



2017

TELENOR GROUP – FOURTH QUARTER

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HIGHLIGHTS FOURTH QUARTER AND FULL YEAR 2017

FOURTH QUARTER 2017

- Continued growth in core revenues, and 2 million net mobile subscriber growth
- Efficiency initiatives on track, securing momentum into 2018
- 37% EBITDA margin and 11% organic growth in EBITDA

FULL YEAR 2017

- Revenues of NOK 125 bn (+1%)
- Opex reductions of NOK 1.6 bn (-3%)
- EBITDA of NOK 49 bn (+9%)
- Net income of NOK 12 bn
- Free cash flow of NOK 25 bn

DELIVERED ON 2017 GUIDANCE

	2017 outlook	2017 actual	2016 baseline*
Organic revenue growth	1-2%	0.7%	0.8%
EBITDA margin	38-39%	39.3%	36.7%
Capex/sales ratio	15-16%	14.6%	17.4%

Organic revenue growth in fixed currency, adj. for acquisitions and disposals.
EBITDA before other items. Capex excl. spectrum and licence fees.

OPERATIONAL HIGHLIGHTS IN Q4

Scandinavia and Broadcast

- Continued fixed & mobile ARPU growth in Norway
- Fixed internet & TV revenue growth of 7% in Norway and 5% Sweden
- Temporary cost increase in Denmark

Fixed internet
ARPU in Norway:

+5%

Developed Asia

- 1% subscriber & traffic revenue growth Thailand
- EBITDA margin +7 pp in Thailand
- Internet revenue growth to compensate legacy decline

Avg. data usage:

7.6GB

Central and Eastern Europe

- 5% subscription and traffic revenue growth in Hungary
- Good cost management driving opex reduction

Opex:

-7%

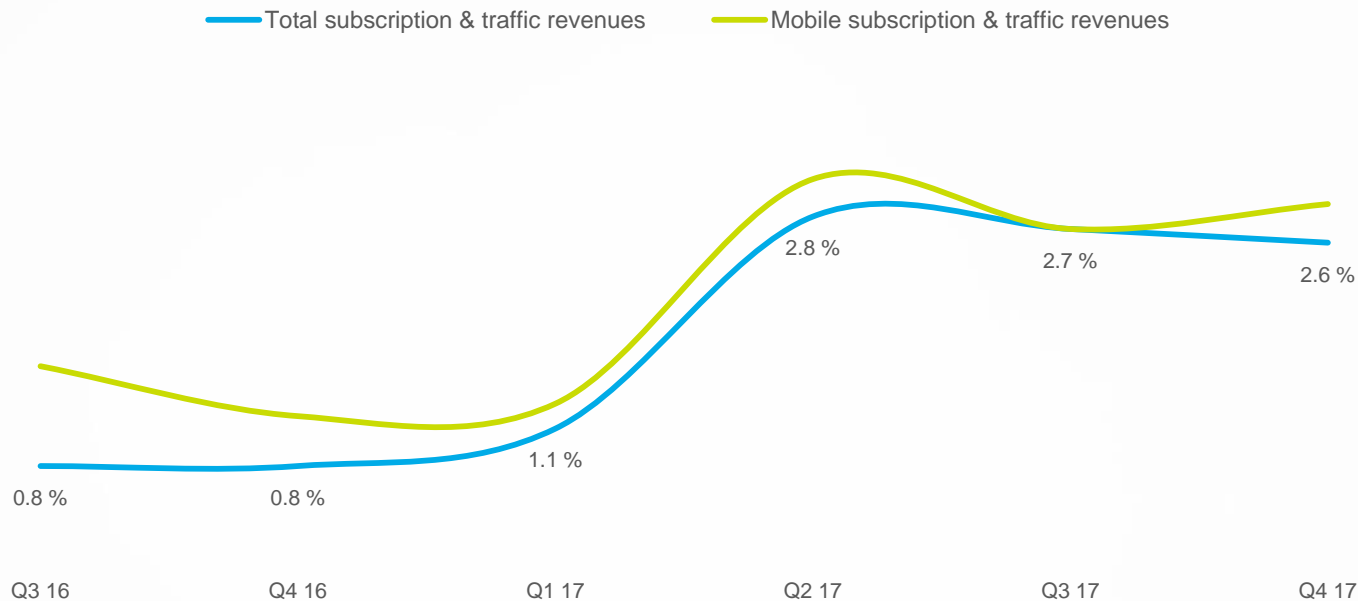
Emerging Asia

- 12% subscription and traffic revenue growth in Bangladesh
- EBITDA margin +5pp in Pakistan
- Increased price pressure in Myanmar

Mobile subscribers:

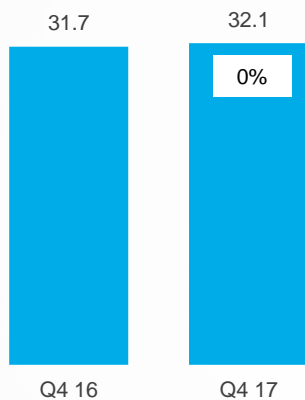
+2.7m

CONTINUED GROWTH IN SUBSCRIPTION & TRAFFIC REVENUES



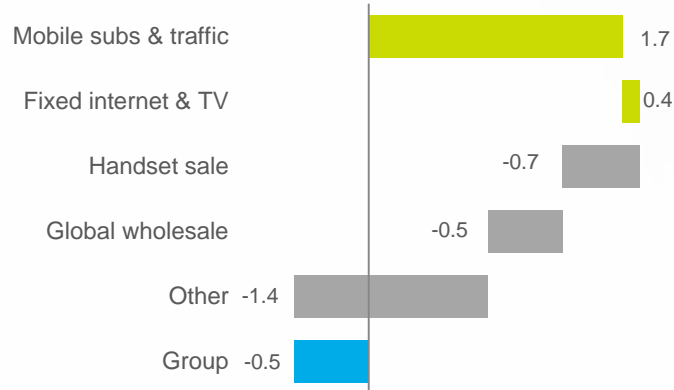
2% ORGANIC GROWTH IN GROSS PROFIT, SUPPORTED BY CONTINUED GROWTH IN CORE REVENUES

Revenues (NOK bn)



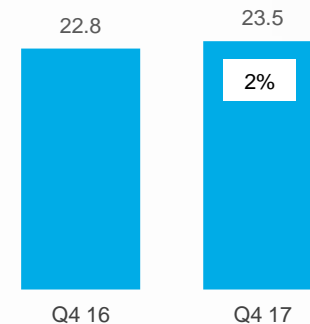
- 3% organic growth in subscription and traffic revenues

Q4 revenue growth decomposition YoY (pp)



- NOK 0.4 bn reduction in low-margin revenues (handset sale, global wholesale and Datamatrix)

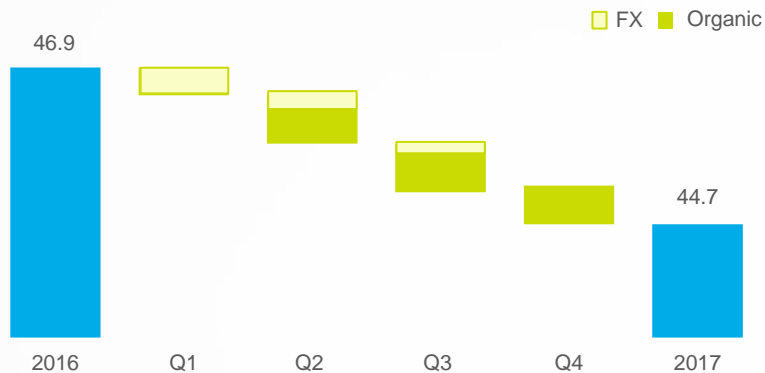
Gross profit (NOK bn)



- 1 percentage point gross margin improvement

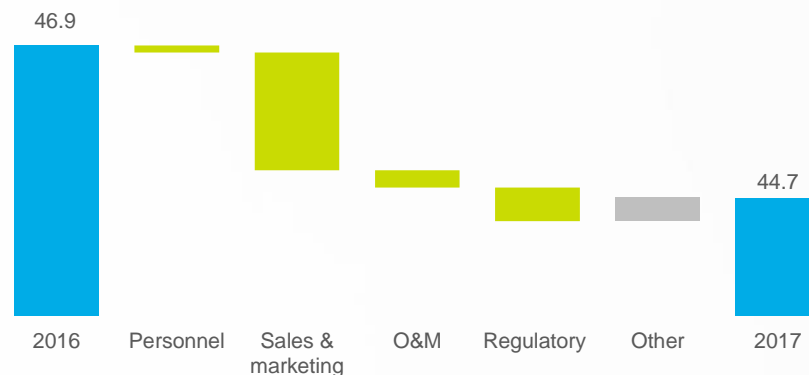
CONTINUED OPEX REDUCTIONS IN Q4, TOTAL OPEX REDUCTIONS OF NOK 1.6 BN (-3%) IN 2017

Opex reductions – quarterly development (NOK bn)



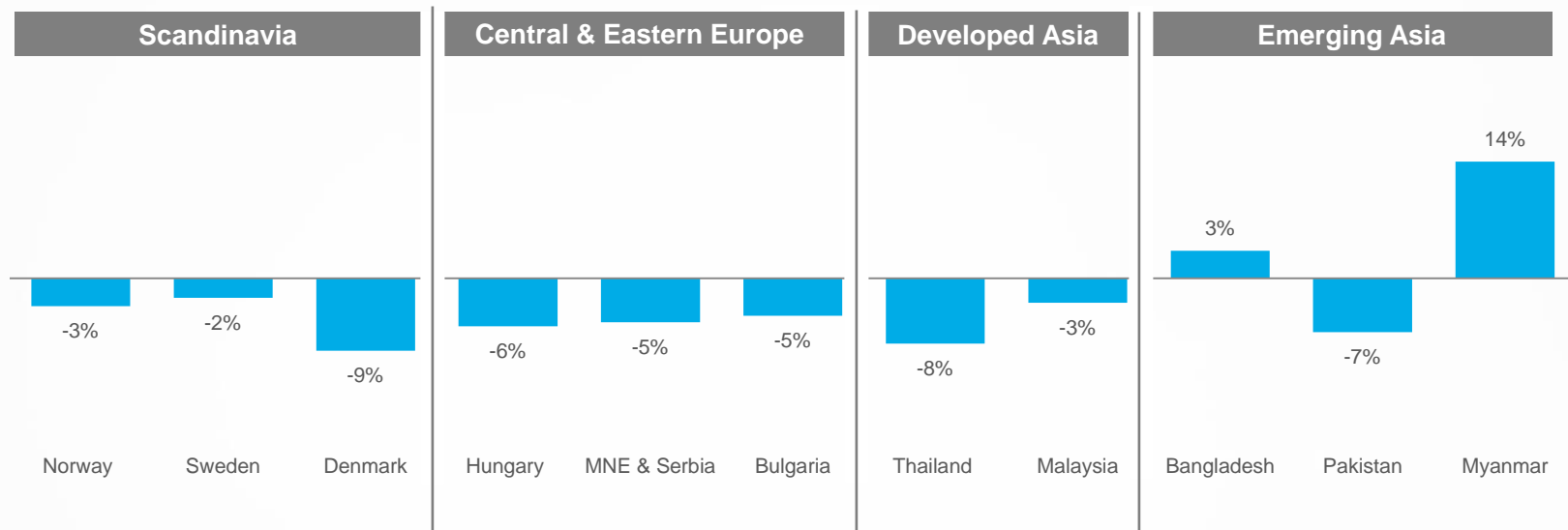
- Opex reductions in Q4 of NOK 0.6 bn

Opex reductions – by area (NOK bn)



