



TELENOR GROUP

CREDIT INVESTOR UPDATE

Stockholm, 11 March 2019

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Disclaimer

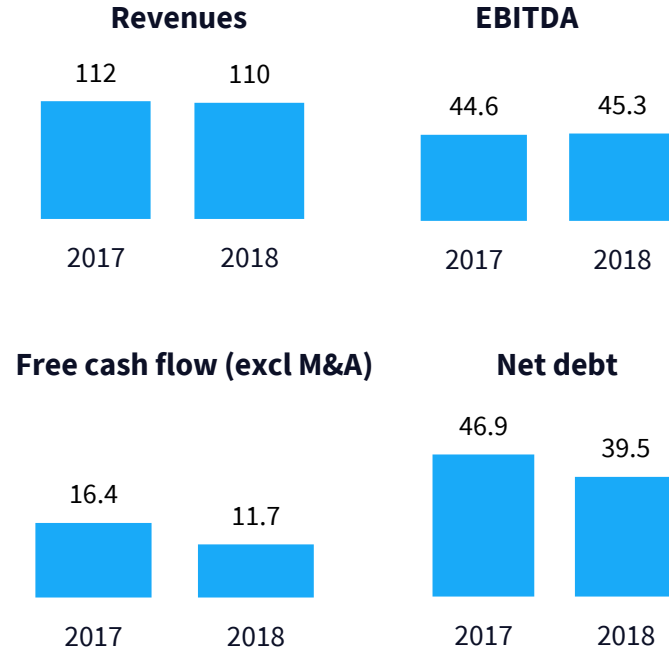
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Telenor in brief

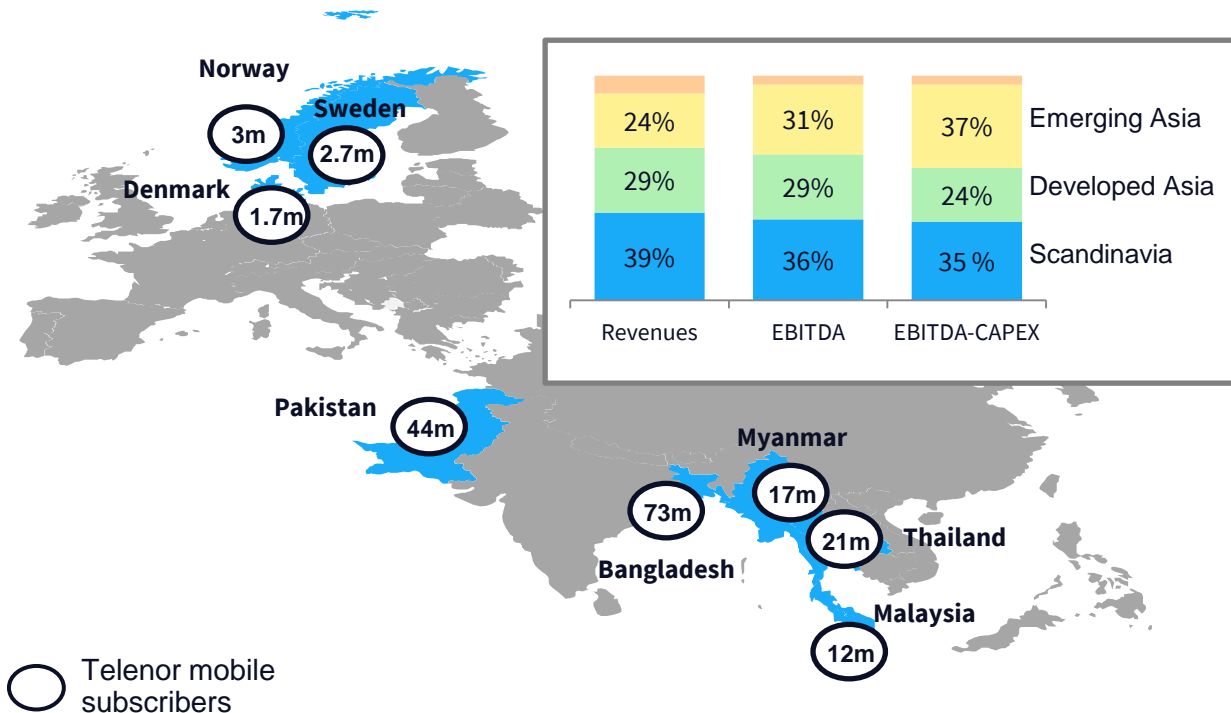
- Operates across Scandinavia and Asia with 174 million mobile subscribers.
- Headquartered in Norway
- Listed on the Oslo Stock Exchange, equity market capitalization of NOK c. 250 bn as of primo March 2019
- Rated A3 (stable outlook) by Moody's and A (stable outlook) by S&P
- Owned 54% by the Norwegian government (Aaa/AAA)
 - Stable ownership outlook



