



TELENOR GROUP

Third quarter 2020

Sigve Brekke, CEO

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The comments in the presentation are related to Telenor's development in 2020 compared to the same quarter of 2019, unless otherwise stated.

Highlights – Third quarter 2020

Organic EBITDA +4%

COVID-19 impact offset
by lower cost and investments

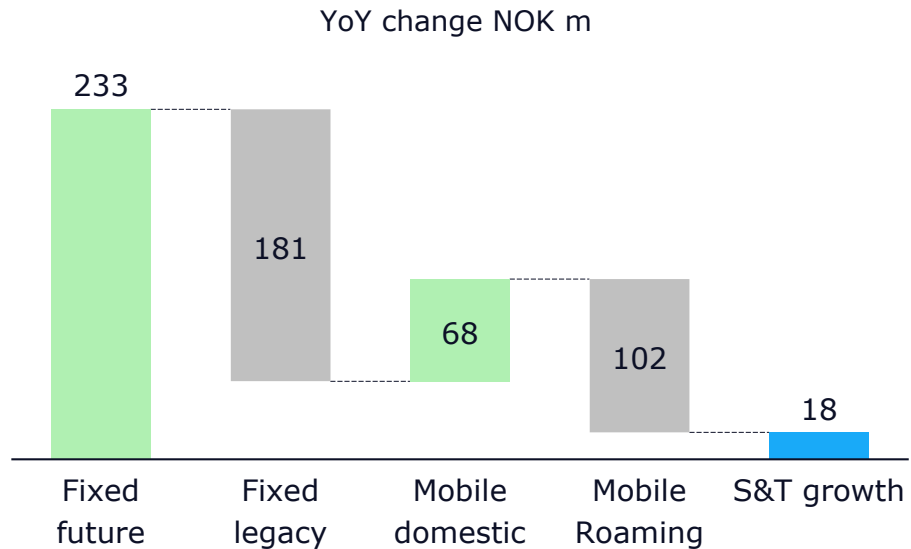
Robust Nordic performance

Continued acceleration of digital
modernisation



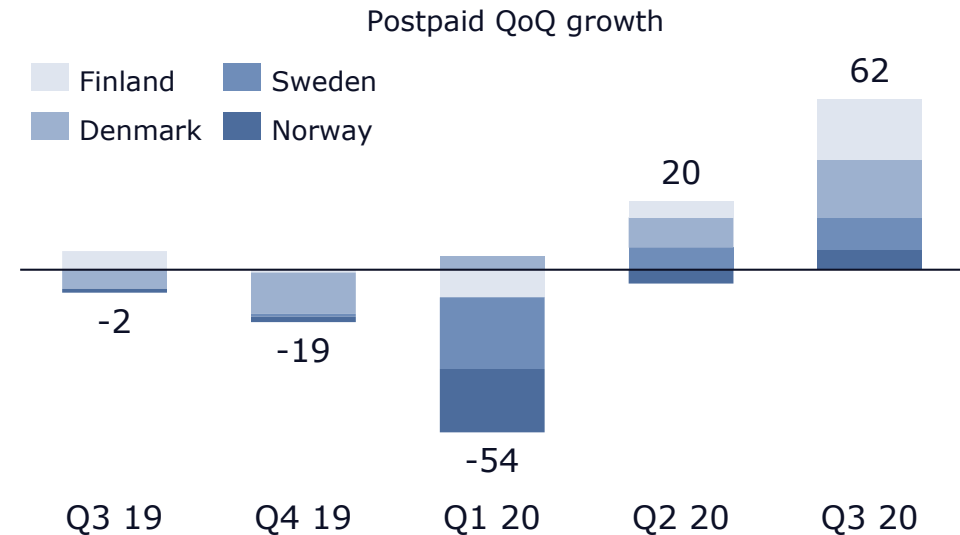
Robust performance in the Nordics

Norway S&T revenue growth



- > Fibre and FWA more than offsetting fixed legacy decline
- > Continued growth in adjacent mobile services: Domestic growth + 2.5%

Improving subscriber growth



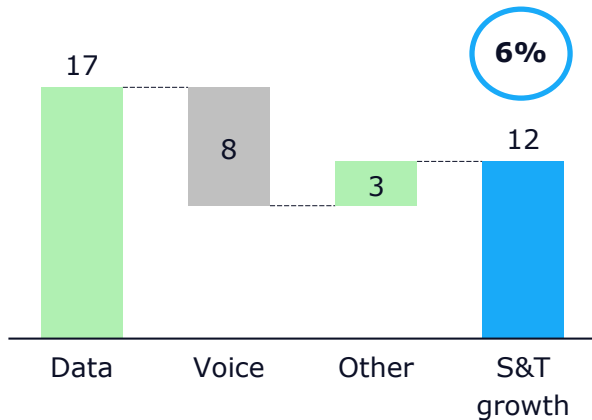
- > Increased postpaid subscriber base in all Nordic operations
- > Stabilising trend in Sweden with positive net adds for 5th consecutive month



Data driven revenue growth in Myanmar

S&T revenue growth

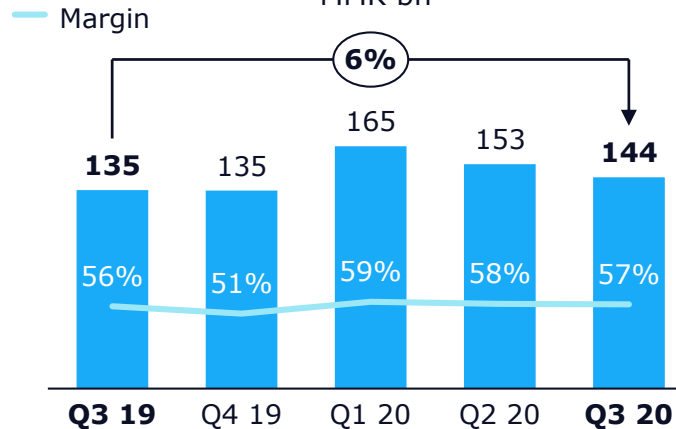
YoY change MMK bn



- > Continued strong data revenue growth of + 15 %
- > Strong drive in digital transactions: +115 % growth in My Telenor MaU¹

Solid EBITDA margin

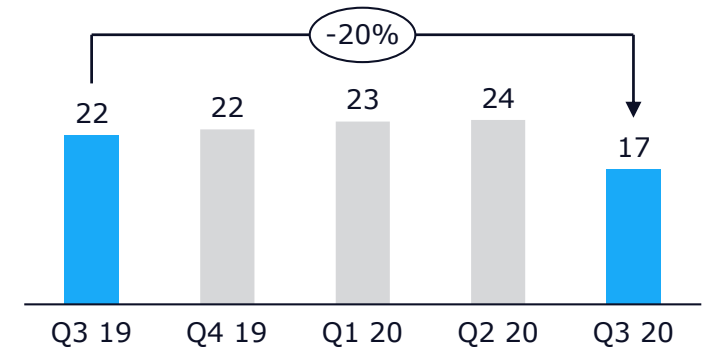
MMK bn



- > Lean and efficient operation with 750 FTE's serving 17 million customers

SIM re-registration

Mobile subscriptions



- > SIM re-registration impacting subscriber base
- > Increased ARPU, partly offset by intensified competition

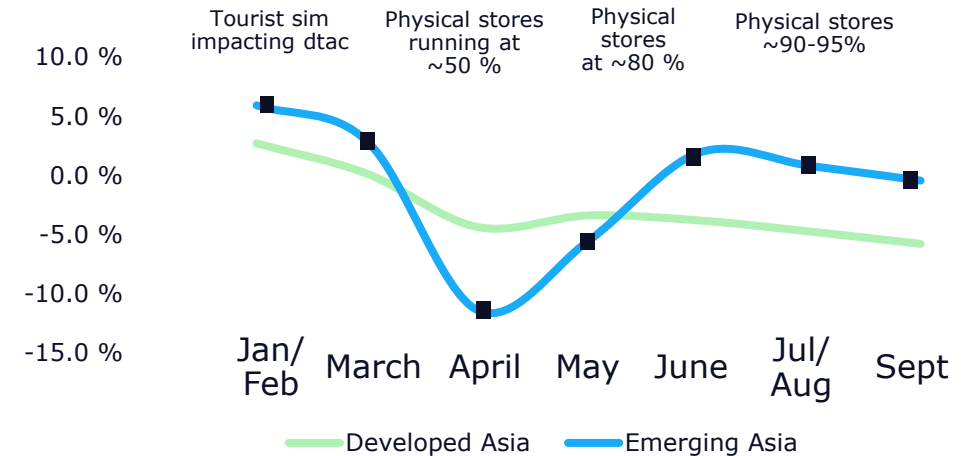


Different phases impacting top-line

Key developments

- › Continued **roaming shortfall**.
- › Thailand and Malaysia influenced by shortfall in **tourist** and **migrant** segment.
- › Early indications of recovery in Bangladesh and Pakistan from **market reopening**.
- › Estimated total EBITDA effect YTD of ~**1.3bn**, of which >75 % in Asia.

Organic subs & traffic revenue growth (%)

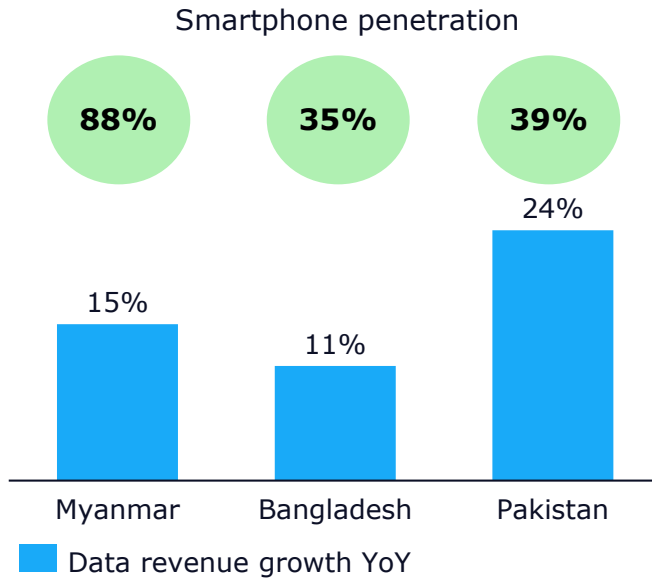




Growth

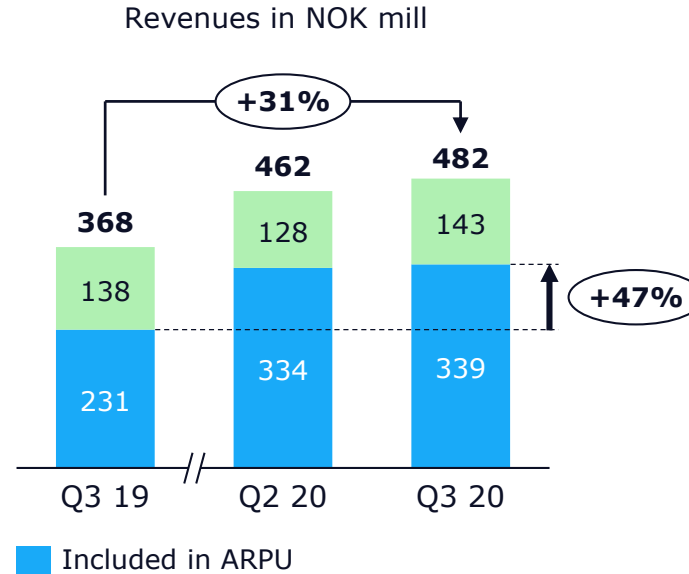
Focus on growth opportunities

Data revenue growth Emerging Asia



- › Increased data demand driving double digit growth in data revenues

Value added services Norway



- › Increasing contribution from value added services
- › See monetisation opportunities also in other Nordic markets

