



TELENOR GROUP

Third quarter 2018

Sigve Brekke, CEO

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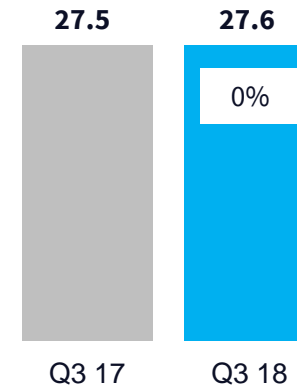
This presentation contains statements regarding the future in connection with the Telenor Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the slide "Outlook for 2018" contains forward-looking statements regarding the Telenor Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

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

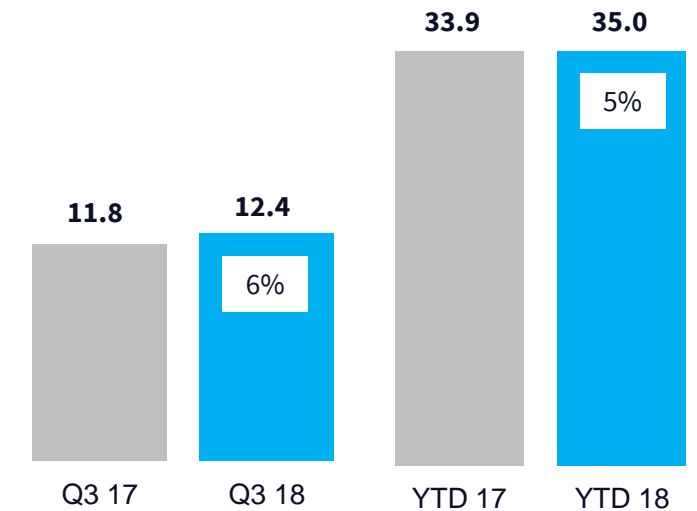
Third quarter 2018 - Highlights

- Well executed transition from concession in Thailand
- Return to mobile customer growth in Norway, and improved revenue trends in Bangladesh and Pakistan
- Successful completion of the sale of operations in Central and Eastern Europe
- Continued focus on growth, efficiency and simplification – 4% opex reductions year-to-date

REVENUES



EBITDA



Financials in NOK bn. Organic growth rates. Revenue growth in subscription and traffic revenues. EBITDA before other items



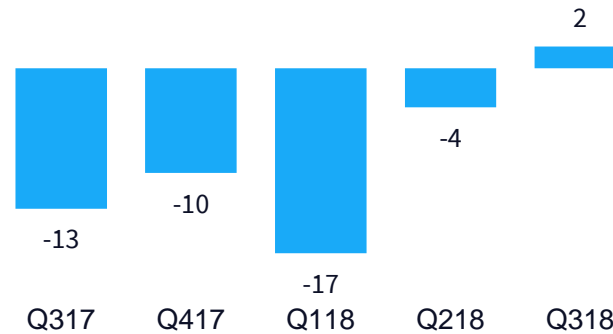
Leveraging on superior mobile network position in Norway

Network



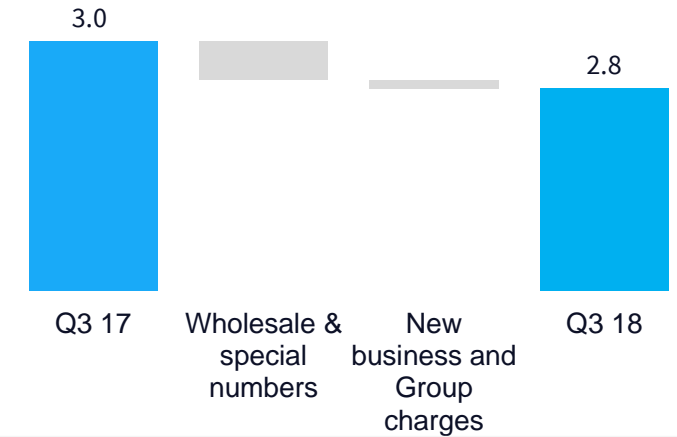
- > World's fastest mobile network by Ookla – average speed 72 Mbps
- > Nationwide narrowband IoT network launched in September

Mobile subscriber growth ('000)



- > Positive subscriber growth for the first time in 3 years
- > Good uptake on new Flexi products in consumer segment
- > Continued strong B2B performance

EBITDA (NOK bn)



- > Underlying stable EBITDA . Cost reductions offsetting decline in fixed legacy revenues



Well executed transition from concession in Thailand

Secured a solid platform

Spectrum portfolio

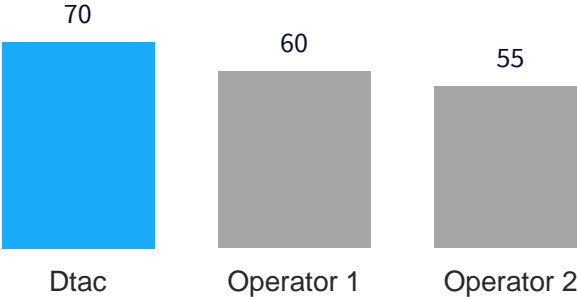
- > 2,100 MHz licence (2025)
- > 2,300 MHz spectrum lease from TOT (2025)
- > 1,800 MHz licence (2033)
- > 850 MHz remedy until mid-December
- > Submitted application to participate in 900 MHz auction

Network and infrastructure

- > CAT infrastructure lease (towers and fibre)
- > 90% population coverage on 2,100 MHz
- > 2,300 roll-out ahead of plan, aiming for more than 10,000 sites by year end

Competitive spectrum position

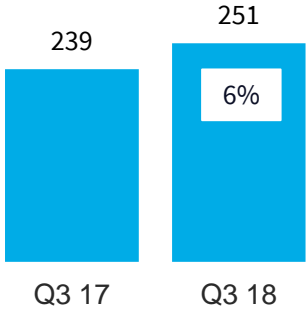
Downlink bandwidth (MHz)



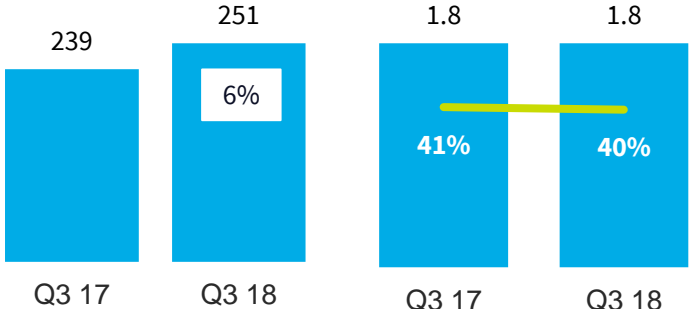
- > Highest downlink bandwidth, providing a strong position for delivering high quality data services
- > 30% of total data traffic already on 2,300 MHz

Good operational performance

ARPU (THB)



EBITDA (NOK bn) and EBITDA margin



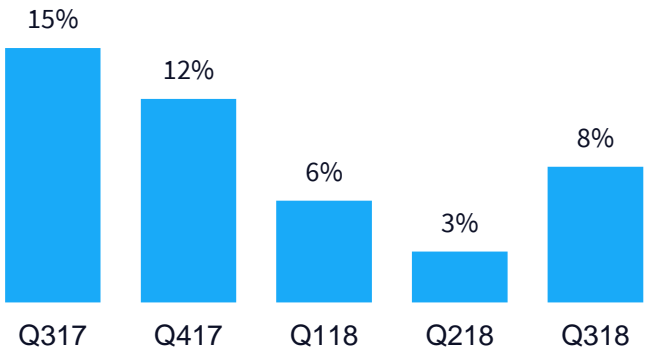
- > Flat subscription and traffic revenues excluding international traffic
- > ARPU growth and 154,000 postpaid subscriber growth
- > 8% EBITDA increase excl. TOT payment



Improved revenue trends in Pakistan and Bangladesh, intensified competition in Myanmar

Bangladesh

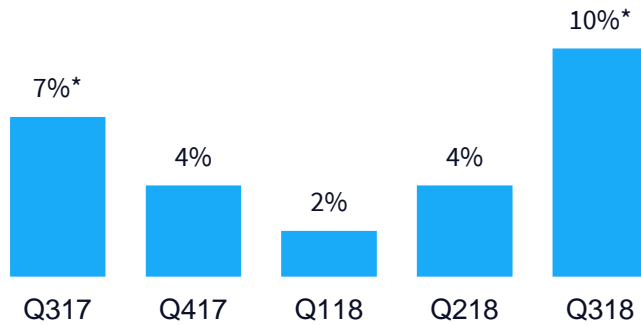
Organic subscription and traffic revenue growth



- > Growth in active data users of 1.8 million
- > 62% EBITDA margin

Pakistan

Organic subscription and traffic revenue growth

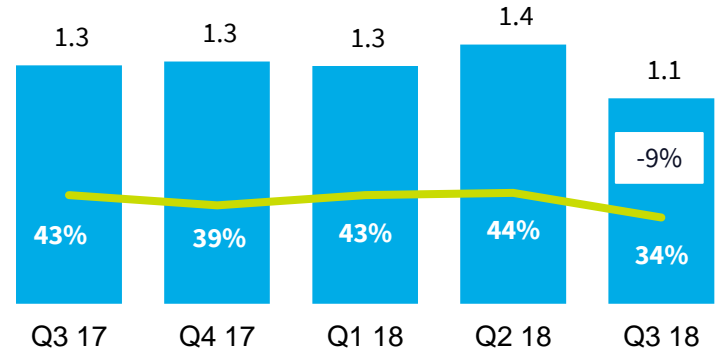


- > 54% EBITDA margin and 23% EBITDA growth excl. one-time items

*Adjusted for reversals in Q3 17 and Q3 18

Myanmar

Subs and traffic revenues NOK bn and EBITDA margin



- > Increased competition after launch of 4th entrant

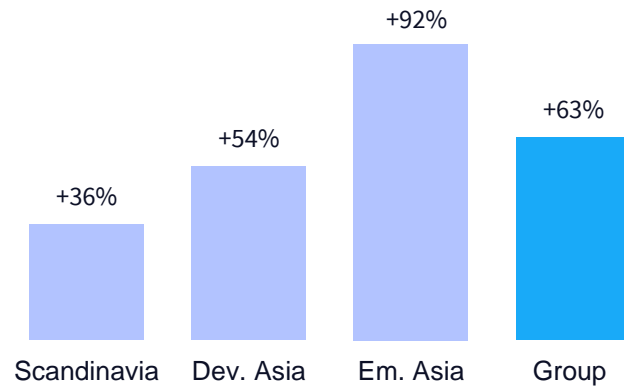
□ Organic growth in subscription and traffic revenues



Building future-ready and cost-efficient networks, leveraging standardisation and global scale

Network modernisation

Network throughput, 2018 vs 2017



- > Legacy 2G/3G to modernised to 4G/4G+
- > 64% of spectrum on 4G, tech-agnostic
- > Hybrid cloud core: 46% of traffic on cloud, 40% reduction in Total Cost of Ownership

