

2017

TELENOR GROUP – SECOND QUARTER

Sigve Brekke, CEO

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HIGHLIGHTS SECOND QUARTER 2017

OPERATIONAL HIGHLIGHTS

- Improved revenue growth and all-time-high EBITDA
- Solid performance in core operations, with EBITDA margin expansion in all business units
- Executing on cost and simplification agenda
- Launching a 2% share buyback programme

KEY FINANCIALS

- Revenues of NOK 31.5 bn (+2%)
- Opex reductions of NOK 0.6 bn (-5%)
- EBITDA of NOK 12.7 bn (+13%)
- Free cash flow of NOK 9.9 bn

ROBUST MOBILE AND FIXED REVENUES IN NORWAY

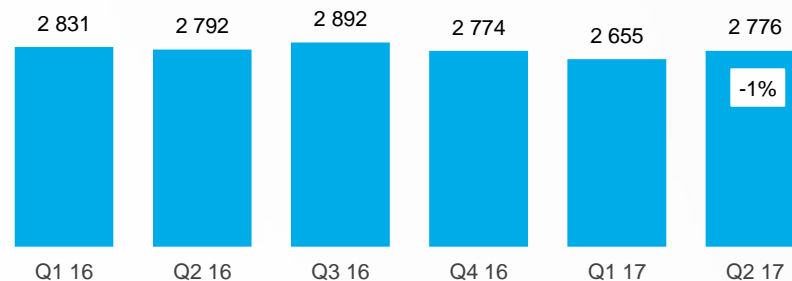
MOBILE

- 3% ARPU growth with positive development in both consumer and business segments
- 76% growth in median data usage – now at 1.3 GB/month
- Ranked as Norway's fastest network with average speed of 54 Mbit/s

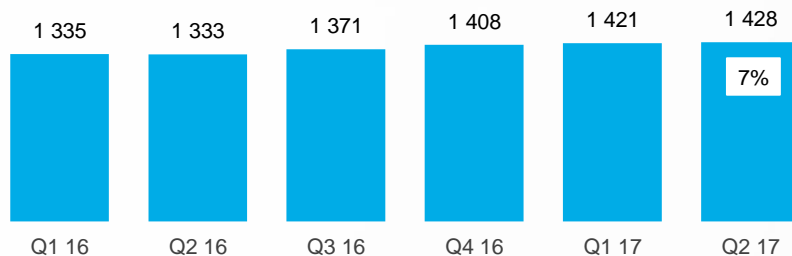
FIXED


- 7k new fibre connections, taking high-speed internet customer base to 616,000
- 7% growth in internet and TV revenues, offsetting decline in fixed telephony and wholesale

Mobile subscription & traffic revenues (NOK m)



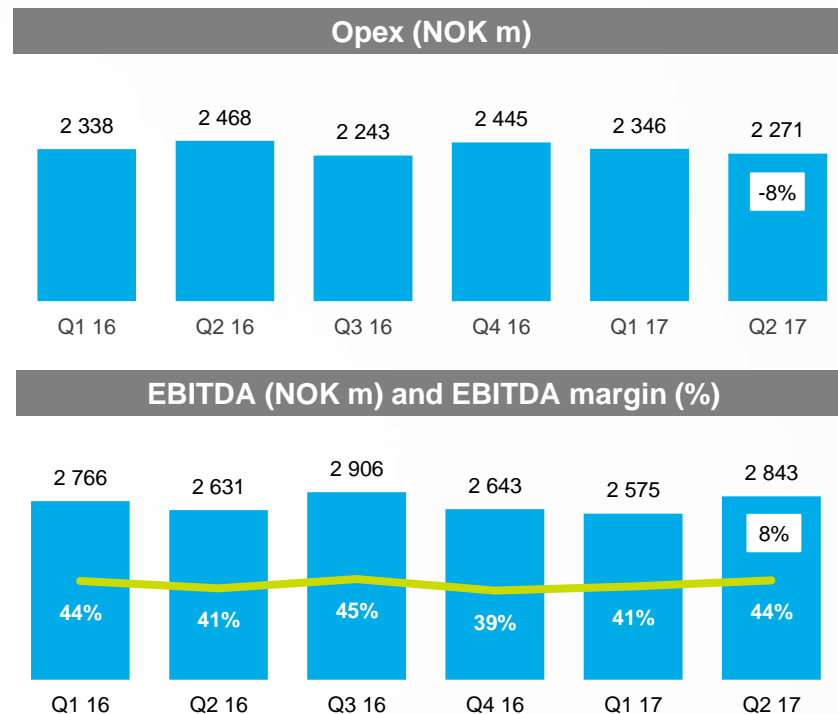
Fixed internet & TV revenues (NOK m)



 Organic revenue growth

COST REDUCTIONS SUPPORTING 8% EBITDA GROWTH IN NORWAY

- Lower personnel cost following workforce reductions of 300 FTEs in Q4/Q1
- Improved sales & marketing efficiency, driven by handset installment programme and business segment
- Reduced use of temporary workers at customer care, due to digitization and lower incoming volumes
- Continued efficiency improvements within operations & maintenance (fault handling, service delivery)



FIBRE-DRIVEN GROWTH IN SWEDEN, COST REDUCTIONS IN DENMARK

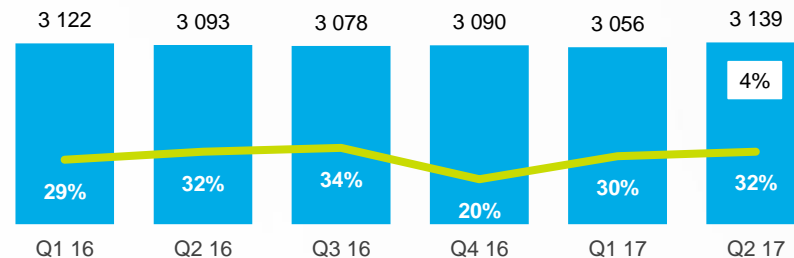
SWEDEN

- 13k new mobile subscribers, subscriber base +4% yoy
- 12k new fibre connections, total base now at 557,000
- 8% organic growth in fixed revenues, driven by fibre
- Stable underlying opex and 6% organic growth in EBITDA

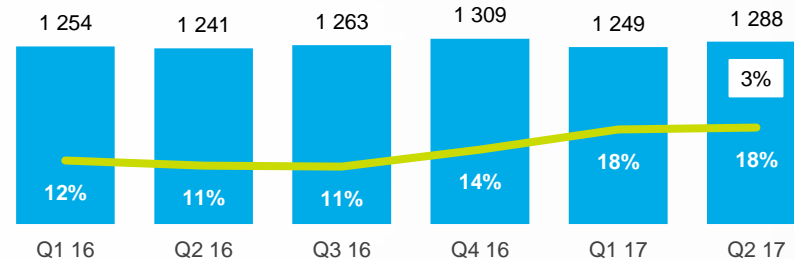
DENMARK


- 11k net mobile subscriber growth and stable subscription and traffic revenues
- 71% EBITDA growth, following cost reductions
- Renewed 3-year frame agreement with public sector

Sweden - Revenues (NOK m) and EBITDA margin (%)



Denmark - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth

STABLE DEVELOPMENT IN CENTRAL AND EASTERN EUROPE

HUNGARY

- 18k net subscriber growth and 2% organic growth in subscription and traffic revenues
- 18% organic growth in EBITDA, supported by 9% opex decline

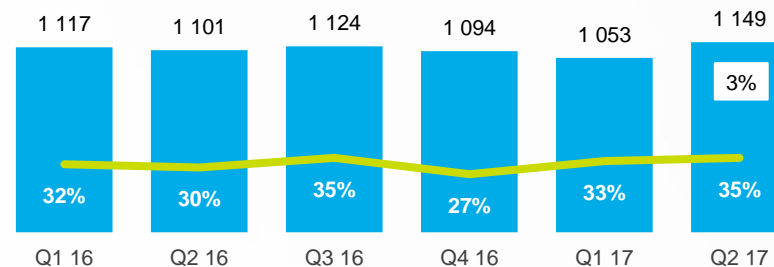
BULGARIA

- Stable subscription and traffic revenues
- Stable opex and 3% organic growth in EBITDA

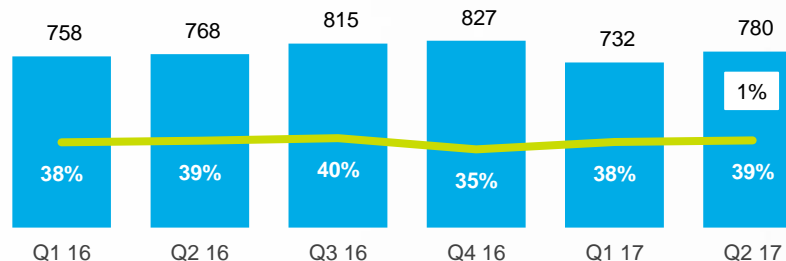
SERBIA AND MONTENEGRO


- Stable organic subscription and traffic revenues
- 1% organic growth in EBITDA

Hungary - Revenues (NOK m) and EBITDA margin (%)



Bulgaria - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth

BACK TO GROWTH IN THAILAND, MITIGATING PREPAID EXPOSURE IN MALAYSIA

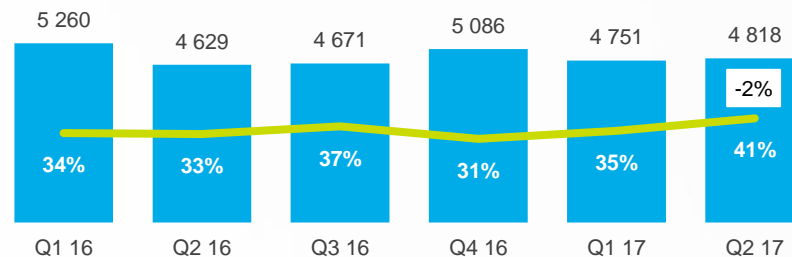
THAILAND (DTAC)

- 2% growth in subscription & traffic revenues, despite continued pressure on prepaid
- Strong EBITDA margin and 21% growth in EBITDA
- 82% 4G population coverage
- Selected as preferred partner on TOT's 2.3 GHz spectrum

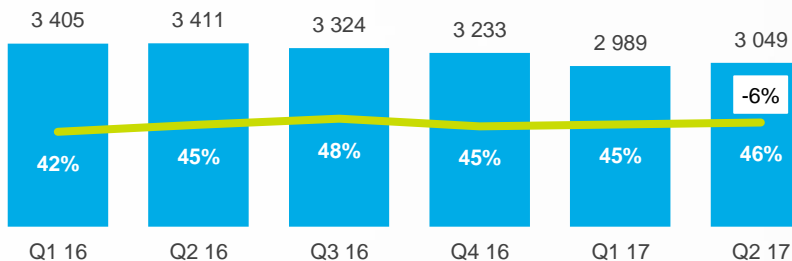
MALAYSIA (DIGI)


- Good postpaid performance, with 100k net adds and 9% organic revenue growth
- Strengthened prepaid internet offering resulting in 150k net adds
- Underlying 44% EBITDA margin supported by cost control

Thailand - Revenues (NOK m) and EBITDA margin (%)



