Telia Company Q1 2024

April 25, 2024

Continued solid Telco performance

Solid operational momentum
Service revenue growth in Telco continued and
TV and Media performance further improved

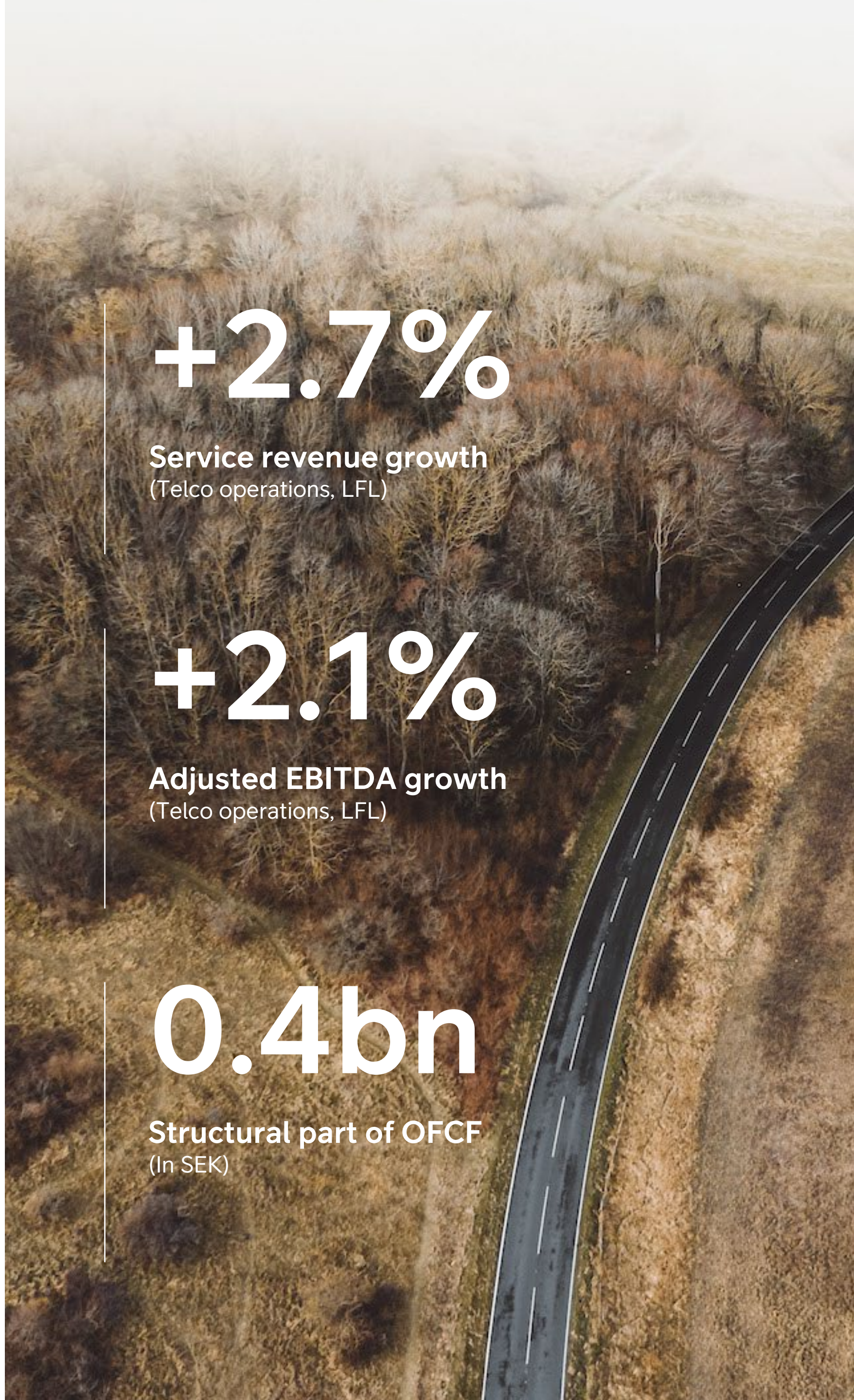
Continued CX progress
Positive NPS trend, mobile ARPU increased in most
markets and mobile churn remained at low levels

Network leadership confirmed
Continued momentum on 5G deployment with Sweden
at nearly 90% and with legacy phase-out on track

Outlook confirmed
Starting the year in line with our plan

Q1 Highlights

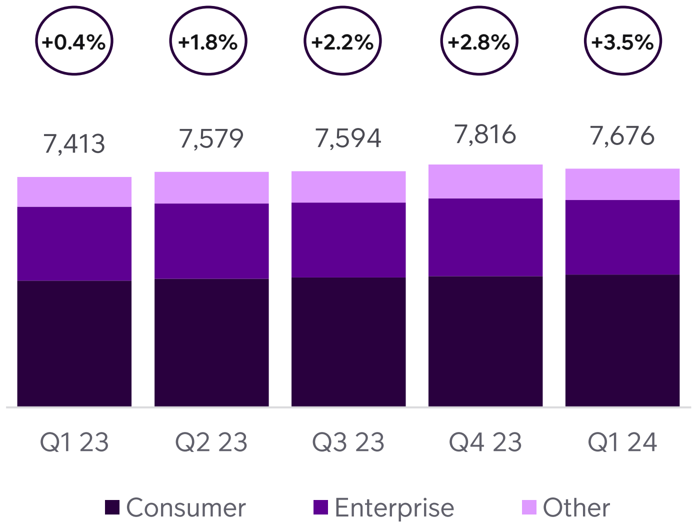
- Solid financial Telco trend continued
  - Mobile growth of +2.6% and fixed increased +3.1%
  - Consumer growth of +3.8% whereas Enterprise was neutral
  - EBITDA increased +2.1%, despite one-off costs in Sweden
- EBITDA from continuing operations grew +4.6%, with reduced losses in TV and Media
- Structural OFCF of SEK 0.4bn despite SEK 0.4bn in pension refund phased from Q1 to Q2
- Leverage of 2.43x in Q1 with Danish proceeds to reduce leverage by ~0.2x
- Divestment of Telia Denmark closed in early April
- Capital markets update preliminarily planned for September



