

# Q1/ 2015

Interim report  
January – March 2015

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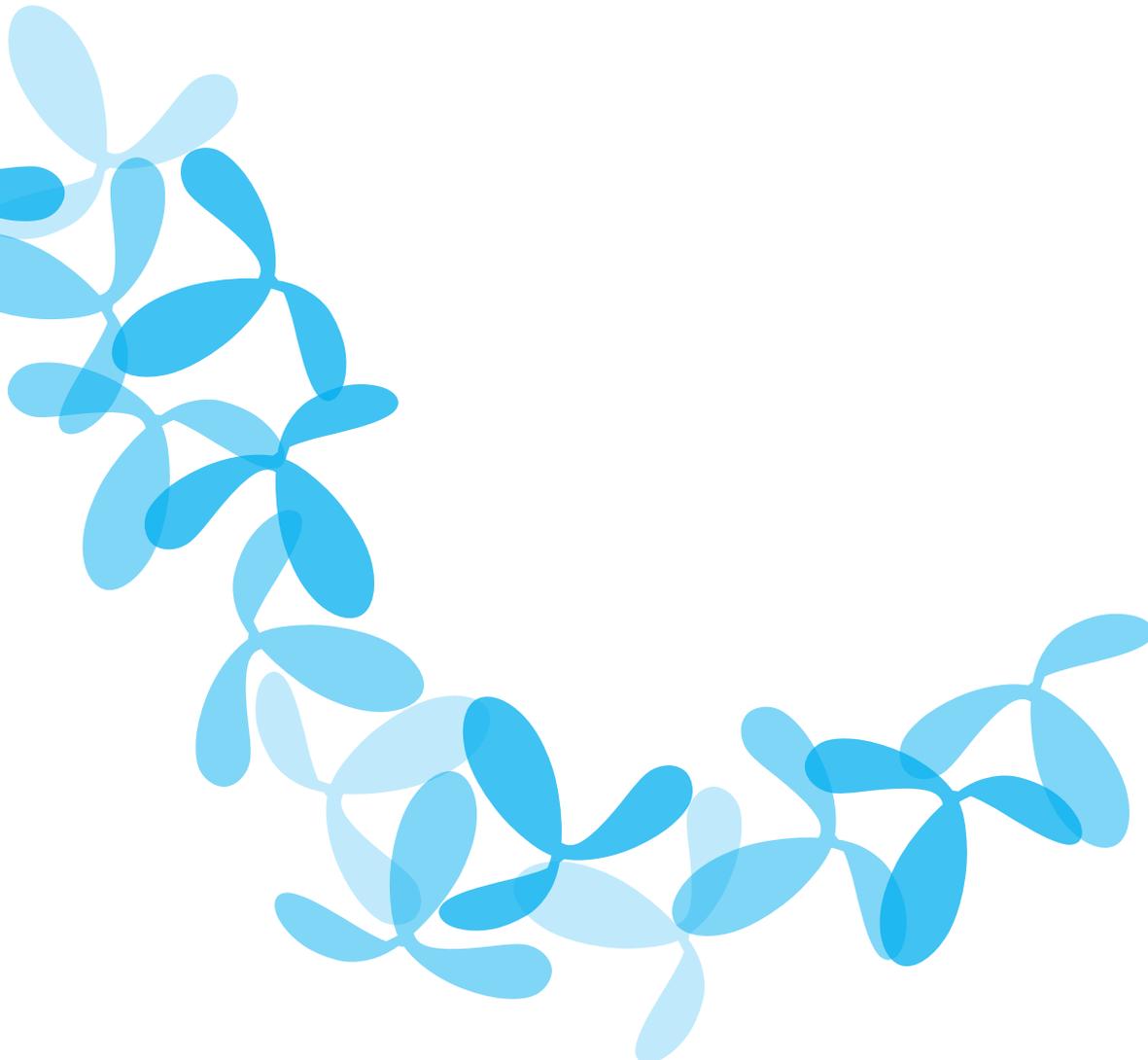
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# Promising start to the year

## Highlights first quarter 2015

- Organic revenue growth of 7.6%<sup>1)</sup>
- EBITDA margin of 35%
- Operating cash flow of NOK 6.0 billion<sup>2)</sup>
- Earnings per share of NOK 2.70

*Jon Fredrik Baksaas*  
Jon Fredrik Baksaas  
President & CEO

“Our performance during the first quarter reflects a promising start to the year. We reported all-time high revenues and strong organic sales growth of 8 per cent. EBITDA grew by 5 per cent organically despite start-up costs in Myanmar and continued high handset sales. We added 5.9 million mobile customers during the period and more than one third of our total 190 million subscribers are now active internet users.

In Norway, we continue to invest in fixed and mobile network infrastructure to meet our customers’ high demands and expectations for data capacity as well as premium network coverage. Combined with user-friendly services and good execution, this has enabled us to capture data growth and increase revenues. Telenor Norway delivered once again solid results, with revenue growth of 6 per cent in the period. This was supported by mobile data consumption that more than doubled over the last year and stronger demand for high-speed fixed internet.

The turnaround plan in Thailand continues with some early signs of improvement. dtac continues to implement its cluster-based business model and strengthen its network position. dtac plans to accelerate its investment in 3G and 4G network coverage aiming to take a strong market position. Still, the company is facing intense competition with heavy handset subsidies in the prepaid customer segment.

In Myanmar, we continue to face strong demand and reported positive EBITDA only a few months after service launch. We expanded into new areas

during the first quarter, added 3 million customers and brought the total number of network sites to more than 1,700. In the coming quarters, we plan to ramp up network investments to cater for the strong demand for digital services in this connectivity hungry nation. While we are encouraged by the promising start in Myanmar, it has to be noted that it is still early days.

Telenor is committed to operate responsibly in all aspects of our business. We focus on sustainable initiatives that create long-term shared value for Telenor, our customers and society at large. Sound corporate governance, including the implementation and realisation of a solid compliance system in all our operations, is critical to Telenor’s business integrity and to maintaining confidence in our brand and company.

An encouraging start to the year makes us confident that Telenor will see another good year in which more customers will benefit from mobile internet access and quality services. We are raising our organic revenue growth expectations to 5-7%, combined with a stronger EBITDA margin of 34-36%. The expected capex to sales ratio is now seen at 17-19% reflecting higher investments in Thailand and Myanmar in addition to the recently launched satellite.”

## Key figures Telenor Group<sup>3)</sup>

(NOK in millions except earnings per share)	1st quarter		Year
	2015	2014	2014
Revenues	30 210	25 319	106 540
EBITDA before other income and other expenses	10 587	9 074	37 681
EBITDA before other income and other expenses/Revenues (%)	35.0	35.8	35.4
Adjusted operating profit <sup>4)</sup>	6 608	5 570	22 926
Adjusted operating profit/Revenues (%)	21.9	22.0	21.5
Profit after taxes and non-controlling interests	4 053	3 676	9 077
Earnings per share from total operations, basic, in NOK	2.70	2.43	6.03
Capex	4 588	6 451	22 527
Capex excl. licences and spectrum	4 523	3 550	16 870
Capex excl. licences and spectrum/Revenues (%)	15.0	14.0	15.8
Operating cash flow <sup>2)</sup>	6 063	5 524	20 811
Equity ratio including non-controlling interests (%)	37.0	43.5	35.4
Net interest-bearing liabilities <sup>5)</sup>	44 348	37 237	47 126

Please refer to page 10 for the full outlook for 2015, and page 20 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 other expenses - Capex, excluding licences and spectrum.

<sup>3)</sup> Telenor Denmark is classified as discontinued operation. Historical Group income statement is restated accordingly.

<sup>4)</sup> Adjusted operating profit is defined as Operating profit less other income and other expenses and impairment losses.

