



Q2/ 2015

Interim report
January – June 2015

Contents

[Highlights /01/](#)

[Interim report /02/](#)

Telenor's operations /02/

Group overview /08/

Outlook for 2015 /10/

[Interim condensed financial information /11/](#)

Notes to the interim consolidated financial statements /16/

[Definitions /21/](#)





Continued growth, outlook maintained

Highlights second quarter 2015

- Organic revenue growth of 6% ¹⁾
- EBITDA margin of 35%
- Operating cash flow of NOK 4 billion ²⁾
- Earnings per share of NOK 2.42

Highlights first half year 2015

- Organic revenue growth of 7% ¹⁾
- EBITDA margin of 35%
- Operating cash flow of NOK 10 billion ²⁾
- Earnings per share of NOK 5.12

Jon Fredrik Baksaas
Jon Fredrik Baksaas
President & CEO

“Telenor continued to deliver encouraging results for the second quarter. We reported more than NOK 30 billion in revenues and organic revenue growth of 6 per cent. Profitability remained solid, with EBITDA before other items of NOK 10.6 billion and an EBITDA margin of 35 per cent.

In Norway, the mobile trends seen over the last quarters persisted during the three months through June. Customers more than doubled their data usage in the period, which resulted in mobile service revenue growth of 6 per cent. The increasing mobile data consumption is supported by strong growth in 4G coverage and 4G devices. We are continuing to expand our 4G network across the country targeting 95 per cent population coverage by the end of this year.

In Thailand, competition remained intense in the second quarter. dtac is going through a comprehensive turnaround process, which on the network side has already resulted in a significantly improved network position on both 3G and 4G. The ongoing transformation of dtac’s sales and distribution model is key for future success in this competitive market.

In Myanmar, performance continues to exceed our expectations. In July we passed 10 million subscribers. Customers’ strong demand for voice and data services keeps driving revenues and profitability. During the quarter we further expanded the network, reaching 213 of a total of 330 townships at the end of June. The speed of our network expansion is the key challenge in a nation where approximately 70 per cent of the population lives in rural areas.

We are pleased to see solid performance in Pakistan during an eventful quarter. Traffic revenues in Pakistan are fairly stable despite the mandatory biometric verification of the subscriber base that ended in May, resulting in a customer base of 31.6 million at the end of the quarter. Sales and market activities have picked up significantly during the second quarter, and consumption trends are encouraging.

We retain our focus on Internet for All as well as operational efficiency as stated in our strategy. We have made significant investments in data networks and data usage is growing rapidly. Successfully monetising this exponential growth in data will be a key priority for us going forward. This also includes developing our current digital positions within Internet of Things, online classifieds and financial services. As of the end of June, one third of our total customer base was mobile internet users. This highlights the appetite for data and the opportunities that lie ahead. Mobile internet access enables digital inclusion and opens opportunities for all. From this strategy platform I am happy to see Mr Sigve Brekke coming in as the new CEO from 17 August, continuing to develop Telenor Group.

Based on the performance in the first half of the year and our expectations for the rest of the year, we maintain our guidance for 2015.”

Key figures Telenor Group³⁾

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues	30 179	25 657	60 389	50 976	106 540
EBITDA before other income and other expenses	10 571	9 498	21 157	18 572	37 681
EBITDA before other income and other expenses/Revenues (%)	35.0	37.0	35.0	36.4	35.4
Adjusted operating profit ⁴⁾	6 413	5 947	13 021	11 517	22 926
Adjusted operating profit/Revenues (%)	21.2	23.2	21.6	22.6	21.5
Profit after taxes and non-controlling interests	3 635	2 319	7 688	5 995	9 077
Earnings per share from total operations, basic, in NOK	2.42	1.54	5.12	3.98	6.03
Capex	6 596	4 768	11 185	11 219	22 527
Capex excl. licences and spectrum	6 591	3 873	11 114	7 423	16 870
Capex excl. licences and spectrum/Revenues (%)	21.8	15.1	18.4	14.6	15.8
Operating cash flow ²⁾	3 980	5 626	10 043	11 149	20 811
Equity ratio including non-controlling interests (%)			36.9	38.7	35.4
Net interest-bearing liabilities ⁵⁾			47 448	44 387	47 126

Please refer to page 10 for the full outlook for 2015, and page 21 for definitions.

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

²⁾ Operating cash flow is defined as EBITDA before other income and other expenses - Capex, excluding licences and spectrum.

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

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

⁵⁾ Net interest-bearing liabilities are defined as net interest-bearing debt excluding net present value of licence liabilities.

Interim report

Telenor's operations

The comments below are related to Telenor's development in the second quarter of 2015 compared to the second 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



Norway

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues mobile operation					
Subscription and traffic	2 894	2 719	5 687	5 290	10 947
Interconnect revenues	215	206	426	400	809
Other mobile revenues	239	345	538	678	1 387
Non-mobile revenues	444	292	829	553	1 282
Total revenues mobile operation	3 792	3 562	7 480	6 920	14 426
Revenues fixed operation					
Telephony	544	619	1 114	1 243	2 445
Internet and TV	1 342	1 324	2 694	2 647	5 357
Data services	122	115	252	227	464
Other fixed revenues	397	417	830	813	1 653
Total retail revenues	2 405	2 475	4 889	4 931	9 920
Wholesale revenues	408	467	860	929	1 840
Total revenues fixed operation	2 813	2 942	5 750	5 860	11 759
Total revenues	6 605	6 504	13 229	12 780	26 186

EBITDA before other items	2 723	2 783	5 516	5 441	11 255
Operating profit	1 775	1 922	3 644	3 429	7 430

EBITDA before other items/ Total revenues (%)	41.2	42.8	41.7	42.6	43.0
Capex	1 039	991	1 887	2 040	4 210
Investments in businesses	-	-	-	-	9

Mobile ARPU - monthly (NOK)	323	304	317	295	305
Fixed Telephony ARPU (NOK)	272	271	274	268	272
Fixed Internet ARPU (NOK)	341	339	343	338	342
TV ARPU (NOK)	291	273	288	275	280

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

Mobile	6	(12)	3 215	3 205	3 218
Fixed telephony	(20)	(22)	657	751	701
Fixed Internet	(4)	(3)	851	862	855
TV	2	1	528	530	531

- The number of mobile subscriptions increased by 6,000 during the quarter. At the end of the quarter, the subscription base was slightly higher than last year. 72% of the subscribers are now active data users.
- Mobile ARPU increased by 6% or NOK 19 from continued demand for bundled subscriptions with larger data volumes. The median data usage increased by 125% compared to second quarter last year, following continued expansion of the 4G network and increasing 4G handset penetration.
- Mobile revenues increased by 6% from increased ARPU and handset sales offsetting reduced wholesale revenues.
- Total fixed revenues decreased by 4% due to a reduction in fixed telephony and wholesale revenues, partly offset by a slight increase in fixed Internet and TV revenues. Internet ARPU this quarter was impacted by market campaigns. During the quarter, Telenor added 22,000 high-speed internet subscriptions, of which 1,000 on fibre, taking the total number of fibre connections to 114,000.
- Total reported revenue growth was 2%.
- EBITDA decreased by 2% and the EBITDA margin declined by 2 percentage points to 41% as the growth in mobile service revenues was offset by declining contribution from high-margin mobile wholesale and fixed telephony revenues, as well as high market activities both in mobile and fixed.
- Capital expenditure was driven by a continued 4G network roll-out, fixed broadband expansion and transformation initiatives within the fixed business. To further strengthen our superior network position 267 new 4G base stations were added in the second quarter. Telenor Norway aims at 95% 4G population coverage end of year to provide the best customer experience where people live and travel.

