Q2

SOLID Q2 - STRONG FIRST HALF

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Revenue Growth</td>
<td>Reported -1.2%</td>
<td>Reported -0.9%</td>
</tr>
<tr>
<td></td>
<td>Organic -0.2%</td>
<td>Organic -0.6%</td>
</tr>
<tr>
<td>EBITDA* Growth</td>
<td>Reported +4.1%</td>
<td>Reported +7.1%</td>
</tr>
<tr>
<td></td>
<td>Organic +5.1%</td>
<td>Organic +7.6%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>SEK 1.8 billion</td>
<td>SEK 3.9 billion</td>
</tr>
</tbody>
</table>

*Excluding non-recurring items
Continuing operations
CONTINUED EBITDA GROWTH - REVENUES STABLE

SERVICE REVENUES
Organic growth, external service revenues
- Sweden
- Europe
- Continuing operations

- Region Europe supported by growing mobile service revenues in almost all markets
- Sweden impacted by lower fixed telephony revenues and pressure in B2B large segment

EBITDA
Organic growth, excluding non-recurring items

- Lower EBITDA growth in Sweden, mainly due to less favourable y-o-y comparable
- EBITDA growth in 6 of 7 markets in region Europe supported by mobile service revenue growth and cost control

MIXED REVENUE DEVELOPMENT IN SWEDEN

SERVICE REVENUES BY SEGMENT
Organic growth, external service revenues
- Incl. fiber installation revenues
- Excl. fiber installation revenues

- B2C segment supported by revenue growth in broadband, TV and fiber installations
- Still pressure in B2B despite positive development in SME/SOHO

TELIA FIBER HOUSEHOLDS
- Telia passed, not connected
- Communication operator
- Telia connected (MDUs + SDUs)

- 42,000 new connections in Q2 of which around 50 percent SDUs
- SDUs passed now exceeds 550,000 of which close to 50 percent are connected
VALUE LOADING IN SWEDEN

B2C PRODUCT MONETIZATION
% of total subscription base

Mobile
- 12 GB or >
- Other
Q2 15 base
Q2 16 base

TV
- Large
- Mid
- Start & other
Q2 15 base
Q2 16 base

DSL
- 60 Mbit
- 30 Mbit
- 10 Mbit
Q2 15 base
Q2 16 base

Fiber
- 100 Mbit or >
- 10 Mbit
Q2 15 base
Q2 16 base

TOTAL ARPU DEVELOPMENT
Growth y-o-y, B2C and B2B

Mobile
Fixed broadband
TV
Q2 15
Q2 16
Q2 15
Q2 16
Q2 15
Q2 16
13.3%
1.3%
2.5%

- Positive growth trend in B2C mobile ARPU offset by pressure in B2B
- Price increases support TV ARPU
- Broadband ARPU increase mainly driven by speed migration

HIGHER EARNINGS IN FINLAND

SERVICE REVENUES* & EBITDA**
SEK million, reported currency

2,769
2,739
+0.4%

2,739
978
+1.9%

2,769
2,739
978
987

- Lower interconnect and fixed broadband revenues behind revenue decline
- Growth in mobile billed service revenues and cost control contribute to EBITDA growth

MOBILE SERVICE REVENUES*
Organic growth

Mobile billed service revenues
Total mobile service revenues
3.8%
0.8%

- Price increases and good data monetization in B2C support mobile billed service revenues
- Network quality stabilized
**SOLID PERFORMANCE IN NORWAY**

**SERVICE REVENUES* & EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenues (SEK million)</td>
<td>1,978</td>
<td>1,807</td>
</tr>
<tr>
<td>EBITDA</td>
<td>731</td>
<td>705</td>
</tr>
</tbody>
</table>

- Positive growth in mobile billed service revenues was offset by lower interconnect revenues.
- Improved SARC spend and overall good cost control behind EBITDA improvement.

