

A photograph of a modern building facade with a large, three-dimensional Telenor logo and the number '03' mounted on it. The sky is clear and blue. A white rounded rectangle is overlaid on the center of the image, containing the title text.

# **Telenor – Third Quarter 2004**

A low-angle photograph of a modern building facade with a large, 3D Telenor logo. The sky is clear and blue. The logo is partially obscured by a white text box.

# **Group Overview**

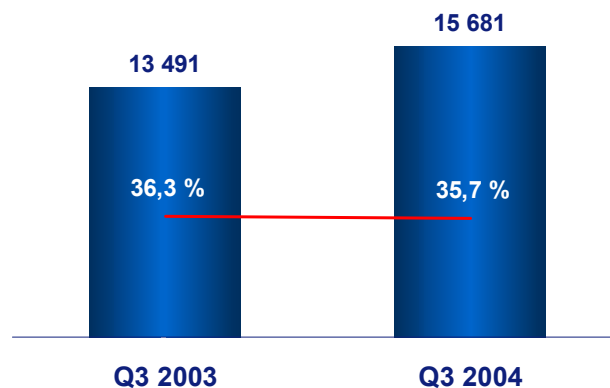
**Jon Fredrik Baksaas**  
**CEO**

Q3 2004

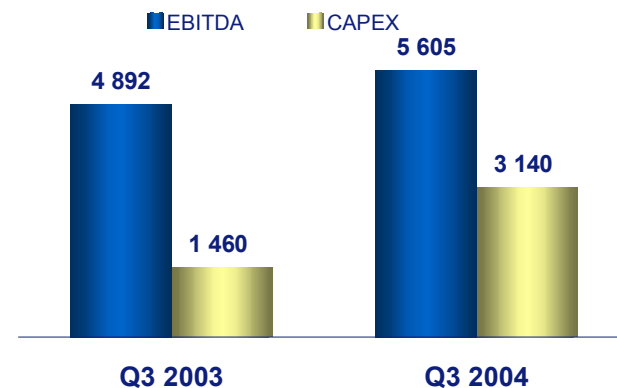
## International mobile fuelling growth

- Revenue growth of 16%
- EBITDA 5.6 NOKbn (+0.7 NOKbn)
- Mobile revenue growth of 40.5%
  - Net adds of 2.2 million subscribers in consolidated operations
- Domestic:
  - Mobile: Strong growth in subscribers
  - Fixed Line: Revenues further down
  - Retail ADSL: Net adds of 35.000
- 800.000 DTH subscribers in Broadcast

### Revenues (NOKm) / EBITDA %



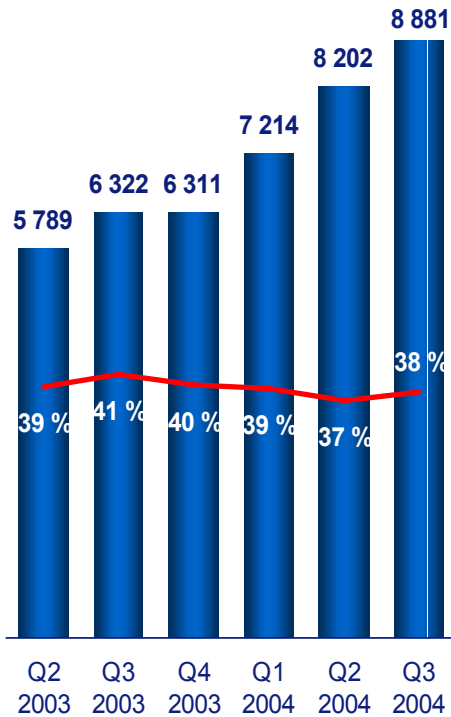
### EBITDA and Capex (NOKm)



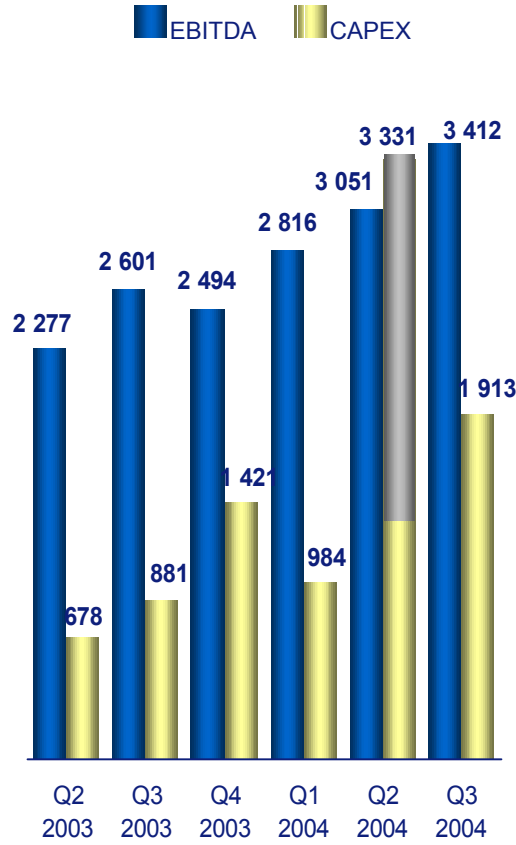
# Mobile

## Quarterly financial development

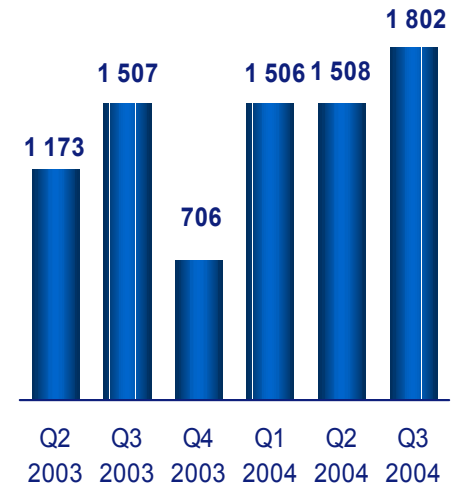
### Revenues (NOKm) / EBITDA %



### EBITDA and Capex (NOKm)






### EBIT (NOKm)

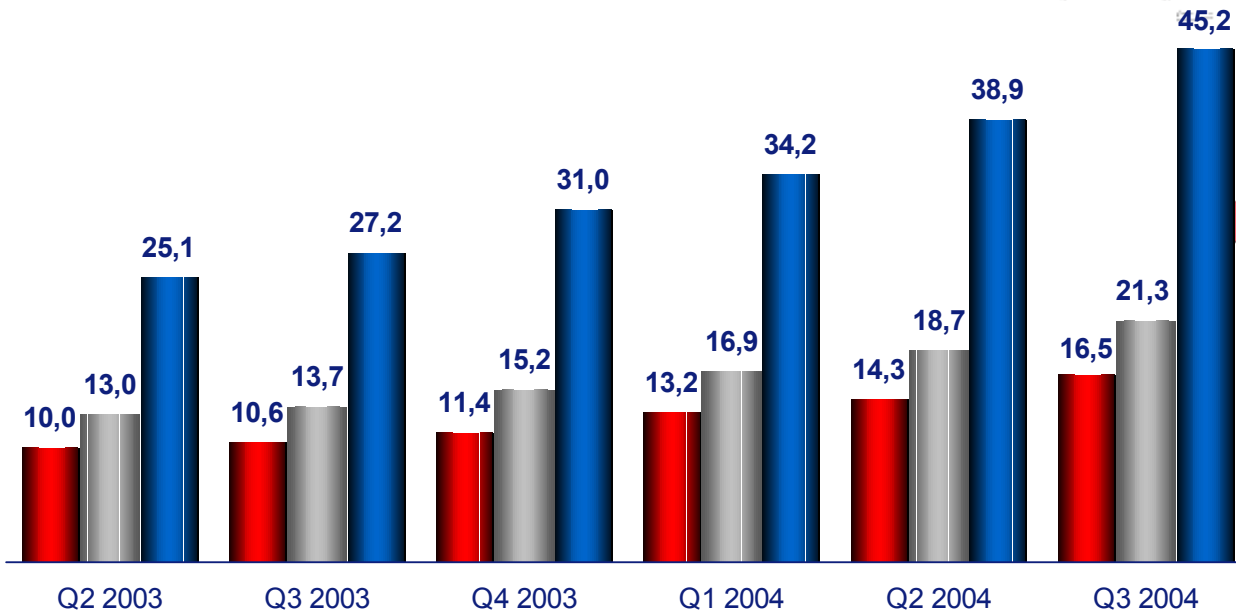
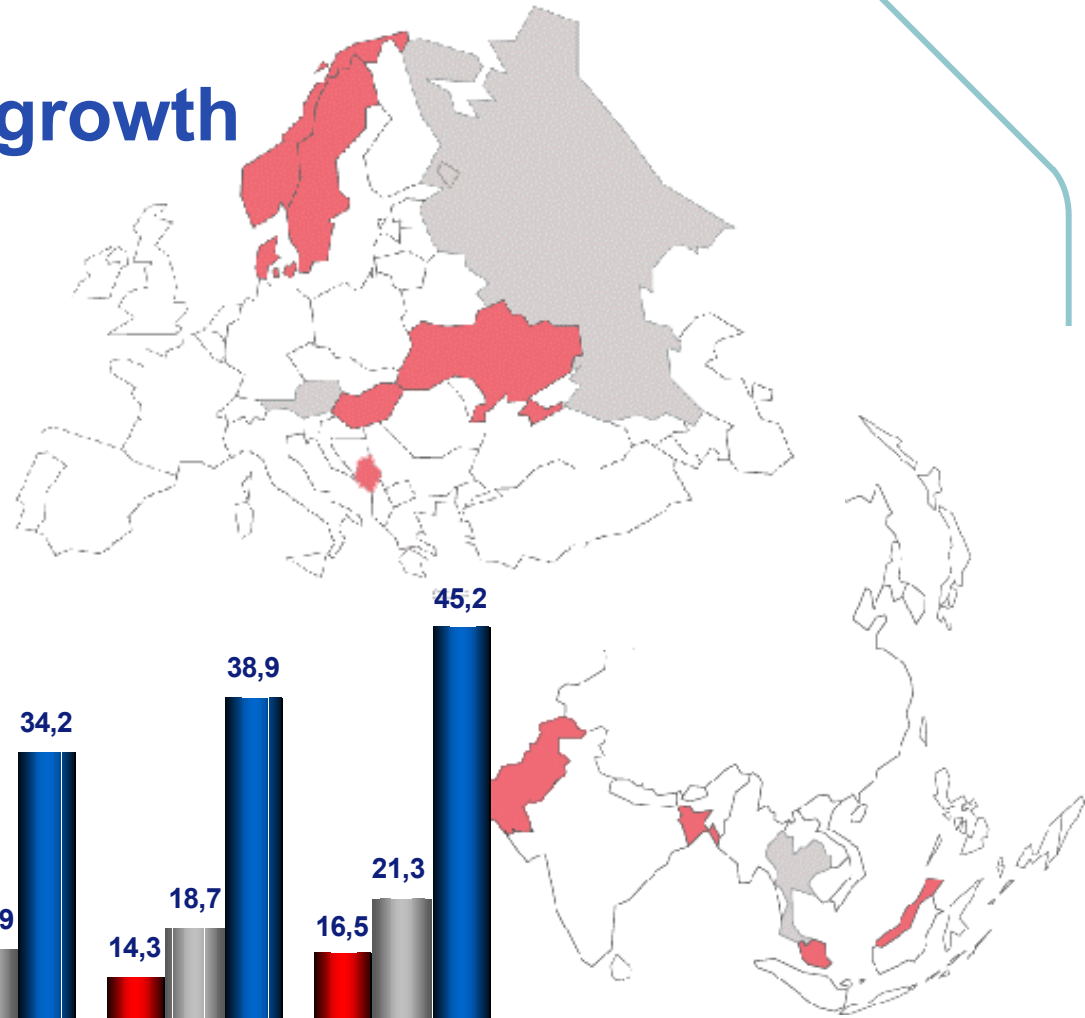


