telenor group

Q3 – 2019

Interim report
January – September 2019

Contents

Steady strategy execution continues to yield results

The performance in the third quarter reflects continued strong execution on our strategy, focusing on growth, efficiency and simplification. Overall, the Group delivers an almost flat organic subscription and traffic revenue growth and organic EBITDA decline of 2%, when adjusting for project costs this quarter and non-recurring items last year. Our cost base remained stable, excluding DNA and project costs.

The modernisation in Norway is progressing according to plan, and we see a 3% mobile subscription and traffic revenue growth combined with a 5% reduction in operating expenses this quarter. In Thailand and Myanmar, the momentum seen earlier in 2019 continued and both operations have now returned to positive subscription and traffic revenue growth. However, headwinds in Pakistan as a result of the telecom tax re-introduction and a difficult macroeconomic environment have made the situation locally challenging.

During the quarter, we have successfully concluded the acquisition of DNA in Finland. The mandatory tender offer period ended on 10 October and resulted in an ownership share of 97.96 percent. We have started to onboard DNA to our procurement processes to materialise synergies, and we are now looking for opportunities to expand service offerings to Finnish business customers.

Recently, we have also taken further steps on our simplification agenda. Yesterday, we announced that we will be entering into a joint venture with Nordic Entertainment Group, combining our satellite based entertainment businesses to extract synergies and deliver enhanced customer experience.

Based on the performance so far this year and our expectations for the fourth quarter, we maintain our outlook for 2019. Execution on our strategic agenda remains our focus and key driver for value creation going forward.

– Sigve Brekke, President and CEO

Key figures Telenor Group

(NOK in millions)	Third quarter 2019	Third quarter 2018	First three quarters 2019	First three quarters 2018	Year 2018	First three quarters 2019 Post IFRS 16
Revenues	29 530	27 566	85 267	82 219	110 362	85 069
Organic revenue growth (%)	0.1	0.6	0.4	(0.6)	(0.6)	
Subscription and traffic revenues	22 762	21 356	65 731	63 709	84 825	65 731
Organic subscription and traffic revenue growth (%)	(0.6)	0.2	(0.4)	0.5	0.2	
EBITDA before other income and other expenses	12 092	12 410	34 354	35 087	45 451	38 185
Organic EBITDA growth (%)	(7.3)	5.6	(5.0)	5.2	3.2	
EBITDA before other income and other expenses/Revenues (%)	40.9	45.0	40.3	42.7	41.2	44.9
Net income attributable to equity holders of Telenor ASA	(436)	5 881	6 541	13 518	14 731	6 044
Capex excl. licences and spectrum	3 738	4 219	11 883	10 707	16 776	
Total Capex	3 816	4 274	11 967	12 626	31 245	
Free cash flow before M&A	2 808	4 672	3 461	10 237	11 691	
Total Free cash flow	(11 642)	26 543	(10 080)	32 130	31 989	
Mobile subscriptions - Change in quarter/Total (mill.)	5.2	0.7	183	173	174	

Third quarter 2019 summary[1)]

- On 21 August, Telenor completed the acquisition of DNA and subsequently initiated a mandatory tender offer for the remaining shares, which ended on 10 October with Telenor achieving a holding of 97.96%. DNA was consolidated from 21 August 2019[2)].
- Subscription and traffic revenues decreased by 1% on an organic basis. In a challenging market environment, revenues in Pakistan declined significantly, offsetting growth in several other markets. Total reported revenues increased by 7% to NOK 29.5 billion.
- Currency adjusted gross profit excluding DNA declined by NOK 0.8 billion, impacted by the revenue drop in Pakistan and reversals last year. Reported gross profit increased by NOK 0.6 billion.
- Currency adjusted opex increased by NOK 0.6 billion, but was stable excluding DNA and project costs related to the DNA acquisition and the Axiata merger discussions. Reported opex increased by NOK 0.9 billion or 10%.
- EBITDA decreased by 7% or NOK 0.9 billion on an organic basis, primarily as a consequence of the development in Pakistan. Reported EBITDA before other items was NOK 12.1 billion with an EBITDA margin of 41%.
- The Group generated Free cash flow before M&A of NOK 2.8 billion in the quarter.

Outlook for 2019[3)]

Based on the performance so far this year and our expectations for the fourth quarter, we maintain our outlook for 2019. We expect organic subscription and traffic revenue growth at around the 2018 level and a low single digit organic EBITDA decline. Capex excluding licences and spectrum is expected to be in the range of NOK 16-17 billion, excluding DNA.

1) The key figures and summary for the third 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 31 for descriptions of alternative performance measures.

2) Some of the comments on the Group's financial results for the third quarter 2019 are made excluding DNA. Please refer to page 8 for the Group's consolidated figures in NOK for DNA.

3) The outlook for 2019 is based on Group structure as of 30 September 2019, but excludes DNA and project costs related to the acquisition of DNA and the merger discussions with Axiata in Asia.

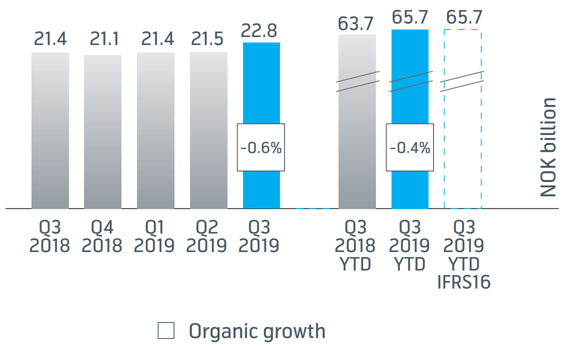
Group performance in the third quarter 2019[1)]

SUBSCRIPTION AND TRAFFIC REVENUES

Organic subscription and traffic revenues decreased by 0.6%, as the decline in Pakistan following the re-introduction of telco specific taxes outweighed positive developments in other markets. On a reported basis, growth was 7% after the inclusion of DNA in the Group's consolidated figures.

In Norway, we delivered a solid 3% growth in mobile subscription and traffic revenues and strong 25% fibre revenue growth. Our operation in Myanmar returned to growth in the third quarter, gaining 1.8 million new customers. After six quarters of revenue decline, our Thai operation dtac reached stable subscription and traffic revenues in the third quarter, as network quality improved further. Grameenphone in Bangladesh continued to be the Group's main growth driver, despite a diminishing growth rate that was impacted by regulatory changes in both this and the previous year. In Malaysia, subscription and traffic revenues continued to improve as a result of strong postpaid performance and a narrowing prepaid decline. The negative contribution from the fixed legacy services in Scandinavia was around NOK 0.2 billion in the quarter.

In the first three quarters, subscription and traffic revenues declined by 0.4% on an organic basis.

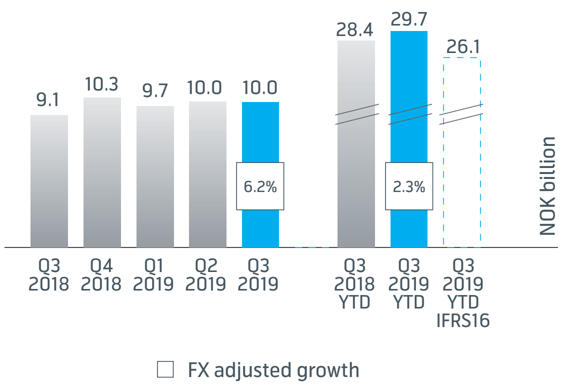


OPERATING EXPENDITURES (OPEX)

Reported opex increased by NOK 0.9 billion, of which NOK 0.4 billion was explained by the inclusion of DNA. Excluding DNA and project costs related to the DNA acquisition and the Axiata merger discussions, opex remained stable on a currency adjusted basis.

Personnel cost reductions especially in Scandinavia and Corporate Functions, as well as positive non-recurring items in Myanmar and Malaysia were offset by increased cost related to network expansion and higher energy prices in Asia.

Year to date, currency adjusted opex increased by NOK 0.7 billion, but increased by only NOK 0.1 billion excluding DNA, project costs related to the DNA acquisition and the Axiata merger discussions. Cost reductions from structural efficiency programmes within Corporate Functions as well as workforce reductions in Scandinavia almost compensated for increased network related costs in our Asian operations. Reported opex increased by NOK 1.3 billion.

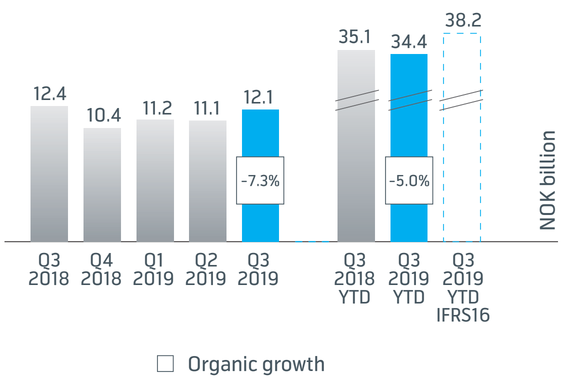


EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

EBITDA decreased by 7.3% or NOK 0.9 billion on an organic basis, negatively impacted by non-recurring items in Pakistan and Global Wholesale in the third quarter last year. Reported EBITDA decreased by NOK 0.3 billion and the EBITDA margin was 40.9%.

Continued growth in Bangladesh, good overall performance in Norway and positive results in Myanmar were not able to cushion the strong decline in Pakistan, where a combination of falling revenues, higher network costs and reversals last year led to a significant decrease in EBITDA. In addition, the decrease in high margin fixed legacy revenues and corporate project costs contributed negatively.

In the first three quarters, EBITDA decreased by NOK 0.7 billion to NOK 34.4 billion, with a positive currency effect of NOK 0.7 billion. The EBITDA margin was 40.3%.

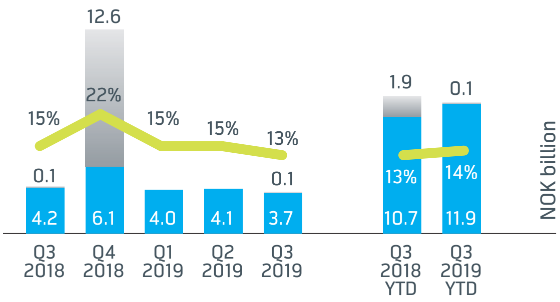


1) The comments are related to Telenor's development in the third quarter of 2019 compared to the third quarter of 2018 and are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 31 for descriptions of alternative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

CAPITAL EXPENDITURES (CAPEX)

Capex excluding licences and spectrum was NOK 3.7 billion in the quarter, including NOK 0.1 billion in DNA. This is a decrease of NOK 0.6 billion, mainly a result of extraordinarily high network investments in Thailand last year, and delayed network roll-out in Bangladesh due to current regulatory restrictions. This decrease was partly offset by increased capex related to the fibre roll-out and mobile network expansion in Norway.

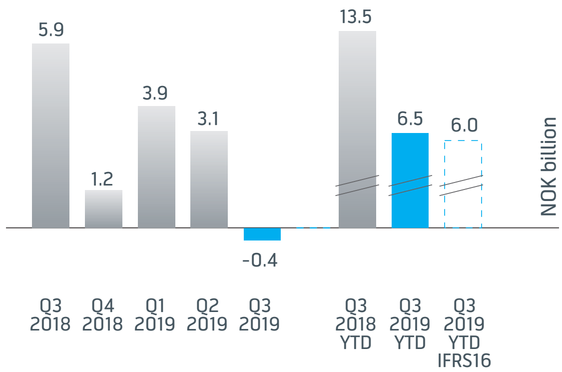
Year to date, capex excluding licences and spectrum increased by NOK 1.2 billion to NOK 11.9 billion, primarily explained by the fibre roll-out in Norway.



NET INCOME

Reported net income to equity holders of Telenor ASA in the third quarter was negative NOK 0.4 billion, which is a decrease of NOK 6.3 billion. The negative development was primarily a result of high net currency losses of NOK 1.8 billion due to a weakening of the Norwegian Krone and the recognition of an income tax expense of NOK 2.5 billion related to the reassessment received on 22 August 2019[2]. In addition, a gain on disposal of assets in Central and Eastern Europe of NOK 1.7 billion was recognised last year.

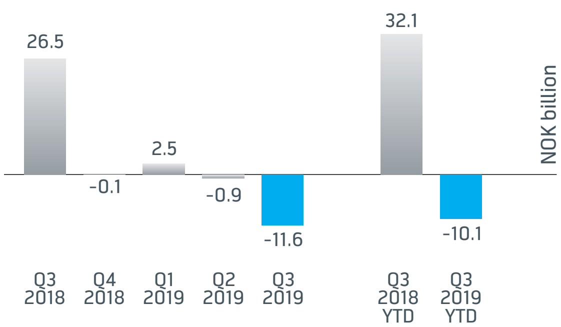
Year to date, net income to equity holders of Telenor ASA was NOK 6.5 billion. This is a decrease of NOK 7.0 billion compared to the first three quarters of 2018, primarily caused by net currency losses, significantly higher income taxes and the gain on the disposal of our operations in Central and Eastern Europe last year. This was partly offset by lower depreciation in Thailand this year.



