

Telia Q3 2023

October 19, 2023

Telco growth accelerated further

Strong Q3 financial and operational performance across all Telco operations

- Service revenue growth accelerated further
- Mobile growth improved (+3.8%) as did fixed services (+3.7%)
- Consumer growth was solid (+1.8%) and Enterprise accelerated (+4.7%)
- EBITDA conversion was very strong (+9.3%) even excluding energy tailwind (+7.7%)

EBITDA from continuing operations returned to growth (+7.6%) despite a continued weak Ad market

Operational free cash flow delivering to plan, with H2 acceleration on track

- Leverage declined to 2.53x

Q3 strategic progress confirms network and technology leadership

- 5G population coverage increased to 87%
- Swedish spectrum position built, and leadership secured for next 25yrs
- Telia Finland network quality perception now almost on par with market leader
- Enterprise digital services “beyond connectivity” growth continued to accelerate

Telia Denmark sale on track, with SPA now signed and closing expected at the latest during Q1 2024

Full year outlook updated

+3.9%

Service revenue growth
(Telco operations, LFL)

+9.3%

Adjusted EBITDA growth
(Telco operations, LFL)

3.7bn

Structural part of OFCF
(In SEK billions)



Four key priorities to drive sustainable growth

1

Restore growth by
inspiring our customers

2

Lead the build out of
digital infrastructure that
connects everyone

3

Transform to become
a more **digital** telco

4

Build the capabilities to
deliver sustainably
and responsibly



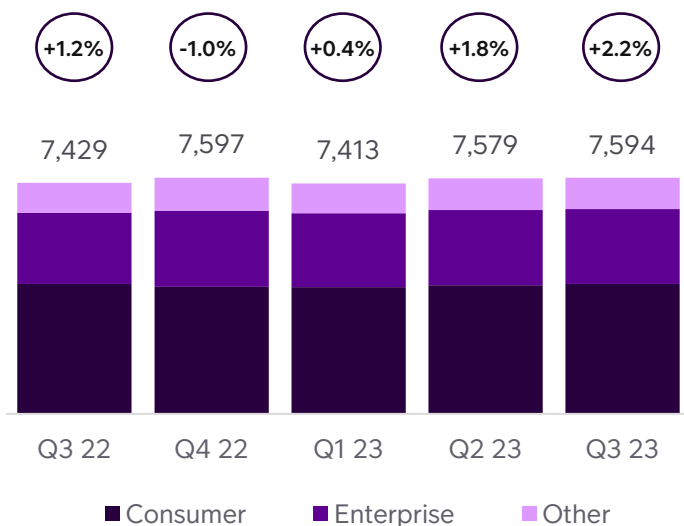
Telco operations



Sweden financials

Service revenue

Reported currency, in SEK millions, like for like growth

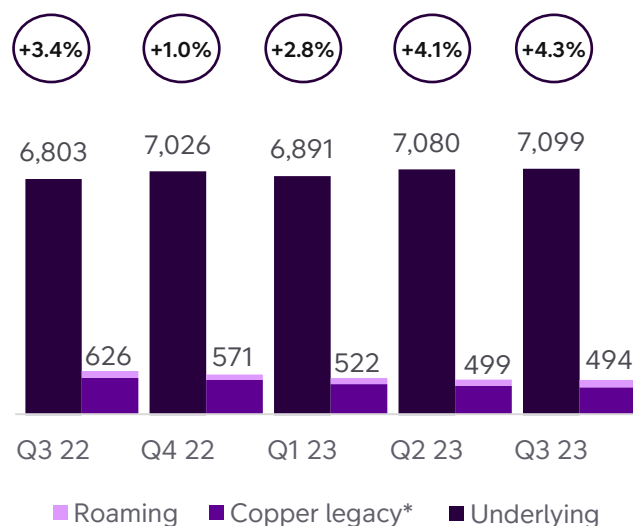


- Spectrum action resulted in a strengthened and now leading spectrum position for Telia
- Clear 5G leader with pop. coverage now at 77%
- Service revenue growth accelerated
- Broad based growth; Mobile +0.2%, Broadband +3.2%, TV +6.3%, Telia Cygate +42%, IoT +12%

* Copper legacy = end customer revenue from telephony & xDSL

Service revenue split

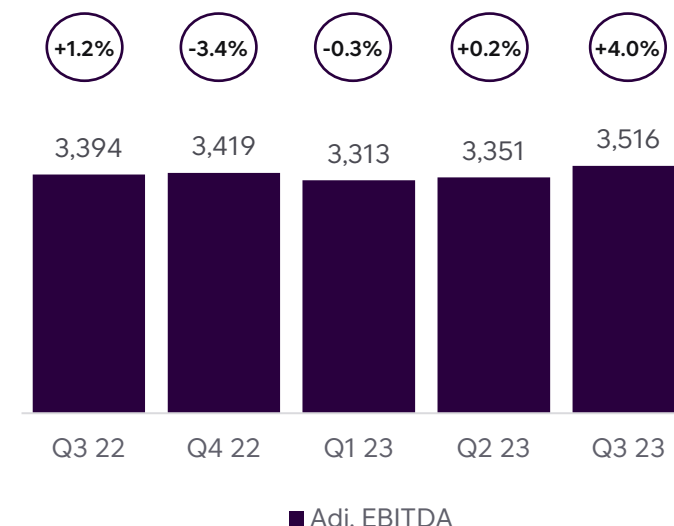
Reported currency, in SEK millions, like for like growth



- Copper legacy headwind reduced to ~ SEK 140m
- Underlying service revenue growth was slightly better than last quarter, with especially strong Enterprise growth