All figures in NOK bn. EBITDA before other items



A balanced portfolio of markets across Scandinavia and Asia



- 174 million subscribers
- Solid market positions (primarily #1 or #2)
- Integrated fixed/mobile in Scandinavia, mobile-only in Asia
- Controlling stakes in all telecom operations
- Strong operational performance





Our strategy

CMD 2017: Establishing a strategy towards 2020



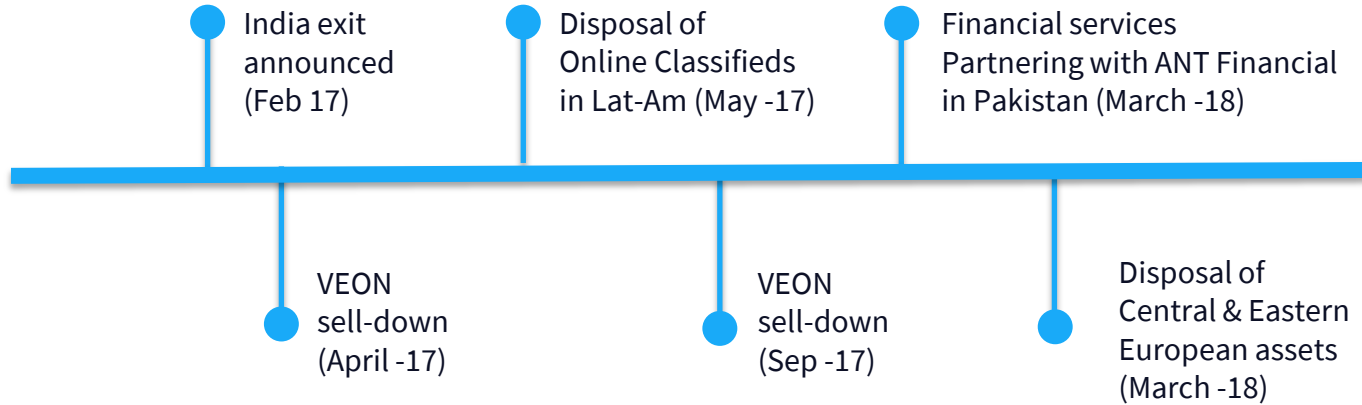
Financial ambitions

- > Low single-digit organic revenue growth
- > 1-3% annual net opex reductions (flat in 2017)
- > Capex/sales around 15% (excl spectrum)

Half-way into the strategy period, we are delivering on our financial ambitions



Major steps taken to simplify and de-risk asset portfolio



In addition, disposal of misc. real estate in Norway



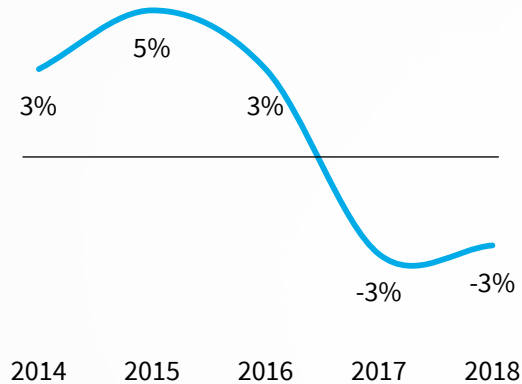
Revenue renewal and opportunities for revenue growth

