



TELENOR GROUP

Third quarter 2019

Sigve Brekke, CEO

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The comments in the presentation are related to Telenor's development in 2019 compared to the same quarter of 2018 and accounting standards as of 31 December 2018, unless otherwise stated. Outlook for 2019 is given on the IAS17/IFRS 15 accounting standard.

Highlights – Third quarter 2019

Modernisation continues in Norway
5% mobile ARPU growth

DNA acquisition completed
Merging satellite entertainment
business with NENT

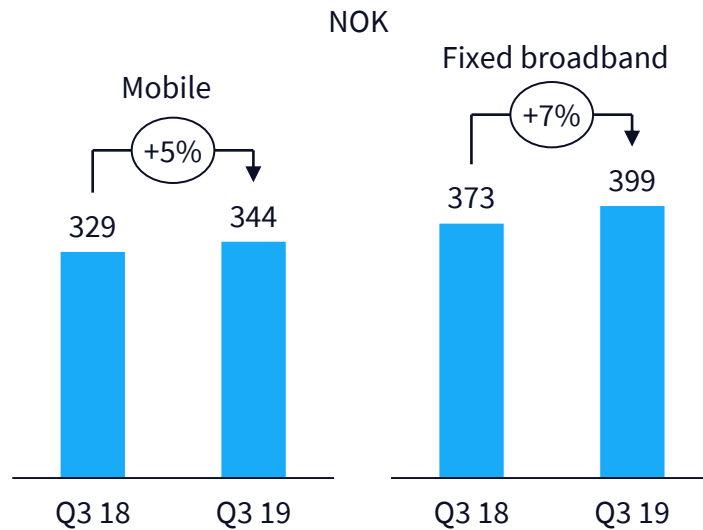
Subscription and traffic revenue growth
in Myanmar and Thailand

Challenging situation in Pakistan



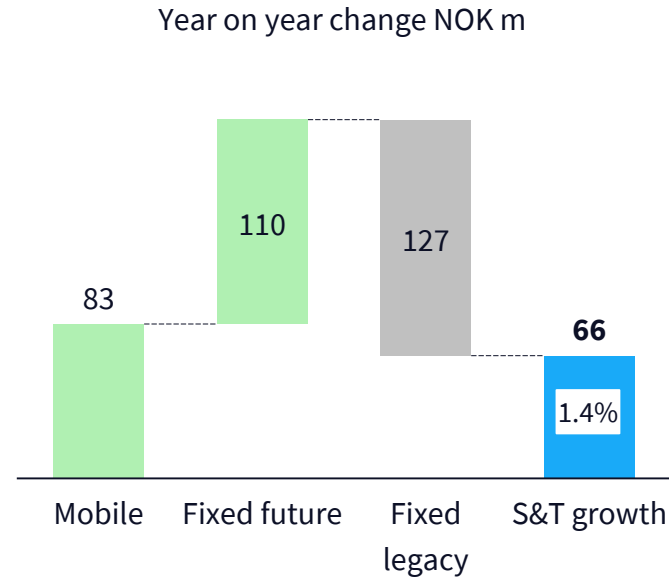
Modernisation yielding results in Norway

ARPU growth across mobile and fixed



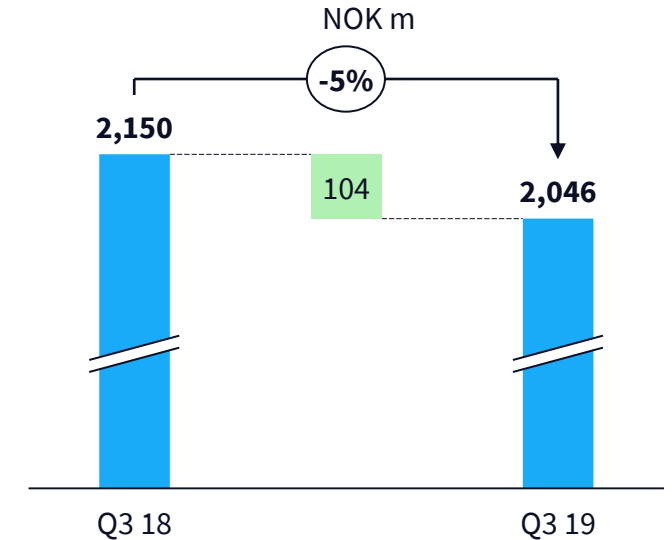
- › Monetising on customer demands and world's fastest mobile network

Subscription and traffic revenue growth



- › 25% fibre revenue growth more than offset by decrease in copper related products

5% opex reduction



- › Opex reductions primarily driven by improvements in sales & marketing

Organic growth



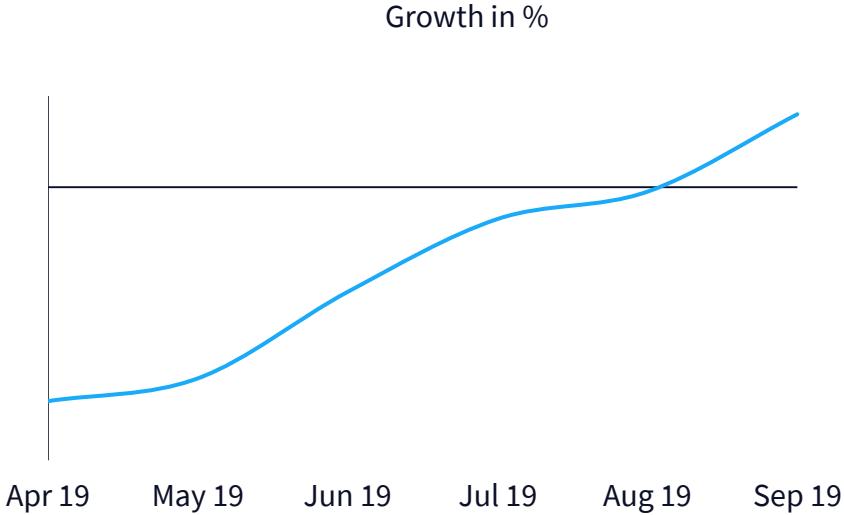
Thailand returning to growth, backed by network performance

Improved customer satisfaction



- > Network NPS on level with pre transition period
- > Improved survival rate and higher gross adds

Steady subs. and traffic revenue improvement

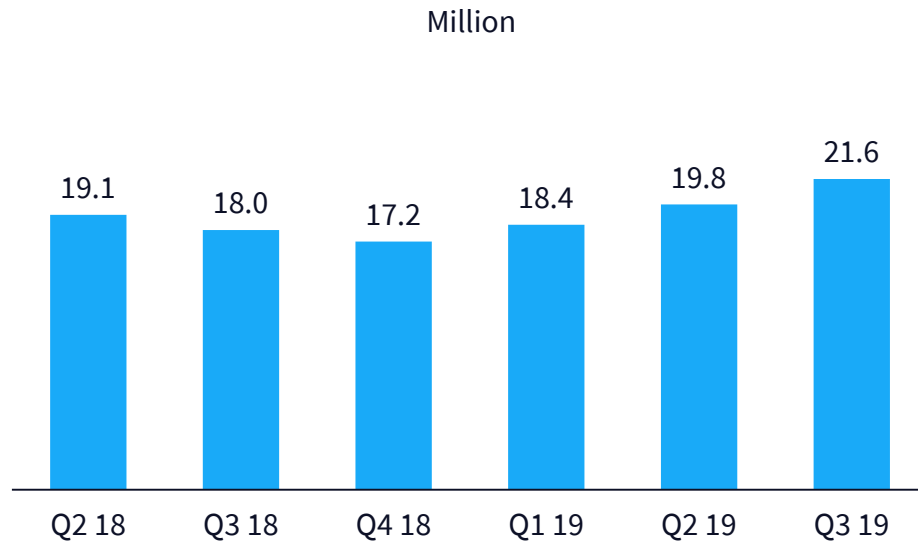


- > Month on month improvement continues
- > 4% ARPU growth in Q3



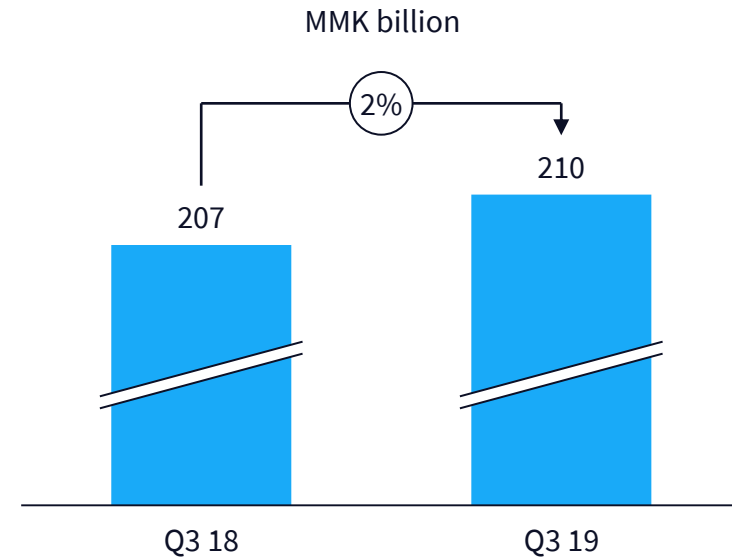
Strong customer intake in Myanmar continues

3.6 million new subscribers in one year



- > Solid subscriber trends continue

2% subscription and traffic revenue growth



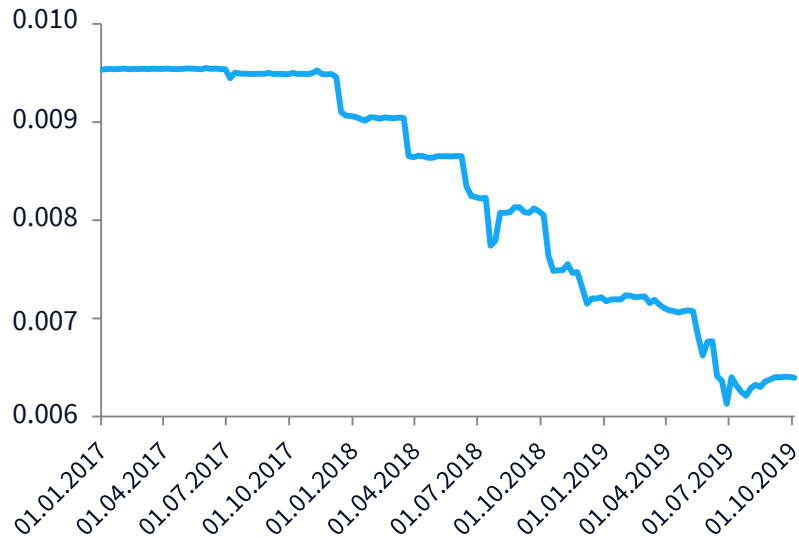
- > Performance driven by subscriber growth, partly offset by ARPU pressure on voice services
- > Annualisation of price floor regulation (Sep-18)



Challenging situation in Pakistan

Challenging macro environment...

PKR/USD development



- > Devaluations of more than 30% in 2 years
- > Consumer wallets negatively impacted

and tougher priorities for consumers...

