



Telenor Group – Second Quarter 2014

Jon Fredrik Baksaas, CEO



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Q2 2014

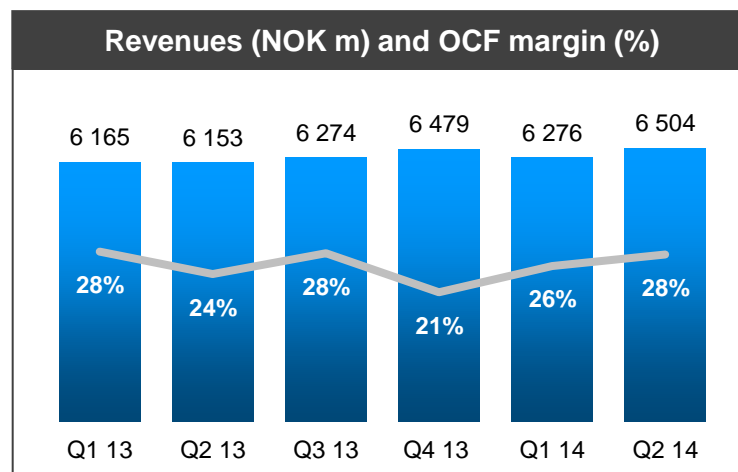
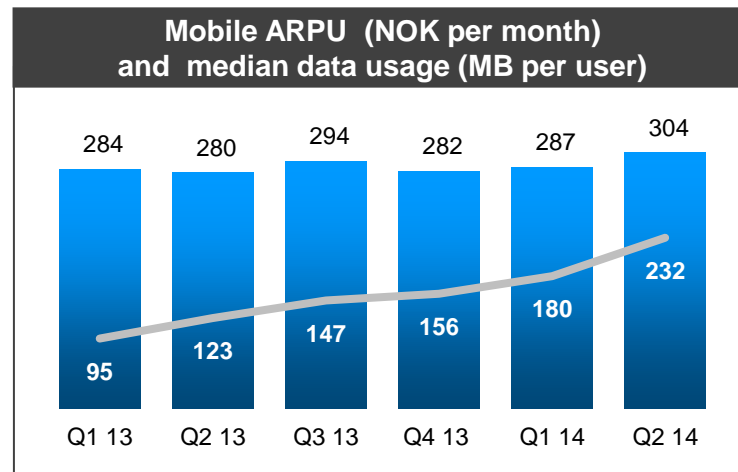
Data growth and margin expansion

- 4 million new mobile subscribers
- 4% underlying mobile service revenue growth
- Increased data consumption driving growth
- 36% EBITDA margin and 6% organic growth in EBITDA



Increasing data usage driving revenue growth in Norway

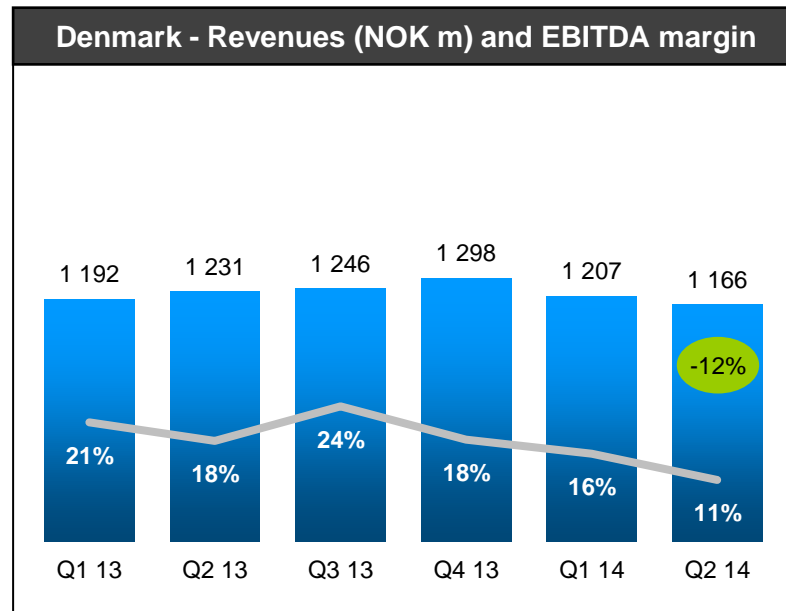
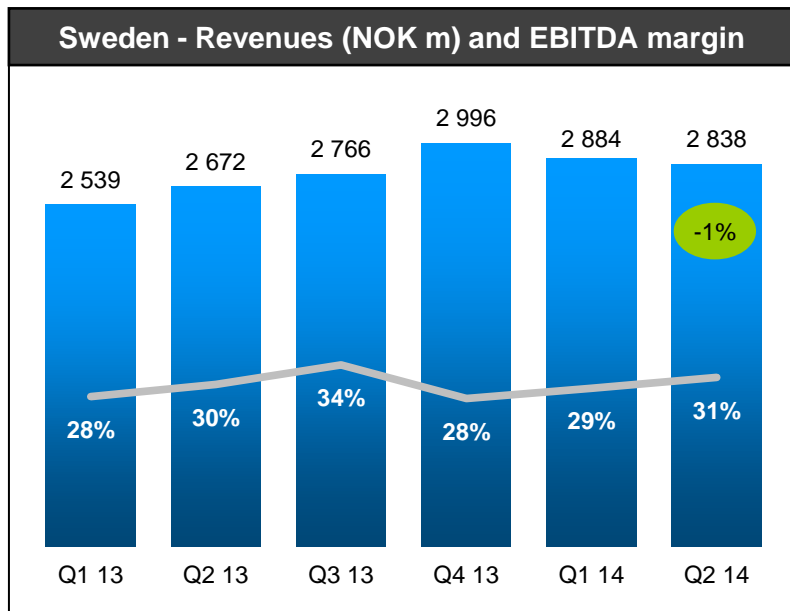
- 5% underlying growth in mobile subscription and traffic revenues
- 6% growth in fixed Internet and TV revenues
- Mobile tariff adjustments implemented in May to align with increasing data consumption
- Continued investments in high-speed networks, with 4G population coverage approaching 80%
- Modernisation of fixed value chain and efficiency initiatives



Median usage of active data users with >50 KB per month

Operating cash flow (OCF) = EBITDA margin before other items, minus capex excl licence fees

Solid quarter in Sweden, while Denmark remains challenging

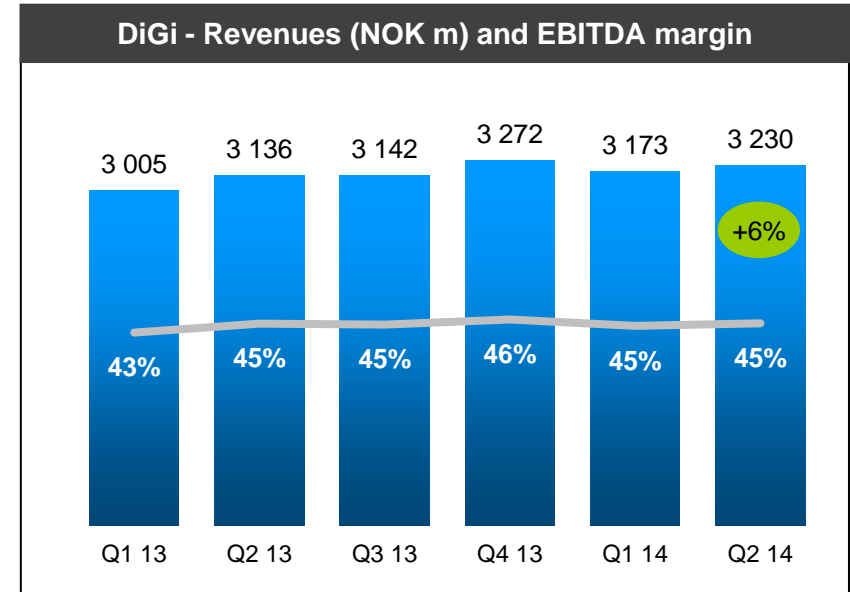
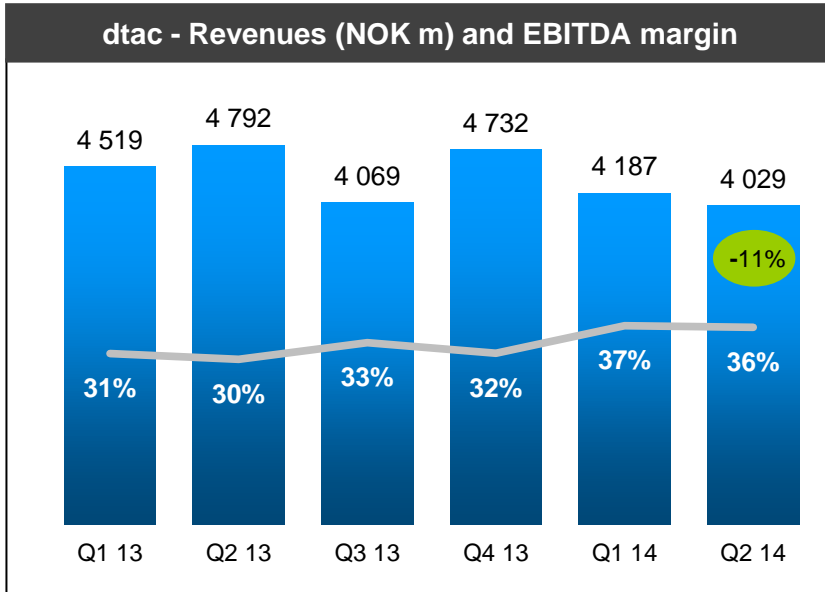


- 6% mobile service revenue growth excl. IC and handset-related discount
- 2.5pp underlying growth in EBITDA margin

● Organic revenue growth

- Continued ARPU pressure
- 15% EBITDA margin excl cost related to transformation programme