- › Fibre rollout (Norway) and Fixed Wireless Access
- › From prepaid to post paid in Asia
- › Customer growth in Emerging Asia
- › Data-driven ARPU growth
- › Internet of Things and B2B opportunities

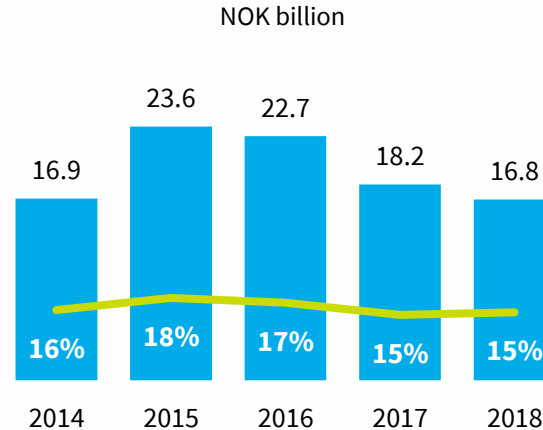


Efficiency gains yielding cash flow improvement

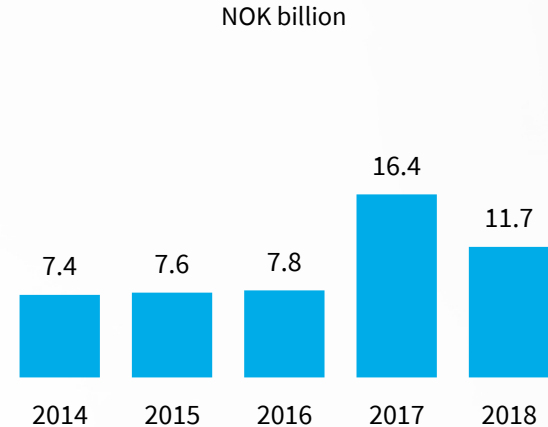
Opex development (%)



Capex and capex/sales (%)



Free cash flow ex. M&A



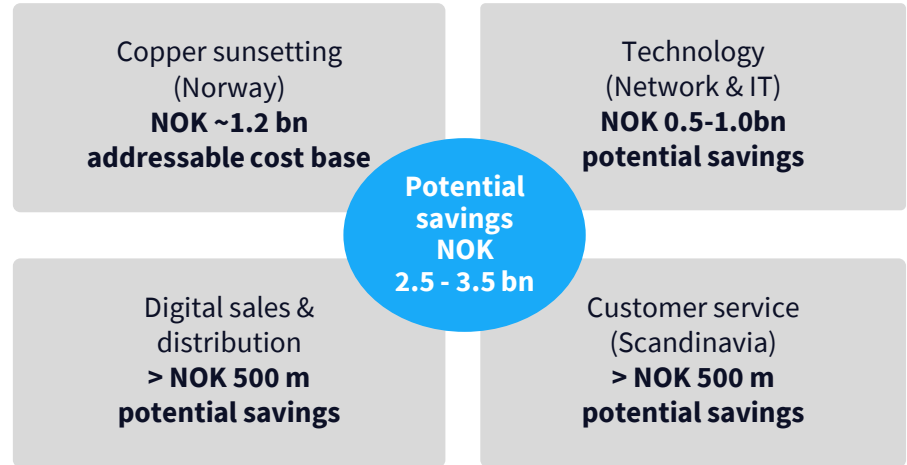
Based on company structure at reporting date. 2018 excl. CEE operations





Firming up structural modernisation initiatives towards 2023

- › Around 40 initiatives identified, across all business units
- › Addressing around 50% of total opex base
- › Clear models for governance, execution and follow-up
- › Update on roadmap for copper sunsetting mid-2019
- › Reviewing tower infrastructure assets



In addition, substantial savings from continuous improvements and prioritisation



Responsible business, empowering societies

“We are well positioned to help deliver on the UN Sustainable Development Goals. We’ve chosen to focus particularly on SDG #10, “Reduced Inequalities”.