Excludes sales gains / losses

License fee Pakistan

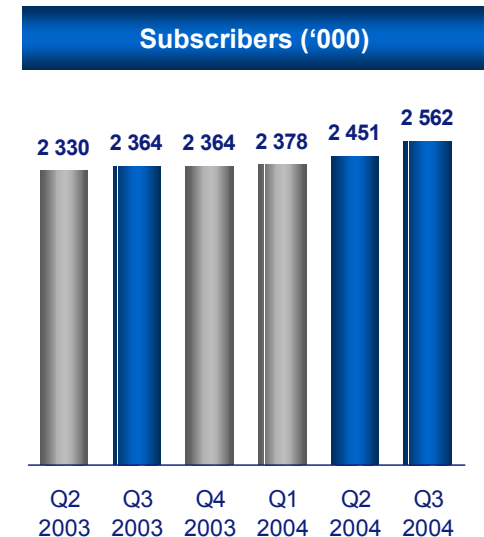
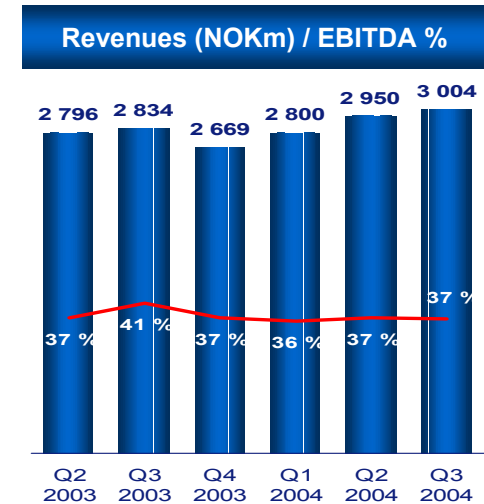
# Mobile Strong subscriber growth

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



## Impressive subscriber growth

- 114.000 GSM net adds in Q3
- Stable market share at 56%
- Revenue growth of 6% from Q3 2003
- ARPU down 2.5% due to price reductions

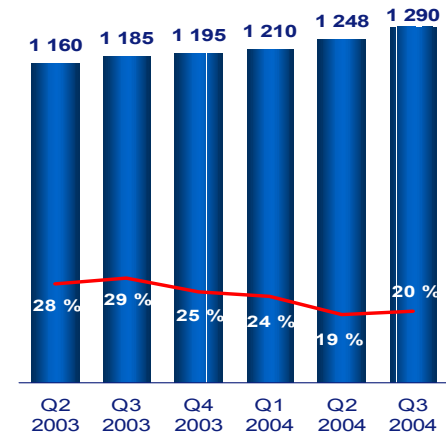


# Gaining market share

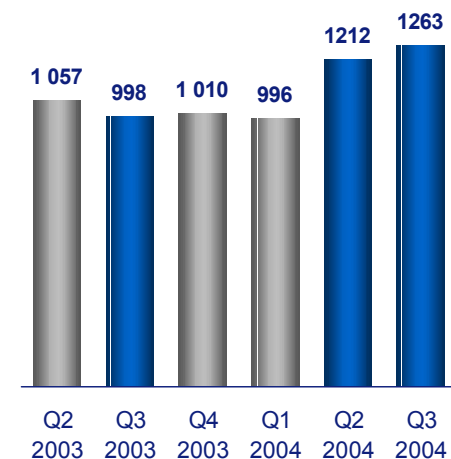
- Subscriber growth of 51.000
- Market share increased
- Revenue growth of 9%
- EBITDA margin of 20%
- Continued strong competition



Revenues (NOKm) / EBITDA %

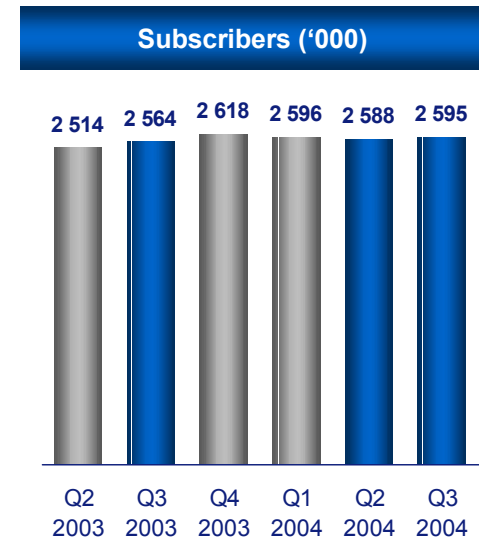
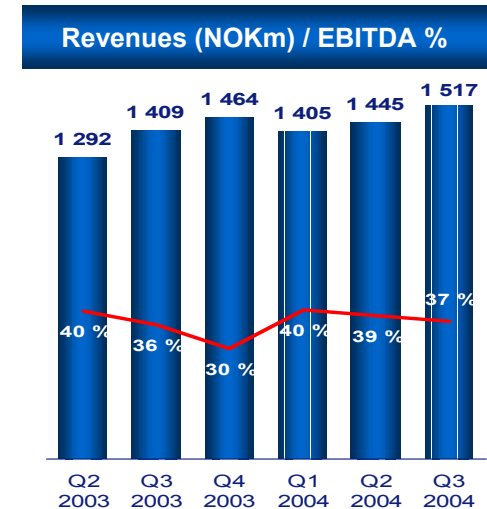


Subscribers ('000)



# Growing ARPU and subscribers

- Passed 1.5 NOKbn in revenues
- Increase in subscribers
- Continued improved quality in subscriber base
- Market share of 33%
- UMTS tender documents released in Q3



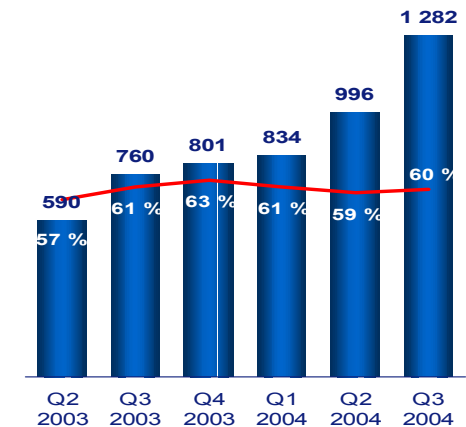


# Net adds of 1.2 mill subscribers

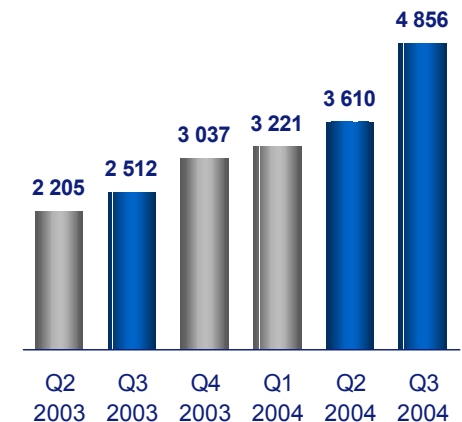
- Increased market share to 46%
- Passed 5 million subscribers in October
- Revenue growth of 69%
- ARPU stable despite strong subscriber growth
- Expanding network for future growth