Top-line pressure in Thailand, steady performance in Malaysia



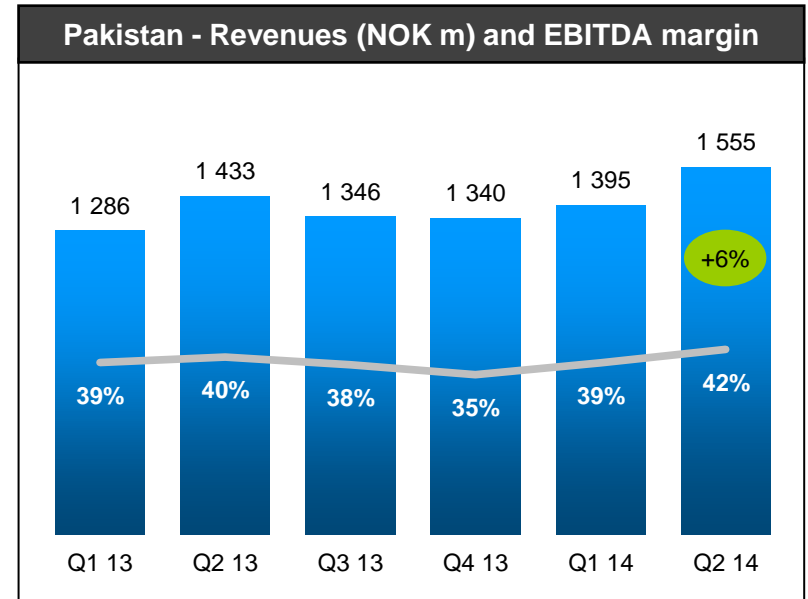
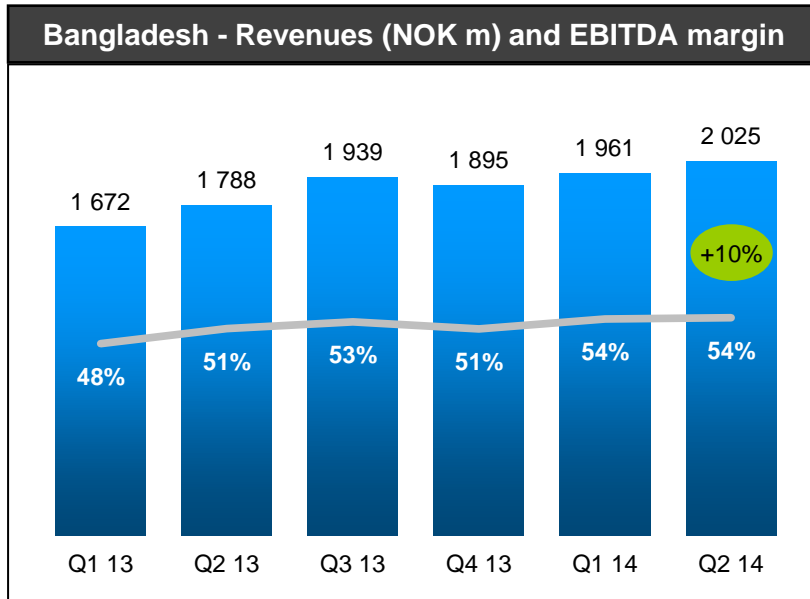
- Reduced MTR, intense competition and weak macro impacting revenues
- Progress on regulatory cost savings

- 4% growth in subscription & traffic revenues
- Growth driven by increasing data usage and modernised data network

Organic revenue growth

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

Healthy growth and margin uplift in Bangladesh and Pakistan



- Solid growth and good momentum on operational excellence


- 3G spectrum (2.1 GHz) acquired in April, commercial service launch in June

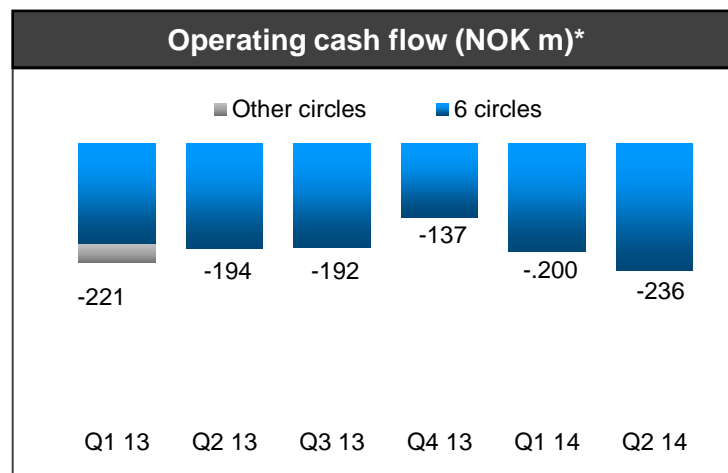
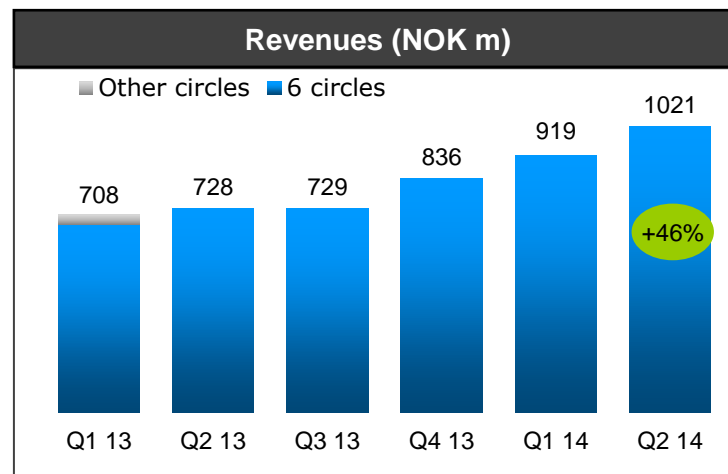
Organic revenue growth

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

Strengthening the challenger position in India

- Strong subscriber and revenue growth
 - 2.0 million new subscribers
 - 11% organic ARPU growth
 - 46% organic revenue growth
- Redeployment of 5,000 sites ongoing
 - 1,325 new sites on air in 1H
 - Expected completion in Q3
- 32% growth in active Internet users YTD

 Organic revenue growth



*) Excl bonus pay-out in Q4 2013

Priorities going forward

- Implementation of efficiency programmes
- Continued development of performance management
- Profitable growth from mobile data through Internet for All strategy





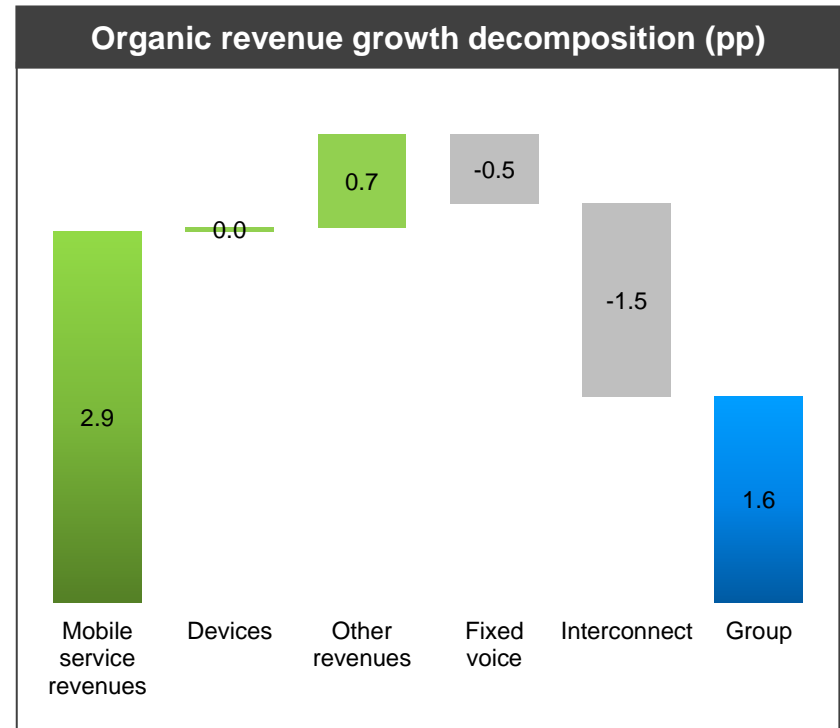
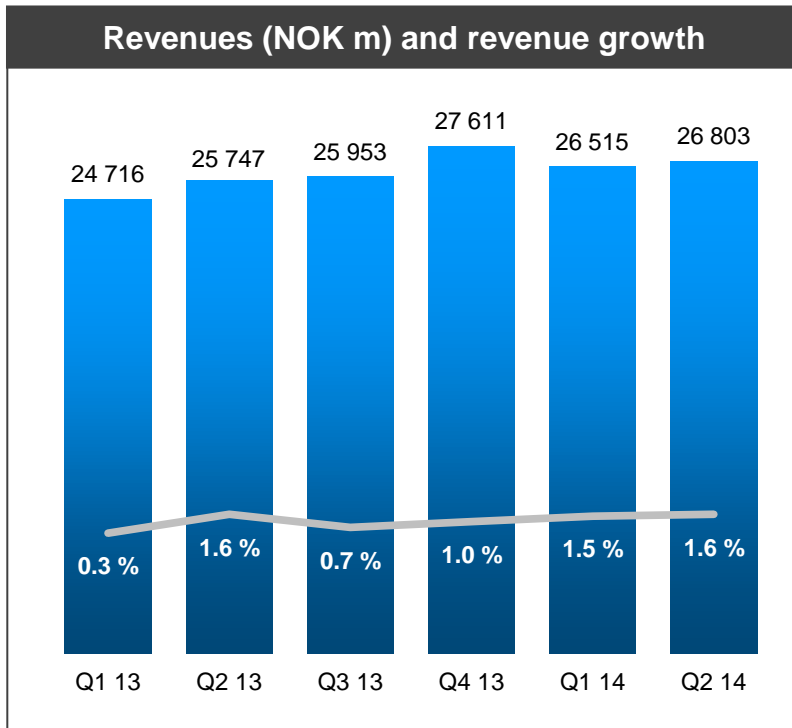
Telenor Group – Second Quarter 2014

