



# Telenor Norway - Efficient operations

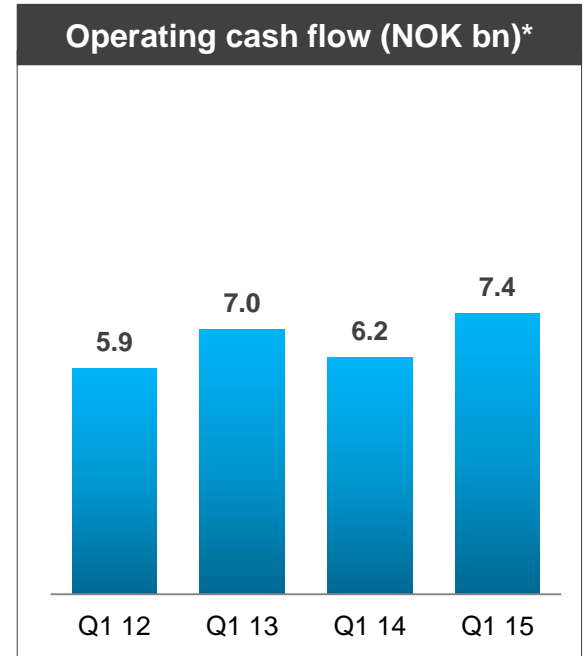
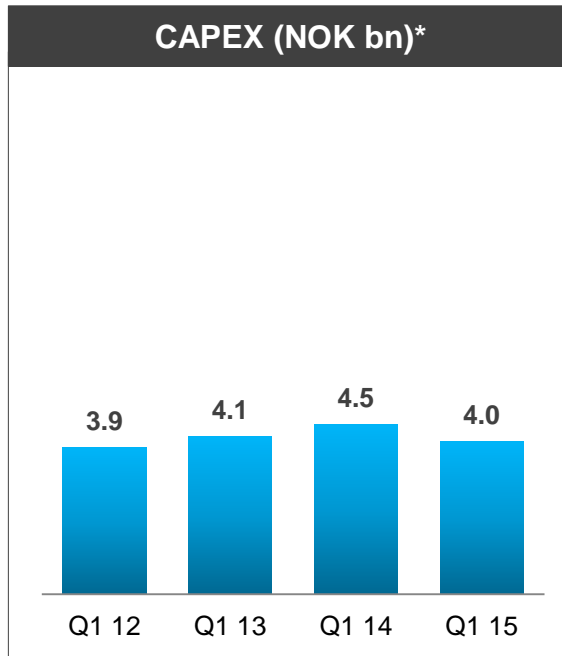
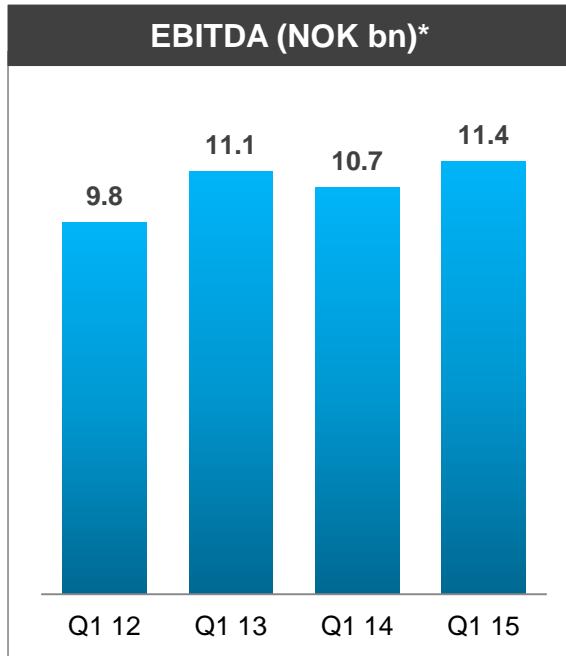


