



CMD²⁰/₂₀
CAPITAL MARKETS DAY

Prepare for
the next step

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Maintaining strategic direction – strengthened focus



GROWTH



MODERNISATION



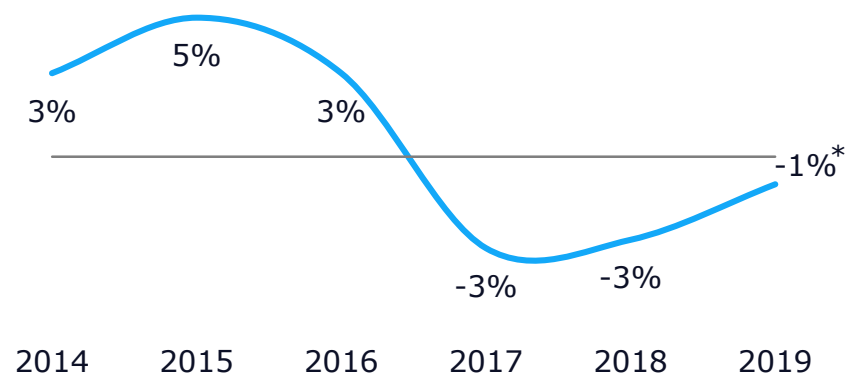
**RESPONSIBLE
BUSINESS**



Our efforts driving capex and opex efficiency are paying off

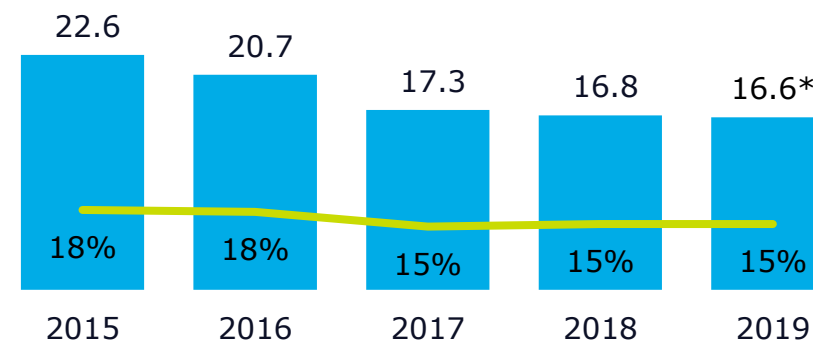
Strong cost discipline

FX adjusted opex change, (%)



