

2018

TELENOR GROUP – SECOND QUARTER

Sigve Brekke, CEO

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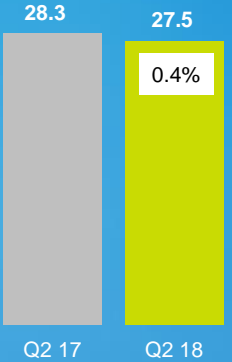
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The comments in the presentation are related to Telenor's development in the second quarter of 2018 compared to the second quarter of 2017 in local currency and accounting standards as of 31 December 2017, unless otherwise stated.

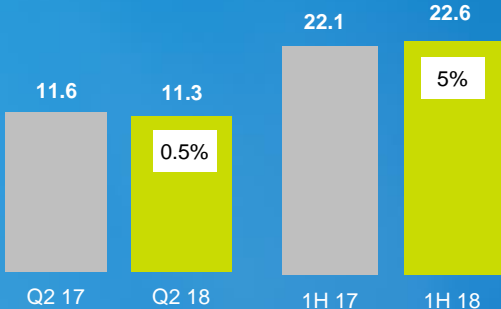
HIGHLIGHTS SECOND QUARTER 2018

- Good market performance: Adding two million new subscribers, stimulating data growth
- Continued execution on efficiency agenda, resulting in 5% opex reductions year to date
- Building a platform for the future in Thailand

REVENUES



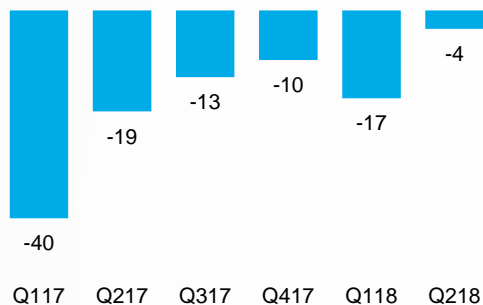
EBITDA



Financials in NOK bn. Organic growth rates. Revenue growth on subscription and traffic revenues.

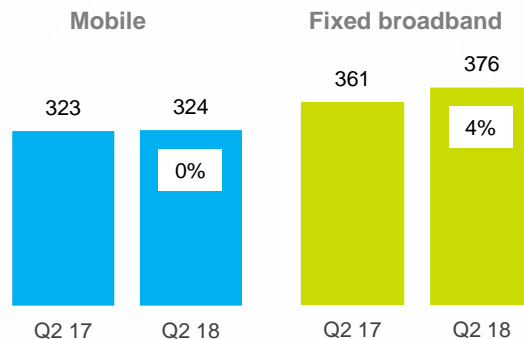
STRONG MOBILE MARKET PERFORMANCE IN NORWAY

Mobile subscriber net adds (k)



- Lowest subscriber decline in 12 quarters
- Postpaid subscriber growth of 7,000, with promising uptake on new Flexi products

ARPU (NOK/month)



- 3% growth in mobile ARPU excl. handset and roaming effects
- 4% growth fixed broadband ARPU and 6% growth in TV ARPU

EBITDA (NOK bn)

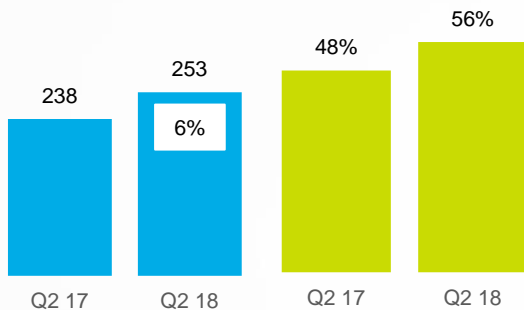


- NOK -150m impact from lower mobile wholesale and special numbers revenues
- Underlying opex reductions of 3% and FTE reductions of 430 year-on-year

BUILDING A PLATFORM FOR THE FUTURE IN THAILAND

Continued migration to postpaid

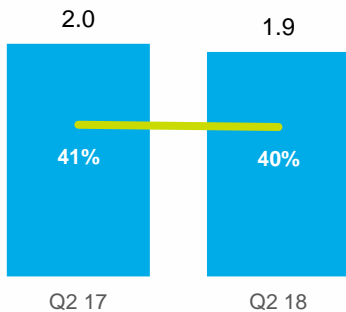
ARPU (THB) Postpaid % of subscription & traffic revenues



- 6% ARPU growth, driven by increased share of postpaid subscribers
- Postpaid customer base increased by 154,000 during the quarter

Solid EBITDA margin

EBITDA (NOK bn) and EBITDA margin



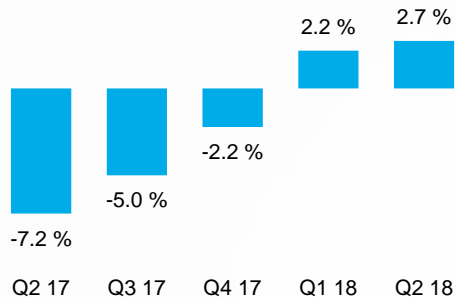
- 45% EBITDA margin excl. NOK 0.2 bn spectrum lease payment
- 7% opex reduction year on year

Preparing for end of concession

- Solid high-frequency spectrum position:
 - 2,300 MHz spectrum lease from TOT, aiming for 7,000 sites end of 2018
 - 2,100 MHz network densification continues
- Migrating 2G customers, with roaming agreement with AIS as back-up plan.
- Tower lease agreement with CAT nearly concluded.
- New spectrum auction for 900 and 1800 MHz scheduled for 18-19 August

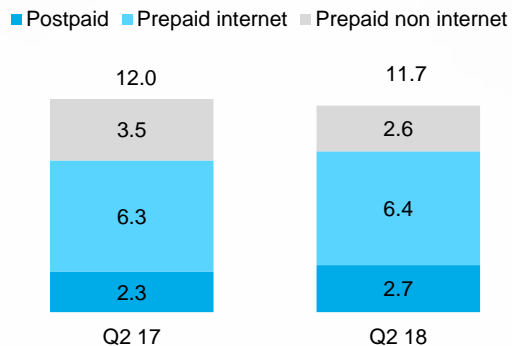
ANOTHER QUARTER WITH STRONG PERFORMANCE IN MALAYSIA

Subs and traffic revenue growth



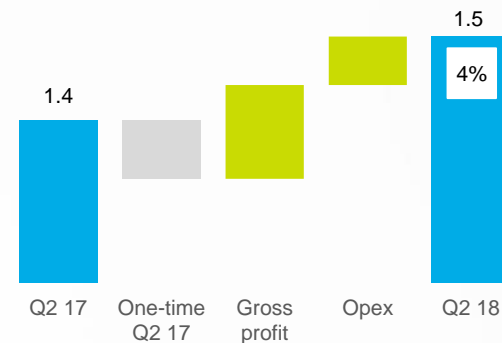
- Back to growth following successful repositioning
- 2% ARPU growth and market share improvement from Q2 last year

Postpaid subscription growth (m)



- Postpaid revenue growth of 15% and prepaid internet revenues increasing 21%
- Prepaid non-internet reduction following the trend from previous quarters

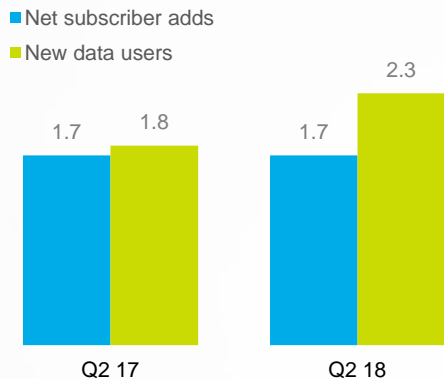
EBITDA (NOK m) growth



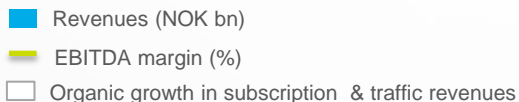
- EBITDA improvement driven by growth in core revenues and opex efficiency
- 10% EBITDA growth adjusted for one-time effects last year

SUBSCRIBER GROWTH AND 4G ROLL-OUT IN BANGLADESH

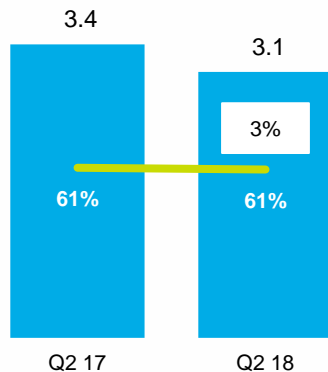
Subscriber growth (m)



- Higher net adds than total market growth
- Growth in active data users of 2.3 million
- Smartphone penetration increased by 4pp to 33% during the quarter



