

Press Release
October 6, 2020

Telia Company reaches agreement to sell its carrier operation to Polhem Infra and proposes to reinstate the original dividend for 2019

Telia Company today announces that it has reached an agreement with Polhem Infra for the sale of its international carrier business, Telia Carrier, for a value of SEK 9,450 million on a cash and debt free basis. At the same time, Telia Company enters a long-term strategic partnership with Telia Carrier, securing continuous world-leading network solutions to Telia's customers. The Board of Directors has also decided to propose an additional dividend of 0.65 SEK/share, bringing the total dividend for 2019 back to 2.45 SEK/share which was originally proposed in January this year.

Telia Carrier holds the top position in the global ranking of companies with Internet backbone networks. Content, services and operator customers of Telia Carrier account for 65 percent of global Internet routes. Its network spans across Europe, North America, and Asia, connecting customers in more than 120 countries, with the Scandinavian footprint being particularly strong through the so-called Scandinavian Ring – the part of Telia Carrier's network that connects major Baltic and Nordic cities.

For 2019, Telia Carrier reported net sales of SEK 5,388 million, an EBITDA excluding IFRS-16 of SEK 500 million (SEK 888 million including IFRS-16) and capital expenditures of SEK 396 million resulting in EBITDA, excluding IFRS-16, less capital expenditures, of SEK 104 million. The agreed price for Telia Carrier equals an EV/EBITDA, excluding IFRS-16, multiple for 2019 of 18.9x. The transaction is expected to generate a capital gain of approximately SEK 7 billion at closing.

As a consequence of improved visibility on the underlying performance of Telia and the strengthened balance sheet following the disposals of the shareholding in Turkcell Holding and Telia Carrier, the Board of Directors has decided to propose to pay an additional dividend of SEK 0.65 per share, subject to the approval by an Extraordinary General Meeting. If approved, the resulting total dividend per share payment would amount to SEK 2.45 for the financial year 2019, which is the level of ordinary dividend for 2019 that was originally announced in January this year and equates to 80 percent of operating free cash flow. An invitation to the Extraordinary General Meeting will be sent out shortly.

In connection with the divestment and change of ownership, a strategic, long-term partnership between Telia Carrier and Telia Company has been established, to safeguard the two companies' unique ability to provision services and to develop new solutions for Telia's customers. The change of ownership will enable Telia Carrier, with its 530 employees, to drive a level of investment in network development, services and customer care programs that brings benefits to content providers, operators and enterprises beyond that of any competitor.

Allison Kirkby, President and CEO of Telia Company, says:

"The divestment of Telia Carrier highlights the value Telia has built in its digital infrastructure - and today we are able to crystallize some of that value. As a consequence, we can now fully concentrate on our Nordic and Baltic footprint, while we at the same time have secured future access for our customers to Telia Carrier's world-leading solutions, through a long-term strategic partnership.

We're Telia Company, the New Generation Telco. Our approximately 21,000 talented colleagues serve millions of customers every day in one of the world's most connected regions. With a strong connectivity base, we're the hub in the digital ecosystem, empowering people, companies and societies to stay in touch with everything that matters 24/7/365 - on their terms. Headquartered in Stockholm, the heart of innovation and technology, we're set to change the industry and bring the world even closer for our customers. Read more at www.teliacompany.com



"The majority of the proceeds from the sale will be used to strengthen our balance sheet and thereby provide a solid financial base for Telia Company and our shareholders, enabling both investments in services and networks in our core markets as well as providing a strong foundation for attractive shareholder remuneration.

"At this time, I want to thank the whole Telia Carrier team for building such a strong customer centric business over many years. This transaction is great testament to the value they have created for their customers and for Telia Company's owners. I am confident that under the continued leadership of Staffan Göjeryd, Head of Telia Carrier, Polhem Infra will be an excellent owner for Telia Carrier and that it will continue to go from strength to strength under their stewardship."

The acquisition is Polhem Infra's first investment in digital infrastructure. Polhem Infra is jointly owned by the Swedish Pension Funds; First AP Fund, Third AP Fund and Fourth AP Fund. The company's goal is to lay the best possible foundation for long-term investments in infrastructure to meet society's long-term needs. The focus is on cooperation and sustainability.

Mikael Lundin, CEO, Polhem Infra, says:

"As an investor in Nordic infrastructure we will be a stable and long-term owner, committed to the company and its role in the transition towards sustainable and thriving societies globally. We will support the company with a thought-leading board of directors, and we will continue to invest in digital infrastructure, a core investment area for us."

The transaction is subject to regulatory approvals (relating to e.g. competition and foreign direct investments) in, inter alia, the EU and the US, and is expected to be completed during the first half of 2021. As of September 30, 2020 the Telia Carrier operation will be regarded as assets held for sale in Telia Company's accounting.

This information is information that Telia Company AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on October 6, 2020.

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

Forward-Looking Statements

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

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