



Telenor Group – Fourth Quarter 2014

Jon Fredrik Baksaas, CEO



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Good results in 2014, solid growth ahead

Fourth quarter

- 7 million new subscribers
- 5% organic revenue growth
- 31% EBITDA margin

Full year 2014

- 20 million new subscribers
- 3% organic revenue growth
- 35% EBITDA margin
- Operating cash flow of NOK 21 billion

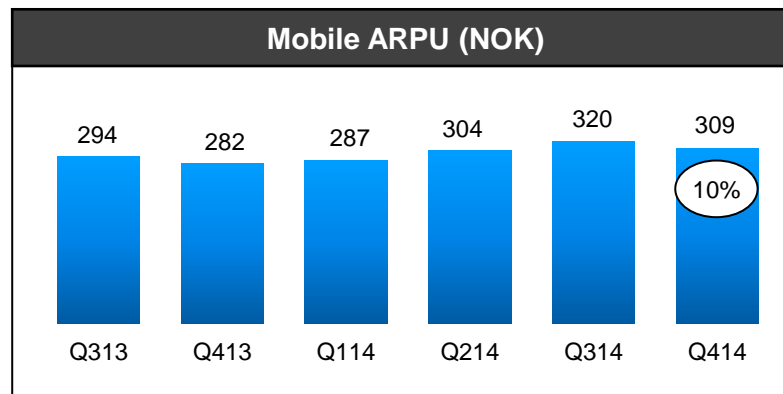


Q4 2014

Upselling on increasing data usage in Norway

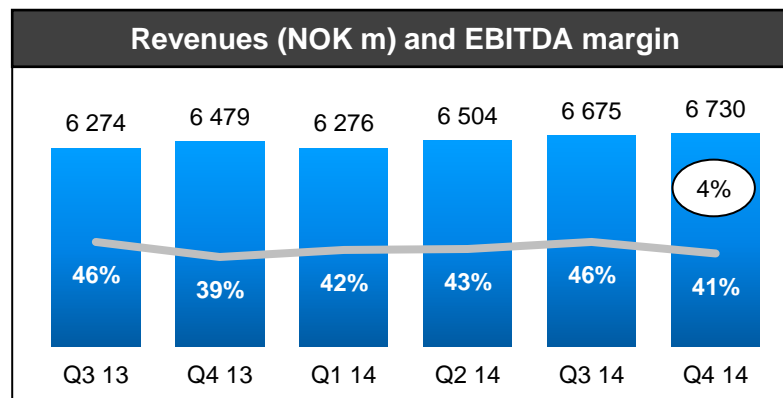
Mobile

- 11% growth in mobile subscription and traffic revenues
- 105% growth in median data usage
- 56% of new postpaid consumer subscriptions at NOK 299 or above



Fixed

- 3% growth in Internet and TV revenues despite ADSL decline
- 18k new high-speed connections in Q4, of which 6k fibre customers
- Good upselling on high-speed connections

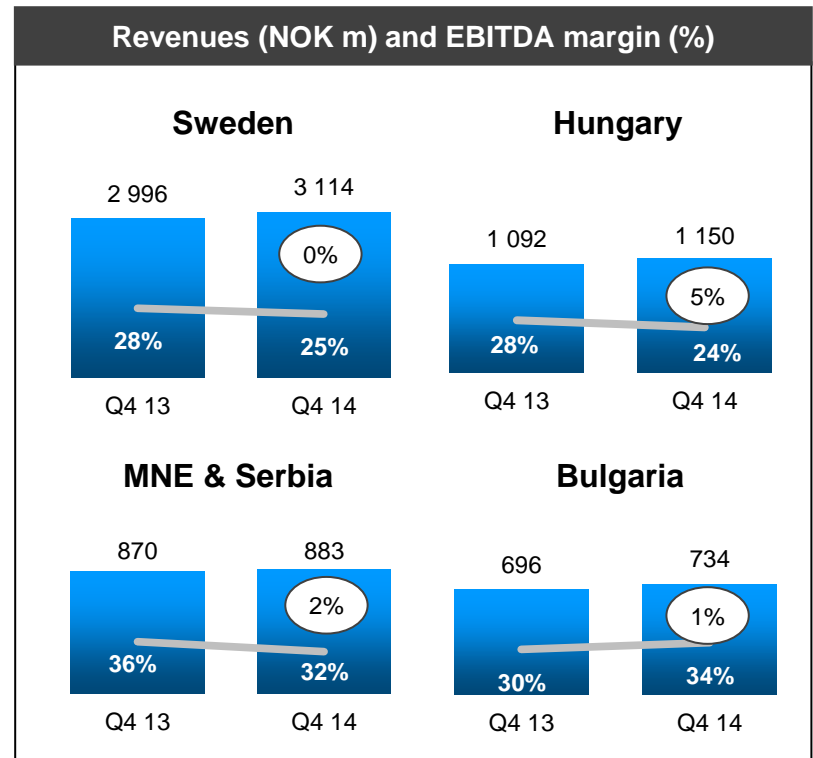


○ Organic revenue growth

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

Organic revenue growth across European operations

- Strong handset sales in Sweden and Hungary
- Integration of acquired fibre and cable business on track in Sweden
- Promising start for financial services in Serbia
- Network swap in Bulgaria 80% completed

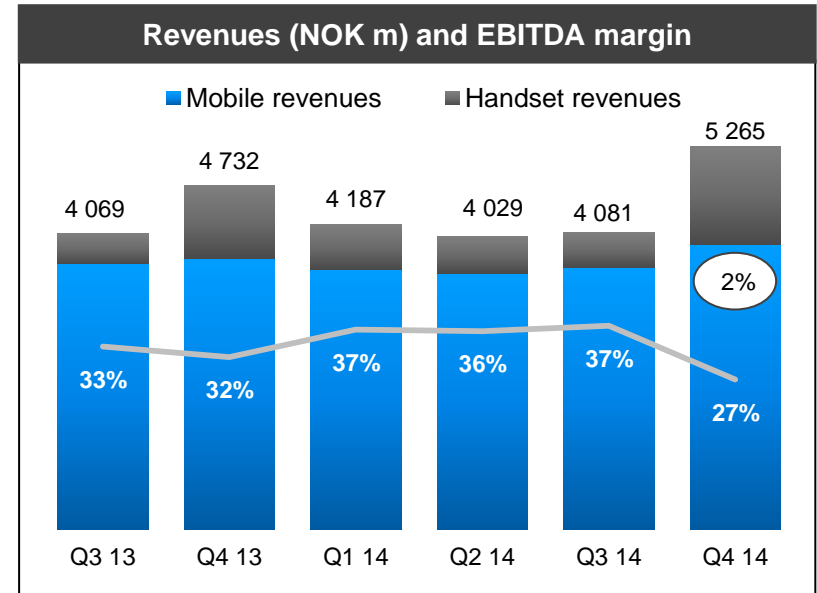
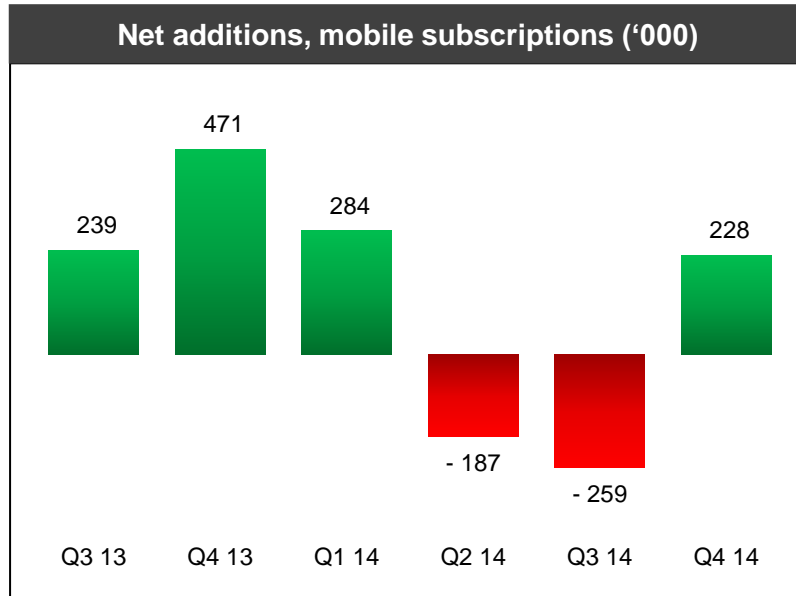


○ Organic revenue growth

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

Q4 2014

Intense competition incl. handset subsidies pressuring margin in Thailand



- Stabilised subscriber base

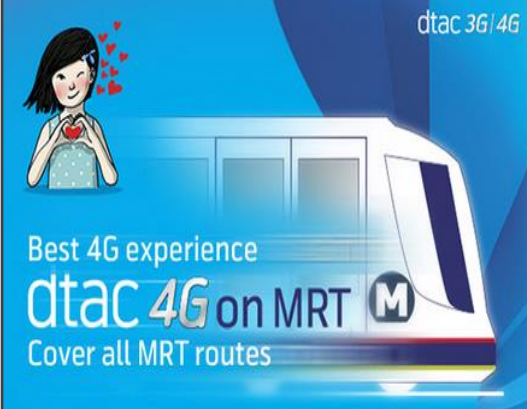

- Record high handset sales diluting margin

○ Organic revenue growth

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

Implementing measures to improve performance in Thailand

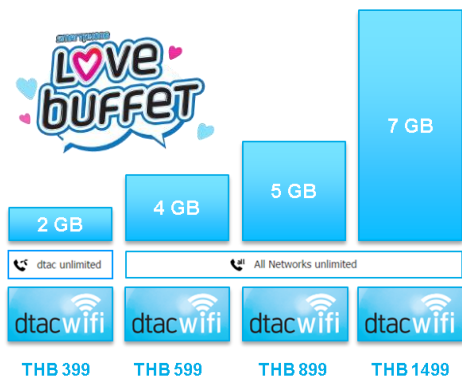

Strengthened network position



Best 4G experience
dtac 4G on MRT
Cover all MRT routes

- Ambition: Best data network in key cities
- 6,500 new sites by Q1 2015

Revised tariffs




Tariff	Price (THB)
2 GB	399
4 GB	599
5 GB	899
7 GB	1499

dtac unlimited | All Networks unlimited

dtacwifi | dtacwifi | dtacwifi | dtacwifi

- Data-centric pricing in prepaid and postpaid

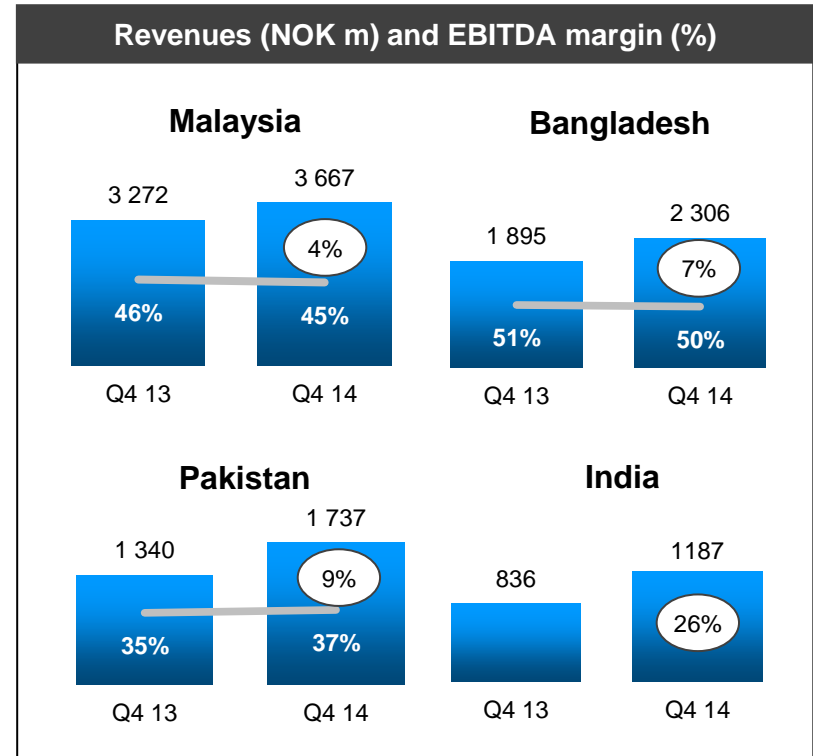
Cluster-based operating model



- Granular performance management
- Dynamic target setting

Solid revenue growth in other established Asian operations

- Strong prepaid data monetisation in Malaysia
- 1.2 million net subscriber growth in Bangladesh
- Biometric verification of customer base in Pakistan
- 2.3 million net subscriber growth in India



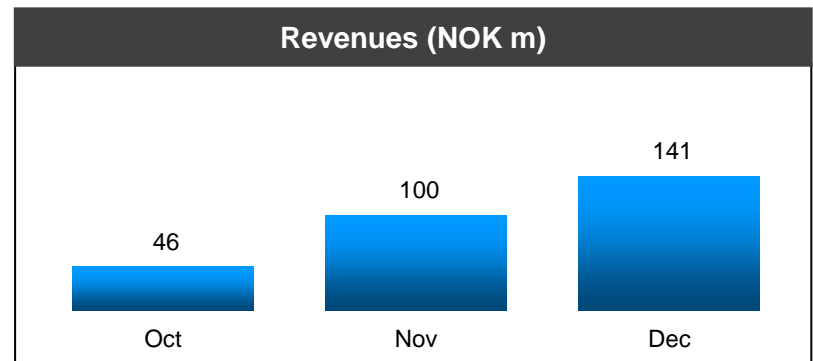
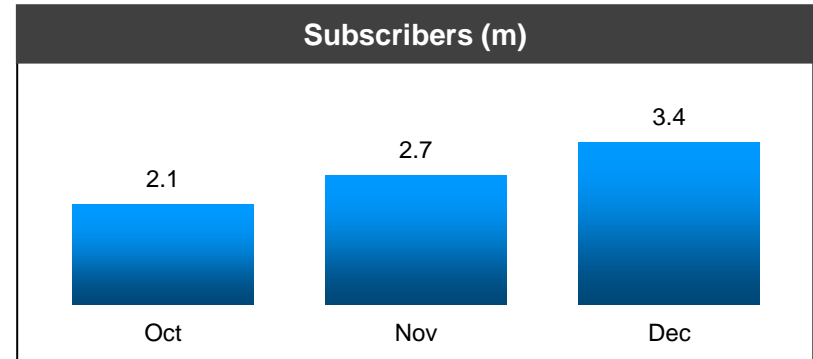
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Q4 2014

