



# Q2/ 2014

Interim report  
January – June 2014

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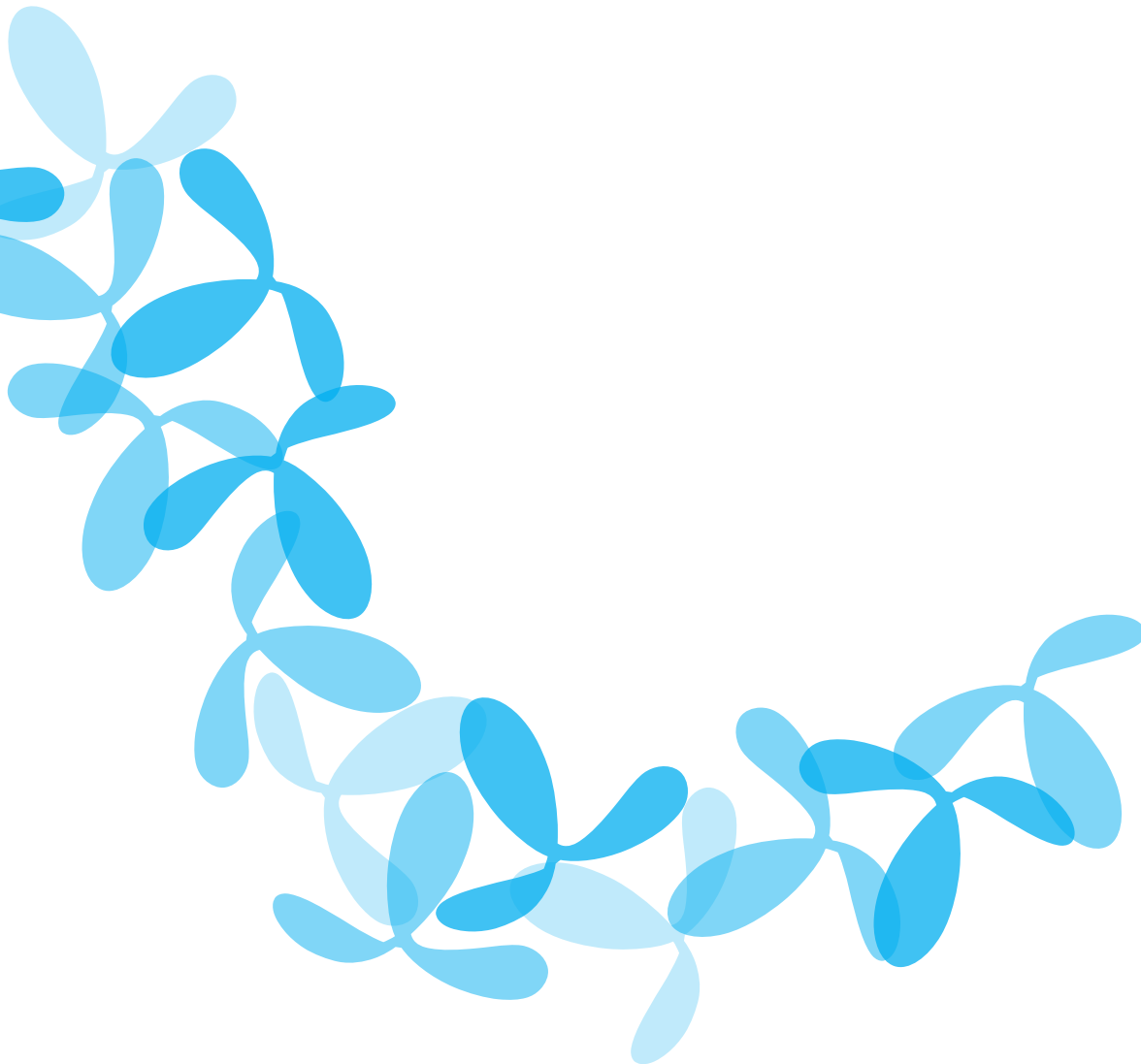
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# Data growth and margin expansion

## Highlights second quarter 2014

- Organic revenue growth of 1.6%<sup>1)</sup>
- EBITDA margin of 36%
- Operating cash flow of NOK 5.6 billion<sup>2)</sup>
- Earnings per share of NOK 1.54

## Highlights first half year 2014

- Organic revenue growth of 1.6%<sup>1)</sup>
- EBITDA margin of 35%
- Operating cash flow of NOK 11.2 billion<sup>2)</sup>
- Earnings per share of NOK 3.98

*Jon Fredrik Baksaas*  
Jon Fredrik Baksaas  
President & CEO

“We are reporting solid financial performance for the second quarter with profitable growth. The results show close to four million new customers, continued revenue growth, a strong EBITDA margin of 36% and operating cash flow of more than NOK 5.6 billion.

The strong results in Norway reflect the rapid rise in customer demand for mobile data and our ability to provide relevant services supported by superior network quality and coverage. Our customers almost doubled their data usage from the second quarter last year. The extensive network expansion and increase in 4G enabled phones are the key drivers of this positive development resulting in an ARPU increase of 4% and underlying mobile revenue improvement of 6%. While the results are strong, the high investments in modern infrastructure and changes in customer expectations demand continued efficiency improvements, as well as strong efforts for building capabilities for the future.

In Thailand, our ability to successfully migrate customers to the new 3G network and complete the transition to a licensing regime is key to delivering high quality services as well as improving profitability. A combination of intense competition, a lower interconnect rate and weaker macro-economic development have material effect on sales this quarter. Dtac has managed to further reduce regulatory costs, and has also taken measures to increase efficiency and enhance capabilities to manage evolving market conditions and to meet customer expectations.

I am pleased to note strong performance by our operations in Sweden and Malaysia as well as growth in Pakistan, Bangladesh and India. However, the Danish telecom market remains challenging. The operational performance this quarter underscores the benefits of a well diversified Group.

On the back of strong performance so far this year and our estimates for the remainder of 2014, we now expect an EBITDA margin above last year while our revenue outlook remains at low single digit organic growth. Following the shift of the satellite-related capex to next year, we adjust this year's capex to sales ratio downwards to be in the range of 14-15%.”

## Key figures Telenor Group

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Revenues	26 803	25 747	53 318	50 463	104 027
EBITDA before other income and expenses	9 616	8 857	18 915	17 280	35 892
EBITDA before other income and expenses/Revenues (%)	35.9	34.4	35.5	34.2	34.5
Adjusted operating profit <sup>3)</sup>	5 881	5 466	11 461	10 451	22 161
Adjusted operating profit/Revenues (%)	21.9	21.2	21.5	20.7	21.3
Profit after taxes and non-controlling interests	2 319	3 249	5 995	6 850	8 748
Earnings per share from total operations, basic, in NOK	1.54	2.13	3.98	4.46	5.74
Capex	4 880	3 484	11 475	6 351	17 044
Capex excl. licences and spectrum	3 985	3 484	7 679	6 351	14 659
Capex excl. licences and spectrum/Revenues (%)	14.9	13.5	14.4	12.6	14.1
Operating cash flow <sup>2)</sup>	5 632	5 374	11 236	10 929	21 233
Net interest-bearing liabilities <sup>4)</sup>			44 387	31 660	39 395

Please refer to page 10 for the full outlook for 2014, and page 21 for definitions.

<sup>1)</sup> Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

<sup>2)</sup> Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.

<sup>3)</sup> Adjusted operating profit is defined as Operating profit less other income and expenses and impairment losses.

<sup>4)</sup> Net interest-bearing liabilities are defined as net interest-bearing debt excluding net present value of licence liabilities.

# Interim report

## Telenor's operations

The comments below are related to Telenor's development in the second quarter of 2014 compared to the second quarter of 2013, unless otherwise stated. All comments on EBITDA are made on development in EBITDA before other income and expenses (other items). Please refer to page 8 for 'Specification of other income and expenses'. Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir): [www.telenor.com/ir](http://www.telenor.com/ir)



### Norway

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Revenues mobile operation</b>					
Subscription and traffic	2 719	2 465	5 290	4 975	10 112
Interconnect revenues	206	193	400	381	777
Other mobile revenues	345	347	678	662	1 315
Non-mobile revenues	292	253	553	485	1 103
<b>Total revenues mobile operation</b>	<b>3 562</b>	<b>3 258</b>	<b>6 920</b>	<b>6 504</b>	<b>13 308</b>
<b>Revenues fixed operation</b>					
Telephony	619	710	1 243	1 442	2 782
Internet and TV	1 324	1 248	2 647	2 480	5 060
Data services	115	105	227	226	463
Other fixed revenues	417	343	813	686	1 504
<b>Total retail revenues</b>	<b>2 475</b>	<b>2 407</b>	<b>4 931</b>	<b>4 834</b>	<b>9 810</b>
Wholesale revenues	467	489	929	981	1 953
<b>Total revenues fixed operation</b>	<b>2 942</b>	<b>2 895</b>	<b>5 860</b>	<b>5 815</b>	<b>11 763</b>
<b>Total revenues</b>	<b>6 504</b>	<b>6 153</b>	<b>12 780</b>	<b>12 319</b>	<b>25 071</b>

<b>EBITDA before other items</b>	<b>2 783</b>	<b>2 615</b>	<b>5 441</b>	<b>5 332</b>	<b>10 758</b>
Operating profit	1 922	1 801	3 429	3 717	7 423

EBITDA before other items/Total revenues (%)	42.8	42.5	42.6	43.3	42.9
Capex	991	1 120	2 040	2 108	4 863
Investments in businesses	-	7	-	26	101

Mobile ARPU - monthly (NOK)	304	280	295	282	285
Fixed Telephony ARPU	271	271	268	270	271
Fixed Internet ARPU	339	326	338	323	327
TV ARPU	273	245	275	245	256

#### No. of subscriptions - Change in quarter/Total (in thousands):

Mobile	(12)	10	3 205	3 180	3 216
Fixed telephony	(22)	(29)	751	857	800
Fixed Internet	(3)	(1)	862	867	864
TV	1	(1)	530	526	527

- In May, Telenor Norway realigned its tariffs to better meet customers' increasing need for high quality mobile internet services.
- At the end of the quarter, the mobile subscription base was 1% higher than at the end of second quarter last year. The slight reduction in the subscription base this quarter was caused by churn of low revenue generating subscriptions.
- During the quarter Telenor added 6,000 fibre customers bringing the total customer base on fibre to 94,000.
- Underlying mobile ARPU increased 4% or NOK 13 following strong growth in data usage, as well as migration to new and more relevant tariffs.
- Underlying mobile revenue growth was 6% due to higher subscription base, increased ARPU and higher handset sales.
- Fixed revenue growth was 2%. Increased revenues from Internet, TV and other fixed retail were partly offset by reductions in fixed telephony and wholesale. Total reported revenue growth was 6%.
- The EBITDA margin was stable as solid growth in mobile, internet and TV revenues was offset by declining contribution from fixed telephony in addition to an increase in operating expenditures.
- During the second quarter Telenor Norway continued to invest in high speed mobile and fixed data network infrastructure. Telenor's 4G network coverage reached nearly 80% of the population at the end of the quarter. In June, Telenor was ranked number one in Norway's largest independent test of mobile broadband.
- On 24 June, Telenor Norway signed a significant contract to modernise and simplify its fixed value chain.

