Company: **Telenor ASA**

Conference Title: **Telenor Group Q4 Resu**

Moderator: **Monika Kollen**

Date: **Wednesday, 31st January 2018**

Conference Time: **9:00 AM CET**

Operator: Good morning and welcome to the presentation of Telenor Group's results for the fourth quarter. My name is Marianne Moe. I'm head of investor relations, and I have the pleasure of guiding you through this session here today. I hope you all have the presentation material available.

Today we will start with the Group CFO, Jørgen Rostrup, taking us through the financial results. Followed by Group CEO, Sigve Brekke, presenting, giving us an update on the strategic priorities and our progress on digital transformation. There will as usual be a Q&A session after the presentation. Since the presentation deck is slightly longer than usual, I think the whole session will take approximately one hour and 15, 20 minutes. After that, there will as usual also be a separate media session, for media present here today. So, without much further ado, I'll leave the room to Jørgen Rostrup to take you through the financials.

Jørgen Rostrup: Thank you. Thank you, Marianne. Welcome everybody. It's good to be here. Performance in fourth quarter marked as solid and to what we regard in Telenor as a strong year. We continue to grow our core revenues and customer base; actually, we grew by eight million new customers in 2017. That is a 5% increase in our customer base, two million additional customers in fourth quarter. We also see positive effects from our efficiency programme, simplification agenda, we see this contributing to solid growth in EBITDA as well as in free cash flow, both in Q4 and for the full year. And a good development on our efficiency initiatives and our transformation programme in '17 also secures momentum into '18, which is, of course, our complete focus right now.

I'm pleased to see that we closed 2017 by delivering on all guiding parameters. As indicated in the Q3 presentation, we ended up in the high end of the EBITDA margin range. Actually, also partly supported by relatively low handset sales in Q4. And then you see the implication of that ending in the low part of the revenue guidance, but still all three parameters in 2017.

Some words about the operational performance in the quarter. Scandinavia, we are in a competitive environment; stable but competitive environment. We see still healthy ARPU growth both within fixed and within mobile. Mobile increased by 2%, fixed Internet by 5%, and also TV increased by 9% in the quarter. The number of fibre connections increased in Norway by 12,000 and in Sweden by 10,000 subscribers in the quarter. Fixed Internet and TV revenues, therefore, increased by 7% in Norway, and 5% in Sweden.

In Denmark, we have seen a temporary cost increase in the quarter. This has been planned for, it's related to some transformational costs and business development. We expect to be back on track in our cost programme for next quarter. Broadcast, also part of the larger Scandinavia setup; good performance, revenues increasing 1% and stable EBITDA. We see a continued loss in DTH subscriptions in broadcast, but fortunately for us, we keep it in the family. More than half of this loss is churned to Telenor Norway's fibre offering.

Central Eastern Europe; Hungary continues the revenue momentum that we saw in Q3, actually delivering a solid 5% organic growth in subscription and traffic revenues in the quarter. And then across the board in Central Eastern Europe we see clear results from reduction in costs, strong cost management, and we see a decrease in Hungary in the quarter of 6%, we see 7% in Serbia and Montenegro, and we also see 7% in Bulgaria.

Emerging Asia; we added 2.7 million subscribers this quarter, that is 1.4 million in Bangladesh, 0.9 million in Pakistan, and 0.4 million in Myanmar. This is taking total customer base in that area to 126 million customers. 12% subscription and traffic growth in Bangladesh, combined with relentless focus on cost is yielding result across emerging Asia. In Myanmar, we see increased price pressure. We believe it is due to that existing operators now are positioning themselves ahead of the launch of the new entrance with which we believe will happen during first half of '18. Then on emerging, on developed Asia, we see in the quarter, Thailand moving back to growth again with 1% growth, and the decline in Malaysia is significantly lower this quarter than what we have seen the previous few quarters. We also see that we are able to move more of our revenue stream from voice and SMS and into an Internet data usage. And as you see on the slide, the average data usage in developed Asia is high, 7.6 GB; only Sweden is higher in our portfolio with 9 GB.

Subscription and traffic revenue for mobile, fixed, and TV service are, we believe, our core revenues. This is the foundation for profitability and value creation in Telenor. It also reflects how we follow our performance in our Group. As you know, we are earlier focused on mobile subscription and traffic revenues, and then we see that fixed revenues and TV services also is an important integrated part of our core revenue base, in particular that revenue coming from Scandinavia. So, therefore, from now on when we talk about subs and traffic revenues, we will include also these revenues in the definition.

Going forward, this will also be our revenue guidance. I will get back to that, but this number we will put more emphasis on for the reason I'm mentioning. On this chart, you can see the development of subscription and traffic revenues. It constitutes approximately 75% of total revenues for the company, but more than that 95% on gross profits, So, it's by far the important part of our revenues. We had a growth in this of 2.5% in fourth quarter, and 2% for the year.

While subscription and traffic revenues that we just talked about increased 2.5%, the revenues on total were flat in fourth quarter. This is due to less revenues from low margin handset sales and also decrease in prices and low margins on our global wholesale activity. This has very little impact on our value creation, further down on the profit and loss. Gross profit increased by 2%. So, this again underlines the important for us to maintain a healthy development in subscription and traffic revenues. Gross margin was up – was 73% in Q4, which is up one percentage points from Q4 2016.

Cost efficiency has been high on the agenda in 2017, significantly reverted later for '18; it will remain high on the agenda. We started out the year with an ambition to have a flat development, to break the increasing trend of increasing – or the trend of increasing OpEx year and year that we have seen for the last few years for the Group, increasing by 3% every year. Halfway into 2017, supported by good traction on the cost programme, we introduced then the one billion cost reduction target. We were not too good at estimating that because we reached that already in Q3. If – what you can see here is that we have also achieved significant cost reduction in Q4 by 0.6 billion for the fourth quarter. So, in total on an operational basis, taking out 600 million approximately in currency effects, we are at 1.6 billion in lower OpEx for the year, which is 3%.

If we look at the – looking at OpEx deduction per business unit in 2017, it's good for us to see that we have achieved that in almost all of our markets. This was one of the ambitions we also had, everybody to participate and to build up a collective, large effort in this area. Telenor Norway continues its cost-cutting efforts and deliver a 3% OpEx deductions. Initiatives has been implemented both in the fixed part of Telenor Norway's business as well in the mobile. And we see several positive effects also from moving to digital channels for sales and for customer care. Going forward, we will do more within the technology area in Norway.

