

Telia Q2 2023

July 20, 2023

Telco performance improved further

Solid Q2 financial and operational performance across all Telco operations

- Service revenue growth accelerated
- Mobile growth improved (+3.4%) as did fixed services (+3.0%)
- Consumer improved (+2.4%) and Enterprise remained strong (+3.1%)
- EBITDA conversion was strong (+4.7%) and growth in all markets

Group EBITDA remains stable despite weakening Ad market in TV & Media

Operational free cash flow on track to deliver H2 acceleration

- Leverage (2.66x) impacted by OFCF phasing and FX
- Quarterly dividend payments initiated

Q2 strategy highlights confirm network and technology leadership

- 5G population coverage increased to 84%
- Strong growth in Enterprise digital services “beyond connectivity”
- Most trusted partner status confirmed, sole connectivity provider to NATO summit

Telia Denmark sale on track to close at the latest during Q1 2024

Reaffirming full year outlook

+3.2%

Service revenue growth
(Telco operations, LFL)

+4.7%

Adjusted EBITDA growth
(Telco operations, LFL)

0.7bn

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



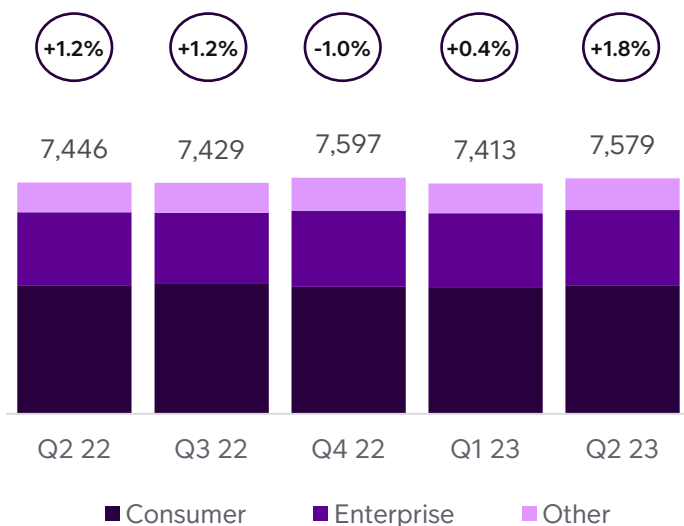
Telco operations



Sweden financials

Service revenue

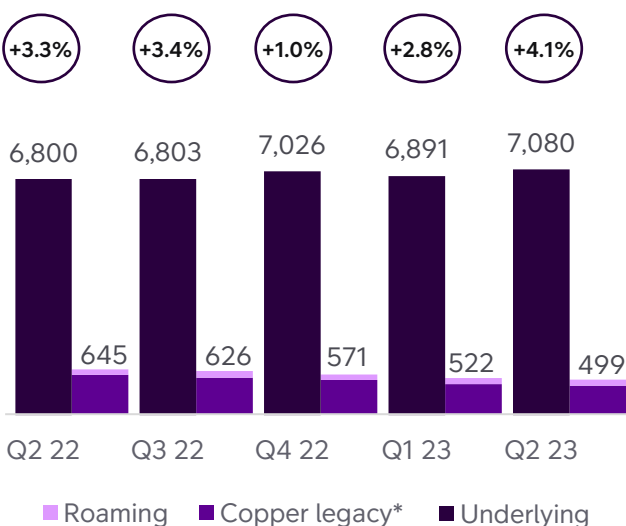
Reported currency, in SEK millions, like for like growth



- 5G leader with pop. coverage now at 73%
- Service revenue growth accelerated
- Broad based growth; Mobile +1.7%, Broadband +4.7%, TV +4.6%, Telia Cygate +18%, IoT +14%

Service revenue split

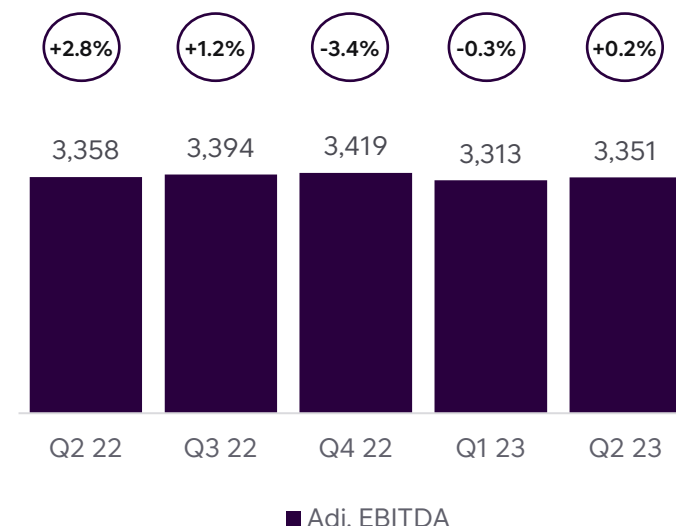
Reported currency, in SEK millions, like for like growth



- Copper legacy headwind remained largely unchanged at ~ SEK 160m
- Strong sequential improvement in underlying service revenue

Adj. EBITDA

Reported currency, in SEK millions, like for like growth



- EBITDA back to growth
- Tough OPEX comparison and additional content hampered EBITDA growth
- On track to deliver H2 acceleration

