

TELENOR ASA
Form 6-K
November 02, 2004

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

**PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date: 27th October, 2004, for 3rd Quarter, 2004

TELENOR ASA

(Registrant's Name)

Snarøyveien 30,

1331 Fornebu,

Norway

(Registrant's Address)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

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TELTELENOR ASA THIRD QUARTER 2004 RESULTS

Telenor's revenues excluding gains increased by 15.9% to NOK 15,610 million. EBITDA increased by NOK 713 million to NOK 5,605 million. EBITDA margin adjusted for special items was 36.1%. Telenor's operating profit increased by NOK 300 million to NOK 2,600 million. Profit before taxes and minority interests increased by NOK 659 million to NOK 2,664 million. Net income per share increased to NOK 0.82. Capex was NOK 3,140 million. Net debt was NOK 20.6 billion

Telenor's revenues excluding gains increased by 15.9% to NOK 15,610 million. Adjusted for the effects of acquisitions and disposals of operations and currency fluctuations, the growth in revenues was just above 7%.

EBITDA increased by NOK 713 million to NOK 5,605 million. Telenor's EBITDA margin adjusted for special items was 36.1% compared to 37.2%.

Telenor's operating profit increased by NOK 300 million to NOK 2,600 million. Profit before taxes and minority interests increased by NOK 659 million to NOK 2,664 million. Net income per share increased by NOK 0.10 to NOK 0.82.

In Mobile, the number of subscriptions in consolidated operations increased by 2.2 million compared to 0.6 million in the same quarter last year. Revenues increased by NOK 2,559 million to NOK 8,881 million. EBITDA increased by NOK 811 million to NOK 3,412 million.

In Fixed Norway, revenues adjusted for disposal of operations and special items were reduced by 3.3%. Correspondingly, adjusted EBITDA margin was 36.1% compared to 36.7% in the third quarter of 2003. The operating profit was in line with the same quarter last year.

In Broadcast, at the end of the third quarter of 2004 the number of subscribers with satellite dish exceeded 800,000 in the Nordic area. EBITDA increased by NOK 105 million to NOK 424 million.

In the third quarter of 2004, Telenor Mobil Norway increased the number of GSM subscriptions by 114,000. Telenor's estimated market share for mobile services in Norway was 56% measured in number of subscriptions. The

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market share for fixed line telephony in Norway measured in traffic minutes was sustained from previous quarters at 69%.

Capital expenditure was NOK 3,140 million compared with NOK 1,460 million in the third quarter of 2003 mainly as a consequence of increased network investments in Mobile due to strong subscriber growth and the purchase of an ownership interest in a satellite in Broadcast.

Net interest-bearing liabilities were NOK 20.6 billion, a reduction of NOK 1.4 billion from the second quarter of 2004.

In the third quarter of 2004 Telenor purchased 3,000,000 own shares in the market for NOK 145 million. So far in 2004, Telenor has purchased shares for NOK 2.85 billion, including shares, which according to an agreement, have been or will be purchased from the Kingdom of Norway.

The Intelsat AGM has approved the agreement involving today's shareholders selling their shares to private investors for \$18.75 a share. Telenor has approximately 6.9 million shares in Intelsat. The sale will give Telenor a book profit of around NOK 400 million. The settlement for the shares will be in cash, and is expected to be concluded around year-end 2004.

Outlook:

Telenor confirms its expectations for 2004 as presented in Telenor's report for the second quarter of 2004 of a continued positive development in Telenor's results compared to 2003. This also applies to the fourth quarter of 2004.

Continued growth in revenues is expected, in particular driven by the international mobile operations, where we experience a strong growth in the customer base in several markets.