Sweden

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues mobile operation					
Subscription and traffic	1 409	1 383	2 825	2 817	5 636
Interconnect revenues	135	130	268	257	515
Other mobile revenues	91	83	173	151	332
Non-mobile revenues	597	463	1 179	914	2 112
Total revenues mobile operation	2 231	2 059	4 445	4 139	8 596
Revenues fixed operation	765	780	1 536	1 584	3 132
Total revenues	2 996	2 838	5 980	5 723	11 728

EBITDA before other items	837	890	1 691	1 740	3 489
Operating profit (loss)	416	507	907	978	1 900

EBITDA before other items/ Total revenues (%)	27.9	31.4	28.3	30.4	29.7
Capex	348	404	655	673	1 507
Investments in businesses	-	2	3	750	754

Mobile ARPU - monthly (NOK)	208	204	208	207	205
-----------------------------	-----	-----	-----	-----	-----

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

Mobile	(7)	1	2 480	2 473	2 509
Fixed telephony	(21)	(9)	269	331	311
Fixed Internet	2	(2)	638	656	642
TV	(27)	(5)	490	517	520

Exchange rate	0.9264	0.9252	0.9184		
---------------	--------	--------	--------	--	--

- The number of mobile subscriptions decreased by 7,000 during the quarter, driven by reduced number of postpaid subscriptions. 255,000 subscribers have successfully been migrated from old tariff plans to data-centric plans. The subscription base was slightly higher than at the end of second quarter last year. 76% of the subscribers are now active data users.
- The number of fixed internet subscriptions increased by 2,000 in the quarter, as continued decline in DSL subscriptions was offset by 9,000 new fibre subscriptions. The number of TV subscribers declined by 27,000, following the completion of the integration of the acquired fixed business.
- Blended mobile ARPU in local currency was stable. In the postpaid consumer segment, migration of subscribers from old tariffs to data-centric plans had a positive ARPU effect.
- Mobile revenues in local currency increased by 7%. The increase was mainly driven by higher handset sales as subscription and traffic revenues remained 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 revenues.
- The EBITDA margin decreased by 3 percentage points primarily due to weaker roaming margins, high handset sales and cost related to the integration of Tele2's fibre and cable business. EBITDA in local currency decreased by 7%.
- Capital expenditure in the quarter was mainly related to mobile network coverage investments through the infrastructure joint operations.

Hungary

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Subscription and traffic	852	800	1 689	1 572	3 221
Interconnect revenues	57	136	209	270	562
Other mobile revenues	21	20	39	41	81
Non-mobile revenues	120	90	210	159	375
Total revenues	1 050	1 045	2 148	2 042	4 239

EBITDA before other items	331	383	684	750	1 375
Operating profit	185	260	393	497	851

EBITDA before other items/ Total revenues (%)	31.5	36.6	31.9	36.8	32.4
Capex	87	68	155	122	1 227

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

Mobile	(9)	(34)	3 220	3 213	3 255
--------	-----	------	-------	-------	-------

ARPU - monthly (NOK)	94	96	98	95	97
Exchange rate (HUF)			0.0281	0.0270	0.0271

- The number of subscriptions decreased by 9,000 in the quarter due to loss of business customers, partly offset by growth in the consumer contract segment. The subscription base was stable compared to end of second quarter last year. 42% of the subscribers are active data users.
- From 1 April 2015, the mobile interconnect rates were regulated from HUF 7.06 to 1.71 per voice minute. The decision has been appealed in court by Telenor Hungary.
- ARPU in local currency decreased by 6% due to lower interconnect rates, partly offset by growth in data revenues.
- Subscription and traffic revenues in local currency increased by 3%. Total revenues in local currency decreased by 3% as a result of decreased interconnect rates, partly offset by increased handset sales.
- The EBITDA margin decreased by 5 percentage points, of which 2 percentage points due to increased frequency fee following the spectrum acquisition in the fourth quarter of 2014. In addition, higher subsidies related to strong handset sale and higher business support system costs had a negative impact. EBITDA in local currency decreased by 17%.
- The capital expenditure was related mainly to the ongoing 4G network roll-out. The 4G network sharing cooperation with Magyar Telekom on 800 MHz frequency is progressing as planned.
- See Other units for additional information on investments in common business support systems for Telenor Hungary and Telenor Denmark.

Bulgaria

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014

Revenues

Subscription and traffic	518	519	1 045	1 025	2 142
Interconnect revenues	46	34	87	66	142
Other mobile revenues	7	7	13	12	30
Non-mobile revenues	105	93	216	180	410
Total revenues	675	654	1 360	1 282	2 723

EBITDA before other items	272	260	525	497	1 041
Operating profit	119	(196)	292	(372)	(406)

EBITDA before other items/ Total revenues (%)	40.3	39.7	38.6	38.8	38.2
Capex	93	41	205	90	681

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

Mobile	(52)	34	3 762	4 005	3 901
--------	------	----	-------	-------	-------

ARPU - monthly (NOK)	50	46	50	46	50
Exchange rate (BGN)			4.4239	4.2332	4.2711

- The number of subscriptions decreased by 52,000 in the quarter following continued intense competition throughout the quarter. At the end of the quarter, the subscription base was 6% lower than at the end of second quarter last year. 30% of the subscribers are active data users.
- ARPU in local currency increased by 3% following a higher share of customers on bundled subscriptions driving both data and interconnect revenues.
- Revenues in local currency decreased by 1% driven by a lower subscription base partly offset by higher handset sales. Subscription and traffic revenues in local currency declined by 4%.
- The EBITDA margin and nominal EBITDA in local currency remained stable.
- Capital expenditure was mainly related to network expansion and shop renovation.

Montenegro & Serbia

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014

Revenues

Subscription and traffic	599	592	1 171	1 161	2 389
Interconnect revenues	190	166	358	328	699
Other mobile revenues	24	27	45	48	114
Non-mobile revenues	105	51	198	111	248
Total revenues	918	838	1 772	1 648	3 450

EBITDA before other items	325	331	611	629	1 293
Operating profit	227	239	411	441	913

EBITDA before other items/ Total revenues (%)	35.4	39.5	34.5	38.2	37.5
Capex	102	77	207	137	322

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

Mobile	(12)	37	3 518	3 504	3 585
--------	------	----	-------	-------	-------

ARPU - monthly (NOK)	75	73	72	71	73
Exchange rate (RSD)			0.0716	0.0717	0.0712
Exchange rate (EUR)			8.6523	8.2792	8.3534

- The number of subscriptions decreased by 12,000 during the quarter due to churn of prepaid subscriptions. The subscription base remained stable compared to the same period last year. 44% of the subscribers are active data users.
- ARPU in local currency increased by 2% due to introduction of SMS interconnect fees.
- Revenues in local currency increased by 9% primarily due to the introduction of handset sales on instalments from the beginning of 2015 in addition to higher interconnect and wholesale revenues. Subscription and traffic revenues in local currency remained stable.
- EBITDA in local currency decreased by 2% mainly driven by start-up costs related to the mobile banking services.
- Capital expenditure was mainly related to network roll-out and technical premises in Montenegro.

