KEY TAKEAWAYS FOR Q3

NORWAY KEEPS DELIVERING
- Telia + Phonero
- 2018 400m

SWEDEN REDUCING COSTS
- -6%

SWEDEN FIBER DELAYS
- 8,000

STRONG YTD OPCF
- 8.9bn

REALLOCATING CAPITAL
- TURKCELL
  - 8.5bn
  - + 1.5bn
- MEGAFON
  - 3.2bn
  - + 0.7bn

GLOBAL SETTLEMENT UZBEKISTAN
- NO OTHER KNOWN INVESTIGATIONS ONGOING
SLOW FIBER WITH NEGATIVE IMPACT ON THE RESULTS

SERVICE REVENUE DEVELOPMENT
Organic growth, external service revenues

- Service revenue growth in 6 of 7 markets
- Fiber installation revenues in Sweden down by SEK 124 million in Q3

EBITDA DEVELOPMENT
Organic growth, excluding adjustment items

- Soft development in the Nordics partly compensated by strong Baltics
- Impact from less fiber installation revenues partly offset by strong cost control in Sweden
THE MOST HAPPY CUSTOMERS AND BEST NETWORK

MOST SATISFIED B2C (HALEBOP) & B2B (TELIA) CUSTOMERS 2017*

AWARDED BEST NETWORK FOR THE SECOND CONSECUTIVE YEAR**

* According to SKI (svenskt kvalitetsindex, English: Swedish quality index) in September 2017, ** According to P3 in September 2017
LOWER OPEX MITIGATES FOR SLOW-DOWN IN FIBER

**SWEDEN OPEX DEVELOPMENT**
Reported currency, SEK billion & external OPEX

- On track to reduce H2 OPEX by 5 percent y-o-y*
- Marketing and consultants main drivers behind Q3 reduction
- Further impact from redundancies in Q4

*Adjusted external OPEX, excluding pension one-off item reported in Q4 2016

**SWEDEN EBITDA DEVELOPMENT**
Reported currency, EBITDA excl. adjustment items

- Installation revenues have gone from contributing by ~2 p.p. on growth to neutral to being a ~2 p.p. drag
- Excluding fiber installation revenues the Q3 EBITDA growth was fairly flat
SLOWER FIBER PACE LEADS TO IMPROVED CASH FLOW

PERMIT DELAY EXAMPLE

Connecting a network to the backbone

- A single permit could stall an entire project

PERMIT DELAY SPLIT Q3

- Without delays fiber installation revenues Q3 and YTD would have been rather flat

FINANCIAL IMPACT

Reported currency, SEK billion

Fiber installation revenues

Cash flow impact*

- Lower SDU volumes pressure revenues and EBITDA but support cash flow via lower CAPEX

* Impact on cash flow from fiber installation revenues less fiber related CAPEX
STABLE NORWAY & PHONEREO MIGRATION ON TRACK

SERVICE REVENUES* & EBITDA**

SEK million, reported currency & organic growth

Q3 16 | Q3 17
---|---
Service revenues | +1.7%
1,949 | 2,212

Phonero

EBITDA | -0.4%
890 | 922

- Stable financial development

PHONEREO CUSTOMER MIGRATION

- Bulk of customers to be moved in Q4
- Phonero performance is so far according to expectations
- Full run-rate synergy target of SEK 400 million by year-end 2017 remains

* External service revenues ** Excluding adjustment items
INNOVATION - OUR DNA

FIRST OUT ON 5G USE CASES IN EUROPE

CONTINUING TO BE NETWORK PIONEERS

4G
FIRST OPERATOR IN THE WORLD TO LAUNCH 4G COMMERCIALY IN 2009

5G
AMBITION OF BRINGING 5G SERVICES LIVE TO TALLINN, HELSINKI & STOCKHOLM IN 2018
NO VISIBLE IMPACT ON CAPEX UNTIL BEYOND 2020