## Sweden

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Revenues mobile operation</b>					
Subscription and traffic	1 383	1 308	2 817	2 586	5 388
Interconnect revenues	130	149	257	289	541
Other mobile revenues	83	72	151	139	323
Non-mobile revenues	463	470	914	888	2 064
<b>Total revenues mobile operation</b>	<b>2 059</b>	<b>1 999</b>	<b>4 139</b>	<b>3 902</b>	<b>8 316</b>
<b>Revenues fixed operation</b>	<b>780</b>	<b>673</b>	<b>1 584</b>	<b>1 309</b>	<b>2 657</b>
<b>Total revenues</b>	<b>2 838</b>	<b>2 672</b>	<b>5 723</b>	<b>5 211</b>	<b>10 973</b>

<b>EBITDA before other items</b>	<b>890</b>	<b>805</b>	<b>1 740</b>	<b>1 510</b>	<b>3 266</b>
Operating profit	507	435	978	816	1 824

EBITDA before other items/Total revenues (%)	31.4	30.1	30.4	29.0	29.8
Capex	404	324	673	607	1 361
Investments in businesses	2	(1)	750	3	10

Mobile ARPU - monthly (NOK)	204	203	207	200	205
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	-	24	2 473	2 408	2 484
Fixed telephony	(9)	(17)	331	303	277
Fixed Internet	(19)	(8)	656	534	530
TV	(4)	(1)	517	289	284

Exchange rate		0.9252	0.8816	0.9022
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- The number of mobile subscriptions was stable during the quarter. Reduced number of prepaid subscriptions was offset by a higher contract base. The subscription base was 3% higher than at the end of second quarter last year.
- The reduced number of fixed internet subscriptions was due to the continued decline in DSL-subscriptions.
- Mobile ARPU in local currency decreased by 1% driven primarily by increased handset-related discount together with reduced interconnect rates, partly offset by a shift to data centric subscriptions with higher ARPU. Excluding interconnect and discount on handset bundles, ARPU increased by 6%.
- Mobile revenues in local currency increased by 1%. Lower handset and interconnect revenues were more than offset by higher subscription and traffic revenues.
- Fixed revenues in local currency increased by 13% as a consequence of the acquisition of Tele2's internet and cable business in January 2014. Excluding the SEK 150 million contribution from the acquired business, fixed revenues decreased by 7%, mainly due to lower ARPU and reduced number of telephony and TV subscriptions.
- The EBITDA margin increased by 1 percentage point due to improved gross profit from both the mobile and the fixed operation, lower subscriber acquisition costs as well as effects from several operational efficiency initiatives. The underlying EBITDA margin excluding the acquisition of Tele2's internet and cable business, improved by 2.5 percentage points.
- Capital expenditure in the quarter was related mainly to 4G and LAN rollout in addition to 3G swap.

## Denmark

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Revenues mobile operation</b>					
Subscription and traffic	709	701	1 439	1 395	2 858
Interconnect revenues	62	72	121	141	283
Other mobile revenues	52	21	68	45	109
Non-mobile revenues	183	260	420	478	993
<b>Total revenues mobile operation</b>	<b>1 006</b>	<b>1 052</b>	<b>2 047</b>	<b>2 060</b>	<b>4 242</b>
<b>Revenues fixed operation</b>	<b>160</b>	<b>179</b>	<b>326</b>	<b>363</b>	<b>724</b>
<b>Total revenues</b>	<b>1 166</b>	<b>1 231</b>	<b>2 373</b>	<b>2 423</b>	<b>4 966</b>

<b>EBITDA before other items</b>	<b>131</b>	<b>222</b>	<b>320</b>	<b>475</b>	<b>1 014</b>
Operating profit (loss)	(68)	24	(109)	33	136

EBITDA before other items/Total revenues (%)	11.2	18.0	13.5	19.6	20.4
Capex	112	96	256	212	434
Investments in businesses	0.4	-	0.4	-	103

Mobile ARPU - monthly (NOK)	137	135	140	132	138
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	26	(31)	1 888	1 896	1 828
Fixed telephony	(5)	(5)	101	126	111
Fixed Internet	(3)	(5)	161	175	166

Exchange rate		1.1094	1.0085	1.0470
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- The number of mobile subscriptions increased by 26,000 during the quarter as a consequence of initiatives in the prepaid segment together with newly concluded contracts in the business segment.
- Mobile ARPU in local currency decreased by 5%, due to a shift towards lower price points in addition to interconnect and roaming rate reductions.
- Mobile revenues in local currency decreased by 11% following lower handset sales and the general market trend towards discounted price points.
- Total revenues in local currency decreased by 12%, of which lower fixed revenues constitute 2 percentage points.
- EBITDA in local currency decreased by DKK 97 million of which DKK 59 million due to lower gross profit as a consequence of lower revenues and costs related to the transformation programme.
- Capital expenditure was primarily related to the ongoing 2G network migration as a consequence of the network sharing agreement with Telia. See Other units for additional information on investments in common business support systems.

## Hungary

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013

## Revenues

Subscription and traffic	800	789	1 572	1 530	3 177
Interconnect revenues	136	126	270	240	506
Other mobile revenues	20	22	41	39	85
Non-mobile revenues	90	44	159	102	254
<b>Total revenues</b>	<b>1 045</b>	<b>980</b>	<b>2 042</b>	<b>1 910</b>	<b>4 022</b>

## EBITDA before other items

Operating profit	260	273	497	529	968
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EBITDA before other items/ Total revenues (%)	36.6	38.7	36.8	38.5	34.6
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Capex	68	40	122	102	933
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No. of subscriptions - Change in quarter/ Total (in thousands):	(34)	(4)	3 213	3 249	3 270
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ARPU - monthly (NOK)	96	94	95	90	94
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Exchange rate			0.0270	0.0254	0.0263
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- The number of subscriptions decreased by 34,000 in the quarter, mainly due to churn of governmental subscriptions and in the prepaid segment. The subscription base was 1% lower than in the same period last year.
- ARPU in local currency decreased by 2% mainly due to reduced traffic revenues partly offset by increased interconnect revenues and more bundled subscriptions.
- Revenues in local currency increased by 2% as increased handset sales and other non-mobile revenues more than offset the lower ARPU and subscription base.
- The EBITDA margin decreased by 2 percentage points, mainly explained by increased telecommunication tax partly being offset by lower losses on receivables and reduced spectrum fees. In the second quarter, NOK 100 million was recognised for the telecommunication tax, having a negative effect on the EBITDA margin of 10 percentage points, versus 8 percentage points in the same period last year.
- The increase in capital expenditure was mainly related to 3G and 4G network roll-out. See Other units for additional information on investments in common business support systems.

## Globul - Bulgaria

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013

## Revenues

Subscription and traffic	519	-	1 025	-	862
Interconnect revenues	34	-	66	-	56
Other mobile revenues	7	-	12	-	17
Non-mobile revenues	93	-	180	-	216
<b>Total revenues</b>	<b>654</b>	<b>-</b>	<b>1 282</b>	<b>-</b>	<b>1 151</b>

## EBITDA before other items

Operating profit (loss)	(196)	-	(372)	-	(81)
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EBITDA before other items/ Total revenues (%)	39.7	-	38.8	-	32.4
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Capex	41	-	90	-	121
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No. of subscriptions - Change in quarter/ Total (in thousands):	34	-	4 005	-	3 995
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ARPU - monthly (NOK)	46	-	46	-	46
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Exchange rate			4.2332	-	4.1524
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Globul was consolidated from 1 August 2013. The preceding table shows figures from the time of consolidation and comments below refer to development compared to same period last year:

- The number of subscriptions increased by 34,000 in the second quarter mainly driven by new contract subscription. At the end of the quarter, the subscription base was 2% higher than at the end of second quarter last year.
- ARPU in local currency decreased by 6%. Adjusted for the reductions in interconnect rate from 1 July 2013 and 1 January 2014, ARPU decreased by 3%.
- Revenues decreased by 8% from lower ARPU, reduced handset sales and inbound roaming, partly offset by a higher subscription base. Adjusted for the reduction in interconnect rates and lower handset sales, revenues decreased by 2%.
- The EBITDA margin was stable compared to second quarter last year. Excluding one-off items last year, the EBITDA margin increased by 6 percentage points mainly from lower handset sales and lower sales and marketing cost.
- Globul has started to upgrade the network in order to improve coverage and capacity for both voice and data. The network upgrade will gradually be ramped up throughout third quarter and will be completed in the beginning of 2015.

