

# Q1 – 2020

Interim report  
January – March 2020



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## Solid first quarter financial performance despite early indications of COVID-19 consequences

The first quarter of 2020 demonstrates solid financial performance, with 2% growth in subscription and traffic revenues, organic EBITDA growth of 3% and solid free cash flow of almost NOK 4 billion. We steadily progress on our modernisation journey, and this quarter we saw increased subscriber uptake on copper replacement products in Norway and solid opex reductions across the group of 2%. Our operation in Myanmar delivered a growth of 25% driven by impressive subscriber intake. Sweden and Pakistan continued to face challenging markets in the quarter.

From the latter part of March, we have started to see impact from the global spread of COVID-19 on our performance, as we are experiencing lock-down situations in many of our markets. This is in particular affecting roaming revenues and Asian prepaid markets. These effects are continuing into the second quarter.

Telenor's purpose is to connect societies to what matters most, and this has never been more important. Telenor delivers critical services and solutions, which help societies deal with the effects of COVID-19. Telenor monitors the pandemic outbreak closely and will continue taking measures to minimise the impact on health and safety of our employees as well as ensuring business continuity. Our social responsibility goes hand in hand with securing network connectivity in times like these. Our services will also play an important role in digitising societies in the aftermath of the pandemic.

In this extraordinary situation, we will continue to monitor the business closely and take measures ensuring operational performance and flexibility. We will maintain the strategic direction and cash flow focus communicated at our capital markets day in the beginning of March.

– Sigve Brekke, President and CEO



## Key figures Telenor Group

NOK in million	First quarter		Year
	2020	2019	2019
Revenues	30 953	26 588	113 666
Organic revenue growth (%)	1.5	0.5	1.2
Subscription and traffic revenues	23 867	20 387	85 954
Organic subscription and traffic revenue growth (%)	1.8	0.3	0.4
EBITDA before other income and other expenses	14 106	12 177	50 735
Organic EBITDA growth (%)	2.6	(3.3)	(2.7)
EBITDA before other income and other expenses/Revenues (%)	45.6	45.8	44.6
Net income attributable to equity holders of Telenor ASA	698	3 822	7 773
Capex excl. licences and spectrum	3 079	4 029	17 415
Total Capex	3 124	4 029	18 075
Free cash flow before M&A	2 664	1 586	3 831
Total free cash flow	3 775	2 550	(18 998)
Mobile subscriptions - Change in quarter/Total (mill.)	(0.4)	2.3	186.0

## First quarter 2020 summary<sup>1)</sup>

- In the first quarter, subscription and traffic revenues increased by 2% on an organic basis. Total reported revenues were NOK 31.0 billion, an increase of NOK 4.4 billion or 16%, of which NOK 2.4 billion were related to the consolidation of DNA in Finland and NOK 1.7 billion to currency development.
- Currency adjusted opex excluding DNA decreased by NOK 0.2 billion or 2% in the first quarter. Reported opex increased by NOK 1.3 billion, of which NOK 0.5 billion were related to currency development.
- EBITDA grew by 3% or NOK 0.3 billion on an organic basis in the quarter, as a result of subscription and traffic revenue growth and opex reductions. Reported EBITDA before other items was NOK 14.1 billion and the EBITDA margin was 46%.
- Capex excluding licences, spectrum and leases was NOK 3.1 billion in the quarter, yielding a capex to sales ratio of 10%.
- Free cash flow before M&A was NOK 2.7 billion. Total free cash flow was NOK 3.8 billion.
- Leverage increased to just below 2.3x at the end of the first quarter, primarily as a result of the depreciation of the Norwegian Krone (NOK) leading to increased debt in NOK.

## Outlook for 2020

While our first quarter results are in line with the external guidance for 2020 provided last quarter, the COVID-19 pandemic has led to increased uncertainty for the remains of the year, especially related to the duration of the lock-downs in our markets. This will in particular influence roaming revenues, and our prepaid markets in Asia.

For 2020, we expect lower subscription and traffic revenues and EBITDA growth than previously indicated. The capex to sales ratio, excluding licences and spectrum, is expected to be around 13%. To ensure cash flow resilience, we will strengthen our focus on capex and cost management. Our mid-term ambitions, communicated at the Capital Markets Day in March, are maintained.

<sup>1)</sup> Please refer to Definitions on page 23 for descriptions of alternative performance measures. Some of the comments on the Group's financial results for the first quarter 2020 are made excluding DNA. Please refer to page 8 for the Group's consolidated figures in NOK for DNA.

## Group performance in the first quarter 2020<sup>1)</sup>

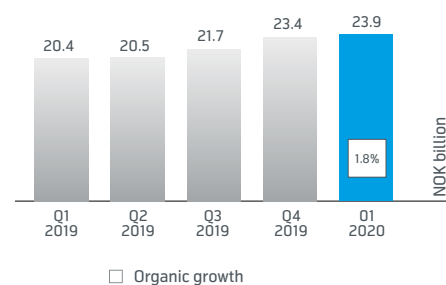
During the first quarter 2020, the Norwegian Krone (NOK) has depreciated significantly against many other currencies. This impacted reported revenues and operating profit in NOK positively, but also led to unrealised net currency losses due to the revaluation of debt denominated in foreign currency and increased debt in NOK. See page 12 for further information.

### SUBSCRIPTION AND TRAFFIC REVENUES

Reported subscription and traffic revenues grew by 17%. On an organic basis, subscription and traffic revenues increased by 2% in the quarter, in spite of the impact from the COVID-19 pandemic towards the end of the quarter.

In Norway, growth in mobile and fibre continued, resulting in 2% growth in subscription and traffic revenues. In Myanmar, the strong trend continued, and subscription and traffic revenues grew by 25% as our customer base grew and data usage increased further. Grameenphone in Bangladesh delivered 4% growth, despite regulatory challenges impacting customer acquisition. Our Thai operation dtac reported 3% growth in subscription and traffic revenues as ARPU increased by 6%. In Pakistan, the top-line decline continued with an 11% decrease in subscription and traffic revenues. In Sweden, revenues deteriorated further, as sales and ARPU in both the consumer and business segment continued to decrease.

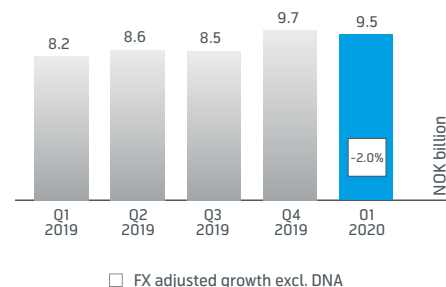
Reported total revenues increased by 16% or NOK 4.4 billion.



### OPERATING EXPENSES (OPEX)

Reported opex increased by NOK 1.3 billion in the quarter, primarily explained by the inclusion of DNA in Finland, but also by currency effects of NOK 0.5 billion. On a currency adjusted basis and excluding DNA, opex decreased by NOK 0.2 billion, or 2%.

Sales and marketing costs decreased in almost all Business units, only Myanmar and Grameenphone reported increased spend as revenues grew. Personnel costs were reduced as a result of modernisation initiatives in several operations, primarily Norway, Pakistan, Denmark and dtac. Lower operations and maintenance costs were offset by increased energy cost in Asia, driven by larger networks and higher prices.

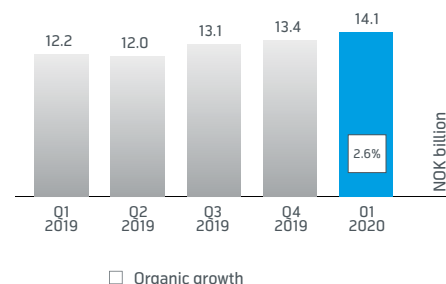


<sup>1)</sup> The comments are related to Telenor's development in the first quarter of 2020 compared to the first quarter of 2019 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 23 for descriptions of alternative performance measures.

## EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

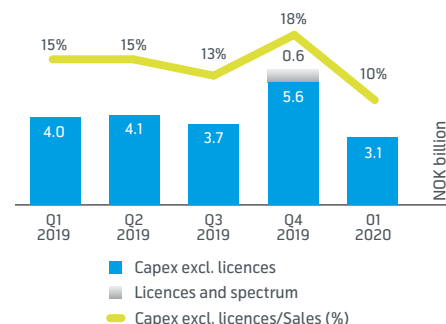
Reported EBITDA increased by NOK 1.9 billion and the EBITDA margin was 46%, on the same level as last year. On an organic basis, EBITDA grew by 3% or NOK 0.3 billion on in the first quarter.

Continued double digit revenue growth in Myanmar and solid revenue and cost performance in Norway were the main drivers to the Group's increase in profitability. In addition, growth in Grameenphone and dtac contributed positively. These positive developments were partly offset by the continued prepaid decline in our Malaysian operation Digi and top-line pressure in Sweden. Our operation in Pakistan was able to mitigate the impact of the revenue decline in parts through improved cost management.



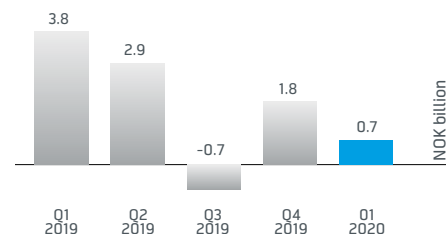
## CAPITAL EXPENSES (CAPEX)

Capex excluding licences and spectrum was NOK 3.1 billion in the quarter, which corresponds to a capex to sales ratio of 10%. Compared to the same period last year, capex decreased by NOK 1.0 billion, and the capex to sales ratio was 5 percentage points lower. This was primarily a result of high investment levels in dtac last year and import restrictions in Bangladesh this year. In addition, lower spend on network investments in DNA and Myanmar contributed to the low capex level.



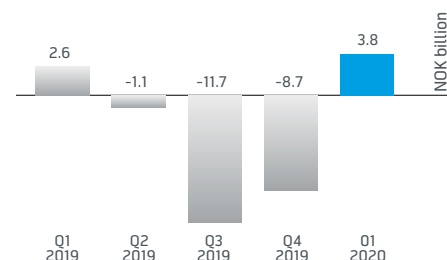
## NET INCOME

Reported net income to equity holders of Telenor ASA in the first quarter was NOK 0.7 billion, which is a decrease of NOK 3.1 billion. Increased EBITDA was more than offset by negative net financial items of NOK 4.3 billion, driven by mostly unrealised net currency losses of NOK 2.7 billion. In addition, depreciations increased by NOK 1.5 billion primarily as a result of the consolidation of DNA as well as higher depreciations in Norway and dtac, partly offset by lower taxes.