Revenues (NOKbn) & EBITDA margin



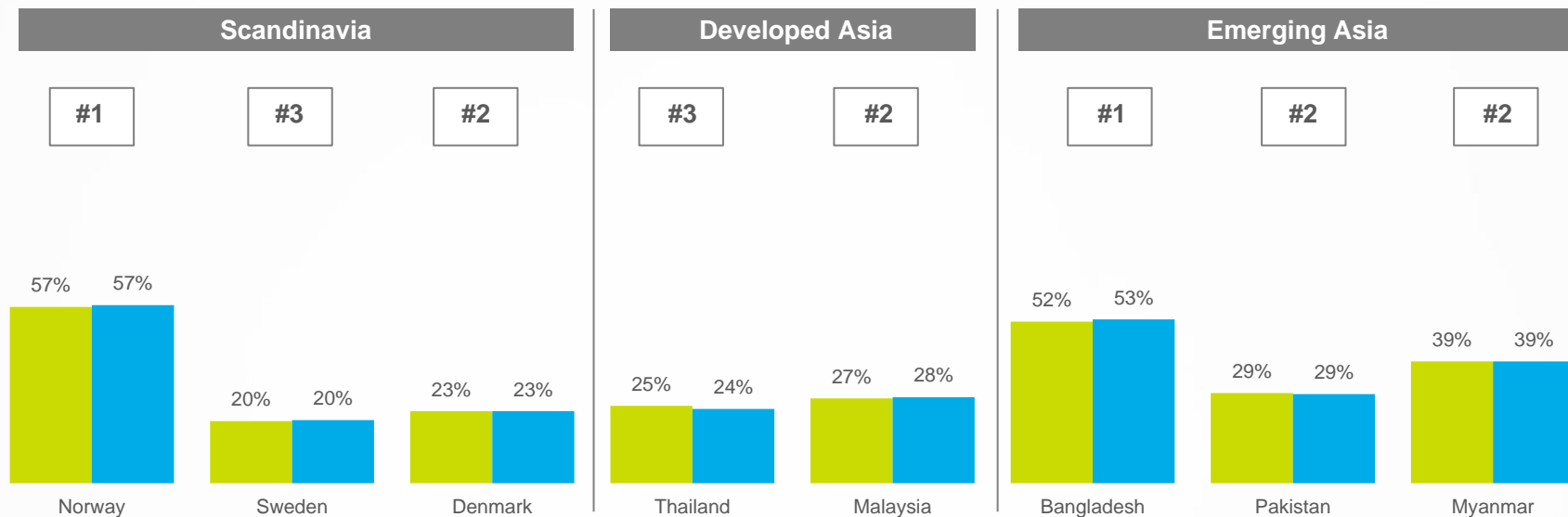
- 3% subscription and traffic revenue growth amidst competitive pressure, 4G promotions and power/network outages from cyclones
- Stable 61% EBITDA margin and 5% EBITDA growth adjusted for one-time reversal last year

Building 4G position



- Roll-out on track – more than 4,800 4G sites on air by August
- 4G subscription base reached 1.9 million – promising ARPU uplift on 4G subscribers
- Affordable 4G handset portfolio needed to drive data usage

MAINTAINING MARKET SHARES



□ Mobile market position

■ Mobile revenue market share*, Q2 17

■ Mobile revenue market share*, Q1 18

*Sim market share in Pakistan and Myanmar

CONTINUING TO EXECUTE ON OUR 2020 STRATEGY



GROWTH



EFFICIENCY



SIMPLIFICATION

WINNING TEAM

RESPONSIBLE BUSINESS

2018

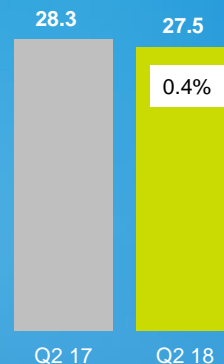
TELENOR GROUP – SECOND QUARTER

Jørgen C. Arentz Rostrup, CFO

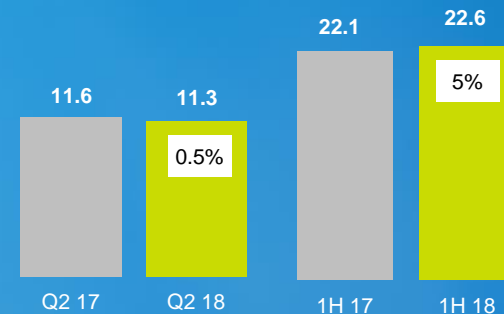
HIGHLIGHTS SECOND QUARTER 2018

- Continued growth in subscription and traffic revenues
- Opex reduction of NOK 0.4bn adjusted for one-time effects last year
- Free cash flow of NOK 3.0 billion
- New 2% buyback programme initiated

REVENUES

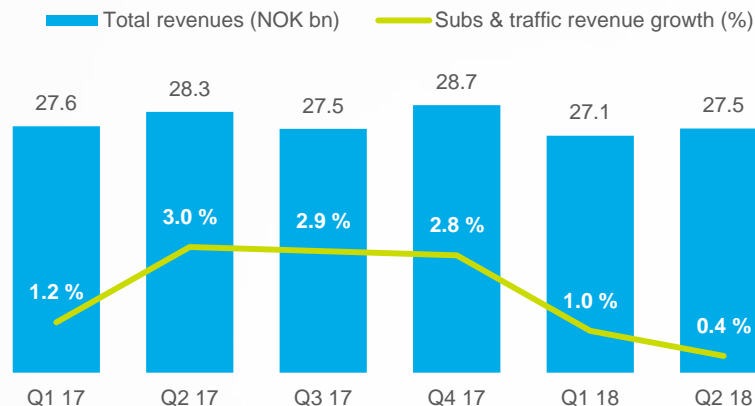


EBITDA



CONTINUED GROWTH IN CORE REVENUES AND UNDERLYING GROSS PROFIT

Revenue development



- Reported revenues decreased by 3% impacted by NOK 0.7 bn decline from FX in addition to reduced interconnect and legacy fixed revenues.
- Organic subscription and traffic revenues in line with Q2 2017

Gross profit (NOK bn)

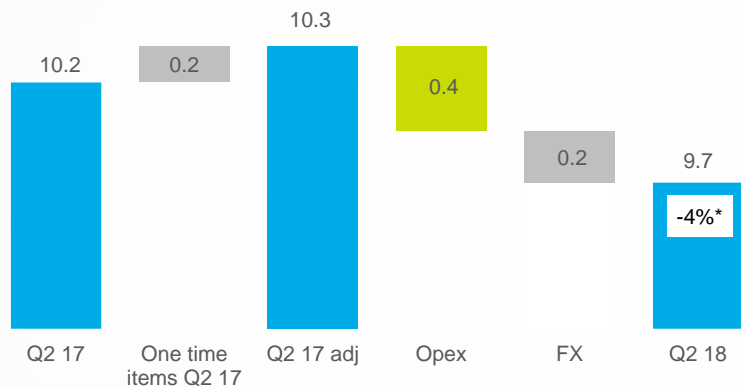


- Underlying* gross profit growth of 1% driven by core revenue growth in Pakistan, Digi and Grameenphone

*Adjusted for spectrum lease payment in Thailand and wholesale & special numbers in Norway.

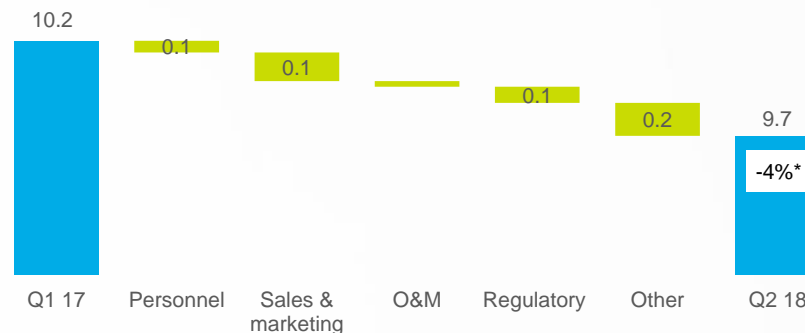
CONTINUING TO EXECUTE ON COST EFFICIENCY

Opex reductions (NOK bn)



- Currency-adjusted opex reductions in Q2 of NOK 0.2 bn – NOK 0.4 bn (4%) adjusted for one-time items last year
- FX adjusted opex reductions of NOK 0.9 bn (-4%) year to date

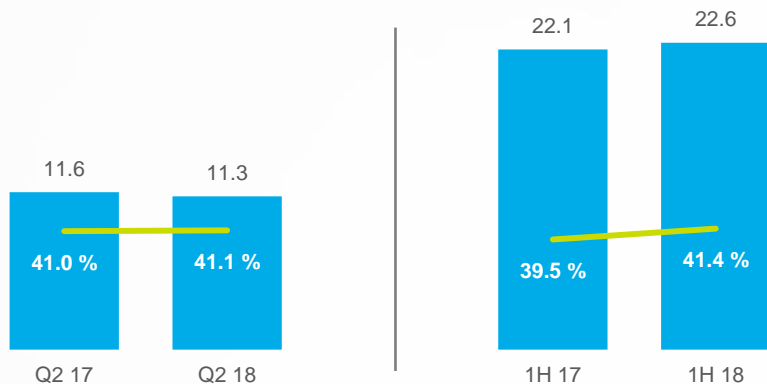
Opex reductions – by cost area (NOK bn)



- Efficiency efforts visible across all cost categories
- FTE reductions year to date of 1,300 and 2,200 last twelve months