Malaysia - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth

CONTINUED STRONG PERFORMANCE IN EMERGING ASIA

BANGLADESH (GRAMEENPHONE)

- 15% revenue uplift, with growth from both voice and data
- 24% growth in active data users yoy (+1.8 m)
- 22% growth in normalised EBITDA

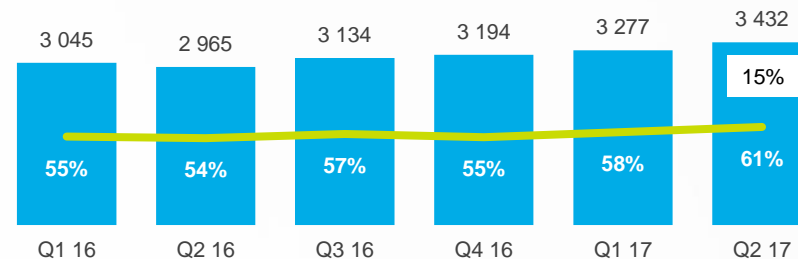
PAKISTAN

- 8% total revenue growth
- 0.7 m net subscriber growth, subscriber base +8% yoy
- 48% EBITDA margin and 1% organic growth in EBITDA

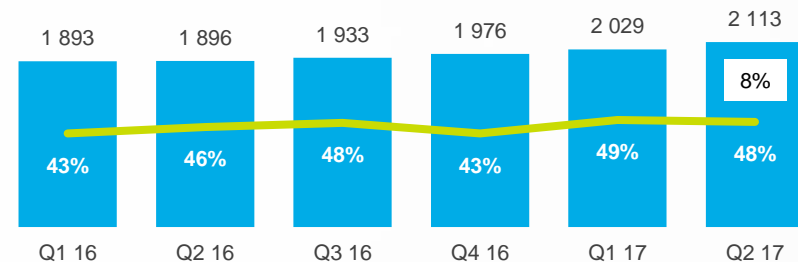
MYANMAR


- 10% subscription and traffic revenue growth
- 48% EBITDA margin and 13% organic growth in EBITDA
- Spectrum secured and 4G services launched in 29 townships

Bangladesh - Revenues (NOK m) and EBITDA margin (%)



Pakistan - Revenues (NOK m) and EBITDA margin (%)



 Organic revenue growth

KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



GROWTH



EFFICIENCY



SIMPLIFICATION

CREATING A LEANER TELENOR: IMPROVING COST EFFICIENCY

- Adapting to changes in customer behaviour, new digital players and technology opportunities
- Cost programmes and initiatives confirmed
- Cost reductions ahead of plan, now aiming for NOK 1 bn opex reductions in 2017
- Ambitions for 2018-2020 maintained



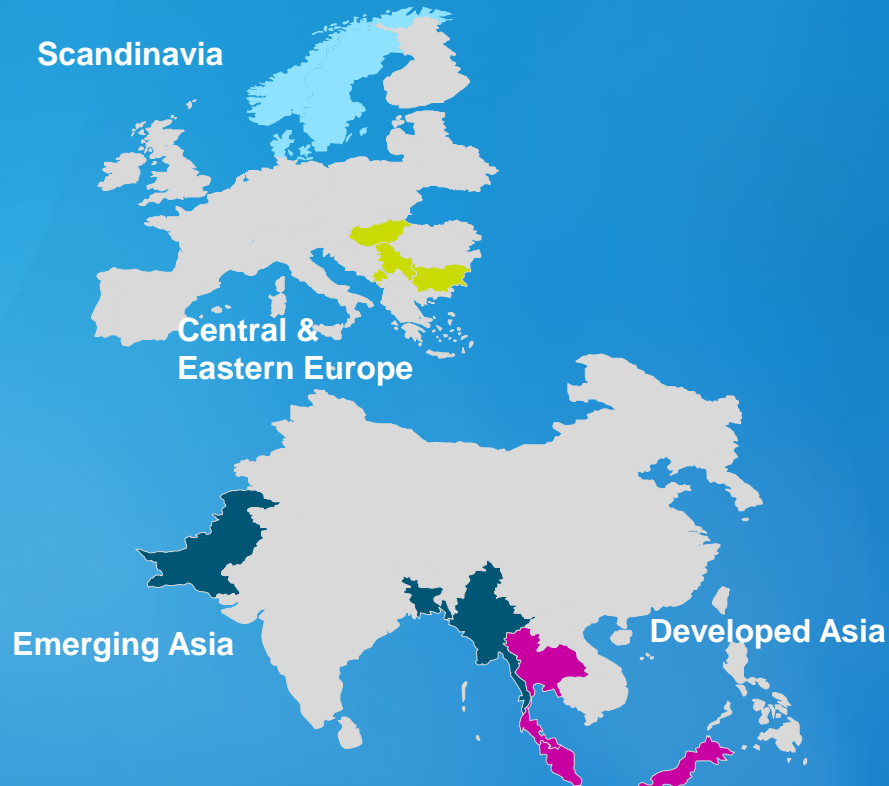
CREATING A LEANER TELENOR: THE SIMPLIFICATION CONTINUES

Q1 2017

- Cluster organization launched in January
- India exit announced in February
- Disposal of internet portal Startsiden

Q2 2017

- Further sell-down in VEON in April
- Monetizing and focusing online classifieds portfolio





2017

TELENOR GROUP – SECOND QUARTER

Jørgen C. Arentz Rostrup, CFO

HIGHLIGHTS SECOND QUARTER 2017

OPERATIONAL HIGHLIGHTS

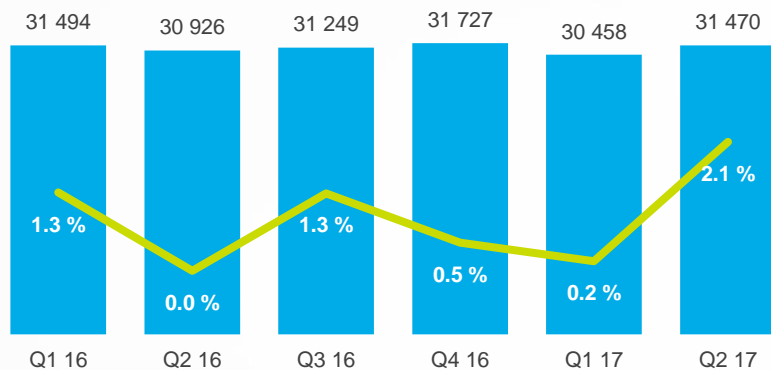
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KEY FINANCIALS

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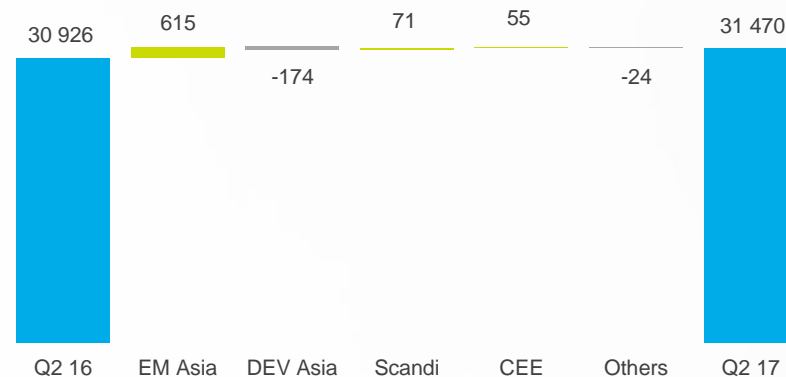
IMPROVED ORGANIC REVENUE GROWTH

Revenues (NOK m) and organic revenue growth (%)



- 3% organic growth in mobile subscription and traffic revenues
- 6% growth in internet and TV revenues, driven by fibre

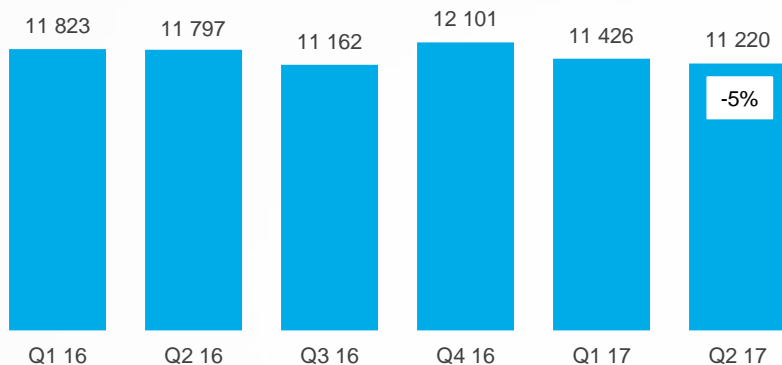
Revenues (NOK m) development



- Continued solid organic growth in emerging Asia
- Back to service revenue growth in Thailand
- Stable development in Scandinavia and CEE

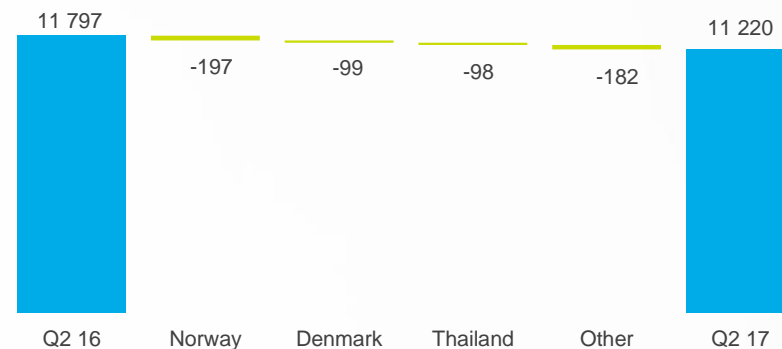
NOK 0.6 BN OPEX DECREASE FROM STRINGENT COST MANAGEMENT

Opex (NOK m)



- Number of FTEs reduced by 1,100 from Q4 2016
- Contribution from one-time effects of NOK 0.2 bn

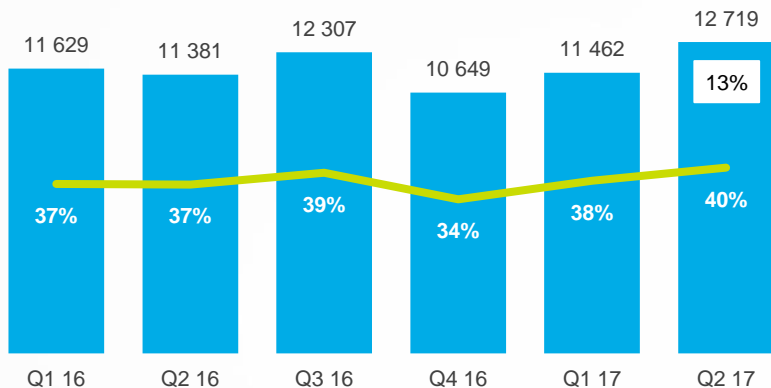
Opex (NOK m) development



- Net opex reductions in 11 out of 12 markets

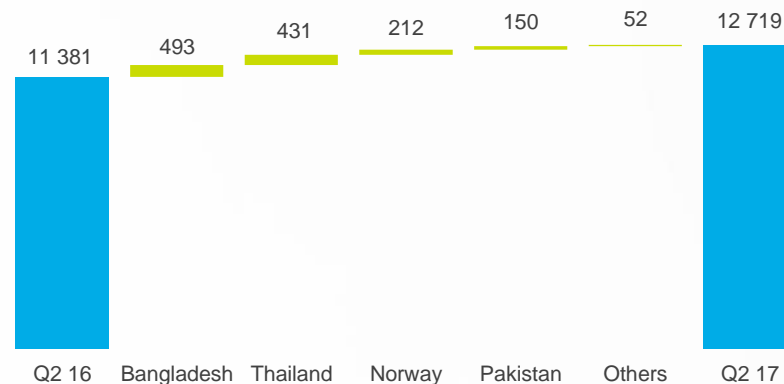
REVENUE GROWTH AND COST REDUCTIONS TRANSLATING INTO 13% ORGANIC EBITDA GROWTH

EBITDA (NOK m) and EBITDA margin (%)