Development from Aug 2018 to Aug 2019

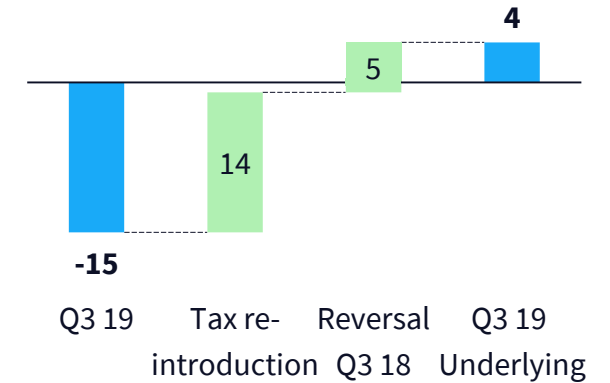
23% Electricity prices

25% Fuel prices

- > Telenor stronghold in rural areas with more price sensitive customers

impacts performance

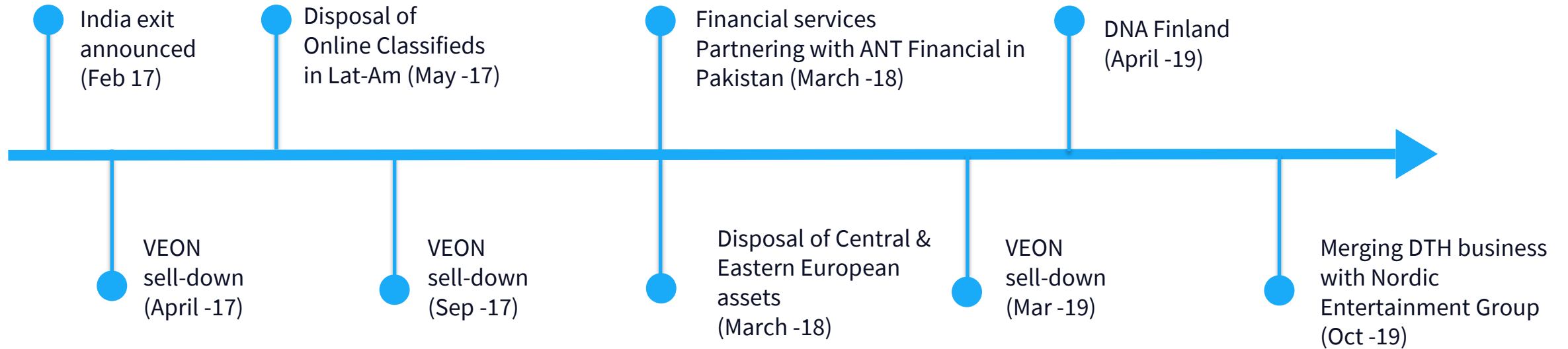
Subscription and traffic revenue growth (%)
Percentage points contribution to growth



- > Unable to counteract effect of tax re-introduction
- > Positive underlying growth, but ARPU increasingly under pressure
- > Focus on cluster based performance improvements



Major steps taken to simplify and de-risk asset portfolio





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Third quarter 2019

Jørgen C. Arentz Rostrup, CFO

Executing on our simplification agenda

DNA acquisition completed



- > 97.96% ownership after MTO
- > Expected delisting in Q1 2020

Merging Nordic satellite entertainment assets

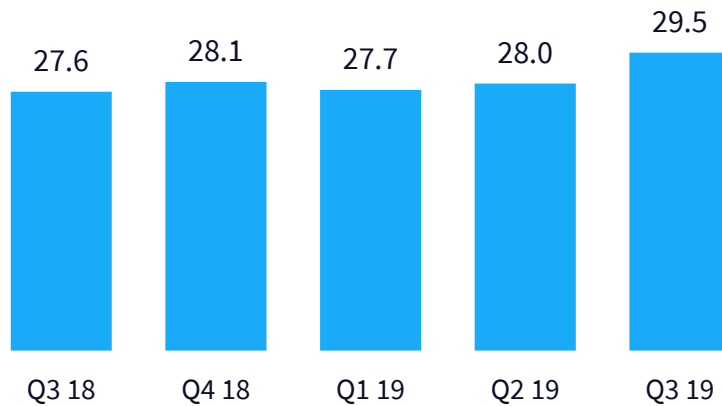


- > Merging Canal Digital and Viasat Consumer assets in a non cash deal
- > 50/50 ownership
- > Peak run-rate of synergies expected to be NOK 600m
- > Closing expected in first half 2020



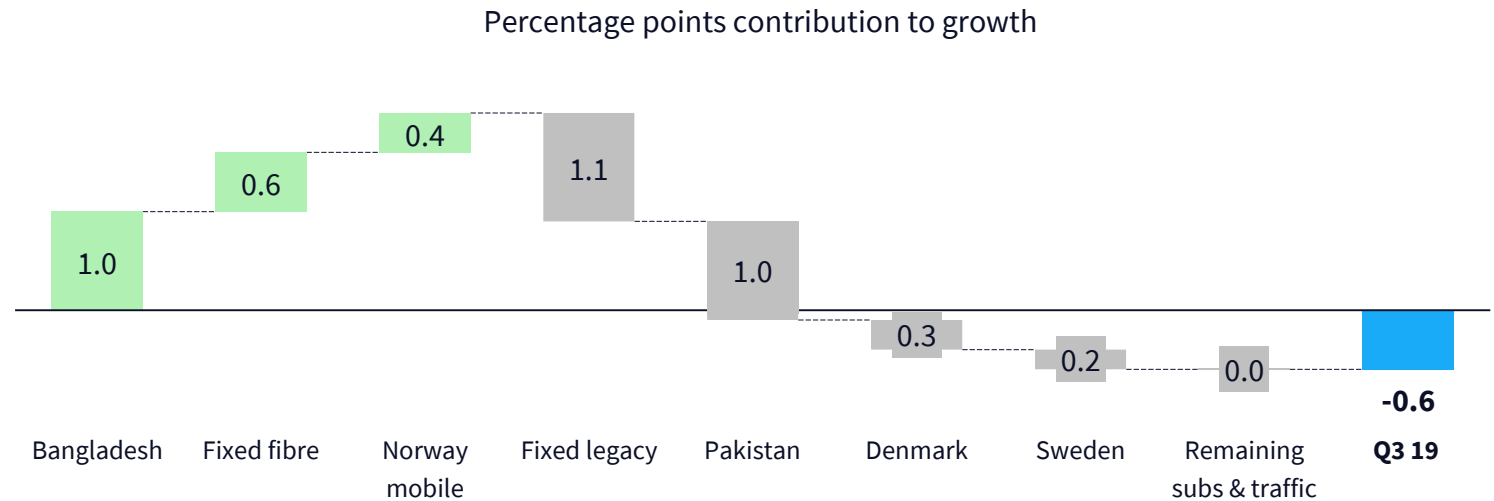
Legacy and Pakistan putting pressure on subs. & traffic revenue growth

Total revenues (NOK bn)



- > Reported revenues increased by 7% from inclusion of DNA (Finland) and FX
- > Organic revenues remained stable

Organic subscription & traffic revenue growth (%)



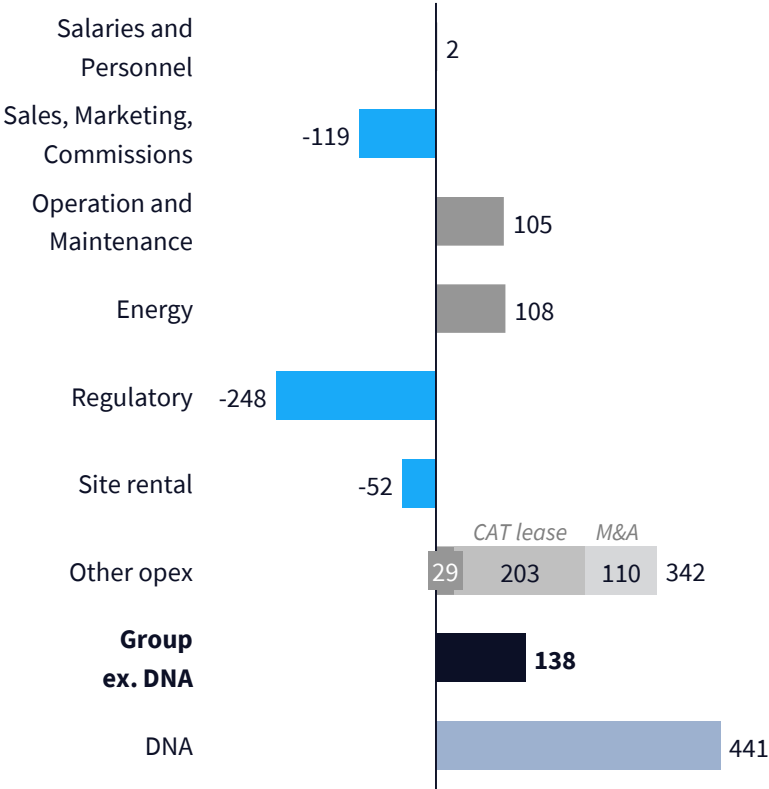
- > Growth in Bangladesh and Norwegian fibre and mobile
- > Pressure from fixed legacy and tax related effects in Pakistan

Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony, data services and DTH



Stable opex development excluding M&A and DNA

Opex by category (NOK m)*



Opex by country (NOK m)*

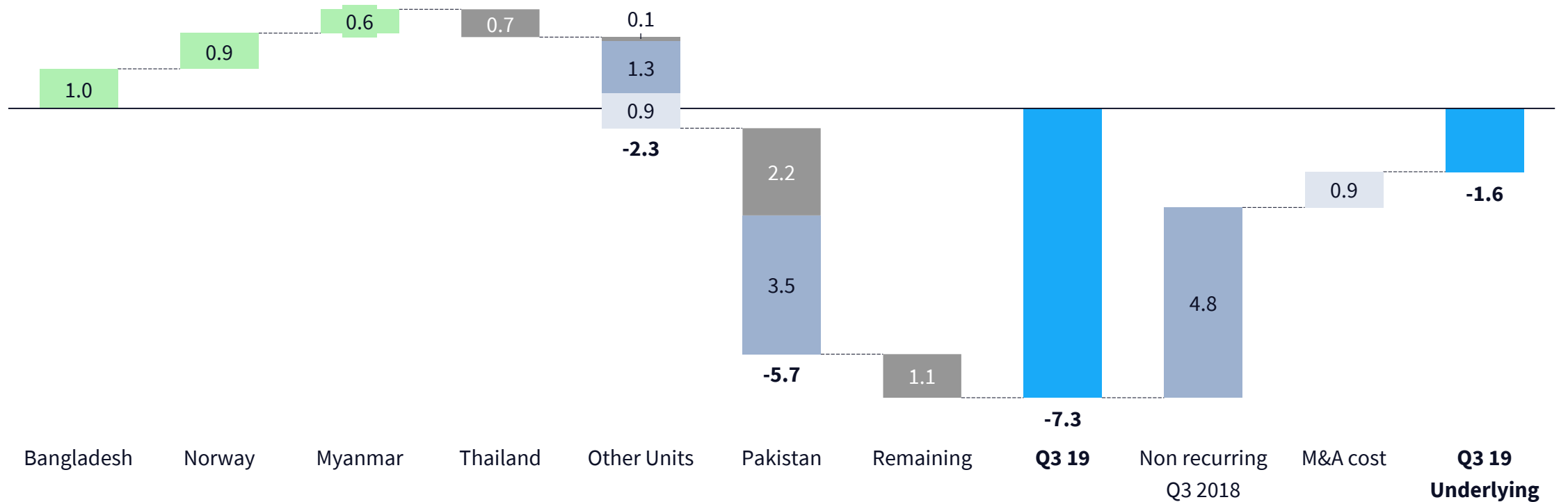


* FX adjusted

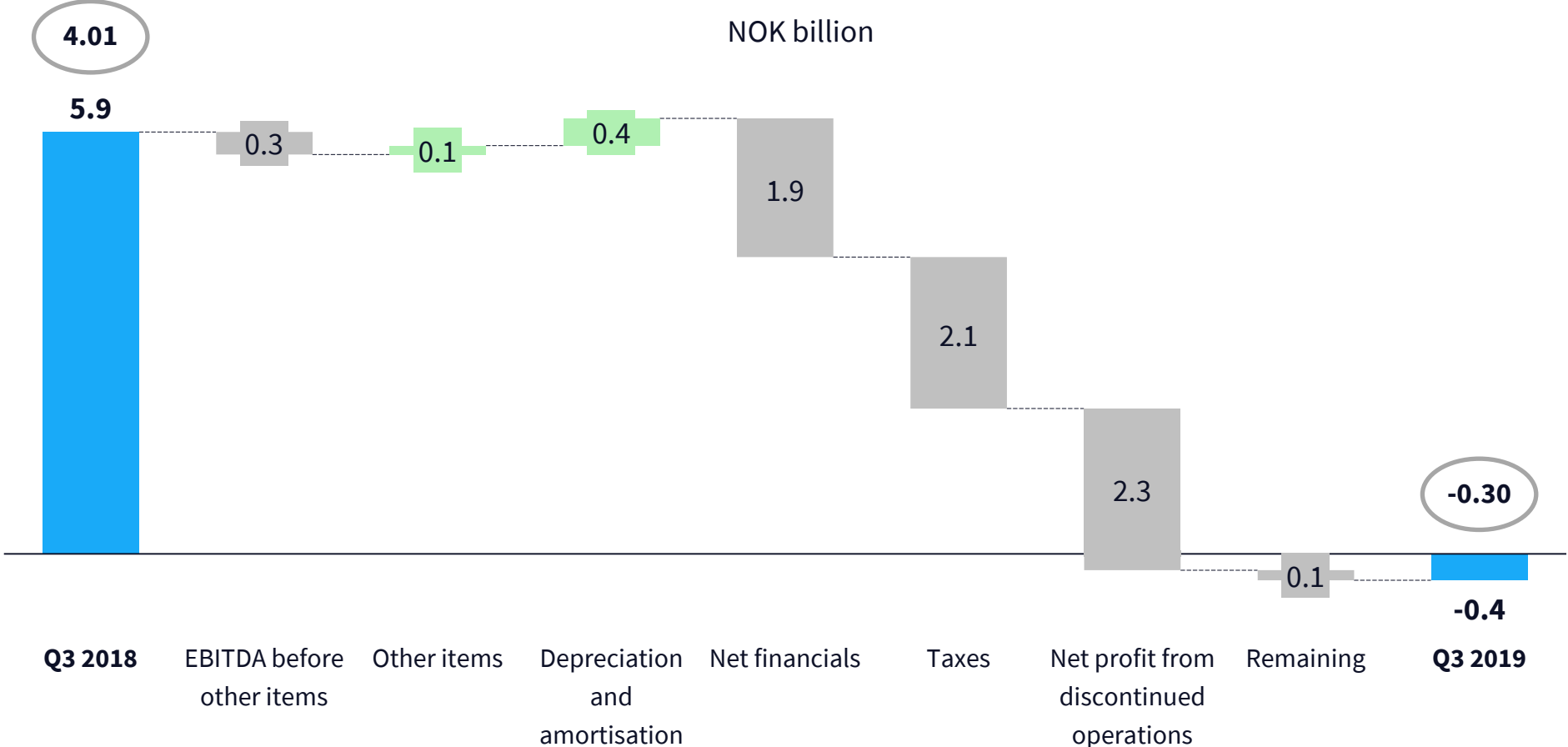


Organic EBITDA growth impacted by Pakistan and reversals last year

Percentage points contribution to growth



Net income of NOK -0.4 billion to equity holders of Telenor

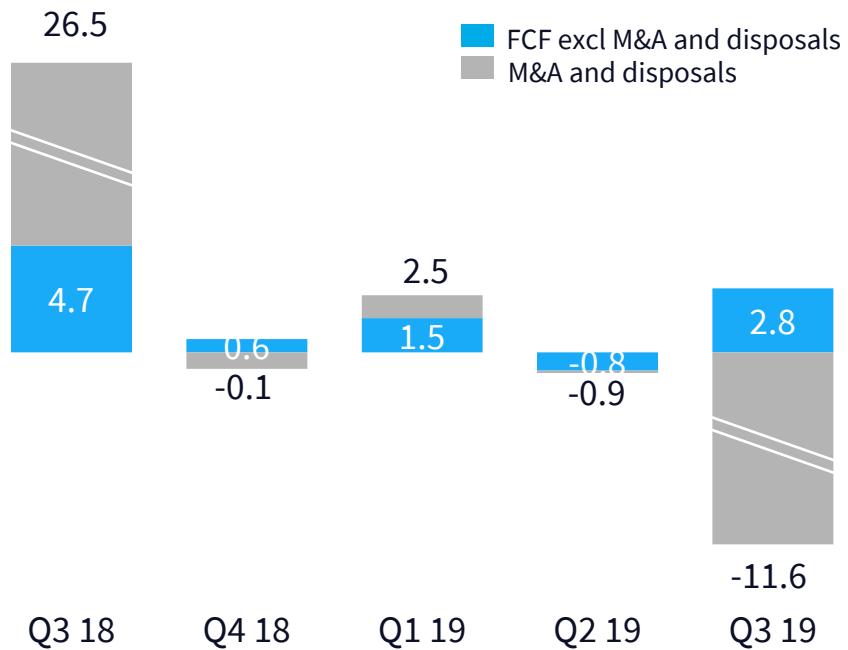


○ Earnings per share



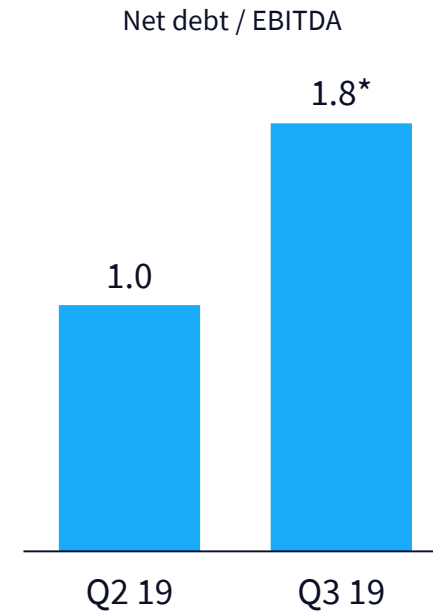
Acquisition of DNA increasing leverage to 1.8x

Free cash flow (NOK bn)



Free cash flow to equity holders of Telenor ASA

Leverage and distribution to shareholders



*Including 12 months rolling EBITDA for DNA (pro forma)

- > DNA acquisition increased leverage by 0.65x (100%)
- > Share buyback >75% completed
- > Within targeted range of 1.5-2.0x



Maintaining outlook for 2019

	<i>Excluding DNA</i>	YTD
Organic growth in subscription & traffic revenues	Around 2018 level	-0.4%
Organic EBITDA growth	Low single digit decline*	-4.4%*
Capex excl. licences (NOK bn)	16-17 bn	11.9 bn

*The outlook for 2019 is based on Group structure as of 30 September 2019 and excluding M&A costs related to the acquisition of DNA and the planned merger with Axiata in Asia. Subscription & traffic revenues from mobile, fixed and TV services, incl. Canal Digital DTH. Org. revenue growth in fixed currency, adj. for acquisitions and disposals. EBITDA before other items. Current Group structure and accounting standards as of 31 December 2018.

**Excluding DNA





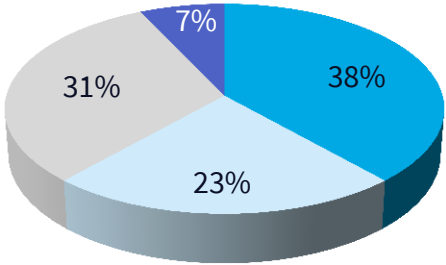
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Third quarter 2019

Appendix

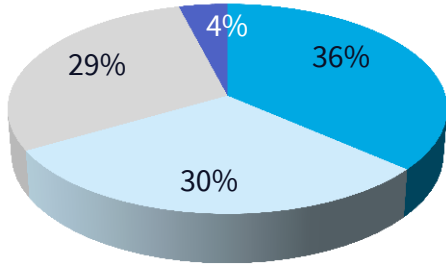
Geographic split of key financials first 9M 2019

Revenues



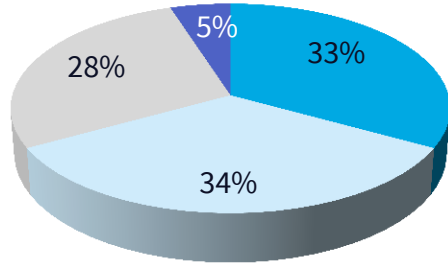
- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



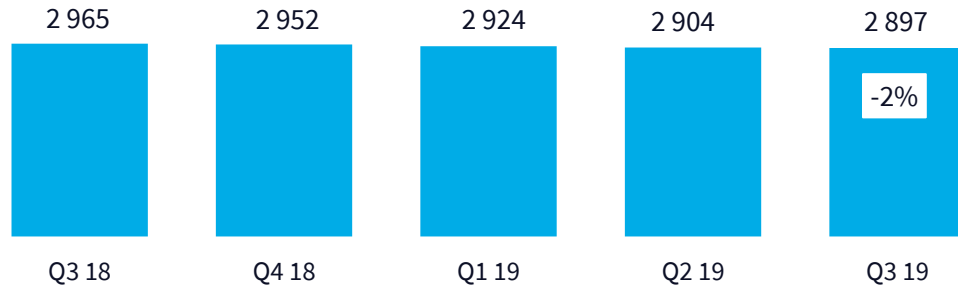
- Scandinavia
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.

