

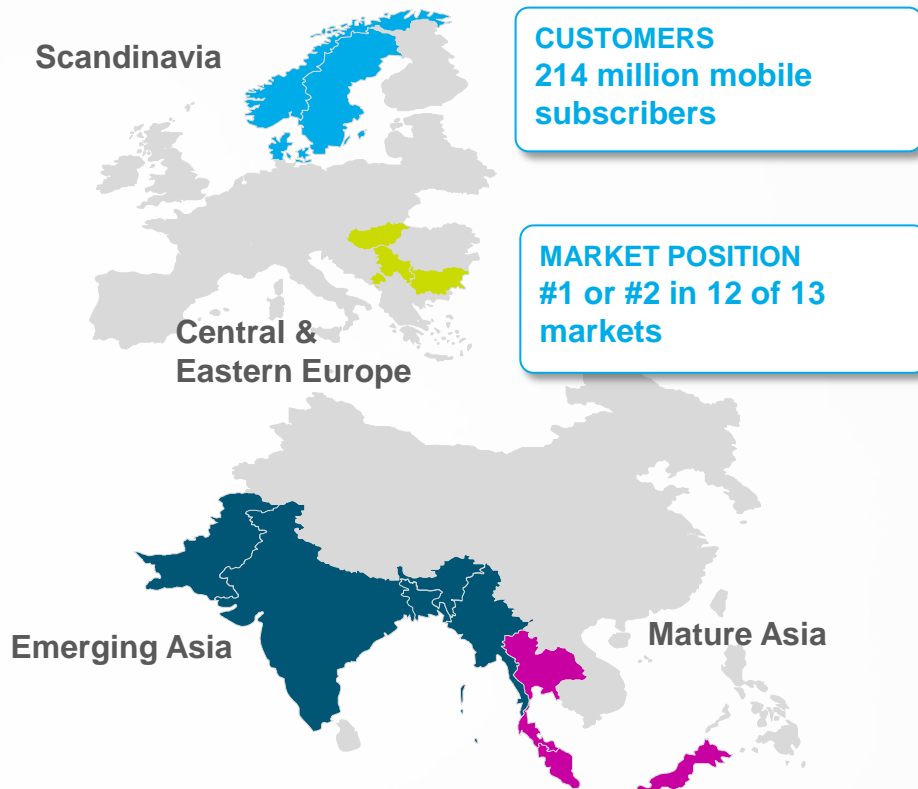
# CMD2017

STRATEGIC DIRECTION

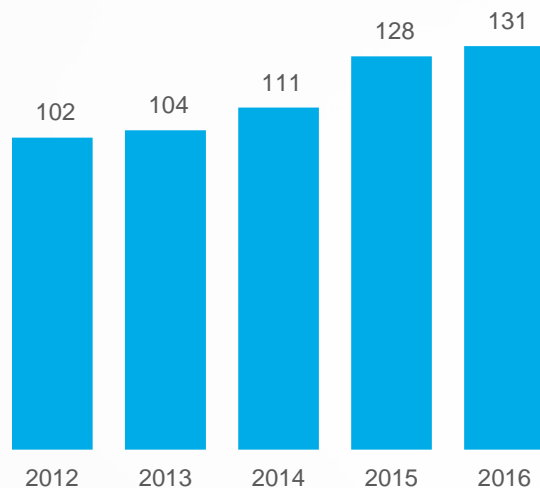
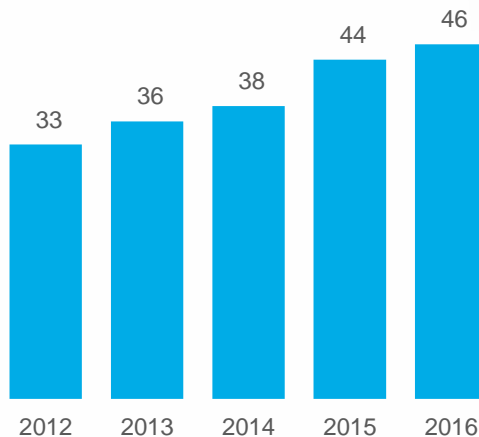
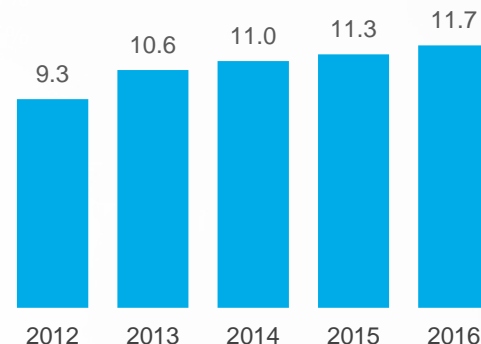
Sigve Brekke, Group CEO

# TELENOR IS COMING FROM A STRONG POSITION

- A diversified portfolio with strong market positions in Europe and Asia
- Strong operations based on quality networks and mass-market distribution capabilities
- Majority ownership enabling strong governance and global scale benefits
- Growth above peers, with solid profitability in most markets



# WE HAVE DELIVERED GROWING REVENUES AND EBITDA, SUPPORTING A COMPETITIVE DIVIDEND PAYOUT

**Revenues (NOK bn)****EBITDA (NOK bn)****Dividend payout (NOK bn)**

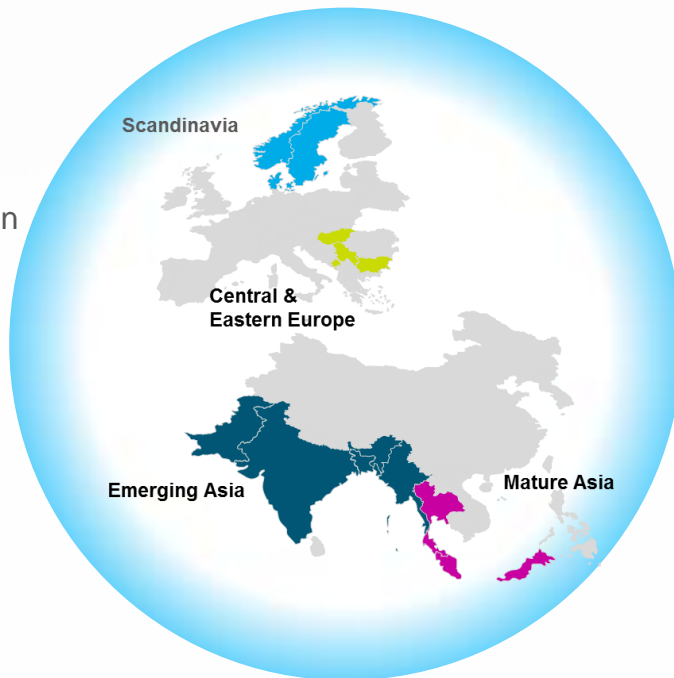
# KEY OPERATIONAL TRENDS IN 2016

## Scandinavia

- Migration to new mobile tariffs with included EU roaming
- Fibre step-up in Norway and Sweden
- Continued intense competition in Denmark

## Emerging Asia

- Solid revenue growth, fueled by increasing data usage
- Substantial network rollout
- Myanmar turning cash flow positive



## Central and Eastern Europe

- Focus on value customers, building on 4G network positions
- Competitors going FMC
- Healthy cash flow margins

## Mature Asia

- Double-digit revenue growth in postpaid segment
- Intense prepaid competition
- Focus on pre-to-post migration

# AN INCREASINGLY GLOBAL AND DIGITAL WORLD REPRESENTS NEW OPPORTUNITIES



**MORE SIMILAR**



**THAN DIFFERENT**



**DIGITAL BEHAVIOR**



**CONNECTED WORLD**

- Global operating models for products, network and IT
- Digital customer interactions
- Improved customer insight through multiple digital touchpoints
- Software defined networks and cloud-based IT platforms
- Growth opportunities in digital areas adjacent to core telecom business

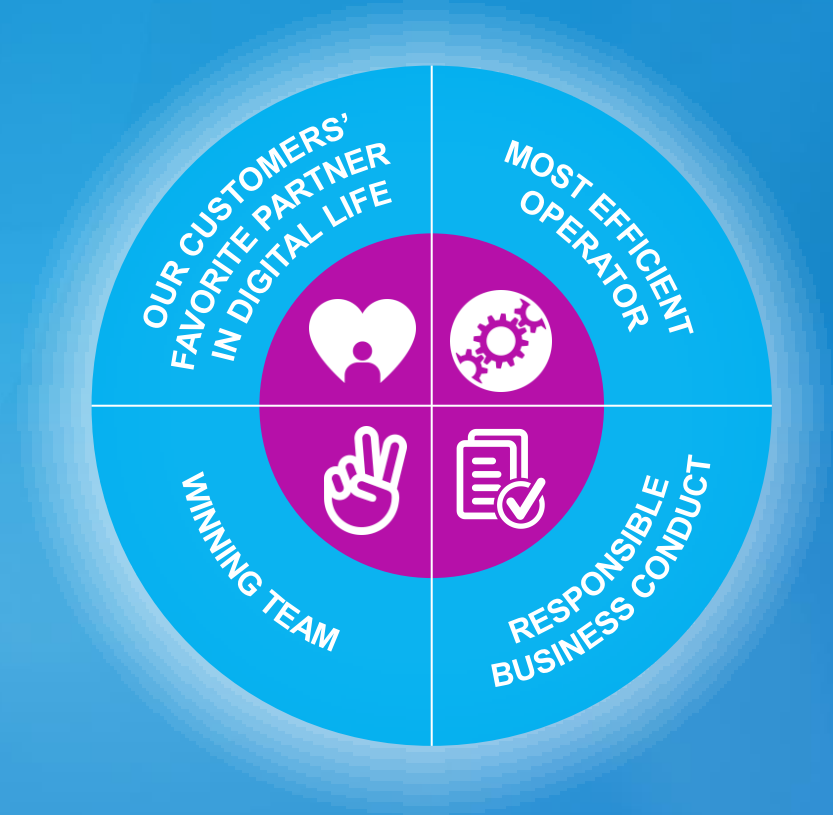
# STRATEGIC DIRECTION TOWARDS 2020

## Strategic direction

- Capture growth opportunities
- Step up efficiency measures through digitizing core and leveraging scale
- Ensure a responsible business conduct

## Value creation for shareholders

- Focus on cash flow generation
- Prioritization to secure healthy returns
- Year-on-year growth in dividend



## KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**GROWTH**



**EFFICIENCY**



**PRIORITIZATION**

## KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**GROWTH**



**EFFICIENCY**



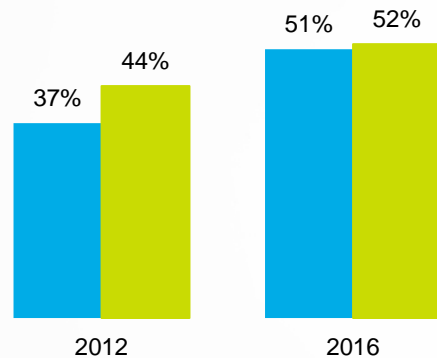
**PRIORITIZATION**



# POTENTIAL FOR CONTINUED MOBILE REVENUE GROWTH

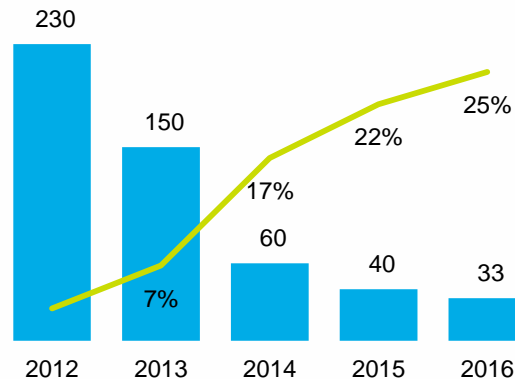
## Increasing real mobile penetration

- Bangladesh
- Pakistan



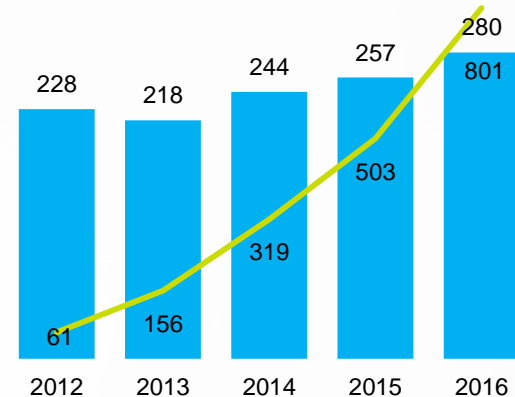
## More affordable smartphones

- Bangladesh: Smartphone price (USD)
- Bangladesh: Smartphone penetration (%)



## Increasing data usage

- Norway: Domestic ARPU (NOK)
- Norway: Median usage (MB/month)



# ENSURE RELEVANT CUSTOMER OFFERINGS THROUGH A COMBINATION OF OWN AND PARTNER PRODUCTS



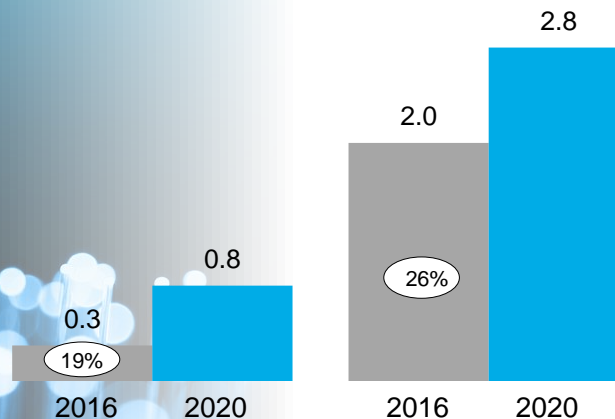
# STRENGTHEN FIBRE POSITIONS IN NORWAY AND SWEDEN

- Rapid growth in fibre in both Norway and Sweden towards 2020
- Stepping-up fibre rollout to strengthen market positions
- Solid fibre business cases in both markets, with 5-6 years payback in both markets
- Exploring FMC opportunities

Fibre footprint (m homes) and market share (%)

Telenor Norway

Telenor Sweden



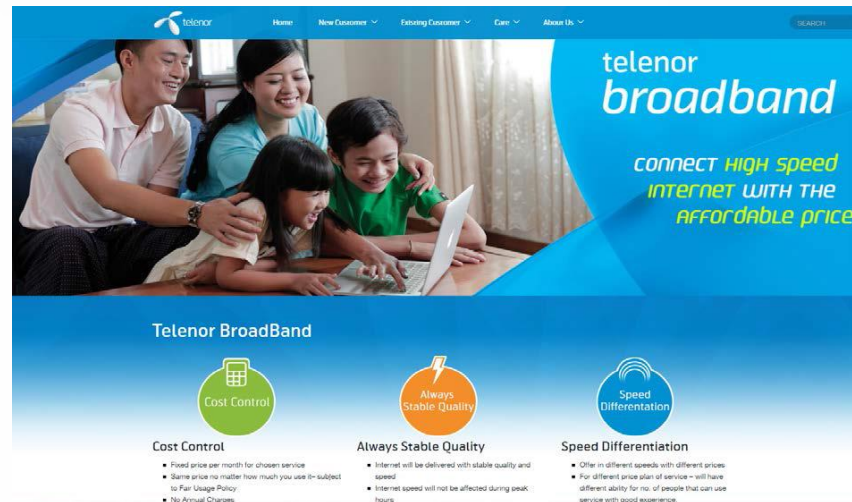
# EXPLORE EARLY POSITIONS ON FIBRE IN EMERGING ASIA, UTILIZING EXISTING MOBILE INFRASTRUCTURE

## Strong rationale to take early positions:

- Low and fragmented fixed line penetration
- Growing urban middle class
- Leverage on fibre access to buildings for roof-top base stations

## Fibre pilots launched in Myanmar:

- Ambition to roll out in 3 major cities in 2017 and 8 cities by 2020
- Estimated total market size of around USD 250 million in 2020



# SELECTED ADJACENT DIGITAL AREAS TO DRIVE GROWTH AND SUPPORT CORE TELCO BUSINESS

## Mobile financial services



- Stand-alone growth area with churn-prevention effect on core business
- #1 position in Pakistan through Easypaisa and Tameer Bank
- Launched services in Myanmar in 2016, aiming for #1 position

## Online classifieds



- Potential digital sales channel for mobile services
- Positions in Asia and LatAm through JVs with Schibsted, Naspers and SPH
- Aiming to strengthen position in South East Asia