Richard Olav Aa, CFO



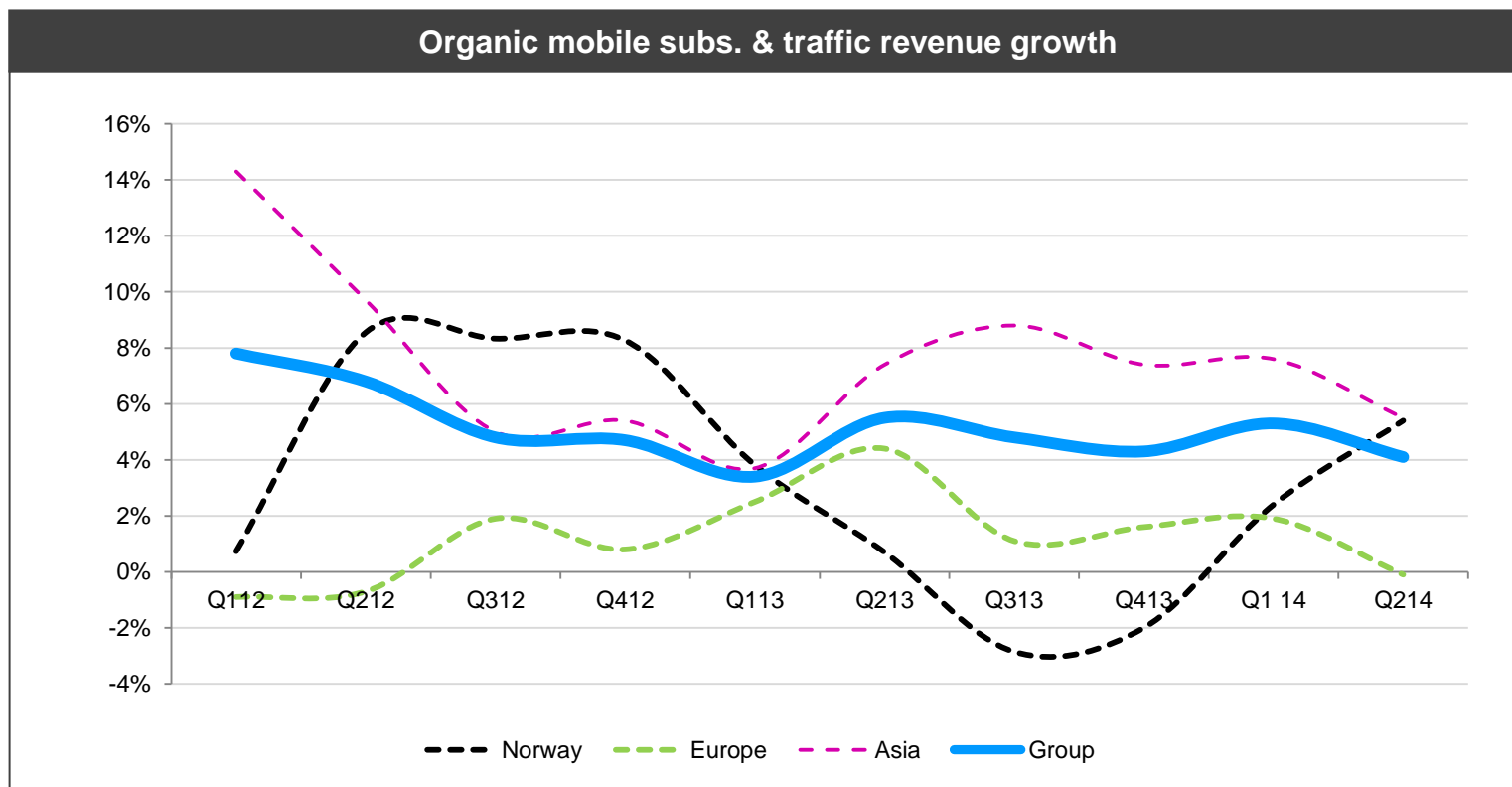
Q2 2014

Organic revenue growth of 1.6%



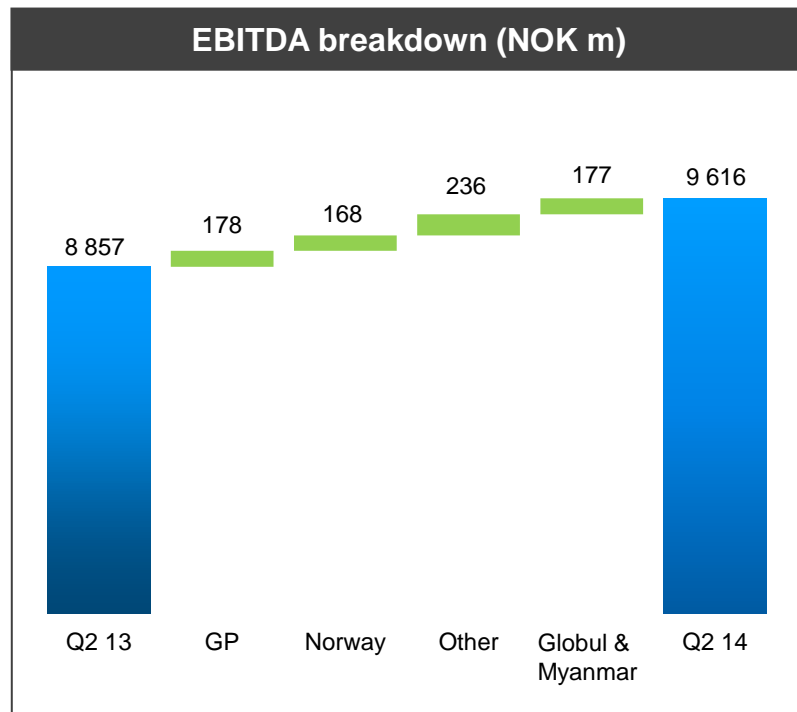
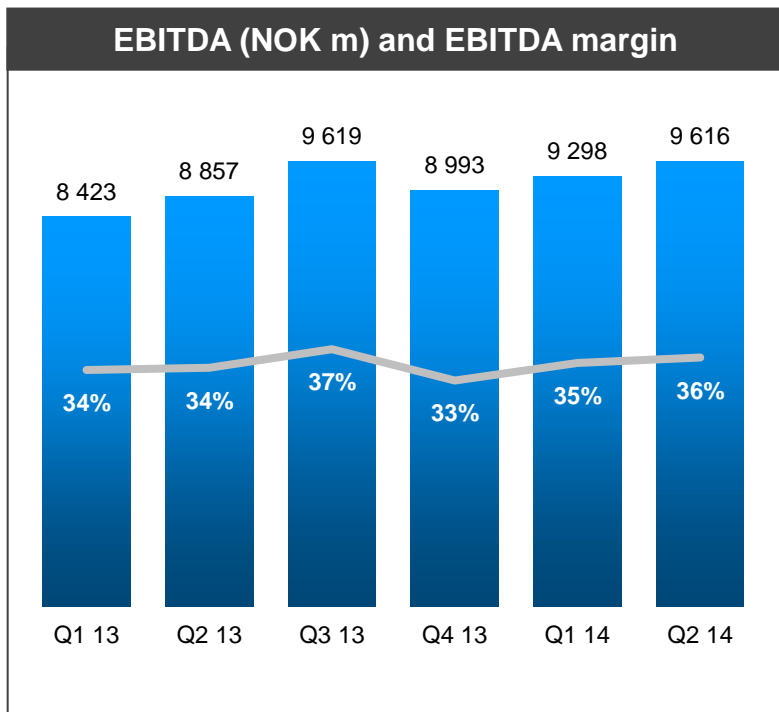
Organic revenue growth in fixed currency, adj. for acquisitions and disposals.

Underlying mobile service revenue growth of 4%

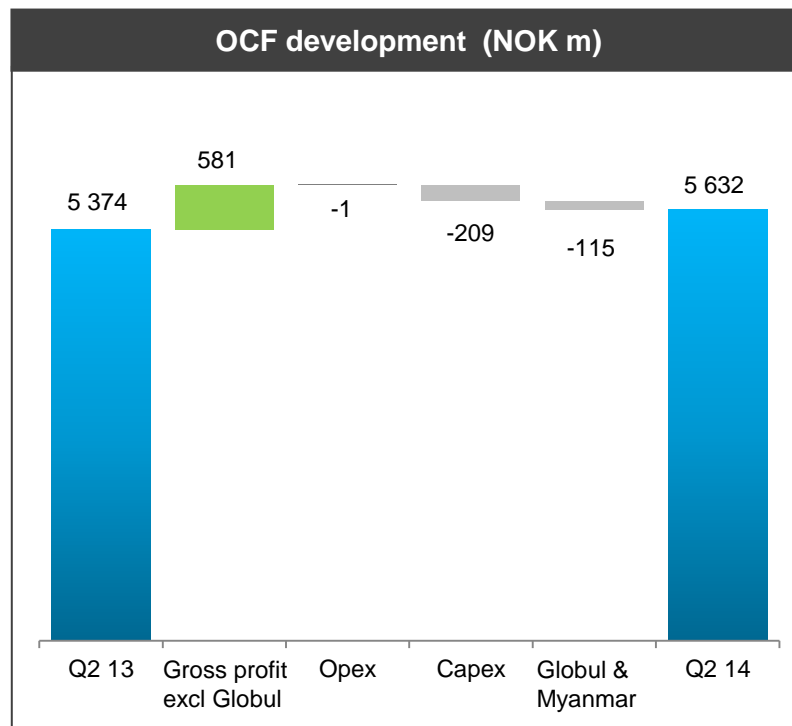
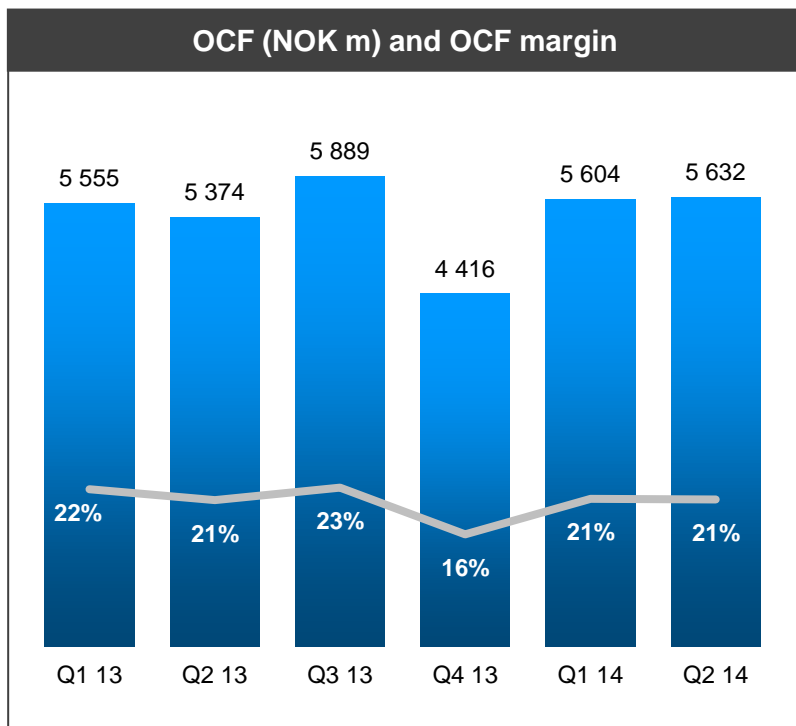


Q2 2014

36% EBITDA margin and 6% organic growth in EBITDA



Operating cash flow of NOK 5.6 billion



Q2 2014

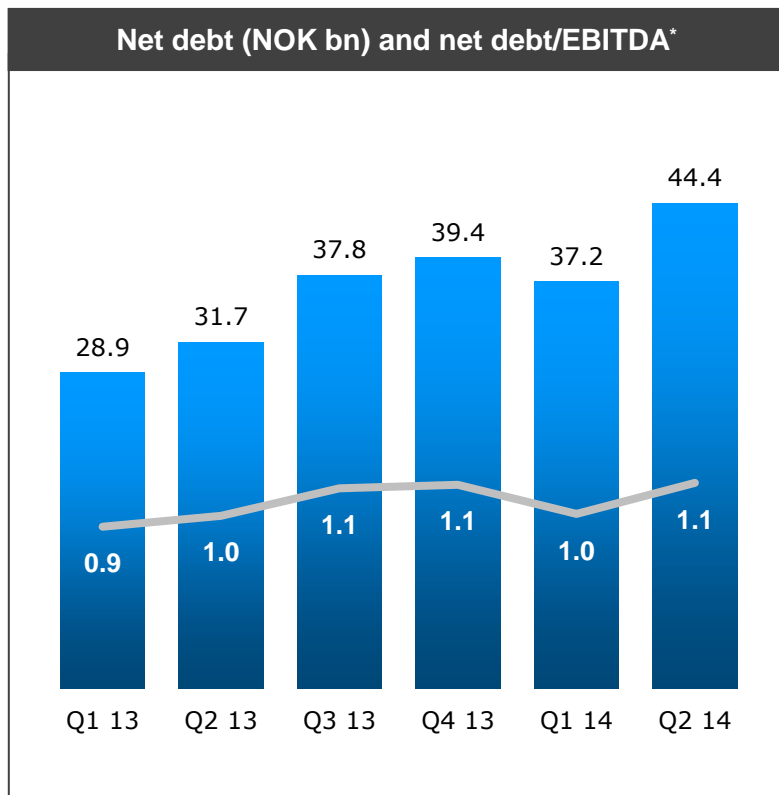
Net income of NOK 2.3 billion

NOKm	Q2 14	Q2 13
Revenues	26 803	25 747
EBITDA before other items	9 616	8 857
Other items	-196	-94
EBITDA	9 421	8 763
Depreciation and amortisation	-3 736	-3 391
EBIT	5 685	5 372
Associated companies	-562	230
Net financials	-279	-321
Profit before taxes	4 844	5 281
Taxes	-1 649	-1 458
Non-controlling interests	-876	-574
Net income to Telenor	2 319	3 249
Earnings per share (NOK)	1.54	2.13

- Norway (-39m), Other units (-113m)

- VimpelCom (-321m)
- CMore (-78m)
- Online classifieds (-220m)

Net debt/EBITDA of 1.1x



Change in net debt (NOK bn)

Net debt 31 Mar 2014	37.2
EBITDA	(9.4)
Income taxes paid	1.2
Net interest paid	0.4
Capex paid	4.2
Net proceeds from divestments	(1.2)
Dividends paid to Telenor shareholders	10.1
Dividends paid to minorities	0.9
Revenue share in dtac	(0.5)
Currency effects	0.9
Other changes in working capital	0.6
<i>Net change</i>	<i>7.2</i>
Net debt 30 Jun 2014	44.4

*) 12 months rolling EBITDA. Excl licence commitments

Outlook for 2014

	2014	2014 YTD	FY 2013
Organic revenue growth	Low single digit	1.6%	0.9%
EBITDA margin	Above 2013 level <i>(prev. "In line with 2013")</i>	35.8%	34.5%
Capex / sales	14-15% <i>(prev. "Around 16%")</i>	13.4%	14.1%

Group structure as of 30 June 2014, excl Myanmar

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

EBITDA before other items. Capex excl. licence fees.

