

# TELIA COMPANY INTERIM REPORT JANUARY-MARCH 2016



# CONTINUED EARNINGS GROWTH IN CORE MARKETS

## First quarter summary

- Former segment region Eurasia is reported as discontinued operations.
- Net sales in local currencies, excluding acquisitions and disposals, declined 1.1 percent. In reported currency, net sales declined 0.9 percent to SEK 20,394 million (20,589). Service revenues in local currencies, excluding acquisitions and disposals, declined 0.9 percent.
- EBITDA, excluding non-recurring items, increased 10.4 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 10.4 percent to SEK 6,217 million (5,632). The EBITDA margin, excluding non-recurring items, rose to 30.5 percent (27.4).
- Operating income, excluding non-recurring items, increased 19.0 percent to SEK 4,198 million (3,526).
- Total net income attributable to the owners of the parent increased to SEK 3,766 million (3,714) and earnings per share to SEK 0.87 (0.86). Total net income decreased to SEK 3,911 million (4,110).
- Full year outlook is changed.

## Highlights

(Former segment region Eurasia is reported as discontinued operations)

SEK in millions, except key ratios, per share data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg %	Jan-Dec 2015
Net sales	20,394	20,589	-0.9	86,498
Change (%) local organic	-1.1			
of which service revenues (external)	17,434	17,548	-0.7	72,907
change (%) local organic	-0.9			
EBITDA <sup>1)</sup> excl. non-recurring items <sup>2)</sup>	6,217	5,632	10.4	25,281
Change (%) local organic	10.4			
Margin (%)	30.5	27.4		29.2
Operating income excl. non-rec. items	4,198	3,526	19.0	17,814
Operating income	4,084	3,224	26.7	14,606
Income after financial items	3,520	2,433	44.7	11,689
Net income from continuing operations	2,905	2,412	20.4	9,532
Net income from discontinued operations <sup>3)</sup>	1,006	1,698	-40.8	673
Total net income	3,911	4,110	-4.9	10,205
of which attrib. to owners of the parent	3,766	3,714	1.4	8,551
EPS total (SEK)	0.87	0.86	1.4	1.97
EPS from continuing operations (SEK)	0.66	0.55	21.1	2.16
Total Free cash flow	2,293	2,853	-19.6	16,550
of which from continuing operations	2,071	2,464	-16.0	12,520
CAPEX excl. license and spectrum fees	3,064	2,559	19.8	14,289

Additional information available at [www.teliacompany.com](http://www.teliacompany.com). 1) Please refer to page 33 for definitions. 2) Non-recurring items; see table on page 20.

3) Discontinued operations, see pages 20-21.

## COMMENTS BY JOHAN DENNELIND, PRESIDENT AND CEO

"We continue to shape our company for the future with a clear focus on our core operations in the Nordic and Baltic countries. Four out of seven markets now carry the Telia brand and with new roam-like-home offerings in place we can further leverage our position and boost customer loyalty. To emphasize our common purpose, culture and values, we have also adopted a new name for our group - Telia Company.

In the first quarter, the earnings development was encouraging and our continuing operations reported double digit EBITDA growth compared to the corresponding period last year.

Our Swedish operation was a key contributor to the higher profitability, supported by better sales mix and lower costs. Service revenue growth in the consumer segment stayed positive, backed by solid demand for fiber solutions, good traction within TV and mobile customers migrating to larger data buckets. We continue to offer more to our customers as highlighted by our recent social media proposition. The enterprise area remains highly competitive, putting pressure on service revenues despite bright spots in the SME/SoHo segments.

In Finland, we continue to see positive effects from up-sale activities and price adjustments, leading to 4 percent increase in mobile billed revenues, supporting profitability. We experienced network disturbances in the quarter, additional measures have therefore been implemented together with our main vendors to ensure a solid customer experience going forward.

We took a further step on the Norwegian market when we successfully rebranded the Netcom brand to Telia. Positive effects from last year's acquisition of Tele2 Norway continued to support margin and we have now reached our synergy target of SEK 1 billion. Our greater scale and extensive 4G coverage have improved our customer proposition and make us well positioned for the future.

There was further progress in the Baltic region and all three countries delivered positive service revenue growth backed by strong demand for mobile data services. In Lithuania, the integration of Teo and Omnitel continued with further positive effects on profitability.

In mid-April, we completed the divestment of our Nepalese operation Ncell to Axiata. It is comforting that we have been able to hand over the operation to an established player in our industry. The process to exit the



other Eurasian markets continues and we will give further updates as we progress. The operating environment remains demanding in several parts of the region, with intense competition and pressure on currencies due to macroeconomic challenges.

There was no decision on dividend at Turkcell's Ordinary General Assembly in March. We voted in favor of the proposed dividend through our direct ownership, but the main owners were unfortunately not able to agree on this topic. We continue to work hard to solve the governance issues.

We have an ambitious investment agenda in 2016, with initiatives to drive both growth and strengthen long-term competitiveness. This involves an acceleration of the Swedish fiber roll-out as well as further build out of 4G capacity and coverage across our core markets. In addition, we work with our business transformation agenda which will reduce complexity and costs over time.

2016 has started well from an earnings perspective, but we expect growth to slow as we face tougher year-over-year comparisons in the quarters to come. However, we raise our expectations somewhat for the full year and anticipate EBITDA on a comparable basis to be in line or slightly above the level in 2015 for the continuing operations. CAPEX excluding license and spectrum fees for the continuing operations is expected to be SEK 14-15 billion."

**Johan Dennelind**  
President and CEO

## GROUP OUTLOOK FOR 2016, CHANGED

EBITDA from continuing operations, excluding non-recurring items, in local currencies, excluding acquisitions and disposals, is expected to be in line or slightly above the level in 2015.

*Changed from: The ambition is to maintain EBITDA from continuing operations, excluding non-recurring items, in local currencies, excluding acquisitions and disposals, at the same level as in 2015.*

2016 is the peak year of the increased investments in fiber, mobile coverage and transformation. CAPEX for continuing operations, excluding license and spectrum fees, is expected to be SEK 14-15 billion. Currency fluctuations may impact the reported number in Swedish krona. (Unchanged)

For the fiscal year 2016, to be paid in 2017, the ambition is to distribute a minimum of SEK 2 per share. (Unchanged)

# REVIEW OF THE GROUP, FIRST QUARTER 2016

(Former segment region Eurasia is reported as discontinued operations)

## Sales and earnings

**Net sales** in local currencies, excluding acquisitions and disposals, declined 1.1 percent. In reported currency, net sales declined 0.9 percent to SEK 20,394 million (20,589). The effect of exchange rate fluctuations was negative by 1.2 percent and the effect of acquisitions and disposals positive by 1.4 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.9 percent.

In region Sweden, net sales excluding acquisitions and disposals decreased 2.4 percent. Net sales including acquisitions and disposals decreased 2.4 percent to SEK 8,835 million (9,050).

In region Europe, net sales in local currencies, excluding acquisitions and disposals, increased 0.9 percent. In reported currency, net sales increased 1.2 percent to SEK 10,430 million (10,311).

**The number of subscriptions** in the subsidiaries decreased by 0.4 million from the end of the first quarter of 2015 to 26.9 million. During the quarter, the total number of subscriptions decreased by 215,000.

**EBITDA**, excluding non-recurring items, increased 10.4 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 10.4 percent to SEK 6,217 million (5,632). The EBITDA margin, excluding non-recurring items, rose to 30.5 percent (27.4).

**Income from associated companies and joint ventures**, rose to SEK 746 million (502), mainly explained by higher contribution from Turkcell.

**Operating income**, excluding non-recurring items, increased 19.0 percent to SEK 4,198 million (3,526).

**Non-recurring items** affecting operating income totaled SEK -114 million (-302), as a net gain from a real estate divestment was more than offset by restructuring costs.

**Financial items** totaled SEK -564 million (-791) of which SEK -573 million (-678) related to net interest expenses.

**Income taxes** increased to SEK -615 million (-21). The effective tax rate was 17.5 percent (0.9). Last year was

influenced by a positive one-off effect related to a revaluation of the withholding tax provision as a consequence of an intra-group transfer.

**Total net income** decreased to SEK 3,911 million (4,110), whereof SEK 2,905 million (2,412) from continuing operations and SEK 1,006 million (1,698) from discontinued operations. Total earnings per share was SEK 0.87 (0.86). (See pages 20-21 for further information regarding discontinued operations.)

**Total net income attributable to non-controlling interests** was SEK 145 million (396).

**Other comprehensive income** decreased to SEK -2,072 million (-29), mainly due to the remeasurement of pension obligations, as a result of lower discount rate, and effect of exchange rate fluctuations.

## Cash flow and financial position

**Free cash flow**, continuing and discontinued operations, declined to SEK 2,293 million (2,853), partly due to higher tax payments in Sweden.

