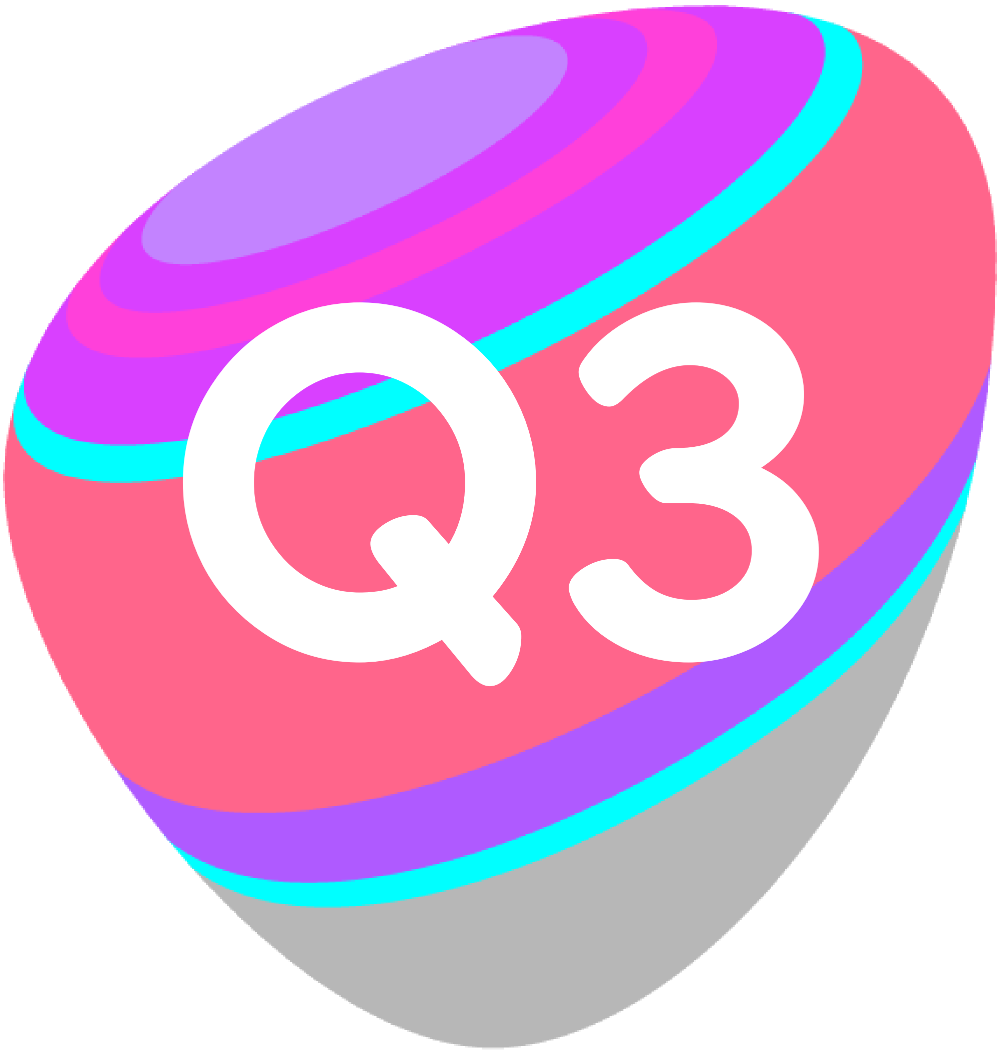
TELIA COMPANY
INTERIM REPORT
JANUARY–SEPTEMBER 2019



STRONG FREE CASH FLOW DELIVERED

Third quarter summary

- Net sales like for like regarding exchange rates, acquisitions and disposals, fell 3.7 percent. Net sales rose 2.4 percent in reported currency to SEK 21,180 million (20,685). Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 1.3 percent.
- Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, rose 1 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 11.0 percent. Adjusted EBITDA increased 18.5 percent in reported currency to SEK 8,268 million (6,977). The adjusted EBITDA margin rose to 39.0 percent (33.7).
- Adjusted operating income fell 2.8 percent to SEK 3,852 million (3,964).
- Total net income declined to SEK 2,428 million (3,026). Total net income attributable to owners of the parent declined to SEK 2,375 million (2,825).
- Free cash flow from continuing and discontinued operations rose to SEK 5,310 million (2,963). Operational free cash flow from continuing operations rose to SEK 4,743 million (2,569). Cash flow from operating activities increased to SEK 8,559 million (6,299).
- Outlook 2019 is unchanged.
- 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.

Nine months summary

- Net sales like for like regarding exchange rates, acquisitions and disposals, fell 3.7 percent. Net sales rose 3.2 percent in reported currency to SEK 63,298 million (61,351).
- Adjusted operating income fell 6.0 percent to SEK 10,483 million (11,153).
- Total net income rose 25.9 percent to SEK 5,879 million (4,670). Total net income attributable to the owners of the parent rose to SEK 5,769 million (4,275).

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

SEK in millions, except key ratios, per share data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	21,180	20,685	2.4	63,298	61,351	3.2
Change (%) like for like[1]	*-3.7*			*-3.7*		
of which service revenues (external)	*18,338*	*17,323*	*5.9*	*54,449*	*51,322*	*6.1*
change (%) like for like[1]	*-1.3*			*-1.8*		
Adjusted[2] EBITDA[1]	8,268	6,977	18.5	23,256	19,914	16.8
Change (%) like for like[1]	*11.0*			*8.3*		
Margin (%)	39.0	33.7		36.7	32.5	
Adjusted[2] operating income[1]	3,852	3,964	-2.8	10,483	11,153	-6.0
Operating income	3,583	3,779	-5.2	9,704	10,852	-10.6
Income after financial items	2,904	3,234	-10.2	7,561	9,282	-18.5
Net income from continuing operations	2,475	2,631	-5.9	6,223	7,656	-18.7
Net income from discontinued operations[3]	-47	396		-344	-2,986	
Total net income	2,428	3,026	-19.8	5,879	4,670	25.9
of which attributable to owners of the parent	*2,375*	*2,825*	*-15.9*	*5,769*	*4,275*	*35.0*
EPS total (SEK)	0.57	0.66	-13.4	1.38	1.00	38.4
EPS from continuing operations (SEK)	0.58	0.60	-3.4	1.45	1.75	-16.9
Free cash flow[1]	5,310	2,963	79.2	10,689	10,461	2.2
of which operational free cash flow[1]	*4,743*	*2,569*	*84.6*	*11,594*	*9,399*	*23.3*
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations[1]	3,041	4,224	-28.0	9,920	10,473	-5.3

1) See Note 16 and/or page 42. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 4.

COMMENTS BY CHRISTIAN LUIGA, ACTING PRESIDENT & CEO

“We have previously stated that the second half of 2019 would be an improvement versus the first half of the year and the third quarter of 2019 confirms this. In the first half of the year our operational expenses increased by 1 percent and in the third quarter they have been reduced by 4 percent. The adjusted EBITDA excluding IFRS 16 impacts grew by 1 percent on a like-for-like basis in the third quarter compared to the decline of 3 percent in the first half of 2019. Operational free cash flow is positive and amounts to SEK 11.6 billion year-to-date, compared to SEK 9.4 billion in the corresponding period 2018. The improvement is mainly driven by acquisitions and working capital, some of which should be seen as phasing between quarters. We reiterate our outlook for 2019 at SEK 12-12.5 billion. The service revenue trend has improved with a decline of 1.3 percent in the third quarter versus a 2 percent decline during the first half of the year. Overall service revenues have been supported by commercial activities in the consumer side, which are expected to have additional positive impacts in the coming quarters but burdened by legacy and a slightly weaker enterprise segment versus the second quarter.

I have now spent one month as acting CEO of this great company. After five years as CFO, I know the strategy well and I am committed to deliver on it. It is now time to further increase our focus on execution. In Sweden we have the ambition to bring high speed, high quality broadband services to all households, both on our award-winning mobile network and on our own and others’ fiber networks. We have taken steps forward in this area and we will enhance our service revenues further. We also see that we gradually increase our market share in the enterprise segment, especially through ICT services. In Norway we will have a similar position enabled by Get and the upgrade to 5G we announced last week. In Finland we increase our capabilities, most recently through the roll-out of 5G in the largest cities and the launch of 5G subscriptions with up to 1,000 Mbit/s speeds. The strong positions across our markets create an even better opportunity to enhance customer experience, through convergence, where we have not yet lived up to our full potential. We are also excited and eager to utilize the strengths of Bonnier Broadcasting once the EU Commission has made its final decision, expected on November 19, at the latest. In the enterprise segment we have proven our skills in ICT, especially in IoT where we are currently growing revenues by more than 20 percent. This provides further proof points of our strategy to be the digital partner of choice.

Apart from strengthened customer experience and loyalty, convergence will also improve return on investments, both now and in the future, and as such create shareholder value.

The focus on reducing our cost base continues, where our new operating model creates a good platform to become a more efficient company. By restructuring our delivery model and technology platform we expect improvement in speed to market whilst also generating material IT and network spend efficiencies. By the end of the year we will have reached a run rate of around SEK 200 million in annual costs savings from the new operating model. As of October 1, 2019, we have onboarded Finland, moving some 250 employees to our unit Common Products and Services. Norway, Estonia and Denmark will follow on January 1, 2020. Finally, we will continue to focus on our sustainability agenda including our daring goals.

We repeat our second quarter statement, that the operational free cash flow composition in 2019 differs from our initial plans. We have delivered faster than planned on changes in working capital and it has boosted current cash flow meanwhile lowering the upside going forward. We also see that the opportunity to reduce CAPEX in 2020 is limited, as we foresee more need from customer driven demand, our ambition in fiber broadband, as well as remaining the leader in mobile through 5G. We have a stable base, on top of which Bonnier Broadcasting will contribute once the transaction is approved. However, considering all the factors there is currently a higher uncertainty on the operational free cash flow level for 2020.

