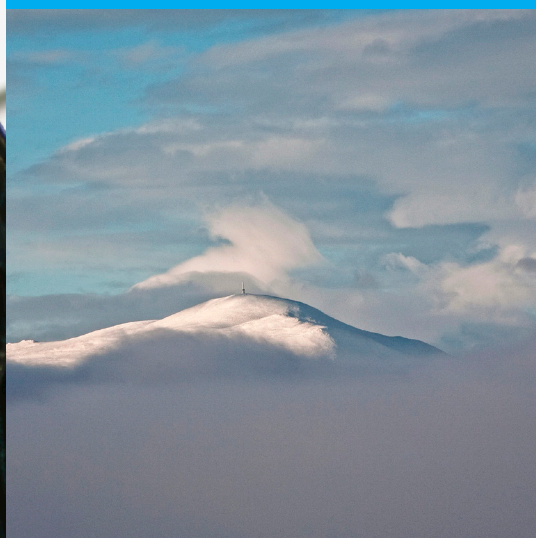
Q4 – 2018

Interim report
January – December
2018



Contents

A strong year with continued progress on strategic ambitions

Throughout the year 2018 we have made solid progress on the modernisation of the company and our efforts to deliver world class services to our customers. We upgraded the highest number of base stations in Telenor's history and we took important steps towards simplifying the corporate structure. In Thailand, we made an important transition from concession to licence model, securing significant access to spectrum and infrastructure. Furthermore, we continued to deliver on our efficiency agenda and financial ambitions. For the full year, this resulted in stable revenues, NOK 1.2 billion in cost reductions and a 3 per cent EBITDA growth.

Telenor's fourth quarter results reflect that our performance in Scandinavia continues to be robust. In Norway, we are rolling out more fibre than ever, and we continue to see growth in the mobile postpaid segment. While Bangladesh and Pakistan saw a slow start to 2018, our businesses have now regained traction and are delivering solid growth. The last six months in Myanmar and Thailand have been challenging and negatively impacted our fourth quarter results. Returning to growth in these markets will be a top priority for us this year.

Halfway into the strategy plan we set out in 2017, we maintain our priorities and financial ambitions towards 2020. Our efforts towards digital transformation continue and I am proud to have a dedicated team with the unwavering aim to continuously grow and improve our business, and to deliver great customer experiences.

– Sigve Brekke, President and CEO

Key figures Telenor Group

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues	28 171	28 678	110 396	112 069	110 362
Organic revenue growth (%)	(0.4)	(1.0)	(0.6)	0.5	
Subscription and traffic revenues	21 263	21 711	85 362	86 314	84 825
Organic subscription and traffic revenue growth (%)	(0.7)	2.8	0.2	2.4	
EBITDA before other income and other expenses	10 338	10 813	45 319	44 694	45 451
Organic EBITDA growth (%)	(2.9)	11.1	3.2	9.0	
EBITDA before other income and other expenses/Revenues (%)	36.7	37.7	41.1	39.9	41.2
Net income attributable to equity holders of Telenor ASA	1 177	2 226	14 626	11 983	14 731
Capex excl. licences and spectrum	6 069	5 162	16 776	17 255	16 776
Total Capex	18 619	5 830	31 245	20 307	31 245
Free cash flow	(141)	3 327	31 989	24 867	31 989
Mobile subscriptions - Change in quarter/Total (mill.)	0.8	2.2	174	168	174

Fourth quarter 2018 and full year summary

- On an organic basis, subscription and traffic revenues declined by 1% in the fourth quarter, while total revenues remained stable. Total reported revenues were NOK 28.2 billion, which is a decrease of 2%. Organic subscription and traffic revenue growth for the year 2018 was slightly positive.
- Reported opex continued to decrease by NOK 0.1 billion or 1% in the quarter and NOK 1.7 billion in 2018. On a currency adjusted basis, opex decreased by NOK 1.2 billion, or 3%.
- EBITDA before other items was NOK 10.3 billion in the fourth quarter with an EBITDA margin of 37%, 1 percentage point below last year. EBITDA declined by 3% on an organic basis in the quarter, negatively impacted by temporary cost increases in Thailand. Organic EBITDA growth for the year 2018 was 3% and the EBITDA margin improved by 1 percentage point to 41%.
- Net income attributable to equity holders of Telenor ASA was NOK 1.2 billion, or NOK 0.81 per share in the quarter. For the year 2018, net income was NOK 14.6 billion, or NOK 9.93 per share.
- Capex excluding licences and spectrum was NOK 6.1 billion in the quarter and NOK 16.8 billion in 2018, resulting in a capex to sales ratio of 22% and 15%, respectively.
- Free cash flow for the quarter was negative NOK 0.1 billion. In 2018, the Group has generated free cash flow of NOK 32.0 billion.

Shareholder remuneration

- Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 8.40 for 2018, to be declared by the Annual General Meeting (AGM) on 7 May 2019. The proposed dividend shall be split into two tranches of NOK 4.40 and NOK 4.00 per share, to be paid in May and October 2019 respectively, and represents a 4% increase compared to 2017.
- In connection with the introduction of a leverage target of 1.5 – 2.0 times net interest bearing debt to EBITDA, in order to optimise the company's capital structure, the Board of Directors plans to ask the AGM for a new share buyback mandate of 3%.

Outlook[1]

Based on our Thai operation dtac's ambition to provide an outlook for 2019 in Q2, we will at this point provide the Group revenue and EBITDA outlook for 2019 excluding Thailand. For 2019, excluding the operation in Thailand, we expect an organic subscription and traffic revenue growth of 0-2% and an organic EBITDA growth of 1-3%. Capex excluding licences and spectrum is expected to be in the range of NOK 16-17 billion, including the operation in Thailand.

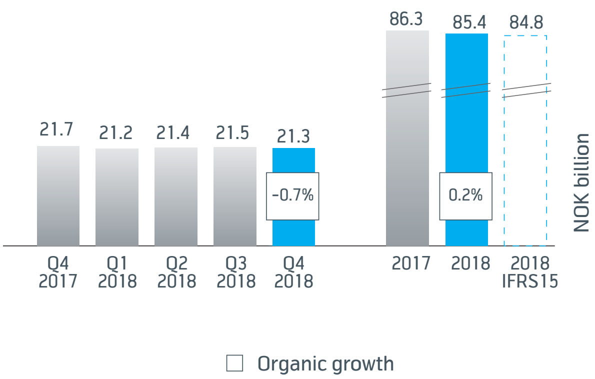
[1] The forward-looking statements are based on current group structure and accounting standards as of 31 December 2018.

Group performance in the fourth quarter 2018[2)]

SUBSCRIPTION AND TRAFFIC REVENUES

On an organic basis, subscription and traffic revenues decreased by 0.7% and 2.1% on a reported basis. Strong performance in Bangladesh and Pakistan with double-digit growth in both markets was offset by a further decline in Thailand, where the subscriber base continued to contract in a tough market environment after the transition to a licence model. The downwards trend in Myanmar persisted as competition remained intense. In addition, the decline in fixed legacy revenues in Norway drew overall growth for the Group into negative territory. Excluding Thailand and Myanmar, organic subscription and traffic revenue growth was 1.3%. Total organic revenue growth was slightly negative with a decrease of 0.4% or NOK 0.1 billion.

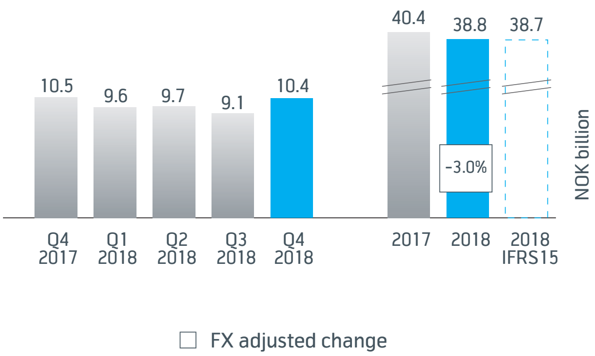
For the year 2018, organic subscription and traffic revenue growth was 0.2%. Reported total revenues decreased by 1.5% or NOK 1.7 billion, negatively impacted by currency effects of NOK 1.4 billion.



OPERATING EXPENDITURES (OPEX)

Reported opex decreased by NOK 0.1 billion, while currency adjusted opex remained stable from continued efficiency improvements especially in Scandinavia, Corporate Functions and other Group units. This was offset by temporary remedy costs and network expansion related costs with the transition to a licence model in Thailand. The costs for the infrastructure lease to CAT amounted to NOK 231 million in the quarter.

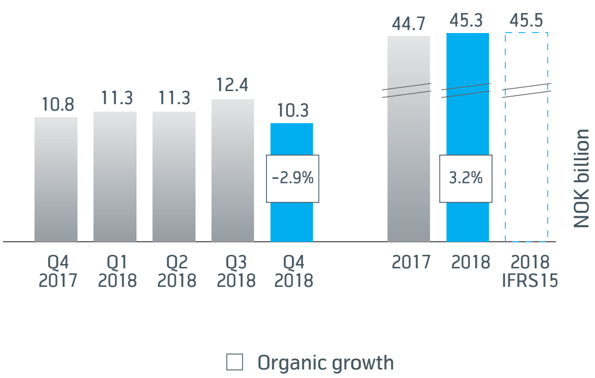
For the year 2018, opex reductions were primarily a result of improved cost efficiency. In addition, regulatory cost savings accompanied the end of the concession model in Thailand. Reported opex decreased by NOK 1.7 billion to NOK 38.8 billion, which corresponds to a currency adjusted decrease of NOK 1.2 billion or 3.0%.



EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

EBITDA was NOK 10.3 billion, which is a decrease of 2.9% on an organic basis. EBITDA continued to be impacted by the revenue shortfall in Myanmar and Thailand, fixed legacy decline in Norway and 2300 MHz rental fees, in addition to temporary remedy costs in Thailand. The EBITDA margin decreased by 1 percentage point to 36.7%.

For the year 2018, reported EBITDA increased by NOK 0.6 billion to NOK 45.3 billion, negatively impacted by currency effects of NOK 0.8 billion. Organic EBITDA growth was 3.2%, to which Pakistan, Bangladesh and Denmark were the main contributors, compensating for costs related to transitioning from concession to licence model in Thailand. The EBITDA margin for the full year ended at 41.1%, an improvement of 1 percentage point from last year.

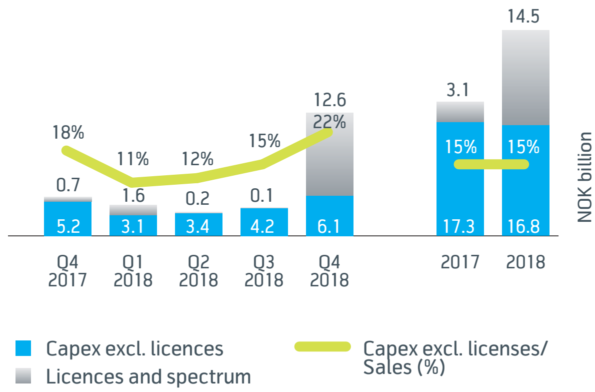


2) The comments are related to Telenor's development in the fourth quarter of 2018 compared to the fourth quarter of 2017 unless otherwise stated. Please refer to Definitions on page 26 for descriptions of alternative performance measures.

CAPITAL EXPENDITURES (CAPEX)

Capex excluding licences and spectrum was high with NOK 6.1 billion, driven by accelerated network expansion in Thailand, in addition to ongoing fibre roll-out in Norway. Total capex was NOK 18.6 billion as a result of the capitalisation of 900 MHz and 1800 MHz spectrum of in total NOK 11.7 billion in Thailand.

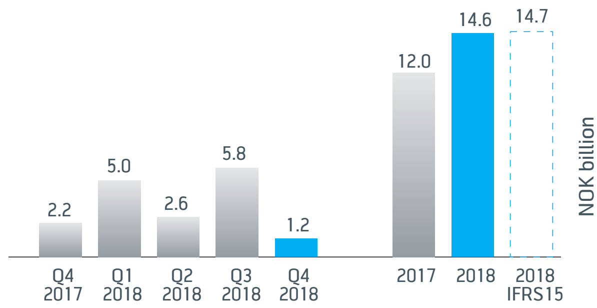
For the year 2018, capex excluding licences and spectrum was NOK 16.8 billion, slightly lower than last year. Total capex increased by NOK 10.9 billion to NOK 31.2 billion, primarily explained by the spectrum acquisitions in Thailand this year.



