



Telenor Group – First Quarter 2014

Jon Fredrik Baksaas, CEO



Disclaimer

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on this presentation or any of its contents. Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments.

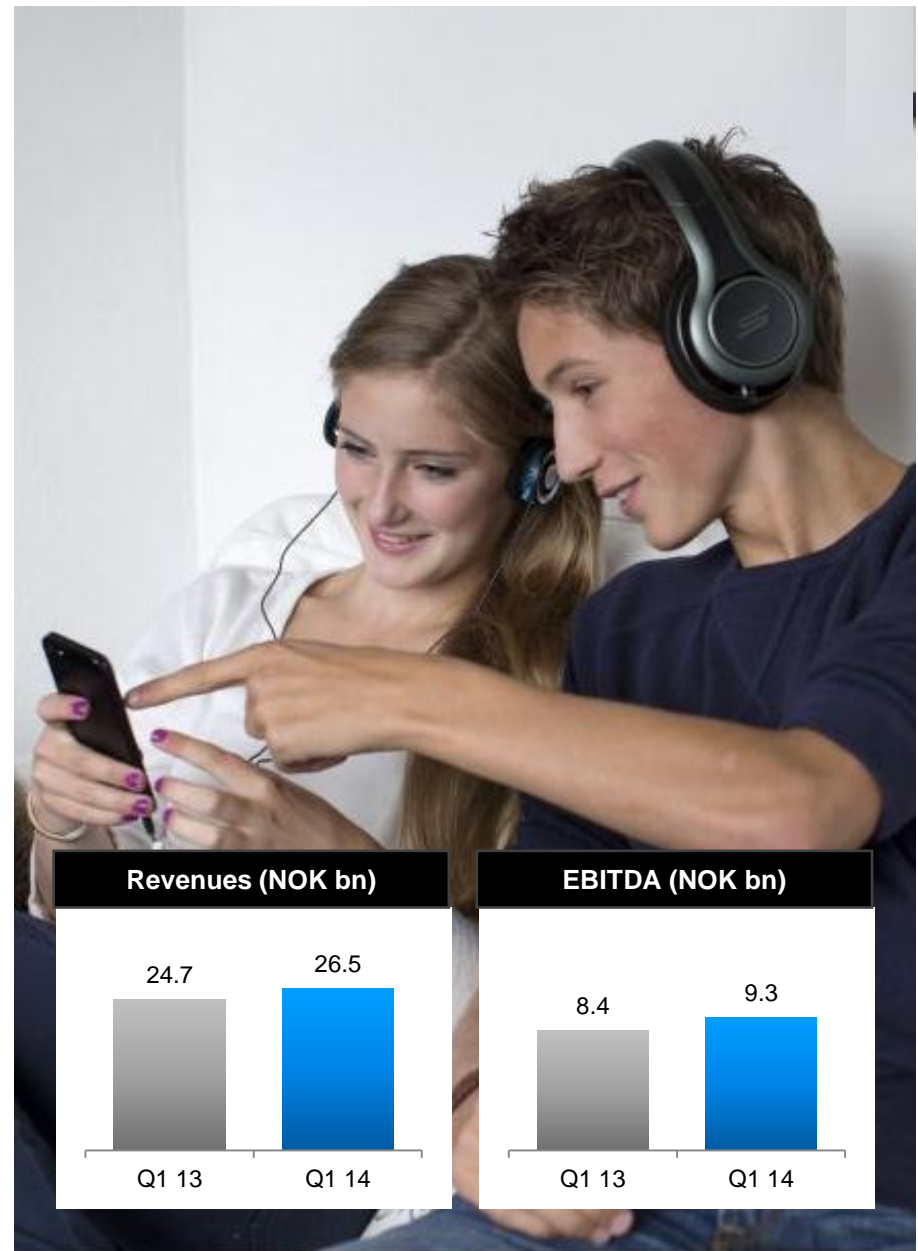
This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Telenor Group. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation contains statements regarding the future in connection with the Telenor Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the slide "Outlook for 2014" contains forward-looking statements regarding the Telenor 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.

Q1 2014

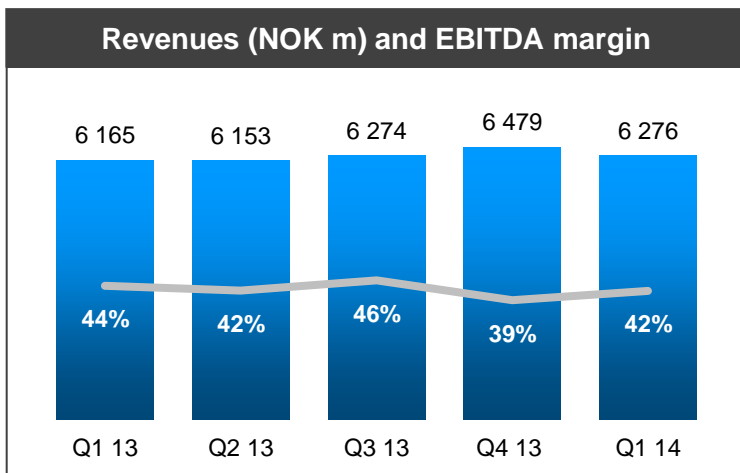
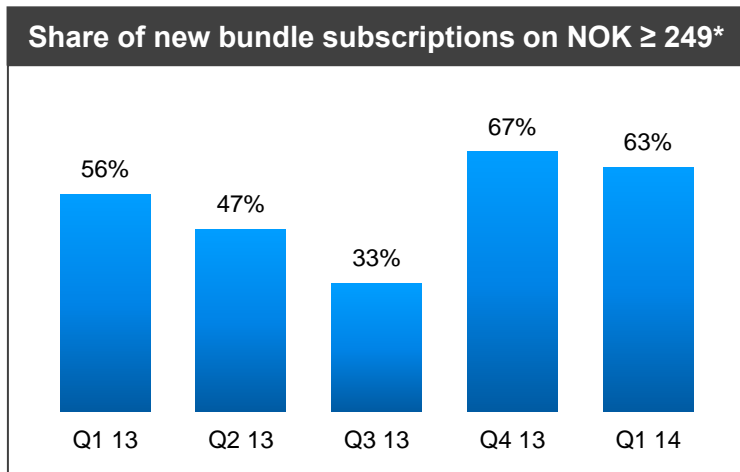
A solid start to the year

- 6 million new mobile subscribers
- 5% underlying mobile service revenue growth
- Growth and efficiency initiatives in Norway
- Regulatory cost savings in Thailand
- Strong growth momentum in India
- Internet for All initiatives across all markets



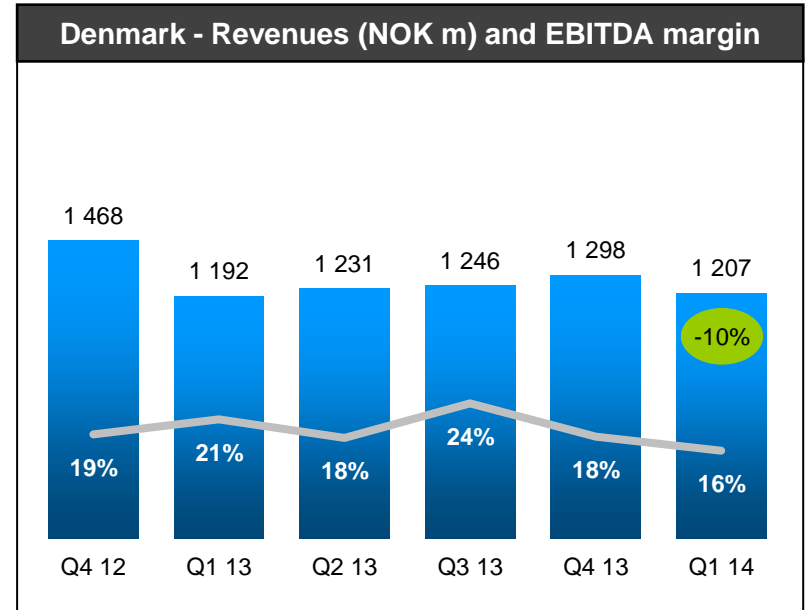
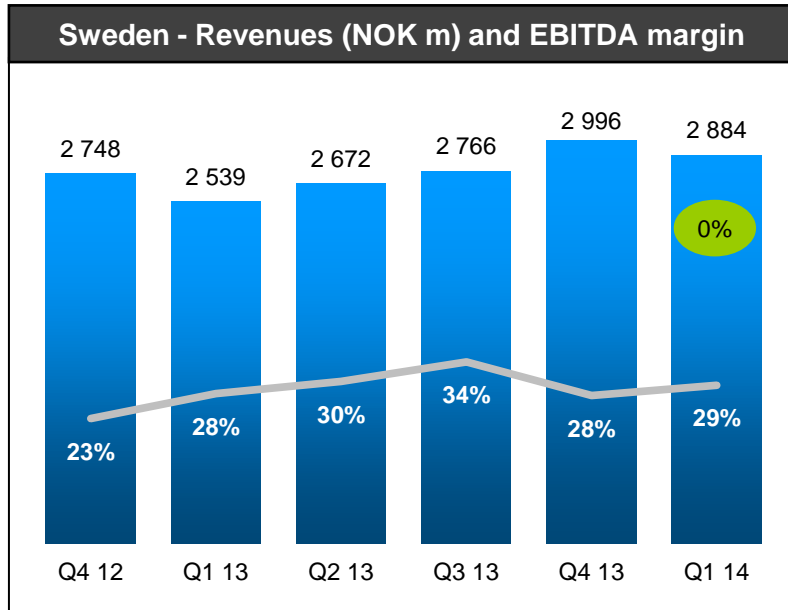
Back to revenue growth in Norway

- 2% total revenue growth
 - 2% growth in mobile subscription & traffic revenues
 - 7% growth in fixed Internet and TV revenues
- Voluntary workforce reductions implemented
- Continued high investments in fibre and 4G networks



*Consumer segment, incl rotations
EBITDA margin before other items

Strong performance in Sweden, challenging in Denmark

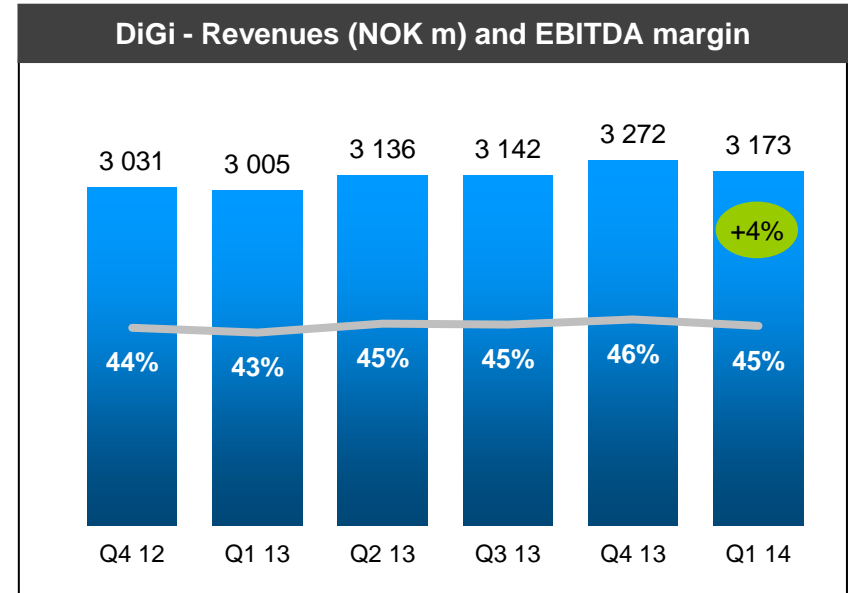
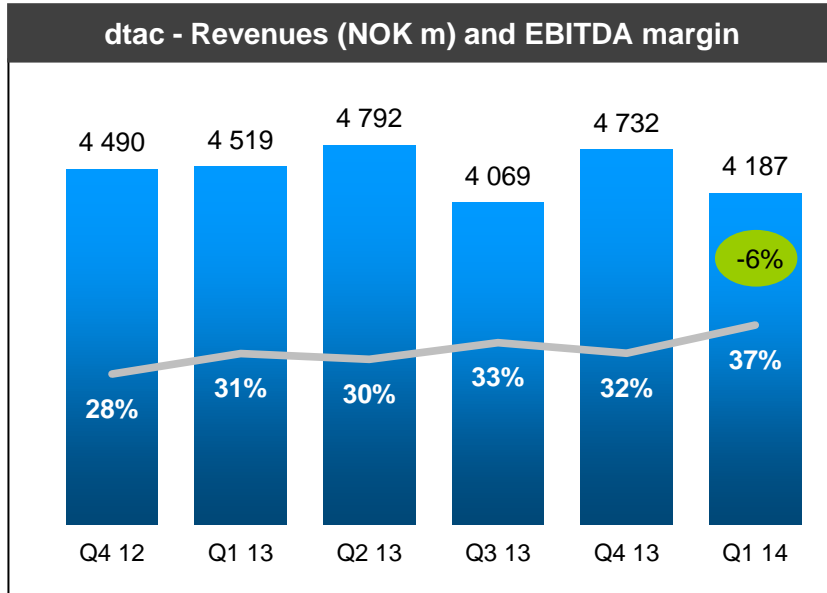


