



## Q3 – 2018

Interim report  
January – September  
2018



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## Important milestones achieved during the quarter

The Telenor team delivered another quarter of solid and consistent performance with stable revenues and a 6% organic EBITDA growth. The steps we have taken over the past two years have laid the foundation for continued value creation.

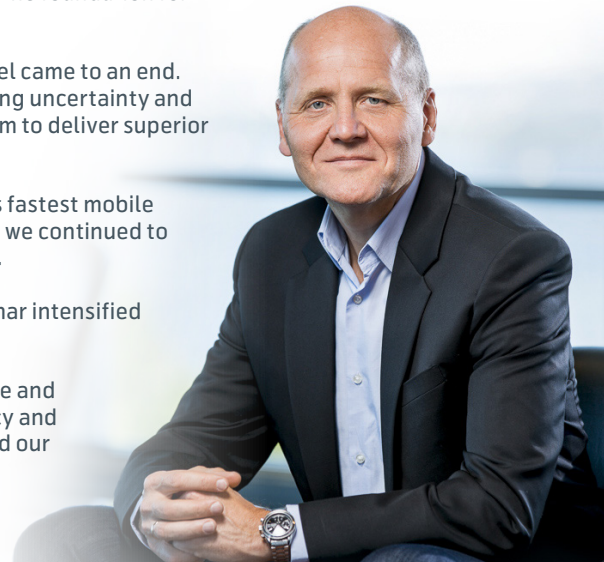
The third quarter was an important milestone for us in Thailand, as the concession model came to an end. We are very pleased how the transition to the licence model has been executed, removing uncertainty and securing significant access to spectrum and infrastructure. We now have a solid platform to deliver superior data services to our customers and create value in the growing Thai market.

In Norway, network quality is key to our customers and we are proud to have the world's fastest mobile network. Our mobile customer base grew for the first time in three years and in addition we continued to expand our fibre network and connected close to 9,000 households during the quarter.

In both Pakistan and Bangladesh revenue trends improved, while competition in Myanmar intensified following the entrance of a fourth mobile operator.

We also successfully completed the sale of our operations in Central and Eastern Europe and will continue to drive our transformation forward with a clear focus on growth, efficiency and simplification. Our achievements so far this year confirm the organisation's strength and our ability to execute across the company.

– Sigve Brekke, President and CEO



## Key figures Telenor Group

(NOK in millions)	Third quarter		First three quarters		Year	First three quarters
	2018	2017	2018	2017	2017	2018 IFRS15
Revenues	27 628	27 463	82 225	83 390	112 069	82 219
Organic revenue growth (%)	0.6	0.8	(0.6)	0.9	0.5	
Subscription and traffic revenues	21 497	21 460	64 099	64 603	86 314	63 709
Organic subscription and traffic revenue growth (%)	0.2	2.9	0.5	2.3	2.4	
EBITDA before other income and other expenses	12 373	11 771	34 981	33 881	44 694	35 087
Organic EBITDA growth (%)	5.6	10.1	5.2	8.4	9.0	
EBITDA before other income and other expenses/Revenues (%)	44.8	42.9	42.5	40.6	39.9	42.7
Net income attributable to equity holders of Telenor ASA	5 807	5 756	13 448	9 758	11 983	13 518
Capex excl. licences and spectrum/Revenues (%)	15.3	13.0	13.0	14.5	15.4	13.0
Capex/Revenues (%)	15.5	17.2	15.4	17.4	18.1	15.4
Free cash flow	26 543	9 426	32 130	21 539	24 867	32 130
Mobile subscriptions - Change in quarter/Total (mill.)	0.7	1.9	173	166	168	173

## Third quarter 2018 summary

- On an organic basis, subscription and traffic revenues were stable, while total revenues increased by 1%. Total reported revenues were NOK 27.6 billion, which is an increase of 1%.
- Reported opex continued to decrease by NOK 0.3 billion or 3%.
- EBITDA before other items was NOK 12.4 billion with an EBITDA margin of 45%, or 2 percentage points above last year. Organic EBITDA growth was 6%, positively impacted by reversal of provisions.
- Net income attributable to equity holders of Telenor ASA was NOK 5.8 billion, or NOK 3.96 per share.
- Capex excluding licences and spectrum was NOK 4.2 billion, resulting in a capex to sales ratio of 15%.
- Free cash flow for the quarter was NOK 26.5 billion following the divestment of our assets in Central and Eastern Europe.

## Shareholder remuneration

In September, Telenor resolved to pay out a special dividend of NOK 4.40 per share following the divestment of our assets in Central and Eastern Europe. The dividend was paid out in October, returning a total of NOK 6.4 billion to shareholders.

In addition, Telenor bought back 7.7 million shares during the quarter and is well on track to finalise the market purchases of the 2% buyback programme before year end. In combination with the ordinary and special dividend, the buyback programme approved by the General Assembly on 2 May 2018 will return a total of close to NOK 23 billion to shareholders in 2018.

## Outlook

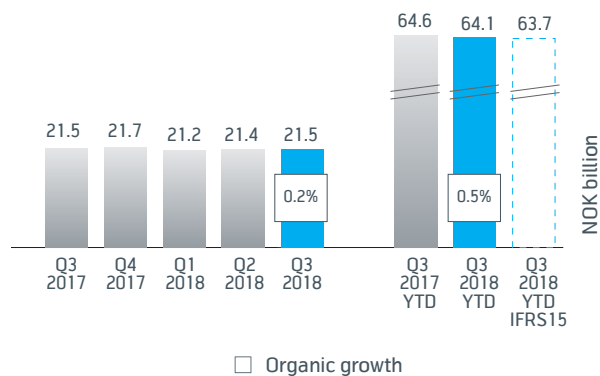
For 2018, we adjust our expectations to an organic subscription and traffic revenue growth of 0-1%, an organic EBITDA growth of 3-4% and capex excluding licences and spectrum of NOK 16-17 billion.

## Group performance in the third quarter 2018<sup>1)</sup>

### SUBSCRIPTION AND TRAFFIC REVENUES

On both an organic and reported basis the subscription and traffic revenues increased by 0.2%. We saw continued signs of improvement in Bangladesh and Pakistan, offset by decline in Myanmar following the entrance of a fourth operator, continued decline in fixed legacy revenues in Norway and the effect of a lower subscription base in Thailand. Total revenues, on an organic and reported basis, increased by NOK 0.2 billion or 0.6%.

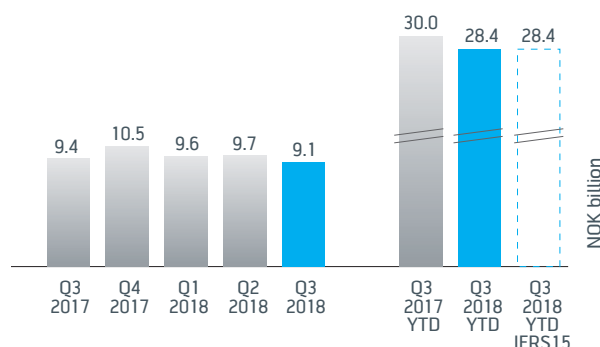
Year to date, organic subscription and traffic revenues grew by 0.5%. Reported total revenues decreased by 1% as currency effects impacted revenues negatively by NOK 1.0 billion.



### OPERATING EXPENDITURES (OPEX)

Reported and currency adjusted opex decreased by NOK 0.3 billion or 3% through continued effect from efficiency initiatives particularly in Thailand, Scandinavia, Corporate Functions and other Group units.

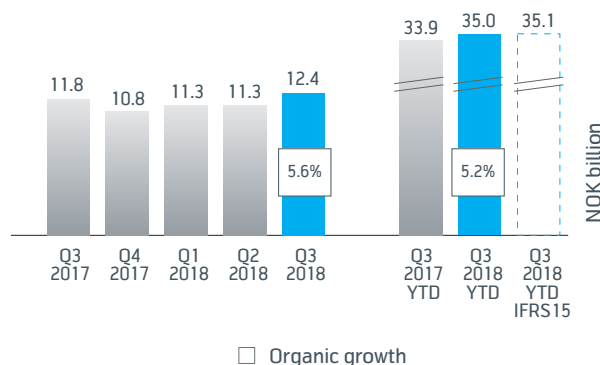
Year to date, opex reductions were to a large extent attributable to the same units. Reported opex decreased by NOK 1.6 billion to NOK 28.4 billion, of which NOK 0.3 billion was related to currency development.



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

EBITDA was NOK 12.4 billion, an improvement of 5.6% on an organic basis. The increase was driven by continued opex reductions and reversal of provisions. The EBITDA margin improved by 2 percentage points from last year, closing the quarter at 44.8%.

Year to date, reported EBITDA increased by NOK 1.1 billion to NOK 35.0 billion, negatively impacted by currency effects of NOK 0.6 billion. Organic EBITDA increased by 5%, to which Pakistan, Bangladesh and Scandinavia were the main contributors. Adjusted for reversal of provisions the growth was 4%.

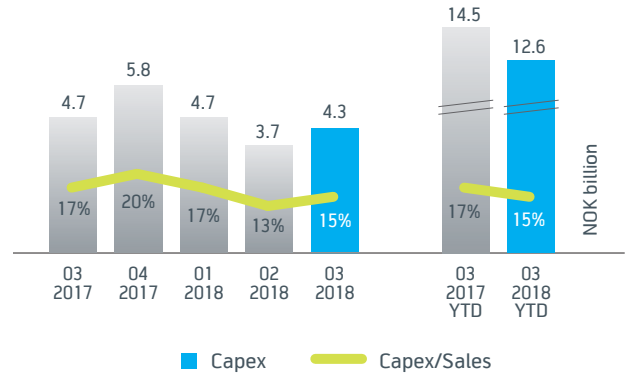


<sup>1)</sup> The comments are related to Telenor's development in the third quarter of 2018 compared to the third quarter of 2017 unless otherwise stated. Please refer to Definitions on page 27 for descriptions of alternative performance measures.

CAPITAL EXPENDITURES (CAPEX)

Capex was NOK 4.3 billion, of which network expansion in Thailand and Norway were the largest drivers, coupled with targeted network roll-out in Bangladesh and Pakistan.

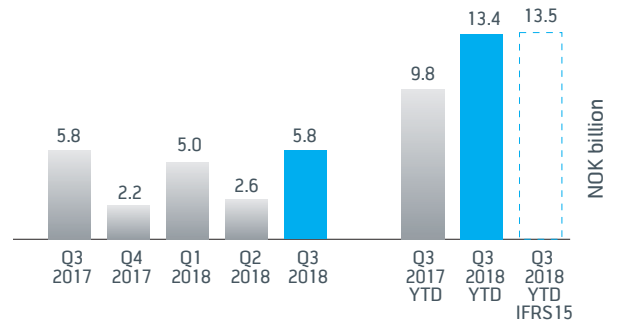
Year to date, capex decreased by NOK 1.9 billion to NOK 12.6 billion. The reduction was primarily explained by deferred investments in Norway and lower spectrum acquisitions this year.



NET INCOME

Reported net income to equity holders of Telenor ASA in the third quarter was NOK 5.8 billion, which is stable from last year. Net income adjusted for the gain on disposal of assets in Central and Eastern Europe was NOK 4.1 billion. This is a decrease of NOK 1.7 billion, primarily explained by high currency gains in the third quarter last year as well as increased depreciation this quarter.

Year to date, the net income to equity holders of Telenor ASA was NOK 13.4 billion and an increase of NOK 3.7 billion compared to last year.

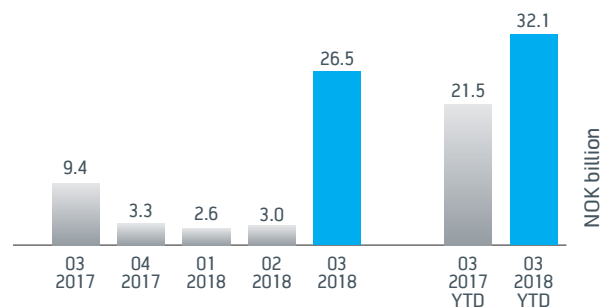


FREE CASH FLOW

Free cash flow in the third quarter was NOK 26.5 billion. This is an increase of NOK 17.1 billion from last year, driven by proceeds from the finalisation of sale of assets in Central and Eastern Europe of NOK 22.0 billion.

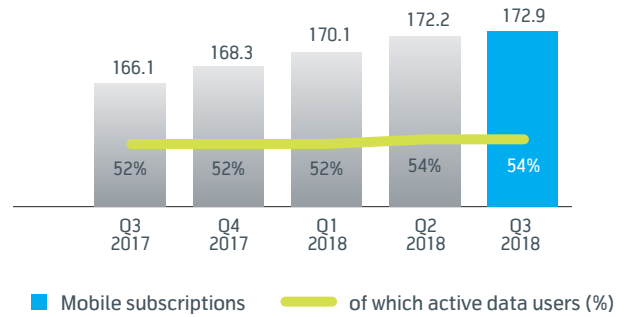
Adjusted for this transaction as well as sale of VEON shares and property last year of in total NOK 3.7 billion, free cash flow decreased by NOK 1.2 billion. Higher EBITDA and lower investment levels did not fully compensate for prepayments to CAT and licence deposit in Thailand as well as higher minority dividends.

Year to date, the free cash flow amounted to NOK 32.1 billion, which is an increase of NOK 10.6 billion compared to last year.



