GOOD START OF 2018

- Mobile growth across footprint: 6 of 7 markets
- Reported EBITDA growth: +7.4%
- Strong operational free cash flow: 4.3BN
- Turkcell dividend & divestments: 0.9BN
- Three year buy back program: 5BN/year
LAUNCH OF A THREE YEAR BUYBACK PROGRAM

SEK 15BN
AMBITION

9%
OF OUTSTANDING SHARES

SEK 3.45
PER SHARE

0.5x
IMPACT ON LEVERAGE

STABLE REVENUES WITH GROWING EBITDA

IMPROVED SERVICE REVENUE TREND
Organic growth, external service revenues

-0.5%
-0.9%
Q1 17 Q2 17 Q3 17 Q4 17 Q1 18

• Mobile revenue growth in 6 of 7 markets
• Legacy and fiber headwind in Sweden

STABLE REVENUES WITH GROWING EBITDA
Organic growth, reported Q1'18, excluding adjustment items

Q1 17 Q2 17 Q3 17 Q4 17 Q1 18

• EBITDA growth in 6 of 7 markets
• Support from lower costs

Q1 18 reported

7.4%

4.2%
MOBILE REVENUES CONTINUED TO GROW

**MOBILE SERVICE REVENUE GROWTH**

Organic growth

- Mobile revenue growth in 6 of 7 markets

**MOBILE ARPU GROWTH Q1**

In local currency, y-o-y

- SWEDEN +4%
- NORWAY FLAT
- FINLAND +5%
- THE BALTICS +4%

- Growth in ARPU key part of strategy - not SIM cards
- Norway impacted by lower special number revenues

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ARPU GROWTH IN FOCUS ON SWEDISH MOBILE

**MOBILE SUBSCRIPTION GROWTH – B2C**

Postpaid mobile base, excl. mobile broadband, in 000s

- Stable growth of postpaid subscriptions
- Focus on value and revenue market share

**POST-PAID ARPU GROWTH – B2C**

In local currency

- ARPU increasingly driven by subscription and usage
- VAS more “normal” growth vs. Q3/Q4 2017
**CONVERGENCE IN OUR VALUE PROPOSITIONS**

**LIIGA PACKAGING TAKING SHAPE**

- Pre-sales exceeds expectations
- Both existing and new customers
- Much more to come

**STRONG B2B PIPELINE AHEAD**

- B2B convergence via a broader portfolio
- Increased B2B interest from stronger proposition
- Data center to open in June

---

**LEVERAGING ON STRONG B2B POSITION IN NORWAY**

**MOBILE B2C – CORE ARPU GROWTH**

- Focus on value to drive ARPU
- Improved product mix - focus on segment Young
- Monthly fees mitigated for special numbers

**PHONERO READY FOR NEXT PHASE**

- Churn in line with expectations

**SYNERGY RUN RATE**

NOK 400m
OUR SEK 1.1 BILLION COST PROGRAM 2018 ON TRACK

COST SAVINGS REALIZATION – Q1
SEK in billions, cost base* in scope

COST REDUCTION AMBITION 2018

SEK 1.1BN

* Equipment related costs are not included in the SEK 1.1 billion cost savings target for 2018

INTEGRATED APPROACH TO SUSTAINABILITY

CLEAR FRAMEWORK & TARGETS

EXAMPLES OF RESPONSIBLE BUSINESS

STRONG ESG PERFORMANCE
- MSCI ESG “AAA”
- EcoVadis “Gold Supplier”

CHILDREN’S RIGHTS
- Facilitate cooperation with others to spread learnings
- Sharing experience how to protect children from abuse

SHARED VALUE CREATION
- Smart transportation
- Connected water taps

ENVIRONMENTAL RESPONSIBILITY
- 148,000 tons CO2e abated, equivalent of 30,000 cars
- 87 percent of electricity from renewable sources 2017
OUTLOOK FOR 2018 (REVISED UP)

OPERATIONAL FCF*

Above SEK 9.7 billion (previously: Around SEK 9.7 billion)
Operational FCF together with dividends from associated companies should cover a dividend around the 2017 level

