CASH FLOW AND EBITDA DEVELOPMENT Q1 2019

SEK 4.4 BN
OPERATIONAL FREE CASH FLOW

-4%
ADJUSTED EBITDA* GROWTH

* On a like-for-like basis, excluding IFRS 16 impact
REPORTING POST IFRS 16 IMPLEMENTATION

REPORTED SEK
Like for like growth
Like for like growth incl. IFRS 16

+15.0%
+5.8%
~4%

2018 2019
2018 2019
2018 2019

- Reported numbers in SEK including impact from M&A and changes in FX
- Growth in the existing business including any acquired and excluding any disposed businesses in current and corresponding period
- At stable FX
- Based on like for like growth but 2018 adjusted as if IFRS16 would have been implemented
- At stable FX

RECAP OF CMD

OVERALL: OP FCF TO SUSTAIN AND GROW BEYOND 2019, SEK 12-12.5 BILLION A FLOOR

SUSTAINABILITY: UPPING THE GAME WITH OUR DARING GOALS

CPS: SEK 0.6-0.9 BILLION COST SAVINGS FROM NEW OPERATING MODEL

FINANCIALS: AMBITION TO REDUCE OPEX ~2% NET ANNUALLY 2019-2021

SWEDEN: EBITDA TREND-SHIFT DURING 2020

NORWAY: GET/TDC CASH FLOW SYNERGIES INCREASED TO NOK 800 MILLION

THANKS FOR THE FEEDBACK

WHAT YOU LIKED

CLEAR MESSAGE ON CASH FLOW
STRATEGIC RED THREAD
TRANSPARENCY ON FINANCIALS

WHAT YOU WOULD HAVE LIKED MORE OF

STRUCTURAL COST OPPORTUNITIES
BONNIER BROADCASTING
STRATEGIC POSITIONING OF NEW TELIA NORWAY

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FCF GROWTH DESPITE EXPECTED LOWER EBITDA

OPERATIONAL FREE CASH FLOW REMAINED STRONG

SEK 4.4 BILLION
Q1 2019

ADJUSTED EBITDA* DOWN AS EXPECTED

-4%
VS. Q1 2018

MOBILE SERVICE REVENUES**

-2.1%
VS. Q1 2018

BONNIER BROADCASTING FILING PROCESS INITIATED

DIVIDEND DECIDED & BUY-BACK MANDATE RENEWED AT AGM

SEK 2.36 PER SHARE
AMBITION OF SEK 10 BN COMING 2 YEARS

DARING GOALS TO DRIVE SUSTAINABILITY AGENDA

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* On a like for like basis, excluding IFRS 16 impact
** Like for like
### A CHALLENGING Q1 AS FLAGGED

**SERVICE REVENUE DEVELOPMENT**

- Main drivers: Swedish legacy, mobile in Norway/Denmark and Telia Carrier

**ADJUSTED EBITDA DEVELOPMENT**
- A notch better than expected based on a one-off effect in Norway

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### MOBILE REVENUES TURNED NEGATIVE Q1

**MOBILE & FIXED SERVICE REVENUE GROWTH**

- Mobile turned negative Q1 driven by the Nordics
- Fixed remained under pressure by legacy

**MOBILE SERVICE REVENUE GROWTH**
- Contracting customer base in the Nordics
TELIA SWEDEN - WORLD CLASS MOBILE NETWORK

#1
MOBILE NETWORK IN SWEDEN

#4
IN THE WORLD

BETTER TREND IN H2

SERVICE REVENUES - 2019 ESTIMATED
External service revenues, like for like growth

GET OPEX SYNERGIES
ROBOTICS AND NEAR SHORING
NEW OPERATING MODEL
G&A AND OTHER EFFICIENCIES
EASIER COMPARISONS (H2)

