



TELENOR GROUP

Second quarter 2020

Sigve Brekke, CEO

Disclaimer

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on this presentation or any of its contents. Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Telenor Group. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

This presentation contains statements regarding the future in connection with the Telenor Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the slide "Outlook for 2020" contains forward-looking statements regarding the Telenor 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.

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

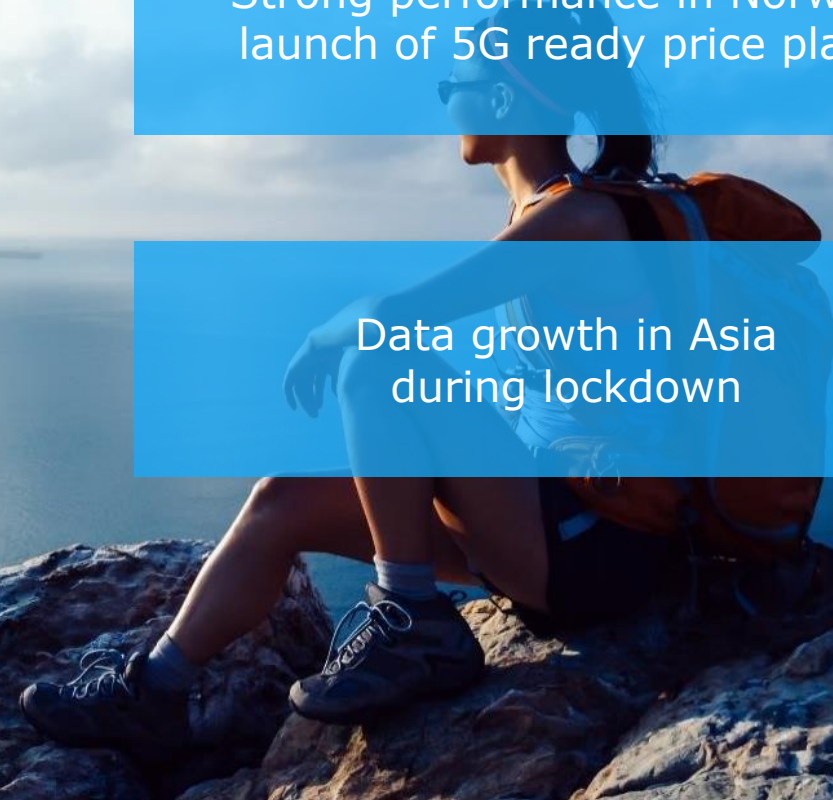
Highlights – Second quarter 2020

Customers' and employees' health and safety first

Strong performance in Norway, launch of 5G ready price plans

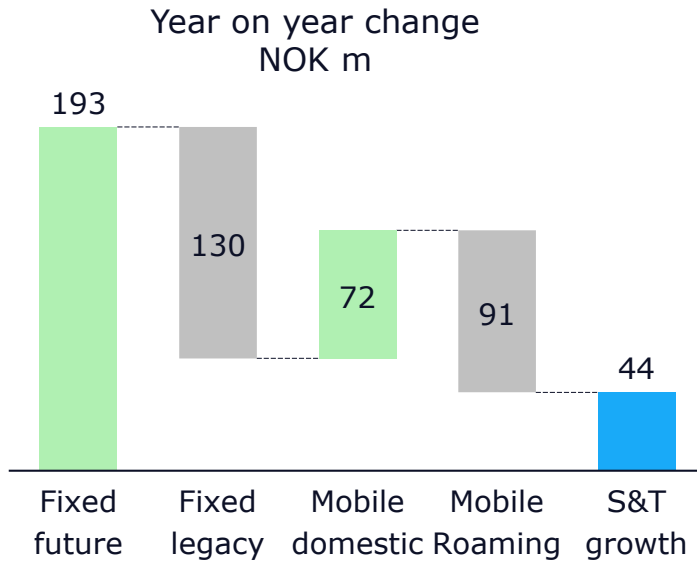
COVID-19 impact mitigated by lower cost and investments

Data growth in Asia during lockdown



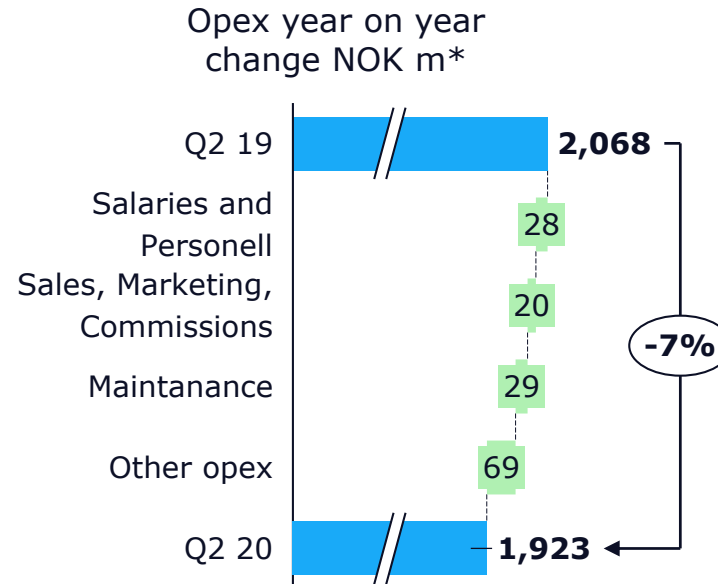
Norway moving towards *the legacy free incumbent*

S&T Revenue growth



- > 32k subscribers added on copper replacement products
- > Continued growth in adjacent mobile services

Modernisation efficiency



- > Opex reductions primarily driven by improvements in sales & marketing, operations and salaries and personnel

5G ready price plans

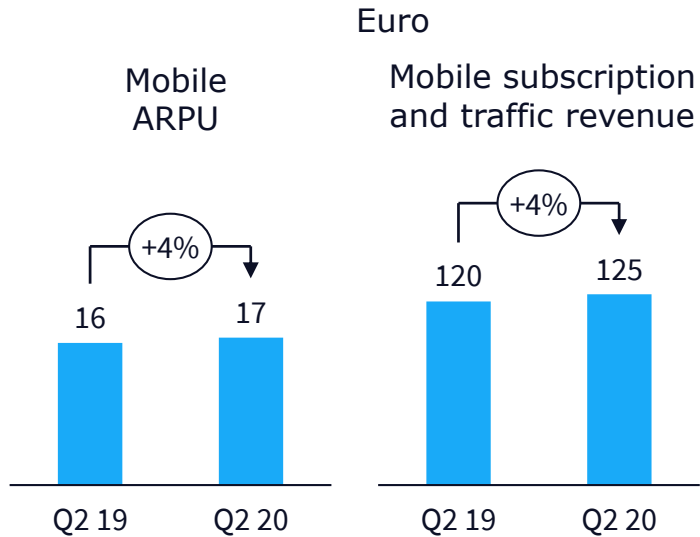


- > Launch of unlimited data mobile offering with speed based tariff



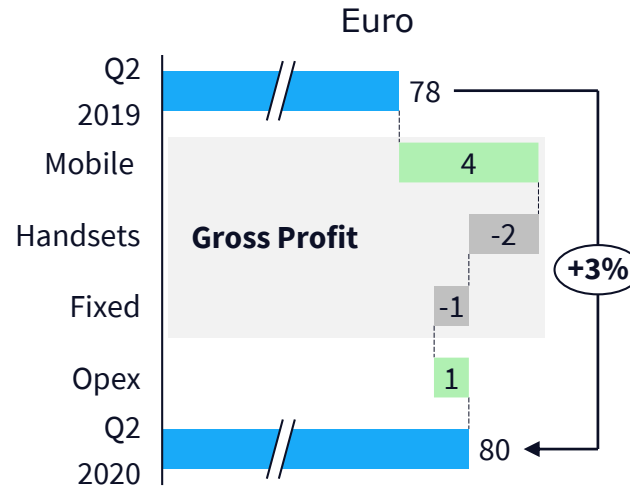
Monetising on 5G in Finland

S&T growth



- › Mobile subscription and traffic revenue growth driven by high speed postpaid subs and upselling.

Solid EBITDA growth



- › EBITDA driven by mobile S&T growth, lower handset sales and lower opex

Rapid 5G build out



- › 5G contributing to ARPU uplift
- › 5G services offered in 20 cities
- › FWA pilots on 5G in Helsinki



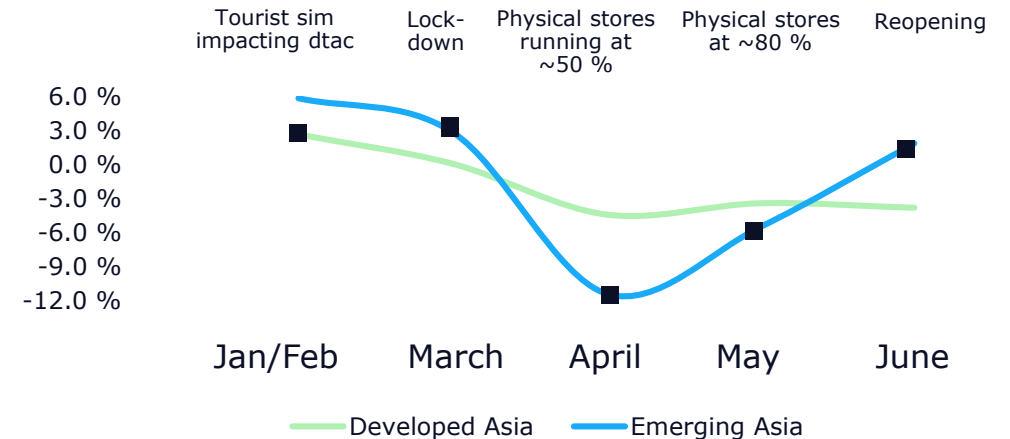
COVID-19 impact peak in April, gradual recovery from May

Key developments

- › **Roaming revenue** drop across portfolio.
- › Reduced physical transactions, handset revenues and new sales.
- › **Prepaid markets** in Asia influenced by lockdowns in April and May. Still exposed to uncertainty regarding duration.

- › Estimated total EBITDA effect in H1 of **1bn**, of which 80 % in Asia.

Organic subs & traffic revenue growth (%)

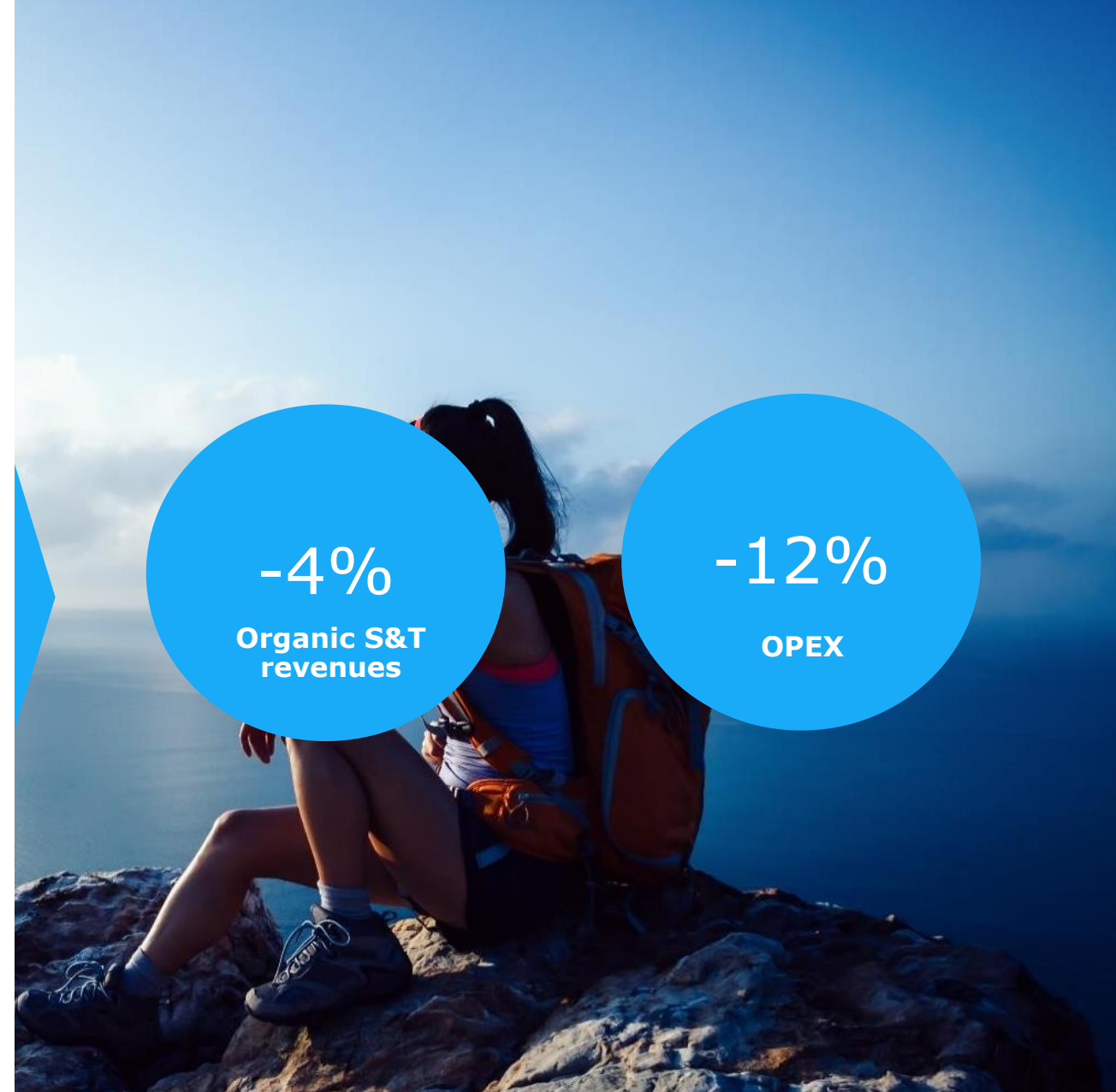
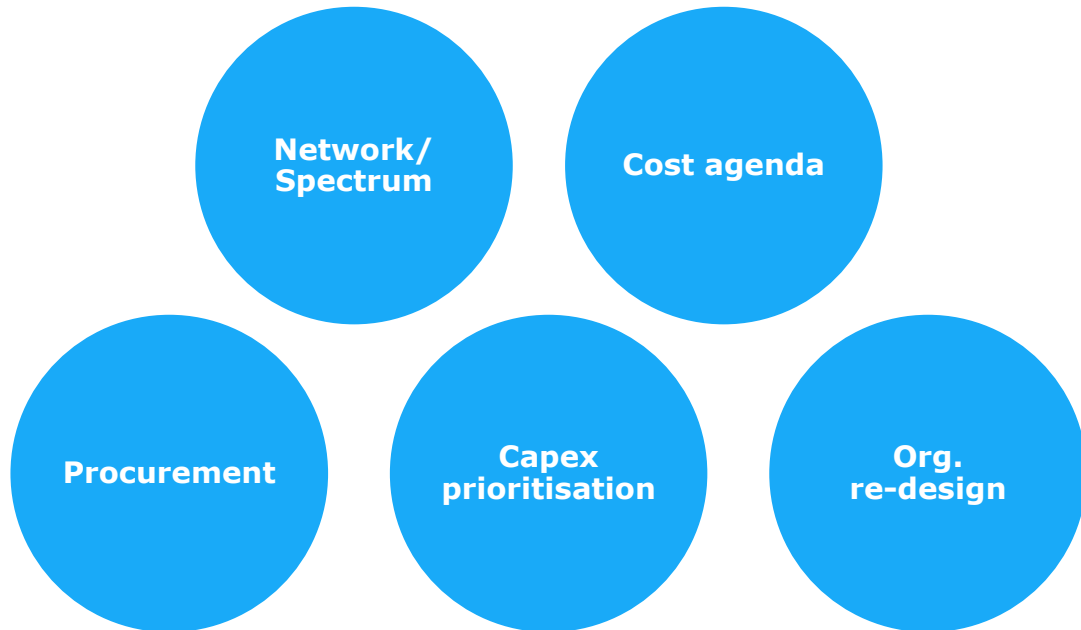


