

# Telenor – Second Quarter 2005

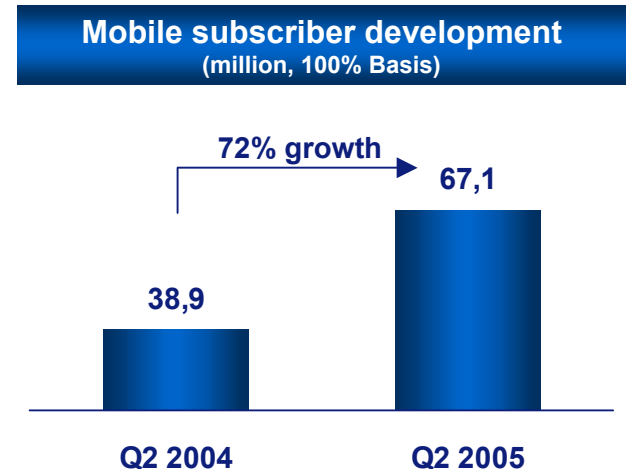
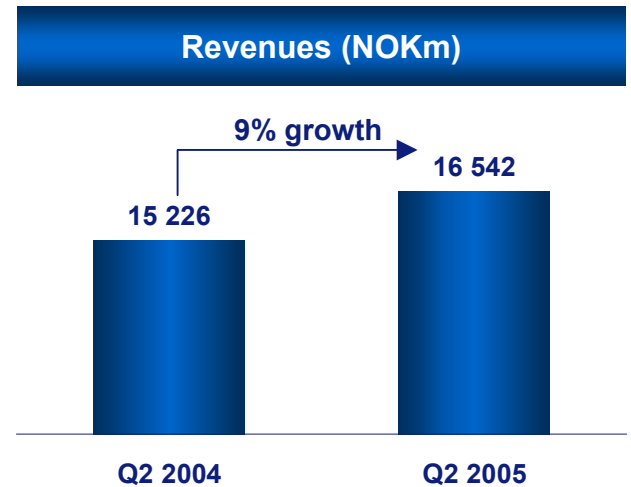
# Group Overview

Jon Fredrik Baksaas  
President and CEO

Q2 2005

# Strong revenue and subscriber growth

- Revenue growth of 9%
- Record high mobile subscriber growth
- Increased or stable market shares in all mobile operations
- Kyivstar ARPU improved from last quarter



Q2 2005

# Stable EBITDA and underlying CAPEX growth

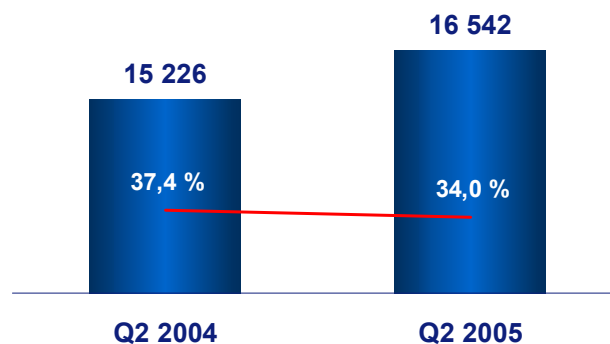
- **EBITDA:**

- Strong improvement in Kyivstar
- Offset by Q204 sales gains, Fixed and Telenor Pakistan

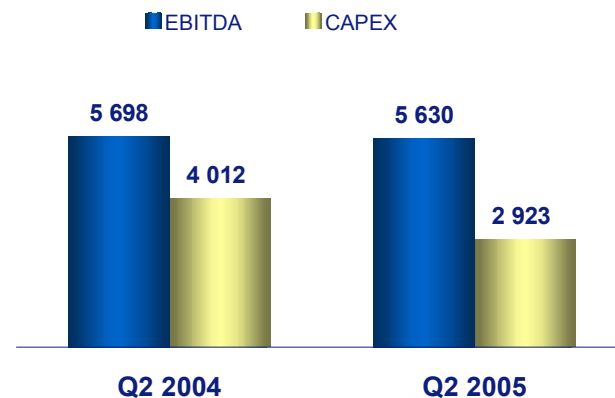
- **CAPEX:**

- Growth due to strong subscriber pick up
- Telenor Pakistan licence included in Q204

Revenues (NOKm) / EBITDA %






EBITDA and Capex (NOKm)



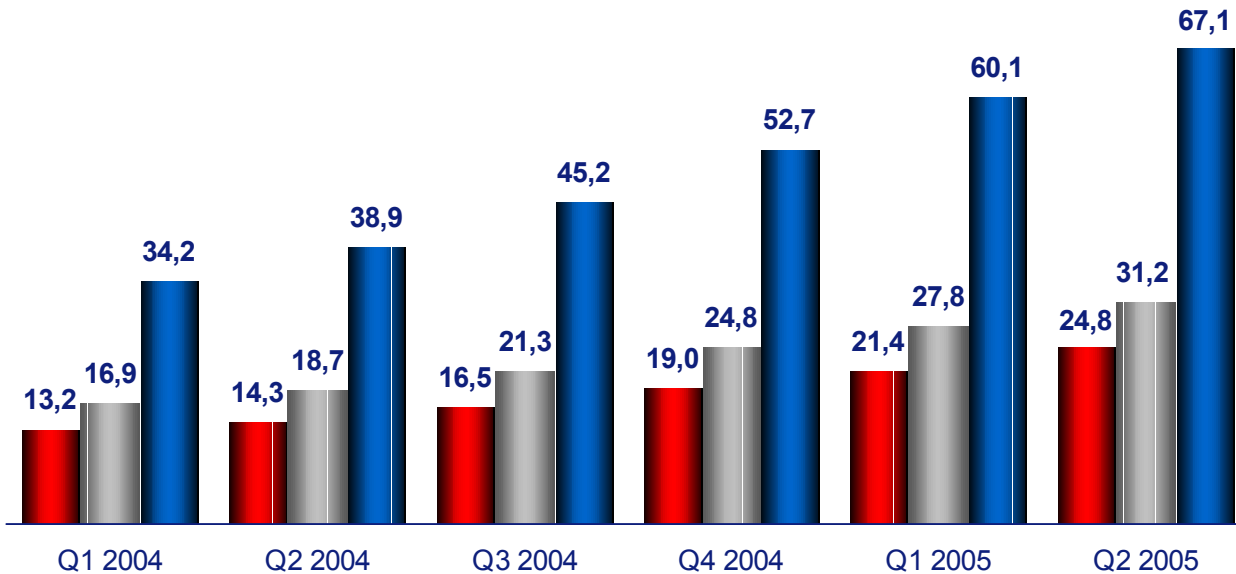
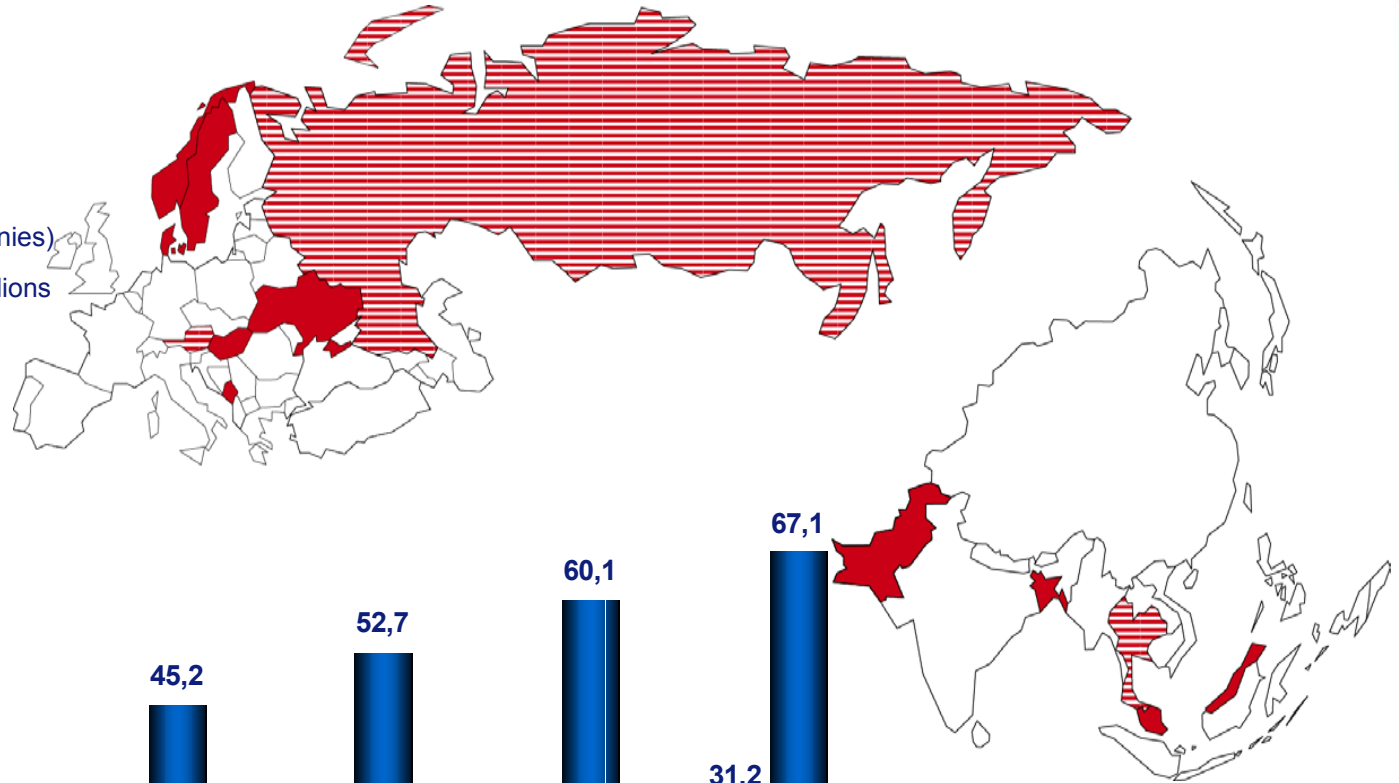
**Mobile**