Exchange rates as of 30 June 2014

Q2 2014 Summary

- 4% underlying mobile service revenue growth, driven by increased data usage
- 36% EBITDA margin and 6% organic growth in EBITDA
- Full-year EBITDA margin expected to be above 2013 level





Q&A





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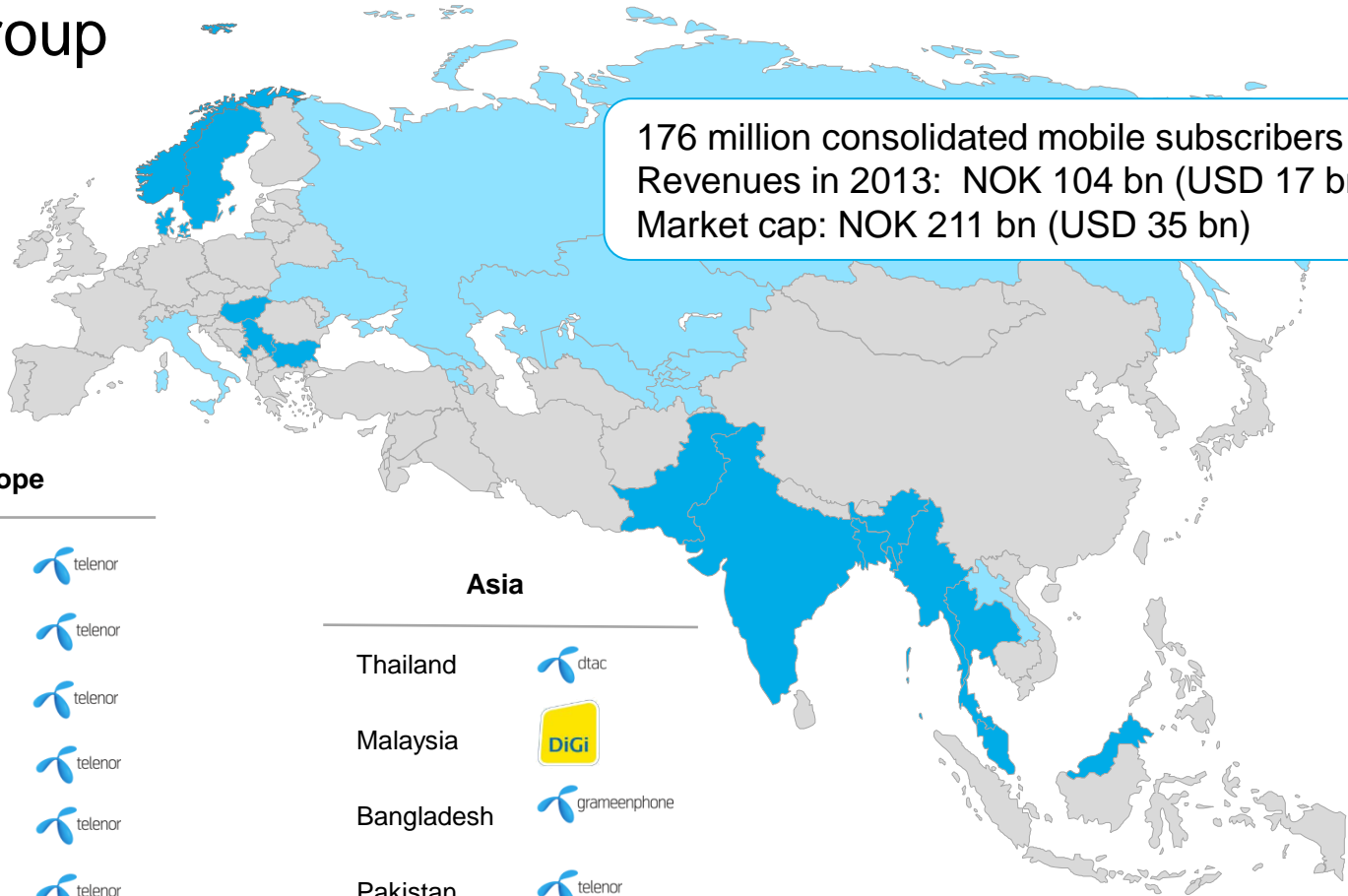


Appendix










Telenor Group

176 million consolidated mobile subscribers
 Revenues in 2013: NOK 104 bn (USD 17 bn)
 Market cap: NOK 211 bn (USD 35 bn)



Europe

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

Asia

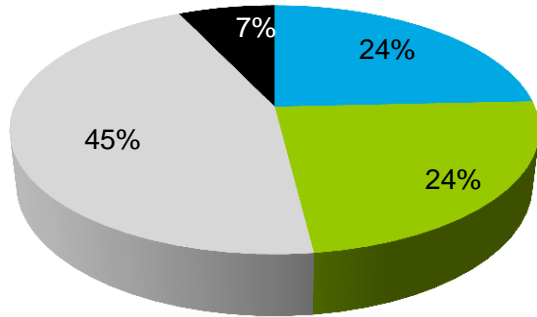
- Thailand 
- Malaysia 
- Bangladesh 
- Pakistan 
- India 
- Myanmar 

 **VimpelCom Ltd.**

Telenor Group holds 33.0% economic and 43.0% voting stake in VimpelCom Ltd.

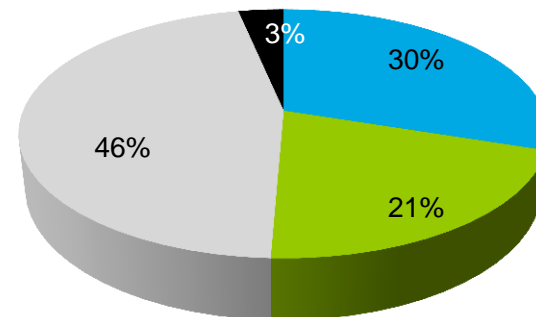
Geographic split of key financials in 2013

Revenues



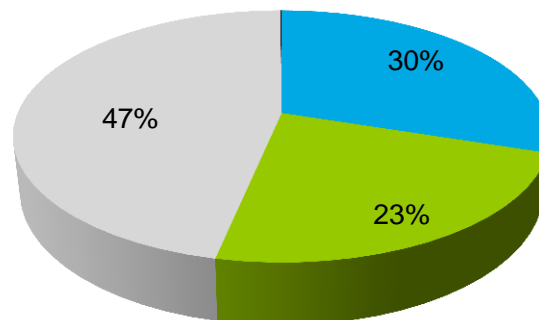
■ Norway ■ Europe ■ Asia ■ Other

EBITDA



■ Norway ■ Europe ■ Asia ■ Other

Operating cash flow



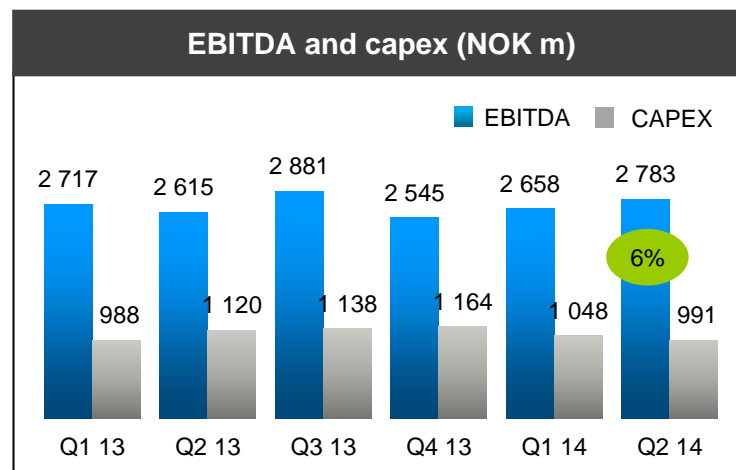
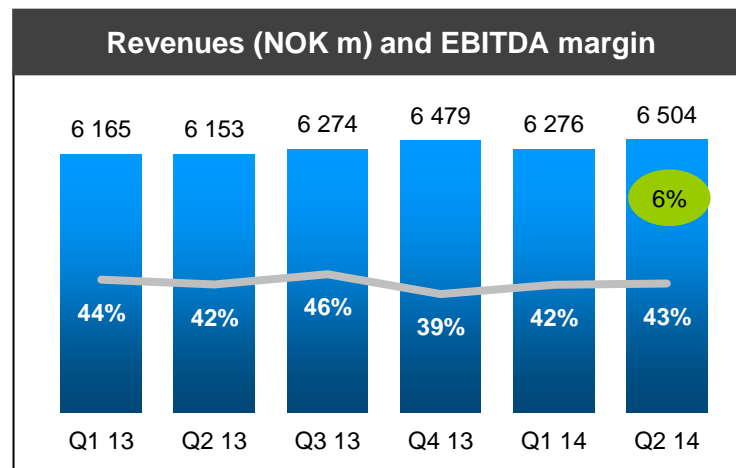
■ Norway ■ Europe ■ Asia ■ Other

Priorities for capital allocation

1	Maintain a solid balance sheet	<i>Net debt/EBITDA below 2.0x</i>
2	Competitive shareholder remuneration	<i>50-80% dividend payout of normalised net income Aim for YoY growth in dividends</i>
3	Disciplined and selective M&A	<i>Value driven, within core assets and regions</i>