In emerging Asia, OpEx increased in both Bangladesh, and Myanmar, mainly due to network expansion and other growth-related costs. But also, here, this has been partly compensated by cost-efficiency. Telenor Pakistan, which delivered 8% subs and traffic revenues in 2017 is perhaps best-in-class in this effort this year. So, they delivered this growth which is substantial, at the same time they take out OpEx by 7%. There are always a lot of technical elements in those numbers, but the main issue is that they have really scrutinised all elements; it's a tremendous collective effort and it yields strong and rewarding results.

So, I've been through operating gross profits, OpEx development, just briefly mention EBITDA then; it increased by 11% in the quarter, 9% if you adjust for the VAT charges that we took in 2016 in Sweden in the case that we are not agreeing with the government on. For the full year, organic revenue increased by 9%. Again, we take it as a very good and encouraging signal that if you look at the graph, the reason for this growth is 50/50 revenue increase and cost-efficiency. So, we have so far been able to avoid to have a foot on one of the elements, it is in our view a balanced development that we see in our effort.

EBITDA ended for 2017 at 49 billion, which is an all-time EBITDA for the Telenor Group, and EBITDA margin improved by three percentage points both for the quarter and the year in full, taking the full year EBITDA margin to 39%. Again, the profitability or the EBITDA performance, if you like, is solid across the Group, improving for 9 out of 11 markets; again, important for us and very encouraging. Looking at this per market, we see that we deliver, as I said, 9 out of 11, and we see Norway continued [inaudible] effort on performance, partly from cost reductions, partly also from attaining those important market positions, and our ability to compensate six[?] legacy revenues which are declining, with growth in fibre and mobile upselling. We call it revenue renewal; and that is part of our focus on growth, it is to increase that top line, but is obviously also to replace the revenue streams that are declining for natural reasons. Thailand EBITDA margin improved by five percentage points, and we also see significant margin expansion both in Bangladesh, and Pakistan.

Then, looking at the graph, you can see that Denmark stands out with relatively low EBITDA margin, that is according to the market conditions that we have talked about earlier. However, it is encouraging for us to see improvements been made in Denmark in 2017. We have delivered and stabilised the business support system. We have, in general, significant cost savings and we also have significant simplifications in the way we do things in our product portfolio, etc. And all this has, as a consequence that we have reversed at previous impairments made in 2015 by 1.2 billion in this quarter.

Capital intensity declined both in fourth quarter through '16 and for the year. The key reasons for this were the high network expansions done in 2016, in particular, in Bangladesh and in Myanmar. We spent around 18 billion in CapEx in 2017 implying a CapEx-to-sales ratio of 15% right on our guidance for the year. We believe that this CapEx level give ample room also for investments both to maintain market positions and to stimulate growth. If you look at the pie chart, 2017, we prioritised CapEx towards continued network rollout in emerging Asia, that is a little bit more than 20% of the CapEx. Similar size went in to network intensification in Thailand. Then we have significant fibre rollout in Norway and Sweden, and our continuous work on 4G coverage in Norway creating one of the best networks we have in the world. This is important both to capture growth and to maintain important market positions. All in all, this accounted for 60% of our CapEx. If we then, in addition, mention what we spent on ISIT, then we have a picture, ISIT is also important for our transformation going forward.

Net income statement, we have addressed revenues. We have talked about EBITDA. We have a charge of 400 million in the quarter, predominantly related to workforce reductions. We also have negative effects from impairments on top-up; we have a write-down in impairment of 1.7

billion in the quarter, as a result of further weakening of top-up US media advertising segment and lower-than-expected growth in the data segment. This is to a large degree offset by the reversal of 1.2 billion of the impairments we've made for the Danish telco operation.

Apart from this, a clean set of results in this quarter. For the full year, we reported a strong net income of 12 billion which equals to an earnings per share of NOK 8.11, adjusted for FX-related to the India exit and the VM disposals. Net income increased by NOK 4.7 billion compared to 316. And the improvements primarily relate to improved operating result EBITDA.

Free cash flow is important for us. 2017 was a strong year in that respect with free cash flow of 25 billion. Of this 25 billion, nine billion comes from proceeds from disposal. More important for us and more encouraging is that we would then go excluding this disposals, we more than doubled cash flow compared to '16 from 7.7 billion to 16.2 billion in 2017. Some of this obviously due to the timing of spectrum; it is due to the high investment level in '16. But it is also due to more efficient CapEx deployment and improved operational efficiency.

Before we go in to debt and dividend proposal for '17, quickly recap our priorities on the capital allocation. We aim to maintain a strong balance sheet. We define that as keeping net debt to EBITDA below two times. That's the ceiling. It's not a target. And we see no reason to change it. We also are very focused on delivering attractive shareholder remuneration. We are committed to deliver. We are very committed to deliver a year-on-year growth in ordinary dividends, and this remains firm. In addition, we have said and we still say we will apply buybacks and/or special dividends to be considered in special cases.

Then we need to make sure that we allocate sufficient funds to maintain and expand our networks, that is at the core of our investment programme, as well as ensuring that we have a efficient – strong but efficient spectrum portfolio. This is again important to support profitable growth and maintain key market positions.

And then we are also open to look into inorganic opportunities within core business, within core geographical area if and when that makes sense. But right now, we don't spend most of our time on that.

Balance sheet continues to be strong as you see on the slide. Net debt of around one-time EBITDA which has been the case for a while. This is a level we are comfortable with. Net debt in the quarter increased by six billion. This is primarily explained by two elements. One, the pay out of around five billion, the second tranche of the dividend, to the shareholders in the quarter. And then a continued buyback programme cashing out approximately a billion in the quarter.

Quickly then on our debt maturity profile, you will see we have a couple of maturities into 2018. We have an upcoming $500 million in May. We also had a €500 million that matured now in January. That one we repaid in full with excess liquidity. And then the cash position is still comfortable. And to what extent we are then refinancing the upcoming maturity in May remains to be seen. We are reviewing it as we speak.

Solid performance, solid cash flow generation, strong balance sheet, we are pleased to then deliver a continued growth in dividend in line with our stated policy. 2017 the Board proposed a dividend of NOK 8.10 per share which represents a 4% growth compared to 2016 and a total pay-out of 12 billion in '18. The dividend will, as usual, be paid in two tranches in May and in November. We also plan to ask the AGM in May for a new buyback mandate to secure that we have flexibility for potential additional shareholder remuneration in 2018. The buyback programme of up to 2% of shares announced last July is running and we have brought back approximately 11 million shares or 80% of the max target that we are going to buy in the markets.

And market par off the buyback programme we expect to run it at least until end of February. Following then the AGM in May, the proportionate amount of shares will then be bought from the Norwegian state and all repurchased shares will be cancelled mid-2018.

