

**TELIA COMPANY
YEAR-END REPORT
JANUARY-DECEMBER 2019**



CASH FLOW GROWTH

Fourth quarter summary

- Net sales like for like regarding exchange rates, acquisitions and disposals, declined 2.3 percent. Net sales in reported currency rose 2.8 percent to SEK 22,838 million (22,209). Service revenues like for like regarding exchange rates, acquisitions and disposals declined 1.7 percent.
- Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, grew by 4 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 14.7 percent. Adjusted EBITDA rose 18.5 percent in reported currency to SEK 7,914 million (6,680). The adjusted EBITDA margin rose to 34.7 percent (30.1).
- Adjusted operating income fell 0.4 percent to SEK 2,980 million (2,993).
- Total net income amounted to SEK 1,370 million (-1,572). Total net income attributable to owners of the parent amounted to SEK 1,312 million (-1,087).
- Free cash flow from continuing and discontinued operations rose to SEK 1,681 million (1,442). Operational free cash flow from continuing operations fell to SEK 977 million (1,417) as higher EBITDA and lower CAPEX were offset by negative working capital. Cash flow from operating activities, from continuing and discontinued operations, decreased to SEK 5,566 million (6,122) mainly impacted by working capital.
- For 2019, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 2.45 per share (2.36).
- Outlook 2020: Operational free cash flow is expected to be between SEK 10.5 and 11.5 billion from the 2019 level (SEK 12.6 billion). Adjusted EBITDA based on group structure at year-end 2019 and at stable currencies, is expected to grow 2-5 percent compared to 2019.

Full year summary

- Net sales like for like regarding exchange rates, acquisitions and disposals, fell 3.5 percent. Net sales rose 2.9 percent in reported currency to SEK 85,965 million (83,559).
- Adjusted operating income declined 4.9 percent to SEK 13,452 million (14,146).
- Total net income increased 132.4 percent to SEK 7,261 million (3,124). Total net income attributable to the owners of the parent increased to SEK 7,093 million (3,213).

Highlights (2019 affected by IFRS 16 Leases, see Note 1)

SEK in millions, except key ratios, per share data and changes	Oct-Dec 2019	Oct-Dec 2018 ⁴	Chg %	Jan-Dec 2019	Jan-Dec 2018 ⁴	Chg %
Net sales	22,838	22,209	2.8	85,965	83,559	2.9
Change (%) like for like ¹	-2.3			-3.5		
of which service revenues (external)	19,007	18,231	4.3	73,455	69,553	5.6
change (%) like for like ¹	-1.7			-1.8		
Adjusted ² EBITDA ¹	7,914	6,680	18.5	31,017	26,540	16.9
Change (%) like for like ¹	14.7			9.5		
Margin (%)	34.7	30.1		36.1	31.8	
Adjusted ² operating income ¹	2,980	2,993	-0.4	13,452	14,146	-4.9
Operating income	2,600	2,386	9.0	12,293	13,238	-7.1
Income after financial items	1,781	1,712	4.1	9,354	11,019	-15.1
Net income from continuing operations	1,366	1,841	-25.8	7,601	9,523	-20.2
Net income from discontinued operations ³	4	-3,413		-341	-6,399	
Total net income	1,370	-1,572		7,261	3,124	132.4
of which attributable to owners of the parent	1,312	-1,087		7,093	3,213	120.8
EPS total (SEK)	0.32	-0.26		1.70	0.75	127.9
EPS from continuing operations (SEK)	0.32	0.42	-23.9	1.77	2.17	-18.4
Free cash flow ¹	1,681	1,442	16.6	12,369	11,902	3.9
of which operational free cash flow ¹	977	1,417	-31.0	12,571	10,816	16.2
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations ¹	4,006	4,510	-11.2	14,113	14,984	-5.8

1) See Note 17 and/or page 51. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 4. 4) Restated for comparability see Note 1.

COMMENTS BY CHRISTIAN LUIGA, ACTING PRESIDENT & CEO

“We have delivered on the financial targets we had set up for ourselves in 2019 as we have taken important steps in executing on our strategy. Operational free cash flow reached SEK 12.6 billion, up 16 percent from 2018, and within the SEK 12-12.5 billion target range if we exclude a positive pension refund of SEK 0.4 billion in the fourth quarter. Adjusted EBITDA grew by 17 percent in reported currency in the fourth quarter and followed the outlined pattern with a gradual improvement throughout the year. Excluding the IFRS16 impact the like-for-like growth was 4 percent. This was mainly driven by increased efficiency in cost of goods sold and further reductions in operational expenses where Sweden stand out by reaching a 6 percent reduction for the fourth quarter and the target of 3 percent for the full year. We are pleased and take pride in that, meanwhile we continue our efforts for a stronger service revenue development. Based on the operational free cash flow the board proposes a dividend of SEK 2.45 per share for 2019, equal to a 3.8 percent increase versus 2018.

In the fourth quarter we closed our acquisition of Bonnier Broadcasting with TV4, C More and MTV and established our new unit, TV and Media. Our ability to handle the new dynamics in the TV market was immediately tested by the competition and we proved that we were able to rise to the challenge. I want to take the opportunity to make it very clear that we will not limit TV4 or MTV to any Swedish or Finnish households and we will secure that we follow the commitments we have given to the European Commission.

One important focus area for me has been our commercial agenda, we are not fully at our potential, but we are gradually improving. As a market leader we have taken a big responsibility to continue price calibration to address our service revenue challenge. Recently this has predominately been seen in the Swedish consumer mobile and broadband service revenues both of which turned to growth in the fourth quarter. Another example is Estonia, that for the year has grown service revenues in all key areas through strong bundled offerings under the Telia1 umbrella which created a strong upsell execution.

Convergence will continue to be a key part in our commercial activities going forward. It is all about increasing our customers experience, customer loyalty and reducing churn, both in B2C and B2B. We have improved and see several examples of great results in this area, like our mobile family offer in Sweden that has been proven to be rewarding to both our customers and us. An increased focus on data analytics is and will be an important support to create even stronger and more relevant converged offers to our existing customers. I have



ensured that this competence is part of all our management teams in all countries. We have continued to invest in new support systems and the migration of customers to these systems has led to a temporary dip in customer support. We have mitigated the risk from the migration that will be finalized in 2020 with all customers moved to the new platform.

In the enterprise segment we clearly benefit from combining our core products with new types of services within ICT and IoT. Revenues from our IoT business have grown by some 20 percent in 2019 to around SEK 1 billion. The demand for products and services are not only helping our customers to become more digitalized but also more sustainable. One recent deal is with Rikshem in Sweden where we are turning 30,000 homes smarter. ICT and digitalization are also key elements in how we, our suppliers and our customers can contribute to a better environment and are aligned with the Daring Goals that we communicated in March 2019. We have further concretized our road to zero waste and zero CO₂ emissions as we aim to be climate neutral within our own operations by 2022. In line with those targets we will keep on developing our offerings and for instance increase the reuse of network equipment and handsets. More on this work will be found in our upcoming Annual and Sustainability Report.

We have continued to invest in our infrastructure in the region, very much driven by customer demands and our acquisition of Get in Norway. We have been acknowledged in several independent studies which creates an important platform for enhancing customer experience and supports our commercial agenda. It was also the year when we went live with 5G, with full scale commercial offerings launched in Finland, investment decisions in Norway and several successful pilots across our footprint. With the integration of Get in Norway we have also made our first converged offerings. Moving into 2020, we are clearly aware of the challenges that the telecom industry is facing. The legacy decline will continue as well as a tough competition in core and new services. We are ready to face these challenges. Meanwhile we continue to improve our customer relevance we will go through technology shifts that will secure best network and bring down cost. Our new operating model that supports scale synergies across our footprint will continue to bring savings together with synergies from recent acquisitions. Our cost ambition remains to reduce operational expenses by around 2 percent coming years. Telia Company is in a delivery mode.

For 2020 we expect the adjusted EBITDA to increase between 2-5 percent. As we highlighted in the third quarter report, we do not see CAPEX to be reduced further. The continued operational improvement is expected to be compensated by an increased customer driven demand, an increased ambition in the mobile network in Finland and the Get footprint in Norway. All this taken into account we expect the operational free cash flow to be in the range of SEK 10.5-11.5 billion.

Finally, I want to express my gratitude to my team and all my co-workers at Telia Company for the hard work everyone put into 2019. I know you are all as excited as me to take on 2020.”

Christian Luiga
Acting President & CEO

Outlook for 2020

Operational free cash flow is expected to be between SEK 10.5 and 11.5 billion from the 2019 level (SEK 12.6 billion). From 2019 we have changed our operational free cash flow definition and include payments of lease liabilities, implying that the new accounting standard for leases, IFRS 16, will not have any material impact on this cash flow measure.

Adjusted EBITDA based on group structure at year-end 2019 and at stable currencies, is expected to grow 2-5 percent compared to 2019.

Credit rating target

The company shall continue to target a solid investment grade long-term credit rating of A- to BBB+.

Dividend policy

Telia Company intends to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes.

The dividend should be split and distributed in two tranches.

New reporting (2019)

Like for like

Previously we have reported the organic growth which excluded the impact from changes in exchange rates as well as acquisitions and disposals. From the first quarter 2019 we introduced a new growth measurement, like for like. This new measure also excludes the changes in the exchange rates but is based on the current group structure, i.e. we include the impact of any acquired companies and exclude the impact of any disposed companies both in the current and in the comparable period. However, the newly established segment TV and Media comprising the, in December, acquired company Bonnier Broadcasting, is not included.

IFRS 16 Leases

From January 1, 2019, we report according to IFRS 16, where all leases are recognized in the balance sheet and all lease expenses are recognized as depreciation and interest expenses. Comparable figures in previous periods have not been restated. The main IFRS 16 impacts are:

Equity: no transition effect as increase of right-of-use assets corresponds to increase of lease liabilities.

Net debt: increase due to increased lease liabilities.

CAPEX: increase as investments in right-of-use assets (new leases) are included.

Cash CAPEX: no effect as lease payments are not classified as investing activities (instead payments of interest and lease liabilities).

EBITDA: positive effect as all lease expenses are recognized as depreciation and interest expenses (outside EBITDA). Previously operating leases were recognized as operating expenses within EBITDA.

Cash flow: no effect on total cash flow, but positive effect on cash flow from operating activities (and free cash flow) as major part of lease payments are treated as repayments of lease liabilities, i.e. as financing activities. No impact on operational free cash flow as our definition has been changed.

For more information on IFRS 16, see Note 1.

REVIEW OF THE GROUP, FOURTH QUARTER 2019

Sales and earnings

Net sales like for like regarding exchange rates, acquisitions and disposals, declined 2.3 percent. Net sales in reported currency rose 2.8 percent to SEK 22,838 million (22,209). Service revenues like for like regarding exchange rates, acquisitions and disposals declined 1.7 percent.

The number of subscriptions rose from 24.0 million at the end of the fourth quarter of 2018 to 24.2 million. During the quarter, the total number of subscriptions rose by 0.6 million, driven by TV and Media.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, grew by 4 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 14.7 percent. Adjusted EBITDA rose 18.5 percent in reported currency to SEK 7,914 million (6,680). The adjusted EBITDA margin rose to 34.7 percent (30.1).

Income from associated companies and joint ventures rose to SEK 312 million (178).

Adjustment items affecting operating income amounted to SEK -380 million (-607). See Note 3.

Adjusted operating income fell 0.4 percent to SEK 2,980 million (2,993).

Financial items totaled SEK -819 million (-674) of which SEK -711 million (-530) related to interest expenses. Net interest expenses were affected by net interest expenses related to leases of SEK -86 million (15).

Income taxes amounted to SEK -416 million (129). The effective tax rate was 23.2 percent (-7.5). The effective tax rate was mainly impacted by deferred tax expenses related to undistributed earnings in Estonia and Latvia while comparative figures were mainly impacted by recognition of previously unrecognized tax losses and revaluation of deferred tax assets/liabilities due to reduced enacted tax rate in Norway.

Total net income amounted to SEK 1,370 million (-1,572) of which SEK 1,366 million (1,841) from continuing operations and SEK 4 million (-3,413) from discontinued operations. Comparative quarter was negatively impacted by the capital loss from the disposal of Ucell partly offset by the contribution from the during 2018 divested Eurasian entities.

Total net income attributable to the owners of the parent amounted to SEK 1,312 million (-1,087).

Total net income attributable to non-controlling interests amounted to SEK 57 million (-485).

Other comprehensive income decreased to SEK -998 million (2,169) due to negative translation differences in continuing operations partly offset by positive impact from remeasurements on pension obligations. Comparative period was positively impacted by reclassified exchange effects from the disposals of Ucell and Kcell.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, decreased to SEK 5,566 million (6,122) mainly impacted by decreased cash flow from working capital. Further, cash flow from operating activities comparative quarter was negatively impacted by payments of leases under IAS 17, while in 2019 repayments of lease liabilities were recognized within financing activities under IFRS 16. These effects also impacted **Free cash flow**, from continuing and discontinued operations, which increased to SEK 1,681 million (1,442) due to lower cash CAPEX.

Operational free cash flow, from continuing operations decreased to SEK 977 million (1,417) as increased EBITDA and decreased CAPEX were offset by a negative impact from change in working capital.

Cash flow from investing activities, from continuing and discontinued operations amounted to SEK -6,855 million (-13,887). 2019 was mainly impacted by the acquisition of Bonnier Broadcasting and decreased cash CAPEX. 2018 was mainly impacted by the acquisition of Get and TDC Norway, partly offset by the disposals of Kcell and Ucell.

Cash flow from financing activities, from continuing and discontinued operations, amounted to SEK -1,719 million (-3,073). 2019 was mainly impacted by increased short-term financing related to the acquisition of Bonnier Broadcasting and repayments of lease liabilities under IFRS 16.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, decreased to SEK 4,004 million (5,888). CAPEX excluding fees for license, spectrum and right-of-use assets, fell to SEK 4,006 million (4,510). Cash CAPEX in continuing operations decreased to SEK 3,862 million (4,454).

Net debt, from continuing and discontinued operations, was SEK 88,052 million at the end of the fourth quarter (75,369 at the end of the third quarter of 2019), mainly impacted by the acquisition of Bonnier Broadcasting and distribution of the second dividend tranche. The net debt/adjusted EBITDA ratio was 2.82x, impacted by 0.2x of the implementation of IFRS 16. Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2019 including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.7x.

REVIEW OF THE GROUP, FULL YEAR 2019

Sales and earnings

Net sales like for like regarding exchange rates, acquisitions and disposals, fell 3.5 percent. Net sales rose 2.9 percent in reported currency to SEK 85,965 million (83,559). Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 1.8 percent.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell by 1 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 9.5 percent. Adjusted EBITDA rose 16.9 percent in reported currency to SEK 31,017 million (26,540). The adjusted EBITDA margin rose to 36.1 percent (31.8).

Income from associated companies and joint ventures increased to SEK 1,138 million (835).

Adjustment items affecting operating income amounted to SEK -1,159 million (-908). See Note 3.

Adjusted operating income declined 4.9 percent to SEK 13,452 million (14,146).

Financial items totaled SEK -2,938 million (-2,219) of which SEK -2,778 million (-2,122) related to net interest expenses. Net interest expenses were affected by net interest expenses related to leases of SEK -341 million (69).

Income taxes amounted to SEK -1,753 million (-1,496). The effective tax rate was 18.7 percent (13.6). The effective tax rate was mainly impacted by deferred tax expenses related to undistributed earnings in Estonia and Latvia, increased share of earnings from associated companies while comparable figures were mainly impacted by revaluation of deferred tax assets/liabilities due to reduced enacted tax rates in Sweden.

Total net income rose to SEK 7,261 million (3,124) of which SEK 7,601 million (9,523) from continuing operations and SEK -341 million (-6,399) from discontinued operations. 2018 was negatively impacted by impairments mainly related to Ucell and capital losses from the disposals of Ucell, Azercell and Geocell, partly offset by the contribution from the during 2018 divested Eurasian entities.

