TELIA COMPANY INTERIM REPORT JANUARY–JUNE 2019

POSITIVE IMPACT FROM ACQUISITIONS AND CURRENCY TAILWIND

Second quarter summary

- The new lease accounting principles, IFRS 16, have had significant effects on the financial statements for 2019. Comparative information for 2018 has not been restated. See Note 1.
- Net sales rose 2.2 percent in reported currency to SEK 21,272 million (20,814). Net sales like for like regarding exchange rates, acquisitions and disposals, declined 4.2 percent. Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 1.4 percent.
- Adjusted EBITDA rose 16.7 percent in reported currency to SEK 7,520 million (6,443). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 8.1 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 2 percent. The adjusted EBITDA margin rose to 35.4 percent (31.0).
- Adjusted operating income fell 12.7 percent to SEK 3,146 million (3,601).
- Total net income decreased to SEK 1,651 million (2,244). Total net income attributable to owners of the parent fell to SEK 1,601 million (2,160).
- Free cash flow from continuing and discontinued operations increased to SEK 3,322 million (3,114). Operational free cash flow from continuing operations fell to SEK 2,443 million (2,574). Total cash flow amounted to SEK -12,956 million (-6,832).
- Outlook 2019 is unchanged.

First half summary

- Net sales rose 3.6 percent in reported currency to SEK 42,118 million (40,666). Net sales like for like regarding exchange rates, acquisitions and disposals, fell 3.7 percent.
- Adjusted operating income fell 7.8 percent to SEK 6,632 million (7,189).
- Total net income rose to SEK 3,451 million (1,644). Total net income attributable to the owners of the parent rose to SEK 3,393 million (1,450).

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

SEK in millions, except key ratios, per share data and changes	**Apr-Jun 2019**	**Apr-Jun 2018**	***Chg %***	**Jan-Jun 2019**	**Jan-Jun 2018**	***Chg %***
Net sales	21,272	20,814	*2.2*	42,118	40,666	*3.6*
Change (%) like for like[1]	*-4.2*			*-3.7*		
of which service revenues (external)[4]	*18,274*	*17,204*	*6.2*	*36,111*	*33,999*	*6.2*
change (%) like for like[1]	*-1.4*			*-2.0*		
Adjusted[2] EBITDA[1]	7,520	6,443	*16.7*	14,988	12,937	*15.9*
Change (%) like for like[1]	*8.1*			*6.9*		
Margin (%)	35.4	31.0		35.6	31.8	
Adjusted[2] operating income[1]	3,146	3,601	*-12.7*	6,632	7,189	*-7.8*
Operating income	2,895	3,674	*-21.2*	6,122	7,073	*-13.4*
Income after financial items	2,146	3,108	*-31.0*	4,657	6,048	*-23.0*
Net income from continuing operations	1,707	2,680	*-36.3*	3,748	5,026	*-25.4*
Net income from discontinued operations[3]	-56	-436		-298	-3,382	
Total net income	1,651	2,244	*-26.4*	3,451	1,644	*109.9*
of which attributable to owners of the parent	*1,601*	*2,160*	*-25.9*	*3,393*	*1,450*	*134.1*
EPS total (SEK)	0.38	0.50	*-23.7*	0.81	0.34	*139.9*
EPS from continuing operations (SEK)	0.39	0.61	*-35.4*	0.87	1.14	*-24.1*
Free cash flow[1]	3,322	3,114	*6.7*	5,379	7,497	*-28.3*
of which operational free cash flow[1]	*2,443*	*2,574*	*-5.1*	*6,851*	*6,830*	*0.3*
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations[1]	3,769	3,464	8.8	6,879	6,249	10.1

1) See Note 16 and/or page 44. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 4. 4) Half year 2019 is restated for comparability, see Note1.

COMMENTS BY JOHAN DENNELIND, PRESIDENT & CEO

“Dear shareholders and Telia followers, as expected, the second quarter was an improvement compared to the first quarter, and we see continuous improvement during the rest of the year. The revenue initiatives, both already implemented and the ones coming in the autumn, combined with cost reductions, primarily on resource cost, are the main reasons for why we can reiterate a stronger second half of 2019 than the first half. The trend is right even if the recovery curve is slow primarily due to a soft mobile B2C in Norway and a negative service revenue mix in Finland. The service revenues for the group declined like for like by 1 percent in the second quarter, an improvement from the decline of 3 percent in the first quarter. The adjusted EBITDA like for like and excluding impact from IFRS 16 declined 2 percent, also an improved level from the decline of 4 percent in the first quarter.

Our operational free cash flow outlook for 2019 remains at SEK 12-12.5 billion, an increase of between 11-16 percent compared to 2018. For the first half the operational free cash flow was SEK 6.9 billion, in line with the corresponding period 2018. The main drivers relate to the acquisition of Get/TDC and we also have a good start on our working capital initiatives. The somewhat slower start in adjusted EBITDA like for like and excluding impact from IFRS 16 will be compensated in the second half of the year by other cash flow drivers, which means that the cash flow composition will be slightly different from what we originally expected.

During the second quarter we have continued to execute on our commercial plans for the year to improve the service revenues. In Sweden we have reshuffled and simplified our mobile product portfolio, making it easier for families to consume and allocate data among each other in the best mobile network in Sweden. So far, the response from customers have been positive. Combined with the recent price adjustments we made in the fixed service portfolio this should contribute to the improved service revenue trends for the second half of 2019. I am very pleased by the enterprise segment showing growth in the second quarter supported by implementation driven revenues on IoT and datacom, where we have secured several large customer contracts, both new and extensions. We are proud to be chosen as the trusted partner and will continue to show leadership in the digital era, where I especially want to highlight the opportunities connected to IoT, where we are clearly very competitive. This quarter we signed yet another big contract in the energy sector, enabling one million E.ON customers to connect to smart electricity meters and we help transportation company Nobina with smart heating of buses. We have also entered several partnerships to explore how

5G can improve our customers’ competitiveness. Overall, we see a slightly better underlying run-rate in B2B for the second half of the year versus the level seen in 2018. The operational expenses in Sweden are still too high. However, given actions already taken as well as additional measures to be implemented in the second half we reiterate our ambition to reach a reduction in operational expenses by 3 percent for 2019. This will primarily be driven by resource costs. For the second quarter trends improved and adjusted EBITDA like for like and excluding impact from IFRS 16 declined by 3 percent versus 6 percent in the first quarter in Sweden.

In Finland the mobile service revenues have returned to growth, a trend that should improve further once we have seen the financial impact from the strong order intake in the first half of 2019 in the enterprise segment. After the season ending of Liiga we have managed to maintain a very high share of customers which should indicate a shorter start-up phase in the autumn. We have also accelerated the dismantling of the copper network leading to a sharp decline in our legacy business. There were higher costs due to the growth in our ICT business. This led to a declining adjusted EBITDA like for like and excluding impact from IFRS 16 for the second quarter by 4 percent.

In Norway mobile service revenues are still hampered by the subscriber losses we experienced in 2018. We are seeing better trends in mobile customer intake, mainly driven by the enterprise segment. For the consumer segment we need to improve our trends during the rest of the year. In the quarter, we have taken the first convergence initiatives which, albeit early days, look encouraging. The Get performance continues to be stable, with both broadband and TV revenues being flat versus the second quarter of 2018. The pace of synergy realization is increasing as planned and is now at a NOK 200 million full year run-rate and will accelerate further coming quarters. The adjusted EBITDA like for like and excluding impact from IFRS 16 returned to a 1 percent growth in the second quarter.

I have mentioned before that Sweden since the beginning of the year has been enrolled into our new operating model. We are encouraged by the effects and are accelerating the enrollment of the other countries which will all be added within the next 12 months where we will realize OPEX and CAPEX synergy potential of SEK 600-900 million and SEK 500 million, respectively, in the coming years.

As anticipated the EU commission pushed the Bonnier Broadcasting approval process into a deeper investigation, a so-called phase two. We have a constructive dialogue with EU commission and continue to believe in an approval in the fourth quarter of 2019.

The outlook of a full year operational free cash flow in between SEK 12-12.5 billion is reiterated.

After an intense first half year I would like to take the opportunity to thank team Telia for the hard work and relentless push to bring the world closer to our customers, with the best connectivity out there. Have a great summer all of you!"

Johan Dennelind

President & CEO

Outlook for 2019 unchanged

Operational free cash flow is expected to grow to between SEK 12.0 and 12.5 billion from the 2018 level (SEK 10.8 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.

Credit rating target

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

Dividend policy

To have an unchanged dividend base after the implementation of IFRS 16, the dividend policy is from 2019 updated to: Telia Company intends to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes.

Previously: Telia Company intends to distribute a minimum of 80 percent of free cash flow from continuing operations, excluding licenses and spectrum fees.

The dividend should be split and distributed in two equal 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.

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 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, SECOND QUARTER 2019

Sales and earnings

Net sales rose 2.2 percent in reported currency to SEK 21,272 million (20,814). Net sales like for like regarding exchange rates, acquisitions and disposals, declined 4.2 percent. Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 1.4 percent.

The number of subscriptions increased from 23.0 million at the end of the second quarter of 2018 to 23.7 million due to the acquisition of Get/TDC. During the quarter, the total number of subscriptions was unchanged.

Adjusted EBITDA rose 16.7 percent in reported currency to SEK 7,520 million (6,443). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 8.1 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 2 percent. The adjusted EBITDA margin rose to 35.4 percent (31.0).

