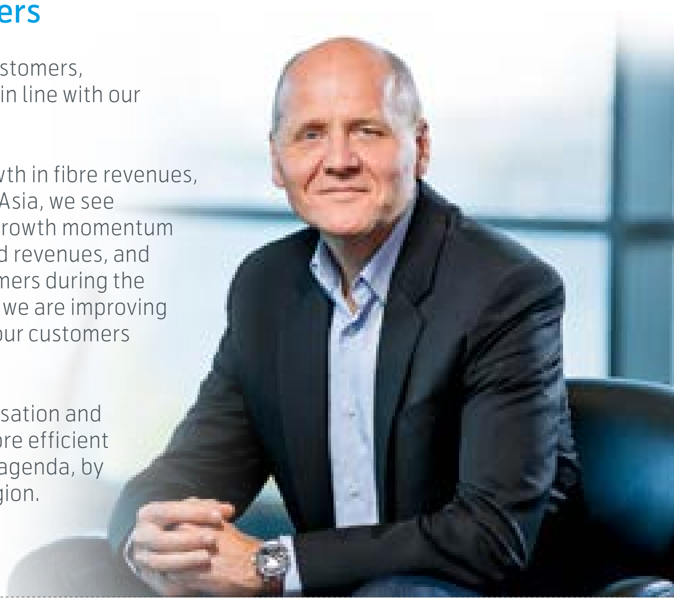
Q1 – 2019

Interim report
January–March 2019

Contents

Solid start to the year, attracting 2.3 million new customers



The results for the first quarter 2019 reaffirm our efforts and ability to attract new customers, create value and modernise Telenor. The operational and financial performance was in line with our expectations.

In Norway, we continue to roll out fibre to our customers resulting in 20 per cent growth in fibre revenues, and mobile subscription and traffic revenues increased by two per cent. In Emerging Asia, we see improvements across all our markets as the appetite for data keeps increasing. The growth momentum in Bangladesh and Pakistan continued, and I'm pleased to see that we have stabilised revenues, and returned to solid subscriber growth in Myanmar, adding more than one million customers during the quarter. In Developed Asia, the prepaid segment remained under pressure. However, we are improving our network position in Thailand, which will enable us to deliver top data services to our customers going forward.

Over the past two years we have step-by-step executed on our ambitions of modernisation and value creation through digital transformation, which has resulted in a simpler and more efficient Telenor. This month, we announced another step towards executing on our strategic agenda, by entering the Finnish market, and thereby strengthening our position in the Nordic region.

– Sigve Brekke, President and CEO

Key figures Telenor Group

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues	27 709	27 150	110 362	27 644
Organic revenue growth (%)	0.3	(1.5)	(0.6)	
Subscription and traffic revenues	21 443	21 015	84 825	21 443
Organic subscription and traffic revenue growth (%)	0.0	1.0	0.2	
EBITDA before other income and other expenses	11 175	11 340	45 451	12 425
Organic EBITDA growth (%)	(3.5)	10.0	3.2	
EBITDA before other income and other expenses/Revenues (%)	40.3	41.8	41.2	44.9
Net income attributable to equity holders of Telenor ASA	3 882	4 992	14 731	3 833
Capex excl. licences and spectrum	4 043	3 068	16 776	
Total Capex	4 043	4 687	31 245	
Free cash flow	2 453	2 575	31 989	
Mobile subscriptions – Change in quarter/Total (mill.)	2.3	1.7	174	

First quarter 2019 summary[1)]

- Subscription and traffic revenues remained stable in the first quarter on an organic basis. Total reported revenues were NOK 27.7 billion, which is an increase of 2%.
- Currency adjusted gross profit declined by NOK 0.5 billion in the quarter, while reported gross profit declined by NOK 0.1 billion.
- On a currency adjusted basis, opex decreased by NOK 0.1 billion, or 1%. Reported opex increased by NOK 0.1 billion or 1%.
- EBITDA before other items was NOK 11.2 billion with an EBITDA margin of 40%, 1 percentage point below last year. EBITDA declined by 3% on an organic basis.
- Net income attributable to equity holders of Telenor ASA was NOK 3.9 billion, or NOK 2.66 per share in the quarter.
- Capex excluding licences and spectrum was NOK 4.0 billion, resulting in a capex to sales ratio of 15%.
- Free cash flow for the quarter was NOK 2.5 billion.

Outlook for 2019[1)]

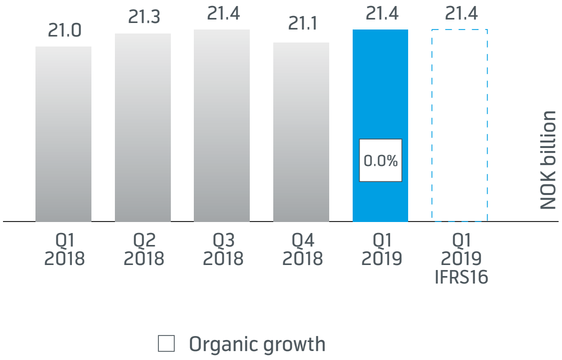
For the Group excluding our Thai operation dtac, we maintain our guiding of an organic subscription and traffic revenue growth of 0-2% and organic EBITDA growth of 1-3%. Capex excluding licences and spectrum is expected to be in the range of NOK 16-17 billion, including the operation in Thailand. Dtac will provide an outlook for 2019 in June, and Thailand will be included in the Group's revenue and EBITDA guiding from the second quarter onwards.

1) The key figures and summary for the first quarter of 2019 as well as the forward-looking statements are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 28 for descriptions of alternative performance measures.

Group performance in the first quarter 2019[2)]

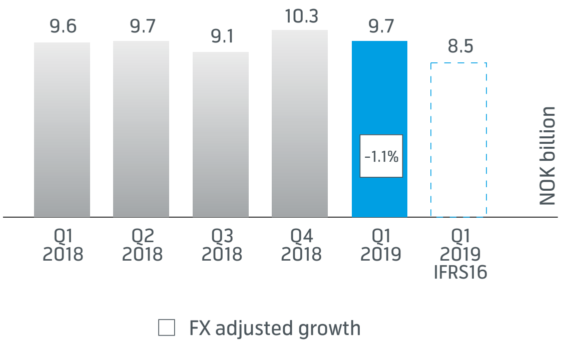
SUBSCRIPTION AND TRAFFIC REVENUES

On an organic basis, subscription and traffic revenues remained stable, while growth was 2.0% on a reported basis. Excluding Thailand, the organic subscription and traffic revenue growth was 1.4%. Performance in Bangladesh and Pakistan remained strong with double-digit growth, in addition to solid mobile subscription and traffic revenue growth in Norway. In Thailand, growth continued to be negative as the subscriber base further deteriorated in a tough market environment. In Myanmar, revenues were down 11% as result of the lower customer base and reduced data prices, however we saw signs of revenue stabilisation with positive subscriber growth in the quarter. The decrease within prepaid revenues in Malaysia added to the ongoing decline in fixed legacy revenues in Scandinavia, leading to an overall flat subscription and traffic revenue development this quarter.



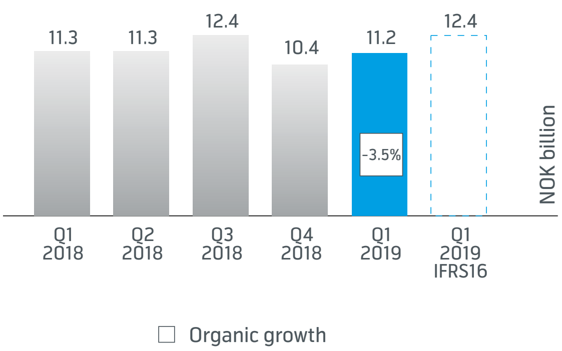
OPERATING EXPENDITURES (OPEX)

Currency adjusted opex decreased by NOK 0.1 billion or 1%, primarily as a result of efficiency improvements within Corporate Functions, overall lower cost in Sweden and regulatory cost savings in Thailand. This was partly offset by increased energy and network related costs, especially in Emerging Asia, and the infrastructure lease from CAT in Thailand. Reported opex increased by NOK 0.1 billion.



EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

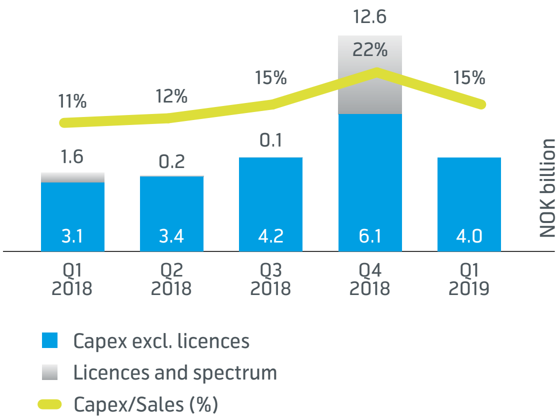
EBITDA was NOK 11.2 billion, which is a decrease of 3.5% on an organic basis. However, excluding our Thai operation dtac, organic EBITDA grew by 1.9%. In Bangladesh and Pakistan, we continued to deliver strong profitability improvements. Continued data price erosion in Myanmar and prepaid revenue decline in Malaysia contributed negatively, in addition to the fixed legacy decline in Scandinavia. The persisting subscription and traffic revenue decline and 2300 MHz rental fees of NOK 325 million in Thailand led to overall negative growth for the Group.



2) The comments are related to Telenor's development in the first quarter of 2019 compared to the first quarter of 2018 and are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 28 for descriptions of alternative performance measures.

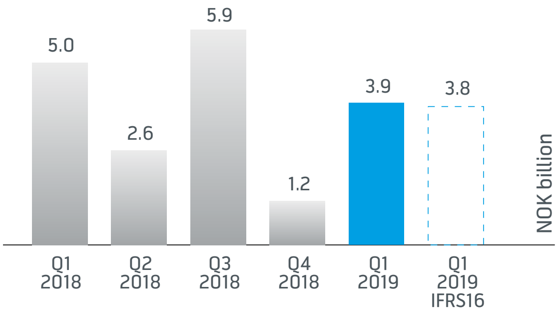
CAPITAL EXPENDITURES (CAPEX)

Capex excluding licences and spectrum increased by NOK 1.0 billion to NOK 4.0 billion and continued to be driven by good progress on the fibre roll-out in Norway as well as the 2300 MHz network expansion in Thailand. Total capex was NOK 4.0 billion, which is a decrease of NOK 0.6 billion.