<sup>5)</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 first quarter of 2015 compared to the first quarter of 2014, unless otherwise stated. Telenor Denmark is classified as a discontinued operation, see note 2 for further information. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 8 for 'Specification of other income and other expenses'. Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir)



## Norway

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues mobile operation</b>			
Subscription and traffic	2 792	2 571	10 947
Interconnect revenues	211	194	809
Other mobile revenues	299	333	1 387
Non-mobile revenues	385	261	1 282
<b>Total revenues mobile operation</b>	<b>3 687</b>	<b>3 358</b>	<b>14 426</b>
<b>Revenues fixed operation</b>			
Telephony	570	624	2 445
Internet and TV	1 352	1 324	5 357
Data services	130	112	464
Other fixed revenues	433	396	1 653
<b>Total retail revenues</b>	<b>2 484</b>	<b>2 456</b>	<b>9 920</b>
Wholesale revenues	452	463	1 840
<b>Total revenues fixed operation</b>	<b>2 937</b>	<b>2 918</b>	<b>11 759</b>
<b>Total revenues</b>	<b>6 624</b>	<b>6 276</b>	<b>26 186</b>
<b>EBITDA before other items</b>			
	<b>2 792</b>	<b>2 658</b>	<b>11 255</b>
Operating profit	1 869	1 507	7 430
<b>EBITDA before other items/ Total revenues (%)</b>			
	42.2	42.4	43.0
Capex	848	1 048	4 210
Investments in businesses	-	-	9
<b>Mobile ARPU - monthly (NOK)</b>			
	312	287	305
Fixed Telephony ARPU	276	264	272
Fixed Internet ARPU	346	337	342
TV ARPU	285	276	280
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(10)	1	3 218
Fixed telephony	(24)	(28)	701
Fixed Internet	(1)	1	855
TV	(5)	2	531

- The number of mobile subscriptions decreased by 10,000 during the quarter, primarily in the prepaid base. At the end of the quarter, the subscription base was stable compared to last year. 70% of the subscribers are now active data users.
- Mobile ARPU increased by 9% or NOK 25 from continued demand for bundled subscriptions with larger data volumes. The median data usage more than doubled compared to first quarter last year, following expansion of the 4G network and increasing 4G handset penetration.
- Mobile revenues increased by 10% from increased ARPU and handset sales offsetting reduced wholesale revenues.
- Revenues from fixed Internet and TV increased by 2%, mainly due to higher ARPU from upselling to higher broadband speeds and higher broadband penetration in the cable TV customer base. Together with increased solution and hardware sales, this more than offset reductions in fixed telephony and wholesale revenues, resulting in a total fixed revenues increase of 1%.
- Total reported revenue growth was 6%.
- EBITDA increased by 5%. The EBITDA margin remained stable at 42% as the growth in mobile service revenues offset effects of low margin handset and solution sales, declining contribution from fixed telephony and increased operating expenditure mainly related to commissions and fault corrections.
- This quarter, capital expenditure was driven by a continued 4G network roll-out, fixed broadband expansion and transformation initiatives within the fixed business. 240 new 4G base stations were added in the quarter, increasing the 4G population coverage to 86%. During the quarter, Telenor added 3,000 fibre customers taking the total number of fibre connections to 112,000.

## Sweden

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues mobile operation</b>			
Subscription and traffic	1 416	1 434	5 636
Interconnect revenues	133	127	515
Other mobile revenues	82	68	332
Non-mobile revenues	583	451	2 112
<b>Total revenues mobile operation</b>	<b>2 214</b>	<b>2 080</b>	<b>8 596</b>
<b>Revenues fixed operation</b>	<b>770</b>	<b>804</b>	<b>3 132</b>
<b>Total revenues</b>	<b>2 984</b>	<b>2 884</b>	<b>11 728</b>

<b>EBITDA before other items</b>	<b>854</b>	<b>850</b>	<b>3 489</b>
Operating profit (loss)	491	471	1 900

EBITDA before other items/ Total revenues (%)	28.6	29.5	29.7
Capex	308	269	1 507
Investments in businesses	3	748	754

Mobile ARPU - monthly (NOK)	207	210	205
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	(23)	(11)	2 509
Fixed telephony	(21)	64	311
Fixed Internet	(5)	128	642
TV	(3)	237	520

Exchange rate	0.9310	0.9425	0.9184
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- The number of mobile subscriptions decreased by 23,000 during the quarter, driven by reduced number of prepaid subscriptions. The subscription base was 1% higher than at the end of first quarter last year. 75% of the subscribers are now active data users.
- The number of fixed internet subscriptions declined by 5,000 in the quarter, as a continued decline in DSL subscriptions more than offset the growth in fibre subscriptions.
- Mobile ARPU in local currency was stable, with a positive development in the consumer segment. Price adjustment for new roaming offers contributed negatively in the quarter.
- Mobile revenues in local currency increased by 8%, primarily explained by higher handset sales as subscription and traffic revenues were stable.
- Fixed revenues in local currency decreased by 3%, mainly due to continued negative market trends within DSL and fixed telephony more than offsetting the growth in fibre and IPTV revenues.
- The EBITDA margin decreased by 1 percentage point following strong growth in handset sales. EBITDA in local currency increased by 2%.
- Capital expenditure in the quarter was mainly related to mobile network coverage investments through the infrastructure joint ventures and integration of acquired companies.

## Hungary

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	836	772	3 221
Interconnect revenues	152	134	562
Other mobile revenues	18	21	81
Non-mobile revenues	90	69	375
<b>Total revenues</b>	<b>1 098</b>	<b>996</b>	<b>4 239</b>

<b>EBITDA before other items</b>	<b>354</b>	<b>368</b>	<b>1 375</b>
Operating profit	208	238	851

EBITDA before other items/ Total revenues (%)	32.2	36.9	32.4
Capex	67	54	1 227

No. of subscriptions - Change in quarter/ Total (in thousands):	(27)	(23)	3 255
ARPU - monthly (NOK)	102	93	97
Exchange rate (HUF)	0.0283	0.0271	0.0271

- The number of subscriptions decreased by 27,000 in the quarter due to seasonal prepaid churn and loss of business subscriptions, partly offset by growth in the consumer contract segment. The subscription base was 1% lower than at the end of first quarter last year. 40% of the subscribers are active data users.
- Blended ARPU in local currency increased by 5% as a consequence of high demand for data centric bundled offers and higher incoming traffic volumes.
- Revenues in local currency increased by 5% as a result of increased ARPU and strong handset sales.
- The EBITDA margin decreased by 5 percentage points, mainly explained by increased handset sales and higher frequency fees, together with higher cost related to business support systems. EBITDA in local currency decreased by 8%, of which 6 percentage points related to higher frequency fees.
- In February, Telenor Hungary and Magyar Telekom entered into an agreement for active network sharing on 4G in the 800 MHz frequency band, excluding Budapest where the two operators will continue to run its separate 4G networks.
- The capital expenditure was mainly related to the ongoing 4G network roll-out.
- Mobile termination rate reduction from HUF 7.06 to 1.07 per voice minute will come into effect from 1 April. This new level is the second lowest in the European Union.
- See Other units for additional information on investments in common business support systems.

**Bulgaria**

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	527	506	2 142
Interconnect revenues	41	31	142
Other mobile revenues	6	5	30
Non-mobile revenues	111	87	410
<b>Total revenues</b>	<b>685</b>	<b>628</b>	<b>2 723</b>
<b>EBITDA before other items</b>			
Operating profit	253	238	1 041
	173	(176)	(406)
<b>EBITDA before other items/ Total revenues (%)</b>			
	37.0	37.8	38.2
Capex	113	49	681

No. of subscriptions - Change in quarter/ Total (in thousands):	(87)	(24)	3 901
ARPU - monthly (NOK)	49	45	50
Exchange rate (BGN)	4.4646	4.2679	4.2711

- The number of subscriptions decreased by 87,000 in the quarter driven by high churn following SIM consolidation and continued intense competition throughout the quarter. At the end of the quarter, the subscription base was 4% lower than at the end of first quarter last year. 28% of the subscribers are active data users.
- Blended ARPU in local currency increased by 4%. Excluding one-off effects, ARPU increased by 2% from increased interconnect as a result of larger share of all-net bundles.
- Revenues in local currency increased by 4% driven by higher ARPU, and higher handset sales partly offset by lower subscription base.
- The EBITDA margin decreased by 1 percentage point driven by higher sale of low margin handsets, partly offset by lower operation and maintenance cost in addition to reduced bad debt. EBITDA in local currency grew by 2%.
- The network modernisation programme was completed in March 2015, allowing Telenor customers to benefit from significantly improved coverage and better 3G capacity and speeds. The network roll-out will continue going forward in order to further improve customer experience.

