



TELENOR GROUP

First quarter 2021

Sigve Brekke, CEO

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The comments in the presentation are related to Telenor's development in 2021 compared to the same quarter of 2020, unless otherwise stated.

Highlights – First quarter 2021

Strong mobile
subscriber growth in Asia

Solid EBITDA growth in Finland
and Denmark

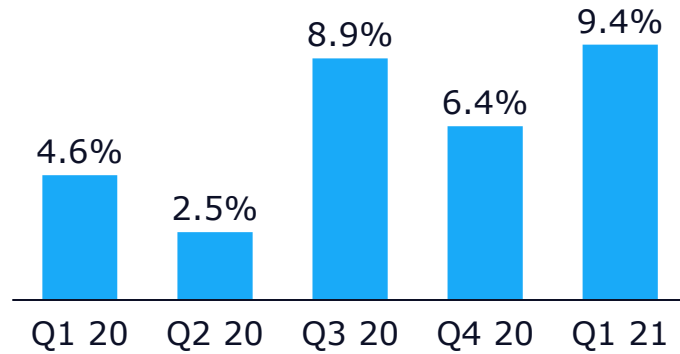
Strong opex and cash flow
development

Unprecedented situation
in Myanmar



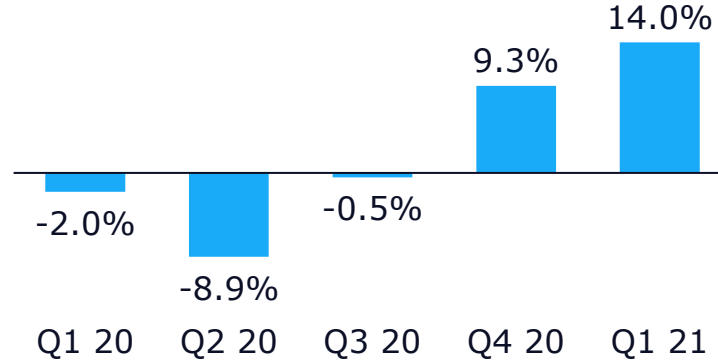
Solid EBITDA performance in Finland and Denmark

Finland EBITDA growth*



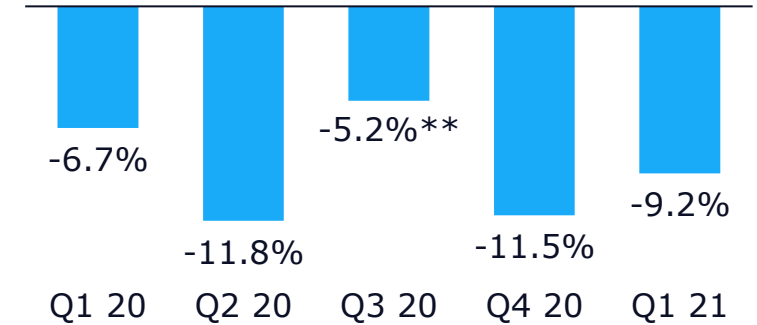
- › EBITDA growth driven by continuous upselling to customers

Denmark EBITDA growth



- › Strong execution on efficiency initiatives and market activities is yielding results

Sweden EBITDA growth

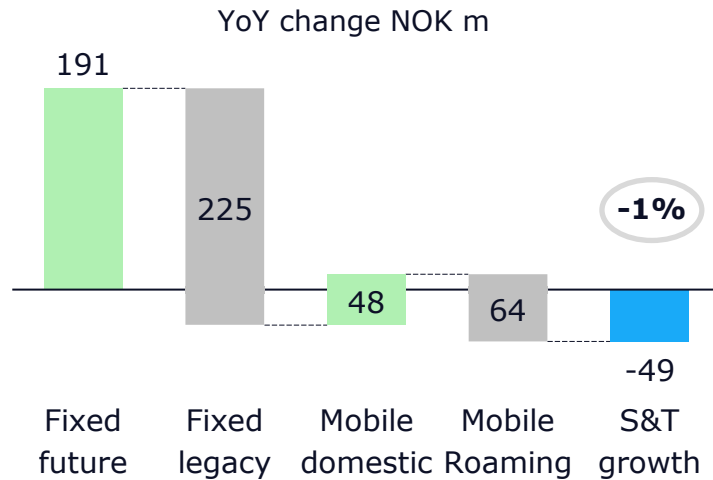


- › Solid momentum on efficiency initiatives resulting in a -7 % YoY opex reduction
- › EBITDA decline from continued S&T pressure (-6% YoY)



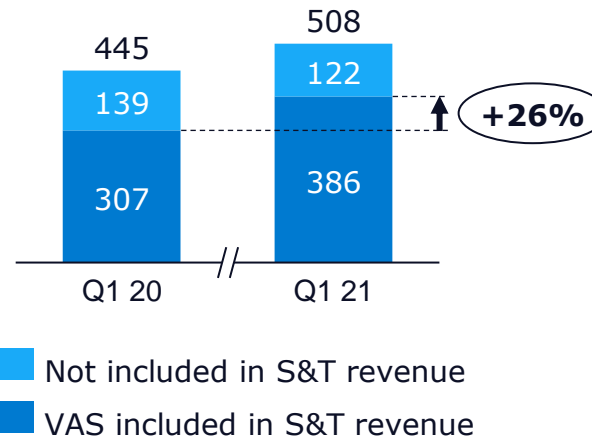
Norway: Continued VAS growth and modernisation efficiency

Norway S&T revenue growth



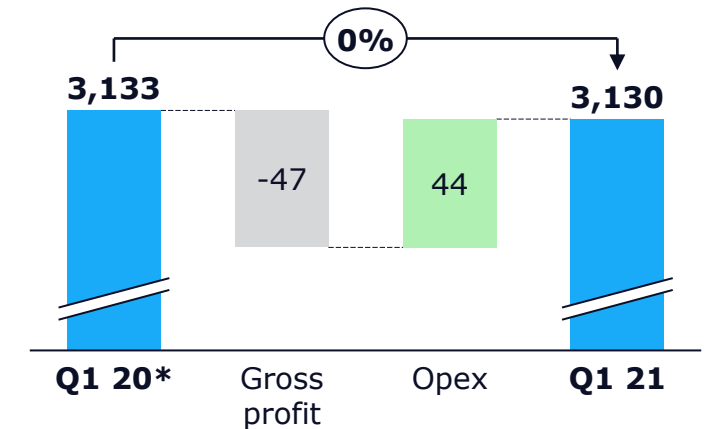
- > Fibre and FWA not fully offsetting fixed legacy decline
- > Continued growth in speed based products and adjacent mobile services: Domestic growth +2 % YoY

Continued service growth



- > Continued strong growth in value added services
- > Mobile Domestic ARPU +4 % YoY

EBITDA (NOK m)



- > Opex reductions primarily driven by organisational modernisation

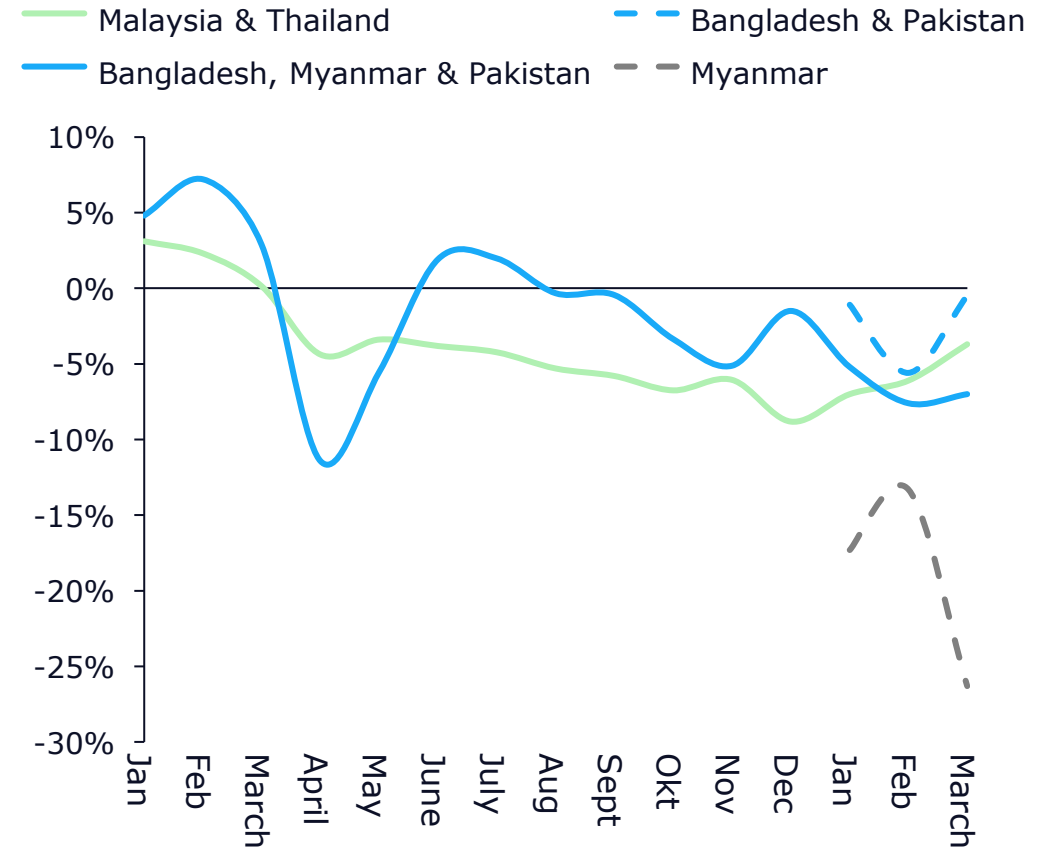


Timing of Asian recovery remains uncertain

Key developments

- › Myanmar coup significantly affecting subscription and traffic revenues
- › Excluding Myanmar, Asian markets show improving trend throughout the quarter
- › Continued uncertainty related to duration from third Covid-19 wave
- › Modernisation continues to positively impact operational performance in Asia

Organic subs & traffic revenue growth (%)



Strategic update



Growth



Modernisation

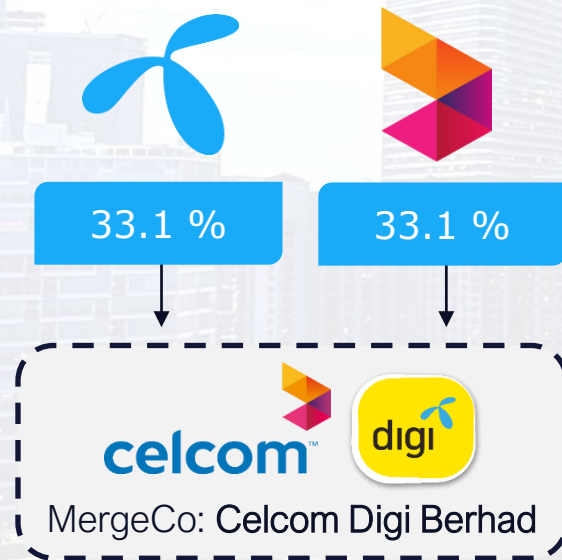


**Responsible
business**


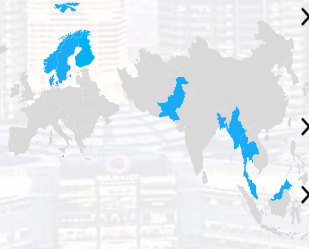


Strengthening our portfolio in Asia

Create a leading player in Malaysia



Combining a leading local position with global synergies

- › Scale to invest in infrastructure
 - › A leading network position
- 
- › Sourcing
 - › Global expertise and know how
 - › Benchmarking
 - › Shared experimentation
- 