Adj. EBITDA

Reported currency, in SEK millions, like for like growth



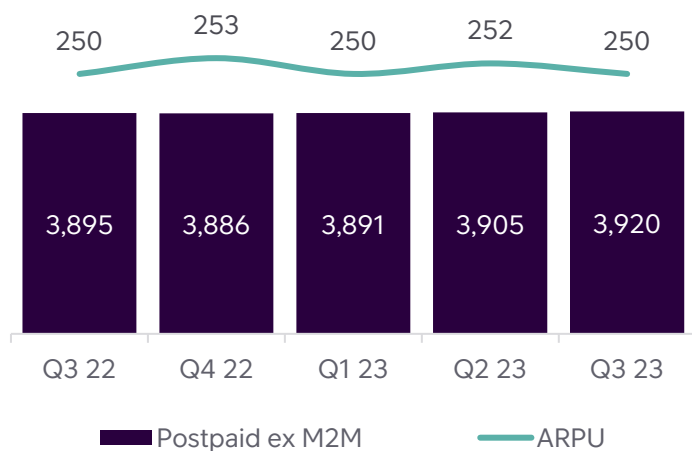
- EBITDA returned to growth driven by revenue, improved channel mix and FX gains



Sweden KPIs

Mobile postpaid subs. and ARPU

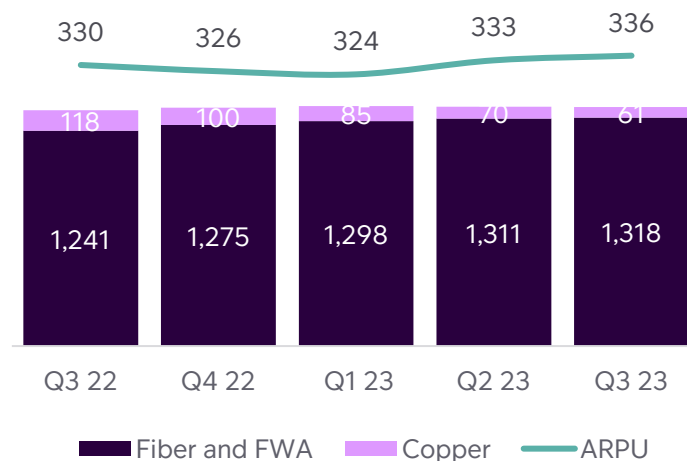
Subscriptions '000, ARPU in SEK



- Positive net adds in both Consumer and Enterprise
- ARPU relatively stable as product mix offsets pricing

Broadband subs. and ARPU

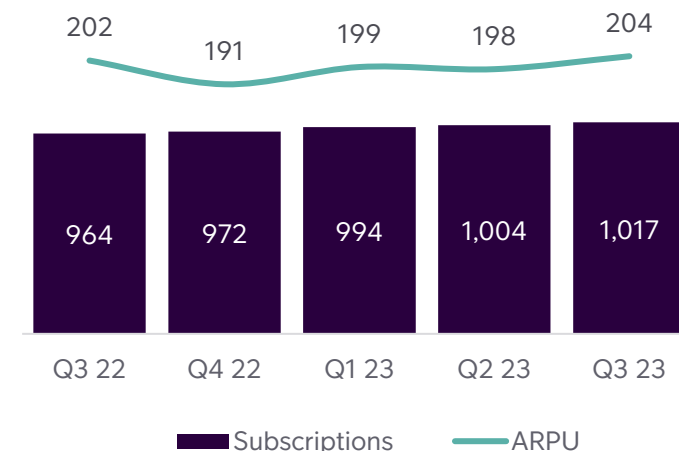
Subscriptions '000, ARPU in SEK



- Subscriber base stable despite copper shutdown
- Fiber and FWA compensating for copper decline
- ARPU supported by pricing, with fiber service revenue growth remaining strong (+10%)

TV subs. and ARPU

Subscriptions '000, ARPU in SEK



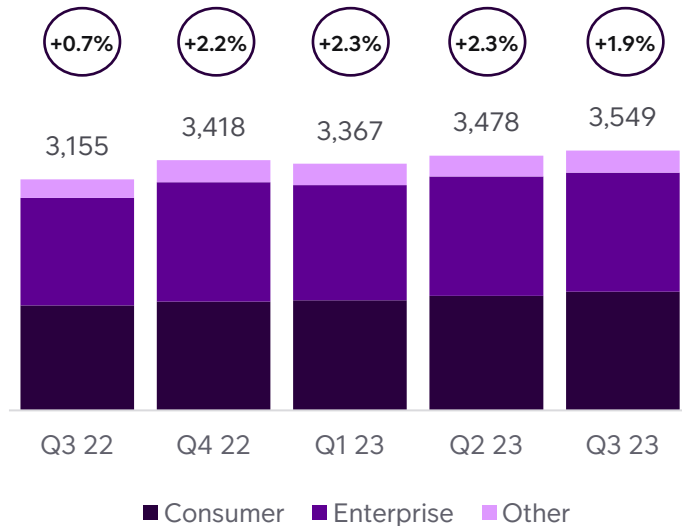
- Telia TV was again awarded “best TV service”
- Subscriber base growth continued
- ARPU increased slightly as a result of pricing implemented in September



