



TELIA COMPANY DIVESTS ITS INTEREST IN UCELL

December 5, 2018



“It is satisfying that we are able to announce an agreement to sell Ucell in Uzbekistan. This is the fifth divestment in line with our decision to leave Eurasia and focus on the Nordic and Baltic regions within the framework of our New Generation Telco strategy. I would like to thank Ucell’s employees for their outstanding contributions and wish them all the best in the company’s next phase”

– Johan Dannelind, December 5, 2018

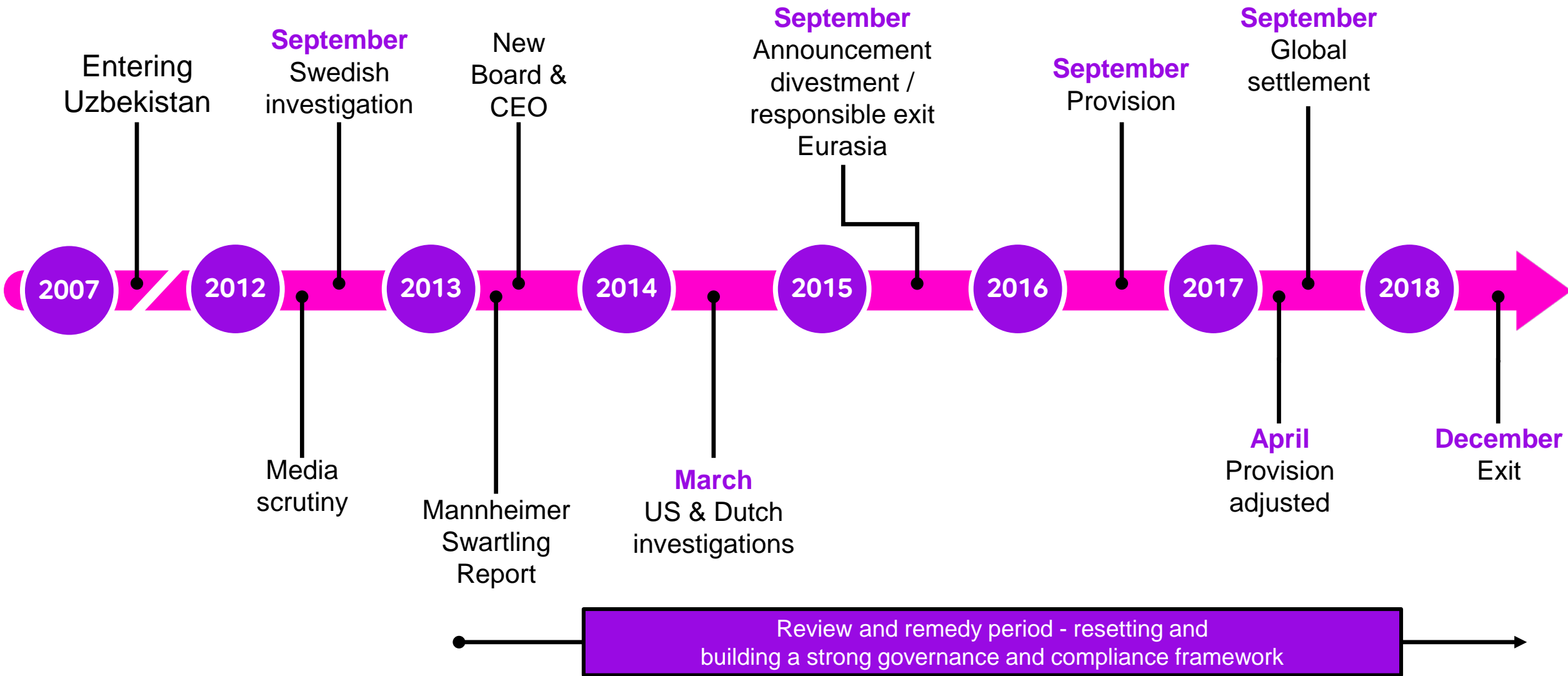


TRANSACTION HIGHLIGHTS

Rationale	<ul style="list-style-type: none">• The fifth step in our effort to over time leave Eurasia
Target company	<ul style="list-style-type: none">• The interest in FE Coscom LLC (Ucell)
Valuation	<ul style="list-style-type: none">• Telia Company has sold its interest in Ucell for a price corresponding to USD 215 million on a debt free basis
Financial effects	<ul style="list-style-type: none">• The transaction is expected to result in a gain of c. SEK 0.4 billion before reclassification of accumulated foreign exchange losses of SEK 3.8 billion to net income from discontinued operations (which will have no material effect on group equity)• Net debt to EBITDA to increase by 0.1x
Time table	<ul style="list-style-type: none">• The transaction has been completed today and the proceeds have been delivered to Telia Company