Efficient capex spending

Capex (NOK bn) and capex/sales

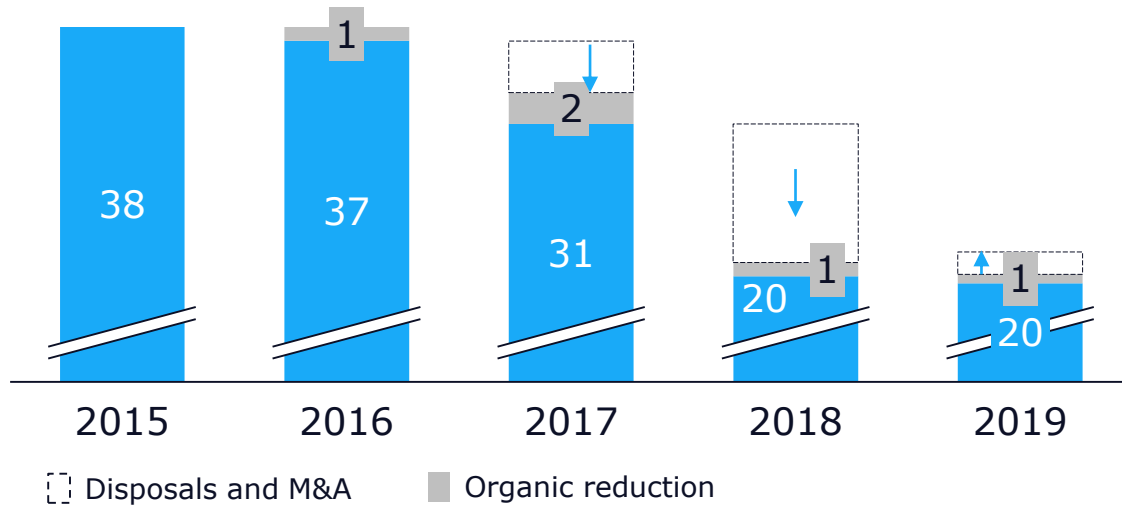


> Industry average Capex / sales (2018): 17.3%



Increasing competence in new areas while reducing overall headcount

Consistent headcount reduction of 22%



- Total workforce reduction 2015 – 2019 of 22% (excl. M&A)
- Changing way of work - faster, focused and with more agility

Further stepping up critical competency development



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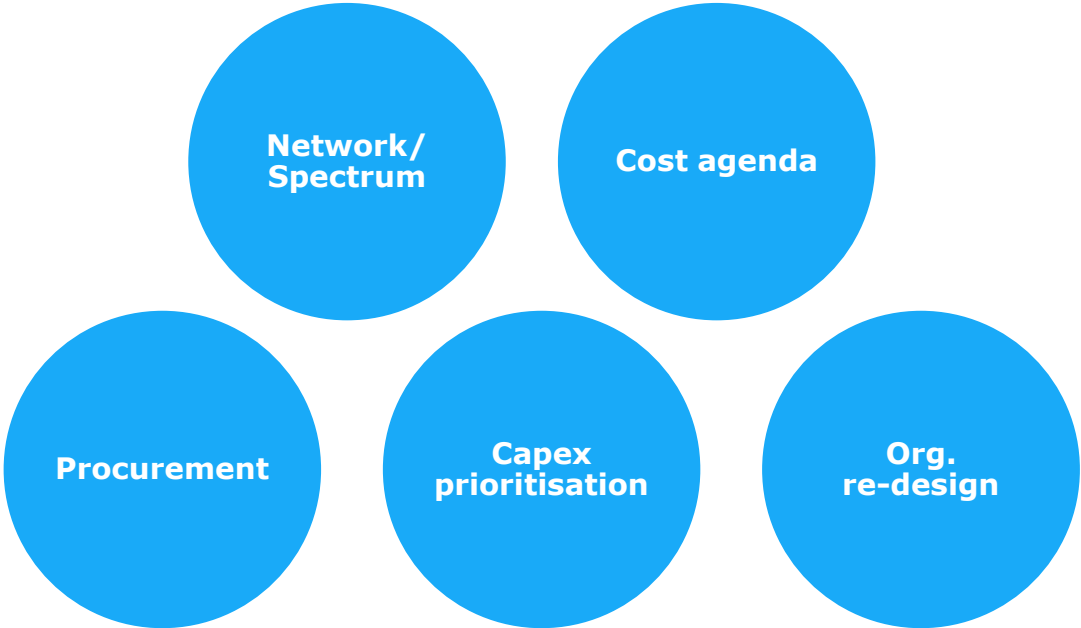


- ~3000 (15%) FTE's in roles with new critical competences within digital disciplines
- 1200 experts to be trained in critical competences each year
- +40 h online learning per employee