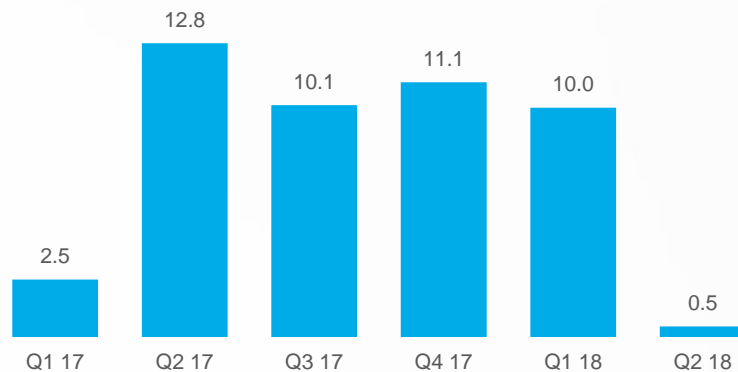
5% EBITDA GROWTH IN THE FIRST HALF OF 2018

EBITDA (NOK bn) and EBITDA margin (%)



- Stable Q2 EBITDA margin and organic EBITDA uplift of NOK 0.1 billion
- 1H EBITDA margin improvement of 2 percentage points

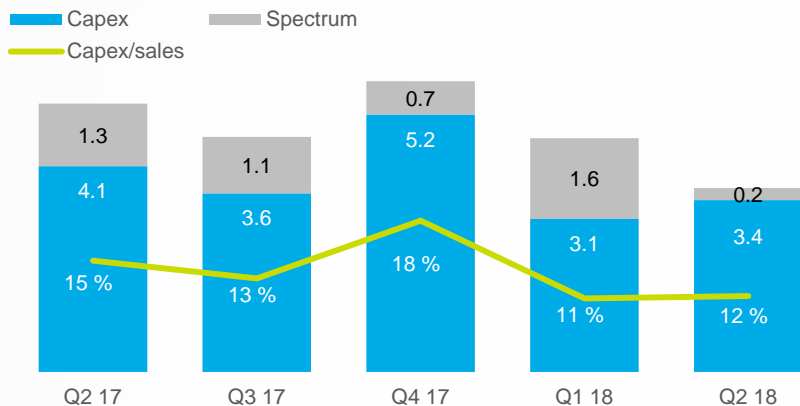
Organic EBITDA growth (%)



- Organic EBITDA growth positive even with tough comparable numbers last year
- Adjusted for one-time items last year EBITDA growth was 2%

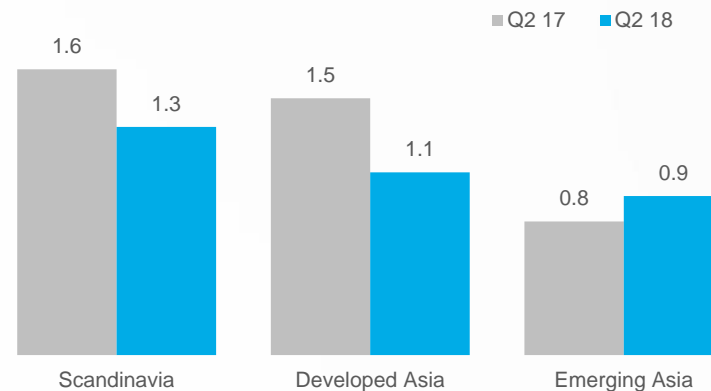
MAINTAINING 2018 CAPEX OUTLOOK OF NOK 17-18 BILLION

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



- 2.1 GHz spectrum acquisition in Malaysia in Q2

Capex (NOK bn) – by region

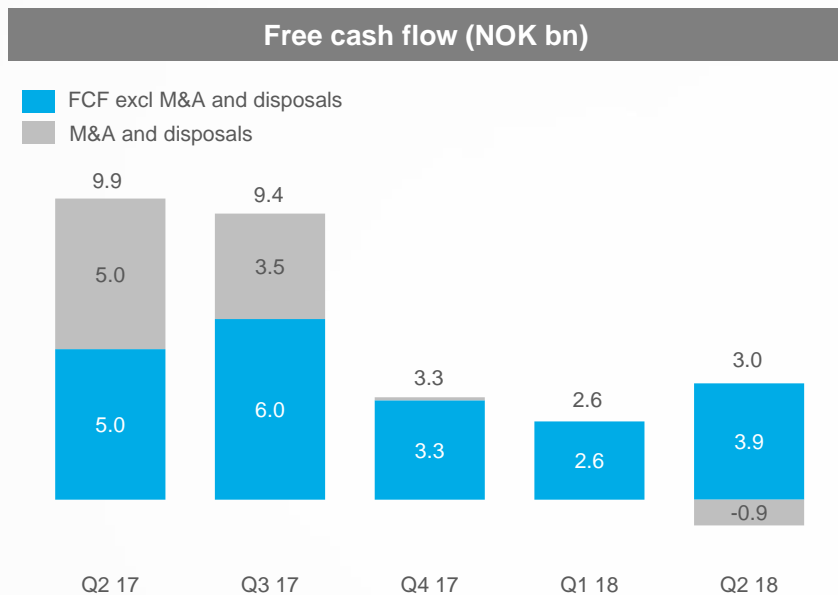


- 4G rollout in Bangladesh – 4,800 sites by August
- 2.3 GHz network in Thailand – 7,000 sites by year-end

NET INCOME OF NOK 2.6 BILLION

NOK m	Q2 2017	Q2 2018	1H 2017	1H 2018	1H 2018 (IFRS15)	<i>Impact of IFRS 15</i>
Revenues	28 332	27 485	55 928	54 597	54 653	+55
EBITDA before other items	11 605	11 300	22 110	22 608	22 677	+69
Other items	310	-375	177	-551	-551	
EBITDA	11 916	10 925	22 287	22 057	22 127	
Depreciation & amortization	5 304	5 173	10 022	10 527	10 527	
Operating profit	6 612	5 752	12 264	11 529	11 598	+69
Associated companies	-5 709	10	-4 592	11	11	
Net financials	820	-1 672	-69	316	316	
Taxes	-1 610	-1 209	-3 215	-3 507	-3 519	-12
Profit (loss) from discontinued operations	520	613	1 107	900	871	-30
Minorities	801	840	1 494	1 608	1 640	
Net income - Telenor equity holders	-167	2 628	4 001	7 642	7 637	-4
Earnings per share (NOK)	-0.11	1.78	2.67	5.15	5.15	0

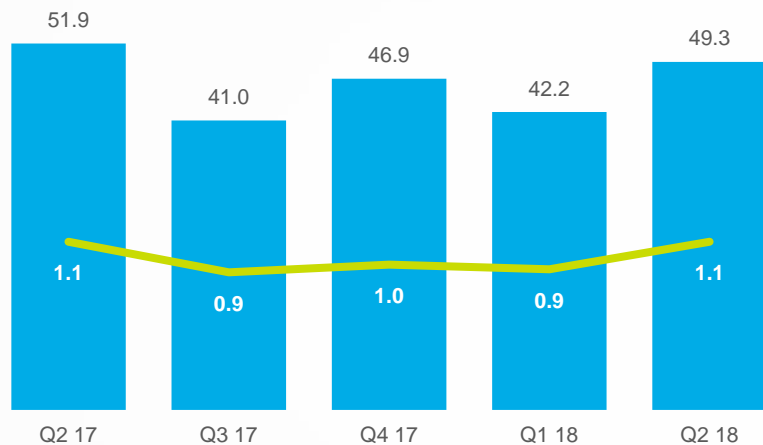
FREE CASH FLOW OF NOK 3.0 BILLION



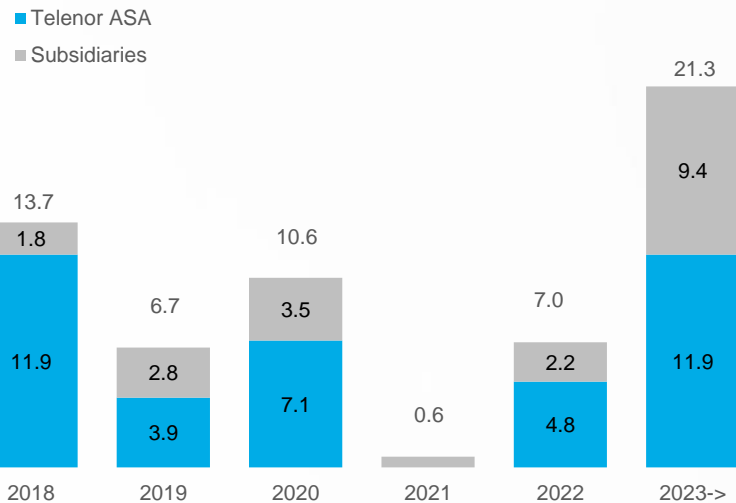
NOK bn	Q2 2017	Q2 2018	2017
EBITDA	11.6	11.3	44.7
<i>Adj. for discontinued operations</i>	<i>1.1</i>	<i>1.1</i>	<i>4.3</i>
Taxes	-1.1	-2.2	-6.1
Net interest paid	-0.9	-0.7	-2.5
Capex	-4.5	-3.5	-19.4
Spectrum	-1.0	-0.4	-2.1
M&A & disposals	5.0	-0.9	8.5
Dividends to minorities	-0.9	-1.0	-2.6
Working cap.& other	0.6	-0.7	0.1
Free cash flow	9.9	3.0	24.9

