Q4 – 2019

Interim report
January – December 2019

Contents

Modernisation yielding strong results

The fourth quarter results reflect overall solid performance for Telenor Group. During the quarter, subscription and traffic revenues increased by 2% and operating expenses decreased by 6%. As a result, EBITDA improved by 5%.

In Norway, growth in mobile revenues continued with further ARPU improvement, and we were able to offset copper revenue decline with growth in fibre and fixed wireless access. One of our top priorities this year has been to return to growth in Thailand and Myanmar, and it is therefore reassuring to end the year with good performance in both markets. The positive developments in these markets were partly offset by price pressure in Sweden and a still challenging situation in Pakistan. In Bangladesh, we were able to serve our customers with innovative and high quality services despite 2019 being a year with an increasingly demanding business environment.

During the year our customer base increased by 12 million, resulting in a total base of 186 million. Throughout 2019, we have continued our strategic journey set out at the Capital Markets Day in 2017 with clear ambitions. Delivering on these ambitions over several years has given us the flexibility to further develop our portfolio, resulting in the acquisition of DNA in Finland in 2019. In accordance with our dividend policy, we will propose an ordinary dividend of NOK 8.70 per share for 2019.

Entering 2020, we will continue to focus on growth, efficiency and simplification, expecting organic subscription and traffic revenue growth of 0 to 2% and organic EBITDA growth of 2 to 4%, supported by continued modernisation efforts. The capex to sales ratio, excluding licences and spectrum, is expected to be around 15%.

– Sigve Brekke, President and CEO

Key figures Telenor Group

(NOK in millions)	Fourth quarter 2019	Fourth quarter 2018	Year 2019	Year 2018	Year 2019 Post IFRS 16
Revenues	31 808	27 070	113 935	105 923	113 666
Organic revenue growth (%)	2.9	(0.4)	1.2	(0.6)	
Subscription and traffic revenues	23 363	20 043	85 954	80 386	85 954
Organic subscription and traffic revenue growth (%)	1.8	(1.2)	0.4	(0.4)	
EBITDA before other income and other expenses	11 882	10 124	45 358	44 220	50 735
Organic EBITDA growth (%)	4.6	(2.4)	(2.6)	3.7	
EBITDA before other income and other expenses/Revenues (%)	37.4	37.4	39.8	41.7	44.6
Net income attributable to equity holders of Telenor ASA	1 948	1 212	8 489	14 731	7 773
Capex excl. licences and spectrum	5 574	6 055	17 415	16 713	
Total Capex	6 194	18 605	18 075	31 182	
Free cash flow before M&A	555	579	4 015	11 691	
Total free cash flow	(8 734)	(141)	(18 814)	31 989	
Mobile subscriptions - Change in quarter/Total (mill.)	2.6	0.8	186	174	

Fourth quarter and full year 2019 summary1)

- In the fourth quarter, subscription and traffic revenues increased by 2% on an organic basis. Organic subscription and traffic revenue growth for the full year 2019 was slightly positive and marginally higher than last year. Including the Finnish operation DNA, which was acquired in 2019, total reported revenues increased by 18% to NOK 31.8 billion.
- Currency adjusted gross profit excluding DNA declined by NOK 0.1 billion in the quarter. In 2019, currency adjusted gross profit excluding DNA decreased by NOK 1.5 billion, mainly as a result of positive non-recurring items in Pakistan last year, full year effect of TOT rental fees in Thailand this year as well as the product mix change in Scandinavia. Reported gross profit increased by NOK 0.9 billion.
- Currency adjusted opex excluding DNA decreased by NOK 0.6 billion or 6% in the fourth quarter. Reported opex increased by NOK 1.0 billion. For the full year, currency adjusted opex excluding DNA was reduced by NOK 0.3 billion, or 1%.
- EBITDA grew by 5% or NOK 0.5 billion on an organic basis in the quarter, as a result of revenue growth and opex reductions. Reported EBITDA before other items was NOK 11.9 billion. For the full year, EBITDA fell by 3% on an organic basis, as cost reductions were offset by the decline in gross profit. The EBITDA margin for 2019 came in at 40%.
- Capex excluding licences and spectrum, not taking into account DNA, was NOK 4.9 billion in the quarter and NOK 16.6 billion for the full year.
- Free cash flow before M&A was NOK 0.6 billion in the fourth quarter and NOK 4.0 billion for the full year. Total free cash flow in 2019 was negative NOK 18.8 billion, including payments of NOK 26.6 billion for the acquisition of 98% of the shares in DNA.
- In India, after the Supreme Court upheld the regulators view on the determination of how to calculate licence fees and spectrum usage charges, applicable to all operators, an additional provision of NOK 1.7 billion has been recognised in the fourth quarter 2019. See note 6 for further details. In Telenor Microfinance Bank in Pakistan, a provision of NOK 0.5 billion has been recognised in the fourth quarter 2019, to cover a potential loss related to lending irregularities. The matter is still being evaluated. In Bangladesh, uncertainty remains with regard to the BTRC Audit and the total amount of potential claims resulting from the dispute. See note 6 for further details.

1) The key figures and summary for the fourth quarter of 2019 are based on current Group structure and accounting standards as of 31 December 2018 (pre IFRS 16), unless otherwise stated. Please refer to Definitions on page 32 for descriptions of alternative performance measures. Some of the comments on the Group's financial results for the fourth quarter and year 2019 are made excluding DNA. Please refer to page 9 for the Group's consolidated figures in NOK for DNA.

Shareholder remuneration

Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 8.70 per share for 2019, to be declared by the Annual General Meeting (AGM) on 11 May 2020. The proposed dividend shall be split into two tranches of NOK 4.40 and NOK 4.30 per share, to be paid in May and October 2020 respectively, and represents a 4% increase per share compared to 2018.

Outlook for 2020[1)]

For 2020, we expect organic subscription and traffic revenue growth of 0-2% and organic EBITDA growth of 2-4%. The capex to sales ratio, excluding licences and spectrum, is expected to be around 15%.

[1)] The outlook for 2020 is based on Group structure as of 31 December 2019 and accounting standards as of 31 December 2019 (post IFRS 16).

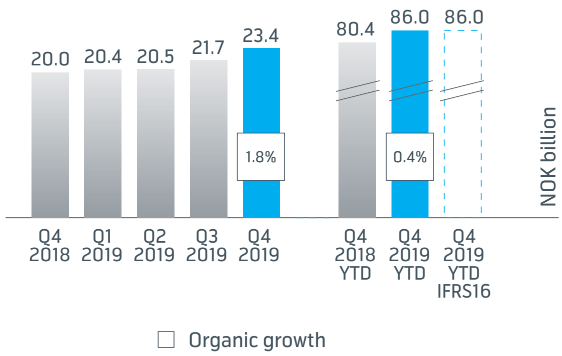
Group performance in the fourth quarter 2019[1)]

SUBSCRIPTION AND TRAFFIC REVENUES

Organic subscription and traffic revenues increased by 2% in the quarter. On a reported basis, subscription and traffic revenues grew by 17%.

In Norway, continued growth in mobile and fibre ARPU, combined with strong growth in fibre connections, led to 2% growth in subscription and traffic revenues. In Myanmar, subscription and traffic revenues increased by 15%, while dtac in Thailand reported 3% growth, driven by higher ARPU and net subscriber growth for the first time since the first quarter 2016. Grameenphone in Bangladesh continued to contribute significantly to the Group's growth with a 5% increase in the fourth quarter. In Malaysia, postpaid growth more than offset the prepaid decline, resulting in 1% growth in subscription and traffic revenues. In Pakistan, the revenue decline persisted. In Sweden, price pressure especially in the business segment remained and subscription and traffic revenues decreased by 2%, in line with trends seen in previous quarters.

For the full year 2019, organic subscription and traffic revenues increased by 0.4%, or NOK 0.3 billion. The negative impact of the decline in fixed legacy revenues in Scandinavia was around NOK 0.4 billion. Reported total revenues increased by 8% or NOK 8.0 billion.

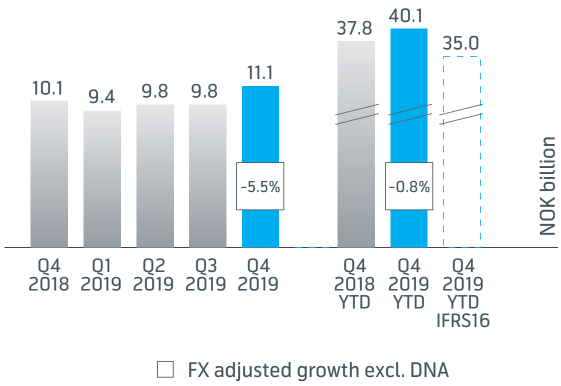


OPERATING EXPENSES (OPEX)

On a currency adjusted basis and excluding DNA, opex decreased by NOK 0.6 billion, or 6%. Reported opex increased by NOK 1.0 billion in the quarter, entirely explained by the inclusion of DNA.

Sales and marketing spend was significantly lower across the Group. In addition, personnel costs were reduced in several business units, as well as in Corporate Functions. Extraordinary costs of more than NOK 0.1 billion in Thailand last year related to the transition from concession to licence operating model further contributed to the positive opex development this quarter. These cost reductions were partly offset by increased energy cost in Asia, driven by larger networks and higher energy prices.

For the year 2019, currency adjusted opex decreased by NOK 0.3 billion or 1%, excluding DNA. This was primarily a result of the structural efficiency programmes within Corporate Functions and workforce reductions in Scandinavia. Further positive impact came from reduced sales and marketing costs as well as extraordinarily high cost levels in Thailand last year. These costs savings more than offset the increase in network related costs in our Asian operations. Reported opex increased by NOK 2.3 billion.

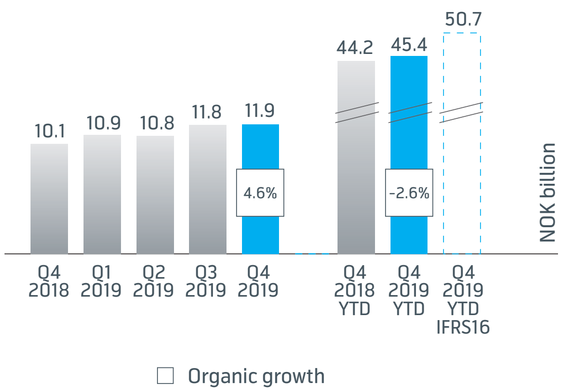


EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

EBITDA grew by 5% or NOK 0.5 billion on an organic basis in the fourth quarter. Reported EBITDA increased by NOK 1.8 billion and the EBITDA margin was 37%, on the same level as last year.

The increase in profitability was mainly a result of the recovery in Thailand and Myanmar. In addition, a strong overall performance in Norway, continued growth in Bangladesh as well as further cost reductions in Corporate Functions were the other main contributors. In Pakistan, the significant EBITDA decline continued as a result of lower revenues and increased network costs.

For the full year 2019, EBITDA decreased by 3% on an organic basis. Cost reductions were offset by the negative gross profit development, which was also impacted by last year's non-recurring items in Pakistan, the full year effect of TOT rental in Thailand and the margin dilution in the Scandinavian fixed portfolio. Reported EBITDA increased by NOK 1.1 billion to NOK 45.4 billion, primarily explained by the consolidation of DNA. The EBITDA margin was 40%, 2 percentage points lower than last year.

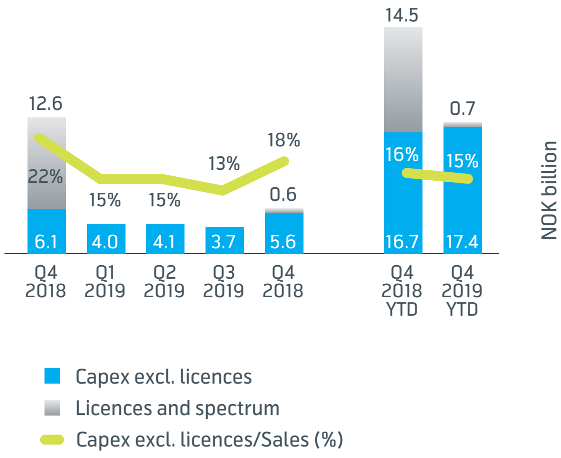


1) The comments are related to Telenor's development in the fourth quarter of 2019 compared to the fourth quarter of 2018 and are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 32 for descriptions of alternative performance measures.

CAPITAL EXPENSES (CAPEX)

Capex excluding licences and spectrum was NOK 5.6 billion in the quarter, including NOK 0.7 billion in DNA. Compared to the same period last year, capex decreased by NOK 0.5 billion, primarily a result of high network investments in Thailand last year.

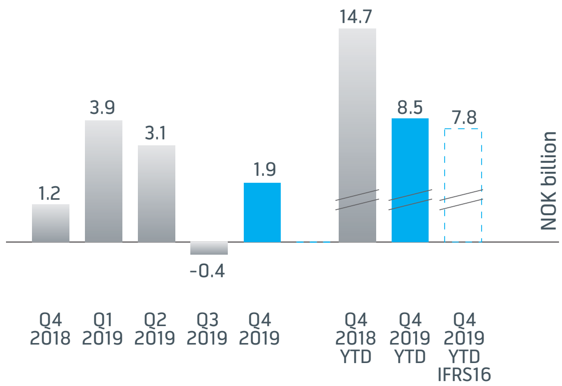
For the full year 2019, capex excluding licences and spectrum was NOK 16.6 billion, excluding DNA. This is a decrease of NOK 0.2 billion compared to last year, as higher capex in Norway driven by the fibre roll-out was more than offset by lower investment levels in Thailand. Following the consolidation of DNA, reported capex excluding licences and spectrum increased by NOK 0.7 billion to NOK 17.4 billion.



NET INCOME

Reported net income to equity holders of Telenor ASA in the fourth quarter was NOK 1.9 billion, which is an increase of NOK 0.7 billion. This was primarily a result of high net currency losses and the CAT settlement in Thailand last year. These effects were partly offset by the negative development in the net result from discontinued operations this year, given a provision for revenue share payments of NOK 1.7 billion in India[2] and the gain on partial disposal of Telenor Microfinance Bank of NOK 1.8 billion last year.

