

**TELIA COMPANY
INTERIM REPORT
JANUARY-MARCH 2019**



STABLE CASH FLOW

First quarter summary

- The new lease accounting principles, IFRS 16, have had significant effects on the financial statements for 2019. Comparative information for 2018 has not been restated. See below and Note 1.
- Net sales like for like regarding exchange rates, acquisitions and disposals, decreased 3.0 percent. In reported currency, net sales rose 5.0 percent to SEK 20,847 million (19,852). Service revenues like for like regarding exchange rates, acquisitions and disposals, decreased 2.6 percent.
- Adjusted EBITDA rose 15.0 percent in reported currency to SEK 7,468 million (6,495). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 5.8 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 4 percent. The adjusted EBITDA margin increased to 35.8 percent (32.7). The target of reducing operational expenses on group-level in 2019 by 2 percent is reiterated. In the first quarter these costs increased 1 percent.
- Adjusted operating income fell 2.8 percent to SEK 3,486 million (3,588).
- Total net income rose to SEK 1,799 million (-600). Total net income attributable to owners of the parent rose to SEK 1,793 million (-710).
- Free cash flow from continuing and discontinued operations fell to SEK 2,057 million (4,383). Operational free cash flow from continuing operations rose to SEK 4,409 million (4,256). Total cash flow amounted to SEK 1,936 million (9,012).
- Outlook 2019 is reiterated.

Highlights (2019 affected by IFRS 16 Leases)

SEK in millions, except key ratios, per share data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	20,847	19,852	5.0	83,559
Change (%) like for like ¹	-3.0			
of which service revenues (external) ⁴	17,848	16,795	6.3	69,553
change (%) like for like ¹	-2.6			
Adjusted ² EBITDA ¹	7,468	6,495	15.0	26,649
Change (%) like for like ¹	5.8			
Margin (%)	35.8	32.7		31.9
Adjusted ² operating income ¹	3,486	3,588	-2.8	14,146
Operating income	3,227	3,398	-5.0	13,238
Income after financial items	2,511	2,940	-14.6	10,986
Net income from continuing operations	2,041	2,346	-13.0	9,489
Net income from discontinued operations ³	-242	-2,946		-6,399
Total net income	1,799	-600		3,090
of which attributable to owners of the parent	1,793	-710		3,179
EPS total (SEK)	0.43	-0.16		0.74
EPS from continuing operations (SEK)	0.47	0.53	-11.1	2.17
Free cash flow ¹	2,057	4,383	-53.1	11,902
of which operational free cash flow ¹	4,409	4,256	3.6	10,816
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing opera- tions ¹	3,110	2,785	11.7	14,984

1) See Note 16 and/or page 42. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 4. 4) First quarter 2018 is restated for comparability, see Note 1.

Summary of IFRS 16 effects 2019

- **Balance sheet:** All leases are recognized as financial liabilities and right-of-use assets within non-current assets.
- **Income statement:** All lease expenses are recognized as depreciation and interest expenses (outside EBITDA).
- **Cash flow:** Lease payments are split between interest payments (operating activities) and payment of lease liabilities (financing activities).
- **2018 figures** are not restated for IFRS 16 - operating leases are recognized as operating expenses (within EBITDA) and cash flow from operating activities.

COMMENTS BY JOHAN DENNELIND, PRESIDENT & CEO

“Dear shareholders and Telia followers, as we said already in connection to the fourth quarter report 2018 and at our Capital Markets Day in March, we expected a soft start to 2019. This is also shown in the first quarter performance, but we see no reason to change our view that a slower earnings trend in the first half of 2019 will be followed by a stronger second half. The improving trends through the year is expected to be supported by effects from price increases implemented as of April 1, 2019, impact from already signed contract wins, cost reduction measures and gradual increased execution of synergies both in Norway from the Get acquisition and from the new operating model.

Our prime focus continues to be to increase the operational free cash flow and I am pleased to see a SEK 0.2 billion growth from the first quarter of 2018. This is driven by EBITDA and working capital. Service revenues on group level, like for like, declined 3 percent, with mobile service revenues declining 2 percent. Like for like, adjusted EBITDA declined 4 percent (excluding IFRS 16 impact), which is slightly better than we saw, based on January and February trading. The operational expenses grew 1 percent, but we reiterate that these costs will be reduced by 2 percent on a net basis for 2019.

The Swedish operation saw, as expected, a continuous decline in the legacy business. Previous quarters the legacy decline has been mitigated by growth in core services. This mitigation was lower this quarter, especially due to weaker mobile service revenues. The target to reduce the Swedish operational expenses by 3 percent in 2019 is reiterated. The cost level was flat in the first quarter. All in all, EBITDA declined 6 percent like for like (excluding IFRS 16 impact).

In Norway we have seen a declining mobile customer base for some time now, which is the main reason for the mobile service revenue decline. Get is now fully integrated, the TDC brand is closed and customers were moved to Telia. In connection to the Capital Markets Day in Stockholm on March 26, 2019, we announced an increase in the full run-rate of cash flow synergies from NOK 700 million to NOK 800 million. As planned, the synergy realization was limited in the first quarter of 2019 but will accelerate coming quarters.

The Finnish mobile service revenue growth is lower than previous quarters, to a large extent driven by interconnect rate cuts. We have seen a strong order intake in the end of 2018 and beginning of 2019 which will have a positive effect on service revenue growth later in 2019.



Speaking of contract wins we have during the quarter taken yet another narrowband IoT deal, this time including 900,000 units with an electricity distribution customer. This is a proof point that we are highly competitive in the IoT market which we see as an important revenue driver in years to come.

In the quarter Sweden was enrolled into the new operating model which will increase focus on commercial execution, improved scale benefits with intended cost reductions. It is encouraging that we already in the first quarter have been able to reduce the external costs within Common Product and Services, which leads the efficiency streams across our markets stemming from the new operating model. In addition, Norway and Finland will be included in the new operating model later in 2019, which will further add efficiency gains.

We believe that it will be a prerequisite from both customers, employees and a stakeholder perspective that we have an ambitious environmental agenda. As such by year 2030, Telia Company targets to have zero waste, zero emissions throughout our value chain and a full employee engagement. It is a big bet and a bold move, but not only do we see that we can make an impact on the climate, we also see business opportunities.

You can find more details on this as well as our overall integrated sustainability efforts in our annual and sustainability report.

The Annual general meeting held on April 10, 2019, approved the proposal from the board of a SEK 2.36 dividend per share (of which the first part was distributed in April) and gave a mandate for additional share buy-backs. We have initiated the 2019 program aiming to buy back shares for SEK 5 billion until February 28, 2020. This implicitly leaves the total shareholder remuneration to SEK 3.55 per share.

The outlook of an operational free cash flow of SEK 12.0 to 12.5 billion in 2019 is reiterated. Albeit a slow start on service revenues and EBITDA we are convinced that the measures and steps we have taken to turn the trends will materialize in order to continue to create shareholder value.”

Johan Dannelind
President & CEO

Outlook for 2019 (reiterated)

Operational free cash flow is expected to grow to between SEK 12.0 and 12.5 billion from the 2018 level (SEK 10.8 billion). From 2019 we have changed our operational free cash flow definition and include payments of lease liabilities, implying that the new accounting standard for leases, IFRS 16, will not have any material impact on this cash flow measure.