SOLID BALANCE SHEET

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



Debt maturity profile**



RETURNING NOK 23-24 BILLION TO SHAREHOLDERS IN 2018

YEAR-ON-YEAR GROWTH IN ORDINARY DIVIDEND

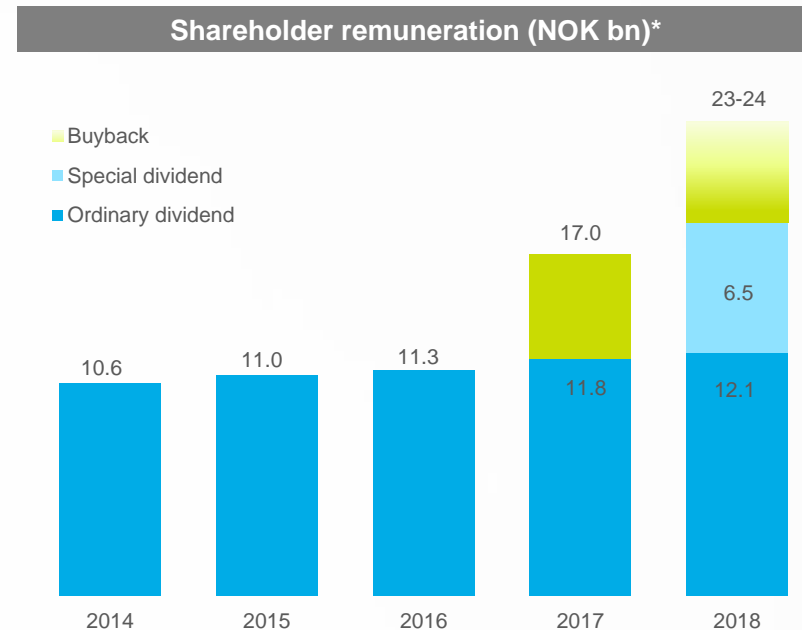
- Total dividend of NOK 8.10 per share for FY 2017 (+4%)
- First tranche of NOK 4.20 paid out in May
- Second tranche of NOK 3.90 to be paid out in November

NEW 2% BUYBACK PROGRAMME LAUNCHED

- 2017 programme completed in June
- 2% buyback programme (29 million shares) launched in June

SPECIAL DIVIDEND

- Board authorised to distribute a special dividend of NOK 4.40/share in 2018, following completion of CEE disposal



OUTLOOK FOR 2018 MAINTAINED

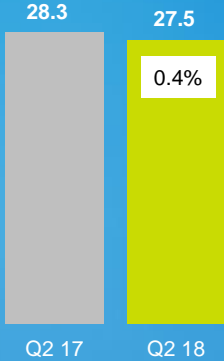
	2018	YTD 2018	2017
Organic growth in subscription & traffic revenues	1-2% <i>(MAINTAINED)</i>	0.7%	2.4%
Organic EBITDA growth	2-3% <i>(MAINTAINED)</i>	5.0%	9.0%
Capex (NOK bn)	17-18 <i>(MAINTAINED)</i>	6.5	17.3

Subscription & traffic revenues from mobile, fixed and TV services, incl. Canal Digital DTH. Org. revenue growth in fixed currency, adj. for acquisitions and disposals. EBITDA before other items. Capex excl. spectrum and licence fees. Current Group structure and accounting standards as of 31 December 2017.

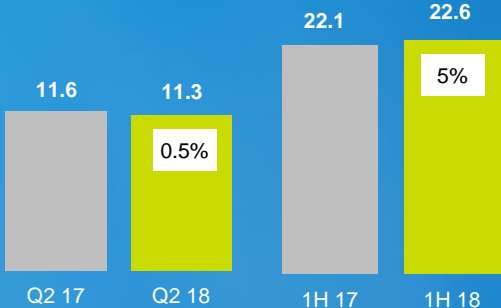
HIGHLIGHTS SECOND QUARTER 2018

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REVENUES



EBITDA



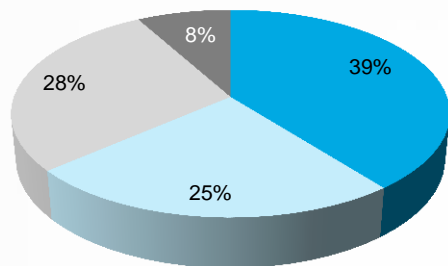
Financials in NOK bn. Organic growth rates. Revenue growth on subscription and traffic revenues.

2018

TELENOR GROUP – SECOND QUARTER APPENDIX

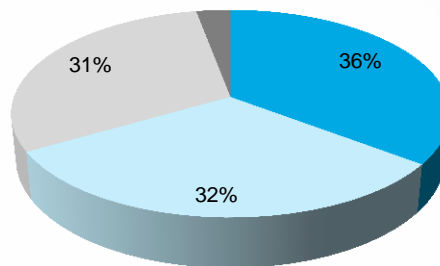
GEOGRAPHIC SPLIT OF KEY FINANCIALS IN 1H 2018

REVENUES



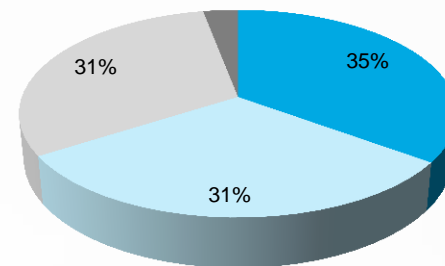
■ Scandinavia ■ Emerging Asia
■ Developed Asia ■ Other

EBITDA



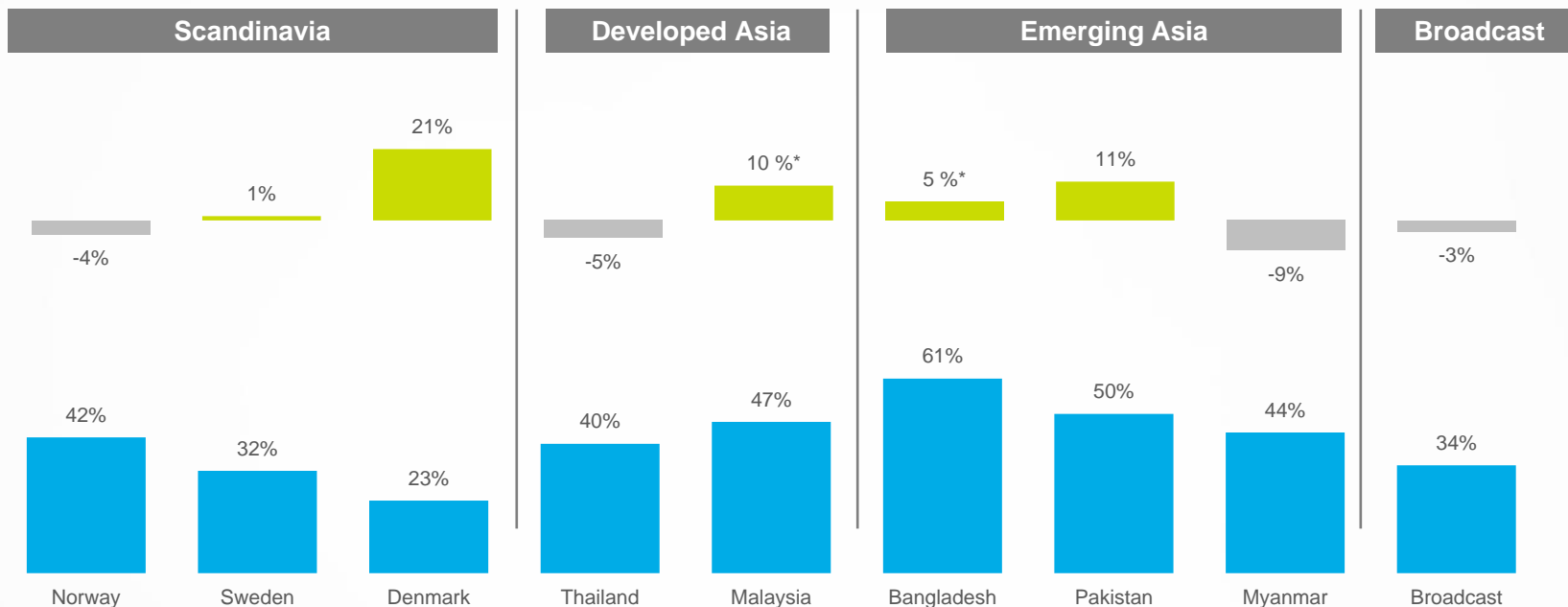
■ Scandinavia ■ Emerging Asia
■ Developed Asia ■ Other

EBITDA LESS CAPEX



■ Scandinavia ■ Emerging Asia
■ Developed Asia ■ Other

ORGANIC EBITDA GROWTH



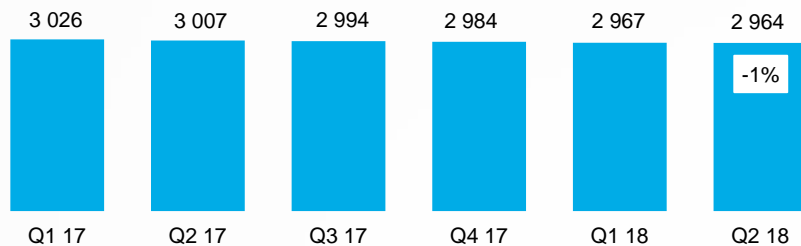
■ Organic EBITDA growth (Q2 18 vs Q2 17)

