

Q3 – 2020

Interim report
January – September 2020



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Continued strong performance – digitalisation and modernisation drive EBITDA growth

Telenor's third quarter results highlight the strength of our operating model, which provides flexibility in managing operations of critical services during uncertain times. The overall performance was positively impacted by organisational modernisation and accelerated digitalisation programmes.

In the quarter, Telenor reported a 2 percent decline in subscription and traffic revenues due to a continued roaming shortfall and lower sales in Asia. However, this development was more than compensated by an opex reduction of 8 percent, resulting in an EBITDA growth of 4 percent and free cash flow of NOK 4 billion.

The results from the Nordic operations were strong this quarter. Telenor Norway delivers a unique combination of innovation and modernisation to their customers and see strong intake on their new speed based price plans. I am pleased to see increasing subscriber bases in Finland, Denmark and Sweden.

In Asia, Pakistan and Bangladesh show strong subscriber growth this quarter. Also this quarter we saw some impact from the COVID-19 pandemic on our business, primarily in Thailand and Malaysia. In Thailand, we experience continued effects from shortfall in tourism revenues while competition has increased in Malaysia. In Myanmar, SIM re-registrations affect the subscriber base.

Our strategy of growth, modernisation and responsible business has provided us with the ability to manoeuvre during these demanding times. We now experience a stronger EBITDA development and adjust our full year 2020 outlook to low single digit organic EBITDA growth, whereas we maintain the low single digit percent decline in subscription and traffic revenue and capex to sales around 13%.

– Sigve Brekke, President and CEO



Key figures Telenor Group

NOK in million	Third quarter		First three quarters		Year 2019
	2020	2019	2020	2019	
Revenues	30 005	28 424	91 862	81 929	113 666
Organic revenue growth (%)	(2.3)	0.4	(1.7)	0.6	1.2
Subscription and traffic revenues	22 903	21 724	70 523	62 591	85 954
Organic subscription and traffic revenue growth (%)	(2.3)	(0.1)	(1.4)	(0.1)	0.4
EBITDA before other income and other expenses	14 571	13 132	43 008	37 338	50 735
Organic EBITDA growth (%)	3.6	(7.2)	2.4	(4.8)	(2.7)
EBITDA before other income and other expenses/Revenues (%)	48.6	46.2	46.8	45.6	44.6
Net income attributable to equity holders of Telenor ASA	4 527	(679)	9 652	5 999	7 773
Capex excl. licences and spectrum	3 669	3 726	10 564	11 841	17 415
Total Capex	4 067	3 759	11 052	11 881	18 075
Free cash flow before M&A	3 895	2 789	10 554	3 283	3 831
Total free cash flow	4 372	(11 660)	11 725	(10 258)	(18 998)
Mobile subscriptions - Change in quarter/Total (mill.)	(2.1)	5.2	180.3	183.4	186.0

Third quarter 2020 summary¹⁾

- The subscriber growth in most markets, amounting to more than 4 million, was offset by the loss of 6.3 million subscribers due to the SIM re-registration in Myanmar. Grameenphone ended the third quarter with an all time high subscriber base of 77.6 million. The Group's mobile subscription base was 180 million at the end of third quarter.
- Subscription and traffic revenues decreased by 2% on an organic basis, mainly driven by the continued decline of prepaid in dtac, as well as the shortfall of roaming revenues in the Nordics. Total reported revenues were NOK 30.0 billion. This is an increase of NOK 1.6 billion or 6%, driven by currency effects of NOK 0.8 billion as well as the consolidation of DNA.
- Currency adjusted opex excluding DNA decreased by NOK 0.7 billion or 8%, as a result of opex reductions across most business units as well as Corporate Functions. Reported opex was stable, as underlying cost reductions offset the increases related to the consolidation of DNA and currency development.
- EBITDA before other items grew by 4% or NOK 0.5 billion on an organic basis, as the substantial opex reductions were able to mitigate the revenue loss. Reported EBITDA before other items was NOK 14.6 billion and the EBITDA margin was 49%.
- Free cash flow before M&A was NOK 3.9 billion. Total free cash flow was NOK 4.4 billion. Capex excluding licences and spectrum was NOK 3.7 billion, yielding a capex to sales ratio of 12%.

¹⁾ Please refer to Definitions on page 26 for descriptions of alternative performance measures. Some of the comments on the Group's financial results for the third quarter 2020 are made excluding DNA. Please refer to page 9 for the Group's consolidated figures in NOK for DNA.

COVID-19 impact on Telenor's business

As in the first half of 2020, our operations in Asia and roaming revenues remained impacted by the COVID-19 situation. However, as lockdowns have been eased, there are now early indications of recovery in Bangladesh and Pakistan, with stabilising trends in the number of new daily cases and economic activity gradually picking up again. In Thailand and Malaysia on the other hand, we saw increasing macroeconomic pressure, impacting customer intake and monetisation opportunities, and also resulting in downselling to subscriptions with smaller packages in the postpaid segment. Movement restrictions and COVID-19 countermeasures by local authorities remain intact, for example the temporary removal of the price floor in Myanmar, which impacts competition intensity. The number of new daily COVID-19 cases has been increasing in Myanmar, and local movement restrictions and lockdowns have been implemented.

The sharp decline in international travel has reduced roaming volumes dramatically, and will likely remain at a very low level at least throughout 2020 and into 2021, impacting in particular our Nordic operations, but also the prepaid revenues from tourism in Thailand and Malaysia. Furthermore, Telenor is exposed to the uncertainty regarding the macroeconomic development and currency fluctuations. Telenor continues to constantly assess these risks and keeps resources allocated to business continuity planning.

Telenor has continued to enable and improve flexible work-from-home solutions, ensuring business continuity and employee safety, and has accelerated its digitalisation plans with regard to zero touch operations and automation. Telenor maintains its strategic direction, while closely monitoring revised expectations for economic development and changed risk profiles globally and in our markets.

For more details on the impact of COVID-19 on Telenor's business and financial results, please refer to pages 3–5 for a description of the Group's consolidated figures, the Interim report on Telenor's operations for market specific information, as well as Note 9 *COVID-19*.

Outlook for 2020

For 2020, we expect a low single digit percent decline in subscription and traffic revenues, low single digit organic EBITDA growth and around 13% capex to sales.

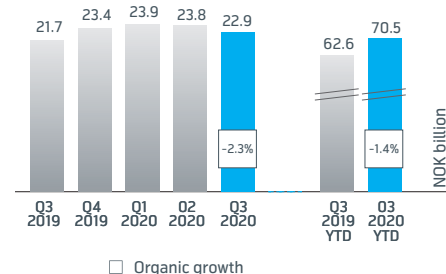
Group performance in the third quarter 2020¹⁾

SUBSCRIPTION AND TRAFFIC REVENUES

Reported subscription and traffic revenues grew by 5%. On an organic basis, subscription and traffic revenues declined by 2%.

In Norway, the continued growth in mobile, fibre and fixed wireless access offset both the roaming and copper driven decline. While DNA in Finland continued to grow, targeted efforts in Sweden and Denmark to improve sales and customer retention resulted in further progress towards top-line stabilisation. In Asia, Grameenphone's and Telenor Pakistan's revenue development stabilised as restrictions were eased, while competition in Thailand, Malaysia and Myanmar intensified. The Group's organic reduction compared to last year was mainly driven by the prepaid decline in Thailand and reduced roaming revenues.

In the first three quarters, subscription and traffic revenues decreased by 1% on an organic basis. While performance in Myanmar and Norway was strong, the revenue decline in Asia as well as lower roaming revenues took growth into negative territory.

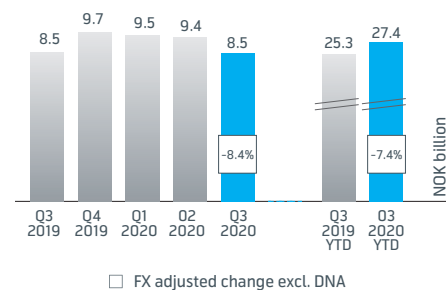


OPERATING EXPENSES (OPEX)

Reported opex in the quarter was stable year over year, as the inclusion of DNA and currency effects offset underlying decreases in most operations. On a currency adjusted basis and excluding DNA, opex decreased by NOK 0.7 billion, or 8%.

Reduced sales and market activities continued this quarter, resulting in lower commissions especially in the Asian operations. Structural modernisation initiatives across the Group, both this year and last year, resulted in lower personnel cost, especially in Norway and Corporate Functions, but also in dtac and Grameenphone. In addition, business travel activity has been reduced substantially, and the third quarter last year was impacted by high costs related to M&A.

In the first three quarters of the year, operating expenses decreased by NOK 2.0 billion, on a currency adjusted basis and excluding DNA. Modernisation efforts across several business units and Corporate Functions resulted in personnel cost reductions, as well as lower travel and consultancy cost. Lower commissions and marketing spend in general this year also contributed to the reduction compared to last year.



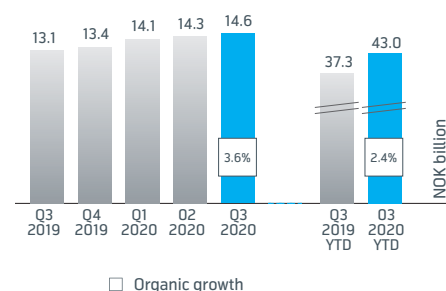
¹⁾ The comments are related to Telenor's development in the third quarter of 2020 compared to the third quarter of 2019. Please refer to Definitions on page 26 for descriptions of alternative performance measures.

EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

Reported EBITDA increased by NOK 1.4 billion and the EBITDA margin was 49%, which is 2 percentage points higher than last year. On an organic basis, EBITDA grew by 4% or NOK 0.5 billion.

Opex reductions in all business units and Corporate Functions were the main driver behind the EBITDA growth this quarter. Continued strong performance in Norway contributed significantly to the Group's EBITDA growth. A non-recurring item in Telenor Sweden of NOK 149 million contributed positively. In Developed Asia, the cost reductions could not offset the challenging top-line development, leading to a decline in EBITDA.

Year to date, EBITDA increased by 2% on an organic basis, as the significant opex momentum has helped to protect profitability. The improvement was mainly driven by strong opex management, lower sales and marketing costs and savings from efficiency and modernisation initiatives. Reported EBITDA increased by NOK 5.7 billion to NOK 43.0 billion, as the consolidation of DNA and currency effects added to the organic growth.

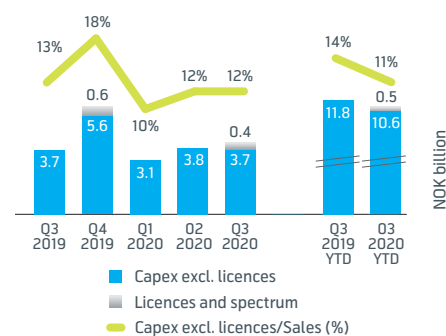


CAPITAL EXPENSES (CAPEX)

Capex excluding licences and spectrum was NOK 3.7 billion in the quarter, which corresponds to a capex to sales ratio of 12%. Compared to the same period last year, capex remained stable.

Year to date, capex excluding licences and spectrum decreased by NOK 1.3 billion to NOK 10.6 billion, yielding a capex to sales ratio of 11%. In Norway the investment level remains high driven by fiber roll-out and preparation for 5G in the network. In DNA capex spend increased due to network modernisation and 5G roll-out. Capex spend was substantially lower in Asia, mainly due to high investment levels in Thailand last year, import restrictions in Bangladesh in the beginning of this year and fewer roll-outs and upgrades of sites in Pakistan.

