



TELENOR GROUP

First quarter 2020

Sigve Brekke, CEO

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

Highlights – First quarter 2020



2 % organic subs and traffic revenue growth and solid free cash flow



Continued mobile ARPU growth in Norway

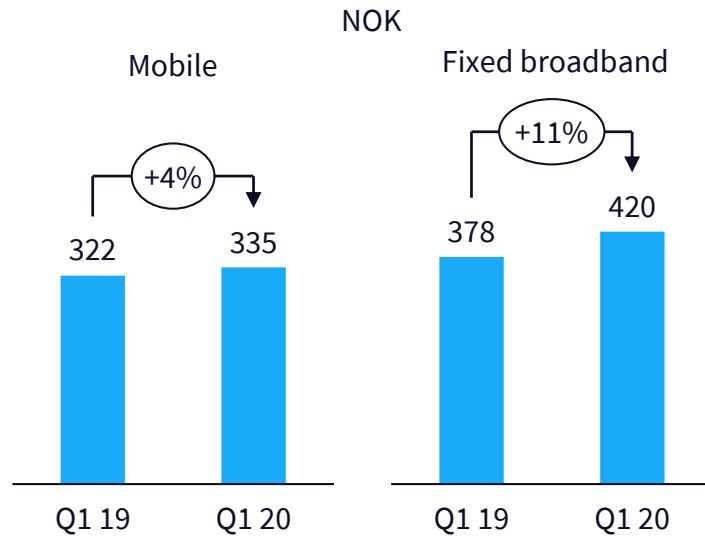
Strong subs and traffic revenue growth in Myanmar

Increased uncertainty driven by COVID-19



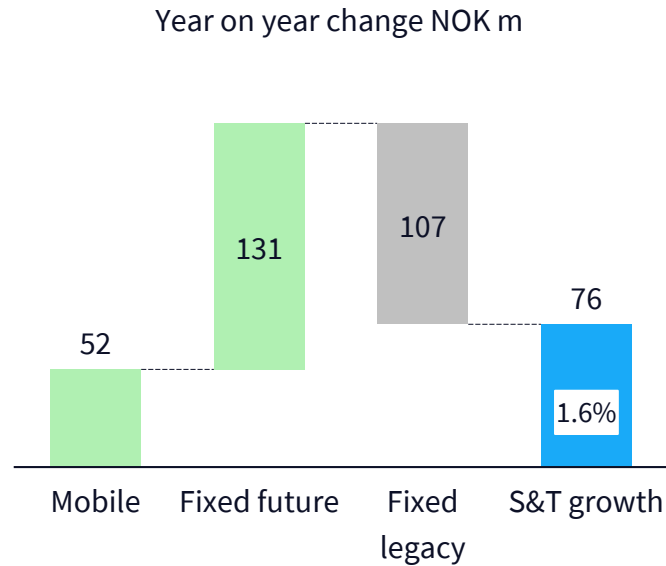
Modernisation accelerates in Norway

ARPU growth across mobile and fixed



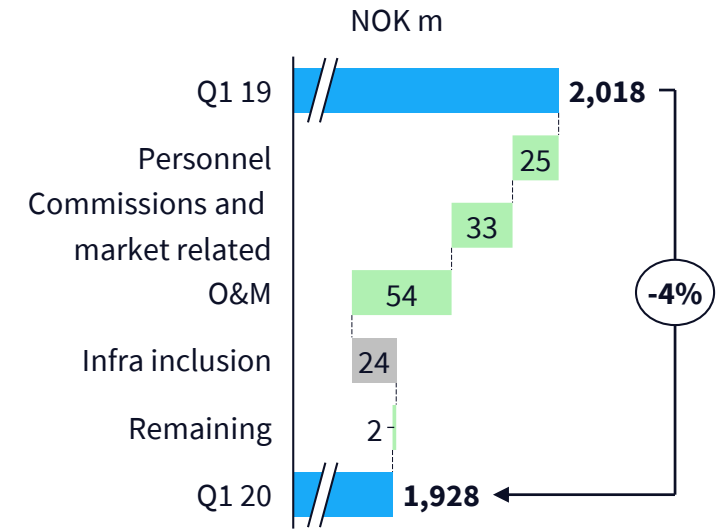
- › Mobile ARPU growth continues to be driven by sale of adjacent services
- › Fixed broadband ARPU growth driven by fibre and FWA

Subscription and traffic revenue growth



- › Fibre and FWA revenue growth more than offset decrease in legacy decline
- › 30k subscribers added on copper replacement products

Solid efficiency gains



- › Solid opex reductions across the board

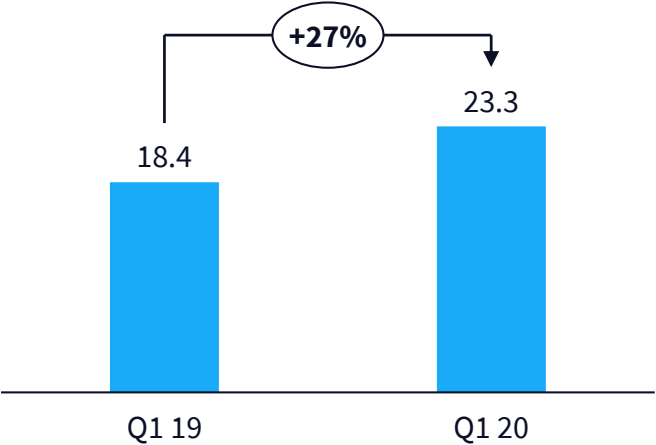
Organic growth



Subscriber growth driving double digit growth in Myanmar

Strong subscriber growth

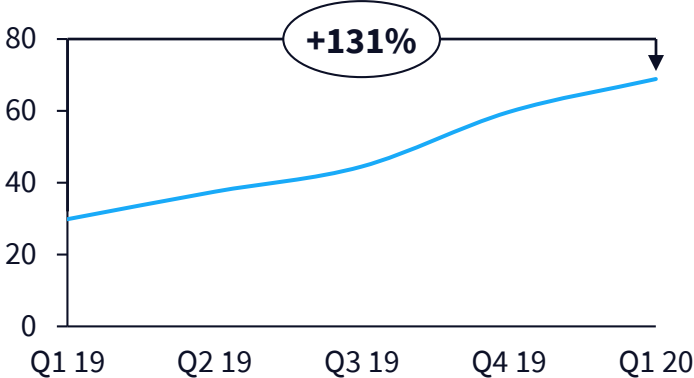
Subs in million



- > Continuing to add customers in a very competitive market

Continuous data growth

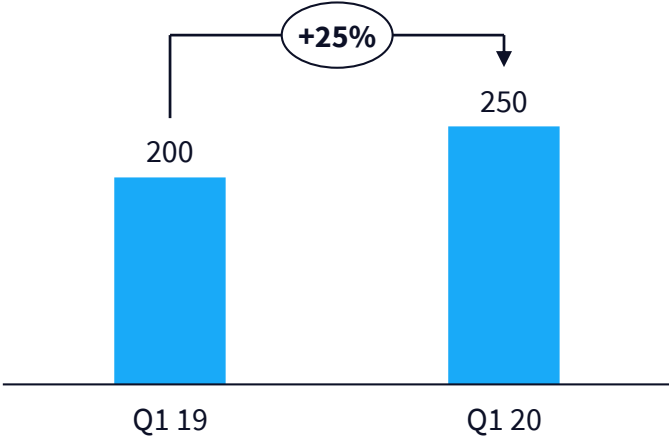
Million GB



- > Data volume increasing from a larger subscriber base and voice to data transition

Subs and traffic revenue growth yoy

MMK bn



- > Growth in subscriber base and data usage driving S&T revenues
- > Data revenue increase of 51%

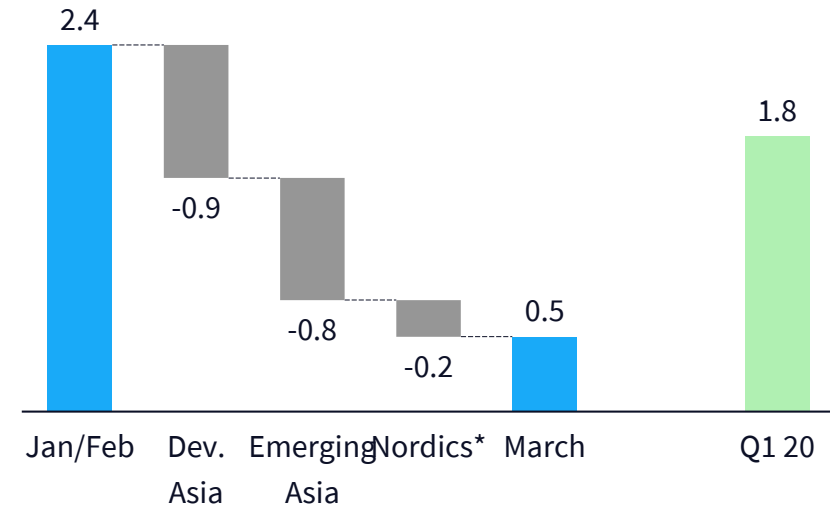


COVID-19 impact from second half of March

Key developments (March)

- › **Prepaid markets** in Asia influenced by lock downs. Telco declared critical service
- › **Roaming revenue** decline of 50 % in March, additional pressure from tourist SIM in Thailand.¹
- › So far limited impact on **B2B** segment
- › Estimated total EBITDA effect March of **150 mill**

Organic subs & traffic revenue growth (%)



- › Development mainly driven by Asia, with app. 3 percentage points reduction in S&T growth in March
- › Relatively stable in Nordics. Contribution driven by B2B pressure in Sweden²



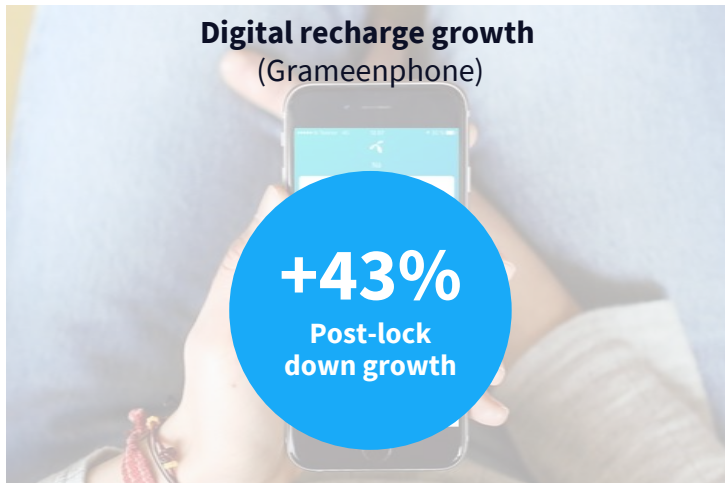
Resilient despite top line uncertainty

- › Uncertainty related to the duration of the COVID-19 situation driven by authority decisions.
- › Lock downs influence Asian prepaid markets into Q2. Move towards alternative distribution channels, both digital and physical.
- › Continue structural programmes and cash flow focus to support our dividend policy.



