



# TELIA COMPANY ACQUIRES GET AND TDC NORWAY

July 17, 2018



# TRANSACTION SUMMARY

<b>STRATEGIC RATIONAL</b>	<ul style="list-style-type: none"><li>• Strengthen and develop core operations in the Nordic and Baltic region – Norway a very attractive market</li><li>• Enable fixed and mobile converged offerings in Norway to consumers and enterprises</li></ul>
<b>VALUE</b>	<ul style="list-style-type: none"><li>• NOK 21.0 billion on a cash and debt free basis</li><li>• Implies EV/EBITDA, including full run rate synergies of 9.0x, (based on 2017FY)</li></ul>
<b>FINANCIAL EFFECTS</b>	<ul style="list-style-type: none"><li>• Cash flow* synergies NOK 0.7 billion</li><li>• Accretive to Telia Company EPS (+3%) and cash flow* (+9%) immediately after closing</li></ul>
<b>BALANCE SHEET IMPACT</b>	<ul style="list-style-type: none"><li>• Total consideration to be financed using cash on balance sheet</li><li>• Net debt to EBITDA proforma post transaction of 1.9x</li></ul>
<b>CONDITIONS</b>	<ul style="list-style-type: none"><li>• Subject to approval from Norwegian Competition Authority</li></ul>
<b>TIME TABLE</b>	<ul style="list-style-type: none"><li>• Expected closing in H2 2018</li></ul>

\* EBITDA – Capex



# STRONG STRATEGIC & FINANCIAL RATIONALE

## STRATEGIC SWEET-SPOT

- Capital allocation to attractive Norway
- Convergence B2C – “hub to what matters”
- Convergence B2B – “digitalization partner of choice”
- Proven track record and value creation from M&A

## BEST IN CLASS STAND ALONE OPERATION

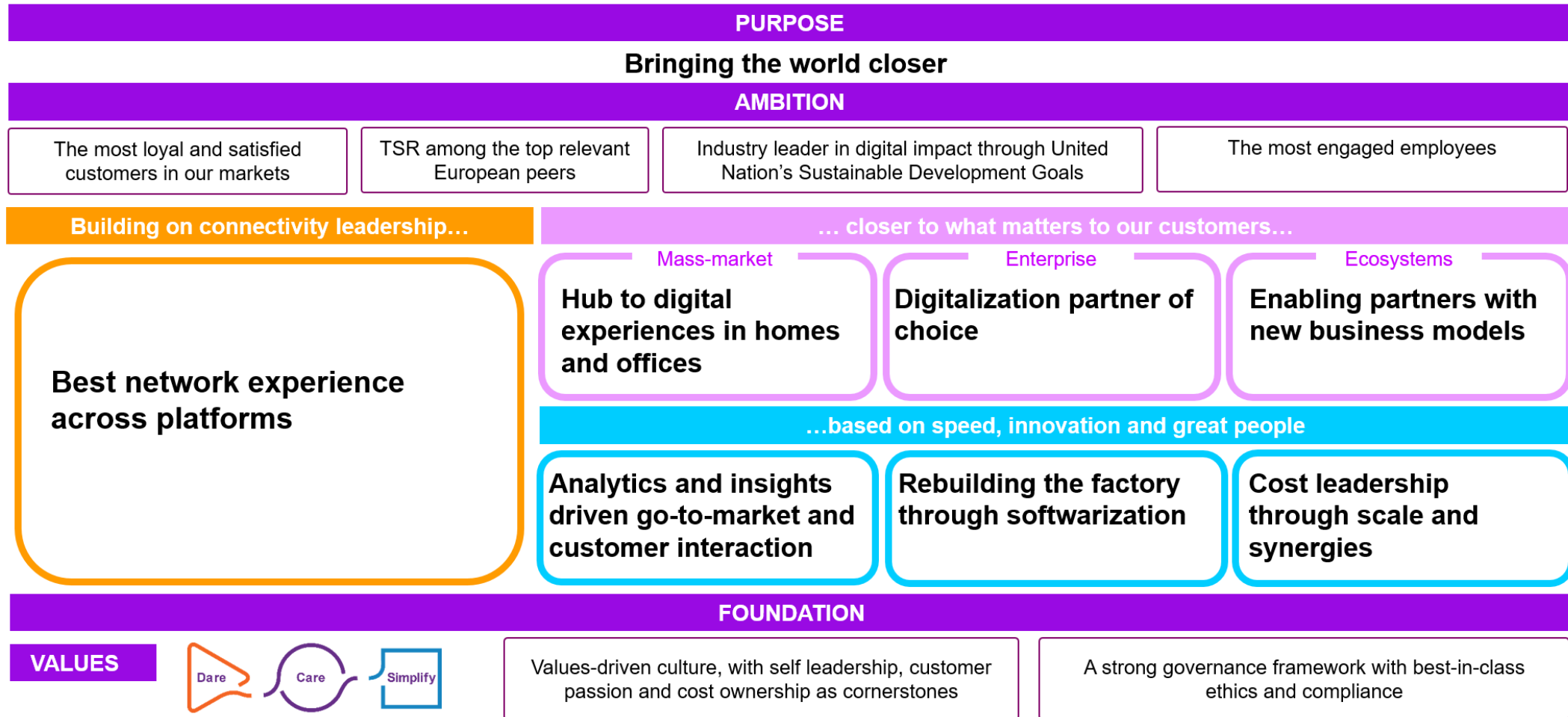
- Connecting 1.8 million Norwegians
- More than 0.5 million paying users with high loyalty
- Superior high speed hybrid/coax-fiber network
- Strong operational track record
- Respected management and employees