Credit rating target

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

Dividend policy

To have an unchanged dividend base after the implementation of IFRS 16, the dividend policy is from 2019 updated to: Telia Company intends to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes.

Previously: Telia Company intends to distribute a minimum of 80 percent of free cash flow from continuing operations, excluding licenses and spectrum fees.

The dividend should be split and distributed in two equal tranches.

Ordinary dividend to shareholders

For 2018, the Annual General Meeting (AGM) decided upon an ordinary dividend of SEK 2.36 per share (2.30), totaling SEK 9.9 billion (9.9), or 85 percent of free cash flow attributable to continuing operations excluding licenses and spectrum fees (81). The dividend will be split and distributed into two equal tranches of SEK 1.18 each.

First distribution

The Annual General Meeting (AGM) decided that the first distribution of the dividend was to be distributed by Euroclear Sweden on April 17, 2019.

Second distribution

The Annual General Meeting (AGM) decided that the final day for trading in shares entitling shareholders to dividend be set for October 22, 2019, and that the first day of trading in shares excluding rights to dividend be set for October 23, 2019. The record date at Euroclear Sweden for the right to receive dividend will be October 24, 2019. The dividend is expected to be distributed by Euroclear Sweden on October 29, 2019.

Share buyback program

The Board of Directors decided to initiate a share buyback program in 2018 with the intention is to buy back shares for an annual amount of SEK 5 billion over a

three-year period, totaling SEK 15 billion. The reason is to return excess cash to shareholders and is a continued effort to optimize the capital structure of the company. The intention of the program is to cancel the shares bought back. The Annual General Meeting of 2019 approved the reduction of the share capital by way of cancellation of the 120,544,406 treasury shares acquired from April 2018 to March 2019, and a corresponding increase of the share capital by way of bonus issue. After the cancellation of the treasury shares and the bonus issue, the share capital will be at the same level as before the transactions, but the number of total shares will be reduced. The Board of Directors intends to seek such approval also at the Annual General Meetings in 2020 and 2021, respectively.

New reporting

Like for like

Previously we have reported the organic growth which excluded the impact from changes in exchange rates as well as acquisitions and disposals. From the first quarter 2019 we introduce a new growth measurement, like for like. This new measure excludes the changes in the exchange rates and is based on the current group structure, i.e. we include the impact of any acquired companies and exclude the impact of any disposed companies both in the current and in the comparable period.

IFRS 16 Leases

From January 1, 2019, we report according to IFRS 16, where all leases are recognized in the balance sheet and all lease expenses are recognized as depreciation and interest expenses. Comparable figures in previous periods have not been restated. The main IFRS 16 impacts are:

Equity: no effect as increase of right-of-use assets corresponds to increase of lease liabilities.

Net debt: increase due to increased lease liabilities.

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

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

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

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

For more information on IFRS 16, see Note 1.

REVIEW OF THE GROUP, FIRST QUARTER 2019

Sales and earnings

Net sales like for like regarding exchange rates, acquisitions and disposals decreased 3.0 percent. In reported currency, net sales rose 5.0 percent to SEK 20,847 million (19,852). Service revenues like for like regarding exchange rates, acquisitions and disposals, decreased 2.6 percent.

The number of subscriptions increased from 23.0 million at the end of the first quarter of 2018 to 23.7 million. During the quarter, the total number of subscriptions decreased from 24.0 million to 23.7 million.

Adjusted EBITDA rose 15.0 percent in reported currency to SEK 7,468 million (6,495). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA rose 5.8 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 4 percent. The adjusted EBITDA margin increased to 35.8 percent (32.7). The target of reducing operational expenses on group level in 2019 by 2 percent is reiterated. In the first quarter these costs increased 1 percent.

Adjusted operating income fell 2.8 percent to SEK 3,486 million (3,588).

Income from associated companies and joint ventures rose to SEK 373 million (145).

Adjustment items affecting operating income amounted to SEK -259 million (-189). See Note 3.

Financial items totaled SEK -716 million (-459) of which SEK -650 million (-464) related to net interest expenses. Net interest expenses in the first quarter of 2019 were affected by net interest expenses related to leases of SEK -84 million (20).

Income taxes amounted to SEK -470 million (-594). The effective tax rate was 18.7 percent (20.2). The decrease was mainly related to increased share of earnings from associated companies in 2019.

Total net income rose to SEK 1,799 million (-600) of which SEK 2,041 million (2,346) from continuing operations and SEK -242 million (-2,946) from discontinued operations. Previous year discontinued operations were impacted by the disposals of Azercell and Geocell (resulting in capital losses) and an impairment charge related to Ucell. Total earnings per share was SEK 0.43 (-0.16).

Total net income attributable to the owners of the parent amounted to SEK 1,793 million (-710).

Total net income attributable to non-controlling interests amounted to SEK 6 million (110).

Other comprehensive income decreased to SEK 2,917 million (7,688) mainly due to lower exchange rate effects in continuing operations in the first quarter of 2019 and that the corresponding quarter previous year was positively impacted by reclassified exchange rate effects of SEK 3,045 million from the disposals of Azercell and Geocell, respectively, as well as a revaluation gain of SEK 554 million related to the disposal of the holding in Spotify.

Cash flow

Cash flow from operating activities, from continuing and discontinued operations, decreased to SEK 6,384 million (7,546) mainly due to the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan and no contribution from the divested entities Azercell, Geocell, Ucell and Kcell, respectively, in the first quarter of 2019. These effects were partly offset as cash flow from operating activities previous year was negatively impacted by payments of leases under IAS 17 while in 2019 repayments of lease liabilities were recognized within financing activities under IFRS 16.

Free cash flow, from continuing and discontinued operations, decreased to SEK 2,057 million (4,386) due to decreased cash flow from operating activities and increased cash CAPEX (within Cash flow from investing activities).

Operational free cash flow, from continuing operations, amounted to SEK 4,409 million (4,256).

Cash flow from investing activities, from continuing and discontinued operations, amounted to SEK -7,061 million (3,422). The first quarter of 2019 was mainly impacted by increased cash CAPEX related to spectrums in Sweden and net investments in bonds. Comparable figures were mainly affected by the disposals of the holdings in Spotify, Azercell and Geocell, respectively, and matured bonds, offset by the acquisition of Inmics.

Cash flow from financing activities, from continuing and discontinued operations, amounted to SEK 2,613 million (-1,955) mainly positively impacted by proceeds from long-term borrowings.

Financial position

CAPEX in continuing operations, excluding right-of-use assets, increased to SEK 3,110 million (2,785). CAPEX excluding fees for license, spectrum and right-of-use assets, increased to SEK 3,110 million (2,785). Cash CAPEX was SEK 4,327 million (2,844).

Net debt, from continuing and discontinued operations, was SEK 69,985 million at the end of the first quarter (55,363 at the end of the fourth quarter of 2018). The increase was related to the implementation of IFRS 16 resulting in increased liabilities related to lease agreements, see Note 11. The net debt/adjusted EBITDA ratio was 2.52x, impacted by 0.5x of the implementation of IFRS 16. The lease liabilities, amounting to SEK 15.3 billion, is fully included while the EBITDA impact from IFRS 16 is only included for the first 3 months 2019 (of the rolling 12 months). Based on a steady state assumption, i.e. including 12 months EBITDA effect, the net impact would be approximately 0.3x.