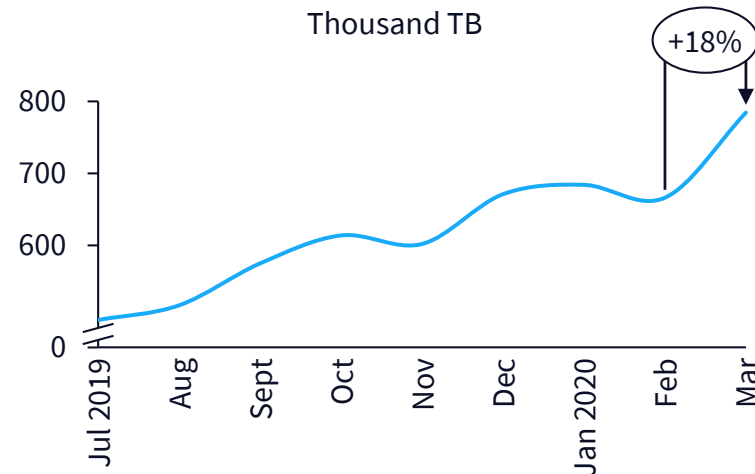
Modernisation enabling robust operations

Strong digitisation drive



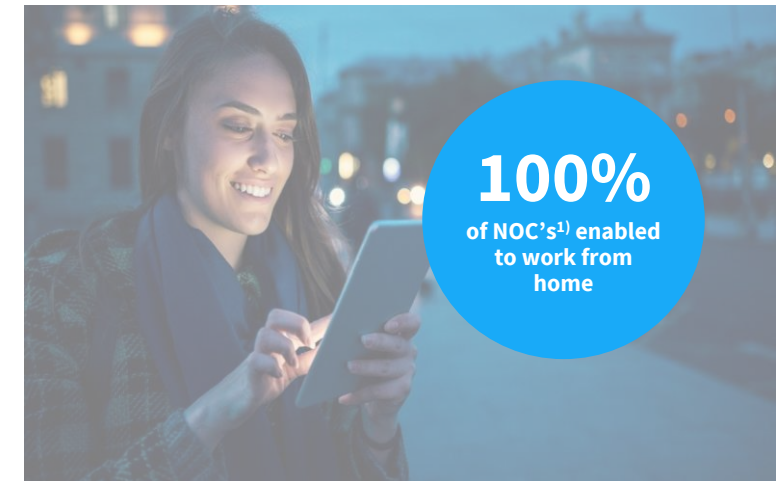
- › Significant recharge growth across digital channels since lockdown

Continuous data volume growth



- › Increasing network traffic from increased consumption
- › Video conferencing and delivery apps growing fast, driven by home office

Network robustness



- › Network NPS flat or improved in all markets
- › Automation and AI/ML is enabling fully operational Network Operation Center with no or limited physical presence of people



Executing on a firm strategic direction



Growth

- **18%** increase in data consumption from Feb to Mar
- Value added services



Modernisation

- Increase in digital sales
- All call centers are fully enabled to work from home



Responsible business

- Public-private cooperation
- Mobility analytics
- Free online education



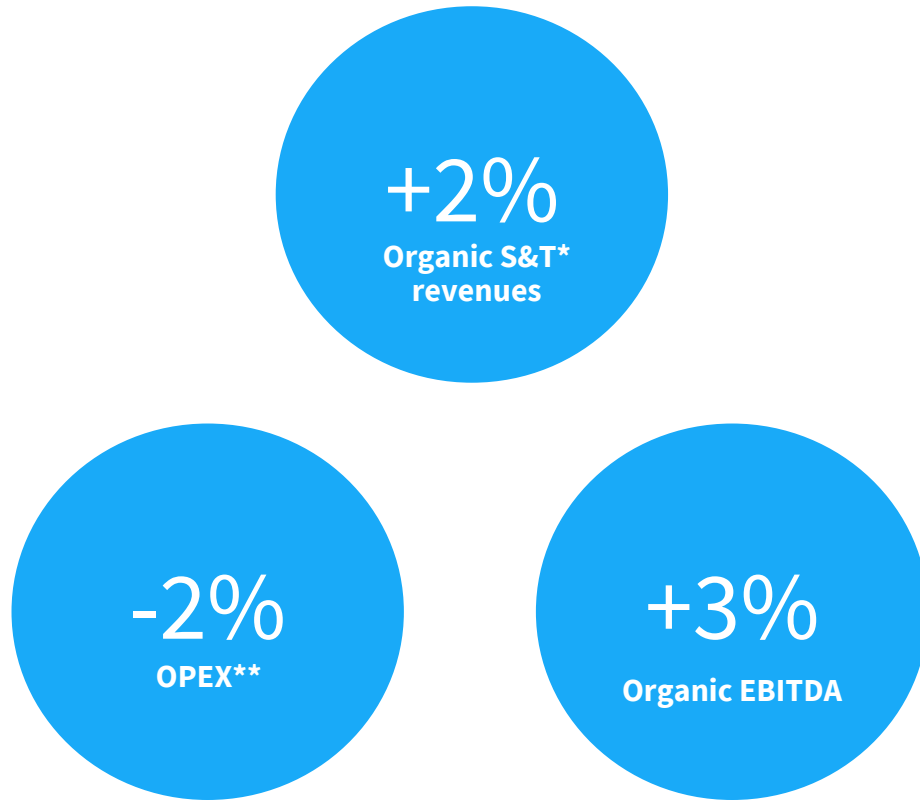


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First quarter 2020

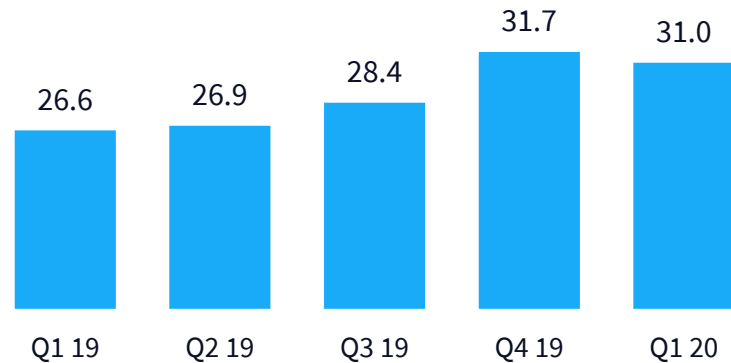
Jørgen C. Arentz Rostrup, CFO

Delivering critical services in demanding times



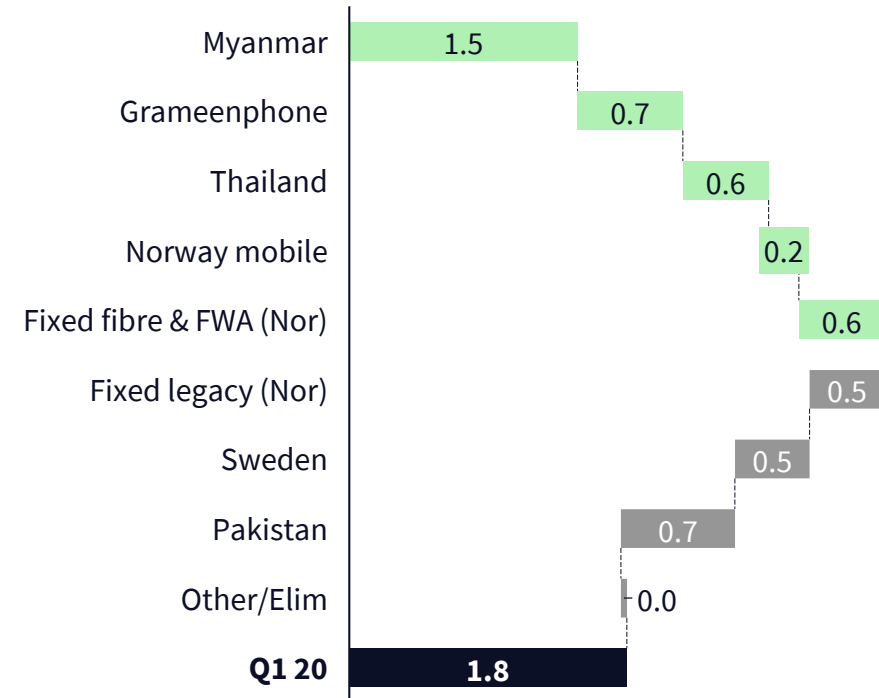
Maintained growth in organic subscription and traffic revenues

Total revenues (NOK bn)



- > Reported revenues increased by 16%, primarily from inclusion of DNA (Finland) and FX
- > Organic revenues increased by 1.5%

Organic subs & traffic revenue growth (%)



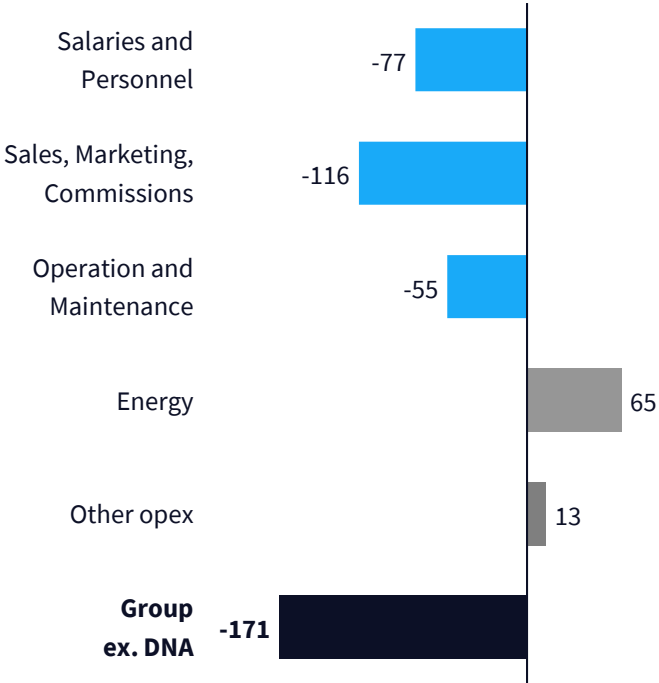
Percentage points contribution to growth

