

# TELIA COMPANY INTERIM REPORT JANUARY-MARCH 2020



## SERVICE REVENUE TREND IMPROVED SEQUENTIALLY

### FIRST QUARTER SUMMARY

- Net sales rose 7.6 percent to SEK 22,427 million (20,836) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 2.2 percent.
- Service revenues grew 10.5 percent to SEK 19,716 (17,836) and like for like regarding exchange rates, acquisitions and disposals, service revenues declined 1.0 percent.
- Adjusted EBITDA fell 1.8 percent to SEK 7,277 million (7,413) and the adjusted EBITDA margin fell to 32.4 percent (35.6). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA fell 5.1 percent.
- Adjusted operating income fell 23.4 percent to SEK 2,668 million (3,485).
- Total net income amounted to SEK 1,146 million (1,810). Total net income attributable to owners of the parent amounted to SEK 1,109 million (1,803).
- Operational free cash flow from continuing operations fell to SEK 3,307 million (4,409). Cash flow from operating activities, from continuing and discontinued operations, increased to SEK 7,170 million (6,394).
- Outlook 2020 (updated): Operational free cash flow is expected to be between SEK 9.5-10.5 billion.
- Moldcell in Moldova was divested in the quarter, implying that all operations in the former segment region Eurasia now have been divested.
- For COVID-19 impact, see section Review of the group, page 7.

**7.6%**

Net sales

**-5.1%**

Adjusted EBITDA  
(like for like)

**3,307**

Operational free cash flow  
(SEK million)

### HIGHLIGHTS

SEK in millions, except key ratios, per share data and changes	Jan-Mar 2020	Jan-Mar 2019 <sup>4</sup>	Chg %	Jan-Dec 2019
Net sales	22,427	20,836	7.6	85,965
Change (%) like for like <sup>1</sup>	-2.2			
of which service revenues (external) change (%) like for like <sup>1</sup>	19,716	17,836	10.5	73,455
Adjusted <sup>2</sup> EBITDA <sup>1</sup>	7,277	7,413	-1.8	31,017
change (%) like for like <sup>1</sup>	-5.1			
Margin (%)	32.4	35.6		36.1
Adjusted <sup>2</sup> operating income <sup>1</sup>	2,668	3,485	-23.4	13,452
Operating income	2,406	3,226	-25.4	12,292
Income after financial items	1,725	2,522	-31.6	9,354
Net income from continuing operations	1,345	2,052	-34.5	7,601
Net income from discontinued operations <sup>3</sup>	-199	-242	17.9	-341
Total net income	1,146	1,810	-36.7	7,261
of which attributable to owners of the parent	1,109	1,803	-38.5	7,093
EPS total (SEK)	0.27	0.43	-36.7	1.70
Operational free cash flow, continuing operations <sup>1</sup>	3,307	4,409	-24.9	12,571
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations <sup>1</sup>	2,943	3,120	-5.7	14,113

1) See Note 17 and/or section Definitions. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 4. 4) Restated, see Note 1.

## COMMENTS BY CHRISTIAN LUIGA, ACTING PRESIDENT & CEO

“The beginning of 2020 cannot be characterized as business as usual for Telia Company and society as a whole. All of us across the globe are currently experiencing major disruptions to our daily lives due to the Coronavirus pandemic. With many communities in isolation, our communications and broadcasting services play an even more important role in keeping people connected, entertained and with access to information and business services. As Telia Company we have a key role to play in the countries where we operate but also on a global scale through our unit Telia Carrier. Our mission in this crisis is to keep our customers connected, informed and support businesses to adapt to new ways of working. The resulting behaviour shift has meant that data traffic has increased by more than 30 percent on our fixed networks and by 15-20 percent on the mobile networks, which has also seen an increase in voice traffic by as much as 70 percent in some countries. This illustrates that customers have recognized and appreciated our services. Despite these significant increases in demand and capacity our networks have been resilient, a clear proof point of our superior

### “OUR FINANCIAL PERFORMANCE STANDS STABLE WITHIN OUR TRADITIONAL TELCO BUSINESS”

networks, in fixed and mobile. In addition, we have launched initiatives across our markets to further support our customers and the broader society, such as tools and advice regarding working remotely, increasing data buckets for the elderly and supporting health care services with remote services. Our Crowd Insights is helping authorities to better understand the effect of social distancing measures, by showing movement patterns of crowds through data analytics. The well-being of our employees is, as always, one of our highest priorities and the pandemic has affected how we work. More than 75 percent of our 21,000 employees are working from home. I am exceptionally proud of how our staff has risen to the occasion.



Our financial performance is stable within our traditional telco business, with flat service revenues and an underlying growing adjusted EBITDA, whilst COVID-19 has had a negative impact on the TV & Media unit. Our service revenues are on a like for like basis down by only 1 percent, despite having been burdened by TV & Media and legacy services. Looking at our core services mobile revenues are growing by 1 percent, driven by ARPU development and broadband is growing by 3 percent. Costs are negatively impacted by a lower pension refund, sport content write down and service operations. Our cost agenda continues to be executed upon. In the second quarter we plan to address and reduce resource costs in several markets amongst other measures that will assist with the cost management. We also expect additional impact from our Common Products and Services unit during the second half of 2020. Adjusted EBITDA shows a 5 percent decline like for like as TV & Media has a severe negative impact. Operational free cash flow reached SEK 3.3 billion, a reduction of SEK 1 billion compared to the first quarter of 2019. This is mainly related to higher tax payment and less pension refund. Notably adjusted EBITDA less cash CAPEX shows a 3 percent growth. The financial leverage at the end of the first quarter 2020 was 2.6x adjusted EBITDA.

The Swedish business continues to be impacted by declining legacy revenues. Service revenues, however, were flat as price adjustments continues to compensate for the legacy decline. Mobile subscription revenue returned to growth for the first time since the fourth quarter 2018, growing by 1 percent. Broadband revenues grew by 5 percent supported by price adjustments and a 40 percent increase in OCN (open city networks) penetration. Adjusted EBITDA was reduced by 0.7 percent negatively impacted by a lower pension refund. Adjusted for this Sweden now has two consecutive quarters with EBITDA growth.

Our newly established business unit TV & Media is experiencing significant negative financial consequences from COVID-19 and from other market changes. The economic downturn in our markets has resulted in lower advertising revenue and we are also impacted from the temporary lack of live sport broadcastings. As such, revenues have reduced by 8 percent which has a direct impact on profitability. Despite this, TV4 and MTV have launched several series and shows, such as “Bäckström” with 1.8 million total viewers, setting a new viewership record on our digital platform. These shows’ popularity have also resulted in an increased share of viewing, especially on digital platforms, with Sweden increasing by 4 percentage points from the first quarter of 2019 and also a growing share in Finland. This puts us in an even stronger market position, despite that the largest TV distributor in Sweden has decided not to include part of our content in the offering to their customers. We believe we will benefit from this improved position when more normal conditions return.

As previously reported (March 26), the TV & Media unit’s adjusted EBITDA is expected to be in between SEK 0 to 0.5 billion in 2020 and we have had limited impact on our traditional telco business from the COVID-19 crisis to date. Looking ahead the main risk areas are related to roaming, TV distribution revenues, delayed commercial activities, potential supply chain disruptions, the wellbeing of employees and key contractors as well as the financial stability of our customers.

We have identified several mitigating activities that will partially compensate for the decline within our TV & Media unit, but that will also support the traditional telco operation should they also be impacted. We continue to focus on the execution of our commercial agenda with loyalty and convergence as main tools to increase ARPU and protect our customer base. All in all, we expect that we can deliver an operational free cash flow in the range of SEK 9.5-10.5 billion for 2020.

Despite the current turbulent times we remain fully committed to our climate goals for 2030 where we have set midterm target for 2022, including being climate neutral in our own operations and to engage all suppliers to have a plan in place by 2022 to reach zero CO<sub>2</sub> by 2030, including their suppliers. In addition, we have issued a green hybrid bond of EUR 500 million, one of the first European telecom operators to do so. We believe that we will have an important role ahead as digitalization will likely play a vital part in a rebuilding our economies in a more sustainable way once societies opens up again.

Moldcell, our former operation in Moldova, was divested during the quarter and the transaction was approved in late March. With this, all operations in the former region Eurasia have now been divested.

In a couple of weeks, I will end my term as acting President and CEO and return to my previous role as CFO. No doubt this has been eventful period for our company. I welcome our incoming President and CEO Allison Kirkby and look forward to the next chapter in the history of Telia Company. To all of the employees at Telia Company I want to express my sincere gratitude for their support during my period as President and CEO.”

**Christian Luiga**  
Acting President & CEO

### OUTLOOK FOR 2020 (UPDATED)

Operational free cash flow is expected to be between SEK 9.5-10.5 billion compared to the 2019 level of SEK 12.6 billion.

#### Previously

Operational free cash flow is expected to be between SEK 10.5 and 11.5 billion compared to the 2019 level of SEK 12.6 billion.

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

### CREDIT RATING TARGET

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

### DIVIDEND POLICY

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

The dividend should be split and distributed in two tranches.

### ORDINARY DIVIDEND TO SHAREHOLDERS

For 2019, the Annual General Meeting (AGM) decided on an ordinary dividend of SEK 1.80 per share (2.36), totaling SEK 7.4 billion (9.9). The dividend should be split and distributed into two tranches of SEK 0.90 per share.

#### First distribution

The Annual General Meeting (AGM) decided that the first distribution of the dividend was to be distributed by Euroclear Sweden on April 9, 2020.

#### Second distribution

The Annual General Meeting (AGM) decided that the final day for trading in shares entitling shareholders to dividend be set for October 21, 2020, and that the first day of trading in shares excluding rights to dividend be set for October 22, 2020. The record date at Euroclear Sweden for the right to receive dividend will be October 23, 2020. The dividend is expected to be distributed by Euroclear Sweden on October 28, 2020.

## REVIEW OF THE GROUP, FIRST QUARTER 2020

### SALES AND EARNINGS

**Net sales** rose 7.6 percent to SEK 22,427 million (20,836) driven by the consolidation of TV and Media. Like for like regarding exchange rates, acquisitions and disposals, net sales fell 2.2 percent.

**Service revenues** increased 10.5 percent to 19,716 (17,836) driven by the consolidation of TV and Media. Like for like regarding exchange rates, acquisitions and disposals, service revenues decreased 1.0 percent.

**The number of subscriptions** fell from 24.2 million at the end of the fourth quarter of 2019 to 24.1 million.

**Adjusted EBITDA** fell 1.8 percent to SEK 7,277 million (7,413) and the adjusted EBITDA margin fell to 32.4 percent (35.6). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA fell 5.1 percent.

**Adjustment items** affecting operating income amounted to SEK -263 million (-259). See Note 3.

**Adjusted operating income** fell 23.4 percent to SEK 2,668 million (3,485) driven by increased depreciations and amortizations in majority of markets.

**Financial items** totaled SEK -681 million (-705) of which SEK -739 million (-650) related to net interest expenses.

**Income taxes** amounted to SEK -380 million (-470). The effective tax rate was 22.0 percent (18.7). The effective tax rate was mainly impacted by prior year adjustment of current tax expense connected to the Danish operations and non-deductible impairment related to real estate companies in Finland.