• 5G live test at Digital EU summit – Tallinn Sep. 2017

Copyright: Intel
DIVISION X 1 YEAR ON

CORPORATE POWER

FÄLTCOM

"ACQUIRED Q1 - STRENGTHENING OUR POSITION IN VERTICALS OF TRANSPORTATION & IoT"

TELIA SENSE & TELIA ZONE

"SENSE LAUNCHED AND ZONE IS NOW AVAILABLE FOR 0.7 MILLION SWEDISH HOUSEHOLDS"

CROWD ANALYTICS

"EXCITING PILOT PROJECTS, AGGREGATING, ANONYMIZING, COMPILING & COMMERCIALIZING DATA"

STARTUP ATTITUDE

Soundtrack Your Brand

"VALUE TO CORE AND VALUE IN INVESTMENTS – 6 KEY VENTURES"

"IoT OFFERING GAINING TRACTION. YTD REVENUES OF SEK 0.5 BILLION"
• Almost SEK 12 billion in proceeds from divestments made YTD 2017 in Turkcell and MegaFon
• SEK 2.3 billion in total dividends received YTD 2017 from associated companies
• 3rd Turkcell dividend tranche of around SEK 0.5 billion to be received Q4
• MegaFon reclassified from an associated company to a financial asset from Q4
• Turkcell market capitalization of around USD 8.5 billion and MegaFon of around USD 6.4 billion
INTERIM REPORT
JANUARY – SEPTEMBER 2017
CHRISTIAN LUIGA,
EXECUTIVE VICE PRESIDENT & CFO
STRONG CASH FLOW TREND SUPPORTS OUTLOOK

OPERATIONAL FREE CASH FLOW TREND
Continuing operations, SEK billion

FREE CASH FLOW - YTD
Continuing operations, SEK billion
SWEDEN FIBER ROLL-OUT DRAG ON GROUP LEVEL

- Legacy pressure and lower fiber installation revenues in Sweden
- Norway and Denmark benefiting from wholesale
- Solid development in the Baltics

SERVICE REVENUE DEVELOPMENT
Organic growth, external service revenues

-0.9%

EBITDA DEVELOPMENT
Organic growth, excluding adjustment items

-0.4%

- Revenue drop in Sweden not fully mitigated by lower costs
- Negative sales mix and high SAC in Finland
- Good cost control in Lithuania and Estonia
FIBER ROLL-OUT DECLINE BUT CLEAR COST IMPROVEMENT

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

- Negative sales mix partly mitigated by better performance on costs
- Fiber installation revenues fell by SEK 124 million

SERVICE REVENUES* BY SEGMENT
Organic growth

- Fiber installation revenues down by 46 percent y-o-y
- Lapsing price effect on TV and fixed broadband
- Continued stable B2B, although growth still negative

* External service revenues
** Excluding adjustment items

= Organic growth
TEMPORARY COST INCREASE RELATED TO HIGHER SAC

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

<table>
<thead>
<tr>
<th></th>
<th>Q3 16</th>
<th>Q3 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenues</td>
<td>2,784</td>
<td>2,911</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,055</td>
<td>1,082</td>
</tr>
</tbody>
</table>

+1.0%  -1.5%

- Growth in mobile partly offset by pressure on fixed broadband revenues
- Elevated SAC level Q3 pressures EBITDA

MOBILE SUBSCRIPTION DEVELOPMENT
Quarterly mobile gross & net adds excl. M2M

<table>
<thead>
<tr>
<th></th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
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<tbody>
<tr>
<td>Mobile gross adds</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Mobile net adds</td>
<td>-50</td>
<td>-9</td>
<td>-29</td>
<td>-19</td>
<td>-19</td>
</tr>
</tbody>
</table>

+ Excluding adjustment items

* External service revenues

= Organic growth

15
**FLAT EBITDA DEVELOPMENT IN NORWAY**

### SERVICE REVENUES* & EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>Q3 16 Service revenues</th>
<th>Q3 17 Service revenues</th>
<th>Q3 16 EBITDA</th>
<th>Q3 17 EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,949</td>
<td>2,212</td>
<td>890</td>
<td>922</td>
</tr>
</tbody>
</table>