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

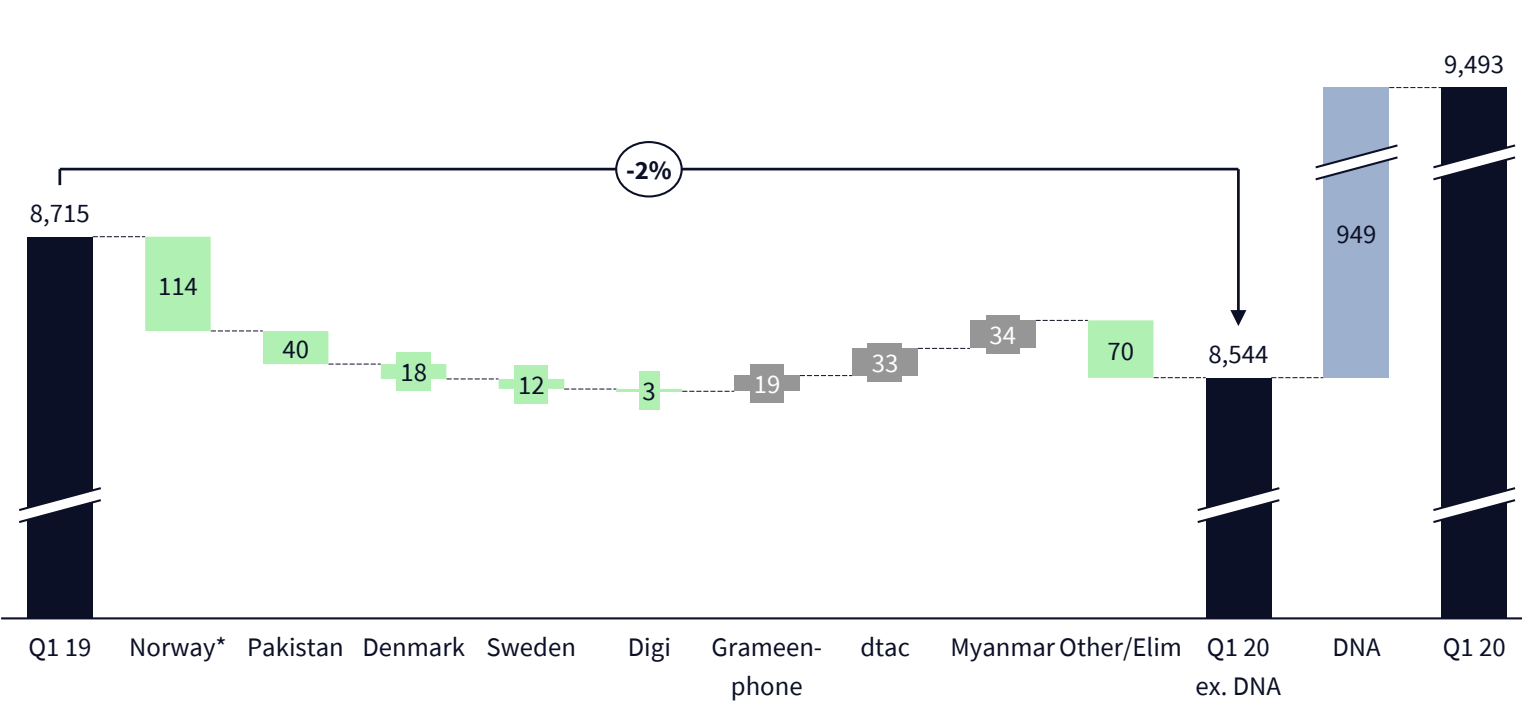


Solid opex reduction of 2% in Q1

Opex by category (NOK m)*



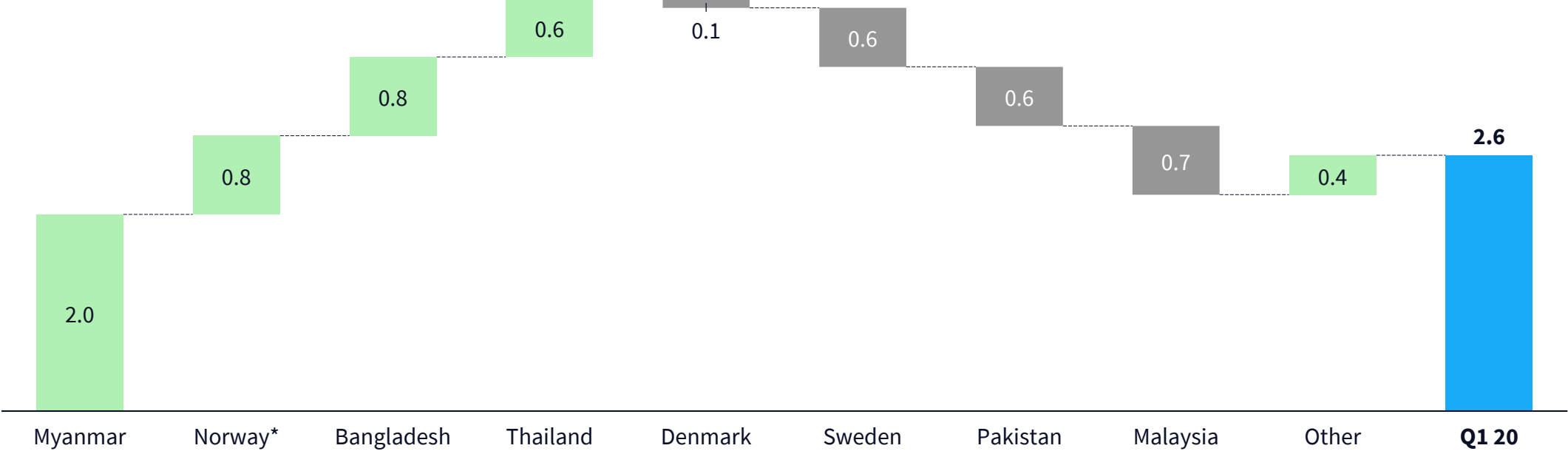
Opex by country (NOK m)*



* FX adjusted



Organic EBITDA growth of 3 %

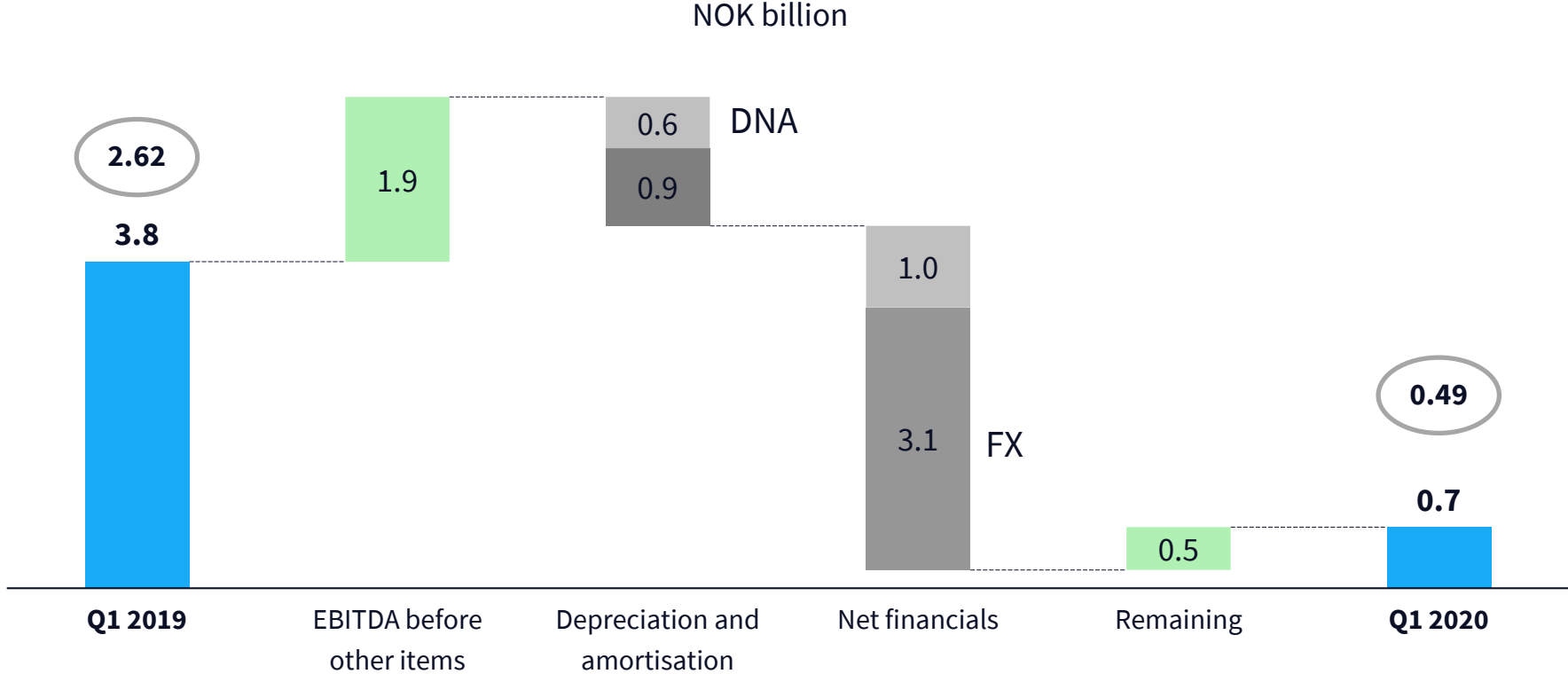


Percentage points contribution to growth

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



FX impacting net income to equity holders of Telenor

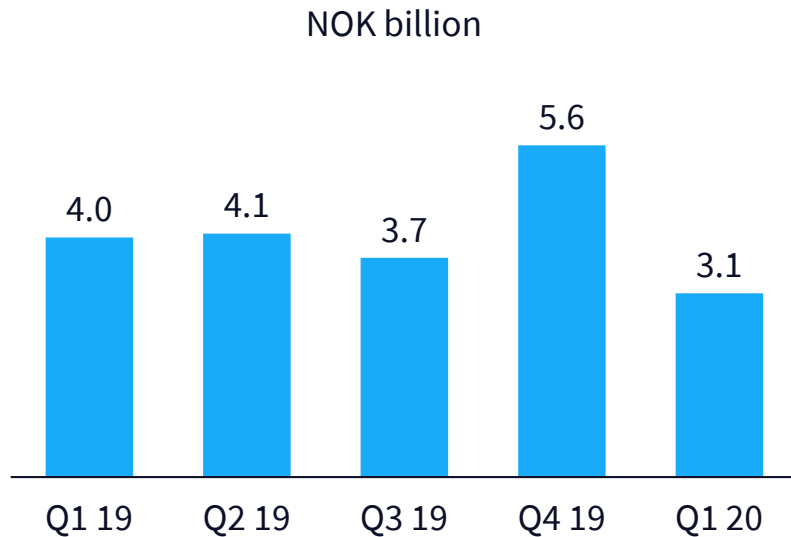


○ Earnings per share



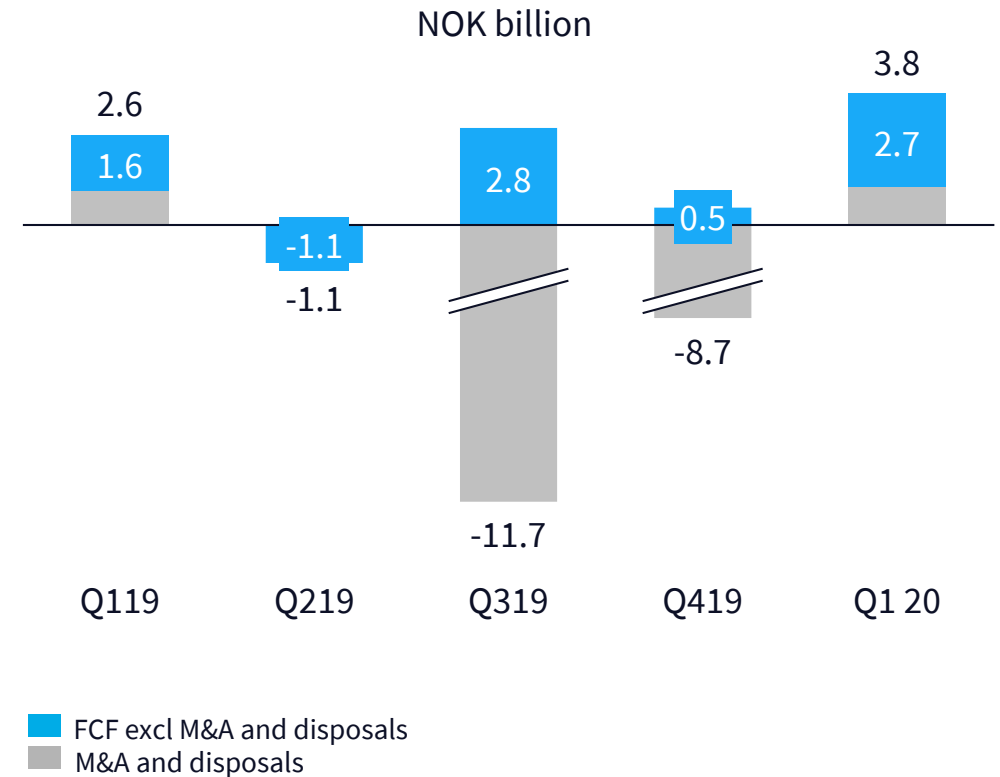
Free cash flow before M&A of NOK 2.7 billion