Mobile

# Record high subscriber growth

-  Total Consolidated
-  Total Pro Rata
-  100% figures (all companies)

Subscriber figures in millions

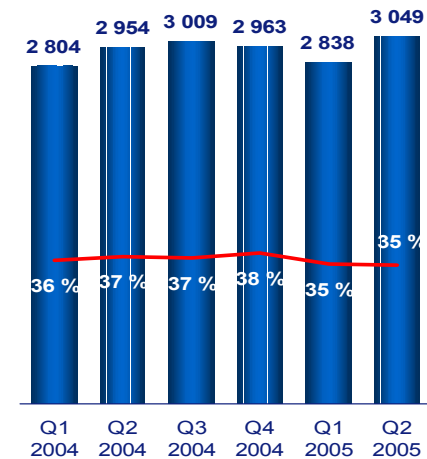


# Revenue and subscriber growth

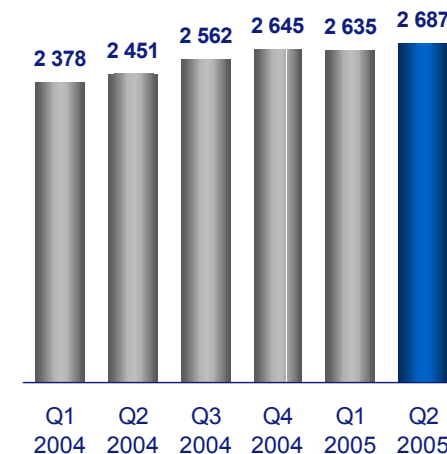
- Mobile revenue growth of 5%
- 52k net adds in Q2
- Stable market share at 56%
- EBITDA margin down due to high sales and marketing costs



Revenues (NOKm) / EBITDA %



Subscriptions ('000)



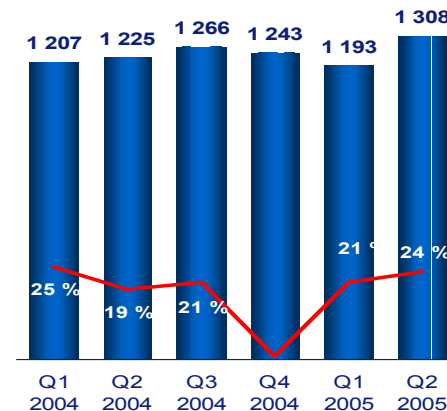
# Strong improvement

- Revenue growth of 11% in local currency
- 10% ARPU increase from Q1
- Market position improved
- EBITDA margin 24%

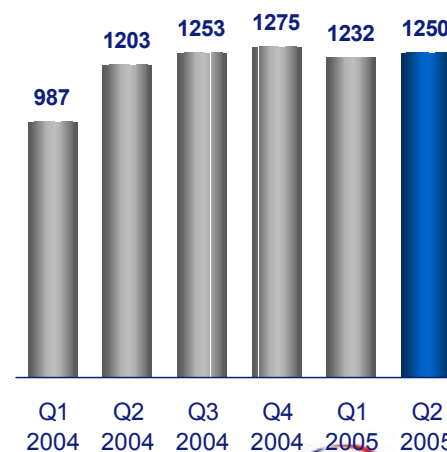


Figures from period as associated company are according to local GAAP

Revenues (NOKm) / EBITDA %



Subscriptions ('000)

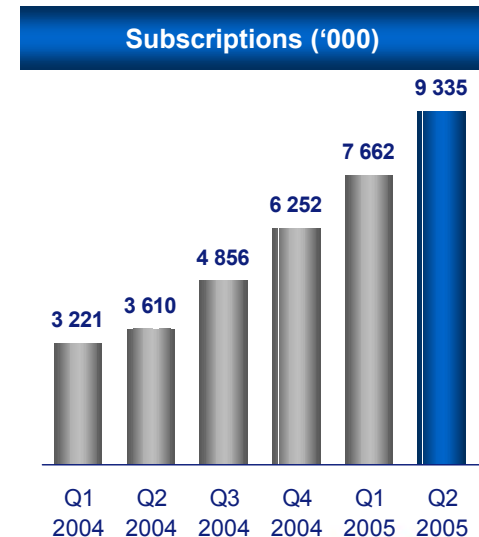
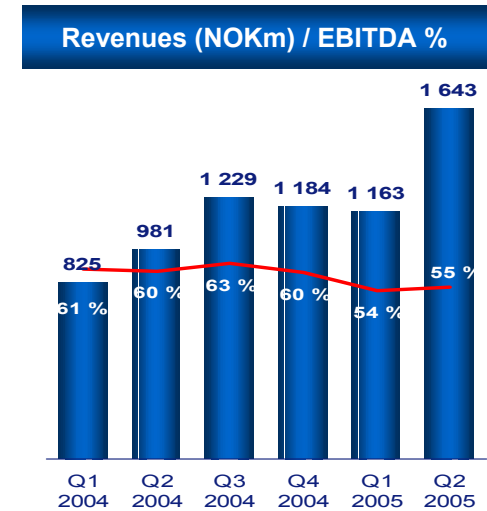




Kyivstar – Ukraine

# Close to 10 million subscribers

- Revenue growth of 73% in local currency
- 1.7 million net adds in Q2
- High investments in infrastructure
- ARPU improved from Q1 2005
- Strong increase in EBITDA

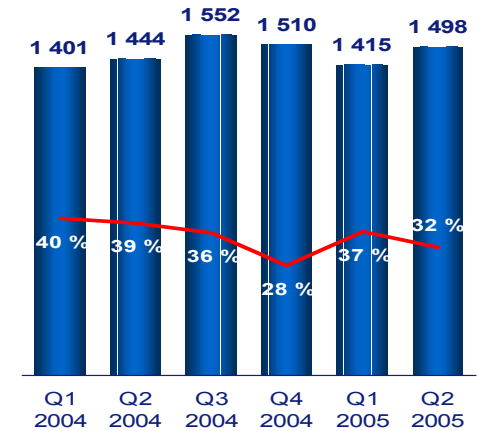


# Pressure on margins

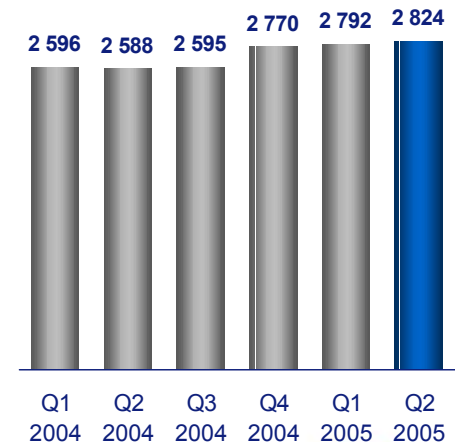
- Revenue growth of 8% in local currency
- 32k net adds in Q2
- Market share stable at 34%
- EBITDA-margin affected by higher interconnection charges
- UMTS services launched in June



Revenues (NOKm) / EBITDA %



Subscriptions ('000)



