

## **Press Release**

**October 3, 2017**

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Please see the important notice at the end of this announcement.

## **Result of placing of ordinary shares in MegaFon**

**Further to the announcement released on 2 October 2017 regarding a proposed placing of shares sale in MegaFon to institutional investors by way of an accelerated bookbuilding offering (the "Placing"), Telia Company now reports the result of this placing.**

Through the placing, Sonera Holding B.V., a wholly owned subsidiary of Telia Company, has agreed to sell an aggregate of 38.5 million ordinary shares in MegaFon at a price of RUB 585 per ordinary share, raising gross proceeds of RUB 22,522 million (equivalent to approximately SEK 3.2 billion) with pro forma positive effect on net debt to EBITDA by approximately 0.1x.

"Telia Company is one of the founders of MegaFon and we have since the inception actively contributed to its success of becoming a mobile and digital leader in Russia. As we are now focusing on the Nordic and Baltic regions within the framework of our New Generation Telco strategy, it is natural that we reduce our exposure to MegaFon. Even after the sale, Telia Company will remain the second largest shareholder in the company and we will continue our constructive co-operation with the main owner USM Group to create value for all shareholders," says Johan Dannelind, Telia Company's President and CEO.

Following the completion of the Placing, Telia Company owns approximately 19.0 percent of the issued share capital of MegaFon. As a consequence of the transaction, MegaFon will be re-classified from an Associated Company to a Financial Investment from the fourth quarter, 2017. The transaction has no impact on Telia Company's guidance for full year 2017.

In connection with the placing, Telia has agreed not to sell any ordinary shares in MegaFon which are not sold in the Placing for a period of 90 days after completion of the placing (subject to waiver by the Joint Bookrunners and certain customary exceptions).

The proceeds of the Placing are payable in cash on customary settlement terms.

BofA Merrill Lynch, Citi and Morgan Stanley acted as Joint Bookrunners for the Placing.

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 3, 2017.

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

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We're Telia Company, the New Generation Telco. Our 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 <http://www.teliacompany.com/>.



### **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.

### **IMPORTANT NOTICE**

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The shares in MegaFon have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

In member states of the European Economic Area ("EEA") (each, a "Relevant Member State"), this announcement and any offer if made subsequently is directed only at persons who are "qualified investors" within the meaning of the Prospectus Directive ("Qualified Investors"). For these purposes, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU. In the United Kingdom, this announcement is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"), and any investment activity to which it relates will only be engaged in with such relevant persons and it should not be relied on by anyone other than such persons. Persons in the United Kingdom who are not relevant persons and persons in other Relevant Member States who are not Qualified Investors should not take any action on the basis of this announcement and should not act or rely on it. In the Netherlands, this announcement and any offer if made subsequently is directed exclusively at qualified investors (gekwalificeerde beleggers) within the meaning of the Dutch Act on Financial Supervision (Wet op het financieel toezicht).

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Merrill Lynch International (“BofA Merrill Lynch”), Citigroup Global Markets Limited (“Citi”) and Morgan Stanley & Co. International plc (“Morgan Stanley” and together with BofA Merrill Lynch and Citi, the “Joint Bookrunners”), each of which is authorised by the Prudential Regulation Commission and regulated by the Financial Conduct Authority and the Prudential Regulation Commission in the United Kingdom, are acting exclusively for Telia Company and no-one else in connection with the Placing. They will not regard any other person as their respective clients in relation to the Placing and will not be responsible to anyone other than Telia Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Placing, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

No prospectus or offering document has been or will be prepared in connection with the Placing. Any investment decision in connection with the Placing must be made on the basis of publicly available information. Such information has not been independently verified. The information contained in this announcement is for background purposes only and does not purport to be full or complete.

Each of the Joint Bookrunners and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

In connection with the Placing, the Joint Bookrunners and any of their respective affiliates may take up a portion of the shares referred to herein as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such shares and other securities of MegaFon or related investments in connection with the Placing or otherwise. In addition, the Joint Bookrunners and any of their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Joint Bookrunners and any of their affiliates may from time to time acquire, hold or dispose of shares. Accordingly, references to the shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Joint Bookrunners and any of their affiliates acting in such capacity. None of the Joint Bookrunners intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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