Capex excluding licenses



- > Reduced capex from low investments in Bangladesh and Thailand
- > Flexibility to adjust investment levels

Free cash flow

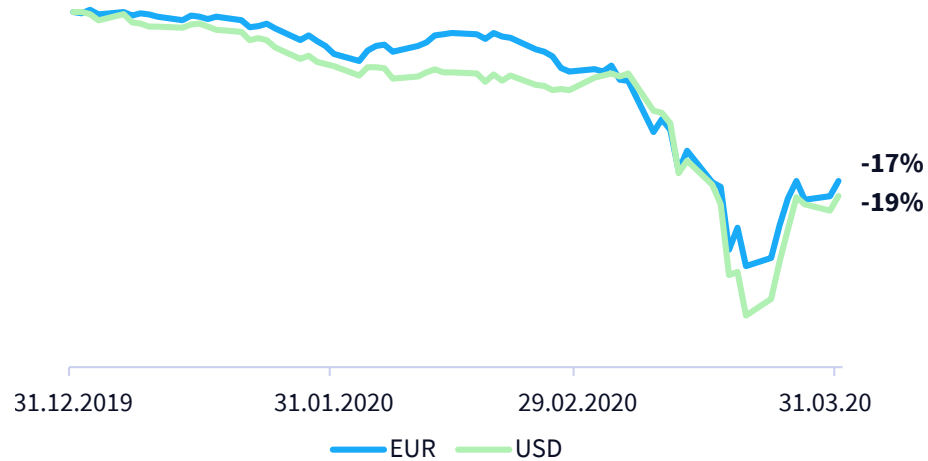


Free cash flow to equity holders of Telenor ASA

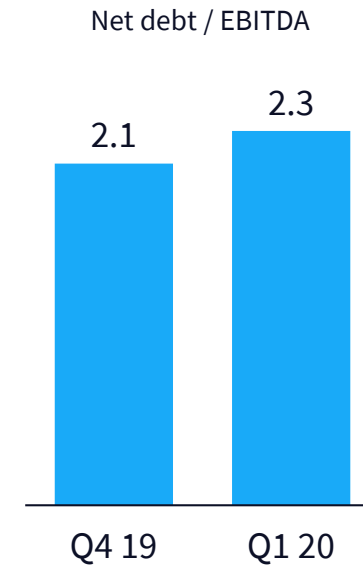


FX exposure increasing net debt

Significant weakening of NOK in Q1



Leverage



- > NOK 15 bn increase in net debt due to FX
- > Leverage ratio unchanged with same FX rate on EBITDA



Outlook 2020 – COVID-19 increasing uncertainty

- Q1 results in accordance with previous outlook
- COVID-19 increases uncertainty, especially related to the duration of lock-downs
- Impact on prepaid markets in Asia and roaming revenue
- Mid-term ambition maintained

Updated outlook 2020

- **Lower subscription and traffic revenues compared to previous guidance**
- **Reduced EBITDA growth compared to previous guidance**
- **Capex/sales of around 13%**
- **Capex focus and cost management to secure resilience in cash flow**

Previous outlook

0-2%

Organic subscription and traffic revenue growth

2-4%

Organic EBITDA growth

~15%

Capex/Sales





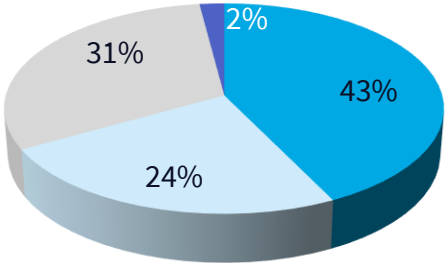
TELENOR GROUP

First quarter 2020

Appendix

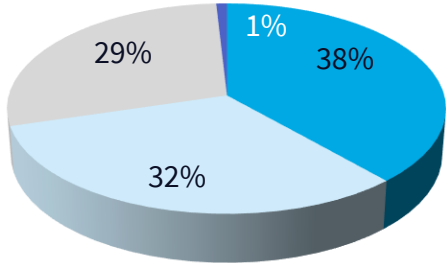
Geographic split of key financials YTD 2020

Revenues



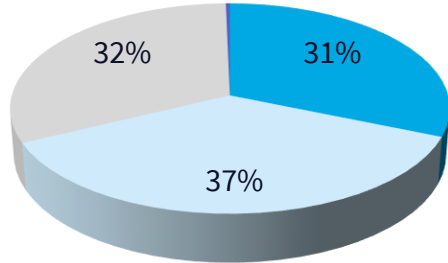
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



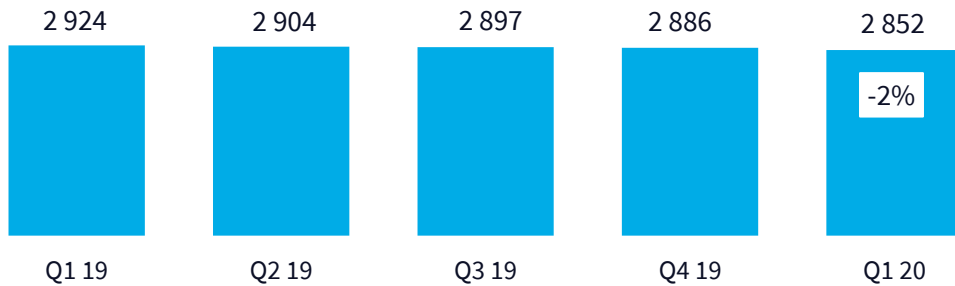
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.

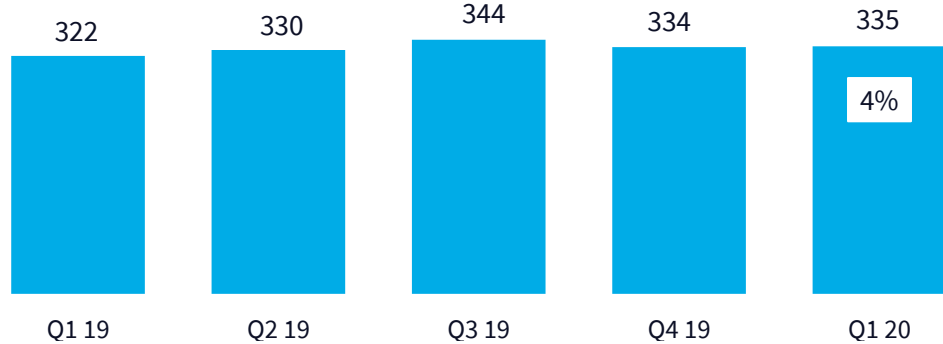


Norway

Mobile subscribers ('000)

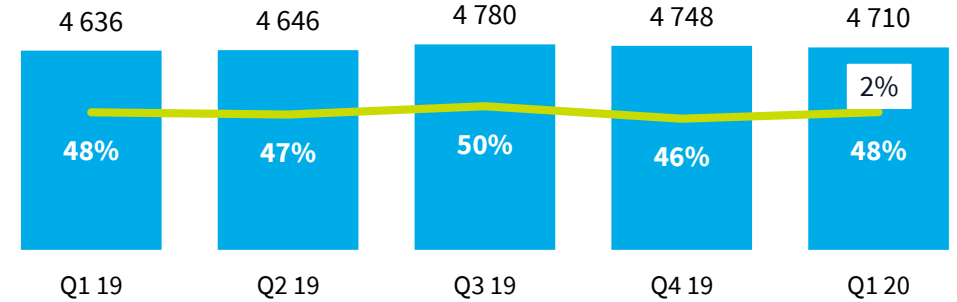


Mobile ARPU (NOK/month)

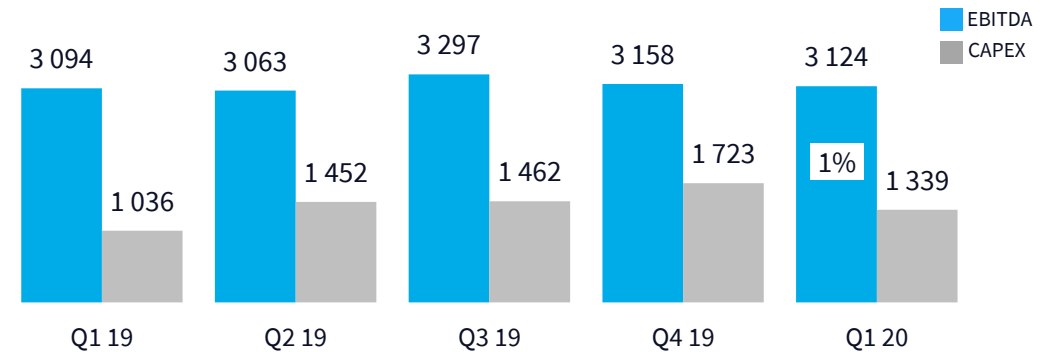


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



Organic growth

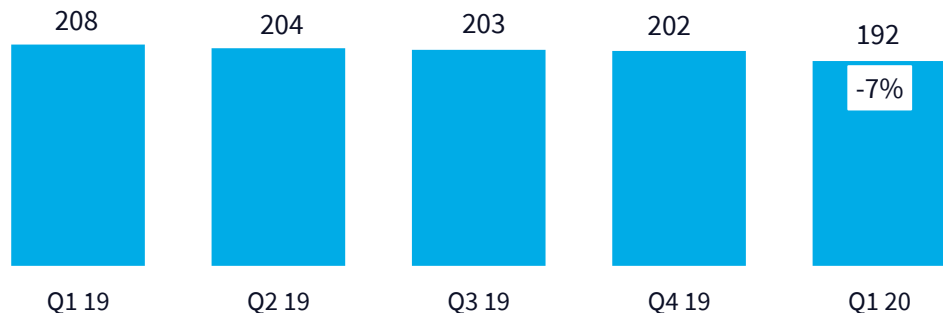


Sweden

Mobile subscribers ('000)

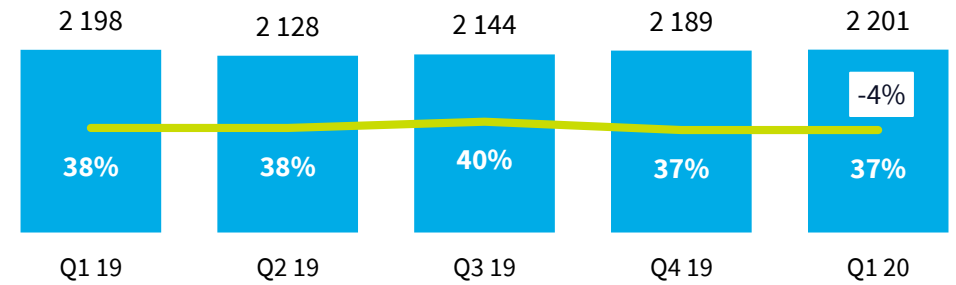


Mobile ARPU (SEK/month)