It's the destiny of a CFO to look back and the privilege of a CEO to look forward. So, Sigve will take you through 2018.

Sigve Brekke: Yeah, good morning to everyone. And thank you, Jørgen, for both strong numbers and a solid shareholder return. As Jørgen said, I will talk about the strategy, the strategic initiatives and also do a deep dive in what we do on our digital transformation. This is something we have promised you to come back with. And then now it's time to go a little bit deeper on that.

In a fast-moving, changing industry landscape, we have picked three key beliefs that is guiding our strategy. The first one is that instant internet access is our foundation, as voice has been our foundation in the last several decades. And it's going to be even more important going forward to connect people to internet and the data of the world. That's why we are continuing to be very focused on building strong mobile networks and in the Scandinavia all for fixed network. The other one is to take the data we get, the knowledge we get from our customers and personalise offers. That's where we see value can be created. And that's why we also then across the group, and I will come back to that, are building now advanced analytical tools. And as we call it, a distribution and a digital data platform. And the third one is that only the multi [inaudible] operators will survive in a dynamic future. So, we are going to continue to make ourself more and more efficient, continuous efficiency programme. But efficiency for us, which I'll also will come back to, is not all about cost. It's also to create flexibility to make sure you are competitive in the market and with that also capture growth opportunities.

When we had our capital markets day last year in February, we showed you this picture. That's the key focus areas where to continue to capture growth in the markets that we operate. It was efficiency and it was to simplify both the portfolio and also our business[?] models. In addition to that, focus on the 30,000 passionate team members we have and make sure that we do the business right away. The same focus areas actually started 2017[?] with, we will continue within '18.

Let me then start with the revenue part of that, of the growth part of that. We continue, as a Jørgen also said, to see growth in our core revenues. And we closed 2017 with a 2% increase in sub-urban[?] traffic revenues. Emerging Asia has a very strong growth profile and we expect that to continue. That is coming from an emerging Asia's Pakistan, Bangladesh and Myanmar, that's coming from still a million some customers not even being connected to basic services. We estimate that in this free market, the real penetration is just for the multiple number of SIM cards is around 55%. So, there's still a lot of people out in the villages, out in the rural areas that we want to connect. The growth is also coming from relatively low data usage. We estimate that around 45% of our customers in these three markets are using data. And also, that the median data usage is only 30 to 40 megabytes. So, it's a long way to go to get to the levels we see in Europe. And that again is very much caused by a low smartphone penetration. In this market, Myanmar is a little bit different than in Pakistan and Bangladesh, smartphone penetration is only around 30%. And when a feature phone customer gets a smartphone, we see that the data usage increases.

In the more mature part or developed part of our markets, the growth is to compensate for what we call legacy revenues that's being voice or SMS-type of revenues in Thailand and Malaysia. And it being the copper-based fixed services in Norway. So, let's look at that. And in Norway we see that we are now with the highest-speed internet more than compensating for the decline in fixed telephony and the ADSL business. In addition to that, we see healthy growth on the mobile side coming from good upselling, introduction of new services and, not least, the position, the strong position, we have on the B2B segment which we also now use as platform to move into IoT-type of services. In Thailand, which is our other example in the graph here, we see that this market is now turning more and more like the type of market contract we see in Europe. Also people that's moving from prepaid, very price aggressive, into post-paid bundles, and from voice to data. In Thailand now we are continuing and focusing on positioning our company for that and we have now around 50% of our revenues on post-paid and other one on prepaid. And when a customer comes from prepaid to post-paid, we see a higher ARPU. We see a lower churn and we see a dramatic uptake of data, even more so than we see in Europe.

Then on the efficiency side, as Jørgen also said, historically, we have had an increase of fixed base year over year. It has increased around 2% to 3%. When 2017 started, we said that we need to set a stop to that increase. And the plan when the year started was to level out the OpEx spending and then start reduction from 2018 and onwards. Fortunately, we were able to do better than that. The reason for that, I will say, is that we started the year with aligning the troops, so to speak, aligning the organisation around the efficiency agenda, getting their mindsets right, getting their commitment, align the KPIs and the targets such that we as a group could do something with this together. And I'm then quite satisfied that we delivered much better than the flat OpEx development in the year. And it's basically coming from three main areas, one is the low-hanging fruits, and we have taken out a lot of costs which we really don't think could hamper our operation. It's coming from our [inaudible] agenda and from their transformative activities which I will come back to. And then seeing that we are closing the year with an OpEx reduction of 1.6 billion makes me very satisfied, and at 3% reduction in OpEx. And even better, 60% of that as we estimated, almost 60% is structural reductions which we then can carry with us also into '18 and in the years to come.

Even though we are ahead of the plan, it was a good start, we are going to continue with the OpEx focus and we are going to remain the guiding we had that in the year – this year and '19 and '20, we plan to further reduce OpEx with 1-3%.

Then, on the simplification agenda, and the reason why we put that as a key strategic initiative a year ago was that we want a leaner and more agile Telenor. And we want to make sure that both the money is being spent when they can get the best return but also that the management's attention is where the growth can be captured. So, what we have done, as you know, we decided to exit India, that goes on plan. So, during the first quarter this year we hope that it will be finally out of India. We have exited [inaudible]. We reorganised our online [inaudible] portfolio selling out of South America, Latin America and then focusing on Asia. But the simplification agenda is more than that. It's also to simplify the way we work. That's why we implemented a cluster organisation taking our 12 business units into four very similar markets or clusters. That's why we also have been working on rightsizing to make our organisation more efficient. That's also why we are constantly looking for reducing complexity and bureaucracy. So, there's a lot of things going on in the organisation and in the core business as well.

And the third example here is from Sweden. Sweden was the first market out where we systematically looked at how can we simplify our business model; and going through all the different offers that they had. And one example as illustrated here is that we took down the number of price plans in the Swedish operation from 335 down to 55. And with that, getting rid of a lot of IT legacy. Now, we do the same in Thailand and the plan is then to roll that out business unit for business unit.

The strategic priorities we have then going into 2018 is to continue the focus we started 2017 with. So, all the ambitions that we have communicated, they will stay. We'll continue to digitalise our core business, continue to look at the entire customer journey and digitalise that and IT and networks. We will also, as Jørgen mentioned, see how can we be smarter in our CapEx deployment and also in the way we look at – and on pricing the spectrum investments. We will continue to make sure we are monetising the data investments we do in Asia, and we will have special attention to two very important market for us; one is Norway to make sure we keep the market proficient and the profitability in the Norwegian market, and that they are coming through the regulatory situation in Thailand in a way where we are creating value.