Despite turning the trend, we have a slower than expected recovery of the service revenues, impacting our financial leverage expectations negatively. Adding a potentially weaker economic outlook, we have decided not to execute on the remaining SEK 5 billion of the three-year share buy-back program. Since the start we have committed to use SEK 10 billion, or around 6 percent additional return to our shareholders. Both management and the Board of Directors continue to see the ordinary dividend as a strong fundament for creating shareholder value.

As mentioned above our outlook for the full year operational free cash flow of between SEK 12-12.5 billion is reiterated. We will provide an outlook for 2020 in connection to the fourth quarter results.

I would like to send a sincere thank you to our employees for the strong efforts so far in 2019. The commitment you have shown makes me even more convinced that we will be able to execute on the potential we have going forward."

Christian Luiga
Acting 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 transition effect as increase of right-of-use assets corresponds to increase of lease liabilities.

Net debt: increase due to increased lease liabilities.

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

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

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

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

For more information on IFRS 16, see Note 1.

REVIEW OF THE GROUP, THIRD QUARTER 2019

Sales and earnings

Net sales rose 2.4 percent in reported currency to SEK 21,180 million (20,685). 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 1.3 percent.

The number of subscriptions rose from 23.1 million at the end of the third quarter of 2018 to 23.7 million. During the quarter, the total number of subscriptions was unchanged.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, rose 1 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 11.0 percent. Adjusted EBITDA increased 18.5 percent in reported currency to SEK 8,268 million (6,977). The adjusted EBITDA margin rose to 39.0 percent (33.7).

Income from associated companies and joint ventures rose to SEK 220 million (207).

Adjustment items affecting operating income amounted to SEK -269 million (-184). See Note 3.

Adjusted operating income fell 2.8 percent to SEK 3,852 million (3,964).

Financial items totaled SEK -679 million (-545).

Income taxes amounted to SEK -429 million (-604). The effective tax rate was 14.8 percent (18.7). The decrease was mainly related to a tax refund in Denmark 2019 while last year was impacted by an adjustment of deferred taxes related to pensions.

Total net income fell 19.8 percent to SEK 2,428 million (3,026) of which SEK 2,475 million (2,631) from continuing operations and SEK -47 million (396) from discontinued operations.

Total net income attributable to the owners of the parent declined to SEK 2,375 million (2,825) and **Total net income attributable to non-controlling interests** fell to SEK 53 million (202).

Other comprehensive income increased to SEK -184 million (-2,984) mainly due to positive translation differences partly offset by negative impact from remeasurements on pension obligations.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, increased to SEK 8,559 million (6,299) mainly impacted by working capital. Further, cash flow from operating activities comparative quarter was negatively impacted by payments of leases under IAS 17, while in 2019 repayments of lease liabilities were recognized within financing activities under IFRS 16. These effects also impacted **Free cash flow,** from continuing and discontinued operations, which amounted to SEK 5,310 million (2,963).

Operational free cash flow, from continuing operations, increased to SEK 4,743 million (2,569) mainly driven by working capital.

Cash flow from investing activities, from continuing and discontinued operations, amounted to SEK -10,819 million (4,783). Third quarter 2019 was affected by net investments in short-term investments while comparable quarter was mainly impacted by net disposals of short-term investments.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, fell to SEK 3,041 million (4,224). CAPEX excluding fees for license, spectrum and right-of-use assets, fell to SEK 3,041 million (4,224). Cash CAPEX in continuing operations was SEK 3,230 million (3,073).

Net debt, from continuing and discontinued operations, was SEK 75,369 million at the end of the third quarter (77,674 at the end of the second quarter of 2019). The net debt/adjusted EBITDA ratio was 2.51x, impacted by 0.3x of the implementation of IFRS 16. The lease liabilities, amounting to SEK 15.0 billion, are fully included while the EBITDA impact from IFRS 16 is only included for the first 9 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, NINE MONTHS 2019

Sales and earnings

Net sales in reported currency rose to SEK 63,298 million (61,351). 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 1.8 percent.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 1 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 8.3 percent. Adjusted EBITDA rose 16.8 percent in reported currency to SEK 23,256 million (19,914). The adjusted EBITDA margin rose to 36.7 percent (32.5).

Income from associated companies and joint ventures rose to SEK 826 million (657).

Adjustment items affecting operating income amounted to SEK -779 million (-301). See Note 3.

Adjusted operating income fell 6.0 percent to SEK 10,483 million (11,153).

Financial items totaled SEK -2,143 million (-1,570) of which SEK -2,067 million (-1,582) related to net interest expenses. Net interest expenses for the first nine months were impacted by lease expenses of SEK -255 million (54).

Income taxes amounted to SEK -1,338 million (-1,626). The effective tax rate was 17.7 percent (17.5).

Total net income amounted to SEK 5,879 million (4,670) of which SEK 6,223 million (7,656) from continuing operations. Total net income from discontinued operations amounted to SEK -344 million (-2,986). Comparable figures were negatively impacted by impairments mainly related to Ucell and capital losses from the disposals of Azercell and Geocell, partly offset by the contribution from Kcell and Ucell which were divested in the fourth quarter of 2018.

Total net income attributable to the owners of the parent amounted to SEK 5,769 million (4,275) and **Total net income attributable to non-controlling interests** amounted to SEK 110 million (396).

Other comprehensive income amounted to SEK 2,235 million (4,571) positively impacted by translation differences, partly offset by negative impact from remeasurements on pension obligations. Comparable figures were mainly positively impacted by reclassified exchange rate effects from the disposals of Azercell and Geocell.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, increased to SEK 22,023 million (20,574), mainly impacted by working capital in continuing operations, partly offset by the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan and no contribution from the divested entities in region Eurasia during 2018. Further, cash flow from operating activities previous year was negatively impacted by payments of leases under IAS 17 while in 2019 repayments of lease liabilities were recognized within financing activities under IFRS 16.

Free cash flow, from continuing and discontinued operations, amounted to SEK 10,689 million (10,461) positively impacted by cash flow from operating activities offset by increased cash CAPEX related to spectrums in Sweden.

Operational free cash flow, from continuing operations, increased to SEK 11,594 million (9,399) mainly driven by working capital.

Cash flow from investing activities, from continuing and discontinued operations, amounted to SEK -23,683 million (-154). 2019 was impacted by net investments in short-term investments and increased cash CAPEX related to spectrums in Sweden. Comparable figures were positively affected by net disposals of short-term investments and 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 -12,993 million (-9,373). 2019 was mainly impacted by the acquisition of Turkcell's 41.45 percent holding in Fintur, repayment of a short-term bridge financing related to the exit from region Eurasia and the share buy-back program affecting the full nine-month period, partly offset by bond issuance.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, fell to SEK 10,163 million (10,473). CAPEX excluding fees for license, spectrum and right-of-use assets, fell to SEK 9,920 million (10,473). Cash CAPEX in continuing operations was SEK 11,293 million (9,320).

Right-of-use assets increased to SEK 15,690 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 17,928 million (4,529), mainly due to net investments in investment bonds.

Assets classified as held for sale decreased to SEK 973 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 103,712 million (86,990), and SEK 13,722 million (9,552), respectively, mainly due to the implementation of IFRS 16 where all leases are recognized as financial liabilities, as well as issue of bonds, foreign exchange rate effects and revaluations, partly offset by repayment of a short-term bridge financing related to the exit from region Eurasia and matured debt.

Provisions for pensions and other long-term provisions increased to SEK 8,425 million (6,715) mainly due to remeasurements on pension obligations.

Significant events in the first quarter

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

Significant events in the second quarter

- On April 2, 2019, Telia Company completed the acquisition of Turkcell's 41.45 percent share in Fintur, at a price of EUR 353 million (SEK 3.7 billion). As a result of the transaction, Telia Company became the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova, see Note 4.
- On April 10, 2019, Telia Company held its Annual General Meeting and announced that the ordinary members of the Board Marie Ehrling, Olli-Pekka Kallasvuo, Nina Linander, Jimmy Maymann, Anna 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 in the third quarter

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

Significant events after the end of the third quarter

- On October 8, 2019, Telia Company announced that Telia Norway had entered a partnership with Ericsson to modernize the network and by that paving the way for future 5G coverage.
- On October 9, 2019, Telia Finland launched the first 5G devices and subscriptions to the Finnish market.

SWEDEN

- The new B2C mobile portfolio launched in June has so far received great customer feedback and also been ARPU accretive following a 3 percent impact on B2C mobile postpaid subscription revenues in the quarter. In B2B the NPS continued to improve and Telia also took the next step on expanding the ICT proposition from the launch of “IT department as a service”. The new service is designed to provide a fully covering IT department solution, including advise on strategy in areas like digitalization and project management as well as providing both service and support when it comes to software and hardware.

- Like in 2018, both Halebop and Telia B2B received the highest score in the yearly Swedish quality survey “Svenskt kvalitetsindex (SKI)”. Halebop and Telia B2B earned their top positions from mainly scoring well within the product quality area, especially coverage, speed and reliability.

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	8,528	8,916	-4.4	25,997	27,281	-4.7
Change (%) like for like	*-4.4*			*-4.8*		
of which service revenues (external)	*7,557*	*7,660*	*-1.3*	*22,591*	*22,982*	*-1.7*
change (%) like for like	*-1.4*			*-1.8*		
Adjusted EBITDA	3,496	3,301	5.9	10,264	9,996	2.7
Margin (%)	41.0	37.0		39.5	36.6	
change (%) like for like	*6.0*			*2.6*		
Adjusted operating income	1,915	2,002	-4.4	5,606	6,096	-8.0
Operating income	1,738	1,950	-10.9	5,389	6,042	-10.8
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	698	1,055	-33.8	2,692	3,148	-14.5
Subscriptions, (thousands)						
Mobile	6,167	6,136	0.5	6,167	6,136	0.5
of which machine to machine (postpaid)	*1,103*	*992*	*11.2*	*1,103*	*992*	*11.2*
Fixed telephony	896	1,177	-23.9	896	1,177	-23.9
Broadband	1,269	1,281	-0.9	1,269	1,281	-0.9
TV	859	841	2.1	859	841	2.1
Employees[1]	4,875	5,310	-8.2	4,875	5,310	-8.2

1) 2018 is restated for comparability see Note 1.