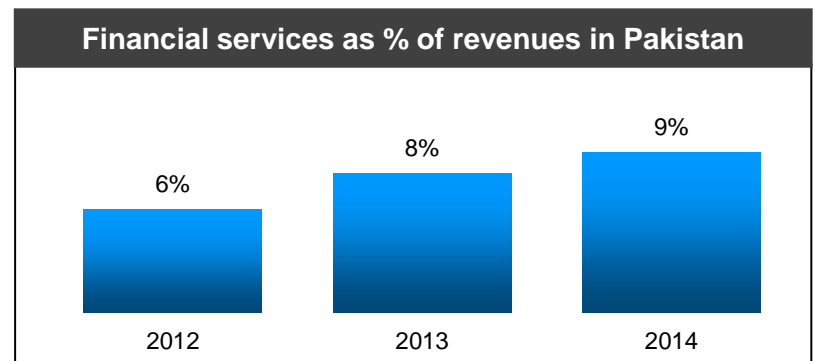
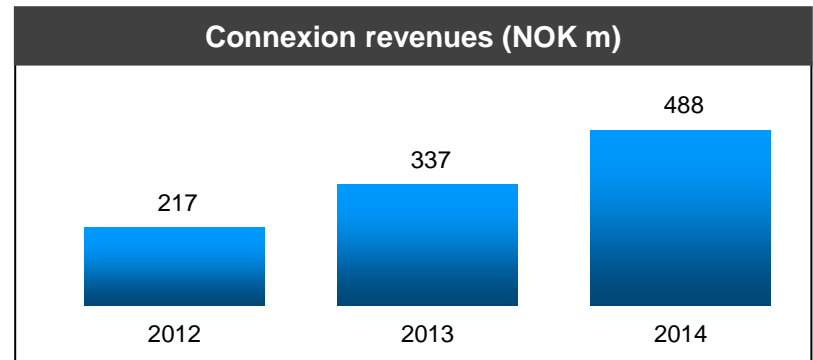
A promising start in Myanmar

- Commercial launch in Mandalay on 27 September
 - 2G & 3G services
 - Nay Pyi Taw and Yangon launched in October
- 3.4 million subscribers at year-end
 - 40% daily active data users
- 1,054 network sites on air at year-end
- Expansion to 6 new clusters in January



Gaining momentum on adjacent digital positions

- **Machine to Machine**
 - Strong performance in Connexion
- **Financial services**
 - Easypaisa in Pakistan
 - Telenor Banka launched in Serbia
 - Hungary, Myanmar and others in the pipeline
- **Online classifieds**
 - JV with Schibsted, SPH and Naspers



Priorities in 2015

Profitable growth

- Upsell on increasing data usage
- Return to growth in Thailand
- Capture position in Myanmar
- Internet for All strategy

Efficient operations

- Deliver on NOK 5 billion gross cost saving programme
- Cluster based operating model





Telenor Group – Fourth Quarter 2014

Richard Olav Aa, CFO

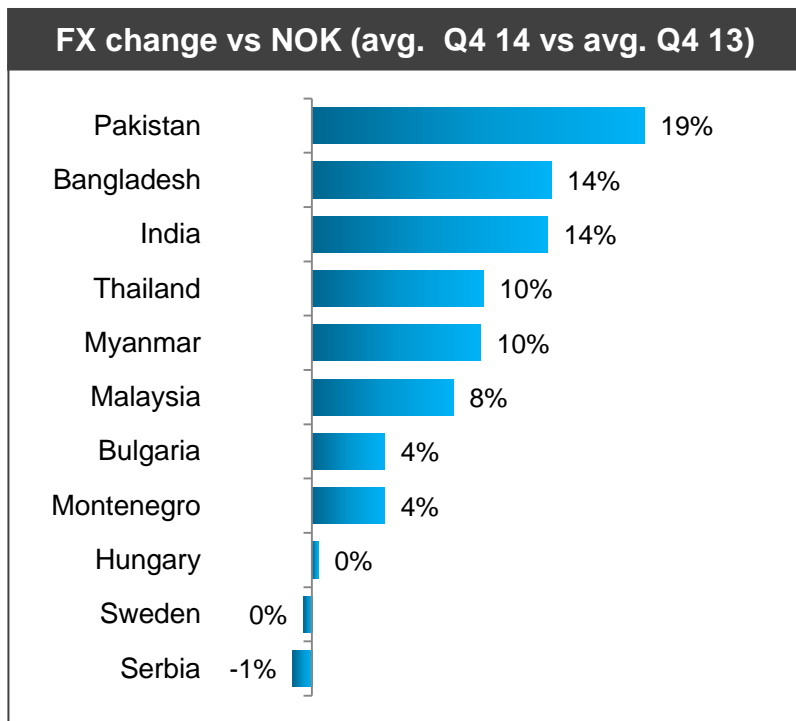


Financial highlights 2014

- Delivered on full year guidance
- Strong data monetisation in Norway and Malaysia
- Gross cost savings according to plan
- Investments in spectrum and networks to support data growth
- Good execution on M&A (incl. Online Classifieds, Conax, Denmark)

Actual 2014	Outlook 2014
2.7% organic rev. growth	Low single digit
35.9% EBITDA margin	Above 2013 level
14.7% capex / sales	14-15%

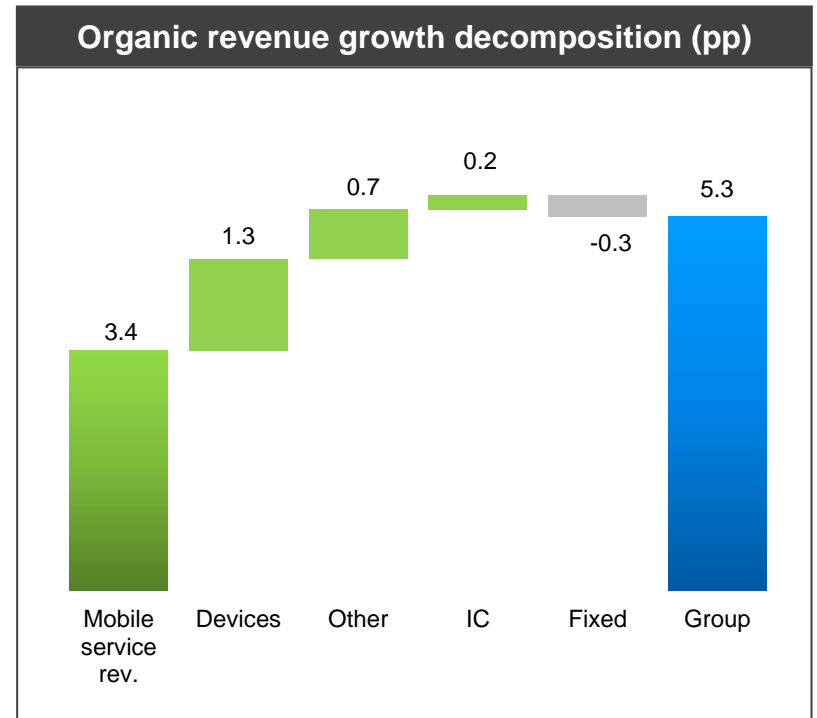
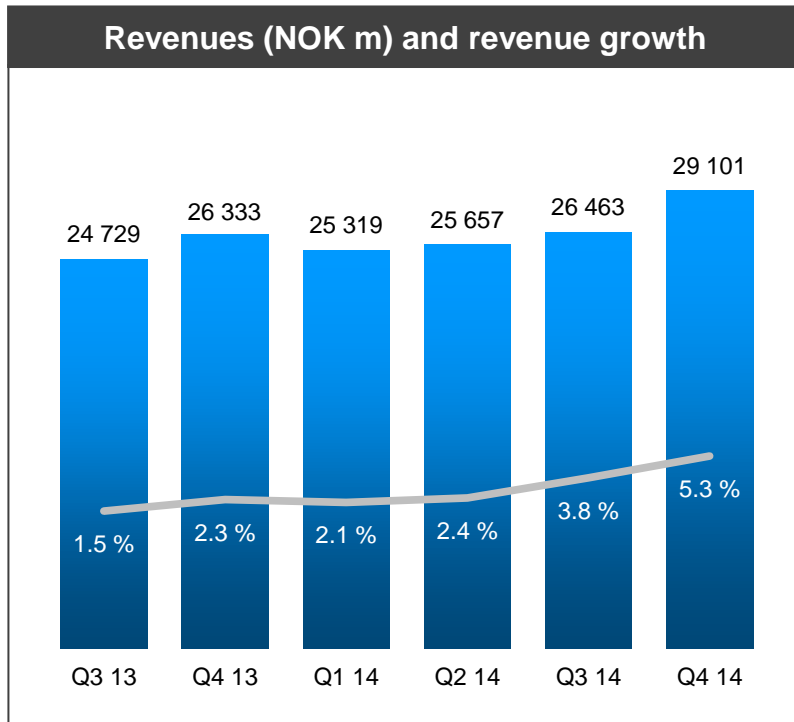
Weakened Norwegian Krone impacting reported Q4 figures



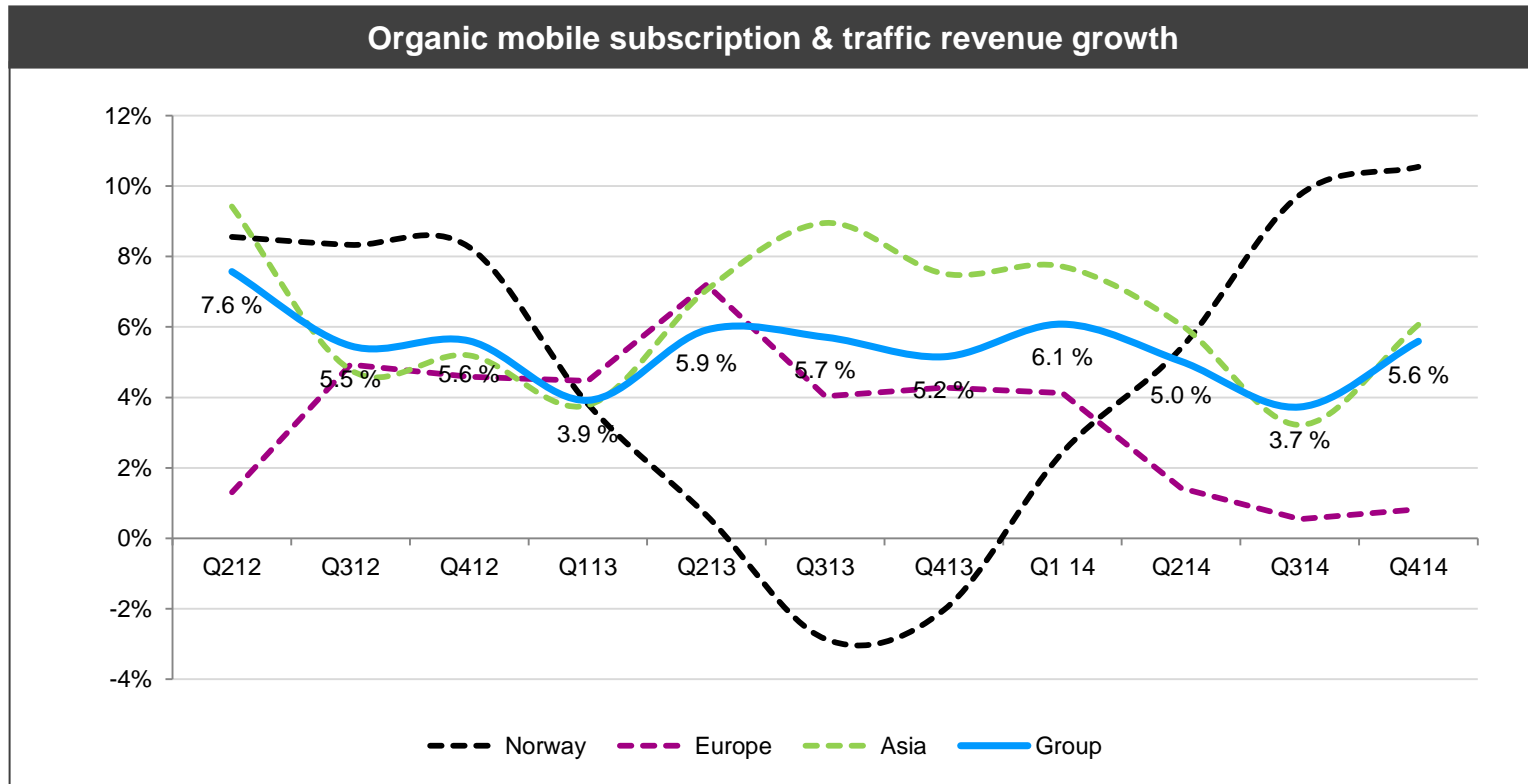
FX effect on key financials in Q4 (YoY):

- Revenues: NOK +1.4 bn
 - Reported growth +11% vs organic +5%
- EBITDA: NOK +0.5 bn
 - Reported growth +4% vs organic -1%
- Capex: NOK +0.2 bn
- Net debt : NOK +5.6 bn