**MOBILE SERVICE REVENUES***

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>3.8%</td>
<td>1.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Higher mobile billed service revenues following successful upsell activities.
- Telia awarded best 4G network in Norway’s biggest independent test.

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**EARNINGS GROWTH IN THE BALTICS**

**SERVICE REVENUES***

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>-3.2%</td>
<td>+0.5%</td>
<td>+4.6%</td>
<td>-0.5%</td>
<td></td>
</tr>
</tbody>
</table>

- Growing demand for mobile data partly offset by lower roaming revenues.

**EBITDA***

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q2 16</th>
<th>Q2 15</th>
<th>Q2 16</th>
<th>Q2 15</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>195</td>
<td>205</td>
<td>247</td>
<td>281</td>
<td>134</td>
<td>135</td>
</tr>
<tr>
<td>Lithuania</td>
<td>+3.6%</td>
<td>+13.9%</td>
<td>+13.9%</td>
<td>+0.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Service revenue growth and cost control in Estonia and Lithuania behind improved EBITDA.

* = Organic growth
**= Excluding non-recurring items
NEW GROUP STRUCTURE TAKING SHAPE

EXITING NON-CORE BUSINESSES

- yoigo
  - Divested to MÁSMÓVIL
  - Closing estimated in Q3

- Ncell
  - Divested to Axiata, transaction closed in Q2
  - Q2 impacted by FX and closing adjustments

FOCUSBING ON STRENGTHENING POSITION IN THE NORDICS & BALTCIS

- Divested to Marginalen
  - Closing estimated before year-end 2016

- Enhanced ICT capabilities needed to broaden the enterprise proposition
- Ambition to further strengthen convergent position
- Telia X established for accelerating new initiatives

SUMMARY Q2

EBITDA GROWTH IN 7 OF 8 MARKETS

STABLE SERVICE REVENUE DEVELOPMENT

EXECUTING ON STRATEGY – PORTFOLIO OPTIMIZATION
STABLE SERVICE REVENUES - LOWER EQUIPMENT SALES

**SERVICE REVENUES**
Organic growth, external service revenues

- Lower interconnect and low-margin voice revenues in Carrier behind decline in service revenues
- Excluding interconnect, 6 of 8 markets displayed mobile service revenue growth

**NET SALES**
Organic growth

- Decline in net sales due to lower equipment sales in Europe, mainly Finland
EBITDA GROWTH BUT AT A SLOWER PACE

- Growth in mobile service revenues and good cost control support EBITDA
- Europe supported by strong growth in Spain

MOBILE GROWTH AND SOLID COST CONTROL IN EUROPE

- Growth supported by price adjustments and higher data consumption
- Mobile service revenue growth in 6 of 7 markets

- Improved service revenue mix and lower operating expenses
- EBITDA growth in 6 of 7 markets
**NCELL DECONSOLIDATION & FX IMPACT IN EURASIA**

**SERVICE REVENUES***

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Organic</th>
<th>FX</th>
<th>Ncell deconsolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK billion, reported currency, discontinued operations</td>
<td>5.4</td>
<td>-0.1 p.p.</td>
<td>-24.2 p.p.</td>
<td>3.3</td>
</tr>
</tbody>
</table>

- Organic service revenues remained unchanged
- Reported revenues significantly impacted by deconsolidation of Ncell and FX

* External service revenues

**EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Organic</th>
<th>FX</th>
<th>Ncell deconsolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK billion, reported currency, discontinued operations</td>
<td>3.1</td>
<td>-16.2 p.p.</td>
<td>-19.4 p.p.</td>
<td>1.4</td>
</tr>
</tbody>
</table>

- Reported EBITDA impacted by:
  - Organic development
  - Negative FX impact, mainly Kazakh Tenge
  - Ncell deconsolidated end of April