Positioning long term value creation

- › Underlying drivers in Asia point to consumption growth – need scale to capture value
- › 5G, IoT, AI and cloud change our business environment create opportunities
- › Scale will matter even more



Concerning development in Myanmar

- Our priorities: Safety of employees, service availability for our customers and transparency in our communications
- Prolonged mobile internet restrictions have severely impacted our customers
- Telenor calls on the authorities to immediately reinstate unimpeded communications and respect the rights to freedom of expression and human rights
- Value of Telenor Myanmar fully impaired





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First quarter 2021

Tone Hegland Bachke, CFO

Highlights – First quarter 2021

-4%

Organic S&T
revenues

-7%*

OPEX

-2%

Organic
EBITDA

3.8 bn

Free Cash
Flow

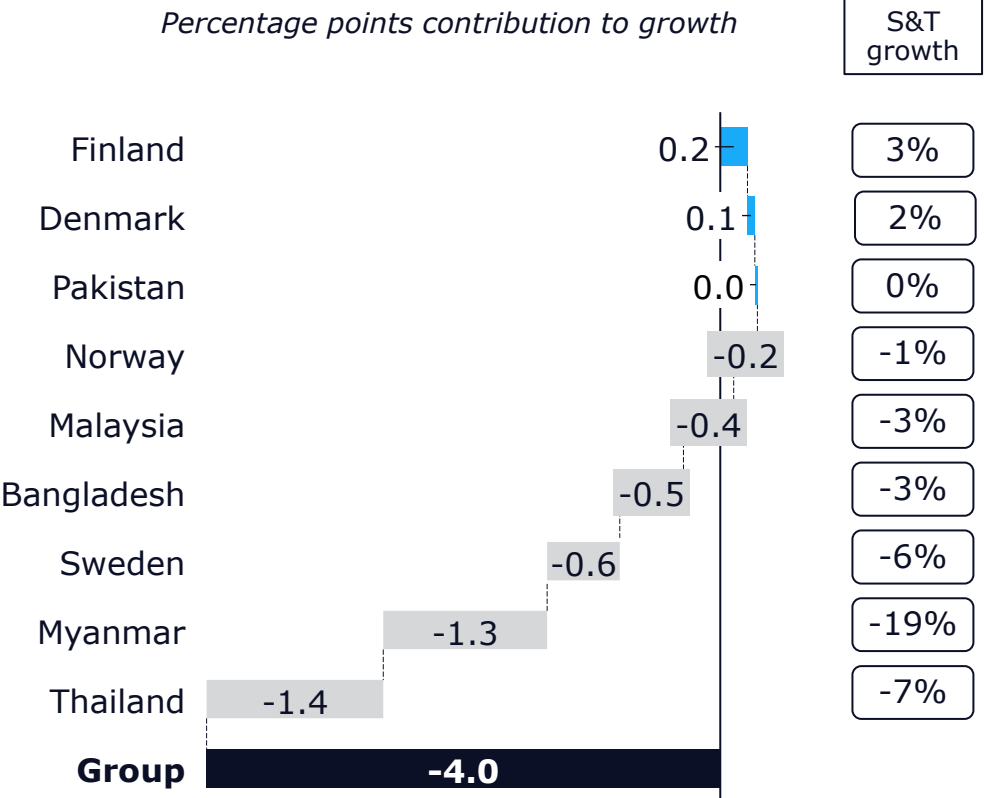
6.5 bn

Impairment
Myanmar

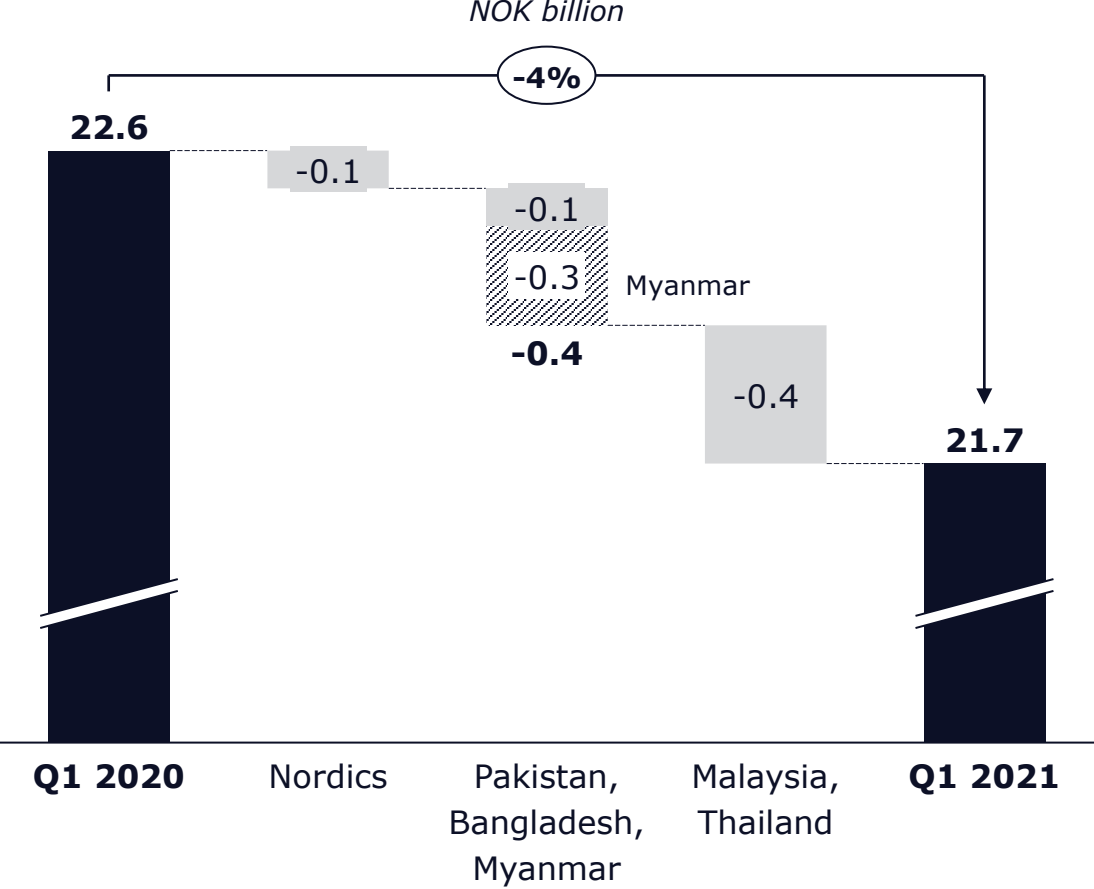


Organic subscription and traffic revenues -4% in Q1

Organic subscription and traffic revenues Q1



Significant drag from Myanmar

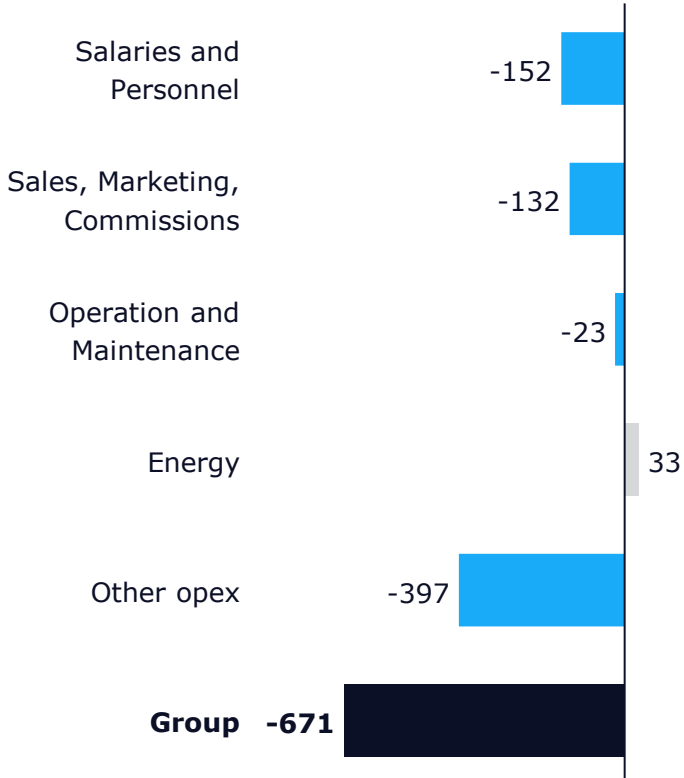


Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony and data services