- Reductions in sales & marketing cost driven by Norway, Thailand and Pakistan

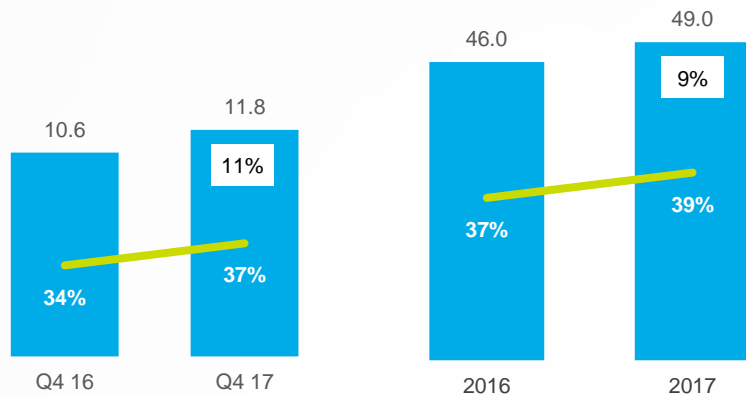
OPEX REDUCTIONS IN MAJORITY OF BUSINESS UNITS



■ FX adj opex development in % (FY 2017 vs FY 2016)

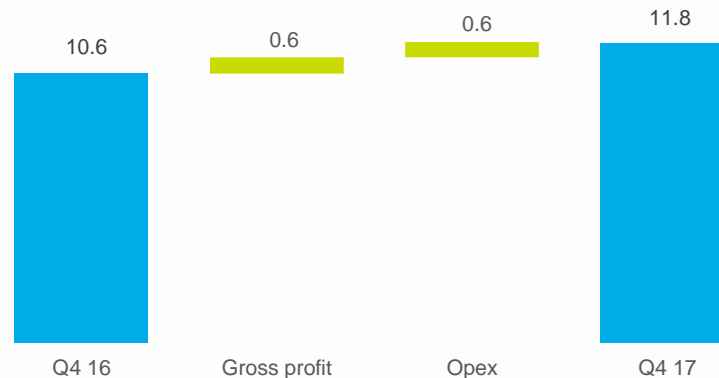
11% ORGANIC EBITDA GROWTH

EBITDA (NOK m) and EBITDA margin (%)



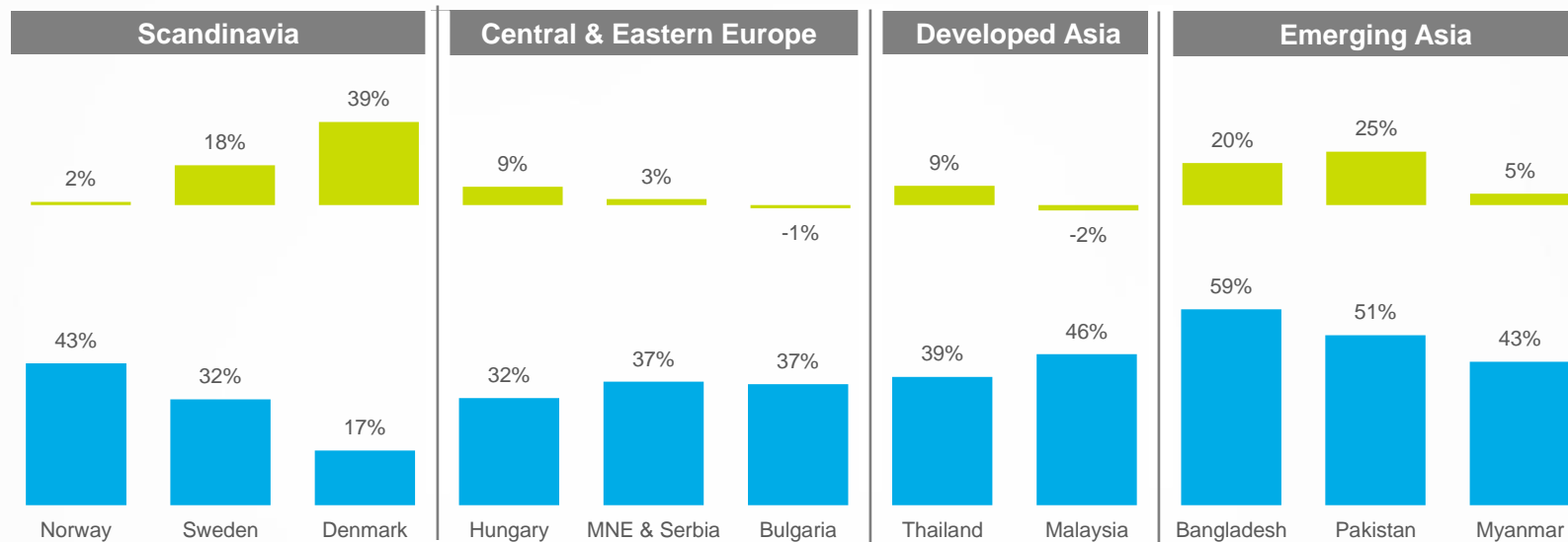
- 9% organic growth in EBITDA in Q4, adj. for negative one-time effect in Sweden Q4 2016
- 3 percentage point EBITDA margin improvement in 2017

EBITDA (NOK bn) development



- EBITDA uplift supported by negative one-time effect in Sweden in Q4 2016
- 9% organic EBITDA growth and all-time-high EBITDA in 2017

ORGANIC EBITDA GROWTH IN 9 OF 11 MARKETS

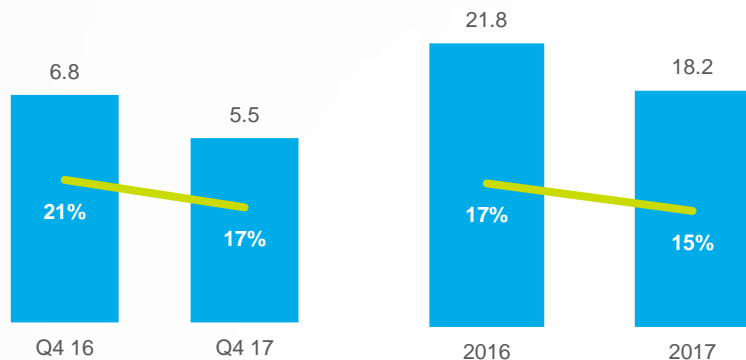


■ Organic EBITDA growth (FY 2017 vs FY 2016)

■ EBITDA margin (FY 2017)

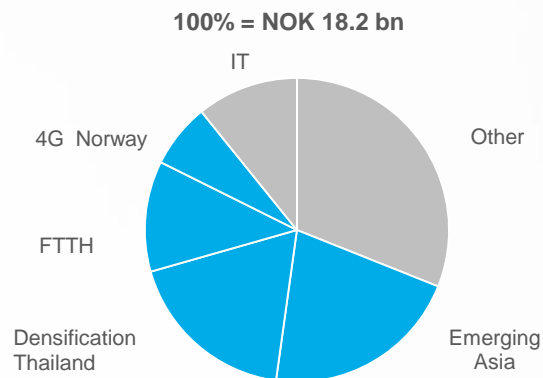
CAPEX PRIORITISED TOWARDS REVENUE GROWTH AND MAINTAINING MARKET POSITIONS

Capex (NOK m) and capex/sales (%)



- Lower capital intensity following extensive mobile network rollout in 2016

Investing to secure growth and market positions

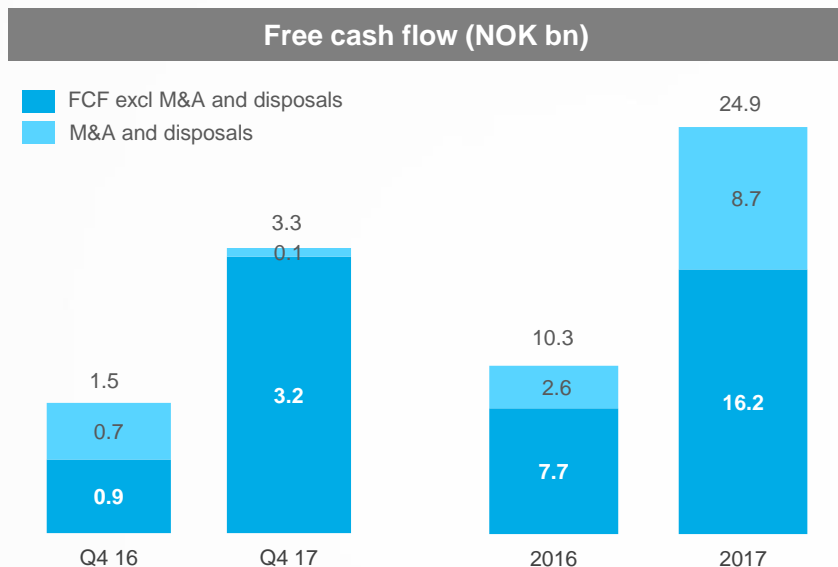


- 4G coverage in Norway reached 99% pop coverage, with 8,000 sites
- Network densification in Thailand, with 10k new licensed base stations in 2017

NET INCOME OF NOK 12 BILLION IN 2017

NOK m	Q4 2017	Q4 2016	2017	2016
Revenues	32 093	31 727	124 756	125 395
EBITDA before other items	11 835	10 649	48 992	45 966
Other items	-394	-374	-101	-918
EBITDA	11 441	10 275	48 891	45 049
Depreciation & amortization	-5 589	-5 030	-21 257	-19 583
Impairments	-468	-1 032	-895	-1 159
Operating profit	5 384	4 214	26 739	24 307
Associated companies	-20	1 439	-4 617	-1 796
Net financials	-1 264	-1 690	-164	-3 209
Taxes	-1 030	-910	-6 854	-5 924
Profit (loss) from discontinued operations	-164	-140	-207	-7 572
Minorities	681	625	2 915	2 974
Net income - Telenor equity holders	2 226	2 286	11 983	2 832
Earnings per share (NOK)	1.49	1.52	7.99	1.89

FREE CASH FLOW OF NOK 25 BILLION IN 2017



- 110% growth in free cash flow pre M&A & disposals in 2017

NOK bn	Q4 2017	2017	2016
EBITDA	11.8	49.0	46.0
Taxes	-2.4	-6.1	-5.8
Net interest paid	-0.6	-2.2	-1.7
Capex	-4.0	-17.2	-20.4
Spectrum	-0.6	-2.1	-4.9
M&A & disposals	0.1	8.7	2.6
Dividends to minorities	-0.4	-2.6	-3.1
Working cap.& other	-0.5	-2.6	-2.4
Free cash flow	3.3	24.9	10.3

PRIORITIES FOR CAPITAL ALLOCATION

Solid balance sheet

Net debt / EBITDA

<2.0x

Attractive shareholder remuneration

Ordinary **dividend**: Year-on-year

Growth

Buybacks and/or special dividends
to be considered
on a case-by-case basis

Value-accretive investments

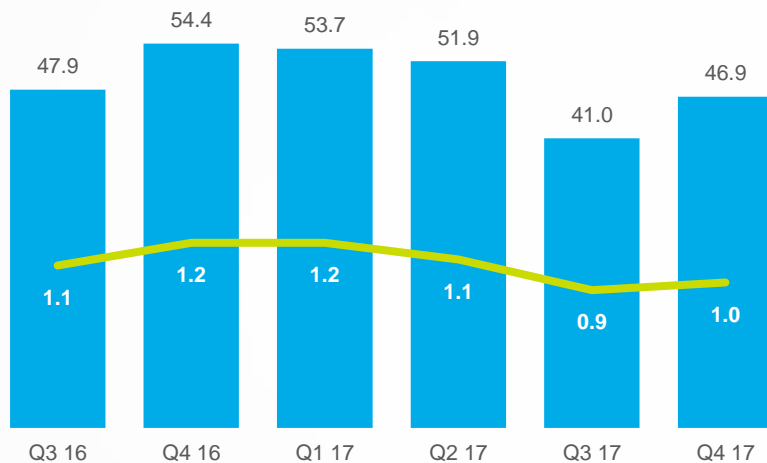
Network investments prioritized
towards **growth** and
maintaining **market positions**

