

2016

TELENOR GROUP – FOURTH QUARTER

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HIGHLIGHTS 2016

FOURTH QUARTER

- Revenues of NOK 33.1 bn (+1%)
- EBITDA of NOK 10.8 bn (+2%)
- High investments in mobile and fibre networks

FULL YEAR

- Revenues of NOK 131.4 bn (+1%)
- EBITDA of NOK 46.5 bn (+5%)
- Progress on transformation agenda
- Free cash flow to equity of NOK 10.3 bn
- Dividend of NOK 7.80 per share

GOOD MOMENTUM ON FIBRE ROLL-OUT IN NORWAY AND SWEDEN

NORWAY

- 3% mobile ARPU growth adj. for handset related effects
- 17% growth in high-speed broadband revenues
- Capex of NOK 1.5 bn, focused on 4G and fibre roll-out

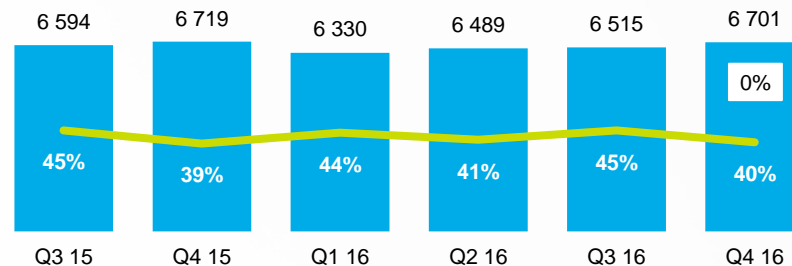
SWEDEN

- 5% EBITDA growth, adj. for one-time effects
- 5% growth in fixed revenues, driven by fibre

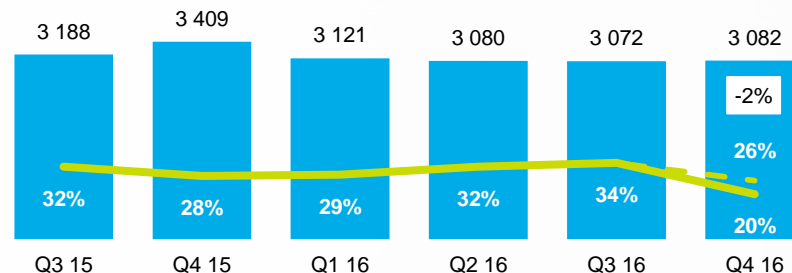
DENMARK

- 44,000 net mobile subscriber growth in continued highly competitive environment
- 6% organic revenue decline and 12% EBITDA margin

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



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



Organic revenue growth.

Sweden EBITDA % in Q4 16 adjusted for one-time effect

PERFORMANCE IN CENTRAL AND EASTERN EUROPE IN LINE WITH TRENDS

HUNGARY

- 2% organic decline in subscription and traffic revenues
- 10% organic growth in EBITDA, driven by opex reduction

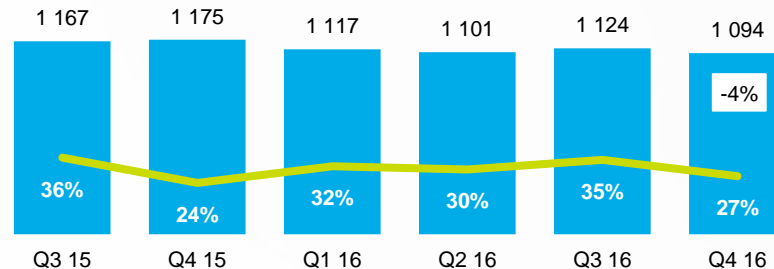
BULGARIA

- 5% organic subscription and traffic revenue growth
- Focus on pre to post migration in a highly competitive environment
- Awarded fastest mobile network in Bulgaria (Ookla)

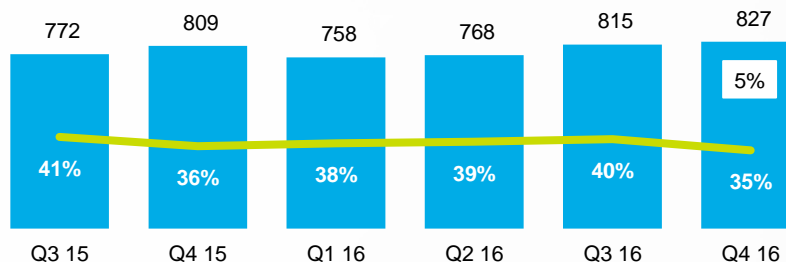
SERBIA AND MONTENEGRO


- 1% organic revenue growth and 30% EBITDA margin
- 254,000 net subscriber decline from seasonal prepaid churn

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



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



 Organic revenue growth

DOUBLE-DIGIT REVENUE GROWTH AND HEALTHY MARGINS IN EMERGING ASIA

BANGLADESH (GRAMEENPHONE)

- 12% organic subscription and traffic revenue growth
- 2.9 million net subscriber growth during Q4
- Leveraging on data position, supported by superior 3G network

PAKISTAN

- 10% organic subscription and traffic revenue growth
- 1.2 million net subscriber growth during Q4

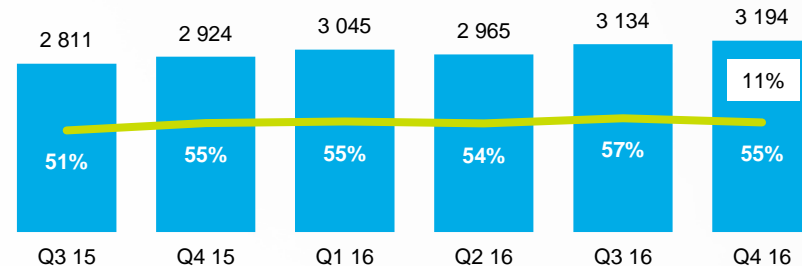
MYANMAR

- 20% organic revenue growth and 41% EBITDA margin
- 0.4 million net subscriber growth and 6% ARPU uplift vs Q3

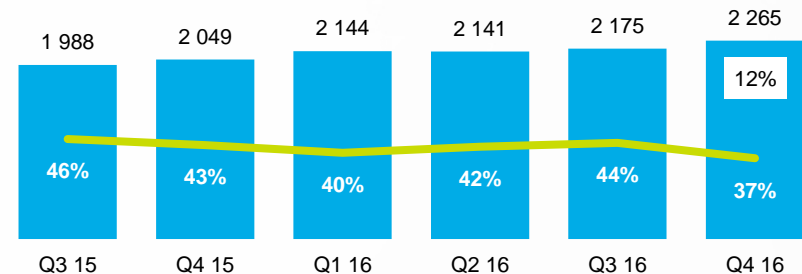
INDIA


- Operating cash flow break-even following tight cost control

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



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



 Organic revenue growth

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

EBITDA GROWTH AND SOLID POSTPAID PERFORMANCE IN THAILAND AND MALAYSIA

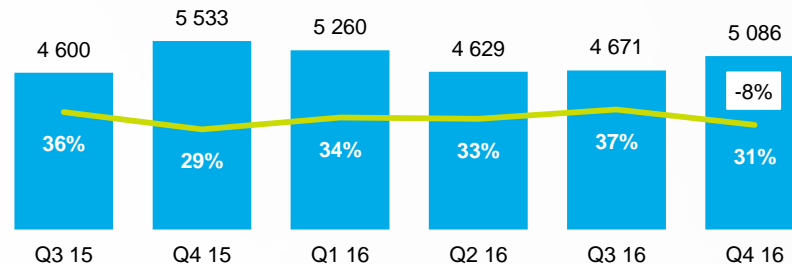
THAILAND (DTAC)

- 15% organic growth in postpaid revenues
- 1% organic EBITDA growth amidst 3% decline in subscription and traffic revenues
- Lower regulatory cost offsetting prepaid device subsidies
- 2,700 new 4G sites rolled out during the quarter

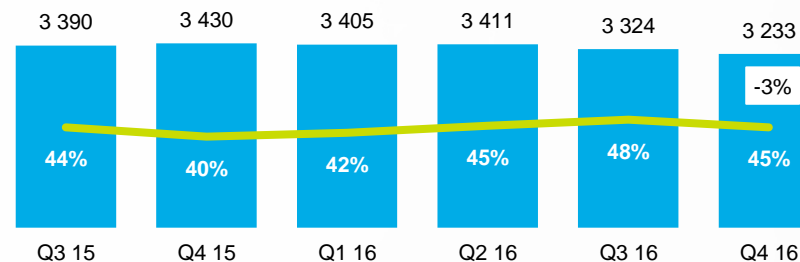
MALAYSIA (DIGI)

- 14% organic growth in postpaid revenues
- 6% organic EBITDA growth amidst 2% decline in subscription and traffic revenue
- Improved margin on international traffic
- 4G network reaching 85% population coverage