## Montenegro &amp; Serbia

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013

## Revenues

Subscription and traffic	592	579	1 161	1 116	2 364
Interconnect revenues	166	178	328	341	727
Other mobile revenues	27	26	48	45	105
Non-mobile revenues	51	46	111	92	197
<b>Total revenues</b>	<b>838</b>	<b>830</b>	<b>1 648</b>	<b>1 593</b>	<b>3 393</b>

## EBITDA before other items

Operating profit	239	265	441	488	1 014
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EBITDA before other items/ Total revenues (%)	39.5	41.2	38.2	40.7	39.9
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Capex	77	55	137	105	242
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No. of subscriptions - Change in quarter/ Total (in thousands):	37	(26)	3 504	3 560	3 545
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ARPU - monthly (NOK)	73	71	71	68	72
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Exchange rate RSD			0.0717	0.0672	0.0690
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Exchange rate EUR			8.2792	7.5207	7.8087
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- The number of subscriptions increased by 37,000 during the quarter driven by seasonal uptake of prepaid subscriptions in addition to growth in contract base. The subscription base decreased by 2% compared to the same period last year.
- ARPU in local currency decreased by 3%. Adjusted for reduced interconnect rates, ARPU increased by 1% compared to last year.
- Revenues in local currency decreased by 4% following decreased ARPU and lower subscription base.
- The EBITDA margin decreased by 2 percentage points compared to second quarter last year mainly driven by start-up costs in KBC Bank and smartphone subsidies partly offset by reduced interconnect rates.
- Capital expenditure was mainly related to network rollout.
- The interconnect rates in Serbia were reduced from RSD 4.8 to RSD 3.95 on 1 January 2014 and in Montenegro from EUR 0.04 to EUR 0.022 effective on 1 March 2014.

## dtac - Thailand

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013

## Revenues

Subscription and traffic	3 083	3 292	6 181	6 381	12 751
Interconnect revenues	409	802	823	1 600	2 494
Other mobile revenues	31	67	93	163	276
Non-mobile revenues	506	631	1 120	1 167	2 591
<b>Total revenues</b>	<b>4 029</b>	<b>4 792</b>	<b>8 216</b>	<b>9 311</b>	<b>18 112</b>

## EBITDA before other items

EBITDA before other items	1 464	1 456	2 994	2 879	5 763
Operating profit	831	911	1 745	1 766	3 442

EBITDA before other items/  
Total revenues (%)

EBITDA before other items/ Total revenues (%)	36.3	30.4	36.4	30.9	31.8
Capex	858	564	1 413	786	2 776

No. of subscriptions -  
Change in quarter/  
Total (in thousands):

No. of subscriptions - Change in quarter/ Total (in thousands):	(187)	622	28 039	27 231	27 942
ARPU - monthly (NOK)	41	51	41	50	47
Exchange rate			0.1855	0.1918	0.1912

- The number of subscriptions decreased by 187,000 during the quarter. At the end of the quarter, the subscription base was 3% higher than at the end of second quarter last year.
- Reported ARPU in local currency decreased by 14% of which 10 percentage points due to reduced interconnect rate from 1 July 2013. Decline in voice revenues in this quarter was partly offset by growth in data revenues.
- Total revenues in local currency declined by 11% following reduced handset sales and lower ARPU partly offset by larger subscriber base. The interconnect rate reduction from July 2013 impacts revenue growth negatively by 8 percentage points.
- The EBITDA margin improved by 6 percentage points. The improvement was driven by lower interconnect rate and reduced regulatory costs partly offset by higher cost related to running the new 2.1 GHz network and increased market spend.
- Capital expenditure was mainly related to the new 3G network.
- The migration to 3G services on the 2.1 GHz network continued through second quarter and at the end of the quarter, dtac had 19 million subscribers on the new network.

## DiGi - Malaysia

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013

## Revenues

Subscription and traffic	2 719	2 673	5 406	5 158	10 589
Interconnect revenues	156	188	314	370	729
Other mobile revenues	37	37	73	65	143
Non-mobile revenues	318	239	611	548	1 095
<b>Total revenues</b>	<b>3 230</b>	<b>3 136</b>	<b>6 403</b>	<b>6 141</b>	<b>12 556</b>

## EBITDA before other items

EBITDA before other items	1 467	1 419	2 889	2 722	5 651
Operating profit	1 251	949	2 462	1 723	4 008

EBITDA before other items/  
Total revenues (%)

EBITDA before other items/ Total revenues (%)	45.4	45.3	45.1	44.3	45.0
Capex	356	354	729	703	1 383

No. of subscriptions -  
Change in quarter/  
Total (in thousands):

No. of subscriptions - Change in quarter/ Total (in thousands):	17	175	10 903	10 548	10 995
ARPU - monthly (NOK)	88	92	87	88	89
Exchange rate			1.8487	1.8608	1.8647

- The number of subscriptions increased by 17,000 this quarter. At the end of this period, the subscription base was 3% higher than second quarter last year.
- ARPU in local currency decreased by 1% due to reduced interconnect rate from 1 January.
- Total revenues in local currency increased by 6% as the effects of a larger subscription base and increased handset sales more than offset the reduced ARPU. Subscription and traffic revenues in local currency increased by 4%.
- The EBITDA margin remained stable following stable gross margin and strong cost control.
- Operating profit improved from higher EBITDA and lower accelerated depreciation this year as the network modernisation programme was completed in 2013.
- Capital expenditure was mainly related to rollout of new sites and backhaul fibre.

## Grameenphone - Bangladesh

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013

## Revenues

Subscription and traffic	1 715	1 547	3 389	2 965	6 212
Interconnect revenues	212	179	413	347	751
Other mobile revenues	9	5	16	14	26
Non-mobile revenues	89	57	168	134	305
<b>Total revenues</b>	<b>2 025</b>	<b>1 788</b>	<b>3 986</b>	<b>3 460</b>	<b>7 294</b>

## EBITDA before other items

EBITDA before other items	1 094	916	2 146	1 711	3 709
Operating profit	781	632	1 506	1 164	2 562

EBITDA before other items/  
Total revenues (%)

EBITDA before other items/ Total revenues (%)	54.0	51.3	53.8	49.5	50.9
Capex	285	157	502	243	2 256

No. of subscriptions -  
Change in quarter/  
Total (in thousands):

No. of subscriptions - Change in quarter/ Total (in thousands):	550	2 176	49 233	43 968	47 110
ARPU - monthly (NOK)	13	13	13	13	13
Exchange rate			0.0778	0.0729	0.0752

- The number of subscriptions increased by 0.6 million during the quarter. At the end of the quarter, the subscription base was 12% higher than the same quarter last year.
- ARPU in local currency decreased by 5% due to campaigns and migration to lower priced offerings, in addition to the continued dilution effect from subscriber growth in lower revenue generating segments.
- Total revenues in local currency increased by 10% driven by continued growth in subscriber base in addition to data revenues and handset sales after the launch of 3G services. Subscription and traffic revenues in local currency increased by 7%.
- The EBITDA margin increased by 3 percentage points due to higher revenues and stable opex resulting from operational excellence initiatives as well as lower gross adds reducing acquisition costs. EBITDA in local currency increased by 15%.
- Capital expenditure increased mainly due to expansion of both 3G and 2G network coverage and capacity.



## Pakistan

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Revenues</b>					
Subscription and traffic	1 148	1 090	2 209	2 036	4 025
Interconnect revenues	109	131	213	263	487
Other mobile revenues	7	4	14	11	14
Non-mobile revenues	292	208	514	409	879
<b>Total revenues</b>	<b>1 555</b>	<b>1 433</b>	<b>2 951</b>	<b>2 719</b>	<b>5 406</b>
<b>EBITDA before other items</b>	<b>659</b>	<b>575</b>	<b>1 196</b>	<b>1 071</b>	<b>2 052</b>
Operating profit	439	216	816	217	822
<b>EBITDA before other items/ Total revenues (%)</b>	<b>42.3</b>	<b>40.1</b>	<b>40.5</b>	<b>39.4</b>	<b>38.0</b>
Capex	1 008	428	1 209	855	1 279

No. of subscriptions - Change in quarter/ Total (in thousands):	1 361	1 343	36 572	32 184	33 405
ARPU - monthly (NOK)	12	13	11	12	12
Exchange rate			0.0599	0.0583	0.0579

- On 1 June 2014, Telenor Pakistan commercially launched 3G services.
- During the quarter, the number of subscriptions increased by 1.4 million and the subscriber base was 14% higher than the same quarter last year.
- ARPU in local currency decreased by 13%, due to continued intense on-net competition and subscription growth in lower revenue generating segments. The drop was partially offset by revenues from data- and voice bundles and increased surcharge on refills.
- Total revenues in local currency increased by 6%, mainly due to strong growth in the subscriber base. Subscription and traffic revenues in addition to revenues from international traffic contributed with 4 percentage points to the overall revenue growth, while financial services contributed with 2 percentage points.
- The EBITDA margin increased by 2 percentage points primarily as a result of lower operations and maintenance costs following completion of the network modernisation, and reduced energy costs from several energy saving initiatives. EBITDA in local currency increased by 11%.
- Capital expenditure was lower following the completion of network modernisation. Investments this quarter were related to continued network optimisation, increased coverage and capacity as well as capitalisation of 3G licence of NOK 0.9 billion. 3G investments will start in second half of the year.

## India

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Revenues	1 021	728	1 939	1 436	3 001
<b>EBITDA before other items</b>	<b>(106)</b>	<b>(153)</b>	<b>(189)</b>	<b>(338)</b>	<b>(585)</b>
Operating profit (loss)	(170)	(107)	1 361	(301)	(576)
Capex	130	41	247	78	214
<b>No. of subscriptions - Change in quarter/ Total (in thousands): *)</b>	<b>2 013</b>	<b>920</b>	<b>32 556</b>	<b>24 505</b>	<b>28 004</b>
ARPU - monthly (NOK)	11	10	11	10	10
Exchange rate			0.0994	0.1040	0.1004

\*) Please note that the definition for active subscriptions in the Indian operation is more conservative than the Group definition on page 21, due to high churn in the Indian market. Subscriptions are counted as active if there has been activity during the last 30 days.