## Internet of Things



- Closely linked to core enterprise segment in Scandinavia
- Building on strong IoT and enterprise position in Norway
- Telenor Connexion well positioned within fleet management and tracking

## KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**GROWTH**



**EFFICIENCY**

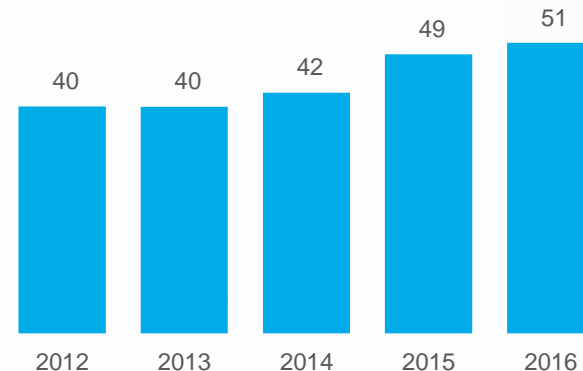


**PRIORITIZATION**

# STRENGTHEN OUR EFFICIENCY AGENDA, AIMING FOR NET OPEX REDUCTIONS TOWARDS 2020

- Move customer care and sales towards digital channels
- Realize scale potential within network and IT through a more global operating model
- Reduce regulatory cost by moving from concession to licence regime in Thailand
- Continuous improvement through prioritization, simplification and right-sizing

Opex development (NOK bn)



Savings potential within all key opex areas

# CUSTOMER CARE AND SALES WILL MOVE TO DIGITAL CHANNELS, PROVIDING SIGNIFICANT COST EFFICIENCIES

## Digital customer care



- Shift over 300 million calls to digital self-care, aiming for 80% reduction in calls by 2020
- Establish the MyTelenor app as the primary digital care channel in all business units

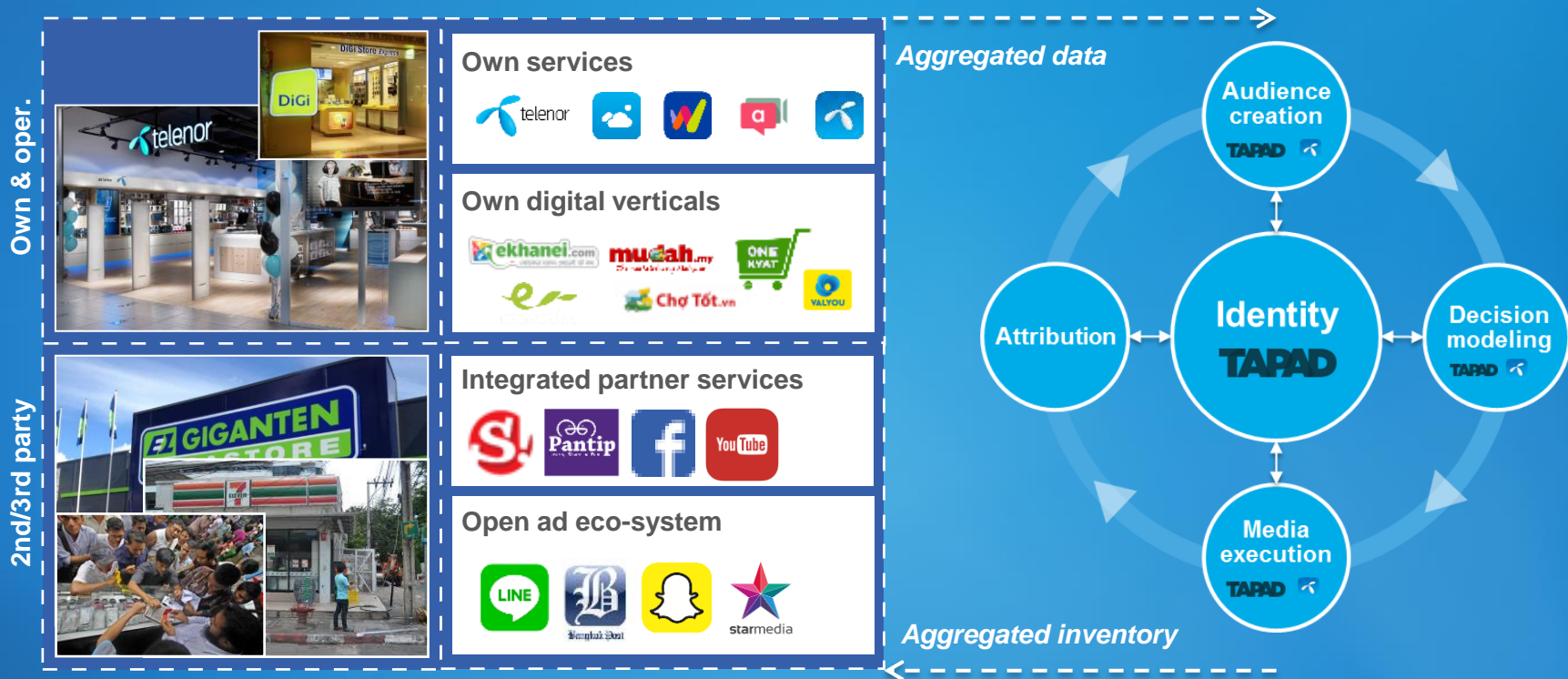
## Digital sales and marketing



- Reduce commissions by moving transactions from physical point-of-sales to digital channels
- Increase efficiency in remaining physical distribution through digitizing interactions with retailers and customers



# ADVANCED ANALYTICS WILL BE KEY CAPABILITY TO REACH GROWTH AND EFFICIENCY AMBITIONS



# REALIZE SCALE POTENTIAL WITHIN NETWORK AND IT

## Network

- Launch global / regional network operating model
- Software defined networks
- Improved asset efficiency through better asset utilization and adoption of new technologies
- Capex efficiency through standardized, shared/common solutions

## IT

- Launch global/regional IT operating model in Asia & Europe
- Standardize and virtualize IT applications
- Establish API gateway in all business units

## KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**GROWTH**



**EFFICIENCY**



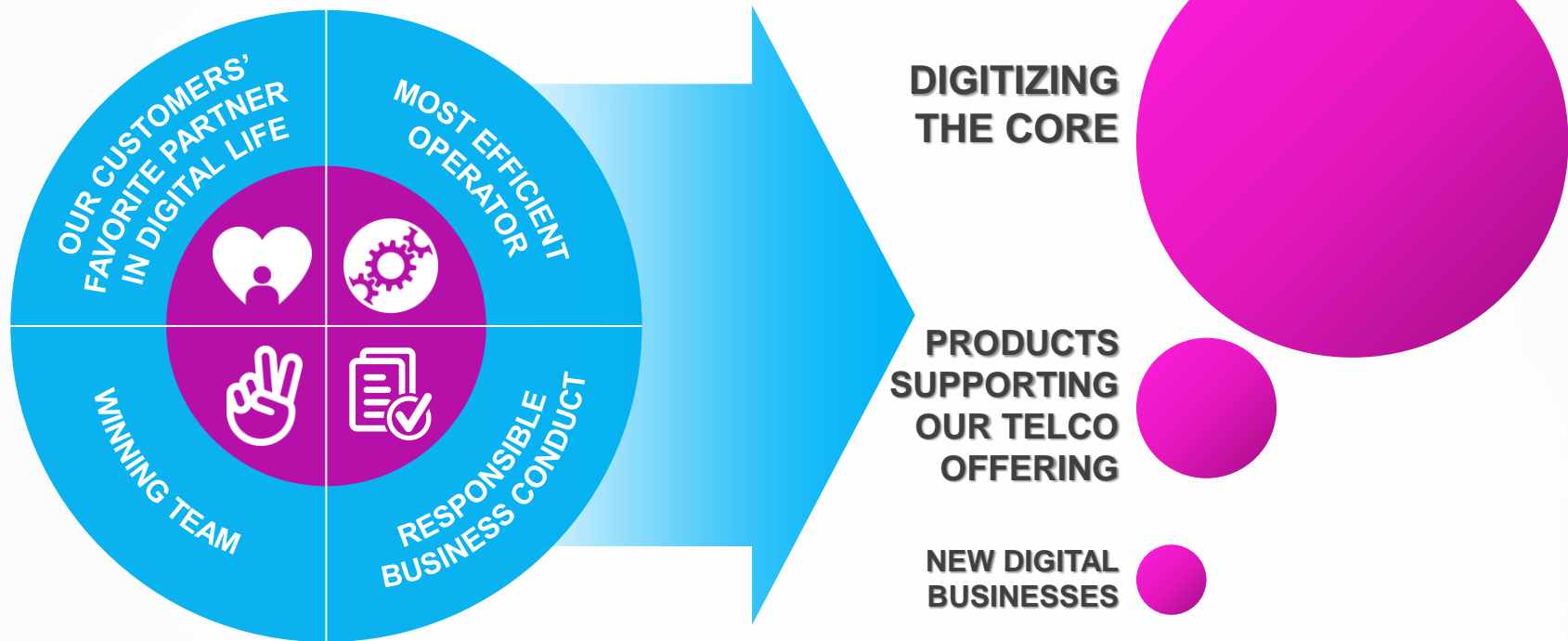
**PRIORITIZATION**

# TAKING STEPS TOWARDS A MORE SIMPLIFIED PORTFOLIO

- VimpelCom exit commenced in 2016
- No further capital to be allocated to India
- Review of less strategic assets
- Selective and disciplined M&A, focused on strengthening core positions and capabilities



# STRATEGY AND EXECUTION: FOCUS ON DIGITIZING CORE BUSINESS



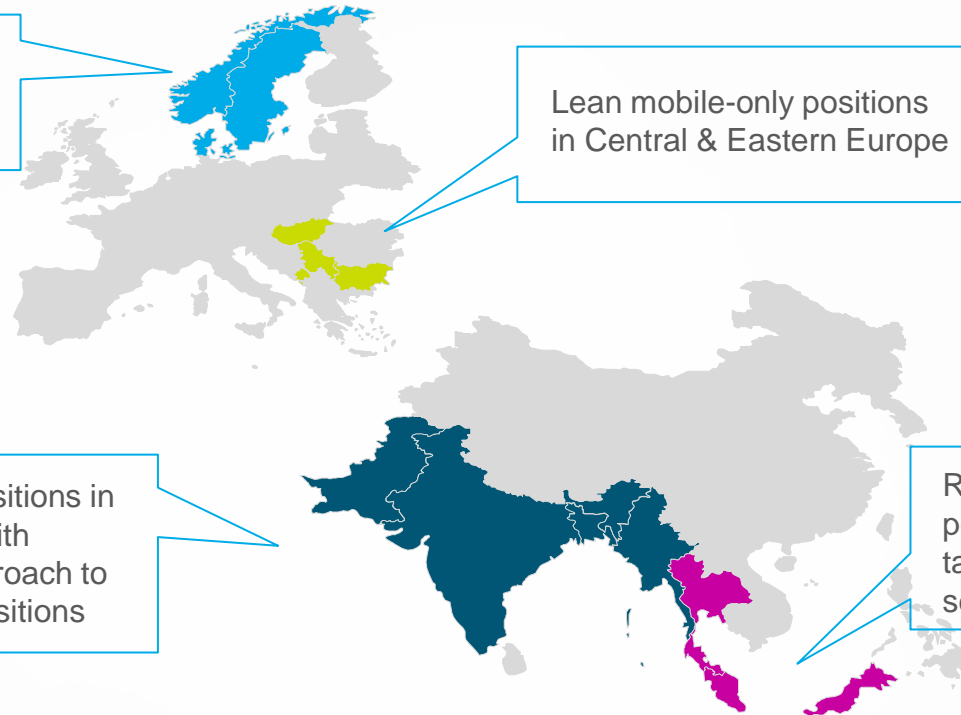
# A FOCUSED STRATEGIC APPROACH IN OUR GEOGRAPHIC CLUSTERS

Strong integrated fixed & mobile premium positions in Norway and Sweden

Lean mobile-only positions in Central & Eastern Europe

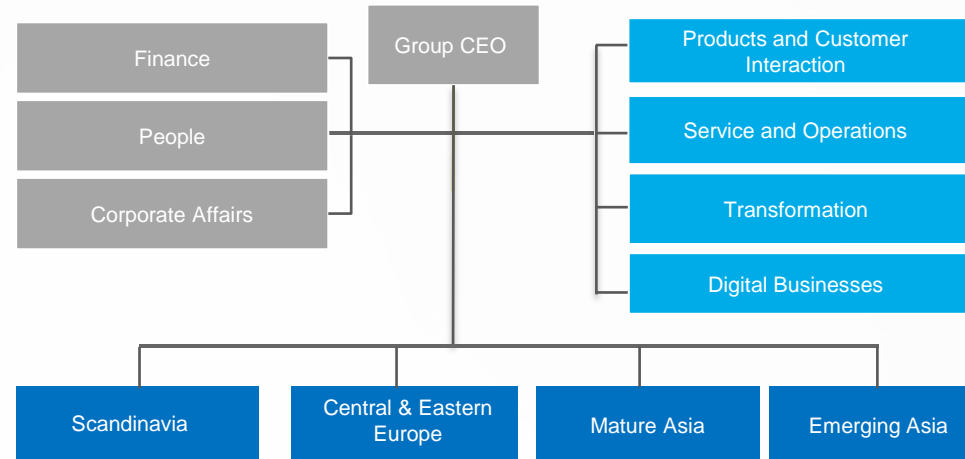
Strong mobile positions in Emerging Asia, with opportunistic approach to selective fixed positions

Rich digital mobile-only positions in Mature Asia, targeting digital generation segment



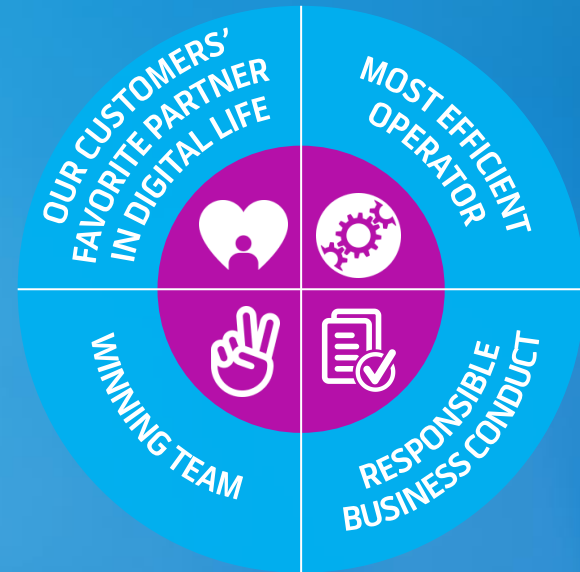
# STEPS TAKEN TO SECURE EXECUTION OF STRATEGY

- New organizational model to drive transformation and focus resources
- Global operating model to leverage scale
- Strengthened performance management
- In-house capabilities within advanced analytics



## VALUE CREATION TOWARDS 2020

- Continued revenue growth and increased cost efficiency, driven by digitizing core business
- Focus on simplification and prioritization of resources
- Building a solid foundation for continued value creation for our shareholders





# CMD2017

STRATEGIC DIRECTION

Sigve Brekke, Group CEO

# CMD2017

## FINANCIAL PRIORITIES

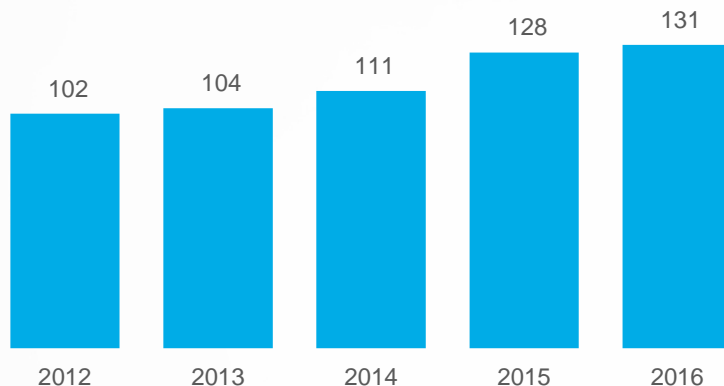
Jørgen C. Arentz Rostrup, Group CFO

## AGENDA

- Financial development and performance
- Key drivers for value creation towards 2020
- Financial priorities and ambitions