Telco operations

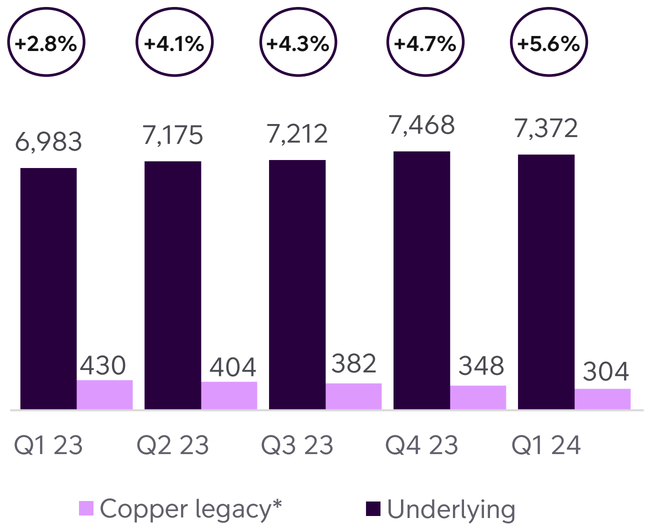
Sweden financials

Service revenue
Reported currency, in SEK millions, like for like growth



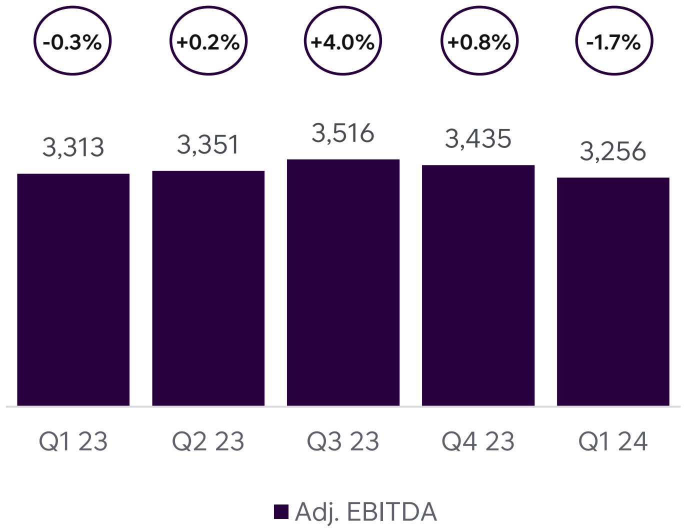
- Service revenue growth continued to improve
- Positive on both Consumer (+5.0%) and Enterprise (+0.3%)
- Mobile -0.1%, Broadband +5.5%, and TV +23%

Service revenue split
Reported currency, in SEK millions, like for like growth



- Copper legacy headwind of ~SEK 130m
- Underlying service revenue growth improved again sequentially driven by Consumer

Adj. EBITDA
Reported currency, in SEK millions, like for like growth

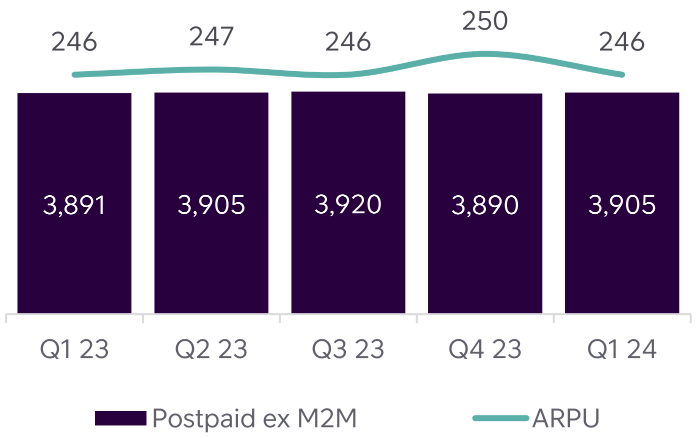


- EBITDA impacted by ~SEK 100m pension refund re-phasing and ~SEK 50m write-down of receivables

* Copper legacy = end customer revenue from telephony & xDSL

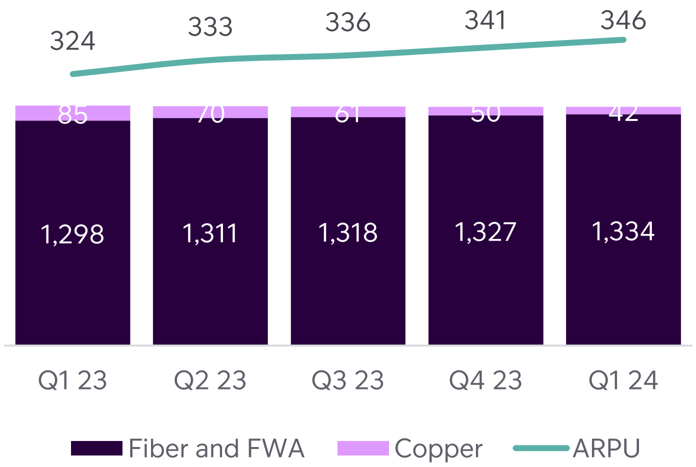
Sweden KPIs

Mobile postpaid subs. and ARPU
Subscriptions ’000, ARPU in SEK



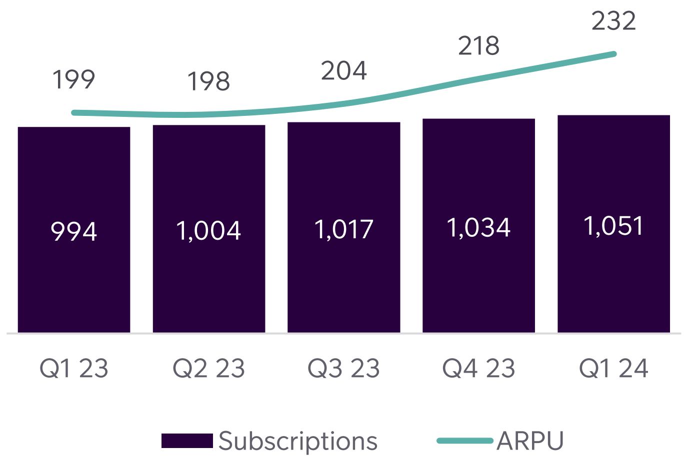
– Subscriber base increased somewhat supported by Consumer
– ARPU remained unchanged as pricing was offset by product mix

Broadband subs. and ARPU
Subscriptions ’000, ARPU in SEK



– Subscriber base stable as fiber and FWA compensated for copper decline
– ARPU growth supported by reduced campaign levels, with fiber growing +10%