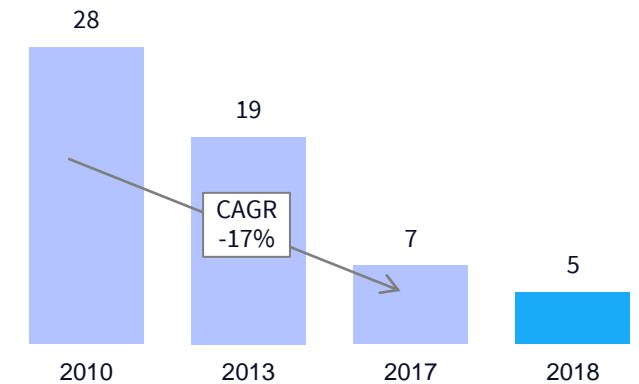
New operating model



- > Capability enhancement and 30% process efficiency
- > Implemented in Myanmar, Malaysia, and Pakistan

Centralised procurement

Base station price, weighted average (USD '000)



- > Global price books implemented in 2017
- > Estimated savings of more than NOK 3 bn in 2018, compared to 2017 prices. Realised savings of 25% within network category





Operational priorities

Service revenue growth

- Return to growth in Thailand
- Strengthen Internet of Things and B2B positions
- Monetise on increasing data usage in Emerging Asia
- Fibre roll-out in Norway

Efficiency and simplification

- New operating models for network and IT
- Simplification of customer offerings
- Modernise Business Support Systems
- Digitalise customer interactions





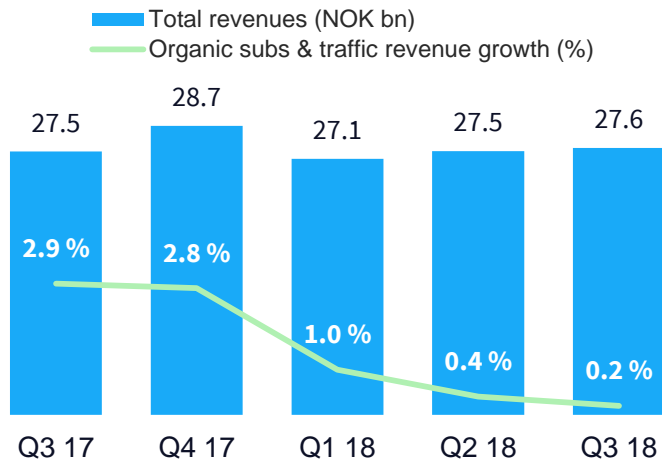
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Third quarter 2018

Jørgen C. Arentz Rostrup, CFO

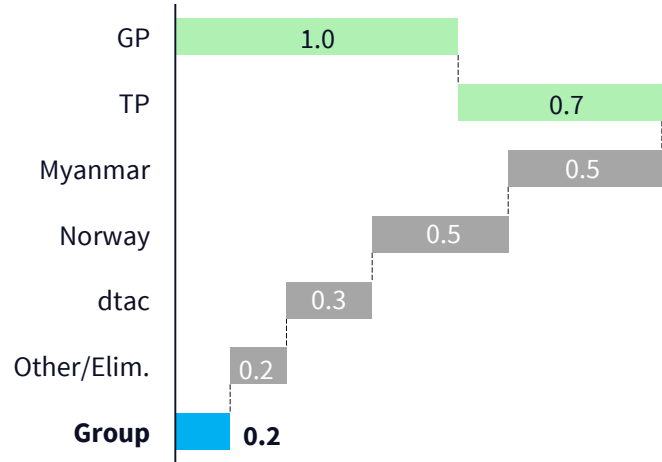
Stable subscription and traffic revenues

Revenues



- > Reported revenues increased by 1% or NOK 0.2 billion

Organic subs & traffic revenues



- > Improved revenue trends in Bangladesh and Pakistan
- > Increased pressure in Myanmar
- > Continued decline in fixed legacy in Norway

Gross profit (NOK bn)



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

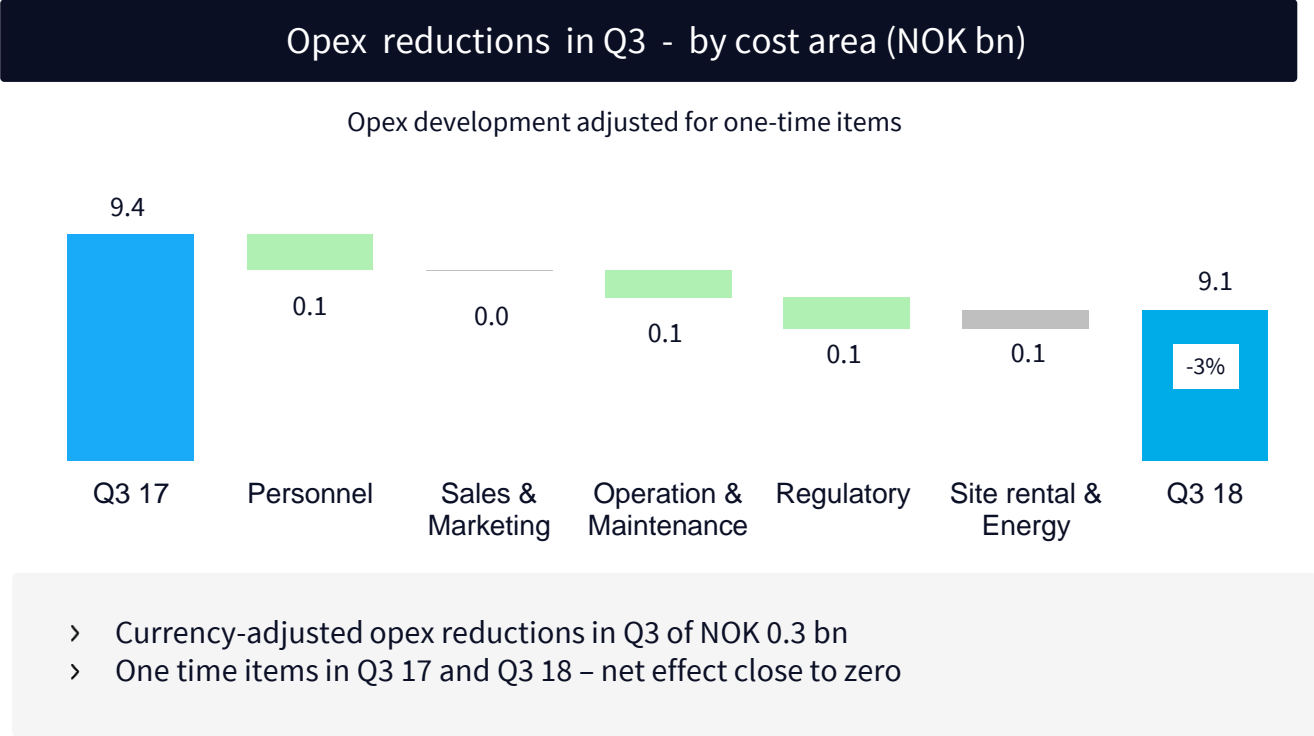
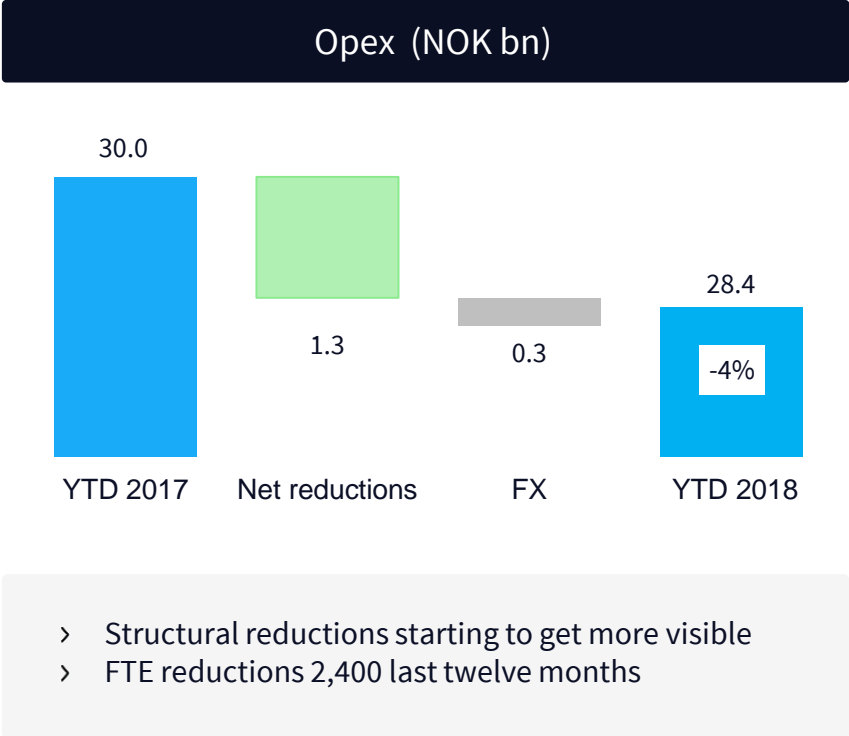
*Adjusted for reversal Pakistan and Global Wholesale

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

Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony, data services and DTH



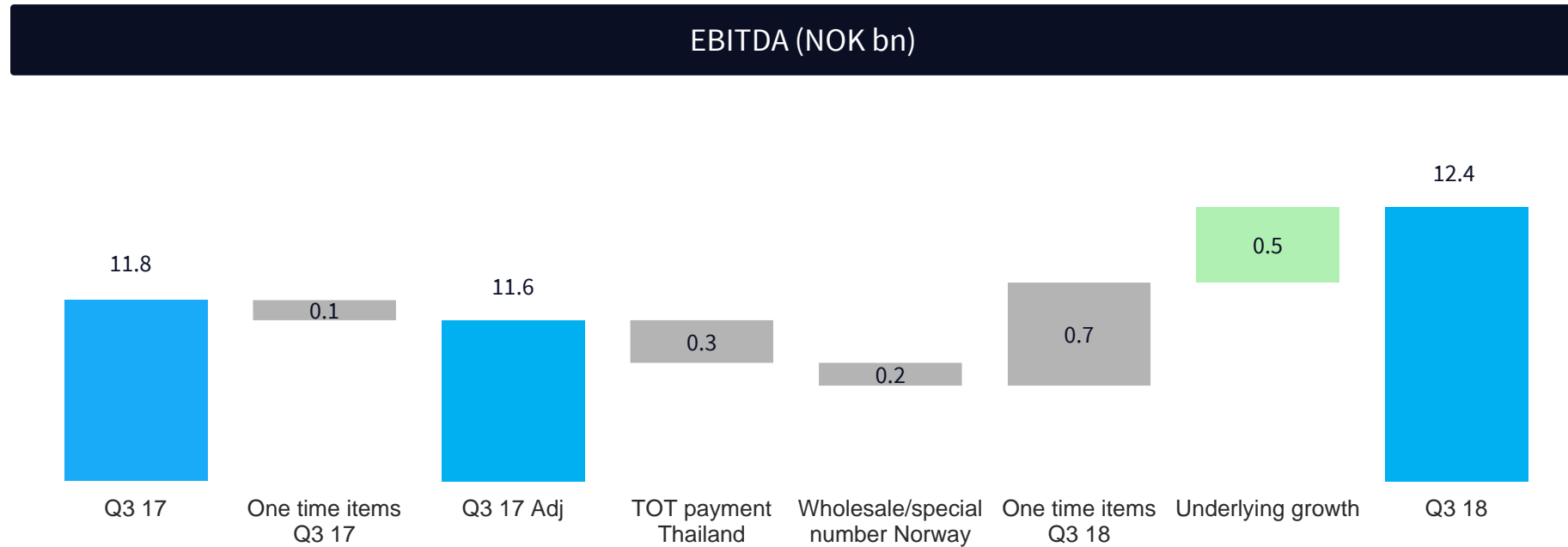
Continuing to execute on efficiency – net opex reductions of NOK 1.3 bn (-4%) year to date*