dtac - Thailand

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014

Revenues

Subscription and traffic	3 785	3 083	7 710	6 181	12 716
Interconnect revenues	372	409	760	823	1 720
Other mobile revenues	45	31	108	93	181
Non-mobile revenues	910	506	1 976	1 120	2 945
Total revenues	5 112	4 029	10 554	8 216	17 562

EBITDA before other items	1 566	1 464	3 326	2 994	5 993
Operating profit	550	831	1 330	1 745	3 124

EBITDA before other items/ Total revenues (%)	30.6	36.3	31.5	36.4	34.1
Capex	731	858	2 044	1 413	2 721

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

Mobile	(1 484)	(187)	26 943	28 039	28 008
--------	---------	-------	--------	--------	--------

ARPU - monthly (NOK)	50	41	51	41	43
Exchange rate (THB)			0.2354	0.1855	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 527 million (NOK 97 million) in second quarter 2014 and reported as interconnect revenue.

- The competition in the Thai mobile market remained intense also in the second quarter, with continued handset subsidies for prepaid customers and unlimited data offerings.
- The number of subscriptions decreased by 1.5 million during the quarter as new sales was negatively impacted by the regulator requirement to register all prepaid subscribers by July this year. At the end of the quarter, the subscriber base was 4% lower compared to the same time last year. 54% of the subscribers are now active data users.
- ARPU in local currency decreased by 4% driven by decline in voice and messaging revenues partly offset by increased revenues from data and international traffic.
- Total revenues in local currency were stable as effects from lower ARPU and lower subscriber base were more than offset by increased handset sales. Subscription and traffic revenues in local currency declined by 3%.
- The EBITDA margin declined by 6 percentage points due to lower service revenues and increased handset subsidies, partly offset by lower regulatory costs.
- Capital expenditure in the second quarter was mainly related to the network improvement programme through utilisation of both licenced and concession spectrum bands. dtac's 4G network now covers 21% of the population while 3G has surpassed 88% population coverage.

Digi - Malaysia

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Subscription and traffic	3 180	2 719	6 398	5 406	11 434
Interconnect revenues	156	156	315	314	654
Other mobile revenues	37	37	65	73	142
Non-mobile revenues	275	318	707	611	1 282
Total revenues	3 649	3 230	7 486	6 403	13 513
EBITDA before other items					
Operating profit	1 342	1 251	2 713	2 462	5 125
EBITDA before other items/ Total revenues (%)					
Capex	425	356	837	729	1 741

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

Mobile	123	17	11 815	10 903	11 421
ARPU - monthly (NOK)	95	88	96	87	91
Exchange rate (MYR)			2.1300	1.8487	1.9253

- The number of subscriptions increased by 123,000 this quarter. At the end of this period, the subscription base was 8% higher than at the same time last year. 58% of the subscribers are now active data users.
- ARPU in local currency decreased by 6% impacted by intensified competition in international voice and the implementation of goods and service tax from 1 April, partly offset by continued growth in mobile internet.
- Total revenues in local currency decreased by 1% due reduced handset sales and lower interconnect revenues. Subscription and traffic revenues in local currency increased by 2%.
- EBITDA in local currency decreased by 1%.
- Capital expenditure was aimed at strengthening the network position through upgrading high capacity sites, deployment of high capacity backhaul transmission as well as IT modernisation. At the end of the quarter, 3G and 4G network population coverage was 87% and 40%, respectively.

Grameenphone - Bangladesh

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Subscription and traffic	2 219	1 715	4 350	3 389	7 104
Interconnect revenues	276	212	540	413	865
Other mobile revenues	12	9	26	16	36
Non-mobile revenues	123	89	230	168	361
Total revenues	2 630	2 025	5 146	3 986	8 367
EBITDA before other items					
Operating profit	945	781	1 900	1 506	3 000
EBITDA before other items/ Total revenues (%)					
Capex	638	285	1 008	502	1 232

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

Mobile	1 123	550	53 129	49 233	51 504
ARPU - monthly (NOK)	16	13	16	13	13
Exchange rate (BDT)			0.0997	0.0778	0.0813

- The number of subscriptions increased by 1.1 million during the quarter. At the end of the quarter, subscription base was 8% higher than the same quarter last year. 25% of the subscribers are now active data users.
- ARPU in local currency decreased by 7% due to campaign discounts on voice, and 10 additional days of Ramadan this quarter compared to second quarter last year.
- Total revenues in local currency remained stable as continued subscription growth offset the effect of reduced ARPU.
- The EBITDA margin remained stable at 54% due to lower market spending and reduced acquisition cost, partly aided by the reduction in the SIM tax from BDT 300 to BDT 100 from June. This was offset by increase in commissions from stronger subscription growth.
- Capital expenditure was prioritised towards expanding 3G network coverage and capacity, increasing the number of 3G sites to 4,437. During the quarter, the population coverage of Grameenphone's 3G network increased from 51% to 59%.

Pakistan

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Subscription and traffic	1 383	1 148	2 780	2 209	4 532
Interconnect revenues	177	109	304	213	419
Other mobile revenues	11	7	22	14	29
Non-mobile revenues	374	292	834	514	1 234
Total revenues	1 945	1 555	3 940	2 951	6 214
EBITDA before other items					
Operating profit (loss)	639	659	1 532	1 196	2 394
EBITDA before other items/ Total revenues (%)					
Capex	292	1 008	618	1 209	2 301

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

Mobile	(4 962)	1 361	31 591	36 572	36 503
ARPU - monthly (NOK)	16	12	15	11	12
Exchange rate (PKR)			0.0764	0.0599	0.0624

* Please note that the reported number of subscriptions and ARPU includes biometrically verified subscriptions only. This is a more conservative approach than the Group definition on page 21 and has been adopted as blocked SIM cards will not be revenue generating until they are biometrically re-verified.

- The number of subscriptions decreased by 5 million during the quarter following the disconnection of unverified SIMs. The number of biometrically verified subscriptions at the end of this quarter was 31.6 million, resulting in a subscription base which was 14% lower than the same quarter last year. The impact of the forced disconnection was partly offset by a strong push on gross adds after opening of SIM selling outlets on 14 April. 32% of the subscribers are now active data users.
- ARPU in local currency increased by 12%, as the majority of the disconnected SIMs had low ARPU.
- Total revenues in local currency remained stable. The negative impact of disconnected SIM cards, reduced rates on incoming international traffic and early onset of Ramadan was offset by continued growth in financial services, data and handset sales. Excluding the impact of biometric verification, the underlying subscription and traffic revenues in local currency increased by 1% compared to a reported reduction of 4%.
- The EBITDA margin decreased by 10 percentage points mainly driven by the SIM issuance tax in combination with high sales and marketing activities after re-opening of sales channels, as well as increased commissions and taxes for financial services. Adjusted for the effect of biometric verification, the margin decreased by 5 percentage points.
- Capital expenditure increased from further expansion of 3G network. 668 sites were added in the quarter, thereby increasing the 3G coverage to 141 cities.

