**Q3 SLOWDOWN IN LINE WITH PROJECTIONS**

**- CONTINUING OPERATIONS**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SERVICE REVENUE GROWTH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>-0.7</td>
<td>Reported</td>
</tr>
<tr>
<td>Organic</td>
<td>-1.1</td>
<td>-0.9</td>
</tr>
<tr>
<td></td>
<td><em><em>EBITDA</em> GROWTH</em>*</td>
<td><strong>FREE CASH FLOW</strong></td>
</tr>
<tr>
<td>Reported</td>
<td>-1.5</td>
<td>SEK 3.3 billion</td>
</tr>
<tr>
<td>Organic</td>
<td>-1.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Reported</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+3.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Organic</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+4.2</td>
<td></td>
</tr>
</tbody>
</table>

*Excluding non-recurring items*
THIRD QUARTER IN BRIEF

- Proposed settlement amount received from U.S. and Dutch authorities related to entry in Uzbekistan
- Core business on track
- TV proposition strengthened
- Focus on value loading offerings
- Rebalancing continues - focus on Nordics & Baltics
- Full Eurasia exit demands more time
- Full year guidance reiterated

SETTLEMENT PROPOSAL RECEIVED FROM AUTHORITIES

- Global resolution (US & Dutch authorities) with proposed settlement of USD 1.45 billion
- Related to Telia Company’s entry into Uzbekistan in 2007
- Provision made in accordance with the proposed settlement amount
- Telia Company in discussions with authorities
ACTIVE SUSTAINABILITY AGENDA

NEW “CODE OF RESPONSIBLE BUSINESS CONDUCT”
AVAILABLE AT TELIACOMPANY.COM

“HUMAN RIGHTS IMPACT ASSESSMENT” REPORT RELEASED
AVAILABLE AT TELIACOMPANY.COM

DON’T DO THIS AT WORK

“ACCELERATING SUSTAINABLE GROWTH” REPORT RELEASED
AVAILABLE AT TELIACOMPANY.COM

“SUSTAINABILITY UPDATE” REPORT RELEASED
AVAILABLE AT TELIACOMPANY.COM

“LAW ENFORCEMENT DISCLOSURE” REPORT RELEASED
AVAILABLE AT TELIACOMPANY.COM

DIVESTMENTS ONGOING

RECENTLY DIVESTED ASSETS

- Divested to Axiata. Transaction closed in Q2
- Divested to MÁSMÓVIL. Completed on October 5
- Divested to Marginalen. Closing estimated before year-end
- Divested to Aga Khan Fund for Economic Development. Closing estimated before year-end

REMAINING EURASIAN ASSETS

- Exploring divestment of Fintur Holdings together with the minority owner Turkcell
- More time needed to fully exit region Eurasia
CORE BUSINESS ON TRACK

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

- Less support from fiber revenues and a negative B2B segment in Sweden
- Stable growth in Europe as mobile service revenues offset pressure on fixed

EBITDA
Organic growth, excluding non-recurring items
- Sweden
- Europe
- Continuing operations

- EBITDA erosion in Sweden from service revenue decline
- Europe benefits from service revenue growth and overall solid cost control

SWEDEN- STABLE B2C BUT STILL CHALLENGES IN B2B

SERVICE REVENUES BY SEGMENT
Organic growth, external service revenues
- Include fiber installation revenues
- Exclude fiber installation revenues

- Stable B2C development but lower contribution from fiber installation revenues
- Positive development in SME/Sol-to but continued price pressure in B2B large

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

- Deliveries impacted by increased permit lead time and sub-contractor delays
- Targeted full year order book achieved although some deliveries will spill over to 2017
- Target of 1.9 million homes reached by end of 2018 intact
18 PERCENT TV REVENUE GROWTH IN SWEDEN

ENHANCED TV PROPOSITION

- Partnering with leading content and hardware suppliers
- New generation TV box launched
- Telia Play+ available in Apple TV
- Chromecast enabling “on any screen” experience

ARPU DEVELOPMENT

Growth y-o-y, B2C and B2B

- Increasing mobile ARPU from improved offerings despite continued price pressure in B2B
- Fixed broadband and TV ARPUs benefiting from price changes earlier this year

ACCELERATED MOBILE REVENUE GROWTH IN FINLAND

SERVICE REVENUES* & EBITDA**

SEK million, reported currency

- Mobile billed service revenue growth mitigated lower interconnect and fixed broadband revenues
- Stable profitability

MOBILE SERVICE REVENUES*

Organic growth

- Successful data monetization and price increases in B2C boost mobile billed revenue growth
- Lower interconnect revenues behind lower growth in total mobile service revenues
GOOD FOCUS AND EBITDA GROWTH IN NORWAY