## MOBILE SUBSCRIPTIONS

The number of mobile subscriptions increased by 0.7 million during the quarter, raising the total subscription base to 173 million. The subscription growth in Bangladesh was 2.2 million, offset primarily by reduction of 1.0 million in Myanmar, 0.3 million in Pakistan and 0.3 million in Thailand. The share of active data users in our subscription base remained at 54%.



# Interim report

## Telenor's operations

The comments below are related to Telenor's development in the third quarter of 2018 compared to the third quarter of 2017 in local currency, unless otherwise stated. The financial figures presented below are based on the accounting principles for the Group's segment reporting. See note 9 for further information. Telenor Microfinance Bank and Telenor Banka are classified as discontinued operations, see note 3 for further information. Financial figures for several segments have been restated. See note 9 for further information. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 12 for 'Specification of other income and other expenses'. Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir)

### Norway

- In Norway, we witnessed strong market performance during the quarter, backed by Ookla naming Telenor the world's fastest mobile network in the second quarter. Mobile postpaid subscriptions increased by 8,000 and we added almost 9,000 fibre connections in the quarter.
- The total number of mobile subscriptions increased by 2,000 during the quarter. At the end of the quarter, the total mobile subscription base was 1% lower than last year as prepaid subscriptions continued to decline. The number of fixed high-speed subscriptions grew by 7,000 in the quarter, taking the total number of high-speed fixed internet subscriptions to 643,000.
- Mobile ARPU remained stable as effects from regulation on 3/5-digit numbers were offset by growth in subscriptions with higher data bundles. Mobile subscription and traffic revenue decreased by 2%.
- Total revenues increased by 1%, mainly from higher handset sales.
- Opex remained stable as lower personnel costs were offset by increased sales and marketing expenses and costs related to transferred business from Group.
- EBITDA decreased by 6% due to reduction in gross profit following lower revenues from fixed legacy and mobile wholesale products, partly offset by growth in fibre related revenues. The EBITDA margin was reduced by 3 percentage points to 42%, negatively impacted by increased handset sales.
- Capex continued to be driven by fibre roll-out, 4G network expansions and IT development.

	Third quarter		First three quarters		Year	First three quarters
	2018	2017 Restated*	2018	2017 Restated*	2017 Restated*	2018 IFRS15
<b>(NOK in millions)</b>						
<b>Revenues mobile operation</b>						
Subscription and traffic	2 805	2 852	8 247	8 283	11 029	8 199
Interconnect revenues	130	135	397	412	551	397
Other mobile revenues	245	328	679	899	1 178	679
Non-mobile revenues	792	498	2 145	1 492	2 313	2 119
<b>Total revenues mobile operation</b>	<b>3 972</b>	<b>3 812</b>	<b>11 467</b>	<b>11 086</b>	<b>15 072</b>	<b>11 394</b>
<b>Revenues fixed operation</b>						
Telephony	311	362	951	1 150	1 498	951
Internet and TV	1 483	1 495	4 441	4 343	5 850	4 440
Data services	128	124	384	372	504	384
Other fixed revenues	365	357	1 173	1 190	1 603	1 173
<b>Total retail revenues</b>	<b>2 287</b>	<b>2 337</b>	<b>6 948</b>	<b>7 055</b>	<b>9 455</b>	<b>6 948</b>
Wholesale revenues	305	367	952	1 092	1 437	952
<b>Total revenues fixed operation</b>	<b>2 592</b>	<b>2 704</b>	<b>7 900</b>	<b>8 147</b>	<b>10 892</b>	<b>7 899</b>
<b>Total revenues</b>	<b>6 564</b>	<b>6 517</b>	<b>19 367</b>	<b>19 233</b>	<b>25 965</b>	<b>19 293</b>
Operating expenditures	2 213	2 195	6 696	6 826	9 206	6 558
<b>EBITDA before other items</b>	<b>2 786</b>	<b>2 971</b>	<b>8 293</b>	<b>8 397</b>	<b>11 117</b>	<b>8 358</b>
<b>Operating profit</b>	<b>1 611</b>	<b>1 987</b>	<b>4 907</b>	<b>5 423</b>	<b>6 902</b>	<b>4 972</b>

EBITDA before other items/ Total revenues (%)	42.4	45.6	42.8	43.7	42.8	43.3
Capex	1 001	1 181	2 645	3 891	4 988	2 645
Investments in businesses	-	198	5	211	215	5

#### Statistics (monthly in NOK):

Mobile ARPU	330	332	324	320	320	322
Fixed Telephony ARPU	245	242	239	247	246	239
Fixed Internet ARPU	376	375	376	365	369	345
TV ARPU	319	320	316	309	312	320

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

Mobile	2	(13)	2 965	2 994	2 984	2 965
Fixed telephony	(17)	(16)	414	491	472	414
Fixed Internet	1	1	850	863	859	850
TV	2	(1)	548	546	546	548

\* Refer to note 9.

## Sweden

- In Sweden, the mobile subscriptions continued to grow and cost efficiency was improved. Further, new consumer offerings were launched without lock-in period and including an extended roaming offer.
- Positive development in the consumer segment contributed towards an increase in total mobile subscriptions of 25,000. Almost 8,000 fibre connections were added in the quarter, taking the total number of high-speed fixed internet subscriptions to 601,000, which is an increase of 5% from last year.
- Mobile subscription and traffic revenues decreased by 1% mainly driven by reduced ARPU and lower volumes in the business segment.
- Fixed revenues decreased by 2% as growth in internet and TV revenues could not fully offset the continued decline within legacy products and lower fibre installation revenues.
- Opex decreased by 3%, mainly due to lower sales and personnel costs. EBITDA increased by 1% with a slightly increased EBITDA margin of 36%.
- Capital expenditure in the quarter was mainly prioritised towards mobile network investments and digitalisation initiatives.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2018	2017	2018	2017	2017	2018 IFRS15
<b>Revenues mobile operation</b>						
Subscription and traffic	1 466	1 574	4 454	4 565	6 123	4 445
Interconnect revenues	125	133	391	459	596	391
Other mobile revenues	104	104	295	277	379	295
Non-mobile revenues	505	505	1 537	1 485	2 219	1 478
<b>Total revenues mobile operation</b>	<b>2 200</b>	<b>2 316</b>	<b>6 678</b>	<b>6 787</b>	<b>9 317</b>	<b>6 609</b>
<b>Revenues fixed operation</b>						
Telephony	41	70	147	219	285	147
Internet and TV	652	675	1 977	1 954	2 660	1 978
Data services	37	49	117	148	201	117
Other fixed revenues	53	75	195	190	303	195
<b>Total retail revenues</b>	<b>784</b>	<b>869</b>	<b>2 436</b>	<b>2 510</b>	<b>3 448</b>	<b>2 437</b>
Wholesale revenues	53	44	158	126	172	158
<b>Total revenues fixed operation</b>	<b>837</b>	<b>912</b>	<b>2 594</b>	<b>2 637</b>	<b>3 620</b>	<b>2 595</b>
<b>Total revenues</b>	<b>3 037</b>	<b>3 229</b>	<b>9 272</b>	<b>9 424</b>	<b>12 938</b>	<b>9 204</b>
Operating expenditures	886	975	2 914	3 135	4 211	2 935
<b>EBITDA before other items</b>	<b>1 082</b>	<b>1 141</b>	<b>3 129</b>	<b>3 070</b>	<b>4 136</b>	<b>3 105</b>
<b>Operating profit</b>	<b>752</b>	<b>790</b>	<b>2 132</b>	<b>2 003</b>	<b>2 730</b>	<b>2 108</b>
EBITDA before other items/ Total revenues (%)	35.6	35.3	33.8	32.6	32.0	33.7
Capex	251	346	853	1 079	1 690	853
Investments in businesses	-	1	-	113	113	-
<b>Statistics (monthly in NOK):</b>						
Mobile ARPU	197	213	200	210	210	200
Fixed Telephony ARPU	37	65	44	68	67	44
Fixed Internet ARPU	209	215	212	212	213	212
TV ARPU	145	142	146	136	139	146
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>						
Mobile	25	21	2 703	2 682	2 689	2 703
Fixed telephony	(4)	(7)	153	194	185	153
Fixed Internet	2	6	681	680	679	681
TV	5	8	462	476	470	462
Exchange rate (SEK)			0.9371	0.9637	0.9680	0.9371



## Denmark

- In Denmark, the operation continued to deliver improved value creation. This was secured through increased mobile ARPU and simplification initiatives such as new consumer mobile offerings, better utilisation of sales channels and a generally leaner operation.
- The mobile subscription base decreased by 28,000 due to continued churn of a large public account. Mobile ARPU improved by 5% as a result of loss of low value subscriptions as well as upselling to higher value tariffs.
- Mobile subscription and traffic revenues increased by 1% as a result of higher ARPU. Higher handset sales contributed to a 2% growth in total revenues.
- Operating expenditures continued to decrease as a result of a more efficient operation with fewer employees, reduced losses on receivables as well as lower sales costs. This explains the EBITDA margin reaching 24% in the quarter, up by 4 percentage points from third quarter last year.
- Capex was focused on 4G radio network and business support systems.

	Third quarter		First three quarters		Year	First three quarters
	2018	2017	2018	2017	2017	2018 IFRS15
<b>(NOK in millions)</b>						
<b>Revenues mobile operation</b>						
Subscription and traffic	759	736	2 254	2 160	2 903	2 218
Interconnect revenues	60	63	184	188	256	184
Other mobile revenues	58	46	159	150	199	159
Non-mobile revenues	282	253	808	863	1 251	799
<b>Total revenues mobile operation</b>	<b>1 159</b>	<b>1 098</b>	<b>3 405</b>	<b>3 362</b>	<b>4 610</b>	<b>3 360</b>
<b>Revenues fixed operation</b>						
Telephony	32	35	99	109	144	99
Internet and TV	89	89	269	276	367	269
Data services	6	7	19	19	26	19
<b>Total revenues fixed operation</b>	<b>126</b>	<b>131</b>	<b>387</b>	<b>405</b>	<b>537</b>	<b>387</b>
<b>Total revenues</b>	<b>1 285</b>	<b>1 229</b>	<b>3 792</b>	<b>3 766</b>	<b>5 147</b>	<b>3 747</b>
Operating expenditures	460	495	1 461	1 546	2 136	1 504
<b>EBITDA before other items</b>	<b>308</b>	<b>246</b>	<b>843</b>	<b>702</b>	<b>849</b>	<b>797</b>
<b>Operating profit</b>	<b>62</b>	<b>186</b>	<b>140</b>	<b>449</b>	<b>1 665</b>	<b>94</b>
EBITDA before other items/ Total revenues (%)	23.9	20.0	22.2	18.6	16.5	21.3
Capex	91	78	270	490	651	270
Mobile ARPU - monthly (NOK)	156	145	152	142	144	149
<b>No. of subscriptions - Change in quarter/Total (in thousands):</b>						
Mobile	(28)	(14)	1 737	1 826	1 827	1 737
Fixed telephony	(4)	(3)	52	65	64	52
Fixed Internet	(4)	(2)	130	141	138	130
Exchange rate (DKK)			1.2869	1.2416	1.2539	1.2869

### dtac - Thailand

- In Thailand, we are very pleased how the transition to the licence model has been executed, removing uncertainty and securing significant access to spectrum and infrastructure.
- dtac secured a 2x5 MHz block in the 1800 MHz spectrum band in the auction held in August. In September dtac also signed a service agreement with CAT Telecom Public Company Limited for long-term access to towers and other network infrastructure, securing the ability to provide services after the concession expired.
- The market was challenging as competitor activities targeting concession expiry resulted in negative net adds for both prepaid and postpaid subscriptions. The total number of subscriptions decreased by 0.3 million in the quarter.
- Total revenues declined by 4%, mainly as a result of reduced sale of handsets, lower interconnect revenues and lower subscription base. Subscription and traffic revenues decreased by 2%.
- Opex decreased by 10%, primarily from lower regulatory fees and a reversal this quarter. This was partly offset by increased network related costs and infrastructure lease paid to CAT.
- EBITDA decreased by 7%, mainly due to payment of 2300 MHz fixed fees, only partly offset by opex reductions. The EBITDA margin decreased by 1 percentage point to 40%. Adjusted for the 2300 MHz payments, the EBITDA margin was 46%.
- Operating profit in the quarter was negatively impacted by NOK 339 million from increased amortisation due to end of concession.
- Capex was prioritised towards densifying both 3G and 4G, including roll-out in the 2300 MHz spectrum band.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2018	2017	2018	2017	2017	2018 IFRS15
<b>Revenues</b>						
Subscription and traffic	3 896	3 778	11 814	11 640	15 620	11 691
Interconnect revenues	144	201	439	633	841	439
Other mobile revenues	36	29	146	139	184	146
Non-mobile revenues	422	479	1 597	1 645	2 444	1 703
<b>Total revenues</b>	<b>4 498</b>	<b>4 487</b>	<b>13 996</b>	<b>14 056</b>	<b>19 089</b>	<b>13 979</b>
Operating expenditures	1 579	1 664	4 891	5 207	6 969	4 910
<b>EBITDA before other items</b>	<b>1 799</b>	<b>1 846</b>	<b>5 775</b>	<b>5 475</b>	<b>7 413</b>	<b>5 738</b>
<b>Operating profit</b>	<b>(132)</b>	<b>282</b>	<b>437</b>	<b>858</b>	<b>1 086</b>	<b>400</b>
EBITDA before other items/ Total revenues (%)	40.0	41.1	41.3	39.0	38.8	41.0
Capex	1 541	840	2 910	2 939	4 027	2 910
No. of subscriptions - Change in quarter/Total (in thousands):	(313)	(492)	21 299	23 112	22 652	21 299
ARPU - monthly (NOK)	63	57	62	57	58	62
Exchange rate (THB)			0.2497	0.2422	0.2435	0.2497