**Montenegro & Serbia**

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	572	569	2 389
Interconnect revenues	168	161	699
Other mobile revenues	21	21	114
Non-mobile revenues	93	59	248
<b>Total revenues</b>	<b>853</b>	<b>811</b>	<b>3 450</b>
<b>EBITDA before other items</b>			
Operating profit	285	298	1 293
	184	203	913
<b>EBITDA before other items/ Total revenues (%)</b>			
	33.4	36.8	37.5
Capex	105	60	322

No. of subscriptions - Change in quarter/ Total (in thousands):	(55)	(78)	3 585
ARPU - monthly (NOK)	69	70	73
Exchange rate (RSD)	0.0719	0.0722	0.0712
Exchange rate (EUR)	8.7318	8.3471	8.3534

- The number of subscriptions decreased by 55,000 during the quarter driven by seasonal churn of prepaid subscriptions. The subscription base increased by 2% compared to the same period last year. 43% of the subscribers are active data users.
- ARPU in local currency remained stable.
- Revenues in local currency increased by 5%. Excluding the interconnect changes, revenues increased by 3% driven by higher subscription base, increased handset sales and transit revenues.
- The EBITDA margin decreased by 3 percentage points driven by start-up costs related to the mobile banking services. EBITDA in local currency decreased by 4%.
- In September 2014, Telenor launched mobile banking services in Serbia, and in the first quarter of 2015 the customer base increased by 22,000 to 54,000 customers.
- Capital expenditure was mainly related to network roll-out, with only minor investments in the mobile banking services.
- The interconnect rates in Serbia were reduced from RSD 3.95 to RSD 3.43 on 1 January 2015.
- In February, Telenor Serbia acquired 2x10 MHz spectrum in the 1800 MHz band for a total amount of NOK 60 million.

**dtac - Thailand**

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	3 925	3 097	12 716
Interconnect revenues	388	414	1 720
Other mobile revenues	63	62	181
Non-mobile revenues	1 067	614	2 945
<b>Total revenues</b>	<b>5 443</b>	<b>4 187</b>	<b>17 562</b>
<b>EBITDA before other items</b>			
Operating profit	1 760	1 531	5 993
	779	914	3 124
<b>EBITDA before other items/ Total revenues (%)</b>			
	32.3	36.6	34.1
Capex	1 314	554	2 721

No. of subscriptions - Change in quarter/ Total (in thousands):	419	284	28 008
ARPU - monthly (NOK)	51	42	43
Exchange rate (THB)	0.2377	0.1866	0.1940

Effective from 1 January 2015, revenues from international direct dialling has been reclassified to subscription and traffic revenues to comply with Telenor revenue definitions. Historical figures have not been restated, however the corresponding revenue was THB 544 million (NOK 102 million) in first quarter 2014 and reported as interconnect revenue.

- The number of subscriptions increased by 419,000 during the first quarter amid an intense market situation. The subscriber base was 1% higher compared to last year and 52% of the subscribers are now active data users.
- During the first quarter dtac launched their new postpaid price plans "Love and Roll" with limited data included but with opportunity to rollover unused data to next month.
- ARPU in local currency decreased by 4% driven by decline in voice revenues partly offset by increased revenues from data usage.
- Total revenues in local currency increased by 2% as lower ARPU was more than offset by increased handset sales and increased subscriber base. Subscription and traffic revenues in local currency declined by 1%.
- The EBITDA margin declined by 4 percentage points to 32% due to lower ARPU and higher sale of subsidised handsets, partly offset by lower regulatory costs. EBITDA in local currency decreased by 10%.
- Capital expenditure in the first quarter was mainly related to finalisation of the first phase of the network improvement programme including a total of 6,700 base stations covering 40 top cities in Thailand. dtac's 4G network now covers 19% of the Thai population.
- dtac's network improvement programme continues with ambition of securing a superior data network experience in top 30 provinces utilizing both concession and licensed spectrum bands.

#### Digi - Malaysia

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	3 218	2 687	11 434
Interconnect revenues	159	157	654
Other mobile revenues	28	36	142
Non-mobile revenues	432	294	1 282
<b>Total revenues</b>	<b>3 837</b>	<b>3 173</b>	<b>13 513</b>
<b>EBITDA before other items</b>	<b>1 672</b>	<b>1 423</b>	<b>6 086</b>
Operating profit	1 371	1 212	5 125
<b>EBITDA before other items/ Total revenues (%)</b>	<b>43.6</b>	<b>44.8</b>	<b>45.0</b>
Capex	412	372	1 741
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>	<b>271</b>	<b>(109)</b>	<b>11 421</b>
ARPU - monthly (NOK)	97	87	91
Exchange rate (MYR)	2.1420	1.8475	1.9253

- The number of subscriptions increased by 271,000 this quarter. At the end of this period, the subscription base was 7% higher than at the same time last year. 57% of the subscribers are now active data users.
- ARPU in local currency decreased by 3% impacted by intensified competition in international voice. Domestic ARPU improved due to continued growth in mobile internet.
- Total revenues in local currency increased by 4% due to a larger subscription base and increased handset sales. Subscription and traffic revenues in local currency increased by 3%.
- The EBITDA margin decreased by 1 percentage point mainly due to increased device sales as well as competitive pressure on international traffic prices. EBITDA in local currency improved by 1%.
- Capital expenditure was mainly related to network expansion, IT and backhaul transmission. At the end of the quarter, 3G and 4G network population coverage was 86% and 33%, respectively.

#### Grameenphone - Bangladesh

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	2 130	1 673	7 104
Interconnect revenues	264	200	865
Other mobile revenues	15	8	36
Non-mobile revenues	108	79	361
<b>Total revenues</b>	<b>2 516</b>	<b>1 961</b>	<b>8 367</b>
<b>EBITDA before other items</b>	<b>1 363</b>	<b>1 052</b>	<b>4 434</b>
Operating profit	955	725	3 000
<b>EBITDA before other items/ Total revenues (%)</b>	<b>54.2</b>	<b>53.7</b>	<b>53.0</b>
Capex	370	217	1 232
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>	<b>502</b>	<b>1 573</b>	<b>51 504</b>
ARPU - monthly (NOK)	15	13	13
Exchange rate (BDT)	0.0997	0.0785	0.0813

- The number of subscriptions increased by 502,000 during the quarter. At the end of the quarter, the subscription base was 7% higher than the same quarter last year. 21% of the subscribers are now active data users.
- ARPU in local currency decreased by 7% due to the impact from strong competition and political turmoil.
- Revenues in local currency increased by 1% driven by continued subscription growth, offsetting the fall in ARPU.
- The EBITDA margin increased by 1 percentage point due to reduced subscriber acquisition cost, partly offset by increased energy cost. EBITDA in local currency increased by 2%.
- Capital expenditure was prioritised towards expanding 3G network coverage and capacity, increasing the number of 3G sites to 3,615.