Net sales fell 4.4 percent to SEK 8,528 million (8,916) mainly driven by lower sales of equipment and to some extent also due to pressure on service revenues.

Service revenues like for like regarding acquisitions and disposals, fell 1.4 percent driven by pressure on mobile, fixed telephony and fiber installation revenues, partly offset by growth in other service revenues not related to either the mobile or the fixed business. The latter mainly due to higher sales within the special network security part of the business.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding acquisitions and disposals, remained unchanged as the negative impact from service revenue pressure was offset by lower operating expenses, mainly related to resource and marketing costs.

Like for like regarding acquisitions and disposals, adjusted EBITDA increased 6.0 percent. Adjusted EBITDA in reported currency rose 5.9 percent to SEK 3,496 million (3,301) and the adjusted EBITDA margin rose to 41.0 percent (37.0).

CAPEX excluding right-of-use assets, declined 33.8 percent to SEK 698 million (1,055) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 33.8 percent to SEK 698 million (1,055).

Mobile subscriptions grew by 32,000 in the quarter, driven by a net addition of 47,000 postpaid subscriptions from the acquisition of Fello, partly offset by a clean-up of 25,000 inactive postpaid subscriptions. TV subscriptions grew by 5,000 and fixed broadband subscriptions fell by 9,000, respectively, in the quarter.

FINLAND

- Activities around the 5G take-out to the Finnish market continued in the quarter and resulted in October in the commercial launch of a set of 5G devices. The launch also marked the starting point of the 5G roll-out program, initially targeting the seven biggest cities in Finland.
- Telia introduced the smart puck to the Finnish ice hockey league "Liiga", developed by "Liiga" together with Bitwise and Telia. The smart puck technology will provide viewers with an even better experience via new statistics related to puck handling, pass volumes and much more.

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	3,896	3,906	-0.3	11,697	11,432	2.3
Change (%) like for like	*-3.5*			*-2.3*		
of which service revenues (external)	*3,315*	*3,258*	*1.7*	*9,946*	*9,590*	*3.7*
change (%) like for like	*-1.8*			*-0.9*		
Adjusted EBITDA	1,366	1,291	5.8	3,815	3,566	7.0
Margin (%)	35.1	33.0		32.6	31.2	
change (%) like for like	*3.8*			*3.9*		
Adjusted operating income	500	589	-15.1	1,240	1,649	-24.8
Operating income	469	599	-21.7	1,199	1,609	-25.5
CAPEX excluding fees for licenses, spectrum and right-of-use assets	447	1,672	-73.3	1,275	2,479	-48.6
Subscriptions, (thousands)						
Mobile	3,225	3,280	-1.7	3,225	3,280	-1.7
of which machine to machine (postpaid)	*267*	*256*	*4.5*	*267*	*256*	*4.5*
Fixed telephony	25	41	-39.0	25	41	-39.0
Broadband	470	448	4.9	470	448	4.9
TV[1]	590	550	7.3	590	550	7.3
Employees	3,264	3,341	-2.3	3,264	3,341	-2.3

1) 2018 is restated for comparability, see Note 1

Net sales in reported currency fell 0.3 percent to SEK 3,896 million (3,906) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 3.5 percent due to both lower sales of equipment and lower service revenues. The effect of exchange rate fluctuations was positive by 2.3 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 1.8 percent mostly driven by a 3.4 percent drop in fixed service revenues, mainly attributable to a continued pressure on fixed telephony revenues following the ongoing copper network dismantling. Mobile revenues fell 0.5 percent as a 1.3 percent growth in subscription revenues was more than offset by lower interconnect and other kinds of mobile revenues.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 5 percent as lower operating expenses could not compensate for the pressure on service revenues as well as lower margin on equipment.

Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 3.8 percent. Adjusted EBITDA in reported currency increased 5.8 percent to SEK 1,366 million (1,291) and the adjusted EBITDA margin increased to 35.1 percent (33.0).

CAPEX excluding right-of-use assets, fell 73.3 percent to SEK 447 million (1,672) as the corresponding period last year included CAPEX associated with the Telia Helsinki Data Center. CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 73.3 percent to SEK 447 million (1,672).

The number of mobile subscriptions remained unchanged in the quarter as a loss of 13,000 postpaid subscriptions was compensated by an equal increase in prepaid subscriptions. TV and fixed broadband subscriptions grew by 16,000 and 4,000, respectively, in the quarter.

NORWAY

- In order to continue having best in class networks and stay at the forefront of digitalization Telia will upgrade its mobile network and gradually also introduce 5G via a partnership with Ericsson. The network upgrade will start in 2020 and be carried out gradually over a period of four years. During this time Telia will also introduce 5G services, initially targeting the B2B segment.
- Agreements were signed with two large student housing associations, resulting in 17,000 new fixed broadband subscriptions coming years and also a good platform for up sale and brand strengthening over time.

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	3,806	2,866	*32.8*	11,131	8,211	*35.6*
Change (%) like for like	*-2.7*			*-3.4*		
of which service revenues (external	*3,348*	*2,303*	*45.4*	*9,764*	*6,653*	*46.8*
change (%) like for like	*0.1*			*-1.5*		
Adjusted EBITDA	1,794	1,126	*59.3*	4,874	3,121	*56.2*
Margin (%)	47.1	39.3		43.8	38.0	
change (%) like for like	*16.5*			*9.5*		
Adjusted operating income	837	666	*25.8*	2,046	1,796	*13.9*
Operating income	811	654	*24.0*	1,889	1,768	*6.8*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	626	305	*104.9*	1,849	878	*110.6*
Subscriptions, (thousands)						
Mobile	2,308	2,299	*0.4*	2,308	2,299	*0.4*
of which machine to machine (postpaid)	*72*	*64*	*13.3*	*72*	*64*	*13.3*
Fixed telephony	55	9		55	9	
Broadband	437	–		437	–	
TV	483	–		483	–	
Employees	1,947	1,202	*62.0*	1,947	1,202	*62.0*

Net sales in reported currency rose 32.8 percent to SEK 3,806 million (2,866) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 2.7 percent fully driven by lower equipment sales. The effect of exchange rate fluctuations was negative by 0.5 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, increased 0.1 percent as growth in mobile revenues was offset by pressure on fixed revenues, predominately related to fixed telephony, TV and business solutions.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, grew 9 percent. The increase was partly a result from service revenue growth although mainly driven by lower operating expenses, mostly related to synergy realization and lower marketing spend. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 16.5 percent. Adjusted EBITDA, in reported currency increased 59.3 percent to SEK 1,794 million (1,126) and the adjusted EBITDA margin increased to 47.1 percent (39.3).

CAPEX excluding right-of-use assets, grew 104.9 percent to SEK 626 million (305) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 104.9 percent to SEK 626 million (305).

The number of mobile subscriptions decreased by 29,000 in the quarter largely driven by a loss of 18,000 postpaid subscriptions used for machine-to-machine related services. TV subscriptions fell by 9,000 and fixed broadband subscriptions fell by 2,000, respectively, in the quarter.

DENMARK

- It was announced that the CEO of Telia Denmark would leave the company after having the position as CEO since 2015. The head of Telia Denmark's enterprise unit took on the role as acting CEO as of September 1, until a permanent solution is in place.

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	1,405	1,594	*-11.8*	4,143	4,534	*-8.6*
Change (%) like for like	*-13.8*			*-11.3*		
of which service revenues (external)	*1,086*	*1,129*	*-3.8*	*3,200*	*3,276*	*-2.3*
change (%) like for like	*-6.0*			*-5.2*		
Adjusted EBITDA	288	202	*42.6*	761	513	*48.4*
Margin (%)	20.5	12.7		18.4	11.3	
change (%) like for like	*39.1*			*44.1*		
Adjusted operating income	12	-9		-62	-109	
Operating income	12	-38		-90	-119	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	102	105	*-2.9*	284	279	*1.5*
Subscriptions, (thousands)						
Mobile	1,429	1,444	*-1.0*	1,429	1,444	*-1.0*
of which machine to machine (postpaid)	*82*	*53*	*55.6*	*82*	*53*	*55.6*
Fixed telephony	75	84	*-10.7*	75	84	*-10.7*
Broadband	80	106	*-24.5*	80	106	*-24.5*
TV	21	27	*-22.2*	21	27	*-22.2*
Employees[1]	819	896	*-8.6*	819	896	*-8.6*

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

Net sales in reported currency fell 11.8 percent to SEK 1,405 million (1,594) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 13.8 percent mainly driven by lower equipment sales. The effect of exchange rate fluctuations was positive by 2.0 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, fell 6.0 percent largely driven by lower mobile service revenues although also due to pressure on fixed service revenues. For mobile revenues the drop was a result of lower subscription revenues driven by loss of subscriptions and lower ARPU. The pressure on fixed service revenues was driven by most services although mainly fixed broadband and TV.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, grew 1 percent as solid cost control more than compensated for the pressure on service revenues. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 39.1 percent. Adjusted EBITDA in reported currency increased 42.6 percent to SEK 288 million (202) and the adjusted EBITDA margin increased to 20.5 percent (12.7).

CAPEX excluding right-of-use assets, fell 2.9 percent to SEK 102 million (105) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 2.9 percent to SEK 102 million (105).