### Digi - Malaysia

- In Malaysia, we witnessed a strong double-digit postpaid revenue growth and continued data growth.
- The number of both postpaid and prepaid subscriptions increased during the quarter, taking the total base to 11.8 million which is an increase of 144,000.
- Subscription and traffic revenues were flat as a 15% growth in postpaid was offset by a decline in the prepaid segment.
- Opex decreased by 1%, mainly from reduced sales and marketing expenses and lower personnel costs after transition to a centralised network management service.
- EBITDA decreased by 1% mainly as a result of reduction in gross profit from increased acquisition costs partly offset by lower opex. The EBITDA margin remained stable at 46%.
- Capex for the quarter was prioritised towards IT and strengthening the 4G network.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2018	2017	2018	2017	2017	2018 IFRS15
<b>Revenues</b>						
Subscription and traffic	2 798	2 588	8 460	7 893	10 685	8 281
Interconnect revenues	115	140	345	433	581	345
Other mobile revenues	36	31	108	99	132	108
Non-mobile revenues	214	168	658	540	789	1 029
<b>Total revenues</b>	<b>3 164</b>	<b>2 927</b>	<b>9 572</b>	<b>8 965</b>	<b>12 188</b>	<b>9 764</b>
Operating expenditures	973	913	2 901	2 743	3 720	2 925
<b>EBITDA before other items</b>	<b>1 451</b>	<b>1 360</b>	<b>4 441</b>	<b>4 121</b>	<b>5 556</b>	<b>4 610</b>
<b>Operating profit</b>	<b>1 061</b>	<b>975</b>	<b>3 138</b>	<b>3 021</b>	<b>4 035</b>	<b>3 306</b>
EBITDA before other items/ Total revenues (%)	45.9	46.4	46.4	46.0	45.6	47.2
Capex	292	1 424	1 190	2 247	2 570	1 190
No. of subscriptions - Change in quarter/Total (in thousands):	144	(178)	11 803	11 852	11 747	11 803
ARPU - monthly (NOK)	84	77	83	78	79	82
Exchange rate (MYR)			2.0122	1.9090	1.9222	2.0122

## Grameenphone - Bangladesh

- In Bangladesh, Grameenphone added another 2.2 million subscriptions passing the 70 million milestone and continued to deliver solid financial results. The number of subscriptions closed the quarter at 71.4 million, which is 12% higher than at the end of third quarter last year.
- Subscription and traffic revenues increased by 8% as the growth in subscription base was partly offset by a 5% decline in ARPU mainly from lower voice usage. Total revenues increased by 3%, but normalised for the change to net accounting the growth was 5%.
- EBITDA increased by 9% as gross profit uplift was partly offset by a slight increase in opex. EBITDA margin improved by 3 percentage points to 62%, positively impacted by reversals this quarter.
- Capex was prioritised towards continued network rollout and strengthened network position.

(NOK in millions)	Third quarter		First three quarters		Year	First three quarters
	2018	2017	2018	2017	2017	2018 IFRS15
<b>Revenues</b>						
Subscription and traffic	3 135	2 914	8 687	8 866	11 748	8 687
Interconnect revenues	184	215	586	672	882	586
Other mobile revenues	5	5	9	9	14	9
Non-mobile revenues	42	124	146	419	512	146
<b>Total revenues</b>	<b>3 367</b>	<b>3 257</b>	<b>9 428</b>	<b>9 966</b>	<b>13 156</b>	<b>9 428</b>
Operating expenditures	1 102	1 082	3 251	3 220	4 310	3 277
<b>EBITDA before other items</b>	<b>2 082</b>	<b>1 910</b>	<b>5 667</b>	<b>5 915</b>	<b>7 791</b>	<b>5 644</b>
<b>Operating profit</b>	<b>1 522</b>	<b>1 232</b>	<b>3 978</b>	<b>3 991</b>	<b>5 124</b>	<b>3 955</b>
EBITDA before other items/ Total revenues (%)	61.8	58.6	60.1	59.3	59.2	59.9
Capex	473	191	2 885	1 014	1 483	2 885
Investments in businesses	(0)	-	(8)	-	19	(8)
No. of subscriptions - Change in quarter/Total (in thousands):	2 243	2 303	71 413	63 883	65 329	71 413
ARPU - monthly (NOK)	16	17	15	17	17	15
Exchange rate (BDT)			0.0959	0.1033	0.1022	0.0959

## Pakistan

- In Pakistan, we delivered another good quarter with revenue growth and strong profitability, also positively impacted by reversals of provisions and temporary abolishment of taxes on cellular services from June.
- The number of subscriptions decreased by 0.3 million during the quarter, taking the total base to 42.9 million, which is 6% higher than at the end of third quarter last year.
- Subscription and traffic revenues increased by 10%, primarily from higher subscription base and the effect of tax abolishment.
- Reported EBITDA margin was 78%, but adjusted for reversals the underlying margin was 54%.
- Capex continued towards expanding the 4G footprint in addition to IT infrastructure.

(NOK in millions)	Third quarter		First three quarters		Year	First three quarters
	2018	2017	2018	2017	2017	2018 IFRS15
<b>Revenues</b>						
Subscription and traffic	1 628	1 671	4 618	5 041	6 644	4 633
Interconnect revenues	311	291	862	892	1 174	862
Other mobile revenues	5	5	15	14	20	15
Non-mobile revenues	58	64	207	225	342	207
<b>Total revenues</b>	<b>2 002</b>	<b>2 031</b>	<b>5 702</b>	<b>6 173</b>	<b>8 181</b>	<b>5 717</b>
Operating expenditures	628	539	1 953	2 073	2 788	1 950
<b>EBITDA before other items</b>	<b>1 560</b>	<b>1 232</b>	<b>3 360</b>	<b>3 237</b>	<b>4 204</b>	<b>3 396</b>
<b>Operating profit</b>	<b>1 227</b>	<b>875</b>	<b>2 137</b>	<b>2 126</b>	<b>2 678</b>	<b>2 174</b>
EBITDA before other items/ Total revenues (%)	77.9	60.6	58.9	52.4	51.4	59.4
Capex	267	207	766	906	1 438	766
No. of subscriptions - Change in quarter/Total (in thousands):	(309)	(96)	42 940	40 701	41 625	42 940
ARPU - monthly (NOK)	14	16	14	16	16	14
Exchange rate (PKR)			0.0685	0.0790	0.0785	0.0685

## Myanmar

- In Myanmar, the performance in third quarter was negatively impacted by fierce competition, heavy flooding and weakening of the local currency.
- The number of subscriptions decreased by 1.0 million during the quarter, taking the total base to 18 million, which is 6% lower than at the end of third quarter last year.
- Subscription and traffic revenues decreased by 9% due to reduced prices for voice and data pack promotions. ARPU decreased by 8% as the growth in data volumes was not sufficient to offset the reduced prices.
- EBITDA decreased by 27% mainly as a result of declining revenues in addition to a 6% increase in operating expenses, negatively impacted by depreciation of the local currency. The EBITDA margin was 34%.
- Capex continued to be driven by network expansion, 4G roll-out and fibre capacity.

	Third quarter		First three quarters		Year	First three quarters
	2018	2017	2018	2017	2017	2018 IFRS15
<b>(NOK in millions)</b>						
<b>Revenues</b>						
Subscription and traffic	1 134	1 317	3 877	4 246	5 585	3 877
Interconnect revenues	193	211	622	711	941	622
Other mobile revenues	8	9	25	24	39	25
Non-mobile revenues	11	22	34	62	78	34
<b>Total revenues</b>	<b>1 345</b>	<b>1 559</b>	<b>4 558</b>	<b>5 043</b>	<b>6 643</b>	<b>4 558</b>
Operating expenditures	668	664	2 025	2 033	2 763	2 025
<b>EBITDA before other items</b>	<b>455</b>	<b>665</b>	<b>1 849</b>	<b>2 247</b>	<b>2 869</b>	<b>1 849</b>
<b>Operating profit</b>	<b>84</b>	<b>403</b>	<b>770</b>	<b>1 449</b>	<b>1 796</b>	<b>770</b>
EBITDA before other items/ Total revenues (%)	33.8	42.6	40.6	44.6	43.2	40.6
Capex	200	259	643	1 260	2 545	643
No. of subscriptions - Change in quarter/Total (in thousands):	(1 047)	341	18 036	19 098	19 474	18 036
ARPU - monthly (NOK)	24	27	26	29	29	26
Exchange rate (MMK)			0.0058	0.0061	0.0060	0.0058

## Broadcast

- Broadcast delivered good financial performance in the quarter, despite currency effects impacting revenues negatively.
- Total revenues decreased by 1% following a reduction in Canal Digital due to unfavourable currency effects.
- EBITDA increased by 3%, primarily as a result of strong cost development in Canal Digital with reduced customer service costs and lower marketing spend.
- Capex was primarily driven by upgrades in the DTT network to release the 700 Mhz band for mobile purposes in addition to roll-out of new sites for mobile operators.

	Third quarter		First three quarters		Year	First three quarters
	2018	2017	2018	2017	2017	2018 IFRS15
<b>(NOK in millions)</b>						
<b>Revenues</b>						
Canal Digital DTH	1 134	1 152	3 407	3 404	4 557	3 396
Satellite	230	223	668	677	892	668
Norkring	265	264	797	828	1 095	797
Other/Eliminations	(118)	(118)	(354)	(353)	(472)	(354)
<b>Total revenues</b>	<b>1 512</b>	<b>1 520</b>	<b>4 517</b>	<b>4 556</b>	<b>6 071</b>	<b>4 507</b>
Operating expenditures	365	395	1 215	1 284	1 771	1 239
<b>EBITDA before other items</b>	<b>574</b>	<b>555</b>	<b>1 588</b>	<b>1 546</b>	<b>1 997</b>	<b>1 554</b>
Canal Digital DTH	251	246	706	649	844	672
Satellite	167	155	453	450	585	453
Norkring	158	159	441	459	601	441
Other/Eliminations	(2)	(4)	(12)	(13)	(33)	(12)
<b>Total EBITDA before other items</b>	<b>574</b>	<b>555</b>	<b>1 588</b>	<b>1 546</b>	<b>1 997</b>	<b>1 554</b>
<b>Operating profit</b>	<b>415</b>	<b>375</b>	<b>1 084</b>	<b>1 358</b>	<b>1 641</b>	<b>1 051</b>
Canal Digital DTH	233	224	638	581	760	605
Satellite	100	74	240	558	613	240
Norkring	84	82	219	231	300	219
Other/Eliminations	(2)	(4)	(12)	(11)	(32)	(12)
<b>Total operating profit</b>	<b>415</b>	<b>375</b>	<b>1 084</b>	<b>1 358</b>	<b>1 641</b>	<b>1 051</b>
EBITDA before other items/ Total revenues (%)	38.0	36.5	35.2	33.9	32.9	34.5
Capex	97	80	246	270	409	246
No. of subscriptions - Change in quarter/Total (in thousands):						
DTH TV	(11)	(8)	806	843	838	806

## Other units

- In Global Wholesale, revenues increased by NOK 189 million mainly explained by reversal of sales tax provisions. EBITDA increased by NOK 163 million, primarily as a result of the same reversal.
- In Corporate Functions, the EBITDA improvement continued as a result of workforce reduction, increased Group charges and a more focused agenda.
- In Digital Businesses, revenues decreased by 2% following Tapad's exit from the media business partly offset by growth in financial services in Myanmar. EBITDA improved by NOK 120 million primarily as a result of reclassification between Digital Businesses and Corporate Functions. We further experienced better performance in both the financial services portfolio and online classifieds.

(NOK in millions)	Third quarter		First three quarters		Year	First three quarters
	2018	2017 Restated*	2018	2017 Restated*	2017 Restated*	2018 IFRS15
<b>Revenues</b>						
Global Wholesale	935	746	2 390	2 326	2 995	2 390
Corporate Functions	789	753	2 523	2 348	3 178	2 523
Digital Businesses incl. Financial services	334	341	950	881	1 221	950
Other / eliminations	94	120	255	329	409	255
<b>Total revenues</b>	<b>2 152</b>	<b>1 960</b>	<b>6 118</b>	<b>5 885</b>	<b>7 804</b>	<b>6 118</b>
<b>Operating expenditures</b>						
	<b>1 052</b>	<b>1 189</b>	<b>3 638</b>	<b>3 903</b>	<b>5 300</b>	<b>3 638</b>
<b>EBITDA before other items</b>						
Global Wholesale	209	46	295	107	135	295
Corporate Functions	63	(60)	(56)	(387)	(547)	(56)
Digital Businesses incl. Financial services	53	(67)	(31)	(329)	(403)	(31)
Other / eliminations	7	22	19	60	59	19
<b>Total EBITDA before other items</b>	<b>332</b>	<b>(58)</b>	<b>226</b>	<b>(549)</b>	<b>(756)</b>	<b>226</b>
<b>Operating profit (loss)</b>						
Global Wholesale	193	28	246	49	56	246
Corporate Functions	(34)	360	(423)	(184)	(421)	(423)
Digital Businesses incl. Financial services	(12)	(102)	(185)	(800)	(2 600)	(185)
Other / eliminations	(11)	9	(27)	89	68	(27)
<b>Total operating profit (loss)</b>	<b>136</b>	<b>295</b>	<b>(388)</b>	<b>(846)</b>	<b>(2 897)</b>	<b>(388)</b>
Capex	60	109	219	395	531	219
Investments in businesses	43	26	75	1 875	1 905	75

\* Refer to note 9.