The EBITDA margin for 2004 is expected to be in line with 2003, excluding special items. This includes the consolidation of Sonofon and the establishment of mobile operations in Pakistan. This expectation is based on, among other factors, the effects of increased marketing efforts to secure growth in several of our mobile operations. Capital expenditure in the fourth quarter is expected to be higher than in the fourth quarter of 2003 due to expectations of continued high network investments in Telenor's international mobile operations.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Telenor ASA

By: /s/ Torstein Moland
Name: Torstein Moland
(sign.)
Title: CFO

Date: 27th October, 2004

Table of Contents**Profit and loss statement**

| Telenor group (NOK in millions except net income per share) | 3rd quarter | | First three quarters | | Year 2003 |
|---|--------------------|---------------|-----------------------------|---------------|----------------------------|
| | 2004 | 2003 | 2004 | 2003 | |
| Revenues | 15,610 | 13,469 | 45,144 | 39,218 | 52,889 |
| Gains on disposal of fixed assets and operations | 71 | 22 | 445 | 102 | 232 |
| Total revenues | 15,681 | 13,491 | 45,589 | 39,320 | 53,121 |
| Costs of materials and traffic charges | 4,147 | 3,391 | 11,780 | 9,836 | 13,094 |
| Own work capitalized | (103) | (122) | (391) | (398) | (571) |
| Salaries and personnel costs | 2,224 | 2,148 | 7,271 | 7,011 | 9,561 |
| Other operating expenses | 3,756 | 3,166 | 10,546 | 9,251 | 12,506 |
| Losses on disposal of fixed assets and operations | 52 | 16 | 81 | 201 | 229 |
| Depreciation and amortization | 2,963 | 2,579 | 8,635 | 7,956 | 10,597 |
| Write-downs | 42 | 13 | 46 | 76 | 145 |
| Total operating expenses | 13,081 | 11,191 | 37,968 | 33,933 | 45,561 |
| Operating profit | 2,600 | 2,300 | 7,621 | 5,387 | 7,560 |
| Associated companies | 292 | 62 | 636 | 1,410 | 1,231 |
| Net financial items | (228) | (357) | 1,743 | (1,255) | (1,365) |
| Profit before taxes and minority interests | 2,664 | 2,005 | 10,000 | 5,542 | 7,426 |
| Taxes | (906) | (676) | (3,400) | (1,772) | (2,376) |
| Minority interests | (359) | (48) | (990) | (209) | (490) |
| Net income | 1,399 | 1,281 | 5,610 | 3,561 | 4,560 |
| Net income per share in NOK basic and diluted | 0.81 | 0.72 | 3.20 | 2.01 | 2.57 |
| US GAAP | | | | | |
| Net income | 1,649 | 1,456 | 6,209 | 3,968 | 5,036 |
| Net income per share in NOK basic and diluted before cumulative effect of change in accounting principle | 0.96 | 0.82 | 3.54 | 2.23 | 2.84 |

Table of Contents**BALANCE SHEET**

| Telenor group (NOK in millions) | 30.09.2004 | 30.06.2004 | 30.09.2003 | 31.12.2003 |
|--|-------------------|-------------------|-------------------|-------------------|
| Deferred tax assets | 1,245 | 1,906 | 3,858 | 3,850 |
| Goodwill | 14,546 | 14,683 | 9,690 | 9,224 |
| Intangible assets | 10,897 | 11,072 | 6,074 | 5,536 |
| Tangible assets | 38,083 | 37,322 | 36,671 | 35,722 |
| Associated companies | 6,672 | 6,808 | 8,940 | 10,166 |
| Other financial assets | 2,414 | 2,429 | 4,914 | 3,848 |
| Total fixed assets | 73,857 | 74,220 | 70,147 | 68,346 |
| Other current assets | 11,222 | 11,779 | 10,659 | 9,819 |
| Liquid assets | 4,404 | 5,465 | 5,614 | 7,945 |
| Total current assets | 15,626 | 17,244 | 16,273 | 17,764 |
| Total assets | 89,483 | 91,464 | 86,420 | 86,110 |
| Paid-in equity | 27,318 | 27,465 | 29,285 | 29,311 |
| Other equity | 15,600 | 14,201 | 10,794 | 9,978 |
| Cumulative translation adjustments | (1,670) | (1,536) | (2,299) | (2,052) |
| Shareholders equity | 41,248 | 40,130 | 37,780 | 37,237 |
| Minority interests | 4,342 | 4,278 | 3,699 | 3,646 |
| Total equity and minority interests | 45,590 | 44,408 | 41,479 | 40,883 |
| Provisions | 2,860 | 2,678 | 1,543 | 1,645 |
| Long-term interest-bearing liabilities | 24,535 | 26,184 | 26,580 | 25,376 |
| Long-term non-interest-bearing liabilities | 723 | 706 | 989 | 754 |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Total long-term liabilities | 25,258 | 26,890 | 27,569 | 26,130 |
| Short-term interest-bearing liabilities | 465 | 1,254 | 618 | 386 |
| Short-term non-interest-bearing liabilities | 15,310 | 16,234 | 15,211 | 17,066 |
| Total short-term liabilities | 15,775 | 17,488 | 15,829 | 17,452 |
| Total equity and liabilities | 89,483 | 91,464 | 86,420 | 86,110 |
| USGAAP | | | | |
| Shareholders equity | 43,782 | 42,410 | 41,188 | 42,535 |