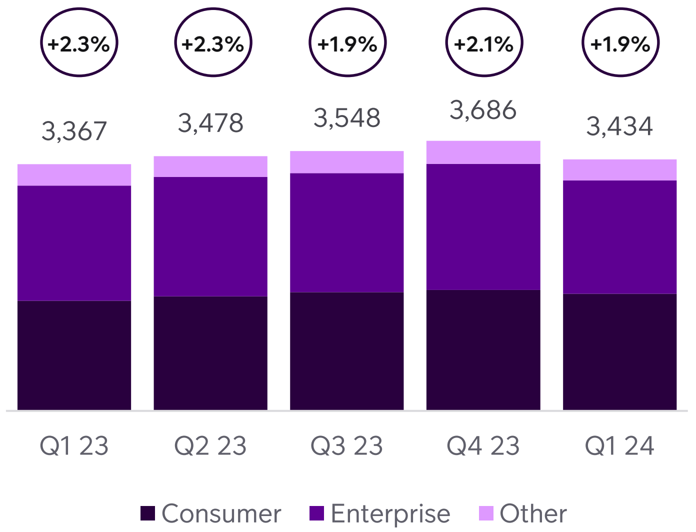
TV subs. and ARPU
Subscriptions ’000, ARPU in SEK



– Subscriber base continued to grow, up 6% y-o-y
– APRU growth of 17% driven by pricing

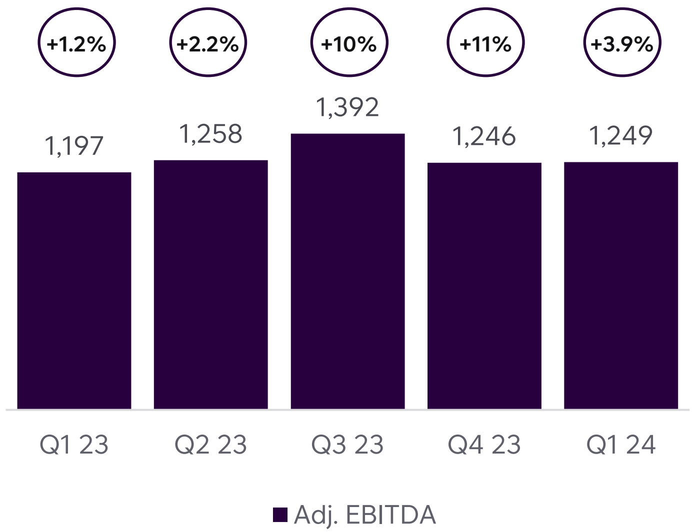
Finland

Service revenue
Reported currency, in SEK millions, like for like growth



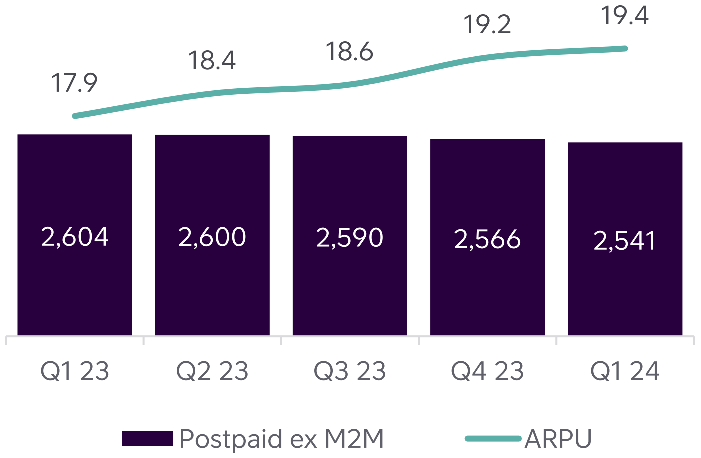
- Service revenue growth stable around +2%
- Mobile growth increased to +4.4% supported by Consumer
- Fixed declined -1.2% driven by telephony and business solutions, partly due to regulation

Adj. EBITDA
Reported currency, in SEK millions, like for like growth



- EBITDA grew +3.9% from service revenue flow through, despite regulatory impact
- Less tailwind from energy compared to previous quarters (SEK 20m in Q1 vs. ~SEK 80m in Q4)

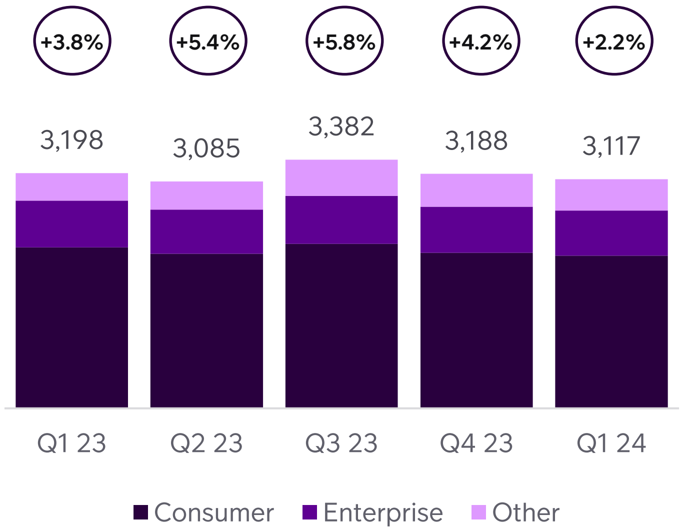
Mobile postpaid subs. and ARPU
Subscriptions '000, ARPU in EUR



- Churn remained below last year
- Subs. base decreased, predominantly in Consumer
- Consumer ARPU growth remained at double digit and Enterprise was flat