**Gyrid Ingerø, CFO, Telenor Norway**

**London 2 June 2015**

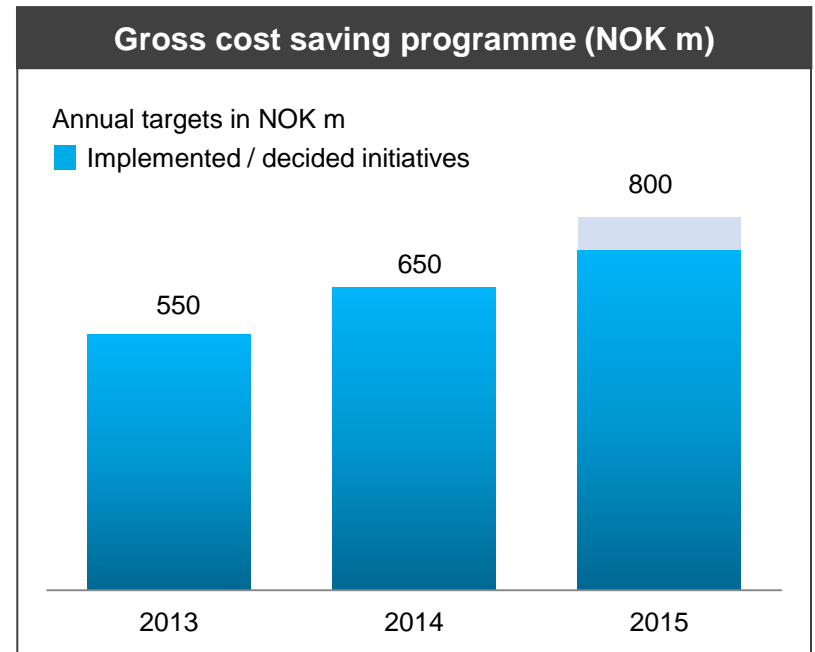


# Solid profitability and cash flow despite high investments and loss of fixed telephony revenues

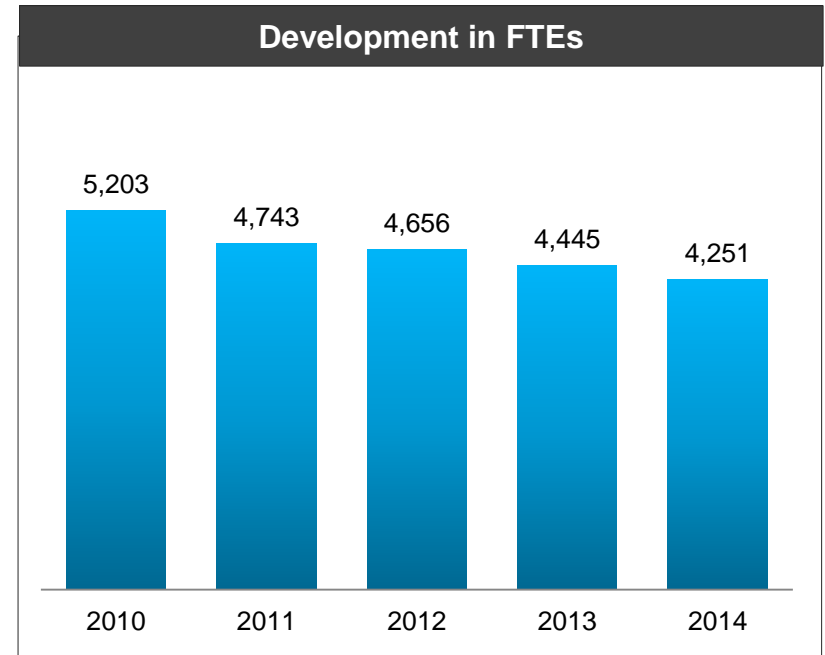
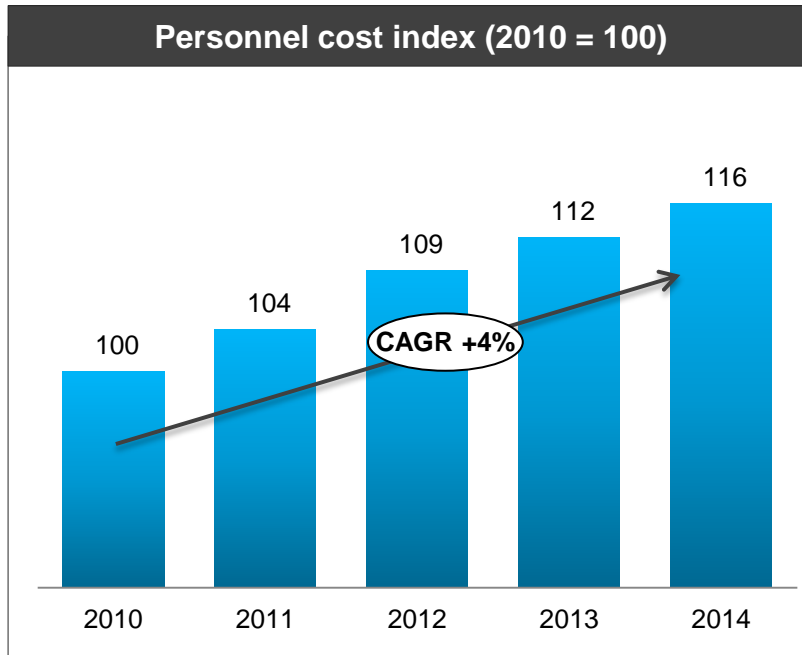