CHANGE IN SHAREHOLDERS EQUITY

| (NOK in millions) | 01.01.2004 30.09.2004 | 01.01.2004 -30.06.2004 | 01.01.2003 -30.09.2003 | 01.01.2003 -31.12.2003 |
|-------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Shareholders equity as of 1 January | 37,237 | 37,237 | 33,685 | 33,685 |
| Net income | 5,610 | 4,211 | 3,561 | 4,560 |
| Dividends | 12 | 12 | | (1,776) |
| Employee share issue | 27 | 23 | | 26 |
| Acquisition Comincom/Combella | | | (35) | (35) |
| Acquisition GramennPhone | | | | (39) |
| Share buy back | (2,020) | (1,869) | | |
| Translation adjustments | 382 | 516 | 569 | 816 |
| Shareholders equity | 41,248 | 40,130 | 37,780 | 37,237 |

Table of Contents**CASH FLOW STATEMENT**

| Telenor group (NOK in millions) | 3rd quarter | | First three quarters | | Year 2003 |
|--|--------------------|----------------|-----------------------------|----------------|----------------------|
| | 2004 | 2003 | 2004 | 2003 | |
| Profit before taxes and minority interests | 2,664 | 2,005 | 10,000 | 5,542 | 7,426 |
| Taxes paid | (670) | (160) | (1,242) | (2,882) | (3,283) |
| Net (gains) losses including write-downs of financial items | (41) | 32 | (2,995) | 227 | (76) |
| Depreciation, amortization and write-downs | 3,005 | 2,592 | 8,681 | 8,032 | 10,742 |
| Associated companies | (292) | (62) | (636) | (1,410) | (1,231) |
| Difference between expensed and paid pensions | 213 | (81) | 349 | (154) | 134 |
| Currency (gains) losses not relating to operating activities | (6) | (1) | 23 | (49) | (78) |
| Change in other accruals | 316 | 506 | (181) | (545) | 42 |
| Net cash flow from operating activities | 5,189 | 4,831 | 13,999 | 8,761 | 13,676 |
| Payments on purchase of tangible and intangible assets | (3,324) | (1,481) | (8,215) | (4,159) | (6,536) |
| Payments on purchase of subsidiaries and associated companies, net of cash received | (525) | (30) | (5,235) | (235) | (506) |
| Proceeds from sale of tangible and intangible assets and businesses, net of cash payed | 239 | 63 | 717 | 2,515 | 2,850 |
| Proceeds from sale of and payments for other investments | (75) | 60 | 3,054 | 8 | 738 |
| Net cash flow from investment activities | (3,685) | (1,388) | (9,679) | (1,871) | (3,454) |
| Proceeds and payments interest-bearing liabilities | (1,280) | (3,112) | (3,826) | (6,069) | (7,022) |
| Issuance of shares and repayment of equity | 4 | 23 | 26 | 29 | 25 |
| Share buy back | (905) | | (2,020) | | |
| Dividends paid to minority interests | (188) | | (189) | | (91) |
| Dividends paid to Telenor s shareholders | (73) | (8) | (1,764) | (799) | (799) |
| Net cash flow from financing activities | (2,442) | (3,097) | (7,773) | (6,839) | (7,887) |
| Effect on cash and cash equivalents of changes in foreign exchange rates | (131) | (45) | (94) | 42 | 45 |

