

## Telenor – Second Quarter 2012

Jon Fredrik Baksaas, CEO

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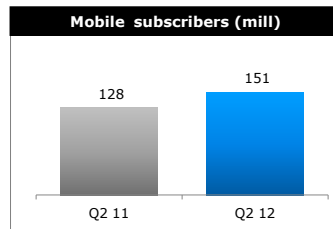
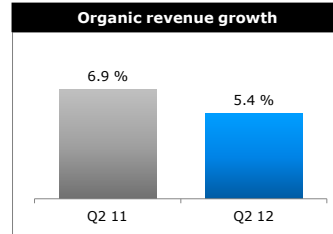
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## Q2 2012

### Sound operational performance

- Operational performance on track
  - 5% organic revenue growth
  - 5.1 million net subscriber growth
  - 20% operating cash flow margin
- Restructuring of operations in India
- Launch of 3% buyback programme



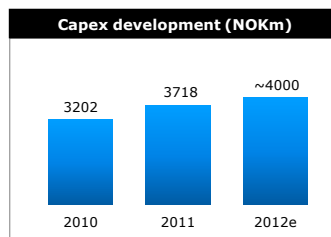
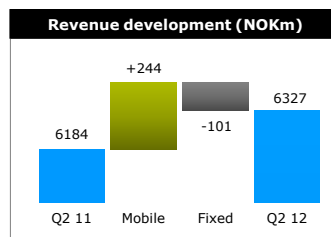
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## Q2 2012 - Norway

### Revenue growth and margin recovery in Norway

- 23k net mobile subscriber growth
- 5% underlying mobile revenue growth
- 42% EBITDA margin
- Significant investments in network coverage and capacity
- Continued decline in fixed requiring further efficiency measures



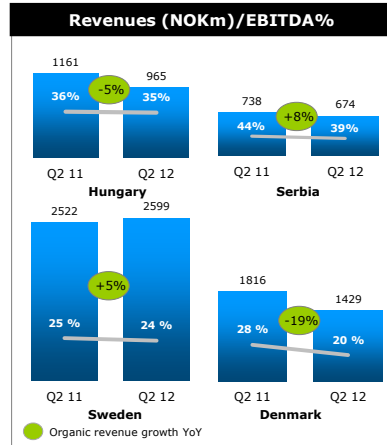
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## Q2 2012 – Europe

### Mixed performance in European operations

- Strong handset sale in Sweden and Serbia
- Continued tough competition and price pressure in Denmark
- New telecom taxes in Hungary and Montenegro from July
- New organisational structure to utilise scale and drive industrialisation



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items

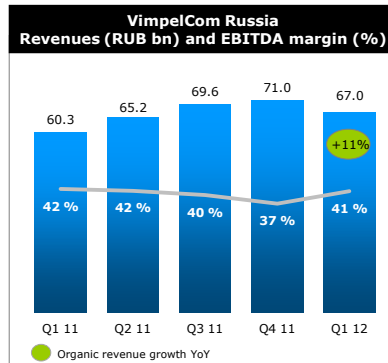
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## Q2 2012

### Supporting long term value creation in VimpelCom

- Long term perspective on VimpelCom ownership
- Continuing to follow up VimpelCom's ability to improve performance
- Supporting necessary investments to strengthen position in Russia
- Telenor ownership in full compliance with FAS approval granted in 2010



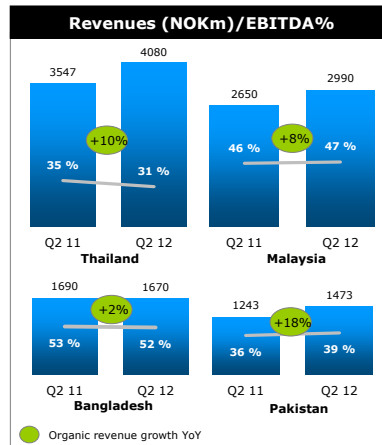
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## Q2 2012 – Asia

### Asia continues to drive revenue growth

- 9% organic revenue growth excl India
- Data and smartphone bundles fuelling growth in DiGi and DTAC
- Strong performance in Pakistan
- Increased competition in Bangladesh
- High activity on network swaps



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items

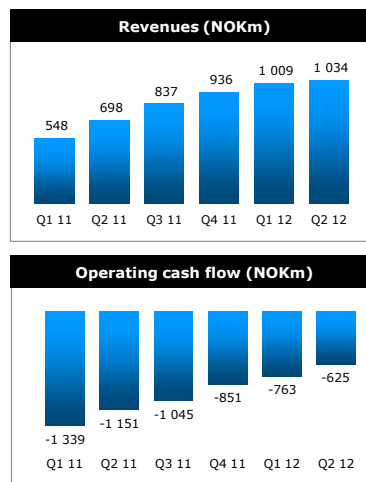
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## Q2 2012 – India