## FINANCIALLY ACCRETIVE

- Highly synergetic transaction
  - NOK 0.6 billion on EBITDA
  - NOK 0.7 billion on EBITDA less CAPEX
  - Proven track record to realize synergy potential
- Accretive to EPS (+3%) and cash flow (+9%) on a stand alone basis



# IN LINE WITH NORDIC/BALTIC STRATEGY



# LEADING COMMUNICATION AND ENTERTAINMENT PLAYER

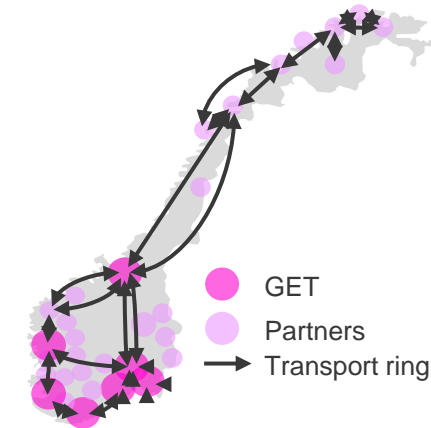
## FINANCIALS

NOK billion	2017
Revenues	4.0
Revenue CAGR 2015-2017	3.2%
EBITDA	1.7
EBITDA margin	43.4%
EBITDA CAGR 2015-2017	7.6%
EBITDA-CAPEX	0.9
Cash conversion	53.1%

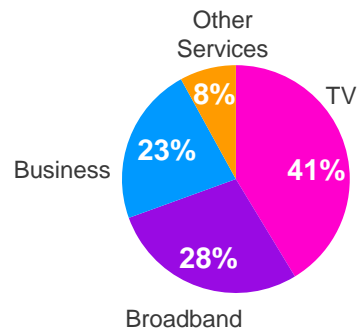
## CUSTOMERS\*\*

Get	
Homes passed*	800k
Homes connected	518k
RGUs	950k
TDC	
B2B customers	2k
RGUs	77k

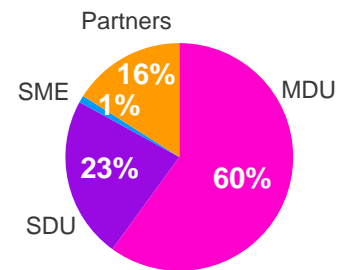
## NETWORK



## REVENUE DISTRIBUTION\*\*



## GET HOMES CONNECTED\*\*



- Connecting ~1.8 million Norwegians every day
- High loyalty - low single digit churn
- High speed broadband
- Advanced TV entertainment
- Smart home services
- Multiservice network with a range of as-a-service products – IPVPN, Internet, WiFi, VOIP and TV