**SERVICE REVENUES** & **EBITDA**

SEK million, reported currency

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenues</td>
<td>2,003</td>
<td>1,949</td>
</tr>
<tr>
<td>EBITDA</td>
<td>862</td>
<td>890</td>
</tr>
</tbody>
</table>

- Lower interconnect revenues and disposal of fixed telephony customer base in Q4 2015
- EBITDA growth from mainly reduced SAC in Q3

**MOBILE SERVICE REVENUES**

Organic growth

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
<th>Q3 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile billed service revenues</td>
<td>0.0%</td>
<td>-0.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total mobile service revenues</td>
<td>2.5%</td>
<td>1.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Flat mobile service revenues as growth in wholesale was offset by lower billed revenues and roaming

MIXED DEVELOPMENT IN THE BALTICS

**SERVICE REVENUES**

Organic growth

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q4 15</th>
<th>Q1 16</th>
<th>Q2 16</th>
<th>Q3 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>256</td>
<td>217</td>
<td>275</td>
<td>295</td>
<td>148</td>
</tr>
<tr>
<td>Lithuania</td>
<td>275</td>
<td>295</td>
<td>148</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Growth in Lithuania from solid development in both mobile and fixed service revenues
- Lower sale of travel related products in Estonia

**EBITDA**

SEK million

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>15.9%</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>4.2%</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>11.6%</td>
<td></td>
</tr>
</tbody>
</table>

- Growing revenues coupled with synergies in Lithuania
- Lower marketing spend in Latvia
SUMMARY Q3

PROVISION OF SEK 12.5 BILLION

CORE BUSINESS ON TRACK

SHAPING OF NORDIC AND BALTIC FOOTPRINT

INTERIM REPORT
JANUARY – SEPTEMBER 2016

CHRISTIAN LUIGA,
SENIOR VICE PRESIDENT & CFO
PRESSURE ON NET SALES FROM FIXED REVENUES

NET SALES

Organic growth

- Positive mobile growth offset by mainly lower fixed revenues
- Equipment sales down due to lower handset sales in Spain and Finland

EBITDA DEVELOPMENT IN LINE WITH OUTLOOK

EBITDA DEVELOPMENT Q3
Organic growth, excluding non-recurring items

- Negative sales mix in Sweden with less support from fiber installation revenues
- Positive service revenue development coupled with good cost control in Europe

EBITDA GROWTH TREND
Organic growth, excluding non-recurring items

- Growth in Europe not enough to offset decline in Sweden
**REVENUE GROWTH AND COST CONTROL IN EUROPE**

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

- Strong mobile billed revenue growth in Finland offset by lower interconnect and fixed revenues
- Norway impacted by divestment of fixed base in Q4 2015
- Mobile and fixed revenue growth in Lithuania

**EBITDA**
Organic growth, excluding non-recurring items

- Growing mobile service revenues and lower OPEX in most markets support EBITDA
- Lower SAC in Norway

---

**EASING REVENUE PRESSURE IN EURASIA**

**FINANCIAL DEVELOPMENT Q3**
Organic growth

- Service revenue growth in 4 of 6 markets
- Less pressure on revenues in Kazakhstan but still high competition in the market

**TRENDS IN EURASIA**
Organic growth, excluding Nepal

- EBITDA impacted by weaker local currencies in the region
- Trends are improving

---

* External service revenues  **Excluding non-recurring items*
**COST DEVELOPMENT UNDER CONTROL**

**OPEX DEVELOPMENT**

Organic growth, excluding Norway

- Sweden and Spain key drivers behind lower OPEX H1 2016
- Increased transformation and commercial activities drive OPEX in Sweden Q3 2016

**INVEST TO SAVE PHASING**

SEK billion, savings run-rate at period/year-end

- Program on track

**TRANSFORMATION AND FIBER ROLL-OUT DRIVE CAPEX**

**CAPEX EXCLUDING LICENSES**

SEK billion, continuing operations

- Higher CAPEX in Sweden driven by fiber and business transformation
- Group function IT investments main reason for higher CAPEX in Other operations
- Full year CAPEX likely to be in the high-end of guidance range
- Spectrum acquired in Denmark in the quarter - license auctions upcoming in Sweden and Finland

*Norway excluded for comparison reasons due to Telia acquisition*
TOTAL EPS IMPACTED BY PROVISION