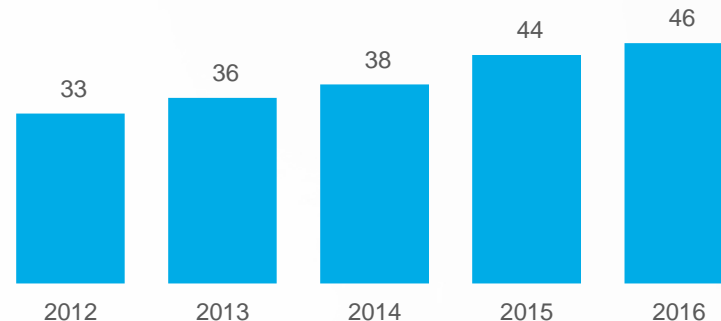
# REVENUE GROWTH HAS TRANSLATED INTO SOLID EBITDA GROWTH

Revenues (NOK bn)



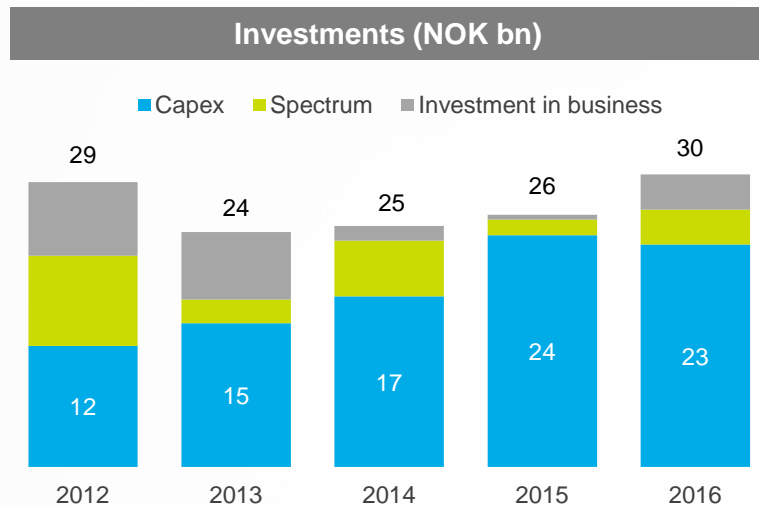
- Mobile service revenues key growth driver
- Growth in fixed high-speed broadband

EBITDA (NOK bn)



- 3pp EBITDA margin improvement 2012-2016
- EBITDA growth driven by subscription and traffic revenue growth

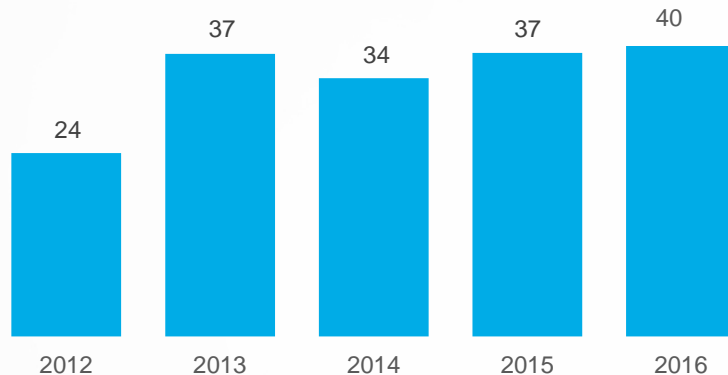
# SIGNIFICANT INVESTMENTS IN RECENT YEARS TO MAINTAIN POSITIONS AND CAPTURE GROWTH



- Maintenance capex to maintain both market and network positions
- Growth capex focused on strengthening 3G/4G coverage and Myanmar entry
- Spectrum acquisitions to support data growth
- Investment in business: Bulgaria, Tapad, Online Classifieds

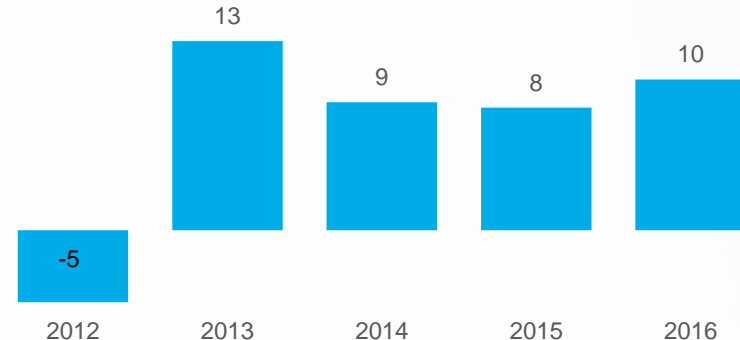
# SOLID CASH FLOW FROM OPERATIONS WHILE FREE CASH FLOW IMPACTED BY HIGH INVESTMENTS

Cash flow from operating activities (NOK bn)



- Cash flow from operations reflecting the strong EBITDA growth

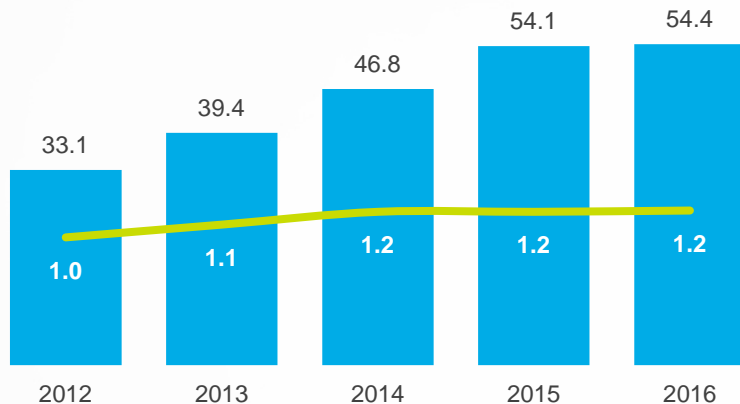
Free cash flow to equity (NOK bn)



- Free cash flow impacted by increasing investments
- Cash flow improvement a key priority going forward

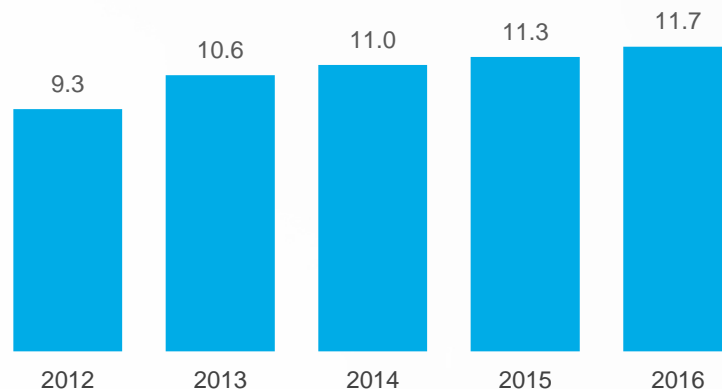
# OUR BALANCE SHEET REMAINS STRONG AND WE HAVE DELIVERED GROWING DIVIDENDS

Net debt (NOK bn) and net debt/EBITDA\*



- Net debt/EBITDA well below ceiling of 2.0x
- Access to debt funding at attractive terms

Dividend payout (NOK bn)\*



- 7% annual average growth in dividend last 5 years
- Competitive dividend yield around 6%

# CFO REFLECTIONS ON VALUE CREATION POTENTIAL

- Strong development and performance - good potential for improved cash flow
- Continued revenue growth, but at a lower level and within selected areas
- Balance growth with improved efficiency and reduced cost



**Prioritization and simplification required**



# VALUE CREATION TOWARDS 2020



REVENUE  
GROWTH



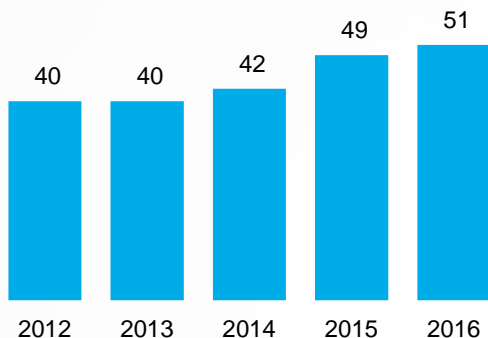
EFFICIENCY



CAPITAL  
ALLOCATION

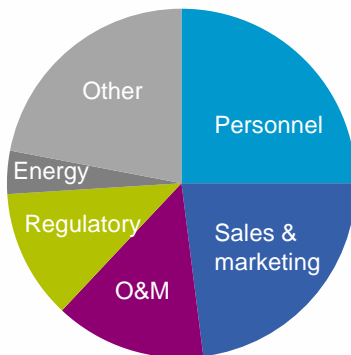
# SIGNIFICANT EFFICIENCY OPPORTUNITIES FROM ADDRESSING THE COST BASE

## Opex (NOK bn)



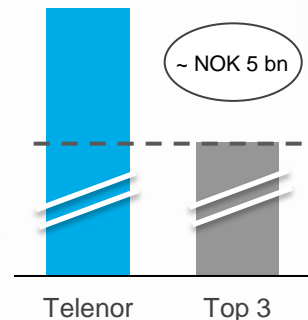
- Opex increase driven by network expansion and new growth areas (incl Myanmar)

## Opex split 2016



- Total opex base of NOK 51 bn
- Sales & marketing and personnel largest cost areas

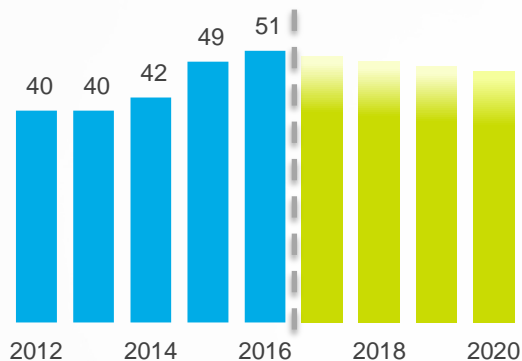
## Gap vs benchmark



- Cost gap vs top 3 in sector representing approx. NOK 5 bn
- Largest addressable potential within customer interactions and network operation & maintenance

# TARGETING ANNUAL NET OPEX REDUCTIONS OF 1-3% TOWARDS 2020

## Opex ambition



- Breaking increasing opex trend in 2017
- Substantial parts of required initiatives identified

## Cost reductions by function



- Digitizing customer journeys
- Automating customer service operations
- Integrating and optimizing network assets and delivery centers

## Cost reduction by operation



- Majority of cost savings from 5 largest operations

# CAPEX EXPECTED TO HAVE PEAKED IN 2015

## - STRICT PRIORITIZATION REQUIRED

### 15% capex/sales mid-term

#### Capex to come down after a period of high investments

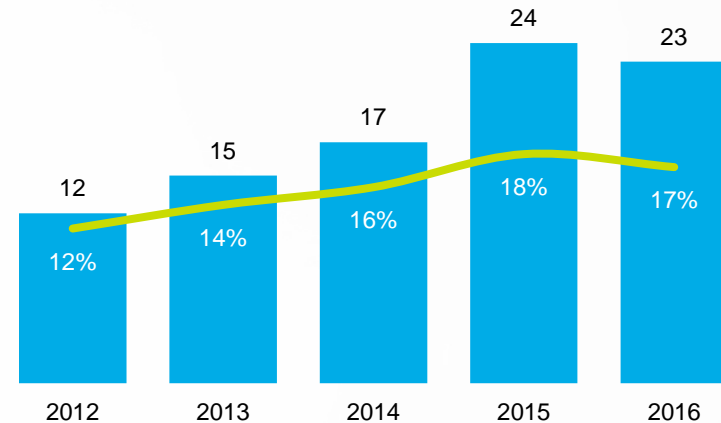
- Entry into Myanmar
- 3G/4G coverage and capacity
- Investments in backhaul capacity

#### Investments to shift from mobile to fixed

- Fibre step-up in Norway and Sweden
- Selective fibre deployment in emerging Asia

➤ Scrutinize capex spend to ensure efficiency and right prioritizations

### Capex excl. spectrum (NOK bn) and capex/sales



# IMPORTANT SPECTRUM PROCESSES AHEAD

## Key spectrum renewal processes in Asia

- Thailand 1800 MHz (2018)
- Malaysia 2100 MHz (2018)
- Pakistan 900/1800 MHz (2019)

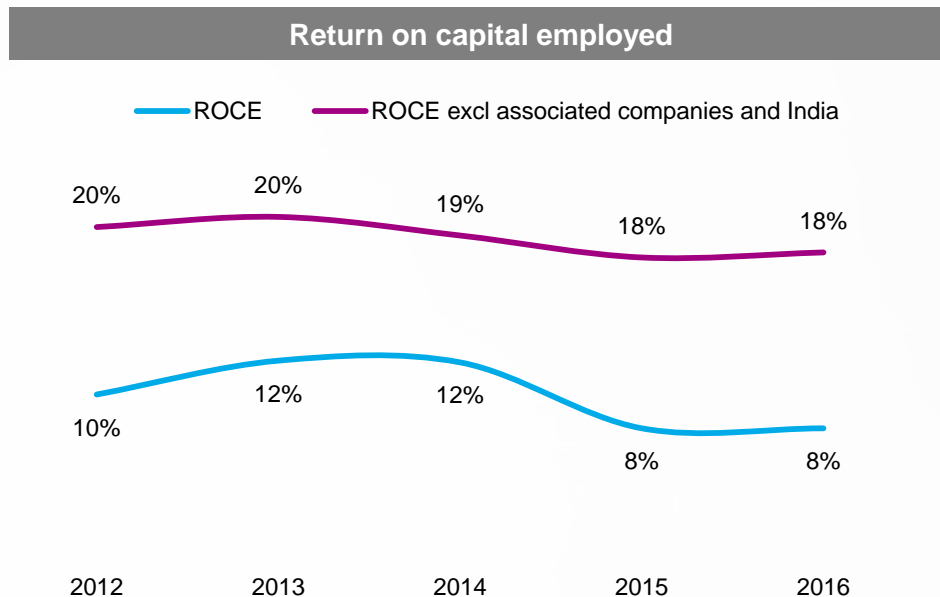
## Several new frequency bands to be released

- Low frequency bands, including 700 MHz
- High frequency bands, including 2.3 and 2.5 GHz

**Prioritizing and focusing on value creation will become more important than ever going forward**

# ENSURING A HEALTHY RETURN ON CAPITAL

- Strong capital discipline
- Prioritization of investments required to deliver on strategic ambitions and maintaining market positions
- Case by case evaluation of investments in spectrum and new businesses



# EXECUTION AND CLOSE FOLLOW-UP TO DRIVE PERFORMANCE

## Overall KPIs linked to strategic ambitions

- Profitable growth and margin improvement
- Efficiency, simplification, prioritization
- Net cash flow approach

## Frequent performance reviews with CEOs

- Holistic follow-up
- Financial and operational KPIs adapted from Group KPIs
- Summary and status discussed by Group management
- Risk assessment input to agenda

## Staging investments and opex spend

- Dynamic capex allocation
- Business case follow-up
- Deliver on milestones
- Stop/go decisions

# VALUE CREATION TOWARDS 2020



FINANCIAL  
PRIORITIES



FINANCIAL  
OUTLOOK 2017



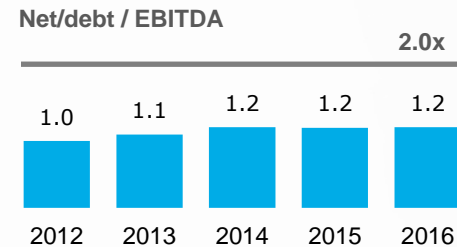
MID-TERM  
FINANCIAL  
AMBITIONS



# OUR FINANCIAL PRIORITIES REMAIN FIRM

## Solid balance sheet

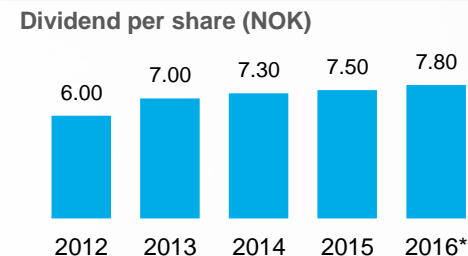
*Net debt/EBITDA below 2.0x*



## Competitive shareholder remuneration

*Aiming for year-on-year growth in ordinary DPS*

*Buybacks and special dividends to be considered as supplement to the ordinary dividend on a case by case basis*