## Pakistan

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	1 397	1 061	4 532
Interconnect revenues	127	104	419
Other mobile revenues	11	7	29
Non-mobile revenues	460	223	1 234
<b>Total revenues</b>	<b>1 995</b>	<b>1 395</b>	<b>6 214</b>
<b>EBITDA before other items</b>			
Operating profit (loss)	644	377	1 578
<b>EBITDA before other items/ Total revenues (%)</b>			
	44.8	38.5	38.5
Capex	326	202	2 301

No. of subscriptions - Change in quarter/ Total (in thousands):	50	1 806	36 503
ARPU - monthly (NOK)	14	11	12
Exchange rate (PKR)	0.0765	0.0589	0.0624

- The number of subscriptions increased by 50,000 during the quarter, negatively affected by restriction of new SIM sales during the SIM verification period. At the end of the quarter, the subscription base was 4% higher than the same quarter last year. 27% of the subscribers are now active data users.
- ARPU in local currency decreased by 6%, primarily due to the continued on-net competition which was partly offset by increased revenues from data and voice bundles and growth in emergency loans.
- Total revenues in local currency increased by 10%, mainly due to growth in the subscription base, increased revenues from incoming international traffic and financial services.
- The EBITDA margin increased by 6 percentage points mainly due to higher revenue growth and reduction in energy costs in addition to a positive one-time effect from reversal of accruals. The underlying EBITDA margin was 41%.
- Capital expenditure increased due to further expansion of the 3G network with more than 900 sites added during the quarter, thereby expanding the 3G coverage to 78 cities.
- From mid-January 2015, all operators were required to complete a biometric re-verification of the total customer base. At the first phase deadline on 12 April Telenor Pakistan had verified more than 27 million SIM cards. Minister of Interior has extended the deadline of second phase till 15 May, after which unverified SIM cards will be blocked for use until verification is completed.

## India

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Subscription and traffic	1 171	769	3 513
Interconnect revenues	200	143	649
Other mobile revenues	10	5	29
Non-mobile revenues	3	1	9
<b>Total revenues</b>	<b>1 383</b>	<b>919</b>	<b>4 200</b>
<b>EBITDA before other items</b>			
Operating profit (loss)	(159)	1 531	882
<b>Capex</b>			
	109	117	1 374
<b>No. of subscriptions - Change in quarter/ Total (in thousands)*):</b>			
	1 839	2 539	36 665
ARPU - monthly (NOK)	12	10	11
Exchange rate (INR)	0.1247	0.0987	0.1032

\*) Please note that the definition for active subscriptions in the Indian operation is more conservative than the Group definition on page 20, due to high churn in the Indian market. Subscriptions are counted as active if there has been activity during the last 30 days.

- Telenor's Indian operation added 1.8 million subscriptions during the first quarter. At the end of the quarter, the subscription base was 26% higher than the same quarter last year. 26% of the customers were active data users.
- On 23 February 2015, the Telecom Regulatory Authority of India (TRAI) issued an amendment to the Mobile Termination Charges with a reduction from INR 0.20 to INR 0.14 per minute. The amendment was effective from 1 March 2015. As a net payer of interconnect charges this change benefits Telenor's Indian operation.
- ARPU in local currency fell by 7% to INR 98 in the first quarter compared to same quarter last year. The ARPU decline was primarily driven by lower voice consumption and the impact from reduced mobile termination rate, partly compensated by increased data usage.
- The growth in subscriptions and the decline in ARPU resulted in a revenue growth in local currency of 19% compared to same quarter last year, of which a large share of the growth is coming from the increased coverage deployed during 2014.
- The EBITDA improved from same quarter last year due to increase in revenues and positive impact from lower interconnect rates. This also led to the EBITDA turning positive in March.
- In the first quarter capital expenditure was mainly related to capacity expansion to cater for the increased traffic volumes on voice and data.

## Myanmar

(NOK in millions)	1st quarter		Year
	2015	2014	2014
Revenues	768	-	290
<b>EBITDA before other items</b>	<b>152</b>	<b>(68)</b>	<b>(508)</b>
<b>Operating profit (loss)</b>	<b>32</b>	<b>(71)</b>	<b>(605)</b>
<b>Capex</b>			
	442	3 203	4 281
<b>No. of subscriptions - Change in quarter/ Total (in thousands):</b>			
	2 985	-	3 406
ARPU - monthly (NOK)	52	-	42
Exchange rate (MMK)	0.0075	0.0062	0.0064

- Telenor Myanmar continued its success from the end of previous quarter, adding close to 3 million new subscriptions. By the end of the first quarter a total of 6.4 million subscriptions were recorded, of which 58% were active data users.
- ARPU for the first quarter was USD 6.7, and continues to be impacted by early adopters with high usage.
- The EBITDA for the first quarter was driven by the strong growth in subscription and usage.
- Capital expenditure in the first quarter reflects the gradual build-up of the operation and the launch in eight new clusters during the quarter, with 718 additional sites put on air ending the quarter with a total of 1,772 sites on air.
- At the end of the first quarter, Telenor Myanmar's network reached 185 of a total of 330 townships in Myanmar. Going forward Telenor Myanmar will continue to extend its coverage to reach a larger number of the townships and for a larger part of Myanmar's population to enjoy access to mobile services.

**Broadcast**

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
Canal Digital DTH	1 114	1 128	4 494
Satellite Broadcasting	244	238	959
Norkring	288	283	1 156
Conax	-	166	166
Other/Eliminations	(116)	(122)	(467)
<b>Total revenues</b>	<b>1 530</b>	<b>1 693</b>	<b>6 309</b>

**EBITDA before other items**

Canal Digital DTH	167	174	728
Satellite Broadcasting	159	158	650
Norkring	138	140	559
Conax	-	49	49
Other/Eliminations	(8)	(8)	(36)
<b>Total EBITDA before other items</b>	<b>457</b>	<b>511</b>	<b>1 951</b>

**Operating profit**

Canal Digital DTH	158	160	611
Satellite Broadcasting	103	102	421
Norkring	73	77	309
Conax	-	41	41
Other/Eliminations	(8)	1 203	1 174
<b>Total operating profit</b>	<b>326</b>	<b>1 583</b>	<b>2 556</b>

EBITDA before other items/ Total revenues (%)	29.9	30.2	30.9
Capex	75	140	407

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

DTH TV	(7)	(9)	912
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- Adjusted for the divestment of Conax, total revenues, EBITDA and EBITDA margin were on level with the first quarter last year.
- Revenues in Canal Digital DTH decreased by 1% due to lower subscriber base and lower hardware sales, partly offset by price increases and currency effects.
- The EBITDA margin in Canal Digital DTH was 15%; on level with the first quarter last year.
- Revenues in Satellite Broadcasting increased by 3%, mainly due to currency effects. EBITDA margin decreased by 1 percentage point due to operating cost related to the THOR 7 satellite launch and currency.
- Revenues in Norkring increased by 2% due to digital audio broadcasting (DAB) roll-out and more tenants on Norkring's towers. EBITDA margin decreased by 1 percentage point due to higher operating cost mainly related to maintenance.
- Capital expenditure decreased due to lower network investments in Norkring, lower investments in satellite ground equipment and lower platform investments in Canal Digital.
- The satellite THOR 7 was successfully launched into space on 26 April. THOR 7 enables future growth for Telenor Satellite Broadcasting from its 1°West location. The main growth opportunities are DTH broadcasting across Central and Eastern Europe and maritime VSAT services with optimal satellite coverage across Europe's business shipping lanes.

**Other units**

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Revenues</b>			
International wholesale	733	440	2 209
Corporate functions	614	633	2 508
Other/eliminations	285	231	1 141
<b>Total revenues</b>	<b>1 633</b>	<b>1 305</b>	<b>5 859</b>

**EBITDA before other items**

International wholesale	4	12	65
Corporate functions	(274)	(267)	(985)
Other/eliminations	75	66	341
<b>Total EBITDA before other items</b>	<b>(194)</b>	<b>(189)</b>	<b>(579)</b>

**Operating profit (loss)**

International wholesale	(4)	3	32
Corporate functions	(363)	(367)	(1 545)
Other/eliminations	52	48	284
<b>Total operating profit (loss)</b>	<b>(315)</b>	<b>(316)</b>	<b>(1 230)</b>

Capex	102	166	523
Investments in businesses	305	171	732

- Revenues in International wholesale increased due to higher traffic volumes, mainly in Pakistan.
- Revenues in Other/eliminations increased mainly in Telenor Connexion, the machine-to-machine business. Revenues increased to NOK 127 million this quarter from NOK 105 million last year due to higher volumes.
- EBITDA in Corporate functions related to corporate activities are in line with last year.
- NOK 31 million were invested in 2015 for the development of new business support systems in Denmark and Hungary.
- Investments in businesses in the first quarters of 2015 and 2014 were mainly related to the financing of joint ventures in online classifieds (SnT Classifieds and Search Pte) in cooperation with Schibsted Media Group, Singapore Press Holdings and Naspers Limited.