- The growth momentum from previous quarters continued in the second quarter for Telenor's Indian operation adding 2.0 million subscriptions and increasing the total subscription base to 32.6 million. At the end of the quarter, the subscription base was 33% higher than the same quarter last year.
- ARPU in local currency increased by 11% to INR 108 in the second quarter compared to same quarter last year, driven by strong growth in number of internet users and improved quality of the subscription base.
- The growth in subscriptions and ARPU resulted in a revenue growth in local currency of 46% compared to same quarter last year.
- EBITDA improved from second quarter last year, and was impacted by sites installed, which will be revenue generating in third quarter.
- The network coverage expansion programme initiated in the first quarter has experienced some delays in the second quarter, but is expected to be completed in the third quarter if all necessary permits are received in due time. When completed, a total of 5,000 sites from exited circles will be redeployed, increasing population coverage in the current circles from 42% to 51%. By the end of the second quarter, 1,372 new base stations have been deployed.

## Myanmar

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Revenues	0	-	0	-	-
EBITDA before other items	(83)	-	(151)	-	(48)
Operating profit (loss)	(86)	-	(157)	-	(48)
<b>Capex</b>	<b>275</b>	<b>-</b>	<b>3 479</b>	<b>-</b>	<b>7</b>
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ARPU - monthly (NOK)	-	-	-	-	-
Exchange rate			0.0062	-	0.0062

- Telenor Myanmar continues its preparation towards commercial launch in the third quarter.
- The first call in the network was made in April and a Friendly User test was launched in June.
- Opex and capex in the quarter reflects the activities related to these preparations and is expected to increase as the operation will ramp up its marketing activities and continued network expansion.
- At the end of the second quarter, 359 employees were employed by Telenor Myanmar, an increase of 137 employees from the first quarter this year.



## Broadcast

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Revenues</b>					
Canal Digital DTH	1 109	1 119	2 237	2 239	4 536
Satellite Broadcasting	239	246	477	483	971
Norkring	295	260	579	505	1 057
Conax	0	161	166	291	627
Other/Eliminations	(114)	(119)	(236)	(241)	(457)
<b>Total revenues</b>	<b>1 529</b>	<b>1 667</b>	<b>3 222</b>	<b>3 277</b>	<b>6 735</b>

## EBITDA before other items

Canal Digital DTH	177	203	351	368	731
Satellite Broadcasting	160	158	318	318	661
Norkring	145	127	285	249	525
Conax	0	63	49	105	243
Other/Eliminations	(13)	(7)	(22)	(24)	(52)
<b>Total EBITDA before other items</b>	<b>469</b>	<b>543</b>	<b>980</b>	<b>1 016</b>	<b>2 109</b>

## Operating profit

Canal Digital DTH	160	187	320	339	673
Satellite Broadcasting	103	100	205	201	422
Norkring	81	66	159	121	268
Conax	0	54	41	86	203
Other/Eliminations	(14)	(15)	1 189	(32)	(73)
<b>Total operating profit</b>	<b>330</b>	<b>392</b>	<b>1 913</b>	<b>716</b>	<b>1 493</b>

EBITDA before other items/Total revenues (%)	30.7	32.6	30.4	31.0	31.3
Capex	77	139	217	268	572

## No. of subscriptions - Change in quarter/Total (in thousands):

DTH TV	(5)	(3)	915	934	929
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- Adjusted for the divestment of Conax, total revenues increased by 2% and EBITDA decreased by 2%. The EBITDA margin decreased by 1 percentage point to 31%.
- Revenues in Canal Digital DTH were stable.
- The EBITDA margin in Canal Digital DTH was 16%, 2 percentage points lower than last year mainly due to higher customer acquisition cost.
- Revenues in Satellite Broadcasting decreased by 3% due to lower revenues from TV distribution partly offset by higher revenues from data communication. EBITDA increased by 1% due to reduced operating cost.
- Revenues and EBITDA in Norkring increased by 14% due to digital audio broadcasting (DAB) roll-out and higher installation revenues in Norway.
- Capital expenditure decreased primarily due to lower digital audio broadcasting (DAB) network investments in Norkring and lower TV platform investments in Canal Digital.
- In June, Telenor sold its share of C More Entertainment AB to Bonnier AB. See further details in the associated companies note.
- Due to external factors, capex associated with the Thor 7 satellite has shifted to 2015.

## Other units

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Revenues</b>					
International wholesale	498	432	938	876	1 730
Digital Services	183	141	338	263	556
Corporate functions	615	550	1 246	1 078	2 244
Other/eliminations	75	65	153	113	279
<b>Total revenues</b>	<b>1 371</b>	<b>1 188</b>	<b>2 675</b>	<b>2 330</b>	<b>4 809</b>

## EBITDA before other items

International wholesale	17	15	29	31	71
Digital Services	(36)	(89)	(81)	(159)	(263)
Corporate functions	(125)	(195)	(303)	(353)	(759)
Other/eliminations	22	16	44	13	73
<b>Total EBITDA before other items</b>	<b>(122)</b>	<b>(253)</b>	<b>(312)</b>	<b>(469)</b>	<b>(877)</b>

## Operating profit (loss)

International wholesale	8	7	12	19	43
Digital Services	(33)	(132)	(88)	(213)	(511)
Corporate functions	(343)	(309)	(620)	(593)	(1 260)
Other/eliminations	13	2	26	(10)	22
<b>Total operating profit (loss)</b>	<b>(354)</b>	<b>(432)</b>	<b>(670)</b>	<b>(797)</b>	<b>(1 706)</b>

Capex	196	172	363	291	618
Investments in businesses	157	8	329	32	6 676

- Revenues in International wholesale increased due to higher volumes.
- Revenues and EBITDA in Telenor Digital improved mainly due to improved results in machine-to-machine business.
- EBITDA in Corporate functions increased mainly due to reduced corporate activities and increased internal revenues. Operating profit decreased due to costs related to workforce reductions and reorganisation recorded as other expenditures.
- NOK 121 million were invested for the development of new business support systems in Denmark and Hungary. Approximately 60% of the investment is related to Telenor Denmark. Total investments year to date related to this project is NOK 194 million and will be invoiced to Telenor Denmark and Telenor Hungary.

## Group overview

The comments below are related to Telenor's development in the first six months of 2014 compared to the first half of 2013 unless otherwise stated. Please refer to note 10 for further information.

### Revenues

- Revenues increased by 5.7% or NOK 2.9 billion from higher revenues in all operations except dtac, Denmark and Broadcast. The revenues in dtac were severely affected by lower interconnect rates in Thailand. The Danish operation is affected by the challenging business environment in the country while the decline in Broadcast's revenues is attributable to the divestment of Conax. Positive currency effects on revenues of NOK 0.7 billion.

### EBITDA before other items

- EBITDA before other items increased by NOK 1.6 billion or 9.5%, of which NOK 0.5 billion from the inclusion of Globul in Bulgaria. The remainder follows improved performance in all operations except Denmark, Hungary, Montenegro & Serbia and Broadcast. There were positive currency effects on EBITDA of NOK 0.3 billion.

### Specification of other income and other expenses

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
EBITDA before other income and other expenses	9 616	8 857	18 915	17 280	35 892
EBITDA before other income and other expenses (%)	35.9	34.4	35.5	34.2	34.5
Licence refund in India	-	-	1 659	-	-
Gains on disposals of fixed assets and operations	82	91	1 305	91	182
Losses on disposals of fixed assets and operations	(68)	(50)	(68)	(138)	(213)
Workforce reductions and loss contracts	(211)	(135)	(506)	(317)	(651)
<b>EBITDA</b>	<b>9 421</b>	<b>8 763</b>	<b>21 305</b>	<b>16 916</b>	<b>35 209</b>
EBITDA margin (%)	35.1	34.0	40.0	33.5	33.8

In the second quarter of 2014 'Other income and other expenses' mainly consisted of:

- Workforce reductions mainly in Telenor Norway (NOK 33 million) and in Corporate Functions (NOK 126 million).

First half of 2014 'Other income and other expenses' also include:

- Licence refund in India. See note 4 for further information.
- Gains on disposal of operations were mainly related to divestment of Conax.
- Workforce reductions in Telenor Norway.

### Operating profit

- Operating profit increased by NOK 3.8 billion compared to the first half of last year due to improved EBITDA and NOK 2.8 billion higher other items as described above, partly offset by higher depreciation and amortisation.

### Associated companies and joint ventures

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Telenors share of</b>					
Profit after taxes	(442)	980	(2 242)	2 127	(440)
Amortisation of Telenor's net excess values	(42)	(79)	(91)	(162)	(285)
Impairment losses	-	(308)	-	(311)	(504)
Gains (losses) on disposal of ownership interests	(78)	(363)	(65)	(359)	(359)
<b>Profit (loss) from associated companies</b>	<b>(562)</b>	<b>230</b>	<b>(2 399)</b>	<b>1 295</b>	<b>(1 588)</b>

- Profit after tax from associated companies and joint ventures in the second quarter of 2014 includes one-time loss of NOK 399 million. This is comprised of NOK 241 million being additional loss to the earlier NOK 2.0 billion recognised in the first quarter of 2014 for Telenor's share of VimpelCom's settlement cost regarding resolution of its disputes in Algeria and NOK 158 million for Telenor's share of VimpelCom's correction for improper capitalisation of expenditures in Uzbekistan. The one-time loss recognised in the second quarter of 2014 is based on actual amounts recognised and disclosed by VimpelCom Ltd. in its 2013 financial statements reported on 15 May 2014. See note 3 for further information relating to settlement cost in Algeria.
- Profit after tax from associated companies and joint ventures in the second quarter of 2014 includes net income of NOK 102 million for Telenor's share of VimpelCom's result for the first quarter of 2014.
- Profit after tax from associated companies and joint ventures in the second quarter of 2014 is impacted negatively with NOK 220 million from our online classifieds ventures with Schibsted ASA, mainly due to activities to build market positions.
- The loss on disposal is related to Telenor's disposal of its 35% ownership interest in C More AB to Bonnier AB in the second quarter of 2014.