Total net income attributable to the owners of the parent increased to SEK 7,093 million (3,213).

Total net income attributable to non-controlling interests amounted to SEK 167 million (-89).

Other comprehensive income decreased to SEK 1,237 million (6,740) mainly as previous year was impacted by reclassified exchange effects from the disposals of Azercell, Ucell and Kcell, partly offset by negative impact from remeasurements on pension obligations and positive translation differences in continuing operations in 2019.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, increased to SEK 27,594 million (26,696), impacted by positive EBITDA as a result of the Get and TDC Norway acquisition offset by decreased working capital mainly as a result of the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan and no contribution from the divested entities in region Eurasia. Further, cash flow from operating activities previous year was negatively impacted by payments of leases under IAS 17 while in 2019 repayments of lease liabilities were recognized within financing activities under IFRS 16.

Free cash flow, from continuing and discontinued operations, increased to SEK 12,369 million (11,902) positively impacted by cash flow from operating activities offset by increased cash CAPEX mainly related to spectrums in Sweden.

Operational free cash flow, from continuing operations, increased to SEK 12,571 million (10,816) as increased EBITDA and increased pension refunds more than compensated for higher interest paid and higher cash CAPEX.

Cash flow from investing activities, from continuing and discontinued operations amounted to SEK -30,543 million (-14,041). 2019 was mainly impacted by net investments in short-term investments, the acquisition of Bonnier Broadcasting and increased cash CAPEX related to spectrum fees in Sweden. 2018 was mainly impacted by the acquisitions of Get and TDC Norway and Inmics partly offset by the disposals of the holdings in Spotify and Azercell, Geocell, Kcell and Ucell, respectively.

Cash flow from financing activities, from continuing and discontinued operations, amounted to SEK -14,712 million (-12,446). 2019 was mainly impacted by the acquisition of Turkcell's 41.45 percent holding in Fintur, repayment of a short-term bridge financing related to the exit from region Eurasia, repayments of lease liabilities under IFRS 16, and the share buy-back program affecting the full twelve-month period, partly offset by bond issuance and increased short-term financing related to the acquisition of Bonnier Broadcasting.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, decreased to SEK 14,355 million (16,361). CAPEX excluding fees for license, spectrum and right-of-use assets, fell to SEK 14,113 million (14,984). Cash CAPEX in continuing operations was SEK 15,159 million (13,774).

Goodwill and other intangible assets increased to SEK 101,938 million (91,856) mainly due to the acquisition of Bonnier Broadcasting. See Note 15.

Film and program rights, non-current and current, increased to SEK 1,063 million (–) and SEK 1,990 million (110) respectively, mainly due to the acquisition of Bonnier Broadcasting. See Note 15.

Right-of-use assets increased to SEK 15,640 million (–) due to the implementation of IFRS 16, where all leases are being recognized as right-of-use assets.

Long-term interest-bearing receivables decreased to SEK 10,869 million (12,768) mainly due to reduced net investments in investment bonds, partly off-set by increased market value of derivatives.

Short-term interest-bearing receivables increased to SEK 12,300 million (4,529), mainly due to net investments in investment bonds.

Assets classified as held for sale decreased to SEK 875 million (4,799) mainly due to an intra-group dividend resulting in re-allocation of cash from discontinued to continuing operations.

Long-term borrowings and short-term borrowings increased to SEK 99,899 million (86,990), and SEK 19,779 million (9,552), respectively, mainly due to the implementation of IFRS 16 where all leases are recognized as financial liabilities, as well as issue of bonds and utilization of revolving credit facility, foreign exchange rate effects and revaluations, partly offset by repayment of a short-term bridge financing related to the exit from region Eurasia and matured debt.

Provisions for pensions and other long-term provisions increased to SEK 8,407 million (6,715) mainly due to remeasurements on pension obligations and increased provisions for asset retirement obligations.

Significant events in the first quarter

- On January 18, 2019, Telia Company announced that Susanna Campbell had left Telia Company's Board of Directors effective immediately.
- On January 25, 2019, Telia Company announced that Peter Borsos, Senior Vice President, Head of Group Communications and Chair of Division X, should take on a new role in Telia Company's Group Executive Management and become Head of Telia Global as of February 1, 2019. Åsa Jamal, Head of Communications, Telia Sweden, was appointed Head of Group Communications and became a member of the Group Executive Management as of February 1, 2019.
- On February 12, 2019, Telia Company issued a bond of EUR 500 million in a 15-year deal maturing in February 2034 under its existing EUR 12 billion EMTN (Euro Medium Term Note) program. The Re-offer yield was set at 2.153 percent per annum equivalent to Mid-swaps +113 basis points.
- On March 19, 2019, Telia Company paid USD 208.5 million (SEK 1,920 million) to the Dutch Public Prosecution Service (Openbaar Ministerie, OM), which was the last remaining part of the disgorgement amount, pursuant to the global settlements announced on September 21, 2017, that Telia Company reached with the U.S. Department of Justice (DOJ), Securities and Exchange Commission (SEC) and the OM relating to previously disclosed investigations regarding historical transactions in Uzbekistan.
- On March 26, 2019, Telia Company held a Capital Markets Day where the Group Executive Management presented updates on strategic direction, financial priorities and announced new sustainability targets.

Significant events in the second quarter

- On April 2, 2019, Telia Company completed the acquisition of Turkcell's 41.45 percent share in Fintur, at a price of EUR 353 million (SEK 3.7 billion). As a result of the transaction, Telia Company became the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova. See Note 4.
- On April 10, 2019, Telia Company held its Annual General Meeting and announced that the ordinary members of the Board Marie Ehrling, Olli-Pekka Kallasvuo, Nina Linander, Jimmy Maymann, Anna Setzman, Olaf Swantee and Martin Tivéus were re-elected members to the Board. As new member of the board Rickard Gustafson was elected. Marie Ehrling was elected Chair of the Board and Olli-Pekka Kallasvuo was elected Vice-Chair of the Board.
- The Annual General Meeting decided upon a dividend to shareholders of SEK 2.36 per share and that the payment should be distributed in two equal tranches of SEK 1.18 each to be paid in April and October, respectively.

- The Annual General Meeting also approved the reduction of the share capital by way of cancellation of the treasury shares acquired from April 2018 to March 2019 and a corresponding increase of the share capital by way of bonus issue.
- On April 16, 2019, Telia Company announced the continuation of the three-year share buy-back program. The ambition is to buy back shares for a total value of SEK 5 billion between April 16, 2019, and February 28, 2020. This is in line with the share buy-back mandate that was given by the Annual General Meeting on April 10, 2019.
- On May 31, 2019, Telia Company announced that it had cancelled 120,544,406 repurchased treasury shares in accordance with the resolution at the Annual General Meeting on April 10, 2019. In conjunction with the cancellation, a bonus issue was executed. See Note 9.
- On June 5, 2019, Telia Company announced that it had secured access to 2x10 MHz in the 700 MHz band in Norway. The price for the new frequencies was approximately NOK 218 million (SEK 236 million). The frequencies are connected to a roll-out commitment for certain railway sections.

Significant events in the third quarter

- On July 1, 2019, Telia Company acquired all shares in the Swedish mobile operator Fello AB. See Note 15.
- On August 4, 2019, Telia Company announced that Johan Dannelind, President and CEO of Telia Company, had informed the Board of Directors that he will leave his position in the company during 2020.
- On September 11, 2019, Telia Company announced that Christian Luiga had been appointed acting President and CEO and Douglas Lubbe appointed acting CFO.
- On September 12, 2019, the General Assembly Meeting in Turkcell adopted resolutions to distribute dividends for the fiscal year 2018 in line with the proposal from its board of directors. Telia Company's share corresponded to approximately SEK 410 million pre tax.

Significant events in the fourth quarter

- On October 8, 2019, Telia Company announced that Telia Norway had entered a partnership with Ericsson to modernize the network and by that paving the way for future 5G coverage.
- On October 9, 2019, Telia Finland launched the first 5G devices and subscriptions to the Finnish market.
- On October 17, 2019, Telia Company announced that the Board of Directors had decided not to execute on the remaining SEK 5 billion of the three-year share buy-back program ambition.

- On October 24, 2019, Telia Company announced that the Board of Telia Company had appointed Allison Kirkby as President and CEO of Telia Company.
- On October 31, 2019, Telia Company announced that it together with Capman Infra should increase the fiber penetration in Finland.
- On November 12, 2019, Telia Company announced that the EU Commission had approved the acquisition of Bonnier Broadcasting. The transaction closed on December 2, 2019. See Note 15.
- On November 26, 2019, at an extraordinary general meeting, Lars-Johan Jarnheimer was elected Chair of the Board of Telia Company.
- On December 2, 2019, Telia Company announced that Stein-Erik Vellan, Senior Vice President and previously Head of Telia Finland was appointed Head of Telia Norway as Abraham Foss former Head of Telia Norway, since 2015, left the company.

Significant events after the end of the fourth quarter

- There were no significant events after the end of the fourth quarter.

Telia Company share

The Telia Company share is listed on Nasdaq Stockholm and Nasdaq Helsinki. In 2019, the share price in Stockholm closed at year-end at SEK 40.25 (41.98). The highest share price was SEK 44.70 (43.95) and the lowest was SEK 38.97 (36.06). The number of shareholders decreased from 483,356 to 471,959.

Ordinary dividend to shareholders

For 2019, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 2.45 per share (2.36), totaling SEK 10.0 billion (9.8). The dividend should be split and distributed into two tranches of SEK 1.22 per share and SEK 1.23 per share, respectively.

First distribution

The Board of Directors proposes that the final day for trading in shares entitling shareholders to dividend be set for April 2, 2020, and that the first day of trading in shares excluding rights to dividend be set for April 3, 2020. The recommended record date at Euroclear Sweden for the right to receive dividend will be April 6, 2020. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on April 9, 2020.

Second distribution

The Board of Directors proposes that the final day for trading in shares entitling shareholders to dividend be set for October 21, 2020, and that the first day of trading in shares excluding rights to dividend be set for October 22, 2020. The recommended record date at Euroclear Sweden for the right to receive dividend will be October 23, 2020. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on October 28, 2020.

Annual General Meeting 2020

The Annual General Meeting (AGM) will be held on April 2, 2020, at 14.00 CET at Lilla Cirkus, Cirkus in Stockholm. Notice of the meeting will be posted on www.teliacompany.com and advertised in the newspapers at the beginning of March 2020. The record date entitling shareholders to attend the meeting will be March 27, 2020. Shareholders may file notice of intent to attend the AGM from the beginning of March 2020. Telia Company must receive notice of attendance no later than March 27, 2020.

SWEDEN

- Telia launched together with Lundin Mining's subsidiary Zinkgruvan Mining, Sweden's first dedicated mobile network for autonomous production stretching across almost 50 kilometers of transport routes. Telia's solutions will enable the development of IoT solutions, improved localization of staff and machines, remote controlling and much more.
- Telia signed a 12-year agreement with the property owner Rikshem for communication solutions around fixed broadband, telephony and TV. Rikshem that is one of the largest private-owned property owners in Sweden will also connect their around 30,000 apartments to Telia's IoT platform for smart properties. This in order to gain efficiencies as well as a cater for an increased level of sustainability in the property management over time.
- Mobile subscription revenues in the B2C segment displayed a strong sequential improvement in the quarter and grew like for like regarding acquisitions and disposals by 2 percent year-over-year. The growth was facilitated by the new and improved mobile portfolio launched in June which has been very well received by the customers.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	8,908	9,396	-5.2	34,905	36,677	-4.8
<i>Change (%) like for like</i>	-5.2			-4.9		
<i>of which service revenues (external)</i>	7,683	7,851	-2.1	30,274	30,833	-1.8
<i>change (%) like for like</i>	-2.2			-1.9		
Adjusted EBITDA	3,668	3,166	15.9	13,932	13,162	5.9
Margin (%)	41.2	33.7		39.9	35.9	
<i>change (%) like for like</i>	15.9			5.8		
Adjusted operating income	1,994	1,669	19.5	7,600	7,765	-2.1
Operating income	1,957	1,277	53.3	7,346	7,319	0.4
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	856	1,137	-24.7	3,548	4,285	-17.2
Subscriptions, (thousands)						
Mobile	6,132	6,095	0.6	6,132	6,095	0.6
<i>of which machine to machine (postpaid)</i>	1,123	1,020	10.1	1,123	1,020	10.1
Fixed telephony	853	1,102	-22.6	853	1,102	-22.6
Broadband	1,263	1,287	-1.9	1,263	1,287	-1.9
TV	861	865	-0.5	861	865	-0.5
Employees ¹	4,733	5,168	-8.4	4,733	5,168	-8.4

1) 2018 is restated for comparability see Note 1.

Net sales fell 5.2 percent to SEK 8,908 million (9,396) mainly driven by lower sales of equipment and service revenues.

Service revenues like for like regarding acquisitions and disposals, fell 2.2 percent as a 5.5 percent growth in fixed broadband revenues was offset by pressure on fixed telephony revenues as well as fiber installation revenues due to lower SDU installation volumes. Also, mobile revenues fell slightly driven by the B2B segment.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding acquisitions and disposals, increased 9 percent driven by efficiency gains, a pension refund resulting in approximately SEK 100 million lower special employer contribution tax as well as an easy comparison in operational expenses compared to

last year. Like for like regarding acquisitions and disposals, adjusted EBITDA increased 15.9 percent. Adjusted EBITDA in reported currency rose 15.9 percent to SEK 3,668 million (3,166) and the adjusted EBITDA margin rose to 41.2 percent (33.7).

CAPEX excluding right-of-use assets, declined 61.4 percent to SEK 856 million (2,220) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 24.7 percent to SEK 856 million (1,137).

Mobile subscriptions fell by 34,000 in the quarter as a net addition of 23,000 postpaid subscriptions was offset by the net loss of 57,000 prepaid subscriptions. TV subscriptions grew by 2,000 and fixed broadband subscriptions fell by 6,000 in the quarter.

FINLAND

- Telia in Finland was the second entity enrolled into the new operating model and around 250 employees were transferred to the common unit Common Products and Services. The enrolment is an important milestone towards Telia Company's target to become faster, more efficient and stay competitive.
- Due to the ambition to create the best network experience across platforms and increase fiber penetration in Finland, Telia and CapMan Infra signed an agreement to jointly accelerate the roll-out of open fiber. The roll-out will be targeting single dwelling units (SDU's) across Finland and Telia will provide the fiber access network with communications operator services.
- The activity level around 5G was high in the quarter starting with the launch of the 5G roll-out program and a set of 5G devices in October and continued with Telia bringing 5G to the just-opened new Mall of Tripla in Helsinki. Telia's mobile networks at the mall represents the latest 5G technology and is based on small cells that offer both low latency and increased capacity but also lower power consumption.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	4,271	4,080	4.7	15,969	15,512	2.9
Change (%) like for like	0.7			-1.5		
of which service revenues (external)	3,412	3,324	2.6	13,359	12,914	3.4
change (%) like for like	-1.4			-1.0		
Adjusted EBITDA ¹	1,254	1,136	10.4	4,900	4,647	5.4
Margin (%)	29.4	27.9		30.7	30.0	
change (%) like for like	7.7			2.6		
Adjusted operating income	417	459	-9.1	1,657	2,107	-21.4
Operating income	290	436	-33.5	1,489	2,045	-27.2
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	449	726	-38.2	1,493	2,954	-49.5
Subscriptions, (thousands)						
Mobile	3,184	3,278	-2.8	3,184	3,278	-2.8
of which machine to machine (postpaid)	270	268	0.6	270	268	0.6
Fixed telephony	23	38	-39.5	23	38	-39.5
Broadband	473	457	3.5	473	457	3.5
TV	600	553	8.5	600	553	8.5
Employees ¹	2,926	2,980	-1.8	2,926	2,980	-1.8

1) 2018 is restated for comparability, see Note 1

Net sales in reported currency grew 4.7 percent to SEK 4,271 million (4,080) and like for like regarding exchange rates, acquisitions and disposals, net sales increased 0.7 percent driven mainly by increased equipment sales. The effect of exchange rate fluctuations was positive by 3.3 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 1.4 percent driven partly by lower fixed revenues but mainly due to lower mobile revenues that fell 1.8 percent as growth in subscription revenues was more than offset by lower interconnect and other mobile revenues.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisi-

tions and disposals, decreased 3 percent due to pressure on service revenues coupled with increased operating expenses. Like for like regarding acquisitions and disposals, adjusted EBITDA increased 7.7 percent. Adjusted EBITDA in reported currency rose 10.4 percent to SEK 1,254 million (1,136) and the adjusted EBITDA margin rose to 29.4 percent (27.9).