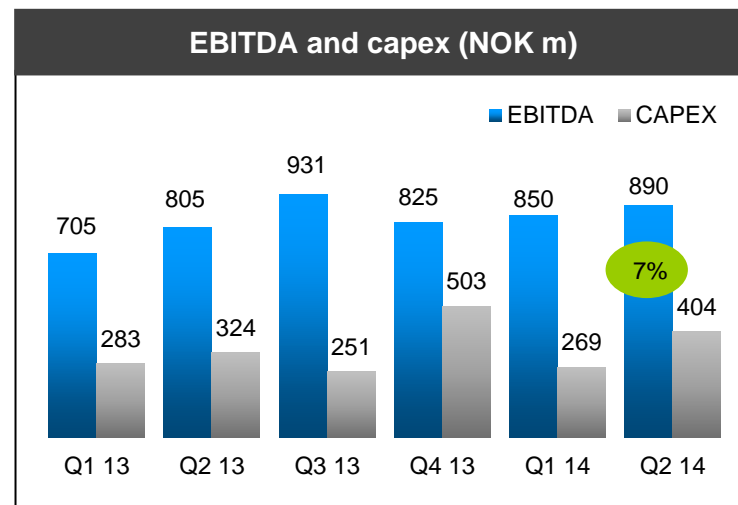
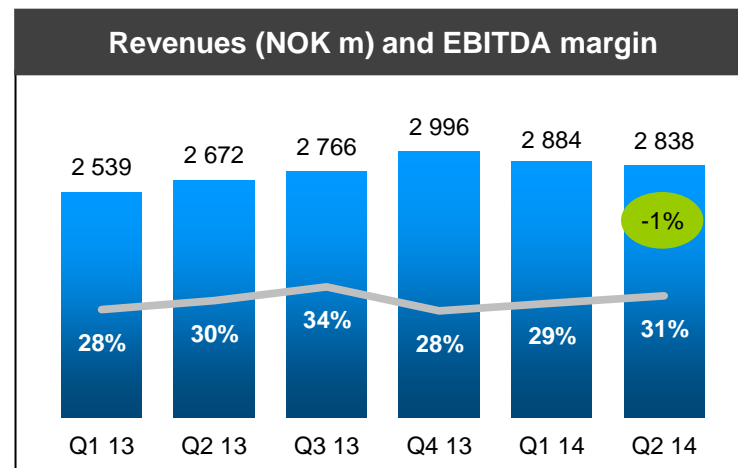
Norway

- 12k net mobile subscriber decline due to migration of old low-ARPU subscriptions
- Fibre subscriber base increased by 6k to 94k
- 5% underlying growth in mobile subscription and traffic revenues
- 6% growth in fixed Internet and TV revenues
- 4G population coverage approaching 80%



● Organic growth

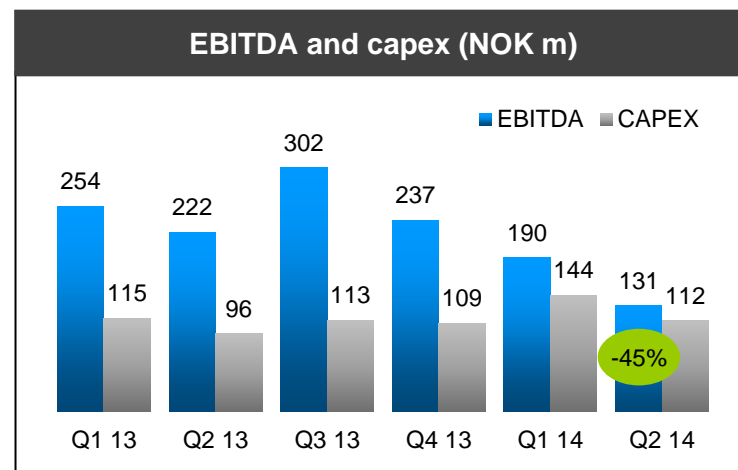
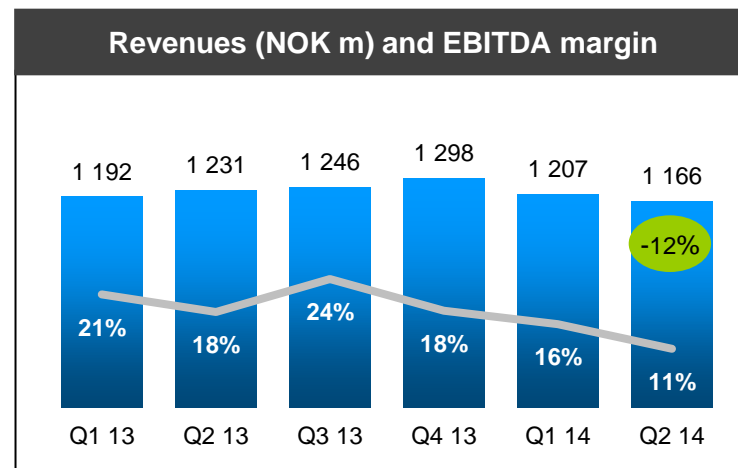
- Stable mobile subscriber base
- 6% mobile service revenue growth excl IC and handset-related discount
- Launch of “Telenor Change” - option to switch to new handset once a year
- Integration of acquired cable and fibre business according to plan
- 7% organic EBITDA growth and underlying EBITDA margin improvement of 2.5 pp



● Organic growth

Denmark

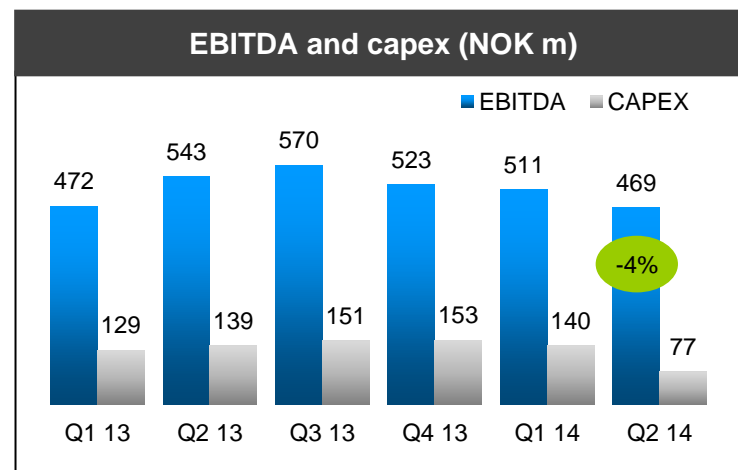
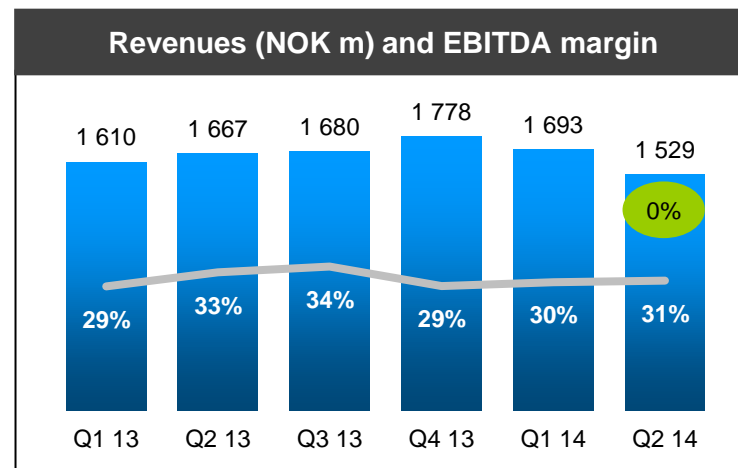
- 26k mobile subscriber growth, of which 15k in postpaid segment
- Mobile ARPU continues to be under pressure
- 6% decline in mobile subscription and traffic revenues
- 15% EBITDA margin excl transformation opex



● Organic growth

Broadcast

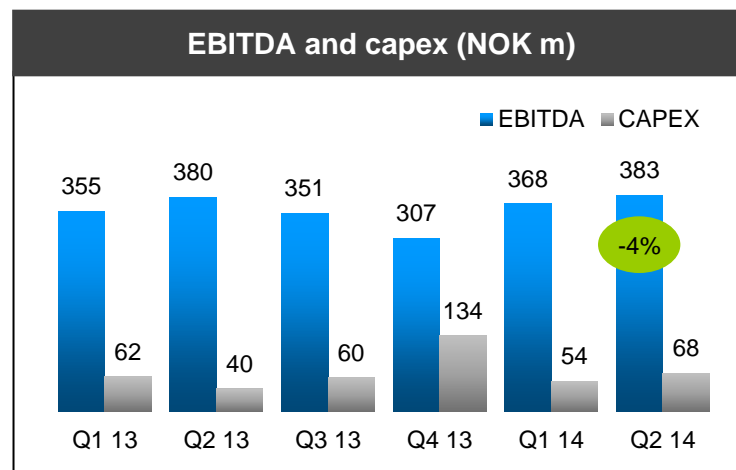
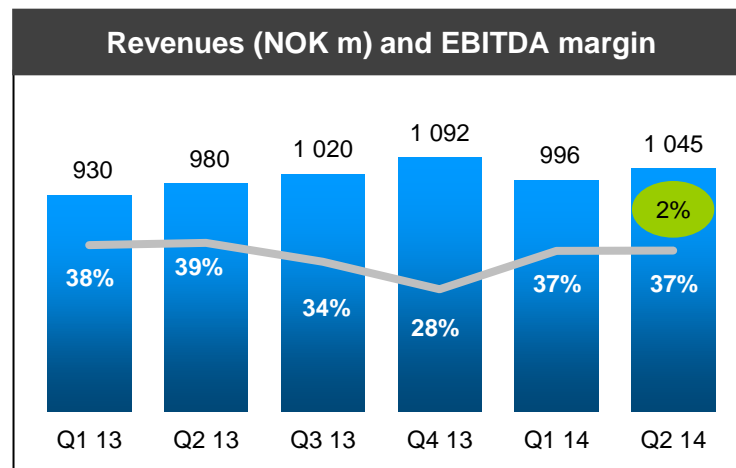
- Divestment of Conax completed on 4 April
- Flat revenues adj. for Conax and currency
- 5k DTH subscriber loss and stable revenues in Canal Digital
- 14% revenue growth in Norkring from DAB and installation revenues
- Due to external factors, capex associated with Thor 7 satellite has shifted to 2015



● Organic growth

Hungary

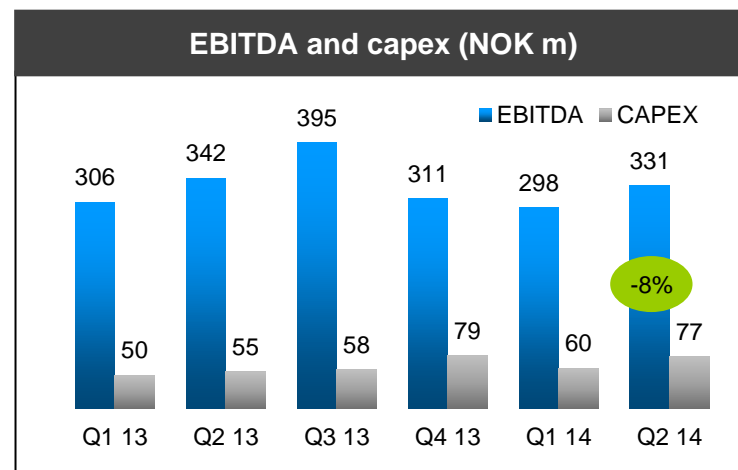
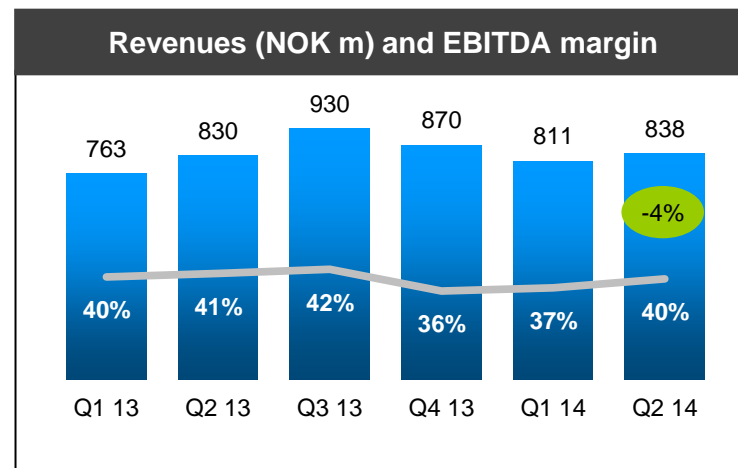
- 34k net mobile subscriber loss
- 3% organic decline in subscription and traffic revenues
- Telecom tax impacting EBITDA margin negatively by 10 percentage points
- Multiband spectrum auction not yet concluded