### Operational improvement in Uninor

- Good performance given challenging circumstances
  - Net subscriber growth of 2.2m
  - Total subscriber base 33.7m
- Cost and efficiency focus
- Reduced operating cash flow losses
- No clarity on auction timeline and conditions



Based on 30 days definition of active subscribers

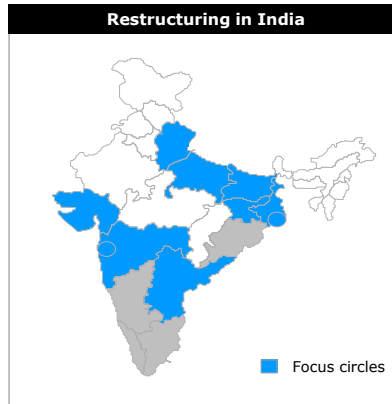
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## Q2 2012 – India

### Restructuring operations in India

- Operational restructuring to speed up cash flow break even
  - Focus on 9 best performing circles
  - Re-allocation of resources
  - Targeting self-financing operation by end of 2013
- Peak funding of INR 155 bn maintained

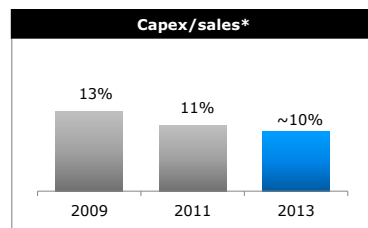
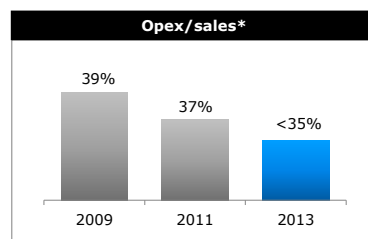


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## Q2 2012

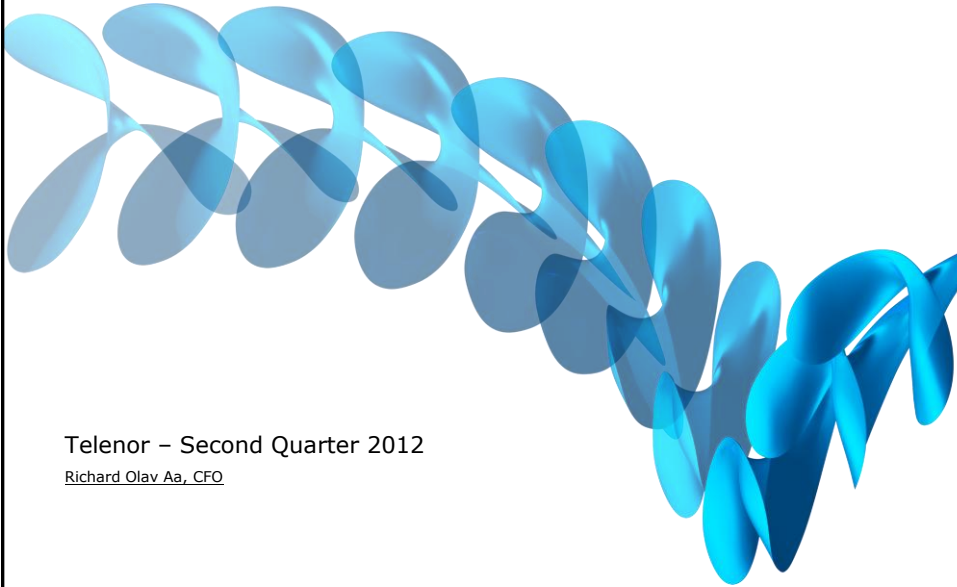
### Operational priorities

- Manage transition from voice to data
- Execute on operational excellence
  - Customer centricity
  - Leverage Group scale
  - New operating models
- Bring India to self-financing mode



\*) Existing business not incl. India and licence fees

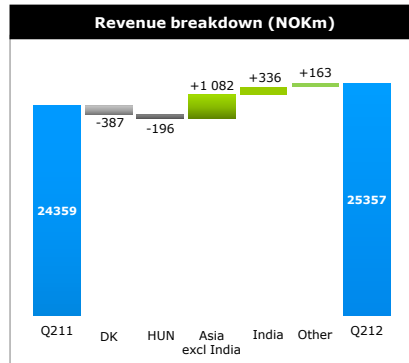
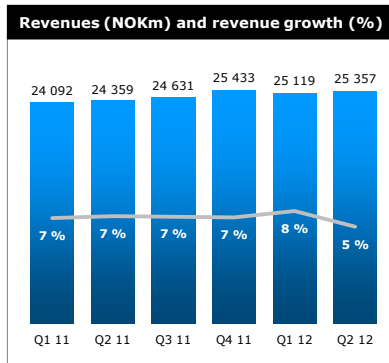
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Telenor – Second Quarter 2012