*FX adjusted



4% underlying EBITDA growth

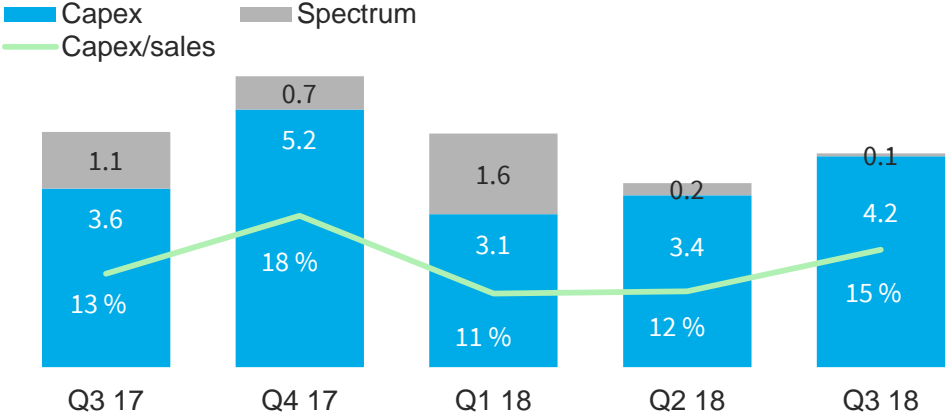


One time items Q3 2017: reversal Pakistan and ESP programme. Q3 2018 mainly Pakistan & Global Wholesale



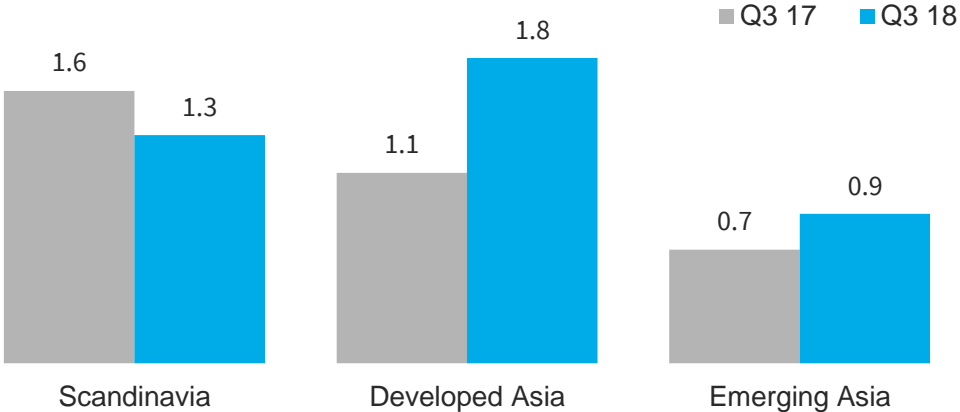
Capex of NOK 4.2 bn, as network roll-out in Thailand gains traction

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



> 1,800 MHz spectrum acquired in Thailand to be booked in Q4

Capex (NOK bn) – by region



> High roll out speed on 2,300 MHz network in Thailand – aiming for more than 10,000 sites by year-end



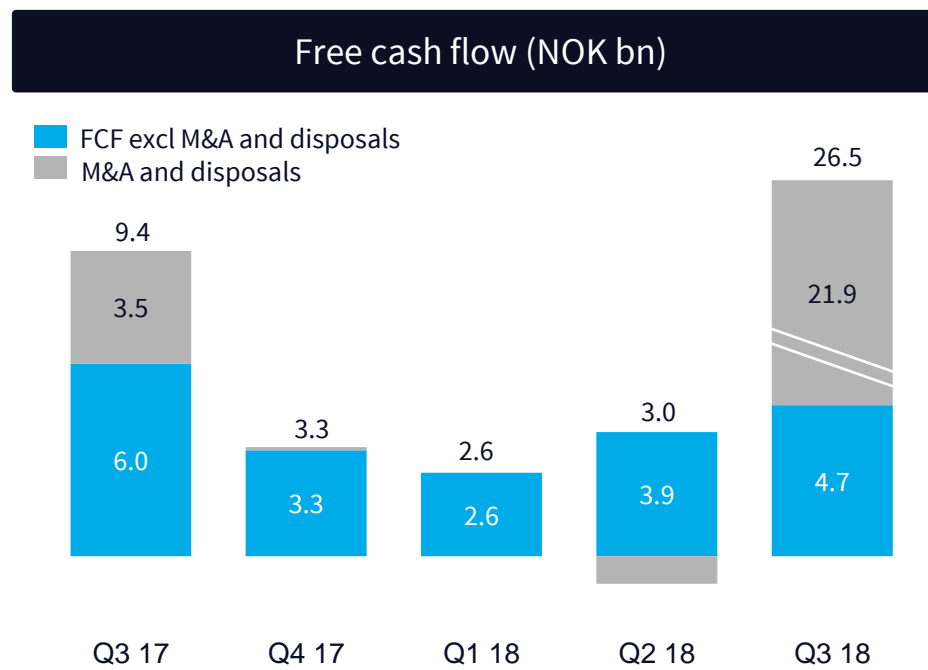
Net income of NOK 5.8 billion

NOK m	Q3 2017	Q3 2018	YTD 2017	YTD 2018	YTD 2018 (IFRS15)	Impact of IFRS 15
Revenues	27 463	27 628	83 390	82 225	82 219	-6
EBITDA before other items	11 771	12 373	33 881	34 981	35 087	+106
Other items	328	-261	505	-812	-812	
EBITDA	12 099	12 112	34 386	34 169	34 275	
Depreciation & amortization	4 804	5 410	14 447	15 937	15 937	
Operating profit	7 304	6 683	19 568	18 212	18 318	+106
Associated companies	-4	8	-4 596	19	19	
Net financials	1 183	-359	1 114	-43	-43	
Taxes	-2 357	-2 001	-5 571	-5 507	-5 529	-22
Profit (loss) from discontinued operations	370	2 259	1 477	3 159	3 132	-27
Minorities	740	783	2 234	2 392	2 379	
Net income - Telenor equity holders	5 756	5 807	9 758	13 448	13 518	+70
Earnings per share (NOK)	3.84	3.96	6.50	9.10	9.15	+0.05

All figures according to accounting standard as of 31 Dec 2017 unless otherwise stated



Free cash flow of NOK 4.7 bn excl. proceeds from CEE disposal



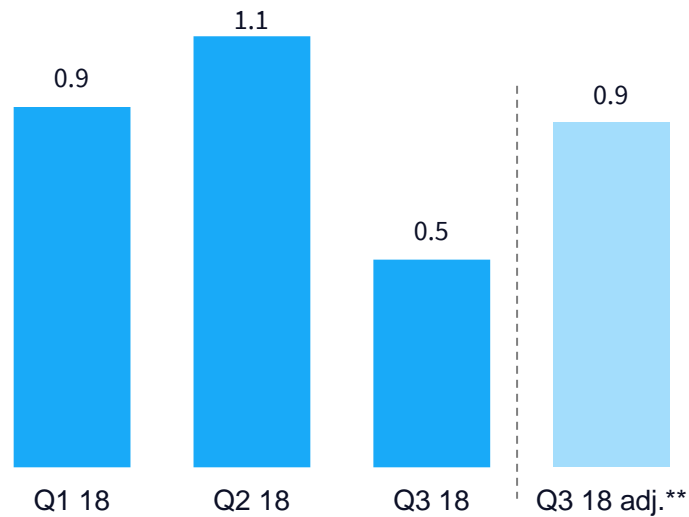
Free cash flow to equity holders of Telenor ASA

NOK bn	Q3 2017	Q3 2018	2017
EBITDA	11.8	12.4	44.7
Adj. for discontinued operations	1.2	0.6	4.3
Taxes	-1.5	-1.4	-6.1
Net interest paid	-0.2	-0.1	-2.5
Capex	-4.4	-3.9	-19.4
Spectrum	-0.4	-0.9	-2.1
M&A & disposals	3.5	21.9	8.5
Dividends to minorities	-1.0	-1.3	-2.6
Working cap.& other	0.4	-0.7	0.1
Free cash flow	9.4	26.5	24.9



Net debt/EBITDA of 0.9x after distribution to shareholders in 2018

Net debt/EBITDA*



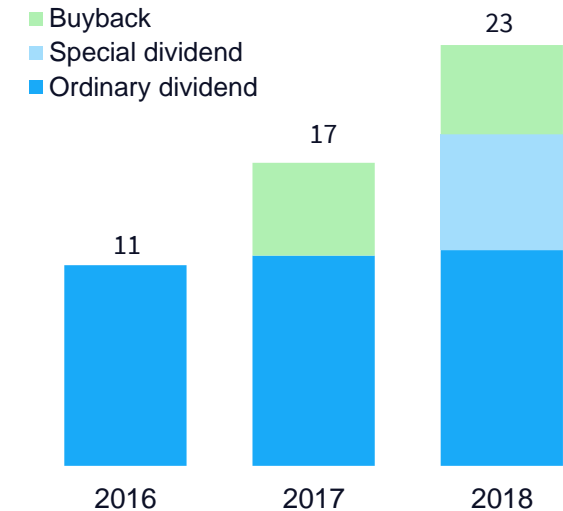
*) 12 months rolling EBITDA. Net debt excl. licence commitments of NOK 1.9 bn

***) Incl. second tranche of ordinary dividend, special dividend of NOK 4.40 per share, and 2% buyback

Capital allocation priorities

- > **Solid balance sheet** – Net debt /EBITDA below 2.0x
- > **Attractive shareholder remuneration** – year-on-year growth in ordinary dividend, supplemented by buybacks and/or special dividends
- > **Selective and value-driven M&A** within core business and core geographies

Shareholder remuneration (NOK bn)



- > 96% of buyback programme finalised



Outlook for 2018

	2018	YTD 2018	2017
Organic growth in subscription & traffic revenues	0-1% <i>(Previously 1-2%)</i>	0.5%	2.4%
Organic EBITDA growth	3-4% <i>(Previously 2-3%)</i>	5.2%	9.0%
Capex (NOK bn)	16-17 <i>(Previously 17-18)</i>	10.7	17.3