CAPEX excluding right-of-use assets, declined 56.1 percent to SEK 449 million (1,021) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 38.2 percent to SEK 449 million (726).

Mobile subscriptions decreased by 41,000 in the quarter driven by a net loss of 37,000 postpaid subscriptions. TV subscriptions grew by 10,000 and fixed broadband subscriptions increased by 3,000 in the quarter.

NORWAY

- Enterprises and consumers in the municipality of Lillestrøm will be on the front row of 5G in Norway following Telia's 5G network launch in early January 2020. Furthermore, the launch marks the first step on a four-year journey during which Telia will modernize its mobile network and gradually introduce 5G coverage across Norway in partnership with Ericsson.
- Telia ended the year on a commercial high-note when launching "Telia X lines", a family mobile offering that allows for extra SIM cards to be added to the Telia X unlimited subscriptions. The successful launch of Telia X lines in combination with an overall strong Christmas campaign resulted in the best December B2C postpaid net addition since 2015.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	3,706	3,687	0.5	14,666	11,898	23.3
Change (%) like for like	-2.4			-4.3		
of which service revenues (external) ¹	3,120	3,063	1.8	12,884	9,716	32.6
change (%) like for like	-1.8			-1.6		
Adjusted EBITDA	1,505	1,371	9.8	6,394	4,492	42.3
Margin (%)	40.6	37.2		43.6	37.8	
change (%) like for like	5.4			8.8		
Adjusted operating income	150	547	-72.7	2,184	2,343	-6.8
Operating income	57	371	-84.6	1,934	2,139	-9.6
CAPEX excluding fees for licenses, spectrum and right-of-use assets	846	606	39.6	2,883	1,484	94.2
Subscriptions, (thousands)						
Mobile	2,276	2,324	-2.1	2,276	2,324	-2.1
of which machine to machine (postpaid)	85	71	20.0	85	71	20.0
Fixed telephony	49	59	-16.9	49	59	-16.9
Broadband	445	417	6.7	445	417	6.7
TV	480	504	-4.8	480	504	-4.8
Employees	1,874	2,033	-7.8	1,874	2,033	-7.8

1) 2018 is restated for comparability, see Note 1

Net sales in reported currency grew 0.5 percent to SEK 3,706 million (3,687) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 2.4 percent as both equipment sales as well as service revenues declined. The effect of exchange rate fluctuations was negative by 1.3 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 1.8 percent as lower mobile and TV revenues more than offset the positive impact from a strong development of fixed broadband revenues driven mainly by growth in the number of subscriptions.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 1 percent driven by service revenue decline coupled with higher operational expenses

mainly related to resources, energy and credit losses. Like for like regarding acquisitions and disposals, adjusted EBITDA increased 5.4 percent. Adjusted EBITDA in reported currency rose 9.8 percent to SEK 1,505 million (1,371) and the adjusted EBITDA margin rose to 40.6 percent (37.2).

CAPEX excluding right-of-use assets, increased 39.3 percent to SEK 845 million (606) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased 39.6 percent to SEK 846 million (606).

Mobile subscriptions fell by 32,000 in the quarter, driven by a net loss of 31,000 prepaid subscriptions. Fixed broadband subscriptions grew by 8,000 and TV subscriptions fell by 3,000, respectively, in the quarter.

DENMARK

- The Danish mobile market continued to be challenging but Telia successfully turned around the mobile subscription development in the quarter via strong tactical campaigns in the consumer segment and from securing a few larger customer contracts within the enterprise segment.
- Thomas Kjærsgaard, who has served as acting Head of Telia Denmark since September, was in November appointed permanent Head of Telia Denmark.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	1,532	1,634	-6.2	5,675	6,167	-8.0
Change (%) like for like	-9.0			-10.7		
of which service revenues (external)	1,063	1,101	-3.5	4,262	4,377	-2.6
change (%) like for like	-6.4			-5.5		
Adjusted EBITDA	295	237	24.1	1,056	751	40.7
Margin (%)	19.2	14.5		18.6	12.2	
change (%) like for like	20.3			36.6		
Adjusted operating income	58	-7		-4	-116	
Operating income	45	-5		-45	-123	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	118	160	-26.4	401	439	-8.7
Subscriptions, (thousands)						
Mobile	1,435	1,451	-1.1	1,435	1,451	-1.1
of which machine to machine (postpaid)	82	69	19.0	82	69	19.0
Fixed telephony	72	78	-7.7	72	78	-7.7
Broadband	81	104	-22.1	81	104	-22.1
TV	21	24	-12.5	21	24	-12.5
Employees ¹	794	864	-8.1	794	864	-8.1

1) 2018 is restated for comparability, see Note 1.

Net sales in reported currency fell 6.2 percent to SEK 1,532 million (1,634) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 9.0 percent driven evenly by lower sales of equipment and service revenues. The effect of exchange rate fluctuations was positive by 2.8 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 6.4 percent driven by pressure on mobile revenues following loss of subscriptions as well as lower wholesale revenues. Fixed service revenues remained rather unchanged as lower TV and fixed broadband revenues were compensated by growth in business solutions and other kinds of fixed service revenues.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 8 percent as the solid work on reducing the operational expenses was not enough to mitigate for the pressure on service revenues. Like for like regarding acquisitions and disposals, adjusted EBITDA increased 20.3 percent. Adjusted EBITDA in reported currency rose 24.1 percent to SEK 295 million (237) and the adjusted EBITDA margin rose to 19.2 percent (14.5).

CAPEX excluding right-of-use assets, declined 26.4 percent to SEK 118 million (160) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 26.4 percent to SEK 118 million (160).

Mobile subscriptions grew by 7,000, TV subscriptions remained unchanged and fixed broadband subscriptions increased by 1,000 in the quarter.

LITHUANIA

- Telia's OTT service Telia Play was launched as a small-screen beta solution in October, with complete launch in early 2020. Around 15,000 users signed up for the beta version which is the first project launched in collaboration with Telia Company's unit Common Products and Services (CPS). This even before Lithuania's enrolment into the new operating model in January 2020.
- In the B2B segment Telia won a contract with the Police department which resulted in almost 5,000 subscriptions transferred to Telia, and a future potential of another 6,000 subscriptions.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	1,122	996	12.7	4,045	3,849	5.1
Change (%) like for like	9.2			1.9		
of which service revenues (external)	821	731	12.3	3,096	2,983	3.8
change (%) like for like	8.9			0.5		
Adjusted EBITDA	379	324	16.8	1,430	1,350	5.9
Margin (%)	33.8	32.6		35.4	35.1	
change (%) like for like	13.0			2.6		
Adjusted operating income	204	155	32.0	744	697	6.7
Operating income	190	153	24.0	714	684	4.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets	99	113	-12.6	526	575	-8.5
Subscriptions, (thousands)						
Mobile	1,347	1,389	-3.0	1,347	1,389	-3.0
of which machine to machine (postpaid)	175	157	11.8	175	157	11.8
Fixed telephony	261	315	-17.1	261	315	-17.1
Broadband	419	409	2.4	419	409	2.4
TV	244	242	0.8	244	242	0.8
Employees	1,959	2,306	-15.0	1,959	2,306	-15.0

Net sales in reported currency grew 12.7 percent to SEK 1,122 million (996) and like for like regarding exchange rates, acquisitions and disposals, net sales increased 9.2 percent mainly driven by growth in service revenues although also to some extent increased equipment sales. The effect of exchange rate fluctuations was positive by 3.5 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, grew 8.9 percent driven to some extent by growth in mobile revenues but mainly from increased fixed service revenues. The growth in fixed service revenues was primarily related to increased low-margin transit revenues and higher TV revenues that grew due to higher ARPU.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, increased 6 percent as the growth in revenues more than compensated for higher operating expenses that rose mainly due to higher resource and marketing expenses. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 13.0 percent. Adjusted EBITDA in reported currency rose 16.8 percent to SEK 379 million (324) and the adjusted EBITDA margin rose to 33.8 percent (32.6).

CAPEX excluding right-of-use assets, declined 12.6 percent to SEK 99 million (113) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, declined 12.6 percent to SEK 99 million (113).

Mobile subscriptions grew by 8,000 in the quarter, driven by growth in postpaid subscriptions. TV and fixed broadband subscriptions grew both by 4,000 each in the quarter.

ESTONIA

- Telia ended a year with overall excellent operational and financial development in the strongest possible way with a very successful Christmas campaign on TV that resulted in upsell to over 20,000 customers as well as a 45 percent growth in online revenues in December.
- As part of Telia Company's 2030 environmental goals to reduce CO₂ emission as well as waste to zero via among other responsible digitalization, Telia Estonia made a promise to plant a tree for every customer that changes to digital invoicing. Telia Estonia's goal is to send 95 percent of the invoices electronically by 2022.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	907	834	8.8	3,333	3,077	8.3
Change (%) like for like	5.4			5.0		
of which service revenues (external)	669	612	9.4	2,600	2,399	8.4
change (%) like for like	6.0			5.0		
Adjusted EBITDA	280	233	20.2	1,146	1,001	14.5
Margin (%)	30.8	27.9		34.4	32.5	
change (%) like for like	16.4			11.0		
Adjusted operating income	110	93	19.2	502	444	13.0
Operating income	125	91	36.8	512	440	16.1
CAPEX excluding fees for licenses, spectrum and right-of-use assets	158	252	-37.4	549	567	-3.2
Subscriptions, (thousands)						
Mobile	1,068	986	8.3	1,068	986	8.3
of which machine to machine (postpaid)	305	248	23.3	305	248	23.3
Fixed telephony	245	263	-6.8	245	263	-6.8
Broadband	244	242	0.8	244	242	0.8
TV	212	212	0.0	212	212	0.0
Employees	1,796	1,794	0.1	1,796	1,794	0.1

Net sales in reported currency grew 8.8 percent to SEK 907 million (834) and like for like regarding exchange rates, acquisitions and disposals, net sales increased 5.4 percent primarily due to increased service revenues. The effect of exchange rate fluctuations was positive by 3.4 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, increased 6.0 percent. The growth was a result of a 5.8 percent increase in mobile revenues and a 6.4 percent increase in fixed revenues related to most services, although TV and fixed broadband contributed the most.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, increased 9 percent as the growth in service revenues more than compensated for increased

operating expenses mainly related to higher resource and property expenses. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 16.4 percent. Adjusted EBITDA in reported currency rose 20.2 percent to SEK 280 million (233) and the adjusted EBITDA margin rose to 30.8 percent (27.9).

CAPEX excluding right-of-use assets, declined 37.4 percent to SEK 158 million (252) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, declined 37.4 percent to SEK 158 million (252).

Mobile subscriptions grew by 12,000 in the quarter, driven by a net addition of 11,000 subscriptions used for machine-to-machine services. TV subscriptions grew by 1,000 and fixed broadband subscriptions grew by 2,000 in the quarter.

TV AND MEDIA

- On November 12, 2019, the European Commission approved Telia Company's pending acquisition of Bonnier Broadcasting, including TV4, MTV and C More. The acquisition closed on December 2, 2019, and the businesses of Bonnier Broadcasting were consolidated into the newly established segment TV and Media.
- The new segment TV and Media will secure a foundation for Nordic quality content and create new revenue streams for Telia Company. The acquisition is furthermore expected to generate synergies as per 2020 with full run-rate of SEK 600 million in 2022.

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	751	–	–	751	–	–
<i>Change (%) like for like</i>						
<i>of which service revenues (external)</i>	711			711		
Adjusted EBITDA	108	–	–	108	–	–
Margin (%)	14.3			14.3		
Adjusted operating income	42	–	–	42	–	–
Operating income	-44	–	–	-44	–	–
CAPEX excluding fees for licenses, spectrum and right-of-use assets	13	–	–	13	–	–
Subscriptions, (thousands)						
TV	653	–	–	653	–	–
Employees	1,261	–	–	1,261	–	–

The acquisition of Bonnier Broadcasting announced in July 2018 was approved by the EU commission on November 12, 2019. Subsequently the Bonnier broadcasting business was after closing of the transaction on December 2, 2019 consolidated in the newly established segment TV and Media. The segment comprises mainly of former Bonnier Broadcastings businesses of TV4 and C More in Sweden and MTV in Finland. See Note 15.

As the former Bonnier Broadcasting business was consolidated from December 2, the figures reported therefore only represents a partial quarter.

Net sales in reported currency amounted to SEK 751 million.

Adjusted EBITDA in reported currency amounted to SEK 108 million and the adjusted EBITDA margin was 14.3 percent.

CAPEX excluding right-of-use assets amounted to SEK 13 million.

The number of direct subscriptions video-on-demand (SVOD) was 653,000 by the end of the quarter compared to 503,000 the corresponding quarter previous year.

OTHER OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales	2,283	2,218	2.9	8,889	8,743	1.7
Change (%) like for like	-0.2			-1.3		
of which Telia Carrier	1,336	1,356	-1.5	5,388	5,542	-2.8
of which Latvia	673	594	13.1	2,408	2,200	9.5
Adjusted EBITDA	426	213	99.8	2,051	1,138	80.3
of which Telia Carrier	232	144	60.8	888	512	73.3
of which Latvia	214	182	17.8	799	694	15.2
Margin (%)	18.7	9.6		23.1	13.0	
Income from associated companies	315	182	73.5	1,150	835	37.8
of which Turkey	272	106	156.2	990	685	44.6
of which Latvia	44	74	-41.1	164	175	-6.2
Adjusted operating income	4	78	-94.4	726	905	-19.8
Operating income	-20	64	-131.0	387	735	-47.4
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	1,460	1,511	-3.4	4,692	4,671	0.5
Subscriptions, (thousands)						
Mobile Latvia	1,299	1,281	1.4	1,299	1,281	1.4
of which machine to machine (postpaid)	325	313	3.6	325	313	3.6
Employees ¹	5,502	5,294	3.9	5,502	5,294	3.9

1) 2018 is restated for comparability see Note 1.

Net sales in reported currency rose 2.9 percent to SEK 2,283 million (2,218) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 0.2 percent. The effect from exchange rate fluctuations was positive by 2.9 percent.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, increased 5 percent. Adjusted EBITDA, in reported currency increased 99.8 percent to SEK 426 million (213) and the adjusted EBITDA margin rose to 18.7 percent (9.6).

In **Telia Carrier**, net sales in reported currency fell 1.5 percent to SEK 1,336 million (1,356). Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 1 percent. Adjusted EBITDA in reported currency rose 60.8 percent to SEK 232 million (144) and the adjusted EBITDA margin rose to 17.4 percent (10.6).

In **Latvia**, net sales in reported currency increased 13.1 percent to SEK 673 million (594). Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, grew 8 percent. Adjusted EBITDA in reported currency rose 17.8 percent to SEK 214 million (182) and the adjusted EBITDA margin rose to 31.9 percent (31.5).

The number of mobile subscriptions in Latvia rose by 4,000 in the quarter driven by the addition of 10,000 postpaid subscriptions.

Income from associated companies increased to SEK 315 million (182) driven by Turkcell in Turkey.

DISCONTINUED OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Oct-Dec 2019	Oct-Dec 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Net sales (external)	160	1,432	-88.8	603	6,687	-91.0
Adjusted EBITDA	64	510	-87.5	157	2,341	-93.3
Margin (%)	39.8	35.6		26.0	35.0	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	10	282	-96.4	75	823	-90.9

Former segment region Eurasia is classified as held for sale and discontinued operations since December 31, 2015. Consequently, highlights for region Eurasia are presented in a condensed format. For more information on discontinued operations, see Note 4.