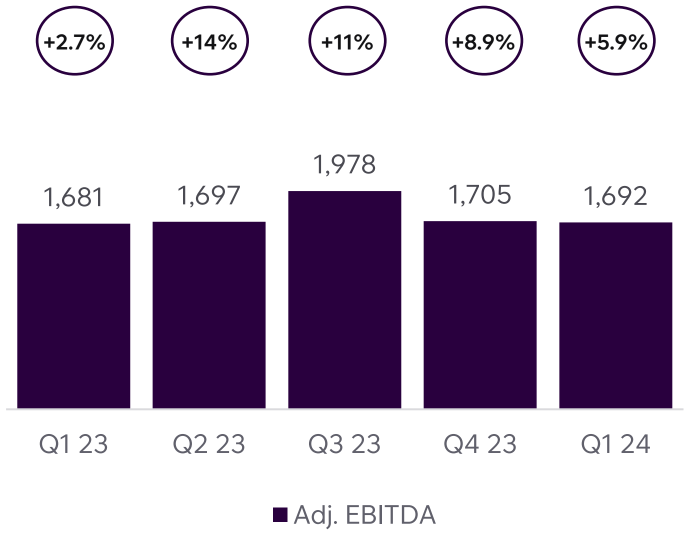
Norway

Service revenue
Reported currency, in SEK millions, like for like growth



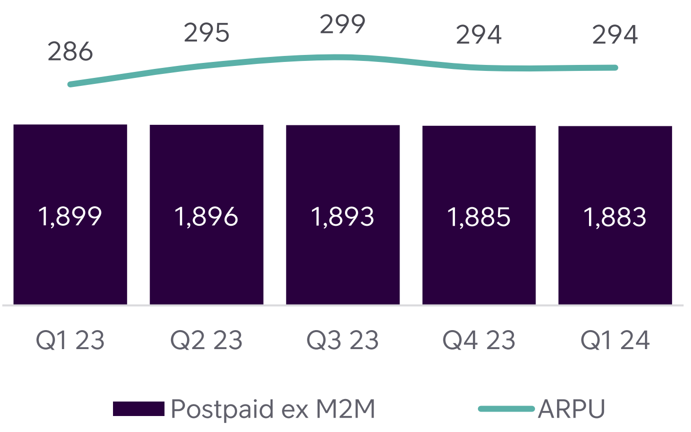
- Continued solid development on mobile (+4.7%) driven by ARPU and wholesale
- Fixed declined somewhat driven by broadband and business solutions
- Negative impact from invoicing fee regulation

Adj. EBITDA
Reported currency, in SEK millions, like for like growth



- EBITDA growth supported by service revenue growth and resource reduction

Mobile postpaid subs. and ARPU
Subscriptions ’000, ARPU in NOK

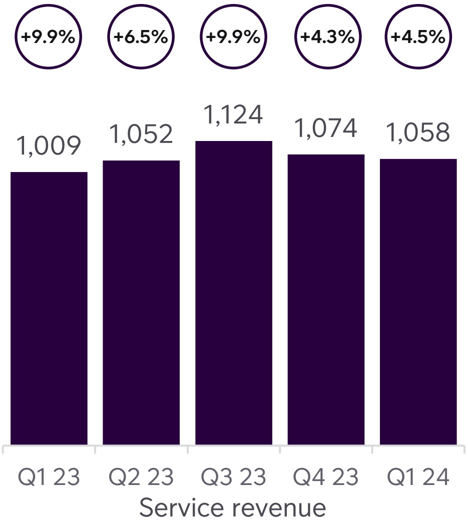


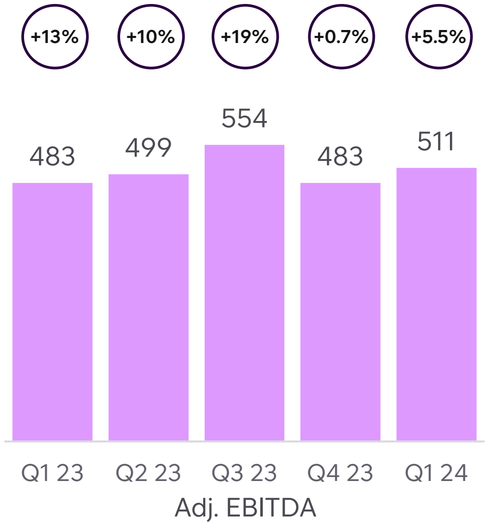
- Subscriber base flat in the quarter
- ARPU improvement (+2.8%) driven by Consumer pricing

Lithuania & Estonia

Lithuania

Reported currency, in SEK millions, like for like growth

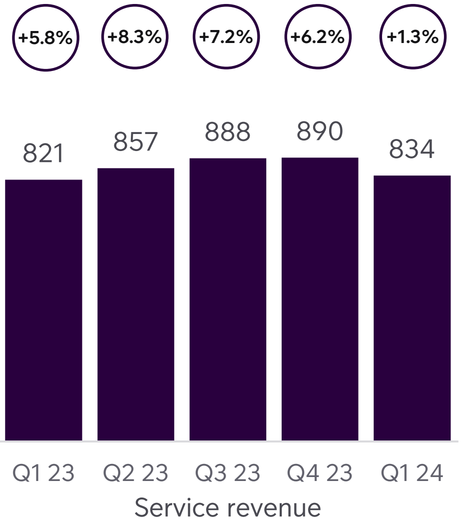


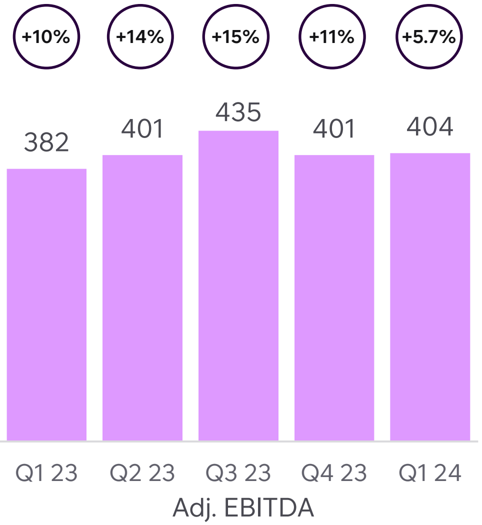


- Continued mobile growth (+7.6%) and fixed also grew (+1.9%)
- EBITDA growth of 5.5%, reflecting rise in service revenue and operational leverage

Estonia

Reported currency, in SEK millions, like for like growth



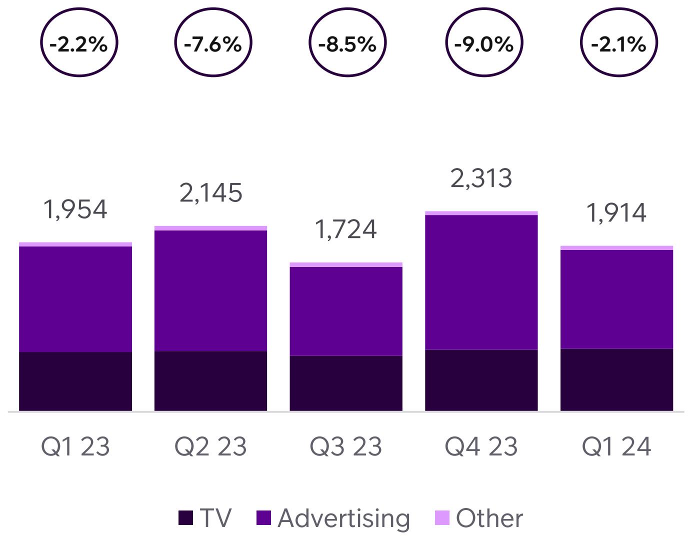


- Service revenue growth slowed with mobile (-0.7%) and fixed (+2.3%) driven by phasing of pricing
- Measures taken to support growth from Q2 onwards
- EBITDA growth continued to outpace service revenue