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



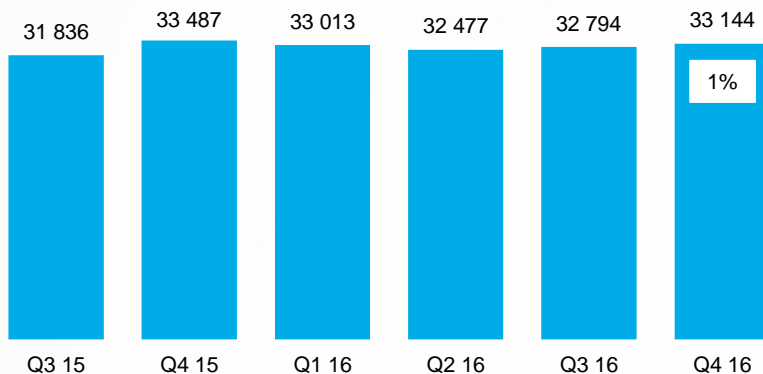
Malaysia - Revenues (NOK m) and EBITDA margin (%)



 Organic growth

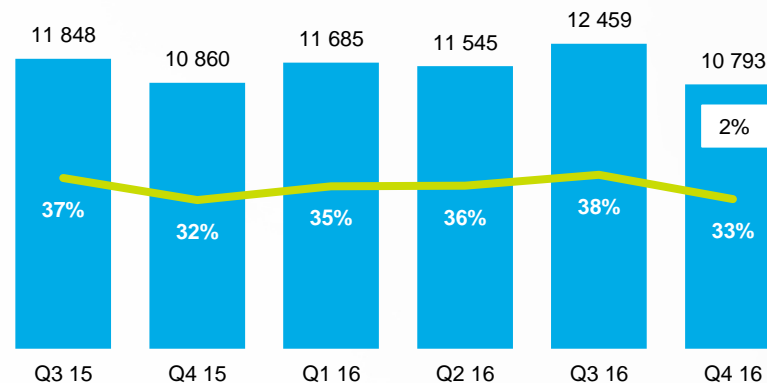
1% ORGANIC REVENUE GROWTH AND 2% EBITDA GROWTH

Revenues (NOK m)



- 1.2% organic growth adj. for one-time effect in Sweden
- Organic revenue growth driven by emerging Asian operations and improved momentum on fibre in Norway and Sweden
- Lower handset sale vs Q4 2015, especially in Thailand

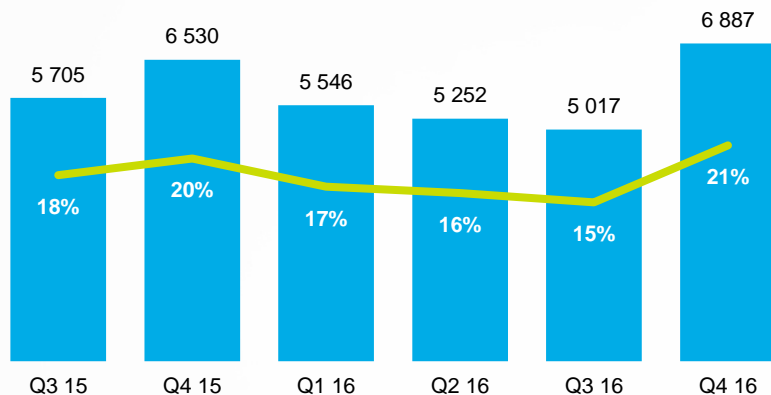
EBITDA (NOK m) and EBITDA margin (%)



- 4.8% organic growth adj. for one-time effect in Sweden
- Organic EBITDA growth driven by increased contribution from Bangladesh, Malaysia, Myanmar and India

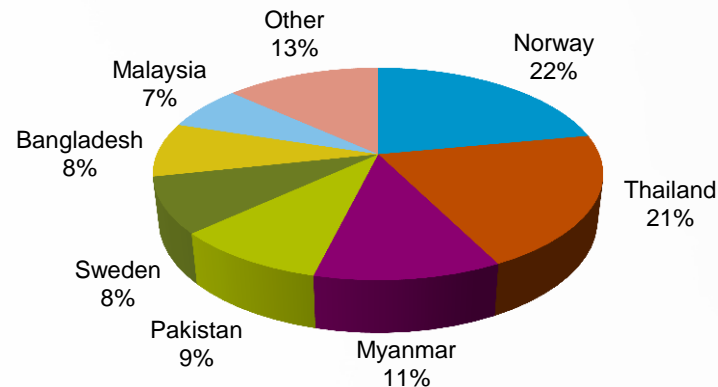
CAPEX OF NOK 6.9 BILLION, DRIVEN BY INVESTMENTS IN 3G/4G AND FIBRE

Capex (NOK m) and capex/sales



- Full-year capex of NOK 23 bn, with capex/sales of 17.3%

Capex distribution



- Fibre capex in Norway and Sweden of around NOK 0.8 bn in Q4, and around NOK 2.5 bn for full year 2016

CONSOLIDATED INCOME STATEMENT – Q4 AND FULL YEAR

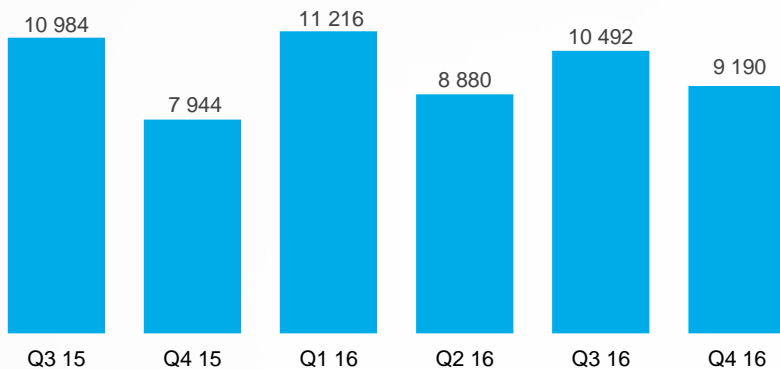
NOK m	Q4 16	Q4 15	Year 2016	Year 2015
Revenues	33 144	33 487	131 427	128 175
EBITDA before other items	10 793	10 860	46 483	44 197
Other items	- 326	-257	-1 380	-872
EBITDA	10 467	10 603	45 103	43 325
Depreciation and amortisation	-5 094	-5 083	-20 050	-18 384
Impairment losses	-1 187	-2 103	-7 983	-2 181
Operating profit	4 186	3 417	17 070	22 761
Associated companies	1 439	-2 835	-1 796	-6 819
Net financials	-1 803	-980	-3 543	-2 921
Taxes	-910	-995	-5 924	-6 317
Non-controlling interests	625	732	2 974	3 289
Net income to Telenor equity holders	2 286	-2 125	2 832	3 414
Earnings per share (NOK)	1.52	-1.42	1.89	2.27

ADJUSTED* NET INCOME OF NOK 2.7 BILLION IN Q4

NOK m	Reported Q4 16	Adjustment	Adjusted Q4 16	
Revenues	33 144	203	33 347	• VAT provision Sweden
EBITDA before other items	10 793	251	11 044	• Workforce reductions (-355m)
Other items	- 326	326	0	• Scrapping (-457m)
EBITDA	10 467		11 044	• Sale of property (+458m)
Depreciation and amortisation	-5 094		-5 094	
Impairment losses	- 1 187	1 187	0	• India capex (-155m)
Operating profit	4 186		5 951	• Tapad goodwill (-1.0 bn)
Associated companies	1 439	-1 528	-89	• Reversal VimpelCom impairment incl. share of Q3 net income
Net financials	-1 803	478	-1 325	
Taxes	-910	-274	-1 185	• Loss on derivative /exchangeable bond)
Non-controlling interests	625	-23	648	
Net income - Telenor equity holders	2 286	417	2 703	
Earnings per share (NOK)	1.52		1.80	

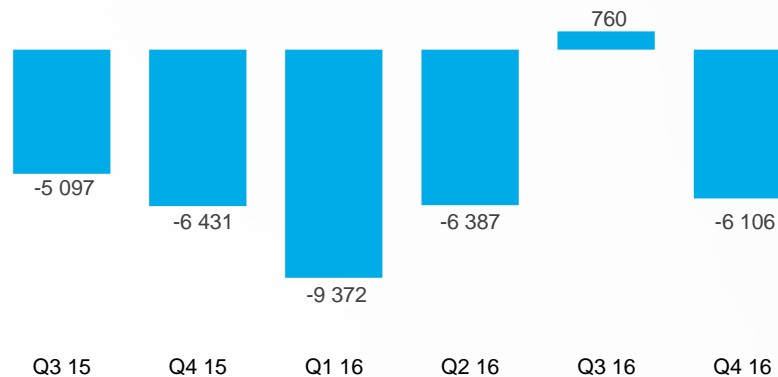
FREE CASH FLOW TO EQUITY OF NOK 10.3 BILLION IN 2016

Net cash flow from operating activities (NOK m)



- NOK 39.8 bn in cash flow from operating activities in 2016, vs NOK 37.1 bn in 2015

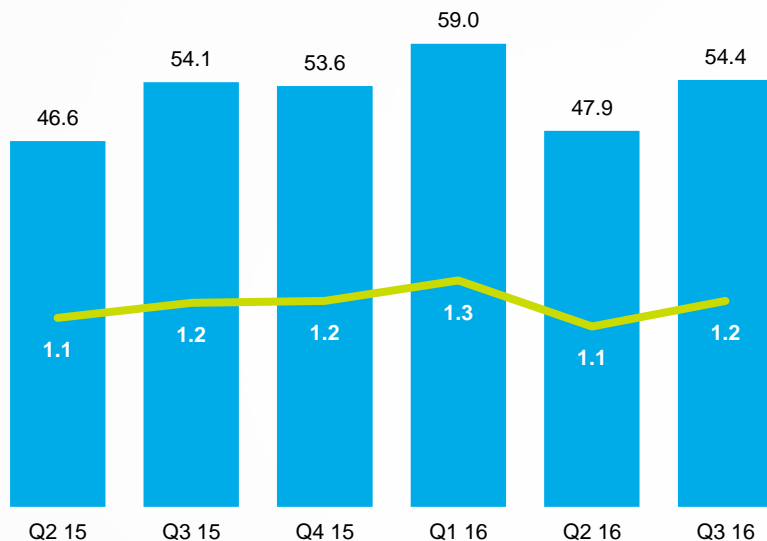
Net cash flow from investing activities (NOK m)