Due to the divestments of Azercell in Azerbaijan, Geocell in Georgia, Ucell in Uzbekistan and Kcell in Kazakhstan, respectively, during 2018, the only remaining operation in discontinued operations in 2019 was Moldcell in Moldova.

Net sales percent in reported currency fell to SEK 160 million (1,432).

Adjusted EBITDA fell to SEK 64 million (510). The adjusted EBITDA margin increased to 39.8 percent (35.6).

CAPEX excluding fees for licenses, spectrum and right-of-use assets, fell to SEK 10 million (282).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Oct-Dec 2019	Oct-Dec 2018 ¹	Jan-Dec 2019	Jan-Dec 2018 ¹
Continuing operations					
Net sales	5, 6	22,838	22,209	85,965	83,559
Cost of sales		-14,997	-14,977	-54,082	-52,162
Gross profit		7,841	7,231	31,884	31,398
Selling, administration and R&D expenses		-5,458	-4,698	-20,178	-18,562
Other operating income and expenses, net		-95	-325	-551	-432
Income from associated companies and joint ventures		312	178	1,138	835
Operating income	5	2,600	2,386	12,293	13,238
Financial items, net		-819	-674	-2,938	-2,219
Income after financial items		1,781	1,712	9,354	11,019
Income taxes		-416	129	-1,753	-1,496
Net income from continuing operations		1,366	1,841	7,601	9,523
Discontinued operations					
Net income from discontinued operations	4	4	-3,413	-341	-6,399
Total net income		1,370	-1,572	7,261	3,124
Items that may be reclassified to net income:					
Foreign currency translation differences from continuing operations		-2,429	-1,001	624	-63
Foreign currency translation differences from discontinued operations		37	4,759	146	7,692
Other comprehensive income from associated companies and joint ventures		96	-156	382	-27
Cash flow hedges		-39	21	-93	-312
Cost of hedging		-55	0	54	45
Debt instruments at fair value through OCI		-54	-31	-28	-59
Income taxes relating to items that may be reclassified		-154	-78	361	569
Items that will not be reclassified to net income:					
Equity instruments at fair value through OCI		41	0	47	554
Remeasurements of defined benefit pension plans		1,965	-1,691	-323	-2,089
Income taxes relating to items that will not be reclassified		-405	347	64	432
Associates' remeasurements of defined benefit pension plans		0	0	4	-1
Other comprehensive income		-998	2,169	1,237	6,740
Total comprehensive income		372	598	8,498	9,863
Total net income attributable to:					
Owners of the parent		1,312	-1,087	7,093	3,213
Non-controlling interests		57	-485	167	-89
Total comprehensive income attributable to:					
Owners of the parent		374	857	8,161	9,876
Non-controlling interests		-2	-260	337	-12
Earnings per share (SEK), basic and diluted					
<i>of which continuing operations</i>		0.32	-0.26	1.70	0.75
<i>of which discontinued operations</i>		0.32	0.42	1.77	2.17
Number of shares (thousands)					
Outstanding at period-end	9	4,112,681	4,230,807	4,112,681	4,230,807
Weighted average, basic and diluted		4,123,397	4,242,082	4,172,356	4,292,680
EBITDA from continuing operations					
Adjusted EBITDA from continuing operations	3, 17	7,564	6,298	30,017	25,933
Depreciation, amortization and impairment losses from continuing operations		-5,276	-4,090	-18,863	-13,530
Adjusted operating income from continuing operations	3, 17	2,980	2,993	13,452	14,146

1) Restated, see Note 1.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Dec 31, 2019	Dec 31, 2018 ¹
Assets			
Goodwill and other intangible assets	7, 15	101,938	91,856
Property, plant and equipment	7	78,163	78,220
Film and program rights, non-current		1,063	–
Right-of-use assets	1, 7	15,640	–
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	8	14,567	14,346
Deferred tax assets		1,849	2,670
Long-term interest-bearing receivables	4, 8, 11	10,869	12,768
<i>Total non-current assets</i>		<i>224,088</i>	<i>199,860</i>
Film and program rights, current		1,990	110
Inventories		1,966	1,854
Trade and other receivables and current tax receivables	8	16,738	17,624
Short-term interest-bearing receivables	4, 8, 11	12,300	4,529
Cash and cash equivalents	4, 11	6,116	18,765
Assets classified as held for sale	4, 11	875	4,799
<i>Total current assets</i>		<i>39,984</i>	<i>47,681</i>
Total assets		264,072	247,541
Equity and liabilities			
Equity attributable to owners of the parent		91,047	97,387
Equity attributable to non-controlling interests		1,409	5,050
<i>Total equity</i>		<i>92,455</i>	<i>102,438</i>
Long-term borrowings	8, 11	99,899	86,990
Deferred tax liabilities		11,647	11,382
Provisions for pensions and other long-term provisions		8,407	6,715
Other long-term liabilities		1,377	1,164
<i>Total non-current liabilities</i>		<i>121,330</i>	<i>106,250</i>
Short-term borrowings	8, 11	19,779	9,552
Trade payables and other current liabilities, current tax payables and short-term provisions	4	29,904	28,742
Liabilities directly associated with assets classified as held for sale	4, 11	604	560
<i>Total current liabilities</i>		<i>50,287</i>	<i>38,853</i>
Total equity and liabilities		264,072	247,541

1) Restated, see Note 1.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Oct-Dec 2019	Oct-Dec 2018 ¹	Jan-Dec 2019	Jan-Dec 2018 ¹
Cash flow before change in working capital		6,932	5,434	27,909	24,809
Increase/decrease Film and program right assets and liabilities ²		161	11	152	22
Increase/decrease other operating receivables, liabilities and inventory		-1,154	733	73	1,974
Change in working capital		-993	744	225	1,996
Amortization of Film and program rights ²		-372	-55	-541	-109
Cash flow from operating activities		5,566	6,122	27,594	26,696
<i>of which from continuing operations</i>		5,547	5,988	29,576	25,329
<i>of which from discontinued operations</i>		19	134	-1,983	1,367
Cash CAPEX	17	-3,886	-4,681	-15,224	-14,794
Free cash flow	17	1,681	1,442	12,369	11,902
<i>of which from continuing operations</i>		1,685	1,534	14,415	11,555
<i>of which from discontinued operations</i>		-4	-92	-2,047	347
Cash flow from other investing activities		-2,969	-9,207	-15,319	753
Total cash flow from investing activities		-6,855	-13,887	-30,543	-14,041
<i>of which from continuing operations</i>		-6,832	-14,999	-30,665	-14,412
<i>of which from discontinued operations</i>		-23	1,112	122	371
Cash flow before financing activities		-1,289	-7,765	-2,949	12,655
Cash flow from financing activities		-1,719	-3,073	-14,712	-12,446
<i>of which from continuing operations</i>		-1,713	-2,865	-11,013	-12,286
<i>of which from discontinued operations</i>		-6	-208	-3,699	-160
Cash flow for the period		-3,008	-10,838	-17,661	209
<i>of which from continuing operations</i>		-2,998	-11,877	-12,103	-1,367
<i>of which from discontinued operations</i>		-10	1,039	-5,559	1,577
Cash and cash equivalents, opening balance		9,110	33,120	22,591	20,984
Cash flow for the period		-3,008	-10,838	-17,662	209
Exchange rate differences in cash and cash equivalents		108	310	1,280	1,398
Cash and cash equivalents, closing balance		6,210	22,591	6,210	22,591
<i>of which from continuing operations</i>		6,116	18,765	6,116	18,765
<i>of which from discontinued operations</i>		94	3,827	94	3,827

See Note 17 section Operational free cash flow for further information.

1) Restated, see Note 1.

2) Total cash flow effect from Film and program rights is the total of Increase/decrease Film and program right assets and liabilities and Amortization of Film and program rights.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
Opening balance, January 1, 2018	101,226	5,291	106,517
Change in accounting principles ^{1,6}	-6	-	-6
Change in accounting principles in associated companies ²	282	-	282
Adjusted opening balance, January 1, 2018	101,500	5,291	106,791
Dividends	-9,881	-229	-10,110
Share-based payments	36	-	36
Acquisition of treasury shares ³	-4,147	-	-4,147
<i>Total transactions with owners</i>	<i>-13,992</i>	<i>-229</i>	<i>-14,221</i>
Total comprehensive income ⁶	9,876	-12	9,863
Effect of equity transactions in associated companies	4	-	4
Closing balance, December 31, 2018⁶	97,387	5,050	102,438
Dividends	-9,850	-166	-10,016
Share-based payments	32	-	32
Acquisition and transfer of treasury shares ³	-4,974	-	-4,974
Changes in non-controlling interests ⁴	311	-3,812	-3,502
Cancellation of treasury shares, net effect ⁵	-	-	-
Bonus issue, net effect ⁵	-	-	-
<i>Total transactions with owners</i>	<i>-14,482</i>	<i>-3,978</i>	<i>-18,460</i>
Total comprehensive income	8,161	337	8,498
Effect of equity transactions in associated companies	-20	-	-20
Closing balance, December 31, 2019	91,047	1,409	92,455

1) Transition effect of IFRS 9 SEK -16 million.

2) Transition effect of IFRS 15 and IFRS 9 for Turkcell, which is a publicly listed company and therefore included with one-quarter lag.

3) Acquisition and transfer of treasury shares, see Note 9.

4) Mainly relates to acquisition of Turkcell's 41.45 percent share in Fintur, see Note 4.

5) For information on cancellation of treasury shares and bonus issue of shares, see Note 9.

6) The change in accounting principles of film and program rights has adjusted the opening balance January 1, 2018 of SEK 10 million and the closing balance December 31, 2018 of SEK 33 million, see Note 1.

NOTE 1. BASIS OF PREPARATION

General

Telia Company's consolidated financial statements for the fourth quarter and for the twelve-month period ended December 31, 2019, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2 Accounting for Legal Entities and other statements issued by the Swedish Financial Reporting Board. For the group this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and for the Parent Company in accordance with the Swedish Annual Accounts Act. The accounting policies adopted, and computation methods used are consistent with those followed in the Annual and Sustainability Report 2018, except as described below. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

New accounting principles

New accounting standard - IFRS 16 "Leases"

IFRS 16 "Leases" replaces the previous IAS 17 "Leases" and its associated interpretative guidance. The new standard is effective as of January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the lessee. The new standard removes the classification of leases as operating leases or finance leases, for lessees, as required by IAS 17 and, instead introduces a single accounting model. According to the new model, leases result in the lessee obtaining the right to use an asset during the estimated lease term and, if lease payments are made over time, also obtaining financing. All Telia Company's leases are now recognized as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses, Telia Company recognizes depreciation and interest expenses in the consolidated statement of comprehensive income. Lease payments are affecting cash flow from operating activities (e.g. interest, low value asset leases and short-term leases), and cash flow from financing activities (repayment of the lease liability) in the consolidated cash flow statement. The new standard does not include significant changes to the requirements for accounting by lessors.

Telia Company has applied the new standard using the modified retrospective approach, which means that comparative figures have not been restated. The cumulative effect of applying IFRS 16 has been recognized on January 1, 2019. The lease liabilities attributable to leases which have previously been classified as operating leases under IAS 17 have been measured at the present

value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. Telia Company has recognized a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to the lease, recognized as of December 31, 2018. Hence, the transition to IFRS 16 has had no material effect on group equity.

Telia Company has applied the practical expedients to recognize payments associated with short-term leases and leases of low value assets, as an expense in the consolidated income statement. Telia Company has not applied IFRS 16 to intangible assets. Non-lease components are expensed and not accounted for as part of the right-of-use-asset or the lease liability. Telia Company has at the date of initial application of IFRS 16 reassessed whether a contract is or contains a lease.

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability under IFRS 16 at January 1, 2019, equals the carrying amount of the lease asset and lease liability accounted for under IAS 17 immediately before transition to IFRS 16.

The initial application of IFRS 16 had the following effects on the consolidated statement of financial position at the date of initial application January 1, 2019.

IFRS 16 effects SEK in millions	Jan 1, 2019
Goodwill and other intangible assets	-284
Property, plant and equipment	-1,273
Right-of-use assets	16,547
Deferred tax asset	89
Long-term interest-bearing receivables	-425
Trade and other receivables and current tax receivables	-236
Assets classified as held for sale	148
Increase total assets	14,566
Long-term borrowings	11,810
Deferred tax liability	89
Short-term borrowings	2,529
Trade payables and other current liabilities, current tax payables and short-term provisions	-11
Liabilities directly associated with assets classified as held for sale	148
Increase total liabilities	14,566

In the table above, deferred tax assets and tax liabilities attributable to the right-of-use asset and lease liability, have been offset where there is a legal enforceable right to set off the deferred taxes. Telia Company has identified lease contracts relating to e.g. network equipment (e.g. copper, dark fiber, IRU and ducts), technical and non-technical space, technical and non-technical equipment, stores, land and cars.

In determining the balances above, the main judgements made are related to determining the lease terms and whether a contract is or contains a lease. Regarding lease terms, a majority of the lease contracts in the group includes options for Telia Company either to extend or to terminate the contract. When determining the lease term, Telia Company considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Example of factors that are considered are; strategic plans, assessment of future technology changes, the importance of the underlying asset to Telia Company's operations and/or costs associated with not extending or not terminating the lease. Telia Company has reassessed whether a contract is or contains a lease at the date of initial application of IFRS 16. Telia Company has concluded that some agreements that were assessed to be a service contract under IAS 17, meet the definition of a lease and are in scope of IFRS 16. The difference between Telia Company's future minimum leasing fees under operating lease agreements in accordance with IAS 17 and the lease liability which was recognized as of January 1, 2019, in accordance with IFRS 16 was mainly related to finance leases, estimated lease term extension periods and reassessments of whether a contract is or contains a lease.

For accounting principles regarding IFRS 16, see Telia Company's Annual and Sustainability Report 2018.

The estimated quarterly impact of IFRS 16, presented below, is based on 2018 operating expenses within EBITDA related to contracts meeting the IFRS 16 definition of leases. The impact is not audited and is based on a high-level assessment.

SEK in billions	Estimated quarterly IFRS 16 impact on adjusted EBITDA like for like
Sweden	0.21
Finland	0.12
Norway	0.10
Denmark	0.07
Lithuania	0.02
Estonia	0.02
Other operations	0.17
Total, continuing operations	0.71

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark reform

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments are effective from January 1, 2020 and have been early adopted by Telia Company in 2019. The amendments were endorsed by EU on January 15,

2020. The amendment did not have any impact on the financial statements.

Advertising revenues

The acquisition of Bonnier Broadcasting leads to increased advertising revenue for Telia Company. The performance obligation for advertising is satisfied when the advertisement is actually shown, published or displayed and the revenue is recognized at that time. The revenues are reduced for rebates.

Changes in accounting principles for film and program rights

Following the acquisition of Bonnier Broadcasting, Telia Company has changed the accounting principles for licensed film and program rights in order to align with the IFRS principles applied within the Media industry and thereby provide reliable and more relevant information. Under previous accounting principles the Finnish Liiga program right asset and related liability for all seasons were recognized in the statement of financial position when the license period began. Film and program right assets were presented as part of "Other intangible assets" in the statement of financial position. The amortization was classified as part of "Amortization, depreciation and impairment" i.e. outside EBITDA and the cash flow was presented as cash CAPEX within investing activities.

In accordance with the new accounting principles, film and program right assets and related liabilities are recognized in the statement of financial position when the license period begins, the cost can be measured reliably, the content has been accepted by the group in accordance with the license agreement and the film or program is available for its first showing/broadcasting. The assets are presented in separate line items for non-current and current film and program rights in the statement of financial position. Film and program rights are recognized at cost less accumulated amortization and any impairments. Future payment commitments for contractual film and program rights not recognized in the statement of financial position are disclosed as contractual commitments, see Note 14.