■ EBITDA margin (Q2 18)

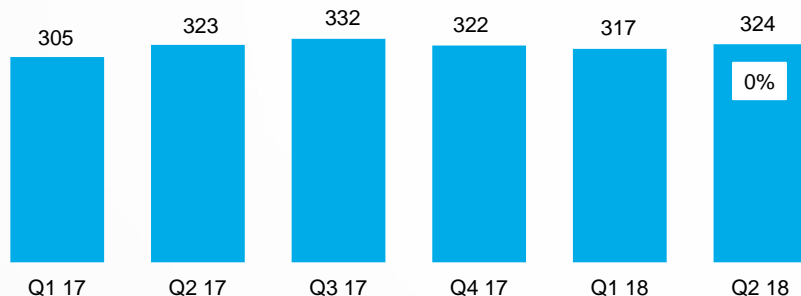
*Adjusted for one-time items Q2 17

NORWAY

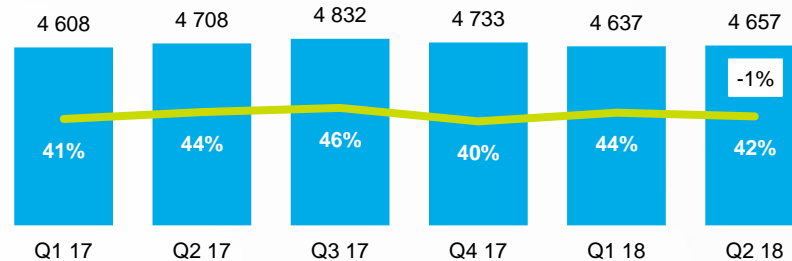
Mobile subscribers ('000)



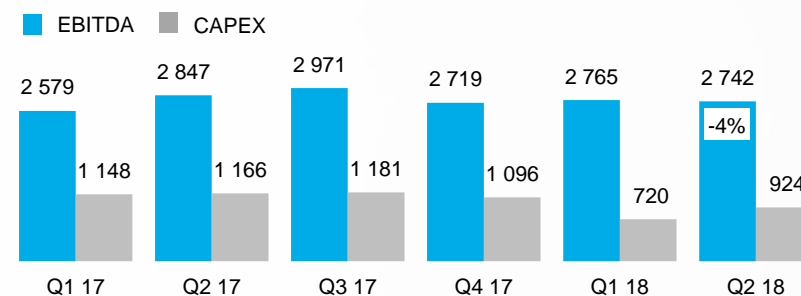
Mobile ARPU (NOK/month)



Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

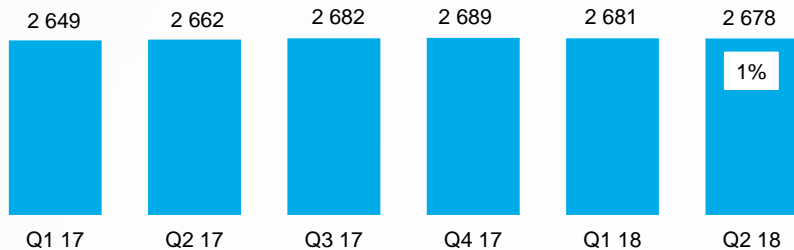


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

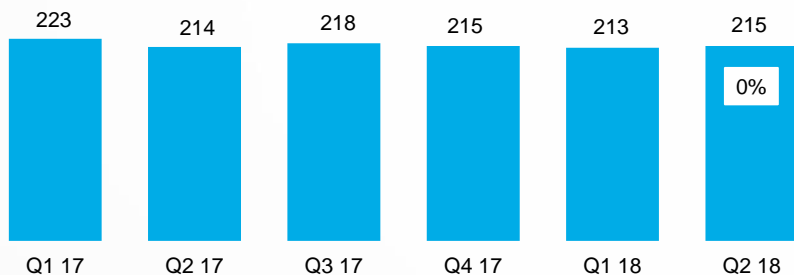
Organic growth

SWEDEN

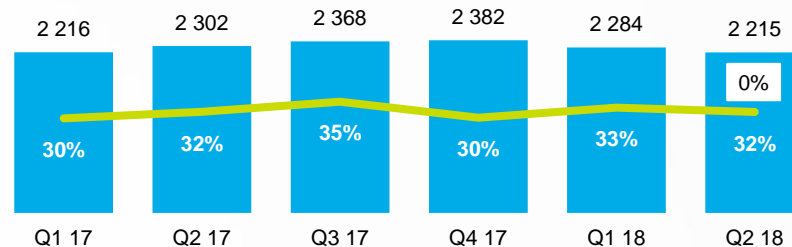
Mobile subscribers ('000)



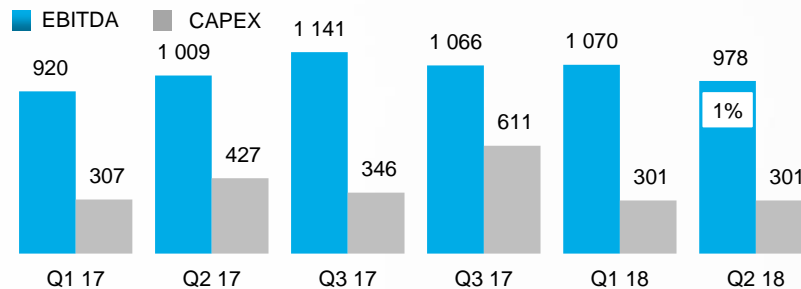
Mobile ARPU (SEK/month)



Subs and traffic revenues (NOK m) and EBITDA margin



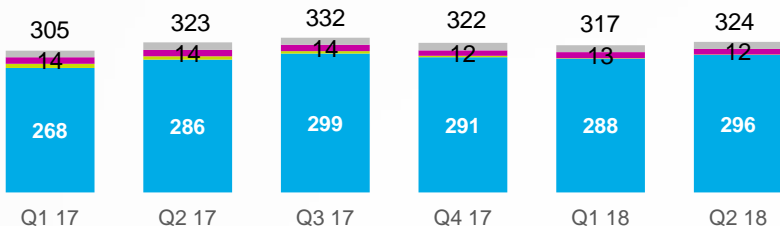
EBITDA and capex (NOK m)



ADDITIONAL INFORMATION – NORWAY AND SWEDEN

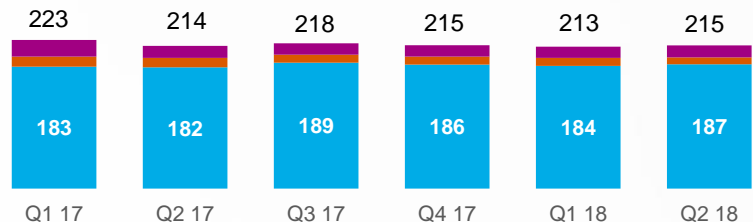
Norway – mobile ARPU (NOK)

■ Interconnect ■ Roaming ■ Handset related ■ Domestic



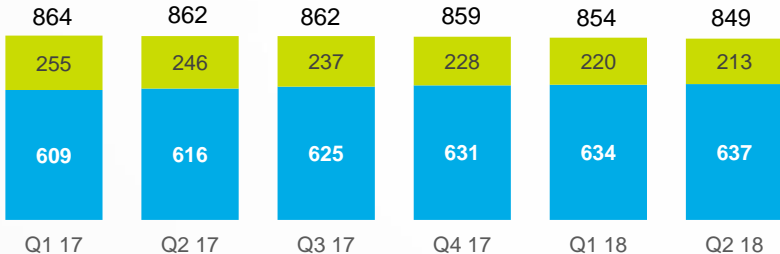
Sweden – mobile ARPU (SEK)

■ Domestic ■ Roaming ■ Interconnect



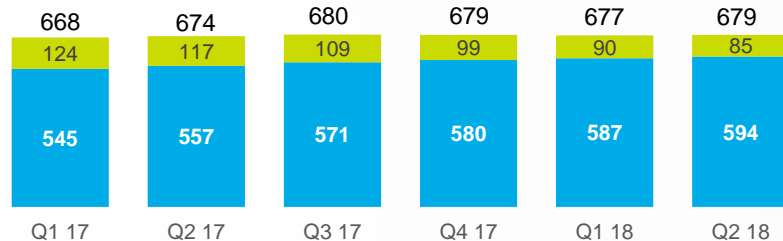
Norway – fixed broadband subscribers ('000)

■ High-speed ■ Low-speed



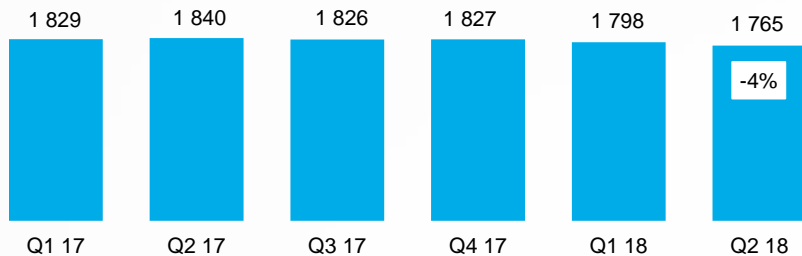
Sweden – fixed broadband subscribers ('000)