# On track with NOK 2 bn gross cost saving programme 2012 - 2015

- Workforce reduction of around 400 employees since 2012
- Digitalisation of sales and distribution
- Customer service optimisation
- Review and change of policies and supplier agreements
- Optimised commission structure
- Reducing number of products and preparing for outsourcing related to transformation programme



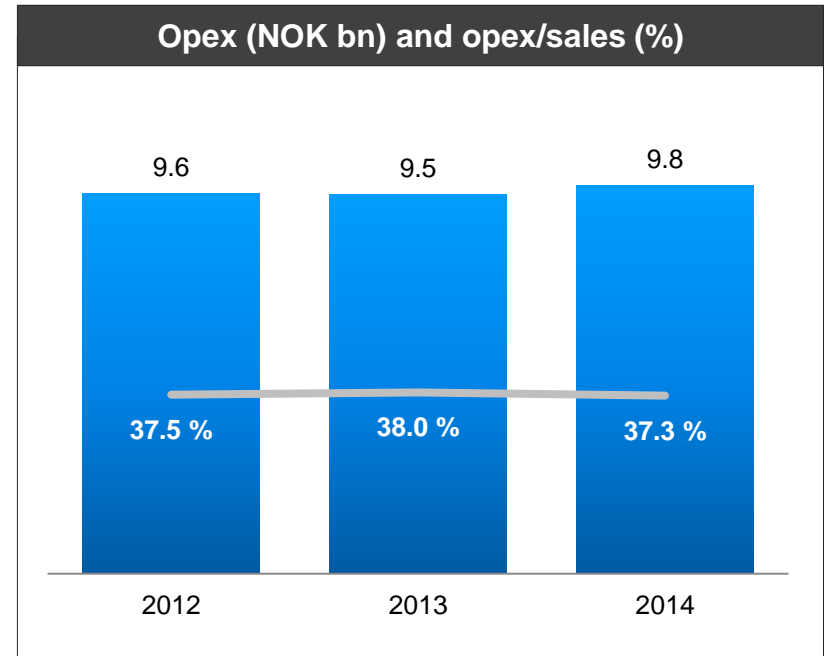
# Continuous reduction in workforce has offset the effect of increasing salaries



Continuous focus on workforce efficiency necessary to keep personnel cost stable

# Cost efficiency programme has allowed allocation to new initiatives

- New own retail chain concept established
- Customer service as a sales and retention vehicle
- Costs related to 4G network expansion
- Project costs related to fixed value chain transformation