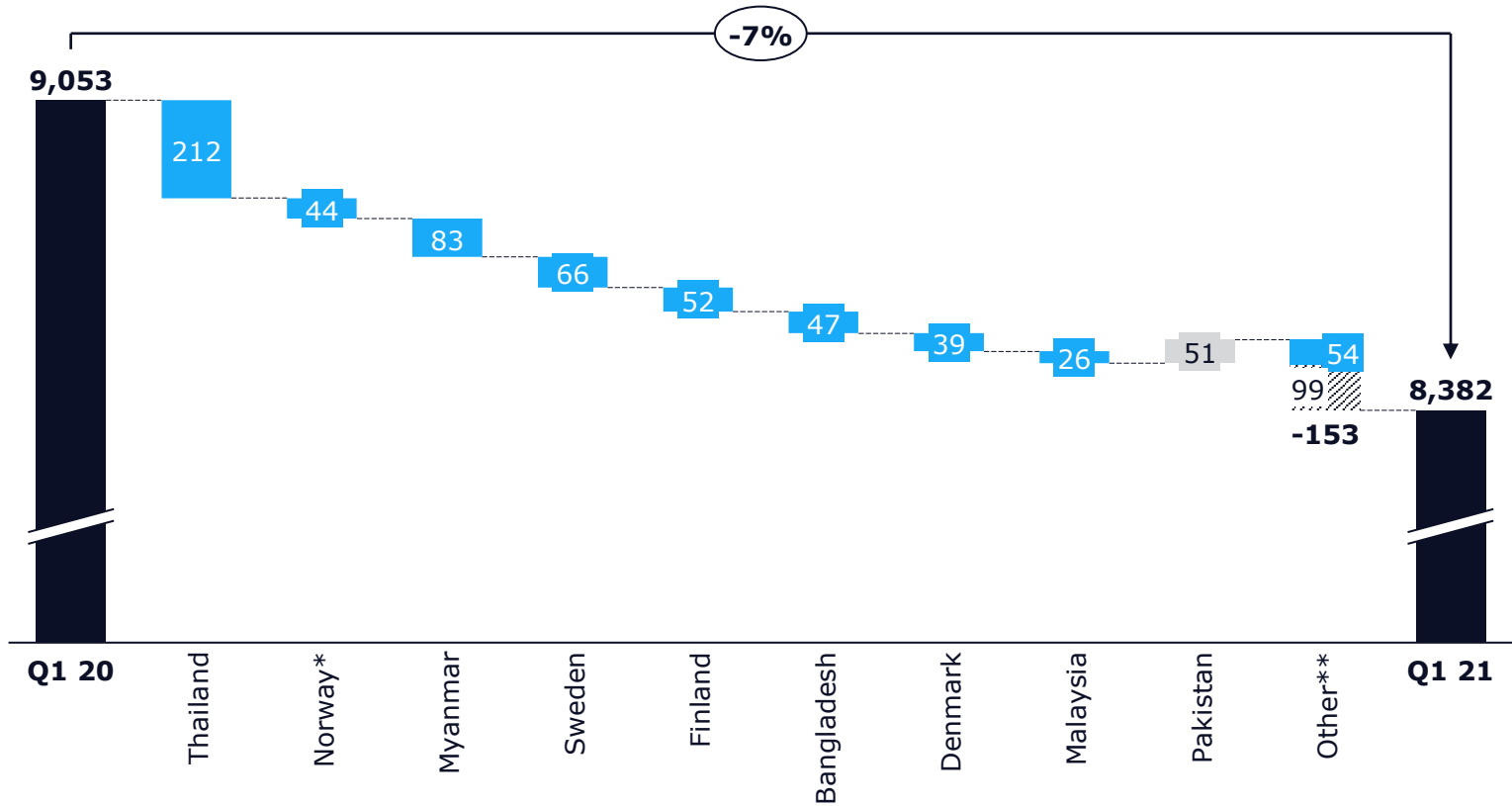


Continued strong opex reduction

Opex by category (NOK m)*



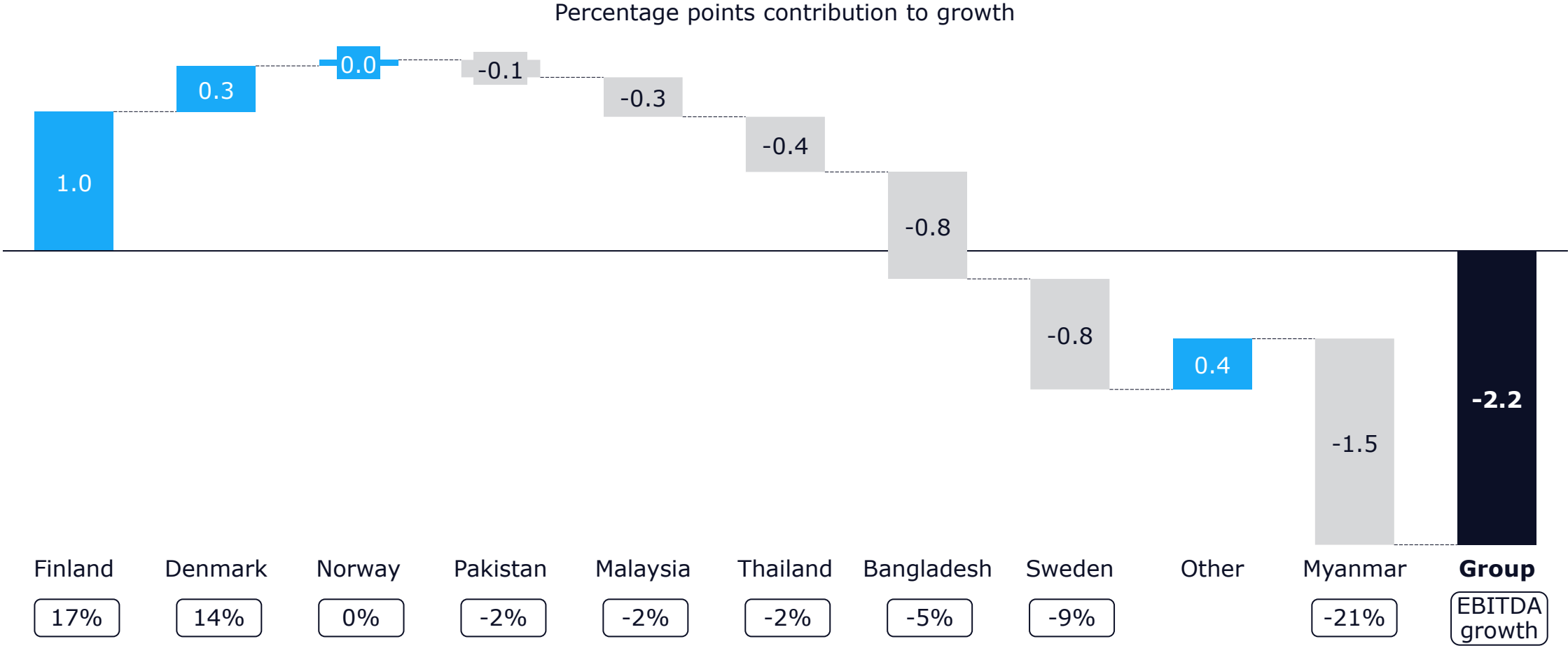
Opex by country (NOK m)*



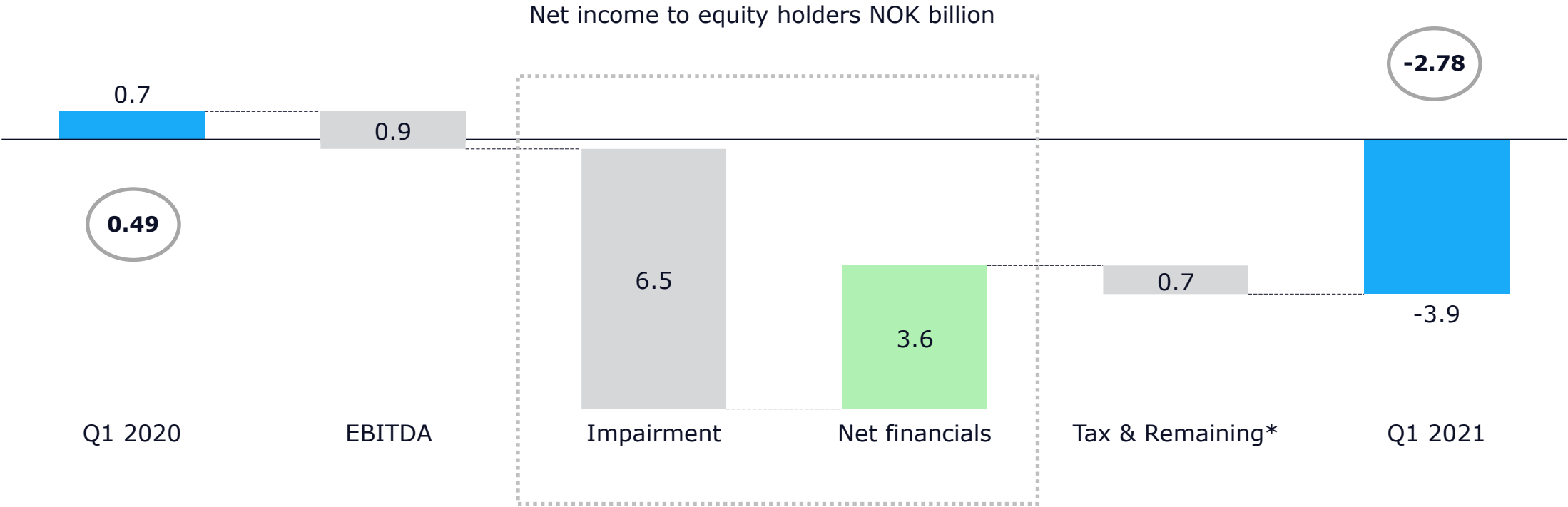
* FX adjusted



Organic EBITDA decline of 2% in Q1



Net income to equity holders of NOK -3.9 billion in Q1



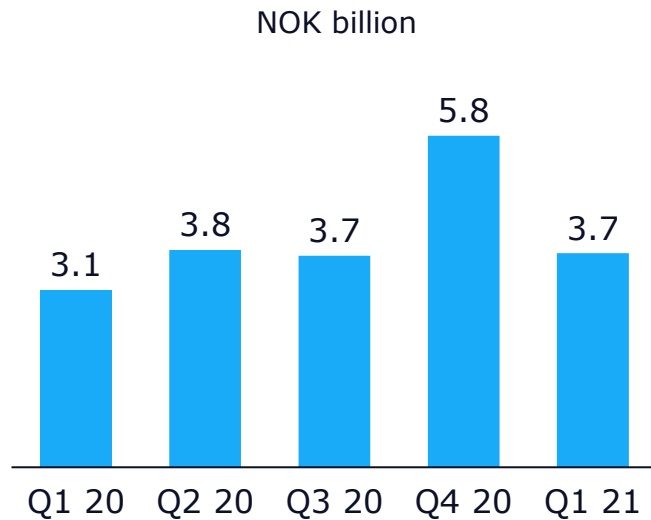
○ Earnings per share

*Remaining consisting of depreciations, share of net income from associated companies and JV's, profit (loss) from discontinued operations less net income attributable to non-controlling interests



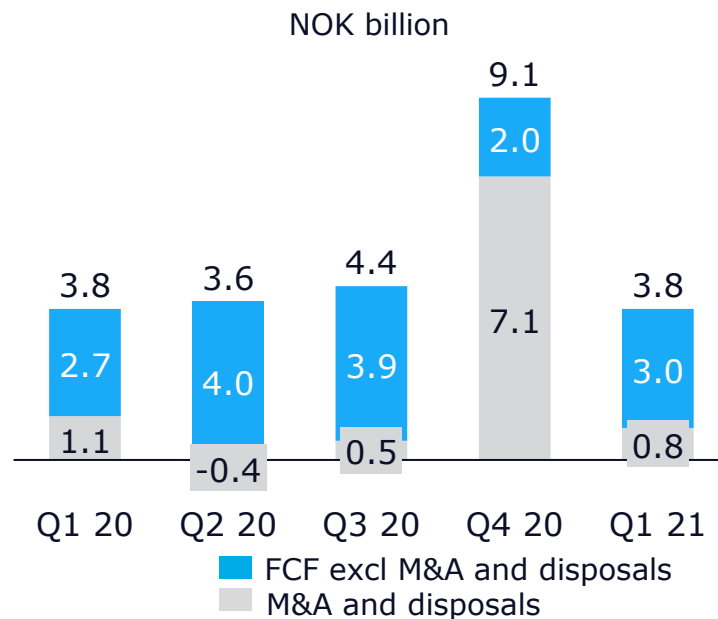
Free cash flow before M&A of NOK 3 billion in Q1

Capex excluding licenses



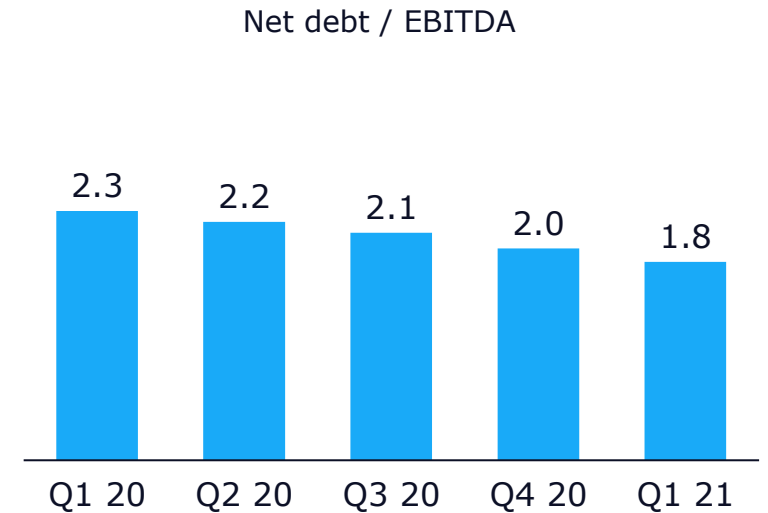
- › YoY Capex increase driven by dtac 700 Mhz roll out and higher 4G roll out in Bangladesh

Free cash flow



Free cash flow to equity holders of Telenor ASA

Leverage

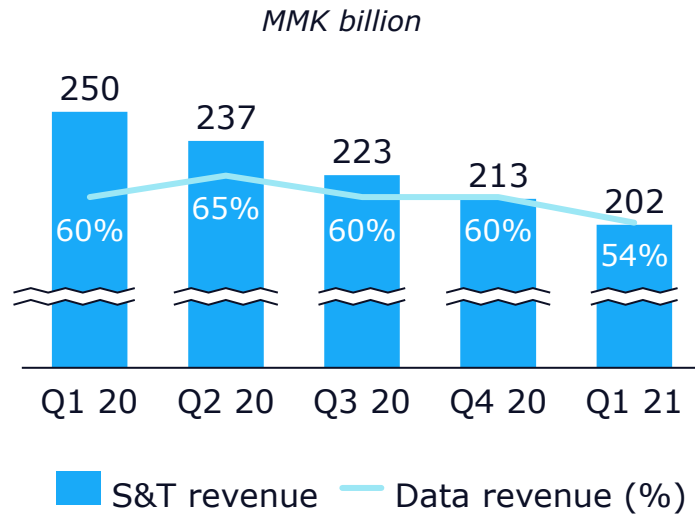


- › Reduced ratio from the appreciation of NOK



Worsening business environment in Myanmar

S&T drag from shutdown



- › Authorities ordered nationwide shutdown of mobile data network from 15 March
- › Resulted in daily S&T revenues being approximately halved