TV & Media

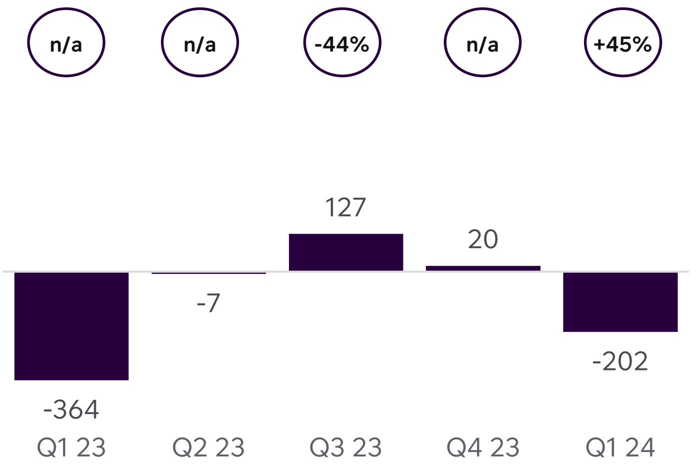
TV & Media

Service revenue
Reported currency, in SEK millions, like for like growth



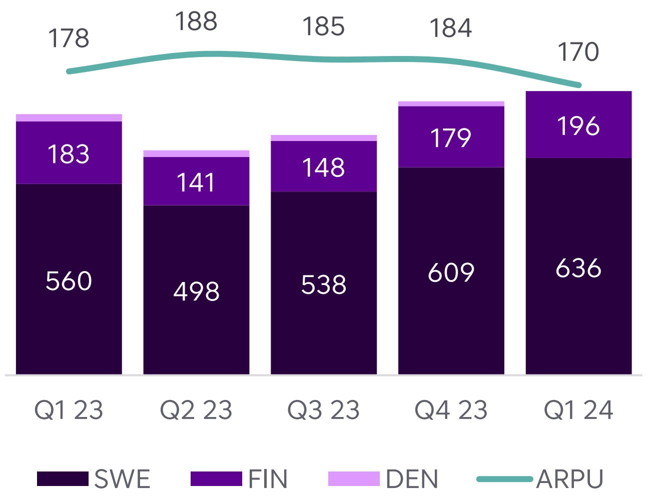
- Advertising market remained challenging with ad revenue declining -6.3%
- TV revenue increased +5.2% supported by subscriber base expansion

Adj. EBITDA
Reported currency, in SEK millions, like for like growth



- EBITDA improved, albeit still negative, in-line with our expectations
- Improvement supported by lower operational expenses and content costs

Direct OTT subs. and ARPU
Subscriptions '000, ARPU in SEK

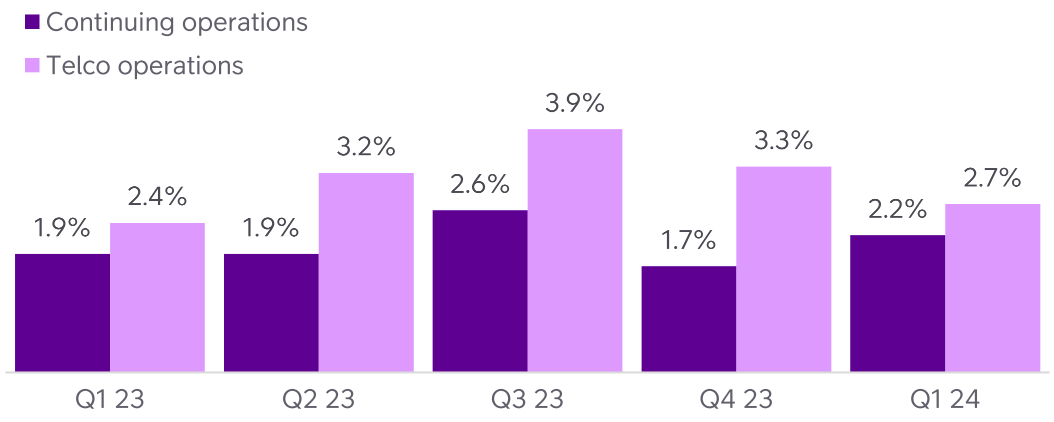


- Subscriber base grew 30k driven by HVOD
- ARPU decreased due to annualizing of pricing in early 2023 and increasing HVOD share

Financials

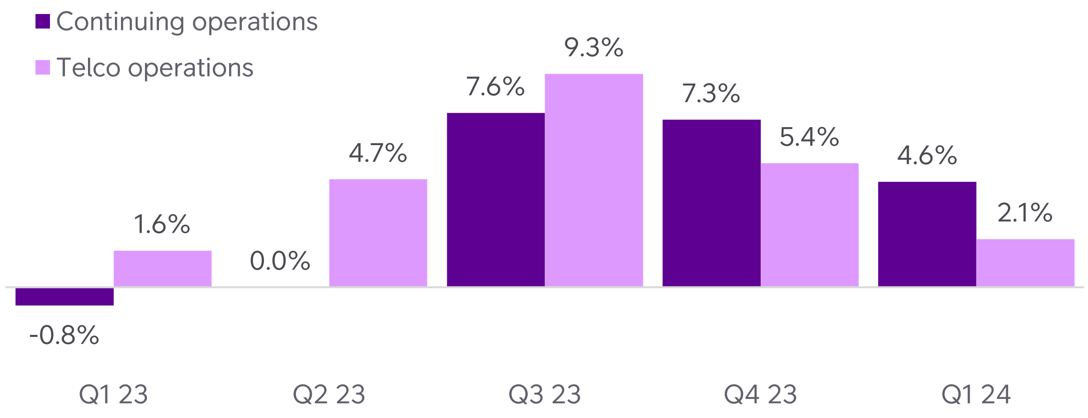
Service Revenue & EBITDA

Service revenue
Like for like growth



- All Telco markets increased service revenue
- Growth in Telco Consumer of +3.8% while Enterprise was neutral
- Growth for both mobile (+2.6%) and fixed (+3.1%)
- Continuing operations service revenue growth still hampered by lower advertising revenue in TV & Media

Adjusted EBITDA
Like for like growth



- Telco EBITDA growth remained solid at +2.1% despite negative pension phasing impact of ~SEK 100m and receivable write-down of ~SEK 50m
- EBITDA in TV and Media improved by ~SEK +160m y-o-y supported by business restructuring