- NOK -21.1 bn in cash flow from investing activities in 2016, vs NOK -20.3 bn in 2015

NET DEBT OF NOK 54 BN AND NET DEBT/EBITDA OF 1.2x

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

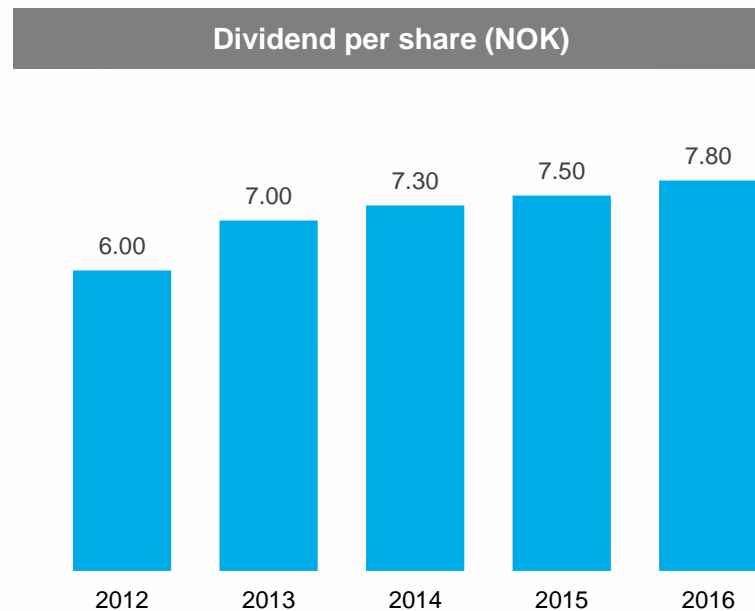


Change in net debt (NOK bn)

Net debt 30 Sep 2016	47.9
EBITDA	(10.5)
Income taxes paid	1.5
Net interest paid	0.3
Capex paid	6.8
Divestment of business	(0.5)
Dividends paid to Telenor shareholders	5.0
Dividends paid to non-controlling interests	0.4
Currency effects	1.1
Reclassification of deposits fin. services	1.2
Changes in working capital and other	0.7
<i>Net change during Q4 16</i>	<i>6.5</i>
Net debt 31 Dec 2016	54.4

DIVIDEND OF NOK 7.80 PER SHARE FOR 2016

- Proposing a total dividend per share of NOK 7.80 for 2016, for AGM approval in May
- Annual dividend to be paid out in two instalments:
 - NOK 4.30 to be paid out in May
 - NOK 3.50 to be paid out in November
- Total payout of NOK 11.7 billion, +4% vs 2015
- Confirming the company's ambition to deliver year-on-year growth in dividend



OUTLOOK FOR 2017

	2017	2016
Organic revenue growth	1-2%	1.1%
EBITDA margin	Around 36%	35.4%
Capex/sales ratio	15-16%	17.3%

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

A photograph of three young women with long hair, smiling and talking to each other. The woman on the right is holding a mobile phone to her ear. The image is partially obscured by a dark blue horizontal bar at the bottom.

HIGHLIGHTS 2016

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FULL YEAR

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- Free cash flow to equity of NOK 10.3 bn
- Dividend of NOK 7.80 per share

The background is a solid blue color with faint, semi-transparent white graphics. On the left, there is a 3D bar chart with bars of varying heights. A line graph is overlaid on the chart, with several data points labeled with numbers: 2.04, 4.341, 2.427, 5.321, 6.991, and 9.031. The year "2016" is written in large, white, semi-transparent numbers across the middle of the image. At the bottom, there is a decorative border of white leaf-like shapes.

TELENOR GROUP – FOURTH QUARTER APPENDIX

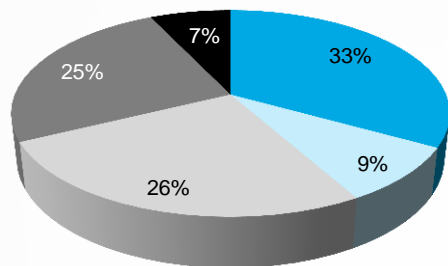


TELENOR GROUP

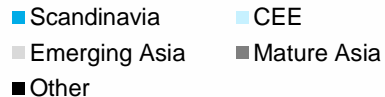
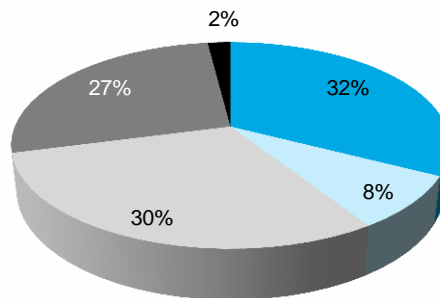
214 million consolidated mobile subscribers
Revenues in 2016: NOK 131 bn (USD 16 bn)
Market cap: NOK 194 bn (USD 23 bn)

GEOGRAPHIC SPLIT OF KEY FINANCIALS - FULL YEAR 2016

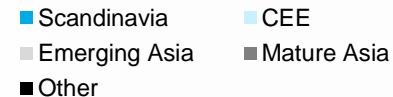
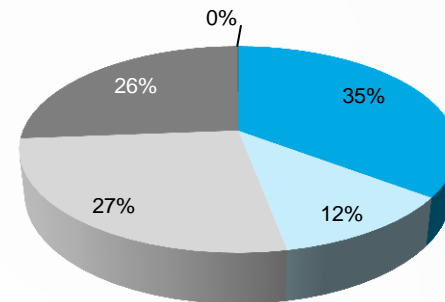
REVENUES



EBITDA

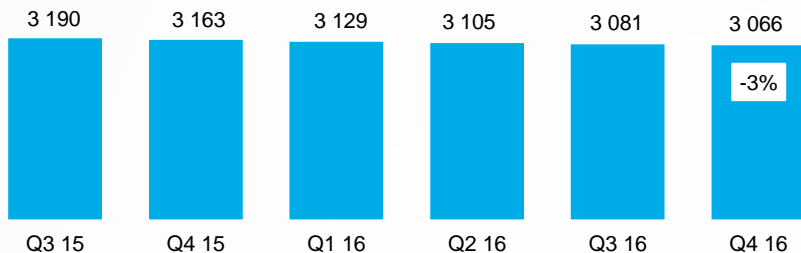


EBITDA LESS CAPEX

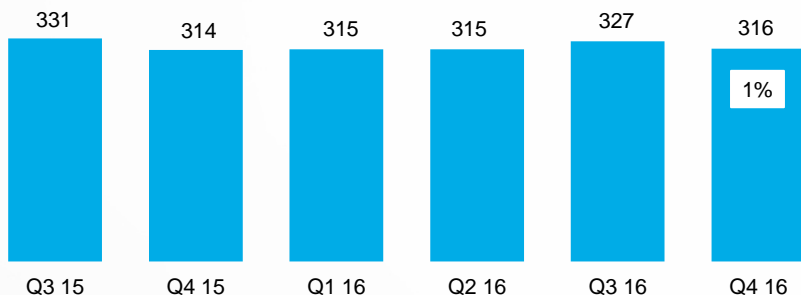


NORWAY

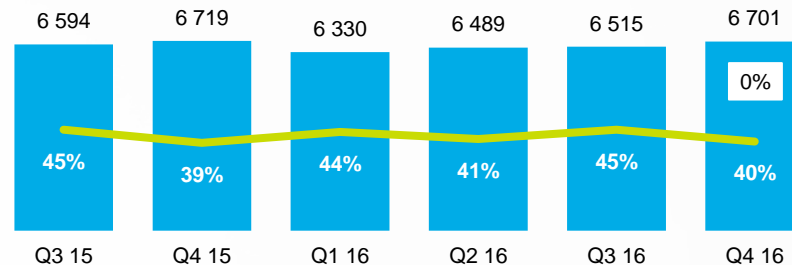
Mobile subscribers ('000)



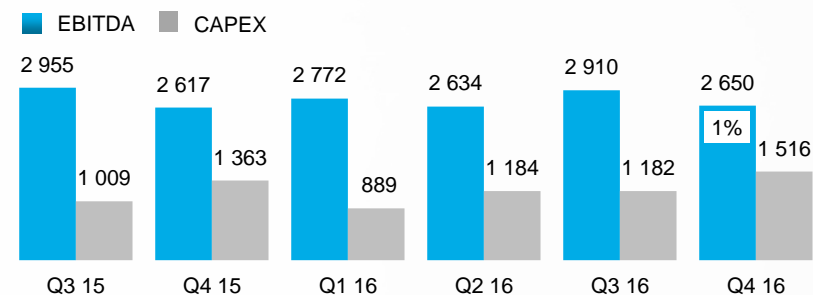
Mobile ARPU (NOK/month)