NET INCOME

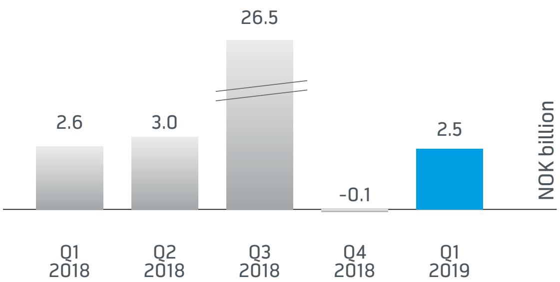
Reported net income to equity holders of Telenor ASA in the first quarter was NOK 3.9 billion, which is a decrease of NOK 1.1 billion. This was primarily due to a decrease in net financial items, driven by higher net currency gains and gain on the financial derivative features of the VEON exchangeable bond in the first quarter last year, partly offset by the decrease in depreciations in Thailand following the end of the concession model.



FREE CASH FLOW

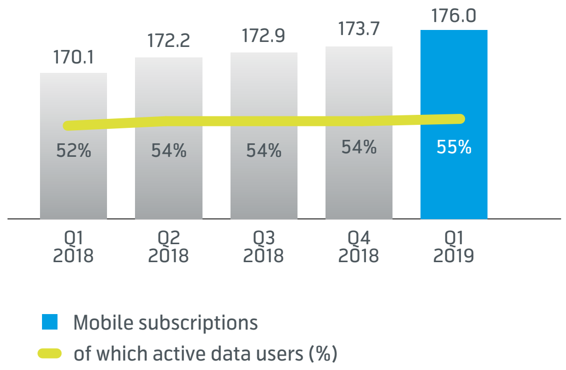
Free cash flow was NOK 2.5 billion and on level with last year, however positively impacted by the selldown of VEON shares of NOK 1.8 billion, partly offset by the net effect from deconsolidation of Telenor Banka and Digital Money Myanmar (Wave Money) of NOK 0.9 billion.

Underlying free cash flow before these effects was NOK 1.5 billion, a decrease of NOK 1.1 billion, primarily due to higher income taxes and net interest paid. In addition, higher capex payments resulting from high investment levels at the end of last year offset lower licence and spectrum payments. In January, Telenor paid its 50% share of NOK 0.7 billion for the 2x10 MHz blocks in the 700 MHz frequency band acquired in Sweden, while payments of NOK 1.2 billion were made in the same quarter last year for 2x5 MHz in the 1800 MHz frequency band in Bangladesh.



MOBILE SUBSCRIPTIONS

The total subscription base surpassed 176 million this quarter, as 2.3 million mobile subscriptions were added. We grew our customer base in all markets in Emerging Asia, where we saw the first positive net adds since second quarter last year in Myanmar with 1.2 million new subscriptions. Bangladesh and Pakistan added 1.3 million and 0.7 million subscriptions, respectively. This was partly offset by losses of 0.5 million in Thailand and 0.4 million in Malaysia. The share of active data users in our subscription base increased to 55%.



Interim report

Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the first quarter of 2019 compared to the first quarter of 2018 in local currency, unless otherwise stated, and are based on the accounting principles for the Group's segment reporting. See note 8 for further information. Please refer to Definitions on page 28 for descriptions of alternative performance measures. 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

Norway

- In Norway, the first quarter was another quarter with consistent execution on key priorities, delivering 11,000 new fibre subscriptions, 2% growth in mobile subscription and traffic revenues and a stable EBITDA margin. In the quarter, we launched another 5G test-network and continued to prepare for the copper decommissioning.
- During the quarter, the number of mobile subscriptions decreased by 28,000, primarily driven by reduced prepaid subscriptions and port-out of customers on a public frame agreement. The number of fixed high-speed subscriptions grew by another 5,000 in the quarter, contributing to an increase of in total 21,000 compared to the same quarter last year.
- Mobile ARPU increased by 2% as growth in subscriptions with higher data allowances and value added services more than offset lower sales of data top-ups. The high-speed broadband ARPU increased by 2%.
- Total revenues decreased by 1%, as increased mobile, fibre and TV revenues did not fully offset the reduction in copper related revenues of around NOK 130 million.
- Opex remained stable as lower personnel and network operation cost were offset by project activities as well as costs related to transferred businesses from other Group entities. Adjusted for the transferred businesses, opex decreased by 2%.
- EBITDA decreased by 1% from the reduction in revenues. The EBITDA margin remained unchanged at 44%.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues mobile operation				
Subscription and traffic	2 723	2 675	10 924	2 723
Interconnect	115	132	528	115
Other mobile	261	219	932	261
Non-mobile	615	591	2 999	615
Total revenues mobile operation	**3 714**	**3 616**	**15 384**	**3 714**
Revenues fixed operation				
Telephony	274	330	1 237	274
Internet and TV	1 518	1 481	5 937	1 518
Data services	121	131	514	121
Other fixed	345	406	1 579	345
Total retail revenues	**2 259**	**2 348**	**9 268**	**2 259**
Wholesale	279	329	1 257	279
Total revenues fixed operation	**2 538**	**2 678**	**10 525**	**2 538**
Total revenues	**6 251**	**6 293**	**25 909**	**6 251**
Gross profit	4 928	4 955	19 867	4 931
Operating expenditures	2 179	2 189	8 863	1 969
EBITDA before other items	**2 749**	**2 766**	**11 004**	**2 962**
Operating profit	**1 657**	**1 644**	**6 508**	**1 669**
EBITDA before other items/Total revenues (%)	44.0	43.9	42.5	47.4
Capex	979	720	4 399	
Investments in businesses	-	-	5	
Statistics (monthly in NOK):				
Mobile ARPU	322	315	322	
Fixed Telephony ARPU	237	239	238	
Fixed Internet ARPU	378	374	373	
TV ARPU	336	316	323	
No. of subscriptions – Change in quarter/Total (in thousands):				
Mobile	(28)	(17)	2 952	
Fixed telephony	(21)	(17)	397	
Fixed Internet	(3)	(5)	844	
TV	3	(2)	553	

Sweden

- The total number of mobile subscriptions decreased by 1,000 during the quarter, while 6,000 fibre connections were added, taking the total number of high-speed fixed internet subscriptions to 614,000.
- Mobile subscription and traffic revenues decreased by 1%, mainly driven by lower ARPU from large accounts within the business segment.
- Fixed revenues were stable, as the decline within legacy products and installation fees was offset by growth in high-speed internet revenues.
- Opex decreased by 5%, driven by lower personnel and consultancy costs as well as lower maintenance and site rental costs. EBITDA fell by 3% as reductions in opex were not sufficient to compensate for the gross profit decline.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues mobile operation				
Subscription and traffic	1 462	1 527	5 918	1 462
Interconnect	128	133	521	128
Other mobile	93	90	400	93
Non-mobile	490	542	2 094	490
Total revenues mobile operation	**2 174**	**2 292**	**8 934**	**2 174**
Revenues fixed operation				
Telephony	40	58	187	40
Internet and TV	658	662	2 629	658
Data services	38	40	158	38
Other fixed	78	90	296	78
Total retail revenues	**814**	**850**	**3 271**	**814**
Wholesale	59	54	216	59
Total revenues fixed operation	**873**	**904**	**3 487**	**873**
Total revenues	**3 046**	**3 196**	**12 421**	**3 046**
Gross profit	1 932	2 081	8 015	2 003
Operating expenditures	936	1 023	3 890	845
EBITDA before other items	**995**	**1 058**	**4 125**	**1 158**
Operating profit	**651**	**738**	**2 787**	**655**
EBITDA before other items/Total revenues (%)	32.7	33.1	33.2	38.0
Capex	310	301	1 965	
Statistics (monthly in NOK):				
Mobile ARPU	194	206	199	
Fixed Telephony ARPU	35	53	42	
Fixed Internet ARPU	212	218	212	
TV ARPU	143	147	145	
No. of subscriptions – Change in quarter/Total (in thousands):				
Mobile	(1)	(9)	2 729	
Fixed telephony	(4)	(22)	148	
Fixed Internet	(1)	(2)	684	
TV	(3)	5	480	
Exchange rate (SEK)	0.9351	0.9668	0.9359	

Denmark

- The Danish operation continued to deliver solid EBITDA improvement in the beginning of this year, following strong execution of efficiency programmes.
- The mobile subscription base decreased by 28,000, partly due to lower sales of new subscriptions, decline in mobile broadband subscribers as well as continued churn of a public frame agreement. Mobile ARPU improved by 2% as a result of loss of low value subscriptions.
- Mobile subscription and traffic revenues decreased by 5% as a result of a lower subscription base partly offset by higher ARPU. Growth in handset sales and wholesale revenues softened the decline in total revenues to 2%.
- EBITDA improved by 13% following better handset margins and a more efficient operation with fewer employees and a generally lower cost level. The EBITDA margin improved by 3 percentage points to 22%.
- In March, TT-Nætverket, Telenor's network joint venture with Telia, secured access to 2x5 MHz in the 700 MHz and 2x10 MHz in the 900 MHz frequency bands for a total consideration of DKK 108 million.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues mobile operation				
Subscription and traffic	713	740	2 937	713
Interconnect	56	61	246	56
Other mobile	62	43	234	62
Non-mobile	254	243	1 140	254
Total revenues mobile operation	**1 084**	**1 088**	**4 558**	**1 084**
Revenues fixed operation				
Telephony	29	34	135	29
Internet and TV	89	91	359	89
Data services	7	6	25	7
Total revenues fixed operation	**124**	**131**	**518**	**124**
Total revenues	**1 209**	**1 218**	**5 076**	**1 209**
Gross profit	765	747	3 073	765
Operating expenditures	504	519	2 028	457
EBITDA before other items	**261**	**229**	**1 045**	**308**
Operating profit	**41**	**3**	**119**	**42**
EBITDA before other items/Total revenues (%)	21.6	18.8	20.6	25.5
Capex	70	93	441	
Statistics (monthly in NOK):				
Mobile ARPU – monthly (NOK)	152	147	151	
No. of subscriptions – Change in quarter/Total (in thousands):				
Mobile	(28)	(28)	1 699	
Fixed telephony	(4)	(5)	48	
Fixed Internet	(4)	(1)	123	
Exchange rate (DKK)	1.3052	1.2936	1.2875	

dtac - Thailand

- In Thailand, the first quarter was still impacted by end-of-concession related network challenges, which resulted in continued loss of high-value customers. Despite improved churn within the postpaid segment, subscription and traffic revenues decreased by 6%.
- The total number of subscriptions decreased by 0.5 million in the quarter, as a 0.1 million growth in postpaid subscriptions was unable to offset the decline of 0.6 million in the prepaid segment, while ARPU decreased for the third consecutive quarter driven by the loss of high-end subscriptions.
- Opex decreased by 3%, mainly due to significantly lower regulatory cost, partially offset by CAT lease costs, other network related cost as well as sales and marketing spend.
- EBITDA fell by 26% in local currency or NOK 390 million on a reported basis, mainly due to the effects of the TOT agreement for 2300 MHz network and lower subscription and traffic revenues.
- Capex was prioritised towards densifying the 3G and 4G networks, in particular the roll-out of additional 2,500 4G sites in the 2300 MHz spectrum band. In total, 2300 MHz equipment is now installed on 15,000 sites.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Subscription and traffic	4 011	3 889	15 570	4 011
Interconnect	145	148	587	145
Other mobile	54	55	186	54
Non-mobile	1 138	690	2 566	1 074
Total revenues	**5 347**	**4 783**	**18 908**	**5 284**
Gross profit	3 505	3 784	13 978	3 442
Operating expenditures	1 828	1 717	6 933	1 466
EBITDA before other items	**1 677**	**2 067**	**7 045**	**1 976**
Operating profit	**624**	**392**	**(1 225)**	**636**
EBITDA before other items/Total revenues (%)	31.4	43.2	37.3	37.4
Capex	1 183	615	16 562	
No. of subscriptions – Change in quarter/ Total (in thousands):	(476)	(841)	21 202	
ARPU – monthly (NOK)	66	60	62	
Exchange rate (THB)	0.2712	0.2483	0.2515	