Finland

Service revenue

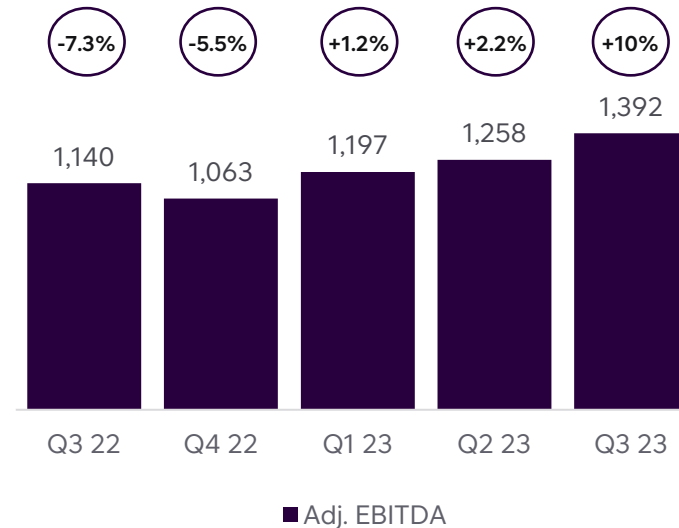
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 90%
- Network quality perception now almost on par with market leader
- Mobile growth improved further (+2.9%)
- Fixed growth (+1.1%) driven by momentum in IT/Business solutions

Adj. EBITDA

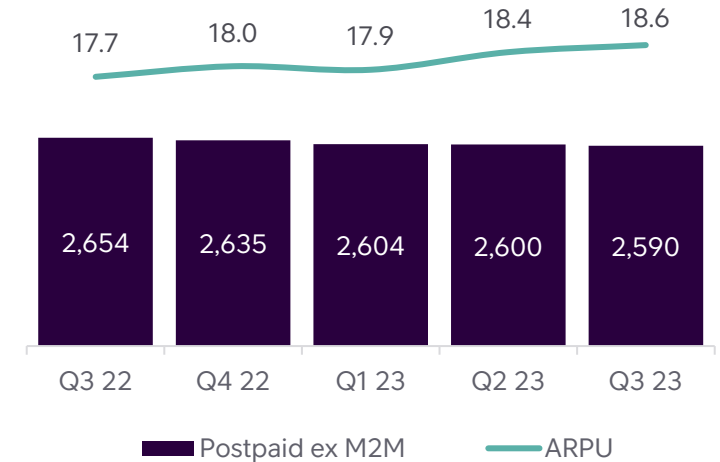
Reported currency, in SEK millions, like for like growth



- EBITDA growth improved as a result of lower energy costs and structural benefits from transformation initiatives

Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in EUR



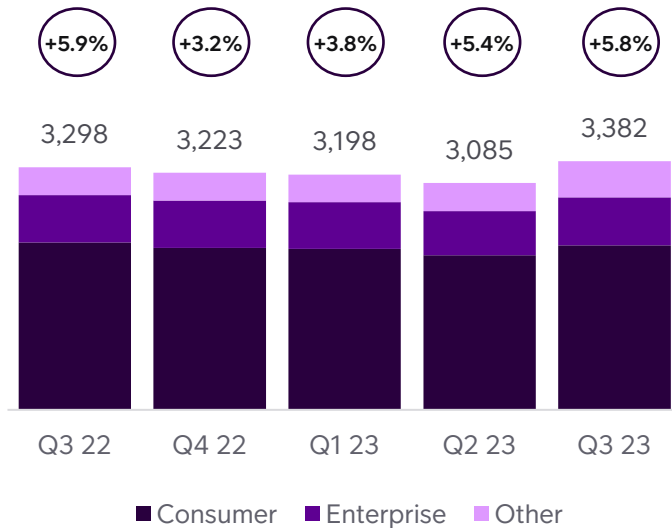
- Churn fell to a record low (16.0%)
- Subscriber base remains relatively stable despite pricing and value focussed channel strategy
- Strong Consumer ARPU growth (+10%) but weaker in Enterprise from Public sector mix (-2%)



Norway

Service revenue

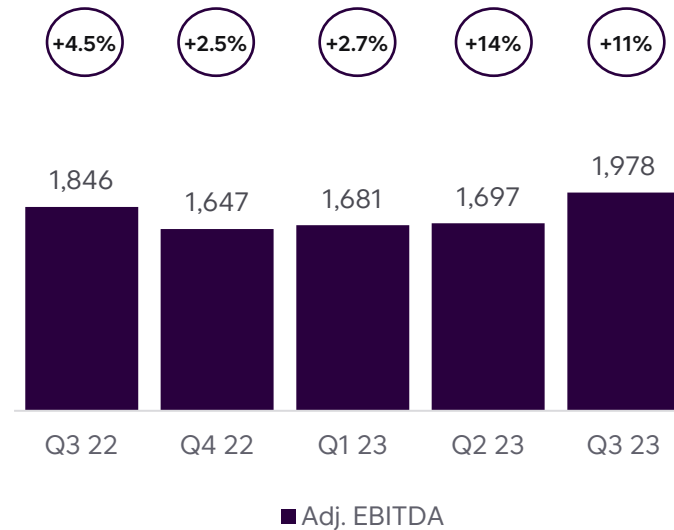
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 93%
- Broad based growth in all segments, Consumer (+1.6%), Enterprise (+3.3%) and Wholesale (+33%) including Fjordkraft