Accretive 5G opportunity



- › 5G tariffs in Finland gaining traction – building on existing speed based model
- › Speed based tariffs on mobile and FWA in Norway

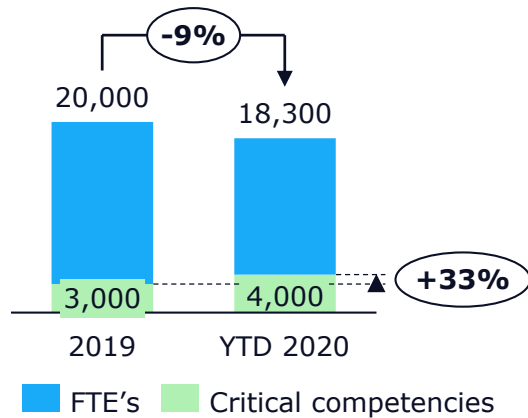


Accelerated modernisation programs yield results



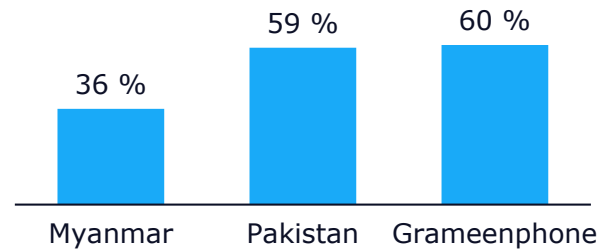
Modernisation

Organisational modernisation



Digitisation of customer interactions

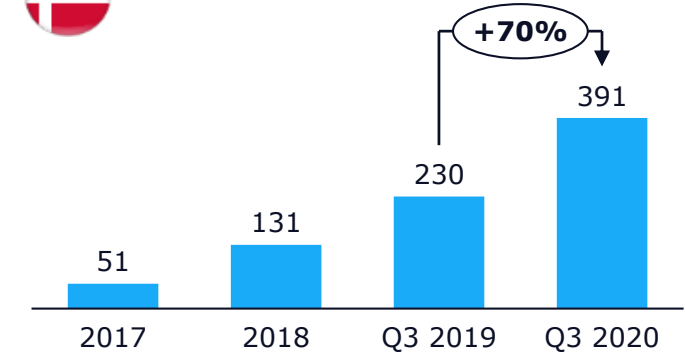
Digital recharge (Q3 YoY growth)



Touch-free operations



Telenor Denmark (RPA developed)



- > Radically simplified organisation (-9% YTD) through new operating model & upskilling
- > Implementing new leadership model: Tight-loose-tight

- > Continued acceleration in digitalisation of customer interaction in Asia

- > Telenor Denmark at the forefront of Robotic Process Automation in Nordic
- > 12% of total tickets to Customer Service handled automatically



Key priorities for the next quarters



Growth

- Return to growth in Sweden
- Rebuild customer base in Myanmar
- 5G capitalisation



Modernisation

- Organisational modernisation
- Digitise customer interactions.
- Touch free operations
- Copper decommissioning



Responsible business

- Execute on climate ambition
- Cyber security





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Third quarter 2020

Tone Hegland Bachke, CFO

Highlights – Third quarter 2020

-2%

Organic S&T
revenues

-8%*

OPEX

+4%

Organic
EBITDA

4.4 bn

Free Cash
Flow



Top line impacted by roaming and prepaid in Asia

Organic subs & traffic revenue growth per country

Percentage points contribution to growth

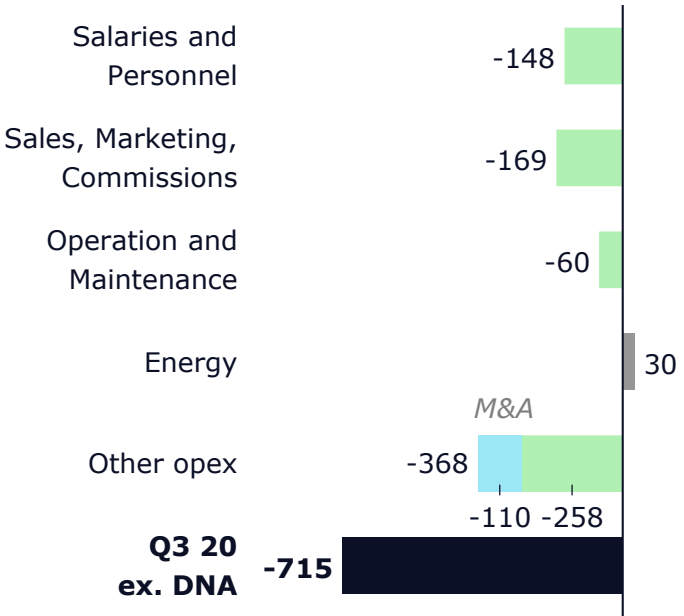


Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony and data services

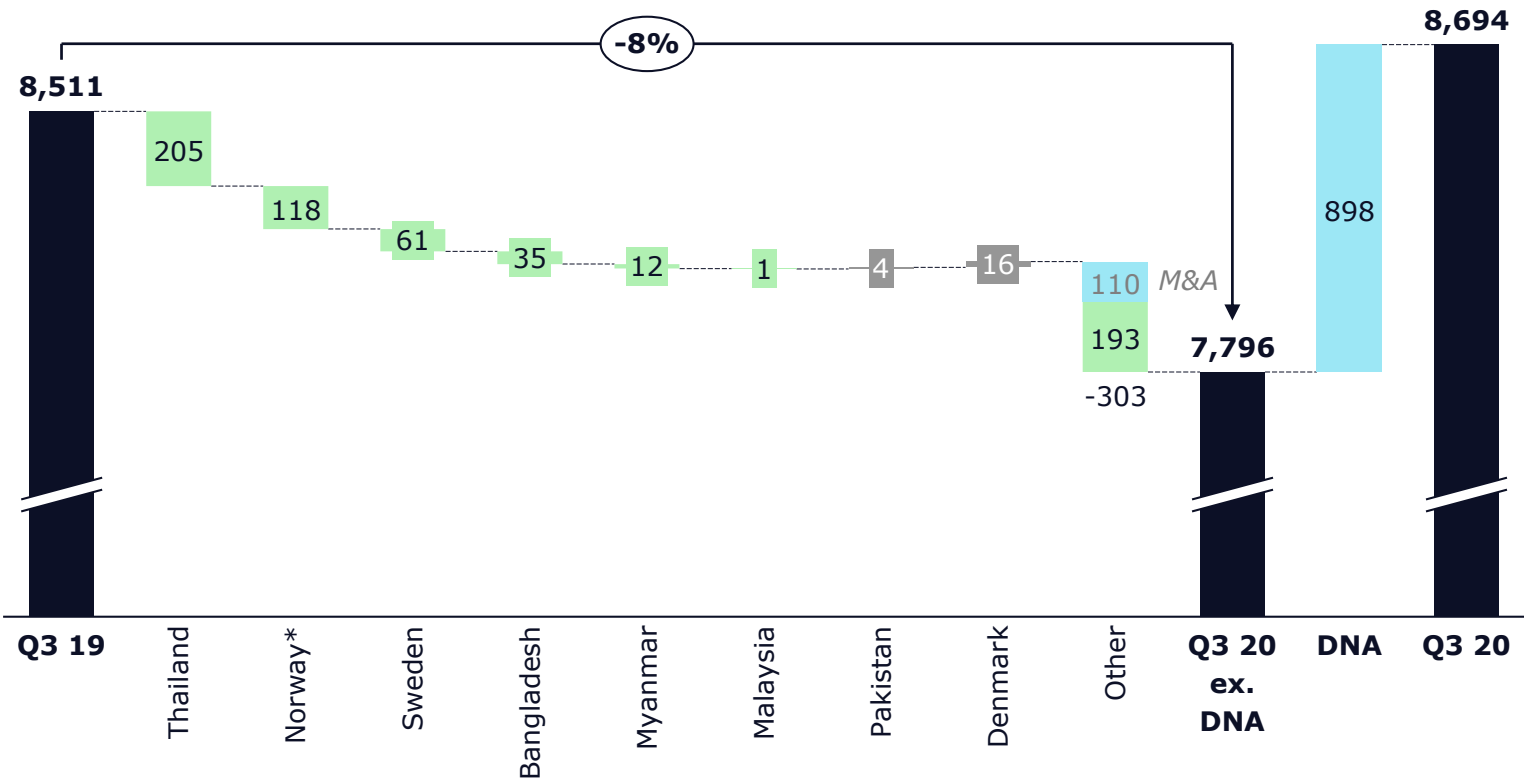


Continued strong opex reduction

Opex by category (NOK m)*



Opex by country (NOK m)*

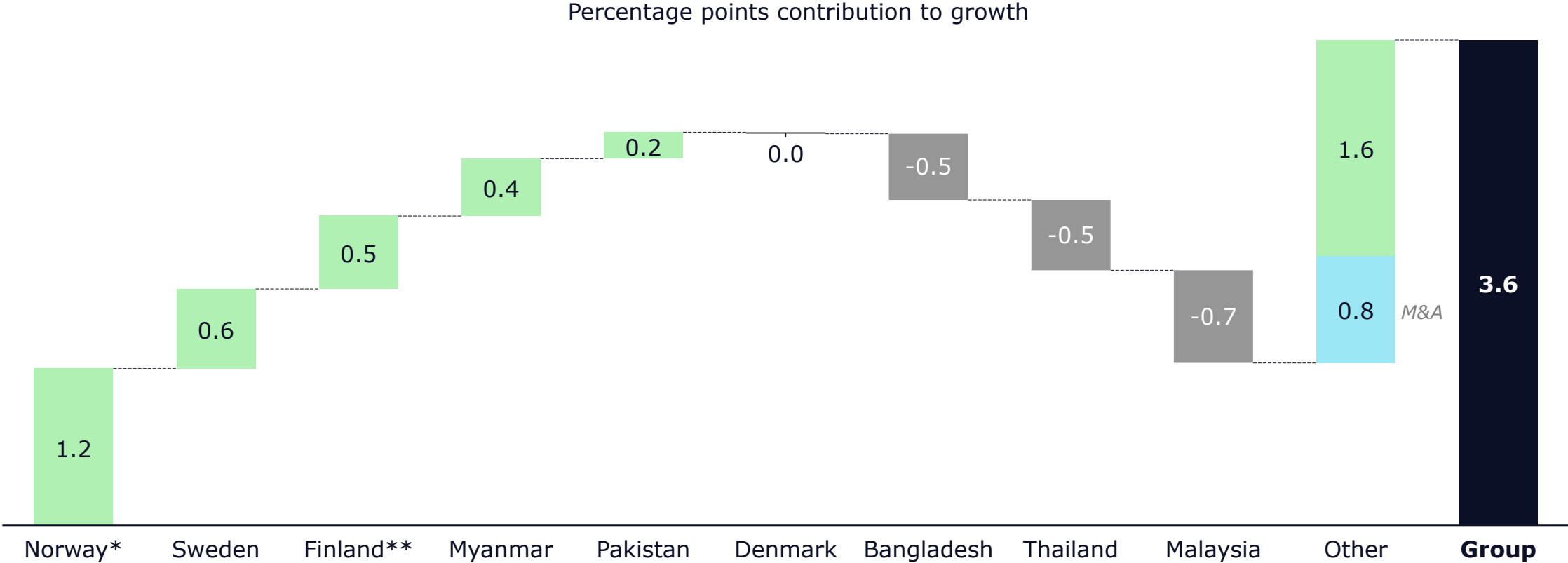


* FX adjusted

*Underlying development adjusted for transfer of businesses between Telenor Norway and Other Units