## Group overview

The comments below are related to Telenor's development in 2015 compared to 2014 unless otherwise stated. Telenor Denmark is now classified as a discontinued operation. Consequently, historical Group income statement has been restated accordingly. Please refer to note 2 for further information.

### Revenues

- Revenues increased by 19% or NOK 4.9 billion due to positive currency effects of NOK 2.9 billion, a significant contribution from Myanmar, continued solid performance in Norway and generally positive revenue development across all units. Revenues in Broadcast declined due to the divestment of Conax last year.

### EBITDA before other income and other expenses

- EBITDA before other items increased by NOK 1.5 billion or 17%, of which NOK 1.1 billion is related to currency effects. In addition to Myanmar, which is already showing positive EBITDA, Norway and Pakistan are the key contributors to the underlying increase.

### Specification of other income and other expenses

(NOK in millions)	1st quarter		Year
	2015	2014	2014
EBITDA before other income and other expenses	10 587	9 074	37 681
EBITDA before other income and other expenses (%)	35.0	35.8	35.4
Licence refund in India	-	1 659	1 659
Gains on disposals of fixed assets and operations	46	1 223	1 430
Losses on disposals of fixed assets and operations	(42)	-	(271)
Workforce reductions and loss contracts	(37)	(279)	(675)
<b>EBITDA</b>	<b>10 554</b>	<b>11 677</b>	<b>39 823</b>
EBITDA margin (%)	34.9	46.1	37.4

- During the first quarter of 2015, there were no significant transactions reported in 'Other income and other expenses'.
- During the first quarter of 2014 'Other income and other expenses' consisted of licence refund in India (NOK 1.7 billion) and gains on disposal of operations were mainly related to divestment of Conax (NOK 1.2 billion).

### Operating profit

- Operating profit decreased by NOK 1.6 billion. This is largely due to the NOK 2.6 billion positive net other items in the first quarter of 2014 described above, which together with NOK 0.5 billion higher depreciation and amortisation this quarter, more than offset the improved EBITDA.

### Associated companies and joint ventures

(NOK in millions)	1st quarter		Year
	2015	2014	2014
<b>Telenor's share of</b>			
Profit (loss) after taxes	457	(1 799)	(3 726)
Amortisation of Telenor's net excess values	(23)	(50)	(162)
Impairment losses	(4)	0	92
Gains (losses) on disposal of ownership interests	224	13	(61)
<b>Profit (loss) from associated companies and joint ventures</b>	<b>653</b>	<b>(1 836)</b>	<b>(3 857)</b>

- Profit after tax from associated companies and joint ventures in the first quarter of 2015 includes net income of NOK 218 million related to VimpelCom Ltd. NOK 103 million is recognised for Telenor's share of VimpelCom's reported result for the fourth quarter of 2014, adjusted for Telenor's share of significant transactions and events which were recognised in the year 2014. In addition, NOK 115 million is recognised for Telenor's share of adjustment to the net income attributable to VimpelCom shareholders in the 2014 annual report of VimpelCom Ltd.
- Profit after tax from associated companies and joint ventures in the first quarter of 2015 includes a gain of NOK 275 million related to Snt's transaction with Naspers, see note 3 for further information. The underlying result from our online classifieds joint ventures was negative NOK 40 million during the first quarter of 2015 compared to negative NOK 162 million during the first quarter of 2014. The improvement is a result of merger transaction with Naspers leading to overall strengthened market positions.
- Gain on disposal of NOK 224 million is recognised on disposal of the 30.24% ownership interest in Evry ASA, see note 3 for further information.

## Financial items

(NOK in millions)	1st quarter		Year
	2015	2014	2014
Financial income	109	118	476
Financial expenses	(642)	(349)	(2 188)
Net currency gains (losses)	(174)	163	(160)
Net change in fair value of financial instruments	180	(24)	128
Net gains (losses and impairment) of financial assets and liabilities	(2)	19	40
<b>Net financial income (expenses)</b>	<b>(528)</b>	<b>(73)</b>	<b>(1 704)</b>
Gross interest expenses	(547)	(247)	(1 872)
Net interest expenses	(493)	(183)	(1 596)

- Financial expenses in the first quarter of 2014 included a reversal of NOK 175 million in accrued interest due to the license refund in India.
- Net currency losses in the first quarter of 2015 were primarily related to intercompany positions and foreign exchange instruments that are not designated as hedging instruments.
- 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 criteria for hedge accounting.

## Taxes

- For the first quarter of 2015 the estimated effective tax rate is 28%. The effective tax rate is low mainly due the gain recognised related to the SnT transaction with Naspers in Brazil and the non-taxable gain on sale of Evry, see note 3.
- The effective tax rate for 2015 is estimated to be around 29%.

## Investments

(NOK in millions)	1st quarter		Year
	2015	2014	2014
Capex	4 588	6 451	22 527
Capex excl. licences and spectrum	4 523	3 550	16 870
Capex excl. licences and spectrum/Revenues (%)	15.0	14.0	15.8

- Capital expenditure (excl. licences and spectrum) in the first quarter of 2015 increased by NOK 1.0 billion largely due to high investments in dtac and Pakistan.

## Cash flow

- Net cash inflow from operating activities during the first quarter of 2015 was NOK 8.4 billion, a decrease of NOK 0.5 billion compared to the first quarter of 2014. EBITDA before other items was NOK 1.5 billion higher for the first quarter of 2015. This was offset by higher taxes paid of NOK 0.8 billion. Net operating working capital was stable during the first quarter of 2015, while there was a positive change in net operating working capital of NOK 0.9 billion during the first quarter of 2014. In addition there was a realized currency loss on financial instruments of NOK 0.5 billion affecting cash flow negatively during the first quarter of 2015.
- Net cash outflow to investing activities during the first quarter of 2015 was NOK 3.9 billion, a decrease of NOK 3.0 billion compared to the first quarter of 2014. The decrease is mainly explained by lower investment in licences of NOK 1.5 billion, and disposal of the associated company Evry ASA resulting in cash inflow of NOK 1.3 billion during the first quarter of 2015. In addition, there were lower investments in subsidiaries and associated companies of NOK 0.6 billion.
- Net cash outflow to financing activities during the first quarter of 2015 was NOK 2.7 billion. During the first quarter of 2015 there were net repayments of borrowings of NOK 2.1 billion, while during the first quarter of 2014 there were net proceeds from borrowings of NOK 1.6 billion. In addition, there was an increase in dividends paid to non-controlling interest of NOK 0.1 billion during the first quarter of 2015 as compared to the first quarter of 2014.
- Cash and cash equivalents increased by NOK 2.0 billion during the first quarter of 2015 to NOK 13.9 billion as of 31 March 2015.

## Financial position

- During the first quarter, total assets increased by NOK 6.0 billion to NOK 199.7 billion primarily due to investments in network, increase in cash and cash equivalents and weakening of Norwegian Krone against relevant currencies in Asia and USD. These effects were partially offset by decrease in assets held for sale due to disposal of Evry ASA.
- Net interest bearing liabilities decreased by NOK 2.8 billion to NOK 44.3 billion due to both increase in cash and cash equivalents and decrease in interest bearing liabilities.
- Total equity increased by NOK 5.3 billion to NOK 73.8 billion due to income from operations of NOK 5.0 billion, currency translation effects of NOK 2.4 billion and re-measurement of defined benefit pension plans of NOK 0.2 billion. These effects were partially offset by share of comprehensive loss of associated companies of NOK 1.1 billion and dividends to non-controlling interests of NOK 1.1.