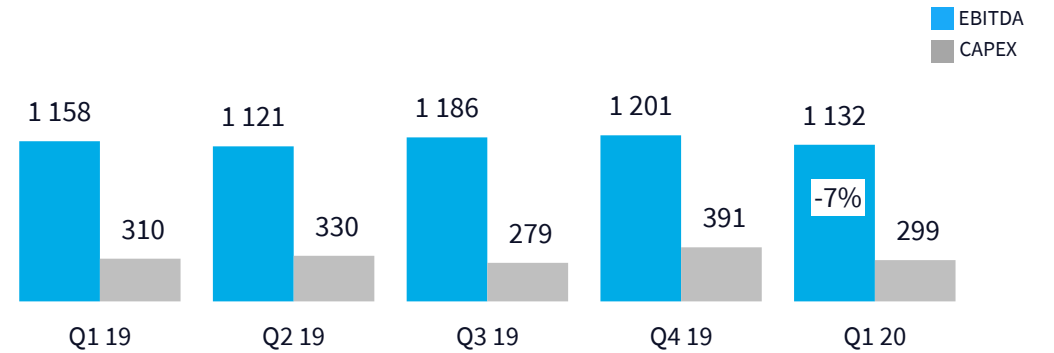


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

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



EBITDA and capex (NOK m)

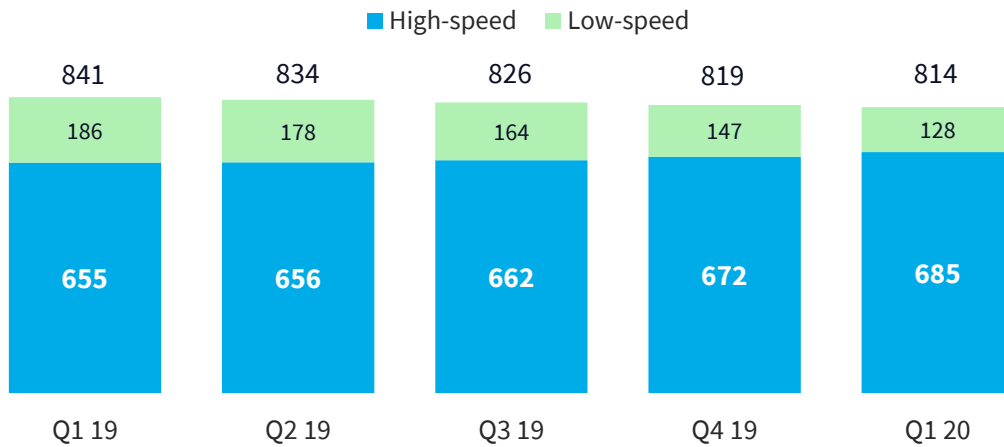


Organic growth

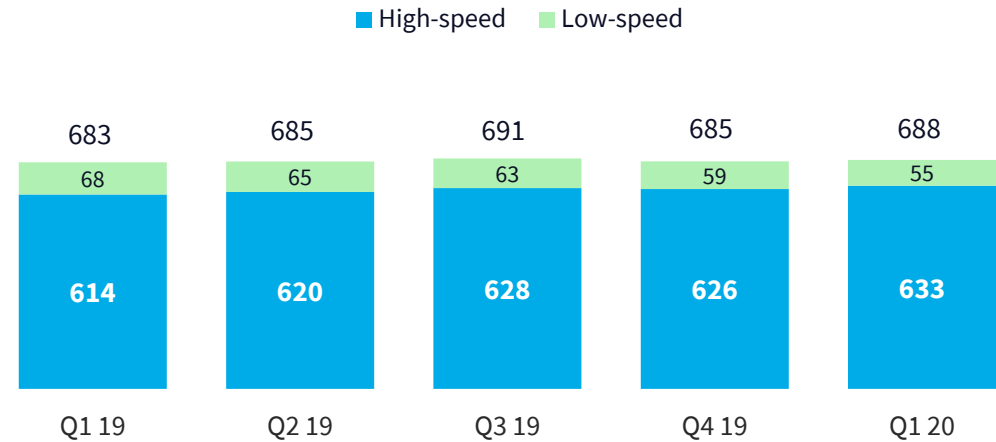


Additional information – Norway and Sweden

Norway – fixed broadband subscribers ('000)



Sweden – fixed broadband subscribers ('000)

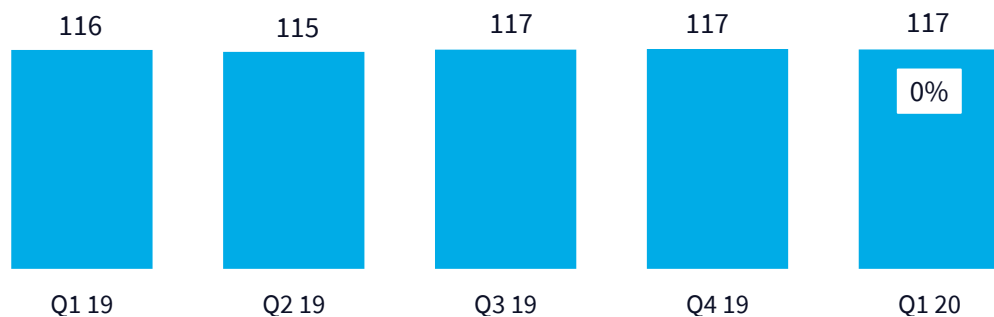


Denmark

Mobile subscribers ('000)

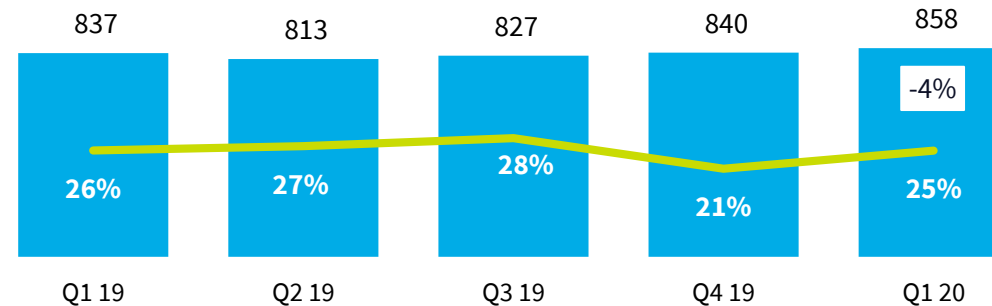


Mobile ARPU (DKK/month)

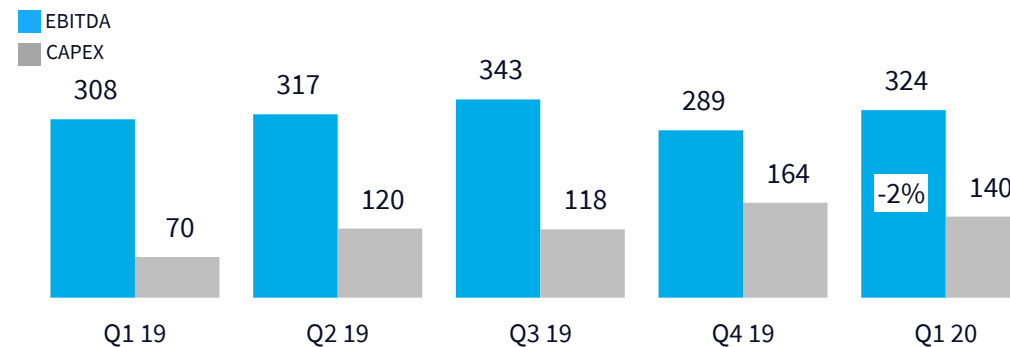


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

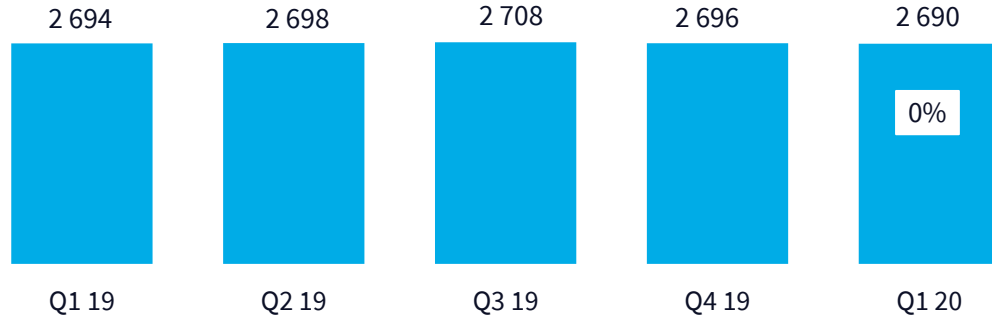


Organic growth

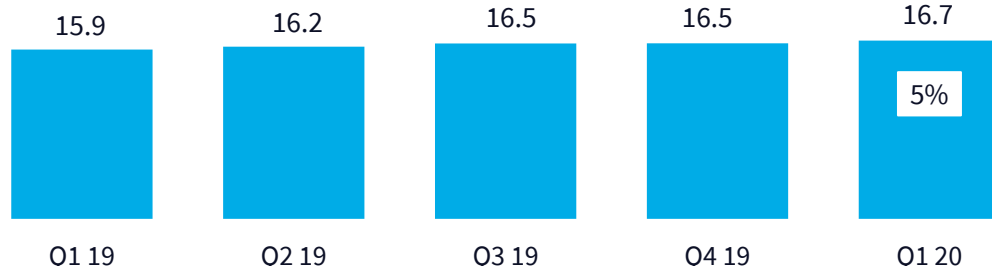


Finland

Mobile subscribers ('000)

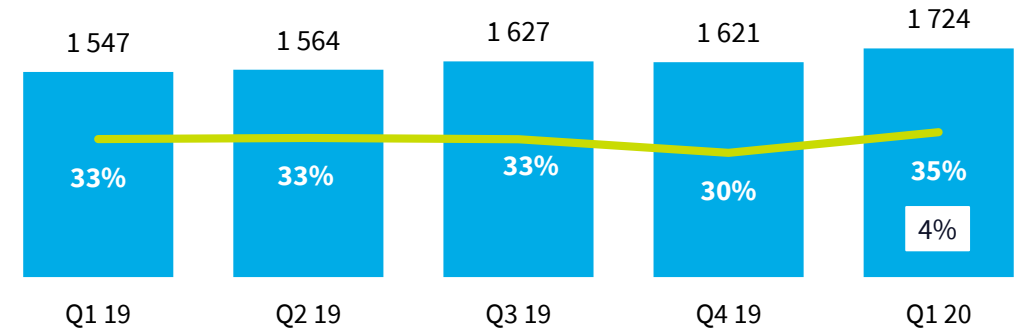


Mobile ARPU (EUR/month)