SDG #10 is ingrained in our global business strategy, the way we provide access to services that foster inclusion and empowerment, and strive to influence and raise working and operating standards in the markets we serve.”

Sigve Brekke, Telenor Group CEO

**EMPOWER
SOCIETIES**



“Best telco in Scandinavia “

“Among the 10% best in industry”



FTSE4Good

*“A constituent of the
FTSE4Good Index Series”*

*«Outperformer compared
to industry peers»*



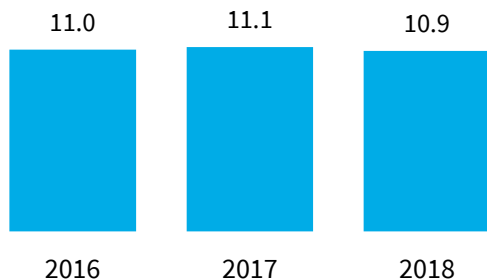


Our operations

Robust performance in Scandinavia

Norway

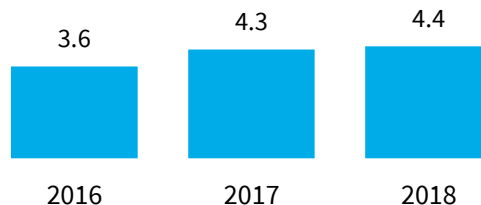
EBITDA (NOK bn)



- > 3% underlying EBITDA growth in 2018

Sweden

EBITDA (SEK bn)



- > 6% underlying EBITDA growth in 2018

Denmark

EBITDA (DKK bn)



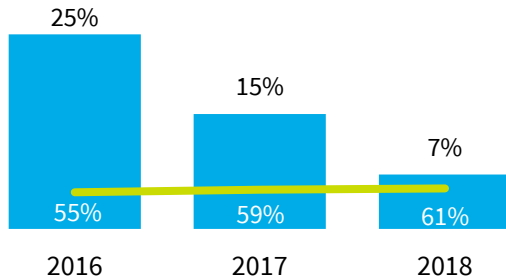
- > 27% organic EBITDA growth in 2018, 10% opex reduction



Solid growth and profitability in Pakistan and Bangladesh, pressure in Myanmar following new entrant mid-2018

Bangladesh

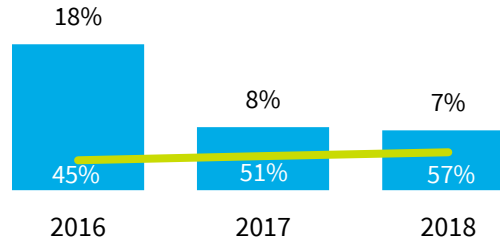
Subs. and traffic revenues growth and EBITDA margin



- > 11% subscriber growth and 14% EBITDA growth in 2018
- > 34% smartphone penetration

Pakistan

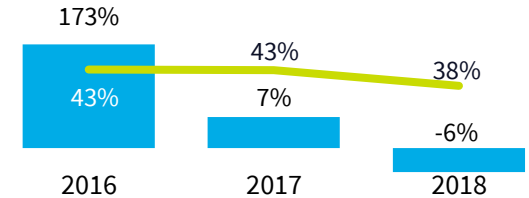
Subs. and traffic revenues growth and EBITDA margin



- > 5% subscriber growth and 15% EBITDA growth in 2018
- > 35% smartphone penetration