## Transactions with related parties

For detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2014.

## Outlook for 2015

Based on the current Group structure (including Myanmar) Telenor expects:

- Organic revenue growth in the range of 5-7%.
- EBITDA margin before other income and other expenses in the range of 34-36%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 17-19%.

### 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 2014, section Risk Factors and Risk Management, and Telenor's Annual Report 2014 Note 28 Managing Capital and Financial Risk Management and Note 33 Legal Disputes 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 2014 are:

#### Legal disputes

See note 6 for details.

#### 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 2015' 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, 5 May 2015

The Board of Directors of Telenor ASA

# Interim condensed financial information

## Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	First quarter		Year
	2015	2014	2014
Revenues	30 210	25 319	106 540
Costs of materials and traffic charges	(8 497)	(6 626)	(28 822)
Salaries and personnel costs	(2 840)	(2 641)	(10 468)
Other operating expenses	(8 286)	(6 978)	(29 569)
Other income	46	2 882	3 089
Other expenses	(78)	(279)	(946)
<b>EBITDA</b>	<b>10 554</b>	<b>11 677</b>	<b>39 823</b>
Depreciation and amortisation	(3 979)	(3 504)	(14 754)
Impairment losses	(13)	(9)	(34)
<b>Operating profit</b>	<b>6 562</b>	<b>8 164</b>	<b>25 034</b>
Share of net income from associated companies	429	(1 849)	(3 796)
Gain (loss) on disposal of associated companies	224	13	(61)
Net financial income (expenses)	(528)	(73)	(1 704)
<b>Profit before taxes</b>	<b>6 687</b>	<b>6 256</b>	<b>19 473</b>
Income taxes	(1 855)	(1 638)	(6 614)
<b>Profit from continuing operations</b>	<b>4 832</b>	<b>4 618</b>	<b>12 859</b>
Profit (loss) from discontinued operations	187	(19)	(100)
<b>Net income</b>	<b>5 019</b>	<b>4 599</b>	<b>12 759</b>
<b>Net income attributable to:</b>			
Non-controlling interests	967	923	3 682
Equity holders of Telenor ASA	4 053	3 676	9 077
<b>Earnings per share in NOK</b>			
Basic from continuing operations	2.58	2.45	6.10
Diluted from continuing operations	2.57	2.44	6.10
<b>Earnings per share in NOK</b>			
Basic from discontinued operations	0.12	(0.01)	(0.07)
Diluted from discontinued operations	0.12	(0.01)	(0.07)
<b>Earnings per share in NOK</b>			
Basic from total operations	2.70	2.43	6.03
Diluted from total operations	2.70	2.43	6.03

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

## Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	First quarter		Year
	2015	2014	2014
<b>Net income</b>	<b>5 019</b>	<b>4 599</b>	<b>12 759</b>
Translation differences on net investment in foreign operations	2 925	(1 530)	10 867
Income taxes	11	14	(86)
Amount reclassified from equity to profit and loss on disposal	-	4	(83)
Net gain (loss) on hedge of net investment	(751)	878	(5 271)
Income taxes	202	(237)	1 423
Net gain on available-for-sale-investment	12	11	45
Amount reclassified from equity to profit and loss on disposal	-	(17)	(17)
Share of other comprehensive income (loss) of associated companies	(1 132)	18	(11 103)
Amount reclassified from equity to profit and loss on disposal	(23)	-	24
<b>Items that may be reclassified subsequently to income statement</b>	<b>1 246</b>	<b>(860)</b>	<b>(4 200)</b>
Remeasurement of defined benefit pension plans	340	(353)	(931)
Income taxes	(92)	95	234
<b>Items that will not be reclassified to income statement</b>	<b>248</b>	<b>(258)</b>	<b>(697)</b>
<b>Other comprehensive income (loss), net of taxes</b>	<b>1 494</b>	<b>(1 118)</b>	<b>(4 897)</b>
<b>Total comprehensive income</b>	<b>6 513</b>	<b>3 481</b>	<b>7 862</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests	1 366	882	4 441
Equity holders of Telenor ASA	5 147	2 599	3 421

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

## Consolidated statement of financial position

Telenor Group

	31 March 2015	31 December 2014	31 March 2014
<i>(NOK in millions)</i>			
Deferred tax assets	2 810	3 411	2 688
Goodwill	22 535	22 493	20 955
Intangible assets	40 585	39 024	34 237
Property, plant and equipment	59 440	56 368	50 604
Associated companies and joint ventures	25 616	24 140	32 428
Other non-current assets	6 110	6 054	4 714
<b>Total non-current assets</b>	<b>157 096</b>	<b>151 489</b>	<b>145 626</b>
Prepaid taxes	310	224	283
Inventories	1 886	1 907	1 344
Trade and other receivables	19 563	19 816	19 230
Other current financial assets	1 034	1 089	2 249
Assets classified as held for sale	6 315	7 321	6
Cash and cash equivalents	13 517	11 909	15 058
<b>Total current assets</b>	<b>42 625</b>	<b>42 266</b>	<b>38 169</b>
<b>Total assets</b>	<b>199 722</b>	<b>193 755</b>	<b>183 795</b>
Equity attributable to equity holders of Telenor ASA	68 811	63 755	75 859
Non-controlling interests	5 037	4 750	4 052
<b>Total equity</b>	<b>73 848</b>	<b>68 505</b>	<b>79 911</b>
Non-current interest-bearing liabilities	59 058	60 814	51 425
Non-current non-interest-bearing liabilities	3 225	1 981	653
Deferred tax liabilities	2 513	2 505	2 104
Pension obligations	3 033	3 568	3 130
Provisions and obligations	3 072	3 113	2 787
<b>Total non-current liabilities</b>	<b>70 901</b>	<b>71 981</b>	<b>60 099</b>
Current interest-bearing liabilities	7 695	7 387	7 433
Trade and other payables	38 304	37 216	31 319
Current tax payables	2 538	2 676	2 501
Current non-interest-bearing liabilities	3 074	2 411	1 309
Provisions and obligations	1 446	1 635	1 223
Liabilities classified as held for sale	1 916	1 944	-
<b>Total current liabilities</b>	<b>54 973</b>	<b>53 269</b>	<b>43 785</b>
<b>Total equity and liabilities</b>	<b>199 722</b>	<b>193 755</b>	<b>183 795</b>

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

## Consolidated statement of cash flows

Telenor Group

(NOK in millions)	First quarter		Year
	2015	2014	2014
Profit before taxes from total operation <sup>1)</sup>	6 667	6 244	19 356
Income taxes paid	(1 512)	(703)	(4 509)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(183)	(2 904)	(2 996)
Depreciation, amortisation and impairment losses	4 193	3 727	15 564
Loss (profit) from associated companies and joint ventures	(653)	1 837	3 859
Dividends received from associated companies and joint ventures	-	-	219
Currency (gains) losses not related to operating activities	224	(137)	229
Changes in working capital and other	(343)	879	2 130
<b>Net cash flow from operating activities</b>	<b>8 394</b>	<b>8 943</b>	<b>33 851</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(4 898)	(5 938)	(20 693)
Purchases of subsidiaries and associated companies, net of cash acquired	(308)	(914)	(1 443)
Proceeds from PPE, intangible assets and businesses, net of cash disposed	1 313	(124)	1 199
Proceeds from and purchases of other investments	(21)	57	(61)
<b>Net cash flow from investing activities</b>	<b>(3 913)</b>	<b>(6 919)</b>	<b>(20 997)</b>
Proceeds from and repayments of borrowings	(2 071)	1 639	1 135
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	20	25
Share buyback by Telenor ASA	-	-	(1 048)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(611)	(513)	(3 411)
Dividends paid to equity holders of Telenor ASA	-	-	(10 567)
<b>Net cash flow from financing activities</b>	<b>(2 682)</b>	<b>1 145</b>	<b>(13 866)</b>
Effects of exchange rate changes on cash and cash equivalents	189	(90)	927
<b>Net change in cash and cash equivalents</b>	<b>1 988</b>	<b>3 079</b>	<b>(85)</b>
Cash and cash equivalents at the beginning of the period	11 893	11 978	11 978
<b>Cash and cash equivalents at the end of the period <sup>2)</sup></b>	<b>13 881</b>	<b>15 058</b>	<b>11 893</b>
Of which cash and cash equivalents in discontinued operations at the end of the period	609	-	441
<b>Cash and cash equivalents in continuing operations at the end of the period</b>	<b>13 273</b>	<b>15 058</b>	<b>11 452</b>