Income from associated companies and joint ventures declined to SEK 233 million (305).

Adjustment items affecting operating income amounted to SEK -251 million (73) including 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. See Note 3.

Adjusted operating income fell 12.7 percent to SEK 3,146 million (3,601).

Financial items totaled SEK -749 million (-566) of which SEK -728 million (-580) related to net interest expenses. Net interest expenses in the second quarter were affected by net interest expenses related to leases of SEK -86 million (18).

Income taxes amounted to SEK -439 million (-428). The effective tax rate was 20.5 percent (13.8), mainly impacted by decreased share of earnings from associated companies while comparative figures were mainly impacted by the revaluation of deferred tax assets/liabilities due to reduced enacted tax rates in Sweden.

Total net income fell to SEK 1,651 million (2,244) of which SEK 1,707 million (2,680) from continuing operations and SEK -56 million (-436) from discontinued operations.

Total net income attributable to the owners of the parent amounted to SEK 1,601 million (2,160) and **Total net income attributable to non-controlling interests** amounted to SEK 51 million (84).

Other comprehensive income declined to SEK -499 million (-133), mainly due to increased negative impact from remeasurements on pension obligations.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, amounted to SEK 7,079 million (6,729).

Free cash flow, from continuing and discontinued operations, amounted to SEK 3,322 million (3,114).

Operational free cash flow, from continuing operations, amounted to SEK 2,443 million (2,574).

Cash flow from investing activities, from continuing and discontinued operations, amounted to SEK -5,803 million (-8,359). Comparative figures were impacted by increased level of net investments in short-term bonds.

Cash flow from financing activities, from continuing and discontinued operations, amounted to SEK -14,232 million (-5,202). 2019 was mainly impacted by the acquisition of Turkcell's 41.45 percent share in Fintur and repayment of a short-term bridge financing related to the exit from region Eurasia.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, increased to SEK 4,012 million (3,464). CAPEX excluding fees for license, spectrum and right-of-use assets, increased to SEK 3,769 million (3,464). Cash CAPEX was SEK 3,736 million (3,403).

Net debt, from continuing and discontinued operations, was SEK 77,674 million at the end of the second quarter (69,985 at the end of the first quarter of 2019). The net debt/adjusted EBITDA ratio was 2.70x, impacted by 0.4x of the implementation of IFRS 16. The lease liabilities, amounting to SEK 15.1 billion, are fully included while the EBITDA impact from IFRS 16 is only included for the first 6 months 2019 (of the rolling 12 months). Based on a steady state assumption, i.e. including 12 months EBITDA effect, the full IFRS 16 net impact would be approximately 0.3x.

REVIEW OF THE GROUP, FIRST HALF 2019

Sales and earnings

Net sales rose 3.6 percent in reported currency to SEK 42,118 million (40,666). Net sales like for like regarding exchange rates, acquisitions and disposals, fell 3.7 percent. Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 2.0 percent.

Adjusted EBITDA rose 15.9 percent in reported currency to SEK 14,988 million (12,937). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 6.9 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 3 percent. The adjusted EBITDA margin rose to 35.6 percent (31.8).

Income from associated companies and joint ventures rose to SEK 606 million (450).

Adjustment items affecting operating income amounted to SEK -510 million (-116) including 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. See Note 3.

Adjusted operating income fell 7.8 percent to SEK 6,632 million (7,189).

Financial items totaled SEK -1,464 million (-1,025) of which SEK -1,378 million (-1,044) related to net interest expenses. Net interest expenses in 2019 were affected by net interest expenses related to leases of SEK -170 million (39).

Income taxes amounted to SEK -909 million (-1,022). The effective tax rate was 19.5 percent (16.9), mainly impacted by increased share of earnings from associated companies while comparative figures were mainly impacted by the revaluation of deferred tax assets/liabilities due to reduced enacted tax rates in Sweden.

Total net income rose to SEK 3,451 million (1,644) of which SEK 3,748 million (5,026) from continuing operations and SEK -297 million (-3,382) from discontinued operations.

Total net income attributable to the owners of the parent amounted to SEK 3,393 million (1,450) and **Total net income attributable to non-controlling interests** amounted to SEK 57 million (194).

Other comprehensive income declined to SEK 2,418 million (7,555). 2019 was mainly affected by increased negative impact from remeasurements on pension obligations. Comparative figures were impacted by positive translation differences and reclassified exchange effects from the disposals of Azercell and Geocell.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, decreased to SEK 13,463 million (14,275) mainly due to the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan and no contribution from the entities in region Eurasia divested during 2018. These effects were partly offset as 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, fell to SEK 5,379 million (7,497).

Operational free cash flow, from continuing operations, amounted to SEK 6,851 million (6,830).

Cash flow from investing activities, from continuing and discontinued operations, amounted to SEK -12,864 million (-4,937). 2019 was mainly impacted by higher cash CAPEX related to spectrums in Sweden and net investments in bonds. Comparable figures were positively affected by the disposals of the holdings in Spotify, Azercell and Geocell, respectively, somewhat offset by the acquisition of Inmics.

Cash flow from financing activities, from continuing and discontinued operations, amounted to SEK -11,619 million (-7,157). 2019 was mainly affected by the acquisition of Turkcell's 41.45 percent share in Fintur and repayment of a short-term bridge financing related to the exit from region Eurasia, partly offset by bond issuance.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, rose to SEK 7,122 million (6,249). CAPEX excluding fees for license, spectrum and right-of-use assets, rose to SEK 6,879 million (6,249). Cash CAPEX rose to SEK 8,063 million (6,247).

Right-of-use assets increased to SEK 15,909 million (–) due to the implementation of IFRS 16, where all leases are being recognized as right-of-use assets.

Short-term interest-bearing receivables increased to SEK 10,724 million (4,529), mainly due to the net investment in investment bonds.

Assets classified as held for sale decreased to SEK 982 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 101,286 million (86,990), and SEK 13,440 million (9,552), respectively, due to the implementation of IFRS 16 where all leases are recognized as financial liabilities, issue of bonds and foreign exchange rate effects, partly offset by matured debt.

Trade payables and other current liabilities, current tax payables and short-term provisions increased to SEK 31,796 million (28,832), mainly due to the second dividend tranche not yet paid out, partly offset by decreased short-term provisions following the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan.

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 Settman, 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 buyback 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 after the end of the second quarter

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

SWEDEN

- For the first time in many years, the enterprise segment showed service revenue growth, driven by strong performance in the Large and Public & Key segments due to price adjustments, deliveries in Security as well as implementation driven revenues in IoT and datacom.

- As the first telecom operator in Sweden, Telia's network has been certified with the label Good Environmental Choice by the Swedish Society for Nature Conservation. This implies that 100 percent of the electricity is renewable, and that the electricity production meets high standards in terms of, among other, climate and people.

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	Chg %	Jan-Jun 2019	Jan-Jun 2018	Chg %
Net sales	8,859	9,368	-5.4	17,469	18,365	-4.9
Change (%) like for like	*-5.5*			*-5.0*		
of which service revenues (external)	*7,613*	*7,700*	*-1.1*	*15,034*	*15,322*	*-1.9*
change (%) like for like	*-1.2*			*-2.0*		
Adjusted EBITDA	3,346	3,274	2.2	6,768	6,695	1.1
Margin (%)	37.8	35.0		38.7	36.5	
change (%) like for like	*2.1*			*0.9*		
Adjusted operating income	1,762	1,970	-10.6	3,691	4,093	-9.8
Operating income	1,804	2,089	-13.6	3,651	4,092	-10.8
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	1,006	1,151	-12.6	1,993	2,094	-4.8
Subscriptions, (thousands)						
Mobile	6,135	6,098	0.6	6,135	6,098	0.6
of which machine to machine (postpaid)	*1,089*	*970*	*12.3*	*1,089*	*970*	*12.3*
Fixed telephony	953	1,229	-22.5	953	1,229	-22.5
Broadband	1,278	1,281	-0.2	1,278	1,281	-0.2
TV	854	820	4.1	854	820	4.1
Employees[1]	5,094	5,496	-7.3	5,094	5,496	-7.3

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

Net sales fell 5.4 percent to SEK 8,859 million (9,368) mainly driven by lower sales of equipment and to some less extent also pressure on service revenues.

Service revenues like for like regarding acquisitions and disposals, declined 1.2 percent driven predominately by a continued pressure on fixed telephony and fiber installation revenues. Mobile service revenues fell 0.4 percent driven mainly by a less favorable subscription base mix compared to the corresponding quarter last year.

Adjusted EBITDA rose 2.2 percent to SEK 3,346 million (3,274) and the adjusted EBITDA margin rose to 37.8 percent (35.0). Like for like regarding acquisitions and disposals, adjusted EBITDA rose 2.1 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding acquisitions and disposals, fell 4 percent driven by higher operating expenses, mainly resource costs, as well as pressure on service revenues.

CAPEX excluding right-of-use assets, declined 12.6 percent to SEK 1,006 million (1,151) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 12.6 percent to SEK 1,006 million (1,151).

Mobile subscriptions grew by 65,000 in the quarter, driven by the net addition of 45,000 postpaid subscriptions used for machine-to-machine related services and 23,000 prepaid subscriptions. TV subscriptions fell by 9,000 and fixed broadband subscriptions fell by 12,000 in the quarter.