Myanmar

Subs. and traffic revenues growth and EBITDA margin



- > Focus on quality of subscriber base leading to lower subscriber losses



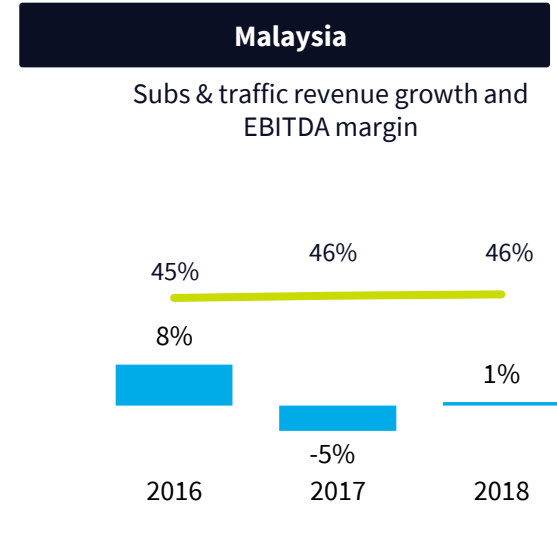
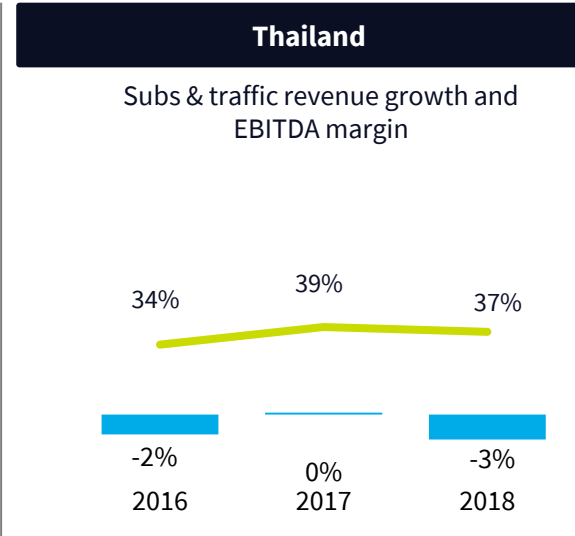
Transformation in Thailand and Malaysia

Thailand

- > From concession to licence in 2018
- > 2.3 GHz installed on 12,700 sites in 2018
- > Densified 2.1 GHz network with 7,900 base stations
- > Q4: Lowest subscriber losses in 3 years

Malaysia

- > Repositioning from legacy voice and SMS in migrant segment, to data services





Priorities for 2019

- › Back to growth in Thailand and Myanmar
- › Strengthen positions within Internet of Things and the Business segment
- › Continue to drive digital transformation, structural efficiency and further simplification
- › Modernise infrastructure, including 5G readiness, and fibre roll-out in Norway





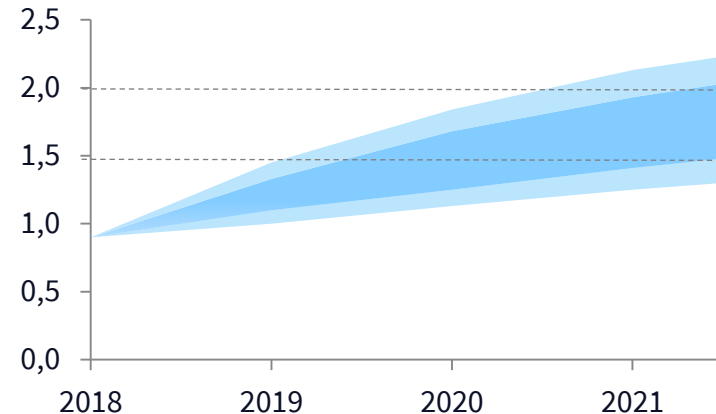
Leverage and credit rating

Leverage target of 1.5-2.0x net debt / EBITDA introduced in Jan-19

Optimising capital structure

- › Replacing existing 2.0x cap with new leverage target interval of 1.5-2.0x net debt / EBITDA*
- › Balancing cost of capital, access to funding, and strategic flexibility
- › Additional distribution through buybacks and/or special dividends, if deemed appropriate to reach target
- › Transforming target to IFRS 16 during 2019