NET INCOME

Reported net income to equity holders of Telenor ASA in the fourth quarter was NOK 1.2 billion, which is a decrease of NOK 1.0 billion. This was primarily due to other expenses related to a settlement with CAT in Thailand of NOK 2.1 billion and a decrease in net financial items of NOK 1.8 billion driven by higher net currency losses. This was partly offset by lower depreciations and higher profit from discontinued operations as a result of gain on partial disposal of Telenor Microfinance Bank.

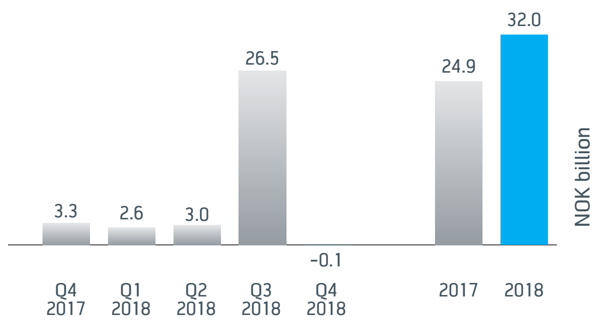
For the year 2018, the net income to equity holders of Telenor ASA was NOK 14.6 billion, an increase of NOK 2.6 billion compared to last year, positively impacted by the gain on partial disposal of Telenor Microfinance Bank of NOK 1.8 billion and disposal of assets in Central and Eastern Europe of NOK 1.7 billion.



FREE CASH FLOW

Free cash flow in the fourth quarter was negative NOK 0.1 billion. This is a decrease of NOK 3.5 billion from last year, mainly as a result of higher investment levels and spectrum payments.

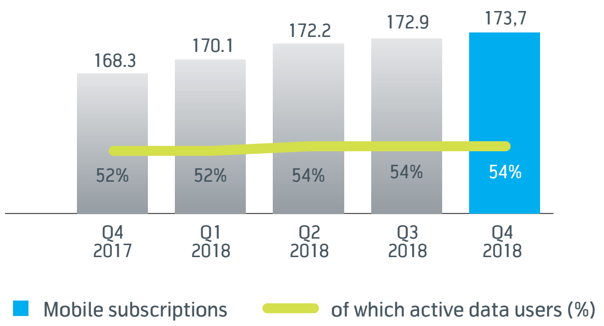
For the year 2018, the free cash flow amounted to NOK 32.0 billion, an increase of NOK 7.1 billion compared to last year, positively impacted by the proceeds from the sale of assets in Central and Eastern Europe. Free cash flow before these proceeds and other M&A activities was NOK 11.7 billion.



MOBILE SUBSCRIPTIONS

The number of mobile subscriptions increased by 0.8 million during the quarter, raising the total subscription base to 174 million. Bangladesh and Pakistan added 1.3 and 0.6 million subscriptions, respectively, partly offset by losses of 0.8 million in Myanmar and 0.1 million in both Malaysia and Thailand. The share of active data users in our subscription base remained at 54%.

The Group has expanded its subscription base by 5.4 million during 2018. Bangladesh and Pakistan stood for net adds of in total 9.3 million, outweighing net losses of 2.2 million in Myanmar and 1.5 million in Thailand.



Interim report

Telenor's operations

The comments below are related to Telenor's development in the fourth quarter of 2018 compared to the fourth quarter of 2017 in local currency, unless otherwise stated. The financial figures presented below are based on the accounting principles for the Group's segment reporting. See note 9 for further information. Telenor Banka is classified as discontinued operations, see note 3 for further information. Financial figures for some segments have been restated. See note 9 for further information. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 12 for 'Specification of other income and other expenses'. Additional information is available at: www.telenor.com/ir

Norway

- Norway delivered solid market performance in the quarter despite strong competition, resulting in growth of 2,000 mobile contract subscriptions and all time high growth of 15,000 fibre subscriptions, taking the total fibre subscription base to 232,000.
- The total number of mobile subscriptions decreased by 1% compared to the same period last year from a continued reduction in prepaid subscriptions. The number of fixed high-speed subscriptions grew by 6,000 in the quarter, an increase of 19,000 compared to the same period last year.
- Mobile ARPU remained stable as continued growth in subscriptions with larger data allowances was offset by effects from regulation on 3/5-digit numbers. Mobile subscription and traffic revenues remained stable compared to last year.
- Total revenues decreased by 2%, mainly from lower fixed legacy revenues.
- Opex remained stable as lower personnel, sales and marketing costs were offset by higher project activities and costs related to transferred businesses from other Group entities.
- EBITDA decreased by 5% as a result of lower mobile wholesale and fixed legacy revenues. The EBITDA margin declined by 1 percentage point to 39%.
- Capex in the quarter was mainly driven by fibre roll-out and IT development.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017 Restated*	2018	2017 Restated*	2018 IFRS15
Revenues mobile operation					
Subscription and traffic	2 733	2 746	10 980	11 029	10 924
Interconnect revenues	131	139	528	551	528
Other mobile revenues	253	279	932	1 178	933
Non-mobile revenues	889	822	3 034	2 313	2 999
Total revenues mobile operation	**4 007**	**3 986**	**15 475**	**15 072**	**15 384**
Revenues fixed operation					
Telephony	287	348	1 237	1 498	1 237
Internet and TV	1 488	1 507	5 929	5 850	5 937
Data services	130	132	514	504	514
Other fixed revenues	406	413	1 579	1 603	1 579
Total retail revenues	**2 311**	**2 400**	**9 259**	**9 455**	**9 268**
Wholesale revenues	306	345	1 257	1 437	1 257
Total revenues fixed operation	**2 617**	**2 745**	**10 516**	**10 892**	**10 525**
Total revenues	**6 624**	**6 731**	**25 991**	**25 965**	**25 909**
Operating expenditures	2 371	2 380	9 067	9 206	8 863
EBITDA before other items	**2 589**	**2 719**	**10 882**	**11 117**	**11 004**
Operating profit	**1 478**	**1 479**	**6 386**	**6 902**	**6 508**
EBITDA before other items/ Total revenues (%)	39.1	40.4	41.9	42.8	42.5
Capex	1 754	1 096	4 399	4 988	4 399
Investments in businesses	-	4	5	215	5
Statistics (monthly in NOK):					
Mobile ARPU	323	322	324	320	322
Fixed Telephony ARPU	236	242	238	246	238
Fixed Internet ARPU	374	379	375	369	345
TV ARPU	324	320	318	312	323
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(14)	(10)	2 952	2 984	2 952
Fixed telephony	(18)	(20)	397	472	397
Fixed Internet	(6)	(4)	844	859	844
TV	5	-	553	546	553

* Refer to note 9.

Sweden

- In Sweden, the number of mobile subscriptions increased by 27,000 during the quarter driven by Vimla and the business segment. At the end of the quarter, the mobile consumer base was 1% higher than at the end of the same period last year. 9,000 fibre connections were added, taking the total number of high speed fixed internet subscriptions to 609,000.
- Mobile subscription and traffic revenues were stable as a higher subscription base and ARPU in the consumer segment were offset by a lower subscription base and ARPU in the business segment.
- Fixed revenues decreased by 5% driven by decline in legacy products and lower fibre installation revenues, partly offset by a strong development in high-speed internet revenues.
- Opex decreased by 4% mainly due to lower personnel and consultancy costs, in addition to lower maintenance costs. EBITDA decreased by 2% driven mainly by lower fibre installation revenues and increased provisions related to a copyright fee.
- Capex in the quarter was mainly prioritised towards capacity increase and network modernisation and IT digitalisation initiatives. In December, Net4Mobility, Telenor's and Tele2's infrastructure joint venture in Sweden, aquired 2x10 MHz in the 700 MHz spectrum band for a total consideration of NOK 1.3 billion. Telenor's 50% share amounts to NOK 677 million paid in January.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues mobile operation					
Subscription and traffic	1 481	1 557	5 935	6 123	5 918
Interconnect revenues	130	137	521	596	521
Other mobile revenues	105	102	400	379	400
Non-mobile revenues	615	735	2 152	2 219	2 094
Total revenues mobile operation	**2 331**	**2 531**	**9 008**	**9 317**	**8 934**
Revenues fixed operation					
Telephony	41	66	187	285	187
Internet and TV	652	706	2 629	2 660	2 629
Data services	41	53	158	201	158
Other fixed revenues	101	113	296	303	296
Total retail revenues	**835**	**938**	**3 271**	**3 448**	**3 271**
Wholesale revenues	58	46	216	172	216
Total revenues fixed operation	**893**	**984**	**3 487**	**3 620**	**3 487**
Total revenues	**3 224**	**3 514**	**12 495**	**12 938**	**12 421**
Operating expenditures	985	1 076	3 899	4 211	3 890
EBITDA before other items	**992**	**1 066**	**4 121**	**4 136**	**4 125**
Operating profit	**652**	**727**	**2 784**	**2 730**	**2 787**
EBITDA before other items/ Total revenues (%)	30.8	30.3	33.0	32.0	33.2
Capex	1 112	611	1 965	1 690	1 965
Investments in businesses	-	-	-	113	-
Statistics (monthly in NOK):					
Mobile ARPU	198	210	200	210	199
Fixed Telephony ARPU	35	64	42	67	42
Fixed Internet ARPU	211	217	212	213	212
TV ARPU	143	147	145	139	145
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	27	7	2 729	2 689	2 729
Fixed telephony	(5)	(9)	148	185	148
Fixed Internet	3	(1)	684	679	684
TV	18	(5)	480	470	480
Exchange rate (SEK)			0.9359	0.9680	0.9359

Denmark

- The Danish operation continued to demonstrate solid improvement in the last quarter of 2018. Throughout the year, a significantly more efficient business has been established, mobile ARPU has been improved and the investment level was sound. Reported EBITDA strengthened by NOK 260 million in 2018.
- The mobile subscription base decreased by 38,000, mainly due to continued churn of a large public account as well as higher churn of consumer legacy tariffs. Mobile ARPU increased by 5% as a result of loss of low value subscriptions as well as upselling to higher value tariffs.
- Mobile subscription and traffic revenues decreased by 1% as a result of a lower subscription base partly offset by higher ARPU. Reduced handset sales contributed to a 4% decline in total revenues.
- EBITDA improved by 84% from significant opex savings as a result of a more efficient operation with fewer employees, more efficient sales channels, fewer consultants and lower maintenance cost in addition to better handset gross profit. This explains the EBITDA margin reaching 20% in the quarter, up 10 percentage points compared to last year.
- Capex was primarily related to mobile core and radio network in addition to IT.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues mobile operation					
Subscription and traffic	736	743	2 990	2 903	2 937
Interconnect revenues	62	68	246	256	246
Other mobile revenues	75	49	234	199	234
Non-mobile revenues	316	388	1 124	1 251	1 140
Total revenues mobile operation	**1 189**	**1 248**	**4 594**	**4 610**	**4 558**
Revenues fixed operation					
Telephony	35	34	135	144	135
Internet and TV	90	92	359	367	359
Data services	6	6	25	26	25
Total revenues fixed operation	**131**	**132**	**518**	**537**	**518**
Total revenues	**1 320**	**1 380**	**5 112**	**5 147**	**5 076**
Operating expenditures	510	590	1 971	2 136	2 028
EBITDA before other items	**266**	**148**	**1 109**	**849**	**1 045**
Operating profit	**44**	**1 216**	**184**	**1 665**	**119**
EBITDA before other items/ Total revenues (%)	20.2	10.7	21.7	16.5	20.6
Capex	171	160	441	651	441
Mobile ARPU - monthly (NOK)	155	148	153	144	151
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(38)	1	1 699	1 827	1 699
Fixed telephony	(3)	(1)	48	64	48
Fixed Internet	(8)	(3)	123	138	123
Exchange rate (DKK)			1.2875	1.2539	1.2875

dtac - Thailand

- In Thailand, 2018 and the fourth quarter in particular was focused around the transition from concession to license model. We are very pleased with the execution, securing both access to spectrum and infrastructure. Dtac managed the transition after the end of the 850 MHz and 1800 MHz remedy period on 15 December 2018 with minimum service disruption.
- Subscription and traffic revenues declined by 5%, mainly as a result of decline in prepaid subscriber base.
- The total number of subscriptions decreased by 0.1 million in the quarter, as the growth in postpaid subscriptions was not sufficient to offset the decline in the prepaid segment. During 2018, the subscription base declined by 6%, closing the year at 21.2 million.
- EBITDA declined by 35% mainly driven by lower subscription and traffic revenues, impact of the 2300 MHz fixed fees to TOT, temporary remedy costs of NOK 119 million and increases in network related costs. The EBITDA margin excluding remedy costs was 29%.
- Operating profit was negatively impacted by other expenses of NOK 2.1 billion related to a settlement with CAT. The total settlement amount to be paid by dtac in multiple instalments is NOK 2.5 billion, of which NOK 0.4 billion had already been recognised. See note 6 for further details. A reduction of depreciations by NOK 0.9 billion following the end of the concession model affected operating profit positively.
- Capex was high in the quarter as a result of focused efforts on strengthening dtac's network position through densification of the 3G and 4G networks. In 2018, 13,000 new 2300 MHz sites were added. Dtac secured a 2x5 MHz block in the 900 MHz spectrum band in the auction held in October.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues					
Subscription and traffic	3 907	3 980	15 722	15 620	15 570
Interconnect revenues	148	208	587	841	587
Other mobile revenues	40	46	186	184	186
Non-mobile revenues	842	799	2 439	2 444	2 566
Total revenues	**4 937**	**5 033**	**18 933**	**19 089**	**18 908**
Operating expenditures	2 018	1 763	6 909	6 969	6 933
EBITDA before other items	**1 320**	**1 938**	**7 095**	**7 413**	**7 045**
Operating profit	**(1 612)**	**229**	**(1 176)**	**1 086**	**(1 225)**
EBITDA before other items/ Total revenues (%)	26.7	38.5	37.5	38.8	37.3
Capex	13 652	1 088	16 562	4 027	16 562
No. of subscriptions - Change in quarter/ Total (in thousands):	(97)	(460)	21 202	22 652	21 202
ARPU - monthly (NOK)	64	61	63	58	62
Exchange rate (THB)			0.2515	0.2435	0.2515