The number of mobile subscriptions fell by 12,000 in the quarter, despite a net addition of 5,000 postpaid subscriptions used for machine-to-machine related services. TV subscriptions fell by 2,000 and fixed broadband subscriptions fell by 9,000, respectively, in the quarter.

LITHUANIA

- The targeted investment strategy into both fixed and mobile network sustaining Telia's superior customer experience continued. According to the latest measurements of the Communications Regulatory Authority the average speed in Telia's 4G network is the highest in Lithuania and reaches 74.2 Mbps.
- Telia won a tender to support Lithuanian Railways with their ICT strategy around PC and mobile device ownership. Under the agreement that has a total value of around EUR 1 million over 3 years, Telia will provide hardware and support services to around 1,000 users. Furthermore, Telia also signed an agreement with the Kaunas municipality around CCTV installation, implying that more than 200 cameras will be installed over time in 31 public areas around the Kaunas city municipality.

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	1,043	997	*4.6*	2,923	2,853	*2.4*
Change (%) like for like	*2.2*			*-0.7*		
of which service revenues (external)	*803*	*771*	*4.1*	*2,274*	*2,252*	*1.0*
change (%) like for like	*1.7*			*-2.1*		
Adjusted EBITDA	364	361	*1.0*	1,051	1,026	*2.4*
Margin (%)	34.9	36.2		36.0	36.0	
change (%) like for like	*-1.4*			*-0.7*		
Adjusted operating income	189	205	*-7.6*	540	543	*-0.5*
Operating income	187	196	*-4.5*	524	531	*-1.3*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	113	157	*-27.8*	427	462	*-7.5*
Subscriptions, (thousands)						
Mobile	1,338	1,398	*-4.3*	1,338	1,398	*-4.3*
of which machine to machine (postpaid)	*172*	*153*	*12.7*	*172*	*153*	*12.7*
Fixed telephony	272	331	*-17.8*	272	331	*-17.8*
Broadband	415	409	*1.5*	415	409	*1.5*
TV	240	238	*0.8*	240	238	*0.8*
Employees	2,023	2,299	*-12.0*	2,023	2,299	*-12.0*

Net sales in reported currency grew 4.6 percent to SEK 1,043 million (997) and like for like regarding exchange rates, acquisitions and disposals, net sales grew 2.2 percent. The effect of exchange rate fluctuations was positive by 2.4 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, grew 1.7 percent as a 5.5 percent growth in mobile revenues more than compensated for a slight decline in fixed service revenues, mainly attributable to pressure on fixed telephony revenues.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 7 percent. The decline was mainly a result of higher operating expenses driven by resource costs that more than offset the positive impact from growth in service revenues. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA fell 1.4 percent. Adjusted EBITDA in reported currency rose 1.0 percent to SEK 364 million (361) and the adjusted EBITDA margin fell to 34.9 percent (36.2).

CAPEX excluding right-of-use assets, fell 27.8 percent to SEK 113 million (157) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 27.8 percent to SEK 113 million (157).

The number of mobile subscriptions increased by 33,000 and TV subscriptions increased by 3,000 in the quarter. Fixed broadband subscriptions increased by 2,000 in the quarter.

ESTONIA

- In Tallinn, Telia and Ericsson have taken a great step in the area of smart manufacturing when Ericsson took into production a 5G-ready Telia IoT network which connects sensors, automated vehicles and pro-active trouble-shooting and allows real-time data collection, analytics and intelligent automation simultaneously on the factory floor.
- Telia Estonia reported all-time high service revenues as well as adjusted EBITDA in the third quarter of 2019 driven by positive developments in most products and services.

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	*Chg %*	Jan-Sep 2019	Jan-Sep 2018	*Chg %*
Net sales	837	790	*5.9*	2,426	2,243	*8.1*
Change (%) like for like	*3.4*			*4.8*		
of which service revenues (external)	*665*	*618*	*7.5*	*1,931*	*1,788*	*8.0*
change (%) like for like	*5.0*			*4.7*		
Adjusted EBITDA	311	282	*10.3*	867	768	*12.8*
Margin (%)	37.2	35.7		35.7	34.2	
change (%) like for like	*7.6*			*9.4*		
Adjusted operating income	150	144	*4.3*	391	351	*11.4*
Operating income	150	145	*3.3*	387	349	*10.7*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	145	121	*19.8*	391	315	*24.1*
Subscriptions, (thousands)						
Mobile	1,056	977	*8.1*	1,056	977	*8.1*
of which machine to machine (postpaid)	*294*	*241*	*22.1*	*294*	*241*	*22.1*
Fixed telephony	250	267	*-6.4*	250	267	*-6.4*
Broadband	242	240	*0.8*	242	240	*0.8*
TV	211	207	*1.9*	211	207	*1.9*
Employees	1,780	1,820	*-2.2*	1,780	1,820	*-2.2*

Net sales in reported currency grew 5.9 percent to SEK 837 million (790) and like for like regarding exchange rates, acquisitions and disposals, net sales increased 3.4 percent. The effect of exchange rate fluctuations was positive by 2.5 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, increased 5.0 percent, driven to some extent by a 3.3 percent increase in mobile revenues but mainly due to fixed service revenues growing 7.1 percent due to a solid development in fixed broadband, TV as well as business solution revenues.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, increased 2 percent. The increase was a result of a solid service revenue development that more than compensated for an increase in operating expenses. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 7.6 percent. Adjusted EBITDA in reported currency increased 10.3 percent to SEK 311 million (282) and the adjusted EBITDA margin increased to 37.2 percent (35.7).

CAPEX excluding right-of-use assets, grew 19.8 percent to SEK 145 million (121) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 19.8 percent to SEK 145 million (121).

The number of mobile subscriptions increased by 25,000 in the quarter mainly driven by a net addition of 18,000 postpaid subscriptions, of which 15,000 used for machine-to-machine related services. TV subscriptions fell by 6,000 and fixed broadband subscriptions fell by 1,000 in the quarter.

OTHER OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Net sales	2,222	2,199	*1.1*	6,607	6,525	*1.2*
Change (%) like for like	*-1.1*			*-1.7*		
of which Telia Carrier	*1,321*	*1,378*	*-4.2*	*4,053*	*4,186*	*-3.2*
of which Latvia	*635*	*581*	*9.3*	*1,736*	*1,606*	*8.1*
Adjusted EBITDA	649	414	*56.7*	1,624	924	*75.7*
of which Telia Carrier	*219*	*137*	*59.7*	*656*	*368*	*78.2*
of which Latvia	*208*	*181*	*14.8*	*585*	*512*	*14.3*
Margin (%)	29.2	18.8		24.6	14.2	
Income from associated companies	221	207	*6.7*	835	653	*27.8*
of which Turkey	*189*	*205*	*-7.9*	*717*	*578*	*24.1*
of which Latvia	*33*	*30*	*13.0*	*120*	*100*	*19.7*
Adjusted operating income	248	367	*-32.4*	722	827	*-12.7*
Operating income	216	273	*-20.8*	406	671	*-39.5*
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	910	810	*12.3*	3,002	2,909	*3.2*
Subscriptions, (thousands)						
Mobile Latvia	1,294	1,281	*1.0*	1,294	1,281	*1.0*
of which machine to machine (postpaid)	*320*	*310*	*3.4*	*320*	*310*	*3.4*
Employees[1]	5,227	4,998	*4.6*	5,227	4,998	*4.6*

1) 2018 is restated for comparability see Note 1.

Net sales in reported currency grew 1.1 percent to SEK 2,222 million (2,199) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 1.1 percent. The effect from exchange rate fluctuations was positive by 2.2 percent.

Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, grew 8 percent. Adjusted EBITDA, in reported currency increased 56.7 percent to SEK 649 million (414) and the adjusted EBITDA margin increased to 29.2 percent (18.8).

In **Telia Carrier**, net sales in reported currency fell 4.2 percent to SEK 1,321 million (1,378). Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, fell 4 percent. Adjusted EBITDA grew 59.7 percent to SEK 219 million (137).

In **Latvia**, net sales in reported currency increased 9.3 percent to SEK 635 million (581). Adjusted EBITDA excluding the positive impact from IFRS 16, like for like regarding exchange rates, acquisitions and disposals, increased 6 percent. Adjusted EBITDA in reported currency increased 14.8 percent to SEK 208 million (181).

The number of mobile subscriptions in Latvia grew by 13,000 in the quarter.

Income from associated companies increased to SEK 221 million (207) as the corresponding quarter last year was impacted by an impairment.

DISCONTINUED OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2019	Jul-Sep 2018	*Chg %*	Jan-Sep 2019	Jan-Sep 2018	*Chg %*
Net sales (external)	157	1,668	*-90.6*	443	5,256	*-91.6*
Adjusted EBITDA	40	606	*-93.4*	93	1,832	*-94.9*
Margin (%)	25.4	36.3		21.0	34.9	
CAPEX	16	187	*-91.2*	73	580	*-87.4*
CAPEX excluding fees for licenses, spectrum and right-of-use assets	12	186	*-93.4*	65	541	*-88.0*

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

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

Net sales fell 90.6 percent in reported currency to SEK 157 million (1,668).

Adjusted EBITDA fell to SEK 40 million (606). The adjusted EBITDA margin fell to 25.4 percent (36.3).

