Q1 2017 HIGHLIGHTS- NORDICS & BALTICS

- Telia Brand in all markets
- "Happy with revenue growth, but not with costs"
- Mobile revenues driving growth
- EBITDA in line with our expectations
- Strong cash flow generation
- Phonero transaction closed
- Balance sheet strengthened with bond issue
Q1 2017 HIGHLIGHTS - EURASIA UPDATE

“PROGRESS MADE ON EURASIA EXIT AND UZBEK LEGAL SETTLEMENT”

- Revenue growth in majority of markets
- Strong EBITDA development for the region
- Exit from Tajikistan completed
- Uzbek legal settlement provision changed to USD 1.0 billion (USD 1.45 billion)

HEALTHY REVENUES BUT COSTS TEMPORARILY HIGHER

- Service revenue growth in 6 of 7 markets
- Revenue growth still hampered by fixed telephony and B2B

EBITDA DEVELOPMENT
Organic growth, excluding non-recurring items

- Strong EBITDA growth in Norway partly compensating for Sweden and Finland
Growth in mobile billed service revenues was 1%.

Continuing operations, organic growth y-o-y contributed to the mobile billed revenue growth.

MOBILE BILLED SERVICE REVENUES

- Finland and Norway stand out but all markets contributed to the mobile billed revenue growth.
- Growth in mobile billed service revenues was amplified by strong development in wholesale.
- Mobile service revenues grew 2.1 percent in the Baltics.

STRATEGY REMAINS & PRIORITIES FOR 2017 ARE CLEAR

- Enhance the core
  - Value through superior network connectivity
  - Customer loyalty through convergence
  - Competitive operations
- Explore opportunities close to the core

OPERATIONAL FREE CASH FLOW (>SEK 7 BILLION)

EBITDA (IN LINE WITH 2016 LEVEL)

CAPITAL ALLOCATION
MAKING PROGRESS TOWARDS CONVERGENCE VISION

TELIA CONVERGENCE VISION - B2C

Value-loaded mobile portfolio

Adjacent services like Telia Sense & Telia Zone

SEAMLESS ALL TOUCH-POINTS LIKE VIA THE...

Best digital customer service

SEAMLESS ACROSS ALL TOUCH-POINTS LIKE VIA THE...

Best mobile networks

Superior fixed infrastructure

DEVICE AND ACCESS INDEPENDENT SUPPORTED BY...

• Focus on customers with demand for seamless, platform independent and high quality offerings

• Active migration work and trickle down effect over time

NOW TELIA ACROSS MARKETS

AFTER REBRANDING IN LITHUANIA & FINLAND...

...ALL SUBSIDIARIES ARE NOW TELIA
YOUNITE: OUR WAY OF MAKING MORE IMPACT

**UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**

**OUR ACTIVE CONTRIBUTION\* THE "ALL IN" STRATEGY**

- Connecting the unconnected
- Education for all
- A healthy and safe society
- Digital entrepreneurship and innovation

**YOUNITE**

**STRONG NORWAY TO BECOME EVEN STRONGER**

- Approved by the Norwegian authorities and closed in April
- Purchase price of NOK 2.3 billion
- EV/EBITDA multiple of 3.7x
- Doubling Telia’s enterprise mobile market share from 13 percent to 27 percent
- Brings a strong product portfolio
- Synergy target of NOK 400 million
- The nature of the synergies in line with previous M&A made in Norway (NOK 1 billion)
| Q1 SUMMARY |
| EXECUTING ON STRATEGY & PRIORITIES CLEAR FOR 2017 |
| MORE TO BE DONE ON COSTS |
| COMFORTABLE ON GUIDANCE |

**Telia Company**

Q1

INTERIM REPORT
JANUARY – MARCH 2017

CHRISTIAN LUIGA,
EXECUTIVE VICE PRESIDENT & CFO
**Higher Costs Impacted Sweden EBITDA**

- Pressure on legacy revenues and an increased cost level burdened EBITDA

**Service Revenues* & EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>Q1 16</th>
<th>Q1 17</th>
<th>Q1 16</th>
<th>Q1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,745</td>
<td>7,733</td>
<td>3,589</td>
<td>3,360</td>
<td></td>
</tr>
</tbody>
</table>