Digi - Malaysia

- In Malaysia, Digi managed to turn around the declining revenue trend from last year into growth in 2018. Subscription and traffic revenues increased by 1% for the full year.
- Both postpaid and data revenues continued with double-digit growth.
- The subscriber base continued to decline, as growth within postpaid subscriptions of 0.1 million was more than offset by prepaid subscriber loss of 0.2 million in the quarter. The total subscription base ended at 11.7 million, 1% lower than at the end of last year.
- Mobile subscription and traffic revenues declined by 2%, as 14% growth in postpaid could not compensate for the 12% decline in the prepaid segment.
- EBITDA improved by 2% driven by gross profit improvement from postpaid growth and reduction in network related opex.
- Capex for the quarter was prioritised towards strengthening the 4G network and IT.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues					
Subscription and traffic	2 821	2 793	11 282	10 685	11 012
Interconnect revenues	116	148	461	581	461
Other mobile revenues	34	33	142	132	142
Non-mobile revenues	423	249	1 081	789	1 534
Total revenues	**3 394**	**3 223**	**12 966**	**12 188**	**13 149**
Operating expenditures	1 002	977	3 903	3 720	3 930
EBITDA before other items	**1 513**	**1 435**	**5 954**	**5 556**	**6 111**
Operating profit	**1 116**	**1 013**	**4 254**	**4 035**	**4 410**
EBITDA before other items/ Total revenues (%)	44.6	44.5	45.9	45.6	46.5
Capex	459	323	1 649	2 570	1 649
No. of subscriptions - Change in quarter/ Total (in thousands):	(144)	(106)	11 660	11 747	11 660
ARPU - monthly (NOK)	84	84	83	79	81
Exchange rate (MYR)			2.0145	1.9222	2.0145

Grameenphone – Bangladesh

- In Bangladesh, Grameenphone added 1.3 million subscriptions and continued to deliver strong revenue growth and profitability.
- The number of subscriptions at the end of the fourth quarter was 72.7 million, which is 11% higher than at the end of last year.
- Subscription and traffic revenues increased by 11%, driven by the growth in the subscription base and higher data revenues from increased usage. Total revenues increased by 8%, and normalised for the change to net accounting the growth was 10%.
- EBITDA increased by 14%, mainly due to gross profit uplift and healthy opex development, positively impacted by reversals. Excluding reversals, EBITDA improved by 12%. The EBITDA margin improved by 3 percentage points to 62%.
- Capex was further focused on network roll-out and strengthening the network position. During the quarter, we passed 5,000 4G sites on air.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues					
Subscription and traffic	3 250	2 883	11 937	11 748	11 937
Interconnect revenues	165	210	751	882	751
Other mobile revenues	4	5	13	14	13
Non-mobile revenues	63	92	210	512	210
Total revenues	**3 482**	**3 190**	**12 910**	**13 156**	**12 910**
Operating expenditures	1 110	1 090	4 360	4 310	4 392
EBITDA before other items	**2 165**	**1 876**	**7 832**	**7 791**	**7 807**
Operating profit	**1 610**	**1 134**	**5 588**	**5 124**	**5 563**
EBITDA before other items/ Total revenues (%)	62.2	58.8	60.7	59.2	60.5
Capex	414	470	3 300	1 483	3 300
Investments in businesses	-	19	(8)	19	(8)
No. of subscriptions - Change in quarter/ Total (in thousands):	1 319	1 446	72 732	65 329	72 732
ARPU - monthly (NOK)	16	16	15	17	15
Exchange rate (BDT)			0.0971	0.1022	0.0971

Pakistan

- In Pakistan, we continued the good trend from the third quarter with solid growth and profitability, positively impacted by the temporary abolishment of taxes on cellular services from June.
- The number of subscriptions rose by 0.6 million during the quarter, taking the total base to 43.5 million, which is 5% higher than at the end of last year.
- Subscription and traffic revenues increased by 12% mainly as a result of a higher subscription base and a 6% ARPU uplift driven by increased data revenues.
- EBITDA increased by 15% and was mainly driven by revenue growth but also solid cost control and implementation of common delivery centre on network from second quarter.
- Capex was mainly related to network roll-out in addition to investments in IT infrastructure.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues					
Subscription and traffic	1 473	1 603	6 091	6 644	6 107
Interconnect revenues	247	282	1 109	1 174	1 109
Other mobile revenues	7	6	21	20	21
Non-mobile revenues	48	117	255	342	255
Total revenues	**1 775**	**2 008**	**7 476**	**8 181**	**7 492**
Operating expenditures	625	715	2 578	2 788	2 589
EBITDA before other items	**901**	**966**	**4 261**	**4 204**	**4 296**
Operating profit	**577**	**552**	**2 714**	**2 678**	**2 749**
EBITDA before other items/ Total revenues (%)	50.8	48.1	57.0	51.4	57.3
Capex	391	532	1 157	1 438	1 157
No. of subscriptions - Change in quarter/ Total (in thousands):	590	924	43 530	41 625	43 530
ARPU - monthly (NOK)	13	15	14	16	14
Exchange rate (PKR)			0.0671	0.0785	0.0671

Myanmar

- In Myanmar, performance in the fourth quarter was negatively impacted by continued subscription loss from intense competition and the effect of the weakening of the local currency during the second half of the year.
- The number of subscriptions fell by 0.8 million during the quarter, taking the total base to 17.2 million, which is 12% lower than at the end of last year. On the positive side however, the subscription base stabilised in December.
- Mobile subscription and traffic revenues decreased by 12% mainly due to the lower customer base combined with lower data prices. Compared to the third quarter this year, ARPU increased by 3%.
- EBITDA decreased by 38% mainly as a result of declining revenues, in addition to an 8% increase in operating expenses, negatively impacted by depreciation of the local currency compared to last year. The EBITDA margin was 27%.
- Capex continued to be driven by network expansion, new sites on air and 4G roll-out.
- On 8 November 2018, 2x2.2MHz in 900 MHz spectrum band was acquired for NOK 204 million. The spectrum blocks were previously leased and are currently used for 2G.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues					
Subscription and traffic	1 041	1 339	4 918	5 585	4 918
Interconnect revenues	193	229	815	941	815
Other mobile revenues	8	15	33	39	33
Non-mobile revenues	11	17	45	78	45
Total revenues	**1 252**	**1 599**	**5 810**	**6 643**	**5 810**
Operating expenditures	708	730	2 732	2 763	2 732
EBITDA before other items	**330**	**622**	**2 179**	**2 869**	**2 179**
Operating profit	**(43)**	**347**	**727**	**1 796**	**727**
EBITDA before other items/ Total revenues (%)	26.3	38.9	37.5	43.2	37.5
Capex	407	1 285	1 050	2 545	1 050
No. of subscriptions - Change in quarter/ Total (in thousands):	(804)	376	17 232	19 474	17 232
ARPU - monthly (NOK)	24	27	26	29	26
Exchange rate (MMK)			0.0056	0.0060	0.0056

Broadcast

- Strong performance by Telenor Satellite, stable development in Norkring and continued focus on efficiency could not fully compensate for the effects of a lower customer base in Canal Digital.
- Price increases in Canal Digital were unable to offset the loss of 13,000 DTH subscribers in the quarter and 45,000 in 2018 in total, in addition to a reduction in customers with add-on packages. The negative subscriber development is primarily a result of the strong fibre roll-out by other operators.
- Total revenues decreased by 3% primarily due to reduced number of DTH TV subscriber volumes and unfavourable currency movements, only partly offset by growth in sale of Satellite capacity.
- EBITDA decreased by 7% as a 3% reduction in operating expenditures, mainly from lower personnel, consultancy and customer acquisition cost, could not fully offset the reduction in revenues.
- Capex was mainly driven by upgrades in the DTT network to release the 700 MHz band for mobile purposes and upgrade of sites for mobile operators.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017	2018	2017	2018 IFRS15
Revenues					
Canal Digital DTH	1 087	1 152	4 493	4 557	4 478
Satellite	233	215	901	892	901
Norkring	266	267	1 063	1 095	1 063
Other/Eliminations	(119)	(119)	(473)	(472)	(473)
Total revenues	**1 466**	**1 516**	**5 983**	**6 071**	**5 968**
Operating expenditures	**473**	**487**	**1 688**	**1 771**	**1 719**
EBITDA before other items					
Canal Digital DTH	138	195	844	844	799
Satellite	156	135	609	585	609
Norkring	135	142	576	601	576
Other/Eliminations	(12)	(20)	(24)	(33)	(24)
Total EBITDA before other items	**418**	**451**	**2 005**	**1 997**	**1 960**
Operating profit					
Canal Digital DTH	118	179	756	760	711
Satellite	87	55	326	613	326
Norkring	60	69	278	300	278
Other/Eliminations	(12)	(22)	(24)	(32)	(24)
Total operating profit	**252**	**282**	**1 337**	**1 641**	**1 291**
EBITDA before other items/ Total revenues (%)	28.5	29.8	33.5	32.9	32.8
Capex	139	139	384	409	384
No. of subscriptions - Change in quarter/Total (in thousands):					
DTH TV	(13)	(6)	793	838	793

Other units

- Revenues in Other units increased by 1%, driven by strong growth in Wave Money in Myanmar. For the year 2018, revenues increased by 3%, mainly due to higher service fees invoiced from Corporate Functions to the business units, growth in Wave Money and improvements in Online classifieds, as well as reversal of provisions in Global Wholesale in the third quarter.
- EBITDA increased by NOK 0.1 billion in the quarter and NOK 0.9 billion for the full year 2018. The improved performance in 2018 was primarily a result of lower cost in Corporate Functions and other Group units, in addition to reversal of provisions.
- Operating profit increased by NOK 1.7 billion in the quarter and NOK 2.2 billion in 2018 mainly due to the impairment in Tapad last year.

	Fourth quarter		Year		Year
(NOK in millions)	2018	2017 Restated*	2018	2017 Restated*	2018 IFRS15
Revenues					
Global Wholesale	665	670	3 055	2 995	3 055
Corporate Functions	798	830	3 321	3 178	3 321
Digital Businesses incl. Financial services	396	340	1 346	1 221	1 346
Other / eliminations	88	80	343	409	343
Total revenues	**1 946**	**1 919**	**8 064**	**7 804**	**8 064**
Operating expenditures	**1 397**	**1 397**	**5 034**	**5 300**	**5 034**
EBITDA before other items					
Global Wholesale	21	28	316	135	316
Corporate Functions	(168)	(160)	(224)	(547)	(224)
Digital Businesses incl. Financial services	6	(74)	(25)	(403)	(25)
Other / eliminations	18	(1)	36	59	36
Total EBITDA before other items	**(124)**	**(207)**	**103**	**(756)**	**103**
Operating profit (loss)					
Global Wholesale	5	8	251	56	251
Corporate Functions	(287)	(237)	(710)	(421)	(710)
Digital Businesses incl. Financial services	(34)	(1 800)	(219)	(2 600)	(219)
Other / eliminations	(10)	(22)	(37)	68	(37)
Total operating profit (loss)	**(327)**	**(2 051)**	**(715)**	**(2 897)**	**(715)**
Capex	120	137	339	531	339
Investments in businesses	42	29	117	1 905	117

* Refer to note 9.

