



# TELIA COMPANY DIVESTS ITS INTEREST IN KCELL & DISMANTLES THE FINTUR HOLDING STRUCTURE

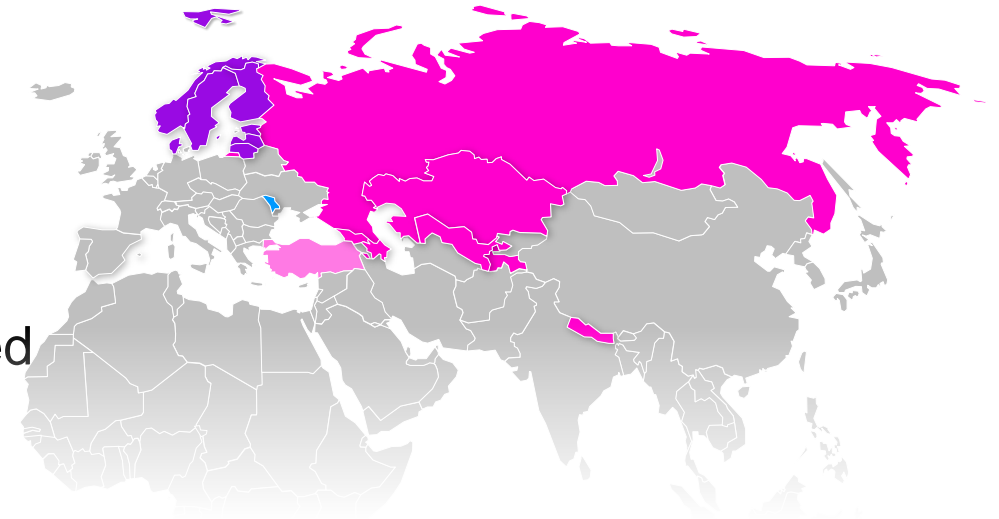
December 12, 2018



# COMPLETING EURASIA EXIT IN ALL MATERIAL ASPECTS

## Before announcement today

- ✓ Five countries sold
- ✓ MegaFon fully divested
- ✓ Direct stake in Turkcell sold
- ✓ Well-functioning Ethics and Compliance implemented
- ✓ Global settlement around Uzbekistan reached in September 2017



## After announcement today

- ✓ Kcell agreement signed with cash proceeds of SEK 4.1 billion (Telia Company's share SEK 2.9bn)
- ✓ Fintur holding structure dismantled – cash to be fully distributed to Telia Company

- Continuing operations
- Assets divested
- Assets partly divested

- Moldcell only remaining asset - representing an immaterial part of Telia Company (0.6% group EBITDA)



# TRANSACTION HIGHLIGHTS - KCELL

Rationale	<ul style="list-style-type: none"><li>• The final big step in our effort to over time leave Eurasia</li></ul>
Target company	<ul style="list-style-type: none"><li>• Telia Company's direct and indirect ownership in Kcell</li></ul>
Valuation	<ul style="list-style-type: none"><li>• Telia Company has sold its 24 percent direct ownership in Kcell to Kazakhtelecom JSC. Simultaneously, Fintur Holding, jointly owned by Telia Company and Turkcell, has sold its 51 percent ownership in Kcell to Kazakhtelecom JSC</li><li>• The price for the 75 percent is USD 446 million (our part USD 326 million) which implies a full enterprise value of USD 771 million, equal to EV/EBITDA of 5.0x, slightly above peers</li></ul>
Financial effects	<ul style="list-style-type: none"><li>• The transaction is expected to result in a gain of c. SEK 1.1 billion for Telia Company before reclassification of accumulated foreign exchange losses of SEK 0.9 billion to net income from discontinued operations (which will have no material effect on group equity)</li><li>• Net debt to EBITDA to decrease by 0.1x</li></ul>
Time table	<ul style="list-style-type: none"><li>• The Kazakh competition authority has already approved the transaction and closing of the transaction is expected during December 2018</li></ul>



