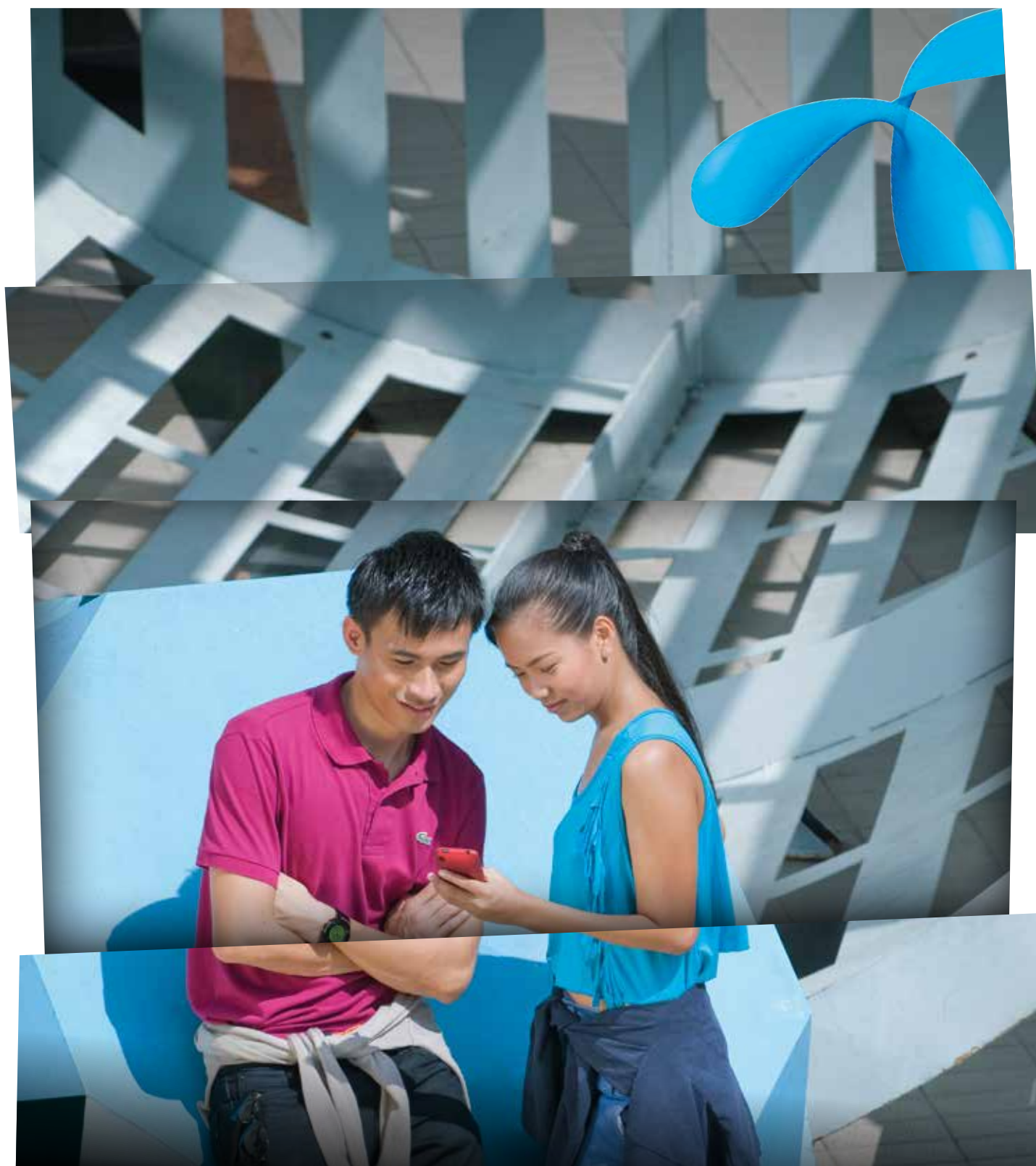

Q3 – 2016



Interim report
January – September 2016



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The third quarter showed good performance, with continued revenue growth and an all-time high EBITDA, supported by a strengthened cost focus across the Group. A key highlight this quarter is the encouraging sign of data monetisation in Bangladesh and Pakistan. While Norway was impacted by lower roaming revenues, we experienced solid uptake on our new mobile tariffs. High-speed broadband in Norway and Sweden performed well during the quarter.

During the quarter, we started executing on our strategic decision to divest our minority stake in VimpelCom Ltd. We will continue to focus on creating value from data growth in our core operations. As our customers increasingly demand more exciting and user-friendly services, we will focus on capturing growth opportunities while addressing costs through the digitisation and transformation of our core business.

– Sigve Brekke, President and CEO



Key figures Telenor Group

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues	32 794	31 836	98 284	94 688	128 175
Organic revenue growth (%)	1.8	4.5	1.3	5.7	4.7
EBITDA before other income and other expenses	12 459	11 848	35 689	33 338	44 197
EBITDA before other income and other expenses/Revenues (%)	38.0	37.2	36.3	35.2	34.5
Profit after taxes and non-controlling interests	(4 821)	(1 770)	546	5 539	3 414
Capex excl. licences and spectrum/Revenues (%)	15.3	17.9	16.1	18.0	18.4
Capex/Revenues (%)	15.8	19.9	19.7	18.8	19.7
Mobile subscriptions – Change in quarter/Total (mill.)	(0.9)	5.2	211	196	203

Third quarter 2016 summary

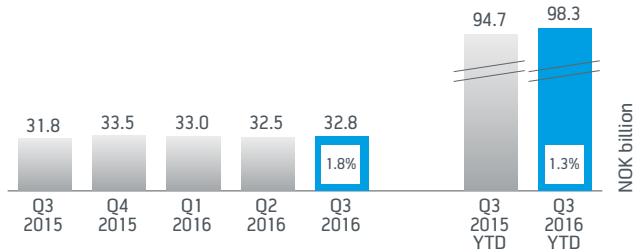
- Total revenues increased by 3% to NOK 32.8 billion; organic revenue growth was 2%. Organic mobile subscription & traffic revenues rose by 2%.
- EBITDA before other items increased 5% to an all-time high NOK 12.5 billion. The EBITDA margin improved one percentage point to 38%.
- Capital expenditure excluding licences and spectrum was NOK 5.0 billion, resulting in a capex to sales ratio of 15%.
- Based on recent observations in the Indian market, the fair value of the licences in Telenor India has been assessed, resulting in an impairment loss of NOK 4.0 billion.
- Net income attributable to Telenor ASA equity shareholders was NOK –4.8 billion, or NOK 4.7 billion when adjusting for the effects related to VimpelCom Ltd., India and other items.
- The outlook for 2016 is unchanged.
- The Board resolved a second semi-annual dividend for the financial year 2015 of NOK 3.50 per share, in line with the proposal from February 2016.

Group performance third quarter and year to date 2016 ¹⁾

REVENUES

In the third quarter total reported revenues increased by 3% to NOK 32.8 billion, while organic revenues grew by 2%. The growth was driven by ARPU uplift in Bangladesh and Pakistan as well as continued growth in Myanmar. This was partly offset by lower outbound roaming revenues in the Scandinavian operations and intense competition in Thailand and Malaysia. Mobile subscription & traffic revenues increased by 2% on an organic basis.

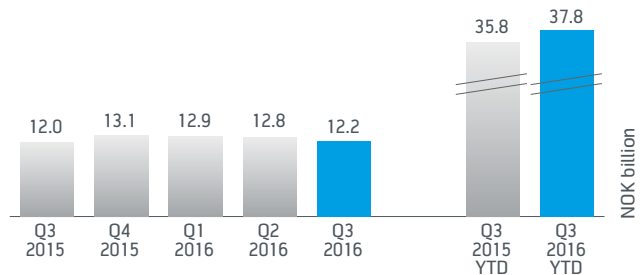
The year to date total revenues increased by 4% or NOK 3.6 billion, while organic revenues grew by 1%. Lower reported handset sales of NOK 1.1 billion across the Group have been more than offset by higher subscription and traffic revenues in the emerging Asian markets. Currency impacted revenues positively by NOK 2 billion. Mobile subscription & traffic revenues increased by 4%, on an organic basis.



OPERATING EXPENDITURE (OPEX)

During the quarter opex remained stable at NOK 12 billion following efficiency measures in several operations. The cost reductions were most notable in Norway and Thailand, while cost increases were attributable to Myanmar and new businesses.

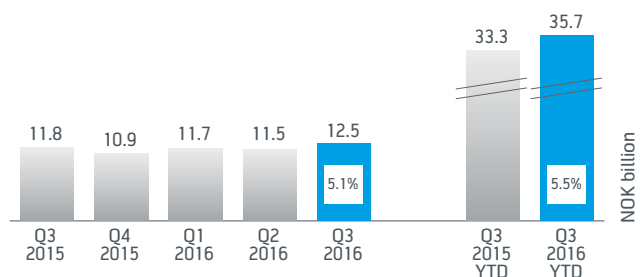
Year to date, opex grew by NOK 2.1 billion to NOK 37.8 billion, of which NOK 0.8 billion was a result of positive currency effects. The opex increase was to a large extent attributable to Myanmar, increased Group activities and new businesses.



EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

EBITDA for the third quarter was record high at NOK 12.5 billion, while organic EBITDA improved by 5%. The EBITDA margin increased by nearly one percentage point to 38% as a result of high revenue growth and strong margins in Bangladesh as well as improved performance in India.

Year to date EBITDA increased by NOK 2.4 billion, of which NOK 0.6 billion was due to positive currency effects. The main contributors to the organic EBITDA growth were Myanmar, Bangladesh and India.

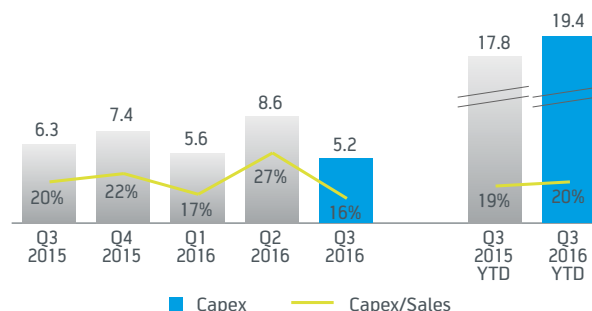


¹⁾ The comments are related to Telenor's development in the third quarter of 2016 compared to the third quarter of 2015 unless otherwise stated. Please refer to Definitions on page 24 for descriptions of alternative performance measures.

CAPITAL EXPENDITURE (CAPEX)

Capex in the third quarter was NOK 5.2 billion, primarily driven by 3G and 4G network expansion in Thailand, Norway and Myanmar. Licence investments amounted to NOK 0.2 billion in the period, primarily from licence renewal in Montenegro.