FREE CASH FLOW

Free cash flow in the third quarter was negative NOK 11.6 billion as a result of the net payment of NOK 14.5 billion for the acquisition of 54% of the shares in DNA in August. Free cash flow before M&A activities was NOK 2.8 billion, which is a decrease of NOK 1.9 billion compared to last year. This was primarily due to the 2G licence deposit of NOK 2.1 billion made in Pakistan.

In the first three quarters of 2019, Free cash flow was negative NOK 10.1 billion, a decrease of NOK 42.2 billion. In addition to the DNA transaction and licence deposit in Pakistan, CAT settlement payments in Thailand of NOK 2.6 billion as well as higher income tax and interest payments affected the Group's cash generation negatively. The Group's Free cash flow for the first three quarters of 2018 also included net cash flows from the CEE operations until 31 July and the net proceeds from the sale of these operations of NOK 22.0 billion. Free cash flow before M&A activities so far this year was NOK 3.5 billion.

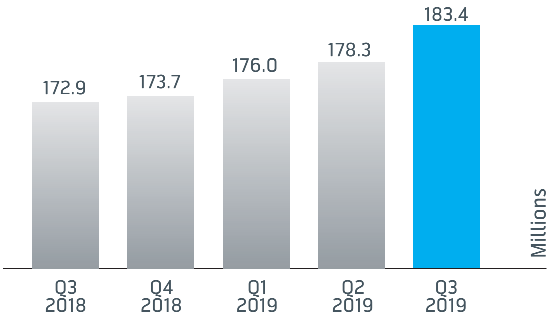


[1] The comments are related to Telenor's development in the third quarter of 2019 compared to the third quarter of 2018 and are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 31 for descriptions of alternative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

[2] See note 7.

MOBILE SUBSCRIPTIONS

The Group's mobile subscription base increased by 5.2 million to 183 million this quarter, following the inclusion of DNA's subscriber base of 2.7 million. We continued to grow our customer base in Emerging Asia, with Myanmar gaining 1.8 million new customers, taking their subscription base to an all-time high. In addition, our operations in Pakistan and Bangladesh added 0.5 million and 0.4 million subscribers, respectively. This was partly offset by a loss of 0.2 million subscribers in Thailand.



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Interim report

Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the third quarter of 2019 compared to the third quarter of 2018 in local currency, unless otherwise stated, and are based on the accounting principles for the Group's segment reporting. See note 9 for further information. Please refer to Definitions on page 31 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 13 for 'Specification of other income and other expenses'. Additional information is available at: www.telenor.com/ir

Norway

In Norway, we saw a strong EBITDA growth of 4% from solid performance in all business areas and continued efficiency improvements. The preparations for the copper network decommissioning continued, with network modernisation focused on fibre roll-out and mobile expansion, resulting in 12,000 new fibre connections and 6,000 new fixed wireless subscriptions. On 26 September, we launched the largest 5G pilot in Scandinavia.

Mobile subscription and traffic revenues grew by 3%, mainly due to continued upselling to larger data bundles and increased demand for value added services. Mobile postpaid subscriptions increased by 3,000, partly offsetting reductions in prepaid subscriptions and data cards. Within the fixed segment, a 25% growth in fibre revenues nearly offset the reduction in legacy revenues. As a result, total subscription and traffic revenues increased by 1%. Lower handset and other hardware sales were the main drivers for a decrease in total revenues of 3%.

Opex decreased by 5%, mainly from lower sales and operations costs. The EBITDA margin increased by 3 percentage points to 46%.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues mobile operation						
Subscription and traffic	2 875	2 792	8 363	8 199	10 924	8 363
Interconnect	119	130	355	397	528	355
Other mobile	253	245	759	679	932	759
Non-mobile	636	783	1 879	2 119	2 999	1 879
Total revenues mobile operation	**3 882**	**3 950**	**11 356**	**11 394**	**15 384**	**11 356**
Revenues fixed operation						
Telephony	249	311	772	951	1 237	772
Internet and TV	1 537	1 484	4 565	4 440	5 937	4 565
Data services	120	128	363	384	514	363
Other fixed	320	365	1 031	1 173	1 579	1 031
Total retail revenues	**2 226**	**2 287**	**6 731**	**6 948**	**9 268**	**6 731**
Wholesale	270	305	830	952	1 257	830
Total revenues fixed operation	**2 495**	**2 592**	**7 561**	**7 899**	**10 525**	**7 561**
Total revenues	**6 377**	**6 542**	**18 917**	**19 293**	**25 909**	**18 917**
Gross profit	4 984	4 976	14 839	14 915	19 867	14 848
Operating expenditures	2 046	2 150	6 435	6 558	8 863	5 798
EBITDA before other items	**2 938**	**2 826**	**8 404**	**8 358**	**11 004**	**9 050**
Operating profit	**1 792**	**1 652**	**5 114**	**4 972**	**6 508**	**5 149**
EBITDA before other items/ Total revenues (%)	46.1	43.2	44.4	43.3	42.5	47.8
Capex	1 407	1 001	3 763	2 645	4 399	
Statistics (monthly in NOK):						
Mobile ARPU	344	329	332	322	322	
Fixed Telephony ARPU	238	245	233	239	238	
Fixed Internet ARPU	399	373	387	373	373	
TV ARPU	322	324	328	320	323	
No. of subscriptions – Change in quarter/Total (in thousands):						
Mobile	(7)	2	2 897	2 965	2 952	
Fixed telephony	(26)	(17)	335	414	397	
Fixed Internet	(8)	1	826	850	844	
TV	7	2	563	548	553	

Sweden

In Sweden, the ongoing efficiency initiatives continued to yield results, leading to a further reduction of the cost base. The market in Sweden is highly competitive with continued price pressure especially within the business segment.

The mobile subscription base increased by 19,000 during the quarter, entirely driven by the consumer segment. Mobile subscription and traffic revenues decreased by 3%, as the 2% larger subscription base did not fully compensate for the ARPU decrease, which was mainly driven by the business segment. The growth trend in fixed fibre and IPTV revenues continued and almost offset the fixed legacy decline and lower installation fees. High-speed fixed internet subscriptions increased by 9,000 in the quarter to 628,000.

EBITDA declined by 4% as the opex reduction resulting from lower personnel, consultancy and maintenance costs could not fully offset the decline in subscription and traffic revenues and lower handset margin.

Capex increased by 10%, with investments this quarter being primarily related to IT modernisation and capacity upgrades.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues mobile operation						
Subscription and traffic	1 417	1 459	4 280	4 445	5 918	4 280
Interconnect	129	125	388	391	521	388
Other mobile	112	104	322	295	400	322
Non-mobile	473	442	1 404	1 478	2 094	1 404
Total revenues mobile operation	**2 131**	**2 130**	**6 394**	**6 609**	**8 934**	**6 394**
Revenues fixed operation						
Telephony	36	41	112	147	187	112
Internet and TV	655	651	1 965	1 978	2 629	1 965
Data services	36	37	113	117	158	113
Other fixed	62	53	201	195	296	201
Total retail revenues	**789**	**783**	**2 391**	**2 437**	**3 271**	**2 391**
Wholesale	65	53	184	158	216	184
Total revenues fixed operation	**853**	**836**	**2 575**	**2 595**	**3 487**	**2 575**
Total revenues	**2 984**	**2 965**	**8 969**	**9 204**	**12 421**	**8 969**
Gross profit	1 876	1 959	5 725	6 040	8 015	5 941
Operating expenditures	847	891	2 730	2 935	3 890	2 475
EBITDA before other items	**1 029**	**1 068**	**2 995**	**3 105**	**4 125**	**3 466**
Operating profit	**656**	**738**	**1 921**	**2 108**	**2 787**	**1 933**
EBITDA before other items/ Total revenues (%)	34.5	36.0	33.4	33.7	33.2	38.6
Capex	324	251	964	853	1 965	
Statistics (monthly in NOK):						
Mobile ARPU	187	196	189	200	199	
Fixed Telephony ARPU	30	37	32	44	42	
Fixed Internet ARPU	214	208	213	212	212	
TV ARPU	143	145	143	146	145	
No. of subscriptions – Change in quarter/Total (in thousands):						
Mobile	19	25	2 760	2 703	2 729	
Fixed telephony	(4)	(4)	136	153	148	
Fixed Internet	6	2	691	681	684	
TV	2	5	479	462	480	
Exchange rate (SEK)			0.9245	0.9371	0.9359	

Denmark

The Danish operation continued to drive their efficiency agenda to compensate for price pressure in a highly competitive market. So far this year, this work has resulted in 6% lower operating expenses. We continued to see intense competition and price pressure in all customer segments. The mobile subscription base ended at 1.7 million, which is 5% lower than a year ago. The smaller subscriber base in combination with 3% lower ARPU explains the revenue decline of 8%.

Continued cost reductions across all functions partly compensated for the revenue decline, resulting in a slightly decreased EBITDA this quarter.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues mobile operation						
Subscription and traffic	708	748	2 112	2 218	2 937	2 112
Interconnect	57	60	171	184	246	171
Other mobile	66	58	204	159	234	204
Non-mobile	255	281	756	799	1 140	756
Total revenues mobile operation	**1 086**	**1 148**	**3 244**	**3 360**	**4 558**	**3 244**
Revenues fixed operation						
Telephony	27	32	84	99	135	84
Internet and TV	87	89	262	269	359	262
Data services	6	6	19	19	25	19
Total revenues fixed operation	**119**	**126**	**366**	**387**	**518**	**366**
Total revenues	**1 205**	**1 274**	**3 609**	**3 747**	**5 076**	**3 609**
Gross profit	734	773	2 265	2 300	3 073	2 265
Operating expenditures	441	472	1 445	1 504	2 028	1 297
EBITDA before other items	**294**	**301**	**820**	**797**	**1 045**	**968**
Operating profit	**94**	**55**	**441**	**94**	**119**	**318**
EBITDA before other items/ Total revenues (%)	24.4	23.6	22.7	21.3	20.6	26.8
Capex	118	91	308	270	441	
Statistics (monthly in NOK):						
Mobile ARPU – monthly (NOK)	154	154	152	149	151	
No. of subscriptions – Change in quarter/Total (in thousands):						
Mobile	(7)	(28)	1 652	1 737	1 699	
Fixed telephony	(0)	(4)	41	52	48	
Fixed Internet	(4)	(4)	111	130	123	
Exchange rate (DKK)			1.3086	1.2869	1.2875	

DNA – Finland

On 21 August 2019, Telenor acquired 54% of the shares in DNA from Finda and PHP, and further increased its ownership to 97.96% following the initial mandatory tender offer that ended 10 October. DNA was consolidated from 21 August 2019. The table shows financial figures from the time of consolidation, while ARPU and subscriptions are based on DNA's actual figures for the third quarter 2019. The comments below refer to the development in the third quarter 2019 compared to same period last year based on DNA's actual figures.

We saw a good development in the third quarter with 9% growth in mobile subscription and traffic revenues, driven by the increased subscription base and higher ARPU. The mobile subscription base increased by 10,000 during the quarter. Gross profit increased by 5% driven mainly by higher mobile subscription and traffic revenues.

EBITDA decreased slightly, as the increased gross profit was more than offset by non-recurring costs related to the ownership change, in addition to increased sales and marketing cost. Adjusted for non-recurring effects, EBITDA increased by 4%.

Capex was 17% lower than last year primarily due to reduced network investments. Spend was mainly related to 4G network capacity expansion and 5G readiness.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues mobile operation						
Subscription and traffic	535	-	535	-	-	535
Interconnect	43	-	43	-	-	43
Other mobile	11	-	11	-	-	11
Non-mobile	190	-	190	-	-	190
Total revenues mobile operation	**779**	**-**	**779**	**-**	**-**	**779**
Revenues fixed operation						
Telephony	19	-	19	-	-	19
Internet and TV	159	-	159	-	-	159
Other fixed	54	-	54	-	-	54
Total retail revenues	**233**	**-**	**233**	**-**	**-**	**233**
Wholesale	16	-	16	-	-	16
Total revenues fixed operation	**249**	**-**	**249**	**-**	**-**	**249**
Total revenues	**1 028**	**-**	**1 028**	**-**	**-**	**1 028**
Gross profit	730	-	730	-	-	730
Operating expenditures	441	-	441	-	-	423
EBITDA before other items	**290**	**-**	**290**	**-**	**-**	**307**
Operating profit	**55**	**-**	**55**	**-**	**-**	**54**
EBITDA before other items/ Total revenues (%)	28	-	28	-	-	29.9
Capex	144	-	144	-	-	
Statistics (monthly in NOK):						
Mobile ARPU - monthly (NOK)	162	-	158	-	-	
Fixed Telephony ARPU	423	-	423	-	-	
Fixed Internet ARPU	165	-	165	-	-	
TV ARPU	61	-	61	-	-	
No. of subscriptions - Change in quarter/Total (in thousands):						
Mobile	10	-	2 708	-	-	
Fixed telephony	(2)	-	34	-	-	
Fixed Internet	6	-	535	-	-	
Fixed TV	3	-	330	-	-	
Exchange rate (EUR)			9.7679	9.5878	9.5962	

dtac - Thailand

The positive development in Thailand continued, resulting in 2% growth in subscription and traffic revenues in September and stable for the full quarter. The targeted effort to strengthen network and customer experience yielded results, with network NPS improving and fewer customer complaints.