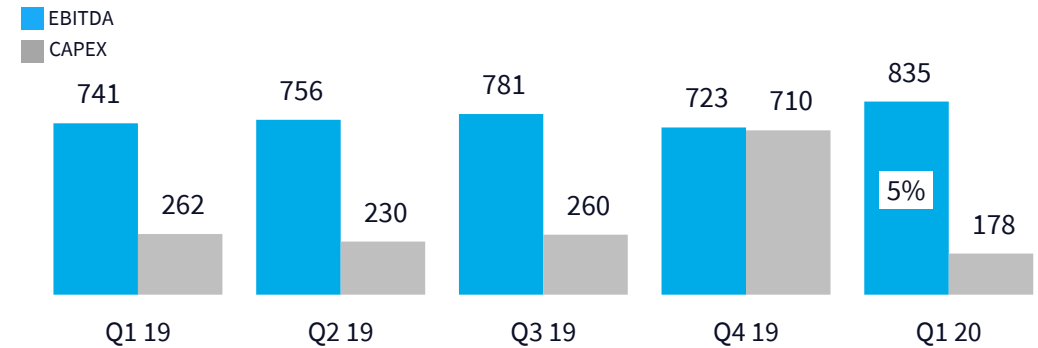


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

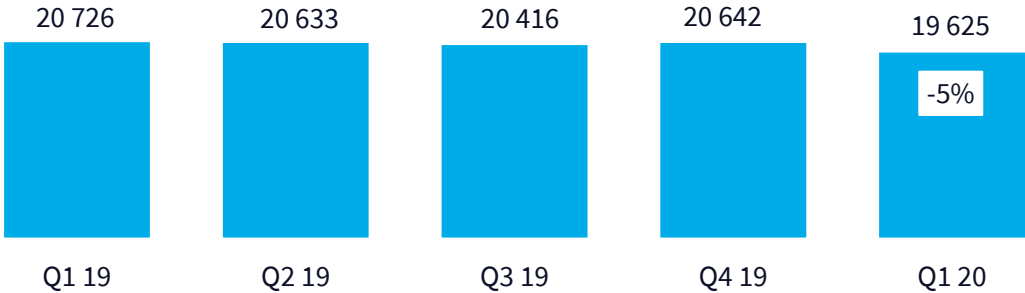


Organic growth

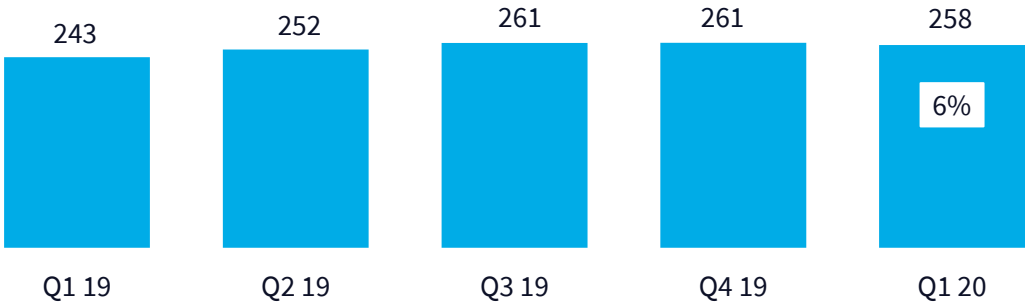


Thailand (dtac)

Mobile subscribers ('000)

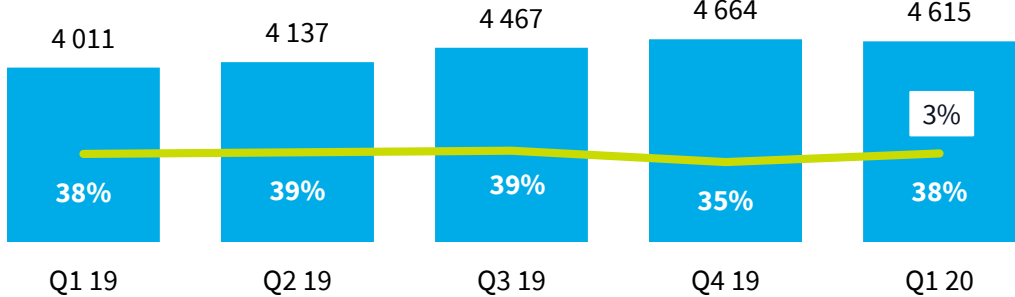


Mobile ARPU (THB/month)

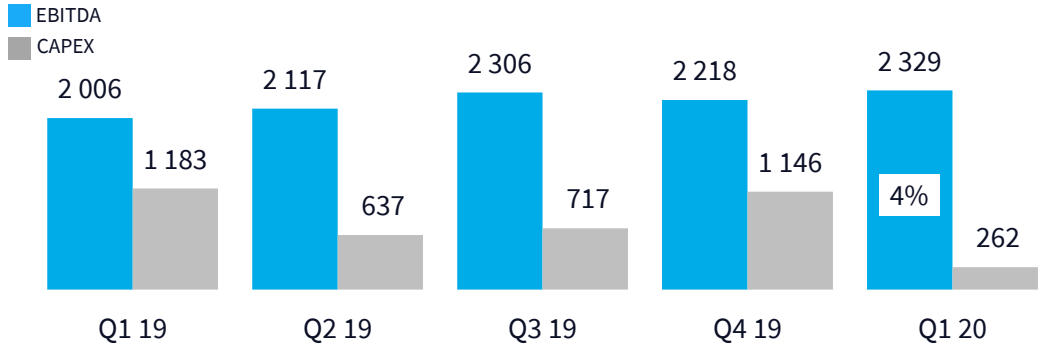


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

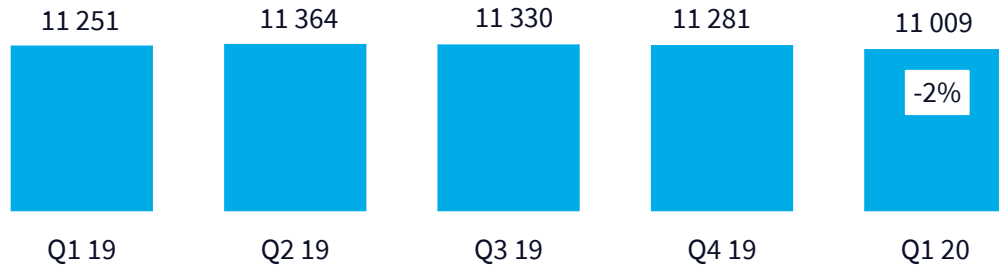


Organic growth

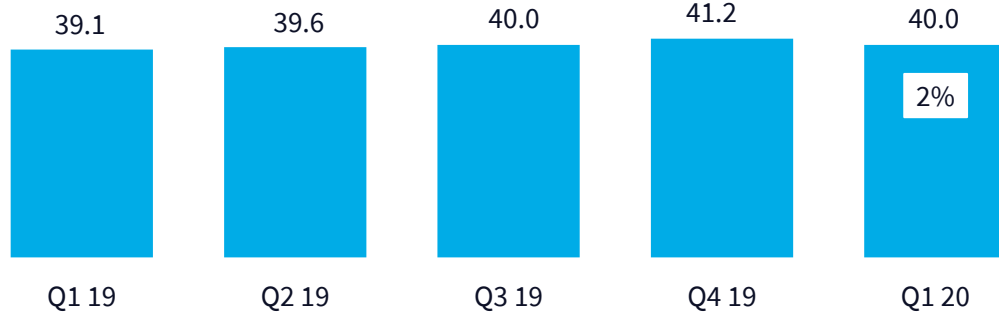


Malaysia (Digi)

Mobile subscribers ('000)

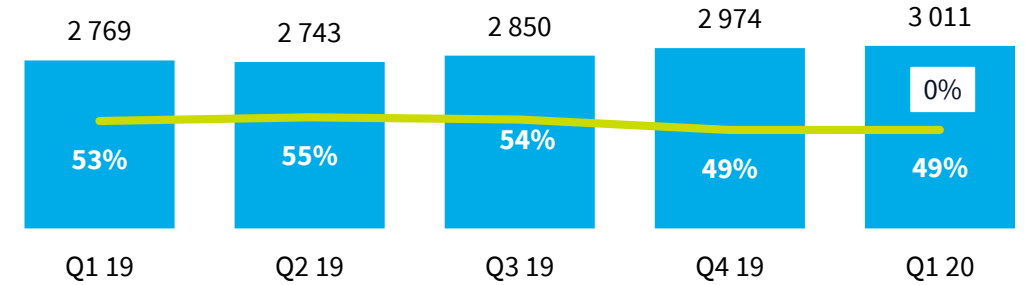


Mobile ARPU (MYR/month)

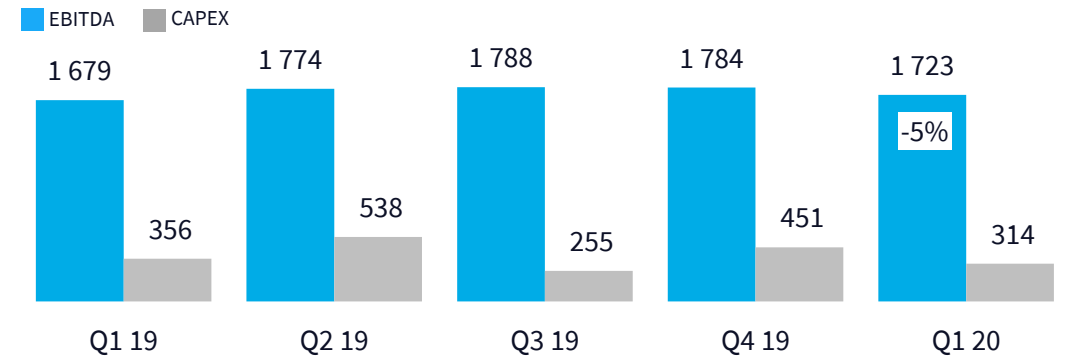


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

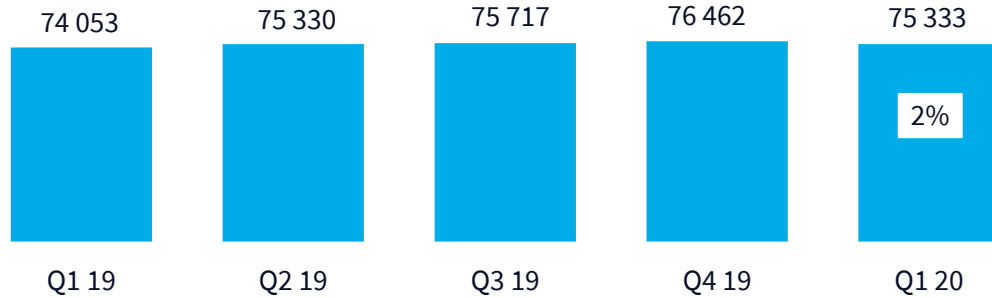


Organic growth

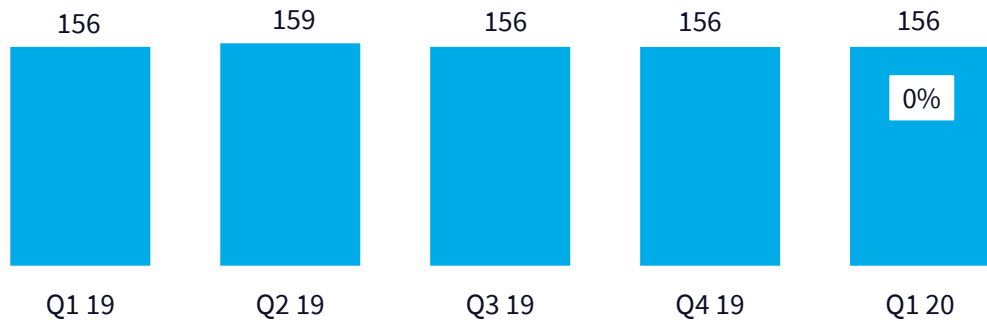


Bangladesh (Grameenphone)

Mobile subscribers ('000)

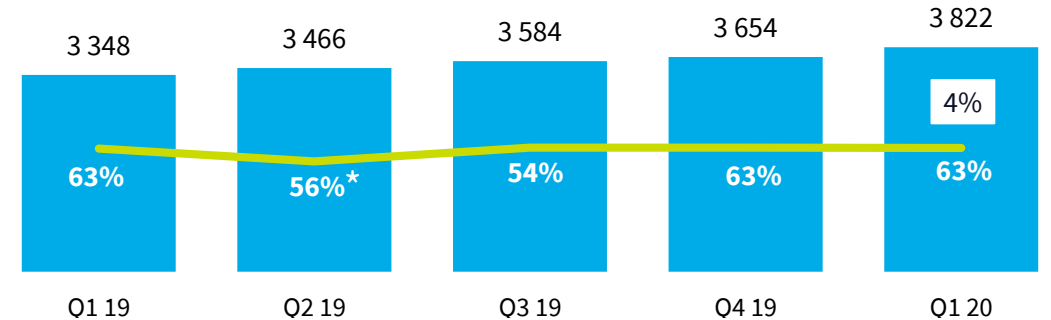


Mobile ARPU (BDT/month)