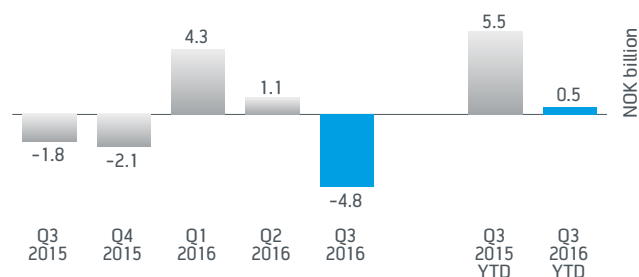
Year to date capex increased by NOK 1.6 billion. Lower capex in the broadcast business, as a result of the satellite launch last year, was more than compensated by the acquisition of the new spectrum licence in Pakistan and higher investments in Norway, Bangladesh and India.



NET INCOME

Net income to equity holders of Telenor ASA for the third quarter was NOK -4.8 billion. Adjusted for VimpelCom related effects, impairment in India and other items, the figure was NOK 4.7 billion. On an adjusted basis, this represents an increase of NOK 1.1 billion primarily explained by higher EBITDA.

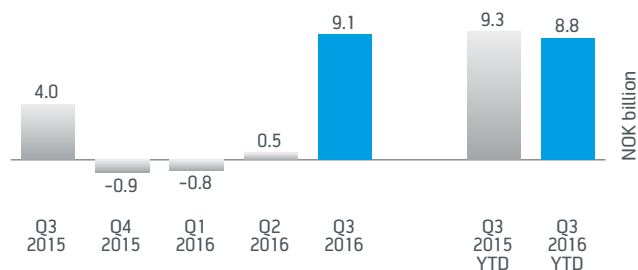
Year to date net income to equity holders of Telenor ASA was NOK 0.5 billion, or NOK 11.6 billion adjusted for VimpelCom, India impairments and other items. On an adjusted basis, this represents an increase of NOK 1.2 billion primarily explained by higher EBITDA.



FREE CASH FLOW

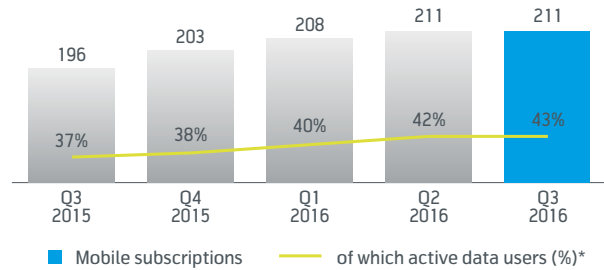
Free cash flow in the third quarter increased by NOK 5.1 billion to NOK 9.1 billion, primarily as a result of net cash proceeds from the sale of VimpelCom shares.

Year to date the free cash flow was NOK 8.8 billion, a decrease of NOK 0.5 billion from last year. Higher cash flow from operating activities was more than offset by increased cash outflow to investing activities and supply chain financing programmes.



MOBILE SUBSCRIPTION DEVELOPMENT

The number of mobile subscriptions decreased slightly during the quarter, keeping the total number of subscriptions at 211 million. The slight decline was primarily explained by the biometric verification process in Bangladesh where unverified subscriptions churned during the third quarter. Compared to the third quarter last year, the total number of mobile subscriptions has increased by 15 million. The share of active data users continues to increase and now stands at 43%.



OUTLOOK

Based on the performance so far in 2016, and the outlook for the fourth quarter, we maintain the current full-year financial guidance.

We expect an organic revenue growth in the range of 1% to 2%, an EBITDA margin of around 35% and a capex to sales ratio, excluding licences, of around 17%.

Interim report

Telenor's operations

The comments below are related to Telenor's development in the third quarter of 2016 compared to the third quarter of 2015, unless otherwise stated. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 11 for 'Specification of other income and other expenses'. Additional information is available at: www.telenor.com/ir

Norway

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues mobile operation					
Subscription and traffic	2 892	3 024	8 515	8 711	11 544
Interconnect revenues	144	158	444	584	745
Other mobile revenues	285	205	797	743	998
Non-mobile revenues	512	371	1 389	1 200	1 795
Total revenues mobile operation	3 833	3 758	11 145	11 238	15 082
Revenues fixed operation					
Telephony	435	517	1 378	1 631	2 139
Internet and TV	1 371	1 370	4 039	4 064	5 414
Data services	123	127	376	378	506
Other fixed revenues	385	407	1 256	1 236	1 698
Total retail revenues	2 315	2 420	7 049	7 309	9 758
Wholesale revenues	367	416	1 140	1 276	1 703
Total revenues fixed operation	2 682	2 836	8 189	8 585	11 460
Total revenues	6 515	6 594	19 334	19 823	26 542
EBITDA before other items	2 910	2 955	8 316	8 470	11 088
Operating profit	1 922	1 900	5 376	5 544	7 218
EBITDA before other items/ Total revenues (%)	44.7	44.8	43.0	42.7	41.8
Capex	1 182	1 009	3 275	2 896	4 844
Investments in businesses	-	-	100	-	-
Mobile ARPU - monthly (NOK)	327	331	319	322	320
Fixed Telephony ARPU	253	265	259	271	270
Fixed Internet ARPU	359	353	3 141	347	345
TV ARPU	283	293	282	290	291
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(24)	(24)	3 081	3 190	3 163
Fixed telephony	(17)	(19)	564	638	620
Fixed Internet	-	2	859	853	854
TV	6	(1)	533	526	527

- The number of mobile subscriptions decreased by 24,000 during the quarter following a reduction in the number of prepaid subscriptions and data cards. More than 500,000 customers are now on the new consumer postpaid tariffs with EU roaming included, that were launched in April. At the end of the quarter, the total subscription base was 3% lower than last year.
- Mobile ARPU decreased by 1% from lower interconnect and roaming rates and the introduction of new tariffs with EU roaming included. Excluding the negative effects from roaming and interconnect, ARPU increased by 3%.
- Total mobile revenues increased by 2% from higher wholesale and handset revenues more than offsetting the effects of lower ARPU and reduced subscription base. Mobile subscription and traffic revenues decreased by 4%.
- Total fixed revenues decreased by 5% primarily due to reduced demand for legacy products, partly offset by higher revenues from high-speed internet. During the quarter, 10,000 high-speed internet subscriptions were added, taking the total number of high-speed connections to 582,000. Revenues from high-speed internet increased by 13%.
- Total revenues decreased by 1%.
- EBITDA decreased by 2% as the reduction in high margin legacy revenues were only partly offset by improved margins on handset sales and lower operating expenditures. The EBITDA margin remained stable at 45%.
- Capital expenditure was driven by the roll-out of fibre connections and expansion of the 4G network.

Sweden

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues mobile operation					
Subscription and traffic	1 546	1 545	4 691	4 370	5 944
Interconnect revenues	139	139	430	407	552
Other mobile revenues	94	100	265	272	367
Non-mobile revenues	492	616	1 435	1 796	2 553
Total revenues mobile operation	2 271	2 400	6 821	6 845	9 416
Revenues fixed operation					
Telephony	78	101	271	321	422
Internet and TV	617	579	1 855	1 714	2 343
Data services	43	41	133	119	162
Other fixed revenues	17	20	51	38	55
Total retail revenues	755	741	2 310	2 193	2 982
Wholesale revenues	46	46	142	130	178
Total revenues fixed operation	801	787	2 452	2 323	3 160
Total revenues	3 072	3 188	9 273	9 168	12 576
EBITDA before other items	1 038	1 023	2 920	2 713	3 667
Operating profit	650	641	1 716	1 548	2 094
EBITDA before other items/ Total revenues (%)	33.8	32.1	31.5	29.6	29.2
Capex	295	255	967	910	1 302
Investments in businesses	-	-	-	3	3
Mobile ARPU - monthly (NOK)	219	226	223	212	213
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	35	24	2 590	2 504	2 548
Fixed telephony	(8)	(13)	222	255	244
Fixed Internet	4	(3)	651	636	639
TV	3	(6)	490	484	487
Exchange rate (SEK)			1.0003	0.9414	0.9572

- The number of mobile subscriptions increased by 35,000 during the quarter, following strong customer uptake on the new consumer postpaid tariffs with EU roaming included, as well as continued growth in the enterprise segment. At the end of the quarter, the subscription base was 3% higher than at the end of third quarter last year.
- Mobile ARPU in local currency decreased by 4%, mainly due to price pressure in the enterprise segment and lower roaming charges in the consumer segment.
- Total mobile revenues in local currency decreased by 6% primarily as a consequence of change in accounting treatment for handsets sold through external channels. Mobile subscription and traffic revenues in local currency decreased slightly.
- 12,000 high-speed fixed internet subscriptions were added this quarter, taking the total number of high-speed internet subscriptions to 511,000. The decline in DSL connections continued in line with the trends from previous quarters. The number of TV subscribers increased by 3,000 due to growth in IPTV.
- Fixed revenues in local currency increased by 1% due to growth in high speed internet and IPTV.
- EBITDA in local currency remained stable. The EBITDA margin strengthened by 2 percentage points following the improved gross profit.
- Capital expenditure in the quarter was mainly related to fibre roll-out and mobile coverage expansion.

Denmark

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues mobile operation					
Subscription and traffic	711	768	2 207	2 187	2 939
Interconnect revenues	64	43	175	128	173
Other mobile revenues	57	25	131	85	149
Non-mobile revenues	300	277	811	889	1 300
Total revenues mobile operation	1 132	1 114	3 324	3 289	4 561
Revenues fixed operation					
Total revenues	1 265	1 273	3 765	3 770	5 201
EBITDA before other items	136	127	444	454	591
Operating profit (loss)	62	(233)	210	(304)	(2 516)
EBITDA before other items/ Total revenues (%)	10.8	10.0	11.8	12.0	11.4
Capex	45	71	248	333	497
Mobile ARPU - monthly (NOK)	146	152	149	146	146
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(2)	8	1 777	1 789	1 784
Fixed telephony	1	(7)	74	81	76
Fixed Internet	(3)	(2)	152	164	159
Exchange rate (DKK)			1.2590	1.1830	1.2004

From 31 March Telenor pay-as-you-go cards are no longer part of Telenor Denmark's product offering. Subscription and ARPU figures have been updated retrospectively.

