INTERIM REPORT
JANUARY – JUNE 2019

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PRESIDENT & CEO

CHRISTIAN LUIGA
EXECUTIVE VICE PRESIDENT & CFO
MOVING IN THE RIGHT DIRECTION

**SERVICE REVENUES**
- Driven by mobile service revenues and B2B

**EBITDA**
- Sequential improvement although H1 still weak

**OPERATIONAL FREE CASH FLOW**
- On track to reach full year outlook
- Full year cash flow composition slightly different versus previously expected

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*Like for like, excluding IFRS 16 impact*
SERVICE REVENUES IMPROVED SEQUENTIALLY

- Sequentially better due to less fixed erosion and mobile back to positive
- Still loss of low-margin revenues in Telia Carrier

SERVICE REVENUE DEVELOPMENT*
Organic & like for like growth, external service revenues

- Service revenue growth
- Service revenue growth excl. Telia Carrier

SERVICE REVENUE DEVELOPMENT
Like for like growth, external service revenues

- Better in B2B and less legacy pressure in Sweden
- Norway neutral Q2 from growth in wholesale and Get development remained flat

* 2018 based on the previous organic growth definition (stable FX and M&A excluded)
** 2019 based on the new definition “like for like growth” (Stable FX and M&A included in current & corresponding period)

** LED=Lithuania, Estonia & Denmark
MOBILE IMPROVED - SUPPORT FOR BETTER H2 2019

MOBILE SERVICE REVENUE GROWTH
Like for like, total mobile service revenues

Q2 18  Q3 18  Q4 18  Q1 19  Q2 19

+0.1%

• Mobile recovery Q2 from growth in four markets
• Sweden improvement related to B2B – no effects from new mobile portfolio yet
• Finland driven by both B2C and B2B
• Norway benefited from improved B2B and growth in wholesale

SERVICE REVENUE SUPPORT FOR THE REST OF 2019

1 EFFECTS FROM NEW MOBILE PORTFOLIO IN SWEDEN

2 B2B WINS AND PRICE OPTIMIZATION IN FINLAND

3 B2B MOMENTUM AND PRICE OPTIMIZATION IN NORWAY
B2B IMPROVING SUPPORTED BY CONVERGENCE

B2B SERVICE REVENUE GROWTH IN KEY MARKETS - Q2

External service revenues, like for like growth

- **+0.4%** (Q1 -2.8%)
- **-1.9%** (Q1 -8.5%)
- **-0.2%** (Q1 -2.2%)

- Improvement in B2B mainly driven by Sweden and Norway
- ICT traction an important part of the explanation

B2B CONVERGENCE STARTING TO YIELD

- Convergence on the back of a strong ICT proposition is starting to yield

CITY VITALITY INSIGHTS

TELIA GLOBAL

- Nebula
- 5G
- Cygate
- Inmics
- Fältcom
- Iot
BALANCED APPROACH TO 5G

**APPROACH**

- Early and curious
- B2B driving demand
- Mass market to come later – we are ready
- Partner network
- Aim to drive development of new services based on 5G technology

**CUSTOMER CASES**

- Several commercial contracts
- Industry differentiation
- Important tool to further digitalize businesses and drive efficiency
- 5G pilots in all markets

**UPCOMING AUCTIONS**

<table>
<thead>
<tr>
<th>Country</th>
<th>Spectrum</th>
<th>Likely timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>3.5 GHz</td>
<td>Q1 2020</td>
</tr>
<tr>
<td>Estonia</td>
<td>700 MHz</td>
<td>2020 or &gt;</td>
</tr>
<tr>
<td>Lithuania</td>
<td>3.5 GHz</td>
<td>Q4 2019 or &gt;</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.3 &amp; 3.5 GHz</td>
<td>Q1 2020</td>
</tr>
</tbody>
</table>

- Key spectrum secured in some markets - while some markets are still late
LESS PRESSURE ON GROUP EBITDA

- EBITDA down from continued pressure on legacy

- Less revenue pressure in Sweden but elevated costs
- ICT-related costs hampered Finland
- Synergies in Norway on track, EBITDA burdened by weak mobile B2C

* 2018 based on the previous organic growth definition (stable FX and M&A excluded)
2019 based on the new definition “like for like growth” (Stable FX and M&A included in current & corresponding period)

** LED=Lithuania, Estonia & Denmark
COSTS GREW H1 BUT FULL YEAR TARGET IS INTACT

OPEX DEVELOPMENT
External expenses ex. properties (IFRS 16), organic & like for like growth

<table>
<thead>
<tr>
<th></th>
<th>H1 18</th>
<th>H2 18</th>
<th>H1 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEX</td>
<td></td>
<td></td>
<td>3%</td>
</tr>
</tbody>
</table>

- Underlying OPEX increase of less than 1 percent in H1 2019

OPEX DEVELOPMENT - 2019 ESTIMATED
External expenses ex. properties (IFRS 16), like for like growth

<table>
<thead>
<tr>
<th></th>
<th>H1 19</th>
<th>H2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEX</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Ongoing initiatives to be visible H2
  - Mainly resource cost related reduction
  - Pace to accelerate throughout H2
  - Full year target of ~3 percent intact
FULL YEAR COST TARGET REITERATED