Digi - Malaysia

- In Malaysia, subscription and traffic revenues decreased by 5% driven by the accelerated decline in prepaid revenues due to decline in traditional voice revenues and intense data competition, while growth from postpaid remained solid.
- The total number of mobile subscriptions decreased by 0.4 million as the addition of 0.1 million postpaid subscribers could not offset the 0.5 million decline in prepaid subscriptions, resulting from clean-up of inactive SIM cards and stricter prepaid acquisition in addition to aggressive competition.
- EBITDA decreased by 7% as a result of lower gross profit, driven by the decline in prepaid revenues, partly offset by improved postpaid revenues and seasonally lower device sales. Opex remained stable, however supported by the slight positive impact of reversal of accruals.
- Capex for the quarter was prioritised towards improving capacity and coverage of the 4G network, and 4G population coverage has now reached close to 90%.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Subscription and traffic	2 769	2 774	11 012	2 769
Interconnect	83	116	461	83
Other mobile	32	35	142	32
Non-mobile	278	337	1 534	278
Total revenues	**3 162**	**3 263**	**13 149**	**3 162**
Gross profit	2 524	2 513	10 041	2 528
Operating expenditures	1 018	972	3 930	849
EBITDA before other items	**1 506**	**1 542**	**6 111**	**1 679**
Operating profit	**1 055**	**1 081**	**4 410**	**1 042**
EBITDA before other items/Total revenues (%)	47.6	47.2	46.5	53.1
Capex	356	362	1 649	
No. of subscriptions – Change in quarter/ Total (in thousands):	(408)	10	11 660	
ARPU – monthly (NOK)	82	82	81	
Exchange rate (MYR)	2.0960	1.9966	2.0145	

Grameenphone - Bangladesh

- In Bangladesh, the solid revenue growth trend persisted resulting in continued high profitability. Grameenphone added a total of 1.3 million new subscriptions and passed 74 million subscribers in the first quarter.
- Subscription and traffic revenues increased by 14%, following 10% growth in the subscription base compared to last year, in addition to a 3% increase in ARPU excluding interconnect, mainly driven by higher contribution from both voice and data.
- EBITDA increased by 18% driven by strong revenue growth and a continued healthy opex development.
- Capex in the quarter was mainly focused on strengthening the network position, almost reaching 16,000 sites, of which 5,900 on 4G.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Subscription and traffic	3 348	2 704	11 937	3 348
Interconnect	165	199	751	165
Other mobile	4	1	13	4
Non-mobile	53	47	210	53
Total revenues	**3 570**	**2 952**	**12 910**	**3 570**
Gross profit	3 367	2 792	12 199	3 367
Operating expenditures	1 205	1 097	4 392	1 122
EBITDA before other items	**2 162**	**1 695**	**7 807**	**2 246**
Operating profit	**1 581**	**1 110**	**5 563**	**1 605**
EBITDA before other items/Total revenues (%)	60.6	57.4	60.5	62.9
Capex	425	1 977	3 300	
Investments in businesses	-	-	(8)	
No. of subscriptions – Change in quarter/ Total (in thousands):	1 321	2 128	72 732	
ARPU – monthly (NOK)	16	15	15	
Exchange rate (BDT)	0.1023	0.0943	0.0971	

Pakistan

- Our operation in Pakistan continued to deliver solid revenue growth and strong profitability despite high pressure on opex, in particular from increased energy prices.
- The number of mobile subscriptions increased by 0.7 million during the quarter, taking the total subscription base to 44.3 million, which is 4% higher than last year.
- Subscription and traffic revenues increased by 15%, driven by the increased subscription base and a 10% growth in ARPU excluding interconnect, partly driven by increased data volume following the temporary removal of telco specific taxes. In a hearing in the supreme court on 24 April it was decided to restore these taxes. We are awaiting further details.
- Opex increased by 9% mainly driven by increased energy prices and increased network related cost from an expanding network. EBITDA increased by 14% as a result of solid revenue growth and cost control.
- Capex was mainly related to network roll-out and upgrading of existing sites, reaching close to 8,000 4G sites and surpassing 60% 4G population coverage.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Subscription and traffic	1 476	1 469	6 107	1 476
Interconnect	193	248	1 109	193
Other mobile	6	5	21	6
Non-mobile	70	53	255	70
Total revenues	**1 744**	**1 775**	**7 492**	**1 744**
Gross profit	1 478	1 513	6 885	1 480
Operating expenditures	619	649	2 589	525
EBITDA before other items	**860**	**864**	**4 296**	**955**
Operating profit	**525**	**377**	**2 749**	**542**
EBITDA before other items/Total revenues (%)	49.3	48.6	57.3	54.8
Capex	386	247	1 157	
No. of subscriptions – Change in quarter/ Total (in thousands):	728	1 023	43 530	
ARPU – monthly (NOK)	13	14	14	
Exchange rate (PKR)	0.0617	0.0705	0.0671	

Myanmar

- Targeted market activities ensured an encouraging start to the year with 1.2 million new subscribers. Data prices have become very affordable and we see growing appetite for data services. 62% of the customers are now active data users, with an average data usage of 2.7 GB.
- The mobile subscription base reached 18.4 million, which is 3% below the end of first quarter last year. Combined with lower data prices, this resulted in an 11% reduction in mobile subscription and traffic revenues. Compared to the fourth quarter last year, subscription and traffic revenues improved by 1%.
- EBITDA decreased by 32% explained by lower revenues and negative currency effects on operating expenses. The EBITDA margin declined by 10 percentage points to 33%.
- Capex in the quarter was related to expanding the population coverage which now exceeds 90%. Extended transmission and 3G/4G coverage catered for the majority of the investments.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Subscription and traffic	1 125	1 312	4 918	1 125
Interconnect	186	222	815	186
Other mobile	9	6	33	9
Non-mobile	9	13	45	9
Total revenues	**1 328**	**1 554**	**5 810**	**1 328**
Gross profit	1 115	1 321	4 911	1 158
Operating expenditures	678	654	2 732	452
EBITDA before other items	**437**	**667**	**2 179**	**706**
Operating profit	**68**	**337**	**727**	**142**
EBITDA before other items/Total revenues (%)	32.9	42.9	37.5	53.2
Capex	204	206	1 050	
No. of subscriptions – Change in quarter/ Total (in thousands):	1 163	(538)	17 232	
ARPU – monthly (NOK)	25	27	26	
Exchange rate (MMK)	0.0056	0.0058	0.0056	

Broadcast

- Efforts on efficiency and good sales performance in Norkring and Telenor Satellite could not fully compensate for the effects of a lower customer base in Canal Digital.
- The number of DTH subscribers in Canal Digital decreased by 16,000 in the quarter. The reduction in the subscription base compared to last year was 46,000.
- Total revenues decreased by 3% primarily due to reduced number of DTH subscriber volumes, partly offset by higher revenues in Norkring and growth in sale of Satellite capacity.
- A 3% reduction in operating expenditures mainly within marketing and operational activities could only partly compensate for the reduction in revenues. EBITDA therefore decreased by 5%.
- Capex was mainly driven by upgrades in the DTT network to release the 700 MHz frequency band for mobile purposes and platform investments in Canal Digital.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Canal Digital DTH	1 066	1 132	4 478	1 066
Satellite	229	209	901	229
Norkring	274	265	1 063	274
Other/Eliminations	(121)	(119)	(473)	(121)
Total revenues	**1 448**	**1 487**	**5 968**	**1 448**
Gross profit	**888**	**925**	**3 679**	**894**
Operating expenditures	**421**	**434**	**1 719**	**402**
EBITDA before other items				
Canal Digital DTH	163	218	799	163
Satellite	152	135	609	154
Norkring	155	140	576	179
Other/Eliminations	(4)	(2)	(24)	(4)
Total EBITDA before other items	**467**	**491**	**1 960**	**492**
Operating profit				
Canal Digital DTH	146	199	711	146
Satellite	82	59	326	82
Norkring	82	64	278	85
Other/Eliminations	(4)	(2)	(24)	(4)
Total operating profit	**307**	**319**	**1 291**	**310**
EBITDA before other items/Total revenues (%)	32.2	33.0	32.8	34.0
Capex	81	71	384	
No. of subscriptions – Change in quarter/Total (in thousands):				
DTH TV	(16)	(15)	793	

Other units

- Revenues in Other units decreased by 13% due to lower revenues in Global Wholesale and reduced Group internal invoicing from Corporate Functions, partly offset by continued growth in Digital Money Myanmar (Wave Money) which was consolidated as a subsidiary until 28 February 2019.
- EBITDA improved by NOK 0.1 billion as a result of continuous simplification efforts and structural changes across staff units, leading to more efficient processes as well as reduced activity level. Additionally, we see performance improvements in other smaller business areas cushioning the effect of the revenue decline in Global Wholesale.
- Operating profit improved by NOK 0.4 billion due to better EBITDA and the gain on partial disposal related to Digital Money Myanmar (Wave Money). See 'Specification of other income and other expenses' on page 12 for further details.