- 11% mobile service revenue growth excl. IC and handset-related discount

- Stabilising trend in subscriber base

Organic revenue growth

Migration on track in Thailand, steady forward in Malaysia

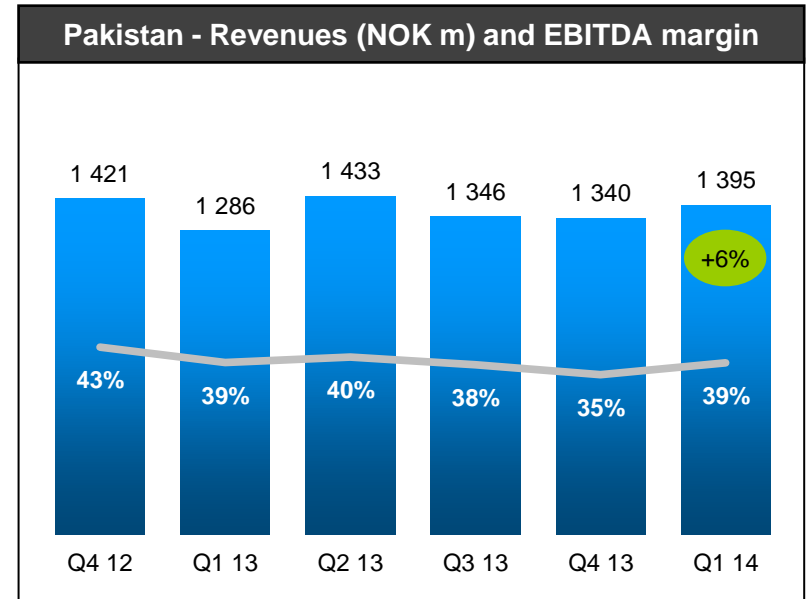
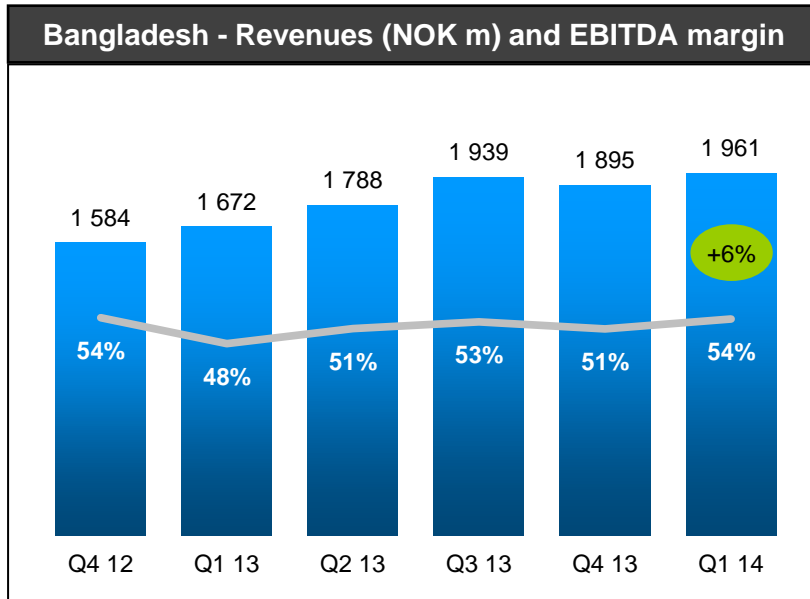


- 16 million subscribers on 2.1 GHz network
- 7% growth in subscription & traffic revenues

Organic revenue growth

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

Improved business environment in Bangladesh and Pakistan



- Less disruptions since January elections


- 3G spectrum (2.1 GHz) acquired in April

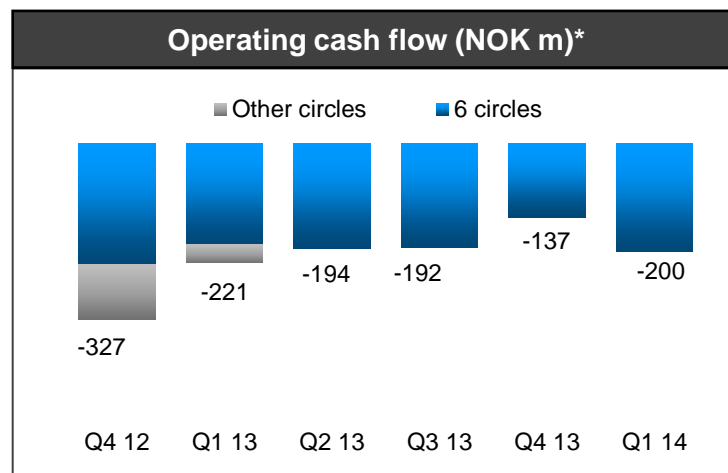
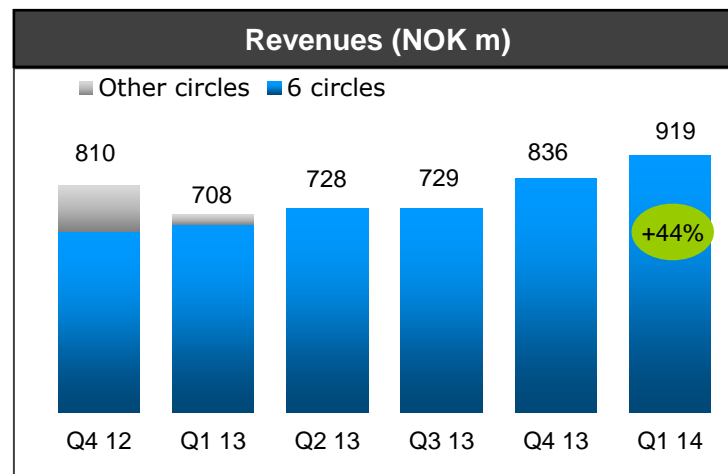
Organic revenue growth

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

Strong growth momentum in India

- Strong subscriber and revenue growth
 - 2.5 million new subscribers
 - 13% organic ARPU growth
 - 44% organic revenue growth
- Internet for All strategy launched in March
- 1,036 new sites put on air
- Acquisition of supplementary spectrum in February, incl new circle Assam
- Offset of 2008 entry fee confirmed by Indian authorities

 Organic revenue growth

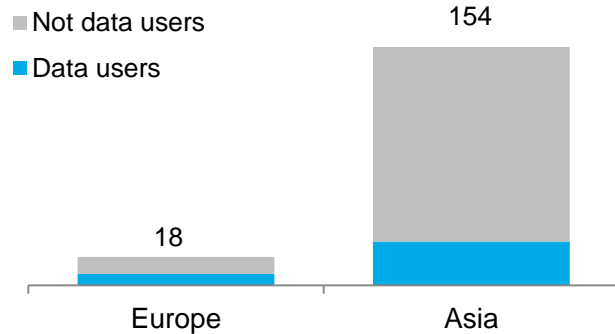


The Internet for All opportunity



- 1.2 billion people within footprint
- 172 million subscribers
- 36 million active data users

Telenor mobile subscribers (million)



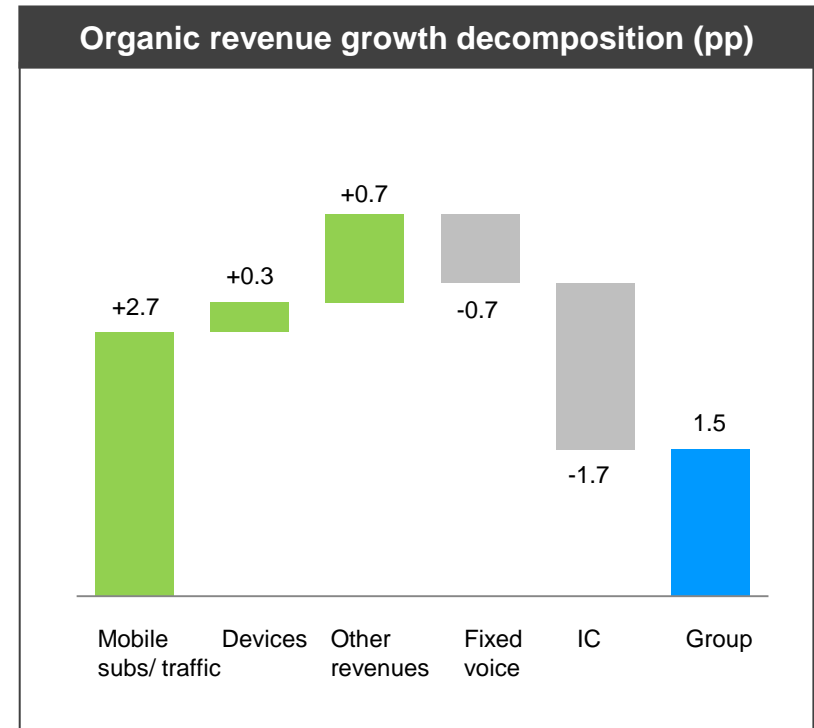
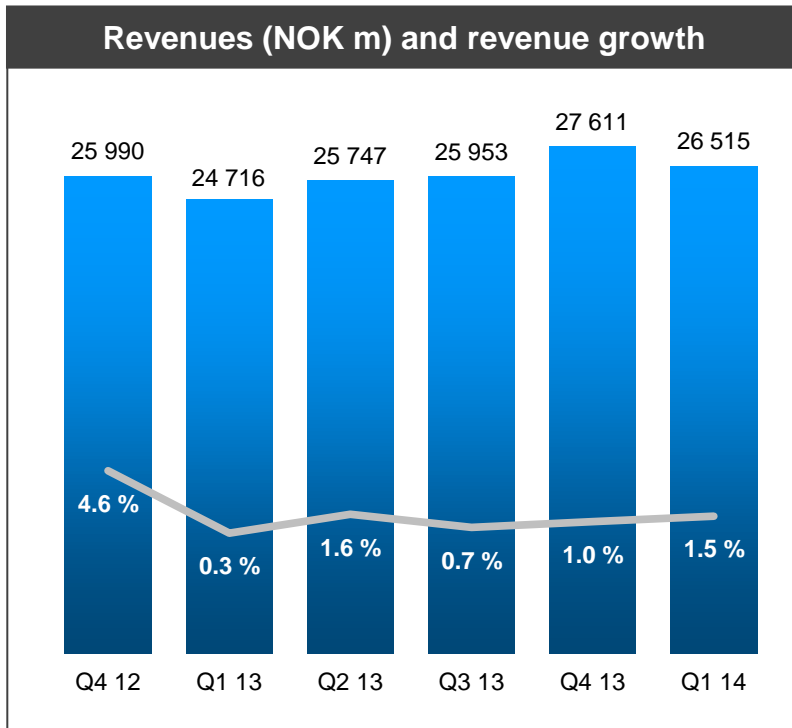