- The number of mobile subscriptions decreased by 2,000 during the quarter. The subscription base decreased by 1% compared to the third quarter last year.
- Total revenues in local currency decreased by 2% due to lower fixed line revenues. Mobile subscription and traffic revenues decreased by 9% as a consequence of price pressure in the market, reduced roaming charges and temporary impact caused by implementation of a new business support system.
- EBITDA in local currency increased by 7%. Lower sales and marketing expenditures and costs related to the joint venture project in 2015, more than offset the negative impact from weaker gross profit.
- Operating profit was NOK 62 million, an improvement of NOK 295 million from the third quarter last year, which was affected by scrapping of fixed assets and one-time effects. Adjusted for one-time effects in the third quarter last year, operating profit increased by NOK 82 million.
- In an auction ending 29 September 2016, Telenor Denmark renewed its licence in the 1800 MHz frequency band through its joint network company for a total consideration of DKK 425 million, of which Telenor will pay 50%.
- See Other units for additional information on investments in common business support systems.

Hungary

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015

Revenues

Subscription and traffic	906	925	2 698	2 614	3 526
Interconnect revenues	67	65	202	274	349
Other mobile revenues	23	27	61	66	81
Non-mobile revenues	128	151	380	361	535
Total revenues	1 124	1 167	3 342	3 315	4 490

EBITDA before other items	389	417	1 075	1 101	1 382
Operating profit	239	262	602	655	760

EBITDA before other items/ Total revenues (%)	34.6	35.7	32.2	33.2	30.8
Capex	104	70	227	224	314

No. of subscriptions - Change in quarter/ Total (in thousands):	10	(19)	3 189	3 201	3 164
ARPU - monthly (NOK)	102	103	102	100	100
Exchange rate (HUF)			0.0300	0.0285	0.0289

- The number of subscriptions increased by 10,000 in the third quarter driven by the prepaid segment. The subscription base was at the same level as of third quarter last year.
- ARPU in local currency decreased by 2% from the impact of reduced roaming tariffs and price pressure in the enterprise segment partly offset by increased interconnect revenues.
- Total revenues in local currency decreased by 6% from lower ARPU in addition to lower handset revenues. Mobile subscription and traffic revenues decreased by 4%.
- EBITDA in local currency declined by 9% mainly from lower revenues and higher handset subsidies, partly offset by decreased operating expenses from ongoing cost efficiency activities. The EBITDA margin decreased by 1 percentage point.
- Capex in the third quarter was mainly related to 4G roll-out, indoor coverage in Budapest and integration of a new business support system.
- See Other units for additional information on investments in common business support systems.

Bulgaria

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015

Revenues

Subscription and traffic	585	566	1 721	1 611	2 180
Interconnect revenues	77	53	201	140	195
Other mobile revenues	20	16	34	28	34
Non-mobile revenues	134	138	385	353	531
Total revenues	815	772	2 340	2 132	2 940

EBITDA before other items	323	314	904	839	1 134
Operating profit	179	139	466	431	615

EBITDA before other items/ Total revenues (%)	39.6	40.7	38.6	39.3	38.6
Capex	47	84	166	290	525

No. of subscriptions - Change in quarter/ Total (in thousands):	37	-	3 540	3 762	3 583
ARPU - monthly (NOK)	63	55	60	51	52
Exchange rate (BGN)			4.7939	4.5111	4.5777

- The number of subscriptions increased by 37,000 during the quarter, mainly due to seasonality. The subscription base decreased by 6% compared to the end of the third quarter last year.
- ARPU in local currency increased by 13%, primarily due to increased usage, driven by 4G and increased interconnect revenues.
- Total revenues in local currency increased by 4% driven by higher service and interconnect revenues, partly offset by reduced handset sales. Mobile subscription and traffic revenues increased by 2%.
- EBITDA in local currency increased by 1% as a result of continued cost optimisation.
- Capital expenditure was mainly related to network and 4G expansion. At the end of the third quarter, the 4G population coverage had reached 76%.

Montenegro & Serbia

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015

Revenues

Subscription and traffic	663	684	1 891	1 855	2 467
Interconnect revenues	183	217	578	575	790
Other mobile revenues	46	35	88	80	100
Non-mobile revenues	134	125	398	323	458
Total revenues	1 026	1 061	2 954	2 833	3 815

EBITDA before other items	391	404	1 029	1 015	1 329
Operating profit	261	293	643	705	902

EBITDA before other items/ Total revenues (%)	38.1	38.1	34.8	35.8	34.8
Capex	180	110	361	317	776

No. of subscriptions - Change in quarter/ Total (in thousands):	102	75	3 487	3 593	3 443
ARPU - monthly (NOK)	82	84	80	76	77
Exchange rate (RSD)			0.0762	0.0731	0.0742
Exchange rate (EUR)			9.3758	8.8227	8.9530

- The number of subscriptions increased by 102,000 during the quarter driven by seasonal effects. At the end of the quarter, the subscription base was 3% lower than at the end of the third quarter last year.
- ARPU in local currency decreased by 2% compared to last year, driven by declining revenues from interconnect and outbound roaming.
- Total revenues in local currency decreased by 3%.
- EBITDA in local currency decreased by 3% due to the decline in revenues and increased operating expenses related to the mobile banking business. The EBITDA margin was stable compared to last year.
- Capital expenditure was mainly related to network investments, including 4G roll-out. At the end of the third quarter, the 4G population coverage was 55% in Montenegro and 40% in Serbia.
- In July, Telenor Montenegro renewed spectrum holdings in the 900, 1800 and 2100 MHz frequency bands and acquired additional 2x5 MHz in each of these frequency bands at a total price of EUR 12.4 million. In Serbia, the licences in the 900, 1800 and 2100 MHz frequency bands have been extended for 10 years, in line with the condition set out when Telenor entered the country in 2006.

dtac - Thailand

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues					
Subscription and traffic	3 848	3 775	11 481	11 485	15 375
Interconnect revenues	269	280	827	1 040	1 327
Other mobile revenues	21	39	137	147	204
Non-mobile revenues	533	506	2 116	2 483	3 781
Total revenues	4 671	4 600	14 561	15 155	20 687
EBITDA before other items	1 727	1 656	5 046	4 982	6 580
Operating profit	341	584	1 030	1 914	2 333
EBITDA before other items/ Total revenues (%)	37.0	36.0	34.7	32.9	31.8
Capex	1 280	1 789	3 422	3 833	4 766
No. of subscriptions - Change in quarter/ Total (in thousands):	(132)	(2 092)	24 820	24 851	25 252
ARPU - monthly (NOK)	55	51	54	51	52
Exchange rate (THB)			0.2385	0.2347	0.2355

- The number of subscriptions decreased by 132,000 during the quarter. A reduction in the prepaid segment of 328,000 was partly offset by a growth of 195,000 in the contract segment. The subscription base was stable from the same quarter last year.
- Reported ARPU in local currency increased by 5%. Adjusted for the clearing of non-registered prepaid SIM cards in third quarter last year, ARPU improved slightly.
- Total revenues in local currency decreased by 1%. Prepaid revenues dropped 9%, while contract subscription revenues increased by 14%. Contract revenues now constitute 43% of total service revenues.
- EBITDA in local currency increased by 2%. Excluding one-time effects last year and this year, EBITDA increased by 6% mainly driven by regulatory cost savings.
- Operating profit in local currency decreased by 48% from increased depreciations of NOK 313 million following network expansion, particularly on the concession network with short depreciation period.
- Capital expenditure was mainly related to the roll-out of infrastructure and network equipment on 4,300 new base stations, of which 3,600 were based on 4G technology.

Digi - Malaysia

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues					
Subscription and traffic	2 998	3 038	9 074	9 437	12 425
Interconnect revenues	166	142	457	457	596
Other mobile revenues	29	39	86	104	137
Non-mobile revenues	131	171	523	878	1 148
Total revenues	3 324	3 390	10 141	10 876	14 306
EBITDA before other items	1 592	1 507	4 564	4 839	6 224
Operating profit	1 234	1 162	3 590	3 875	4 923
EBITDA before other items/ Total revenues (%)	47.9	44.4	45.0	44.5	43.5
Capex	416	454	1 112	1 291	1 870
No. of subscriptions - Change in quarter/ Total (in thousands):	(98)	(139)	12 249	11 676	12 125
ARPU - monthly (NOK)	85	91	86	94	93
Exchange rate (MYR)			2.0580	2.0959	2.0691

- During the quarter, the positive trend in the contract segment continued with 40,000 new subscriptions, while the decline of 138,000 in the prepaid segment was primarily from the migrant segment. The total number of subscriptions decreased by 98,000 this quarter while the subscription base was 5% higher than at the end of third quarter last year.
- ARPU in local currency decreased by 7% due to a decline in voice revenue and continued price pressure on data.
- Total revenues in local currency decreased by 3% due to reduced handset sales and reduction in ARPU partly offset by increased subscriber base. Subscription and traffic revenues in local currency decreased by 3%. In the contract segment, subscription and traffic revenues continued its strong growth and increased by 10%. The contract segment now constitutes 31% of total service revenues.
- EBITDA in local currency improved by 4% mainly driven by higher margin on international traffic and lower handset sales, partly offset by increased operating expenditures related to the network expansion. The EBITDA margin improved by 3 percentage points to 48%.
- Capital expenditure was related to 4G roll-out, high capacity backhaul transmission and IT modernisation. At the end of the quarter, the 4G population coverage reached 78%.
- On 30 August 2016, the Malaysian regulator announced the spectrum fees for Digi's allocation in the 900MHz and 1800 MHz frequency bands. The total price comprises of two elements, an upfront payment of NOK 1.229 million and annual payment of NOK 106 million over the 15 year tenure beginning 1 July 2017. The deadline for accepting the offer is 1 November 2016.

Grameenphone - Bangladesh

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues					
Subscription and traffic	2 740	2 401	7 956	6 751	9 266
Interconnect revenues	245	289	761	830	1 101
Other mobile revenues	8	9	21	36	36
Non-mobile revenues	142	111	408	341	479
Total revenues	3 134	2 811	9 145	7 957	10 881
EBITDA before other items	1 784	1 432	5 077	4 212	5 806
Operating profit	1 236	894	3 308	2 794	3 829
EBITDA before other items/ Total revenues (%)	56.9	50.9	55.5	52.9	53.4
Capex	226	488	1 692	1 496	1 996
No. of subscriptions - Change in quarter/ Total (in thousands):	(1 894)	2 382	55 015	55 511	56 679
ARPU - monthly (NOK)	18	16	17	16	16
Exchange rate (BDT)			0.1072	0.1018	0.1036

- The number of subscriptions decreased by 1.9 million during the quarter due to churn from SIM cards that have not been biometrically verified. The subscription base was 1% lower than at the end of third quarter last year. 42% of the subscribers are now active data users.
- ARPU in local currency increased by 8%, driven by growth in both voice and data usage. Subscription and traffic revenues in local currency increased by 14%.
- Total revenues in local currency increased by 11% due to ARPU uplift and higher handset sales.
- Gross margin improved by 2 percentage points driven by increased data usage. In addition, lower market related spending and reduced subscriber acquisition cost contributed to the strong profitability. The EBITDA margin increased by 6 percentage points to 57%. Adjusted for the tax appeal deposit in third quarter last year, EBITDA margin increased by 2 percentage points and EBITDA in local currency increased by 16%.
- Capital expenditure in the third quarter was prioritised towards expanding the 3G network coverage and core capacity. At the end of the quarter, the 3G population coverage was above 90%.