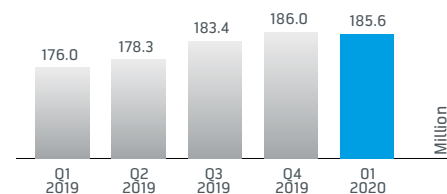
## FREE CASH FLOW

Free cash flow in the first quarter was NOK 3.8 billion, including NOK 1.2 billion from the first of four instalments received related to the sale of our operations in Central and Eastern Europe in 2018. Free cash flow before M&A was NOK 2.7 billion, an improvement of NOK 1.1 billion compared to last year, despite the negative impact of the deposit made to BTRC in Bangladesh of NOK 1.1 billion. The increased cash flow was a result of higher EBITDA, improved working capital and the payment for the 700 MHz spectrum licence in Sweden last year. This was partly offset by higher tax payments.



## MOBILE SUBSCRIPTIONS

The Group's mobile subscription base decreased by 0.4 million this quarter to slightly below 186 million. Customer growth of more than 1 million in both Myanmar and Pakistan was offset by subscriber losses of the same magnitude in Grameenphone and dtac. In addition, our subscriber base in Digi decreased by 0.3 million. While we lost approximately 30,000 customers in Norway and Sweden each, our Danish operation has reported a slight increase in its mobile subscription base for the first quarter.



<sup>1)</sup> The comments are related to Telenor's development in the first quarter of 2020 compared to the first quarter of 2019 and are based on current Group structure unless otherwise stated. Please refer to Definitions on page 23 for descriptions of alternative performance measures.

# Interim report

## Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the first quarter of 2020 compared to the first quarter of 2019 in local currency, unless otherwise stated. Canal Digital is classified as discontinued operations, see note 3 for further information. The previously reported Broadcast segment has been dissolved and the continued operations Telenor Satellite and other companies including holding companies have been moved to the Other units segment. Norkring has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. Financial figures for both Norway and Other units have been restated. See note 8 for further information. Please refer to Definitions on page 23 for descriptions of alternative performance measures. 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](http://www.telenor.com/ir)

## Norway

In Norway, continued revenue growth combined with ongoing modernisation and efficiency efforts led to an EBITDA growth of 1% in the quarter, or 4% adjusted for the abovementioned structural changes. The effect of COVID-19 became visible during March and had a negative effect on EBITDA of approximately 1%.

Despite COVID-19 impacting roaming revenues, mobile subscription and traffic revenues grew by 2%. This was driven by a 4% increase in ARPU, resulting from increased demand for value added services. The continued prepaid and data card decline, in addition to the loss of some public contracts last year, explain most of the 34,000 decrease in mobile subscriptions in the quarter. 13,000 fibre, 17,000 fixed wireless access and 7,000 new TV subscriptions were added, contributing to a 1% increase in fixed subscription and traffic revenues despite a continued decline in copper revenues. Total subscription and traffic revenues increased by 2%.

Opex decreased by 4%, mainly from modernisation and efficiency efforts. The EBITDA margin remained stable at 48%, but increased by 1 percentage point when adjusting for the structural changes. The reduction on operating profit is mainly related to increased depreciation resulting from the network modernisation.

Strong momentum on the fibre roll-out explained most of the 29% increase in capex. In addition, we continued the expansion of the mobile network and made general capacity investments.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	2 774	2 722	11 140
Interconnect	109	115	475
Other mobile	256	260	1 027
Non-mobile	724	605	2 697
<b>Total revenues mobile operation</b>	<b>3 863</b>	<b>3 703</b>	<b>15 339</b>
<b>Revenues fixed operation</b>			
Telephony	221	274	1 018
Internet and TV	1 593	1 518	6 168
Data services	122	121	485
Other fixed	307	345	1 461
<b>Total retail revenues</b>	<b>2 243</b>	<b>2 259</b>	<b>9 133</b>
Wholesale	406	482	1 920
<b>Total revenues fixed operation</b>	<b>2 649</b>	<b>2 740</b>	<b>11 053</b>
<b>Total revenues</b>	<b>6 513</b>	<b>6 443</b>	<b>26 392</b>
Gross profit	5 052	5 112	20 532
Operating expenses	(1 928)	(2 018)	(7 920)
<b>EBITDA before other items</b>	<b>3 124</b>	<b>3 094</b>	<b>12 612</b>
<b>Operating profit</b>	<b>1 316</b>	<b>1 743</b>	<b>7 135</b>
EBITDA before other items/Total revenues (%)	48.0	48.0	47.8
Capex	1 339	1 036	5 854
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	335	322	332
Fixed Telephony ARPU	243	237	239
Fixed Internet ARPU	420	378	395
TV ARPU	327	336	329
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(34)	(28)	2 886
Fixed telephony	(18)	(21)	314
Fixed Internet	(5)	(3)	819
TV	7	3	571

Comparative figures for 2019 for Norway have been restated. Norkring, the provider of digital terrestrial TV and radio transmission, has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. See note 8 for further information. Since 1 January 2020, Telenor Infra operates all passive infrastructure in Norway previously operated by Telenor Norway, Norkring and Telenor Real Estate. Hence, year on year developments in reported financial figures do not fully reflect Telenor Norway's underlying development and comments on the latter are made where deemed appropriate.



## Sweden

In Sweden, pressure persisted in both the mobile consumer and the business segment. In addition, churn in the main brand consumer segment continued to be high, but improved during the quarter. In the last few weeks of the quarter, COVID-19 related measures initiated by the authorities impacted roaming and handset revenues negatively.

Mobile subscription and traffic revenues fell by 6% as a result of decreased ARPU and a lower customer base. Fixed subscription and traffic revenues decreased slightly, as growth in fibre could not fully compensate for decreasing fixed legacy revenues. In the quarter, 7,000 new high-speed internet subscriptions were added.

EBITDA decreased by 7% driven by lower mobile revenues in addition to a reduction in handset margins, slightly offset by lower opex resulting from lower sales and marketing spend and lower consultancy cost.

Capex in the period was primarily related to network and IT modernisation.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	1 437	1 462	5 728
Interconnect	111	128	524
Other mobile	100	93	434
Non-mobile	492	490	2 046
<b>Total revenues mobile operation</b>	<b>2 140</b>	<b>2 174</b>	<b>8 732</b>
<b>Revenues fixed operation</b>			
Telephony	38	40	149
Internet and TV	685	658	2 632
Data services	41	38	151
Other fixed	56	78	281
<b>Total retail revenues</b>	<b>819</b>	<b>814</b>	<b>3 212</b>
Wholesale	75	59	251
<b>Total revenues fixed operation</b>	<b>894</b>	<b>873</b>	<b>3 464</b>
<b>Total revenues</b>	<b>3 034</b>	<b>3 046</b>	<b>12 195</b>
Gross profit	2 005	2 003	7 975
Operating expenses	(873)	(845)	(3 308)
<b>EBITDA before other items</b>	<b>1 132</b>	<b>1 158</b>	<b>4 667</b>
<b>Operating profit</b>	<b>544</b>	<b>655</b>	<b>2 494</b>
EBITDA before other items/Total revenues (%)	37.3	38.0	38.3
Capex	299	310	1 310
Investments in businesses	5	-	-
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	188	194	190
Fixed Telephony ARPU	31	35	32
Fixed Internet ARPU	227	212	214
TV ARPU	142	143	143
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(37)	(1)	2 760
Fixed telephony	(4)	(4)	131
Fixed Internet	3	(1)	685
TV	(2)	(3)	479
Exchange rate (NOK/SEK), average for the period	0.9796	0.9351	0.9302



## Denmark

In Denmark, the strengthened distribution yielded results, visible this quarter with more than 5,000 new customers and increasing demand for higher value data packs. The modernisation of the operation carried on, with sales volumes being shifted to customer service and digital channels, and with preparations to sunset 3G in order to free up capacity for a better 4G experience for our customers.

The mobile subscription base increased this quarter, but is 2% lower than one year ago. Combined with stable mobile ARPU and a lower fixed subscription base, this resulted in 4% reduction in subscription and traffic revenues.

Opex decreased by 4% this quarter due to more efficient sales channels, fewer employees and lower activity across the operation. The EBITDA margin remained stable at 25%.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	736	713	2 833
Interconnect	67	56	230
Other mobile	66	62	266
Non-mobile	284	254	1 166
<b>Total revenues mobile operation</b>	<b>1 152</b>	<b>1 084</b>	<b>4 495</b>
<b>Revenues fixed operation</b>			
Telephony	28	29	112
Internet and TV	87	89	348
Data services	6	7	25
<b>Total revenues fixed operation</b>	<b>122</b>	<b>124</b>	<b>485</b>
<b>Total revenues</b>	<b>1 274</b>	<b>1 209</b>	<b>4 980</b>
Gross profit	796	765	3 012
Operating expenses	(472)	(457)	(1 755)
<b>EBITDA before other items</b>	<b>324</b>	<b>308</b>	<b>1 257</b>
<b>Operating profit</b>	<b>73</b>	<b>42</b>	<b>353</b>
EBITDA before other items/Total revenues (%)	25.4	25.5	25.3
Capex	140	70	472
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	163	152	154
<b>No. of subscriptions – Change in quarter/Total (in thousands):</b>			
Mobile	5	(28)	1 637
Fixed telephony	(2)	(4)	38
Fixed Internet	1	(4)	107
Exchange rate (NOK/DKK), average for the period	1.3998	1.3052	1.3191

## DNA – Finland<sup>1)</sup>

In Finland, DNA reported continued solid growth in mobile subscription and traffic revenues.

In the mobile consumer segment, continued upselling to higher speed subscriptions resulted in 5% ARPU growth and 6% increase in mobile subscription and traffic revenues. Fixed subscription and traffic revenues fell by 2%, primarily due to lower TV revenues, leading to a 4% growth in total subscription and traffic revenues. Total revenues were flat and impacted by sale of antenna customers on 1 January 2020.

EBITDA increased by 5% driven by higher mobile revenues, partly offset by increased opex related to maintenance and personnel cost as well as lower handset margins.