## Group performance 2018

The comments below are related to Telenor's development in the first three quarters of 2018 compared to the first three quarters of 2017. Telenor Microfinance Bank and Telenor Banka are classified as discontinued operations. Consequently, historical Group income statement has been re-presented accordingly. Please refer to note 3 for further information.

### Specification of other income and other expenses

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
EBITDA before other income and other expenses	12 410	11 771	35 087	33 881	44 694
EBITDA before other income and other expenses (%)	45.0	42.9	42.7	40.6	39.9
Other income	-	-	-	140	140
Gains on disposals of fixed assets and operations	7	666	53	1 111	1 166
Losses on disposals of fixed assets and operations	(36)	(33)	(190)	(151)	(231)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(232)	(305)	(675)	(595)	(941)
<b>EBITDA</b>	<b>12 149</b>	<b>12 099</b>	<b>34 275</b>	<b>34 386</b>	<b>44 828</b>
EBITDA margin (%)	44.1	44.1	41.7	41.2	40.0

In the third quarter of 2018 'Other income and other expenses' consisted mainly of:

- Workforce reductions in Telenor Norway NOK 116 million and onerous contract of NOK 42 million related to office rental.

In the first three quarters of 2018 'Other income and other expenses' consisted mainly of:

- Workforce reductions in Telenor Norway, Corporate Functions and Digi.
- Loss on disposal related to scrapping of fixed assets in Telenor Norway and Telenor Sweden.
- Gains on disposals is related to partial divestment of Video Communication AS from a subsidiary to an associated company.

In the first three quarters of 2017 'Other income and other expenses' consisted mainly of:

- Gains related to a finance lease arrangement in Broadcast, divestment of ABC Startsiden and disposal of an office property in Kongensgate 8/ Kirkegaten 9 in Oslo.
- Workforce reductions mainly in Corporate Functions, GrameePhone and Telenor Norway.
- Positive vendor settlement.
- Loss related to the divestment of Telenor Banka.

### Operating profit

- Reported operating profit decreased by NOK 1.3 billion as a result of slightly lower EBITDA and higher depreciations primarily in dtac, Denmark and Myanmar.

### Financial items

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Financial income	407	485	972	1 428	1 564
Financial expenses	(677)	(696)	(1 732)	(2 261)	(2 991)
Net currency gains (losses)	126	1 551	261	2 153	1 030
Net change in fair value of financial instruments	(217)	21	452	(31)	425
Net gains (losses and impairment) of financial assets and liabilities	2	(178)	4	(175)	(181)
<b>Net financial income (expenses)</b>	<b>(359)</b>	<b>1183</b>	<b>(43)</b>	<b>1 114</b>	<b>(152)</b>
Gross interest expenses	(569)	(607)	(1 470)	(1 988)	(2 600)
Net interest expenses	(449)	(472)	(1 200)	(1 688)	(2 198)

- Financial income in the first three quarters of 2018 includes dividend from VEON of NOK 345 million recognised in the first quarter and NOK 253 million recognised in the third quarter.
- A strong Norwegian Krone leads to net currency gains in the first nine months of 2018. Revaluation of liabilities in foreign currency is the main driver for these currency gains. The currency gains were offset by losses due to depreciation of MMK against USD in the third quarter.
- Net change in fair value of financial instruments in the first nine months of 2018 includes a NOK 815 million gain on the financial derivative features of the bond exchangeable into VEON ADSs, compared to a gain of NOK 71 million in the first nine months of 2017.

### Taxes

- The underlying tax rate remains stable at around 30%. The estimated effective tax rate for the first three quarters of the year is 30%.
- The effective tax rate for the year is estimated to be around 30%.

### Cash flow

- Net cash inflow from operating activities during the first three quarters of 2018 was NOK 28.2 billion, a decrease of NOK 3.7 billion compared to 2017, mainly due to higher taxes paid, prepayment in Thailand and changes in working capital.
- Net cash inflow from investing activities during the first three quarters of 2018 was NOK 7.4 billion. This is an increase of NOK 14.4 billion compared to 2017, primarily explained by higher inflows from the sale of businesses of NOK 13.7 billion (CEE and India in 2018 and SnT Classifieds and VEON in 2017); lower cash outflows related to the purchases of network assets and spectrum licences of NOK 1.9 billion and investments in businesses of NOK 2.0 billion (acquisition of 701Search Pte. Ltd in 2017). This is partly offset by lower cash inflows from the sale of other investments of NOK 3.1 billion.
- Net cash outflow to financing activities during the first three quarters of 2018 was NOK 24.6 billion. This is explained by net payments of borrowings of NOK 9.8 billion, total shareholder return of NOK 11.3 billion (share buyback of NOK 5.1 billion and dividend to Telenor ASA shareholders of NOK 6.2 billion), dividend paid to minority interest of NOK 2.7 billion, and licence payments of NOK 0.7 billion less.
- Cash and cash equivalents increased by NOK 10.7 billion during 2018 to NOK 33.0 billion as of 30 September 2018.

### Financial position

- During the first three quarters of 2018, total assets decreased by NOK 15.3 billion to NOK 186.5 billion. The decrease follows partial utilisation of the proceeds from the sale of CEE operations for repayment of commercial papers, as a part of liquidity management.
- Net debt decreased by NOK 23.2 billion to NOK 23.7 billion, following the closure of the CEE transaction in the third quarter. Interest-bearing liabilities excluding licence obligations decreased by NOK 14.0 billion while cash and cash equivalents increased by NOK 10.2 billion. This was partially offset by the decrease in fair value hedge instrument receivables and fixed income investments by NOK 1.0 billion.
- Total equity decreased by NOK 9.1 billion to NOK 53.3 billion. The decrease was mainly due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 21.1 billion and share buyback of NOK 5.1 billion. The decrease was partially offset by positive net income from operations of NOK 15.9 billion and IFRS 15 implementation effect on opening balance of NOK 3.5 billion (see note 2 for further information).

### Transactions with related parties

As part of the finalisation of the share buyback programme approved by the Annual General Meeting in 2017, the redemption of 16,189,561 shares owned by the Norwegian Government by the Ministry of Trade and Fisheries against a payment of an amount of NOK 2,733 million to the Ministry of Trade and Fisheries was carried out in the second quarter 2018.

For further detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2017.

### Risk and uncertainties

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

A significant share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner significantly. Political risk, including regulatory conditions, may also influence the results.

Telenor ASA seeks to allocate debt on the basis of equity market values in local currencies, predominantly EUR, USD and SEK. Foreign currency debt in Telenor ASA that exceeds the booked equity of investments in the same currency will not be part of an effective net investment hedge relationship. Currency fluctuations related to this part of the debt will be recorded in the income statement.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2017, section Risk Factors and Risk Management, and Telenor's Annual Report 2017 Note 13 Income taxes, Note 28 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 2017 are:

- Legal disputes  
See note 6 for details.
- Financial aspects  
In relation to the sale of Telenor India the exposure to claims from the Department of Telecommunications in India related to the period Telenor owned the business remains with Telenor, see note 3.

### Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Fornebu, 23 October 2018  
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
	2018	2017	2018	2017	2017
Revenues	27 566	27 463	82 219	83 390	112 069
Costs of materials and traffic charges	(6 059)	(6 266)	(18 724)	(19 550)	(26 928)
Salaries and personnel costs	(2 396)	(2 664)	(7 930)	(8 451)	(11 412)
Other operating expenses	(6 701)	(6 761)	(20 478)	(21 508)	(29 034)
Other income	7	666	53	1 251	1 306
Other expenses	(268)	(338)	(865)	(746)	(1 172)
<b>EBITDA</b>	<b>12 149</b>	<b>12 099</b>	<b>34 275</b>	<b>34 386</b>	<b>44 828</b>
Depreciation and amortisation	(5 410)	(4 804)	(15 937)	(14 447)	(19 621)
Impairment losses	(19)	9	(20)	(371)	(833)
<b>Operating profit</b>	<b>6 720</b>	<b>7 304</b>	<b>18 318</b>	<b>19 568</b>	<b>24 374</b>
Share of net income from associated companies and joint ventures	8	(4)	19	554	531
Gain (loss) on disposal of associated companies	-	-	-	(5 150)	(5 148)
Net financial income (expenses)	(359)	1 183	(43)	1 114	(152)
<b>Profit before taxes</b>	<b>6 369</b>	<b>8 483</b>	<b>18 294</b>	<b>16 086</b>	<b>19 605</b>
Income taxes	(2 011)	(2 357)	(5 529)	(5 571)	(6 491)
<b>Profit from continuing operations</b>	<b>4 358</b>	<b>6 126</b>	<b>12 765</b>	<b>10 515</b>	<b>13 114</b>
Profit (loss) from discontinued operations	2 262	370	3 132	1 477	1 784
<b>Net income</b>	<b>6 620</b>	<b>6 496</b>	<b>15 897</b>	<b>11 992</b>	<b>14 898</b>

### Net income attributable to:

Non-controlling interests	739	740	2 379	2 234	2 915
<b>Equity holders of Telenor ASA</b>	<b>5 881</b>	<b>5 756</b>	<b>13 518</b>	<b>9 758</b>	<b>11 983</b>

### Earnings per share in NOK

Basic from continuing operations	2.47	3.59	7.03	5.52	6.80
Diluted from continuing operations	2.47	3.59	7.03	5.52	6.80

### Earnings per share in NOK

Basic from discontinued operations	1.54	0.25	2.12	0.98	1.19
Diluted from discontinued operations	1.54	0.25	2.12	0.98	1.19

### Earnings per share in NOK

Basic from total operations	4.01	3.84	9.15	6.50	7.99
Diluted from total operations	4.01	3.84	9.15	6.50	7.99

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
	2018	2017	2018	2017	2017
<b>Net income</b>	<b>6 620</b>	<b>6 496</b>	<b>15 897</b>	<b>11 992</b>	<b>14 898</b>
Translation differences on net investment in foreign operations	(465)	(1 370)	(4 010)	111	2 296
Income taxes	-	(3)	-	3	-
Amount reclassified from other comprehensive income to income statement on partial disposal	1 646	-	1 482	(7 744)	(7 744)
Net gain (loss) on hedge of net investment	(53)	494	1 358	(469)	(1 426)
Income taxes	12	(119)	(312)	113	342
Amount reclassified from other comprehensive income to income statement on partial disposal	1 090	-	1 090	4 094	4 094
Income taxes reclassified	(298)	-	(298)	(1 119)	(1 119)
Share of other comprehensive income (loss) of associated companies and joint ventures	-	15	-	(325)	(342)
Amount reclassified from other comprehensive income to income statement on disposal	(2)	-	(2)	12 282	12 282
<b>Items that may be reclassified subsequently to income statement</b>	<b>1 931</b>	<b>(982)</b>	<b>(692)</b>	<b>6 945</b>	<b>8 383</b>
Net gain (loss) on equity investments	1 102	251	(1 977)	(168)	(633)
Remeasurement of defined benefit pension plans	262	52	590	118	(63)
Income taxes	(60)	(12)	(126)	(28)	-
<b>Items that will not be reclassified to income statement</b>	<b>1 304</b>	<b>290</b>	<b>(1 513)</b>	<b>(78)</b>	<b>(696)</b>
<b>Other comprehensive income (loss), net of taxes</b>	<b>3 236</b>	<b>(692)</b>	<b>(2 205)</b>	<b>6 868</b>	<b>7 687</b>
<b>Total comprehensive income</b>	<b>9 856</b>	<b>5 804</b>	<b>13 692</b>	<b>18 860</b>	<b>22 585</b>
<b>Total comprehensive income attributable to:</b>					
Non-controlling interests	775	545	2 338	2 033	2 897
Equity holders of Telenor ASA	9 081	5 258	11 354	16 826	19 688

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

## Consolidated statement of financial position

Telenor Group

(NOK in millions)	30 September 2018	31 December 2017	30 September 2017
Deferred tax assets	2 031	1 917	1 595
Goodwill	13 730	26 446	27 023
Intangible assets	22 419	30 601	30 214
Property, plant and equipment	69 019	75 557	71 438
Associated companies and joint ventures	508	480	442
Other non-current assets	17 288	13 297	13 869
<b>Total non-current assets</b>	<b>124 994</b>	<b>148 298</b>	<b>144 582</b>
Prepaid taxes	1 079	1 076	585
Inventories	995	1 773	1 504
Trade and other receivables	21 505	24 749	22 847
Other current financial assets	911	1 622	1 635
Assets classified as held for sale	4 297	1 701	1 536
Cash and cash equivalents	32 706	22 546	29 782
<b>Total current assets</b>	<b>61 493</b>	<b>53 468</b>	<b>57 890</b>
<b>Total assets</b>	<b>186 487</b>	<b>201 765</b>	<b>202 472</b>
Equity attributable to equity holders of Telenor ASA	48 471	57 496	55 599
Non-controlling interests	4 797	4 839	4 332
<b>Total equity</b>	<b>53 268</b>	<b>62 335</b>	<b>59 930</b>
Non-current interest-bearing liabilities	44 466	51 587	49 768
Non-current non-interest-bearing liabilities	1 254	1 105	1 243
Deferred tax liabilities	3 942	3 359	3 768
Pension obligations	1 902	2 565	2 411
Provisions and obligations	5 217	4 132	3 673
<b>Total non-current liabilities</b>	<b>56 781</b>	<b>62 747</b>	<b>60 863</b>
Current interest-bearing liabilities	15 530	22 710	25 777
Trade and other payables	34 957	40 295	36 780
Dividend payable	12 144	-	5 255
Current tax payables	5 564	4 438	4 761
Current non-interest-bearing liabilities	1 516	3 253	3 371
Provisions and obligations	1 048	1 777	1 505
Liabilities classified as held for sale	5 679	4 210	4 229
<b>Total current liabilities</b>	<b>76 438</b>	<b>76 683</b>	<b>81 679</b>
<b>Total equity and liabilities</b>	<b>186 487</b>	<b>201 765</b>	<b>202 472</b>