Pakistan

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015

Revenues

Subscription and traffic	1 574	1 431	4 703	4 211	5 699
Interconnect revenues	295	241	865	610	874
Other mobile revenues	6	11	(31)	33	48
Non-mobile revenues	300	304	923	863	1 146
Total revenues	2 175	1 988	6 460	5 717	7 766

EBITDA before other items	955	909	2 705	2 274	3 152
Operating profit	615	627	1 777	1 485	2 069

EBITDA before other items/ Total revenues (%)	43,9	45,7	41,9	39,8	40,6
Capex	307	266	4 310	884	1 442

No. of subscriptions - Change in quarter/ Total (in thousands):*	319	1 653	38 233	33 244	34 563
ARPU - monthly (NOK)	16	17	17	16	16
Exchange rate (PKR)			0,0803	0,0776	0,0785

- Telenor Pakistan successfully launched 4G services in July in Islamabad, Karachi and Lahore.
- The number of subscriptions increased by 319,000 during the quarter. At the end of the quarter, the subscription base was 15% higher than at the end of third quarter last year.
- ARPU in local currency decreased by 4% impacted by the disconnection of unverified SIM cards last year, partly offset by continued growth in data usage and higher incoming international traffic. Subscription and traffic revenues in local currency increased by 11%.
- Total revenues in local currency increased by 10%, supported by strong subscription growth, higher incoming international traffic and continued growth in financial services.
- EBITDA in local currency increased by 5% through the strong revenue growth, partly offset by higher rent and energy costs. Adjusted for items not related to third quarter performance, the EBITDA margin improved by 3 percentage points and EBITDA in local currency increased by 20%.
- Capital expenditure was prioritised towards network roll-out with the launch of 4G services and further expansion of 3G network coverage and capacity. At the end of the quarter, the 3G population coverage was 61%. Earlier this year, Telenor Pakistan acquired spectrum in the 850 MHz frequency band for the base price of USD 395 million.

India

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015

Revenues

Subscription and traffic	1 311	1 213	3 945	3 561	4 795
Interconnect revenues	220	186	632	559	750
Other mobile revenues	11	9	28	25	33
Non-mobile revenues	3	3	10	11	14
Total revenues	1 545	1 411	4 615	4 156	5 592

EBITDA before other items	132	(58)	307	(88)	(47)
Operating profit (loss)	(4 043)	(373)	(7 275)	(623)	(990)

Capex	186	195	798	557	1 046
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No. of subscriptions - Change in quarter/ Total (in thousands):*	(186)	1 006	44 722	40 855	42 619
ARPU - monthly (NOK)	11	12	11	12	12
Exchange rate (INR)			0,1252	0,1245	0,1258

* Please note that the definition for active subscriptions in the Indian operation is more conservative than the Group definition on page 24, due to high churn in the Indian market. Subscriptions are counted as active if there has been activity during the last 30 days.

- The number of subscriptions decreased by 186,000 during the third quarter. At the end of the quarter, the subscription base was 9% higher than the same quarter last year.
- ARPU in local currency increased slightly to INR 92.
- Revenues in local currency increased by 12% compared to the same quarter last year. Subscription and traffic revenues in local currency increased by 10%.
- The EBITDA improved significantly as result of the revenue growth and positive effects from the ongoing network modernisation programme.
- Operating profit was negatively impacted by NOK 4.1 billion in impairments and write downs, partly offset by lower depreciations following the impairment and write down of assets in the previous quarters. See note 4 for more information.
- Capital expenditure in the third quarter was mainly impacted by committed purchase orders from previous quarters related to the network modernization.

Myanmar

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015

Revenues

Subscription and traffic	1 436	1 185	4 340	2 753	3 973
Interconnect revenues	268	226	835	519	781
Other mobile revenues	14	4	26	11	19
Non-mobile revenues	20	17	61	59	66
Total revenues	1 737	1 433	5 262	3 342	4 839

EBITDA before other items	774	691	2 320	1 322	1 962
Operating profit	540	553	1 682	960	1 383

EBITDA before other items/ Total revenues (%)	44,6	48,2	44,1	39,6	40,5
Capex	614	1 334	1 945	2 639	3 380

No. of subscriptions - Change in quarter/ Total (in thousands):	927	2 280	17 816	11 793	13 683
ARPU - monthly (NOK)	33	44	36	47	44
Exchange rate (MMK)			0,0069	0,0070	0,0068

- Telenor Myanmar added 927,000 new subscriptions during the third quarter. By the end of third quarter the subscription base was 17.8 million.
- ARPU in local currency decreased by 28%, due to increased penetration in rural areas and tougher competitive environment focused on on-net voice pricing.
- Revenues in local currency increased by 17%, driven by continued subscription growth and higher data usage, partly offset by price pressure.
- EBITDA was driven by the continued growth in subscription and usage, partly offset by increased costs from a larger number of network sites on air.
- Capital expenditure remained high in the quarter as network population coverage increased from 78% to 82%.
- At the end of the third quarter, a total of 6,524 sites were on air, adding a total of 711 sites during the quarter.

Broadcast

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues					
Canal Digital DTH	1 145	1 165	3 457	3 400	4 572
Satellite Broadcasting	242	259	720	756	1 012
Norkring	279	285	1 054	834	1 120
Other/Eliminations	(121)	(118)	(360)	(351)	(468)
Total revenues	1 546	1 591	4 871	4 639	6 236

EBITDA before other items

Canal Digital DTH	202	239	629	585	781
Satellite Broadcasting	178	182	492	500	670
Norkring	163	173	680	460	607
Other/Eliminations	(4)	(6)	(16)	(20)	(26)
Total EBITDA before other items	540	588	1 784	1 525	2 032

Operating profit

Canal Digital DTH	187	227	587	553	735
Satellite Broadcasting	95	100	242	303	388
Norkring	88	97	318	251	325
Other/Eliminations	(6)	(6)	(18)	(20)	(26)
Total operating profit	364	418	1 128	1 086	1 422

EBITDA before other items/ Total revenues (%)

EBITDA before other items/ Total revenues (%)	34,9	37,0	36,6	32,9	32,6
Capex	87	83	276	1 695	1 785

No. of subscriptions - Change in quarter/Total (in thousands):

DTH TV	(6)	(2)	865	900	897
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- Total revenues in Broadcast decreased by 3% from the third quarter last year, while the EBITDA was down 7%.
- Revenues in Canal Digital DTH decreased by 2% due to changes in product offerings related to sport in Norway. The effects of lower DTH subscriber volume were compensated by price and increased hardware sales.
- EBITDA in Canal Digital DTH decreased by 3% mainly due to reduced revenues, and higher sales and marketing cost, and other operating cost.
- Revenues in Telenor Satellite decreased by 6% primarily due to reduced sales of data communication and satellite uplink services. EBITDA was down 2% as the revenue reduction was compensated by lower capacity lease and other operating cost.
- Revenues in Norkring decreased by 2%, while EBITDA decreased by 3%, primarily due to lower sale of installation services compared to the third quarter last year.
- Capital expenditure was on level with the third quarter last year, and was mainly used for Norkring investments related to roll-out of sites, maintenance and extension of the Digital Audio Broadcasting (DAB) network in Norway.

Other units

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues					
Global wholesale	906	680	2 340	2 066	2 676
Corporate functions	791	688	2 317	1 965	2 734
Digital Businesses	281	138	798	394	543
Other / eliminations	190	200	572	528	711
Total revenues	2 168	1 707	6 027	4 953	6 665

EBITDA before other items

Global wholesale	50	26	106	220	243
Corporate functions	(235)	(187)	(842)	(734)	(1 143)
Digital Businesses	(60)	26	(72)	114	128
Other / eliminations	14	20	4	80	71
Total EBITDA before other items	(231)	(116)	(804)	(320)	(701)

Operating profit (loss)

Global wholesale	38	16	70	192	211
Corporate functions	(394)	(329)	(1 273)	(1 067)	(1 621)
Digital Businesses	(91)	25	(144)	112	120
Other / eliminations	14	8	(26)	33	5
Total operating profit (loss)	(433)	(280)	(1 373)	(730)	(1 285)

Capex	203	115	569	405	649
Investments in businesses	42	74	3 467	436	500

- In Global Wholesale revenues increased by NOK 226 million, driven by increased number of external customers in the international voice business. EBITDA improved by NOK 24 million.
- EBITDA in Corporate Functions were impacted by costs related to corporate branding and projects, shared service centre and higher activity levels, more than offsetting increased internal revenues.
- In Digital Businesses, revenues increased mainly from the inclusion of Tapad in February 2016 and higher revenues in Telenor Connexion. EBITDA decreased mainly due to negative EBITDA contribution from Tapad.
- Operating profit decreased mainly due to depreciations related to the launch of new business support systems in Denmark and the acquisition of Tapad.
- NOK 58 million were invested in the development of new business support systems for Denmark and Hungary in the third quarter. This investment accumulates to NOK 812 million.
- Investments in businesses in third quarter were related to the acquisition of SatPoint AB by Telenor Maritime.

Group performance first nine months 2016

The comments below are related to Telenor's development in 2016 compared to 2015 unless otherwise stated.

Specification of other income and other expenses

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
EBITDA before other income and other expenses	12 459	11 848	35 689	33 338	44 197
EBITDA before other income and other expenses (%)	38.0	37.2	36.3	35.2	34.5
Gains on disposals of fixed assets and operations	29	10	61	131	113
Write-down of receivables in India	-	-	(611)	-	-
Losses on disposals of fixed assets and operations	(45)	(212)	(161)	(365)	(525)
Workforce reductions, onerous (loss) contracts and one time pension costs	(60)	(216)	(343)	(381)	(460)
EBITDA	12 383	11 430	34 636	32 723	43 325
EBITDA margin (%)	37.8	35.9	35.2	34.6	33.8

In the third quarter of 2016 'Other income and other expenses' mainly consisted of:

- Workforce reductions mainly in Norway (NOK 34 million) and Denmark (NOK 21 million).

In the first three quarters of 2016 'Other income and other expenses' consisted mainly of:

- Writedown of receivables in India. See note 4 for further information.
- Losses on disposals of fixed assets mainly in dtac and India.
- Workforce reductions in Norway, Grameenphone, dtac, Corporate Functions and Denmark offset by positive impact of settlement with a vendor from exiting some of the old service areas in India.