Ensure efficient
spectrum portfolios

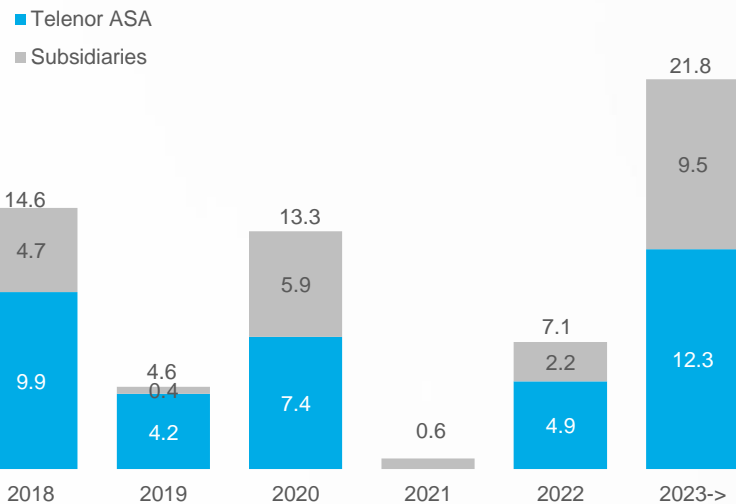
Selectively explore **inorganic
opportunities** within core business
and core geographies

MAINTAINING A SOLID BALANCE SHEET

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



Debt maturity profile**



*) 12 months rolling EBITDA. Net debt excl. licence commitments of NOK 2.3 bn

**) Excl USD 1 bn exchangeable bond due in Sep 2019, with VEON shares as underlying security

PROPOSING A DIVIDEND OF NOK 8.10 FOR 2017

4% YEAR-ON-YEAR GROWTH IN ORDINARY DIVIDEND

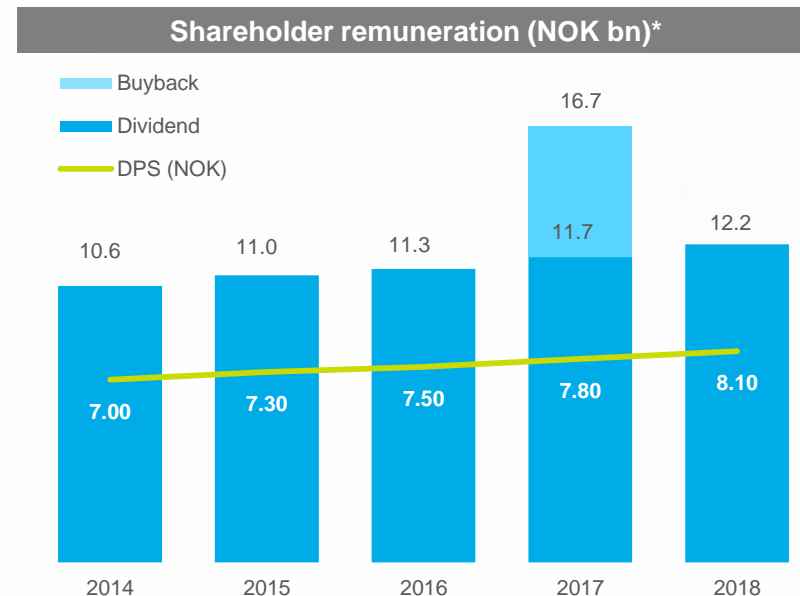
- Total dividend of NOK 8.10 per share for FY 2017 (+4%)
- First tranche of NOK 4.20 paid out in May
- Second tranche of NOK 3.90 to be paid out in November

PLAN TO ASK FOR NEW BUYBACK MANDATE

- Plan to ask the AGM for a new buyback mandate to secure flexibility for additional shareholder remuneration

EXECUTING ON 2017 BUYBACK PROGRAMME

- Total buyback of up to 2% of shares, incl. proportional buyback from the Norwegian state
- Market purchases expected to run until end of February 2018

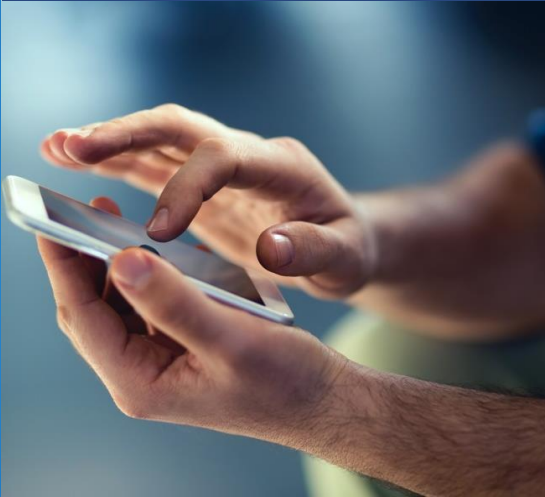


TELENOR GROUP –STRATEGY UPDATE

Sigve Brekke, CEO

NAVIGATING IN A CHANGING INDUSTRY LANDSCAPE

Internet access
is our foundation



Personalization drives customer
engagement and value creation



Efficient operations enable
growth and competitiveness



CONTINUING TO EXECUTE ON OUR 2020 STRATEGY



GROWTH



EFFICIENCY



SIMPLIFICATION

WINNING TEAM

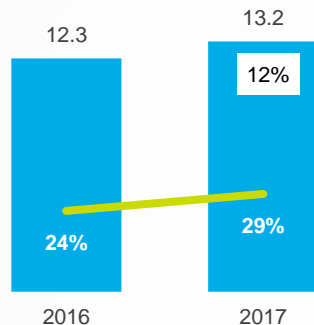
RESPONSIBLE BUSINESS

REVENUE GROWTH AND REVENUE RENEWAL TO CONTINUE

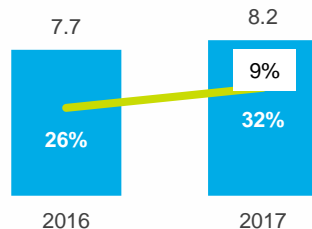
Growth :

Primarily driven by Emerging Asia

Bangladesh



Pakistan

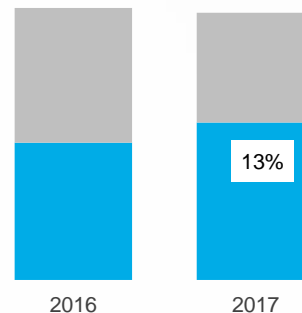


■ Revenues (NOK bn) — Smartphone penetration

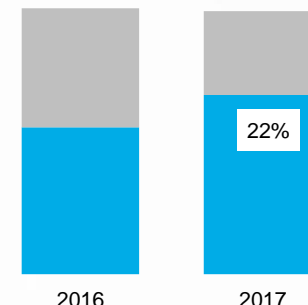
Renewal:

Offsetting decline in legacy revenues

Norway



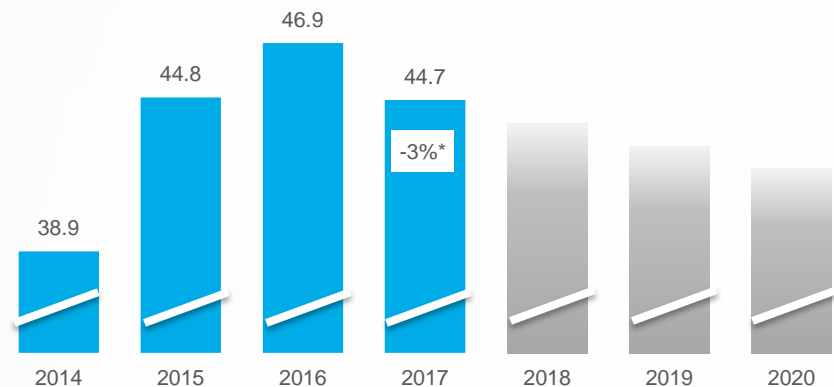
Thailand



■ Fixed voice & ADSL ■ High-speed Internet ■ Data ■ Voice and other

AHEAD OF PLAN IN FIRST YEAR OF COST PROGRAMME, SECURING GOOD MOMENTUM INTO 2018

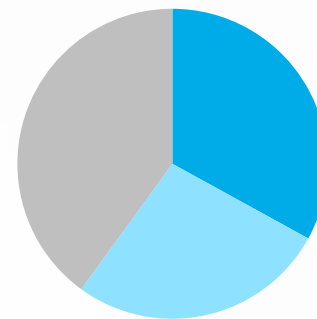
Increasing opex trend broken



- Targeting 1-3% net opex reductions per year for 2018-2020

NOK 1.6 bn* opex reduction in 2017

■ Structural ■ Regulatory ■ Non-structural



- Significant part of opex reductions in 2017 from structural initiatives

SIMPLIFICATION: CREATING A LEANER TELENOR

Portfolio



Online Classifieds

- Exit India and VEON
- Re-focused online classifieds

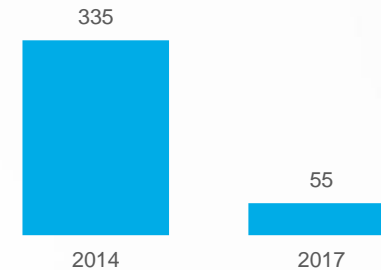
Organization



- Established cluster organization
- Project-based way of work
- Rightsizing of workforce

Products, marketing & platforms

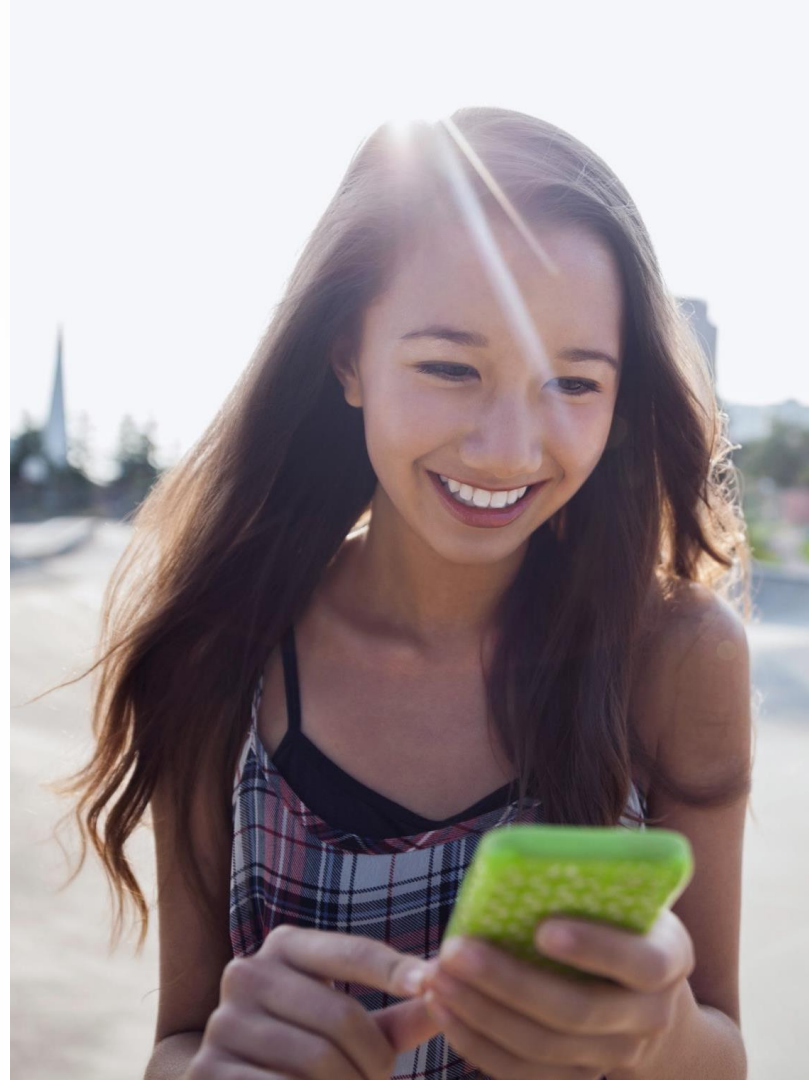
Number of price plans in Sweden



- Simplify product structure
- Prioritization of market activities
- Decommission legacy IT platforms

STRATEGIC PRIORITIES IN 2018

- Drive digital transformation to ensure future growth and customer experience
- Continue delivering on cost agenda, building on 2017 momentum
- Secure spectrum and infrastructure solution in Thailand
- Maintain market positions in Norway



Digital transformation

ESTABLISHED PLATFORM FOR EXECUTION ON DIGITAL TRANSFORMATION

- Global co-ordinated transformation agenda focused on six work streams
- Global learning and experiences
- Performance management and KPIs aligned with strategy and financial ambitions