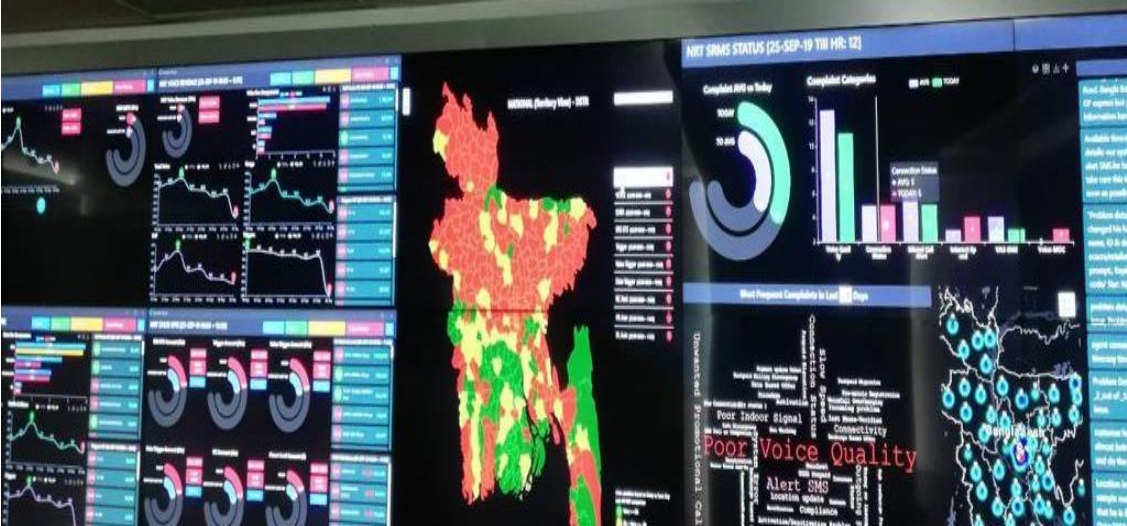
Selective centralisation to drive modernisation and efficiency

Selective centralisation



Local market execution

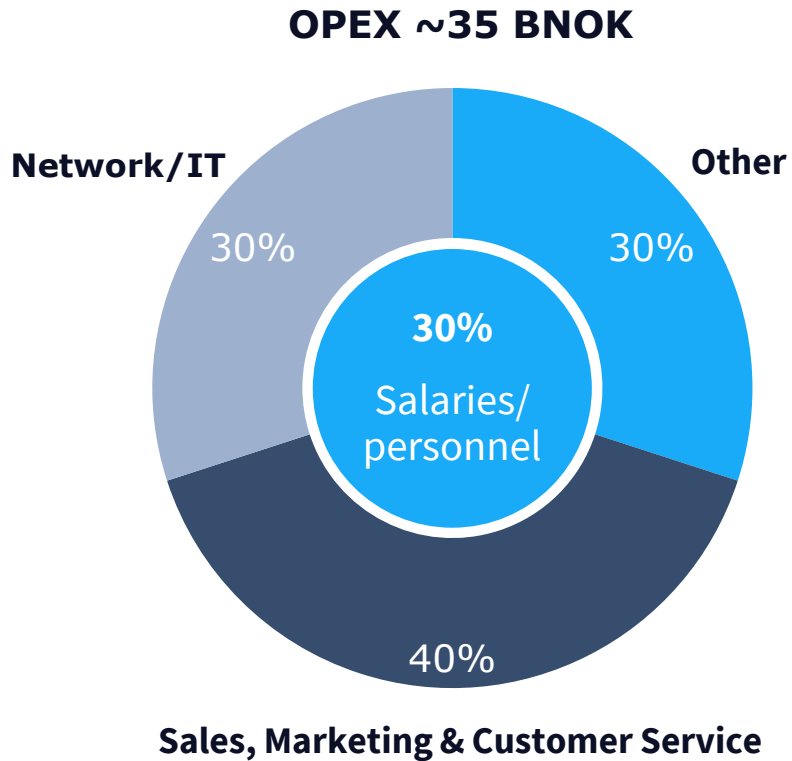
Grameenphone sales dashboard



- Customer centric decisions taken locally
 - Product development
 - Marketing activities
 - Distribution



Still room for further efficiency



Main levers

Network/IT

- Site & network sharing
- Site optimisation
- Vendor (re)negotiation
- Legacy removal and simplification

Sales, Marketing & Customer Service

- Digitisation of sales and distribution
- Advertising spend optimisation
- Simplification of products and customers journeys

Other

- Activity & FTE reductions
- Organisational design
- Find synergies/Remove overlaps
- Automation/RPAs



