologies
- Seamless services
- IP based service platform with open standards and common interfaces



Main focus - secure long term cash flow from fixed operations

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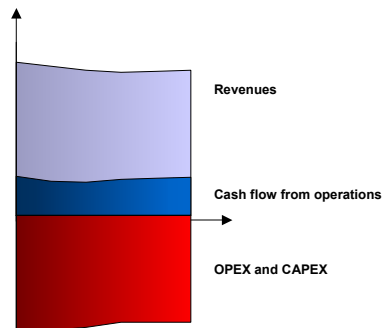
OPEX and CAPEX reductions

- Number of operated network technologies
- Number of services and platforms
- Cost effectively handle traffic growth

New revenue sources

- New services will become important in the next five years
- Telenor is uniquely positioned

Stable long term cash flow from fixed operations



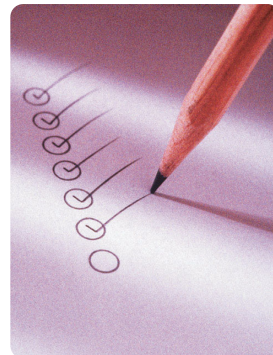
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Agenda

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- Develop Danish and Swedish position



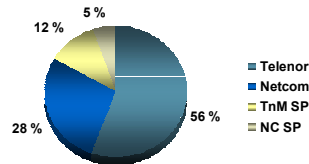
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Mobile stronghold in Norway is maintained

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Subscriber market share – Q105 (e)*

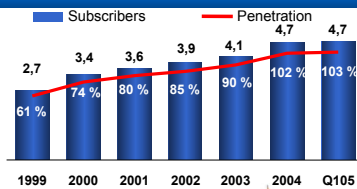


*Telenor estimates

Market status and trends

- Reduced market growth vs 2004
- Relatively stable market shares
- Price increasingly important

Subscriber development*



* Number of active SIM cards in Norwegian market

Key issues

- Maintain market share
- Increase usage
- Efficient subscriber acquisition and retention
- 3G roll-out and market development



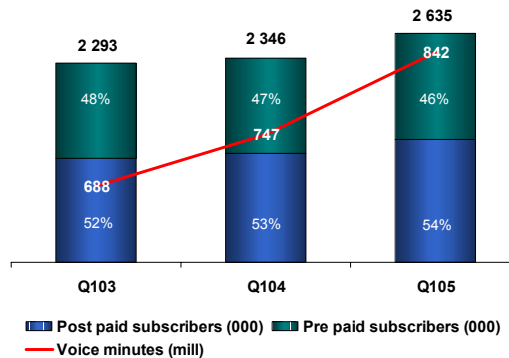
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Mobile volumes are growing

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Telenor's retail subscribers and their outgoing minutes

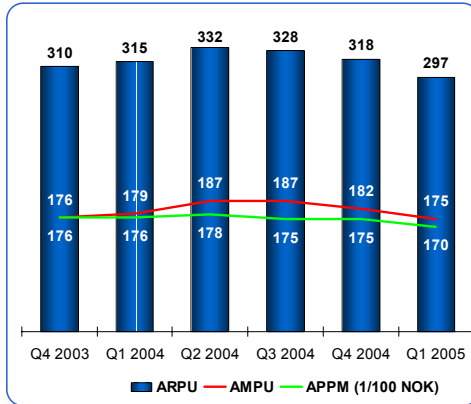


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Price reductions reduces ARPU

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- Four working days less in Q105 against Q104
- Price reductions main driver

ARPU and AMPU definitions have changed as of first quarter 2005. Now, revenues/minutes relating to inbound roaming and revenues/minutes relating to service provider subscribers in Telenor's network are not included. All historical figures have been recalculated.