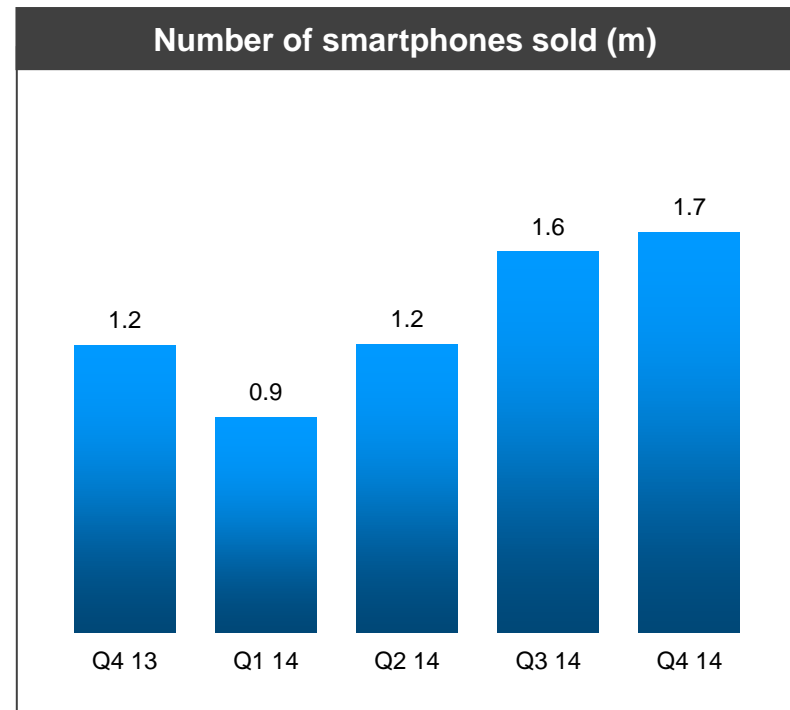
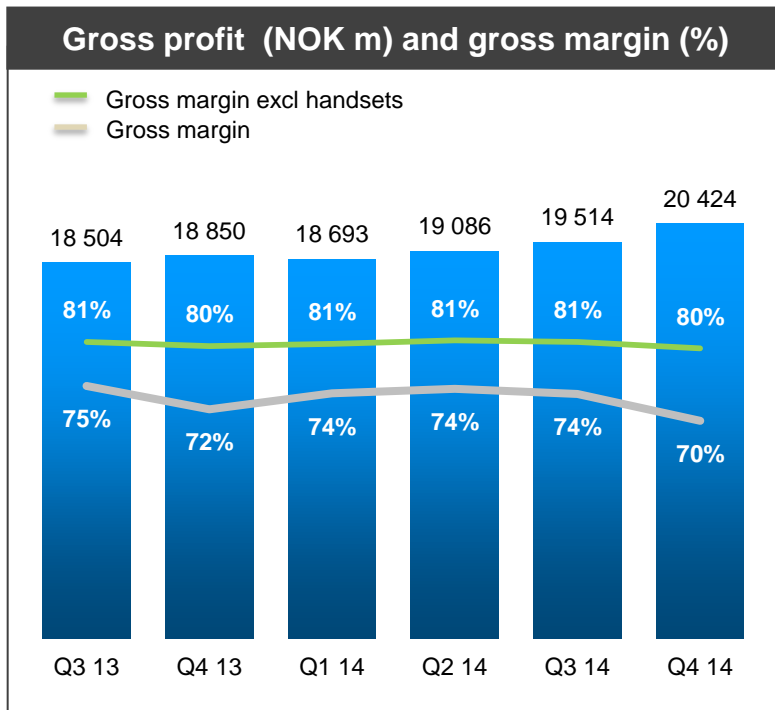
Organic revenue growth accelerating to 5%



Robust mobile subscription and traffic revenue growth

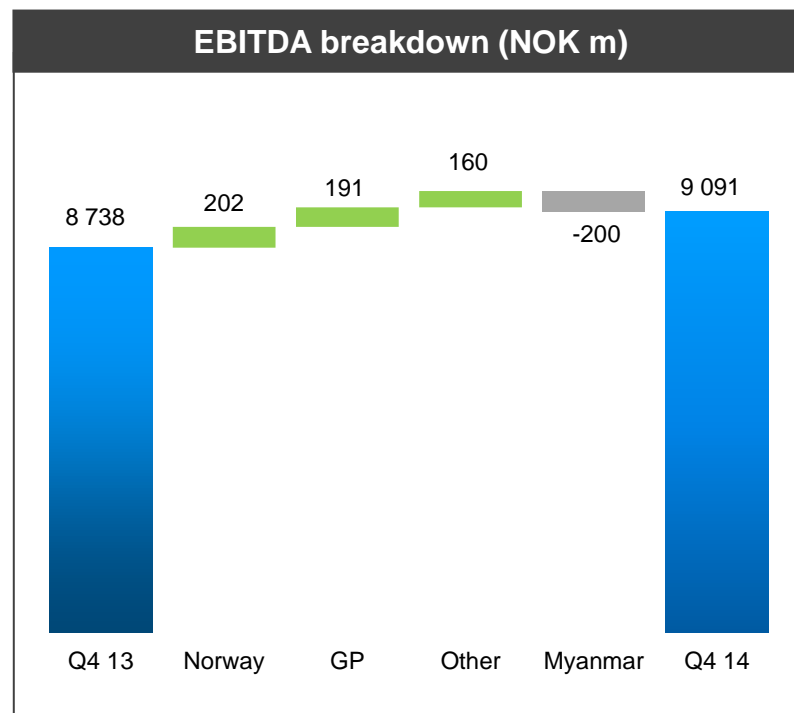
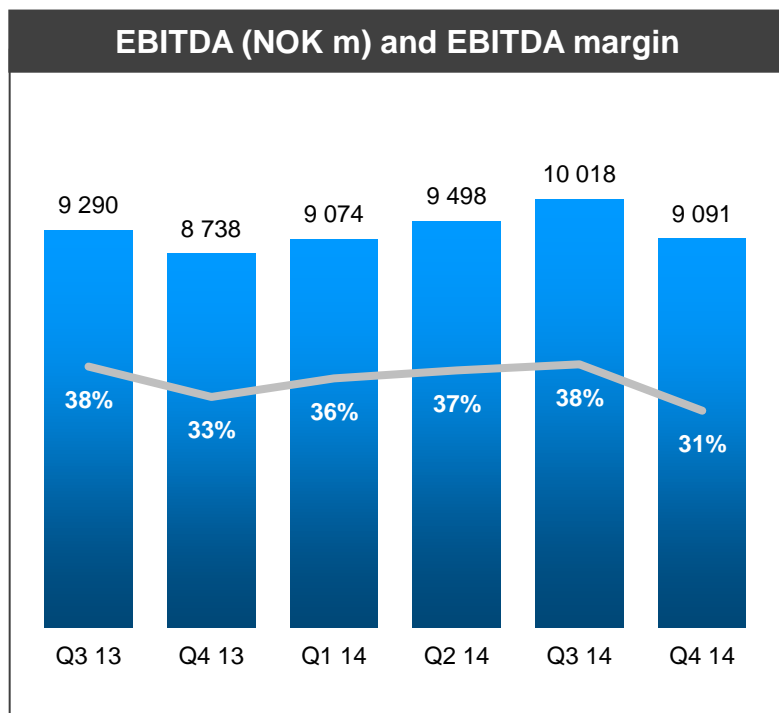


Gross margin reflecting strong handset sales with subsidies



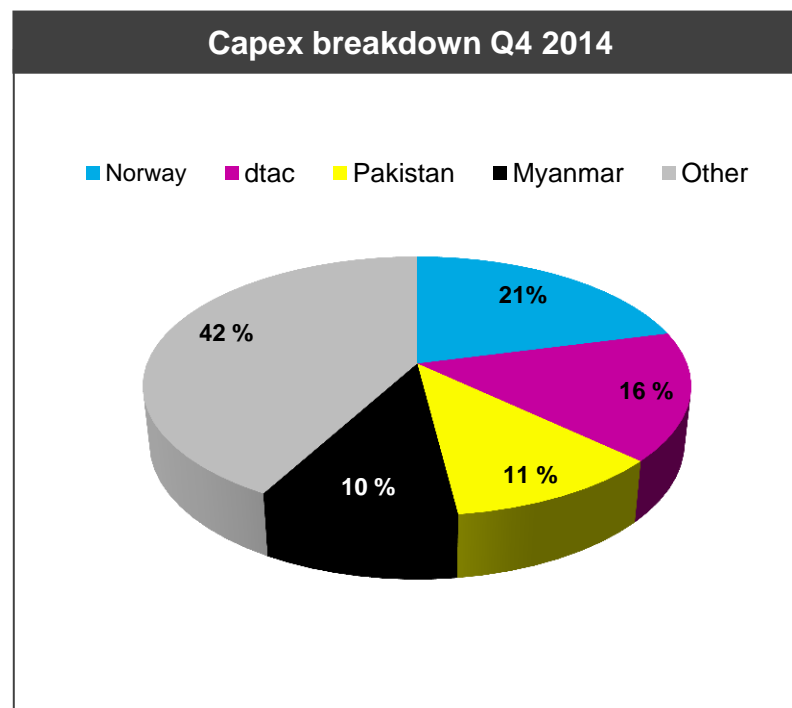
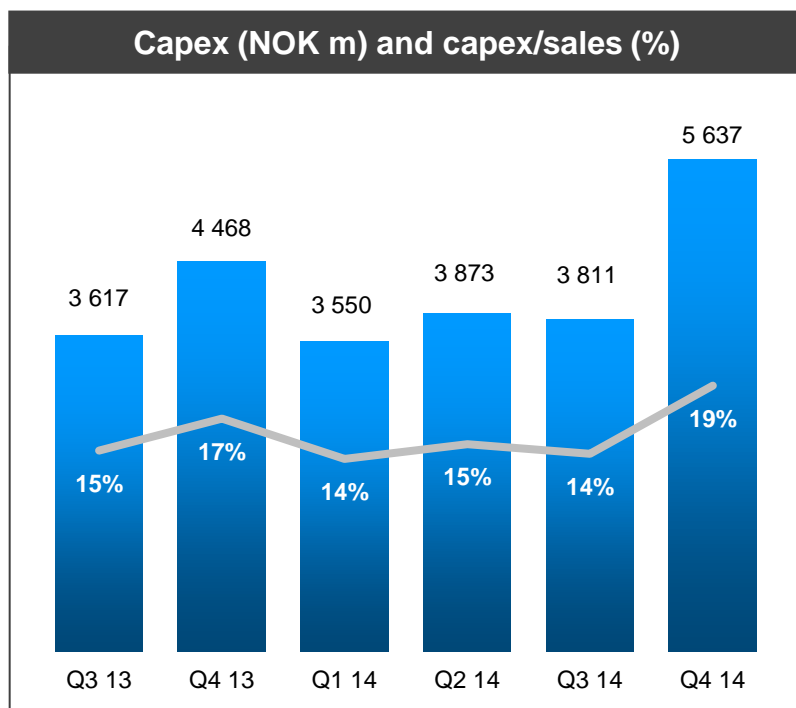
Q4 2014

EBITDA margin impacted by handset sales and launch in Myanmar



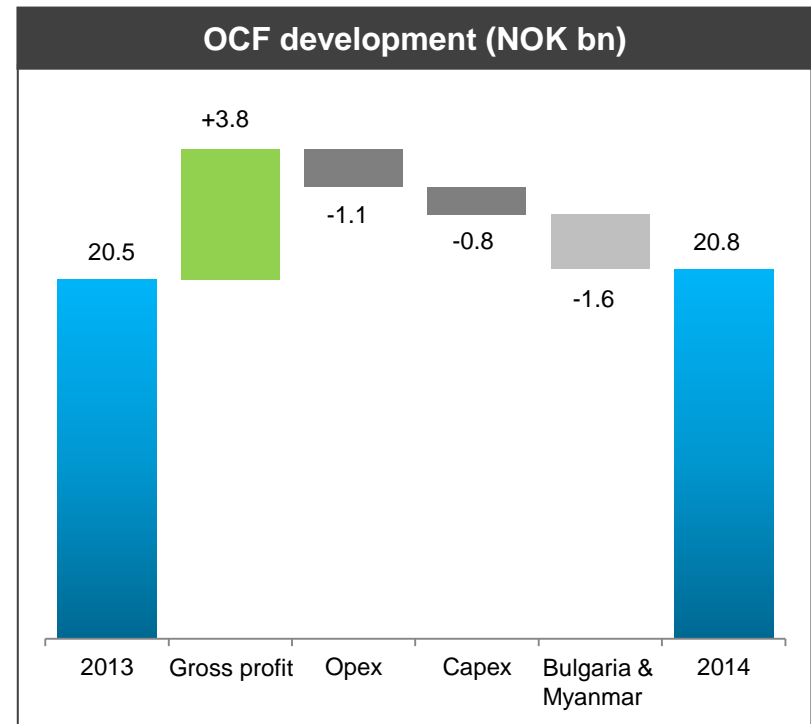
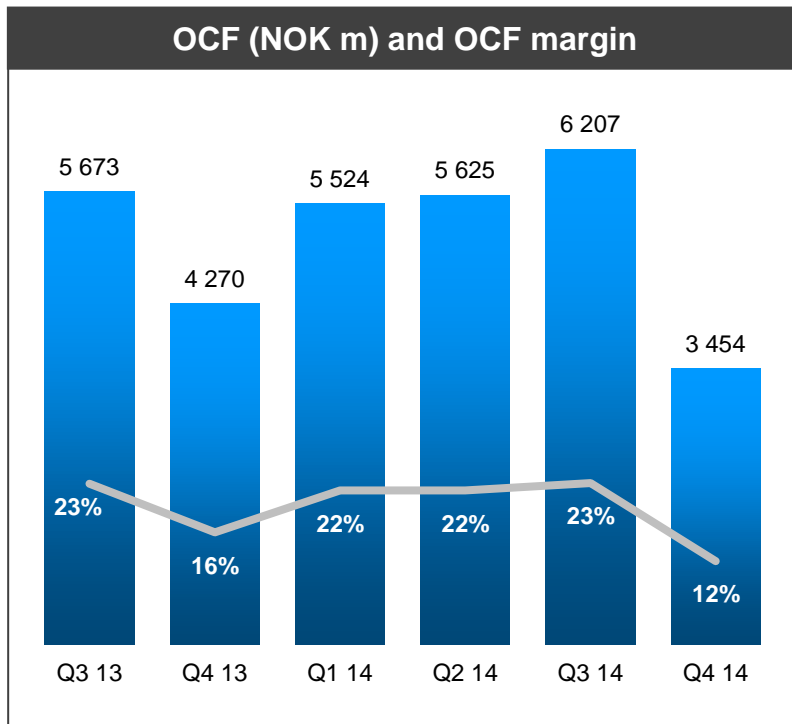
Q4 2014

Capex of NOK 5.6 billion and capex/sales of 19%



Q4 2014

Operating cash flow of NOK 3.5 billion



Continued operations. Operating cash flow = EBITDA before other items – capex excl. licences