**Total cash flow** decreased to SEK -49 million (5,817). The decline was mainly related to decreased cash flow from financing activities as a result of repayments of borrowings. Cash flow from investing activities for the period improved to SEK -3,158 million (-11,183) as the first quarter of 2015 included the acquisition of Tele2's Norwegian operations.

**CAPEX** increased to SEK 3,197 million (2,559) and the CAPEX-to-service revenue ratio increased to 18.3 percent (14.6). CAPEX excluding license and spectrum fees increased to SEK 3,064 million (2,559) and the CAPEX-to-service revenue ratio, excluding license and spectrum fees to 17.6 percent (14.6).

**Net debt**, continuing and discontinued operations, was SEK 54,557 million at the end of the first quarter (55,717 at the end of the fourth quarter of 2015). The net debt/EBITDA ratio was 1.53 (1.53 at the end of the fourth quarter of 2015).

**The equity/assets ratio**, continuing and discontinued operations, was 40.5 percent (35.1 percent at the end of the fourth quarter of 2015).

## Significant events in the first quarter

- On January 12, 2016, Telia Company announced that it had appointed Anders Olsson Chief Operating Officer and Head of Global Services & Operations and member of the Group Executive Management team.
- On March 18, 2016, Telia Company announced and confirmed that it was in exclusive discussions with Zegona Communications regarding a potential divestment of Yoigo in Spain.
- On March 29, 2016, Telia Company announced that no decision was made on dividend at Turkcell's Ordinary General Assembly.

## Significant events after the end of the first quarter

- On April 11, 2016, Telia Company announced that it had completed the divestment of its holdings in Ncell in Nepal to Axiata, one of Asia's largest telecommunication groups. The transaction is subject to customary closing balance sheet adjustments based on net debt and net working capital. The divestment, all transactions included, is expected to result in a positive net cash effect slightly below SEK 7 billion and no material effect on net income is expected. The final amounts are subject to deviations in foreign currency exchange rates.
- On April 11, 2016, Telia Company announced that it had initiated a strategic review of its Nordic and Baltic credit management services (CMS) and debt purchase business, the Sergel Group.
- On April 12, 2016, Telia Company announced that the ordinary members of the Board Marie Ehrling, Olli-Pekka Kallasvuo, Mikko Kosonen, Nina Linander and Martin Lorentzon were re-elected. Susanna Campbell, Anna Settman and Olaf Swantee were elected new members to the Board. Marie Ehrling was elected as Chair of the Board and Olli-Pekka Kallasvuo was elected Vice-Chair of the Board. The Annual General Meeting also decided upon a dividend to shareholders of SEK 3.00 per share and that the payment should be distributed in two equal tranches of SEK 1.50 each to be paid in April and October, respectively.
- On April 13, 2016, the Swedish Companies Registration Office approved the name change of the company from TeliaSonera AB to Telia Company AB.

## IMPROVED PROFITABILITY IN SWEDEN

- The build out of 4G coverage and fiber continued in the quarter. Mobile data growth remained strong driven by an increased share of 4G usage which now accounts for close to 80 percent of the total mobile traffic. Our fiber campaigns to single dwelling units generated 7,000 new homes connected in the seasonally slow first quarter.
- Service revenues declined by 0.8 percent as growth in consumer mobile, broadband and TV was offset by pressure on traditional fixed telephony and high competition in the enterprise segment. EBITDA excluding non-recurring items increased by 9.8 percent, positively impacted by a continued fiber roll-out, improved equipment sales mix and cost efficiency.

### Highlights

SEK in millions, except margins, operational data and changes	Jan- Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	8,835	9,050	-2.4	37,336
Change (%) local organic	-2.4			
of which service revenues (external)	7,745	7,806	-0.8	32,268
change (%) local organic	-0.8			
EBITDA excl. non-recurring items	3,589	3,267	9.8	14,267
Margin (%)	40.6	36.1		38.2
Income from associated companies	0	-1		-20
Operating income excl. non-recurring items	2,426	2,173	11.7	9,797
Operating income	2,513	2,095	19.9	9,284
CAPEX excl. license and spectrum fees	1,327	1,010	31.4	6,179
% of service revenues	17.1	12.9		19.1
EBITDA excl. non-recurring items - CAPEX	2,262	2,257	0.2	8,088
Subscriptions, (thousands)				
Mobile	6,071	6,142	-1.2	6,119
Fixed telephony	1,858	2,015	-7.8	1,896
Broadband	1,307	1,287	1.6	1,306
TV	739	701	5.4	730
Employees	6,695	6,721	-0.4	6,695

**Net sales**, excluding acquisitions and disposals, decreased 2.4 percent. The effect of acquisitions and disposals was 0.0 percent. **Service revenues**, excluding acquisitions and disposals, decreased 0.8 percent.

Reported mobile service revenues increased by 0.2 percent as growth in the consumer segment was largely offset by a continued negative development within the enterprise segment. Reported fixed service revenues declined by 1.2 percent as growing revenues from the fiber roll-out, TV and fixed broadband could not compensate for the impact from a lower subscription base and volume erosion from traditional fixed telephony.

**EBITDA**, excluding non-recurring items, acquisitions and disposals, increased 9.9 percent. EBITDA, excluding non-recurring items, but including acquisitions and disposals, increased 9.8 percent to SEK 3,589 million

(3,267). The EBITDA margin increased to 40.6 percent (36.1) from a better equipment sales mix, lower costs and higher fiber installation revenues.

**CAPEX** increased to SEK 1,327 million (1,010) and CAPEX, excluding licenses and spectrum fees, increased to SEK 1,327 million (1,010).

The number of mobile subscriptions decreased in the quarter by 48,000 attributable to prepaid subscriptions, while the number of fixed broadband and TV subscriptions increased by 1,000 and 9,000, respectively.

As a result of a review of certain types of mobile subscriptions the historical number of subscriptions have been restated for comparability.

## EARNINGS UPLIFT IN REGION EUROPE

- New roaming-like-home offerings were introduced in several of the Nordic and Baltic markets in the quarter. In Norway and Estonia, the Telia brand name was adopted.
- Despite lower mobile interconnect and fixed revenues, organic service revenues remained almost flat supported by growing mobile billed revenues, driven by high demand for mobile data.

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	10,430	10,311	1.2	43,658
<i>Change (%) local organic</i>	0.9			
of which service revenues (external)	8,389	8,341	0.6	34,429
<i>change (%) local organic</i>	-0.1			
EBITDA excl. non-recurring items	2,530	2,272	11.3	10,584
Margin (%)	24.3	22.0		24.2
Income from associated companies	29	29	0.9	119
Operating income excl. non-recurring items	1,102	909	21.2	4,875
Operating income	1,004	781	28.6	2,375
CAPEX excl. license and spectrum fees	1,061	1,086	-2.3	5,517
% of service revenues	12.7	13.0		16.0
EBITDA excl. non-recurring items - CAPEX	1,335	1,187	12.5	4,761
Subscriptions, (thousands)				
Mobile	13,792	13,929	-1.0	13,914
Fixed telephony	923	1,038	-11.1	942
Broadband	1,276	1,261	1.2	1,283
TV	909	871	4.4	900
Employees	11,243	11,237	0.1	11,305

**Net sales** in local currencies, excluding acquisitions and disposals, increased 0.9 percent. In reported currency, net sales increased 1.2 percent to SEK 10,430 million (10,311). The effect of exchange rate fluctuations was negative by 2.4 percent and the effect of acquisitions and disposals was positive by 2.7 percent. **Service revenues** in local currencies, excluding acquisitions and disposals, decreased 0.1 percent.

Mobile service revenues in local currencies, excluding acquisitions and disposals, increased by 0.6 percent as growth in billed revenues more than compensated for lower interconnect revenues in the Nordics. Fixed service revenues declined by 1.5 percent primarily due to

lower demand for traditional fixed telephony and declining fixed broadband revenues in Finland.

**EBITDA**, excluding non-recurring items, increased 10.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 11.3 percent to SEK 2,530 million (2,272). The EBITDA margin increased to 24.3 percent (22.0).

**CAPEX** increased to SEK 1,195 million (1,086) and CAPEX, excluding licenses and spectrum fees, decreased to SEK 1,061 million (1,086).

## FINLAND – IMPROVED PROFITABILITY

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	3,162	3,273	-3.4	13,279
Change (%) local organic	-2.8			
of which service revenues (external)	2,740	2,767	-1.0	11,065
change (%) local organic	-0.4			
EBITDA excl. non-recurring items	1,016	972	4.6	3,945
Margin (%)	32.1	29.7		29.7
Subscriptions, (thousands)				
Mobile	3,287	3,286	0.0	3,306
Fixed telephony	76	96	-20.8	80
Broadband	519	546	-4.9	527
TV	488	493	-1.0	486

Service revenues decreased 0.4 percent in local currency, excluding acquisitions and disposals, as growth in mobile billed revenues was offset by lower revenues from interconnect as well as from fixed broadband and traditional fixed telephony.