Revenues (NOKm) / EBITDA %



Subscribers ('000)



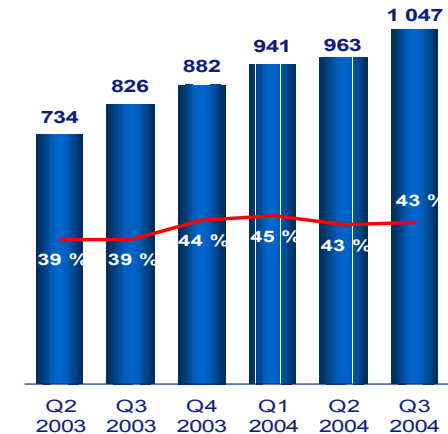
## DiGi – Malaysia

# Revenue growth of 27%

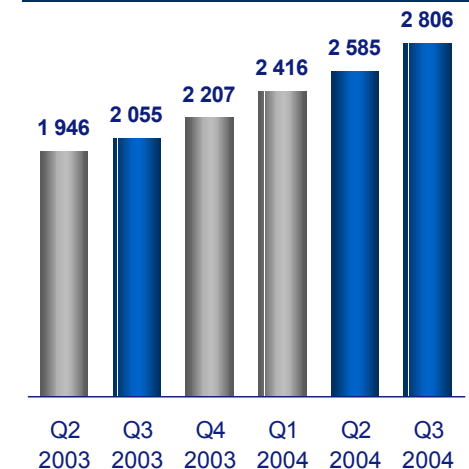
- Strong subscriber growth to 2.8 million
- Market share 21%
- EBITDA margin of 43%
- Increase in usage and non-voice revenues
- National coverage requirement in 2005 will increase CAPEX



Revenues (NOKm) / EBITDA %



Subscribers ('000)



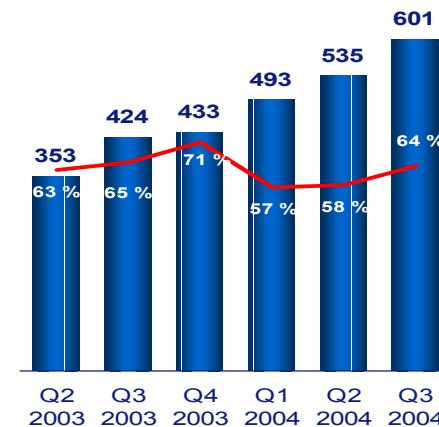
# GrameenPhone – Bangladesh

## 2 million subscribers

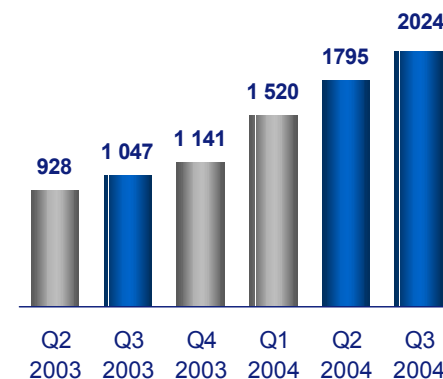
- Strong revenue and EBITDA growth
- Market share increased to 63%
- ARPU reduced due to high prepaid growth and price pressure
- Expanding network for future growth
- Increased shareholding to 55.5%



Revenues (NOKm) / EBITDA %



Subscribers ('000)

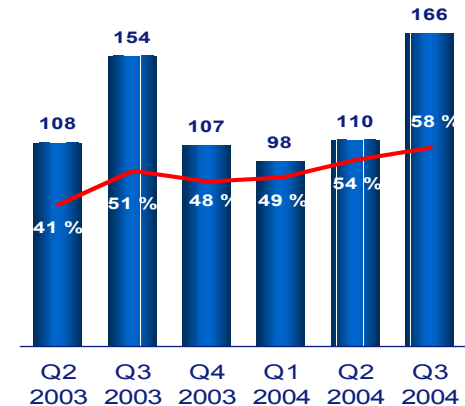


# Strong development in EBITDA margin

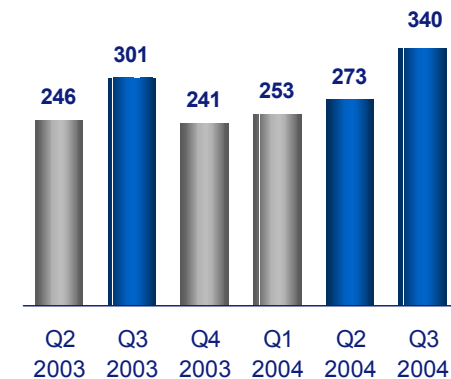
- ProMonte 100% owned, consolidated from August 12
- Stable market share of 57% in a two player market
- Strong seasonal variations in Q3



Revenues (NOKm) / EBITDA %



Subscribers ('000)



## Mobile

# DTAC and VimpelCom

- **Strong growth in subscribers**
  - VimpelCom 20.0 million <sup>1</sup>
  - DTAC 7.6 million <sup>2</sup>
- **Telenor' share of Market Value**
  - VimpelCom: 11.4 NOKBn <sup>3</sup>
  - Vimpel-R, derived: 3.9 NOKBn <sup>3</sup>
  - Market value DTAC and UCOM: 4.4 NOKBn <sup>3</sup>

Note 1 Source: IKS Consulting

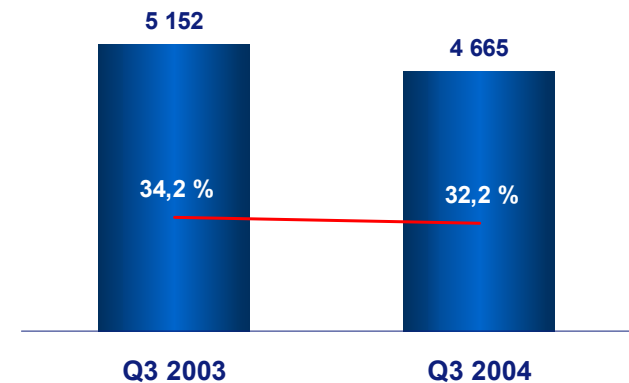
Note 2: Subscriber figures end of August 2004 published by company

Note 3: Stock exchange rates as at September 30 108.8 USD (VIP) and October 19 (DTAC and UCOM)

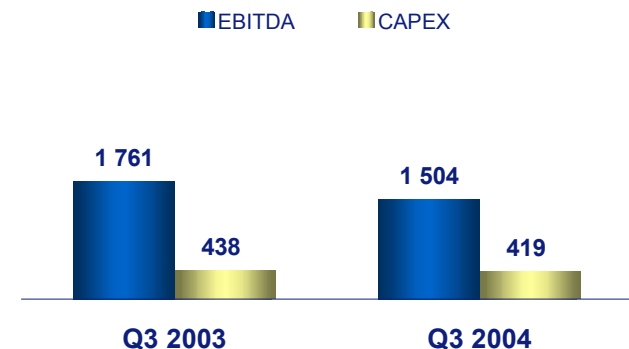
# Fixed Revenues further down

- **Adjusted revenues down 3.4%**
  - Reported revenues down 9.5%
- **Norway**
  - Fixed to mobile migration continues
  - Strong subscriber growth within ADSL
  - Slower growth in wholesale revenues
- **Sweden**
  - Wholesale DSL roll-out strategy

Revenues (NOKm) / EBITDA %



EBITDA and Capex (NOKm)

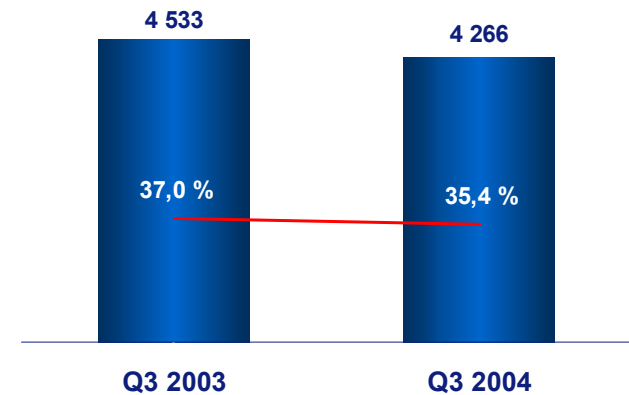


## Domestic Fixed Line

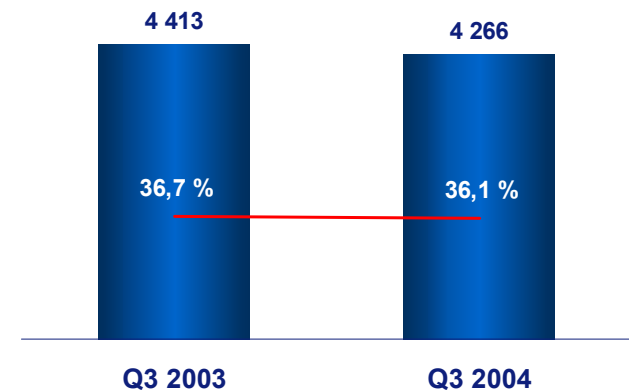
# Adjusted Revenues and EBITDA

- **Adjusted revenues down 3.3%**
  - EDB effect of 120 NOKm
- **Adjusted EBITDA margin down 0.6% points to 36.1%**
  - Restructuring effect -33 NOKm vs Q303
  - EDB effect of 30 NOKm
  - One offs of 24 NOKm
- **Adjusted EBIT stable from Q303**