# FINANCIAL OUTLOOK FOR 2017 AND MID-TERM AMBITIONS TO SUPPORT CASH FLOW GENERATION

## Outlook for 2017

- 1-2% organic revenue growth
- EBITDA margin around 36%
- Capex/sales ratio around 15-16%

## Mid-term financial ambitions (2018-2020)

- Year-on-year low single-digit organic revenue growth
- Net opex reductions of 1-3% per year
- Capex/sales ratio around 15%, excl. licenses
- Year-on-year growth in dividend

## SUMMING UP – SET FOR VALUE CREATION TOWARDS 2020

- Cash flow generation from continued revenue growth and step-up in efficiency
- Increased focus on capital allocation, prioritization and portfolio optimization
- Continued commitment to competitive shareholder remuneration

# CMD2017

## FINANCIAL PRIORITIES

Jørgen C. Arentz Rostrup, Group CFO

# CMD2017

DTAC

Lars-Åke Norling, CEO, dtac





# A SHORT UPDATE ON THAILAND

## Country

- Population of 68 m
- Well-placed in ASEAN
- Urbanization

## Economy

- Resilient economy
- Rising middle class
- Increased productivity

## Industry

- 3-player market
- Strong growth in data and smartphone penetration

## Consumer

- Data-centric consumer
- Social media enthusiasts
- Heavy streaming usage

# A HIGHLY COMPETITIVE BUT GROWING MOBILE MARKET

## Mobile market revenue

**THB 250 bn**

3-5% growth forecast (2017-2020)

## Mobile subscribers

**90 m**

70% smartphone penetration

## Mobile operators



**49%**



**26%**

**true move H**

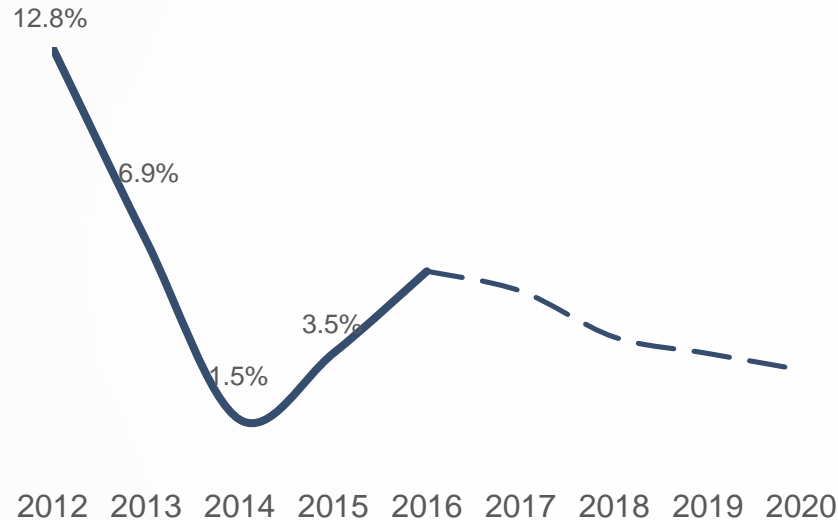
**24%**

## Regulatory and political highlights

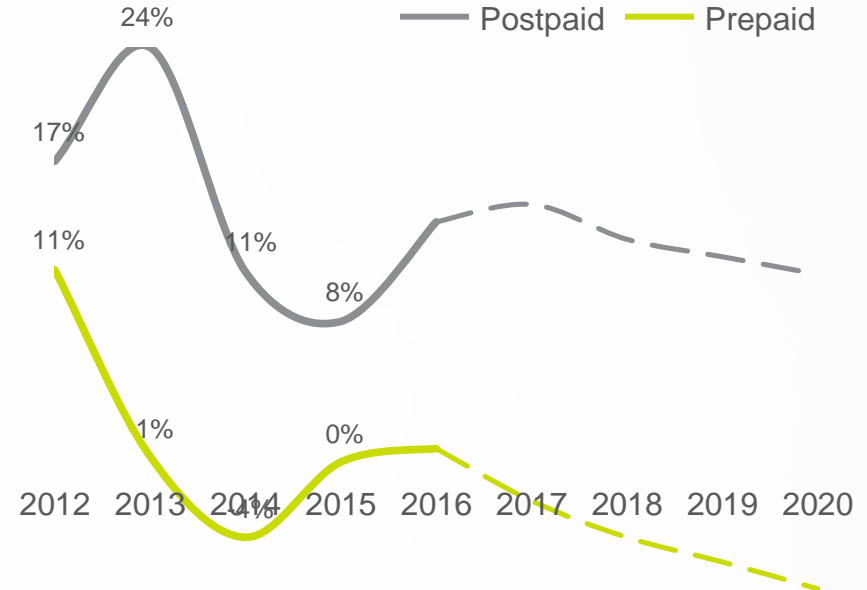
- Concession to license regime
- Government focus on “Digital Economy”

# 3-5% MOBILE MARKET GROWTH EXPECTED

## Thailand's mobile market growth



## Postpaid and prepaid market growth





# DTAC HAS A SOLID MARKET POSITION TO CAPTURE GROWTH OPPORTUNITIES

## Subscribers

### 24.5m

subscribers (Q416)



## Network coverage

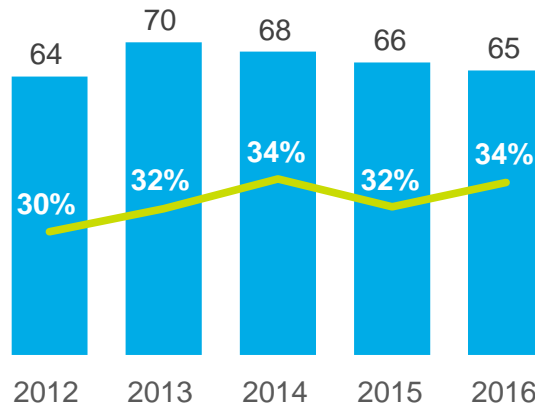
### 94% pop coverage

50k 3G and 4G sites (Q416)



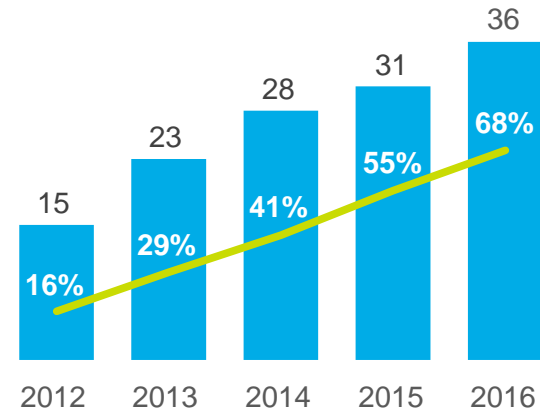
## Financial position

— EBITDA margin  
 ■ Service revenue ex. IC (THB bn)



## Mobile data as key growth driver

— Smartphone penetration  
 ■ Data revenue (THB bn)



# KEY FOCUS AREAS TO STRENGTHEN MARKET POSITION

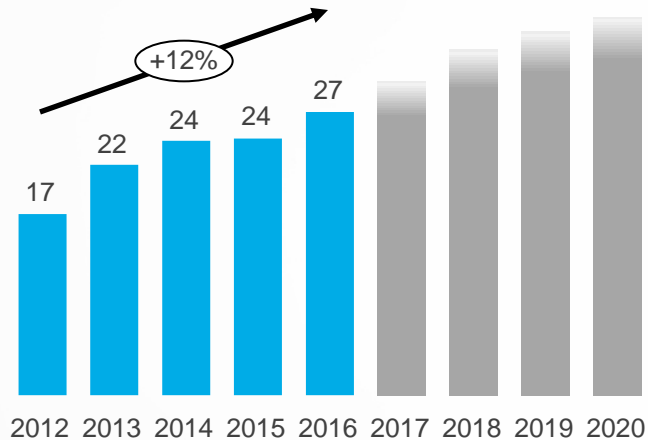
Postpaid growth and prepaid turn around

Network and spectrum investments to secure data position

Efficient operations through digitization of the core

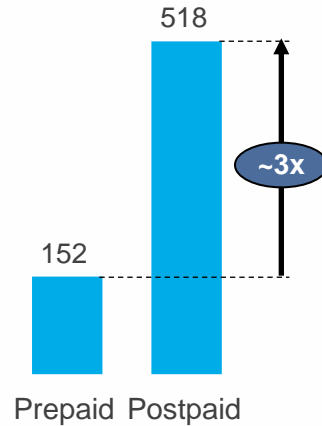
# DOUBLE DIGIT GROWTH IN POSTPAID

Postpaid revenues (THB bn)

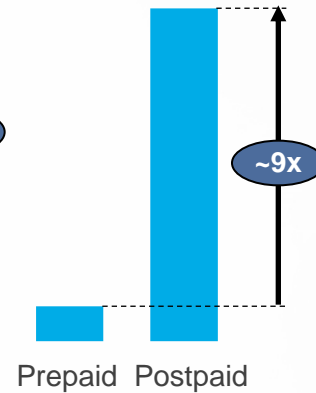


Postpaid customers lifetime value

ARPU/sub per year  
(THB)



Customer lifetime  
value (THB)

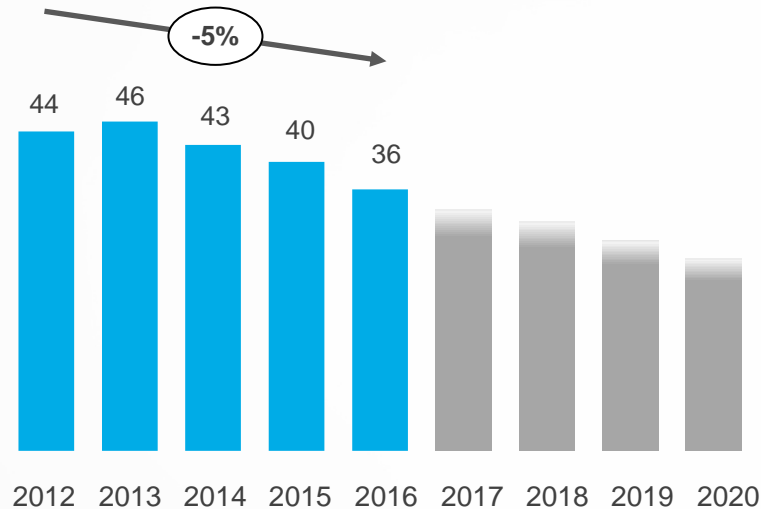


Key focus areas

- Network perception
- Value for money
- Device
- Pre to post migration
- Channel expansion

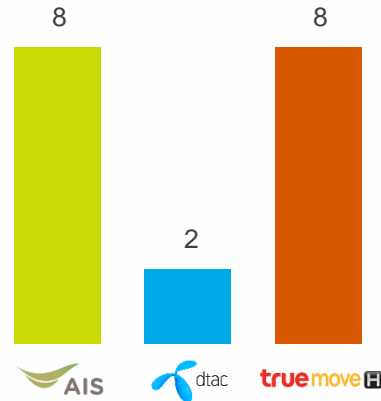
# PREPAID CHALLENGED BY DEVICE SUBSIDIES AND NEEDS TO BE STABILIZED

Prepaid revenues (THB bn)



Handset subsidies (THB bn)

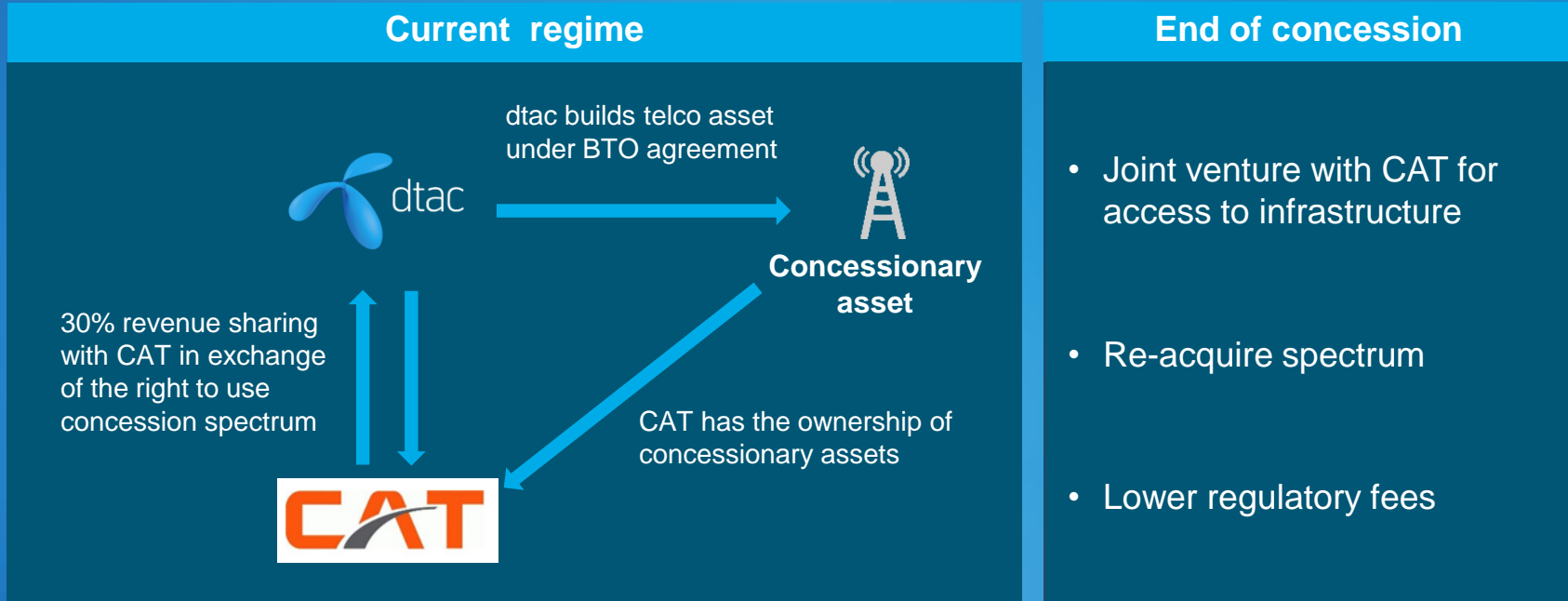
9M 2016 (est.)