The EBITDA margin, excluding non-recurring items, increased to 32.1 percent (29.7), explained by growth in mobile billed revenues and lower operating expenses.

The number of subscriptions of fixed broadband decreased by 8,000 while TV increased by 2,000 in the quarter. The number of mobile subscriptions declined by 19,000 in the quarter.

## NORWAY – MARGIN UPLIFT

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	2,034	2,040	-0.3	9,094
Change (%) local organic	-3.1			
of which service revenues (external)	1,724	1,693	1.8	7,485
change (%) local organic	-2.9			
EBITDA excl. non-recurring items	665	486	36.8	2,761
Margin (%)	32.7	23.8		30.4
Subscriptions, (thousands)				
Mobile	2,273	2,310	-1.6	2,311

Service revenues decreased 2.9 percent in local currency, excluding acquisitions and disposals, mainly explained by lower interconnect revenues, following a change of termination rates in the third quarter of 2015. Mobile billed revenues increased slightly driven by growth in data usage and higher demand for larger data buckets in the consumer segment.

The EBITDA margin, excluding non-recurring items rose to 32.7 percent (23.8), supported by synergies from the acquisition of Tele2 Norway.

The number of mobile subscriptions declined by 38,000 in the quarter.

As a result of a review of certain types of mobile subscriptions the historical number of subscriptions have been restated for comparability.

## DENMARK – PRESSURE ON REVENUES

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	1,397	1,422	-1.7	5,890
<i>Change (%) local organic</i>	-1.0			
of which service revenues (external)	1,025	1,056	-2.9	4,247
<i>change (%) local organic</i>	-2.2			
EBITDA excl. non-recurring items	137	154	-11.3	743
Margin (%)	9.8	10.8		12.6
Subscriptions, (thousands)				
Mobile	1,640	1,606	2.2	1,644
Fixed telephony	110	117	-6.0	114
Broadband	134	118	13.6	135
TV	29	20	45.0	28

Service revenues declined by 2.2 percent in local currency, excluding acquisitions and disposals, driven by pressure on mobile billed revenues from a continued fierce competition in the market. Fixed service revenues were stable as lower revenues from business solutions and traditional fixed telephony were compensated for by growth in TV and fixed broadband.

The EBITDA margin, excluding non-recurring items, fell to 9.8 percent (10.8) as an effect of lower mobile billed revenues.

The number of mobile subscriptions declined by 4,000 in the quarter. The number of fixed broadband subscriptions declined by 1,000 and TV subscriptions increased by 1,000 in the quarter.

## LITHUANIA – SOLID REVENUE AND EARNINGS GROWTH

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	770	759	1.4	3,146
<i>Change (%) local organic</i>	2.0			
of which service revenues (external)	653	627	4.1	2,536
<i>change (%) local organic</i>	4.7			
EBITDA excl. non-recurring items	277	244	13.5	1,051
Margin (%)	36.0	32.2		33.4
Subscriptions, (thousands)				
Mobile	1,317	1,334	-1.3	1,327
Fixed telephony	440	463	-5.0	447
Broadband	393	373	5.4	390
TV	217	192	13.0	212

Service revenues increased 4.7 percent in local currency, excluding acquisitions and disposals, as mobile service revenues grew due to a high demand for mobile data. Fixed service revenues also grew somewhat driven by an increased number of fixed broadband and TV subscriptions as well as higher TV ARPU.

The EBITDA margin, excluding non-recurring items, increased to 36.0 percent (32.2), mainly due to higher service revenues.

The number of mobile subscriptions declined by 10,000 in the quarter. The number of fixed broadband subscriptions increased by 3,000 and TV subscriptions increased by 5,000, in the quarter.

## LATVIA – NET SALES AND EARNINGS GROWTH

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	412	358	15.1	1,660
<i>Change (%) local organic</i>	15.8			
of which service revenues (external)	290	289	0.1	1,188
<i>change (%) local organic</i>	0.7			
EBITDA excl. non-recurring items	135	127	6.3	548
Margin (%)	32.8	35.5		33.0
Subscriptions, (thousands)				
Mobile	1,114	1,096	1.7	1,119

Service revenues increased 0.7 percent in local currency, excluding acquisitions and disposals, driven by higher roaming revenues. Equipment sales continued to show strong growth in the quarter.

The EBITDA margin, excluding non-recurring items, declined to 32.8 percent (35.5), mainly explained by growing equipment sales.

The number of mobile subscriptions decreased by 5,000 in the quarter, but increased by 18,000 compared to the corresponding quarter last year.

## ESTONIA – POSITIVE SERVICE REVENUE DEVELOPMENT

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	644	631	2.1	2,692
<i>Change (%) local organic</i>	-0.4			
of which service revenues (external)	512	492	3.9	2,062
<i>change (%) local organic</i>	1.1			
EBITDA excl. non-recurring items	181	196	-7.8	817
Margin (%)	28.1	31.1		30.3
Subscriptions, (thousands)				
Mobile	863	834	3.5	863
Fixed telephony	297	313	-5.1	301
Broadband	230	224	2.7	231
TV	175	166	5.4	174

Service revenues increased 1.1 percent in local currency, excluding acquisitions and disposals, supported by a strong demand for mobile data. Fixed revenues remained flat as lower revenues from traditional fixed telephony were compensated by increased revenues from fixed broadband and TV.

The EBITDA margin, excluding non-recurring items, fell to 28.1 percent (31.1), explained by higher operating expenses.

The number of mobile subscriptions remained unchanged in the quarter. The number of fixed broadband subscriptions decreased by 1,000 and TV subscriptions increased by 1,000, in the quarter.

## SPAIN – HIGHER PROFITABILITY

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	2,035	1,851	9.9	7,992
<i>Change (%) local organic</i>	10.6			
of which service revenues (external)	1,446	1,415	2.2	5,847
<i>change (%) local organic</i>	2.8			
EBITDA excl. non-recurring items	119	93	28.2	720
Margin (%)	5.9	5.0		9.0
Subscriptions, (thousands)				
Mobile	3,296	3,463	-4.8	3,344

Mobile service revenues increased by 2.8 percent in local currency, excluding acquisitions and disposals, driven by a strong demand for data and an increased number of high ARPU postpaid customers.

The EBITDA margin, excluding non-recurring items, increased to 5.9 percent (5.0), mainly due to growth in mobile billed revenues and good cost control.

The number of mobile subscriptions declined by 48,000 in the quarter, due to a decrease of 101,000 prepaid subscriptions while the number of postpaid subscriptions grew by 53,000 in the quarter.

## OTHER OPERATIONS

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales	1,696	1,780	-4.7	7,753
Change (%) local organic	-3.8			
of which Telia Carrier	1,415	1,506	-6.0	6,631
EBITDA excl. non-recurring items	99	92	6.7	430
of which Telia Carrier	110	92	18.6	401
Margin (%)	5.8	5.2		5.5
Income from associated companies	716	474	51.1	3,295
of which Russia	183	150	21.8	1,413
of which Turkey	534	324	64.9	1,894
Operating income excl. non-recurring items	669	444	50.6	3,141
Operating income	567	348	62.9	2,948
CAPEX	676	463	46.1	2,593
Employees	3,341	3,239	3.1	3,342

**Net sales** in local currencies, excluding acquisitions and disposals, declined 3.8 percent. In reported currency, net sales declined 4.7 percent to SEK 1,696 million (1,780). The effect of exchange rate fluctuations was negative by 0.9 percent.

**EBITDA**, excluding non-recurring items increased to SEK 99 million (92). The EBITDA margin, excluding non-recurring items, rose to 5.8 percent (5.2).

In Telia Carrier, net sales declined 6.0 percent to SEK 1,415 million (1,506) due to lower traffic volumes and the EBITDA margin, excluding non-recurring items, increased to 7.7 percent (6.1).

Income from associated companies, rose to SEK 716 million (474) explained by higher contribution from Turkcell.

## DISCONTINUED OPERATIONS

### Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2016	Jan-Mar 2015	Chg (%)	Jan-Dec 2015
Net sales (external)	3,797	5,434	-30.1	20,742
EBITDA excl. non-recurring items	1,775	2,908	-39.0	11,035
Margin (%)	46.7	53.5		53.2
CAPEX	875	1,565	-44.1	4,195
CAPEX excluding license and spectrum fees	258	1,155	-77.7	3,784

Former segment region Eurasia is classified as discontinued operations as of December 31, 2015. Consequently, highlights for region Eurasia are presented in a condensed format. For more information on discontinued operations, see pages 20-21.

**Net sales** declined by 30.1 percent in reported currency to SEK 3,797 million (5,434), due to mainly negative currency impact.

**EBITDA**, excluding non-recurring items, declined to SEK 1,775 million (2,908). The EBITDA margin, excluding non-recurring items, decreased to 46.7 percent (53.5).