### Reported Revenues (NOKm) / EBITDA %

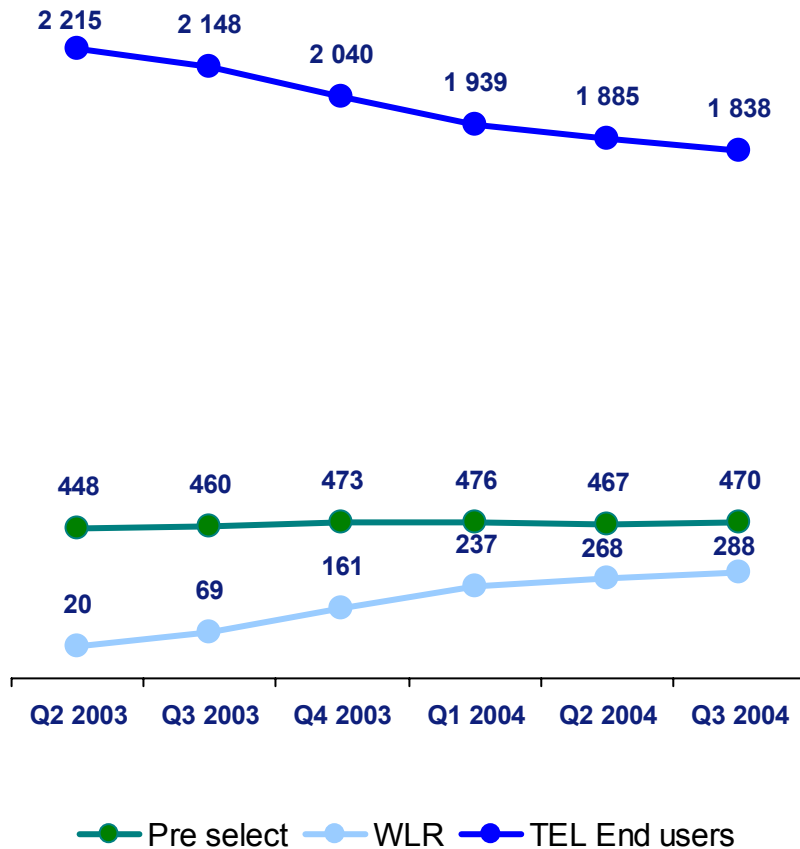


### Adjusted Revenues (NOKm) / EBITDA %

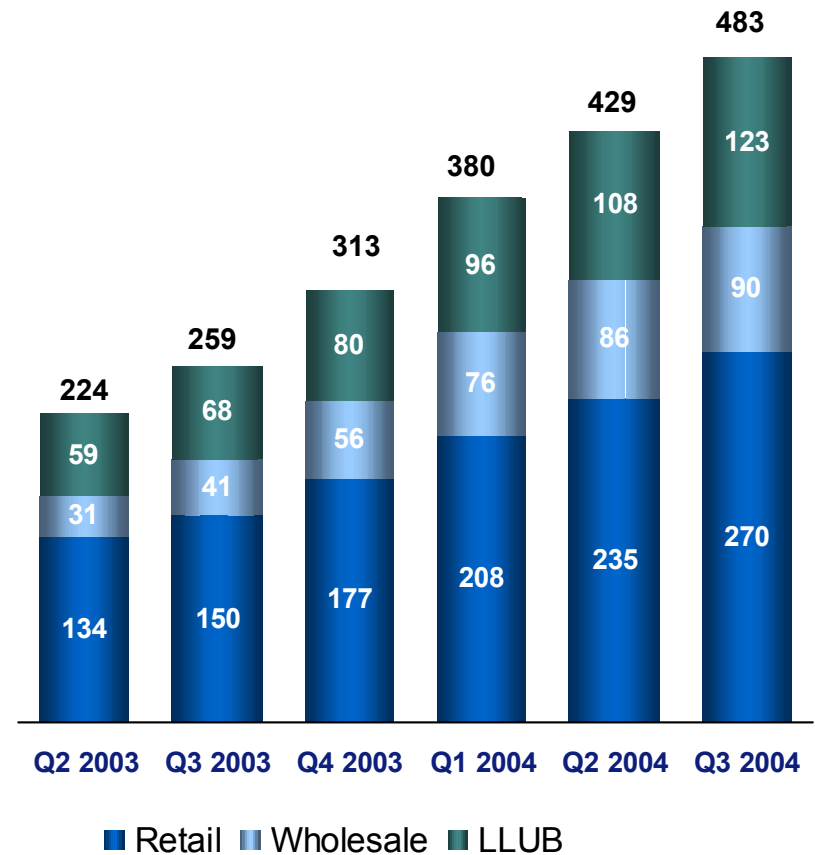


# Domestic Fixed Line Market trends

## Fixed Telephony Subscribers



## ADSL subscribers



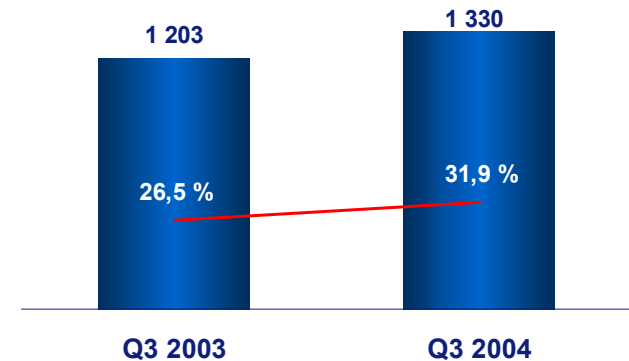


## Broadcast

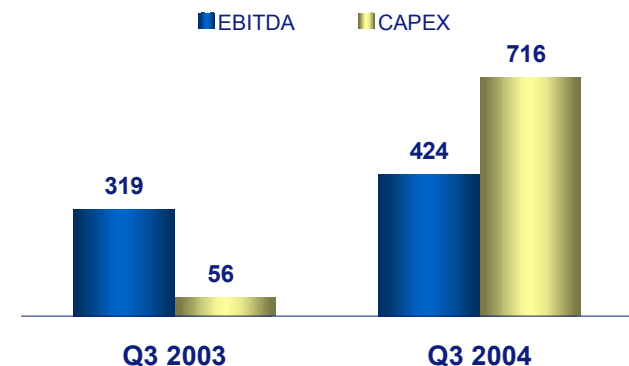
# Strong improvement in Revenue and EBITDA

- Revenue growth of 10.6%
- EBITDA margin of 31.9% in Q3
  - Distribution EBITDA margin 19.8% (18.2%)
  - Transmission EBITDA margin 60.4% (46.0%)
- New satellite acquired in September

Revenues (NOKm) / EBITDA %

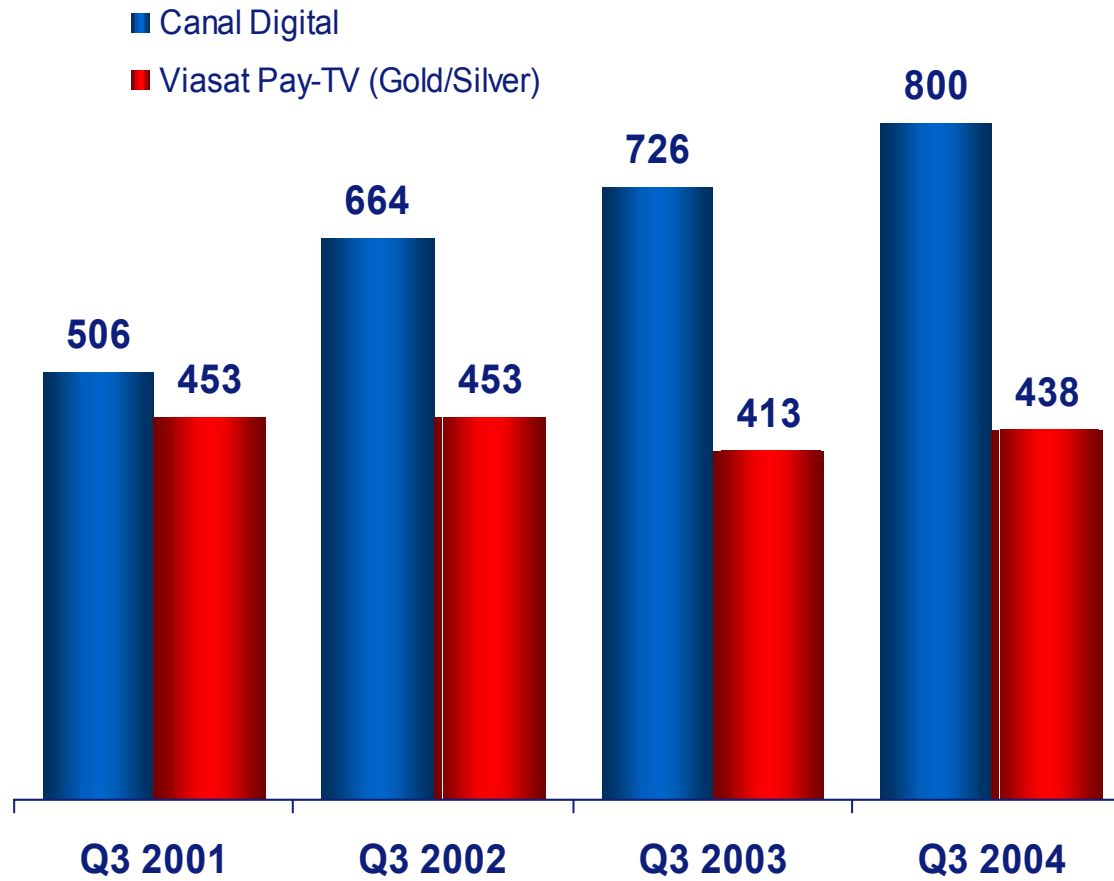


EBITDA and Capex (NOKm)