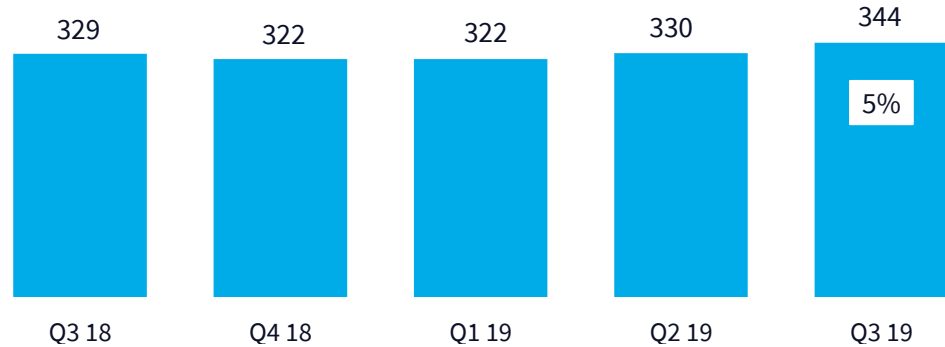


Norway

Mobile subscribers ('000)

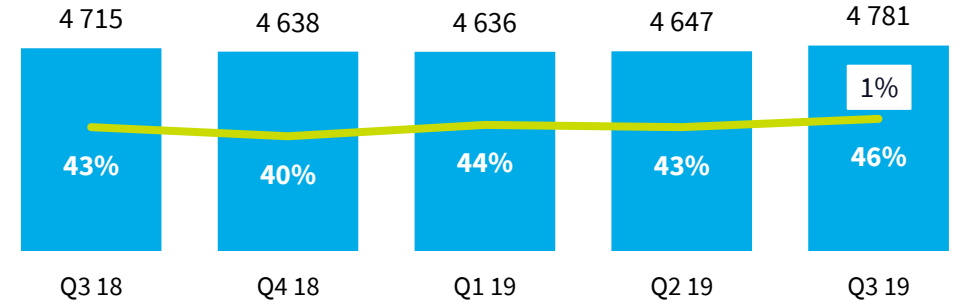


Mobile ARPU (NOK/month)

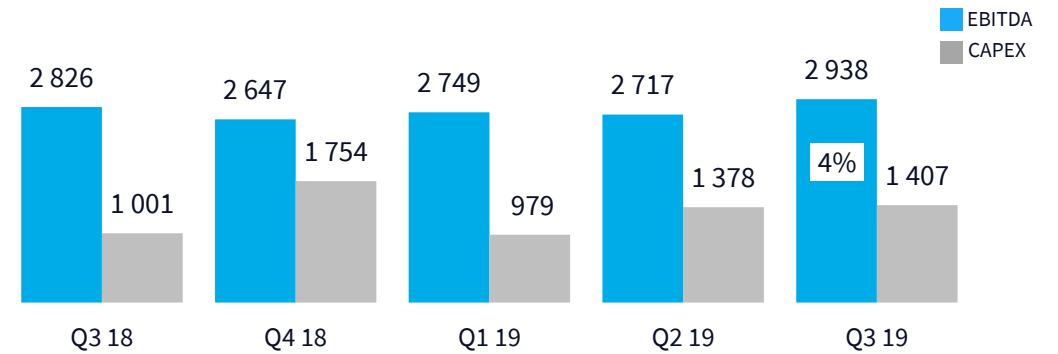


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

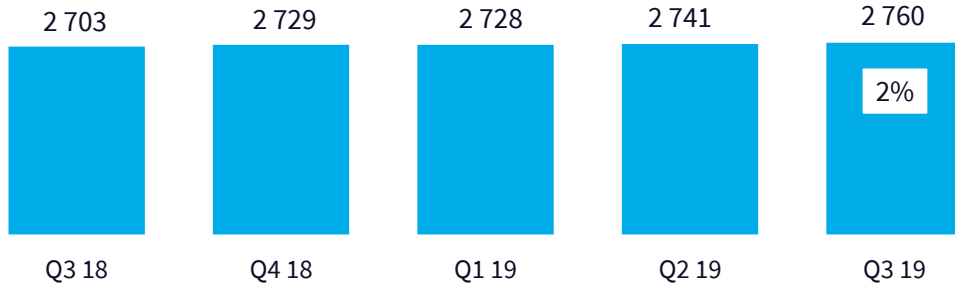


Organic growth

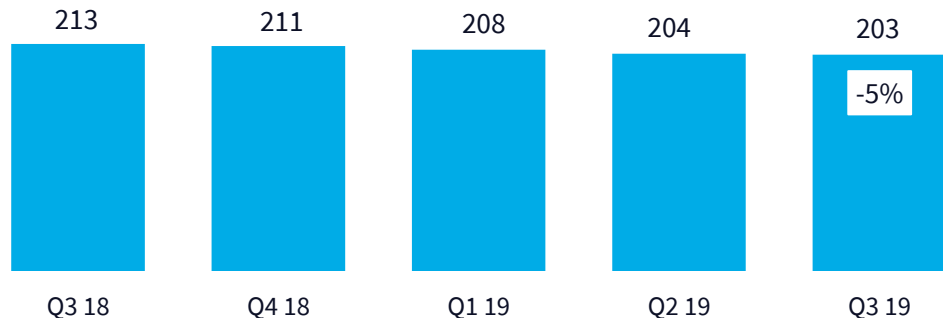


Sweden

Mobile subscribers ('000)

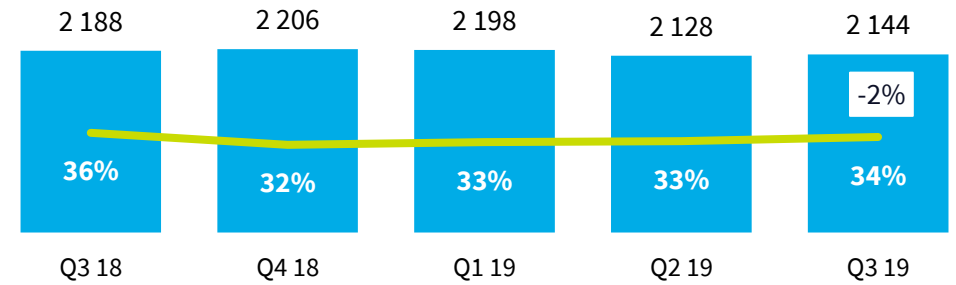


Mobile ARPU (SEK/month)

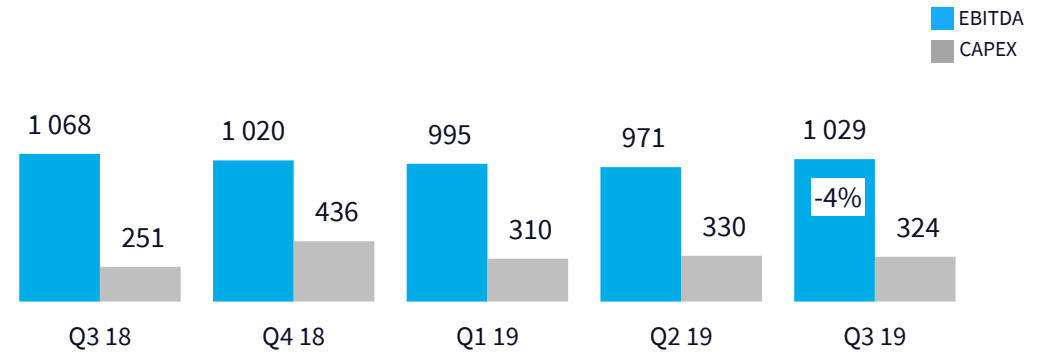


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs. and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

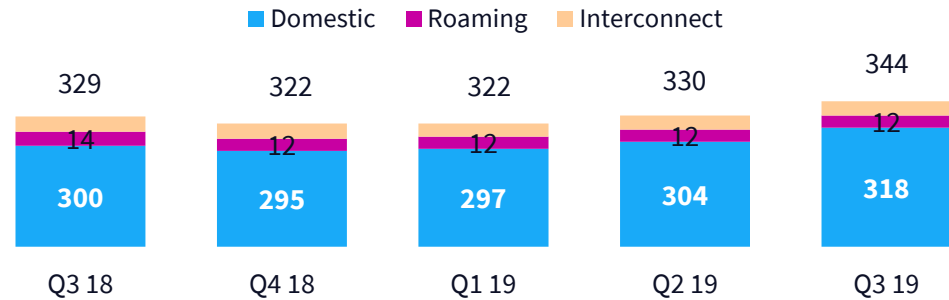


Organic growth

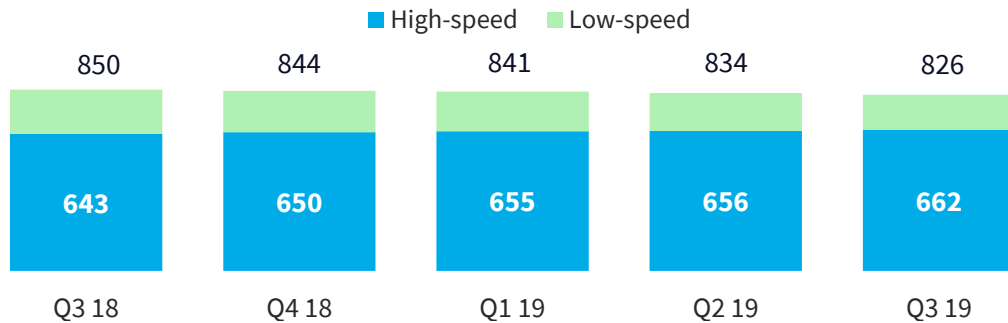


Additional information – Norway and Sweden

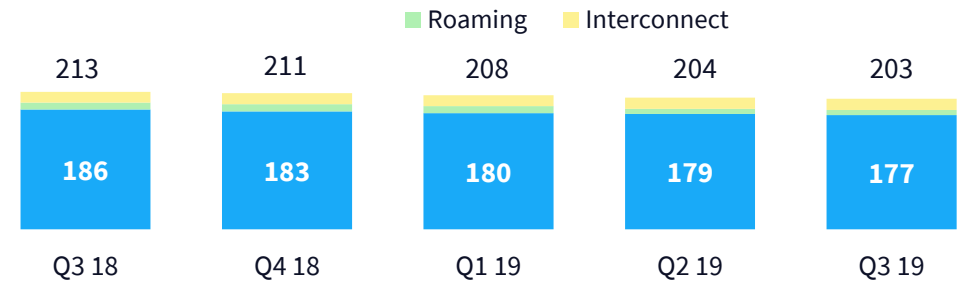
Mobile Norway – mobile ARPU (NOK)('000)



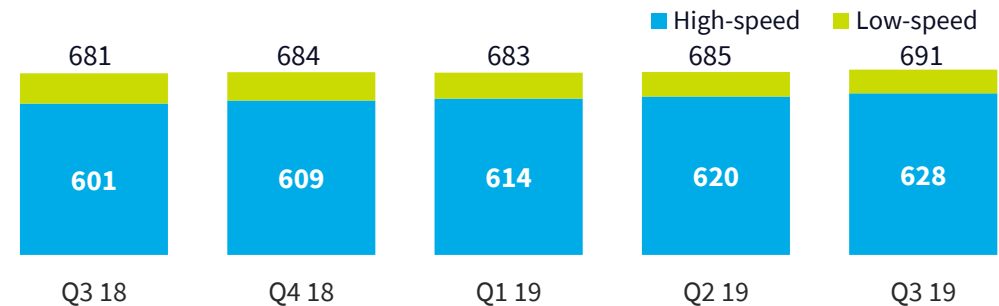
Norway – fixed broadband subscribers ('000)



Sweden – mobile ARPU (SEK)

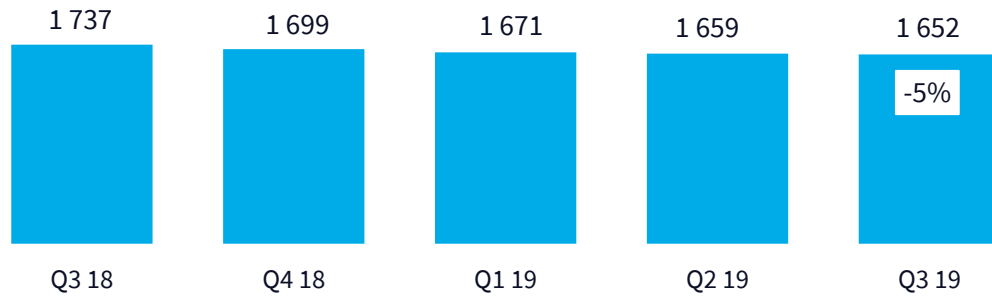


Sweden – fixed broadband subscribers ('000)