Capex in the period was mainly focused around 5G roll-out.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	1 305	-	1 756
Interconnect	107	-	141
Other mobile	29	-	38
Non-mobile	425	-	689
<b>Total revenues mobile operation</b>	<b>1 866</b>	<b>-</b>	<b>2 623</b>
<b>Revenues fixed operation</b>			
Telephony	43	-	60
Internet and TV	377	-	518
Other fixed	75	-	178
<b>Total retail revenues</b>	<b>495</b>	<b>-</b>	<b>757</b>
Wholesale	40	-	54
<b>Total revenues fixed operation</b>	<b>535</b>	<b>-</b>	<b>811</b>
<b>Total revenues</b>	<b>2 401</b>	<b>-</b>	<b>3 434</b>
Gross profit	1 784	-	2 391
Operating expenses	(949)	-	(1 361)
<b>EBITDA before other items</b>	<b>835</b>	<b>-</b>	<b>1 030</b>
<b>Operating profit</b>	<b>269</b>	<b>-</b>	<b>205</b>
EBITDA before other items/Total revenues (%)	34.8		30.0
Capex	178	-	854
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	175	-	160
Fixed Telephony ARPU	421	-	418
Fixed Internet ARPU	168	-	165
TV ARPU	61	-	61
<b>No. of subscriptions – Change in quarter/Total (in thousands):</b>			
Mobile	(6)	-	2 696
Fixed telephony	(2)	-	36
Fixed Internet	8	-	542
Fixed TV	(37)	-	330
Exchange rate (NOK/EUR), average for the period	10.4590	9.7417	9.8484

<sup>1)</sup> The table shows financial figures from the time of consolidation (21 August 2019) for the year 2019. The comments refer to the development in the first quarter 2020 compared to same period last year, based on DNA's actual figures.

## dtac - Thailand

In Thailand, subscription and traffic revenues grew by 3% in the quarter. The impact of the COVID-19 pandemic was visible from February, with a significant reduction in the number of tourists leading to lower data and voice prepaid revenues and lower roaming revenues. The number of mobile subscriptions decreased by 1 million, mainly due to fewer prepaid subscribers.

Opex increased by 2% mainly due to higher operations and maintenance costs, as well as increased energy costs. In addition, bad debt increased due to lower quality acquisitions in 2019. This was partly offset by lower Group charges, lower personnel cost, and reduced advertising spend. EBITDA improved by 4%.

Capex spend was focused on strengthening the customer experience on both 3G and 4G by upgrading capacity in the network. Dedicated efforts on improving network quality made in 2019 continued in the first quarter 2020 and network perception was further improved.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	4 615	4 011	17 279
Interconnect	129	145	621
Other mobile	53	54	136
Non-mobile	1 301	1 074	5 013
<b>Total revenues mobile operation</b>	<b>6 097</b>	<b>5 284</b>	<b>23 048</b>
<b>Total revenues</b>	<b>6 097</b>	<b>5 284</b>	<b>23 048</b>
Gross profit	3 971	3 442	14 773
Operating expenses	(1 641)	(1 436)	(6 125)
<b>EBITDA before other items</b>	<b>2 329</b>	<b>2 006</b>	<b>8 647</b>
<b>Operating profit</b>	<b>730</b>	<b>637</b>	<b>2 747</b>
EBITDA before other items/Total revenues (%)	38.2	38.0	37.5
Capex	262	1 183	3 683
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	78	66	72
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(1 017)	(476)	20 642
Exchange rate (NOK/THB), average for the period	0.3037	0.2712	0.2838

## Digi - Malaysia

In Malaysia, Digi reported a slight growth in subscription and traffic revenues for the first quarter, driven by 6% growth in the postpaid segment. The revenue growth was partly impacted by COVID-19 related travel restrictions, leading to lower voice, data and roaming revenues.

Gross profit declined by 4% driven by higher volumes of subsidised handsets to drive postpaid contracting activities. Opex remained stable as the increase in operation and maintenance cost following the expanded network was offset by reduced cost in several other areas. EBITDA fell by 5%.

Capex spend was focused on 4G network expansion and increased capacity to support the customers' growing data usage.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	3 011	2 769	11 336
Interconnect	57	83	347
Other mobile	33	32	120
Non-mobile	438	278	1 572
<b>Total revenues mobile operation</b>	<b>3 538</b>	<b>3 162</b>	<b>13 375</b>
<b>Total revenues</b>	<b>3 538</b>	<b>3 162</b>	<b>13 375</b>
Gross profit	2 638	2 528	10 328
Operating expenses	(915)	(849)	(3 304)
<b>EBITDA before other items</b>	<b>1 723</b>	<b>1 679</b>	<b>7 025</b>
<b>Operating profit</b>	<b>1 029</b>	<b>1 042</b>	<b>4 463</b>
EBITDA before other items/Total revenues (%)	48.7	53.1	52.5
Capex	314	356	1 599
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	78	66	72
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(1 017)	(476)	20 642
Exchange rate (NOK/MYR), average for the period	0.3037	0.2712	0.2838

## Grameenphone - Bangladesh

In Bangladesh, Grameenphone's revenue growth continued, resulting in sustained profitability despite strong competition and a very demanding regulatory situation. In the quarter, Grameenphone experienced scarcity of available numbers for new prepaid connections, leading to negative net adds of 1.1 million. From the end of March, the COVID-19 situation started affecting results with lower voice and higher data traffic.

Subscription and traffic revenues increased by 4%, mainly as a result of higher data revenues. The revenue performance reflects the impact of lower subscriber acquisitions due to the number series scarcity, the supplementary duty increase and SIM tax increase from mid-2019 and continued restrictions on approvals from the regulator. EBITDA increased by 4%, as the revenue growth was partly offset by increased interconnect cost and higher opex mainly due to 4G revenue share exemption last year.

Capex was very low due to continued import restrictions imposed by BTRC, which were partially lifted at the end of March 2020.

On 20 February 2020, the Appellate Division directed Grameenphone to deposit NOK 1.1 billion by 24 February 2020, with which Grameenphone complied. On 24 February, the Appellate Division directed Grameenphone to deposit remaining NOK 1.2 billion within the next three months. Following the first payment, Grameenphone received approval from BTRC on 12 March to recycle 7.9 million numbers available for reselling and received partial approvals to import telecommunication equipment at the end of March 2020.

## Pakistan

Our operation in Pakistan continued to face a challenging situation with declining subscription and traffic revenues, but was able to partly mitigate the revenue decline through reduced costs as a result of modernisation initiatives.

Subscription and traffic revenues declined by 11% in the quarter, mainly caused by the temporary removal of telco taxes last year, disallowance of the service fee and lower APRU, compounded by the impact of COVID-19 from mid-March. The number of mobile subscriptions increased by 1 million during the quarter, taking the total subscription base to 46.5 million, which is 5% higher than last year.

EBITDA dropped by 9% due to the decreased top line, partly offset by a solid opex reduction of 8% resulting from multiple cost optimisation and modernisation measures.

Capex was mainly driven by site roll-out, investments in network stability and battery replacement.

The renewal of Telenor Pakistan's GSM license, which expired on 25 May 2019, is still not concluded. A hearing was scheduled for 9 April 2020, however the hearing has been postponed for the time being due to the COVID-19 situation.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	3 822	3 348	14 053
Interconnect	177	165	691
Other mobile	7	4	17
Non-mobile	51	53	220
<b>Total revenues mobile operation</b>	<b>4 057</b>	<b>3 570</b>	<b>14 980</b>
<b>Total revenues</b>	<b>4 057</b>	<b>3 570</b>	<b>14 980</b>
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	18	16	16
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	(1 129)	1 321	76 462
<b>Exchange rate (NOK/BDT), average for the period</b>			
	0.1122	0.1023	0.1043
<b>EBITDA before other items</b>			
Gross profit	3 812	3 367	14 098
Operating expenses	(1 249)	(1 122)	(4 879)
<b>EBITDA before other items</b>	<b>2 563</b>	<b>2 246</b>	<b>9 218</b>
<b>Operating profit</b>	<b>1 911</b>	<b>1 605</b>	<b>6 668</b>
<b>EBITDA before other items/Total revenues (%)</b>			
	63.2	62.9	61.5
<b>Capex</b>			
	44	425	1 825

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	1 294	1 476	5 190
Interconnect	196	193	796
Other mobile	4	6	19
Non-mobile	61	70	227
<b>Total revenues mobile operation</b>	<b>1 555</b>	<b>1 744</b>	<b>6 232</b>
<b>Total revenues</b>	<b>1 555</b>	<b>1 744</b>	<b>6 232</b>
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	11	13	11
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	1 089	728	45 389
<b>Exchange rate (NOK/PKR), average for the period</b>			
	0.0609	0.0617	0.0588
<b>EBITDA before other items</b>			
Gross profit	1 337	1 480	5 274
Operating expenses	(478)	(525)	(2 106)
<b>EBITDA before other items</b>	<b>859</b>	<b>955</b>	<b>3 168</b>
<b>Operating profit</b>	<b>329</b>	<b>542</b>	<b>1 374</b>
<b>EBITDA before other items/Total revenues (%)</b>			
	55.3	54.8	50.8
<b>Capex</b>			
	361	386	1 446

## Myanmar

In Myanmar, we saw a strong growth in demand for mobile services and connectivity in the first quarter. More than 1 million new subscribers and accelerating data usage, supported by a wide distribution organisation and a strong mobile network, were the drivers for this quarter's results. Two thirds of our customers are now active data users, with an average data consumption of 4.6 GB per month.

Subscription and traffic revenues increased by 25%. Combined with prudent cost management, this translated into EBITDA growth of 31%.

The operation is preparing for the mandatory SIM registration in the second quarter and adapting to market dynamics amid the COVID-19 outbreak.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues mobile operation</b>			
Subscription and traffic	1 638	1 125	5 013
Interconnect	195	186	733
Other mobile	6	9	44
Non-mobile	2	5	11
<b>Total revenues mobile operation</b>	<b>1 841</b>	<b>1 324</b>	<b>5 801</b>
<b>Total revenues</b>	<b>1 851</b>	<b>1 328</b>	<b>5 825</b>
Gross profit	1 647	1 158	5 113
Operating expenses	(563)	(452)	(1 996)
<b>EBITDA before other items</b>	<b>1 084</b>	<b>706</b>	<b>3 116</b>
<b>Operating profit</b>	<b>409</b>	<b>142</b>	<b>701</b>
EBITDA before other items/Total revenues (%)	58.6	53.2	53.5
Capex	87	204	625
<b>Statistics (monthly in NOK):</b>			
Mobile ARPU	27	25	24
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>			
Mobile	1 028	1 163	22 255
Exchange rate (NOK/MMK), average for the period	0.0066	0.0056	0.0059

## Other units

Revenues in Other Units increased by NOK 73 million due the establishment of the infrastructure company Infra and growth in Tapad, partly offset by to top line pressure in Global Wholesale and Satellite in addition to lower Group internal invoicing from Corporate Functions.