Telenor Group – First Quarter 2014

Richard Olav Aa, CFO

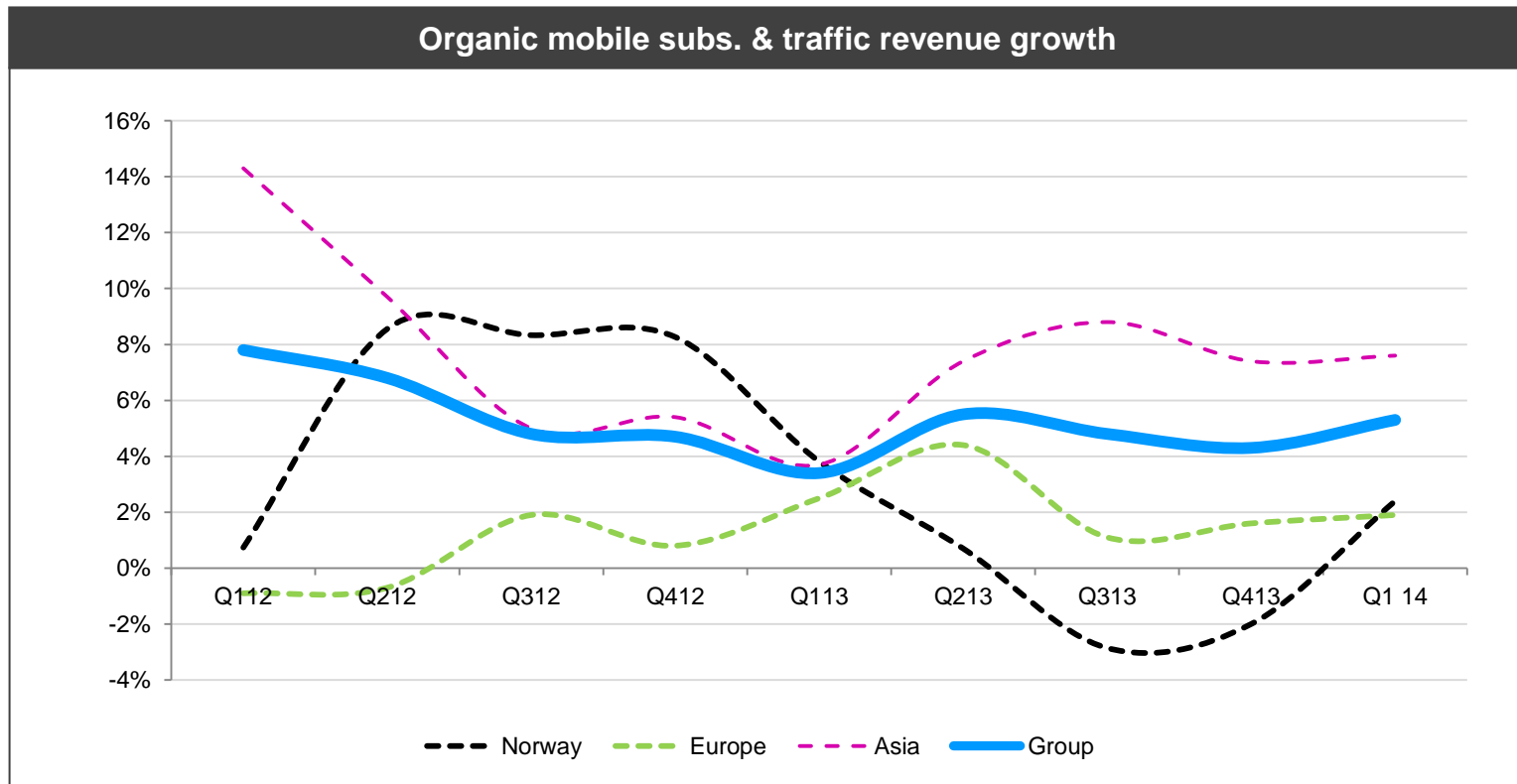


Organic revenue growth improving to 1.5%



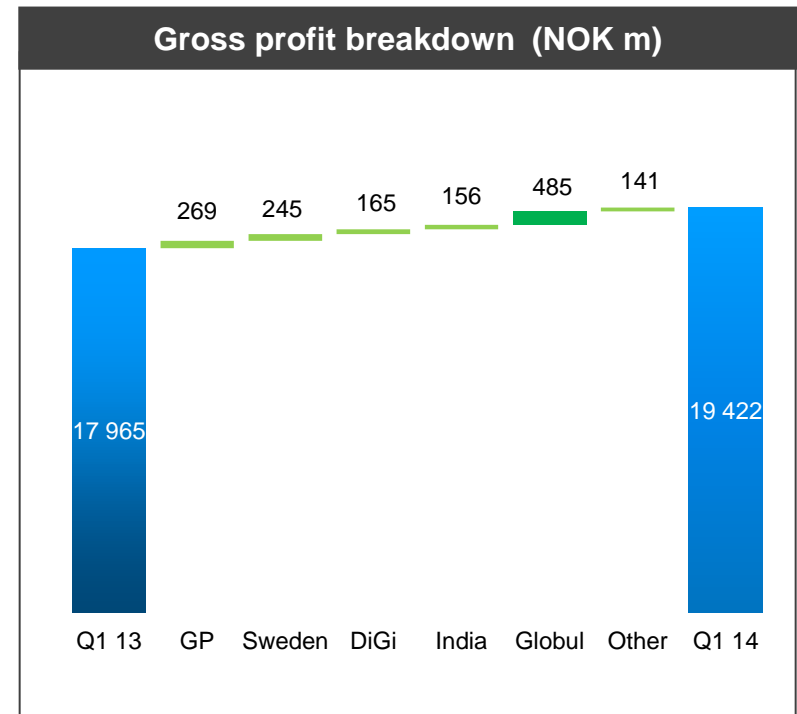
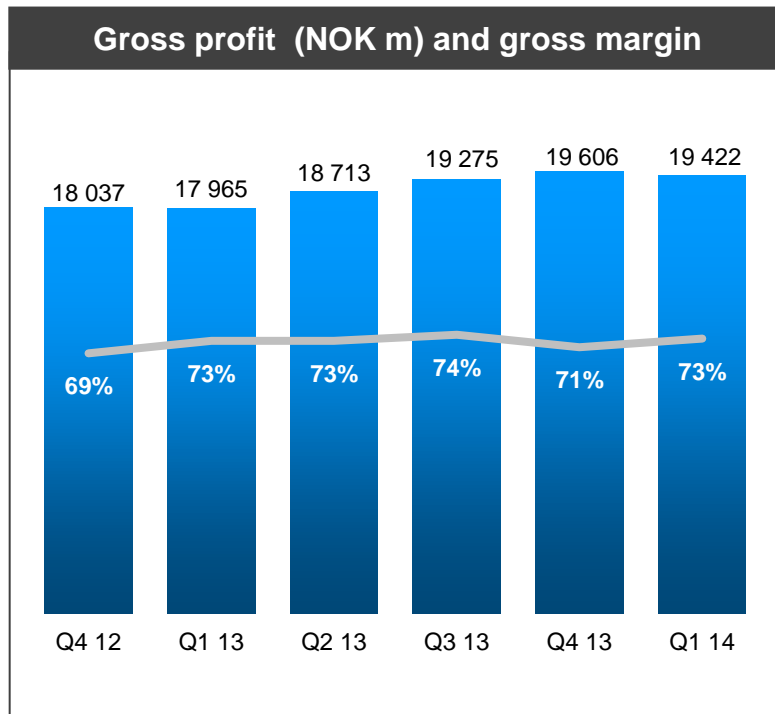
Organic revenue growth in fixed currency, adj. for acquisitions and disposals.

Underlying mobile service revenue growth of 5.3%

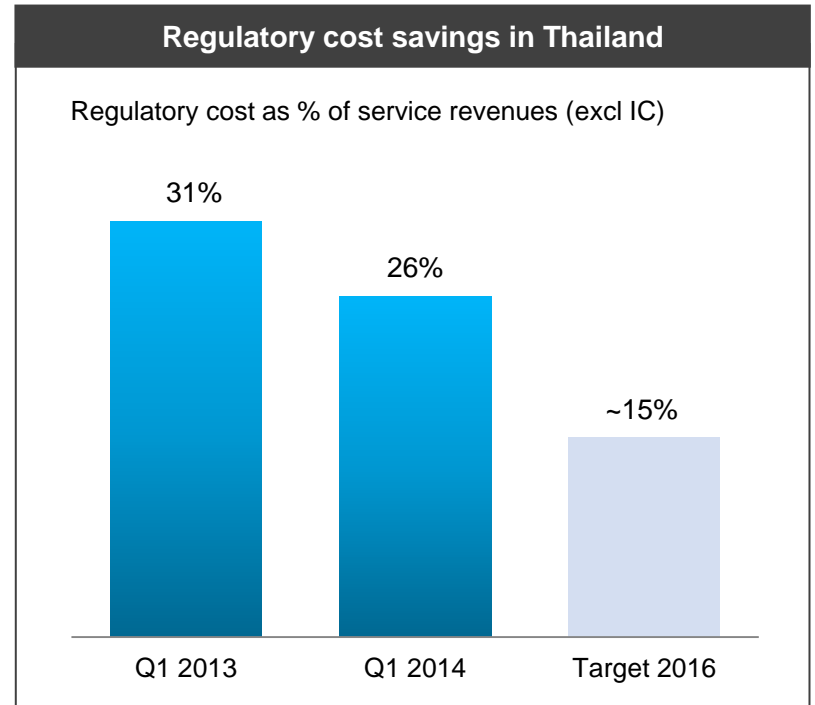
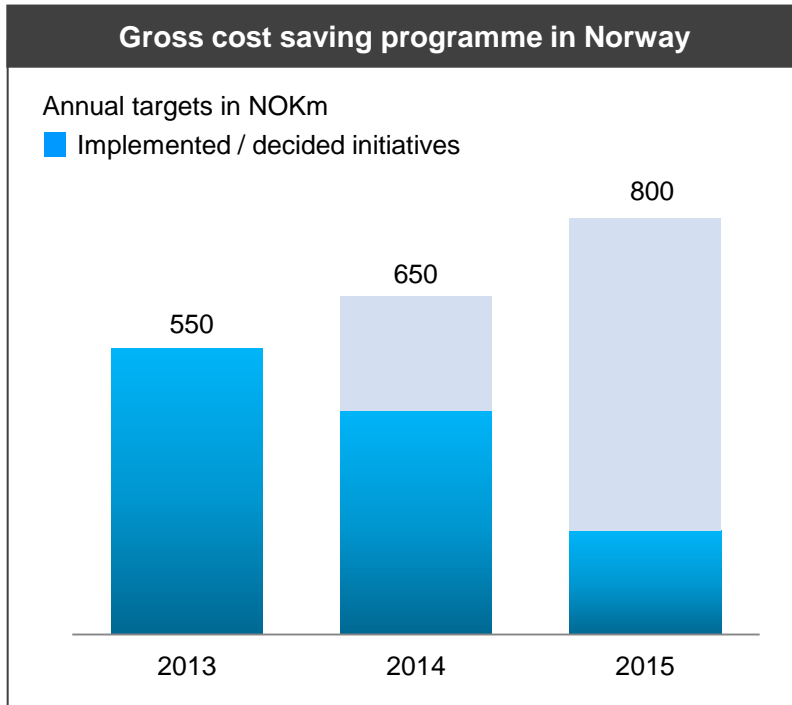


Q1 2014

Gross profit increased by NOK 1.5 billion

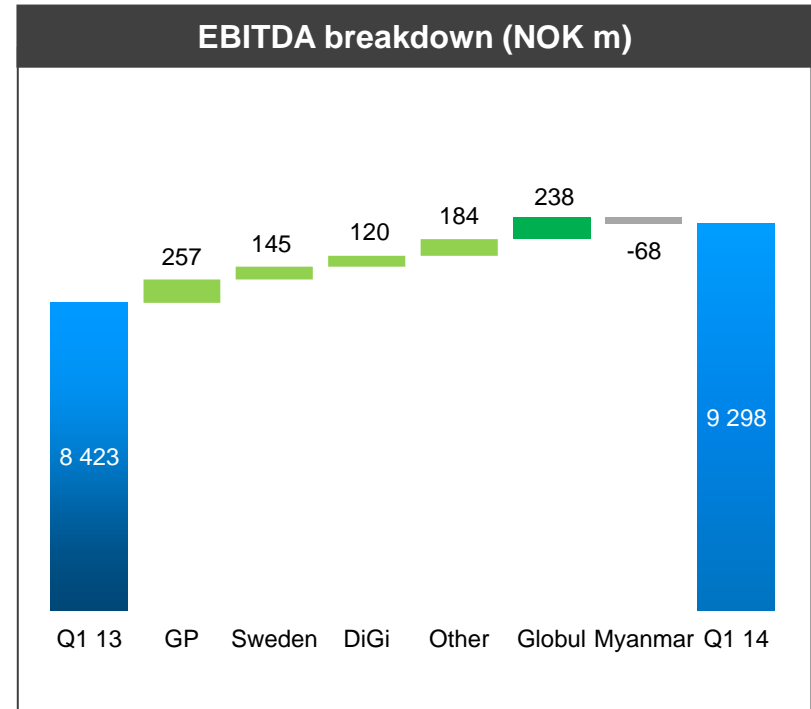
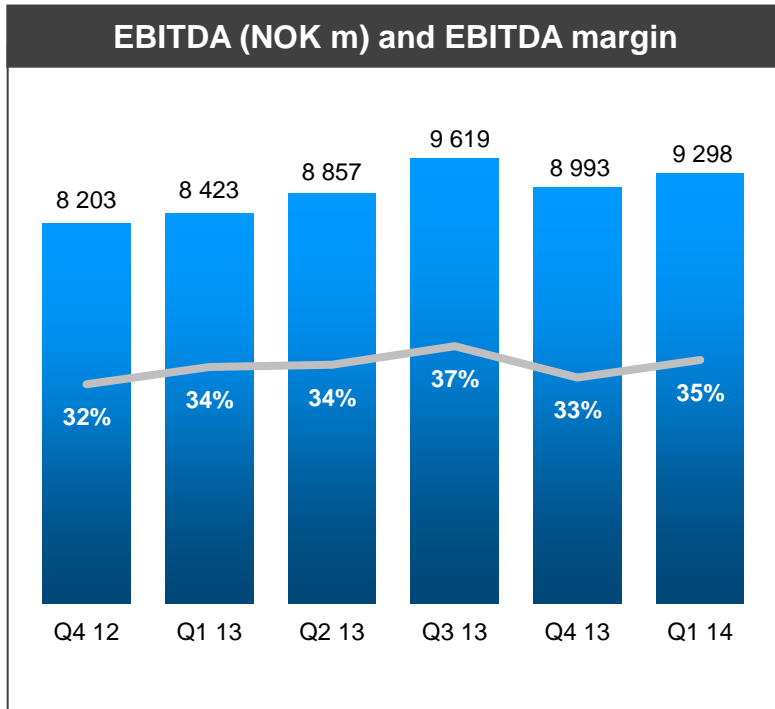


Good progress on NOK 5 bn gross cost saving target



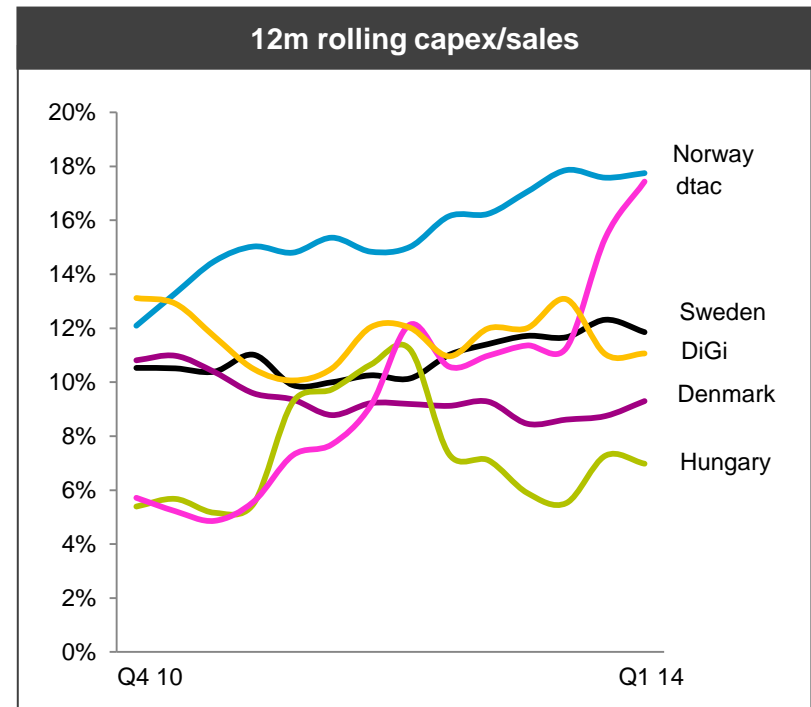
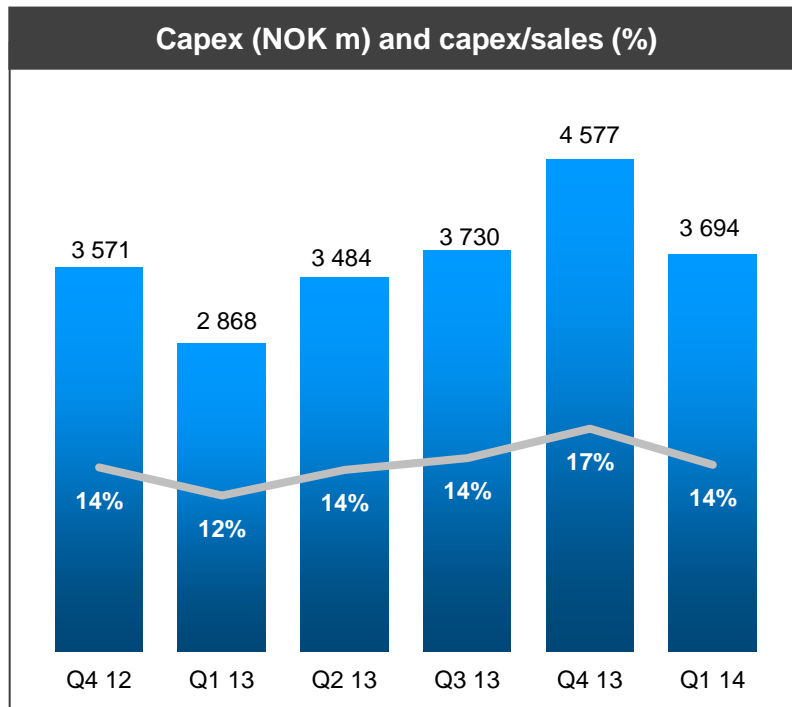
Q1 2014