	First quarter		Year	First quarter
(NOK in millions)	2019	2018	2018	2019 IFRS 16
Revenues				
Corporate Functions	726	897	3 321	726
Global Wholesale	566	718	3 055	566
Other Businesses	476	431	1 885	475
Eliminations	(36)	(49)	(197)	(36)
Total revenues	**1 732**	**1 997**	**8 064**	**1 731**
Operating expenditures	**1 061**	**1 289**	**5 034**	**1 043**
EBITDA before other items				
Corporate Functions	46	(67)	(224)	54
Global Wholesale	(2)	46	316	-
Other Businesses	25	(28)	7	31
Eliminations	1	1	5	-
Total EBITDA before other items	**69**	**(47)**	**103**	**85**
Operating profit (loss)				
Corporate Functions	(24)	(157)	(710)	(23)
Global Wholesale	(11)	25	251	(11)
Other Businesses	188	(83)	(260)	186
Eliminations	1	1	5	1
Total operating profit (loss)	**153**	**(214)**	**(715)**	**153**
Capex	50	94	339	
Investments in businesses	-	32	117	

Group performance 2019

The comments below are related to Telenor's development in 2019 compared to 2018. The comments made are based on accounting principles including IFRS 16 *Leases*[3)] for 2019 and accounting principles excluding IFRS 16 *Leases*[3)] for 2018.

Specification of other income and other expenses

	First quarter		Year
(NOK in millions)	2019	2018	2018
EBITDA before other income and other expenses	12 425	11 340	45 451
EBITDA before other income and other expenses (%)	44.9	41.8	41.2
Other income	-	-	140
Gains on disposals of fixed assets and operations	230	36	63
Losses on disposals of fixed assets and operations	(37)	(31)	(227)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(186)	(181)	(3 040)
EBITDA	**12 433**	**11 164**	**42 247**
EBITDA margin (%)	45.0	41.1	38.3

In the first quarter of 2019 other income and other expenses consisted mainly of:
- Workforce reductions and loss contracts of NOK 186 million, mainly in Telenor Norway of NOK 67 million and Grameenphone of NOK 53 million.
- Gains on disposals mainly related to the gain on partial disposal of Digital Money Myanmar (Wave Money) which is recognised as a joint venture from 1 March 2019.

In the first quarter for 2018 other income and other expenses consisted mainly of:
- Workforce reductions of NOK 181 million, mainly in Telenor Norway of NOK 91 million and Corporate Functions of NOK 38 million.

Operating profit
- Reported operating profit increased by NOK 1.0 billion. This was mainly due to the end-of-concession related decrease in depreciations in Thailand. The positive impact of IFRS 16[3)] on operating expenditures of NOK 1.2 billion was offset by the corresponding IFRS 16[3)] related increase in depreciations.

Financial items

	First quarter		Year
(NOK in millions)	2019	2018	2018
Financial income	540	452	1 209
Financial expenses	(1 121)	(469)	(2 484)
Net currency gains (losses)	413	1 226	(2 227)
Net change in fair value of financial instruments	(61)	779	342
Net gains (losses and impairment) of financial assets and liabilities	19	-	3
Net financial income (expenses)	**(212)**	**1 988**	**(3 158)**
Gross interest expenses	(1 002)	(369)	(2 131)
Net interest expenses	(869)	(298)	(1 652)

- Financial income in the first quarter of 2019 includes dividend from VEON of NOK 375 million, compared to NOK 345 million in the first quarter of 2018.
- Financial expenses in the first quarter of 2019 include interest expenses on lease liabilities of NOK 360 million, as an effect of IFRS 16[3)]. The increase compared to the first quarter of 2018 is also due to a change in the currency composition of the Group's liabilities.
- A strengthening Norwegian Krone led to net currency gains in the first quarter of 2019 of NOK 0.4 billion, compared to higher net currency gains of NOK 1.2 billion in the first quarter last year mainly due to a larger appreciation of the Norwegian Krone in 2018.
- Net change in fair value of financial instruments in the first quarter of 2018 included a NOK 825 million gain on the financial derivative features of the bond exchangeable into VEON ADSs.

Taxes
- The effective tax rate is 28% for the first quarter. The effective tax rate is impacted by dividends from VEON as well as the gain on partial disposal of Digital Money Myanmar (Wave Money) that impacted profit before tax but did not impact taxes to the same extent.
- The underlying tax rate for the year is estimated to 30%.
- The effective tax rate for the year 2019 is estimated to be around 29% as a result of the abovementioned effects on the effective tax rate for the first quarter.

[3)] Please refer to note 1 for further information on IFRS 16.

Cash flow

- Net cash inflow from operating activities during the first quarter of 2019 was NOK 9.4 billion, an increase of NOK 0.8 billion compared to 2018. Adjusting for repayments of lease obligations of NOK 1.2 billion which are now classified as financing activities under IFRS 16, the underlying operating cash flow decreased by NOK 0.4 billion compared to 2018 mainly due to higher taxes and interest paid partly offset by the changes in working capital and other.
- Net cash outflow to investing activities during the first quarter of 2019 was NOK 5.0 billion, a decrease of NOK 0.5 billion compared to 2018. This is mainly due to sale of VEON shares of NOK 1.8 billion partly offset by deconsolidation of Telenor Banka and Digital Money Myanmar (Wave Money) of NOK 0.9 billion.
- Net cash inflow from financing activities during the first quarter of 2019 was NOK 1.8 billion. This is explained by net proceeds from borrowings of NOK 2.7 billion, including repayments of lease obligations of NOK 1.2 billion which are now classified as financing activities under IFRS 16. Dividends of NOK 0.4 billion were paid to non-controlling interests.
- Cash and cash equivalents increased by NOK 6.2 billion during the first quarter to NOK 24.5 billion as of 31 March 2019.

Financial position

- During the first quarter of 2019, total assets increased by NOK 27.4 billion to NOK 218.7 billion. The increase is mainly due to the effect of NOK 26.4 from the implementation of IFRS 16 (see note 1 for further information).
- During the first quarter of 2019, total liabilities increased by NOK 24.4 billion to NOK 161.3 billion. The increase is mainly due to the effect of NOK 26.6 billion from the implementation of IFRS 16 (see note 1 for further information).
- Net debt[4] decreased by NOK 3.3 billion to NOK 36.2 billion. Cash and cash equivalents increased by NOK 6.4 billion. This was partially offset by the decrease in interest-bearing liabilities excluding licence obligations of NOK 3.1 billion.
- Total equity increased by NOK 3.0 billion to NOK 57.4 billion. The increase due to positive net income from operations of NOK 4.7 billion was partially offset by the decline in the fair value of VEON shares of NOK 0.6 billion, dividends to non-controlling interests of NOK 0.4 billion and negative currency translation effects of NOK 0.3 billion.

Transactions with related parties

For detailed information on related party transactions, please refer to Note 32 Related parties in the Group's Annual Report 2018.

Risks and uncertainties

The 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 following sections in the Group's Annual Report 2018: the Risk Management section in the Board of Directors Report, Note 13 Income taxes, Note 28 Financial Risk Management and Note 33 Legal Disputes and Contingencies. Readers are also referred to the Disclaimer below.

For new developments of risks and uncertainties since the publication of the Group's Annual Report for 2018, see Note 6 Legal disputes.

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. The forward-looking statements are based on current group structure and accounting standards as of 31 December 2018. 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, 29 April 2019
The Board of Directors of Telenor ASA

[4] Please refer to Definitions on page 28 for descriptions of alternative performance measures.

Interim condensed financial information

The comments below are related to Telenor's development in 2019 compared to 2018. The comments made are based on accounting principles including IFRS 16 for 2019 and accounting principles excluding IFRS 16 for 2018.

Consolidated income statement

Telenor Group

	First quarter		Year
(NOK in millions except earnings per share)	2019 IFRS 16	2018 IAS 17	2018 IAS 17
Revenues	27 644	27 150	110 362
Costs of materials and traffic charges	(6 730)	(6 187)	(26 180)
Salaries and personnel costs	(2 724)	(2 779)	(10 723)
Other operating expenses	(5 766)	(6 844)	(28 008)
Other income	230	36	63
Other expenses	(223)	(212)	(3 267)
EBITDA	**12 433**	**11 164**	**42 247**
Depreciation and amortisation	(5 630)	(5 355)	(20 104)
Impairment losses	(19)	(1)	(56)
Operating profit	**6 783**	**5 809**	**22 088**
Share of net income from associated companies and joint ventures	(87)	1	(81)
Net financial income (expenses)	(212)	1 988	(3 158)
Profit before taxes	**6 485**	**7 797**	**18 848**
Income taxes	(1 797)	(2 297)	(6 179)
Profit from continuing operations	**4 688**	**5 500**	**12 668**
Profit (loss) from discontinued operations	57	260	4 773
Net income	**4 744**	**5 760**	**17 442**
Net income attributable to:			
Non-controlling interests	911	768	2 711
Equity holders of Telenor ASA	3 833	4 992	14 731
Earnings per share in NOK			
Basic from continuing operations	2.59	3.18	6.76
Diluted from continuing operations	2.59	3.18	6.76
Earnings per share in NOK			
Basic from discontinued operations	0.04	0.17	3.24
Diluted from discontinued operations	0.04	0.17	3.24
Earnings per share in NOK			
Basic from total operations	2.63	3.35	10.00
Diluted from total operations	2.63	3.35	10.00

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	First quarter 2019 IFRS 16	First quarter 2018 IAS 17	Year 2018 IAS 17
Net income	**4 744**	**5 760**	**17 442**
Translation differences on net investment in foreign operations	(746)	(2 637)	(1 175)
Amount reclassified from other comprehensive income to income statement on partial disposal	(9)	-	1 584
Net gain (loss) on hedge of net investment	490	1 199	316
Income taxes	(108)	(276)	(73)
Amount reclassified from other comprehensive income to income statement on partial disposal	-	-	1 090
Income taxes reclassified	-	-	(298)
Share of other comprehensive income (loss) of associated companies and joint ventures	-	(1)	2
Amount reclassified from other comprehensive income to income statement on disposal	-	-	(2)
Items that may be reclassified subsequently to income statement	**(373)**	**(1 715)**	**1 445**
Net gain (loss) on equity investments	(561)	(2 785)	(2 809)
Remeasurement of defined benefit pension plans	(31)	249	(323)
Income taxes	7	(48)	84
Items that will not be reclassified to income statement	**(585)**	**(2 583)**	**(3 047)**
Other comprehensive income (loss) for the period, net of tax	**(958)**	**(4 298)**	**(1 602)**
Total comprehensive income	**3 786**	**1 462**	**15 839**
Total comprehensive income attributable to:			
Non-controlling interests	910	657	2 939
Equity holders of Telenor ASA	2 876	805	12 900