Continuous improvements



Technology

- > Energy optimisation
- > Field force efficiency
- > Vendor (re)negotiations



Sales & Marketing

- > Commissions
- > Advertising spend optimisation
- > Campaigns



Other

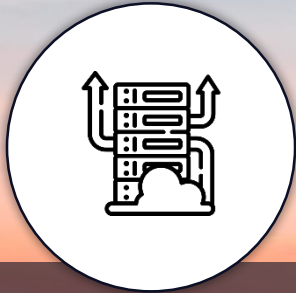
- > Product portfolio simplifications
- > Processes simplification and standardisation

Expected to account for ~40-50 % of net opex reductions



Structural initiatives

Focus on fewer, bigger and longer-term initiatives



Network & IT modernisation

- > Copper decommissioning in Norway
- > Network modernisation in Sweden and Thailand
- > IT transformation in Norway and Sweden
- > CDC IT and CDC Network in Asia
- > Modernisation an enabler for 5G



Digitising Customer touchpoints

- > Shift towards digital distribution in Asia
- > Channel optimisation



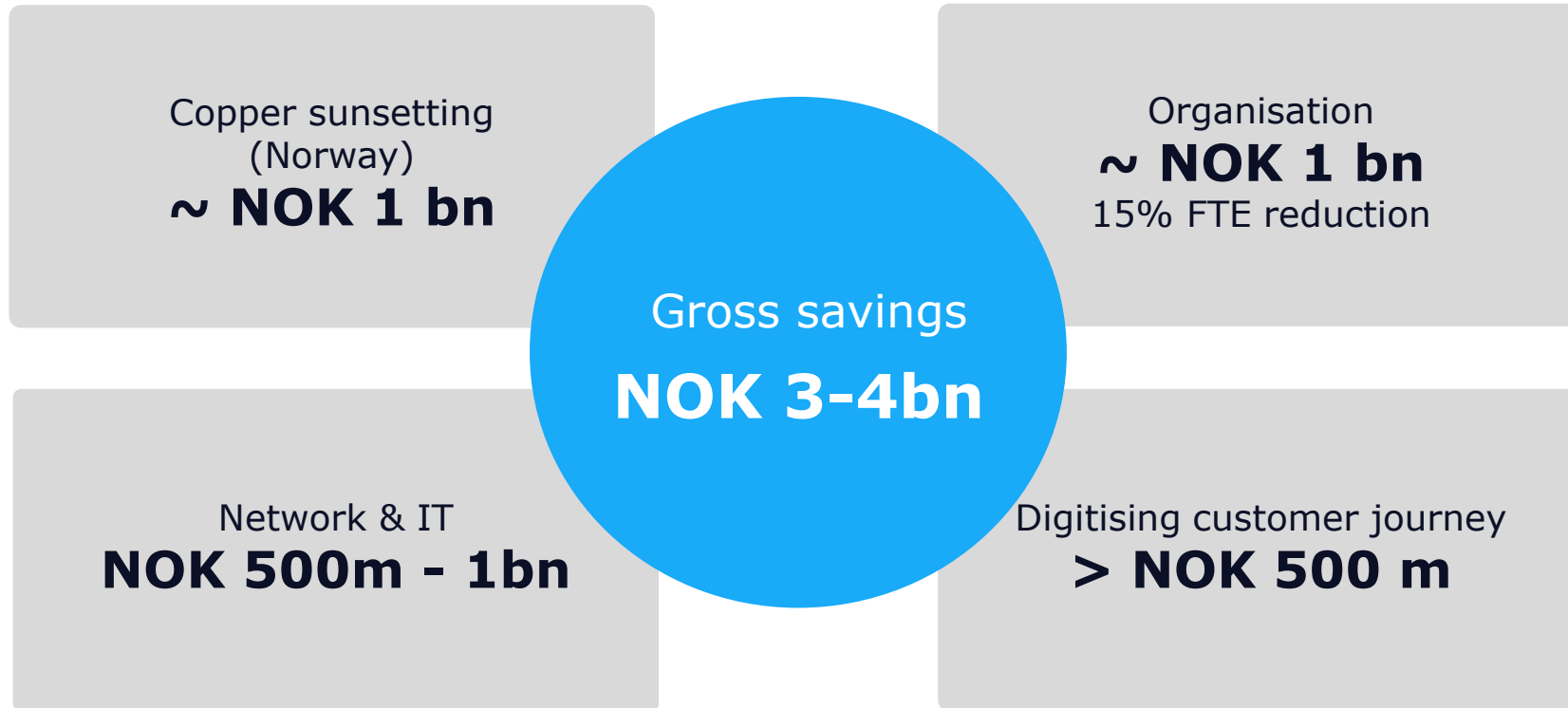
Future fit organisation

- > Modernising way of work addressed in most operating unit
- > Digitalisation to drive further improvements
- > Outsourcing effects included (e.g. CDC IT and network)

Expected to account for ~50-60 % of net opex reductions

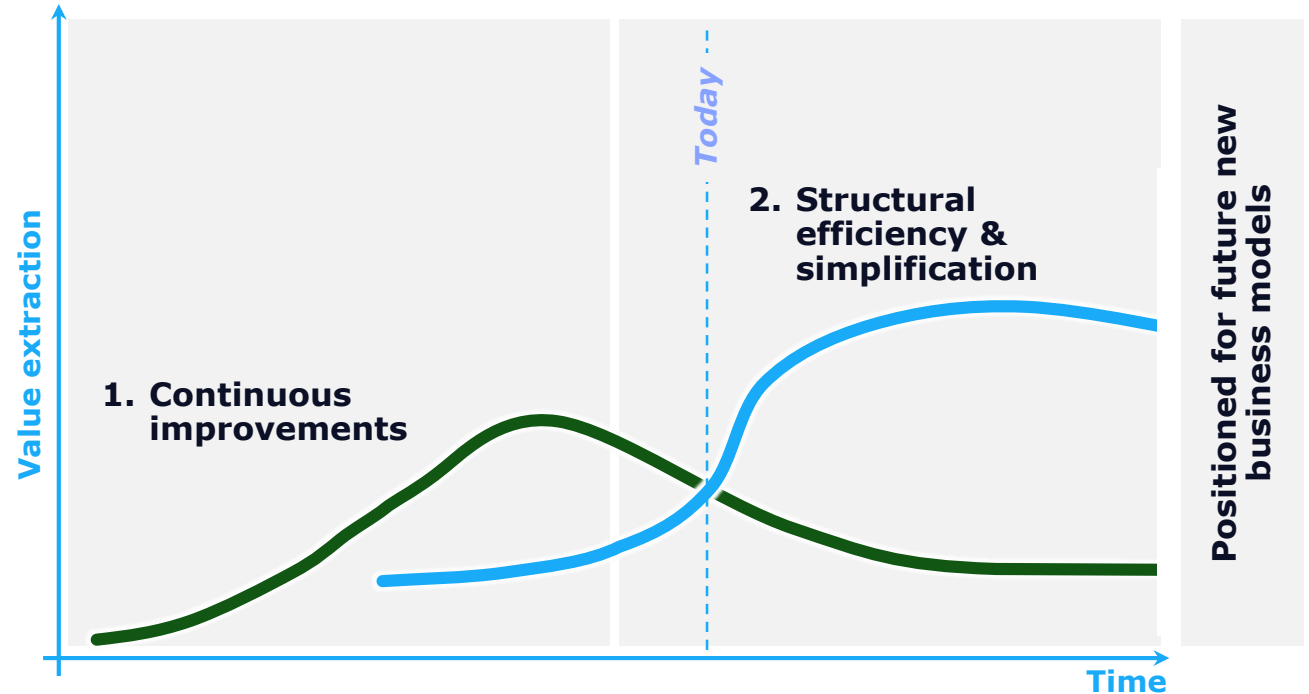


Material efficiencies from structural initiatives 2020-2022



Modernisation will continue to drive net opex reductions 2020-2022

- Structural efficiencies representing close to 50% of OPEX savings in 2019
- Structural efficiencies are the foundation for long-term efficiency
- Expect increased contribution from structural initiatives to ~50-60 %
- Ambition of net 1-3% annual OPEX reductions 2020-2022