- All-time high EBITDA and EBITDA margin

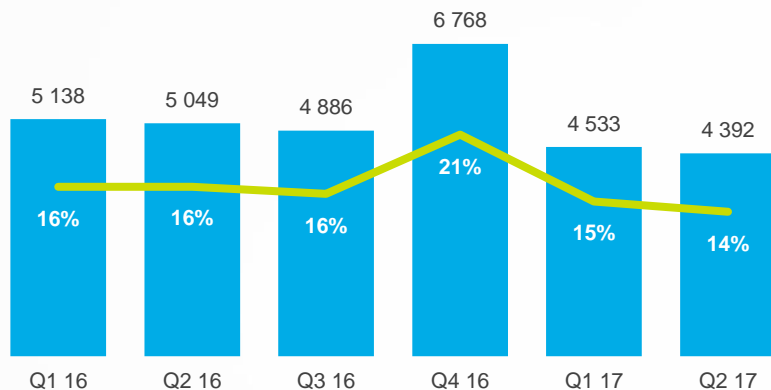
EBITDA (NOK m) development



- EBITDA margin expansion in all business units

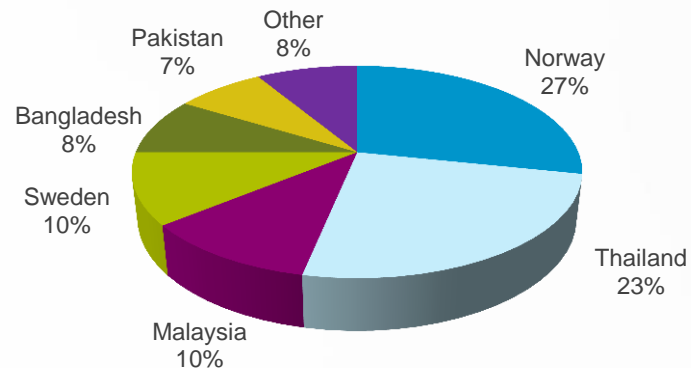
CAPEX OF NOK 4.4 BILLION AND CAPEX/SALES OF 14%

Capex (NOK m) and capex/sales (%)



- 18% capex/sales incl spectrum acquisitions in Norway and Myanmar

Capex distribution



- 4G and fibre investments in Norway
- Ongoing network densification programme in Thailand

FURTHER SELL-DOWN IN VEON AND MONETIZED ONLINE CLASSIFIEDS INVESTMENTS

VEON

- 70 million VEON ADSs sold on 7 April, with net proceeds of NOK 2.2 billion
- Remaining 19.7% shareholding in VEON, including the VEON ADSs that are underlying Telenor's USD 1 billion, 3-year exchangeable bond
- Previously recognized currency translation differences, amounting to an accounting loss of NOK 7.5 billion are reclassified to the income statement in Q2.

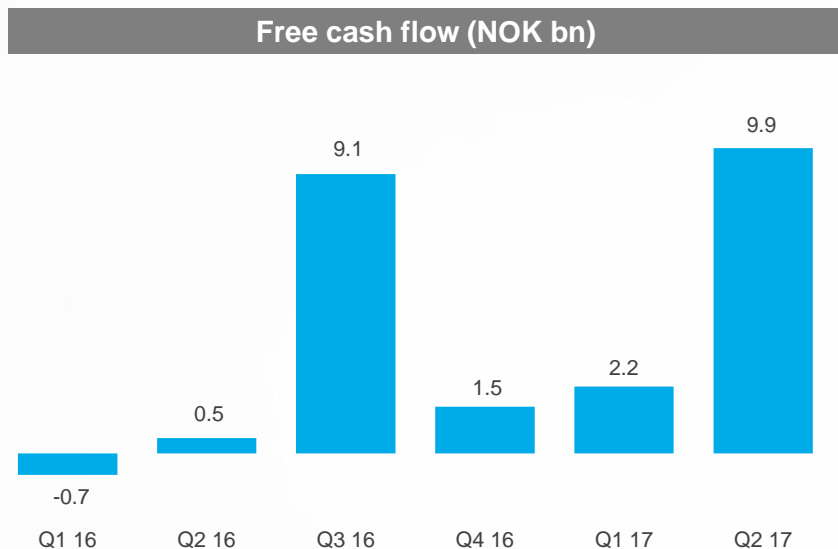
ONLINE CLASSIFIEDS

- Completed transactions with Schibsted and SPH regarding online classifieds JVs:
- Exit from LatAm, while increasing to 100% ownership in Malaysia, Myanmar and Vietnam
- Positive P&L effect of NOK 3.0 billion, and net cash proceeds of NOK 2.5 billion

NET INCOME OF NOK 3.9 BILLION EXCL. VEON AND ONLINE CLASSIFIEDS EFFECTS

NOK m	Q2 2016	Q2 2017	
Revenues	30 926	31 470	
EBITDA before other items	11 381	12 719	• Broadcast lease contract (+0.4 bn)
Other items	-297	280	
EBITDA	11 084	13 000	• Online classifieds impairment (-0.4 bn)
D&A and impairments	-4 780	-5 717	
Operating profit	6 304	7 282	• VEON reclassification and change in market value (-9.1 bn)
Associated companies	-2 150	-5 709	• Online classifieds sales gain (+3.4 bn)
Net financials	-362	827	
Taxes	-1 769	-1 721	• VEON dividend (+0.7 bn)
Minorities	693	801	• VEON reclassification (+1.1 bn)
Net income - Telenor equity holders	1 111	-167	• Provision disputed tax claim (-0.5 bn)
Earnings per share (NOK)	0.89	-0.08	

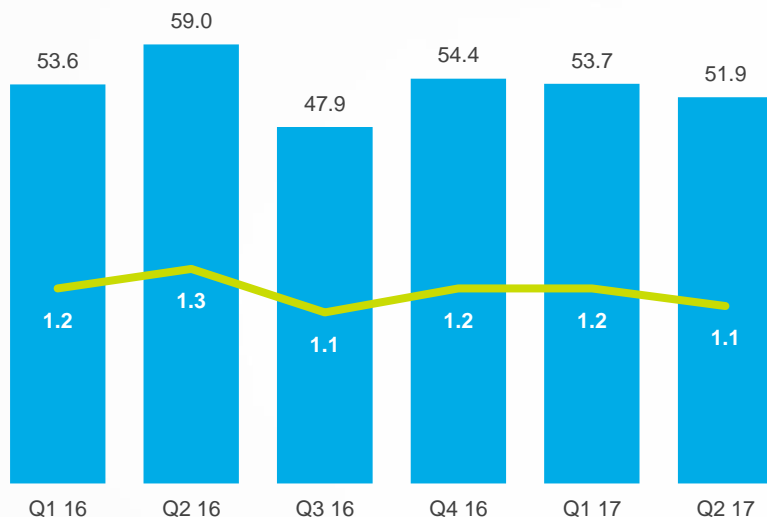
FREE CASH FLOW OF NOK 9.9 BILLION



NOK bn	Q2 2017	1H 2017	1H 2016
EBITDA	12.7	24.2	23.0
Taxes	-1.1	-2.2	-3.2
Net financials	-0.5	-1.1	-1.1
Capex	-3.9	-9.3	-10.9
Spectrum	-1.0	-1.1	-3.2
M&A & disposals	5.0	5.0	-2.9
Working cap.& other	-1.4	-3.4	-1.9
Free cash flow	9.9	12.1	-0.3

BALANCE SHEET REMAINS SOLID, FOLLOWING DIVIDEND PAYOUT OF NOK 6.5 BILLION

Net debt (NOK bn) and net debt/EBITDA*

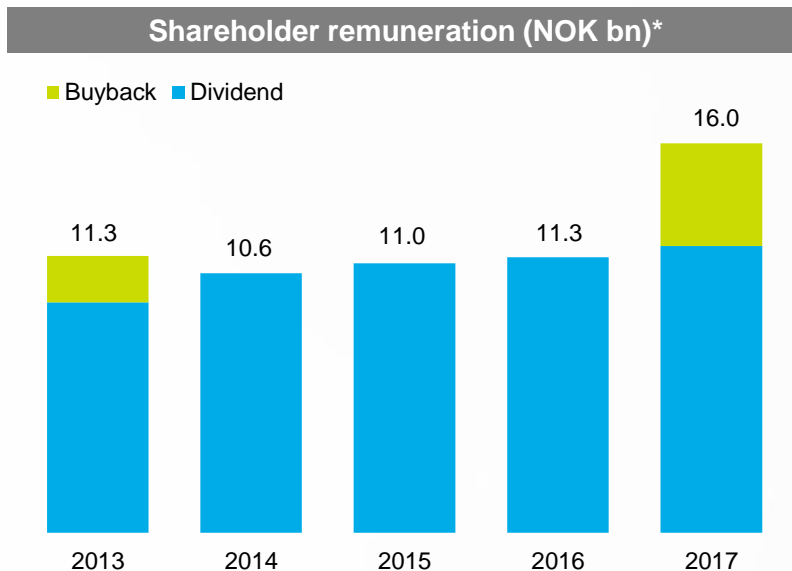


Priorities for capital allocation

- **Solid balance sheet:** Net debt / EBITDA below 2.0x
- **Competitive shareholder remuneration:**
 - Aiming for year-on-year growth in the ordinary dividend
 - Buybacks and special dividends to be considered as supplement to the ordinary dividend on a case-by-case basis

SUPPLEMENTING DIVIDENDS WITH 2% SHARE BUYBACK

- Distribution of parts of proceeds from recent disposals
- Total buyback of approx. 30 million shares, incl. proportional buyback from the Norwegian state
- Aiming for completion by end of 2017
- Total payout of NOK 4.3 bn at current share price
- Cancellation of shares mid 2018, following AGM approval



KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



GROWTH



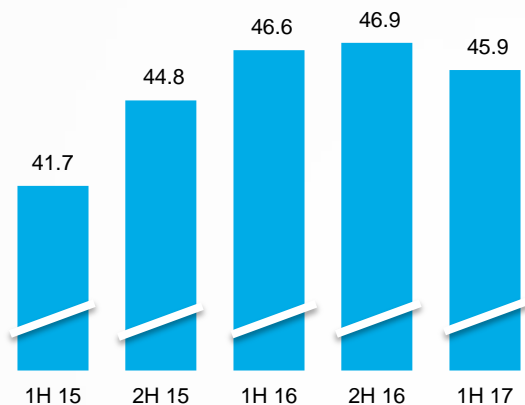
EFFICIENCY



SIMPLIFICATION

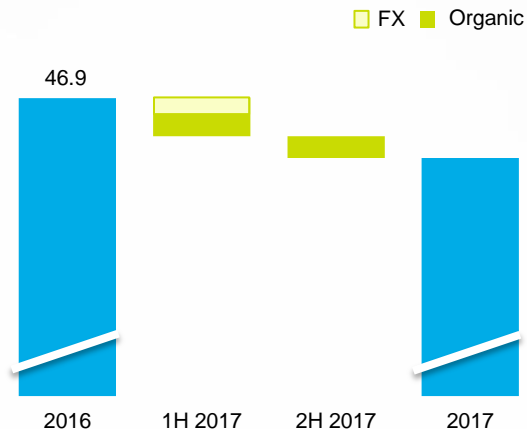
STEPPING UP EFFICIENCY AMBITIONS: TARGETING NOK 1 BILLION OPEX REDUCTIONS IN 2017*

12 months rolling opex (NOK bn)



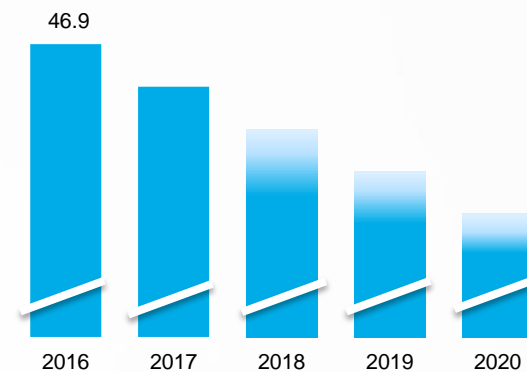
- Already delivered on 2017 ambition to break the increasing opex trend

NOK 1 bn opex reductions in 2017



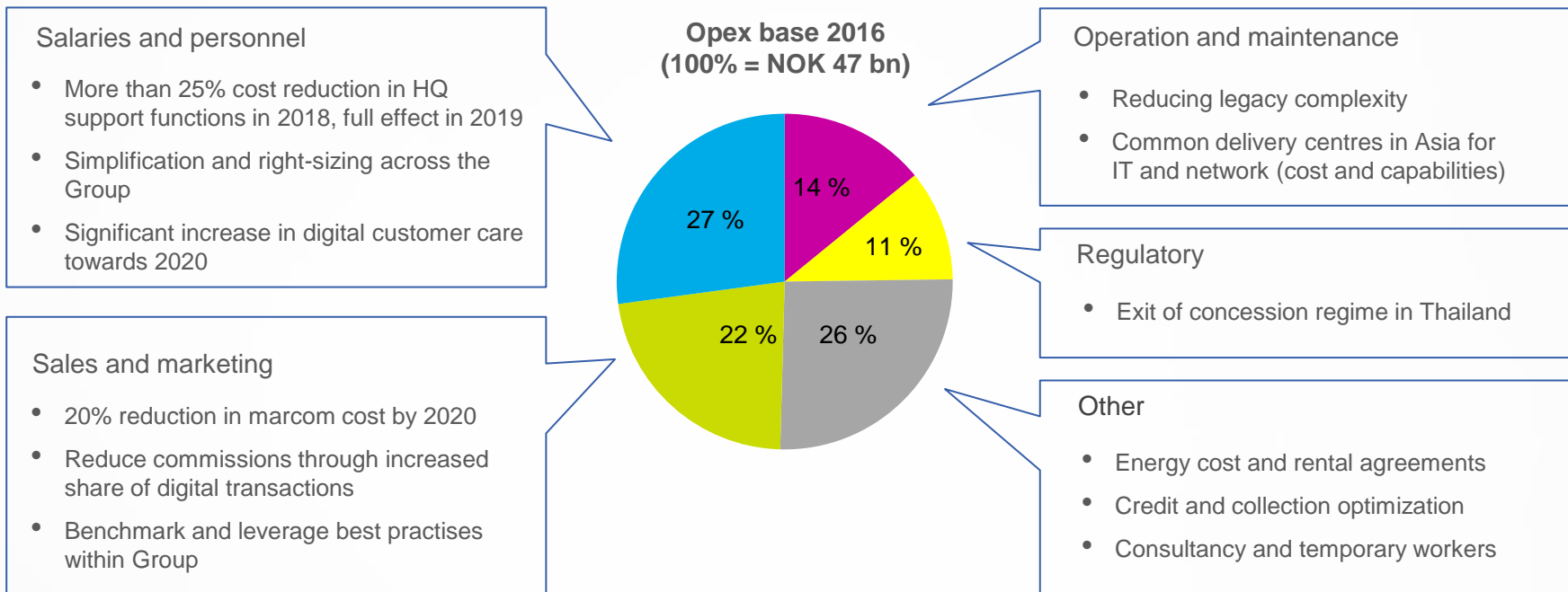
- NOK 0.4 bn positive FX effect in 1H, organic improvement of NOK 0.6 bn

Mid-term opex ambitions



- Targeting 1-3% net opex reductions per year for 2018-2020

AIMING FOR SAVINGS WITHIN ALL FUNCTIONAL COST AREAS TOWARDS 2020



OPEX AMBITIONS FOR 2017-2018 BACKED BY IDENTIFIED INITIATIVES ACROSS THE GROUP



- More efficient use of marketing spend and commissions
- Reduced concession and USO fees in Thailand
- Tight cost control, focus on simplification and rightsizing

- Flow-through and continuation of activities initiated in 2017
- Group-wide cost reductions in support functions
- Digital transformation and increased marcom efficiency

LIFTING EBITDA MARGIN OUTLOOK FOR 2017 TO REFLECT PROGRESS ON COST AGENDA

	2017	YTD	2016 baseline*
Organic revenue growth	1-2% <i>(maintained)</i>	1.2%	0.8%
EBITDA margin	38-39% <i>(previously around 37%)</i>	39.0%	36.7%
Capex/sales ratio	15-16% <i>(maintained)</i>	14.4%	17.4%

Organic revenue growth in fixed currency, adj. for acquisitions and disposals.
EBITDA before other items. Capex excl. spectrum and licence fees.

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KEY DRIVERS FOR VALUE CREATION TOWARDS 2020



GROWTH



EFFICIENCY



SIMPLIFICATION

The background is a solid blue color with faint, semi-transparent graphics. On the left, there is a line graph with a peak and a dip, and a bar chart with several bars of varying heights. In the center, there is a 3D pie chart with segments labeled '08' and '09'. At the bottom, there is a decorative border of white leaf-like shapes. The year '2017' is written in large, white, sans-serif font across the middle of the page.

2017

TELENOR GROUP – SECOND QUARTER APPENDIX



TELENOR GROUP

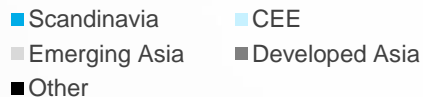
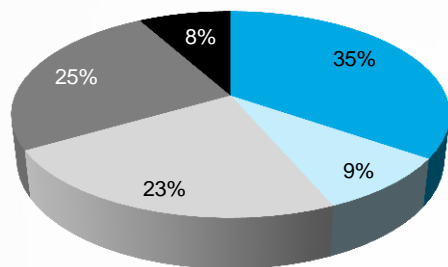
174 million mobile subscribers

Revenues in 2016: NOK 125 bn (USD 15 bn)

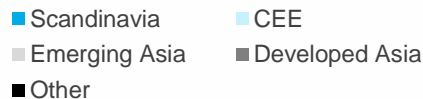
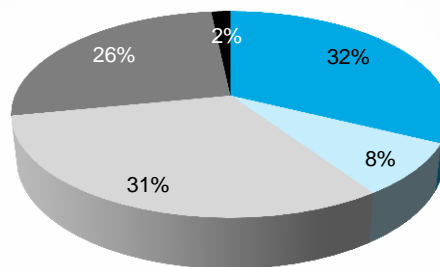
Market cap: NOK 213 bn (USD 26 bn)

GEOGRAPHIC SPLIT OF KEY FINANCIALS – 1H 2017

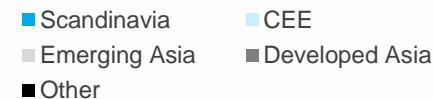
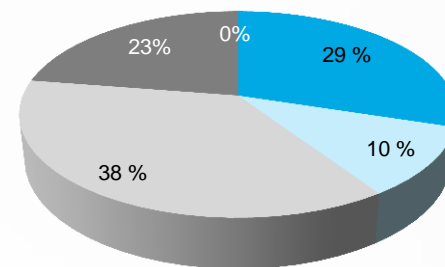
REVENUES



EBITDA

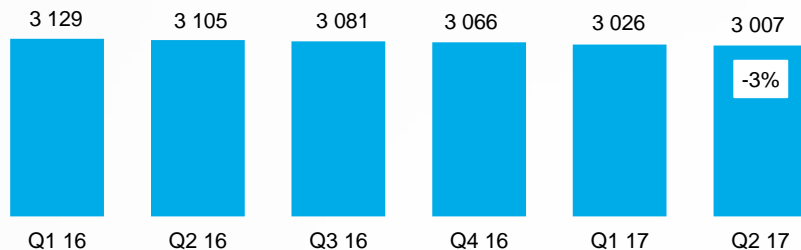


EBITDA LESS CAPEX

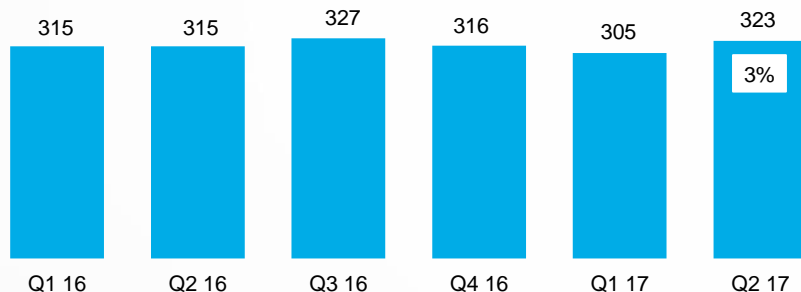


NORWAY

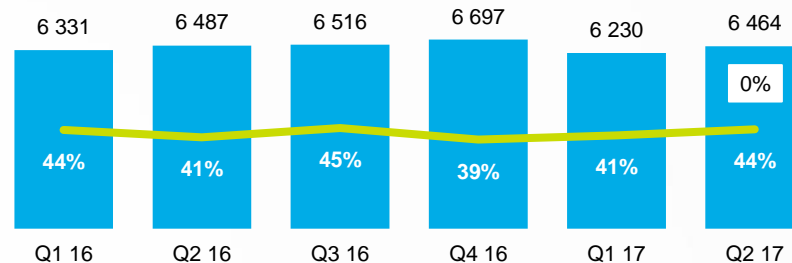
Mobile subscribers ('000)