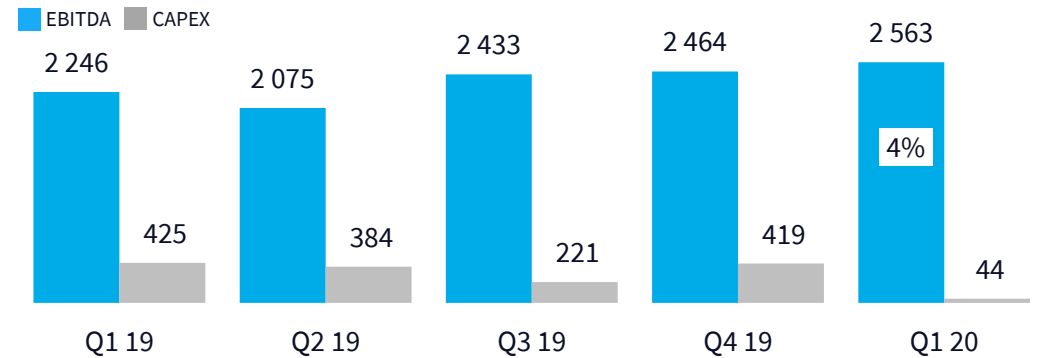


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



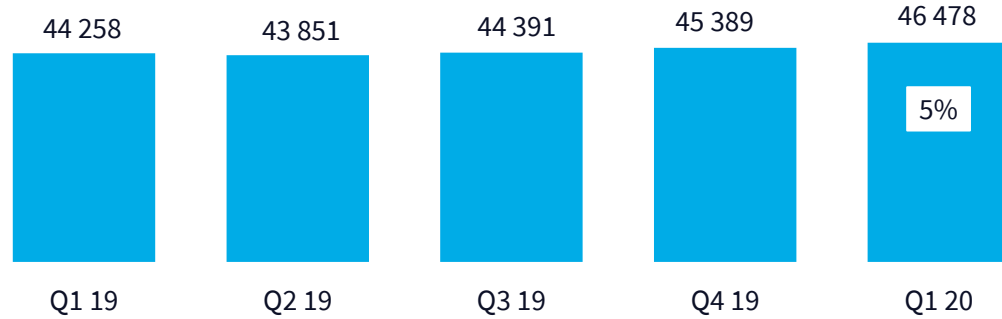
*64% EBITDA margin excluding provisions

Organic growth

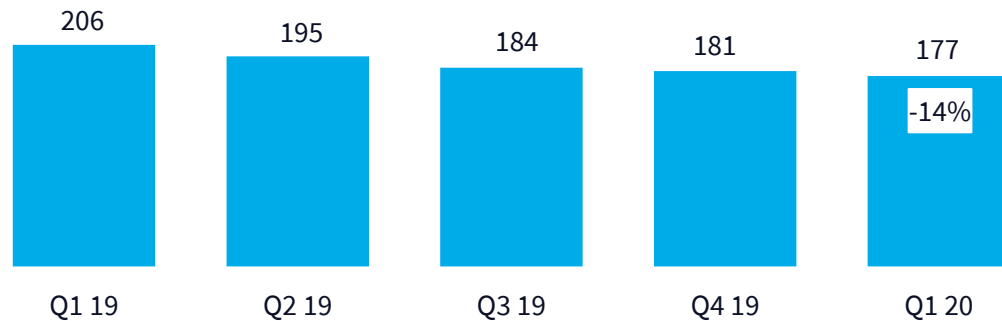


Pakistan

Mobile subscribers ('000)

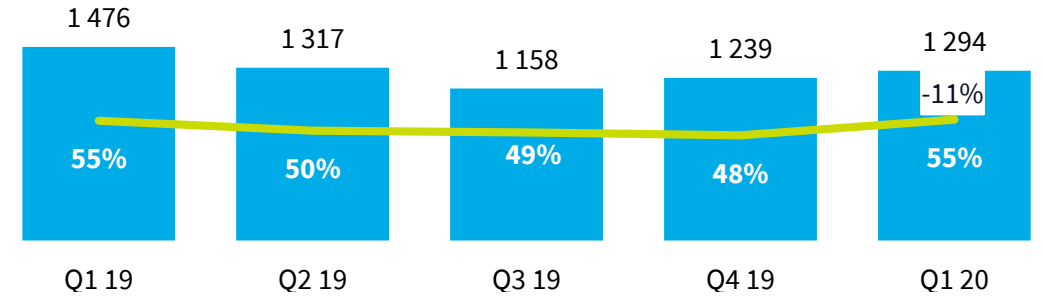


Mobile ARPU (PKR/month)

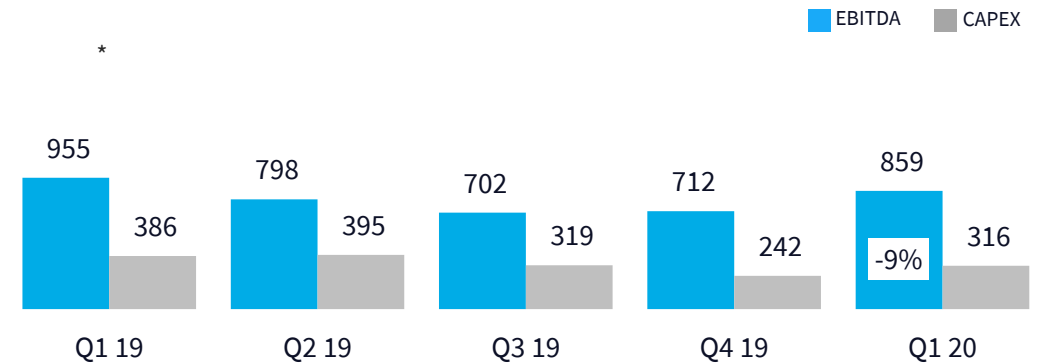


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

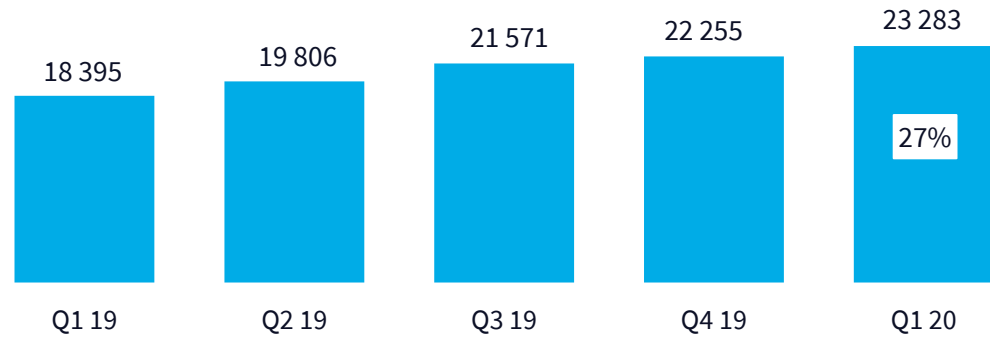


Organic growth

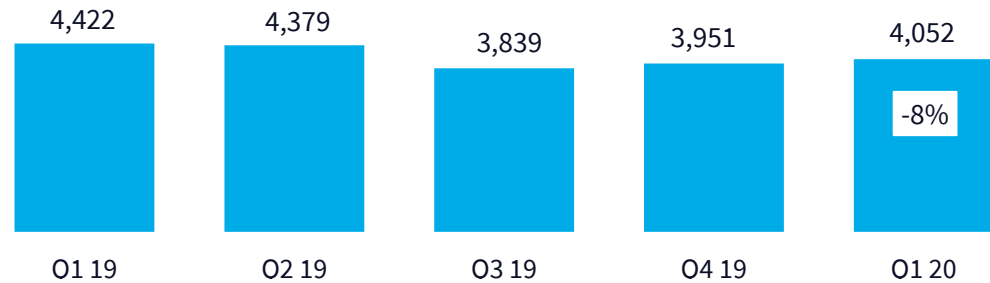


Myanmar

Mobile subscribers ('000)

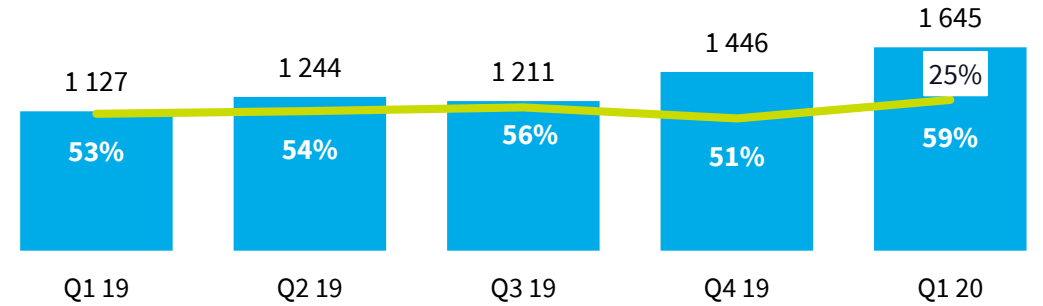


Mobile ARPU (MMK/month)