**CAPEX** declined to SEK 875 million (1,565) and CAPEX, excluding license and spectrum fees, decreased to SEK 258 million (1,155).

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data, number of shares and changes	Note	Jan-Mar 2016	Jan-Mar <sup>1)</sup> 2015	Jan- Dec <sup>1)</sup> 2015
<b>Continuing operations</b>				
Net sales	1, 5	20,394	20,589	86,498
Cost of sales	1	-12,147	-12,674	-52,710
<b>Gross profit</b>		<b>8,247</b>	<b>7,915</b>	<b>33,788</b>
Selling, admin. and R&D expenses		-4,864	-4,990	-20,243
Other operating income and expenses, net		-44	-202	-2,333
Income from associated companies and joint ventures		746	502	3,394
<b>Operating income</b>	5	<b>4,084</b>	<b>3,224</b>	<b>14,606</b>
Finance costs and other financial items, net		-564	-791	-2,917
<b>Income after financial items</b>		<b>3,520</b>	<b>2,433</b>	<b>11,689</b>
Income taxes		-615	-21	-2,157
<b>Net income from continuing operations</b>		<b>2,905</b>	<b>2,412</b>	<b>9,532</b>
<b>Discontinued operations</b>				
<b>Net income from discontinued operations</b>	4	<b>1,006</b>	<b>1,698</b>	<b>673</b>
<b>Total net income</b>		<b>3,911</b>	<b>4,110</b>	<b>10,205</b>
Items that may be reclassified to net income:				
Foreign currency translation differences from continuing operations		-19	-657	-6,868
Foreign currency translation differences from discontinued operations		-817	775	-5,478
Income from associated companies and joint ventures		-234	236	-2
Cash flow hedges		54	-172	614
Available-for-sale financial instruments		84	24	-2
Income tax relating to items that will be reclassified		213	-256	-667
Items that will not be reclassified to net income:				
Remeasurements of defined benefit pension plans		-1,690	31	4,322
Income tax relating to items that will not be reclassified		367	-9	-922
Associates' remeasurements of defined benefit pension plans		-18	0	6
<b>Other comprehensive income</b>		<b>-2,060</b>	<b>-29</b>	<b>-8,997</b>
<b>Total comprehensive income</b>		<b>1,850</b>	<b>4,082</b>	<b>1,208</b>
Total net income attributable to:				
Owners of the parent		3,766	3,714	8,551
Non-controlling interests		145	396	1,654
Total comprehensive income attributable to:				
Owners of the parent		1,807	3,608	987
Non-controlling interests		43	474	221
Earnings per share (SEK), basic and diluted				
Of which continuing operations, basic and diluted		0.87	0.86	1.97
Number of shares (thousands)		0.66	0.55	2.16
Outstanding at period-end		4,330,080	4,330,085	4,330,080
Weighted average, basic and diluted		4,330,080	4,330,085	4,330,082
EBITDA from continuing operations		6,104	5,330	23,992
EBITDA excl. non-recurring items from continuing operations		6,217	5,632	25,281
Depreciation, amortization and impairment losses from continuing operations		-2,766	-2,607	-12,780
Operating income excl. non-recurring items from continuing operations		4,198	3,526	17,814

1) Certain restatements have been made, see page 19.

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Mar 31, 2016	Dec 31, 2015
<b>Assets</b>			
Goodwill and other intangible assets	6, 14	68,912	67,933
Property, plant and equipment	6	55,824	55,093
Investments in associates and joint ventures, pension obligation assets and other non-current assets		28,537	29,401
Deferred tax assets		5,091	5,054
Long-term interest-bearing receivables	10	15,701	16,368
<i>Total non-current assets</i>		<b>174,065</b>	<b>173,850</b>
Inventories		1,773	1,871
Trade and other receivables and current tax receivables		16,308	17,158
Short-term interest-bearing receivables	10	8,820	10,679
Cash and cash equivalents	10	14,505	14,647
Assets classified as held for sale	4, 10	35,898	35,812
<i>Total current assets</i>		<b>77,303</b>	<b>80,167</b>
<b>Total assets</b>		<b>251,369</b>	<b>254,017</b>
 <b>Equity and liabilities</b>			
Equity attributable to owners of the parent		99,695	97,884
Equity attributable to non-controlling interests		4,353	4,318
<i>Total equity</i>		<b>104,049</b>	<b>102,202</b>
Long-term borrowings	7, 10	85,862	91,646
Deferred tax liabilities		10,411	10,627
Provisions for pensions and other long-term provisions		6,721	6,199
Other long-term liabilities		708	702
<i>Total non-current liabilities</i>		<b>103,703</b>	<b>109,175</b>
Short-term borrowings	7, 10	11,445	9,337
Trade payables and other current liabilities, current tax payables and short-term provisions		20,605	21,706
Liabilities directly associated with assets classified as held for sale	4, 10	11,567	11,598
<i>Total current liabilities</i>		<b>43,617</b>	<b>42,641</b>
<b>Total equity and liabilities</b>		<b>251,369</b>	<b>254,017</b>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Cash flow before change in working capital	6,222	7,255	36,184
Change in working capital	255	-144	-935
<b>Cash flow from operating activities</b>	<b>6,476</b>	<b>7,112</b>	<b>35,249</b>
<i>of which from discontinued operations</i>	1,072	1,974	8,121
Cash CAPEX	-4,184	-4,259	-18,699
<b>Free cash flow</b>	<b>2,293</b>	<b>2,853</b>	<b>16,550</b>
<i>of which from discontinued operations</i>	222	389	4,030
Cash flow from other investing activities	1,026	-6,925	-10,285
<b>Total cash flow from investing activities</b>	<b>-3,158</b>	<b>-11,183</b>	<b>-28,985</b>
<i>of which from discontinued operations</i>	-1,007	-1,586	-4,823
<b>Cash flow before financing activities</b>	<b>3,319</b>	<b>-4,071</b>	<b>6,264</b>
<b>Cash flow from financing activities</b>	<b>-3,368</b>	<b>9,888</b>	<b>-9,628</b>
<i>of which from discontinued operations</i>	-0	68	422
<b>Cash flow for the period</b>	<b>-49</b>	<b>5,817</b>	<b>-3,363</b>
<i>of which from discontinued operations</i>	65	456	3,719
<b>Cash and cash equivalents, opening balance</b>	<b>25,334</b>	<b>28,735</b>	<b>28,735</b>
Cash flow for the period	-49	5,817	-3,363
Exchange rate differences	-240	410	-38
<b>Cash and cash equivalents, closing balance</b>	<b>25,045</b>	<b>34,962</b>	<b>25,334</b>
<i>of which from continuing operations</i>	14,505	26,883	14,647
<i>of which from discontinued operations</i>	10,540	8,079	10,687

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2015</b>	<b>111,383</b>	<b>4,981</b>	<b>116,364</b>
Dividends	–	-9	-9
Share-based payments	5	–	5
<i>Total transactions with owners</i>	<i>5</i>	<i>-9</i>	<i>-4</i>
Total comprehensive income	3,608	474	4,082
Effect of equity transactions in associates	-5	–	-5
<b>Closing balance, March 31, 2015</b>	<b>114,990</b>	<b>5,447</b>	<b>120,436</b>
Dividends	-12,990	-826	-13,816
Share-based payments	18	–	18
Repurchased treasury shares	-14	–	-14
Acquisition of non-controlling interest	-309	-47	-356
<i>Total transactions with owners</i>	<i>-13,295</i>	<i>-873</i>	<i>-14,168</i>
Total comprehensive income	-2,621	-253	-2,874
Effect of equity transactions in associates	-1,192	–	-1,192
<b>Closing balance, December 31, 2015</b>	<b>97,884</b>	<b>4,318</b>	<b>102,202</b>
<b>Opening balance, January 1, 2016</b>	<b>97,884</b>	<b>4,318</b>	<b>102,202</b>
Dividends	–	–	–
Share-based payments	5	–	5
Acquisition of non-controlling interests	–	-7	-7
<i>Total transactions with owners</i>	<i>5</i>	<i>-7</i>	<i>-3</i>
Total comprehensive income	1,807	43	1,850
Effect of equity transactions in associates	–	–	–
<b>Closing balance, March 31, 2016</b>	<b>99,695</b>	<b>4,353</b>	<b>104,049</b>

## NOTE 1. BASIS OF PREPARATION

### General

As in the annual accounts for 2015, Telia Company's consolidated financial statements as of and for the three-month period ended March 31, 2016, 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 Reports 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 Reports Act. The accounting policies adopted and computation methods used are consistent with those followed in the Annual report 2015, except as described below. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

### Discontinued operations

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015. For information on discontinued operations, see pages 20-21.

### Segments

Former segment region Eurasia is classified as held for sale and discontinued operations as of December 31, 2015, and is therefore not included in the segment information.