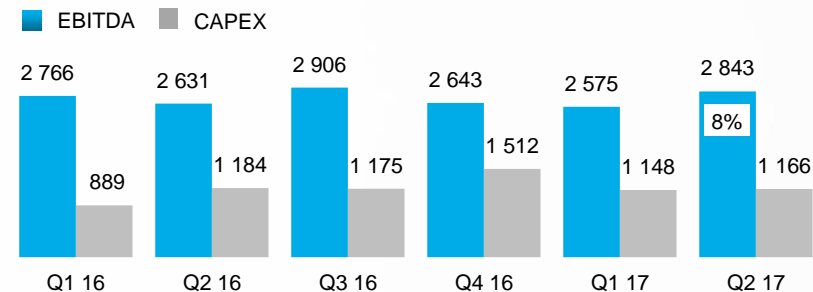
Mobile ARPU (NOK/month)



Revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

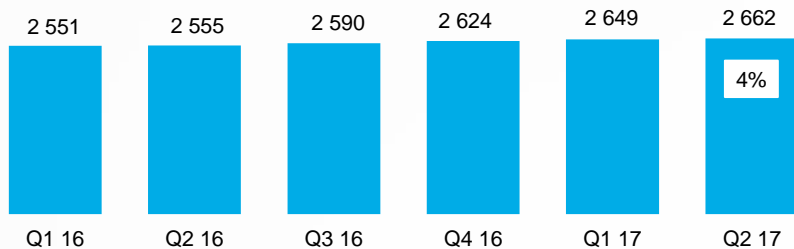


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

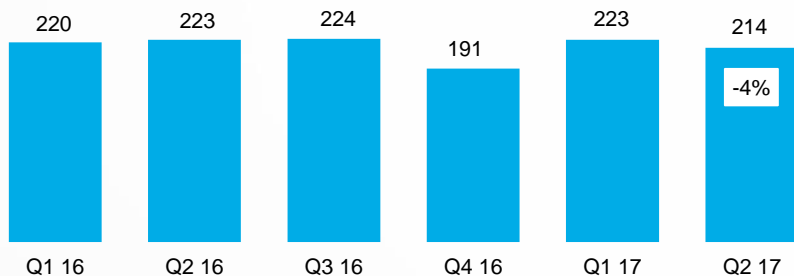
 Organic growth

SWEDEN

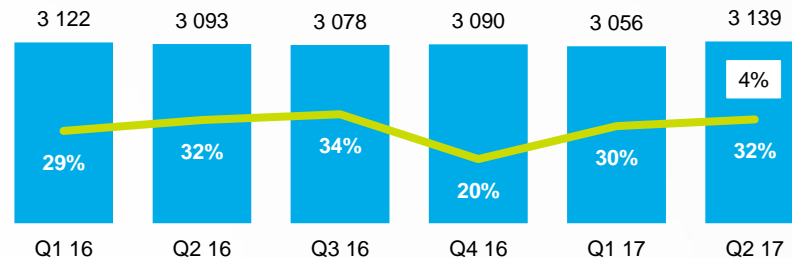
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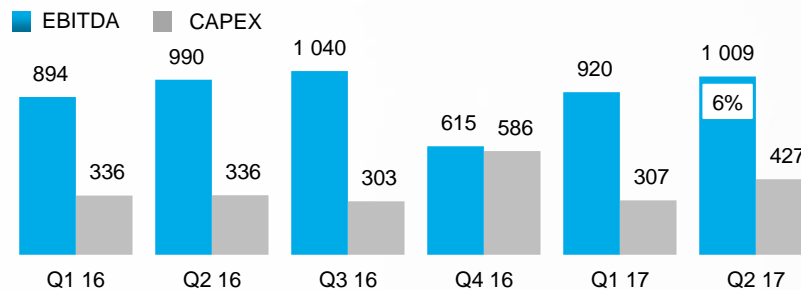
Mobile ARPU (SEK/month)



Revenues (NOK m) and EBITDA margin



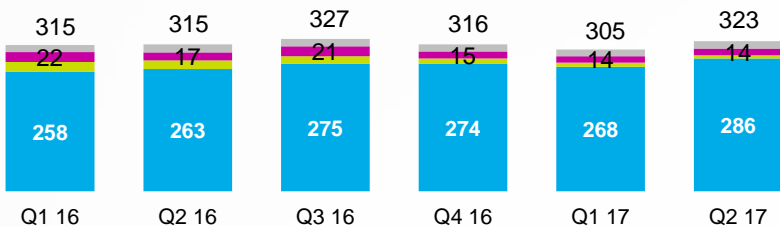
EBITDA and capex (NOK m)



ADDITIONAL INFORMATION – NORWAY AND SWEDEN

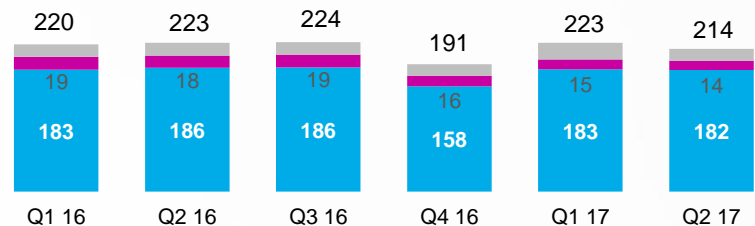
Norway – mobile ARPU (NOK)

■ Interconnect ■ Roaming ■ Handset related ■ Domestic



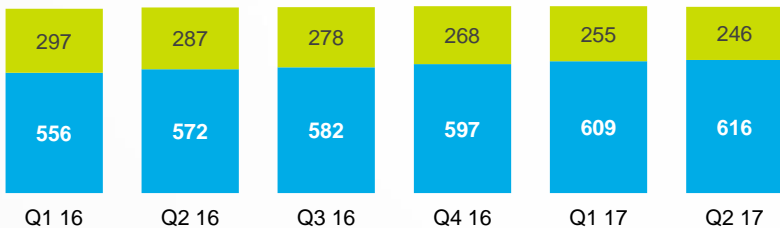
Sweden – mobile ARPU (SEK)

■ Domestic ■ Roaming ■ Interconnect



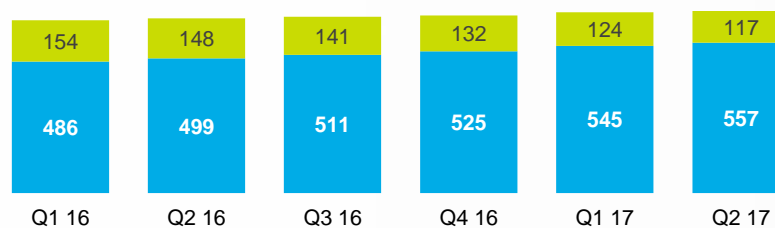
Norway – fixed broadband subscribers ('000)

■ High-speed ■ Low-speed



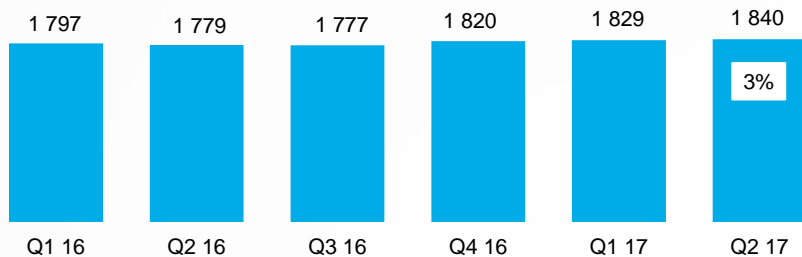
Sweden – fixed broadband subscribers ('000)

■ High-speed ■ Low-speed

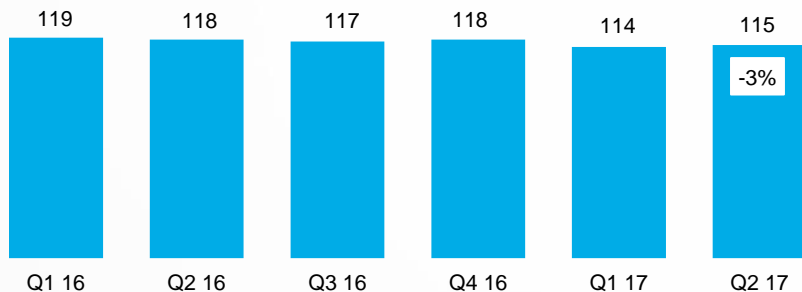


DENMARK

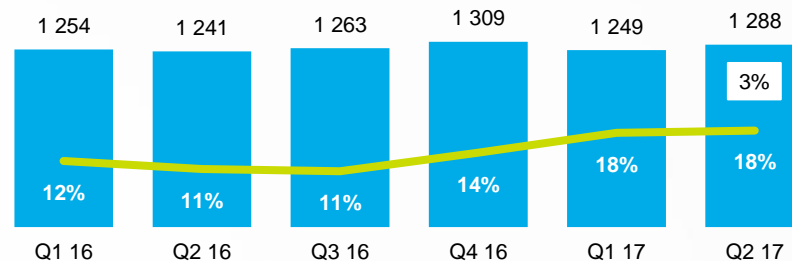
Mobile subscribers ('000)



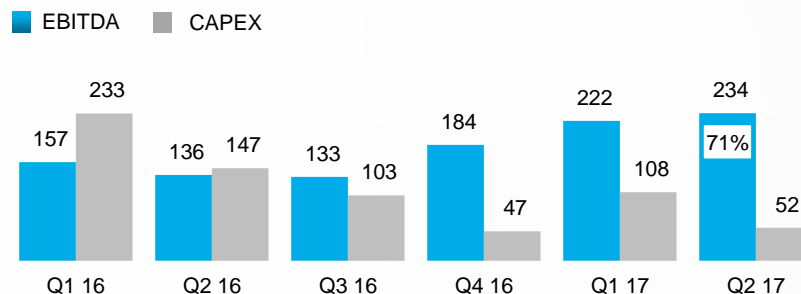
Mobile ARPU (DKK/month)



Revenues (NOK m) and EBITDA margin

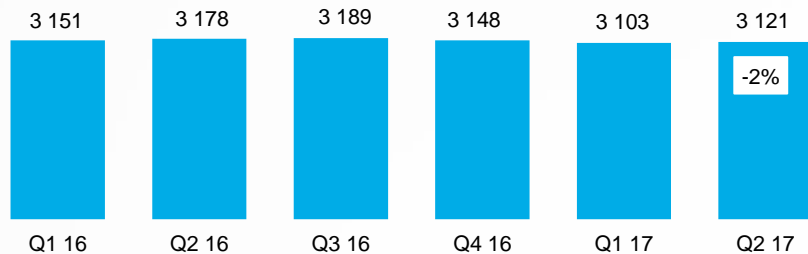


EBITDA and capex (NOK m)