Q4 2014

Net income of NOK 1.8 billion

NOK m	Q4 14	Q4 13	
Revenues	29 101	26 333	
EBITDA before other items	9 091	8 738	
Other items	-208	-142	<ul style="list-style-type: none"> Norway (-47m), Sweden (-63m), India (-100m), Hungary (-19m)
EBITDA	8 883	8 597	
Depreciation and amortisation	-4 003	-3 337	
Impairments	-9	-26	<ul style="list-style-type: none"> VimpelCom (160m) Evry (194m) Online classifieds (-173m)
EBIT	4 871	5 234	
Associated companies	100	-4 056	
Net financials	-780	-556	<ul style="list-style-type: none"> Incl. currency losses of 221m, mainly non-cash
Profit before taxes	4 191	622	
Taxes	-1 499	-1 179	
Discontinued operations	-17	-26	
Non-controlling interests	-910	-1 436	
Net income to Telenor	1 765	-2 019	
Earnings per share (NOK)	1.18	-1.34	

Net debt/EBITDA increased to 1.2x, driven by FX changes



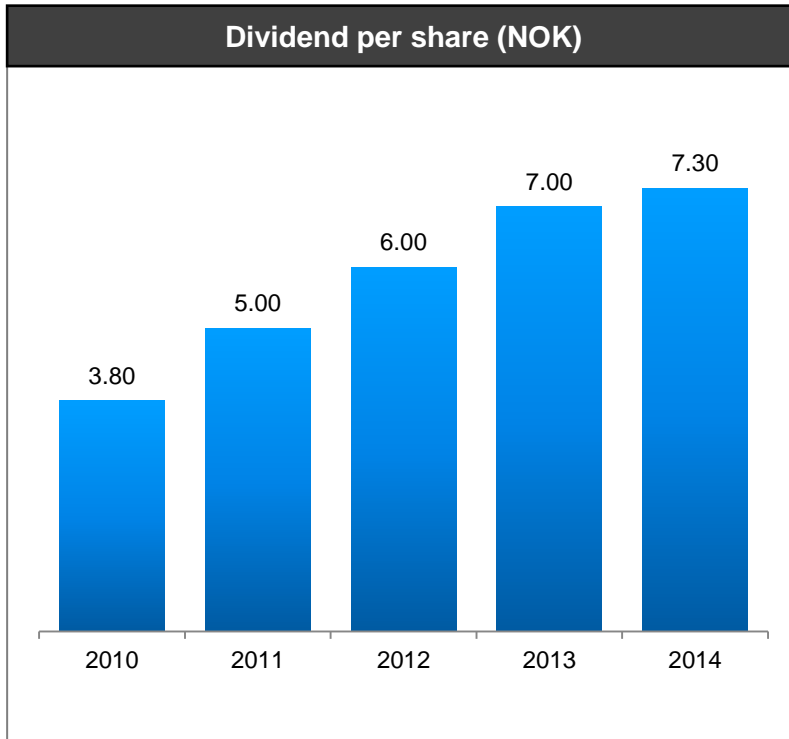
Change in net debt (NOK bn)

Net debt 30 Sep 2014	40.4
EBITDA	(8.9)
Income taxes paid	1.7
Net interest paid	0.3
Capex paid	5.7
Dividends paid to minorities	0.8
Revenue share in dtac	1.7
Currency effects	5.6
Other changes in working capital	(0.7)
Reclass. of Denmark as discontinued op.	0.5
<i>Net change</i>	<i>(6.7)</i>
Net debt 31 Dec 2014	47.1

*) 12 months rolling EBITDA. Net debt excl licence commitments

Q4 2014

Dividend for 2014 of NOK 7.30 per share



- Dividend in line with ambition to deliver yoy growth in DPS
- Total pay-out of NOK 11.0 billion
- Pay-out in two tranches:
 - NOK 3.80 per share in June
 - NOK 3.50 per share in November
- Pending AGM approval of Board authorisation on 20 May

Q4 2014

Outlook for 2015

	2015	FY 2014
Organic revenue growth	Mid-single digit	3.4%
EBITDA margin	33-35%	35.4%
Capex / sales	In line with 2014 excl. satellite	15.8%

Group structure (continued operations) as of 31 December 2014, incl. Myanmar.

Organic revenue growth in fixed currency, adj. for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees.

Q4 2014 Summary

- 2014 performance in line with guidance
- Robust growth in mobile service revenues
- Profitable growth and efficient operations key priorities for 2015





Q&A





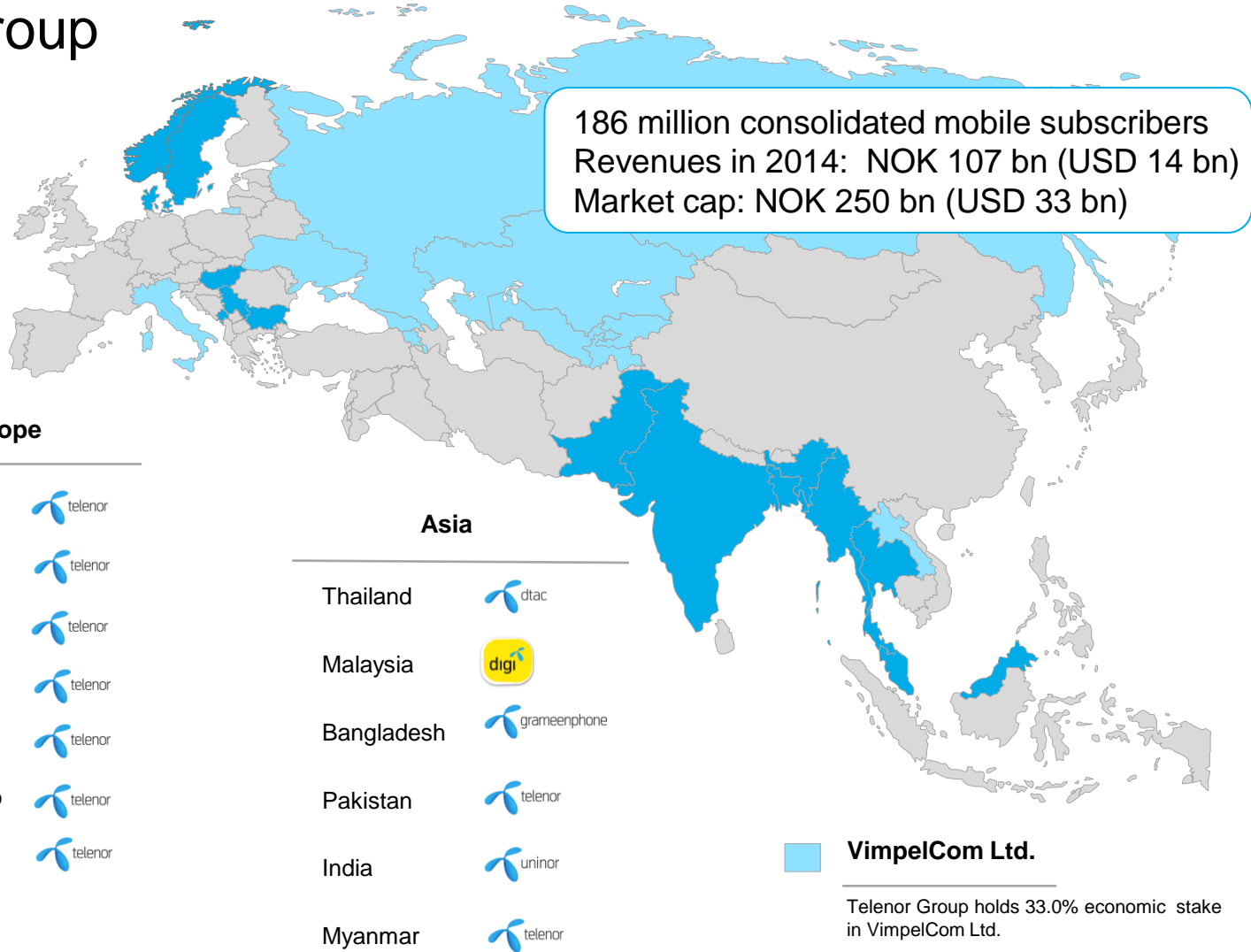
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Appendix



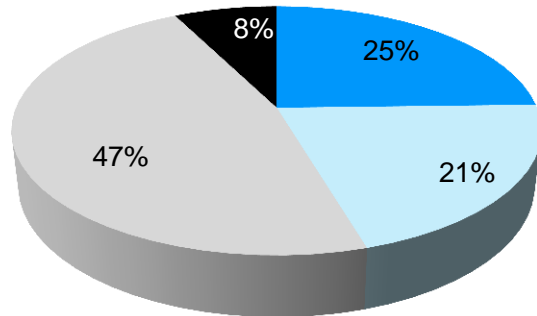
Telenor Group



Denmark recorded as discontinued operations in financial statements

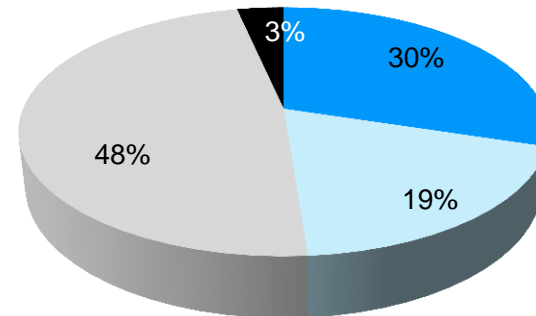
Geographic split of key financials in 2014

Revenues



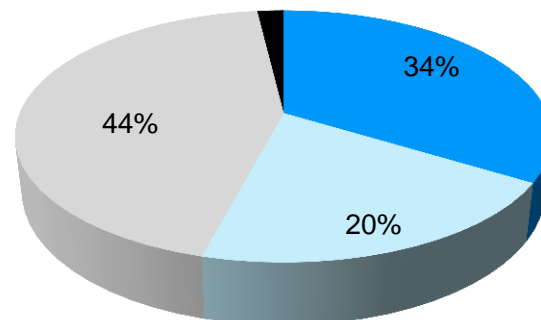
■ Norway ■ Europe ■ Asia ■ Other

EBITDA



■ Norway ■ Europe ■ Asia ■ Other

Operating cash flow

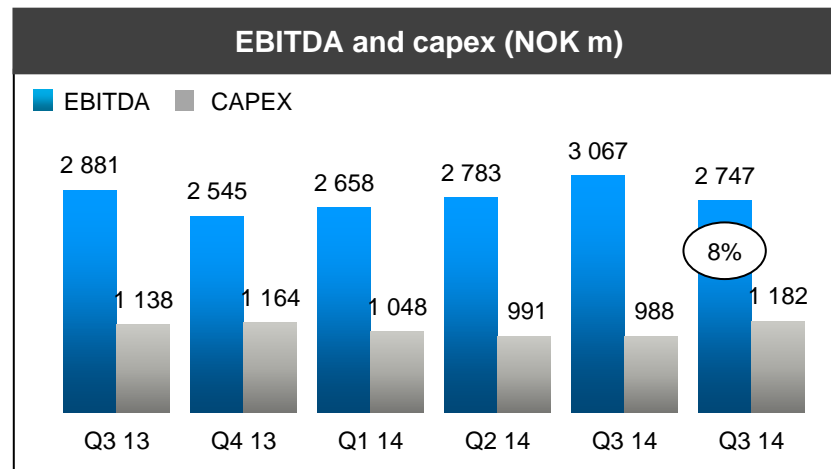
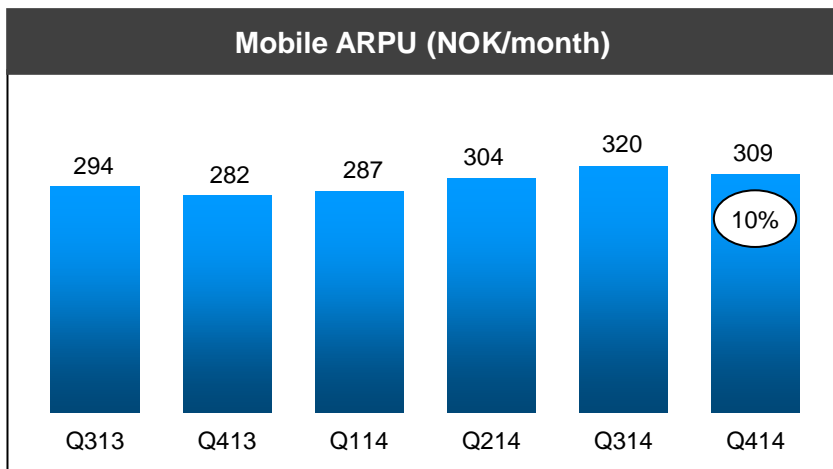
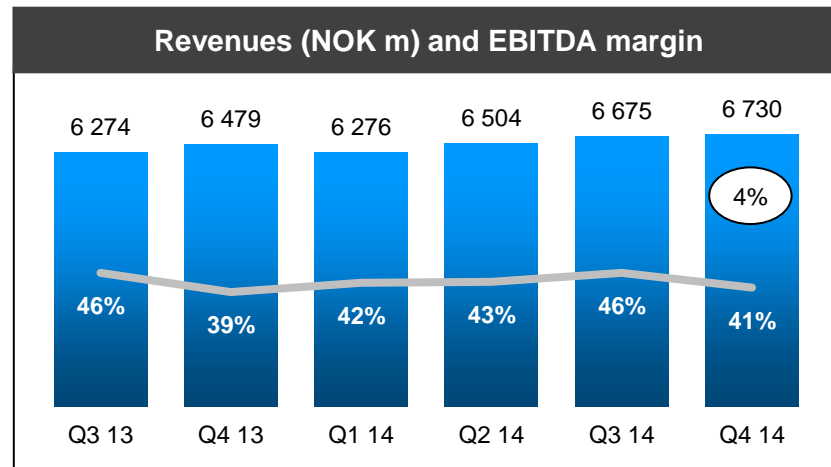
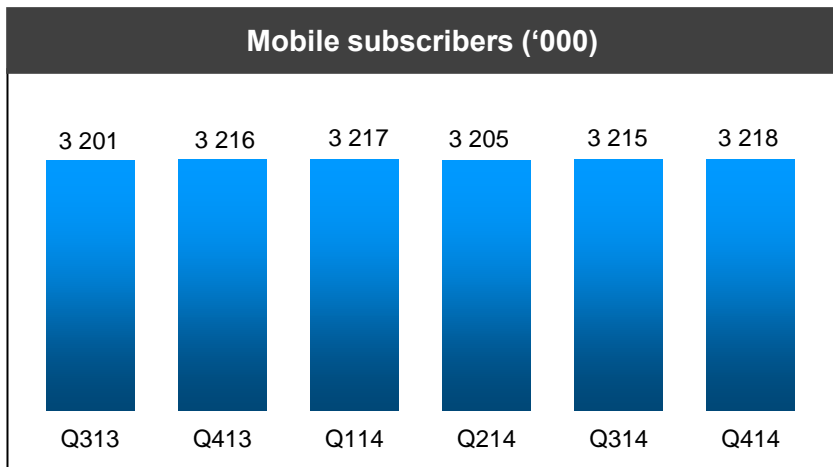