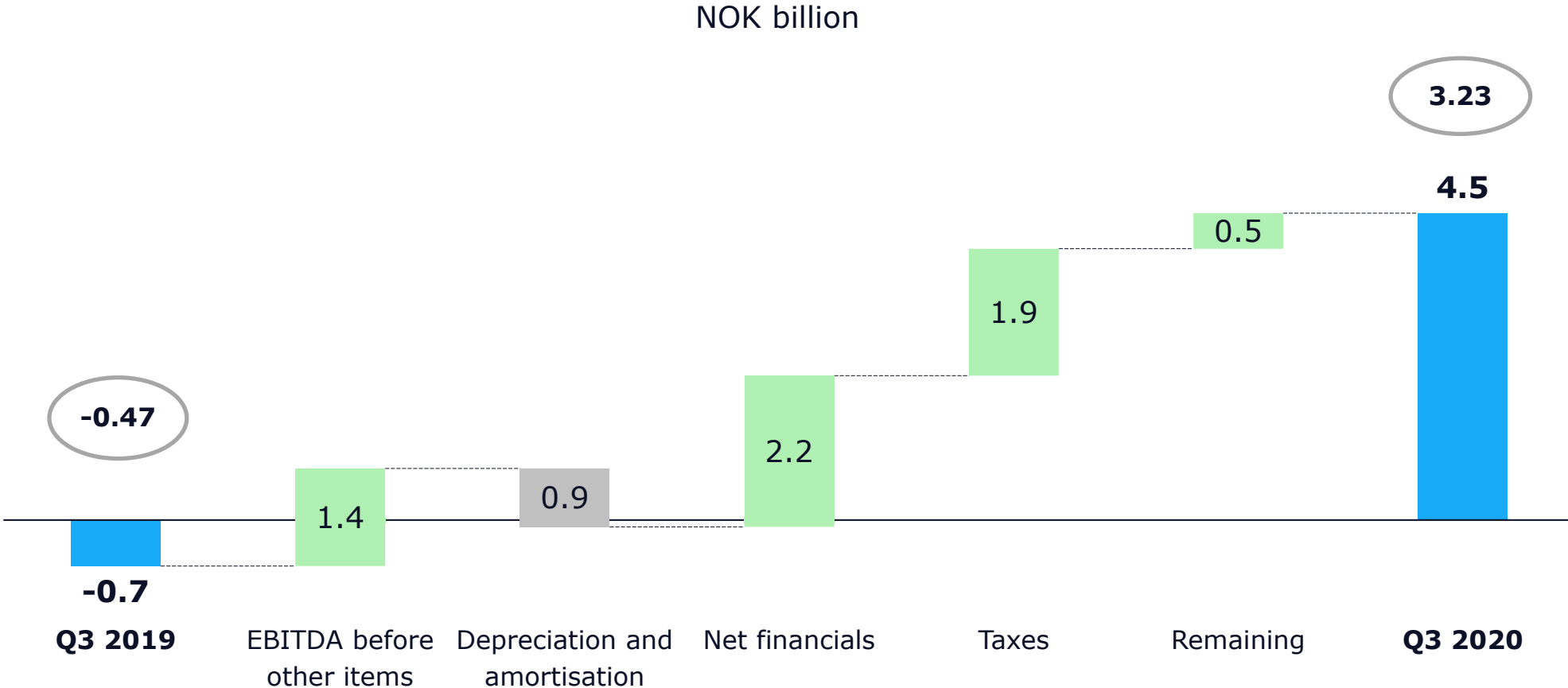
Solid organic EBITDA growth



*Underlying development adjusted for transfer of businesses between Telenor Norway and Other Units
 **Includes September and 10 days of August in 2020



Net income to equity holders of NOK 4.5 billion in Q3

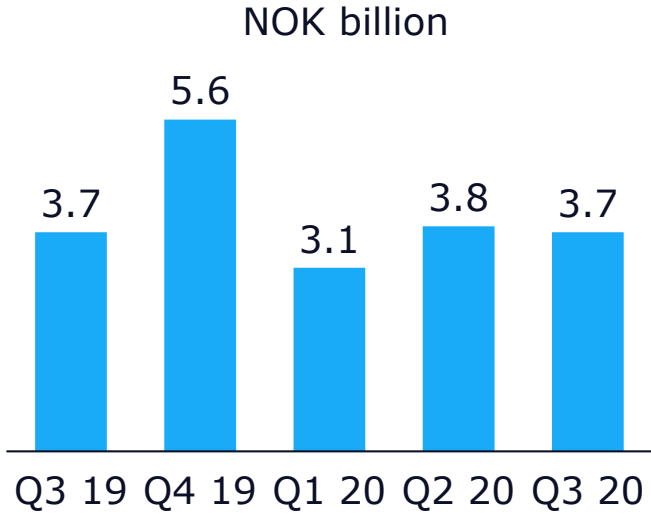


○ Earnings per share



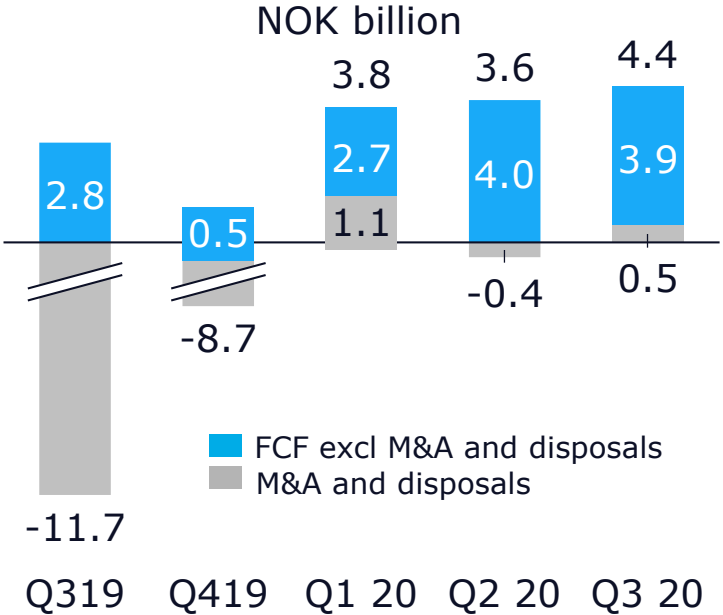
YTD free cash flow before M&A of NOK 10.6 billion

Capex excluding licenses



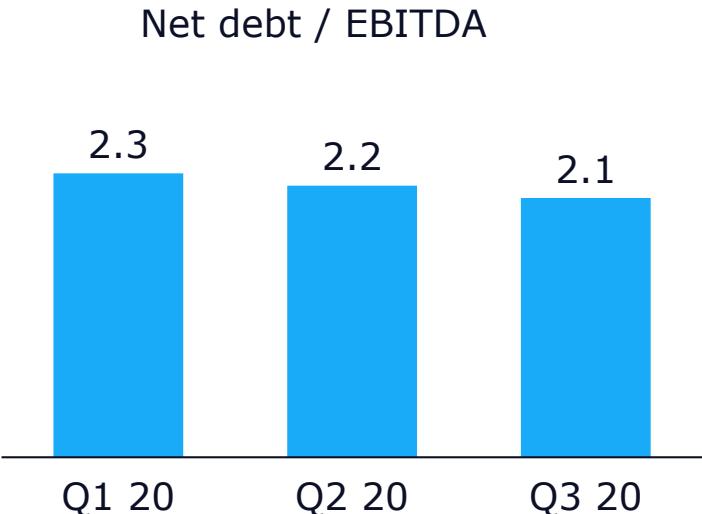
> Capex on par with last year

Free cash flow



Free cash flow to equity holders of Telenor ASA

Leverage



> Reduced ratio from improved EBITDA





Outlook 2020 – Resilience in EBITDA and cash flow

Updated outlook FY 2020

Low single digit percent decline in organic subscription and traffic revenues

Low single digit percent growth in organic EBITDA

Capex/Sales around 13 %

Previous outlook

- Low single digit percent decline in organic subscription and traffic revenues
- Stable organic EBITDA
- Capex/sales around 13%





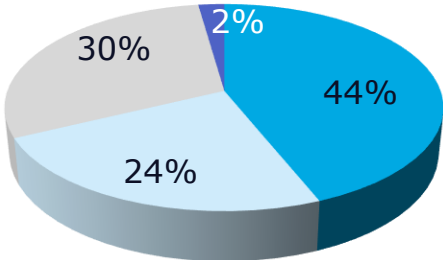
TELENOR GROUP

Third quarter 2020

Appendix

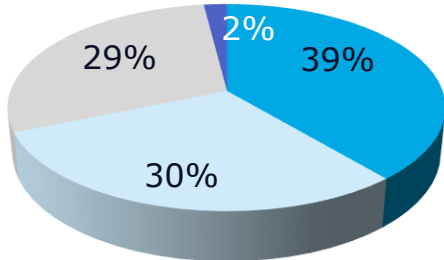
Geographic split of key financials YTD 2020

Revenues



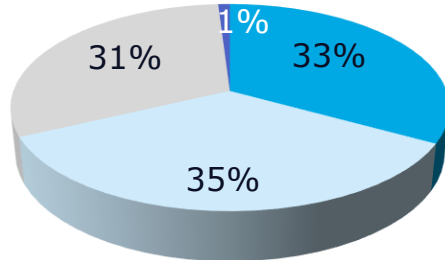
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



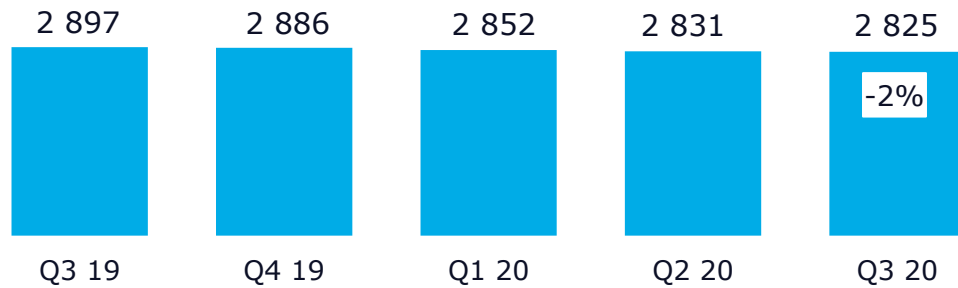
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.