### Correction of prior period classification errors

Prior periods have been restated to reflect the discovery of certain classification errors between net sales and cost of sales referring to insurance sales in region Europe. The corrections were as follows below taken into account former segment region Eurasia classified as discontinued operations:

SEK in millions	Jan-Mar 2015 Reported	Jan-Mar 2015 Restatement	Jan-Mar 2015 Disc. operations	Jan-Mar 2015 Restated
Net sales	26,041	-18	-5,434	20,589
Cost of sales	-15,147	18	2,455	-12,674
<b>Gross profit</b>	<b>10,894</b>	<b>0</b>	<b>-2,979</b>	<b>7,915</b>

SEK in millions	Apr-Jun 2015 Reported	Apr-Jun 2015 Restatement	Apr-Jun 2015 Disc. operations	Apr-Jun 2015 Restated
Net sales	27,115	-19	-5,538	21,558
Cost of sales	-15,299	19	2,274	-13,006
<b>Gross profit</b>	<b>11,816</b>	<b>0</b>	<b>-3,264</b>	<b>8,552</b>

SEK in millions	Jul-Sep 2015 Reported	Jul-Sep 2015 Restatement	Jul-Sep 2015 Disc. operations	Jul-Sep 2015 Restated
Net sales	27,029	-18	-5,300	21,712
Cost of sales	-15,293	18	2,403	-12,873
<b>Gross profit</b>	<b>11,737</b>	<b>0</b>	<b>-2,897</b>	<b>8,840</b>

SEK in millions	Oct-Dec 2015 Reported	Oct-Dec 2015 Restatement	Oct-Dec 2015 Restated
Net sales	22,655	-17	22,638
Cost of sales	-14,174	17	-14,157
<b>Gross profit</b>	<b>8,481</b>	<b>0</b>	<b>8,481</b>

SEK in millions	Jan-Dec 2015 Reported	Jan-Dec 2015 Restatement	Jan-Dec 2015 Restated
Net sales	86,569	-71	86,498
Cost of sales	-52,782	71	-52,710
<b>Gross profit</b>	<b>33,788</b>	<b>0</b>	<b>33,788</b>

### Restatement of financial data

Prior periods have been restated for comparability to reflect a refined product classification in region Sweden

where certain revenues now are treated as external service revenues instead of equipment sales.

## Restatement of operational data

As a result of a review of certain types of mobile subscriptions in Sweden and Norway the operational data

for number of subscriptions has been restated for comparability.

## NOTE 2. REFERENCES

For more information regarding:

- Sales and earnings, see page 5.
- Cash flow and financial position, see page 5.
- Significant events in the first quarter, see page 6.
- Significant events after the end of the first quarter, see page 6.
- Risks and uncertainties, see pages 29-31.

## NOTE 3. NON-RECURRING ITEMS

SEK in millions	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
<b>Within EBITDA</b>	<b>-113</b>	<b>-302</b>	<b>-1,289</b>
Restructuring charges, synergy implementation costs, etc.:			
Region Sweden	-70	-78	-495
Region Europe	-98	-128	-615
Other operations	-102	-96	-194
Capital gains/losses	156	-1	14
<b>Within Depreciation, amortization and impairment losses</b>	<b>-</b>	<b>-</b>	<b>-1,900</b>
Impairment losses, accelerated depreciation:			
Region Sweden	-	-	-
Region Europe	-	-	-1,900
Other operations	-	-	-
<b>Within Income from associated companies and joint ventures</b>	<b>-1</b>	<b>-</b>	<b>-19</b>
Capital gains/losses	-1	-	-19
<b>Total continuing operations</b>	<b>-114</b>	<b>-302</b>	<b>-3,208</b>
<b>Total discontinued operations</b>	<b>-227</b>	<b>-75</b>	<b>-5,772</b>
<b>Total non-recurring items</b>	<b>-341</b>	<b>-377</b>	<b>-8,980</b>

Impairment losses in region Europe 2015 full year of SEK 1,900 million relates to goodwill write-downs in Denmark as a result of updated earnings projections following the previously announced decision to withdraw

from the proposed joint venture with Telenor in Denmark.

## NOTE 4. DISCONTINUED OPERATIONS

### Presentation

As of December 31, 2015, former segment region Eurasia (including holding companies) is classified as held for sale and discontinued operations and is therefore presented as a single amount in the consolidated statements of comprehensive income. Assets and liabilities in region Eurasia are presented separately in two line items in the consolidated statement of financial position. The consolidated cash flow statement is presented including region Eurasia, but with additional information on cash flows from operating, investing and financing activities and free cash flow for region Eurasia. The amounts for continuing and discontinued operations in the consoli-

dated financial statements are presented after elimination of intra-group transactions. Comparative periods in the consolidated statements of comprehensive income are restated to reflect the classification of region Eurasia as discontinued operations.

### Measurement

In accordance with IFRS 5 the discontinued operations are measured at the lower of carrying value and estimated fair value less costs to sell. Non-current assets included in discontinued operations are not depreciated or amortized. The valuation is based on an assessment of the input from the sales process and the risks in the different countries. The remeasurement of the net assets in

region Eurasia per December 31, 2015, resulted in an impairment charge in the fourth quarter of 2015 of SEK 5.3 billion related to goodwill and other fixed assets in Uzbekistan. Management's best estimate is that the risk adjusted debt free value of Ucell of SEK 3.3 billion per December 31, 2015, remains unchanged per March 31, 2016. Changes in any of the estimated risk adjustments

made for Ucell would have a material impact on the estimated fair value. The most significant impact on fair value will be the buyer's ability to operate in the country and convert local currency. For information on the valuation of Ucell, see the Annual and Sustainability Report 2015. Due to increased carrying values for Ucell an impairment charge of SEK 200 million related to fixed assets is recognized in the first quarter of 2016.

### Net income from discontinued operations

SEK in millions	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net sales	3,797	5,434	20,742
Expenses and other operating income, net	-2,041	-3,539	-13,775
<b>Operating income</b>	<b>1,756</b>	<b>1,895</b>	<b>6,967</b>
Finance income and finance costs, net	-60	397	1,552
<b>Income after financial items</b>	<b>1,696</b>	<b>2,292</b>	<b>8,519</b>
Income taxes	-491	-594	-2,546
Impairment loss on remeasurement to fair value less costs to sell <sup>1</sup>	-200	–	-5,300
<b>Net income from discontinued operations</b>	<b>1,006</b>	<b>1,698</b>	<b>673</b>
EBITDA excl. non-recurring items	1,775	2,908	11,035

1) Non-tax deductible.

### Assets classified as held for sale

SEK in millions	Mar 31, 2016	Dec 31, 2015
Goodwill and other intangible assets	11,197	10,821
Property, plant and equipment	10,036	10,379
Other non-current assets	626	586
Short-term interest-bearing receivables	1,453	1,382
Other current assets	2,046	1,957
Cash and cash equivalents	10,540	10,687
<b>Assets of region Eurasia classified as held for sale</b>	<b>35,898</b>	<b>35,812</b>
Long-term borrowings	182	238
Long-term provisions	4,345	4,431
Other long-term liabilities	1,979	2,176
Short-term borrowings	1,248	1,230
Other current liabilities	3,813	3,524
<b>Liabilities of region Eurasia associated with assets classified as held for sale</b>	<b>11,567</b>	<b>11,598</b>
<b>Net assets of region Eurasia classified as held for sale<sup>2</sup></b>	<b>24,331</b>	<b>24,214</b>

2) Represents 100 percent of external assets and liabilities, i.e. non-controlling interests' share of net assets are included.

## NOTE 5. SEGMENT INFORMATION

SEK in millions	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
<b>Net sales</b>			
Region Sweden	8,835	9,050	37,336
of which external	8,755	8,978	37,051
Region Europe	10,430	10,311	43,658
of which external	10,339	10,208	43,238
Other operations	1,696	1,780	7,753
<b>Total segments</b>	<b>20,961</b>	<b>21,141</b>	<b>88,747</b>
Eliminations	-567	-552	-2,249
<b>Group</b>	<b>20,394</b>	<b>20,589</b>	<b>86,498</b>
<b>EBITDA excl. non-recurring items</b>			
Region Sweden	3,589	3,267	14,267
Region Europe	2,530	2,272	10,584
Other operations	99	92	430
<b>Total segments</b>	<b>6,217</b>	<b>5,632</b>	<b>25,281</b>
Eliminations	0	0	0
<b>Group</b>	<b>6,217</b>	<b>5,632</b>	<b>25,281</b>
Operating income			
Region Sweden	2,513	2,095	9,284
Region Europe	1,004	781	2,375
Other operations	567	348	2,948
<b>Total segments</b>	<b>4,084</b>	<b>3,224</b>	<b>14,606</b>
Eliminations	-0	0	0
<b>Group</b>	<b>4,084</b>	<b>3,224</b>	<b>14,606</b>
Finance income and finance costs, net	-564	-791	-2,917
<b>Income after financial items</b>	<b>3,520</b>	<b>2,433</b>	<b>11,689</b>