- › Development mainly driven by emerging Asia and closing of physical stores in April.
- › Relatively stable in developed Asia, the latter driven by a higher post-paid share.¹



Operating model providing flexibility

Selective centralisation



Importance of strategic direction confirmed by COVID-19



Growth



Modernisation



**Responsible
business**



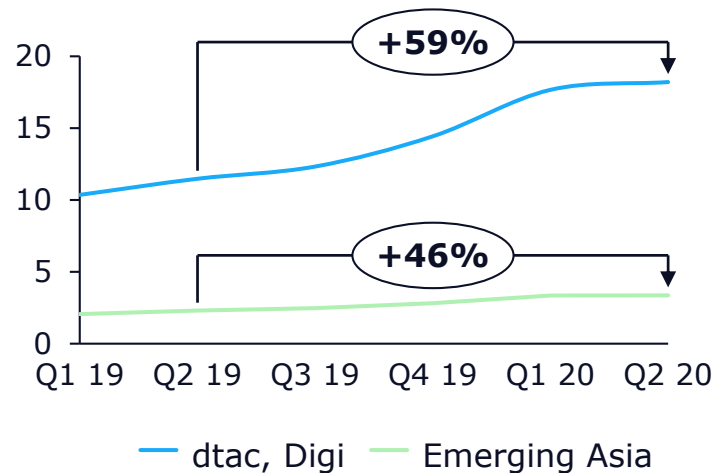


Growth

Accelerating data growth in Asia during lockdown

Continuous growth in data usage

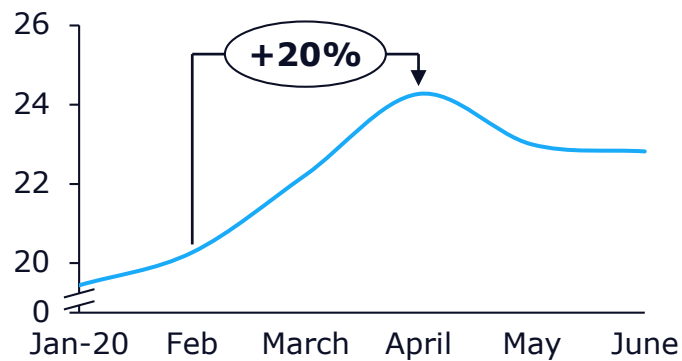
Average data usage (GB)



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

Tremendous data volume growth

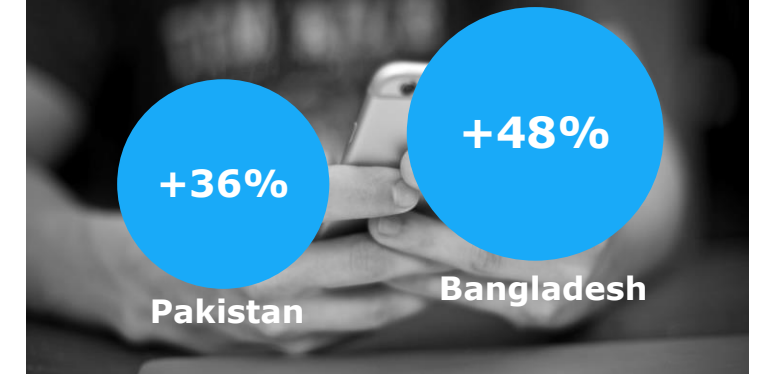
Thousand TB per day



- › Continued increased network traffic from increased consumption in Asia

Accelerating digital recharge

Digital recharge growth (post lockdown growth)¹

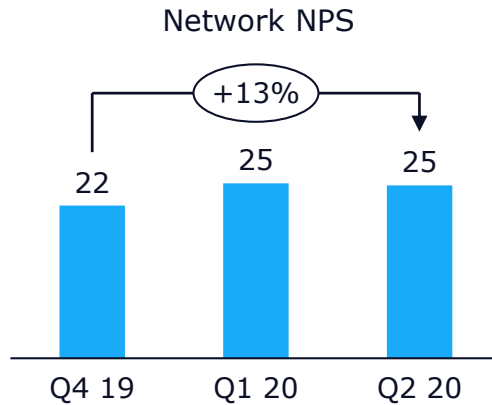


- › Accelerated modernisation through continued recharge growth across digital channels since lockdown



Delivering critical services and taking part in the effort

Care for our customers



- › High quality network: Improved network NPS
- › Free GB and minutes in Asia
- › Established alternative distribution channels

Care for our employees



- › Facilitating for home offices
- › Care packages to employees
- › Increased training on security

Supporting society



#stayhome

- › Donations to COVID-19 relief programmes
- › Free online education for the unemployed
- › Cooperation with government on disease spread tracking





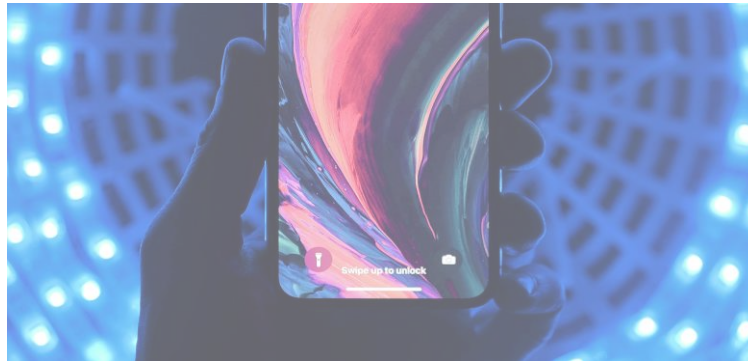
Utilising COVID-19 learning to accelerate modernisation

Accelerate organisational modernisation



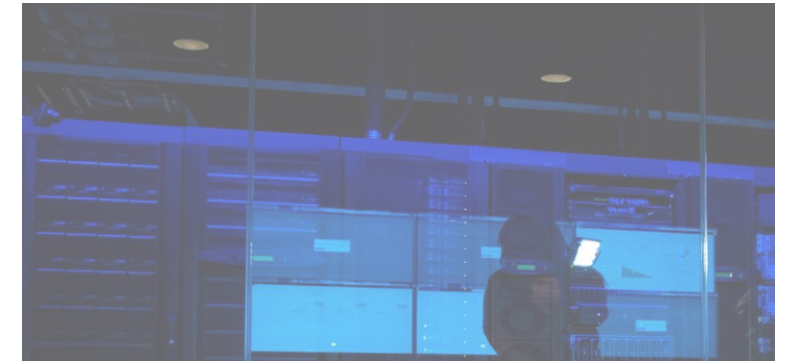
- › Radically simplify organisation and operating model
- › Shift to flexible working model

Digitisation of customer interactions



- › Accelerate customer sales and service interactions to digital
- › Will be driven by the Asian and Nordic Hub set-up

Accelerate touch-free operations



- › Accelerate and scale zero-touch operations across network and service areas in all business units



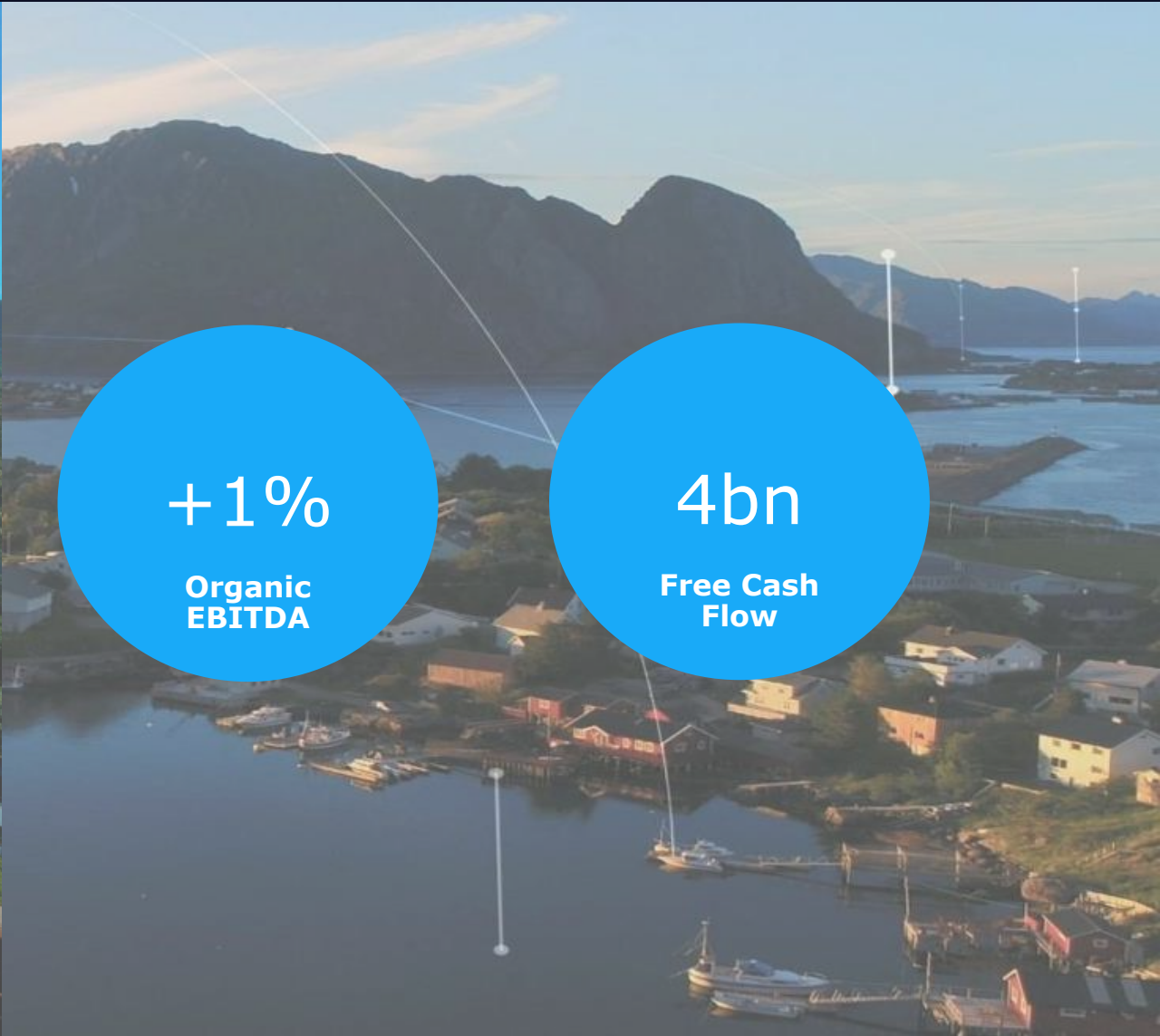


TELENOR GROUP

Second quarter 2020

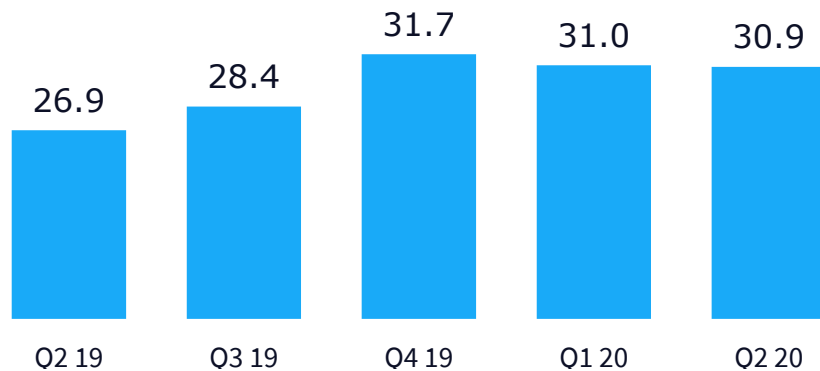
Tone Hegland Bachke, CFO

Q2 results confirm cash flow resilience



COVID-19 impacting top-line, gradual recovery from May.