# TRANSACTION HIGHLIGHTS - FINTUR

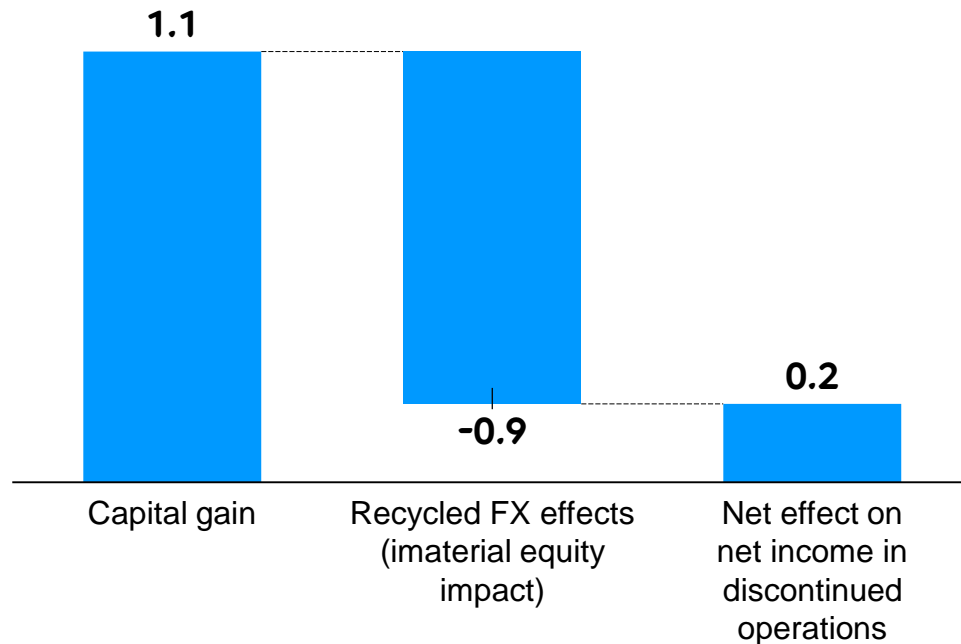
Rationale	<ul style="list-style-type: none"><li>• Dismantling of the Eurasia holding structure</li></ul>
Target company	<ul style="list-style-type: none"><li>• Fintur Holding BV where Telia Company held 58.55 percent and Turkcell 41.45 percent</li></ul>
Valuation	<ul style="list-style-type: none"><li>• Telia Company acquire Turkcell's share of Fintur's cash</li><li>• The total cash position in Fintur was approximately SEK 6.1 billion million by the end of November which will be split proportionally whereby Telia pays 95% on the cash value to Turkcell for their part. In total Telia keeps approximately SEK 3.7 billion plus its proportional part of the proceeds from Kcell</li></ul>
Financial effects	<ul style="list-style-type: none"><li>• The transaction is not expected to result in any impact on net income in discontinued operations</li><li>• No impact on net debt to EBITDA</li><li>• Cash in Fintur will be distributed to Telia Company</li></ul>
Time table	<ul style="list-style-type: none"><li>• The transaction has been agreed today. Fintur closing is expected to early 2019</li></ul>