**Total net income** amounted to SEK 1,146 million (1,810) of which SEK 1,345 million (2,052) from continuing operations and SEK -199 million (-242) from discontinued operations.

**Other comprehensive income** decreased to SEK 59 million (2,917) mainly due to negative translation differences in continuing operations.

### CASH FLOW

**Cash flow from operating activities**, from continuing and discontinued operations, increased to SEK 7,170 million (6,394) mainly impacted by changes in working capital as the first quarter 2019 was affected by the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan. This effect, together with decreased cash CAPEX, impacted **Free cash flow**, from continuing and discontinued operations, which increased to SEK 4,217 million (2,057).

**Operational free cash flow**, from continuing operations decreased to SEK 3,307 million (4,409) mainly driven by higher paid taxes and a lower refund from the pension fund.

**Cash flow from investing activities**, from continuing and discontinued operations increased to SEK 1,415 million (-7,071) mainly due to net divestments of short-term bonds. 2019 was impacted by net investments in short term bonds and increased cash CAPEX related to spectrums in Sweden.

**Cash flow from financing activities**, from continuing and discontinued operations, amounted to SEK -3,799 million (2,613) mainly impacted by increased repayments of loans related to matured debt and short-term borrowings.

### FINANCIAL POSITION

**CAPEX** in continuing operations, excluding right-of-use assets, decreased to SEK 2,943 million (3,120). CAPEX in continuing operations excluding fees for license, spectrum and right-of-use assets, fell to SEK 2,943 million (3,120). Cash CAPEX in continuing operations decreased to SEK 2,948 million (4,337).

**Net debt** was SEK 83,675 million at the end of the first quarter (88,052 at the end of the fourth quarter of 2019). The net debt/adjusted EBITDA ratio was 2.71x. Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.6x.

**Long-term interest-bearing receivables** increased to SEK 14,650 million (10,869) mainly due to increased market value of derivatives.

**Short-term interest-bearing receivables** decreased to SEK 7,415 million (12,300), mainly due to sale of investment bonds.

**Assets classified as held for sale** increased to SEK 1,081 million (875) due to assets being classified as held for sale in Finland in the first quarter, partly offset by the disposal of Moldcell.

**Long-term borrowings** increased to SEK 110,818 million (99,899) mainly due to the issue of a green hybrid bond and foreign exchange rate effects.

**Short-term borrowings** decreased to SEK 12,121 million (19,779) mainly due to matured debt and partial repayment of loan under the revolving credit facility.

## COVID-19 IMPACT FIRST QUARTER

The coronavirus 2019 (COVID-19) pandemic has had a significant impact on global financial markets. In the first quarter 2020 Telia Company was impacted by COVID-19 through lower revenues from pay TV due to lowered prices, both in segment TV and Media and the other segments, as a consequence of sport cancellations as well as lower advertising revenues. In total, the negative service revenue impact is estimated to around SEK 0.1 billion and the negative impact on EBITDA as well as on Operating income is also estimated to around SEK 0.1 billion for the first quarter 2020. For the full year the TV and Media segment is expected to show an EBITDA of between SEK 0 and 0.5 billion. Except for in the TV related operations, the revenue, EBITDA and Operating income impacts were not significant in the first quarter, although there has been a slight impact on roaming revenues and a continuation of restriction of travels will impact the roaming revenues negatively going forward.

Further, as a result of the cancelled and postponed sport events and seasons due to COVID-19, film and program right assets have been impaired by SEK 260 million in the first quarter 2020, whereof SEK 202 million in segment TV and Media and SEK 58 million in Finland (Liiga). However, there was no significant net impact on EBITDA in the first quarter 2020 from the impairment of the sports rights due to the offsetting effects from expected compensation and lower expenses from sports

rights where events and seasons have been postponed. Negotiations on further compensation for cancelled and postponed sport events and seasons are ongoing and will continue. Management's assessment is that the expected compensation will cover the decreases of the sport rights values.

Even though the general credit risk has increased due to COVID-19, there has been no need for any significant increases in allowances for bad debts in the first quarter 2020. The development of the credit risks will continue to be monitored closely and there might be a need to adjust the bad debt allowances at a later stage if the credit risk for Telia Company's receivables increases further.

As the financial markets have been heavily affected by the COVID-19 crisis during March, volatility has generally increased and liquidity in most markets is reduced. Telia Company's financial risk management is in all material aspects unchanged but with additional focus to maintain a continued strong liquidity position. The debt capital market continues to be available to the Telia Company credit but to a widened spread. The refinancing need 12 months ahead remains limited.

For more information on risks related to the outbreak of COVID-19, see "Risks and uncertainties" page 38.

## SIGNIFICANT EVENTS IN THE FIRST QUARTER

- On February 4, 2020, Telia Company, as the first telecommunications company in the Nordics, issued a green bond of EUR 500 million. The new hybrid bond has a maturity of 61.25 years with the first reset date after 6.25 years. The coupon is 1.375 percent and the re-offer yield has been set at 1.50 percent.
- On February 4, 2020, Telia Company announced that the Board of Transparency International Sweden has appointed Telia Company to its Corporate Supporters Forum (CSF), a forum for large Swedish companies with experience of operating internationally and in areas prone to corruption.
- On February 14, 2020, Fintur Holdings B.V., wholly-owned by Telia Company, agreed to sell its 100 percent holding in Moldcell to CG Cell Technologies DAC, for a transaction price of USD 31.5 million. The transaction was closed on March 24, 2020. See Note 4.
- On March 4, 2020, Telia Company announced that Allison Kirkby will take up her position of President and CEO on May 4, 2020.
- On March 26, 2020, Telia Company announced that the outlook for 2020 would not be reached and that the Company will give an updated 2020 outlook as soon as possible. This was related to increased uncertainty as COVID-19 impacts the TV & Media segment. In addition, the Board of Directors adjusted the dividend proposal to SEK 1.80 per share from the previous SEK 2.45.

## SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

- On April 1, after receiving approval from relevant authorities, the transaction with CapMan Infra targeting an accelerated roll-out of open fiber in Finland, was closed.
- On April 2, 2020, Telia Company held its Annual General Meeting and announced that the Board members Rickard Gustafson, Lars-Johan Jarnheimer, Nina Linander, Jimmy Maymann, Anna Settman, Olaf Swantee and Martin Tivéus were re-elected. As new member of the board Ingrid Bonde and Jeanette Jäger were elected. Lars-Johan Jarnheimer was re-elected Chair of the Board and Ingrid Bonde was elected Vice-Chair of the Board.
- The Annual General Meeting decided upon a dividend to shareholders of SEK 1.80 per share and that the payment should be distributed in two tranches of SEK 0.90 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 own shares to increase the share capital by way of bonus issue. The resolutions were executed on April 15, 2020, by registration with the Swedish Companies Registration Office, and the number of shares in the company was reduced to 4,089,631,702 instead of the previous 4,209,540,375. Further the Annual General Meeting approved implementation of a long-term incentive program 2020/2023.
- On April 9, 2020, Telia Company announced that Heli Partanen has been appointed as new CEO of Telia Finland and member of the Group Executive Management team of Telia Company.
- On April 21, 2020, a new bilateral revolving credit facility was signed between Telia Company and Nordea Bank ABP, Filial i Sverige, see note 12 for further information.

## SWEDEN

- In order to facilitate for and stimulate a more digital way of working Telia as the first operator in Sweden launched a mobile offering for enterprise customers which includes free mobile data usage for applications within Office 365 Business and that in addition are 5G ready.
- Telia in Sweden won a deal with the country's region Västra Götaland, for remote patient monitoring. During the pilot project, 150 patients will have their readings and self-assessment results sent straight to the care provider, enabling proactive care while the patient remains at home. The patient's blood pressure, oxygen saturation, heart rate and more will be registered via measuring equipment which is then connected to a mobile phone or a tablet with an internet connection and mobile identification solution.



### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	8,324	8,610	-3.3	34,905
Change (%) like for like	-3.3			
of which service revenues (external)	7,434	7,421	0.2	30,274
change (%) like for like	0.1			
Adjusted EBITDA	3,398	3,422	-0.7	13,932
Margin (%)	40.8	39.7		39.9
change (%) like for like	-0.7			
Adjusted operating income	1,724	1,929	-10.6	7,600
Operating income	1,670	1,847	-9.6	7,346
CAPEX excluding fees for licenses, spectrum and right-of-use assets	623	987	-36.9	3,548
Subscriptions, (thousands)				
Mobile	6,089	6,070	0.3	6,132
of which machine to machine (postpaid)	1,135	1,044	8.7	1,123
Fixed telephony	814	1,023	-20.4	853
Broadband	1,263	1,290	-2.1	1,263
TV	860	863	-0.3	861
Employees <sup>1</sup>	4,668	5,210	-10.4	4,724

1) First quarter 2019 is restated for comparability see Note 1.

**Net sales** fell 3.3 percent to SEK 8,324 million (8,610) as lower sales of equipment more than offset a slight growth in service revenues.

**Service revenues** like for like regarding acquisitions and disposals, increased 0.1 percent as growth in mobile as well as other service revenues more than compensated for lower fixed service revenues primarily driven by a continued pressure on fixed telephony revenues.

**Adjusted EBITDA** fell 0.7 percent to SEK 3,398 million (3,422) and the adjusted EBITDA margin rose to 40.8 percent (39.7). Like for like regarding acquisitions and disposals, adjusted EBITDA fell 0.7 percent as the slight growth in service revenues was not enough to compensate for higher operational expenses following mainly a lower refund from the pension fund compared to last year.

**CAPEX** excluding right-of-use assets, decreased 36.9 percent to SEK 623 million (987) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, decreased 36.9 percent to SEK 623 million (987).

**Mobile subscriptions** fell by 43,000 in the quarter fully attributable to loss of prepaid subscriptions. TV subscriptions fell by 1,000 and fixed broadband subscriptions remained unchanged in the quarter.

## FINLAND

- The transaction with CapMan Infra targeting an accelerated roll-out of open fiber in Finland, was closed on April 1, 2020. Telia will hold a 40 percent stake in the new entity which will take over Telia Finland's existing SDU fiber roll-out business which to date includes around 20,000 homes passed with fiber. Furthermore, as part of the transaction Telia Company will also provide the fiber access network with communications operator services.



### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	3,897	3,863	0.9	15,969
Change (%) like for like	-1.4			
of which service revenues (external)	3,302	3,273	0.9	13,359
change (%) like for like	-1.4			
Adjusted EBITDA	1,156	1,169	-1.1	4,900
Margin (%)	29.7	30.3		30.7
change (%) like for like	-3.3			
Adjusted operating income	353	396	-11.0	1,657
Operating income	244	391	-37.6	1,489
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	272	251	8.3	1,493
Subscriptions, (thousands)				
Mobile	3,165	3,232	-2.1	3,184
of which machine to machine (postpaid)	265	260	2.2	270
Fixed telephony	22	35	-37.1	23
Broadband	460	463	-0.6	473
TV	593	568	4.4	600
Employees <sup>1</sup>	2,917	2,949	-1.1	2,905

1) First quarter and full year 2019 is restated for comparability see Note 1.

**Net sales** grew 0.9 percent to SEK 3,897 million (3,863) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 1.4 percent driven by lower service revenues as well as equipment sales. The effect of exchange rate fluctuations was positive by 2.3 percent.