Opex increased by 8% as a result of higher operation and maintenance as well as energy cost mainly due to an expanded network, in addition to a reversal last year. EBITDA fell by 5% as a result of higher opex.

Reported operating profit increased by 1.0 NOK billion, as the EBITDA decline was more than compensated by lower depreciation following the transition from a concession to license model in September last year.

Capex spend was focused on improving both indoor and outdoor 3G and 4G network quality in order to further strengthen dtac's network quality. In total, dtac has now 25,000 sites on air.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues						
Subscription and traffic	4 467	3 858	12 615	11 691	15 570	12 615
Interconnect	160	144	453	439	587	453
Other mobile	25	36	104	146	186	104
Non-mobile	1 272	443	3 642	1 703	2 566	3 447
Total revenues	**5 925**	**4 481**	**16 813**	**13 979**	**18 908**	**16 619**
Gross profit	3 934	3 361	11 053	10 648	13 978	10 859
Operating expenditures	1 980	1 586	5 624	4 910	6 933	4 460
EBITDA before other items	**1 954**	**1 775**	**5 428**	**5 738**	**7 045**	**6 398**
Operating profit	**816**	**(155)**	**2 179**	**400**	**(1 225)**	**2 266**
EBITDA before other items/ Total revenues (%)	33.0	39.6	32.3	41.0	37.3	38.5
Capex	717	1 541	2 537	2 910	16 562	
No. of subscriptions – Change in quarter/Total (in thousands):	(217)	(313)	20 416	21 299	21 202	
ARPU – monthly (NOK)	75	62	70	62	62	
Exchange rate (THB)			0.2779	0.2497	0.2515	

Digi - Malaysia

In Malaysia, the third quarter showed continued improvement from previous quarters driven by growth in postpaid and prepaid internet. Subscription and traffic revenues declined by 1% due to continued reduction in prepaid voice, but the decline is narrowing. The market environment continued to be challenging with strong competition and unlimited data offers.

Digi reported cost increases due to the larger network and increased bad debt. However, this increase was offset by several non-recurring effects partly related to the efficiency agenda, and opex thus remained stable. The EBITDA margin remained stable at 47%.

Capex spend was focused on 4G network expansion and increased capacity to support the customers' growing data demand with a better network experience.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues						
Subscription and traffic	2 850	2 723	8 362	8 281	11 012	8 362
Interconnect	86	115	255	345	461	255
Other mobile	24	36	92	108	142	92
Non-mobile	362	344	1 002	1 029	1 534	1 002
Total revenues	**3 322**	**3 219**	**9 712**	**9 764**	**13 149**	**9 712**
Gross profit	2 583	2 479	7 689	7 534	10 041	7 699
Operating expenditures	1 031	977	3 057	2 925	3 930	2 459
EBITDA before other items	**1 552**	**1 502**	**4 632**	**4 610**	**6 111**	**5 241**
Operating profit	**1 120**	**1 111**	**3 301**	**3 306**	**4 410**	**3 333**
EBITDA before other items/ Total revenues (%)	46.7	46.7	47.7	47.2	46.5	54.0
Capex	255	292	1 148	1 190	1 649	
No. of subscriptions – Change in quarter/Total (in thousands):	(34)	144	11 330	11 803	11 660	
ARPU – monthly (NOK)	85	82	83	82	81	
Exchange rate (MYR)			2.1024	2.0122	2.0145	

Grameenphone - Bangladesh

In Bangladesh, subscription and traffic revenues increased by 7%. The revenue performance reflects tougher year-on-year comparables caused by the diminishing positive effect from the increased unified floor price from 14 August 2018, supplementary duty increase from 5% to 10% from 13 June 2019 and increased SIM tax from 1 July 2019. The subscription base increased by 0.4 million to 75.7 million, which is 6% higher than last year.

EBITDA increased by 5% driven by revenue growth and a healthy opex development despite pressure on commissions and regulatory costs.

On 22 July, the Bangladesh Telecommunication Regulatory Commission (BTRC) imposed further restrictions on importing telecom equipment and software as well as tariff approvals. This has delayed our roll-out plan in Bangladesh and resulted in lower capex.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues						
Subscription and traffic	3 584	3 135	10 399	8 687	11 937	10 399
Interconnect	177	184	514	586	751	514
Other mobile	5	5	12	9	13	12
Non-mobile	74	42	169	146	210	169
Total revenues	**3 840**	**3 367**	**11 093**	**9 428**	**12 910**	**11 093**
Gross profit	3 597	3 186	10 436	8 921	12 199	10 436
Operating expenditures	1 250	1 108	3 935	3 277	4 392	3 682
EBITDA before other items	**2 347**	**2 078**	**6 501**	**5 644**	**7 807**	**6 754**
Operating profit	**1 798**	**1 518**	**4 831**	**3 955**	**5 563**	**4 897**
EBITDA before other items/ Total revenues (%)	61.1	61.7	58.6	59.9	60.5	60.9
Capex	221	473	1 010	2 885	3 300	
Investments in businesses	-	-	-	(8)	(8)	
No. of subscriptions – Change in quarter/Total (in thousands):	388	2 243	75 717	71 413	72 732	
ARPU – monthly (NOK)	16	16	16	15	15	
Exchange rate (BDT)			0.1032	0.0959	0.0971	

Pakistan

In Pakistan, we saw significant revenue decline and a challenging macroeconomic development in the third quarter.

Subscription and traffic revenues decreased by 15% and EBITDA decreased by 50%. Adjusting for the reversal of SIM tax in the third quarter last year, subscription and traffic revenues decreased by 11% and EBITDA decreased by 31%. The negative revenue development was mainly caused by the disallowance of the service fee in the second quarter, but also lower ARPU. In addition, increased energy prices, network expansion and the devaluation of the local currency led to 8% higher opex.

On the positive side, the subscriber base increased by 0.5 million, and the subscription base is now at a level which is 3% higher than last year.

Telenor Pakistan's GSM license expired on 25 May, and the renewal fee was set to USD 449 million by Pakistan Telecommunication Authority (PTA). We claim that the renewal price should be USD 291 million, which is the same as prior renewals for other operators. In third quarter, we paid a deposit of USD 225 million of the requested license renewal fee awaiting a hearing in Islamabad High Court.

	Third quarter		First three quaters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues						
Subscription and traffic	1 158	1 637	3 950	4 633	6 107	3 950
Interconnect	203	311	606	862	1 109	606
Other mobile	4	5	15	15	21	15
Non-mobile	55	58	181	207	255	181
Total revenues	**1 420**	**2 011**	**4 752**	**5 717**	**7 492**	**4 752**
Gross profit	1 177	2 195	3 999	5 346	6 885	4 004
Operating expenditures	571	629	1 838	1 950	2 589	1 548
EBITDA before other items	**606**	**1 566**	**2 161**	**3 396**	**4 296**	**2 456**
Operating profit	**232**	**1 234**	**1 111**	**2 174**	**2 749**	**1 153**
EBITDA before other items/ Total revenues (%)	42.7	77.9	45.5	59.4	57.3	51.7
Capex	352	267	1 160	766	1 157	
No. of subscriptions – Change in quarter/Total (in thousands):	541	(309)	44 391	42 940	43 530	
ARPU – monthly (NOK)	10	14	11	14	14	
Exchange rate (PKR)			0.0589	0.0685	0.0671	

Myanmar

The strong demand for Telenor's services persists as demonstrated by a solid customer intake of 1.8 million this quarter, taking the subscription base to an all-time high level of 21.6 million. 60% of the customers are now active data users, with an average data consumption of 3.5 GB per month. A 20% increase in the subscription base resulted in a subscription and traffic revenue growth of 2%, softening the impact of price competition and reduced interconnect traffic.

The EBITDA margin was 33% when adjusting for the reversal of a performance bond obligation as Telenor met its roll-out commitments, and reversals of tower lease and energy related provisions.

Capex in the quarter was mainly related to the 4G network, site equipment and IT to support the growing business.

(NOK in millions)	Third quarter 2019	Third quarter 2018	First three quarters 2019	First three quarters 2018	Year 2018	First three quarters 2019 Post IFRS 16
Revenues						
Subscription and traffic	1 207	1 134	3 572	3 877	4 918	3 572
Interconnect	169	193	535	622	815	535
Other mobile	11	8	29	25	33	29
Non-mobile	9	11	24	34	45	24
Total revenues	**1 395**	**1 345**	**4 161**	**4 558**	**5 810**	**4 161**
Gross profit	1 187	1 123	3 519	3 874	4 911	3 659
Operating expenditures	627	668	1 940	2 025	2 732	1 397
EBITDA before other items	**560**	**455**	**1 579**	**1 849**	**2 179**	**2 262**
Operating profit	**108**	**84**	**394**	**770**	**727**	**491**
EBITDA before other items/ Total revenues (%)	40.1	33.8	37.9	40.6	37.5	54.4
Capex	117	200	440	643	1 050	
No. of subscriptions – Change in quarter/Total (in thousands):	1 765	(1 047)	21 571	18 036	17 232	
ARPU – monthly (NOK)	22	24	24	26	26	
Exchange rate (MMK)			0.0057	0.0058	0.0056	

Broadcast

The trends from previous quarters continued in Broadcast in the third quarter. The subscriber base in Canal Digital decreased by 6%, and was the main reason for the 7% reduction in revenues for Canal Digital. This was only partly offset by the continued strong growth in the maritime data segment in Telenor Satellite. Overall, there was a 5% reduction in revenues, somewhat softened by cost reductions, leading to a 4% reduction in EBITDA.

Capex in the quarter came down from previous quarters as the work related to the release of the 700 MHz frequency band is coming to an end.

(NOK in millions)	Third quarter 2019	Third quarter 2018	First three quarters 2019	First three quarters 2018	Year 2018	First three quarters 2019 Post IFRS 16
Revenues						
Canal Digital DTH	1 049	1 131	3 172	3 396	4 478	3 172
Satellite	242	230	716	668	901	716
Norkring	268	265	808	797	1 063	808
Other/Eliminations	(123)	(118)	(367)	(354)	(473)	(367)
Total revenues	**1 436**	**1 508**	**4 329**	**4 507**	**5 968**	**4 329**
Gross profil	**898**	**935**	**2 699**	**2 793**	**3 679**	**2 717**
Operating expenditures	**359**	**372**	**1 207**	**1 239**	**1 719**	**1 150**
EBITDA before other items						
Canal Digital DTH	196	240	531	672	799	531
Satellite	183	167	504	453	609	509
Norkring	160	158	464	441	576	535
Other/Eliminations	-	(2)	(7)	(12)	(24)	(8)
Total EBITDA before other items	**539**	**563**	**1 492**	**1 554**	**1 960**	**1 567**
Operating profit						
Canal Digital DTH	143	222	441	605	711	441
Satellite	119	100	287	240	326	288
Norkring	90	84	250	219	278	258
Other/Eliminations	-	(2)	(7)	(12)	(24)	(7)
Total operating profit	**352**	**404**	**972**	**1 051**	**1 291**	**980**
EBITDA before other items/ Total revenues (%)	37.5	37.3	34.5	34.5	32.8	36.2
Capex	73	97	250	246	384	
No. of subscriptions – Change in quarter/Total (in thousands):						
DTH TV	(11)	(11)	754	806	793	

Other units

The efficiency programme in staff units continued to yield results and operating expenses improved by NOK 0.1 billion excluding project costs related to DNA and Axiata merger discussions. However, reported EBITDA in Other Units declined by NOK 0.3 billion as revenues decreased due to reduced Group service fees this year and a positive non-recurring item in Global Wholesale in 2018, in addition to the effect of abovementioned project costs. Improved performance in Tapad impacted EBITDA positively.

	Third quarter		First three quarters		Year	First three quarters
(NOK in millions)	2019	2018	2019	2018	2018	2019 Post IFRS 16
Revenues						
Corporate Functions	636	789	2 083	2 523	3 321	2 083
Global Wholesale	575	935	1 817	2 390	3 055	1 817
Other Businesses	518	473	1 463	1 341	1 885	1 459
Eliminations	(42)	(45)	(129)	(136)	(197)	(129)
Total revenues	**1 687**	**2 152**	**5 233**	**6 118**	**8 064**	**5 229**
Operating expenditures	**1 095**	**1 052**	**3 258**	**3 638**	**5 034**	**3 184**
EBITDA before other items						
Corporate Functions	(144)	63	(156)	(56)	(224)	(111)
Global Wholesale	51	209	86	295	316	93
Other Businesses	83	58	137	(17)	7	157
Eliminations	1	2	5	4	5	3
Total EBITDA before other items	**(10)**	**332**	**73**	**226**	**103**	**142**
Operating profit (loss)						
Corporate Functions	(231)	(34)	(549)	(423)	(710)	(547)
Global Wholesale	40	193	55	246	251	55
Other Businesses	32	(25)	201	(216)	(260)	201
Eliminations	1	2	5	4	5	5
Total operating profit (loss)	**(159)**	**136**	**(288)**	**(388)**	**(715)**	**(287)**
Capex	88	60	243	219	339	
Investments in businesses	27 448	43	27 448	75	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 post IFRS 16 *Leases*[1] for 2019 and pre IFRS 16 *Leases* for 2018.