Group performance 2018

The comments below are related to Telenor's development in 2018 compared to 2017. Historical Group income statement has been re-presented to reflect discontinued operations during 2018. Please refer to note 3 for further information.

Specification of other income and other expenses

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
EBITDA before other income and other expenses	10 364	10 813	45 451	44 694
EBITDA before other income and other expenses (%)	36.8	37.7	41.2	39.9
Other income	-	-	-	140
Gains on disposals of fixed assets and operations	10	55	63	1 166
Losses on disposals of fixed assets and operations	(37)	(80)	(227)	(231)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(2 364)	(246)	(3 040)	(941)
EBITDA	**7 972**	**10 442**	**42 247**	**44 828**
EBITDA margin (%)	28.3	36.4	38.3	40.0

In the fourth quarter of 2018 'Other income and other expenses' consisted mainly of:
- Increase in provisions for onerous contracts of NOK 2.1 billion related to settlement of disputes between CAT and dtac. Telenor has previously made provisions of around NOK 0.4 billion for some of the disputes which are now included in the settlement. See note 6 for details.
- Workforce reductions mainly in Telenor Norway, Telenor Sweden and Corporate Functions.

For the year 2018 'Other income and other expenses' consisted mainly of:
- Increase in provisions for onerous contracts of NOK 2.1 billion related to settlement of disputes between CAT and dtac. Telenor has previously made provisions of around NOK 0.4 billion for some of the disputes which are now included in the settlement. See note 6 for details.
- Workforce reductions mainly in Telenor Norway, Digi, Grameenphone and Corporate functions.
- Loss on disposal related to scrapping of fixed assets in Telenor Norway and Telenor Sweden.

For the year 2017 'Other income and other expenses' consisted mainly of:
- Other income of NOK 140 million related to positive vendor settlements.
- Gains on disposals related to a finance lease agreement in Broadcast, divestment of ABC Startsiden and disposal of an office property in Kongensgate 8/Kirkegaten 9 in Oslo.
- Workforce reductions in Telenor Norway, Corporate Functions, Grameenphone, Telenor Denmark and Broadcast.
- Divestment of Telenor Banka and costs related to settlement of contracts in Grameenphone.

Operating profit
- Reported operating profit decreased by NOK 2.3 billion, mainly due to other expenses related to a settlement with CAT in Thailand.

Financial items

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Financial income	237	136	1 209	1 564
Financial expenses	(752)	(729)	(2 484)	(2 991)
Net currency gains (losses)	(2 489)	(1 123)	(2 227)	1 030
Net change in fair value of financial instruments	(110)	455	342	425
Net gains (losses and impairment) of financial assets and liabilities	(1)	(5)	3	(181)
Net financial income (expenses)	**(3 115)**	**(1 267)**	**(3 158)**	**(152)**
Gross interest expenses	(661)	(612)	(2 131)	(2 600)
Net interest expenses	(452)	(509)	(1 652)	(2 198)

- Financial income in 2018 includes dividend from VEON of NOK 345 million recognised in the first quarter and NOK 253 million recognised in the third quarter.
- A weakening Norwegian Krone in the fourth quarter led to net currency losses in 2018. Revaluation of debt denominated in USD used for economic hedges of assets was the main driver for the currency losses.
- Net change in fair value of financial instruments in 2018 includes a NOK 851 million gain on the financial derivative features of the bond exchangeable into VEON ADSs, compared to a gain of NOK 416 million in 2017. The gain in 2018 was offset by a loss on cross-currency and interest rate swaps.

Taxes
- The effective tax rate is 33% for the year and 117% for the fourth quarter. The increased effective tax rates for the year and the quarter are mainly due to significant currency losses with a tax effect of 23%, the provision for dispute settlement between CAT and dtac, and a provision for disallowed expenses in Pakistan. Higher than expected losses in Norway and Thailand with nominal tax rates lower than the previously estimated underlying tax rate increased the effective tax rate for the year.
- The underlying tax rate for the year increased from 30% to 31% in the fourth quarter for the prior mentioned reasons.
- The effective tax rate for the year 2019 is estimated to be around 30%, excluding the operation in Thailand.

Cash flow

- Net cash inflow from operating activities during 2018 was NOK 36.4 billion, a decrease of NOK 4.3 billion compared to 2017, mainly due to higher taxes paid as well as working capital and other changes in Thailand and Norway.
- Net cash outflow from investing activities during 2018 was NOK 0.6 billion. This is a decrease of NOK 11.5 billion compared to 2017, primarily explained by higher net inflows from the sale of businesses of NOK 13.0 billion (CEE, India and Telenor Microfinance Bank in 2018 and SnT Classifieds and VEON in 2017) and lower investments in businesses of NOK 2.0 billion (acquisition of 701Search Pte. Ltd in 2017). This is partly offset by lower cash inflows from sale of other investments of NOK 3.2 billion (VEON in 2017).
- Net cash outflow to financing activities during 2018 was NOK 39.5 billion. This is explained by net payments on borrowings of NOK 11.5 billion, total shareholder return of NOK 24.2 billion (share buyback of NOK 5.8 billion and dividend to Telenor ASA shareholders of NOK 18.4 billion), dividend paid to minority interest of NOK 3.1 billion, and licence payments of NOK 0.7 billion.
- Cash and cash equivalents decreased by NOK 4.0 billion during 2018 to NOK 18.3 billion as of 31 December 2018.

Financial position

- During 2018, total assets decreased by NOK 10.5 billion to NOK 191.3 billion. The decrease followed the sale of CEE operations and the partial utilisation of the proceeds from the sale for repayment of commercial papers, as a part of liquidity management. The decrease due to the sale of CEE operations was partly offset by the increase in assets due to spectrum acquisition in Thailand.
- Net debt decreased by NOK 7.4 billion to NOK 39.5 billion. Interest-bearing liabilities excluding licence obligations decreased by NOK 12.2 billion. This was partly offset by the decrease in cash and cash equivalents of NOK 4.1 billion, fixed income investments of NOK 0.5 billion and fair value hedge instrument receivables of NOK 0.3 billion.
- Total equity decreased by NOK 7.9 billion to NOK 54.5 billion. The decrease was mainly due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 21.5 billion and share buyback of NOK 5.8 billion. The decrease was partly offset by positive net income from operations of NOK 17.4 billion and IFRS 15 implementation effect on opening balance of NOK 3.6 billion (see note 2 for further information).

Transactions with related parties

As part of the finalisation of the share buyback programme approved by the Annual General Meeting in 2017, the redemption of 16,189,561 shares owned by the Norwegian Government by the Ministry of Trade and Fisheries against a payment of an amount of NOK 2,733 million to the Ministry of Trade and Fisheries was carried out in the second quarter 2018.

For further detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2017.

Risks and uncertainties

The existing risks and uncertainties described below are expected to remain for the next three months.

A significant share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner significantly. Political risk, including regulatory conditions, may also influence the results.

Telenor ASA seeks to allocate debt on the basis of equity market values in local currencies, predominantly EUR, USD and SEK. Foreign currency debt in Telenor ASA that exceeds the booked equity of investments in the same currency will not be part of an effective net investment hedge relationship. Currency fluctuations related to this part of the debt will be recorded in the income statement.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2017, section Risk Factors and Risk Management, and Telenor's Annual Report 2017 Note 13 Income taxes, Note 28 Financial Risk Management and Note 33 Legal Disputes and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New developments of risks and uncertainties since the publication of Telenor's Annual Report for 2017 are:

- Legal disputes
  See note 6 for details.

- Financial aspects
  In relation to the sale of Telenor India the exposure to claims from the Department of Telecommunications in India related to the period Telenor owned the business remains with Telenor, see note 3.

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook' contains forward-looking statements regarding the Group's expectations. The forward-looking statements are based on current group structure and accounting standards as of 31 December 2018. 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.

Fornebu, 29 January 2019
The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	Fourth quarter 2018	Fourth quarter 2017	Year 2018	Year 2017
Revenues	28 143	28 678	110 362	112 069
Costs of materials and traffic charges	(7 456)	(7 378)	(26 180)	(26 928)
Salaries and personnel costs	(2 793)	(2 961)	(10 723)	(11 412)
Other operating expenses	(7 530)	(7 526)	(28 008)	(29 034)
Other income	10	55	63	1 306
Other expenses	(2 402)	(426)	(3 267)	(1 172)
EBITDA	**7 972**	**10 442**	**42 247**	**44 828**
Depreciation and amortisation	(4 167)	(5 175)	(20 104)	(19 621)
Impairment losses	(36)	(462)	(56)	(833)
Operating profit	**3 769**	**4 806**	**22 088**	**24 374**
Share of net income from associated companies and joint ventures	(101)	(23)	(81)	531
Gain (loss) on disposal of associated companies	-	2	-	(5 148)
Net financial income (expenses)	(3 115)	(1 267)	(3 158)	(152)
Profit before taxes	**554**	**3 519**	**18 848**	**19 605**
Income taxes	(650)	(919)	(6 179)	(6 491)
Profit from continuing operations	**(96)**	**2 599**	**12 668**	**13 114**
Profit (loss) from discontinued operations	1 641	307	4 773	1 784
Net income	**1 544**	**2 906**	**17 442**	**14 898**
Net income attributable to:				
Non-controlling interests	332	681	2 711	2 915
Equity holders of Telenor ASA	**1 212**	**2 226**	**14 731**	**11 983**
Earnings per share in NOK				
Basic from continuing operations	(0.29)	1.28	6.76	6.80
Diluted from continuing operations	(0.29)	1.28	6.76	6.80
Earnings per share in NOK				
Basic from discontinued operations	1.12	0.21	3.24	1.19
Diluted from discontinued operations	1.12	0.21	3.24	1.19
Earnings per share in NOK				
Basic from total operations	0.83	1.49	10.00	7.99
Diluted from total operations	0.83	1.49	10.00	7.99

The interim financial information has not been subject to audit or review.

Consolidated statement of comprehensive income

Telenor Group

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Net income	**1 544**	**2 906**	**17 442**	**14 898**
Translation differences on net investment in foreign operations	2 840	2 184	(1 175)	2 296
Income taxes	-	(3)	-	-
Amount reclassified from other comprehensive income to income statement on partial disposal	102	-	1 584	(7 744)
Net gain (loss) on hedge of net investment	(1 042)	(957)	316	(1 426)
Income taxes	240	230	(73)	342
Amount reclassified from other comprehensive income to income statement on partial disposal	-	-	1 090	4 094
Income taxes reclassified	-	-	(298)	(1 119)
Share of other comprehensive income (loss) of associated companies and joint ventures	2	(16)	2	(342)
Amount reclassified from other comprehensive income to income statement on disposal	-	-	(2)	12 282
Items that may be reclassified subsequently to income statement	**2 143**	**1 438**	**1 445**	**8 383**
Net gain (loss) on equity investments	(832)	(466)	(2 809)	(634)
Remeasurement of defined benefit pension plans	(913)	(181)	(323)	(63)
Income taxes	210	28	84	-
Items that will not be reclassified to income statement	**(1 535)**	**(619)**	**(3 047)**	**(697)**
Other comprehensive income (loss), net of taxes	**608**	**819**	**(1 602)**	**7 687**
Total comprehensive income	**2 152**	**3 726**	**15 839**	**22 585**
Total comprehensive income attributable to:				
Non-controlling interests	602	864	2 939	2 897
Equity holders of Telenor ASA	1 550	2 862	12 900	19 688

The interim financial information has not been subject to audit or review.