**PRESSURE IN KAZAKHSTAN AND AZERBAIJAN**

**SERVICE REVENUES**

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Kazakhstan</th>
<th>Azerbaijan</th>
<th>Uzbekistan</th>
<th>Total Eurasia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth, discontinued operations</td>
<td>-15.2%</td>
<td>-9.5%</td>
<td>-0.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Mixed service revenue development
- Negative development in Kazakhstan Q2 but some early signs of market repair

* External service revenues

**EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Kazakhstan</th>
<th>Azerbaijan</th>
<th>Uzbekistan</th>
<th>Total Eurasia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth, discontinued operations</td>
<td>-34.0%</td>
<td>-27.9%</td>
<td>-21.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- EBITDA impacted by revenue pressure in Kazakhstan and Azerbaijan together with operational FX impact and higher operational tax costs in the region

** Excluding non-recurring items
INVEST-TO-SAVE AND COST DEVELOPMENT ON TRACK

INVEST TO SAVE PHASING
SEK billion, savings run-rate at period/year-end

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>H1 2016</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.6</td>
<td>0.8</td>
<td>1.1</td>
<td>2.0</td>
</tr>
</tbody>
</table>

- Invest-to-save on track and slightly improved run-rate since year-end

OPEX DEVELOPMENT*
Organic growth, excl. Norway

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-4%</td>
<td></td>
</tr>
</tbody>
</table>

- OPEX decline for three consecutive quarters
- Comparable numbers on cost will be more challenging during second half of 2016

* Norway excluded for comparison reasons due to the Telia acquisition

SWEDEN FIBER ROLL-OUT DRIVES CAPEX

CAPEX EXCLUDING LICENSES
SEK billion, continuing operations

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.2%</td>
<td>20.9%</td>
</tr>
<tr>
<td>SEK</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>billion</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Other operations</td>
<td>1.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Other operations</td>
<td>Europe</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

- Fiber accounts for around 50 percent of CAPEX in Sweden
- CAPEX in Europe mainly related to 4G roll-out in Norway and Finland

CAPEX EXCLUDING LICENSES
SEK billion, continuing operations, rolling twelve months

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>14.9</td>
</tr>
</tbody>
</table>

- CAPEX run-rate approaching the high end of full-year guidance range
EPS IMPACTED BY DISCONTINUED OPERATIONS

EPS - TOTAL

<table>
<thead>
<tr>
<th>Q2 15</th>
<th>Operating income</th>
<th>Associates</th>
<th>Other</th>
<th>Discontinued operations</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.75</td>
<td>-0.05</td>
<td>0.15</td>
<td>-0.03</td>
<td>-0.59</td>
<td>0.33</td>
</tr>
</tbody>
</table>

EPS - DISCONTINUED OPERATIONS

<table>
<thead>
<tr>
<th>Q2 15</th>
<th>EBITDA excl. Ncell</th>
<th>Impairments</th>
<th>D&amp;A and other</th>
<th>Ncell decons.</th>
<th>Ncell capital loss</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.27</td>
<td>-0.23</td>
<td>0.23</td>
<td>-0.13</td>
<td>-0.21</td>
<td>-0.32</td>
<td></td>
</tr>
</tbody>
</table>

- Higher EPS in continuing operations more than offset by lower EPS in discontinued operations
- Discontinued operations impacted by Ncell deconsolidation, Ncell loss (owners of the parent), impairment charges and lower results

* Excluding income from associates and non-recurring items

LOWER FREE CASH FLOW

FREE CASH FLOW - CONTINUING OPERATIONS

<table>
<thead>
<tr>
<th>Q2 15</th>
<th>EBITDA*</th>
<th>Tax**</th>
<th>Working capital</th>
<th>Other</th>
<th>Dividends from associates ***</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
<td>0.3</td>
<td>0.1</td>
<td>1.0</td>
<td>0.2</td>
<td>1.8</td>
<td>1.8</td>
</tr>
</tbody>
</table>

- Cash flow Q2 2015 positively impacted by Turkcell dividend of SEK 4.7 billion net of tax
- Working capital improvement in primarily Sweden