# Broadcast

## 800.000 DTH subscribers



# Focus and Strategy

- **Maintain a strong home market position**
- **Execute Scandinavian mobile synergies**
- **Create value in international mobile**
- **Increased transparency and simplicity**



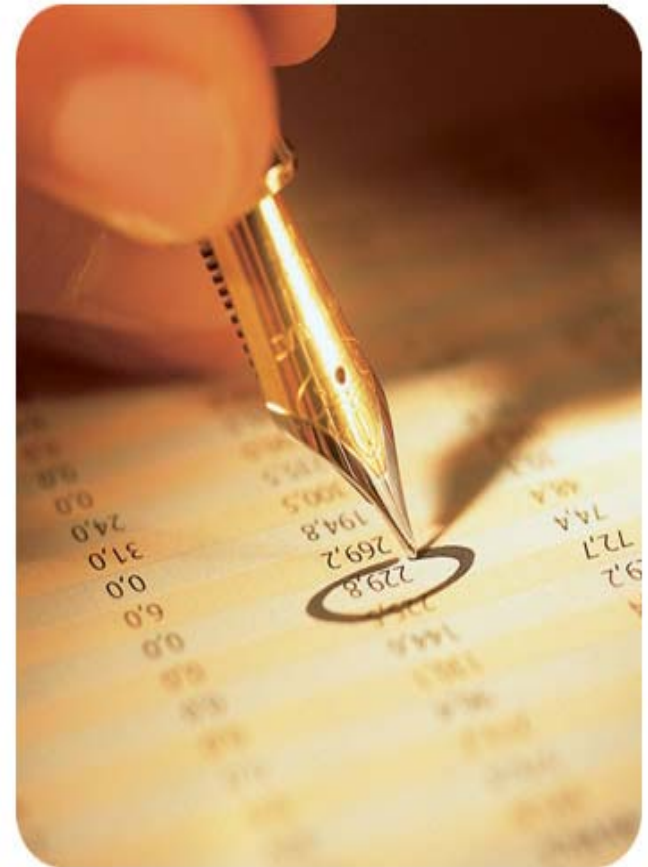
The background of the slide is a photograph of a modern building's facade. Large, three-dimensional letters spell out 'Q3' and 'telenor' on the wall. The 'telenor' logo is partially obscured by a white text box. The sky is a clear, light blue.

# **Group Financial Overview Q3 2004**

**Torstein Moland  
CFO**

# Key messages Q3 2004

- **Revenue growth of 16%**
- **EBITDA improved to 5.6 NOKbn**
- **Mobile revenue growth of 40.5%**
  - 2.2 million new subscribers
- **Domestic mobile**
  - Continued strong growth in subscribers
- **Domestic fixed**
  - Traffic migrating to mobile
  - Slower growth in wholesale revenues
- **Broadcast: Canal Digital - the preferred Nordic DTH choice**



# Reported P&L

	Q3 2004	Q3 2003	YTD 2004	YTD 2003
Revenue	15 681	13 491	45 589	39 320
EBITDA	5 605	4 892	16 302	13 419
EBIT	2 600	2 300	7 621	5 387
Profit before Tax	2 664	2 005	10 000	5 542
Net Income	1 399	1 281	5 610	3 561

NOKm

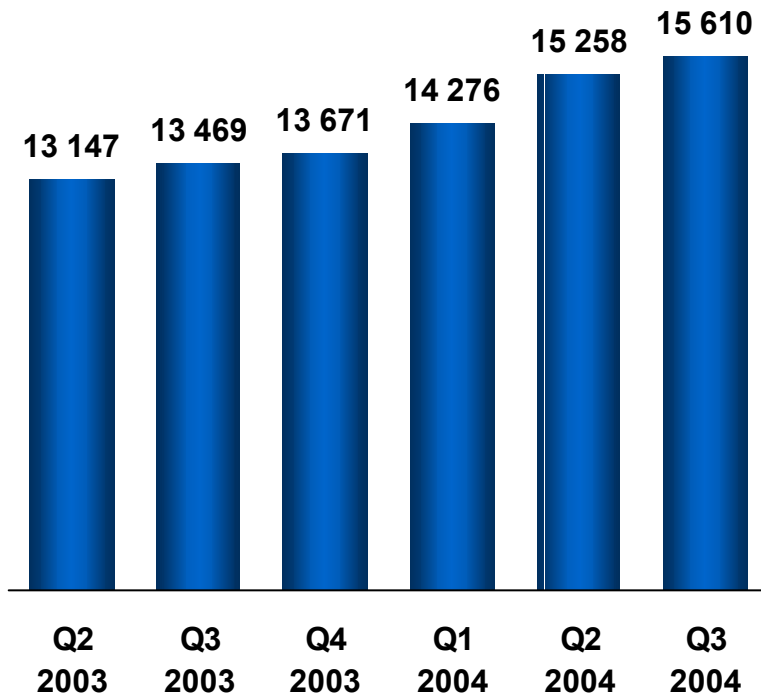
# Adjusted P&L

	Q3 2004	Q3 2003	YTD 2004	YTD 2003
Revenue	15 610	13 469	45 144	39 218
EBITDA	5 628	5 004	16 168	13 722
EBIT	2 665	2 425	7 533	5 766
Assoc. comp	284	62	619	(87)
Profit Before Tax	2 699	2 168	7 264	4 552

NOKm

# Solid quarterly revenue growth

## Revenues (NOKm) \*



## Comments Q3 (YoY)\*

- **Revenue growth of 16% adjusted for sales gains**
  - underlying growth of 7%
- **Underlying Business area growth**
  - Mobile: 17%
  - Fixed: -3%
  - Broadcast 11%

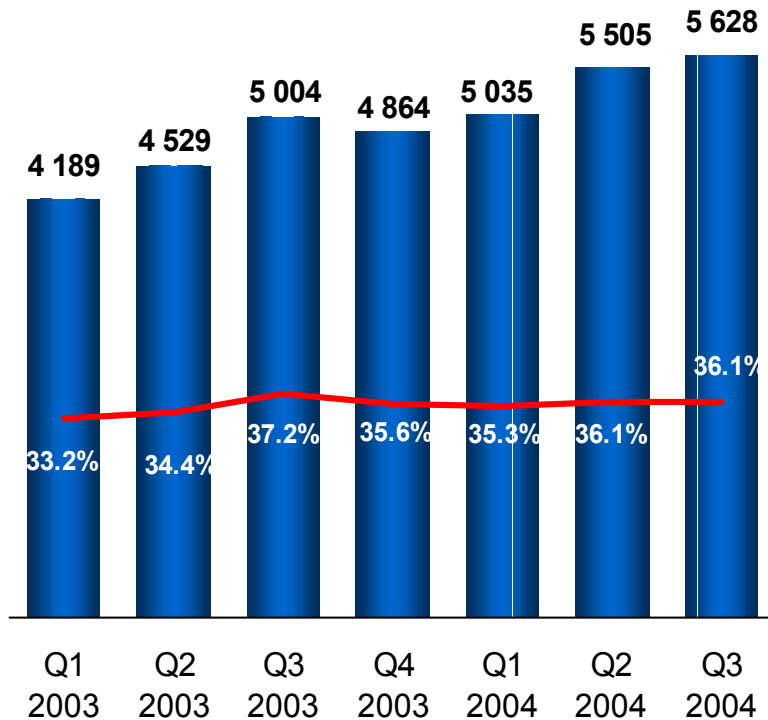
\* Revenues adjusted for sales gains

Underlying growth: Adjusted for the effect of acquisitions and disposals of operations and currency fluctuations



# EBITDA – Highest ever

## Adjusted EBITDA (NOKm) and Margin



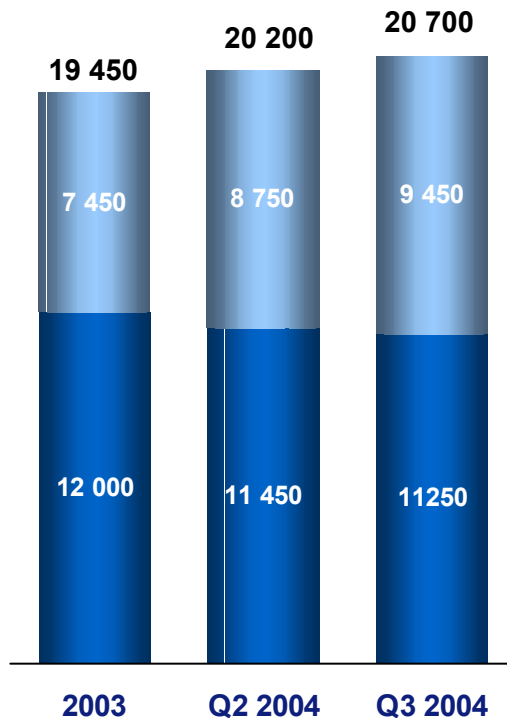
## Comments

- **Record EBITDA – driven by international mobile**
- **Margin affected by**
  - Focus on market share
  - Consolidation of Sonofon
  - Reduced margins in domestic mobile and fixed