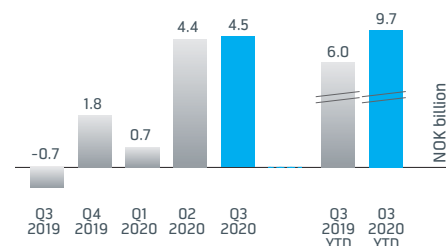
A ramp up of capex is expected in the fourth quarter, related to ongoing network modernisation activities and 5G roll-out.



NET INCOME

Reported net income to equity holders of Telenor ASA in the third quarter was NOK 4.5 billion, which is an increase of NOK 5.2 billion. Operating profit increased by NOK 1.5 billion, mainly due to improved EBITDA. The sale and leaseback transaction related to development properties, which was closed in September, contributed with a gain of NOK 0.5 billion, combined with an adjustment this quarter related to the gain on partial disposal of 701Search in 2019. In addition, the increase in net income was a result of improved net financial items due to net currency gains of NOK 0.7 billion and lower taxes.

Year to date, net income to equity holders of Telenor ASA increased by NOK 3.7 billion to NOK 9.7 billion, primarily as a result of stronger EBITDA, lower taxes and gain on the disposal of Canal Digital of NOK 1.7 billion.

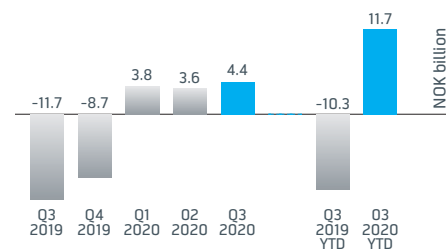


¹⁾ The comments are related to Telenor's development in the third quarter of 2020 compared to the third quarter of 2019. Please refer to Definitions on page 26 for descriptions of alternative performance measures.

FREE CASH FLOW

Free cash flow before M&A was NOK 3.9 billion in the third quarter, which is an increase of NOK 1.1 billion. The increased cash flow was mainly a result of higher EBITDA, but also lower taxes, capex and spectrum payments. Cash flow was negatively impacted by the ESA fine payment of 1.2 billion in September. Total free cash flow was NOK 4.4 billion.

Year to date, free cash flow before M&A was NOK 10.6 billion, which is NOK 7.3 billion higher than last year. The improvement was mainly a result of higher EBITDA, lower taxes and payments related to spectrum and capex. Total free cash flow so far this year was NOK 11.7 billion. This is an increase of NOK 22.0 billion, mainly explained by the acquisition of DNA in 2019. In addition, Telenor Group received an instalment of NOK 1.2 billion related to the sale of our operations in Central and Eastern Europe in 2018 in the first quarter, and proceeds for the sale and leaseback transaction related to development properties of NOK 0.8 billion in the third quarter. This was only partly offset by the deconsolidation effect related to Canal Digital in the second quarter.

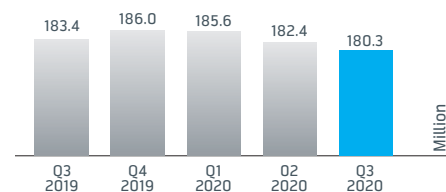


MOBILE SUBSCRIPTIONS

Grameenphone ended the third quarter with an all time high subscriber base of 77.6 million, with 3.0 million new subscribers. Telenor Pakistan also reported substantial growth with 1.1 million new subscribers. The underlying increase of more than 4 million subscribers was offset by the loss of nearly 6.3 million subscriptions in Myanmar due to the SIM registration process, resulting in a 2.1 million reduction in the Group's subscriber base.

Our Nordic operations reported a continued improvement in their customer bases, with Denmark adding 21,000, Sweden 20,000 and DNA 30,000 new subscriptions this quarter.

The Group's mobile subscription base was 180.3 million at the end of third quarter.



¹⁾ The comments are related to Telenor's development in the third quarter of 2020 compared to the third quarter of 2019. Please refer to Definitions on page 26 for descriptions of alternative performance measures.

Interim report

Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the third quarter of 2020 compared to the third quarter of 2019 in local currency, unless otherwise stated. On 30 April 2020, the joint venture between Telenor Group and Nordic Entertainment Group (NENT Group), combining their satellite-based entertainment businesses, was approved by the European Commission, and the transaction was closed on 5 May 2020. Consequently, Canal Digital is no longer classified as discontinued operations. See note 3 for further information. The previously reported Broadcast segment has been dissolved and the continued operations of Telenor Satellite and other companies including holding companies have been moved to the Other units segment. Norkring has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. Financial figures for both Norway and Other units have been restated. See note 10 for further information. Please refer to Definitions on page 26 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, EBITDA increased by 3%, or 5% adjusted for the structural changes related to Norkring and Telenor Infra. The improvement was driven by customers' demand for our offerings and the effects of ongoing modernisation and efficiency initiatives, including the significant investments in both fixed and mobile networks.

Mobile subscription and traffic revenues decreased by 1% due to a 4 percentage points negative impact from lower roaming revenues. Mobile ARPU increased by 1% as a continued increase in demand for value added services like insurance and security was higher than the reduction in roaming revenues. Mobile postpaid subscriptions increased by 7,000 in the quarter. Within the fixed segment, the solid growth continued within non-legacy services, with 12,000 new fibre subscriptions, 14,000 new fixed wireless accesses and 3,000 new TV subscriptions. This contributed to a 3% increase in fixed subscription and traffic revenues despite the continued decline in legacy copper revenues. Total subscription and traffic revenues remained stable.

Opex decreased by 6%, driven by modernisation and efficiency initiatives. The EBITDA margin increased by 2 percentage points to 52%. The reduction in operating profit was related to increased depreciation resulting from the ongoing network modernisation and the establishment of Telenor Infra.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	2 841	2 875	8 362	8 363	11 140
Interconnect	109	119	326	355	475
Other mobile	273	252	799	758	1 027
Non-mobile	668	626	2 126	1 849	2 697
Total revenues mobile operation	3 892	3 872	11 613	11 324	15 339
Revenues fixed operation					
Telephony	197	248	630	772	1 018
Internet and TV	1 636	1 537	4 839	4 565	6 168
Data services	124	120	369	363	485
Other fixed	247	320	832	1 029	1 461
Total retail revenues	2 204	2 225	6 669	6 729	9 133
Wholesale	455	475	1 263	1 445	1 920
Total revenues fixed operation	2 659	2 700	7 933	8 174	11 053
Total revenues	6 551	6 572	19 545	19 498	26 392
Gross profit	5 162	5 172	15 224	15 402	20 532
Operating expenses	(1 772)	(1 875)	(5 624)	(5 948)	(7 920)
EBITDA before other items	3 390	3 297	9 600	9 455	12 612
Operating profit	1 864	1 889	3 549	5 383	7 135
EBITDA before other items/Total revenues (%)	51.8	50.2	49.1	48.5	47.8
Capex	1 215	1 462	4 037	3 951	5 854

Statistics (monthly in NOK):

Mobile ARPU	348	344	339	332	332
Fixed Telephony ARPU	250	238	247	233	239
Fixed Internet ARPU	430	399	424	387	395
TV ARPU	335	322	330	328	329

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

Mobile	(6)	(7)	2 825	2 897	2 886
Fixed telephony	(21)	(26)	252	335	314
Fixed Internet	(8)	(8)	805	826	819
TV	3	7	590	563	571

Comparative figures for 2019 for Norway have been restated. Norkring, the provider of digital terrestrial TV and radio transmission, has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. See note 10 for further information. Since 1 January 2020, Telenor Infra operates all passive infrastructure in Norway previously operated by Telenor Norway, Norkring and Telenor Real Estate. Hence, year on year developments in reported financial figures do not fully reflect Telenor Norway's underlying development and comments on the latter are made where deemed appropriate.

Sweden

In Sweden, the positive customer acquisition trend continued, resulting in net mobile subscription growth of 20,000 in the quarter. Price pressure remained high and resulted in a slight decrease in mobile ARPU compared to the last quarter, but revenues have stabilised compared to the second quarter.

Mobile subscription and traffic revenues decreased by 9%, as a consequence of continued price pressure and lower roaming revenues. Fixed subscription and traffic revenues increased by 1%. High speed internet subscriptions increased by 4,000 this quarter.

Opex decreased by 7%, mainly driven by lower operation and maintenance cost, in addition to lower personnel cost. EBITDA increased by 6%, positively impacted by the effect of a reversal of provisions following a settlement with CopySwede, related to private copy levies for smartphones. Excluding this effect, EBITDA fell by 5%.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	1 436	1 417	4 324	4 280	5 728
Interconnect	108	129	338	388	524
Other mobile	110	112	320	322	434
Non-mobile	574	473	1 575	1 404	2 046
Total revenues mobile operation	2 227	2 131	6 558	6 394	8 732
Revenues fixed operation					
Telephony	33	36	110	112	149
Internet and TV	718	655	2 110	1 965	2 632
Data services	66	36	150	113	151
Other fixed	15	62	130	201	281
Total retail revenues	833	789	2 499	2 391	3 212
Wholesale	82	65	235	184	251
Total revenues fixed operation	915	853	2 734	2 575	3 464
Total revenues	3 142	2 984	9 292	8 969	12 195
Gross profit	2 193	1 949	6 234	5 941	7 975
Operating expenses	(791)	(763)	(2 580)	(2 475)	(3 308)
EBITDA before other items	1 402	1 186	3 654	3 466	4 667
Operating profit	786	660	1 749	1 933	2 494
EBITDA before other items/Total revenues (%)	44.6	39.7	39.3	38.6	38.3
Capex	301	279	924	919	1 310
Investments in businesses	-	-	5	-	-
Statistics (monthly in NOK):					
Mobile ARPU	188	187	190	189	190
Fixed Telephony ARPU	31	30	33	32	32
Fixed Internet ARPU	240	214	236	213	214
TV ARPU	148	143	143	143	143
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	20	19	2 741	2 760	2 760
Fixed telephony	(4)	(4)	119	136	131
Fixed Internet	(0)	6	692	691	685
TV	(2)	2	478	479	479
Exchange rate (NOK/SEK), average for the period			1.0144	0.9245	0.9302

Denmark

In Denmark, the positive customer acquisition trend continued in the third quarter resulting in 21,000 new mobile subscriptions, with customer growth within both the consumer and the business segment.

Mobile ARPU declined by 4% impacted by lower roaming revenues. As a result, total subscription and traffic revenues declined by 3%. This is an improvement compared to the performance in first and the second quarter this year, and a result of targeted efforts to return to growth.

EBITDA remained stable as better handset margins offset temporary opex increases related to the timing of marketing campaigns as well as higher customer care and IT costs.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	744	708	2 231	2 112	2 833
Interconnect	62	57	198	171	230
Other mobile	80	66	227	204	266
Non-mobile	285	255	867	756	1 166
Total revenues mobile operation	1 172	1 086	3 523	3 244	4 495
Revenues fixed operation					
Telephony	28	27	87	84	112
Internet and TV	90	87	269	262	348
Data services	6	6	19	19	25
Total revenues fixed operation	124	119	376	366	485
Total revenues	1 296	1 205	3 899	3 609	4 980
Gross profit	811	734	2 424	2 265	3 012
Operating expenses	(441)	(392)	(1 402)	(1 297)	(1 755)
EBITDA before other items	371	343	1 023	968	1 257
Operating profit	117	88	242	318	353
EBITDA before other items/Total revenues (%)	28.6	28.4	26.2	26.8	25.3
Capex	79	118	339	308	472
Statistics (monthly in NOK):					
Mobile ARPU	161	154	164	152	154
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	21	(7)	1 674	1 652	1 637
Fixed telephony	(1)	-	32	41	38
Fixed Internet	(1)	(4)	106	111	107
Exchange rate (NOK/DKK), average for the period			1.4365	1.3086	1.3191

DNA – Finland¹⁾

In Finland, DNA continued to focus on 5G roll-out and ended the quarter with 24% population coverage, and with good customer uptake on 5G services.