**Service revenues** like for like regarding exchange rates, acquisitions and disposals, fell 1.4 percent to some extent driven by lower mobile revenues, but mainly by fixed revenues that fell 2.2 percent as growth in business solutions was more than offset by lower fixed telephony revenues following the ongoing copper network dismantling as well as other types of fixed revenues.

**Adjusted EBITDA** fell 1.1 percent to SEK 1,156 million (1,169) and the adjusted EBITDA margin fell to 29.7 percent (30.3). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals fell 3.3 percent primarily as a result of the decrease in service revenues as well as around SEK 40 million in negative impact from that the Liiga season was cancelled just before play-offs due to the COVID-19 situation.

**CAPEX** excluding right-of-use assets, increased 8.3 percent to SEK 272 million (251) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased 8.3 percent to SEK 272 million (251).

**Mobile subscriptions** fell by 19,000 in the quarter rather evenly driven by loss of postpaid subscriptions in the B2C and B2B segment. TV subscriptions fell by 7,000 and fixed broadband subscriptions fell by 13,000 in the quarter. The latter following the loss of one larger customer contract.

## NORWAY



- The commercial momentum in all brands was high during the quarter with amongst other a new mobile broadband portfolio launched on the Telia brand as well as a new single subscriber portfolio on the OneCall brand. OneCall also displayed the fifth consecutive quarter with a positive mobile subscription net intake. Furthermore, the unlimited data price plan “Telia X” that offers customers unlimited data continued to show good momentum and had at the end of the quarter gained more than 50,000 customers since start. Finally, the automated solution “Surf guarantee” was launched, giving converged customers extra data in the case of a fixed broadband outage.
- In connection with the start of the mobile network upgrade, Telia launched Fixed Wireless Access (FWA) and the outcome was promising with over 1,000 customers signing up in just the first weeks. Furthermore, the B2B segment had another good quarter with service revenue growth of 2 percent and several important customers contracts won within primarily the Public and SME parts of the B2B segment.

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	3,428	3,595	-4.6	14,666
Change (%) like for like	-0.3			
of which service revenues (external) <sup>1</sup>	2,964	3,119	-5.0	12,884
change (%) like for like	-0.7			
Adjusted EBITDA	1,387	1,516	-8.5	6,394
Margin (%)	40.5	42.2		43.6
change (%) like for like	-4.3			
Adjusted operating income	232	609	-62.0	2,184
Operating income	197	566	-65.2	1,934
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	458	447	2.6	2,421
Subscriptions, (thousands)				
Mobile	2,273	2,325	-2.2	2,276
of which machine to machine (postpaid)	90	85	5.6	85
Fixed telephony	45	51	-11.8	49
Broadband	451	416	8.4	445
TV	477	502	-5.0	480
Employees <sup>1</sup>	1,635	1,743	-6.2	1,626

1) First quarter and full year 2019 is restated for comparability see Note 1.

**Net sales** fell 4.6 percent to SEK 3,428 million (3,595) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 0.3 percent. The effect of exchange rate fluctuations was negative by 4.3 percent.

**Service revenues** like for like regarding exchange rates, acquisitions and disposals, fell 0.7 percent as a 1.6 percent growth in mobile service revenue driven by the B2B segment was offset by fixed service revenues falling by 6.1 percent due to mainly lower TV revenues.

**Adjusted EBITDA** fell 8.5 percent to SEK 1,387 million (1,516) and the adjusted EBITDA margin fell to 40.5 percent (42.2). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals fell 4.3 percent primarily as a result of last year being impacted by SEK 100 million from the sale of previously impaired customer receivables. Furthermore, the decrease in service revenues as well as an increased level of credit losses also contributed to the decline.

**CAPEX** excluding right-of-use assets, increased 2.6 percent to SEK 458 million (447) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased 2.6 percent to SEK 458 million (447).

**Mobile subscriptions** fell by 3,000 in the quarter as growth of B2B subscriptions was more than offset by a loss of B2C subscriptions. TV subscriptions fell by 3,000 and fixed broadband subscriptions grew by 6,000 in the quarter.

## DENMARK

- As part of Telia Company's Daring Goals Telia Denmark launched in the summer of 2019 a handset recycling program that allows for customers to hand in their old mobile phones in exchange for a credit towards their next purchase. The phones are then either repaired and re-sold or disassembled for components and raw materials. And summarizing the program so far, it has been well received by the customers and a success with around 15,000 handsets recycled. So far, the top ten most recycled handsets have all being various iPhone models.



### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	1,430	1,365	4.7	5,675
Change (%) like for like	2.5			
of which service revenues (external)	1,053	1,048	0.5	4,262
change (%) like for like	-1.6			
Adjusted EBITDA	231	219	5.5	1,056
Margin (%)	16.2	16.1		18.6
change (%) like for like	3.0			
Adjusted operating income	-16	-52	68.2	-4
Operating income	-16	-60	72.7	-45
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	93	67	38.0	286
Subscriptions, (thousands)				
Mobile	1,458	1,446	0.8	1,435
of which machine to machine (postpaid)	86	73	18.9	82
Fixed telephony	66	82	-19.5	72
Broadband	72	99	-27.1	81
TV	21	24	-12.5	21
Employees <sup>1</sup>	718	784	-8.4	710

1) First quarter and full year 2019 is restated for comparability see Note 1.

**Net sales** grew 4.7 percent to SEK 1,430 million (1,365) and like for like regarding exchange rates, acquisitions and disposals, net sales rose 2.5 percent as increased equipment sales compensated for lower service revenues. The effect of exchange rate fluctuations was positive by 2.2 percent.

**Service revenues** like for like regarding exchange rates, acquisitions and disposals, fell 1.6 percent due to lower fixed revenues that fell primarily attributable to a loss of TV and fixed broadband subscriptions.

**Adjusted EBITDA** grew 5.5 percent to SEK 231 million (219) and the adjusted EBITDA margin grew slightly to 16.2 percent (16.1). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals grew 3.0 percent as lower operational expenses compensated for the decline in service revenues.

**CAPEX** excluding right-of-use assets, increased 38.0 percent to SEK 93 million (67) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased 38.0 percent to SEK 93 million (67).

**Mobile subscriptions** increased in the quarter by 22,000 mainly from the addition of subscriptions previously not accounted for. Fixed broadband subscriptions fell by 9,000 and TV subscriptions remained unchanged in the quarter.

## LITHUANIA

- Telia won two big public tenders in which the Ministry of Education was looking for a partner able to provide reliable remote schooling equipment for student in need of home schooling due to the COVID-19 situation. Furthermore, Telia as first operator introduced data rollover in both the B2C and B2B segment allowing customers to save unused data for later.
- Service revenues like for like regarding exchange rates, acquisitions and disposals, continued to show strong development and grew 7.3 percent supported by growth in mobile as well as most fixed services.



### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	996	926	7.5	4,045
Change (%) like for like	5.1			
of which service revenues (external)	795	724	9.7	3,096
change (%) like for like	7.3			
Adjusted EBITDA	373	345	8.1	1,430
Margin (%)	37.4	37.2		35.4
change (%) like for like	5.6			
Adjusted operating income	216	171	26.4	744
Operating income	214	169	26.6	714
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	80	129	-37.6	424
Subscriptions, (thousands)				
Mobile	1,349	1,278	5.5	1,347
of which machine to machine (postpaid)	181	160	12.9	175
Fixed telephony	251	296	-15.2	261
Broadband	412	410	0.5	419
TV	246	234	5.1	244
Employees <sup>1</sup>	1,686	1,977	-14.7	1,737

1) First quarter and full year 2019 is restated for comparability see Note 1.

**Net sales** grew 7.5 percent to SEK 996 million (926) and like for like regarding exchange rates, acquisitions and disposals, net sales rose 5.1 percent driven by increased service revenues. The effect of exchange rate fluctuations was positive by 2.4 percent.

**Service revenues** like for like regarding exchange rates, acquisitions and disposals, increased 7.3 percent driven mainly by fixed service revenues that increased primarily due to growth for TV and low margin fixed transit revenues. Mobile revenues also grew following a combination of subscription base expansion and higher ARPU.

**Adjusted EBITDA** grew 8.1 percent to SEK 373 million (345) and the adjusted EBITDA margin grew to 37.4 percent (37.2). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals grew 5.6 percent driven by the positive service revenue development.

**CAPEX** excluding right-of-use assets, decreased 37.6 percent to SEK 80 million (129) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, decreased 37.6 percent to SEK 80 million (129).

**Mobile subscriptions** increased by 2,000 whereas fixed broadband subscriptions fell by 7,000 in the quarter. TV subscriptions increased by 2,000 in the quarter.

## ESTONIA

- Telia launched its new TV channel Inspira, bringing exclusive content and exciting technological features to Telia's TV customers. The TV channel will have a large amount of exclusive content including live broadcasts within sports, original TV show productions and showcase TV productions that have not been previously showed in Estonia. Furthermore, it is future leaning with features, such as the possibility to choose the most suitable option from several simultaneous live streaming channels.
- For the 13<sup>th</sup> consecutive quarter service revenues like for like regarding exchange rates, acquisitions and disposals continued to show positive growth and again the solid development was attributable to growth for both mobile and fixed service revenues.



### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	837	790	5.9	3,333
Change (%) like for like	3.5			
of which service revenues (external)	680	627	8.4	2,600
change (%) like for like	6.0			
Adjusted EBITDA	290	272	6.5	1,146
Margin (%)	34.7	34.5		34.4
change (%) like for like	4.1			
Adjusted operating income	107	117	-8.1	502
Operating income	106	115	-7.4	512
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	82	65	27.0	422
Subscriptions, (thousands)				
Mobile	1,075	1,003	7.1	1,068
of which machine to machine (postpaid)	315	265	19.0	305
Fixed telephony	239	259	-7.7	245
Broadband	243	243	0.0	244
TV	211	214	-1.4	212
Employees <sup>1</sup>	1,542	1,543	-0.1	1,568

1) First quarter and full year 2019 is restated for comparability see Note 1.

**Net sales** grew 5.9 percent to SEK 837 million (790) and like for like regarding exchange rates, acquisitions and disposals, net sales rose 3.5 percent driven by increased service revenues. The effect of exchange rate fluctuations was positive by 2.4 percent.

**Service revenues** like for like regarding exchange rates, acquisitions and disposals, grew 6.0 percent rather evenly driven by growth in mobile and fixed service revenues. In the case of mobile revenues, the growth was due to a combination of an expanding subscription base and higher ARPU whereas fixed service revenues increased driven by positive development for mainly TV, fixed broadband and business solutions revenues.

**Adjusted EBITDA** grew 6.5 percent to SEK 290 million (272) and the adjusted EBITDA margin increased slightly to 34.7 percent (34.5). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals increased 4.1 percent as the growth in service revenues more than compensated for higher operational expenses.

**CAPEX** excluding right-of-use assets, increased 27.0 percent to SEK 82 million (65) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased 27.0 percent to SEK 82 million (65).

**Mobile subscriptions** increased by 7,000 whereas fixed broadband and TV subscriptions each fell by 1,000 in the quarter.