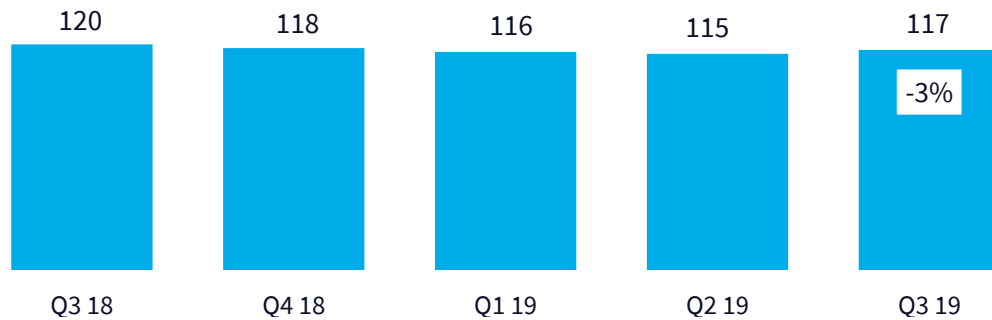


Denmark

Mobile subscribers ('000)

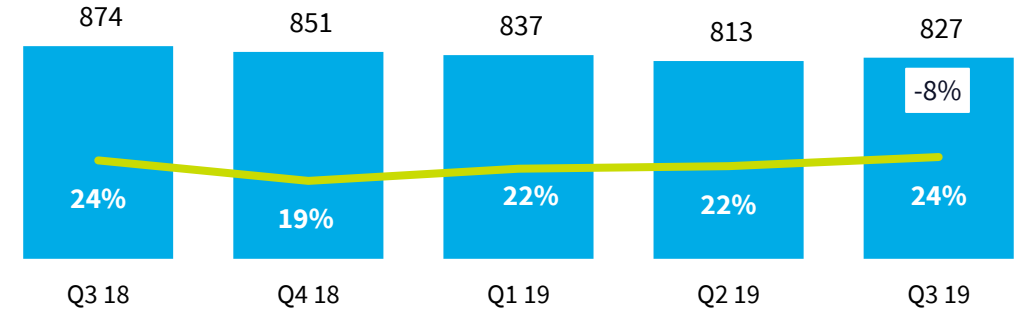


Mobile ARPU (DKK/month)

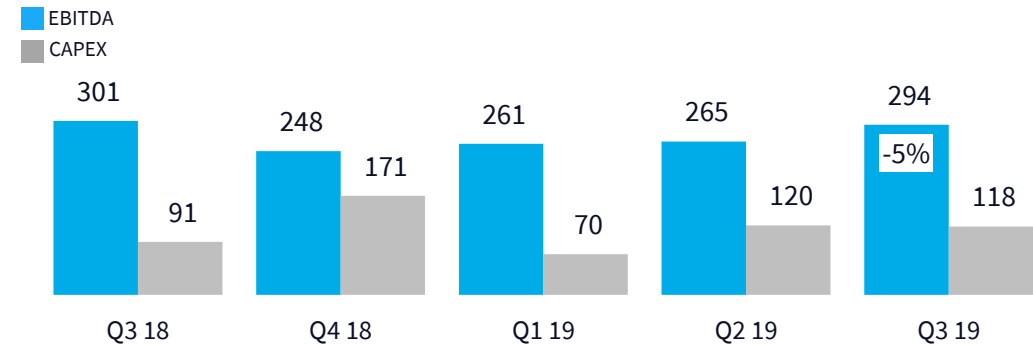


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

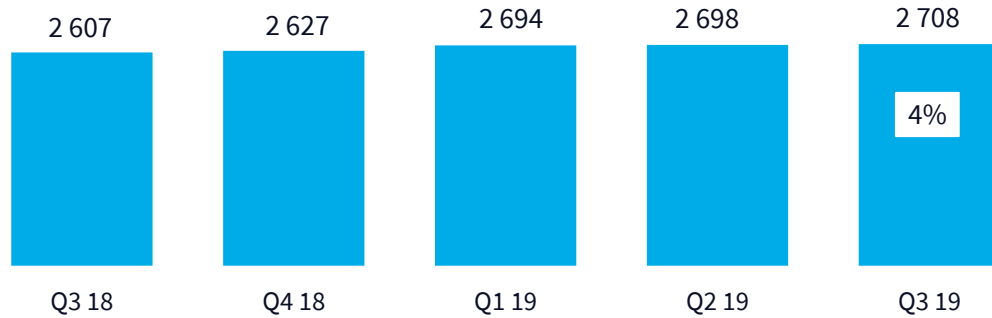


Organic growth

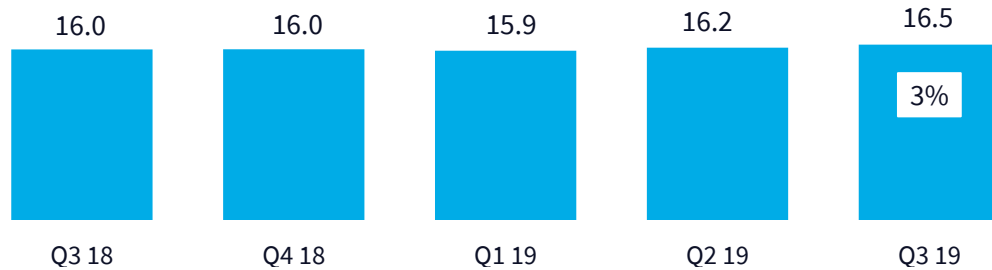


Finland

Mobile subscribers ('000)

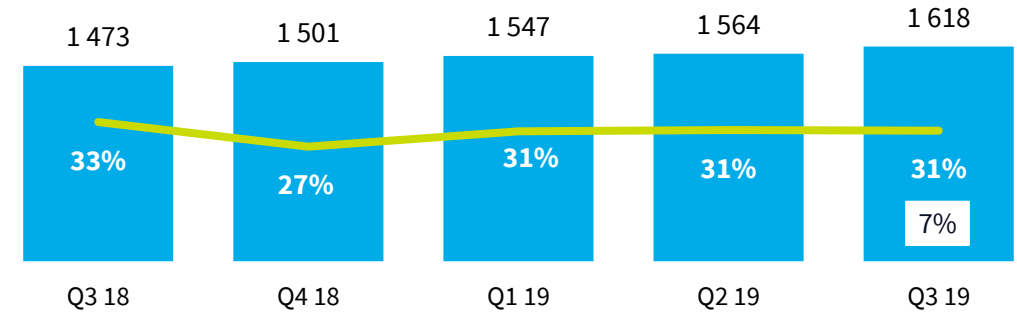


Mobile ARPU (EUR/month)

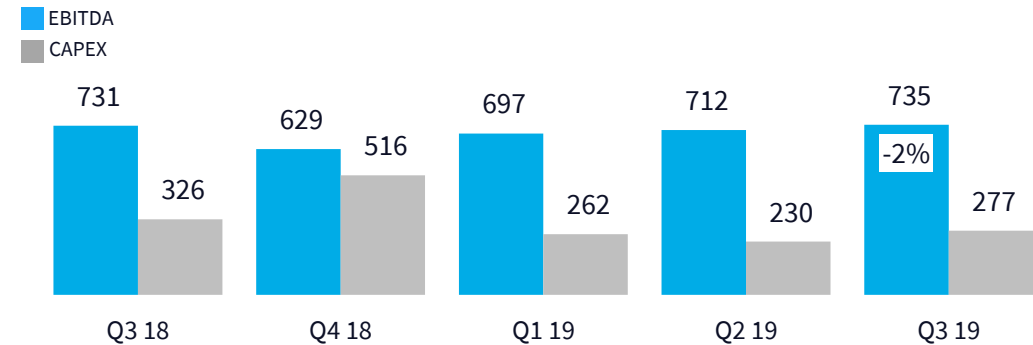


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

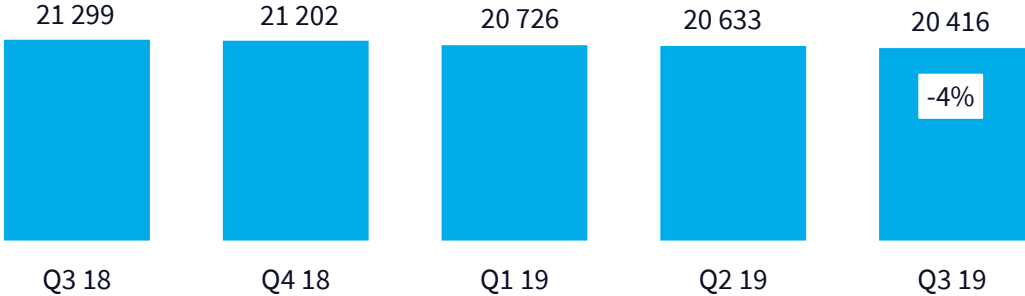


Organic growth

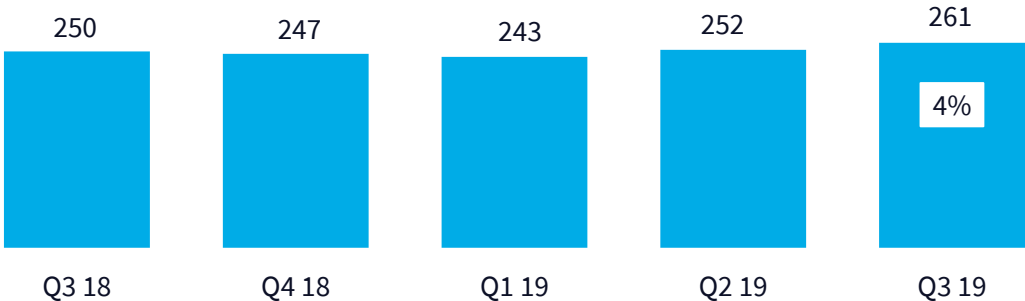


Thailand (dtac)

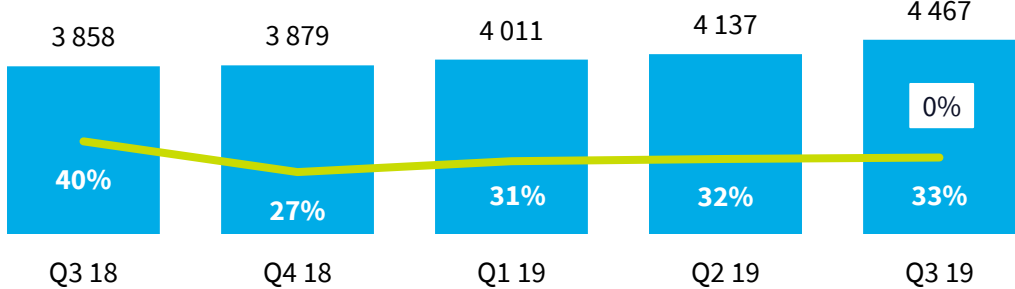
Mobile subscribers ('000)