Adj. EBITDA

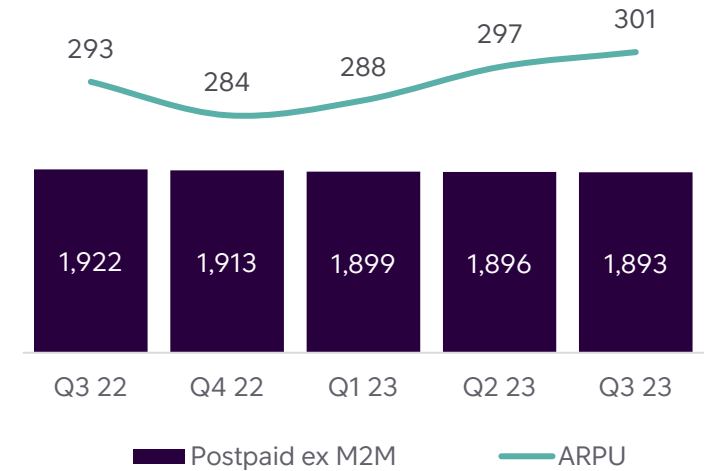
Reported currency, in SEK millions, like for like growth



- EBITDA growth remains very strong due to excellent service revenue development
- Lower marketing and energy costs also contributing to the EBITDA development

Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in NOK



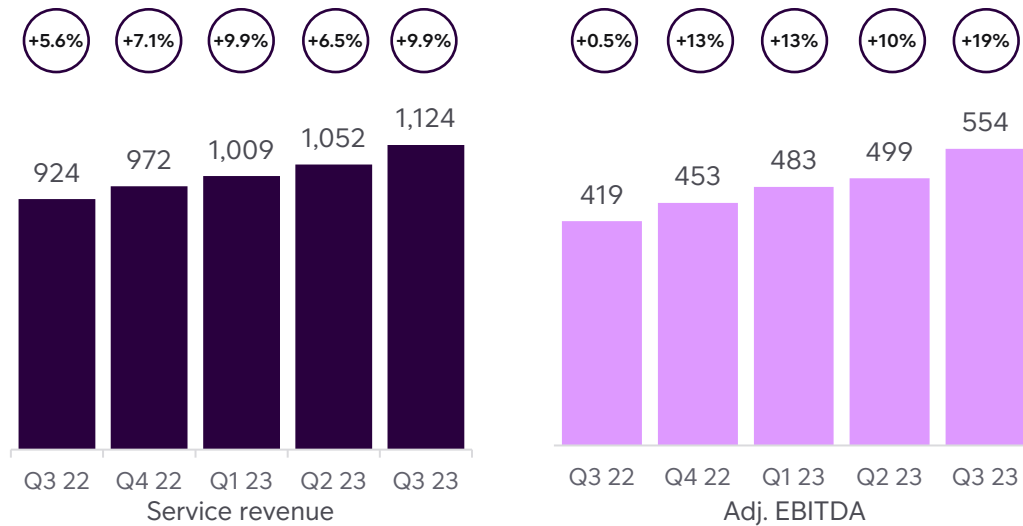
- Flat subscriber base in relatively stable market
- ARPU improvement (+2.7%) driven by the Consumer segment



Lithuania & Estonia

Lithuania

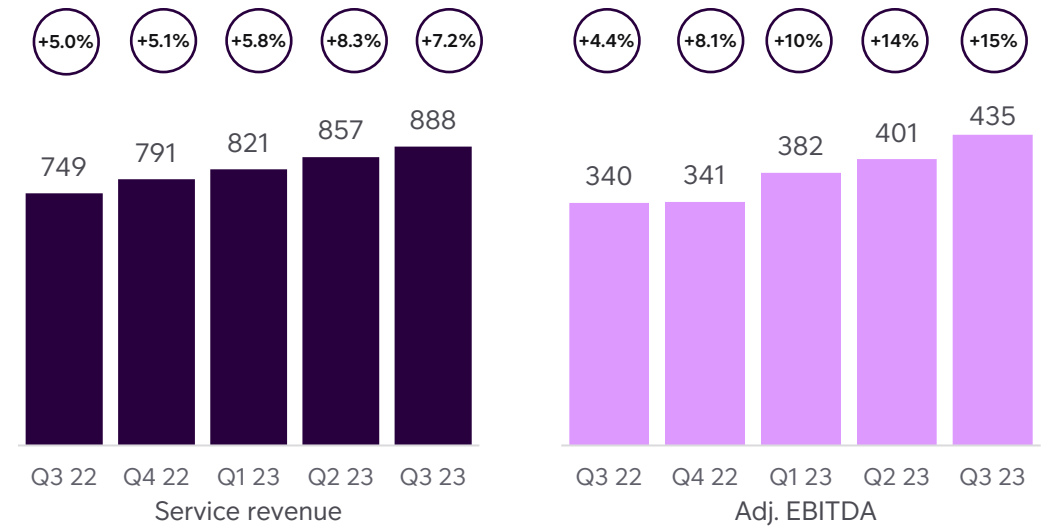
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at >99% and the clear market leader
- Strong service revenue growth in both mobile (+8.7%) and fixed (+10.6%)
- Continued strong conversion to EBITDA, partly from lower energy costs

Estonia

Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 73%
- Strong service revenue growth in both mobile (+7.2%) and fixed (+7.4%)
- Continued strong conversion to EBITDA, partly from lower energy costs