We will continue to optimise our portfolio

- Focus on value creation in core telecom assets
- Disciplined approach supporting dividend and capital structure policy
- Expect consolidation to happen in Asia – ready to participate if value accretive



Passive infrastructure



Real Estate



Portfolio simplification: Real Estate

Fornebu HQ

- 153,000 m² office space
- 43,000 m² parking

Commercial properties

- 85 properties



GRI
NOK
~400m



Telenor's Tower Portfolio

>100k sites in portfolio of which >60% Telenor owned*

Nordics			
	(000)	Total sites	Owned
Σ	Norway	16	15
Σ	Sweden	12	8*
Σ	Denmark	4	3*
Σ	Finland	7	3*
Σ		~40	~30

Asia			
	(000)	Total sites	Owned
	Thailand	26	12
	Malaysia	10	5
	Myanmar	9	2
	Pakistan	12	8
	Bangladesh	16	14
Σ		~70	~40

*Telenor or Telenor JVs



Tower strategy going forward

- Optimisation of tower & infrastructure operations
- Tower/infrastructure identified and executed as separate business lines - regardless of decision to separate out or not
- Consolidation and network sharing in the Nordics as a consequence of 3G (or 2G) sunsetting and 5G roll-out



First steps taken in Norway

- Combining teams from 3 operating units
- In operation from 1 January 2020
- Operate and manage passive infrastructure on ~15k mobile, fixed and broadcast sites
- Total yearly revenues of NOK 1.6-1.8 bn and EBITDA margin around 40%

Key value drivers 2020 and beyond

Operational synergies with efficient and sustainable organisation, tools and processes