Consolidated statement of financial position

Telenor Group

(NOK in millions)	31 December 2018	31 December 2017
Deferred tax assets	2 699	1 917
Goodwill	14 403	26 446
Intangible assets	36 371	30 601
Property, plant and equipment	73 361	75 557
Associated companies and joint ventures	2 382	480
Other non-current assets	17 792	13 297
Total non-current assets	**147 009**	**148 298**
Prepaid taxes	804	1 076
Inventories	1 703	1 773
Trade and other receivables	21 685	24 749
Other current financial assets	678	1 622
Assets classified as held for sale	902	1 701
Cash and cash equivalents	18 492	22 546
Total current assets	**44 263**	**53 468**
Total assets	**191 272**	**201 765**
Equity attributable to equity holders of Telenor ASA	49 446	57 496
Non-controlling interests	5 009	4 839
Total equity	**54 455**	**62 335**
Non-current interest-bearing liabilities	55 926	51 587
Non-current non-interest-bearing liabilities	1 809	1 105
Deferred tax liabilities	3 322	3 359
Pension obligations	2 819	2 565
Provisions and obligations	5 485	4 132
Total non-current liabilities	**69 361**	**62 747**
Current interest-bearing liabilities	15 740	22 710
Trade and other payables	37 728	40 295
Current tax payables	5 541	4 438
Current non-interest-bearing liabilities	1 666	3 253
Provisions and obligations	3 811	1 777
Liabilities classified as held for sale	2 970	4 210
Total current liabilities	**67 456**	**76 683**
Total equity and liabilities	**191 272**	**201 765**

The interim financial information has not been subject to audit or review.

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	Fourth quarter 2018	Fourth quarter 2017 Restated	Year 2018	Year 2017 Restated
Profit before taxes from total operations[1]	2 273	3 936	23 495	21 751
Income taxes paid	(1 430)	(2 398)	(6 599)	(6 100)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(1 593)	(517)	(3 672)	(1 212)
Depreciation, amortisation and impairment losses	4 217	6 057	21 190	22 166
Loss (profit) from associated companies and joint ventures	109	20	83	4 617
Dividends received from associated companies	-	1	28	24
Currency (gains) losses not related to operating activities	2 965	1 167	2 540	(1 072)
Changes in working capital and other	1 669	578	(670)	550
Net cash flow from operating activities	**8 209**	**8 844**	**36 394**	**40 723**
Purchases of property, plant and equipment (PPE) and intangible assets	(7 334)	(5 182)	(21 011)	(20 726)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(24)	(11)	(37)	(2 000)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	(685)	30	20 494	7 511
Proceeds from sale and purchases of other investments	9	80	(60)	3 140
Net cash flow from investing activities	**(8 034)**	**(5 082)**	**(613)**	**(12 075)**
Proceeds from and repayments of borrowings	(1 728)	(5 174)	(11 504)	(12 574)
Payments on licence obligations	(13)	(92)	(740)	(973)
Net payments on supply chain financing	107	15	43	(221)
Share buyback by Telenor ASA	(742)	(1 007)	(5 809)	(1 435)
Dividends paid to and purchases of shares from non-controlling interests	(410)	(357)	(3 095)	(2 586)
Dividends paid to equity holders of Telenor ASA	(12 133)	(5 238)	(18 381)	(11 944)
Net cash flow from financing activities	**(14 920)**	**(11 852)**	**(39 487)**	**(29 733)**
Effects of exchange rate changes on cash and cash equivalents	95	627	(284)	454
Net change in cash and cash equivalents	**(14 650)**	**(7 464)**	**(3 990)**	**(632)**
Cash and cash equivalents at the beginning of the period	32 978	29 782	22 318	22 951
Cash and cash equivalents at the end of the period[2]	**18 328**	**22 319**	**18 328**	**22 319**
Of which cash and cash equivalents in assets held for sale at the end of the period	407	362	407	362
Cash and cash equivalents in continuing operations at the end of the period	**17 921**	**21 957**	**17 921**	**21 957**

[1] Profit before taxes from total operations consists of:				
Profit before taxes from continuing operations	554	3 519	18 848	19 605
Profit before taxes from discontinued operations	1 720	417	4 648	2 147
Profit before taxes from total operations	2 273	3 936	23 495	21 752

[2] As of 31 December 2018, restricted cash was NOK 491 million, while as of 31 December 2017, restricted cash was NOK 681 million.

Cash flow from discontinued operations

(NOK in millions)	Fourth quarter 2018	Fourth quarter 2017 Restated	First three quarters 2018	First three quarters 2017 Restated
Net cash flow from operating activities	625	891	2 001	3 589
Net cash flow from investing activities	(695)	(279)	19 701	(1 290)
Net cash flow from financing activities	5	(59)	(238)	(197)

The cash flows ascribed to discontinued operations are only cash flows from external transactions. Hence, the cash flows presented for discontinued operations do not reflect these operations as if they were standalone entities.

The interim financial information has not been subject to audit or review.

Consolidated statement of changes in equity

Telenor Group

	Attributable to equity holders of the parent						
(NOK in millions)	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-con-trolling interests	Total equity
Equity as of 1 January 2017	**9 078**	**(16 343)**	**58 000**	**144**	**50 879**	**4 517**	**55 396**
Net income for the period	-	-	11 983	-	11 983	2 915	14 898
Other comprehensive income for the period	-	11 247	-	(3 542)	7 705	(18)	7 687
Total comprehensive income for the period	**-**	**11 247**	**11 983**	**(3 542)**	**19 688**	**2 897**	**22 585**
Transactions with non-controlling interests	-	-	-	-	-	67	67
Equity adjustments in associated companies and joint ventures	-	(539)	586	-	47	-	47
Dividends	-	-	(11 694)	-	(11 694)	(2 642)	(14 335)
Share buyback	(52)	(1 424)	-	-	(1 476)	-	(1 476)
Share - based payment, exercise of share options and distribution of shares	-	52	-	-	52	-	52
Equity as of 31 December 2017 - as previously reported	**9 025**	**(7 006)**	**58 875**	**(3 398)**	**57 496**	**4 839**	**62 336**
Changes in accounting principles - Note 1	-	164	3 200	-	3 364	300	3 664
Equity as of 1 January 2018	**9 025**	**(6 842)**	**62 075**	**(3 398)**	**60 860**	**5 139**	**66 000**
Net income for the period	-	-	14 731	-	14 731	2 711	17 442
Other comprehensive income for the period	-	(3 061)	-	1 230	(1 831)	229	(1 602)
Total comprehensive income for the period	**-**	**(3 061)**	**14 723**	**1 230**	**12 900**	**2 939**	**15 839**
Transactions with non-controlling interests	-	-	-	-	-	4	4
Dividends	-	-	(18 382)	-	(18 382)	(3 073)	(21 455)
Share buyback	(208)	(5 560)	-	-	(5 768)	-	(5 768)
Share - based payment, exercise of share options and distribution of shares	-	(166)	-	-	(166)	-	(166)
Equity as of 31 December 2018	**8 818**	**(15 630)**	**58 425**	**(2 168)**	**49 446**	**5 009**	**54 455**

The interim financial information has not been subject to audit or review.

Notes to the interim consolidated financial statements

Note 1 – General accounting principles
Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited liability company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the year ending 31 December 2018, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual financial statements 2017. The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2017, with the exceptions stated below.

- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018). IFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. The main implications from the implementation of IFRS 15 for the Group are the following:
  - Allocation based on stand-alone selling prices: IFRS 15 requires allocation of the total consideration in a contract between elements in multiple elements arrangements based on the stand-alone selling prices for the goods and services included. The Group's past accounting policy was to cap the revenue of delivered items to the amount that was not contingent on delivery of additional items or other specified performance criteria. This change has impacted revenue recognition where a discount is provided to the customer on day one. The impact depends on the size of the discount and the contract period for the service contract. Under such circumstances, the new revenue recognition standard impacts the subscription and traffic revenues negatively and increases handset revenues. As a consequence, and in isolation, recognised gross margins on handset sales is improved.
  - Multiple element arrangements sold through external channels: In some markets where handsets and subscriptions are sold through external channels, the Group is the principal in the subscription sale only, while the discounted handset is regarded as sold by the dealer. The dealer may be compensated for the discount through commission from the Group. However, if there is no clear link between the payment to the dealer and the collection of consideration from the customer, and the payment from the customer is contingent upon future deliveries of service, the previous accounting policy for the Group was to recognise a commission expense and increased subscription revenue. Under IFRS 15, the commission is offset against revenue to the extent it is possible to establish a link between the commission to the dealer, which is passed on to the customer, and the consideration from the customer subsequently collected by the Group. Consequently, the subscription and traffic revenues are negatively impacted in these arrangements.
  - Incremental costs of obtaining a contract: Incremental costs of obtaining a contract, such as sales commissions, were under the previous accounting policy, expensed as incurred. IFRS 15 requires capitalisation of such costs if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including renewals. Amortisation of the capitalised costs of obtaining a contract is recognised as part of EBITDA.
  - Transition methods: The Group has applied the modified approach for transition to IFRS 15, which implies:
    - Comparative figures for 2017 are not restated.
    - Disclosures reconciling each financial statement line item in 2018 with the previous IFRS standards and interpretations are provided for significant changes, including explanations.
    - The cumulative effect of initially applying IFRS 15 was recognised as an adjustment to opening balance of equity 1 January 2018, reflecting the contract asset and liability for open contracts as trade and other receivables and trade and other payables, and the capitalisation of costs of obtaining and fulfilling a contract as other non-current assets. The financial statements for both 2017 and 2018 based on accounting policies for 2017 have been disclosed in note 2, together with the effect on opening balance 1 January 2018.

- Presentation in statement of cash flow. The Group has introduced supply chain financing for some vendors and in some circumstances the payment terms in the contract with the vendor are linked to the supply chain financing arrangement. In such circumstances, the payable for the services or goods delivered are reclassified from trade payables to current non-interest-bearing liabilities, and the cash outflow to the financial institution has been presented as financing activities in the statement of cash flows. As of 1 January 2018, the Group has changed the accounting policy for presenting such arrangements in the statement of cash flows. When the payable is reclassified from trade payable to current non-interest-bearing liability, the Group shows a cash outflow from operating activities if it is related to operating activities and cash outflow from investing activities if it is related to investing activities. At the same time a cash inflow is recognised in financing activities, reflecting the required payment to the financial institution providing the supply chain financing arrangement. When the Group makes the payment to the finance institution, it will be reflected as a repayment of debt in financing activities in the statement of cash flow. The comparative numbers are restated as follows:

(NOK in millions)	Reported First quarter 2017	Restated First quarter 2017	Reported Second quarter 2017	Restated Second quarter 2017	Reported Third quarter 2017	Restated Third quarter 2017	Reported Fourth quarter 2017	Restated Fourth quarter 2017	Reported Year 2017	Restated Year 2017
Cash flow from operating activities										
Changes in working capital and other	(400)	(706)	122	(186)	1 223	864	929	578	1 873	550
Cash flow from investing activities										
Purchases of property, plant and equipment (PPE) and intangible assets	(5 377)	(5 921)	(4 583)	(5 177)	(3 883)	(4 446)	(4 518)	(5 182)	(18 361)	(20 726)
Cash flow from financing activities										
Net payments on supply chain financing	(1 133)	(284)	(877)	25	(899)	23	(1 000)	15	(3 909)	(221)

- IFRS 9 Financial Instruments (effective from 1 January 2018). IFRS 9 replaces the old incurred loss model with an expected loss model. The expected loss model requires a provision for bad debt to be recognised before any event has happened, as opposed to under an incurred loss model where an event must have happened before a provision is made. This new model had a minor increase in provision for bad debt for the Group. The Group has elected to use the simplified approach as described in IFRS 9.
- Amendments to IFRS 2 Share-based Payments (effective from 1 January 2018). The amendment changes the accounting for share-based payment arrangements where the Group is obligated to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. This part of the share-based payment arrangements, which previously has been recognised as a cash settled share-based payment transaction, is from 1 January 2018 accounted for as equity-settled share-based payment transactions. The liability of NOK 164 million as of 31 December 2017 has been reclassified to equity 1 January 2018.

For information about other standards and interpretations effective from 1 January 2018, please refer to Note 1 in the Group's Annual Report 2017. Except for the changes described in note 1 and 2, none of the standards and interpretations effective from 1 January 2018 have had a significant impact on the Group's consolidated interim financial statements.

Note 2 – Disaggregation of revenue

In the following table revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 9.