Limited visibility



- › People safety



- › Impact on operations



- › Duration and scope of network closure



- › Highly uncertain outlook going forward

Impairment of Telenor Myanmar

- › Worsening economic and business environment
- › Deteriorating security and human rights situation
- › Limited prospects of improvement
- › Impairment of total NOK 6.5 billion
- › After the impairment, net assets in Telenor Myanmar is approximately zero



Outlook 2021

	2021*	YTD*	
Organic subscription & traffic revenues	Around 2020 level	-2.9%	Excluding Myanmar*
Organic EBITDA	Around 2020 level	-0.7%	
Capex excl. licences	Capex/sales of 15-16 %	13.4 %	

Mid term ambitions maintained





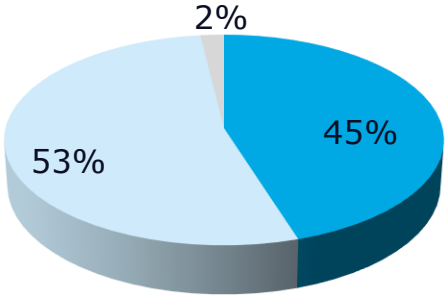
TELENOR GROUP

First quarter 2021

Appendix

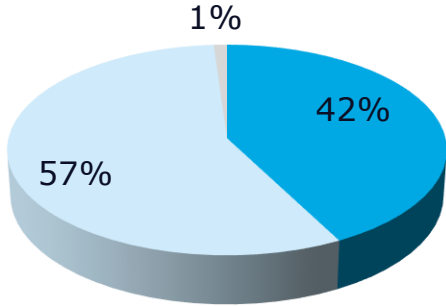
Geographic split of key financials YTD Q1 2021

Revenues



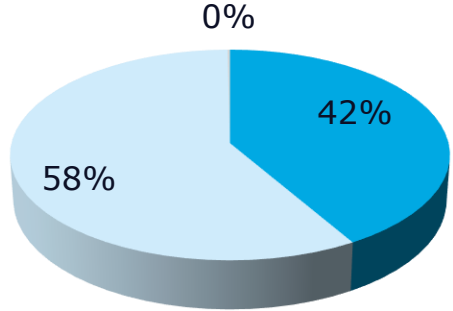
■ Nordics ■ Asia ■ Other

EBITDA



■ Nordics ■ Asia ■ Other

EBITDA - CAPEX



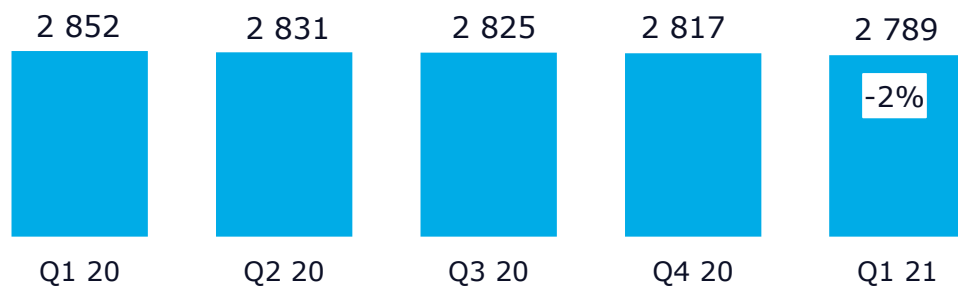
■ Nordics ■ Asia ■ Other

EBITDA before other items. Capex excl. licences.

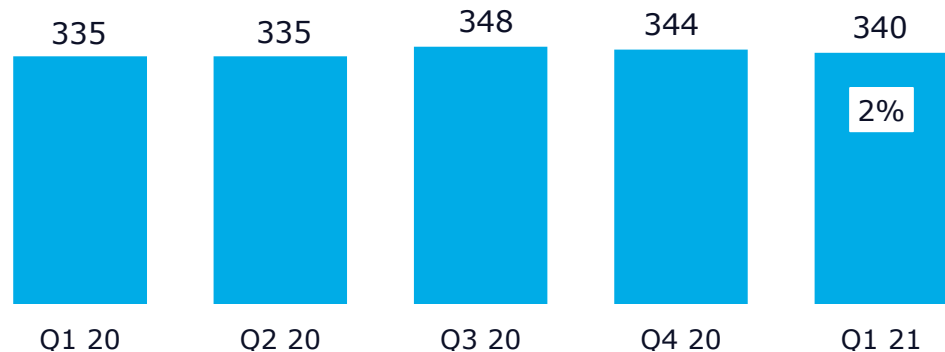


Norway

Mobile subscribers ('000)

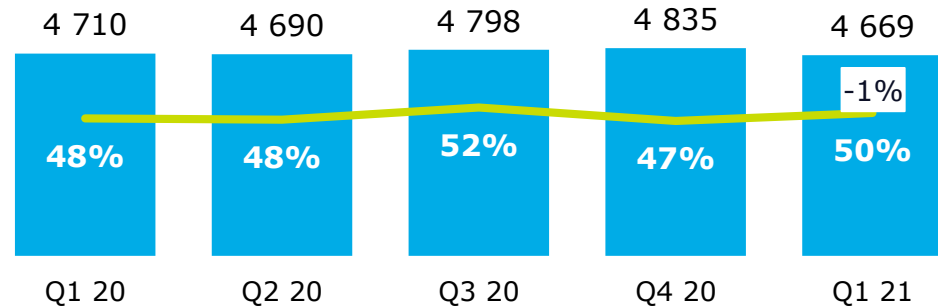


Mobile ARPU (NOK/month)

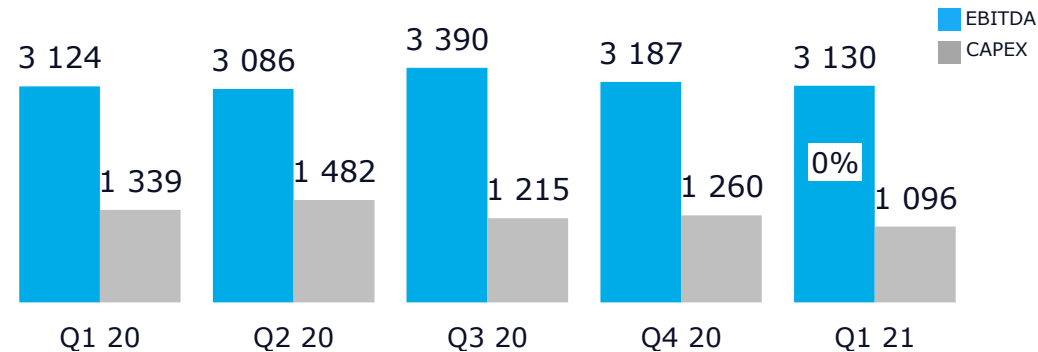


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

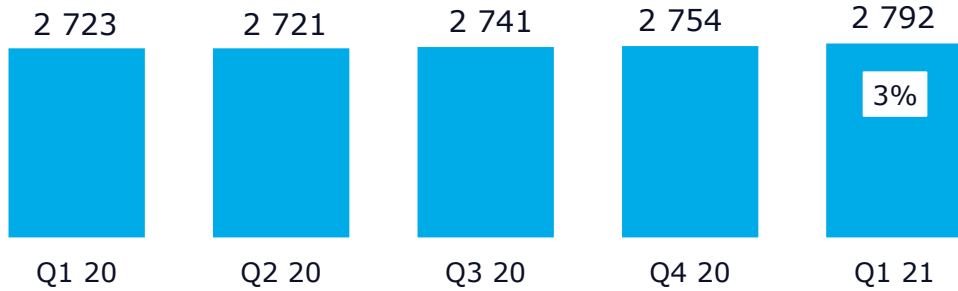


Organic growth YoY

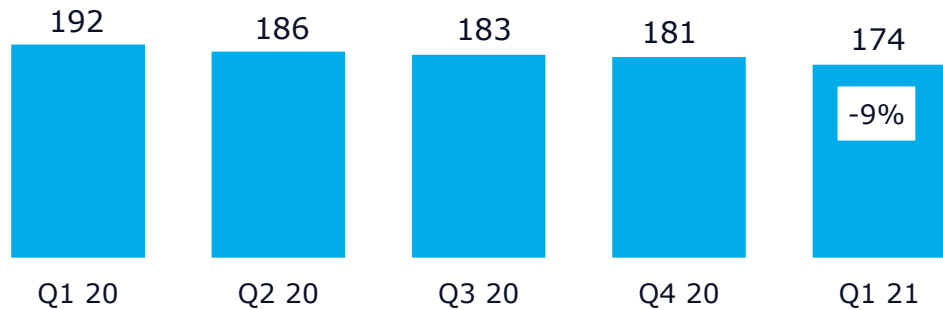


Sweden

Mobile subscribers ('000)

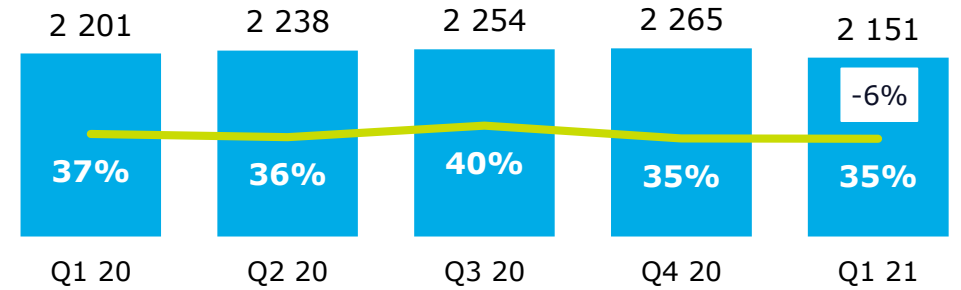


Mobile ARPU (SEK/month)

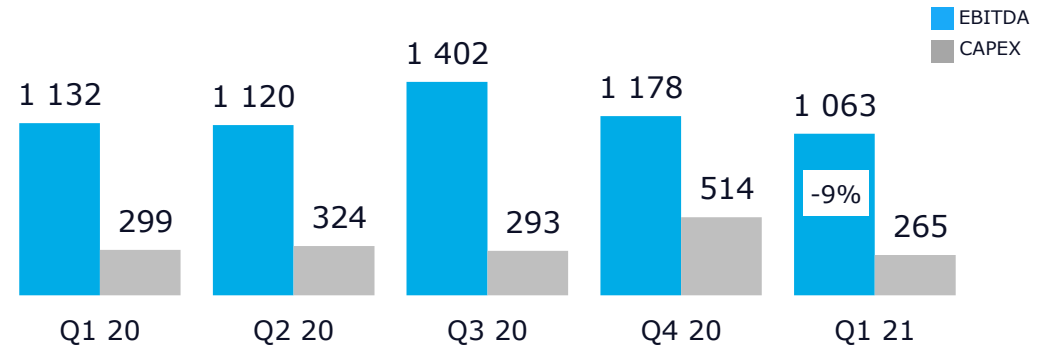


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs. and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