# NET INCOME IMPACT - KCELL

## IMPACT ON NET INCOME

SEK in billions, based on Telia Company's share



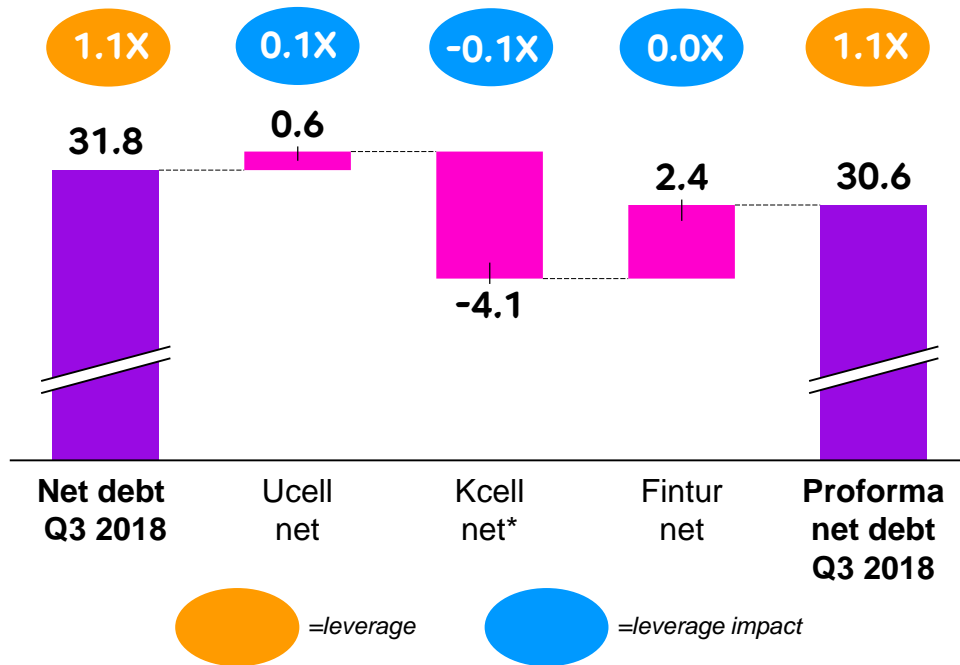
- SEK 0.2 billion positive impact on Telia Company's net income as a SEK 1.1 billion capital gain is largely offset by SEK 0.9 billion in FX recycling



# LEVERAGE IMPACT - UCELL, KCELL & FINTUR

## IMPACT ON NET DEBT & LEVERAGE

SEK in billions, reported per Q3 2018 and pro forma

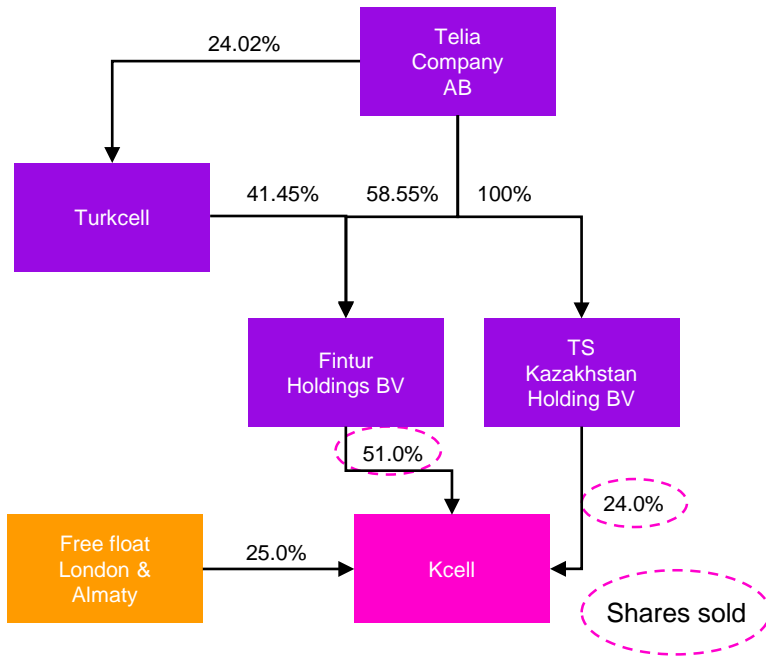


- Ucell was sold on 5 December 2018
- Limited impact on net debt and leverage from the divestments of Ucell and Kcell as well as the holding structure dismantling