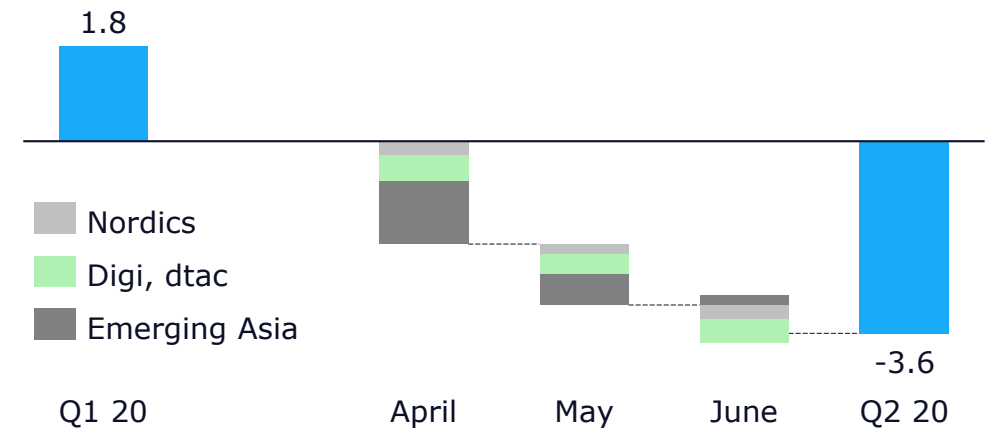
Total revenues (NOK bn)



- › Reported revenues increased by 15%, primarily from inclusion of DNA (Finland) and FX
- › Organic S&T revenues decreased by -3.6%

Organic S&T revenue growth (%)

Percentage points contribution to growth



- › Development mainly driven by emerging Asia. Relatively stable in Nordics and developed Asia.
- › Gradual improvement throughout Q2.

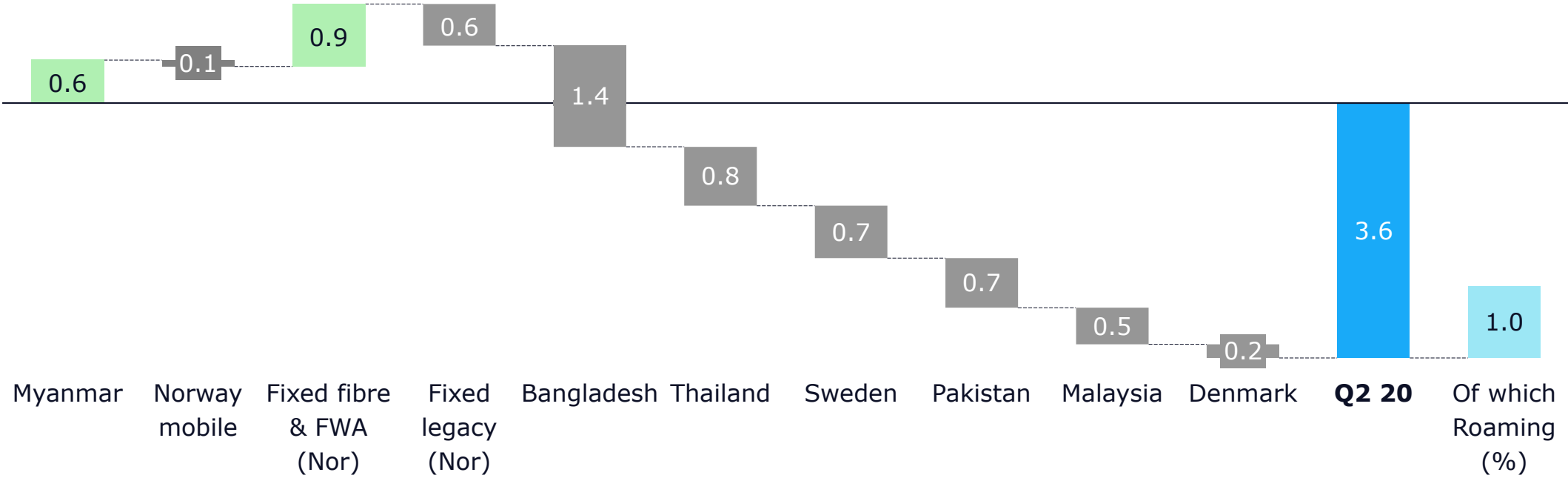
Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony and data services



Strong development within fixed future despite COVID-19 headwind

Organic subs & traffic revenue growth per country

Percentage points contribution to growth

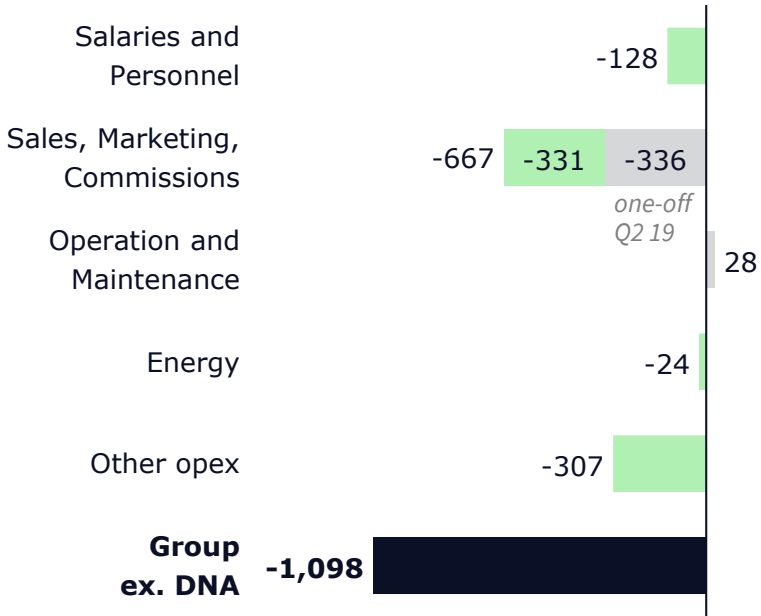


Organic growth rate. Subscription & traffic revenues defined as revenues from mobile subscription & traffic, fixed internet & TV, retail telephony and data services