Richard Olav Aa, CFO

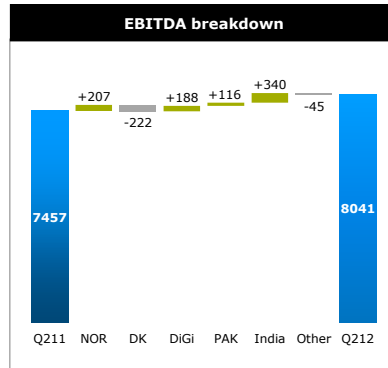
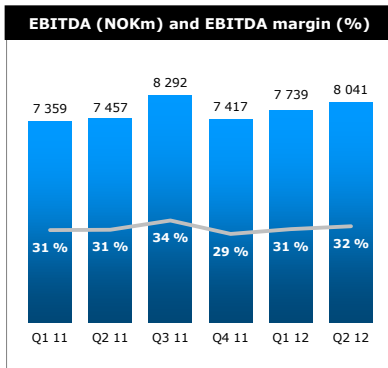
**Q2 2012**  
5% organic revenue growth



Organic revenue growth in fixed currency, adjusted for acquisitions and disposals.

**Q2 2012**

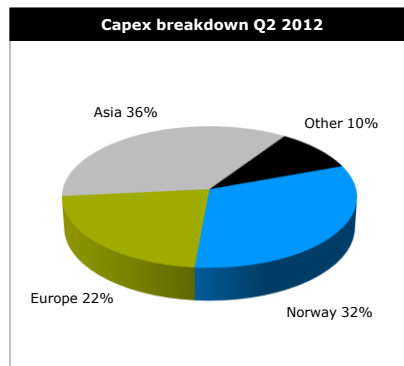
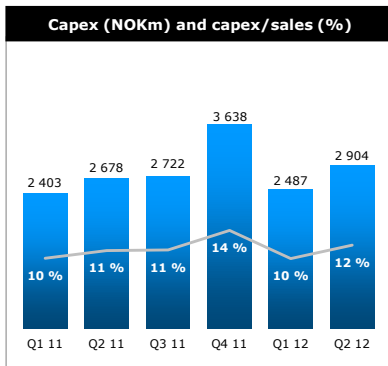
**32% EBITDA margin and 8% growth in EBITDA**



EBITDA and EBITDA margin before other items

**Q2 2012**

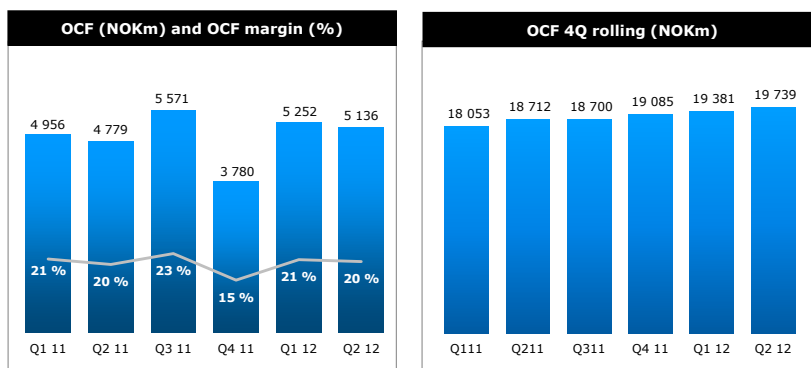
**Capex driven by network upgrade in Norway and Asia**



Capex from continuing operations  
Capex and capex/sales ratio excluding licence fees.

## Q2 2012

Annual operating cash flow approaching NOK 20 bn



Operating cash flow from continuing operations, excluding licence fees  
Operating cash flow defined as EBITDA before other items - capex

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## Q2 2012

Net income to Telenor of NOK 2.1 billion

NOKm	Q2 12	Q2 11	
Revenues	25 357	24 359	
EBITDA before other items	8 041	7 457	<ul style="list-style-type: none"> <li>• Workforce reductions (-154m)</li> <li>• Loss on disposal of assets (-47m)</li> </ul>
Other items	-199	-216	
EBITDA	7 842	7 241	<ul style="list-style-type: none"> <li>• Net contribution from Q111 figures for VimpelCom of 1.4bn</li> <li>• Accounting gain of 1.6bn related to Wind Telecom transaction</li> <li>• CMore impairment -0.5bn</li> </ul>
Depreciation	-3 555	-3 920	
EBIT	4 286	3 261	
Associated companies	722	2 562	
Net financials	-1 087	204	<ul style="list-style-type: none"> <li>• Net currency gains (+354m)</li> </ul>
Profit before taxes	3 922	6 027	<ul style="list-style-type: none"> <li>• Net currency losses (-180m)</li> <li>• Net change in fair value of financial instruments (-285m)</li> </ul>
Taxes	-1 501	-1 425	
Minorities	-356	-110	
Net income to Telenor	2 065	4 492	
Earnings per share (NOK)	1.31	2.77	