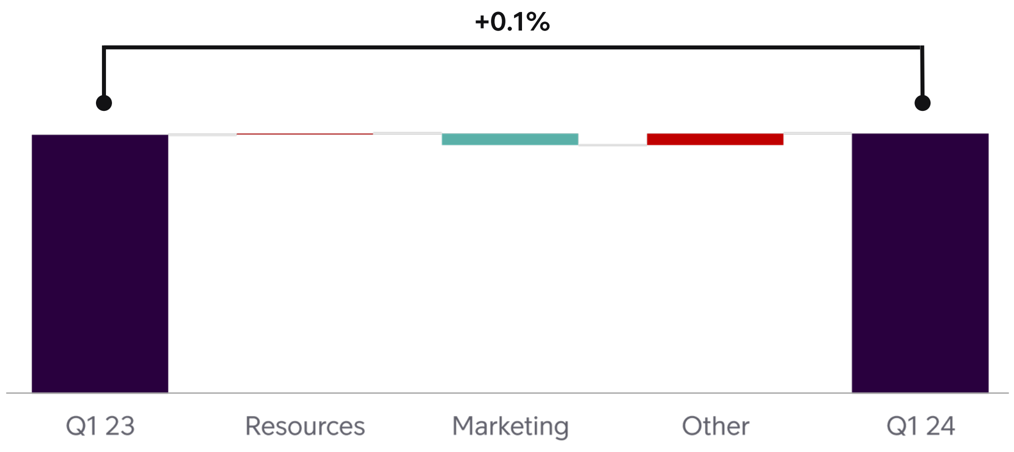
P&L

Reported currency, in SEK billions	Q1 24	Q1 23	Change in SEK	LFL growth
Revenue	21.3	21.7	-0.4	-1.3%
of which service revenue	18.6	18.4	0.3	2.2%
Adjusted EBITDA	7.1	6.9	0.2	4.6%
EBITDA margin, %	*33.6*	*31.9*	*1.7pp*	-
Adjusted Operating income	2.7	2.3	0.3	-
Operating income	2.3	1.8	0.5	-
Net income	0.8	0.7	0.0	-
EPS (SEK)	*0.15*	*0.15*	*0.0*	-

- **Revenue** declined -1.3% as service revenue growth was offset by lower equipment sales in mainly Sweden (~SEK -450m) and Finland (~SEK -115m)
- **Service revenue** increased +2.2%, supported by all Telco markets, although mainly Sweden
  - **Mobile** up ~SEK +230m due to Finland (~SEK +90m) and Norway (~SEK +100m)
  - **Fixed** up ~SEK +270m driven by mainly TV and broadband in Sweden (~SEK +215m)
  - **Changed regulation** in Finland and Norway impacted negative by ~SEK -40m
- **EBITDA** growth of +4.6% supported by all markets except Sweden that saw a decline due to special items
- **EBITDA margin** improved by 1.7pp due to profitable growth, cost discipline and less equipment sales
- **Net income** was unchanged as increased financial items offset growth for Operating income

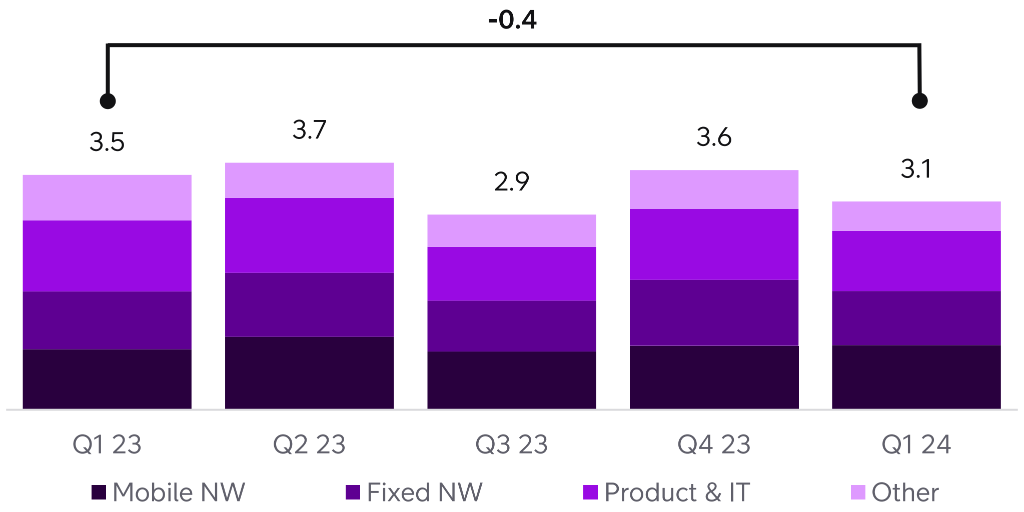
OPEX & CAPEX

OPEX
Like for like growth



- OPEX unchanged, with savings on energy (~SEK 40m), marketing and resources masked by pension refund phasing and receivable write-down
- OPEX as % of service revenue declined to 33.4% vs. 34.1% in Q1 LY

CAPEX excl. licenses
Reported currency, in SEK billions



- Reduction of SEK 0.4bn compared to Q1 LY mainly due to phasing in product development and IT as well as other CAPEX

Cash Flow

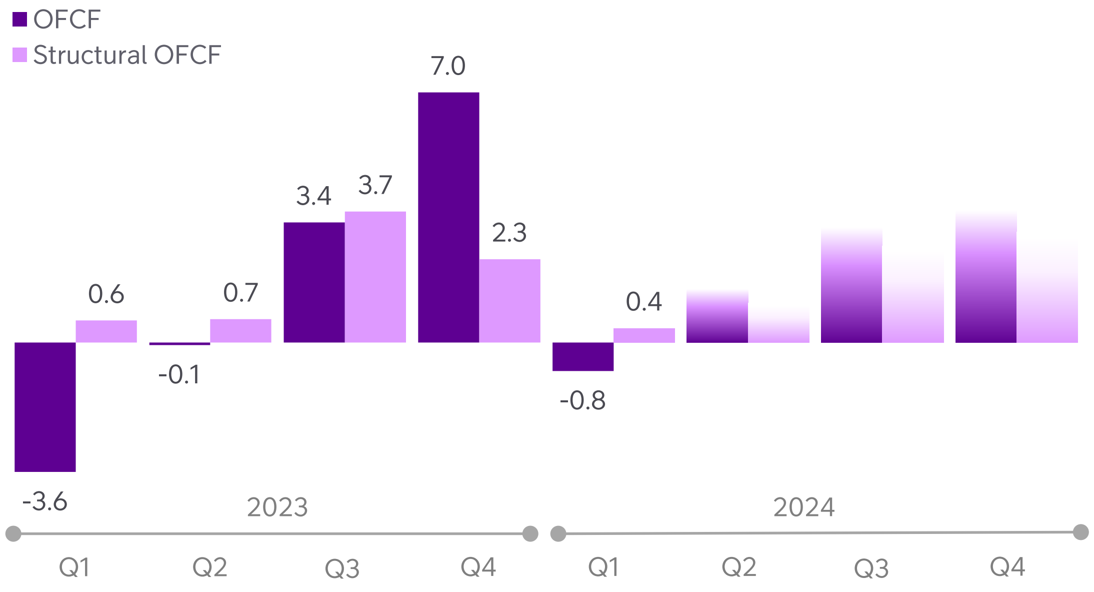
Reported currency, in SEK billions	Q1 24	Q1 23	Change
Adjusted EBITDA	7.1	6.9	0.2
Restructuring and other adj. items	-0.3	-0.6	0.3
Repayment of leasing liabilities	-0.8	-0.8	0.0
Cash CAPEX excl. licenses	-3.2	-3.9	0.8
Interest paid net	-1.7	-1.0	-0.7
Taxes paid	-0.5	-0.5	0.0
Other items	-0.3	0.5	-0.8
Structural part of OFCF	**0.4**	**0.6**	**-0.2**
Working capital	-1.2	-4.2	3.0
Operational free cash flow	**-0.8**	**-3.6**	**2.8**
Cash CAPEX for licenses	-0.2	-0.2	0.1
Dividends from associates and to minorities	-0.2	-0.1	0.0
PPE divested	0.0	0.0	0.0
Free cash flow	**-1.1**	**-4.0**	**2.9**
Free cash flow per share, R12 (SEK)	*2.08*	*-0.31*	