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
	2018	2017 Restated	2018	2017 Restated	2017 Restated
Profit before taxes from total operations <sup>1)</sup>	6 667	8 929	19 443	17 816	21 751
Income taxes paid	(1 404)	(1 491)	(5 169)	(3 702)	(6 100)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	255	(437)	(299)	(695)	(1 212)
Depreciation, amortisation and impairment losses	5 582	5 274	16 973	16 110	22 166
Loss (profit) from associated companies and joint ventures	(14)	4	(25)	4 596	4 617
Dividends received from associated companies	16	-	28	22	24
Currency (gains) losses not related to operating activities	(138)	(1 415)	(425)	(2 239)	(1 072)
Changes in working capital and other	(143)	864	(2 339)	(28)	550
<b>Net cash flow from operating activities</b>	<b>10 822</b>	<b>11 728</b>	<b>28 185</b>	<b>31 879</b>	<b>40 723</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(4 589)	(4 446)	(13 676)	(15 544)	(20 726)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	-	(179)	(13)	(1 990)	(2 000)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	21 999	887	21 179	7 481	7 511
Proceeds from sale and purchases of other investments	(93)	2 813	(69)	3 060	3 140
<b>Net cash flow from investing activities</b>	<b>17 317</b>	<b>(924)</b>	<b>7 421</b>	<b>(6 993)</b>	<b>(12 075)</b>
Proceeds from and repayments of borrowings	(12 230)	874	(9 775)	(7 400)	(12 574)
Payments on licence obligations	(317)	(440)	(727)	(881)	(973)
Net payments on supply chain financing	27	23	(64)	(236)	(221)
Share buyback by Telenor ASA	(1 313)	(428)	(5 067)	(428)	(1 435)
Dividends paid to and purchases of shares from non-controlling interests	(1 305)	(960)	(2 685)	(2 230)	(2 586)
Dividends paid to equity holders of Telenor ASA	-	-	(6 248)	(6 706)	(11 944)
<b>Net cash flow from financing activities</b>	<b>(15 139)</b>	<b>(931)</b>	<b>(24 567)</b>	<b>(17 881)</b>	<b>(29 733)</b>
Effects of exchange rate changes on cash and cash equivalents	(32)	(520)	(379)	(173)	454
<b>Net change in cash and cash equivalents</b>	<b>12 968</b>	<b>9 353</b>	<b>10 660</b>	<b>6 832</b>	<b>(632)</b>
Cash and cash equivalents at the beginning of the period	20 010	20 430	22 318	22 951	22 951
<b>Cash and cash equivalents at the end of the period<sup>2)</sup></b>	<b>32 978</b>	<b>29 782</b>	<b>32 978</b>	<b>29 782</b>	<b>22 319</b>
Of which cash and cash equivalents in assets held for sale at the end of the period	803	307	803	307	362
<b>Cash and cash equivalents in continuing operations at the end of the period</b>	<b>32 175</b>	<b>29 476</b>	<b>32 175</b>	<b>29 476</b>	<b>21 957</b>
<sup>1)</sup> Profit before taxes from total operations consists of:					
Profit before taxes from continuing operations	6 369	8 483	18 294	16 086	19 605
Profit before taxes from discontinued operations	298	446	1 149	1 730	2 147
Profit before taxes from total operations	6 667	8 929	19 443	17 816	21 751

<sup>2)</sup> As of 30 September 2018, restricted cash was NOK 443 million, while as of 30 September 2017, restricted cash was NOK 489 million.

### Cash flow from discontinued operations

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017 Restated	2018	2017 Restated	2017 Restated
Net cash flow from operating activities	25	1 207	1 376	2 698	3 589
Net cash flow from investing activities	(829)	(152)	(2 097)	(1 011)	(1 290)
Net cash flow from financing activities	2	-	(243)	(137)	(197)

The cash flows ascribed to discontinued operations are only cash flows from external transactions. Hence, the cash flows presented for discontinued operations do not reflect these operations as if they were standalone entities.

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

## Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-con- trolling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2017</b>	<b>9 078</b>	<b>(16 343)</b>	<b>58 000</b>	<b>144</b>	<b>50 879</b>	<b>4 517</b>	<b>55 396</b>
Net income for the period	-	-	11 983	-	11 983	2 915	14 898
Other comprehensive income for the period	-	11 247	-	(3 542)	7 705	(18)	7 687
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>11 247</b>	<b>11 983</b>	<b>(3 542)</b>	<b>19 688</b>	<b>2 897</b>	<b>22 585</b>
Transactions with non-controlling interests	-	-	-	-	-	67	67
Equity adjustments in associated companies and joint ventures	-	(539)	586	-	47	-	47
Dividends	-	-	(11 694)	-	(11 694)	(2 642)	(14 335)
Share buyback	(52)	(1 424)	-	-	(1 476)	-	(1 476)
Share - based payment, exercise of share options and distribution of shares	-	52	-	-	52	-	52
<b>Equity as of 31 December 2017 - as previously reported</b>	<b>9 025</b>	<b>(7 006)</b>	<b>58 875</b>	<b>(3 398)</b>	<b>57 496</b>	<b>4 839</b>	<b>62 336</b>
Changes in accounting principles - Note 1	-	164	3 140	-	3 304	300	3 604
<b>Equity as of 1 January 2018</b>	<b>9 025</b>	<b>(6 842)</b>	<b>62 015</b>	<b>(3 398)</b>	<b>60 800</b>	<b>5 139</b>	<b>65 940</b>
Net income for the period	-	-	13 518	-	13 518	2 379	15 897
Other comprehensive income for the period	-	(1 535)	-	(630)	(2 164)	(41)	(2 205)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1 535)</b>	<b>13 518</b>	<b>(630)</b>	<b>11 354</b>	<b>2 338</b>	<b>13 692</b>
Transactions with non-controlling interests	-	-	-	-	-	5	5
Dividends	-	-	(18 393)	-	(18 393)	(2 685)	(21 077)
Share buyback	(181)	(4 909)	-	-	(5 091)	-	(5 091)
Share - based payment, exercise of share options and distribution of shares	-	(202)	-	-	(202)	-	(202)
<b>Equity as of 30 September 2018</b>	<b>8 844</b>	<b>(13 488)</b>	<b>57 141</b>	<b>(4 028)</b>	<b>48 470</b>	<b>4 797</b>	<b>53 268</b>

(NOK in millions)	Attributable to equity holders of the parent				Total	Non-con- trolling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
<b>Equity as of 1 January 2017</b>	<b>9 078</b>	<b>(16 343)</b>	<b>58 000</b>	<b>144</b>	<b>50 879</b>	<b>4 517</b>	<b>55 396</b>
Net income for the period	-	-	9 758	-	9 758	2 234	11 992
Other comprehensive income for the period	-	11 880	-	(4 811)	7 069	(201)	6 868
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>11 880</b>	<b>9 758</b>	<b>(4 811)</b>	<b>16 827</b>	<b>2 033</b>	<b>18 860</b>
Transactions with non-controlling interests	-	-	-	-	-	58	58
Equity adjustments in associated companies and joint ventures	-	44	-	-	44	-	44
Dividends	-	-	(11 711)	-	(11 711)	(2 277)	(13 988)
Share buyback	(18)	(455)	-	-	(473)	-	(473)
Share - based payment, exercise of share options and distribution of shares	-	34	-	-	34	-	34
<b>Equity as of 30 September 2017</b>	<b>9 060</b>	<b>(4 840)</b>	<b>56 047</b>	<b>(4 668)</b>	<b>55 599</b>	<b>4 332</b>	<b>59 931</b>

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

## Notes to the interim consolidated financial statements

### Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited liability company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the nine months ending 30 September 2018, 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 2017. 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 2017, with the exceptions stated below.

- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018). IFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. The main implications from the implementation of IFRS 15 for the Group are the following:
  - Allocation based on stand-alone selling prices: IFRS 15 requires allocation of the total consideration in a contract between elements in multiple elements arrangements based on the stand-alone selling prices for the goods and services included. The Group's past accounting policy was to cap the revenue of delivered items to the amount that is not contingent on delivery of additional items or other specified performance criteria. This change has an impact on the revenue recognition where a discount is provided to the customer on day one. The impact depends on the size of the discount and the contract period for the service contract. In such circumstances the new revenue recognition standard impacts the subscription and traffic revenues negatively and increases the handset revenues. As a consequence and in isolation, recognised gross margins on handset sales improved.
  - Multiple element arrangements sold through external channels: In some markets where handsets and subscriptions are sold through external channels, the Group is the principal in the subscription sale only, while the discounted handset is regarded as sold by the dealer. For arrangements where the dealer is compensated for the discount through commission from the Group, and where there are no clear links between the payment to the dealer and the collection of consideration from the customer, and the payment from the customer is contingent upon future deliveries of service, the previous accounting policy for the Group was to recognise a commission expense and increased subscription revenue. Under IFRS 15 the commission is offset against revenue to the extent it is possible to establish a link between the commission to the dealer, which is passed on to the customer, and the consideration from the customer subsequently collected by the Group. Consequently, the subscription and traffic revenues will be negatively impacted in these arrangements.
  - Incremental cost for obtaining a contract: Incremental costs for obtaining a contract, such as sales commissions, were under the previous accounting policy expensed as incurred. IFRS 15 requires capitalisation of such cost if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including renewals. Amortisation of the capitalised cost of obtaining a customer is recognised as part of EBITDA.
- Transition methods: The Group has applied the modified approach for transition to IFRS 15, which implies:
  - Comparative figures for 2017 are not restated.
  - Disclosures reconciling each financial statement line item in 2018 with the previous IFRS standards and interpretations, and explanations are provided for significant changes.
  - The cumulative effect of initially applying IFRS 15 was recognised as an adjustment to opening balance 1 January 2018, reflecting the contract asset and liability for open contracts as trade and other receivables and trade and other payables, and the capitalisation of cost of obtaining and fulfilling a contract as other non-current assets. Comparative numbers have not been restated and the financial statements for both 2017 and 2018 based on accounting policies for 2017 have been disclosed in note 2, together with the effect on opening balance 1 January 2018:
- Presentation in statement of cash flow. The Group has introduced supply chain financing for some vendors and in some circumstances the payment terms in the contract with the vendor are linked to the supply chain financing arrangement. In such circumstances, the payable for the services or goods delivered are reclassified from trade payables to current non-interest-bearing liabilities and the cash outflow to the financial institution has been presented as financing activities in the Statement of Cash Flows. As of 1 January 2018, the Group has changed the accounting policy for presenting such arrangements in the statement of cash flow. When the payable is reclassified from trade payable to current non-interest-bearing liability, the Group shows a cash outflow from operating activities if it is related to operating activities and cash outflow from investing activities if it is related to investing activities. At the same time a cash inflow is recognised in financing activities, reflecting the required payment to the financial institution providing the supply chain financing arrangement. When the Group makes the payment to the finance institution, it will be reflected as a repayment of debt in financing activities in the statement of cash flow. The comparative numbers are restated as follows:

	Reported	Restated	Reported	Restated	Reported	Restated	Reported	Restated	Reported	Restated
(NOK in millions)	First quarter 2017	First quarter 2017	Second quarter 2017	Second quarter 2017	Third quarter 2017	Third quarter 2017	Fourth quarter 2017	Fourth quarter 2017	Year 2017	Year 2017
<b>Cash flow from operating activities</b>										
Changes in working capital and other	(400)	(706)	122	(186)	1 223	864	929	578	1 873	550
<b>Cash flow from investing activities</b>										
Purchases of property, plant and equipment (PPE) and intangible assets	(5 377)	(5 921)	(4 583)	(5 177)	(3 883)	(4 446)	(4 518)	(5 182)	(18 361)	(20 726)
<b>Cash flow from financing activities</b>										
Net payments on supply chain financing	(1 133)	(284)	(877)	25	(899)	23	(1 000)	15	(3 909)	(221)

- IFRS 9 Financial Instruments (effective from 1 January 2018). IFRS 9 replaces the old incurred loss model with an expected loss model. This new model had a minor increase in provision for bad debt, as a provision for bad debt will be recognised before any event has happened as required under an incurred loss model. The Group has elected to use the simplified approach as described in IFRS 9.
- Amendments to IFRS 2 Share-based payments (effective from 1 January 2018). The amendment changes the accounting for share-based payment arrangements where the Group is obligated to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. This part of the share-based payment arrangements, which previously has been recognised as a cash settled share-based payment transaction, is from 1 January 2018 accounted

for as equity-settled share-based payment transactions. The liability of NOK 164 million as of 31 December 2017 has been reclassified to equity 1 January 2018.

For information about other standards and interpretations effective from 1 January 2018, please refer to Note 1 in the Group's Annual Report 2017. Except for the changes described in note 1 and 2, none of the standards and interpretations effective from 1 January 2018 have had a significant impact on the Group's consolidated interim financial statements.

## Note 2 - Disaggregation of revenue

In the following table revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 9.