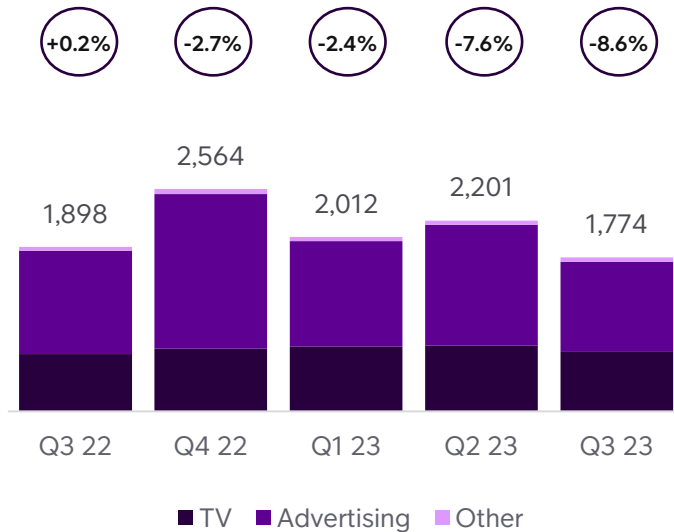
TV & Media



TV & Media

Service revenue

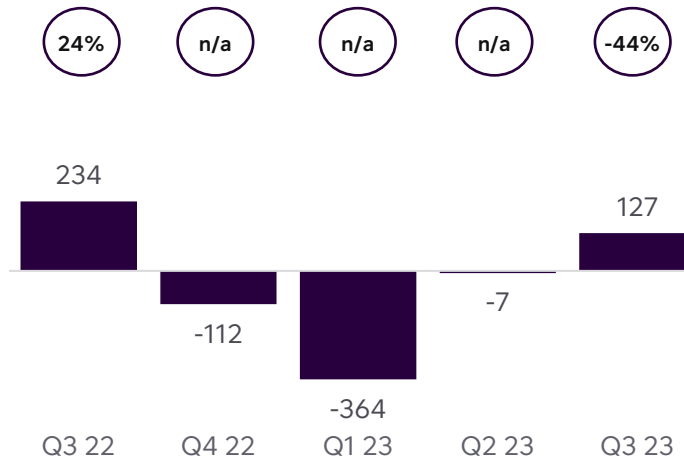
Reported currency, in SEK millions, like for like growth



- Advertising revenue declined further in a continued weak market (-16%)
- Direct OTT revenue increased (+9%) while wholesale remained stable

Adj. EBITDA

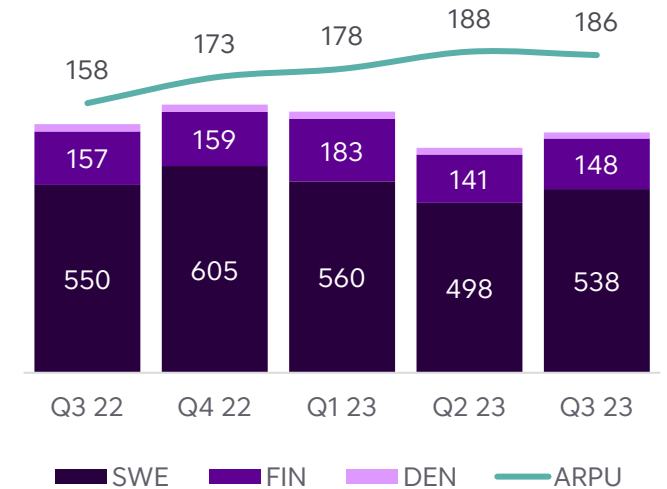
Reported currency, in SEK millions, like for like growth



- EBITDA declined due to the lower Advertising revenues

Direct OTT subs. and ARPU

Subscriptions '000, ARPU in SEK



- Subscriber base grew due to sports seasonality and HVO launch in Sweden
- ARPU increased from both pricing and mix



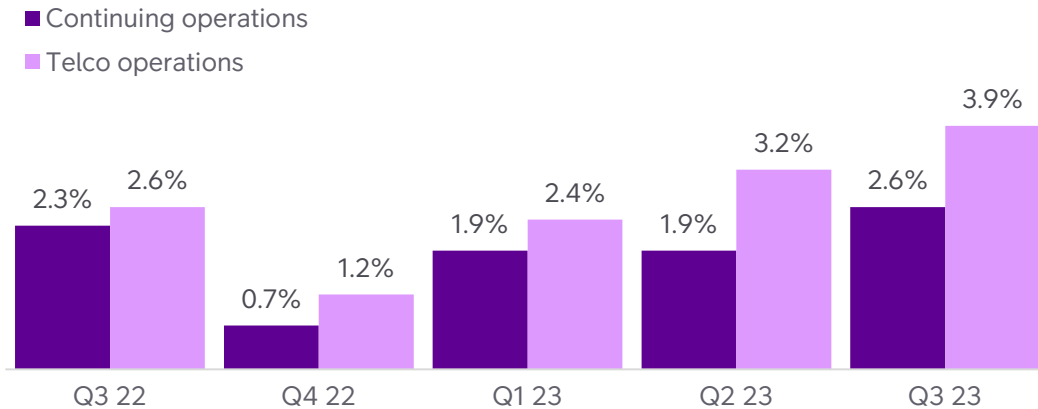
Financials



Service Revenue & EBITDA

Service revenue

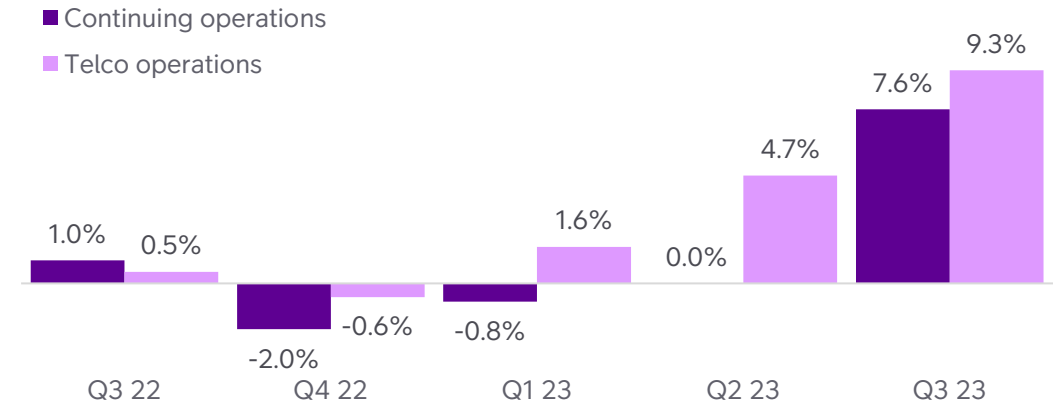
Like for like growth



- All Telco markets continued to grow service revenue
- Growth in both Telco Consumer (+1.8%) and Enterprise (+4.7%)
- Continuing operations service revenue growth hampered by lower advertising revenue in TV & Media