## TV AND MEDIA

- During the quarter the average number of TV4 linear viewers grew by 5 percent compared to last year, and in March isolated the increase was more than 10 percent. Furthermore, the interest for the TV4 Play service also displayed a significant uplift with around a 50 percent increase in time consumed on the service compared to the corresponding quarter last year. The main reason for the increase in viewing was mainly a significant uplift for news and other current affairs following the COVID-19 situation, but the effect was also notable for other formats as an effect of change in viewing habits during a time when people to a large extent stayed at home.



### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	1,993	–	–	751
Change (%) like for like	-6.9			
of which service revenues (external)	1,874	–	–	711
change (%) like for like	-7.8			
Adjusted EBITDA	-1	–	–	108
Margin (%)	0.0	–	–	14.3
change (%) like for like	-100.4			
Adjusted operating income	-195	–	–	42
Operating income	-200	–	–	-44
CAPEX excluding fees for licenses, spectrum and right-of-use assets	31	–	–	13
Subscriptions, (thousands)				
TV	622	–	–	653
Employees	1,294	–	–	1,261

Note that the TV and Media segment that contains the former Bonnier Broadcasting business was established in the fourth quarter of 2019 and hence there are no financial figures for the comparable quarter last year.

**Net sales** amounted to SEK 1,993 million and like for like regarding exchange rates, acquisitions and disposals, net sales fell 6.9 percent due to lower service revenues.

**Service revenues** like for like regarding exchange rates, acquisitions and disposals, fell 7.8 percent as mainly advertising revenues decreased following a weak demand for TV advertising given the COVID-19 situation.

**Adjusted EBITDA** amounted to SEK -1 million and the adjusted EBITDA margin to 0.0 percent. Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA fell 100 percent driven by the decline in advertising revenues as well as a higher cost level following increased content costs as well as a strong focus on generating new and exciting formats for the viewers.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets amounted to SEK 31 million.

**Direct subscriptions video-on-demand (SVOD)** fell by 31,000 in the quarter.

## OTHER OPERATIONS

### HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jan-Mar 2020	Jan-Mar 2019	Chg %	Jan-Dec 2019
Net sales	2,246	2,202	2.0	8,889
Change (%) like for like	-0.6			
of which Telia Carrier	1,360	1,402	-3.0	5,388
of which Latvia	606	548	10.5	2,408
Adjusted EBITDA	443	470	-5.9	2,051
of which Telia Carrier	228	226	0.6	888
of which Latvia	199	184	8.2	799
Margin (%)	19.7	21.4		23.1
Income from associated companies	400	378	5.6	1,150
of which Turkey	356	335	6.4	990
of which Latvia	45	43	6.0	164
Adjusted operating income	248	315	-21.4	726
Operating income	192	201	-4.4	387
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	1,303	1,174	11.0	5,499
Subscriptions, (thousands)				
Mobile Latvia	1,304	1,278	2.1	1,299
of which machine to machine (postpaid)	333	314	6.1	325
Employees <sup>1</sup>	6,384	6,236	2.4	6,314

1) First quarter and full year 2019 is restated for comparability see Note 1.

**Net sales** grew 2.0 percent to SEK 2,246 million (2,202) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 0.6 percent. The effect of exchange rate fluctuations was positive by 2.6 percent.

**Adjusted EBITDA** fell 5.9 percent to SEK 443 million (470) and the adjusted EBITDA margin fell to 19.7 percent (21.4). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals fell 2.8 percent.

In **Telia Carrier**, net sales fell 3.0 percent to SEK 1,360 million (1,402). Adjusted EBITDA grew 0.6 percent to SEK 228 million (226) and the adjusted EBITDA margin increased to 16.8 percent (16.1). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals fell 1.4 percent.

In **Latvia**, net sales grew 10.5 percent to SEK 606 million (548). Adjusted EBITDA grew 8.2 percent to SEK 199 million (184) and the adjusted EBITDA margin decreased to 32.8 percent (33.5). Adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals increased 5.7 percent following growth in mobile service revenues. The number of mobile subscriptions rose by 5,000 in the quarter.

**Income from associated companies** increased to SEK 400 million (378) driven by Turkcell in Turkey.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Continuing operations</b>				
Net sales	5, 6	22,427	20,836	85,965
Cost of sales		-14,459	-13,001	-54,082
<b>Gross profit</b>		<b>7,968</b>	<b>7,836</b>	<b>31,884</b>
Selling, administration and R&D expenses		-5,607	-4,864	-20,178
Other operating income and expenses, net		-355	-118	-551
Income from associated companies and joint ventures		400	373	1,138
<b>Operating income</b>	<b>5</b>	<b>2,406</b>	<b>3,226</b>	<b>12,293</b>
Financial items, net		-681	-705	-2,938
<b>Income after financial items</b>		<b>1,725</b>	<b>2,522</b>	<b>9,354</b>
Income taxes		-380	-470	-1,753
<b>Net income from continuing operations</b>		<b>1,345</b>	<b>2,052</b>	<b>7,601</b>
<b>Discontinued operations</b>				
<b>Net income from discontinued operations</b>	<b>4</b>	<b>-199</b>	<b>-242</b>	<b>-341</b>
<b>Total net income</b>		<b>1,146</b>	<b>1,810</b>	<b>7,261</b>
<b>Items that may be reclassified to net income:</b>				
Foreign currency translation differences from continuing operations		-1,218	2,021	624
Foreign currency translation differences from discontinued operations		433	100	146
Other comprehensive income from associated companies and joint ventures		-23	229	382
Cash flow hedges		410	-85	-93
Cost of hedging		87	149	54
Debt instruments at fair value through OCI		17	5	-28
Income taxes relating to items that may be reclassified		290	267	361
<b>Items that will not be reclassified to net income:</b>				
Equity instruments at fair value through OCI		–	–	47
Remeasurements of defined benefit pension plans		95	288	-323
Income taxes relating to items that will not be reclassified		-20	-62	64
Associates' remeasurements of defined benefit pension plans		-12	4	4
<b>Other comprehensive income</b>		<b>59</b>	<b>2,917</b>	<b>1,237</b>
<b>Total comprehensive income</b>		<b>1,204</b>	<b>4,727</b>	<b>8,498</b>
Total net income attributable to:				
Owners of the parent		1,109	1,803	7,093
Non-controlling interests		37	6	167
Total comprehensive income attributable to:				
Owners of the parent		1,047	4,556	8,161
Non-controlling interests		156	171	337
Earnings per share (SEK), basic and diluted				
<i>of which continuing operations</i>		0.27	0.43	1.70
Number of shares (thousands)		0.32	0.48	1.77
Outstanding at period-end	9	4,089,632	4,209,540	4,112,681
Weighted average, basic and diluted		4,092,575	4,214,826	4,172,356
EBITDA from continuing operations				
Adjusted EBITDA from continuing operations	17	7,125	7,154	30,017
Depreciation, amortization and impairment losses from continuing operations	3, 17	7,277	7,413	31,017
Adjusted operating income from continuing operations	3, 17	-5,119	-4,300	-18,863
Adjusted operating income from continuing operations	3, 17	2,668	3,485	13,452

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Mar 31, 2020	Dec 31, 2019
<b>Assets</b>			
Goodwill and other intangible assets	7, 15	101,378	101,938
Property, plant and equipment	7	75,748	78,163
Film and program rights, non-current		1,247	1,063
Right-of-use assets	7	16,463	15,640
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	8	14,286	14,567
Deferred tax assets		1,867	1,849
Long-term interest-bearing receivables	8, 11	14,650	10,869
<i>Total non-current assets</i>		<i>225,639</i>	<i>224,088</i>
Film and program rights, current		1,642	1,990
Inventories		1,714	1,966
Trade and other receivables and current tax receivables	8	16,946	16,738
Short-term interest-bearing receivables	8, 11	7,415	12,300
Cash and cash equivalents	11	11,347	6,116
Assets classified as held for sale	4, 11	1,081	875
<i>Total current assets</i>		<i>40,145</i>	<i>39,984</i>
<b>Total assets</b>		<b>265,784</b>	<b>264,072</b>
<b>Equity and liabilities</b>			
Equity attributable to owners of the parent		91,144	91,047
Equity attributable to non-controlling interests		1,565	1,409
<i>Total equity</i>		<i>92,710</i>	<i>92,455</i>
Long-term borrowings	8, 11	110,818	99,899
Deferred tax liabilities		11,186	11,647
Provisions for pensions and other long-term provisions		8,247	8,407
Other long-term liabilities		1,322	1,377
<i>Total non-current liabilities</i>		<i>131,574</i>	<i>121,330</i>
Short-term borrowings	8, 11	12,121	19,779
Trade payables and other current liabilities, current tax payables and short-term provisions		29,327	29,904
Liabilities directly associated with assets classified as held for sale	4, 11	52	604
<i>Total current liabilities</i>		<i>41,500</i>	<i>50,287</i>
<b>Total equity and liabilities</b>		<b>265,784</b>	<b>264,072</b>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019 <sup>1</sup>
<b>Cash flow before change in working capital</b>		<b>7,537</b>	<b>7,072</b>	<b>27,909</b>
Increase/decrease Film and program right assets and liabilities <sup>2</sup>		146	-33	152
Increase/decrease other operating receivables, liabilities and inventory		769	-590	73
<b>Change in working capital</b>		<b>915</b>	<b>-623</b>	<b>225</b>
Amortization and impairment of Film and program rights <sup>2</sup>		-1,281	-55	-541
<b>Cash flow from operating activities</b>		<b>7,170</b>	<b>6,394</b>	<b>27,594</b>
<i>of which from continuing operations</i>		7,149	8,300	29,576
<i>of which from discontinued operations</i>		22	-1,906	-1,983
Cash CAPEX	17	-2,953	-4,338	-15,224
<b>Free cash flow</b>	<b>17</b>	<b>4,217</b>	<b>2,057</b>	<b>12,369</b>
<i>of which from continuing operations</i>		4,200	3,963	14,415
<i>of which from discontinued operations</i>		17	-1,907	-2,047
Cash flow from other investing activities		4,368	-2,733	-15,319
<b>Total cash flow from investing activities</b>		<b>1,415</b>	<b>-7,071</b>	<b>-30,543</b>
<i>of which from continuing operations</i>		1,420	-7,125	-30,665
<i>of which from discontinued operations</i>		-5	54	122
<b>Cash flow before financing activities</b>		<b>8,585</b>	<b>-677</b>	<b>-2,949</b>
<b>Cash flow from financing activities</b>		<b>-3,799</b>	<b>2,613</b>	<b>-14,712</b>
<i>of which from continuing operations</i>		-3,797	2,540	-14,697
<i>of which from discontinued operations</i>		-2	72	-15
<b>Cash flow for the period</b>		<b>4,787</b>	<b>1,936</b>	<b>-17,661</b>
<i>of which from continuing operations</i>		4,772	3,717	-15,787
<i>of which from discontinued operations</i>		15	-1,781	-1,875
<b>Cash and cash equivalents, opening balance</b>		<b>6,210</b>	<b>22,591</b>	<b>22,591</b>
Cash flow for the period		4,787	1,936	-17,661
Exchange rate differences in cash and cash equivalents		350	475	1,280
<b>Cash and cash equivalents, closing balance</b>		<b>11,347</b>	<b>25,002</b>	<b>6,210</b>
<i>of which from continuing operations</i>		11,347	21,050	6,116
<i>of which from discontinued operations</i>		–	3,951	94

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

1) Restated, see Note 1. 2) Total cash flow effect from Film and program rights is the total of Increase/decrease Film and program right assets and liabilities and Amortization and impairment of Film and program rights.