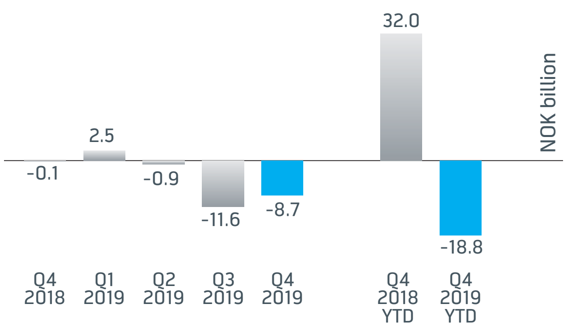
For the full year 2019, net income to equity holders of Telenor ASA was NOK 8.5 billion, a decrease of NOK 6.2 billion. This was primarily due to net results from our discontinued operations in Central and Eastern Europe, Telenor Microfinance Bank and Telenor India last year, an income tax expense of NOK 2.5 billion recognised in the third quarter related to the disallowed deduction of losses incurred in India[3] and the abovementioned provision in India. These effects were only partly offset by increased operating profit, mainly as a result of the CAT settlement in the fourth quarter last year.



FREE CASH FLOW

Free cash flow in the fourth quarter was negative NOK 8.7 billion as a result of the payment of NOK 12.1 billion related to the mandatory tender offer for the remaining shares in DNA. Free cash flow before M&A activities was NOK 0.6 billion, on the same level as last year. Lower capex and licence payments were offset by the tax payment of NOK 2.5 billion in Telenor ASA following the reassessment order related to the disallowed deduction of losses in 2013[2].

For the full year 2019, free cash flow was negative NOK 18.8 billion. This was primarily a result of the payments of NOK 26.6 billion for the acquisition of 98% of the shares in DNA, partly offset by the proceeds from the completion of the VEON selldown of NOK 5.2 billion. Free cash flow before M&A activities was NOK 4.0 billion, NOK 7.7 billion lower than last year. CAT settlement payments in Thailand of more than NOK 2.6 billion and the tax payment in Telenor ASA were the main drivers of this development, in addition to higher capex and net interest payments.



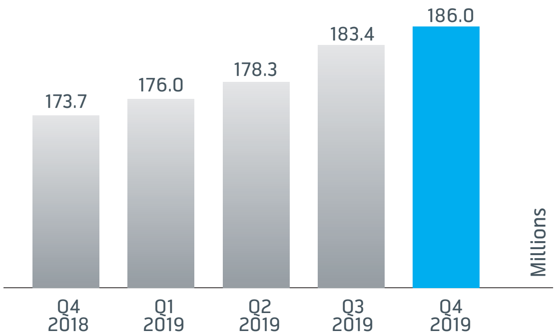
[1] The comments are related to Telenor's development in the fourth quarter of 2019 compared to the fourth quarter of 2018 and are based on current Group structure and accounting standards as of 31 December 2018 unless otherwise stated. Please refer to Definitions on page 32 for descriptions of alternative performance measures.

[2] See note 6 for further details.

[3] The reassessment order has been appealed. See note 7 for further details.

MOBILE SUBSCRIPTIONS

The Group's mobile subscription base increased by 2.6 million to 186 million this quarter, driven by customer growth in Emerging Asia. Our operation in Pakistan gained 1.0 million new customers, while Grameenphone and the operation in Myanmar added 0.7 million subscribers each. In addition, our Thai operation dtac saw customer growth for the first time in almost three years, adding 0.2 million subscriptions.



Interim report

Telenor's operations

The comments and financial figures for Telenor's segments are related to the development in the fourth quarter of 2019 compared to the fourth quarter of 2018 in local currency, unless otherwise stated, and are based on the accounting principles for the Group's segment reporting. Canal Digital is classified as discontinued operations, see note 3 for further information. The previously reported Broadcast segment has been dissolved and the continued operations Telenor Satellite, Norkring and other companies including holding companies have been moved to the Other units segment. Financial figures for this segment have been restated. See note 10 for further information. Please refer to Definitions on page 32 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, high demand for new services and continued efficiency efforts resulted in an EBITDA growth of 6%. A record high 17,000 new fibre connections as well as 10,000 new fixed wireless subscriptions is supporting the copper decommissioning programme, which is progressing according to plan.

Total subscription and traffic revenues increased by 2%. Mobile subscription and traffic revenues grew by 2% driven by a 4% increase in ARPU, due to increased demand for value added services and continued upselling to larger data bundles. Mobile subscriptions decreased by 11,000, of which 9,000 were prepaid and data cards. Fixed subscription and traffic revenues grew by 3%, as higher revenues from fibre and fixed wireless access more than offset the decline in copper revenues. Total revenues increased by 1% as the growth in subscription and traffic revenues was partly offset by lower wholesale revenues.

Opex decreased by 7%, mainly from lower sales and fault correction costs, partly supported by non-recurring items this quarter. Excluding non-recurring items, opex decreased by 5%. The EBITDA margin increased by 2 percentage points to 42%.

Capex in the quarter was driven by the fibre roll-out and payment for the 700 MHz spectrum licence acquired in June.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues mobile operation					
Subscription and traffic	2 777	2 725	11 140	10 924	11 140
Interconnect	120	131	475	528	475
Other mobile	271	253	1 030	932	1 030
Non-mobile	861	880	2 739	2 999	2 739
Total revenues mobile operation	**4 029**	**3 990**	**15 385**	**15 384**	**15 385**
Revenues fixed operation					
Telephony	247	287	1 019	1 237	1 019
Internet and TV	1 604	1 497	6 169	5 937	6 169
Data services	121	130	485	514	485
Other fixed	432	406	1 463	1 579	1 463
Total retail revenues	**2 404**	**2 320**	**9 135**	**9 268**	**9 135**
Wholesale	263	306	1 093	1 257	1 093
Total revenues fixed operation	**2 667**	**2 626**	**10 228**	**10 525**	**10 228**
Total revenues	**6 695**	**6 616**	**25 612**	**25 909**	**25 612**
Gross profit	4 944	4 952	19 783	19 867	19 793
Operating expenses	2 135	2 305	8 570	8 863	7 716
EBITDA before other items	**2 809**	**2 647**	**11 212**	**11 004**	**12 077**
Operating profit	**1 645**	**1 536**	**6 759**	**6 508**	**6 806**
EBITDA before other items/ Total revenues (%)	41.9	40.0	43.8	42.5	47.2
Capex	1 828	1 754	5 591	4 399	
Statistics (monthly in NOK):					
Mobile ARPU	334	322	332	322	
Fixed Telephony ARPU	254	236	239	238	
Fixed Internet ARPU	420	372	395	373	
TV ARPU	331	333	329	323	
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	(11)	(14)	2 886	2 952	
Fixed telephony	(20)	(18)	314	397	
Fixed Internet	(7)	(6)	819	844	
TV	8	5	571	553	

Sweden

In Sweden, the market remained highly competitive in the fourth quarter. Price pressure in the business segment and high mobile churn in the main brand consumer segment persisted.

Mobile subscription and traffic revenues decreased by 3%, mainly driven by lower ARPU in the business segment. The mobile subscription base remained stable. Growth in fixed fibre and IPTV revenues could not offset the decline in fixed legacy revenues. High-speed internet subscriptions decreased slightly by 2,000 in the quarter, as the decline in cable broadband customers was not fully compensated by growth of 6,000 fibre connections.

EBITDA decreased by 4%, as the 5% reduction in opex was not sufficient to offset the decrease in gross profit that was caused by lower revenues and a change in revenue mix towards lower margin products. The EBITDA margin ended 1 percentage point lower than last year.

Capex in the period was mainly focused on preparations for network modernisation to improve network quality, as well as IT modernisation.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues mobile operation					
Subscription and traffic	1 447	1 473	5 728	5 918	5 728
Interconnect	136	130	524	521	524
Other mobile	112	105	434	400	434
Non-mobile	642	617	2 046	2 094	2 046
Total revenues mobile operation	**2 338**	**2 325**	**8 732**	**8 934**	**8 732**
Revenues fixed operation					
Telephony	37	41	149	187	149
Internet and TV	667	651	2 632	2 629	2 632
Data services	38	41	151	158	151
Other fixed	80	101	281	296	281
Total retail revenues	**821**	**834**	**3 212**	**3 271**	**3 212**
Wholesale	67	58	251	216	251
Total revenues fixed operation	**888**	**892**	**3 464**	**3 487**	**3 464**
Total revenues	**3 226**	**3 217**	**12 195**	**12 421**	**12 195**
Gross profit	1 923	1 975	7 648	8 015	7 975
Operating expenses	927	956	3 656	3 890	3 308
EBITDA before other items	**997**	**1 020**	**3 992**	**4 125**	**4 667**
Operating profit	**557**	**680**	**2 478**	**2 787**	**2 494**
EBITDA before other items/ Total revenues (%)	30.9	31.7	32.7	33.2	38.3
Capex	391	1 112	1 310	1 965	
Statistics (monthly in NOK):					
Mobile ARPU	191	197	190	199	
Fixed Telephony ARPU	31	35	32	42	
Fixed Internet ARPU	219	210	214	212	
TV ARPU	142	143	143	145	
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	(1)	27	2 760	2 729	
Fixed telephony	(5)	(5)	131	148	
Fixed Internet	(6)	3	685	684	
TV	1	18	479	480	
Exchange rate (SEK)			0.9302	0.9359	

Denmark

While competitive intensity remains in the Danish market, Telenor's efforts to build a stronger and leaner business continued. Focus in the fourth quarter has been to strengthen sales channels through new retail partnerships and executing on the efficiency programme, particularly modernising the consumer division and building the next generation staff function.

The mobile subscription base continued to decline, and ended 4% lower than one year ago. In combination with 1% lower ARPU, this was the main explanation for the 6% reduction in subscription and traffic revenues. Total revenues decreased by 1% as high handset sales almost offset the lower subscription and traffic revenues. Opex was reduced by 7% as a result of more efficient sales channels, lower activity level throughout the business, and fewer employees. The EBITDA margin decreased by 2 percentage points to 17%.

(NOK in millions)	Fourth quarter 2019	Fourth quarter 2018	Year 2019	Year 2018	Year 2019 Post IFRS 16
Revenues mobile operation					
Subscription and traffic	721	719	2 833	2 937	2 833
Interconnect	59	62	230	246	230
Other mobile	61	75	266	234	266
Non-mobile	411	341	1 166	1 140	1 166
Total revenues mobile operation	**1 251**	**1 198**	**4 495**	**4 558**	**4 495**
Revenues fixed operation					
Telephony	27	35	112	135	112
Internet and TV	85	90	348	359	348
Data services	6	6	25	25	25
Total revenues fixed operation	**119**	**131**	**485**	**518**	**485**
Total revenues	**1 371**	**1 329**	**4 980**	**5 076**	**4 980**
Gross profit	747	773	3 012	3 073	3 012
Operating expenses	513	525	1 958	2 028	1 755
EBITDA before other items	**234**	**248**	**1 054**	**1 045**	**1 257**
Operating profit	**31**	**26**	**471**	**119**	**353**
EBITDA before other items/ Total revenues (%)	17.1	18.7	21.2	20.6	25.3
Capex	164	171	472	441	
Statistics (monthly in NOK):					
Mobile ARPU	158	152	154	151	
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	(15)	(38)	1 637	1 699	
Fixed telephony	(3)	(3)	38	48	
Fixed Internet	(4)	(8)	107	123	
Exchange rate (DKK)			1.3191	1.2875	

DNA – Finland[1)]

Despite high mobile competition with aggressive campaign offerings in the fourth quarter, DNA was able to continue its solid growth momentum.

DNA's mobile subscription and traffic revenues increased by 8%. The increase was driven by 3% ARPU growth, in addition to a larger customer base. Organic mobile subscription and traffic revenue growth was 5%. Fixed subscription and traffic revenues declined by 3% in the period due to lower Pay TV and fixed legacy revenues.

EBITDA increased by 4%, driven by increased mobile revenues, partly offset by higher opex resulting from increased maintenance and sales costs.

Capex increased by 34%, and was mainly related to the start of the 5G network roll-out. In December, DNA launched the fixed wireless service DNA Home 5G, in selected districts close to Helsinki.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues mobile operation					
Subscription and traffic	1 221	-	1 756	-	1 756
Interconnect	98	-	141	-	141
Other mobile	26	-	38	-	38
Non-mobile	499	-	689	-	689
Total revenues mobile operation	**1 844**	**-**	**2 623**	**-**	**2 623**
Revenues fixed operation					
Telephony	41	-	60	-	60
Internet and TV	359	-	518	-	518
Other fixed	124	-	178	-	178
Total retail revenues	**524**	**-**	**757**	**-**	**757**
Wholesale	38	-	54	-	54
Total revenues fixed operation	**562**	**-**	**811**	**-**	**811**
Total revenues	**2 406**	**-**	**3 434**	**-**	**3 434**
Gross profit	1 661	-	2 391	-	2 391
Operating expenses	987	-	1 427	-	1 361
EBITDA before other items	**674**	**-**	**964**	**-**	**1 030**
Operating profit	**151**	**-**	**205**	**-**	**205**
EBITDA before other items/ Total revenues (%)	28.0	-	28.1	-	30.0
Capex	710	-	854	-	
Statistics (monthly in NOK):					
Mobile ARPU	166	-	160	-	
Fixed Telephony ARPU	403	-	418	-	
Fixed Internet ARPU	163	-	165	-	
TV ARPU	59	-	61	-	
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(13)	-	2 696	-	
Fixed telephony	2	-	36	-	
Fixed Internet	7	-	542	-	
Fixed TV	-	-	330	-	
Exchange rate (EUR)			9.8484	9.5962	

1) The table shows financial figures from the time of consolidation (21 August 2019), while ARPU and subscriptions are based on DNA's actual figures for the fourth quarter 2019. The comments below refer to the development in the fourth quarter 2019 compared to same period last year, based on DNA's actual figures.

dtac - Thailand

In Thailand, the positive development continued. Subscription and traffic revenues grew by 3% and the number of subscribers increased by 0.2 million. The network experience was further improved, resulting in higher customer satisfaction and fewer complaints.

Opex decreased by 11%, mainly due to lower regulatory cost following the end of the concession model in 2018 and lower sales and marketing spend. These savings more than offset the increased operation and maintenance as well as energy costs that were a result of the expanded network. EBITDA improved by 22%.