# Cost cutting and capital discipline

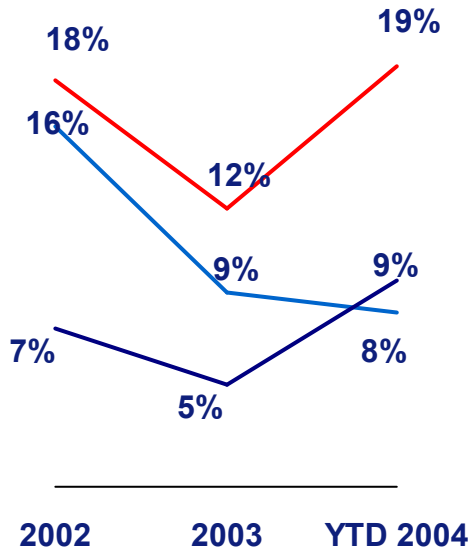
## Headcount

- International
- Domestic

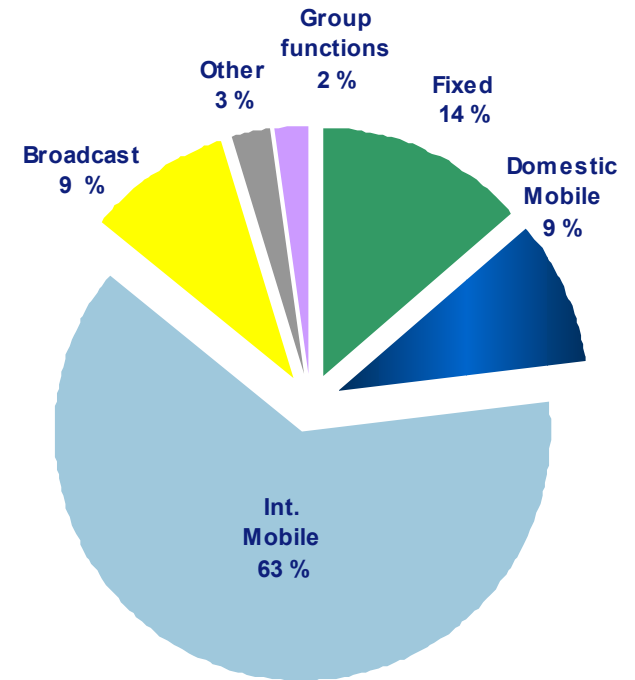


## Capex / Sales

- Domestic Fixed
- Domestic Mobile
- Total Capex/Sales

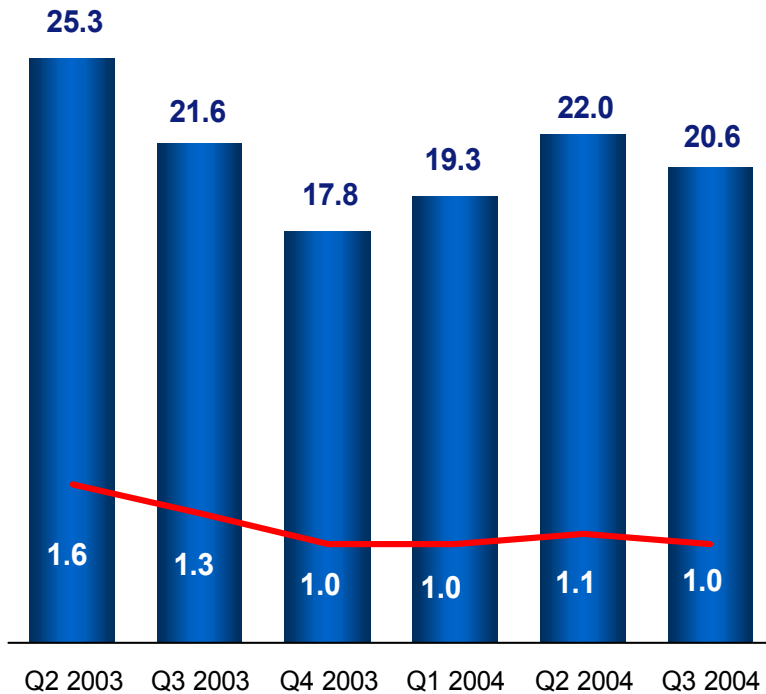


## Capex Breakdown YTD 2004 (NOKm)



# Net Debt/EBITDA strengthened

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



## Net Debt Changes (NOKbn)

**Net Debt 30 June 2004** **22.0**

<b>EBITDA</b>	<b>- 5.6</b>
<b>Net investment</b>	<b>+ 3.7</b>
<b>Net Interest</b>	<b>+ 0.3</b>
<b>Income tax paid</b>	<b>+ 0.7</b>
<b>Share buy back</b>	<b>+ 0.1</b>
<b>Dividend</b>	<b>+ 0.3</b>
<b>Other</b>	<b>- 0.9</b>

**Net Debt 30 Sept 2004** **20.6**

# Outlook for 2004

## Mobile

- Growth in revenues
- Pressure on international EBITDA margin
- Increased Capex

## Domestic Fixed Line

- Revenues: Reduced access and traffic revenues, increased ADSL revenues
- Stable underlying margin

## Broadcast

- Continued revenue growth
- EBITDA and EBIT growth
- Increased Capex due to satellite acquisition

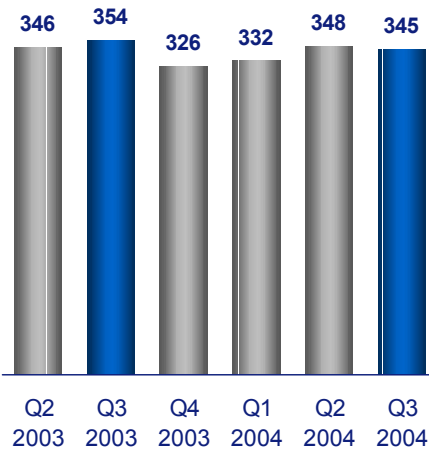
## Telenor Group

- Continued revenue growth
- Stable EBITDA margin
- Capex significantly above 2003