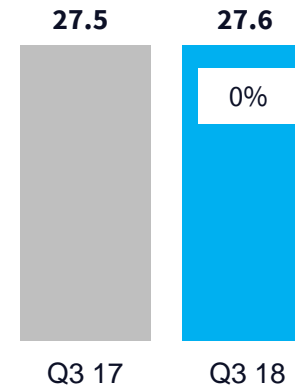
Subscription & traffic revenues from mobile, fixed and TV services, incl. Canal Digital DTH. Org. revenue growth in fixed currency, adj. for acquisitions and disposals. EBITDA before other items. Capex excl. spectrum and licence fees. Current Group structure and accounting standards as of 31 December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



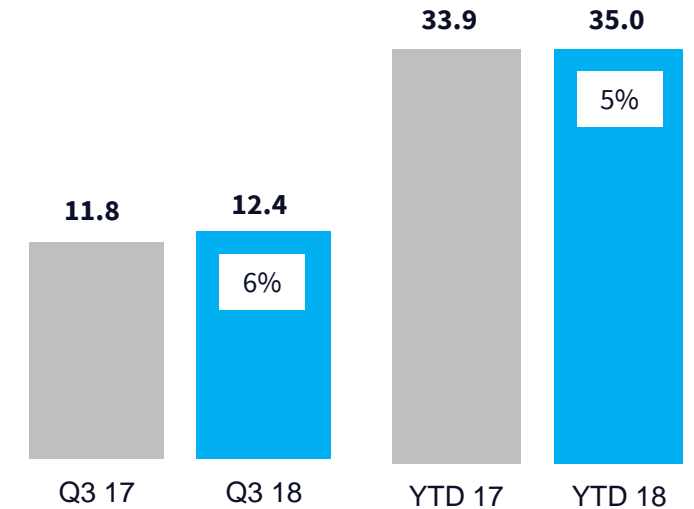
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REVENUES



EBITDA



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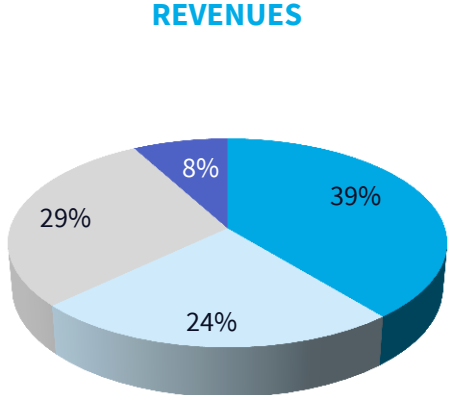


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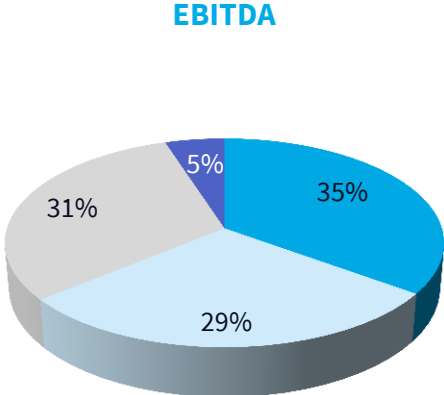
Third quarter 2018

Appendix

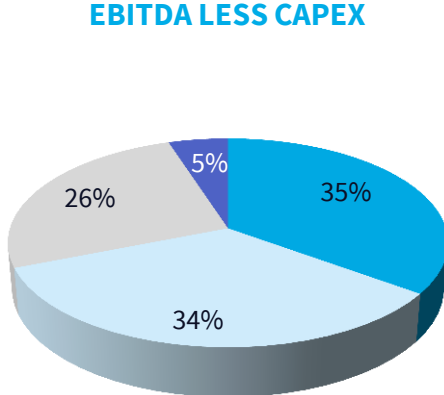
Geographic split of key financials in YTD 2018



- Scandinavia
- Emerging Asia
- Developed Asia
- Other



- Scandinavia
- Emerging Asia
- Developed Asia
- Other

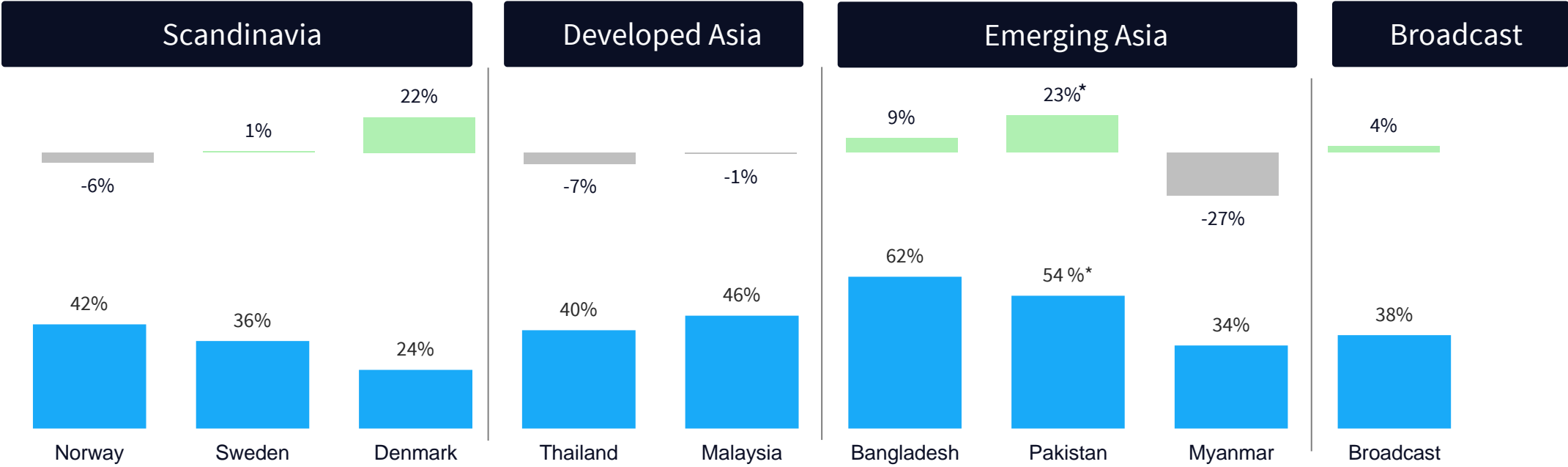


- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.



Organic EBITDA growth



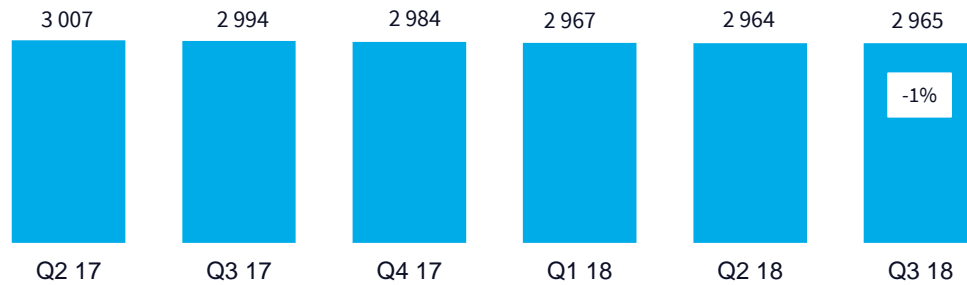
■ Organic EBITDA growth (Q3 18 vs Q3 17)
■ EBITDA margin (Q3 18)

*Adjusted for one-time items Q3 17 and Q3 18

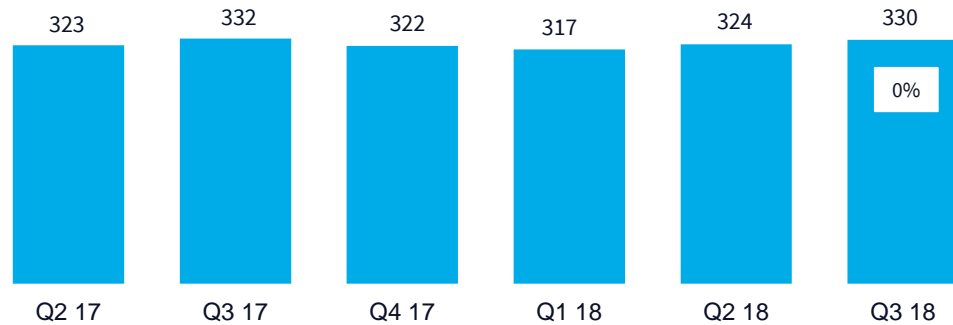


Norway

Mobile subscribers ('000)

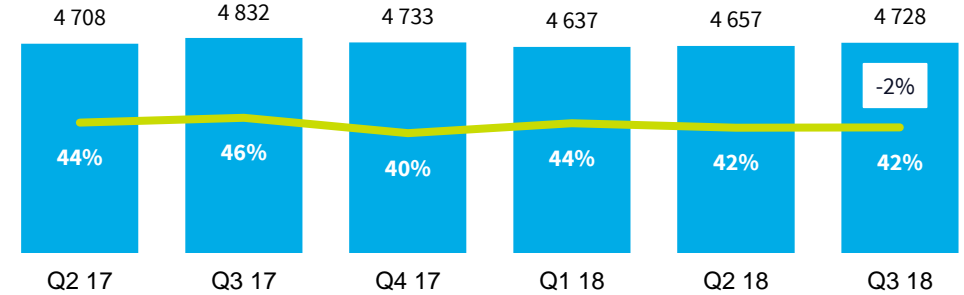


Mobile ARPU (NOK/month)

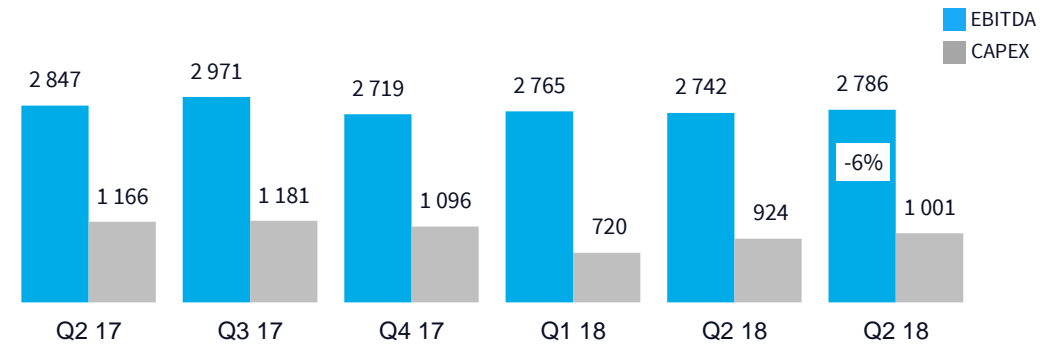


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

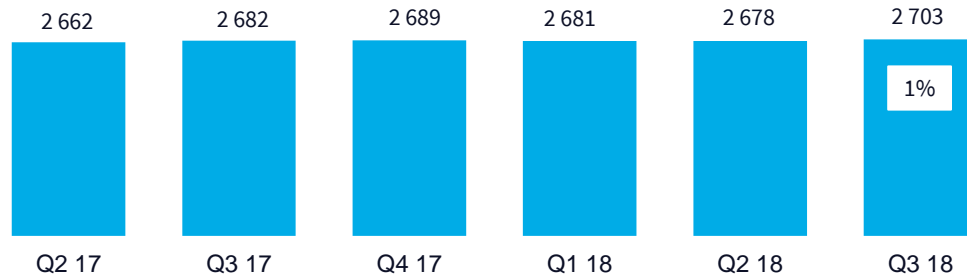


Organic growth

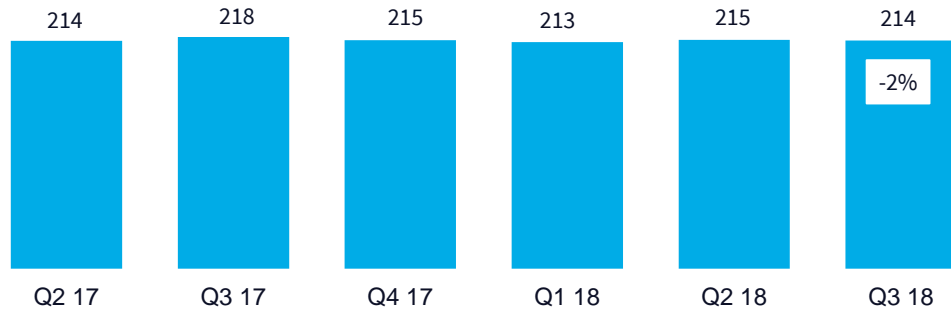


Sweden

Mobile subscribers ('000)