Key focus areas

- Network perception
- Value for money
- Channel efficiency/expansion
- Personalized offers

## DTAC APPROACHING END OF CONCESSION IN Q3 2018

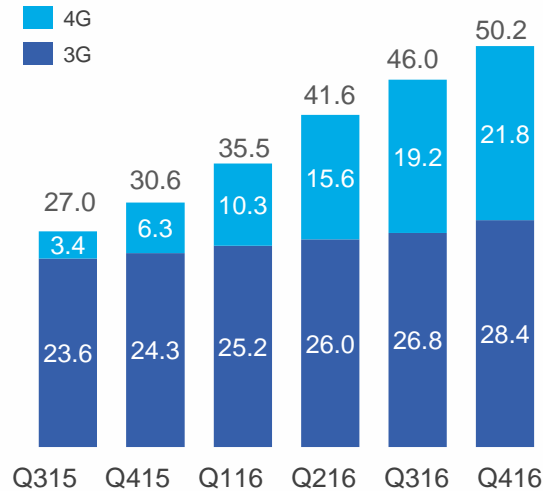


# SIGNIFICANT NETWORK IMPROVEMENTS ...AND MORE TO COME

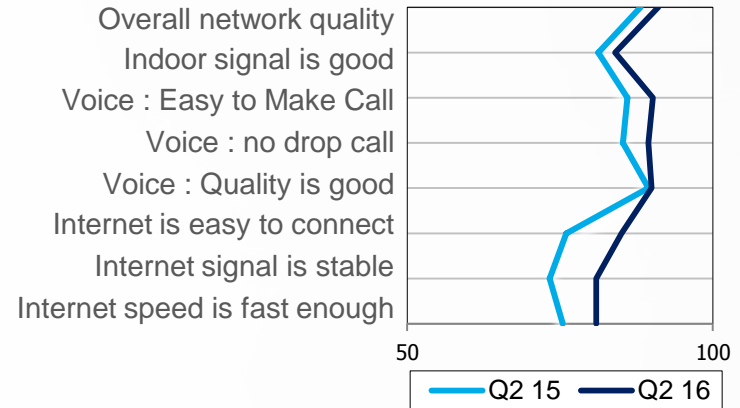
## Key focus areas

- 4G technology for growth
- Network densification
- Optimize where data users are
- Network perception

## No. of base stations ('000)

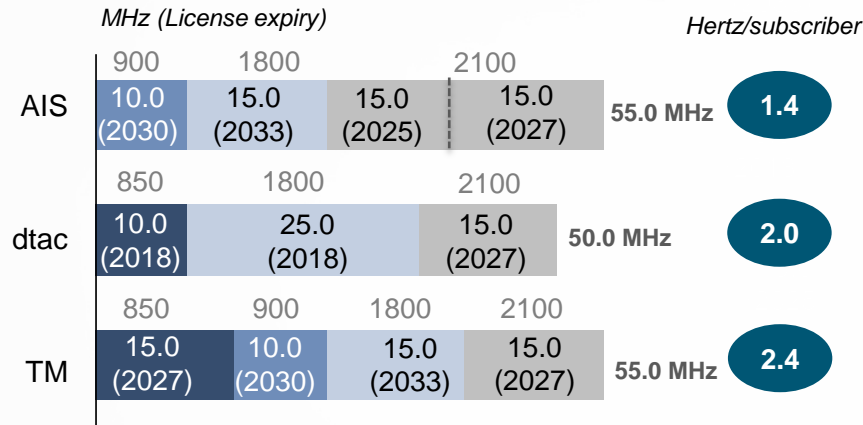


## Network perception\*

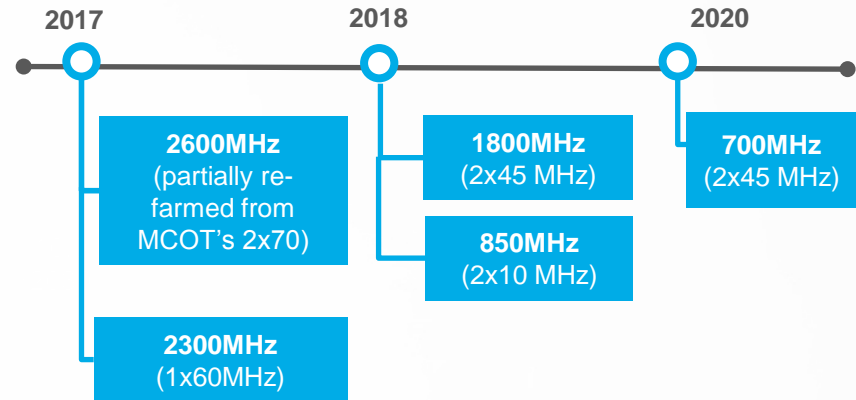


# SPECTRUM INVESTMENTS NEEDED TO SECURE END OF CONCESSION

## Current spectrum portfolio is on par with the competitors



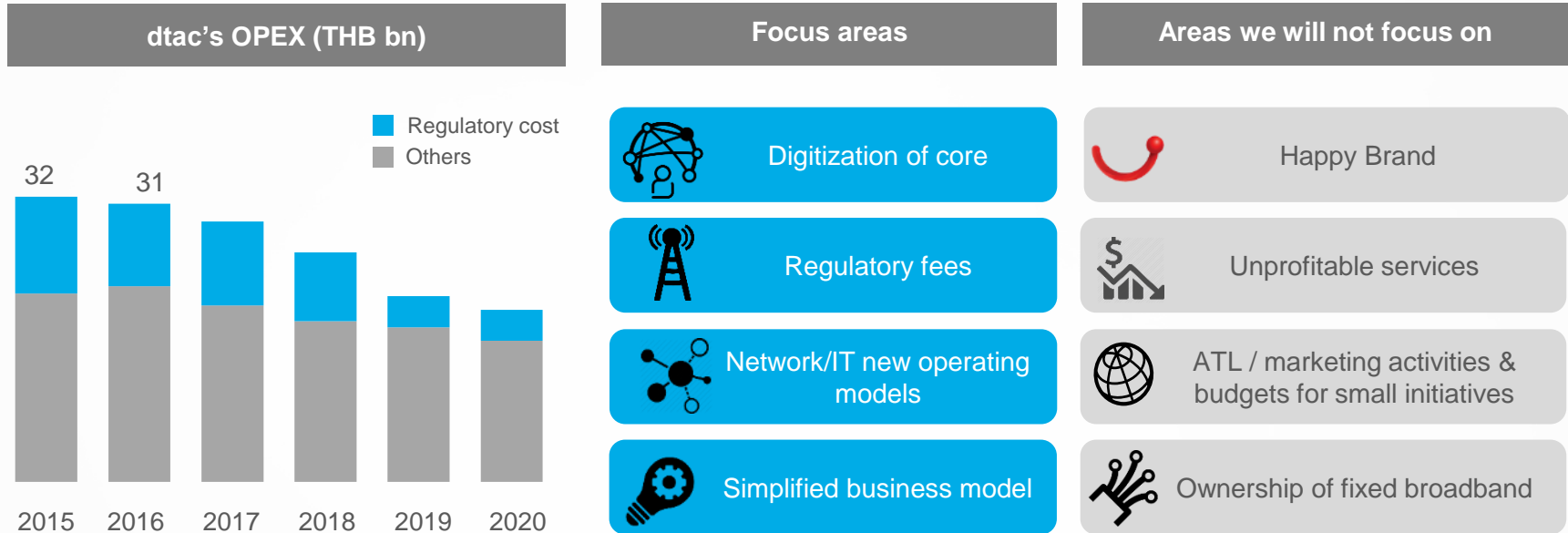
## Spectrum release timeline



### Key focus short term

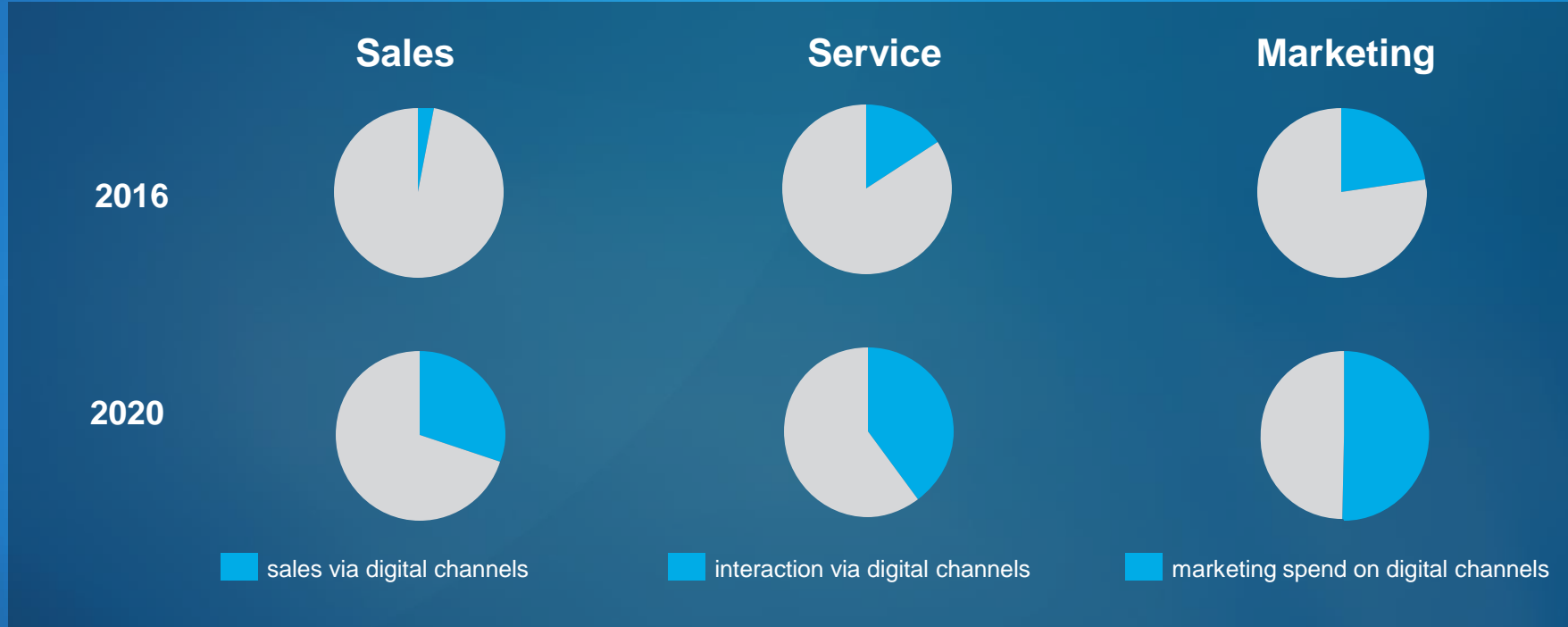
- 2300 MHz co-operation with TOT
- Potential 2600 MHz auction in 2017
- 850/1800 MHz auction in 2018

# OPEX REDUCTIONS THROUGH LOWER REGULATORY COSTS AND DIGITIZATION OF THE CORE



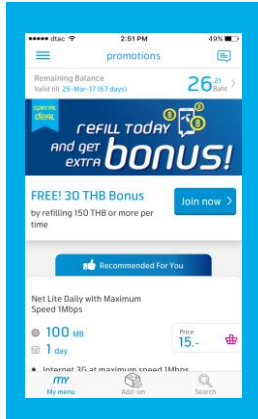


## AMBITIONS ON DIGITIZING THE CORE



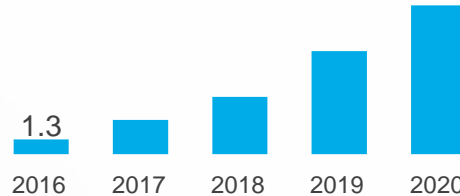
# DIGITIZED CUSTOMER JOURNEY TO IMPROVE EXPERIENCE AND LOWER COST

## dtac app



- Leading operator app in Thailand
- Best self service and offer engine
- Reduce cost and increase sales

Monthly active users (m)

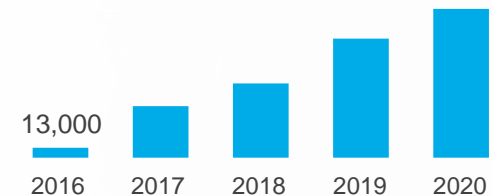


## Retailer app



- Digitize all retailer transactions
- Simple app for refill, topping, MNP and SIM registration

Monthly active users (retailers)



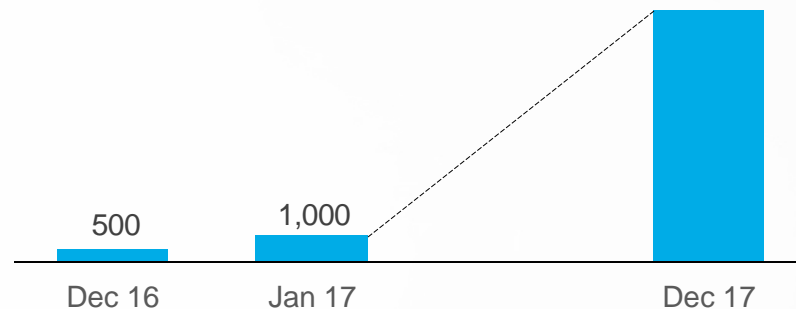
# LEADING ONLINE POSITION TO DRIVE SALES AND LOWER COST

## Piloting analytics with Tapad



- Real time/personalized offers to all customers in Thailand
- Drive MNP, pre to post migration and upsell

## Ambition on mobile number portability (per month)



## 2017 OUTLOOK

**Same level as 2016**

Service revenues  
ex. IC

**At least same level  
as previous year**

EBITDA

**17-20  
THB bn**

CAPEX



## SUMMARY

A growing mobile market driven by data and postpaid

Strong growth in postpaid and focus on stabilizing prepaid

Planning for several spectrum scenarios and working to secure access to towers beyond end of concession

Considerable cost savings from digitization of the core and reduction of regulatory fees

# CMD2017

DTAC

Lars-Åke Norling, CEO, dtac

# CMD2017

GRAMEENPHONE LTD.

Dilip Pal, CFO



# MOBILE MARKET LEADER IN A FAST-GROWING ECONOMY

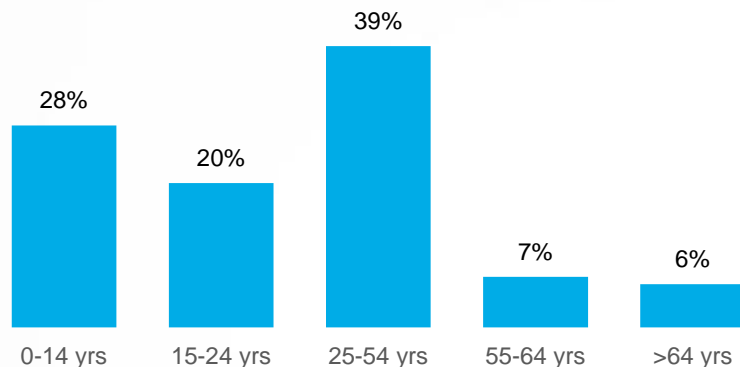




# BANGLADESH AT A GLANCE

## Demographics

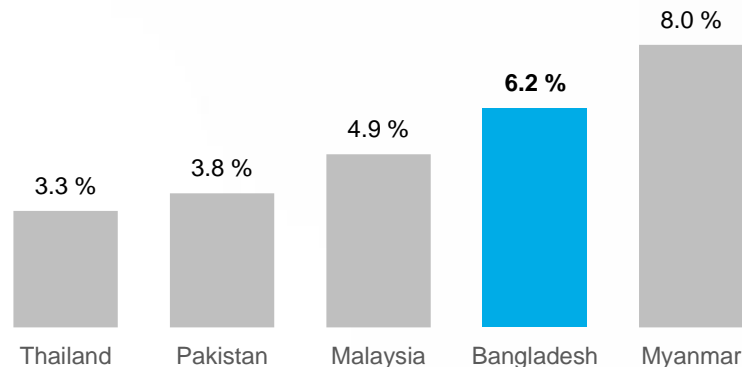
### Age distribution



- Population of 168m, growing by >1% per year
- Young population, 48% below 25 years
- Expanding middle class

## Economics

### Real GDP growth

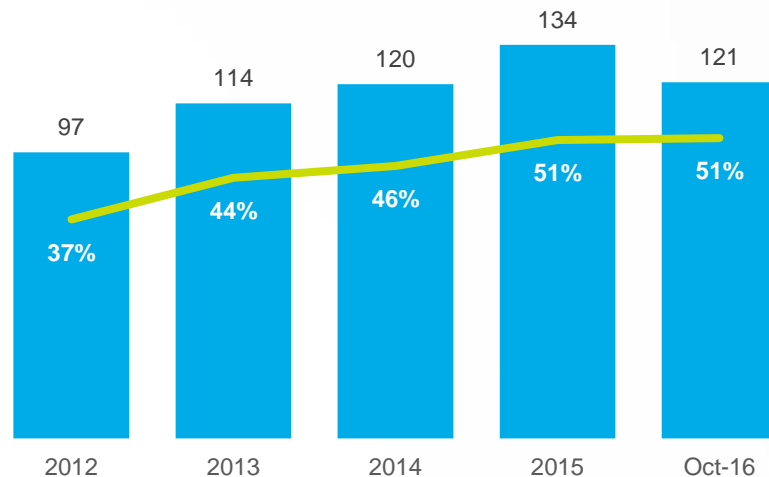


- GNI per capita of USD 1,200
- Largely a cash based economy
- Main sectors: Service, manufacturing and agriculture
- Stable inflation and currency performance

# AN ATTRACTIVE AND GROWING MOBILE MARKET, DOMINATED BY PREPAID

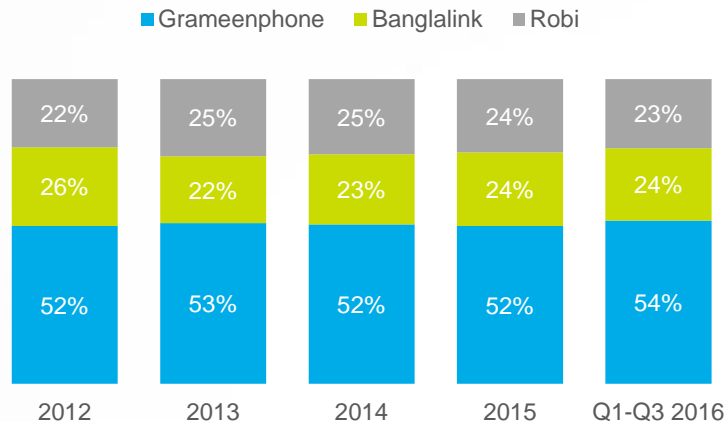
- 119 million subscribers, of which 99% prepaid
- Multi-SIM market with around 50% real mobile penetration
- 32% internet penetration, rapidly increasing
- ARPU of around USD 2
- Continuously developing regulatory landscape