Specification of other income and other expenses

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
EBITDA before other income and other expenses	13 449	12 410	38 185	35 087	45 451
EBITDA before other income and other expenses (%)	45.6	45.0	44.9	42.7	41.2
Other income	7	-	47	-	-
Gains on disposals of fixed assets and operations	25	7	420	53	63
Losses on disposals of fixed assets and operations	(103)	(36)	(181)	(190)	(227)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(101)	(232)	(543)	(675)	(3 040)
EBITDA	**13 276**	**12 149**	**37 928**	**34 275**	**42 247**
EBITDA margin (%)	45.1	44.1	44.6	41.7	38.3

In the third quarter of 2019 Other income and other expenses consisted mainly of:
- Workforce reductions in Telenor Norway of NOK 30 million and Broadcast of NOK 39 million.
- Losses on disposals related to scrapping of fixed assets and disposals of right-of-use assets in Telenor Myanmar of NOK 51 million, dtac of NOK 23 million and Telenor Sweden of NOK 17 million.

In the third quarter for 2018, Other income and other expenses consisted mainly of:
- Workforce reductions in Telenor Norway of NOK 116 million and onerous contract of NOK 42 million related to office rental.

In the first three quarters of 2019, Other income and other expenses consisted mainly of:
- Workforce reductions and loss contracts in Corporate Functions of NOK 179 million, Telenor Norway of NOK 143 million, Broadcast of NOK 62 million, Grameenphone of NOK 57 million and Telenor Denmark of NOK 41 million.
- Gains on disposals related to a NOK 208 million gain on partial disposal of Digital Money Myanmar (Wave Money) which is recognised as a joint venture from March 2019, and a gain in Telenor Denmark of NOK 119 million related to sale and partial leaseback of assets.
- Losses on disposals related to scrapping of fixed assets and disposals of right-of-use assets in Telenor Myanmar of NOK 61 million, dtac of NOK 26 million, Telenor Sweden of NOK 24 million and Telenor Denmark of NOK 26 million.

In the first three quarters of 2018, Other income and other expenses consisted mainly of:
- Workforce reductions in Telenor Norway, Corporate Functions and Digi.
- Losses on disposals related to scrapping of fixed assets in Telenor Norway and Telenor Sweden.
- Gains on disposals are related to partial divestment of Video Communication AS from a subsidiary to an associated company.

Operating profit

- Reported operating profit increased by NOK 2.0 billion. This was mainly due to the end-of-concession related decrease in depreciations in Thailand. The positive impact of IFRS 16 on operating expenses of NOK 3.6 billion was almost fully offset by the corresponding IFRS 16 related increase in depreciations.

Financial items

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Financial income	385	407	1 114	972	1 209
Financial expenses	(1 407)	(677)	(3 810)	(1 732)	(2 484)
Net currency gains (losses)	(1 755)	126	(1 192)	261	(2 227)
Net change in fair value of financial instruments	86	(217)	94	452	342
Net gains (losses and impairment) of financial assets and liabilities	-	2	18	4	3
Net financial income (expenses)	**(2 692)**	**(359)**	**(3 775)**	**(43)**	**(3 158)**
Gross interest expenses related to interest bearing liabilities and lease liabilities	(1 274)	(569)	(3 426)	(1 470)	(2 131)
Net interest expenses	(1 120)	(449)	(2 990)	(1 200)	(1 652)

- Financial income in the first three quarters of 2019 includes dividend from VEON of NOK 375 million recognised in the first quarter and NOK 181 million recognised in the third quarter, compared to NOK 345 million and NOK 253 million, respectively, in 2018.
- Financial expenses in the first three quarters of 2019 include interest expenses on lease liabilities of NOK 1.0 billion post IFRS 16 implementation. The increase compared to the first three quarters of 2018 is also due to increased debt as well as change in currency composition of the Group's liabilities.
- Net currency losses are mainly caused by revaluation of Telenor ASA's debt in currencies other than NOK. In the third quarter of 2019, a weakening Norwegian Krone led to net currency losses of NOK 1.8 billion, mostly related to USD debt.
- Net change in fair value of financial instruments in the first three quarters of 2018 included a NOK 815 million gain on the financial derivative features of the bond exchangeable into VEON ADSs.

Taxes

- The effective tax rate increased from 31% for the first half year to 47% for the first three quarters of 2019, mainly due to the reassessment order disallowing deduction for the loss Telenor ASA suffered in 2012 due to settlement of bank guarantees related to its Indian subsidiary Unitech Wireless (please refer to note 7 for more information).
- The estimated underlying tax rate for the year is 31%, and the effective tax rate for the year 2019 is estimated to be around 43%.

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

Cash flow

- Net cash inflow from operating activities during the first three quarters of 2019 was NOK 27.2 billion, a decrease of NOK 1.0 billion compared to 2018. Adjusting for repayments of lease obligations of NOK 3.0 billion and the effect of disposed operations in CEE and India of NOK 1.7 billion, the underlying operating cash flow decreased by NOK 2.3 billion compared to 2018, mainly due to higher taxes and interest paid. Improvements in working capital were partly offset by the CAT settlement in Thailand of NOK 2.6 billion.
- Net cash outflow to investing activities during the first three quarters of 2019 was NOK 30.5 billion, an increase of NOK 37.9 billion compared to 2018. Excluding the effects from sale and purchases of businesses (sale of CEE and India in 2018 and acquisition of DNA in 2019) the increase is NOK 1.7 billion. This is explained by the licence deposit paid in Pakistan of NOK 2.1 billion, higher cash outflow related to purchases of PPE and intangibles of NOK 1.6 billion, partly offset by the sale of VEON shares of NOK 1.8 billion.
- Net cash inflow from financing activities during the first three quarters of 2019 was NOK 15.6 billion. This is explained by net proceeds from borrowings of NOK 31.2 billion, including repayments of lease obligations of NOK 2.8 billion which are now classified as financing activities under IFRS 16. Total Telenor ASA shareholder`s return was NOK 11.7 billion (dividends NOK 6.4 billion and share buyback NOK 5.3 billion) and dividend paid to non-controlling interest was NOK 3.0 billion.
- Cash and cash equivalents increased by NOK 12.8 billion during the first three quarters of 2019 to NOK 31.2 billion as of 30 September 2019.

Financial position

- During the first three quarters of 2019, total assets increased by NOK 77.3 billion to NOK 268.6 billion. This was mainly due to acquisition of DNA in Finland (see note 3) and IFRS 16 implementation effects of NOK 26.4 billion (see note 1).
- Total liabilities increased by NOK 90.4 billion to NOK 227.2 billion. This was mainly due to IFRS 16 implementation effects of NOK 26.6 billion (see note 1) issuance of EUR and SEK bonds resulting in net increase in interest-bearing debt (excluding leases) of NOK 42.0 billion, DNA Mandatory Tender Offer obligation of NOK 12.6 billion and liabilities of NOK 11.1 billion acquired in DNA.
- Net debt based on pre IFRS 16 increased by NOK 40.3 billion to NOK 79.8 billion. Interest-bearing liabilities excluding licence obligations increased by NOK 55.0 billion. This was partly offset by the increase in cash and cash equivalents of NOK 13.4 billion and fair value hedge instrument receivables of NOK 1.3 billion. The increase in net debt is mainly driven by the acquisition of DNA with a total purchase consideration of NOK 27.4 billion for 100% ownership and NOK 5.2 billion net interest-bearing liabilities acquired in DNA.
- Total equity decreased by NOK 13.1 billion to NOK 41.4 billion. This was mainly due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.1 billion, share buyback of NOK 5.2 billion and an effect related to the acquisition of DNA of NOK 1.0 billion. This was partly offset by positive net income from operations of NOK 8.6 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.

Risk 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, 22 October 2019
The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

	Third quarter		First three quarters		Year
(NOK in millions except earnings per share)	2019 Post IFRS 16	2018 Pre IFRS 16	2019 Post IFRS 16	2018 Pre IFRS 16	2018 Pre IFRS 16
Revenues	29 462	27 566	85 069	82 219	110 362
Costs of materials and traffic charges	(7 302)	(6 059)	(20 818)	(18 724)	(26 180)
Salaries and personnel costs	(2 588)	(2 396)	(8 006)	(7 930)	(10 723)
Other operating expenses	(6 123)	(6 701)	(18 060)	(20 478)	(28 008)
Other income	32	7	467	53	63
Other expenses	(204)	(268)	(724)	(865)	(3 267)
EBITDA	**13 276**	**12 149**	**37 928**	**34 275**	**42 247**
Depreciation and amortisation	(6 290)	(5 410)	(17 695)	(15 937)	(20 104)
Impairment losses	19	(19)	17	(20)	(56)
Operating profit	**7 005**	**6 720**	**20 249**	**18 318**	**22 088**
Share of net income from associated companies and joint ventures	(105)	8	(261)	19	(81)
Net financial income (expenses)	(2 692)	(359)	(3 775)	(43)	(3 158)
Profit before taxes	**4 208**	**6 369**	**16 213**	**18 294**	**18 848**
Income taxes	(4 027)	(2 011)	(7 700)	(5 529)	(6 179)
Profit from continuing operations	**181**	**4 358**	**8 514**	**12 765**	**12 668**
Profit (loss) from discontinued operations	9	2 262	40	3 132	4 773
Net income	**190**	**6 620**	**8 553**	**15 897**	**17 442**
Net income attributable to:					
Non-controlling interests	851	739	2 510	2 379	2 711
Equity holders of Telenor ASA	(661)	5 881	6 044	13 518	14 731
Earnings per share in NOK					
Basic from continuing operations	(0.47)	2.47	4.15	7.03	6.76
Diluted from continuing operations	(0.47)	2.47	4.15	7.03	6.76
Earnings per share in NOK					
Basic from discontinued operations	0.01	1.54	0.03	2.12	3.24
Diluted from discontinued operations	0.01	1.54	0.03	2.12	3.24
Earnings per share in NOK					
Basic from total operations	(0.46)	4.01	4.18	9.15	10.00
Diluted from total operations	(0.46)	4.01	4.18	9.15	10.00

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	Third quarter 2019 Post IFRS 16	Third quarter 2018 Pre IFRS 16	First three quarters 2019 Post IFRS 16	First three quarters 2018 Pre IFRS 16	Year 2018 Pre IFRS 16
Net income	**190**	**6 620**	**8 553**	**15 897**	**17 442**
Translation differences on net investment in foreign operations	1 874	(466)	133	(4 015)	(1 175)
Amount reclassified from other comprehensive income to income statement on partial disposal	-	1 646	(9)	1 482	1 584
Net gain (loss) on hedge of net investment	(386)	(53)	150	1 358	316
Income taxes	85	12	(33)	(312)	(73)
Amount reclassified from other comprehensive income to income statement on partial disposal	-	1 090	-	1 090	1 090
Income taxes reclassified	-	(298)	-	(298)	(298)
Share of other comprehensive income (loss) of associated companies and joint ventures	-	-	-	-	2
Amount reclassified from other comprehensive income to income statement on disposal	-	(2)	-	(2)	(2)
Items that may be reclassified subsequently to income statement	**1 573**	**1 931**	**241**	**(697)**	**1 445**
Net gain (loss) on equity investments	(288)	1 102	72	(1 977)	(2 809)
Remeasurement of defined benefit pension plans	(323)	262	(491)	590	(323)
Income taxes	71	(60)	108	(126)	84
Items that will not be reclassified to income statement	**(540)**	**1 304**	**(311)**	**(1 513)**	**(3 047)**
Other comprehensive income (loss) for the period, net of tax	**1 033**	**3 235**	**(70)**	**(2 210)**	**(1 602)**
Total comprehensive income	**1 223**	**9 854**	**8 483**	**13 687**	**15 839**
Total comprehensive income attributable to:					
Non-controlling interests	1 172	775	2 820	2 338	2 939
Equity holders of Telenor ASA	51	9 079	5 663	11 349	12 900