-4.3% -6.4%

**Service Revenues by Segment**

- Continued stable B2C segment
- Fiber installation revenues fairly flat y-o-y
- SME/SoHo still positive and B2B large is stabilizing

**Elevated Cost Level in Sweden**

- OPEX development not satisfactory
- Year on year OPEX impacted by:
  - More transformation and compliance IT projects in pre-study phases (impacting OPEX and not CAPEX)
  - Increased spend on customer experience
  - OPEX comparables to come down in the coming quarters

**OPEX Development Sweden**

- Gross savings* -6.2%
- IT Customer experience Other costs

* COGS savings not included in the above chart
EXCEPTIONAL PERFORMANCE IN NORWAY

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

- Revenue growth mainly from rise in mobile ARPU and positive wholesale development
- Higher revenues coupled with good cost control resulted in significant leverage on EBITDA

MOBILE BLENDED ARPU
Local currency

- ARPU growth y-o-y from subscription mix and upsell
- Somewhat positive ARPU development Q1 compared to the previous quarter

UNDERLYING FLAT EBITDA IN FINLAND & DENMARK

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

- Strong mobile revenue growth trend intact
- Elevated cost level due to one-offs including rebranding impacting by ~6 percent

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

- Pressure on fixed telephony offset by mobile growth
- EBITDA supported by lower resource and marketing expenses
POSITIVE READ ACROSS THE BALTICS

Service Revenues

- Mobile and fixed revenues grew in all markets
- Growth in fixed broadband and TV mitigated pressure from fixed telephony

EBITDA*

- Strong development in Estonia from revenue growth together with good cost control
- Lithuania somewhat held back by rebranding costs

* Excluding non-recurring items

Increased Total EPS

Total EPS Development

-SEK, continuing and discontinued operations

* Excluding income from associates and non-recurring items
IMPROVED CASH FLOW & LOWER NET DEBT

FREE CASH FLOW R12
Continuing and discontinued operations, SEK in billions

- Discontinued operations
- Dividends from associates net of taxes
- Continuing operations excl. associates
- Continuing operations incl. associates

NET DEBT DEVELOPMENT*
Continuing and discontinued operations, SEK in billions

- Operations
- Cash CAPEX
- Other
- Q1 17

*Not including hybrid bond issuance and 1q dividend payment (recorded in April)

BALANCE SHEET FLEXIBILITY FROM HYBRID BOND ISSUE

ATTRACTION TIMING & PRICE ADDING INEXPENSIVE EQUITY TO THE BALANCE SHEET

STRONG COMMITMENT TO CREDIT RATING & OUR LEVERAGE TARGET

INCREASED BALANCE SHEET FLEXIBILITY TO PURSUE THE NORDIC/BALTIC STRATEGY

STRENGTHENS THE AMBITION OF PROVIDING HIGH REMUNERATION TO OUR SHAREHOLDERS

Rating A- confirmed and removed from S&P’s CreditWatch negative after issuing the hybrid bond but a negative outlook was added.
LEVERAGE HEADROOM DESPITE LEGAL SETTLEMENT

CURRENT AND ILLUSTRATIVE PRO FORMA LEVERAGE*

Leverage, illustrative purpose only

<table>
<thead>
<tr>
<th>Leverage</th>
<th>1.0</th>
<th>2.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>1.6x</td>
<td></td>
</tr>
<tr>
<td>Hybrid bond</td>
<td>1.3x</td>
<td></td>
</tr>
<tr>
<td>Dividend (1st tranche)</td>
<td>1.5x</td>
<td></td>
</tr>
<tr>
<td>Uzbek legal settlement provision</td>
<td>1.8x</td>
<td></td>
</tr>
</tbody>
</table>

Leverage target: 2.0x +/- 0.5x

---

OUTLOOK FOR 2017 UNCHANGED

OPERATIONAL FCF*

Above SEK 7 billion (SEK 5.5 billion in 2016)
Op. FCF & dividends from associates should cover a dividend around the 2016 level

EBITDA**

Around the 2016 level

---

1. Actual leverage Q1, hybrid bond issuance of SEK 15 billion, SEK 4.3 billion dividend payment and the Uzbek legal settlement provision per March 2017

2. Free cash flow from continuing operations, excluding licensing and dividends from associated companies

3. Excluding non-recurring items, in local currencies, excluding acquisitions and disposals
PROGRESS IN OUR DISCUSSIONS WITH AUTHORITIES