Revenues (NOK m) and EBITDA margin



EBITDA and capex (NOK m)

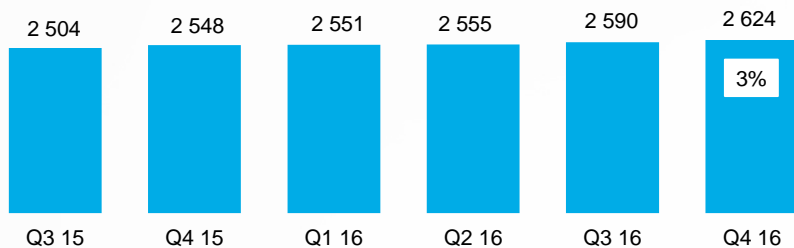


Organic growth assuming fixed currency, adjusted for acquisitions and disposals. EBITDA before other items. Capex excl. licence fees

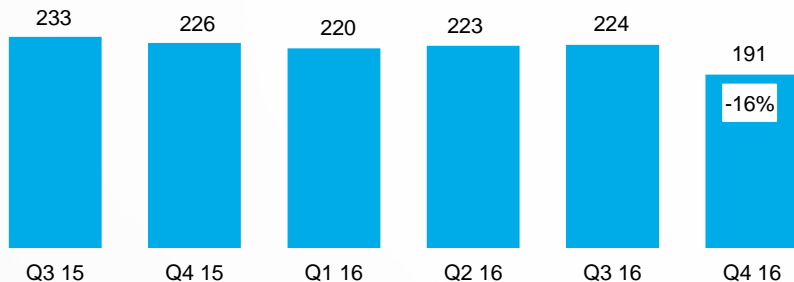
Organic growth

SWEDEN

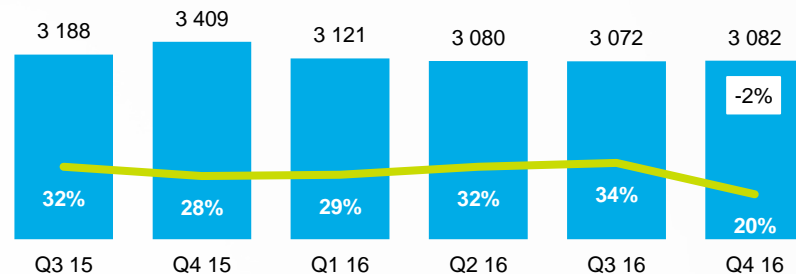
Mobile subscribers ('000)



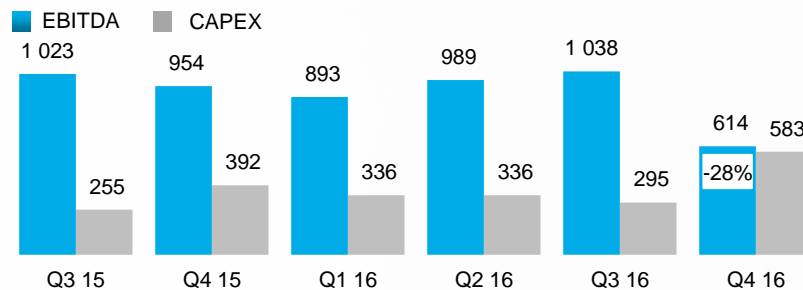
Mobile ARPU (SEK/month)



Revenues (NOK m) and EBITDA margin



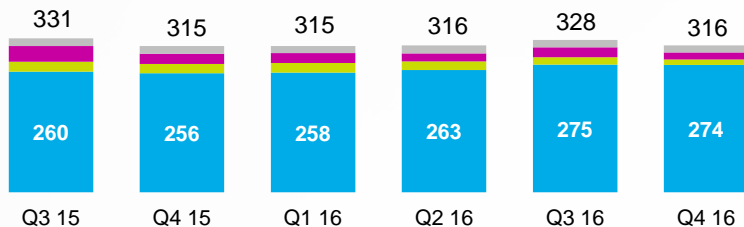
EBITDA and capex (NOK m)



ADDITIONAL INFORMATION – NORWAY AND SWEDEN

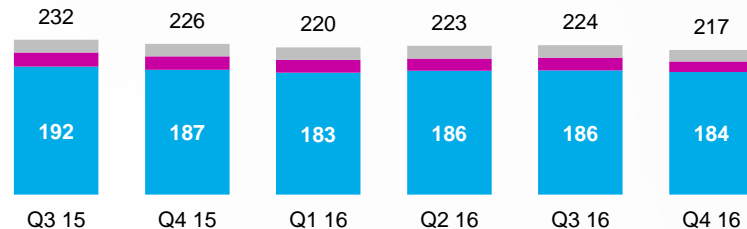
Norway – mobile ARPU (NOK)

■ Interconnect ■ Roaming ■ Handset related ■ Domestic



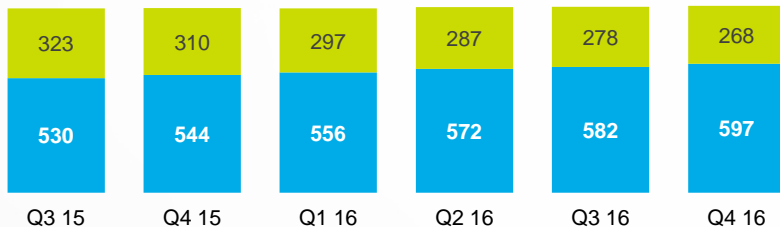
Sweden – mobile ARPU (SEK)*

■ Domestic ■ Roaming ■ Interconnect



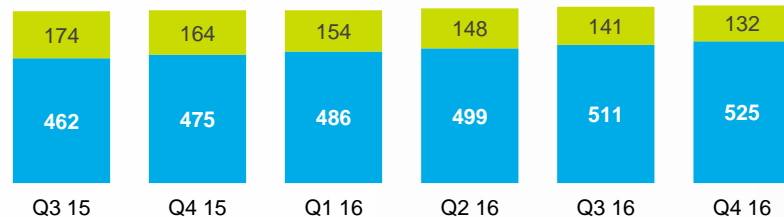
Norway – fixed broadband subscribers ('000)

■ High speed ■ Low speed



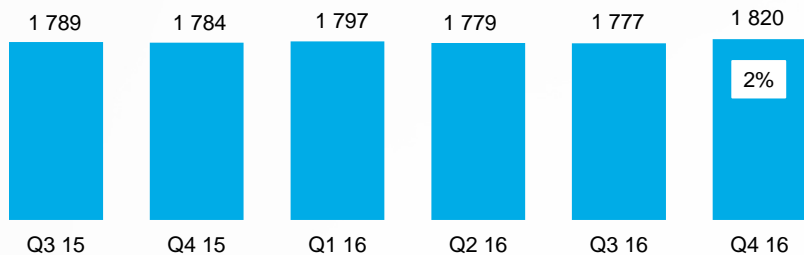
Sweden – fixed broadband subscribers ('000)

■ High speed ■ Low speed

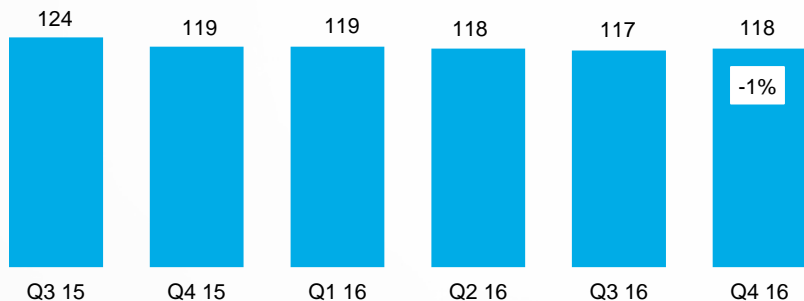


DENMARK

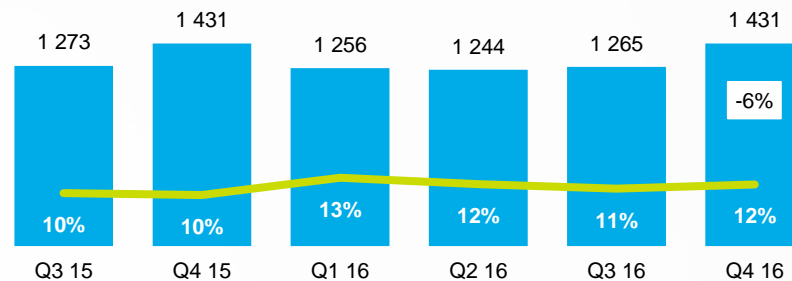
Mobile subscribers ('000)



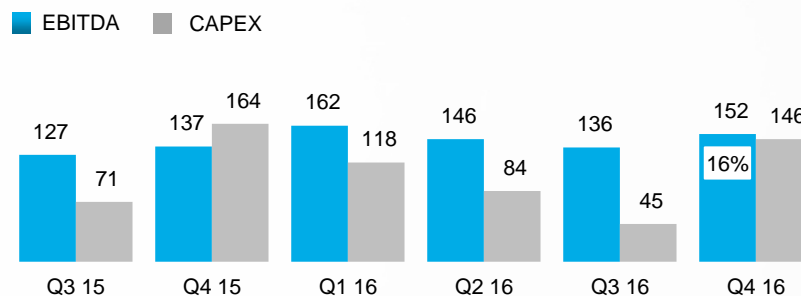
Mobile ARPU (DKK/month)