Then I'm going to take you through some of the main digital initiatives that we have in our transformation programme, starting with the transformation programme as such. We started last year with putting a transformation programme headed by a transformation executive, which is a part of my executive management team. That programme is then basically in six different areas. It's about digital market, digital care, digital products, business model simplification which I already mentioned, core IT platforms and scalable networks. This programme is then put into projects, a project which then are monitored on a frequent basis. It's the group executive management that is the steering committee for those six programmes, making sure that they are creating the value out of it that we expect. This will also then be mirrored into the way the transformation set up is in the business units. So, it's organised through cross-functional project teams and then having clear targets when it comes to timelines value creation and also the project [inaudible] the way we want to get these to be efficient. We have, in addition to that, trained our 180 top leaders through an agile way of working, through a more sprint-type of project, through also trying to learn faster and implement that learning quicker. And the performance reviews are closely then monitored by Jørgen, the CFO, and by myself with not only the transformation programmes but also each one of the business units to make sure that they are on task to deliver on these programmes.

The first part of that programme was digital customer engagement. And I want to show you some examples on how we do that in practice. The first example is from Norway, family bonus. In, I think it was, October, November, we launched a family bonus programme, which is basically that if you have more than three relationships to Telenor in a family or a group of friends, it can be a fixed line of fibre, it can be a mobile or it can be a [inaudible] programme, then you get a bonus. And then you can then allocate that bonus between the family members. After just some very few months, the latest number I had is that 170,000 families, 170,000 families took up this offer. And 70% of them did it digitally. They've never seen this type of popular customer offer before and never seen so many of our customers taking that up digitally. And then you can tie up the 170,000 families with two or three people in – per family. And this is just to show how we are then using the Telenor – MyTelenor App to drive then introduction of new programmes but also then to drive upsell and management of the data.

The other example, up to the right is roll box[?] in emerging Asia. Started in Bangladesh, then we rolled it out to Pakistan, then into Myanmar. It's basically a platform, internet platform which aggregates then local content, that being music content that's being used or that's being other type of relevant local content. And this is the entry that many of our new data customers are having into internet. In addition to that, you can also top-up your account in this platform, 15 million users, active users so far, and this is growing very fast. It's another example on how we can digitally engage with our customers.

And the third one, it's from Thailand, Line Mobile. In both Thailand with Line Mobile and in Sweden with Vimla, we have introduced two digital-only operators piggybacking on our own network and, in a way, being a disruptor to the main operation we have. We do that to test out a digital-only concept and we do that also to see can we offer a beta digital services to the digital natives.

The last example, down to the right is from our broadcast division. We launched, I think it was today, a new product together with Google Android, we call it One Place[?] and this is a product where we are bundling what we already do on DTH and Line [inaudible] TV with a Google or an Android experience. And as far as I know, this is the first, we are the first one in the world to do that, of bundling a DTH content and then Android [inaudible] solution.

Then, to the sales part, the digital sales part, and an important part – sales and [inaudible], an important part of what we do is then to digitalise the customer journey. Historically, our competitive focus has been to build wide distributions channels and it is to have good customer care. But all that has been based on physical handling, physical answering of phones or the physical distribution. Now, we are trying to take that into a digital world. And with digitalisation you can both reduce the costs but you can also engage with the customer digitally and get more data which we again can use into personalised offers. At the same time, as you can improve the customer experience. So, what are some examples of that? Starting to the left, from Malaysia, digi, we see that in one year after we launched the MyTelenor App in digi, we had a 63% uptake on active customers using it. At the same time, you see that in the same year or the same period, the number of calls to the call centre in Malaysia has reduced 26%. So, here you see an example on how customers are changing the way they interact with us on the care side.

On the group level, the number of calls is call reductions in the care centres is around 20%, including in Norway. We also see around 20% reduction in number of calls going to the Norwegian call centre. Next example, in – I know we have rolled out, by the way, MyTelenor App in all the market and we see very similar developments.

They have something in the midst, middle here, it's from Bangladesh. And this is the example on how we are using the advanced analytics and trying to personalise the offers. We started to test this out in Thailand a year ago. And this is competencies and platforms we are getting from Tapad, our US company. And with that platform we get better knowledge about our own customers' data but we also get third-party data to enrich that over and that knowledge even better. And this is rolling now out in six markets already and then into the rest of the Telenor business units. So, this is an example from Bangladesh. It's an example of how we are using that data to re-engage silent customers. And in this market where you have the competition such that people are using several operator SIM cards, it's very important for us to, rather waiting for a church, reenergise that customer. And this is an offer which is an example of that.

The third example, to the right, it's how we also now are digitalising the sales part of the customer journey. To Scandinavia first, 35% of all the sale being acquisitions or being data upsell is now happening digitally. And I think in Norway this number is even higher, 40%. And from one year, we increased in Norway, at our Norwegian operation, we increased the digital sales from 17% to 40%. And then you see we do the same in the other markets. And there's a big potential in our three other clusters also to move the physical sale into digital, using digital channels.

Then, what are we doing on our infrastructure side, the network and the IT? And I will claim that here, we are really a forefront of what we see other operators are doing. Our business model in the past has been based on a very decentralised model. And very few platforms had been taken out across. Every company have had their own IT system and their own network basically. And we see that that has created a lot of legacy. And I used the example from Sweden, the number of price plans just keep on expanding. And then with that, more and more IT infrastructure complexity. And the key focus in our operation is both to digitalise this, to standardise it and also to see if we can share some of these resources with competitors. The one to the left here, it's showing one example of that on how to develop a common delivery centre. And that is basically to drive standardisation and consolidation and create scale in the market that we operate. And with use then of automisation, we will also then increase the customer's experience. The base here for the – the base we can attack here is around 2.6 billion. And we estimate that around 30% of that can be saved when we do this in all our markets. To the right, it's showing the IT part of it. And what we're trying to do on IT is to go from hardware into virtualisation, into cloud. And the reason why we are not able to go directly to cloud is that some of these services is not ready for being cloud-based. So, what they have done so far is to virtualise around 65% of our IT infrastructure and around 30%, 35% of the core network functions. This year, we are going to take further to 75%, and on the IT, and also closer to 50% on the core network functions. And then the next step in 2020 is to take it from virtualisation into cloud-based which gives an additional savings and also an additional efficiency and experience for the customers. So, again, the base line here is around NOK 4.2 billion, and what we estimate is that around 40% of that can be saved through that virtualisation and digitalisation journey.