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2019</b>	<b>97,387</b>	<b>5,050</b>	<b>102,438</b>
Change in accounting principles in associated companies <sup>1</sup>	-12	–	-12
<b>Adjusted opening balance, January 1, 2019</b>	<b>97,375</b>	<b>5,050</b>	<b>102,425</b>
Share-based payments	9	–	9
Acquisition of treasury shares <sup>2</sup>	-878	–	-878
<i>Total transactions with owners</i>	<i>-869</i>	<i>–</i>	<i>-869</i>
Total comprehensive income	4,556	171	4,727
Effect of equity transactions in associated companies	-16	–	-16
<b>Closing balance, March 31, 2019</b>	<b>101,046</b>	<b>5,221</b>	<b>106,268</b>
Change in accounting principles in associated companies <sup>1</sup>	12	–	12
Dividends	-9,850	-166	-10,016
Share-based payments	23	–	23
Acquisition and transfer of treasury shares <sup>2</sup>	-4,096	–	-4,096
Changes in non-controlling interests <sup>3</sup>	311	-3,812	-3,502
Cancellation of treasury shares, net effect <sup>4</sup>	–	–	–
Bonus issue, net effect <sup>4</sup>	–	–	–
<i>Total transactions with owners</i>	<i>-13,601</i>	<i>-3,978</i>	<i>-17,580</i>
Total comprehensive income	3,605	166	3,771
Effect of equity transactions in associated companies	-4	–	-4
<b>Closing balance, December 31, 2019</b>	<b>91,047</b>	<b>1,409</b>	<b>92,456</b>
Change in accounting principles in associated companies <sup>1</sup>	-12	–	-12
<b>Adjusted opening balance, January 1, 2020</b>	<b>91,035</b>	<b>1,409</b>	<b>92,443</b>
Share-based payments	4	–	4
Acquisition of treasury shares <sup>2</sup>	-944	–	-944
<i>Total transactions with owners</i>	<i>-940</i>	<i>–</i>	<i>-940</i>
Total comprehensive income	1,047	156	1,204
Effect of equity transactions in associated companies	3	–	3
<b>Closing balance, March 31, 2020</b>	<b>91,144</b>	<b>1,565</b>	<b>92,710</b>

1) Transition effect of IFRS 15 and IFRS 9 for Turkcell, which is a publicly listed company and therefore included with one-quarter lag. 2) Acquisition and transfer of treasury shares, see Note 9. 3) Mainly relates to acquisition of Turkcell's 41.45 percent share in Fintur, see Note 4. 4) 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 for the first quarter ended March 31, 2020, 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 2019. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

### RESTATEMENT OF FINANCIAL AND OPERATIONAL DATA

In the first quarter 2020 the remaining holding companies in discontinued operations have been reclassified to continuing operations. As a result of the reclassification, cash flow from financing activities for full year 2019 of SEK -3,684 million has been reclassified from discontinued operations to continuing operations. The restated amount relates to the cash flow effect from the acquisition of non-controlling interest in Fintur in the second quarter 2019, see Note 4. Total cash flow from financing activities for full year 2019 is unchanged.

As a result of the implementation of the new operating model in Finland as of October 2019 and in Norway, Denmark, Lithuania and Estonia as of January 2020, financial and operational data have been restated as presented in the table below.

Further disaggregation of revenues in Finland and Norway have been restated for comparability and employees in Sweden have been transferred to Other operations.

Amounts in SEK millions except employees	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Group
CAPEX excluding fees for licenses, spectrum and right-of-use assets, first quarter 2019	–	-79	-123	-34	-24	-27	–	287	–
CAPEX excluding fees for licenses, spectrum and right-of-use assets, full year 2019	–	–	-462	-116	-102	-127	–	807	–
Employees, March 31, 2019	-46	-273	-266	-84	-258	-228	–	1,155	–
Employees, December 31, 2019	-9	-21	-248	-84	-222	-228	–	812	–
<b>Disaggregation of revenue, first quarter 2019</b>									
Other service revenue	–	-9	–	–	–	–	–	–	-9
TV revenues	–	6	–	–	–	–	–	–	6
Advertising revenues	–	3	–	–	–	–	–	–	3
Broadband revenues	–	–	-12	–	–	–	–	–	-12
Equipment revenues	–	–	12	–	–	–	–	–	12
<b>Total revenue</b>	–	–	–	–	–	–	–	–	–
Segment assets, Dec 31, 2019	–	-7	-1,181	-399	-506	-262	–	2,354	–
Segment liabilities, Dec 31, 2019	–	–	-324	-133	–	–	–	458	–

## NOTE 2. REFERENCES

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see page 6.
- Significant events in the first quarter, see page 8.
- Significant events after the end of the first quarter, see page 8.
- Risks and uncertainties, see page 38.

## NOTE 3. ADJUSTMENT ITEMS

### ADJUSTMENT ITEMS WITHIN OPERATING INCOME, CONTINUING OPERATIONS

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Within EBITDA</b>	<b>-153</b>	<b>-259</b>	<b>-1,000</b>
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:			
Sweden	-54	-83	-255
Finland	1	-6	-168
Norway	-34	-43	-227
Denmark	–	-9	-41
Lithuania	-3	-2	-22
Estonia	-1	-2	-5
TV and Media	-5	–	-86
Other operations	-56	-115	-211
Capital gains/losses	–	–	15
<b>Within Depreciation, amortization and impairment losses<sup>1</sup></b>	<b>-110</b>	<b>–</b>	<b>-151</b>
<b>Within Income from associated companies and joint ventures</b>	<b>–</b>	<b>–</b>	<b>-8</b>
<b>Total adjustment items within operating income, continuing operations</b>	<b>-263</b>	<b>-259</b>	<b>-1,159</b>

1) First quarter 2020 includes a write-down of SEK -110 million relating to remeasurement of the Finnish real estate companies which have been classified as held for sale, see Note 4. Full year 2019 includes a write-down of SEK -129 million of capitalized development expenses within Other operations following a management decision regarding a cancellation of a development project for a new IT system.

### ADJUSTMENT ITEMS WITHIN EBITDA, DISCONTINUED OPERATIONS (REGION EURASIA)

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Within EBITDA</b>	<b>-206</b>	<b>-118</b>	<b>-161</b>
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	-13	-116	-157
Impairment loss on remeasurement to fair value less costs to sell	–	-2	-4
Capital gains/losses <sup>1</sup>	-193	–	–
<b>Total adjustment items within EBITDA, discontinued operations</b>	<b>-206</b>	<b>-118</b>	<b>-161</b>

1) Capital gains/losses in the first quarter of 2020 relate to the disposal of Moldcell, see Note 4.

## NOTE 4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

### CLASSIFICATION

#### Eurasia

Former segment region Eurasia (including holding companies) was classified as held for sale and discontinued operations since December 31, 2015. 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. Moldcell in Moldova was disposed on March 24, 2020. After the disposal of Moldcell, Telia Company has no operations classified as discontinued operations.

### DISPOSALS

On February 14, 2020, Telia Company signed an agreement to divest its holding in Moldcell S.A. (Moldcell) in Moldova to CG Cell Technologies DAC, for a transaction price of SEK 323 million (USD 31.5 million), corresponding to a cash and debt free value of SEK 0.4 billion. The transaction was not subject to any conditions and was completed on March 24, 2020. The disposal resulted in a capital loss of SEK -193 million for the group, whereof accumulated foreign exchange losses reclassified from equity to net income from discontinued operations of SEK -172 million. The reclassification of accumulated exchange losses had no effect on equity. The transaction had a positive cash flow effect for the group of SEK 312 million (price received less cash and cash equivalents in the entity sold).

### 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 until the disposal.

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

2019. The cash flow effect from the transaction (price paid) of SEK -3,684 million was recognized within financing activities. The cash flow effect is reclassified in the comparative figures for 2019 from discontinued operations to continuing operations, due to the reclassification of the holding companies to continuing operations in the first quarter 2020.

### 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 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). 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 2019.

### ASSETS HELD FOR SALE IN FINLAND

The transaction with CapMan Infra, where Telia Company acquires 40 percent of the new fiber company which takes over Telia Finland's existing SDU fiber roll-out business, was closed on April 1, 2020. Telia Company's fiber assets in Finland which were sold to the new fiber company as part of this transaction, amounted to SEK 449 million and have been classified as assets held for sale as of March 31, 2020.

Telia Company has signed an agreement to divest the Finnish real estate companies Kiinteistö Oy Sturenportti and Helsingin Teollisuuskatu 13 Oy to YIT Rakennus Oy (YIT) and to lease new properties from YIT. The divestment is expected to close during 2020. The real estate companies are classified as held for sale as of March 31, 2020 and have been remeasured to fair value less costs to sell, which resulted in an impairment of SEK 110 million in the first quarter 2020. The estimated cash and debt free value per March 31, 2020 amounts to SEK 0.6 billion. Management's estimate of the fair value is based on the purchase price in the signed agreement.

**NET INCOME FROM DISCONTINUED OPERATIONS (REGION EURASIA)**

SEK in millions, except per share data	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	96	140	603
Expenses and other operating income, net	-79	-222	-604
<b>Operating income</b>	<b>16</b>	<b>-82</b>	<b>-1</b>
Financial items, net	-22	-38	1
<b>Income after financial items</b>	<b>-6</b>	<b>-120</b>	<b>0</b>
Income taxes	0	-21	-50
<b>Net income before remeasurement and gain/loss on disposal</b>	<b>-6</b>	<b>-142</b>	<b>-51</b>
Impairment loss on remeasurement to fair value less costs to sell <sup>1</sup>	–	-100	-290
Loss on disposal of Moldcell in Moldova (including cumulative Moldcell exchange loss in equity reclassified to net income of SEK -172 million) <sup>2</sup>	-193	–	–
<b>Net income from discontinued operations</b>	<b>-199</b>	<b>-242</b>	<b>-341</b>
EPS from discontinued operations (SEK)	-0.05	-0.05	-0.07
Adjusted EBITDA	30	34	157

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

**ASSETS CLASSIFIED AS HELD FOR SALE**

SEK in millions	Real estate companies Mar 31, 2020	Fiber assets Mar 31, 2020	Total Mar 31, 2020	Eurasia Dec 31, 2019
Goodwill and other intangible assets	–	–	–	129
Property, plant and equipment	582	449	1,031	327
Right-of-use assets	33	–	33	95
Other non-current assets	17	–	17	29
Short-term interest-bearing receivables	–	–	–	0
Other current assets	–	–	–	200
Cash and cash equivalents	–	–	–	94
<b>Assets classified as held for sale</b>	<b>632</b>	<b>449</b>	<b>1,081</b>	<b>875</b>
Long-term borrowings	31	–	31	81
Long-term provisions	–	–	–	10
Other long-term liabilities	11	–	11	131
Short-term borrowings	7	–	7	43
Other current liabilities	3	–	3	338
<b>Liabilities associated with assets classified as held for sale</b>	<b>52</b>	<b>–</b>	<b>52</b>	<b>604</b>
<b>Net assets classified as held for sale</b>	<b>580</b>	<b>449</b>	<b>1,029</b>	<b>271</b>