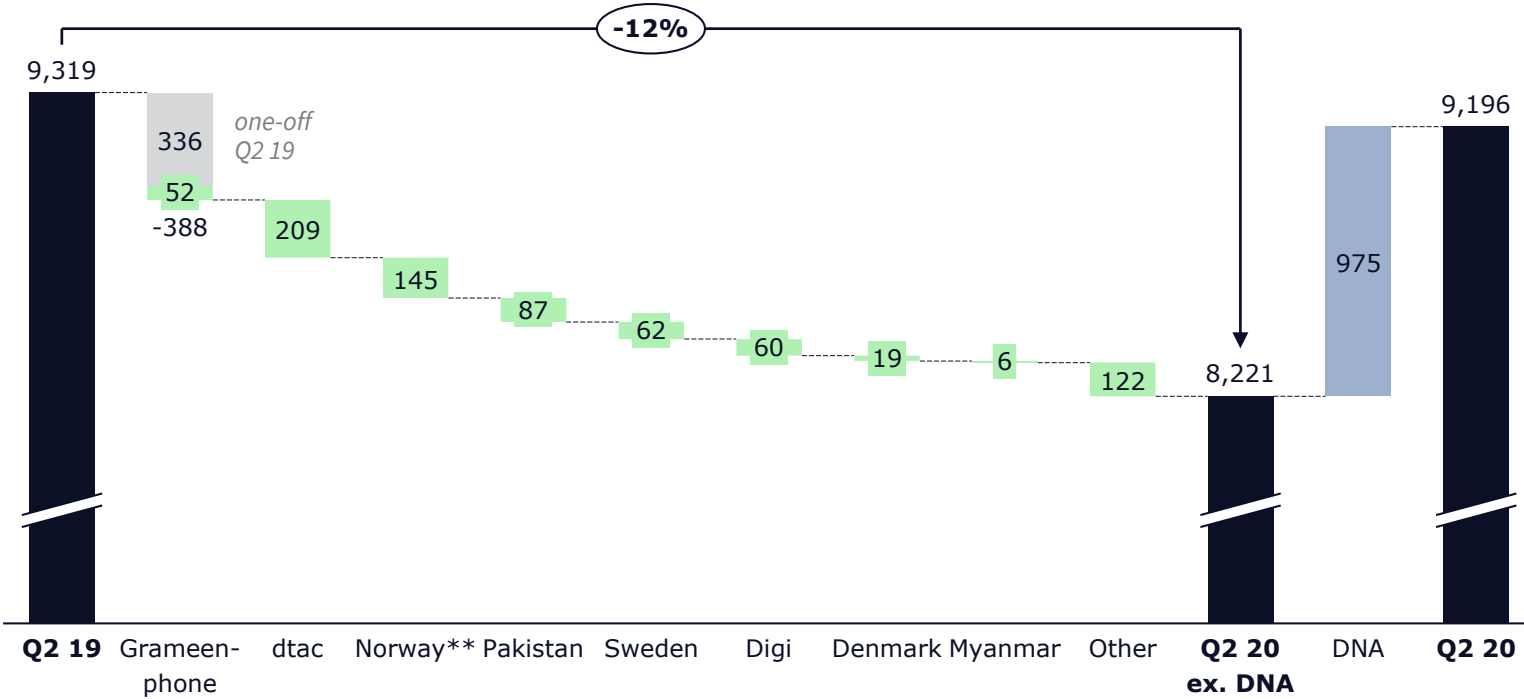


Strong opex reduction of 12% in Q2 driven by sales and marketing

Opex by category (NOK m)*



Opex by country (NOK m)*

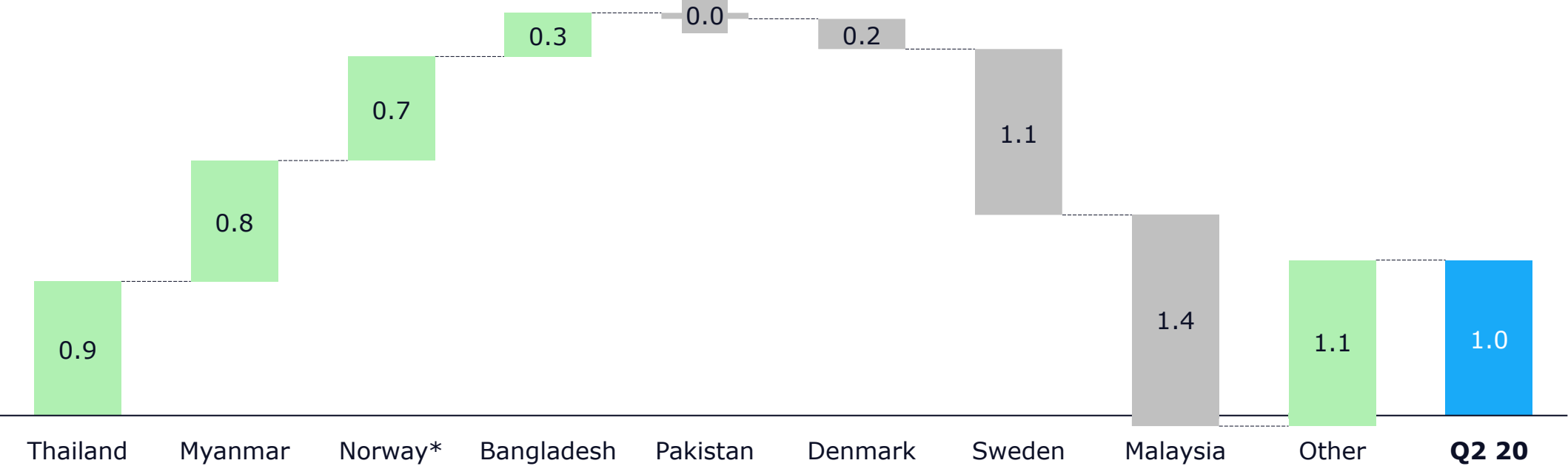


* FX adjusted

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



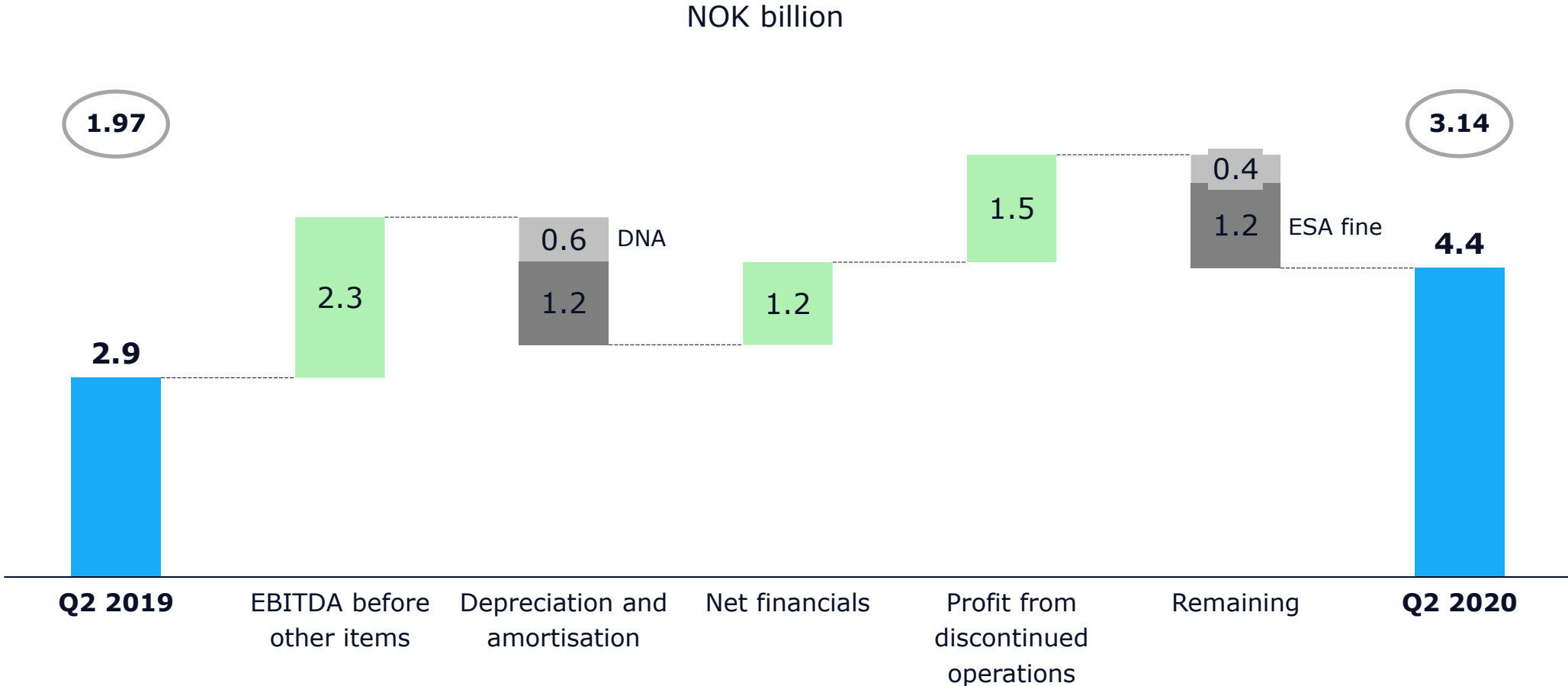
Organic EBITDA growth of 1 % despite top-line pressure



Percentage points contribution to growth



Net income to equity holders of NOK 4.4 billion

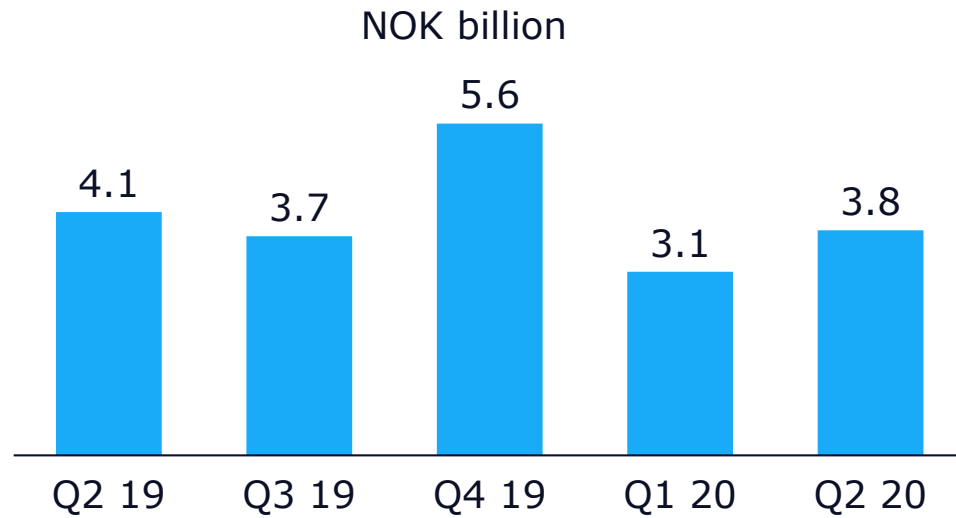


○ Earnings per share



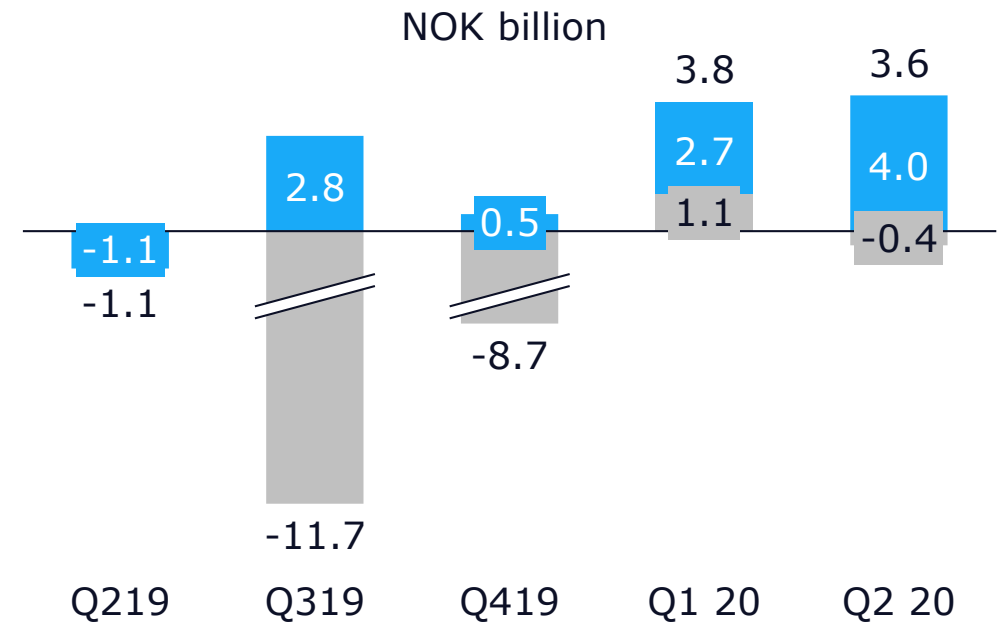
Free cash flow before M&A of NOK 4.0 billion

Capex excluding licenses



- > Reduced capex from low investments in our Asian operations
- > Flexibility to adjust investment levels

Free cash flow



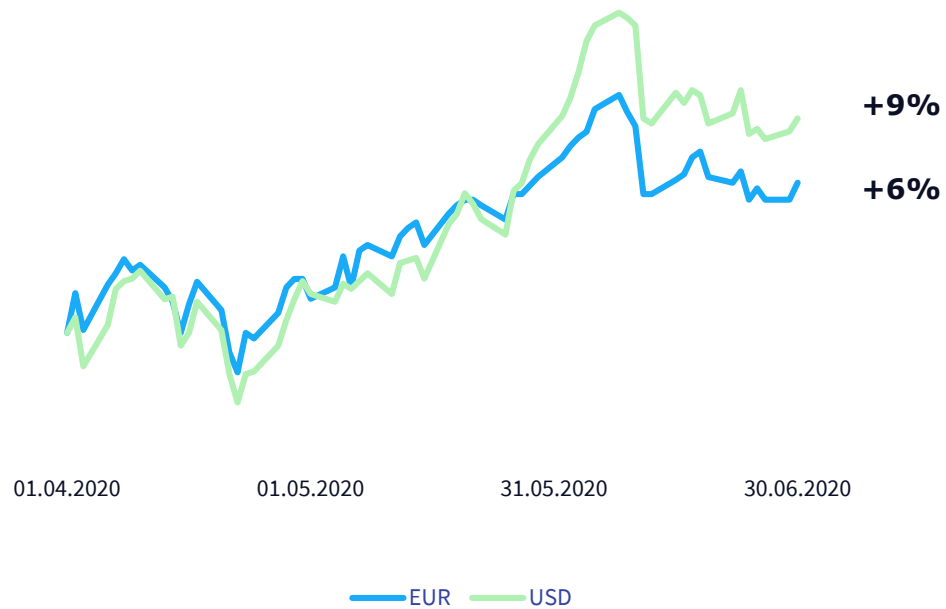
■ FCF excl M&A and disposals
 ■ M&A and disposals

Free cash flow to equity holders of Telenor ASA

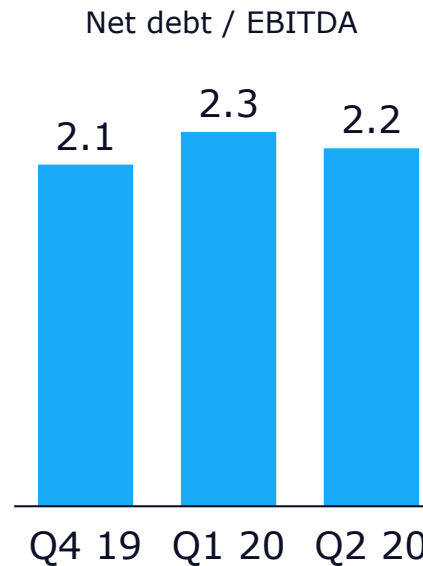


Positive effect on net debt from FX

Significant strengthening of NOK in Q2



Leverage



- > Positive FX effect on net debt of NOK 6 bn
- > First tranche of ordinary dividend for 2019 paid of NOK 4.40 per share
- > Refinanced revolving credit facility linked to ESG-targets from CMD



Outlook 2020 – Resilience in EBITDA and cash flow

Updated outlook FY 2020

Low single digit percentage decline in organic subscription and traffic revenues

Stable organic EBITDA

Capex/Sales around 13 %

Continued cost management and Capex focus to secure resilience in cash flow

Mid term guidance maintained

Previous outlook

- 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





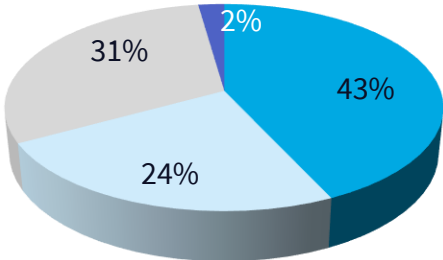
TELENOR GROUP

Second quarter 2020

Appendix

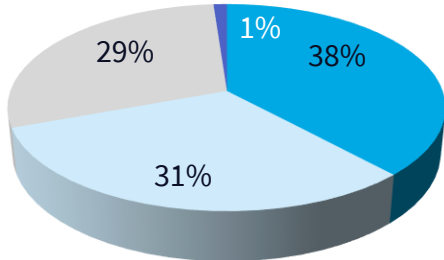
Geographic split of key financials YTD 2020

Revenues



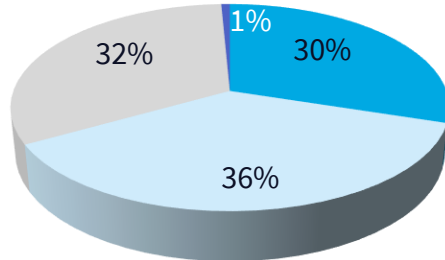
- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA



- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA - CAPEX



- Nordics
- Emerging Asia
- Developed Asia
- Other

EBITDA before other items. Capex excl. licences.