Capex was focused on both improving network coverage and quality on 3G and 4G. dtac now has 25,500 sites on air and is leading on 4G speed in many urban areas of the country.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues					
Subscription and traffic	4 664	3 879	17 279	15 570	17 279
Interconnect	168	148	621	587	621
Other mobile	32	40	136	186	136
Non-mobile	1 635	862	5 277	2 566	5 013
Total revenues	**6 499**	**4 929**	**23 312**	**18 908**	**23 048**
Gross profit	3 983	3 330	15 035	13 978	14 773
Operating expenses	2 121	2 023	7 745	6 933	6 125
EBITDA before other items	**1 862**	**1 307**	**7 290**	**7 045**	**8 647**
Operating profit	**513**	**(1 625)**	**2 692**	**(1 225)**	**2 747**
EBITDA before other items/ Total revenues (%)	28.7	26.5	31.3	37.3	37.5
Capex	1 146	13 652	3 683	16 562	
No. of subscriptions – Change in quarter/ Total (in thousands):	226	(97)	20 642	21 202	
ARPU – monthly (NOK)	79	63	72	62	
Exchange rate (THB)			0.2838	0.2515	

Digi - Malaysia

In Malaysia, we saw continued revenue improvement in the fourth quarter, despite intense competition. Subscription and traffic revenue growth turned positive with a 1% increase, driven by consistent revenue growth within postpaid, more than offsetting the narrowing prepaid decline.

Opex decreased by 1% mainly due to lower personnel costs and lower sales and marketing spend, offsetting the increase in bad debt and operation and maintenance costs following the network expansion. Gross profit declined by 3%, driven by higher volumes of subsidised handsets and lower margins on international calls. As a result, EBITDA fell by 4%.

Capex was mainly related to the 4G network expansion and capacity increases to support the customers' growing data demand.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues					
Subscription and traffic	2 974	2 731	11 336	11 012	11 336
Interconnect	92	116	347	461	347
Other mobile	27	34	120	142	120
Non-mobile	570	505	1 572	1 534	1 572
Total revenues	**3 663**	**3 385**	**13 375**	**13 149**	**13 375**
Gross profit	2 634	2 506	10 323	10 041	10 328
Operating expenses	1 075	1 005	4 132	3 930	3 304
EBITDA before other items	**1 559**	**1 501**	**6 191**	**6 111**	**7 025**
Operating profit	**1 099**	**1 104**	**4 401**	**4 410**	**4 463**
EBITDA before other items/ Total revenues (%)	42.6	44.4	46.3	46.5	52.5
Capex	451	459	1 599	1 649	
No. of subscriptions – Change in quarter/ Total (in thousands):	(49)	(144)	11 281	11 660	
ARPU – monthly (NOK)	90	84	85	81	
Exchange rate (MYR)			2.1239	2.0145	

Grameenphone – Bangladesh

In Bangladesh, Grameenphone continued to deliver solid market performance, despite strong competition and a very demanding regulatory situation.

During the quarter, Grameenphone added 0.7 million new subscriptions, passing 76 million customers, which is 5% higher than at the end of last year. Subscription and traffic revenues increased by 5%, mainly as a result of higher data revenues. The revenue performance reflects tough year-on-year comparables caused by the supplementary duty increase from 5% to 10% from 13 June 2019, increased SIM tax from 1 July 2019 and continued restrictions on approvals from the regulator. EBITDA increased by 2%, as the revenue growth was partly offset by increased opex mainly due to 4G revenue share exemption last year.

The regulatory situation remains challenging and has intensified in the fourth quarter. On 24 November 2019 the Appellate Division of the Supreme Court decided that the High Court Division Order (HCD Order), where BTRC was prevented from enforcing their demand against Grameenphone, shall be maintained, subject to payment of NOK 2 billion by Grameenphone within three months. If Grameenphone does not pay the amount, the HCD Order shall stand vacated. See note 6 for further information.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues					
Subscription and traffic	3 654	3 250	14 053	11 937	14 053
Interconnect	177	165	691	751	691
Other mobile	5	4	17	13	17
Non-mobile	51	63	220	210	220
Total revenues	**3 887**	**3 482**	**14 980**	**12 910**	**14 980**
Gross profit	3 662	3 278	14 098	12 199	14 098
Operating expenses	1 287	1 115	5 222	4 392	4 879
EBITDA before other items	**2 375**	**2 163**	**8 876**	**7 807**	**9 218**
Operating profit	**1 741**	**1 607**	**6 572**	**5 563**	**6 668**
EBITDA before other items/ Total revenues (%)	61.1	62.1	59.3	60.5	61.5
Capex	816	414	1 825	3 300	
Investments in businesses	-	-	-	(8)	
No. of subscriptions – Change in quarter/ Total (in thousands):	745	1 319	76 462	72 732	
ARPU – monthly (NOK)	17	16	16	15	
Exchange rate (BDT)			0.1043	0.0971	

Pakistan

In Pakistan, the challenging macroeconomic environment, combined with the disallowance of the service fee from the second quarter 2019, continued to impact financial performance in line with developments in the third quarter. In spite of this, the 45 million subscriber mark was crossed, with 1.0 million new customers in the fourth quarter. This lifted the subscriber base to a 4% higher level than last year.

Subscription and traffic revenues decreased by 10% and EBITDA decreased by 27%. Lower ARPU contributed to this development. In addition, increased energy prices and the network expansion led to 10% higher opex. Compared to the third quarter 2019, performance remained stable.

The renewal of Telenor Pakistan's 900 MHz and 1800 MHz GSM licence, which expired on 25 May 2019, is still pending in Islamabad High Court, where the company has a stay order until the final outcome.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues					
Subscription and traffic	1 239	1 474	5 190	6 107	5 190
Interconnect	191	247	796	1 109	796
Other mobile	4	7	19	21	19
Non-mobile	46	48	227	255	227
Total revenues	**1 480**	**1 775**	**6 232**	**7 492**	**6 232**
Gross profit	1 268	1 538	5 267	6 885	5 274
Operating expenses	650	638	2 488	2 589	2 106
EBITDA before other items	**619**	**900**	**2 780**	**4 296**	**3 168**
Operating profit	**224**	**575**	**1 335**	**2 749**	**1 374**
EBITDA before other items/ Total revenues (%)	41.8	50.7	44.6	57.3	50.8
Capex	286	391	1 446	1 157	
No. of subscriptions – Change in quarter/ Total (in thousands):	998	590	45 389	43 530	
ARPU – monthly (NOK)	11	13	11	14	
Exchange rate (PKR)			0.0588	0.0671	

Myanmar

In Myanmar, we saw a significant rebound this quarter, as the return to growth strategy is yielding results. Revenue growth accelerated, driven by increasing data usage and customer growth. An addition of 0.7 million new customers took the mobile subscription base to a new all-time high of 22 million, 29% above last year. 64% of our customers are active data users, with an average data usage of 4.3 GB per month. Subscription and traffic revenues increased by 15% and the EBITDA margin improved by 5 percentage points to 33%.

Capex was mainly related to the 4G network, site equipment as well as Cloud and IT to support the increasing demand for data.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018	2019	2018	2019 Post IFRS 16
Revenues					
Subscription and traffic	1 441	1 041	5 013	4 918	5 013
Interconnect	198	193	733	815	733
Other mobile	15	8	44	33	44
Non-mobile	11	11	35	45	35
Total revenues	**1 664**	**1 252**	**5 825**	**5 810**	**5 825**
Gross profit	1 397	1 037	4 916	4 911	5 113
Operating expenses	846	708	2 786	2 732	1 996
EBITDA before other items	**550**	**330**	**2 129**	**2 179**	**3 116**
Operating profit	**130**	**(43)**	**524**	**727**	**701**
EBITDA before other items/ Total revenues (%)	33.1	26.3	36.6	37.5	53.5
Capex	185	407	625	1 050	
No. of subscriptions – Change in quarter/ Total (in thousands):	684	(804)	22 255	17 232	
ARPU – monthly (NOK)	22	24	24	26	
Exchange rate (MMK)			0.0059	0.0056	

Other units

Revenues in Other Units decreased by NOK 0.3 billion due to top line pressure in Global Wholesale in addition to lower Group internal invoicing from Corporate Functions.

EBITDA improved by NOK 0.2 billion as a result of opex reductions following structural efficiency programmes in Corporate Functions, improved profitability in Tapad, and efficiency gains in other smaller operating companies in this portfolio.

	Fourth quarter		Year		Year
(NOK in millions)	2019	2018 Restated*	2019	2018 Restated*	2019 Post IFRS 16
Revenues					
Corporate Functions	655	798	2 737	3 321	2 737
Global Wholesale	530	665	2 346	3 055	2 346
Norkring	270	266	1 078	1 063	1 078
Satellite	234	233	950	901	950
Other Businesses	496	517	1 930	1 847	1 925
Eliminations	(48)	(43)	(177)	(194)	(177)
Total revenues	**2 136**	**2 435**	**8 865**	**9 993**	**8 861**
Operating expenses	**1 232**	**1 576**	**4 927**	**5 655**	**4 769**
EBITDA before other items					
Corporate Functions	(88)	(168)	(244)	(224)	(185)
Global Wholesale	32	21	118	316	125
Norkring	148	135	612	576	706
Satellite	162	156	665	609	672
Other Businesses	85	(4)	254	14	282
Eliminations	(32)	16	(66)	(27)	(83)
Total EBITDA before other items	**307**	**156**	**1 340**	**1 264**	**1 518**
Operating profit (loss)					
Corporate Functions	(216)	(287)	(766)	(710)	(764)
Global Wholesale	(24)	5	31	251	30
Norkring	99	60	350	278	360
Satellite	95	87	382	326	382
Other Businesses	240	(72)	473	(253)	473
Eliminations	(32)	16	(66)	(27)	(67)
Total operating profit (loss)	**162**	**(192)**	**404**	**(135)**	**414**
Capex	218	244	670	660	
Investments in businesses	133	42	27 580	117	

* Refer to note 10.

Group performance 2019

The comments below are related to Telenor's development in 2019 compared to 2018. From the fourth quarter 2019, Canal Digital is classified as discontinued operations. See note 3 for further information. The comments made are based on accounting principles post IFRS 16 *Leases*[1] for 2019 and pre IFRS 16 *Leases* for 2018.

Specification of other income and other expenses

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
EBITDA before other income and other expenses	13 397	10 124	50 735	44 220
EBITDA before other income and other expenses (%)	42.2	37.4	44.6	41.7
Other income	-	-	46	-
Gains on disposals of fixed assets and operations	293	10	696	63
Losses on disposals of fixed assets and operations	(86)	(37)	(283)	(223)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(423)	(2 358)	(917)	(3 020)
EBITDA	**13 182**	**7 740**	**50 276**	**41 040**
EBITDA margin (%)	41.5	28.6	44.2	38.7

- Other expenses this quarter consisted mainly of workforce reductions (of which NOK 138 million in dtac, NOK 75 million in Corporate Functions and NOK 73 million in Grameenphone), partly offset by a NOK 235 million gain on partial disposal of 701Search (see note 3 for details). In the fourth quarter last year, an increase in provisions of NOK 2.1 billion related to a settlement of disputes between CAT and dtac (see note 6 for details).
- For the year 2019, other expenses consisted mainly of workforce reductions (of which NOK 255 million in Corporate Functions, NOK 205 million in Telenor Norway and NOK 167 million in dtac), partly offset by gains on partial disposal of 701Search (NOK 235 million) and Digital Money Myanmar (NOK 216 million), and a gain of NOK 119 million in Telenor Denmark from a sale and partial leaseback of assets. Last year, other expenses were mainly related to the settlement of disputes between CAT and dtac, as well as workforce reductions.

Operating profit

- Reported operating profit increased by NOK 4.8 billion to NOK 25.7 billion. This was mainly due to the CAT settlement last year and the end-of-concession related decrease in depreciations in Thailand. The positive impact of IFRS 16 on operating expenses of NOK 5.1 billion was almost fully offset by the corresponding IFRS 16 related increase in depreciations.

Associated companies and joint ventures

- To cover for a potential loss related to lending irregularities in Telenor Microfinance Bank, a provision of NOK 0.5 billion has been recognised in the fourth quarter 2019 based on an Expected Credit Loss model for the entire loan portfolio. The matter is still being evaluated.

Financial items

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Financial income	252	236	1 354	1 203
Financial expenses	(1 193)	(752)	(5 031)	(2 484)
Net currency gains (losses)	906	(2 492)	(282)	(2 227)
Net change in fair value of financial instruments	(34)	(110)	60	342
Net gains (losses and impairment) of financial assets and liabilities	(3)	(1)	15	3
Net financial income (expenses)	**(73)**	**(3 118)**	**(3 884)**	**(3 163)**
Gross interest expenses related to interest bearing liabilities and lease liabilities	(1 107)	(660)	(4 561)	(2 130)
Net interest expenses	(888)	(452)	(3 917)	(1 654)

- Financial income in 2019 includes dividend from VEON of NOK 556 million, compared to NOK 598 million in 2018.
- Financial expenses in 2019 compared to 2018 shows an increase of NOK 2.5 billion mainly due to increased interest expenses on lease liabilities of NOK 1.4 billion due to implementation of IFRS 16, in addition to higher interest expenses related to spectrum licences and increased interest cost.
- Net currency gains (losses) are mainly driven by revaluation of debt in Telenor ASA. In the fourth quarter of 2019, a strengthening Norwegian Krone led to net currency gains of NOK 0.9 billion, compared to the fourth quarter of 2018 where a weakening of the Norwegian Krone led to a loss of NOK 2.5 billion. For the full year 2019, net currency losses ended at NOK 282 million compared to a loss of NOK 2.2 billion in 2018.
- Net change in fair value of financial instruments in 2018 included a gain of NOK 815 million on the financial derivative features of the bond exchangeable into VEON ADSs.

Taxes

- The effective tax rate is 43% for the year and 24% for the fourth quarter. The increased effective tax rate for the year is mainly due to the reassessment order disallowing deduction for the loss Telenor ASA suffered in 2012 due to settlement of bank guarantees related to its Indian subsidiary Unitech Wireless (see note 7 for further details).
- The underlying tax rate for the year remained stable, but increased from 31% to 32% due to Canal Digital being presented as discontinued operations (see note 3 for further details).
- The effective tax rate for the year 2020 is estimated to be around 30%.