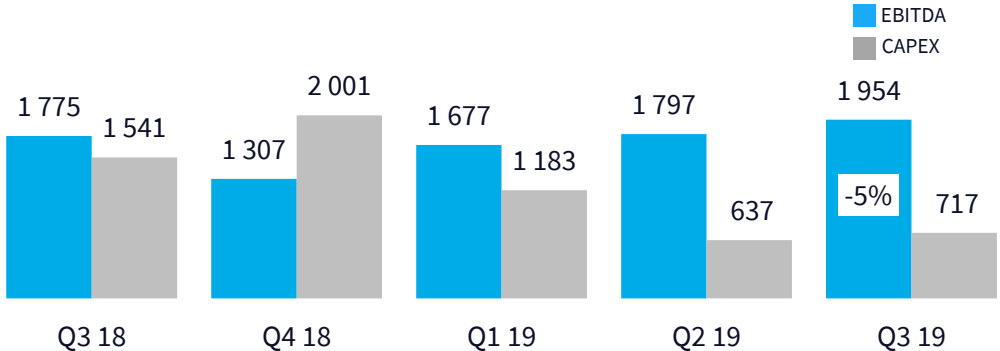
Mobile ARPU (THB/month)



Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



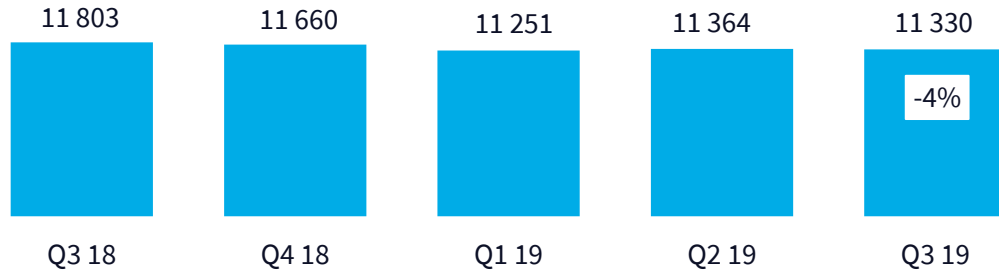
Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Organic growth

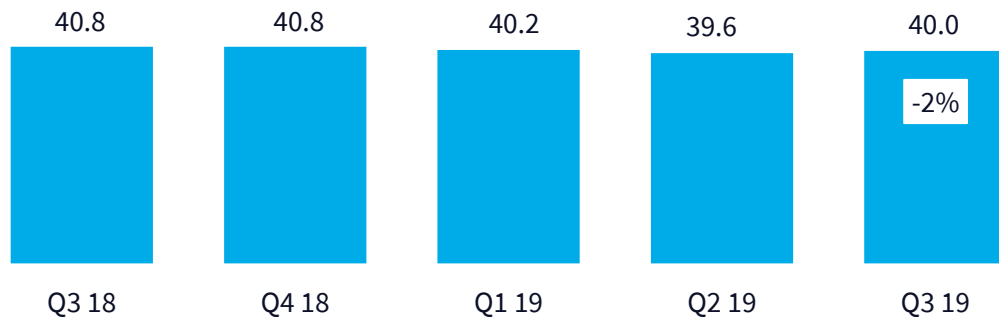


Malaysia (Digi)

Mobile subscribers ('000)

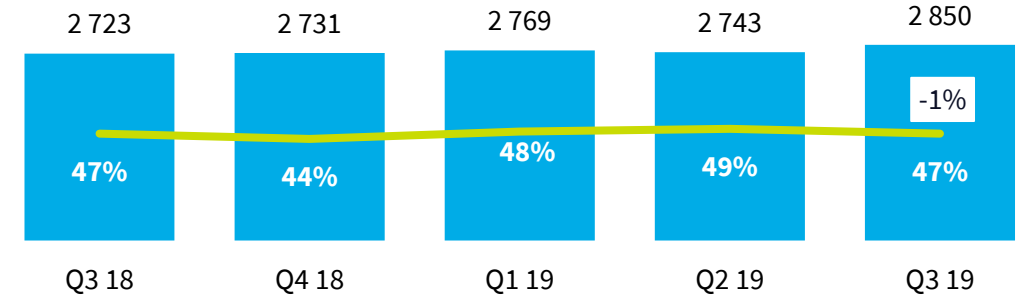


Mobile ARPU (MYR/month)

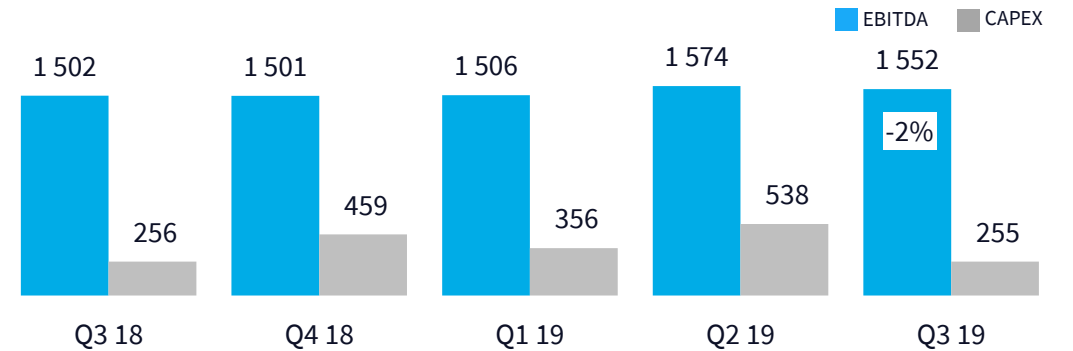


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

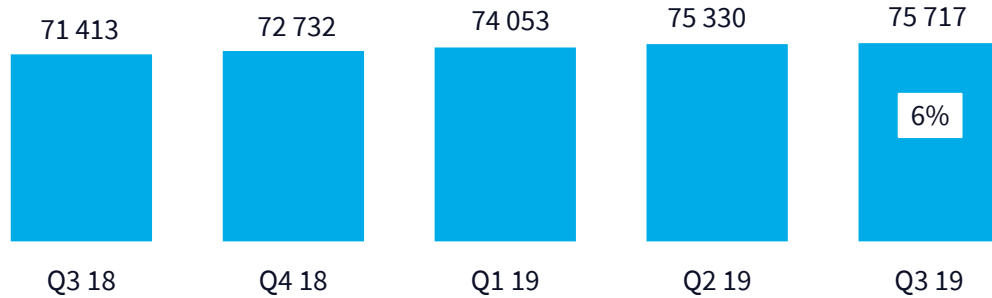


Organic growth

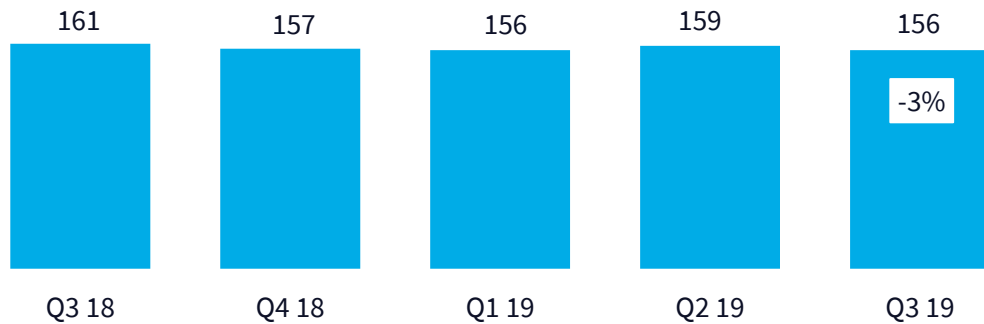


Bangladesh (Grameenphone)

Mobile subscribers ('000)

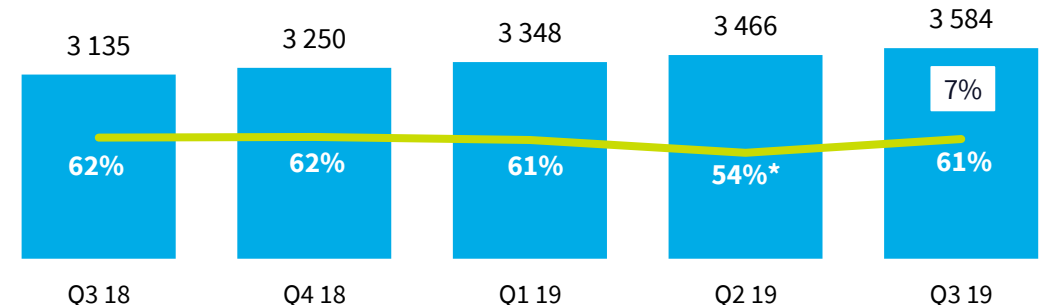


Mobile ARPU (BDT/month)

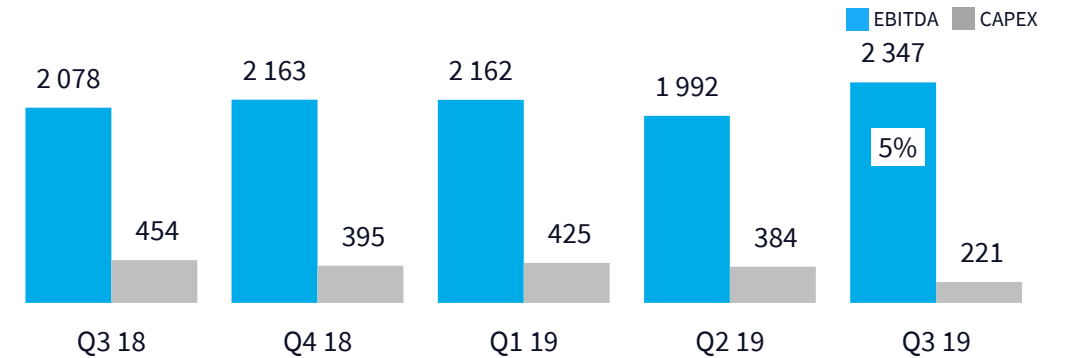


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



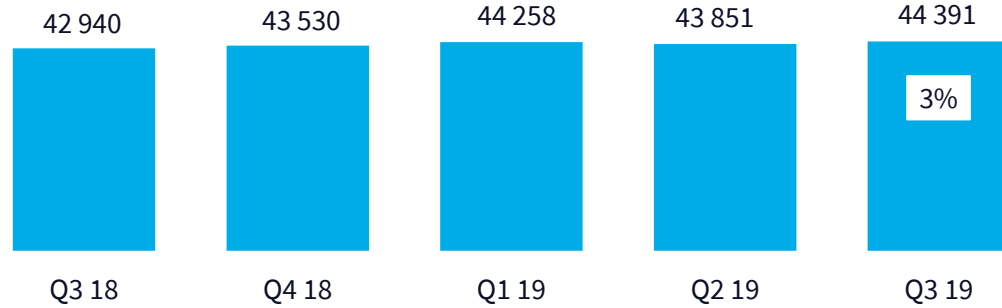
*62% EBITDA margin excluding provisions

Organic growth

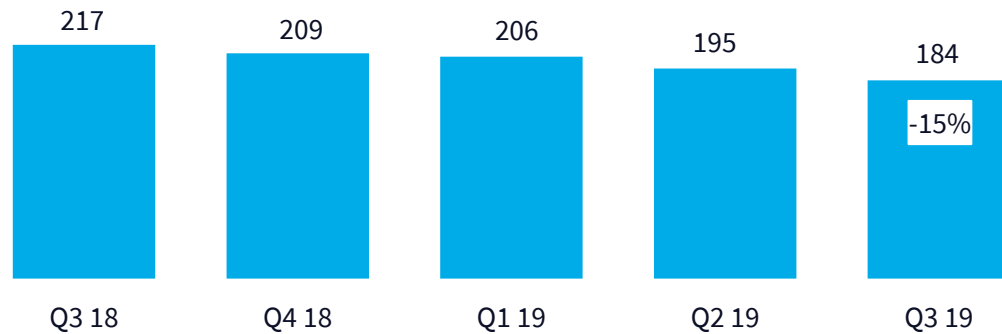


Pakistan

Mobile subscribers ('000)