Right-of-use assets increased to SEK 16,170 million (–) due to the implementation of IFRS 16, where all leases are being recognized as right-of-use assets.

Short-term interest-bearing receivables increased to SEK 8,306 million (4,529), mainly due to investments in investment bonds.

Long-term borrowings and short-term borrowings increased to SEK 100,147 million (86,990), and SEK 16,289 million (9,552), respectively, due to the implementation of IFRS 16 where all leases are recognized as financial liabilities and due to issue of bonds and foreign exchange rate effects, partly offset by matured debt.

Trade payables and other current liabilities, current tax payables and short-term provisions decreased to SEK 27,135 million (28,832), mainly due to decreased short-term provisions as a result of the payment of the remaining part of the settlement amount regarding the investigations in Uzbekistan.

Significant events in the first quarter

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

Significant events after the end of the first quarter

- On April 2, 2019, Telia Company completed the acquisition of Turkcell's 41.45 percent share in Fintur, at a price of EUR 353 million (SEK 3.7 billion). As a result of the transaction, Telia Company became the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova, see Note 4.
- On April 10, 2019, Telia Company held its Annual General Meeting and announced that the ordinary members of the Board Marie Ehrling, Olli-Pekka Kallasvuo, Nina Linander, Jimmy Maymann, Anna Settman, Olaf Swantee and Martin Tivéus were re-elected members to the Board. As new member of the board Rickard Gustafson was elected. Marie Ehrling was elected Chair of the Board and Olli-Pekka Kallasvuo was elected Vice-Chair of the Board.
- The Annual General Meeting decided upon a dividend to shareholders of SEK 2.36 per share and that the payment should be distributed in two equal tranches of SEK 1.18 each to be paid in April and October, respectively.
- The Annual General Meeting also approved the reduction of the share capital by way of cancellation of the treasury shares acquired from April 2018 to March 2019 and a corresponding increase of the share capital by way of bonus issue.
- On April 16, 2019, Telia Company announced the continuation of the three-year buyback program. The ambition is to buy back shares for a total value of SEK 5 billion between April 16, 2019, and February 28, 2020. This is in line with the share buy-back mandate that was given by the Annual General Meeting on April 10, 2019.

SWEDEN

- Telia together with Ericsson and Volvo Construction Equipment launched Sweden's first 5G network for industrial use at Volvo Construction's facility in Eskilstuna. The network will be used to further develop solutions for remote control of construction machinery and fully-automated solutions as well as for enhancing the understanding of how connected machines can create added value for the customers.
- In the quarter we launched the new operating model where parts of the Swedish operations were transferred into Common Products and Services. The ambition, among other things, is to reduce overlapping work in product development and to create consistency in processes across our footprint.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	8,610	8,997	-4.3	36,677
Change (%) like for like	-4.4			
of which service revenues (external)	7,421	7,622	-2.6	30,833
change (%) like for like	-2.7			
Adjusted EBITDA	3,422	3,421	0.0	13,162
Margin (%)	39.7	38.0		35.9
change (%) like for like	-0.1			
Adjusted operating income	1,929	2,124	-9.1	7,765
Operating income	1,847	2,003	-7.8	7,319
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	987	943	4.7	4,285
Subscriptions, (thousands)				
Mobile	6,070	6,068	0.0	6,095
of which machine to machine (postpaid)	1,044	951	9.7	1,020
Fixed telephony	1,023	1,302	-21.4	1,102
Broadband	1,290	1,281	0.7	1,287
TV	863	807	6.9	865
Employees ¹	5,256	5,548	-5.3	5,205

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

Net sales declined 4.3 percent to SEK 8,610 million (8,997) due to a combination of lower equipment sales and pressure on service revenues.

Service revenues like for like regarding acquisitions and disposals, fell 2.7 percent driven by a 1.5 percent decline in mobile revenues coupled with fixed service revenue erosion of 4.2 percent. The fixed service revenue erosion was mainly a result from a continued pressure on fixed telephony revenues. Furthermore, lower fixed broadband and fiber installation revenues also contributed to the decline.

Adjusted EBITDA remained unchanged at SEK 3,422 million (3,421) and the adjusted EBITDA margin rose to 39.7 percent (38.0). Like for like regarding acquisitions and disposals, adjusted EBITDA decreased 0.1 percent.

Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding acquisitions and disposals, fell 6 percent driven by decline in service revenues. The operational expenses were flat in the quarter. The target of a 3 percent operational expense reduction for 2019 remains.

CAPEX excluding right-of-use assets, grew 4.7 percent to SEK 987 million (943) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 4.7 percent to SEK 987 million (943).

Mobile subscriptions fell by 25,000 in the quarter, driven by a loss of 44,000 prepaid subscriptions. TV subscriptions fell by 2,000 and fixed broadband subscriptions increased by 3,000 in the quarter.

FINLAND

- Testing of Nokia's FastMile 5G gateway for 4G-5G Fixed Wireless Access has begun with first consumer pilots expected to start during the spring. The gateway which was introduced at the 2019 Mobile World Congress is an indoor device that offers gigabit speeds on 4G and 5G technology and will be an alternative for homes and offices that lack a fiber connection.
- The Liiga play-offs gave a good boost to the TV customer base in the quarter and Telia Esports Series were launched with good media coverage. The series that will come on air end of April will be shown in MTV's linear sub channel on Fridays at prime time.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	3,863	3,657	5.6	15,512
Change (%) like for like	-1.6			
of which service revenues (external)	3,273	3,084	6.1	12,914
change (%) like for like	-0.3			
Adjusted EBITDA	1,223	1,151	6.3	4,757
Margin (%)	31.7	31.5		30.7
change (%) like for like	1.5			
Adjusted operating income	395	567	-30.2	2,108
Operating income	390	527	-26.1	2,045
CAPEX excluding fees for licenses, spectrum and right-of-use assets	330	317	4.1	3,305
Subscriptions, (thousands)				
Mobile	3,232	3,257	-0.8	3,278
of which machine to machine (postpaid)	260	248	4.6	268
Fixed telephony	35	47	-25.5	38
Broadband	463	458	1.1	457
TV	568	511	11.1	553
Employees	3,222	3,067	5.1	3,238

Net sales in reported currency rose 5.6 percent to SEK 3,863 million (3,657) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 1.6 percent. The effect of exchange rate fluctuations was positive by 4.6 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 0.3 percent driven by a 1.2 percent decline in mobile revenues related to lower interconnect revenues. Fixed service revenues grew 0.6 percent supported by growth in TV and business solution revenues.

Adjusted EBITDA in reported currency increased 6.3 percent to SEK 1,223 million (1,151) and the adjusted EBITDA margin increased somewhat to 31.7 percent (31.5). Like for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 1.5 percent.

Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 8 percent. The decline was mainly driven by a SEK 25 million inventory write-down, higher cost associated with marketing, energy and credit losses as well as a lower equipment margin.

CAPEX excluding right-of-use assets, grew 4.1 percent to SEK 330 million (317) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 4.1 percent to SEK 330 million (317).