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

Cash flow

- Net cash inflow from operating activities during 2019 was NOK 34.2 billion, a decrease of NOK 2.2 billion compared to 2018.
- Adjusting for repayments of lease obligations of NOK 4.4 billion and the effect of disposed operations in Central and Eastern Europe (CEE) and India of NOK 1.7 billion, the underlying operating cash flow decreased by NOK 4.9 billion compared to 2018, mainly due to higher taxes and interest paid. Improvements in working capital were partly offset by the CAT settlement in Thailand of NOK 2.6 billion.
- Net cash outflow to investing activities during 2019 was NOK 43.5 billion, an increase of NOK 43.0 billion compared to 2018. Excluding the effects from sale and purchases of businesses and other investments (sale of CEE and India in 2018, acquisition of DNA and sale of VEON shares in 2019) the increase was NOK 1.0 billion, mainly related to the payments of PPE and intangibles.
- Net cash inflow from financing activities during 2019 was NOK 4.3 billion. This is mainly explained by net proceeds from borrowings of NOK 28.0 billion, including repayments of lease obligations of NOK 4.3 billion which are now classified as financing activities under IFRS 16. Total Telenor ASA shareholder`s return was NOK 18.2 billion (dividends NOK 12.1 billion and share buyback NOK 6.1 billion) and dividend paid to non-controlling interest was NOK 3.4 billion.
- Cash and cash equivalents decrease by NOK 4.4 billion during 2019 to NOK 14.0 billion as of 31 December 2019.

Financial position

- During 2019, total assets increased by NOK 57.2 billion to NOK 248.4 billion. This was mainly due to the acquisition of DNA in Finland (see note 3) and IFRS 16 implementation effects of NOK 26.7 billion (see note 1).
- Total liabilities increased by NOK 68.3 billion to NOK 205.1 billion. This was mainly due to IFRS 16 implementation effects of NOK 26.7 billion (see note 1), issuance of EUR and SEK bonds resulting in a net increase in interest bearing debt (excluding leases) of NOK 42.0 billion and liabilities of NOK 11.1 billion acquired in DNA.
- Net debt based on pre IFRS 16 increased by NOK 43.6 billion to NOK 83.1 billion. Interest-bearing liabilities excluding licence obligations increased by NOK 39.6 billion, while cash and cash equivalents decreased by NOK 4.6 billion. The increase in net debt was mainly driven by the acquisition of DNA with a total purchase consideration of NOK 27.4 billion for 100% ownership and NOK 5.2 billion net interest-bearing liabilities acquired in DNA.
- Total equity decreased by NOK 11.1 billion to NOK 43.3 billion. This was mainly due to dividends to equity holders of Telenor ASA and non-controlling interests of NOK 15.5 billion, share buyback of NOK 6.0 billion and an effect related to the acquisition of DNA of NOK 1.0 billion. This was partly offset by positive net income from operations of NOK 11.2 billion.

Transactions with related parties

For detailed information on related party transactions, please refer to Note 32 Related parties in the Group’s Annual Report 2018.

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.

In Bangladesh, the regulatory environment has in 2019 developed to be challenging for Grameenphone and Telenor. This relates to BTRC and their conducted audit covering the period 1997 until 2014. BTRC has presented substantial financial claims against Grameenphone and initiated several regulatory restrictions with major potential impact on Grameenphone’s operation. Please see Note 6 Legal disputes for further details.

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

For additional explanations regarding risks and uncertainties, please refer to the following sections in the Group’s Annual Report 2018: the Risk Management section in the Board of Directors Report, Note 13 Income taxes, Note 28 Financial Risk Management and Note 33 Legal Disputes and Contingencies. Readers are also referred to the Disclaimer below.

For new developments of risks and uncertainties since the publication of the Group’s Annual Report for 2018, see Note 6 Legal disputes.

Disclaimer

This report contains statements regarding the future in connection with Telenor’s growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section Outlook contains forward-looking statements regarding the Group’s expectations. The forward-looking statements are based on current group structure and accounting standards as of 31 December 2018. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Fornebu, 28 January 2020
The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	Fourth quarter 2019 Post IFRS 16	Fourth quarter 2018 Pre IFRS 16	Year 2019 Post IFRS 16	Year 2018 Pre IFRS 16
Revenues	31 737	27 070	113 666	105 923
Costs of materials and traffic charges	(8 670)	(6 892)	(27 912)	(23 939)
Salaries and personnel costs	(3 006)	(2 718)	(10 803)	(10 446)
Other operating expenses	(6 663)	(7 335)	(24 215)	(27 318)
Other income	293	10	741	63
Other expenses	(508)	(2 395)	(1 200)	(3 244)
EBITDA	**13 182**	**7 740**	**50 276**	**41 040**
Depreciation and amortisation	(6 835)	(4 153)	(24 527)	(20 039)
Impairment losses	(63)	(36)	(47)	(56)
Operating profit	**6 283**	**3 550**	**25 702**	**20 945**
Share of net income from associated companies and joint ventures	(588)	(101)	(849)	(81)
Net financial income (expenses)	(73)	(3 118)	(3 884)	(3 163)
Profit before taxes	**5 622**	**332**	**20 968**	**17 701**
Income taxes	(1 351)	(495)	(9 033)	(6 024)
Profit from continuing operations	**4 272**	**(164)**	**11 936**	**11 676**
Profit (loss) from discontinued operations	(1 562)	1 708	(742)	5 765
Net income	**2 709**	**1 544**	**11 194**	**17 442**
Net income attributable to:				
Non-controlling interests	935	332	3 421	2 711
Equity holders of Telenor ASA	1 774	1 212	7 773	14 731
Earnings per share in NOK				
Basic/diluted from continuing operations	2.34	(0.34)	5.91	6.09
Basic/diluted from discontinued operations	(1.10)	1.17	(0.52)	3.91
Basic/diluted from total operations	1.25	0.83	5.40	10.00

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	Fourth quarter 2019 Post IFRS 16	Fourth quarter 2018 Pre IFRS 16	Year 2019 Post IFRS 16	Year 2018 Pre IFRS 16
Net income	**2 709**	**1 544**	**11 194**	**17 442**
Translation differences on net investment in foreign operations	(232)	2 840	(79)	(1 175)
Amount reclassified from other comprehensive income to income statement on partial disposal	(293)	102	(302)	1 584
Net gain (loss) on hedge of net investment	(91)	(1 042)	59	316
Income taxes	20	240	(13)	(73)
Amount reclassified from other comprehensive income to income statement on partial disposal	-	-	-	1 090
Income taxes reclassified	-	-	-	(298)
Share of other comprehensive income (loss) of associated companies and joint ventures	-	2	-	2
Amount reclassified from other comprehensive income to income statement on disposal	-	-	-	(2)
Items that may be reclassified subsequently to income statement	**(596)**	**2 143**	**(335)**	**1 445**
Net gain (loss) on equity investments	(98)	(832)	(26)	(2 809)
Remeasurement of defined benefit pension plans	1 203	(913)	713	(323)
Income taxes	(265)	210	(157)	84
Items that will not be reclassified to income statement	**841**	**(1 535)**	**530**	**(3 047)**
Other comprehensive income (loss) for the period, net of tax	**245**	**608**	**194**	**(1 602)**
Total comprehensive income	**2 954**	**2 152**	**11 388**	**15 839**
Total comprehensive income attributable to:				
Non-controlling interests	876	602	3 670	2 939
Equity holders of Telenor ASA	2 079	1 550	7 718	12 900

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

Consolidated statement of financial position

Telenor Group

(NOK in millions)	31 December 2019 Post IFRS 16	31 December 2018 Pre IFRS 16
Deferred tax assets	2 467	2 699
Goodwill	27 451	14 403
Intangible assets	11 350	36 371
Right-of-use assets	59 402	-
Property, plant and equipment	83 179	73 361
Associated companies and joint ventures	4 299	2 382
Other non-current assets	13 430	17 792
Total non-current assets	**201 576**	**147 009**
Prepaid taxes	1 334	804
Inventories	1 485	1 703
Trade and other receivables	25 773	21 685
Other current financial assets	910	678
Assets classified as held for sale	3 489	902
Cash and cash equivalents	13 867	18 492
Total current assets	**46 858**	**44 263**
Total assets	**248 434**	**191 272**
Equity attributable to equity holders of Telenor ASA	38 054	49 446
Non-controlling interests	5 286	5 009
Total equity	**43 339**	**54 455**
Non-current lease liabilities	32 365	805
Non-current interest-bearing liabilities	83 987	55 120
Non-current non-interest-bearing liabilities	1 549	1 809
Deferred tax liabilities	4 924	3 322
Pension obligations	1 899	2 819
Provisions and obligations	7 701	5 485
Total non-current liabilities	**132 426**	**69 361**
Current lease liabilities	8 933	54
Current interest-bearing liabilities	14 761	15 687
Trade and other payables	35 691	37 728
Current tax payables	4 863	5 541
Current non-interest-bearing liabilities	2 227	1 666
Provisions and obligations	1 219	3 811
Liabilities classified as held for sale	4 976	2 970
Total current liabilities	**72 669**	**67 456**
Total equity and liabilities	**248 434**	**191 272**

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

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	Fourth quarter 2019 Post IFRS 16	Fourth quarter 2018 Pre IFRS 16	Year 2019 Post IFRS 16	Year 2018 Pre IFRS 16
Profit before taxes from total operations[1]	4 151	2 191	20 318	23 867
Income taxes paid	(4 299)	(1 430)	(10 512)	(6 599)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(152)	(1 593)	(471)	(3 672)
Depreciation, amortisation and impairment losses	6 908	4 241	24 625	20 846
Loss (profit) from associated companies and joint ventures	588	109	849	83
Dividends received from associated companies	-	-	63	28
Currency (gains) losses not related to operating activities	(1 192)	3 023	(226)	2 512
Changes in working capital and other	992	1 669	(425)	(670)
Net cash flow from operating activities	**6 996**	**8 209**	**34 222**	**36 394**
Purchases of property, plant and equipment (PPE) and intangible assets	(4 647)	(7 334)	(21 986)	(21 011)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(11 486)	(24)	(25 957)	(37)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	(78)	(685)	(688)	20 494
Proceeds from sale and purchases of other investments	3 202	9	5 106	(60)
Net cash flow from investing activities	**(13 008)**	**(8 034)**	**(43 526)**	**(613)**
Proceeds from and repayments of borrowings	(1 968)	(1 720)	32 261	(11 424)
Payments of licence obligations	(237)	(13)	(1 080)	(740)
Payments of lease obligations	(1 238)	(8)	(4 282)	(80)
Net payments of supply chain financing	104	107	(5)	43
Purchase of treasury shares	(853)	(742)	(6 114)	(5 809)
Dividends paid to and purchases of shares from non-controlling interests	(1 357)	(410)	(4 327)	(3 095)
Dividends paid to equity holders of Telenor ASA	(5 706)	(12 133)	(12 121)	(18 381)
Net cash flow from financing activities	**(11 255)**	**(14 920)**	**4 332**	**(39 487)**
Effects of exchange rate changes on cash and cash equivalents	94	95	641	(284)
Net change in cash and cash equivalents	**(17 173)**	**(14 650)**	**(4 330)**	**(3 990)**
Cash and cash equivalents at the beginning of the period	31 171	32 978	18 328	22 318
Cash and cash equivalents at the end of the period[2]	**13 997**	**18 328**	**13 997**	**18 328**
Of which cash and cash equivalents in assets held for sale at the end of the period	735	407	735	407
Cash and cash equivalents in continuing operations at the end of the period	**13 262**	**17 921**	**13 262**	**17 921**

[1] Profit before taxes from total operations consists of:				
Profit before taxes from continuing operations	5 622	332	20 968	17 701
Profit before taxes from discontinued operations	(1 472)	1 859	(651)	6 166
Profit before taxes from total operations	4 151	2 190	20 318	23 867

[2] As of 31 December 2019, restricted cash was NOK 724 million, while as of 31 December 2018, restricted cash was NOK 389 million.

Cash flow from discontinued operations

(NOK in millions)	Fourth quarter 2019 Post IFRS 16	Fourth quarter 2018 Pre IFRS 16	Year 2019 Post IFRS 16	Year 2018 Pre IFRS 16
Net cash flow from operating activities	151	848	1 006	3 132
Net cash flow from investing activities	(20)	(709)	(779)	18 682
Net cash flow from financing activities	-	(495)	(4)	(738)

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

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

Consolidated statement of changes in equity

Telenor Group

	Attributable to equity holders of the parent						
(NOK in millions)	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2018	**9 025**	**(6 842)**	**62 075**	**(3 398)**	**60 860**	**5 139**	**66 000**
Net income for the period	-	-	14 731	-	14 731	2 711	17 442
Other comprehensive income for the period	-	(3 061)	-	1 230	(1 831)	229	(1 602)
Total comprehensive income for the period	**-**	**(3 061)**	**14 731**	**1 230**	**12 900**	**2 939**	**15 839**
Transactions with non-controlling interests	-	-	-	-	-	4	4
Dividends	-	-	(18 382)	-	(18 382)	(3 073)	(21 455)
Share buyback	(208)	(5 560)	-	-	(5 768)	-	(5 768)
Share - based payment, exercise of share options and distribution of shares	-	(166)	-	-	(166)	-	(166)
Equity as of 31 December 2018	**8 818**	**(15 630)**	**58 425**	**(2 168)**	**49 446**	**5 009**	**54 455**
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)**	**7 718**	**3 670**	**11 388**
Disposal of VEON shares	-	3 586	(3 586)	-	-	-	-
Acquisition of subsidiaries with NCI	-	-	-	-	-	651	651
Transactions with non-controlling interests	-	-	(982)	-	(982)	(705)	(1 687)
Dividends	-	-	(12 125)	-	(12 125)	(3 339)	(15 464)
Share buy back	(213)	(5 738)	-	-	(5 951)	-	(5 951)
Share - based payment, exercise of share options and distribution of shares	-	(56)	-	-	(56)	-	(56)
Equity as of 31 December 2019	**8 605**	**(17 316)**	**49 506**	**(2 746)**	**38 054**	**5 286**	**43 339**

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 year ending 31 December 2019, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2018 (Annual Report 2018).

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. Except for the changes described below, none of the standards and interpretations effective from 1 January 2019 has had a significant impact on the Group's consolidated interim financial statements. For information about other standards and interpretations effective from 1 January 2019, please refer to note 1 in the Group's Annual Report 2018. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 Leases (effective from 1 January 2019)

IFRS 16 supersedes IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Lessees are required to account for most leases under a single on-balance sheet model, and the distinction between operating and finance leases for lessees as was required by IAS 17 has been eliminated. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. However, sub-leases will in some cases be classified differently by the Group as lessor under IFRS 16. A sub-lease agreement is assessed based on the terms in the head lease and not on the characteristics of the underlying asset under IFRS 16.