RECENT DEVELOPMENTS HAVE LED TO REVISED ESTIMATE OF MOST LIKELY OUTCOME

CHANGING PROVISION TO USD 1.0 BILLION (PREVIOUSLY USD 1.45 BILLION)

NO FINAL RESOLUTION HAS BEEN REACHED AND NO ASSURANCES THAT FINAL AMOUNT MAY NOT DIFFER

UZBEK LEGAL SETTLEMENT UPDATE

“PROVISION CHANGED FROM USD 1.45 BILLION TO USD 1.0 BILLION”
DEBT MATURITY SCHEDULE

DEBT MATURING NEXT 12 MONTHS

<table>
<thead>
<tr>
<th>Month</th>
<th>SEK billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr-17</td>
<td>6</td>
</tr>
<tr>
<td>May-17</td>
<td>1</td>
</tr>
<tr>
<td>Jun-17</td>
<td>2</td>
</tr>
<tr>
<td>Jul-17</td>
<td>5</td>
</tr>
<tr>
<td>Aug-17</td>
<td>6</td>
</tr>
<tr>
<td>Sep-17</td>
<td>8</td>
</tr>
<tr>
<td>Oct-17</td>
<td>11</td>
</tr>
<tr>
<td>Nov-17</td>
<td>18</td>
</tr>
<tr>
<td>Dec-17</td>
<td>20</td>
</tr>
<tr>
<td>Jan-18</td>
<td>25</td>
</tr>
</tbody>
</table>

DEBT PORTFOLIO MATURITY SCHEDULE – 2018 AND ONWARDS

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK billion</th>
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</thead>
<tbody>
<tr>
<td>2018</td>
<td>6</td>
</tr>
<tr>
<td>2019</td>
<td>6</td>
</tr>
<tr>
<td>2020</td>
<td>10</td>
</tr>
<tr>
<td>2021</td>
<td>12</td>
</tr>
<tr>
<td>2022</td>
<td>10</td>
</tr>
<tr>
<td>2023</td>
<td>8</td>
</tr>
<tr>
<td>2024</td>
<td>6</td>
</tr>
<tr>
<td>2025</td>
<td>4</td>
</tr>
<tr>
<td>2026</td>
<td>2</td>
</tr>
</tbody>
</table>

FINANCIAL SUMMARY Q1 2017

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>CHANGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (SEK million)</td>
<td>19,252</td>
<td>20,394</td>
<td>-5.6</td>
</tr>
<tr>
<td>Change local organic (%)</td>
<td>+3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service revenues* (SEK million)</td>
<td>16,506</td>
<td>17,434</td>
<td>-5.3</td>
</tr>
<tr>
<td>Change local organic (%)</td>
<td>+1.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA** (SEK million)</td>
<td>6,149</td>
<td>6,217</td>
<td>-1.1</td>
</tr>
<tr>
<td>Change local organic (%)</td>
<td>-0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA** Margin (%)</td>
<td>31.9</td>
<td>30.5</td>
<td></td>
</tr>
<tr>
<td>Total EPS (SEK)</td>
<td>1.61</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>Total free cash flow (SEK million)</td>
<td>4,087</td>
<td>2,293</td>
<td></td>
</tr>
<tr>
<td>of which continuing operations</td>
<td>3,861</td>
<td>2,071</td>
<td></td>
</tr>
</tbody>
</table>

* External service revenues
** Excluding non-recurring items
FINANCIAL KEY RATIOS Q1 2017

<table>
<thead>
<tr>
<th></th>
<th>MAR 31, 2017</th>
<th>DEC 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*, %</td>
<td>8.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Return on capital employed*, %</td>
<td>9.6</td>
<td>7.7</td>
</tr>
<tr>
<td>Equity/assets ratio, %</td>
<td>37.2</td>
<td>34.0</td>
</tr>
<tr>
<td>Net debt/equity ratio, %</td>
<td>53.8</td>
<td>58.9</td>
</tr>
<tr>
<td>Net debt/EBITDA** ratio, multiple</td>
<td>1.58</td>
<td>1.69</td>
</tr>
<tr>
<td>Net debt/assets ratio, %</td>
<td>20.0</td>
<td>20.0</td>
</tr>
</tbody>
</table>

* Rolling 12 months ** Rolling 12 months and 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.