# CONTINUOUSLY AT THE FOREFRONT OF INNOVATION

**CURRENT MARKET FUNDAMENTALS AND CUSTOMER DEMAND**

**TV STILL THE MOST IMPORTANT SOURCE OF ENTERTAINMENT...**

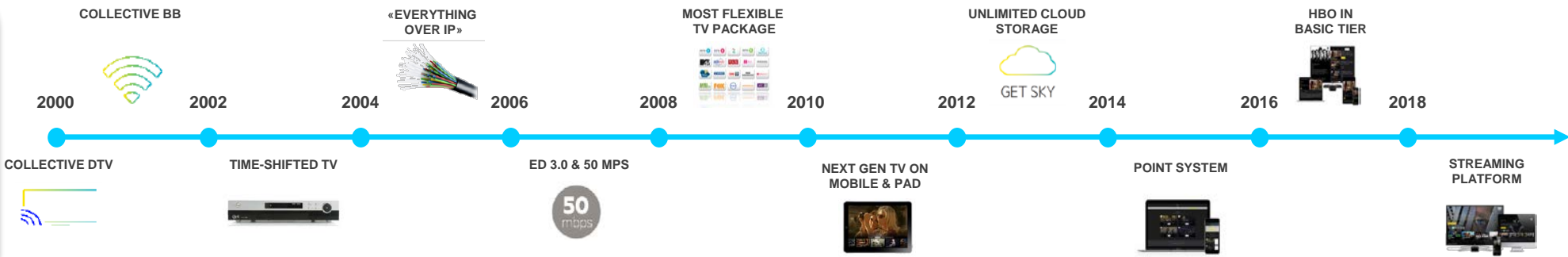
2009 **96%** → 2017 **95%**

*of Norwegian households with TV subscription\*\**

**...BUT CUSTOMERS WANT MORE**

- 51%** Pay for streaming services
- 46%** Think sport is important in their TV package
- ~180,-\*** Pay in average
- 25%** Choose to pay for premium sport\*\*

**PIONEERS IN INNOVATION AND ADOPTION TO DEMAND**



# KEY VALUE PROPOSITIONS IN THE MARKET

## STRENGTHENED ENTERTAINMENT PROVIDER POSITION

- Content model redefined to meet customer demand
- New personalized TV package
- New streaming platform



## STATE OF THE ART NETWORK AND WIFI

- Product portfolio with subscriptions from 60-500Mbps
- Moving to gigabit speeds
- Modern Wifi solutions

S	60	10	480,-
M	120	15	580,-
L	280	15	660,-
XL	350	20	730,-
XXL	500	50	990,-



## SMART HOME

- Launched Smart home services since 2017
- Proven value proposition among MDUs
- Strengthens position in renegotiations and new sales

GET SAFE GET CARE  
GET SMART TDC SMART

## B2B – MULTIPLE SERVICE NETWORK

- From IPVPN to cloud based services
- Drives upsell among existing customers
- Further potential in mobile services



Remote access



4G back-up



# UNLOCKING MEANINGFUL VALUE FROM SYNERGIES

## KEY CATEGORIES

## DESCRIPTION

## FULL RUN-RATE\*

<p><b>REVENUES</b></p>	<ul style="list-style-type: none"> <li>• Mobile and fixed cross-sell opportunities in both B2C and B2B</li> </ul>	<p>NOK 0.3 billion</p>	
<p><b>COST</b></p>	<p><b>NETWORK</b></p> <p><b>IT</b></p> <p><b>SALES AND CS</b></p> <p><b>MARKETING</b></p> <p><b>G&amp;A</b></p>	<ul style="list-style-type: none"> <li>• Reduction in lease capacity cost leveraging GET/TDC infrastructure for mobile backhaul</li> <li>• Efficient network and IT operations</li> <li>• Combined market operations</li> <li>• Churn reduction</li> <li>• Combine overlapping functions</li> <li>• Generate procurement savings and efficiencies</li> </ul>	<p>NOK 0.3 billion</p>
<p><b>EBITDA synergies</b></p>		<p><b>NOK 0.6 billion</b></p>	
<p><b>CAPEX</b></p>	<ul style="list-style-type: none"> <li>• Combining investments into networks and IT systems</li> </ul>	<p>NOK 0.1 billion</p>	
<p><b>Total synergies</b></p>		<p><b>NOK 0.7 billion</b></p>	