The digitalisation also affects – have an effect on our workforce. This is due then – due to automisation but also, as an example I had with – that few people are calling, there are a need for fewer agents at the call centre. And, of course, it's unfortunate that so many of our employees are being affected by that. In '17, we had a reduction of 2,600 employees, around 8% of our workforce. And as we see now, the digitalisation affects us going forward. We estimate that it would be around 2,000 FTEs that unfortunately will leave us in '18 but also in '19 and '20. At the same time, we need more competencies and new competencies. So, we have introduced a programme pointing to four areas where we see that we need to upskill and reskill our workforce too. It's applied analytics, it's design, product design. It's digital channels. And it's product development. And we have made availables course, internet courses or online courses in these areas. We have also in end of last year challenged all our employees to use at least 40 hours during '18 to upskill themselves. And not only that, as a challenge to our employees, but we have also implemented that in our employee dialogues. So, it's a responsibility even for the leaders to make sure that employees will have 40-hours' time to go through this and prepare themselves for the future.

Then on the OpEx reduction. As I said, we got a much better start in '17 that we talked but we are going to upheld the ambition that we also talked about a year ago on 1% to 3%, '18, '19 and

'20. So, the total OpEx base we had is around NOK 45 billion. We estimate that around 50% of that 45 billion can be addressed through digitalisation. And it is in the areas, as you see, of sales, customer management, marketing, IT and support. And I already talked about what we do on this [inaudible]. I talked about digital care. I talked about how we can use advanced analytics to improve mark-com[?] efficiency, but also how we can use digitalisations to automate and make our processes more efficient. So, this is the areas where we are going to attack. In addition to that, there are also some other structural initiatives we do which is not directly related to the digitalisation part of it. One is to make sure that we are getting benefits out of the reduced regulatory profits in Thailand when the concession ends in September 2018. The other one is what I also mentioned, to reduce the network cost we're trying to build scale to our common delivery centres, and we have started with that in Asia. The third one is to continue the fixed value chain confirmation in Norway. And the fourth one is just to set a cost mindset across the group, always asking can this be done cheaper and smarter.

We will – this – almost 60% structural OpEx reductions we had in '17, we will of course carry with us into '18. So, a part of the '18 plan, it's on the structural part of the rollover from '17, as you can see on the right-hand side there. Then we have several new structural initiatives in the pipeline. Some of them, we have to invest before we can harvest. And some of the harvest, we will get in '18 based on the investments we did in '17. And then we will also continue to focus on non-structural costs.

However, it's also in our business portfolio such that some of the costs increases. So, we have inflation, we have network expansions especially in our emerging Asia markets, and we do not want to jeopardise the growth authorities[?], also the growth opportunities. So, we stay very close to the market to make sure that we are keeping our market shares and that we are competitive out there in reducing sales and marketing, the tools and money.

So, the balance of this is that some of it goes down and some of it go up. But overall, we see that in '18, we should be able to deliver on our ambitions on 1% to 3%.

Then I want to close, we'll just bring us back to the main focus areas. And all in all, I think we now have a good building block and a good strategy moving forward. We got a good momentum out of 2017 and we are happy, of course, that we are able then to honour the promise we had with paying back to our shareholders that we also have a good momentum in the organisation.

But '18 is going to be hard. And, of course, the more and more your dig into more structural initiatives, the harder it gets. But having said that, I think we have now a good united management team both on the group level but also in the business units that are ready to execute.

And with that, I hand over to Jørgen, again, that will give us some guidance.

Jørgen Arentz Rostrup: Yeah. We are just wrapping up with one more slide on this. First of all, I think Sigve confirmed that our midterm ambitions, they remain. Low single-digit revenue growth or revenue growth low single-digit, net OpEx reduction of 1% to 3% through the period, CapEx per year, CapEx-to-sales ratio of around 15%, that remains.

If we then look into '18, we will do the same as we have done for previous years. We will guide on revenue, we will guide on EBITDA and we will guide on CapEx. But then we have adjusted the parameters slightly to keep the analysts awake and sharp, and that was one reason. The other reason is that it is more aligned with our performance management and our focus on cash flow generation.

So, as already indicated, we will now give revenue guidance on organic growth in subs and traffic revenues which then includes subs and traffic revenues from mobile as well as from fixed operations, covering, as I said, 75% of the revenue base but more importantly almost all cross-profit contribution.

We expect these revenues to grow 1% to 2% in 2018. We have done taking due considerations to – in particular, two elements – several elements, but I have two elements I want to mention. It is a new entrance in Myanmar, but also the positive stabilisation and development we see in Malaysia.

When it then comes to EBITDA growth, keep in mind that we have – there are a few elements, I think, that are happening in 2018. We have a loss of a high margin mobile wholesale revenues in Norway, and we have talked about that before, predominantly [inaudible] contract, and we also expect payments related to the TOT agreement in Thailand as soon as we get it signed. So, this amounts to three percentage points or whatever negative in itself on EBITDA growth.

At the same time, we will continue to reduce cost, as Sigve described, along with our midterm ambition. All in all, this leads to an outlook of 1% to 3% organic growth in EBITDA in 2018.

And also, just for those two elements that I mentioned, this implies that underlying, a mid-single-digit growth is what we see in EBITDA for next [inaudible].

CapEx is expected to be around 18 to 19 billion in '18, relatively stable from this year and with the same priorities as we went through.

Then, I think, Marianne, we are ready for our Q&A session.

Marriane Moe: Absolutely, Jørgen. Thank you, Sigve and Jørgen. We are now ready to take questions. And as usual, we'll start with taking questions from the presently at Fornebu before we open up for the participants on the phone.

Operator: Ladies and gentlemen, as a reminder, please press star one to ask a question. Please limit yourself to one question only. Thank you.

Speaker: Carnegie. You [inaudible] addressed all my questions so far, but I was wondering if you perhaps could give us some pointers on pros and cons of keeping or divesting essential European assets and also an indication of timeline on the IT cost savings in Asia as well as you had on the slide [inaudible] I think it was.

Sigve Brekke: Yeah, when it comes to the CEO [inaudible], I don't think I want to say more than what we issued and released on last week. We have got an inbound offer. We are assessing that offer now. And that would probably take us a couple of months when that is done. We will then announce what we're going to do with that offer. But more than that, I don't want to comment.

On the other question on the IT, I think the numbers that I showed you is in a 2020 picture, so, the reduction on the baselines; but I'm not able to break that down on a yearly basis.

Marrianne Moe: Next question, please?

Okay. If there are no more questions from the participants here at Fornebu, we will now open up for questions from the conference call participants, please.

Operator: Thank you, Madam. Our next question comes from Victor Oglun[?] from SCB. Please go ahead, sir. Your line is open.