India					
(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Subscription and traffic	1 178	853	2 348	1 622	3 513
Interconnect revenues	173	157	373	300	649
Other mobile revenues	6	8	16	13	29
Non-mobile revenues	5	3	8	4	9
Total revenues	1 362	1 021	2 745	1 939	4 200
EBITDA before other items					
	24	(106)	(30)	(189)	(422)
Operating profit (loss)	(90)	(170)	(249)	1 361	882
Capex					
	253	130	362	247	1 374
No. of subscriptions - Change in quarter/Total (in thousands)*):					
Mobile	1 344	2 013	39 849	32 556	36 665
ARPU - monthly (NOK)					
	12	11	12	11	11
Exchange rate (INR)					
			0.1235	0.0994	0.1032

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

- Telenor's Indian operation added 1.3 million subscriptions during the second quarter. At the end of the quarter, the subscription base was 22% higher than the same quarter last year. 26% of the customers were active data users.
- ARPU in local currency fell by 12% to INR 95 in the second quarter compared to same quarter last year. The 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 9% compared to same quarter last year. Subscription and traffic revenues in local currency increased by 13%.
- As a result of increased revenues and improved gross margin following the mobile termination rate cut, the Indian operation delivered a positive EBITDA for the full quarter.
- In the second quarter capital expenditure was mainly related to capacity expansion to cater for the increased traffic volumes.

Myanmar					
(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Subscription and traffic	937	-	1 568	-	225
Interconnect revenues	176	-	293	-	41
Other mobile revenues	4	-	7	-	2
Non-mobile revenues	25	-	42	-	22
Total revenues	1 142	0	1 910	0	290
EBITDA before other items					
	479	(83)	632	(151)	(508)
Operating profit (loss)	374	(86)	407	(157)	(605)
Capex					
	863	275	1 304	3 479	4 281
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	3 122	-	9 513	-	3 406
ARPU - monthly (NOK)					
	46	-	49	-	40
Exchange rate (MMK)					
			0.0073	0.0062	0.0064

- Telenor Myanmar added 3.1 million new subscriptions during the second quarter. By the end of the second quarter a total of 9.5 million subscriptions were recorded, of which 55% were active data users.
- ARPU for the second quarter was USD 6.0. Normalised for the reversal of commercial tax provisions from previous quarters, the ARPU for the quarter was USD 5.7.
- Normalised for the reversal of the commercial tax provisions, revenues in local currency increased by 48% from first quarter this year, driven by strong subscription growth.
- The EBITDA for the second quarter was driven by the strong growth in subscription and usage. The normalised EBITDA margin for the quarter was 36%.
- Operating profit was positively impacted by the above-mentioned reversals as well as reversals of over-accrued depreciations from previous quarter.
- Capital expenditure increased significantly compared to the previous quarter, reflecting our ambitions to expand network coverage across the country and enhance capacity to cater for the strong demand for voice and data. At the end of the second quarter a total of 2,308 sites were put on air, adding a total of 536 sites during the quarter.
- The local currency depreciated 8.2% against USD during the quarter and 14.9% compared to the same quarter last year following the global strengthening of the USD and growing demand for imports in Myanmar.

Broadcast

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
Canal Digital DTH	1 121	1 109	2 235	2 237	4 494
Satellite Broadcasting	253	239	497	477	959
Norkring	261	295	549	579	1 156
Conax	-	-	-	166	166
Other/Eliminations	(117)	(114)	(233)	(236)	(467)
Total revenues	1 518	1 529	3 049	3 222	6 309

EBITDA before other items

Canal Digital DTH	178	177	346	351	728
Satellite Broadcasting	160	160	318	318	650
Norkring	149	145	287	285	559
Conax	-	-	-	49	49
Other/Eliminations	(7)	(13)	(14)	(22)	(36)
Total EBITDA before other items	480	469	937	980	1 951

Operating profit

Canal Digital DTH	168	160	326	320	611
Satellite Broadcasting	100	103	203	205	421
Norkring	81	81	154	159	309
Conax	-	-	-	41	41
Other/Eliminations	(7)	(14)	(15)	1 189	1 174
Total operating profit	342	330	668	1 913	2 556

EBITDA before other items/ Total revenues (%)	31.6	30.7	30.7	30.4	30.9
Capex	1 537	77	1 612	217	407

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

DTH TV	(3)	(5)	902	915	912
--------	-----	-----	-----	-----	-----

- Total revenues were on level with the second quarter last year, while EBITDA was up by 2% and EBITDA margin up by 1 percentage point.
- Revenues in Canal Digital DTH increased by 1% due to currency effects. The effects of a lower DTH subscriber base were offset by price increases. The EBITDA margin was 16% and on level with the second quarter last year.
- Revenues in Satellite Broadcasting increased by 6% mainly due to currency effects. EBITDA margin decreased by 4 percentage points due to more leased capacity and higher operating cost partly related to the Thor 7 launch.
- Revenues in Norkring decreased by 12% due to an accounting adjustment and lower installation revenues. EBITDA increased by 3% as revenue reduction was compensated by lower cost.
- Capital expenditure increased primarily due to Thor 7 satellite investment, which accounted for NOK 1.4 billion.

Other units

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues					
International wholesale	670	498	1 403	938	2 209
Corporate functions	664	616	1 279	1 249	2 508
Other/eliminations	296	257	582	489	1 141
Total revenues	1 631	1 371	3 264	2 675	5 859

EBITDA before other items

International wholesale	23	17	27	29	65
Corporate functions	(296)	(223)	(570)	(490)	(985)
Other/eliminations	96	83	171	149	341
Total EBITDA before other items	(178)	(122)	(372)	(312)	(579)

Operating profit (loss)

International wholesale	13	8	9	12	32
Corporate functions	(398)	(438)	(761)	(805)	(1 545)
Other/eliminations	83	76	135	124	284
Total operating profit (loss)	(301)	(354)	(617)	(670)	(1 230)

Capex	189	196	290	363	523
Investments in businesses	57	157	362	329	732

- Revenues in International wholesale increased due to higher traffic volumes, mainly in Pakistan.
- Revenues in Other/Eliminations increased mainly due to consolidation of Otrum from August 2014, a global provider of digital services to the hospitality industry. In addition Maritime Communication Partner and cloud services contribute positively.
- EBITDA in Corporate functions decreased due to one-time effects and increased corporate activities.
- Operating profit increased mainly due to costs last year related to workforce reductions in Telenor Global Shared Services.
- NOK 100 million were invested in the development of new business support systems for Denmark and Hungary in the second quarter. This investment accumulates to NOK 376 million.
- Investments in businesses in the first half of 2015 and 2014 were mainly related to the financing of joint ventures in online classifieds (SnT Classifieds and Search units) in cooperation with Schibsted Classifieds Media, Singapore Press Holdings and Naspers Limited.

Group overview

The comments below are related to Telenor's development in the first half of 2015 compared to the first half of 2014 unless otherwise stated. Telenor Denmark is 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 18% or NOK 9.4 billion due to positive currency effects of NOK 5.8 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 2.6 billion or 14%, of which NOK 2.2 billion is related to currency effects. The underlying EBITDA improvement was mainly driven by Myanmar and India.