SEK in millions	Region Sweden	Region Europe	Other operations	Total segments	Unallocated	Discontinued operations	Total assets/liabilities, group
<b>Segment assets</b>							
March 31, 2016	42,247	96,267	33,892	172,406	43,065	35,898	251,369
December 31, 2015	42,516	96,018	33,633	172,166	46,039	35,812	254,017
<b>Segment liabilities</b>							
March 31, 2016	10,423	10,918	5,592	26,933	108,820	11,567	147,320
December 31, 2015	11,123	11,626	5,663	28,413	111,805	11,598	151,816

## NOTE 6. INVESTMENTS

SEK in millions	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
<b>CAPEX</b>	<b>3,197</b>	<b>2,559</b>	<b>14,595</b>
Intangible assets	613	276	2,251
Property, plant and equipment	2,584	2,282	12,344
<b>Acquisitions and other investments</b>	<b>119</b>	<b>4,722</b>	<b>5,818</b>
Asset retirement obligations	83	80	275
Goodwill and fair value adjustments	26	4,642	4,497
Equity holdings	11	–	1,045
<b>Total continuing operations</b>	<b>3,317</b>	<b>7,281</b>	<b>20,413</b>
<b>Total discontinued operations</b>	<b>886</b>	<b>1,565</b>	<b>4,215</b>
of which CAPEX	875	1,565	4,195
<b>Total investments</b>	<b>4,203</b>	<b>8,845</b>	<b>24,628</b>
of which CAPEX	4,073	4,123	18,790

## NOTE 7. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings <sup>1)</sup> SEK in millions	Mar 31, 2016		Dec 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
<b>Long-term borrowings</b>				
Open-market financing program borrowings in fair value hedge relationships	26,839	30,696	37,672	41,021
Interest rate swaps	157	157	627	627
Cross currency interest-rate swaps	2,106	2,106	1,694	1,694
<b>Subtotal</b>	<b>29,102</b>	<b>32,959</b>	<b>39,993</b>	<b>43,342</b>
Open-market financing program borrowings	52,451	60,210	47,908	53,577
Other borrowings at amortized cost	4,268	4,268	3,699	3,699
<b>Subtotal</b>	<b>85,821</b>	<b>97,437</b>	<b>91,600</b>	<b>100,618</b>
Finance lease agreements	41	41	46	46
<b>Total long-term borrowings</b>	<b>85,862</b>	<b>97,478</b>	<b>91,646</b>	<b>100,664</b>
<b>Short term borrowings</b>				
Open-market financing program borrowings in fair value hedge relationships	7,067	7,387	–	–
Interest-rate swaps	38	38	51	51
Cross currency interest-rate swaps	14	14	21	21
<b>Subtotal</b>	<b>7,120</b>	<b>7,440</b>	<b>72</b>	<b>72</b>
Utilized bank overdraft and short-term credit facilities at amortized cost	8	8	9	9
Open-market financing program borrowings	3,127	3,135	5,627	5,648
Other borrowings at amortized cost	1,184	1,184	3,623	3,623
<b>Subtotal</b>	<b>11,440</b>	<b>11,767</b>	<b>9,330</b>	<b>9,351</b>
Finance lease agreements	6	6	7	7
<b>Total short-term borrowings</b>	<b>11,445</b>	<b>11,773</b>	<b>9,337</b>	<b>9,358</b>

1) For financial assets, fair values equal carrying values. For information on fair value estimation, see the Annual and Sustainability Report 2015, Note C3 to the consolidated financial statements.

Financial assets and liabilities by fair value hierarchy level <sup>1)</sup> SEK in millions	Mar 31, 2016				Dec 31, 2015			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>								
Equity instruments available-for-sale	1,069	–	–	1,069	1,053	–	–	1,053
Equity instruments held-for-trading	31	–	–	31	35	–	–	35
Long- and short-term bonds available-for-sale	13,669	13,669	–	–	15,739	15,739	–	–
Derivatives designated as hedging instruments	2,614	–	2,614	–	2,824	–	2,824	–
Derivatives held-for-trading	1,742	–	1,677	65	3,137	–	3,072	65
<b>Total financial assets at fair value by level</b>	<b>19,125</b>	<b>13,669</b>	<b>4,291</b>	<b>1,165</b>	<b>22,789</b>	<b>15,739</b>	<b>5,896</b>	<b>1,153</b>
<b>Financial liabilities at fair value</b>								
Derivatives designated as hedging instruments	2,119	–	2,119	–	2,165	–	2,165	–
Derivatives held-for-trading	354	–	354	–	329	–	329	–
<b>Total financial liabilities at fair value by level</b>	<b>2,473</b>	<b>–</b>	<b>2,473</b>	<b>–</b>	<b>2,494</b>	<b>–</b>	<b>2,494</b>	<b>–</b>

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2015, 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 has been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of Telia Company, would have a material impact on the fair value, the carrying value is adjusted to reflect the changes.

In addition, the assessment of the fair value of material unlisted equity instruments is verified by applying other valuation models in the form of valuation multiples from listed comparable companies (peers) on relevant financial and operational metrics, such as revenue, gross profit and other relevant KPIs for the specific company. Comparable listed companies are determined based on

industry, size, development stage, geographic area and strategy. The multiple is calculated by dividing the enterprise value of the comparable company by the relevant metric. The multiple is then adjusted for discounts/premiums with regards to differences, advantages and disadvantages between Telia Company's investment and the comparable public companies based on company specific facts and circumstances.

Although Telia Company uses its best judgment, and cross-references results of the primary valuation model against other models in estimating the fair value of unlisted equity instruments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount that Telia Company could realize in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value could be material.

Unlisted equity instruments for which the fair value cannot be reliably measured are measured at cost less any impairment.

The table below presents the movement in level 3 instruments for the three-month period ended March 31, 2016.

SEK in millions	Jan-Mar 2016				
	Equity instruments available-for-sale	Equity instruments held-for-trading	Long- and short-term bonds available-for-sale	Derivatives held-for-trading	Total
Level 3, opening balance	1,053	35	–	65	1,153
Changes in fair value	5	-4	–	–	1
<i>of which recognized in net income</i>	5	-4	–	–	1
<i>of which recognized in other comprehensive income</i>	–	–	–	–	–
Purchases/capital contributions	10	1	–	–	11
Transfer into/out of level 3	–	–	–	–	–
Exchange rate differences	–	0	–	0	0
<b>Level 3, closing balance</b>	<b>1,069</b>	<b>31</b>	<b>–</b>	<b>65</b>	<b>1,165</b>

  

SEK in millions	Jan-Dec 2015				
	Equity instruments available-for-sale	Equity instruments held-for-trading	Long- and short-term bonds available-for-sale	Derivatives held-for-trading	Total
Level 3, opening balance	275	61	0	55	391
Changes in fair value	10	-26	0	10	-6
<i>of which recognized in net income</i>	-15	-26	0	10	-31
<i>of which recognized in other comprehensive income</i>	25	–	–	–	25
Purchases/capital contributions	994	4	–	–	998
Transfer into/out of level 3	–	–	–	–	–
Exchange rate differences	16	-5	0	0	11
Reclassified to assets classified as held for sale	-242	–	–	-1	-243
<b>Level 3, closing balance</b>	<b>1,053</b>	<b>35</b>	<b>–</b>	<b>65</b>	<b>1,153</b>

The purchases in 2015 were mainly related to the acquisition of a 1.4 percent stake in Spotify for USD 115 million, corresponding to SEK 976 million at the transaction date on June 9, 2015.

## NOTE 8. TREASURY SHARES

On April 28, 2015, Telia Company acquired 270,783 own shares to an average price of SEK 51.7908 to cover commitments under the “Long Term Incentive Program 2012/2015”. During the second quarter of 2015, Telia Company distributed 266,195 shares to the incentive program participants. As of March 31, 2016, 4,588 Telia Company AB shares were held by the company itself and the total numbers of registered and outstanding shares were 4,330,084,781 and 4,330,080,193, respectively. The total number of registered and outstanding shares as of December 31, 2015, was 4,330,084,781 and 4,330,080,193, respectively.

## NOTE 9. RELATED PARTY TRANSACTIONS

In the three-month period ended March 31, 2016, Telia Company purchased goods and services for SEK 18 million (27), and sold goods and services for SEK 12 million (33). Related parties in these transactions were mainly MegaFon, Turkcell and Lattelecom.

## NOTE 10. NET DEBT, CONTINUING AND DISCONTINUED OPERATIONS

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

SEK in millions	Mar 31, 2016	Dec 31, 2015
Long-term and short-term borrowings	98,738	102,451
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-4,171	-5,580
Less long-term bonds available for sale	-9,001	-8,841
Less short-term investments, cash and bank	-31,009	-32,313
<b>Net debt, continuing and discontinued operations</b>	<b>54,557</b>	<b>55,717</b>

## NOTE 11. LOAN FINANCING AND CREDIT RATING

The underlying operating cash flow continued to be positive also in the first quarter of 2016.