Six work streams

Digital Sales & Marketing

Digital Care

Digital Products

Business Model Simplification

Core IT Platforms

Scalable Networks

DRIVING DIGITAL CUSTOMER ENGAGEMENT



Family Bonus

Data bonus scheme in Norway across fixed and mobile, managed through MyTelenor app



WowBox

Entertainment app with 15 million users in Emerging Asia



Digital sub-brands

Fully digital mobile services in Thailand and Sweden

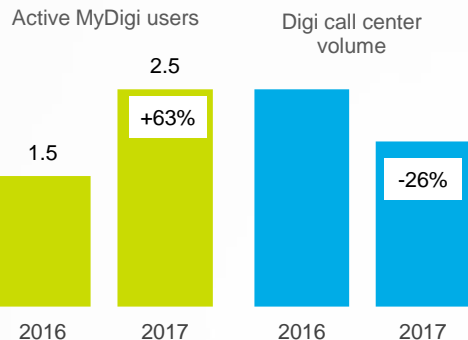


OnePlace

New Android based TV platform in Canal Digital DTH

A DIGITAL CENTRIC GO-TO-MARKET MODEL

Transition to digital channels



- MyTelenor app in all markets, with >11m million users in total
- Call center volume decline in all markets

Personalize through analytics



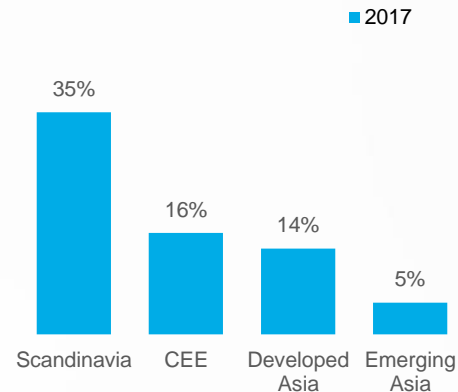
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- Contextual marketing engine live in 6 markets

Increase digital share of sales

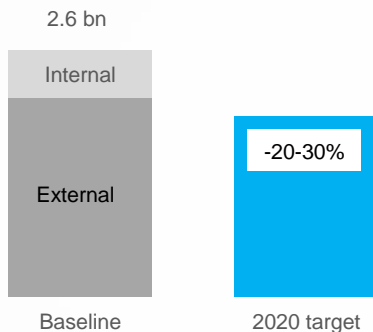


- Reduce commissions and increase effectiveness through digital sales

NETWORK AND IT TRANSFORMATION GAINING TRACTION

Common Delivery Center in Asia

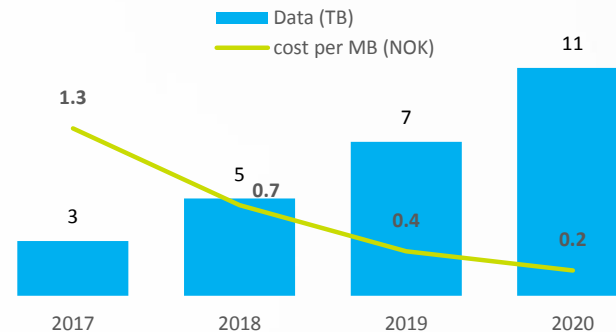
- Common network & IT delivery center for Asian business units, driving standardization and consolidation
- Improve capabilities towards automation and customer-centric operations



Targeting savings of 20-30% (baseline of NOK 2.6 bn)

Telenor Cloud

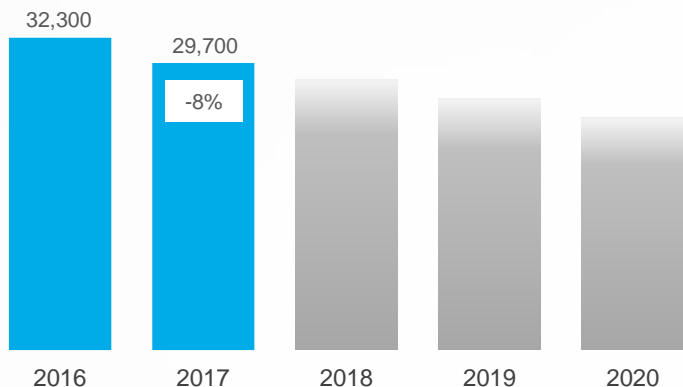
- Transformation of core functions towards virtualization and hybrid cloud platform
- 75% of IT virtualized in 2018, and 90% of functions in Telenor Cloud in 2020



-40% efficiency improvement in Asia (base line NOK 4.2 bn)

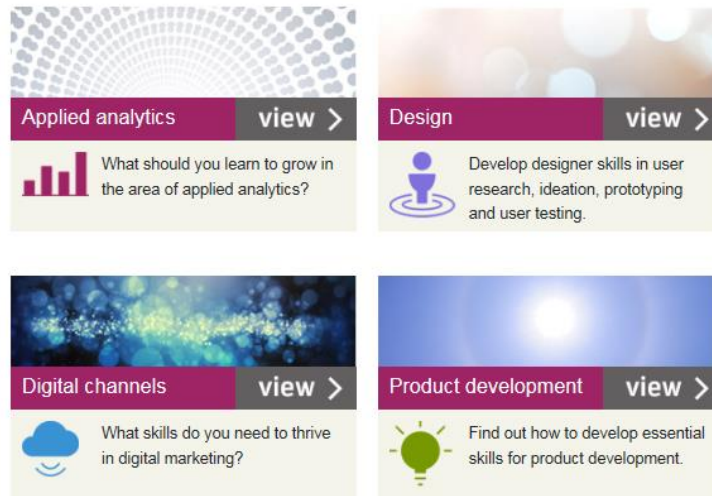
DIGITAL TRANSFORMATION – IMPACT ON WORKFORCE





Workforce reductions to continue



- Automation and digital interactions
- Simplification and removal of duplicating functions
- Reduction of ~2,000 employees per year

Up-skilling and new capabilities



Applied analytics view >  What should you learn to grow in the area of applied analytics?	Design view >  Develop designer skills in user research, ideation, prototyping and user testing.
Digital channels view >  What skills do you need to thrive in digital marketing?	Product development view >  Find out how to develop essential skills for product development.

- **40 Hour Challenge** learning opportunity introduced for all employees

1-3%

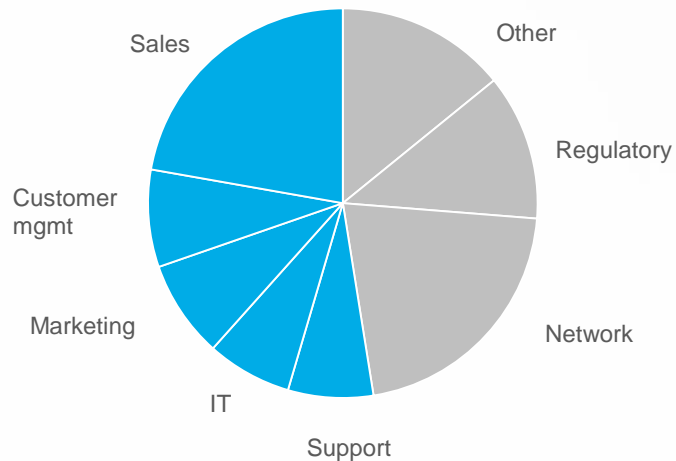
net opex reduction per year

SIGNIFICANT PART OF THE OPEX BASE WITH POTENTIAL FOR DIGITALISATION

Digitalisation initiatives

- Shift from physical to digital sales channels (e.g MyTelenor)
- Self-service (MyTelenor) and chatbots for customer care
- Advanced analytics to improve marcom efficiency
- Cloud-based and standardised IT solutions
- Digitalisation of work processes, and robotisation of recurring tasks

Opex base NOK ~45 bn (2017)



Other initiatives

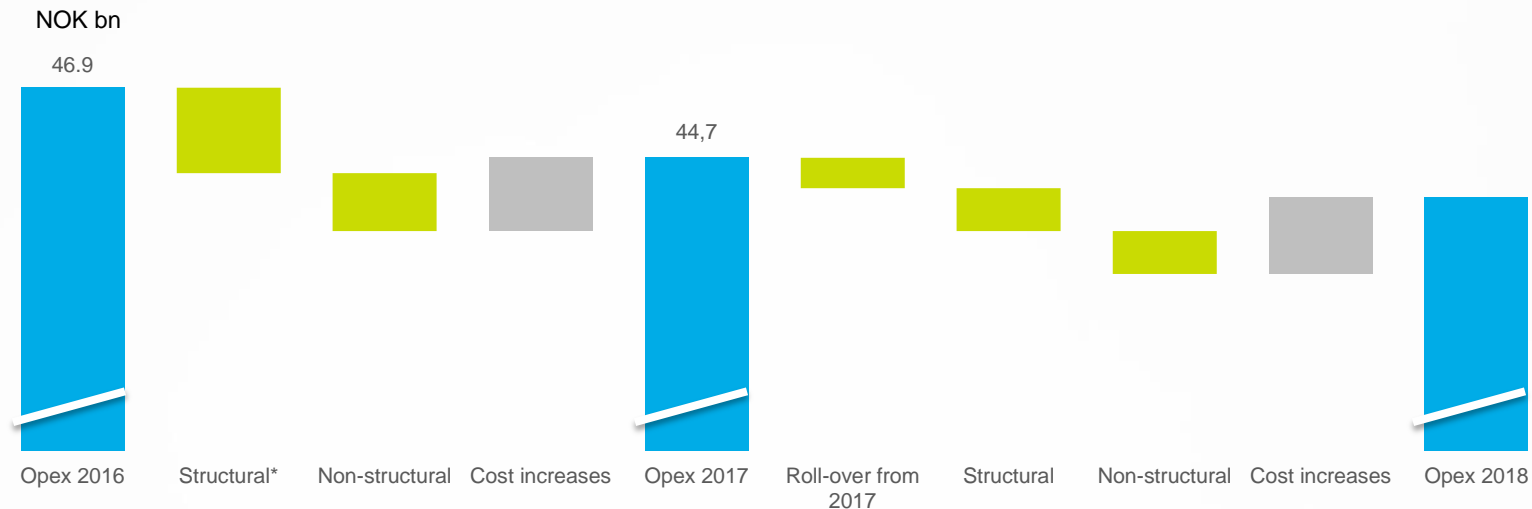
Structural

- Move from concession to license in Thailand
- Common delivery centre for network & IT in Asia
- Fixed value chain transformation in Norway
- Simplification of product portfolios

Non-structural

- Cost-control and prioritization

OPEX REDUCTIONS IN 2018 THROUGH A COMBINATION OF STRUCTURAL AND NON-STRUCTURAL MEASURES



- Roll-over effects from initiatives implemented in 2017
- New structural initiatives including digitalisation of customer journeys, IT and network transformation, and business model simplification

- Non-structural savings from continued tight cost control, prioritization and right-sizing
- Cost increases from network expansion, growth related cost in Emerging Asia, and salary inflation

* Structural incl regulatory cost

CONTINUING TO EXECUTE ON OUR 2020 STRATEGY



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WINNING TEAM

RESPONSIBLE BUSINESS

Financial outlook

OUTLOOK FOR 2018 AND MID-TERM AMBITIONS

	2018	2017
Organic growth in subscription & traffic revenues	1-2%	2%
Organic EBITDA growth	1-3%	9%
Capex (NOK bn)	18-19	18.2

Included in Outlook:

- Norway: Loss of mobile wholesale revenues of NOK ~400 m
- Thailand: TOT 2,300 MHz payment of NOK ~1.0 bn

AMBITIONS FOR 2018-2020 MAINTAINED

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

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2017

TELENOR GROUP – FOURTH QUARTER
APPENDIX



TELENOR GROUP

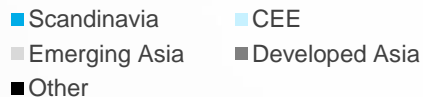
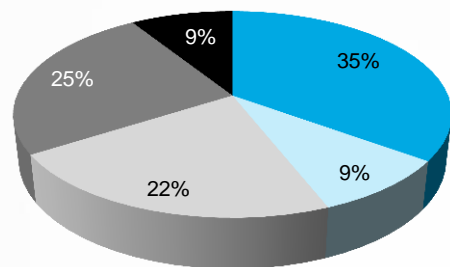
178 million mobile subscribers