## Financial items

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Financial income	134	192	259	338	576
Financial expenses	(536)	(607)	(893)	(1 174)	(2 502)
Net currency gains (losses)	21	(235)	181	(67)	(498)
Net change in fair value of financial instruments	101	347	77	393	472
Net gains (losses and impairment) of financial assets and liabilities	1	(17)	20	(16)	39
<b>Net financial income (expenses)</b>	<b>(279)</b>	<b>(321)</b>	<b>(356)</b>	<b>(528)</b>	<b>(1 914)</b>
Gross interest expenses	(513)	(457)	(765)	(921)	(2 058)
Net interest expenses	(439)	(296)	(626)	(681)	(1 666)

- The net currency gains were primarily related to intercompany positions.
- The change in fair value of financial instruments was related to ineffectiveness in fair value hedges and derivatives used for economic hedges that do not fulfil the requirements for hedge accounting.

## Taxes

- The estimated effective tax rate for the second quarter and the first half year of 2014 is 34% and 30%, respectively. The underlying tax rate remains stable at around 30–31%, while the effective tax rate is somewhat higher in the second quarter, mainly due to losses from associated companies which are included on an after tax basis. In the first quarter of 2014, the effect of the losses from associated companies were offset by two significant one time effects (gain on sale of Conax and licence refund in India) without tax effect.
- The effective tax rate for 2014 is estimated to be around 29%.

## Investments

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Capex	4 880	3 484	11 475	6 351	17 044
Capex excl. licences and spectrum	3 985	3 484	7 679	6 351	14 659
Capex excl. licences and spectrum/Revenues (%)	14.9	13.5	14.4	12.6	14.1

- Capital expenditure (excl. licences) increased by NOK 1.3 billion mainly as a result of network and infrastructure investments in dtac, Grameenphone and Myanmar.
- Licence investments of NOK 0.9 billion in the second quarter of 2014 were related to Telenor Pakistan.

## Cash flow

- Net cash inflow from operating activities during the first half of 2014 was NOK 17.1 billion, a decrease of NOK 2.8 billion compared to the first half of 2013. This is mainly explained by a reduction of NOK 6.5 billion dividends received from associated company, VimpelCom Ltd. This effect was partially offset by improved EBITDA before other items of NOK 1.6 billion and lower income tax paid of NOK 1.9 billion.
- Net cash outflow to investing activities during the first half of 2014 was NOK 10.0 billion, an increase of NOK 4.8 billion compared to the first half of 2013. The increase is mainly explained by higher investment in network assets and licences of NOK 4.4 billion, acquisition of Tele2's fibre and cable business and investment in joint ventures of NOK 1.0 billion. In addition, there was a decrease in proceeds from short term interest-bearing placement of NOK 0.4 billion. Those effects were partly offset by net cash received on divestment of Conax amounting to NOK 1.2 billion.
- Net cash outflow to financing activities during the first half of 2014 was NOK 7.2 billion. This is explained by dividends paid to shareholders in Telenor ASA of NOK 10.1 billion and to minority interest of NOK 1.4 billion, offset by net proceeds from borrowings of NOK 4.3 billion.
- Cash and cash equivalents decreased by NOK 0.1 billion during the first half of 2014 to NOK 11.9 billion as of 30 June 2014.

## Financial position

- During the first half of 2014, total assets decreased by NOK 0.4 billion to NOK 181 billion mainly due to decrease in carrying amount of associated companies arising from Telenor's share of negative results and other comprehensive income in VimpelCom Ltd. and decrease in current assets, partially offset by higher investments in network and licences.
- Net interest bearing liabilities increased by NOK 5.0 billion to NOK 44.4 billion. Gross interest bearing liabilities increased by NOK 5.2 billion partially offset by increase in value of hedging instruments of NOK 0.2 billion.
- Total equity decreased by NOK 7.1 billion to NOK 70.0 billion due mainly to payment of dividends of NOK 12.0 billion, share buy-back of NOK 1.0 billion, Telenor's share of other comprehensive income of associated companies of NOK 1.3 billion and pension remeasurement of NOK 0.4 billion, partially offset by income from operations of NOK 7.8 billion.

## Transactions with related parties

For detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2013.

In addition to transactions described in the Annual Report, the following new significant related party transactions occurred in 2014:

- At the Annual General Meeting on 14 May 2014, redemption of shares owned by the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries was approved. Accordingly a liability of NOK 1.0 billion was recognised and will be paid in the third quarter of 2014. See Annual Report 2013 note 32 and 35 for more information.

## Outlook for 2014

Based on the current Group structure excluding Myanmar and with currency rates as of 30 June 2014 Telenor expects:

- Low single digit organic revenue growth.
- EBITDA margin before other income and expenses above 2013 level.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 14-15%.

### Risk and uncertainties

The existing risks and uncertainties described below are expected to remain for the next three months.

A growing share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Political risk, including regulatory conditions, may also influence the results.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2013, section Risk Factors and Risk Management, and Telenor's Annual Report 2013 Note 28 Managing Capital and Financial Risk Management and Note 33 Commitments and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New developments of risks and uncertainties since the publication of Telenor's Annual Report for 2013 are:

#### Legal disputes

See note 7 for details.

#### Financial aspects

As of 30 June 2014, Telenor ASA had issued guarantees of NOK 2.4 billion related to India, of which NOK 1.4 billion related to interest-bearing liabilities. The remaining NOK 1.0 billion related to guarantees issued primarily to the Indian Department of Telecom.

In relation to the licence issuance in Myanmar, a performance bond of USD 200 million has been issued to Myanmar authorities as a guarantee towards coverage and quality of service commitments during the first five years of the licence.

#### Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2014' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Fornebu, 22 July 2014

The Board of Directors of Telenor ASA

# Condensed interim financial information

## Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Revenues	26 803	25 747	53 318	50 463	104 027
Costs of materials and traffic charges	(7 010)	(7 034)	(14 102)	(13 785)	(28 469)
Salaries and personnel costs	(2 860)	(2 707)	(5 731)	(5 455)	(10 755)
Other operating expenses	(7 318)	(7 148)	(14 570)	(13 943)	(28 912)
Other income	82	91	2 963	91	182
Other expenses	(278)	(185)	(573)	(455)	(864)
<b>EBITDA</b>	<b>9 421</b>	<b>8 763</b>	<b>21 305</b>	<b>16 916</b>	<b>35 209</b>
Depreciation and amortisation	(3 736)	(3 391)	(7 454)	(6 829)	(13 731)
Impairment losses	-	-	(9)	(2)	(151)
<b>Operating profit</b>	<b>5 685</b>	<b>5 372</b>	<b>13 842</b>	<b>10 085</b>	<b>21 327</b>
Share of net income from associated companies and joint ventures	(484)	592	(2 334)	1 654	(1 230)
Gain (loss) on disposal of associated companies	(78)	(363)	(65)	(359)	(359)
Net financial income (expenses)	(279)	(321)	(356)	(528)	(1 914)
<b>Profit before taxes</b>	<b>4 844</b>	<b>5 281</b>	<b>11 088</b>	<b>10 852</b>	<b>17 825</b>
Income taxes	(1 649)	(1 458)	(3 295)	(2 821)	(5 701)
<b>Net income</b>	<b>3 194</b>	<b>3 823</b>	<b>7 793</b>	<b>8 031</b>	<b>12 123</b>

### Net income attributable to:

Non-controlling interests	876	574	1 799	1 181	3 375
Equity holders of Telenor ASA	2 319	3 249	5 995	6 850	8 748

### Earnings per share in NOK

Basic	1.54	2.13	3.98	4.46	5.74
Diluted	1.54	2.12	3.97	4.46	5.74

The interim financial information has not been subject to audit or review.

## Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Net income</b>	<b>3 194</b>	<b>3 823</b>	<b>7 793</b>	<b>8 031</b>	<b>12 123</b>
Translation differences on net investment in foreign operations	1 486	2 456	(44)	5 612	7 688
Income taxes	(15)	81	(2)	37	125
Amount reclassified from equity to income statement on disposal	(86)	55	(83)	55	55
Net gain (loss) on hedge of net investment	(783)	(1 301)	94	(2 250)	(4 030)
Income taxes	212	366	(25)	632	1 130
Amount reclassified from equity to income statement on disposal	-	(7)	-	(7)	(7)
Net gain on available-for-sale-investment	10	29	22	29	18
Amount reclassified from equity to income statement on disposal	-	-	(17)	-	-
Share of other comprehensive income (loss) of associated companies	(1 303)	73	(1 285)	22	192
Amount reclassified from equity to income statement on disposal	-	240	-	240	240
<b>Items that may be reclassified subsequently to income statement</b>	<b>(478)</b>	<b>1 992</b>	<b>(1 339)</b>	<b>4 370</b>	<b>5 410</b>
Remeasurement of defined benefit pension plans	(246)	(513)	(599)	(537)	(1 246)
Income taxes	65	144	161	148	337
<b>Items that will not be reclassified to income statement</b>	<b>(181)</b>	<b>(370)</b>	<b>(439)</b>	<b>(388)</b>	<b>(908)</b>
<b>Other comprehensive income (loss), net of taxes</b>	<b>(659)</b>	<b>1 622</b>	<b>(1 778)</b>	<b>3 982</b>	<b>4 502</b>
<b>Total comprehensive income</b>	<b>2 535</b>	<b>5 445</b>	<b>6 015</b>	<b>12 013</b>	<b>16 626</b>
<b>Total comprehensive income attributable to:</b>					
Non-controlling interests	999	598	1 882	1 459	3 566
Equity holders of Telenor ASA	1 534	4 846	4 133	10 554	13 059

The interim financial information has not been subject to audit or review.