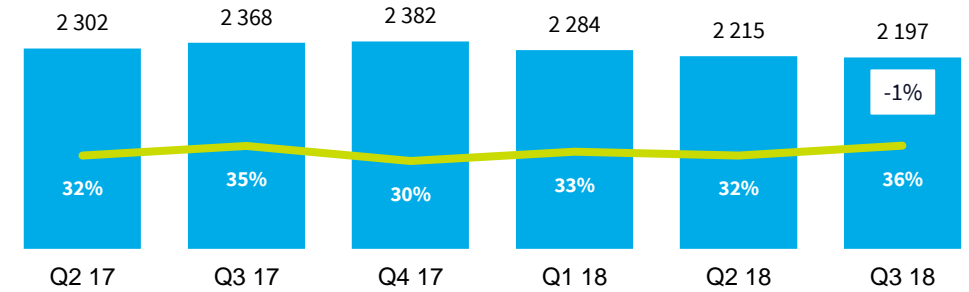


Mobile ARPU (SEK/month)

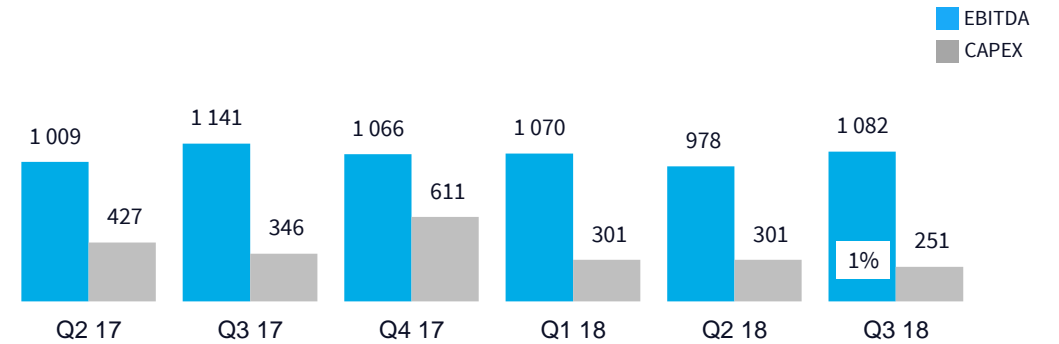


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

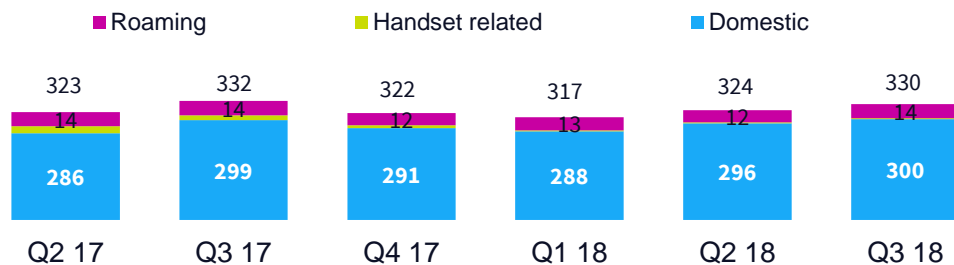


Organic growth

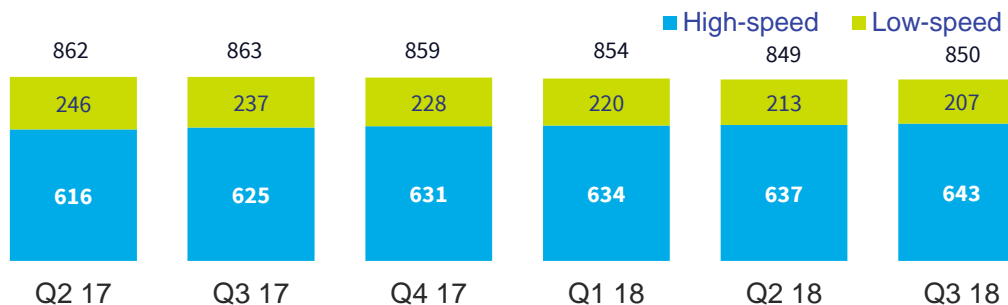


Additional information – Norway and Sweden

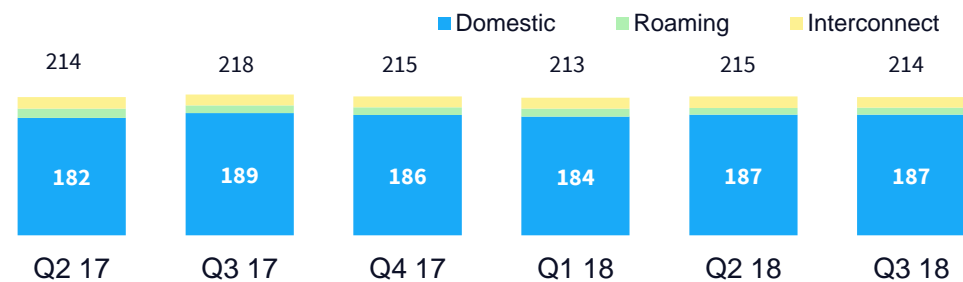
Mobile Norway – mobile ARPU (NOK)('000)



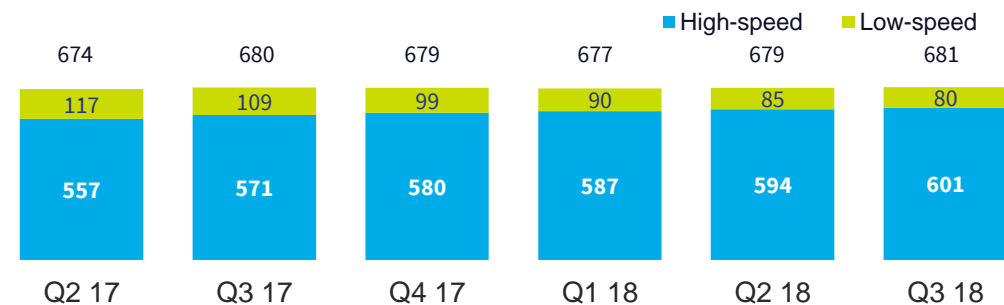
Norway – fixed broadband subscribers ('000)



Sweden – mobile ARPU (SEK)

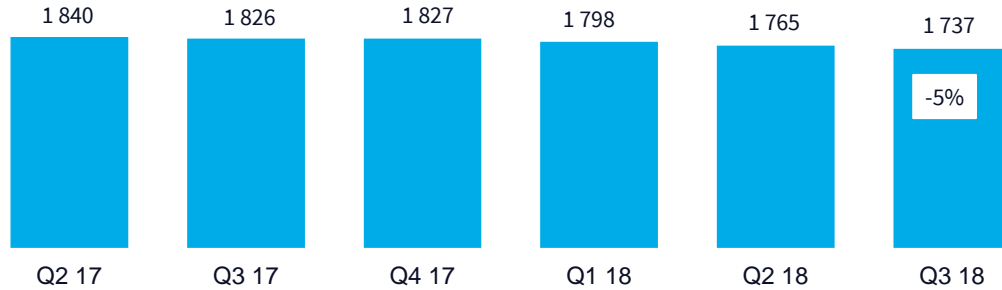


Sweden – fixed broadband subscribers ('000)

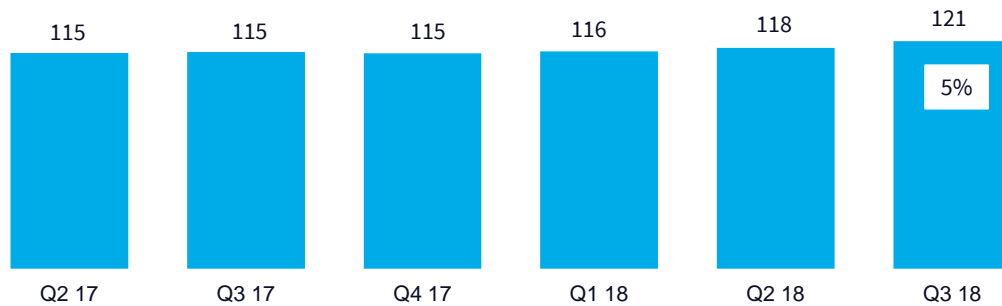


Denmark

Mobile subscribers ('000)

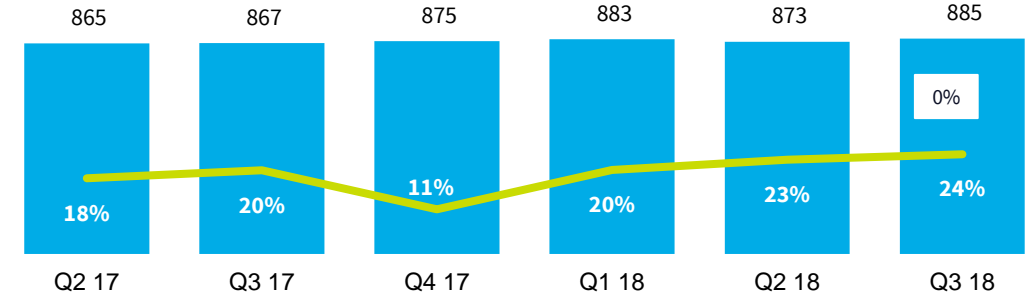


Mobile ARPU (DKK/month)