Total subscription and traffic revenues grew slightly, driven by an increase in mobile subscription and traffic revenues of 1% due to upselling within the existing customer base. Fixed subscription and traffic revenues decreased by 1% as a result of lower TV and telephony revenues.

Opex remained stable when excluding the positive impact of capitalisation of re-assessed lease contracts and non-recurring items last year. EBITDA increased by 11%, or 3% excluding the abovementioned effects.

Capex was substantially higher than last year and was mainly related to network modernisation and 5G roll-out.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	1 333	535	4 014	535	1 756
Interconnect	106	43	327	43	141
Other mobile	29	11	85	11	38
Non-mobile	462	190	1 298	190	689
Total revenues mobile operation	1 930	779	5 724	779	2 623
Revenues fixed operation					
Telephony	39	19	134	19	60
Internet and TV	397	159	1 167	159	518
Other fixed	76	54	237	54	178
Total retail revenues	512	233	1 538	233	757
Wholesale	44	16	128	16	54
Total revenues fixed operation	557	249	1 665	249	811
Total revenues	2 486	1 028	7 390	1 028	3 434
Gross profit	1 839	730	5 507	730	2 391
Operating expenses	(894)	(423)	(2 844)	(423)	(1 361)
EBITDA before other items	945	307	2 663	307	1 030
Operating profit	314	54	833	54	205
EBITDA before other items/Total revenues (%)	38.0	29.9	36.0	29.9	30.0
Capex	543	144	1 100	144	854
Statistics (monthly in NOK):					
Mobile ARPU	178	161	180	158	160
Fixed Telephony ARPU	397	406	442	423	418
Fixed Internet ARPU	174	162	174	165	165
TV ARPU	66	61	61	61	61
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	30	2 708	2 706	2 708	2 696
Fixed telephony	(1)	34	33	34	36
Fixed Internet	11	535	573	535	542
Fixed TV	5	330	289	330	330
Exchange rate (NOK/EUR), average for the period			10.7133	9.7679	9.8484

¹⁾ The table shows financial figures for 2019 from the time of consolidation (21 August 2019) for the year 2019. The comments above refer to the development in the third quarter 2020 compared to same period last year, based on DNA's actual figures.

dtac - Thailand

In Thailand, dtac's postpaid growth slowed down further, impacted by the economic downturn and intensified competition. The declining trend on prepaid revenues continued in the third quarter, also impacted by lower tourist and migrant revenues due to closed borders and travel restrictions. As a result, subscription and traffic revenues decreased by 8%. While the subscriber base decreased by 107,000 in the quarter, net subscriber intake in September was positive for the first time after several months of consecutive customer losses.

Opex decreased by 13%, mainly due to lower sales and marketing spend and a property tax reduction, as well as additional capitalisation of re-assessed lease contracts. EBITDA decreased by 3% as the top-line decline was only partly offset by lower opex and an improved handset margin.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	4 157	4 467	13 332	12 615	17 279
Interconnect	112	160	367	453	621
Other mobile	25	25	115	104	136
Non-mobile	1 256	1 205	3 845	3 447	5 013
Total revenues mobile operation	5 550	5 857	17 660	16 619	23 048
Total revenues	5 550	5 857	17 660	16 619	23 048
Gross profit	3 632	3 868	11 575	10 859	14 773
Operating expenses	(1 376)	(1 562)	(4 450)	(4 430)	(6 125)
EBITDA before other items	2 256	2 306	7 125	6 429	8 647
Operating profit	701	842	2 286	2 223	2 747
EBITDA before other items/Total revenues (%)	40.7	39.4	40.3	38.7	37.5
Capex	899	717	1 593	2 537	3 683
Statistics (monthly in NOK):					
Mobile ARPU	76	75	79	70	72
No. of subscriptions - Change in quarter/ Total (in thousands):					
Mobile	(107)	(217)	18 683	20 416	20 642
Exchange rate (NOK/THB), average for the period			0.3028	0.2779	0.2838

Digi - Malaysia

In Malaysia, competition intensified especially on data revenues, and the macroeconomic development has become increasingly challenging. This resulted in increased downselling pressure and lower customer intake particularly in the entry-level postpaid segment. In addition, continued border closures and travel restrictions in response to COVID-19 continued to impact roaming revenues.

Subscription and traffic revenues decreased by 1%. While prepaid revenues increased slightly as a result of higher internet and digital service revenues, postpaid revenues fell by 4%. As a consequence, gross profit decreased by 4%.

Opex remained stable as increased network costs were fully offset by lower commission cost. EBITDA decreased by 5%, or 8% excluding non-recurring items both this quarter and third quarter last year. The EBITDA margin was 51%.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	2 878	2 850	8 821	8 362	11 336
Interconnect	57	86	171	255	347
Other mobile	22	24	84	92	120
Non-mobile	478	362	1 262	1 002	1 572
Total revenues mobile operation	3 435	3 322	10 337	9 712	13 375
Total revenues	3 435	3 322	10 337	9 712	13 375
Gross profit	2 548	2 586	7 813	7 699	10 328
Operating expenses	(813)	(799)	(2 569)	(2 459)	(3 304)
EBITDA before other items	1 735	1 788	5 244	5 241	7 025
Operating profit	1 051	1 162	3 108	3 333	4 463
EBITDA before other items/Total revenues (%)	50.5	53.8	50.7	54.0	52.5
Capex	279	255	1 005	1 148	1 599
Statistics (monthly in NOK):					
Mobile ARPU	92	85	92	85	90
No. of subscriptions - Change in quarter/ Total (in thousands):					
Mobile	57	(34)	10 680	11 330	11 281
Exchange rate (NOK/MYR), average for the period			2.2512	2.1024	2.1239

Grameenphone - Bangladesh

In Bangladesh, Grameenphone's top-line showed signs of recovery during the third quarter after a sharp decline in the second quarter. The lockdown and most of the restrictions in response to COVID-19 were lifted, leading to an improved economic development.

Subscription and traffic revenues decreased by 1% mainly due to the decline in voice revenues, despite growth in data revenues. The revenue development also reflects the impact of the 5% higher supplementary duty effective from mid-June 2020. In the quarter, Grameenphone added 3.1 million new subscribers. The subscriber base was 77.6 million at the end of the quarter, which is 2% higher than last year.

Opex decreased by 3%, primarily due to lower sales and marketing costs as sales shifted more towards digital channels as a result of the ongoing modernisation journey. In addition, lower regulatory cost following lower revenue and profit contributed to the opex reduction. EBITDA decreased by 3%, as opex savings were not sufficient to offset the revenue decline. The EBITDA margin remained stable at 64%.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	3 621	3 584	11 127	10 399	14 053
Interconnect	138	177	487	514	691
Other mobile	8	5	21	12	17
Non-mobile	53	74	154	169	220
Total revenues mobile operation	3 820	3 840	11 790	11 093	14 980
Total revenues	3 820	3 840	11 790	11 093	14 980
Gross profit	3 584	3 597	11 052	10 436	14 098
Operating expenses	(1 154)	(1 164)	(3 618)	(3 682)	(4 879)
EBITDA before other items	2 430	2 433	7 435	6 754	9 218
Operating profit	1 791	1 817	5 374	4 897	6 668
EBITDA before other items/Total revenues (%)	63.6	63.4	63.1	60.9	61.5
Capex	354	221	686	1 010	1 825
Statistics (monthly in NOK):					
Mobile ARPU	16	16	17	16	16
No. of subscriptions - Change in quarter/ Total (in thousands):					
Mobile	3 061	388	77 592	75 717	76 462
Exchange rate (NOK/BDT), average for the period			0.1125	0.1032	0.1043

Pakistan

In Pakistan, subscription and traffic revenues decreased by 1%. However, both the customer base and ARPU have increased compared to the second quarter. Good gross subscriber intake supported by churn control measures resulted in net 1.1 million new subscribers in the quarter. The mobile customer base closed at 46.2 million, which is 4% higher than last year.

Opex remained stable, as positive effects from modernisation initiatives and lower marketing spend were offset by increased operations and maintenance costs and higher energy prices. EBITDA increased by 4%, also a result of improved gross profit due to lower handset sales.

The renewal of Telenor Pakistan's GSM license, which expired on 25 May 2019, is still not concluded. A hearing took place in September, and the next hearing is scheduled on 20 October 2020.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenues mobile operation					
Subscription and traffic	1 130	1 158	3 638	3 950	5 190
Interconnect	199	203	596	606	796
Other mobile	3	4	12	15	19
Non-mobile	49	55	172	181	227
Total revenues mobile operation	1 381	1 420	4 418	4 752	6 232
Total revenues	1 381	1 420	4 418	4 752	6 232
Gross profit	1 185	1 179	3 827	4 004	5 274
Operating expenses	(473)	(477)	(1 429)	(1 548)	(2 106)
EBITDA before other items	713	702	2 397	2 456	3 168
Operating profit	270	246	908	1 153	1 374
EBITDA before other items/Total revenues (%)	51.6	49.4	54.3	51.7	50.8
Capex	160	352	747	1 160	1 446
Statistics (monthly in NOK):					
Mobile ARPU	10	10	10	11	11
No. of subscriptions - Change in quarter/ Total (in thousands):					
Mobile	1 133	541	46 211	44 391	45 389
Exchange rate (NOK/PKR), average for the period			0.0589	0.0589	0.0588

Myanmar

In Myanmar, competitive intensity has increased, evidenced by lower data prices as the price floor has been temporarily suspended by the regulator until end of March 2021. Furthermore, the regulatory requirement to re-register SIM cards led to lower SIM sales. The inherent demand for telecommunication services however is growing and supported Telenor Myanmar's 6% growth in subscription and traffic revenues this quarter.

The number of subscriptions decreased by 6.3 million as Telenor Myanmar deactivated SIMs following the SIM re-registration process to comply with new directives from the authorities. The increase in subscription and traffic revenues was driven by strong growth in data usage, more than offsetting the impact of price pressure. Higher revenues in combination with lower sales cost, efficiency savings within network cost and lower energy prices led to an EBITDA improvement of 6%.

NOK in million	Third quarter		First three quarters		Year 2019
	2020	2019	2020	2019	
Revenues mobile operation					
Subscription and traffic	1 430	1 207	4 807	3 572	5 013
Interconnect	171	169	555	535	733
Other mobile	6	11	20	29	44
Non-mobile	1	2	5	8	11
Total revenues mobile operation	1 607	1 388	5 387	4 145	5 801
Total revenues	1 620	1 395	5 422	4 161	5 825
Gross profit	1 429	1 234	4 828	3 659	5 113
Operating expenses	(502)	(458)	(1 691)	(1 397)	(1 996)
EBITDA before other items	927	776	3 136	2 262	3 116
Operating profit	237	121	1 012	491	701
EBITDA before other items/Total revenues (%)	57.2	55.7	57.8	54.4	53.5
Capex	135	117	349	440	625
Statistics (monthly in NOK):					
Mobile ARPU	26	22	27	24	24
No. of subscriptions - Change in quarter/ Total (in thousands):					
Mobile	(6 333)	1 765	17 183	21 571	22 255
Exchange rate (NOK/MMK), average for the period			0.0068	0.0057	0.0059

Other Units

Revenues in Other Units improved by NOK 0.1 billion mainly explained by Telenor Infra which offset weaker top line in Global Wholesale, Telenor Maritime and Telenor Satellite.