● Organic growth

Montenegro and Serbia

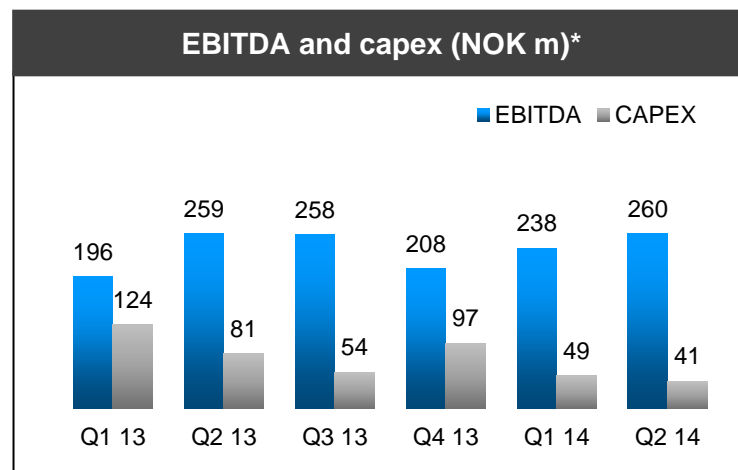
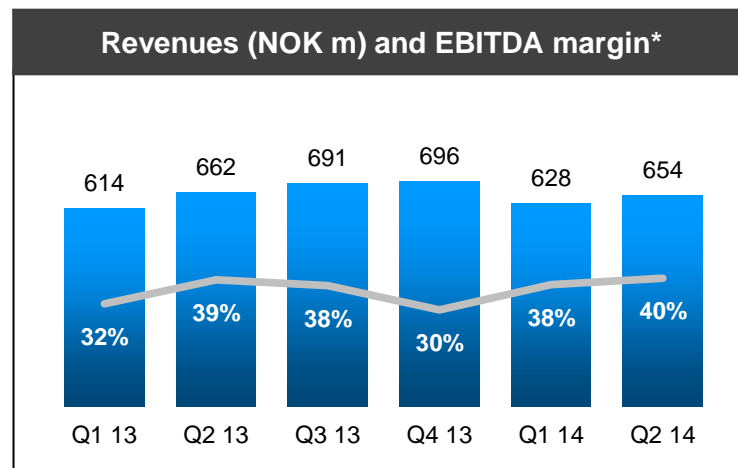
- 37k net subscriber growth
- 1% revenue decrease excl the effect of MTR reductions in both countries
- Severe floods in Serbia in May impacting economy
- 30% operating cash flow margin



● Organic growth

Bulgaria (Globul)

- 34k net subscriber growth
- Stable subscription and traffic revenues in local currency
- Total revenues impacted by MTR reductions, lower handset sale and inbound roaming
- Network renovation project has started, with expected completion early 2015



Q2 2014

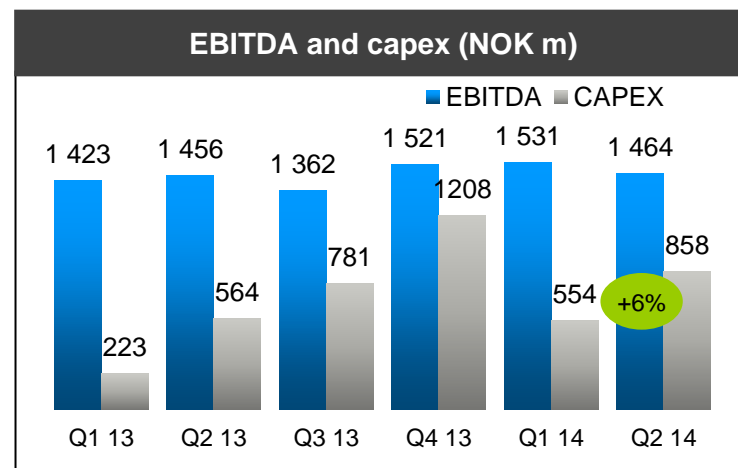
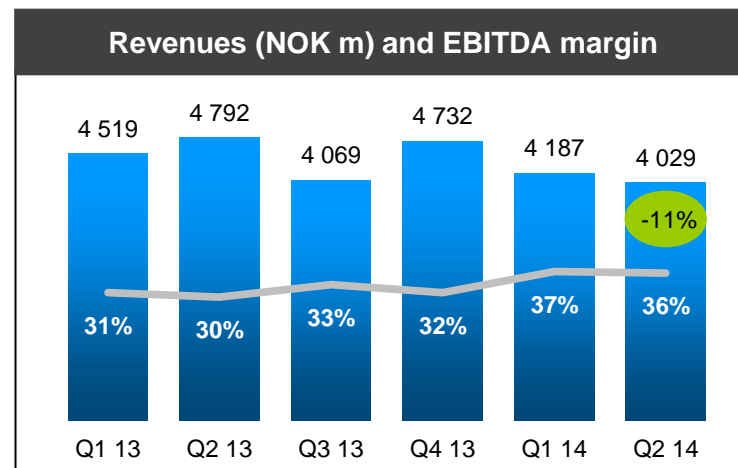
Thailand (dtac)

- 187k net subscriber loss
- 2% subscription and traffic revenue decline
- Top line pressure from MTR cut, competition and weak macro
- 19 million customers on 2.1 GHz network
- Regulatory cost declined to 22.5% of sales

Outlook for 2014*:

- Flat service revenues excl IC (revised from “Low single digit revenue growth”)
- 35-37% EBITDA margin (unchanged)
- Capex of minimum THB 13 bn (unchanged)

*) In local currency



● Organic growth

Q2 2014

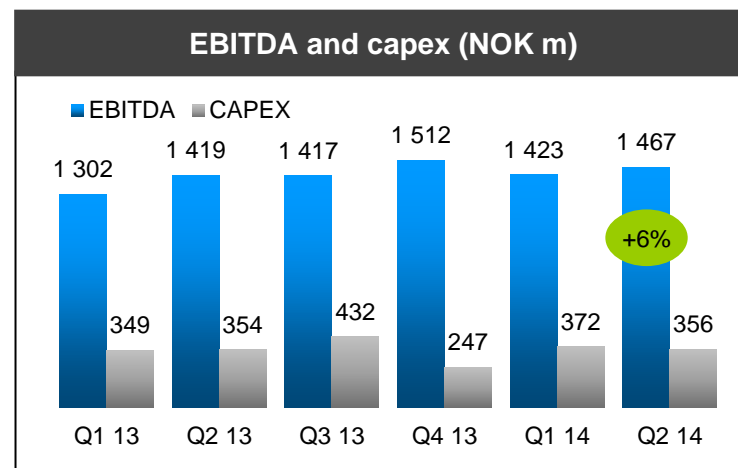
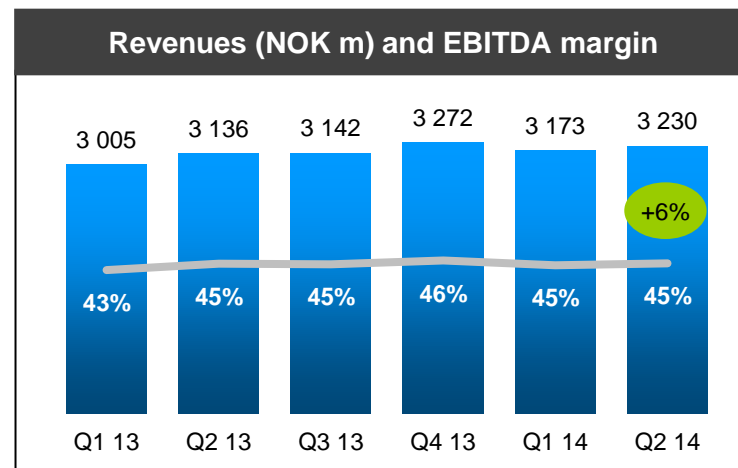
Malaysia (DiGi)

- 17k net subscriber growth
- 4% organic growth in subscription and traffic revenues, driven by data
- Leveraging on modernised data network
- 34% operating cash flow margin

Outlook for 2014 maintained*:

- 4-6% revenue growth
- Sustained EBITDA margin
- Capex up to MYR 900 million

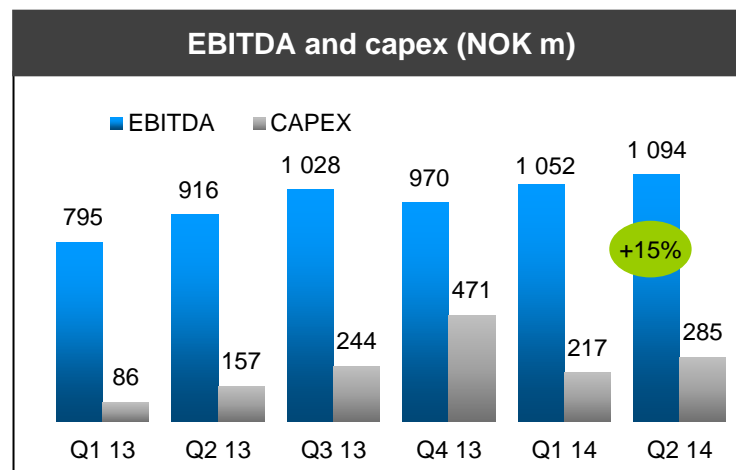
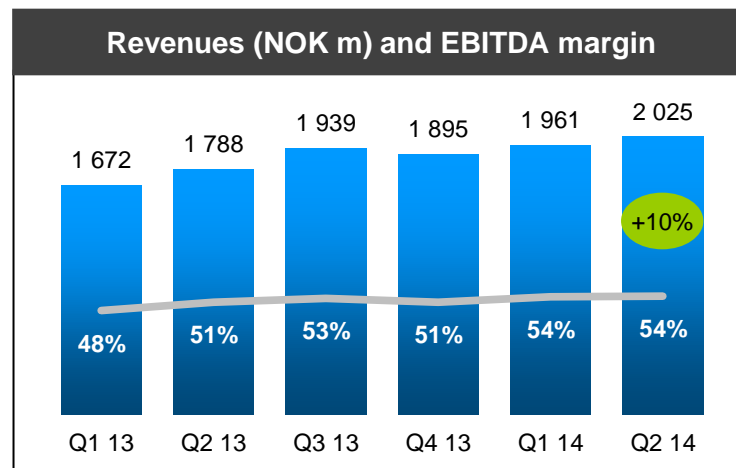
*) In local currency



● Organic growth

Bangladesh (Grameenphone)