In the first three quarters of 2015 'Other income and other expenses' consisted mainly of:

- Losses on disposal of fixed assets mainly in Denmark, India and Sweden.
- Workforce reductions mainly in Norway, Sweden, Denmark, Corporate Functions and dtac.

Impairment

- In the third quarter 2016, the Group reassessed the fair value of the licences based on recent observations in the Indian market. The assessment resulted in an additional impairment of the licences in the third quarter 2016 of NOK 4.0 billion.
- During the first nine months of 2016, an impairment amounting to NOK 6.7 billion related to tangible and intangible assets in Telenor India have been recognised. In addition, NOK 0.6 billion in non-interest-bearing receivables were written down during the first quarter. See note 4 for more information.

Operating profit

- Reported operating profit decreased by NOK 6.5 billion as higher EBITDA was more than offset by impairment losses related to tangible and intangible assets in Telenor India and increased depreciation and amortisation. Currency effects positively impacted operating profit by NOK 0.3 billion.

Associated companies and joint ventures

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Telenor's share of					
Profit after taxes	389	279	1 004	1 201	(1 455)
Amortisation of Telenor's net excess values	(6)	(6)	(17)	(44)	(50)
Impairment losses	(2 406)	(5 395)	(912)	(5 399)	(5 565)
Gains (losses) on disposal of ownership interests	(3 238)	33	(3 308)	258	251
Profit (loss) from associated companies	(5 260)	(5 089)	(3 235)	(3 985)	(6 819)

- Profit after tax from associated companies and joint ventures in the third quarter of 2016 includes positive contribution from VimpelCom of NOK 405 million for Telenor's 33.0% share of VimpelCom's result for the second quarter of 2016. During the nine months of 2016, profit after tax from associates companies and joint ventures includes positive contribution from VimpelCom of NOK 1.1 billion.
- The result from online classifieds joint ventures was negative NOK 35 million in the third quarter of 2016 compared to negative NOK 69 million in the third quarter of 2015. During the nine months of 2016, profit after tax from associated companies and joint ventures include negative contribution from online classifieds joint ventures of NOK 143 million.
- Following the announcement on 5 October 2015 of its intention to divest its stake in VimpelCom, during the third quarter of 2016 Telenor disposed of a portion of its ownership in VimpelCom corresponding to approximately 163.9 million VimpelCom American Depository Shares (ADSs) for a price of USD 3.50 per share before transaction costs, resulting in net proceeds to Telenor of NOK 4.6 billion. Impairment loss of NOK 0.7 billion relating to disposal of ADSs was recorded during the third quarter of 2016. The disposal resulted in proportionate reclassification to income statement of previously recognised translation differences in other comprehensive income (OCI) resulting in a loss of NOK 3.2 billion.
- The remaining VimpelCom ADSs were measured at share price of USD 3.48 as of 30 September 2016, resulting in impairment of NOK 1.7 billion recognised during the third quarter of 2016. Total impairment during the third quarter 2016, including the impairment of NOK 0.7 billion related to the disposal, amounts to NOK 2.4 billion. Impairment recognised during the nine months of 2016 was NOK 0.6 billion.
- Pursuant to Telenor's agreement to sell its 48% ownership in Amedia for NOK 190 million to Sparebankstiftelsen DNB, an impairment loss of NOK 363 million was recognised in the first quarter of 2016. The transaction was closed in the second quarter of 2016, and a loss of NOK 71 million was recognised which represents reclassification of accumulated loss in OCI to income statement upon disposal of the investment.

Financial items

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Financial income	91	132	316	388	491
Financial expenses	(847)	(701)	(2 334)	(2 009)	(2 727)
Net currency gains (losses)	816	(222)	611	(534)	(961)
Net change in fair value of financial instruments	(312)	(6)	(328)	214	277
Net gains (losses and impairment) of financial assets and liabilities	(9)	-	(5)	-	-
Net financial income (expenses)	(260)	(797)	(1 741)	(1 941)	(2 921)
Gross interest expenses	(653)	(604)	(1 901)	(1 712)	(2 327)
Net interest expenses	(619)	(533)	(1 763)	(1 503)	(2 070)

- The Norwegian Krone appreciated in the third quarter, which lead to net foreign exchange gain, both for the third quarter and the first three quarters aggregated. The gains were mainly related to debt denominated in foreign currency.
- Negative change in fair value of financial instruments is mainly due to market valuation of option features of the bond exchangeable into VimpelCom ADSs (NOK 448 million).

Taxes

- The underlying effective tax rate remains stable at around 29%. The estimated effective tax rate for the third quarter and for the first three quarters of the year is -70% and 63% respectively. The effective tax rate in the first three quarters is high mainly due to impairment of India and recycling of losses from other comprehensive income in relation to the VimpelCom transaction. The negative effective tax rate for the quarter is further explained by write down of the VimpelCom investment to market value.
- The effective tax rate for the year is estimated to be around 50%.
- Telenor Pakistan has received reassessment orders with demand notes of NOK 3.1 billion from Tax Authority concerning the deductibility of certain expenses claimed in tax returns from previous years. The Commissioner Appeals has to decide on the appeal before 19 November 2016. Until the appeal has been decided upon, any collection is stayed.

Cash flow

- Net cash inflow from operating activities during the first three quarters of 2016 was NOK 30.6 billion, an increase of NOK 1.4 billion compared to the first three quarters of 2015. Profit before taxes adjusted for items without cash effect or not related to operating activities¹⁾ was NOK 1.2 billion higher during 2016, partly offset by higher taxes paid with NOK 0.6 billion. Positive impact from changes in working capital and other was NOK 0.8 billion higher compared to 2015, which consists of two elements; positive impact from financial instruments of NOK 1.2 billion partly offset by operating working capital with NOK 0.4 billion.
- Net cash outflow to investing activities during the first three quarters of 2016 was NOK 15.0 billion, an increase of NOK 1.1 billion compared to the first three quarters of 2015. Cash outflow related to capex and licence investments was NOK 2.5 billion higher during 2016. Investments in businesses were NOK 2.5 billion higher which is mainly related to acquisition of Tapad Inc. in the first quarter of 2016 with NOK 2.7 billion. The proceeds from sale of businesses included proceeds from partial disposal of Telenor's stake in VimpelCom Ltd. with NOK 4.6 billion during 2016 and sale of shares in Evry ASA with NOK 1.3 billion in 2015, which mainly explains the positive change related to proceeds from sale of businesses with NOK 3.4 billion in 2016 as compared to 2015.
- Net cash outflow to financing activities during the first three quarters of 2016 was NOK 1.2 billion. This is mainly explained by dividends paid to shareholders in Telenor ASA of NOK 6.2 billion, dividends paid to minority interest of NOK 2.7 billion offset by net proceeds from borrowings of NOK 7.7 billion.
- Cash and cash equivalents increased by NOK 13.7 billion during the three quarters of 2016 to NOK 27.5 billion as of 30 September 2015.

¹⁾ Items without cash effect or not related to operating activities adjusted for include:

- Depreciation, amortisation and impairment losses
- Net (gains) losses from disposals, impairment and change in fair value of financial assets and liabilities
- Loss (profit) from associated companies and joint ventures
- Currency (gains) losses not related to operating activities

Financial position

- During the first three quarters of 2016, total assets decreased by NOK 2.9 billion to NOK 202.0 billion. This was mainly due to strengthening of Norwegian Krone against most relevant currencies and impairment loss recognised in Telenor India. This was partly offset by cash proceeds from issuance of exchangeable bonds into VimpelCom Ltd. ADS of NOK 8.2 billion (see note 5 for further information).
- Net interest bearing debt decreased by NOK 6.2 billion to NOK 47.9 billion. This is mainly due to increase in cash and cash equivalents due to proceeds from divestment of VimpelCom Ltd. shares of NOK 4.6 million (see note 3 for further information).
- Total equity decreased by NOK 5.9 billion to NOK 57.3 billion mainly due to dividends to non-controlling interests and shareholders of Telenor ASA of NOK 8.4 billion and pension re-measurement of NOK 0.6 billion partly offset by positive net income from operations of NOK 2.9 billion.

Transactions with related parties

For detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2015.

Risk and uncertainties

The existing risks and uncertainties described below are expected to remain for the next three months.

A growing share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. 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.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2015, section Risk Factors and Risk Management, and Telenor's Annual Report 2015 Note 28 Managing Capital and Financial Risk Management and Note 33 Legal Disputes and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New developments of risks and uncertainties since the publication of Telenor's Annual Report for 2015 are:

Legal disputes

See note 7 for details.

Financial aspects

In relation to the licence issuance in Myanmar, a performance bond of USD 150 million has been issued to Myanmar authorities as a guarantee towards coverage and quality of service commitments during the next three years of the licence.

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 for 2016' 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, 25 October 2016
The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Revenues	32 794	31 836	98 284	94 688	128 175
Costs of materials and traffic charges	(8 174)	(7 974)	(24 768)	(25 590)	(35 147)
Salaries and personnel costs	(3 136)	(2 958)	(9 943)	(9 113)	(12 406)
Other operating expenses	(9 025)	(9 057)	(27 883)	(26 647)	(36 425)
Other income	29	10	61	131	113
Other expenses	(105)	(428)	(1 115)	(746)	(985)
EBITDA	12 383	11 430	34 636	32 723	43 325
Depreciation and amortisation	(5 073)	(4 785)	(14 956)	(13 301)	(18 384)
Impairment losses	(4 143)	(58)	(6 796)	(78)	(2 181)
Operating profit	3 167	6 587	12 883	19 344	22 761
Share of net income from associated companies and joint ventures	(2 022)	(5 122)	74	(4 242)	(7 070)
Gain (loss) on disposal of associated companies	(3 238)	33	(3 308)	258	251
Net financial income (expenses)	(260)	(797)	(1 741)	(1 941)	(2 921)
Profit (loss) before taxes	(2 353)	702	7 908	13 418	13 020
Income taxes	(1 643)	(1 751)	(5 014)	(5 322)	(6 317)
Net income (loss)	(3 996)	(1 049)	2 895	8 096	6 704
Net income (loss) attributable to:					
Non-controlling interests	825	721	2 349	2 557	3 289
Equity holders of Telenor ASA	(4 821)	(1 770)	546	5 539	3 414
Earnings per share in NOK					
Basic from total operations	(3.21)	(1.18)	0.36	3.69	2.27
Diluted from total operations	(3.21)	(1.18)	0.36	3.69	2.27