EBITDA improved by NOK 0.4 billion as a result from the inclusion of Telenor Infra, as well as lower costs in Corporate Functions. The lower cost level in Corporate Functions was mainly driven by lower personnel and travel cost, and that the third quarter last year was impacted by high cost related to M&A.

EBIT increased by NOK 1.1 billion due to improved EBITDA as explained above, a sale and leaseback transaction related to development properties in Norway and an adjustment to the gain on the partial disposal of 701Search in 2019.

NOK in million	Third quarter		First three quarters		Year 2019
	2020	2019	2020	2019	
Revenues					
Corporate Functions	434	435	1 318	1 429	1 894
Infra	435	-	1 296	-	-
Satellite	215	242	629	716	950
Other Businesses	982	1 314	3 048	4 037	5 276
Eliminations	(36)	(42)	(120)	(164)	(206)
Total revenues	2 029	1 949	6 171	6 018	7 914
Operating expenses	(922)	(1 118)	(3 030)	(3 413)	(4 546)
EBITDA before other items					
Corporate Functions	(36)	(224)	(216)	(400)	(524)
Infra	245	-	699	-	-
Satellite	165	185	451	509	672
Other Businesses	237	263	558	576	729
Eliminations	-	(1)	-	(2)	-
Total EBITDA before other items	611	223	1 492	682	877
Operating profit (loss)					
Corporate Functions	(105)	(278)	(405)	(667)	(841)
Infra	114	-	322	-	-
Satellite	99	119	250	288	382
Other Businesses	1 083	124	1 220	390	535
Eliminations	(123)	-	(123)	-	-
Total operating profit (loss)	1 068	(35)	1 264	10	77
Capex	102	93	271	264	407
Investments in businesses	260	27 448	260	27 448	27 807

Comparative figures for 2019 for Other units have been restated. Norworking has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. See note 10 for further information.

Group performance 2020

The comments below are related to Telenor's development in the first three quarters of 2020 compared to the first three quarters of 2019. From the fourth quarter 2019, Canal Digital has been classified as discontinued operations, but is no longer included in the Group's consolidated figures following the approval of the transaction (Joint venture with NENT Group) by the European Commission and subsequent closing. See note 3 for further information.

Specification of other income and other expenses

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
EBITDA before other income and other expenses	14 571	13 132	43 008	37 338	50 735
EBITDA before other income and other expenses (%)	48.6	46.2	46.8	45.6	44.6
Other income	15	7	26	47	46
Gains on disposals of fixed assets and operations	913	34	1 036	401	696
Losses on disposals of fixed assets and operations	(68)	(119)	(212)	(197)	(283)
Workforce reductions, onerous (loss) contracts and other	(108)	(62)	(1 778)	(495)	(917)
EBITDA	15 323	12 992	42 079	37 094	50 276
EBITDA margin (%)	51.1	45.7	45.8	45.3	44.2

In the third quarter, other income consisted mainly of the gains on disposals of fixed assets and operations of a NOK 537 million gain from the sale and leaseback transaction related to development properties in Norway, NOK 310 million adjustment to the gain on the partial disposal of 70iSearch in 2019, and NOK 57 million gain on partial disposal of Telenor e-helse in Norway. Other expenses consisted mainly of workforce reductions (of which NOK 37 million in Corporate Functions, NOK 32 million in Telenor Norway). In the third quarter 2019, other expenses consisted mainly of workforce reductions of NOK 30 million in Telenor Norway and losses related to scrapping of fixed assets and disposals of right-of-use assets of NOK 51 million in Telenor Myanmar.

In the first three quarters of 2020, other income consisted mainly of the gains on disposals of fixed assets and operations in the third quarter, partly offsetting the other expenses related mainly to a provision of NOK 1.2 billion recognised in the second quarter based on the decision from ESA, and workforce reductions (of which NOK 231 million in Telenor Norway, NOK 102 million in Grameenphone, and NOK 90 million in Telenor Sweden). In the first three quarters of 2019, other income consisted mainly of the gains on disposals of fixed assets and operations related to a NOK 208 million gain on partial disposal of Digital Money Myanmar (Wave Money), and a gain of NOK 119 million in Telenor Denmark related to sale and partial leaseback of assets. Other expenses consisted mainly of workforce reductions (of which NOK 179 million in Corporate Functions and NOK 143 million in Telenor Norway).

Operating profit

Reported operating profit increased by NOK 0.8 billion to NOK 20.2 billion. EBITDA improved by NOK 5.0 billion to NOK 42.1 billion, of which NOK 2.4 billion were a result of the consolidation of DNA.

Depreciations increased by NOK 4.2 billion, mainly driven by the consolidation effect from DNA with NOK 1.6 billion and currency effects of NOK 1.3 billion for the first three quarters of 2020. In addition, fibre investments and accelerated depreciation on copper infrastructure in Norway, as well as higher capitalisation in Thailand increased depreciations by NOK 0.8 billion and NOK 0.3 billion, respectively.

Financial items

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Financial income	153	380	498	1 102	1 354
Financial expenses	(1 266)	(1 408)	(3 783)	(3 838)	(5 031)
Net currency gains (losses)	678	(1 756)	(489)	(1 188)	(282)
Net change in fair value of financial instruments	(34)	86	(660)	94	60
Net gains (losses and impairment) of financial assets and liabilities	-	-	13	18	15
Net financial income (expenses)	(468)	(2 697)	(4 421)	(3 811)	(3 884)
Gross interest expenses related to interest bearing liabilities and lease liabilities	(1 165)	(1 275)	(3 282)	(3 454)	(4 561)
Net interest expenses	(1 060)	(1 125)	(2 915)	(3 029)	(3 917)

Net financial items in the first three quarters of 2020 amounted to negative NOK 4.4 billion, compared to negative NOK 3.8 billion last year. Financial income in the first three quarters of 2019 includes dividend from VEON of NOK 556 million.

Net currency losses were NOK 0.5 billion, compared to losses of NOK 1.2 billion last year. The Norwegian Krone has strengthened against USD during the third quarter of 2020, partly reversing the net currency losses related to liabilities denominated in USD in first half of 2020. Liabilities in other currencies than USD are to a large extent used for net investment hedges, and related currency losses are classified within other comprehensive income.

Net change in fair value of financial instruments in the first three quarters of 2020 includes a loss of NOK 0.3 billion related to discontinuation of fair value hedge accounting.

Taxes

The effective tax rate for the first three quarters decreased to 32%, compared to 35% in the first half of the year, as the provision based on the ESA decision in the second quarter, was largely offset during the third quarter by the non-taxable gains related to disposals. The underlying tax rate for the year is estimated to 31%, in line with last year. The effective tax rate for the year 2020 is expected to be around 31%.

Cash flow

Net cash inflow from operating activities during the first three quarters of 2020 was NOK 32.5 billion, an increase of 5.3 billion compared to 2019. Adjusted for cash flows from DNA, operating cash flow increased by NOK 3.3 billion compared to 2019 mainly due to improved EBITDA before other items, lower taxes paid and positive currency translation effects partly offset by ESA fine payment of NOK 1.2 billion. Net cash flow from operating activities in 2020 includes payment of the deposit to BTRC of NOK 2.2 billion, while cash flow from operating activities in 2019 includes payments related to the CAT settlement in Thailand of NOK 2.3 billion.

Net cash outflow to investing activities during the first three quarters of 2020 was NOK 13 billion, a decrease of NOK 17.5 billion compared to 2019. Payments of PPE and intangibles were lower by NOK 3.2 billion compared to 2019. The decrease in purchases of businesses by NOK 14.2 billion was explained by acquisition of DNA last year. The increase in proceeds from sale of business by NOK 1.1 billion was explained by sale proceeds from the sale and leaseback transaction related to development properties amounting to NOK 0.8 billion partly offset by deconsolidation effect of NOK 0.4 billion of Canal Digital in 2020 and deconsolidation effect of NOK 0.9 billion of Telenor Banka and Wave Money in 2019. Proceeds from other investments decreased by NOK 0.9 billion. The decrease due to disposal of VEON shares in 2019 amounting to NOK 1.9 billion was partly offset by NOK 1.2 billion receipt of deferred sale consideration for sale of CEE in 2020.

Net cash outflow to financing activities during the first three quarters of 2020 was NOK 17.2 billion. This was explained primarily by payments to Telenor ASA shareholders of NOK 10.4 billion, repayments of lease obligations of NOK 3.9 billion, net receipt of borrowings of NOK 1 billion and NOK 2.9 billion dividends paid to non-controlling interests.

Cash and cash equivalents increased by NOK 2.9 billion during the first three quarters of 2020 to NOK 17 billion as of 30 September 2020.

Financial position

During the first three quarters of 2020, total assets increased by NOK 11.8 billion to NOK 213.8 billion. The increase was primarily caused by depreciation of Norwegian Krone against all relevant currencies.

Net debt increased by NOK 11.3 billion to NOK 118.2 billion compared to the end of last year, while decreased by NOK 3.7 billion compared to the end of the second quarter of 2020. Interest-bearing liabilities excluding licence obligations increased by NOK 15.3 billion primarily driven by the depreciation of the Norwegian Krone against all relevant currencies with an impact of approximately NOK 13 billion. Cash and cash equivalents increased by NOK 3.6 billion.

Total equity decreased by NOK 5.3 billion to NOK 38.1 billion. The decrease was due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.2 billion, share buyback of NOK 4.1 billion and pension re-measurement loss (net of tax) of NOK 0.9 billion. This was partly offset by positive net income from operations of NOK 12.5 billion and positive currency translation effects of NOK 2.3 billion.

Transactions with related parties

For detailed information on related party transactions, please refer to Note 33 *Related parties* in the Group's Annual Report 2019. Please also refer to note 7.

Risks and uncertainties

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

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

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

The regulatory environment in Bangladesh developed to be challenging for Grameenphone and Telenor during 2019. This relates to BTRC and their conducted audit covering the period 1997 until 2014. Please see Note 6 *Legal disputes* for further details.

From the latter part of March we have seen impact from the global spread of COVID-19 on our performance. A major risk is the duration of the COVID-19 impact. Furthermore, Telenor is exposed to the uncertainty regarding the macroeconomic development and currency fluctuations. For more information related to COVID-19, see page 2 and Note 9 *COVID-19*.

For additional explanations regarding risks and uncertainties, please refer to the following sections in the Group's Annual Report 2019: the Risk Management section in the Board of Directors Report, Note 13 *Income taxes*, Note 29 *Financial Risk Management* and Note 34 *Legal Disputes and contingencies*. Readers are also referred to the Disclaimer below.

For new developments of legal disputes and contingencies since the publication of the Group's Annual Report for 2019, 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. 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.