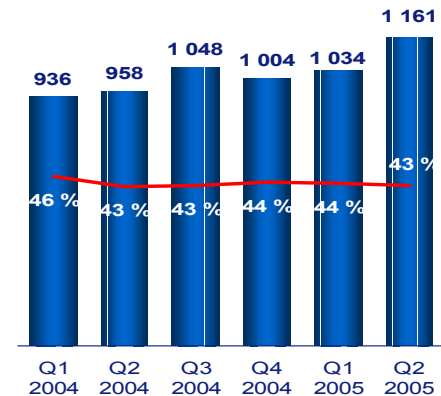
DiGi – Malaysia

# Another strong quarter

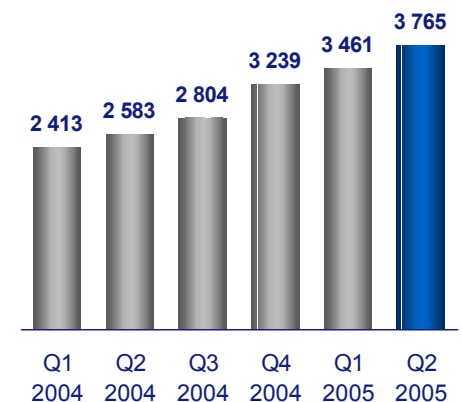
- Revenue growth 30% in local currency
- EBITDA margin and ARPU stable
- 304k net adds in Q2
- Market share stable at 22%



Revenues (NOKm) / EBITDA %



Subscriptions ('000)



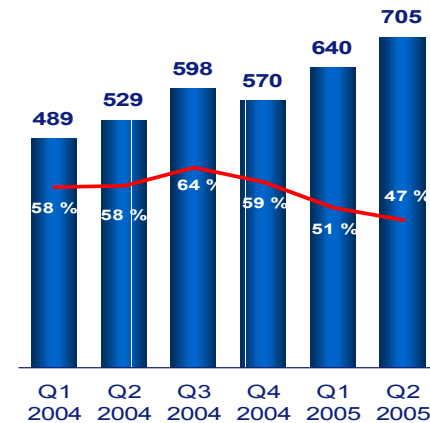
## GrameenPhone – Bangladesh

# Strong growth – reduced margins

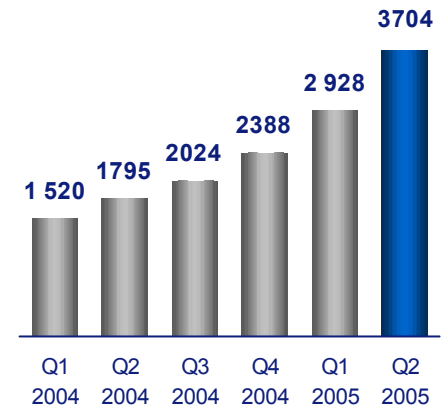
- Revenue growth of 52% in local currency
- 776k net adds in Q2
- Market share increased to 62%
- Strong subscriber growth reduces ARPU
- EBITDA-margin down due to higher SAC



Revenues (NOKm) / EBITDA %



Subscriptions ('000)

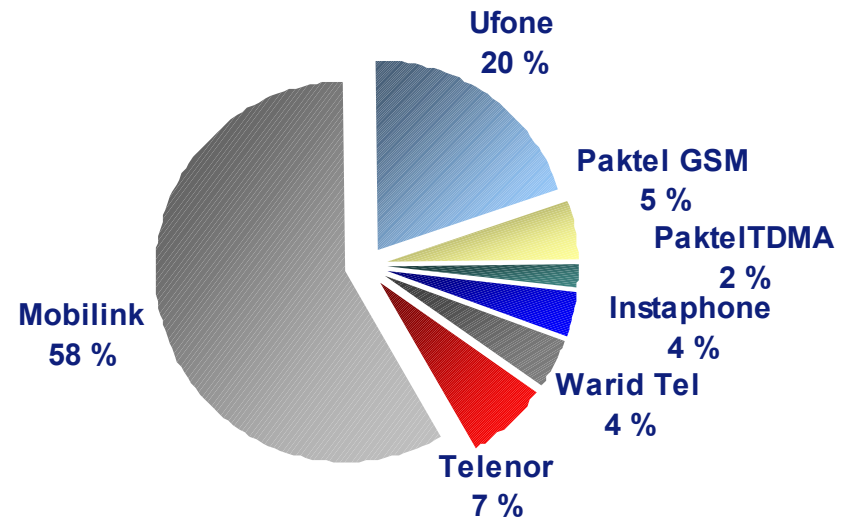


Telenor Pakistan

# Nearly one million subs after four months

- 492k net adds in Q2
- Total subs 836k
- Low ARPU
- Population coverage 23%
- Penetration approx. 8%

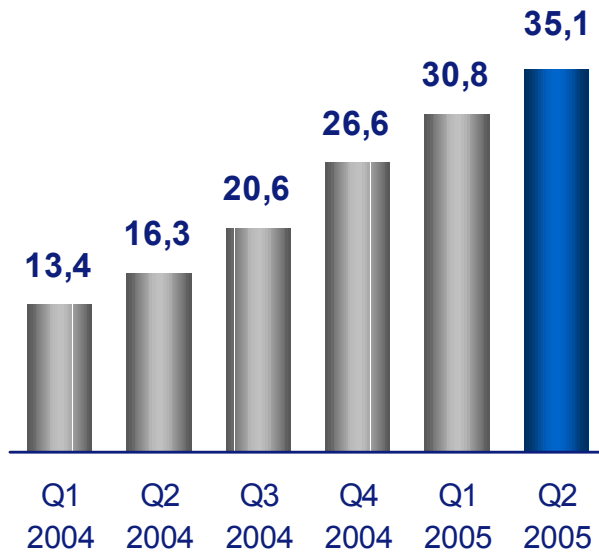
Subscriber market share  
(Telenor estimates)



# Major associated mobile companies

## Vimpelcom – Russia/CIS

Subscribers (million)

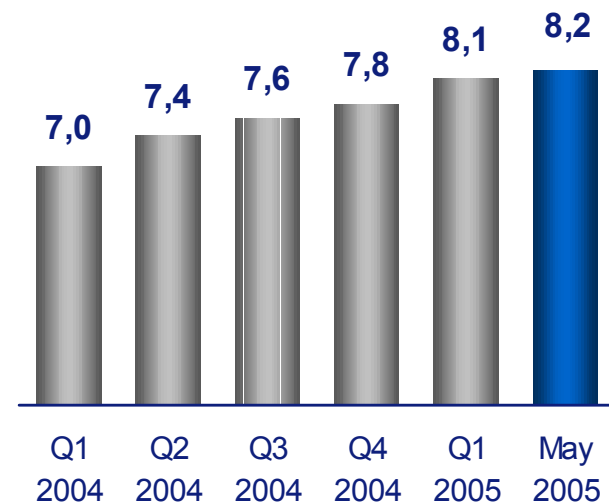


Telenor' share of Market Value (end of June):

NOK 13.7 Bn

## DTAC – Thailand

Subscribers (million)



Telenor' share of Market Value (DTAC and UCOM at the end of June):

NOK 3.8 Bn

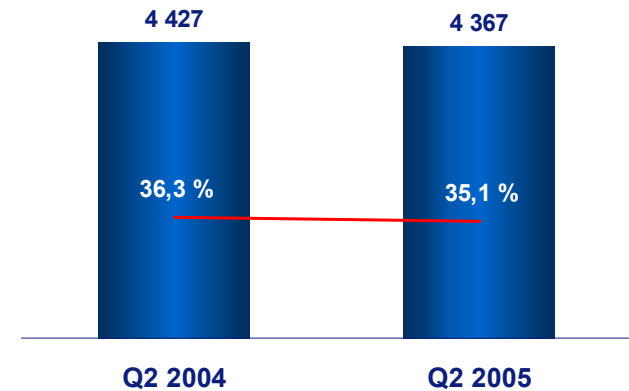
# Fixed Line

Fixed Norway

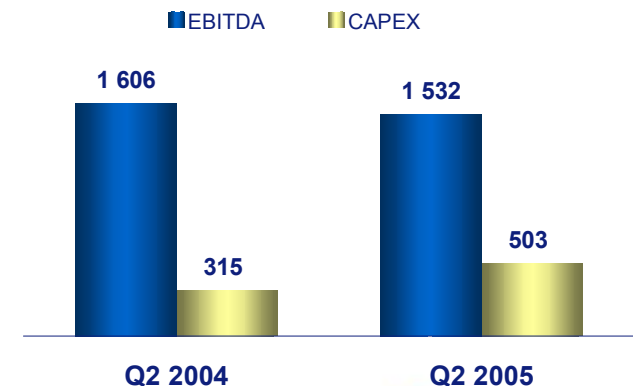
# Migration from PSTN/ISDN continues

- Revenues down 1.4%
- Further reductions in PSTN/ISDN
- 30k net adds within ADSL in Q2
- EBITDA-margin down, but positively affected by one-offs