- Organic revenue growth driven by wholesale
- Challenging cost base comparison in the quarter
- Limited synergies expected in 2017

### ORGANIC EBITDA** DEVELOPMENT

<table>
<thead>
<tr>
<th></th>
<th>Q1 16</th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
</tr>
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<tbody>
<tr>
<td>Organic EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Organic EBITDA margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- Continued stable organic EBITDA trend

*External service revenues **Excluding adjustment items

= Organic growth
SOLID PERFORMANCE IN ESTONIA AND LITHUANIA

SERVICE REVENUE DEVELOPMENT
Organic growth, external service revenues

- Mobile is growing in all countries
- Growth in Estonia driven by majority of revenue streams
- Denmark positive mainly due to wholesale

EBITDA* DEVELOPMENT
SEK million, reported currency & organic growth

- Service revenue growth and cost control in Lithuania and Estonia support EBITDA
- Denmark EBITDA impacted by higher OPEX

= Organic growth  * Excluding adjustment items
STRONG REVENUE & EBITDA TREND IN EURASIA

FINANCIAL TRENDS IN EURASIA

Organic growth
- Service revenues*
- EBITDA**

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

• Revenue growth in all markets
• Double digit EBITDA growth in Eurasia Q3 if excluding the devaluation impact in Uzbekistan

FINANCIAL TRENDS IN KAZAKHSTAN

Organic growth
- Service revenues*
- EBITDA**

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

• Financial improvement continues
• Price adjustments on legacy tariffs and ARPU stimulation impact revenue growth positively
• Revenue growth and cost initiatives support EBITDA

* External service revenues **Excluding adjustment items
CAPEX TRENDING DOWN FROM 2016 PEAK

**CAPEX EXCLUDING LICENSES**

- Decline in CAPEX driven by fiber CAPEX in Sweden as well as overall non-fiber related CAPEX

**FIBER CAPEX DEVELOPMENT**

- Vast majority of fiber CAPEX relates to Sweden but also some in Estonia, Lithuania and Finland

* Excluding hockey rights in Finland
SLIGHT INCREASE IN NET DEBT AND LEVERAGE

NET DEBT DEVELOPMENT
Continuing and discontinued operations, SEK billion

- Net debt increase driven by payment relating to the Uzbek global settlement partly offset by the divestment of Turkcell shares
- Reduced net debt from operations despite increased cash CAPEX
- M&A is related to the Nebula acquisition
- Q4 items
  - Second dividend payment of SEK 4.3 billion
  - 3rd Turkcell dividend tranche of SEK 0.5 billion
  - Proceeds of SEK 3.2 billion from MegaFon divestment
OUTLOOK FOR 2017 UNCHANGED

OPERATIONAL FCF*

Above SEK 7.5 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

* 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
## SIGNIFICANT EPS IMPROVEMENT

### TOTAL EPS DEVELOPMENT

**SEK, continuing and discontinued operations**

<table>
<thead>
<tr>
<th>Category</th>
<th>Q3 16</th>
<th>Q3 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income*</td>
<td>-2.03</td>
<td>+2.55</td>
</tr>
<tr>
<td>Adjustment items</td>
<td>-0.09</td>
<td>+0.22</td>
</tr>
<tr>
<td>Income from associates</td>
<td>-0.11</td>
<td>+2.97</td>
</tr>
<tr>
<td>Capital losses/gains</td>
<td>-0.10</td>
<td>+0.10</td>
</tr>
<tr>
<td>Tax &amp; other</td>
<td>-0.44</td>
<td></td>
</tr>
<tr>
<td>Uzbek global settlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eurasia other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CONTINUING OPERATIONS**

- Mainly Turkcell divestment
- The provision for Uzbek legal investigation made in Q3 2016

**DISCONTINUED OPERATIONS**

* Excluding income from associates and adjustment 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.