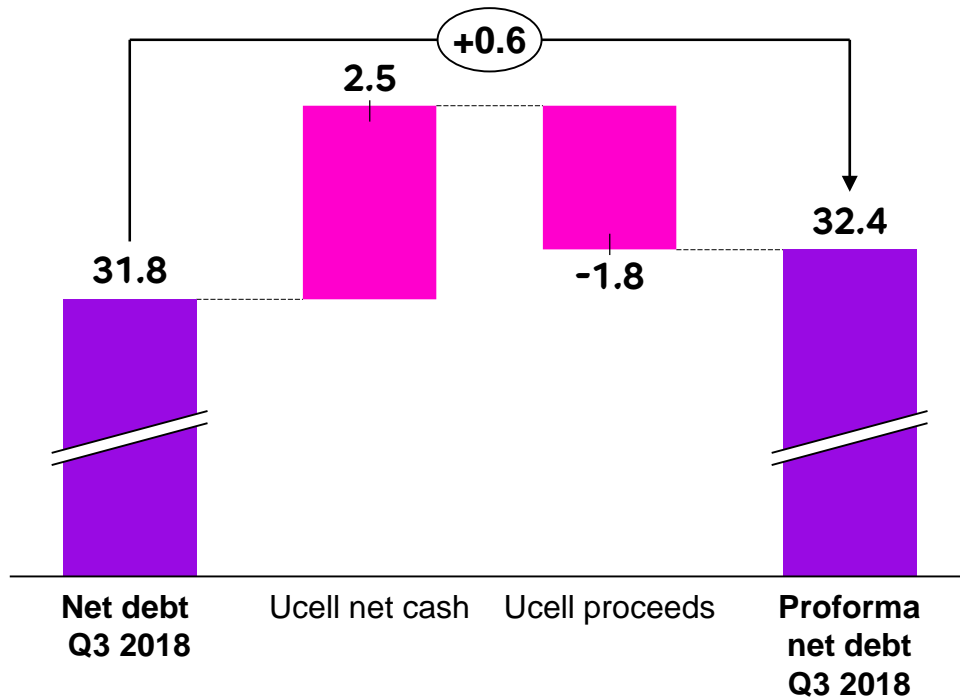
UZBEKISTAN TIMELINE



FINANCIAL IMPACTS

IMPACT ON NET DEBT

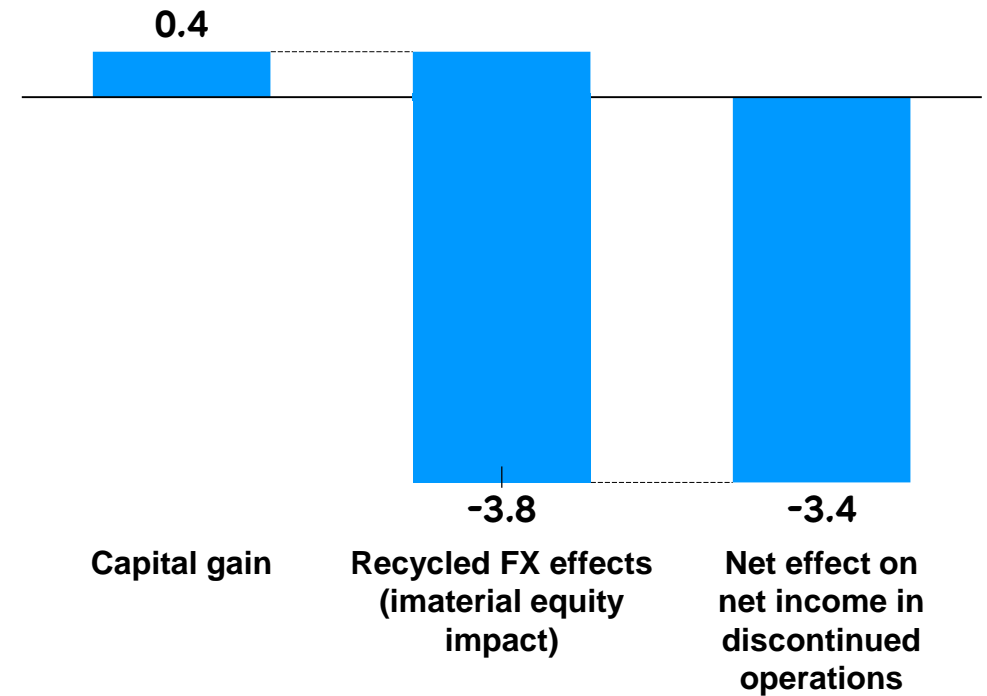
SEK in billions, reported per Q3 2018 and pro forma