Mobile subscriptions fell by 46,000 in the quarter. TV subscriptions grew by 15,000 and fixed broadband subscriptions increased by 6,000 in the quarter.

NORWAY

- Telia further strengthened its mobile proposition by launching the unlimited data offering Telia X. The subscription has a monthly fee of NOK 579 and gives the users unlimited data and full freedom on how to use it, including sharing data with friends and family.
- The acquired businesses of Get and TDC Norway were legally merged with Telia into one unit and the TDC Norway brand was discontinued and customers were migrated over to the existing B2B operations of Telia.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	3,605	2,595	38.9	11,898
Change (%) like for like	-4.1			
of which service revenues (external) ¹	3,130	2,129	47.0	9,716
change (%) like for like	-4.2			
Adjusted EBITDA	1,516	1,008	50.5	4,492
Margin (%)	42.1	38.8		37.8
change (%) like for like	3.1			
Adjusted operating income	610	598	2.0	2,343
Operating income	567	588	-3.7	2,139
CAPEX excluding fees for licenses, spectrum and right-of-use assets	559	288	94.2	1,484
Subscriptions, (thousands)				
Mobile	2,325	2,342	-0.7	2,324
of which machine to machine (postpaid)	85	63	34.4	71
Fixed telephony	51	10		59
Broadband	416	—		417
TV	502	—		504
Employees	2,009	1,208	66.3	2,033

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

Net sales in reported currency rose 38.9 percent to SEK 3,605 million (2,595) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 4.1 percent. The effect of exchange rate fluctuations was positive by 4.6 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 4.2 percent mainly driven by a 4.8 percent decline in mobile service revenues related to a loss of subscriptions and a less favorable subscription base mix compared to the corresponding quarter last year. Fixed service revenues remained rather unchanged as growth in broadband revenues was offset, mostly by lower fixed telephony and business solutions revenues.

Adjusted EBITDA in reported currency increased 50.5 percent to SEK 1,516 million (1,008) and the adjusted EBITDA margin increased to 42.1 percent (38.8). Like for like regarding exchange rates, acquisitions and dis-

posals, adjusted EBITDA increased 3.1 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 4 percent. The decline was mainly driven by lower service revenues, higher marketing and resource costs, partly compensated for by a SEK 100 million positive impact from the sale of previously impaired customer receivables, of which the majority being several years old.

CAPEX excluding right-of-use assets, grew 94.2 percent to SEK 559 million (288) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 94.2 percent to SEK 559 million (288).

Mobile subscriptions increased by 2,000 in the quarter following the net addition of 12,000 postpaid subscriptions. TV subscriptions fell by 2,000 and fixed broadband subscriptions fell by 1,000 in the quarter.

DENMARK

- Telia secured access to 2x5 MHz in the 700 MHz band for a price of DKK 108 million, and in the 900 MHz band, Telia secured 2x10 MHz at no cost but against a roll-out commitment. The licenses granted are valid for 20 years for the 700 MHz band and 15 years for the 900 MHz band. The frequencies were secured through TT Netværket - the infrastructure company jointly owned by Telia and Telenor.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	1,365	1,415	-3.5	6,167
Change (%) like for like	-7.5			
of which service revenues (external)	1,048	1,065	-1.7	4,377
change (%) like for like	-5.8			
Adjusted EBITDA	219	141	55.2	751
Margin (%)	16.1	10.0		12.2
change (%) like for like	48.7			
Adjusted operating income	-52	-62		-116
Operating income	-60	-47		-123
CAPEX excluding fees for licenses, spectrum and right-of-use assets	101	90	12.2	439
Subscriptions, (thousands)				
Mobile	1,446	1,455	-0.6	1,451
of which machine to machine (postpaid)	73	50	44.8	69
Fixed telephony	82	89	-7.9	78
Broadband	99	105	-5.9	104
TV	24	30	-20.0	24
Employees	868	961	-9.7	877

Net sales in reported currency fell 3.5 percent to SEK 1,365 million (1,415) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 7.5 percent. The effect of exchange rate fluctuations was positive by 4.0 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 5.8 percent driven by both mobile and fixed service revenues, declining by around 6 percent. For mobile revenues the drop was due to a combination of lower ARPU and loss of subscriptions whereas fixed revenues fell due to pressure on TV and broadband revenues following subscription base erosion.

Adjusted EBITDA in reported currency increased 55.2 percent to SEK 219 million (141) and the adjusted EBITDA margin increased to 16.1 percent (10.0). Like

for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 48.7 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, grew 1 percent. The slight growth was the result from solid cost control, mainly attributable to resource costs, that more than compensated for the service revenue pressure.

CAPEX excluding right-of-use assets, grew 12.2 percent to SEK 101 million (90) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 12.2 percent to SEK 101 million (90).

Mobile subscriptions fell by 5,000 in the quarter. TV subscriptions remained unchanged and fixed broadband subscriptions fell by 5,000 in the quarter.

LITHUANIA

- The efficiency agenda following the merger of Teo and Omnitel continued in Lithuania and over the course of 2019 around 285 resources will be made redundant. At the same time the shared service center, Telia Global Services Lithuania, is estimated to grow over the course of 2019 towards having 500 employees.
- Telia finalized the move into to new and modern premises, covering 6 floors and a total of around 13,000 square meters. The move to new premises will have significant environmental benefits as it implies around 40 percent lower energy consumption as well as a 30 percent CO₂ reduction.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	926	901	2.8	3,849
Change (%) like for like	-1.7			
of which service revenues (external)	724	727	-0.4	2,983
change (%) like for like	-4.8			
Adjusted EBITDA	345	318	8.3	1,350
Margin (%)	37.2	35.3		35.1
change (%) like for like	3.5			
Adjusted operating income	171	141	21.5	697
Operating income	169	140	20.8	684
CAPEX excluding fees for licenses, spectrum and right-of-use assets	153	116	32.0	575
Subscriptions, (thousands)				
Mobile	1,278	1,363	-6.2	1,389
of which machine to machine (postpaid)	160	146	9.1	157
Fixed telephony	296	361	-18.0	315
Broadband	410	413	-0.7	409
TV	234	246	-4.9	242
Employees	2,235	2,399	-6.8	2,306

Net sales in reported currency grew 2.8 percent to SEK 926 million (901) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 1.7 percent. The effect of exchange rate fluctuations was positive by 4.5 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, declined 4.8 percent as a 7.8 percent growth in mobile revenues was more than offset by a reduction of low margin fixed interconnect and transit service revenues and to some extent also pressure on revenues from fixed telephony.

Adjusted EBITDA in reported currency increased 8.3 percent to SEK 345 million (318) and the adjusted EBITDA margin increased to 37.2 percent (35.3). Like

for like regarding exchange rates, acquisitions and disposals, adjusted EBITDA increased 3.5 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, fell 2 percent. The slight decline was mainly due to a drop in service revenues.

CAPEX excluding right-of-use assets, grew 32.0 percent to SEK 153 million (116) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 32.0 percent to SEK 153 million (116).

Mobile subscriptions fell by 111,000 in the quarter driven by a clean-out of around 110,000 inactive postpaid subscriptions. TV subscriptions fell by 8,000 and fixed broadband subscriptions grew by 1,000 in the quarter.