Net debt / EBITDA*



*) 12 months rolling EBITDA. Net debt excl. licence commitments



Solid investment grade credit

MOODY'S
INVESTORS SERVICE

A3, STABLE OUTLOOK
5 February 2019

- Integrated business model and broad geographical diversification
- Good progress in delivering cost-efficiency measures, which supports a higher-than-peer EBITDA margin
- Leading market positions
- Solid credit ratios despite the expected reduction in financial flexibility after the company changed its leverage target to 1.5x-2.0x
- Conservative financial policy and excellent liquidity management

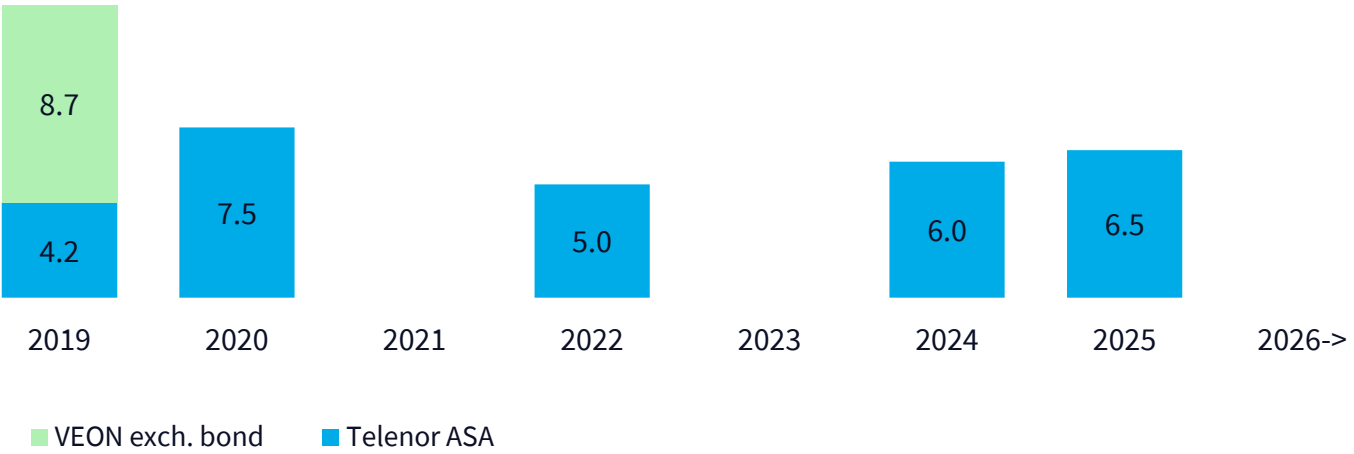
 **STANDARD & POOR'S**
RATINGS SERVICES
McGRAW HILL FINANCIAL

A, STABLE OUTLOOK
11 July 2018

- Leading position in the Nordic fixed-line, TV, and mobile telecommunications markets, including a strong domestic position in Norway
- Broad asset diversity in (five Asian markets with generally leading market mobile positions
- Strong capital structure and a conservative financial policy
- Solid and consistent free operating cash flow (FOCF) generation of NOK 20 billion-NOK 25 billion annually, excluding spectrum acquisition
- Currency risks in foreign operations and in the debt structure



Debt maturity profile (NOK bn)



Contemplating SEK benchmark issuance

- › Fixed income meetings on 11 March 2019
- › Contemplating refinancing of SEK 3.4bn bond maturing on 19 March 2019
- › Expecting 2.5 and 5 year SEK benchmark bonds with a mix of FRNs and fixed rate
- › Volume to be determined following book building
- › Issuance subject to markets conditions





Q&A

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