CAPEX fell to SEK 16 million (187) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell to SEK 12 million (186).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Continuing operations					
Net sales	5, 6	21,180	20,685	63,298	61,351
Cost of sales		-12,946	-12,233	-39,244	-37,184
Gross profit		**8,234**	**8,452**	**24,054**	**24,166**
Selling, administration and R&D expenses		-4,636	-4,790	-14,720	-13,864
Other operating income and expenses, net		-236	-90	-456	-107
Income from associated companies and joint ventures		220	207	826	657
Operating income	5	**3,583**	**3,779**	**9,704**	**10,852**
Financial items, net		-679	-545	-2,143	-1,570
Income after financial items		**2,904**	**3,234**	**7,561**	**9,282**
Income taxes		-429	-604	-1,338	-1,626
Net income from continuing operations		**2,475**	**2,631**	**6,223**	**7,656**
Discontinued operations					
Net income from discontinued operations	4	**-47**	**396**	**-344**	**-2,986**
Total net income		**2,428**	**3,026**	**5,879**	**4,670**
Items that may be reclassified to net income:					
Foreign currency translation differences from continuing operations		547	-2,629	3,037	938
Foreign currency translation differences from discontinued operations		-2	-329	125	2,933
Other comprehensive income from associated companies and joint ventures		-49	82	286	129
Cash flow hedges		206	-16	-53	-333
Cost of hedging		-46	-20	109	44
Debt instruments at fair value through OCI		-1	-43	26	-28
Income taxes relating to items that may be reclassified		88	-147	515	647
Items that will not be reclassified to net income:					
Equity instruments at fair value through OCI		6	–	6	554
Remeasurements of defined benefit pension plans		-1,174	146	-2,288	-398
Income taxes relating to items that will not be reclassified		242	-28	469	84
Associates' remeasurements of defined benefit pension plans		0	0	4	-1
Other comprehensive income		**-184**	**-2,984**	**2,235**	**4,571**
Total comprehensive income		**2,244**	**43**	**8,113**	**9,241**
Total net income attributable to:					
Owners of the parent		2,375	2,825	5,769	4,275
Non-controlling interests		53	202	110	396
Total comprehensive income attributable to:					
Owners of the parent		2,176	45	7,775	8,993
Non-controlling interests		68	-2	338	248
Earnings per share (SEK), basic and diluted		0.57	0.66	1.38	1.00
of which continuing operations		*0.58*	*0.60*	*1.45*	*1.75*
Number of shares (thousands)					
Outstanding at period-end		4,149,022	4,271,957	4,149,022	4,271,957
Weighted average, basic and diluted		4,158,614	4,282,933	4,188,676	4,309,546
EBITDA from continuing operations	16	7,999	6,851	22,606	19,689
Adjusted EBITDA from continuing operations	3, 16	8,268	6,977	23,256	19,914
Depreciation, amortization and impairment losses from continuing operations		-4,637	-3,278	-13,728	-9,494
Adjusted operating income from continuing operations	3, 16	3,852	3,964	10,483	11,153

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Sep 30, 2019	Dec 31, 2018
Assets			
Goodwill and other intangible assets	7, 15	96,029	93,018
Property, plant and equipment	7	78,350	78,220
Right-of-use assets	1, 7	15,690	–
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	8	14,047	14,346
Deferred tax assets		1,782	2,670
Long-term interest-bearing receivables	4, 8, 11	12,491	12,768
Total non-current assets		*218,389*	*201,021*
Inventories		1,580	1,854
Trade and other receivables and current tax receivables	8	16,022	17,624
Short-term interest-bearing receivables	4, 8, 11	17,928	4,529
Cash and cash equivalents	4, 11	8,992	18,765
Assets classified as held for sale	4, 11	973	4,799
Total current assets		*45,495*	*47,570*
Total assets		**263,885**	**248,592**
Equity and liabilities			
Equity attributable to owners of the parent		92,114	97,344
Equity attributable to non-controlling interests		1,422	5,050
Total equity		*93,535*	*102,394*
Long-term borrowings	8, 11	103,712	86,990
Deferred tax liabilities		10,110	11,382
Provisions for pensions and other long-term provisions		8,425	6,715
Other long-term liabilities		2,291	2,169
Total non-current liabilities		*124,538*	*107,254*
Short-term borrowings	8, 11	13,722	9,552
Trade payables and other current liabilities, current tax payables and short-term provisions	4	31,455	28,832
Liabilities directly associated with assets classified as held for sale	4, 11	636	560
Total current liabilities		*45,813*	*38,943*
Total equity and liabilities		**263,885**	**248,592**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Cash flow before change in working capital		7,585	6,678	20,962	19,375
Change in working capital		976	-379	1,061	1,199
Cash flow from operating activities		**8,559**	**6,299**	**22,023**	**20,574**
of which from continuing operations		*8,705*	*5,855*	*24,025*	*19,341*
of which from discontinued operations		*-146*	*443*	*-2,002*	*1,232*
Cash CAPEX	16	-3,250	-3,335	-11,334	-10,113
Free cash flow	**16**	**5,310**	**2,963**	**10,689**	**10,461**
of which from continuing operations		*5,475*	*2,782*	*12,731*	*10,022*
of which from discontinued operations		*-165*	*181*	*-2,043*	*439*
Cash flow from other investing activities		-7,569	8,119	-12,349	9,960
Total cash flow from investing activities		**-10,819**	**4,783**	**-23,683**	**-154**
of which from continuing operations		*-10,800*	*5,421*	*-23,829*	*588*
of which from discontinued operations		*-19*	*-638*	*146*	*-741*
Cash flow before financing activities		**-2,260**	**11,082**	**-1,661**	**20,420**
Cash flow from financing activities		**-1,374**	**-2,216**	**-12,993**	**-9,373**
of which from continuing operations		*-1,368*	*-2,397*	*-9,300*	*-9,420*
of which from discontinued operations		*-6*	*182*	*-3,693*	*47*
Cash flow for the period		**-3,633**	**8,866**	**-14,653**	**11,047**
of which from continuing operations		*-3,463*	*8,879*	*-9,104*	*10,509*
of which from discontinued operations		*-170*	*-13*	*-5,549*	*538*
Cash and cash equivalents, opening balance		**12,391**	**24,453**	**22,591**	**20,984**
Cash flow for the period		-3,633	8,866	-14,653	11,047
Exchange rate differences in cash and cash equivalents		351	-199	1,172	1,088
Cash and cash equivalents, closing balance		**9,110**	**33,120**	**9,110**	**33,120**
of which from continuing operations		*8,992*	*28,137*	*8,992*	*28,137*
of which from discontinued operations		*118*	*4,983*	*118*	*4,983*

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	-9,892	-229	-10,122
Share-based payments	25	–	25
Acquisition of treasury shares[3]	-2,449	–	-2,449
Total transactions with owners	*-12,316*	*-229*	*-12,546*
Total comprehensive income	8,993	248	9,241
Effect of equity transactions in associated companies	13	–	13
Closing balance, September 30, 2018	**98,180**	**5,310**	**103,489**
Adjustment of dividends due to treasury shares	11	–	11
Share-based payments	11	–	11
Acquisition of treasury shares[3]	-1,698	–	-1,698
Total transactions with owners	*-1,676*	–	*-1,676*
Total comprehensive income	850	-260	590
Effect of equity transactions in associated companies	-9	–	-9
Closing balance, December 31, 2018	**97,344**	**5,050**	**102,394**
Change in accounting principles in associated companies[2]	-4	–	-4
Adjusted opening balance, January 1, 2019	**97,341**	**5,050**	**102,391**
Dividends	-9,863	-152	-10,015
Share-based payments	30	–	30
Acquisition and transfer of treasury shares[3]	-3,443	–	-3,443
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	*-12,982*	*-3,967*	*-16,949*
Total comprehensive income	7,775	338	8,113
Effect of equity transactions in associated companies	-20	–	-20
Closing balance, September 30, 2019	**92,114**	**1,422**	**93,535**

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

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

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

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

IFRS 16 effects SEK in 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 third quarter of 2018 is restated by SEK -245 million and for the nine-month period 2018 by SEK -829 million, employees at the end of the third quarter of 2018 is restated by -893.
In Other operations, CAPEX excluding fees for license and spectrum, for the third quarter of 2018 is restated by SEK 245 million and for the nine-month period 2018 by SEK 829 million, employees at the end of third quarter of 2018 is restated by 893.
Furthermore, employees have been transferred from Sweden to Division X within Other operations. 2018 figures have therefore been restated for comparability as follows. Employees at the end of the third quarter -3 in Sweden and +3 in Division X.
Number of employees in Sweden and Denmark have been restated for comparability in the third quarter of 2018 to reflect a common sourcing function with the following effects. Sweden -20, Denmark -13 and Head Office within Other operations +33.

During the fourth quarter of 2018 a review of TV subscriptions in Finland was preformed to harmonize the reporting, leading to a restatement of -23,000 TV subscriptions for the third quarter of 2018.

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

NOTE 3. ADJUSTMENT ITEMS

Adjustment items within operating income, continuing operations

SEK in millions	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Within EBITDA	**-269**	**-126**	**-650**	**-225**
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:				
Sweden	-177	-20	-217	-22
Finland	-31	10	-40	-40
Norway	-26	-11	-158	-28
Denmark	-0	-29	-28	-32
Lithuania	-2	-9	-16	-17
Estonia	-1	-1	-4	-4
Other operations	-32	-74	-187	-118
Capital gains/losses	–	8	–	35
Within Depreciation, amortization and impairment losses[1]	**–**	**-32**	**-129**	**-32**
Within Income from associated companies and joint ventures	**–**	**-27**	**–**	**-44**
Capital gains/losses	–	-27	–	-44
Total adjustment items within operating income, continuing operations	**-269**	**-184**	**-779**	**-301**

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

Adjustment items within EBITDA, discontinued operations (region Eurasia)

SEK in millions	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Within EBITDA	**-22**	**-216**	**-150**	**-3,724**
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	-22	-61	-147	-201
Impairment loss on remeasurement to fair value less costs to sell	–	-155	-3	-217
Capital gains/losses[1]	–	–	–	-3,306
Total adjustment items within EBITDA, discontinued operations	**-22**	**-216**	**-150**	**-3,724**

1) Capital losses in the first nine months 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 September 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. In the third quarter of 2019 Moldcell was further impaired by SEK 60 million due to increased carrying value. 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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	157	1,668	443	5,256
Expenses and other operating income, net	-139	-1,120	-497	-3,619
Operating income	**18**	**548**	**-54**	**1,637**
Financial items, net	-2	157	-25	24
Income after financial items	**17**	**705**	**-80**	**1,661**
Income taxes	-4	-114	-45	-236
Net income before remeasurement and gain/loss on disposal	**13**	**591**	**-124**	**1,425**
Impairment loss on remeasurement to fair value less costs to sell[1]	-60	-195	-220	-1,105
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	**-47**	**396**	**-344**	**-2,986**
EPS from discontinued operations (SEK)	-0.01	0.05	-0.07	-0.76
Adjusted EBITDA	40	606	93	1,832

1) Non-tax deductible.