ESTONIA

- Telia came in on top of the list in a survey referring to customer service. The survey that included 13 large companies in Estonia showed that Telia scored amongst the highest on solving the customers' problems and Telia also received the highest Net Promoter Score among all companies in the survey.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	790	712	10.9	3,077
Change (%) like for like	6.0			
of which service revenues (external)	627	571	9.9	2,399
change (%) like for like	5.1			
Adjusted EBITDA	272	234	16.3	1,001
Margin (%)	34.5	32.9		32.5
change (%) like for like	11.2			
Adjusted operating income	117	92	26.5	444
Operating income	115	96	19.4	440
CAPEX excluding fees for licenses, spectrum and right-of-use assets	92	68	35.4	567
Subscriptions, (thousands)				
Mobile	1,003	934	7.4	986
of which machine to machine (postpaid)	265	223	18.9	248
Fixed telephony	259	275	-5.8	263
Broadband	243	238	2.1	242
TV	214	202	5.9	212
Employees	1,771	1,835	-3.5	1,794

Net sales in reported currency grew 10.9 percent to SEK 790 million (712) and like for like regarding exchange rates, acquisitions and disposals, net sales increased 6.0 percent. The effect of exchange rate fluctuations was positive by 4.9 percent.

Service revenues like for like regarding exchange rates, acquisitions and disposals, increased 5.1 percent mainly due to a 7.0 percent increase in fixed service revenues driven by the majority of products and services. Mobile service revenues also grew, as a result from subscription base expansion.

Adjusted EBITDA in reported currency increased 16.3 percent to SEK 272 million (234) and the adjusted EBITDA margin increased to 34.5 percent (32.9). Like for like regarding exchange rates, acquisitions and dis-

posals, adjusted EBITDA increased 11.2 percent. Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, increased 5 percent. The increase was mainly a result from growth in service revenues.

CAPEX excluding right-of-use assets, grew 35.4 percent to SEK 92 million (68) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, grew 35.4 percent to SEK 92 million (68).

Mobile subscriptions increased by 17,000 in the quarter. TV subscriptions increased by 2,000 and fixed broadband subscriptions increased by 1,000 in the quarter.

OTHER OPERATIONS

- In the quarter we launched the new operating model where parts of the Swedish operations, such as IT and certain product areas, were transferred into Common Products and Services. The ambition, among other things, is to reduce overlapping work in product development and to create consistency in processes across our footprint. Later in 2019, Finland and Norway will be enrolled into the new operating model as well.

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales	2,202	2,141	2.9	8,743
Change (%) like for like	-1.2			
of which Telia Carrier	1,402	1,401	0.1	5,542
of which Latvia	548	493	11.2	2,200
Adjusted EBITDA	470	222	111.9	1,137
of which Telia Carrier	226	109	107.0	512
of which Latvia	184	160	14.7	694
Margin (%)	21.4	10.4		13.0
Income from associated companies	378	150	153.2	835
of which Turkey	335	114	192.6	685
of which Latvia	43	35	22.0	175
Adjusted operating income	315	129	144.9	905
Operating income	201	92	119.3	734
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	887	963	-7.9	4,320
Subscriptions, (thousands)				
Mobile Latvia	1,278	1,251	2.1	1,281
of which machine to machine (postpaid)	314	298	5.2	313
Employees ¹	5,081	4,982	2.0	4,986

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

Net sales in reported currency increased 2.9 percent to SEK 2,202 million (2,141) and like for like regarding exchange rates, acquisitions and disposals, net sales fell 1.2 percent. The effect from exchange rate fluctuations was positive by 4.1 percent.

Adjusted EBITDA in reported currency increased 111.9 percent to SEK 470 million (222) and the adjusted EBITDA margin increased to 21.4 percent (10.4). Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, increased 15 percent, mainly driven by Telia Carrier.

In **Telia Carrier**, net sales in reported currency increased 0.1 percent to SEK 1,402 million (1,401). Adjusted EBITDA grew 107.0 percent to SEK 226 million (109). Excluding the positive impact from IFRS 16, adjusted EBITDA, like for like regarding exchange rates, acquisitions and disposals, increased 17 percent.

In **Latvia**, net sales in reported currency increased 11.2 percent to SEK 548 million (493). Adjusted EBITDA in reported currency increased 14.7 percent to SEK 184 million (160). Excluding the positive impact from IFRS 16, adjusted EBITDA like for like regarding exchange rates, acquisitions and disposals, increased 4 percent.

The number of mobile subscriptions in Latvia fell by 3,000 in the quarter due to a loss of 6,000 prepaid subscriptions.

Income from associated companies increased to SEK 378 million (150) driven by Turkcell in Turkey.

DISCONTINUED OPERATIONS

Highlights

SEK in millions, except margins, operational data and changes	Jan-Mar 2019	Jan-Mar 2018	Chg (%)	Jan-Dec 2018
Net sales (external)	140	1,974	-92.9	6,687
Adjusted EBITDA	34	687	-95.1	2,341
Margin (%)	24.1	34.8		35.0
CAPEX	27	173	-84.1	861
CAPEX excluding fees for licenses, spectrum and right-of-use assets	27	173	-84.1	823

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

Due to the divestments of Azericell in Azerbaijan and Geocell in Georgia in the first quarter of 2018 as well as Ucell in Uzbekistan and Kcell in Kazakhstan in the fourth quarter of 2018, the only remaining operation in discontinued operations in the first quarter of 2019 was Moldcell in Moldova.

Net sales fell 92.9 percent in reported currency to SEK 140 million (1,974).

Adjusted EBITDA fell to SEK 34 million (687). The adjusted EBITDA margin fell to 24.1 percent (34.8).

CAPEX fell to SEK 27 million (173) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell to SEK 27 million (173).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Continuing operations				
Net sales	5, 6	20,847	19,852	83,559
Cost of sales		-13,011	-12,186	-52,162
Gross profit		7,836	7,666	31,398
Selling, administration and R&D expenses		-4,864	-4,266	-18,562
Other operating income and expenses, net		-118	-146	-432
Income from associated companies and joint ventures		373	145	835
Operating income	5	3,227	3,398	13,238
Financial items, net		-716	-459	-2,252
Income after financial items		2,511	2,940	10,986
Income taxes		-470	-594	-1,496
Net income from continuing operations		2,041	2,346	9,489
Discontinued operations				
Net income from discontinued operations	4	-242	-2,946	-6,399
Total net income		1,799	-600	3,090
Items that may be reclassified to net income:				
Foreign currency translation differences from continuing operations		2,021	3,260	-63
Foreign currency translation differences from discontinued operations		100	3,114	7,692
Other comprehensive income from associated companies and joint ventures		229	4	-27
Cash flow hedges		-85	-111	-312
Cost of hedging		149	—	45
Debt instruments at fair value through OCI		5	11	-59
Income taxes relating to items that may be reclassified		267	572	569
Items that will not be reclassified to net income:				
Equity instruments at fair value through OCI		—	554	554
Remeasurements of defined benefit pension plans		288	362	-2,089
Income taxes relating to items that will not be reclassified		-62	-78	432
Associates remeasurements of defined benefit pension plans		4	-1	-1
Other comprehensive income		2,917	7,688	6,740
Total comprehensive income		4,717	7,088	9,830
Total net income attributable to:				
Owners of the parent		1,793	-710	3,179
Non-controlling interests		6	110	-89
Total comprehensive income attributable to:				
Owners of the parent		4,546	7,009	9,842
Non-controlling interests		171	78	-13
Earnings per share (SEK), basic and diluted		0.43	-0.16	0.74
<i>of which continuing operations, basic and diluted</i>		<i>0.47</i>	<i>0.53</i>	<i>2.17</i>
Number of shares (thousands)				
Outstanding at period-end		4,209,540	4,330,085	4,230,807
Weighted average, basic and diluted		4,214,826	4,330,085	4,292,680
EBITDA from continuing operations	16	7,209	6,305	26,042
Adjusted EBITDA from continuing operations	3, 16	7,468	6,495	26,649
Depreciation, amortization and impairment losses from continuing operations		-4,355	-3,053	-13,638
Adjusted operating income from continuing operations	3, 16	3,486	3,588	14,146