In accordance with IFRS 16, the Group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset), and recognises depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement. For a summary of new accounting policies, see further below.

The Group has made the following accounting policy choices:

- Low-value leases, meaning mainly leased office equipment, are not capitalised.
- Leases with a lease term of 12 months or shorter are not capitalised (short-term leases), except for leases of spectrum and licences.
- Intangible assets, such as spectrum and licences, are recognised as leases.
- Fixed non-lease components embedded in the lease contract are not separated and hence recognised as lease liabilities and capitalised as right-of-use assets.
- Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

In addition to the above accounting policy choices the Group elected to apply the following practical expedients related to the implementation of IFRS 16:

- The Group elected to apply the modified retrospective approach for transition to IFRS 16, meaning that comparatives for 2018 are not restated. Right-of-use assets and liabilities have been measured at the same amount, taking into consideration prepayments and accruals recognised as of 31 December 2018. Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application.
- The Group relied on its assessment of whether leases are onerous immediately before the date of initial application.
- A single discount rate was applied to portfolios of leases with reasonably similar characteristics.
- The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

The effects of adoption of IFRS 16

The Group has lease contracts related to the mobile networks (mainly towers), land, buildings and other equipment.

Before the adoption of IFRS 16 *Leases* 1 January 2019, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as finance lease whenever the terms of the lease transferred substantially all the risks and rewards incidental to ownership to the Group. All other leases were classified as operating leases. Assets held under finance leases were recognised as assets of the Group at their fair value at inception of the leases or, if lower, at the present value of the minimum lease payments. The liabilities to the lessor were recognised as finance lease obligations in the statement of financial position. Lease payments were apportioned between finance expenses and reduction of the lease liability to achieve a constant periodic rate of interest on the remaining balance of the liability. In an operating lease, the leased asset was not capitalised, and the lease payments were recognised in the income statement on a straight-line basis over the lease terms. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases where it is the lessee, except for short-term leases and leases of low-value assets. The tables below show the impacts arising from IFRS 16 on the opening balance and for the year 2019.

Consolidated Income Statement

(NOK in millions)	Fourth quarter 2019 Post IFRS 16	Impact IFRS 16	Fourth quarter 2019 Pre IFRS 16	Year 2019 Post IFRS 16	Impact IFRS 16	Year 2019 Pre IFRS 16
Revenues	31 737	71	31 808	113 666	269	113 935
Cost of materials and traffic charges	(8 671)	(169)	(8 839)	(27 912)	(556)	(28 467)
Salaries and personnel costs	(3 006)	-	(3 006)	(10 803)	(1)	(10 804)
Other operating expenses	(6 663)	(1 418)	(8 081)	(24 215)	(5 090)	(29 306)
Other income	293	5	298	741	147	888
Other expenses	(509)	(2)	(511)	(1 200)	(6)	(1 206)
EBITDA	**13 182**	**(1 512)**	**11 670**	**50 276**	**(5 236)**	**45 040**
Depreciation and amortisation	(6 835)	1 345	(5 491)	(24 527)	4 876	(19 651)
Impairment losses	(63)	-	(63)	(47)	-	(47)
Operating profit	**6 283**	**(168)**	**6 116**	**25 702**	**(360)**	**25 342**
Share of net income from associated comapnies and joint ventures	(588)	-	(588)	(849)	-	(849)
Net financial income (expenses)	(73)	297	224	(3 884)	1 298	(2 586)
Profit before taxes	**5 622**	**129**	**5 751**	**20 968**	**938**	**21 906**
Income taxes	(1 351)	127	(1 224)	(9 033)	(112)	(9 145)
Profit from Continuing operations	**4 272**	**256**	**4 527**	**11 936**	**826**	**12 762**
Profit (loss) from discontinued operations	(1 562)	-	(1 562)	(742)	-	(742)
Net income	**2 709**	**256**	**2 965**	**11 194**	**826**	**12 020**
Net income attributable to:						
Non-controlling interests	935	82	1 017	3 421	110	3 531
Equity holders of Telenor ASA	1 774	174	1 948	7 773	716	8 489
Earnings per share in NOK						
Basic/diluted from continuing operations	2.34	0.12	2.47	5.91	0.50	6.41
Basic/diluted from discontinued operations	(1.10)	-	(1.10)	(0.52)	-	(0.52)
Basic/diluted from total operations	1.25	0.12	1.37	5.40	0.50	5.89

The net effect on EBITDA is mainly explained by operating lease expenses previously recorded under other operating expenses. These leases are now recognised as right-of-use assets and lease liabilities, leading to a corresponding increase in depreciation and amortisation expenses and financial expenses. The decrease in revenue mainly relates to sub-lease agreements previously classified as operating leases under IAS 17.

Consolidated statement of financial position

	Opening balance			31 December 2019		
(NOK in millions)	31 December 2018 Pre IFRS 16	Impact IFRS 16	1 January 2019	31 December 2019 Pre IFRS 16	Impact IFRS 16	31 December 2019 Post IFRS 16
Deferred tax assets	2 699	-	2 699	2 444	23	2 467
Goodwill	14 403	-	14 403	27 451	-	27 451
Intangible assets	36 371	(30 116)	6 255	43 080	(31 730)	11 350
Right-of use assets	(0)	58 268	58 268	18	59 384	59 402
Property, plant and equipment	73 361	(1 544)	71 817	84 676	(1 497)	83 179
Associated companies and joint ventures	2 382	-	2 382	4 299	-	4 299
Other non-current assets	17 792	911	18 703	12 695	735	13 430
Total non-current assets	**147 009**	**27 518**	**174 527**	**174 662**	**26 914**	**201 576**
Prepaid taxes	804	-	804	1 334	-	1 334
Inventories	1 703	-	1 703	1 485	-	1 485
Trade and other receivables	21 685	(833)	20 852	26 553	(780)	25 773
Other current financial assets	678	-	678	910	-	910
Assets classified as held for sale	902	-	902	3 489	-	3 489
Cash and cash equivalents	18 492	-	18 492	13 867	-	13 867
Total current assets	**44 263**	**(833)**	**43 430**	**47 638**	**(780)**	**46 858**
Total assets	**191 272**	**26 685**	**217 957**	**222 300**	**26 134**	**248 434**
Equity attributable to equity holders of Telenor ASA	49 446	-	49 446	38 780	(726)	38 054
Non-controlling interests	5 009	-	5 009	5 398	(112)	5 286
Total equity	**54 455**	**-**	**54 455**	**44 178**	**(839)**	**43 339**
Non-current lease liabilities	805	33 443	34 248	632	31 733	32 365
Non-current interest-bearing liabilities	55 120	(10 971)	44 150	92 868	(8 880)	83 987
Non-current non-interest-bearing liabilities	1 809	(53)	1 756	1 635	(86)	1 549
Deferred tax liabilities	3 322	-	3 322	5 014	(90)	4 924
Pension obligations	2 819	-	2 819	1 899	-	1 899
Provisions and obligations	5 485	-	5 485	7 704	(3)	7 701
Total non-current liabilities	**69 361**	**22 419**	**91 781**	**109 752**	**22 674**	**132 426**
Current lease liabilities	54	5 735	5 789	53	8 879	8 933
Current interest-bearing liabilities	15 687	(876)	14 811	18 567	(3 806)	14 761
Trade and other payables	37 728	(593)	37 135	36 465	(774)	35 691
Current tax payables	5 541	-	5 541	4 863	-	4 863
Current non-interest-bearing liabilities	1 666	-	1 666	2 227	-	2 227
Provisions and obligations	3 811	-	3 811	1 220	(1)	1 219
Liabilities classified as held for sale	2 970	-	2 970	4 976	-	4 976
Total current liabilities	**67 456**	**4 266**	**71 722**	**68 370**	**4 299**	**72 669**
Total equity and liabilities	**191 272**	**26 685**	**217 957**	**222 300**	**26 134**	**248 434**

Main effects as at 1 January 2019:

- Additional non-current lease liabilities of NOK 33,443 million and current lease liabilities of NOK 5,735 million, NOK 39,178 million in total, were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application, including the reclassification of non-current interest-bearing liabilities and current interest-bearing liabilities related to spectrum and licences.
- Right-of-use assets of NOK 58,268 million were recognised, including the reclassification of intangible assets related to spectrum and licences and finance leases reclassified from property, plant and equipment.
- The net effect on other non-current assets is related to the Group as a lessor in sub-lease agreements. The effects on prepayments classified as trade and other receivables, and on accounts payable and accrued expenses, were related to spectrum and licences and operating leases under IAS 17 reclassified to right-of-use assets and lease liabilities.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as of 1 January 2019 was 6%.

Consolidated statement of cash flows

(NOK in millions)	Fourth quarter 2019 Post IFRS 16	Impact IFRS 16	Fourth quarter 2019 Pre IFRS 16	Year 2019 Post IFRS 16	Impact IFRS 16	Year 2019 Pre IFRS 16
Profit before taxes from total operations	5 622	129	5 751	20 968	938	21 906
Profit before taxes from discontinued operation	(1 472)	-	(1 472)	(651)	-	(651)
Profit before taxes	4 151	129	4 280	20 318	938	21 256
Income taxes paid	(4 299)	-	(4 299)	(10 512)	-	(10 512)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(152)	(5)	(157)	(471)	(187)	(659)
Depreciation, amortization and impairment losses	6 908	(1 345)	5 564	24 625	(4 876)	19 750
Loss (profit) from associated companies and joint ventures	588	-	588	849	-	849
Dividends received from associated companies	-	-	-	63	-	63
Currency (gains) losses not related to operating activities	(1 192)	59	(1 133)	(226)	53	(173)
Change in working capital and other	992	(208)	784	(425)	(287)	(711)
Net cash flows from operating activities	**6 996**	**(1 369)**	**5 626**	**34 222**	**(4 359)**	**29 863**
Purchases of property, plant and equipment (PPE) and intangible assets	(4 647)	10	(4 636)	(21 986)	69	(21 916)
Purchases of subsidiaries and associated companies, net of cash acquired	(11 486)	-	(11 486)	(25 957)	-	(25 957)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	(78)	-	(78)	(688)	-	(688)
Proceeds from sale and purchases of other investments	3 202	-	3 202	5 106	-	5 106
Net cash flows from investing activities	**(13 008)**	**10**	**(12 998)**	**(43 526)**	**69**	**(43 456)**
Proceeds from and repayments of borrowings	(1 968)	2	(1 966)	32 261	2	32 263
Payments of licence obligations	(237)	128	(109)	(1 080)	191	(889)
Payments of lease liabilities	(1 238)	1 228	(10)	(4 282)	4 096	(185)
Payments of supply chain financing	104	-	104	(5)	-	(5)
Proceeds from issuance of shares, including from minorities in subsidiaries	5	-	5	5	-	5
Purchase of treasury shares	(853)	-	(853)	(6 114)	-	(6 114)
Dividends paid to and purchases of shares from non-controlling interests	(1 362)	-	(1 362)	(4 332)	-	(4 332)
Dividends paid to equity holders of Telenor ASA	(5 706)	-	(5 706)	(12 121)	-	(12 121)
Net cash flows from financing activities	**(11 255)**	**1 358**	**(9 897)**	**4 332**	**4 289**	**8 622**

The improvement of net cash flow from operating activities and decrease in cash flow from financing activities is mainly due to reclassification of payments related to operating leases under IAS 17. The cash outflow for leases under IFRS 16 is presented as repayment of interest-bearing liabilities within financing activities under IFRS 16. Interest paid is still classified as cash flow within operating activities.

The following table provides reconciliation from operating lease commitments as of 31 December 2018 under IAS 17 and lease liabilities recognised in the statement of financial position as of 1 January 2019:

(NOK in millions)	
Operating lease commitments disclosed as of 31 December 2018	17 861
Adjusted for:	-
Commitments related to low value leases and short term leases	(56)
Non-lease components not included in lease commitments as of 31 December 2018	1 137
Total adjusted undiscounted operating lease commitments as of 31 December 2018	18 942
Weighted average incremental borrowing rate as at 1 January 2019	6 %
Discounted adjusted operating lease commitments capitalised as of 1 January 2019	14 079
Lease liabilities related to leases previously classified as finance leases	859
Reclassification of licence obligations included as lease liabilities	11 847
Renewal options included in lease term as of 1 January 2019	12 086
Other	1 166
Lease liabilities as of 1 January 2019	**40 037**

Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the Group in dismantling and removing the underlying leased asset, restoring the site on which it is located or restoring the underlying leased asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments as described in note 2 to the Group's Annual Report 2018.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, or a change in future lease payments resulting from a change in an index or rate used to determine those payments). Generally, the amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option), except for leases of spectrum and licences. The Group also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Incremental borrowing rate
In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the Group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk. For listed subsidiaries, the Group applies the external borrowing rate corresponding to the lease term available to those subsidiaries.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew a lease contract, considering all relevant factors that create an economic incentive for the Group to exercise the renewal or not exercise an option to terminate. The threshold for being reasonably certain is lower than virtually certain and higher than more likely than not under IAS 37 *Provisions, Contingent liabilities and Contingent Assets*. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The main part of the Group's lease contracts excluding spectrum and licences relates to the mobile networks (mainly towers) and land/property. For lease of land for own towers or leasing of towers from tower companies/other operators, factors considered in particular are technology development, business model and potential business combinations. Based on an assessment of these factors, the lease term for the Group's leases relating to sites shall normally be within the range of 4 to 7 years. This means that the lease term for sites with renewal options shall normally be the higher of a non-cancellable period or within the range of 4 to 7 years. Some sites may be in strategically important locations and it might be more than reasonably certain that the sites will be maintained beyond 7 years. In these exceptional cases, the lease term may be up to 10 years.

The level of certainty for establishing the lease term requires a higher level of certainty than for establishing the useful life for depreciation purposes. Hence, the determination of the lease term does not affect the Group's determination of useful life of own assets or other non-removable leasehold improvements determined for the purposes of depreciation charges.

Note 2 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 10. For further information on the categories, please refer to note 6 in the Group's Annual Report 2018.