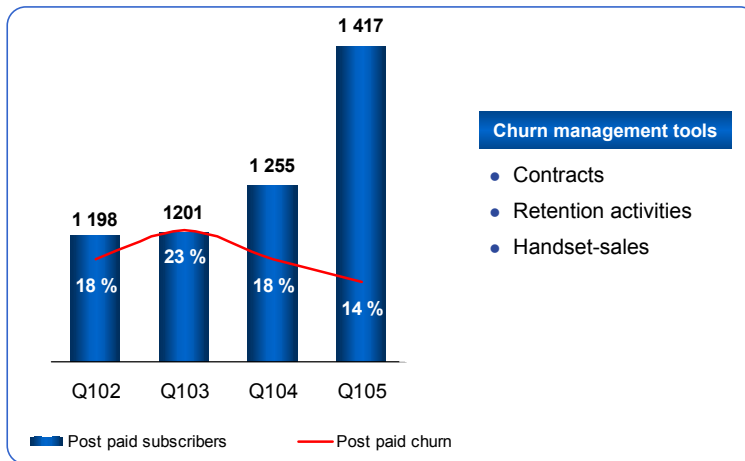


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High share of contracts reduces churn

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Churn management tools

- Contracts
- Retention activities
- Handset-sales



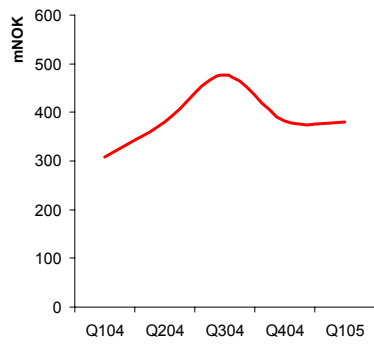
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Competition determines SAC levels

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Subscriber acquisition and retention costs



Rationale for matching challengers

- Keep market position
- Positive marginal profit on net adds
- Develop market toward mobile data through better terminals



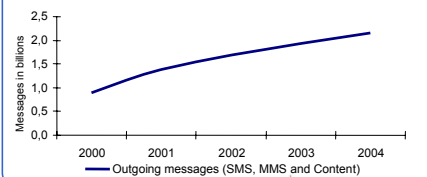
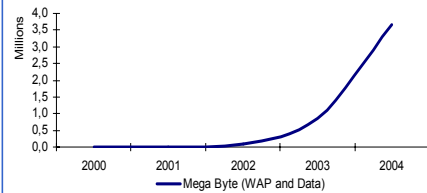
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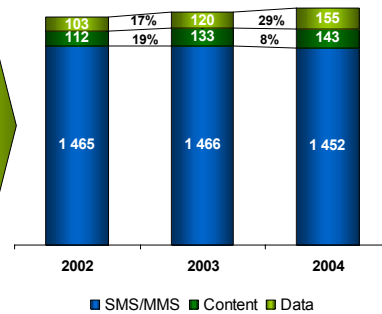
Steady evolution in mobile data

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Data related volumes



Retail revenues from mobile data related services (mNOK)



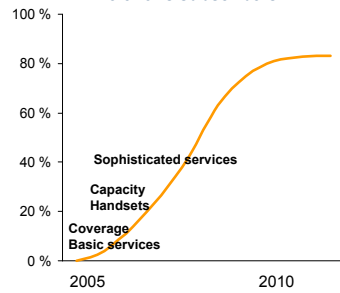
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Smart 3G roll-out



Estimated UMTS handset share among Telenor's subscribers



Status

- Roll-out on track
- Covering the homes of 2,8 million citizens
- Service providers 3G enabled

Focus in 2005

- Upgrade entire GSM network with EDGE
- Develop roaming agreements
- Increase adoption of new terminals



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Highlights from Mobile in Norway



- Keeping market share
- Capturing growth from fixed migration
- Reducing churn
- Increased portion of post paid subscribers
- Growing data volumes
- 3G roll-out on track



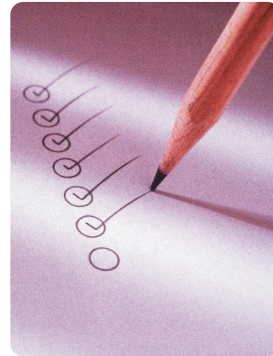
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Agenda

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- Maintain margin and market shares in Norwegian mobile
- **Develop Danish and Swedish operations**



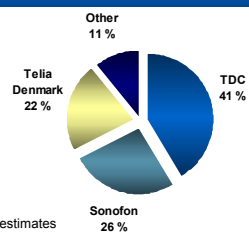
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Objective - Sustain market share and improve long term margin

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Stable subscriber market share – Q1 05 (e)*