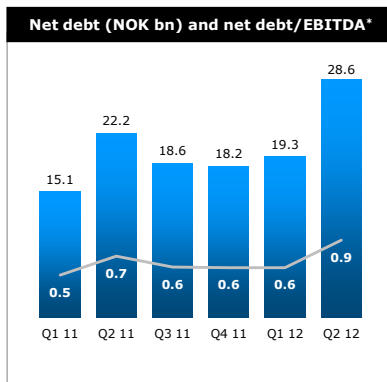
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## Q2 2012

### Dividend payout increasing net debt/EBITDA



**Change in net debt (NOK bn)**

<b>Net debt 31 Mar 2012</b>	<b>19.3</b>
EBITDA	(7.8)
Net interests paid	0.5
Income taxes paid	2.0
Capex paid	3.4
Dividends to Telenor shareholders	7.6
Dividends to minorities	0.9
Purchase of shares in VIP Ltd	4.2
Revenue share in DTAC	(0.9)
Currency effects	(0.4)
Other	(0.2)
<i>Net change</i>	<i>9.3</i>
<b>Net debt 30 Jun 2012</b>	<b>28.6</b>

\*) 12 months rolling EBITDA

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## Q2 2012

### Financial restructuring in India

- Acceleration of guaranteed loans in Uninor in July
  - Total guaranteed debt of INR 97 bn
- No impact on Telenor's financial exposure
- Significant reduction in interest costs going forward
- Evaluating funding options
  - Uninor
  - NewCo

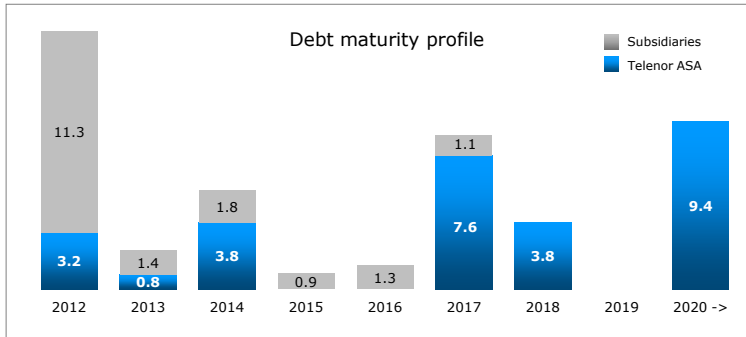
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## Q2 2012

### New bonds issued at attractive terms

- Bond 1: EUR 500m, maturity January 2018, coupon 1.75%
- Bond 2: EUR 500m, maturity January 2022, coupon 2.75%
- New Revolving Credit Facility (RCF), EUR 800m
- Total RCFs of EUR 2.8 bn



NOK bn per 30 June 2012

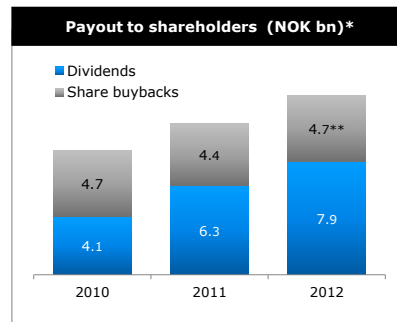
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## Q2 2012

### Initiating 3% share buyback programme

- Buyback of approx. 3% of shares outstanding (~47m shares)
- Aiming for completion of buyback in the market during 2012 (~22m shares)
- Purchase of shares from the Norwegian State after AGM in 2013 (~25m shares)
- Cancellation of repurchased shares in Q3 2013



\*) Dividends based on pay-out year and share buybacks from AGM in pay-out year to next AGM.  
 \*\*) Assuming share price of NOK 100 and approx. 47 million shares

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## Q2 2012

### Outlook for 2012

Group excl India	2012	2012 YTD
Organic revenue growth	Above 4%	4.4%
EBITDA margin	35 – 36%	35.2%
Capex / sales	11 - 12% <i>(previous 10-12%)</i>	10.8%

Outlook assuming Group structure excl. India.  
EBITDA before other items. Capex excl. licence fees.  
Exchange rates as of 30 June 2012.