■ High-speed ■ Low-speed

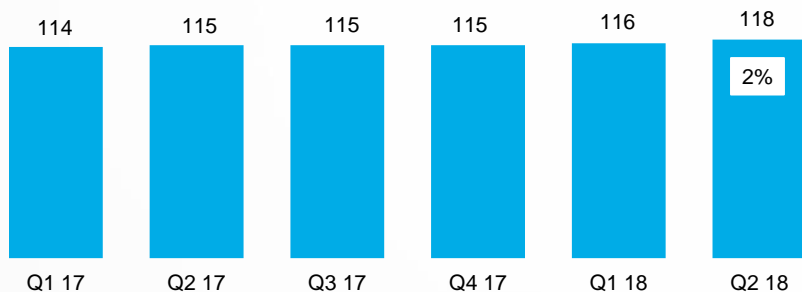


DENMARK

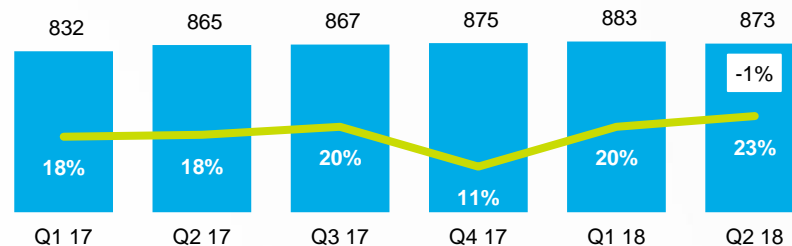
Mobile subscribers ('000)



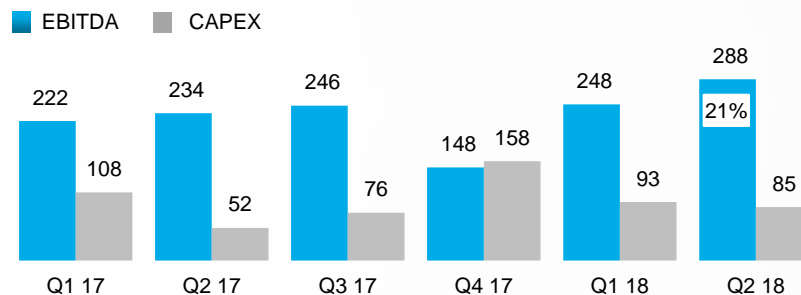
Mobile ARPU (DKK/month)



Subs and traffic revenues (NOK m) and EBITDA margin

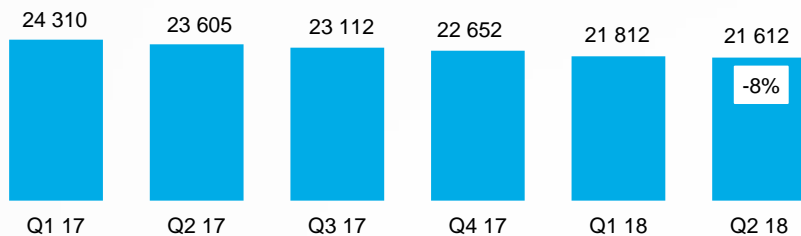


EBITDA and capex (NOK m)

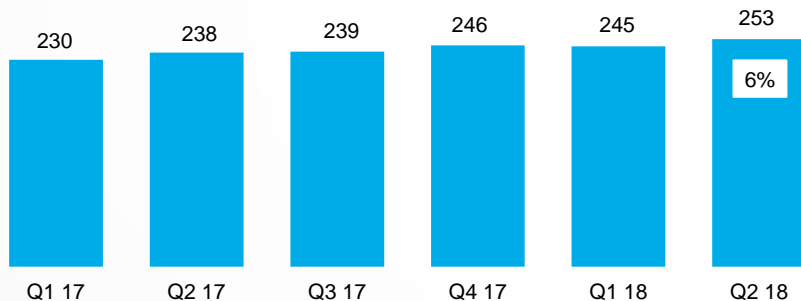


THAILAND (DTAC)

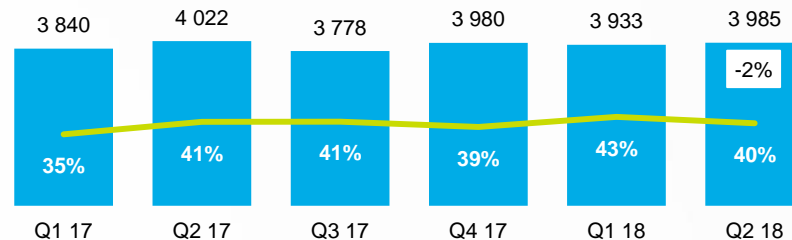
Mobile subscribers ('000)



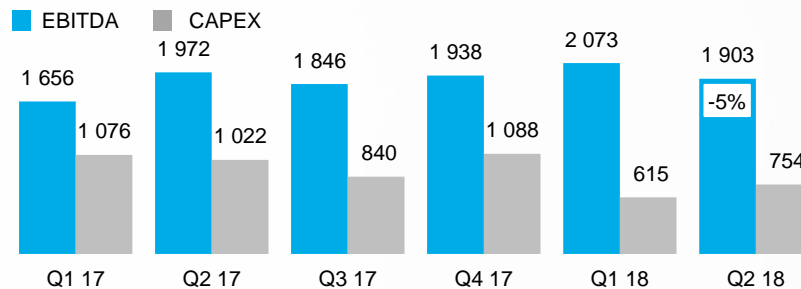
Mobile ARPU (THB/month)



Subs and traffic revenues (NOK m) and EBITDA margin

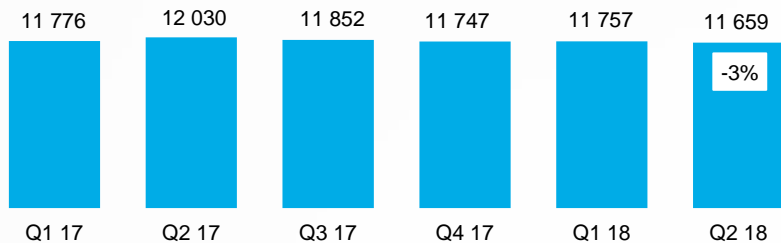


EBITDA and capex (NOK m)

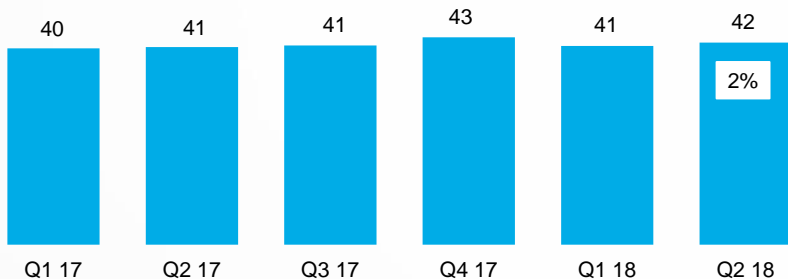


MALAYSIA (DIGI)

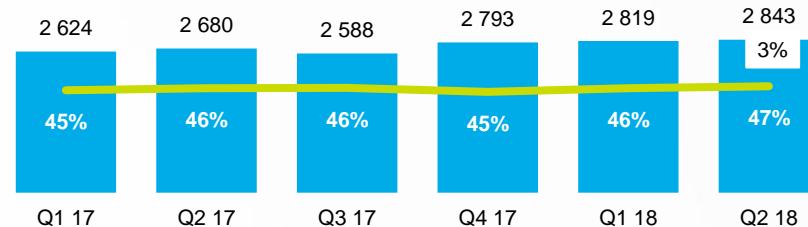
Mobile subscribers ('000)



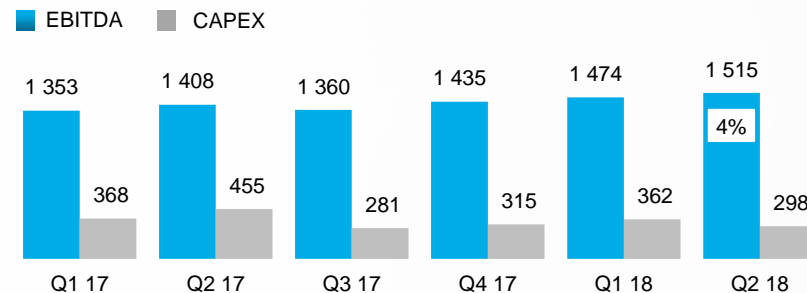
Mobile ARPU (MYR/month)



Subs and traffic revenues (NOK m) and EBITDA margin

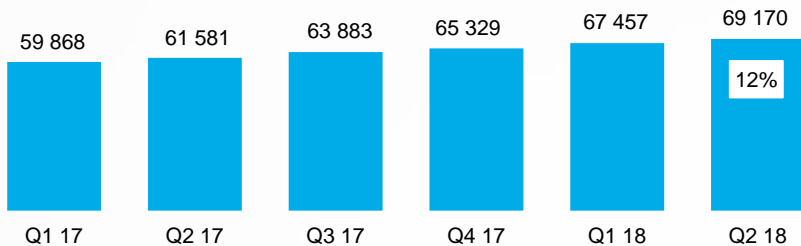


EBITDA and capex (NOK m)