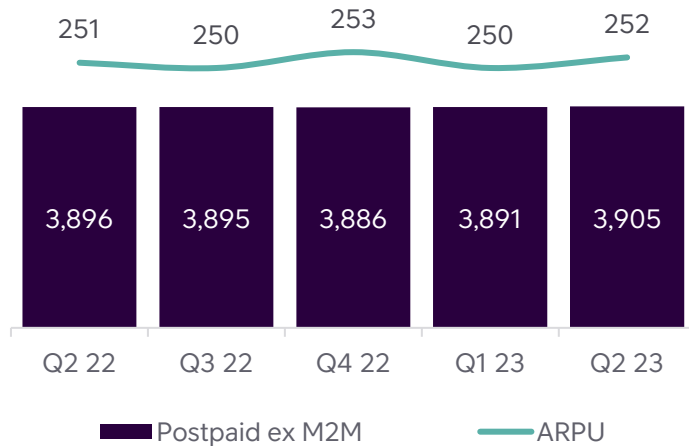
* Copper legacy = end customer revenue from telephony & xDSL



Sweden KPIs

Mobile postpaid subs. and ARPU

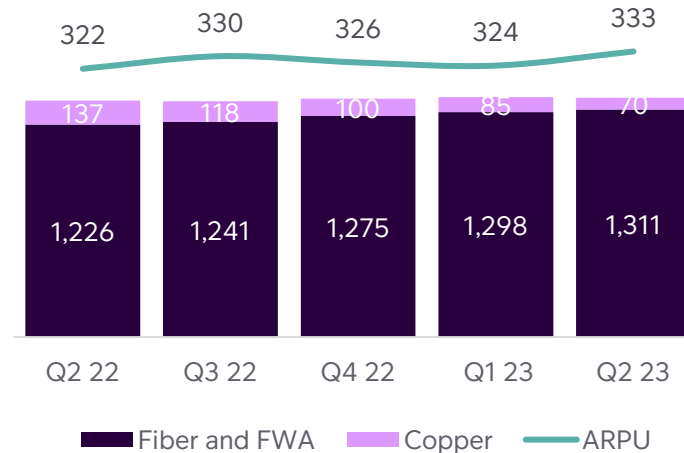
Subscriptions '000, ARPU in SEK



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

Broadband subs. and ARPU

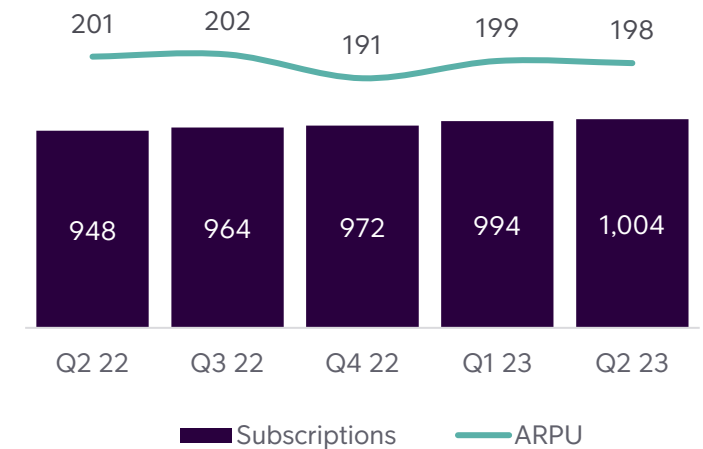
Subscriptions '000, ARPU in SEK



- Subscriber growth despite copper shutdown
- Fiber and FWA compensating for copper decline
- ARPU supported by pricing, with fiber service revenue growth especially strong (+12%)

TV subs. and ARPU

Subscriptions '000, ARPU in SEK



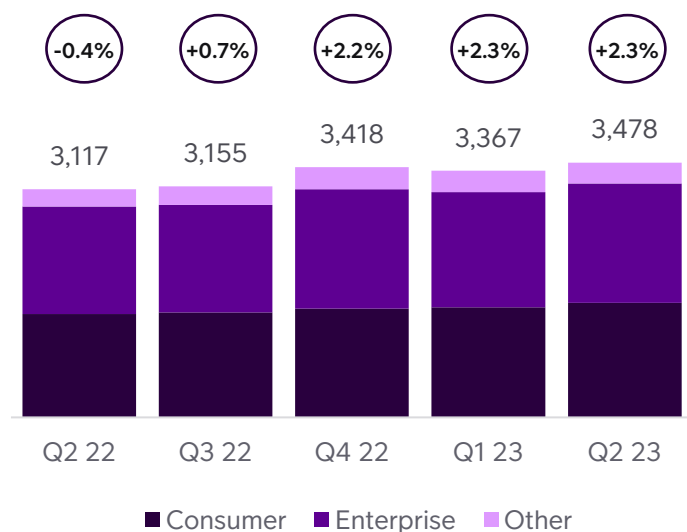
- Continued solid development in IPTV subs
- ARPU impacted by product mix