### Third quarter

(NOK in millions)	Norway	Sweden	Denmark	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
<b>Total revenue</b>	<b>6 541</b>	<b>2 965</b>	<b>1 274</b>	<b>4 481</b>	<b>3 219</b>	<b>3 367</b>	<b>2 011</b>	<b>1 345</b>	<b>1 508</b>	<b>2 144</b>	<b>(1 289)</b>	<b>27 566</b>
<b>Type of good/ services</b>												
<b>Mobile operation</b>	<b>3 950</b>	<b>2 130</b>	<b>1 148</b>	<b>4 481</b>	<b>3 219</b>	<b>3 368</b>	<b>2 011</b>	<b>1 343</b>	-	-	(279)	21 370
Services	3 374	1 769	883	4 146	2 951	3 368	1 987	1 338	-	-	(279)	19 537
Goods	576	361	265	335	268	-	23	5	-	-	-	1 832
<b>Fixed operation</b>	<b>2 592</b>	<b>836</b>	<b>126</b>	-	-	-	-	<b>1</b>	-	<b>921</b>	<b>(247)</b>	<b>4 228</b>
Services	2 432	823	126	-	-	-	-	1	-	921	(247)	4 055
Goods	160	13	-	-	-	-	-	-	-	-	-	173
<b>Satellite and TV distribution</b>	-	-	-	-	-	-	-	-	<b>1 508</b>	-	<b>(51)</b>	<b>1 457</b>
Services	-	-	-	-	-	-	-	-	1 458	-	(51)	1 407
Goods	-	-	-	-	-	-	-	-	50	-	-	50
<b>Other</b>	-	-	-	-	-	-	-	-	-	<b>1 224</b>	<b>(712)</b>	<b>511</b>
Services	-	-	-	-	-	-	-	-	-	1 224	(712)	511
Goods	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sum type of good/ services</b>	<b>6 541</b>	<b>2 965</b>	<b>1 274</b>	<b>4 481</b>	<b>3 219</b>	<b>3 368</b>	<b>2 011</b>	<b>1 345</b>	<b>1 508</b>	<b>2 144</b>	<b>(1 289)</b>	<b>27 566</b>
<b>Type of mobile subscription</b>												
Contract	2 869	1 548	808	2 360	1 160	126	50	9	-	-	(8)	8 922
Prepaid	52	35	-	1 642	1 679	3 193	1 898	1 318	-	-	(106)	9 711
Other*	453	186	74	145	112	48	40	12	-	-	(165)	904
<b>Sum mobile subscription</b>	<b>3 374</b>	<b>1 769</b>	<b>883</b>	<b>4 146</b>	<b>2 951</b>	<b>3 368</b>	<b>1 987</b>	<b>1 338</b>	-	-	<b>(279)</b>	<b>19 537</b>
<b>Timing of revenue recognition</b>												
Over time	5 806	2 591	1 009	4 146	2 951	3 368	1 987	1 340	1 458	2 144	(1 289)	25 510
At a point in time	736	374	265	335	268	-	23	5	50	-	-	2 056
<b>Total revenues</b>	<b>6 541</b>	<b>2 965</b>	<b>1 274</b>	<b>4 481</b>	<b>3 219</b>	<b>3 368</b>	<b>2 011</b>	<b>1 345</b>	<b>1 508</b>	<b>2 144</b>	<b>(1 289)</b>	<b>27 566</b>

\* Other includes revenues from other mobile and non-mobile services, refer to Definitions on page 27.

## First three quarters

(NOK in millions)	Norway	Sweden	Denmark	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
<b>Total revenue</b>	<b>19 293</b>	<b>9 204</b>	<b>3 747</b>	<b>13 979</b>	<b>9 764</b>	<b>9 428</b>	<b>5 717</b>	<b>4 558</b>	<b>4 507</b>	<b>6 073</b>	<b>(4 051)</b>	<b>82 219</b>
<b>Type of good/ services</b>												
<b>Mobile operation</b>	<b>11 395</b>	<b>6 609</b>	<b>3 360</b>	<b>13 979</b>	<b>9 764</b>	<b>9 428</b>	<b>5 717</b>	<b>4 556</b>	-	-	<b>(743)</b>	<b>64 065</b>
Services	9 826	5 373	2 618	12 522	8 920	9 428	5 621	4 551	-	-	(743)	58 118
Goods	1 568	1 236	742	1 457	844	-	96	5	-	-	-	5 947
<b>Fixed operation</b>	<b>7 899</b>	<b>2 595</b>	<b>387</b>	-	-	-	-	<b>2</b>	-	<b>2 382</b>	<b>(840)</b>	<b>12 424</b>
Services	7 397	2 543	387	-	-	-	-	2	-	2 382	(840)	11 871
Goods	502	52	-	-	-	-	-	-	-	-	-	553
<b>Satellite and TV distribution</b>	-	-	-	-	-	-	-	-	<b>4 507</b>	-	<b>(165)</b>	<b>4 342</b>
Services	-	-	-	-	-	-	-	-	4 378	-	(165)	4 214
Goods	-	-	-	-	-	-	-	-	128	-	-	128
<b>Other</b>	-	-	-	-	-	-	-	-	-	<b>3 691</b>	<b>(2 303)</b>	<b>1 388</b>
Services	-	-	-	-	-	-	-	-	-	3 691	(2 303)	1 388
Goods	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sum type of good/ services</b>	<b>19 293</b>	<b>9 204</b>	<b>3 747</b>	<b>13 979</b>	<b>9 764</b>	<b>9 428</b>	<b>5 717</b>	<b>4 558</b>	<b>4 507</b>	<b>6 073</b>	<b>(4 051)</b>	<b>82 219</b>
<b>Type of mobile subscription</b>												
Contract	8 453	4 726	2 402	6 950	3 414	350	151	23	-	-	(82)	26 387
Prepaid	143	110	-	5 180	5 212	8 923	5 344	4 477	-	-	(290)	29 098
Other*	1 230	537	216	392	293	155	125	52	-	-	(370)	2 632
<b>Sum mobile subscription</b>	<b>9 826</b>	<b>5 373</b>	<b>2 618</b>	<b>12 522</b>	<b>8 920</b>	<b>9 428</b>	<b>5 621</b>	<b>4 551</b>	-	-	<b>(743)</b>	<b>58 118</b>
<b>Timing of revenue recognition</b>												
Over time	17 223	7 916	3 005	12 522	8 920	9 428	5 621	4 553	4 378	6 073	(4 051)	75 590
At a point in time	2 070	1 287	742	1 457	844	-	96	5	128	-	-	6 629
<b>Total revenues</b>	<b>19 293</b>	<b>9 204</b>	<b>3 747</b>	<b>13 979</b>	<b>9 764</b>	<b>9 428</b>	<b>5 717</b>	<b>4 558</b>	<b>4 507</b>	<b>6 073</b>	<b>(4 051)</b>	<b>82 219</b>

\* Other includes revenues from other mobile and non-mobile services, refer to Definitions on page 27.

## Impacts related to IFRS 15 Revenue from Contracts with Customers

The Group used the modified retrospective approach when implementing IFRS 15 Revenue from contracts with customers from 1 January 2018. The tables below show the impact arising from IFRS 15 on the opening balance, for the third quarter of 2017 and 2018 and for the first three quarters of 2017 and 2018.

## Consolidated Income Statement

(NOK in millions)	Third quarter 2018 (IFRS 15)	Impact (IFRS 15)	Third quarter 2018 (IAS 18)	Third quarter 2017 (IAS 18)	First three quarters 2018 (IFRS 15)	Impact (IFRS 15)	First three quarters 2018 (IAS 18)	First three quarters 2017 (IAS 18)
Revenues	27 566	61	27 628	27 463	82 219	6	82 225	83 390
Cost of materials and traffic charges	(6 059)	(79)	(6 138)	(6 266)	(18 724)	(127)	(18 851)	(19 550)
Salaries and personnel costs	(2 396)	(20)	(2 416)	(2 664)	(7 930)	(47)	(7 977)	(8 451)
Other operating expenses	(6 701)	-	(6 701)	(6 761)	(20 478)	63	(20 415)	(21 508)
Other income	7	-	7	669	53	-	53	1 254
Other expenses	(269)	-	(269)	(341)	(865)	-	(865)	(749)
<b>EBITDA</b>	<b>12 149</b>	<b>(37)</b>	<b>12 112</b>	<b>12 099</b>	<b>34 275</b>	<b>(106)</b>	<b>34 169</b>	<b>34 386</b>
Depreciation and amortisation	(5 410)	-	(5 410)	(4 804)	(15 937)	-	(15 937)	(14 447)
Impairment losses	(19)	-	(19)	9	(20)	-	(20)	(371)
<b>Operating profit</b>	<b>6 720</b>	<b>(37)</b>	<b>6 683</b>	<b>7 304</b>	<b>18 318</b>	<b>(106)</b>	<b>18 212</b>	<b>19 568</b>
Share of net income from associated companies and joint ventures	8	-	8	(4)	19	-	19	554
Gain (loss) on disposal of associated companies	-	-	-	-	-	-	-	(5 150)
Net financial income (expenses)	(359)	-	(359)	1 183	(43)	-	(43)	1 114
<b>Profit before taxes</b>	<b>6 369</b>	<b>(37)</b>	<b>6 332</b>	<b>8 483</b>	<b>18 294</b>	<b>(106)</b>	<b>18 188</b>	<b>16 086</b>
Income taxes	(2 011)	10	(2 001)	(2 357)	(5 529)	22	(5 507)	(5 571)
<b>Profit from Continuing operations</b>	<b>4 358</b>	<b>(27)</b>	<b>4 331</b>	<b>6 126</b>	<b>12 765</b>	<b>(84)</b>	<b>12 681</b>	<b>10 515</b>
Profit (loss) from discontinued operations	2 262	(3)	2 259	370	3 132	27	3 159	1 477
<b>Net income</b>	<b>6 620</b>	<b>(30)</b>	<b>6 590</b>	<b>6 496</b>	<b>15 897</b>	<b>(57)</b>	<b>15 840</b>	<b>11 992</b>

## Net income attributable to:

Non-controlling interests	739	783	740	2 379	2 392	2 234
Equity holders of Telenor ASA	5 881	5 807	5 756	13 518	13 448	9 758

## Earnings per share in NOK

Basic from continuing operations	2.47	2.42	3.59	7.03	6.96	5.52
Diluted from continuing operations	2.47	2.42	3.59	7.03	6.96	5.52

## Earnings per share in NOK

Basic from discontinuing operations	1.54	1.54	0.25	2.12	2.14	0.98
Diluted from discontinuing operations	1.54	1.54	0.25	2.12	2.14	0.98

## Earnings per share in NOK

Basic from total operations	4.01	3.96	3.84	9.15	9.10	6.50
Diluted from total operations	4.01	3.96	3.84	9.15	9.10	6.50

## Consolidated statement of financial position

	Opening balance			30 September 2018		
	31 December 2017 (IAS 18)	Impact IFRS 15	1 January 2018 (IFRS 15)	30 September 2018 (IAS 18)	Impact IFRS 15	30 September 2018 (IFRS 15)
<b>(NOK in millions)</b>						
Deferred tax assets	1 917	(210)	1 707	2 079	(48)	2 031
Goodwill	26 446	-	26 446	13 730	-	13 730
Intangible assets	30 601	-	30 601	22 419	-	22 419
Property, plant and equipment	75 557	-	75 557	69 019	-	69 019
Associated companies and joint ventures	480	-	480	508	-	508
Other non-current assets	13 297	3 267	16 564	14 209	3 079	17 288
<b>Total non-current assets</b>	<b>148 298</b>	<b>3 267</b>	<b>151 565</b>	<b>121 963</b>	<b>3 031</b>	<b>124 994</b>
Prepaid taxes	1 076	-	1 076	1 079	-	1 079
Inventories	1 773	-	1 773	995	-	995
Trade and other receivables	24 749	986	25 735	20 824	680	21 505
Other current financial assets	1 622	-	1 622	911	-	911
Assets classified as held for sale	1 701	-	1 701	4 297	-	4 297
Cash and cash equivalents	22 546	-	22 546	32 706	-	32 706
<b>Total current assets</b>	<b>53 468</b>	<b>986</b>	<b>54 454</b>	<b>60 812</b>	<b>680</b>	<b>61 493</b>
<b>Total assets</b>	<b>201 765</b>	<b>4 253</b>	<b>206 018</b>	<b>182 775</b>	<b>3 711</b>	<b>186 487</b>
Equity attributable to equity holders of Telenor ASA	57 496	3 186	60 682	45 991	2 479	48 471
Non-controlling interests	4 839	300	5 139	4 516	282	4 797
<b>Total equity</b>	<b>62 335</b>	<b>3 486</b>	<b>65 821</b>	<b>50 507</b>	<b>2 761</b>	<b>53 268</b>
Non-current interest-bearing liabilities	51 587	-	51 587	44 466	-	44 466
Non-current non-interest-bearing liabilities	1 105	-	1 105	1 254	-	1 254
Deferred tax liabilities	3 359	778	4 137	3 096	846	3 942
Pension obligations	2 565	-	2 565	1 902	-	1 902
Provisions and obligations	4 132	-	4 132	5 217	-	5 217
<b>Total non-current liabilities</b>	<b>62 747</b>	<b>778</b>	<b>63 525</b>	<b>55 935</b>	<b>846</b>	<b>56 781</b>
Current interest-bearing liabilities	22 710	-	22 710	15 530	-	15 530
Trade and other payables	40 295	(11)	40 284	34 854	104	34 957
Dividend payable	-	-	-	12 144	-	12 144
Current tax payables	4 438	-	4 438	5 563	-	5 564
Current non-interest-bearing liabilities	3 253	-	3 253	1 516	-	1 516
Provisions and obligations	1 777	-	1 777	1 048	-	1 048
Liabilities classified as held for sale	4 210	-	4 210	5 679	-	5 679
<b>Total current liabilities</b>	<b>76 683</b>	<b>(11)</b>	<b>76 672</b>	<b>76 334</b>	<b>104</b>	<b>76 438</b>
<b>Total equity and liabilities</b>	<b>201 765</b>	<b>4 253</b>	<b>206 018</b>	<b>182 775</b>	<b>3 711</b>	<b>186 487</b>



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

As of 30 September 2018, Financial Services, consisting of Telenor Banka in Serbia and Telenor Microfinance Bank in Pakistan, are classified as discontinued operations and held for sale. The operations in Central and Eastern Europe were disposed 31 July 2018 and Telenor India was disposed 14 May 2018. Details from each disposal group are described below.