Assets classified as held for sale

SEK in millions	Eurasia Sep 30, 2019	Eurasia Dec 31, 2018
Goodwill and other intangible assets	148	216
Property, plant and equipment	367	402
Right-of-use assets	107	–
Other non-current assets[1]	33	79
Short-term interest-bearing receivables	0	0
Other current assets	200	274
Cash and cash equivalents[1]	118	3,827
Assets classified as held for sale	**973**	**4,799**
Long-term borrowings	115	–
Long-term provisions	8	8
Other long-term liabilities	152	193
Short-term borrowings	17	–
Other current liabilities	344	359
Liabilities associated with assets classified as held for sale	**636**	**560**
Net assets classified as held for sale[2]	**337**	**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 of 2019, the balances do not include any amounts related to Turkcell. The sales prices for Telia Company's shares in Azercell, Geocell, Kcell and Ucell, 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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales				
Sweden	8,528	8,916	25,997	27,281
of which external	*8,488*	*8,842*	*25,894*	*27,065*
Finland	3,896	3,906	11,697	11,432
of which external	*3,853*	*3,866*	*11,561*	*11,300*
Norway	3,806	2,866	11,131	8,211
of which external	*3,802*	*2,861*	*11,120*	*8,195*
Denmark	1,405	1,594	4,143	4,534
of which external	*1,382*	*1,575*	*4,077*	*4,470*
Lithuania	1,043	997	2,923	2,853
of which external	*1,028*	*980*	*2,870*	*2,808*
Estonia	837	790	2,426	2,243
of which external	*812*	*766*	*2,352*	*2,172*
Other operations	2,222	2,199	6,607	6,525
Total segments	**21,736**	**21,268**	**64,924**	**63,079**
Eliminations	-556	-583	-1,625	-1,728
Group	**21,180**	**20,685**	**63,298**	**61,351**
Adjusted EBITDA				
Sweden	3,496	3,301	10,264	9,996
Finland	1,366	1,291	3,815	3,566
Norway	1,794	1,126	4,874	3,121
Denmark	288	202	761	513
Lithuania	364	361	1,051	1,026
Estonia	311	282	867	768
Other operations	649	414	1,624	924
Total segments	**8,268**	**6,977**	**23,256**	**19,914**
Eliminations	–	–	–	–
Group	**8,268**	**6,977**	**23,256**	**19,914**
Operating income				
Sweden	1,738	1,950	5,389	6,042
Finland	469	599	1,199	1,609
Norway	811	654	1,889	1,768
Denmark	12	-38	-90	-119
Lithuania	187	196	524	531
Estonia	150	145	387	349
Other operations	216	273	406	671
Total segments	**3,583**	**3,779**	**9,704**	**10,852**
Eliminations	–	–	–	–
Group	**3,583**	**3,779**	**9,704**	**10,852**
Financial items, net	-679	-545	-2,143	-1,570
Income after financial items	**2,904**	**3,234**	**7,561**	**9,282**

SEK in millions	Sep 30, 2019 Segment assets	Sep 30, 2019 Segment liabilities	Dec 31, 2018 Segment assets	Dec 31, 2018 Segment liabilities
Sweden[1]	47,476	11,720	45,214	13,204
Finland	57,323	5,698	53,657	5,749
Norway	61,148	4,876	57,434	4,324
Denmark	9,194	1,799	8,372	1,707
Lithuania	8,089	1,041	7,325	810
Estonia	6,106	746	5,540	778
Other operations[1]	36,006	8,475	31,141	10,462
Total segments[1]	**225,343**	**34,356**	**208,683**	**37,034**
Unallocated[1]	37,568	135,357	35,110	108,603
Assets and liabilities held for sale	973	636	4,799	560
Total assets/liabilities, group	**263,885**	**170,349**	**248,592**	**146,197**

1) Restated for comparability see Note 1.

NOTE 6. NET SALES

SEK in millions	Jul-Sep 2019 Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total
Mobile subscription revenues	3,278	1,679	1,906	736	284	241	343	–	8,467
Interconnect	158	99	124	55	40	18	36	–	530
Other mobile service revenues	174	204	282	91	17	7	10	–	783
Total mobile service revenues	**3,609**	**1,981**	**2,312**	**882**	**341**	**265**	**389**	**–**	**9,779**
Telephony	574	30	46	47	67	31	0	–	795
Broadband	1,141	185	349	60	143	146	–	–	2,024
TV	460	146	477	35	83	65	–	–	1,267
Business solutions	681	640	123	47	55	62	19	–	1,627
Other fixed service revenues	958	322	29	9	113	88	1,064	–	2,583
Total fixed service revenues	**3,815**	**1,322**	**1,024**	**198**	**462**	**392**	**1,084**	**–**	**8,296**
Other service revenues	**133**	**11**	**12**	**6**	**–**	**7**	**93**	**–**	**262**
Total service revenues[1]	7,557	3,315	3,348	1,086	803	665	1,565	–	18,338
Total equipment revenues[1]	931	538	454	296	225	148	249	–	2,842
Total external net sales	**8,488**	**3,853**	**3,802**	**1,382**	**1,028**	**812**	**1,814**	**–**	**21,180**
Internal net sales	40	43	3	23	15	25	408	-556	–
Total net sales	**8,528**	**3,896**	**3,806**	**1,405**	**1,043**	**837**	**2,222**	**-556**	**21,180**

SEK in millions	Jul-Sep 2018 Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total
Mobile subscription revenues	3,296	1,608	1,860	755	265	226	310	–	8,320
Interconnect	153	120	135	57	37	19	39	–	560
Other mobile service revenues	200	199	274	96	14	6	18	–	808
Total mobile service revenues	**3,649**	**1,927**	**2,270**	**908**	**315**	**251**	**367**	**–**	**9,688**
Telephony	632	56	32	45	78	32	–	–	876
Broadband	1,137	173	0	66	145	135	–	–	1,656
TV	460	135	–	41	67	57	–	–	761
Business solutions	674	571	0	47	51	52	16	–	1,411
Other fixed service revenues	1,023	385	0	16	115	81	1,122	–	2,742
Total fixed service revenues	**3,926**	**1,320**	**33**	**215**	**456**	**358**	**1,137**	**–**	**7,444**
Other service revenues	**85**	**11**	**0**	**6**	**–**	**10**	**79**	**–**	**191**
Total service revenues[1]	**7,660**	**3,258**	**2,303**	**1,129**	**771**	**618**	**1,584**	**–**	**17,323**
Total equipment revenues[1]	**1,182**	**608**	**558**	**445**	**208**	**148**	**212**	**–**	**3,362**
Total external net sales	**8,842**	**3,866**	**2,861**	**1,575**	**980**	**766**	**1,796**	**–**	**20,685**
Internal net sales	75	41	5	19	17	24	403	-583	–
Total net sales	**8,916**	**3,906**	**2,866**	**1,594**	**997**	**790**	**2,199**	**-583**	**20,685**

SEK in millions	Jan-Sep 2019 Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-nations	Total
Mobile subscription revenues	9,721	4,968	5,472	2,186	823	703	970	–	24,842
Interconnect	477	300	368	148	116	54	111	–	1,575
Other mobile service revenues	474	586	761	231	32	14	30	–	2,127
Total mobile service revenues	**10,672**	**5,854**	**6,601**	**2,565**	**971**	**771**	**1,110**	**–**	**28,544**
Telephony	1,750	118	146	138	205	94	0	–	2,451
Broadband	3,409	549	1,021	183	426	428	–	–	6,016
TV	1,380	459	1,460	108	238	190	–	–	3,834
Business solutions	2,071	1,901	383	139	159	175	54	–	4,881
Other fixed service revenues	2,980	1,033	106	49	276	252	3,321	–	8,016
Total fixed service revenues	**11,590**	**4,060**	**3,115**	**617**	**1,304**	**1,138**	**3,374**	**–**	**25,198**
Other service revenues	**329**	**33**	**48**	**18**	**–**	**21**	**258**	**–**	**707**
Total service revenues[1]	**22,591**	**9,946**	**9,764**	**3,200**	**2,274**	**1,931**	**4,742**	**–**	**54,449**
Total equipment revenues[1]	**3,303**	**1,615**	**1,356**	**877**	**595**	**421**	**682**	**–**	**8,849**
Total external net sales	**25,894**	**11,561**	**11,120**	**4,077**	**2,870**	**2,352**	**5,424**	**–**	**63,298**
Internal net sales	103	136	11	66	53	74	1,182	-1,625	–
Total net sales	**25,997**	**11,697**	**11,131**	**4,143**	**2,923**	**2,426**	**6,607**	**-1,625**	**63,298**