**HIGHLY SUCCESSFUL TRACK RECORD IN SECURING AND DELIVERING SYNERGIES**





# FINANCIALLY ACCRETIVE TRANSACTION

2017 (NOK BILLION)	TELIA NORWAY	GET & TDC NORWAY	RUN-RATE SYNERGIES		COMBINED
<b>Revenues</b>	<b>9.8</b>	<b>4.0</b>	<b>0.3</b>	▶	<b>14.1</b>
<b>EBITDA</b> <i>(margin)</i>	<b>3.4</b> 35.0%	<b>1.7</b> 43.4%	<b>0.6</b>	▶	<b>5.8</b> 40.9%
<b>EBITDA-CAPEX**</b> <i>(cash conversion)</i>	<b>2.4</b> 70.1%	<b>0.9</b> 53.1%	<b>0.7</b>	▶	<b>4.0</b> 70.1%

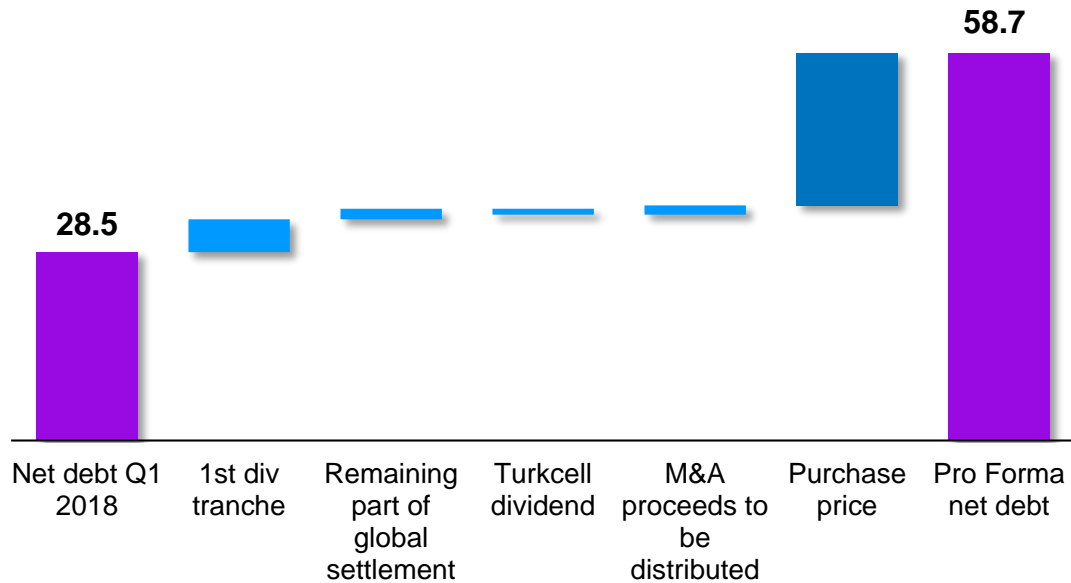
2017 (SEK BILLION)*	TELIA COMPANY***	GET & TDC NORWAY	RUN-RATE SYNERGIES		COMBINED
<b>EPS (SEK)</b>	<b>1.92</b>	<b>0.06</b>	<b>0.10</b>	▶	<b>2.07 (+7.9%)</b>
<b>EBITDA-CAPEX**</b> <i>(cash conversion)</i>	<b>10.3</b> 41.0%	<b>1.0</b> 53.1%	<b>0.7</b>	▶	<b>12.0 (+16.2%)</b> 44.4%