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# Capital Markets Day

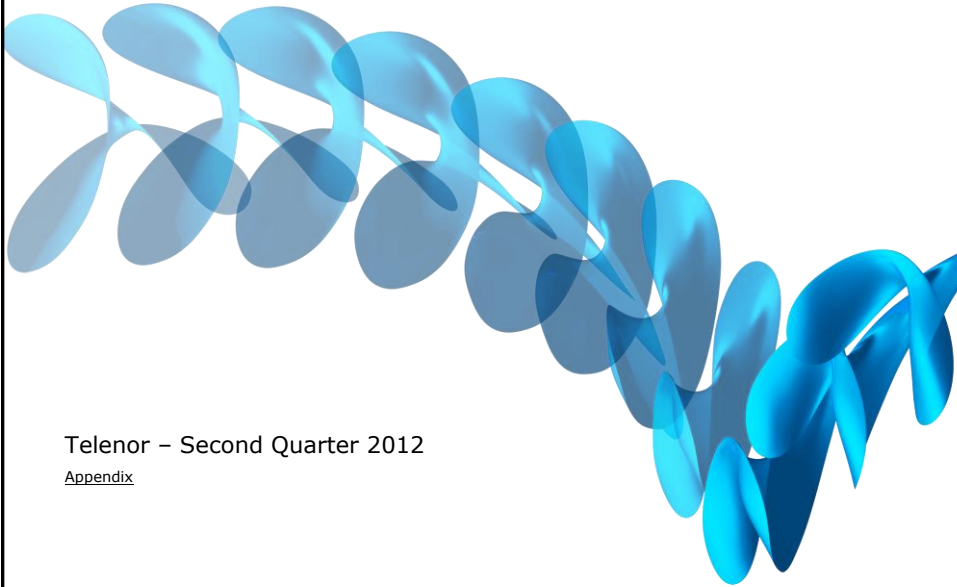
19 September 2012

Telenor Group's head office at Fornebu



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Appendix






Telenor Group

151 million consolidated mobile subscribers  
 Revenues in 2011 of NOK 99 bn (USD 17 bn)  
 Market cap of NOK 163 bn (USD 28 bn)

Europe

- Norway 
- Sweden 
- Denmark 
- Hungary 
- Serbia 
- Montenegro 

Asia

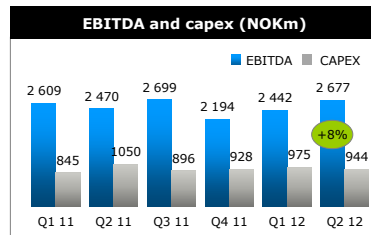
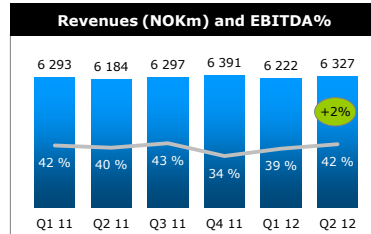
- Thailand 
- Malaysia 
- Bangladesh 
- Pakistan 
- India 

 VimpelCom Ltd.

Telenor Group holds 35.7% economic and 39.5% voting stake in VimpelCom Ltd.

## Q2 2012 Norway

- 23k net mobile subscriber growth
- 5% underlying mobile revenue growth
- EBITDA margin recovery after mobile campaign effects in Q4-Q1
- Substantial investments in mobile broadband coverage and capacity
- 27% operating cash flow margin



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

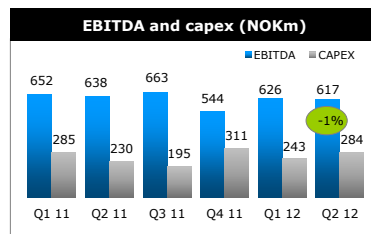
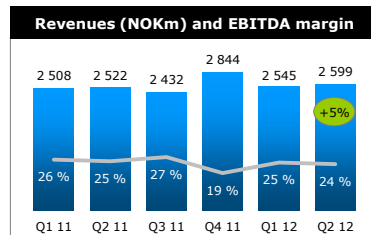
● Organic revenue / EBITDA growth YoY

25



## Q2 2012 Sweden

- 47k net mobile subscription growth, mainly in consumer segment
- Low churn in all segments
- 11% mobile revenue growth, mainly from handset sales
- Notice of 230 possible redundancies
- Acquisition of Open Broadbandnet Sweden AB



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

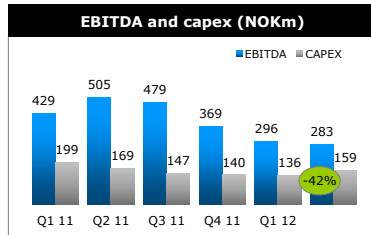
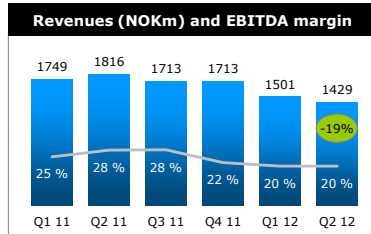
● Organic revenue / EBITDA growth YoY

26



## Q2 2012 Denmark

- Continued price and margin pressure
- 34k net mobile subscriber growth
- 7% organic revenue decline excl MTR cut and Onfone
- 800 MHz licence acquired through infrastructure JV with Telia



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

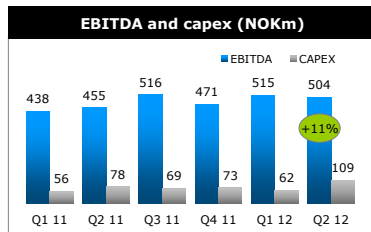
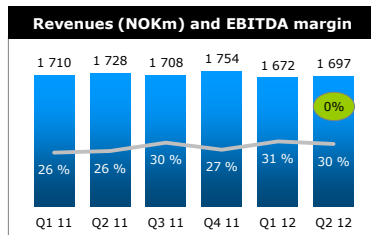
● Organic revenue / EBITDA growth YoY