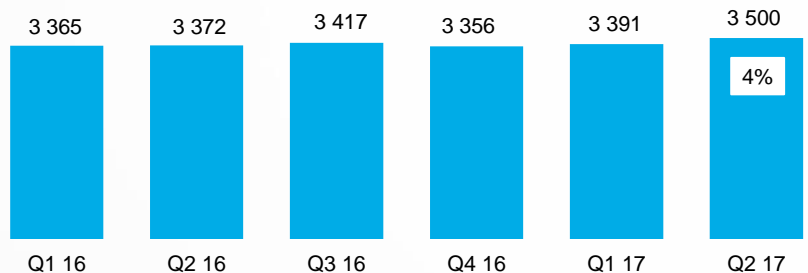


HUNGARY

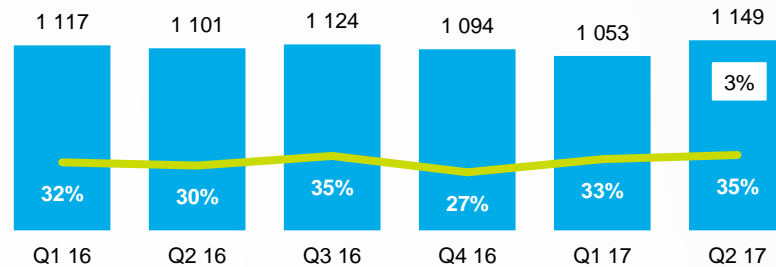
Mobile subscribers ('000)



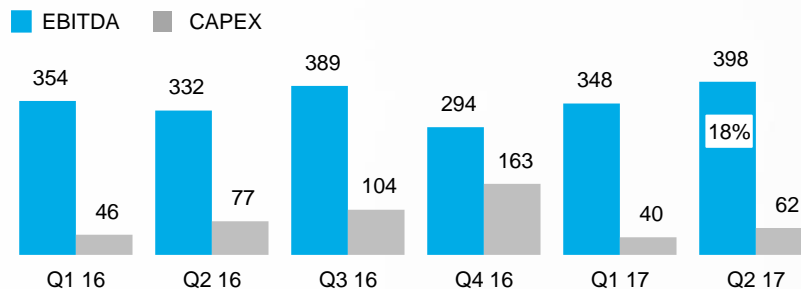
Mobile ARPU (HUF/month)



Revenues (NOK m) and EBITDA margin

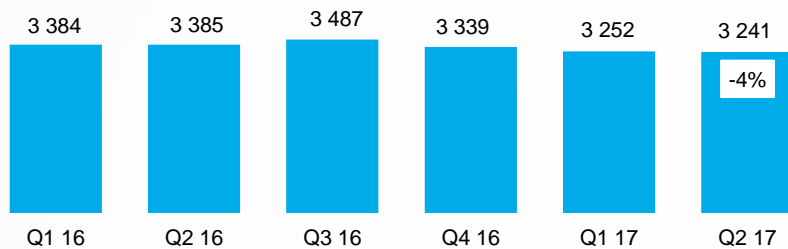


EBITDA and capex (NOK m)

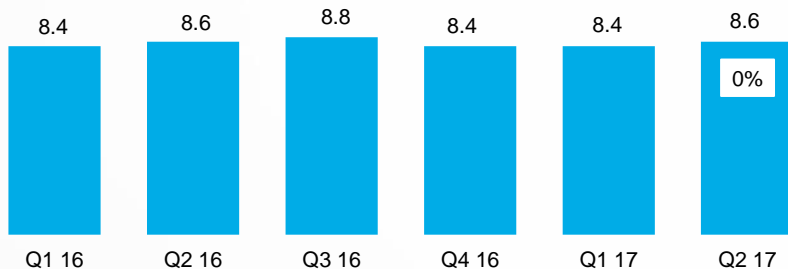


SERBIA AND MONTENEGRO

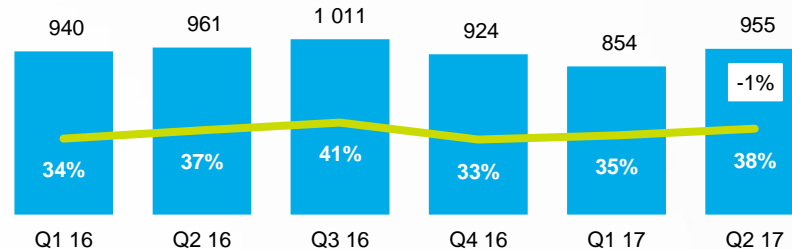
Mobile subscribers ('000)



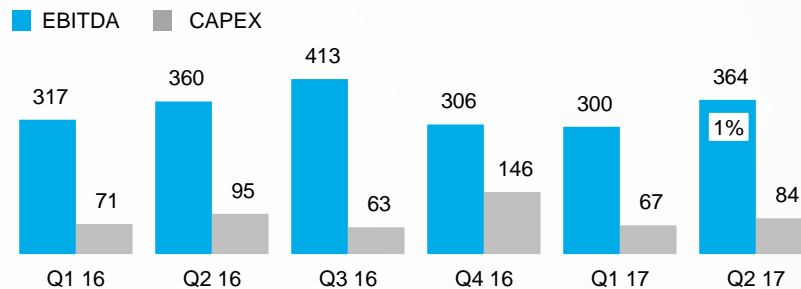
Mobile ARPU (EUR/month)



Revenues (NOK m) and EBITDA margin

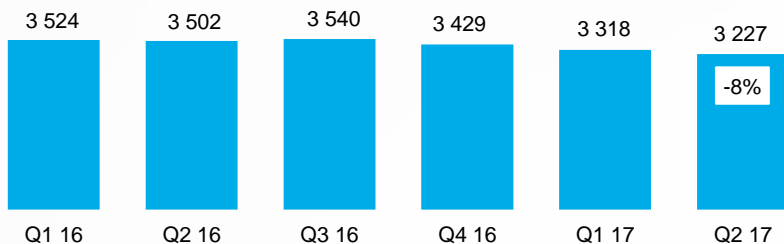


EBITDA and capex (NOK m)

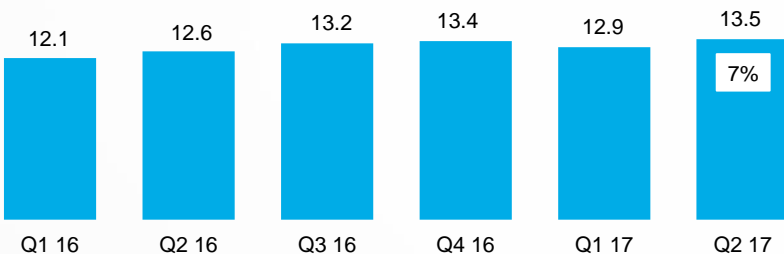


BULGARIA

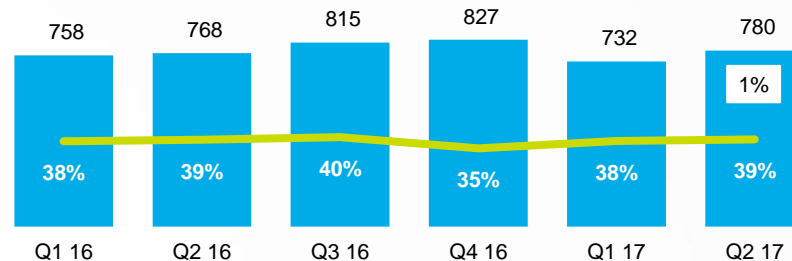
Mobile subscribers ('000)



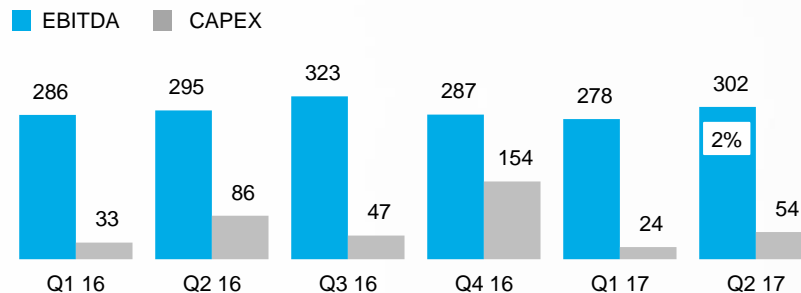
Mobile ARPU (BGN/month)



Revenues (NOK m) and EBITDA margin

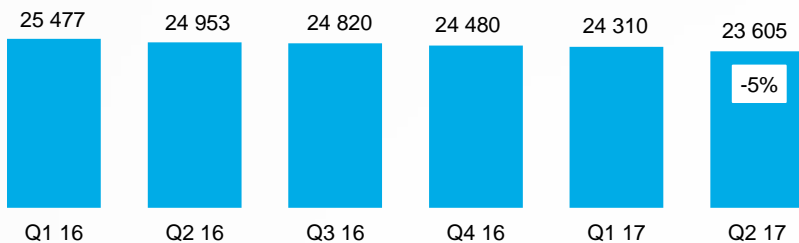


EBITDA and capex (NOK m)

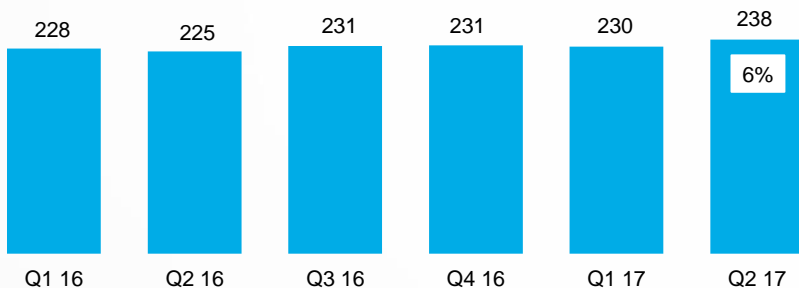


THAILAND (DTAC)

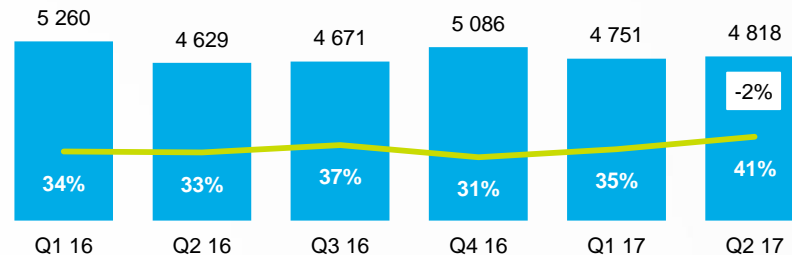
Mobile subscribers ('000)



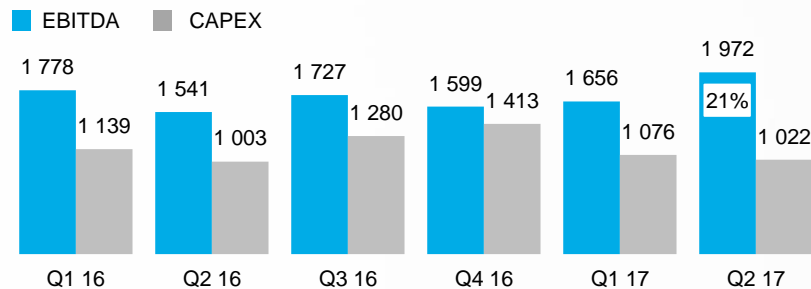
Mobile ARPU (THB/month)