Finland

Service revenue

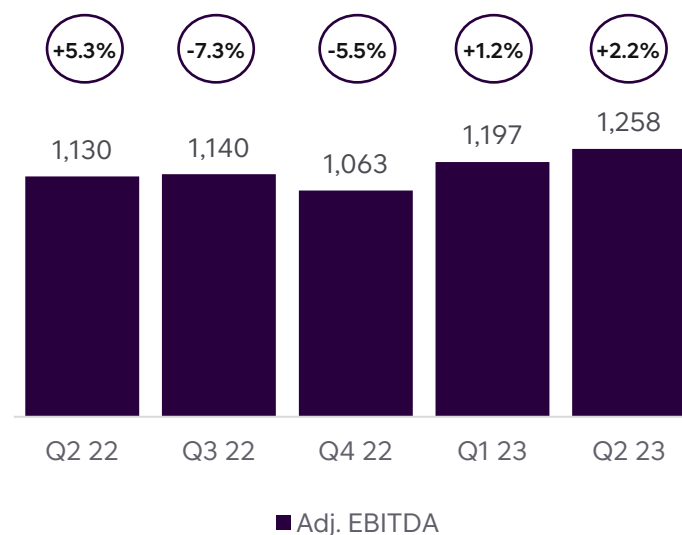
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 86%
- Mobile growth improved (+2.0%) despite lower Interconnect
- Fixed was again solid (+3.1%) driven by strength in Business solutions

Adj. EBITDA

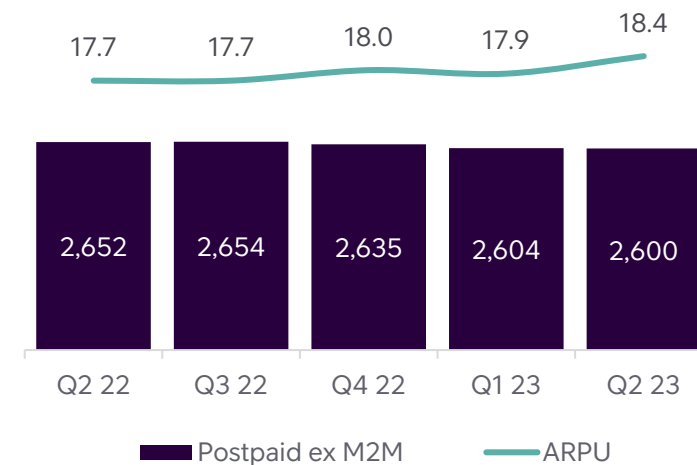
Reported currency, in SEK millions, like for like growth



- EBITDA growth improved sequentially despite tough comparison and one time wage settlement payment in the qtr

Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in EUR



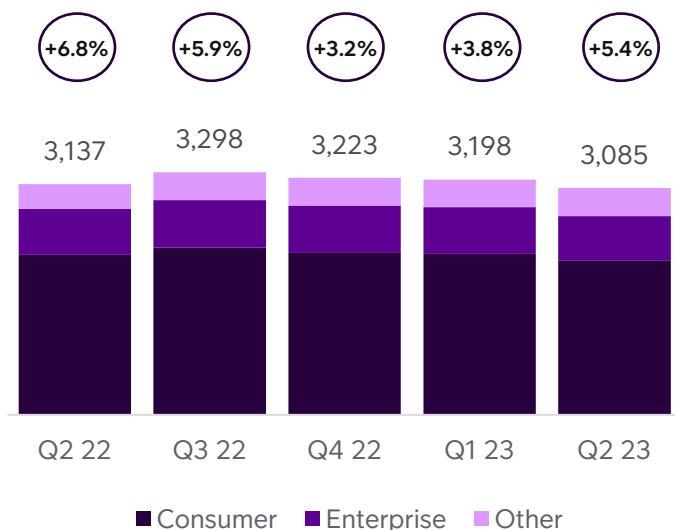
- Lowest churn since the pandemic
- Stable subscriber base despite pricing and value focussed channel strategy
- Strong Consumer ARPU growth (+9%) but weaker in Enterprise (-5%) due to growth in Public sector



Norway

Service revenue

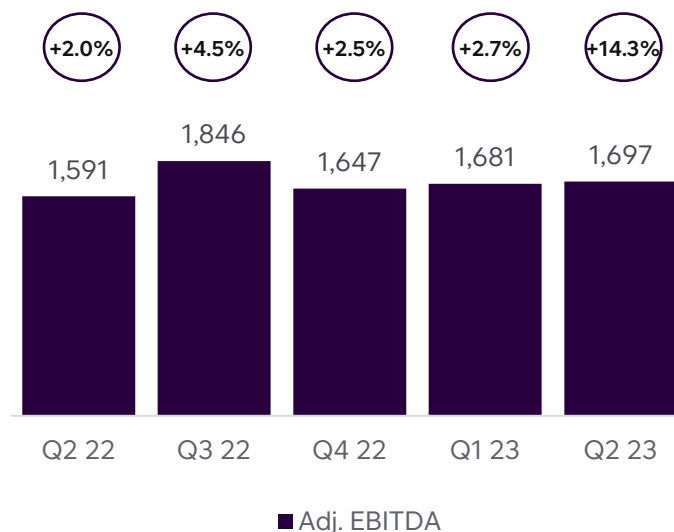
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 92%
- Service revenue growth accelerated in both mobile (+6.5%) and fixed (+4.1%)
- Solid in both Consumer (+3.3%) and Enterprise (+3.1%), and Wholesale benefits from Fjordkraft contributing from mid-May onwards