SEK in millions	Jan-Sep 2018 Sweden	Finland	Norway	Denmark	Lithua-nia	Estonia	Other opera-tions	Elimi-na-tions	Total
Mobile subscription revenues	9,825	4,703	5,415	2,210	755	650	894	–	24,453
Interconnect	478	359	404	171	112	53	115	–	1,694
Other mobile service revenues	480	580	730	223	28	13	37	–	2,091
Total mobile service revenues	**10,783**	**5,643**	**6,550**	**2,604**	**895**	**716**	**1,047**	**–**	**28,237**
Telephony	2,012	172	101	136	239	100	–	–	2,761
Broadband	3,423	534	1	202	429	395	0	–	4,983
TV	1,374	397	–	126	200	164	–	–	2,260
Business solutions	2,037	1,698	1	131	150	147	48	–	4,212
Other fixed service revenues	3,103	1,126	0	57	340	235	3,457	–	8,319
Total fixed service revenues	**11,949**	**3,927**	**103**	**652**	**1,358**	**1,041**	**3,505**	**–**	**22,535**
Other service revenues	**250**	**20**	**0**	**20**	**–**	**30**	**230**	**–**	**550**
Total service revenues[1]	**22,982**	**9,590**	**6,653**	**3,276**	**2,252**	**1,788**	**4,782**	**–**	**51,322**
Total equipment revenues[1]	**4,083**	**1,711**	**1,543**	**1,194**	**556**	**384**	**558**	**–**	**10,028**
Total external net sales	**27,065**	**11,300**	**8,195**	**4,470**	**2,808**	**2,172**	**5,340**	**–**	**61,351**
Internal net sales	216	132	15	63	45	71	1,185	-1,728	–
Total net sales	**27,281**	**11,432**	**8,211**	**4,534**	**2,853**	**2,243**	**6,525**	**-1,728**	**61,351**

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

NOTE 7. INVESTMENTS

SEK in millions	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
CAPEX	**3,658**	**4,224**	**11,101**	**10,473**
Intangible assets	542	657	2,248	2,107
Property, plant and equipment	2,499	3,567	7,915	8,367
Right-of-use assets	618	0	938	0
Acquisitions and other investments	**230**	**54**	**407**	**1,089**
Asset retirement obligations	96	11	218	37
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	114	36	135	977
Equity instruments	19	7	55	75
Total continuing operations	**3,888**	**4,278**	**11,509**	**11,563**
Total discontinued operations	**17**	**187**	**73**	**580**
of which CAPEX	*16*	*187*	*73*	*580*
Total investments	**3,905**	**4,465**	**11,582**	**12,143**
of which CAPEX	*3,675*	*4,412*	*11,174*	*11,053*

NOTE 8. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings[1] SEK in millions	Sep 30, 2019 Carrying value	Sep 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	53,251	58,420	49,963	55,014
Interest rate swaps	156	156	162	162
Cross-currency interest rate swaps	3,050	3,050	1,792	1,792
Subtotal	**56,457**	**61,626**	**51,917**	**56,968**
Open-market financing program borrowings	33,489	45,328	32,267	39,767
Other borrowings at amortized cost	1,470	1,470	1,443	1,443
Subtotal	**91,416**	**108,424**	**85,626**	**98,177**
Lease liabilities[2, 3]	12,297	12,297	1,363	1,363
Total long-term borrowings	**103,712**	**120,721**	**86,990**	**99,541**
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	7,718	7,815	3,018	3,019
Interest rate swaps	28	28	45	45
Cross-currency interest rate swaps	88	88	292	292
Subtotal	**7,834**	**7,930**	**3,355**	**3,357**
Open-market financing program borrowings	2,626	2,635	1,771	1,776
Other borrowings at amortized cost	674	674	4,378	4,378
Subtotal	**11,133**	**11,239**	**9,505**	**9,512**
Lease liabilities[2, 3]	2,589	2,588	46	46
Total short-term borrowings	**13,722**	**13,827**	**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	Sep 30, 2019 Carrying value	Sep 30, 2019 of which Level 1	Sep 30, 2019 of which Level 2	Sep 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]	**333**	–	–	333	**272**	–	–	272
Equity instruments at fair value through income statement	**13**	–	–	13	**13**	–	–	13
Long- and short-term bonds at fair value through OCI	**16,173**	11,642	4,530	–	**7,780**	7,780	–	–
Derivatives designated as hedging instruments[3]	**5,214**	–	5,214	–	**2,402**	–	2,402	–
Derivatives at fair value through income statement[3]	**127**	–	127	–	**777**	–	777	–
Total financial assets at fair value by level	**21,859**	**11,642**	**9,871**	**347**	**11,244**	**7,780**	**3,179**	**286**
Financial liabilities at fair value								
Derivatives designated as hedging instruments	**2,956**	–	2,956	–	**2,000**	–	2,000	–
Derivatives at fair value through income statement	**466**	–	466	–	**392**	–	392	–
Contingent consideration liabilities	**41**	–	–	41	–	–	–	–
Total financial liabilities at fair value by level	**3,464**	**–**	**3,423**	**41**	**2,392**	**–**	**2,392**	**–**

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2018, Note C3 to the consolidated financial statements and the section below.
2) Equity instruments at fair value through OCI have been restated by SEK 49 million in 2018.
3) For 2018, carrying value of SEK 546 million has been reclassified from Derivatives at fair value through income statement to Derivatives designated as hedging instruments.

Fair value measurement of level 3 financial instruments

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

Telia Company's primary valuation technique used for estimating the fair value of unlisted equity instruments in level 3 is based on the most recent transaction for the specific company if such transaction has been recently done. If there have been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of Telia Company, would have a material impact on the fair value, the 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 fair values for contingent consideration liabilities have been estimated using a Discounted cash flow method. The valuation model considers the present value of the expected future payments. Contingent consideration liabilities per September 30, 2019, are mainly related to the acquisition of Fello for which the maximum amounts are expected to be paid and the discount effect is deemed immaterial. See Note 15. Other contingent considerations are not material.

The table below presents the movements in level 3 instruments for the nine-month period ended September 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	Assets, Jan-Sep 2019			Liabilities, Jan-Sep 2019
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	**272**	**13**	**286**	**–**
Changes in fair value	6	–	6	–
of which recognized in other comprehensive income	*6*	–	*6*	–
Purchases	55	–	55	41
Exchange rate differences	0	–	0	–
Level 3, closing balance	**333**	**13**	**347**	**41**

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Dec 2018			Liabilities, Jan-Dec 2018
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening 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. 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 September 30, 2019, Telia Company held 60,518,425 treasury shares and the total number of issued and outstanding shares was 4,209,540,375 and 4,149,021,950, respectively.

The total price for the repurchased shares under the share buy-back program during the first nine months 2019 was SEK 3,399 million and transaction costs, net of tax, amounted to SEK 3 million, of which SEK 1,396 million and SEK 0 million, respectively, related to the third quarter.

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

During the first nine months 2019 the total acquisitions of treasury shares under the share buy-back program and the transfer of shares under the LTI program reduced other contributed capital within parent shareholder's equity by SEK 3,443 million (SEK 2,449 million during the first nine months 2018).

NOTE 10. RELATED PARTY TRANSACTIONS

In the nine-month period ended September 30, 2019, Telia Company purchased goods and services for SEK 17 million (26) and sold goods and services for SEK 5 million (14) from/to related parties. These related party transactions are based on commercial terms.

NOTE 11. NET DEBT, CONTINUING AND DISCONTINUED OPERATIONS

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

SEK in millions	Sep 30, 2019	Dec 31, 2018
Long-term borrowings	103,828	86,990
of which lease liabilities, non-current	*12,412*	*1,363*
Less 50 percent of hybrid capital[1]	-8,068	-7,861
Short-term borrowings	13,739	9,552
of which lease liabilities, current	*2,606*	*46*
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-4,913	-2,946
Less long-term bonds at fair value through OCI	-5,515	-7,267
Less short-term investments	-14,592	-513
Less cash and cash equivalents	-9,110	-22,591
Net debt, continuing and discontinued operations	**75,369**	**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 third quarter of 2019. Moody's rating for long-term borrowings is Baa1 and P-2 for short-term borrowings, both with a stable outlook. The Standard & Poor long-term rating is BBB+ and the short-term rating is A-2, both with a stable outlook.

On September 4, 2019, Telia Company issued a private placement bond of AUD 83 million (SEK 554 million) in a 10-year deal maturing in September 2029 with a coupon of 2.467 percent. The issue was made under the existing EUR 12 billion EMTN (Euro Medium Term Note) program. The main rationale behind the issue is to re-finance maturing debt.

NOTE 13. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of September 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 47 million (45 at the end of 2018). For ongoing legal proceedings, see Note C29 in the Annual and Sustainability Report 2018. In addition, during September 2019, an arbitration proceeding was initiated against Telia Company under the Share Purchase Agreement related to the divestment of the subsidiary Kcell in Kazakhstan. The arbitration proceeding is in a very early stage and no monetary claim has yet been presented.

NOTE 14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of September 30, 2019, contractual obligations (continuing operations) totaled SEK 3,164 million (3,364 at the end of 2018).

NOTE 15. BUSINESS COMBINATIONS

Business combinations during the period

Fello AB

On July 1, 2019, Telia Company acquired all shares in the Swedish mobile operator Fello AB. The acquisition will complement and extend Telia Company's product portfolio within a new segment. The cost of the combination, the preliminary fair values of net assets acquired and preliminary goodwill for the combination are presented in the table below.

SEK in millions	Fello AB
Cost of combination	**100**
of which cash consideration paid	*60*
of which contingent consideration	*40*
Fair value of net assets acquired	
Intangible assets and goodwill	105
Property, plant and equipment and other non-current assets	3
Current assets	6
Total assets acquired	**114**
Non-current liabilities	-2
Current liabilities	-12
Total liabilities assumed	**-14**
Total fair value of net assets acquired including goodwill	**100**

The net cash flow effect in the third quarter of 2019 from the business combination was SEK 57 million (cash consideration SEK 60 million paid at closing less cash and cash equivalents SEK 3 million). The fair values of assets and liabilities have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustments. Acquisition-related costs of SEK 1 million have been recognized as other operating expenses. From the acquisition date, revenues of SEK 16 million and net income of SEK 12 million are included in the condensed consolidated statements of comprehensive income. If Fello had been acquired at the beginning of 2019, there had been no material difference in revenues or total net income for Telia Company for 2019.