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015 Re-presented	2016	2015 Re-presented	2015
Net income	(3 996)	(1 049)	2 895	8 096	6 704
Translation differences on net investment in foreign operations	(3 305)	5 001	(6 343)	5 910	7 774
Income taxes	(22)	(57)	(3)	(10)	(3)
Amount reclassified from other comprehensive income to income statement on partial disposal	(2 951)	(13)	(3 609)	(15)	(15)
Net gain (loss) on hedge of net investment	1 759	(3 784)	4 140	(4 106)	(5 491)
Income taxes	(440)	1 022	(1 035)	1 109	1 232
Amount reclassified from other comprehensive income to income statement on partial disposal	1 071	-	2 153	-	-
Net gain (loss) on available-for-sale-investment	(1)	(15)	(29)	4	(17)
Share of other comprehensive income (loss) of associated companies and joint ventures	6	(1 563)	661	(2 137)	(3 357)
Amount reclassified from other comprehensive income to income statement on disposal	4 712	-	4 783	(23)	(23)
Items that may be reclassified subsequently to income statement	830	591	719	732	99
Remeasurement of defined benefit pension plans	16	(497)	(751)	463	1 111
Income taxes	(3)	133	168	(126)	(249)
Items that will not be reclassified to income statement	13	(363)	(583)	337	862
Other comprehensive income (loss), net of taxes	843	227	136	1 069	961
Total comprehensive income	(3 153)	(822)	3 030	9 165	7 666
Total comprehensive income attributable to:					
Non-controlling interests	673	836	2 034	2 860	3 762
Equity holders of Telenor ASA	(3 826)	(1 658)	996	6 305	3 903

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

Consolidated statement of financial position

Telenor Group

(NOK in millions)	30 September 2016	31 December 2015	30 September 2015
Deferred tax assets	1 218	3 366	2 820
Goodwill	25 040	23 968	23 565
Intangible assets	33 763	40 495	39 732
Property, plant and equipment	68 168	69 211	67 400
Associated companies and joint ventures	13 712	19 400	23 065
Other non-current assets	5 873	6 155	5 816
Total non-current assets	147 775	162 596	162 398
Prepaid taxes	802	770	540
Inventories	1 427	2 271	1 550
Trade and other receivables	22 345	23 877	22 252
Other current financial assets	2 117	1 436	1 707
Assets classified as held for sale	2	3	2
Cash and cash equivalents	27 573	13 956	20 039
Total current assets	54 267	42 313	46 089
Total assets	202 042	204 909	208 488
Equity attributable to equity holders of Telenor ASA	53 105	58 467	66 048
Non-controlling interests	4 169	4 660	4 273
Total equity	57 274	63 126	70 321
Non-current interest-bearing liabilities	58 508	63 802	64 049
Non-current non-interest-bearing liabilities	2 866	4 010	3 498
Deferred tax liabilities	2 784	3 023	2 522
Pension obligations	3 064	2 424	3 269
Provisions and obligations	3 482	3 545	3 481
Total non-current liabilities	70 705	76 805	76 819
Current interest-bearing liabilities	25 742	12 626	11 885
Trade and other payables	39 939	44 030	41 541
Current tax payables	3 371	3 392	3 454
Current non-interest-bearing liabilities	3 632	3 339	2 990
Provisions and obligations	1 380	1 591	1 477
Total current liabilities	74 064	64 978	61 347
Total equity and liabilities	202 042	204 909	208 488

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

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Profit before taxes from total operation	2 353	702	7 908	13 418	13 020
Income taxes paid	(1 081)	(1 182)	(4 294)	(3 658)	(5 141)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	340	171	427	(17)	81
Depreciation, amortisation and impairment losses	9 216	4 843	21 752	13 379	20 565
Loss (profit) from associated companies and joint ventures	5 260	5 089	3 235	3 985	6 819
Dividends received from associated companies	-	-	8	14	189
Currency (gains) losses not related to operating activities	(1 010)	213	(1 028)	299	667
Changes in working capital and other	120	1 148	2 580	1 744	906
Net cash flow from operating activities	10 492	10 984	30 588	29 163	37 107
Purchases of property, plant and equipment (PPE) and intangible assets	(4 057)	(4 863)	(16 965)	(14 502)	(21 168)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(38)	(74)	(2 948)	(437)	(497)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	4 640	71	4 839	1 427	1 462
Proceeds from sale and purchases of other investments	215	(231)	75	(338)	(79)
Net cash flow from investing activities	760	(5 097)	(14 999)	(13 851)	(20 281)
Proceeds from and repayments of borrowings	5 423	3 269	7 739	1 713	(540)
Dividends paid to and purchases of shares from non-controlling interests	(1 082)	(1 122)	(2 726)	(3 268)	(3 777)
Dividends paid to equity holders of Telenor ASA	(260)	(254)	(6 241)	(5 704)	(10 724)
Net cash flow from financing activities	4 081	1 893	(1 228)	(7 259)	(15 041)
Effects of exchange rate changes on cash and cash equivalents	(573)	(34)	(631)	(68)	81
Net change in cash and cash equivalents	14 759	7 746	13 731	7 986	1 866
Cash and cash equivalents at the beginning of the period	12 731	12 133	13 760	11 893	11 893
Cash and cash equivalents at the end of the period ¹⁾	27 490	19 881	27 490	19 881	13 760

¹⁾ As of 30 September 2016, restricted cash was NOK 542 million, while as of 30 September 2015, restricted cash was NOK 371 million.

Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2015	9 078	(20 377)	73 974	1 080	63 755	4 750	68 505
Net income for the period	-	-	3 414	-	3 414	3 289	6 703
Other comprehensive income for the period	-	(2 534)	-	3 022	488	473	961
Total comprehensive income for the period	-	(2 534)	3 414	3 022	3 903	3 762	7 665
Transactions with non-controlling interests	-	(2)	-	-	(2)	24	22
Equity adjustments in associated companies and joint ventures	-	1 732	-	-	1 732	-	1 732
Dividends	-	-	(10 959)	-	(10 959)	(3 876)	(14 835)
Share - based payment, exercise of share options and distribution of shares	-	37	-	-	37	-	37
Equity as of 31 December 2015	9 078	(21 143)	66 429	4 102	58 467	4 660	63 126
Net income for the period	-	-	546	-	546	2 349	2 895
Other comprehensive income for the period	-	4 863	-	(4 413)	450	(314)	136
Total comprehensive income for the period	-	4 863	787	(4 413)	996	2 034	3 030
Transactions with non-controlling interests	-	(155)	-	-	(155)	(112)	(267)
Equity adjustments in associated companies and joint ventures	-	(223)	-	-	(223)	-	(223)
Dividends	-	-	(6 006)	-	(6 006)	(2 413)	(8 418)
Share - based payment, exercise of share options and distribution of shares	-	26	-	-	26	-	26
Equity as of 30 September 2016	9 078	(16 632)	60 969	(312)	53 104	4 169	57 274

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2015	9 078	(20 377)	73 974	1 080	63 755	4 750	68 505
Net income for the period	-	-	5 539	-	5 539	2 557	8 096
Other comprehensive income for the period	-	(1 819)	-	2 585	766	303	1 069
Total comprehensive income for the period	-	(1 819)	5 539	2 585	6 305	2 860	9 165
Transactions with non-controlling interests	-	(2)	-	-	(2)	2	-
Equity adjustments in associated companies and joint ventures	-	1 672	-	-	1 672	-	1 672
Dividends	-	-	(5 706)	-	(5 706)	(3 339)	(9 044)
Share - based payment, exercise of share options and distribution of shares	-	23	-	-	23	-	23
Equity as of 30 September 2015	9 078	(20 503)	73 807	3 664	66 048	4 273	70 321

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 nine months ending 30 September 2016, 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 2015. The accounting policies adopted 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 2015.

For information about the standards and interpretations effective from 1 January 2016, please refer to Note 1 in the Group's Annual Report 2015. The standards and interpretations effective from 1 January 2016 do not have a significant impact on the Group's consolidated interim financial statements.

Note 2 – Business combination

On 18 February 2016, the Group acquired approximately 95% of the interests in Tapad Inc., a leading marketing technology firm based in New York, for a cash consideration of NOK 2.7 billion. For the remaining 5% of the interests, Telenor has entered into a put and call arrangement with the non-controlling shareholders. Effectively, the acquisition is recognised as the Group has acquired 100% of the interests in Tapad Inc. A liability of NOK 133 million was recognised on the acquisition date, reflecting the put option's redemption amount. Any subsequent change to the redemption amount will be recognised in the income statement. The Group currently holds approximately 95% of the voting rights in Tapad Inc. The acquisition related transaction cost was approximately NOK 64 million, recognised as other operating expenses.

Tapad Inc. delivers unified cross-device marketing technology solutions that give publishers, marketers and technology providers a holistic view of consumers across devices and screens, including smartphones, tablets, home computers and smart TVs. As of the acquisition date Tapad Inc. had more than 160 of the top U.S. brands among its customers and benefited from over 50 data technology licencing partnerships. The acquisition enables Telenor to take a position within the rapidly growing market for advertising technology and secures important competence within digital marketing and analytics. Tapad Inc. had approximately 160 employees, with offices in 13 key cities in the U.S. and Europe.

The purchase price allocation was performed with assistance from third-party valuation experts. The fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

NOK in millions	Preliminary fair values as of acquisition date
Technology	350
Other intangible assets	58
Property, plant & equipment	65
Other assets	179
Total assets	651
Deferred tax liability	129
Non-current liabilities	82
Current liabilities	310
Total liabilities	520
Net identifiable assets	132
Goodwill	2 759
Total consideration for the shares,	2 890
of which cash	2 740
of which liability	151

In June 2016, the purchase price allocation was completed, resulting in NOK 2 759 million of total goodwill arising from the acquisition. During second quarter 2016, the Group has paid NOK 17 million of the liability and NOK 133 million related to the redemption amount remains as a liability as of 30 September 2016.

The goodwill of NOK 2.8 billion comprises of the value of expected synergies arising from the acquisition, database of search-based and customer related information, assembled workforce and deferred tax on excess values. None of the goodwill is expected to be deductible for income tax purposes.

For the period between the date of acquisition and 30 September 2016, Tapad Inc. contributed NOK 352 million to the Group's revenue and NOK 189 million negative to the Group's profit before taxes. If the business combination had taken place at the beginning of the year, revenue and profit before taxes for the Group would have been NOK 98,330 million and NOK 7,876 million respectively.

Other business combinations

During the nine months of 2016 the Group acquired three additional businesses in Norway (fixed business), Sweden (maritime communications) and Malaysia (financial services), for the total amount of NOK 200 million. NOK 65 million is recognised as a liability, as it is contingent upon future performance. The remaining amount has been paid in cash.

Note 3 – Associated companies and joint ventures

VimpelCom Ltd.