OPEX DEVELOPMENT - 2019 ESTIMATED
External expenses, like for like growth

OVERALL PRICE INCREASES
FINLAND B2B
NORWAY EASIER COMPARISON
LEGACY REMAINS A BURDEN

-2% FULL YEAR
NEW OPERATING MODEL NOW IN PLAY

**EFFICIENCY AND SCALABILITY**
- New way of working – agile and common
- Common product development & platform

**SPEED AND FLEXIBILITY**
- Develop once – deliver 6x
- One joined force vs. fragmented efforts

**IMPROVED CUSTOMER EXPERIENCE**
- Earlier launches of new technology
- More competitive products in all markets

**CENTRAL COST REDUCTIONS**

<table>
<thead>
<tr>
<th>Year</th>
<th>COGS and OPEX Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-9%</td>
</tr>
<tr>
<td>2017</td>
<td>-6%</td>
</tr>
<tr>
<td>2018</td>
<td>-3%</td>
</tr>
</tbody>
</table>

**TIME**

**END OF 2022**

**RUN-RATE**

**0.6-0.9**

**IN ADDITION CAPEX SAVINGS OF SEK 0.5 BILLION WITH RUN-RATE END OF 2022**

A STRONGER TELIA COMPANY EMERGING

**2018 (SEK BILLION)**

<table>
<thead>
<tr>
<th>Company</th>
<th>EBITDA (margin)</th>
<th>EBITDA-CAPEX* (cash conversion)</th>
<th>FULL RUN-RATE SYNERGIES (PER YEAR)</th>
<th>COMBINED PRO FORMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>GET/TDC NORWAY</td>
<td>1.8</td>
<td>0.8</td>
<td>1.0***</td>
<td>4.2 (prev. 3.5)</td>
</tr>
<tr>
<td>BONNIER BROADCASTING</td>
<td>1.1**</td>
<td>1.0***</td>
<td>1.4</td>
<td>&gt;32.5%</td>
</tr>
<tr>
<td>FULL RUN-RATE SYNERGIES</td>
<td></td>
<td></td>
<td></td>
<td>3.3 (prev. 2.7)</td>
</tr>
<tr>
<td>(PER YEAR)</td>
<td></td>
<td></td>
<td></td>
<td>77.7%</td>
</tr>
</tbody>
</table>

**SYNERGY BREAKDOWN**

**GET – NOK 800 MILLION CASH FLOW SYNERGIES END OF 2021**

**BONNIER BROADCASTING – CASH FLOW SYNERGIES OF SEK 600 MILLION END OF 2022**

*Excluding licenses ** Assuming same depreciation in 2018 as in 2017 *** Assuming EBITA equals EBITDA-CAPEX
OUTLOOK REITERATED & CAPITAL MANAGEMENT IN FOCUS

OPERATIONAL FREE CASH FLOW

Operational free cash flow to be between SEK 12.0-12.5 billion (SEK 10.8 billion 2018) – is reiterated

CAPITAL MANAGEMENT

- Executed the first year of buybacks and second year initiated (stretching from April 16, 2019 - February 28, 2020)
- SEK 15 billion in total or SEK 3.45 per share
- Within the target of a credit rating equal to A- to BBB+
- Ordinary dividend of SEK 2.36 of which the first tranche of SEK 1.18 was distributed in April 2019

INTERIM REPORT
JANUARY – MARCH 2019

CHRISTIAN LUIGA
EXECUTIVE VICE PRESIDENT & CFO
LOWER REVENUES BEHIND DECLINE IN EBITDA

- Pressure from legacy and mobile revenues in Sweden
- Lower mobile customer base and ARPU pressured Norway

- Expected softness from three largest countries
- Sweden and Norway negative due to revenue pressure
- Finland inventory write-down, tough comparison and lower equipment margin

COSTS TO GRADUALLY COME DOWN OVER THE YEAR

- Increase Q1 driven by Finland and Norway, Sweden flat
- Continued solid work on cost in Denmark and lower cost in central functions including CPS
- Cost increase driven mainly by:
  - (+) energy
  - (+) marketing
  - (+) bad debt
  - (-) resources

OPEX REDUCTION TARGET 2019 REMAINS
**SWEDISH COST LEVEL TO COME DOWN OVER THE YEAR**

- **Service Revenues & EBITDA**
  - Q1 18: 7,622
  - Q1 19: 7,421
  - Q1 18: 3,421
  - Q1 19: 3,422

- **OPEX Development - 2019 Estimated**
  - Full Year: -3%

- **Notes**
  1. Q1 cost base flatterish, where resource costs are slightly down, offset by marketing and energy costs.
  2. Initiatives will impact second half more which also have easier comparisons.