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

Consolidated statement of financial position

Telenor Group

(NOK in millions)	31 March 2019 IFRS 16	31 December 2018 IAS 17	31 March 2018 IAS 17
Deferred tax assets	2 635	2 699	1 660
Goodwill	14 204	14 403	13 833
Intangible assets	6 168	36 371	25 292
Right-of-use assets	56 389	-	-
Property, plant and equipment	71 723	73 361	68 272
Associated companies and joint ventures	2 513	2 382	521
Other non-current assets	16 032	17 792	13 324
Total non-current assets	**169 665**	**147 009**	**122 903**
Prepaid taxes	1 071	804	1 126
Inventories	1 486	1 703	1 464
Trade and other receivables	20 848	21 685	19 582
Other current financial assets	781	678	674
Assets classified as held for sale	-	902	29 767
Cash and cash equivalents	24 861	18 492	20 959
Total current assets	**49 047**	**44 263**	**73 572**
Total assets	**218 712**	**191 272**	**196 475**
Equity attributable to equity holders of Telenor ASA	52 038	49 446	60 492
Non-controlling interests	5 411	5 009	5 437
Total equity	**57 449**	**54 455**	**65 929**
Non-current lease liabilities	33 418	805	785
Non-current interest-bearing liabilities	40 028	55 120	46 648
Non-current non-interest-bearing liabilities	1 300	1 809	668
Deferred tax liabilities	3 149	3 322	3 974
Pension obligations	2 726	2 819	2 121
Provisions and obligations	5 402	5 485	3 652
Total non-current liabilities	**86 022**	**69 361**	**57 848**
Current lease liabilities	5 690	54	52
Current interest-bearing liabilities	22 025	15 687	20 049
Trade and other payables	34 615	37 728	34 076
Current tax payables	5 387	5 541	5 209
Current non-interest-bearing liabilities	2 039	1 666	2 075
Provisions and obligations	3 694	3 811	1 513
Liabilities classified as held for sale	1 790	2 970	9 723
Total current liabilities	**75 241**	**67 456**	**72 698**
Total equity and liabilities	**218 712**	**191 272**	**196 475**

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

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	First quarter 2019 IFRS 16	First quarter 2018 IAS 17	Year 2018 IAS 17
Profit before taxes from total operations[1]	6 542	8 128	23 867
Income taxes paid	(2 262)	(1 563)	(6 599)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(232)	(775)	(3 672)
Depreciation, amortisation and impairment losses	5 650	5 811	20 846
Loss (profit) from associated companies and joint ventures	87	(1)	83
Dividends received from associated companies	-	8	28
Currency (gains) losses not related to operating activities	(369)	(1 131)	2 512
Changes in working capital and other	(52)	(1 869)	(670)
Net cash flow from operating activities	**9 364**	**8 607**	**36 394**
Purchases of property, plant and equipment (PPE) and intangible assets	(5 980)	(5 557)	(21 011)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	-	-	(37)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	(899)	-	20 494
Proceeds from sale and purchases of other investments	1 890	48	(60)
Net cash flow from investing activities	**(4 989)**	**(5 509)**	**(613)**
Proceeds from and repayments of borrowings	2 761	(1 579)	(11 504)
Payments on licence obligations	(231)	-	(740)
Net payments on supply chain financing	(121)	(166)	43
Purchase of treasury shares	(167)	(947)	(5 809)
Dividends paid to and purchases of shares from non-controlling interests	(397)	(358)	(3 095)
Dividends paid to equity holders of Telenor ASA	-	-	(18 381)
Net cash flow from financing activities	**1 846**	**(3 049)**	**(39 487)**
Effects of exchange rate changes on cash and cash equivalents	(36)	(288)	(284)
Net change in cash and cash equivalents	**6 184**	**(239)**	**(3 990)**
Cash and cash equivalents at the beginning of the period	18 328	22 318	22 318
Cash and cash equivalents at the end of the period[2]	**24 512**	**22 079**	**18 328**
Of which cash and cash equivalents in assets held for sale at the end of the period	-	1 351	407
Cash and cash equivalents in continuing operations at the end of the period	**24 512**	**20 728**	**17 921**

[1] Profit before taxes from total operations consists of:			
Profit before taxes from continuing operations	6 485	7 797	18 848
Profit before taxes from discontinued operations	57	331	5 019
Profit before taxes from total operations	6 542	8 128	23 867

[2] As of 31 March 2019, restricted cash was NOK 218 million, while as of 31 March 2018, restricted cash was NOK 426 million.

Cash flow from discontinued operations

(NOK in millions)	First quarter 2019 IFRS 16	First quarter 2018 IAS 17	Year 2018 IAS 17
Net cash flow from operating activities	34	102	2 001
Net cash flow from investing activities	(690)	(258)	19 701
Net cash flow from financing activities	-	484	(238)

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 paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2018	**9 025**	**(6 842)**	**62 075**	**(3 398)**	**60 860**	**5 139**	**66 000**
Net income for the period	-	-	14 731	-	14 731	2 711	17 442
Other comprehensive income for the period	-	(3 061)	-	1 230	(1 831)	229	(1 602)
Total comprehensive income for the period	**-**	**(3 061)**	**14 731**	**1 230**	**12 900**	**2 939**	**15 839**
Transactions with non-controlling interests	-	-	-	-	-	4	4
Dividends	-	-	(18 382)	-	(18 382)	(3 073)	(21 455)
Share buyback	(208)	(5 560)	-	-	(5 768)	-	(5 768)
Share – based payment, exercise of share options and distribution of shares	-	(166)	-	-	(166)	-	(166)
Equity as of 31 December 2018	**8 818**	**(15 630)**	**58 425**	**(2 168)**	**49 446**	**5 009**	**54 455**
Changes in accounting principles – note 1	-	-	(146)	-	(146)	(79)	(225)
Equity as of 1 January 2019	**8 818**	**(15 630)**	**58 279**	**(2 168)**	**49 300**	**4 930**	**54 230**
Net income for the period	-	-	3 833	-	3 833	911	4 744
Other comprehensive income for the period	-	(585)	-	(372)	(957)	(1)	(958)
Total comprehensive income for the period	**-**	**(585)**	**3 833**	**(372)**	**(2 876)**	**910**	**3 786**
Disposal of VEON shares	-	1 568	(1 568)	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	(35)	(35)
Dividends	-	-	-	-	-	(394)	(394)
Share – based payment, exercise of share options and distribution of shares	-	(140)	-	-	(140)	-	(140)
Equity as of 31 March 2019	**8 818**	**(14 786)**	**60 544**	**(2 541)**	**52 038**	**5 411**	**57 449**

(NOK in millions)	Attributable to equity holders of the parent: Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2018	**9 025**	**(6 842)**	**62 075**	**(3 398)**	**60 860**	**5 139**	**66 000**
Net income for the period	-	-	4 992	-	4 992	768	5 760
Other comprehensive income for the period	-	(2 603)	-	(1 584)	(4 187)	(111)	(4 298)
Total comprehensive income for the period	**-**	**(2 603)**	**4 992**	**(1 584)**	**805**	**657**	**1 462**
Transactions with non-controlling interests	-	-	-	-	-	4	4
Dividends	-	-	-	-	-	(364)	(364)
Share buy back	(30)	(875)	-	-	(906)	-	(906)
Share – based payment, exercise of share options and distribution of shares	-	(267)	-	-	(267)	-	(267)
Equity as of 31 March 2018	**8 995**	**(10 588)**	**67 067**	**(4 982)**	**60 493**	**5 436**	**65 929**

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 three months ending 31 March 2019, 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 for 2018 (Annual Report 2018).

The accounting policies applied 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 2018, except for the adoption of new standards effective as of 1 January 2019. Except for the changes described below, none of the standards and interpretations effective from 1 January 2019 has had a significant impact on the Group's consolidated interim financial statements. For information about other standards and interpretations effective from 1 January 2019, please refer to note 1 in the Group's Annual Report 2018. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 *Leases* (effective from 1 January 2019)

IFRS 16 supersedes IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Lessees are required to account for most leases under a single on-balance sheet model, and the distinction between operating and finance leases for lessees as was required by IAS 17 has been eliminated. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. However, sub-leases will in some cases be classified differently by the Group as lessor under IFRS 16. A sub-lease agreement is assessed based on the terms in the head lease and not on the characteristics of the underlying asset under IFRS 16.

In accordance with IFRS 16, the Group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset), and recognises depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement. For a summary of new accounting policies, see further below.

The Group has made the following accounting policy choices:
- Leases with a lease term of 12 months or shorter are not capitalised (short-term leases).
- Low-value leases, meaning mainly leased office equipment, are not capitalised.
- Fixed non-lease components embedded in the lease contract are not separated and hence recognised as lease liabilities and capitalised as right-of-use assets.
- Intangible assets, such as spectrum and licenses, are recognised as leases when the Group has exclusive right to use the assets.
- Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

In addition to the above accounting policy choices the Group elected to apply the following practical expedients related to the implementation of IFRS 16:
- The Group elected to apply the modified retrospective approach for transition to IFRS 16, meaning that comparatives for 2018 are not restated and the cumulative effect of initially applying the standard has been recognised as an adjustment to the opening balance of equity as of 1 January 2019. Right-of-use assets and liabilities have been measured at the same amount, taking into consideration prepayments and accruals recognised as of 31 December 2018. Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application.
- The Group relied on its assessment of whether leases are onerous immediately before the date of initial application.
- A single discount rate was applied to portfolios of leases with reasonably similar characteristics.
- The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

The effects of adoption of IFRS 16

The Group has lease contracts related to the mobile networks (mainly towers), land, buildings and other equipment.

Before the adoption of IFRS 16 *Leases* 1 January 2019, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as finance lease whenever the terms of the lease transferred substantially all the risks and rewards incidental to ownership to the Group. All other leases were classified as operating leases. Assets held under finance leases were recognised as assets of the Group at their fair value at inception of the leases or, if lower, at the present value of the minimum lease payments. The liabilities to the lessor were recognised as finance lease obligations in the statement of financial position. Lease payments were apportioned between finance expenses and reduction of the lease liability to achieve a constant periodic rate of interest on the remaining balance of the liability. In an operating lease, the leased asset was not capitalised, and the lease payments were recognised in the income statement on a straight-line basis over the lease terms. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases where it is the lessee, except for short-term leases and leases of low-value assets. The tables below show the impacts arising from IFRS 16 on the opening balance and for the first three months of 2019.