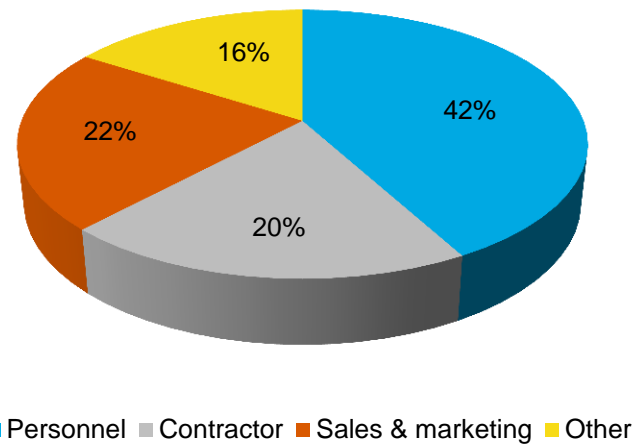
# Going forward, a more transformational approach is needed

Reduce complexity in fixed value chain

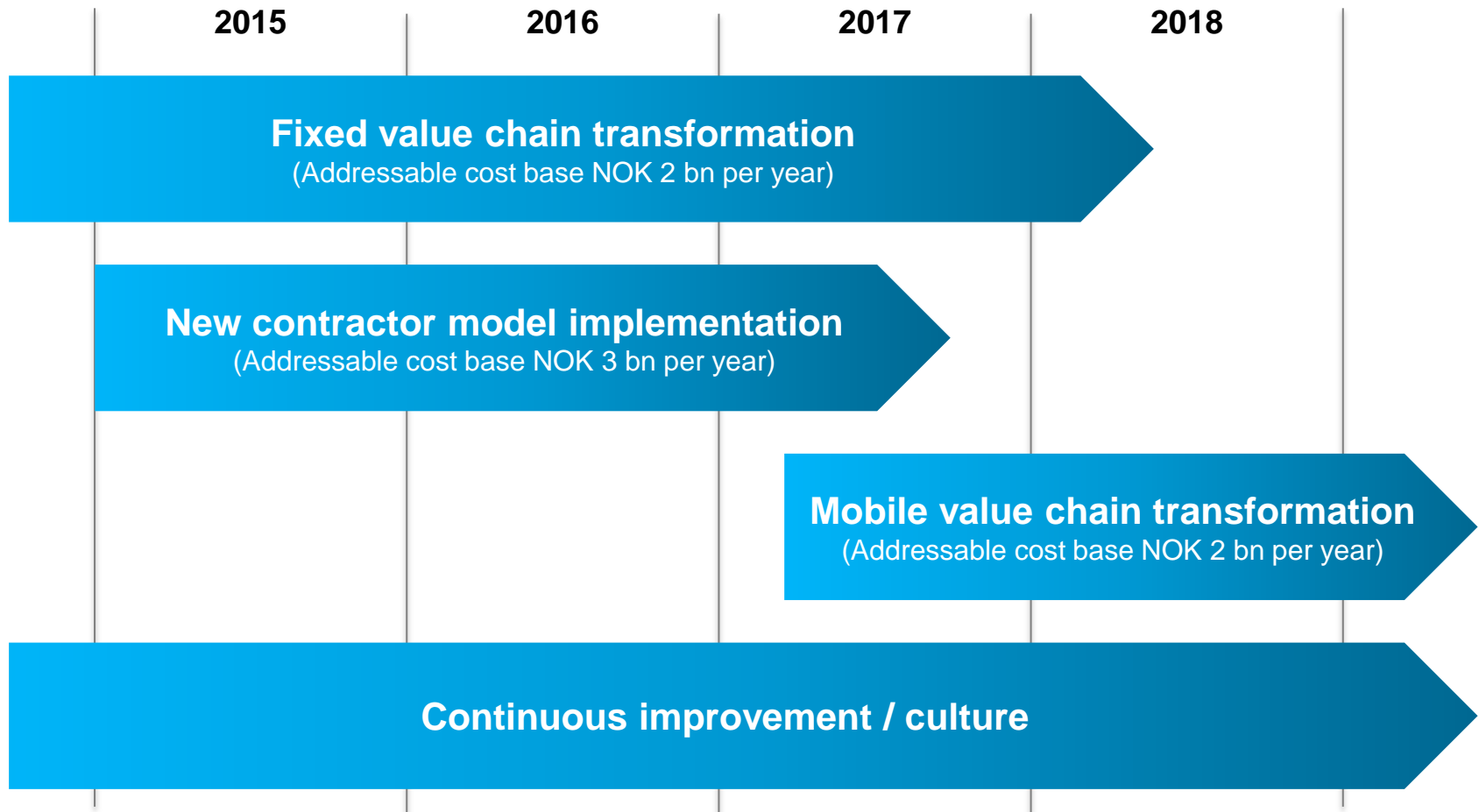
New partnerships and operating models

Improve go-to-market-strategy through cluster based model

Opex distribution (%)