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Mar 31, 2019	Dec 31, 2018
Assets			
Goodwill and other intangible assets	7, 15	95,084	93,018
Property, plant and equipment	7	77,666	78,220
Right-of-use assets	7	16,170	–
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	8	14,429	14,346
Deferred tax assets		2,765	2,670
Long-term interest-bearing receivables	4, 8, 11	12,032	12,768
<i>Total non-current assets</i>		<i>218,146</i>	<i>201,021</i>
Inventories		2,010	1,854
Trade and other receivables and current tax receivables	8	17,017	17,624
Short-term interest-bearing receivables	4, 8, 11	8,306	4,529
Cash and cash equivalents	4, 11	21,050	18,765
Assets classified as held for sale	4, 11	5,021	4,799
<i>Total current assets</i>		<i>53,404</i>	<i>47,570</i>
Total assets		271,550	248,592
Equity and liabilities			
Equity attributable to owners of the parent		100,993	97,344
Equity attributable to non-controlling interests		5,221	5,050
<i>Total equity</i>		<i>106,214</i>	<i>102,394</i>
Long-term borrowings	8, 11	100,147	86,990
Deferred tax liabilities		11,615	11,382
Provisions for pensions and other long-term provisions		7,272	6,715
Other long-term liabilities		2,159	2,169
<i>Total non-current liabilities</i>		<i>121,193</i>	<i>107,254</i>
Short-term borrowings	8, 11	16,289	9,552
Trade payables and other current liabilities, current tax payables and short-term provisions	4	27,135	28,832
Liabilities directly associated with assets classified as held for sale	4, 11	717	560
<i>Total current liabilities</i>		<i>44,142</i>	<i>38,943</i>
Total equity and liabilities		271,550	248,592

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Cash flow before change in working capital		7,072	6,862	24,809
Change in working capital		-688	684	1,888
Cash flow from operating activities		6,384	7,546	26,696
<i>of which from continuing operations</i>		8,290	7,057	25,329
<i>of which from discontinued operations</i>		-1,906	489	1,367
Cash CAPEX	16	-4,327	-3,163	-14,794
Free cash flow	16	2,057	4,383	11,902
<i>of which from continuing operations</i>		3,963	4,213	11,555
<i>of which from discontinued operations</i>		-1,907	170	347
Cash flow from other investing activities		-2,733	6,585	753
Total cash flow from investing activities		-7,061	3,422	-14,041
<i>of which from continuing operations</i>		-7,114	3,358	-14,412
<i>of which from discontinued operations</i>		54	64	371
Cash flow before financing activities		-677	10,967	12,655
Cash flow from financing activities		2,613	-1,955	-12,446
<i>of which from continuing operations</i>		2,540	-1,949	-12,286
<i>of which from discontinued operations</i>		72	-6	-160
Cash flow for the period		1,936	9,012	209
<i>of which from continuing operations</i>		3,717	8,465	-1,368
<i>of which from discontinued operations</i>		-1,781	547	1,577
Cash and cash equivalents, opening balance		22,591	20,984	20,984
Cash flow for the period		1,936	9,012	209
Exchange rate differences in cash and cash equivalents		475	884	1,398
Cash and cash equivalents, closing balance		25,002	30,881	22,591
<i>of which from continuing operations</i>		21,050	26,036	18,765
<i>of which from discontinued operations</i>		3,951	4,845	3,827

See Note 16 section Operational free cash flow for further information.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
Opening balance, January 1, 2018	101,226	5,291	106,517
Change in accounting principles ¹	-16	–	-16
Change in accounting principles in associated companies ²	282	–	282
Adjusted opening balance, January 1, 2018	101,490	5,291	106,781
Share-based payments	9	–	9
<i>Total transactions with owners</i>	<i>9</i>	<i>–</i>	<i>9</i>
Total comprehensive income	7,009	78	7,088
Closing balance, March 31, 2018	108,508	5,370	113,878
Dividends	-9,881	-229	-10,110
Share-based payments	27	–	27
Acquisition of treasury shares ³	-4,147	–	-4,147
<i>Total transactions with owners</i>	<i>-14,001</i>	<i>-229</i>	<i>-14,230</i>
Total comprehensive income	2,834	-90	2,744
Effect of equity transactions in associated companies	4	–	4
Closing balance, December 31, 2018	97,344	5,050	102,394
Change in accounting principles in associated companies ²	-12	–	-12
Adjusted opening balance, January 1, 2019	97,332	5,050	102,382
Share-based payments	9	–	9
Acquisition of treasury shares ³	-878	–	-878
<i>Total transactions with owners</i>	<i>-869</i>	<i>–</i>	<i>-869</i>
Total comprehensive income	4,546	171	4,717
Effect of equity transactions in associated companies	-16	–	-16
Closing balance, March 31, 2019	100,993	5,221	106,214

1) Transition effect of IFRS 9.

2) Transition effect of IFRS 15 and IFRS 9 for Turkcell, which is a publicly listed company and therefore included with one-quarter lag.

3) Acquisition of treasury shares, see Note 9.

NOTE 1. BASIS OF PREPARATION

General

Telia Company's consolidated financial statements for the first quarter ended March 31, 2019, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2 Accounting for Legal Entities and other statements issued by the Swedish Financial Reporting Board. For the group this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and for the Parent Company in accordance with the Swedish Annual Accounts Act. The accounting policies adopted, and computation methods used are consistent with those followed in the Annual and Sustainability Report 2018, except as described below. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

New accounting standards effective January 1, 2019

IFRS 16 "Leases"

IFRS 16 "Leases" replaces the previous IAS 17 "Leases" and its associated interpretative guidance. The new standard is effective as of January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the lessee. The new standard removes the classification of leases as operating leases or finance leases, for lessees, as required by IAS 17 and, instead introduces a single accounting model. According to the new model, leases result in the lessee obtaining the right to use an asset during the estimated lease term and, if lease payments are made over time, also obtaining financing. All Telia Company's leases are now recognized as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses, Telia Company recognizes depreciation and interest expenses in the consolidated statement of comprehensive income. Lease payments are affecting cash flow from operating activities (e.g. interest, low value asset leases and short-term leases), and cash flow from financing activities (repayment of the lease liability) in the consolidated cash flow statement. The new standard does not include significant changes to the requirements for accounting by lessors.