On 5 October 2015, Telenor Group announced its intention to divest all its VimpelCom American Depository Shares (ADSs). Accordingly, the carrying amount of VimpelCom is measured at the lower of carrying amount based on the equity method before impairment and market value.

During the third quarter of 2016 Telenor disposed of a portion of its ownership in VimpelCom corresponding to approximately 163.9 million VimpelCom ADSs or 9.3% of the total share capital of VimpelCom for a price of USD 3.50 per share before transaction costs, resulting in net proceeds to Telenor of NOK 4.6 billion. After the disposal, Group's ownership of VimpelCom reduced from 33% to 23.7% as of 30

September 2016. Loss of NOK 3.2 billion was recognized in income statement upon disposal of 163.9 million VimpelCom ADSs relating to reclassification of translation differences previously recognised in other comprehensive income. During the nine months of 2016, total impairment loss of NOK 0.6 billion was recognized.

After the disposal, the carrying amount of the investment in VimpelCom is NOK 11.7 billion, equivalent to USD 3.48 per share. Concurrently with the disposal of 163.9 million VimpelCom ADSs, Telenor issued bonds of USD 1 billion exchangeable into VimpelCom ADSs and having a maturity of 3 years, see note 5 for further details relating to the bonds.

VimpelCom will continue to be classified as an associated company until it is highly probable that a sale within 12 months will occur for the remaining VimpelCom ADSs. The remaining balance of income and expenses recognised in other comprehensive income amounting to a net loss of NOK 7.2 billion will be proportionately reclassified to the income statement upon disposal of remaining 23.7% ownership share of VimpelCom. Total equity for the Group will not be impacted by the reclassification effects.

Note 4 – Impairment

The Group applies fair value less cost of disposal when determining recoverable amount of Telenor India. Key assumptions in determining the fair value less cost of disposal (level 3) are spectrum prices and contractual obligations in India. As a consequence of the development in spectrum trading prices and updated assumptions of the contractual obligations, the Group reassessed the fair value less cost of disposal of Telenor India in the first quarter 2016 and an impairment loss of NOK 2.3 billion was recognised, of which NOK 1.4 billion mainly related to switches and radio installations and the remaining NOK 0.9 billion mainly related to licences. In the third quarter 2016, the Group reassessed the fair value of the licences based on recent observations in the Indian market. The assessment resulted in an additional impairment of the licences in the third quarter 2016 of NOK 4.0 billion. During the second and third quarter recognised assets of NOK 0.4 billion related to switches and radio installations has been impaired, keeping the carrying amount of tangible assets at zero. The recoverable amount of intangible assets is NOK 0.3 billion. In addition, NOK 0.6 billion in non-interest-bearing receivables were written down during the first quarter. During the nine months of 2016, total impairment loss and write downs related to Telenor India of NOK 7.3 billion were recognised.

Note 5 – Interest-bearing liabilities

Concurrently with the equity offering of the VimpelCom ADSs on 15 September, see note 3, Telenor East Holding II AS, an indirectly wholly owned subsidiary of Telenor ASA ("Telenor"), placed USD 1,000 million aggregate principal amount of senior, unsecured bonds (the "Bonds") exchangeable into VimpelCom ADSs. The Bonds have an expected maturity of 3 years and will pay a fixed coupon of 0.25% per annum, payable semi-annually. The exchangeable bond is in the statement of financial position split into an interest-bearing liability recognised at amortised cost and a financial derivative recognised at fair value. As of the placement date the carrying amount of the interest-bearing liability was NOK 7.9 billion (USD 956 million)

Each USD 200,000 bond is exchangeable for 40,816 VimpelCom ADSs (subject to certain adjustments), which represents an exchange price of USD 4.90 per ADS, a 40% premium to the reference equity offering price of USD 3.50 per ADS. Underlying the exchangeable bonds are approximately 204.1 million VimpelCom ADSs (subject to certain adjustments), corresponding to approximately 11.6% of VimpelCom's total share capital.

Upon the maturity of the Bonds, the Issuer may redeem each USD 200,000 bond that has not been previously exchanged by paying cash, by transferring up to 61,224 ADSs (150% of 40,816 ADS underlying each bond) or by paying and transferring a mix of cash and ADSs, in each case with a market value of USD 200,000.

Additionally, Telenor may redeem the bonds at their USD 200,000 principal amount, together with accrued interest, for cash at any time on or after 12 October 2018 provided that the market value of the 40,816 VimpelCom ADSs underlying each Bond is at least USD 260,000, effectively encouraging bondholders to exercise their exchange right and accelerating Telenor's divestment of its VimpelCom ADSs.

Following these transactions and assuming that 100% of the VimpelCom ADSs underlying the Bonds are delivered to bondholders at or before the Bond's maturity in September 2019, Telenor's residual stake in VimpelCom would be 12.1% of VimpelCom's total share capital, equal to 212.6 million ADSs. The Bonds will be admitted to trading on the Open Market (Freiverkehr) segment of Frankfurt stock exchange.

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

NOK in millions	30 September 2016	
	Carrying amount	Fair value
Interest-bearing liabilities	(84 250)	(88 810)
of which fair value level 1		(60 595)
of which fair value level 2		(28 215)

NOK in millions	31 December 2015	
	Carrying amount	Fair value
Interest-bearing liabilities	(76 428)	(80 422)
of which fair value level 1		(54 423)
of which fair value level 2		(25 999)

NOK in millions	30 September 2015	
	Carrying amount	Fair value
Interest-bearing liabilities	(75 934)	(79 961)
of which fair value level 1		(53 842)
of which fair value level 2		(26 119)

Note 6 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 29 in the Annual Report 2015 for valuation methodologies. The financial derivatives are classified in the statement of financial position as disclosed in the table:

NOK in millions	30 September 2016	31 December 2015	30 September 2015
Other non-current assets	3 470	3 547	3 408
Other current financial assets	720	391	543
Non-current non-interest-bearing financial liabilities	(2 304)	(3 615)	(3 100)
Non-current interest-bearing financial liabilities	-	-	(49)
Current non-interest-bearing liabilities	(1 153)	(960)	(962)
Total	733	(637)	(160)

Note 7 – Legal disputes**India**

After the cancellation of the 2G licences awarded in 2008, Unitech Wireless (now Telenor India) secured spectrum licences in 6 circles in an auction. The Supreme Court cancellation order dated 15 February 2013 opened up for possible retroactive spectrum fee payments applicable to the licensees who continued businesses until new licences were issued. Department of Telecommunications in India (DoT) issued a notice dated 17 November 2014 to Unitech Wireless seeking an explanation as to why retrospective spectrum fee payment of NOK 0.9 billion plus interest should not be paid by Unitech Wireless. The company disputed the calculation of the amount. However, on 25 September 2016 DoT issued demand notice of NOK 1.0 billion (including interest of NOK 0.2 billion). A stay order has been obtained in the case held in the Telecom disputes settlement & appellate tribunal (TDSAT) on 7 October 2016.

Telenor Norway

In the ESA and Norwegian Competition Authority investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices in the Norwegian mobile market, ESA issued a statement of objections (SO) on the 1 February 2016. The SO is a formal step in the ESA's competition law investigations in which the ESA informed Telenor Norge AS about its preliminary concerns in writing. According to ESA's preliminary view in the SO, Telenor Norge AS has infringed the prohibition against abuse of a dominant position related to two different types of market conduct; 1) margin-squeeze on mobile broadband standalone to consumers in Norway and 2) lock-in clauses in conjunction with early termination fees on individual subscriptions in the business segment in Norway. Telenor Norge AS provided its legal and factual arguments 25 April 2016. A meeting with ESA was held on 3 and 4 October 2016 and gave Telenor Norge AS an opportunity to argue the case before ESA's case team and management.

Note 8 – Events after the reporting period

On 19 October 2016, the Board of Directors of Digi declared the third interim dividend for 2016 of MYR 0.056 per share which corresponds to approximately NOK 0.8 billion total dividend and approximately NOK 0.4 billion for Telenor ownership share.

Note 9 – Segment table and reconciliation of EBITDA before other income and other expenses

Financial information related to the financial services operation in Myanmar is now reported as part of Other units. The financial information for 2015 has been restated to reflect this.

The operations

Third quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾			
	2016	2015	Growth	2016	2015	2016	Margin	2015	Margin
Norway	6 515	6 594	(1.2%)	74	65	2 910	44.7%	2 955	44.8%
Sweden	3 072	3 188	(3.6%)	19	23	1 038	33.8%	1 023	32.1%
Denmark	1 265	1 273	(0.6%)	36	19	136	10.8%	127	10.0%
Hungary	1 124	1 167	(3.7%)	16	9	389	34.6%	417	35.7%
Bulgaria	815	772	5.6%	15	5	323	39.6%	314	40.7%
Montenegro & Serbia	1 026	1 061	(3.3%)	48	48	391	38.1%	404	38.1%
dtac - Thailand	4 671	4 600	1.5%	24	35	1 727	37.0%	1 656	36.0%
Digi - Malaysia	3 324	3 390	(1.9%)	5	1	1 592	47.9%	1 507	44.4%
Grameenphone - Bangladesh	3 134	2 811	11.5%	-	-	1 784	56.9%	1 432	50.9%
Pakistan	2 175	1 988	9.4%	18	28	955	43.9%	909	45.7%
India	1 545	1 411	9.5%	-	1	132	8.5%	(58)	nm
Myanmar	1 737	1 433	21.3%	56	44	774	44.6%	691	48.2%
Broadcast	1 546	1 591	(2.8%)	48	38	540	34.9%	588	37.0%
Other units	2 168	1 707	27.0%	964	832	(231)	nm	(116)	nm
Eliminations	(1 324)	(1 148)	-	(1 324)	(1 148)	-	-	-	-
Group	32 794	31 836	3.0%	-	-	12 459	38.0%	11 848	37.2%

First three quarters

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾			
	2016	2015	Growth	2016	2015	2016	Margin	2015	Margin
Norway	19 334	19 823	(2.5%)	233	221	8 316	43.0%	8 470	42.7%
Sweden	9 273	9 168	1.1%	48	55	2 920	31.5%	2 713	29.6%
Denmark	3 765	3 770	(0.1%)	98	53	444	11.8%	454	12.0%
Hungary	3 342	3 315	0.8%	43	23	1 075	32.2%	1 101	33.2%
Bulgaria	2 340	2 132	9.8%	30	9	904	38.6%	839	39.3%
Montenegro & Serbia	2 954	2 833	4.3%	128	115	1 029	34.8%	1 015	35.8%
dtac - Thailand	14 561	15 155	(3.9%)	69	71	5 046	34.7%	4 982	32.9%
Digi - Malaysia	10 141	10 876	(6.8%)	13	3	4 564	45.0%	4 839	44.5%
Grameenphone - Bangladesh	9 145	7 957	14.9%	-	-	5 077	55.5%	4 212	52.9%
Pakistan	6 460	5 717	13.0%	59	94	2 705	41.9%	2 274	39.8%
India	4 615	4 156	11.1%	-	2	307	6.7%	(88)	nm
Myanmar	5 262	3 342	57.4%	186	91	2 320	44.1%	1 322	39.6%
Broadcast	4 871	4 639	5.0%	129	117	1 784	36.6%	1 525	32.9%
Other units	6 027	4 953	21.7%	2 769	2 293	(804)	nm	(320)	nm
Eliminations	(3 806)	(3 147)	21.0%	(3 806)	(3 147)	-	-	-	-
Group	98 284	94 688	3.8%	-	-	35 689	36.3%	33 338	35.2%

¹⁾ The segment profit is EBITDA before other income and other expenses.

