HIGHLIGHTS - Q2 2017

“CASH FLOW EXECUTION & COST SIDE ADDRESSED”

- COST INITIATIVES LAUNCHED
- FEWER FIBER INSTALLATIONS IN SWEDEN
- IMPROVING EBITDA TREND IN FINLAND
- ASSOCIATES - DIVIDENDS AND DIVESTMENT
- EURASIA UPDATES
- CASH FLOW FOCUS YIELDING
SERVICE REVENUE DEVELOPMENT
Organic growth, external service revenues

 continua operations

Q2 16 Q3 16 Q4 16 Q1 17 Q2 17

-0.6%

• Service revenue growth in 5 of 7 markets
• Pressure on fiber installation revenues in Sweden (-1.0 p.p. on growth)
• Less focus on low margin revenues in Telia Carrier

EBITDA DEVELOPMENT
Organic growth, excluding adjustment items

 continua operations

Q2 16 Q3 16 Q4 16 Q1 17 Q2 17

-3.3%

• Double digit growth in Norway
• Finland back to growth
• Negative development in Sweden
EXECUTING ON STRATEGY - COMPETITIVE OPERATIONS

EBITDA SUPPORTED BY ITS* LAUNCHED IN 2014

ITS* COMPLEMENTED BY STRUCTURAL AND SHORT TERM INITIATIVES LAUNCHED IN H1

STRUCTURAL INITIATIVES TO REACH FURTHER POTENTIAL

REAP THE FULL BENEFIT OF STRUCTURAL CHANGES AND TRANSFORMATION

Structural initiatives coupled with short-term cost initiatives across the group with emphasis on Sweden

* Invest to save program
SWEDEN COST TAKE-OUT H2 2017

SWEDEN OPEX* DEVELOPMENT
Reported currency, actuals and estimate for H2 2017

- OPEX to be reduced by ~5 percent in H2 2017
- Main drivers
  - Resource reductions (~650 resources or ~8 percent of total resources)
  - Service operation optimization
  - IT & Network
  - General external spending

* Adjusted external OPEX, excluding pension one-off item reported in Q4 2016
AT LEAST 3 PERCENT COST REDUCTION IN 2018

- At least 3 percent reduction to targeted cost base of around SEK 38 billion
- To reduce ~850 resources in H2 2017 – 3 percent of total resources
- Further resource reductions in 2018
- Increased efficiency through
  - Further centralization
  - Process/product simplification
  - Resource costs

Targeted cost base*
(SEK in billions)

* Full year cost base excluding equipment related COGS
COST REDUCTION SUMMARY

REDUCTION AND DRIVERS

GROUP TARGETED COST BASE 2017-2018
- Around 850 resources to be taken out H2 2017
- Structural cost reductions to lower costs by at least 3 percent in 2018

SWEDEN OPEX 2017
- To decline by ~5 percent H2 2017 vs. H2 2016
- Around 650 resources to be taken out H2 2017
- Equal to ~8% of total resources

IMPACT

EBITDA
- 2017 outlook reiterated
- New structural initiatives to drive further cost reductions 2018-2019

OPERATIONAL FREE CASH FLOW
- Improved 2017 outlook
- Cost and other initiatives to support operational free cash flow growth 2018-2019
At 1.6 million homes passed, Telia remains the largest player

Positive recurring fiber revenue trend

Fiber installation revenues negatively impacted Q2 by permit and other intermediary related issues

Total installation revenues 2017 likely to be 15-20 percent lower than in 2016, consequently lower CAPEX

Fiber prices adjusted

= Q2 2017 y-o-y growth
PERFORMANCE IN NORWAY REMAINS STRONG

SERVICE REVENUES* & EBITDA**

SEK million, reported currency & organic growth

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q2 17</th>
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</thead>
<tbody>
<tr>
<td>Service revenues</td>
<td>1,807</td>
<td>2,186</td>
</tr>
<tr>
<td>EBITDA</td>
<td>705</td>
<td>879</td>
</tr>
</tbody>
</table>

• Organic revenue and EBITDA growth driven mainly by strong wholesale development

REWARDS, ACHIEVEMENTS AND M&A

SYNERGY RUN-RATE TARGET OF NOK 0.4 BILLION BY YEAR-END 2017 REMAINS

BEST MOBILE NETWORK FOR THE SECOND YEAR IN A ROW

98 PERCENT POPULATION COVERAGE, >2 YEARS BEFORE THE REGULATORY REQUIREMENT

900 MHZ SPECTRUM ACQUIRED TO SECURE QUALITY AND SUPPORT 5G IN THE FUTURE

= Organic growth  * External service revenues  ** Excluding adjustment items
NEBULA ACQUIRED AND EBITDA TREND BROKEN

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

- Mobile revenues continue to develop positively and offset pressure on fixed revenues
- Cost measures taken are starting to be visible in EBITDA and will provide support going forward

<table>
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<tr>
<th>Q2 16</th>
<th>Q2 17</th>
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<tbody>
<tr>
<td>Service revenues</td>
<td>2,739</td>
</tr>
<tr>
<td>EBITDA</td>
<td>987</td>
</tr>
</tbody>
</table>

+1.8%  +0.8%

EBITDA margin

NEBULA - FINANCIAL TRACK RECORD
In local currency, reported figures

- Solid financial development
- Synergies expected over time mainly from cross selling

<table>
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<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>EUR in millions</td>
<td>Net sales</td>
<td>EBITDA</td>
<td>EBITDA margin</td>
</tr>
<tr>
<td>0%</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
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</tbody>
</table>

= Organic growth  * External service revenues ** Excluding adjustment items
INTERIM REPORT
JANUARY – JUNE 2017