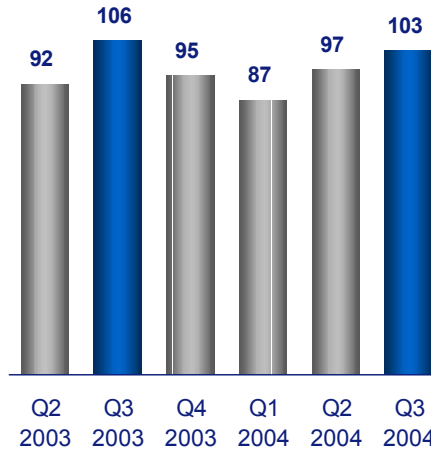
# Appendix

# ARPU development in mobile companies (NOK)

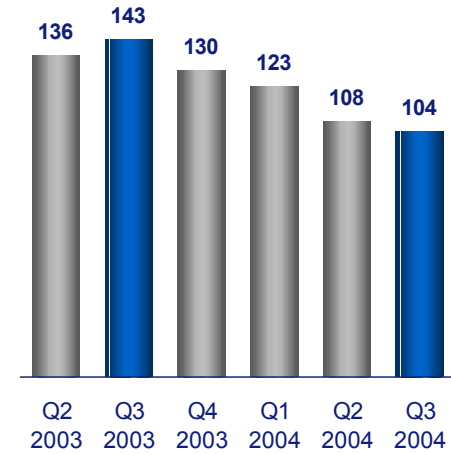
Telenor Mobil - Norway



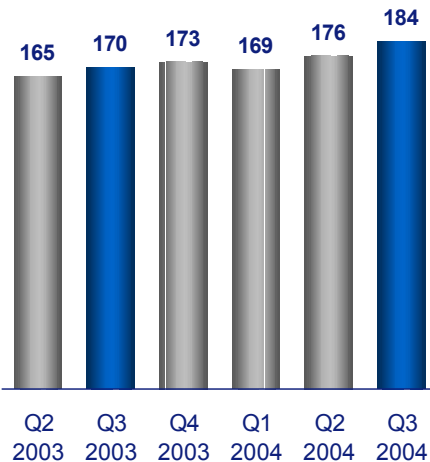
Kyivstar - Ukraine



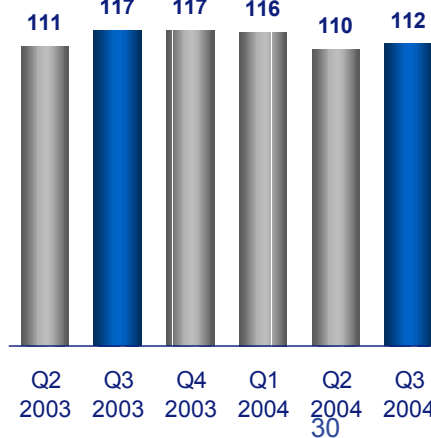
Grameen - Bangladesh



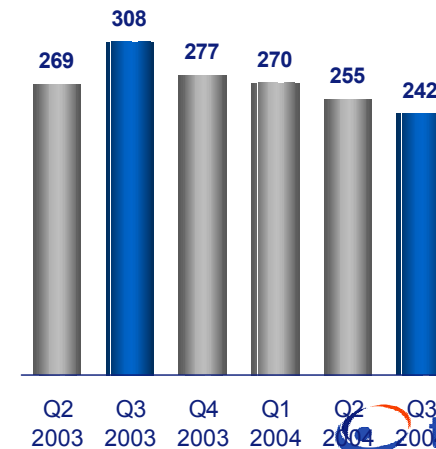
Pannon - Hungary



Digi - Malaysia



Sonofon - Denmark



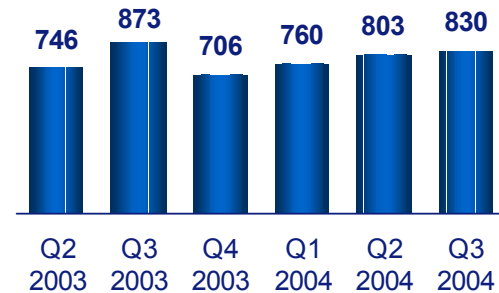
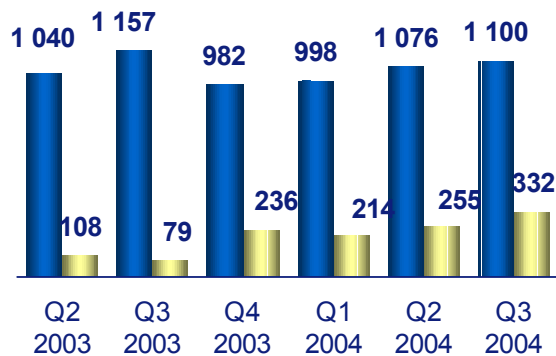
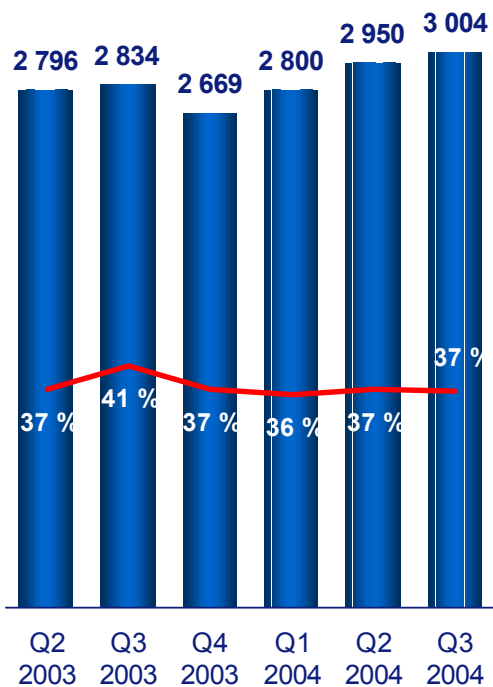
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX





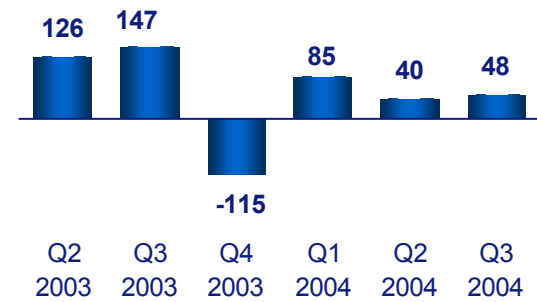
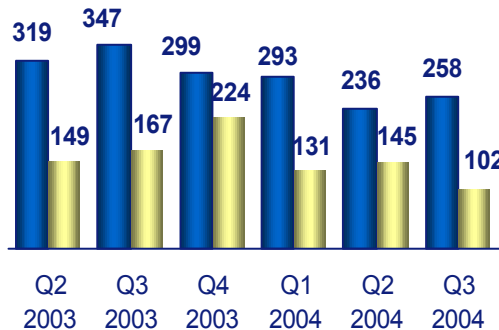
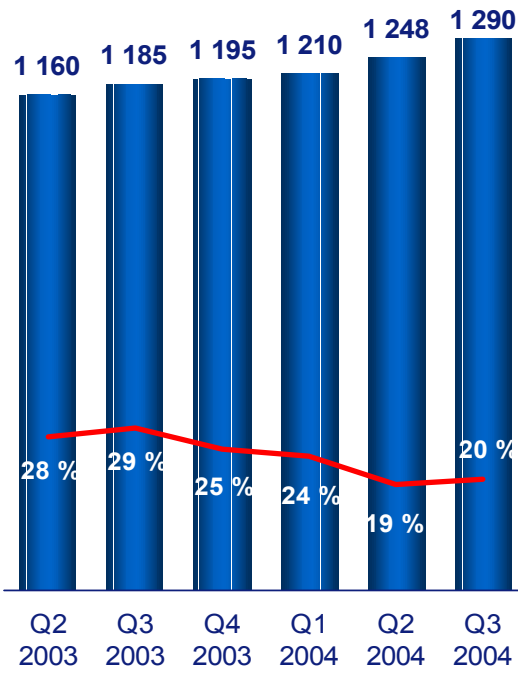
# Quarterly financial performance

## Revenues (NOKm) / EBITDA %

## EBITDA and Capex (NOKm)

## EBIT (NOKm)

■ EBITDA ■ CAPEX





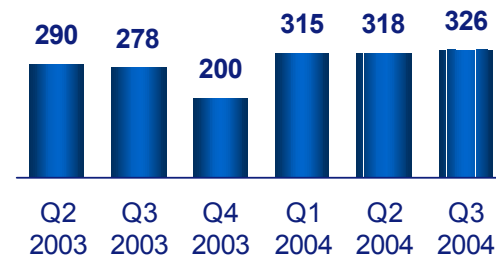
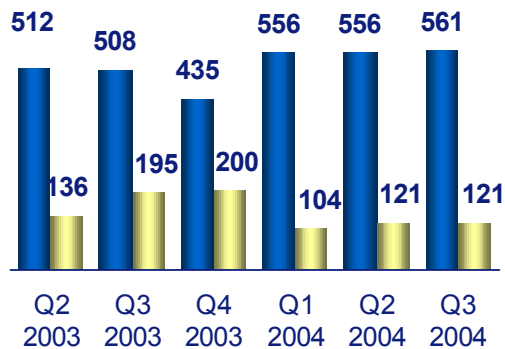
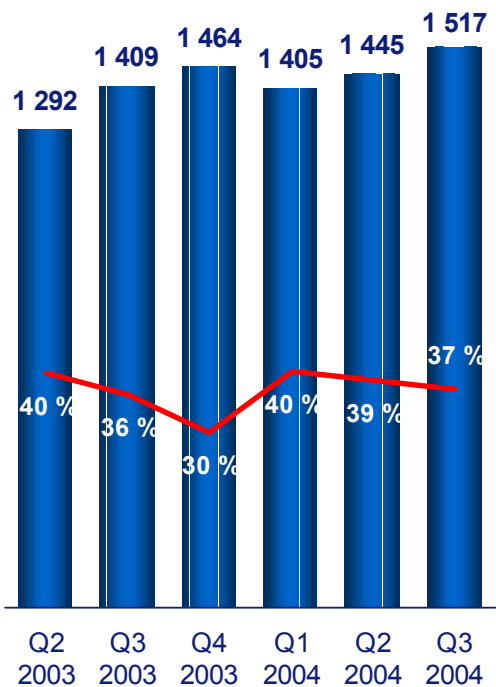
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



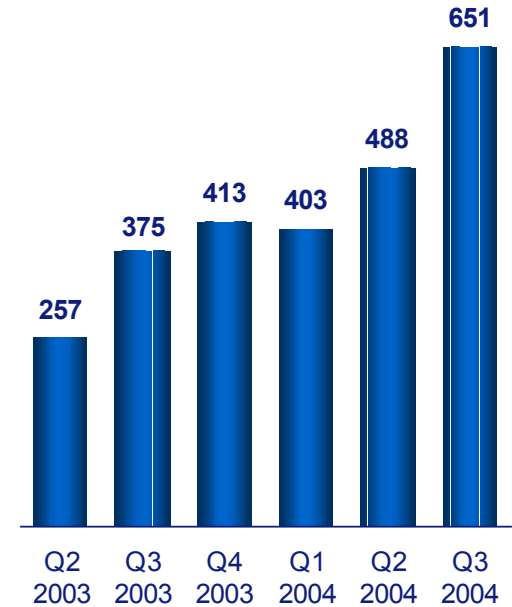
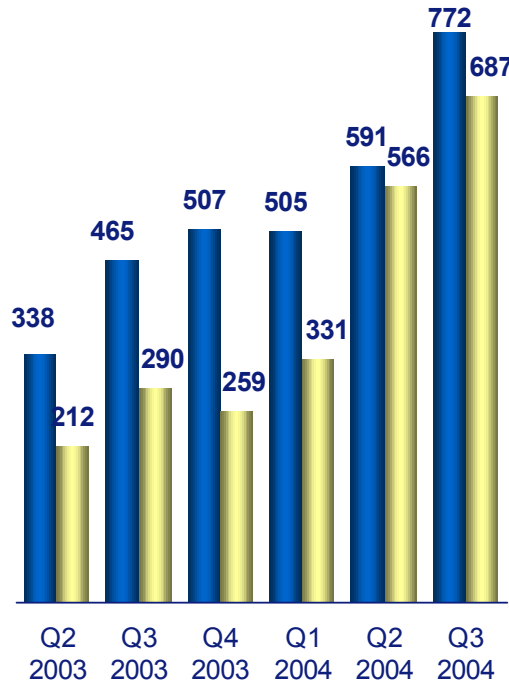
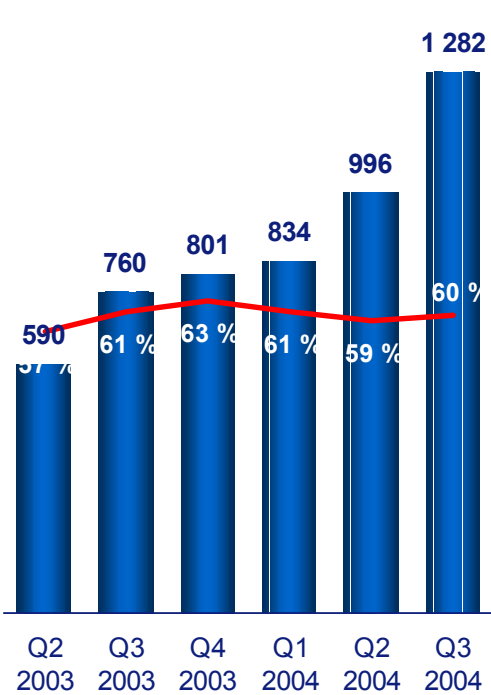
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