Fourth quarter

(NOK in millions)	Norway	Sweden	Denmark	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Total revenue	**6 616**	**3 217**	**1 329**	**4 929**	**3 385**	**3 482**	**1 775**	**1 252**	**1 462**	**1 946**	**(1 250)**	**28 143**
Type of good/ services												
Mobile operation	**3 828**	**2 161**	**1 174**	**4 929**	**3 385**	**3 323**	**1 705**	**1 240**	**-**	**-**	**(255)**	**21 491**
Services	3 189	1 628	850	4 372	2 965	3 309	1 694	1 237	-	-	(255)	18 989
Goods	639	534	324	557	420	14	11	3	-	-	-	2 502
Fixed operation	**2 626**	**882**	**131**	**-**	**-**	**-**	**-**	**12**	**-**	**625**	**(184)**	**4 093**
Services	2 459	862	131	-	-	-	-	12	-	625	(116)	3 972
Goods	168	21	-	-	-	-	-	-	-	-	(68)	121
Satelitte and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 462**	**-**	**(54)**	**1 408**
Services	-	-	-	-	-	-	-	-	1 451	-	(54)	1 397
Goods	-	-	-	-	-	-	-	-	11	-	-	10
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 360**	**(800)**	**561**
Services	-	-	-	-	-	-	-	-	-	1 360	(800)	561
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**6 455**	**3 044**	**1 306**	**4 929**	**3 385**	**3 323**	**1 705**	**1 252**	**1 462**	**1 985**	**(1 292)**	**27 552**
Type of mobile subscription												
Contract	2 810	1 566	782	2 422	1 199	157	44	7	-	-	(27)	8 961
Prepaid	46	37	-	1 605	1 647	3 257	1 676	1 226	-	-	(88)	9 407
Other*	332	24	68	345	118	-	-	3	-	-	(139)	622
Sum mobile subscription	**3 189**	**1 628**	**850**	**4 372**	**2 965**	**3 309**	**1 694**	**1 237**	**-**	**-**	**(255)**	**18 989**
Timing of revenue recognition												
Over time	5 648	2 489	982	4 372	2 965	3 309	1 694	1 249	1 451	1 985	(1 224)	24 919
At a point in time	807	555	324	557	420	14	11	3	11	-	(68)	2 633
Total revenues	**6 455**	**3 044**	**1 306**	**4 929**	**3 385**	**3 323**	**1 705**	**1 252**	**1 462**	**1 985**	**(1 292)**	**27 557**

* Other includes revenues from other mobile and non-mobile services, refer to Definitions on page 26.

Full year

(NOK in millions)	Norway	Sweden	Denmark	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Total revenue	**25 909**	**12 421**	**5 076**	**18 908**	**13 149**	**12 910**	**7 492**	**5 810**	**5 968**	**8 064**	**(5 346)**	**110 362**
Type of good/ services												
Mobile operation	**15 222**	**8 770**	**4 535**	**18 908**	**13 149**	**12 751**	**7 422**	**5 796**	**-**	**-**	**(998)**	**85 555**
Services	13 015	7 001	3 469	16 894	11 885	12 737	7 315	5 788	-	-	(998)	77 107
Goods	2 207	1 769	1 066	2 014	1 264	14	107	8	-	-	-	8 449
Fixed operation	**10 525**	**3 477**	**518**	**-**	**-**	**-**	**-**	**14**	**-**	**3 006**	**(1 024)**	**16 517**
Services	9 855	3 405	518	-	-	-	-	14	-	3 006	(956)	15 843
Goods	670	73	-	-	-	-	-	-	-	-	(68)	674
Satellite and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 968**	**-**	**(219)**	**5 750**
Services	-	-	-	-	-	-	-	-	5 829	-	(218)	5 611
Goods	-	-	-	-	-	-	-	-	139	-	-	139
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 051**	**(3 103)**	**1 949**
Services	-	-	-	-	-	-	-	-	-	5 051	(3 103)	1 949
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**25 748**	**12 248**	**5 053**	**18 908**	**13 149**	**12 751**	**7 422**	**5 810**	**5 968**	**8 058**	**(5 343)**	**109 771**
Type of mobile subscription												
Contract	11 263	6 292	3 184	9 372	4 614	507	196	30	-	-	(110)	35 348
Prepaid	189	147	-	6 785	6 860	12 180	7 020	5 703	-	-	(379)	38 505
Other*	1 563	562	285	738	412	50	99	55	-	-	(509)	3 253
Sum mobile subscription	**13 015**	**7 001**	**3 469**	**16 894**	**11 885**	**12 737**	**7 315**	**5 788**	**-**	**-**	**(998)**	**77 107**
Timing of revenue recognition												
Over time	22 871	10 406	3 987	16 894	11 885	12 737	7 315	5 801	5 829	8 058	(5 275)	100 509
At a point in time	2 877	1 842	1 066	2 014	1 264	14	107	8	139	-	(69)	9 262
Total revenues	**25 748**	**12 248**	**5 053**	**18 908**	**13 149**	**12 751**	**7 422**	**5 810**	**5 968**	**8 058**	**(5 344)**	**109 771**

* Other includes revenues from other mobile and non-mobile services, refer to Definitions on page 26.

Impacts related to IFRS 15 Revenue from Contracts with Customers

The Group used the modified retrospective approach when implementing IFRS 15 Revenue from contracts with customers from 1 January 2018. The tables below show the impact arising from IFRS 15 on the opening balance, for the fourth quarter of 2017 and 2018 and for the year 2017 and 2018.

Consolidated Income Statement

(NOK in millions)	Fourth quarter 2018 (IFRS 15)	Impact IFRS 15	Fourth quarter 2018 (IAS 18)	Fourth quarter 2017 (IAS 18)	Full year 2018 (IFRS 15)	Impact IFRS 15	Full year 2018 (IAS 18)	Full year 2017 (IAS 18)
Revenues	28 143	28	28 171	28 678	110 362	34	110 396	112 069
Cost of materials and traffic charges	(7 456)	(7)	(7 463)	(7 378)	(26 180)	(134)	(26 314)	(26 928)
Salaries and personnel costs	(2 793)	(10)	(2 803)	(2 961)	(10 723)	(58)	(10 780)	(11 412)
Other operating expenses	(7 530)	(37)	(7 567)	(7 526)	(28 008)	26	(27 982)	(29 034)
Other income	10	-	10	55	63	-	63	1 306
Other expenses	(2 402)	-	(2 402)	(426)	(3 267)	-	(3 267)	(1 172)
EBITDA	**7 972**	**(26)**	**7 946**	**10 442**	**42 247**	**(132)**	**42 115**	**44 828**
Depreciation and amortisation	(4 167)	-	(4 167)	(5 175)	(20 104)	-	(20 104)	(19 621)
Impairment losses	(36)	-	(36)	(462)	(56)	-	(56)	(833)
Operating profit	**3 769**	**(26)**	**3 743**	**4 806**	**22 088**	**(132)**	**21 955**	**24 374**
Share of net income from associated companies and joint ventures	(101)	-	(101)	(23)	(81)	-	(81)	531
Gain (loss) on disposal of associated companies	-	-	-	2	-	-	-	(5 148)
Net financial income (expenses)	(3 115)	-	(3 115)	(1 267)	(3 158)	-	(3 159)	(152)
Profit before taxes	**554**	**(26)**	**527**	**3 519**	**18 848**	**(133)**	**18 715**	**19 605**
Income taxes	(650)	(4)	(654)	(919)	(6 179)	18	(6 161)	(6 491)
Profit from Continuing operations	**(96)**	**(30)**	**(127)**	**2 599**	**12 668**	**(114)**	**12 554**	**13 114**
Profit (loss) from discontinued operations	1 641	-	1 641	307	4 773	27	4 800	1 784
Net income	**1 544**	**(30)**	**1 514**	**2 906**	**17 442**	**(87)**	**17 354**	**14 898**
Net income attributable to:								
Non-controlling interests	332		337	681	2 711		2 728	2 915
Equity holders of Telenor ASA	1 212		1 177	2 226	14 731		14 626	11 983
Earnings per share in NOK								
Basic from continuing operations	(0.29)		(0.32)	1.28	6.76		6.67	6.80
Diluted from continuing operations	(0.29)		(0.32)	1.28	6.76		6.67	6.80
Earnings per share in NOK								
Basic from discontinuing operations	1.12		1.12	0.21	3.24		3.26	1.19
Diluted from discontinuing operations	1.12		1.12	0.21	3.24		3.26	1.19
Earnings per share in NOK								
Basic from total operations	0.83		0.81	1.49	10.00		9.93	7.99
Diluted from total operations	0.83		0.81	1.49	10.00		9.93	7.99

Consolidated statement of financial position

	Opening balance			31 December 2018		
(NOK in millions)	31 December 2017 (IAS 18)	Impact IFRS 15	1 January 2018 (IFRS 15)	31 December 2018 (IAS 18)	Impact IFRS 15	31 December 2018 (IFRS 15)
Deferred tax assets	1 917	(219)	1 698	2 754	(55)	2 699
Goodwill	26 446	-	26 446	14 403	-	14 403
Intangible assets	30 601	-	30 601	36 371	-	36 371
Property, plant and equipment	75 557	-	75 557	73 361	-	73 361
Associated companies and joint ventures	480	-	480	2 382	-	2 382
Other non-current assets	13 297	3 558	16 855	14 564	3 228	17 792
Total non-current assets	**148 298**	**3 339**	**151 637**	**143 836**	**3 173**	**147 009**
Prepaid taxes	1 076	-	1 076	804	-	804
Inventories	1 773	-	1 773	1 703	-	1 703
Trade and other receivables	24 749	986	25 735	20 999	686	21 685
Other current financial assets	1 622	-	1 622	678	-	678
Assets classified as held for sale	1 701	-	1 701	902	-	902
Cash and cash equivalents	22 546	-	22 546	18 492	-	18 492
Total current assets	**53 468**	**986**	**54 454**	**43 577**	**686**	**44 263**
Total assets	**201 765**	**4 324**	**206 089**	**187 413**	**3 859**	**191 272**
Equity attributable to equity holders of Telenor ASA	57 496	3 246	60 742	46 826	2 620	49 446
Non-controlling interests	4 839	300	5 139	4 714	295	5 009
Total equity	**62 335**	**3 546**	**65 881**	**51 540**	**2 915**	**54 455**
Non-current interest-bearing liabilities	51 587	-	51 587	55 926	-	55 926
Non-current non-interest-bearing liabilities	1 105	-	1 105	1 809	-	1 809
Deferred tax liabilities	3 359	790	4 149	2 445	877	3 322
Pension obligations	2 565	-	2 565	2 819	-	2 819
Provisions and obligations	4 132	-	4 132	5 485	-	5 485
Total non-current liabilities	**62 747**	**790**	**63 537**	**68 484**	**877**	**69 361**
Current interest-bearing liabilities	22 710	-	22 710	15 740	-	15 740
Trade and other payables	40 295	(11)	40 284	37 660	67	37 728
Current tax payables	4 438	-	4 438	5 541	-	5 541
Current non-interest-bearing liabilities	3 253	-	3 253	1 666	-	1 666
Provisions and obligations	1 777	-	1 777	3 811	-	3 811
Liabilities classified as held for sale	4 210	-	4 210	2 970	-	2 970
Total current liabilities	**76 683**	**(11)**	**76 672**	**67 389**	**67**	**67 456**
Total equity and liabilities	**201 765**	**4 324**	**206 089**	**187 413**	**3 859**	**191 272**

Note 3 – Discontinued operations and assets held for sale

During 2018, Financial Services, consisting of Telenor Banka in Serbia and Telenor Microfinance Bank (TMB) in Pakistan, the operations in Central and Eastern Europe (CEE) and Telenor India have been classified as asset held for sale and discontinued operations in Telenor Group's financial reporting. Telenor India was disposed of on 14 May 2018, CEE was disposed of on 31 July 2018, and TMB was disposed of on 14 December 2018. Details for each disposal group are described below.

The results of all disposal groups, including TMB, CEE and Telenor India, for their period as part of the Group are as follows:

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Revenue	209	4 192	8 957	17 059
EBITDA	(122)	845	2 039	4 002
EBIT	(123)	425	1 599	2 290
Profit before tax	**(97)**	**417**	**1 507**	**2 147**
Income taxes	5	(110)	(202)	(363)
Profit after tax	**(92)**	**307**	**1 305**	**1 784**
Gain on disposal	1 733	-	3 468	-

The major classes of assets and liabilities of the disposal groups classified as held for sale as of 31 December 2018:

(NOK in millions)	31 December 2018
Assets	
Other non-current assets	99
Trade and other receivables	396
Cash and cash equivalents	407
Total assets classified as held for sale	**902**
Liabilities	
Non-current liabilities	1 907
Current liabilities	1 063
Total liabilities held for sale	**2 970**

Central Eastern Europe

On 20 March 2018, Telenor entered into an agreement to sell its assets in CEE to PPF Group. The transaction included Telenor's wholly-owned mobile operations in Hungary, Bulgaria, Montenegro and Serbia and the technology service provider Telenor Common Operation. The CEE operations contributed with approximately 9% of Telenor Group's revenues and 8% of EBITDA in 2017, and have more than 9 million customers and around 3,500 employees.