CHRISTIAN LUIGA,
EXECUTIVE VICE PRESIDENT & CFO
LOWER FIBER REVENUES AND HIGHER COSTS IN SWEDEN

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

- Continued pressure on legacy revenues, lower fiber installation and wholesale revenues
- Negative sales mix and elevated costs burdened EBITDA

SERVICE REVENUES* BY SEGMENT
Organic growth

- Fiber installation revenues down by 46 percent y-o-y
- Flat B2C if excluding the impact from fiber
- Stabilization in B2B continues
**ESTONIA STABLE BUT DENMARK NEGATIVE**

**SERVICE REVENUES**

Organic growth, external service revenues

- Estonia
- Lithuania
- Denmark

- Mobile revenue growth of 5.6 percent but pressure on fixed revenues in Estonia
- Strong development in Lithuania due to growth in low margin transit-service revenues (~12 p.p. impact)
- Flat mobile development and pressure on fixed revenues in Denmark

**EBITDA**

SEK million, reported currency & organic growth

- **205** to **216** in Estonia
- **281** to **292** in Lithuania
- **159** to **153** in Denmark

- Stable development in Estonia
- Lithuania held back by higher marketing and resource costs
- Pressure on EBITDA in Denmark from lower service revenues

= Organic growth  * Excluding adjustment items
CONTINUED RECOVERY IN EURASIA

TRENDS IN EURASIA
Organic growth, excluding Nepal

- Service revenues*
- EBITDA**

Q1 16 Q2 16 Q3 16 Q4 16 Q1 17 Q2 17

- Commercial and operational initiatives launched 2016 are paying off
- Revenue and EBITDA continue to grow in the majority of markets
- EBITDA growth of 14 percent if excluding provision in Uzbekistan

TRENDS IN KAZAKHSTAN
Organic growth

- Service revenues*
- EBITDA**

Q1 16 Q2 16 Q3 16 Q4 16 Q1 17 Q2 17

- Continued financial recovery
- Capitalizing on performed price and portfolio adjustments
- Progress on strategic cost reduction projects

* External service revenues **Excluding adjustment items
CAPEX STARTS TO DECREASE 2017 DESPITE M&A

LOWER CASH CAPEX 2017
Illustrative

• H1 2017 CAPEX down by SEK 0.6 billion equal to 9 percent
• 2017 also includes cash CAPEX in Phonero and Nebula

LIIGA BOOKED CAPEX
Illustrative

• CAPEX of SEK 1.1 billion for Liiga rights booked Q2 2017
• Impact on cash CAPEX starting H2 2018

LIIGA CASH IMPACT
Illustrative

• Even including Liiga, cash CAPEX will decline further 2018, mainly related to a lower fiber roll-out pace
IMPROVED CASH FLOW Q2 DUE TO TURKCELL DIVIDEND

OPERATIONAL FREE CASH FLOW TREND
Continuing operations, rolling twelve months (R12)

FREE CASH FLOW BRIDGE- Q2
Continuing operations, SEK in billions

Dividends from MegaFon and Turkcell to be SEK 2.8 billion in 2017 given current exchange rates
LEVERAGE HEADROOM DESPITE LEGAL SETTLEMENT

CURRENT AND ILLUSTRATIVE PRO FORMA LEVERAGE*

Leverage, illustrative purpose only

- Actual leverage Q2 2017: 1.4x
- Nebula acquisition: 1.4x
- Associate dividends to be received Q3 & Q4: 1.3x
- Second dividend tranche: 1.5x
- Uzbek legal settlement provision: 1.8x

LEVERAGE TARGET
2.0X
+/- 0.5X

* Actual leverage Q2, expected dividend from associates to be received H2 2017, the 2nd dividend tranche to be paid and the Uzbek legal settlement provision per June 2017
NEGATIVE TOTAL EPS

TOTAL EPS DEVELOPMENT
SEK, continuing and discontinued operations

Q2 16
- Operating income*
- Adjustment items
- Income from associates
- Capital losses/gains
- Financial net & tax
- Discontinued operations
Q2 17

0.33
-0.10
-0.10
-0.08
-0.14
+0.04
-0.04
-0.09

Mainly IT & network write-down
Capital loss from the sale of shares in Turkcell and capital gain from Sergel divestment

* Excluding income from associates and adjustment items
OUTLOOK FOR 2017 IMPROVED

** Operational FCF**

Above SEK 7.5 billion (previously above SEK 7 billion)
Operational FCF together with dividends from associates of around SEK 2.8 billion*** to be above SEK 10 billion and should cover a dividend around the 2016 level

** EBITDA**

Around the 2016 level (unchanged)

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* Free cash flow from continuing operations, excluding licenses and dividends from associated companies
** Excluding adjustment items, in local currencies, excluding acquisitions and disposals
*** Post tax and given current exchange rates
LOWER NET DEBT REDUCED LEVERAGE TO 1.36x

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

- Lower net debt mainly due to lower cash CAPEX, hybrid capital issuance and M&A activities
  - Sale of shares in Turkcell (SEK 4.4 billion)
  - Disposal of Sergel (SEK 1.9 billion)
  - Phonero acquisition (SEK 2.3 billion)
- Net debt impacted by stronger EUR and NOK

* Not including the Nebula acquisition closed July 3

= Leverage ratio
ASSOCIATE DIVIDENDS

**TURKCELL**

- **SEK 2.1 billion** dividend in 2017 for Telia Company at current exchange rates
  - TRY 3.0 billion in total dividend
  - To be paid in 3 tranches 2017
  - Ownership reduced in Q2 from 38 → 31 percent which generated SEK 4.4 billion in proceeds

**MEGAFON**

- **SEK 0.7 billion** dividend in 2017 for Telia Company at current exchange rates
  - RUB 20 billion in total dividend
  - To be paid in Q3 2017

*Post tax*
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.