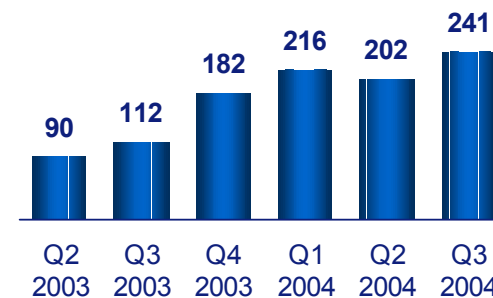
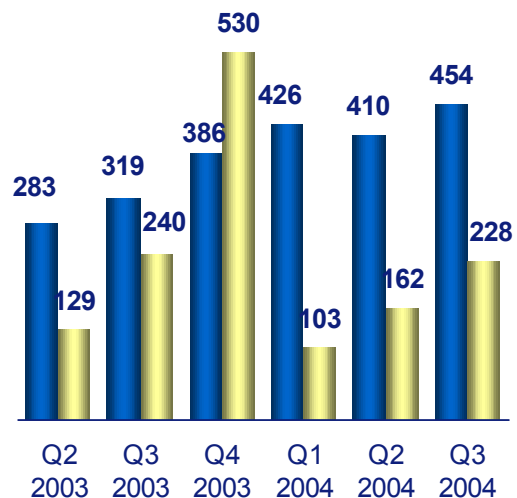
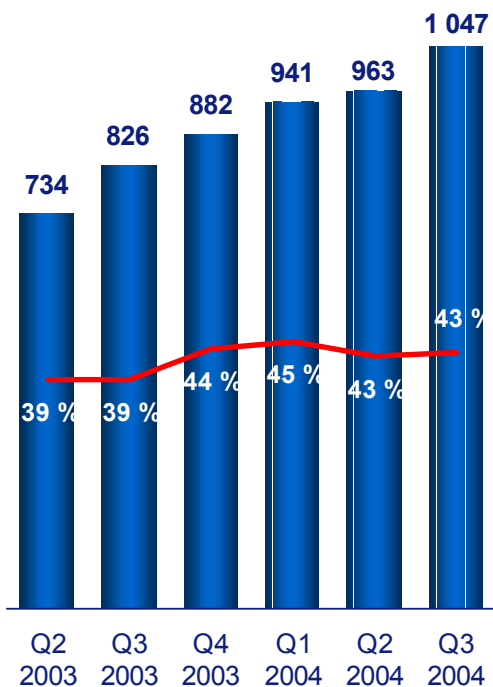
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



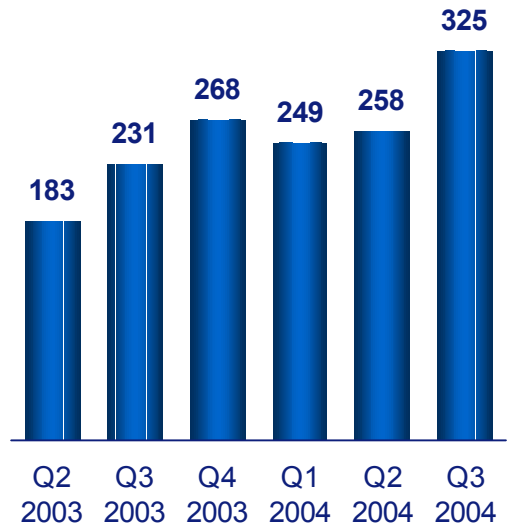
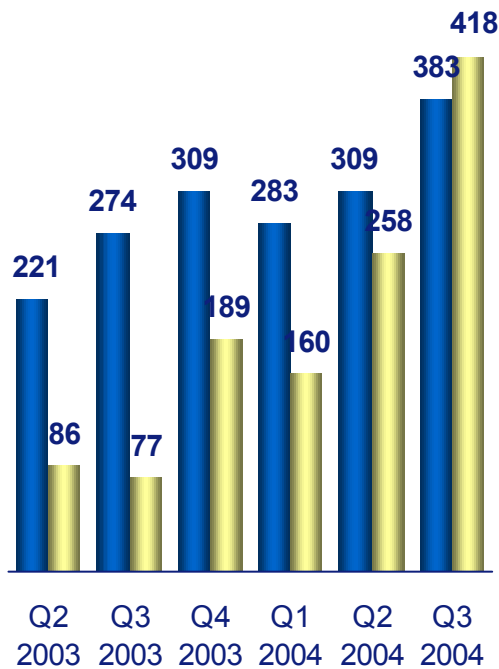
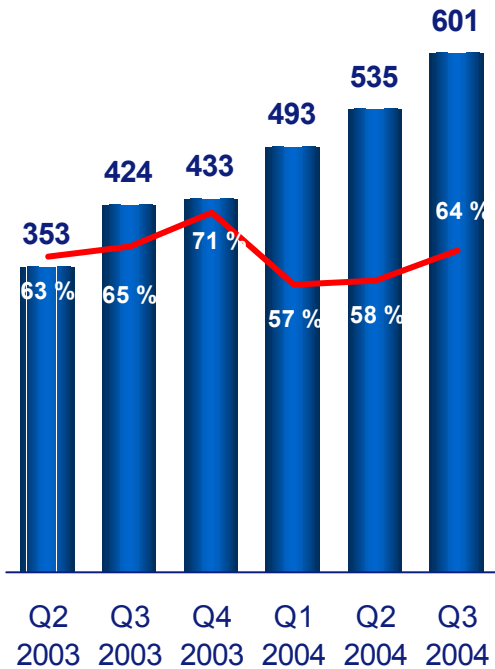
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



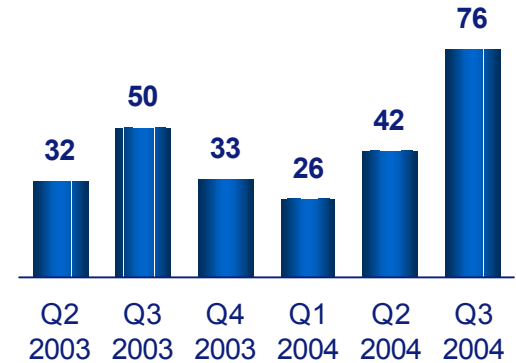
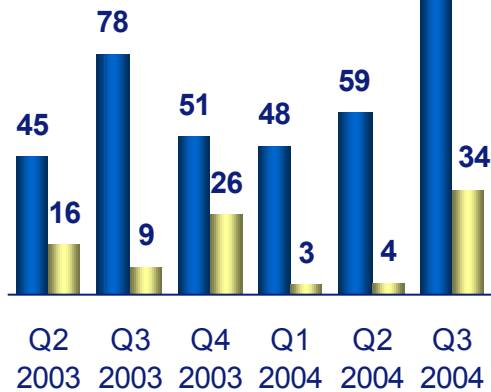
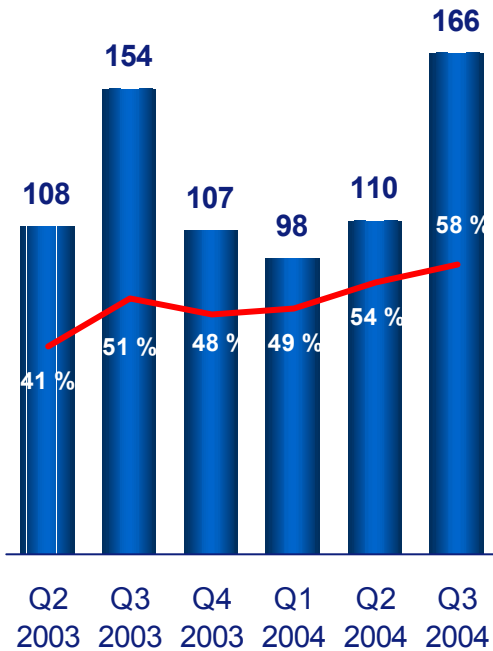
# Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



# International mobile associates

(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>
	June 30 2003	June 30 2004	%-change 2003/2004	June 30 2003	June 30 2004	%-change 2003/2004	June 30 2003	June 30 2004	%-change 2003/2004	June 30 2003	June 30 2004	June 30 2004
<b>Europe</b>												
One (Austria)	1 378	1 430	4 %	2 544	3 003	18 %	805	968	20 %	249	160	10 236
<b>Russia</b>												
VimpelCom <sup>4)</sup>	7 434	16 304	119 %	3 861	6 257	62 %	1 743	3 076	76 %	2 188	2 955	4 178
<b>Southeast Asia</b>												
DTAC	5 899	7 409	26 %	2 438	3 294	35 %	914	1 315	44 %	297	553	6 596
UCOM <sup>5)</sup>	-	-		1 637	2 182	33 %	83	106	27 %	18	22	751

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

5) UCOM's Capex figure represents purchase of fixed assets in CF Statement

# Net interest-bearing debt in partly owned subsidiaries

Net interest-bearing debt				
NOK million	Ownership interest	Q3 2004	Q2 2004	Q3 2003
<b>DiGi.Com</b>	61.0%	383	539	1,110
<b>Kyivstar</b>	56.51%	1,360	877	898
<b>GrameenPhone</b>	51.0%	-246	-266	-213
<b>EDB Business Partner</b>	51.8%	178	492	652