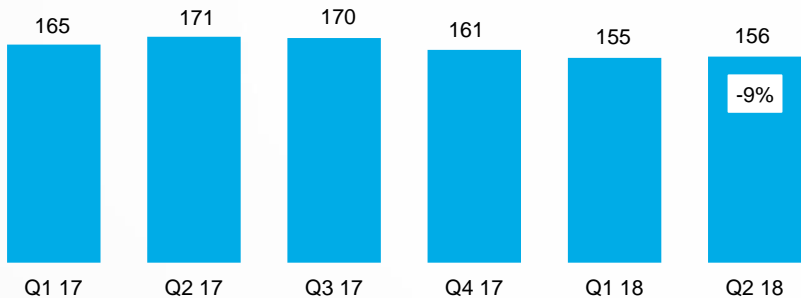


BANGLADESH (GRAMEENPHONE)

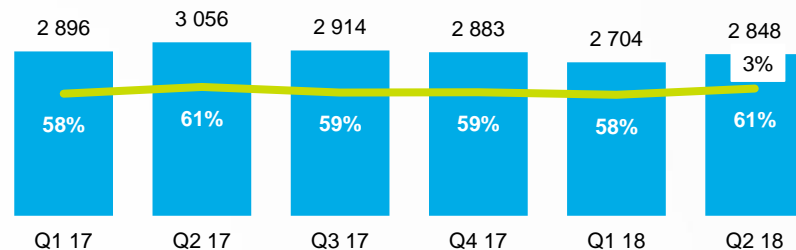
Mobile subscribers ('000)



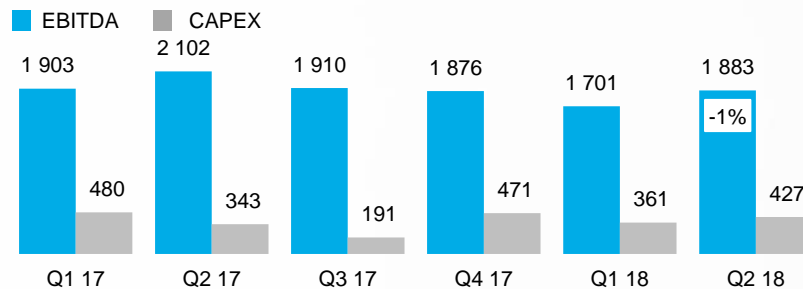
Mobile ARPU (BDT/month)



Subs and traffic revenues (NOK m) and EBITDA margin

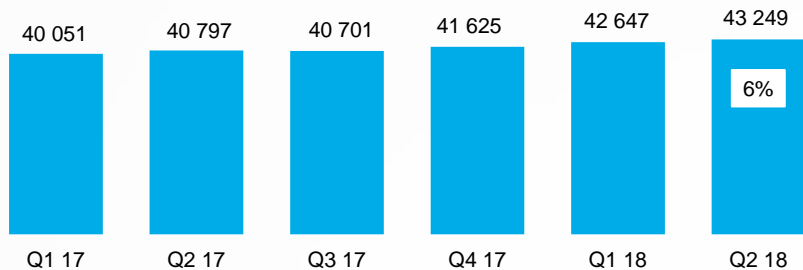


EBITDA and capex (NOK m)

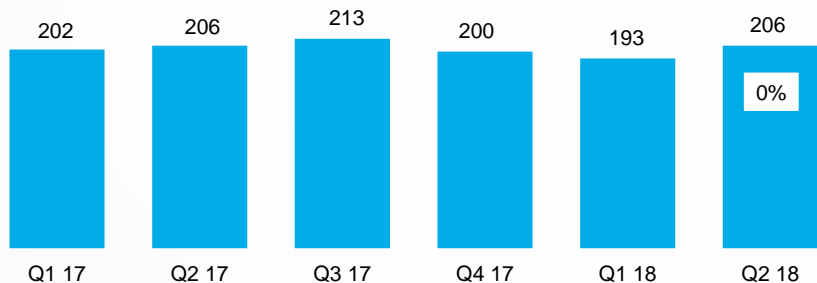


PAKISTAN

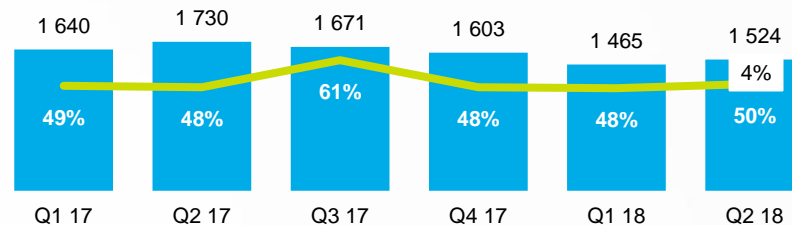
Mobile subscribers ('000)



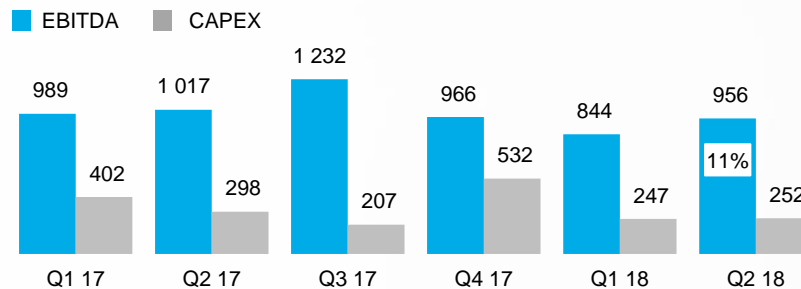
Mobile ARPU (PKR/month)



Subs and traffic revenues (NOK m) and EBITDA margin

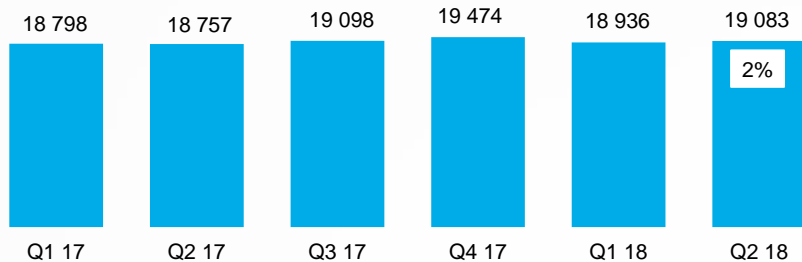


EBITDA and capex (NOK m)

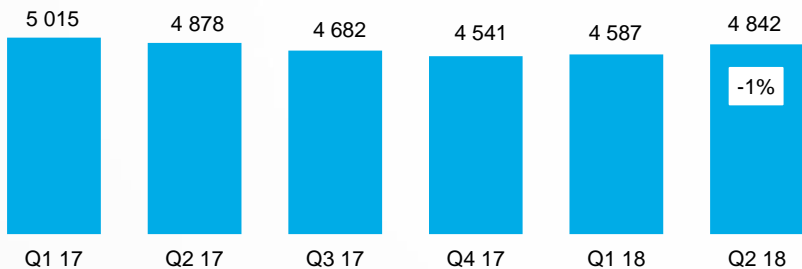


MYANMAR

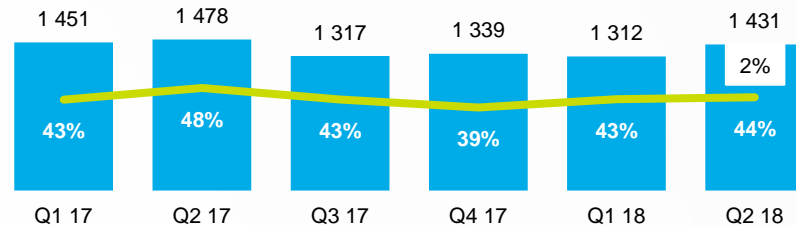
Mobile subscribers ('000)



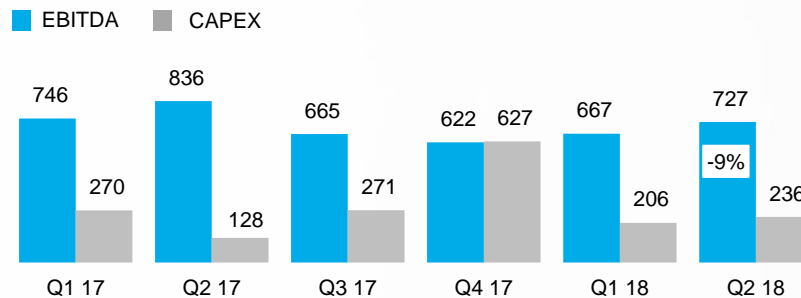
Mobile ARPU (MMK/month)



Subs and traffic revenues (NOK m) and EBITDA margin

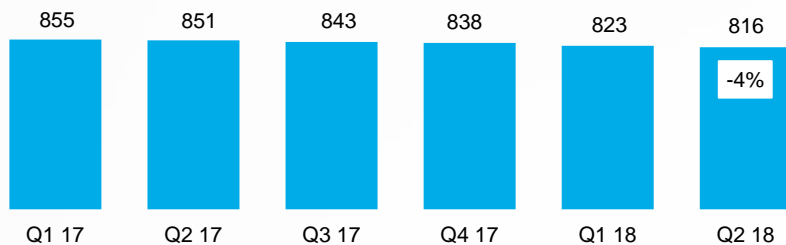


EBITDA and capex (NOK m)