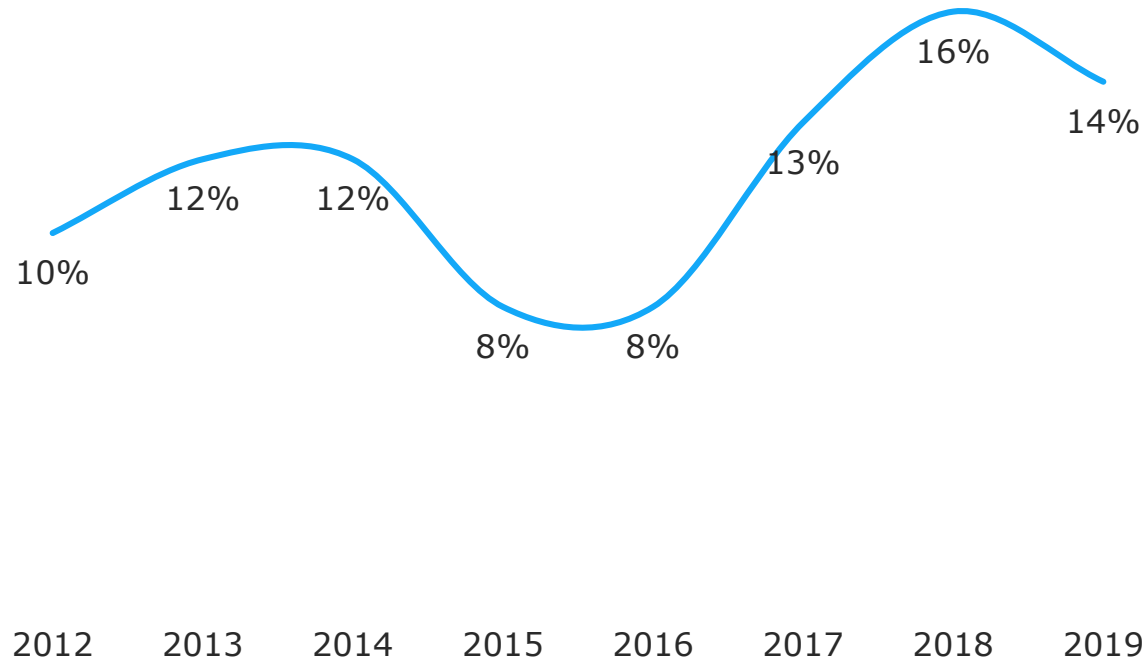
Explore further commercial upside

Ensure long term investment planning and asset management



Prioritised resource allocation improving ROCE

Return on capital employed (Pre IFRS 16)*

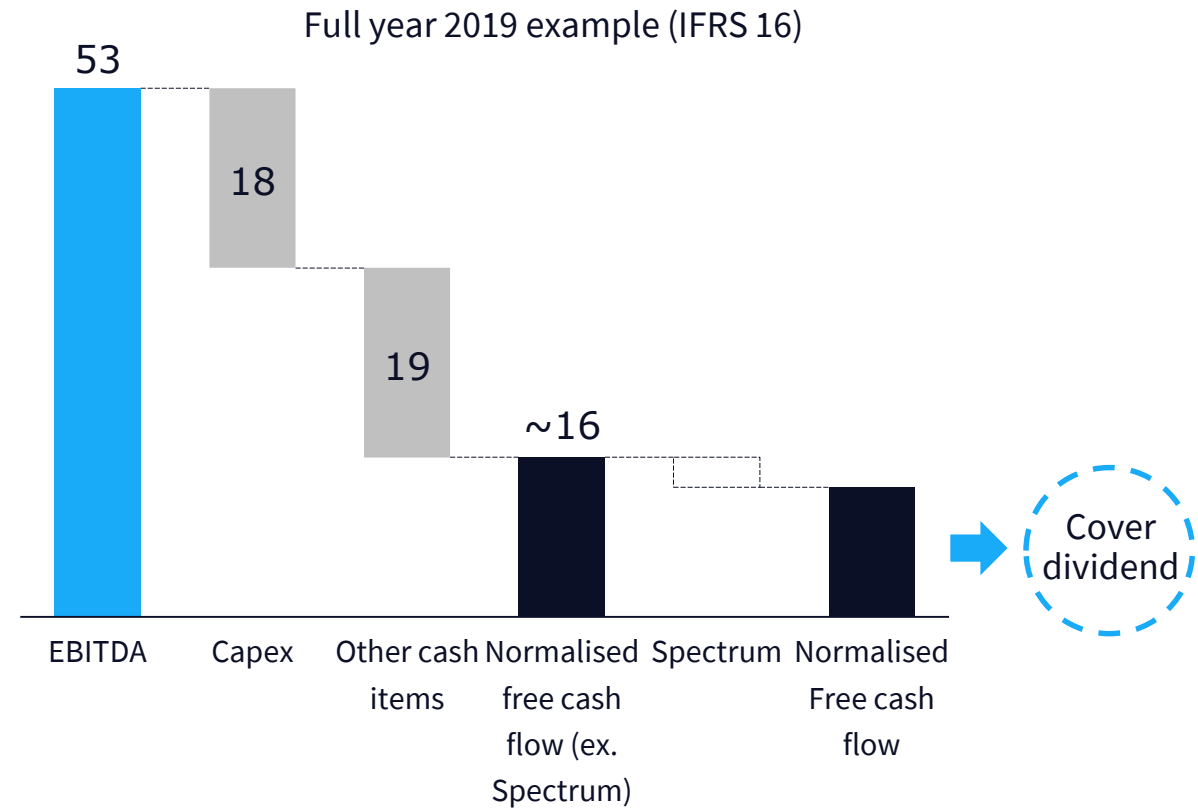


- Close to core investment focus
- Capex prioritisations driven by value creation and capital allocation priorities
- Portfolio optimisation supporting improvement



Increasing normalised free cash flow generation

- Aiming for EBITDA growth per year
- Stable capex/sales ~15%
- Other cash items relatively stable
- Spectrum cost will vary – value based approach, focus on cash flow





Key success factors for modernisation mid-term

Capitalise on digitalisation mega trend to drive new and efficient go to market models

Increase network productivity to handle increasingly large amounts of data at lowest possible cost

Utilise the 5G opportunities

Develop organisation

Financial priorities and capital allocation