Film and program rights are amortized over the useful life which is based on the license period or number of showings. Amortization of film and program rights is now classified as operating expenses within EBITDA and cash flows are classified within operating activities.

The retrospective change in film and program right accounting principles resulted in restatement of the accounting for the Finnish Liiga program rights in 2018 and 2019. The effects for 2018 are presented in the restatement tables below.

Adjustment of handset swap offering in Norway (“Svitsj”)

The accounting for the Norwegian handset lease contracts, which include a right for the Telia Company customer to swap to a new handset by returning the current handset and entering into a new lease contract, has been adjusted in order to account for all contracts as operating leases. Previously some of the contracts were accounted for as finance leases. The adjustment is

made retrospectively and is only affecting 2019. The re-statement impact on net income and equity for the nine months period January-September 2019 was SEK -12 million. The EBITDA effect for the same period was SEK 16 million.

Restatement effects on Condensed consolidated statements of comprehensive income

SEK in millions	Oct-Dec 2018			Jan-Dec 2018		
	Reported	Restate- ments Liiga	Restated	Reported	Restate- ments Liiga	Restated
Continuing operations						
Net sales	22,209	–	22,209	83,559	–	83,559
Cost of sales	-14,977	–	-14,977	-52,162	–	-52,162
Gross profit	7,231	–	7,231	31,398	–	31,398
Other operating income and expenses	-4,845	–	-4,845	-18,160	–	-18,160
Operating income	2,386	–	2,386	13,238	–	13,238
Finance costs and other financial items, net	-682	8	-674	-2,252	33	-2,219
Income after financial items	1,704	8	1,712	10,986	33	11,019
Income taxes	129	–	129	-1,496	–	-1,496
Net income from continuing operations	1,833	8	1,841	9,489	33	9,523
Net income from discontinued operations	-3,413	–	-3,413	-6,399	–	-6,399
Total net income	-1,580	8	-1,572	3,090	33	3,124
Total net income attributable to:						
Owners of the parent	-1,095	8	-1,087	3,179	33	3,213
Non-controlling interests	-485	–	-485	-89	–	-89
Total comprehensive income attributable to:						
Owners of the parent	849	8	857	9,842	33	9,876
Non-controlling interests	-260	–	-260	-13	–	-13
Earnings per share (SEK), basic and diluted	-0.26	0	-0.26	0,74	0.01	0.75
<i>of which from continuing operations</i>	<i>0.42</i>	<i>0</i>	<i>0.42</i>	<i>2.17</i>	<i>0.01</i>	<i>2.17</i>
EBITDA from continuing operations	6,353	-55	6,298	26,042	-109	25,933
Adjusted EBITDA from continuing operations	6,735	-55	6,680	26,649	-109	26,540
Depreciation, amortization and impairment losses from continuing operations	-4,145	55	-4,090	-13,638	109	-13,530
Adjusted operating income from continuing operations	2,993	–	2,993	14,146	–	14,146

Restatement effects on the Condensed consolidated statements of financial position

SEK in millions	Reported Dec 31, 2017	Restate- ments Liiga	Restated Jan 1, 2018	Reported Dec 31, 2018	Restate- ments Liiga	Restated Dec 31, 2018
Assets						
Goodwill and other intangible assets	76,652	-1,217	75,434	93,018	-1,161	91,856
Other non-current assets	99,351	–	99,351	108,004	–	108,004
<i>Total non-current assets</i>	<i>176,003</i>	<i>-1,217</i>	<i>174,785</i>	<i>201,021</i>	<i>-1,161</i>	<i>199,860</i>
Film and program rights, current	–	–	–	–	110	110
Other current assets	69,365	–	69,365	47,570	–	47,570
<i>Total current assets</i>	<i>69,365</i>	<i>–</i>	<i>69,365</i>	<i>47,570</i>	<i>110</i>	<i>47,681</i>
Total assets	245,367	-1,217	244,150	248,592	-1,051	247,541
Equity and liabilities						
Total equity	106,517	10	106,528	102,394	43	102,438
Other long-term liabilities	1,950	-1,143	807	2,169	-1,004	1,164
Other non-current liabilities	104,996	–	104,996	105,086	–	105,086
<i>Total non-current liabilities</i>	<i>106,946</i>	<i>-1,143</i>	<i>105,803</i>	<i>107,254</i>	<i>-1,004</i>	<i>106,250</i>
Trade payables and other current liabilities, current tax payables and short-term provisions	19,673	-84	19,589	28,832	-90	28,742
Other current liabilities	12,230	–	12,230	10,111	–	10,111
<i>Total current liabilities</i>	<i>31,904</i>	<i>-84</i>	<i>31,819</i>	<i>38,943</i>	<i>-90</i>	<i>38,853</i>
Total equity and liabilities	245,367	-1,217	244,150	248,592	-1,050	247,541

Restatement effects on condensed Consolidated statements of cash flows

SEK in millions	Oct-Dec 2018			Jan-Dec 2018		
	Reported	Restate- ments Liiga	Restated	Reported	Restate- ments Liiga	Restated
Cash flow before change in working capital	5,434	–	5,434	24,809	–	24,809
Increase/decrease Film and program right assets and liabilities	–	11	11	–	22	22
Increase/decrease other operating receivables, liabilities and inventory	689	44	733	1,888	86	1,974
Change in working capital	689	55	744	1,888	109	1,996
Amortization of Film and program rights	–	-55	-55	–	-109	-109
Cash flow from operating activities	6,122	–	6,122	26,696	–	26,696
Cash CAPEX	-4,681	–	-4,681	-14,794	–	-14,794
Cash flow from other investing activities	-13,887	–	-13,887	-14,041	–	-14,041
Cash flow from financing activities	-3,073	–	-3,073	-12,446	–	-12,446
Cash flow for the period	-10,838	–	-10,838	209	–	209

Restatements of financial and operational data between segments

As a result of the implementation of the new operating model, employees and assets and liabilities have been transferred from Sweden to Common Products and Services within Other Operations. Therefore, segment assets and liabilities as of December 31, 2018, have been restated for comparability as follows:

- Segment assets and liabilities within Sweden have been restated by SEK -4,093 million and SEK -554 million, respectively.
- Segment assets and liabilities within Other operations have been restated by SEK 4,154 million and SEK 611 million, respectively.
- Unallocated segment assets and liabilities have been restated by SEK -61 million and SEK -58 million, respectively.

Further, CAPEX and employees have been transferred from Sweden to Common Products and Services within Other Operations and the segments have therefore been restated as follows:

- In Sweden, CAPEX excluding fees for license and spectrum for the fourth quarter of 2018 is restated by SEK -395 million and for the full year 2018 by SEK -1,225 million, employees at the end of the fourth quarter of 2018 is restated by -909.
- In Other operations, CAPEX excluding fees for license and spectrum, for the fourth quarter of 2018 is restated by SEK 395 million and for the full year 2018 by SEK 1,225 million, employees at the end of fourth quarter of 2018 is restated by 909.

Furthermore, employees have been transferred from Sweden to Division X within Other operations. 2018 figures have therefore been restated for comparability as follows: Employees at the end of the fourth quarter -3 in Sweden and +3 in Division X.

As of October 2019, Finland is part of the new operating model, and the financials have therefore been restated for comparability as follows:

- As of December 31, 2018, Segment assets and liabilities within Finland have been restated by SEK -1,303 million and SEK -54 million, respectively.
- Segment assets and liabilities within Other Operations have been restated by SEK 1,303 million and SEK 54 million, respectively.

Further, CAPEX and employees have been transferred from Finland to Common Products and Services within Other Operations and the segments have therefore been restated as follows:

- In Finland, CAPEX excluding fees for license and spectrum for the fourth quarter of 2018 is restated by SEK -100 million and for the full year 2018 by SEK -351 million, employees at the end of the fourth quarter of 2018 are restated by -258.

- In Other operations, CAPEX excluding fees for license and spectrum, for the fourth quarter of 2018 is restated by SEK 100 million and for the full year 2018 by SEK 351 million, employees at the end of the fourth quarter of 2018 are restated by 258.

Number of employees in Sweden and Denmark has been restated for comparability in the fourth quarter of 2018 to reflect a common sourcing function with the following effects: Sweden -20, Denmark -13 and Head Office within Other operations +33.

For Norway, the disaggregation of revenues has been restated for comparability for the fourth quarter of 2018 (all amounts in SEK million). The effects were as follows: Service revenues increased by 1 while Equipment revenues decreased by 1. The split within Service revenues were as follows: Mobile subscription revenues -1, Other mobile service revenues +6, Telephony -17, Broadband -108, TV +2, Business solutions +110, Other fixed service revenues +28, Other service revenues -19.

For Finland, the disaggregation of revenues has been restated for comparability for the fourth quarter and full year 2018 (all amounts in SEK million). The effects were as follows: Other service revenues decreased by 8 in the fourth quarter and 11 for the full year, while TV revenues and Advertising revenues increased by 6 and 3, respectively, for the fourth quarter, and 7 and 3, respectively, for the full year.

Assets held for sale and discontinued operations

Former segment region Eurasia is classified as held for sale and discontinued operations since December 31, 2015. For information on assets held for sale and discontinued operations, see Note 4.

Segments

Following the acquisition of Bonnier Broadcasting, Telia Company has established a new segment, TV and Media, where the Bonnier Broadcasting business is included.

Former segment region Eurasia is classified as held for sale and discontinued operations since December 31, 2015 and is therefore not included in the segment information in Note 5.

NOTE 2. REFERENCES

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see pages 6-9.
- Significant events in the first, second, third and fourth quarter, see pages 10-11.
- Significant events after the end of the fourth quarter, see page 11.
- Risks and uncertainties, see page 49.

NOTE 3. ADJUSTMENT ITEMS

Adjustment items within operating income, continuing operations

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Within EBITDA	-350	-382	-1,000	-607
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:				
Sweden	-37	-159	-255	-181
Finland	-127	-23	-168	-63
Norway	-70	-177	-227	-205
Denmark	-14	-10	-41	-41
Lithuania	-6	-2	-22	-19
Estonia	-1	-2	-5	-6
TV and Media	-86	–	-86	–
Other operations	-24	-30	-211	-148
Capital gains/losses	15	21	15	56
Within Depreciation, amortization and impairment losses¹	-23	-233	-151	-266
Within Income from associated companies and joint ventures	-8	8	-8	-35
Total adjustment items within operating income, continuing operations	-380	-607	-1,159	-908

1) Full year 2019 includes a write-down of SEK -129 million of capitalized development expenses within Other operations following a management decision regarding a cancellation of a development project for a new IT system.

Adjustment items within EBITDA, discontinued operations (region Eurasia)

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Within EBITDA	-11	-3,417	-161	-7,141
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	-10	-178	-157	-379
Impairment loss on remeasurement to fair value less costs to sell	-1	–	-4	-217
Capital gains/losses ¹	–	-3,239	–	-6,545
Total adjustment items within EBITDA, discontinued operations	-11	-3,417	-161	-7,141

1) Capital gains/losses in the fourth quarter of 2018 relate to the disposals of Kcell and Ucell. Full year 2018 is also impacted by the capital losses from the disposals of Azercell and Geocell, see Note 4.

NOTE 4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Classification

Eurasia

Former segment region Eurasia (including holding companies) is classified as held for sale and discontinued operations since December 31, 2015. The holding companies will be disposed or liquidated in connection with the transactions. Ncell in Nepal was disposed in 2016 and Tcell in Tajikistan was disposed in 2017. Azercell in Azerbaijan and Geocell in Georgia were disposed in March 2018. The associated company Rodnik in Kazakhstan was disposed in November 2018. Ucell in Uzbekistan and Kcell in Kazakhstan were disposed in December 2018. Telia Company is still committed to the plan to dispose the remaining part of region Eurasia and the delay in the sales process is primarily caused by events and circumstances beyond Telia Company's control. Telia Company has taken actions necessary to respond to the changes in circumstances. Moldcell in Moldova is available for immediate sale and is being actively marketed at a reasonable price given the changes in circumstances. The sales process is in the final stage, bids have been received and term negotiations are at various stages with different parties. Disposal of Moldcell in Moldova is therefore deemed highly probable within 2020.

Measurement

The estimated cash and debt free value for Moldcell per December 31, 2019, amounts to SEK 0.4 billion (0.5 at the end of the third quarter of 2019). Management's best estimate of the fair value is based on bids received and other input from the sales process. Moldcell was impaired by SEK 100 million in the first quarter of 2019 due to increased carrying value, by SEK 60 million in the second quarter of 2019 due to increased carrying value and price adjustments and by SEK 60 million in the third quarter of 2019 due to increased carrying value. In the fourth quarter Moldcell was impaired by additional SEK 70 million due to increased carrying value and price adjustments. Moldcell was impaired by SEK 85 million in 2018.

Acquisition of non-controlling interest in Fintur

On April 2, 2019, Telia Company acquired Turkcell's 41.45 percent minority share in Fintur at a price of EUR 353 million (SEK 3,684 million) based on their proportional share of the cash in Fintur. As a result of the transaction, Telia Company is the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova from April 2, 2019.

All effects related to the acquisition are recognized directly in equity, including Telia Company's 24 percent share of Turkcell's reported effects from the transaction, as the total transaction is treated as a transaction with owners in their capacity as owners. The transaction resulted in a net increase of equity attributable to parent shareholders (retained earnings) of SEK 295 million and a decrease of equity attributable to non-controlling interests of SEK 3,815 million in the second quarter of 2019. The cash flow effect from the transaction (price paid) of SEK -3,684 million is recognized within financing activities.

Provision for settlement amount agreed with the US and Dutch authorities

The US and Dutch authorities have investigated historical transactions related to Telia Company's entry into Uzbekistan in 2007. On September 21, 2017, Telia Company reached a global settlement with the US and Dutch authorities regarding the Uzbekistan investigations. As part of the settlement, Telia Company agreed to pay fines and disgorgements in an aggregate amount of USD 965 million, whereof USD 757 million (SEK 6,129 million) were paid during the third quarter of 2017.

On March 19, 2019, Telia Company paid the last remaining part of the disgorgement amount, USD 208.5 million (SEK 1,920 million), to the Dutch Public Prosecution Service (Openbaar Ministerie, OM). The Swedish prosecutor has informed that the appeal against the February, 15, 2019, ruling by the Stockholm city court has been withdrawn, with respect to the disgorgement claim against Telia Company AB. Thereby, Telia Company has completed all financial obligations under the global settlement agreements and no further disgorgement claim will be made against Telia Company by the Swedish prosecutor or by any other authority related to this matter. There was no material effect on net income in 2019.

For more information, see the Annual and Sustainability Report 2018.

Net income from discontinued operations (region Eurasia)

SEK in millions, except per share data	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	160	1,432	603	6,687
Expenses and other operating income, net	-107	-1,101	-604	-4,720
Operating income	53	330	-1	1,967
Financial items, net	26	-164	1	-139
Income after financial items	79	167	0	1,828
Income taxes	-6	-70	-50	-307
Net income before remeasurement and gain/loss on disposal	74	97	-51	1,522
Impairment loss on remeasurement to fair value less costs to sell ¹	-70	–	-290	-1,105
Loss on disposal of Azercell in Azerbaijan (including cumulative Azercell exchange loss in equity reclassified to net income of SEK -2,944 million) ²	–	–	–	-3,065
<i>of which loss attributable to parent shareholders</i>	–	–	–	-3,024
<i>of which loss attributable to non-controlling interests</i>	–	–	–	-41
Loss on disposal of Geocell in Georgia (including cumulative Geocell exchange loss in equity reclassified to net income of SEK -101 million) ²	–	–	–	-241
<i>of which loss attributable to parent shareholders</i>	–	–	–	-190
<i>of which loss attributable to non-controlling interests</i>	–	–	–	-52
Loss on disposal of associated company Rodnik (including cumulative Rodnik exchange loss in equity reclassified to net income of SEK -259 million) ²	–	-271	–	-271
Gain on disposal of Kcell in Kazakhstan (including cumulative Kcell exchange loss in equity reclassified to net income of SEK -668 million) ²	–	210	–	210
<i>of which gain attributable to parent shareholders</i>	–	509	–	509
<i>of which loss attributable to non-controlling interests</i>	–	-299	–	-299
Loss on disposal of Ucell in Uzbekistan (including cumulative Ucell exchange loss in equity reclassified to net income of SEK -3,934 million) ²	–	-3,449	–	-3,449
<i>of which loss attributable to parent shareholders</i>	–	-3,198	–	-3,198
<i>of which loss attributable to non-controlling interests</i>	–	-251	–	-251
Net income from discontinued operations	4	-3,413	-341	-6,399
EPS from discontinued operations (SEK)	0.00	-0.67	-0.07	-1.42
Adjusted EBITDA	64	510	157	2,341

1) Non-tax deductible. 2) Non-taxable gain/loss.