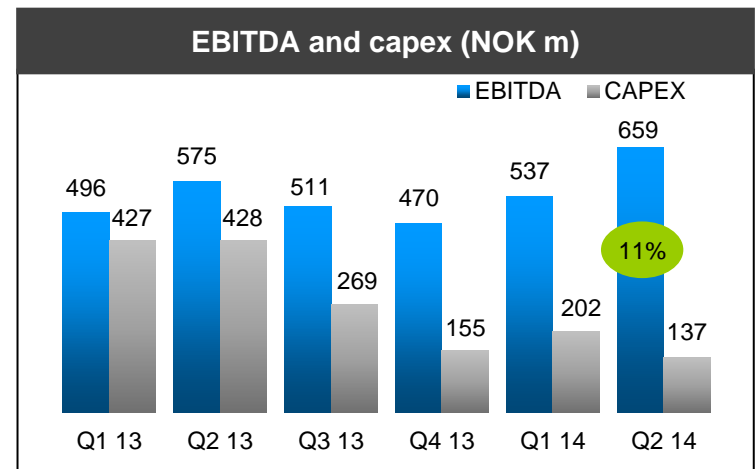
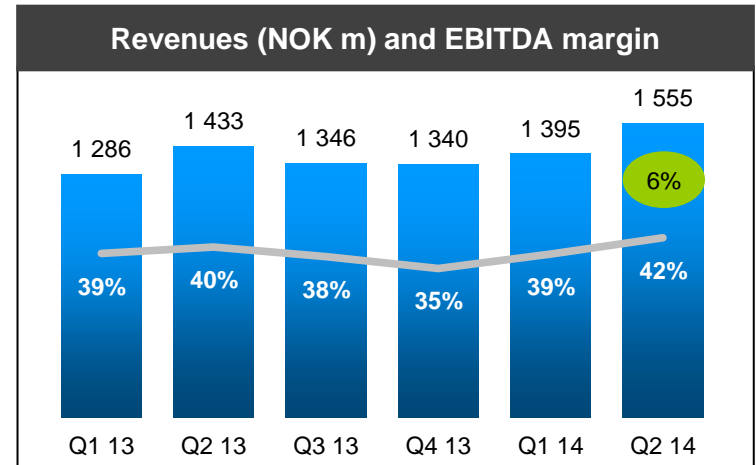
- 0.6 million net subscriber growth
- 7% growth in subscription and traffic revenues
- 3.5 pp improvement in opex/sales, driven by lower SAC and efficiency initiatives
- 40% operating cash flow margin



● Organic growth

Pakistan

- 1.4 million net subscriber growth
- 3G service launch on 1 June, following spectrum acquisition in April
- Energy and O&M costs savings following network modernisation
- 34% operating cash flow margin
- Nationwide biometric verification system to be implemented within end of July

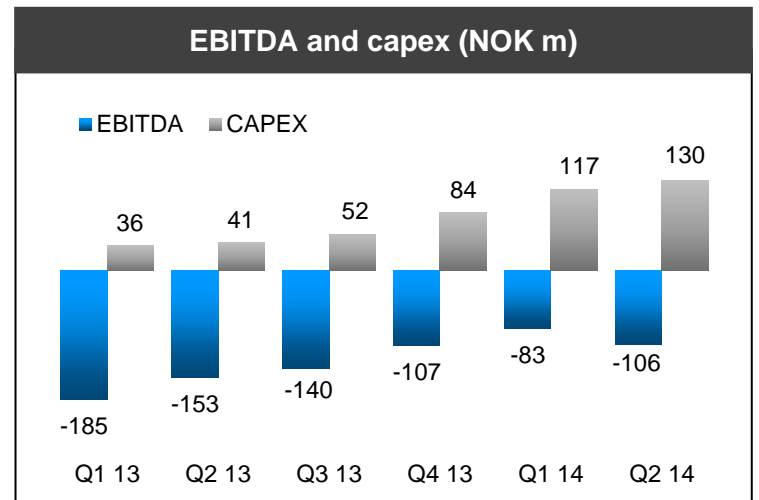
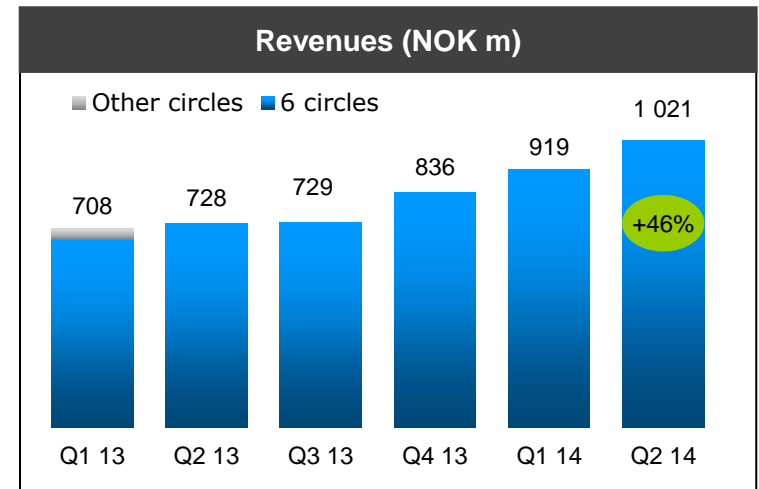


● Organic growth

Q2 2014

India

- 2.0 million net subscriber growth
- 11% ARPU growth in local currency
- 46% organic revenue growth
- 1,325 new sites launched year to date
- 32% growth in Internet users and 42% growth in Internet revenues last 6 months



● Organic growth 6 circles

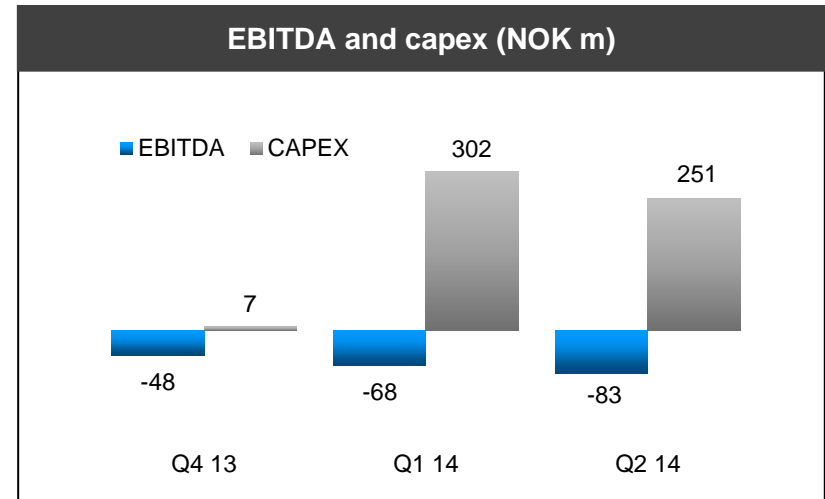
Q2 2014

Myanmar

- Licence awarded in February
- First call made on 7 April
- Friendly User Test started in June
- Ramp-up of marketing activities and network expansion
- Service launch expected by end of Q3

Financial targets

- EBITDA breakeven 3 years after licence award
- Peak funding of around USD 1 billion incl licence fee of USD 500 million



Changes in revenues and EBITDA

	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	5.7 %	5.7 %	6.4 %	6.4 %
Sweden	6.2 %	-1.1 %	10.5 %	7.1 %
Denmark	-5.3 %	-12.1 %	-41.0 %	-44.9 %
Hungary	6.6 %	1.8 %	0.8 %	-3.8 %
Montenegro & Serbia	2.2 %	-4.3 %	-3.2 %	-8.2 %
Thailand	-15.9 %	-11.2 %	0.5 %	6.3 %
Malaysia	3.0 %	5.6 %	3.3 %	5.9 %
Bangladesh	13.3 %	9.9 %	19.4 %	15.4 %
Pakistan	8.5 %	5.5 %	14.5 %	11.4 %
India	40.3 %	46.1 %		
Broadcast	-8.3 %	0.0 %	-13.7 %	-4.3 %
Telenor Group	4.1 %	1.6%	8.6 %	6.1 %

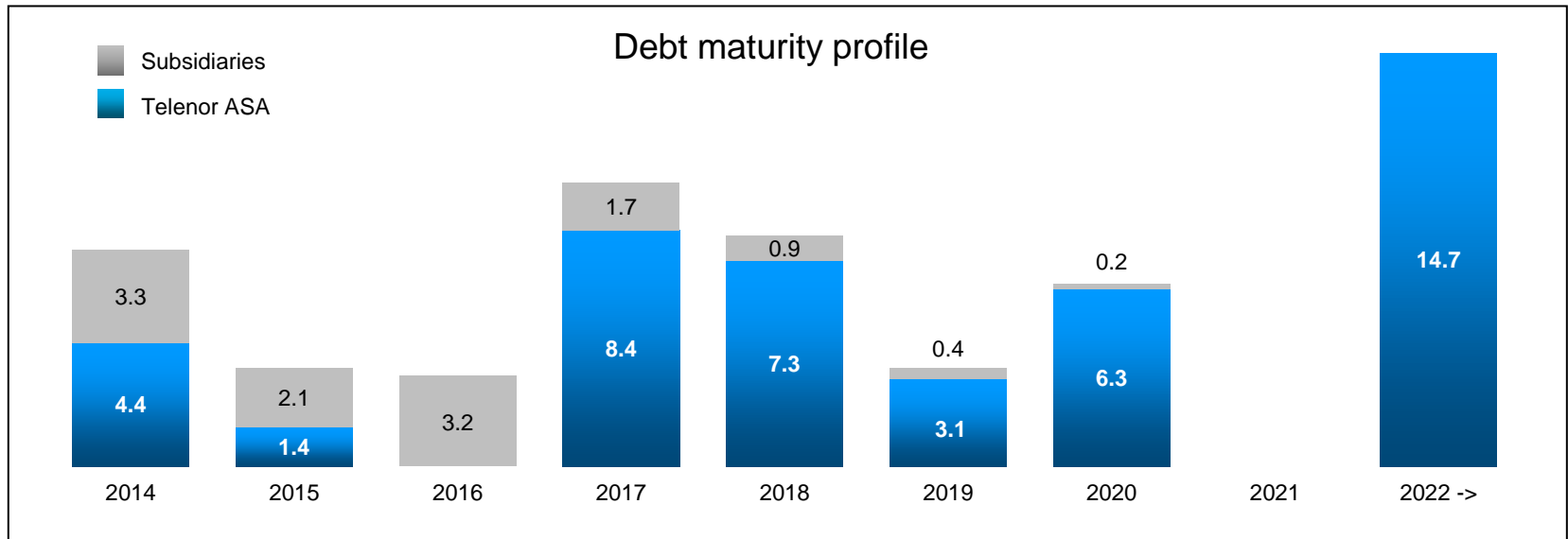
Organic growth YoY in fixed currency and adjusted for acquisitions and disposals.
EBITDA before other items. India organic revenue growth based on 6 circles.