## Consolidated statement of financial position

Telenor Group

	30 Jun	31 Dec	30 Jun
(NOK in millions)	2014	2013	2013
Deferred tax assets	2 417	3 585	4 236
Goodwill	21 226	21 442	18 607
Intangible assets	35 389	32 271	29 379
Property, plant and equipment	51 740	49 547	45 345
Associated companies and joint ventures	31 610	34 600	37 239
Other non-current assets	4 880	4 696	3 878
<b>Total non-current assets</b>	<b>147 262</b>	<b>146 141</b>	<b>138 683</b>
Prepaid taxes	97	531	243
Inventories	1 329	1 587	1 182
Trade and other receivables	19 039	19 701	19 051
Other current financial assets	895	1 027	1 219
Assets classified as held for sale	4	6	0
Cash and cash equivalents	11 948	11 978	16 944
<b>Total current assets</b>	<b>33 312</b>	<b>34 830</b>	<b>38 639</b>
<b>Total assets</b>	<b>180 574</b>	<b>180 971</b>	<b>177 321</b>
Equity attributable to equity holders of Telenor ASA	65 810	73 365	71 296
Non-controlling interests	4 151	3 672	3 557
<b>Total equity</b>	<b>69 961</b>	<b>77 037</b>	<b>74 853</b>
Non-current interest-bearing liabilities	53 293	51 001	47 033
Non-current non-interest-bearing liabilities	650	834	1 033
Deferred tax liabilities	1 987	2 127	1 501
Pension obligations	3 278	2 736	2 045
Provisions and obligations	2 780	2 874	3 243
<b>Total non-current liabilities</b>	<b>61 987</b>	<b>59 572</b>	<b>54 855</b>
Current interest-bearing liabilities	10 293	7 291	9 126
Trade and other payables	31 604	31 706	30 452
Current tax payables	2 420	2 566	2 954
Current non-interest-bearing liabilities	3 047	1 485	4 105
Provisions and obligations	1 262	1 315	977
<b>Total current liabilities</b>	<b>48 626</b>	<b>44 362</b>	<b>47 613</b>
<b>Total equity and liabilities</b>	<b>180 574</b>	<b>180 971</b>	<b>177 321</b>
Equity ratio including non-controlling interests (%)	38.7	42.6	42.2
<b>Net interest-bearing liabilities</b>	<b>44 387</b>	<b>39 395</b>	<b>31 660</b>

The interim financial information has not been subject to audit or review.



## Consolidated statement of cash flows

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
Profit before taxes	4 844	5 281	11 088	10 852	17 825
Income taxes paid	(1 196)	(2 159)	(1 900)	(3 790)	(4 831)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(83)	(383)	(2 987)	(341)	(469)
Depreciation, amortisation and impairment losses	3 736	3 391	7 462	6 831	13 882
Loss (profit) from associated companies and joint ventures	562	(229)	2 399	(1 295)	1 589
Dividends received from associated companies	65	3 938	65	6 533	8 194
Currency (gains) losses not related to operating activities	(25)	146	(162)	182	498
Changes in other operating working capital assets and liabilities	278	1 857	1 158	968	301
<b>Net cash flow from operating activities</b>	<b>8 180</b>	<b>11 842</b>	<b>17 123</b>	<b>19 941</b>	<b>36 990</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(4 215)	(3 003)	(10 153)	(5 710)	(15 612)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(134)	(10)	(1 048)	(70)	(5 973)
Proceeds from PPE, intangible assets and businesses, net of cash disposed	1 283	95	1 159	129	267
Proceeds from and purchases of other investments	(59)	352	(2)	434	703
<b>Net cash flow from investing activities</b>	<b>(3 125)</b>	<b>(2 567)</b>	<b>(10 044)</b>	<b>(5 217)</b>	<b>(20 614)</b>
Proceeds from and repayments of borrowings	2 642	7 109	4 281	3 226	2 192
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	6	-	25	6	6
Share buyback by Telenor ASA	-	-	-	(538)	(3 998)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(907)	(943)	(1 419)	(1 128)	(2 729)
Dividends paid to equity holders of Telenor ASA	(10 097)	(8 844)	(10 097)	(8 844)	(9 239)
<b>Net cash flow from financing activities</b>	<b>(8 356)</b>	<b>(2 678)</b>	<b>(7 211)</b>	<b>(7 278)</b>	<b>(13 768)</b>
Effects of exchange rate changes on cash and cash equivalents	105	509	16	694	567
<b>Net change in cash and cash equivalents</b>	<b>(3 196)</b>	<b>7 107</b>	<b>(117)</b>	<b>8 140</b>	<b>3 175</b>
Cash and cash equivalents at the beginning of the period	15 058	9 838	11 978	8 805	8 805
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>11 862</b>	<b>16 944</b>	<b>11 862</b>	<b>16 944</b>	<b>11 978</b>

<sup>1)</sup> The first half of 2014 includes restricted cash of NOK 347 million, while the first half of 2013 included restricted cash of NOK 175 million.

The interim financial information has not been subject to audit or review.

## Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2013</b>	<b>9 334</b>	<b>(2 155)</b>	<b>75 956</b>	<b>(9 779)</b>	<b>73 355</b>	<b>3 057</b>	<b>76 412</b>
Net income for the period	-	-	8 748	-	8 748	3 375	12 123
Other comprehensive income for the period	-	(459)	-	4 770	4 311	191	4 502
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(459)</b>	<b>8 748</b>	<b>4 770</b>	<b>13 059</b>	<b>3 566</b>	<b>16 625</b>
Transactions with non-controlling interests	-	222	-	-	222	(209)	13
Equity adjustments in associated companies	-	(26)	-	-	(26)	-	(26)
Dividends	-	-	(9 239)	-	(9 239)	(2 743)	(11 982)
Share buyback	(209)	(3 789)	-	-	(3 998)	-	(3 998)
Share - based payment, exercise of share options and distribution of shares	2	(10)	-	-	(8)	-	(8)
<b>Equity as of 31 December 2013</b>	<b>9 127</b>	<b>(6 217)</b>	<b>75 464</b>	<b>(5 009)</b>	<b>73 365</b>	<b>3 672</b>	<b>77 037</b>
Net income for the period	-	-	5 995	-	5 995	1 799	7 793
Other comprehensive income for the period	-	(1 719)	-	(142)	(1 861)	83	(1 778)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1 719)</b>	<b>5 995</b>	<b>(142)</b>	<b>4 133</b>	<b>1 882</b>	<b>6 015</b>
Transactions with non-controlling interests	-	(2)	-	-	(2)	20	18
Equity adjustments in associated companies	-	63	-	-	63	-	63
Dividends	-	-	(10 567)	-	(10 567)	(1 423)	(11 989)
Share buyback	(49)	(999)	-	-	(1 048)	-	(1 048)
Share - based payment, exercise of share options and distribution of shares	-	(135)	-	-	(135)	-	(135)
<b>Equity as of 30 June 2014</b>	<b>9 078</b>	<b>(9 008)</b>	<b>70 892</b>	<b>(5 151)</b>	<b>65 810</b>	<b>4 151</b>	<b>69 961</b>

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2013</b>	<b>9 334</b>	<b>(2 155)</b>	<b>75 956</b>	<b>(9 779)</b>	<b>73 355</b>	<b>3 057</b>	<b>76 412</b>
Net income for the period	-	-	6 850	-	6 850	1 181	8 031
Other comprehensive income for the period	-	(98)	-	3 802	3 704	278	3 982
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(98)</b>	<b>6 850</b>	<b>3 802</b>	<b>10 554</b>	<b>1 459</b>	<b>12 013</b>
Transactions with non-controlling interests	-	(174)	-	-	(174)	181	7
Equity adjustments in associated companies	-	(26)	-	-	(26)	-	(26)
Dividends	-	-	(9 239)	-	(9 239)	(1 140)	(10 379)
Share buyback	(167)	(2 912)	-	-	(3 080)	-	(3 080)
Share - based payment, exercise of share options and distribution of shares	-	(96)	-	-	(96)	-	(96)
<b>Equity as of 30 June 2013</b>	<b>9 168</b>	<b>(5 462)</b>	<b>73 567</b>	<b>(5 977)</b>	<b>71 295</b>	<b>3 557</b>	<b>74 852</b>

The interim financial information has not been subject to audit or review.

## Notes to the consolidated interim financial statements

### Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited liability company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the six months of 2014 ending 30 June 2014, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report 2013. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2013.

For information about the standards and interpretations effective from 1 January 2014, please refer to Note 1 in the Group's Annual report 2013. The standards and interpretations effective from 1 January 2014 do not have a significant impact on the Group's consolidated interim financial statements.

### Note 2 – Business combinations

#### Acquisition of Tele2's cable and fibre business

On 2 January 2014, Telenor acquired 100% of the voting rights in Tele2's Swedish residential fibre and cable TV business for NOK 747 million. The business includes 370,000 connected households, with 125,000 fixed broadband subscribers, 75,000 digital TV subscribers and 220,000 analogue TV households. The acquisition strengthens Telenor's position as one of the leading providers of broadband and digital TV services in Sweden.

The purchase price allocation, which is performed with assistance from third party valuation experts, has been determined to be provisional. The purchase price allocation is provisional pending the final assessment of the identifiable assets. During the second quarter the following changes have been made to the preliminary purchase price allocation presented in the interim report as of 31 March 2014:

(NOK in millions)	Preliminary fair values as of acquisition date	Preliminary fair values as of acquisition date as presented in the first quarter report
Customer Base	279	240
Property, Plant & Equipment	493	610
Other assets	9	28
<b>Total assets</b>	<b>781</b>	<b>878</b>
Deferred tax liability	97	118
Current Liabilities	37	37
<b>Total liabilities</b>	<b>134</b>	<b>155</b>
Net identifiable assets	648	723
Goodwill	99	24
<b>Total consideration for the shares, satisfied by cash</b>	<b>747</b>	<b>747</b>

The goodwill of NOK 99 million comprises the value of expected synergies arising from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

For the period between the date of acquisition and 30 June 2014, the acquired cable and fibre business contributed NOK 279 million to revenues and NOK 77 million negative to the Telenor Group's profit before taxes.