35% EBITDA margin and 5% organic growth in EBITDA



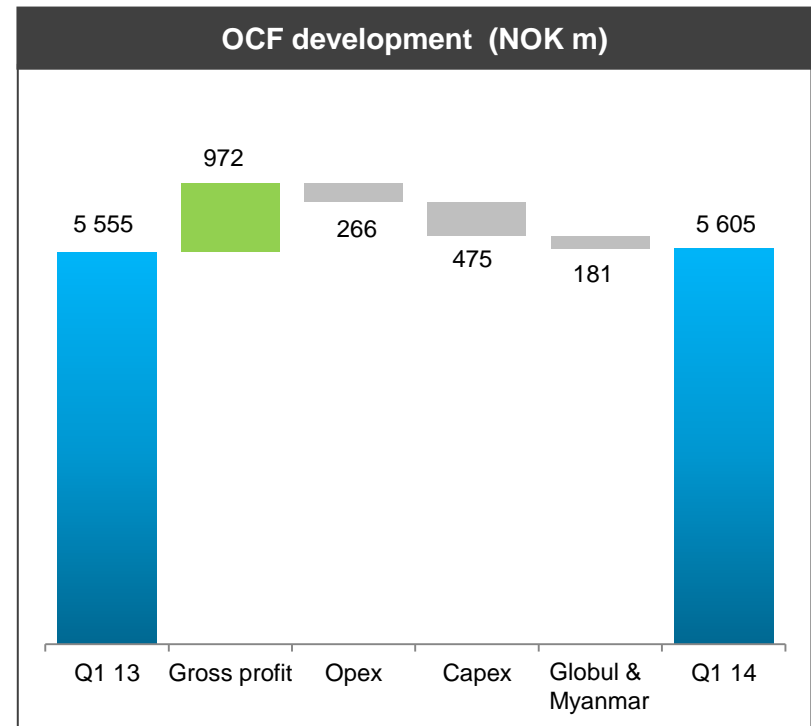
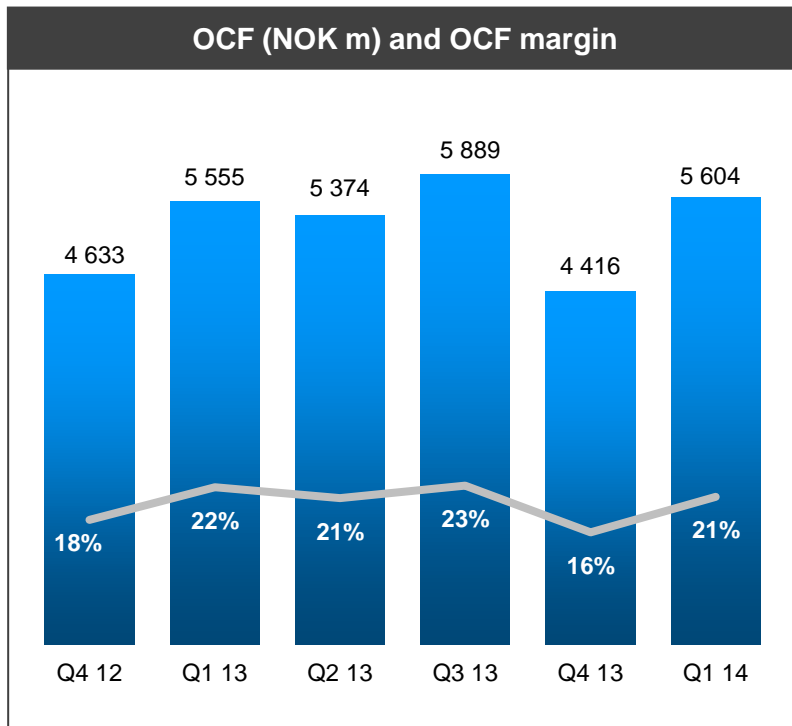
Q1 2014

Capex of NOK 3.7 billion and 14% capex/sales



Q1 2014

Operating cash flow of NOK 5.6 billion



Q1 2014

P&L impacted by several significant one-time items

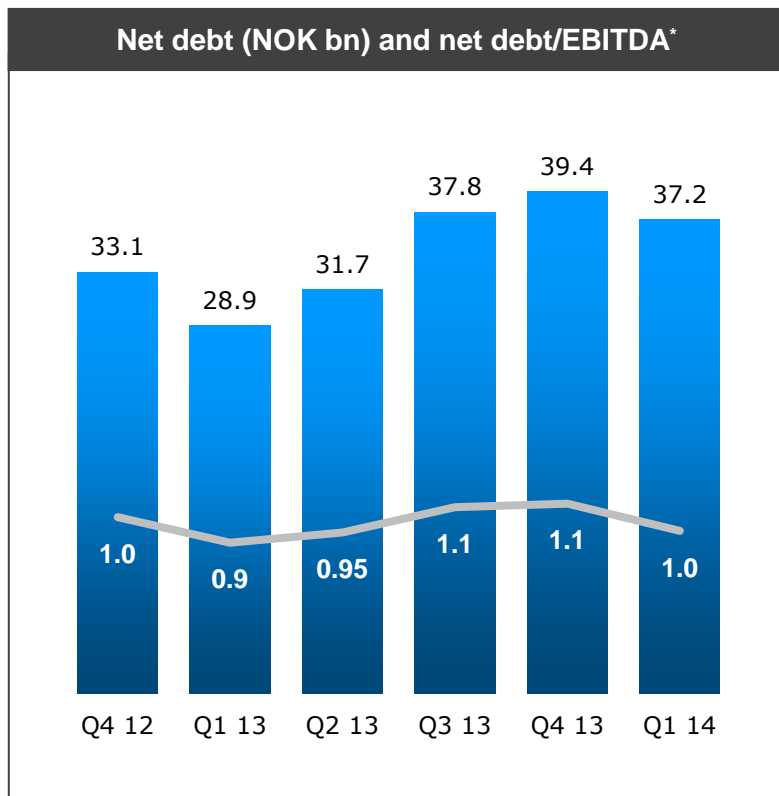
NOKm	EBITDA	Associated companies	Net financials	Net income
Sales gain on disposal of Conax	+1 200			+1 200
Licence offset in India	+1 650		+170	+1 820
VimpelCom one-off charge related to Algeria resolution		-2 019		-2 019
Total	+2 850	-2 019	+170	+1 001

Q1 2014

Net income of NOK 3.7 billion

NOKm	Q1 14	Q1 13
Revenues	26 515	24 716
EBITDA before other items	9 298	8 423
Other items	2 586	-270
EBITDA	11 884	8 153
Depreciation and amortisation	-3 718	-3 438
EBIT	8 157	4 713
Associated companies	-1 837	1 065
Net financials	-76	-207
Profit before taxes	6 244	5 572
Taxes	-1 645	-1 363
Non-controlling interests	-923	-607
Net income to Telenor	3 676	3 602
Earnings per share (NOK)	2.43	2.34

Net debt/EBITDA of 1.0x



Change in net debt (NOK bn)

Net debt 30 Dec 2013	39.4
EBITDA	(11.9)
One-offs with no cash effect	2.9
Income taxes paid	0.7
Net interest paid	0.3
Capex paid	5.9
Acquisition of companies	0.9
Dividends paid to minorities	0.5
Net revenue share in DTAC	(0.6)
Currency effects	(0.3)
Other changes in working capital	(0.6)
<i>Net change</i>	<i>(2.2)</i>
Net debt 31 Mar 2014	37.2

*) 12 months rolling EBITDA. Excl licence commitments

Outlook for 2014 maintained

	2014	Q1 2014	FY 2013
Organic revenue growth	Low single digit	1.5%	0.9%
EBITDA margin	In line with 2013	35.3%	34.5%
Capex / sales	Around 16%	12.8%	14.1%

Group structure as of 31 March 2014, excl Myanmar

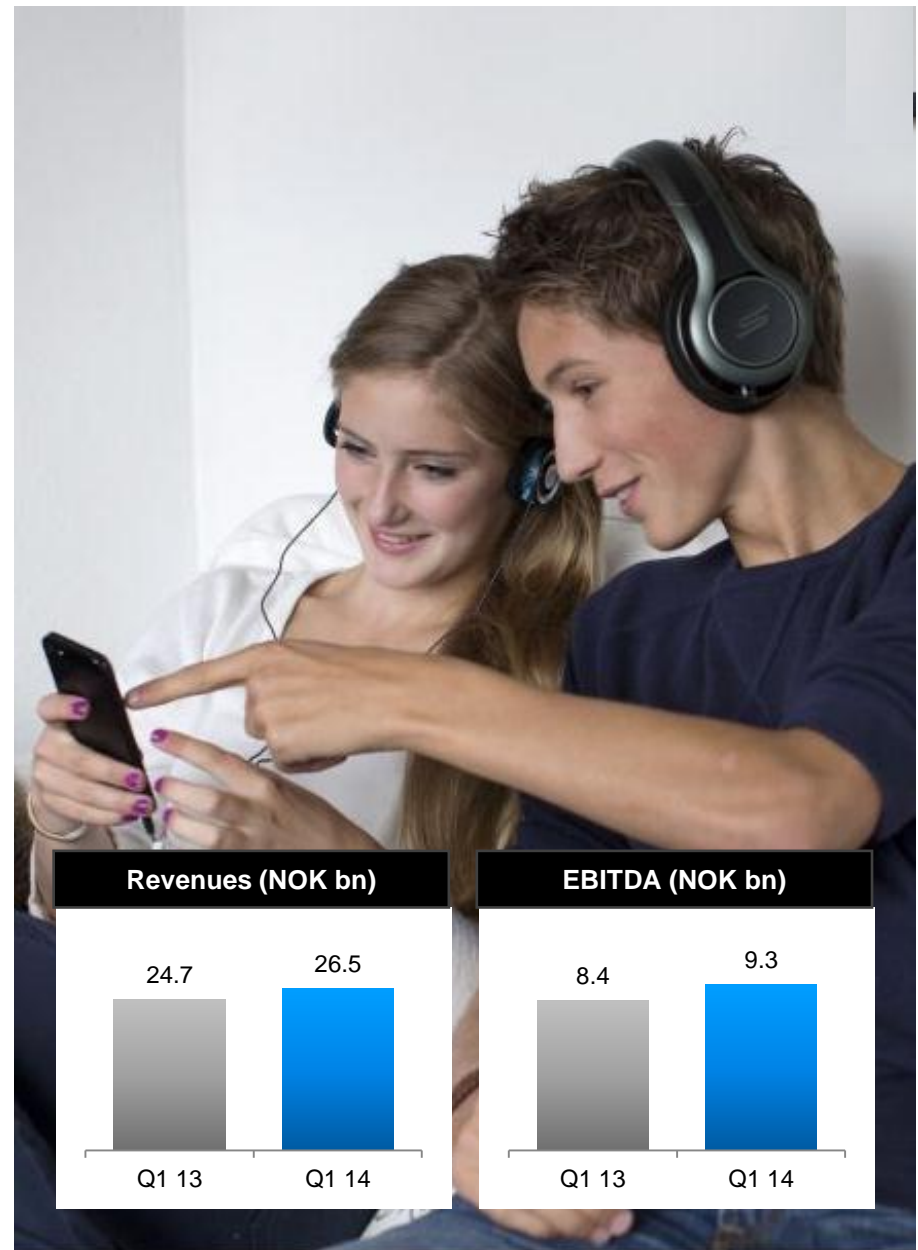
Organic revenue growth in fixed currency, adj. for acquisitions and disposals.

EBITDA before other items. Capex excl. licence fees.