Revenues (NOK m) and EBITDA margin

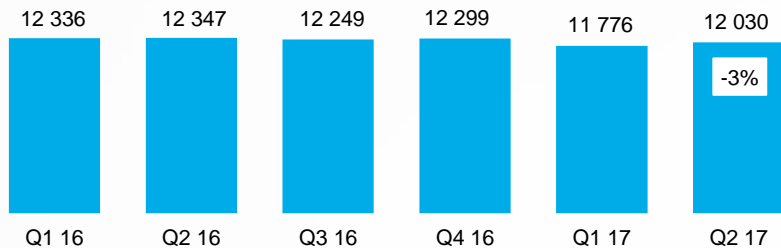


EBITDA and capex (NOK m)

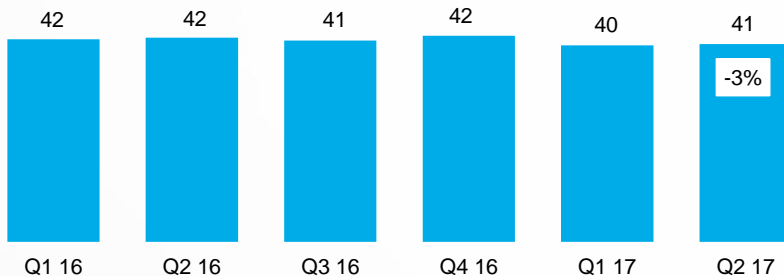


MALAYSIA (DIGI)

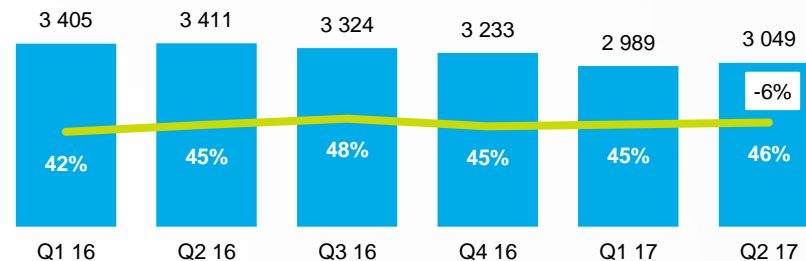
Mobile subscribers ('000)



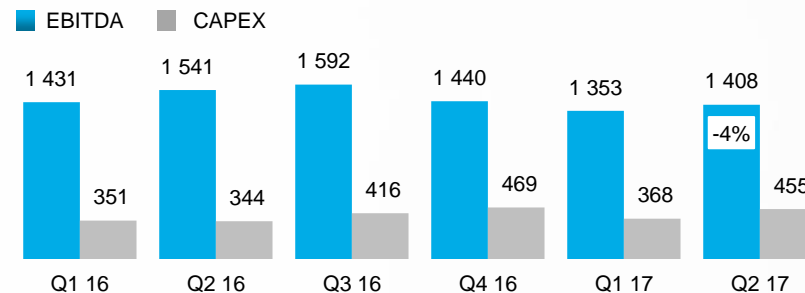
Mobile ARPU (MYR/month)



Revenues (NOK m) and EBITDA margin

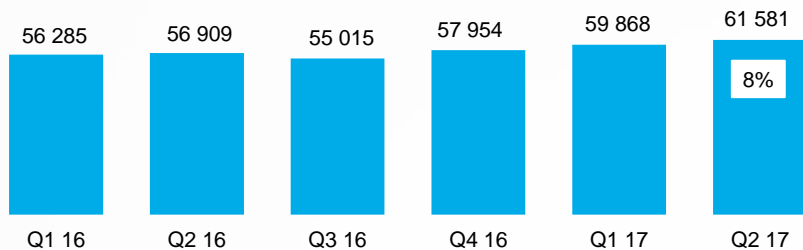


EBITDA and capex (NOK m)

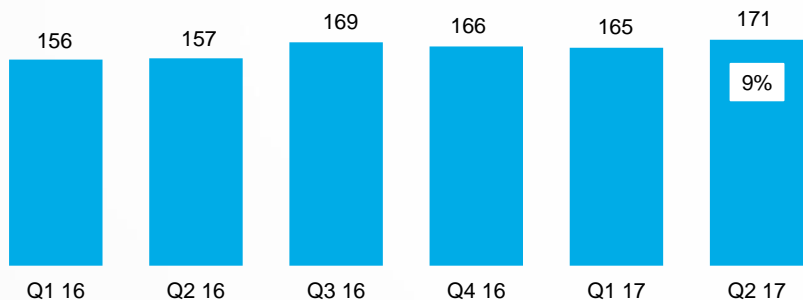


BANGLADESH (GRAMEENPHONE)

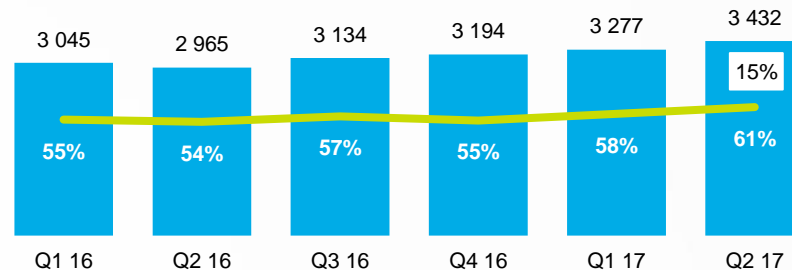
Mobile subscribers ('000)



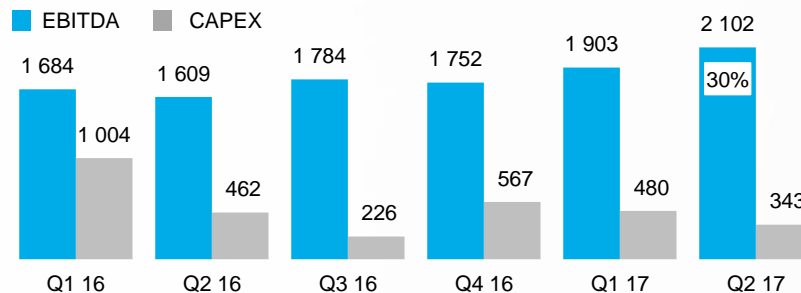
Mobile ARPU (BDT/month)



Revenues (NOK m) and EBITDA margin

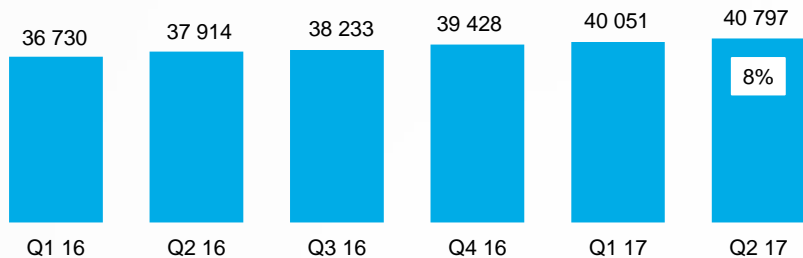


EBITDA and capex (NOK m)

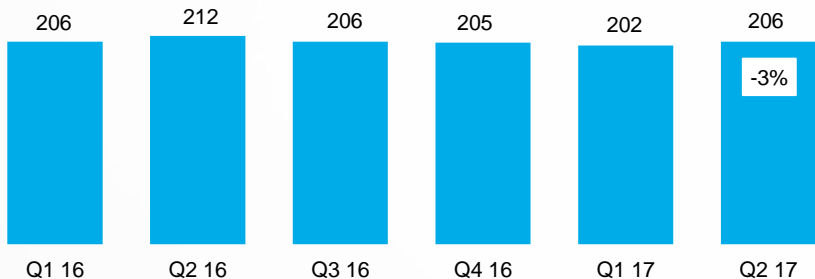


PAKISTAN

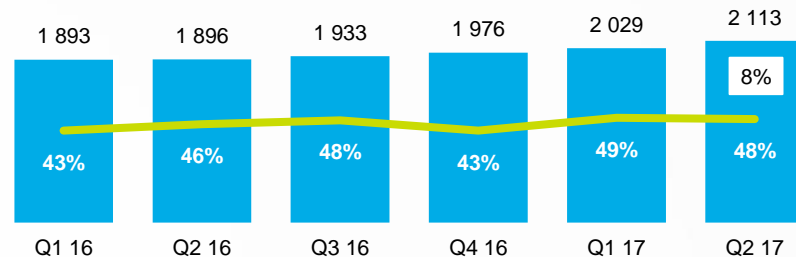
Mobile subscribers ('000)



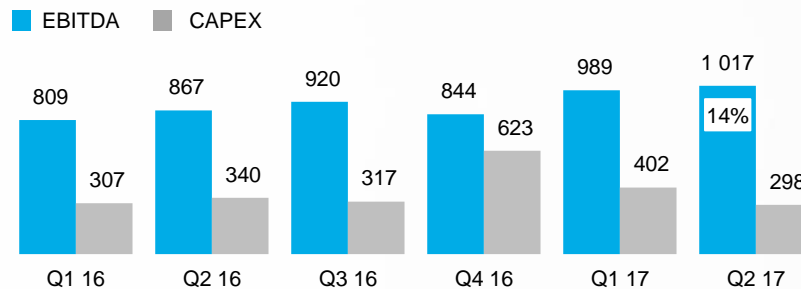
Mobile ARPU (PKR/month)



Revenues (NOK m) and EBITDA margin

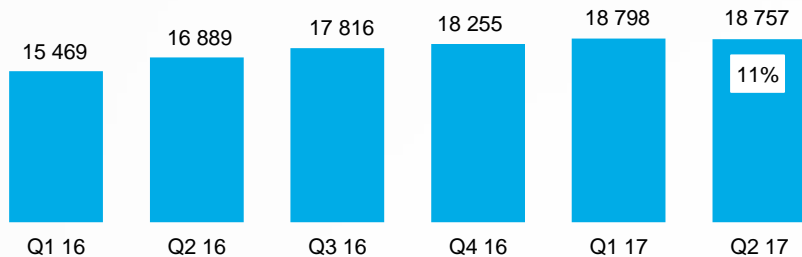


EBITDA and capex (NOK m)

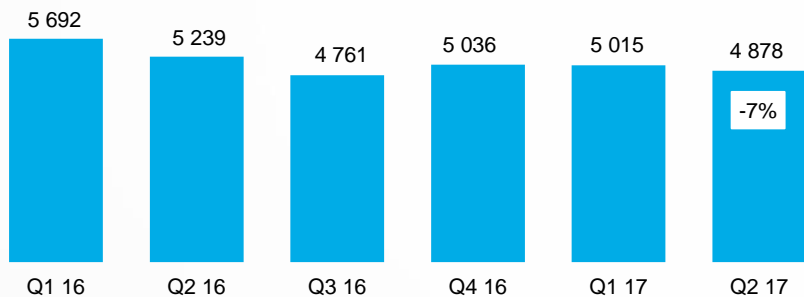


MYANMAR

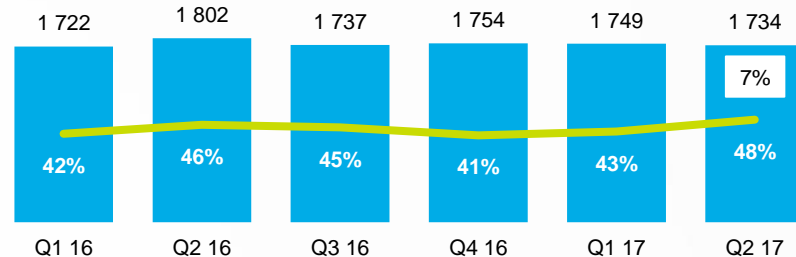
Mobile subscribers ('000)