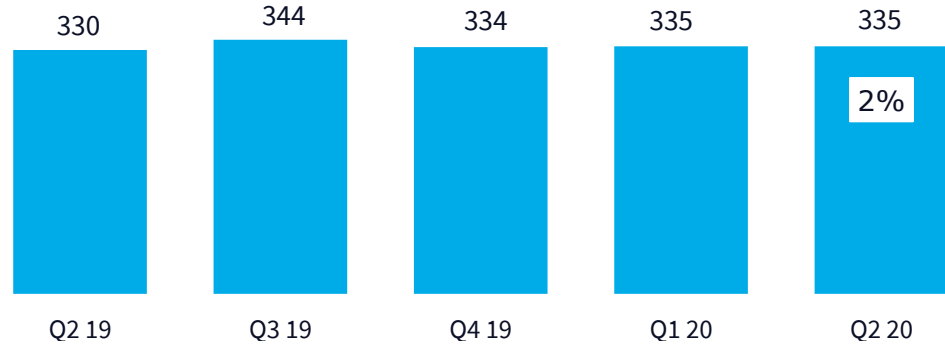


Norway

Mobile subscribers ('000)

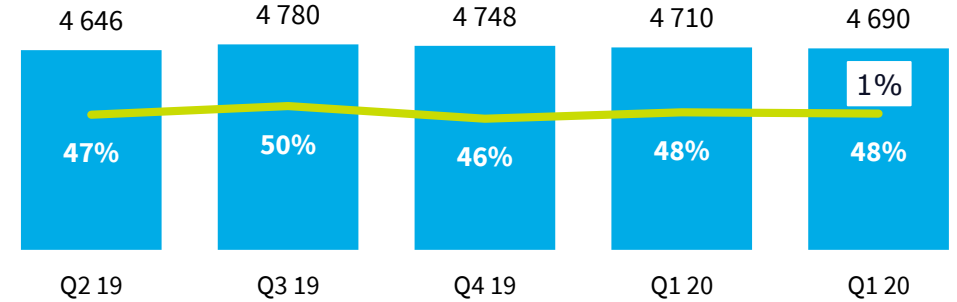


Mobile ARPU (NOK/month)

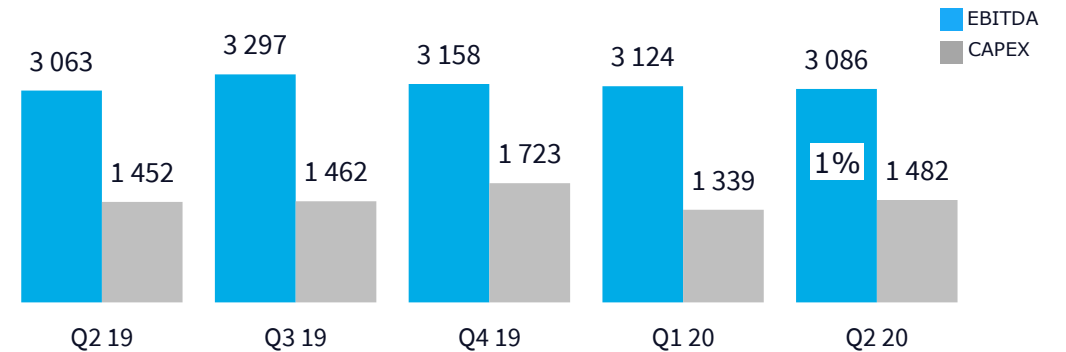


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

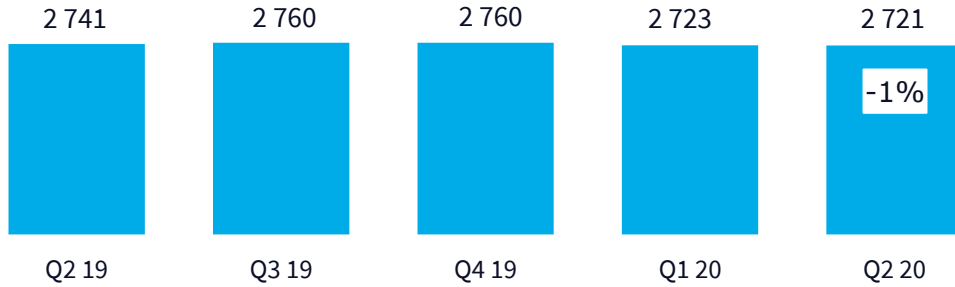


Organic growth

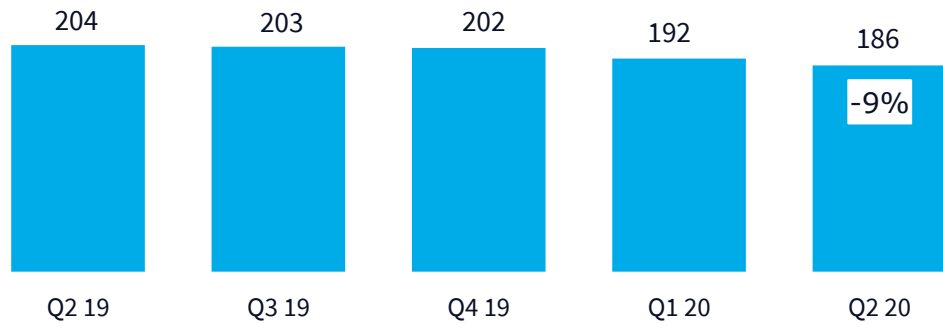


Sweden

Mobile subscribers ('000)

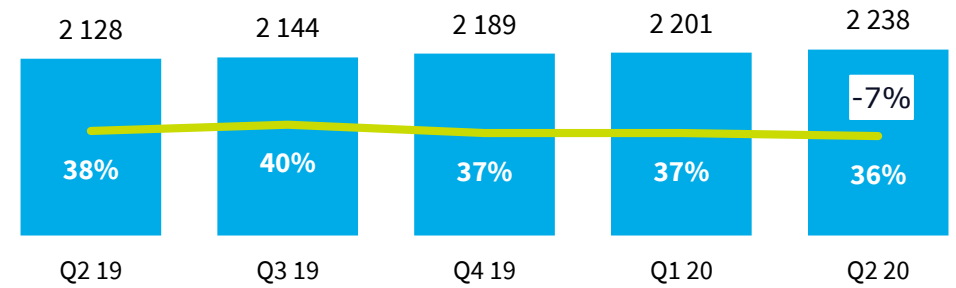


Mobile ARPU (SEK/month)

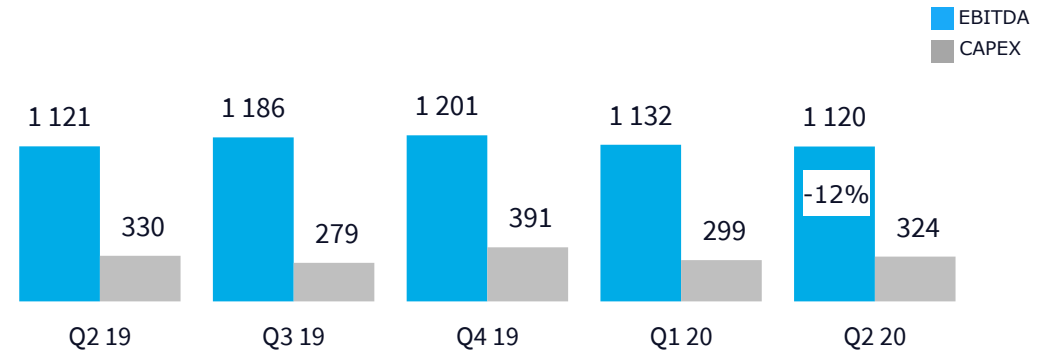


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

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



EBITDA and capex (NOK m)

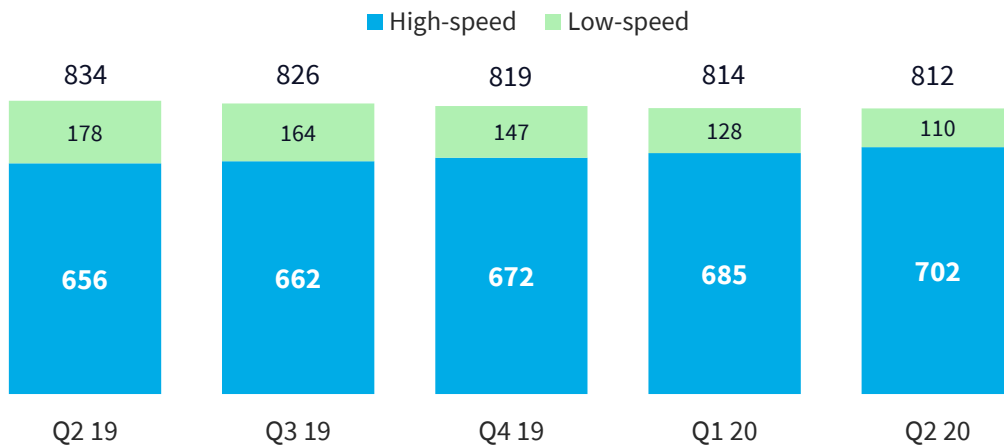


Organic growth

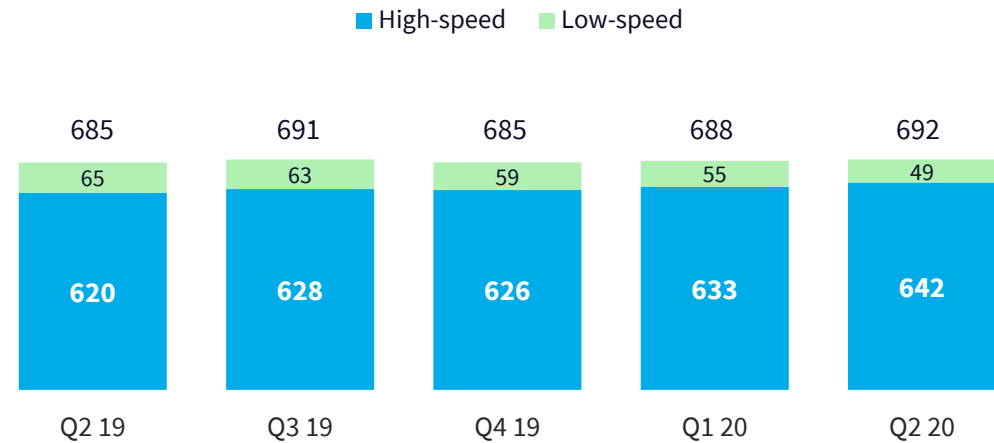


Additional information – Norway and Sweden

Norway – fixed broadband subscribers ('000)

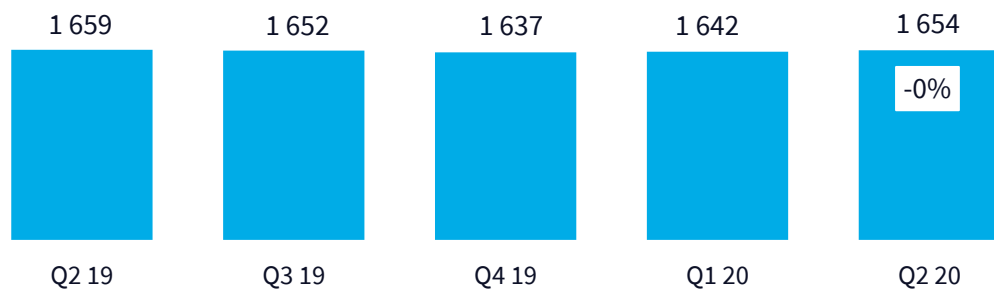


Sweden – fixed broadband subscribers ('000)

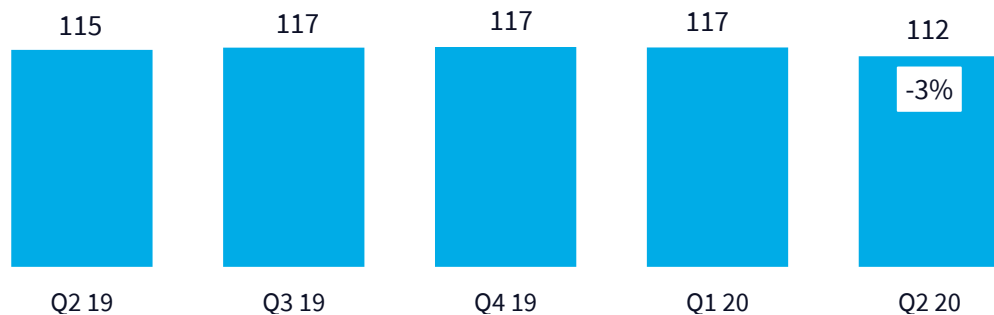


Denmark

Mobile subscribers ('000)

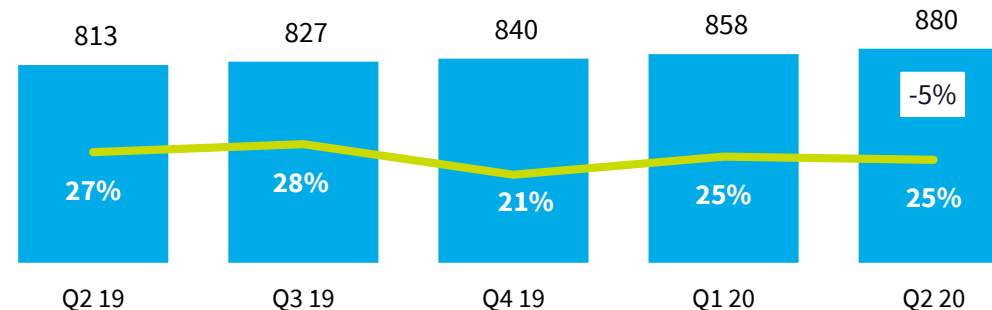


Mobile ARPU (DKK/month)