Specification of other income and other expenses

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
EBITDA before other income and other expenses	10 571	9 498	21 157	18 572	37 681
EBITDA before other income and other expenses (%)	35.0	37.0	35.0	36.4	35.4
Licence refund in India	-	-	-	1 659	1 659
Gains on disposals of fixed assets and operations	31	77	77	1 301	1 430
Losses on disposals of fixed assets and operations	(60)	(62)	(102)	(62)	(271)
Workforce reductions and loss contracts	(118)	(196)	(155)	(477)	(675)
EBITDA	10 424	9 317	20 978	20 993	39 823
EBITDA margin (%)	34.5	36.3	34.7	41.2	37.4

First half of 2015 'Other income and other expenses' include:

- Losses on disposals of fixed assets mainly in Telenor Sweden (NOK 25 million) and Telenor Norway (NOK 16 million).
- Workforce reductions in Telenor Norway (NOK 71 million), Telenor Sweden (NOK 41 million), Corporate Functions (NOK 22 million) and dtac (NOK 19 million).

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

- Licence refund in India.
- Gains on disposal of operations were mainly related to divestment of Conax.
- Workforce reductions in Telenor Norway.

Operating profit

- Operating profit decreased by NOK 1.1 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 1.1 billion higher depreciation and amortisation this year, more than offset the improved EBITDA.

Associated companies and joint ventures

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Telenor's share of					
Profit (loss) after taxes	466	(443)	922	(2 242)	(3 726)
Amortisation of Telenor's net excess values	(14)	(42)	(38)	(91)	(162)
Impairment losses	-	-	(4)	-	92
Gains (losses) on disposal of ownership interests	-	(78)	224	(65)	(61)
Profit (loss) from associated companies and joint ventures	452	(563)	1 105	(2 399)	(3 857)

- Profit after tax from associated companies and joint ventures in the second quarter of 2015 includes net income of NOK 503 million for Telenor's share of VimpelCom's result for the first quarter of 2015.
- The underlying result from our online classifieds joint ventures was negative NOK 64 million during the second quarter of 2015 compared to negative NOK 220 million during the second quarter of 2014. The improvement is a result of merger transaction with Naspers leading to overall strengthened market positions.

Financial items

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Financial income	136	128	246	245	476
Financial expenses	(642)	(526)	(1 284)	(875)	(2 188)
Net currency gains (losses)	(124)	15	(298)	179	(160)
Net change in fair value of financial instruments	40	101	220	77	128
Net gains (losses and impairment) of financial assets and liabilities	2	1	-	20	40
Net financial income (expenses)	(588)	(282)	(1 116)	(354)	(1 704)
Gross interest expenses	(551)	(509)	(1 099)	(756)	(1 872)
Net interest expenses	(467)	(433)	(960)	(616)	(1 596)

- Financial expenses in the second quarter of 2015 are higher than the same quarter last year due to higher interest expenses, higher loss on instalment plans and lower capitalisation of interests.
- Gross interest expenses in the second quarter of 2015 are higher than the same quarter last year due to a higher level of interest-bearing debt.
- Net currency losses in the first half of 2015 were primarily related to intercompany positions and USD commitments in Asia.

Taxes

- The estimated effective tax rate for the second quarter and the first half year of 2015 is 28%. The effective tax rate in the first half year 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 during first quarter, see note 3.
- The effective tax rate for 2015 is estimated to 29%.

Investments

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Capex	6 596	4 768	11 185	11 219	22 527
Capex excl. licences and spectrum	6 591	3 873	11 114	7 423	16 870
Capex excl. licences and spectrum/Revenues (%)	21.8	15.1	18.4	14.6	15.8

- Capital expenditure (excl. licences and spectrum) in 2015 increased by NOK 3.7 billion due to the new satellite and higher infrastructure investments in the Asian operations.

Cash flow

- Net cash inflow from operating activities during the first half of 2015 was NOK 18.2 billion, an increase of NOK 1.1 billion compared to the first half of 2014. EBITDA before other items was NOK 2.6 billion higher for the first half of 2015, offset by higher taxes paid of NOK 0.6 billion and reduced cash impact from financial instruments of NOK 0.6 billion. In addition net operating working capital continued to improve, however the improvement was NOK 0.2 billion less in the first half of 2015 as compared to the first half of 2014.
- Net cash outflow to investing activities during the first half of 2015 was NOK 8.8 billion, a decrease of NOK 1.3 billion compared to the first half of 2014. The decrease is mainly explained by lower investments in subsidiaries and associated companies of NOK 0.7 billion, network assets and licences of NOK 0.5 billion and lower proceeds from divestments of businesses of NOK 0.1 billion.
- Net cash outflow to financing activities during the first half of 2015 was NOK 9.2 billion. This is mainly explained by dividends paid to shareholders in Telenor ASA of NOK 5.5 billion, dividends paid to minority interest of NOK 2.1 billion and net repayments of borrowings of NOK 1.6 billion.
- Cash and cash equivalents increased by NOK 0.2 billion during the first half of 2015 to NOK 12.1 billion as of 30 June 2015.

Financial position

- During the first half of 2015, total assets increased by NOK 3.0 billion to NOK 196.8 billion mainly due to investments in network and increase in carrying amount of associated companies arising from Telenor's share of net income, translation effects and positive adjustment to equity in VimpelCom Ltd.
- Net interest bearing liabilities increased by NOK 0.3 billion to NOK 47.4 billion. Fair value of financial derivatives decreased with NOK 0.9 billion. This was partially offset by decrease in interest bearing liabilities excluding licences of NOK 0.2 billion and increase in cash and cash equivalents of NOK 0.5 billion.
- Total equity increased by NOK 4.0 billion to NOK 72.6 billion mainly due to income from operations of NOK 9.5 billion, share of net positive equity adjustments in VimpelCom Ltd. of NOK 1.0 billion, positive currency translation effects of NOK 0.7 billion and pension re-measurement of NOK 0.7 billion. These effects were partially offset by dividends to non-controlling interests and shareholders of Telenor ASA of NOK 7.9 billion.

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 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.

Financial aspects

In relation to the licence issuance in Myanmar, a performance bond of USD 180 million has been issued to Myanmar authorities as a guarantee towards coverage and quality of service commitments during the next four years of the licence.

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 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, 21 July 2015

The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Revenues	30 179	25 657	60 389	50 976	106 540
Costs of materials and traffic charges	(8 135)	(6 571)	(16 633)	(13 197)	(28 822)
Salaries and personnel costs	(2 808)	(2 619)	(5 648)	(5 260)	(10 468)
Other operating expenses	(8 665)	(6 969)	(16 951)	(13 947)	(29 569)
Other income	31	77	77	2 959	3 089
Other expenses	(178)	(259)	(257)	(538)	(946)
EBITDA	10 424	9 317	20 978	20 993	39 823
Depreciation and amortisation	(4 158)	(3 551)	(8 137)	(7 055)	(14 754)
Impairment losses	(7)	-	(20)	(9)	(34)
Operating profit	6 259	5 765	12 821	13 930	25 034
Share of net income from associated companies and joint ventures	452	(485)	880	(2 334)	(3 796)
Gain (loss) on disposal of associated companies	-	(78)	224	(65)	(61)
Net financial income (expenses)	(588)	(282)	(1 116)	(354)	(1 704)
Profit before taxes	6 123	4 921	12 810	11 177	19 473
Income taxes	(1 720)	(1 642)	(3 576)	(3 281)	(6 614)
Profit from continuing operations	4 403	3 279	9 234	7 896	12 859
Profit (loss) from discontinued operations	104	(85)	291	(103)	(100)
Net income	4 507	3 194	9 525	7 793	12 759