Revenues (NOK m) and EBITDA margin

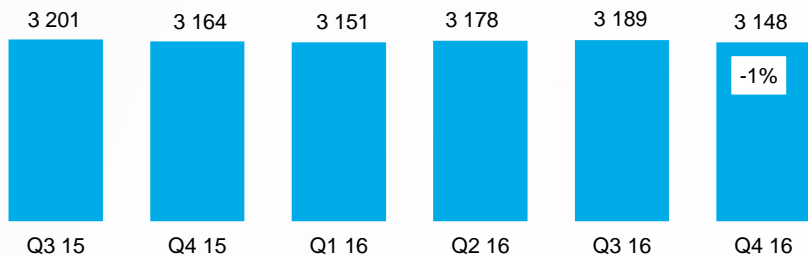


EBITDA and capex (NOK m)

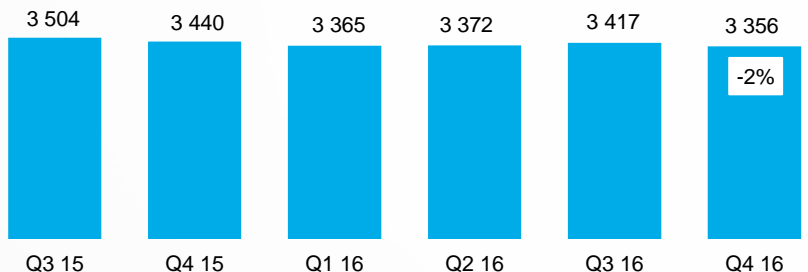


HUNGARY

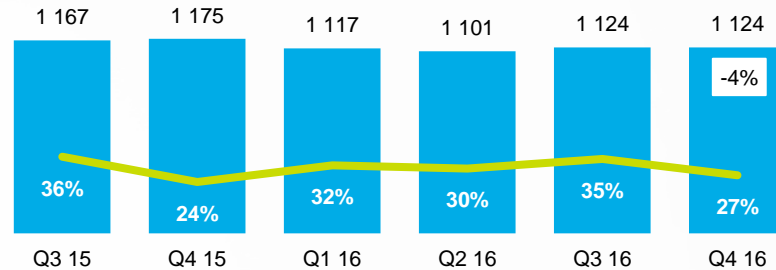
Mobile subscribers ('000)



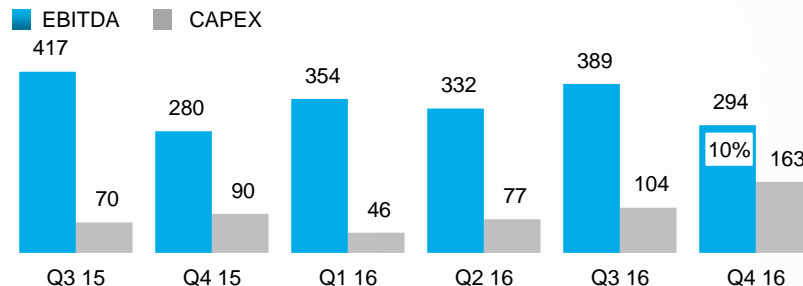
Mobile ARPU (HUF/month)



Revenues (NOK m) and EBITDA margin

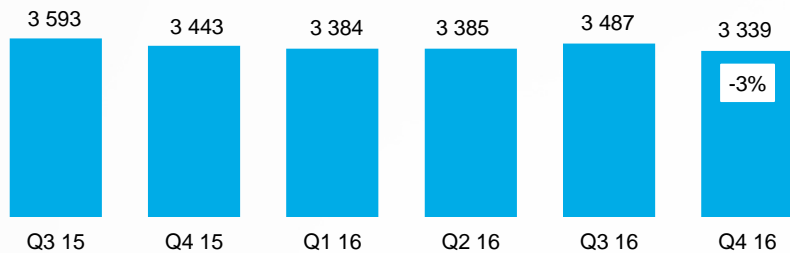


EBITDA and capex (NOK m)

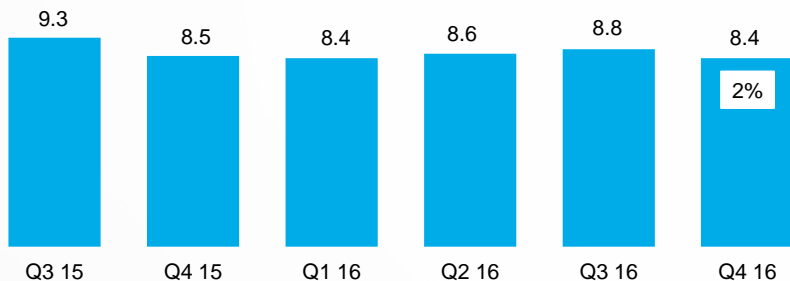


MONTENEGRO AND SERBIA

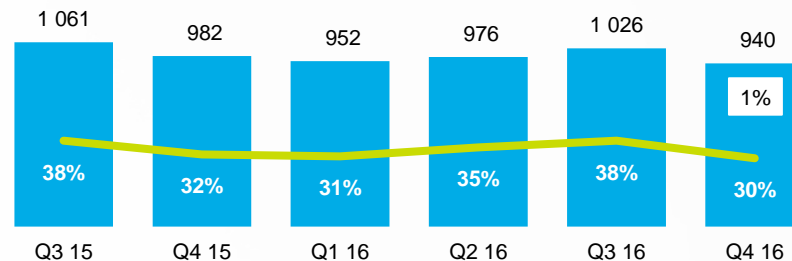
Mobile subscribers ('000)



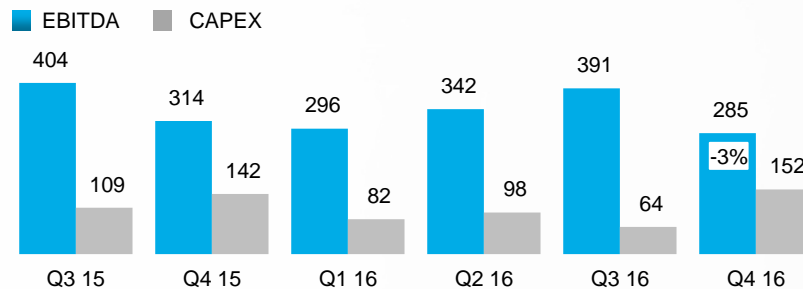
Mobile ARPU (EUR/month)



Revenues (NOK m) and EBITDA margin

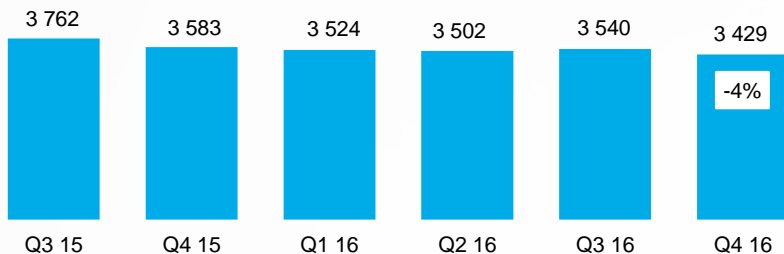


EBITDA and capex (NOK m)

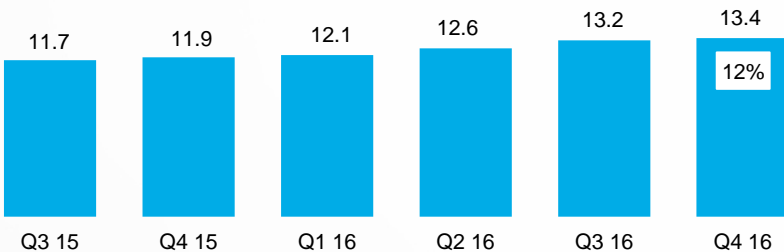


BULGARIA

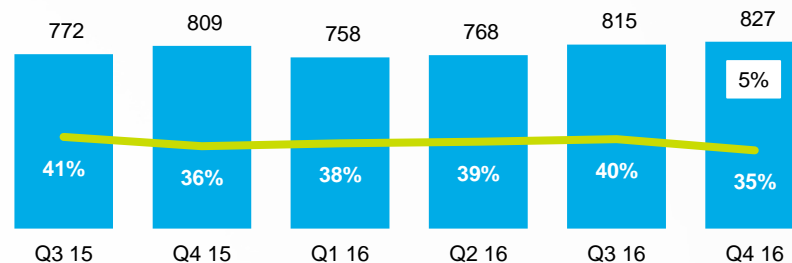
Mobile subscribers ('000)



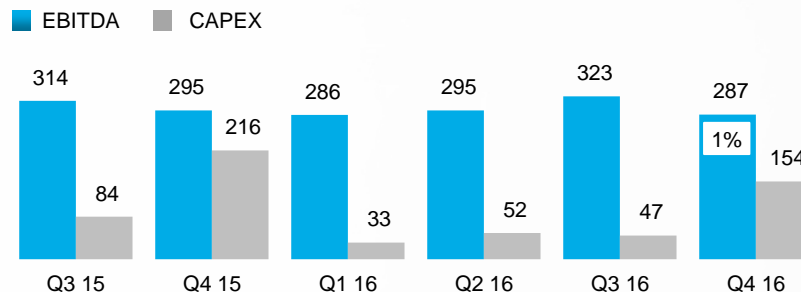
Mobile ARPU (BGN/month)