Exchange rates as of 31 March 2014

Q1 2014 Summing up

- 6 million new mobile subscribers
- 5% underlying mobile service revenue growth
- 35% EBITDA margin and 5% organic growth in EBITDA
- Progress on efficiency agenda



Learn more about the Internet for All opportunity



**Analyst & investor seminar
The Grange St Paul, London, 6 June 2014**



Q&A





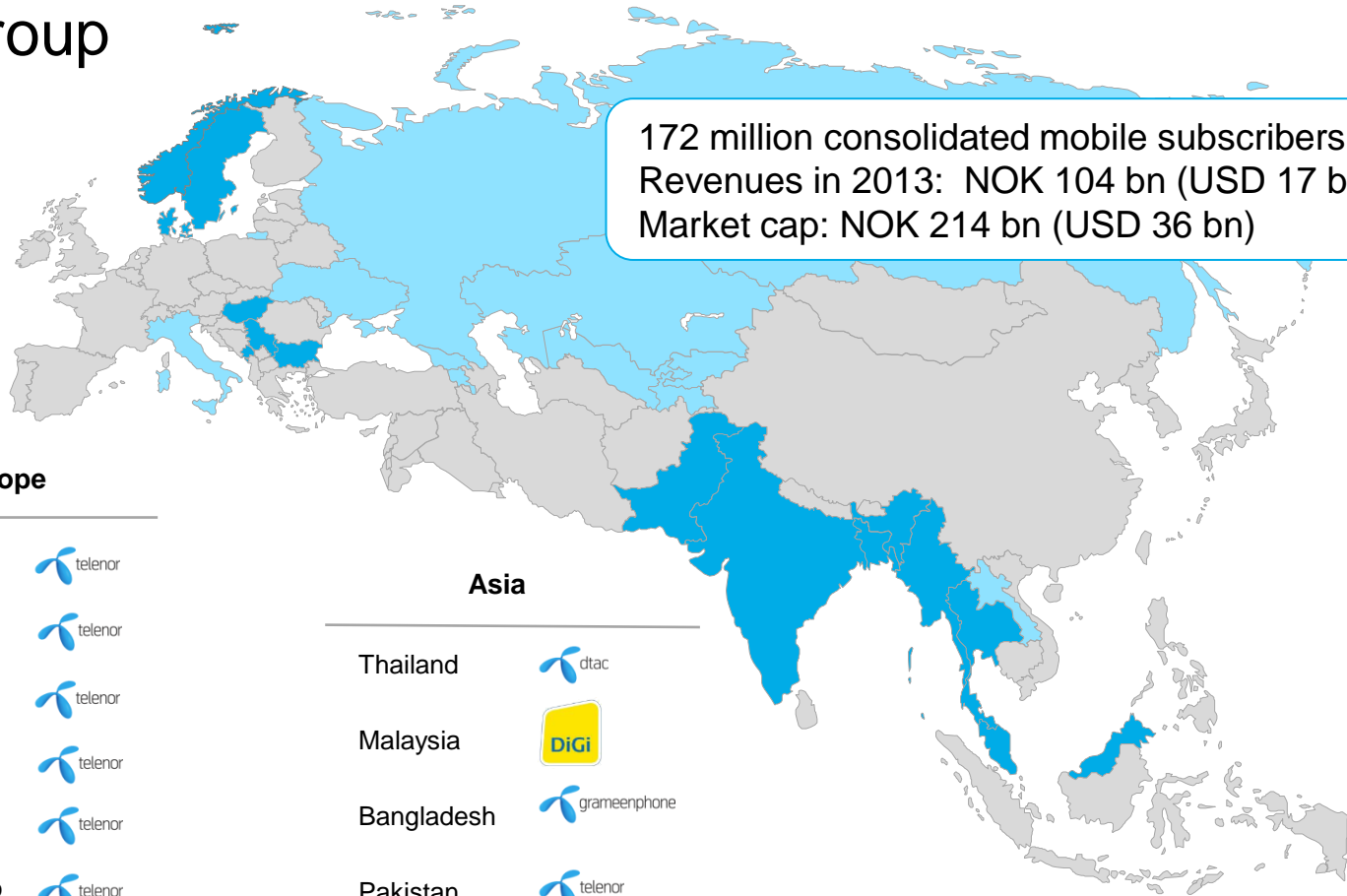
Telenor Group – First Quarter 2014










Appendix



Telenor Group



Europe

- Norway 
- Sweden 
- Denmark 
- Hungary 
- Serbia 
- Montenegro 
- Bulgaria 

Asia

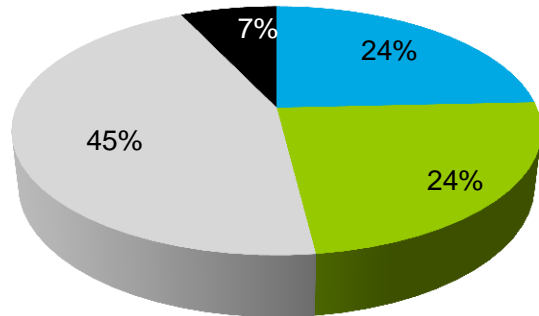
- Thailand 
- Malaysia 
- Bangladesh 
- Pakistan 
- India 
- Myanmar 

 **VimpelCom Ltd.**

Telenor Group holds 33.0% economic and 43.0% voting stake in VimpelCom Ltd.

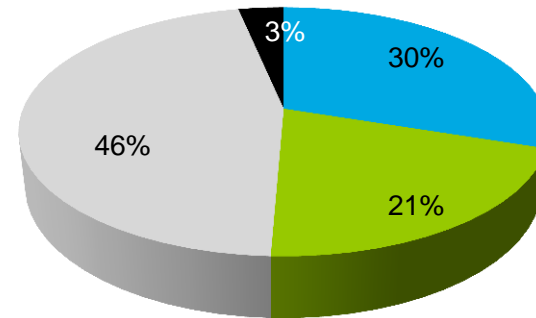
Geographic split of key financials in 2013

Revenues



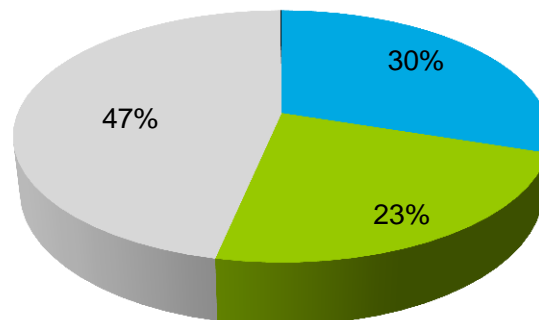
■ Norway ■ Europe ■ Asia ■ Other

EBITDA



■ Norway ■ Europe ■ Asia ■ Other

Operating cash flow



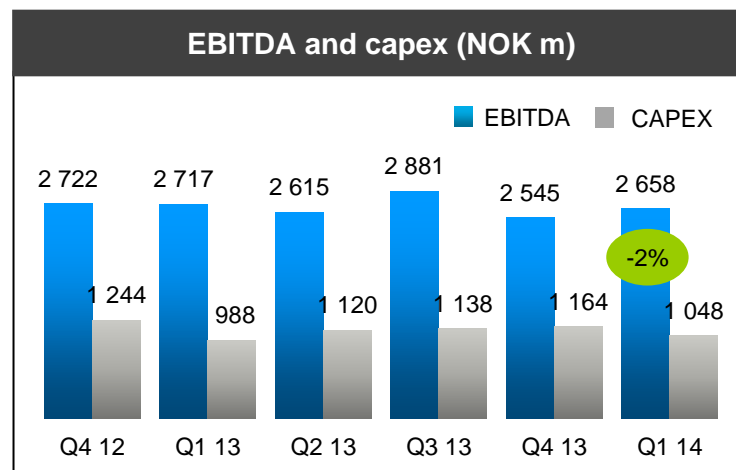
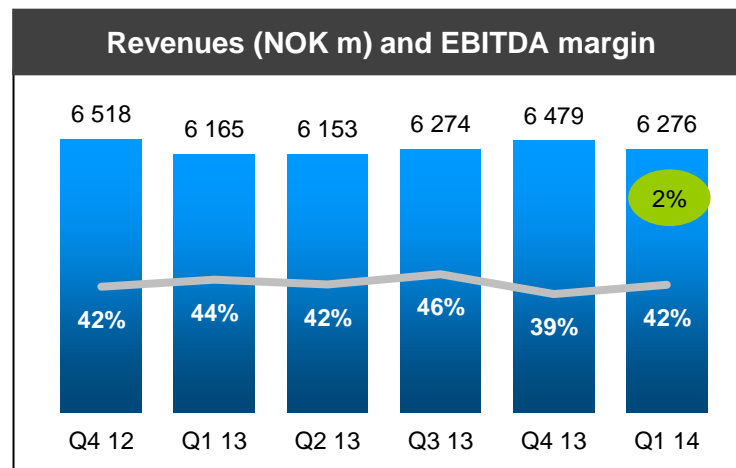
■ Norway ■ Europe ■ Asia ■ Other

Priorities for capital allocation

1	Maintain a solid balance sheet	<i>Net debt/EBITDA below 2.0x</i>
2	Competitive shareholder remuneration	<i>50-80% dividend payout of normalised net income Aim for YoY growth in dividends</i>
3	Disciplined and selective M&A	<i>Value driven, within core assets and regions</i>

Norway

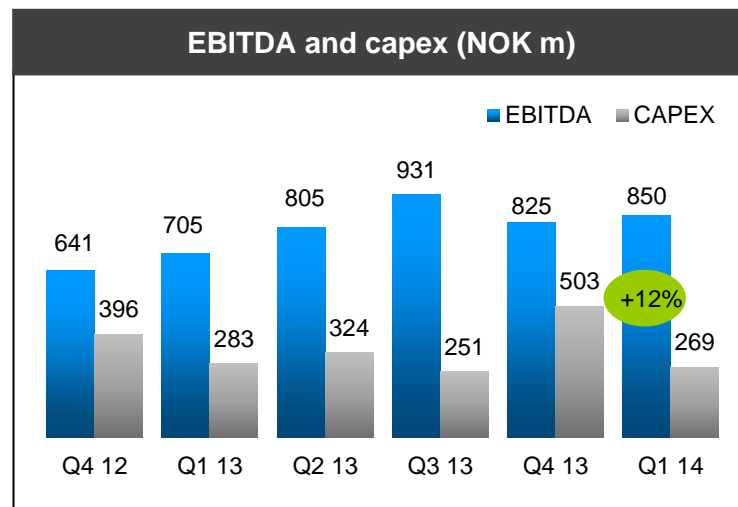
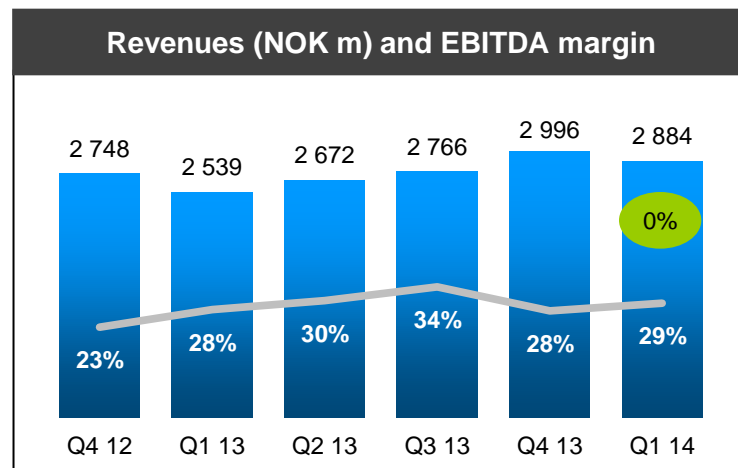
- 1k net mobile subscriber growth
- Fibre subscriber base increased by 7k to 88k
- 2% growth in mobile subscription and traffic revenues
- 7% growth in fixed Internet and TV revenues
- Voluntary workforce reductions implemented in March
- Capex focused on fibre and 4G rollout, with 4G coverage reaching 57%
- New national roaming agreement with Tele2 signed in April



● Organic growth

Sweden

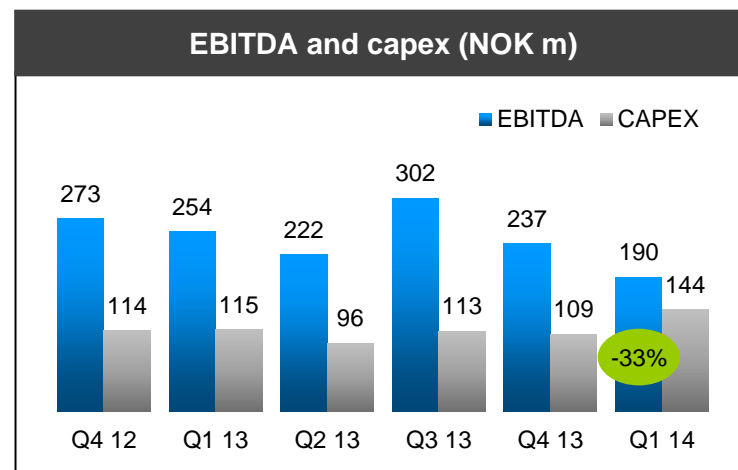
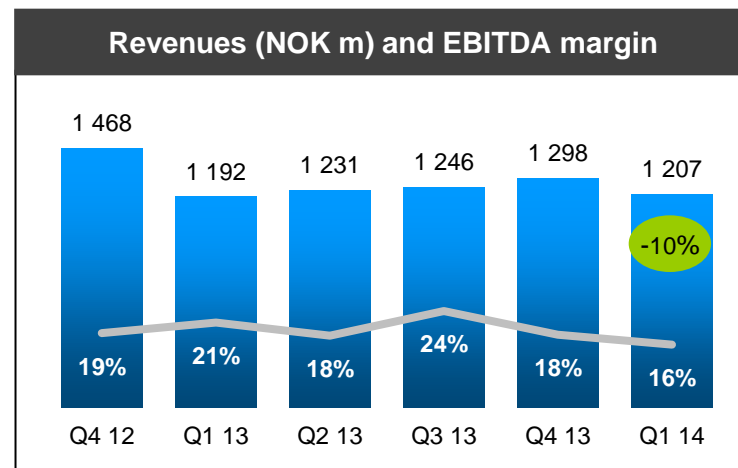
- 11k net mobile subscriber loss, primarily in prepaid segment
- 11% mobile service revenue growth excl IC and handset-related discount
- Launch of mobile no-frill brand Vimla in February
- Acquisition of Tele2's fibre & cable business in January
- 3 pp organic EBITDA margin increase due to strong opex improvement