■ Norway ■ Europe ■ Asia ■ Other

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

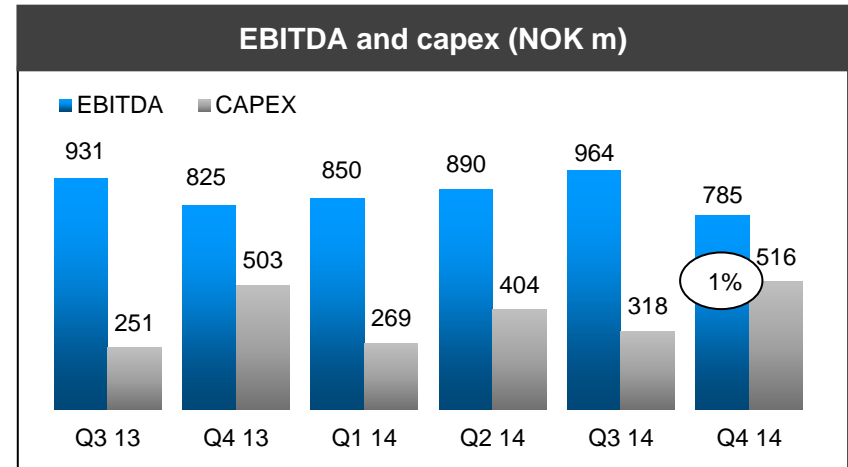
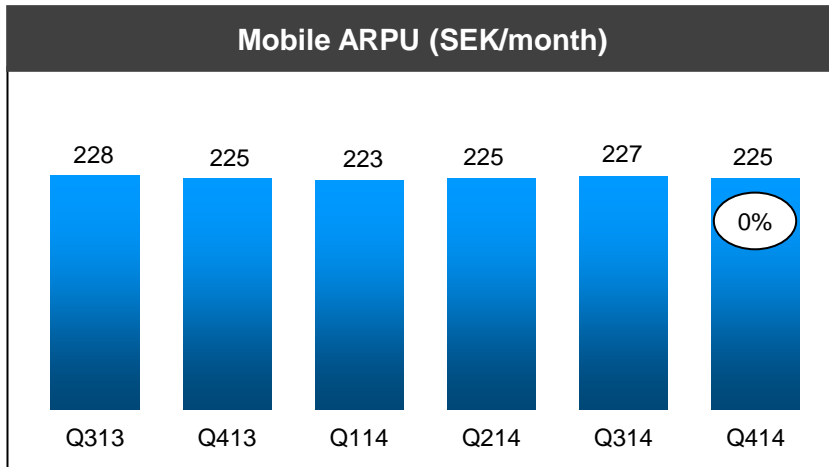
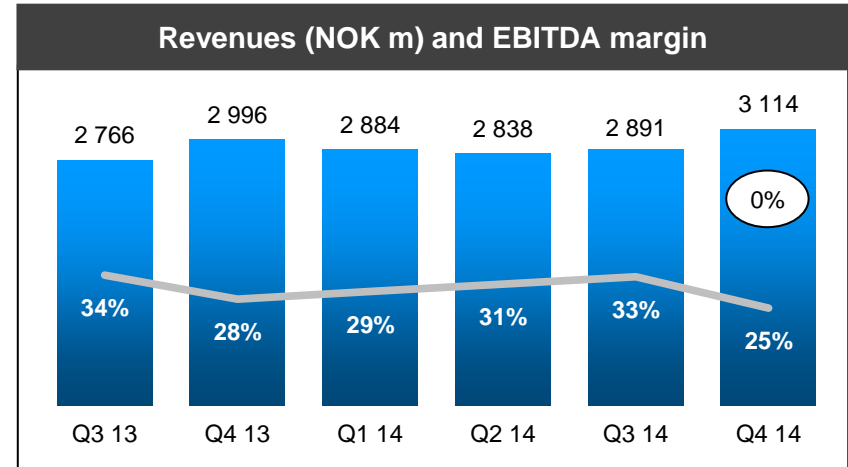
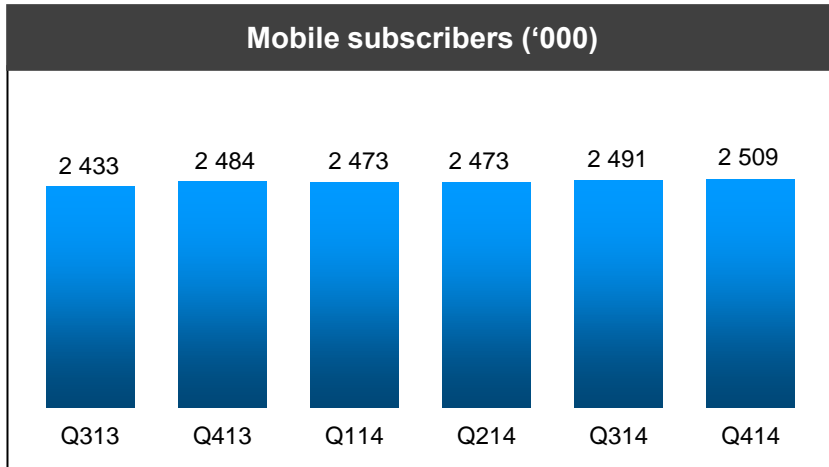


○ Organic growth

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

Q4 2014

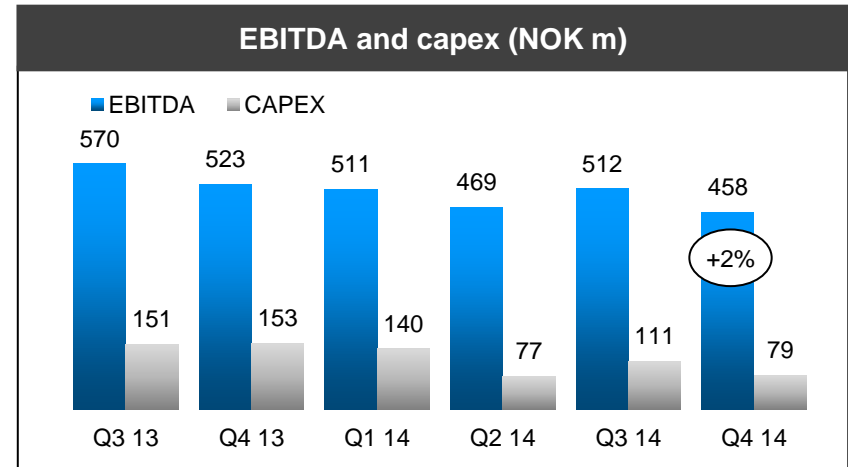
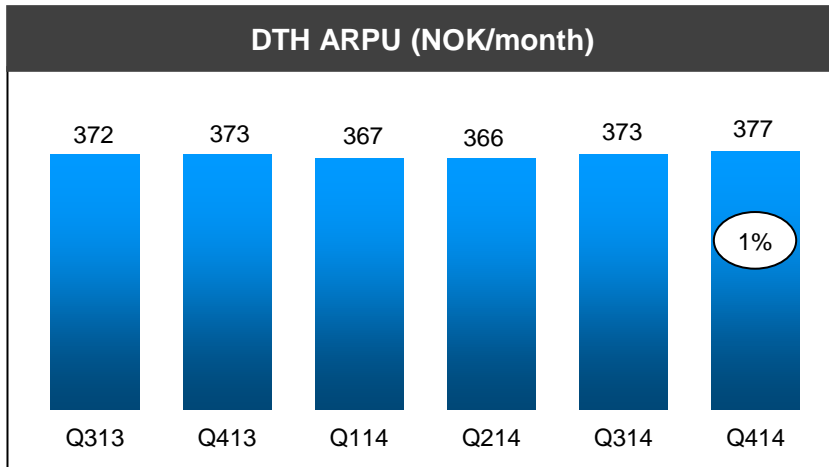
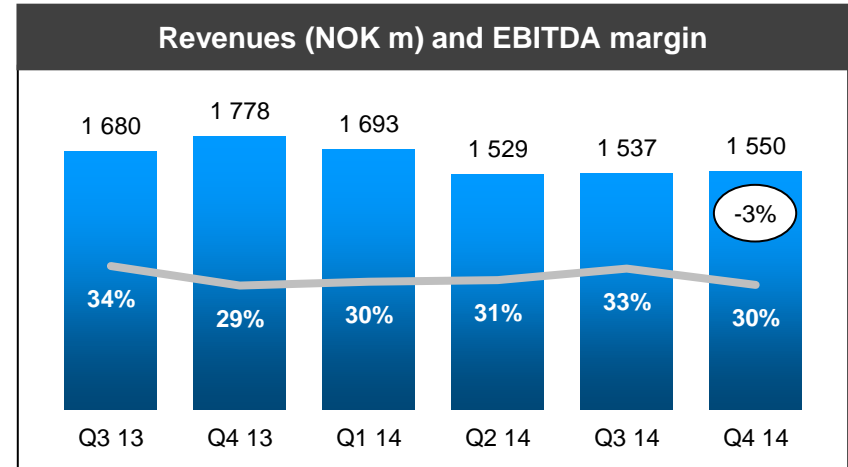
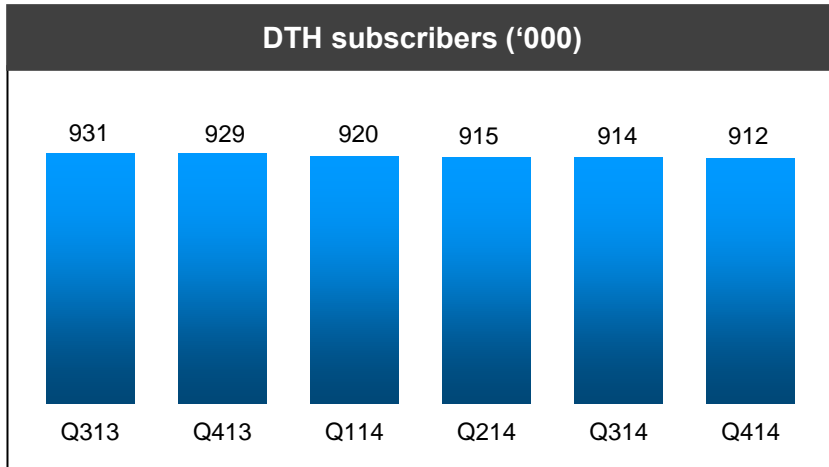
Sweden



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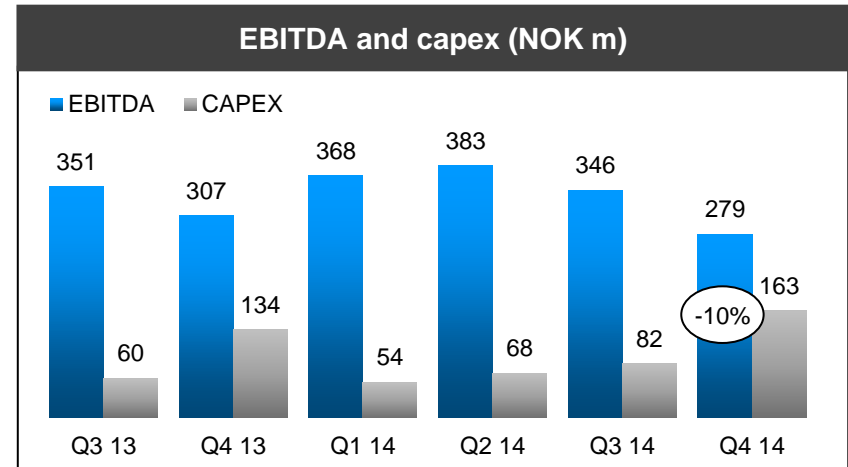
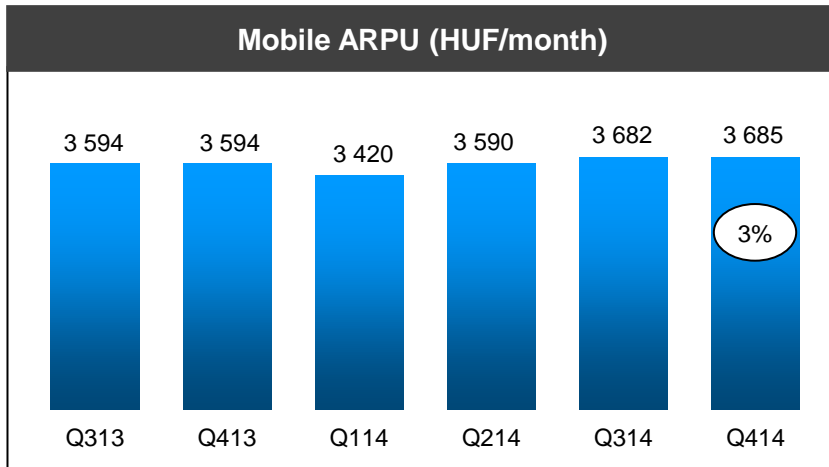
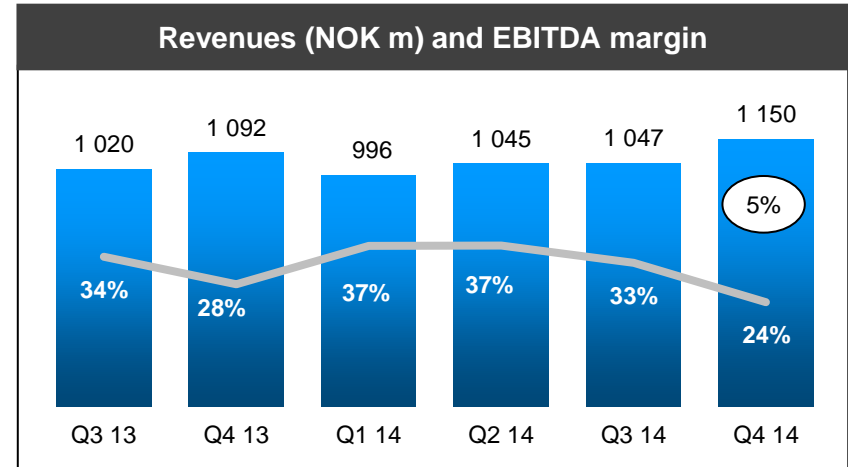
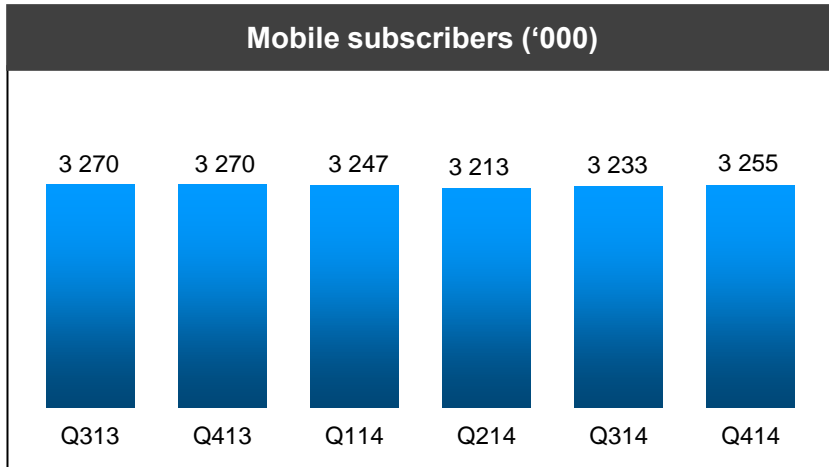
Broadcast