Interim condensed financial information

Consolidated income statement

Telenor Group

NOK in million except earnings per share	Note	Third quarter		First three quarters		Year
		2020	2019	2020	2019	2019
Revenues	2	30 005	28 424	91 862	81 929	113 666
Total cost of materials and traffic charges		(6 938)	(6 781)	(21 503)	(19 241)	(27 912)
Salaries and personnel costs		(2 551)	(2 529)	(8 512)	(7 797)	(10 803)
Other operating expenses		(5 945)	(5 982)	(18 839)	(17 552)	(24 215)
Other income		929	41	1 061	448	741
Other expenses		(176)	(181)	(1 990)	(692)	(1 200)
EBITDA		15 323	12 992	42 079	37 094	50 276
Depreciation and amortisation		(7 132)	(6 290)	(21 863)	(17 692)	(24 527)
Impairment losses		-	19	(8)	17	(47)
Operating profit		8 191	6 720	20 208	19 419	25 702
Share of net income from associated companies and joint ventures		(101)	(105)	(306)	(261)	(849)
Net financial items		(468)	(2 697)	(4 421)	(3 811)	(3 884)
Profit/Loss before Taxes		7 622	3 917	15 481	15 346	20 968
Income taxes		(2 147)	(4 020)	(4 887)	(7 682)	(9 033)
Profit from continuing operations		5 474	(102)	10 594	7 664	11 936
Profit (loss) from discontinued operations	3	(25)	265	1 952	820	(742)
Net income		5 449	163	12 546	8 485	11 194

Net income attributable to:

Non-controlling interests	922	842	2 894	2 486	3 421
Equity holders of Telenor ASA	4 527	(679)	9 652	5 999	7 773

Earnings per share in NOK

Basic/diluted from continuing operations	3.25	(0.66)	5.46	3.58	5.91
Basic/diluted from discontinued operations	(0.02)	0.19	1.38	0.57	(0.52)
Basic/diluted from total operations	3.23	(0.47)	6.84	4.15	5.40

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

Consolidated statement of comprehensive income

Telenor Group

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Net income	5 449	163	12 546	8 485	11 194
Translation differences on net investment in foreign operations	388	1 889	6 959	156	(138)
Amount reclassified from other comprehensive income to income statement on partial disposal	(11)	-	(202)	(9)	(244)
Net gain (loss) on hedge of net investment	(426)	(386)	(5 761)	150	59
Income taxes	94	85	1 267	(33)	(13)
Share of other comprehensive income (loss) of associated companies and joint ventures	1	-	(2)	-	-
Items that may be reclassified subsequently to income statement	46	1 588	2 261	264	(335)
Net gain (loss) on equity investments	(9)	(288)	95	72	(26)
Remeasurement of defined benefit pension plans	27	(323)	(1 093)	(491)	713
Income taxes	(4)	71	243	108	(157)
Items that will not be reclassified to income statement	14	(540)	(755)	(311)	530
Other comprehensive income (loss) for the period, net of tax	60	1 048	1 505	(47)	194
Total comprehensive income	5 509	1 211	14 052	8 437	11 388
Total comprehensive income attributable to:					
Non-controlling interests	833	1 166	3 202	2 803	3 670
Equity holders of Telenor ASA	4 676	45	10 850	5 634	7 717

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

Consolidated statement of financial position

Telenor Group

NOK in million	Note	30 September 2020	31 December 2019	30 September 2019
Deferred tax assets		2 333	2 445	2 541
Goodwill		30 165	27 451	31 036
Intangible assets		11 664	11 370	11 528
Right-of-use assets		61 791	59 381	59 871
Property, plant and equipment		83 486	83 179	81 331
Associated companies and joint ventures		8 154	4 299	2 260
Other non-current assets		16 198	13 916	18 099
Total non-current assets		213 789	202 040	206 666
			-	
Prepaid taxes		1 394	1 334	1 675
Inventories		1 255	1 485	1 358
Trade and other receivables		26 181	25 773	26 657
Other current financial assets		538	910	670
Assets classified as held for sale	3	-	3 489	-
Cash and cash equivalents		17 483	13 867	31 915
Total current assets		46 851	46 858	62 275
Total assets		260 640	248 899	268 940
			-	
Equity attributable to equity holders of Telenor ASA		32 522	38 054	36 716
Non-controlling interests		5 549	5 286	4 815
Total equity		38 072	43 339	41 531
			-	
Non-current lease liabilities		33 913	32 002	35 823
Non-current interest-bearing liabilities	4	103 188	83 987	84 939
Non-current non-interest-bearing liabilities		1 563	1 549	2 209
Deferred tax liabilities		4 822	4 902	4 978
Pension obligations		3 258	2 386	3 358
Provisions and obligations		8 031	7 701	5 758
Total non-current liabilities		154 776	132 527	137 064
			-	
Current lease liabilities		10 213	9 295	5 462
Current interest-bearing liabilities	4	8 377	14 761	29 148
Trade and other payables		33 019	35 691	36 418
Dividend payable		6 018	-	5 781
Current tax payables		3 899	4 863	8 154
Current non-interest-bearing liabilities		1 772	2 227	2 514
Provisions and obligations		1 116	1 219	1 029
Liabilities classified as held for sale	3	3 379	4 976	1 837
Total current liabilities		67 792	73 032	90 345
Total equity and liabilities		260 640	248 899	268 940

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

Consolidated statement of cash flows

Telenor Group

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Profit before taxes from total operations ¹⁾	7 597	4 183	17 435	16 167	20 318
Income taxes paid	(1 390)	(1 746)	(5 114)	(6 213)	(10 512)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(811)	(24)	(1 838)	(319)	(471)
Depreciation, amortisation and impairment losses	7 132	6 284	21 871	17 717	24 625
Loss (profit) from associated companies and joint ventures	101	105	306	261	849
Dividends received from associated companies	-	-	-	63	63
Currency (gains) losses not related to operating activities	(550)	1 783	1 221	966	(226)
Changes in working capital and other	(1 153)	1 092	(1 367)	(1 416)	(425)
Net cash flow from operating activities	10 926	11 676	32 514	27 226	34 222
Purchases of property, plant and equipment (PPE) and intangible assets	(3 966)	(6 460)	(14 133)	(17 339)	(21 986)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(275)	(14 472)	(275)	(14 472)	(25 957)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	773	8	420	(610)	(688)
Proceeds from sale and purchases of other investments	19	27	986	1 903	5 106
Net cash flow from investing activities	(3 448)	(20 896)	(13 002)	(30 518)	(43 526)
Proceeds from and repayments of borrowings	771	4 611	992	34 229	32 261
Payments of lease liabilities related to spectrum licenses	(455)	(463)	(864)	(843)	(1 080)
Payments of lease liabilities related to other lease contracts	(1 177)	(648)	(3 887)	(3 044)	(4 282)
Net payments of supply chain financing	(89)	(68)	(171)	(108)	(5)
Purchase of treasury shares	(4 113)	(4 266)	(4 158)	(5 261)	(6 114)
Dividends paid to and purchases of shares from non-controlling interests	(1 385)	(1 261)	(2 864)	(2 970)	(4 327)
Dividends paid to equity holders of Telenor ASA	-	-	(6 260)	(6 416)	(12 121)
Net cash flow from financing activities	(6 448)	(2 096)	(17 212)	15 587	4 332
Effects of exchange rate changes on cash and cash equivalents	(365)	773	672	547	641
Net change in cash and cash equivalents	665	(10 542)	2 972	12 843	(4 330)
Cash and cash equivalents at the beginning of the period	16 305	41 714	13 997	18 328	18 328
Cash and cash equivalents at the end of the period²⁾	16 970	31 171	16 970	31 171	13 997
Of which cash and cash equivalents in assets held for sale at the end of the period	-	-	-	-	735
Cash and cash equivalents in continuing operations at the end of the period	16 970	31 171	16 970	31 171	13 262

¹⁾ Profit before taxes from total operations consists of:

Profit before taxes from continuing operations	7 622	3 917	15 481	15 346	20 968
Profit before taxes from discontinued operations	(25)	265	1 954	821	(651)
Profit before taxes from total operations	7 597	4 183	17 435	16 167	20 318

²⁾ As of 30th September 2020, restricted cash was NOK 205 million, while as of 30th September 2019, restricted cash was NOK 18 million.

Cash flow from discontinued operations

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Net cash flow from operating activities	(13)	278	144	855	1 006
Net cash flow from investing activities	(1)	(12)	(492)	(759)	(779)
Net cash flow from financing activities	-	-	-	(4)	(4)

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

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

Consolidated statement of changes in equity

Telenor Group

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2019	8 818	(15 630)	58 425	(2 168)	49 446	5 009	54 455
Net income for the period	-	-	7 773	-	7 773	3 421	11 194
Other comprehensive income for the period	-	522	-	(578)	(56)	250	194
Total comprehensive income for the period	-	522	7 773	(578)	7 717	3 670	11 388
Disposal of VEON shares	-	3 586	(3 586)	-	-	-	-
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	651	651
Disposal of subsidiaries with non-controlling interests	-	-	-	-	-	(52)	(52)
Transactions with non-controlling interests	-	(476)	(506)	-	(982)	(653)	(1 635)
Dividends	-	-	(12 125)	-	(12 125)	(3 339)	(15 464)
Share buy back	(213)	(5 738)	-	-	(5 951)	-	(5 951)
Sale of shares, share issue, and share options to employees	-	(56)	-	-	(56)	-	(56)
Equity as of 31 December 2019	8 605	(17 792)	49 982	(2 746)	38 051	5 286	43 339
Net income for the period	-	-	9 652	-	9 652	2 894	12 546
Other comprehensive income for the period	-	(761)	-	1 959	1 198	308	1 506
Total comprehensive income for the period	-	(761)	9 652	1 959	10 850	3 202	14 052
Equity adjustments in associated companies	-	2	-	-	2	-	2
Dividends	-	-	(12 277)	-	(12 277)	(2 938)	(15 215)
Share buy back	(139)	(3 974)	-	-	(4 113)	-	(4 113)
Sale of shares, share issue, and share options to employees	-	7	-	-	7	-	7
Equity as of 30 September 2020	8 466	(22 518)	47 357	(787)	32 523	5 549	38 072

NOK in million	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
Equity as of 1 January 2019	8 818	(15 630)	58 425	(2 168)	49 446	5 009	54 455
Net income for the period	-	-	5 999	-	5 999	2 486	8 485
Other comprehensive income for the period	-	(311)	-	(53)	(364)	317	(47)
Total comprehensive income for the period	-	(311)	5 999	(53)	5 634	2 803	8 437
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)	49 752	(2 222)	36 716	4 815	41 531

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

Notes to the interim consolidated financial statements

Note 1 – General accounting principles

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

These interim condensed consolidated financial statements for the nine months ending 30 September 2020, 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 2019 (Annual Report 2019). Key developments in risks and uncertainties, including COVID-19, are described in the section Risks and uncertainties on page 14.

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 2019. For information about standards, amendments to standards and interpretations

effective from 1 January 2020, please refer to note 1 in the Group's Annual Report 2019. None of the standards, amendments or interpretations effective from 1 January 2020 has a significant impact on the Group's consolidated interim financial statements.

On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. A lessee may apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. EU approved the amendment on 12 October 2020. The Group has chosen to adopt the amendment with effect from 1 January 2020, using the option for early application. The amendment has not had a significant impact on the Group's consolidated financial statements.

Note 2 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 10. For further information on the categories, please refer to note 6 in the Group's Annual Report 2019.