● Organic growth

Denmark

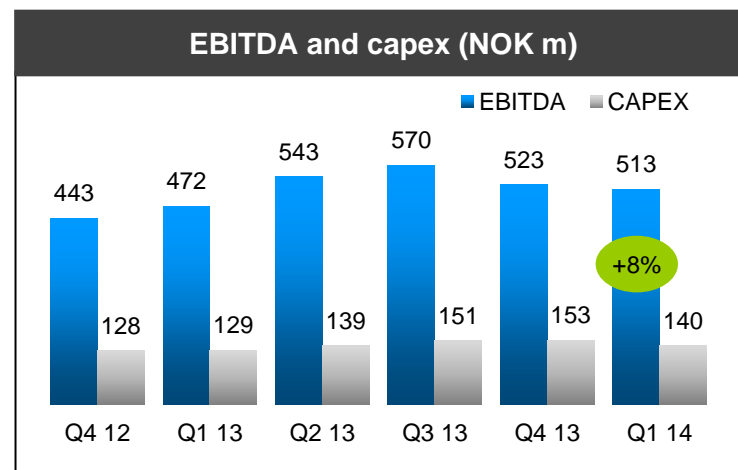
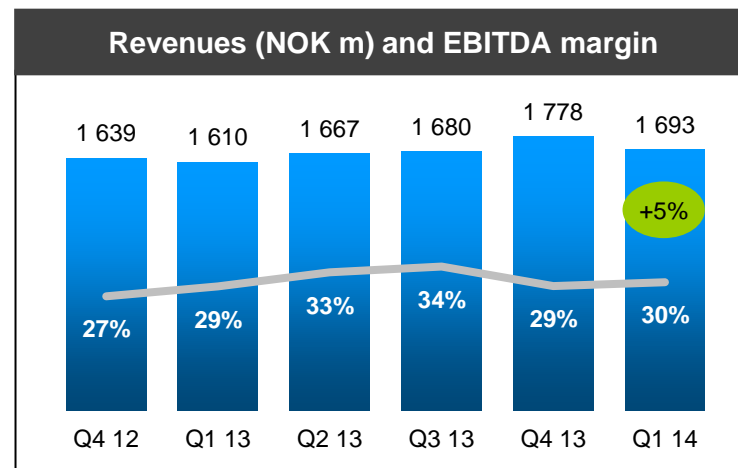
- 33k mobile subscriber growth, of which 23k in postpaid segment
- Stabilising subscriber base
- 6% decline in mobile subscriber and traffic revenues
- «Best network» campaign launched in March
- 4% opex reduction not sufficient to offset reduced gross profit



● Organic growth

Broadcast

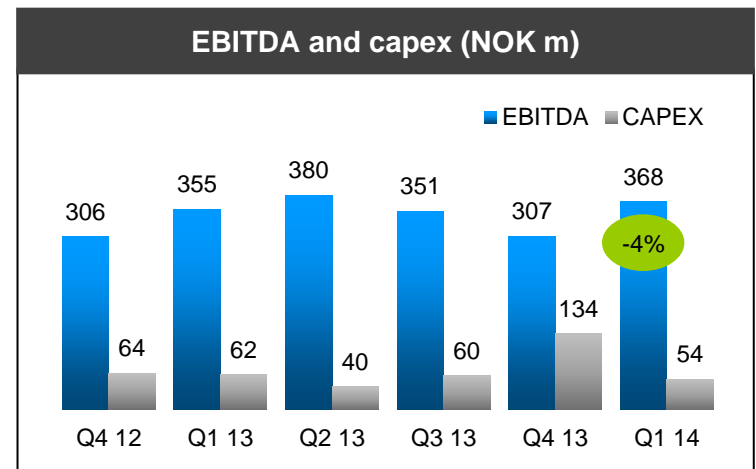
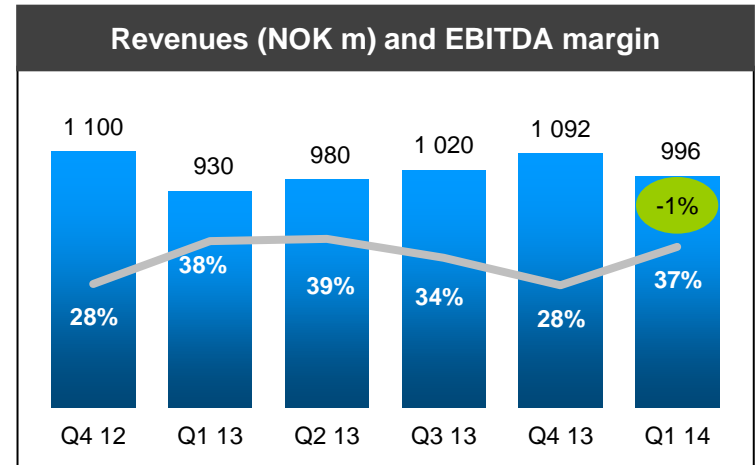
- 9k DTH subscriber loss offset by ARPU growth and currency
- Stable revenues in Satellite Broadcasting
- 16% revenue growth in Norkring from DAB and installation revenues
- Sales gain of NOK 1.2 billion from divestment of Conax on 26 March
- Launch of Thor 7 satellite in 2H 2014



● Organic growth

Hungary

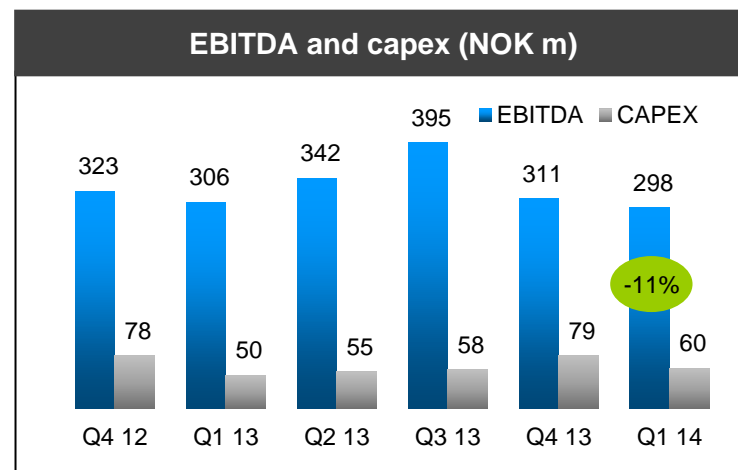
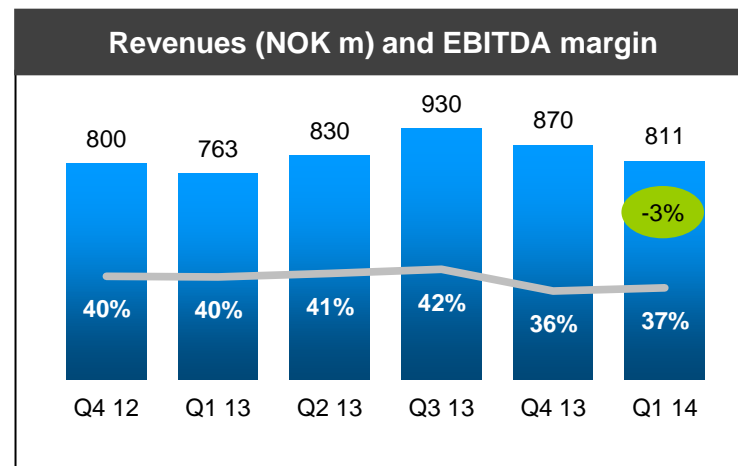
- 23k net mobile subscriber loss
- 3% organic decline in subscription and traffic revenues
- Telecom tax impacting EBITDA margin by -10 percentage points
- Multiband auction incl 800 MHz expected mid 2014



● Organic growth

Montenegro and Serbia

- 78k net subscriber loss
- Stable revenues excl the effect of MTR reductions in both countries
- Increase in postpaid revenues offsetting prepaid decrease
- Economic downturn still significantly affecting purchasing power
- Acquisition of KBC Banka in Dec 2013, platform for mobile financial services

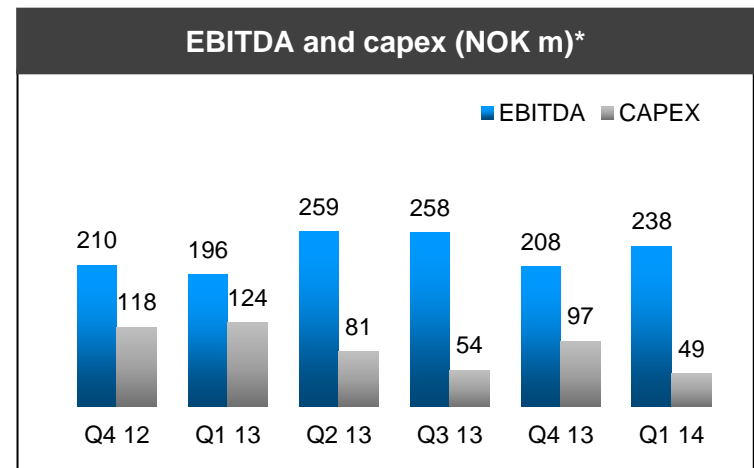
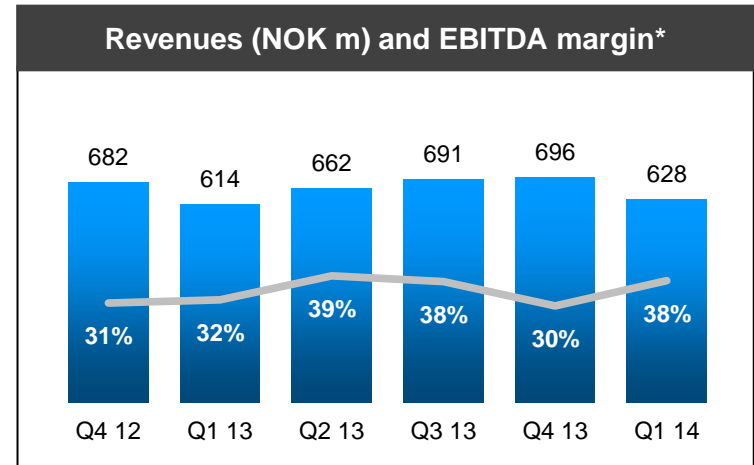


● Organic growth

Q1 2014

Bulgaria (Globul)

- 24k net subscriber loss due to seasonality
- 1% organic growth in subscription and traffic revenues
- Total revenues impacted by MTR reductions from 1 July 2013 and lower handset sale
- Network renovation project to start in Q2



Q1 2014

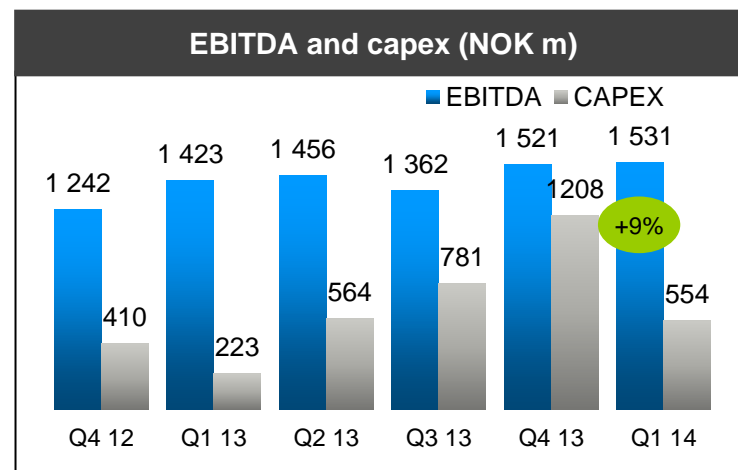
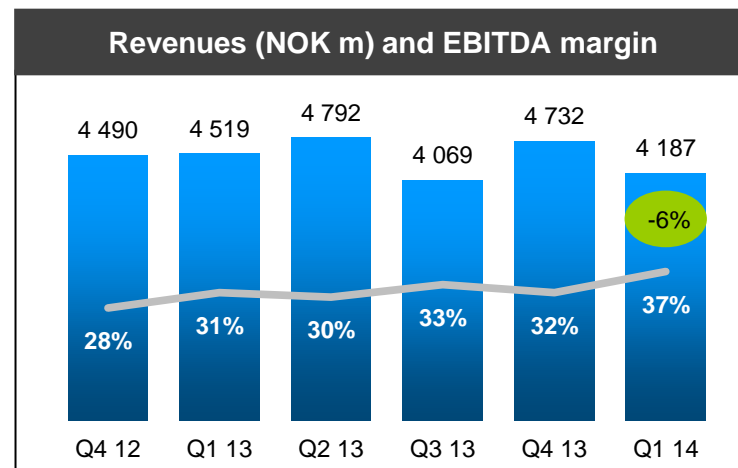
Thailand (dtac)

- 284k net subscriber growth
- 1% subscription and traffic revenue growth
- 55% reduction in MTR from 1 July 2013
- Handset sales impacted by weak macro
- 16 million customers on 2.1 GHz network

Outlook for 2014*:

- Low single digit revenue growth
- 35-37% EBITDA margin
- Capex of minimum THB 13 billion