Fourth quarter 2019

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**3 976**	**2 292**	**1 245**	**1 835**	**5 789**	**3 609**	**3 846**	**1 429**	**1 655**	**-**	**(247)**	**25 429**
Services	3 261	1 738	849	1 393	4 994	3 141	3 843	1 412	1 655	-	(247)	22 040
Goods	715	554	396	442	794	468	4	16	-	-	-	3 389
Fixed operation	**2 667**	**885**	**119**	**586**	**-**	**-**	**-**	**-**	**8**	**522**	**(206)**	**4 581**
Services	2 465	871	119	586	-	-	-	-	8	522	(173)	4 398
Goods	202	14	-	-	-	-	-	-	-	-	(33)	183
Other	**-**	**-**	**-**	**(23)**	**-**	**-**	**-**	**-**	**-**	**1 491**	**(687)**	**781**
Services	-	-	-	(23)	-	-	-	-	-	1 489	(687)	779
Goods	-	-	-	-	-	-	-	-	-	2	-	2
Sum type of good/ services	**6 643**	**3 178**	**1 364**	**2 398**	**5 789**	**3 609**	**3 846**	**1 429**	**1 663**	**2 013**	**(1 139)**	**30 791**
Type of mobile subscription												
Contract	2 859	1 543	779	(484)	3 066	2 232	170	50	12	-	(18)	10 211
Prepaid	38	40	-	1 802	1 765	834	3 662	1 380	1 627	-	(93)	11 054
Other[1]	363	155	70	75	162	75	12	(17)	16	-	(135)	775
Sum services in Mobile operation	**3 261**	**1 738**	**849**	**1 393**	**4 994**	**3 141**	**3 843**	**1 412**	**1 655**	**-**	**(247)**	**22 040**
Timing of revenue recognition												
Over time	5 726	2 609	968	1 956	4 994	3 141	3 843	1 412	1 663	2 011	(1 106)	27 217
At a point in time	917	569	396	442	794	468	4	16	-	2	(33)	3 574
Total revenue from contract with customers	**6 643**	**3 178**	**1 364**	**2 398**	**5 789**	**3 609**	**3 846**	**1 429**	**1 663**	**2 013**	**(1 140)**	**30 791**
Other revenues[2]	53	48	7	9	641	54	41	51	1	122	(80)	947
Total revenue	**6 695**	**3 226**	**1 371**	**2 406**	**6 429**	**3 663**	**3 887**	**1 480**	**1 664**	**2 135**	**(1 220)**	**31 737**
IFRS 16 effects[3]	-	-	-	-	70	-	-	-	-	1	-	71
Segment revenue as presented in note 10	**6 695**	**3 226**	**1 371**	**2 406**	**6 499**	**3 663**	**3 887**	**1 480**	**1 664**	**2 136**	**(1 220)**	**31 808**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 32.
[2] Other revenues include mainly lease revenue.
[3] Please refer to note 1.

Year 2019

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**15 185**	**8 562**	**4 470**	**2 611**	**20 839**	**13 191**	**14 820**	**6 162**	**5 797**	**-**	**(901)**	**90 736**
Services	13 009	6 850	3 358	2 004	18 439	11 984	14 802	6 052	5 796	-	(900)	81 394
Goods	2 176	1 712	1 112	608	2 400	1 207	18	109	-	-	(1)	9 342
Fixed operation	**10 228**	**3 452**	**485**	**811**	**-**	**-**	**-**	**-**	**24**	**2 321**	**(792)**	**16 528**
Services	9 643	3 400	485	811	-	-	-	-	24	2 321	(698)	15 986
Goods	585	51	-	-	-	-	-	-	-	-	(94)	542
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6 020**	**(2 849)**	**3 171**
Services	-	-	-	-	-	-	-	-	-	6 008	(2 849)	3 160
Goods	-	-	-	-	-	-	-	-	-	12	-	12
Sum type of good/ services	**25 413**	**12 013**	**4 955**	**3 422**	**20 839**	**13 191**	**14 820**	**6 162**	**5 821**	**8 341**	**(4 541)**	**110 437**
Type of mobile subscription												
Contract	11 452	6 098	3 063	74	11 197	8 463	628	191	43	-	(78)	41 131
Prepaid	164	153	-	1 823	6 702	3 220	14 116	5 795	5 703	-	(323)	37 353
Other[1]	1 393	598	295	107	539	301	58	67	50	-	(499)	2 910
Sum services in Mobile operation	**13 009**	**6 850**	**3 358**	**2 004**	**18 439**	**11 984**	**14 802**	**6 052**	**5 796**	**-**	**(900)**	**81 394**
Timing of revenue recognition												
Over time	22 652	10 250	3 843	2 815	18 439	11 984	14 802	6 052	5 821	8 329	(4 447)	100 540
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	**25 413**	**12 013**	**4 955**	**3 422**	**20 839**	**13 191**	**14 820**	**6 162**	**5 821**	**8 341**	**(4 541)**	**110 437**
Other revenues[2]	199	182	25	12	2 209	184	160	71	4	520	(336)	3 230
Total revenue	**25 612**	**12 195**	**4 980**	**3 434**	**23 048**	**13 375**	**14 980**	**6 232**	**5 825**	**8 861**	**(4 877)**	**113 666**
IFRS 16 effects[3]	-	-	-	-	264	-	-	-	-	5	-	269
Segment revenue as presented in note 10	**25 612**	**12 195**	**4 980**	**3 434**	**23 312**	**13 375**	**14 980**	**6 232**	**5 825**	**8 865**	**(4 877)**	**113 935**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 32.
[2] Other revenues include mainly lease revenue.
[3] Please refer to note 1.

Fourth quarter 2018

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**3 944**	**2 290**	**1 192**	**-**	**4 720**	**3 344**	**3 439**	**1 759**	**1 240**	**-**	**(248)**	**21 678**
Services	3 304	1 756	867	-	4 163	2 924	3 423	1 748	1 237	-	(248)	19 174
Goods	639	534	324	-	557	420	16	11	3	-	-	2 504
Fixed operation	**2 626**	**882**	**131**	**-**	**-**	**-**	**-**	**-**	**12**	**651**	**(210)**	**4 092**
Services	2 458	862	131	-	-	-	-	-	12	651	(197)	3 917
Goods	168	21	-	-	-	-	-	-	-	-	(13)	175
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 823**	**(923)**	**900**
Services	-	-	-	-	-	-	-	-	-	1 823	(923)	900
Goods	-	-	-	-	-	-	-	-	-	-	-	-
Sum type of good/ services	**6 569**	**3 172**	**1 323**	**-**	**4 720**	**3 344**	**3 439**	**1 759**	**1 252**	**2 474**	**(1 380)**	**26 671**
Type of mobile subscription												
Contract	2 810	1 566	782	-	2 422	1 199	157	44	7	-	(28)	8 960
Prepaid	46	37	-	-	1 605	1 647	3 257	1 676	1 226	-	(88)	9 407
Other[1]	448	152	86	-	137	77	9	27	3	-	(132)	807
Sum services in Mobile operation	**3 304**	**1 756**	**867**	**-**	**4 163**	**2 924**	**3 423**	**1 748**	**1 237**	**-**	**(248)**	**19 174**
Timing of revenue recognition												
Over time	5 762	2 617	999	-	4 163	2 924	3 423	1 748	1 249	2 474	(1 367)	23 991
At a point in time	807	555	324	-	557	420	16	11	3	-	(13)	2 679
Total revenue from contract with customers	**6 569**	**3 172**	**1 323**	**-**	**4 720**	**3 344**	**3 439**	**1 759**	**1 252**	**2 474**	**(1 381)**	**26 671**
Total revenue	**6 616**	**3 217**	**1 329**	**-**	**4 929**	**3 385**	**3 482**	**1 775**	**1 252**	**2 435**	**(1 350)**	**27 070**
Segment revenue as presented in note 10	**6 616**	**3 217**	**1 329**	**-**	**4 929**	**3 385**	**3 482**	**1 775**	**1 252**	**2 435**	**(1 350)**	**27 070**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 32.

Year 2018

(NOK in millions)	Norway	Sweden	Denmark	DNA - Finland	dtac - Thailand	Digi Malaysia	Grameen-phone Bangladesh	Pakistan	Myanmar	Other units	Eliminations	Group
Type of good/ services												
Mobile operation	**15 192**	**8 770**	**4 535**	**-**	**18 569**	**12 998**	**12 751**	**7 422**	**5 796**	**-**	**(968)**	**85 065**
Services	12 985	7 001	3 469	-	16 555	11 735	12 737	7 315	5 788	-	(967)	76 616
Goods	2 207	1 769	1 066	-	2 014	1 264	14	107	8	-	-	8 449
Fixed operation	**10 525**	**3 477**	**518**	**-**	**-**	**-**	**-**	**-**	**14**	**3 006**	**(1 024)**	**16 517**
Services	9 855	3 405	518	-	-	-	-	-	14	3 006	(956)	15 843
Goods	670	73	-	-	-	-	-	-	-	-	(68)	674
Other	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6 979**	**(3 719)**	**3 260**
Services	(1)	-	-	-	-	-	-	-	-	6 969	(3 719)	3 250
Goods	-	-	-	-	-	-	-	-	-	10	-	10
Sum type of good/ services	**25 717**	**12 248**	**5 053**	**-**	**18 569**	**12 998**	**12 751**	**7 422**	**5 810**	**9 986**	**(5 711)**	**104 842**
Type of mobile subscription												
Contract	11 263	6 292	3 184	-	9 372	4 614	507	196	30	-	(110)	35 348
Prepaid	189	147	-	-	6 785	6 860	12 180	7 020	5 703	-	(379)	38 505
Other[1]	1 532	562	285	-	398	261	50	99	55	-	(479)	2 763
Sum services in Mobile operation	**12 985**	**7 001**	**3 469**	**-**	**16 555**	**11 735**	**12 737**	**7 315**	**5 788**	**-**	**(967)**	**76 616**
Timing of revenue recognition												
Over time	22 839	10 406	3 987	-	16 555	11 735	12 737	7 315	5 801	9 976	(5 643)	95 709
At a point in time	2 877	1 842	1 066	-	2 014	1 264	14	107	8	10	(68)	9 133
Total revenue from contract with customers	**25 716**	**12 248**	**5 053**	**-**	**18 569**	**12 998**	**12 751**	**7 422**	**5 810**	**9 986**	**(5 711)**	**104 842**
Total revenue	**25 909**	**12 421**	**5 076**	**-**	**18 908**	**13 149**	**12 910**	**7 492**	**5 810**	**9 993**	**(5 745)**	**105 923**
Segment revenue as presented in note 10	**25 909**	**12 421**	**5 076**	**-**	**18 908**	**13 149**	**12 910**	**7 492**	**5 810**	**9 993**	**(5 745)**	**105 923**

[1] Other includes revenues from other mobile and non-mobile services, refer to definitions on page 32.

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

Acquisition of DNA Plc

On 9 April 2019, Telenor Group entered into agreements to acquire 54% of the shares in the Finnish telecom operator DNA Plc from Finda Telecoms Oy and PHP Holding Oy (holding 28.3% and 25.8% respectively) for EUR 20.90 per share in cash. Following approval by the general meetings of the sellers and required regulatory approvals, the transaction was completed 21 August 2019. As a result of the transaction, Telenor launched a mandatory public tender offer (MTO) on 29 August 2019, for the remaining outstanding shares in DNA at a cash consideration of EUR 20.90 per share. The offer period ended 26 September 2019, after which Telenor obtained approx. 95% of the shares and voting interests in DNA. Upon expiry of the MTO, Telenor extended the tender offer period until 10 October 2019, after which Telenor holds close to 98% of the shares and voting rights.

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

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

According to the Limited Liability Companies Act in Finland, the remaining minority shareholders have a right to demand their shares redeemed and Telenor has a right to redeem these shares at the fair price. Therefore it has been assessed that Telenor has present ownership interest over the shares in DNA held by the non-controlling interests as at 31 December 2019, and no non-controlling interest remains in the statement of financial position as of 31 December 2019. A liability of NOK 1.5 billion was recorded as of 26 September 2019 based on the same price per share as in the MTO, to reflect the redemption amount. As of 31 December 2019, NOK 0.6 billion of the liability remains. Transaction costs of approximately NOK 93 million have been recognised as other operating expenses.

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

(NOK in millions)	Preliminary fair values as of acquisition date
Assets	
Property, plant & equipment	8 590
Spectrum licenses	2 572
Customer base	1 523
Brands	3 080
Other Right of Use assets	793
Other intangibles	541
Trade receivables	2 771
Other assets	990
Bank & Cash	351
Total assets	**21 211**
Liabilities	
Deferred tax	(2 385)
Non current liabilities	(4 873)
Current liabilities	(3 874)
Total liabilities	**(11 132)**
Net identifiable assets	**10 079**
Goodwill	16 498
NCI	(651)
Total consideration for 95% of the shares	**25 926**
Of which cash	14 832
Of which liability	11 094

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

For the period between the date of acquisition and 31 December 2019, DNA contributed NOK 3,434 million to Telenor Group's revenues and NOK 175 million to profit before tax. If the business combination had taken place at the beginning of the year, the Group's revenues would have been NOK 119,548 million and profit before tax for the Group would have been NOK 21,898 million.

Merger between 701Search and Carousell

On 21 November 2019, Telenor announced a merger between its online classifieds business, 701Search, and Carousell. The merger did not require regulatory approval and was closed immediately. Telenor owns 32%, making it the largest minority shareholder. 701Search has been deconsolidated as a subsidiary and Telenor's investment in Carousell is accounted for as an associated company as from transaction date.

Discontinued operations and assets held for sale

As announced on 22 October 2019, the Group has 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 combination is subject to regulatory approvals and is expected to be completed during the first half of 2020. With effect from fourth quarter 2019, the Group's Canal Digital operations are 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 2018, Telenor Banka in Serbia and Telenor Microfinance Bank in Pakistan (TMB), which were the two main contributors to the Financial Services segment, the operations in Central and Eastern Europe (CEE) and Telenor India were classified as assets held for sale and discontinued operations. Reference is made to note 4 of the Annual Report 2018 for details of each of the disposal groups. Telenor India was disposed of on 14 May 2018, CEE was disposed of on 31 July 2018, and TMB was partially disposed of on 14 December 2018. Telenor Banka was disposed of on 20 February 2019.