Net income attributable to:

Non-controlling interests	870	876	1 837	1 799	3 682
Equity holders of Telenor ASA	3 635	2 319	7 688	5 995	9 077

Earnings per share in NOK

Basic from continuing operations	2.35	1.60	4.93	4.04	6.10
Diluted from continuing operations	2.35	1.59	4.92	4.04	6.10

Earnings per share in NOK

Basic from discontinued operations	0.07	(0.06)	0.19	(0.07)	(0.07)
Diluted from discontinued operations	0.07	(0.06)	0.19	(0.07)	(0.07)

Earnings per share in NOK

Basic from total operations	2.42	1.54	5.12	3.98	6.03
Diluted from total operations	2.42	1.54	5.12	3.97	6.03

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Net income	4 507	3 194	9 525	7 793	12 759
Translation differences on net investment in foreign operations	(2 011)	1 486	915	(44)	10 867
Income taxes	36	(15)	47	(2)	(86)
Amount reclassified from equity to income statement on disposal	(2)	(86)	(2)	(83)	(83)
Net gain (loss) on hedge of net investment	429	(783)	(322)	94	(5 271)
Income taxes	(115)	212	87	(25)	1 423
Net gain on available-for-sale-investment	6	10	19	22	45
Amount reclassified from equity to income statement on disposal	-	-	-	(17)	(17)
Share of other comprehensive income (loss) of associated companies	558	(1 303)	(574)	(1 285)	(11 103)
Amount reclassified from equity to income statement on disposal	-	-	(23)	-	24
Items that may be reclassified subsequently to income statement	(1 099)	(478)	147	(1 339)	(4 200)
Remeasurement of defined benefit pension plans	620	(246)	960	(599)	(931)
Income taxes	(168)	65	(259)	161	234
Items that will not be reclassified to income statement	452	(181)	700	(439)	(697)
Other comprehensive income (loss), net of taxes	(647)	(659)	847	(1 778)	(4 897)
Total comprehensive income	3 859	2 535	10 372	6 015	7 862
Total comprehensive income attributable to:					
Non-controlling interests	658	999	2 024	1 882	4 441
Equity holders of Telenor ASA	3 202	1 534	8 348	4 133	3 421

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

Consolidated statement of financial position

Telenor Group

	30 June	31 December	30 June
(NOK in millions)	2015	2014	2014
Deferred tax assets	2 102	3 411	2 417
Goodwill	22 280	22 493	21 226
Intangible assets	38 036	39 024	35 389
Property, plant and equipment	61 413	56 368	51 740
Associated companies and joint ventures	27 618	24 140	31 610
Other non-current assets	3 982	6 054	4 880
Total non-current assets	155 431	151 489	147 262
Prepaid taxes	207	224	97
Inventories	1 797	1 907	1 329
Trade and other receivables	19 518	19 816	19 039
Other current financial assets	1 183	1 089	895
Assets classified as held for sale	6 442	7 321	4
Cash and cash equivalents	12 217	11 909	11 948
Total current assets	41 364	42 266	33 312
Total assets	196 795	193 755	180 574
Equity attributable to equity holders of Telenor ASA	67 956	63 755	65 810
Non-controlling interests	4 590	4 750	4 151
Total equity	72 546	68 505	69 961
Non-current interest-bearing liabilities	57 304	60 814	53 293
Non-current non-interest-bearing liabilities	2 792	1 981	650
Deferred tax liabilities	2 387	2 505	1 987
Pension obligations	2 519	3 568	3 278
Provisions and obligations	3 072	3 113	2 780
Total non-current liabilities	68 074	71 981	61 987
Current interest-bearing liabilities	9 970	7 387	10 293
Trade and other payables	37 451	37 216	31 604
Current tax payables	2 797	2 676	2 420
Current non-interest-bearing liabilities	2 899	2 411	3 047
Provisions and obligations	1 165	1 635	1 262
Liabilities classified as held for sale	1 893	1 944	-
Total current liabilities	56 176	53 269	48 626
Total equity and liabilities	196 795	193 755	180 574

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

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Profit before taxes from total operation ¹⁾	6 228	4 844	13 096	11 088	19 356
Income taxes paid	(965)	(1 196)	(2 476)	(1 900)	(4 509)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(5)	(83)	(188)	(2 987)	(2 996)
Depreciation, amortisation and impairment losses	4 164	3 736	8 156	7 462	15 564
Loss (profit) from associated companies and joint ventures	(452)	562	(1 104)	2 399	3 859
Dividends received from associated companies	13	65	14	65	219
Currency (gains) losses not related to operating activities	(138)	(25)	86	(162)	229
Changes in working capital and other	938	278	595	1 158	2 130
Net cash flow from operating activities	9 785	8 180	18 179	17 123	33 851
Purchases of property, plant and equipment (PPE) and intangible assets	(4 741)	(4 215)	(9 639)	(10 153)	(20 693)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(56)	(134)	(363)	(1 048)	(1 443)
Proceeds from PPE, intangible assets and businesses, net of cash disposed	42	1 283	1 355	1 159	1 199
Proceeds from and purchases of other investments	(86)	(59)	(107)	(2)	(61)
Net cash flow from investing activities	(4 841)	(3 125)	(8 754)	(10 044)	(20 997)
Proceeds from and repayments of borrowings	515	2 642	(1 556)	4 281	1 135
Proceeds from issuance of shares, incl. from non-controlling interests	-	6	-	25	25
Share buyback by Telenor ASA	-	-	-	-	(1 048)
Repayment of equity and dividends paid to non-controlling interests	(1 535)	(907)	(2 146)	(1 419)	(3 411)
Dividends paid to equity holders of Telenor ASA	(5 450)	(10 097)	(5 450)	(10 097)	(10 567)
Net cash flow from financing activities	(6 469)	(8 356)	(9 152)	(7 211)	(13 866)
Effects of exchange rate changes on cash and cash equivalents	(223)	105	(34)	16	927
Net change in cash and cash equivalents	(1 748)	(3 196)	240	(117)	(85)
Cash and cash equivalents at the beginning of the period	13 881	15 058	11 893	11 978	11 978
Cash and cash equivalents at the end of the period ²⁾	12 133	11 862	12 133	11 862	11 893
Of which cash and cash equivalents in discontinued operations at the end of the period	474	-	474	-	441
Cash and cash equivalents in continuing operations at the end of the period	11 659	11 862	11 659	11 862	11 452

¹⁾ Profit before taxes from total operations consist of:

Profit before taxes from continuing operations	6 123	4 921	12 810	11 117	19 473
Profit before taxes from discontinued operations	105	(77)	286	(89)	(117)
Profit before taxes from total operations	6 228	4 844	13 096	11 088	19 356

²⁾ The first half of 2015 includes restricted cash of NOK 417 million, while the first half of 2014 included restricted cash of NOK 347 million.