Adj. EBITDA

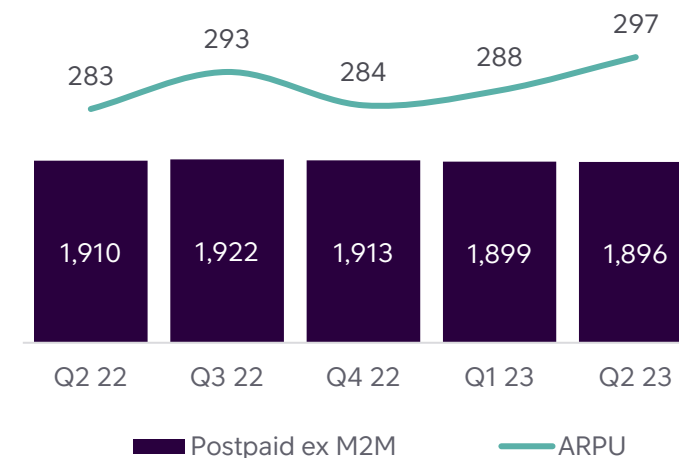
Reported currency, in SEK millions, like for like growth



- Double digit EBITDA growth albeit partly driven by phasing and c. SEK 50 million of non-recurring items

Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in NOK



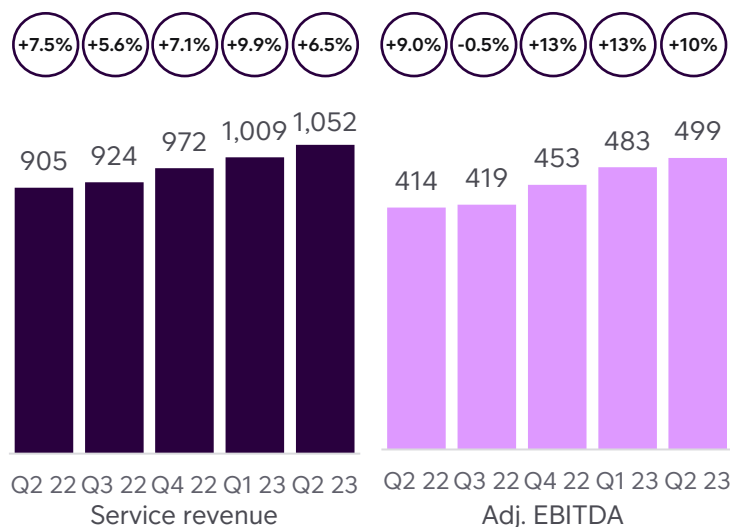
- ARPU increased positively (+4.8%) driven by the Consumer segment; Now >200k subscriptions on Telia X unlimited proposition



LED markets

Lithuania

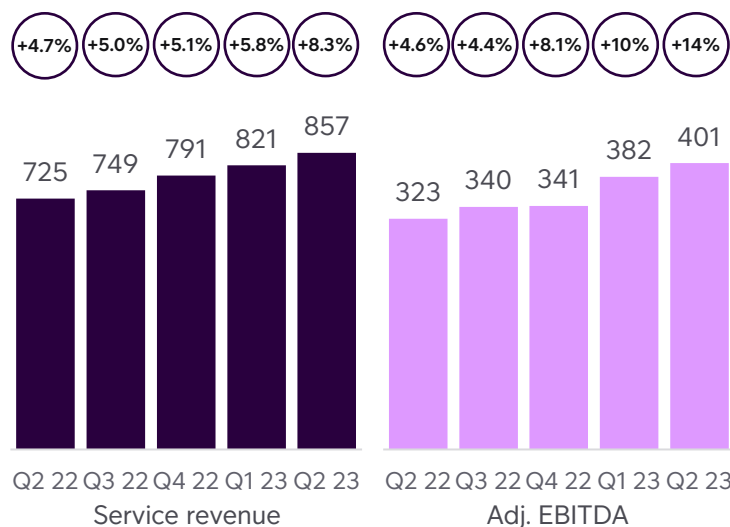
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 99%
- Solid service revenue growth in both mobile (+6.3%) and fixed (+6.4%)
- Strong conversion to EBITDA

Estonia

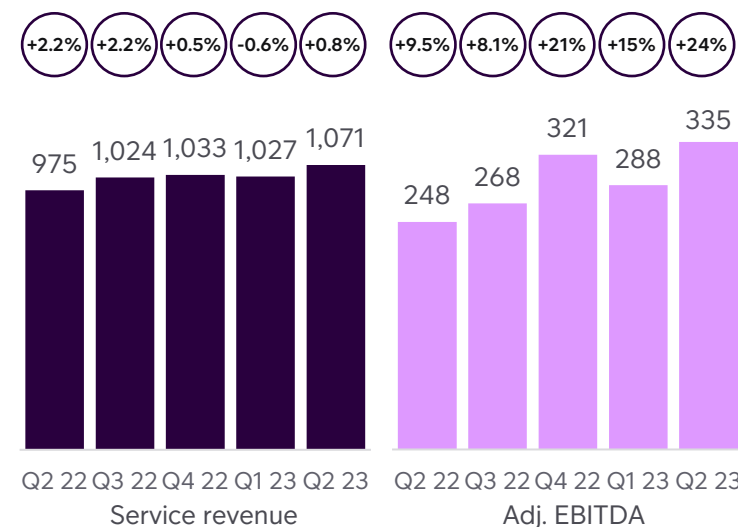
Reported currency, in SEK millions, like for like growth



- 5G speed record of 2 Gbit/s achieved
- Solid service revenue growth in both mobile (+10.2%) and fixed (+7.4%)
- Excellent conversion to EBITDA

Denmark

Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 90%
- Service revenue growth turned positive supported by FWA growth in fixed (+3.6%)
- Excellent EBITDA growth from revenue development and continued cost transformation