## NOTE 5. SEGMENT INFORMATION

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Net sales</b>			
Sweden	8,324	8,610	34,905
<i>of which external</i>	8,274	8,578	34,762
Finland	3,897	3,863	15,969
<i>of which external</i>	3,827	3,808	15,763
Norway	3,428	3,595	14,666
<i>of which external</i>	3,404	3,591	14,650
Denmark	1,430	1,365	5,675
<i>of which external</i>	1,411	1,347	5,585
Lithuania	996	926	4,045
<i>of which external</i>	982	907	3,981
Estonia	837	790	3,333
<i>of which external</i>	812	766	3,235
TV and Media	1,993	–	751
<i>of which external</i>	1,874	–	711
Other operations	2,246	2,202	8,889
<b>Total segments</b>	<b>23,151</b>	<b>21,351</b>	<b>88,233</b>
Eliminations	-724	-514	-2,268
<b>Group</b>	<b>22,427</b>	<b>20,836</b>	<b>85,965</b>
<b>Adjusted EBITDA</b>			
Sweden	3,398	3,422	13,932
Finland	1,156	1,169	4,900
Norway	1,387	1,516	6,394
Denmark	231	219	1,056
Lithuania	373	345	1,430
Estonia	290	272	1,146
TV and Media	-1	–	108
Other operations	443	470	2,051
<b>Total segments</b>	<b>7,277</b>	<b>7,413</b>	<b>31,017</b>
Eliminations	–	–	–
<b>Group</b>	<b>7,277</b>	<b>7,413</b>	<b>31,017</b>
<b>Operating income</b>			
Sweden	1,670	1,847	7,346
Finland	244	390	1,489
Norway	197	566	1,934
Denmark	-16	-60	-45
Lithuania	214	169	714
Estonia	106	115	512
TV and Media	-200	–	-44
Other operations	192	201	387
<b>Total segments</b>	<b>2,406</b>	<b>3,226</b>	<b>12,293</b>
Eliminations	–	–	–
<b>Group</b>	<b>2,406</b>	<b>3,226</b>	<b>12,293</b>
Financial items, net	-681	-705	-2,938
<b>Income after financial items</b>	<b>1,725</b>	<b>2,522</b>	<b>9,354</b>

SEK in millions	Mar 31, 2020	Mar 31, 2020	Dec 31, 2019	Dec 31, 2019
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Sweden	47,325	11,963	48,692	12,403
Finland <sup>1</sup>	56,440	4,498	54,303	4,808
Norway <sup>1</sup>	52,765	4,175	58,370	4,543
Denmark <sup>1</sup>	8,650	1,740	8,578	1,636
Lithuania <sup>1</sup>	7,281	1,087	7,207	1,120
Estonia <sup>1</sup>	6,067	817	5,797	878
TV and Media	13,450	2,771	13,677	2,716
Other operations <sup>1</sup>	39,375	9,215	38,777	9,305
<b>Total segments</b>	<b>231,353</b>	<b>36,265</b>	<b>235,400</b>	<b>37,408</b>
Unallocated	33,350	136,757	27,797	133,604
Assets and liabilities held for sale	1,081	52	875	604
<b>Total assets/liabilities, group</b>	<b>265,784</b>	<b>173,074</b>	<b>264,072</b>	<b>171,616</b>

1) 2019 restated, see Note 1.

## NOTE 6. NET SALES

SEK in millions	Jan-Mar 2020									
	Sweden	Finland	Norway	Den- mark	Lithua- nia	Estonia	TV and Media	Other opera- tions	Elimina- tions	Total
Mobile subscription revenues	3,247	1,666	1,681	696	290	248	–	324	–	8,152
Interconnect	130	103	109	61	39	19	–	38	–	498
Other mobile service revenues	140	166	224	88	9	3	–	12	–	642
<b>Total mobile service revenues</b>	<b>3,517</b>	<b>1,934</b>	<b>2,014</b>	<b>845</b>	<b>337</b>	<b>269</b>	<b>–</b>	<b>374</b>	<b>–</b>	<b>9,291</b>
Telephony	513	28	42	53	60	31	–	0	–	727
Broadband	1,180	182	325	54	144	148	1	3	–	2,037
TV	452	171	432	34	93	71	665	–	–	1,918
Business solutions	710	651	115	48	56	63	–	20	–	1,664
Other fixed service revenues	950	330	13	12	105	94	–	1,127	–	2,631
<b>Total fixed service revenues</b>	<b>3,805</b>	<b>1,362</b>	<b>928</b>	<b>202</b>	<b>457</b>	<b>406</b>	<b>667</b>	<b>1,150</b>	<b>–</b>	<b>8,976</b>
<b>Advertising revenues</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,169</b>	<b>–</b>	<b>–</b>	<b>1,171</b>
<b>Other service revenues</b>	<b>112</b>	<b>4</b>	<b>22</b>	<b>6</b>	<b>-0</b>	<b>5</b>	<b>38</b>	<b>90</b>	<b>–</b>	<b>278</b>
<b>Total service revenues<sup>1</sup></b>	<b>7,434</b>	<b>3,302</b>	<b>2,964</b>	<b>1,053</b>	<b>795</b>	<b>680</b>	<b>1,874</b>	<b>1,614</b>	<b>–</b>	<b>19,716</b>
<b>Total equipment revenues<sup>1</sup></b>	<b>840</b>	<b>525</b>	<b>440</b>	<b>358</b>	<b>187</b>	<b>132</b>	<b>–</b>	<b>229</b>	<b>–</b>	<b>2,711</b>
<b>Total external net sales</b>	<b>8,274</b>	<b>3,827</b>	<b>3,404</b>	<b>1,411</b>	<b>982</b>	<b>812</b>	<b>1,874</b>	<b>1,843</b>	<b>–</b>	<b>22,427</b>
Internal net sales	50	70	25	19	14	24	119	403	-724	–
<b>Total net sales</b>	<b>8,324</b>	<b>3,897</b>	<b>3,428</b>	<b>1,430</b>	<b>996</b>	<b>837</b>	<b>1,993</b>	<b>2,246</b>	<b>-724</b>	<b>22,427</b>

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

SEK in millions	Jan-Mar 2019									
	Sweden	Finland <sup>2</sup>	Norway <sup>2</sup>	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total <sup>2</sup>
Mobile subscription revenues	3,201	1,617	1,732	714	265	226	–	306	–	8,062
Interconnect	156	97	117	46	40	18	–	37	–	512
Other mobile service revenues	140	191	223	68	7	2	–	8	–	639
<b>Total mobile service revenues</b>	<b>3,497</b>	<b>1,904</b>	<b>2,072</b>	<b>829</b>	<b>312</b>	<b>246</b>	<b>–</b>	<b>352</b>	<b>–</b>	<b>9,213</b>
Telephony	584	53	50	49	71	32	–	0	–	839
Broadband	1,125	180	326	62	140	139	–	–	–	1,973
TV	458	167	490	38	76	60	–	–	–	1,290
Business solutions	704	614	128	44	53	55	–	17	–	1,614
Other fixed service revenues	957	347	39	19	72	88	–	1,169	–	2,691
<b>Total fixed service revenues</b>	<b>3,828</b>	<b>1,362</b>	<b>1,033</b>	<b>212</b>	<b>412</b>	<b>374</b>	<b>–</b>	<b>1,186</b>	<b>–</b>	<b>8,406</b>
<b>Advertising revenues</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>
<b>Other service revenues</b>	<b>95</b>	<b>4</b>	<b>14</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>–</b>	<b>88</b>	<b>–</b>	<b>215</b>
<b>Total service revenues<sup>1</sup></b>	<b>7,421</b>	<b>3,273</b>	<b>3,119</b>	<b>1,048</b>	<b>724</b>	<b>627</b>	<b>–</b>	<b>1,625</b>	<b>–</b>	<b>17,836</b>
<b>Total equipment revenues<sup>1</sup></b>	<b>1,157</b>	<b>535</b>	<b>472</b>	<b>299</b>	<b>183</b>	<b>138</b>	<b>–</b>	<b>215</b>	<b>–</b>	<b>3,000</b>
<b>Total external net sales</b>	<b>8,578</b>	<b>3,808</b>	<b>3,591</b>	<b>1,347</b>	<b>907</b>	<b>766</b>	<b>–</b>	<b>1,841</b>	<b>–</b>	<b>20,836</b>
Internal net sales	32	55	4	18	19	24	–	361	-514	–
<b>Total net sales</b>	<b>8,610</b>	<b>3,863</b>	<b>3,595</b>	<b>1,365</b>	<b>926</b>	<b>790</b>	<b>–</b>	<b>2,202</b>	<b>-514</b>	<b>20,836</b>

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

SEK in millions	Jan-Dec 2019									
	Sweden	Finland <sup>2</sup>	Norway <sup>2</sup>	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total <sup>2</sup>
Mobile subscription revenues	13,008	6,647	7,222	2,887	1,110	947	–	1,294	–	33,117
Interconnect	646	403	485	201	157	72	–	126	–	2,090
Other mobile service revenues	601	771	1,007	322	42	18	–	51	–	2,813
<b>Total mobile service revenues</b>	<b>14,256</b>	<b>7,821</b>	<b>8,715</b>	<b>3,410</b>	<b>1,309</b>	<b>1,038</b>	<b>–</b>	<b>1,471</b>	<b>–</b>	<b>38,020</b>
Telephony	2,286	138	187	184	268	124	–	0	–	3,188
Broadband	4,585	735	1,359	239	569	575	1	0	–	8,063
TV	1,843	645	1,922	143	326	258	229	–	–	5,366
Business solutions	2,808	2,551	495	190	216	236	–	73	–	6,568
Other fixed service revenues	4,032	1,438	132	62	407	341	–	4,400	–	10,813
<b>Total fixed service revenues</b>	<b>15,554</b>	<b>5,507</b>	<b>4,095</b>	<b>818</b>	<b>1,786</b>	<b>1,534</b>	<b>230</b>	<b>4,474</b>	<b>–</b>	<b>33,999</b>
<b>Advertising revenues</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>473</b>	<b>–</b>	<b>–</b>	<b>477</b>
<b>Other service revenues</b>	<b>464</b>	<b>26</b>	<b>74</b>	<b>34</b>	<b>0</b>	<b>28</b>	<b>8</b>	<b>324</b>	<b>–</b>	<b>959</b>
<b>Total service revenues<sup>1</sup></b>	<b>30,274</b>	<b>13,359</b>	<b>12,884</b>	<b>4,262</b>	<b>3,096</b>	<b>2,600</b>	<b>711</b>	<b>6,270</b>	<b>–</b>	<b>73,455</b>
<b>Total equipment revenues<sup>1</sup></b>	<b>4,488</b>	<b>2,404</b>	<b>1,766</b>	<b>1,322</b>	<b>886</b>	<b>635</b>	<b>–</b>	<b>1,008</b>	<b>–</b>	<b>12,510</b>
<b>Total external net sales</b>	<b>34,762</b>	<b>15,763</b>	<b>14,650</b>	<b>5,585</b>	<b>3,981</b>	<b>3,235</b>	<b>711</b>	<b>7,278</b>	<b>–</b>	<b>85,965</b>
Internal net sales	142	206	15	91	64	98	40	1,611	-2,268	–
<b>Total net sales</b>	<b>34,905</b>	<b>15,969</b>	<b>14,666</b>	<b>5,675</b>	<b>4,045</b>	<b>3,333</b>	<b>751</b>	<b>8,889</b>	<b>-2,268</b>	<b>85,965</b>

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

## NOTE 7. INVESTMENTS

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>CAPEX</b>	<b>4,306</b>	<b>3,247</b>	<b>16,076</b>
Intangible assets	655	663	3,124
Property, plant and equipment	2,288	2,458	11,231
Right-of-use assets <sup>1</sup>	1,363	127	1,721
<b>Acquisitions and other investments</b>	<b>9</b>	<b>58</b>	<b>13,140</b>
Asset retirement obligations	9	57	2,021
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	–	–	11,062
Equity instruments	0	0	57
<b>Total continuing operations</b>	<b>4,315</b>	<b>3,294</b>	<b>29,214</b>
<b>Total discontinued operations</b>	<b>12</b>	<b>28</b>	<b>92</b>
<i>of which CAPEX</i>	<i>11</i>	<i>27</i>	<i>91</i>
<b>Total investments</b>	<b>4,326</b>	<b>3,322</b>	<b>29,306</b>
<i>of which CAPEX</i>	<i>4,318</i>	<i>3,275</i>	<i>16,167</i>

1) Right-of-use assets in the first quarter 2020 includes new leases of office space in Finland of SEK 0.9 billion.