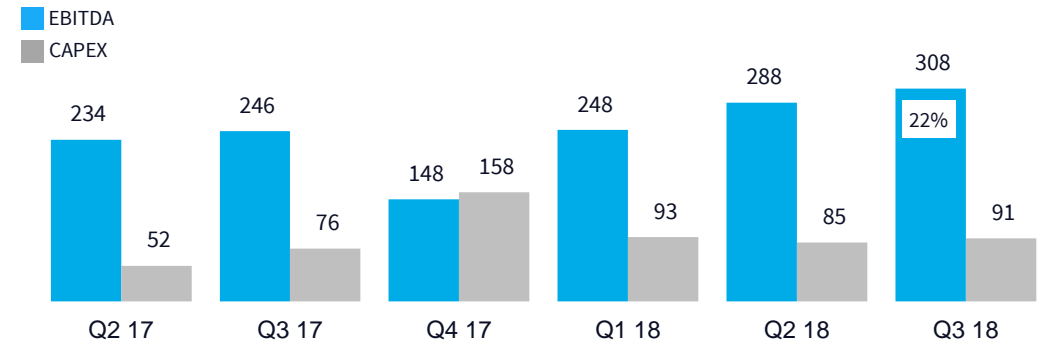


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

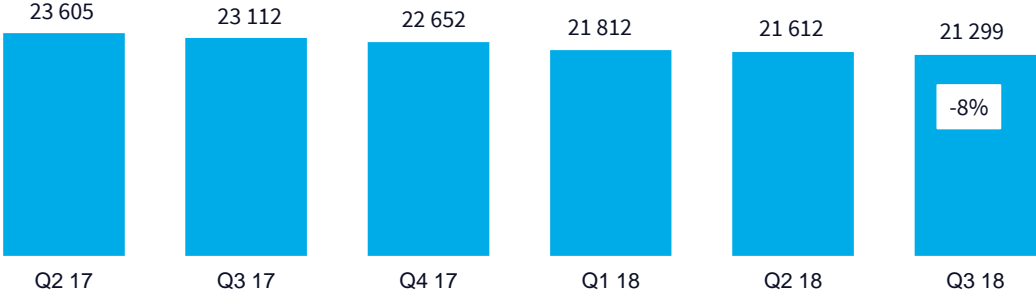


Organic growth

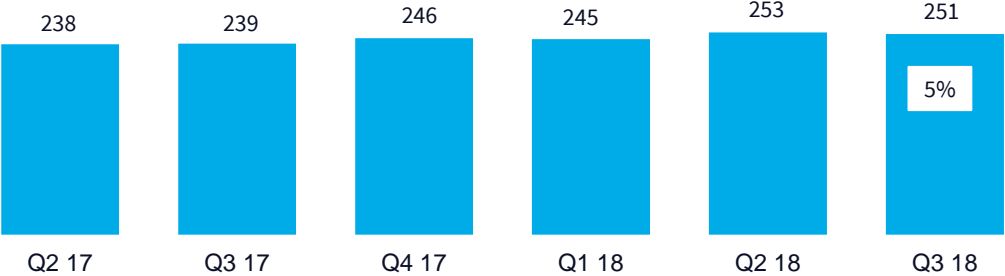


Thailand (dtac)

Mobile subscribers ('000)

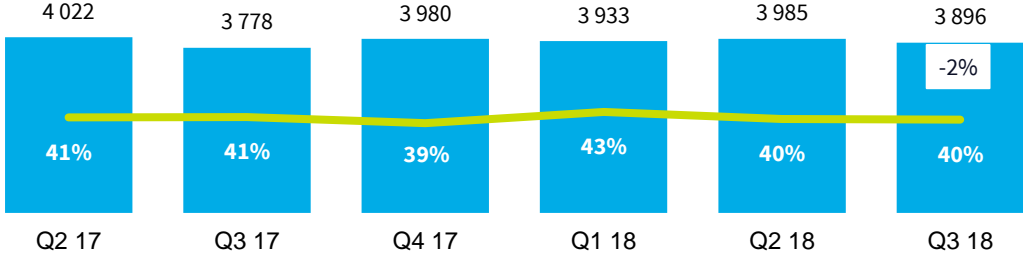


Mobile ARPU (THB/month)

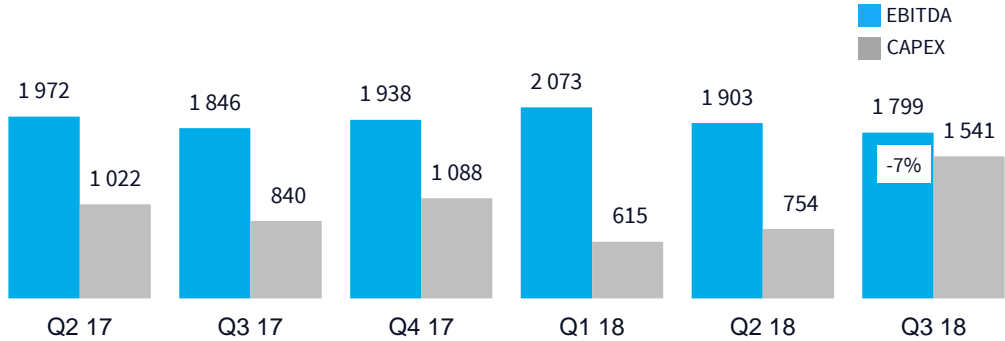


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



EBITDA
CAPEX

Organic growth

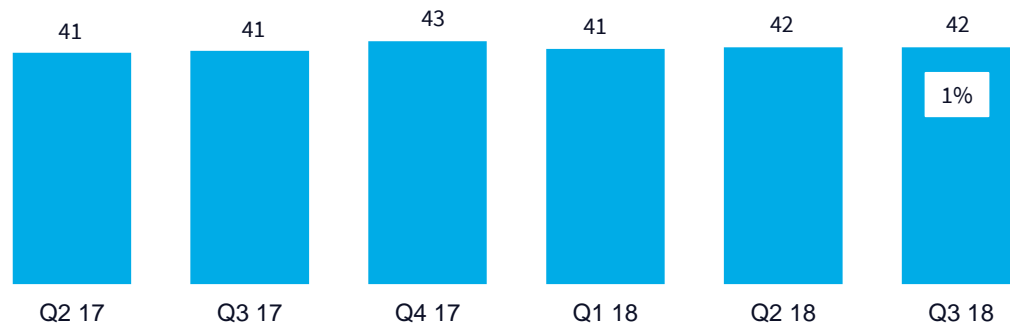


Malaysia (Digi)

Mobile subscribers ('000)

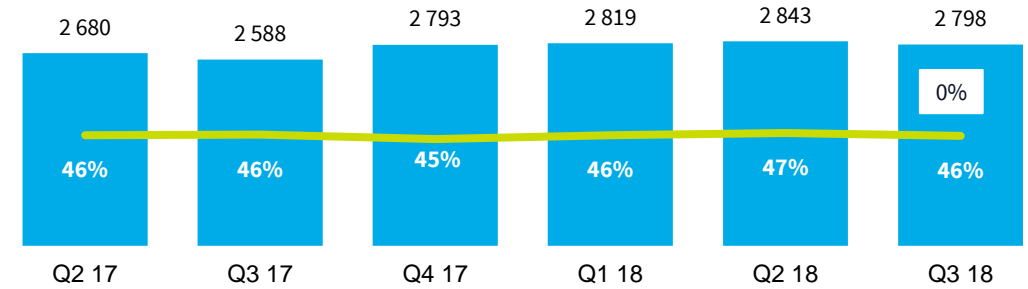


Mobile ARPU (MYR/month)

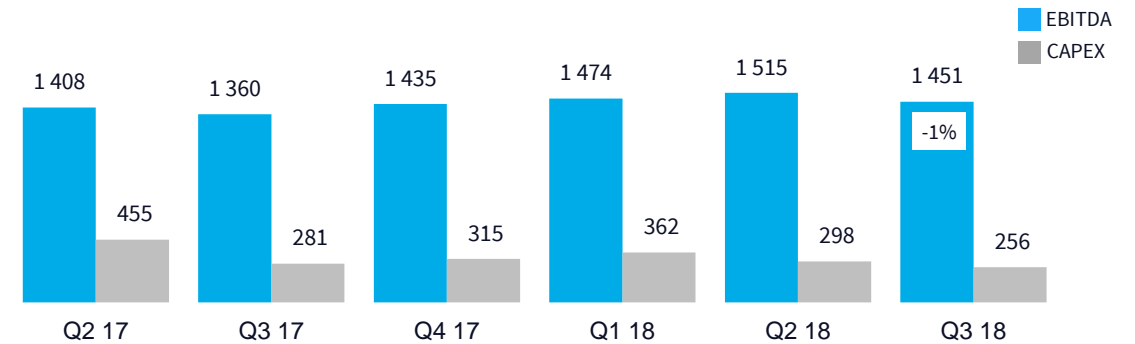


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



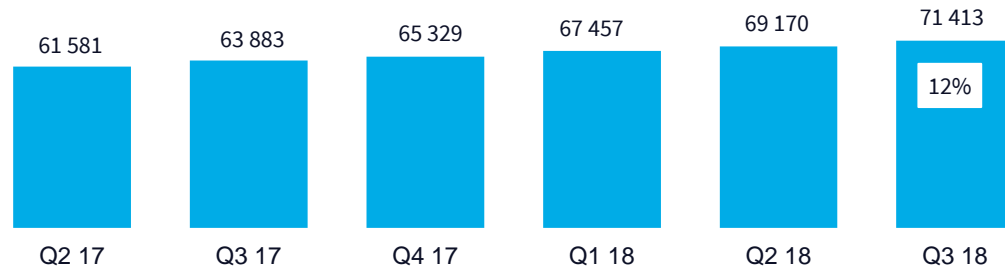
EBITDA
CAPEX

Organic growth

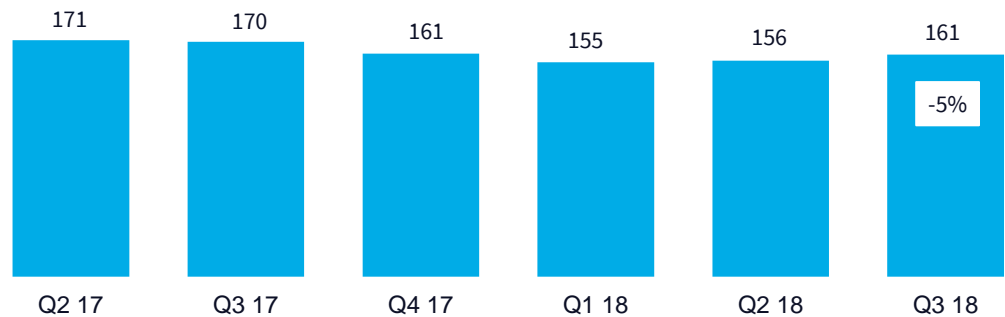


Bangladesh (Grameenphone)

Mobile subscribers ('000)

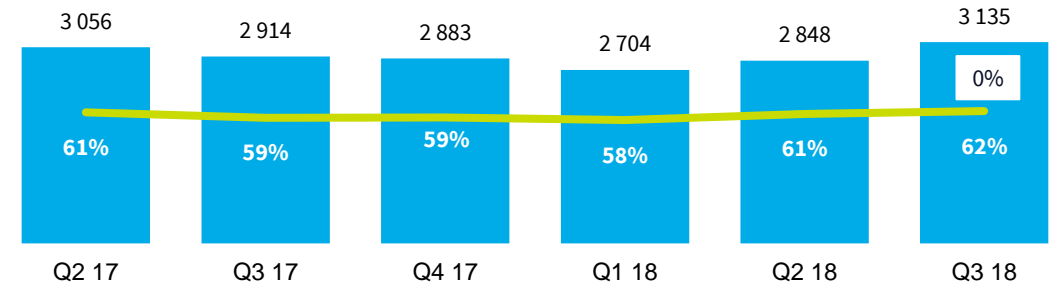


Mobile ARPU (BDT/month)