The rating from Standard & Poor's remained unchanged with a credit rating on Telia Company AB of A- for long-term borrowings and A-2 for short-term borrowings with a stable outlook. However, at the beginning of February Moody's placed Telia Company's long-term rating, A3, on review for downgrade. Concurrently, Moody's affirmed Telia Company's short-term rating, P-2.

The first quarter started with very light new issuance activity and muted interest from investors to engage in new investments in corporate credits. During March the market sentiment turned around on the back of the ECB announcement to buy corporate credits. The quarter ended with a positive sentiment for credits with large supply and strong demand.

Telia Company has not made any major funding during the first quarter and continues to have limited funding needs for 2016. The strategy for 2016 remains intact, to be opportunistic and take advantage of attractive funding opportunities when they appear with a focus on continue to diversify the investor base.

## NOTE 12. GUARANTEES AND COLLATERAL PLEDGED

As of March 31, 2016, the maximum potential future payments that Telia Company (continuing operations) could

be required to make under issued financial guarantees totaled SEK 303 million (298 at the end of 2015), of which SEK 287 million (283 at the end of 2015) referred to guarantees for pension obligations. Collateral pledged (continuing and discontinued operations) totaled SEK 273 million (353 at the end of 2015). For information regarding ongoing investigations of Eurasian transactions see Review of Eurasian transactions in section Risk and uncertainties.

## NOTE 13. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of March 31, 2016, contractual obligations (continuing operations) totaled SEK 3,170 million (2,506 at the end of 2015), of which SEK 2,001 million (1,802 at the end of 2015) referred to contracted build-out of Telia Company's fixed networks in Sweden.

## NOTE 14. BUSINESS COMBINATIONS

### Minor business combinations

On March 1, 2016, Telia Company acquired all shares in the Swedish company Telecom3 Fibernät i Sverige AB. The cost and net cash outflow of the combination was SEK 26 million, all attributable to goodwill.

## NOTE 15. FINANCIAL KEY RATIOS, CONTINUING AND DISCONTINUED OPERATIONS

The key ratios presented below are based on the total Telia Company group including both continuing and discontinued operations.

	Mar 31, 2016	Dec 31, 2015
Return on equity (%, rolling 12 months)	8.2	9.3
Return on capital employed (%, rolling 12 months)	9.0	8.9
Equity/assets ratio (%)	40.5	35.1
Net debt/equity ratio (%)	53.5	62.5
Net debt/EBITDA rate excl. non-recurring items (multiple, rolling 12 months)	1.53	1.53
Net debt/assets ratio	21.7	21.9
Owners' equity per share (SEK)	23.02	22.60

## PARENT COMPANY

Condensed income statements SEK in millions	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Net sales	1	0	4
<b>Gross income</b>	<b>1</b>	<b>0</b>	<b>4</b>
Operating expenses	-223	-263	-1,265
<b>Operating income</b>	<b>-222</b>	<b>-263</b>	<b>-1,261</b>
Financial income and expenses	-1,472	704	7,765
<b>Income after financial items</b>	<b>-1,694</b>	<b>441</b>	<b>6,503</b>
Appropriations	2,890	1,055	6,376
<b>Income before taxes</b>	<b>1,196</b>	<b>1,497</b>	<b>12,879</b>
Income taxes	-239	-338	-1,194
<b>Net income</b>	<b>957</b>	<b>1,159</b>	<b>11,685</b>

Financial income and expenses for the three-month period decreased mainly due to changes in foreign exchange rates affecting loans designated as hedges of net investments in foreign operations.

Condensed balance sheets SEK in millions	Mar 31, 2016	Dec 31, 2015
Non-current assets	164,777	162,700
Current assets	48,178	60,513
<b>Total assets</b>	<b>212,955</b>	<b>223,213</b>
Equity and liabilities		
Restricted shareholders' equity	15,712	15,712
Non-restricted shareholders' equity	68,254	67,189
<b>Total shareholders' equity</b>	<b>83,966</b>	<b>82,901</b>
Untaxed reserves	11,686	12,666
Provisions	535	504
Long-term liabilities	81,733	88,094
Short-term liabilities	35,035	39,048
<b>Total equity and liabilities</b>	<b>212,955</b>	<b>223,213</b>

Financial investments in the three-month period ended March 31, 2016, were SEK 34 million (2,136). The investments in 2015 were mainly related to the acquisition of Tele2's Norwegian mobile operations.

## RISKS AND UNCERTAINTIES

Telia Company operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. As a result, Telia Company is subject to a variety of risks and uncertainties. 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. Risk management is an integrated part of Telia Company's business planning process and monitoring of business performance.

See section Risk and uncertainties and Note C26 to the consolidated financial statements in the Annual and Sustainability Report 2015 for a detailed description of some of the factors that may affect Telia Company's business, brand perception, financial position, results of operations or the share price from time to time. Risks and uncertainties that could specifically impact the quarterly results of operations during 2016 include, but may not be limited to:

### Global financial markets unrest

Changes in the global financial markets are difficult to predict. Telia Company strives to have a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a severe or long-term financial crisis by itself or by triggering a downturn in the economy of one or more countries in which Telia Company operates would have an impact on the customers and may negatively affect growth and results of operations through reduced telecom spending. The maturity schedule of Telia Company's loan portfolio is aimed to be evenly distributed over several years, and refinancing is expected to be made by using uncommitted open-market debt financing programs and bank loans, alongside the company's free cash flow. In addition, Telia Company has committed lines of credit with banks that are deemed to be sufficient and may be utilized if the open-market refinancing conditions are poor. However, Telia Company's cost of funding might be higher, should there be unfavorable changes in the global financial markets.

### International, political and macroeconomic developments

Telia Company has material investments in the Russian Federation related to its associated company PAO MegaFon and the international carrier operations. Following the conflict between the Russian Federation and Ukraine, the European Union and the United States have implemented sanctions directed towards individuals and corporates. The Russian Federation has as a

consequence decided on certain counter actions. The sanctions and counter actions may negatively affect the Russian ruble and the Russian economy, which in turn may impact countries whose economies are closely linked to the Russian economy, such as a number of Telia Company's Eurasian operations. These developments, as well as other international political conflicts or developments affecting countries in which Telia Company is operating, may adversely impact Telia Company's cash flows, financial position and results of operations.

### Competition and price pressure

Telia Company is subject to substantial and historically increasing competition and price pressure. Competition from a variety of sources, including current market participants, new entrants and new products and services, may adversely affect Telia Company's results of operations. Transition to new business models in the telecom industry may lead to structural changes and different competitive dynamics. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, may affect Telia Company's customer relationships, service offerings and position in the value chain, and adversely impact its results of operations.

### Regulation

Telia Company operates in a highly regulated industry. The regulations to which Telia Company is subject impose significant limits on its flexibility to manage its business. Changes in regulation or government policy affecting Telia Company's business activities, as well as decisions by regulatory authorities or courts, including granting, amending or revoking of telecom licenses and frequency permits for Telia Company or other parties, could adversely affect Telia Company's business and results of operations.

### Emerging markets

Telia Company has made significant investments in telecom operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal, Russia, Turkey and Afghanistan. Historically, the political, economic, legal and regulatory systems in these countries have been less predictable than in countries with more mature institutional structures. The future political situation in each of the emerging market countries may remain or become increasingly unpredictable, and markets in which Telia Company operates may become unstable, even to the extent that Telia Company decides or will be forced to exit a country or a specific operation within a country. Another implication may be unexpected or unpredictable litigation cases under civil or tax legislation. Other risks associated with operating in emerging market countries include foreign exchange restrictions or administrative issues, which could effectively prevent Telia Company from repatriating cash, e.g. by receiving dividends and

repayment of loans, or from selling its investments. Still another risk is the potential establishment of foreign ownership restrictions or other possible actions against entities with foreign ownership, formally or informally. Such negative political or legal developments or weakening of the economies or currencies in these markets might have a significantly negative effect on Telia Company's results of operations and financial position. In September 2015, Telia Company announced its decision to reduce the presence in region Eurasia (Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal) and over time fully leave. Sales processes are ongoing and the divestment of Ncell in Nepal was completed on April 11, 2016. The nature of these markets, including potential government intervention and other factors mentioned above, combined with the fact that the assets are not fully-owned and there are undertakings and obligations in various shareholder agreements, reputational issues regarding the assets and fewer potential buyers than in more mature markets, makes the complexity of these sales processes high with significant uncertainties regarding both expected outcome and timing.