Subscribers (m) and real penetration (%)



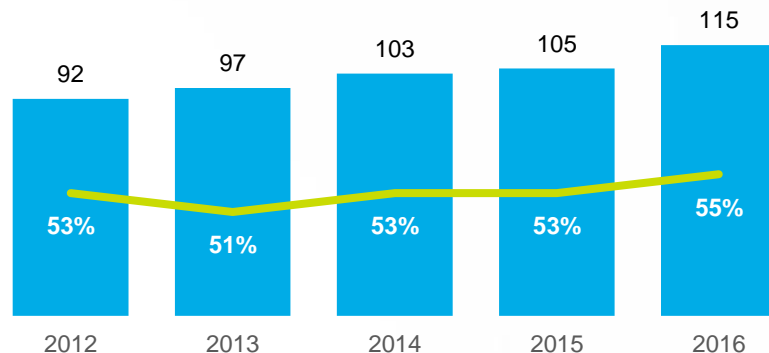
# GRAMEENPHONE IS THE UNDISPUTED MARKET LEADER, WITH SOLID FINANCIAL PERFORMANCE

Service revenue market shares\*



- 58 million subscribers and #1 brand in Bangladesh
- Largest network: 11,900 2G and 10,600 3G sites
- Widest distribution: More than 350k points of sales

Revenues (BDT bn) and EBITDA margin (%)



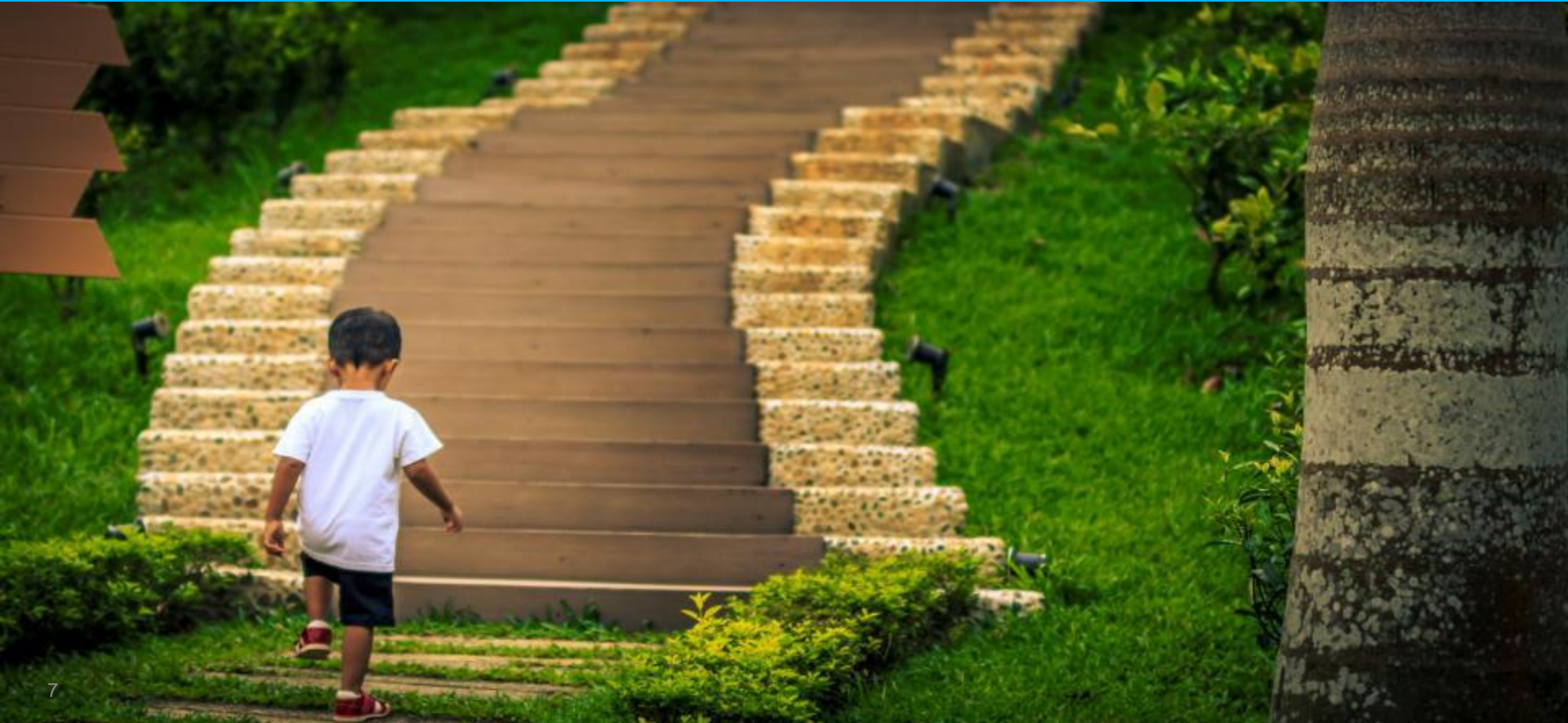
- 10% revenue growth and 14% EBITDA growth in 2016,
- Operating cash flow margin of 37% in 2016, despite significant investments

# IMPORTANT ACHIEVEMENTS DURING 2016

- 12% subscription and traffic revenue growth, fueled by 56% growth in active data users
- Successful biometric verification of entire customer base
- Revenue market share improvement of 2 percentage points\*
- 4,700+ new 3G sites, reaching 90% of total sites
- Number of distribution points increased from 120 to 390
- Controlled opex despite significant network expansion



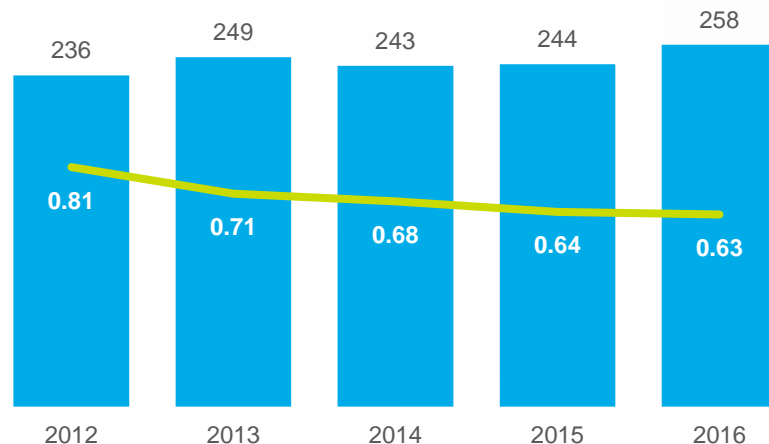
# SIGNIFICANT GROWTH OPPORTUNITIES



# VOICE SEGMENT REMAINS IMPORTANT AND STILL OFFERS ATTRACTIVE GROWTH OPPORTUNITIES

- Real mobile penetration currently at approx. 50%, expected to increase
- Affordability of marginal subscriber improving
- Leverage expanded network and distribution footprint
- Improving price perception and simplicity in offers
- Strengthen position in B2B, postpaid and youth segments

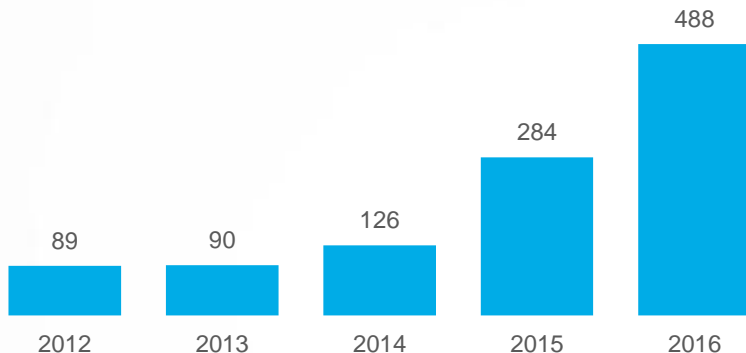
AMPU and APPM (BDT)





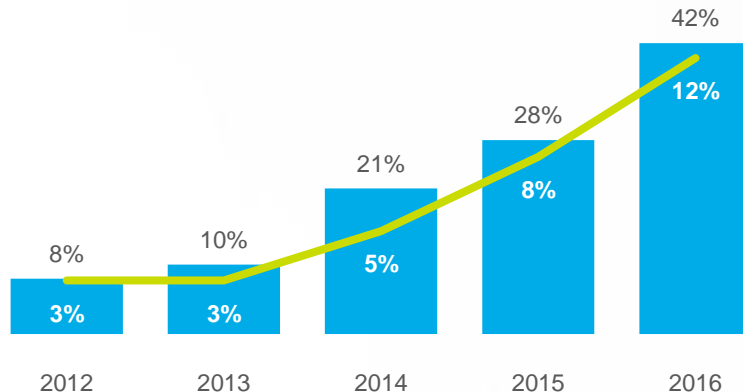
# INCREASING DATA USAGE WILL BE THE PRIMARY REVENUE GROWTH DRIVER GOING FORWARD

Average data usage (MB per month)



- Usage driven by video streaming and social media
- Flagship 'Digital Bangladesh' vision of Government to act as an enabler

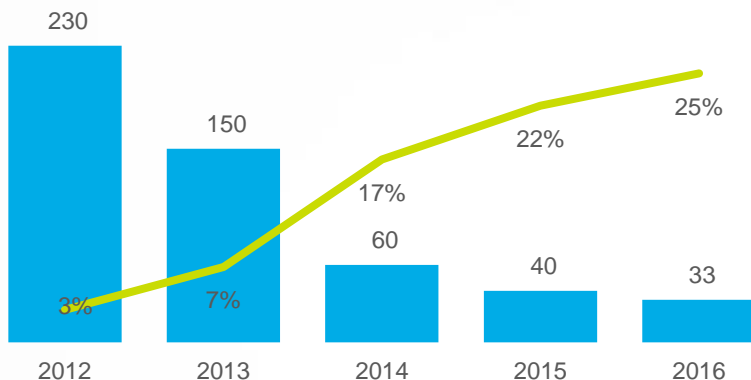
Data users and revenue contribution



- 70% total data revenue growth in 2016, 58% contribution of incremental revenue
- Support from 3G network coverage expansion

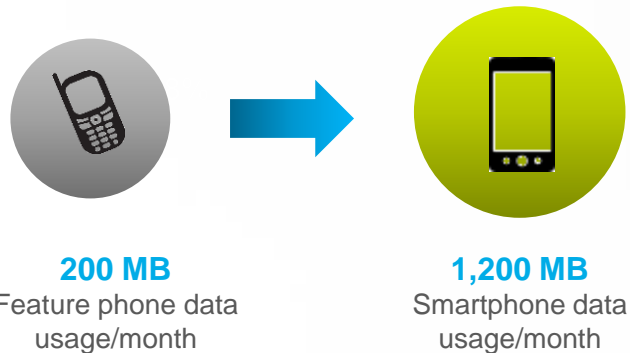
# PROLIFERATION OF AFFORDABLE SMARTPHONES WILL ACCELERATE DATA ADOPTION

## Smartphone price (USD) and penetration (%)



- Co-branded smartphones and partnerships to bring affordability along with quality

## Usage and ARPU uplift potential



- Smartphone users have 63% higher ARPU than feature phone users



# CRITICAL SUCCESS FACTORS

**Network leadership**

**Simplicity  
in offerings**

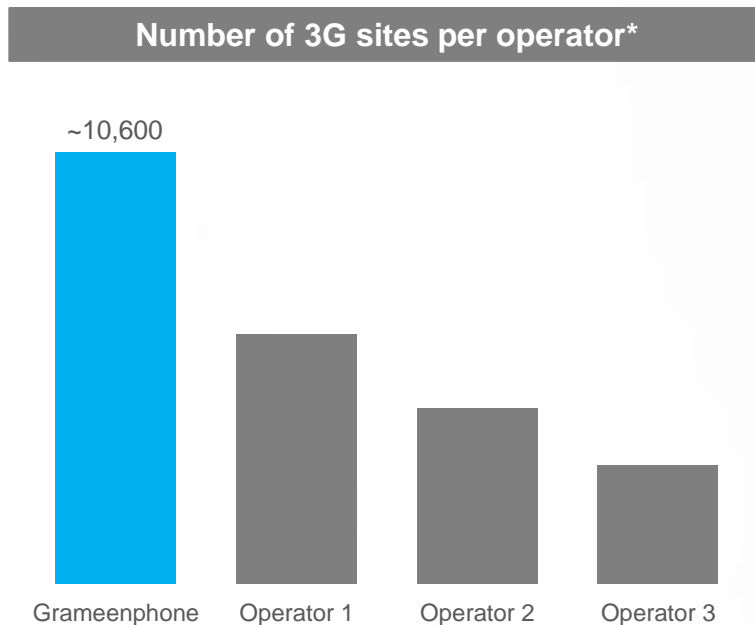
**Best distribution**

**Efficient operations**



# INVESTING IN NETWORKS TO CAPTURE DATA GROWTH

- 3G population coverage increased from 70% to 90% during 2016
- Securing 4G first mover advantage
- Strong end-to-end fiber backhaul across the country
- Expansion of indoor coverage to address rapid urbanization and vertical city expansion
- Allocation of additional spectrum and technology neutrality is in discussion
- Constrained fixed broadband market





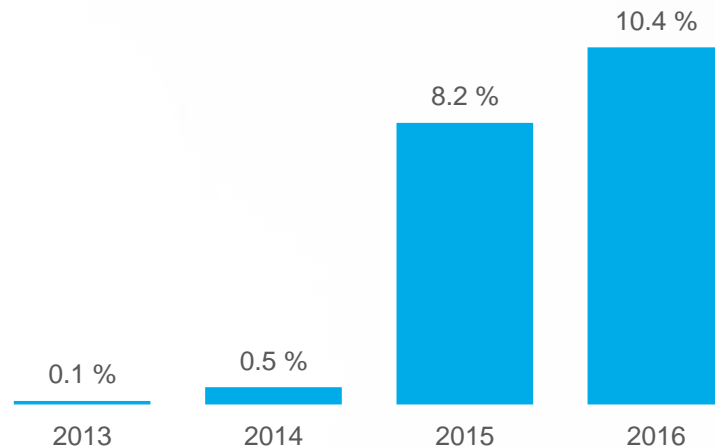
# PHYSICAL DISTRIBUTION HAS BEEN A MAJOR STRENGTH



## ...WHILE PHYSICAL DISTRIBUTION REMAINS THE CORE, DIGITAL DISTRIBUTION IS SHAPING UP

- Convenience is driving recharge through digital channel
- Most digital interaction starts from physical location
- Bridging the digital and physical world with GP Express stores
- Tools and processes redesigned to ensure empowerment and efficiency of channel

Recharge through digital channels (% of sales)



# SIMPLIFICATION PROGRAMME YIELDING STRONG RESULTS

- Number of starter packs reduced from 8 to 2
- Universal products, no conditions attached
- Simplified internet portfolio
- \*121# self service destination
- Top 20 processes simplification