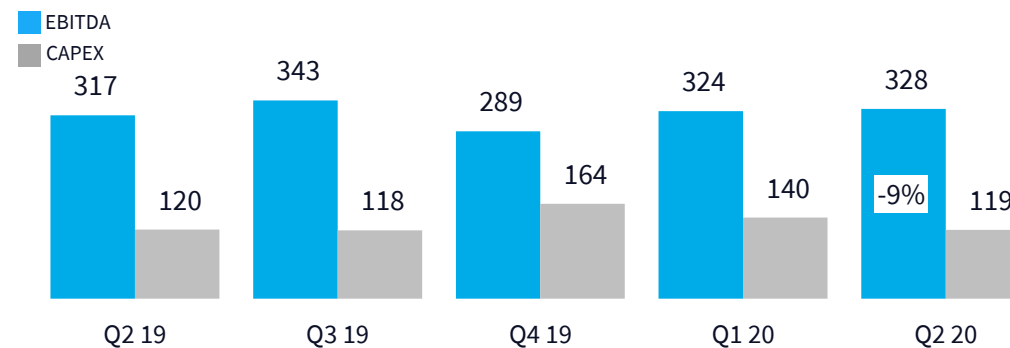


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

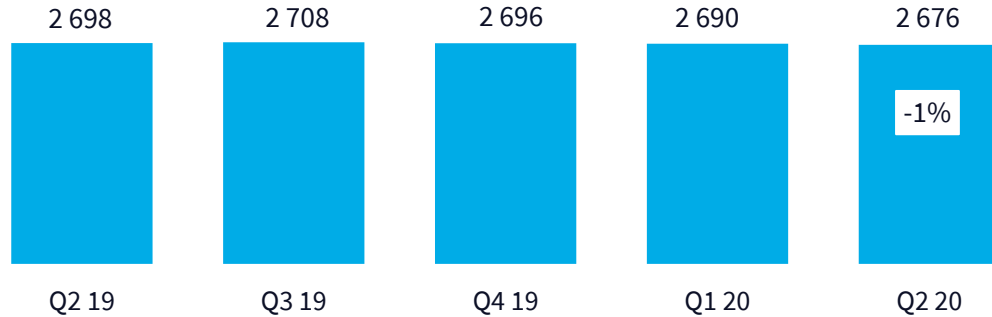


Organic growth

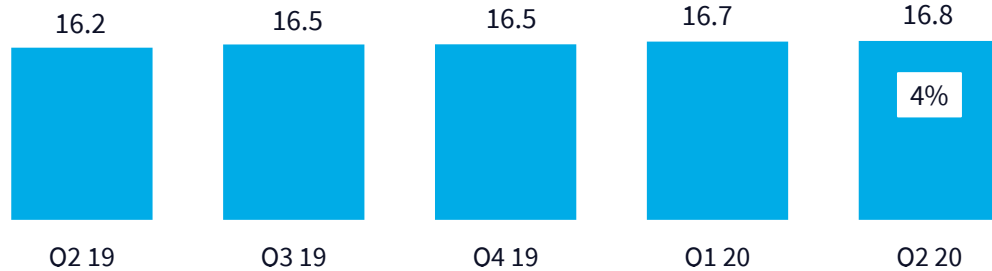


Finland

Mobile subscribers ('000)

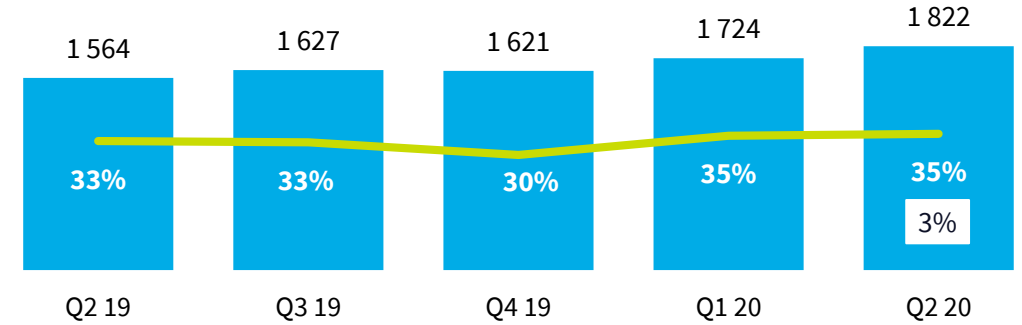


Mobile ARPU (EUR/month)

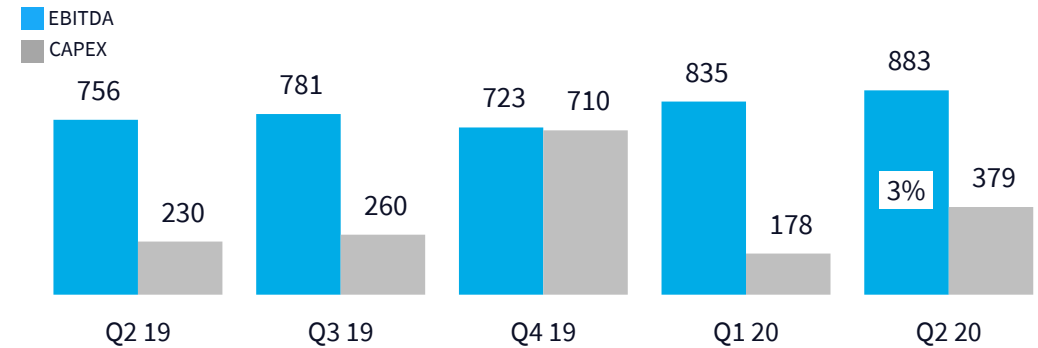


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

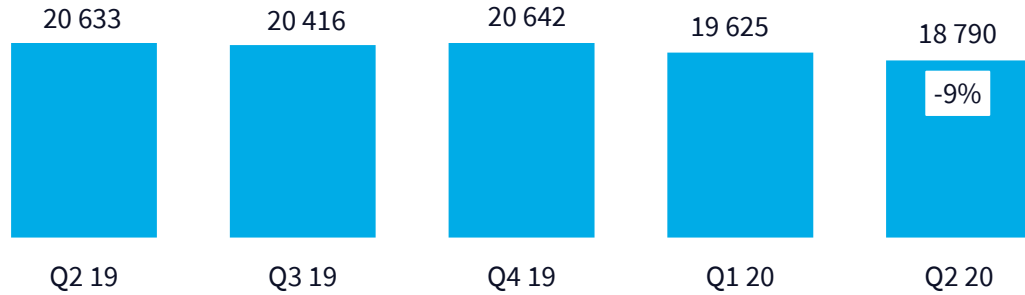


Organic growth

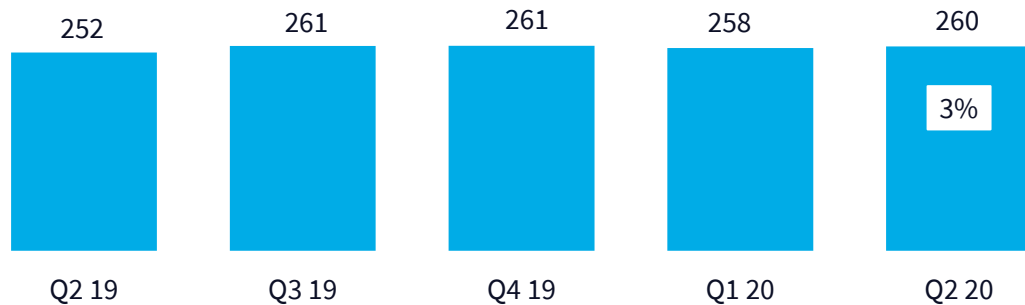


Thailand (dtac)

Mobile subscribers ('000)

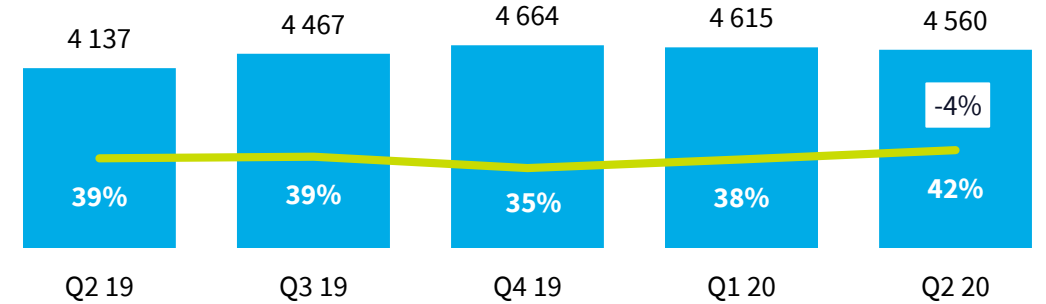


Mobile ARPU (THB/month)

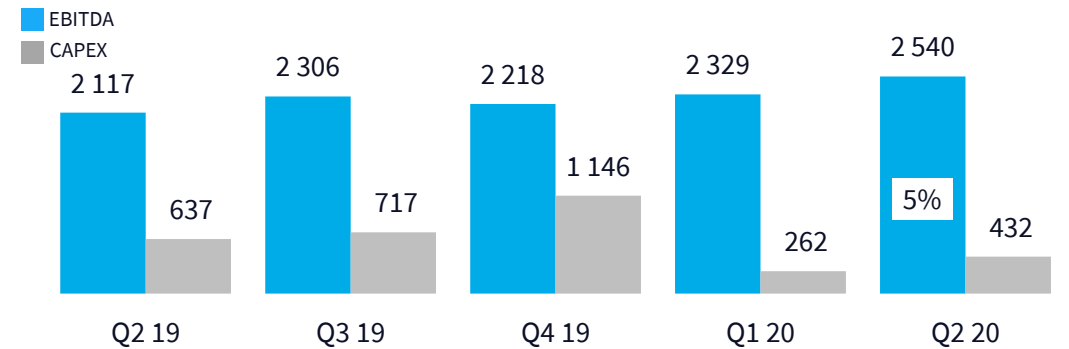


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

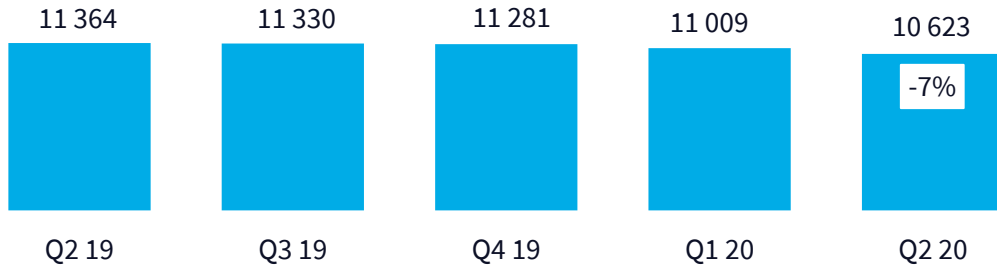


Organic growth

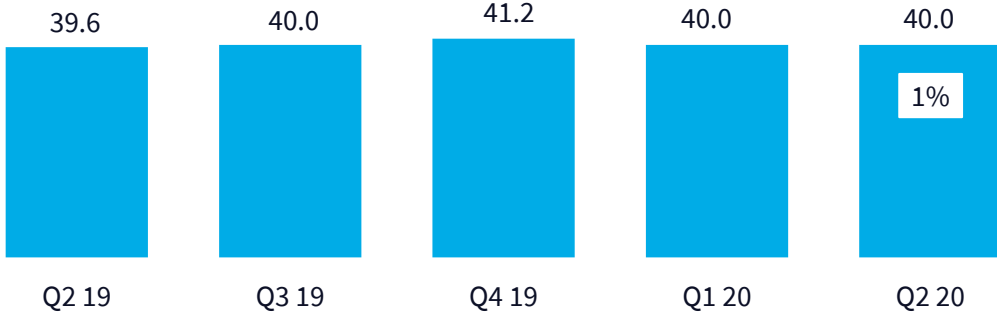


Malaysia (Digi)

Mobile subscribers ('000)

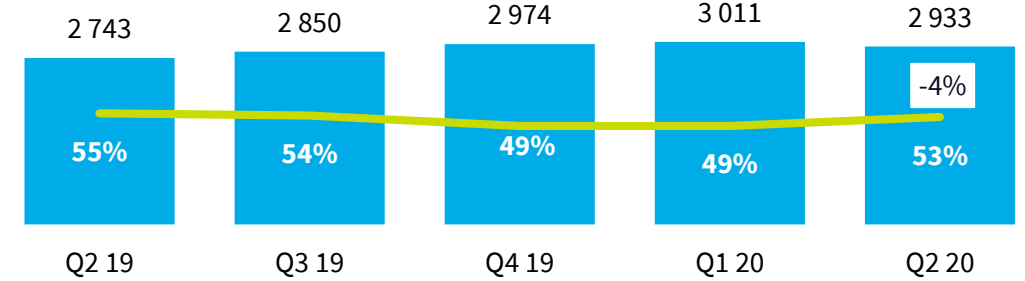


Mobile ARPU (MYR/month)