### Impairment losses and restructuring charges

Factors generally affecting the telecom markets as well as changes in the economic, regulatory, business or political environment impact Telia Company financially. Management also constantly reviews and refines the business plans, and may make exit decisions or take other actions in order to effectively execute on Telia Company's strategy. Should such circumstances negatively change management's expectation of future cash flows attributable to certain assets, Telia Company will be required to recognize asset impairment losses, including but not limited to goodwill and fair value adjustments recorded in connection with historical or future acquisitions. Further, Telia Company has undertaken a number of restructuring and streamlining initiatives, which have resulted in substantial restructuring and streamlining charges. Similar initiatives may be undertaken in the future. In addition to affecting Telia Company's financial position and results of operations, impairment losses and restructuring charges may adversely affect Telia Company's ability to pay dividends.

### Investments in business transformation and future growth

Telia Company is currently investing in business transformation and future growth through, for example, initiatives to increase competitiveness and reduce cost as well as to improve capacity and access by accelerating the fiber roll-out in Sweden, new B2B offerings, as well as upgrading data networks in Eurasia. Telia Company is also constantly investing in sales and marketing efforts to retain and acquire customers in its markets. Telia Company believes that these investments and initiatives will improve market position and financial strength. Should Telia Company fail to reach the targets set for its

business transformation and customer attraction activities, the results of operations will be negatively impacted.

### Shareholder matters in partly-owned subsidiaries

Telia Company conducts some of its activities, particularly outside of the Nordic region, through subsidiaries in which Telia Company does not have a 100 percent ownership. Under the governing documents for certain of these entities, the holders of non-controlling interests have protective rights in matters such as approval of dividends, changes in the ownership structure and other shareholder-related matters. One example where Telia Company is dependent on a minority owner is Fintur Holdings B.V. (Fintur's minority shareholder is Turkcell) which owns the operations in Kazakhstan, Azerbaijan, Georgia and Moldova. As a result, actions outside Telia Company's control and adverse to its interests may affect Telia Company's position to act as planned in these partly owned subsidiaries.

### Supply chain

Telia Company is reliant upon a limited number of suppliers to manufacture and supply network equipment and related software as well as terminals, to allow Telia Company to develop its networks and to offer its services on a commercial basis. Telia Company cannot be certain that it will be able to obtain network equipment or terminals from alternative suppliers on a timely basis if the existing suppliers are unable to satisfy Telia Company's requirements. In addition, like its competitors, Telia Company currently outsources many of its key support services, including network construction and maintenance in most of its operations. The limited number of suppliers of these services, and the terms of Telia Company's arrangements with current and future suppliers, may adversely affect Telia Company, including by restricting its operational flexibility. In connection with signing supplier contracts for delivery of terminals, Telia Company may also grant the supplier a guarantee to sell a certain number of each terminal model to its customers. Should the customer demand for a terminal model under such a guarantee turn out to be smaller than anticipated, Telia Company's results of operations may be adversely affected.

### Non-recurring items

In accordance with their nature, non-recurring items such as capital gains and losses, restructuring costs, impairment charges, etc., may impact the quarterly results in the short term with amounts or timing that deviate from those currently expected. Depending on external factors or internal developments, Telia Company might also experience non-recurring items that are not currently anticipated.

### Associated companies and joint operations

Telia Company conducts some of its activities, particularly outside of the Nordic region, through associated

companies, the major ones being MegaFon and Turkcell, which Telia Company does not control and which operate in growth markets but also in more volatile political, economic and legal environments. In turn, these associated companies own stakes in numerous other companies. Telia Company does not have a controlling interest in its associated companies and as a result has limited influence over the conduct of all these businesses. Under the governing documents for certain of these entities, Telia Company's partners have control over or share control of key matters such as the approval of business plans and budgets, and decisions as to the timing and amount of cash distributions. The risk of actions outside Telia Company's or its associated companies' control and adverse to Telia Company's interests, or disagreement or deadlock, is inherent in associated companies and jointly controlled entities. One example of this is the ongoing corporate governance issues on shareholder level in Turkcell. Telia Company might not be able to ensure that the associated companies apply the same responsible business principles, increasing the risk for wrongdoings and reputational and financial losses. Variations in the financial performance of these associated companies have an impact on Telia Company's results of operations also in the short term.

### **Sustainability**

Telia Company is subject to a number of ethics and sustainability related risks, including but not limited to, human rights, customer privacy, corruption, network integrity, data security, labor practices and environment. Especially, the risk is high in emerging markets where historically, the political, economic, legal and regulatory systems have been less predictable than in countries with more mature institutional structures. Failure or perception of failure to adhere to Telia Company's ethics and sustainability requirements may damage customer or other stakeholders' perception of Telia Company and negatively impact Telia Company's business operations and its brand, even to the extent that Telia Company decides to exit one or a number of markets. Further, after making such a decision, the disposal process as such may pose risks to corruption and unethical business behavior.

### **Review of Eurasian transactions**

In late 2012, the then Board of Directors appointed the Swedish law firm Mannheimer Swartling (MSA) to investigate allegations of corruption related to Telia Company's investments in Uzbekistan. MSA's report was made public on February 1, 2013. In April 2013, the Board of Directors assigned the international law firm Norton Rose Fulbright (NRF) to review transactions and agreements made in Eurasia by Telia Company in the past years with the intention to give the Board a clear picture of the transactions and a risk assessment from a business ethics perspective. For advice on implications under Swedish legislation, the Board assigned two Swedish law firms. In consultation with the law firms, Telia Company has promptly taken steps, and will continue to take steps, in its business operations as well as in its

governance structure and with its personnel which reflect concerns arising from the review. The Swedish Prosecution Authority's investigation with respect to Uzbekistan is ongoing and Telia Company continues to cooperate with and provide assistance to the Prosecutor. If continued assessments and investigations would lead to new observations and findings, it cannot be excluded that the consequences of such findings would be that the results of operations and financial position in Telia Company's operations in the Eurasian jurisdictions are adversely impacted. Another risk is presented by the Swedish Prosecution Authority's notification in the beginning of 2013 within the investigation of Telia Company's transactions in Uzbekistan, that the Authority is separately investigating the possibility of seeking a corporate fine against Telia Company, which under the Swedish Criminal Act can be levied up to a maximum amount of SEK 10 million, and forfeiture of any proceeds to Telia Company resulting from the alleged crimes. The Swedish Prosecution Authority may take similar actions with respect to transactions made or agreements entered into by Telia Company relating to operations in its other Eurasian markets. Further, actions taken, or to be taken, by the police, prosecution or regulatory authorities in other jurisdictions against Telia Company's operations or transactions, or against third parties, whether they be Swedish or non-Swedish individuals or legal entities, might directly or indirectly harm Telia Company's business, results of operations, financial position, cash flows or brand reputation. As examples, investigations concerning bribery and money laundering in connection with the transactions in Uzbekistan are conducted by the Dutch prosecutor and police authorities, and by the U.S. Department of Justice and the U.S. Securities and Exchange Commission. As requested by the Dutch authorities, Telia Company has provided a bank guarantee of EUR 10 million as collateral for any financial claims which may be decided against one of its Dutch subsidiaries. Telia Company is cooperating fully with the Dutch and U.S. authorities. The investigations were initiated in March 2014 and are still ongoing. At this point in time, it is not possible to assess how or when the investigations will be resolved. Telia Company has not received any formal or indicative claims or requests for penalties or other monetary sanctions from the authorities, but there is a risk that the investigations will result in some form of sanctions, monetary and/or otherwise. The outcome of the investigations may have a material adverse effect on Telia Company's financials. Telia Company has received requests to make public the reviews made by NRF and other law firms. However, despite risking criticism, it is not possible to publish the reviews with respect to people, companies, business agreements, privacy and thus the risk of Telia Company incurring lawsuits as the law firms' views are not necessarily shared by those implicated. As already stated, Telia Company continuously hand over information to law enforcement agencies, who are better equipped to assess whether any criminal acts have occurred.

Stockholm, April 20, 2016

**Johan Dennelind**  
President and 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 light of new information or future events.

## TELIA COMPANY IN BRIEF

Telia Company provides communication services helping millions of people to be connected and communicate, do business and be entertained. By doing that we fulfill our purpose to bring the world closer - on the customer's terms.

For more information about Telia Company, see  
[www.teliacompany.com](http://www.teliacompany.com)

## DEFINITIONS

**Billed revenues:** Voice, messaging, data and content.

**CAPEX:** An abbreviation of "Capital Expenditure." Investments in intangible and tangible non-current assets but excluding goodwill, fair-value adjustments and asset retirement obligations.

**EBITDA:** Earnings before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

**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 short term investments, long-term bonds available for sale and cash/cash equivalents.

**Net debt/assets ratio:** Net debt expressed as a percentage of total assets.

**Non-recurring 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.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the corresponding period last year, unless otherwise stated.

## FINANCIAL CALENDAR

**Interim Report January–June 2016**  
July 20, 2016

**Interim Report January–September 2016**  
October 21, 2016

**Year-end Report 2016**  
January 27, 2017

## QUESTIONS REGARDING THE REPORTS

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