*) In local currency



● Organic growth

Q1 2014

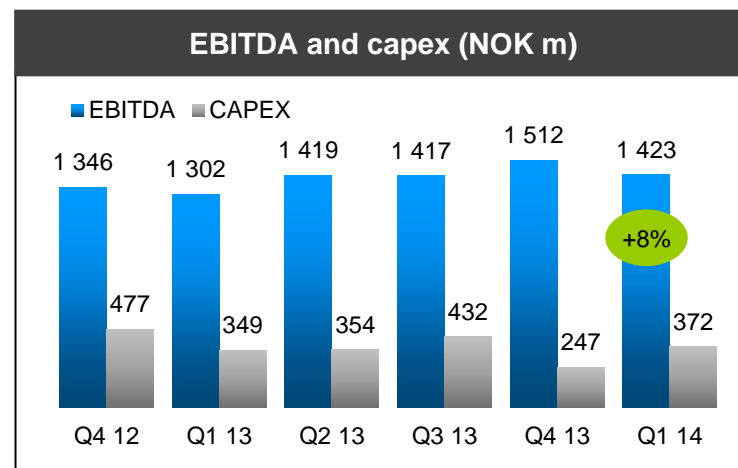
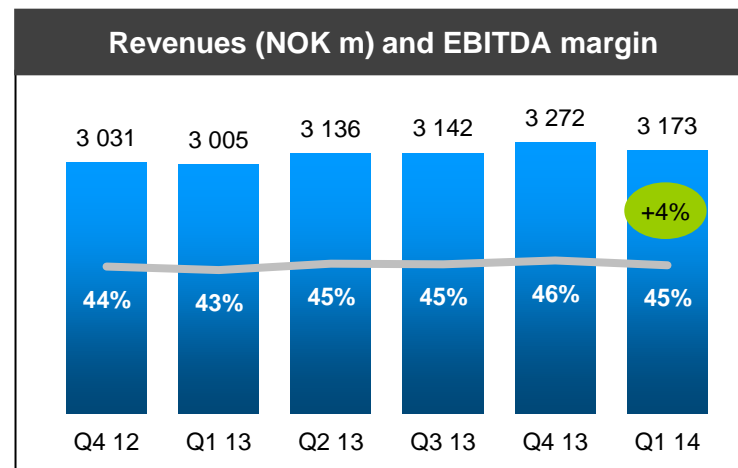
Malaysia (DiGi)

- 109k net subscriber loss
- 7% organic growth in subscription and traffic revenues
- Capex mainly related to 3G /4G coverage and fibre backhaul
- 33% operating cash flow margin

Outlook for 2014*:

- 4-6% revenue growth
- Sustained EBITDA margin
- Capex up to MYR 900 million

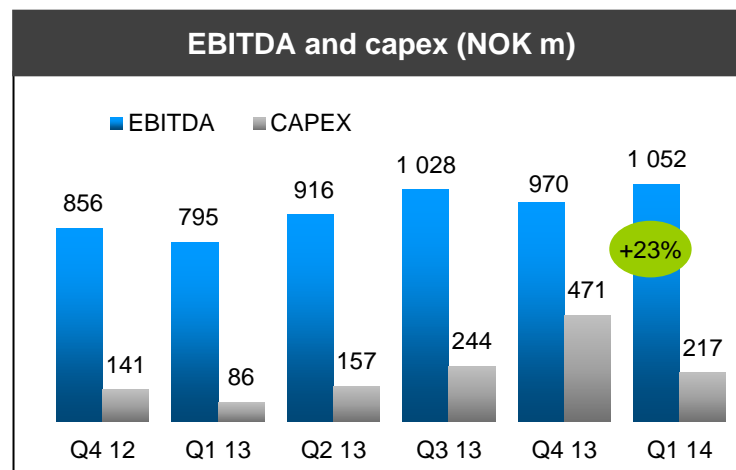
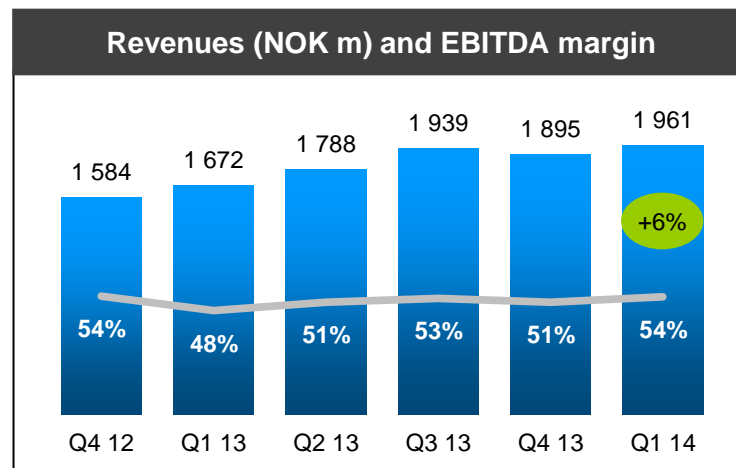
*) In local currency



● Organic growth

Bangladesh (Grameenphone)

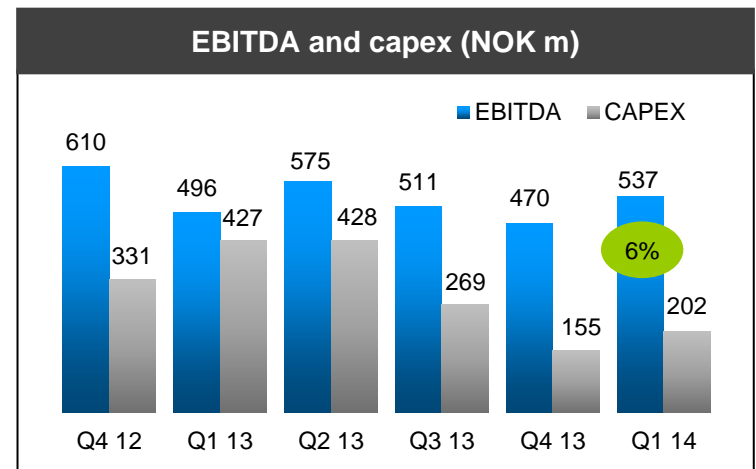
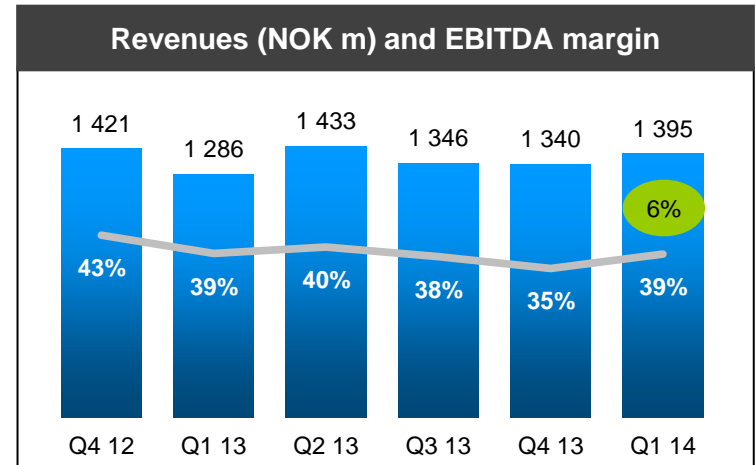
- Increased political stability after January elections
- 1.6 million net subscriber growth
- 7% organic growth in subscription and traffic revenues
- 6 pp improvement in opex/sales, driven by lower SIM tax from May 2013
- 3G roll-out to all 64 district headquarters completed
- 43% operating cash flow margin



● Organic growth

Pakistan

- 1.8 million net subscriber growth
- 9% organic growth in subscription and traffic revenues
- Decrease in energy costs offset by higher sales & commission cost
- Biometric Verification System implemented in Karachi, remaining country by end of July
- 3G spectrum (2.1 GHz) acquired in April for reserve price USD 147.5 million

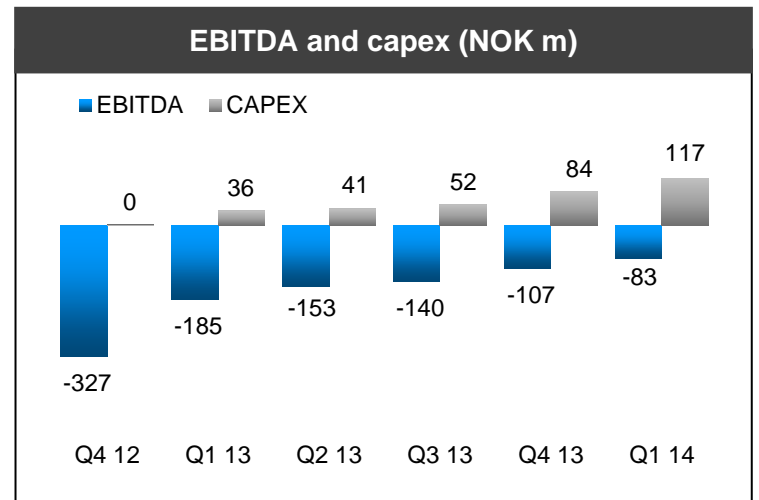
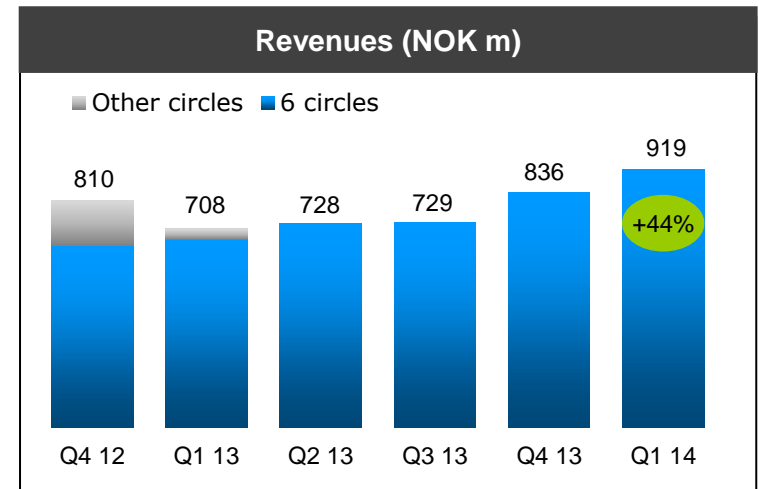


● Organic growth

Q1 2014

India

- 2.5 million net subscriber growth
- 13% ARPU growth in local currency
- 44% organic revenue growth in 6 circles
- 1,036 new sites launched in Q1
- Acquisition of add-on spectrum in February, incl new circle Assam
- Offset of 2008 entry fee of NOK 1.7 billion confirmed by Indian authorities



● Organic growth 6 circles

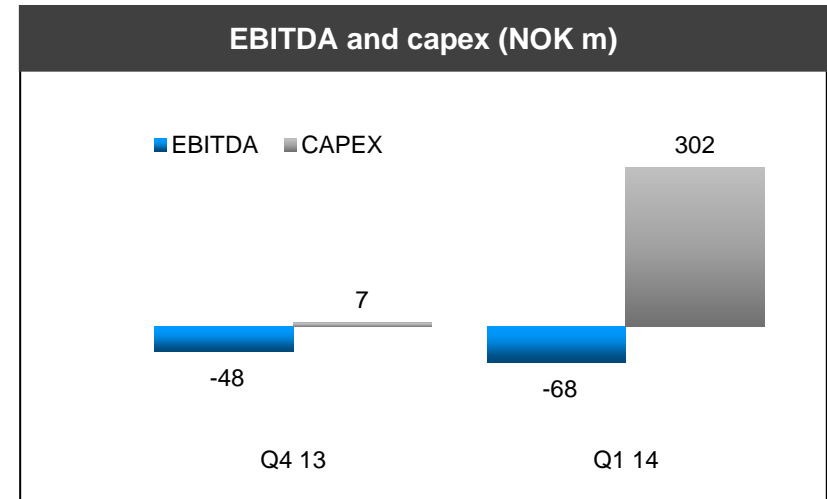
Q1 2014

Myanmar

- Licence awarded in February
- 289 people on-boarded
- Capex primarily driven by network and IT rollout
- First call made on 7 April
- Service launch expected in 2H 2014

Financial targets

- EBITDA breakeven 3 years after licence award
- Peak funding of around USD 1 billion incl licence fee of USD 500 million



Changes in revenues and EBITDA

	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	1.8 %	1.8 %	-2.2 %	-2.2 %
Sweden	13.6 %	0.2 %	20.6 %	12.4 %
Denmark	1.3 %	-9.8 %	-25.3 %	-33.5 %
Hungary	7.2 %	-0.7 %	3.6 %	-4.1 %
Montenegro & Serbia	6.2 %	-2.8 %	-2.8 %	-10.8 %
Thailand	-7.3 %	-6.3 %	7.6 %	8.8 %
Malaysia	5.6 %	4.3 %	9.2 %	7.9 %
Bangladesh	17.2 %	6.2 %	32.4 %	22.8 %
Pakistan	8.5 %	5.8 %	8.4 %	5.6 %
India	29.7 %	44.2 %	55.2 %	
Broadcast	5.1 %	5.2 %	8.2 %	8.2 %
Telenor Group	7.3 %	1.5 %	10.4 %	4.8 %

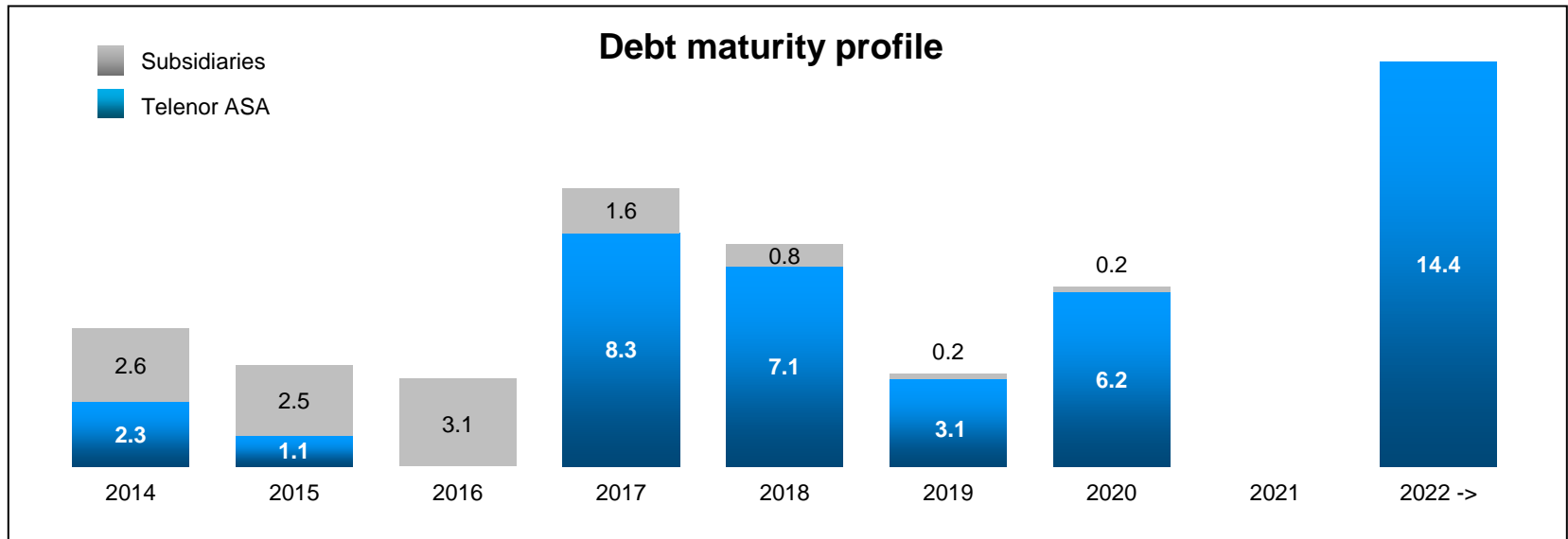
Organic growth YoY in fixed currency and adjusted for acquisitions and disposals.
EBITDA before other items. India organic revenue growth based on 6 circles.