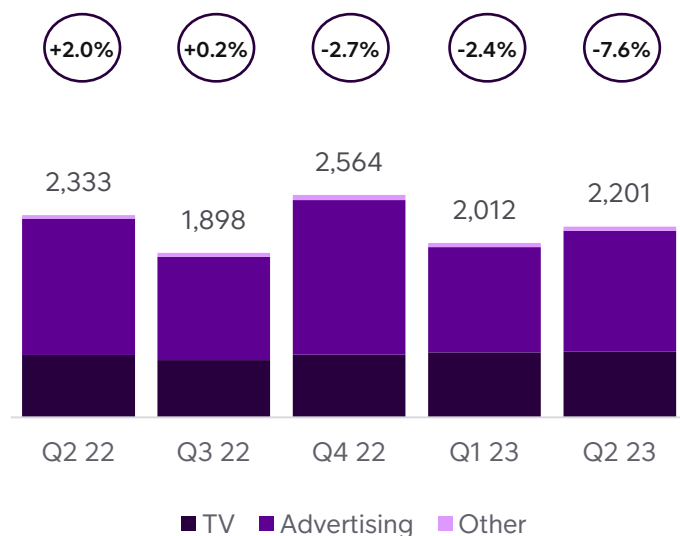
TV & Media



TV & Media

Service revenue

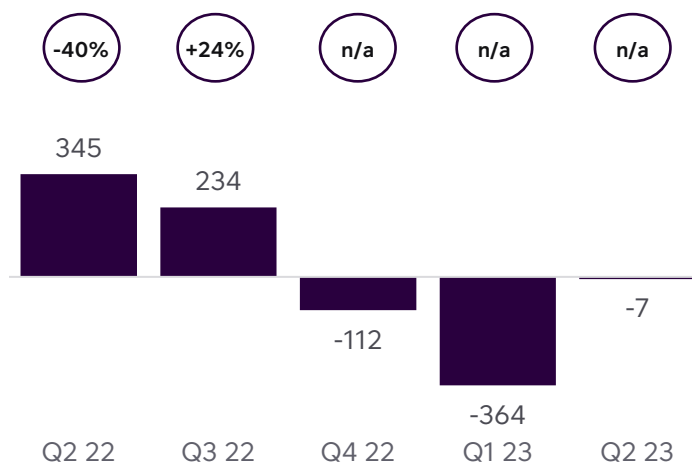
Reported currency, in SEK millions, like for like growth



- Advertising market weakened further resulting in advertising revenue decline (-13.8%)
- Pay TV revenue increased (+3.8%) from pricing
- Consolidation of C More progressing with new TV4 Play proposition to be launched in Q3

Adj. EBITDA

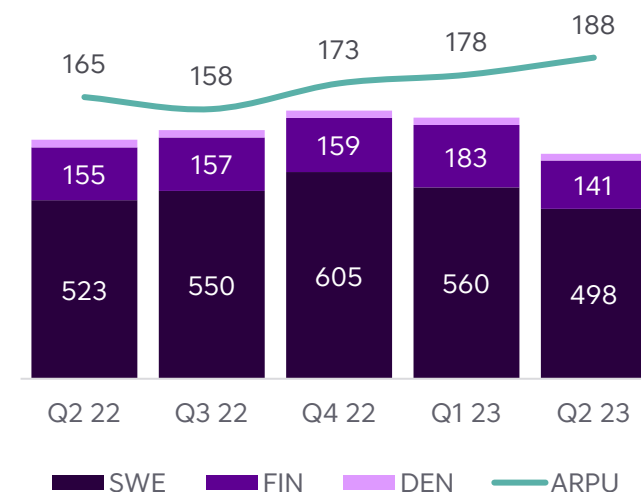
Reported currency, in SEK millions, like for like growth



- EBITDA declined due to lower service revenue, increased content costs and higher OPEX
- Restructuring of the business continues at pace with further initiatives actioned in the quarter

C More direct OTT subs. and ARPU

Subscriptions '000, ARPU in SEK



- Subscriber base declined due to seasonality and impact from pricing in a tight market
- ARPU increased (+14%) from pricing