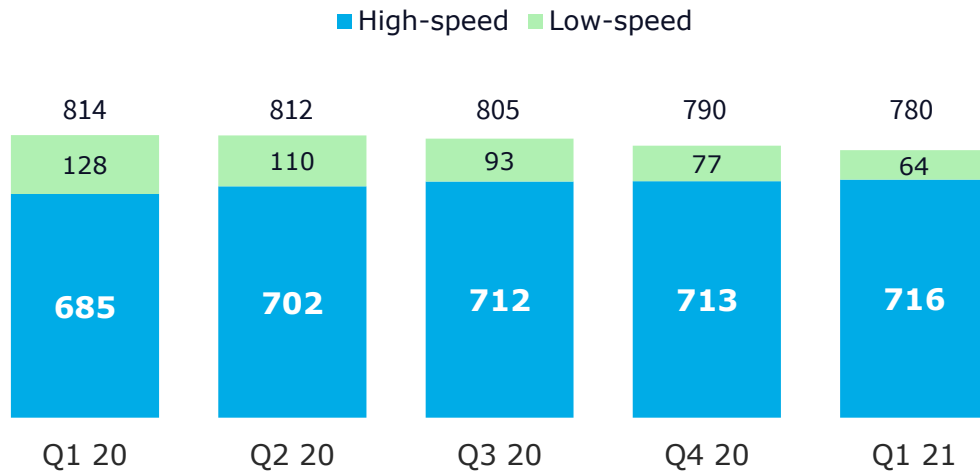


Organic growth YoY

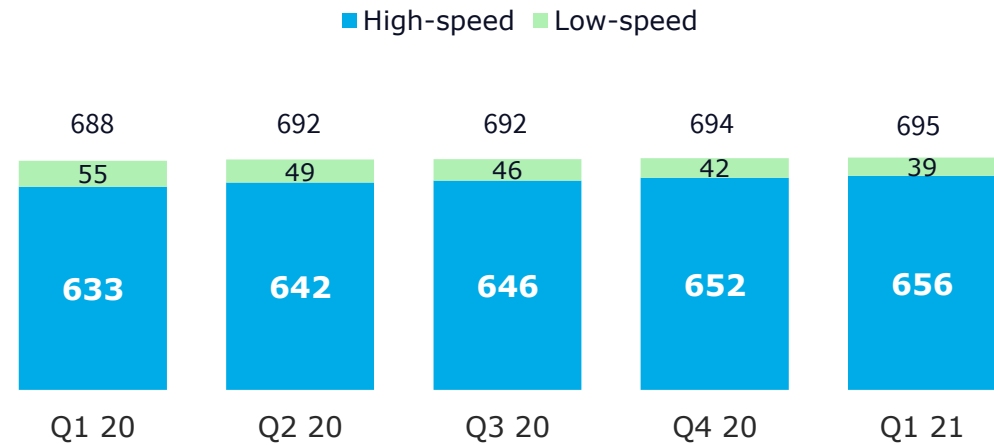


Additional information – Norway and Sweden

Norway – fixed broadband subscribers ('000)

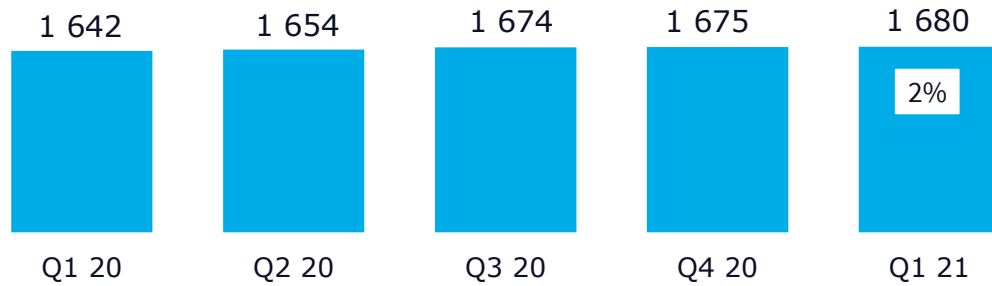


Sweden – fixed broadband subscribers ('000)

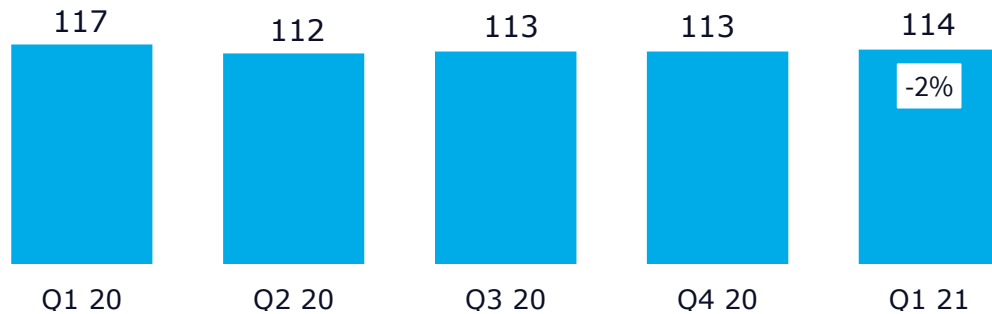


Denmark

Mobile subscribers ('000)

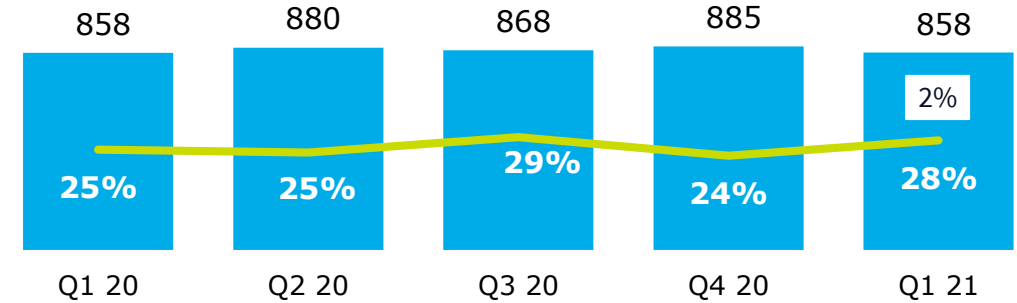


Mobile ARPU (DKK/month)

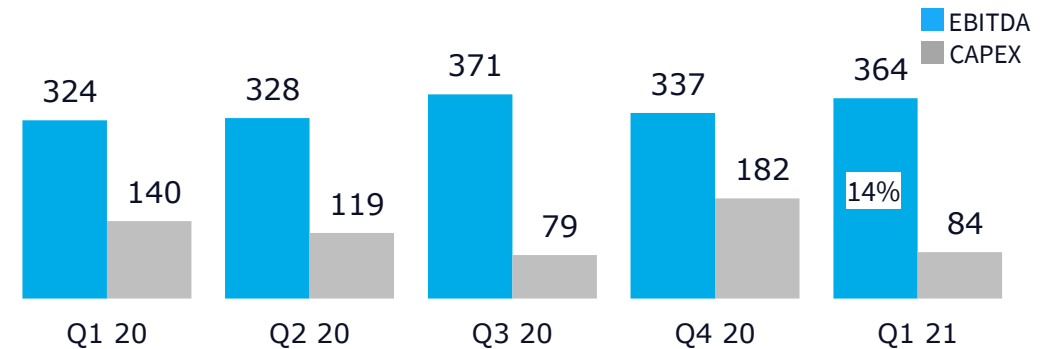


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

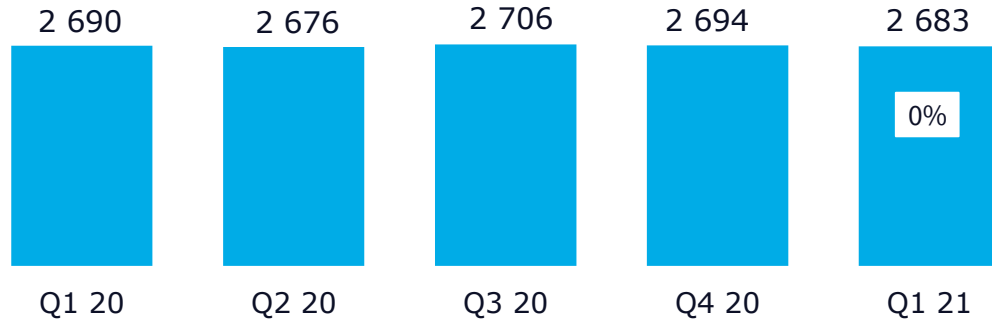


Organic growth YoY

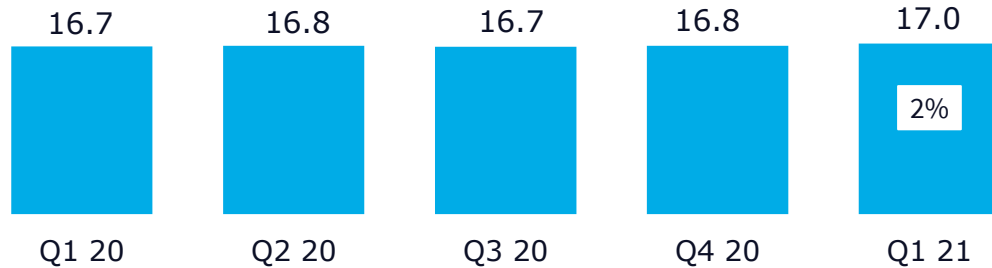


Finland

Mobile subscribers ('000)

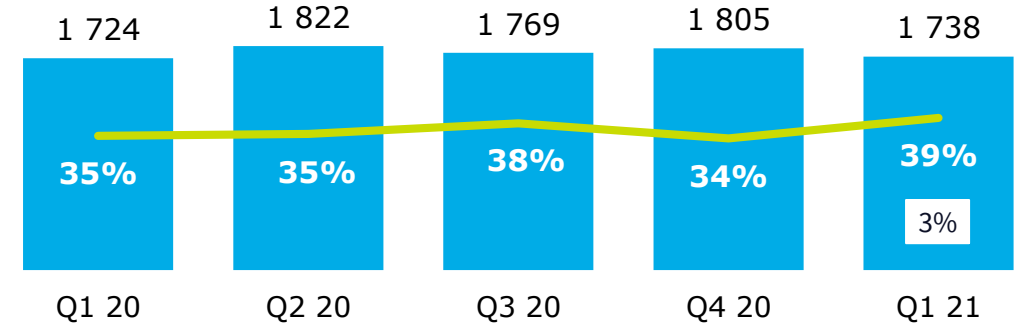


Mobile ARPU (EUR/month)