FINLAND

- The strong momentum for the B2B segment continued and Telia won several deals on the back of the unified and comprehensive Telia One offering. Furthermore, Telia's TV proposition around the Finnish ice hockey league "Liiga" ended the season with a good customer intake, providing a solid platform for the next season starting up in September.
- Telia has been part of implementing the world's first artificial intelligence application using 5G wireless technology at ABB's frequency converter plant in Helsinki. The solution that is a real-time quality manufacturing system targets to improve production quality and support both robot and human-based assembly work.

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	Chg %	Jan-Jun 2019	Jan-Jun 2018	Chg %
Net sales	3,938	3,868	*1.8*	7,801	7,526	*3.7*
Change (%) like for like	*-1.9*			*-1.7*		
of which service revenues (external)	*3,359*	*3,248*	*3.4*	*6,631*	*6,332*	*4.7*
change (%) like for like	*-0.5*			*-0.4*		
Adjusted EBITDA	1,226	1,124	*9.0*	2,449	2,275	*7.6*
Margin (%)	31.1	29.1		31.4	30.2	
change (%) like for like	*6.7*			*4.0*		
Adjusted operating income	345	494	*-30.2*	740	1,061	*-30.2*
Operating income	341	483	*-29.4*	731	1,010	*-27.7*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	498	490	*1.6*	828	807	*2.6*
Subscriptions, (thousands)						
Mobile	3,225	3,262	*-1.1*	3,225	3,262	*-1.1*
of which machine to machine (postpaid)	*263*	*253*	*4.1*	*263*	*253*	*4.1*
Fixed telephony	29	44	*-34.1*	29	44	*-34.1*
Broadband	466	454	*2.6*	466	454	*2.6*
TV	574	515	*11.5*	574	515	*11.5*
Employees	3,484	3,323	*4.8*	3,484	3,323	*4.8*

Net sales in reported currency rose 1.8 percent to SEK 3,938 million (3,868) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 1.9 percent mainly due to lower sales of equipment. The effect of exchange rate fluctuations was positive by 2.6 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 0.5 percent driven by a 1.9 percent drop in fixed service revenues mainly attributable to continued pressure on fixed telephony, driven by copper network dismantling. Mobile revenues grew 0.7 percent as a 2.9 percent growth in subscription revenues more than compensated for lower interconnect and other kinds of mobile revenues.

Adjusted EBITDA in reported currency increased 9.0 percent to SEK 1,226 million (1,124) and the adjusted EBITDA margin increased to 31.1 percent (29.1). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 6.7 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 4 percent from a combination of lower service revenues and increased operating expenses, mainly driven by higher resource costs.

CAPEX excluding right-of-use assets, grew 1.6 percent to SEK 498 million (490) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 1.6 percent to SEK 498 million (490).

Mobile subscriptions fell by 7,000 in the quarter. TV and fixed broadband subscriptions grew by 6,000 and 3,000, respectively, in the quarter.

NORWAY

- Telia secured 2x10 MHz in the 700 MHz band at a price of NOK 218 million (SEK 236 million). The frequencies are connected to a roll-out commitment for certain railway sections in Norway and are valid for 20 years.
- Telia made a soft launch of convergence in the quarter by reaching out to existing customers of Telia and Get with a convergent proposition. The outcome was encouraging with good uptake on the offering.

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	Chg %	Jan-Jun 2019	Jan-Jun 2018	Chg %
Net sales	3,720	2,750	*35.3*	7,325	5,345	*37.1*
Change (%) like for like	*-3.5*			*-3.8*		
of which service revenues (external)[1]	*3,298*	*2,221*	*48.5*	*6,416*	*4,350*	*47.5*
change (%) like for like	*-0.2*			*-2.3*		
Adjusted EBITDA	1,563	987	*58.4*	3,079	1,995	*54.4*
Margin (%)	42.0	35.9		42.0	37.3	
change (%) like for like	*8.7*			*5.8*		
Adjusted operating income	599	533	*12.5*	1,209	1,130	*7.0*
Operating income	511	526	*-2.8*	1,077	1,114	*-3.3*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	664	285	*133.2*	1,224	573	*113.6*
Subscriptions, (thousands)						
Mobile	2,337	2,335	*0.1*	2,337	2,335	*0.1*
of which machine to machine (postpaid)	*90*	*64*	*41.7*	*90*	*64*	*41.7*
Fixed telephony	54	9		54	*9*	
Broadband	439	–		439	–	
TV	492	–		492	–	
Employees	2,014	1,202	*67.6*	2,014	1,202	*67.6*

1) Half year 2019 is restated for comparability, see Note1.

Net sales in reported currency rose 35.3 percent to SEK 3,720 million (2,750) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 3.5 percent driven by lower equipment sales. The effect of exchange rate fluctuations was positive by 1.3 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 0.2 percent as a result from rather flat mobile revenue development and a slight decline in fixed service revenues. The decline was mainly driven by lower TV and fixed telephony revenues, partly mitigated by growth in fixed broadband revenues.

Adjusted EBITDA in reported currency increased 58.4 percent to SEK 1,563 million (987) and the adjusted EBITDA margin increased to 42.0 percent (35.9). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 8.7 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, grew 1 percent. The increase was due to lower operating expenses, mainly related to synergies and marketing, that more than compensated for the slight reduction in service revenues.

CAPEX excluding right-of-use assets, grew 216.0 percent to SEK 900 million (285) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 133.2 percent to SEK 664 million (285).

Mobile subscriptions increased by 11,000 in the quarter following the net addition of 14,000 postpaid subscriptions. TV subscriptions fell by 10,000 in the quarter due to the loss of one TV partner whereas fixed broadband subscriptions grew by 23,000 thanks to the addition of one new partner.

DENMARK

- Telia initiated the first live 5G tests together with Telenor. In addition, Telia partnered with the Salvation Army to connect hundreds of clothing donation containers in Sjælland with the target to optimize the collection, reduce the environmental footprint and save costs. A sensor equipped with a SIM card is installed in every container to facilitate for a better planning of clothing collection and to avoid unnecessary trips to reduce both costs and CO_2 emissions.

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	*Chg %*	Jan-Jun 2019	Jan-Jun 2018	*Chg %*
Net sales	1,373	1,525	*-10.0*	2,738	2,940	*-6.9*
Change (%) like for like	*-12.1*			*-9.9*		
of which service revenues (external)	*1,066*	*1,081*	*-1.4*	*2,113*	*2,147*	*-1.5*
change (%) like for like	*-3.7*			*-4.7*		
Adjusted EBITDA	254	170	*49.7*	473	311	*52.2*
Margin (%)	18.5	11.1		17.3	10.6	
change (%) like for like	*46.1*			*47.3*		
Adjusted operating income	-22	-38		-74	-100	
Operating income	-41	-34		-102	-81	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	80	84	*-4.4*	182	174	*4.2*
Subscriptions, (thousands)						
Mobile	1,441	1,459	*-1.3*	1,441	1,459	*-1.3*
of which machine to machine (postpaid)	*77*	*52*	*49.0*	*77*	*52*	*49.0*
Fixed telephony	77	87	*-11.5*	77	87	*-11.5*
Broadband	89	107	*-16.8*	89	107	*-16.8*
TV	23	29	*-20.7*	23	29	*-20.7*
Employees	862	926	*-6.9*	862	926	*-6.9*

Net sales in reported currency fell 10.0 percent to SEK 1,373 million (1,525) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 12.1 percent mainly driven by lower equipment sales. The effect of exchange rate fluctuations was positive by 2.1 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 3.7 percent equally driven by lower mobile and fixed revenues. For mobile revenues the drop was a result from lower interconnect revenues and a continued pressure on subscription revenues due to both loss of subscriptions and lower ARPU, compared to last year. The decline in fixed revenues was mainly due to lower fixed broadband and TV revenues following the loss of subscriptions that more than offset the positive impact from higher ARPU.

Adjusted EBITDA in reported currency increased 49.7 percent to SEK 254 million (170) and the adjusted EBITDA margin increased to 18.5 percent (11.1). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 46.1 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, grew 1 percent as lower costs more than compensated for the pressure on service revenues.

CAPEX excluding right-of-use assets, grew 4.6 percent to SEK 88 million (84) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 4.4 percent to SEK 80 million (84).

Mobile subscriptions fell by 5,000 in the quarter despite the net addition of 4,000 subscriptions used for machine-to-machine related services. TV subscriptions fell by 1,000 and fixed broadband subscriptions fell by 10,000 in the quarter.

LITHUANIA

- The number of customers on the fully converged offering, Telia 1, exceeded 50,000 in the quarter. Furthermore, the efficiency program announced earlier this year is under way with realized headcount reduction of 195 so far, compared to the announced 285 for the full year of 2019.

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	*Chg %*	Jan-Jun 2019	Jan-Jun 2018	*Chg %*
Net sales	954	955	*-0.1*	1,880	1,856	*1.3*
Change (%) like for like	*-2.7*			*-2.2*		
of which service revenues (external)	*748*	*754*	*-0.9*	*1,472*	*1,481*	*-0.6*
change (%) like for like	*-3.4*			*-4.1*		
Adjusted EBITDA	342	347	*-1.4*	687	665	*3.2*
Margin (%)	35.9	36.3		36.5	35.9	
change (%) like for like	*-4.1*			*-0.4*		
Adjusted operating income	180	197	*-8.9*	351	338	*3.8*
Operating income	168	195	*-14.0*	337	335	*0.5*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	162	190	*-14.8*	314	305	*2.9*
Subscriptions, (thousands)						
Mobile	1,305	1,383	*-5.7*	1,305	1,383	*-5.7*
of which machine to machine (postpaid)	*163*	*150*	*9.1*	*163*	*150*	*9.1*
Fixed telephony	284	344	*-17.4*	284	344	*-17.4*
Broadband	413	409	*1.0*	413	409	*1.0*
TV	237	247	*-4.0*	237	247	*-4.0*
Employees	2,123	2,337	*-9.2*	2,123	2,337	*-9.2*

Net sales in reported currency fell 0.1 percent to SEK 954 million (955) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 2.7 percent. The effect of exchange rate fluctuations was positive by 2.6 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 3.4 percent as growth in mobile revenues was not enough to compensate mainly for a continued reduction of low margin fixed interconnect and transit service revenues as well as pressure on fixed telephony revenues.