Revenues (NOK m) and EBITDA margin

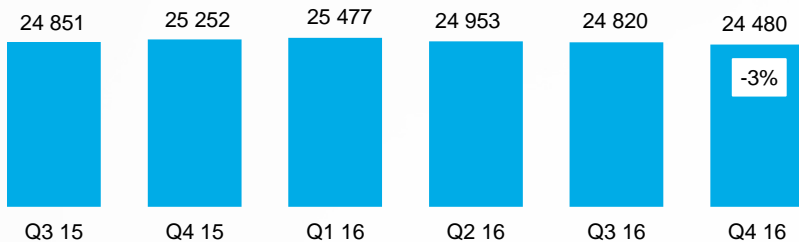


EBITDA and capex (NOK m)

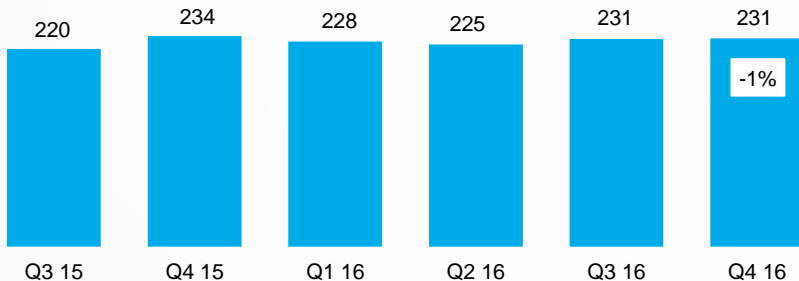


THAILAND (DTAC)

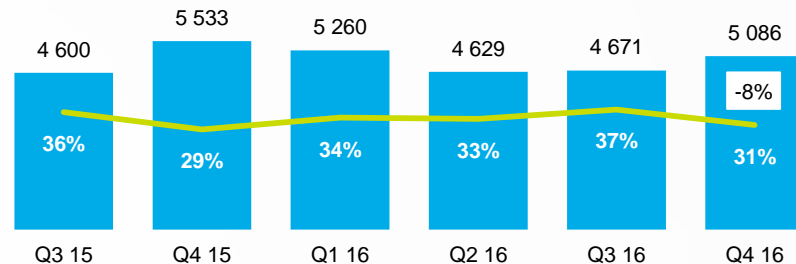
Mobile subscribers ('000)



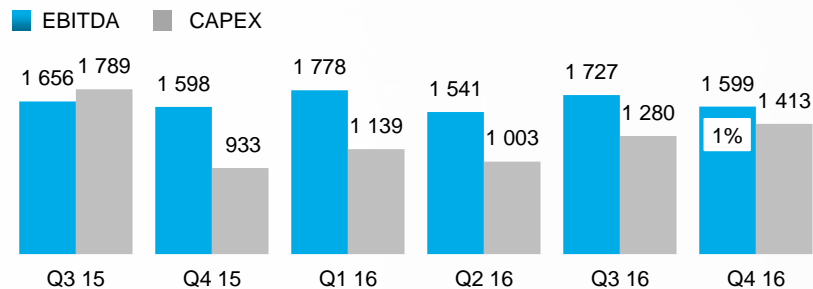
Mobile ARPU (THB/month)



Revenues (NOK m) and EBITDA margin

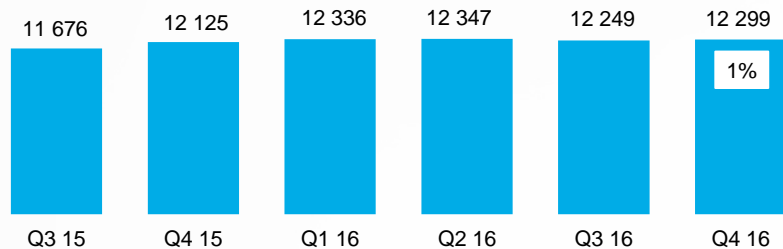


EBITDA and capex (NOK m)

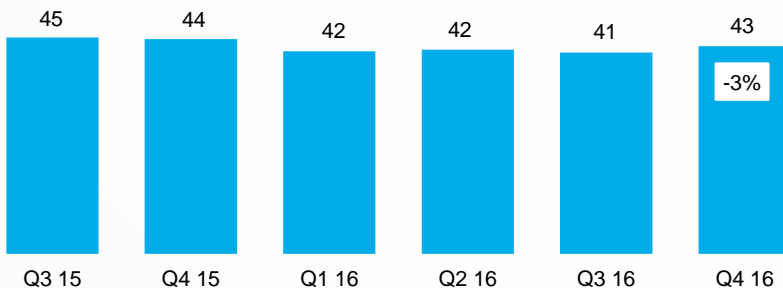


MALAYSIA (DIGI)

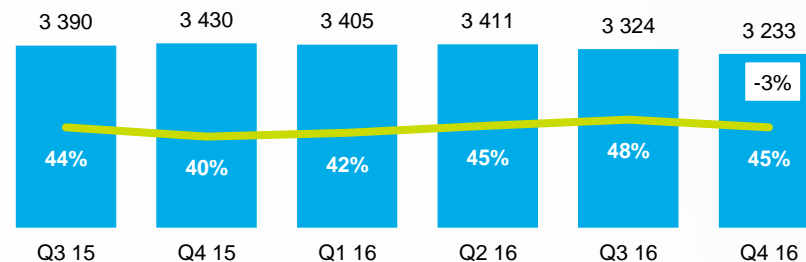
Mobile subscribers ('000)



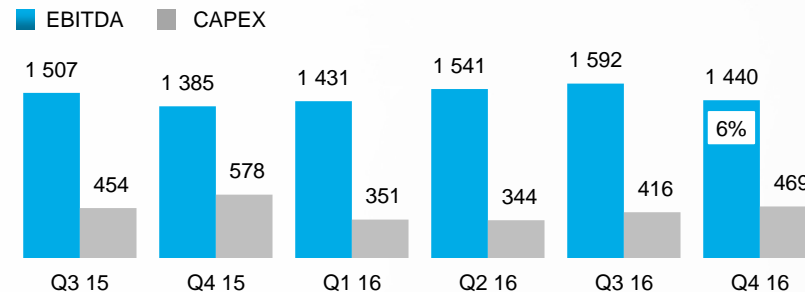
Mobile ARPU (MYR/month)



Revenues (NOK m) and EBITDA margin

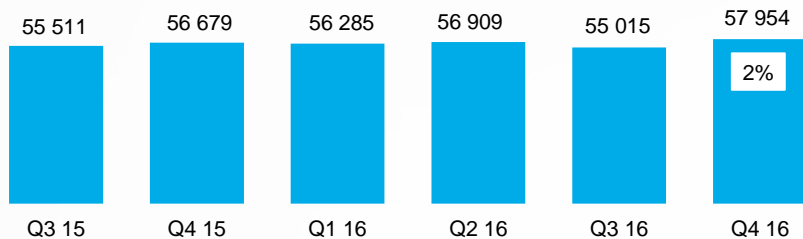


EBITDA and capex (NOK m)

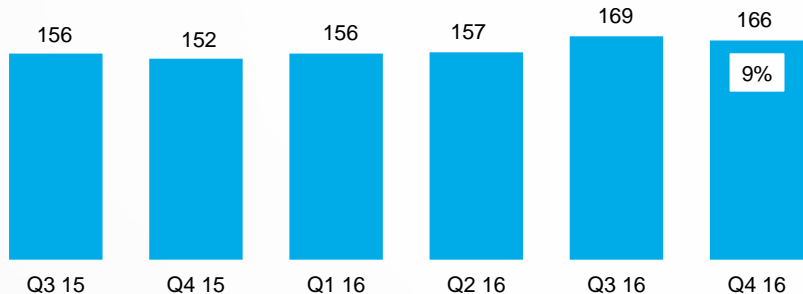


BANGLADESH (GRAMEENPHONE)

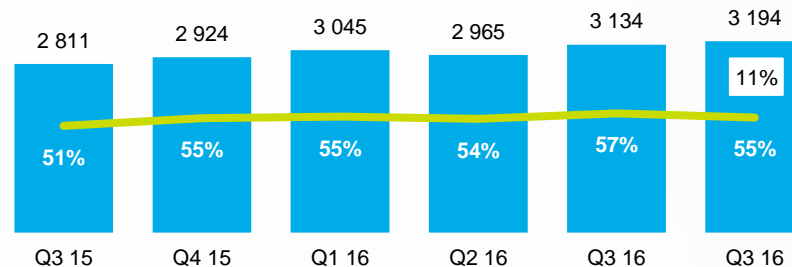
Mobile subscribers ('000)



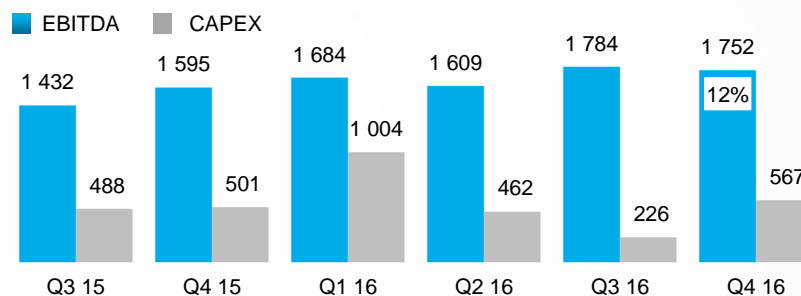
Mobile ARPU (BDT/month)