In-line with managements expectations

- EBITDA up as profitable growth momentum continues
- Cash CAPEX declined SEK 0.8bn, partly driven by phasing
- Interest paid up by SEK 0.7bn due to higher market rates and phasing, as previously stated
- Other items impacted by VAT payment in Norway (SEK -0.1bn) and pension refund re-phasing from Q1 to Q2 (SEK -0.4bn)
- **Structural OFCF at SEK 0.4bn despite phasing impact**
- Negative working capital contribution in Q1 of SEK -1.2bn from mainly content (SEK -0.6bn) and Norway VAT payment (SEK -0.2bn)

Cash Flow phasing

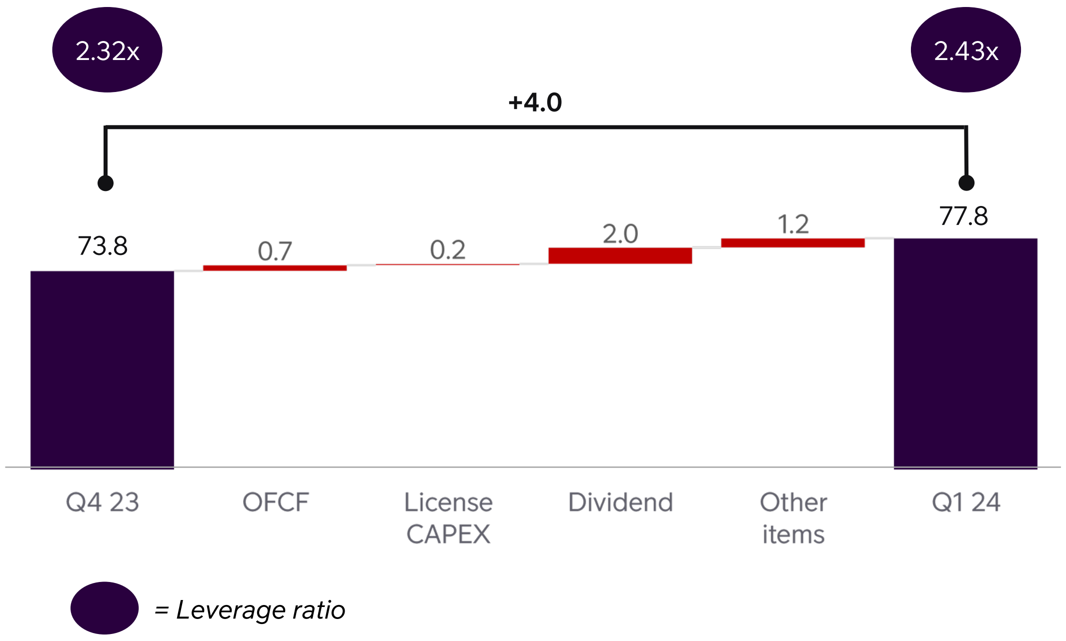
Operational free cash flow
Reported currency, in SEK billions, illustrative 2024 profile



- Structural OFCF expected to gradually nudge up across 2024
- OFCF for the full year expected to be weighted towards H2
  - Interest paid tilted to H1
  - Working capital contribution expected to be materially positive in H2
  - Cash CAPEX expected to come up somewhat in H2

Net Debt & Leverage

Net debt and leverage
Total operations, reported currency, in SEK billions and leverage ratio