Adjusted EBITDA in reported currency fell 1.4 percent to SEK 342 million (347) and the adjusted EBITDA margin fell slightly to 35.9 percent (36.3). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA fell 4.1 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 9 percent. The decline was mainly the result from higher operating expenses, driven by marketing and resources.

CAPEX excluding right-of-use assets, fell 14.8 percent to SEK 162 million (190) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 14.8 percent to SEK 162 million (190).

Mobile subscriptions increased by 27,000 and TV as well as fixed broadband subscriptions both increased by 3,000 in the quarter.

ESTONIA

- Telia was awarded with the highest, golden level Responsible Business Certificate at the Corporate Social Responsibility gala held in May. These certificates are given out on an annual basis and they mark companies' systematic efforts in sustainable business practices and processes, as well as a broader role in the society.

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	*Chg %*	Jan-Jun 2019	Jan-Jun 2018	*Chg %*
Net sales	799	740	*7.9*	1,589	1,453	*9.4*
Change (%) like for like	*5.1*			*5.6*		
of which service revenues (external)	*639*	*598*	*6.7*	*1,266*	*1,169*	*8.3*
change (%) like for like	*4.0*			*4.5*		
Adjusted EBITDA	283	252	*12.5*	556	486	*14.3*
Margin (%)	35.4	34.0		35.0	33.5	
change (%) like for like	*9.6*			*10.4*		
Adjusted operating income	124	115	*8.0*	241	207	*16.3*
Operating income	123	109	*13.1*	237	204	*16.1*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	154	126	*22.1*	246	194	*26.7*
Subscriptions, (thousands)						
Mobile	1,031	948	*8.7*	1,031	948	*8.7*
of which machine to machine (postpaid)	*279*	*230*	*21.0*	*279*	*230*	*21.0*
Fixed telephony	254	271	*-6.3*	254	271	*-6.3*
Broadband	243	239	*1.7*	243	239	*1.7*
TV	217	205	*5.9*	217	205	*5.9*
Employees	1,782	1,819	*-2.0*	1,782	1,819	*-2.0*

Net sales in reported currency grew 7.9 percent to SEK 799 million (740) and like for like regarding exchange rates, acquisitions and disposals, net sales increased 5.1 percent. The effect of exchange rate fluctuations was positive by 2.8 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, increased 4.0 percent equally driven by positive development in both mobile and fixed service revenues. The growth in mobile revenues was due to subscription base expansion as well as higher ARPU, whereas fixed revenue growth was the result of good development in fixed broadband, TV and business solution revenues.

Adjusted EBITDA in reported currency increased 12.5 percent to SEK 283 million (252) and the adjusted EBITDA margin increased to 35.4 percent (34.0). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 9.6 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, increased 4 percent. The increase was an effect of the growth in service revenues, to some extent offset by a slight upwards pressure on operating expenses.

CAPEX excluding right-of-use assets, grew 22.1 percent to SEK 154 million (126) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 22.1 percent to SEK 154 million (126).

Mobile subscriptions increased by 28,000 in the quarter mainly driven by the net addition of 20,000 postpaid subscriptions, of which 14,000 used for machine-to-machine related services. TV subscriptions increased by 3,000 and fixed broadband subscriptions remained unchanged in the quarter.

OTHER OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	Chg %	Jan-Jun 2019	Jan-Jun 2018	Chg %
Net sales	2,182	2,186	-0.1	4,384	4,326	1.3
Change (%) like for like	*-2.8*			*-2.0*		
of which Telia Carrier	*1,329*	*1,407*	*-5.5*	*2,732*	*2,808*	*-2.7*
of which Latvia	*553*	*533*	*3.9*	*1,101*	*1,025*	*7.4*
Adjusted EBITDA	506	288	75.2	976	510	91.3
of which Telia Carrier	*210*	*121*	*73.2*	*436*	*231*	*89.2*
of which Latvia	*193*	*171*	*13.2*	*377*	*331*	*14.0*
Margin (%)	23.2	13.2		22.3	11.8	
Income from associated companies	235	297	-20.6	614	446	37.6
of which Turkey	*193*	*259*	*-25.2*	*528*	*373*	*41.6*
of which Latvia	*44*	*36*	*23.1*	*87*	*71*	*22.6*
Adjusted operating income	158	331	-52.2	474	459	3.1
Operating income	-11	307		190	398	-52.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	1,206	1,136	6.1	2,092	2,099	-0.3
Subscriptions, (thousands)						
Mobile Latvia	1,282	1,268	1.1	1,282	1,268	1.1
of which machine to machine (postpaid)	*317*	*305*	*3.9*	*317*	*305*	*3.9*
Employees[1]	5,177	4,950	4.6	5,177	4,950	4.6

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

Net sales in reported currency fell 0.1 percent to SEK 2,182 million (2,186) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 2.8 percent. The effect from exchange rate fluctuations was positive by 2.7 percent.

Adjusted EBITDA in reported currency increased 75.2 percent to SEK 506 million (288) and the adjusted EBITDA margin increased to 23.2 percent (13.2). Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, grew 6 percent.

In **Telia Carrier**, net sales in reported currency fell 5.5 percent to SEK 1,329 million (1,407). Adjusted EBITDA grew 73.2 percent to SEK 210 million (121). Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 2 percent.

In **Latvia**, net sales in reported currency increased 3.9 percent to SEK 553 million (533). Adjusted EBITDA in reported currency increased 13.2 percent to SEK 193 million (171). Excluding the positive impact from IFRS 16, adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals, increased 4 percent.

The number of mobile subscriptions in Latvia grew by 4,000 in the quarter mainly driven by the net addition of 6,000 postpaid subscriptions, of which 3,000 used for machine-to-machine related services.

Income from associated companies fell to SEK 235 million (297) driven by Turkcell in Turkey.

DISCONTINUED OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Apr-Jun 2019	Apr-Jun 2018	Chg %	Jan-Jun 2019	Jan-Jun 2018	Chg %
Net sales (external)	146	1,614	*-91.0*	286	3,588	*-92.0*
Adjusted EBITDA	19	539	*-96.4*	53	1,226	*-95.7*
Margin (%)	13.4	33.4		18.6	34.2	
CAPEX	29	219	*-86.8*	56	392	*-85.6*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	25	183	*-86.4*	52	355	*-85.3*

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 the second quarter of 2019 was Moldcell in Moldova.

Net sales fell 91.0 percent in reported currency to SEK 146 million (1,614).

Adjusted EBITDA fell to SEK 19 million (539). The adjusted EBITDA margin fell to 13.4 percent (33.4).

CAPEX fell to SEK 29 million (219) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell to SEK 25 million (183).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Continuing operations					
Net sales	5, 6	21,272	20,814	42,118	40,666
Cost of sales		-13,288	-12,766	-26,299	-24,952
Gross profit		**7,984**	**8,048**	**15,820**	**15,714**
Selling, administration and R&D expenses		-5,220	-4,808	-10,084	-9,074
Other operating income and expenses, net		-102	129	-220	-17
Income from associated companies and joint ventures		233	305	606	450
Operating income	5	**2,895**	**3,674**	**6,122**	**7,073**
Financial items, net		-749	-566	-1,464	-1,025
Income after financial items		**2,146**	**3,108**	**4,657**	**6,048**
Income taxes		-439	-428	-909	-1,022
Net income from continuing operations		**1,707**	**2,680**	**3,748**	**5,026**
Discontinued operations					
Net income from discontinued operations	4	**-56**	**-436**	**-297**	**-3,382**
Total net income		**1,651**	**2,244**	**3,451**	**1,644**
Items that may be reclassified to net income:					
Foreign currency translation differences from continuing operations		469	306	2,490	3,567
Foreign currency translation differences from discontinued operations		27	148	127	3,263
Other comprehensive income from associated companies and joint ventures		105	43	334	47
Cash flow hedges		-174	-206	-259	-317
Cost of hedging		6	64	156	64
Debt instruments at fair value through OCI		22	4	27	16
Income taxes relating to items that may be reclassified		161	223	427	794
Items that will not be reclassified to net income:					
Equity instruments at fair value through OCI		–	–	–	554
Remeasurements of defined benefit pension plans		-1,403	-906	-1,114	-544
Income taxes relating to items that will not be reclassified		288	190	227	112
Associates' remeasurements of defined benefit pension plans		–	0	4	-1
Other comprehensive income		**-499**	**-133**	**2,418**	**7,555**
Total comprehensive income		**1,152**	**2,111**	**5,869**	**9,198**
Total net income attributable to:					
Owners of the parent		1,601	2,160	3,393	1,450
Non-controlling interests		51	84	57	194
Total comprehensive income attributable to:					
Owners of the parent		1,053	1,939	5,599	8,948
Non-controlling interests		99	172	270	250
Earnings per share (SEK), basic and diluted		0.38	0.50	0.81	0.34
of which continuing operations		*0.39*	*0.61*	*0.87*	*1.14*
Number of shares (thousands)					
Outstanding at period-end		4,181,821	4,305,465	4,181,821	4,305,465
Weighted average, basic and diluted		4,192,588	4,315,620	4,203,707	4,322,852
EBITDA from continuing operations	16	7,398	6,533	14,607	12,838
Adjusted EBITDA from continuing operations	3, 16	7,520	6,443	14,988	12,937
Depreciation, amortization and impairment losses from continuing operations		-4,736	-3,163	-9,091	-6,216
Adjusted operating income from continuing operations	3, 16	3,146	3,601	6,632	7,189