Victor Oglun: Yes, thanks. And just this previous speaker said, most of the questions have been taken already. But I was just wondering you highlighted a price per megabyte ambition for parts of the group. Can you comment on how that can be applied across the group? Thanks.

Sigve Brekke: Did you say price per megabyte?

Victor Oglun: You showed in the Cloud slides where you explained your view on the future on how you can drive down costs in the efficiency improvement in Asia and how that can [inaudible]. I was just wondering if you can do something similar in other parts.

Sigve Brekke: Yeah, we are starting with this in Asia, as I explained, but they're also going to roll that out to Europe. We have, I think, the partner in Asia to help us with this. We are moving fast on both digitalisation and the cloud-based, and now we are looking for a single concept or similar approach in Europe. So, in the 2020 picture, you should include Europe as well, and that's why I've talked about the 30% and 40% savings on the base. But I cannot break it down further than that.

Victor Oglun: Okay, perfect. Then I understand. Thank you very much.

Operator: Thank you. Our next question comes from Roman Arbuzov from JP Morgan. Please go ahead.

Roman Arbuzov: Thank you very much for taking my question. My question is around the management incentive programme. And this question should be viewed in the light of your very strong performance on OpEx in 2017, and you've said yourself that you were somewhat surprised by the strong delivery. So, in terms of the management incentive programme, I was wondering if you could give us some colour in which way the OpEx metrics enter the executive management KPIs. And in particular, I was wondering how big is OpEx within the overall programmes, sor of how dominant is it and also whether it's potentially sort of frontloaded in terms of targets or is it backend-loaded instead of you have to deliver constantly in terms of performance or is it judged in a year-by-year basis. Thank you.

Sigve Brekke: Yeah, I can answer the first part and then Jørgen can take the second part.

On the management targets, OpEx is definitely one of the targets. It's revenues, it's action OpEx reduction and it's EBITDA growth, but I don't want to tell you exactly how these three elements are weighted. But that, we had in '17, and that, we also have as a group executive management going into '18

Jørgen Arentz Rostrup: Yeah. If I understand the second question correct, there is no bonus for neither frontloading nor back-loading in this programme. It's yearly agreements and understandings between management and the board of directors. And it's a balanced scorecard as Sigve is referring to.

And as an extra comment to that, obviously, time matters. So, we do in all aspects of what we are doing, we're doing what we can. But we're not frontloading or back-loading. We are just working continuously through the agenda that we have and take it when it's appropriate.

Roman Arbuzov: So, the performance is evaluated on a year-by-year basis, right? There is no sort of multiyear targets where you have to reach and sort of the final all evaluation will come in 2020, say, if it's digitally done in a year-by-year; is that right?

Sigve Brekke: Yeah, it's a year-by-year. Of course, the strategic plan and the financial plan is longer than a year. But the actual target is based on a yearly basis.

Roman Arbuzov: Thank you very much.

Operator: Thank you. Our next question comes from Maurice Patrick from Barclays. Please go ahead.

Maurice Patrick: Yeah, hi. It's Maurice here. So, I was just quite sort of thinking on Thailand spectrum. In your CapEx slide, you indicated, I think, 20% of CapEx is coming in densification. You talked about your grid being well placed for 2.1 gigahertz to 2.2 gigahertz. You've got the TOT the spectrum coming through. Perhaps talk a bit about your need as a spectrum in the upcoming auction. Do you see scope for the reserved price falling? And perhaps, I mean, you flagged out the higher NOK 1 billion of spectrum payments in 2018. But I think there is some parts on there in terms of lower USOC[?] and expiry of concession this year. Thank you.

Sigve Brekke: Yeah, I can comment on the spectrum situation in Thailand. With the 2.3, let's – one step back. We have now got the approval from the regulator in Thailand and we are just waiting for the final approval from the attorney general. So, I hope that it's not many days or weeks away from actually getting that spectrum and starting to roll out. And, of course, with that one, in addition to the 2.1 we have in Thailand, we will have a very good 4G network in the urban areas and also out in most of the centres.

And then when the spectrum comes on the 1,800, we will, of course, look at the conditions and make our decisions then. But – So, I don't want to comment on that. I would just say that with the 2.3, we will be in a much better place.

Maurice Patrick: Thank you.

Marianne Moe: And then, of course, Maurice, that the concession-related costs will continue to come down in 2018. Dtac was – in its Q4 presentation, they showed that the regulatory cost is now around 11% of sales. You know, that's off the concession expiry, it should be at 5% to 6%.

Maurice Patrick: Very helpful. Thank you.

Marianne Moe: Next question, please.

Operator: Thank you. Our next question comes from Peter Nielsen from ABG. Please go ahead.

Peter Nielsen: Thank you very much. A question on Norway, please. The positive response you have received on the family bonus scheme, has that given you more appetite for pushing convergence in them in Norway, please? And if I may, a quick question on Sweden, you've had a very good fibre quarter in Sweden despite this sort of stagnating market at the moment. Could you comment a bit on how you have achieved this, please? Thank you.

Sigve Brekke: Yeah. On Norway first. We – of course, we want to see how they can utilise the different offers that they have in the market, and family bonus is a good example of that where we are combining all the relationships you have with Telenor. And you may see that the Norwegian team is going to launch similar offers.

However, we are not going to lead any aggressive bundling when you think about that in a discounting type of picture as we have seen this from other European countries. We don't see a need for that. Then we're rather focusing on how to make this good offer for the customers, how to reduce the churn, how to do up-sale of data and how to just make it convenient.

Then the second question was on Sweden in the fibre roll out, was it?

Peter Nielsen: Yes, please.

Sigve Brekke: Yeah. We have, the last couple of years, rolled out fibre in Sweden, and we continue to do that. The Swedish market, as you know, is a little bit different from the Norwegian. There is a little longer lead-time. But we see that we are very well-placed with our crossover[?] fixed position in Sweden and we will continue to then capture the opportunities that we see there. But I don't want to go into any numbers or anything lke that.

Peter Nielsen: Has it mainly been achieved to own[?] rollout in Sweden.

Jørgen Arentz Rostrup: No.

Sigve Brekke: No. It's a combination from both with the overall loss and also participating in the open networks.

Peter Nielsen: Okay. Thank you.

Marianne Moe: Can we have the next caller, please?

Operator: Thank you. The next caller is Terrence Tui[?] from Morgan Stanley. Please go ahead, sir.

Terrence Tui: Yeah, thank you. Good morning. I just have a broad question about how you balance the need for OpEx reductions versus topline growth. Obviously, the cost reduction programme has been going very well. I'm just wondering whether just where you see the need to reinvest some of the savings into improving the revenue momentum in some of your markets and that slowed [inaudible] in Q4 like Myanmar and Thailand. So, just some thoughts on cost reduction versus top line. Thank you.