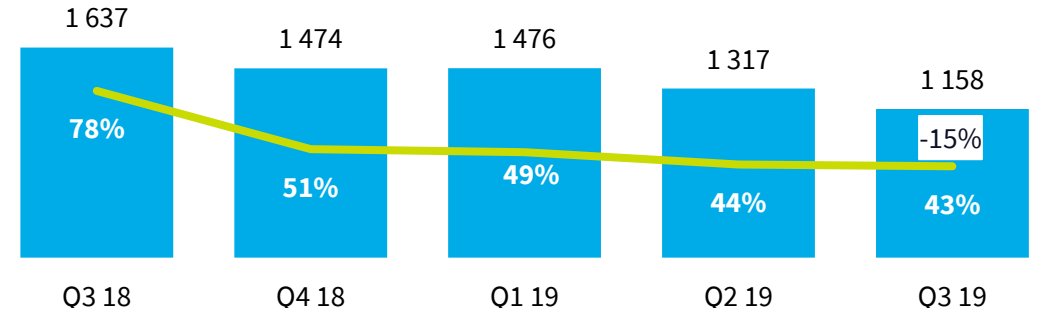


Mobile ARPU (PKR/month)

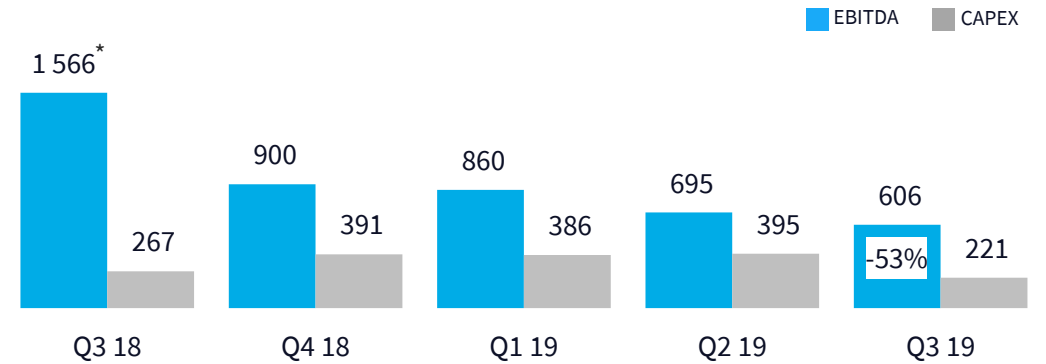


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



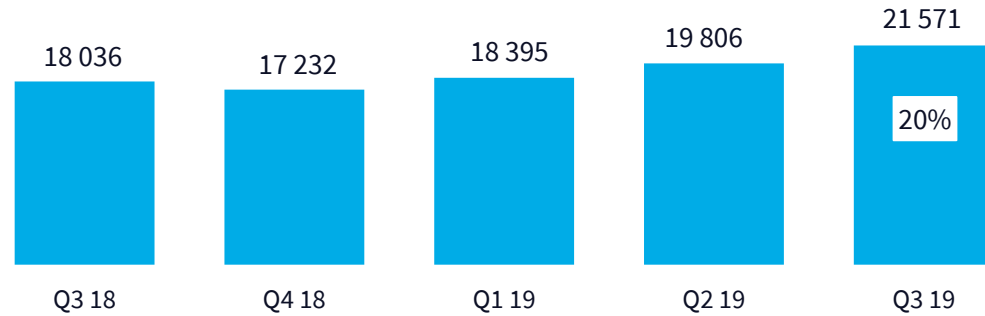
*Reversal of accrual in Q3 2018 impacting EBITDA by NOK 507m

Organic growth

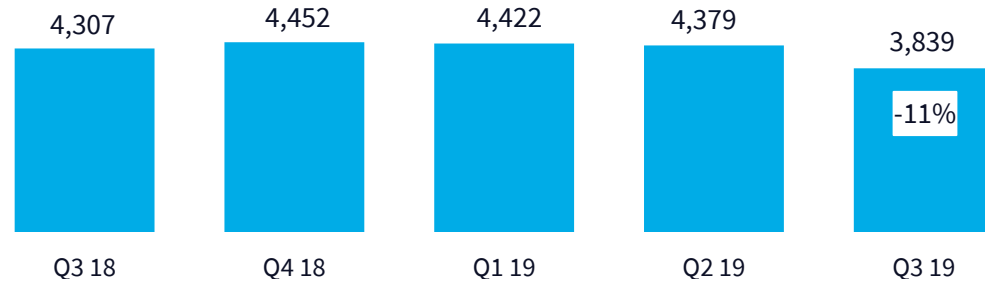


Myanmar

Mobile subscribers ('000)

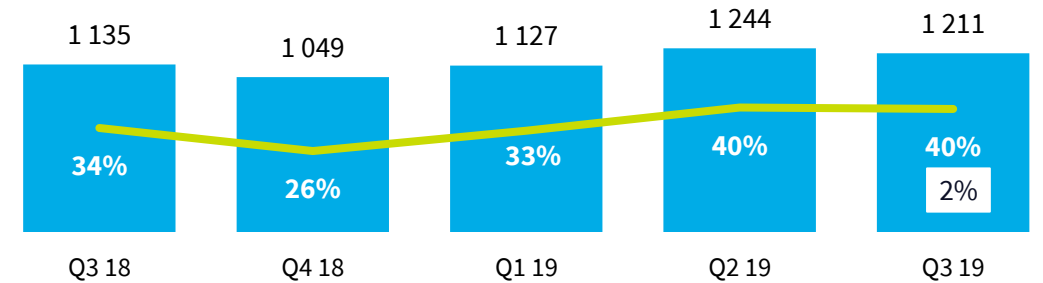


Mobile ARPU (MMK/month)

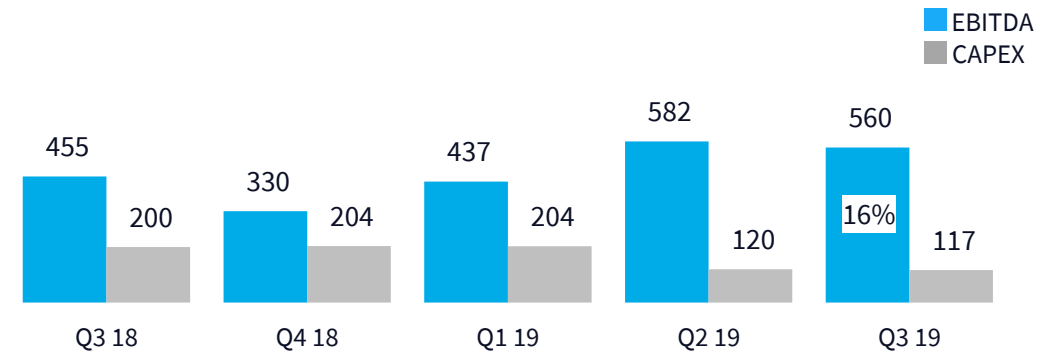


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



Organic growth

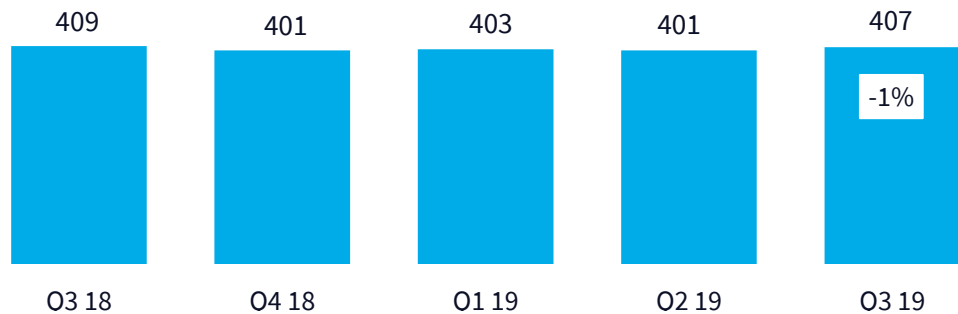


Broadcast

DTH subscribers ('000)

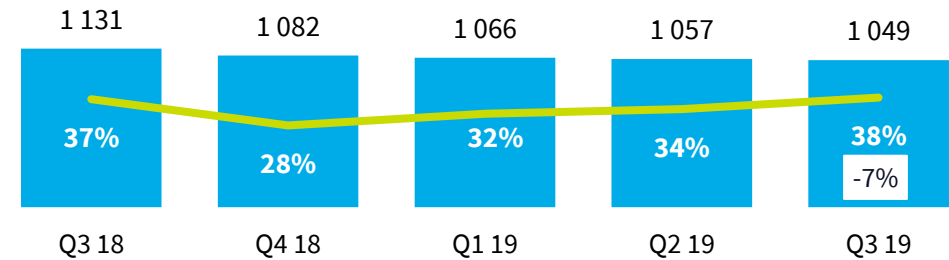


DTH ARPU (NOK/month)