**75% reduction  
in overall customer complaints**

গ্রামীণফোন-এ  
সবকিছুই

# \*121#

এর ব্যাপার

এখন একটি নম্বর-এ  
সব তথ্য এবং সার্ভিস

ডায়াল \*121#



\*121# ব্যবহারে কোন চার্জ নেই।

# DRIVING RELEVANCE OF DIGITAL SERVICES ALONG WITH DIGITIZING CUSTOMER JOURNEYS

WowBox



> 6 million users

GP Music



>2 million trial users

Bioscope



200K monthly active users

GP Shop



> 3 million monthly visits

Flexi Plan



> 5 million downloads

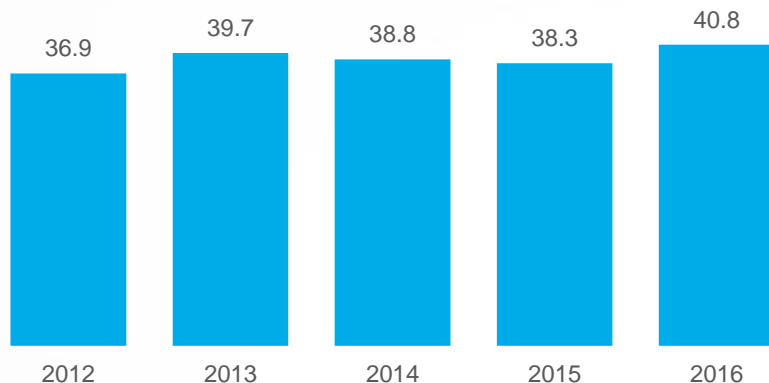
My GP



> 3 million downloads

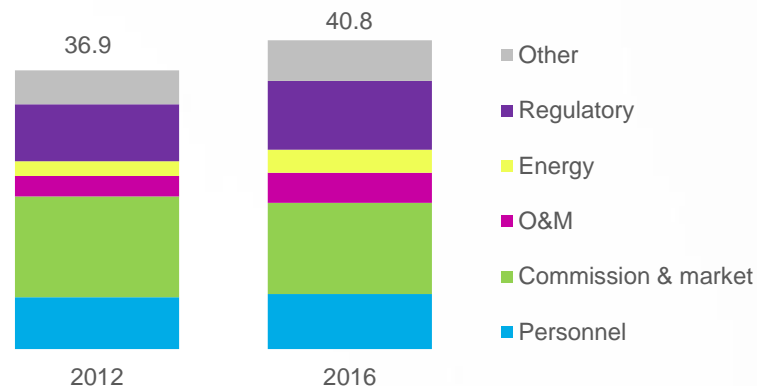
# A TRACK RECORD OF CONTROLLED OPEX DESPITE GROWTH AND SIGNIFICANT NETWORK EXPANSION

Opex development (BDT bn)



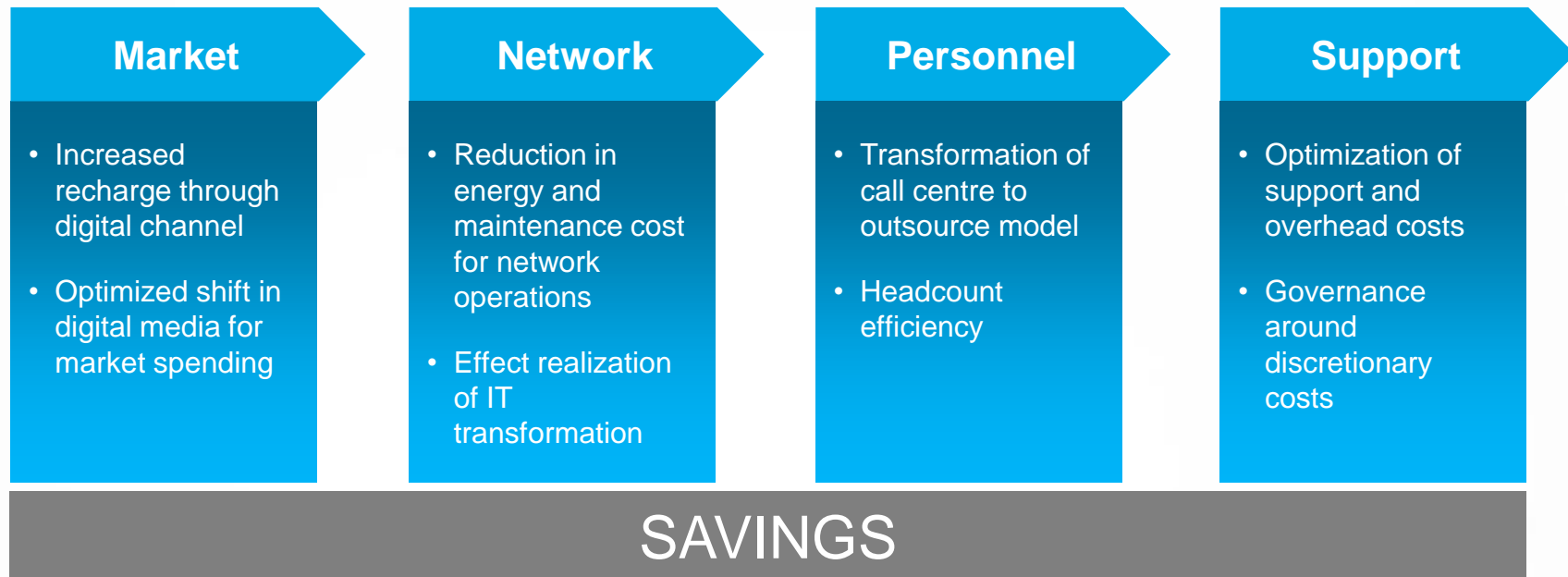
- 2012-2016: 3% opex growth against 6% revenue growth and 10% growth in base stations (CAGR)
- Opex/sales reduced from 40% to 35% during the period

Opex distribution 2016 vs 2012



- Energy cost reduction initiatives offsetting tariff growth
- IT cost reduction through application optimization and virtualization

# COMMITMENT TO FURTHER EFFICIENCY IMPROVEMENTS





# SET STANDARD IN BANGLADESH FOR OPERATING UNDER RESPONSIBLE BUSINESS CONDUCT



- Efficient governance procedures to ensure adherence to policies
- Extensive company-wide awareness and training on building conducive culture around governance
- Rigorous monitoring and follow-up to identify and ensure appropriate corrective measures
- Strengthen compliance and supply chain framework further
- Actively promote company stance on responsible business conduct amongst the Bangladeshi society







## SUMMARY

- Strong market leader in an attractive growth market
- Investing to maintain superior network and service position
- Growth and operating efficiencies to drive future profitability

In consideration of the local regulations, Grameenphone Ltd. does not provide any forward looking statements

# CMD2017

GRAMEENPHONE LTD.

Dilip Pal, CFO

# CMD2017

TELENOR NORWAY

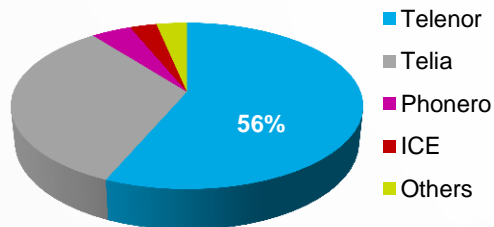
Berit Svendsen, CEO



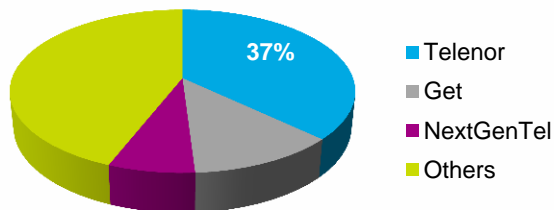
# MARKET LEADER IN AN ADVANCED TELECOM MARKET

- High disposable income and affordability
- 80% internet penetration and high penetration of electronic devices
- Economy already highly digitized
- High expectations with respect to telecom network quality and coverage

Mobile revenue market shares\*

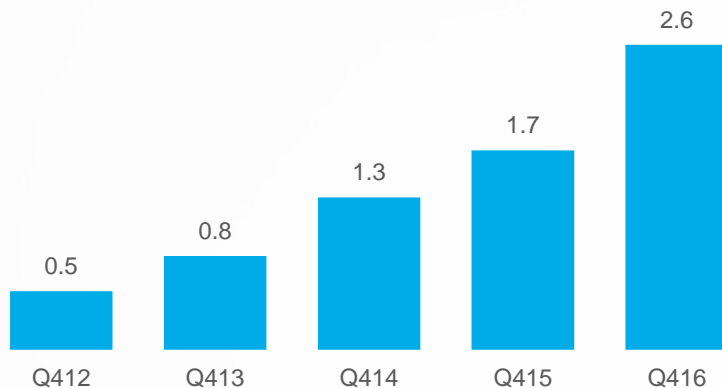


Fixed broadband revenue market shares\*



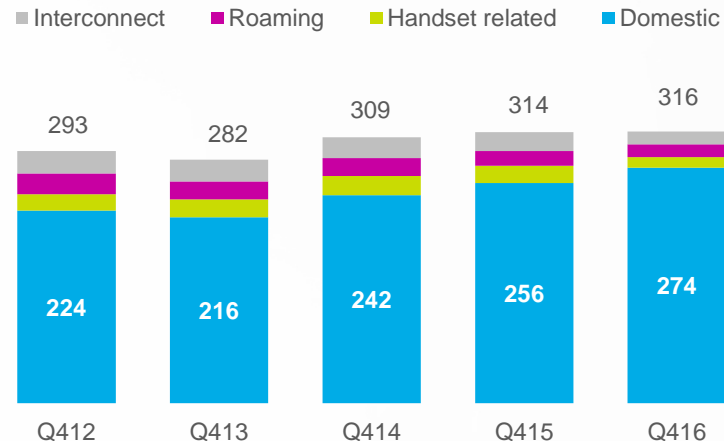
# PROVEN TRACK RECORD OF MOBILE DATA MONETIZATION

## Average mobile usage (GB / month)



- 53% y-o-y growth in average data usage in Q4 2016

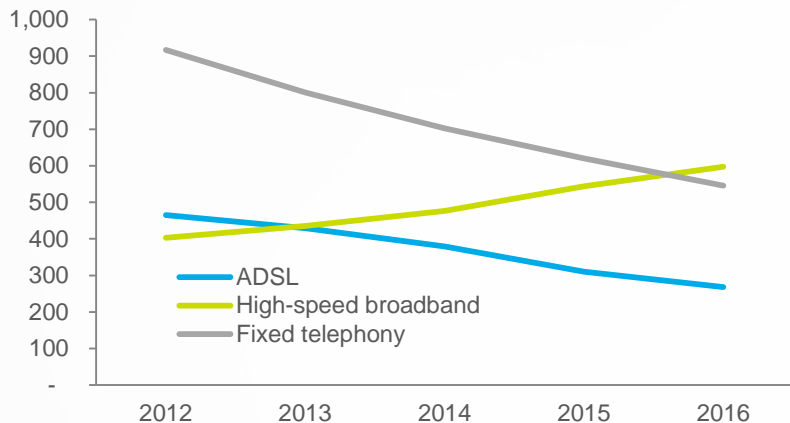
## Mobile ARPU (NOK)



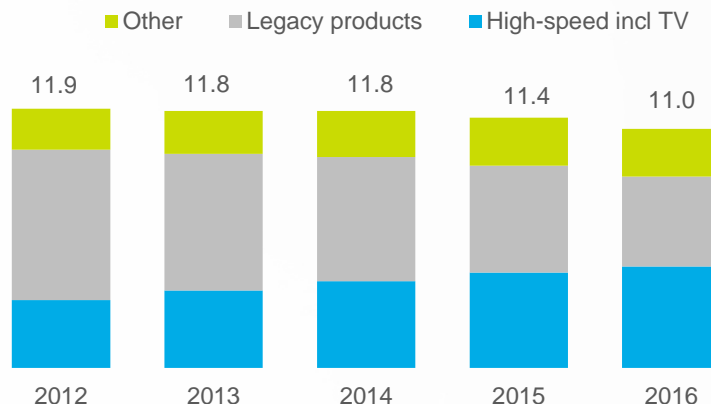
- 7% y-o-y growth in domestic ARPU in Q4 2016
- New tariffs in 2016 with included EU roaming

# HIGH-SPEED BROADBAND GROWTH HAS PARTLY OFFSET REVENUE DECLINE FROM FIXED LEGACY PRODUCTS

Fixed subscriber development ('000)



Fixed revenues (NOK bn)



- High-speed broadband subscriber base reaching 597k end of 2016, of which 156k on fibre

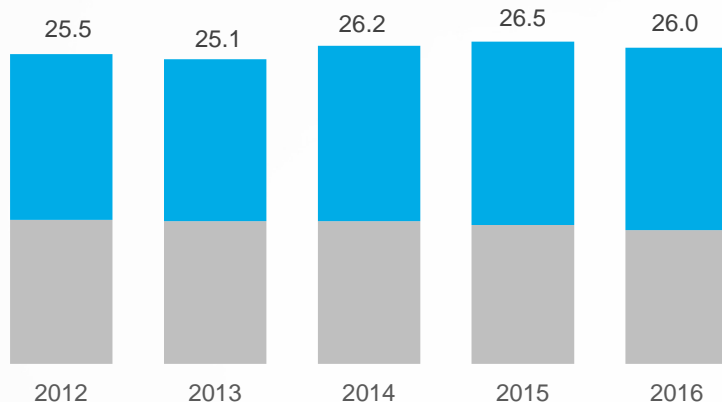
- 15% increase in high-speed broadband revenues in 2016



## ...IN TOTAL, THIS HAS RESULTED IN STABLE REVENUES AND EBITDA

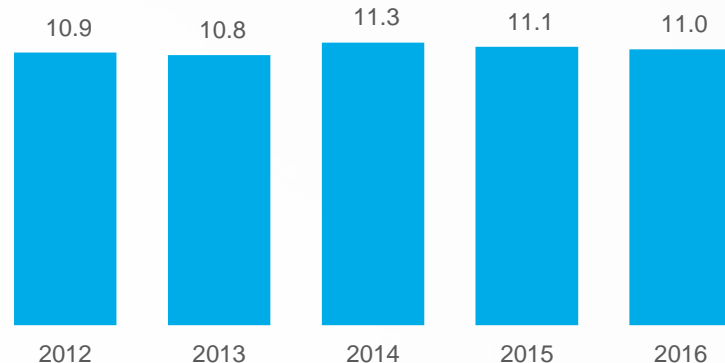
### Revenues (NOK bn)

■ Mobile ■ Fixed



- Mobile domestic revenue growth balance Fixed phone and Roaming/Interconnect revenue decline

### EBITDA (NOK bn)



- Continuous efficiency measures offsetting decline in high-margin legacy revenues

# MEET COMPETITION BY CONTINUING TO DEVELOP KEY STRENGTHS

## Competitive environment

- Price competition in low-end mobile segment
- Fragmented but locally strong FTTH players
- OTT challenging linear TV

## Our response

- Superior network coverage and quality
- Innovative solutions to create value for our customers
- Efficient operations

# KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**Capture  
revenue growth  
opportunities**



**Investments  
to support  
growth and  
efficiency**



**Sustainable  
efficiency  
improvements**

# KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**Capture  
revenue growth  
opportunities**



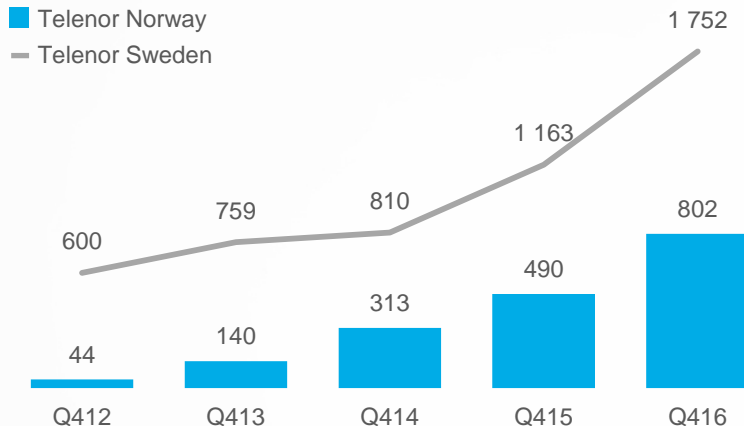
**Investments  
to support  
growth and  
efficiency**



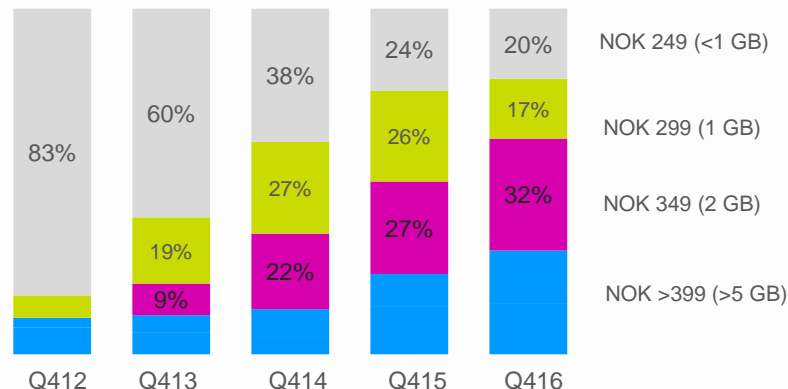
**Sustainable  
efficiency  
improvements**