EBITDA improved by NOK 0.2 billion mainly explained by better performance in Tapad and the inclusion of Infra.

NOK in million	First quarter		Year
	2020	2019	2019
<b>Revenues</b>			
Corporate Functions	435	497	1 894
Infra	427	-	-
Satellite	208	229	950
Other Businesses	1 037	1 325	5 276
Eliminations	(45)	(61)	(206)
<b>Total revenues</b>	<b>2 063</b>	<b>1 990</b>	<b>7 914</b>
<b>Operating expenses</b>	<b>(1 040)</b>	<b>(1 129)</b>	<b>(4 546)</b>
<b>EBITDA before other items</b>			
Corporate Functions	(84)	(13)	(524)
Infra	223	-	-
Satellite	143	154	672
Other Businesses	175	111	729
Eliminations	-	(1)	-
<b>Total EBITDA before other items</b>	<b>457</b>	<b>251</b>	<b>877</b>
<b>Operating profit (loss)</b>			
Corporate Functions	(148)	(42)	(841)
Infra	104	-	-
Satellite	76	82	382
Other Businesses	88	199	535
Eliminations	-	-	-
<b>Total operating profit (loss)</b>	<b>120</b>	<b>240</b>	<b>77</b>
Capex	100	60	407
Investments in businesses	-	-	27 807

Comparative figures for 2019 for Other units have been restated. Norcring has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. See note 8 for further information.

## Group performance 2020

The comments below are related to Telenor's development in 2020 compared to 2019. From the fourth quarter 2019, Canal Digital has been classified as discontinued operations. See note 3 for further information.

### Specification of other income and other expenses

NOK in million	First quarter		Year
	2020	2019	2019
EBITDA before other income and other expenses	14 106	12 177	50 735
EBITDA before other income and other expenses (%)	45.6	45.8	44.6
Other income	6	-	46
Gains on disposals of fixed assets and operations	71	218	696
Losses on disposals of fixed assets and operations	(59)	(37)	(283)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(328)	(183)	(917)
<b>EBITDA</b>	<b>13 796</b>	<b>12 175</b>	<b>50 276</b>
EBITDA margin (%)	44.6	45.8	44.2

- Other expenses this quarter consisted mainly of workforce reductions (of which NOK 224 million in Telenor Norway, NOK 29 million in Telenor Sweden, and NOK 23 million in Telenor Pakistan), partly offset by gains on disposals of fixed assets and operations in DNA of NOK 23 million and Telenor Real Estate of NOK 36 million.
- In the first quarter last year, workforce reductions and loss contracts amounted to NOK 183 million, mainly in Telenor Norway (NOK 67 million) and Grameenphone (NOK 53 million). Gains on disposals mainly related to the gain on partial disposal of Digital Money Myanmar (Wave Money) which has been recognised as a joint venture from 1 March 2019.

### Operating profit

- Reported operating profit increased by NOK 0.1 billion to NOK 6.6 billion. EBITDA improved by NOK 1.6 billion to NOK 13.8 billion. However, this positive development was to a large extent offset by increased depreciations as a result of the consolidation of DNA, network modernisation in Norway, and network investments mainly in the first half of last year in Thailand.

### Financial items

NOK in million	First quarter		Year
	2020	2019	2019
Financial income	169	534	1 354
Financial expenses	(1 254)	(1 139)	(5 031)
Net currency gains (losses)	(2 654)	417	(282)
Net change in fair value of financial instruments	(518)	(61)	60
Net gains (losses and impairment) of financial assets and liabilities	1	19	15
<b>Net financial income (expenses)</b>	<b>(4 256)</b>	<b>(230)</b>	<b>(3 884)</b>
Gross interest expenses related to interest bearing liabilities and lease liabilities	(1 074)	(1 020)	(4 561)
Net interest expenses	(946)	(891)	(3 917)

- Net financial items in the first quarter of 2020 amounted to negative NOK 4.3 billion, compared to negative NOK 0.2 billion in the first quarter last year. Financial income in the first quarter of 2019 includes dividend from VEON of NOK 375 million.
- Net currency losses in the first quarter were NOK 2.7 billion, compared to a gain of NOK 0.4 billion in the first quarter last year. There is currently significant volatility in the foreign exchange markets and the Norwegian Krone is particularly vulnerable towards strong currencies such as USD and EUR. The net currency loss is mainly related to liabilities denominated in USD. Liabilities in other currencies than USD are to a large extent used for net investment hedges, and related currency losses are classified within other comprehensive income.
- Net change in fair value of financial instruments in the first quarter of 2020 includes a loss of NOK 0.3 billion related to discontinuation of fair value hedge accounting.

### Taxes

- The effective tax rate for the first quarter was 32%.
- The underlying tax rate for the year is estimated at 32%, slightly above last year due to a mix effect following high currency losses in Norway in the first quarter, which are deductible at a rate of 22%.
- The effective tax rate for the year 2020 is estimated to be around 32%.

### Cash flow

- Net cash inflow from operating activities during the first quarter of 2020 was NOK 10.4 billion, an increase of 0.9 billion compared to 2019. Adjusting for cash flows from DNA, the underlying operating cash flow increased by NOK 0.2 billion compared to 2019. The increase in operating cash flow was driven by higher EBITDA and improvements in working capital, partly offset by the deposit to BTRC in Bangladesh and higher income taxes paid.
- Net cash outflow to investing activities during the first quarter of 2020 was NOK 4.5 billion, a decrease of NOK 0.5 billion compared to 2019. Payments of PPE and intangibles during the first quarter of 2020 were NOK 0.5 billion lower compared to last year. During the first quarter of 2020, net proceeds from sale and purchases of businesses and other investments include NOK 1.1 billion received for the sale of CEE, while net proceeds in the same quarter last year were related to the sale of VEON shares of NOK 1.8 billion and deconsolidation of Telenor Banka and Digital Money Myanmar (Wave Money) of NOK 0.9 billion.
- Net cash outflow to financing activities during the first quarter of 2020 was NOK 2.7 billion. This is explained by net payments of borrowings of NOK 2.0 billion, including repayments of lease obligations of NOK 1.4 billion. Dividends of NOK 0.4 billion were paid to non-controlling interests.
- Cash and cash equivalents increased by NOK 4.5 billion during the first quarter to NOK 18.5 billion as of 31 March 2020.

### Financial position

- During the first quarter of 2020, total assets increased by NOK 28.7 billion to NOK 277.6 billion and total liabilities increased by NOK 24.2 billion to NOK 229.8 billion. The increase was primarily caused by depreciation of Norwegian Krone against all relevant currencies.
- Net debt increased by NOK 14.9 billion to NOK 121.9 billion. Interest-bearing liabilities excluding licence obligations increased by NOK 19.6 billion primarily driven by the depreciation of the Norwegian Krone against all relevant currencies with an impact of approximately NOK 18 billion. Cash and cash equivalents increased by NOK 4.2 billion.
- Total equity increased by NOK 4.6 billion to NOK 47.9 billion. The increase was due to the depreciation of the Norwegian Krone against all relevant currencies resulting in a net positive currency impact recognised in Other Comprehensive Income of NOK 4.6 billion and net income of NOK 1.7 billion. This was partly offset by dividends to non-controlling interests of NOK 0.8 billion and pension re-measurement loss (net of tax) of NOK 1.0 billion.

### Transactions with related parties

For detailed information on related party transactions, please refer to Note 33 *Related parties* in the Group's Annual Report 2019.

### Risks and uncertainties

The 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.

The regulatory environment in Bangladesh developed to be challenging for Grameenphone and Telenor during 2019. This relates to BTRC and their conducted audit covering the period 1997 until 2014. Please see Note 6 *Legal disputes* for further details.

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group due to, among other things, change in consumption, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources as well as impact on employees. As of today, Telenor has limited insight into the full effects of COVID-19 in the markets we operate. However, from the latter part of March, we have started to see impact from the global spread of COVID-19 on our performance, as we are experiencing lock-down situations in many of our markets. This is in particular affecting roaming revenues and Asian prepaid markets. These effects are continuing into the second quarter. A major risk is the duration of the COVID-19 impact in the different markets we operate in. Telenor as a company has a key role in securing critical infrastructure, and will monitor closely and continue to take measures to minimise the impact on health and safety as well as ensuring business continuity.

For additional explanations regarding risks and uncertainties, please refer to the following sections in the Group's Annual Report 2019: the Risk Management section in the Board of Directors Report, Note 13 *Income taxes*, Note 29 *Financial Risk Management* and Note 34 *Legal Disputes and contingencies*. Readers are also referred to the Disclaimer below.

For new developments of legal disputes and contingencies since the publication of the Group's Annual Report for 2019, see Note 6 *Legal disputes*.