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Jun 30, 2019	Dec 31, 2018
Assets			
Goodwill and other intangible assets	7, 15	95,950	93,018
Property, plant and equipment	7	78,448	78,220
Right-of-use assets	1, 7	15,909	–
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	8	13,970	14,346
Deferred tax assets		1,767	2,670
Long-term interest-bearing receivables	4, 8, 11	11,838	12,768
Total non-current assets		*217,881*	*201,021*
Inventories		1,593	1,854
Trade and other receivables and current tax receivables	8	16,689	17,624
Short-term interest-bearing receivables	4, 8, 11	10,724	4,529
Cash and cash equivalents	4, 11	12,265	18,765
Assets classified as held for sale	4, 11	982	4,799
Total current assets		*42,253*	*47,570*
Total assets		**260,134**	**248,592**
Equity and liabilities			
Equity attributable to owners of the parent		91,275	97,344
Equity attributable to non-controlling interests		1,353	5,050
Total equity		*92,628*	*102,394*
Long-term borrowings	8, 11	101,286	86,990
Deferred tax liabilities		10,341	11,382
Provisions for pensions and other long-term provisions		7,708	6,715
Other long-term liabilities		2,297	2,169
Total non-current liabilities		*121,631*	*107,254*
Short-term borrowings	8, 11	13,440	9,552
Trade payables and other current liabilities, current tax payables and short-term provisions	4	31,796	28,832
Liabilities directly associated with assets classified as held for sale	4, 11	639	560
Total current liabilities		*45,875*	*38,943*
Total equity and liabilities		**260,134**	**248,592**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Cash flow before change in working capital		6,305	5,836	13,378	12,698
Change in working capital		774	894	86	1,577
Cash flow from operating activities		**7,079**	**6,729**	**13,463**	**14,275**
of which from continuing operations		*7,029*	*6,430*	*15,320*	*13,486*
of which from discontinued operations		*50*	*300*	*-1,856*	*789*
Cash CAPEX	16	-3,757	-3,615	-8,084	-6,778
Free cash flow	**16**	**3,322**	**3,114**	**5,379**	**7,497**
of which from continuing operations		*3,293*	*3,027*	*7,256*	*7,239*
of which from discontinued operations		*29*	*88*	*-1,878*	*258*
Cash flow from other investing activities		-2,046	-4,744	-4,780	1,841
Total cash flow from investing activities		**-5,803**	**-8,359**	**-12,864**	**-4,937**
of which from continuing operations		*-5,914*	*-8,191*	*-13,028*	*-4,833*
of which from discontinued operations		*111*	*-167*	*164*	*-104*
Cash flow before financing activities		**1,276**	**-1,629**	**599**	**9,338**
Cash flow from financing activities		**-14,232**	**-5,202**	**-11,619**	**-7,157**
of which from continuing operations		*-10,473*	*-5,074*	*-7,932*	*-7,023*
of which from discontinued operations		*-3,759*	*-128*	*-3,687*	*-134*
Cash flow for the period		**-12,956**	**-6,832**	**-11,020**	**2,181**
of which from continuing operations		*-9,358*	*-6,836*	*-5,641*	*1,630*
of which from discontinued operations		*-3,598*	*4*	*-5,379*	*551*
Cash and cash equivalents, opening balance		**25,002**	**30,881**	**22,591**	**20,984**
Cash flow for the period		-12,956	-6,832	-11,020	2,181
Exchange rate differences in cash and cash equivalents		346	404	820	1,288
Cash and cash equivalents, closing balance		**12,391**	**24,453**	**12,391**	**24,453**
of which from continuing operations		*12,265*	*19,404*	*12,265*	*19,404*
of which from discontinued operations		*126*	*5,049*	*126*	*5,049*

See Note 16 section Operational free cash flow for further information.

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]	-16	–	-16
Change in accounting principles in associated companies[2]	282	–	282
Adjusted opening balance, January 1, 2018	**101,490**	**5,291**	**106,781**
Dividends	-9,931	-229	-10,160
Share-based payments	17	–	17
Acquisition of treasury shares[3]	-1,065	–	-1,065
Total transactions with owners	*-10,979*	*-229*	*-11,209*
Total comprehensive income	8,948	250	9,198
Closing balance, June 30, 2018	**99,459**	**5,312**	**104,771**
Adjustment of dividends due to treasury shares	50	–	50
Share-based payments	19	–	19
Acquisition of treasury shares[3]	-3,082	–	-3,082
Total transactions with owners	*-3,013*	–	*-3,013*
Total comprehensive income	895	-262	633
Effect of equity transactions in associated companies	4	–	4
Closing balance, December 31, 2018	**97,344**	**5,050**	**102,394**
Change in accounting principles in associated companies[2]	-13	–	-13
Adjusted opening balance, January 1, 2019	**97,331**	**5,050**	**102,381**
Dividends	-9,902	-152	-10,054
Share-based payments	19	–	19
Acquisition and transfer of treasury shares[3]	-2,048	–	-2,048
Acquisition of non-controlling interests[4]	295	-3,815	-3,520
Cancellation of treasury shares, net effect[5]	–	–	–
Bonus issue, net effect[5]	–	–	–
Total transactions with owners	*-11,635*	*-3,967*	*-15,603*
Total comprehensive income	5,599	270	5,869
Effect of equity transactions in associated companies	-20	–	-20
Closing balance, June 30, 2019	**91,275**	**1,353**	**92,628**

1) Transition effect of IFRS 9.
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) 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.

NOTE 1. BASIS OF PREPARATION

General

Telia Company's consolidated financial statements as of and for the six-month period ended June 30, 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 standards effective January 1, 2019

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 has 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 billions	Jan 1, 2019
Right-of-use assets	15
Deferred tax asset	1
Increase total assets	**16**
Lease liability, non-current	12
Deferred tax liability	1
Lease liability, current	3
Increase total liabilities	**16**

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, shops, 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**

Restatement of financial and operational data

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 second quarter of 2018 is restated by SEK -314 million and for the first half 2018 by SEK -584 million, employees at the end of the second quarter of 2018 is restated by -883 and at the end of the fourth quarter 2018 by -909.
In Other operations, CAPEX excluding fees for license and spectrum, for the second quarter of 2018 is restated by SEK 314 million and for the first half 2018 by SEK 584 million, employees at the end of second quarter of 2018 is restated by 883 and at the end of the fourth quarter of 2018 by 909.

In order to harmonize reporting line items within external net sales in Norway have been restated for the first quarter of 2019 from a reclassification of SEK 12 million from service revenues to equipment revenues.

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

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 6-8.
- Significant events in the first and second quarter, see page 9.
- Significant events after the end of the second quarter, see page 9.
- Risks and uncertainties, see page 40.

NOTE 3. ADJUSTMENT ITEMS

Adjustment items within operating income, continuing operations

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Within EBITDA	**-122**	**90**	**-381**	**-99**
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:				
Sweden	42	119	-40	-2
Finland	-4	-11	-9	-50
Norway	-89	-7	-132	-16
Denmark	-19	-3	-28	-3
Lithuania	-12	-3	-14	-8
Estonia	-1	-1	-4	-3
Other operations	-40	-7	-155	-44
Capital gains/losses	–	3	–	27
Within Depreciation, amortization and impairment losses[1]	**-129**	**–**	**-129**	**–**
Within Income from associated companies and joint ventures	**–**	**-17**	**–**	**-17**
Capital gains/losses	–	-17	–	-17
Total adjustment items within operating income, continuing operations	**-251**	**73**	**-510**	**-116**

1) Second quarter and first half of 2019 include 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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Within EBITDA	**-10**	**-154**	**-128**	**-3,508**
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	-9	-102	-125	-140
Impairment loss on remeasurement to fair value less costs to sell	-1	-52	-3	-62
Capital gains/losses[1]	–	–	–	-3,306
Total adjustment items within EBITDA, discontinued operations	**-10**	**-154**	**-128**	**-3,508**

1) Capital losses in the first half of 2018 relate to the disposals of Azercell in Azerbaijan and Geocell in Georgia.

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 2019.