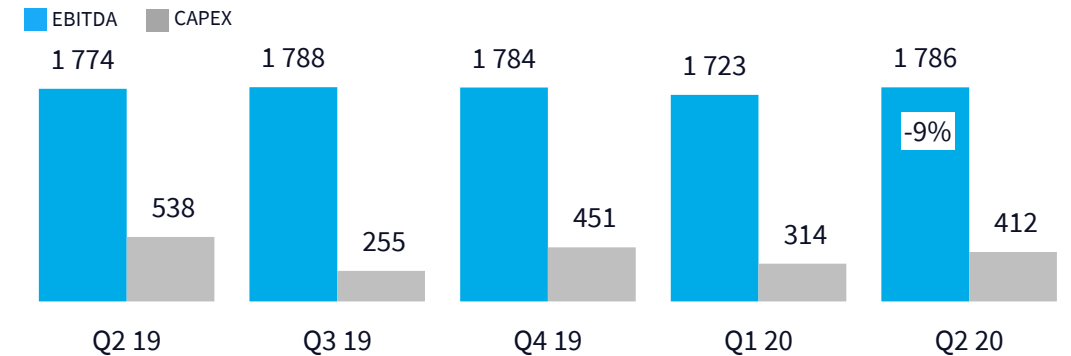


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

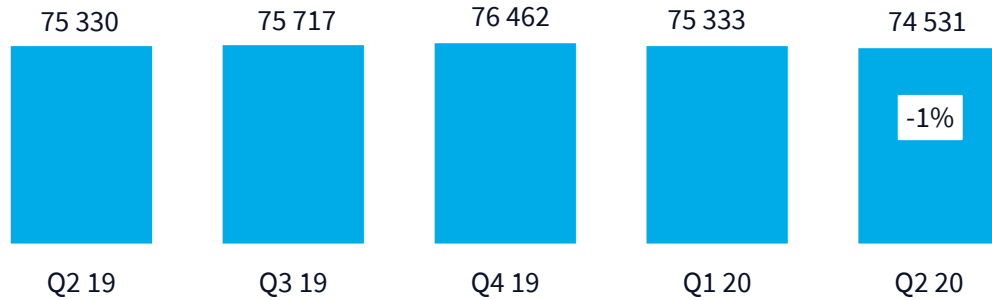


Organic growth

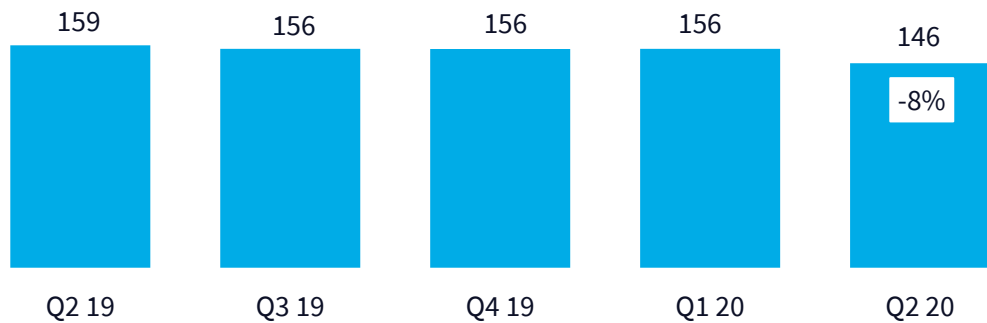


Bangladesh (Grameenphone)

Mobile subscribers ('000)

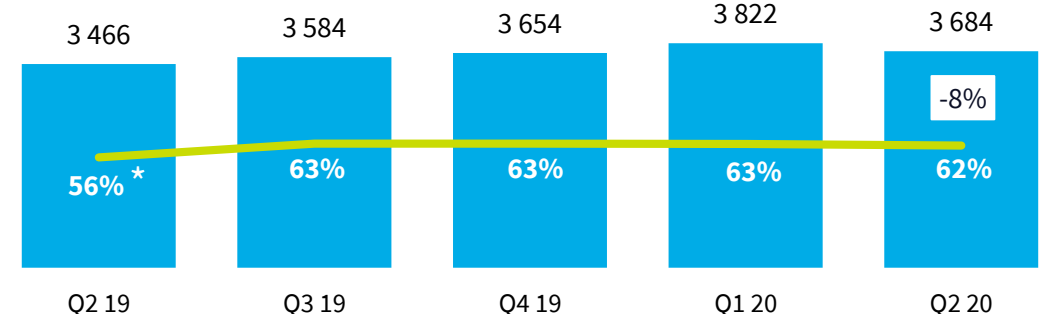


Mobile ARPU (BDT/month)

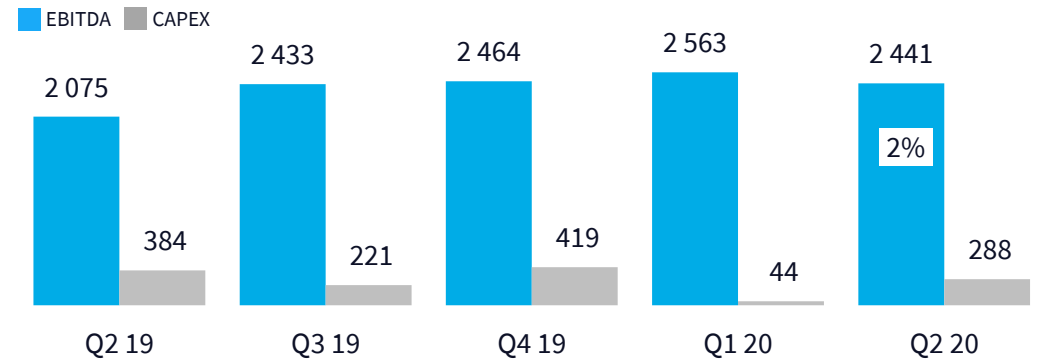


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



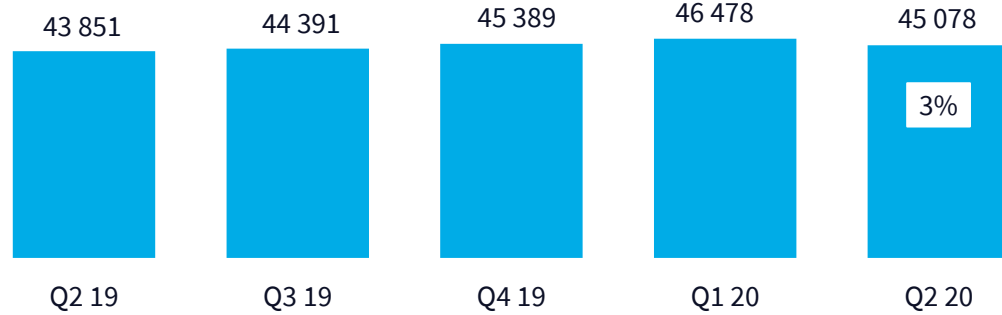
*64% EBITDA margin excluding provisions

Organic growth

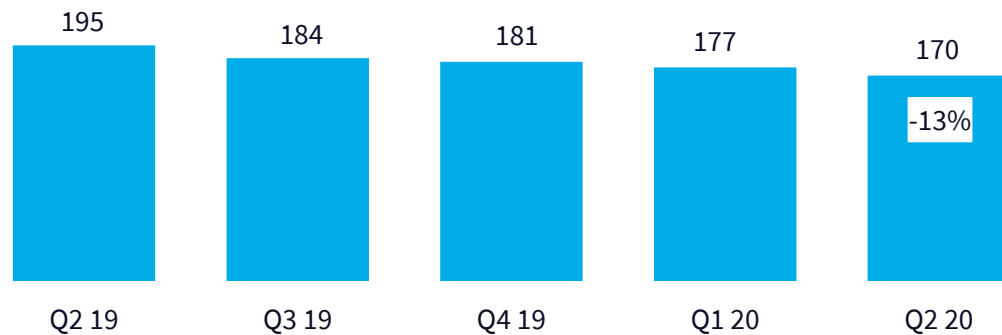


Pakistan

Mobile subscribers ('000)

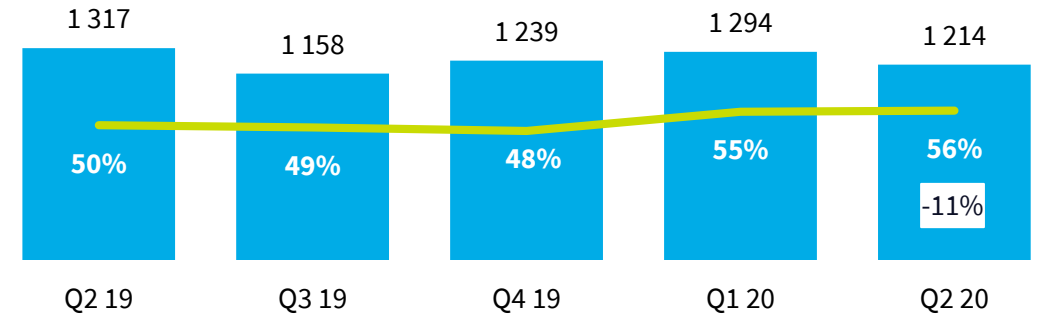


Mobile ARPU (PKR/month)

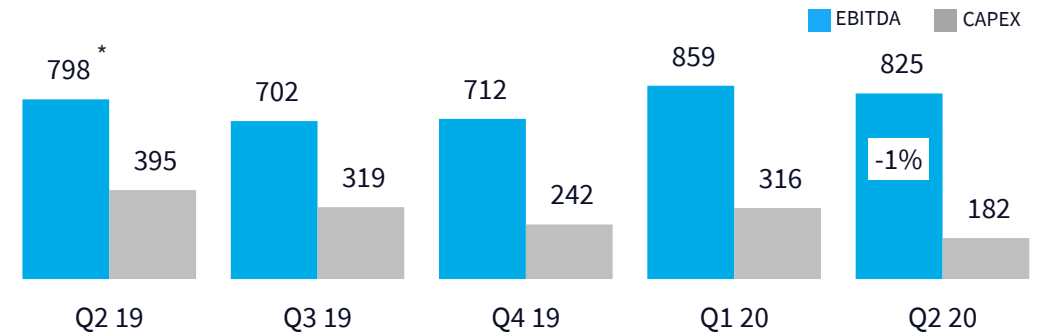


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

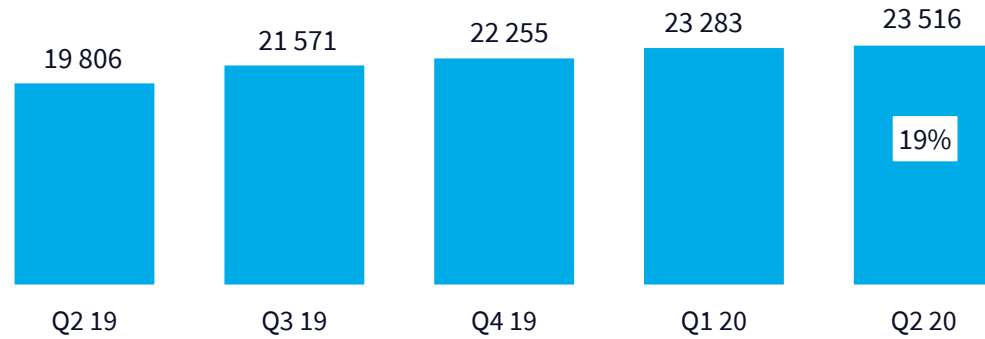


Organic growth

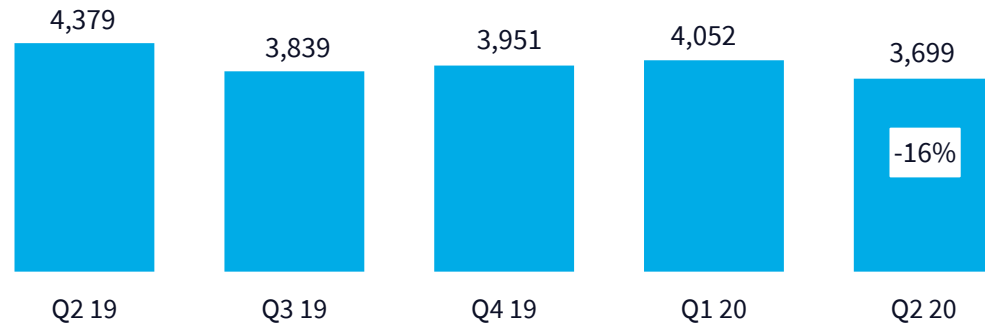


Myanmar

Mobile subscribers ('000)

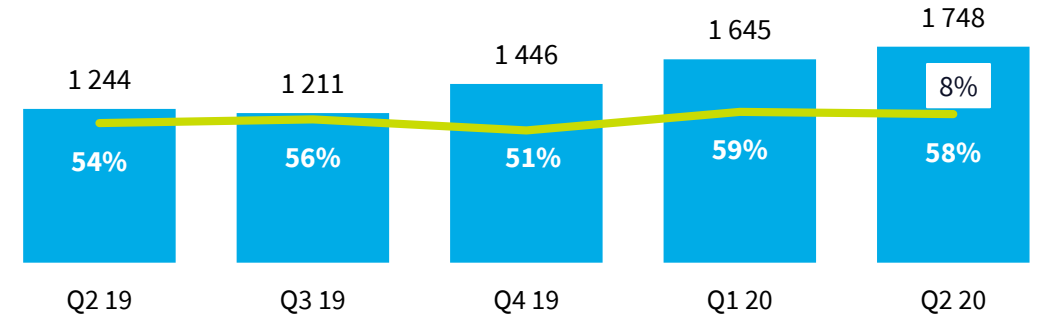


Mobile ARPU (MMK/month)

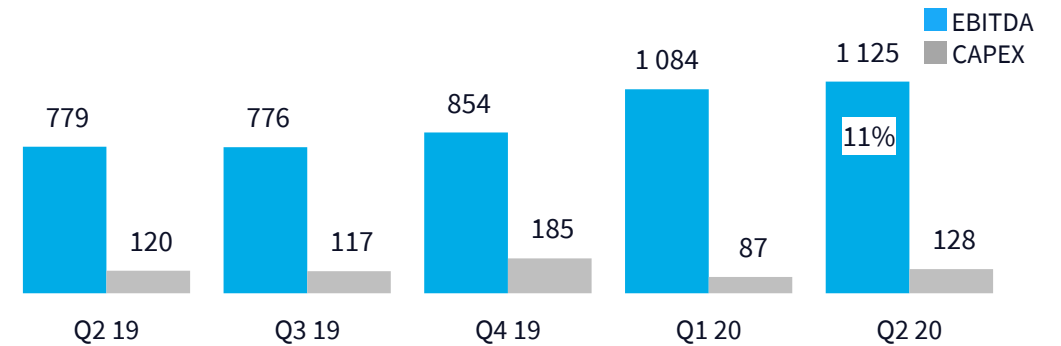


Organic growth assuming fixed currency, adjusted for acquisitions and disposals.
EBITDA before other items. Capex excl. licence fees