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

Consolidated statement of financial position

Telenor Group

(NOK in millions)	30 September 2019 Post IFRS 16	31 December 2018 Pre IFRS 16	30 September 2018 Pre IFRS 16
Deferred tax assets	2 585	2 699	2 023
Goodwill	31 036	14 403	13 730
Intangible assets	11 528	36 371	22 419
Right-of-use assets	59 444	-	-
Property, plant and equipment	81 331	73 361	69 019
Associated companies and joint ventures	2 260	2 382	508
Other non-current assets	18 094	17 792	17 363
Total non-current assets	**206 279**	**147 009**	**125 061**
Prepaid taxes	1 675	804	1 079
Inventories	1 358	1 703	995
Trade and other receivables	26 690	21 685	21 505
Other current financial assets	670	678	911
Assets classified as held for sale	-	902	4 297
Cash and cash equivalents	31 915	18 492	32 706
Total current assets	**62 308**	**44 263**	**61 493**
Total assets	**268 587**	**191 272**	**186 553**
Equity attributable to equity holders of Telenor ASA	36 602	49 446	48 526
Non-controlling interests	4 754	5 009	4 797
Total equity	**41 356**	**54 455**	**53 323**
Non-current lease liabilities	35 574	805	772
Non-current interest-bearing liabilities	84 939	55 120	43 694
Non-current non-interest-bearing liabilities	2 210	1 809	1 254
Deferred tax liabilities	4 978	3 322	3 953
Pension obligations	3 358	2 819	1 902
Provisions and obligations	5 758	5 485	5 217
Total non-current liabilities	**136 817**	**69 361**	**56 792**
Current lease liabilities	5 525	54	48
Current interest-bearing liabilities	29 148	15 687	15 482
Trade and other payables	36 423	37 728	34 957
Dividend payable	5 781	-	12 144
Current tax payables	8 154	5 541	5 564
Current non-interest-bearing liabilities	2 514	1 666	1 516
Provisions and obligations	1 029	3 811	1 048
Liabilities classified as held for sale	1 837	2 970	5 679
Total current liabilities	**90 413**	**67 456**	**76 438**
Total equity and liabilities	**268 587**	**191 272**	**186 553**

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

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	Third quarter 2019 Post IFRS 16	Third quarter 2018 Pre IFRS 16	First three quarters 2019 Post IFRS 16	First three quarters 2018 Pre IFRS 16	Year 2018 Pre IFRS 16
Profit before taxes from total operations[1]	4 217	8 690	16 253	21 676	23 867
Income taxes paid	(1 746)	(1 404)	(6 213)	(5 169)	(6 599)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(31)	(1 524)	(353)	(2 079)	(3 672)
Depreciation, amortisation and impairment losses	6 270	5 427	17 679	16 605	20 846
Loss (profit) from associated companies and joint ventures	105	(14)	261	(25)	83
Dividends received from associated companies	-	16	63	28	28
Currency (gains) losses not related to operating activities	1 783	(227)	966	(511)	2 512
Changes in working capital and other	1 088	(143)	(1 456)	(2 339)	(670)
Net cash flow from operating activities	**11 685**	**10 822**	**27 199**	**28 185**	**36 394**
Purchases of property, plant and equipment (PPE) and intangible assets	(6 460)	(4 589)	(17 339)	(13 676)	(21 011)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(14 472)	-	(14 472)	(13)	(37)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	8	21 999	(610)	21 179	20 494
Proceeds from sale and purchases of other investments	27	(93)	1 903	(69)	(60)
Net cash flow from investing activities	**(20 896)**	**17 317**	**(30 518)**	**7 421**	**(613)**
Proceeds from and repayments of borrowings	4 611	(12 219)	34 229	(9 703)	(11 424)
Payments on licence obligations	(463)	(317)	(843)	(727)	(740)
Payment of lease obligations	(657)	(11)	(3 016)	(72)	(80)
Net payments on supply chain financing	(68)	27	(108)	(64)	43
Purchase of treasury shares	(4 266)	(1 313)	(5 261)	(5 067)	(5 809)
Dividends paid to and purchases of shares from non-controlling interests	(1 261)	(1 305)	(2 970)	(2 685)	(3 095)
Dividends paid to equity holders of Telenor ASA	-	-	(6 416)	(6 248)	(18 381)
Net cash flow from financing activities	**(2 105)**	**(15 139)**	**15 615**	**(24 567)**	**(39 487)**
Effects of exchange rate changes on cash and cash equivalents	773	(32)	547	(379)	(284)
Net change in cash and cash equivalents	**(10 542)**	**12 968**	**12 843**	**10 660**	**(3 990)**
Cash and cash equivalents at the beginning of the period	41 714	20 010	18 328	22 318	22 318
Cash and cash equivalents at the end of the period[2]	**31 171**	**32 978**	**31 171**	**32 978**	**18 328**
Of which cash and cash equivalents in assets held for sale at the end of the period	-	803	-	803	407
Cash and cash equivalents in continuing operations at the end of the period	**31 171**	**32 175**	**31 171**	**32 175**	**17 921**
[1] Profit before taxes from total operations consists of:					
Profit before taxes from continuing operations	4 208	6 369	16 213	18 294	18 848
Profit before taxes from discontinued operations	9	2 321	40	3 382	5 019
Profit before taxes from total operations	4 217	8 690	16 253	21 676	23 867

[2] As of 30 September 2019, restricted cash was NOK 19 million, while as of 30 September 2018, restricted cash was NOK 443 million.

Cash flow from discontinued operations

(NOK in millions)	Third quarter 2019 Post IFRS 16	Third quarter 2018 Pre IFRS 16	First three quarters 2019 Post IFRS 16	First three quarters 2018 Pre IFRS 16	Year 2018 Pre IFRS 16
Net cash flow from operating activities	-	25	34	1 376	2 001
Net cash flow from investing activities	-	21 663	(720)	20 395	19 701
Net cash flow from financing activities	-	2	-	(243)	(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

	Attributable to equity holders of the parent						
(NOK in millions)	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	-	-	6 044	-	6 044	2 510	8 553
Other comprehensive income for the period	-	(311)	-	(69)	(380)	310	(70)
Total comprehensive income for the period	**-**	**(311)**	**6 044**	**(69)**	**5 663**	**2 820**	**8 483**
Disposal of VEON shares	-	1 568	(1 568)	-	-	-	-
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	658	658
Transactions with non-controlling interests	-	-	(979)	-	(979)	(706)	(1 685)
Dividends	-	-	(12 124)	-	(12 124)	(2 948)	(15 073)
Share buy back	(186)	(4 976)	-	-	(5 161)	-	(5 161)
Share - based payment, exercise of share options and distribution of shares	-	(100)	-	-	(100)	-	(100)
Equity as of 30 September 2019	**8 632**	**(19 448)**	**49 651**	**(2 238)**	**36 602**	**4 754**	**41 356**

	Attributable to equity holders of the parent						
(NOK in millions)	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	-	-	13 518	-	13 518	2 379	15 897
Other comprehensive income for the period	-	(1 535)	-	(635)	(2 169)	(41)	(2 210)
Total comprehensive income for the period	**-**	**(1 535)**	**13 518**	**(635)**	**11 349**	**2 338**	**13 687**
Transactions with non-controlling interests	-	-	-	-	-	5	5
Dividends	-	-	(18 393)	-	(18 393)	(2 685)	(21 077)
Share buy back	(181)	(4 909)	-	-	(5 091)	-	(5 091)
Sale of shares, share issue, and share options to employees	-	(202)	-	-	(202)	-	(202)
Equity as of 30 September 2018	**8 844**	**(13 488)**	**57 201**	**(4 033)**	**48 526**	**4 797**	**53 324**

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 quarters ending 30 September 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:

- Low-value leases, meaning mainly leased office equipment, are not capitalised.
- Leases with a lease term of 12 months or shorter are not capitalised (short-term leases), except for leases of spectrum and licenses.
- Intangible assets, such as spectrum and licenses, are recognised as leases when the Group has exclusive right to use the assets.
- 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.
- 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 quarters of 2019.

Consolidated Income Statement

(NOK in millions)	Third quarter 2019 Post IFRS 16	Impact IFRS 16	Third quarter 2019 Pre IFRS 16	First three quarters 2019 Post IFRS 16	Impact IFRS 16	First three quarters 2019 Pre IFRS 16
Revenues	29 462	68	29 530	85 069	198	85 267
Cost of materials and traffic charges	(7 302)	(129)	(7 430)	(20 818)	(386)	(21 204)
Salaries and personnel costs	(2 588)	-	(2 589)	(8 006)	(1)	(8 006)
Other operating expenses	(6 123)	(1 296)	(7 419)	(18 060)	(3 642)	(21 702)
Other income	32	-	32	467	114	581
Other expenses	(204)	(12)	(216)	(724)	(10)	(734)
EBITDA	**13 276**	**(1 369)**	**11 907**	**37 928**	**(3 728)**	**34 200**
Depreciation and amortisation	(6 290)	1 222	(5 068)	(17 695)	3 493	(14 202)
Impairment losses	19	-	19	17	-	17
Operating profit	**7 005**	**(147)**	**6 858**	**20 249**	**(235)**	**20 014**
Share of net income from associated comapnies and joint ventures	(105)	-	(105)	(261)	-	(261)
Net financial income (expenses)	(2 692)	399	(2 293)	(3 775)	958	(2 817)
Profit before taxes	**4 208**	**252**	**4 460**	**16 213**	**723**	**16 936**
Income taxes	(4 027)	(81)	(4 108)	(7 700)	(221)	(7 921)
Profit from Continuing operations	**181**	**171**	**352**	**8 514**	**502**	**9 015**
Profit (loss) from discontinued operations	9	-	9	40	-	40
Net income	**190**	**171**	**361**	**8 553**	**502**	**9 055**
Net income attributable to:						
Non-controlling interests	851	(54)	797	2 510	4	2 514
Equity holders of Telenor ASA	(661)	225	(436)	6 044	497	6 541
Earnings per share in NOK						
Basic from continuing operations	(0.47)	0.16	(0.31)	4.15	0.34	4.50
Diluted from continuing operations	(0.47)	0.16	(0.31)	4.15	0.34	4.50
Earnings per share in NOK						
Basic from discontinuing operations	0.01	-	0.01	0.03	-	0.03
Diluted from discontinuing operations	0.01	-	0.01	0.03	-	0.03
Earnings per share in NOK						
Basic from total operations	(0.46)	0.16	(0.30)	4.18	0.34	4.52
Diluted from total operations	(0.46)	0.16	(0.30)	4.18	0.34	4.52

The net effect on EBITDA 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 amortisation 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

	Opening balance			30 September 2019		
(NOK in millions)	31 December 2018 Pre IFRS 16	Impact IFRS 16	1 January 2019	30 September 2019 Pre IFRS 16	Impact IFRS 16	30 September 2019 Post IFRS 16
Deferred tax assets	2 699	56	2 755	2 526	59	2 585
Goodwill	14 403	-	14 403	31 036	-	31 036
Intangible assets	36 371	(30 116)	6 255	43 802	(32 274)	11 528
Right-of use assets	-	57 912	57 912	(179)	59 623	59 444
Property, plant and equipment	73 361	(1 544)	71 817	82 738	(1 407)	81 331
Associated companies and joint ventures	2 382	-	2 382	2 260	-	2 260
Other non-current assets	17 792	903	18 695	17 304	791	18 094
Total non-current assets	**147 009**	**27 211**	**174 220**	**179 487**	**26 792**	**206 279**
Prepaid taxes	804	-	804	1 675	-	1 675
Inventories	1 703	-	1 703	1 358	-	1 358
Trade and other receivables	21 685	(840)	20 846	27 479	(790)	26 690
Other current financial assets	678	-	678	670	-	670
Assets classified as held for sale	902	-	902	-	-	-
Cash and cash equivalents	18 492	-	18 492	31 915	-	31 915
Total current assets	**44 263**	**(840)**	**43 424**	**63 097**	**(790)**	**62 308**
Total assets	**191 272**	**26 372**	**217 644**	**242 584**	**26 003**	**268 587**
Equity attributable to equity holders of Telenor ASA	49 446	(146)	49 300	37 289	(687)	36 602
Non-controlling interests	5 009	(79)	4 930	4 846	(92)	4 754
Total equity	**54 455**	**(225)**	**54 230**	**42 135**	**(779)**	**41 356**
Non-current lease liabilities	805	33 699	34 504	643	34 932	35 574
Non-current interest-bearing liabilities	55 120	(10 971)	44 150	96 759	(11 820)	84 939
Non-current non-interest-bearing liabilities	1 809	(53)	1 756	2 291	(81)	2 210
Deferred tax liabilities	3 322	-	3 322	5 012	(35)	4 978
Pension obligations	2 819	-	2 819	3 358	-	3 358
Provisions and obligations	5 485	-	5 485	5 762	(4)	5 758
Total non-current liabilities	**69 361**	**22 675**	**92 036**	**113 825**	**22 992**	**136 817**
Current lease liabilities	54	5 386	5 440	54	5 471	5 525
Current interest-bearing liabilities	15 687	(876)	14 811	29 961	(813)	29 148
Trade and other payables	37 728	(588)	37 140	37 052	(629)	36 423
Dividend payable	-	-	-	5 781	-	5 781
Current tax payables	5 541	-	5 541	8 345	(191)	8 154
Current non-interest-bearing liabilities	1 666	-	1 666	2 514	-	2 514
Provisions and obligations	3 811	-	3 811	1 078	(49)	1 029
Liabilities classified as held for sale	2 970	-	2 970	1 837	-	1 837
Total current liabilities	**67 456**	**3 922**	**71 378**	**86 624**	**3 790**	**90 413**
Total equity and liabilities	**191 272**	**26 372**	**217 644**	**242 584**	**26 003**	**268 587**