<sup>1)</sup> Profit before taxes from total operations consist of:

Profit before taxes from continuing operations	6 687	6 256	19 473
Profit before taxes from discontinued operations	(20)	(12)	(117)
Profit before taxes from total operations	6 667	6 244	19 356

<sup>2)</sup> The first quarter of 2015 includes restricted cash of NOK 507 million, while the first quarter of 2014 included restricted cash of NOK 363 million.

### Cash flow from discontinued operations

(NOK in millions)	First quarter		Year
	2015	2014	2014
Net cash flow from operating activities	191	341	817
Net cash flow from investing activities	(100)	(122)	(507)
Net cash flow from financing activities	(18)	(14)	10

The cash flows ascribed to discontinued operations are only cash flows from external transactions. Hence, the cash flows presented for discontinued operations do not reflect these operations as if they were stand alone entities.

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 2014</b>	<b>9 127</b>	<b>(6 217)</b>	<b>75 464</b>	<b>(5 009)</b>	<b>73 366</b>	<b>3 672</b>	<b>77 037</b>
Net income for the period	-	-	9 077	-	9 077	3 682	12 759
Other comprehensive income (loss) for the period	-	(11 744)	-	6 088	(5 656)	758	(4 897)
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>(11 744)</b>	<b>9 077</b>	<b>6 088</b>	<b>3 421</b>	<b>4 441</b>	<b>7 862</b>
Transactions with non-controlling interests	-	(2)	-	-	(2)	22	20
Equity adjustments in associated companies	-	(1 304)	-	-	(1 304)	-	(1 304)
Dividends	-	-	(10 567)	-	(10 567)	(3 385)	(13 951)
Share buyback	(49)	(999)	-	-	(1 048)	-	(1 048)
Share - based payment, exercise of share options and distribution of shares	-	(112)	-	-	(112)	-	(112)
<b>Equity as of 31 December 2014</b>	<b>9 078</b>	<b>(20 377)</b>	<b>73 974</b>	<b>1 080</b>	<b>63 755</b>	<b>4 750</b>	<b>68 505</b>
Net income for the period	-	-	4 052	-	4 052	967	5 019
Other comprehensive income (loss) for the period	-	(894)	-	1 988	1 095	399	1 494
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>(894)</b>	<b>4 052</b>	<b>1 988</b>	<b>5 147</b>	<b>1 366</b>	<b>6 513</b>
Equity adjustments in associated companies	-	(96)	-	-	(96)	-	(96)
Dividends	-	-	-	-	-	(1 079)	(1 079)
Share - based payment, exercise of share options and distribution of shares	-	4	-	-	4	-	4
<b>Equity as of 31 March 2015</b>	<b>9 078</b>	<b>(21 362)</b>	<b>78 026</b>	<b>3 068</b>	<b>68 811</b>	<b>5 037</b>	<b>73 848</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 31 December 2013</b>	<b>9 127</b>	<b>(6 217)</b>	<b>75 464</b>	<b>(5 009)</b>	<b>73 366</b>	<b>3 672</b>	<b>77 037</b>
Net income for the period	-	-	3 676	-	3 676	923	4 599
Other comprehensive income (loss) for the period	-	(245)	-	(832)	(1 077)	(41)	(1 118)
<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>(245)</b>	<b>3 676</b>	<b>(832)</b>	<b>2 599</b>	<b>882</b>	<b>3 481</b>
Transactions with non-controlling interests	-	7	-	-	7	18	25
Dividends	-	-	-	-	-	(520)	(520)
Sale of shares, share issue, and share options to employees	-	(113)	-	-	(113)	-	(113)
<b>Equity as of 31 March 2014</b>	<b>9 127</b>	<b>(6 567)</b>	<b>79 140</b>	<b>(5 840)</b>	<b>75 859</b>	<b>4 052</b>	<b>79 911</b>

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

## Notes to the interim consolidated 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 three months of 2015 ending 31 March 2015, 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 2014. 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 2014.

For information about the standards and interpretations effective from 1 January 2015, please refer to Note 1 in the Group's Annual report 2014. The standards and interpretations effective from 1 January 2015 do not have a significant impact on the Group's consolidated interim financial statements.

### Note 2 – Discontinued operation

#### Joint Arrangement agreement in Denmark

In December 2014 Telenor and TeliaSonera entered into an agreement to merge their 100% owned Danish operations into a new joint venture in which the parties will own 50 percent each. The transaction requires approval from the EU Commission. Telenor expect EU clearance and closing of the transaction during 2015. The operations remain separate and operate independently up to the closing of the transaction.

Telenor Denmark is presented as discontinued operation in the income statement and comparative periods are restated. In the statement of financial position Telenor Denmark is classified as held for sale.

NOK in millions	As of 31 March 2015		As of 31 December 2014	
	Assets held for sale	Liabilities held for sale	Assets held for sale	Liabilities held for sale
<b>Telenor Denmark</b>	<b>6 313</b>	<b>1 916</b>	<b>6 226</b>	<b>1 944</b>

### Note 3 – Associated companies and joint ventures

#### VimpelCom Ltd.

Telenor has recognised loss of NOK 1.1 billion in Other Comprehensive Income during the first quarter of 2015 related to its share of VimpelCom Ltd.'s translation differences arising from depreciation of local currencies against USD. NOK 1.1 billion includes estimated loss of NOK 0.9 billion for the first quarter of 2015 mainly due to significant depreciation of Ukrainian Hryvnia against USD by 48% during the first quarter of 2015.

The loss of NOK 1.1 billion recognised during 2015 in Other Comprehensive Income is more than offset by NOK 1.9 billion translation difference gain due to depreciation of NOK against USD by 9%.

#### SnT Classifieds ANS ("SnT")

On 13 November 2014, Telenor, Schibsted, Naspers and Singapore Press Holdings entered into an agreement to establish joint ventures for the development of their online classifieds platforms in Brazil, Indonesia, Thailand and Bangladesh. Pursuant to this agreement, the transaction was closed on 8 January 2015. SnT is an equal shareholding joint venture between Schibsted and Telenor. According to the transaction, the market position of SnT's Brazilian business is merged with Naspers on a cash neutral basis, whereby SnT will own 50% of the merged business. Telenor's effective ownership of the newly established joint venture in Brazil is 25% of the combined business. As a result the carrying amount was disposed of for a fair value consideration of 25% ownership in the merged business and gain of NOK 275 million was recognised during the first quarter of 2015. Fair value of the 25% ownership in the merged business is estimated based on management's forecasted cash flows discounted with an appropriate discount rate. The accounting effect of transaction pertaining to Indonesia, Thailand and Bangladesh was limited.

#### Evry ASA

Pursuant to the pre acceptance of offer from Lyngen Bidco AS, on 16 March 2015 Telenor sold its 30.24% ownership for a consideration of NOK 1.3 billion received in cash. The carrying amount of Evry ASA was NOK 1.1 billion classified as Asset Held for Sale as of 31 December 2014. The Group recognised gain on disposal of NOK 0.2 billion in the income statement during the first quarter of 2015.