The results of all disposals group, including Central and Eastern Europe and Telenor India for its period as part of the Group for the third quarter of 2017 and 2018, the first three quarters of 2017 and 2018, and the year 2017 are as follows:

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Revenue	1 347	4 281	8 747	12 867	17 059
EBITDA	540	1 059	2 161	3 157	4 002
EBIT	540	581	1 722	1 865	2 290
<b>Profit before tax</b>	<b>542</b>	<b>446</b>	<b>1 603</b>	<b>1 730</b>	<b>2 147</b>
Income taxes	(16)	(76)	(206)	(253)	(363)
<b>Profit after tax</b>	<b>526</b>	<b>370</b>	<b>1 397</b>	<b>1 477</b>	<b>1 784</b>
Gain on disposal	1 736	-	1 736	-	-

The major classes of assets and liabilities of the disposal groups classified as held for sale as of 30 September:

(NOK in millions)	30 September 2018
<b>Assets</b>	
Property, Plant and Equipment	166
Goodwill	31
Intangible assets	9
Other non-current assets	717
Inventory	-
Trade and other receivables	2 572
Cash and cash equivalents	803
<b>Total assets classified as held for sale</b>	<b>4 297</b>
<b>Liabilities</b>	
Non-current liabilities	1 792
Current liabilities	3 887
<b>Total liabilities held for sale</b>	<b>5 679</b>

#### Central Eastern Europe

On 20 March 2018 Telenor entered into an agreement to sell its assets in CEE to PPF Group.

The transaction includes Telenor's wholly-owned mobile operations in Hungary, Bulgaria, Montenegro and Serbia and the technology service provider Telenor Common Operation. The CEE operations contributed approximately 9% of Telenor Group's revenues and 8% of EBITDA in 2017, and have more than 9 million customers and around 3,500 employees.

The transaction that was subject to necessary regulatory approvals was completed in July 2018. With effect from first quarter 2018, the CEE operations were classified as asset held for sale and discontinued operations in Telenor Group's financial reporting. The comparative numbers for the income statement have been represented. The transaction resulted in a net consideration, after transaction cost, of NOK 26.3 billion, split between a cash consideration of NOK 22.4 billion and NOK 3.8 billion as deferred payment. A gain of NOK 1.7 billion recognized as part of discontinued operations.

The results of the CEE operations are as follows:

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Revenue	1 034	2 988	6 906	8 382	11 473
EBITDA	433	1 179	2 646	3 130	4 122
EBIT	433	775	2 216	1 945	2 522
<b>Profit before tax</b>	<b>434</b>	<b>738</b>	<b>2 223</b>	<b>1 911</b>	<b>2 482</b>
Income taxes	(14)	(75)	(199)	(239)	(339)
<b>Profit after tax</b>	<b>420</b>	<b>662</b>	<b>2 024</b>	<b>1 672</b>	<b>2 143</b>
Gain on disposal	1 736	-	1 736	-	-

The major classes of assets and liabilities of the CEE operations classified as held for sale as of 30 September are as follows:

(NOK in millions)	30 September 2018
<b>Assets</b>	
Property, Plant and Equipment	166
Goodwill	31
Intangible assets	9
Other non-current assets	717
Inventory	-
Trade and other receivables	2 572
Cash and cash equivalents	803
<b>Total assets classified as held for sale</b>	<b>4 297</b>
<b>Liabilities</b>	
Non-current liabilities	109
Current liabilities	3 887
<b>Total liabilities held for sale</b>	<b>3 996</b>

#### Financial Services

On 13 March 2018 the Group reached a strategic partnership agreement with Ant Financial Services Group ("Ant Financial") in Pakistan, where Ant Financial will invest over a two years period USD 184.5 million for a 45% stake in Telenor Microfinance Bank ("TMB"), a subsidiary of Telenor Group. The investment will be partly capital injection and partly consideration for sale of shares.

The first part of the transaction is expected to close within 12 months after the date of entering into the agreement with Ant Financial and will result in a joint venture between Ant Financial and Telenor. With effect from first quarter 2018, TMB has been classified as held for sale in the Group's statement of financial position.

On 15 June 2018, the Group entered into an agreement to sell 100% of the shares in Telenor Banka to PPF Group. The acquisition of Telenor Banka by PPF Group requires necessary regulatory approvals. The transaction is expected to be completed within 2018.

TMB together with Telenor Banka, which was classified as held for sale from third quarter 2017, are classified as discontinued operations in our income statement and comparative numbers are represented. TMB and Telenor Banka are the main contributors to the operational segment Financial Services, disclosed as part of other units in the Group's segment reporting.

The results of the Financial Services classified as discontinued operations are as follows:

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Revenue	322	291	957	909	1 240
EBITDA	14	(104)	(157)	(47)	(33)
EBIT	14	(174)	(157)	(140)	(131)
<b>Profit before tax</b>	<b>14</b>	<b>(174)</b>	<b>(158)</b>	<b>(139)</b>	<b>(128)</b>
Income taxes	(3)	(1)	(7)	(14)	(24)
<b>Profit after tax</b>	<b>11</b>	<b>(175)</b>	<b>(165)</b>	<b>(152)</b>	<b>(152)</b>

The major classes of assets and liabilities of Financial Services classified as held for sale as of 30 September are as follows:

(NOK in millions)	30 September 2018
<b>Assets</b>	
Property, Plant and Equipment	166
Goodwill	31
Intangible assets	9
Other non-current assets	717
Inventory	-
Trade and other receivables	2 572
Cash and cash equivalents	803
<b>Total assets classified as held for sale</b>	<b>4 297</b>
<b>Liabilities</b>	
Non-current liabilities	109
Current liabilities	3 887
<b>Total liabilities held for sale</b>	<b>3 996</b>

### Telenor India

On 23 February 2017, the Group announced that it had entered into an agreement with Bharti Airtel Limited (Airtel), whereby Airtel would take full ownership of Telenor India. Following regulatory approvals the agreement was completed 14 May 2018. There were no gains or losses recognised following the disposal.

As previously communicated, the exposure to claims from the Department of Telecommunications related to the period Telenor owned the business remains with Telenor. The fair value of this guarantee was recognised as of closing date and classified as held for sale at the amount as of September 2018 of NOK 1.7 billion. Future changes to the estimate will be recognised on the discontinued operation line in the income statement.

The results of Telenor India are as follows:

(NOK in millions)	First three quarters		Year
	2018	2017	2017
Revenue	885	3 576	4 346
EBITDA	(327)	74	(86)
EBIT	(337)	60	(100)
<b>Profit before tax</b>	<b>(461)</b>	<b>(43)</b>	<b>(207)</b>
Income taxes	-	-	-
<b>Profit after tax</b>	<b>(461)</b>	<b>(43)</b>	<b>(207)</b>

### Note 4 – Interest-bearing liabilities

In 2016, Telenor placed USD 1,000 million aggregate principal amount of senior, unsecured bonds (the "Bonds") exchangeable into VEON ADSs. See notes 12 and 27 in the Annual Report 2017 for further information.

As of the third quarter of 2018, each USD 200,000 bond is exchangeable for 49,202 VEON ADSs (adjusted for VEON dividend and subject to further adjustments), which represents an exchange price of approximately USD 4.06. The initial exchange price represented a 40% premium to the reference equity offering price of USD 3.50 per ADS. Underlying the exchangeable bonds are approximately 246 million VEON ADSs (subject to certain adjustments), corresponding to approximately 14.0% of VEON'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 73,803 ADSs (150% of 49,202 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.

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

NOK in millions	30 September 2018	
	Carrying amount	Fair value
Interest-bearing liabilities	(59 996)	(62 318)
of which fair value level 1		(47 116)
of which fair value level 2		(15 201)

	31 December 2017	
	Carrying amount	Fair value
Interest-bearing liabilities	(74 296)	(77 327)
of which fair value level 1		(58 556)
of which fair value level 2		(18 771)

	30 September 2017	
	Carrying amount	Fair value
Interest-bearing liabilities	(75 545)	(78 761)
of which fair value level 1		(56 357)
of which fair value level 2		(22 404)

### Note 5 – 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 2017 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in millions	30 September 2018	31 December 2017	30 September 2017
Other non-current assets	1 954	2 430	2 512
Other current financial assets	492	707	742
Non-current non-interest-bearing liabilities	(1 135)	(953)	(982)
Non-current interest-bearing liabilities	(27)	-	-
Current non-interest-bearing liabilities	(191)	(1 793)	(2 031)
Current interest-bearing liabilities	-	-	(1)
<b>Total</b>	<b>1 086</b>	<b>391</b>	<b>240</b>

### Note 6 – Legal disputes

#### Telenor Norway

The Norwegian Competition Authority (NCA) carried out an inspection of Telenor Norge AS on 4-13 December 2012 based on suspected abuse of dominant position concerning Telenor Norway's mobile operation.

On 23 November 2016, NCA sent a Statement of Objection setting out its preliminary assessment of Telenor's behaviour in the mobile market. The preliminary allegations from the NCA was that it considered imposing a fine of NOK 906 million against Telenor for a historical breach of the prohibition against abuse of a dominant position related two different issues; the pricing model in one wholesale agreement and double-roaming prohibition in four other wholesale agreements. NCA was concerned for the roll-out of the third mobile network in Norway.

The Norwegian Competition Authority has now finalized the investigation and issued on 21 June 2018 a decision where it concludes that Telenor abused its dominant position in the period 2010-2014 for the pricing model in one mobile wholesale agreement. The fine is set at NOK 788 million. Telenor will appeal the decision to the Competition Complaint Board (Konkurransklagenemnden). The deadline for appeal is 6 months starting from the date of the decision. As for the double-roaming issues, the NCA has changed their position and closed the investigation without finding an infringement of the competition rules.

#### Telenor Sweden

On 25 April 2017, the European Commission has initiated an investigation related to possible abuse of a collective dominant market position and/or possible anti-competitive practices between mobile network operators in Sweden. Similar investigations were simultaneously initiated towards other Swedish mobile network operators. The European Commission has on 8 October informed Telenor Sweden that it is closing the investigation that was initiated in 2017.

#### dtac

##### Porting of subscribers

The disputes related to the concession agreements also include how the new 3G regime is to be understood in relation to the concession agreements. CAT has earlier served dtac notices of claim for compensation due to porting of its subscribers to its subsidiary dtac TriNet during September 2013 – May 2015 in the amount of NOK 4.2 billion. On 31 August 2018, CAT initiated arbitration and claimed compensation from dtac for the same period as above in the amount of NOK 0.9 billion with 7.5% of interest p.a.

#### Grameenphone

##### BTRC – Audit

In 2011, the Bangladesh Telecommunication Regulatory Commission ("BTRC") audited the existing mobile operators in Bangladesh, including Grameenphone, resulting in a claim against Grameenphone amounting to approximately NOK 3.0 billion, from BTRC following the audit. Grameenphone has filed court proceedings seeking an injunction to stop BTRC from claiming this amount. On 20 October 2011, the High Court Division of the Supreme Court of Bangladesh directed the parties (of the district court case) to maintain an 'as is situation' (status quo) in respect of

the claim made by BTRC, which court direction has been extended until the conclusion of the appeal. On 30 September 2018, BTRC filed an application for dismissal of the case initiated by Grameenphone, without going into merit. The Court has fixed 4 November 2018 as the next date for hearing.

In 2013, the High Court Division of the Supreme Court of Bangladesh declared the appointment of auditors by BTRC illegal. In 2015, BTRC appointed a new auditor through a new appointment process and audited Grameenphone's information system for the period 1997 to 2014. On 26 August 2018 BTRC shared the final audit report with GP for response and by the end of September 2018, GP has provided its response to the report.

## Note 7 – Equity information

### Dividend

On 2 May 2018 the Annual General Meeting approved a dividend of NOK 8.10 per share to be paid out in two tranches each of NOK 4.20 and NOK 3.90 on 15 May 2018 and 1 November 2018 respectively. The first tranche of NOK 4.20 was paid out on 15 May 2018, with ex-dividend date of 3 May 2018. The second tranche of NOK 3.90 per share is expected to be paid out on 1 November 2018, with ex-dividend date of 18 October 2018.

In addition to the ordinary dividend, the Annual General Meeting authorised the Board of Directors to decide further distribution of dividends if the agreement for the divestment of Telenor's mobile business in Central Eastern Europe announced on 21 March 2018 is completed, limited to a maximum aggregate amount of NOK 7 billion. Pursuant to completion of the transaction on 31 July 2018, on 18 September 2018 the Board of Directors resolved to distribute special dividend of NOK 4.40 per share with ex-dividend date of 20 September 2018. The total amount paid out on 2 October 2018 was NOK 6.4 billion.