Consolidated Income Statement

(NOK in millions)	First quarter 2019 IFRS 16	Impact IFRS 16	First quarter 2019 IAS 17	First quarter 2018 IAS 17
Revenues	**27 644**	**65**	**27 709**	**27 150**
Cost of materials and traffic charges	(6 730)	(125)	(6 856)	(6 187)
Salaries and personnel costs	(2 724)	-	(2 724)	(2 779)
Other operating expenses	(5 766)	(1 189)	(6 955)	(6 844)
Other income	230	-	230	36
Other expenses	(223)	-	(223)	(212)
EBITDA	**12 433**	**(1 250)**	**11 183**	**11 164**
Depreciation and amortisation	(5 630)	1 124	(4 507)	(5 355)
Impairment losses	(19)	-	(19)	(1)
Operating profit	**6 783**	**(126)**	**6 657**	**5 809**
Share of net income from associated comapnies and joint ventures	(87)	-	(87)	1
Net financial income (expenses)	(212)	243	32	1 988
Profit before taxes	**6 485**	**117**	**6 602**	**7 797**
Income taxes	(1 797)	(37)	(1 834)	(2 297)
Profit from Continuing operations	**4 688**	**80**	**4 768**	**5 500**
Profit (loss) from discontinued operations	57	-	57	260
Net income	**4 744**	**80**	**4 824**	**5 760**
Net income attributable to:				
Non-controlling interests	911	31	942	768
Equity holders of Telenor ASA	3 833	49	3 882	4 992
Earnings per share in NOK				
Basic from continuing operations	2.59	0.03	2.62	3.18
Diluted from continuing operations	2.59	0.03	2.62	3.18
Earnings per share in NOK				
Basic from discontinuing operations	0.04	-	0.04	0.17
Diluted from discontinuing operations	0.04	-	0.04	0.17
Earnings per share in NOK				
Basic from total operations	2.63	0.03	2.66	3.35
Diluted from total operations	2.63	0.03	2.66	3.35

The net effect on EBITDA in Q1 is mainly explained by operating lease expenses previously recorded under other operating expenses. These leases are now recognised as right-of-use assets and lease liabilities, leading to a corresponding increase in depreciation and amortization expenses and financial expenses. The decrease in revenue mainly relates to sub-lease agreements previously classified as operating leases under IAS 17.

Consolidated statement of financial position

(NOK in millions)	Opening balance			31 March 2019		
	31 December 2018 IAS 17	Impact IFRS 16	1 January 2019	31 March 2019 IAS 17	Impact IFRS 16	31 March 2019 IFRS 16
Deferred tax assets	2 699	56	2 755	2 575	60	2 635
Goodwill	14 403	-	14 403	14 204	-	14 204
Intangible assets	36 371	(30 116)	6 255	35 717	(29 549)	6 168
Right-of use assets	-	57 912	57 912	-	56 389	56 389
Property, plant and equipment	73 361	(1 544)	71 817	73 241	(1 518)	71 723
Associated companies and joint ventures	2 382	-	2 382	2 513	-	2 513
Other non-current assets	17 792	903	18 695	15 176	857	16 032
Total non-current assets	**147 009**	**27 211**	**174 220**	**143 426**	**26 239**	**169 665**
Prepaid taxes	804	-	804	1 071	-	1 071
Inventories	1 703	-	1 703	1 486	-	1 486
Trade and other receivables	21 685	(840)	20 846	21 754	(906)	20 848
Other current financial assets	678	-	678	781	-	781
Assets classified as held for sale	902	-	902	-	-	-
Cash and cash equivalents	18 492	-	18 492	24 861	-	24 861
Total current assets	**44 263**	**(840)**	**43 424**	**49 953**	**(906)**	**49 047**
Total assets	**191 272**	**26 372**	**217 644**	**193 379**	**25 333**	**218 712**
Equity attributable to equity holders of Telenor ASA	49 446	(146)	49 300	52 234	(196)	52 038
Non-controlling interests	5 009	(79)	4 930	5 522	(111)	5 411
Total equity	**54 455**	**(225)**	**54 230**	**57 756**	**(307)**	**57 449**
Non-current lease liabilities	805	33 699	34 504	774	32 644	33 418
Non-current interest-bearing liabilities	55 120	(10 971)	44 150	51 069	(11 042)	40 028
Non-current non-interest-bearing liabilities	1 809	(53)	1 756	1 361	(61)	1 300
Deferred tax liabilities	3 322	-	3 322	3 176	(27)	3 149
Pension obligations	2 819	-	2 819	2 726	-	2 726
Provisions and obligations	5 485	-	5 485	5 402	-	5 402
Total non-current liabilities	**69 361**	**22 675**	**92 036**	**64 507**	**21 515**	**86 022**
Current lease liabilities	54	5 386	4 342	55	5 635	5 690
Current interest-bearing liabilities	15 687	(876)	14 811	22 874	(850)	22 025
Trade and other payables	37 728	(588)	37 140	35 268	(652)	34 615
Current tax payables	5 541	-	5 541	5 395	(7)	5 387
Current non-interest-bearing liabilities	1 666	-	1 666	2 039	-	2 039
Provisions and obligations	3 811	-	3 811	3 694	-	3 694
Liabilities classified as held for sale	2 970	-	2 970	1 790	-	1 790
Total current liabilities	**67 456**	**3 922**	**71 378**	**71 115**	**4 126**	**75 241**
Total equity and liabilities	**191 272**	**26 372**	**217 644**	**193 379**	**25 332**	**218 712**

Main effects as at 1 January 2019:

- Additional non-current lease liabilities of NOK 33,699 million and current lease liabilities of NOK 5,386 million, NOK 39,085 million in total, were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application, including the reclassification of non-current interest-bearing liabilities and current interest-bearing liabilities related to spectrum and licenses.
- Right-of -use assets of NOK 57,912 million were recognised, including the reclassification of intangible assets related to spectrum and licenses and finance leases reclassified from property, plant and equipment.
- The net effect on other non-current assets is related to the Group as a lessor in sub-lease agreements. The effects on prepayments classified as trade and other receivables, and on accounts payable and accrued expenses, were related to spectrum and licenses and operating leases under IAS 17 reclassified to right-of-use assets and lease liabilities.
- The cumulative effect of initially applying the standard was recognised as an adjustment to the opening balance of equity as of 1 January 2019. The effect is due to losses on derecognition of right-of use assets and recognition of lease receivables related to sub-lease agreements.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as of 1 January 2019 was 6%.

Consolidated statement of cash flows

(NOK in millions)	First quarter 2019 IFRS 16	Impact IFRS 16	First quarter 2019 IAS 17	First quarter 2018 IAS 17
Profit before taxes from total operations	6 542	117	6 659	8 128
Income taxes paid	(2 262)	-	(2 262)	(1 563)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(232)	3	(229)	(775)
Depreciation, amortization and impairment losses	5 650	(1 121)	4 529	5 811
Loss (profit) from associated companies and joint ventures	87	-	87	(1)
Dividends received from associated companies	-	-	-	8
Currency (gains) losses not related to operating activities	(369)	74	(295)	(1 131)
Change in working capital and other	(52)	(261)	(313)	(1 869)
Net cash flows from operating activities	**9 364**	**(1 188)**	**8 175**	**8 607**
Purchases of property, plant and equipment (PPE) and intangible assets	(5 980)	(9)	(5 989)	(5 557)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	(899)	-	(899)	-
Proceeds from sale and purchases of other investments	1 890	-	1 890	48
Net cash flows from investing activities	**(4 989)**	**(9)**	**(4 998)**	**(5 509)**
Proceeds from and repayments of borrowings	2 761	1 171	3 932	(1 579)
Payments on licence obligations	(231)	24	(207)	-
Net payments on supply chain financing	(121)	-	(121)	(166)
Purchase of treasury shares	(167)	-	(167)	(947)
Dividends paid to and purchases of shares from non-controlling interests	(397)	-	(397)	(358)
Net cash flows from financing activities	**1 846**	**1 195**	**3 041**	**(3 049)**

The improvement of net cash flow from operating activities and decrease in cash flow from financing activities is mainly due to reclassification of payments related to operating leases under IAS 17. The cash outflow for leases under IFRS 16 is presented as repayment of interest-bearing liabilities within financing activities under IFRS 16. Interest paid is still classified as cash flow within operating activities.

The following table provides reconciliation from operating lease commitments as of 31 December 2018 under IAS 17 and lease liabilities recognised in the statement of financial position as of 1 January 2019:

(NOK in millions)	
Operating lease commitments disclosed as of 31 December 2018	17 861
Adjusted for:	
Commitments related to low value leases and short term leases	(56)
Non-lease components not included in lease commitments as of 31 December 2018	1 137
Total adjusted undiscounted operating lease commitments as of 31 December 2018	**18 942**
Weighted average incremental borrowing rate as at 1 January 2019	6%
Discounted adjusted operating lease commitments capitalised as of 1 January 2019	**14 079**
Lease liabilities related to leases previously classified as finance lease	859
Reclassification of licence obligations included as lease liabilities	11 847
Renewal options included in lease term as of 1 January 2019	12 086
Other	1 073
Lease liabilities as of 1 January 2019	**39 944**

Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the Group in dismantling and removing the underlying leased asset, restoring the site on which it is located or restoring the underlying leased asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments as described in note 2 to the Group's Annual Report 2018.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, or a change in future lease payments resulting from a change in an index or rate used to determine those payments). Generally, the amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Incremental borrowing rate
In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the Group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk. For listed subsidiaries, the Group applies the external borrowing rate corresponding to the lease term available to those subsidiaries.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew a lease contract, considering all relevant factors that create an economic incentive for the Group to exercise the renewal or not exercise an option to terminate. The threshold for being reasonably certain is lower than virtually certain and higher than more likely than not under IAS 37 *Provision, contingent liabilities and contingent assets*. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The main part of the Group's lease contracts excluding spectrum and licenses relates to the mobile networks (mainly towers) and land/property. For lease of land for own towers or leasing of towers from tower companies/other operators, factors considered in particular are technology development, business model and potential business combinations. Based on an assessment of these factors, the lease term for the Group's leases relating to sites with renewal options shall normally be within the range of 4 to 7 years. This means that the lease term for sites with renewal options shall normally be the higher of a non-cancellable period or within the range of 4 to 7 years. Some sites may be in strategically important locations and it might be more than reasonably certain that the sites will be maintained beyond 7 years. In these exceptional cases, the lease term may be up to 10 years.