## Revenues (NOKm) / EBITDA %



## EBITDA and Capex (NOKm)

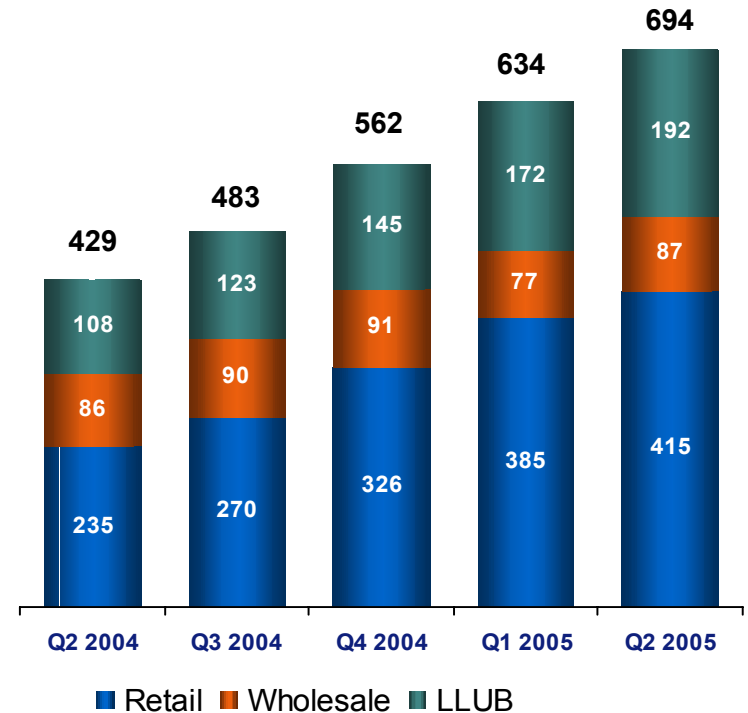




# ADSL growth fuels VOIP migration

- 62% YoY growth in ADSL
- 32% ADSL penetration
- 180k new Telenor retail subscribers the last 12 months
- Telenor ADSL retail market share 60%

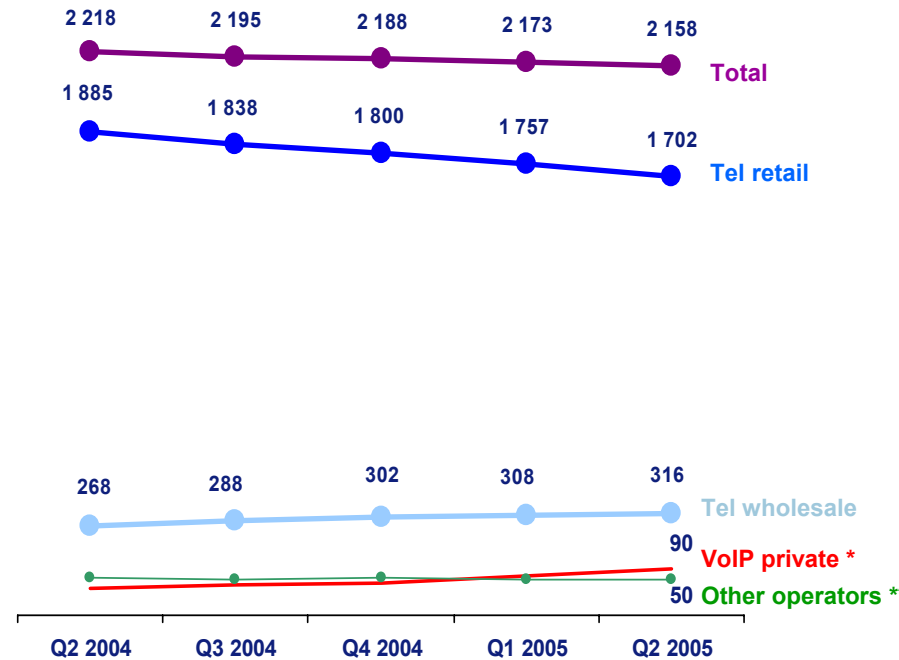
## ADSL subscribers



# Migration to VoIP

- Modest reduction in total fixed telephony subscribers
- Migration from PSTN/ISDN to VoIP
- Wholesale line rental stable

Total Market - Telephony Subscribers



\*Telenor estimates VoIP in consumer market, including Telenor VoIP subs

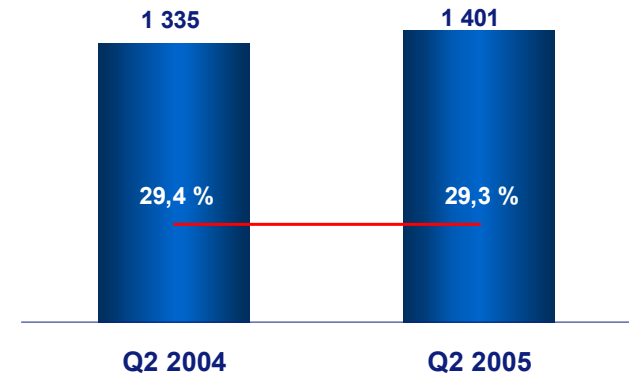
\*\* Telenor estimates

# Broadcast

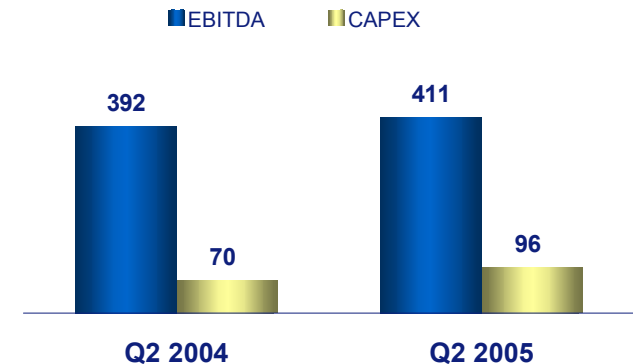
# Continued strong position

- Revenue growth of 5%
- Continued subscriber growth
- Stable EBITDA margin
- EBIT margin increased

Revenues (NOKm) / EBITDA %



EBITDA and Capex (NOKm)



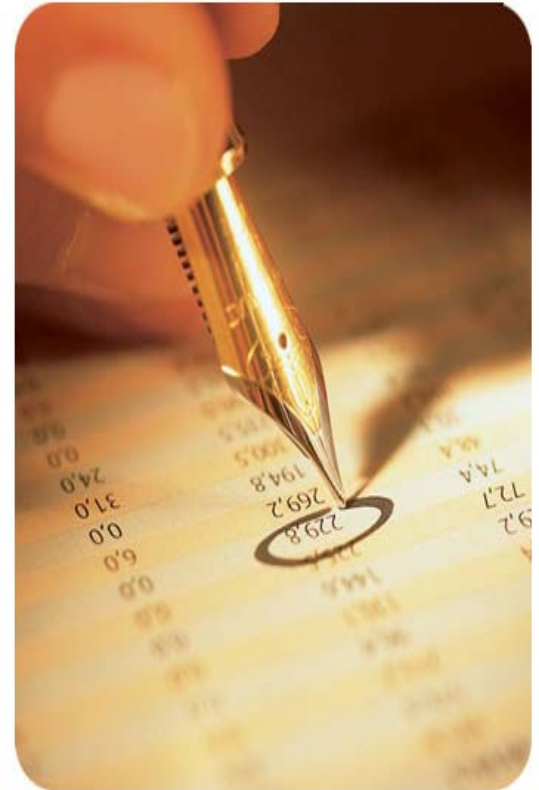
# Group Financial Overview

## Q2 2005

Torstein Moland  
CFO

# Key messages Q2 2005

- **Revenue growth of 9%**
- **Record high mobile subscriber growth**
- **Increased or stable market shares in all mobile operations**
- **Kyivstar ARPU improved from last quarter**