Measurement

The estimated cash and debt free value for Moldcell per December 31, 2018, of SEK 0.5 billion remains unchanged per June 30, 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 and by SEK 60 million in the second quarter of 2019 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 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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net sales	146	1,614	286	3,588
Expenses and other operating income, net	-136	-1,184	-358	-2,499
Operating income	**10**	**430**	**-73**	**1,089**
Financial items, net	14	-142	-24	-133
Income after financial items	**24**	**288**	**-96**	**956**
Income taxes	-20	-114	-41	-122
Net income before remeasurement and gain/loss on disposal	**4**	**174**	**-137**	**834**
Impairment loss on remeasurement to fair value less costs to sell[1]	-60	-610	-160	-910
Capital loss on disposal of Azercell in Azerbaijan (including cumulative Azercell exchange loss in equity reclassified to net income of SEK -2,944 million)[1]	–	–	–	-3,065
of which loss attributable to parent shareholders	–	–	–	*-3,024*
of which loss attributable to non-controlling interests	–	–	–	*-41*
Capital loss on disposal of Geocell in Georgia (including cumulative Geocell exchange loss in equity reclassified to net income of SEK -101 million)[1]	–	–	–	-241
of which loss attributable to parent shareholders	–	–	–	*-190*
of which loss attributable to non-controlling interests	–	–	–	*-52*
Net income from discontinued operations	**-56**	**-436**	**-297**	**-3,382**
EPS from discontinued operations (SEK)	-0.01	-0.11	-0.06	-0.81
Adjusted EBITDA	19	539	53	1,226

1) Non-tax deductible.

Assets classified as held for sale

SEK in millions	Eurasia Jun 30, 2019	Eurasia Dec 31, 2018
Goodwill and other intangible assets	148	216
Property, plant and equipment	360	402
Right-of-use assets	107	–
Other non-current assets[1]	33	79
Short-term interest-bearing receivables	0	0
Other current assets	208	274
Cash and cash equivalents[1]	126	3,827
Assets classified as held for sale	**982**	**4,799**
Long-term borrowings	105	–
Long-term provisions	8	8
Other long-term liabilities	140	193
Short-term borrowings	22	–
Other current liabilities	363	359
Liabilities associated with assets classified as held for sale	**639**	**560**
Net assets classified as held for sale[2]	**343**	**4,239**

1) December 31, 2018 included the sales prices for Turkcell's non-controlling interests in Azercell, Geocell and Kcell, respectively, whereof SEK 2.6 billion was included in cash and cash equivalents. After the acquisition of Turkcell's non-controlling interest in Fintur during the second quarter 2019, the balances do not include any amount related to Turkcell. The sales prices for Telia Company's shares in Azercell, Geocell, Kcell and Ucell, respectively, 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

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net sales				
Sweden	8,859	9,368	17,469	18,365
of which external	*8,829*	*9,301*	*17,406*	*18,223*
Finland	3,938	3,868	7,801	7,526
of which external	*3,901*	*3,826*	*7,708*	*7,435*
Norway	3,720	2,750	7,325	5,345
of which external	*3,717*	*2,744*	*7,318*	*5,334*
Denmark	1,373	1,525	2,738	2,940
of which external	*1,348*	*1,504*	*2,694*	*2,896*
Lithuania	954	955	1,880	1,856
of which external	*934*	*939*	*1,841*	*1,828*
Estonia	799	740	1,589	1,453
of which external	*774*	*716*	*1,539*	*1,405*
Other operations	2,182	2,186	4,384	4,326
Total segments	**21,826**	**21,392**	**43,188**	**41,811**
Eliminations	-555	-578	-1,069	-1,145
Group	**21,272**	**20,814**	**42,118**	**40,666**
Adjusted EBITDA				
Sweden	3,346	3,274	6,768	6,695
Finland	1,226	1,124	2,449	2,275
Norway	1,563	987	3,079	1,995
Denmark	254	170	473	311
Lithuania	342	347	687	665
Estonia	283	252	556	486
Other operations	506	288	976	510
Total segments	**7,520**	**6,443**	**14,988**	**12,937**
Eliminations	–	–	–	–
Group	**7,520**	**6,443**	**14,988**	**12,937**
Operating income				
Sweden	1,804	2,089	3,651	4,092
Finland	341	483	731	1,010
Norway	511	526	1,077	1,114
Denmark	-41	-34	-102	-81
Lithuania	168	195	337	335
Estonia	123	109	237	204
Other operations	-11	307	190	398
Total segments	**2,895**	**3,674**	**6,122**	**7,073**
Eliminations	–	–	0	0
Group	**2,895**	**3,674**	**6,122**	**7,073**
Financial items, net	-749	-566	-1,464	-1,025
Income after financial items	**2,146**	**3,108**	**4,657**	**6,048**

SEK in millions	Jun 30, 2019 Segment assets	Jun 30, 2019 Segment liabilities	Dec 31, 2018 Segment assets	Dec 31, 2018 Segment liabilities
Sweden[1]	48,249	11,516	45,214	13,204
Finland	56,845	5,764	53,657	5,749
Norway	62,360	5,058	57,434	4,324
Denmark	9,300	1,718	8,372	1,707
Lithuania	7,767	1,027	7,325	810
Estonia	5,950	716	5,540	778
Other operations[1]	35,455	8,837	31,141	10,462
Total segments[1]	**225,927**	**34,636**	**208,683**	**37,034**
Unallocated[1]	33,224	132,231	35,110	108,603
Assets and liabilities held for sale	982	639	4,799	560
Total assets/liabilities, group	**260,134**	**167,505**	**248,592**	**146,197**

1) Restated for comparability, see Note 1.

NOTE 6. NET SALES

	Apr-Jun 2019								
SEK in millions	Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total
Mobile subscription revenues	3,242	1,672	1,834	735	273	236	321	–	8,314
Interconnect	163	104	127	46	36	19	38	–	533
Other mobile service revenues	160	192	257	72	8	5	12	–	705
Total mobile service revenues	**3,566**	**1,968**	**2,218**	**854**	**318**	**260**	**370**	**–**	**9,552**
Telephony	592	35	49	42	67	32	0	–	817
Broadband	1,143	183	346	61	143	143	–	–	2,019
TV	462	151	493	36	78	64	–	–	1,284
Business solutions	686	648	133	47	51	59	18	–	1,640
Other fixed service revenues	1,065	364	38	21	91	75	1,087	–	2,742
Total fixed service revenues	**3,947**	**1,382**	**1,058**	**207**	**430**	**372**	**1,105**	**–**	**8,501**
Other service revenues	**101**	**9**	**22**	**5**	**–**	**7**	**77**	–	**221**
Total service revenues[1]	**7,613**	**3,359**	**3,298**	**1,066**	**748**	**639**	**1,552**	**–**	**18,274**
Total equipment revenues[1]	**1,215**	**542**	**419**	**282**	**187**	**135**	**217**	**–**	**2,997**
Total external net sales	**8,829**	**3,901**	**3,717**	**1,348**	**934**	**774**	**1,769**	**–**	**21,272**
Internal net sales	31	38	3	26	20	25	413	-555	–
Total net sales	**8,859**	**3,938**	**3,720**	**1,373**	**954**	**799**	**2,182**	**-555**	**21,272**

SEK in millions	Apr-Jun 2018								
	Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total
Mobile subscription revenues	3,268	1,572	1,821	730	255	217	301	–	8,162
Interconnect	166	120	148	59	39	19	38	–	589
Other mobile service revenues	148	195	218	65	8	4	11	–	650
Total mobile service revenues	**3,582**	**1,887**	**2,187**	**854**	**302**	**240**	**350**	**–**	**9,401**
Telephony	677	60	33	46	81	34	–	–	931
Broadband	1,144	183	0	70	145	133	0	–	1,675
TV	456	132	–	43	69	55	–	–	755
Business solutions	673	577	1	41	49	48	16	–	1,405
Other fixed service revenues	1,083	399	0	22	108	78	1,164	–	2,854
Total fixed service revenues	**4,032**	**1,353**	**34**	**221**	**452**	**349**	**1,180**	**–**	**7,621**
Other service revenues	**86**	**8**	**0**	**6**	**–**	**10**	**72**	**–**	**183**
Total service revenues[1]	**7,700**	**3,248**	**2,221**	**1,081**	**754**	**598**	**1,601**	**–**	**17,204**
Total equipment revenues[1]	**1,601**	**579**	**523**	**423**	**185**	**118**	**182**	**–**	**3,610**
Total external net sales	**9,301**	**3,826**	**2,744**	**1,504**	**939**	**716**	**1,783**	**–**	**20,814**
Internal net sales	67	42	6	21	16	24	403	-578	–
Total net sales	**9,368**	**3,868**	**2,750**	**1,525**	**955**	**740**	**2,186**	**-578**	**20,814**

SEK in millions	Jan-Jun 2019								
	Sweden	Finland	Norway[2]	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total[2]
Mobile subscription revenues	6,443	3,289	3,566	1,449	539	462	627	–	16,375
Interconnect	320	201	244	93	76	36	75	–	1,045
Other mobile service revenues	300	382	479	140	15	7	20	–	1,344
Total mobile service revenues	**7,063**	**3,873**	**4,290**	**1,682**	**630**	**506**	**722**	**–**	**18,765**
Telephony	1,176	88	99	90	139	63	0	–	1,656
Broadband	2,268	364	672	123	283	282	–	–	3,992
TV	920	313	983	73	154	124	–	–	2,567
Business solutions	1,390	1,261	260	92	103	114	35	–	3,254
Other fixed service revenues	2,022	711	77	40	162	163	2,256	–	5,433
Total fixed service revenues	**7,775**	**2,737**	**2,091**	**418**	**842**	**746**	**2,291**	**–**	**16,902**
Other service revenues	**196**	**21**	**36**	**13**	**–**	**14**	**165**	**–**	**445**
Total service revenues[1]	**15,034**	**6,631**	**6,416**	**2,113**	**1,472**	**1,266**	**3,177**	**–**	**36,111**
Total equipment revenues[1]	**2,372**	**1,077**	**902**	**581**	**370**	**273**	**433**	**–**	**6,007**
Total external net sales	**17,406**	**7,708**	**7,318**	**2,694**	**1,841**	**1,539**	**3,610**	**–**	**42,118**
Internal net sales	63	93	8	44	39	49	774	-1,069	–
Total net sales	**17,469**	**7,801**	**7,325**	**2,738**	**1,880**	**1,589**	**4,384**	**-1,069**	**42,118**