**OPEX DEVELOPMENT**
External expenses, like for like

- Increase Q2 driven by energy and resource costs
- Sweden and Finland main drivers
- Full year target of ~2 percent reduction is unchanged

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

-2% FULL YEAR

- Q1 19
- Q2 19
- Q3 19
- Q4 19

- GET SYNERGIES
- ROBOTICS AND NEAR SHORING
- NEW OPERATING MODEL
- G&A AND OTHER EFFICIENCIES
- EASIER COMPARISONS (H2)
B2B TURNED POSITIVE AND NEW MOBILE PORTFOLIO

- B2C supported by price adjustments
- B2B uptick from several levers
- Growth in core revenues

**SERVICE REVENUE DEVELOPMENT**
Reported currency, external service revenues

**MOBILE SUBSCRIPTIONS AND ARPU**
Total subscription base in 000's, blended ARPU in local currency

- Subscription base growth driven by M2M and prepaid
- Churn down due to growth in prepaid (reactivations)
GOOD IN MOBILE - ICT BEHIND COST INCREASE

• Mobile subscription revenues up 3 percent
• Fixed telephony affected by network dismantling
• Cost base up from ICT push

= Like for like growth excl. IFRS 16  * External service revenues ** Excluding adjustment items

= ARPU growth y-o-y
**SEQUENTIAL IMPROVEMENT**

**SERVICE REVENUES* & EBITDA**
SEK million, reported currency & like for like growth excl. IFRS 16

- Sequential mobile improvement
- Synergies and less marketing supported EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Service Revenues</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 18</td>
<td>2,221</td>
<td>987</td>
</tr>
<tr>
<td>Q2 19</td>
<td>3,298</td>
<td>1,563</td>
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-0.2%  +1%

**BROADBAND/TV SERVICE REVENUE DEVELOPMENT**
SEK million, like for like, external service revenues

- Slight growth as broadband compensated for lower TV revenues
- Good fixed broadband intake from new partnership

-0.2%  +0.4%

TV revenues  Broadband revenues

= Like for like growth excl. IFRS 16  * External service revenues ** Excluding adjustment items
A STRONGER TELIA NORWAY

CREATING A NEW PLAYER

- Building size and convergence from Tele2 Norway, Phonero and Get/TDC Norway

EBITDA MORE THAN DOUBLED

- M&A, synergy execution and good organic performance behind major step-up in EBITDA generation

SYNERGIES ON TRACK

- Current EBITDA synergy run-rate of NOK 200 million

NOK 800 MILLION
STABLE CASH FLOW DEVELOPMENT

- Stable operational free cash flow development
- Continued strong contribution from working capital – although pace to come down
- Higher CAPEX driven by the consolidation of Get as well as increased fixed network investments in Norway + handset financing of SEK 0.2 billion (impacts NWC)
- Leverage of 2.65x in Q2 (would be around 0.1x lower including full IFRS 16 EBITDA impact)
FULL YEAR CASH FLOW OUTLOOK UNCHANGED

OPERATIONAL FREE CASH FLOW

- H1 19 operational free cash flow equal to H1 18
- After weak H1 19, EBITDA sequential improvement H2 19
- Stronger H2 19 from a combination of other levers
- Full year cash flow composition slightly different versus previously expected

SEK 12-12.5 BILLION UNCHANGED
KEY FIGURES IN REPORTED CURRENCY (SEK BILLION, R12)

SERVICE REVENUES (R12)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>68.1</td>
<td>68.6</td>
<td>69.6</td>
<td>70.6</td>
<td>71.7</td>
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ADJUSTED EBITDA (R12)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
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</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>26.0</td>
<td>26.4</td>
<td>26.6</td>
<td>27.6</td>
<td>28.7</td>
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CASH CAPEX EXCL LICENSES (R12)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash capex</td>
<td>13.5</td>
<td>13.7</td>
<td>13.6</td>
<td>14.0</td>
<td>14.3</td>
</tr>
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OP FREE CASH FLOW (R12)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow</td>
<td>10.4</td>
<td>10.2</td>
<td>10.8</td>
<td>11.0</td>
<td>10.8</td>
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</table>

NET DEBT (PER Q)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>Q1 19</th>
<th>Q2 19</th>
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</thead>
<tbody>
<tr>
<td>Debt</td>
<td>32.4</td>
<td>31.7</td>
<td>55.4</td>
<td>70.0</td>
<td>77.7</td>
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NET DEBT INCREASED IN THE QUARTER

• Leverage Q2 would be around 0.1x lower including full IFRS 16 EBITDA impact
• Second dividend of SEK 1.18/share in Q4 2019
EPS DEVELOPMENT

TOTAL EPS DEVELOPMENT
SEK, continuing and discontinued operations

Q2 18
Operations -0.17
Associates -0.01
Finance net & tax -0.04
Other 0.00
Discontinued operations 0.10
Q2 19 0.38

CONTINUING OPERATIONS
DISCLAIMER & FORWARD-LOOKING STATEMENTS

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