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

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Revenue	1 042	1 282	4 201	13 396
EBITDA	(1 472)	110	(645)	3 246
EBIT	(1 482)	95	(697)	2 742
Profit before tax	**(1 411)**	**125**	(623)	**2 654**
Income taxes	(91)	(150)	(91)	(357)
Profit after tax	**(1 501)**	**(25)**	**(714)**	**2 297**
Gain (loss) on disposal	(60)	1 733	(28)	3 468
Profit (loss) from discontinued operations	**(1 561)**	**1 708**	**(742)**	**5 765**

During 2019, Canal Digital contributed with profit of NOK 1.0 billion (NOK 1.0 billion for 2018). During the fourth quarter of 2019. Canal Digital contributed with profit of NOK 0.2 billion (NOK 0.1 billion for 2018).

During the fourth quarter of 2019, provision of NOK 1.7 billion was recgonised post Supreme Court of India ruling with regard to Adjusted Gross Revenue as basis for licence fee and spectrum usage charge. See note 6 for more information.

The major classes of assets and liabilities of the disposal groups representing primarily Canal Digital and India classified as held for sale as of 31 December 2019:

(NOK in millions)	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	4 890
Total liabilities held for sale	4 976
Total liabilities	**(11 132)**

Liabilities held for sale includes provision of NOK 3.4 billion 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.

In the statement of financial position as of 31 December 2018, Telenor India and Telenor Banka were classified as held for sale. Major classes of assets and liabilities of Telenor India and Telenor Banka classified as held for sale as of 31 December 2018:

(NOK in millions)	Telenor Banka	Telenor India	Total
Assets			
Other non-current assets	99	-	99
Trade and other receivables	396	-	396
Cash and cash equivalents	407	-	407
Total assets classified as held for sale	**902**	**-**	**902**
Liabilities			
Non-current liabilities	114	1 793	1 907
Current liabilities	1 063	-	1 063
Total liabilities held for sale	**1 177**	**1 793**	**2 970**

Note 4 – Interest-bearing liabilities

In 2016, Telenor placed USD 1,000 million aggregate principal amount of senior, unsecured bonds exchangeable into VEON ADSs. The bonds were repaid with cash on 20 September 2019. See notes 12 and 27 in the Annual Report 2018 for further information.

On 22 November 2019, Telenor sold its remaining 157 million shares in VEON, for a cash consideration of USD 362 million (around NOK 3.3 billion). The investment was classified as fair value through other comprehensive income, and therefore the transaction had no effect on the income statement. A cumulative loss of NOK 3.6 billion was reclassified within equity from other comprehensive income to retained earnings upon disposal of the remaining shares.

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

	31 December 2019	
(NOK in millions)	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)

	31 December 2018	
(NOK in millions)	Carrying amount	Fair value
Interest-bearing liabilities[1]	(58 960)	(61 166)
of which fair value level 1		(49 534)
of which fair value level 2		(11 632)

[1] Excluding lease liabilities. Comparative figures have been restated accordingly.

Note 5 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 29 in the Annual Report 2018 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

(NOK in millions)	31 December 2019	31 December 2018
Other non-current assets	1 984	1 737
Other current financial assets	368	269
Non-current non-interest-bearing financial liabilities	(1 398)	(1 696)
Non-current interest-bearing financial liabilities	(108)	-
Current non-interest-bearing liabilities	(787)	(388)
Current interest-bearing liabilities	-	-
Total	**59**	**(78)**

Note 6 – Legal disputes

Grameenphone

In Bangladesh, the regulatory environment has in 2019 developed to be challenging for Grameenphone and Telenor. This relates to the Bangladesh Telecommunication Regulatory Commission (BTRC) and their conducted audit covering Grameenphone's operation for a period since its inception in 1997 and until 2014. Following the audit, BTRC have presented substantial financial claims against Grameenphone and initiated several regulatory restrictions with major potential impact on Grameenphone's operation. In addition, Bangladeshi Bank has engaged in this matter and has restricted Grameenphone from paying out further dividend to Telenor. We describe these cases in more detail below.

BTRC – Audit

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 8.9 billion to BTRC (NOK 2.4 billion in principal and NOK 6.5 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 have unauthorised and erroneously claimed NOK 4.4 billion related to an already resolved matter and other sub-judice matters with the National Board of Revenue (NBR). As at 31 December 2019, the total demand amounts to NOK 13.3 billion (the Demand).

Overall, the Demand is comprised of claims against 26 line items of which 22 line items are related to BTRC payments and no provision has been recorded based on the Demand dated 2 April 2019 as such. The other four line items are related to the NBR matters, where Telenor and Grameenphone in previous years have recorded provisions based on an assessment of the legal merits of the claims.

Pointing out the errors in the methodologies, procedure and substance of the audit exercise; Grameenphone disputed the Demand and requested BTRC to engage in discussion for an amicable resolution. Thereafter, due to non-response by BTRC, applications for arbitration under local law and thereafter civil suits were filed in Bangladesh courts, as set out below.

On 23 June 2019, Grameenphone sent a notice of arbitration to BTRC. On 22 July 2019, BTRC imposed operational restrictions on Grameenphone by stopping No Objection Certificates (NOCs) and approvals on import of products, services and equipment. On 30 July 2019, Grameenphone filed two arbitration applications to the High Court Division of the Supreme Court (HCD) for appointment of an arbitrator and for injunction against BTRC's suspension of approvals and NOCs. On 21 October 2019 the HCD rejected both applications.

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

Late August 2019, Grameenphone filed both a civil case (title suit) to the District Court contesting the Demand and an injunction application with a request to stay the suspension of NOCs and to restrain BTRC from taking any steps in enforcing the Demand. The District Court rejected the application for injunction. Grameenphone appealed before the HCD on 17 September 2019. On 17 October 2019, HCD passed an injunction order restraining BTRC, for a period of two months, from taking any steps to realise or enforce the Demand and suspend NOC for import of equipment/software and approvals of tariff/service packages etc. (the "HCD order")

The HCD order was appealed by BTRC to the Appellate Division of the Supreme Court (AD) and on 24 November 2019 the AD decided that the HCD order shall be maintained, subject to payment of NOK 2 billion by Grameenphone within three months; otherwise the HCD order shall stand vacated.

In a review application filed on 26 January 2020, Grameenphone requested AD to review the order dated 24 November 2019 to allow GP to instead deposit 25% of the principal amount demanded by BTRC, which amounts to NOK 600 million, to be paid in 12 equal monthly instalments from the date of order to be passed by the AD on the review application. This does not reflect Grameenphone's view on the substance or merit of the matter.

The original Title Suit (where the court is supposed to consider the merits of the Demand) is pending at the District Court and is fixed on 3 March 2020 for reply (written statement) of defendants i.e. BTRC and the auditor firm.

In parallel, Grameenphone has been in continuing engagement with the authorities with a view to find a transparent and amicable resolution. BTRC has, however, refused to meet to discuss the substance of the claims following the feedback Grameenphone provided against the audit observations in 2018. In 2019, BTRC rejected to enter into an agreement to refer the matter to arbitration. On 18 September 2019, the Finance Minister in the presence of Minister of Post and Telecommunication, NBR Chairman, BTRC Chairman and representatives of Grameenphone, got involved to pursue a constructive path towards resolving the issue. There, it was expressed that BTRC would withdraw the show cause notice and impositions to resume normal operations immediately and that Grameenphone would suspend its legal efforts to facilitate a transparent process towards an amicable solution. Despite these constructive efforts, BTRC has neither lifted the show cause notice nor any of its operational impositions and did not follow up on the initiatives from the 18 September 2019 meeting. Subsequent invitations for continued dialogue have been rejected. In light of these events, at this stage Grameenphone has concerns over the prospects of an amicable solution based on merit.

Singapore and Bangladesh have entered into a Bilateral Investment Treaty (BIT) and in October 2019, Telenor Asia, a Telenor subsidiary being shareholder in Grameenphone and domiciled in Singapore, sent a notice to the President of Bangladesh to initiate settlement proceedings as a first step in an attempt to resolve the disputes pursuant to the procedural mechanisms in such BIT.

The errors in the audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties, the inclusion of sub-judice items in conjunction with the absence of merit based determination through any solution process create significant uncertainty about the validity of the Demand and outcome of the dispute. Therefore, as of now no reliable estimation of liability can be derived.

Other related issue – Dividend restrictions by Bangladeshi Bank

It is also to be noted that Bangladeshi Bank have asked Grameenphone to maintain adequate liquid assets to be able to meet potential obligations arising out of the BTRC audit disputes. Bangladeshi Bank has further informed Grameenphone that future dividend remittances to foreign shareholders against shares issued against contribution in-kind, will be suspended until supporting documentary evidence is submitted to Bangladeshi Bank.

The original three foreign shareholders in Grameenphone had contributed BDT 78.5 million in pre-incorporation expenses and received shares, which currently represent 2.9 per cent of the total number of shares in the company. Except for a small number of in-kind shares later acquired by a local shareholder, Telenor is the current owner of the affected shares. Bangladeshi Bank has instructed that the suspension of dividend remittance shall also apply to all remaining Telenor-shares in Grameenphone. By requesting documentary evidence related to a share allotment properly registered with the Registrar of Joint Stock Companies more than 22 years ago, Bangladesh Bank is suspending repatriation of profit from Grameenphone to Telenor.

SIM tax on replacement SIM cards

The Large Tax Payer Unit-VAT has issued three notices to Grameenphone claiming SIM tax of total NOK 1.5 billion (excl. interest) on the replacement of SIM cards issued during three time periods from July 2007 to June 2015. In June2019, the VAT Appellate Tribunal gave a decision in Grameenphone's disfavor in one of the three periods (between July 2012 and June 2015), and upheld the claim of NOK 0.4 billion, excl. interest. On 27 July, Grameenphone appealed the decision to the High Court Division of the Supreme Court who in August 2019 passed a stay order on the decision by the Tribunal.

dtac

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

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

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

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

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

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

The settlement did not comprise certain industry cases related to e.g. revenue sharing with CAT in the now expired concession. The issues in these cases are whether dtac had the right to deduct interconnect expenses from its interconnect revenue to be used as basis for calculating the payment of concession fee to CAT. The arbitration panel set for the 16th concession year gave on 25 December 2019 an award in favour of dtac, stating that dtac was entitled to deduct its interconnect expenses from its revenue.

A separate arbitration panel gave on 27 December 2019 an award in CAT's favour for concession year 17 and on 26 December 2019 for concession year 18, stating that dtac was not entitled to deduct interconnect expenses from its revenue. Pursuant to the two awards, dtac has an obligation to pay an approximate total amount of NOK 2 billion. dtac will appeal these awards to the Central Administrative Court. Similar disputes exist for other concession years.

India

Telenor's previous operations in India were subject to a number of disputes with the Indian Department of Telecommunications (DoT) which remain to be concluded. One of those 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, prior to the Supreme Court judgement (see below), DoT had issued revised notices raising the total demand related to the mentioned matter to approximately NOK 3.0 billion, including penalty and interest, against Telenor's Indian subsidiaries.

In the fourth quarter of 2019, the Supreme Court of India upheld DoT's view on the determination of how to calculate licence fees and spectrum usage charges. DoT has requested all operators to assess and update the calculations applying the principles laid down in the Supreme Court ruling and submit this along with payment of corrected fees and charges. The major operators being part of the Supreme Court decision have applied to the Supreme Court to allow them to conduct discussions of payment conditions with DoT.

Although the Supreme Court ruling implies a significant increase of fees and charges for all operators, there are still a number of computational elements that remains unclarified and hence the outcome is uncertain. A provision of NOK 3.4 billion has been recorded as of 31 December 2019 representing the exposure to claims from DoT related to the period the Group owned the business in India.

Telenor Norway

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

ESA

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

On 24 June 2019, ESA issued a Supplementary SO (SSO) regarding the margin squeeze, indicating a limitation in scope. On the same date, ESA has closed the investigation related to the lock-in agreements. The SSO is not a final decision. Telenor has submitted its comments to the SSO and a hearing was held on 10 October 2019.

NCA

The case relates to a past (2010-2014) alleged breach of the prohibition against abuse of a dominant position for the pricing model in one mobile wholesale agreement. The NCA's concern relates to the roll-out of the third mobile network in Norway. On 21 June 2018, the NCA issued a decision where it imposed a fine of NOK 788 million. Telenor appealed the decision to the Competition Complaint Board on 20 December 2018. In a decision 19 June 2019, the Competition Complaint Board sustained the NCA fine, but with a split decision. Telenor appealed the decision by the Competition Complaint Board to the Gulating Court of Appeal on 18 September 2019 and the court proceeding is scheduled to start in week 2 in 2021.

Note 7 – Income taxes

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

Note 8 – Remuneration to shareholders

Dividend paid

On 7 May 2019, the Annual General Meeting approved a dividend of NOK 8.40 to be paid out in two tranches of NOK 4.40 and NOK 4.00 on 21 May 2019 and 24 October 2019 respectively. The first tranche of NOK 4.40 was paid out on 21 May 2019, with ex-dividend date of 8 May 2019. The second tranche of NOK 4.00 was paid out on 24 October 2019, with ex-dividend date of 10 October 2019.

Finalisation of share buyback programme

At the Annual General Meeting 7 May 2019, the share buyback programme approved by the Annual General Meeting in 2018 was finalised by cancellation of 13,350,090 own shares and redemption of 15,649,909 shares owned by the Norwegian State represented by the Ministry of Trade, Industry and Fisheries against a payment of an amount of NOK 2,380 million to the Ministry of Trade, Industry and Fisheries. Consequently, on 2 July 2019 Telenor ASA reduced the share capital with a total of NOK 173,999,994 to NOK 8,654,748,192 divided into 1,442,458,032 shares, each with a nominal amount of NOK 6.00.

Note 9 – Events after the reporting period

Dividend for 2019

Based on the performance during the year, the Board of Directors proposes an ordinary dividend of NOK 8.70 per share for 2019, to be declared by the Annual General Meeting (AGM) on 11 May 2020. The proposed dividend shall be split into two tranches of NOK 4.40 and NOK 4.30 per share, to be paid in May and October 2020 respectively, and represents a 4% increase compared to 2018.

dtac - Thailand

On 28 January 2020, the Board of Directors of dtac proposed final dividend for 2019 of THB 1.61 per share, which corresponds to approximately NOK 1.1 billion total dividend and approximately NOK 0.7 billion for Telenor's ownership share.

Digi – Malaysia

On 22 January 2020, the Board of Directors of Digi declared the final dividend for 2019 of MYR 0.044 per share, which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.4 billion for Telenor's ownership share.