Third quarter 2020

NOK in million	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	3 849	2 179	1 165	1 922	4 792	3 388	3 777	1 355	1 606	-	(302)	23 732
Services	3 371	1 704	895	1 521	4 436	2 984	3 773	1 349	1 606	-	(302)	21 337
Goods	478	475	270	400	356	405	5	6	-	-	(0)	2 394
Fixed operation	2 480	908	124	557	-	-	-	-	13	453	(142)	4 393
Services	2 348	905	124	557	-	-	-	-	13	453	(125)	4 275
Goods	131	3	-	-	-	-	-	-	-	-	(17)	118
Other	178	-	-	-	-	-	-	-	-	1 106	(474)	811
Services	178	-	-	-	-	-	-	-	-	1 104	(474)	808
Goods	-	-	-	-	-	-	-	-	-	3	-	3
Sum type of good/ services	6 508	3 087	1 290	2 478	4 792	3 388	3 777	1 355	1 619	1 559	(918)	28 935
Type of mobile subscription												
Contract	2 910	1 499	806	1 382	2 849	2 118	127	43	17	-	(11)	11 740
Prepaid	40	45	-	57	1 420	816	3 633	1 286	1 583	-	(116)	8 765
Other ¹⁾	421	160	89	82	167	49	13	20	6	-	(175)	832
Sum services in Mobile operation	3 371	1 704	895	1 521	4 436	2 984	3 773	1 349	1 606	-	(302)	21 337
Timing of revenue recognition												
Over time	5 898	2 609	1 019	2 078	4 436	2 984	3 773	1 349	1 619	1 557	(901)	26 420
At a point in time	610	478	270	400	356	405	5	6	-	2	(17)	2 514
Total revenue from contract with customers	6 508	3 087	1 290	2 478	4 792	3 388	3 777	1 355	1 619	1 559	(918)	28 935
Other revenues ²⁾	43	54	7	8	758	46	43	26	1	470	(387)	1 070
Total revenue	6 551	3 142	1 296	2 486	5 550	3 435	3 820	1 381	1 620	2 029	(1 304)	30 005
Segment revenue as presented in note 10	6 551	3 142	1 296	2 486	5 550	3 435	3 820	1 381	1 620	2 029	(1 304)	30 005

First three quarters 2020

NOK in million	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	11 487	6 414	3 503	5 698	15 488	10 196	11 658	4 331	5 383	-	(913)	73 245
Services	9 917	5 125	2 683	4 579	14 202	9 177	11 649	4 305	5 383	-	(905)	66 114
Goods	1 570	1 289	820	1 119	1 286	1 020	9	26	-	-	(8)	7 131
Fixed operation	7 393	2 731	376	1 665	-	-	-	-	35	1 433	(461)	13 172
Services	7 031	2 709	376	1 665	-	-	-	-	35	1 433	(408)	12 841
Goods	362	22	-	-	-	-	-	-	-	-	(53)	331
Other	536	-	-	-	-	-	-	-	-	3 327	(1 521)	2 342
Services	536	-	-	-	-	-	-	-	-	3 322	(1 521)	2 337
Goods	-	-	-	-	-	-	-	-	-	5	-	5
Sum type of good/ services	19 415	9 145	3 878	7 363	15 488	10 196	11 658	4 331	5 418	4 761	(2 893)	88 761
Type of mobile subscription												
Contract	8 577	4 536	2 429	4 178	9 086	6 574	500	136	49	-	(41)	36 023
Prepaid	111	126	-	163	4 613	2 418	11 115	4 098	5 314	-	(327)	27 631
Other ¹⁾	1 229	462	254	238	503	185	34	71	20	-	(537)	2 460
Sum services in Mobile operation	9 917	5 125	2 683	4 579	14 202	9 177	11 649	4 305	5 383	-	(905)	66 114
Timing of revenue recognition												
Over time	17 483	7 834	3 058	6 245	14 202	9 177	11 649	4 305	5 418	4 755	(2 834)	81 292
At a point in time	1 932	1 312	820	1 119	1 286	1 020	9	26	-	5	(59)	7 469
Total revenue from contract with customers	19 415	9 145	3 878	7 363	15 488	10 196	11 658	4 331	5 418	4 761	(2 893)	88 761
Other revenues ²⁾	130	146	20	26	2 171	141	131	87	4	1 410	(1 168)	3 100
Total revenue	19 545	9 292	3 899	7 390	17 660	10 337	11 790	4 418	5 422	6 171	(4 061)	91 862
Segment revenue as presented in note 10	19 545	9 292	3 899	7 390	17 660	10 337	11 790	4 418	5 422	6 171	(4 061)	91 862

Third quarter 2019

NOK in million	Norway ³⁾	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units ³⁾	Eliminations	Group
Type of good/ services												
Mobile operation	3 833	2 090	1 079	776	5 248	3 280	3 802	1 414	1 387	-	(227)	22 681
Services	3 323	1 698	839	610	4 754	3 006	3 796	1 386	1 387	-	(227)	20 572
Goods	510	392	240	165	494	274	6	28	-	-	-	2 109
Fixed operation	2 454	851	119	226	-	-	-	-	7	576	(207)	4 025
Services	2 349	840	119	226	-	-	-	-	7	576	(183)	3 934
Goods	105	11	-	-	-	-	-	-	-	-	(25)	92
Other	179	-	-	23	-	-	-	-	-	1 270	(636)	836
Services	179	-	-	23	-	-	-	-	-	1 265	(636)	831
Goods	-	-	-	-	-	-	-	-	-	5	-	5
Sum type of good/ services	6 466	2 941	1 199	1 024	5 248	3 280	3 802	1 414	1 394	1 845	(1 071)	27 542
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⁾	329	151	74	32	127	69	35	25	11	-	(119)	736
Sum services in Mobile operation	3 323	1 698	839	610	4 754	3 006	3 796	1 386	1 387	-	(227)	20 572
Timing of revenue recognition												
Over time	5 851	2 537	958	859	4 754	3 006	3 796	1 386	1 394	1 841	(1 046)	25 337
At a point in time	615	404	240	165	494	274	6	28	-	5	(25)	2 205
Total revenue from contract with customers	6 466	2 941	1 199	1 024	5 248	3 280	3 802	1 414	1 394	1 845	(1 071)	27 542
Other revenue ²⁾	106	44	7	4	610	42	38	6	1	103	(79)	881
Total revenue	6 572	2 984	1 205	1 028	5 857	3 322	3 840	1 420	1 395	1 949	(1 149)	28 424
Segment revenue as presented in note 10	6 572	2 984	1 205	1 028	5 857	3 322	3 840	1 420	1 395	1 949	(1 149)	28 424

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to Definitions on page 26.

²⁾ Other revenue includes mainly lease revenue.

First three quarters 2019

NOK in million	Norway ³⁾	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units ³⁾	Eliminations	Group
Type of good/ services												
Mobile operation	11 202	6 269	3 225	776	15 051	9 582	10 974	4 733	4 142	-	(647)	65 308
Services	9 741	5 111	2 509	610	13 445	8 843	10 959	4 640	4 142	-	(646)	59 354
Goods	1 461	1 158	716	165	1 606	739	15	93	-	-	(1)	5 953
Fixed operation	7 447	2 566	366	226	-	-	-	-	16	1 804	(569)	11 855
Services	7 064	2 529	366	226	-	-	-	-	16	1 804	(508)	11 496
Goods	383	37	-	-	-	-	-	-	-	-	(61)	359
Other	548	-	-	23	-	-	-	-	-	3 901	(2 081)	2 391
Services	548	-	-	23	-	-	-	-	-	3 891	(2 081)	2 381
Goods	-	-	-	-	-	-	-	-	-	10	-	10
Sum type of good/ services	19 197	8 836	3 591	1 024	15 051	9 582	10 974	4 733	4 158	5 704	(3 296)	79 554
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⁾	1 023	443	226	32	377	226	47	84	35	-	(356)	2 135
Sum services in Mobile operation	9 741	5 111	2 509	610	13 445	8 843	10 959	4 640	4 142	-	(646)	59 354
Timing of revenue recognition												
Over time	17 353	7 641	2 875	859	13 445	8 843	10 959	4 640	4 158	5 694	(3 235)	73 231
At a point in time	1 844	1 195	716	165	1 606	739	15	93	-	10	(61)	6 323
Total revenue from contract with customers	19 197	8 836	3 591	1 024	15 051	9 582	10 974	4 733	4 158	5 704	(3 296)	79 554
Other revenues ²⁾	302	133	18	4	1 568	129	120	19	3	314	(235)	2 375
Total revenue	19 498	8 969	3 609	1 028	16 619	9 712	11 093	4 752	4 161	6 018	(3 531)	81 929
Segment revenue as presented in note 10	19 498	8 969	3 609	1 028	16 619	9 712	11 093	4 752	4 161	6 018	(3 531)	81 929

Full year 2019

NOK in million	Norway ³⁾	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units ³⁾	Eliminations	Group
Type of good/ services												
Mobile operation	15 175	8 562	4 470	2 611	20 839	13 191	14 820	6 162	5 797	-	(891)	90 736
Services	12 999	6 850	3 358	2 004	18 439	11 984	14 802	6 052	5 796	-	(890)	81 394
Goods	2 176	1 712	1 112	608	2 400	1 207	18	109	-	-	(1)	9 342
Fixed operation	10 080	3 452	485	811	-	-	-	-	24	2 321	(766)	16 407
Services	9 496	3 400	485	811	-	-	-	-	24	2 321	(672)	15 865
Goods	585	51	-	-	-	-	-	-	-	-	(94)	542
Other	734	-	-	-	-	-	-	-	-	5 186	(2 748)	3 172
Services	734	-	-	-	-	-	-	-	-	5 174	(2 748)	3 160
Goods	-	-	-	-	-	-	-	-	-	12	-	12
Sum type of good/ services	25 990	12 013	4 955	3 422	20 839	13 191	14 820	6 162	5 821	7 507	(4 405)	110 315
Type of mobile subscription												
Contract	11 452	6 098	3 063	1 823	11 197	8 463	628	191	43	-	(78)	42 881
Prepaid	164	153	-	74	6 702	3 220	14 116	5 795	5 703	-	(323)	35 603
Other ¹⁾	1 384	598	295	107	539	301	58	67	50	-	(489)	2 910
Sum services in Mobile operation	12 999	6 850	3 358	2 004	18 439	11 984	14 802	6 052	5 796	-	(890)	81 394
Timing of revenue recognition												
Over time	23 229	10 250	3 843	2 815	18 439	11 984	14 802	6 052	5 821	7 495	(4 310)	100 419
At a point in time	2 761	1 764	1 112	608	2 400	1 207	18	109	-	12	(95)	9 896
Total revenue from contract with customers	25 990	12 013	4 955	3 422	20 839	13 191	14 820	6 162	5 821	7 507	(4 405)	110 315
Other revenue ²⁾	402	182	25	12	2 209	184	160	71	4	407	(305)	3 351
Total revenue	26 392	12 195	4 980	3 434	23 048	13 375	14 980	6 232	5 825	7 914	(4 709)	113 666
Segment revenue as presented in note 10	26 392	12 195	4 980	3 434	23 048	13 375	14 980	6 232	5 825	7 914	(4 709)	113 666

¹⁾ Other includes revenues from other mobile and non-mobile services, refer to Definitions on page 26.

²⁾ Other revenue includes mainly lease revenue.

³⁾ Figures for 2019 have been restated, see note 10 for more information.

Note 3 – Discontinued operations and assets held for sale

As announced on 22 October 2019, the Group entered into an arrangement with Nordic Entertainment Group (“NENT”) to combine their satellite-based entertainment businesses in a joint venture to extract synergies and deliver enhanced customer experience. The arrangement was approved by the European Commission on 30 April 2020 and the transaction was closed on 5 May 2020. Accordingly, the Group disposed of Canal Digital as a subsidiary and recognized its 50% share of the joint venture (“Allente”) at fair value of NOK 3.1 billion with a gain of NOK 1.7 billion recognised during the second quarter of 2020.

With effect from fourth quarter 2019, the Group’s Canal Digital operations was classified as asset held for sale and discontinued operations in the Group’s financial reporting. The comparative numbers for the income statement are re-presented.