Jørgen Arentz Rostrup: Thanks, Terrence. As I tried to illustrate in the presentation and discussion we had, at least for 2017, we are very pleased with the numbers coming out showing a good balance. And this is for '17 confirming what we have thought and also communicated the whole way. We still believe we will continue to do that. We believe there are ample rooms and it's, of course, very important for us to do good balance in revenue, revenue renewal growth and cost and efficiency implications.

But if you look to Myanmar, you will see that they have had no insignificant cost increase for '17. We are obviously catering for this kind of development in those areas that are necessary. And Myanmar was one. The other one was Bangladesh. With the significant growth we had there; it is quite natural to fuel that. At the same time, we see – you know, Bangladesh has been through tremendous growth over many years. It's quite clear that there are also significant cost efficiency opportunities in such a business portfolio.

So, I think we have managed it good so far. We will do the same, we have a lot of attention to this and we are confident we will keep that balance.

Sigve Brekke: Yeah. I just wanted to add that Jørgen and also myself we are sitting very close on the development in the different markets, trying to understand the market dynamics and making sure that we are not losing out our growth opportunities. As we have been impossible to have the double-digit growth they had in Bangladesh and also closer double-digit in Pakistan, if we haven't made sure that we also are aggressive in the marketplace.

Terrence Tui: Thank you.

Marianne Moe: Next question, please?

Operator: Thank you. The next question comes from Andrew Li from Goldman Sachs. Please go ahead.

Andrew Li: Thanks very much and good morning, everyone. Your presentation, digitalisation, was really clear. It would be just great to just delve into the headcount reduction a bit more, if that's the case. You're guiding to 6,000 cuts over the next three years. Can you give us any stats like you did for Bangladesh in the presentation that give us confidence that customer perception in the Nordics is improving with this? What's been your MPS improvement or churn reduction or reductions in calls – into the call centre that gives you that added confidence that this cost-cutting is sustainable? And I wonder if you could touch on one of the costs associated with the 6,000-headcount reduction.

And then just lastly on Norwegian competition, could you just give us an update on the competitive intensity in the market? Obviously, you're having success with family plans. But could you comment on any further aggression[?] from [inaudible] following its capital raise and what you're seeing in terms of ARPU uplift from fibre [inaudible]? Thank you.

Sigve Brekke: Well, that was a new presentation, but let me try to make it short. The Norwegian market remains competitive, I don't see any change. We see Tela[?] being there, we see us[?] being there, and there is movement in the price sensitive segment. But I think we are very happy with the position we have on the value segment of the post-paid customers. As you see, we are not losing any market share there. And we also see that the service we have, the customer service we have in Norway, it's also on a positive trend. So, I would say, no change in the competitive landscape in Norway.

Then to the question you had on customer – how happy the customers are when they are being digitalised. Generally, we see that customer feedback goes up when they have a digital journey rather than a physical. So, that's why we are putting so much effort on making the Telenor, MyTelenor app, the functionality and the user friendliness on par with the very best services that is out there. So, we don't see that digitalisation, and with that cost reduction, it's hampering their customers' affection[?] at all. It's actually the other way around. And that's why I used customer experience as good, both when I talked about the care part of it, the sales part of it, but even the IT and the network digitalisation. It is to make a better customer experience.

I think that was what you asked about.

Marianne Moe: When you look at the reduction in income and cost to customer service, that also reflects that the customers have less reasons to call in. The networks are more stable, the product offerings are more intuitive.

Andrew Li: What is that number in Norway?

Sigve Brekke: Pardon?

Andrew Li: What is the reduction of end calls[?] into the call centres you've seen in Norway?

Sigve Brekke: Close to 20%.

Andrew Li: For example, yeah, over the last year?

Sigve Brekke: Yeah.

Marianne Moe: And in Asia, we are around 30% to 40% reduction in the year.

Andrew Li: And then just the cost of the headcount reduction? Sorry for the multiple questions.

Sigve Brekke: The cost is obviously – it's hard to do an average number here because we have 11 to 12 business units in very different geographies. And so, we are taking that on a running basis and I think you can apply some of the numbers that we have guided on and shown the – disclosed in 2017. That's an indication of how that will be also going forward.

Andrew Li: Thank you very much.

Marianne Moe: I think we have time for two or three more questions now. May we have the next question, please?

Operator: Thank you, Madam. The next question comes from Sunil Patel from Bank of America. Please go ahead.

Sunil Patel: Good morning and thank you for taking my question. I have just two small questions if that's okay. One on Myanmar. I mean, you've seen price pressure into the quarter ahead of the new entry launch. But can you maybe just share some local insights on when you expect a new launch to occur, any sort of insights in the strategy? And, I mean, recall Telenor in the Myanmar segment is particular strong in the data portion in the market. Is there a barrier to entry? Is your position there protected by the investments you made in network or should we expect, I think, price pressure to continue through 2018 onwards?

And my second question is just on the balance sheet [inaudible]. I mean, you talked about two times being a ceiling or a target. But is there a flaw when you just look at the efficiency to drive down your WAC[?] and the historic sort of low cost of debt? Does it not make sense to maybe rebalance more towards debt financing rather than equity? Thank you.

Sigve Brekke: You take the balance sheet and I'll deal with Myanmar?

Jørgen Arentz Rostrup: Yeah. Well, we are not – it's not in our current thinking right now to kind of re-engineer the balance sheet. It is strong today. It is significant below the defined ceiling, the max that we have had, but the max is not the target. It's been quite stable around 1, 1.2 for a long time and kind of restructuring our balance sheets by paying out excess dividend in the short run is not according to our thinking right now.

Sigve Brekke: On Myanmar, we expect the fourth entrant to launch in the end of this quarter, at least that is what they are seeing, or in Q2. And we have been preparing ourselves very well for that. We have a 40% SIM market share in Myanmar now, we have 8,000 sites out there covering 90% of the population and we have close to 100,000 point of sales. So, we will have – I would say, that we are about to be number one in this market with – and the way you measure it. And, of course, that is going to be our leverage when the new entrant comes in. We don't know what they will do. Most likely, they are going to focus on data. But relatively, I think we are well-positioned to defend our position.

Then you asked about the price levels. Yes, there is a rough competition on voice, data is all a bit better, and especially on net tariffs. And that's why you have seen the revenue growth has been slowing down a bit.

Marianne Moe: Next question, please?

Sunil Patel: Thank you.

Operator: Thank you. The next question comes from Jakob Bluestone from Credit Suisse. Please go ahead.