### Finalisation of share buyback programme

At the Annual General Meeting 2 May 2018, the share buyback programme approved by the Annual General Meeting in 2017 was finalised by

cancellation of 13,810,438 own shares and redemption of 16,189,561 shares owned by the Norwegian Government by the Ministry of Trade and Fisheries against a payment of an amount of NOK 2,733 million to the Ministry of Trade and Fisheries. Consequently the share capital has decreased to NOK 8,828,748,186 divided into 1,471,458,031 shares, each with a nominal amount of NOK 6.

## Note 8 – Events after the reporting period

### dtac – Thailand

On 16 October 2018, dtac decided that they will submit to the NBTC the application to participate in the auction of 900 MHz spectrum and apply for the relevant spectrum license in accordance with the NBTC Notification.

### Digi – Malaysia

On 16 October 2018, the Board of Directors of Digi declared the third interim dividend for 2018 of MYR 0.05 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 information and reconciliation of EBITDA before other income and other expenses

Telenor Capture AS, previously reported as part of Other units, is now reported as part of Telenor Norway. Telenor Capture AS delivers apps like MyTelenor and MyContacts. The segment information for 2017 has been restated to reflect this.

The segment information is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources. For the period 2017 and 2018 the accounting principles as applied in the financial statements for 2017 are used, meaning the effect of IFRS 15 in 2018 is excluded in the segment reporting.

## Third quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses <sup>1)</sup>				Investments <sup>2)</sup>	
	2018	2017 Restated	Growth	2018	2017 Restated	2018	Margin	2017 Restated	Margin	2018	2017 Restated
Norway	6 564	6 517	0.7%	135	114	2 786	42.4%	2 971	45.6%	1 001	1 379
Sweden	3 037	3 229	(6.0%)	21	15	1 082	35.6%	1 141	35.3%	251	347
Denmark	1 285	1 229	4.6%	29	25	308	23.9%	246	20.0%	91	78
dtac – Thailand	4 498	4 487	0.2%	14	(6)	1 799	40.0%	1 846	41.1%	1 541	840
Digi – Malaysia	3 164	2 927	8.1%	6	5	1 451	45.9%	1 360	46.4%	292	1 424
Grameenphone – Bangladesh	3 367	3 257	3.4%	-	-	2 082	61.8%	1 910	58.6%	473	191
Pakistan	2 002	2 031	(1.5%)	77	24	1 560	77.9%	1 232	60.6%	267	207
Myanmar	1 345	1 559	(13.7%)	45	52	455	33.8%	665	42.6%	200	259
Broadcast	1 512	1 520	(0.6%)	51	53	574	38.0%	555	36.5%	97	80
Other units	2 152	1 960	9.8%	920	964	332	15.4%	(58)	nm	103	135
Eliminations	(1 298)	(1 253)	3.6%	(1 298)	(1 247)	(55)	-	(97)	7.8%	-	(2)
<b>Group (IAS18)</b>	<b>27 628</b>	<b>27 463</b>	<b>0.6%</b>	<b>-</b>	<b>-</b>	<b>12 373</b>	<b>44.8%</b>	<b>11 771</b>	<b>42.9%</b>	<b>4 317</b>	<b>4 938</b>
IFRS15 adjustments	(61)	-	-	-	-	37	nm	-	nm	-	-
<b>Group (IFRS15)</b>	<b>27 566</b>	<b>27 463</b>	<b>0.4%</b>	<b>-</b>	<b>-</b>	<b>12 410</b>	<b>45.0%</b>	<b>11 771</b>	<b>42.9%</b>	<b>4 317</b>	<b>4 938</b>

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

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

## First three quarters

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and other expenses <sup>1)</sup>				Investments <sup>2)</sup>	
	2018	2017 Restated	Growth	2018	2017 Restated	2018	Margin	2017 Restated	Margin	2018	2017 Restated
	Norway	19 367	19 233	0.7%	351	305	8 293	42.8%	8 397	43.7%	2 649
Sweden	9 272	9 424	(1.6%)	46	40	3 129	33.8%	3 070	32.6%	853	1 192
Denmark	3 792	3 766	0.7%	77	66	843	22.2%	702	18.6%	270	490
dtac - Thailand	13 996	14 056	(0.4%)	54	45	5 775	41.3%	5 475	39.0%	2 910	2 939
Digi - Malaysia	9 572	8 965	6.8%	11	18	4 441	46.4%	4 121	46.0%	1 190	2 247
Grameenphone - Bangladesh	9 428	9 966	(5.4%)	1	-	5 667	60.1%	5 915	59.3%	2 877	1 014
Pakistan	5 702	6 173	(7.6%)	189	86	3 360	58.9%	3 237	52.4%	766	906
Myanmar	4 558	5 043	(9.6%)	149	179	1 849	40.6%	2 247	44.6%	643	1 260
Broadcast	4 517	4 556	(0.8%)	165	165	1 588	35.2%	1 546	33.9%	246	270
Other units	6 118	5 885	4.0%	3 055	2 766	226	3.7%	(549)	nm	294	2 270
Eliminations	(4 096)	(3 676)	11.4%	(4 096)	(3 670)	(189)	-	(280)	7.6%	-	(14)
<b>Group (IAS18)</b>	<b>82 225</b>	<b>83 390</b>	<b>(1.4%)</b>	<b>-</b>	<b>-</b>	<b>34 981</b>	<b>42.5%</b>	<b>33 881</b>	<b>40.6%</b>	<b>12 698</b>	<b>16 676</b>
IFRS15 adjustments	(6)	-	-	-	-	106	nm	-	nm	-	-
<b>Group (IFRS15)</b>	<b>82 219</b>	<b>83 390</b>	<b>(1.4%)</b>	<b>-</b>	<b>-</b>	<b>35 087</b>	<b>42.7%</b>	<b>33 881</b>	<b>40.6%</b>	<b>12 698</b>	<b>16 676</b>

## Reconciliation

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
<b>EBITDA</b>	<b>12 149</b>	<b>12 099</b>	<b>34 275</b>	<b>34 386</b>	<b>44 828</b>
Other income	7	666	53	1 251	1 306
Other expenses	(268)	(338)	(865)	(746)	(1 172)
<b>EBITDA before other income and other expenses</b>	<b>12 410</b>	<b>11 771</b>	<b>35 087</b>	<b>33 881</b>	<b>44 694</b>

# Definitions

## Alternative Performance Measures

Telenor Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the principles used both for segment reporting in Note 7 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

### 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).

### Reconciliation

(NOK in millions)	Change third quarter 2018	Change YoY	Change third quarter 2017	Change YoY	Change first three quarters 2018	Change YTD
Reported revenue growth	165	0.6%	(658)	(2.3%)	(1 165)	(1.4%)
Impact using exchange rates for 2018	54		927		1 006	
M&A	(67)		(59)		(376)	
<b>Organic revenue growth</b>	<b>152</b>	<b>0.6%</b>	<b>211</b>	<b>0.8%</b>	<b>(535)</b>	<b>(0.6%)</b>

### Organic subscription and traffic revenue growth

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

Organic subscription and traffic revenues are defined as subscription and traffic revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:

- it refers to the core revenue streams of the business making up more than 75% of total revenues and almost the entire gross profit for the Group;
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

### Reconciliation

(NOK in millions)	Change third quarter 2018	Change YoY	Change third quarter 2017	Change YoY	Change first three quarters 2018	Change YTD
Reported subscription and traffic revenue growth	36	0.2%	(194)	(0.9%)	(504)	(0.8%)
Impact using exchange rates for 2018	15		809		839	
M&A	-		-		-	
<b>Organic subscription and traffic revenue growth</b>	<b>52</b>	<b>0.2%</b>	<b>614</b>	<b>2.9%</b>	<b>335</b>	<b>0.5%</b>

### Subscription and traffic revenues

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Mobile subscription and traffic	17 601	17 419	52 349	52 657	70 290
Fixed telephony	383	470	1 196	1 490	1 942
Fixed Internet/TV	2 224	2 257	6 686	6 569	8 873
Fixed data services	163	172	492	516	697
Canal Digital DTH	1 124	1 141	3 376	3 372	4 513
<b>Subscription and traffic revenues</b>	<b>21 497</b>	<b>21 460</b>	<b>64 099</b>	<b>64 603</b>	<b>86 314</b>
Other revenues	6 131	6 002	18 126	18 787	25 755
<b>Total revenues</b>	<b>27 628</b>	<b>27 463</b>	<b>82 225</b>	<b>83 390</b>	<b>112 069</b>

### Operating expenditures (opex)

Operating expenditures (opex) is a key financial parameter for Telenor and is derived directly from the income statement, consisting of salaries and personnel cost and other operating expenses. Telenor's continuously effort to improve efficiencies makes opex a key financial parameter to follow. It is also used for internal performance analysis.

### Reconciliation

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Salaries and personnel cost	(2 416)	(2 664)	(7 977)	(8 451)	(11 412)
Other operating expenditures	(6 701)	(6 761)	(20 415)	(21 508)	(29 034)
<b>Operating expenditures</b>	<b>(9 116)</b>	<b>(9 425)</b>	<b>(28 392)</b>	<b>(29 959)</b>	<b>(40 446)</b>

### EBITDA before other income and other expenses

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a key financial parameter for Telenor. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, workforce reductions, onerous contracts and one-time pension costs, and is reconciled in the section Group overview. This measure is useful to users of Telenor's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortisation expense related primarily to capital expenditures and acquisitions that occurred in the past, non-recurring items, 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. 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.

### Reconciliation

(NOK in millions)	Change third quarter 2018	Change YoY	Change third quarter 2017	Change YoY	Change first three quarters 2018	Change YTD
Reported EBITDA growth	602	5.1%	614	5.5%	1 100	3.2%
Impact using exchange rates for 2018	53		472		639	
M&A	(1)		16		(9)	
<b>Organic EBITDA growth</b>	<b>653</b>	<b>5.6%</b>	<b>1 102</b>	<b>10.1%</b>	<b>1 730</b>	<b>5.2%</b>

### Capital expenditures

Capital expenditures (capex) are investments in tangible and intangible assets, excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to users of Telenor's financial information in evaluating the capital intensity of the operations. Capex is deemed to better gauge the actual investments committed in the period than in the purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Purchases of PPE and intangible assets (cash flow statement)	4 589	4 446	13 676	15 544	20 726
Working capital movement in respect of capital expenditure	(271)	505	669	(407)	940
Less:					
Asset retirement obligations	(40)	5	(1 563)	(4)	(377)
Discontinued operations	(4)	(243)	(156)	(656)	(983)
<b>Capital expenditures</b>	<b>4 274</b>	<b>4 713</b>	<b>12 626</b>	<b>14 477</b>	<b>20 307</b>
Licence and spectrum fee - capitalized	(55)	(1 132)	(1 919)	(2 384)	(3 052)
<b>Capital expenditures excluding licence and spectrum fee</b>	<b>4 219</b>	<b>3 581</b>	<b>10 707</b>	<b>12 093</b>	<b>17 255</b>
Revenue	27 628	27 463	82 225	83 390	112 069
<b>Capex excl. Licences and spectrum/Revenues (%)</b>	<b>15.3%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>14.5%</b>	<b>15.4%</b>

### 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.

**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, such as debt instruments and 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 2018	31 December 2017	30 September 2017
Non-current interest-bearing liabilities	44 466	51 587	49 768
Current interest-bearing liabilities	15 530	22 710	25 777
Less:			
Cash and cash equivalents	(32 706)	(22 546)	(29 782)
Adjustments:			
Licence obligations	(1 945)	(2 257)	(2 206)
Hedging instruments	(1 293)	(1 777)	(1 765)
Financial instruments	(351)	(849)	(829)
<b>Net interest-bearing debt excluding licence obligations</b>	<b>23 701</b>	<b>46 868</b>	<b>40 963</b>

**Free cash flow**

Free cash flow is defined as net cash flow from operating activities plus net cash flow from investing activities, lower 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.

**Reconciliation**

(NOK in millions)	Third quarter		First three quarters		Year
	2018	2017	2018	2017	2017
Net cash flows from operating activities	10 822	11 728	28 185	31 879	40 723
Net cash flows from investing activities	17 317	(924)	7 421	(6 993)	(12 075)
Repayments of borrowings - licence obligations	(317)	(440)	(727)	(881)	(973)
Repayments of borrowings - supply chain financing	27	23	(64)	(236)	(221)
Dividends paid to and purchase of shares from non-controlling interest	(1 305)	(960)	(2 685)	(2 230)	(2 586)
<b>Free cash flow</b>	<b>26 543</b>	<b>9 426</b>	<b>32 130</b>	<b>21 539</b>	<b>24 867</b>

**Mobile operations****Revenues****Mobile subscription and traffic**

Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

**Interconnect**

Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

**Other mobile**

Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as 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 'Mobile subscription and traffic' and 'Interconnect' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

**Key Figures****Subscriptions**

Contract subscriptions are counted until the subscription is terminated or until there has been no revenues or outgoing/incoming traffic during the last three months. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

**Active mobile internet users**

Active mobile internet users are subscriptions with at least 150 KB of data during the last three months.

**Average traffic minutes per subscription per month (AMPU)**

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

**Average revenue per subscription per month (ARPU)**

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

## Fixed operations

**Revenues****Telephony**

Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

**Internet and TV**

Consist of subscription, traffic charges and connection fees for xDSL, cable and fibre, in addition to revenues from TV services. High speed fixed internet 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 consists 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 and households in SMATV networks.

**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





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