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

Minor business combinations during the period

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

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

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.

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.

	Sep 30, 2019	Dec 31, 2018
Return on equity (%, rolling 12 months)[1]	5.6	3.6
Return on capital employed (%, rolling 12 months)[1]	4.9	4.7
Equity/assets ratio (%)[1]	30.8	37.2
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months)[2, 3]	2.51	2.07
Parent owners' equity per share (SEK)[1]	22.20	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 October 1, 2018-September 30, 2019, was 2.50x. 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 0.3x. The lease liability, amounting to SEK 15.0 billion, is fully included while the EBITDA impact from IFRS 16 is only included for the first 9 months 2019 (of the rolling 12 months). Based on a steady state assumption, i.e. including 12 months IFRS 16 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 right-of-use assets, CAPEX excluding license and spectrum fees, Cash CAPEX, Free cash flow, Operational free cash flow, Net debt, Net debt/Adjusted EBITDA ratio and Adjusted EBITDA margin. These alternative measures are considered to be important performance indicators for investors and other users of the Interim report. The alternative performance measures should be considered as a complement to, but not a substitute for, the information prepared in accordance with IFRS. Telia Company's definitions of these non-IFRS measures are described in this note and in the Annual and Sustainability Report 2018. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

EBITDA and adjusted EBITDA

Telia Company considers EBITDA as a relevant measure to be able to understand profit generation before investments in tangible, 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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Operating income	**3,583**	**3,779**	**9,704**	**10,852**
Income from associated companies and joint ventures	-220	-207	-826	-657
Total depreciation/amortization/write-down	4,637	3,278	13,728	9,494
EBITDA	**7,999**	**6,851**	**22,606**	**19,689**
Adjustment items within EBITDA (Note 3)	269	126	650	225
Adjusted EBITDA	**8,268**	**6,977**	**23,256**	**19,914**

Discontinued operations

SEK in millions	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Operating income	**18**	**548**	**-54**	**1,637**
Income from associated companies and joint ventures	–	-2	–	-5
Total depreciation/amortization/write-down	-1	-156	-3	-218
Capital gains/losses on disposals	–	0	–	-3,306
EBITDA	**18**	**390**	**-57**	**-1,892**
Adjustment items within EBITDA (Note 3)	22	216	150	3,724
Adjusted EBITDA	**40**	**606**	**93**	**1,832**

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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Operating income	**3,583**	**3,779**	**9,704**	**10,852**
Adjustment items within Operating income (Note 3)	269	184	779	301
Adjusted operating income, continuing operations	**3,852**	**3,964**	**10,483**	**11,153**

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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Continuing operations				
Investments in intangible assets	542	657	2,248	2,107
Investments in property, plant and equipment	2,499	3,567	7,915	8,367
CAPEX excluding right-of-use assets	3,041	4,224	10,163	10,473
Investments in right-of-use assets	618	0	938	0
CAPEX	**3,658**	**4,224**	**11,101**	**10,473**
Excluded: Right-of-use assets	-618	–	-938	–
Net of not paid investments and additional payments from previous periods[1]	190	-1,151	1,130	-1,153
Cash CAPEX	**3,230**	**3,073**	**11,293**	**9,320**
CAPEX	**3,658**	**4,224**	**11,101**	**10,473**
Excluded: Investments in license and spectrum fees	0	–	-243	–
CAPEX excluding license and spectrum fees	**3,658**	**4,224**	**10,858**	**10,473**
Excluded: Investments in right-of-use assets	-618	–	-938	–
CAPEX excluding fees for license, spectrum and right-of-use assets	**3,041**	**4,224**	**9,920**	**10,473**

SEK in millions	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Discontinued operations				
Investments in intangible assets	–	62	–	157
Investments in property, plant and equipment	12	125	65	423
CAPEX excluding right-of-use assets	**12**	**187**	**65**	**580**
Investments in right-of-use assets	4	–	8	–
CAPEX	**16**	**187**	**73**	**580**
Excluded: Right-of-use assets	-4	–	-8	–
Net of not paid investments and additional payments from previous periods	7	75	-24	213
Cash CAPEX	**20**	**262**	**41**	**793**
CAPEX	**16**	**187**	**73**	**580**
Excluded: Investments in license and spectrum fees	0	-1	0	-38
CAPEX excluding license and spectrum fees	**16**	**186**	**73**	**541**
Excluded: Investments in right-of-use assets	-4	–	-8	–
CAPEX excluding fees for license, spectrum and right-of-use assets	**12**	**186**	**65**	**541**

1) First nine-months 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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Cash flow from operating activities	8,559	6,299	22,023	20,574
Cash CAPEX (paid intangible and tangible assets)	-3,250	-3,335	-11,334	-10,113
Free cash flow, continuing and discontinued operations	**5,310**	**2,963**	**10,689**	**10,461**

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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Cash flow from operating activities from continuing operations	8,705	5,855	24,025	19,341
Cash CAPEX from continuing operations	-3,230	-3,073	-11,293	-9,320
Free cash flow, continuing operations	**5,475**	**2,782**	**12,731**	**10,022**
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	0	–	1,137	46
Excluded: Dividends from associates from continuing operations	0	-213	-167	-709
Excluded: Taxes paid on dividends from associates from continuing operations	–	0	–	41
Repayments of lease liabilities	-733	–	-2,108	–
Operational free cash flow	**4,743**	**2,569**	**11,594**	**9,399**
Dividends from associated companies, net of taxes	0	213	167	668
Operational free cash flow that forms the basis for dividend	**4,743**	**2,782**	**11,761**	**10,067**

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	Sep 30, 2019	Dec 31, 2018
Net debt	**75,369**	**55,363**
Adjusted EBITDA continuing operations accumulated current year	23,256	26,649
Adjusted EBITDA continuing operations previous year	6,735	–
Adjusted EBITDA discontinued operations accumulated current year	93	2,341
Adjusted EBITDA discontinued operations previous year	509	–
Excluding: Disposed operations	-514	-2,259
Adjusted EBITDA rolling 12 months excluding disposed operations	**30,078**	**26,731**
Net debt/adjusted EBITDA ratio (multiple)	**2.51x**	**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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	21,180	20,685	63,298	61,351
Adjusted EBITDA	8,268	6,977	23,256	19,914
Adjusted EBITDA margin (%), continuing operations	**39.0**	**33.7**	**36.7**	**32.5**

PARENT COMPANY

Condensed income statements

SEK in millions	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	120	119	396	353
Gross income	**120**	**119**	**396**	**353**
Operating expenses and other operating income, net	-232	-240	1,130	-897
Operating income	**-112**	**-121**	**1,526**	**-544**
Financial income and expenses	-666	5,328	5,556	17,296
Income after financial items	**-778**	**5,207**	**7,082**	**16,752**
Appropriations	863	1,349	3,348	6,069
Income before taxes	**86**	**6,556**	**10,431**	**22,821**
Income taxes	-15	-327	-26	-353
Net income	**71**	**6,229**	**10,404**	**22,468**

Financial income and expenses in the third quarter of 2019 decreased to SEK -666 million (5,328) mainly affected by lower dividends from subsidiaries and foreign exchange rate losses.

Operating expenses and other operating income, net, in the first nine months 2019 amounted to SEK 1,130 million (-897). 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 nine months 2019 amounted to SEK 5,556 million (17,296) positively impacted by dividends from subsidiaries with SEK 33,027 million (21,823) offset by impairments of Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V. amounting to SEK 22,837 million (-) and SEK 1,180 million (-), respectively. Financial income and expenses in 2019 were further positively impacted by reduced foreign exchange rate losses.

Condensed balance sheets

SEK in millions	Sep 30, 2019	Dec 31, 2018
Assets		
Non-current assets	189,920	176,064
Current assets	48,358	47,512
Total assets	**238,278**	**223,577**
Equity and liabilities		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	76,652	79,477
Total shareholders' equity	**92,364**	**95,189**
Untaxed reserves	6,077	6,882
Provisions	516	534
Long-term liabilities	89,995	84,199
Short-term liabilities and short-term provisions	49,326	36,772
Total equity and liabilities	**238,278**	**223,577**

Non-current assets increased to SEK 189,920 million (176,064) mainly impacted by increased long-interest-bearing intra-group receivables and investments in subsidiaries, mainly related to shareholder contributions to Telia Towers AB and Telia Sverige AB, partly offset by impairments of the subsidiaries Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V..

Equity decreased to SEK 92,364 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.

Long-term liabilities increased to SEK 89,995 million (84,199) mainly due to issue and revaluations of bonds and foreign exchange rate effects.

Short-term liabilities and short-term provisions increased to SEK 49,236 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

Stockholm, October 17, 2019

Christian Luiga
Acting President & CEO

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

FORWARD-LOOKING STATEMENTS

This report contains statements concerning, among other things, Telia Company's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Telia Company's future expectations. Telia Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include but may not be limited to: Telia Company's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Telia Company, its associated companies and joint ventures, and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Telia Company undertakes no obligation to update any of them in the light of new information or future events.

DEFINITIONS

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

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

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

Annual and Sustainability Report 2019
March 12, 2020

Annual General Meeting 2020
April 2, 2020, in Stockholm

Interim Report January-March 2020
April 22, 2020

Interim Report January-June 2020
July 17, 2020

Telia Company AB (publ)
Corporate Reg. No. 556103-4249,
Registered office: Stockholm
Tel. +46 8 504 550 00. www.teliacompany.com