Cash flow from discontinued operations

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Net cash flow from operating activities	77	112	268	453	817
Net cash flow from investing activities	(175)	(138)	(275)	(260)	(507)
Net cash flow from financing activities	(34)	(18)	(52)	(32)	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			
Equity as of 1 January 2014	9 127	(6 217)	75 464	(5 009)	73 366	3 672	77 037
Net income for the period	-	-	9 077	-	9 077	3 682	12 759
Other comprehensive income for the period	-	(11 744)	-	6 088	(5 656)	758	(4 897)
Total comprehensive income for the period	-	(11 744)	9 077	6 088	3 421	4 441	7 862
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)
Equity as of 31 December 2014	9 078	(20 377)	73 974	1 080	63 755	4 750	68 505
Net income for the period	-	-	7 687	-	7 687	1 837	9 524
Other comprehensive income for the period	-	123	-	537	660	187	847
Total comprehensive income for the period	-	123	7 687	537	8 347	2 024	10 371
Transactions with non-controlling interests	-	(2)	-	-	(2)	2	-
Equity adjustments in associated companies	-	1 545	-	-	1 545	-	1 545
Dividends	-	-	(5 706)	-	(5 706)	(2 185)	(7 890)
Share - based payment, exercise of share options and distribution of shares	-	14	-	-	14	-	14
Equity as of 30 June 2015	9 078	(18 697)	75 955	1 617	67 955	4 590	72 546

(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			
Equity as of 1 January 2014	9 127	(6 217)	75 464	(5 009)	73 366	3 672	77 037
Net income for the period	-	-	5 995	-	5 995	1 799	7 793
Other comprehensive income for the period	-	(1 719)	-	(142)	(1 861)	83	(1 778)
Total comprehensive income for the period	-	(1 719)	5 995	(142)	4 133	1 882	6 015
Transactions with non-controlling interests	-	(2)	-	-	(2)	20	18
Equity adjustments in associated companies	-	63	-	-	63	-	63
Dividends	-	-	(10 567)	-	(10 567)	(1 423)	(11 989)
Share buyback	(49)	(999)	-	-	(1 048)	-	(1 048)
Share - based payment, exercise of share options and distribution of shares	-	(135)	-	-	(135)	-	(135)
Equity as of 30 June 2014	9 078	(9 008)	70 892	(5 151)	65 810	4 151	69 961

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 six months of 2015 ending 30 June 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	30 June 2015		31 December 2014	
	Assets held for sale	Liabilities held for sale	Assets held for sale	Liabilities held for sale
Telenor Denmark	6 440	1 893	6 226	1 944

Note 3 – Associated companies and joint ventures

VimpelCom Ltd.

Telenor has recognised loss of NOK 0.6 billion in Other Comprehensive Income during the first half of 2015 related to its share of VimpelCom Ltd.'s translation differences arising from depreciation of local currencies against USD. NOK 0.6 billion includes estimated loss of NOK 0.3 billion for the first half of 2015 mainly due to significant depreciation of Ukrainian Hryvnia against USD by 34% during the period.

The loss of NOK 0.6 billion recognised during 2015 in Other Comprehensive Income is more than offset by NOK 1.3 billion translation difference gain due to depreciation of NOK against USD by 6%.

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 322 million was recognised during the first half of 2015 as part of share of net income from associated companies and joint ventures. 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	30 June 2015		31 December 2014		30 June 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing financial liabilities	(67 274)	(71 075)	(68 201)	(73 299)	(63 587)	(66 934)
of which fair value level 1		(46 564)		(47 750)		(42 845)
of which fair value level 2		(24 511)		(25 550)		(24 090)

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	30 June 2015	31 December 2014	30 June 2014
Other non-current assets	2 422	3 410	2 250
Other current financial assets	246	305	195
Non-current non-interest-bearing financial liabilities	(2 409)	(1 604)	(298)
Non-current interest-bearing financial liabilities	(13)	(10)	(23)
Current non-interest-bearing liabilities	(853)	(1 216)	(319)
Total	(607)	884	1 805

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 2.4 billion. On 9 June 2015, dtac was informed that CAT increased its claim related to the porting of subscribers for the period January 2015 – May 2015 by NOK 1.4 billion, so that the total claim amounts to approximately NOK 3.8 billion.

CAT has also filed injunction petitions with the Central Administrative Court against dtac, dtac TriNet and NBTC, aiming at restricting dtac TriNet from using dtac's network. The court has rejected injunction petition against dtac TriNet. On 20 May 2015, the Court granted the injunction relief as requested by CAT. The order is not final and dtac believes, on the basis of external legal advice, that it would be able to successfully revoke the order. On 18 June 2015, dtac filed an appeal with the Supreme Administrative Court.

In addition, CAT filed a new statement of claim to the Arbitration Institute requesting for additional revenue sharing for the 19th concession year (16 September 2009 – 15 September 2010) on 8 May 2015 in the amount of NOK 1.8 billion (including VAT) plus penalty interest at the rate of 15% p.a.

CAT filed a new statement of claim to the Arbitration Institute requesting for additional revenue sharing for the 20th concession year (16 September 2010 – 15 September 2011) on 9 April 2015 in the amount of NOK 1.7 billion (including VAT) plus penalty interest at the rate of 15% p.a.

CAT sent a letter to dtac requesting for additional revenue sharing for the 22nd concession year (16 September 2012 to 15 September 2013) on 7 May 2015 in the amount of NOK 1.0 billion.

Grameenphone

SIM tax on replacement SIM Cards

Large Taxpayer Unit (LTU)-VAT by a letter dated 16 May 2012 claimed SIM tax of NOK 1.5 billion, including interests of NOK 0.5 billion for all replacement SIMs issued during the period from July 2007 to December 2011 alleging that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs. GP challenged the demand by a writ petition and the High Court initially passed a stay order on the operation of the demand. On 18 May 2015, Commissioner LTU-VAT issued an order purporting to dispose of the show cause notice and finalize the demand for principal amount of NOK 1 billion as SIM tax. The revised demand includes substantially all replacements done by Grameenphone in the period between July 2007 and December 2011. The claim issued by LTU-VAT does not include interest charges.

Note 7 – Events after the reporting period

On 13 July 2015, the Board of Directors of Digi declared the second interim dividend for 2015 of MYR 0.059 per share which corresponds to approximately NOK 1.0 billion total dividend and approximately NOK 0.5 billion for Telenor ownership share.

On 14 July 2015, the Board of Directors of Grameenphone Ltd. declared interim dividend for 2015 of BDT 8.0 per share which corresponds to approximately NOK 1.1 billion total dividend and approximately NOK 0.6 billion for Telenor ownership share.

On 20 July 2015, the Board of Directors of Total Access Communication Public Company Limited (dtac) declared interim dividend for 2015 of THB 0.80 per share which corresponds to approximately NOK 0.4 billion total dividend and approximately NOK 0.3 billion for Telenor ownership share.