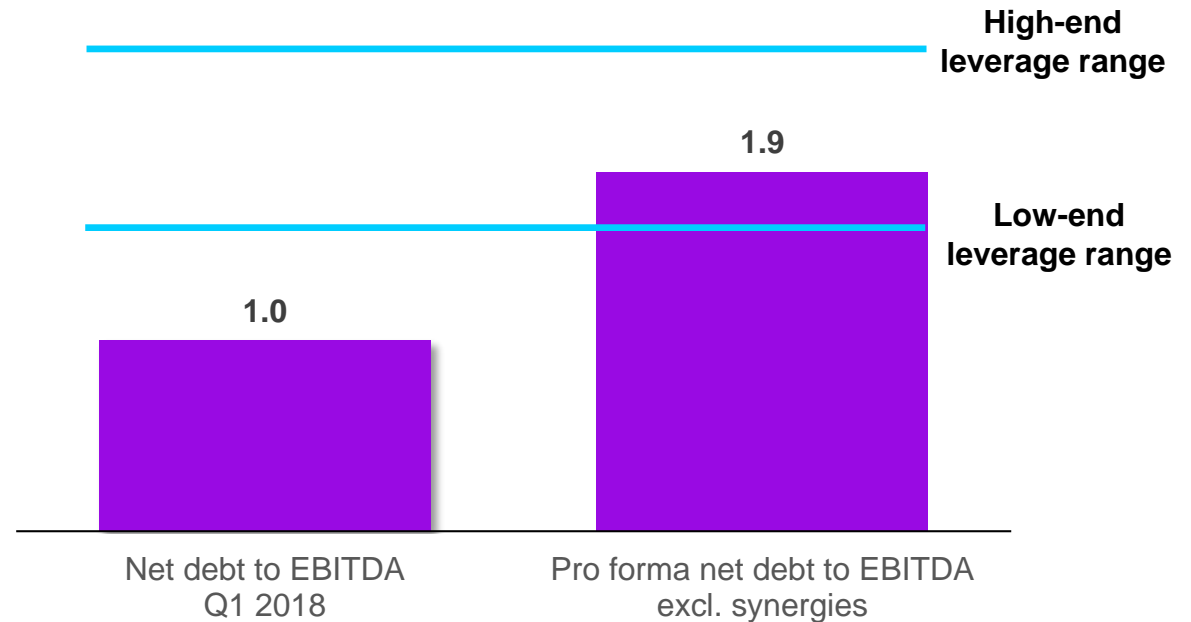
# MAINTAINING A STRONG CAPITAL STRUCTURE

## PRO FORMA NET DEBT

SEK in billion, Q1 2018



## PRO FORMA NET DEBT TO EBITDA

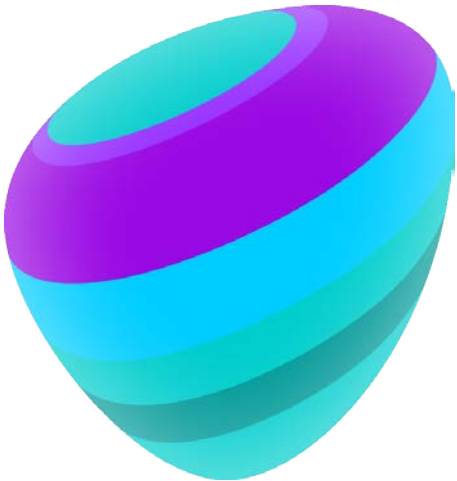
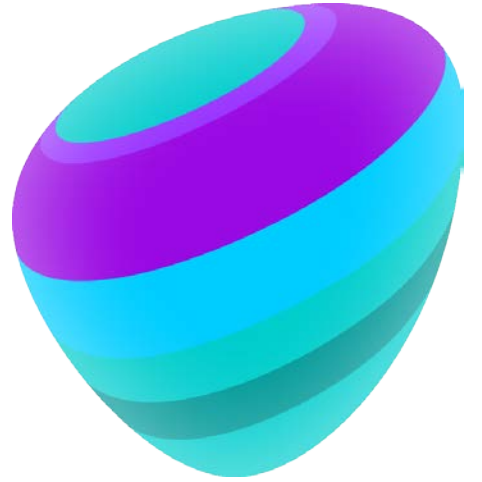
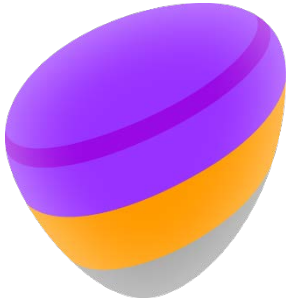


- Net debt to EBITDA pro forma within our targeted range
- Remaining room for further M&A
- No change to current capital allocation commitments





# Q&A



# FORWARD-LOOKING STATEMENTS

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Telia Company.