Jakob Bluestone: Hi, good morning. I'll keep it to one question on Denmark, please. Just on the revaluation that you've done looking at the note four on the report, you talked about an assumption for 3% compound annual growth in '18 and '19, 3%. So, can you maybe just talk us through how do you get that assumption for that mark growing 3% for the next few years? What's – is that turned by fixed mobile pricing subs, and what's the rationale behind it? And then if you can maybe just also give us what is actually the value of your Danish business on the balance sheet after this latest revaluation exercise? Thank you.

Sigve Brekke: It's 1.2 on top of the value. The top value is – do you remember [inaudible]?

Marianne Moe: I think we will have to get back to that.

Sigve Brekke: Yeah, we'll check it out.

Marianne Moe: Yeah.

Sigve Brekket: You know, we have disclosed, as we are supposed to do, with the assumptions behind that. We have obviously run several scenarios. We have looked into the cost side, the business development side, our portfolio is developing. And all in all, that brings together these values. And we have an accounting duty in a way to reverse an impairment like this when we see that valuation is substantially higher than what was assumed in 2015. Things have changed about on the internal side. We also see the market levelling out a little bit, which is good. It is still not as profitable as it should be in order to fuel for future investments, the way we see it, but it is better than I assumed in 2015, hence the reversal.

When it comes to the full value, I have to get back to that. I don't have that number or the full – the valuation on the balance sheet.

Jakob Bluestone: Great. Brilliant. Thank you.

Marianne Moe: Next question, please?

Operator: Thank you. The next question comes from Irina Idrissova from RBC Capital Markets. Please go ahead, madam. The line is open.

Irina Idrissova: Hi. Thanks for taking my questions. So, I've got two. First of all, on Norway's fix[?], it's been a year since the unbundling of the important[?] rules came into effect; can you just talk about the impact you're seeing on behaviour of your subscriber-based specifically as a result of these changes and how does the churn impact, for example, compare with your original expectations, any further impact into 2018?

And second question is [inaudible], if you can comment on the CEE[?], European assets specifically. But can you just talk about your thinking around the portfolio as a whole, how do you think about which assets are core versus non-core? And if beyond, generally, of course, creating shareholder value, can you give us some colour on the key decision criteria when you think about whether to sell or keep a geography?

Sigve Brekke: Yeah. The first one, I didn't really get. Was it the unbundling of fixed [inaudible], was that the question?

Irina Idrissova: Yes, correct.

Sigve Brekke: Your first – yeah. Then I'm thinking about unbundling and of fixed and access and TV in the Norwegian market. If that's your question, is that we haven't really seen any big effect on that. We haven't seen any – neither big churn nor a big uptake of new customers. So, I think it's – yeah, so far, hasn't been an effect. And I think the customers are very satisfied with our TV solution and even more so after we launched also our Android component to it. So, we stay very competitive with data. We have a very good growth in the TV business.

Jørgen Arentz Rostrup: Yeah. And then to our portfolio, what is core and what is not core and so on and so forth. We have the whole time our Telco business is the core activity of Telenor. And telco business is the business units and businesses that are very closely related to that telco basis. Then we have started on the portfolio simplification process, as Sigve described in his presentation. We know rush and urgency but we have done it when we have thought we had good opportunities to do what was strategically and financially sound decisions.

The Veon he mentioned, he also discussed India. We have no reason to believe that that was a bad decision to decide to exit India. We high-graded the values in online[?] and classified in Latin America, that was a cash-valuation decision. And then we got an inbound. That is important for us. We got inbound interest on CEE. And then it is our duty to reflect on that. Some reflections are quick, some reflections we spend more time on. This is one that we spend a little bit more time.

We are eager to grow and develop Telenor, that's the whole purpose. And that is what we're working on, and, at the same time, make sure we are taking sound value, creating decisions on behalf of the shareholders. It is cash implications, it is valuation multiples, it is strategic evaluations of how markets are developing, et cetera, et cetera.

Goind forward, we have said that down the road we might look at new opportunities in geographically closeness to where we are and in four businesses in Telco business.

Sigve Brekke: Well said.

Jørgen Arentz Rostrup: Do you agree?

Sigve Brekke: Yeah.

Jørgen Arentz Rostrup: Do you agree? So, we agree on that?

Marianne Moe: Can we have the final question of the day, please?

Operator: Thank you, madam. Our next question still comes from Thomas Heath from Danske Bank. Please go ahead, sir. Your line is open.

Thomas Heath: Thank you. Thomas Heath here with Danske Bank. Just one question if I may. You highlighted the analytics and promotional activities in Thailand based on the Tapad infrastructure. Yet you take another quite large write down[?] of Tapad with the business now worth just 400 million that you required for three billion not very long ago; what's the sort of learning from an M&A point of view, how do you avoid making this type of cost mistake in the future and what didn't play out as planned? Thank you.

Sigve Brekke: Yeah. Of course, we are not satisfied with the development of the Tapad business and especially not on the media side. The development of online marketing in the US market became much tougher than what we expected. Basically, the Googles and the Facebooks are taking more and more share of that. So, we are not happy with that. And we have also a little bit less growth on the data size of the Tapad business, that was expected.

And having said that, I must that the benefits you now see from using their platforms, using their device graph system but also using that third-party data is starting to yield some results. We see that in Thailand, and as I said, we are rolling this out now in five new markets and then the rest of the Telenor Group. And what it enabled us to do is to organise our own data, it's to get richer data from own customers from the third party, but it's also to get access to competitors' customers. So, it helps us then to do a much more efficient digital sales, up-sale, but also more personalised offers.

Thomas Heath: Thank you. So, should we expect to –

Jørgen Arentz Rostrup: It is fair to say that on the digital journey we need confidence and knowledge?

Sigve Brekke: Yeah.

Jørgen Arentz Rostrup: And that we shouldn't pay more than necessary for it, but we need that.

Sigve Brekke: Yeah.

Thomas Heath So, should we think of this more as an internal tech unit within Telenor in years ahead rather than a standalone business?

Sigve Brekke: We will come back that. Right now, it is a standalone business, it has external business which is valuable for us and it has also good online[?] businesses, rational businesses with Telenor and we'll get back to it.

Thomas Heath: Thank you. That's helpful.

Marianne Moe: Okay. And that was the final caller today and this ends the session here today.

So, for those of you not getting through with your questions or having follow-up questions, please contact the IR Team. And as I said at the beginning of this session, there will also be now a separate media session for media present here at Fornebu. Sabrina[?] and Myra[?] will take you to that session.

So, thank you all for attending the session here today. Thank you.