

Letter from the CEO



More than moving towards a digital future, many of us are living digital – with connected homes and connected cars in connected communities. Digitization isn't a development in telecoms or in the ICT industry, it's a revolution affecting every part of society, every industry and everyone's lives.

In its 160th year of operations, Telenor yet again delivered strong performance and growth. It was also a year of transition, change and challenges.

Overall, the company delivered record high revenues and EBITDA for the year. Our Myanmar operations reported positive EBITDA only a few months after service launch. We launched 4G services in Bulgaria and expanded 4G across Thailand. In April, we launched the Thor 7 satellite. In addition to growth in our core business and customer base, our video conferencing service appear.in has surpassed more than 300,000 active users, and our trusted cloud storage solution Capture has been rolled out to customers across seven markets. In Serbia,

Telenor Banka is serving more than 100,000 customers with user friendly mobile-first banking services.

Mobile and digital communication is for all. This realization has fueled Telenor's international expansion for the past two decades, and brought the company into markets in Europe and Asia. Five years ago, we announced the ambition to bring Internet for All and while we still have some way to go, we see that this ambition is within reach. A country like Myanmar, where internet connectivity was made widely available over mobile networks only in late 2014, access is already comparable to advanced markets like Malaysia and Sweden.

In mature markets demand for data connectivity, higher speed and better capacity continues to soar. Last year, data traffic in Norway more than doubled and Telenor continues to invest over NOK 4 billion every year in upgrading infrastructure and networks. In Thailand, smartphone users now report spending up to six hours per day on their devices. More than moving towards a digital future, many of us are living digital – with connected homes and connected cars in connected communities. Digitization isn't a development in telecoms or in the ICT industry; it's a revolution affecting every part of society, every industry and everyone's lives.

2015 was also a year of transition and change. Telenor's CEO for 13 years, Jon Fredrik Baksaas, stepped down in August, leaving behind a legacy of growth, expansion and building a common culture. In addition, we welcomed Gunn Wærsted as Telenor ASA's new Chair as of January 14, 2016.

When taking the helm as Group CEO in August 2015, I initiated changes to the organization and to the strategy process. The new Group Executive Management has fewer layers and enables me to have a more direct relationship with the business. The team also better reflects the global reach of Telenor Group: 98 per cent of our customers and the majority of our employees are non-Norwegians. The top leadership team now has seven nationalities based in 12 different countries. But while cultural diversity has improved, I am not satisfied with the gender diversity. Addressing this, both at top level and throughout the organization, is a priority and an area where we have set clear targets and timelines to improve.

Telenor remains committed to deliver profitable growth driven by increasing data usage, and aims to do so by balancing growth ambitions with value creation and cost efficiency. We believe this means offering attractive consumer services, digitizing our core telco processes and exploring opportunities in digital businesses.

This strategic ambition is built around an aspiration to become our customers' favourite partner in digital life.

2015 has been a challenging year for Telenor in relation to our minority ownership of 33 per cent in VimpelCom. Telenor has taken the investigations against VimpelCom very seriously and has cooperated with the investigating authorities as a witness. The Board initiated a review into Telenor's shareholding and handling of the ownership in VimpelCom to be concluded in spring 2016. In addition to the review on VimpelCom, the Board also resolved an external review to identify improvements of the governance of Telenor's ownership and follow-up of Telenor's various operations as well as an external maturity review of Telenor's anti-corruption programme. We anticipate that the results of the external reviews will give us a broad basis for strengthening our organization going forward.

Telenor relies on trust; from customers, from our employees and business partners, and from society at large. We are proud of our vision to "Empower Societies" and we believe the Telenor Way, our people and our culture are our strongest tools to safeguard the responsible and sustainable business practices that Telenor is known for. We continuously work to further enhance, strengthen and integrate the Telenor Way in all parts of our operations.

At the end of 2015, Telenor passed the milestone of 200 million customers. We continue pushing to bring Internet for All and 38 per cent of our customer base are now active data users. Five per cent organic revenue growth and five per cent organic EBITDA growth in 2015 shows the strength of our portfolio of operations. It will be my key priority to secure focus on profitable growth and cost efficiency in 2016.

Telenor will evolve into an increasingly digital company with a broader set of engaging products and services reaching an even larger number of customers, yet deeply

rooted in highly efficient core telecoms operations. Our future journey will be enabled by the concerted efforts and collective brainpower of a global, winning team that I'm incredibly proud to be leading.

Best regards,



Sigve Brekke
President and CEO Telenor Group

Telenor will evolve into an increasingly digital company with a broader set of engaging products and services reaching an even larger number of customers, yet deeply rooted in highly efficient core telecoms operations.

– Sigve Brekke