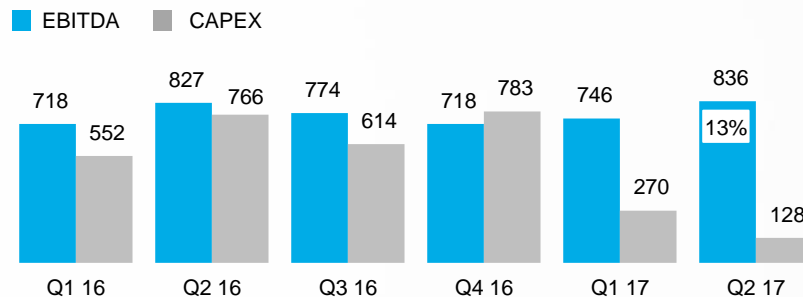
Mobile ARPU (MMK/month)



Revenues (NOK m) and EBITDA margin

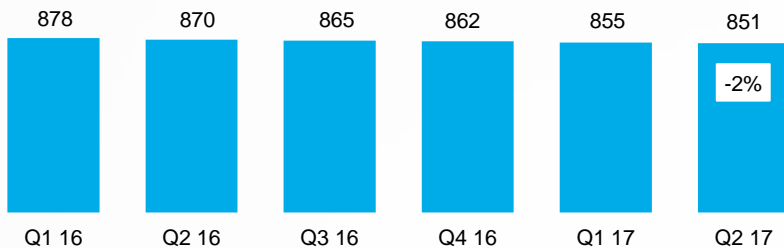


EBITDA and capex (NOK m)

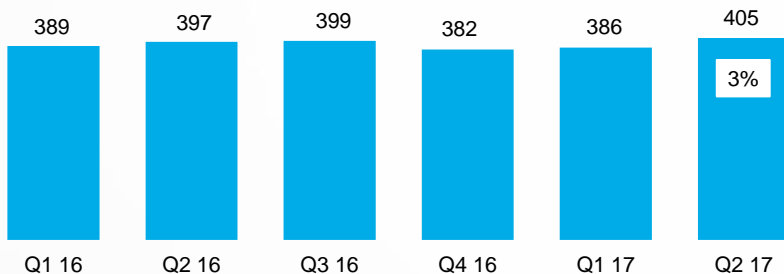


BROADCAST

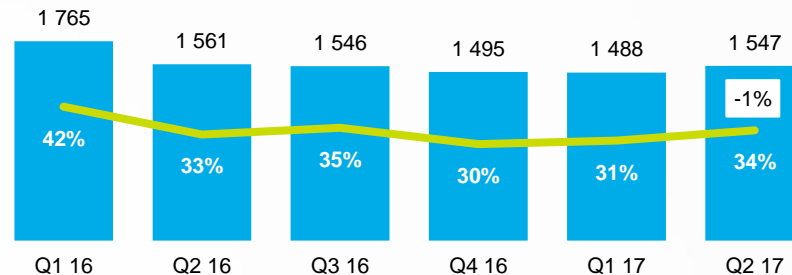
DTH subscribers ('000)



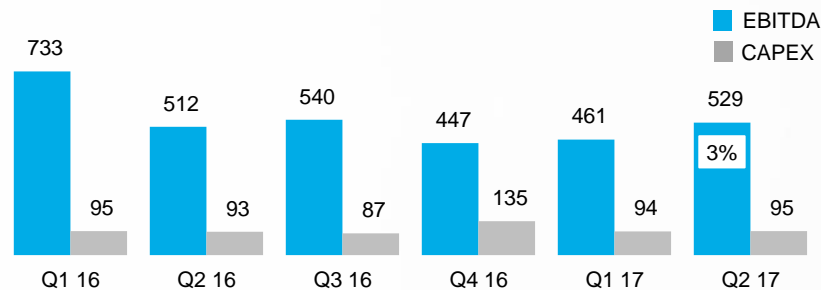
DTH ARPU (NOK/month)



Revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)



CHANGES IN REVENUES AND EBITDA

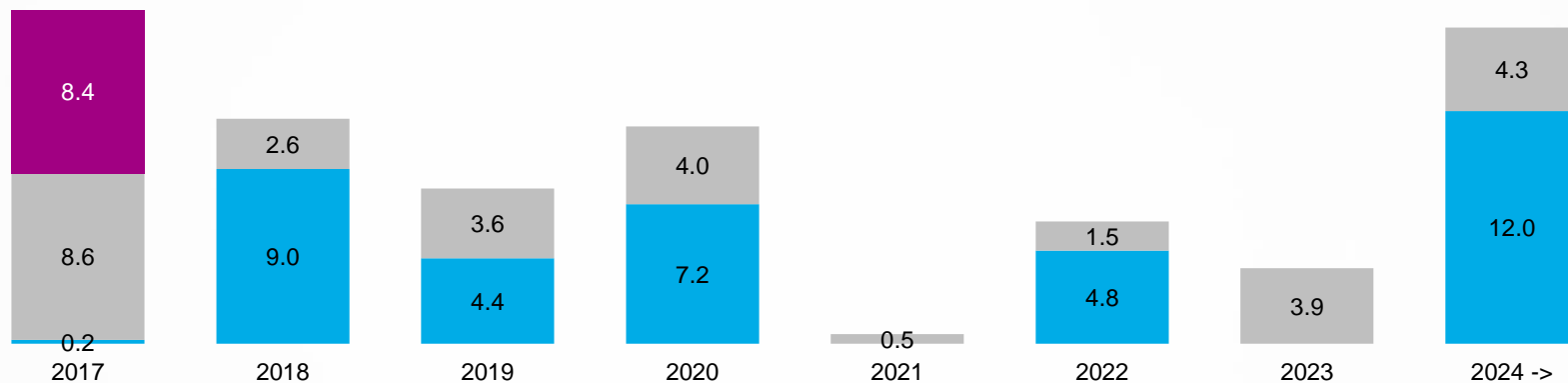
	Revenues		EBITDA	
	Reported	Organic	Reported	Organic
Norway	-0.3 %	-0.3 %	8.1 %	8.1 %
Sweden	1.5 %	5.5 %	1.9 %	6.0 %
Denmark	3.8 %	3.3 %	72.1 %	71.2 %
Hungary	4.3 %	2.8 %	19.7 %	18.0 %
Montenegro and Serbia	-0.6 %	-1.0 %	1.0 %	0.9 %
Bulgaria	1.7 %	1.3 %	2.3 %	2.0 %
Thailand	4.1 %	-1.9 %	28.0 %	20.9 %
Malaysia	-10.6 %	-6.2 %	-8.6 %	-4.1 %
Bangladesh	15.8 %	15.4 %	30.7 %	30.2 %
Pakistan	11.4 %	8.3 %	17.3 %	14.1 %
Myanmar	-3.8 %	7.2 %	1.0 %	12.6 %
Broadcast	-0.9 %	-0.9 %	3.2 %	3.2 %
Telenor Group	1.8 %	2.1 %	11.8 %	12.6 %

DEBT MATURITY PROFILE (NOK BN)

Net debt in partly-owned subsidiaries:

NOK bn	Q2 2017	Q1 2017	Q2 2016
Digi	4.1	4.1	2.3
dtac	6.7	7.8	7.5
Grameenphone	1.3	1.4	3.5

- VEON exch. bond
- Subsidiaries
- Telenor ASA



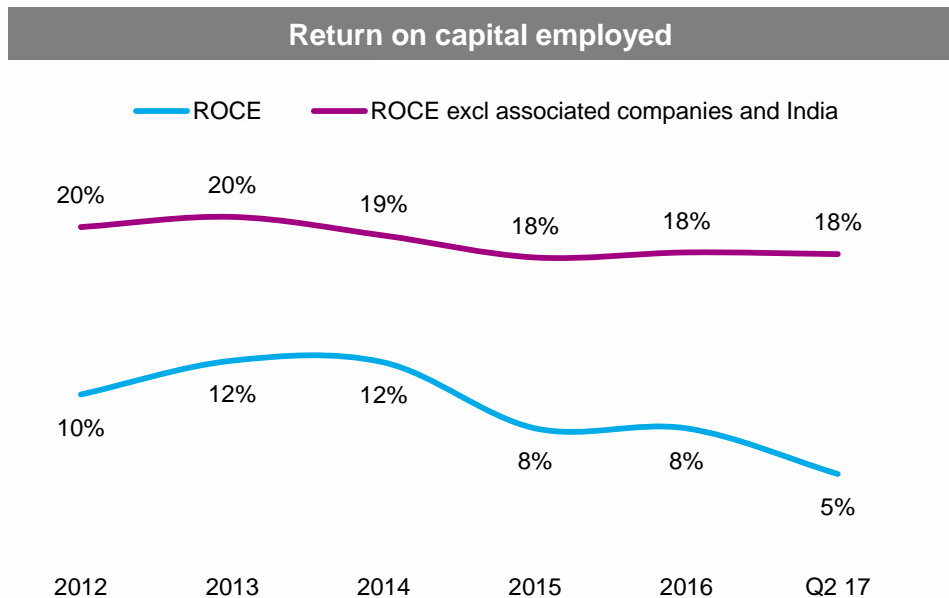
BALANCE SHEET AND KEY RATIOS

	Q2 2017	Q1 2017	Q2 2016
Total assets	202.3	209.5	204.2
Equity attributable to Telenor ASA shareholders	50.8	54.8	56.9
Gross debt*	78.0	85.5	81.1
Net debt	51.9	53.7	59.0
Net debt/EBITDA	1.1	1.2	1.3
Return on capital employed**	5%	7%	6%

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

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

RETURN ON CAPITAL EMPLOYED



NET DEBT RECONCILIATION

NOK bn	Q2 2017	Q1 2017	Q2 2016
Current interest bearing liabilities	26.6	32.5	23.2
Non-current interest bearing liabilities	51.4	53.0	57.9
Licence obligations	(2.8)	(2.6)	(5.1)
Debt excluding licence obligations	75.2	82.9	76.0
Cash and cash equivalents	(20.6)	(26.1)	(13.3)
Investments in bonds and commercial papers	(1.0)	(1.0)	(1.1)
Fair value hedge instruments	(1.7)	(2.1)	(2.6)
Net interest bearing debt excl. licence obligations	51.9	53.7	59.0

FREE CASH FLOW

NOK millions	Q2 2017	Q1 2017	Q2 2016
Net cash flows from operating activities	11 601	9 163	8 880
Net cash flows from investing activities	440	-5 372	-6 387
Repayments of borrowings - license obligations	-292	-149	-238
Repayments of borrowings – supply chain financing	-877	-1 133	-810
Dividends paid to and purchase of share from non-controlling interest	-926	-343	-949
Free cash flow	9 946	2 166	497