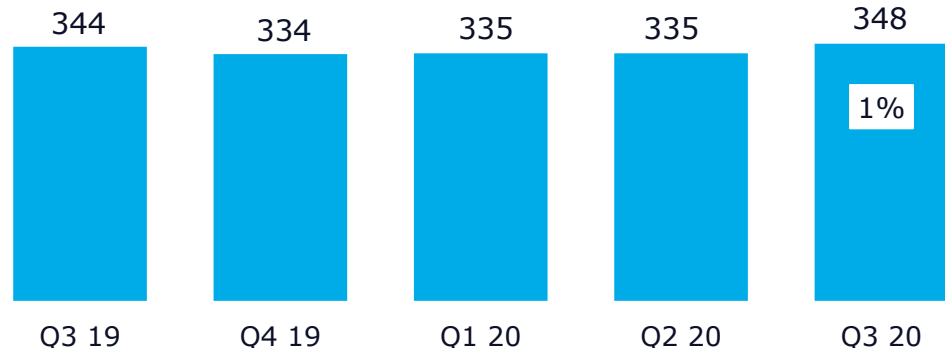


Norway

Mobile subscribers ('000)

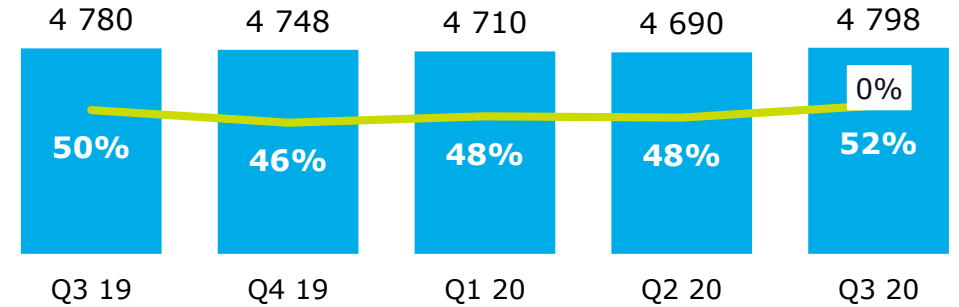


Mobile ARPU (NOK/month)

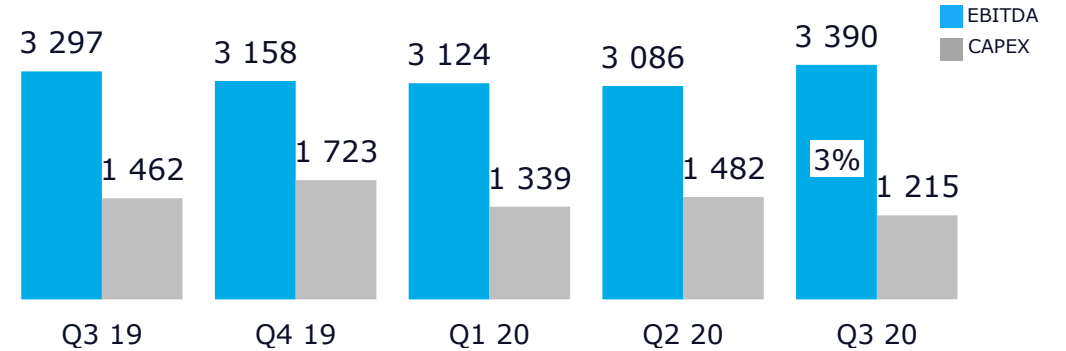


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

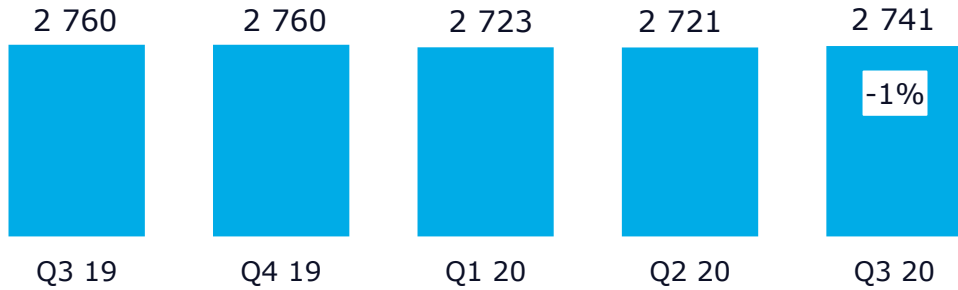


Organic growth

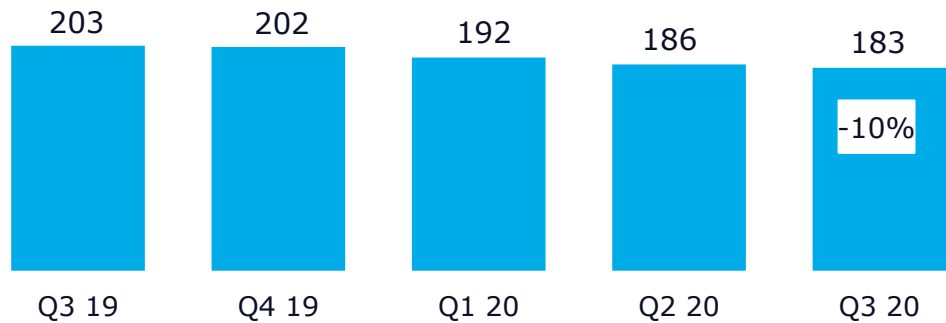


Sweden

Mobile subscribers ('000)

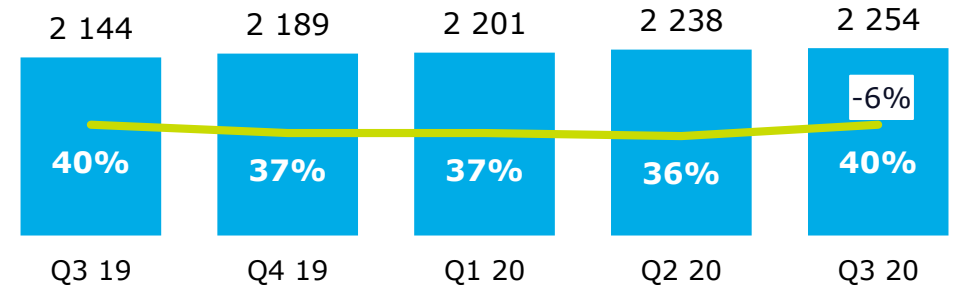


Mobile ARPU (SEK/month)

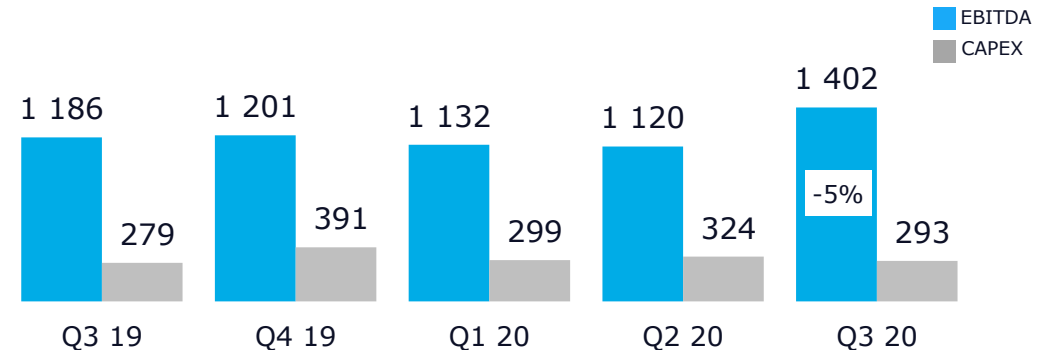


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

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



EBITDA and capex (NOK m)

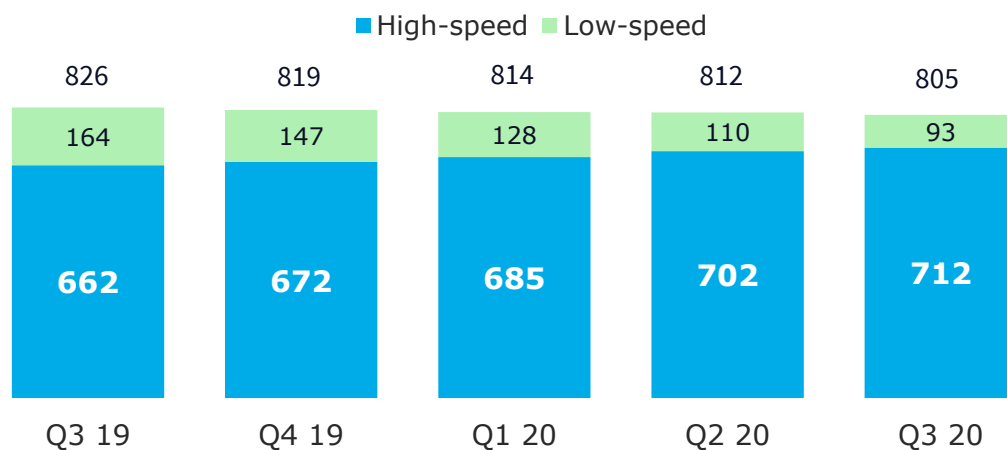


Organic growth

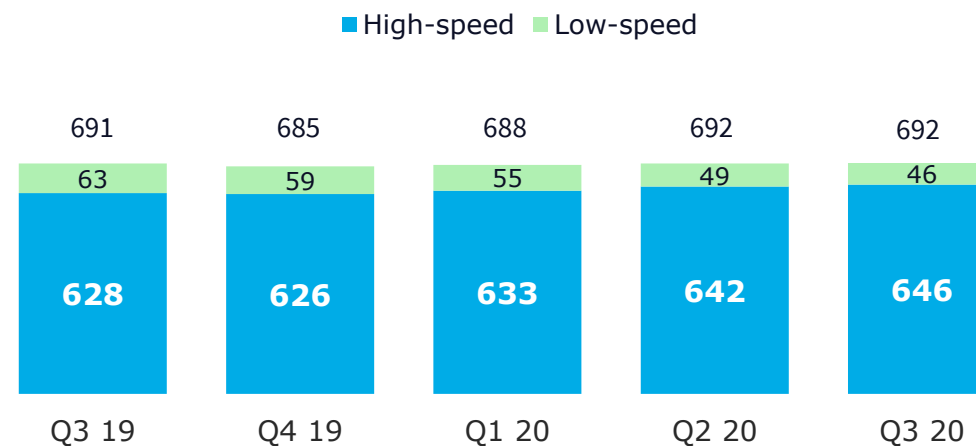


Additional information – Norway and Sweden

Norway – fixed broadband subscribers ('000)