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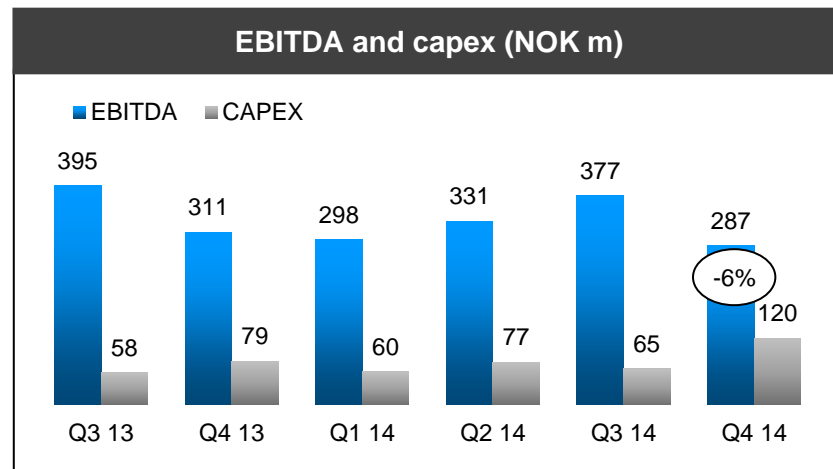
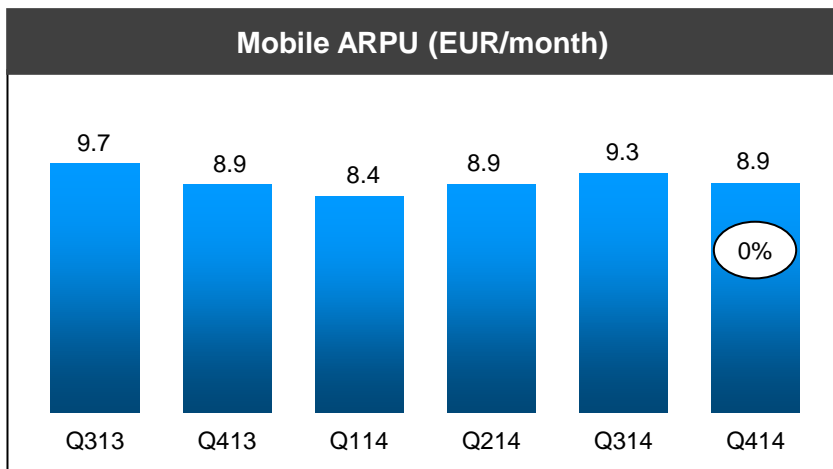
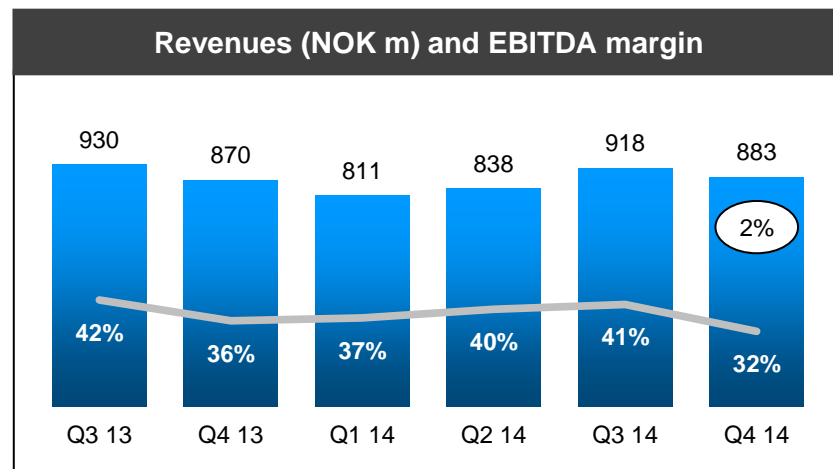
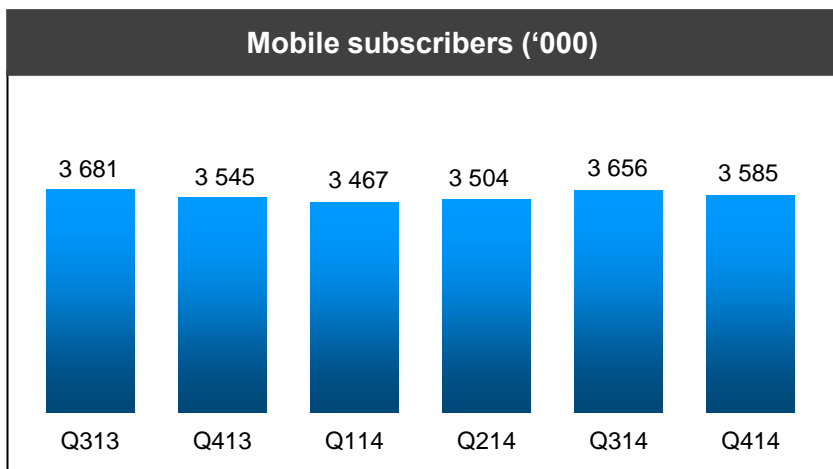
Hungary



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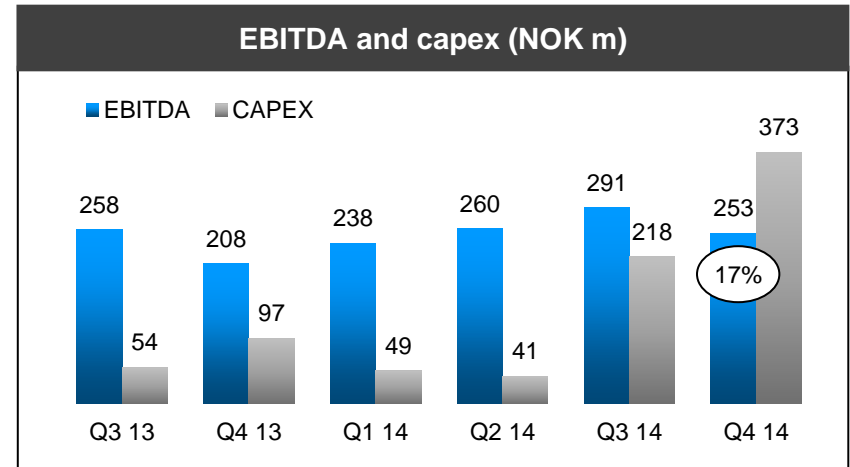
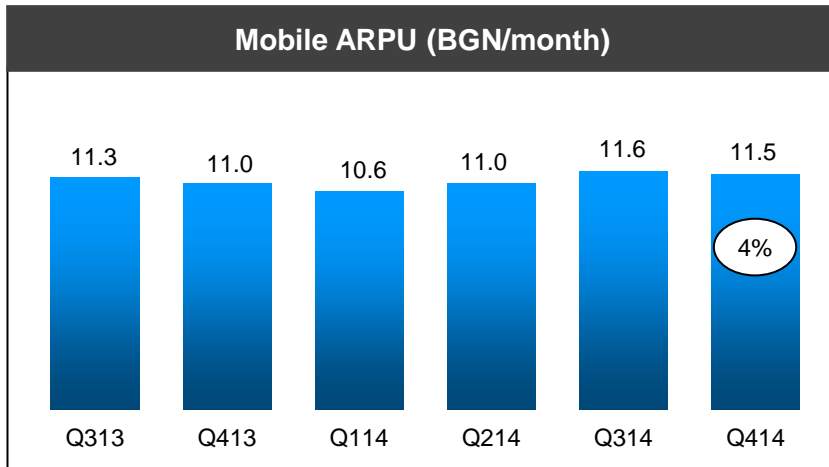
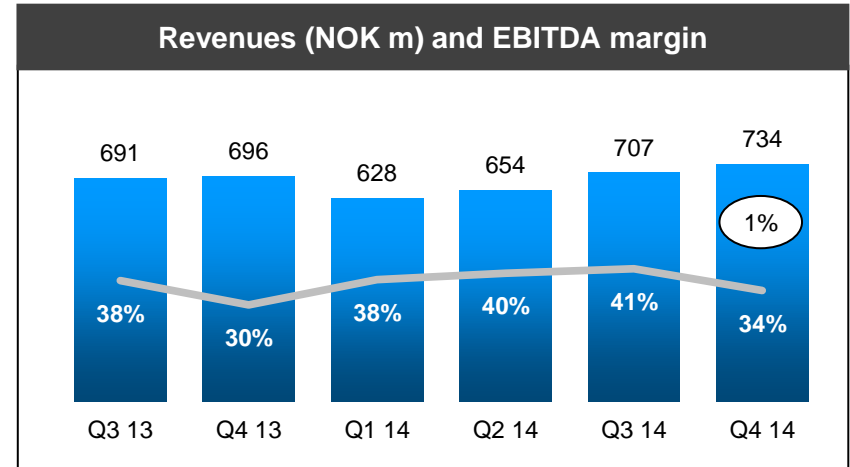
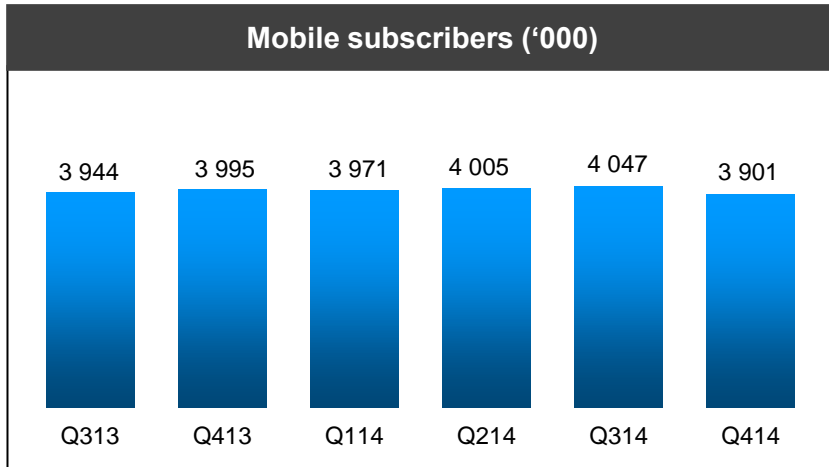
Montenegro and Serbia