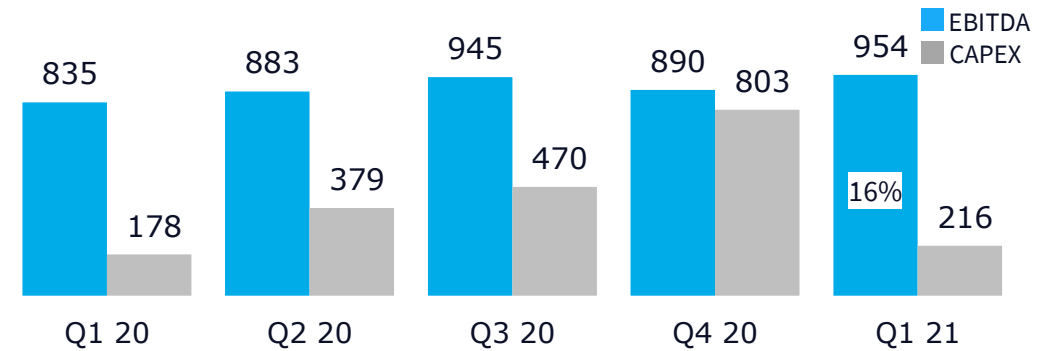


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

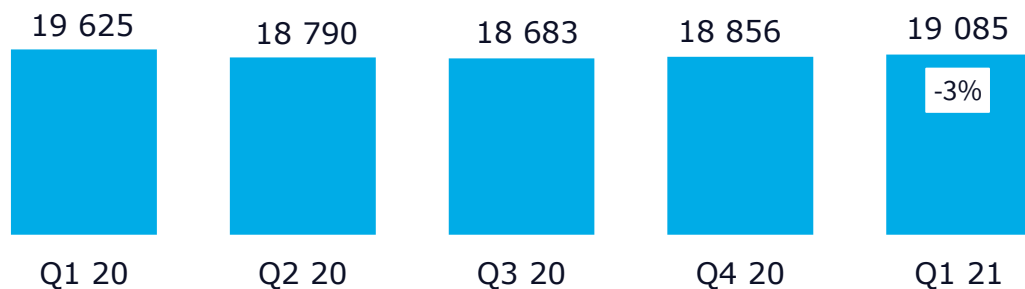


Organic growth YoY

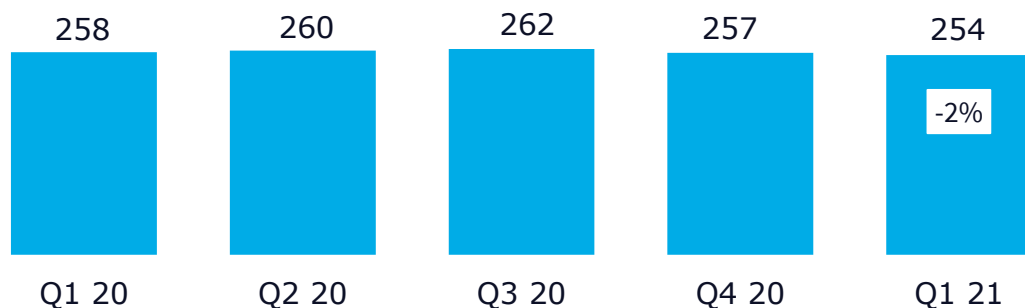


Thailand (dtac)

Mobile subscribers ('000)

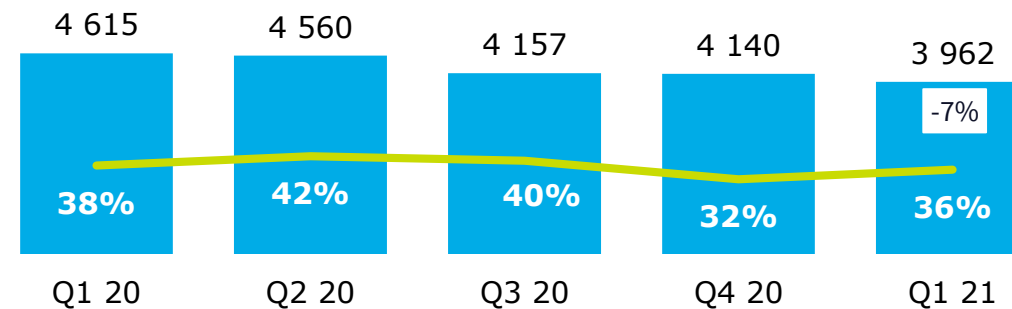


Mobile ARPU (THB/month)

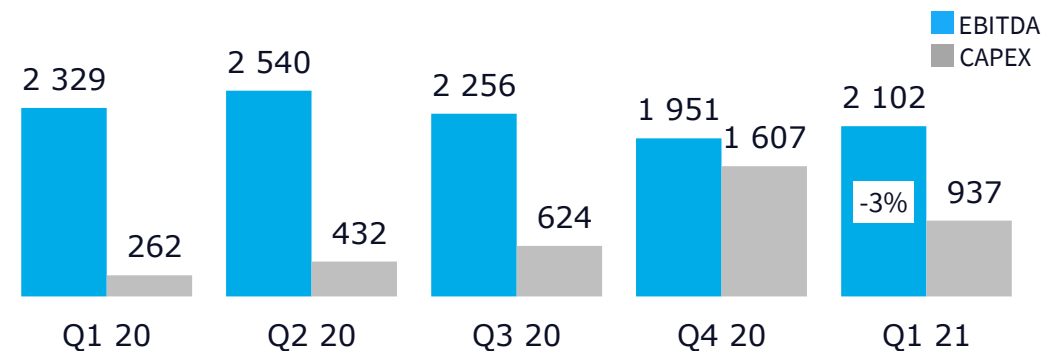


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

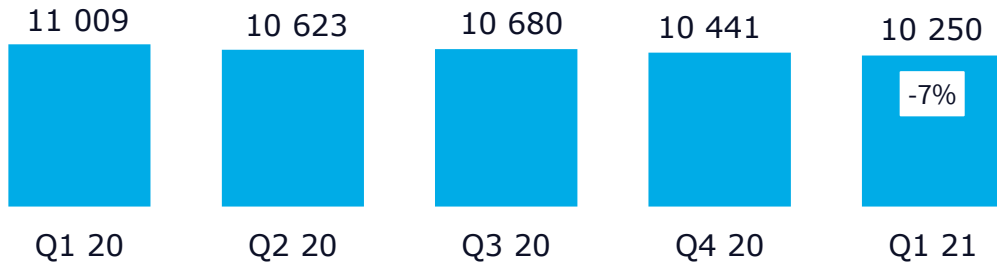


Organic growth YoY

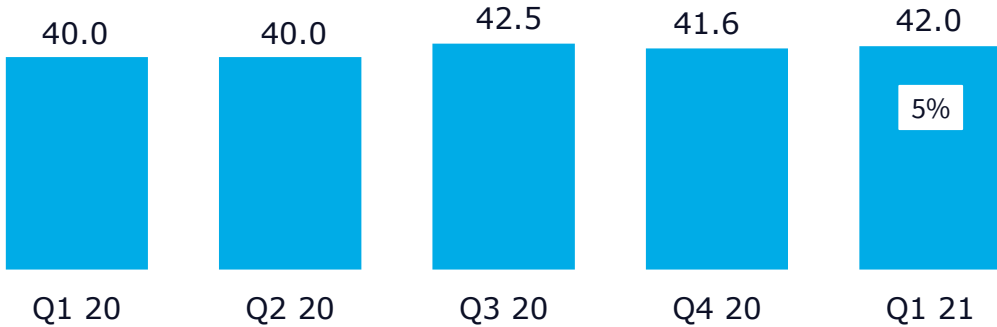


Malaysia (Digi)

Mobile subscribers ('000)

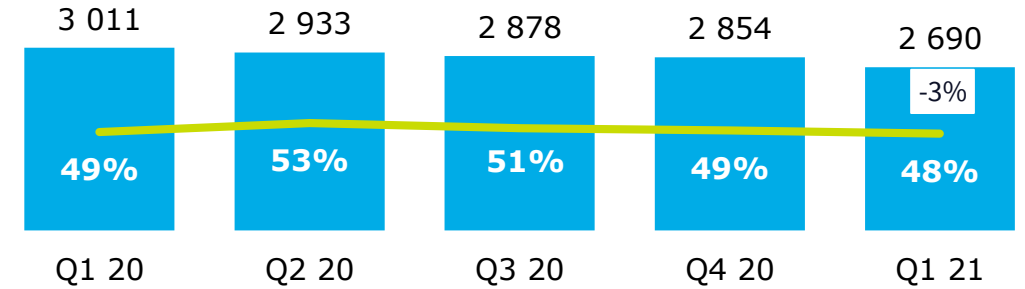


Mobile ARPU (MYR/month)

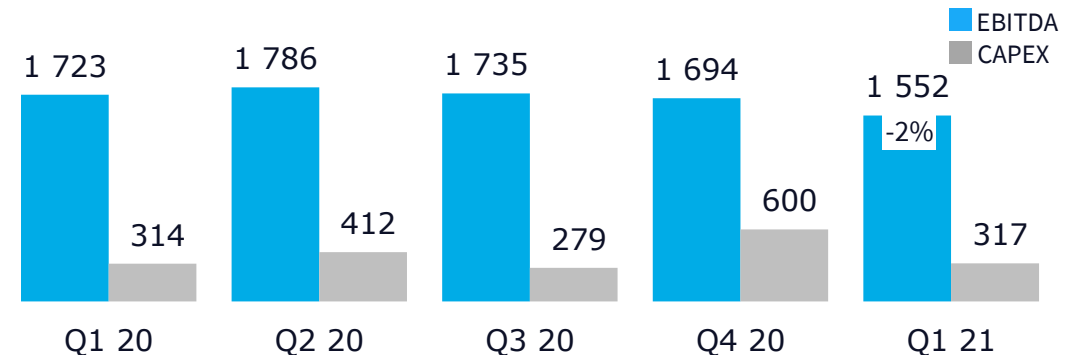


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

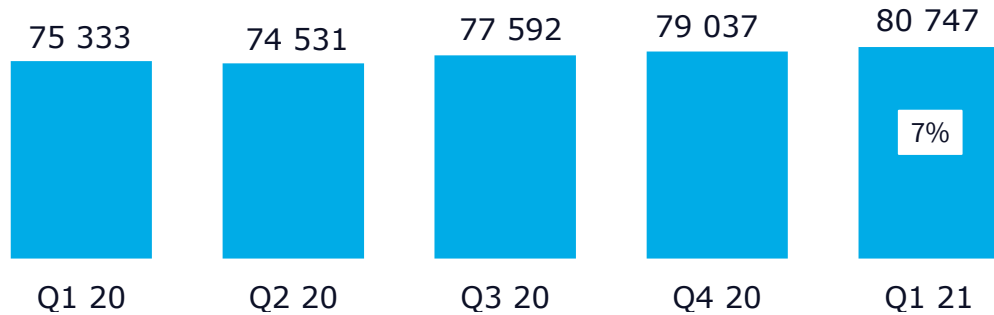


Organic growth YoY

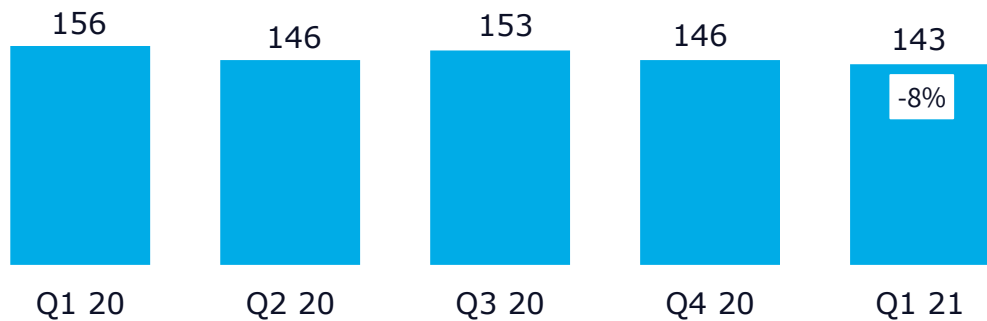


Bangladesh (Grameenphone)

Mobile subscribers ('000)

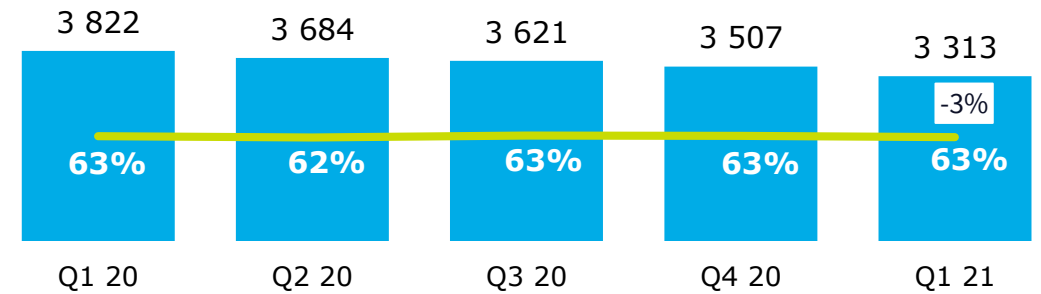


Mobile ARPU (BDT/month)