Assets classified as held for sale

SEK in millions	Eurasia Dec 31, 2019	Eurasia Dec 31, 2018
Goodwill and other intangible assets	129	216
Property, plant and equipment	327	402
Right-of-use assets	95	–
Other non-current assets ¹	29	79
Short-term interest-bearing receivables	0	0
Other current assets	200	274
Cash and cash equivalents ¹	94	3,827
Assets classified as held for sale	875	4,799
Long-term borrowings	81	–
Long-term provisions	10	8
Other long-term liabilities	131	193
Short-term borrowings	43	–
Other current liabilities	338	359
Liabilities associated with assets classified as held for sale	604	560
Net assets classified as held for sale²	271	4,239

1) December 31, 2018, included the sales prices for Turkcell's non-controlling interests in Azercell, Geocell and Kcell, whereof SEK 2.6 billion included in cash and cash equivalents. After the acquisition of Turkcell's non-controlling interest in Fintur during the second quarter of 2019, the balances do not include any amounts related to Turkcell. The sales prices for Telia Company's shares in Azercell, Geocell, Kcell and Ucell are included in continuing operations. 2) Represents 100 percent of external assets and liabilities, i.e. non-controlling interests' share of net assets are included.

NOTE 5. SEGMENT INFORMATION

Following the acquisition of Bonnier Broadcasting, Telia Company has established a new segment, TV and Media, where the Bonnier Broadcasting business is included.

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales				
Sweden	8,908	9,396	34,905	36,677
<i>of which external</i>	8,868	9,281	34,762	36,346
Finland	4,271	4,080	15,969	15,512
<i>of which external</i>	4,202	4,040	15,763	15,341
Norway	3,706	3,687	14,666	11,898
<i>of which external</i>	3,702	3,686	14,650	11,881
Denmark	1,532	1,634	5,675	6,167
<i>of which external</i>	1,508	1,605	5,585	6,075
Lithuania	1,122	996	4,045	3,849
<i>of which external</i>	1,112	980	3,981	3,788
Estonia	907	834	3,333	3,077
<i>of which external</i>	883	810	3,235	2,982
TV and Media	751	–	751	–
<i>of which external</i>	711	–	711	–
Other operations	2,283	2,218	8,889	8,743
Total segments	23,481	22,844	88,233	85,923
Eliminations	-642	-636	-2,268	-2,364
Group	22,838	22,209	85,965	83,559
Adjusted EBITDA				
Sweden	3,668	3,166	13,932	13,162
Finland ¹	1,254	1,136	4,900	4,647
Norway	1,505	1,371	6,394	4,492
Denmark	295	237	1,056	751
Lithuania	379	324	1,430	1,350
Estonia	280	233	1,146	1,001
TV and Media	108	–	108	–
Other operations	426	213	2,051	1,138
Total segments¹	7,914	6,681	31,017	26,540
Eliminations	-0	-0	-0	-0
Group	7,914	6,680	31,017	26,540
Operating income				
Sweden	1,957	1,277	7,346	7,319
Finland	290	436	1,489	2,045
Norway	57	371	1,934	2,139
Denmark	45	-5	-45	-123
Lithuania	190	153	714	684
Estonia	125	91	512	440
TV and Media	-44	–	-44	–
Other operations	-20	64	387	735
Total segments	2,600	2,386	12,293	13,238
Eliminations	-0	-0	-0	-0
Group	2,600	2,386	12,293	13,238
Financial items, net ¹	-819	-674	-2,938	-2,219
Income after financial items¹	1,781	1,712	9,354	11,019

1) 2018 restated, see Note 1.

SEK in millions	Dec 31, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2018
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Sweden ¹	48,692	12,403	45,214	13,204
Finland ¹	54,310	4,808	51,303	4,601
Norway	59,551	4,867	57,434	4,324
Denmark	8,977	1,769	8,372	1,707
Lithuania	7,713	1,120	7,325	810
Estonia	6,059	878	5,540	778
TV and Media	13,677	2,716	–	–
Other operations ¹	36,423	8,847	32,444	10,516
Total segments¹	235,401	37,407	207,632	35,940
Unallocated ¹	27,797	133,606	35,110	108,603
Assets and liabilities held for sale	875	604	4,799	560
Total assets/liabilities, group	264,073	171,616	247,541	145,102

1) 2018 restated, see Note 1.

NOTE 6. NET SALES

Oct-Dec 2019										
SEK in millions	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenues	3,287	1,679	1,750	702	287	245	–	325	–	8,275
Interconnect	169	102	117	53	41	18	–	15	–	516
Other mobile service revenues	128	185	246	91	10	4	–	22	–	686
Total mobile service revenues	3,584	1,967	2,114	846	339	267	–	361	–	9,476
Telephony	537	20	42	47	63	30	–	0	–	738
Broadband	1,176	186	338	56	143	147	1	0	–	2,047
TV	463	176	462	35	88	68	229	–	–	1,521
Business solutions	737	650	111	51	57	61	–	20	–	1,687
Other fixed service revenues	1,052	406	26	13	132	89	–	1,080	–	2,798
Total fixed service revenues	3,965	1,437	980	202	482	396	230	1,100	–	8,791
Advertising revenues	–	1	–	–	–	–	473	–	–	473
Other service revenues	135	7	26	15	–	7	8	67	–	266
Total service revenues¹	7,683	3,412	3,120	1,063	821	669	711	1,527	–	19,007
Total equipment revenues¹	1,185	789	582	445	291	214	–	326	–	3,832
Total external net sales	8,868	4,202	3,702	1,508	1,112	883	711	1,854	–	22,839
Internal net sales	39	70	5	24	11	24	40	429	-642	–
Total net sales	8,908	4,271	3,706	1,532	1,122	907	751	2,283	-642	22,838

Oct-Dec 2018

SEK in millions	Sweden	Finland ²	Norway ²	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total ²
Mobile subscription revenues	3,290	1,606	1,797	726	263	222	–	306	–	8,210
Interconnect	157	121	131	59	35	18	–	18	–	540
Other mobile service revenues	155	198	258	112	16	4	–	11	–	754
Total mobile service revenues	3,603	1,926	2,186	896	315	244	–	335	–	9,504
Telephony	602	52	47	43	74	32	–	–	–	850
Broadband	1,115	179	260	61	141	136	–	–	–	1,891
TV	464	164	418	39	69	58	–	–	–	1,211
Business solutions	733	577	112	46	53	54	–	17	–	1,591
Other fixed service revenues	1,214	432	28	9	80	80	–	1,102	–	2,945
Total fixed service revenues	4,127	1,403	865	198	416	360	–	1,119	–	8,489
Advertising revenues	–	3	–	–	–	–	–	–	–	3
Other service revenues	122	-8	13	8	–	7	–	94	–	235
Total service revenues¹	7,851	3,324	3,063	1,101	731	612	–	1,548	–	18,231
Total equipment revenues¹	1,430	716	622	504	249	198	–	260	–	3,978
Total external net sales	9,281	4,040	3,686	1,605	980	810	–	1,807	–	22,209
Internal net sales	116	39	1	29	16	24	–	411	-636	–
Total net sales	9,396	4,080	3,687	1,634	996	834	–	2,218	-636	22,209

Jan-Dec 2019

SEK in millions	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenues	13,008	6,647	7,222	2,887	1,110	947	–	1,294	–	33,117
Interconnect	646	403	485	201	157	72	–	126	–	2,090
Other mobile service revenues	601	771	1,007	322	42	18	–	51	–	2,813
Total mobile service revenues	14,256	7,821	8,715	3,410	1,309	1,038	–	1,471	–	38,020
Telephony	2,286	138	187	184	268	124	–	0	–	3,188
Broadband	4,585	735	1,359	239	569	575	1	0	–	8,063
TV	1,843	645	1,922	143	326	258	229	–	–	5,366
Business solutions	2,808	2,551	495	190	216	236	–	73	–	6,568
Other fixed service revenues	4,032	1,438	132	62	407	341	–	4,400	–	10,813
Total fixed service revenues	15,554	5,507	4,095	818	1,786	1,534	230	4,474	–	33,999
Advertising revenues	–	4	–	–	–	–	473	–	–	477
Other service revenues	464	26	74	34	–	28	8	324	–	959
Total service revenues¹	30,274	13,359	12,884	4,262	3,096	2,600	711	6,270	–	73,455
Total equipment revenues¹	4,488	2,404	1,766	1,322	886	635	–	1,008	–	12,510
Total external net sales	34,762	15,763	14,650	5,585	3,981	3,235	711	7,278	–	85,965
Internal net sales	142	206	15	91	64	98	40	1,611	-2,268	–
Total net sales	34,905	15,969	14,666	5,675	4,045	3,333	751	8,889	-2,268	85,965

Jan-Dec 2018

SEK in millions	Sweden	Finland ²	Norway ²	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total ²
Mobile subscription revenues	13,115	6,309	7,212	2,936	1,018	871	–	1,200	–	32,662
Interconnect	636	481	535	230	147	71	–	133	–	2,234
Other mobile service revenues	634	779	988	335	44	18	–	48	–	2,845
Total mobile service revenues	14,386	7,569	8,735	3,500	1,209	960	–	1,382	–	37,741
Telephony	2,614	224	148	178	313	132	–	–	–	3,610
Broadband	4,537	713	261	263	570	531	–	0	–	6,874
TV	1,838	563	418	165	268	222	–	–	–	3,473
Business solutions	2,770	2,275	114	177	203	200	–	65	–	5,804
Other fixed service revenues	4,317	1,558	28	66	420	316	–	4,559	–	11,264
Total fixed service revenues	16,075	5,332	968	850	1,774	1,401	–	4,624	–	31,026
Advertising revenues	–	3	–	–	–	–	–	–	–	3
Other service revenues	371	10	12	28	–	38	–	324	–	783
Total service revenues¹	30,833	12,914	9,716	4,377	2,983	2,399	–	6,330	–	69,553
Total equipment revenues¹	5,513	2,426	2,165	1,698	804	582	–	817	–	14,006
Total external net sales	36,346	15,341	11,881	6,075	3,788	2,982	–	7,147	–	83,559
Internal net sales	332	171	17	92	61	95	–	1,596	-2,364	–
Total net sales	36,677	15,512	11,898	6,167	3,849	3,077	–	8,743	-2,364	83,559

1) In all material aspects, equipment revenues are recognized at a point in time and service revenues over time. 2) Restated, see Note 1

NOTE 7. INVESTMENTS

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
CAPEX	4,788	5,888	16,076	16,361
Intangible assets	875	2,235	3,124	4,342
Property, plant and equipment	3,129	3,653	11,231	12,019
Right-of-use assets	783	–	1,721	–
Acquisitions and other investments	12,745	29,097	13,140	30,186
Asset retirement obligations	1,803	27	2,021	64
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	10,940	29,060	11,062	30,037
Equity instruments	2	9	57	85
Total continuing operations	17,531	34,984	29,214	46,547
Total discontinued operations	18	282	92	862
<i>of which CAPEX</i>	<i>18</i>	<i>282</i>	<i>91</i>	<i>861</i>
Total investments	17,550	35,267	29,306	47,409
<i>of which CAPEX</i>	<i>4,806</i>	<i>6,170</i>	<i>16,167</i>	<i>17,223</i>

NOTE 8. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings ¹ SEK in millions	Dec 31, 2019		Dec 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	50,945	55,574	49,963	55,014
Interest rate swaps	230	230	162	162
Cross-currency interest rate swaps	2,694	2,694	1,792	1,792
Subtotal	53,870	58,498	51,917	56,968
Open-market financing program borrowings	32,475	42,255	32,267	39,767
Other borrowings at amortized cost	1,508	1,420	1,443	1,443
Subtotal	87,852	102,173	85,626	98,177
Other long-term liabilities				
Lease liabilities ²	12,046		1,363	
Total long-term borrowings	99,899		86,990	
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	6,807	6,841	3,018	3,019
Interest rate swaps	22	22	45	45
Cross-currency interest rate swaps	–	–	292	292
Subtotal	6,828	6,863	3,355	3,357
Utilized bank overdraft and short-term credit facilities at amortized cost	7,838	7,846	–	–
Open-market financing program borrowings	1,422	1,431	1,771	1,776
Other borrowings at amortized cost	723	783	4,378	4,378
Subtotal	16,811	16,923	9,505	9,512
Other short-term liabilities				
Lease liabilities ²	2,968		46	
Total short-term borrowings	19,779		9,552	

1) For financial assets the carrying amount is a reasonable approximation of fair value. For information on fair value estimation, see the Annual and Sustainability Report 2018, Note C3 to the consolidated financial statements.

2) For 2018 Lease liabilities relate to finance lease agreements under IAS 17 Leases.

Financial assets and liabilities by fair value hierarchy level ¹ SEK in millions	Carrying value	Dec 31, 2019			Carrying value	Dec 31, 2018		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments at fair value through OCI ²	319	–	–	319	272	–	–	272
Equity instruments at fair value through income statement	13	–	–	13	13	–	–	13
Long- and short-term bonds at fair value through OCI	14,677	12,667	2,010	–	7,780	7,780	–	–
Derivatives designated as hedging instruments ³	3,651	–	3,651	–	2,402	–	2,402	–
Derivatives at fair value through income statement ³	170	–	170	–	777	–	777	–
Total financial assets at fair value by level	18,830	12,667	5,831	332	11,244	7,780	3,179	286
Financial liabilities at fair value								
Derivatives designated as hedging instruments	2,791	–	2,791	–	2,000	–	2,000	–
Derivatives at fair value through income statement	532	–	532	–	392	–	392	–
Contingent consideration liabilities	41	–	–	41	–	–	–	–
Total financial liabilities at fair value by level	3,365	–	3,323	41	2,392	–	2,392	–

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2018, Note C3 to the consolidated financial statements and the section below.

2) Equity instruments at fair value through OCI have been restated by SEK 49 million in 2018.

3) For 2018, carrying value of SEK 546 million has been reclassified from Derivatives at fair value through income statement to Derivatives designated as hedging instruments.

Fair value measurement of level 3 financial instruments

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these equity instruments, Telia Company has a market approach to derive the fair value.

Telia Company's primary valuation technique used for estimating the fair value of unlisted equity instruments in level 3 is based on the most recent transaction for the specific company if such transaction has been recently done. If there have been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of Telia Company, would have a material impact on the fair value, the carry-over value is adjusted to reflect the changes.

In addition, the assessment of the fair value of material unlisted equity instruments is verified by applying other valuation models in the form of valuation multiples from listed comparable companies (peers) on relevant financial and operational metrics, such as revenues, gross profit and other relevant KPIs for the specific company. Comparable listed companies are determined based on industry, size, development stage, geographic area and strategy. The multiple is calculated by dividing the enterprise value of the comparable company by the relevant metric. The multiple is then adjusted for discounts/premi-

ums with regards to differences, advantages and disadvantages between Telia Company's investment and the comparable public companies based on company specific facts and circumstances.

Although Telia Company uses its best judgement, and cross-references results of the primary valuation model against other models in estimating the fair value of unlisted equity instruments, there are inherent limitations in all estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount that Telia Company could realize in a current transaction. Future confirming events will also affect the estimates of fair value.