# Reported P&L

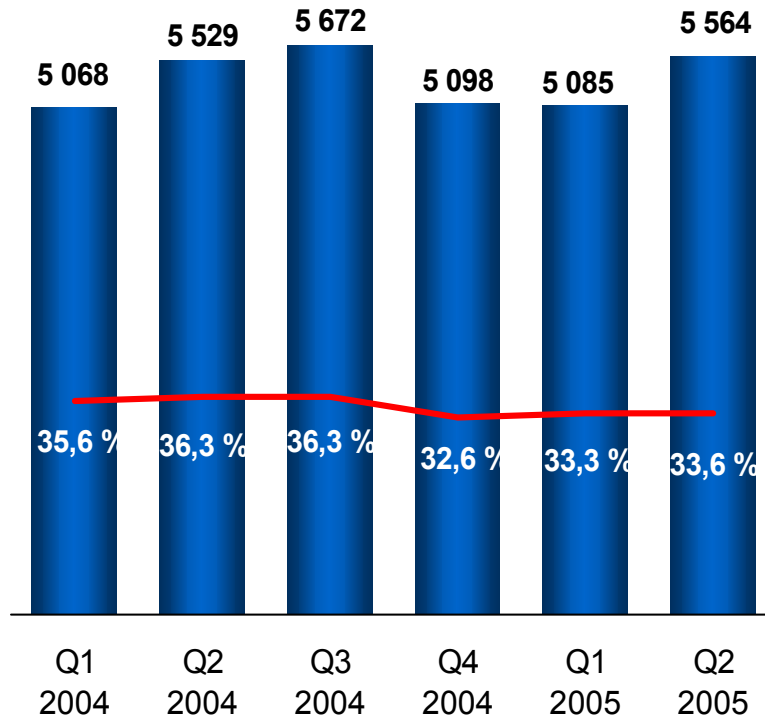
NOKm

	Q2 2005	Q2 2004	2004	2003 *
Revenue	16 542	15 226	60 701	52 889
EBITDA	5 630	5 698	20 957	18 302
EBIT	2 859	2 990	6 789	7 560
Profit before Tax	3 325	2 983	9 296	7 426
Net Income	2 041	1 709	5 677	4 560
EPS (NOK)	1.19	0.97	3.25	2.57

\* Not IFRS adjusted

# Adjusted EBITDA

## Adjusted EBITDA (NOKm) and Margin



## Comments Q2 (YoY)

Reduced EBITDA-margin mainly explained by:

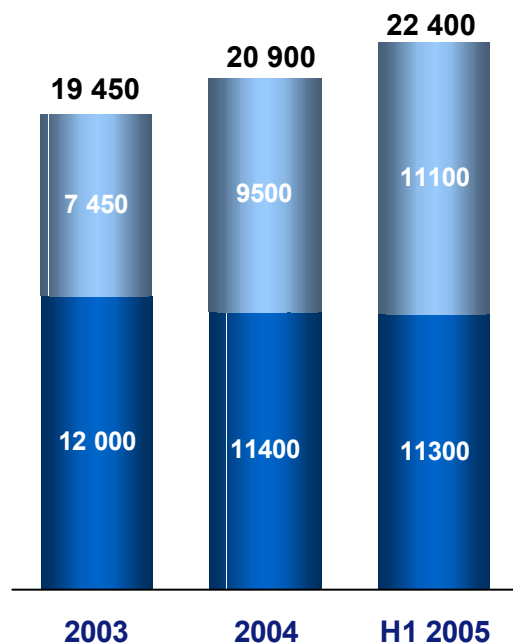
- Launch in Pakistan
- Reduced EBITDA in Fixed
- Strong growth and increased competition in the mobile operations.



# Headcount and CAPEX

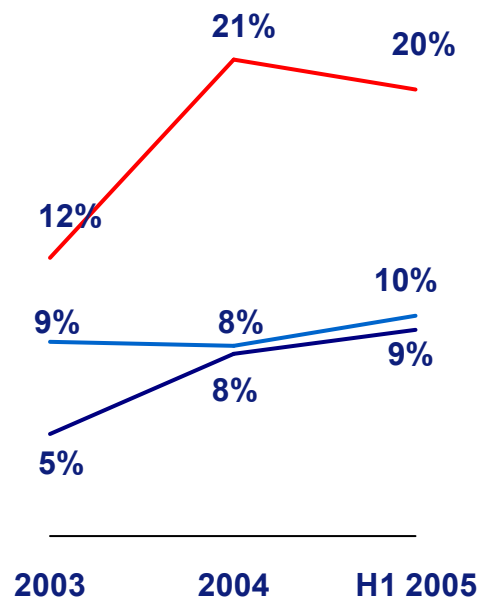
## Headcount

- International
- Domestic



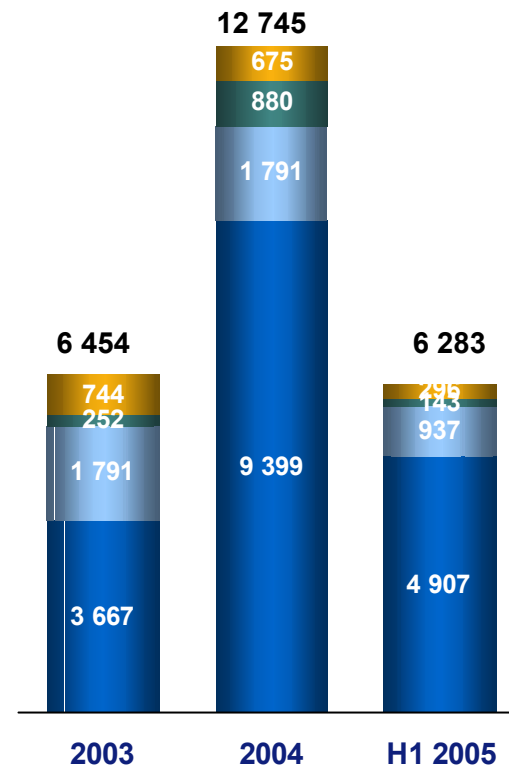
## Capex / Sales

- Domestic Fixed
- Domestic Mobile
- Total Capex/Sales



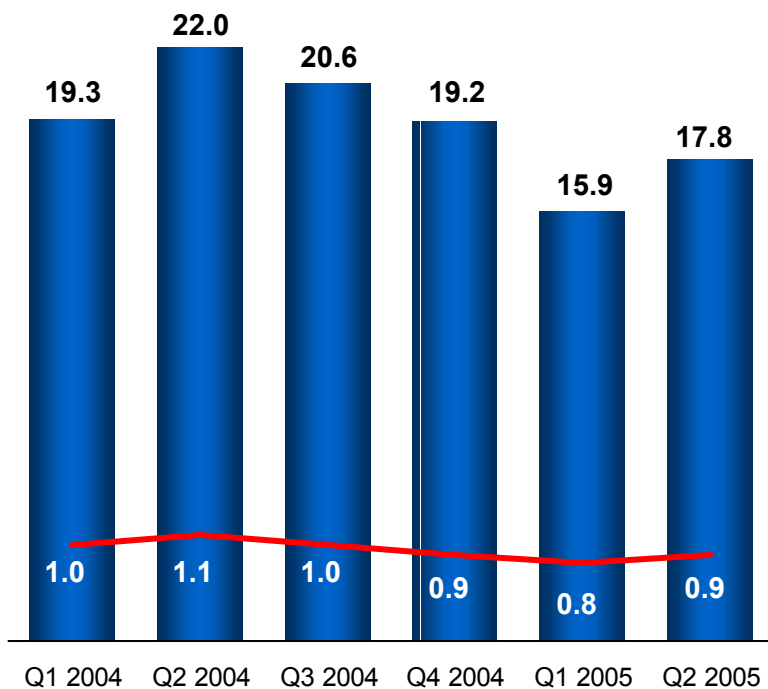
## Capex Breakdown (NOKm)

- Mobile
- Fixed
- Broadcast
- Other



# Net Debt/EBITDA of 0.9

## Net Debt (NOKbn) to LTM EBITDA (x)



## Net Debt Changes (NOKbn)

Net Debt 31 March 2005 15.9

EBITDA - 5.6

Net interest 0.4

Income tax paid 0.2

Investments - paid 3.6

Investments - proceed -1.2

Share buy back 1.5

Dividends, incl. to minority 2.7

Accruals 0.3

Net Debt 30 June 2005 17.8

# Share buy back this quarter

- Buy back of 13.9 million shares
  - 6.4 million shares in the market
  - 7.5 million shares from the government



# Outlook for 2005

## Mobile

- High growth in revenues and EBITDA
- Increased Capex

## Domestic Fixed Line

- Decrease in revenue and EBITDA
- Strong growth in ADSL subscribers
- Cost reductions

## Broadcast

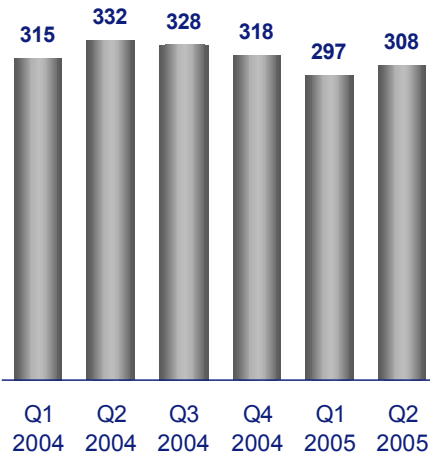
- Improved EBITDA

## Telenor Group

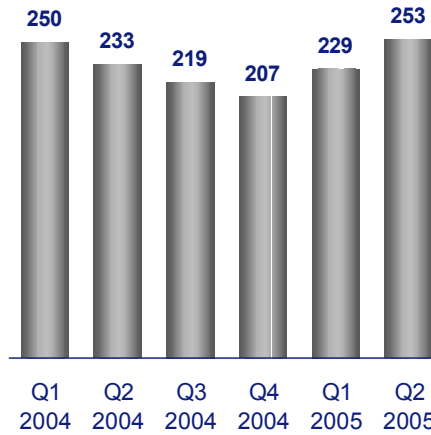
- High revenue growth
- High EBITDA growth
- Capex/sales ratio stable vs. 2004