Adjusted EBITDA

Like for like growth



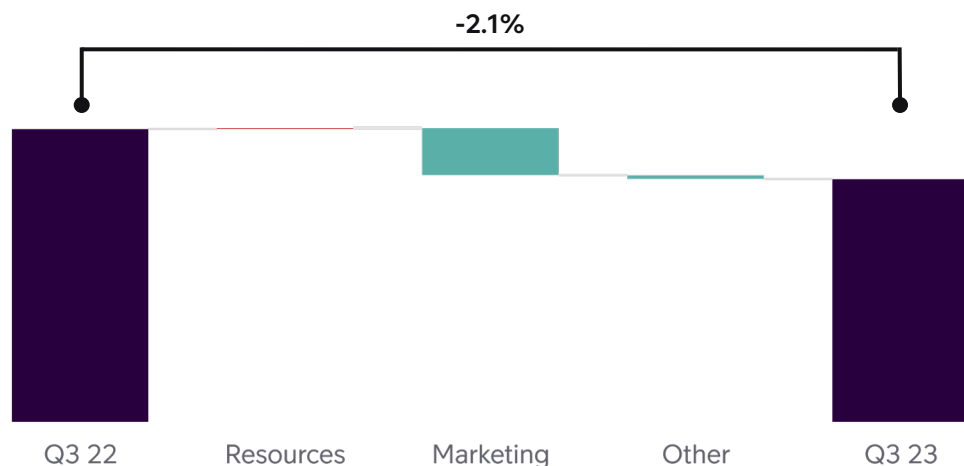
- EBITDA growth accelerated supported by strong Telco momentum
- Energy costs turned to a tailwind of ~ SEK 120 million in the quarter
- Continuing operations EBITDA negatively impacted by TV & Media
- Full year outlook updated to low single digit growth



OPEX & CAPEX

OPEX excl. energy

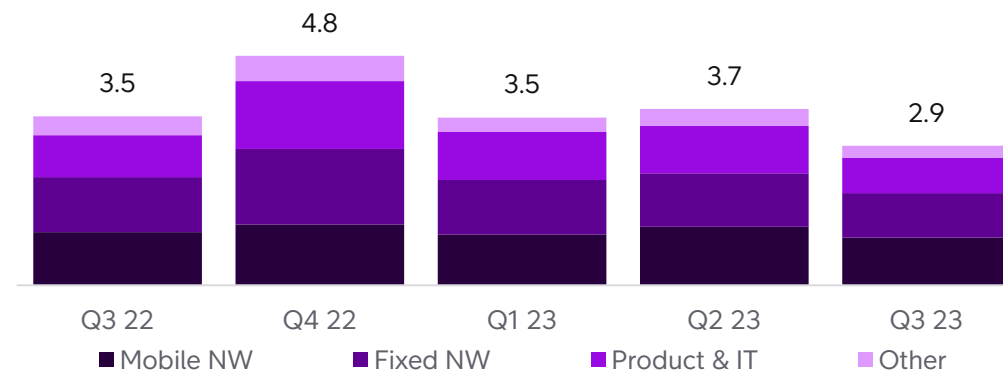
Like for like growth



- OPEX declined mainly driven by a group-wide proactive shift towards own channels, reducing sales and marketing costs
- Cumulative reductions since 2021 are ~ SEK 1bn, driven mainly by lower resource and IT costs
- The cost agenda remains a priority, but challenging to come close to the full net SEK 2bn ambition due to higher-than-expected inflation

CAPEX excl. licenses

Reported currency, in SEK billions



- Reduction of SEK 0.6bn compared to Q3 last year driven mainly by lower investments in mobile and fixed network
- CAPEX expected to decline further in Q4 vs. last year
- Full year outlook updated to ~SEK 13.5bn



Cash Flow

Reported currency, in SEK billions	Q3 23	Q3 22	Change
Adjusted EBITDA	8.5	7.7	0.7
Restructuring and other adj. items	-0.1	-0.2	0.0
Repayment of leasing liabilities	-0.7	-0.6	-0.1
Cash CAPEX excl. licenses	-3.0	-3.3	0.3
Interest paid net	-0.7	-0.7	0.0
Taxes paid	-0.2	-0.2	0.0
Other items	-0.1	-0.2	0.1
Structural part of OFCF	3.7	2.6	1.1
Working capital	-0.3	-0.7	0.4
Operational free cash flow	3.4	1.9	1.5