²⁾ Investments consist of capex and investments in businesses, licences and spectrum.

Reconciliation

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Net income	(3 996)	(1 049)	2 895	8 096	6 704
Income taxes	(1 643)	(1 751)	(5 014)	(5 322)	(6 317)
Profit before taxes	(2 353)	702	7 908	13 418	13 020
Net financial income (expenses)	(260)	(797)	(1 741)	(1 941)	(2 921)
Profit (loss) from associated companies and joint ventures	(5 260)	(5 089)	(3 235)	(3 985)	(6 819)
Depreciation and amortisation	(5 073)	(4 785)	(14 956)	(13 301)	(18 384)
Impairment losses	4 143	(58)	6 796	(78)	(2 181)
EBITDA	12 383	11 430	34 636	32 723	43 325
Other income	29	10	61	131	113
Other expenses	(105)	(428)	(1 115)	(746)	(985)
EBITDA before other income and other expenses	12 459	11 848	35 689	33 338	44 197

EBITDA				Operating profit (loss)				Investments ²⁾	
2016	Margin	2015	Margin	2016	Margin	2015	Margin	2016	2015
2 875	44.1%	2 796	42.4%	1 922	29.5%	1 900	28.8%	1 182	1 009
1 037	33.8%	1 020	32.0%	650	21.2%	641	20.1%	295	255
102	8.1%	(50)	nm	62	4.9%	(233)	nm	45	71
384	34.2%	413	35.4%	239	21.3%	262	22.5%	104	70
323	39.6%	313	40.5%	179	21.9%	139	nm	47	84
391	38.1%	404	38.1%	261	25.4%	293	27.7%	180	110
1 717	36.8%	1 649	35.9%	341	7.3%	584	12.7%	1 280	1 789
1 592	47.9%	1 507	44.5%	1 234	37.1%	1 162	34.3%	416	454
1 787	57.0%	1 432	51.0%	1 236	39.4%	894	31.8%	226	488
956	43.9%	910	45.8%	615	28.3%	627	31.5%	307	266
162	10.5%	(81)	nm	(4 043)	nm	(373)	nm	186	195
774	44.5%	678	47.3%	540	31.1%	553	38.6%	614	1 334
534	34.5%	582	36.6%	364	23.6%	418	26.3%	87	83
(250)	nm	(143)	nm	(433)	nm	(280)	nm	245	189
-	-	-	-	-	-	-	-	-	-
12 383	37.8%	11 430	35.9%	3 167	9.7%	6 587	20.7%	5 216	6 397

EBITDA				Operating profit (loss)				Investments ²⁾	
2016	Margin	2015	Margin	2016	Margin	2015	Margin	2016	2015
8 166	42.2%	8 220	41.5%	5 376	27.8%	5 544	28.0%	3 375	2 896
2 918	31.5%	2 653	28.9%	1 716	18.5%	1 548	16.9%	967	913
391	10.4%	260	6.9%	210	5.6%	(304)	nm	248	333
1 065	31.9%	1 085	32.7%	602	18.0%	655	19.7%	227	224
903	38.6%	834	39.1%	466	19.9%	431	20.2%	166	290
1 029	34.8%	1 016	35.9%	643	21.8%	705	24.9%	361	317
4 889	33.6%	4 944	32.6%	1 030	7.1%	1 914	12.6%	3 422	3 833
4 564	45.0%	4 840	44.5%	3 590	35.4%	3 875	35.6%	1 112	1 291
4 976	54.4%	4 211	52.9%	3 308	36.2%	2 794	35.1%	1 692	1 496
2 703	41.8%	2 280	39.9%	1 777	27.5%	1 485	26.0%	4 310	884
(203)	nm	(105)	nm	(7 275)	nm	(623)	nm	798	557
2 319	44.1%	1 309	39.2%	1 682	32.0%	960	28.7%	1 945	2 639
1 763	36.2%	1 518	32.7%	1 128	23.2%	1 086	23.4%	276	1 695
(849)	(14.1%)	(342)	(6.9%)	(1 373)	(22.8%)	(730)	nm	4 036	841
-	-	-	-	2	-	3	-	-	-
34 636	35.2%	32 723	34.6%	12 883	13.1%	19 344	20.4%	22 935	18 208

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 related parties 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).

(NOK in millions)	Change third quarter	Change YoY	Change first three quarters	Change YoY
Reported revenue growth	957	3.0%	3 596	3.8%
Impact using exchange rates for 2016	(249)	(0.8%)	(1 983)	(2.1%)
Mergers and acquisition	(142)	(0.4%)	(380)	(0.4%)
Organic revenue growth	566	1.8%	1 232	1.3%

EBITDA before other income and other expenses

Earnings before interest, tax, depreciations and amortisations (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. This measure is useful to users of Telenor's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortisation expense related primarily to capital expenditures and acquisitions that occurred in the past, as well as evaluating operating performance in relation to Telenor's competitors.

The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

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.

(NOK in millions)	Change third quarter	Change YoY	Change first three quarters	Change YoY
Reported EBITDA growth	612	5.2%	2 352	7.0%
Impact using exchange rates for 2016	(101)	(0.8%)	(641)	(1.9%)
Mergers and acquisition	106	0.9%	194	0.6%
Organic EBITDA growth	617	5.1%	1 904	5.5%

Capital expenditure

Capital expenditure (capex) is investments in tangible and intangible assets, excluding business combinations and asset retirement obligations.

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Purchases of PPE and intangible assets (cash flow statement)	4 057	4 863	16 965	14 502	21 168
Working capital movement in respect of capital expenditure	1 133	1 461	2 466	3 214	4 060
Less:					
Asset retirement obligations	(16)	-	(62)	54	(35)
Capex	5 174	6 323	19 368	17 770	25 193
Licence and spectrum fee – capitalized	(157)	(618)	(3 554)	(688)	(1 581)
Capex excl. licence and spectrum fee	5 017	5 705	15 815	17 082	23 612
Revenue	32 794	31 836	98 284	94 688	128 175
Capex excl. licences and spectrum/Revenues (%)	15.3%	17.9%	16.1%	18.0%	18.4%

Investments in business (business combinations)

Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

Adjusted net income

Adjusted net income is a key financial parameter, as Telenor's dividend policy is partly based on a normalised net income figure. In the provided adjusted net income, the main effects related to normalised net income is adjusted for and hence provide a basis for one of the parameters in our dividend policy.

NOK in millions	Third quarter		Change	First three quarters		Change
	2016	2015		2016	2015	
Reported net income attributable to equity holders of Telenor ASA	(4 821)	(1 770)	(3 051)	546	5 539	(4 993)
EBITDA before other income and other expenses items						
Revenue	-	-		(211)	-	
Other income and other expenses	76	418		1 054	615	
Impairment losses						
Impairment India	4 143	-		6 657	-	
Impairment Norkring	-	-		128	-	
Share of net income from associated companies and joint ventures						
Amedia impairment	-	-		363	-	
VimpelCom	5 253	5 049		2 676	4 365	
Net financial income (expenses)						
Recycling currency loss due to repayment of internal loans	-	-		577	-	
Convertible bond VimpelCom incl. transaction costs	518	-		518	-	
Net tax effect	(436)	(107)		(649)	(161)	
Non-controlling interests share of adjustments	(2)	(2)		(64)	(10)	
Adjusted net income attributable to equity holders of Telenor ASA	4 731	3 589	1 143	11 594	10 348	1 247

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

Net debt consists of both current and non-current interest-bearing liabilities, excluding licence obligations, less related current and non-current hedging instruments, financial instruments (fixed income investments of 3 to 12 months maturity and interest bearing derivatives) and cash and cash equivalents.

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.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current) and cash and cash equivalents. A reconciliation from these to net debt is provided below.

(NOK in millions)	30 September 2016	31 December 2015	30 September 2015
Non-current interest-bearing liabilities	58 508	63 802	64 049
Current interest-bearing liabilities	25 742	12 626	11 885
Less:			
Cash and cash equivalents	(27 573)	(13 956)	(20 039)
Adjustments:			
Licence obligations	(4 791)	(4 879)	(5 750)
Hedging instruments	(2 665)	(2 519)	(2 407)
Financial instruments	(1 322)	(969)	(1 093)
Net interest-bearing debt excluding licence obligations	47 900	54 106	46 645

Free cash flow

Free cash flow is defined as net cash flow from operating activities plus net cash flow from investing activities, less dividends paid to and purchases of shares from non-controlling interest, payments in Supply Chain Financing programmes (classified as repayments of borrowings) and payments on interest-bearing licence obligations.

Free cash flow is a useful measure of Telenor's liquidity and ability to generate cash through operations.

(NOK in millions)	Third quarter		First three quarters		Year
	2016	2015	2016	2015	2015
Net cash flows from operating activities	10 492	10 984	30 588	29 163	37 107
Net cash flows from investing activities	760	(5 097)	(14 999)	(13 851)	(20 281)
Repayments of borrowings - Supply Chain Financing and licence obligations	(1 105)	(753)	(4 072)	(2 720)	(4 674)
Dividends paid to and purchase of shares from non-controlling interest	(1 082)	(1 122)	(2 726)	(3 268)	(3 777)
Free cash flow	9 064	4 012	8 792	9 324	8 374

Mobile operations

Revenues

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 machine-to-machine SIM cards (M2M), for example vending machines and meter readings.

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 '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 and fibre, in addition to revenues from TV services. High-speed connections include fibre, cable and VDSL.

Data services

Consist of Nordic Connect/IP-VPN and security.

Other

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

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.

Key figures

Subscriptions

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

Broadcast

Revenues

Canal Digital DTH

Consist of revenues from Nordic DTH subscribers, households in SMATV networks and DTT subscribers in Finland.

Satellite

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

Norkring

Consist of revenues from terrestrial radio and TV transmission in Norway and Belgium.

Notes



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