The fair values for contingent consideration liabilities have been estimated using a Discounted cash flow method. The valuation model considers the present value of the expected future payments. Contingent consideration liabilities per December 31, 2019, are mainly related to the acquisition of Fello for which the maximum amounts are expected to be paid and the discount effect is deemed immaterial. See Note 15.

Other contingent considerations are not material.

The table below presents the movements in level 3 instruments for the twelve-month period ended December 31, 2019. The change in fair value and the disposals of equity instruments 2018 relate mainly to the disposal of Telia Company's holding in Spotify.

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Dec 2019			Liabilities, Jan-Dec 2019
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	272	13	286	–
Changes in fair value	46	–	46	–
<i>of which recognized in other comprehensive income</i>	46	–	46	–
Purchases	70	–	70	41
Disposals	-69	–	-69	–
Level 3, closing balance	319	13	332	41

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Dec 2018			Liabilities, Jan-Dec 2018
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance¹	1,949	19	1,968	–
Changes in fair value	554	–	554	–
<i>of which recognized in other comprehensive income</i>	554	–	554	–
Purchases/capital contributions	39	0	39	–
Disposals	-2,269	-6	-2,275	–
Level 3, closing balance	272	13	286	–

1) Equity instruments at fair value through OCI 2018 have been restated by SEK 49 million.

NOTE 9. TREASURY SHARES

On April 20, 2018, the Board of Directors decided on a share buy-back program. At the date for the annual general meeting held on April 10, 2019, Telia Company held 120,544,406 treasury shares. The annual general meeting approved a reduction of the share capital of SEK -386 million by way of cancellation of all treasury shares held and a corresponding increase of the share capital of SEK 386 million by way of bonus issue, which were executed during the second quarter of 2019. In addition, the annual general meeting authorized the Board of Directors to continue to buy back shares. The authorization may be exercised on one or more occasions before the annual general meeting 2020. On October 17, 2019, Telia Company announced that the Board of Directors had decided not to execute on the remaining SEK 5 billion of the three-year share buy-back program ambition.

As of December 31, 2019, Telia Company held 96,859,759 treasury shares and the total number of issued and outstanding shares was 4,209,540,375 and 4,112,680,616, respectively.

The total price for the repurchased shares under the share buy-back program during the twelve-month period was SEK 4,930 million and transaction costs, net of tax, amounted to SEK 3 million, of which SEK 1,531 million

and SEK 0 million, respectively, related to the fourth quarter.

During May 2019 Telia Company transferred 1,002,363 shares to the participants in the “Long Term Incentive program 2016/2019” (LTI program), via a share-swap agreement with an external party, at an average price of SEK 40.5568 per share. The total cost for the transferred shares was SEK 41 million and transaction costs, net of tax, amounted to SEK 0 million.

During the twelve-month period the total acquisitions of treasury shares under the share buy-back program and the transfer of shares under the LTI program reduced other contributed capital within parent shareholder’s equity by SEK 4,974 million (SEK 4,147 million during the twelve-month period 2018).

NOTE 10. RELATED PARTY TRANSACTIONS

In the twelve-month period ended December 31, 2019, Telia Company purchased goods and services for SEK 9 million (34) and sold goods and services for SEK 7 million (16) from/to related parties. These related party transactions are based on commercial terms.

NOTE 11. NET DEBT, CONTINUING AND DISCONTINUED OPERATIONS

Net debt presented below is based on the total Telia Company group for both continuing and discontinued operations.

SEK in millions	Dec 31, 2019	Dec 31, 2018
Long-term borrowings	99,980	86,990
<i>of which lease liabilities, non-current</i>	12,127	1,363
Less 50 percent of hybrid capital ¹	-7,947	-7,861
Short-term borrowings	19,823	9,552
<i>of which lease liabilities, current</i>	3,012	46
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-3,717	-2,946
Less long-term bonds at fair value through OCI	-5,450	-7,267
Less short-term investments	-8,426	-513
Less cash and cash equivalents	-6,210	-22,591
Net debt, continuing and discontinued operations	88,052	55,363

¹) 50 percent of hybrid capital is treated as equity, consistent with market practice for this type of instrument, and reduces net debt.

Derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA) are part of the balance sheet line items Long-term interest-bearing receivables and Short-term interest-bearing receivables. Hybrid capital is part of the balance sheet line item Long-term borrowings. Long-term bonds at fair value through OCI are part of the balance sheet line item Long-term interest-bearing receivables. Short-term investments are part of the balance sheet line item Short-term interest-bearing receivables.

NOTE 12. LOAN FINANCING AND CREDIT RATING

The credit rating of Telia Company remained unchanged during the fourth quarter of 2019. Moody’s rating for long-term borrowings is Baa1 and P-2 for short-term borrowings, both with a stable outlook. The Standard & Poor long-term rating is BBB+ and the short-term rating is A-2, both with a stable outlook.

On December 2, 2019, a short-term financing was made under the revolving credit facility signed with a group of

thirteen banks. The financing amounted to EUR 750 million (SEK 7.9 billion) and was used to finance the acquisition of Bonnier Broadcasting. The intention is to replace the short-term financing with long-term financing during 2020. On December 4, 2019, two issued bonds with a remaining nominal amount of SEK 1,750 million matured.

NOTE 13. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of December 31, 2019, the maximum potential future payments that Telia Company (continuing operations) could be required to make under issued financial guarantees totaled SEK 309 million (304 at the end of 2018), of which SEK 294 million (289 at the end of 2018) referred to guarantees for pension obligations. Collateral pledged (continuing and discontinued operations) totaled SEK 45 million (45 at the end of 2018). For ongoing legal proceedings, see Note C29 in the Annual and Sustainability Report 2018. In addition, during September 2019, an arbitration proceeding was initiated against Telia Company under the Share Purchase Agreement related to the divestment of the subsidiary Kcell in Kazakhstan. The arbitration proceeding is in a very early stage and no monetary claim has yet been presented.

NOTE 14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of December 31, 2019, contractual obligations (continuing operations) totaled SEK 10,990 million (4,558 at the end of 2018, restated see Note 1), of which SEK 7,760 million (1,194 at the end of 2018, restated see Note 1) related to film and program rights.

NOTE 15. BUSINESS COMBINATIONS

Business combinations during the period

Fello AB

On July 1, 2019, Telia Company acquired all shares in the Swedish mobile operator Fello AB. The acquisition will complement and extend Telia Company's product portfolio within a new segment.

Bonnier Broadcasting

On July 20, 2018, Telia Company announced that it had signed an agreement to acquire Bonnier Broadcasting, including the brands TV4, C More and Finnish MTV, from Bonnier AB at an enterprise value of SEK 9.2 billion, with an additional consideration of maximum SEK 1 billion. The additional consideration will be based on operational performance on revenues and EBITA for the period July 1, 2018 to June 30, 2019. As per December 31, 2019 the additional amount has been estimated to SEK 800 million and is expected to be paid in the first quarter 2020. The acquisition was approved by the European Commission on November 12, 2019, and the transaction was closed on December 2, 2019.

The purchase price of SEK 9.2 billion corresponds to an EV/EBIT multiple of 15.4x, based on the last 12-month period as of March 31, 2018. Including full run-rate synergies, the EV/EBIT multiple is 7.7x.

The acquisition of TV4, C More and MTV is of strategic importance to Telia Company as it strengthens the company in the fast-growing area of video content consumption. With this acquisition, Telia Company has established a new segment, TV and Media, where the Bonnier Broadcasting business is included. Telia Company's existing TV business will be transferred to the new TV and Media segment in 2020.

Bonnier Broadcasting had revenues of SEK 7.5 billion in the last 12-month period as of March 31, 2018, and an EBIT of SEK 0.6 billion. The operational free cash flow amounted to SEK 0.3 billion. The transaction is expected to generate synergies as per 2020 with a full run-rate of SEK 0.6 billion in 2022. The integration costs are expected to amount to SEK 0.4 billion on an aggregated level in 2020 and 2021. The transaction is expected to contribute by SEK 0.5 billion to Telia Company's operational free cash flow 2020. The pro forma impact on net debt to EBITDA equals 0.2x.

The cost of the combinations, the preliminary fair values of net assets acquired and preliminary goodwill for the combinations are presented in the table below.

SEK in millions	Fello AB	Bonnier Broadcasting	Total
Cost of combination	100	10,670	10,770
<i>of which cash consideration paid</i>	60	9,870	
<i>of which contingent consideration</i>	40	–	
<i>of which estimated deferred consideration</i>	–	800	
Fair value of net assets acquired			
Intangible assets	70	6,568	
<i>of which customer relationships</i>	68	4,094	
<i>of which brands</i>		2,160	
Film and program rights, non-current		1,029	
Other non-current assets	3	753	
Non-current assets	73	8,350	8,423
Film and program rights, current		1,977	
Other current assets		1,109	
Cash and cash equivalents		715	
Current assets	6	3,802	3,808
Total assets acquired	79	12,151	12,230
Deferred tax liabilities		-1,287	
Other non-current liabilities		-349	
Non-current liabilities	-16	-1,636	-1,652
Current liabilities	-12	-2 440	-2,452
Total liabilities assumed	-28	-4 076	-4,104
Total fair value of net assets acquired	51	8,075	8,126
Goodwill	50	2,595	2,645

Fello AB

The net cash flow effect in the third quarter of 2019 from the business combination was SEK 57 million (cash consideration SEK 60 million paid at closing less cash and cash equivalents SEK 3 million). Goodwill consists mainly of expected cost synergies. No part of goodwill is expected to be deductible for tax purposes. The fair values of assets and liabilities have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustments. Compared to the preliminary fair values presented in the third quarter of 2019, SEK 54 million has been reallocated from goodwill to customer relationships SEK 68 million and related deferred tax liability SEK 14 million. Acquisition-related costs of SEK 1 million have been recognized as other operating expenses. From the acquisition date, revenues of SEK 33 million and net income of SEK 24 million are included in the condensed consolidated statements of comprehensive income. If Fello had been acquired at the beginning of 2019, there had been no material difference in revenues or total net income for Telia Company for 2019.

The sellers have a right to additional compensation up to SEK 40 million (contingent consideration) dependent on Fello's customer growth and revenue per customer during the period July 1, 2019-June 30, 2020. As at the acquisition date July 1, 2019, and at December 31, 2019, the fair value of the contingent consideration has been estimated to SEK 40 million as the maximum amount is expected to be paid at the end of 2020. The discount effect is deemed immaterial. The contingent consideration is recognized as "Other current liabilities", see Note 8.

Bonnier Broadcasting

The net cash flow effect in the fourth quarter of 2019 from the business combination was SEK 9,155 million (cash consideration SEK 9,870 million paid at closing less cash and cash equivalents SEK 715 million).

The fair values of assets and liabilities have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustments. Acquisition-related costs of SEK 154 million have been recognized as other operating expenses, whereof SEK 86 million in 2019 (SEK 69 million 2018). From the acquisition date, revenues of SEK 711 million and net income of SEK 3 million are included in the condensed consolidated statements of comprehensive income. If Bonnier Broadcasting had been acquired at the beginning of 2019, revenues and total net income for Telia Company for 2019 had been approximately SEK 94.4 billion and SEK 7.7 billion, respectively. Internal revenues and expenses between Telia Company and Bonnier Broadcasting for the period before closing (January - November 2019) have not been eliminated from these amounts as this information is not available.

Minor business combinations during the period

On January 3, 2019, Telia Company acquired all shares in Dalbo Net AB. The cost of the acquisition was SEK 13 million.

On April 1, 2019, Telia Company acquired operations from OÜ GoNetwork in Estonia. The cost of the acquisition was SEK 8 million.

On October 21, 2019, Telia Company acquired operations from Vincit Solutions in Finland. The cost of the acquisition was SEK 5 million.

NOTE 16. FINANCIAL KEY RATIOS

The key ratios presented in the table below are based on the total Telia Company group including both continuing and discontinued operations.

	Dec 31, 2019	Dec 31, 2018
Return on equity (% , rolling 12 months) ¹	8.4	3.6
Return on capital employed (% , rolling 12 months) ^{1, 4}	6.6	4.8
Equity/assets ratio (%) ^{1, 4}	31.3	37.3
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) ^{2, 3, 4}	2.82	2.08
Parent owners' equity per share (SEK) ^{1, 4}	22.14	23.02

1) Equity is adjusted by weighted ordinary dividend, see the Annual and Sustainability Report 2018 section Definitions for key ratio definitions.

2) Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2019 including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.7x. Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2018 including 12 months adjusted EBITDA from Get and TDC Norway was 2.0x (restated).

3) The implementation of IFRS 16 impacted Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2019 by 0.2x.

4) Restated, see Note 1.

NOTE 17. ALTERNATIVE PERFORMANCE MEASUREMENT

In addition to financial performance measures prepared in accordance with IFRS, Telia Company presents non-IFRS financial performance measures, for example EBITDA, Adjusted EBITDA, Adjusted operating income, continuing operations, CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees, Cash CAPEX, Free cash flow, Operational free cash flow, Net debt, Net debt/Adjusted EBITDA ratio and Adjusted EBITDA margin. These alternative measures are considered to be important performance indicators for investors and other users of the Interim report. The alternative performance measures should be considered as a complement to, but not a substitute for, the information prepared in accordance with IFRS. Telia Company's definitions of these non-IFRS measures are described in this note and in the Annual and Sustainability Report 2018. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

EBITDA and adjusted EBITDA

Telia Company considers EBITDA as a relevant measure to be able to understand profit generation before investments in tangible and intangible and right-of-use assets. To assist the understanding of Telia Company's underlying financial performance we believe it is also useful to analyze adjusted EBITDA. Adjustment items within EBITDA are specified in Note 3. Following the acquisition of Bonnier Broadcasting and in order to align with the change in accounting principles for Film and program rights, Telia Company has changed the definition for EBITDA and adjusted EBITDA to include amortization of Film and program rights.

Continuing operations

SEK in millions	Oct-Dec 2019	Oct-Dec 2018 ¹	Jan-Dec 2019	Jan-Dec 2018 ¹
Operating income	2,600	2,386	12,293	13,238
Income from associated companies and joint ventures	-312	-178	-1,138	-835
Total depreciation/amortization/write-down	5,276	4,090	18,863	13,530
EBITDA	7,564	6,298	30,017	25,933
Adjustment items within EBITDA (Note 3)	350	382	1,000	607
Adjusted EBITDA	7,914	6,680	31,017	26,540

1) Restated, see Note 1.

Discontinued operations

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income	53	330	-1	1,967
Income from associated companies and joint ventures	–	272	0	-5
Total depreciation/amortization/write-down	–	0	-3	-217
Capital gains/losses on disposals	–	-3,510	0	-6,545
EBITDA	53	-2,907	-4	-4,800
Adjustment items within EBITDA (Note 3)	11	3,417	161	7,141
Adjusted EBITDA	64	510	157	2,341

Adjusted operating income, continuing operations

Telia Company considers Adjusted operating income, continuing operations, as a relevant measure to be able to understand the underlying financial performance of

Telia Company. Adjustment items within operating income, continuing operations are specified in Note 3.

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income	2,600	2,386	12,293	13,238
Adjustment items within Operating income (Note 3)	380	607	1,159	908
Adjusted operating income, continuing operations	2,980	2,993	13,452	14,146

CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees and Cash CAPEX

Telia Company considers CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees and Cash CAPEX as relevant measures to understand the group's investments in intangible, tangible and right-of-use assets (excluding goodwill, assets acquired in business combinations and asset retirement

obligations). Following the acquisition of Bonnier Broadcasting and in order to align with the change in accounting principles for Film and program rights, Telia Company has changed the definitions for all CAPEX measures to exclude acquisitions of Film and program rights.