Subs and traffic revenues (NOK m) and EBITDA margin



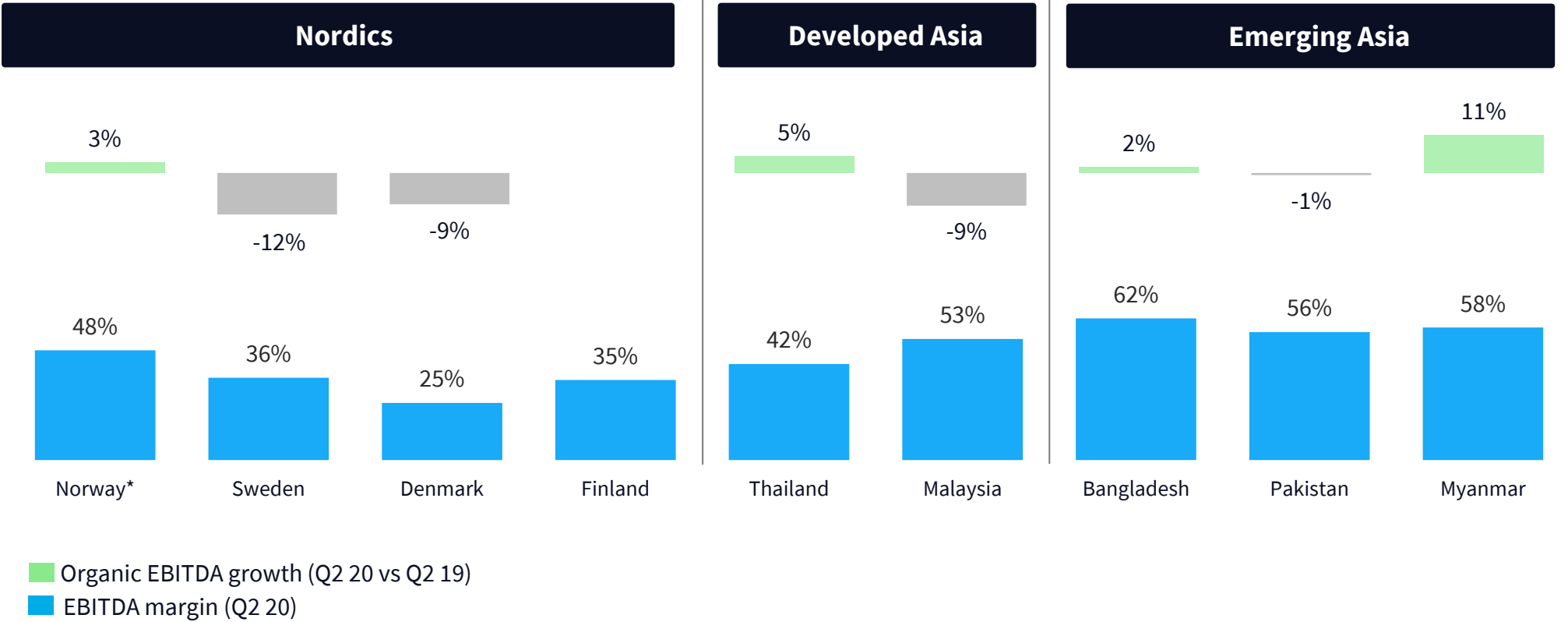
EBITDA and capex (NOK m)



Organic growth



Organic EBITDA growth



Q2 growth in subscription and traffic revenues and EBITDA

| | Subscription & traffic revenues | | EBITDA | |
|----------------------|---------------------------------|---------------|---------------|--------------|
| | Reported | Organic | Reported | Organic |
| Norway | 0.9 % | 0.9 % | 0.7 % | 3.0 %* |
| Sweden | 5.1 % | -7.0 % | -0.1 % | -11.8 % |
| Denmark | 8.2 % | -4.7 % | 3.5 % | -8.9 % |
| Thailand | 10.2 % | -3.9 % | 20.0 % | 4.7 % |
| Malaysia | 6.9 % | -3.8 % | 0.7 % | -9.3 % |
| Bangladesh | 6.3 % | -8.1 % | 17.6 % | 1.7 % |
| Pakistan | -7.8 % | -11.2 % | 3.4 % | -0.6 % |
| Myanmar | 40.6 % | 8.1 % | 44.4 % | 10.8 % |
| Telenor Group | 16.0% | -3.6 % | 19.1 % | 1.0 % |

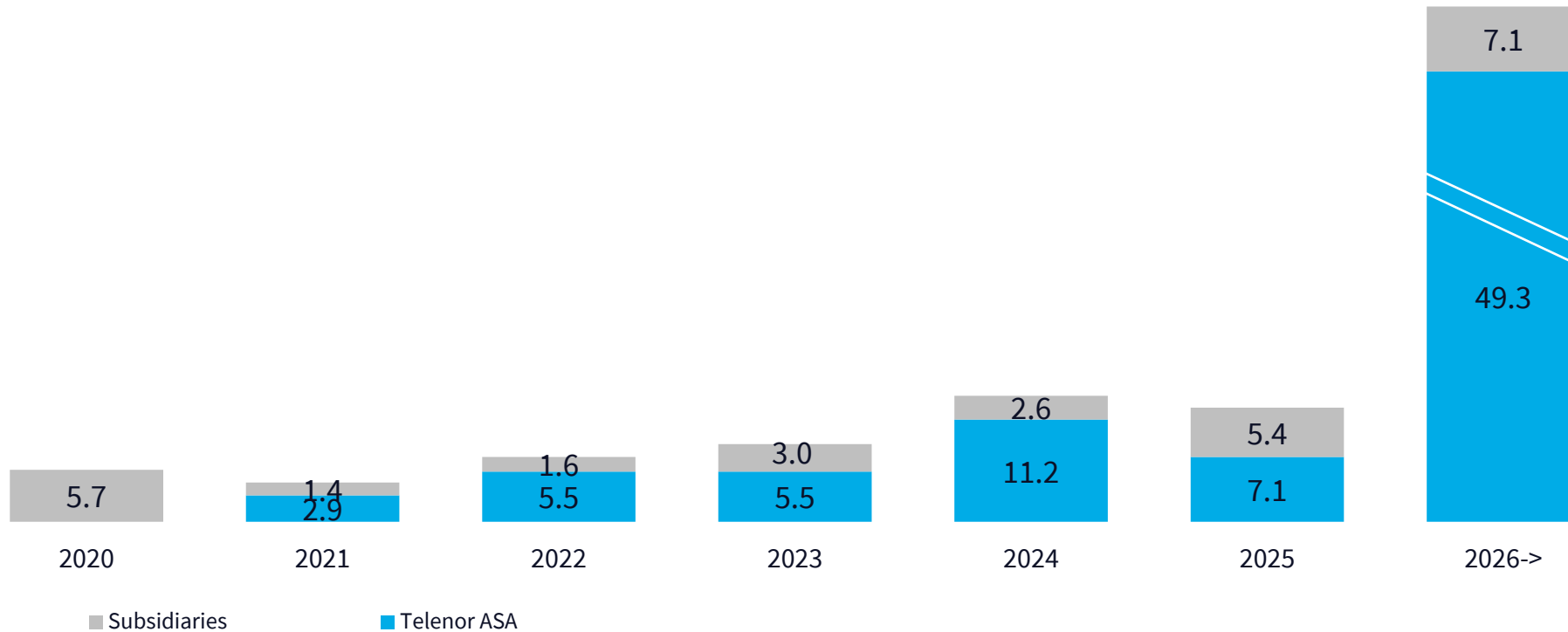


Net income of NOK 4.4 billion for Q2 2020

| NOK m | 2019 | Q2 2019 | Q2 2020 |
|--|--------------|--------------|--------------|
| Revenues | 113,666 | 26,917 | 30,903 |
| EBITDA before other items | 50,735 | 12,029 | 14,331 |
| Other items | (459) | (102) | (1,371) |
| EBITDA | 50,276 | 11,927 | 12,960 |
| Depreciation & amortization | (24,574) | (5,751) | (7,579) |
| Operating profit | 25,702 | 6,176 | 5,380 |
| Associated companies | (849) | (69) | (95) |
| Net financials | (3,884) | (884) | 303 |
| Taxes | (9,033) | (1,869) | (2,021) |
| Profit (loss) from discontinued operations | (742) | 242 | 1,782 |
| Minorities | 3,421 | 739 | 920 |
| Net income - Telenor equity holders | 7,773 | 2,856 | 4,428 |
| Earnings per share (NOK) | 5.40 | 1.97 | 3.14 |



Debt maturity profile (NOK bn)



Net debt in partly-owned subsidiaries:

| NOK bn | Q2 2020 | Q2 2019* |
|--------------|---------|----------|
| Digi | 8.4 | 7.3 |
| dtac | 20.4 | 19.8 |
| Grameenphone | 1.1 | 2.3 |



Net debt reconciliation

| NOK bn | Q2 2020 | Q2 2019 |
|--|--------------|-------------|
| Non-current interest bearing liabilities | 102.5 | 62.8 |
| Non-current lease liabilities | 34.9 | 33.5 |
| Current interest bearing liabilities | 12.0 | 25.0 |
| Current lease liabilities | 10.2 | 4.9 |
| Cash and cash equivalents | (16.7) | (42.4) |
| Fair value hedge instruments | (2.6) | (1.9) |
| Financial instruments | (0.3) | (0.3) |
| Non-current Licence obligations | (13.6) | (14.7) |
| Current Licence obligations | (4.6) | (1.0) |
| Net interest bearing debt in discontinued operations | | 0.8 |
| Net interest bearing debt excl. licence obligations | 121.9 | 66.8 |



Balance sheet and key ratios

| | 30 Jun 2020 | 30 Jun 2019 |
|---|--------------|--------------|
| Total assets | 264.4 | 234.3 |
| Equity attributable to Telenor ASA shareholders | 27.8 | 39.5 |
| Gross debt* | 159.6 | 126.2 |
| Net debt | 121.9 | 66.0 |
| Net debt/EBITDA** | 2.2 | 1.4 |
| Return on capital employed*** | 10.8% | 14.5% |

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

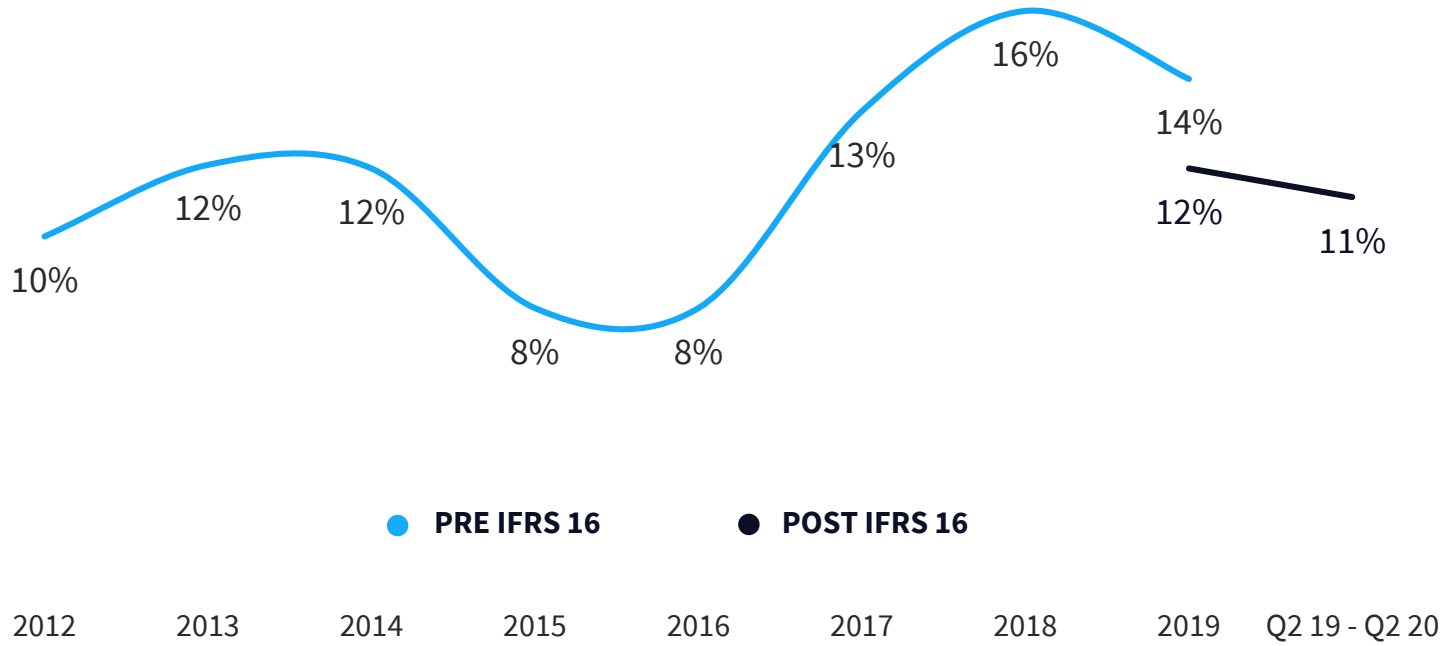
**) 12 months rolling EBITDA. For periods before consolidation of DNA, pro forma figures have been included.

***) 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)