Revenues (NOK m) and EBITDA margin

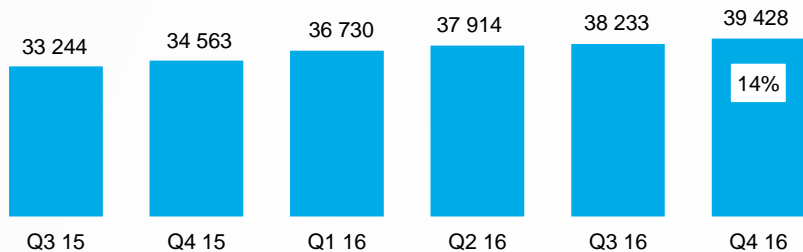


EBITDA and capex (NOK m)

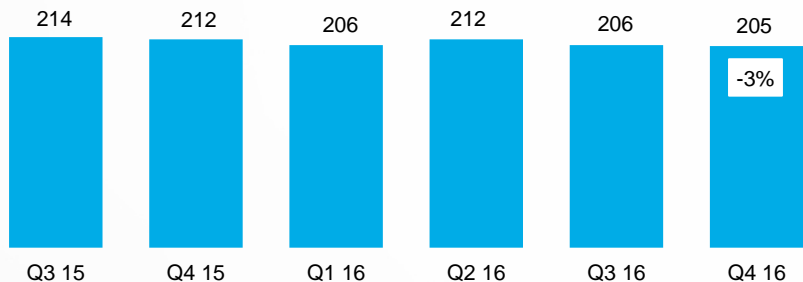


PAKISTAN

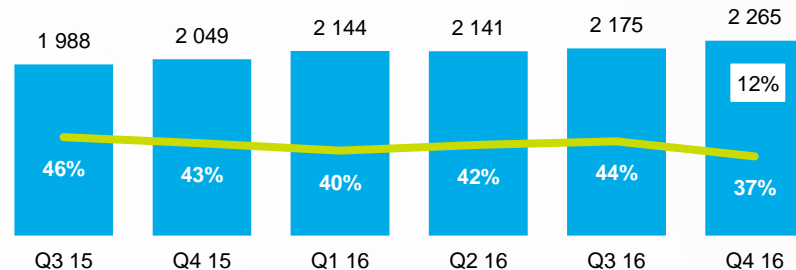
Mobile subscribers ('000)



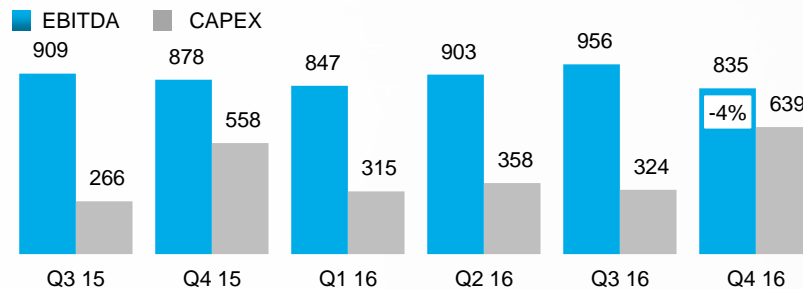
Mobile ARPU (PKR/month)



Revenues (NOK m) and EBITDA margin

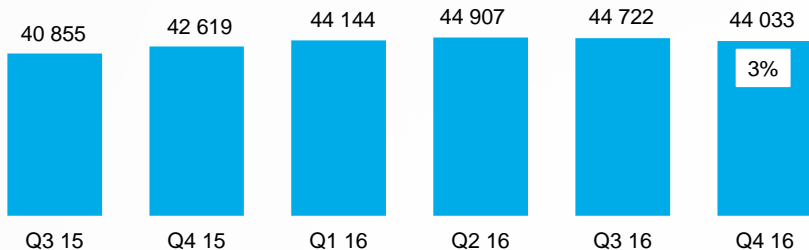


EBITDA and capex (NOK m)

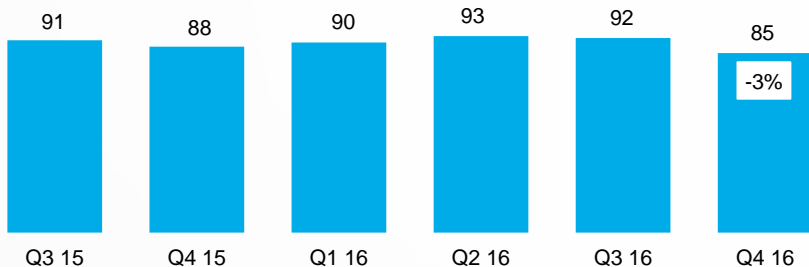


INDIA

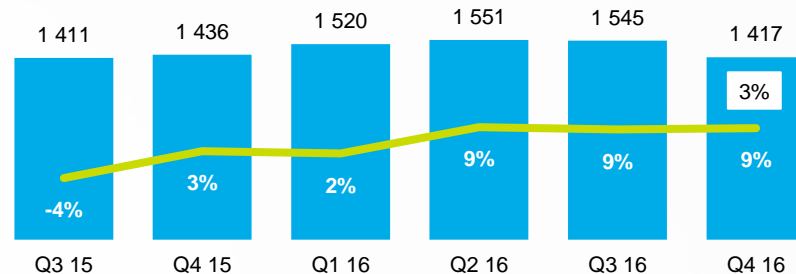
Mobile subscribers ('000)



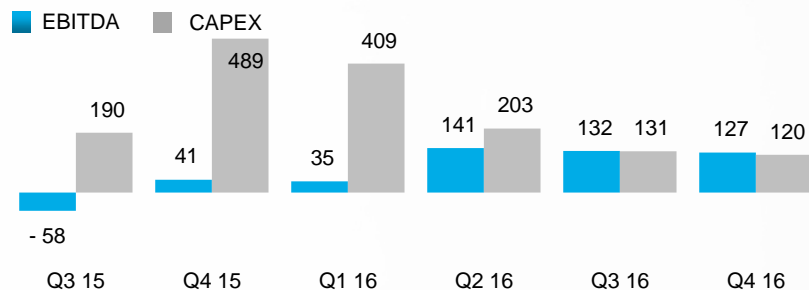
Mobile ARPU (INR/month)



Revenues (NOK m) and EBITDA margin

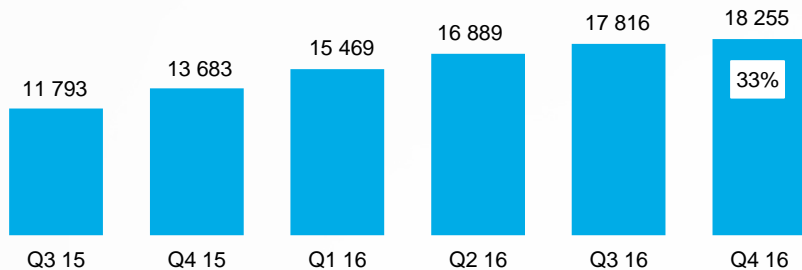


EBITDA and capex (NOK m)

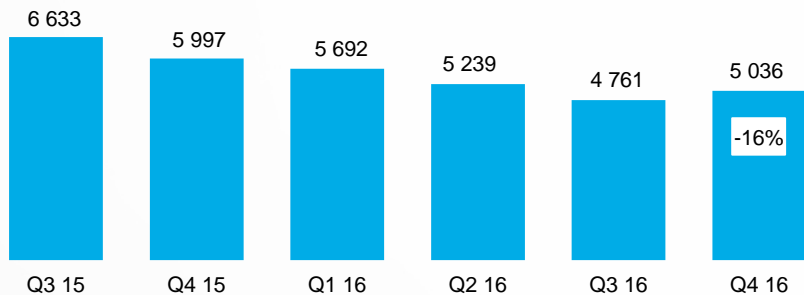


MYANMAR

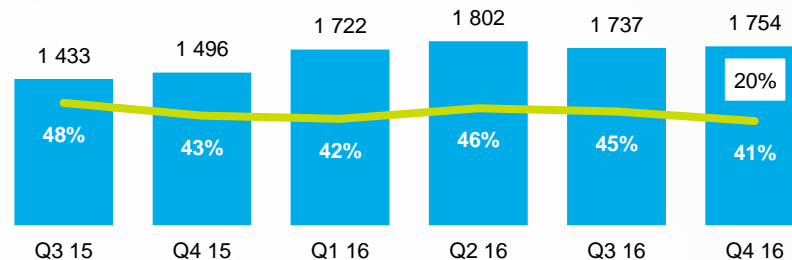
Mobile subscribers ('000)



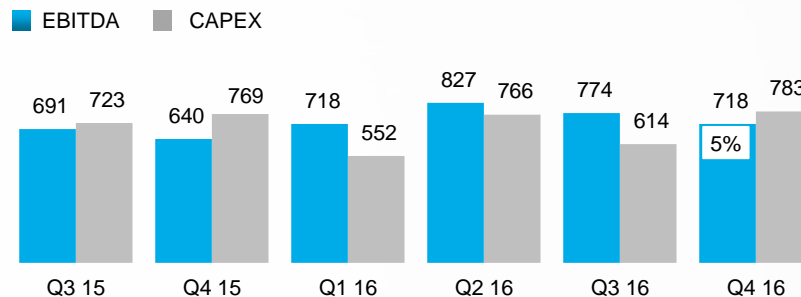
Mobile ARPU (MMK/month)