27



## Q2 2012 Broadcast

- 2k DTH subscriber loss, best quarter since Q3 2008
- 30% EBITDA margin from growth in all areas
- 20% growth in nominal EBITDA in Canal Digital from cost measures
- Continued strong growth and record high EBITDA margin in Conax



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items

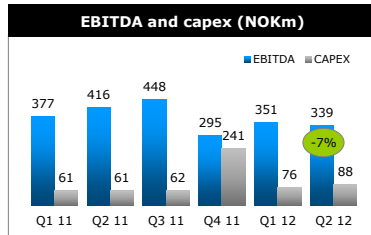
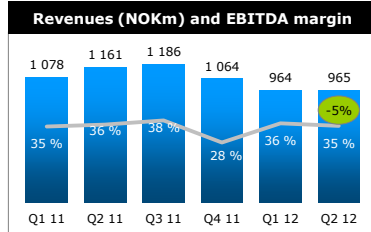
● Organic revenue / EBITDA growth YoY

28



## Q2 2012 Hungary

- 47k net subscriber loss due to continued clean up of prepaid base
- 5% organic revenue decline, mainly from reduced MTR
- New usage based telecom tax from 1 July, double taxation in 2H 2012



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

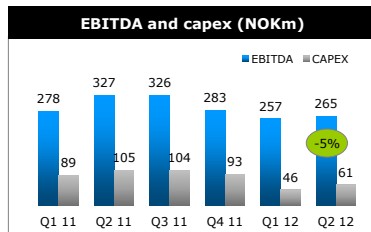
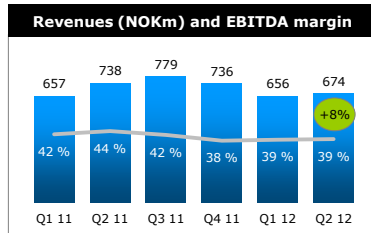
● Organic revenue / EBITDA growth YoY

29



## Q2 2012 Serbia

- Continued migration from prepaid to postpaid
  - 32k net postpaid subscriber growth
  - 10k net prepaid subscriber loss
- 5% ARPU increase driven by higher subscription fees
- EBITDA margin dilution from higher handset and tablets sales



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

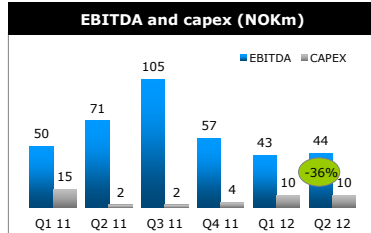
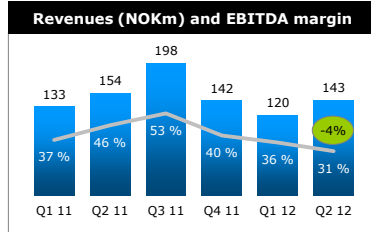
● Organic revenue / EBITDA growth YoY

30



## Q2 2012 Montenegro

- 21k net mobile subscriber growth
- 3% ARPU decline primarily explained by MTR reductions in 2011
- Challenging macro environment
- 33% operating cash flow margin
- New telecom sales tax from 7 July



● Organic revenue / EBITDA growth YoY

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

31

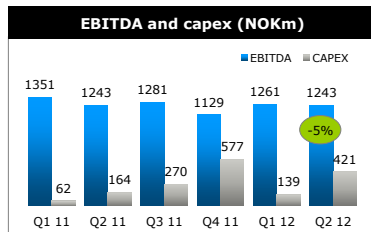
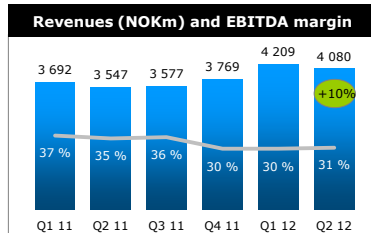


## Q2 2012 Thailand (DTAC)

- 167k net subscriber growth
- Continued strong demand for handsets
- Underlying EBITDA margin stable
- Above 1m 3G customers
- Network swap and 3G rollout

### Outlook for 2012 maintained\*:

- High single digit revenue growth
- Capex THB 8-9 bn
- Operating cash flow THB 18-19 bn



● Organic revenue / EBITDA growth YoY

\*) In local currency

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

32





## Q2 2012 Malaysia (DiGi)

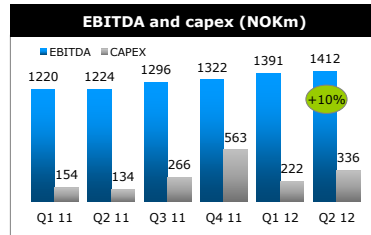
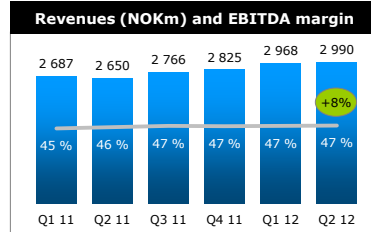
- 294k net subscriber growth to above 10 million
- Revenue growth driven by mobile Internet usage
- Continued price pressure on voice in prepaid segments
- Strong opex management