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)	Third quarter 2019 Post IFRS 16	Impact IFRS 16	Third quarter 2019 Pre IFRS 16	First three quarters 2019 Post IFRS 16	Impact IFRS 16	First three quarters 2019 Pre IFRS 16
Profit before taxes from total operations	4 217	252	4 469	16 253	723	16 976
Income taxes paid	(1 746)	-	(1 746)	(6 213)	-	(6 213)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(31)	(35)	(66)	(353)	(148)	(501)
Depreciation, amortization and impairment losses	6 270	(1 222)	5 048	17 679	(3 493)	14 186
Loss (profit) from associated companies and joint ventures	105	-	105	261	-	261
Dividends received from associated companies	-	-	-	63	-	63
Currency (gains) losses not related to operating activities	1 783	(26)	1 757	966	(6)	960
Change in working capital and other	1 088	362	1 450	(1 456)	(39)	(1 495)
Net cash flows from operating activities	**11 685**	**(668)**	**11 017**	**27 199**	**(2 962)**	**24 237**
Purchases of property, plant and equipment (PPE) and intangible assets	(6 460)	14	(6 446)	(17 339)	59	(17 280)
Purchases of subsidiaries and associated companies, net of cash acquired	(14 472)	-	(14 472)	(14 472)	-	(14 472)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	8	-	8	(610)	-	(610)
Proceeds from sale and purchases of other investments	27	-	27	1 903	-	1 903
Net cash flows from investing activities	**(20 896)**	**14**	**(20 882)**	**(30 518)**	**59**	**(30 459)**
Proceeds from and repayments of borrowings	4 611	-	4 611	34 229	-	34 229
Payments on licence obligations	(463)	15	(447)	(843)	63	(779)
Payment of lease liabilities	(657)	640	(17)	(3 016)	2 841	(176)
Payments on supply chain financing	(68)	-	(68)	(108)	-	(108)
Purchase of treasury shares	(4 266)	-	(4 266)	(5 261)	-	(5 261)
Dividends paid to and purchases of shares from non-controlling interests	(1 262)	-	(1 262)	(2 970)	-	(2 970)
Dividends paid to equity holders of Telenor ASA	-	-	-	(6 416)	-	(6 416)
Net cash flows from financing activities	**(2 105)**	**655**	**(1 449)**	**15 615**	**2 904**	**18 519**

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), except for leases of spectrum and licenses. 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 Provisions, 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 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 purposes. 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 9. For further information on the categories, please refer to note 6 in the Group's Annual Report 2018.

First three quarters 2019

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Type of good/ services													
Mobile operation	**11 356**	**6 269**	**3 225**	**776**	**15 051**	**9 712**	**10 974**	**4 733**	**4 142**	**-**	**-**	**(678)**	**65 559**
Services	9 895	5 111	2 509	610	13 445	8 972	10 959	4 640	4 142	-	-	(677)	59 606
Goods	1 461	1 158	716	165	1 606	739	15	93	-	-	-	(1)	5 953
Fixed operation	**7 561**	**2 566**	**366**	**249**	**-**	**-**	**-**	**-**	**16**	**-**	**1 799**	**(609)**	**11 947**
Services	7 178	2 529	366	249	-	-	-	-	16	-	1 799	(548)	11 588
Goods	383	37	-	-	-	-	-	-	-	-	-	(61)	359
Satellite and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4 242**	**-**	**(173)**	**4 069**
Services	-	-	-		-	-	-	-	-	4 144	-	(173)	3 971
Goods	-	-	-	-	-	-	-	-	-	98	-	-	98
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3 117**	**(1 655)**	**1 462**
Services	-	-	-	-	-	-	-	-	-	-	3 117	(1 655)	1 462
Goods	-	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**18 917**	**8 836**	**3 591**	**1 024**	**15 051**	**9 712**	**10 974**	**4 733**	**4 158**	**4 242**	**4 915**	**(3 114)**	**83 038**
Type of mobile subscription												-	
Contract	8 592	4 555	2 283	557	8 131	6 231	458	141	31	-	-	(60)	30 920
Prepaid	126	114	-	21	4 937	2 386	10 454	4 415	4 076	-	-	(230)	26 299
Other[1]	1 177	443	226	32	377	355	47	84	35	-	-	(388)	2 387
Sum services in Mobile operation	**9 895**	**5 111**	**2 509**	**610**	**13 445**	**8 972**	**10 959**	**4 640**	**4 142**	**-**	**-**	**(677)**	**59 606**
Timing of revenue recognition													
Over time	17 073	7 641	2 875	859	13 445	8 972	10 959	4 640	4 158	4 144	4 915	(3 053)	76 627
At a point in time	1 844	1 195	716	165	1 606	739	15	93	-	98	-	(61)	6 411
Total revenue from contract with customers	**18 917**	**8 836**	**3 591**	**1 024**	**15 051**	**9 712**	**10 974**	**4 733**	**4 158**	**4 242**	**4 915**	**(3 114)**	**83 038**
Other revenues[2]	-	133	18	4	1 568	-	120	19	3	88	314	(235)	2 031
Total revenue	**18 917**	**8 969**	**3 609**	**1 028**	**16 619**	**9 712**	**11 093**	**4 752**	**4 161**	**4 329**	**5 229**	**(3 350)**	**85 069**
IFRS 16 effects[3]	-	-	-	-	194	-	-	-	-	-	3	-	198
Segment revenue as presented in note 9	**18 917**	**8 969**	**3 609**	**1 028**	**16 813**	**9 712**	**11 093**	**4 752**	**4 161**	**4 329**	**5 233**	**(3 350)**	**85 267**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 31.
[2] Other revenues include mainly lease revenue.
[3] Please refer to note 1.

Third quarter 2019

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Type of good/ services													
Mobile operation	**3 882**	**2 090**	**1 079**	**776**	**5 248**	**3 322**	**3 802**	**1 414**	**1 387**	**-**	**-**	**(237)**	**22 763**
Services	3 372	1 698	839	610	4 754	3 048	3 796	1 386	1 387	-	-	(237)	20 653
Goods	510	392	240	165	494	274	6	28	-	-	-	-	2 109
Fixed operation	**2 495**	**851**	**119**	**249**	**-**	**-**	**-**	**-**	**7**	**-**	**568**	**(230)**	**4 058**
Services	2 390	840	119	249	-	-	-	-	7	-	568	(206)	3 967
Goods	105	11	-	-	-	-	-	-	-	-	-	(25)	92
Satellite and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 402**	**-**	**(57)**	**1 345**
Services	-	-	-	-	-	-	-	-	-	1 366	-	(83)	1 283
Goods	-	-	-	-	-	-	-	-	-	36	-	25	61
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 016**	**(487)**	**529**
Services	-	-	-	-	-	-	-	-	-	-	1 016	(487)	529
Goods	-	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**6 377**	**2 941**	**1 199**	**1 024**	**5 248**	**3 322**	**3 802**	**1 414**	**1 394**	**1 402**	**1 583**	**(1 012)**	**28 694**
Type of mobile subscription													
Contract	2 953	1 505	765	557	2 890	2 152	162	47	11	-	-	(18)	11 024
Prepaid	41	41	-	21	1 738	784	3 599	1 314	1 365	-	-	(90)	8 813
Other[1]	378	151	74	32	127	111	35	25	11	-	-	(129)	817
Sum services in Mobile operation	**3 372**	**1 698**	**839**	**610**	**4 754**	**3 048**	**3 796**	**1 386**	**1 387**	**-**	**-**	**(237)**	**20 653**
Timing of revenue recognition													
Over time	5 762	2 537	958	859	4 754	3 048	3 796	1 386	1 394	1 366	1 583	(1 012)	26 432
At a point in time	615	404	240	165	494	274	6	28	-	36	-	-	2 262
Total revenue from contract with customers	**6 377**	**2 941**	**1 199**	**1 024**	**5 248**	**3 322**	**3 802**	**1 414**	**1 394**	**1 402**	**1 583**	**(1 011)**	**28 694**
Other revenues[2]	-	44	7	4	610	-	38	6	1	34	103	(78)	768
Total revenue	**6 377**	**2 984**	**1 205**	**1 028**	**5 857**	**3 322**	**3 840**	**1 420**	**1 395**	**1 436**	**1 686**	**(1 089)**	**29 462**
IFRS 16 effects[3]	-	-	-	-	67	-	-	-	-	-	1	-	68
Segment revenue as presented in note 9	**6 377**	**2 984**	**1 205**	**1 028**	**5 925**	**3 322**	**3 840**	**1 420**	**1 395**	**1 436**	**1 687**	**(1 089)**	**29 530**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 31.
[2] Other revenues include mainly lease revenue.
[3] Please refer to note 1.

First three quarters 2018

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Type of good/ services													
Mobile operation	**11 395**	**6 609**	**3 360**	**-**	**13 979**	**9 764**	**9 428**	**5 717**	**4 556**	**-**	**-**	**(743)**	**64 065**
Services	9 826	5 373	2 618	-	12 522	8 920	9 428	5 621	4 551	-	-	(743)	58 118
Goods	1 568	1 236	742	-	1 457	844	-	96	5	-	-	-	5 947
Fixed operation	**7 899**	**2 595**	**387**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**2 382**	**(840)**	**12 424**
Services	7 397	2 543	387	-	-	-	-	-	2	-	2 382	(840)	11 871
Goods	502	52	-	-	-	-	-	-	-	-	-	-	553
Satellite and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4 507**	**-**	**(165)**	**4 342**
Services	-	-	-	-	-	-	-	-	-	4 378	-	(165)	4 214
Goods	-	-	-	-	-	-	-	-	-	128	-	-	128
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3 736**	**(2 348)**	**1 388**
Services	-	-	-	-	-	-	-	-	-	-	3 736	(2 348)	1 388
Goods	-	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**19 293**	**9 204**	**3 747**	**-**	**13 979**	**9 764**	**9 428**	**5 717**	**4 558**	**4 507**	**6 118**	**(4 096)**	**82 219**
Type of mobile subscription													
Contract	8 453	4 726	2 402	-	6 950	3 414	350	151	23	-	-	(82)	26 387
Prepaid	143	110	-	-	5 180	5 212	8 923	5 344	4 477	-	-	(290)	29 098
Other[1)]	1 230	537	216	-	392	293	155	125	52	-	-	(370)	2 632
Sum services in Mobile operation	**9 826**	**5 373**	**2 618**	**-**	**12 522**	**8 920**	**9 428**	**5 621**	**4 551**	**-**	**-**	**(743)**	**58 118**
Timing of revenue recognition													
Over time	17 223	7 916	3 005	-	12 522	8 920	9 428	5 621	4 553	4 378	6 118	(4 096)	75 590
At a point in time	2 070	1 287	742	-	1 457	844	-	96	5	128	-	-	6 629
Total revenue	**19 293**	**9 204**	**3 747**	**-**	**13 979**	**9 764**	**9 428**	**5 717**	**4 558**	**4 507**	**6 118**	**(4 096)**	**82 219**
Segment revenue as presented in note 9	**19 293**	**9 204**	**3 747**	**-**	**13 979**	**9 764**	**9 428**	**5 717**	**4 558**	**4 507**	**6 118**	**(4 096)**	**82 219**

[1)] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 31.

Third quarter 2018

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Broadcast	Other units	Eliminations	Group
Type of good/ services													
Mobile operation	**3 950**	**2 130**	**1 148**	**-**	**4 481**	**3 219**	**3 368**	**2 011**	**1 343**	**-**	**-**	**(279)**	**21 370**
Services	3 374	1 769	883	-	4 146	2 951	3 368	1 987	1 338	-	-	(279)	19 537
Goods	576	361	265	-	335	268	-	23	5	-	-	-	1 832
Fixed operation	**2 592**	**836**	**126**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**921**	**(247)**	**4 228**
Services	2 432	823	126	-	-	-	-	-	1	-	921	(247)	4 055
Goods	160	13	-	-	-	-	-	-	-	-	-	-	173
Satellite and TV distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 508**	**-**	**(51)**	**1 457**
Services	-	-	-	-	-	-	-	-	-	1 458	-	(51)	1 407
Goods	-	-	-	-	-	-	-	-	-	50	-	-	50
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 232**	**(721)**	**511**
Services	-	-	-	-	-	-	-	-	-	-	1 232	(721)	511
Goods	-	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**6 541**	**2 965**	**1 274**	**-**	**4 481**	**3 219**	**3 368**	**2 011**	**1 345**	**1 508**	**2 152**	**(1 298)**	**27 566**
Type of mobile subscription													
Contract	2 869	1 548	808	-	2 360	1 160	126	50	9	-	-	(8)	8 922
Prepaid	52	35	-	-	1 642	1 679	3 193	1 898	1 318	-	-	(106)	9 711
Other[1)]	453	186	74	-	145	112	48	40	12	-	-	(165)	904
Sum services in Mobile operation	**3 374**	**1 769**	**883**	**-**	**4 146**	**2 951**	**3 368**	**1 987**	**1 338**	**-**	**-**	**(279)**	**19 537**
Timing of revenue recognition													
Over time	5 806	2 591	1 009	-	4 146	2 951	3 368	1 987	1 340	1 458	2 152	(1 298)	25 510
At a point in time	736	374	265	-	335	268	-	23	5	50	-	-	2 056
Total revenue	**6 541**	**2 965**	**1 274**	**-**	**4 481**	**3 219**	**3 367**	**2 011**	**1 345**	**1 508**	**2 152**	**(1 298)**	**27 566**
Segment revenue as presented in note 9	**6 542**	**2 965**	**1 274**	**-**	**4 481**	**3 219**	**3 367**	**2 011**	**1 345**	**1 508**	**2 152**	**(1 298)**	**27 566**

[1)] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 31.