### Note 3 – Associated companies

On 18 April 2014, VimpelCom Ltd. announced the signing of a share purchase agreement for the sale by Global Telecom Holding S.A.E. ("GTH") of a 51% interest in Orascom Telecom Algérie SpA ("OTA" or "Djezzy") to the Fonds National d'Investissement (the "FNI"), the Algerian National Investment Fund, for a consideration of USD 2.643 billion. VimpelCom Ltd. further announced that, in accordance with the shareholders agreement to be entered into between GTH and FNI, effective as of closing of the transaction, GTH will continue to exercise control over OTA and, as a result, both GTH and VimpelCom Ltd. will continue to fully consolidate OTA.

In addition, VimpelCom Ltd. announced that the foreign exchange and import restrictions put in place by the Bank of Algeria against OTA on 15 April 2010 will be lifted on Closing of the transaction, following the payment by OTA to the Algerian Treasury of a fine of approximately USD 1.3 billion. Further, OTA will discontinue all pending proceedings relating to the disputes with the Algerian tax administration relating to tax reassessments for the years 2004 to 2009. As a result, VimpelCom Ltd. wrote off its tax receivable of USD 0.6 billion, and provided for additional tax liability of USD 0.3 billion for withholding tax on dividend to be paid from OTA before closing of the transaction. VimpelCom Ltd. recognised one-off cumulative charge for the settlement costs of USD 2.2 billion in its 2013 financial statements.

GTH is owned 51.9% by VimpelCom Ltd. and VimpelCom Ltd. effectively holds 50.3% of OTA.

Out of the total settlement costs of USD 2.2 billion, USD 1.1 billion is attributable to the shareholders of VimpelCom Ltd. Telenor, holding 33.05% economic interest in VimpelCom Ltd., recognised NOK 2.2 billion for its share of USD 1.1 billion in the income statement.

The accounting effect for the dilution of interests in OTA will take place upon closure of the transaction, which is expected towards the end of 2014.

### Note 4 – Other income

#### Licence refund in India

On 31 March 2014, Indian authorities confirmed that Telenor's Indian subsidiary Telewings will be granted an offset of the entry fee of INR 16.6 billion ( NOK 1.7 billion) paid by Unitech Wireless in 2008 against the remaining instalments, scheduled in the period of 2015–2024, on the payable bid amount on the spectrum acquired by Telewings in 2012. The licence offset was recognized as Other income in the income statement in the first quarter of 2014.

#### Disposal of Conax AS

On 25 March 2014 the Group signed an agreement to sell the wholly owned subsidiary Conax AS for NOK 1.4 billion in cash, resulting in a gain of NOK 1.2 billion. The Group lost control over Conax AS as of the signing date and hence Conax AS was deconsolidated as of 25 March 2014. The consideration was received on 4 April 2014. The business of Conax AS was included in the Broadcast segment.

Consideration received 4 April 2014	1 428
Net cash disposed of *)	(187)
<b>Net cash inflow</b>	<b>1 241</b>

\*) On 4 April 2014 Telenor received in addition to the consideration of NOK 1,428 million a group contribution of NOK 184 million from Conax AS.

### Note 5 – Interest-bearing liabilities

Telenor ASA issued two bonds under the EMTN programme on 12 March 2014: one SEK 2.3 billion bond with fixed coupon rate of 2.375% and one SEK 1.1 billion bond with floating coupon rate of 3M Stibor + 0.63%, both with final maturity 19 March 2019.

On 4 April 2014, Telenor ASA issued a commercial paper of NOK 2.0 billion with fixed coupon rate of 1.78% and maturity 6 October 2014.

On 11 April 2014, Telenor refinanced the EUR 2.0 billion revolving credit facility ("RCF") with a new EUR 2.0 billion RCF. The tenor of the new facility is 5+1+1, whereby Telenor have the option to extend the maturity by another 5 years after 12 and 24 months, respectively.

### Fair value of interest-bearing liabilities recognised at amortised cost

(NOK in millions)	As of 30 June 2014		As of 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current interest-bearing financial liabilities</b>	<b>(63 587)</b>	<b>(66 934)</b>	<b>(58 292)</b>	<b>(59 920)</b>

### Note 6 – Fair values of financial instruments

Financial derivatives recognised at fair value are categorised within level 2 in the fair value hierarchy. See note 29 in the Annual Report 2013 for valuation methodologies.

(NOK in millions)	As of 30 June 2014	As of 31 December 2013
<b>Other non-current assets</b>	<b>2 250</b>	<b>2 099</b>
<b>Other current financial assets</b>	<b>195</b>	<b>291</b>

<b>Non-current non-interest-bearing financial liabilities</b>	<b>(298)</b>	<b>(481)</b>
<b>Non-current interest-bearing financial liabilities</b>	<b>(23)</b>	<b>(277)</b>
<b>Current non-interest-bearing liabilities</b>	<b>(319)</b>	<b>(404)</b>
<b>Total</b>	<b>1 805</b>	<b>1 228</b>

### Note 7 – Legal disputes

The issues described below are updates compared to information included in the Annual Report 2013 note 33 and have to be read in conjunction with this. No provisions have been made for the legal disputes described in this note.

#### Grameenphone

##### SIM tax on replacement SIM cards

On 16 May 2012, National Board of Revenue issued a notice to Grameenphone claiming SIM tax and interest of NOK 1.1 billion on replacement SIM cards issued during the period from July 2007 to December 2011. Grameenphone challenged the demand by a writ petition before the High Court which passed a Stay Order on the operation of the demand valid until 13 September 2013. In mid-2013, a special commission, appointed by the Government, was set up to review this case, in respect of all operators. In mid April 2014 the Commission presented their report stating principally same amounts as the initial NBR conclusions. Grameenphone disagrees with this report and is taking necessary steps to challenge it.

##### Large Taxpayer Unit (LTU) – VAT claim

On 14 May 2014, Large Taxpayer Unit (LTU)-VAT in Bangladesh issued a 'pay or explain' demand of approximately NOK 1.3 billion, against Grameenphone.

This demand was based on an assessment by Local and Revenue Audit Department of Comptroller and Auditor General (C&AG) office, for the fiscal year 2010-11 and 2011-12. Grameenphone disagrees with the findings of the assessment referred to by LTU because of lack of jurisdiction and improper procedures followed. Further Grameenphone believes that relevant facts and legal provisions are being misconstrued in reaching the conclusion. Grameenphone has taken this issue to court. On 28 May 2014, the High Court issued a stay order on execution of the demand for three months.

#### dtac

##### Disputes between dtac and CAT

CAT Telecom Public Company Limited (CAT) and dtac have a number of disputes and disagreements over understanding and scope of the concession agreements. This also includes how the new 3G regime is to be understood in relation to the concession agreements. CAT has threatened to terminate the concession agreements, due to alleged breaches by dtac of these agreements and continues to present claims of compensation against dtac. On 8 July 2014, CAT claimed compensation from dtac due to porting of its subscribers to its subsidiary dtac TriNet during September 2013 – June 2014 in the amount of NOK 0.8 billion. dtac is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that dtac is operating in violation of concession agreements.

### Note 8 – Transactions with related parties

At the Annual General Meeting on 14 May 2014, redemption of shares owned by the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries was approved. Accordingly a liability of NOK 1.0 billion was recognised and will be paid in the third quarter of 2014. See Annual Report 2013 note 35 for more information.

### Note 9 – Events after the reporting period

On 14 July 2014 Telenor ASA cancelled 6,981,748 own shares and redeemed and subsequently cancelled 8,184,493 shares held by the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries. Telenor no longer holds treasury shares following these transactions. The share capital subsequent to the capital reduction is NOK 9,008,748,180 divided into 1,501,458,030 shares.

On 17 July 2014, the Board of Directors of DiGi declared the second interim dividend for 2014 of MYR 0.064 per share which corresponds to approximately NOK 1.0 billion total dividend and approximately NOK 0.5 billion for Telenor ownership share.

On 18 July 2014, the Board of Directors of Total Access Communication Public Company Limited (dtac) declared interim dividend for 2014 of THB 1.58 per share which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.5 billion for Telenor ownership share.

On 21 July 2014, the Board of Directors of Grameenphone Ltd. declared interim dividend for 2014 of BDT 9.5 per share which corresponds to approximately NOK 1.0 billion total dividend and approximately NOK 0.6 billion for Telenor ownership share.

**Note 10 - Segment table and reconciliation of EBITDA before other income and other expenses**

Telenor Serbia and Telenor Montenegro are reported as one operating segment "Telenor Montenegro and Serbia" from 1 January 2014. Telenor Myanmar, reported under "Other units" in the fourth quarter of 2013, is reported as one reporting segment from 1 January 2014. The figures for previous periods are reclassified accordingly.