### Outlook for 2012 maintained\*:

- Mid to high single digit revenue growth
- Sustained EBITDA and OCF margins
- Capex of MYR 700-750 million

\*) In local currency

Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items



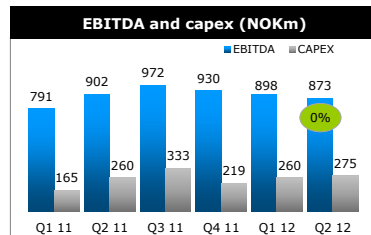
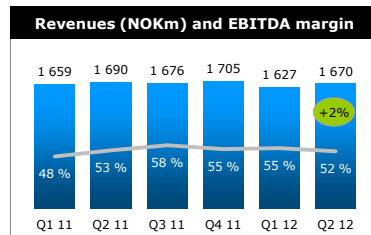
● Organic revenue / EBITDA growth YoY

33



## Q2 2012 Bangladesh (Grameenphone)

- Intensified competition
- 1.7 million net subscriber growth
- 2% organic service revenue growth
- 36% operating cash flow margin
- Awaiting final decision on 2G licence renewal



● Organic revenue / EBITDA growth YoY

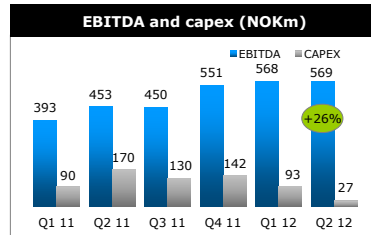
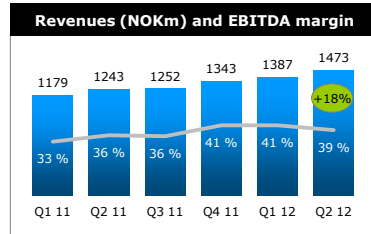
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

34



## Q2 2012 Pakistan

- 0.6 million net subscriber growth
- Financial services contributing with 3.5pp of total revenue growth
- Increase in energy costs
- 26% organic growth in EBITDA
- Low capex as network modernisation has just been initialised



● Organic revenue / EBITDA growth YoY

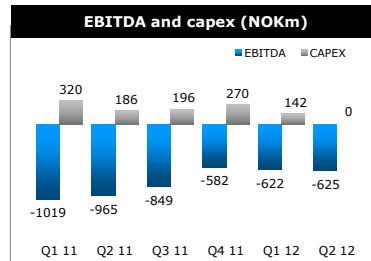
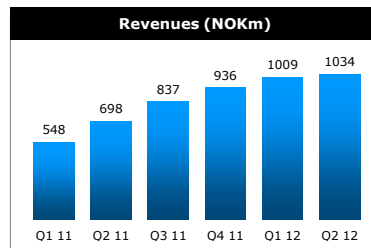
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

35



## Q2 2012 India (Uninor)

- Net subscriber growth of 2.2 million
- Total subscriber base 33.7 million
- Strong cost and efficiency focus
- No clarity on auction timeline or rules
- Targeting self financing operation within 2013 after restructuring
- Peak funding of INR 155 bn unchanged



Organic growth assuming fixed currency, adjusted for acquisitions and disposals.  
EBITDA and EBITDA margin before other items  
Capex excl licence fees

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## Q2 2012

### Changes in revenues and EBITDA

	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	2,3 %	2,3 %	8,4 %	8,4 %
Sweden	3,0 %	5,4 %	-3,2 %	-1,0 %
Denmark	-21,3 %	-18,8 %	-44,0 %	-42,2 %
Hungary	-16,8 %	-4,9 %	-18,5 %	-6,8 %
Serbia	-8,6 %	7,6 %	-18,9 %	-4,6 %
Montenegro	-7,0 %	-3,7 %	-38,5 %	-36,4 %
Thailand	15,1 %	9,7 %	0,0 %	-4,7 %
Malaysia	12,8 %	7,6 %	15,3 %	10,1 %
Bangladesh	-1,2 %	1,9 %	-3,1 %	0,2 %
Pakistan	18,4 %	18,3 %	25,7 %	25,8 %
India	48,2 %	65,7 %	35,3 %	27,9 %
Broadcast	-1,8 %	-0,2 %	10,6 %	10,6 %
<b>Telenor Group</b>	<b>4,1 %</b>	<b>5,4 %</b>	<b>7,8 %</b>	<b>7,2 %</b>
Group ex. India	2,8 %	3,5 %	2,9 %	3,4 %

Organic growth YoY in fixed currency and adjusted for acquisitions and disposals. EBITDA before other items.