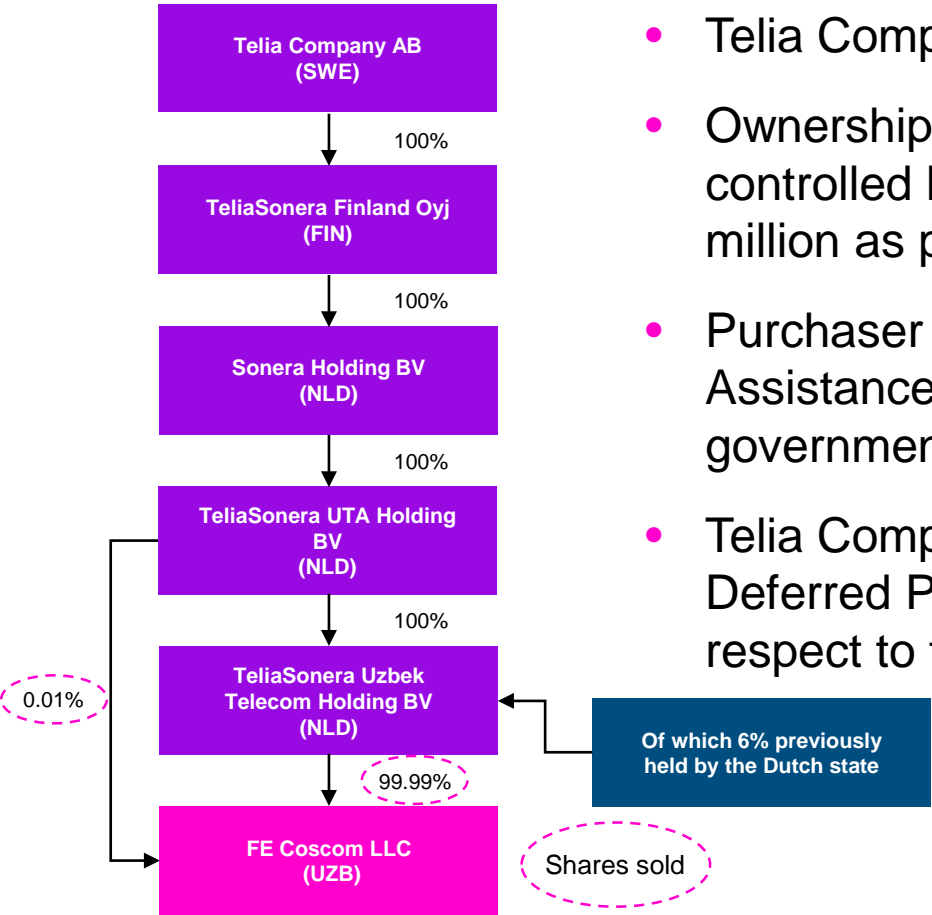
- Net debt to EBITDA to increase by 0.1x following the transaction

IMPACT ON NET INCOME

SEK in billions



SHAREHOLDER STRUCTURE



- Telia Company’s total economic interest in FE Coscom LLC is 100%
- Ownership of 6% in TeliaSonera Uzbek Telecom Holding BV previously controlled by the Dutch state was acquired by Telia Company for USD 11 million as part of the transaction
- Purchaser is The State Committee of the Republic of Uzbekistan for Assistance to Privatized Enterprises and Development of Competition, a governmental authority of the sovereign state of Uzbekistan
- Telia Company has complied with all requirements of its September 21, 2017 Deferred Prosecution Agreement with the U.S. Department of Justice with respect to the transaction



COMPLIANCE REVIEW AND DUE DILIGENCE OF BUYER

Compliance and responsible business

- Ucell 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 Uzbekistan has been conducted

Due diligence

- The purchasing entity has undergone a thorough due diligence process, conducted by both internal and external expertize
- 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

Date	Company	Amount	Valuation
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



TELIA COMPANY ADVISORS

	Transaction advisor
	Financial advisor
	Lead transaction counsel
	Legal counsel
	Uzbek counsel

- 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