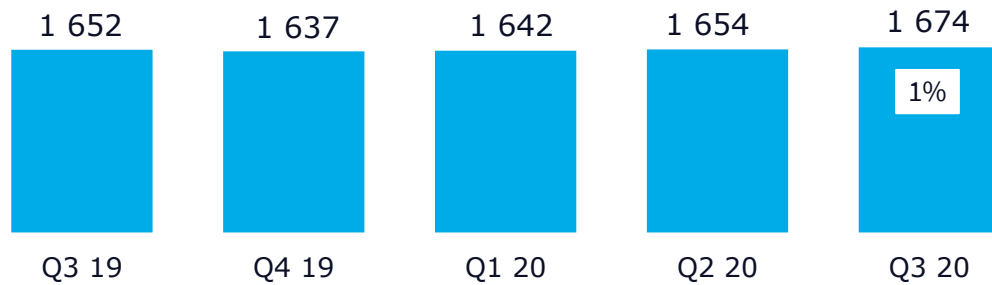


Sweden – fixed broadband subscribers ('000)

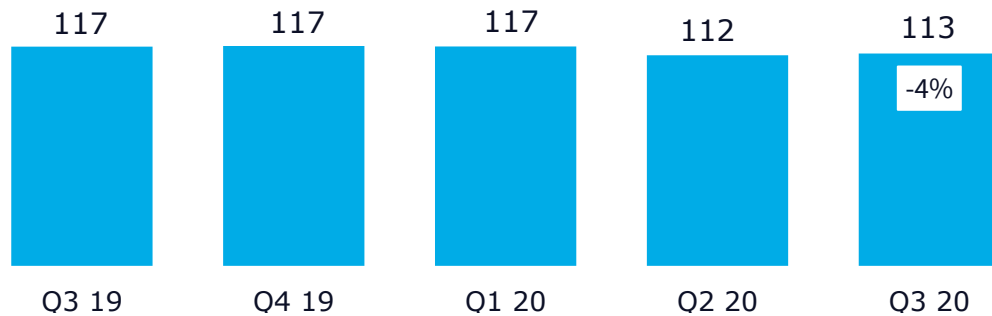


Denmark

Mobile subscribers ('000)

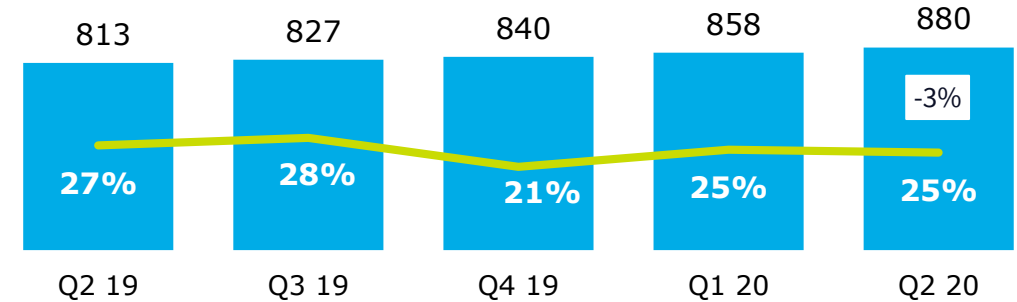


Mobile ARPU (DKK/month)

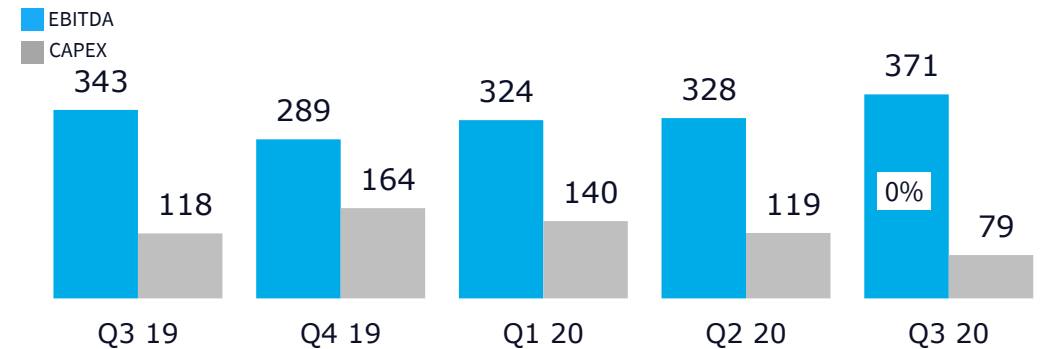


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

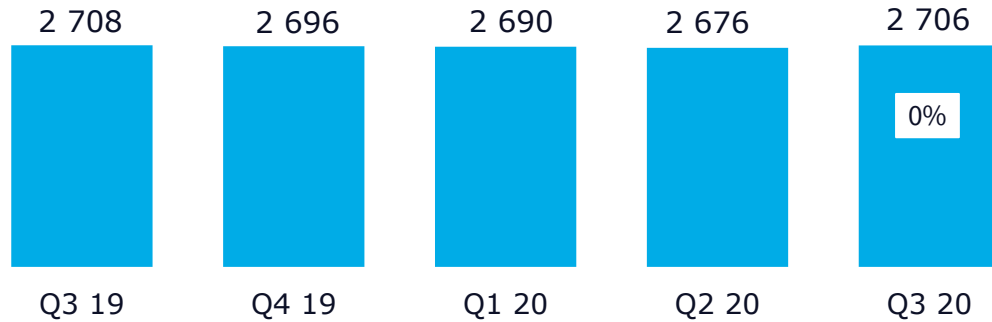


Organic growth

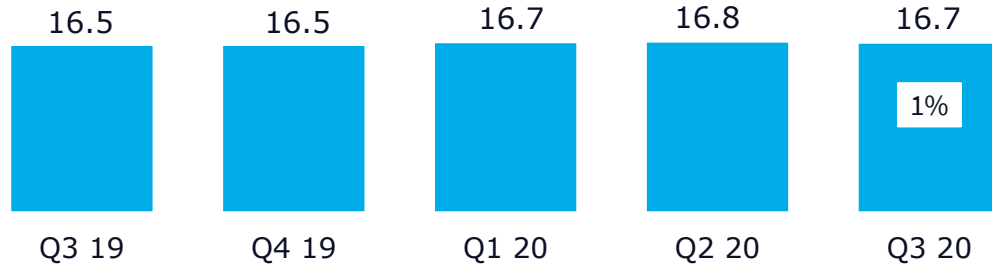


Finland

Mobile subscribers ('000)

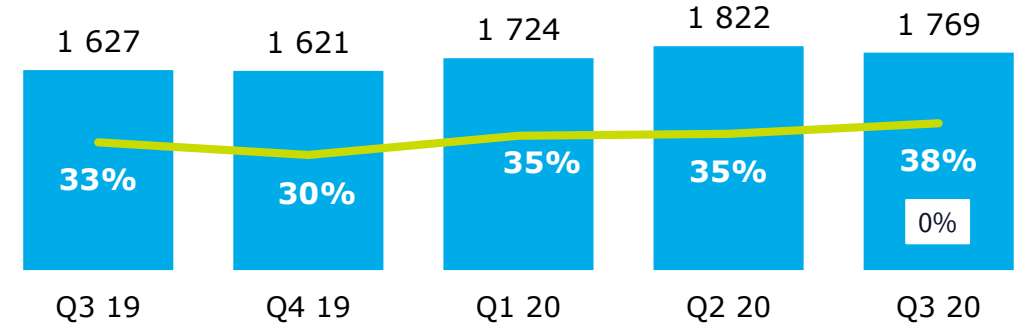


Mobile ARPU (EUR/month)

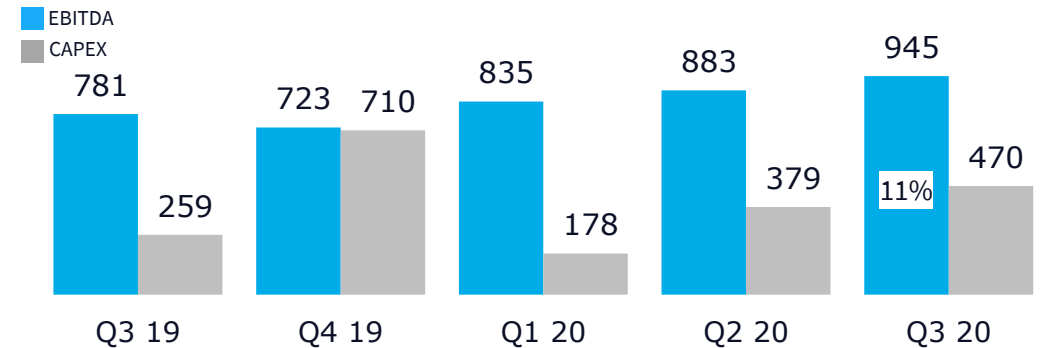


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

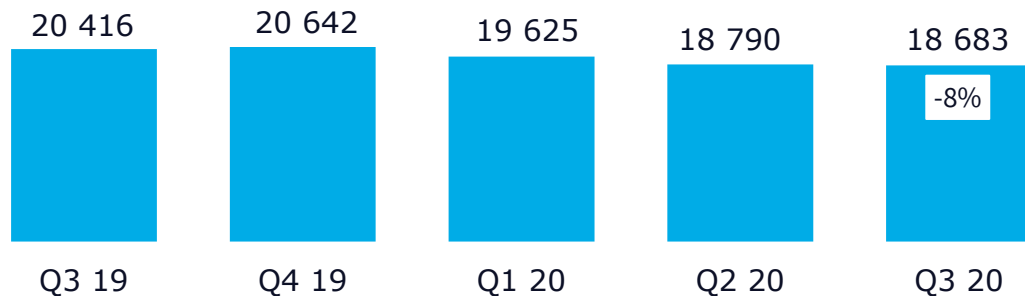


Organic growth

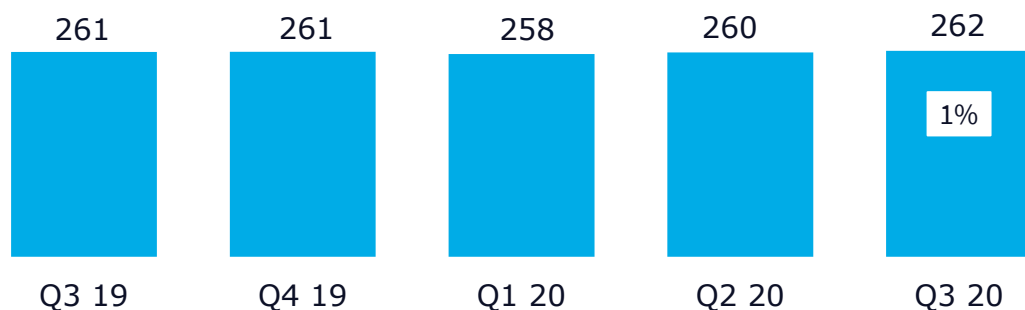


Thailand (dtac)

Mobile subscribers ('000)