Q2

SEK in millions	Jan-Jun 2018 Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total
Mobile subscription revenues	6,529	3,095	3,555	1,455	490	424	585	–	16,133
Interconnect	325	240	269	114	75	35	76	–	1,134
Other mobile service revenues	279	381	456	127	14	7	19	–	1,283
Total mobile service revenues	**7,134**	**3,716**	**4,280**	**1,696**	**579**	**465**	**680**	**–**	**18,550**
Telephony	1,380	116	69	90	162	68	–	–	1,885
Broadband	2,285	361	0	137	284	260	0	–	3,328
TV	914	262	–	85	132	107	–	–	1,500
Business solutions	1,363	1,127	1	84	99	95	33	–	2,802
Other fixed service revenues	2,081	741	0	41	225	154	2,335	–	5,577
Total fixed service revenues	**8,023**	**2,607**	**70**	**437**	**902**	**683**	**2,368**	**–**	**15,091**
Other service revenues	**165**	**9**	**0**	**14**	**–**	**20**	**151**	**–**	**359**
Total service revenues[1]	**15,322**	**6,332**	**4,350**	**2,147**	**1,481**	**1,169**	**3,199**	**–**	**33,999**
Total equipment revenues[1]	**2,901**	**1,103**	**984**	**749**	**347**	**236**	**346**	**–**	**6,667**
Total external net sales	**18,223**	**7,435**	**5,334**	**2,896**	**1,828**	**1,405**	**3,544**	**–**	**40,666**
Internal net sales	142	91	11	44	28	47	782	-1,145	0
Total net sales	**18,365**	**7,526**	**5,345**	**2,940**	**1,856**	**1,453**	**4,326**	**-1,145**	**40,666**

1) In all material aspects, equipment revenues are recognized at a point in time and service revenues over time.
2) Restated for comparability, see Note 1.
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NOTE 7. INVESTMENTS

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
CAPEX	**4,206**	**3,464**	**7,443**	**6,249**
Intangible assets	1,044	827	1,707	1,449
Property, plant and equipment	2,969	2,637	5,416	4,799
Right-of-use assets	193	–	320	–
Acquisitions and other investments	**120**	**90**	**178**	**945**
Asset retirement obligations	64	17	121	27
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	21	33	21	850
Equity instruments	36	41	36	68
Total continuing operations	**4,326**	**3,554**	**7,620**	**7,194**
Total discontinued operations	**29**	**219**	**57**	**392**
of which CAPEX	*29*	*219*	*56*	*392*
Total investments	**4,355**	**3,774**	**7,677**	**7,587**
of which CAPEX	*4,235*	*3,683*	*7,499*	*6,641*

NOTE 8. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings[1] SEK in millions	Jun 30, 2019 Carrying value	Jun 30, 2019 Fair value	Dec 31, 2018 Carrying value	Dec 31, 2018 Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	41,610	44,930	49,963	55,014
Interest rate swaps	124	124	162	162
Cross-currency interest rate swaps	2,652	2,652	1,792	1,792
Subtotal	**44,386**	**47,706**	**51,917**	**56,968**
Open-market financing program borrowings	42,908	54,830	32,267	39,767
Other borrowings at amortized cost	1,595	1,595	1,443	1,443
Subtotal	**88,889**	**104,131**	**85,626**	**98,177**
Lease liabilities[2, 3]	12,397	12,397	1,363	1,363
Total long-term borrowings	**101,286**	**116,527**	**86,990**	**99,541**
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	7,552	7,711	3,018	3,019
Interest rate swaps	28	28	45	45
Cross-currency interest rate swaps	100	100	292	292
Subtotal	**7,680**	**7,839**	**3,355**	**3,357**
Open-market financing program borrowings	2,312	2,325	1,771	1,776
Other borrowings at amortized cost	889	889	4,378	4,378
Subtotal	**10,883**	**11,055**	**9,505**	**9,512**
Lease liabilities[2, 3]	2,557	2,557	46	46
Total short-term borrowings	**13,440**	**13,612**	**9,552**	**9,558**

1) For financial assets, fair values equal carrying values. For information on fair value estimation, see the Annual and Sustainability Report 2018, Note C3 to the consolidated financial statements.
2) For lease liabilities the carrying value approximates fair value as the impact of discounting using market interest rates at the end of the reporting period is insignificant.
3) 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	Jun 30, 2019 Carrying value	Jun 30, 2019 of which Level 1	Jun 30, 2019 of which Level 2	Jun 30, 2019 of which Level 3	Dec 31, 2018 Carrying value	Dec 31, 2018 of which Level 1	Dec 31, 2018 of which Level 2	Dec 31, 2018 of which Level 3
Financial assets at fair value								
Equity instruments at fair value through OCI[2]	**308**	–	–	308	**272**	–	–	272
Equity instruments at fair value through income statement	**13**	–	–	13	**13**	–	–	13
Long- and short-term bonds at fair value through OCI	**14,395**	9,454	4,940	–	**7,780**	7,780	–	–
Derivatives designated as hedging instruments[3]	**3,742**	–	3,742	–	**2,402**	–	2,402	–
Derivatives at fair value through income statement[3]	**472**	–	472	–	**777**	–	777	–
Total financial assets at fair value by level	**18,929**	**9,454**	**9,154**	**322**	**11,244**	**7,780**	**3,179**	**286**
Financial liabilities at fair value								
Derivatives designated as hedging instruments	**2,515**	–	2,515	–	**2,000**	–	2,000	–
Derivatives at fair value through income statement	**603**	–	603	–	**392**	–	392	–
Total financial liabilities at fair value by level	**3,119**	**–**	**3,119**	**–**	**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 carrying 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/premiums 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 table below presents the movements in level 3 instruments for the six-month period ended June 30, 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	**Jan-Jun 2019**		
	Equity instruments at fair value through OCI	**Equity instruments at fair value through income statement**	**Total**
Level 3, opening balance	**272**	**13**	**286**
Purchases/capital contributions	35	–	35
Level 3, closing balance	**308**	**13**	**322**

Movements within Level 3, fair value hierarchy SEK in millions	**Jan-Dec 2018**		
	Equity instruments at fair value through OCI	**Equity instruments at fair value through income statement**	**Total**
Level 3, opening balance[1]	**1,949**	**19**	**1,968**
Changes in fair value	554	–	554
of which recognized in other comprehensive income	*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. The intention is to buy back shares for an annual amount of SEK 5 billion over a three-year period, totaling SEK 15 billion, subject to the annual general meeting approving necessary mandates for such buy-backs. 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.

As of June 30, 2019, Telia Company held 27,719,193 treasury shares and the total number of issued and outstanding shares was 4,209,540,375 and 4,181,821,182, respectively.

The total price for the repurchased shares under the share buy-back program during the first six months 2019 was SEK 2,004 million and transaction costs, net of tax, amounted to SEK 3 million, of which SEK 1,129 million and SEK 0 million, respectively, related to the second 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.

In total the 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 2,048 million during the six-months period ended June 30, 2019 (SEK 1,065 million during the six-months period ended June 30, 2018).

NOTE 10. RELATED PARTY TRANSACTIONS

In the six-month period ended June 30, 2019, Telia Company purchased goods and services for SEK 11 million (15) and sold goods and services for SEK 5 million (8). 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	Jun 30, 2019	Dec 31, 2018
Long-term borrowings	101,391	86,990
of which lease liabilities, non-current	*12,502*	*1,363*
Less 50 percent of hybrid capital[1]	-7,996	-7,861
Short-term borrowings	13,462	9,552
of which lease liabilities, current	*2,579*	*46*
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-4,148	-2,946
Less long-term bonds at fair value through OCI	-5,721	-7,267
Less short-term investments	-6,923	-513
Less cash and cash equivalents	-12,391	-22,591
Net debt, continuing and discontinued operations	**77,674**	**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 second 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. Telia Company has not made any long-term funding transactions during the second quarter. The short-term bridge financing of USD 400 million (SEK 3,703 million) related to the exit from region Eurasia was repaid in April when the acquisition of Turkcell’s share in Fintur Holdings B.V. was completed.

NOTE 13. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of June 30, 2019, the maximum potential future payments that Telia Company (continuing operations) could be required to make under issued financial guarantees totaled SEK 310 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 48 million (45 at the end of 2018). For ongoing legal proceedings, see Note C29 in the Annual and Sustainability Report 2018.

NOTE 14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of June 30, 2019, contractual obligations (continuing operations) totaled SEK 3,157 million (3,364 at the end of 2018).

NOTE 15. BUSINESS COMBINATIONS

Minor business combinations

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.

Business combinations after the reporting period

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 a contingent consideration of maximum SEK 1 billion. The contingent consideration will be based on future operational performance on revenues and EBITA. 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 will establish a new business area, where both Telia Company's existing TV business and the Bonnier Broadcasting businesses will be included.

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 transaction is subject to approvals by the European Commission and the merger filing was submitted March 15, 2019. The transaction is expected to be completed during the fourth quarter of 2019.