EPS - TOTAL

SEK

<table>
<thead>
<tr>
<th>Q3 15</th>
<th>Q3 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income*</td>
<td>1.06</td>
</tr>
<tr>
<td>Non-recurring</td>
<td>-0.06</td>
</tr>
<tr>
<td>Associates</td>
<td>-0.12</td>
</tr>
<tr>
<td>Other</td>
<td>0.02</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td></td>
</tr>
<tr>
<td>** Net of tax</td>
<td>**</td>
</tr>
</tbody>
</table>

- Flat EPS in continuing operations
- Lower EPS in discontinued operations due mainly to SEK 12.5 billion settlement proposal provision

* Excluding income from associates and non-recurring items

STABLE FREE CASH FLOW

FREE CASH FLOW Q3

SEK billion, continuing operations

<table>
<thead>
<tr>
<th>Q3 15</th>
<th>Q3 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>3.2</td>
</tr>
<tr>
<td>Dividend</td>
<td>0.9</td>
</tr>
<tr>
<td>Tax</td>
<td>-0.1</td>
</tr>
<tr>
<td>Interest Change in WC</td>
<td>-0.4</td>
</tr>
<tr>
<td>Cash = CAPEX</td>
<td>-0.2</td>
</tr>
<tr>
<td>Other</td>
<td>-0.5</td>
</tr>
<tr>
<td>** Net of tax</td>
<td>**</td>
</tr>
</tbody>
</table>

- EBITDA in Eurasia impacted by Ncell deconsolidation, erosion of local currencies and operational taxes
- MegaFon dividend of SEK 1.1 billion net of tax received in the quarter

FREE CASH FLOW, R12 MONTHS

SEK billion, continuing and discontinued operations

Q3 15 | Q4 15 | Q1 16 | Q2 16 | Q3 16
---|---|---|---|---
Discontinued operations | 15.5 | 16.6 | 16.0 | 11.4 | 10.3
Dividends from associates net of taxes | |
Continuing operations excl. associates | |
Continuing operations incl. associates | |

* Excluding non-recurring items ** Net of tax
LEVERAGE STILL IN LOW-END OF THE TARGET RANGE

NET DEBT AND LEVERAGE
Continuing and discontinued operations

- Leverage in the low-end of target range (2.0x +/- 0.5)
- EUR 1,500 million revolving credit facility signed in the quarter
- Net debt reduction from Yoigo disposal of SEK 6 billion in October 2016
- Second dividend tranche of SEK 6.5 billion to be paid out end of October 2016
- Provision of SEK 12.5 billion not included in net debt

* Net debt to rolling twelve months EBITDA excl. non-recurring items

OUTLOOK 2016 – UNCHANGED

EBITDA*
In line or slightly above the level in 2015

CAPEX**
SEK 14-15 billion

DIVIDEND
> 80% of free cash flow - at least SEK 2 per share

* 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 Q3 2016

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2015</th>
<th>CHANGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (SEK million)</td>
<td>21,524</td>
<td>21,712</td>
<td>-0.9</td>
</tr>
<tr>
<td>Change local organic (%)</td>
<td>-1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service revenues (SEK million)</td>
<td>18,413</td>
<td>18,549</td>
<td>-0.7</td>
</tr>
<tr>
<td>Change local organic (%)</td>
<td>-1.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA* (SEK million)</td>
<td>6,850</td>
<td>6,957</td>
<td>-1.5</td>
</tr>
<tr>
<td>Change local organic (%)</td>
<td>-1.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA* Margin (%)</td>
<td>31.8</td>
<td>32.0</td>
<td></td>
</tr>
<tr>
<td>Total EPS (SEK)</td>
<td>-2.03</td>
<td>1.06</td>
<td></td>
</tr>
<tr>
<td>Total free cash flow (SEK million)</td>
<td>3,657</td>
<td>4,699</td>
<td>-22.2</td>
</tr>
</tbody>
</table>

* Excluding non-recurring items

## FINANCIAL KEY RATIOS Q3 2016

<table>
<thead>
<tr>
<th></th>
<th>SEP 30, 2016</th>
<th>DEC 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*, %</td>
<td>Negative</td>
<td>9.3</td>
</tr>
<tr>
<td>Return on capital employed*, %</td>
<td>2.6</td>
<td>8.9</td>
</tr>
<tr>
<td>Equity/assets ratio, %</td>
<td>31.5</td>
<td>35.1</td>
</tr>
<tr>
<td>Net debt/equity ratio, %</td>
<td>63.3</td>
<td>62.5</td>
</tr>
<tr>
<td>Net debt/EBITDA** ratio, multiple</td>
<td>1.67</td>
<td>1.53</td>
</tr>
<tr>
<td>Net debt/assets ratio, %</td>
<td>19.9</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.