# ARPU development in mobile operations (NOK)

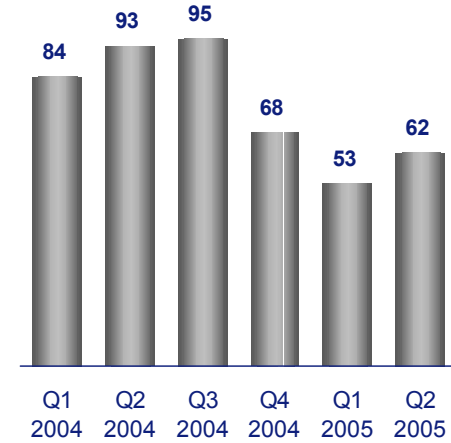
Telenor Mobil - Norway



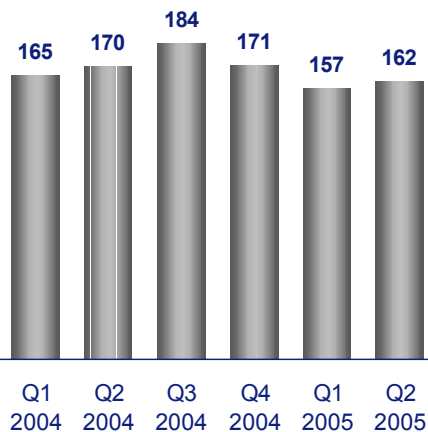
Sonofon - Denmark



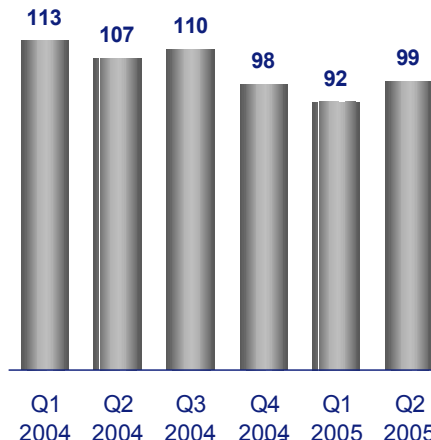
Kyivstar - Ukraine



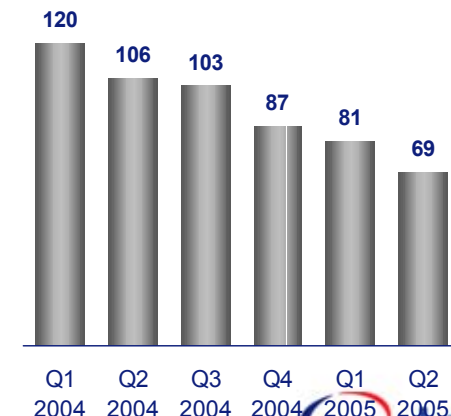
Pannon GSM - Hungary



Digi.Com - Malaysia



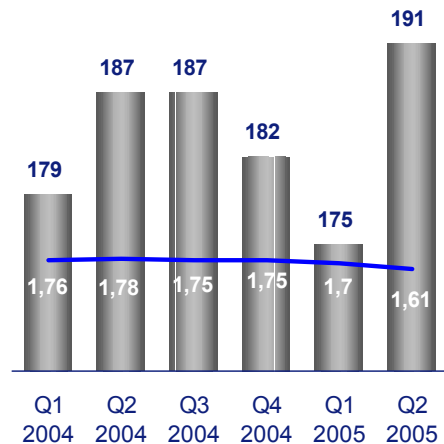
GrameenPhone - Bangladesh



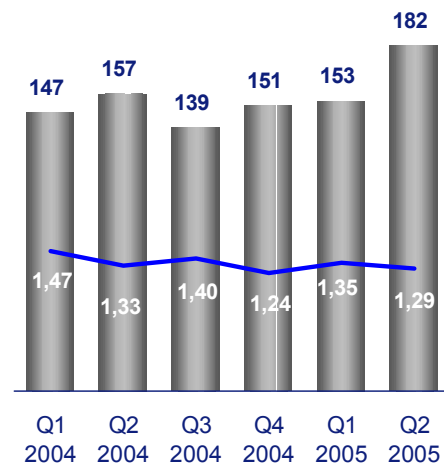
# MoU/APPM development in Mobile Operations

MoU APPM (Local currency)

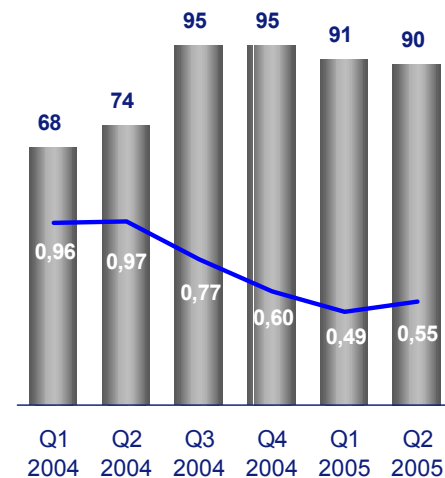
## Telenor Mobil - Norway



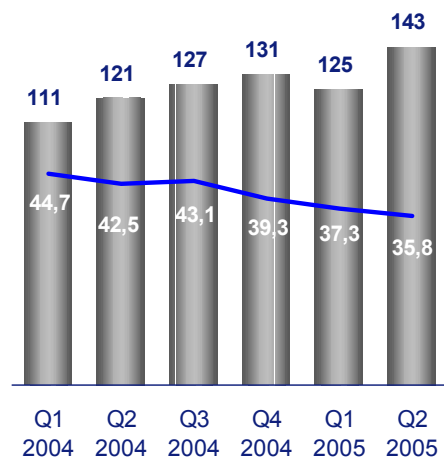
## Sonofon - Denmark



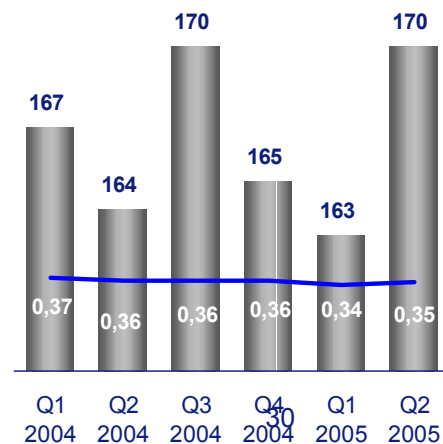
## Kyivstar - Ukraine



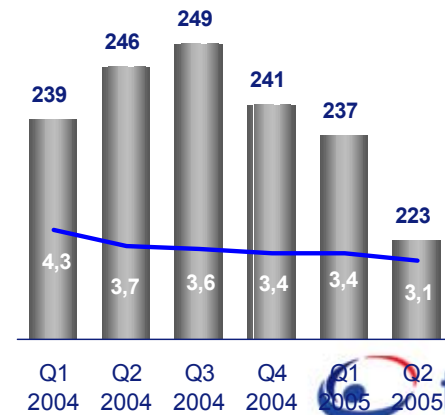
## Pannon GSM - Hungary



## Digi.Com - Malaysia



## GrameenPhone - Bangladesh



# International mobile associates

## International Mobile Associates Total per Company 2004- 2005

(100% figures in NOK millions according to local GAAP)

	Subscriptions ('000) <sup>1)</sup>			Revenues YTD			EBITDA YTD <sup>2)</sup>			CAPEX YTD		Net debt <sup>3)</sup>
	Mar 31 2004	2005	%-change 2004/2005	Mar 31 2004	2005	%-change 2004/2005	Mar 31 2004	2005	%-change 2004/2005	Mar 31 2004	2005	Mar 31 2005
<b>Europe</b>												
One (Austria)	1 412	1 482	5 %	1 475	1 371	-7 %	466	398	-15 %	36	48	9 868
<b>Russia</b>												
VimpelCom <sup>4)</sup>	13 372	30 748	130 %	2 860	3 989	39 %	1 397	1 906	36 %	1 085	1 791	8 203
<b>Southeast Asia</b>												
DTAC	6 991	8 107	16 %	1 691	1 701	1 %	693	648	-6 %	176	273	5 368
UCOM <sup>5)</sup>	-	-		1 215	1 345	11 %	57	57	1 %	9	20	658

1) Subscriber figures based on companies own counting methods

2) EBITDA consists of earnings before interest, tax, depreciation and amortization excluding gains/(losses) from sales of fixed assets and operations

3) Net debt consists of long term and short term interest-bearing debt minus cash. Closing exchange rates used

4) VimpelCom CAPEX excludes acquisitions of new entities. 2004-figures are restated.