## NOTE 8. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings <sup>1</sup> SEK in millions	Mar 31, 2020		Dec 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
<b>Long-term borrowings</b>				
Open-market financing program borrowings in fair value hedge relationships	59,053	64,335	50,945	55,574
Interest rate swaps	157	157	230	230
Cross-currency interest rate swaps	3,535	3,535	2,694	2,694
<b>Subtotal</b>	<b>62,745</b>	<b>68,027</b>	<b>53,870</b>	<b>58,498</b>
Open-market financing program borrowings	33,934	45,587	32,475	42,255
Other borrowings at amortized cost	1,370	1,064	1,508	1,420
<b>Subtotal</b>	<b>98,049</b>	<b>114,678</b>	<b>87,852</b>	<b>102,173</b>
<b>Other long-term liabilities</b>				
Lease liabilities	12,770		12,046	
<b>Total long-term borrowings</b>	<b>110,818</b>		<b>99,899</b>	
<b>Short-term borrowings</b>				
Open-market financing program borrowings in fair value hedge relationships	–	–	6,807	6,841
Interest rate swaps	–	–	22	22
<b>Subtotal</b>	<b>–</b>	<b>–</b>	<b>6,828</b>	<b>6,863</b>
Utilized bank overdraft and short-term credit facilities at amortized cost	3,884	3,884	7,838	7,846
Open-market financing program borrowings	4,413	4,418	1,422	1,431
Other borrowings at amortized cost	826	820	723	783
<b>Subtotal</b>	<b>9,123</b>	<b>9,122</b>	<b>16,811</b>	<b>16,923</b>
<b>Other short-term liabilities</b>				
Lease liabilities	2,998		2,968	
<b>Total short-term borrowings</b>	<b>12,121</b>		<b>19,779</b>	

1) For financial assets the carrying amount is a reasonable approximation of fair value. For information on fair value estimation, see the Annual and Sustainability Report 2019, Note C3 to the consolidated financial statements.

Financial assets and liabilities by fair value hierarchy level <sup>1</sup> SEK in millions	Mar 31, 2020				Dec 31, 2019			
	Carry- ing value	of which			Carry- ing value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>								
Equity instruments at fair value through OCI	320	–	–	320	319	–	–	319
Equity instruments at fair value through income statement	13	–	–	13	13	–	–	13
Long- and short-term bonds at fair value through OCI	10,318	7,604	2,714	–	14,677	12,667	2,010	–
Derivatives designated as hedging instruments	6,389	–	6,389	–	3,651	–	3,651	–
Derivatives at fair value through income statement	1,375	–	1,375	–	170	–	170	–
<b>Total financial assets at fair value by level</b>	<b>18,415</b>	<b>7,604</b>	<b>10,479</b>	<b>333</b>	<b>18,830</b>	<b>12,667</b>	<b>5,831</b>	<b>332</b>
<b>Financial liabilities at fair value</b>								
Derivatives designated as hedging instruments	3,470	–	3,470	–	2,791	–	2,791	–
Derivatives at fair value through income statement	492	–	492	–	532	–	532	–
Contingent consideration liabilities	41	–	–	41	41	–	–	41
<b>Total financial liabilities at fair value by level</b>	<b>4,004</b>	<b>–</b>	<b>3,963</b>	<b>41</b>	<b>3,365</b>	<b>–</b>	<b>3,323</b>	<b>41</b>

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2019, Note C3 to the consolidated financial statements and the section below.

## 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.

The fair values for contingent consideration liabilities have been estimated using a discounted cash flow method where the present value of the expected future payments is considered. Contingent consideration liabilities per March 31, 2020, are mainly related to the acquisition of Fello in 2019 for which the maximum amounts are expected to be paid and the discount effect is deemed immaterial. Other contingent considerations are not material.

The table below presents the movements in level 3 instruments for the three-month period ended March 31, 2020.

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Mar 2020			Liabilities, Jan-Mar 2020
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	319	13	332	41
Disposals	-1	–	-1	–
Exchange rate differences	3	–	3	–
<b>Level 3, closing balance</b>	<b>320</b>	<b>13</b>	<b>333</b>	<b>41</b>

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

## NOTE 9. TREASURY SHARES

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

As of March 31, 2020 Telia Company held 119,908,673 treasury shares (96,859,759 as of December 31, 2019) and the total number of issued and outstanding shares was 4,209,540,375 and 4,089,631,702, respectively (4,209,540,375 and 4,112,680,616 respectively as of December 31, 2019).

The total price for the repurchased shares under the share buy-back program during the three-month period 2020 was SEK 945 million and transaction costs, net of tax, amounted to SEK -1 million.

## NOTE 10. RELATED PARTY TRANSACTIONS

In the three-month period ended March 31, 2020, Telia Company purchased goods and services for SEK 8 million (5) and sold goods and services for SEK 2 million (4) from/to related parties. These related party transactions are based on commercial terms.

## NOTE 11. NET DEBT

SEK in millions	Mar 31, 2020 <sup>2</sup>	Dec 31, 2019 <sup>3</sup>
Long-term borrowings	110,849	99,980
<i>of which lease liabilities, non-current</i>	12,800	12,127
Less 50 percent of hybrid capital <sup>1</sup>	-11,007	-7,947
Short-term borrowings	12,128	19,823
<i>of which lease liabilities, current</i>	3,005	3,012
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-7,205	-3,717
Less long-term bonds at fair value through OCI	-5,419	-5,450
Less short-term investments	-4,324	-8,426
Less cash and cash equivalents	-11,347	-6,210
<b>Net debt, continuing and discontinued operations</b>	<b>83,675</b>	<b>88,052</b>

1) 50 percent of hybrid capital is treated as equity, consistent with market practice for this type of instrument, and reduces net debt. 2) Net debt is based on the total Telia Company group including net debt related to assets held for sale. 3) Net debt is based on the total Telia Company group for both continuing and discontinued operations.

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

On February 4, 2020, as the first telecommunications company in the Nordics, Telia Company issued a green hybrid bond of EUR 500 million (SEK 5.3 billion) to a yield of 1.50 percent and with a coupon of 1.375 percent. The proceeds will finance more energy efficient networks and green digital solutions for customers. In addition, certificates with a total nominal amount of SEK 500 million were issued during the quarter under a new short-term commercial paper program. Issued debt with a remaining nominal amount of EUR 628 million (SEK 6.6 billion) matured during Q1 2020.

On March 2, 2020, the draw down amounting to EUR 750 million (SEK 7.9 billion) under the syndicated revolving credit facility, matured. EUR 400 million (SEK 4.2 billion) was repaid and EUR 350 million (SEK 3.7 billion) was rolled over into a new short-term financing under the same revolving credit facility. The intention is to replace the RCF with more long-term financing over time.

On April 21, 2020, a new bilateral revolving credit facility was signed between Telia Company and Nordea Bank ABP, Filial i Sverige. The amount is SEK 4 billion and has a 12 month maturity. This facility is a liquidity back up facility.

The credit rating of Telia Company remained unchanged during the first quarter of 2020. 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.

## NOTE 13. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of March 31, 2020, the maximum potential future payments that Telia Company could be required to make under issued financial guarantees totaled SEK 315 million (309 at the end of 2019, continuing operations), of which SEK 298 million (294 at the end of 2019) referred to guarantees for pension obligations. Collateral pledged totaled SEK 48 million (45 at the end of 2019).

In September 2019, London arbitration proceedings were initiated against Telia Company and Turkcell under the Share Purchase Agreement related to the

divestment of the subsidiary Kcell in Kazakhstan in 2018. The total claim against Telia Company and Turkcell amounts to USD 66 million (equivalent to SEK 669 million) plus interest. The arbitration proceedings are still in an early stage and includes significant uncertainties. As per March 31, 2020, an outflow of resources is not deemed as probable and no provision has therefore been recognized. For other ongoing legal proceedings, see Note C30 in the Annual and Sustainability Report 2019.

## NOTE 14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of March 31, 2020, contractual obligations totaled SEK 13,240 million (10,990 at the end of 2019, continuing operations), of which SEK 7,493 million

(7,760 at the end of 2019), related to film and program rights. The increase in contractual obligations is mainly related to network modernization in Norway.

## NOTE 15. BUSINESS COMBINATIONS

### BONNIER BROADCASTING

On December 2, 2019 Telia Company acquired Bonnier Broadcasting, including the brands TV4, C More and Finnish MTV, from Bonnier AB. The purchase price amounted to SEK 9.2 billion with an additional consideration of maximum SEK 1 billion. The additional consideration was estimated to SEK 0.8 billion in 2019 and the estimate remains unchanged as of March 31,

2020. There have been no changes in the first quarter 2020 to the preliminary purchase price allocation disclosed in the Annual and Sustainability Report 2019. The purchase price and the fair values of assets and liabilities have been determined provisionally, as they are still based on preliminary appraisals and are subject to confirmation of certain facts. Thus, the purchase price accounting is still subject to adjustments.

## 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.

	Mar 31, 2020	Dec 31, 2019
Return on equity (% , rolling 12 months) <sup>1</sup>	7.5	8.4
Return on capital employed (% , rolling 12 months) <sup>1</sup>	5.8	6.6
Equity/assets ratio (%) <sup>1</sup>	31.4	31.3
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) <sup>2</sup>	2.71	2.82
Parent owners' equity per share (SEK) <sup>1</sup>	22.29	22.14

1) Equity is adjusted by weighted ordinary dividend, see the Annual and Sustainability Report 2019 section Definitions for key ratio definitions. 2) Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2020 including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.6x.