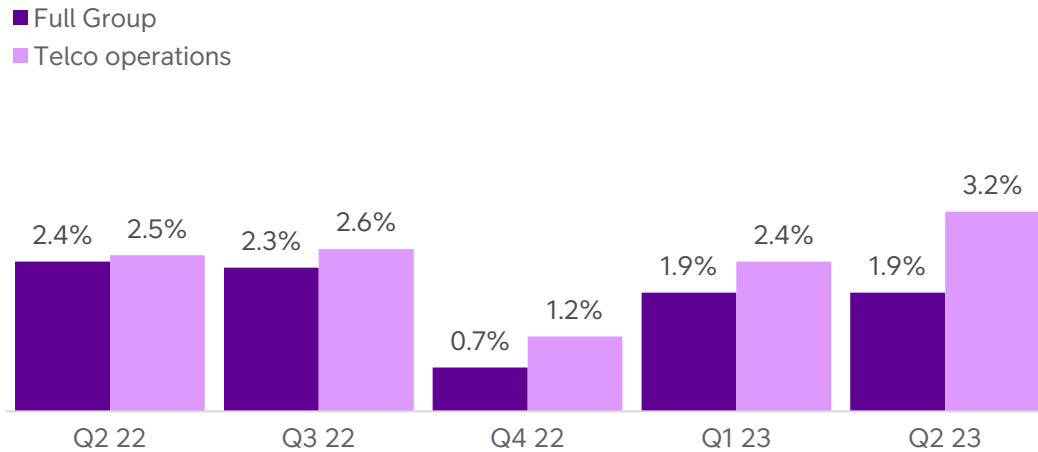


Financials



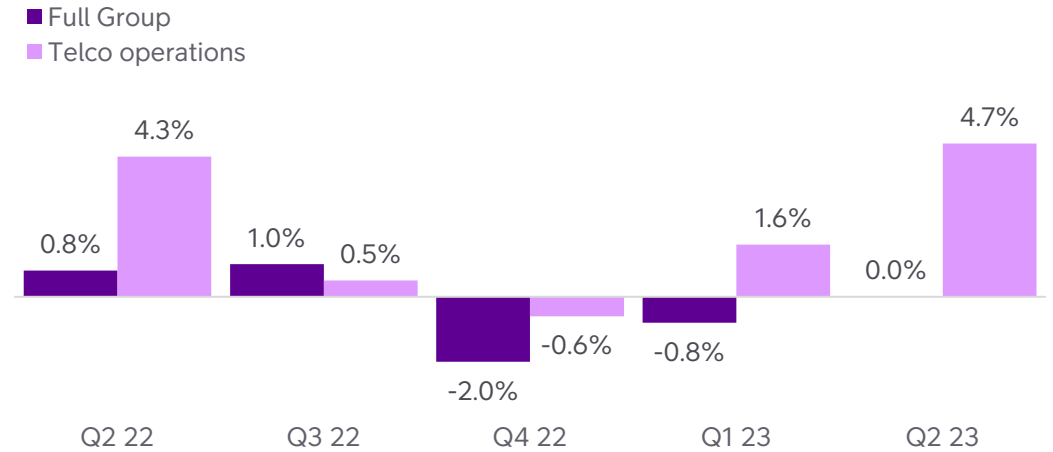
Service Revenue & EBITDA

Service revenue Like for like growth



- Full Group service revenue growth hampered by lower advertising revenue in TV & Media
- All telco markets grew service revenue
- Growth in both Telco Consumer (+2.4%) and Enterprise (+3.1%)

Adjusted EBITDA Like for like growth



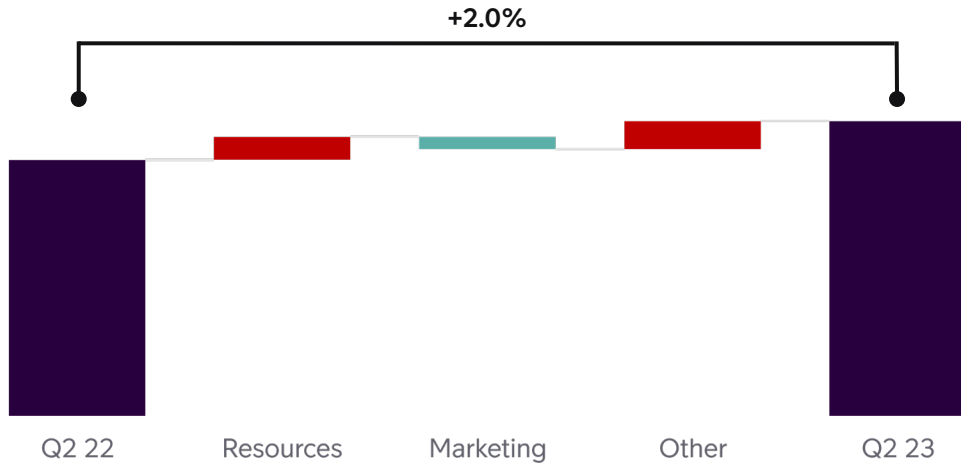
- Full group EBITDA negatively impacted by TV & Media
- Sequential improvement for Telco operations driven by accelerated revenue growth and reduced energy cost headwind



OPEX & CAPEX

OPEX excl. energy

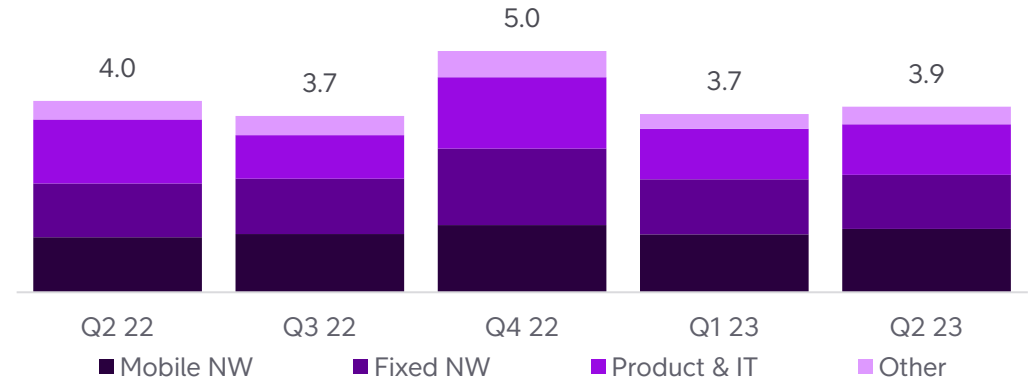
Like for like growth



- Resource costs higher from salary inflation, partly offset by redundancies
- Other OPEX increased due to higher IT costs
- Cumulative reductions since 2021 remains around ~SEK 1bn driven mainly by lower resource and IT costs. Cost agenda remains, but challenging to realize the full net SEK 2 bn ambition by year end.