5) UCOM's Capex figure represents purchase of fixed assets:

# Interest bearing debt in partly owned companies

NOK million	Ownership interest	Net interest-bearing debt		
		Q2 2005	Q1 2005	Q2 2004
DiGi.Com	61.0%	-579	-158	539
Kyivstar	56.5%	1 938	1 712	877
GrameenPhone	62.0%	531	82	-266
EDB Business Partner	51.8%	892	655	492



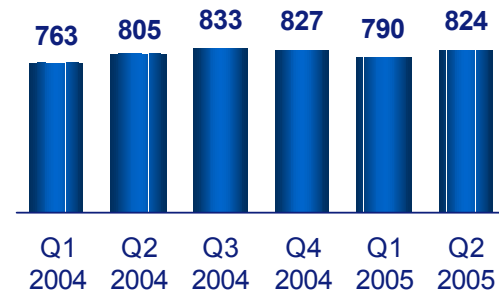
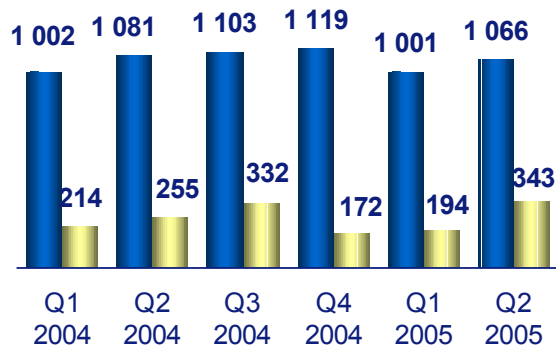
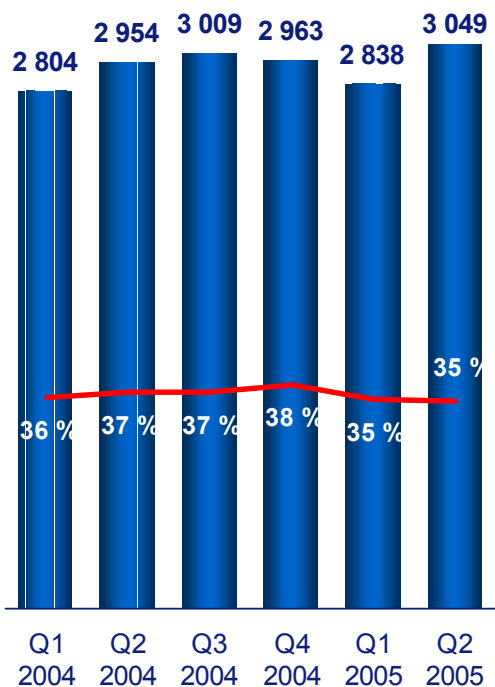
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

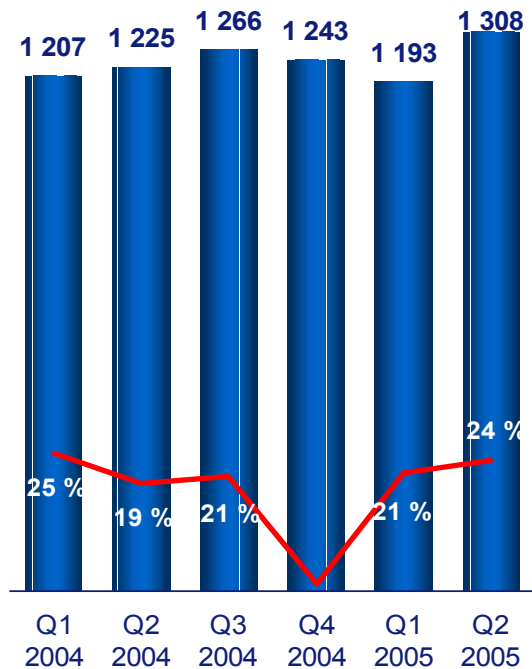
■ EBITDA ■ CAPEX





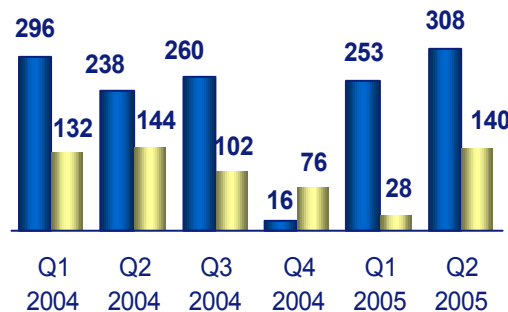
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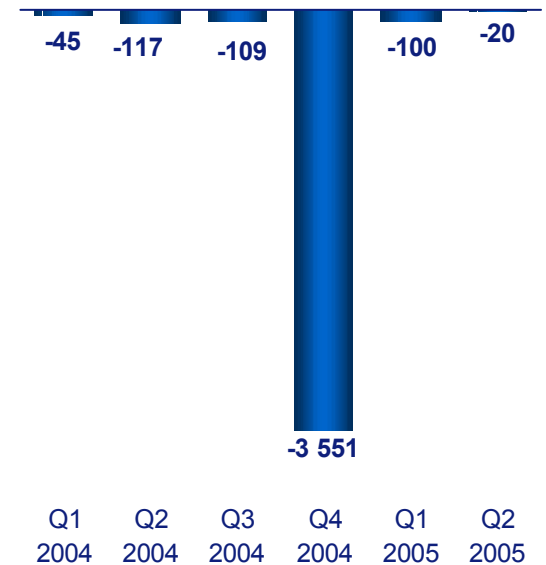


## EBITDA and Capex (NOKm)

■ EBITDA ■ CAPEX



## EBIT (NOKm)



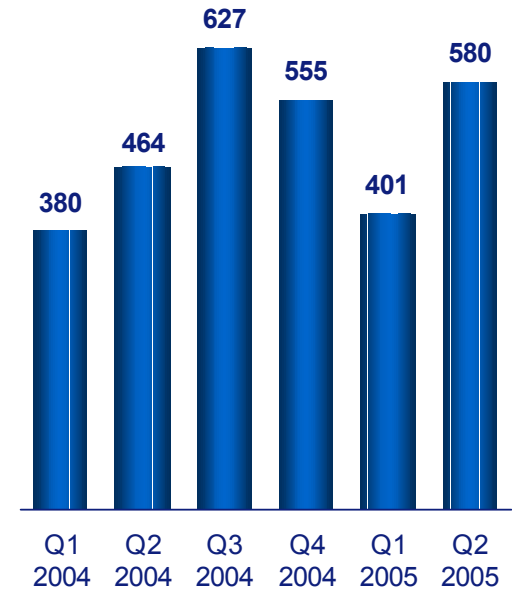
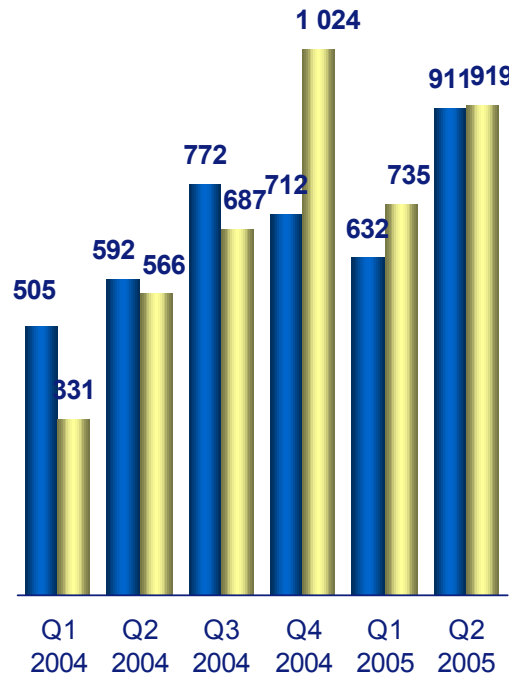
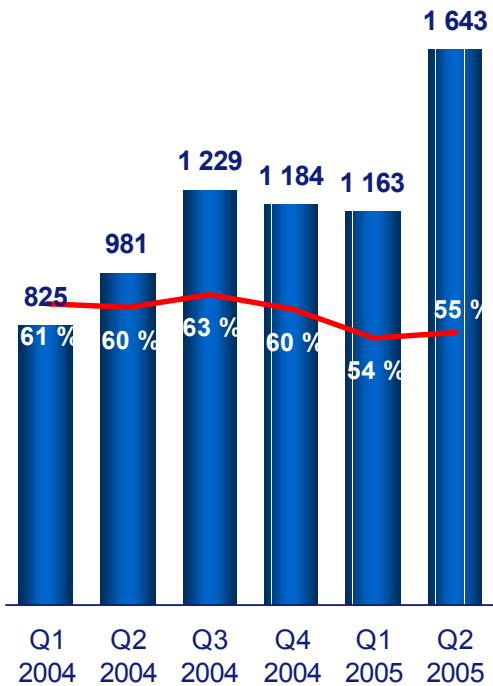
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Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