○ Organic growth

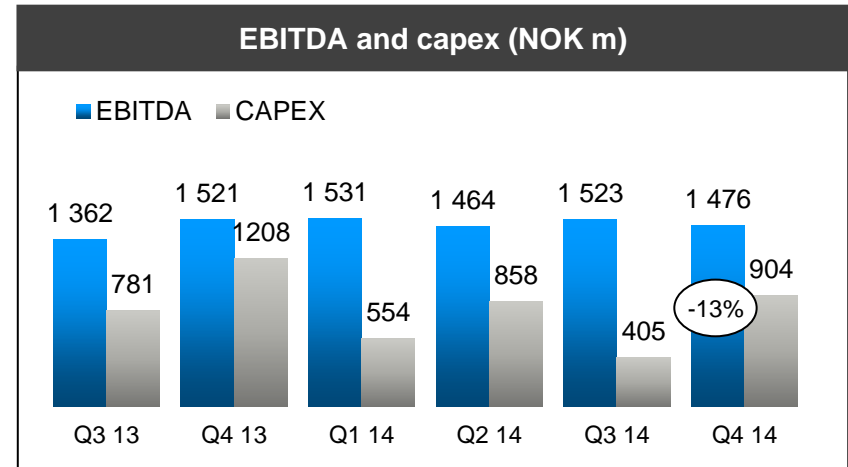
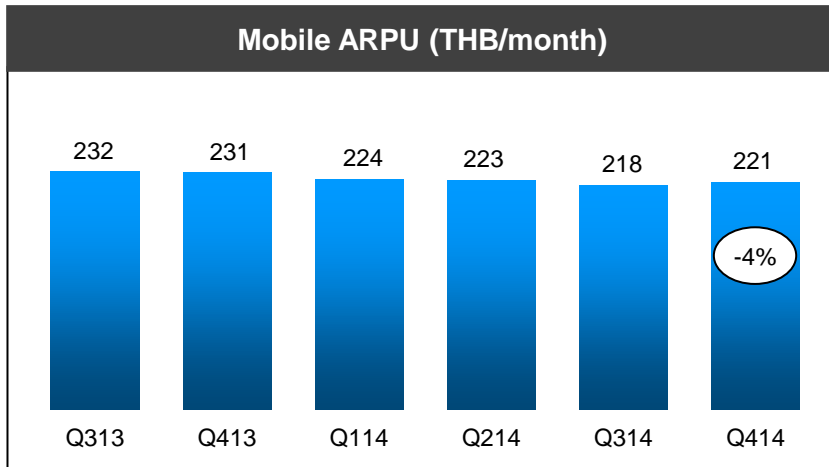
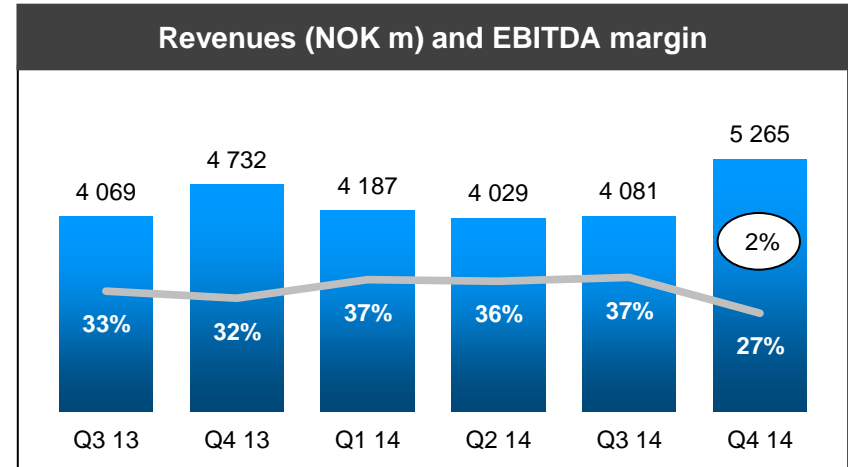
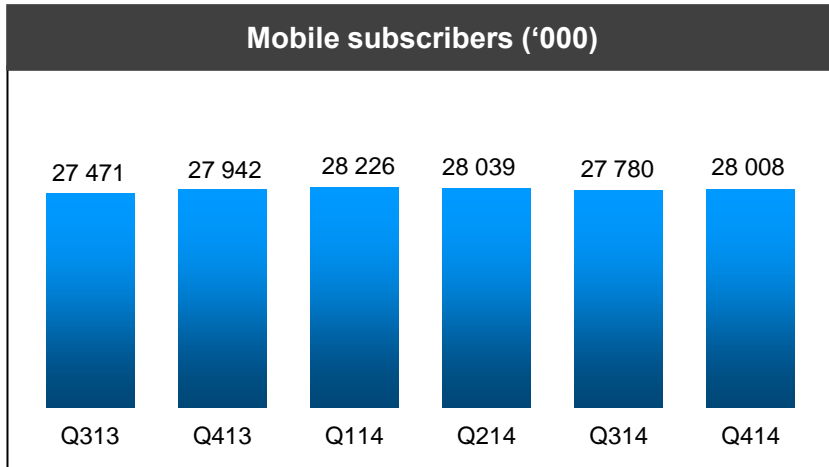
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees

Bulgaria



○ Organic growth

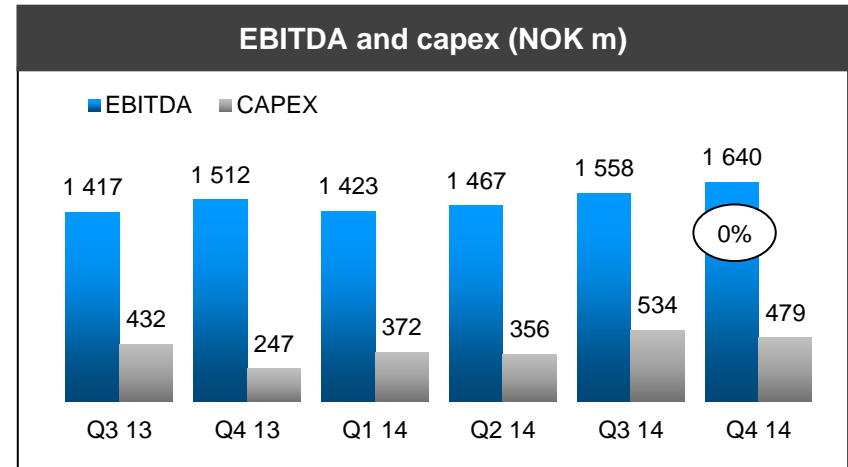
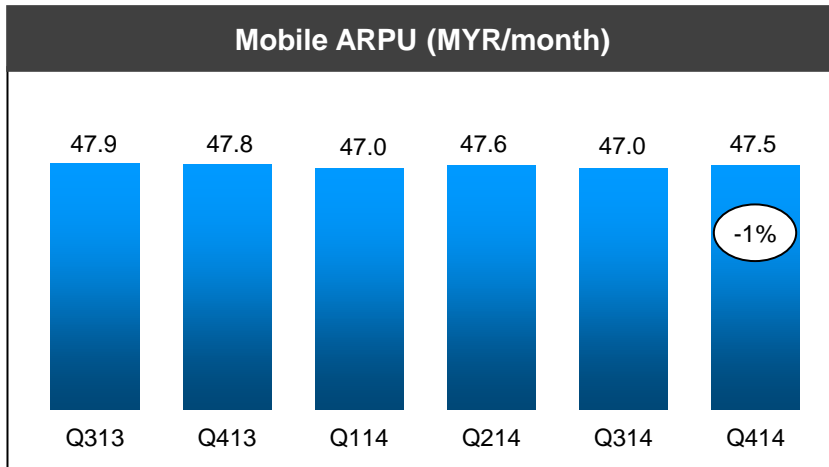
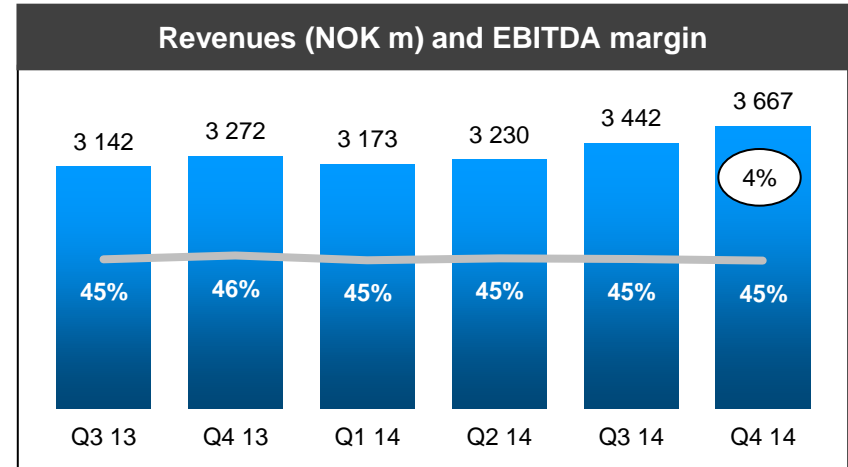
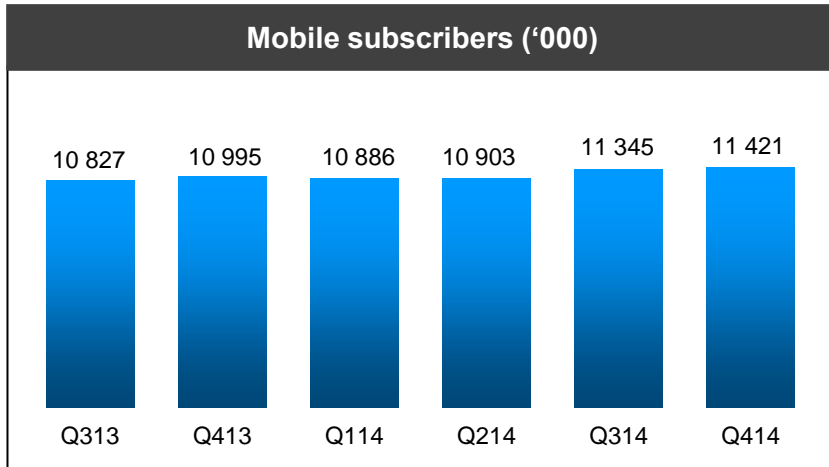
Thailand (dtac)



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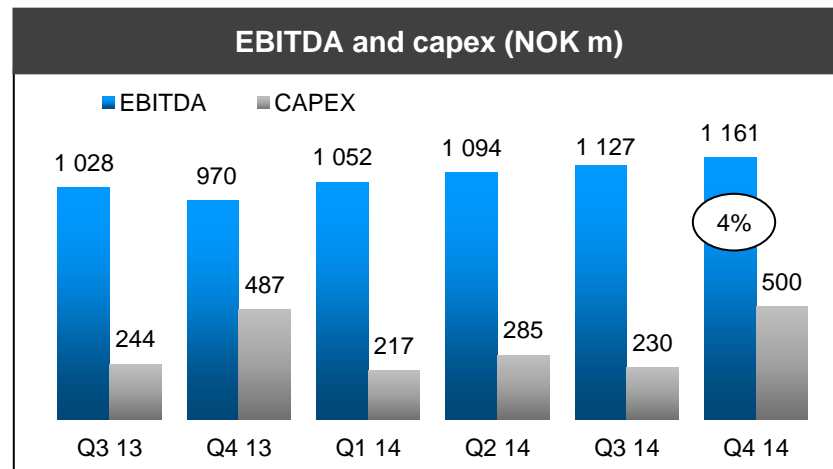
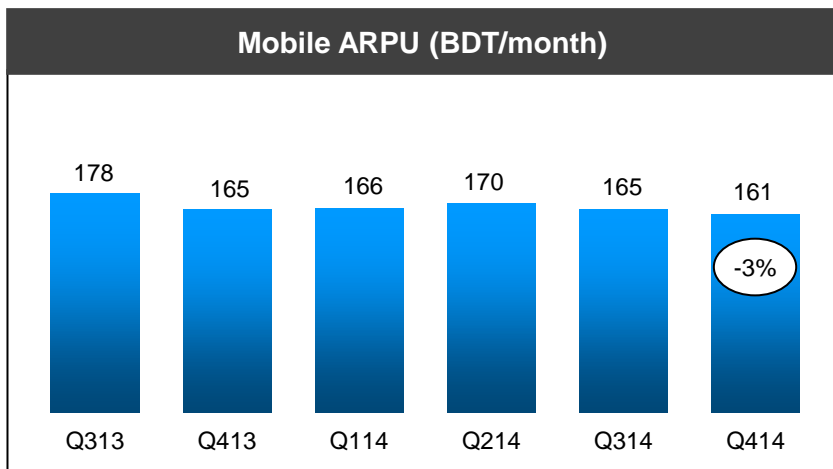
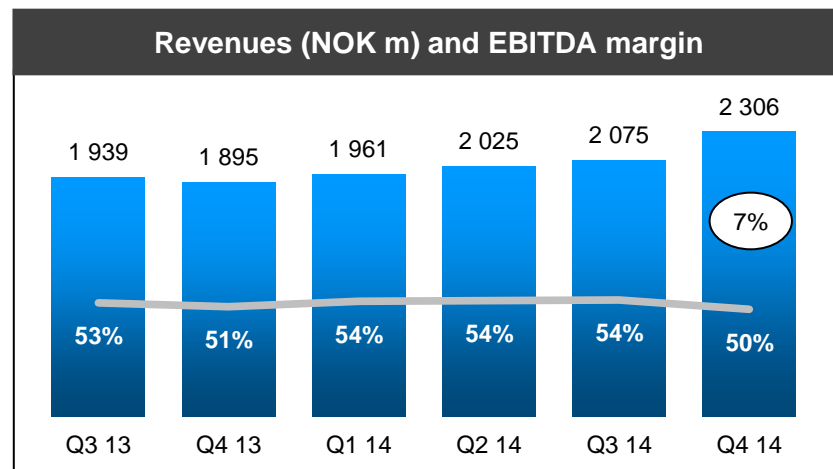
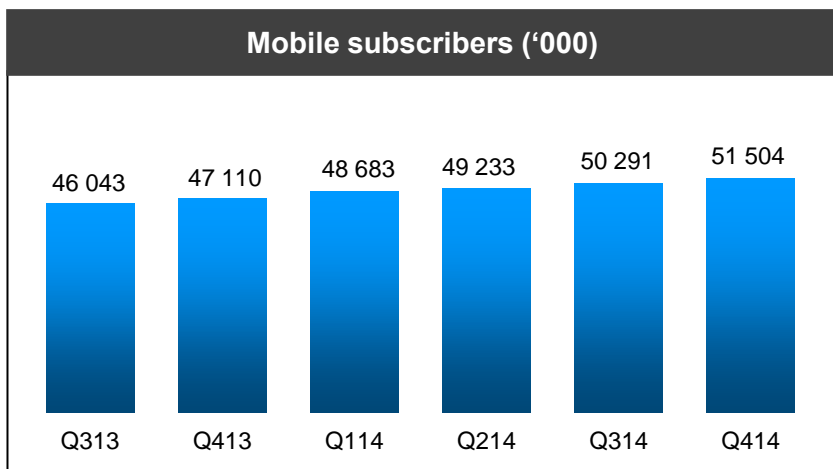
Malaysia (Digi)