Revenues in 2017: NOK 125 bn (USD 15 bn)

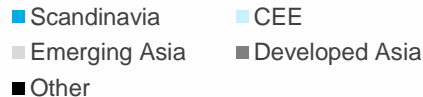
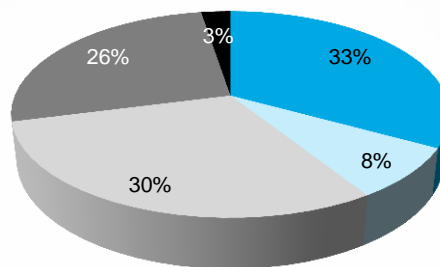
Market cap: NOK 280 bn (USD 34 bn)

GEOGRAPHIC SPLIT OF KEY FINANCIALS IN 2017

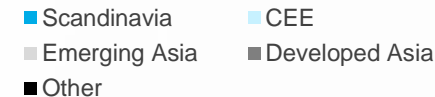
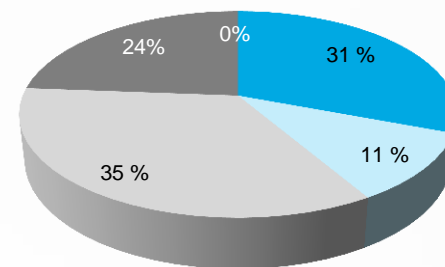
REVENUES



EBITDA

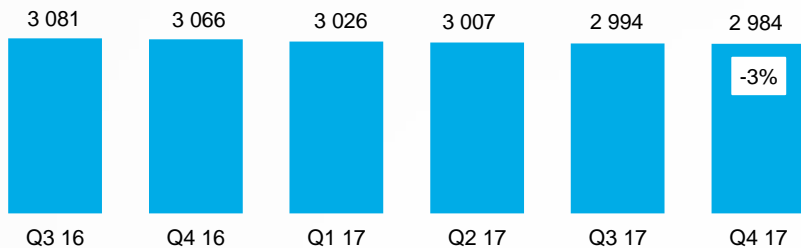


EBITDA LESS CAPEX

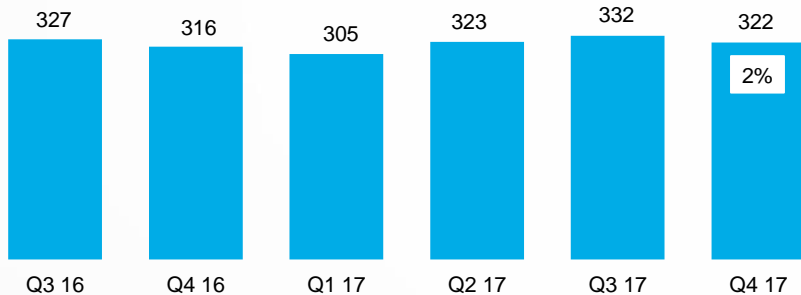


NORWAY

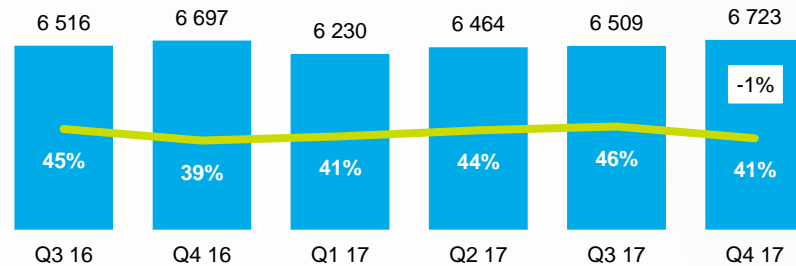
Mobile subscribers ('000)



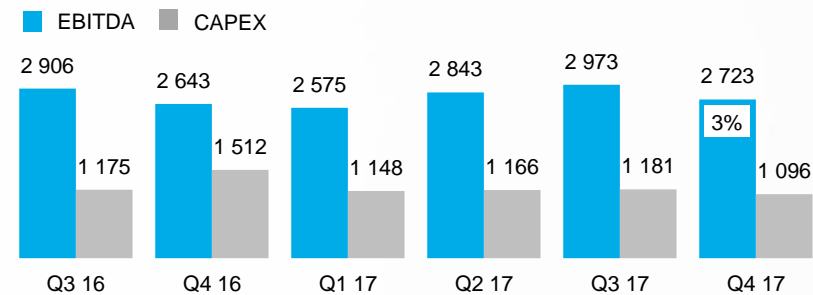
Mobile ARPU (NOK/month)



Revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

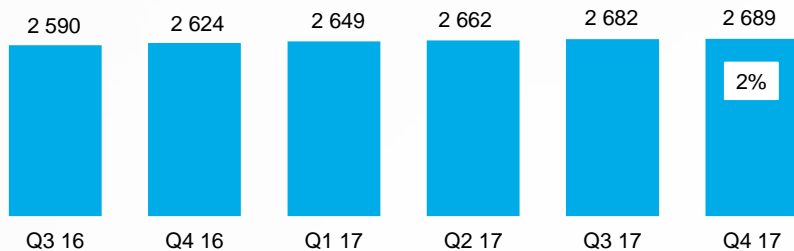


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

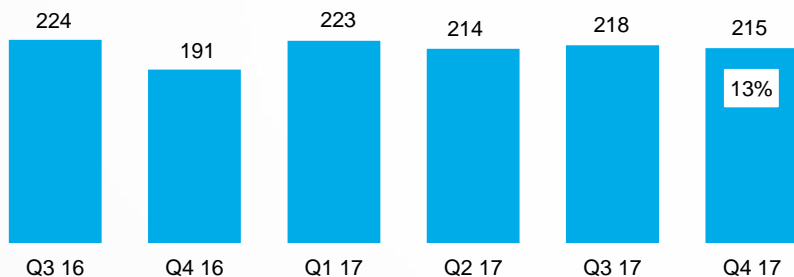
 Organic growth

SWEDEN

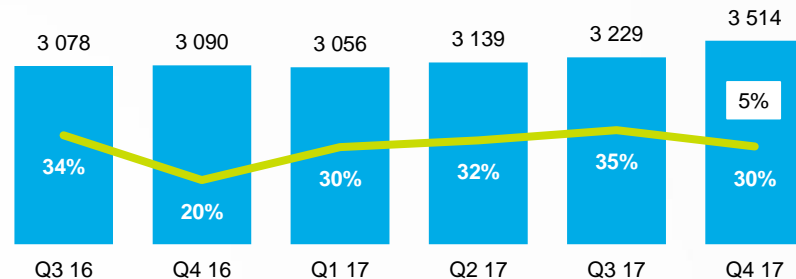
Mobile subscribers ('000)



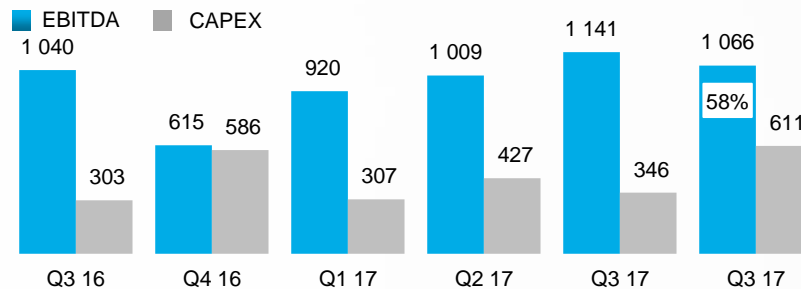
Mobile ARPU (SEK/month)



Revenues (NOK m) and EBITDA margin



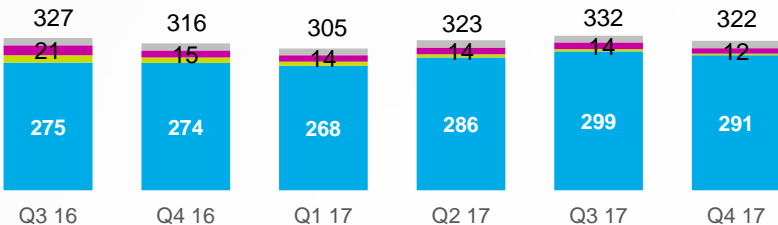
EBITDA and capex (NOK m)



ADDITIONAL INFORMATION – NORWAY AND SWEDEN

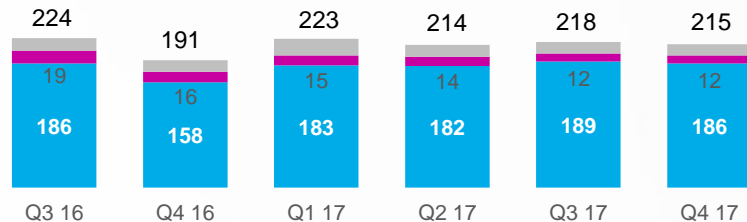
Norway – mobile ARPU (NOK)

■ Interconnect ■ Roaming ■ Handset related ■ Domestic



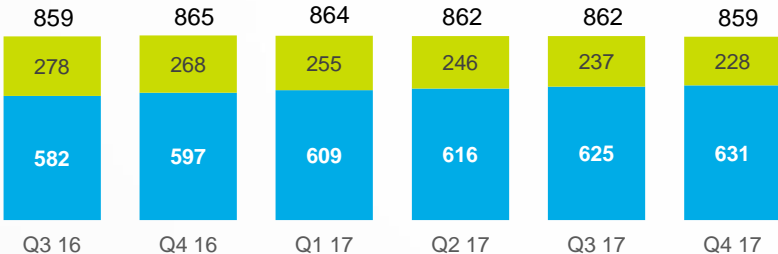
Sweden – mobile ARPU (SEK)

■ Domestic ■ Roaming ■ Interconnect



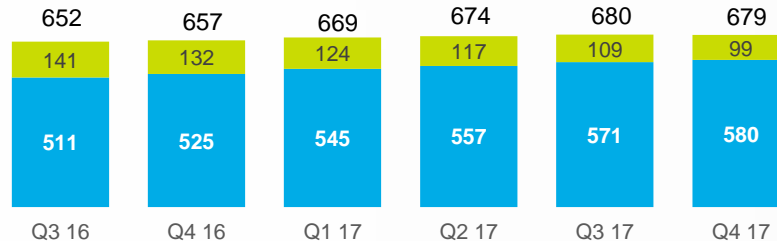
Norway – fixed broadband subscribers ('000)

■ High-speed ■ Low-speed



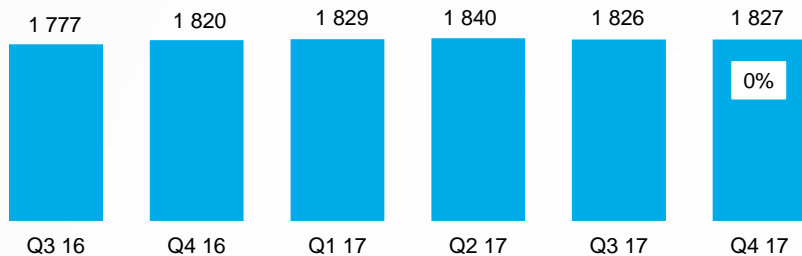
Sweden – fixed broadband subscribers ('000)

■ High-speed ■ Low-speed

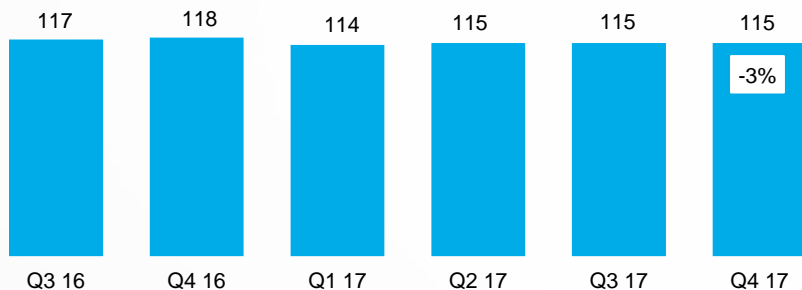


DENMARK

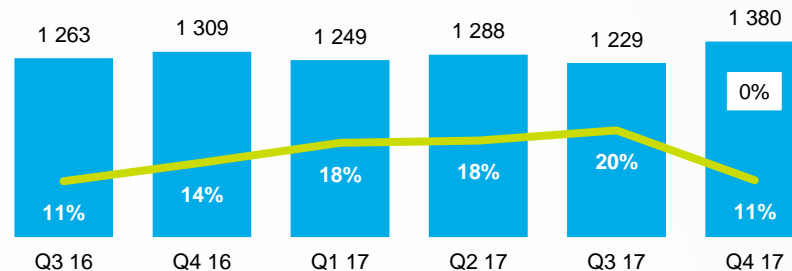
Mobile subscribers ('000)