**The operations****Second quarter**

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses <sup>*)</sup>			
	2014	2013	Growth	2014	2013	2014	Margin	2013	Margin
Norway	6 504	6 153	5.7%	85	85	2 783	42.8%	2 615	42.5%
Sweden	2 838	2 672	6.2%	32	43	890	31.4%	805	30.1%
Denmark	1 166	1 231	(5.3%)	20	19	131	11.2%	222	18.0%
Hungary	1 045	980	6.6%	7	3	383	36.6%	380	38.7%
Globul	654	-	-	1	-	260	39.7%	-	nm
Montenegro & Serbia	838	830	0.9%	24	36	331	39.5%	342	41.2%
dtac - Thailand	4 029	4 792	(15.9%)	8	20	1 464	36.3%	1 456	30.4%
DiGi - Malaysia	3 230	3 136	3.0%	1	1	1 467	45.4%	1 419	45.3%
Grameenphone - Bangladesh	2 025	1 788	13.3%	-	1	1 094	54.0%	916	51.3%
Pakistan	1 555	1 433	8.5%	109	-	659	42.3%	575	40.1%
India	1 021	728	40.3%	1	-	(106)	nm	(153)	nm
Myanmar	-	-	-	-	-	(83)	nm	-	nm
Broadcast	1 529	1 667	(8.3%)	35	46	469	30.7%	543	32.6%
Other units	1 371	1 188	15.4%	678	596	(122)	nm	(253)	nm
Eliminations	(1 002)	(851)	-	(1 002)	(851)	(1)	-	(10)	-
<b>Group</b>	<b>26 803</b>	<b>25 747</b>	<b>4.1%</b>	<b>-</b>	<b>-</b>	<b>9 616</b>	<b>35.9%</b>	<b>8 857</b>	<b>34.4%</b>

**First half year**

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses <sup>*)</sup>			
	2014	2013	Growth	2014	2013	2014	Margin	2013	Margin
Norway	12 780	12 319	3.7%	162	175	5 441	42.6%	5 332	43.3%
Sweden	5 723	5 211	9.8%	62	74	1 740	30.4%	1 510	29.0%
Denmark	2 373	2 423	(2.0%)	31	35	320	13.5%	475	19.6%
Hungary	2 042	1 910	6.9%	12	7	750	36.8%	735	38.5%
Globul	1 282	-	-	2	-	497	38.8%	-	nm
Montenegro & Serbia	1 648	1 593	3.5%	52	66	629	38.2%	648	40.7%
dtac - Thailand	8 216	9 311	(11.8%)	17	34	2 994	36.4%	2 879	30.9%
DiGi - Malaysia	6 403	6 141	4.3%	3	2	2 889	45.1%	2 722	44.3%
Grameenphone - Bangladesh	3 986	3 460	15.2%	1	5	2 146	53.8%	1 711	49.5%
Pakistan	2 951	2 719	8.5%	142	1	1 196	40.5%	1 071	39.4%
India	1 939	1 436	35.1%	2	-	(189)	nm	(338)	nm
Myanmar	-	-	-	-	-	(151)	nm	-	nm
Broadcast	3 222	3 277	(1.7%)	78	87	980	30.4%	1 016	31.0%
Other units	2 675	2 330	14.8%	1 357	1 181	(312)	nm	(469)	nm
Eliminations	(1 923)	(1 666)	-	(1 923)	(1 666)	(18)	-	(13)	-
<b>Group</b>	<b>53 318</b>	<b>50 463</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>18 915</b>	<b>35.5%</b>	<b>17 280</b>	<b>34.2%</b>

<sup>\*)</sup> The segment profit is EBITDA before other income and other expenses.

**Reconciliation**

(NOK in millions)	2nd quarter		1st half year		Year
	2014	2013	2014	2013	2013
<b>Net income</b>	<b>3 194</b>	<b>3 823</b>	<b>7 793</b>	<b>8 031</b>	<b>12 123</b>
Income taxes	(1 649)	(1 458)	(3 295)	(2 821)	(5 701)
<b>Profit before taxes</b>	<b>4 844</b>	<b>5 281</b>	<b>11 088</b>	<b>10 852</b>	<b>17 825</b>
Net financial income (expenses)	(279)	(321)	(356)	(528)	(1 914)
Profit (loss) from associated companies and joint ventures	(562)	229	(2 399)	1 295	(1 589)
Depreciation and amortisation	(3 736)	(3 391)	(7 454)	(6 829)	(13 731)
Impairment losses	-	-	(9)	(2)	(151)
<b>EBITDA</b>	<b>9 421</b>	<b>8 763</b>	<b>21 305</b>	<b>16 916</b>	<b>35 209</b>
Other income	82	91	2 963	91	182
Other expenses	(278)	(185)	(573)	(455)	(864)
<b>EBITDA before other income and other expenses</b>	<b>9 616</b>	<b>8 857</b>	<b>18 915</b>	<b>17 280</b>	<b>35 892</b>

EBITDA				Operating profit (loss)			
2014	Margin	2013	Margin	2014	Margin	2013	Margin
2 744	42.2%	2 554	41.5%	1 922	29.5%	1 801	29.3%
882	31.1%	774	29.0%	507	17.9%	435	16.3%
116	10.0%	203	16.5%	(68)	nm	24	2.0%
377	36.1%	368	37.5%	260	24.9%	273	27.9%
259	39.6%	-	nm	(196)	nm	-	nm
331	39.5%	342	41.3%	239	28.5%	265	31.9%
1 470	36.5%	1 490	31.1%	831	20.6%	911	19.0%
1 466	45.4%	1 421	45.3%	1 251	38.7%	949	30.3%
1 098	54.2%	916	51.2%	781	38.6%	632	35.4%
642	41.2%	577	40.3%	439	28.2%	216	15.1%
(108)	nm	(106)	nm	(170)	nm	(107)	nm
(83)	nm	-	nm	(86)	nm	-	nm
462	30.2%	534	32.0%	330	21.6%	392	23.5%
(235)	nm	(309)	nm	(354)	nm	(432)	nm
(1)	-	-	-	-	-	12	-
<b>9 421</b>	<b>35.1%</b>	<b>8 763</b>	<b>34.0%</b>	<b>5 685</b>	<b>21.2%</b>	<b>5 372</b>	<b>20.9%</b>

EBITDA				Operating profit (loss)			
2014	Margin	2013	Margin	2014	Margin	2013	Margin
5 104	39.9%	5 225	42.4%	3 429	26.8%	3 717	30.2%
1 742	30.4%	1 478	28.4%	978	17.1%	816	15.7%
289	12.2%	388	16.0%	(109)	nm	33	1.3%
726	35.6%	712	37.3%	497	24.4%	529	27.7%
494	38.5%	-	nm	(372)	nm	-	nm
627	38.1%	649	40.7%	441	26.8%	488	30.6%
3 008	36.6%	2 807	30.1%	1 745	21.2%	1 766	19.0%
2 899	45.3%	2 724	44.4%	2 462	38.5%	1 723	28.1%
2 152	54.0%	1 710	49.4%	1 506	37.8%	1 164	33.6%
1 183	40.1%	1 075	39.5%	816	27.7%	217	8.0%
1 482	76.4%	(298)	nm	1 361	70.2%	(301)	nm
(151)	nm	-	nm	(157)	nm	-	nm
2 184	67.8%	1 008	30.7%	1 913	59.4%	716	21.8%
(434)	nm	(558)	nm	(670)	nm	(797)	nm
(1)	-	(4)	-	1	-	15	-
<b>21 305</b>	<b>40.0%</b>	<b>16 916</b>	<b>33.5%</b>	<b>13 842</b>	<b>26.0%</b>	<b>10 085</b>	<b>20.0%</b>

# Responsibility statement

We confirm that, to the best of our knowledge, the condensed financial statements for the first half of 2014 which have been prepared in accordance with IAS 34 Interim Financial Reporting give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information under the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Fornebu, 22 July 2014



Svein Aaser  
Chairman of the Board of Directors



Frank Dangeard  
Deputy Chairman of the Board of Directors



Marit Vaagen  
Board member



Jon Erik Reinhardsen  
Board member



Bulckhard Bergmann  
Board member



Sally Davis  
Board member



Dag I. Opedal  
Board member



Barbara Milian Thoralfsson  
Board member



Bjørn André Anderssen  
Board member



Brit Østby Fredriksen  
Board member



Harald Stavn  
Board member



Jon Fredrik Baksaas  
President and CEO



# Definitions

- Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
- Capital expenditure (capex) is investments in tangible and intangible assets.
- Operating cash flow is defined as EBITDA before other income and expenses less capex, excluding licences and spectrum.
- Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

## Mobile operations

### Revenues

#### Subscription and traffic

- consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

#### Interconnect

- consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

#### Other mobile

- consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as machine-to-machine SIM cards (M2M), for example vending machines and meter readings.

#### Non-mobile

- consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

#### Mobile revenues from company's own subscriptions

- consist of 'Subscription and traffic' and 'Interconnect' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

### Key figures

#### Subscriptions

Contract subscriptions are counted until the subscription is terminated or until there has been no revenues or outgoing/incoming traffic during the last three months. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

#### Active mobile internet users

Active mobile internet users are subscriptions with at least 50 KB of data during the last month of the quarter.

#### Average traffic minutes per subscription per month (AMPUM)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

#### Average revenue per subscription per month (ARPU)

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

## Fixed operations

### Revenues

#### Telephony

- consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

#### Internet and TV

- consist of subscription and connection fees for xDSL and fibre, subscription fees and traffic charges for Dial Up Internet in addition to revenues from TV services.

#### Data services

- consist of Nordic Connect/IP-VPN, Global communication and security.

#### Other

- consist of leased lines, managed services and other retail products.

#### Wholesale

- consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products.

### Key figures

#### Subscriptions

Telephony consist of PSTN, ISDN and VoIP subscriptions.

Internet consists of broadband access over xDSL, fibre and cable TV.

TV consists of TV services over fibre and cable.

Subscriptions are counted until the subscription is terminated.

#### Average revenue per subscription per month (ARPU)

ARPU is calculated based on revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

Internet ARPU is calculated based on Internet revenues as defined above except TV service revenues.

TV ARPU is calculated based on revenues from TV services.

## Broadcast

### Revenues

#### Canal Digital DTH

- consist of revenues from Nordic DTH subscribers, households in SMATV networks and DTT subscribers in Finland.

#### Satellite Broadcasting

- consist of revenues from satellite services from the satellite position 1-degree west.

#### Norkring

- consist of revenues from terrestrial radio and TV transmission in Norway and Belgium.

#### Conax

- consist of revenues from sale of encryption and conditional access services for TV distribution.

#### Other

- consist of revenues from Telenor Media Invest.

## Second quarter 2014

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