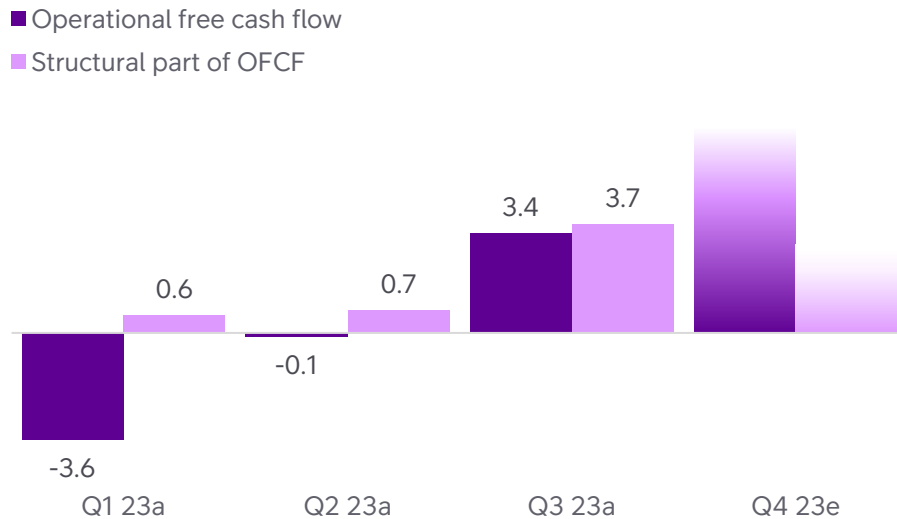
- EBITDA improved from strong Telco performance
- Cash CAPEX declined as planned
- Leasing increased by SEK 0.1bn driven mainly by inflation
- Interest costs unchanged, with higher interest offset by interest received and phasing
- Working capital contribution remained somewhat negative due to seasonality and phasing
- Operational free cash flow increased by SEK 1.5bn to SEK 3.4bn
- Full year outlook updated to ~ SEK 7.5bn



Cash Flow trends

Operational free cash flow

Reported currency, in SEK billions, illustrative Q4



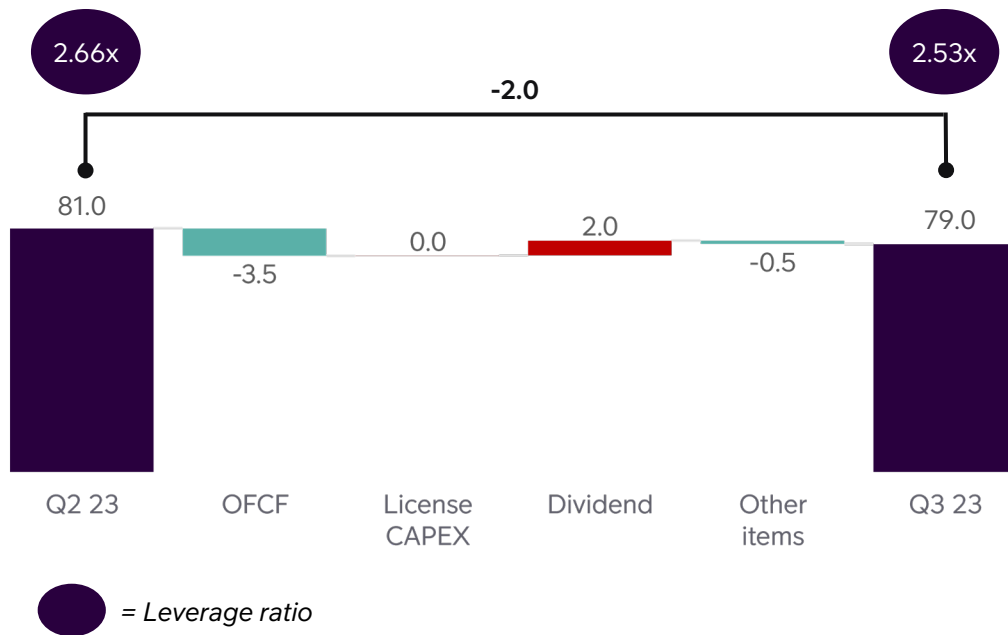
- Strong EBITDA growth supported OFCF in Q3, with continued positive development expected in Q4
- OFCF generation for the full year to be H2 weighted and especially Q4
 - Cash CAPEX to be significantly lower in Q4 relative to last year's elevated level
 - Working capital expected to have a material positive impact to OFCF in Q4, as previously stated
 - Vendor financing balance expected to end the year at ~ SEK 11bn



Net Debt & Leverage

Net debt and leverage

Reported currency, in SEK billions and leverage ratio



- Net debt decreased by SEK 2.0bn driven by OFCF generation partly offset by dividend distribution
- Leverage declined to 2.53x, and is expected to come down further in Q4 from improved cash flow generation
- Proceeds from the divestment of Telia Denmark is expected to reduce leverage by ~0.2x during Q1 2024



Outlook



Outlook 2023 updated

Service revenue*

Low single digit growth

Adjusted EBITDA*

Low single digit growth

(Previously: Flat to low single digit growth)

CAPEX excl. licenses and spectrum**

~ SEK 13.5bn

(Previously: In the range of SEK 13-14bn)

Structural part of Operational free cash flow

~ SEK 7.5bn

(Previously: In the range of SEK 7-9bn)

All metrics based on continuing operations (Demark now classified to discontinued operations)

* Like for like

** Excluding CAPEX related to right of use assets



Delivering successfully on all our strategic priorities

Telco growth momentum built further, supported by pricing, solid Consumer trends, a further acceleration in Enterprise and structural cost benefits

Digital infrastructure leadership built further with network modernization proceeding ahead of key competition, underpinning Telia's premium market position

Leading Swedish spectrum position secured for next 25yrs as a result of highly successful auction

TV & Media brand consolidation and restructuring is on track for a 2024 turnaround, subject to market conditions improving