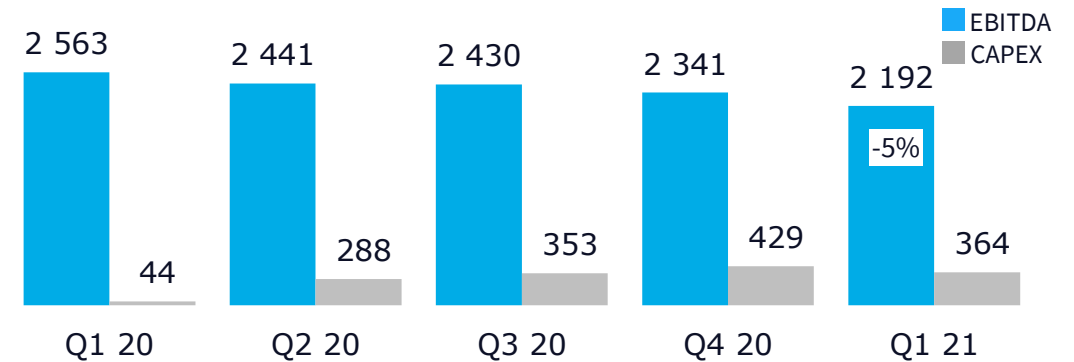


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

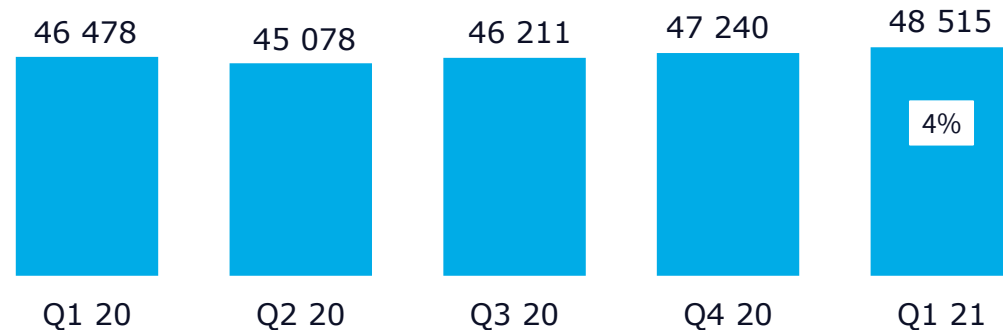


Organic growth YoY

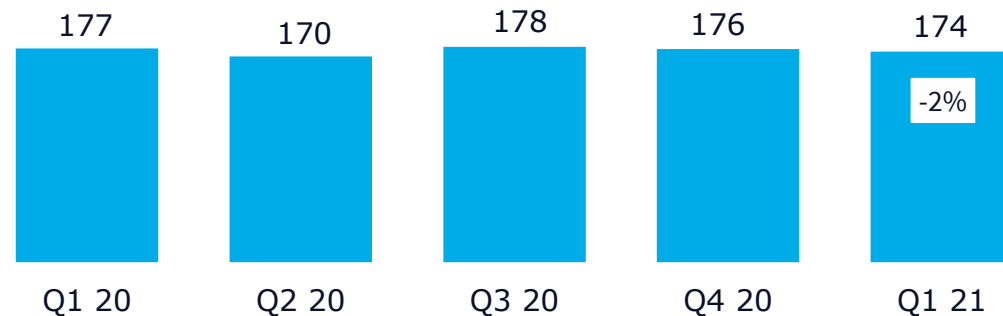


Pakistan

Mobile subscribers ('000)

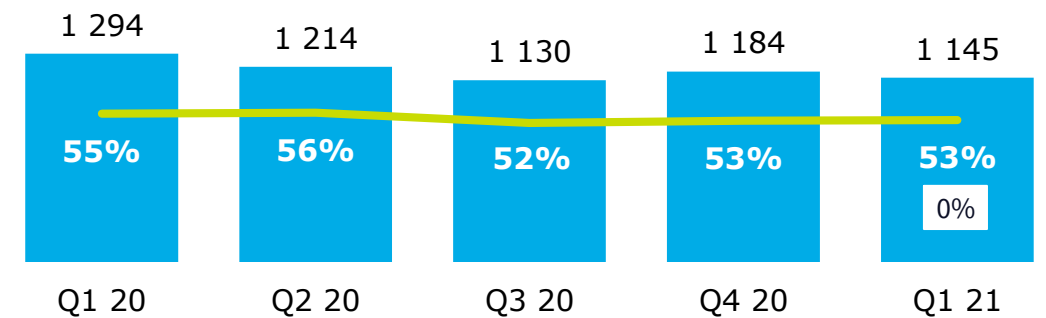


Mobile ARPU (PKR/month)

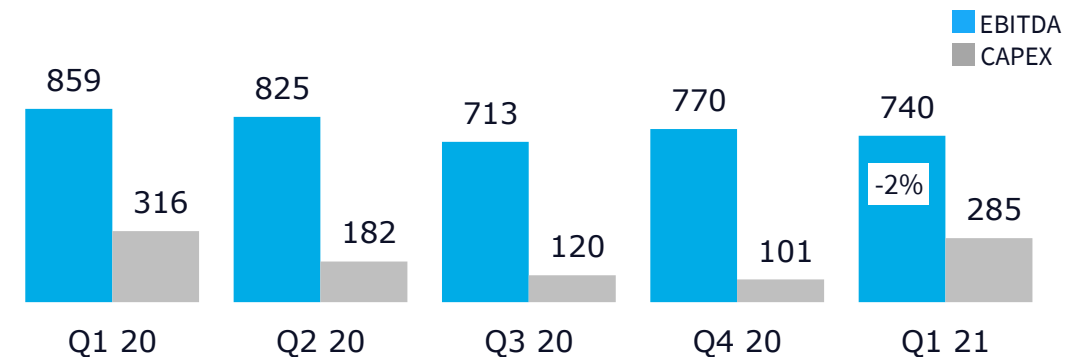


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



□ Organic growth YoY

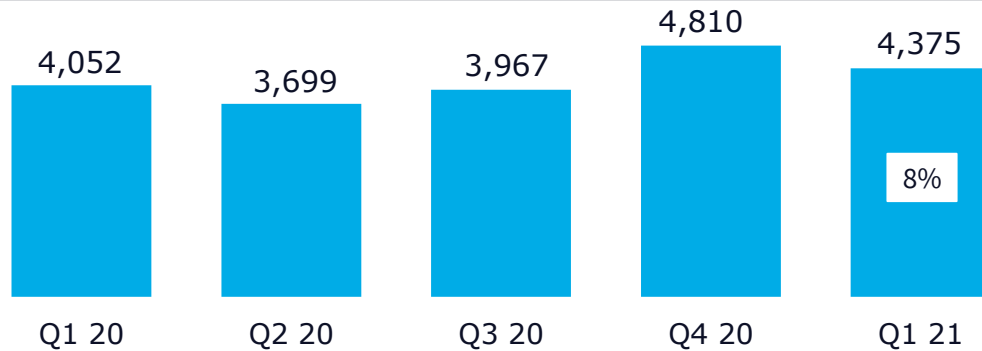


Myanmar

Mobile subscribers ('000)

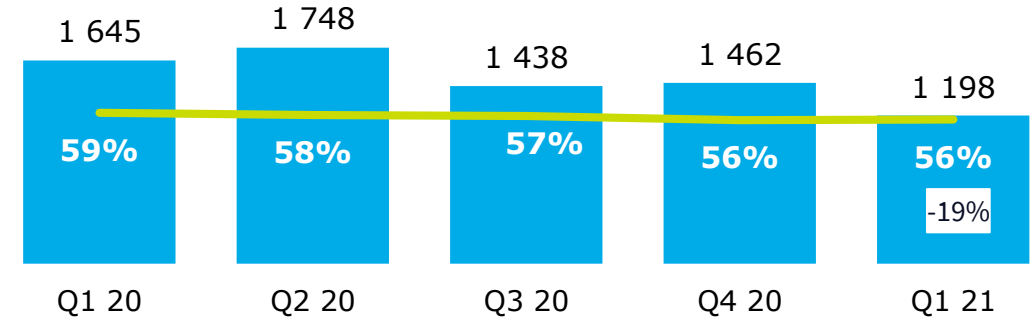


Mobile ARPU (MMK/month)

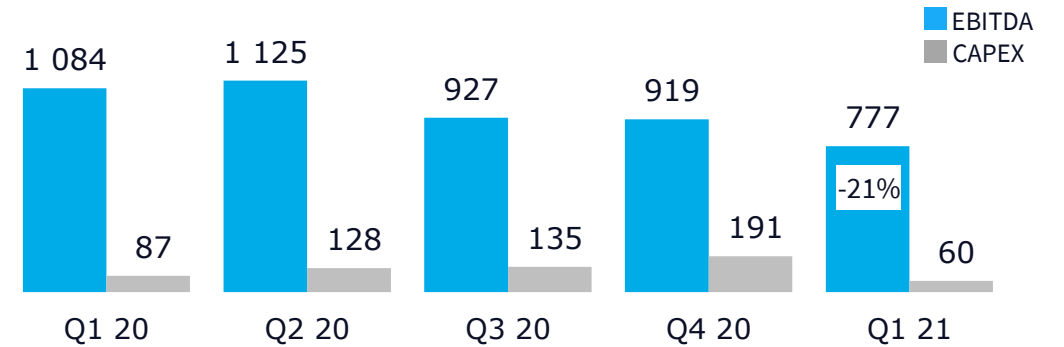


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



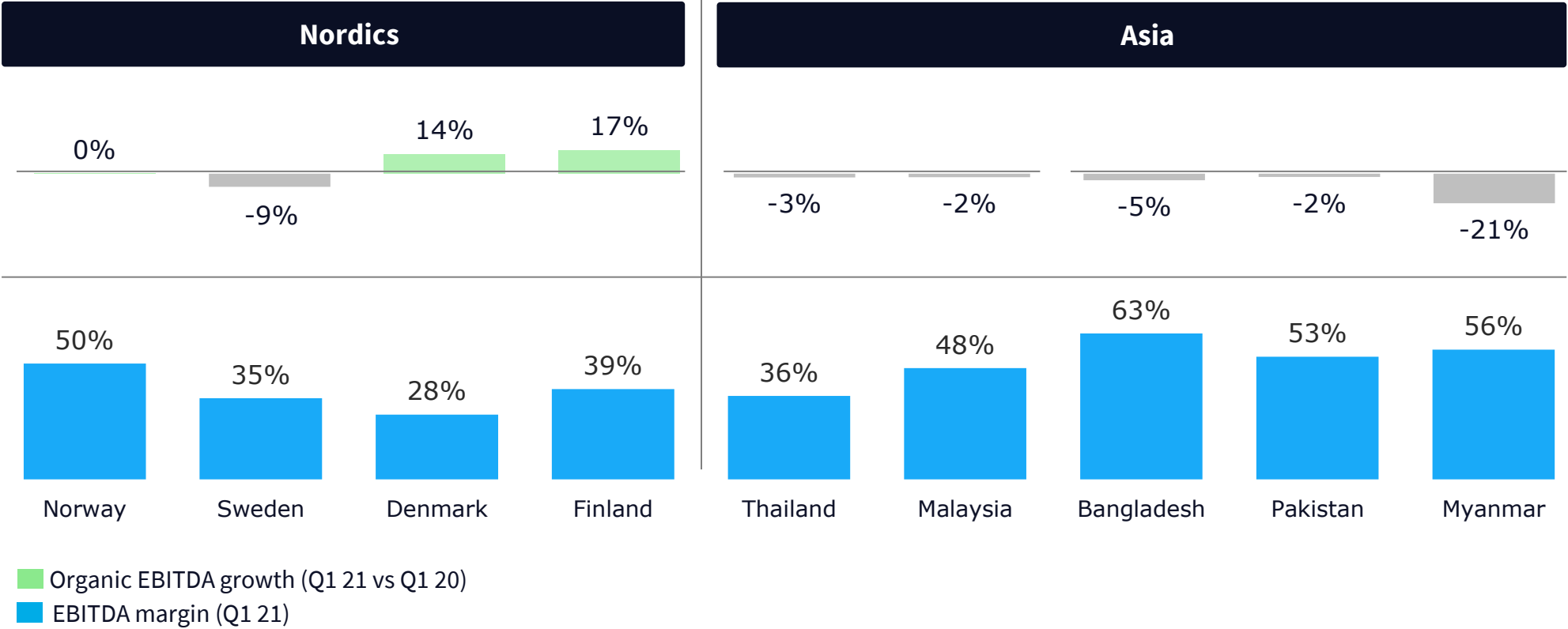
EBITDA and capex (NOK m)