* Excluding non-recurring items ** Excluding tax on dividends from associates *** Net of tax

FREE CASH FLOW - GROUP

<table>
<thead>
<tr>
<th>Q2 15</th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.2</td>
<td>15.5</td>
<td>16.6</td>
<td>16.0</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Discontinued operations
Dividends from associates net of taxes
Continuing operations excl. associates
Continuing operations incl. associates
LEVERAGE REMAINS LOW

<table>
<thead>
<tr>
<th>NET DEBT/EBITDA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.25</td>
</tr>
<tr>
<td>1.50</td>
</tr>
</tbody>
</table>

• Leverage in the low-end of target (2.0x +/- 0.5)
• First dividend tranche of SEK 6.5 billion paid in April 2016
• Second dividend tranche of SEK 6.5 billion to be paid in October 2016

* Net debt to rolling twelve months EBITDA excl. non-recurring items (Continuing and discontinued operations)

OUTLOOK 2016 – UNCHANGED

<table>
<thead>
<tr>
<th>EBITDA*</th>
<th>In line or slightly above the level in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPEX**</td>
<td>SEK 14-15 billion</td>
</tr>
<tr>
<td>DIVIDEND</td>
<td>&gt; 80% of free cash flow - at least SEK 2 per share</td>
</tr>
</tbody>
</table>

* Excluding non-recurring items, in local currencies, excluding acquisitions and disposals
** Excluding lease and spectrum fees, currency fluctuations may impact the reported number in Swedish krona
DEBT MATURITY SCHEDULE

DEBT MATURING NEXT 12 MONTHS

SEK billion

DEBT PORTFOLIO MATURITY SCHEDULE – 2016 AND ONWARDS

SEK billion
## FINANCIAL SUMMARY Q2 2016

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q2 2015</th>
<th>CHANGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (SEK million)</td>
<td>21,130</td>
<td>21,558</td>
<td>-2.0</td>
</tr>
<tr>
<td>*Change local organic (%)</td>
<td>-1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service revenues (SEK million)</td>
<td>18,075</td>
<td>18,289</td>
<td>-1.2</td>
</tr>
<tr>
<td>*Change local organic (%)</td>
<td>-0.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA* (SEK million)</td>
<td>6,389</td>
<td>6,136</td>
<td>+4.1</td>
</tr>
<tr>
<td>*Change local organic (%)</td>
<td>+5.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA* Margin (%)</td>
<td>30.2</td>
<td>28.5</td>
<td>+1.7p.p.</td>
</tr>
<tr>
<td>Total EPS (SEK)</td>
<td>0.33</td>
<td>0.75</td>
<td>-55.8</td>
</tr>
<tr>
<td>Total free cash flow (SEK million)</td>
<td>1,698</td>
<td>6,307</td>
<td>-73.1</td>
</tr>
</tbody>
</table>

* Excluding non-recurring items

## FINANCIAL KEY RATIOS Q2 2016

<table>
<thead>
<tr>
<th></th>
<th>JUN 30, 2016</th>
<th>DEC 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*, %</td>
<td>7.4</td>
<td>9.3</td>
</tr>
<tr>
<td>Return on capital employed*, %</td>
<td>9.3</td>
<td>8.9</td>
</tr>
<tr>
<td>Equity/assets ratio, %</td>
<td>36.7</td>
<td>35.1</td>
</tr>
<tr>
<td>Net debt/equity ratio, %</td>
<td>54.9</td>
<td>62.5</td>
</tr>
<tr>
<td>Net debt/EBITDA** ratio, multiple</td>
<td>1.60</td>
<td>1.53</td>
</tr>
<tr>
<td>Net debt/assets ratio, %</td>
<td>20.2</td>
<td>21.9</td>
</tr>
</tbody>
</table>

* Rolling 12 months ** Rolling 12 months, excluding non-recurring items
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.