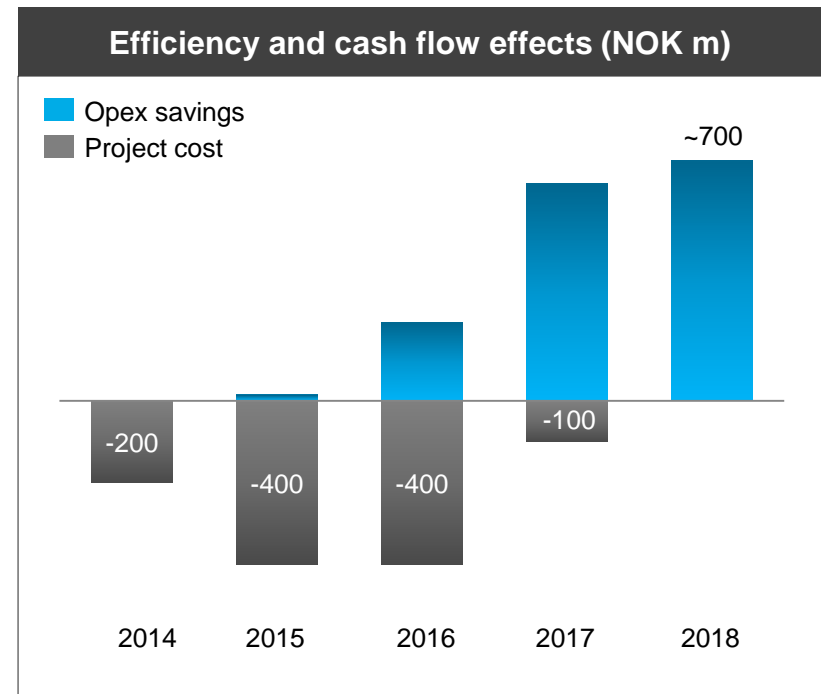


# Cost efficiency through partnerships and continuous improvements



# Fixed value chain transformation 2014-2018

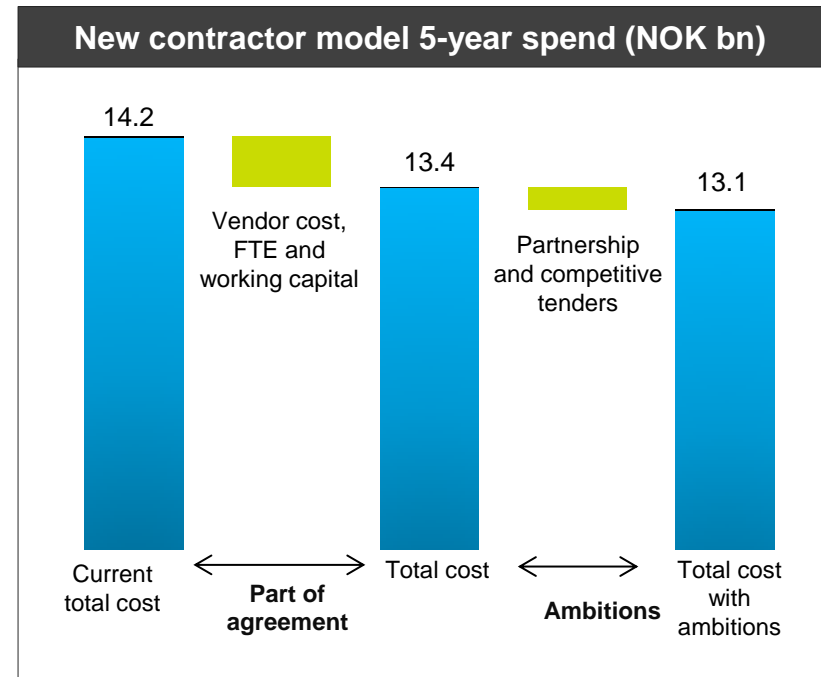
- Partnership model with Tata Consultancy Services established in 2014
- Addressable cost base of NOK 2 bn per year
- Targeting opex improvements through reduced complexity of products, processes and IT systems
  - 30% reduction in number of IT systems
  - 70% reduction in number of price plans





# Efficiency gains from new contractor model

- 5-year agreements with two contractors signed in 2014
- Partnership model with common financial incentives
- Addressable cost base of NOK 3 bn per year
- Key elements in the new agreements:
  - Supply chain financing
  - Profit split on further efficiency gains
  - Proactive discounts