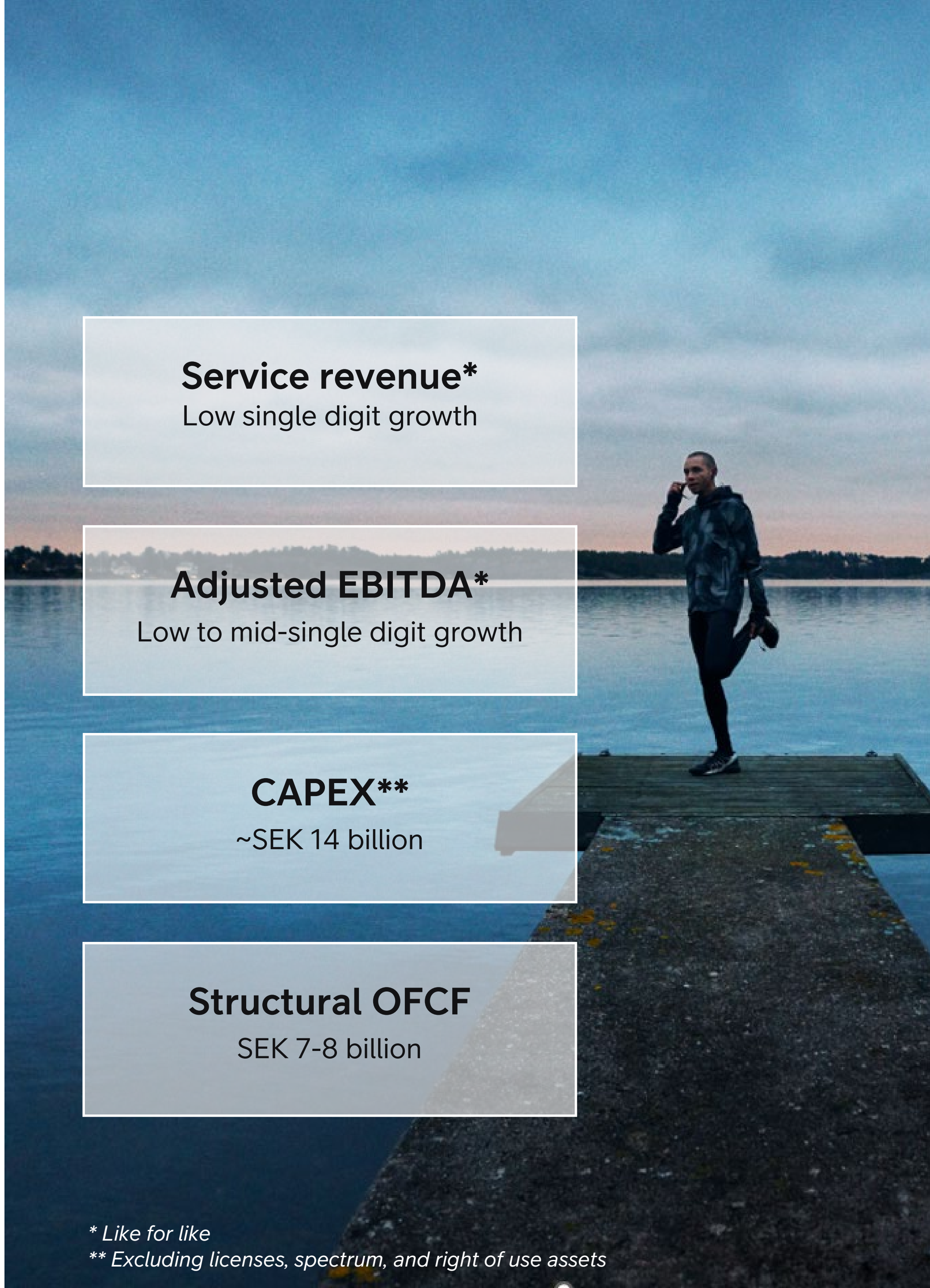


- Net debt increased by SEK 4.0bn and leverage to 2.43x driven by mainly cash flow phasing and dividend distribution
- Leverage to decrease by ~0.2x from Danish proceeds
- First proceeds from local exchanges to follow later this year

Summary & Outlook

Q1 summary and outlook

- **Telco growth momentum continued,** supported by solid Consumer trends
- **TV and Media continued to improve** on the back of business restructuring
- **5G roll-out continued at pace** and Sweden accelerated
- **Structural cash flow** to nudge up across the year and leverage to decline
- **Progress on sustainability,** on track to reach our targets
- **Denmark sale** finalized in April with proceeds to be used for deleveraging
- **Capital markets update** preliminarily planned for September
- **Full year outlook** confirmed



** Like for like*
*** Excluding licenses, spectrum, and right of use assets*

Q&A

Thank you

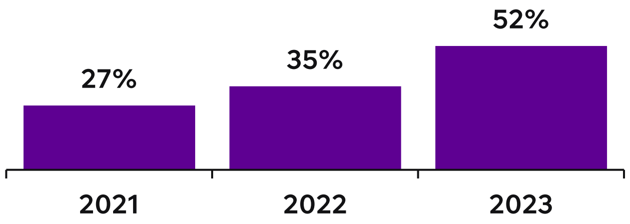
Appendix

Progress towards a more sustainable Telia

Climate and circularity

Target:
Net zero by 2040
CO_2 emissions halved by 2030
Zero waste by 2030

% of supply chain covered by SBT

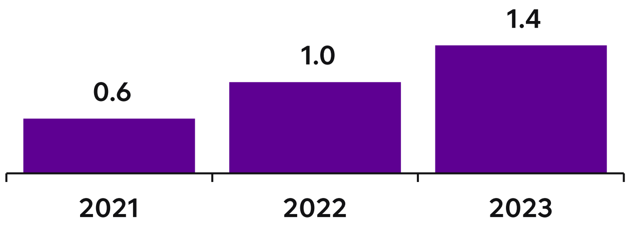


- **2040 net zero target approved** by the Science Based Target (SBT) initiative
- **CDP score**: A- (up from D in 2018)
- **Strong growth in enabling solutions** for energy efficiency (transport, real estate and utilities)

Digital inclusion

Target:
2.2 million individuals reached through digital inclusion initiatives 2021-2026

Individuals reached (millions)



- **Ranked no 1 in Global Child Forum's** benchmark in the technology and telecom sector, and second overall among 1,108 companies assessed
- **Ranked 12 out of 200 ICT companies** in global digital inclusion rating (by World Benchmarking Alliance)

Privacy and security

Target:
Top tier positions/
preferred supplier in all markets

Ranked as #1 or #2
on privacy in 3/6 markets

- **Several contract-wins** with elevated security requirements (e.g. Norwegian Military and Swedish Civil Contingencies Agency)
- **White House recognition** for Telia's high security standards during the NATO meeting in Vilnius

Telia's climate commitments

2022 2024 2025 2026 2030 2040

Achieve Net Zero by reducing value chain CO_2e emissions (scope 1, 2 and 3) by 90%, in line with the new SBTi Net Zero Corporate Standard, and offset (neutralize) residual emissions*

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- Reduce CO_2e emissions in the whole value chain (scope 1, 2 and 3) by at least 50%, offset the rest
- Reduce CO_2e emissions in own operations (scope 1 and 2) by 90%

Electricity consumption to increase by max 7% between 2022-2026

Science Baset Targets *(near-term)* – approved by SBTi in 2020 (baseline 2018):

- **Reduce CO_2e emissions in Telia's own operations by 50%**
- **Reduce CO_2e emissions related to use of sold and leased products by 29%**
- **72% of supply chain emissions covered by Science Based Targets**

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

100% renewable electricity

Carbon offsetting of remaining emissions from Telia own operations

For a full overview of progress, please refer to the Annual and Sustainability Report 2023

Latest ESG awards and ratings

MSCI ESG rating
"AAA" (highest)

EcoVadis
"Platinum supplier" rating

Sustainalytics
19.5 Low Risk, Industry rank 12 out of 228

World Benchmark Alliance
No 12 on digital inclusion in an assessment of 200 global tech companies

CDP Climate Change Score
A-

ISS ESG rating
-B (Prime status)

FTSE4Good
(Included in FTSE4Good)

Global Child Forum
No. 1 in our industry, No. 2 among all companies assessed (1,108)

Telia Company