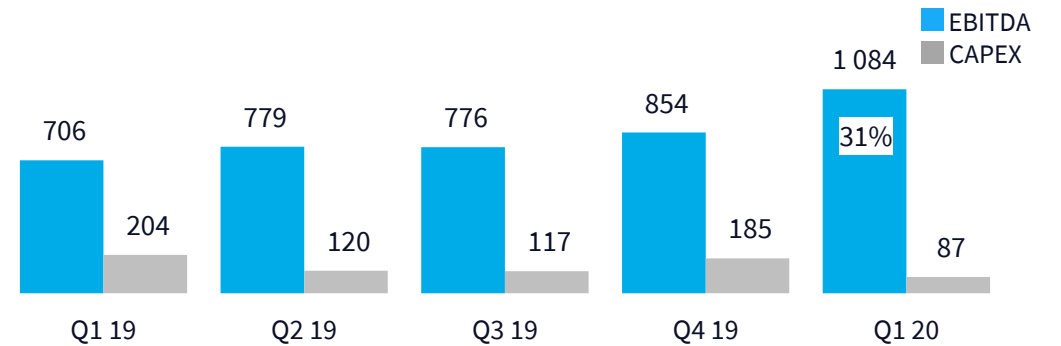


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



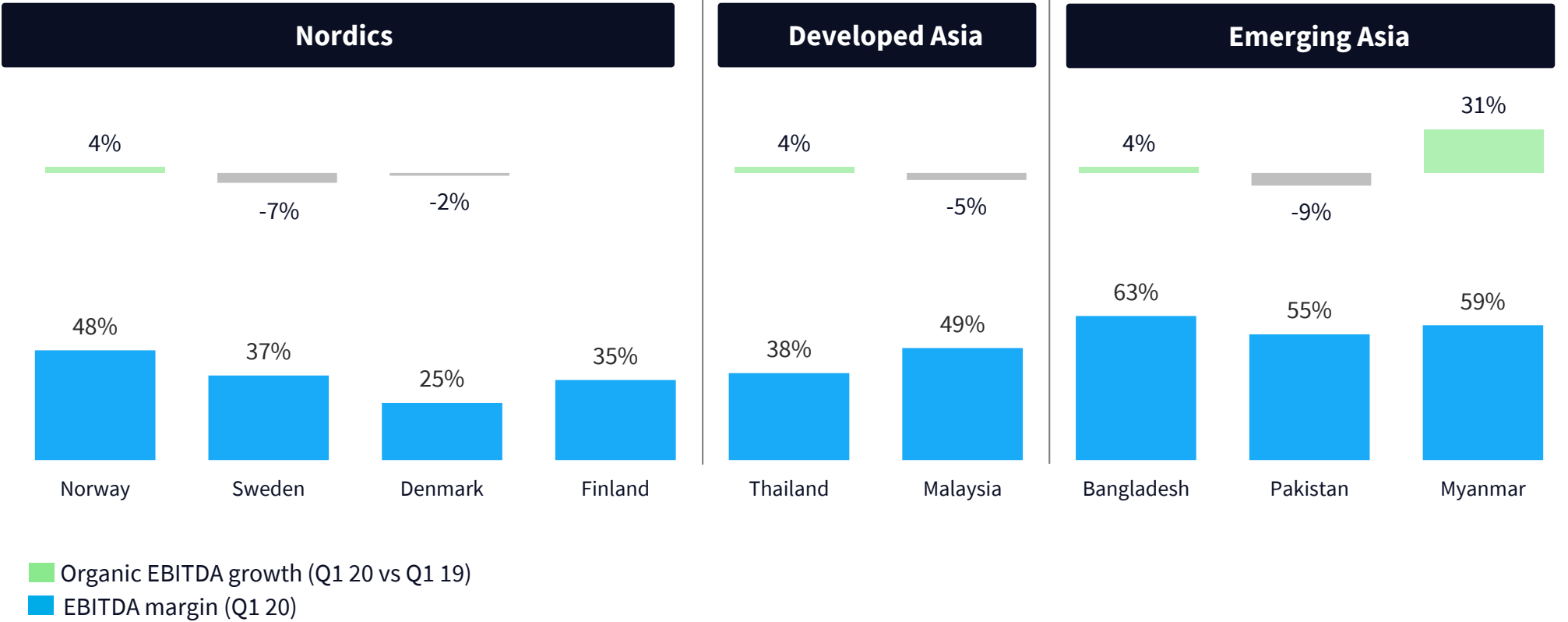
EBITDA and capex (NOK m)



Organic growth



Organic EBITDA growth



Q1 growth in subscription and traffic revenues and EBITDA

	Subscription & traffic revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	1.6 %	1.6 %	1.0 %	3.5 %
Sweden	0.1 %	-4.4 %	-2.3 %	-6.7 %
Denmark	2.4 %	-4.5 %	5.1 %	-2.0 %
Thailand	15.0 %	2.7 %	16.1 %	3.7 %
Malaysia	8.7 %	0.5 %	2.6 %	-5.2 %
Bangladesh	14.1 %	4.1 %	14.1 %	4.1 %
Pakistan	-12.3 %	-11.2 %	-10.0 %	-8.9 %
Myanmar	45.9 %	24.7 %	53.5 %	31.2 %
Telenor Group	17.1 %	1.8 %	15.8 %	2.6 %

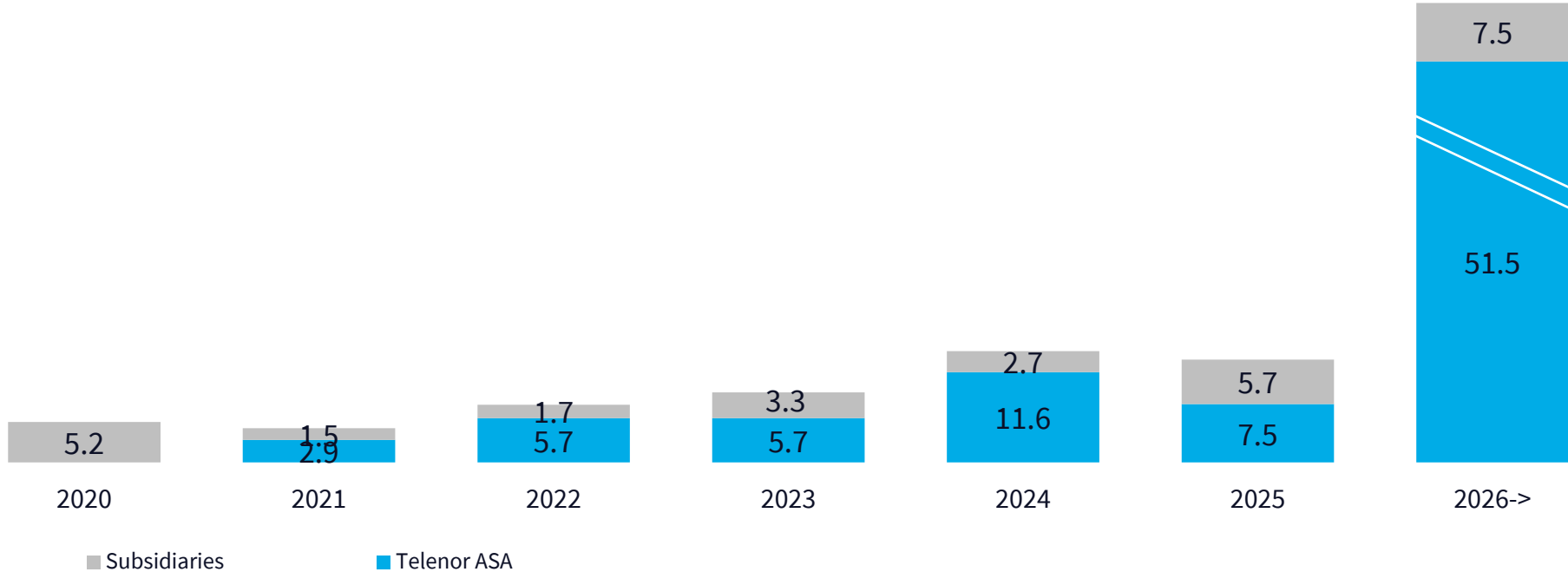


Net income of NOK 0.7 billion for Q1 2020

NOK m	2019	Q1 2019	Q1 2020
Revenues	113,666	26,588	30,953
EBITDA before other items	50,735	12,177	14,106
Other items	(459)	(1)	(310)
EBITDA	50,276	12,175	13,796
Depreciation & amortization	(24,574)	(5,653)	(7,160)
Operating profit	25,702	6,523	6,636
Associated companies	(849)	(87)	(109)
Net financials	(3,884)	(230)	(4,256)
Taxes	(9,033)	(1,793)	(718)
Profit (loss) from discontinued operations	(742)	313	195
Minorities	3,421	904	1,051
Net income - Telenor equity holders	7,773	3,822	698
Earnings per share (NOK)	5.40	2.62	0.49



Debt maturity profile (NOK bn)



Net debt in partly-owned subsidiaries:

NOK bn	Q1 2020	Q1 2019*
Digi	9.2	7.6
dtac	20.5	16.5
Grameenphone	1.1	1.0

*Net debt excl. licences



Net debt reconciliation

NOK bn	Q1 2020	Q1 2019
Non-current interest bearing liabilities	120.8	54.6
Non-current lease liabilities	22.1	19.1
Current interest bearing liabilities	13.2	23.0
Current lease liabilities	5.5	4.5
Cash and cash equivalents	(18.1)	(24.9)
Fair value hedge instruments	(2.7)	(1.5)
Financial instruments	(0.3)	(0.3)
Licence obligations	(18.6)	(15.5)
Net interest bearing debt in discontinued operations		1.2
Net interest bearing debt excl. licence obligations	121.9	60.1

All figures according to accounting standard as of 31 March 2020 unless otherwise stated



Balance sheet and key ratios

	31 Mar 2020	31 Mar 2019
Total assets	277.6	218.9
Equity attributable to Telenor ASA shareholders	41.6	52.2
Gross debt*	161.5	101.1
Net debt	121.9	58.9
Net debt/EBITDA**	2.3	1.3
Return on capital employed***	11.8%	13.8%

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

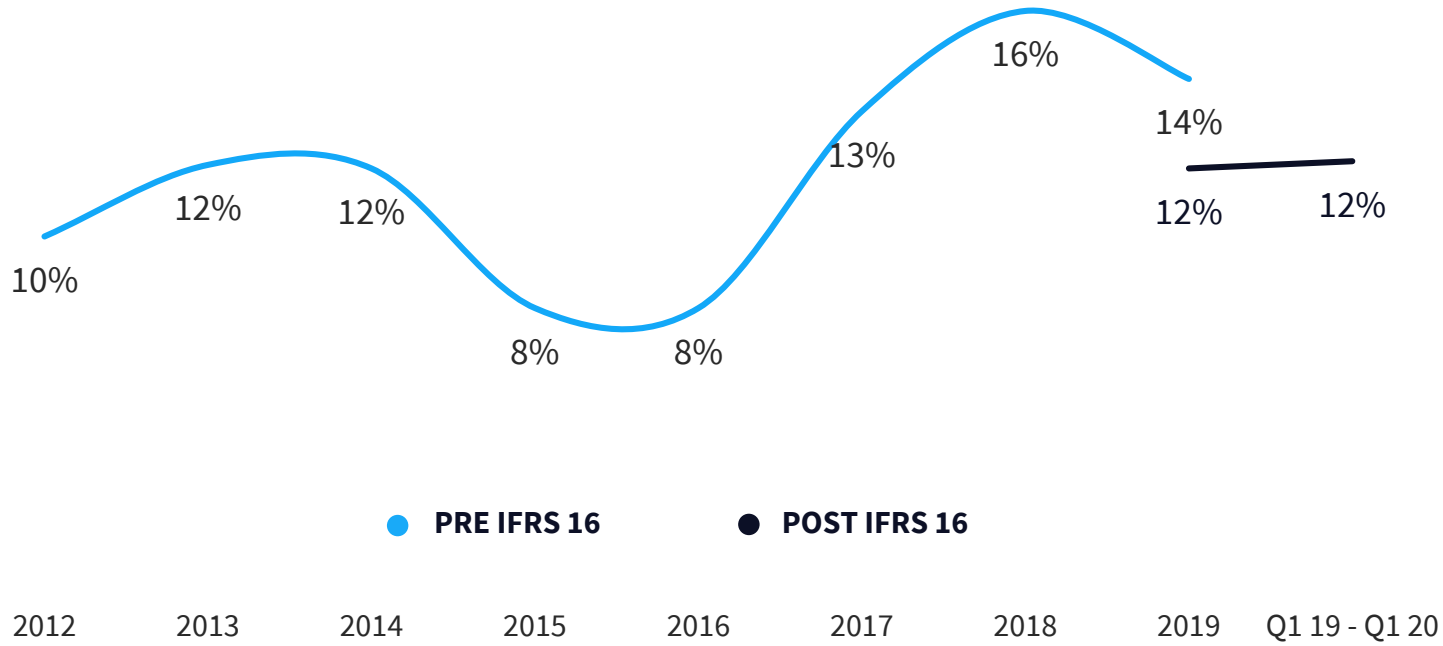
**) 12 months rolling EBITDA. For periods before consolidation of DNA, pro forma figures have been included.

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



Return on capital employed

Return on capital employed*



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