Grameenphone – Bangladesh

On 27 January 2020, the Board of Directors of Grameenphone Ltd. proposed final dividend for 2019 of BDT 4.00 per share, which corresponds to approximately NOK 0.6 billion total dividend and approximately NOK 0.3 billion for Telenor's ownership share.

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

Canal Digital is classified as discontinued operations. Consequently, the Broadcast segment has been dissolved. Telenor Satellite, Norkring and other companies including holding companies previously reported as part of this segment are now reported as part of Other units. The segment information for 2018 and 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. The accounting principles for the segment reporting are consistent with those applied by the Group before the implementation of IFRS 16 *Leases*, meaning that the effects of IFRS 16 in 2019 are excluded in the segment reporting. For 2018, the segment reporting has been restated to include the effects of IFRS 15 *Revenue from Contracts with Customers.*

Fourth quarter 2019

	Total revenues			of which internal		EBITDA before other income and other expenses[1]				Investments[2]	
(NOK in millions)	2019	2018	Growth	2019	2018	2019	Margin	2018	Margin	2019	2018
Norway	6 695	6 616	1.2%	150	136	2 809	41.9%	2 647	40.0%	1 828	1 754
Sweden	3 226	3 217	0.3%	22	20	997	30.9%	1 020	31.7%	391	1 112
Denmark	1 371	1 329	3.1%	24	29	234	17.1%	248	18.7%	164	171
DNA - Finland	2 406	-	-	-	-	674	28.0%	-	-	710	-
dtac – Thailand	6 499	4 929	31.8%	15	20	1 862	28.7%	1 307	26.5%	1 146	13 652
Digi – Malaysia	3 663	3 385	8.2%	16	5	1 559	42.6%	1 501	44.4%	451	459
Grameenphone – Bangladesh	3 887	3 482	11.6%	-	-	2 375	61.1%	2 163	62.1%	816	414
Pakistan	1 480	1 775	(16.6%)	60	56	619	41.8%	900	50.7%	286	391
Myanmar	1 664	1 252	32.9%	37	40	550	33.1%	330	26.3%	185	407
Other units	2 136	2 435	(12.3%)	896	1 044	307	14.4%	156	6.4%	351	286
Eliminations	(1 220)	(1 350)	(9.7%)	(1 220)	(1 350)	(104)	8.5%	(146)	10.8%	-	-
Group (pre IFRS 16)	**31 808**	**27 070**	**17.5%**	**-**	**-**	**11 882**	**37.4%**	**10 124**	**37.4%**	**6 326**	**18 647**
IFRS 16 adjustments	(71)					1 516	nm				
Group (post IFRS 16)	**31 737**					**13 397**	**42.2%**				

Year 2019

	Total revenues			of which internal		EBITDA before other income and other expenses[1]				Investments[2]	
(NOK in millions)	2019	2018	Growth	2019	2018	2019	Margin	2018	Margin	2019	2018
Norway	25 612	25 909	(1.1%)	519	487	11 212	43.8%	11 004	42.5%	5 591	4 403
Sweden	12 195	12 421	(1.8%)	66	66	3 992	32.7%	4 125	33.2%	1 310	1 965
Denmark	4 980	5 076	(1.9%)	109	106	1 054	21.2%	1 045	20.6%	472	441
DNA - Finland	3 434	-	-	-	-	964	28.1%	-	-	854	-
dtac – Thailand	23 312	18 908	23.3%	54	74	7 290	31.3%	7 045	37.3%	3 683	16 562
Digi – Malaysia	13 375	13 149	1.7%	41	16	6 191	46.3%	6 111	46.5%	1 599	1 649
Grameenphone – Bangladesh	14 980	12 910	16.0%	-	1	8 876	59.3%	7 807	60.5%	1 825	3 292
Pakistan	6 232	7 492	(16.8%)	203	245	2 780	44.6%	4 296	57.3%	1 446	1 157
Myanmar	5 825	5 810	0.3%	135	189	2 129	36.6%	2 179	37.5%	625	1 050
Other units	8 865	9 993	(11.3%)	3 752	4 561	1 340	15.1 %	1 264	12.6%	28 250	777
Eliminations	(4 877)	(5 745)	(15.1%)	(4 877)	(5 745)	(470)	9.6%	(655)	11.4%	-	-
Group (pre IFRS 16)	**113 935**	**105 923**	**7.6%**	**-**	**-**	**45 358**	**39.8%**	**44 220**	**41.7%**	**45 656**	**31 296**
IFRS 16 adjustments	(269)					5 378	nm				
Group (post IFRS 16)	**113 666**					**50 735**	**44.6%**				

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

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
EBITDA	**13 182**	**7 740**	**50 276**	**41 040**
Other income	293	10	741	63
Other expenses	(509)	(2 395)	(1 200)	(3 244)
EBITDA before other income and other expenses	**13 397**	**10 124**	**50 735**	**44 220**

Definitions

Alternative Performance Measures

Telenor Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the principles used both for segment reporting in note 10 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources. These numbers are disclosed and reconciled to the financial statements in note 1.

Organic revenue growth

Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:
- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

Reconciliation[1)]

(NOK in millions)	Change fourth quarter 2019	Change YoY	Change fourth quarter 2018	Change YoY	Change whole year 2019	Change YTD
Segment revenue growth[1)]	4 738	17.5%	(468)	(1.7%)	8 012	7.6%
Impact using exchange rates for 2019 and 2018	(1 659)		371		(3 460)	
M&A	(2 277)		-		(3 198)	
Organic revenue growth	**803**	**2.9%**	**(96)**	**(0.4%)**	**1 354**	**1.2%**

1) See note 10.

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

Reconciliation

(NOK in millions)	Change fourth quarter 2019	Change YoY	Change fourth quarter 2018	Change YoY	Change whole year 2019	Change YTD
Subscription and traffic revenue growth	3 320	16.6%	(527)	(2.6%)	5 568	6.9%
Impact using exchange rates for 2019 and 2018	(1 329)		283		(2 936)	
M&A	(1 615)		-		(2 335)	
Organic subscription and traffic revenue growth	**375**	**1.8%**	**(244)**	**(1.2%)**	**297**	**0.4%**

Subscription and traffic revenues

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Mobile subscription and traffic	20 133	17 268	74 304	69 237
Fixed telephony	351	363	1 339	1 559
Fixed Internet/TV	2 718	2 241	9 672	8 927
Fixed data services	160	171	638	663
Subscription and traffic revenues	**23 363**	**20 043**	**85 954**	**80 386**
Other revenues	8 446	7 027	27 981	25 537
Total revenues	**31 808**	**27 070**	**113 935**	**105 923**

Gross profit

Gross profit is a key financial parameter for Telenor and is derived directly from the income statement as the difference of total revenues and costs of materials and traffic charges. Gross profit reflects the profitability contribution of Telenor's revenue growth in its markets and therefore describes Telenor's potential for sustainable value creation, making gross profit a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Total revenue	31 808	27 070	113 935	105 923
Costs of materials and traffic charges	(8 839)	(6 892)	(28 467)	(23 939)
Gross profit	**22 969**	**20 178**	**85 467**	**81 985**
Gross profit FX adjusted	**22 390**	**20 816**	**85 467**	**84 584**
Gross profit FX adjusted excl. DNA	**20 736**	**20 816**	**83 077**	**84 584**
Change	**(80)**		**(1 507)**	
Change (%)	**(0.4%)**		**(1.8%)**	

Operating expenses (opex)

Operating expenses (opex) is a key financial parameter for Telenor and is derived directly from the income statement, consisting of salaries and personnel cost and other operating expenses. Telenor's continuous effort to improve efficiency makes opex a key financial parameter to follow. It is also used for internal performance analysis.

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Salaries and personnel cost[1)]	(3 006)	(2 718)	(10 804)	(10 446)
Other operating expenses[1)]	(8 081)	(7 335)	(29 306)	(27 318)
Operating expenses	**(11 087)**	**(10 053)**	**(40 110)**	**(37 764)**
Operating expenses FX adjusted	**(10 809)**	**(10 400)**	**(40 110)**	**(39 004)**
Operating expenses FX adjusted excl. DNA	**(9 826)**	**(10 400)**	**(38 683)**	**(39 004)**
Change	**574**		**321**	
Change (%)	**5.5%**		**0.8%**	

1) See note 1.
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. This measure is useful to users of Telenor's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortisation expense related primarily to capital expenses and acquisitions that occurred in the past, non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors.

The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

EBITDA margin[1)]

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Total revenue	31 808	27 070	113 935	105 923
EBITDA before other items	11 882	10 124	45 358	44 220
EBITDA margin	**37.4 %**	**37.4 %**	**39.8 %**	**41.7 %**

1) See note 10.

Organic EBITDA growth

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

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

Reconciliation

(NOK in millions)	Change fourth quarter 2019	Change YoY	Change fourth quarter 2018	Change YoY	Change whole year 2019	Change YTD
EBITDA growth	1 757	17.4%	(422)	(4.0%)	1 137	2.6%
Impact using exchange rates for 2019 and 2018	(597)		169		(1 364)	
M&A	(676)		-		(973)	
Organic EBITDA growth	**484**	**4.6%**	**(253)**	**(2.4%)**	**(1 199)**	**(2.6%)**

Capital expenses

Capital expenses (capex) are derived from the balance sheet based on accounting principles prior to implementation of IFRS 16, as presented in note 1 and consists of investments in tangible and intangible assets, excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to users of Telenor's financial information in evaluating the capital intensity of the operations. Capex is deemed to better gauge the actual investments committed in the period than the purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Purchases of PPE and intangible assets (cash flow statement)	4 636	7 334	21 916	21 011
Working capital movement in respect of capital expenditure	1 558	11 272	(3 857)	719
Deferred licence obligations	-	-	-	9 610
Discontinued operations	-	(1)	-	(158)
Capital expenses	**6 194**	**18 605**	**18 060**	**31 182**
Licence and spectrum fee – capitalized	(620)	(12 550)	(660)	(14 469)
Capital expenses excluding licence and spectrum fee	**5 574**	**6 055**	**17 400**	**16 713**
Revenue	31 808	27 070	113 935	105 923
Capex excl. Licences and spectrum/Revenues (%)	**17.5%**	**22.4%**	**15.3%**	**15.8%**

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.

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Capital expenses	6 194	18 605	18 075	31 182
Investments in businesses	133	42	27 580	114
Total investments	**6 326**	**18 647**	**45 656**	**31 296**

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

Net debt is derived from the balance sheet based on accounting principles prior to implementation of IFRS 16, as presented in note 1 and consists of both current and non-current interest-bearing liabilities, current and non-current lease liabilities less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents. Net debt is adjusted for licence obligations.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Reconciliation

(NOK in millions)	31 December 2019	31 December 2018
Non-current interest-bearing liabilities	92 868	55 120
Non-current lease liabilities	632	805
Current interest-bearing liabilities	18 567	15 687
Current lease liabilities	53	54
Less:		
Cash and cash equivalents	(13 867)	(18 492)
Hedging instruments	(1 988)	(1 492)
Financial instruments	(485)	(350)
Adjustments:		
Licence obligations	(12 686)	(11 847)
Net interest-bearing debt excluding licence obligations	**83 095**	**39 485**

Net debt/EBITDA

Telenor aims to maintain a solid balance sheet through keeping Net debt/EBITDA in the range of 1.5x to 2.0x, in order to maintain financial flexibility and ensure cost efficient funding. The measure provides useful information about the strength of our financial position and is regularly reported internally. For comparability, the 12 months rolling EBITDA includes proforma figures for DNA for the periods before consolidation. Note that the 2018 Net debt figure has been adjusted to reflect discontinuation of Canal Digital.

	Year	
(NOK in millions)	2019	2018
Net debt	83 095	40 563
EBITDA	46 894	41 040
Net debt/EBITDA	**1.8**	**1.0**

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 Investing activities to Free cash flow and Free cash flow before M&A activities is provided in the table below. Net cash flow from operating activities and Investing activities is the closest equivalent of GAAP measures and is based on accounting principles prior to implementation of IFRS 16 as presented in note 1.

Reconciliation

	Fourth quarter		Year	
(NOK in millions)	2019	2018	2019	2018
Net cash flows from operating activities	5 626	8 209	29 863	36 394
Net cash flows from investing activities	(12 998)	(8 034)	(43 456)	(613)
Repayments of borrowings – licence obligations	(109)	(13)	(889)	(740)
Net repayments of borrowings – supply chain financing	104	107	(5)	43
Dividends paid to and purchase of shares from non-controlling interest	(1 357)	(410)	(4 327)	(3 095)
Free cash flow	**(8 734)**	**(141)**	**(18 814)**	**31 989**
M&A activities	9 289	719	22 829	(20 298)
Free cash flow before M&A activities	**555**	**579**	**4 015**	**11 691**

Mobile operations

Revenues

Mobile subscription and traffic
Consist of subscription and connection fees, revenues from voice (outgoing traffic) and non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

Interconnect
Consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

Other mobile
Consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as subscriptions and services related to machine-to-machine (M2M) / Internet of Things (IoT), i.e. industrial mobile data applications directed at communication between machines.

Non-mobile
Consist of revenues from customer equipment and businesses that are not directly related to mobile operations.

Mobile revenues from company's own subscriptions
Consist of 'Mobile subscription and traffic' and 'Interconnect' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

Key Figures

Subscriptions
Contract subscriptions are counted until the subscription is terminated or until there has been no revenues or outgoing/incoming traffic during the last three months. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

Active mobile internet users
Active mobile internet users are subscriptions with at least 150 KB of data during the last three months.

Average traffic minutes per subscription per month (AMPU)
Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

Average revenue per subscription per month (ARPU)
ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

Fixed operations

Revenues

Telephony
Consist of subscription and connection fees, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

Internet and TV
Consist of subscription, traffic charges and connection fees for xDSL, cable, fibre and fixed wireless access, in addition to revenues from TV services. High-speed fixed internet includes fibre, cable, VDSL and fixed wireless access.

Data services
Consist of Nordic Connect/IP-VPN and security.

Other
Consist of leased lines, managed services and other retail products.

Wholesale
Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products.

Key Figures

Subscriptions
Telephony consists of PSTN, ISDN and VoIP subscriptions. Internet consists of broadband access over xDSL, fibre, cable and fixed wireless access. TV consists of TV services over fibre and cable. Subscriptions are counted until the subscription is terminated.

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

Other

Revenues

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

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

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