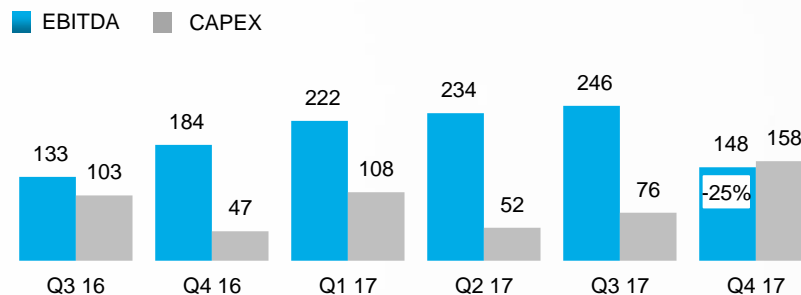
Mobile ARPU (DKK/month)



Revenues (NOK m) and EBITDA margin

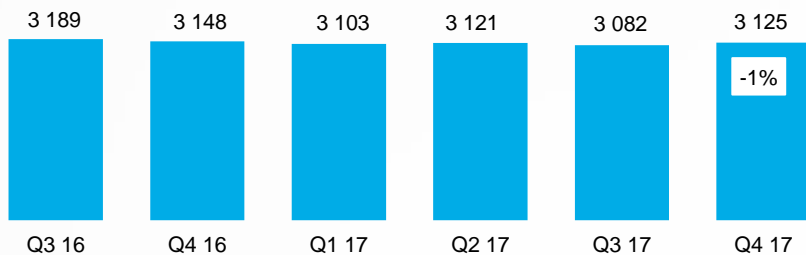


EBITDA and capex (NOK m)

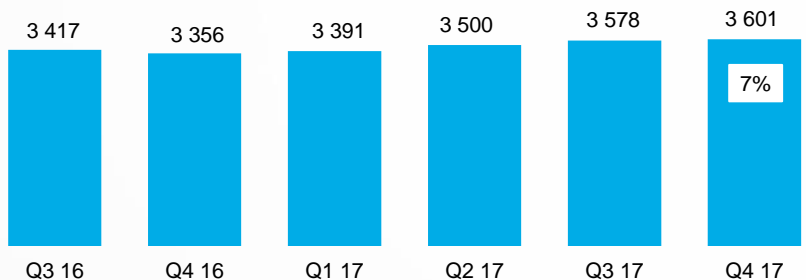


HUNGARY

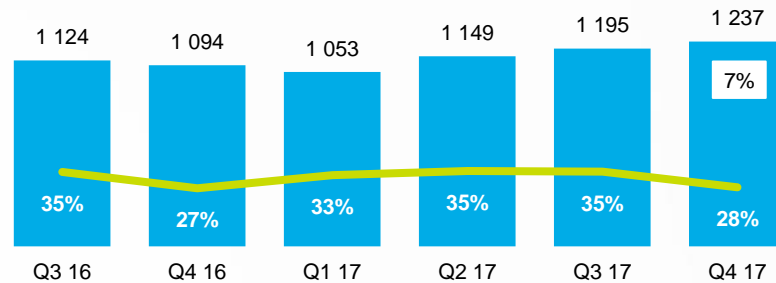
Mobile subscribers ('000)



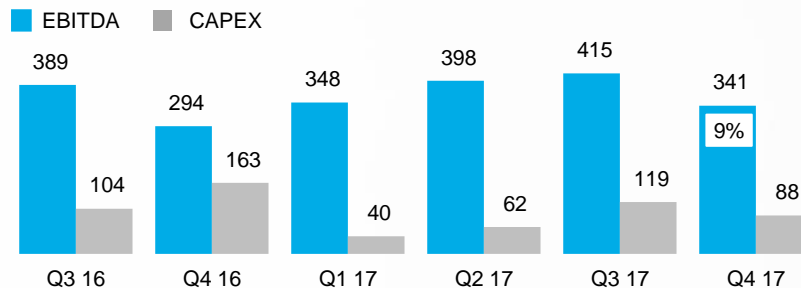
Mobile ARPU (HUF/month)



Revenues (NOK m) and EBITDA margin

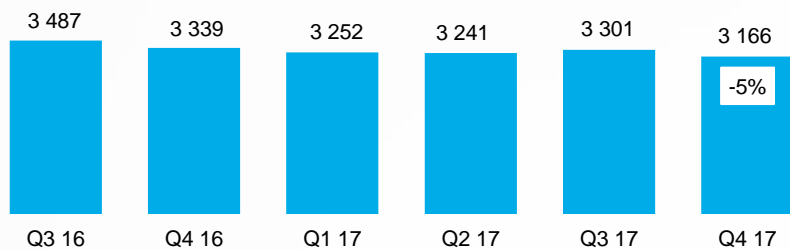


EBITDA and capex (NOK m)

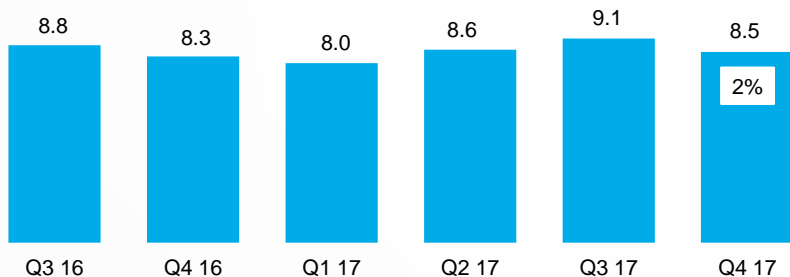


SERBIA AND MONTENEGRO

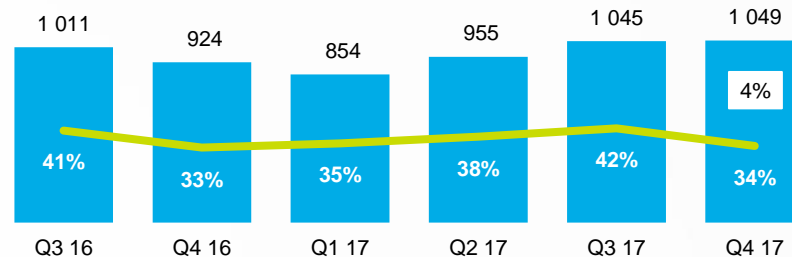
Mobile subscribers ('000)



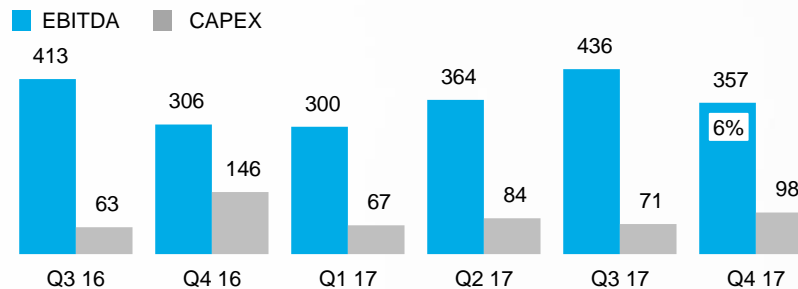
Mobile ARPU (EUR/month)



Revenues (NOK m) and EBITDA margin

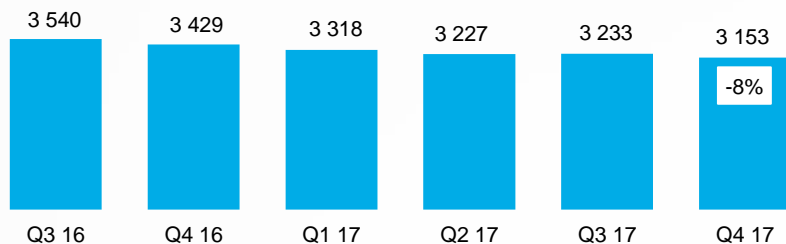


EBITDA and capex (NOK m)

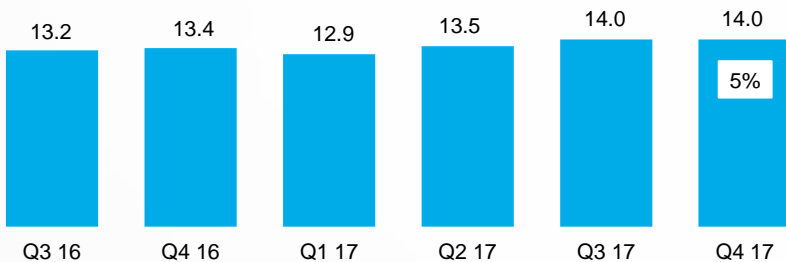


BULGARIA

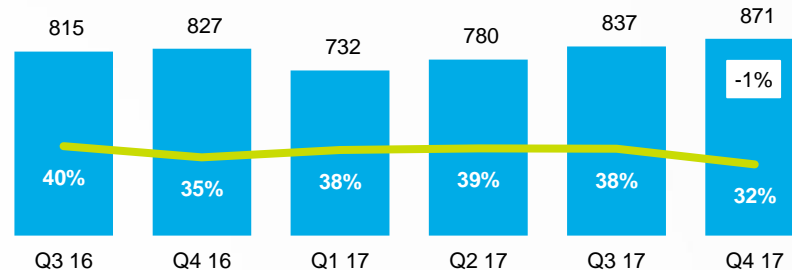
Mobile subscribers ('000)



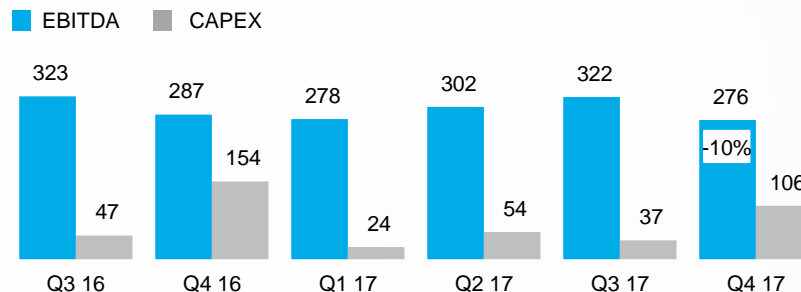
Mobile ARPU (BGN/month)



Revenues (NOK m) and EBITDA margin

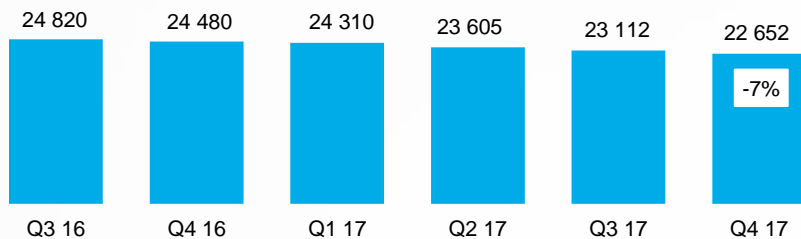


EBITDA and capex (NOK m)

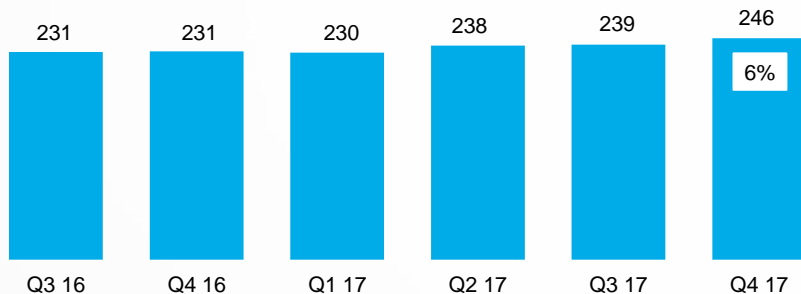


THAILAND (DTAC)