### 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. 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, 27 April 2020

The Board of Directors of Telenor ASA



# Interim condensed financial information

## Consolidated income statement

### Telenor Group

NOK in million except earnings per share	Note	First quarter		Year
		2020	2019	2019
Revenues	2	30 953	26 588	113 666
Total cost of materials and traffic charges		(7 354)	(6 190)	(27 912)
Salaries and personnel costs		(2 974)	(2 648)	(10 803)
Other operating expenses		(6 520)	(5 574)	(24 215)
Other income		76	218	741
Other expenses		(386)	(220)	(1 200)
<b>EBITDA</b>		<b>13 796</b>	<b>12 175</b>	<b>50 276</b>
Depreciation and amortisation		(7 152)	(5 634)	(24 527)
Impairment losses		(8)	(19)	(47)
<b>Operating profit</b>		<b>6 636</b>	<b>6 523</b>	<b>25 702</b>
Share of net income from associated companies and joint ventures		(109)	(87)	(849)
Net financial items		(4 256)	(230)	(3 884)
<b>Profit/Loss before Taxes</b>		<b>2 272</b>	<b>6 206</b>	<b>20 968</b>
Income taxes		(718)	(1 793)	(9 033)
<b>Profit from continuing operations</b>		<b>1 554</b>	<b>4 413</b>	<b>11 936</b>
Profit (loss) from discontinued operations	3	195	313	(742)
<b>Net income</b>		<b>1 749</b>	<b>4 726</b>	<b>11 194</b>
<b>Net income attributable to:</b>				
Non-controlling interests		1 051	904	3 421
Equity holders of Telenor ASA		698	3 822	7 773
<b>Earnings per share in NOK</b>				
Basic/diluted from continuing operations		0.35	2.41	5.91
Basic/diluted from discontinued operations		0.14	0.21	(0.52)
Basic/diluted from total operations		0.49	2.62	5.40

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

## Consolidated statement of comprehensive income

### Telenor Group

NOK in million	First quarter		Year
	2020	2019	2019
<b>Net income</b>	<b>1 749</b>	<b>4 726</b>	<b>11 194</b>
Translation differences on net investment in foreign operations	10 253	(743)	(138)
Amount reclassified from other comprehensive income to income statement on partial disposal	-	(9)	(244)
Net gain (loss) on hedge of net investment	(7 276)	490	59
Income taxes	1 601	(108)	(13)
Share of other comprehensive income (loss) of associated companies and joint ventures	(1)	-	-
<b>Items that may be reclassified subsequently to income statement</b>	<b>4 577</b>	<b>(371)</b>	<b>(335)</b>
Net gain (loss) on equity investments	133	(561)	(26)
Remeasurement of defined benefit pension plans	(1 291)	(31)	713
Income taxes	284	7	(157)
<b>Items that will not be reclassified to income statement</b>	<b>(874)</b>	<b>(585)</b>	<b>530</b>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>3 703</b>	<b>(955)</b>	<b>194</b>
<b>Total comprehensive income</b>	<b>5 452</b>	<b>3 771</b>	<b>11 388</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests	1 814	904	3 670
Equity holders of Telenor ASA	3 638	2 866	7 717

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

## Consolidated statement of financial position

### Telenor Group

NOK in million	Note	31 March 2020	31 December 2019	31 March 2019
Deferred tax assets		2 561	2 445	2 583
Goodwill		31 167	27 451	14 204
Intangible assets		12 396	11 370	6 168
Right-of-use assets		66 705	59 381	56 713
Property, plant and equipment		88 980	83 179	71 723
Associated companies and joint ventures		4 895	4 299	2 513
Other non-current assets		17 557	13 916	16 036
<b>Total non-current assets</b>		<b>224 261</b>	<b>202 040</b>	<b>169 939</b>
Prepaid taxes		1 697	1 334	1 071
Inventories		1 554	1 485	1 486
Trade and other receivables		27 479	25 773	20 762
Other current financial assets		843	910	781
Assets classified as held for sale	3	3 699	3 489	-
Cash and cash equivalents		18 064	13 867	24 861
<b>Total current assets</b>		<b>53 335</b>	<b>46 858</b>	<b>48 961</b>
<b>Total assets</b>		<b>277 596</b>	<b>248 899</b>	<b>218 900</b>
Equity attributable to equity holders of Telenor ASA		41 647	38 054	52 174
Non-controlling interests		6 265	5 286	5 484
<b>Total equity</b>		<b>47 913</b>	<b>43 339</b>	<b>57 658</b>
Non-current lease liabilities		35 831	32 002	33 629
Non-current interest-bearing liabilities	4	107 035	83 987	40 020
Non-current non-interest-bearing liabilities		3 334	1 549	1 300
Deferred tax liabilities		5 473	4 902	3 149
Pension obligations		3 306	2 386	2 726
Provisions and obligations		7 940	7 701	5 402
<b>Total non-current liabilities</b>		<b>162 919</b>	<b>132 527</b>	<b>86 226</b>
Current lease liabilities		10 274	9 295	5 472
Current interest-bearing liabilities	4	8 353	14 761	22 024
Trade and other payables		36 812	35 691	34 610
Dividend payable		428	-	-
Current tax payables		1 801	4 863	5 387
Current non-interest-bearing liabilities		2 397	2 227	2 039
Provisions and obligations		1 319	1 219	3 694
Liabilities classified as held for sale	3	5 381	4 976	1 790
<b>Total current liabilities</b>		<b>66 765</b>	<b>73 032</b>	<b>75 017</b>
<b>Total equity and liabilities</b>		<b>277 596</b>	<b>248 899</b>	<b>218 900</b>

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

## Consolidated statement of cash flows

### Telenor Group

NOK in million	First quarter		Year
	2020	2019	2019
Profit before taxes from total operations <sup>1)</sup>	2 467	6 519	20 318
Income taxes paid	(2 718)	(2 262)	(10 512)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	493	(220)	(471)
Depreciation, amortisation and impairment losses	7 159	5 668	24 625
Loss (profit) from associated companies and joint ventures	109	87	849
Dividends received from associated companies	-	-	63
Currency (gains) losses not related to operating activities	3 387	(369)	(226)
Changes in working capital and other	(527)	44	(425)
<b>Net cash flow from operating activities</b>	<b>10 370</b>	<b>9 466</b>	<b>34 222</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(5 494)	(5 980)	(21 986)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(5)	-	(25 957)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	102	(899)	(688)
Proceeds from sale and purchases of other investments	906	1 890	5 106
<b>Net cash flow from investing activities</b>	<b>(4 492)</b>	<b>(4 989)</b>	<b>(43 526)</b>
Proceeds from and repayments of borrowings	(582)	3 836	32 261
Payments of licence obligations	(250)	(231)	(1 080)
Payments of lease obligations	(1 396)	(1 178)	(4 282)
Net payments of supply chain financing	(61)	(121)	(5)
Purchase of treasury shares	(34)	(167)	(6 114)
Dividends paid to and purchases of shares from non-controlling interests	(397)	(397)	(4 327)
Dividends paid to equity holders of Telenor ASA	-	-	(12 121)
<b>Net cash flow from financing activities</b>	<b>(2 720)</b>	<b>1 743</b>	<b>4 332</b>
Effects of exchange rate changes on cash and cash equivalents	1 386	(36)	641
<b>Net change in cash and cash equivalents</b>	<b>4 544</b>	<b>6 184</b>	<b>(4 330)</b>
Cash and cash equivalents at the beginning of the period	13 997	18 328	18 328
<b>Cash and cash equivalents at the end of the period<sup>2)</sup></b>	<b>18 542</b>	<b>24 512</b>	<b>13 997</b>
Of which cash and cash equivalents in assets held for sale at the end of the period	988	-	735
<b>Cash and cash equivalents in continuing operations at the end of the period</b>	<b>17 554</b>	<b>24 512</b>	<b>13 262</b>
<sup>1)</sup> Profit before taxes from total operations consists of:			
Profit before taxes from continuing operations	2 272	6 206	20 968
Profit before taxes from discontinued operations	195	313	(651)
Profit before taxes from total operations	2 467	6 519	20 318

<sup>2)</sup> As of 31 March 2020, restricted cash was NOK 143 million, while as of 31 March 2019, restricted cash was NOK 218 million.

### Cash flow from discontinued operations

NOK in million	First quarter		Year
	2020	2019	2019
Net cash flow from operating activities	281	327	1 006
Net cash flow from investing activities	(15)	(704)	(779)
Net cash flow from financing activities	(2)	(4)	(4)

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

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2019</b>	<b>8 818</b>	<b>(15 630)</b>	<b>58 425</b>	<b>(2 168)</b>	<b>49 446</b>	<b>5 009</b>	<b>54 455</b>
Net income for the period	-	-	7 773	-	7 773	3 421	11 194
Other comprehensive income for the period	-	522	-	(578)	(56)	250	194
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>522</b>	<b>7 773</b>	<b>(578)</b>	<b>7 717</b>	<b>3 670</b>	<b>11 388</b>
Disposal of VEON shares	-	3 586	(3 586)	-	-	-	-
Acquisition of subsidiaries with NCI	-	-	-	-	-	651	651
Disposal of subsidiaries with non-controlling interests	-	-	-	-	-	(52)	(52)
Transactions with non-controlling interests	-	(476)	(506)	-	(982)	(653)	(1 635)
Dividends	-	-	(12 125)	-	(12 125)	(3 339)	(15 464)
Share buy back	(213)	(5 738)	-	-	(5 951)	-	(5 951)
Sale of shares, share issue, and share options to employees	-	(56)	-	-	(56)	-	(56)
<b>Equity as of 31 December 2019</b>	<b>8 605</b>	<b>(17 792)</b>	<b>49 982</b>	<b>(2 746)</b>	<b>38 051</b>	<b>5 286</b>	<b>43 339</b>
Net income for the period	-	-	698	-	698	1 051	1 749
Other comprehensive income for the period	-	(875)	-	3 815	2 940	763	3 703
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(875)</b>	<b>698</b>	<b>3 815</b>	<b>3 638</b>	<b>1 814</b>	<b>5 452</b>
Dividends	-	-	-	-	-	(835)	(835)
Sale of shares, share issue, and share options to employees	-	(44)	-	-	(44)	-	(44)
<b>Equity as of 31 March 2020</b>	<b>8 605</b>	<b>(18 711)</b>	<b>50 679</b>	<b>1 069</b>	<b>41 648</b>	<b>6 265</b>	<b>47 913</b>

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2019</b>	<b>8 818</b>	<b>(15 630)</b>	<b>58 425</b>	<b>(2 168)</b>	<b>49 446</b>	<b>5 009</b>	<b>54 455</b>
Net income for the period	-	-	3 822	-	3 822	904	4 726
Other comprehensive income for the period	-	(585)	-	(371)	(955)	-	(955)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(585)</b>	<b>3 822</b>	<b>(371)</b>	<b>2 866</b>	<b>904</b>	<b>3 771</b>
Disposal of VEON shares	-	1 568	(1 568)	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	(35)	(35)
Dividends	-	-	-	-	-	(394)	(394)
Sale of shares, share issue, and share options to employees	-	(140)	-	-	(140)	-	(140)
<b>Equity as of 31 March 2019</b>	<b>8 818</b>	<b>(14 786)</b>	<b>60 678</b>	<b>(2 539)</b>	<b>52 173</b>	<b>5 484</b>	<b>57 657</b>

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 three months ending 31 March 2020, 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 for 2019 (Annual Report 2019). Key developments in risks and uncertainties, including COVID-19, are described in the section Risks and uncertainties on page 13.

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 2019. For information about standards, amendments to standards and interpretations effective from 1 January 2020, please refer to note 1 in the Group's Annual Report 2019. None of the standards, amendments or interpretations effective from 1 January 2020 has a significant impact on the Group's consolidated interim financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 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 8. For further information on the categories, please refer to note 6 in the Group's Annual Report 2019.