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## Q2 2012

### Net debt in partly owned subsidiaries

(NOKm)	Q2 2012	Q1 2012	Q2 2011
DiGi	-794	-790	111
DTAC	1 065	2 182	-2 510
Grameenphone	-81	-584	-1 363
Uninor	9 119	8 221	5 452

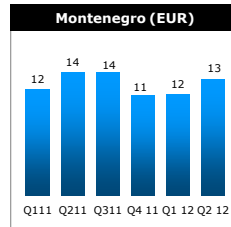
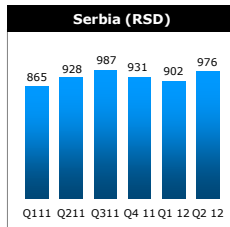
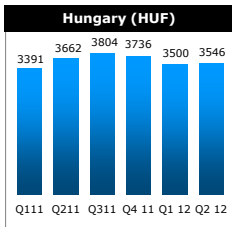
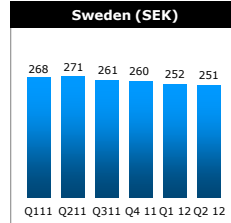
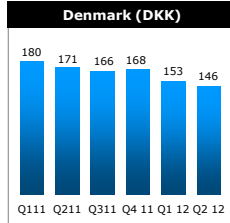
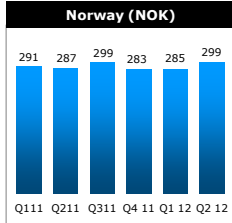
Net debt based on 100% figures

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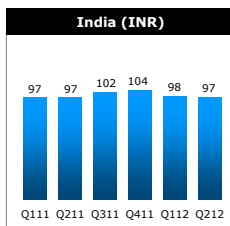
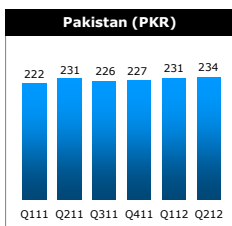
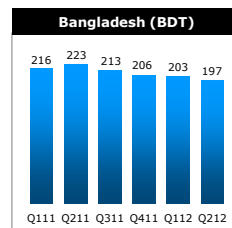
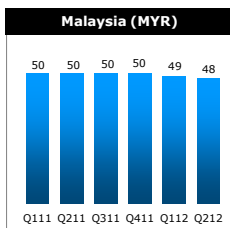
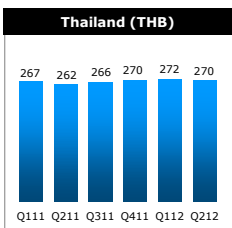
## Mobile operations

### ARPU development (local currency)



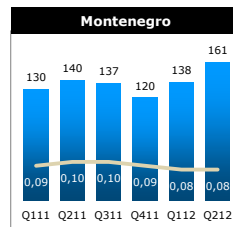
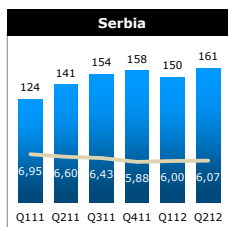
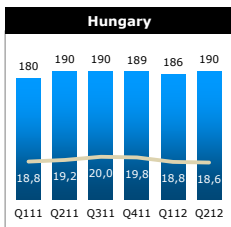
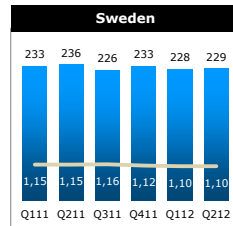
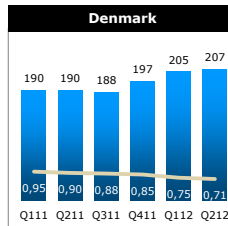
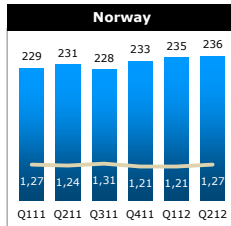
## Mobile operations

### ARPU development (local currency)



## Mobile operations AMPU and APPM development

AMPU — APPM (local currency)

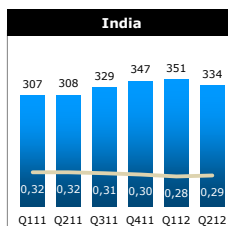
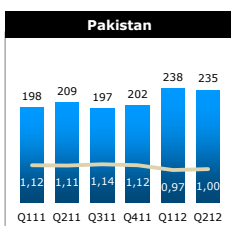
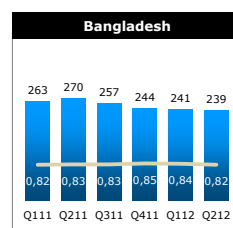
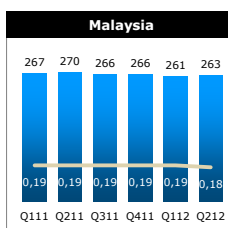
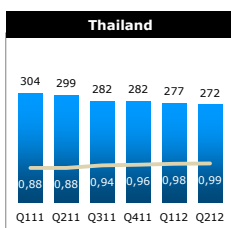


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## Mobile operations AMPU and APPM development

AMPU — APPM (local currency)



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