Telia Company has applied the new standard using the modified retrospective approach, which means that comparative figures have not been restated. The cumulative effect of applying IFRS 16 has been recognized on January 1, 2019. The lease liabilities attributable to leases

which have previously been classified as operating leases under IAS 17 has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. Telia Company has recognized a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to the lease, recognized as of December 31, 2018. Hence, the transition to IFRS 16 has had no material effect on group equity.

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

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

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

IFRS 16 effects SEK in billions	Jan 1, 2019
Right-of-use assets	15
Deferred tax asset	1
Increase total assets	16
Lease liability, non-current	12
Deferred tax liability	1
Lease liability, current	3
Increase total liabilities	16

In the table above, deferred tax assets and tax liabilities attributable to the right-of-use asset and lease liability, have been offset where there is a legal enforceable right to set off the deferred taxes. Telia Company has identified lease contracts relating to e.g. network equipment (e.g. copper, dark fiber, IRU and ducts), technical and non-technical space, technical and non-technical equipment, shops, land and cars.

In determining the balances above, the main judgements made are related to determining the lease terms and whether a contract is or contains a lease. Regarding lease terms, a majority of the lease contracts in the group includes options for Telia Company either to extend or to terminate the contract. When determining the lease term, Telia Company considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination

option. Example of factors that are considered are; strategic plans, assessment of future technology changes, the importance of the underlying asset to Telia Company's operations and/or costs associated with not extending or not terminating the lease. Telia Company has reassessed whether a contract is or contains a lease at the date of initial application of IFRS 16. Telia Company has concluded that some agreements that were assessed to be a service contract under IAS 17, meet the definition of a lease and are in scope of IFRS 16.

The difference between Telia Company's future minimum leasing fees under operating lease agreements in accordance with IAS 17 and the lease liability which was recognized as of January 1, 2019, in accordance with IFRS 16 was mainly related to finance leases, estimated lease term extension periods and reassessments of whether a contract is or contains a lease.

For accounting principles regarding IFRS 16, see Telia Company's Annual and Sustainability Report 2018.

The estimated quarterly IFRS 16 impact on adjusted EBITDA on a like for like basis was as follows below. The estimated impact is based on operating expenses within EBITDA in 2018 related to contracts meeting the IFRS 16 definition of leases. The impact is not audited and is based on a high-level assessment.

SEK in billions	Estimated quarterly IFRS 16 impact on adjusted EBITDA like for like
Sweden	0.21
Finland	0.12
Norway	0.10
Denmark	0.07
Lithuania	0.02
Estonia	0.02
Other operations	0.17
Total, continuing operations	0.71

Restatement of financial and operational data

As a result of the implementation of the new operating model, employees and assets and liabilities have been transferred from Sweden to Common Products and Services within Other Operations. Therefore, segment assets and liabilities as of December 31, 2018, have been restated for comparability as follows;

Segment assets and liabilities within Sweden have been restated by SEK -4,093 million and SEK -554 million, respectively.

Segment assets and liabilities within Other operations have been restated by SEK 4,154 million and SEK 611 million, respectively.

Unallocated segment assets and liabilities have been restated by SEK -61 million and -58 million, respectively.

Further, CAPEX and employees have been transferred from Sweden to Common Products and Services within Other Operations and the segments have therefore been restated as follows;

In Sweden, CAPEX excluding fees for license and spectrum for the first quarter of 2018 is restated by SEK -270 million and for the full year 2018 by SEK -1,225 million, employees at the end of the first quarter of 2018 is restated by -891 and at the end of the fourth quarter 2018 by -895.

In Other operations, CAPEX excluding fees for license and spectrum, in for the first quarter of 2018 is restated by SEK 270 million and for the full year 2018 by SEK 1,225 million, employees at the end of first quarter of 2018 is restated by 891 and at the end of the fourth quarter 2018 by 895.

For Norway, the disaggregation of revenues has been restated for comparability for the full year 2018 (all amounts in SEK million). The effects were as follows; Service revenues increased by 1 while Equipment revenues decreased by 1. The split within Service revenues were as follows: Mobile subscription revenues -1, Other mobile service revenues +6, Telephony -17, Broadband -108, TV +2, Business solutions +110, Other fixed service revenues +28, Other service revenues -19.

Due to harmonization in the revenue reporting within Enterprise segment in Sweden, the first quarter of 2018 has been restated by SEK 47 million from Business solutions to Other fixed service revenues.

Assets held for sale and discontinued operations

Former segment region Eurasia is classified as held for sale and discontinued operations since December 31, 2015. For information on assets held for sale and discontinued operations, see Note 4.

Segments

Former segment region Eurasia is classified as held for sale and discontinued operations since December 31, 2015 and is therefore not included in the segment information in Note 5.

NOTE 2. REFERENCES

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see pages 6-7.
- Significant events in the first quarter, see page 8.
- Significant events after the end of the first quarter, see page 8.
- Risks and uncertainties, see page 40.

NOTE 3. ADJUSTMENT ITEMS

Adjustment items within operating income, continuing operations

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Within EBITDA	-259	-189	-607
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:			
Sweden	-83	-121	-181
Finland	-6	-39	-63
Norway	-43	-9	-205
Denmark	-9	–	-41
Lithuania	-2	-5	-19
Estonia	-2	-2	-6
Other operations	-115	-37	-148
Capital gains/losses	–	24	56
Within Depreciation, amortization and impairment losses	–	–	-266
Within Income from associated companies and joint ventures	–	–	-35
Capital gains/losses	–	–	-35
Total adjustment items within operating income, continuing operations	-259	-189	-908

Adjustment items within EBITDA, discontinued operations (region Eurasia)

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Within EBITDA	-118	-3,354	-7,141
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	-116	-38	-379
Impairment loss on remeasurement to fair value less costs to sell	-2	-10	-217
Capital gains/losses ¹	–	-3,306	-6,545
Total adjustment items within EBITDA, discontinued operations	-118	-3,354	-7,141

¹) Capital gains/losses first quarter 2018 relate to the disposals of Azericell and Geocell. Full year 2018 also includes the net capital losses from the disposals of Kcell and Ucell.

NOTE 4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Classification

Eurasia

Former segment region Eurasia (including holding companies) is classified as held for sale and discontinued operations since December 31, 2015. The holding companies will be disposed or liquidated in connection with the transactions. Ncell in Nepal was disposed in 2016 and Tcell in Tajikistan was disposed in 2017. Azercell in Azerbaijan and Geocell in Georgia were disposed in March 2018. The associated company Rodnik in Kazakhstan was disposed in November 2018. Ucell in Uzbekistan and Kcell in Kazakhstan were disposed in December 2018. Telia Company is still committed to the plan to dispose the remaining part of Eurasia and the delay in the sales process is primarily caused by events and circumstances beyond Telia Company's control. Telia Company has taken actions necessary to respond to the changes in circumstances. Moldcell in Moldova is available for immediate sale and is being actively marketed at a reasonable price given the changes in circumstances. The sales process is in the final stage, bids have been received and term negotiations are at various stages with different parties. Disposal of Moldcell in Moldova is therefore deemed highly probable within 2019.

