

**Press Release**  
**December 12, 2018**

## **Telia Company divests its interest in Kcell and dissolves Fintur partnership with Turkcell**

**Telia Company and Fintur Holdings B.V. (Fintur), jointly owned by Telia Company and Turkcell, have agreed to sell their 75 percent holding in the leading Kazakhi telecommunications operator Kcell JSC, to the telecom operator Kazakhtelecom JSC, a company controlled by the government of the Republic of Kazakhstan through the sovereign wealth fund Samruk-Kazyna. Telia Company has also signed an agreement to acquire Turkcell's share in Fintur in a separate transaction to become the sole shareholder of the company, which enables Telia Company to repatriate cash from Fintur.**

"I'm glad to announce that we have entered into an agreement to divest our and Fintur's stake in Kcell, thereby in all material aspects completing the journey of exiting Eurasia. It has been a complex process with many interests and considerations, but we are now pleased with the completion of this process. I want to extend my deepest gratitude to Kcell's employees for all their hard work and the commitment to customers and shareholders that they have shown. As part of the closure, we have today also agreed with Turkcell on the dismantling of our jointly owned holding company Fintur, enabling Telia Company to repatriate the cash from Fintur. This marks an important milestone in Telia Company's history," says Johan Dannelind, President and CEO of Telia Company.

Telia Company divests its 24 percent holding in Kcell JSC (Kcell) which is listed at the London Stock Exchange and the Kazakhstan Stock Exchange, to telecom operator Kazakhtelecom JSC, a company controlled by the government of the Republic of Kazakhstan through the sovereign wealth fund Samruk-Kazyna. As part of the same transaction, Fintur also divests its 51 percent stake in Kcell to Kazakhtelecom JSC.

The agreed price for Telia Company's and Fintur's 75 percent in Kcell is USD 446 million, which implies an enterprise value (EV) of USD 771 million for 100 percent on a cash and debt free basis. This price corresponds to an EV/EBITDA multiple of 5.0x based on the last twelve months per September 2018.

Prior to signing the Kcell transaction, Telia Company has completed strict compliance and purchaser due diligence and is satisfied that all relevant checks and controls have been carried out with satisfactory results. Kazakhtelecom is a buyer that meets Telia Company's requirements.

The Kcell transaction has already been approved by the anti-monopoly authority in Kazakhstan and Telia Company expects to complete the divestment in December 2018.

The Kcell transaction is expected to result in a gain of approximately SEK 1.1 billion for Telia Company's share before reclassification of accumulated foreign exchange losses of SEK 0.9 billion to net income from discontinued operations (which will have no material effect on group equity). The transaction is on a pro forma basis estimated to decrease net debt to EBITDA by 0.1x. The final amounts are subject to changes in carrying values and foreign exchange rates. Adding the divestment of Ucell from last week and the dismantling of Fintur the net debt to EBITDA is unchanged from these transactions combined.

Telia Company has also signed an agreement to acquire Turkcell's 41.45 percent stake in Fintur for a price based on their proportional share of the cash in Fintur. The total cash position in Fintur was approximately

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SEK 6.1 billion by the end of November which will be split proportionally whereby Telia Company pays 95 percent on the cash value to Turkcell for their part. In total Telia keeps approximately SEK 3.7 billion plus its proceeds from Kcell. The cash in Fintur will be distributed to Telia Company in full. Closing is expected in early 2019.

As a result of the transaction Telia Company becomes sole shareholder of Moldcell in Moldova, representing approximately 0.7 percent of service revenues and 0.6 percent of total EBITDA in Telia Company.

UBS and Sullivan & Cromwell LLP acted as Telia Company's advisors in connection to the transactions.

#### **About Kcell**

Kcell JSC was founded in 1998. It is the leading mobile operator in Kazakhstan and has an extensive portfolio of mobile services, primarily prepaid, to both private and business customers. Kcell is listed at London Stock Exchange and Kazakhstan Stock Exchange.

#### **About Fintur**

Telia Company and Turkcell have since 2002 jointly owned Fintur Holdings B.V. (Fintur) wherein parts of the parties' interests in mobile operators in Kazakhstan, Azerbaijan, Georgia and Moldova were placed.

#### **Analyst and media telephone conference today at 13.00 CET.**

Telia Company invites you to a conference call with Telia Company's President and CEO Johan Dannelind, CFO Christian Luiga, and Group General Counsel Jonas Bengtsson.

Presentation material will be available ahead of the conference call at [www.teliacompany.com](http://www.teliacompany.com)

Dial-in number: +44 (0) 2071 928000  
Access code: 2479278

You can also listen to the conference call afterwards until December 19, 2018.

Replay number: +44 (0) 3333009785  
Access code: 2479278

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 08.00 CET on December 12, 2018.

**For more information, please contact our press office +46 771 77 58 30, visit our [Newsroom](#) or follow us on Twitter [@Teliacompany](#).**

#### **Forward-Looking Statements**

Statements made in the press release relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Telia Company.

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