With effect from first quarter 2018, the CEE operations were classified as asset held for sale and discontinued operations in Telenor Group's financial reporting. The comparative numbers for the income statement have been re-presented.

The transaction that was subject to necessary regulatory approvals was completed in July 2018. The net consideration, after transaction cost, of NOK 26.2 billion, was split between a cash consideration of NOK 22.4 billion and NOK 3.8 billion as deferred payment. A gain of NOK 1.7 billion was recognized as part of discontinued operations in the third quarter.

The results of the CEE operations are as follows:

	Year	
(NOK in millions)	2018	2017
Revenue	6 899	11 473
EBITDA	2 643	4 122
EBIT	2 222	2 522
Profit before tax	**2 229**	**2 482**
Income taxes	(199)	(339)
Profit after tax	**2 030**	**2 143**
Gain on disposal	1 665	-

Financial Services

On 13 March 2018, the Group reached a strategic partnership agreement with Ant Financial Services Group ("Ant Financial") in Pakistan, where Ant Financial will invest over a two years period USD 184.5 million for a 45% stake in Telenor Microfinance Bank ("TMB"), a subsidiary of Telenor Group. The investment will be partly capital injection of USD 140 million and partly consideration for sale of shares of USD 44.5 million.

With effect from first quarter 2018, TMB was classified as asset held for sale and discontinued operations in Telenor Group's financial reporting. The comparative numbers for the income statement have been re-presented.

On 14 December 2018, the first part of the transaction was completed. Telenor received USD 44.5 million (NOK 0.4 billion) for the sale of 16% of the shares in TMB and simultaneously Ant Financial injected USD 70 million in TMB. In total, Telenor's ownership reduced to 66.3% in TMB, and consequently TMB became a joint venture between Ant Financial and Telenor. The joint venture is accounted for using the equity method with effect from December 2018. A gain of NOK 1.8 billion was recognized on disposal of TMB as a subsidiary and recognised as part of discontinued operations in the fourth quarter.

On 15 June 2018, the Group entered into an agreement to sell 100% of the shares in Telenor Banka to PPF Group. The acquisition of Telenor Banka by PPF Group requires necessary regulatory approvals. The transaction is expected to be completed within the first quarter 2019.

Telenor Banka is classified as discontinued operations in our income statement. Comparative numbers are re-presented.

TMB and Telenor Banka are the main contributors to the operational segment Financial Services, disclosed as part of other units in the Group's segment reporting. The results of the Financial Services classified as discontinued operations are as follows:

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Revenue	222	330	1 178	1 240
EBITDA	(36)	14	(193)	(33)
EBIT	(45)	9	(203)	(131)
Profit before tax	**(45)**	**11**	**(203)**	**(128)**
Income taxes	4	(10)	(3)	(24)
Profit after tax	**(41)**	**1**	**(206)**	**(152)**

The major classes of assets and liabilities of Financial Services classified as held for sale as of 31 December are as follows:

(NOK in millions)	31 December 2018
Assets	
Other non-current assets	99
Trade and other receivables	396
Cash and cash equivalents	407
Total assets classified as held for sale	**902**
Liabilities	
Non-current liabilities	114
Current liabilities	1 063
Total liabilities held for sale	**1 177**

Telenor India

On 23 February 2017, the Group announced that it had entered into an agreement with Bharti Airtel Limited (Airtel), whereby Airtel would take full ownership of Telenor India. Following regulatory approvals the agreement was completed 14 May 2018. There were no gains or losses recognised following the disposal.

As previously communicated, the exposure to claims from the Department of Telecommunications related to the period Telenor owned the business remains with Telenor. The fair value of this guarantee was recognised as of closing date and classified as held for sale at the amount as of September 2018 of NOK 1.8 billion. Future changes to the estimate will be recognised on the discontinued operation line in the income statement.

The results of Telenor India are as follows:

	Year	
(NOK in millions)	2018	2017
Revenue	879	4 346
EBITDA	(411)	(86)
EBIT	(420)	(100)
Profit before tax	**(518)**	**(207)**
Income taxes	-	-
Profit after tax	**(518)**	**(207)**

Note 4 – Interest-bearing liabilities

In 2016, Telenor placed USD 1,000 million aggregate principal amount of senior, unsecured bonds (the "Bonds") exchangeable into VEON ADSs. See notes 12 and 27 in the Annual Report 2017 for further information.

As of the fourth quarter of 2018, each USD 200,000 bond is exchangeable for 49,202 VEON ADSs (adjusted for VEON dividend and subject to further adjustments), which represents an exchange price of approximately USD 4.06. The initial exchange price represented a 40% premium to the reference equity offering price of USD 3.50 per ADS. Underlying the exchangeable bonds are approximately 246 million VEON ADSs (subject to certain adjustments), corresponding to approximately 14.0% of VEON's total share capital.

Upon the maturity of the Bonds, the Issuer may redeem each USD 200,000 bond that has not been previously exchanged by paying cash, by transferring up to 73,803 ADSs (150% of 49,202 ADS underlying each bond) or by paying and transferring a mix of cash and ADSs, in each case with a market value of USD 200,000.

Fair value of interest-bearing liabilities recognised at amortised cost:

	31 December 2018	
	Carrying amount	Fair value
Interest-bearing liabilities	(71 666)	(73 872)
of which fair value level 1		(49 534)
of which fair value level 2		(24 338)

	31 December 2017	
	Carrying amount	Fair value
Interest-bearing liabilities	(74 296)	(77 327)
of which fair value level 1		(58 556)
of which fair value level 2		(18 771)

Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 29 in the Annual Report 2017 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in millions	31 December 2018	31 December 2017
Other non-current assets	1 697	2 430
Other current financial assets	269	707
Non-current non-interest-bearing financial liabilities	(1 696)	(953)
Current non-interest-bearing liabilities	(388)	(1 793)
Total	**(118)**	**391**

Note 6 – Legal disputes

Telenor Norway

The Norwegian Competition Authority (NCA) carried out an inspection of Telenor Norge AS on 4-13 December 2012 based on suspected abuse of dominant position concerning Telenor Norway's mobile operation. The preliminary allegations from NCA was that it considered imposing a fine of NOK 906 million against Telenor for a historical breach of the prohibition against abuse of a dominant position related two different issues; the pricing model in one wholesale agreement and double-roaming prohibition in four other wholesale agreements. NCA was concerned for the roll-out of the third mobile network in Norway.

NCA issued a decision on 21 June 2018, where it concluded that Telenor abused its dominant position in the period 2010-2014 for the pricing model in one mobile wholesale agreement, and imposed a fine of NOK 788 million on Telenor Norge AS. Telenor Norge AS appealed the decision to the Competition Complaint Board on 20 December 2018. As for the double-roaming issues, NCA has changed their position and closed the investigation without finding an infringement of the competition rules.

Telenor Sweden

On 25 April 2017, the European Commission initiated an investigation related to possible abuse of a collective dominant market position and/or possible anti-competitive practices between mobile network operators in Sweden. Similar investigations were simultaneously initiated towards other Swedish mobile network operators. On 8 October 2018, the European Commission informed Telenor Sweden that it is closing the investigation.

dtac

CAT and dtac have a number of disputes and disagreements over the concession agreements that expired in September 2018. On 10 January 2019 CAT and dtac entered into a settlement agreement covering all legal disputes between the parties regarding the concession agreements, including the dispute related to porting of dtac's subscribers to its subsidiary dtac TriNet. The settlement does not comprise the industry cases related to revenue sharing concerning excise tax and interconnection charges (described in the Telenor ASA 2017 Annual Report). The Agreement will bar the parties from bringing new claims pertaining to the concession regime.

According to the settlement, dtac will pay a total amount of THB 9.51 billion (around NOK 2.5 billion) to CAT, subject to approval by dtac's Annual General Meeting in 2019. The payment will be made in installments. The first installment of THB 6.8 billion (around NOK 1.8 billion) will be made once the final approval from the Annual General Meeting is obtained. The remaining THB 2.7 billion (around NOK 0.7 billion) will be made in smaller installments as the various court cases are withdrawn from the courts.

Telenor Pakistan

China Mobile Pak Ltd (with its brand name Zong) filed a petition on 7 January 2017 before the Islamabad High Court, whereby it challenged the legality of the Telecommunication Policy 2015 ("Policy") and the Policy Directive ("Directive") dated 26 April 2017, pursuant to which Telenor Pakistan has been granted the 4G License in 850 MHz spectrum. On 20 December 2018, Zong withdrew the case from the court and it is thereby closed.

Grameenphone

BTRC – Audit

In 2011, the Bangladesh Telecommunication Regulatory Commission ("BTRC") audited the existing mobile operators in Bangladesh, including Grameenphone, resulting in a claim against Grameenphone amounting to approximately NOK 3.0 billion, from BTRC following the audit. Grameenphone has filed court proceedings seeking an injunction to stop BTRC from claiming this amount. On 20 October 2011, the High Court Division of the Supreme Court of Bangladesh directed the parties (of the district court case) to maintain an 'as is situation' (status quo) in respect of the claim made by BTRC, which court direction has been extended until the conclusion of the appeal. On 30 September 2018, BTRC filed an application for dismissal of the case initiated by Grameenphone, without going into merit.

In 2013, the High Court Division of the Supreme Court of Bangladesh declared the appointment of auditors by BTRC illegal. In 2015, BTRC appointed a new auditor through a new appointment process and audited Grameenphone's information system for the period 1997 to 2014. On 26 August 2018, BTRC shared the final audit report with GP for response and by the end of September 2018, GP provided its response to the report.

Note 7 – Equity information

Dividend

On 2 May 2018, the Annual General Meeting approved a dividend of NOK 8.10 per share to be paid out in two tranches each of NOK 4.20 and NOK 3.90 on 15 May 2018 and 1 November 2018 respectively. The first tranche of NOK 4.20 per share was paid out on 15 May 2018, with ex-dividend date of 3 May 2018. The second tranche of NOK 3.90 per share was paid out on 1 November 2018, with ex-dividend date of 18 October 2018.

In addition to the ordinary dividend, the Annual General Meeting authorised the Board of Directors to decide further distribution of dividends if the agreement for the divestment of Telenor's mobile business in Central Eastern Europe announced on 21 March 2018 is completed, limited to a maximum aggregate amount of NOK 7 billion. Pursuant to completion of the transaction on 31 July 2018, on 18 September 2018 the Board of Directors resolved to distribute special dividend of NOK 4.40 per share with ex-dividend date of 20 September 2018. The total amount paid out on 2 October 2018 was NOK 6.4 billion.

Finalisation of share buyback programme
At the Annual General Meeting 2 May 2018, the share buyback programme approved by the Annual General Meeting in 2017 was finalised by cancellation of 13,810,438 own shares and redemption of 16,189,561 shares owned by the Norwegian Government by the Ministry of Trade and Fisheries against a payment of an amount of NOK 2,733 million to the Ministry of Trade and Fisheries. Consequently the share capital has decreased to NOK 8,828,748,186 divided into 1,471,458,031 shares, each with a nominal amount of NOK 6.

Note 8 – Events after the reporting period

Digi – Malaysia
On 24 January 2019, the Board of Directors of Digi declared the fourth interim dividend for 2018 of MYR 0.048 per share, which corresponds to approximately NOK 0.8 billion total dividend and approximately NOK 0.4 billion for Telenor's ownership share.

Grameenphone – Bangladesh
On 27 January 2019, the Board of Directors of Grameenphone Ltd. proposed final dividend for 2018 of BDT 15.50 per share, which corresponds to approximately NOK 2.2 billion total dividend and approximately NOK 1.2 billion for Telenor's ownership share.

Note 9 – Segment information and reconciliation of EBITDA before other income and other expenses

Telenor Capture AS, previously reported as part of Other units, is now reported as part of Telenor Norway. Telenor Capture AS delivers apps like MyTelenor and MyContacts. The segment information for 2017 has been restated to reflect this.

The segment information is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. For the period 2017 and 2018 the accounting principles as applied in the financial statements for 2017 are used, meaning the effect of IFRS 15 in 2018 is excluded in the segment reporting.