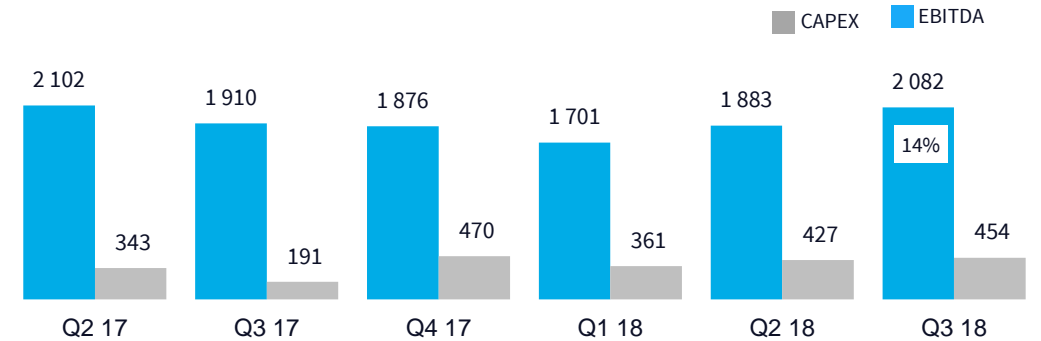


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



Organic growth

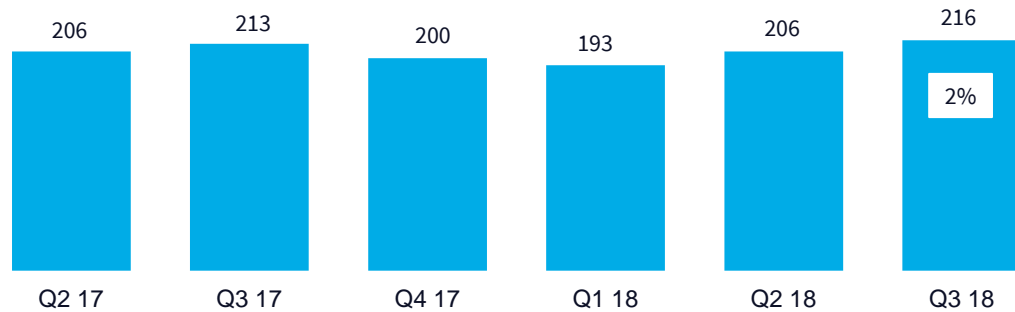


Pakistan

Mobile subscribers ('000)

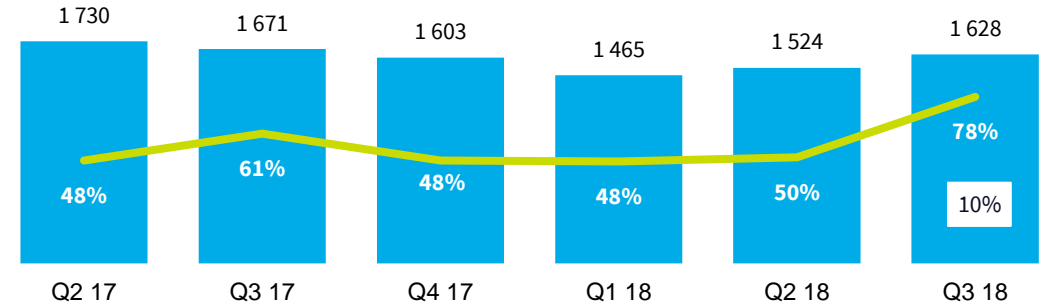


Mobile ARPU (PKR/month)

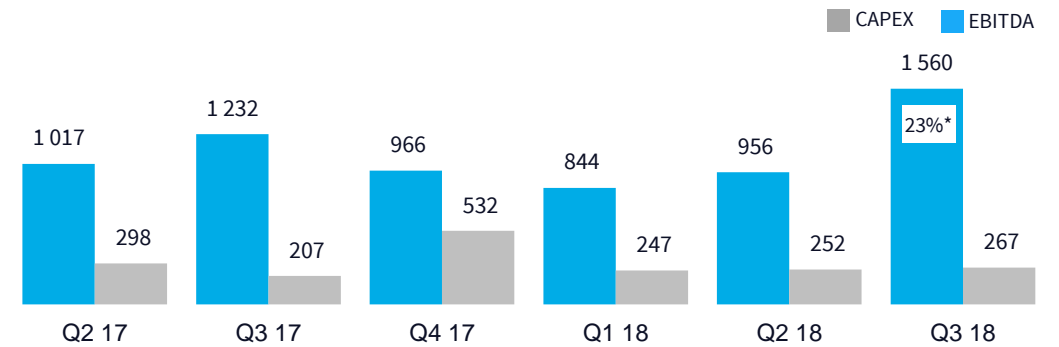


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



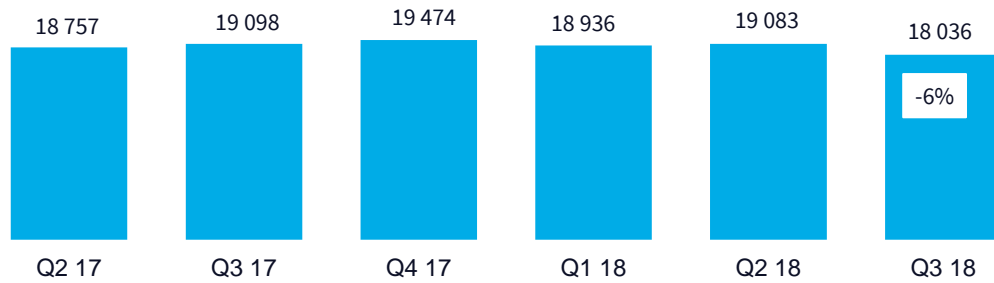
*Adjusted for reversals in Q3 2017 and Q3 2018

Organic growth

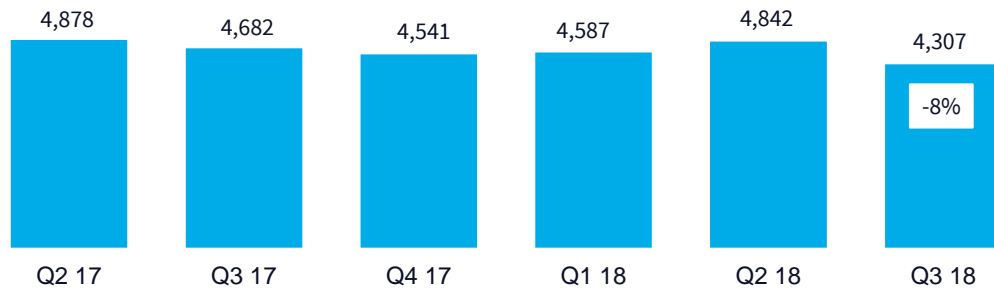


Myanmar

Mobile subscribers ('000)

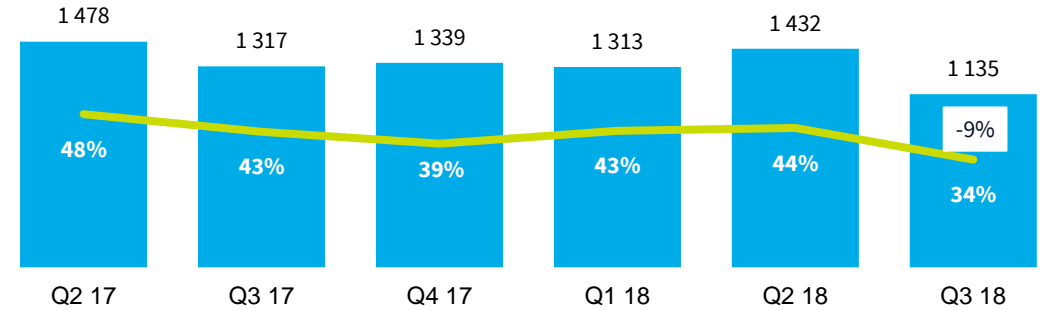


Mobile ARPU (MMK/month)

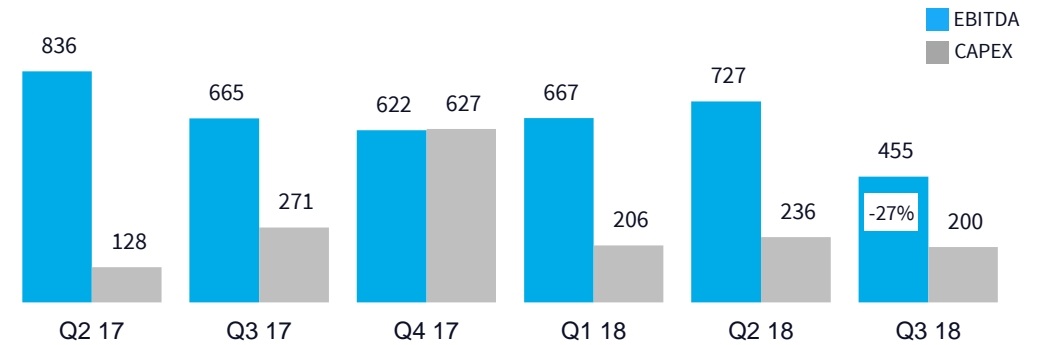


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



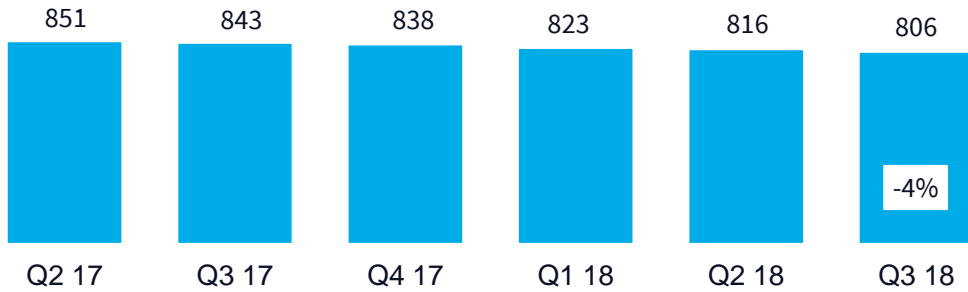
*Adjusted for reversals in Q3 2017 and Q3 2018

Organic growth

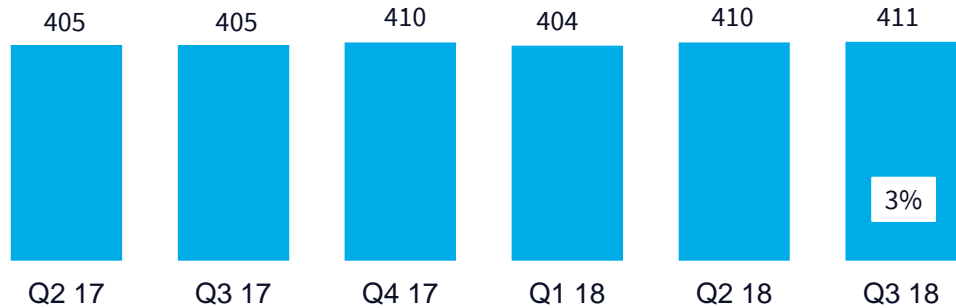


Broadcast

DTH subscribers ('000)