EBITDA**

In line or slightly above the 2017 level of SEK 25.2 billion (unchanged)

* Free cash flow from continuing operations, excluding licenses and dividends from associated companies
** Based on current structure, i.e. including M&A made so far, excluding adjustment items, in local currencies

CHRISTIAN LUIGA
EXECUTIVE VICE PRESIDENT & CFO
**EBITDA GROWTH BOTH FROM ORGANIC AND M&A**

**EBITDA DEVELOPMENT – REPORTED**
Reported growth, excluding adjustment items

- EBITDA growth of 7.4 percent driven by
  - Solid organic growth
  - M&A in Finland and Norway
  - FX tailwind from stronger EUR

**EBITDA DEVELOPMENT – ORGANIC**
Organic growth, y-o-y, excluding adjustment items

- Revenue growth coupled with EBITDA leverage in majority of markets

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**LOWER COGS & RESOURCE COST KEY FOR COST SAVINGS**

**COST 2018 SAVINGS OVERVIEW**
Illustrative only

- Equipment COGS and FX excluded
- All other costs incl. salary and other inflation included

**COST 2018 SAVINGS BY TYPE**
Cost savings components as % of total savings

- Improved sourcing and efficiency measures to drive down COGS
- Process improvements to drive down resource costs

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* 2017 M&A refers to the disposal of Sergel and acquisitions of Phonero and Nebula
** Adjusted for changes in FX
EBITDA GROWTH IN SWEDEN DRIVEN BY LOWER COSTS

- Continued growth in SME/SoHo
- Recovery in Large enterprises

SERVICE REVENUES
Organic growth, external revenues
- B2C incl. fiber installation revenues
- B2C excl. fiber installation revenues

EBITDA
Organic growth
- Cost savings more than mitigate the lower revenues

* Excluding adjustment items

FIBER REVENUES
SEK million, reported currency

- Permit issues remains
- We remain committed despite uncertainty

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

- Reported numbers boosted by M&A and FX
- EBITDA uplift from less resource costs and marketing

MOBILE DEVELOPMENT
Organic growth, ARPU growth in local currency

- Mobile ARPU still growing by around 5 percent
- Mobile growth impacted by loss of subscriptions

* Excluding adjustment items

CONTINUED STRONG EBITDA GROWTH IN FINLAND

15

16
**REVENUE AND EBITDA GROWTH IN NORWAY**

**SERVICE REVENUES* & EBITDA**

SEK million, reported currency & organic growth

- Wholesale continued to be the main revenue driver
- Special number revenues down by SEK ~30 millions

**EBITDA DEVELOPMENT**

SEK million, reported EBITDA growth

- Revenues and cost control behind organic growth
- Phonero synergies drove double digit reported growth
- Slight y-o-y headwind from FX

**SERVICE REVENUE DEVELOPMENT**

Organic growth, external service revenues

- Mobile growth of 12 percent in Lithuania
- Solid fixed development in Estonia
- Denmark still challenging- unlimited offering launched

**EBITDA DEVELOPMENT**

SEK million, reported currency & organic growth

- EBITDA leverage in the Baltics from revenue growth and lower costs
- Good efforts on cost in Denmark left absolute EBITDA more or less flat

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17 = Organic growth  * External service revenues  ** Excluding adjustment items

18 = Organic growth  * Excluding adjustment items
CASH CAPEX CONTINUES TO TREND DOWN

- Cash CAPEX continues to trend down
- Both lower fiber and non-fiber related CAPEX
- Difference booked vs. cash CAPEX due to ice hockey rights
- In line with our expectations 2018 will show lower cash CAPEX

CAPEX EXCLUDING LICENSES

 Reported currency, SEK million, R12

- Booked CAPEX excl. licenses (R12)
- Cash CAPEX excl. licenses (R12)