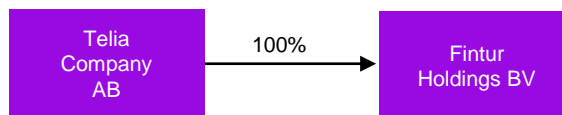
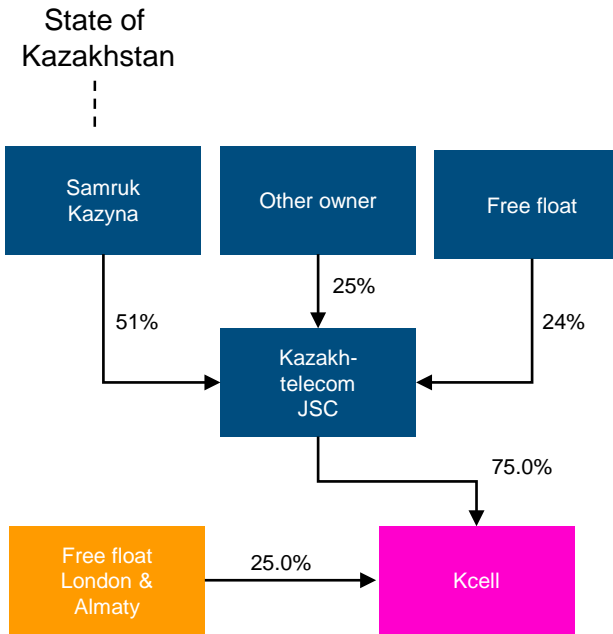


# SHAREHOLDER STRUCTURE

## PRE TRANSACTION



## POST TRANSACTION



- Kazakhtelecom JSC acquires Telia Company AB's 24% direct ownership and Fintur Holding BV's 51% holding in Kcell
- Fintur Holding BV was pre the transaction jointly owned by Telia Company (58.55%) and Turkcell (41.45%)
- Post transaction Fintur Holdings is 100% owned by Telia Company



# COMPLIANCE REVIEW AND DUE DILIGENCE OF BUYER

## Compliance and responsible business

- Kcell has over the years implemented a well-functioning Ethics and Compliance function and necessary processes and procedures to manage the key Ethics and Compliance risks
- A Human Rights Impact Assessment of our operations in Kazakhstan has been conducted

## Due diligence

- The purchasing entity has undergone a thorough due diligence process, conducted by both internal and external expertise
- Key individuals and counterparts have been screened
- Anti-money laundering control over source and flow of funds has been conducted





# ETHICS AND COMPLIANCE IMPROVEMENTS

- Operations designed to be managed as a responsible business with corporate governance and control processes as a strong foundation
- Established adequate local competence and resources; professional management, anti-corruption certified officers
- Extensive training for all employees in Anti Bribery and Corruption as well as ethical way of working
- New way of working with suppliers and other third parties
- Responsible Business risks identified and actions taken
- Speak-up line established
- Human Rights Impact Assessment performed resulting in a number of implemented activities











# ANOTHER PROOF-POINT OF OUR STRATEGY TO FOCUS ON THE NORDICS AND BALTICS

<b>Date</b>	<b>Company</b>	<b>Amount</b>	<b>Valuation</b>
December 2015	Ncell	SEK 9,100 million	Enterprise value
April 2017	Tcell	SEK 238 million	Enterprise value
May 2017	Turkcell	SEK 4,426 million	Equity value
September 2017	Turkcell	SEK 4,127 million	Equity value
October 2017	MegaFon	SEK 3,200 million	Equity value
October 2017	MegaFon	SEK 8,600 million	Equity value
January 2018	Geocell	SEK 700 million	Enterprise value
March 2018	Azercell	SEK 1,600 million	Enterprise value
December 2018	Ucell	SEK 1,950 million	Equity value
December 2018	Kcell	SEK 7,000 million	Enterprise value



# TELIA COMPANY ADVISORS

	<b>Lead transaction counsel</b>
	<b>Legal counsel</b> (Kazakh legal counsel)
	<b>Legal counsel</b> (Dutch legal counsel)
	<b>Lead transaction advisor</b>
	<b>Financial advisor</b> (Due diligence)
	<b>Ethics &amp; Compliance advisor</b>

- Due to the nature of the transaction with several parties involved, Telia Company has (in addition to internal resources) engaged a number of reputable advisors