CAPEX excl. licenses

Reported currency, in SEK billions



- Reduction of SEK 0.1bn compared to Q2 last year driven by product development and IT
- H2 CAPEX will significantly reduce vs last year, and especially in Q4
- Full year outlook of SEK 13-14bn reaffirmed



Cash Flow

Reported currency, in SEK billions	Q2 23	Q2 22	Change
Adjusted EBITDA	7.8	7.7	0.1
Restructuring and other adj. items	-0.3	-0.3	-0.1
Repayment of leasing liabilities	-0.7	-0.6	-0.1
Cash CAPEX excl. licenses	-4.0	-3.7	-0.4
Interest paid net	-0.7	-0.4	-0.3
Taxes paid	-0.5	-0.6	0.1
Other items	-0.8	-0.5	- 0.2
Structural part of OFCF	0.7	1.5	-0.8
Working capital	-0.9	-0.4	-0.4
Operational free cash flow	-0.1	1.1	-1.2

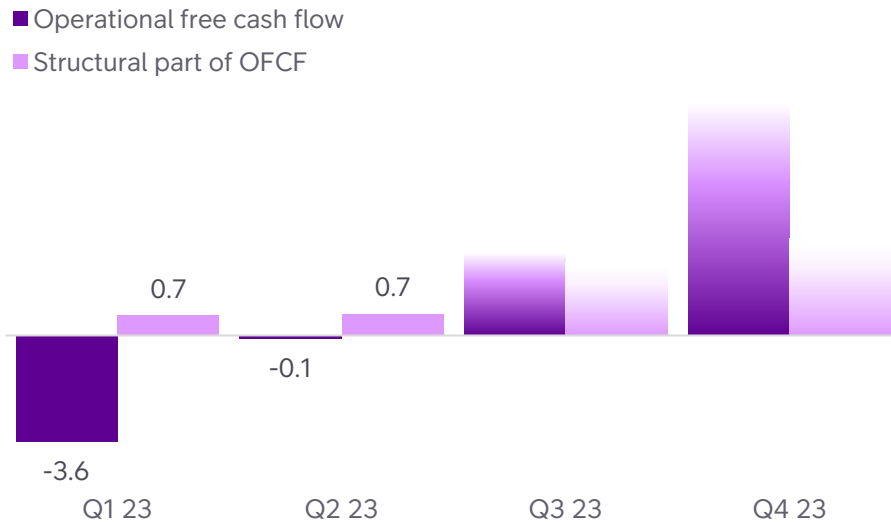
- Cash CAPEX increased mainly due to vendor financing impact of SEK 0.5bn as expected
- Paid interest increase driven by higher interest rates
- Taxes slightly lower due to phasing vs. last year
- Working capital contributed negative by SEK -0.9bn due to vendor financing and non-vendor financing related accounts payable (SEK -1.0bn) and accounts receivable (SEK -0.4bn), partly offset by inventories and other items (SEK+0.5bn).



Cash Flow trends

Operational free cash flow

Reported currency, in SEK billions, illustrative profile



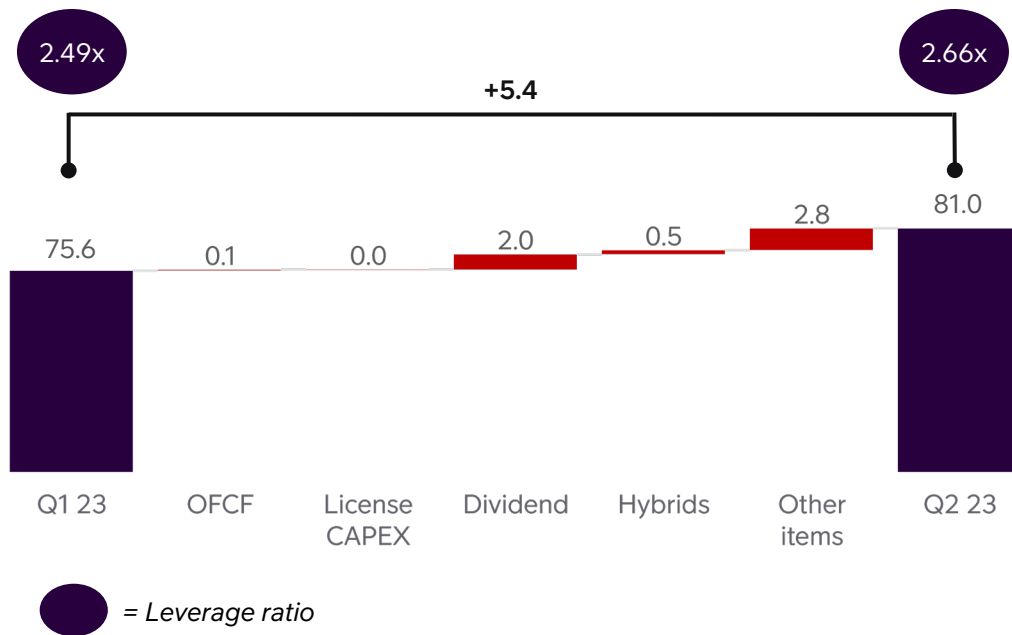
- Cash flow generation for the full year weighted towards H2
 - CAPEX to gradually reduce and expected to be materially lower in Q4 considering last year's heightened level
 - Working capital expected to contribute positively in Q3 but especially in Q4 driven by vendor financing phasing
 - Vendor financing balance expected to end the year at a similar level to last year
- Impact from other items expected to be rather evenly distributed between the quarters