During 2019, Telenor Banka in Serbia which was one of the two main contributors to the Financial Services segment, remained classified as asset held for sale and discontinued operations until it was disposed of on 20 February 2019.

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

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Revenue	3	1 038	1 292	3 159	4 201
EBITDA	2	272	314	827	(645)
EBIT	2	258	314	785	(697)
Profit before tax	(16)	265	288	787	(623)
Income taxes	-	-	(2)	-	(91)
Profit after tax	(16)	265	286	787	(714)
Gain on disposal	(9)	-	1 666	33	(28)
Profit (loss) from discontinued operations	(25)	265	1 952	820	(742)

During 2020, Canal Digital contributed with profit of NOK 238 million until its disposal as subsidiary (2019: NOK 1.0 billion).

During 2019, provision of NOK 1.7 billion was recognised post Supreme Court of India ruling with regard to Adjusted Gross Revenue as basis for licence fee and spectrum usage charge.

The major classes of assets and liabilities of the disposal groups classified as held for sale as of 30 September 2020 and 31 December 2019:

NOK in million	30 September 2020	31 December 2019
Assets		
Property, plant and equipment	-	10
Goodwill	-	1 597
Intangible assets	-	183
Other non-current assets	-	338
Inventory	-	103
Trade and other receivables	-	525
Cash and cash equivalents	-	735
Total assets classified as held for sale	-	3 489
Liabilities		
Non-current liabilities	-	86
Current liabilities	3 379	4 890
Total liabilities held for sale	3 379	4 976

Liabilities held for sale includes provision of NOK 3.3 billion (NOK 3.4 billion as of 31 December 2019) representing the exposure to claims from the Indian Department of Telecommunications (DoT) related to the period the Group owned the business in India. A guarantee to Bharti Airtel was recognised at fair value 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.

Note 4 – Interest-bearing liabilities

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

NOK in million	30 September 2020	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(111 565)	(116 688)
of which fair value level 1		(106 747)
of which fair value level 2		(9 941)

NOK in million	31 December 2019	
	Carrying amount	Fair value
Interest-bearing liabilities ¹⁾	(98 748)	(102 702)
of which fair value level 1		(91 441)
of which fair value level 2		(11 261)

NOK in million	30 September 2019	
	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)

¹⁾ Excluding lease liabilities.

Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 30 in the Annual Report 2019 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

NOK in million	30 September 2020	31 December 2019	30 September 2019
Other non-current assets	2 967	1 984	2 748
Other current financial assets	227	368	298
Non-current non-interest-bearing financial liabilities	(1 374)	(1 398)	(2 066)
Non-current interest-bearing financial liabilities	(1)	(108)	-
Current non-interest-bearing liabilities	(551)	(787)	(1 136)
Total	1 268	59	(156)

Note 6 – Legal disputes

Grameenphone

Bangladesh Telecommunication Regulatory Commission (BTRC) has over several years conducted an information system audit of Grameenphone for the period 1997 to 2014. On 2 April 2019, Grameenphone received a demand notice from BTRC for payment of NOK 9.3 billion to BTRC (NOK 2.5 billion in principal and NOK 6.8 billion in interest), including some matters pending in ongoing formal resolution processes (sub-judice). These claims are unjustified from Telenor’s and Grameenphone’s position. In addition, BTRC has unauthorised and erroneously claimed NOK 4.5 billion, which mainly is related to an already resolved matter and other sub-judice matters with the National Board of Revenue (NBR). The total demand amounts to NOK 13.8 billion (the Demand). The need for provision has been assessed based on legal merits and is consistent with prior periods.

On 20 and 24 February 2020, the Appellate Division of Supreme Court (AD) ordered Grameenphone to make payment of a total deposit of NOK 2.2 billion to BTRC, the first installment of NOK 1.1 billion within 24 February 2020 and the second installment of NOK 1.1 billion within 31 May 2020. In default of such payment, the interim order of stay and injunction passed by the High Court Division of the Supreme Court (HCD) on 17 October 2019 would cease. Both installments were paid before the due dates. Further, AD also directed BTRC to allow Grameenphone to carry on its business without any hindrance and fixed the matter on 31 May 2020 for passing further order. Due to the COVID-19 situation in Bangladesh, the meeting was postponed, and no new date has been set. BTRC has lifted the operational restrictions on the import of network equipment etc.

The original Title suit, where the court is supposed to assess the merits of the Demand, is pending at the District Court. BTRC and the auditor had a deadline to reply by 21 July 2020, but the deadline has been extended to 24 November 2020.

India

Telenor's previous operations in India are subject to a number of disputes with the Indian Department of Telecommunications (DoT), which remain to be concluded. One of these disputes is related to the basis for calculation of licence fees and spectrum usage charges for the entire duration of Telenor's operations in India. This is a principal matter common to all industry participants. During 2019, DoT had issued demand notices in the mentioned matter to approximately NOK 3.6 billion, including penalty and interest, against Telenor's Indian subsidiaries. In a ruling in the fourth quarter of 2019, and subsequent court orders, the Supreme Court of India has upheld DoT's view on the determination of licence fees and spectrum usage charges. Despite the Supreme Court's final ruling in this matter, there are still computational and other elements that remain unclarified.

Telenor Norway

Following an investigation that started in 2012, the EFTA Surveillance Authority (ESA) issued a decision against Telenor Norway and Telenor ASA on 29 June 2020 with a fine of NOK 1.2 billion (EUR 112 million) for abuse of dominant position. The investigation has covered a number of issues, but the final decision only concerns the alleged insufficient margins between Telenor's wholesale prices and prices for mobile broadband to residential customers when sold on a stand-alone basis between 2008 and 2012. The case rests on a number of other legal, economic and factual considerations as well, on which ESA and Telenor have different opinions. In conjunction with an appeal to the EFTA court, Telenor was obliged to either pay the current fine or submit a bank guarantee for the amount. Telenor appealed the decision to the EFTA Court on 28 August 2020 and has simultaneously paid the fine amount.

Note 7 – Equity information

Dividend

On 11 May 2020, the Annual General Meeting approved a dividend of NOK 8.70 to be paid out in two tranches of NOK 4.40 and NOK 4.30 in May and October 2020 respectively. The first tranche of NOK 4.40 was paid out on 25 May 2020, with ex-dividend date of 12 May 2020. The second tranche of NOK 4.30 will be paid out on or about 21 October 2020, with ex-dividend date of 8 October 2020.

Reduction of share capital

On 3 July 2020, Telenor ASA reduced the share capital with a total of NOK 257,999,994 in accordance with the resolution of the Annual General Meeting 11 May 2020. This was done by cancelling 19,794,961 own shares that were repurchased in the open market under the 2019-2020 share buyback programme, and by redeeming 23,205,038 shares held by the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries by paying an amount of NOK 4,112,795,000. The share capital subsequent to the capital reduction is NOK 8,396,748,198 divided into 1,399,458,033 shares, each with a par value of NOK 6.00.

Note 8 – Events after reporting period

Digi – Malaysia

On 16 October 2020, the Board of Directors of Digi declared the third interim dividend for 2020 of MYR 0.041 per share which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.4 billion for Telenor's ownership share.

Other Units – Disposal of Telenor Group's headquarter in Norway

On 20 October 2020, Telenor has signed an agreement to sell its headquarter office building at Fornebu, Norway (HQ) to NPRO Holding AS, a wholly owned subsidiary of Norwegian Property ASA (NPRO).

Gross property value in the transaction is NOK 5.45 billion. A customary tax rebate will be deducted from the gross property value, in addition to certain other items, and the net purchase price will be approx. NOK 5 billion. As part of the transaction, Telenor will lease back parts of HQ for 25 years (approx. 25%) and other parts for 7 year (approx. 15%), with options to extend. Telenor will issue a limited guarantee for vacant space, while NPRO will assume ordinary risk for the existing tenants.

The divestment will be recognised in Telenor's financial statements upon completion, which is expected on or about year-end. Estimated gain of the sale and leaseback transaction will be approximately NOK 1.3 billion.

Note 9 – COVID-19

The spread of cross-border diseases such as COVID-19 may have an operational effect on Telenor Group due to, among other things, mobility restrictions and lockdown measures, change in consumption, usage patterns, potential disruptions in the supply chain of hardware and handsets, maintenance of infrastructure and access to resources as well as impact on employees. From the latter part of March and through third quarter, we have seen impact from the global spread of COVID-19 on our performance, as mobility restrictions and lockdown measures were implemented in all countries Telenor operates in. Furthermore, Telenor is exposed to the uncertainty regarding the macroeconomic development and currency fluctuations. A major risk is the duration of the COVID-19 impact. For comments on the impact on Telenor's business and financial results, please refer to page 2.

In light of the effects on financial results and outlook, Telenor has assessed whether there are indicators of impairment of cash-generating units (CGUs) with or without goodwill and associated companies in accordance with IAS 36 *Impairment of Assets*. The Group has not recognised any impairments of CGUs with or without goodwill or associated companies during the first three quarters of 2020. The need for additional provisions for expected credit losses related to trade receivables and contract assets has also been assessed. The level of provisions remain fairly stable.

Local authorities have implemented economic relief measures in all of Telenor's markets, however the impact on Telenor has not been material.

Note 10 – Segment information and reconciliation of EBITDA before other income and other expenses

With effect from fourth quarter 2019, the Group's Canal Digital operations was classified as asset held for sale and discontinued operations in the Group's financial reporting. Following the European Commission's approval of the arrangement with Nordic Entertainment Group ("NENT") on 30 April 2020 and the closing of the transaction on 5 May 2020 (see note 3), the Group disposed of Canal Digital as a subsidiary and recognised its 50% share of the joint venture ("Allente"). Consequently, the Broadcast segment has been dissolved. Telenor Satellite and other companies including holding companies previously reported as part of this segment are now reported as part of Other units. Norkring has been demerged into two businesses, of which one was merged with Telenor Norway, while the other became part of the newly established infrastructure company Telenor Infra. The segment information for 2019 has been restated to reflect this.

The segment information is reported in accordance with the reporting to Group Executive Management (chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources.