Note 3 – Business combinations, discontinued operations and assets held for sale

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. Following approval by the general meetings of the sellers and required regulatory approvals, the transaction was completed 21 August 2019. As a result of the transaction, Telenor launched a mandatory public tender offer (MTO) on 29 August 2019 for the remaining outstanding shares in DNA at a cash consideration of EUR 20.90 per share. The offer period ended 26 September 2019, after which Telenor obtained approx. 95% of the shares and voting interests in DNA. Upon expiry of the MTO, Telenor extended the tender offer period until 10 October 2019, after which Telenor holds close to 98% of the shares and voting rights.

DNA is an integrated fixed and mobile telecom operator based in Helsinki. The company is the third largest mobile operator in Finland, with 2.7 million subscribers, 29% market share and 1 600 employees. In addition, DNA is the second largest fixed broadband provider and the largest cable TV provider in Finland. DNA complements Telenor's operations in the Nordic region, and the transaction is expected to generate material synergies within procurement, roaming, and best practice sharing.

IFRS does not specifically address the accounting for a sequence of transactions that begins with an acquirer gaining control over another entity, followed by acquiring additional ownership interests shortly thereafter. Since the MTO arose from the same transactions in which Telenor gained control over DNA, Telenor has accounted for the initial acquisition of 54% and the acquisition of the additional 41% as one transaction as of the acquisition date 21 August 2019. The total transaction price for 95% of the shares amounts to EUR 2.6 billion (NOK 25.9 billion).

According to the Limited Liability Companies Act in Finland, the remaining minority shareholders (5% as of 30 September 2019) have a right to demand their shares redeemed and Telenor has a right to redeem these shares at the fair price. Following the extended tender offer, and the rights held by Telenor and the non-controlling interests to redeem the remaining shares, it has been assessed that Telenor has present ownership interest over the 5% of the shares in DNA held by the non-controlling interests as at 30 September 2019. Therefore, no non-controlling interest remains in the statement of financial position as of 30 September 2019. A liability of NOK 1.5 billion has been recorded based on the same price per share as in the MTO, to reflect the redemption amount. Transaction costs of approximately NOK 93 million have been recognised as other operating expenses.

The purchase price allocation, which was performed with assistance from third-party valuation experts, has been determined to be preliminary pending upon the final assessment of identifiable assets. The preliminary fair values of the identifiable assets and liabilities of the business as at the acquisition date 21 August 2019 were:

Preliminary fair values as of acquisition date	
Assets	
Property, plant & equipment	8 589
Spectrum licenses	2 589
Customer base	1 533
Brands	3 025
Other Right of Use assets	793
Other intangibles	541
Trade receivables	2 771
Other assets	1 009
Bank & Cash	351
Total assets	**21 202**
Liabilities	
Deferred tax	(2 386)
Non current liabilities	(4 889)
Current liabilities	(3 871)
Total liabilities	**(11 146)**
Net identifiable assets	**10 056**
Goodwill	16 528
NCI	(658)
Total consideration for the shares	**25 926**
Of which cash	14 832
Of which liability	11 094

The goodwill of NOK 16.5 billion comprises the value of expected synergies arising from the acquisition, assembled workforce, and deferred tax on excess values. None of the goodwill is expected to be deductible for income tax purposes.

For the period between the date of acquisition and 30 September 2019, DNA contributed NOK 1 028 million to Telenor Group's revenues and NOK 44 million to profit before tax. If the business combination had taken place at the beginning of the year, the Group's revenues would have been NOK 90 890 million and profit before tax for the Group would have been NOK 16 947 million.

Telenor and Axiata – discussions to merge Asian operations

Telenor Group and Axiata Group Berhad have been in discussions regarding a potential non-cash combination of their telecom and infrastructure assets in Asia (MergeCo). On 6 September 2019, Telenor announced that the parties had mutually agreed to end the discussions due to complexities involved in the proposed transaction.

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 groups.

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:

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Revenue	-	1 347	18	8 747	8 957
EBITDA	-	540	(3)	2 161	2 039
EBIT	-	540	(3)	1 722	1 599
Profit before tax	**9**	**542**	6	**1 603**	**1 507**
Income taxes	-	(16)	-	(206)	(202)
Profit after tax	**9**	**526**	**6**	**1 397**	**1 305**
Gain (loss) on disposal	-	1 736	33	1 736	3 468

In the statement of financial position as of 30 September 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 closing date of the 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 exchangeable into VEON ADSs. The bonds were repaid with cash on 20 September 2019. See notes 12 and 27 in the Annual Report 2018 for further information.

As of 30 September 2019, the Group owns approximately 157 million VEON ADSs, corresponding to approximately 8.9% of VEON's total share capital.

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

	30 September 2019	
(NOK in millions)	Carrying amount	Fair value
Interest-bearing liabilities[1]	(114 087)	(119 107)
of which fair value level 1		(92 667)
of which fair value level 2		(26 439)

	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)

	30 September 2018	
(NOK in millions)	Carrying amount	Fair value
Interest-bearing liabilities[1]	(57 231)	(59 552)
of which fair value level 1		(47 116)
of which fair value level 2		(12 436)

[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	30 September 2019	31 December 2018	30 September 2018
Other non-current assets	2 748	1 737	1 954
Other current financial assets	298	269	492
Non-current non-interest-bearing financial liabilities	(2 066)	(1 696)	(1 135)
Non-current interest-bearing financial liabilities	-	-	(27)
Current non-interest-bearing liabilities	(1 136)	(388)	(197)
Current interest-bearing liabilities	-	-	-
Total	**(156)**	**(78)**	**1 086**

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. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 9.1 billion to BTRC (including interest till December 2017) and NOK 4.4 billion to National Board of Revenue (NBR), total demand amounting to NOK 13.5 billion. Grameenphone considers the demand unfounded and without legal basis, and has responded on 16 April 2019 requesting the demand to be withdrawn. Several parts of the demand are already pending in various court proceedings.

Grameenphone sent a notice of arbitration to BTRC on the 23 June 2019 due to the disputed demand. On 22 July 2019, BTRC imposed operational restrictions on Grameenphone by stopping No Objection Certificates (NOCs) and approvals on products, services and equipment import. On 30 July 2019, Grameenphone filed two arbitration applications to the High Court Division of the Supreme Court (HCD) for appointment of an arbitrator and for injunction against BTRC's suspension of approvals and NOCs. The HCD has not yet passed any order with respect to these applications.

In late August 2019, Grameenphone filed a civil case to the District Court contesting the demand and an application for injunction with a request to stay the suspension of NOCs and to restrain BTRC from taking any steps in enforcing the demand. The District Court rejected the request, and Grameenphone appealed before the HCD on 17 September 2019.

On 5 September 2019, BTRC issued a show cause notice to Grameenphone as to why Grameenphone's 2G & 3G licenses should not be cancelled. Grameenphone responded to the show cause notice on 3 October 2019, contesting the statements in the notice.

On 17 October 2019, the HCD issued an injunction (valid for 2 months) in relation to the civil case mentioned above, against the realisation of the BTRC demand. The court also decided that BTRC during this period cannot suspend NOCs and approvals on products, services and import of equipment.

SIM tax on replacement SIM cards

The Large Tax Payer Unit-VAT has issued three notices to Grameenphone claiming SIM tax of total NOK 1.5 billion (excl. interest) on the replacement of SIM cards issued during three time periods from July 2007 to June 2015. In June 2019, the VAT Appellate Tribunal gave a decision in Grameenphone's disfavor in one of the three periods (between July 2012 and June 2015), and upheld the claim of NOK 0.4 billion, excl. interest. On 27 July, Grameenphone appealed the decision to the High Court Division of the Supreme Court who in August 2019 passed a stay order on the decision by the Tribunal.

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. During 2019, DoT has issued revised notices raising the total demand to around NOK 3.0 billion, including penalty and interest, against Telenor's Indian subsidiaries.

Dtac

Dispute between TOT, CAT and dtac regarding Access Charge/Interconnection

On 17 May 2006, the National Broadcasting and Telecommunications Commission (NBTC) issued a notification on use and interconnection of telecommunications network, applicable to telecommunication licensees who have their own telecommunication networks (the Notification). The Notification required the licensees to interconnect with each other on request, where an interconnection provider is entitled to apply an interconnection charge that reflects its costs. On 17 November 2006, dtac issued a written notification informing TOT Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT) that dtac would no longer apply the rates for calculating the access charge under the Access Charge Agreements entered into with TOT prior to the issuance of the Notification. In dtac's view, the rate and the collection of access charge under the Access Charge Agreements were, in certain respects, contrary to the law. dtac also informed TOT and CAT that it would pay the interconnection charge to TOT when dtac and TOT have entered into an interconnection charge agreement in accordance with the Notification. TOT has refused to enter into such agreement.

On 9 May 2011, TOT filed a complaint with the Central Administrative Court in Thailand requiring the court to order dtac and CAT to jointly pay an access charge to TOT, together with default interests, in the amount of approximately NOK 30.5 billion. On 10 October 2014, TOT increased its claim to dtac to a total of approximately NOK 66.1 billion, including interest fee, penalty charge and VAT surcharge.

On 31 May 2019, the Central Administrative Court issued a verdict dismissing TOT's claim on access charges against dtac in its entirety. The Court views that the access charge rate is against the Notification and that the telecommunication operators are required to calculate the interconnection charge rates in accordance with the said Notification. As TOT has not appealed the decision within the deadline, the case is final.

Disputes and settlements between dtac and CAT regarding revenue sharing payment under Concession Agreement

On 10 January 2019, CAT and dtac entered into a settlement agreement covering all legal disputes between the parties regarding the concession agreement, including the dispute related to porting of dtac's subscribers to its subsidiary dtac TriNet. The settlement does not comprise the industry cases related to revenue sharing concerning excise tax and interconnection charges. According to the settlement, dtac should pay a total amount of THB 9.51 billion (around NOK 2.5 billion) to CAT in various installments. dtac's Annual General Meeting approved the settlement on 4 April 2019. All installments have now been paid and the litigations have been withdrawn from the courts.

Telenor Norway

EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority (NCA) initiated an inspection of Telenor Norge AS on 4 December 2012 based on the suspected abuse of a dominant position and/or anti-competitive collaboration in the Norwegian mobile market. Telenor's position in both cases is that it has not breached the competition law. It will still take time before final conclusions are reached.

ESA

On 1 February 2016, the ESA sent a Statement of Objection (SO) to Telenor, setting out its preliminary views in respect of the possible abuse of Telenor's dominant position in the Norwegian mobile market, in relation to margin squeeze in the segment mobile broadband standalone to consumers in Norway (2008-2012) and lock-in agreements at a subscription level to business customers in Norway. ESA is considering imposing a fine, but has not suggested a fine amount.

On 24 June 2019, ESA issued a Supplementary SO (SSO) regarding the margin squeeze, indicating a limitation in scope. The SSO is not a final decision and Telenor will comment on this. Further, ESA has on the same date closed the investigation related to the lock-in agreements. Hence, this part of the case is closed.

NCA

The case relates to a past (2010-2014) alleged breach of the prohibition against abuse of a dominant position for the pricing model in one mobile wholesale agreement. The NCA's concern relates to the roll-out of the third mobile network in Norway. On 21 June 2018, the NCA issued a decision where it imposes a fine of NOK 788 million. Telenor appealed the decision to the Competition Complaint Board on 20 December 2018. In a decision 19 June 2019, the Competition Complaint Board sustained the NCA fine, but with a split decision. Telenor appealed the decision by the Competition Complaint Board to the Gulating Court of Appeal on 18 September 2019.

Note 7 – Income taxes

In 2012, Telenor ASA recorded a loss on receivables on its Indian subsidiary Unitech Wireless after having repaid, as guarantor, all of Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. A deferred tax asset of NOK 2.5 billion was recognised. In 2013, after the business transfer from Unitech Wireless to Telenor India was completed, Telenor ASA deducted the actual tax loss of NOK 9.3 billion in its tax return. During 2017 and 2018 Telenor ASA received draft notices of possible reassessment, and Telenor has disclosed an uncertain tax position in its Annual Reports since 2016. On 22 August, 2019, Telenor ASA received a reassessment order ("kontorvedtak") related to income year 2013, disallowing deduction for the loss Telenor ASA suffered in 2012. Following this reassessment, Telenor ASA has recognised a tax expense of NOK 2.5 billion in the third quarter and paid the amount on 3 October 2019. Telenor ASA disagrees with the tax authorities' position and appealed the reassessment on 3 October 2019.