| | | | | | |
|---|-----------------------|-------------------|-----------------------|------------------|---------------------|
| Net change in cash and cash equivalents | <u>(1,069)</u> | <u>301</u> | <u>(3,547)</u> | <u>93</u> | <u>2,380</u> |
| Cash and cash equivalents at the beginning of the period | 5,166 | 5,056 | 7,644 | 5,264 | 5,264 |
| Cash and cash equivalents at the end of the period | 4,097 | 5,357 | 4,097 | 5,357 | 7,644 |

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| DK in millions) | Total revenues ¹⁾ | | of which external ¹⁾ | | EBITDA | | Operating | | Associated | | Net financial | | Profit (loss) before taxes and minority interests | |
|--------------------|------------------------------|---------------|---------------------------------|---------------|--------------|--------------|---------------|--------------|------------|-----------|---------------|--------------|---|--------------|
| | | | | | | | profit (loss) | | companies | | items | | interests | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Mobile | 8,881 | 6,322 | 8,530 | 5,966 | 3,412 | 2,601 | 1,802 | 1,507 | 270 | 95 | (453) | (347) | 1,619 | 1,255 |
| Fixed | 4,665 | 5,152 | 4,238 | 4,724 | 1,504 | 1,761 | 674 | 792 | 32 | 1 | (101) | (161) | 605 | 632 |
| Broadcast | 1,330 | 1,203 | 1,296 | 1,164 | 424 | 319 | 205 | 63 | 1 | 15 | (114) | (145) | 92 | (67) |
| IT Business | | | | | | | | | | | | | | |
| Partner | 1,018 | 1,008 | 774 | 768 | 167 | 11 | 60 | (91) | | | (8) | (17) | 52 | (108) |
| Other business | | | | | | | | | | | | | | |
| Units | 901 | 958 | 785 | 812 | 97 | 111 | (22) | 3 | (11) | (50) | (16) | (119) | (49) | (166) |
| Corporate | | | | | | | | | | | | | | |
| Transactions and | | | | | | | | | | | | | | |
| Support activities | 504 | 529 | 58 | 57 | 2 | 64 | (97) | (33) | (1) | | 463 | 431 | 365 | 398 |
| Eliminations | (1,618) | (1,681) | | | (1) | 25 | (22) | 59 | 1 | 1 | 1 | 1 | (20) | 61 |
| Total | 15,681 | 13,491 | 15,681 | 13,491 | 5,605 | 4,892 | 2,600 | 2,300 | 292 | 62 | (228) | (357) | 2,664 | 2,005 |

¹⁾ Revenues include gains on disposal of fixed assets and operations

THE BUSINESS AREAS FIRST THREE QUARTERS

| DK in millions) | Total revenues ¹⁾ | | of which external ¹⁾ | | EBITDA | | Operating | | Associated | | Net financial | | Profit (loss) before taxes and minority interests | |
|-----------------|------------------------------|--------|---------------------------------|--------|--------|-------|---------------|-------|------------|-------|---------------|---------|---|-------|
| | | | | | | | profit (loss) | | companies | | items | | interests | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Mobile | 24,297 | 17,499 | 23,246 | 16,520 | 9,279 | 7,073 | 4,816 | 3,792 | 656 | 1,656 | 1,151 | (1,693) | 6,623 | 3,755 |
| Fixed | 14,473 | 15,334 | 13,157 | 14,110 | 4,725 | 5,043 | 2,095 | 1,963 | 26 | 1 | (390) | (581) | 1,731 | 1,385 |