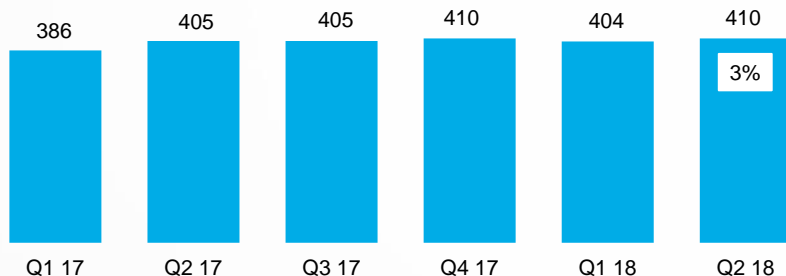


BROADCAST

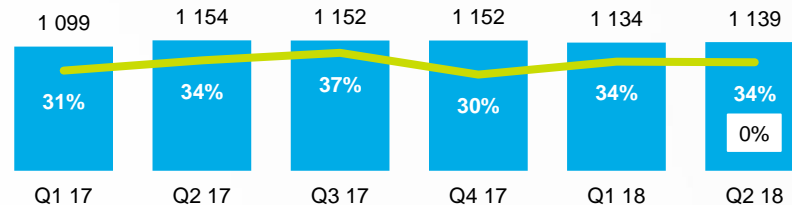
DTH subscribers ('000)



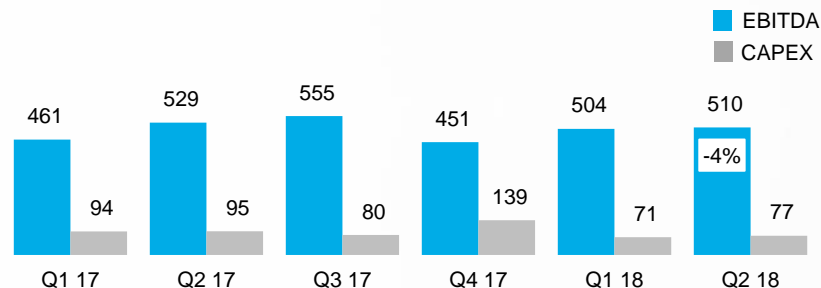
DTH ARPU (NOK/month)



Subs and traffic revenues* (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



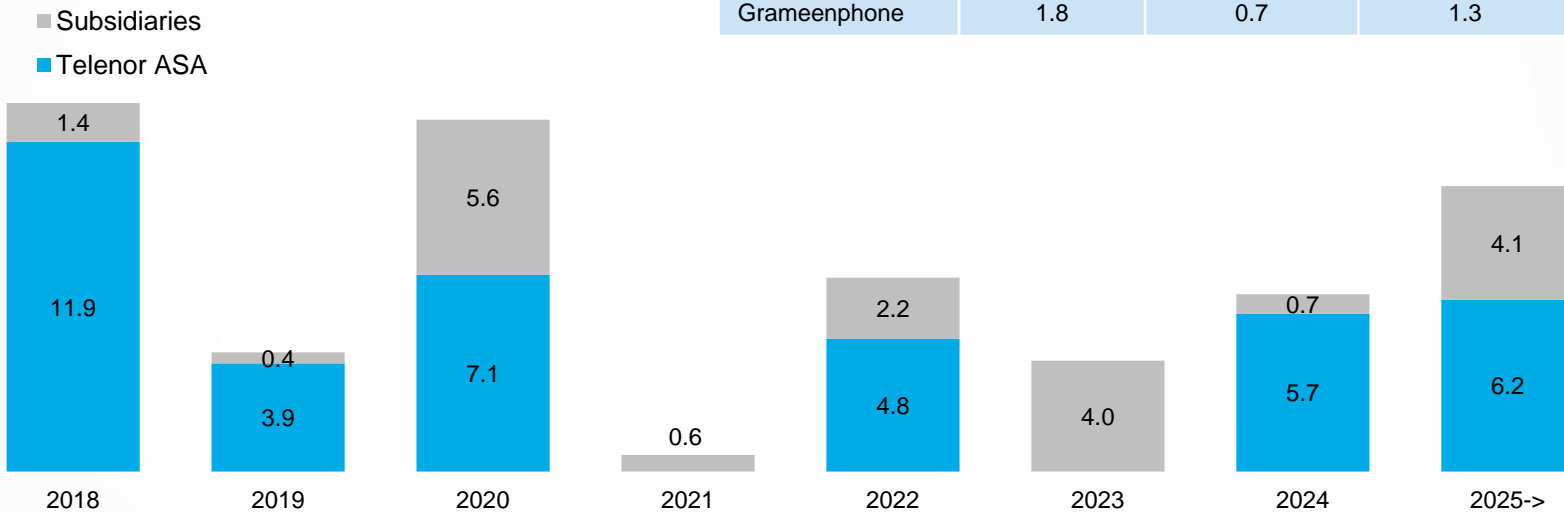
CHANGES IN REVENUES AND EBITDA

	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	0,1 %	-1,1 %	-3,7 %	-4,0 %
Sweden	-3,1 %	1,2 %	-3,1 %	1,2 %
Denmark	-1,2 %	-3,1 %	23,0 %	20,5 %
Thailand	-2,1 %	-3,4 %	-3,5 %	-5,0 %
Malaysia	5,5 %	2,2 %	7,6 %	4,2 %
Bangladesh	-9,4 %	0,4 %	-10,4 %	-0,6 %
Pakistan	-8,7 %	7,9 %	-5,9 %	11,1 %
Myanmar	-4,3 %	0,6 %	-13,0 %	-8,6 %
Broadcast	-2,0 %	-2,0 %	-3,6 %	-3,6 %
Telenor Group	-3.0 %	-1.0 %	-2.6 %	0.5 %

DEBT MATURITY PROFILE (NOK BN)

Net debt in partly-owned subsidiaries:

NOK bn	Q2 2018	Q4 2017	Q2 2017
Digi	4.6	4.3	4.1
dtac	4.6	5.9	6.7
Grameenphone	1.8	0.7	1.3



Per 30 Jun 2018. 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

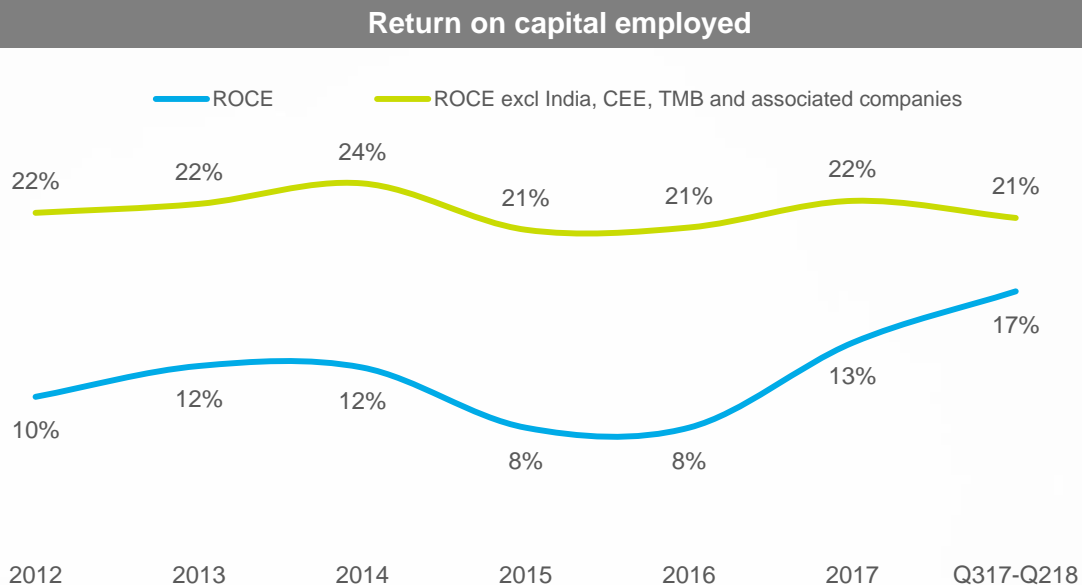
BALANCE SHEET AND KEY RATIOS

	30 June 2018	31 Dec 2017	30 June 2017
Total assets	192.9	201.8	202.4
Equity attributable to Telenor ASA shareholders	47.1	57.5	54.8
Gross debt*	71.9	74.3	85.5
Net debt	49.3	46.9	53.7
Net debt/EBITDA	1.1	1.0	1.2
Return on capital employed**	17%	13%	5%

*) 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	Q2 2018	Q4 2017	Q2 2017
Current interest bearing liabilities	25.6	22.7	26.6
Non-current interest bearing liabilities	46.3	51.6	51.4
Licence obligations	(2.3)	(2.3)	(2.8)
Debt excluding licence obligations	69.6	72.0	75.2
Cash and cash equivalents	(18.6)	(22.5)	(20.6)
Investments in bonds and commercial papers	(0.3)	(0.8)	(1.0)
Fair value hedge instruments	(1.4)	(1.8)	(1.7)
Net interest bearing debt excl. licence obligations	49.3	46.9	51.9

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