  - Competitive tenders



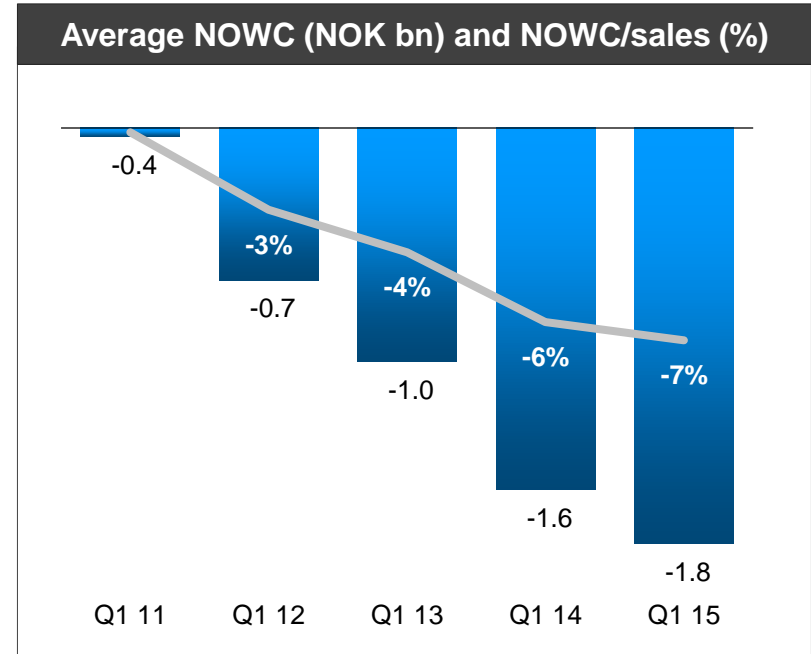
# Capex efficiencies of NOK 300 m in 2015

- Capex prioritised to network investments
- Increased project efficiency from sourcing model
- Increased efficiency in network investment
  - Cluster approach to backhaul and BTS rollout
  - 5% efficiency in RAN deployment in 2014 – targeting further 5-10% in 2015
- Improved fixed network capex efficiency
  - Geographic cluster planning
  - Public broadband subsidies in rural areas
  - Reduced cost per FTTH customer



# Working capital improved by NOK 1.8 bn since 2011

- More efficient invoicing routines
- Focus on the Procure-to-Pay process
- Supply chain financing (from Q1 2015)



# Our priorities

**Profitable data growth**

**Efficient operations**

**Network investments to support growth and efficiency**





Q&A