The level of certainty for establishing the lease term requires a higher level of certainty than for establishing the useful life for depreciation purpose. Hence, the determination of the lease term does not affect the Group's determination of useful life of own assets or other non-removable leasehold improvements determined for the purposes of depreciation charges.

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 8. For further information on the categories, please refer to note 6 in the Group's Annual Report 2018.

First quarter 2019

(NOK in millions)	Norway	Sweden	Denmark	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**3 713**	**2 132**	**1 079**	**5 284**	**3 162**	**3 529**	**1 736**	**1 324**	**-**	**-**	**(215)**	**21 744**
Services	3 260	1 725	836	4 708	2 959	3 523	1 697	1 324	-	-	(215)	19 817
Goods	453	408	243	576	203	5	39	-	-	-	-	1 927
Fixed operation	**2 538**	**870**	**124**	**-**	**-**	**-**	**-**	**4**	**-**	**561**	**(187)**	**3 910**
Services	2 403	856	124	-	-	-	-	4	-	561	(174)	3 775
Goods	134	13	-	-	-	-	-	-	-	-	(12)	136
Satelitte and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 422**	**-**	**(56)**	**1 366**
Services	-	-	-	-	-	-	-	-	1 389	-	(32)	1 357
Goods	-	-	-	-	-	-	-	-	33	-	(24)	10
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 064**	**(593)**	**471**
Services	-	-	-	-	-	-	-	-	-	1 064	(593)	471
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**6 251**	**3 002**	**1 203**	**5 284**	**3 162**	**3 529**	**1 736**	**1 328**	**1 422**	**1 625**	**(1 050)**	**27 492**
Type of mobile subscription												
Contract	2 796	1 554	769	2 575	2 024	142	46	9	-	-	(21)	9 896
Prepaid	41	35	-	1 580	827	3 372	1 622	1 301	-	-	(61)	8 718
Other[1]	423	135	67	552	107	10	29	13	-	-	(132)	1 203
Sum services in Mobile operation	**3 260**	**1 725**	**836**	**4 708**	**2 959**	**3 523**	**1 697**	**1 324**	**-**	**-**	**(215)**	**19 817**
Timing of revenue recognition												
Over time	5 664	2 581	961	4 708	2 959	3 523	1 697	1 328	1 389	1 625	(1 014)	25 419
At a point in time	587	421	243	576	203	5	39	-	33	-	(36)	2 072
Total revenue from contract with customers	**6 251**	**3 002**	**1 203**	**5 284**	**3 162**	**3 529**	**1 736**	**1 328**	**1 422**	**1 625**	**(1 050)**	**27 492**
Other revenues[2]	-	44	6	-	-	41	7	1	25	105	(78)	153
Total revenue	**6 251**	**3 046**	**1 209**	**5 284**	**3 162**	**3 570**	**1 744**	**1 328**	**1 448**	**1 731**	**(1 128)**	**27 644**
IFRS 16 effects[3]	-	-	-	64	-	-	-	-	-	1	-	65
Segment revenue as presented in note 8	**6 251**	**3 046**	**1 209**	**5 347**	**3 162**	**3 570**	**1 744**	**1 328**	**1 448**	**1 732**	**(1 128)**	**27 709**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 28.
[2] Other revenues include mainly lease revenue.
[3] Please refer to note 1.

First quarter 2018

(NOK in millions)	Norway	Sweden	Denmark	dtac Thailand	Digi Malaysia	Grameenphone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**3 616**	**2 292**	**1 088**	**4 783**	**3 263**	**2 952**	**1 775**	**1 554**	**-**	**-**	**(189)**	**21 134**
Services	3 171	1 827	861	4 198	2 976	2 952	1 761	1 554	-	-	(189)	19 111
Goods	445	465	227	585	287	-	14	-	-	-	-	2 023
Fixed operation	**2 678**	**905**	**131**	**-**	**-**	**-**	**-**	**-**	**-**	**715**	**(296)**	**4 132**
Services	2 515	884	131	-	-	-	-	-	-	715	(296)	3 949
Goods	162	21	-	-	-	-	-	-	-	-	-	183
Satellite and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 487**	**-**	**(58)**	**1 429**
Services	-	-	-	-	-	-	-	-	1 449	-	(58)	1 391
Goods	-	-	-	-	-	-	-	-	39	-	-	39
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 282**	**(826)**	**456**
Services	-	-	-	-	-	-	-	-	-	1 282	(826)	456
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**6 294**	**3 197**	**1 218**	**4 783**	**3 263**	**2 952**	**1 775**	**1 554**	**1 487**	**1 997**	**(1 369)**	**27 150**
Type of mobile subscription												
Contract	2 757	1 622	801	2 264	1 112	110	52	8	-	-	(27)	8 699
Prepaid	49	38	-	1 792	1 779	2 794	1 664	1 527	-	-	(76)	9 566
Other[1]	365	167	60	142	86	48	45	20	-	-	(86)	845
Sum services in Mobile operation	**3 171**	**1 827**	**861**	**4 198**	**2 976**	**2 952**	**1 761**	**1 554**	**-**	**-**	**(189)**	**19 111**
Timing of revenue recognition												
Over time	5 686	2 711	991	4 198	2 976	2 952	1 761	1 554	1 449	1 997	(1 369)	24 905
At a point in time	607	486	227	585	287	-	14	-	39	-	-	2 245
Total revenue	**6 294**	**3 197**	**1 218**	**4 783**	**3 263**	**2 952**	**1 775**	**1 554**	**1 487**	**1 997**	**(1 369)**	**27 150**
Segment revenue as presented in note 8	**6 294**	**3 197**	**1 218**	**4 783**	**3 263**	**2 952**	**1 775**	**1 554**	**1 487**	**1 997**	**(1 369)**	**27 150**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 28.

Note 3 – Discontinued operations and assets held for sale

During 2018, Telenor Banka in Serbia and Telenor Microfinance Bank in Pakistan (TMB) which were the two main contributors to the Financial Services segment, the operations in Central and Eastern Europe (CEE) and Telenor India were classified as assets held for sale and discontinued operations. Reference is made to note 4 of the Annual Report 2018 for details of each of the disposal group.

Telenor India was disposed of on 14 May 2018, CEE was disposed of on 31 July 2018, and TMB was disposed of on 14 December 2018. Telenor Banka was disposed of on 20 February 2019.

The results of all disposal groups are presented as discontinued operations until disposal:

	First quarter		Year
(NOK in millions)	2019	2018	2018
Revenue	18	3 848	8 957
EBITDA	(3)	841	2 039
EBIT	(3)	390	1 599
Profit before tax	**(3)**	**331**	**1 507**
Income taxes	-	(71)	(202)
Profit after tax	**(3)**	**260**	**1 305**
Gain on disposal	59	-	3 468

In the statement of financial position as of 31 March 2019, the liability held for sale of NOK 1.8 billion relates to the exposure to claims from Indian Department of Telecommunications (DoT) related to the period the Group owned the business. The fair value of this guarantee was recognised as of the closing date of transaction with Bharti Airtel. Subsequent changes to the estimate are recognised on the discontinued operations line in the income statement.

In the statement of financial position as of 31 December 2018, Telenor India and Telenor Banka were classified as held for sale. Major classes of assets and liabilities of Telenor India and Telenor Banka classified as held for sale as of 31 December 2018:

(NOK in millions)	Telenor Banka	Telenor India	Total
Assets			
Other non-current assets	99	-	99
Trade and other receivables	396	-	396
Cash and cash equivalents	407	-	407
Total assets classified as held for sale	**902**	**-**	**902**
Liabilities			
Non-current liabilities	114	1 793	1 907
Current liabilities	1 063	-	1 063
Total liabilities held for sale	**1 177**	**1 793**	**2 970**

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 2018 for further information.

As of the first quarter of 2019, each USD 200,000 bond is exchangeable for 52,837 VEON ADSs (adjusted for VEON dividend and subject to further adjustments), which represents an exchange price of approximately USD 3.79 per ADS. 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 264 million VEON ADSs (subject to certain adjustments), corresponding to approximately 15.0% of VEON's total share capital. As of 31 March 2019, the Group owns approximately 157 million VEON ADSs, corresponding to approximately 8.9% 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 79,255 ADSs (150% of 52,837 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:

	31 March 2019	
(NOK in millions)	Carrying amount	Fair value
Interest-bearing liabilities [1]	(62 053)	(64 310)
of which fair value level 1		(52 480)
of which fair value level 2		(11 830)

	31 December 2018	
(NOK in millions)	Carrying amount	Fair value
Interest-bearing liabilities [1]	(58 960)	(61 166)
of which fair value level 1		(49 534)
of which fair value level 2		(11 632)

	31 March 2018	
(NOK in millions)	Carrying amount	Fair value
Interest-bearing liabilities [1]	(64 122)	(66 541)
of which fair value level 1		(52 019)
of which fair value level 2		(14 522)

[1] Excluding lease liabilities. Comparative figures have been restated accordingly.

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 2018 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in millions	31 March 2019	31 December 2018	31 March 2018
Other non-current assets	1 580	1 737	2 642
Other current financial assets	410	269	270
Non-current non-interest-bearing financial liabilities	(1 239)	(1 696)	(539)
Current non-interest-bearing liabilities	(951)	(388)	(740)
Total	**(200)**	**(78)**	**1 633**

Note 6 – Legal disputes

Grameenphone

BTRC – Audit

In 2015, Bangladesh Telecommunication Regulatory Commission (BTRC) started a tax and regulatory audit of Grameenphone for the period 1997 to 2014. Grameenphone received a draft report from BTRC in August 2018 and provided its response in September 2018. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 8.5 billion to BTRC (including interest of NOK 6.2 billion till December 2017) and NOK 4.1 billion to National Board of Revenue (NBR), total demand amounting to NOK 12.6 billion. Grameenphone considers the demand unfounded and without legal basis, and has responded to the demand on 16 April 2019 requesting the demand to be withdrawn.

Telenor in India

Telenor and the Indian Department of Telecommunications (DoT) have a number of disputes relating to Telenor's previous operations in India. One of those is related to the basis for calculation of the license fees and spectrum usage charges. The determination of how the license fees and spectrum usage charges shall be calculated is a principal matter currently pending at the Indian Supreme Court, and is common to all industry participants. Telenor has earlier received claims from DoT amounting to NOK 0.7 billion. Recently DoT issued revised notices raising license fees and spectrum usage charges to a total of NOK 2.5 billion, including penalty and interest, against Telenor's Indian subsidiaries.