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. Information on the initial accounting for the business combination will be disclosed in the interim report for the third quarter 2019.

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.

	Jun 30, 2019	Dec 31, 2018
Return on equity (%, rolling 12 months)[1]	6.0	3.6
Return on capital employed (%, rolling 12 months)[1]	5.2	4.7
Equity/assets ratio (%)[1]	31.8	37.2
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months)[2, 3]	2.70	2.07
Parent owners' equity per share (SEK)[1]	21.83	23.01

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 Get and TDC Norway adjusted EBITDA July 1, 2018 - June 30, 2019, was 2.65x. Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2018 including Get and TDC Norway adjusted EBITDA January 1- December 31, 2018, was 1.97x.
3) The implementation of IFRS 16 impacted Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2019 by 0.4x. The lease liability, amounting to SEK 15.1 billion, is fully included while the EBITDA impact from IFRS 16 is only included for the first 6 months 2019 (of the rolling 12 months). Based on a steady state assumption, i.e. including 12 months EBITDA effect, the net impact would be approximately 0.3x.

Alternative performance measurements

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 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, 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.

Continuing operations

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Operating income	**2,895**	**3,674**	**6,122**	**7,073**
Income from associated companies and joint ventures	-233	-305	-606	-450
Total depreciation/amortization/write-down	4,736	3,163	9,091	6,216
EBITDA	**7,398**	**6,533**	**14,607**	**12,838**
Adjustment items within EBITDA (Note 3)	122	-90	381	99
Adjusted EBITDA	**7,520**	**6,443**	**14,988**	**12,937**

Discontinued operations

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Operating income	**10**	**430**	**-73**	**1,089**
Income from associated companies and joint ventures	–	7	–	-3
Total depreciation/amortization/write-down	-1	-52	-2	-62
Capital gains/losses on disposals	–	0	–	-3,306
EBITDA	**9**	**385**	**-75**	**-2,282**
Adjustment items within EBITDA (Note 3)	10	154	128	3,508
Adjusted EBITDA	**19**	**539**	**53**	**1,226**

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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Operating income	**2,895**	**3,674**	**6,122**	**7,073**
Adjustment items within Operating income (Note 3)	251	-73	510	116
Adjusted operating income, continuing operations	**3,146**	**3,601**	**6,632**	**7,189**

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).

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Continuing operations				
Investments in intangible assets	1,044	827	1,707	1,449
Investments in property, plant and equipment	2,969	2,637	5,416	4,799
CAPEX excluding right-of-use assets	**4,012**	**3,464**	**7,122**	**6,249**
Investments in right-of-use assets	193	–	320	–
CAPEX	**4,206**	**3,464**	**7,443**	**6,249**
Excluded: Right-of-use assets	-193	–	-320	–
Net of not paid investments and additional payments from previous periods[1]	-276	-61	941	-2
Cash CAPEX	**3,736**	**3,403**	**8,063**	**6,247**
CAPEX	**4,206**	**3,464**	**7,443**	**6,249**
Excluded: Investments in license and spectrum fees	-243	–	-243	–
CAPEX excluding license and spectrum fees	**3,963**	**3,464**	**7,199**	**6,249**
Excluded: Investments in right-of-use assets	-193	–	-320	–
CAPEX excluding fees for license, spectrum and right-of-use assets	**3,769**	**3,464**	**6,879**	**6,249**

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Discontinued operations				
Investments in intangible assets	–	67	–	94
Investments in property, plant and equipment	25	152	52	298
CAPEX excluding right-of-use assets	**25**	**219**	**52**	**392**
Investments in right-of-use assets	4	–	4	–
CAPEX	**29**	**219**	**56**	**392**
Excluded: Right-of-use assets	-4	–	-4	–
Net of not paid investments and additional payments from previous periods	-4	-7	-31	139
Cash CAPEX	**21**	**212**	**21**	**531**

1) First half of 2019 relates mainly to spectrums in Sweden, which were acquired in 2018 and paid in 2019.

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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Cash flow from operating activities	7,079	6,729	13,463	14,275
Cash CAPEX (paid intangible and tangible assets)	-3,757	-3,615	-8,084	-6,778
Free cash flow, continuing and discontinued operations	**3,322**	**3,114**	**5,379**	**7,497**

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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Cash flow from operating activities from continuing operations	7,029	6,430	15,320	13,486
Cash CAPEX from continuing operations	-3,736	-3,403	-8,063	-6,247
Free cash flow, continuing operations	**3,293**	**3,027**	**7,256**	**7,239**
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	8	1	1,137	45
Excluded: Dividends from associates from continuing operations	-167	-494	-168	-496
Excluded: Taxes paid on dividends from associates from continuing operations	–	41	–	41
Repayments of lease liabilities	-691	–	-1,375	–
Operational free cash flow	**2,443**	**2,574**	**6,851**	**6,830**
Dividends from associated companies, net of taxes	167	453	168	455
Operational free cash flow that forms the basis for dividend	**2,610**	**3,028**	**7,018**	**7,285**

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	Jun 30, 2019	Dec 31, 2018
Net debt	**77,674**	**55,363**
Adjusted EBITDA continuing operations accumulated current year	14,988	26,649
Adjusted EBITDA continuing operations previous year	13,712	–
Adjusted EBITDA discontinued operations accumulated current year	53	2,341
Adjusted EBITDA discontinued operations previous year	1,115	–
Excluding: Disposed operations	-1,075	-2,259
Adjusted EBITDA rolling 12 months excluding disposed operations	**28,792**	**26,731**
Net debt/adjusted EBITDA ratio (multiple)	**2.70x**	**2.07x**

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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net sales	21,272	20,814	42,118	40,666
Adjusted EBITDA	7,520	6,443	14,988	12,937
Adjusted EBITDA margin (%), continuing operations	**35.4**	**31.0**	**35.6**	**31.8**

PARENT COMPANY

Condensed income statements

SEK in millions	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net sales	120	116	276	234
Gross income	**120**	**116**	**276**	**234**
Operating expenses and other operating income, net	-285	-371	1,362	-657
Operating income	**-165**	**-255**	**1,638**	**-423**
Financial income and expenses	-106	15,221	6,222	11,967
Income after financial items	**-271**	**14,966**	**7,860**	**11,544**
Appropriations	841	1,483	2,485	4,721
Income before taxes	**570**	**16,449**	**10,345**	**16,265**
Income taxes	29	18	-12	-26
Net income	**598**	**16,467**	**10,333**	**16,239**

Financial income and expenses in the second quarter 2019 amounted to SEK -106 million (15,221) mainly positively impacted by dividends from subsidiaries of SEK 10,670 million offset by impairments of Telia Finland Oyj with SEK 9,926 million. The second quarter 2018 was positively impacted by dividends from subsidiaries. Financial income and expenses in the second quarter 2019 were further positively impacted by reduced exchange rate losses.

Operating expenses and other operating income, net, for the first half of 2019 amounted to SEK 1,362 million (-657). 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 first half of 2019 amounted to SEK 6,222 million (11,967) positively impacted by dividends from subsidiaries with SEK 32,950 million 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 the first half of 2019 were further positively impacted by reduced exchange rate losses.

Condensed balance sheets

SEK in millions	Jun 30, 2019	Dec 31, 2018
Assets		
Non-current assets	188,556	176,064
Current assets	44,903	47,512
Total assets	**233,459**	**223,577**
Equity and liabilities		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	77,806	79,477
Total shareholders' equity	**93,519**	**95,189**
Untaxed reserves	6,346	6,882
Provisions	519	534
Long-term liabilities	87,303	84,199
Short-term liabilities and short-term provisions	45,772	36,772
Total equity and liabilities	**233,459**	**223,577**

Non-current assets increased to SEK 188,556 million (176,064) mainly impacted by increased long-interest-bearing intra-group receivables and investment in subsidiaries, mainly related to shareholder contributions to Telia Towers AB and Telia Sverige AB, partly off-set by impairments of the subsidiaries Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V..

Current assets decreased to SEK 44,903 million (47,512) mainly due to reclassification of current interest-bearing intra-group receivables to long interest-bearing intra-group receivables.

Equity decreased to SEK 93,519 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 45,772 million (36,772) impacted by an increase of short-term interest-bearing liabilities and dividend liability to the shareholders, 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	Financial risks	Operational & societal risks	Legal & regulatory risks
Risks that can have a material impact on the strategic objectives arising from internal or external factors	Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization	Risks that may affect or compromise execution of business functions or have an impact on society	Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives

BOARD OF DIRECTORS' AND PRESIDENT'S CERTIFICATION

The Board of Directors and the President and CEO certify that the Interim Report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 18, 2019

Marie Ehrling
Chair of the Board

Olli-Pekka Kallasvuo
Vice-Chair of the Board

Agneta Ahlström
Board member,
employee representative

Stefan Carlsson
Board member,
employee representative

Rickard Gustafson
Board member

Hans Gustavsson
Board member,
employee representative

Nina Linander
Board member

Jimmy Maymann
Board member

Anna Settman
Board member

Olaf Swantee
Board member

Martin Tivéus
Board member

Johan Dennelind
President and CEO

REVIEW REPORT

Introduction

We have reviewed the interim report for Telia Company AB (publ) for the period January 1 - June 30, 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, July 18, 2019

Deloitte AB

Jan Nilsson
Authorized Public Accountant

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.

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 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.

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.

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

Interim Report January-September 2019
October 17, 2019

Year-end Report January-December 2019
January 29, 2020

QUESTIONS REGARDING THE REPORT

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