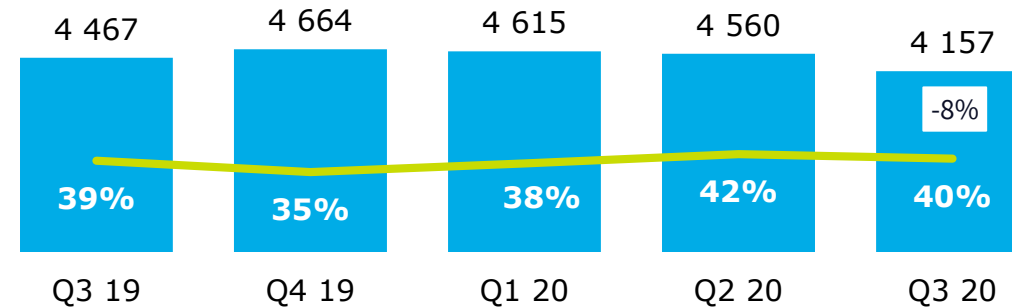


Mobile ARPU (THB/month)

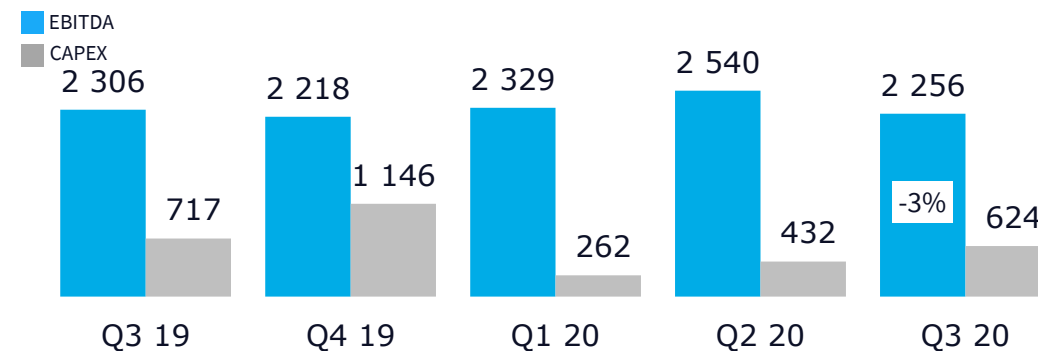


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

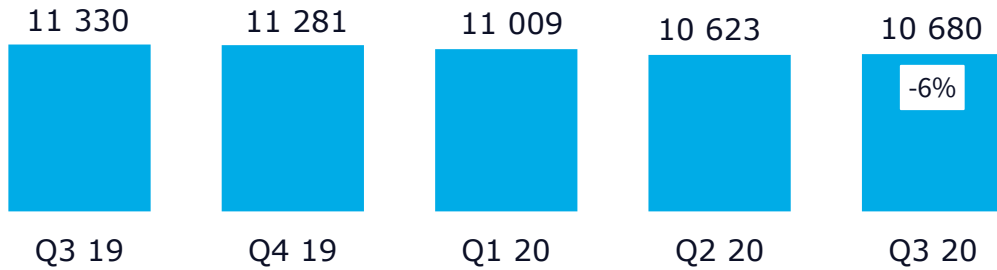


Organic growth

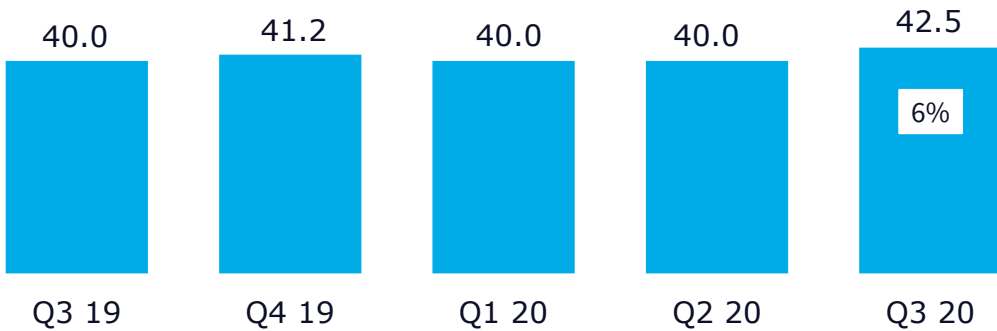


Malaysia (Digi)

Mobile subscribers ('000)

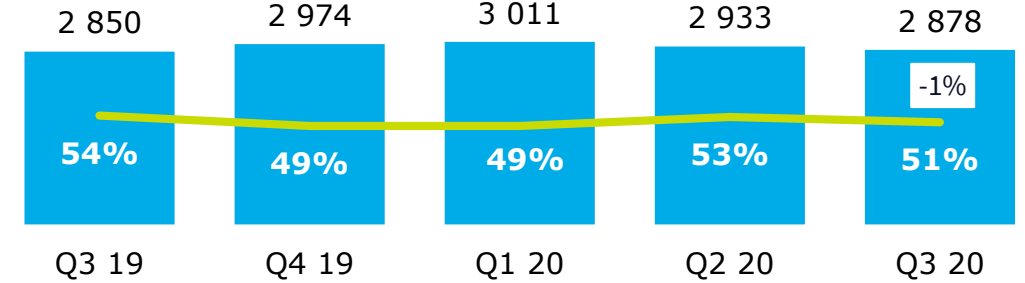


Mobile ARPU (MYR/month)

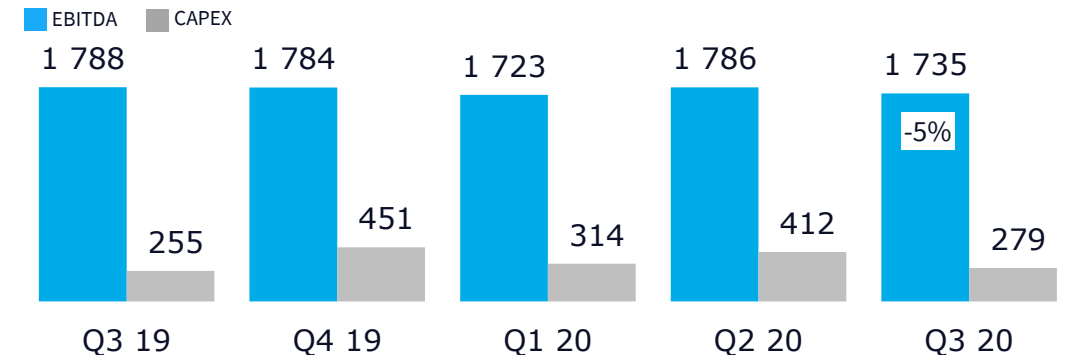


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

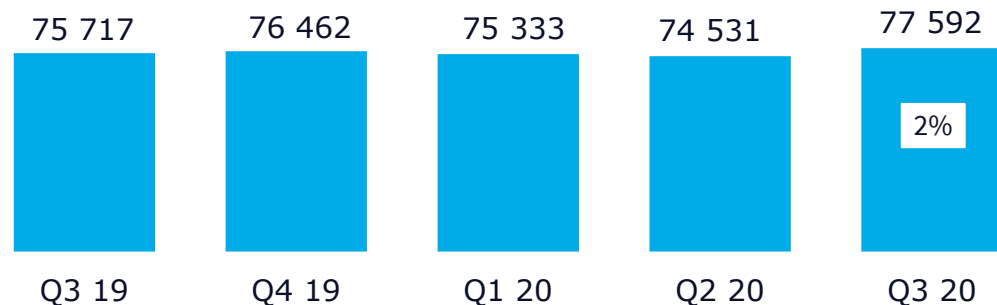


Organic growth

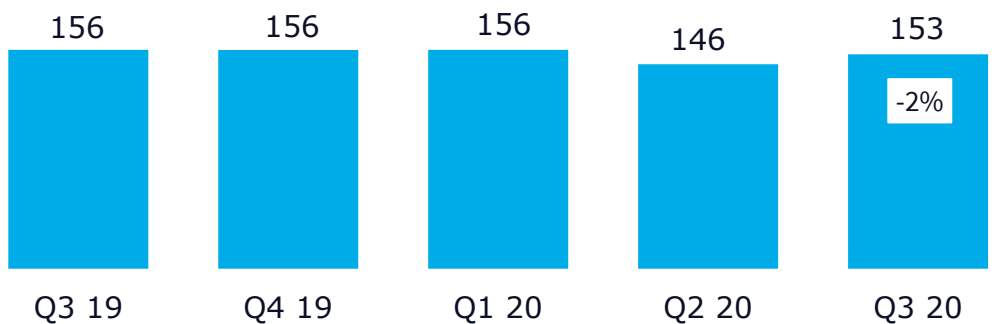


Bangladesh (Grameenphone)

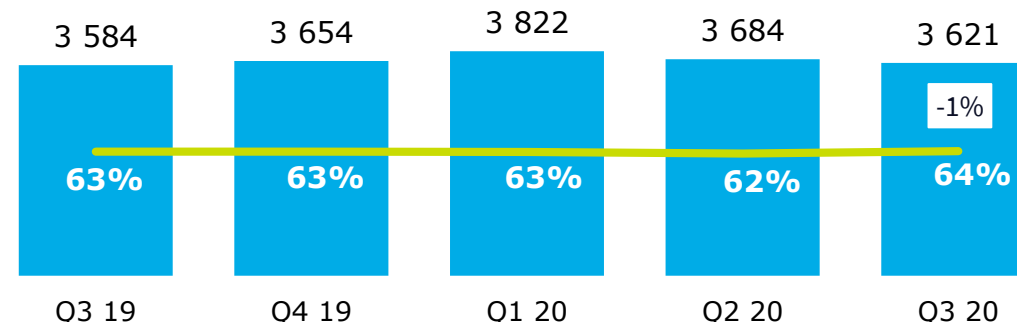
Mobile subscribers ('000)



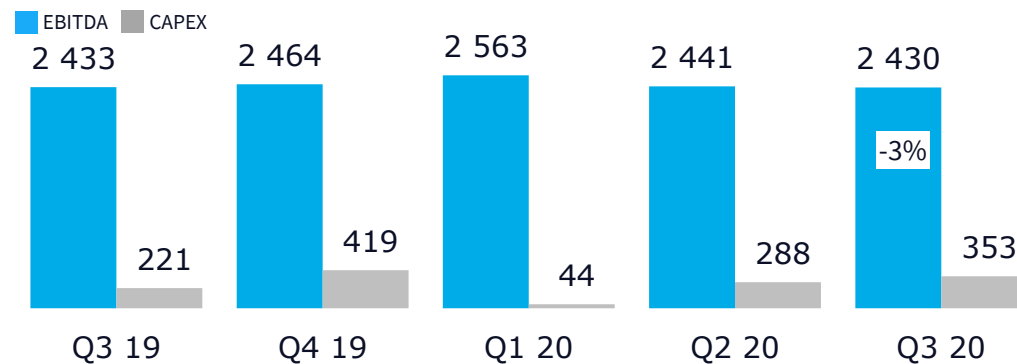
Mobile ARPU (BDT/month)



Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



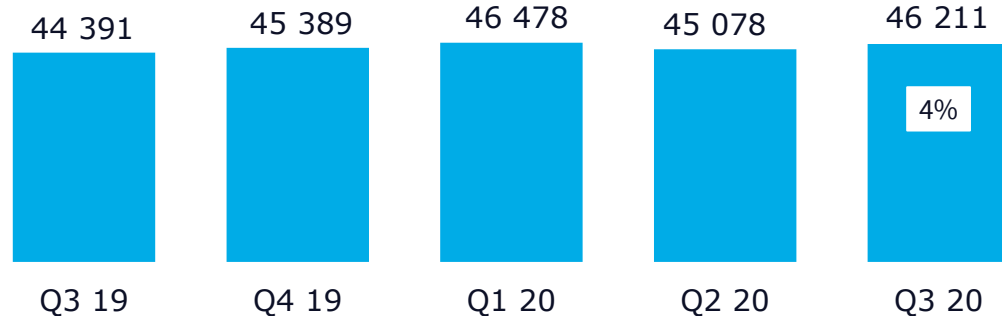
Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Organic growth

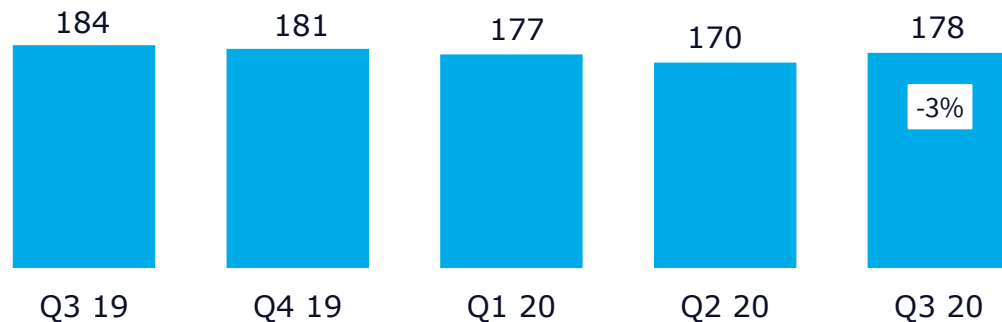


Pakistan

Mobile subscribers ('000)

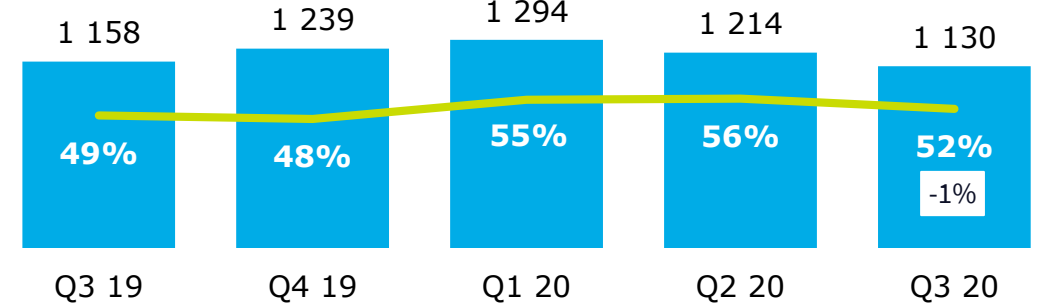


Mobile ARPU (PKR/month)

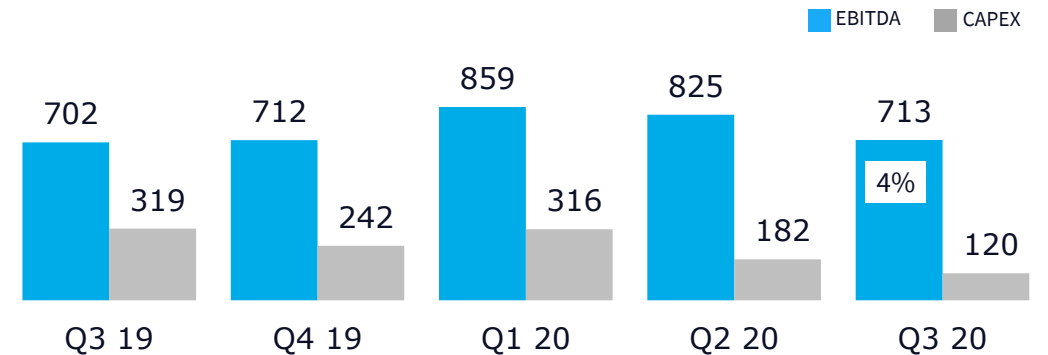


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

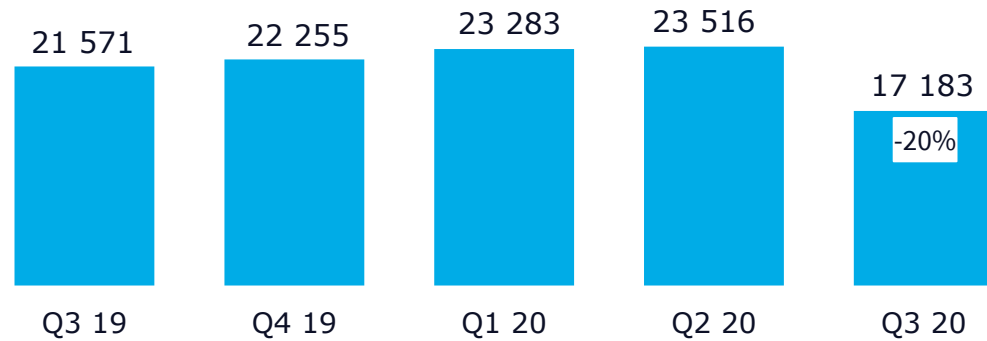


Organic growth

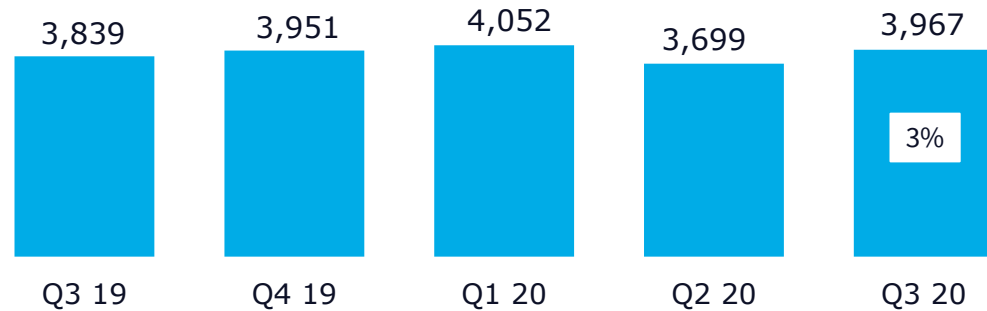


Myanmar

Mobile subscribers ('000)

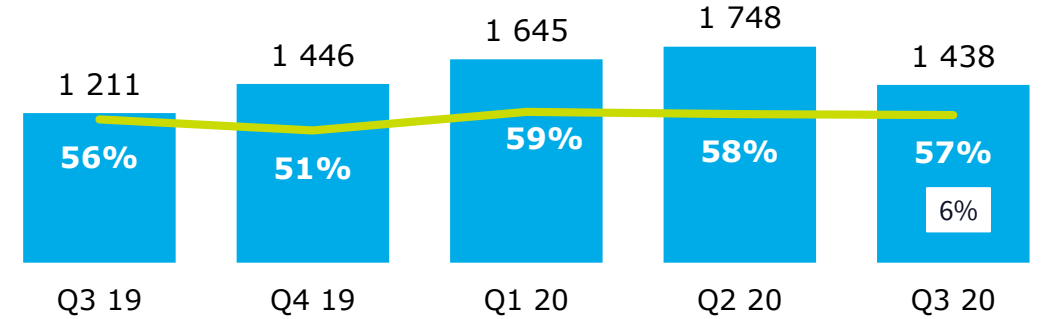


Mobile ARPU (MMK/month)

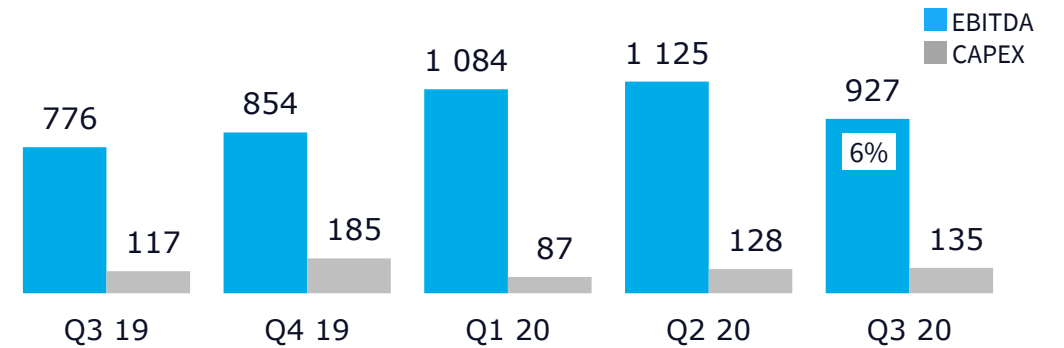


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



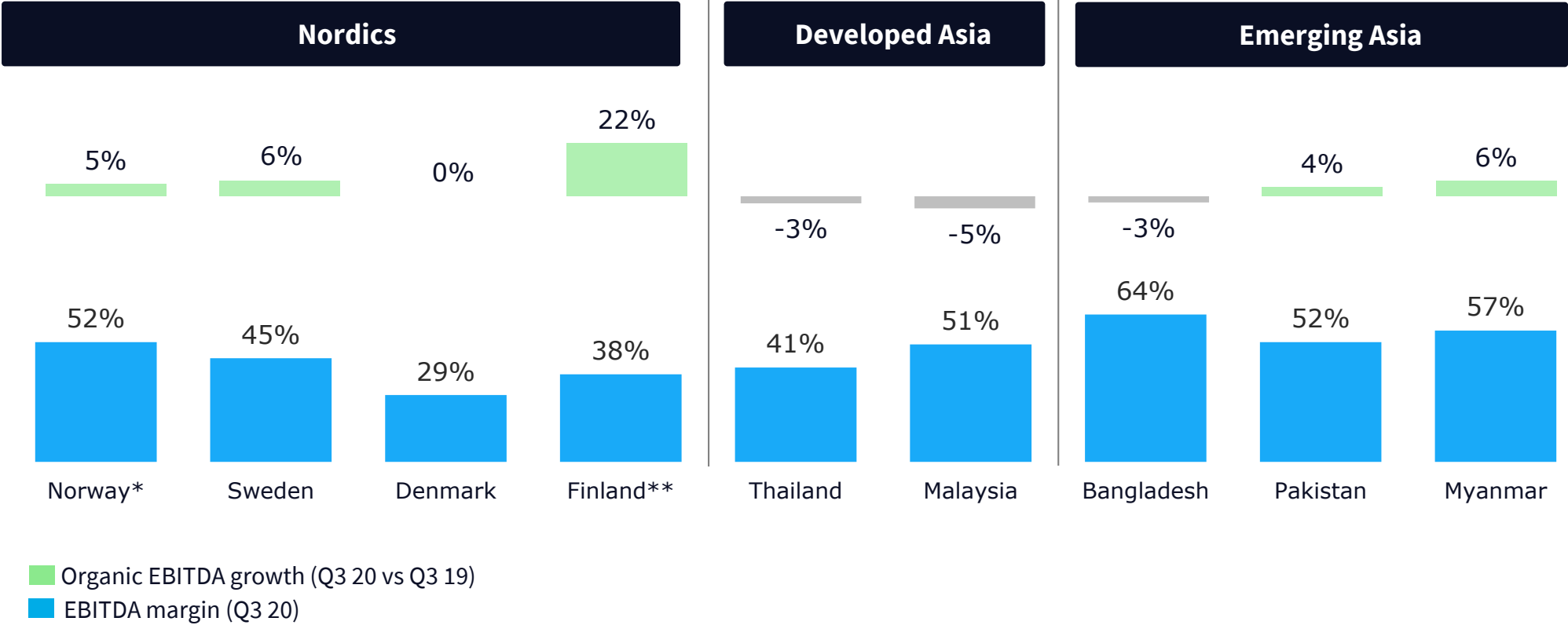
EBITDA and capex (NOK m)