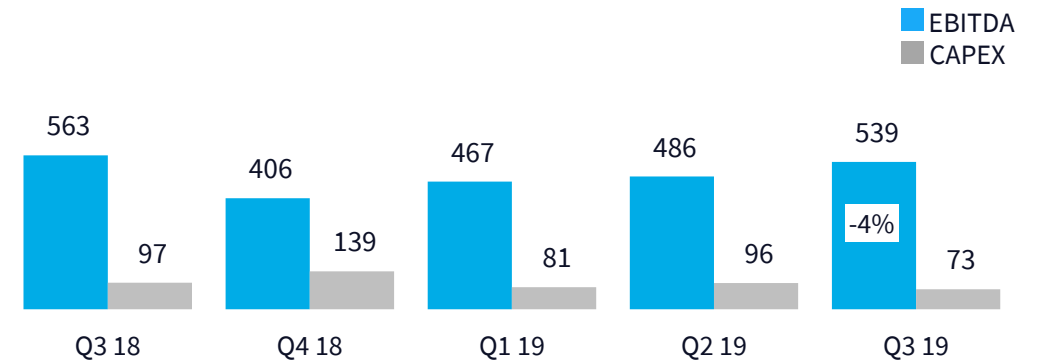


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

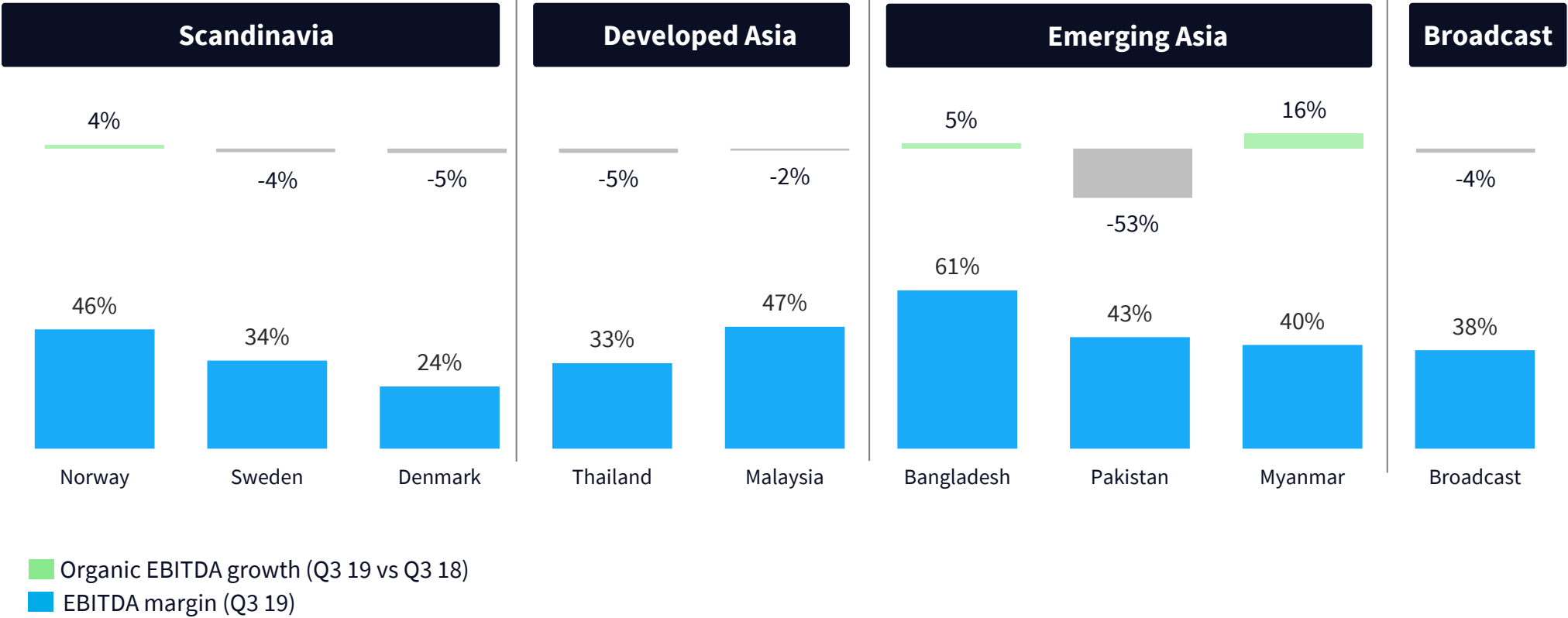


Adjusted for reversals in Q3 2018

□ Growth



Organic EBITDA growth



Q3 growth in subscription and traffic revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	1.4 %	1.4 %	3.9 %	3.9 %
Sweden	-2.0 %	-2.5 %	-3.6 %	-3.9 %
Denmark	-5.4 %	-7.9 %	-2.3 %	-4.8 %
Thailand	15.8 %	0.2 %	10.1 %	-4.6 %
Malaysia	4.7 %	-1.0 %	3.3 %	-2.3 %
Bangladesh	14.3 %	6.7 %	12.9 %	5.5 %
Pakistan	-29.3 %	-15.0 %	-61.3 %	-52.9 %
Myanmar	6.7 %	1.8 %	23.0 %	16.0 %
Broadcast*	-7.3 %	-7.9 %	-4.2 %	-4.4 %
Telenor Group	6.6 %	-0.6 %	-2.6 %	-7.3 %

*Revenues from Canal Digital DTH



Net income of NOK -0.4 billion for Q3 2019, EPS of NOK -0.30

NOK m	2018	Q3 2018	Q3 2019	Q3 2019 (Post IFRS16)	Impact of IFRS 16
Revenues	110,362	27,566	29,530	29,462	-68
EBITDA before other items	45,451	12,410	12,092	13,448	+1,356
Other items	(3,204)	(261)	(185)	(172)	+13
EBITDA	42,247	12,149	11,907	13,276	+1,369
Depreciation & amortization	(20,160)	(5,429)	(5,049)	(6,271)	-1,222
Operating profit	22,088	6,720	6,858	7,005	+147
Associated companies	(82)	8	(105)	(105)	
Net financials	(3,158)	(359)	(2,293)	(2,692)	-399
Taxes	(6,179)	(2,011)	(4,108)	(4,027)	+81
Profit (loss) from discontinued operations	4,773	2,262	9	9	
Minorities	2,711	739	797	851	+54
Net income - Telenor equity holders	14,731	5,881	(436)	(661)	-225
Earnings per share (NOK)	10.00	4.01	(0.30)	(0.46)	-0.16

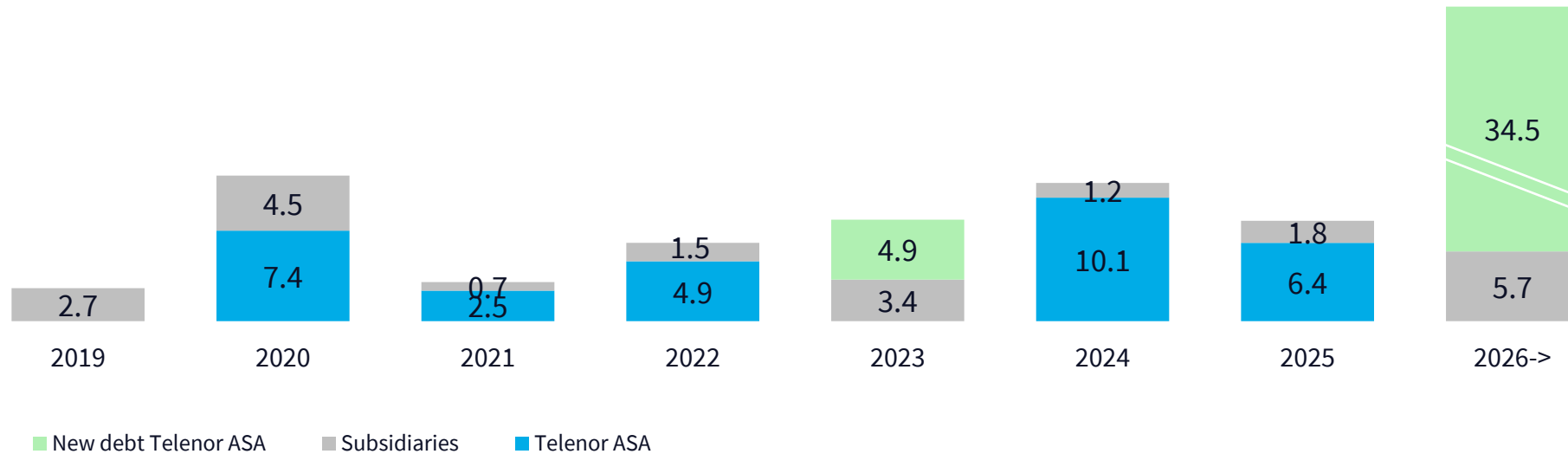
All figures according to accounting standard as of 31 Dec 2018 unless otherwise stated



Debt maturity profile (NOK bn)

Net debt in partly-owned subsidiaries:

NOK bn	Q3 2019	Q3 2018
Digi	5.2	4.3
dtac	13.6	5.4
Grameenphone	0.2	1.9



Net debt reconciliation

NOK bn	Q3 2019	Q3 2018	Q4 2018
Non-current interest bearing liabilities	96.8	43.7	55.1
Non-current lease liabilities	0.6	0.8	0.8
Current interest bearing liabilities	30.0	15.5	15.7
Current lease liabilities	0.1	-	0.1
Cash and cash equivalents	(31.9)	(32.7)	(18.5)
Fair value hedge instruments	(2.8)	(1.3)	(1.5)
Financial instruments	(0.3)	(0.4)	(0.4)
Licence obligations	(12.6)	(1.9)	(11.8)
Net interest bearing debt excl. licence obligations	79.8	23.7	39.5

All figures according to accounting standard as of 31 Dec 2018 unless otherwise stated



Balance sheet and key ratios

	30 Sep 2019	30 Sep 2018
Total assets	268.6	186.6
Equity attributable to Telenor ASA shareholders	36.6	48.5
Gross debt*	114.1	59.2
Net debt	79.8	23.7
Net debt/EBITDA**	1.8	0.5
Return on capital employed***	16%	19%

*) Gross debt = current interest bearing liabilities + non-current interest bearing liabilities

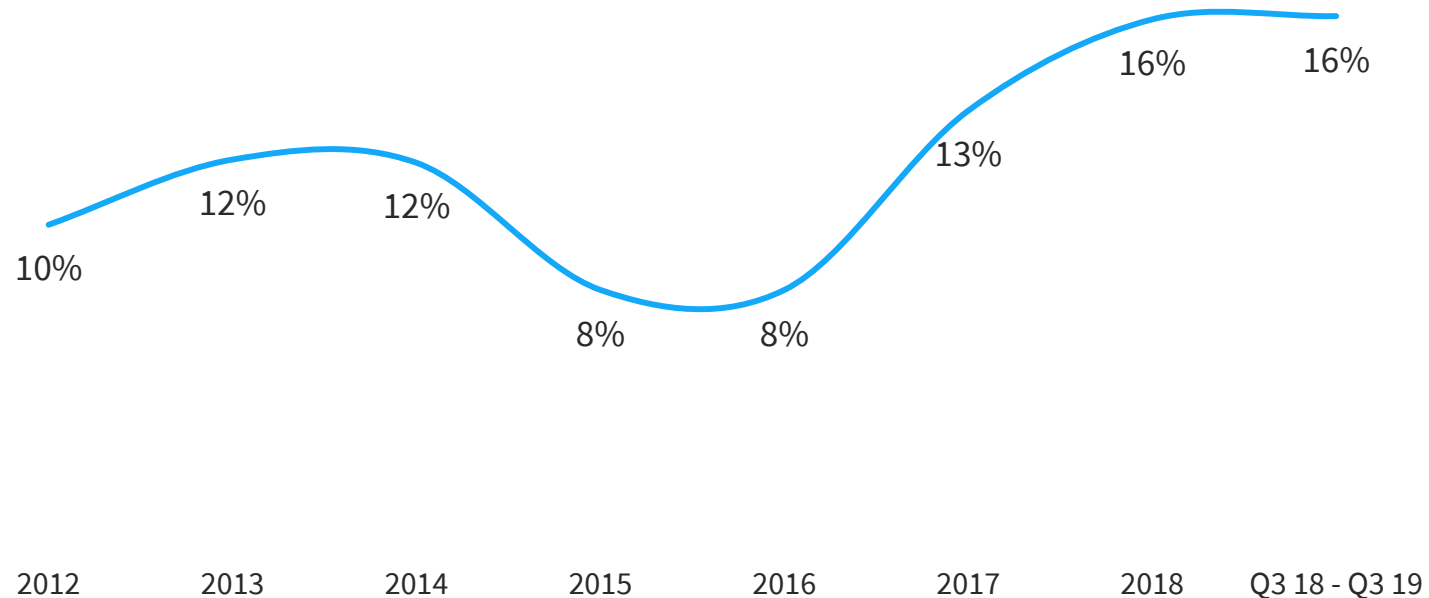
**) 12 months rolling EBITDA for the third quarter of 2019 includes proforma figures for DNA

***) Calculated based on an after tax basis of the last twelve months return on average capital employed



Return on capital employed

Return on capital employed (Pre IFRS 16)*



*) ROCE is calculated excluding DNA