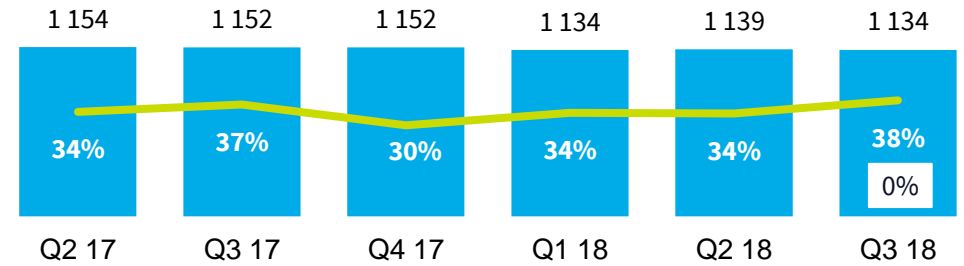


DTH ARPU (NOK/month)

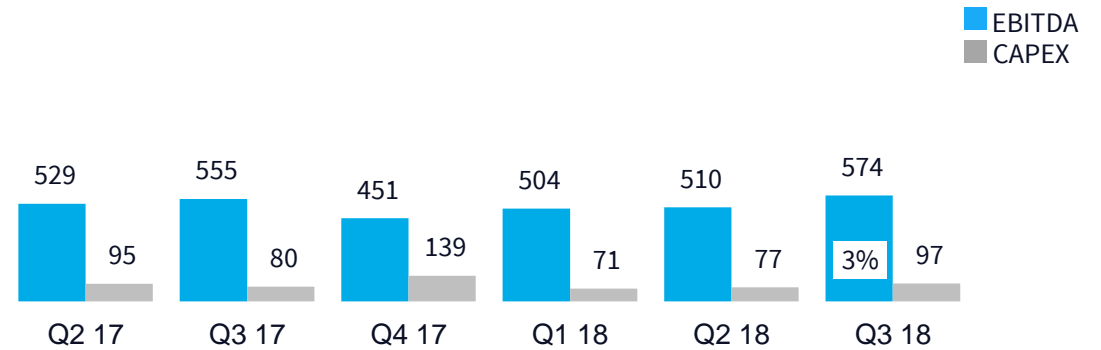


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



*Adjusted for reversals in Q3 2017 and Q3 2018

Organic growth



Changes in revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	-2.2 %	-2.2 %	-6.2 %	-6.3 %
Sweden	-7.2 %	-1.3 %	-5.2 %	0.6 %
Denmark	2.1 %	0.0 %	24.9 %	22.2 %
Thailand	3.1 %	-1.7 %	-2.6 %	-7.0 %
Malaysia	8.1 %	0.2 %	6.7 %	-1.0 %
Bangladesh	7.6 %	7.6 %	9.0 %	8.9 %
Pakistan	-2.5 %	10.3 %	26.6 %	43.1 %
Myanmar	-13.9 %	-9.0 %	-31.6 %	-27.0 %
Broadcast*	-1.5 %	0.2 %	3.4 %	+4.1 %
Telenor Group	0.2 %	0.2 %	5.2 %	5.6 %

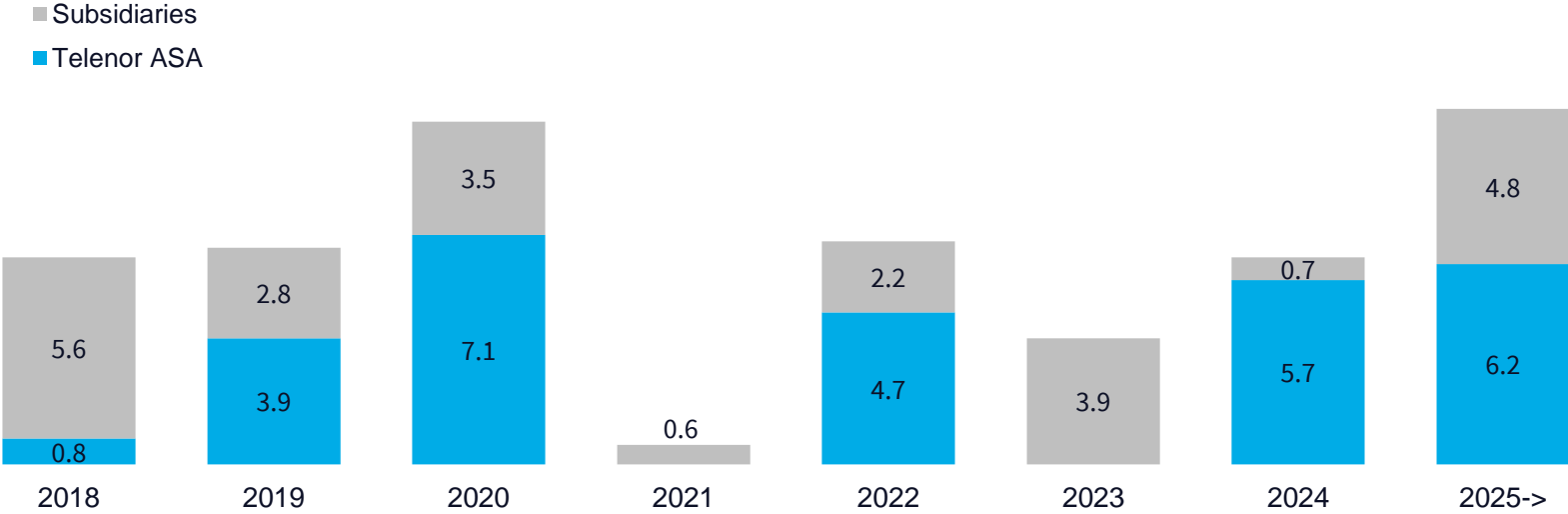
*Revenues from Canal Digital DTH



Debt maturity profile (NOK bn)

Net debt in partly-owned subsidiaries:

NOK bn	Q3 2018	Q4 2017	Q3 2017
Digi	4.3	4.3	3.9
dtac	5.4	5.9	5.8
Grameenphone	2.3	0.7	1.7



Balance sheet and key ratios

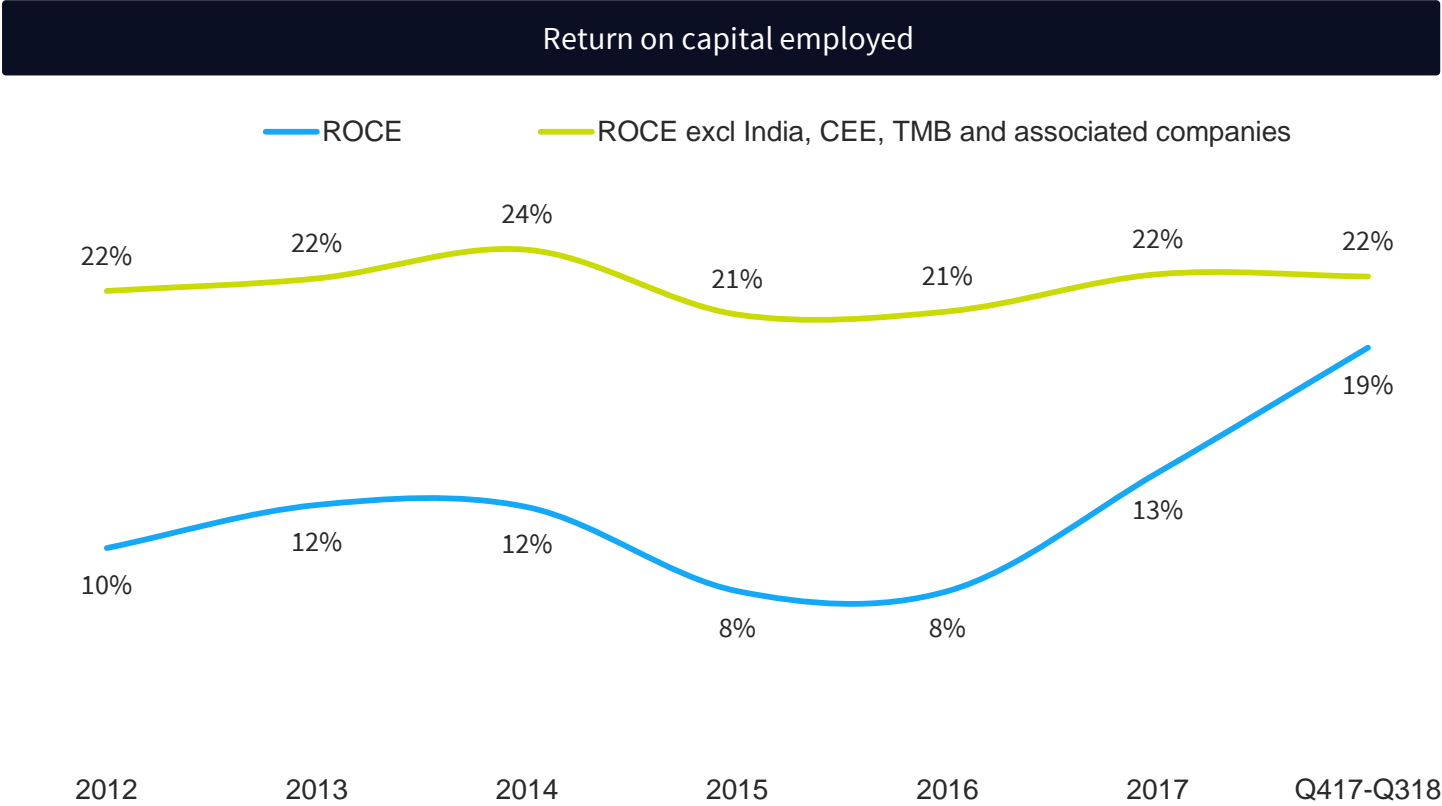
	30 Sep 2018	31 Dec 2017	30 Sep 2017
Total assets	186.5	201.8	202.5
Equity attributable to Telenor ASA shareholders	48.5	57.5	55.6
Gross debt*	60.0	74.3	75.5
Net debt	23.7	46.9	41.0
Net debt/EBITDA	0.5	1.0	0.9
Return on capital employed**	19%	13%	14%

*) 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	Q3 2018	Q4 2017	Q3 2017
Current interest bearing liabilities	15.5	22.7	25.6
Non-current interest bearing liabilities	44.5	51.6	49.8
Licence obligations	(1.9)	(2.3)	(2.2)
Debt excluding licence obligations	58.1	72.0	73.3
Cash and cash equivalents	(32.7)	(22.5)	(29.8)
Investments in bonds and commercial papers	(0.4)	(0.8)	(0.8)
Fair value hedge instruments	(1.3)	(1.8)	(1.8)
Net interest bearing debt excl. licence obligations	23.7	46.9	41.0