Q1 2014

Net debt in partly owned subsidiaries

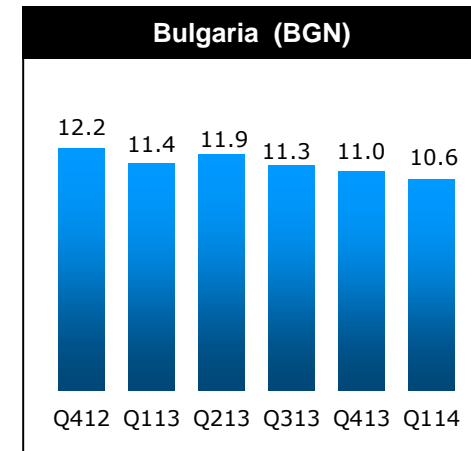
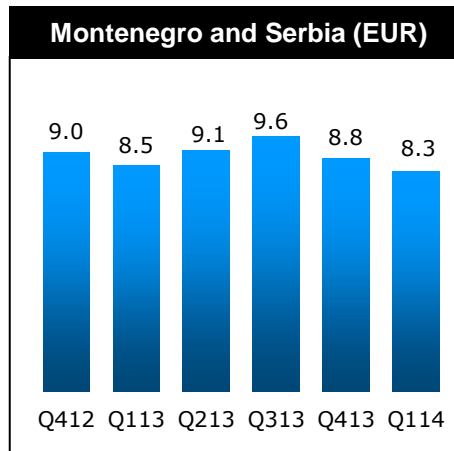
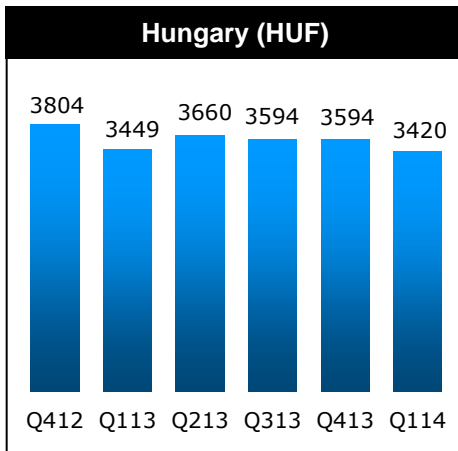
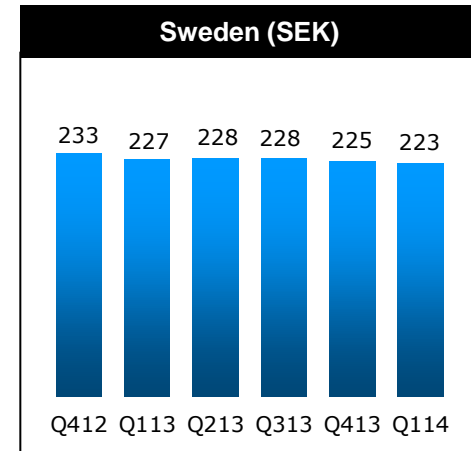
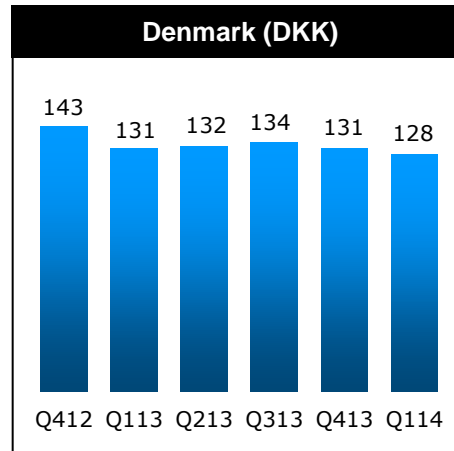
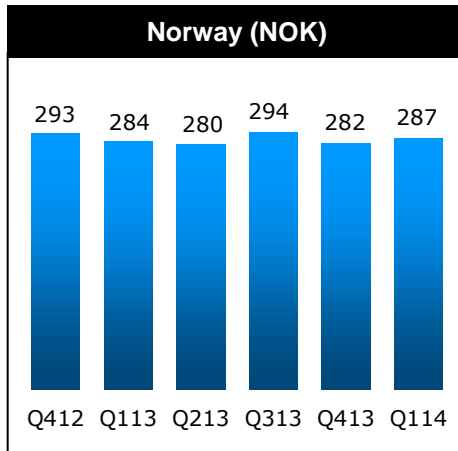
(NOK m)	Q1 2014	Q4 2013	Q1 2013
DiGi	910	656	688
DTAC	3 658	4 811	3 262
Grameenphone	1 152	1 547	187
India	741	204	6

Debt maturity profile



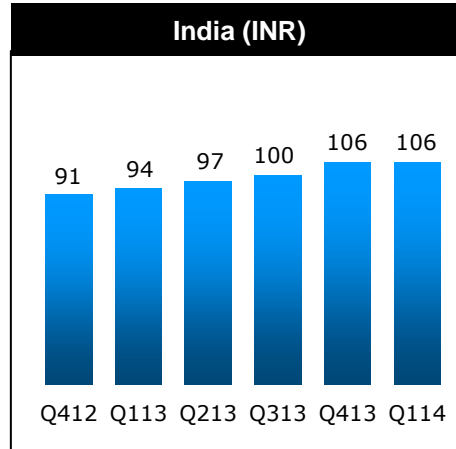
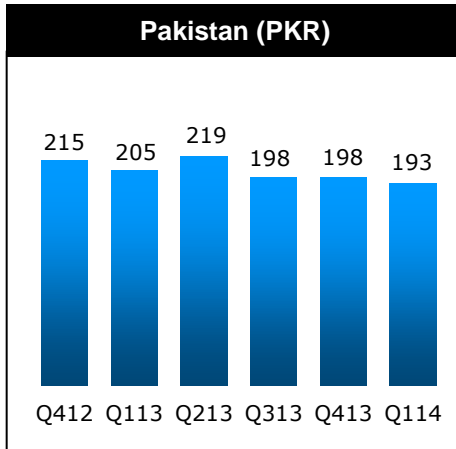
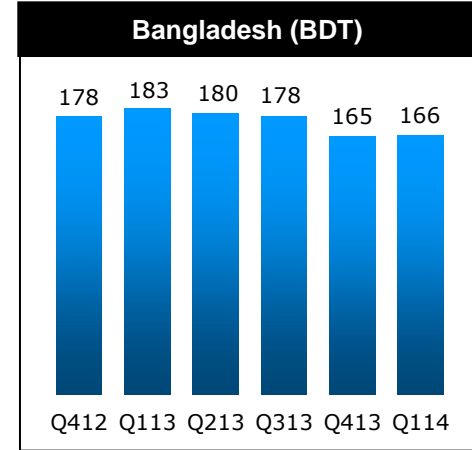
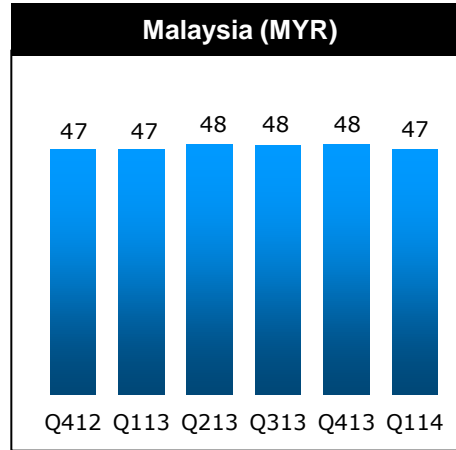
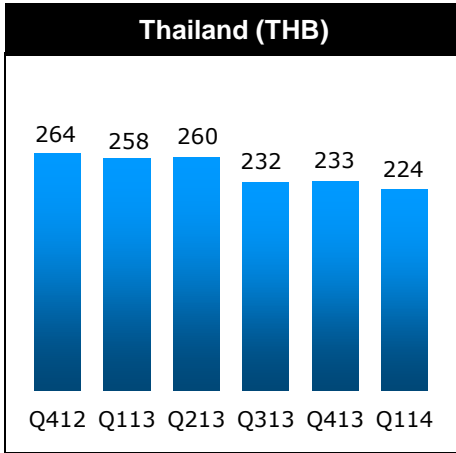
Mobile operations

ARPU development (local currency)



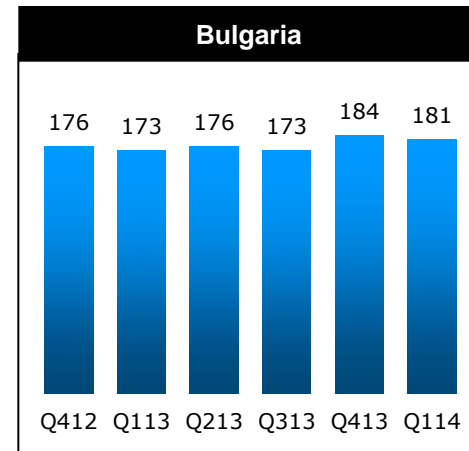
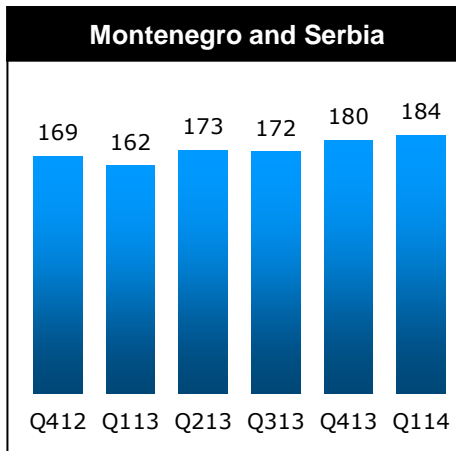
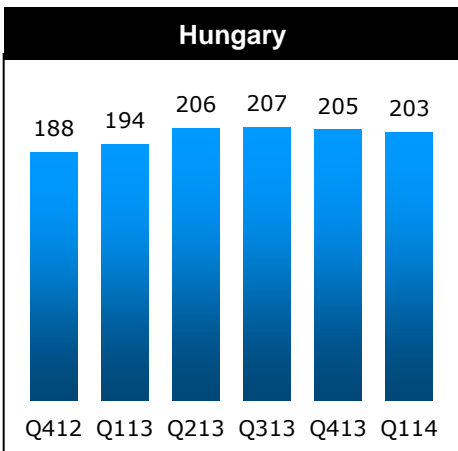
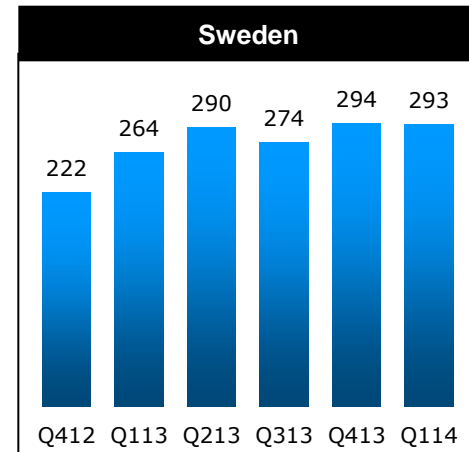
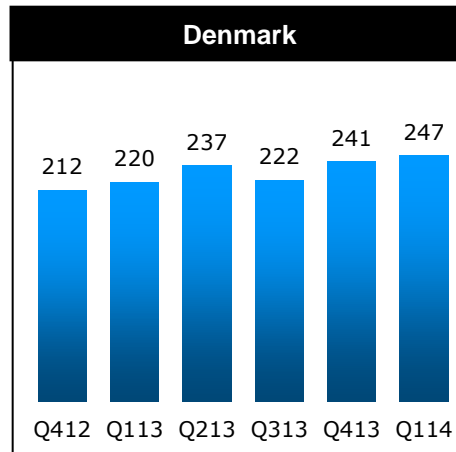
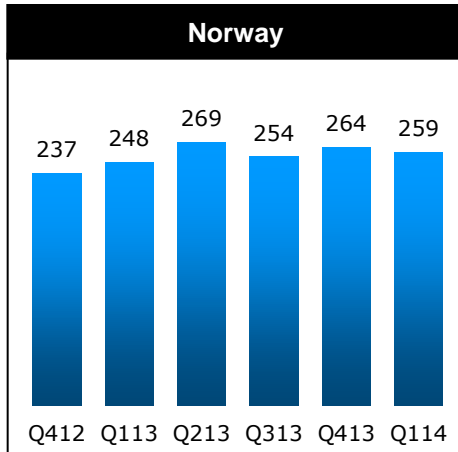
Mobile operations

ARPU development (local currency)



Mobile operations

AMPU development



Mobile operations

AMPU development