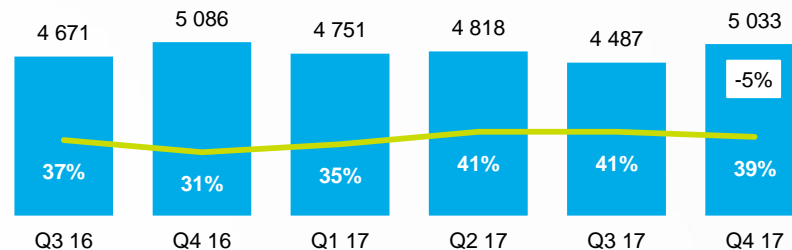
Mobile subscribers ('000)



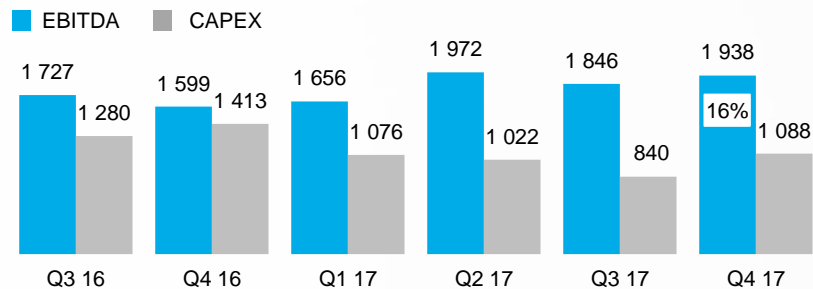
Mobile ARPU (THB/month)



Revenues (NOK m) and EBITDA margin

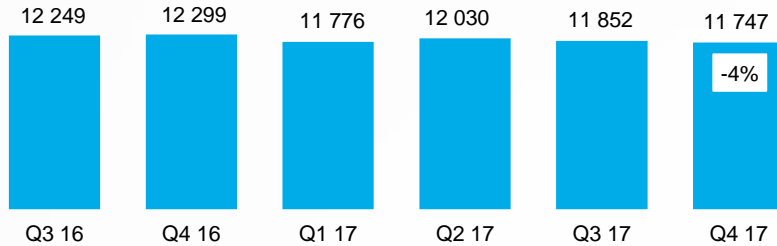


EBITDA and capex (NOK m)

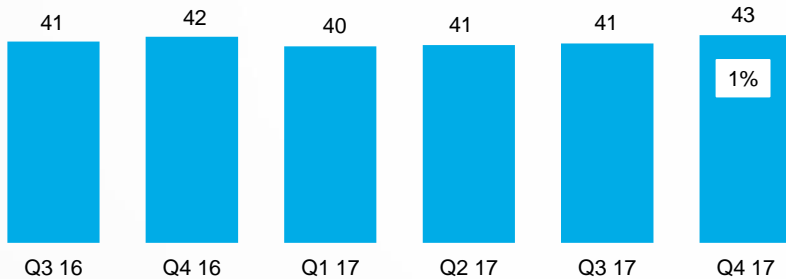


MALAYSIA (DIGI)

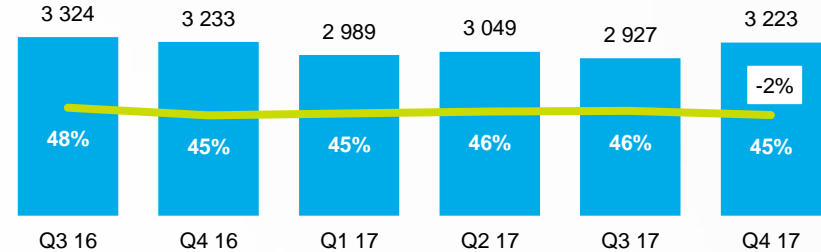
Mobile subscribers ('000)



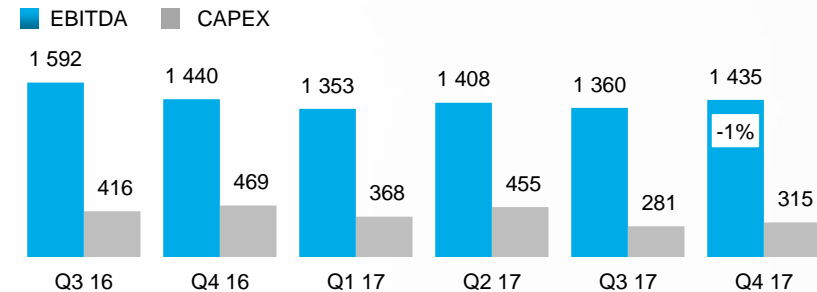
Mobile ARPU (MYR/month)



Revenues (NOK m) and EBITDA margin

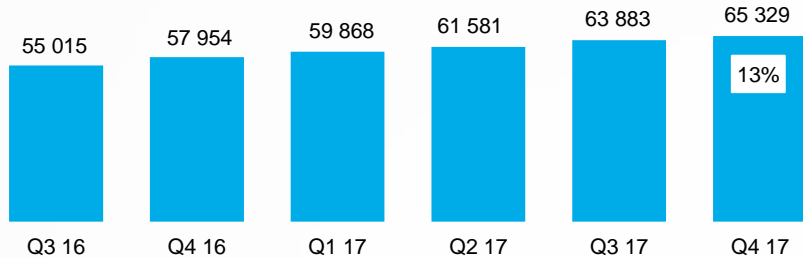


EBITDA and capex (NOK m)

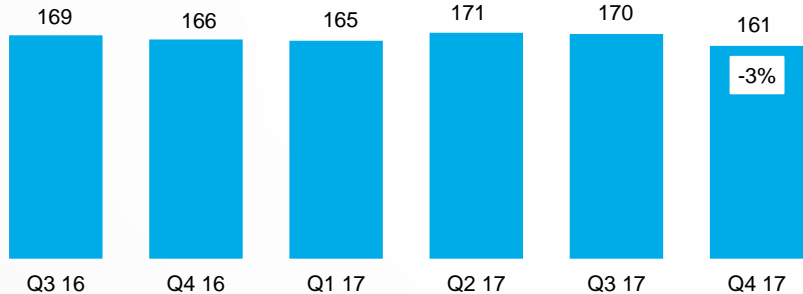


BANGLADESH (GRAMEENPHONE)

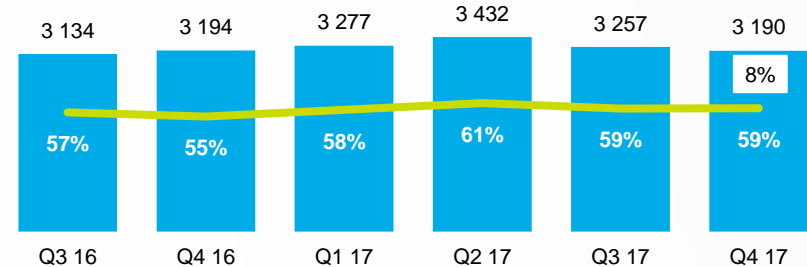
Mobile subscribers ('000)



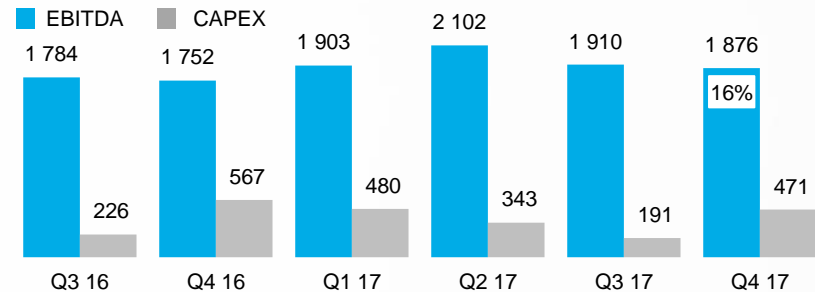
Mobile ARPU (BDT/month)



Revenues (NOK m) and EBITDA margin

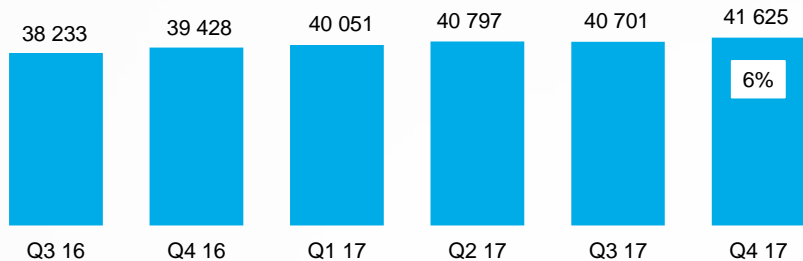


EBITDA and capex (NOK m)

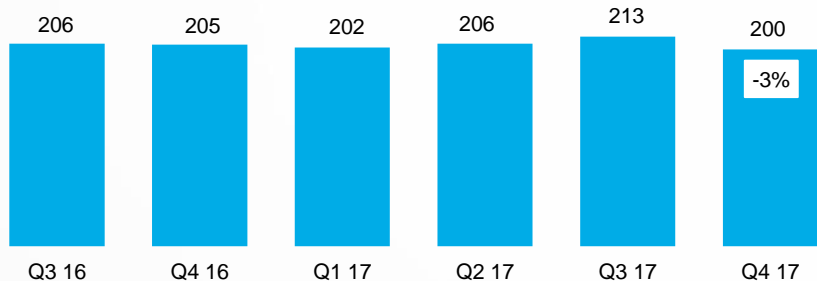


PAKISTAN

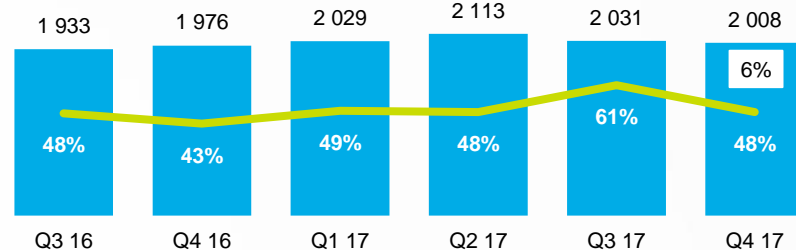
Mobile subscribers ('000)



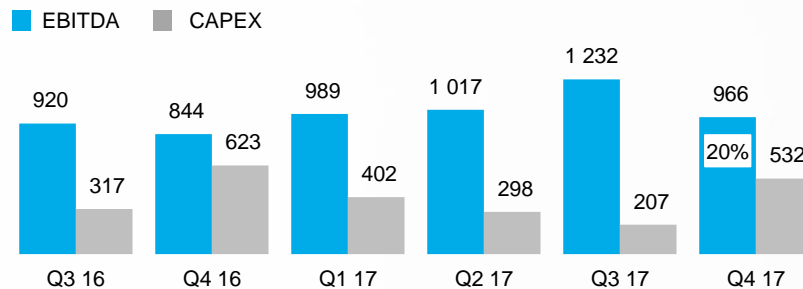
Mobile ARPU (PKR/month)



Revenues (NOK m) and EBITDA margin

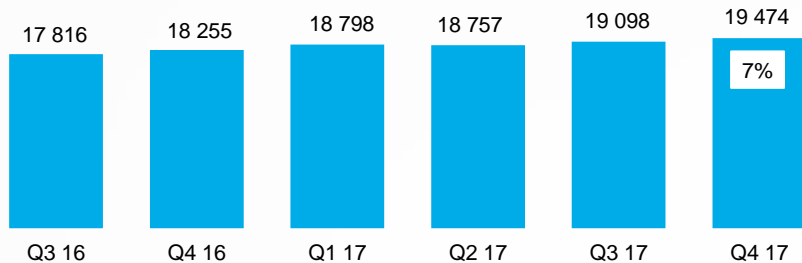


EBITDA and capex (NOK m)