Note 8 – Events after the reporting period

Digi – Malaysia

On 18 October 2019, the Board of Directors of Digi declared the third interim dividend for 2019 of MYR 0.045 per share which corresponds to approximately NOK 0.8 billion total dividend and approximately NOK 0.4 billion for Telenor's ownership share.

Joint venture with Nordic Entertainment Group (NENT Group)

On 22 October 2019, Telenor announced that the Group will enter into a joint venture with Nordic Entertainment Group (NENT Group), combining our satellite-based entertainment businesses to extract synergies and deliver enhanced customer experience. Telenor and NENT Group will each hold 50 percent of the joint venture. Our Canal Digital DTH and Satellite business within the Broadcast segment will be accounted for as discontinued operations from 22 October 2019. The combination is subject to regulatory approvals and expected to be completed during the first half of 2020.

Note 9 – 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*.

Third quarter 2019

	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	6 377	6 542	(2.5%)	125	135	2 938	46.1%	2 826	43.2%	1 407	1 001
Sweden	2 984	2 965	0.6%	15	21	1 029	34.5%	1 068	36.0%	324	251
Denmark	1 205	1 274	(5.4%)	25	29	294	24.4%	301	23.6%	118	91
DNA - Finland	1 028	-	-	-	-	290	28.2%	-	-	144	-
dtac – Thailand	5 925	4 481	32.2%	12	14	1 954	33.0%	1 775	39.6%	717	1 541
Digi – Malaysia	3 322	3 219	3.2%	11	6	1 552	46.7%	1 502	46.7%	255	292
Grameenphone – Bangladesh	3 840	3 367	14.1%	-	-	2 347	61.1%	2 078	61.7%	221	473
Pakistan	1 420	2 011	(29.4%)	61	77	606	42.7%	1 566	77.9%	352	267
Myanmar	1 395	1 345	3.7%	32	45	560	40.1%	455	33.8%	117	200
Broadcast	1 436	1 508	(4.8%)	57	51	539	37.5%	563	37.3%	73	97
Other units	1 687	2 152	(21.6%)	751	920	(10)	(0.6%)	332	15.4%	27 536	103
Eliminations	(1 089)	(1 298)	(16.1%)	(1 089)	(1 298)	(6)	0.6%	(55)	4.3%	-	-
Group (pre IFRS 16)	**29 530**	**27 566**	**7.1%**	**-**	**-**	**12 092**	**40.9%**	**12 410**	**45.0%**	**31 264**	**4 317**
IFRS 16 adjustments	(68)	-	-	-	-	1 358	nm	-	-	-	-
Group (post IFRS 16)	**29 462**					**13 449**	**45.6%**			**31 264**	

First three quarters 2019

	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	18 917	19 293	(1.9%)	369	351	8 404	44.4%	8 358	43.3%	3 763	2 649
Sweden	8 969	9 204	(2.5%)	43	46	2 995	33.4%	3 105	33.7%	964	853
Denmark	3 609	3 747	(3.7%)	85	77	820	22.7%	797	21.3%	308	270
DNA - Finland	1 028	-	-	-	-	290	28.2%	-	-	144	-
dtac – Thailand	16 813	13 979	20.3%	39	54	5 428	32.3%	5 738	41.0%	2 537	2 910
Digi – Malaysia	9 712	9 764	(0.5%)	25	11	4 632	47.7%	4 610	47.2%	1 148	1 190
Grameenphone – Bangladesh	11 093	9 428	17.7%	-	1	6 501	58.6%	5 644	59.9%	1 010	2 877
Pakistan	4 752	5 717	(16.9%)	143	189	2 161	45.5%	3 396	59.4%	1 160	766
Myanmar	4 161	4 558	(8.7%)	97	149	1 579	37.9%	1 849	40.6%	440	643
Broadcast	4 329	4 507	-	173	165	1 492	nm	1 554	34.5%	250	246
Other units	5 233	6 118	(29.2%)	2 375	3 055	73	1.7%	226	3.7%	27 691	294
Eliminations	(3 350)	(4 096)	(18.2%)	(3 350)	(4 096)	(20)	0.6%	(189)	4.6%	-	-
Group (pre IFRS 16)	**85 267**	**82 219**	**3.7%**	**-**	**-**	**34 354**	**40.3%**	**35 087**	**42.7%**	**39 415**	**12 698**
IFRS 16 adjustments	(198)	-	-	-	-	3 832	nm	-	-	-	-
Group (post IFRS 16)	**85 069**					**38 185**	**44.9%**			**39 415**	

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

Reconciliation

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
EBITDA	**13 276**	**12 149**	**37 928**	**34 275**	**42 247**
Other income	32	7	467	53	63
Other expenses	(204)	(268)	(724)	(865)	(3 267)
EBITDA before other income and other expenses	**13 449**	**12 410**	**38 185**	**35 087**	**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 9 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources. These numbers are disclosed and reconciled to the financial statements in 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[1)]

(NOK in millions)	Change third quarter 2019	Change YoY	Change third quarter 2018	Change YoY	Change first three quarters 2019	Change YoY
Segment revenue growth[1)]	1 964	7.1%	165	0.6%	3 048	3.7%
Impact using exchange rates for 2019 and 2018	(960)		54		(1 826)	
M&A	(968)		(67)		(925)	
Organic revenue growth	**36**	**0.1%**	**152**	**0.6%**	**297**	**0.4%**

1) See note 9.

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

Organic subscription and traffic revenues are defined as subscription and traffic revenues adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:
- it refers to the core revenue streams of the business making up more than 75% of total revenues and almost the entire gross profit for the Group;
- it provides additional information on underlying growth of the business within these core revenue streams, without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although neither "subscription and traffic revenues" nor the term "organic" are defined terms under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

(NOK in millions)	Change third quarter 2019	Change YoY	Change third quarter 2018	Change YoY	Change first three quarters 2019	Change YoY
Subscription and traffic revenue growth	1 406	6.6%	36	0.2%	2 022	3.2%
Impact using exchange rates for 2019 and 2018	(814)		15		(1 592)	
M&A	(713)		-		(713)	
Organic subscription and traffic revenue growth	**(121)**	**(0.6%)**	**51**	**0.2%**	**(283)**	**(0.4%)**

Subscription and traffic revenues

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Mobile subscription and traffic	18 798	17 465	54 171	51 969	69 237
Fixed telephony	331	383	988	1 196	1 559
Fixed Internet/TV	2 439	2 224	6 954	6 686	8 927
Fixed data services	156	163	478	492	663
Canal Digital DTH	1 038	1 121	3 140	3 366	4 439
Subscription and traffic revenues	**22 762**	**21 356**	**65 731**	**63 709**	**84 825**
Other revenues	6 768	6 210	19 535	18 510	25 537
Total revenues	**29 530**	**27 566**	**85 267**	**82 219**	**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

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Total revenue	29 530	27 566	85 267	82 219	110 362
Costs of materials and traffic charges	(7 430)	(6 059)	(21 204)	(18 724)	(26 180)
Gross profit	**22 100**	**21 507**	**64 062**	**63 495**	**84 182**
Gross profit currency adjusted	**21 916**	**21 962**	**64 062**	**64 863**	

Operating expenditures (opex)

Operating expenses (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 continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Salaries and personnel cost	(2 589)	(2 396)	(8 006)	(7 930)	(10 723)
Other operating expentitures	(7 419)	(6 701)	(21 702)	(20 478)	(28 008)
Operating expenditures	**(10 008)**	**(9 097)**	**(29 708)**	**(28 408)**	**(38 731)**
Operating expenditures currency adjusted	**(9 919)**	**(9 340)**	**(29 708)**	**(29 028)**	

EBITDA before other income and other expenses and EBITDA margin

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 expenses 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[1)]

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Total revenue	29 530	27 566	85 267	82 219	110 362
EBITDA before other items	12 092	12 411	34 354	35 088	45 451
EBITDA margin	**40.9%**	**45.0%**	**40.3%**	**42.7%**	**41.2%**

1) See note 9.

Organic EBITDA growth

Organic EBITDA growth is defined as EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other related parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis.

Reconciliation

(NOK in millions)	Change third quarter 2019	Change YoY	Change third quarter 2018	Change YoY	Change first three quarters 2019	Change YoY
EBITDA growth	(318)	(2.6%)	602	5.1%	(734)	(2.1%)
Impact using exchange rates for 2019 and 2018	(310)		53		(743)	
M&A	(289)		(1)		(303)	
Organic EBITDA growth	**(917)**	**(7.3%)**	**653**	**5.6%**	**(1 780)**	**(5.0%)**

Capital expenditures

Capital expenses (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

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Purchases of PPE and intangible assets (cash flow statement)	6 446	4 589	17 280	13 676	21 011
Working capital movement in respect of capital expenditure	(2 630)	(311)	(5 313)	(894)	782
Deferred licence obligations	-	-	-	-	9 610
Discontinued operations	-	(4)	-	(156)	(158)
Capital expenditures	**3 816**	**4 274**	**11 967**	**12 626**	**31 245**
Licence and spectrum fee – capitalized	(78)	(55)	(85)	(1 919)	(14 469)
Capital expenditures excluding licence and spectrum fee	**3 738**	**4 219**	**11 883**	**10 707**	**16 776**
Revenue	29 530	27 566	85 267	82 219	110 362
Capex excl. Licences and spectrum/Revenues (%)	**12.7%**	**15.3%**	**13.9%**	**13.0%**	**15.2%**

Investments

Investments consist of capex and investments in businesses. Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organized as separate companies. Investments (or total investments) is deemed to better gauge the actual investments for the period than in the purchases of property, plant and equipment (PPE) and intangible assets line items in the cash flow statement.

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Capital expenditures	3 816	4 274	11 967	12 626	31 245
Investments in businesses	27 448	43	27 448	72	114
Total investments	**31 264**	**4 317**	**39 415**	**12 698**	**31 359**

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)	30 September 2019	30 September 2018	Year 2018
Non-current interest-bearing liabilities	96 759	43 694	55 120
Non-current lease liabilities	643	772	805
Current interest-bearing liabilities	29 961	15 482	15 687
Current lease liabilities	54	48	54
Less:			
Cash and cash equivalents	(31 915)	(32 706)	(18 492)
Hedging instruments	(2 757)	(1 293)	(1 492)
Financial instruments	(317)	(351)	(350)
Adjustments:			
Licence obligations	(12 633)	(1 945)	(11 847)
Net interest-bearing debt excluding licence obligations	**79 795**	**23 701**	**39 485**

Net debt/EBITDA

Telenor aims to maintain a solid balance sheet through keeping Net debt/EBITDA in the range of 1.5x to 2.0x, in order to maintain financial flexibility and ensure cost efficient funding. The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA for the third quarter of 2019 includes proforma figures for DNA.

	Third quarter		Year
(NOK in millions)	2019	2018	2018
Net debt	79 795	23 701	39 485
EBITDA	44 645	44 717	42 247
Net debt/EBITDA	**1.79**	**0.53**	**0.93**

Free cash flow
Telenor makes use of Free cash flow and Free cash flow before M&A activities 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 Free cash flow before M&A activities for the following reasons:
Free cash flow and Free cash flow before M&A activities allow us and investors to evaluate Telenor's liquidity and cash generated by our operations.

Free cash flow excludes items that are deemed discretionary, such as Financing activities. In addition, Free cash flow before M&A activities 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 Free cash flow before M&A activities 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

	Third quarter		First three quarters		Year
(NOK in millions)	2019	2018	2019	2018	2018
Net cash flows from operating activities	11 017	10 822	24 237	28 185	36 394
Net cash flows from investing activities	(20 882)	17 317	(30 459)	7 421	(613)
Repayments of borrowings – licence obligations	(447)	(317)	(779)	(727)	(740)
Net repayments of borrowings – supply chain financing	(68)	27	(108)	(64)	43
Dividends paid to and purchase of shares from non-controlling interest	(1 261)	(1 305)	(2 970)	(2 685)	(3 095)
Free cash flow	**(11 642)**	**26 543**	**(10 080)**	**32 130**	**31 989**
M&A activities	14 449	(21 871)	13 540	(21 893)	(20 298)
Free cash flow before M&A activities	**2 808**	**4 672**	**3 461**	**10 237**	**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, fibre and fixed wireless access, in addition to revenues from TV services. High-speed fixed internet includes fibre, cable, VDSL and fixed wireless access.

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, cable and fixed wireless access. TV consists of TV services over fibre and cable. Subscriptions are counted until the subscription is terminated.

Average revenue per subscription per month (ARPU)

ARPU is calculated based on revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period. Internet ARPU is calculated based on Internet revenues as defined above except TV service revenues. TV ARPU is calculated based on revenues from TV services.

Broadcast

Revenues

Canal Digital DTH

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

Satellite

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

Norkring

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

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