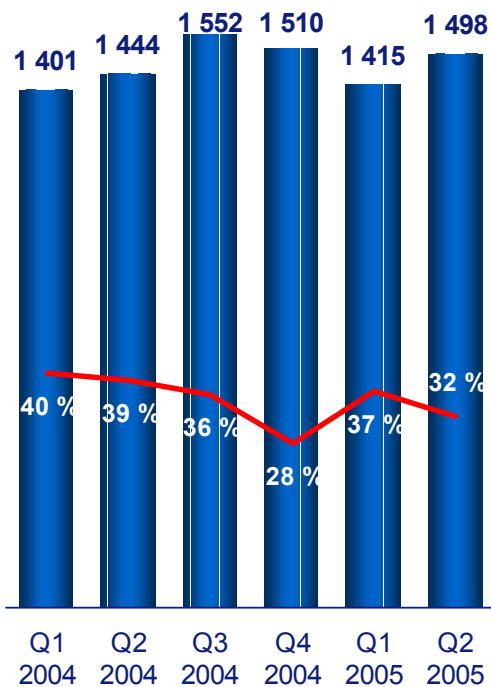
EBIT (NOKm)

■ EBITDA ■ CAPEX



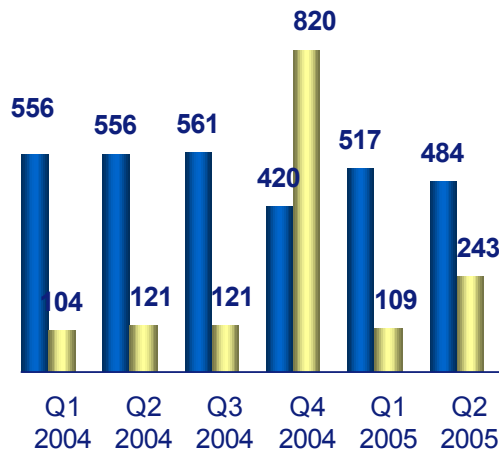
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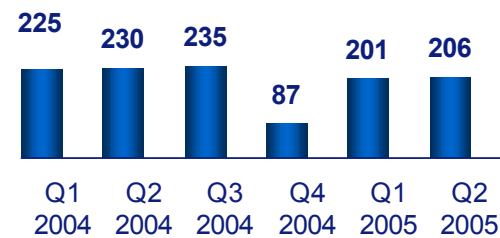


EBITDA and Capex (NOKm)

■ EBITDA ■ CAPEX



EBIT (NOKm)



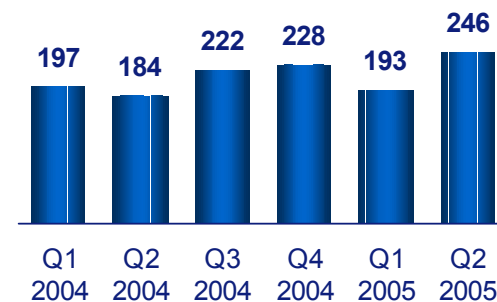
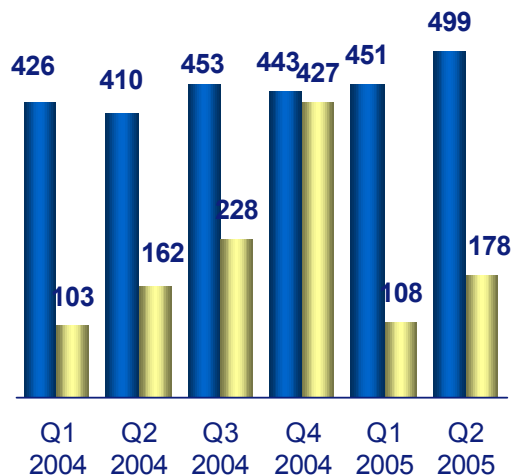
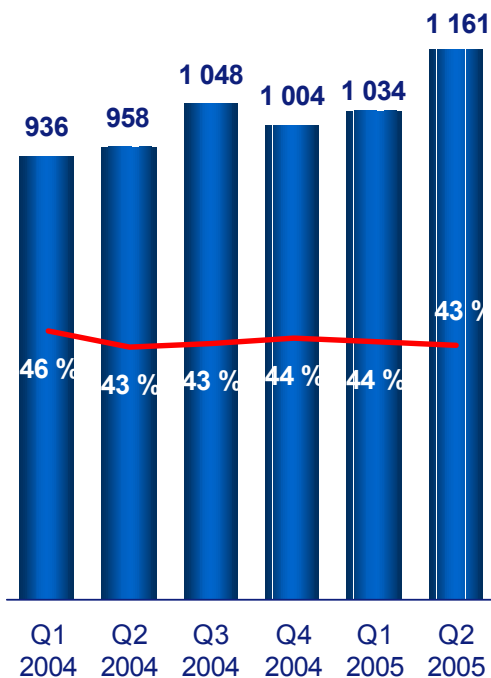
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Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



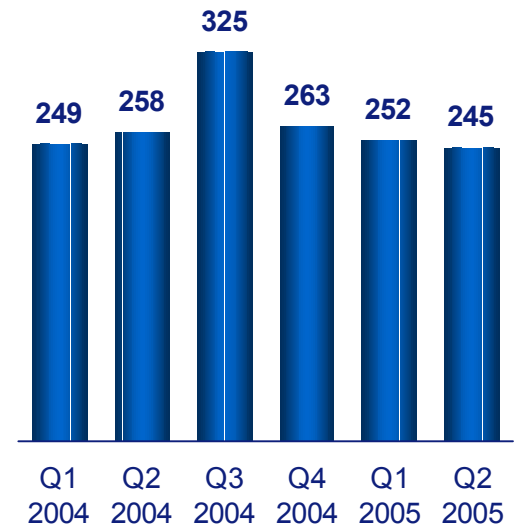
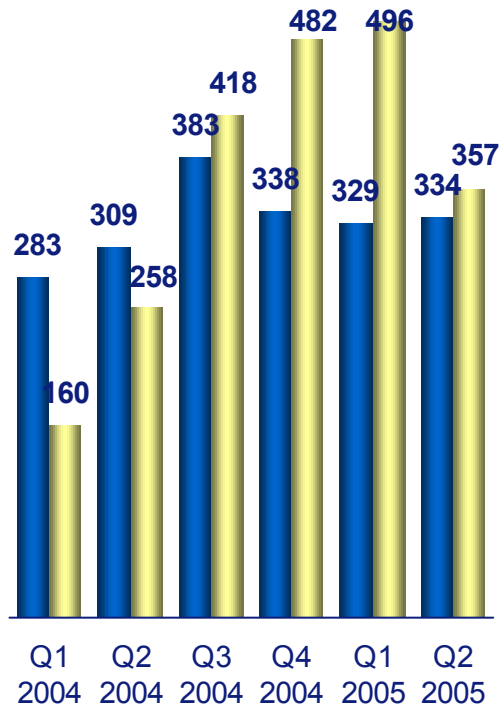
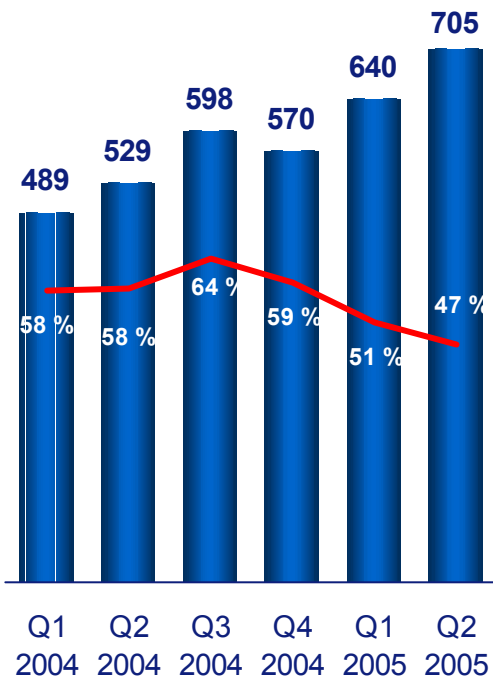
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX