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

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

The operations

Second quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses ^{*)}			
	2015	2014	Growth	2015	2014	2015	Margin	2014	Margin
Norway	6 605	6 504	1.6%	83	85	2 723	41.2%	2 783	42.8%
Sweden	2 996	2 838	5.6%	13	32	837	27.9%	890	31.4%
Hungary	1 050	1 045	0.5%	7	7	331	31.5%	383	36.6%
Bulgaria	675	654	3.3%	2	1	272	40.3%	260	39.7%
Montenegro & Serbia	918	838	9.6%	35	24	325	35.4%	331	39.5%
dtac – Thailand	5 112	4 029	26.9%	19	8	1 566	30.6%	1 464	36.3%
Digi – Malaysia	3 649	3 230	13.0%	1	1	1 660	45.5%	1 467	45.4%
Grameenphone – Bangladesh	2 630	2 025	29.9%	-	-	1 417	53.9%	1 094	54.0%
Pakistan	1 945	1 555	25.0%	74	109	639	32.9%	659	42.3%
India	1 362	1 021	33.4%	1	1	24	1.7%	(106)	nm
Myanmar	1 142	-	nm	29	-	479	42.0%	(83)	nm
Broadcast	1 518	1 529	(0.7%)	37	35	480	31.6%	469	30.7%
Other units	1 631	1 371	19.0%	753	678	(178)	nm	(122)	nm
Eliminations	(1 055)	(982)	-	(1 055)	(982)	(5)	-	11	-
Group	30 179	25 657	17.6%	-	-	10 571	35.0%	9 498	37.0%

First half year

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses ^{*)}			
	2015	2014	Growth	2015	2014	2015	Margin	2014	Margin
Norway	13 229	12 780	3.5%	156	162	5 516	41.7%	5 441	42.6%
Sweden	5 980	5 723	4.5%	32	62	1 691	28.3%	1 740	30.4%
Hungary	2 148	2 042	5.2%	15	12	684	31.9%	750	36.8%
Bulgaria	1 360	1 282	6.1%	4	2	525	38.6%	497	38.8%
Montenegro & Serbia	1 772	1 648	7.5%	66	52	611	34.5%	629	38.2%
dtac – Thailand	10 554	8 216	28.5%	36	17	3 326	31.5%	2 994	36.4%
Digi – Malaysia	7 486	6 403	16.9%	2	3	3 332	44.5%	2 889	45.1%
Grameenphone – Bangladesh	5 146	3 986	29.1%	-	1	2 780	54.0%	2 146	53.8%
Pakistan	3 940	2 951	33.5%	293	142	1 532	38.9%	1 196	40.5%
India	2 745	1 939	41.5%	1	2	(30)	nm	(189)	nm
Myanmar	1 910	-	nm	47	-	632	33.1%	(151)	nm
Broadcast	3 049	3 222	(5.4%)	78	78	937	30.7%	980	30.4%
Other units	3 264	2 675	22.0%	1 463	1 357	(372)	nm	(312)	nm
Eliminations	(2 194)	(1 891)	-	(2 194)	(1 891)	(6)	-	(40)	-
Group	60 389	50 976	18.5%	-	-	21 157	35.0%	18 572	36.4%

^{*)} The segment profit is EBITDA before other income and other expenses.

Reconciliation

(NOK in millions)	2nd quarter		1st half year		Year
	2015	2014	2015	2014	2014
Net income	4 507	3 194	9 525	7 793	12 759
Profit (loss) from discontinued operations	104	(85)	291	(103)	(100)
Profit from continuing operations	4 403	3 279	9 234	7 896	12 859
Income taxes	(1 720)	(1 642)	(3 576)	(3 281)	(6 614)
Profit before taxes	6 123	4 921	12 810	11 177	19 473
Net financial income (expenses)	(588)	(282)	(1 116)	(354)	(1 704)
Profit (loss) from associated companies and joint ventures	452	(563)	1 105	(2 399)	(3 857)
Depreciation and amortisation	(4 158)	(3 551)	(8 137)	(7 055)	(14 754)
Impairment losses	(7)	-	(20)	(9)	(34)
EBITDA	10 424	9 317	20 978	20 993	39 823
Other income	31	77	77	2 959	3 089
Other expenses	(178)	(259)	(257)	(538)	(946)
EBITDA before other income and other expenses	10 571	9 498	21 157	18 572	37 681

EBITDA				Operating profit (loss)			
2015	Margin	2014	Margin	2015	Margin	2014	Margin
2 664	40.3%	2 744	42.2%	1 775	26.9%	1 922	29.5%
776	25.9%	882	31.1%	416	13.9%	507	17.9%
325	30.9%	377	36.1%	185	17.6%	260	24.9%
265	39.3%	259	39.6%	119	17.6%	(196)	nm
328	35.7%	331	39.5%	227	24.7%	239	28.5%
1 544	30.2%	1 470	36.5%	550	10.8%	831	20.6%
1 660	45.5%	1 466	45.4%	1 342	36.8%	1 251	38.7%
1 416	53.8%	1 098	54.2%	945	35.9%	781	38.6%
639	32.9%	642	41.2%	382	19.6%	439	28.2%
26	1.9%	(108)	nm	(90)	nm	(170)	nm
479	42.0%	(83)	nm	374	32.8%	(86)	nm
477	31.4%	462	30.2%	342	22.5%	330	21.6%
(170)	nm	(235)	nm	(301)	nm	(354)	nm
(5)	-	11	-	(7)	-	12	-
10 424	34.5%	9 317	36.3%	6 259	20.7%	5 765	22.5%

EBITDA				Operating profit (loss)			
2015	Margin	2014	Margin	2015	Margin	2014	Margin
5 425	41.0%	5 104	39.9%	3 644	27.5%	3 429	26.8%
1 633	27.3%	1 742	30.4%	907	15.2%	978	17.1%
672	31.3%	726	35.6%	393	18.3%	497	24.4%
521	38.3%	494	38.5%	292	21.5%	(372)	nm
612	34.6%	627	38.1%	411	23.2%	441	26.8%
3 295	31.2%	3 008	36.6%	1 330	12.6%	1 745	21.2%
3 332	44.5%	2 899	45.3%	2 713	36.2%	2 462	38.5%
2 779	54.0%	2 152	54.0%	1 900	36.9%	1 506	37.8%
1 538	39.0%	1 183	40.1%	1 026	26.0%	816	27.7%
(24)	nm	1 482	nm	(249)	nm	1 361	nm
632	33.1%	(151)	nm	407	nm	(157)	nm
935	30.7%	2 184	67.8%	668	21.9%	1 913	59.4%
(366)	nm	(434)	nm	(617)	nm	(670)	nm
(6)	-	(23)	-	(4)	-	(21)	-
20 978	34.7%	20 993	41.2%	12 821	21.2%	13 930	27.3%

Responsibility statement

We confirm that, to the best of our knowledge, the condensed financial statements for the first half of 2015 which have been prepared in accordance with IAS 34 Interim Financial Reporting give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the first half of 2015 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2015, and major related party transactions.

Fornebu, 21 July 2015



Svein Aaser
Chairman



Jon Erik Reinhardsen
Board member



Marit Vaagen
Board member



Dr. Burckhard Bergmann
Board member



Frank Dangeard
Deputy Chairman



Sally Davis
Board member



Dag J. Opedal
Board member



Regi Aalstad
Board member



Per Gunnar Salomonsen
Board member



Åse Setfjord
Board member



Harald Stavn
Board member



Jon Fredrik Baksaas
President & CEO

Definitions

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

Mobile operations

Revenues

Subscription and traffic

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

Interconnect

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

Other mobile

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

Non-mobile

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

Mobile revenues from company's own subscriptions

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

Key figures

Subscriptions

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

Active mobile internet users

Active mobile internet users are subscriptions with at least 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. Conax was divested in March 2014.

Other

- consist of revenues from Telenor Media Invest.

Second 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

www.telenor.com