Net debt & leverage

Net debt and leverage

Reported currency, in SEK billions and leverage ratio



- Net debt increased by SEK 5.4bn due to cash flow phasing, dividend paid and FX effect on issued debt
- Leverage ratio increased to 2.66x, but to come down H2 from improved cash flow generation
- Proceeds from sale of Telia Denmark expected to reduce leverage by ~0.2x



Outlook



Outlook 2023 reaffirmed

Service revenue*

Low single digit growth

Adjusted EBITDA*

Flat to low single digit growth

CAPEX excl. licenses and spectrum**

In the range of SEK 13-14 billion

Structural part of Operational free cash flow

In the range of SEK 7-9 billion

* Like for like

** Excluding CAPEX related to right of use assets



Full focus on strategy execution and capital allocation

Telco growth momentum improved, supported by pricing, improving Consumer trends and continued strong Enterprise services “beyond connectivity”

Digital infrastructure leadership built further with network modernization proceeding ahead of key competition, underpinning premium market positions

TV & Media brand consolidation and restructuring well underway in the midst of considerable market headwinds

Progress on sustainability agenda across all key focus areas with most trusted partner status evident in Enterprise segment growth

Denmark sale progressing according to plan

Increasing visibility on cash flow, albeit lower contribution expected from TV & Media business

Reaffirming full year outlook

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



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)

Q2 2023 highlights

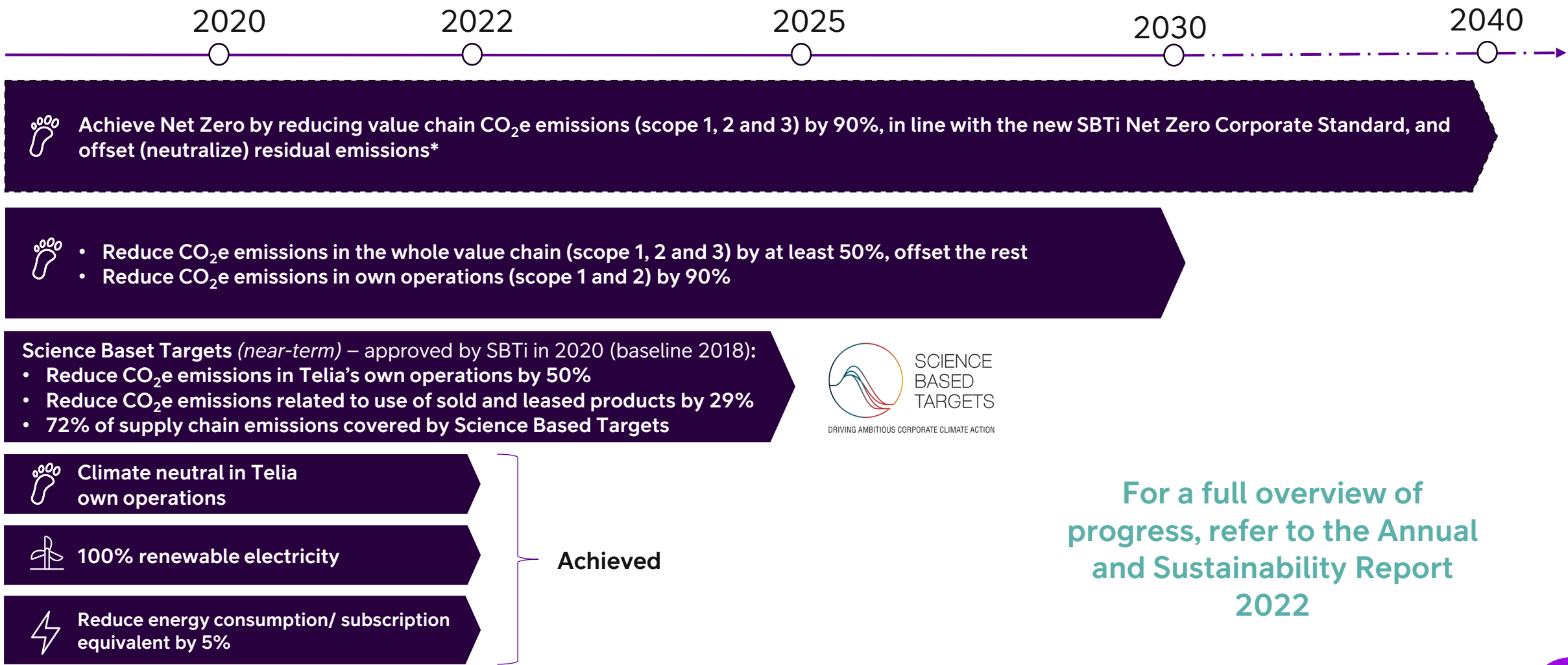
- **46% of supply chain emissions** now covered by **science-based targets**
- Important **IoT contract-win for Smart Buses in Oslo** supporting the city in achieving its environmental goals

- **1.2m individuals reached** with digital inclusion initiatives since 2021
- **First impact assessments published** in collaboration with two Swedish universities

- **Expanding work on Responsible AI**
- Selected as **sole provider** of connectivity services for **NATO summit in Vilnius**



Telia's climate commitments



* Pending external approval



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)