LOWER NET DEBT AND LEVERAGE

NET DEBT DEVELOPMENT - Q1

Continuing and discontinued operations, SEK billion

- 1.15x
- 33.8
- -7.5
- +3.2
- -2.2
- +1.2
- 28.5
- 1.01x

Q4 17 Operations Cash CAPEX M&A FX & Other Q1 18

NET DEBT DEVELOPMENT – PRO FORMA*

Continuing and discontinued operations, SEK billion

- 1.01x
- 28.5
- +5.0
- +1.6
- Remaining part of global settlement
- Turkcell dividend
- M&A proceeds to be distributed
- 1.27x
- 35.6
- Q1 18 pro forma*

* Not including 2nd dividend tranche of SEK 5 billion
**NWC AN IMPORTANT PART OF THE CASH FLOW AGENDA**

**NET WORKING CAPITAL TRENDS**

NWC in relation to R12 sales*

- NWC important part of cash flow agenda in coming years
- Additional potential from i) vendor financing ii) credit account iii) part payment for resellers

**DPO DEVELOPMENT**

Average DPO** for Sweden, Finland & Norway

- Improved payment terms and vendor financing
- Several key suppliers and resellers in Sweden, Finland and Norway already on-board

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**STRONG CASH FLOW TREND CONTINUES**

**OPERATIONAL FREE CASH FLOW TREND**

Continuing operations, SEK billion

- Driven by operational performance
- Fairly neutral on tax but negative on interests as Q1 2017 was impacted by the settlement of interest rate swaps

**OPERATIONAL FREE CASH FLOW**

Continuing operations, SEK billion

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* Peer group consists of Telenor, Tele2, TDC, KPN, Deutsche Telekom, Proximus
** DPO=Days payable outstanding
CASH FLOW AND LEVERAGE SUPPORTS BUYBACKS

CASH FLOW GUIDANCE

<table>
<thead>
<tr>
<th>Cash flow</th>
<th>SEK 2.3 dividend*</th>
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<tbody>
<tr>
<td>&gt;1.0</td>
<td>&gt;9.7</td>
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DIVIDEND FROM ASSOCIATED COMPANIES

Op. Free CF guidance

PRO FORMA LEVERAGE Q1

SHARE BUYBACKS

In SEK billions, % of outstanding shares

0% 2% 4% 6% 8% 10%
0 4 8 12 16
2018 2019 2020

* Dividend amount in SEK billion from a SEK 2.3 per share dividend including impact from 2018 buybacks

Q&A
EXIT FROM EURASIA CONTINUES AND SPOTIFY DIVESTED

CONTINUING TO DIVEST IN EURASIA

- Azercell divested
  - Leverage increase* of 0.1x
- Geocell divested
  - Neutral on leverage*

EXITED THE SPOTIFY INVESTMENT

- Investment made June 2015
- Proceeds of SEK 2.3 billion
- Return on investment of 2.4x (excl. FX)
- Successful collaboration ended

NEGATIVE EURASIA EBITDA DUE TO UZBEKISTAN

FINANCIAL TRENDS IN EURASIA

Organic growth
- Service revenues*
- EBITDA**

Q3 16 Q4 16 Q1 17 Q2 17 Q3 17 Q4 17 Q1 18
- Revenue growth Q1 due to Uzbekistan
- Positive EBITDA development in all countries except for Uzbekistan that was impacted by new subscriber taxes

FINANCIAL TRENDS IN KAZAKHSTAN

Organic growth
- Service revenues*
- EBITDA**

Q3 16 Q4 16 Q1 17 Q2 17 Q3 17 Q4 17 Q1 18
- Flat EBITDA development as decreased costs compensated for somewhat lower revenues

* After proceeds from the disposals have been distributed from Fintur to Turkcell

* External service revenues **Excluding adjustment items
EPS DOWN DUE TO EURASIA

TOTAL EPS DEVELOPMENT
SEK, continuing and discontinued operations

Q1 17 | Operating income* | Associated companies | Other | Operations | M&A | Provision reversal | Other | Q1 18
--- | --- | --- | --- | --- | --- | --- | --- | ---
1.59 | 0.08 | -0.09 | 0.00 | -0.12 | -0.76 | -0.95 | 0.09 | -0.16

* Excluding income from associates and adjustment items

Q1 2017 positively impacted by a reversal of provision for the Uzbek legal investigation
Mainly due to the Azercell disposal

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.