Q2 2014

Net debt in partly owned subsidiaries

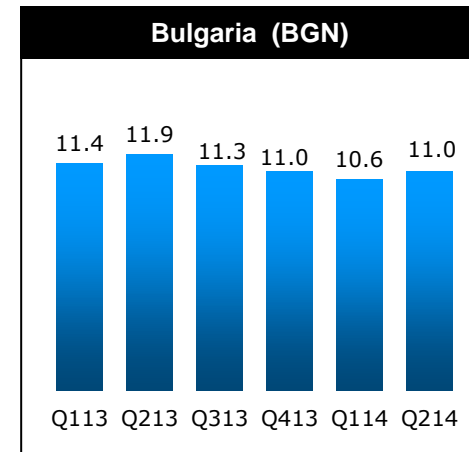
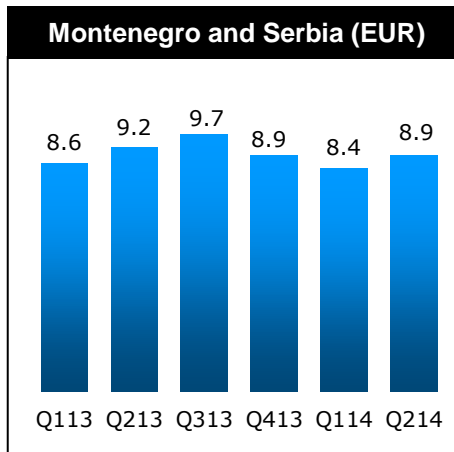
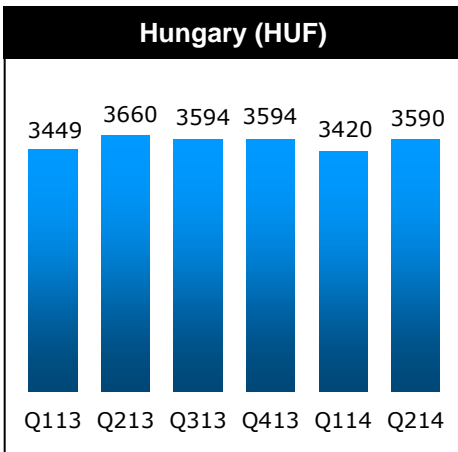
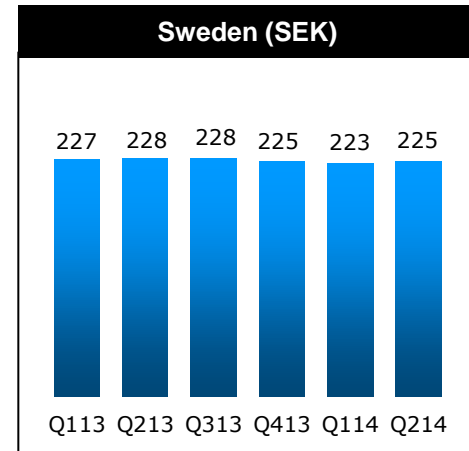
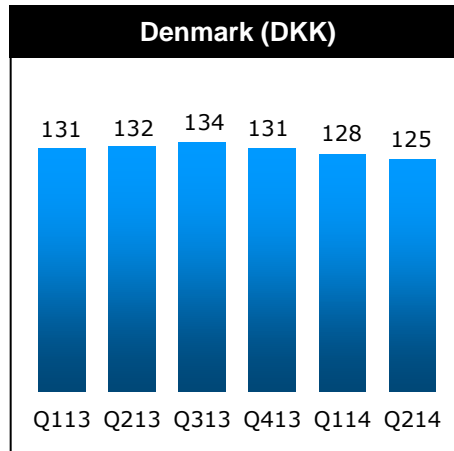
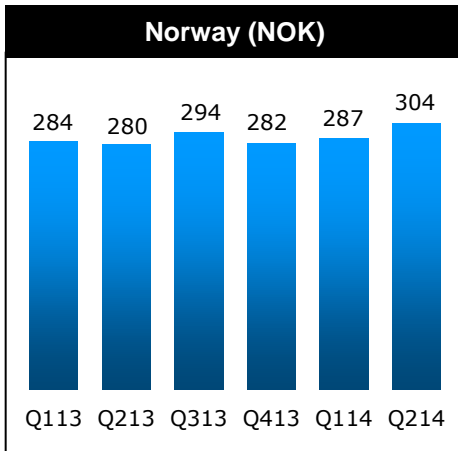
(NOK m)	Q2 2014	Q1 2014	Q2 2013
DiGi	852	910	344
DTAC	3 151	3 658	2 713
Grameenphone	2 099	1 152	360
India	887	741	205

Debt maturity profile



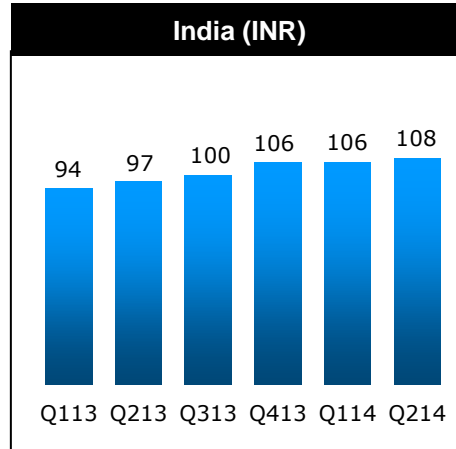
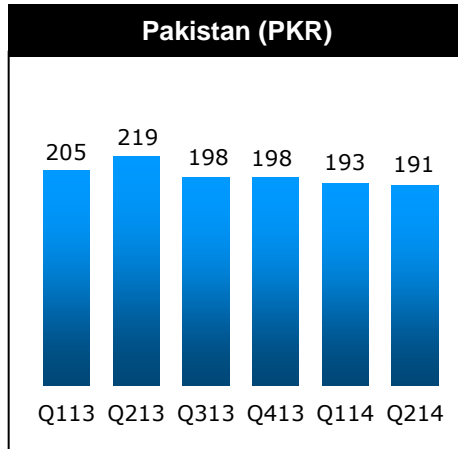
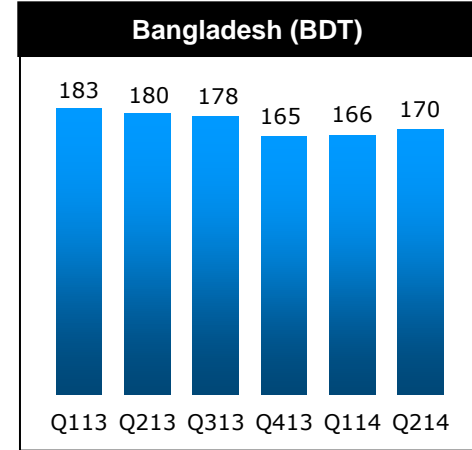
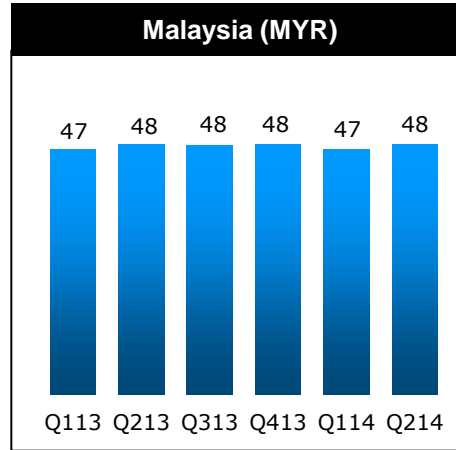
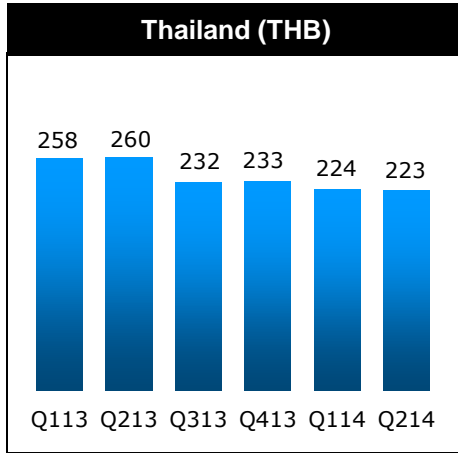
Mobile operations

ARPU development (local currency)



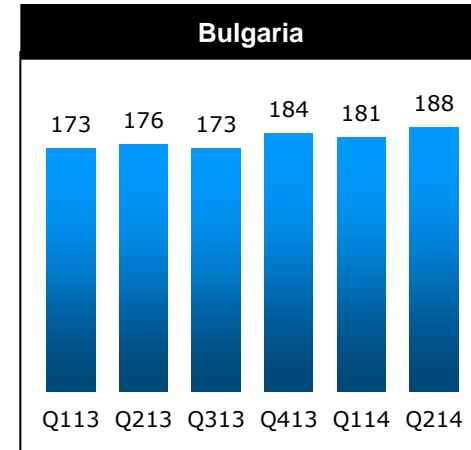
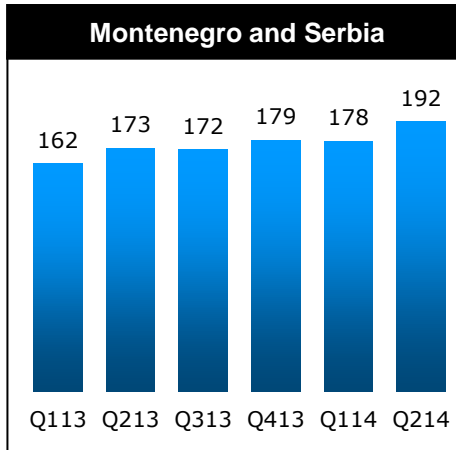
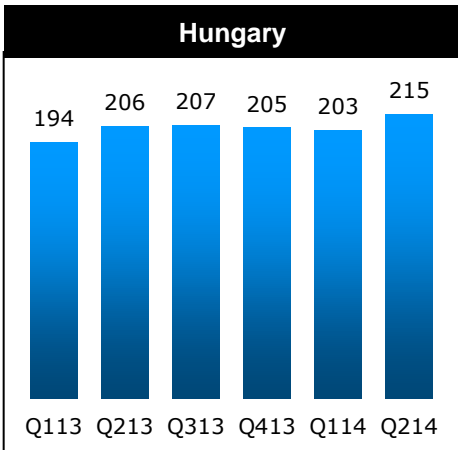
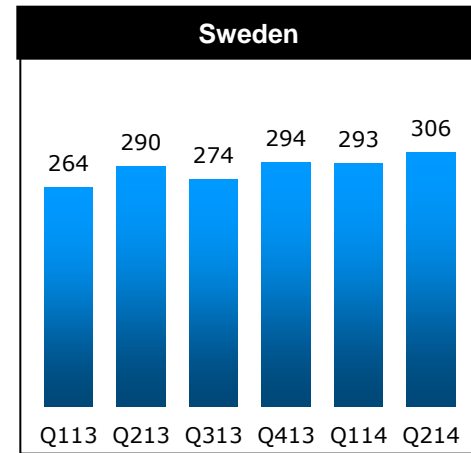
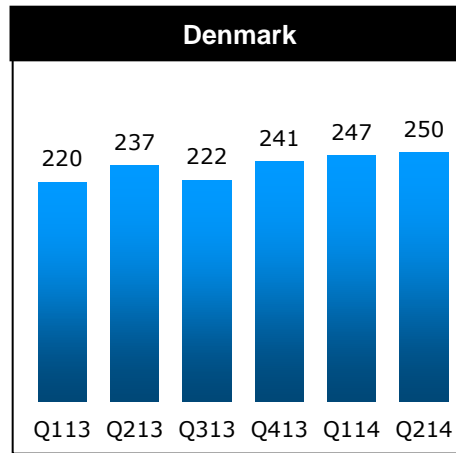
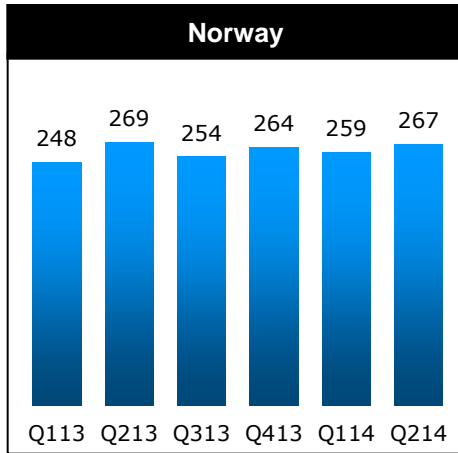
Mobile operations

ARPU development (local currency)



Mobile operations

AMPU development



Mobile operations AMPU development