Note 7 – Events after the reporting period

Digi – Malaysia

On 22 April 2019, the Board of Directors of Digi declared the first interim dividend for 2019 of MYR 0.043 per share, which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.3 billion for Telenor's ownership share.

Acquisition of DNA Plc

On 9 April 2019, Telenor Group entered into agreements to acquire 54% of the shares in the Finnish telecom operator DNA Plc from Finda Telecoms Oy and PHP Holding Oy (holding 28.3% and 25.8% respectively) for EUR 20.90 per share in cash. The total transaction price for 54% of the shares amounts to EUR 1.5 billion (approx. NOK 14.4 billion). The transaction is subject to certain conditions, including the approval by the general meetings of the seller entities and required regulatory approvals. Telenor expects the transaction to be completed during the third quarter of 2019.

DNA is an integrated fixed and mobile telecom operator based in Helsinki. The company is the third largest mobile operator in Finland, with 2.9 million subscribers and 28% market share, the second largest fixed broadband provider and the largest cable TV provider in Finland. With the transaction, Telenor further strengthens its position in the Nordic region.

Completion of the transaction will trigger a mandatory public tender offer for the remaining outstanding shares in DNA by Telenor. The cash consideration per share to be offered in the mandatory tender offer will be EUR 20.90. Subject to the outcome of the mandatory tender offer, Telenor's intention is to keep DNA's listing on the Nasdaq Helsinki stock exchange.

Note 8 – Segment information and reconciliation of EBITDA before other income and other expenses

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. The accounting principles for the segment reporting are consistent with those applied by the Group before the implementation of IFRS 16 Leases, meaning that the effects of IFRS 16 in 2019 are excluded in the segment reporting. For 2018, the segment reporting has been restated to include the effects of IFRS 15 Revenue from Contracts with Customers.

First quarter

	Total revenues			of which internal		EBITDA before other income and other expenses[1]				Investments[2]	
(NOK in millions)	2019	2018	Growth	2019	2018	2019	Margin	2018	Margin	2019	2018
Norway	6 251	6 294	(0.7%)	124	84	2 749	44.0%	2 766	43.9%	979	720
Sweden	3 046	3 197	(4.7%)	12	10	995	32.7%	1 058	33.1%	310	301
Denmark	1 209	1 218	(0.8%)	28	23	261	21.6%	229	18.8%	70	93
dtac – Thailand	5 347	4 783	11.8%	15	20	1 677	31.4%	2 067	43.2%	1 183	615
Digi – Malaysia	3 162	3 263	(3.1%)	8	2	1 506	47.6%	1 542	47.2%	356	362
Grameenphone – Bangladesh	3 570	2 952	21.0%	-	-	2 162	60.6%	1 695	57.4%	425	1 977
Pakistan	1 744	1 775	(1.8%)	33	36	860	49.3%	864	48.6%	386	247
Myanmar	1 328	1 554	(14.5%)	33	56	437	32.9%	667	42.9%	204	206
Broadcast	1 448	1 487	(2.7%)	56	58	467	32.2%	491	33.0%	81	71
Other units	1 732	1 997	(13.3%)	819	1 080	69	4.0%	(47)	(2.4%)	50	126
Eliminations	(1 128)	(1 369)	nm	(1 128)	(1 369)	(8)	0.7%	10	nm	-	-
Group (IAS 17)	**27 709**	**27 150**	**2.1%**	**-**	**-**	**11 175**	**40.3%**	**11 340**	**41.8%**	**4 043**	**4 719**
IFRS 16 adjustments	(65)	-	-	-	-	1 250	nm	-	nm	-	-
Group (IFRS 16)	**27 644**	**27 150**	**1.8%**	**-**	**-**	**12 425**	**44.9%**	**11 340**	**41.8%**	**4 043**	**4 719**

[1] The segment profit is EBITDA before other income and other expenses.
[2] Investments consist of capex and investments in businesses.

Reconciliation

	First quarter		Year
(NOK in millions)	2019	2018	2018
EBITDA	**12 433**	**11 164**	**42 247**
Other income	230	36	63
Other expenses	(223)	(212)	(3 267)
EBITDA before other income and other expenses	**12 425**	**11 340**	**45 451**

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 8 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

To enable comparison between periods, the accounting principles applied are consistent with those applied by the Group before implementing IFRS 16 *Leases*. For the effects of implementing IFRS 16 and reconciliation per financial statement line item in 2019 with the previous IFRS standards and interpretations, see note 1.

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 first quarter 2019	Change YoY	Change first quarter 2018	Change YoY
Segment revenue growth[1]	559	2.1%	(483)	(1.8%)
Impact using exchange rates for 2019 and 2018	(480)		243	
M&A	10		(170)	
Organic revenue growth	**89**	**0.3%**	**(410)**	**(1.5%)**

[1] See note 8.

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 first quarter 2019	Change YoY	Change first quarter 2018	Change YoY
Subscription and traffic revenue growth	428	2.0%	(162)	(0.8%)
Impact using exchange rates for 2019 and 2018	(419)		231	
M&A	-		-	
Organic subscription and traffic revenue growth	**9**	**0.0%**	**69**	**0.3%**

Subscription and traffic revenues

	First quarter		Year
(NOK in millions)	2019	2018	2018
Mobile subscription and traffic	17 618	17 074	69 237
Fixed telephony	343	422	1 559
Fixed Internet/TV	2 265	2 233	8 927
Fixed data services	160	165	663
Canal Digital DTH	1 056	1 121	4 439
Subscription and traffic revenues	**21 443**	**21 015**	**84 825**
Other revenues	6 266	6 135	25 537
Total revenues	**27 709**	**27 150**	**110 362**

Gross profit

Gross profit is a key financial parameter for Telenor and is derived directly from the income statement as the difference of total revenues and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

	First quarter		Year
(NOK in millions)	2019	2018	2018
Total revenue	27 709	27 150	110 362
Costs of materials and traffic charges	(6 856)	(6 187)	(26 180)
Gross Profit	**20 854**	**20 963**	**84 182**

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

	First quarter		Year
(NOK in millions)	2019	2018	2018
Salaries and personnel cost[1]	(2 724)	(2 779)	(10 723)
Other operating expenditures[1]	(6 955)	(6 844)	(28 008)
Operating expenditures	**(9 679)**	**(9 623)**	**(38 731)**

[1] See note 1.

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.

EBITDA margin

	First quarter		Year
(NOK in millions)	2019	2018	2018
Total revenue	27 709	27 150	110 362
EBITDA before other items[1]	11 175	11 340	45 451
EBITDA margin	**40.3%**	**41.8%**	**41.2%**

[1] See note 8.

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 first quarter 2019	Change YoY	Change first quarter 2018	Change YoY
EBITDA growth	(165)	(1.5%)	804	7.7%
Impact using exchange rates for 2019 and 2018	(239)		217	
M&A	(3)		5	
Organic EBITDA growth	**(407)**	**(3.5%)**	**1 026**	**10.0%**

Capital expenditures

Capital expenditures (capex) are derived from the balance sheet based on accounting principles prior to implementation of IFRS 16, as presented in note 1 and consists of 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 the purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

Reconciliation

	First quarter		Year
(NOK in millions)	2019	2018	2018
Purchases of PPE and intangible assets (cash flow statement)	5 989	5 556	21 011
Working capital movement in respect of capital expenditure	(1 944)	(1 127)	782
Capitalized prepaid operational lease	-	-	-
Deferred licence obligations	-	417	9 610
Discontinued operations	(2)	(160)	(158)
Capital expenditures	**4 043**	**4 687**	**31 245**
Licence and spectrum fee – capitalized	-	(1 618)	(14 469)
Capital expenditures excluding licence and spectrum fee	**4 043**	**3 068**	**16 776**
Revenue	27 709	27 150	110 362
Capex excl. Licences and spectrum/Revenues (%)	**14.6%**	**11.3%**	**15.2%**

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 is derived from the balance sheet based on accounting principles prior to implementation of IFRS 16, as presented in note 1 and consists of both current and non-current interest-bearing liabilities , current and non-current lease liabilities less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents. Net debt is adjusted for licence obligations.

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.

Reconciliation

(NOK in millions)	31 March 2019	31 March 2018	Year 2018
Non-current interest-bearing liabilities	51 069	46 648	55 120
Non-current lease liabilities	774	785	805
Current interest-bearing liabilities	22 874	20 049	15 687
Current lease liabilities	55	52	54
Less:			
Cash and cash equivalents	(24 861)	(20 959)	(18 492)
Hedging instruments	(1 510)	(1 504)	(1 492)
Financial instruments	(321)	(340)	(350)
Adjustments:			
Licence obligations	(11 891)	(2 575)	(11 847)
Net interest-bearing debt excluding licence obligations	**36 190**	**42 157**	**39 485**

Free cash flow
Telenor makes use of Free cash flow and Underlying free cash flow as important performance measures when presenting and discussing our reported results. We believe it is both useful and necessary to communicate Free cash flow and Underlying free cash flow for the following reasons:
- Free cash flow and Underlying free cash flow allow us and investors to evaluate Telenor's liquidity and cash generated by our operations.
- Free cash flow exclude items that are deemed discretionary, such as Financing activities. In addition, Underlying free cash flow excludes cash flows relating to acquisitions and disposals of businesses.
- Free cash flow facilitates comparability with other companies, although our measure of free cash flow may not be directly comparable to similar titled measures used by other companies.
- These measures are used for management planning, reporting and incentive purposes.

A reconciliation of Net cash flow from operating activities and Investing activities to Free cash flow and Underlying free cash flow is provided in the table below. Net cash flow from operating activities and Investing activities is the closest equivalent of GAAP measures and is based on accounting principles prior to implementation of IFRS 16, as presented in note 1.

Reconciliation

	First quarter		Year
(NOK in millions)	2019	2018	2018
Net cash flows from operating activities	8 176	8 607	36 394
Net cash flows from investing activities	(4 998)	(5 509)	(613)
Repayments of borrowings – licence obligations	(207)	-	(740)
Net repayments of borrowings – supply chain financing	(121)	(166)	43
Dividends paid to and purchase of shares from non-controlling interest	(397)	(358)	(3 095)
Free cash flow	**2 453**	**2 575**	**31 989**
M&A activities	(964)	(21)	(20 298)
Underlying free cash flow	**1 489**	**2 554**	**11 691**

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 subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

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.

First quarter 2019
Published by Telenor ASA
N-1360 Fornebu, Norway
Phone: +47 67 89 00 00

Investor Relations:
E-mail: ir@telenor.com

www.telenor.com

2191091 • Bolt Communication AS • boltcommunication.no