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Continuing operations				
Investments in intangible assets	875	2,235	3,124	4,342
Investments in property, plant and equipment	3,129	3,653	11,231	12,019
CAPEX excluding right-of-use assets	4,004	5,888	14,355	16,361
Investments in right-of-use assets	783	–	1,721	–
CAPEX	4,788	5,888	16,076	16,361
Excluded: Right-of-use assets	-783	–	-1,721	–
Net of not paid investments and additional payments from previous periods ¹	-141	-1,433	805	-2,587
Cash CAPEX	3,862	4,454	15,160	13,774
CAPEX	4,788	5,888	16,076	16,361
Excluded: Investments in license and spectrum fees	1	-1,378	-242	-1,378
CAPEX excluding license and spectrum fees	4,789	4,510	15,834	14,984
Excluded: Investments in right-of-use assets	-783	–	-1,721	–
CAPEX excluding fees for license, spectrum and right-of-use assets	4,006	4,510	14,113	14,984

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Discontinued operations				
Investments in intangible assets	–	46	–	203
Investments in property, plant and equipment	10	235	75	658
CAPEX excluding right-of-use assets	10	282	75	861
Investments in right-of-use assets	8	–	16	–
CAPEX	18	282	91	861
Excluded: Right-of-use assets	-8	–	-16	–
Net of not paid investments and additional payments from previous periods	13	-56	-11	158
Cash CAPEX	23	226	64	1,020
CAPEX	18	282	91	861
Excluded: Investments in license and spectrum fees	–	–	–	-39
CAPEX excluding license and spectrum fees	18	282	91	823
Excluded: Investments in right-of-use assets	-8	–	-16	–
CAPEX excluding fees for license, spectrum and right-of-use assets	10	282	75	823

1) Fourth quarter 2018 mainly relates to spectrums in Sweden, which were acquired in 2018 and paid in beginning of 2019, and therefore also has an impact full year 2018 and 2019. Full year 2018 was further impacted by the Telia Helsinki Data Center.

Free cash flow

Telia Company considers Free cash flow as a relevant measure to be able to understand the group's cash flow from operating activities and after CAPEX.

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operating activities	5,566	6,122	27,594	26,696
Cash CAPEX (paid intangible and tangible assets)	-3,886	-4,681	-15,224	-14,794
Free cash flow, continuing and discontinued operations	1,681	1,442	12,369	11,902

Operational free cash flow

Telia Company considers Operational free cash flow as a relevant measure to be able to understand the cash flows that Telia Company is in control of. From the reported free cash flow from continuing operations dividends from associated companies are deducted, as these are dependent on the approval of boards and the annual general meetings of the associated companies. Licenses and spectrum payments are excluded as they generally refer to a longer period than just one year. In connection to the implementation of IFRS 16 Telia Company changed its definition of operational free cash flow. From January 1, 2019, repayments of lease liabilities are

included, since these are considered to be part of Telia Company's normal daily operations. Telia Company has implemented IFRS 16 using the modified retrospective approach, and comparatives have therefore not been restated. The changed definition implies that IFRS 16 has no material impact on this cash flow measure. Operational free cash flow in continuing operations represents Telia Company's outlook. Telia Company intends to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes.

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operating activities from continuing operations	5,547	5,988	29,576	25,330
Cash CAPEX from continuing operations	-3,862	-4,454	-15,160	-13,774
Free cash flow, continuing operations	1,685	1,534	14,415	11,555
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	24	142	1,161	188
Excluded: Dividends from associates from continuing operations	-198	-259	-365	-968
Excluded: Taxes paid on dividends from associates from continuing operations	10	0	10	41
Repayments of lease liabilities	-543	–	-2,651	–
Operational free cash flow	977	1,417	12,571	10,816
Dividends from associated companies, net of taxes	188	259	355	927
Operational free cash flow that forms the basis for dividend	1,165	1,676	12,926	11,743

Net debt

Telia Company considers Net debt to be a relevant measure to be able to understand the group's indebtedness. Net debt is specified in Note 11.

Net debt/Adjusted EBITDA ratio (multiple, rolling 12 months)

Telia Company considers net debt in relation to adjusted EBITDA as a relevant measure to be able to understand the group's financial position.

SEK in millions, except for multiple	Dec 31, 2019	Dec 31, 2018 ¹
Net debt	88,052	55,363
Adjusted EBITDA continuing operations accumulated current year	31,017	26,540
Adjusted EBITDA continuing operations previous year	–	–
Adjusted EBITDA discontinued operations accumulated current year	157	2,341
Adjusted EBITDA discontinued operations previous year	–	–
Excluding: Disposed operations	–	-2,259
Adjusted EBITDA rolling 12 months excluding disposed operations	31,174	26,622
Net debt/adjusted EBITDA ratio (multiple)	2.82x	2.08x

1) Restated, see Note 1.

Adjusted EBITDA margin

Telia Company considers Adjusted EBITDA in relation to net sales as a relevant measure to be able to understand the group's profit generation and to be used as a comparable benchmark.

SEK in millions	Oct-Dec 2019	Oct-Dec 2018 ¹	Jan-Dec 2019	Jan-Dec 2018 ¹
Net sales	22,838	22,209	85,965	83,559
Adjusted EBITDA	7,914	6,680	31,017	26,540
Adjusted EBITDA margin (%), continuing operations	34.7	30.1	36.1	31.8

1) Restated, see Note 1.

PARENT COMPANY

Condensed income statements

SEK in millions	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	104	64	500	417
Gross income	104	64	500	417
Operating expenses and other operating income, net	-378	-580	752	-1,477
Operating income	-274	-516	1,252	-1,060
Financial income and expenses	591	-300	6,147	16,996
Income after financial items	317	-816	7,399	15,936
Appropriations	2,047	1,215	5,395	7,284
Income before taxes	2,364	399	12,794	23,220
Income taxes	-524	-210	-551	-563
Net income	1,839	189	12,243	22,657

Financial income and expenses in the fourth quarter of 2019 increased to SEK 591 million (-300) mainly affected by increased foreign exchange rate gains and decreased net interest expenses.

Operating expenses and other operating income, net, in the twelve-month period 2019 amounted to SEK 752 million (-1,477). On March 19, 2019, Telia Company AB's subsidiary in the Netherlands, Sonera Holding B.V., paid the remaining part of the settlement amount regarding the Uzbekistan investigations to the Dutch Public Prosecution Service (Openbaar Ministerie, OM). As a consequence of the payment, Telia Company AB reversed the short-term provision, resulting in a positive effect on Operating expenses and Other operating income, net of SEK 1,931 million in 2019, see Note 4.

Financial income and expenses in the twelve-month period 2019 amounted to SEK 6,147 million (16,996) positively impacted by dividends from subsidiaries with SEK 33,027 million (21,912) offset by impairments of Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V. amounting to SEK 22,837 million (-) and SEK 1,180 million (-), respectively. Financial income and expenses in 2019 were further positively impacted by reduced foreign exchange rate losses and net interest expenses.

Condensed balance sheets

SEK in millions	Dec 31, 2019	Dec 31, 2018
Assets		
Non-current assets	199,830	176,064
Current assets	42,759	47,512
Total assets	242,589	223,577
Equity and liabilities		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	76,900	79,477
Total shareholders' equity	92,612	95,189
Untaxed reserves	6,246	6,882
Provisions	575	534
Long-term liabilities	86,357	84,199
Short-term liabilities and short-term provisions	56,798	36,772
Total equity and liabilities	242,589	223,577

Non-current assets increased to SEK 199,830 million (176,064) mainly impacted by increased long-interest-bearing intra-group receivables, investments in subsidiaries, mainly related to the acquisition of Bonnier Broadcasting Holding AB, as well as contributed shareholder contributions to subsidiaries. These effects were partly offset by impairments of the subsidiaries Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V..

Equity decreased to SEK 92,612 million (95,189) mainly due to dividend to the shareholders and repurchased treasury shares related to the share buy-back program, partly offset by positive net income.

Short-term liabilities and short-term provisions increased to SEK 56,798 million (36,772) impacted by increased short-term interest-bearing liabilities partly offset by a reversal of the short-term provision for the final settlement amount with the US and Dutch authorities, see Note 4.

RISKS AND UNCERTAINTIES

Telia Company operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. Telia Company has defined risk as anything that could have a material adverse effect on the achievement of Telia Company's goals. Risks can be threats, uncertainties or lost opportunities relating to Telia Company's current or future operations or activities. Telia Company has an established risk management framework in place to regularly identify, analyze, assess and report business, financial as well as ethics and sustainability risks and

uncertainties, and to mitigate such risks when appropriate. Telia Company's risk universe consists of four categories and over thirty risk areas used to aggregate and categorize risks identified across the organization within the risk management framework, see below.

For further information regarding details on risk exposure and risk management, see the Annual and Sustainability Report 2018, Directors Report, section Risk and uncertainties.

Telia Company's risk universe

Strategic & emerging risks

Risks that can have a material impact on the strategic objectives arising from internal or external factors

Financial risks

Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization

Operational & societal risks

Risks that may affect or compromise execution of business functions or have an impact on society

Legal & regulatory risks

Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives

Stockholm, January 29, 2020

Christian Luiga
Acting President & CEO

This report has not been subject to review by
Telia Company's auditors.

FORWARD-LOOKING STATEMENTS

This report contains statements concerning, among other things, Telia Company's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Telia Company's future expectations. Telia Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include but

may not be limited to: Telia Company's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Telia Company, its associated companies and joint ventures, and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Telia Company undertakes no obligation to update any of them in the light of new information or future events.

DEFINITIONS

Adjustment items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs) or other costs with the character of not being part of normal daily operations.

Advertising revenues: External net sales related to linear and digital/AVoD media, sponsorships and other types of advertising.

Broadband revenues: External net sales related to fixed broadband services.

Business solutions: External net sales related to fixed business networking and communication solutions.

CAPEX: An abbreviation of "Capital Expenditure". Investments in intangible and tangible non-current assets, right-of-use assets, but excluding film and program rights, goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations and asset retirement obligations.

CAPEX excluding right-of-use assets: CAPEX excluding right-of-use assets.

EBITDA: An abbreviation of "Earnings before Interest, Tax, Depreciation and Amortization." Equals operating income before depreciation, amortization and impairment losses and before income from associated companies and joint ventures but including amortization of film and program rights.

Employees: Total headcount excluding hourly paid employees.

Free cash flow: The total cash flow from operating activities and cash CAPEX.

Interconnect revenues: External net sales related to mobile termination.

Internal net sales: Group internal net sales.

Like for like (%): The change in net sales, external service revenues and adjusted EBITDA, excluding exchange rate effects and based on the current group structure, i.e. including the impact of any acquired companies and excluding the impact of any disposed companies, both in the current and in the comparable period. However, the newly established segment TV and Media comprising the, in December, acquired company Bonnier Broadcasting, is not included.

Mobile subscription revenues: External net sales related to voice, messaging, data and content (including machine to machine).

Net debt: Interest-bearing liabilities less derivatives recognized as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA),

less 50 percent of hybrid capital (which, consistent with market practice for the type of instrument, is treated as equity), less short-term investments, long-term bonds at fair value through OCI and cash/cash equivalents.

Net debt/adjusted EBITDA ratio (multiple): Net debt divided by adjusted EBITDA rolling 12 months and excluding disposed operations.

Operational free cash flow: Free cash flow from continuing operations excluding cash CAPEX for licenses and spectrum fees, dividends from associated companies net of taxes and including repayment of lease liabilities.

Other fixed service revenues: External net sales of fixed services including fiber installation, wholesale and other infrastructure services.

Other mobile service revenues: External net sales related to visitors' roaming, wholesale and other services.

Return on capital employed: Operating income, including impairments and gains/losses on disposals, plus financial revenues excluding foreign exchange gains expressed as a percentage of average capital employed.

Telephony revenues: External net sales related to fixed telephony services.

Total equipment revenues: External equipment net sales.

Total service revenues: External net sales excluding equipment sales.

TV revenues: External net sales related to TV services.

For definitions of other alternative performance measures, see the Annual and Sustainability Report 2018.

In this report, comparable figures are provided in parentheses and refer to the same item in the corresponding period last year, unless otherwise stated.

FINANCIAL CALENDAR

Annual and Sustainability Report 2019
March 12, 2020

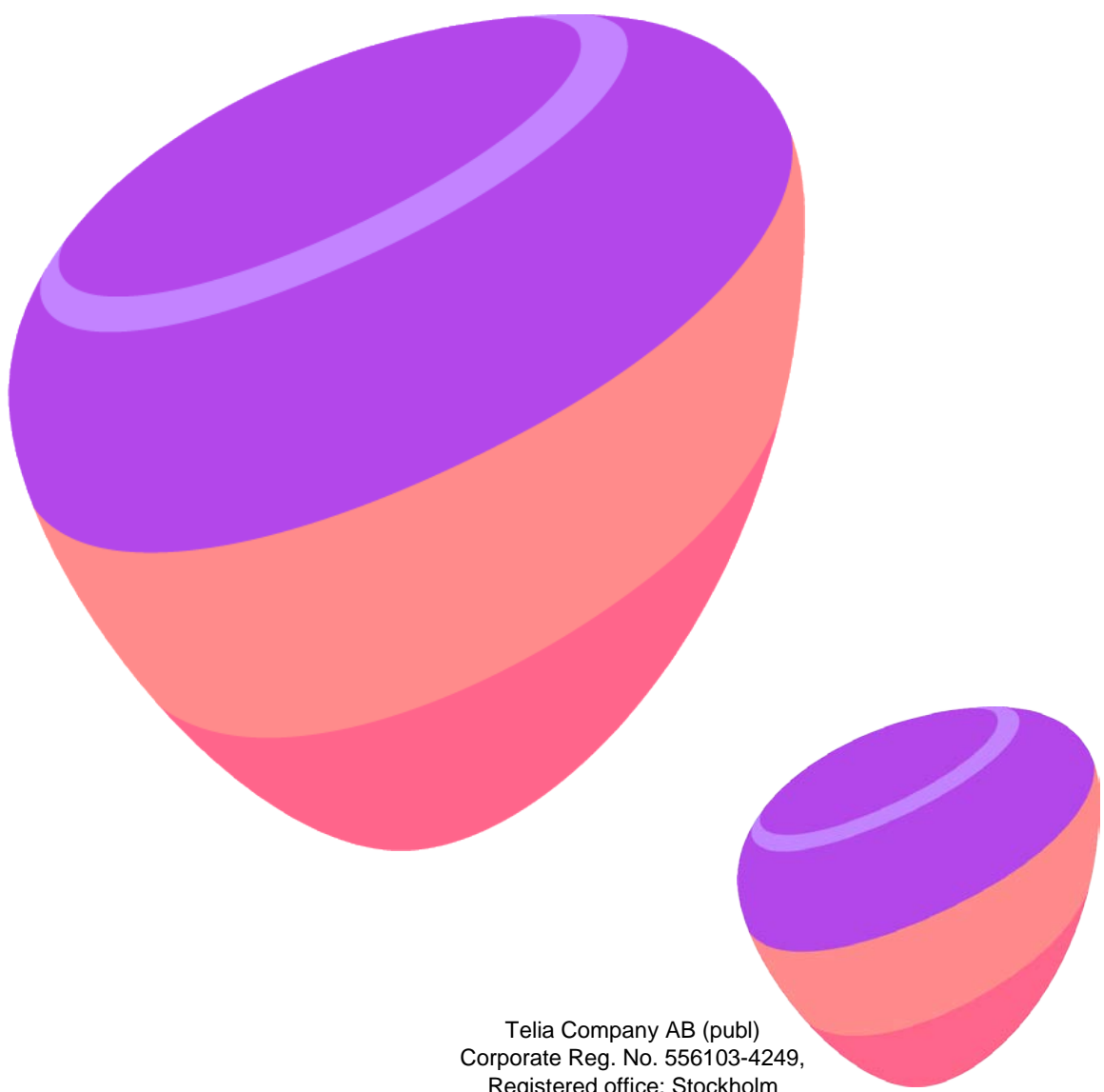
Annual General Meeting 2020
April 2, 2020, in Stockholm

Interim Report January-March 2020
April 22, 2020

Interim Report January-June 2020
July 17, 2020

Interim Report January-September 2020
October 21, 2020

This information is information that Telia Company AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on January 29, 2020.



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