Organic growth YoY



Organic EBITDA growth



Q1 growth in subscription and traffic revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	-0.9%	-0.9%	0.2%	0.2%
Sweden	-2.3%	-5.6%	-6.1%	-9.2%
Denmark	0.0%	1.6%	12.3%	14.0%
Finland	0.8%	2.8%	14.3%	16.6%
Thailand	-14.1%	-7.2%	-9.8%	-2.5%
Malaysia	-10.6%	-3.2%	-9.9%	-2.4%
Bangladesh	-13.3%	-3.2%	-14.5%	-4.5%
Pakistan	-11.5%	0.4%	-13.8%	-2.3%
Myanmar	-27.2%	-19.2%	-28.4%	-20.6%
Telenor Group	-9.0%	-4.0%	-7.7%	-2.2%



Net income of negative NOK 3.9 billion for Q1 2021

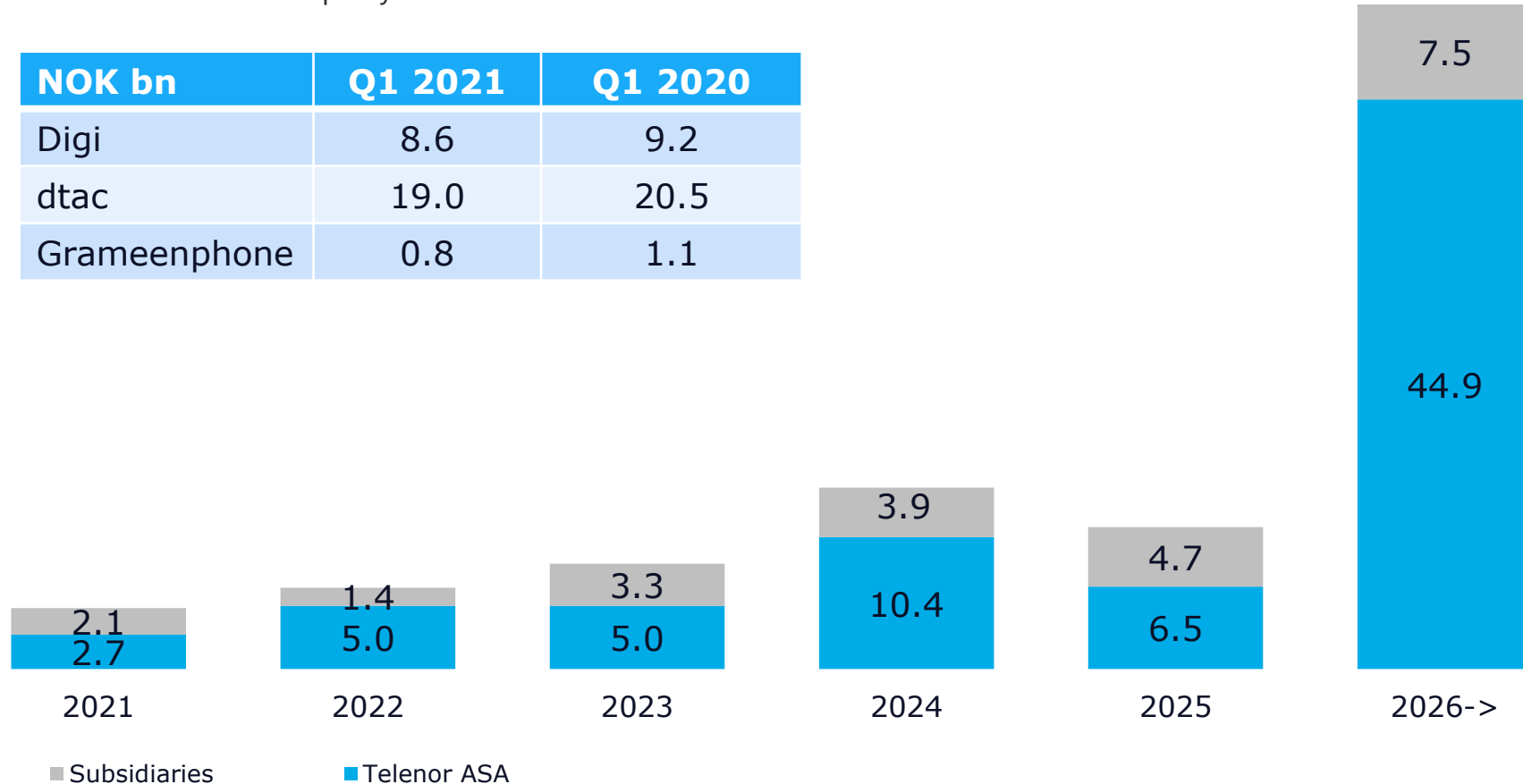
NOK m	2020	Q1 2020	Q1 2021
Revenues	122 811	30 953	28 873
EBITDA before other items	56 520	14 106	13 015
Other items	2 045	(310)	(151)
EBITDA	58 565	13 796	12 863
Depreciation & amortisation	(29 065)	(7 160)	(13 495)
Operating profit	29 500	6 636	(632)
Associated companies	(361)	(109)	(53)
Net financials	(3 498)	(4 256)	(671)
Taxes	(6 577)	(718)	(1 634)
Profit (loss) from discontinued operations	1 995	195	(144)
Minorities	3 718	1 051	756
Net income - Telenor equity holders	17 341	698	(3 889)
Earnings per share (NOK)	12.3	0.5	(2.8)



Debt maturity profile (NOK bn)

Net debt* in partly-owned subsidiaries:

NOK bn	Q1 2021	Q1 2020
Digi	8.6	9.2
dtac	19.0	20.5
Grameenphone	0.8	1.1



Net debt reconciliation

NOK bn	Q1 2021	Q1 2020	2020
Non-current interest-bearing liabilities	93.3	107.0	98.6
Non-current lease liabilities	30.2	35.8	35.6
Current interest-bearing liabilities	6.0	8.4	7.3
Current lease liabilities	9.5	10.3	9.3
Cash and cash equivalents	(22.8)	(18.1)	(20.6)
Fair value hedge instruments	(1.8)	(2.7)	(2.4)
Financial instruments	(0.3)	(0.3)	(0.4)
Non-current Licence obligations	(12.8)	(13.7)	(13.4)
Current Licence obligations	(3.4)	(4.8)	(3.6)
Net interest bearing debt excl. licence obligations	97.9	121.9	110.4



Balance sheet and key ratios

	31 Mar 2021	31 Dec 2020	31 Mar 2020
Total assets	237.8	256.5	279.6
Equity attributable to Telenor ASA shareholders	34.1	38.3	41.6
Gross debt*	139.1	150.8	161.5
Net debt	97.9	110.4	121.9
Net debt/EBITDA**	1.8	2.0	2.1
Return on capital employed***	8%	13%	12%

*) Gross debt = current interest-bearing liabilities + non-current interest-bearing liabilities + current and non-current lease liabilities

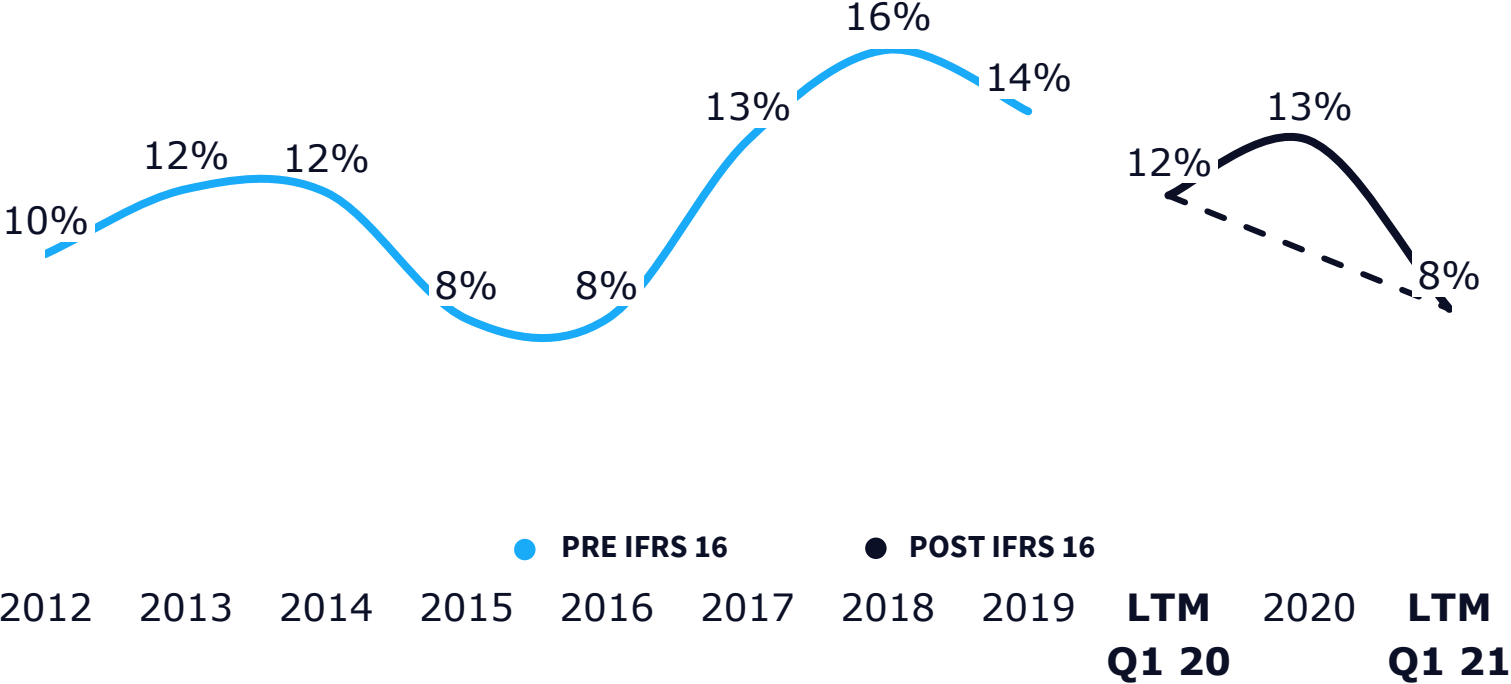
***) 12 months rolling EBITDA. For periods before consolidation of DNA, pro forma figures have been included.

****) Calculated based on an after tax basis of the last twelve months return on average capital employed



Return on capital employed

Return on capital employed*



*) See APM section in quarterly report for ROCE calculation and definition