Organic growth



Organic EBITDA growth



*Underlying development adjusted for transfer of businesses between Telenor Norway and Other Units
 **Organic growth based on 10 days in August and the whole September month in 2020



Q3 growth in subscription and traffic revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	0.4%	0.4%	2.8%	5.0%*
Sweden	5.1%	-5.8%	18.3%	6.3%
Denmark	5.0%	-3.4%	8.2%	-0.5%
Finland		-1.3%**		22.4%**
Thailand	-6.9%	-7.6%	-2.1%	-3.0%
Malaysia	1.0%	-1.2%	-2.9%	-5.1%
Bangladesh	1.0%	-1.4%	-0.1%	-2.6%
Pakistan	-2.4%	-0.6%	1.5%	3.7%
Myanmar	18.8%	5.9%	19.4%	6.4%
Telenor Group	5.4%	-2.3 %	11.0 %	3.6 %



Net income of NOK 4.5 billion for Q3 2020

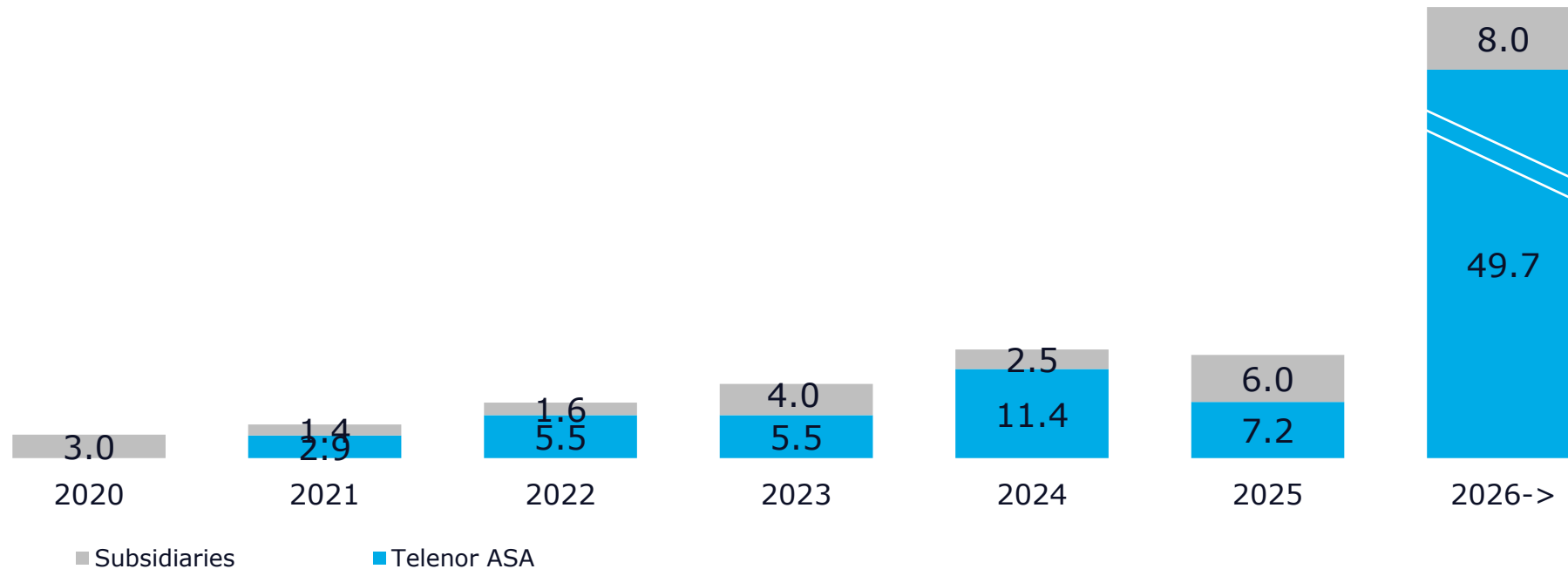
NOK m	2019	Q3 2019	Q3 2020
Revenues	113,666	28,424	30,005
EBITDA before other items	50,735	13,132	14,571
Other items	(459)	(140)	752
EBITDA	50,276	12,992	15,323
Depreciation & amortisation	(24,574)	(6,272)	(7,132)
Operating profit	25,702	6,720	8,191
Associated companies	(849)	(105)	(101)
Net financials	(3,884)	(2,697)	(468)
Taxes	(9,033)	(4,020)	(2,147)
Profit (loss) from discontinued operations	(742)	265	(25)
Minorities	3,421	842	922
Net income - Telenor equity holders	7,773	(679)	4,527
Earnings per share (NOK)	5.40	(0.47)	3.23



Debt maturity profile (NOK bn)

Net debt* in partly-owned subsidiaries:

NOK bn	Q3 2020	Q3 2019
Digi	8.4	7.7
dtac	18.3	21.0
Grameenphone	1.8	1.2



Net debt reconciliation

NOK bn	Q3 2020	Q3 2019
Non-current interest bearing liabilities	103.2	84.9
Non-current lease liabilities	33.9	35.8
Current interest bearing liabilities	8.4	29.1
Current lease liabilities	10.2	5.5
Cash and cash equivalents	(17.5)	(31.9)
Fair value hedge instruments	(2.6)	(2.8)
Financial instruments	(0.3)	(0.3)
Non-current Licence obligations	(12.7)	(15.6)
Current Licence obligations	(4.4)	(1.2)
Net interest bearing debt in discontinued operations		1.0
Net interest bearing debt excl. licence obligations	118.2	104.7



Balance sheet and key ratios

	30 Sep 2020	30 Sep 2019
Total assets	260.6	268.9
Equity attributable to Telenor ASA shareholders	32.5	36.7
Gross debt*	155.7	155.4
Net debt	118.2	103.7
Net debt/EBITDA**	2.1	2.2
Return on capital employed***	11.4%	13.0%

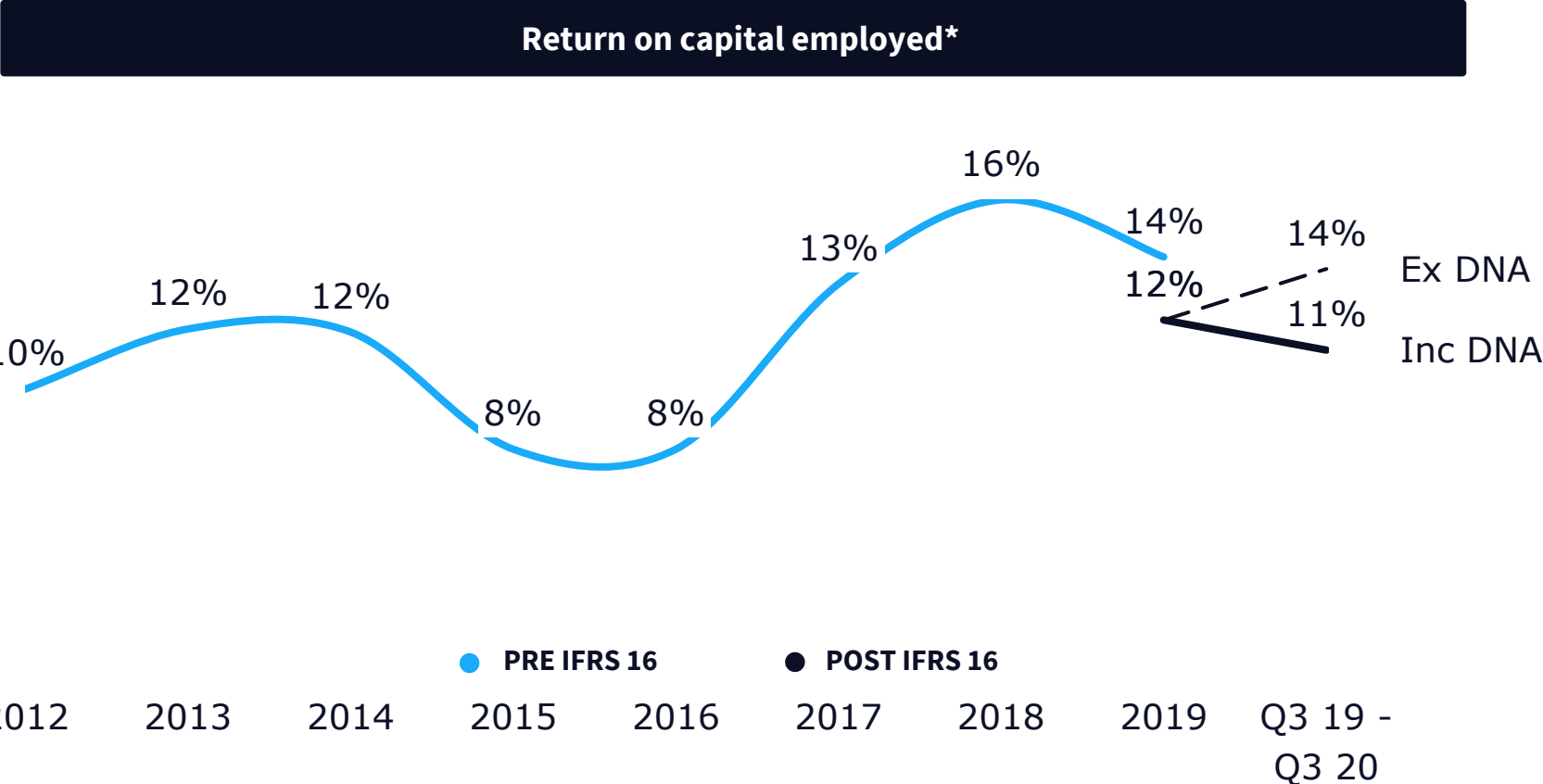
*) Gross debt = current interest bearing liabilities + non-current interest bearing liabilities + current and non current lease liabilities

**) 12 months rolling EBITDA. For periods before consolidation of DNA, pro forma figures have been included.

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



Return on capital employed



*) ROCE is calculated excluding DNA and discontinued operations (Canal Digital)