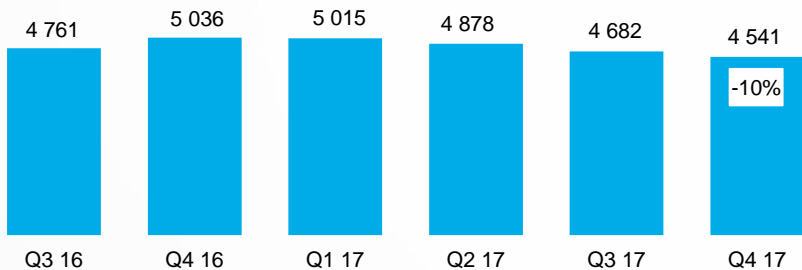


MYANMAR

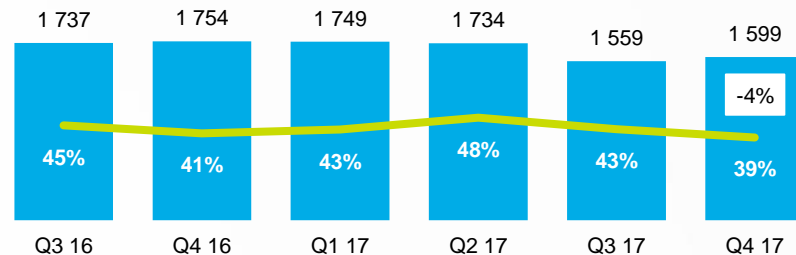
Mobile subscribers ('000)



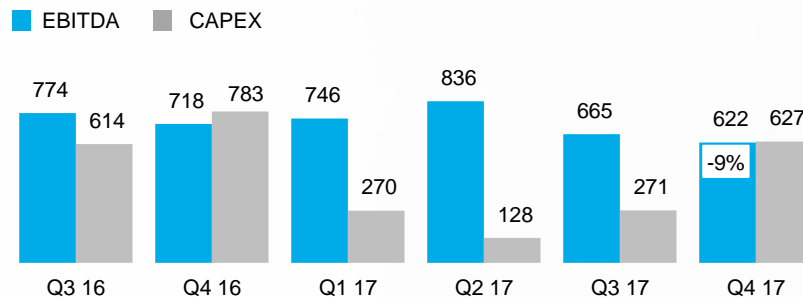
Mobile ARPU (MMK/month)



Revenues (NOK m) and EBITDA margin

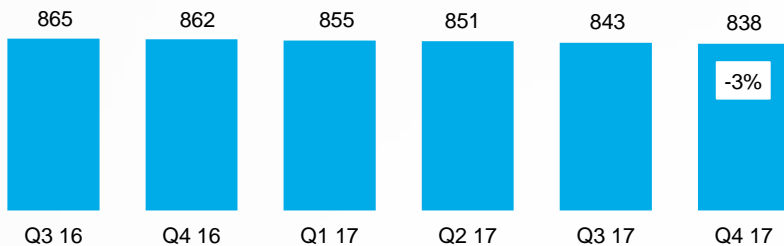


EBITDA and capex (NOK m)

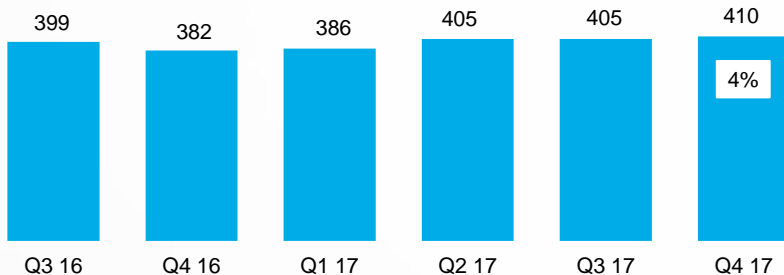


BROADCAST

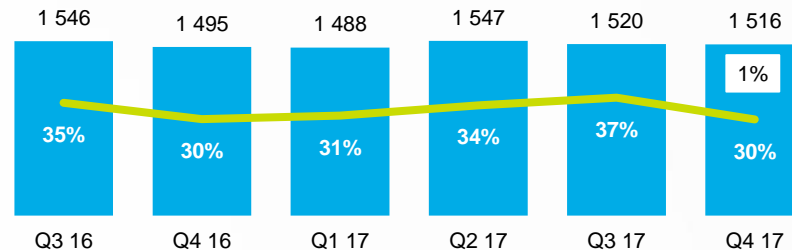
DTH subscribers ('000)



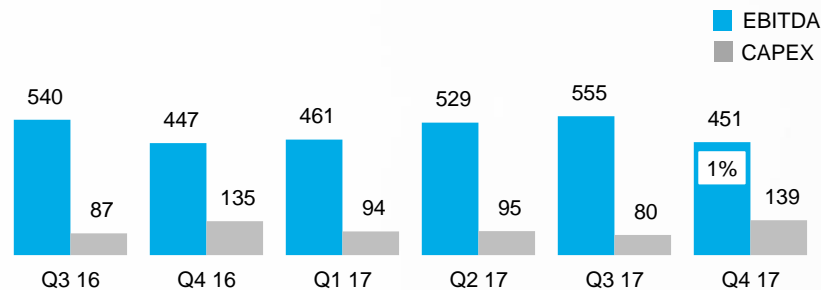
DTH ARPU (NOK/month)



Revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



CHANGES IN REVENUES AND EBITDA

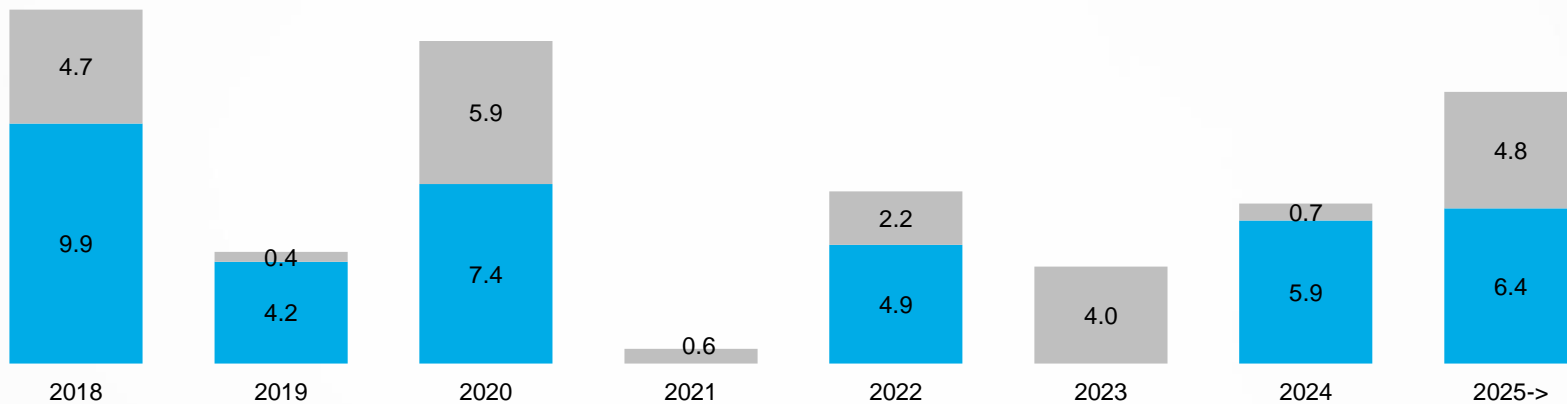
	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	0.4 %	-1.5 %	3.0 %	3.1 %
Sweden	13.7 %	5.1 %	73.4 %	58.2 %
Denmark	5.5 %	-0.5 %	-19.6 %	-25.4 %
Hungary	13.0 %	7.2 %	16.1 %	9.1 %
Montenegro and Serbia	13.5 %	3.5 %	16.7 %	5.9 %
Bulgaria	5.2 %	-0.7 %	-3.8 %	-10.0 %
Thailand	-1.1 %	-5.3 %	21.2 %	15.9 %
Malaysia	-0.3 %	-1.5 %	-0.3 %	-1.6 %
Bangladesh	-0.1 %	7.9 %	7.1 %	15.7 %
Pakistan	1.6 %	6.0 %	14.4 %	19.6 %
Myanmar	-8.8 %	-3.6 %	-13.3 %	-8.6 %
Broadcast	1.4 %	1.4 %	1.1 %	1.1 %
Telenor Group	1.2 %	-0.5 %	11.1 %	11.0 %

DEBT MATURITY PROFILE (NOK BN)

Net debt in partly-owned subsidiaries:

NOK bn	Q4 2017	Q3 2017	Q4 2016
Digi	4.3	3.9	3,7
dtac	5.9	5.8	7.4
Grameenphone	0.7	1.7	2.6

■ Subsidiaries
■ Telenor ASA



Per 31 Dec 2017. Net debt in partly-owned subsidiaries shown on 100% basis.

Excl USD 1 bn exchangeable bond due in Sep 2019, with VEON shares as underlying security

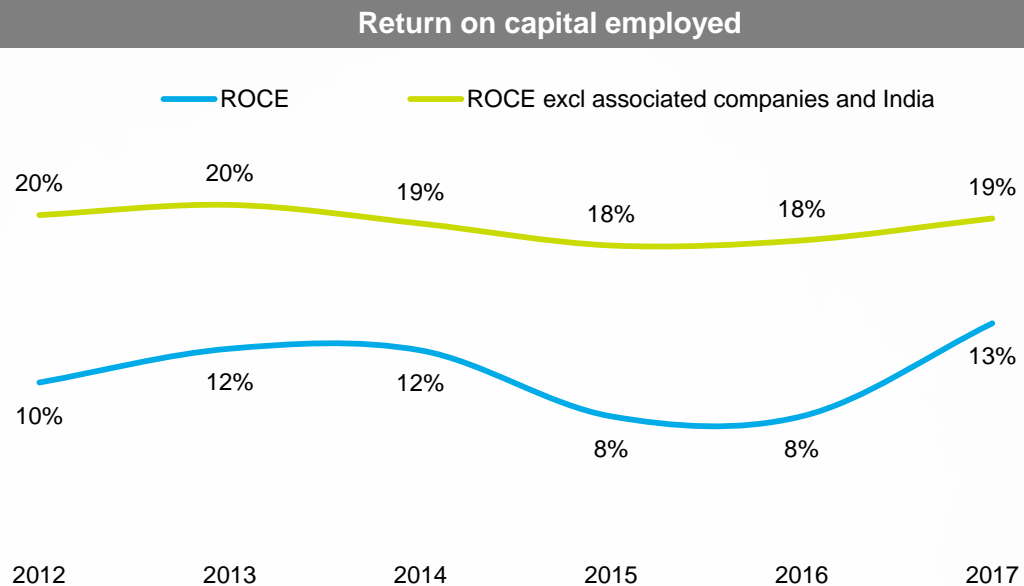
BALANCE SHEET AND KEY RATIOS

	Q4 2017	Q3 2017	Q4 2016
Total assets	201.8	202.5	206.3
Equity attributable to Telenor ASA shareholders	57.5	55.6	50.9
Gross debt*	74.3	75.5	86.4
Net debt	46.9	41.0	54.4
Net debt/EBITDA	1.0	0.9	1.2
Return on capital employed**	13%	14%	8%

*) Gross debt = current interest bearing liabilities + non-current interest bearing liabilities

***) Calculated based on an after tax basis of the last twelve months return on average capital employed

RETURN ON CAPITAL EMPLOYED



NET DEBT RECONCILIATION

NOK bn	Q4 2017	Q3 2017	Q4 2016
Current interest bearing liabilities	22.7	25.8	26.0
Non-current interest bearing liabilities	51.6	49.8	60.4
Licence obligations	(2.3)	(2.2)	(4.9)
Debt excluding licence obligations	72.0	73.3	81.5
Cash and cash equivalents	(22.5)	(29.8)	(23.1)
Investments in bonds and commercial papers	(0.8)	(0.8)	(1.7)
Fair value hedge instruments	(1.8)	(1.8)	(2.3)
Net interest bearing debt excl. licence obligations	46.9	41.0	54.4

FREE CASH FLOW

NOK millions	Q4 2017	Q3 2017	Q4 2016
Net cash flows from operating activities	9 195	12 086	9 190
Net cash flows from investing activities	-4 419	-360	-6 106
Repayments of borrowings - license obligations	-92	-440	-218
Repayments of borrowings – supply chain financing	-1 000	-899	-944
Dividends paid to and purchase of share from non-controlling interest	-357	-960	-413
Free cash flow	3 327	9 426	1 509