Fourth quarter

	Total revenues			of which internal		EBITDA before other income and other expenses[1]				Investments[2]	
(NOK in millions)	2018	2017 Restated	Growth	2018	2017 Restated	2018	Margin	2017 Restated	Margin	2018	2017 Restated
Norway	6 624	6 731	(1.6%)	136	127	2 589	39.1%	2 719	40.4%	1 754	1 100
Sweden	3 224	3 514	(8.3%)	20	21	992	30.8%	1 066	30.3%	1 112	611
Denmark	1 320	1 380	(4.4%)	29	22	266	20.2%	148	10.7%	171	160
dtac - Thailand	4 937	5 033	(1.9%)	20	55	1 320	26.7%	1 938	38.5%	13 652	1 088
Digi - Malaysia	3 394	3 223	5.3%	5	5	1 513	44.6%	1 435	44.5%	459	323
Grameenphone - Bangladesh	3 482	3 190	9.1%	-	-	2 165	62.2%	1 876	58.8%	414	488
Pakistan	1 775	2 008	(11.6%)	56	37	901	50.8%	966	48.1%	391	532
Myanmar	1 252	1 599	(21.7%)	40	56	330	26.3%	622	38.9%	407	1 285
Broadcast	1 466	1 516	(3.2%)	54	55	418	28.5%	451	29.8%	139	139
Other units	1 946	1 919	1.4%	890	1 058	(124)	(6.3%)	(207)	(10.8%)	161	166
Eliminations	(1 250)	(1 436)	(12.9%)	(1 250)	(1 437)	(33)	2.7%	(203)	14.1%	-	(11)
Group (IAS18)	**28 171**	**28 678**	**(1.8%)**	**-**	**-**	**10 338**	**36.7%**	**10 813**	**37.7%**	**18 661**	**5 882**
IFRS15 adjustments	(28)	-	-	-	-	26	nm	-	nm	-	-
Group (IFRS15)	**28 143**	**28 678**	**(1.9%)**	**-**	**-**	**10 364**	**36.8%**	**10 813**	**37.7%**	**18 661**	**5 882**

Full year

	Total revenues			of which internal		EBITDA before other income and other expenses[1]				Investments[2]	
(NOK in millions)	2018	2017 Restated	Growth	2018	2017 Restated	2018	Margin	2017 Restated	Margin	2018	2017 Restated
Norway	25 991	25 965	0.1%	487	432	10 882	41.9%	11 117	42.8%	4 403	5 203
Sweden	12 495	12 938	(3.4%)	66	61	4 121	33.0%	4 136	32.0%	1 965	1 803
Denmark	5 112	5 147	(0.7%)	106	88	1 109	21.7%	849	16.5%	441	651
dtac - Thailand	18 933	19 089	(0.8%)	74	99	7 095	37.5%	7 413	38.8%	16 562	4 027
Digi - Malaysia	12 966	12 188	6.4%	16	22	5 954	45.9%	5 556	45.6%	1 649	2 570
Grameenphone - Bangladesh	12 910	13 156	(1.9%)	1	1	7 832	60.7%	7 791	59.2%	3 292	1 502
Pakistan	7 476	8 181	(8.6%)	245	123	4 261	57.0%	4 204	51.4%	1 157	1 438
Myanmar	5 810	6 643	(12.5%)	189	235	2 179	37.5%	2 869	43.2%	1 050	2 545
Broadcast	5 983	6 071	(1.4%)	219	220	2 005	33.5%	1 997	32.9%	384	409
Other units	8 064	7 804	3.3%	3 944	3 825	103	1.3%	(756)	(9.7%)	456	2 436
Eliminations	(5 346)	(5 112)	4.6%	(5 346)	(5 107)	(222)	-	(483)	9.4%	-	(25)
Group (IAS18)	**110 396**	**112 069**	**(1.5%)**	**-**	**-**	**45 319**	**41.1%**	**44 694**	**39.9%**	**31 359**	**22 558**
IFRS15 adjustments	(34)	-	-	-	-	132	nm	-	nm	-	-
Group (IFRS15)	**110 362**	**112 069**	**(1.5%)**	**-**	**-**	**45 451**	**41.2%**	**44 694**	**39.9%**	**31 359**	**22 558**

[1] The segment profit is EBITDA before other income and other expenses.
[2] Investments consist of capex and investments in businesses.

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
EBITDA	**7 972**	**10 442**	**42 247**	**44 828**
Other income	10	55	63	1 306
Other expenses	(2 402)	(426)	(3 267)	(1 172)
EBITDA before other income and other expenses	**10 364**	**10 813**	**45 451**	**44 694**

Definitions

Alternative Performance Measures

Telenor Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the principles used both for segment reporting in Note 9 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

Organic revenue growth
Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:
- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

(NOK in millions)	Change fourth quarter 2018	Change YoY	Change fourth quarter 2017	Change YoY	Change whole year 2018	Change YTD
Reported revenue growth	(508)	(1.8%)	35	(0.1%)	(1 673)	(1.5%)
Impact using exchange rates for 2018	391		(133)		1 393	
M&A	-		(200)		(376)	
Organic revenue growth	**(117)**	**(0.4%)**	**(298)**	**(1.0%)**	**(656)**	**(0.6%)**

Organic subscription and traffic revenue growth
Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV, fixed data services and Canal Digital DTH.

Organic subscription and traffic revenues are defined as subscription and traffic revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:
- it refers to the core revenue streams of the business making up more than 75% of total revenues and almost the entire gross profit for the Group;
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

(NOK in millions)	Change fourth quarter 2018	Change YoY	Change fourth quarter 2017	Change YoY	Change whole year 2018	Change YTD
Reported subscription and traffic revenue growth	(448)	(2.1%)	666	3.2%	(952)	(1.1%)
Impact using exchange rates for 2018	301		(73)		1 143	
M&A	-		-		-	
Organic subscription and traffic revenue growth	**(147)**	**(0.7%)**	**593**	**2.8%**	**191**	**0.2%**

Subscription and traffic revenues

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Mobile subscription and traffic	17 419	17 633	69 768	70 290
Fixed telephony	363	452	1 559	1 942
Fixed Internet/TV	2 233	2 304	8 919	8 873
Fixed data services	171	181	663	697
Canal Digital DTH	1 078	1 141	4 454	4 513
Subscription and traffic revenues	**21 263**	**21 711**	**85 362**	**86 314**
Other revenues	6 907	6 967	25 034	25 755
Total revenues	**28 171**	**28 678**	**110 396**	**112 069**

Operating expenditures (opex)

Operating expenditures (opex) is a key financial parameter for Telenor and is derived directly from the income statement, consisting of salaries and personnel cost and other operating expenses. Telenor's continuously effort to improve efficiencies makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Salaries and personnel cost	(2 803)	(2 961)	(10 780)	(11 412)
Other operating expenditures	(7 567)	(7 526)	(27 982)	(29 034)
Operating expenditures	**(10 370)**	**(10 487)**	**(38 762)**	**(40 446)**

EBITDA before other income and other expenses

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a key financial parameter for Telenor. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, workforce reductions, onerous contracts and one-time pension costs, and is reconciled in the section Group overview. This measure is useful to users of Telenor's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortisation expense related primarily to capital expenditures and acquisitions that occurred in the past, non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors.

The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

Organic EBITDA growth

Organic EBITDA growth is defined as EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other related parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis.

Reconciliation

(NOK in millions)	Change fourth quarter 2018	Change YoY	Change fourth quarter 2017	Change YoY	Change whole year 2018	Change YTD
Reported EBITDA growth	(476)	(4.4%)	1 025	10.5%	625	1.4%
Impact using exchange rates for 2018	171		38		808	
M&A	-		20		(8)	
Organic EBITDA growth	**(305)**	**(2.9%)**	**1 082**	**11.1%**	**1 425**	**3.2%**

Capital expenditures

Capital expenditures (capex) are investments in tangible and intangible assets, excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to users of Telenor's financial information in evaluating the capital intensity of the operations. Capex is deemed to better gauge the actual investments committed in the period than in the purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Purchases of PPE and intangible assets (cash flow statement)	7 334	5 182	21 011	20 726
Working capital movement in respect of capital expenditure	11 405	1 347	12 075	940
Less:				
Asset retirement obligations	(119)	(324)	(1 682)	(377)
Discontinued operations	(1)	(375)	(158)	(983)
Capital expenditures	**18 619**	**5 830**	**31 245**	**20 307**
Licence and spectrum fee - capitalized	(12 550)	(668)	(14 469)	(3 052)
Capital expenditures excluding licence and spectrum fee	**6 069**	**5 162**	**16 776**	**17 255**
Revenue	28 171	28 678	110 396	112 069
Capex excl. licences and spectrum/Revenues (%)	**21.5 %**	**18.0 %**	**15.2 %**	**15.4 %**

Investments in business (business combinations)

Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

Net interest-bearing debt excluding licence obligations (Net debt)
Net debt consists of both current and non-current interest-bearing liabilities, excluding licence obligations, less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current) and cash and cash equivalents. A reconciliation from these to net debt is provided below.

(NOK in millions)	31 December 2018	31 December 2017
Non-current interest-bearing liabilities	55 926	51 587
Current interest-bearing liabilities	15 740	22 710
Less:		
Cash and cash equivalents	(18 492)	(22 546)
Adjustments:		
Licence obligations	(11 847)	(2 257)
Hedging instruments	(1 492)	(1 777)
Financial instruments	(350)	(849)
Net interest-bearing debt excluding licence obligations	**39 485**	**46 868**

Free cash flow
Telenor makes use of Free Cash Flow and Underlying Free Cash Flow as important performance measures when presenting and discussing our reported results. We believe it is both useful and necessary to communicate Free Cash Flow and Underlying Free Cash flow for the following reasons:
- Free Cash Flow and Underlying Free Cash Flow allow us and investors to evaluate Telenor's liquidity and cash generated by our operations.
- Free Cash Flow excludes items that are deemed discretionary, such as Financing activities. In addition, Underlying Free Cash Flow excludes cash flows relating to acquisitions and disposals of businesses.
- Free Cash Flow facilitates comparability with other companies, although our measure of free cash flow may not be directly comparable to similarly titled measures used by other companies.
- These measures are used for management planning, reporting and incentive purposes.

A reconciliation of Net cash flow from operating activities and Investing activities, the closest equivalent GAAP measures, to Free Cash Flow and Underlying Free Cash Flow is provided below:

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2018	2017	2018	2017
Net cash flows from operating activities	8 209	8 844	36 394	40 723
Net cash flows from investing activities	(8 034)	(5 082)	(613)	(12 075)
Repayments of borrowings - licence obligations	(13)	(92)	(740)	(973)
Repayments of borrowings - supply chain financing	107	15	43	(221)
Dividends paid to and purchase of shares from non-controlling interest	(410)	(357)	(3 095)	(2 586)
Free cash flow	**(141)**	**3 327**	**31 989**	**24 867**
M&A activities	719	(62)	(20 298)	(8 502)
Underlying Free cash flow	**579**	**3 265**	**11 691**	**16 365**

Mobile operations

Revenues

Mobile subscription and traffic
Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

Interconnect
Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

Other mobile
Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as machine-to-machine SIM cards (M2M), for example vending machines and meter readings.

Non-mobile
Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Mobile revenues from company's own subscriptions
Consist of 'Mobile subscription and traffic' and 'Interconnect' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

Key Figures

Subscriptions

Contract subscriptions are counted until the subscription is terminated or until there has been no revenues or outgoing/incoming traffic during the last three months. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

Active mobile internet users

Active mobile internet users are subscriptions with at least 150 KB of data during the last three months.

Average traffic minutes per subscription per month (AMPU)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

Average revenue per subscription per month (ARPU)

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

Fixed operations

Revenues

Telephony

Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

Internet and TV

Consist of subscription, traffic charges and connection fees for xDSL, cable and fibre, in addition to revenues from TV services. High-speed fixed internet include fibre, cable and VDSL.

Data services

Consist of Nordic Connect/IP-VPN and security.

Other

Consist of leased lines, managed services and other retail products.

Wholesale

Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products.

Key Figures

Subscriptions

Telephony consists of PSTN, ISDN and VoIP subscriptions. Internet consists of broadband access over xDSL, fibre and cable. TV consists of TV services over fibre and cable. Subscriptions are counted until the subscription is terminated.

Average revenue per subscription per month (ARPU)

ARPU is calculated based on revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. Internet ARPU is calculated based on Internet revenues as defined above except TV service revenues. TV ARPU is calculated based on revenues from TV services.

Broadcast

Revenues

Canal Digital DTH

Consist of revenues from Nordic DTH subscribers and households in SMATV networks.

Satellite

Consist of revenues from satellite services from the satellite position 1-degree west.

Norkring

Consist of revenues from terrestrial radio and TV transmission in Norway and Belgium

Fourth quarter 2018

Published by Telenor ASA
N-1360 Fornebu, Norway
Phone: +47 67 89 00 00

Investor Relations:
E-mail: ir@telenor.com

www.telenor.com