### First quarter 2020

NOK in million	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
<b>Type of good/ services</b>												
<b>Mobile operation</b>	<b>3 822</b>	<b>2 093</b>	<b>1 146</b>	<b>1 856</b>	<b>5 419</b>	<b>3 491</b>	<b>4 014</b>	<b>1 524</b>	<b>1 839</b>	-	<b>(293)</b>	<b>24 910</b>
Services	3 281	1 693	881	1 488	4 915	3 144	4 011	1 514	1 839	-	(286)	22 481
Goods	540	400	265	368	503	347	3	9	-	-	(7)	2 428
<b>Fixed operation</b>	<b>2 469</b>	<b>899</b>	<b>122</b>	<b>535</b>	-	-	-	-	<b>10</b>	<b>452</b>	<b>(167)</b>	<b>4 319</b>
Services	2 338	886	122	535	-	-	-	-	10	452	(147)	4 195
Goods	131	13	-	-	-	-	-	-	-	-	(21)	124
<b>Other</b>	<b>179</b>	-	-	-	-	-	-	-	-	<b>1 136</b>	<b>(573)</b>	<b>742</b>
Services	179	-	-	-	-	-	-	-	-	1 135	(574)	740
Goods	-	-	-	-	-	-	-	-	-	1	-	1
<b>Sum type of good/ services</b>	<b>6 470</b>	<b>2 992</b>	<b>1 267</b>	<b>2 391</b>	<b>5 419</b>	<b>3 491</b>	<b>4 014</b>	<b>1 524</b>	<b>1 849</b>	<b>1 587</b>	<b>(1 034)</b>	<b>29 970</b>
<b>Type of mobile subscription</b>												-
Contract	2 849	1 510	803	1 361	3 085	2 250	179	49	15	-	(17)	12 084
Prepaid	35	39	-	50	1 658	818	3 820	1 441	1 818	-	(92)	9 586
Other <sup>1)</sup>	398	145	78	77	172	77	12	25	6	-	(177)	811
<b>Sum services in Mobile operation</b>	<b>3 281</b>	<b>1 693</b>	<b>881</b>	<b>1 488</b>	<b>4 915</b>	<b>3 144</b>	<b>4 011</b>	<b>1 514</b>	<b>1 839</b>	-	<b>(286)</b>	<b>22 481</b>
<b>Timing of revenue recognition</b>												
Over time	5 799	2 579	1 002	2 023	4 915	3 144	4 011	1 514	1 849	1 586	(1 006)	27 417
At a point in time	671	413	265	368	503	347	3	9	-	1	(28)	2 553
<b>Total revenue from contract with customers</b>	<b>6 470</b>	<b>2 992</b>	<b>1 267</b>	<b>2 391</b>	<b>5 419</b>	<b>3 491</b>	<b>4 014</b>	<b>1 524</b>	<b>1 849</b>	<b>1 587</b>	<b>(1 034)</b>	<b>29 970</b>
Other revenues <sup>2)</sup>	42	42	7	9	679	48	43	31	1	476	(396)	983
<b>Total revenue</b>	<b>6 513</b>	<b>3 034</b>	<b>1 274</b>	<b>2 401</b>	<b>6 097</b>	<b>3 538</b>	<b>4 057</b>	<b>1 555</b>	<b>1 851</b>	<b>2 063</b>	<b>(1 429)</b>	<b>30 953</b>
<b>Segment revenue as presented in note 8</b>	<b>6 513</b>	<b>3 034</b>	<b>1 274</b>	<b>2 401</b>	<b>6 097</b>	<b>3 538</b>	<b>4 057</b>	<b>1 555</b>	<b>1 851</b>	<b>2 063</b>	<b>(1 429)</b>	<b>30 953</b>

<sup>1)</sup> Other includes revenues from other mobile and non-mobile services, refer to definitions on page 23.

<sup>2)</sup> Other revenues include mainly lease revenue.

## First quarter 2019

NOK in million	Norway <sup>3)</sup>	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units <sup>3)</sup>	Eliminations	Group
<b>Type of good/ services</b>												
<b>Mobile operation</b>	<b>3 661</b>	<b>2 132</b>	<b>1 079</b>	-	<b>4 865</b>	<b>3 120</b>	<b>3 529</b>	<b>1 736</b>	<b>1 324</b>	-	<b>(204)</b>	<b>21 242</b>
Services	3 207	1 725	836	-	4 289	2 917	3 523	1 697	1 324	-	(203)	19 315
Goods	453	408	243	-	576	203	5	39	-	-	-	1 927
<b>Fixed operation</b>	<b>2 500</b>	<b>870</b>	<b>124</b>	-	-	-	-	-	<b>4</b>	<b>561</b>	<b>(179)</b>	<b>3 880</b>
Services	2 365	856	124	-	-	-	-	-	4	561	(166)	3 745
Goods	134	13	-	-	-	-	-	-	-	-	(12)	136
<b>Other</b>	<b>186</b>	-	-	-	-	-	-	-	-	<b>1 323</b>	<b>(728)</b>	<b>781</b>
Services	186	-	-	-	-	-	-	-	-	1 321	(728)	780
Goods	-	-	-	-	-	-	-	-	-	1	-	1
<b>Sum type of good/ services</b>	<b>6 346</b>	<b>3 002</b>	<b>1 203</b>	-	<b>4 865</b>	<b>3 120</b>	<b>3 529</b>	<b>1 736</b>	<b>1 328</b>	<b>1 884</b>	<b>(1 110)</b>	<b>25 904</b>
<b>Type of mobile subscription</b>												
Contract	2 796	1 554	769	-	2 575	2 024	142	46	9	-	(21)	9 896
Prepaid	41	35	-	-	1 580	827	3 372	1 622	1 301	-	(61)	8 718
Other <sup>1)</sup>	370	135	67	-	134	65	10	29	13	-	(121)	702
<b>Sum services in Mobile operation</b>	<b>3 207</b>	<b>1 725</b>	<b>836</b>	-	<b>4 289</b>	<b>2 917</b>	<b>3 523</b>	<b>1 697</b>	<b>1 324</b>	-	<b>(203)</b>	<b>19 315</b>
<b>Timing of revenue recognition</b>												
Over time	5 758	2 581	961	-	4 289	2 917	3 523	1 697	1 328	1 882	(1 097)	23 839
At a point in time	587	421	243	-	576	203	5	39	-	1	(12)	2 064
<b>Total revenue from contract with customers</b>	<b>6 346</b>	<b>3 002</b>	<b>1 203</b>	-	<b>4 865</b>	<b>3 120</b>	<b>3 529</b>	<b>1 736</b>	<b>1 328</b>	<b>1 884</b>	<b>(1 110)</b>	<b>25 904</b>
Other revenues <sup>2)</sup>	97	44	6	-	418	42	41	7	1	106	(77)	684
<b>Total revenue</b>	<b>6 443</b>	<b>3 046</b>	<b>1 209</b>	-	<b>5 284</b>	<b>3 162</b>	<b>3 570</b>	<b>1 744</b>	<b>1 328</b>	<b>1 990</b>	<b>(1 187)</b>	<b>26 588</b>
<b>Segment revenue as presented in note 8</b>	<b>6 443</b>	<b>3 046</b>	<b>1 209</b>	-	<b>5 284</b>	<b>3 162</b>	<b>3 570</b>	<b>1 744</b>	<b>1 328</b>	<b>1 990</b>	<b>(1 187)</b>	<b>26 588</b>

## Year 2019

NOK in million	Norway <sup>3)</sup>	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units <sup>3)</sup>	Eliminations	Group
<b>Type of good/ services</b>												
<b>Mobile operation</b>	<b>15 175</b>	<b>8 562</b>	<b>4 470</b>	<b>2 611</b>	<b>20 839</b>	<b>13 191</b>	<b>14 820</b>	<b>6 162</b>	<b>5 797</b>	-	<b>(891)</b>	<b>90 737</b>
Services	12 999	6 850	3 358	2 004	18 439	11 984	14 802	6 052	5 796	-	(890)	81 394
Goods	2 176	1 712	1 112	608	2 400	1 207	18	109	-	-	(1)	9 343
<b>Fixed operation</b>	<b>10 080</b>	<b>3 452</b>	<b>485</b>	<b>811</b>	-	-	-	-	<b>24</b>	<b>2 321</b>	<b>(766)</b>	<b>16 407</b>
Services	9 496	3 400	485	811	-	-	-	-	24	2 321	(672)	15 865
Goods	585	51	-	-	-	-	-	-	-	-	(94)	542
<b>Other</b>	<b>734</b>	-	-	-	-	-	-	-	-	<b>5 185</b>	<b>(2 748)</b>	<b>3 171</b>
Services	734	-	-	-	-	-	-	-	-	5 174	(2 748)	3 160
Goods	-	-	-	-	-	-	-	-	-	12	-	12
<b>Sum type of good/ services</b>	<b>25 990</b>	<b>12 013</b>	<b>4 955</b>	<b>3 422</b>	<b>20 839</b>	<b>13 191</b>	<b>14 820</b>	<b>6 162</b>	<b>5 821</b>	<b>7 506</b>	<b>(4 405)</b>	<b>110 315</b>
<b>Type of mobile subscription</b>												
Contract	11 452	6 098	3 063	1 823	11 197	8 463	628	191	43	-	(78)	42 881
Prepaid	164	153	-	74	6 702	3 220	14 116	5 795	5 703	-	(323)	35 603
Other <sup>1)</sup>	1 384	598	295	107	539	301	58	67	50	-	(489)	2 910
<b>Sum services in Mobile operation</b>	<b>12 999</b>	<b>6 850</b>	<b>3 358</b>	<b>2 004</b>	<b>18 439</b>	<b>11 984</b>	<b>14 802</b>	<b>6 052</b>	<b>5 796</b>	-	<b>(890)</b>	<b>81 394</b>
<b>Timing of revenue recognition</b>												
Over time	23 229	10 250	3 843	2 815	18 439	11 984	14 802	6 052	5 821	7 495	(4 310)	100 419
At a point in time	2 761	1 764	1 112	608	2 400	1 207	18	109	-	12	(95)	9 896
<b>Total revenue from contract with customers</b>	<b>25 990</b>	<b>12 013</b>	<b>4 955</b>	<b>3 422</b>	<b>20 839</b>	<b>13 191</b>	<b>14 820</b>	<b>6 162</b>	<b>5 821</b>	<b>7 506</b>	<b>(4 405)</b>	<b>110 315</b>
Other revenue <sup>2)</sup>	402	182	25	12	2 209	184	160	71	4	407	(305)	3 351
<b>Total revenue</b>	<b>26 392</b>	<b>12 195</b>	<b>4 980</b>	<b>3 434</b>	<b>23 048</b>	<b>13 375</b>	<b>14 980</b>	<b>6 232</b>	<b>5 825</b>	<b>7 914</b>	<b>(4 709)</b>	<b>113 666</b>
<b>Segment revenue as presented in note 8</b>	<b>26 392</b>	<b>12 195</b>	<b>4 980</b>	<b>3 434</b>	<b>23 048</b>	<b>13 375</b>	<b>14 980</b>	<b>6 232</b>	<b>5 825</b>	<b>7 914</b>	<b>(4 709)</b>	<b>113 666</b>

<sup>1)</sup> Other includes revenues from other mobile and non-mobile services, refer to definitions on page 23.