Revenues (NOK m) and EBITDA margin

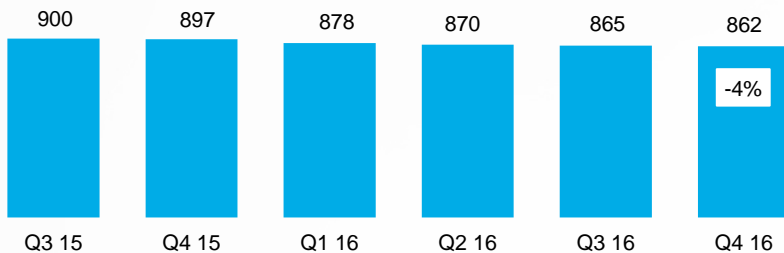


EBITDA and capex (NOK m)

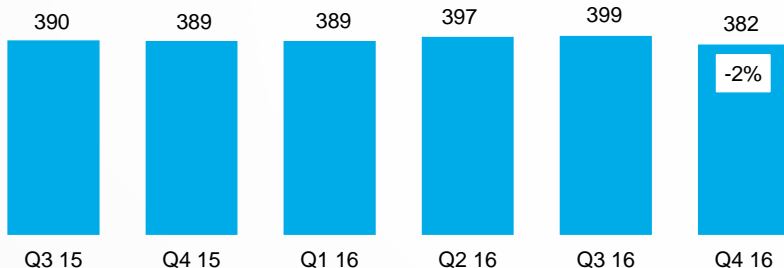


BROADCAST

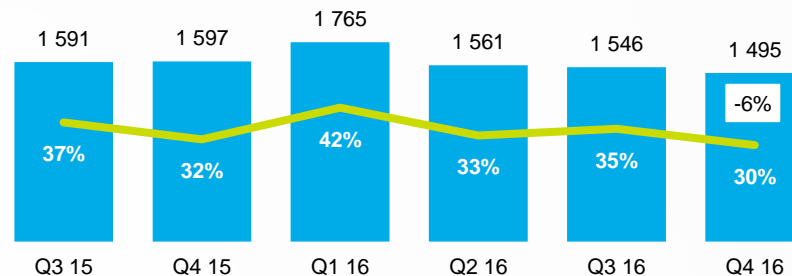
DTH subscribers ('000)



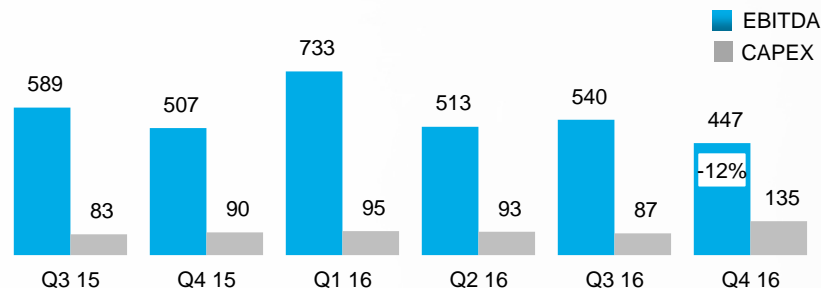
DTH ARPU (NOK/month)



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 %	1.3 %	1.3 %
Sweden	-9.6 %	-2.4 %	-35.6 %	-28.1 %
Denmark	-8.4 %	-5.9 %	11.6 %	15.8 %
Hungary	-6.9 %	-4.0 %	4.8 %	10.3 %
Montenegro and Serbia	-4.3 %	1.1 %	-9.5 %	-3.4 %
Bulgaria	2.3 %	5.3 %	-2.8 %	0.7 %
Thailand	-8.1 %	-7.7 %	0.1 %	0.7 %
Malaysia	-5.7 %	-3.2 %	3.9 %	6.4 %
Bangladesh	9.2 %	11.4 %	9.9 %	11.9 %
Pakistan	10.5 %	12.0 %	-4.9 %	-3.8 %
India	-1.3 %	3.1 %	206.9 %	203.5 %
Myanmar	17.2 %	20.2 %	12.2 %	16.2 %
Broadcast	-6.4 %	-6.4 %	-11.9 %	-11.9 %
Telenor Group	-1.0 %	0.6 %	-0.6 %	2.5 %

ADJUSTED* NET INCOME OF NOK 14.3 BILLION IN 2016

NOK m	Reported 2016	Adjustment	Adjusted 2016
Revenues	131 427	-8	131 419
EBITDA before other items	46 483	40	46 523
Other items	-1 380	1 380	0
EBITDA	45 103		46 523
Depreciation and amortisation	-20 050		-20 050
Impairment losses	- 7 983	7 983	0
Operating profit	17 070		26 473
Associated companies	-1 796	1 511	-285
Net financials	-3 543	1 573	-1 970
Taxes	-5 924	-924	-6 847
Non-controlling interests	2 974	-88	3 061
Net income to Telenor equity holders	2 832		14 308
Earnings per share (NOK)	1.89		9.53

- VAT provision Sweden (-251)

- Broadcast (+211m)

- Workforce reductions (-698m)

- Loss on disposals (-618m)

- Write down receivable India (-611m)

- Sale of property (+458m)

- India (-6.8bn), Tapad (-1.0 bn)

- VimpelCom (-1.1 bn) and Amedia ((-0,4 bn)

- Loss on derivative (exchangeable bond) (-996m)

- Recycling of currency losses internal loans (-577m)

*Adjusted for Other items, impairment losses, VimpelCom and other one-time effects disclosed in our financial reporting

BALANCE SHEET AND KEY RATIOS

	Q4 2016	Q3 2016	Q4 2015
Total assets	206.2	202.0	204.9
Equity attributable to Telenor ASA shareholders	50.9	53.1	58.5
Gross debt*	86.4	84.3	76.4
Net debt	54.4	47.9	54.1
Net debt/EBITDA	1.21	1.06	1.25
Return on capital employed**	8%	4%	8%

*) 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

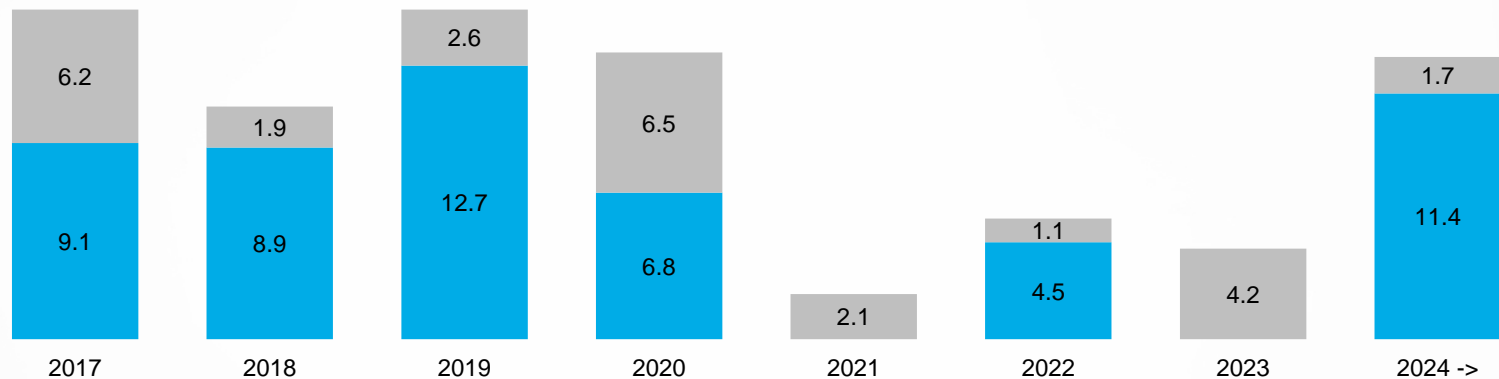
NET DEBT RECONCILIATION

NOK bn	Q4 2016	Q3 2016	Q4 2015
Current interest bearing liabilities	26.0	25.7	12.6
Non-current interest bearing liabilities	60.4	58.5	63.8
Less: licence obligations	(4.9)	(4.8)	(4.9)
Debt excluding licence obligations	81.5	79.5	71.5
Cash and cash equivalents	(23.1)	(27.6)	(14.0)
Investments in bonds and commercial papers	(1.7)	(1.3)	(1.0)
Fair value hedge instruments	(2.3)	(2.7)	(2.5)
Net interest bearing debt excl. licence obligations	54.4	47.9	54.1

DEBT MATURITY PROFILE (NOK BN)

■ Subsidiaries

■ Telenor ASA



FREE CASH FLOW TO EQUITY

NOK millions	Q4 2016	Q4 2015	2016	2015
Net cash flows from operating activities	9 190	7 944	39 778	37 107
Net cash flows from investing activities	-6 106	-6 431	-21 105	-20 281
Repayments of borrowings - license obligations	-218	-1 077	-1 562	-2 136
Repayments of borrowings – supply chain financing	-944	-876	-3 672	-2 538
Dividends paid to and purchase of share from non-controlling interest	-413	-509	-3 139	-3 777
Free cash flow to equity	1 509	-950	10 300	8 374