Progress on sustainability agenda continues with our 2040 net zero target now approved by the Science Based Targets initiative (SBTi)

Improvement in structural cash flow secures the turn around we expected in H2

Denmark sale progressing according to plan with binding SPA signed

Full year outlook updated

1

Restore growth by **inspiring our customers**

2

Lead the build out of digital infrastructure that **connects everyone**

3

Transform to become a more **digital** telco

4

Build the capabilities to **deliver sustainably** and responsibly



Q&A



Thank you



Appendix



Sustainability overview and key highlights

Three impact
areas
in focus



Climate and
circularity



Digital
inclusion



Privacy and
security

Our
ambitions

Net zero by 2040
CO2 emissions halved by 2030
Zero waste by 2030

2 million individuals reached
through digital inclusion initiatives
between 2021-2025

Top tier positions/
preferred supplier
in all markets

2022
selected highlights

- **CDP score: A-** (up from D in 2018)
- **Strong growth in IoT solutions** for energy efficiency (within transport, real estate and utility sectors)

- 2025 target for digital inclusion achieved: **1 million individuals reached since 2021**
- **Ranked 11 out of 150 ICT companies** in global digital inclusion rating (by World Benchmarking Alliance)

- **Ranked No 1 or 2** on privacy in 4 out of 6 markets
- Several contract-wins with **elevated security** requirements (e.g. Norwegian Military and Swedish Civil Contingencies Agency)

Q3 2023
highlights

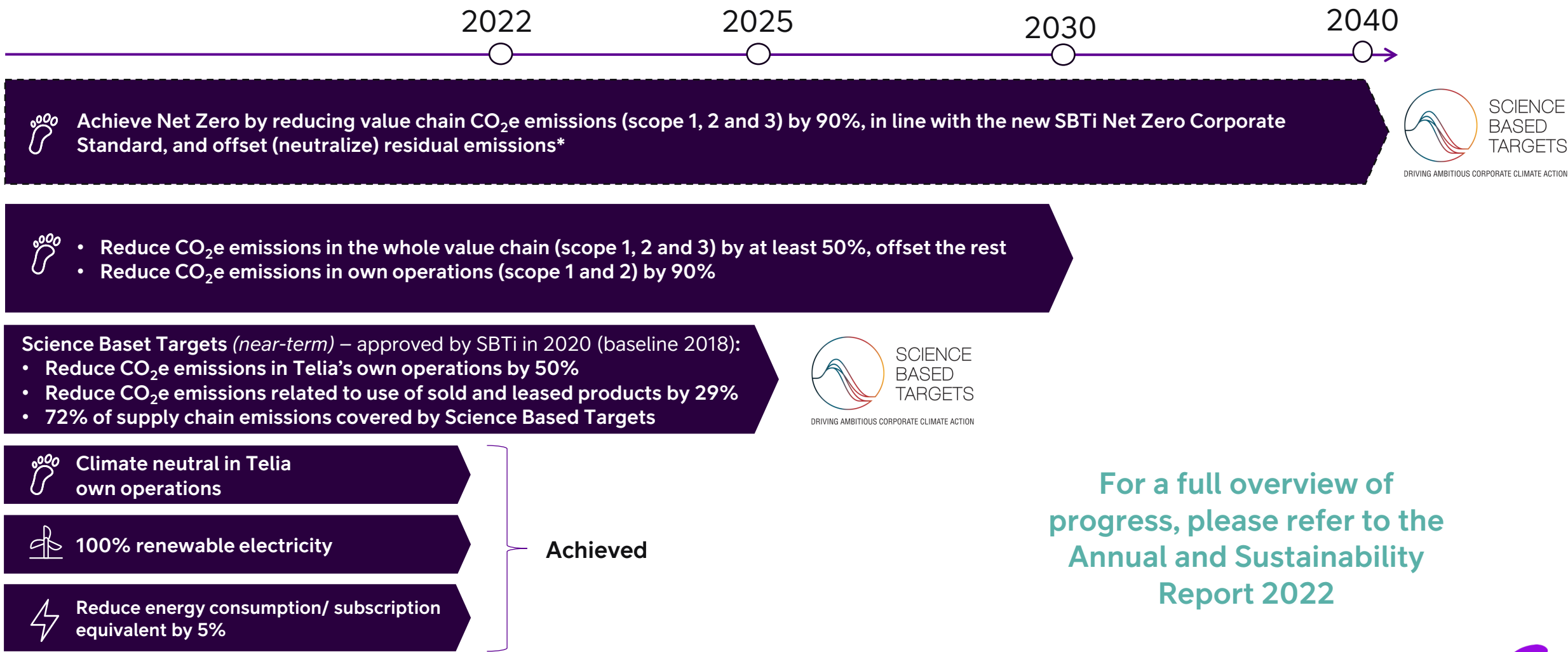
- Telia Company's **2040 net zero target approved** by the Science Based Target initiative
- **50% of supply chain emissions** now covered by **science-based targets** (up from 35% EoY'22)

- **Expanding digital skills amongst vulnerable groups**, ~ 200k individuals reached in the year, with focus on seniors, children, SMEs and immigrants

- **Ranked No 1 or 2** on privacy in 3 out of 6 markets
- **White House recognition** for Telia's high security standards during the NATO meeting in Vilnius



Telia's climate commitments



ESG awards and ratings

MSCI ESG rating
“AAA” (highest)



EcoVadis
“Platinum supplier” rating



Sustainalytics
19.5 Low Risk, Industry rank 12 out of 228



CDP Climate Rating
A-



ISS ESG rating
-B (Prime status)



FTSE4Good
(Included in FTSE4Good)