## NOTE 17. ALTERNATIVE PERFORMANCE MEASUREMENT

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

described in this note and in the Annual and Sustainability Report 2019. 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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Operating income</b>	<b>2,406</b>	<b>3,226</b>	<b>12,293</b>
Income from associated companies and joint ventures	-400	-373	-1,138
Total depreciation/amortization/write-down	5,119	4,300	18,863
<b>EBITDA</b>	<b>7,125</b>	<b>7,154</b>	<b>30,017</b>
Adjustment items within EBITDA (Note 3)	153	259	1,000
<b>Adjusted EBITDA</b>	<b>7,277</b>	<b>7,413</b>	<b>31,017</b>

#### Discontinued operations

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Operating income</b>	<b>16</b>	<b>-82</b>	<b>-1</b>
Income from associated companies and joint ventures	–	–	0
Total depreciation/amortization/write-down	–	-2	-3
Capital gains/losses on disposals	-193	–	0
<b>EBITDA</b>	<b>-177</b>	<b>-84</b>	<b>-4</b>
Adjustment items within EBITDA (Note 3)	206	118	161
<b>Adjusted EBITDA</b>	<b>30</b>	<b>34</b>	<b>157</b>

### 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 in-come, continuing operations are specified in Note 3.

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Operating income</b>	<b>2,406</b>	<b>3,226</b>	<b>12,293</b>
Adjustment items within Operating income (Note 3)	263	259	1,159
<b>Adjusted operating income, continuing operations</b>	<b>2,668</b>	<b>3,485</b>	<b>13,452</b>

## 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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Continuing operations</b>			
Investments in intangible assets	655	663	3,124
Investments in property, plant and equipment	2,288	2,458	11,231
<b>CAPEX excluding right-of-use assets</b>	<b>2,943</b>	<b>3,120</b>	<b>14,355</b>
Investments in right-of-use assets	1,363	127	1,721
<b>CAPEX</b>	<b>4,306</b>	<b>3,247</b>	<b>16,076</b>
Excluded: Right-of-use assets	-1,363	-127	-1,721
Net of not paid investments and additional payments from previous periods <sup>1</sup>	5	1,217	805
<b>Cash CAPEX</b>	<b>2,948</b>	<b>4,337</b>	<b>15,160</b>
<b>CAPEX</b>	<b>4,306</b>	<b>3,247</b>	<b>16,076</b>
Excluded: Investments in license and spectrum fees	–	–	-242
<b>CAPEX excluding license and spectrum fees</b>	<b>4,306</b>	<b>3,247</b>	<b>15,834</b>
Excluded: Investments in right-of-use assets	-1,363	-127	-1,721
<b>CAPEX excluding fees for license, spectrum and right-of-use assets</b>	<b>2,943</b>	<b>3,120</b>	<b>14,113</b>

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<b>Discontinued operations</b>			
Investments in intangible assets	–	–	–
Investments in property, plant and equipment	9	27	75
<b>CAPEX excluding right-of-use assets</b>	<b>9</b>	<b>27</b>	<b>75</b>
Investments in right-of-use assets	2	–	16
<b>CAPEX</b>	<b>11</b>	<b>27</b>	<b>91</b>
Excluded: Right-of-use assets	-2	–	-16
Net of not paid investments and additional payments from previous periods	-4	-27	-11
<b>Cash CAPEX</b>	<b>5</b>	<b>0</b>	<b>64</b>
<b>CAPEX</b>	<b>11</b>	<b>27</b>	<b>91</b>
Excluded: Investments in license and spectrum fees	–	–	–
<b>CAPEX excluding license and spectrum fees</b>	<b>11</b>	<b>27</b>	<b>91</b>
Excluded: Investments in right-of-use assets	-2	–	-16
<b>CAPEX excluding fees for license, spectrum and right-of-use assets</b>	<b>9</b>	<b>27</b>	<b>75</b>

1) First quarter of 2019 relates mainly to spectrums in Sweden, which were acquired in 2018 and paid in beginning of 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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Cash flow from operating activities	7,170	6,394	27,594
Cash CAPEX (paid intangible and tangible assets)	-2,953	-4,338	-15,224
<b>Free cash flow, continuing and discontinued operations</b>	<b>4,217</b>	<b>2,057</b>	<b>12,369</b>

## 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. 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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Cash flow from operating activities from continuing operations	7,149	8,300	29,576
Cash CAPEX from continuing operations	-2,948	-4,337	-15,160
<b>Free cash flow, continuing operations</b>	<b>4,200</b>	<b>3,963</b>	<b>14,415</b>
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	0	1,129	1,161
Excluded: Dividends from associates from continuing operations	-177	0	-365
Excluded: Taxes paid on dividends from associates from continuing operations	–	–	10
Repayments of lease liabilities	-717	-684	-2,651
<b>Operational free cash flow</b>	<b>3,307</b>	<b>4,409</b>	<b>12,571</b>
Dividends from associated companies, net of taxes	177	0	355
<b>Operational free cash flow that forms the basis for dividend</b>	<b>3,483</b>	<b>4,409</b>	<b>12,926</b>

## 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	Mar 31, 2020	Dec 31, 2019
<b>Net debt</b>	<b>83,675</b>	<b>88,052</b>
Adjusted EBITDA continuing operations accumulated current year	7,277	31,017
Adjusted EBITDA continuing operations previous year	23,604	–
Adjusted EBITDA discontinued operations accumulated current year	30	157
Adjusted EBITDA discontinued operations previous year	123	–
Excluding: Disposed operations	-181	–
<b>Adjusted EBITDA rolling 12 months excluding disposed operations</b>	<b>30,854</b>	<b>31,174</b>
<b>Net debt/adjusted EBITDA ratio (multiple)</b>	<b>2.71x</b>	<b>2.82x</b>

## 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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	22,427	20,836	85,965
Adjusted EBITDA	7,277	7,413	31,017
<b>Adjusted EBITDA margin (%), continuing operations</b>	<b>32.4</b>	<b>35.6</b>	<b>36.1</b>

## PARENT COMPANY

### CONDENSED INCOME STATEMENTS

SEK in millions	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	130	156	500
<b>Gross income</b>	<b>130</b>	<b>156</b>	<b>500</b>
Operating expenses and other operating income, net	-147	1,647	752
<b>Operating income</b>	<b>-17</b>	<b>1,803</b>	<b>1,252</b>
Financial income and expenses	-2,456	6,328	6,147
<b>Income after financial items</b>	<b>-2,473</b>	<b>8,131</b>	<b>7,399</b>
Appropriations	1,651	1,644	5,395
<b>Income before taxes</b>	<b>-822</b>	<b>9,775</b>	<b>12,794</b>
Income taxes	70	-40	-551
<b>Net income</b>	<b>-751</b>	<b>9,735</b>	<b>12,243</b>

Operating expenses and other operating income, net, amounted to SEK -147 million (1,647). The first quarter 2019 was impacted by a reversal of a short-term provision regarding the Uzbekistan investigations resulting in a positive net effect of SEK 1,931 million. See Note 4 for further information.

Financial income and expenses in the first quarter 2020 were negatively impacted by an impairment of the subsidiary Telia Finland Oyj amounting to SEK 3,700 million mainly as a consequence of a received dividend.

Furthermore, Financial income and expenses in 2020 were negatively impacted by increased exchange rate losses.

The first quarter 2019 was positively impacted by dividends from subsidiaries partly off-set by impairments of Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V. amounting to SEK 12,911 million and SEK 1,180 million, respectively.

## CONDENSED BALANCE SHEETS

SEK in millions	Mar 31, 2020	Dec 31, 2019
<b>Assets</b>		
Non-current assets	201,113	199,830
Current assets	36,607	42,759
<b>Total assets</b>	<b>237,720</b>	<b>242,589</b>
<b>Equity and liabilities</b>		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	75,613	76,900
<b>Total shareholders' equity</b>	<b>91,326</b>	<b>92,612</b>
Untaxed reserves	5,602	6,246
Provisions	597	575
Long-term liabilities	96,689	86,357
Short-term liabilities and short-term provisions	43,506	56,798
<b>Total equity and liabilities</b>	<b>237,720</b>	<b>242,589</b>

Non-current assets increased to SEK 201,113 million (199,830) mainly impacted by increased other long interest-bearing receivables partly off-set by an impairment of the subsidiary Telia Finland Oyj.

Current assets decreased to SEK 36,607 million (42,759) mainly due to settled group contribution receivables and decreased short term bonds.

Equity decreased to SEK 91,326 million (92,612) due to negative effects from net income and repurchased shares related to the share buy-back program.

Long-term liabilities increased to SEK 96,689 million (86,357) related to issued bonds and foreign exchange rate effects.

Short-term liabilities and short-term provisions decreased to SEK 43,506 million (56,798) impacted by matured bonds and repaid loans.

## 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 2019, Directors Report, section Risk and uncertainties.

In addition, the outbreak of COVID-19 has an impact on Telia Company and its operations. People’s safety is key, and a majority of the staff is working from home except for staff in business-critical functions. Ensuring business continuity, even with an increased number of employees on sick leave, is a prioritized task and is being mitigated. The increased need for network capacity in society, in general, may lead to service

disruptions and a degrade in service quality. COVID-19’s impact on the global transportation and production systems put further strain on our supply-chain which may have an impact on planned infrastructure deliveries and spare parts supply. Current travel restrictions in society results in declining roaming revenues and the overall decline in the economy may lead to a negative impact on service revenues as well as increased credit losses, or even bankruptcies, leading to financial loss.

### KEY COVID-19 RELATED MITIGATING ACTIVITIES

- Strict travel and meeting restrictions implemented.
- Strengthened workplace safety procedures have been implemented including increased intensity of cleaning, closing of canteens, availability of hand sanitizer, etc.
- Majority of staff working from home except for staff in critical functions and Telia stores.
- Contingency plans for critical functions and services in place to handle a situation if the business has to be run with a minimal staffing.
- Risk assessments and preparation of contingency plans to ensure supply of goods and services from key suppliers.
- Increased follow-up of key business KPI’s to early mitigate the negative impact on financials.

### TELIA COMPANY’S RISK UNIVERSE

<p><b>Strategic &amp; emerging risks</b> Risks that can have a material impact on the strategic objectives arising from internal or external factors</p>	<p><b>Financial risks</b> Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization</p>	<p><b>Operational &amp; societal risks</b> Risks that may affect or compromise execution of business functions or have an impact on society</p>	<p><b>Legal &amp; regulatory risks</b> Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives</p>
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Stockholm, April 22, 2020

**Christian Luiga**  
Acting President & CEO

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

## FORWARD-LOOKING STATEMENTS

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

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

## DEFINITIONS

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

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

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

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

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

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

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

**Employees:** Total headcount excluding hourly paid employees.

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

**Interconnect revenues:** External net sales related to mobile termination.

**Internal net sales:** Group internal net sales.

**Like for like (%):** The change in net sales, external service revenues and adjusted EBITDA, excluding exchange rate effects and based on the current group structure, i.e. including the impact of any acquired companies and excluding the impact of any disposed companies, both in the current and in the comparable period.

**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 2019.

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

## FINANCIAL CALENDAR

**Interim Report January-June 2020**

July 17, 2020

**Interim Report January-September 2020**

October 21, 2020

**Year-end Report January-December 2020**

January 29, 2021

This information is information that Telia Company AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on April 22, 2020.

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