<sup>2)</sup> Other revenues include mainly lease revenue.

<sup>3)</sup> Figures for 2019 have been restated, see note 8 for more information.



### Note 3 – Discontinued operations and assets held for sale

As announced on 22 October 2019, the Group has entered into an arrangement with Nordic Entertainment Group (“NENT”), to combine their satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. The combination is subject to regulatory approvals and is expected to be completed during the first half of 2020. With effect from the fourth quarter 2019, the Group’s Canal Digital operations are classified as asset held for sale and discontinued operations in the Group’s financial reporting. The comparative numbers for the income statement are re-presented.

During 2019, Telenor Banka in Serbia which was one of the two main contributors to the Financial Services segment, was classified as asset held for sale and discontinued operations until it was disposed of on 20 February 2019.

The results of all disposal groups are presented as discontinued operations until disposal:

NOK in million	First quarter		Year
	2020	2019	2019
Revenue	1 023	1 075	4 201
EBITDA	276	273	(645)
EBIT	276	258	(697)
<b>Profit before tax</b>	<b>195</b>	<b>254</b>	<b>(623)</b>
Income taxes	-	-	(91)
<b>Profit after tax</b>	<b>195</b>	<b>254</b>	<b>(714)</b>
Gain on disposal	-	59	(28)
Profit (loss) from discontinued operations	195	313	(742)

During the first quarter of 2020 Canal digital contributed with profit of NOK 203 million (first quarter 2019: NOK 256 million). During 2019, Canal Digital contributed with profit of NOK 1.0 billion.

During 2019, a provision of NOK 1.7 billion was recognised after a ruling by the Supreme Court of India with regard to Adjusted Gross Revenue as basis for licence fee and spectrum usage charge.

The major classes of assets and liabilities of the disposal groups representing primarily Canal Digital and India classified as held for sale as of 31 March 2020 and 31 December 2019:

NOK in million	31 March 2020	31 December 2019
<b>Assets</b>		
Property, plant and equipment	9	10
Goodwill	1 600	1 597
Intangible assets	195	183
Other non-current assets	366	338
Inventory	78	103
Trade and other receivables	463	525
Cash and cash equivalents	988	735
<b>Total assets classified as held for sale</b>	<b>3 699</b>	<b>3 489</b>
<b>Liabilities</b>		
Non-current liabilities	100	86
Current liabilities	5 281	4 890
<b>Total liabilities held for sale</b>	<b>5 381</b>	<b>4 976</b>

Liabilities held for sale includes provision of NOK 3.7 billion (NOK 3.4 billion as of 31 December 2019) representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India. A guarantee to Bharti Airtel was recognised at fair value as of closing date of the transaction with Bharti Airtel. Subsequent changes to the estimate are recognised on the discontinued operations line in the income statement.

### Note 4 – Interest-bearing liabilities

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

NOK in million	31 March 2020	
	Carrying amount	Fair value
Interest-bearing liabilities <sup>1)</sup>	(115 388)	(116 073)
of which fair value level 1		(104 166)
of which fair value level 2		(11 907)

NOK in million	31 December 2019	
	Carrying amount	Fair value
Interest-bearing liabilities <sup>1)</sup>	(98 748)	(102 702)
of which fair value level 1		(91 441)
of which fair value level 2		(11 261)

NOK in million	31 March 2019	
	Carrying amount	Fair value
Interest-bearing liabilities <sup>1)</sup>	(62 044)	(64 310)
of which fair value level 1		(52 480)
of which fair value level 2		(11 830)

<sup>1)</sup> Excluding lease liabilities.

### Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 30 in the Annual Report 2019 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in million	31 March 2020	31 December 2019	31 March 2019
Other non-current assets	3 092	1 984	1 580
Other current financial assets	487	368	410
Non-current non-interest-bearing financial liabilities	(3 133)	(1 398)	(1 239)
Non-current interest-bearing financial liabilities	(52)	(108)	-
Current non-interest-bearing liabilities	(1 028)	(787)	(951)
<b>Total</b>	<b>(634)</b>	<b>59</b>	<b>(200)</b>

### Note 6 – Legal disputes

#### Grameenphone

Bangladesh Telecommunication Regulatory Commission (BTRC) has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 10.2 billion to BTRC (NOK 2.8 billion in principal and NOK 7.4 billion in interest), including some matters pending in ongoing formal resolution processes (sub-judice). These claims are unjustified from Telenor’s and Grameenphone’s position. In addition, BTRC has unauthorised and erroneously claimed NOK 4.9 billion, which mainly is related to an already resolved matter and other sub-judice matters with the National Board of Revenue (NBR). The total demand amounts to NOK 15.1 billion (the Demand). The need for provision has been assessed based on legal merits and is consistent with prior periods.

On 20 and 24 February 2020, the Appellate Division of Supreme Court (AD) ordered Grameenphone to make payment of a total deposit of NOK 2.3 billion to BTRC, the first installment of NOK 1.1 billion within 24 February 2020 and the second installment of NOK 1.2 billion within 31 May 2020. In default of such payment, the interim order of stay and injunction passed by the High Court Division of the Supreme Court (HCD) on 17 October 2019 shall cease. Further, AD also directed BTRC to allow Grameenphone to carry on its business without any hindrance and fixed the matter on 31 May 2020 for passing further order. BTRC has gradually started to lift the operational restrictions on the import of network equipment etc.

The original Title suit (where the court is supposed to assess the merits of the Demand) is pending at the District Court and on 3 March 2020, the District Court extended the deadline of reply for BTRC and the Auditor to 21 July 2020.

## Note 7 – Events after the reporting period

### Digi – Malaysia

On 23 April 2020, the Board of Directors of Digi declared the first interim dividend for 2020 of MYR 0.042 per share, which corresponds to approximately NOK 0.8 billion dividend and approximately NOK 0.4 billion for Telenor's ownership share.

## Note 8 – Segment information and reconciliation of EBITDA before other income and other expenses

Canal Digital is classified as discontinued operations. Consequently, the Broadcast segment has been dissolved. Telenor Satellite and other companies including holding companies previously reported as part of this segment are now reported as part of Other units. Norkring has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. The segment information for 2019 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.

### First quarter 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses <sup>1)</sup>				Investments <sup>2)</sup>	
	2020	2019	Growth	2020	2019	2020	Margin	2019	Margin	2020	2019
Norway <sup>3)</sup>	6 513	6 443	1.1%	203	104	3 124	48.0%	3 094	48.0%	1 339	1 036
Sweden	3 034	3 046	-0.4%	15	12	1 132	37.3%	1 158	38.0%	304	310
Denmark	1 274	1 209	5.4%	25	28	324	25.4%	308	25.5%	140	70
DNA – Finland	2 401	-	-	1	-	835	34.8%	-	-	178	-
dtac – Thailand	6 097	5 284	15.4%	20	15	2 329	38.2%	2 006	38.0%	262	1 183
Digi – Malaysia	3 538	3 162	11.9%	9	8	1 723	48.7%	1 679	53.1%	314	356
Grameenphone – Bangladesh	4 057	3 570	13.6%	6	-	2 563	63.2%	2 246	62.9%	44	425
Pakistan	1 555	1 744	-10.8%	62	33	859	55.3%	955	54.8%	361	386
Myanmar	1 851	1 328	39.3%	28	33	1 084	58.6%	706	53.2%	87	204
Other units <sup>3)</sup>	2 063	1 990	3.7%	1 061	954	457	22.2%	251	12.6%	100	60
Eliminations	(1 429)	(1 187)	20.4%	(1 429)	(1 187)	(326)	22.8%	(229)	19.3%	-	-
<b>Group</b>	<b>30 953</b>	<b>26 588</b>	<b>16.4%</b>	<b>-</b>	<b>-</b>	<b>14 106</b>	<b>45.6%</b>	<b>12 177</b>	<b>45.8%</b>	<b>3 129</b>	<b>4 029</b>

### Year 2019

NOK in million	Total revenues		of which internal		EBITDA before other income and other expenses <sup>1)</sup>		Investments <sup>2)</sup>
	2019	2019	2019	2019	2019	Margin	2019
Norway <sup>3)</sup>	26 392	448	12 612	47.8%	5 854		
Sweden	12 195	66	4 667	38.3%	1 310		
Denmark	4 980	109	1 257	25.3%	472		
DNA – Finland	3 434	-	1 030	30.0%	854		
dtac – Thailand	23 048	54	8 647	37.5%	3 683		
Digi – Malaysia	13 375	41	7 025	52.5%	1 599		
Grameenphone – Bangladesh	14 980	-	9 218	61.5%	1 825		
Pakistan	6 232	203	3 168	50.8%	1 446		
Myanmar	5 825	135	3 116	53.5%	625		
Other units <sup>3)</sup>	7 914	3 656	877	11.1%	28 214		
Eliminations	(4 709)	(4 709)	(883)	18.7%	-		
<b>Group</b>	<b>113 666</b>	<b>-</b>	<b>50 735</b>	<b>44.6%</b>	<b>45 882</b>		

<sup>1)</sup> The segment profit is EBITDA before other income and other expenses.

<sup>2)</sup> Investments consist of capex and investments in businesses.

<sup>3)</sup> Financial figures for 2019 have been restated.