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**CONTINUED REVENUE PRESSURE IN SWEDEN**

- **Service Revenue Development**
  - B2C: -2.7%
  - B2B: -1%

- **Notes**
  1. B2C - weaker mobile and continued legacy pressure.
  2. Unchanged situation in B2B.
  3. Positive pricing effects from Q2 and onwards.

- **Mobile - B2C**
  - ARPU slightly down
  - ARPU: -1%
  - Less top-ups
  - Reduced prepaid customer base
STABLE IN FIXED BUT PRESSURE ON MOBILE IN NORWAY

- Loss of subscriptions and lower ARPU pressured mobile revenues
- SEK 100 million positive EBITDA impact from sale of earlier impaired customer receivables

TOUGH START - TO IMPROVE OVER THE YEAR

- Mobile pressured by interconnect and TV supported fixed revenues
- Inventory write-down and lower equipment margin
- Increased marketing spend

- Loss of MBB subscriptions represented around half of the drop
- Big B2B contracts won not yet visible in the numbers
GOOD PERFORMANCE IN ESTONIA

• Drop in low margin fixed revenues, but solid mobile in Lithuania
• Continued solid performance in Estonia
• Mobile revenue erosion in Denmark behind decline

SLIGHTLY HIGHER CAPEX DRIVEN BY GET

• Higher CAPEX in Norway from consolidating Get
• Fiber capex decline not visible until later during the year due to seasonality in roll-out

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* Booked CAPEX impacted Q2 2017 by Liiga and Q3 2018 by Helsinki data center
Higher net debt due to IFRS 16

- Swedish 700 MHz paid – SEK 1.1 billion
- Final part of Uzbek legal settlement paid – SEK 1.9 billion
- SEK 15 billion initial impact from IFRS 16 (0.5x impact on leverage)
  - Based on a steady-state assumption, the impact on leverage from IFRS 16 is estimated to come down by 0.2x over the year
- Fintur cash of around SEK 3.7 billion distributed to Turkcell in April 2019
- First dividend tranche of SEK 5 billion paid in April 2019

CASH FLOW continued to grow

- Operational free cash flow not affected by IFRS16
- Continued strong working capital development
- Pension refund of SEK 850 million in Sweden to cover pension outflow (vs. SEK 675 million Q1 LY)
Estimated IFRS 16 Impact

Estimated Quarterly IFRS 16 Impact on Adjusted EBITDA Like for Like

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated IFRS 16 Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
<td>0.271</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.21</td>
</tr>
<tr>
<td>Finland</td>
<td>0.12</td>
</tr>
<tr>
<td>Norway</td>
<td>0.10</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.07</td>
</tr>
<tr>
<td>Lithuania</td>
<td>0.02</td>
</tr>
<tr>
<td>Estonia</td>
<td>0.01</td>
</tr>
<tr>
<td>Other</td>
<td>0.17</td>
</tr>
</tbody>
</table>

- The estimates have not been audited and are based on a high-level assessment.
EPS DEVELOPMENT

TOTAL EPS DEVELOPMENT

Q1 2018 impacted by capital losses from the disposals of Azercell and Geocell as well as a write-down in Uzbekistan

CONTINUING OPERATIONS

DISCLAIMER & FORWARD-LOOKING STATEMENTS

This document contains the use of alternative performance measures (APM’s) to provide readers with additional financial information that is regularly reviewed by management, such as adjusted EBITDA, CAPEX and operational free cash flow. These APM’s should not be viewed as a substitute for Telia Company’s IFRS based figures, but as a complement. APM definitions can be found in Telia Company’s interims reports and Annual and Sustainability Report 2018 and may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies. Telia Company’s management considers these APM’s combined with IFRS performance measures and in conjunction with each other, the most appropriate way to measure the performance of Telia Company.

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