Third quarter 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2020	2019	Growth	2020	2019	2020	Margin	2019	Margin	2020	2019
Norway ³⁾	6 551	6 572	(0.3%)	183	108	3 390	51.8%	3 297	50.2%	1 225	1 462
Sweden	3 142	2 984	5.3%	18	15	1 402	44.6%	1 186	39.7%	301	279
Denmark	1 296	1 205	7.5%	22	25	371	28.6%	343	28.4%	79	118
DNA - Finland	2 486	1 028	141.9%	7	-	945	38.0%	307	29.9%	543	144
dtac - Thailand	5 550	5 857	(5.3%)	12	12	2 256	40.7%	2 306	39.4%	899	717
Digi - Malaysia	3 435	3 322	3.4%	10	11	1 735	50.5%	1 788	53.8%	279	255
Grameenphone - Bangladesh	3 820	3 840	(0.5%)	22	0	2 430	63.6%	2 433	63.4%	354	221
Pakistan	1 381	1 420	(2.8%)	74	61	713	51.6%	702	49.4%	160	352
Myanmar	1 620	1 395	16.1%	23	32	927	57.2%	776	55.7%	135	117
Other units ³⁾	2 029	1 949	4.1%	934	885	611	30.1%	223	11.4%	362	27 541
Eliminations	(1 304)	(1 149)	13.5%	(1 306)	(1 149)	(210)	16.1%	(228)	19.9%	-	-
Group	30 005	28 424	5.6%	-	-	14 571	48.6%	13 132	46.2%	4 337	31 207

First three quarters 2020

NOK in million	Total revenues			of which internal		EBITDA before other income and other expenses ¹⁾				Investments ²⁾	
	2020	2019	Growth	2020	2019	2020	Margin	2019	Margin	2020	2019
Norway ³⁾	19 545	19 498	0.2%	585	315	9 600	49.1%	9 455	48.5%	4 047	3 951
Sweden	9 292	8 969	3.6%	48	43	3 654	39.3%	3 466	38.6%	929	919
Denmark	3 899	3 609	8.0%	68	85	1 023	26.2%	968	26.8%	339	308
DNA - Finland	7 390	1 028	618.8%	10	-	2 663	36.0%	307	29.9%	1 100	144
dtac - Thailand	17 660	16 619	6.3%	51	39	7 125	40.3%	6 429	38.7%	1 593	2 537
Digi - Malaysia	10 337	9 712	6.4%	35	25	5 244	50.7%	5 241	54.0%	1 005	1 148
Grameenphone - Bangladesh	11 790	11 093	6.3%	51	-	7 435	63.1%	6 754	60.9%	686	1 010
Pakistan	4 418	4 752	-7.0%	208	143	2 397	54.3%	2 456	51.7%	747	1 160
Myanmar	5 422	4 161	30.3%	78	97	3 136	57.8%	2 262	54.4%	349	440
Other units ³⁾	6 171	6 018	2.5%	2 987	2 783	1 492	24.2%	682	11.3%	531	27 712
Eliminations	(4 061)	(3 531)	15.0%	(4 121)	(3 531)	(762)	18.8%	(682)	19.3%	-	-
Group	91 862	81 929	12.1%	-	-	43 008	46.8%	37 338	45.6%	11 327	39 329

Year 2019

NOK in million	Total revenues		of which internal		EBITDA before other income and other expenses ¹⁾		Investments ²⁾	
	2019		2019		2019	Margin	2019	
Norway ³⁾	26 392		448		12 612	47.8%	5 854	
Sweden	12 195		66		4 667	38.3%	1 310	
Denmark	4 980		109		1 257	25.3%	472	
DNA - Finland	3 434		-		1 030	30.0%	854	
dtac - Thailand	23 048		54		8 647	37.5%	3 683	
Digi - Malaysia	13 375		41		7 025	52.5%	1 599	
Grameenphone - Bangladesh	14 980		-		9 218	61.5%	1 825	
Pakistan	6 232		203		3 168	50.8%	1 446	
Myanmar	5 825		135		3 116	53.5%	625	
Other units ³⁾	7 914		3 656		877	11.1%	28 214	
Eliminations	(4 709)		(4 709)		(883)	18.7%	-	
Group	113 666		-		50 735	44.6%	45 882	

¹⁾ The segment profit is EBITDA before other income and other expenses.

²⁾ Investments consist of capex and investments in businesses.

³⁾ Financial figures for 2019 have been restated.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Profit before taxes	7 622	3 917	15 481	15 346	20 968
Share of net income from associate companies and joint ventures	(101)	(105)	(306)	(261)	(849)
Net financial items	(468)	(2 697)	(4 421)	(3 811)	(3 884)
Operating profit	8 191	6 720	20 208	19 419	25 702
Depreciation and amortisation	(7 132)	(6 290)	(21 863)	(17 692)	(24 527)
Impairment losses	(0)	19	(8)	17	(47)
EBITDA	15 323	12 992	42 079	37 094	50 276
Other income	929	41	1 061	448	741
Other expenses	(176)	(181)	(1 990)	(692)	(1 200)
EBITDA before other income and other expenses	14 571	13 132	43 008	37 338	50 735

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.

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 stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation

NOK in million	Change third quarter 2020	Change YoY	Change third quarter 2019	Change YoY	Change YTD 2020	Change YTD
Total revenue growth	1 581	5.6%	2 047	7.7%	9 933	12.1%
Impact using exchange rates for 2020 and 2019	(928)		(953)		(5 364)	
M&A	(1 350)		(972)		(6 059)	
Organic revenue growth	(697)	(2.3%)	122	0.4%	(1 490)	(1.7%)

Organic subscription and traffic revenue growth

Subscription and traffic revenues consist of revenues from mobile subscription and traffic, fixed telephony, fixed Internet/TV and fixed data services. 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 stakeholders 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 million	Change third quarter 2020	Change YoY	Change third quarter 2019	Change YoY	Change YTD 2020	Change YTD
Subscription and traffic revenue growth	1 179	5.4%	1 489	7.4%	7 932	12.7%
Impact using exchange rates for 2020 and 2019	(704)		(807)		(4 312)	
M&A	(1 004)		(713)		(4 543)	
Organic subscription and traffic revenue growth	(529)	(2.3%)	(31)	(0.1%)	(923)	(1.4%)

Subscription and traffic revenues

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Mobile subscription and traffic	19 566	18 798	60 638	54 171	74 304
Fixed telephony	296	331	960	988	1 339
Fixed Internet/TV	2 847	2 439	8 400	6 954	9 672
Fixed data services	193	156	525	478	638
Subscription and traffic revenues	22 903	21 724	70 523	62 591	85 954
Other revenues	7 102	6 700	21 338	19 338	27 712
Total revenues	30 005	28 424	91 862	81 929	113 666

Gross profit

Gross profit is a key financial parameter for Telenor and is the difference between total revenue 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

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Total revenues	30 005	28 424	91 862	81 929	113 666
Costs of materials and traffic charges	(6 938)	(6 781)	(21 503)	(19 241)	(27 912)
Gross profit	23 067	21 643	70 359	62 687	85 754
Gross profit FX adjusted	23 629	22 868	70 359	66 739	
Gross profit FX adjusted excl. DNA	21 782	22 067	64 852	65 938	
Change	(285)		(1 087)		
Change (%)	(1.3%)		(1.6%)		

Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and consists 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

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Salaries and personnel cost	(2 551)	(2 529)	(8 512)	(7 797)	(10 803)
Other operating expenses	(5 945)	(5 982)	(18 839)	(17 552)	(24 215)
Operating expenses	(8 496)	(8 511)	(27 351)	(25 349)	(35 019)
Operating expenses FX adjusted	(8 694)	(8 975)	(27 351)	(26 937)	
Operating expenses FX adjusted excl. DNA	(7 796)	(8 511)	(24 507)	(26 473)	
Change	715		1 966		
Change (%)	8.4%		7.4%		

Positive change indicates opex reduction

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. EBITDA margin is defined as EBITDA before other income and expenses divided by total segment revenues. These measures are useful to investors and other stakeholders in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortisation expenses related primarily to capital expenses and acquisitions that occurred in the past and non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors. EBITDA margin enables comparison between segments and other operators.

EBITDA margin

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Total revenues	30 005	28 424	91 862	81 929	113 666
EBITDA before other items	14 571	13 132	43 008	37 338	50 735
EBITDA margin	48.6%	46.2%	46.8%	45.6%	44.6%

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 stakeholders 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 million	Change third quarter 2020		Change third quarter 2019		Change YTD 2020	Change YTD
	Change YoY		Change YoY			
EBITDA growth	1 439	11.0%	(283)	(2.3%)	5 670	15.2%
Impact using exchange rates for 2020 and 2019	(405)		(309)		(2 484)	
M&A	(532)		(290)		(2 221)	
Organic EBITDA growth	502	3.6%	(882)	(7.2%)	964	2.4%

Capital expenses

Capital expenses (capex) are derived from the balance sheet and consist 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 investors and other stakeholders in evaluating the capital intensity of the operations. Capex and capex/revenues 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.

Capex excluding licences and spectrum is relevant to users to measure the level of underlying investments. Historically, licence and spectrum investments have varied significantly between reporting periods.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Purchases of PPE and intangible assets	3 966	6 459	14 133	17 339	21 986
Working capital movement in respect of capital expenses	210	(2 727)	(3 313)	(5 522)	(4 341)
Deferred licence obligations	(109)	26	231	63	476
Less:					
Discontinued operations	-	-	-	-	(46)
Capex	4 067	3 759	11 052	11 881	18 075
Licence and spectrum acquisition	(397)	(33)	(488)	(40)	(660)
Capex excl. licence and spectrum	3 669	3 726	10 564	11 841	17 415
Total revenues	30 005	28 424	91 862	81 929	113 666
Capex excl. licence and spectrum/Revenues (%)	12.2%	13.1%	11.5%	14.5%	15.3%
Total Capex/Revenues (%)	13.6%	13.2%	12.0%	14.5%	15.9%

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 organised 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.

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Capital expenses	4 067	3 759	11 052	11 881	18 075
Investments in businesses	270	27 448	270	27 448	27 807
Investments	4 337	31 207	11 322	39 329	45 882

Net interest-bearing debt excluding licence obligations (Net debt)

Net debt is derived from the balance sheet 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 million	30 September 2020	30 September 2019	31 December 2019
Non-current interest bearing liabilities	103 188	84 939	83 987
Non-current lease liabilities	33 913	35 823	32 002
Current interest-bearing liabilities	8 377	29 148	14 761
Current lease liabilities	10 213	5 462	9 295
Less:			
Cash and cash equivalents	(17 483)	(31 915)	(13 867)
Hedging instruments	(2 625)	(2 757)	(1 988)
Financial instruments	(272)	(317)	(485)
Adjustments:			
Non-current licence obligations	(12 686)	(15 595)	(12 309)
Current licence obligations	(4 387)	(1 091)	(4 421)
Net interest-bearing debt excluding licence obligations	118 239	103 696	106 977
Less:			
Net interest-bearing debt in discontinued operations		1 049	
Net interest-bearing debt excluding licence obligations	118 239	104 745	106 977

Net debt/EBITDA

Telenor aims to maintain a solid balance sheet through keeping Net debt/EBITDA before other items in the range of 1.8x to 2.3x, in order to maintain financial flexibility and ensure cost efficient funding.

EBITDA before other items is the 12 months rolling EBITDA before other items as of the end of the reporting period.

The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA before other items includes proforma figures for DNA for the periods before consolidation. Note that the Net debt figure for the third quarter 2019 has been adjusted to reflect discontinuation of Canal Digital.

NOK in million	First three quarters		Year
	2020	2019	2019
Net debt	118 239	104 745	106 977
EBITDA before other items	56 405	47 462	52 691
of which EBITDA before other items proforma DNA			1 956
Net debt/EBITDA before other items	2.1	2.2	2.0

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 net cash flow from investing activities to free cash flow and free cash flow before M&A activities is provided in the table below.

Reconciliation

NOK in million	Third quarter		First three quarters		Year
	2020	2019	2020	2019	2019
Net cash flows from operating activities	10 926	11 676	32 514	27 226	34 221
Net cash flows from investing activities	(3 448)	(20 896)	(13 002)	(30 518)	(43 526)
Payments of lease liabilities related to spectrum licenses	(455)	(463)	(864)	(843)	(1 080)
Repayments of borrowings - supply chain financing	(89)	(68)	(171)	(108)	(5)
Dividends paid to and purchase of shares from non-controlling interest	(1 385)	(1 261)	(2 864)	(2 970)	(4 327)
Payments of lease liabilities related to other lease contracts	(1 177)	(648)	(3 887)	(3 044)	(4 282)
Free cash flow	4 372	(11 660)	11 725	(10 256)	(18 998)
M&A activities	476	(14 449)	1 171	(13 540)	(22 829)
Free cash flow before M&A activities	3 895	2 789	10 554	3 284	3 831

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 and broadcasting

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. Broadcasting consist of revenues from terrestrial radio and TV transmission.

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.

Other

Revenues

Satellite

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

Infra

Consist of revenues from passive infrastructure services in Norway.



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