# POTENTIAL FOR FURTHER MONETIZATION OF INCREASING MOBILE DATA USAGE

Median mobile data usage (MB/month)\*



Distribution of postpaid subscriptions\*\*

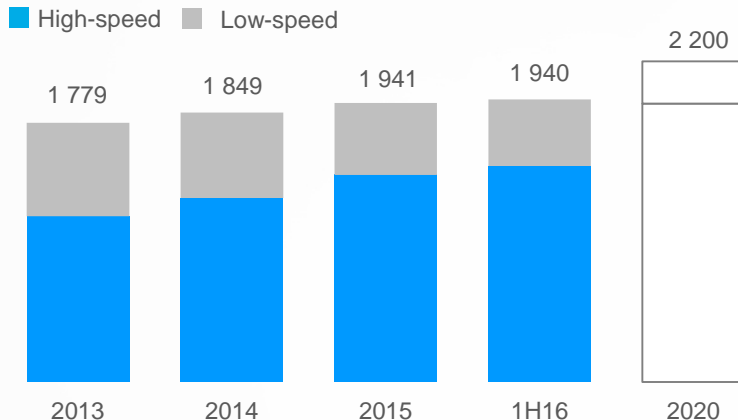


- 64% y-o-y increase in median usage, but still significantly below Sweden
- 20% of subscribers not yet active data users

- 30% of new sales on NOK 399 and above

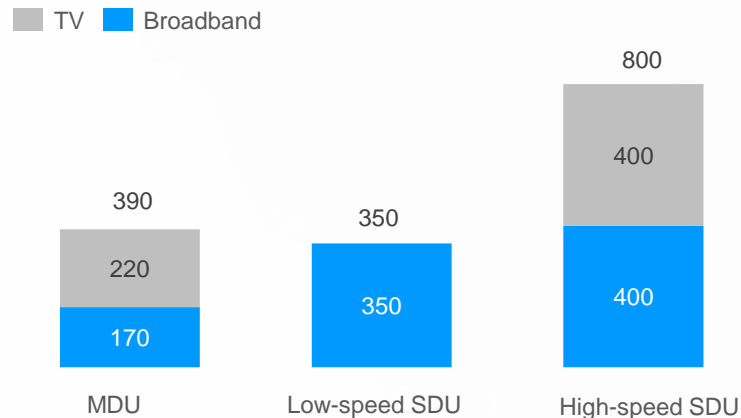
# UNTAPPED GROWTH POTENTIAL FROM HIGH-SPEED FIXED BROADBAND STEP-UP

## Broadband connections – total market ('000)



- Expecting high-speed household penetration to increase from 65% in 2016 to 85% in 2020
- Targeting to increase Telenor high-speed market share from 37% in 2016 to 45% in 2020

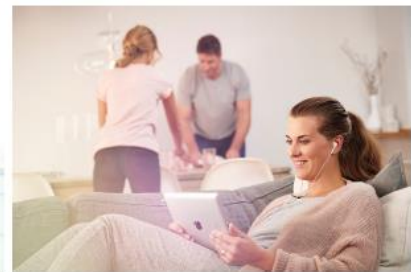
## Telenor broadband and TV ARPU (NOK)



- ARPU growth potential in SDU segment from moving customers to high-speed solutions
- High-speed connectivity as enabler for other services (incl. TV)

# WELL POSITIONED TO EXPLORE FMC OPPORTUNITIES

- Broadband base of 810k households representing approx. 1.6 million mobile subscribers
- Cross-sale and holistic customer care across fixed and mobile already in place
- Focus on new digital solutions that can add value to the broadband connectivity:
  - Interactive TV solutions “out of home”
  - Calendars, cloud storage etc
- Launched VoWiFi in Q4 2016





# NARROW-BAND IOT WILL CREATE OPPORTUNITIES FOR NEW DIGITAL SOLUTIONS IN THE BUSINESS SEGMENT

## Well positioned to capture new opportunities

- Strong position in corporate segment
- Market leader in M2M connectivity with 88% market share

## Roadmaps developed for several areas

- Alarm, surveillance and security
- Public transportation, fleet management and travel logs
- Public sector, Smart City, eHealth



# ADJACENT GROWTH OPPORTUNITIES: HEALTH SERVICES

## A big and growing sector

- Norwegian health care spend of currently NOK 300 billion per year\*
- Share of population >66 years expected to increase significantly



## Opportunities for digitizing

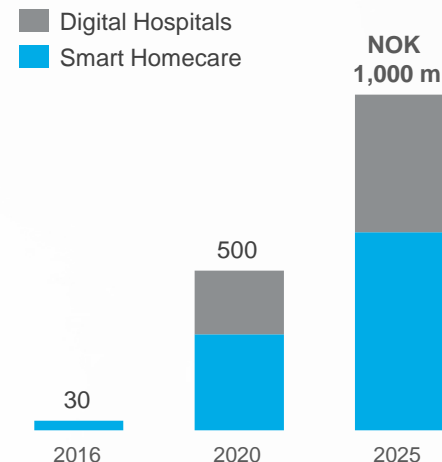
### Digital hospital:

- Mobile workflow
- Activity monitoring / Analytics
- Health @ Home

### Smart homecare:

- Safety alarms and sensors
- Next of kin apps and alerts
- Remote monitoring

## eHealth revenue potential\*\*



# KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**Capture  
revenue growth  
opportunities**



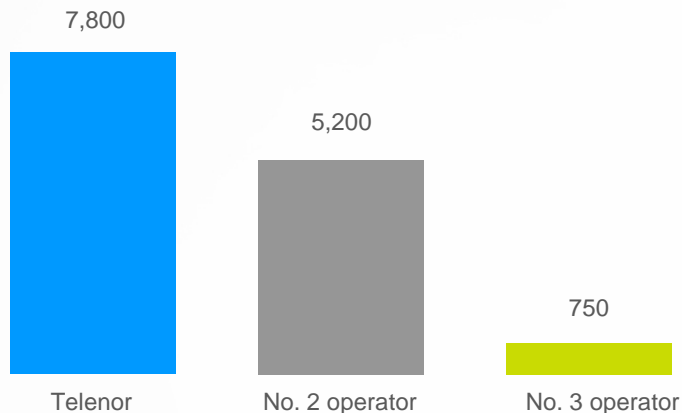
**Investments  
to support  
growth and  
efficiency**



**Sustainable  
efficiency  
improvements**

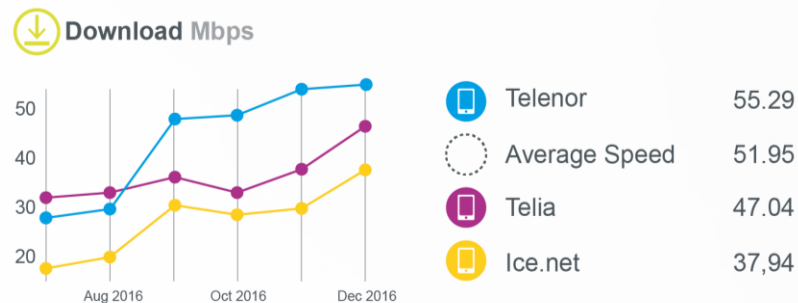
# INVESTMENTS IN RECENT YEARS HAS RESULTED IN A WORLD CLASS MOBILE NETWORK

## Highest number of network sites\*



- 50% more sites than no. 2 operator
- 97.6% population coverage on 4G
- 91.4% pop coverage on 4G+

## Best capacity \*\*



- Significant step-up vs competitors during 2016
- 70% of sites connected with fibre

# MOBILE INVESTMENTS IN 2017 FOCUSED ON 4G ROLLOUT AT ALL SITES BY YEAR-END

- Number of 4G sites to increase from 5,000 to 7,400
- Population coverage of 99.8%
- Geographic coverage of 85%





# SHIFTING INVESTMENTS TOWARDS FIBRE

- **Mobile investments** focused on 4G at all sites end of 2017
- **Step-up in fibre deployment**, aiming for ~400k SDU and ~400k MDU homes passed by 2020
  - Supported by strong fibre SDU business case with 5 years pay-back
  - Upfront capex around NOK 26k per connection
  - Average yearly EBITDA contribution above NOK 7k per connection
- **IT investments** to drive digitalization of customer dialogue and sales



# KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



**Capture  
revenue growth  
opportunities**



**Investments  
to support  
growth and  
efficiency**

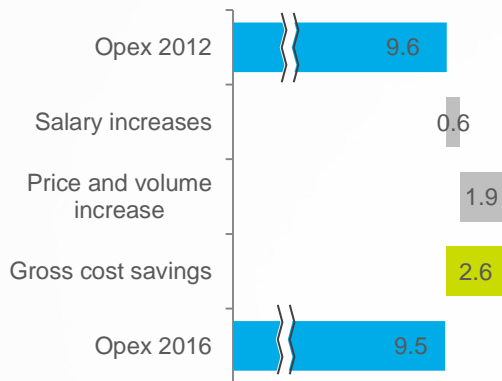


**Sustainable  
efficiency  
improvements**



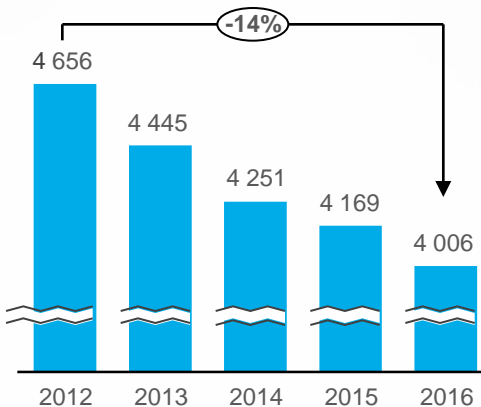
# A PROVEN TRACK RECORD OF COST REDUCTIONS

## Opex development (NOK bn)



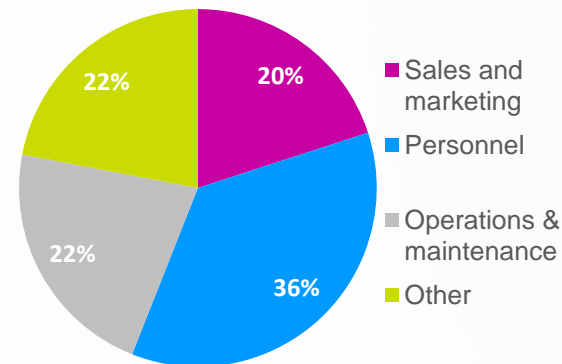
- Price and salary increases balanced by gross cost savings (S&M and workforce reductions)

## FTE development



- FTE decrease of approx. 150 per year

## Opex distribution (2016)



- Personnel and contractor costs largest share of opex

## ...GOING FORWARD, WE NEED TO FURTHER STRENGTHEN OUR EFFICIENCY AGENDA

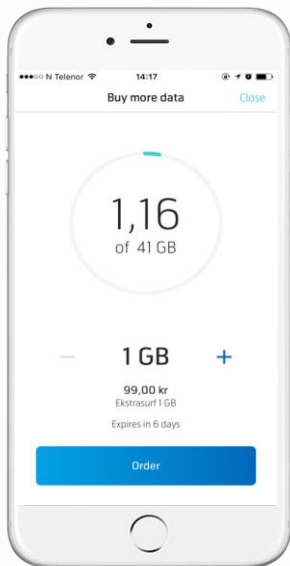
- Digitize customer journeys - sales and customer care
- Continue transformation of fixed value chain
- Explore synergies with Swedish and Danish operations
- Continuous improvements and stricter prioritization



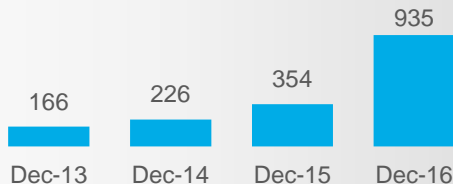
**Aiming for annual net opex reductions towards 2020**



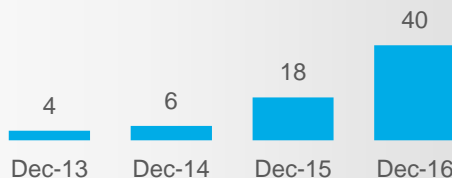
# THE “MYTELENOR” APP IS KEY TO DIGITIZE CUSTOMER JOURNEYS



Active users of MyTelenor ('000)



Transactions through MyTelenor ('000)

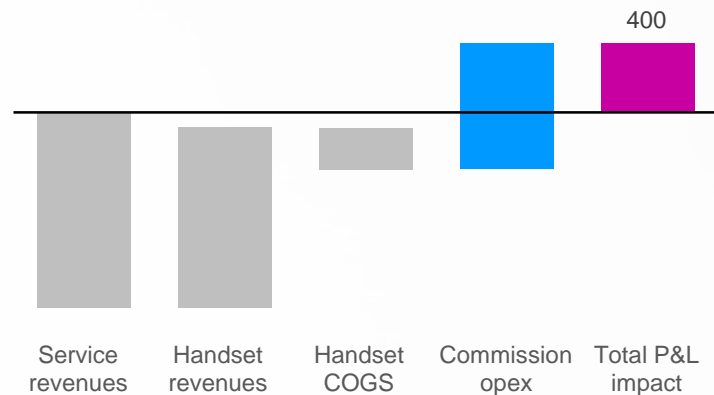


- Strong uptake of MyTelenor in 2016
- Cost-efficient and user-friendly channel for migration to new/larger data bundles
- Mobile in-app payment solution launched in Aug 2016
- Relaunch with one-click data shopping and in-app web shop in Nov 2016
- **Target: 80% of customer interactions digital driven in 2020**

# EFFICIENCY GAINS FROM NEW HANDSET PROGRAMME

- New handset programme launched mid-2016, replacing subsidies with 24 months instalment plan and new included customer benefits
- Available through internal channels only (own shops, customer service, web)
- Enabling move from expensive external channels to lower cost internal channels:
  - Lower opex of around NOK 700 per handset
  - Positive lifetime P&L impact of around NOK 400

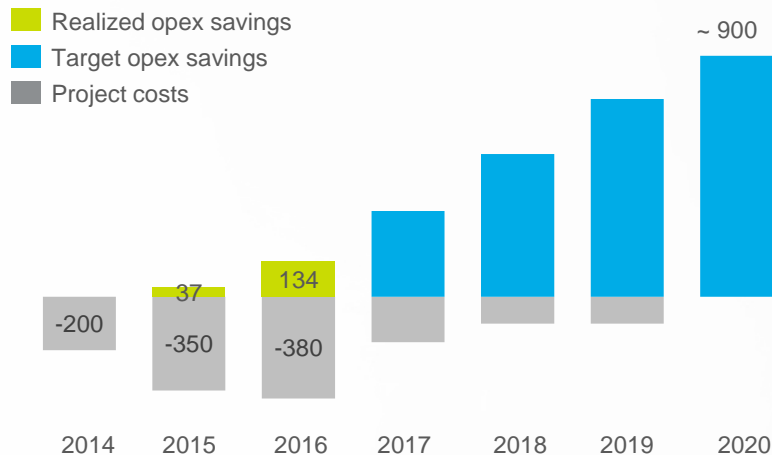
## Total lifetime P&L impact (NOK)



# PROGRESS ON TRANSFORMATION OF THE FIXED VALUE CHAIN

- Programme launched in 2014, addressing AD/AM, new OSS systems and offshoring
- Scope extended in 2016 to include cable operation
- Targeting total savings of around NOK 900 million in 2020
- Cost savings for 2016 according to plan

## Fixed value chain efficiency programme (NOK m)



# EXPLORING SYNERGY OPPORTUNITIES BETWEEN THE SWEDISH AND NORWEGIAN OPERATION

## Strong rationale

- Large degree of commonality with respect to market and customer characteristics
- Significant overlap with respect to functions and processes
- Common transport network already in place
- Increasing part of service production are delivered over IP, enabling a scalability and cross-market approach
- **Total opex cost base of NOK 16 bn**

## Hypothesis and next steps

- Utilize comparative strengths
- Target picture
  - Common product and marketing
  - Common technology operation
  - Common staff functions
- Scope and execution model to be developed during 2017

## SUMMING UP – SET FOR VALUE CREATION TOWARDS 2020

- Solid position in a market with continued growth opportunities
- Stepping up fibre deployment with aim for 0.8 million homes passed by 2020
- Efficiency through transformation and digitalization, aiming for annual net opex reductions towards 2020



# CMD2017

TELENOR NORWAY

Berit Svendsen, CEO