### Note 4 – Interest bearing liabilities

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

NOK in millions	As of 31 March 2015		As of 31 December 2014		As of 31 March 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Interest-bearing financial liabilities</b>	<b>(66 753)</b>	<b>(71 928)</b>	<b>(68 201)</b>	<b>(73 299)</b>	<b>(58 858)</b>	<b>(61 175)</b>
of which fair value level 1		(47 563)		(47 750)		(41 262)
of which fair value level 2		(24 365)		(25 550)		(19 193)

### Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 29 in the Annual Report 2014 for valuation methodologies. The financial derivatives are classified in the statement of financial position as disclosed in the table:

NOK in millions	As of 31 March 2015	As of 31 December 2014	As of 31 March 2014
Other non-current assets	3 331	3 410	2 152
Other current financial assets	166	305	181
<b>Non-current non-interest-bearing financial liabilities</b>	<b>(2 825)</b>	<b>(1 604)</b>	<b>(302)</b>
<b>Non-current interest-bearing financial liabilities</b>	<b>-</b>	<b>(10)</b>	<b>(14)</b>
<b>Current non-interest-bearing liabilities</b>	<b>(1 445)</b>	<b>(1 216)</b>	<b>(214)</b>
<b>Total</b>	<b>(774)</b>	<b>884</b>	<b>1 804</b>

### Note 6 – Legal disputes

The issues described below are updates compared to information included in the Annual Report 2014 note 33 and have to be read in conjunction with this. For legal disputes, in which the Group assesses it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions are made based on management's best estimate.

#### 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. CAT served dtac notices to claim compensation from dtac due to porting of its subscribers to its subsidiary dtac TriNet during September 2013 – December 2014 in the amount of NOK 2.6 billion. CAT has also filed injunction petitions with the Administrative court against dtac, dtac TriNet and NBTC, aiming at restricting dtac TriNet from using dtac's network. The court has so far rejected injunction petition against dtac TriNet, while injunction petition against dtac is pending. 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.

In April 2015, dtac was informed that CAT increased its claim related to the porting of subscribers for the period January 2015 – March 2015 by NOK 0.7 billion, so that the total claim amounts to approximately NOK 3.3 billion.

### Note 7 – Events after the reporting period

On 24 April 2015, the Board of Directors of Total Access Communication Public Company Limited (dtac) declared interim dividend for 2015 of THB 0.89 per share which corresponds to approximately NOK 0.5 billion total dividend and approximately NOK 0.3 billion for Telenor ownership share.

On 26 April 2015, the satellite THOR 7 was successfully launched into space from the Guiana Space Centre in French Guiana. The satellite will provide growth capacity for DTH Broadcasting across central and eastern Europe, and maritime VSAT services across Europe's business shipping lines. The satellite will undergo additional in-orbit testing, and will be ready to provide DTH services in six weeks and full commercial service from the fourth quarter of 2015. Capital expenditure related to THOR 7 will be included in the second quarter 2015 with approximately NOK 1.5 billion.

On 27 April 2015, the Board of Directors of Digi declared the first interim dividend for 2015 of MYR 0.061 per share which corresponds to approximately NOK 1.0 billion total dividend and approximately NOK 0.5 billion for Telenor ownership share.

### Note 8 – Segment table and reconciliation of EBITDA before other income and other expenses

Telenor Denmark is classified as “Discontinued Operation” as of 31 December 2014. The figures for previous periods are reclassified accordingly.

#### The operations

##### First quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses <sup>*)</sup>			
	2015	2014	Growth	2015	2014	2015	Margin	2014	Margin
Norway	6 624	6 276	5.5%	73	78	2 792	42.2%	2 658	42.4%
Sweden	2 984	2 884	3.4%	19	30	854	28.6%	850	29.5%
Hungary	1 098	996	10.2%	7	6	354	32.2%	368	36.9%
Bulgaria	685	628	9.0%	2	1	253	37.0%	238	37.8%
Montenegro & Serbia	853	811	5.3%	31	28	285	33.4%	298	36.8%
dtac - Thailand	5 443	4 187	30.0%	17	9	1 760	32.3%	1 531	36.6%
Digi - Malaysia	3 837	3 173	20.9%	1	2	1 672	43.6%	1 423	44.8%
Grameenphone - Bangladesh	2 516	1 961	28.3%	-	1	1 363	54.2%	1 052	53.7%
Pakistan	1 995	1 395	43.0%	219	33	893	44.8%	537	38.5%
India	1 383	919	50.6%	-	1	(54)	nm	(83)	nm
Myanmar	768	-	-	18	-	152	19.8%	(68)	nm
Broadcast	1 530	1 693	(9.6%)	41	42	457	29.9%	511	30.2%
Other units	1 633	1 305	25.2%	709	680	(194)	nm	(189)	nm
Eliminations	(1 139)	(910)	-	(1 139)	(910)	(1)	-	(51)	-
<b>Group</b>	<b>30 210</b>	<b>25 319</b>	<b>19.3%</b>	<b>-</b>	<b>-</b>	<b>10 587</b>	<b>35.0%</b>	<b>9 074</b>	<b>35.8%</b>

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

#### Reconciliation

(NOK in millions)	First quarter		Year
	2015	2014	2014
<b>Net income</b>	<b>5 019</b>	<b>4 599</b>	<b>12 759</b>
Profit (loss) from discontinued operations	187	(19)	(100)
<b>Profit from continuing operations</b>	<b>4 832</b>	<b>4 618</b>	<b>12 859</b>
Income taxes	(1 855)	(1 638)	(6 614)
<b>Profit before taxes</b>	<b>6 687</b>	<b>6 256</b>	<b>19 473</b>
Net financial income (expenses)	(528)	(73)	(1 704)
Profit (loss) from associated companies and joint ventures	653	(1 836)	(3 857)
Depreciation and amortisation	(3 979)	(3 504)	(14 754)
Impairment losses	(13)	(9)	(34)
<b>EBITDA</b>	<b>10 554</b>	<b>11 677</b>	<b>39 823</b>
Other income	46	2 882	3 089
Other expenses	(78)	(279)	(946)
<b>EBITDA before other income and other expenses</b>	<b>10 587</b>	<b>9 074</b>	<b>37 681</b>

EBITDA				Operating profit (loss)			
2015	Margin	2014	Margin	2015	Margin	2014	Margin
2 761	41.7%	2 360	37.6%	1 869	28.2%	1 507	24.0%
857	28.7%	860	29.8%	491	16.5%	471	16.3%
348	31.7%	349	35.0%	208	18.9%	238	23.8%
256	37.4%	235	37.4%	173	25.3%	(176)	nm
285	33.4%	296	36.6%	184	21.6%	203	25.0%
1 751	32.2%	1 538	36.7%	779	14.3%	914	21.8%
1 672	43.6%	1 432	45.1%	1 371	35.7%	1 212	38.2%
1 363	54.2%	1 053	53.7%	955	38.0%	725	37.0%
899	45.0%	541	38.8%	644	32.3%	377	27.0%
(50)	nm	1 590	173.1%	(159)	nm	1 531	166.7%
152	19.8%	(68)	nm	32	4.2%	(71)	nm
458	30.0%	1 721	101.7%	326	21.3%	1 583	93.5%
(196)	nm	(199)	nm	(315)	nm	(316)	nm
(1)	-	(34)	-	3	-	(33)	-
<b>10 554</b>	<b>34.9%</b>	<b>11 677</b>	<b>46.1%</b>	<b>6 562</b>	<b>21.7%</b>	<b>8 164</b>	<b>32.2%</b>

# 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 150 KB of data during the last three months.

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

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.



## First quarter 2015

Published by Telenor ASA  
N-1331 Fornebu, Norway  
Phone: +47 67 89 00 00

### Investor Relations:

Phone: +47 67 89 24 70  
e-mail: [ir@telenor.com](mailto:ir@telenor.com)

[www.telenor.com](http://www.telenor.com)