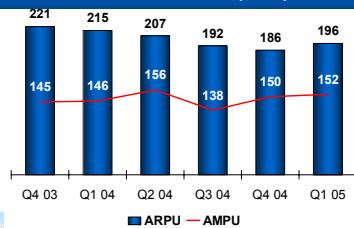


*Telenor estimates

Market status and trends

- No consolidation effects on competitive level
- Price is still a dominant force
- Handset subsidy levels remain high
- Continued high sales of terminals

Increased ARPU (DKK)



Key issues

- EBITDA margin reached 21%
- Stable post paid customer base, net-loss of prepaid subscribers
- Post paid churn reduced – especially in the most profitable segments.



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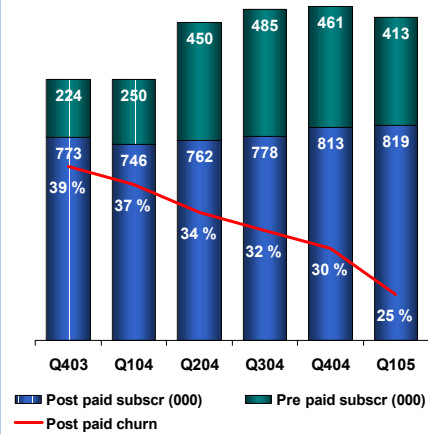
Maintaining market share

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Market development

- Stable post paid customer base
- Post paid churn reduced
- High churn on pre paid
- Continued retention focus
- 3G offering will be resolved

Post paid churn* – all time low



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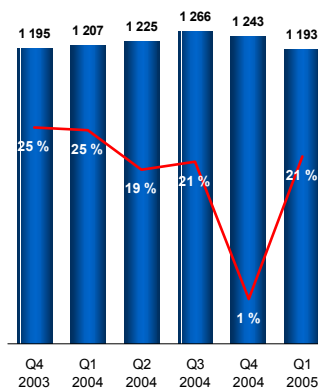
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Immediate actions increased EBITDA above 20%

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- Ongoing focus on cost control and cost reductions
- Reduced Subscriber Acquisition and retention Cost (SAC)
- Integration and downsizing initiatives

Sonofon revenues (mNOK) and EBITDA%



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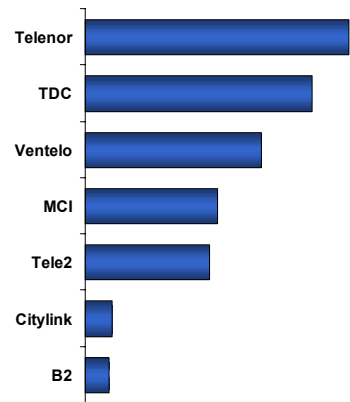
Telenor Sweden - a challenger in fixed business segment

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Offering

- Fixed voice and data towards business segment
- Fixed voice and data wholesale offering to consumer resellers
- Basic mobile offering through MVNO on Tele2's network

Relative positions* in fixed business segment



* Relative 2004 revenues (mSEK) from business segment among fixed players excluding TeliaSonera
Source: Company reports and Telenor estimates. Wholesale revenues not included



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Segmented growth strategy

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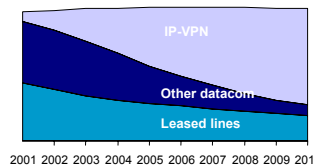
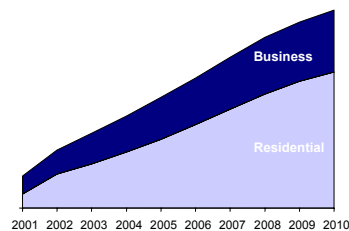
Targeting niches that outperform market

- Own offering – IPVPN
- Wholesale – DSL through service providers

Increase revenue from large accounts

- Large accounts want Nordic deals
- Deals are increasingly made in Stockholm
- Existing revenue at risk without Nordic presence

Swedish broadband and IPVPN growth*




* Telenor estimates



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Summary - Telenor set on maintaining strong cash flows in the Nordics

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- **Balancing out fixed migration effects in Norway**
- **Keeping mobile stronghold in Norway**
- **Getting Mobile back on track in Denmark**
- **Improving results and position in Sweden**



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Q & A

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