○ Organic growth

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

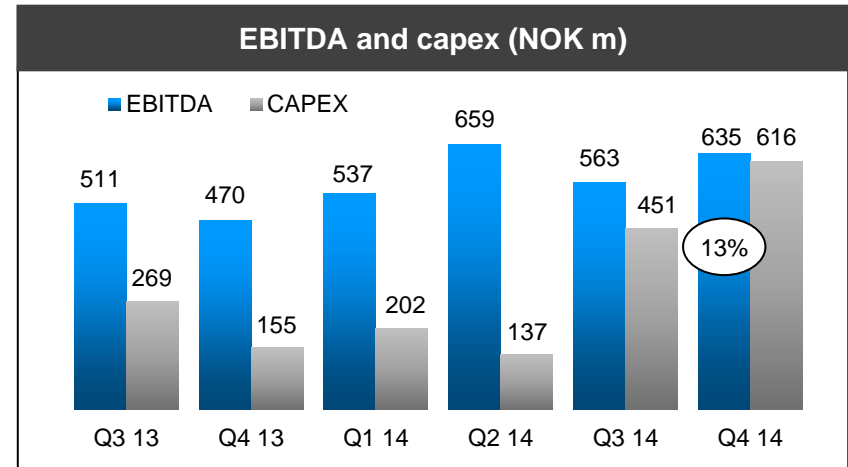
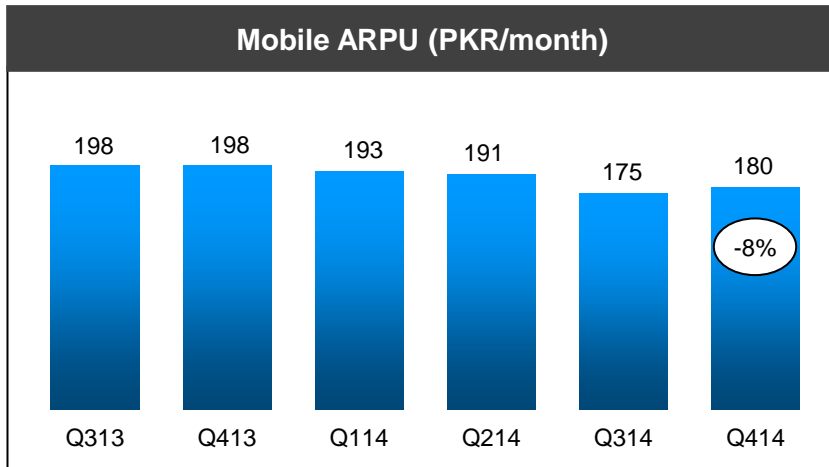
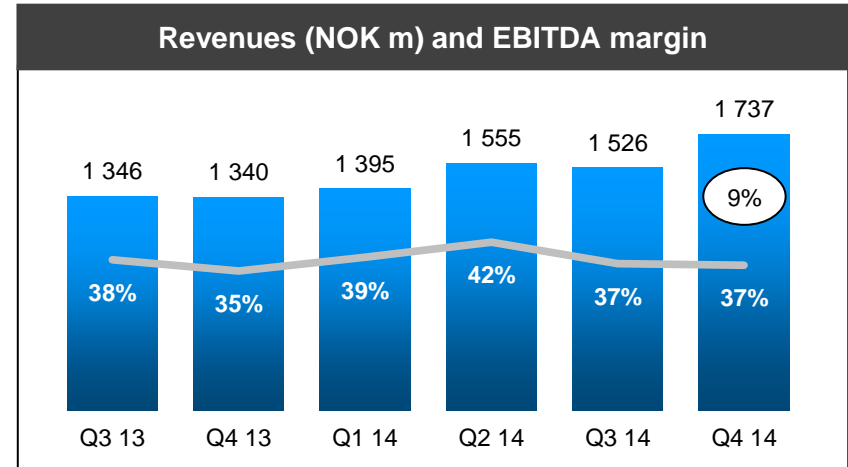
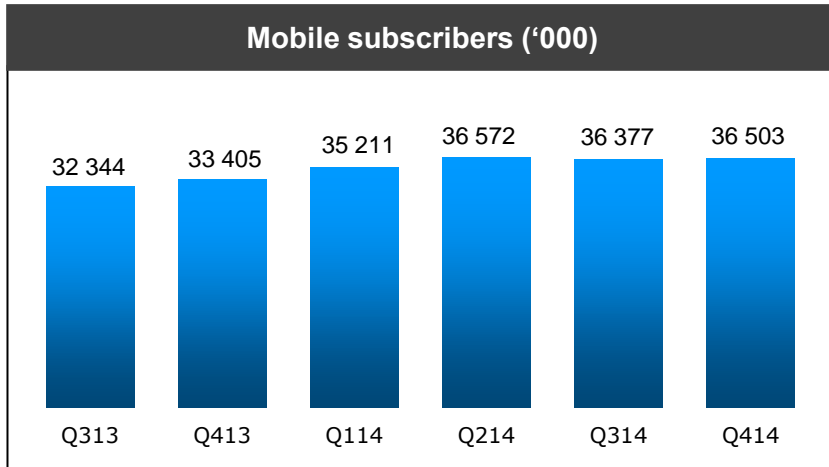
Bangladesh (Grameenphone)



○ Organic growth

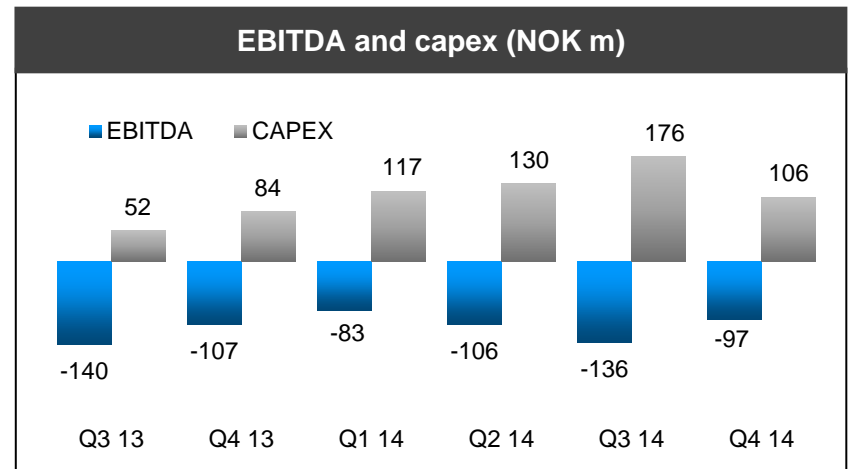
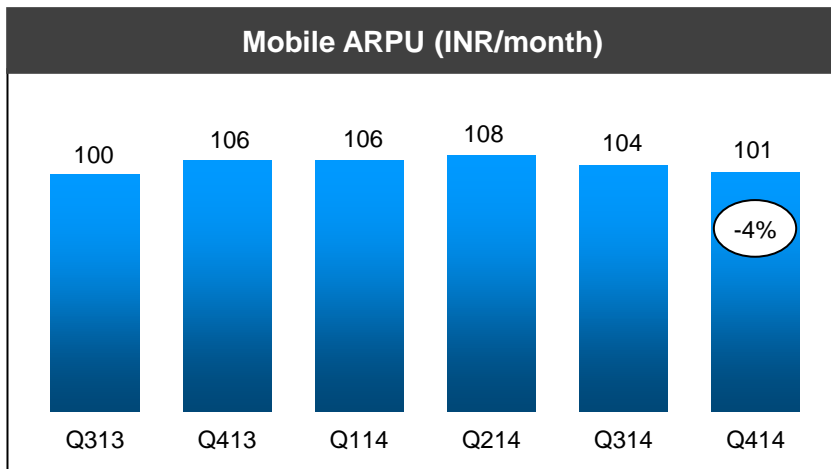
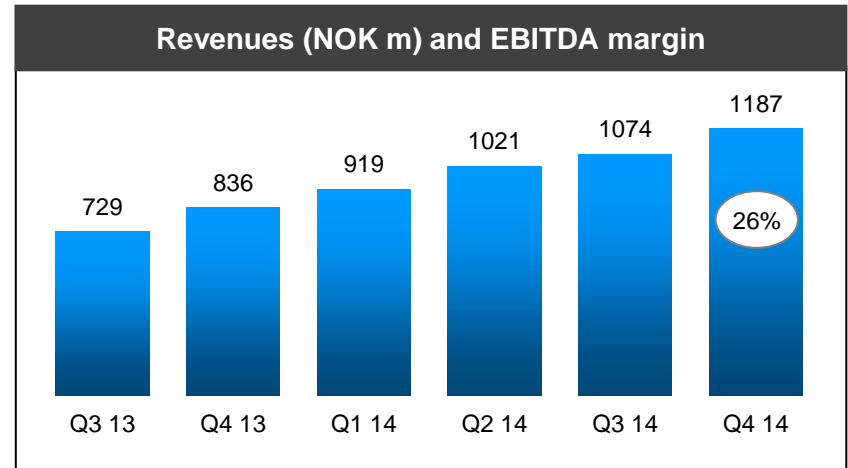
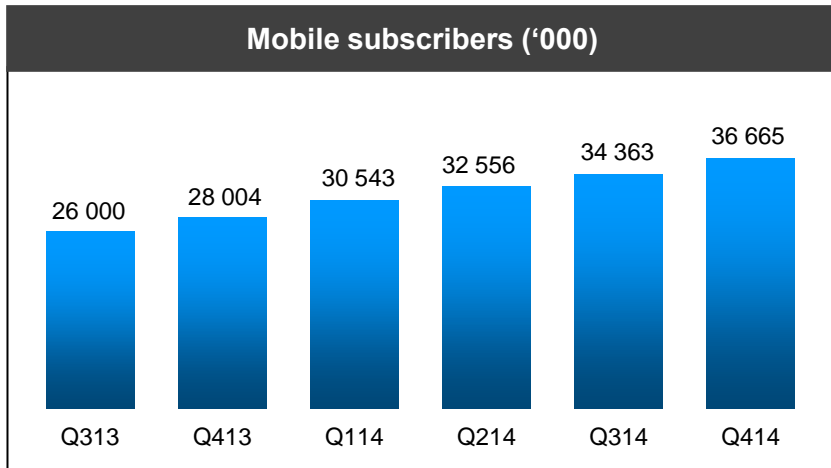
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA and EBITDA margin before other items. Capex excl licence fees

Pakistan



○ Organic growth

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



○ Organic growth

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

Changes in revenues and EBITDA

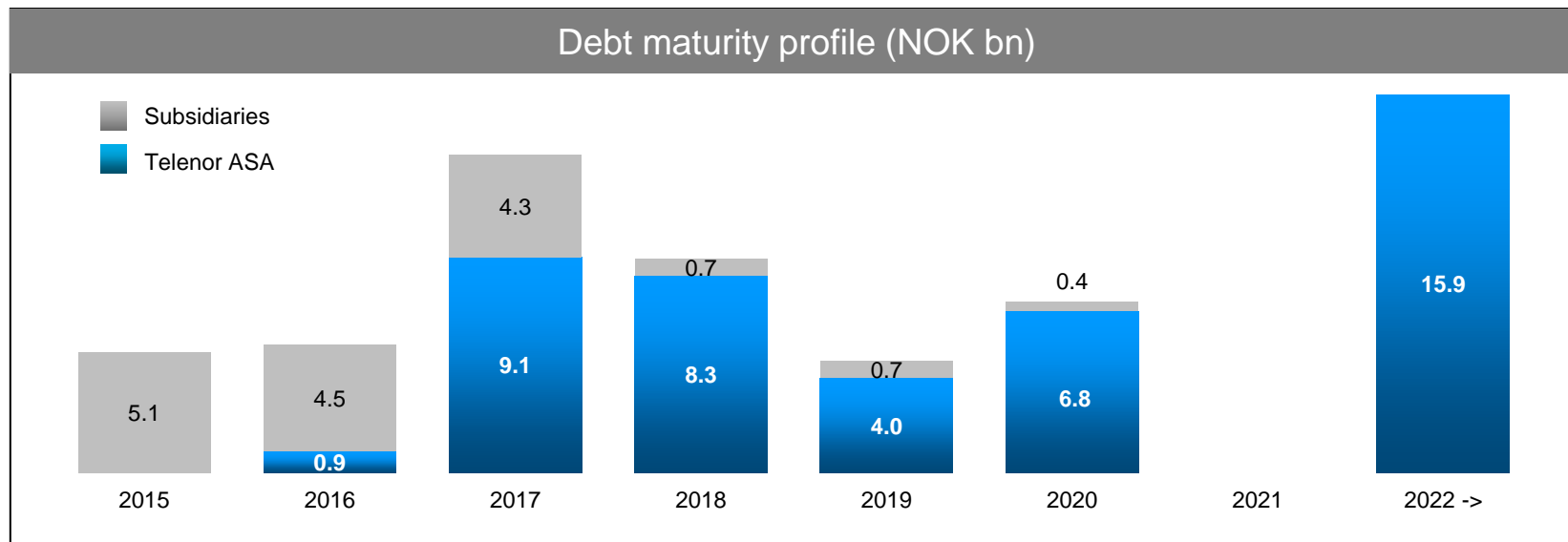
	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	3.9 %	3.9 %	7.9 %	7.9 %
Sweden	3.9 %	-0.4 %	-4.8 %	-2.7%
Hungary	5.3 %	4.5 %	-9.3 %	-9.6 %
Montenegro & Serbia	1.5 %	2.3 %	-7.9 %	-6.4 %
Bulgaria	5.5%	1.4%	21.2%	16.4%
Thailand	11.3 %	2.3 %	-3.0 %	-12.7 %
Malaysia	12.1 %	3.8 %	8.4 %	0.3 %
Bangladesh	21.7 %	6.9 %	19.7 %	4.4 %
Pakistan	29.6 %	9.3 %	35.0 %	13.0 %
India	42.1 %	26.3 %		
Broadcast	-12.8 %	-2.8 %	-12.4 %	2.1 %
Telenor Group	10.5 %	5.3 %	4.0 %	-0.9 %

Q4 2014

Full-year profit & loss statement

NOK m	2014	2013	
Revenues	106 540	99 138	
EBITDA before other items	37 681	34 768	
Other items	2 142	-560	<ul style="list-style-type: none"> • India licence offset (1.7bn) • Sales gain on disposal of Conax (1.2 bn)
EBITDA	39 823	34 208	
Depreciation and amortisation	-14 754	-12 965	
Impairments	-34	-151	
EBIT	25 034	21 092	
Associated companies	-2 588	-1 586	<ul style="list-style-type: none"> • VimpelCom (-1.6bn) • Online classifieds JVs (-793m) • Amedia impairment (-276m)
Net financials	-1 704	-1 907	
Profit before taxes	20 742	17 599	
Taxes	-6 614	-5 669	
Discontinued operations	-100	193	
Non-controlling interests	3 682	3 375	
Net income to Telenor	10 346	8 748	
Earnings per share (NOK)	6.88	5.74	

Debt maturity and net debt in partly owned subsidiaries



Net debt in partly owned subsidiaries (NOK m)

(NOK m)	Q4 2014	Q3 2014	Q4 2013
Digi	1 155	695	656
DTAC	6 171	2 989	4 811
Grameenphone	2 737	2 850	1 547
India	773	1 157	204