### Reconciliation

NOK in million	First quarter		Year
	2020	2019	2019
<b>Profit before taxes</b>	<b>2 272</b>	<b>6 206</b>	<b>20 968</b>
Share of net income from associate companies and joint ventures	(109)	(87)	(849)
Net financial items	(4 256)	(230)	(3 884)
<b>Operating profit</b>	<b>6 636</b>	<b>6 523</b>	<b>25 702</b>
Depreciation and amortisation	(7 152)	(5 634)	(24 527)
Impairment losses	(8)	(19)	(47)
<b>EBITDA</b>	<b>13 796</b>	<b>12 175</b>	<b>50 276</b>
Other income	76	218	741
Other expenses	(386)	(220)	(1 200)
<b>EBITDA before other income and other expenses</b>	<b>14 106</b>	<b>12 177</b>	<b>50 735</b>

# 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.

### 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 stakeholders 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 million	Change first quarter 2020	Change YoY	Change first quarter 2019	Change YoY
Total revenue growth	4 365	16.4%	624	2.4%
Impact using exchange rates for 2020 and 2019	(1 679)		(491)	
M&A	(2 275)		10	
<b>Organic revenue growth</b>	<b>412</b>	<b>1.5%</b>	<b>142</b>	<b>0.5%</b>

### Organic subscription and traffic revenue growth

Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV and fixed data services.

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 stakeholders 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 million	Change first quarter 2020	Change YoY	Change first quarter 2019	Change YoY
Subscription and traffic revenue growth	3 480	17.1%	492	2.5%
Impact using exchange rates for 2020 and 2019	(1 369)		(430)	
M&A	(1 724)		-	
<b>Organic subscription and traffic revenue growth</b>	<b>388</b>	<b>1.8%</b>	<b>62</b>	<b>0.3%</b>

### Subscription and traffic revenues

NOK in million	First quarter		Year
	2020	2019	2019
Mobile subscription and traffic	20 624	17 618	74 304
Fixed telephony	330	343	1 339
Fixed Internet/TV	2 746	2 265	9 672
Fixed data services	167	160	638
<b>Subscription and traffic revenues</b>	<b>23 867</b>	<b>20 387</b>	<b>85 954</b>
Other revenues	7 086	6 201	27 712
<b>Total revenues</b>	<b>30 953</b>	<b>26 588</b>	<b>113 666</b>

## Gross profit

Gross profit is a key financial parameter for Telenor and is the difference between total revenue and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

### Reconciliation

NOK in million	First quarter		Year
	2020	2019	2019
Total revenues	30 953	26 588	113 666
Costs of materials and traffic charges	(7 354)	(6 190)	(27 912)
<b>Gross profit</b>	<b>23 600</b>	<b>20 398</b>	<b>85 754</b>
<b>Gross profit FX adjusted</b>	<b>23 600</b>	<b>21 672</b>	
<b>Gross profit FX adjusted excl. DNA</b>	<b>21 815</b>	<b>21 672</b>	
<b>Change</b>	<b>143</b>		
<b>Change (%)</b>	<b>0.7%</b>		

## Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and consists of salaries and personnel cost and other operating expenses. Telenor's continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

### Reconciliation

NOK in million	First quarter		Year
	2020	2019	2019
Salaries and personnel cost	(2 974)	(2 648)	(10 803)
Other operating expenses	(6 520)	(5 574)	(24 215)
<b>Operating expenses</b>	<b>(9 493)</b>	<b>(8 222)</b>	<b>(35 019)</b>
<b>Operating expenses FX adjusted</b>	<b>(9 493)</b>	<b>(8 715)</b>	
<b>Operating expenses FX adjusted excl. DNA</b>	<b>(8 544)</b>	<b>(8 715)</b>	
<b>Change</b>	<b>171</b>		
<b>Change (%)</b>	<b>2.0%</b>		

Positive change indicates opex reduction

## EBITDA before other income and other expenses and EBITDA margin

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. EBITDA margin is defined as EBITDA before other income and expenses divided by total segment revenues. These measures are useful to investors and other stakeholders in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortisation expenses related primarily to capital expenses and acquisitions that occurred in the past and non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors. EBITDA margin enables comparison between segments and other operators.

### EBITDA margin

NOK in million	First quarter		Year
	2020	2019	2019
Total revenues	30 953	26 588	113 666
EBITDA before other items	14 106	12 177	50 735
<b>EBITDA margin</b>	<b>45.6%</b>	<b>45.8%</b>	<b>44.6%</b>

## 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 stakeholders 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 million	Change first quarter		Change first quarter	
	2020	Change YoY	2019	Change YoY
EBITDA growth	1 929	15.8%	1 153	10.5%
Impact using exchange rates for 2020 and 2019	(782)		(241)	
M&A	(816)		(3)	
<b>Organic EBITDA growth</b>	<b>331</b>	<b>2.6%</b>	<b>909</b>	<b>8.1%</b>

## Capital expenses

Capital expenses (capex) are derived from the balance sheet and consist of 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 investors and other stakeholders in evaluating the capital intensity of the operations. Capex and capex/revenues is deemed to better gauge the actual investments committed in the period than the purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

Capex excluding licences and spectrum is relevant to users to measure the level of underlying investments. Historically, licence and spectrum investments have varied significantly between reporting periods.

### Reconciliation

NOK in million	First quarter		Year
	2020	2019	2019
Purchases of PPE and intangible assets	5 494	5 980	21 986
Working capital movement in respect of capital expenses	(2 637)	(1 986)	(4 341)
Deferred licence obligations	267	46	476
Less:			
Discontinued operations	-	(12)	(46)
<b>Capex</b>	<b>3 124</b>	<b>4 029</b>	<b>18 075</b>
Licence and spectrum acquisition	(45)	-	(660)
<b>Capex excl. licence and spectrum</b>	<b>3 079</b>	<b>4 029</b>	<b>17 415</b>
Total revenues	30 953	26 588	113 666
<b>Capex excl. licence and spectrum/Revenues (%)</b>	<b>9.9%</b>	<b>15.2%</b>	<b>15.3%</b>
<b>Total Capex/Revenues (%)</b>	<b>10.1%</b>	<b>15.2%</b>	<b>15.9%</b>

## Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies. Investments (or total investments) is deemed to better gauge the actual investments for the period than in the purchases of property, plant and equipment (PPE) and intangible assets line items in the cash flow statement.

NOK in million	First quarter		Year
	2020	2019	2019
Capital expenses	3 124	4 029	18 075
Investments in businesses	5	-	27 807
<b>Investments</b>	<b>3 129</b>	<b>4 029</b>	<b>45 882</b>

## Net interest-bearing debt excluding licence obligations (Net debt)

Net debt is derived from the balance sheet and consists of both current and non-current interest-bearing liabilities, current and non-current lease liabilities less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents. Net debt is adjusted for licence obligations.

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.

### Reconciliation

NOK in million	31 March 2020	31 March 2019	31 December 2019
Non-current interest bearing liabilities	107 035	40 020	83 987
Non-current lease liabilities	35 831	33 629	32 002
Current interest-bearing liabilities	8 353	22 024	14 761
Current lease liabilities	10 274	5 472	9 295
Less:			
Cash and cash equivalents	(18 064)	(24 861)	(13 867)
Hedging instruments	(2 651)	(1 510)	(1 988)
Financial instruments	(302)	(321)	(485)
Adjustments:			
Licence obligations	(18 554)	(15 541)	(16 729)
<b>Net interest-bearing debt excluding licence obligations</b>	<b>121 923</b>	<b>58 913</b>	<b>106 977</b>
Less:			
Net interest-bearing debt in discontinued operations		1 180	
<b>Net interest-bearing debt excluding licence obligations</b>	<b>121 923</b>	<b>60 093</b>	<b>106 977</b>

### Net debt/EBITDA

Telenor has so far measured leverage as the ratio of Net debt/EBITDA. From the first quarter 2020, Telenor changes the denominator from EBITDA to EBITDA before other items. Firstly, this ensures consistency with our alternative performance measure organic EBITDA growth, which is also based on EBITDA before other items, and our external guiding for this parameter. Secondly, this prevents temporary spikes in leverage due to other income and expenses and thus ensures transparency and a better understanding of Telenor's ability to cover debt with profits from its regular operations.

The impact of other income and expenses is however assessed to not be material in the mid and long-term, thus Telenor keeps its previously communicated guiding range and aims to maintain a solid balance sheet through keeping Net debt/EBITDA before other items in the range of 1.8x to 2.3x, in order to maintain financial flexibility and ensure cost efficient funding.

The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA before other items includes proforma figures for DNA for the periods before consolidation. Note that the Net debt figure for the first quarter 2019 has been adjusted to reflect discontinuation of Canal Digital.

NOK in million	First quarter		Year
	2020	2019	2019
Net debt	121 923	60 093	106 977
EBITDA before other items	53 880	45 373	52 691
of which EBITDA before other items proforma DNA	1 215		1 956
<b>Net debt/EBITDA before other items</b>	<b>2.3</b>	<b>1.3</b>	<b>2.0</b>

### Free cash flow

Telenor makes use of free cash flow and free cash flow before M&A activities 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 free cash flow before M&A activities for the following reasons:

- Free cash flow and free cash flow before M&A activities 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, free cash flow before M&A activities 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 similar 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 net cash flow from investing activities to free cash flow and free cash flow before M&A activities is provided in the table below.

### Reconciliation

NOK in million	First quarter		Year
	2020	2019	2019
Net cash flows from operating activities	10 370	9 466	34 221
Net cash flows from investing activities	(4 492)	(4 989)	(43 526)
Repayments of borrowings - licence obligations	(250)	(231)	(1 080)
Repayments of borrowings - supply chain financing	(61)	(121)	(5)
Dividends paid to and purchase of shares from non-controlling interest	(397)	(397)	(4 327)
Lease payments (principal)	(1 396)	(1 178)	(4 282)
<b>Free cash flow</b>	<b>3 775</b>	<b>2 550</b>	<b>(18 998)</b>
M&A activities	1 111	964	(22 829)
<b>Free cash flow before M&amp;A activities</b>	<b>2 664</b>	<b>1 586</b>	<b>3 831</b>

## 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 subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

#### 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, fibre and fixed wireless access, in addition to revenues from TV services. High-speed fixed internet includes fibre, cable, VDSL and fixed wireless access.

#### Data services

Consist of Nordic Connect/IP-VPN and security.

#### Other

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

#### Wholesale and broadcasting

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. Broadcasting consist of revenues from terrestrial radio and TV transmission.

### Key Figures

#### Subscriptions

Telephony consists of PSTN, ISDN and VoIP subscriptions. Internet consists of broadband access over xDSL, fibre, cable and fixed wireless access. 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.

## Other

### Revenues

#### Satellite

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

#### Infra

Consist of revenues from passive infrastructure services in Norway.



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