Measurement

The estimated cash and debt free value for Moldcell per December 31, 2018, of SEK 0.5 billion remains unchanged per March 31, 2019. Management's best estimate of the fair value is based on bids received and other input from the sales process. In the first quarter of 2019, Moldcell was impaired by SEK 100 million due to increased carrying value. Moldcell was impaired by SEK 85 million in 2018.

Non-controlling interest in Fintur

On December 12, 2018, Telia Company signed an agreement to acquire Turkcell's 41.45 percent share in Fintur for a price based on their proportional share of the cash in Fintur. The acquisition was completed on April 2, 2019, at a price of EUR 353 million (SEK 3.7 billion). As a result of the transaction, Telia Company is the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova from April 2, 2019.

Provision for settlement amount agreed with the US and Dutch authorities

The US and Dutch authorities have investigated historical transactions related to Telia Company's entry into Uzbekistan in 2007. On September 21, 2017, Telia Company reached a global settlement with the US and Dutch authorities regarding the Uzbekistan investigations. As part of the settlement, Telia Company agreed to pay fines and disgorgements in an aggregate amount of USD 965 million, whereof USD 757 million (SEK 6,129 million) were paid during the third quarter of 2017.

On March 19, 2019, Telia Company paid the last remaining part of the disgorgement amount, USD 208 million (SEK 1,920 million), to the Dutch Public Prosecution Service (Openbaar Ministerie, OM). The Swedish prosecutor has informed that the appeal against the February, 15, 2019, ruling by the Stockholm city court has been withdrawn, with respect to the disgorgement claim against Telia Company AB. Thereby, Telia Company has completed all financial obligations under the global settlement agreements and no further disgorgement claim will be made against Telia Company by the Swedish prosecutor or by any other authority related to this matter. There was no material effect on net income in the first quarter of 2019.

For more information, see the Annual and Sustainability Report 2018.

Net income from discontinued operations (region Eurasia)

SEK in millions, except per share data	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	140	1,974	6,687
Expenses and other operating income, net	-222	-1,315	-4,720
Operating income	-82	659	1,967
Financial items, net	-38	10	-139
Income after financial items	-120	669	1,828
Income taxes	-21	-8	-307
Net income before remeasurement and gain/loss on disposal	-142	660	1,522
Impairment loss on remeasurement to fair value less costs to sell ¹	-100	-300	-1,105
Capital loss on disposal of Azercell in Azerbaijan (including cumulative Azercell exchange loss in equity reclassified to net income of SEK -2,944 million) ¹	—	-3,065	-3,065
<i>of which loss attributable to parent shareholders</i>	—	-3,024	-3,024
<i>of which loss attributable to non-controlling interests</i>	—	-41	-41
Capital loss on disposal of Geocell in Georgia (including cumulative Geocell exchange loss in equity reclassified to net income of SEK -101 million) ¹	—	-241	-241
<i>of which loss attributable to parent shareholders</i>	—	-190	-190
<i>of which loss attributable to non-controlling interests</i>	—	-52	-52
Capital loss on disposal of associated company Rodnik (including cumulative Rodnik exchange loss in equity reclassified to net income of SEK -259 million) ¹	—	—	-271
Capital gain on disposal of Kcell in Kazakhstan (including cumulative Kcell exchange loss in equity reclassified to net income of SEK -668 million) ¹	—	—	210
<i>of which gain attributable to parent shareholders</i>	—	—	509
<i>of which loss attributable to non-controlling interests</i>	—	—	-299
Capital loss on disposal of Ucell in Uzbekistan (including cumulative Ucell exchange loss in equity reclassified to net income of SEK -3,934 million) ¹	—	—	-3,449
<i>of which loss attributable to parent shareholders</i>	—	—	-3,198
<i>of which loss attributable to non-controlling interests</i>	—	—	-251
Net income from discontinued operations	-242	-2,946	-6,399
EPS from discontinued operations (SEK)	-0.05	-0.70	-1.42
Adjusted EBITDA	34	687	2,341

1) Non-tax deductible.

Assets classified as held for sale

SEK in millions	Eurasia Mar 31, 2019	Eurasia Dec 31, 2018
Goodwill and other intangible assets	195	216
Property, plant and equipment	387	402
Right-of-use assets	121	–
Other non-current assets ¹	49	79
Short-term interest-bearing receivables ¹	49	0
Other current assets	268	274
Cash and cash equivalents ¹	3,951	3,827
Assets classified as held for sale	5,021	4,799
Long-term borrowings	109	–
Long-term provisions	8	8
Other long-term liabilities	213	193
Short-term borrowings	26	–
Other current liabilities	361	359
Liabilities associated with assets classified as held for sale	717	560
Net assets classified as held for sale²	4,303	4,239

1) Includes the sales prices for minority owner Turkcell's share of Azercell, Geocell and Kcell, whereof SEK 2.7 billion is included in cash and cash equivalents per March 31, 2019 (SEK 2.6 billion per December 31, 2018). The sales prices for Telia Company's shares in Azercell, Geocell, Kcell and Ucell are included in continuing operations.

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

NOTE 5. SEGMENT INFORMATION

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales			
Sweden	8,610	8,997	36,677
<i>of which external</i>	8,578	8,923	36,346
Finland	3,863	3,657	15,512
<i>of which external</i>	3,808	3,608	15,341
Norway	3,605	2,595	11,898
<i>of which external</i>	3,601	2,590	11,881
Denmark	1,365	1,415	6,167
<i>of which external</i>	1,347	1,391	6,075
Lithuania	926	901	3,849
<i>of which external</i>	907	889	3,788
Estonia	790	712	3,077
<i>of which external</i>	766	689	2,982
Other operations	2,202	2,141	8,743
Total segments	21,361	20,419	85,923
Eliminations	-514	-567	-2,364
Group	20,847	19,852	83,559
Adjusted EBITDA			
Sweden	3,422	3,421	13,162
Finland	1,223	1,151	4,757
Norway	1,516	1,008	4,492
Denmark	219	141	751
Lithuania	345	318	1,350
Estonia	272	234	1,001
Other operations	470	222	1,137
Total segments	7,468	6,495	26,649
Eliminations	—	-0	-0
Group	7,468	6,495	26,649
Operating income			
Sweden	1,847	2,003	7,319
Finland	390	527	2,045
Norway	567	588	2,139
Denmark	-60	-47	-123
Lithuania	169	140	684
Estonia	115	96	440
Other operations	201	92	734
Total segments	3,227	3,398	13,238
Eliminations	0	-0	-0
Group	3,227	3,398	13,238
Financial items, net	-716	-459	-2,252
Income after financial items	2,511	2,940	10,986

SEK in millions	Mar 31, 2019	Mar 31, 2019	Dec 31, 2018	Dec 31, 2018
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Sweden ¹	49,130	11,981	45,214	13,204
Finland	56,240	5,614	53,657	5,749
Norway	61,725	4,917	57,434	4,324
Denmark	9,465	1,824	8,372	1,707
Lithuania	7,749	1,025	7,325	810
Estonia	5,854	657	5,540	778
Other operations ¹	35,270	8,737	31,141	10,462
Total segments¹	225,434	34,755	208,683	37,034
Unallocated ¹	41,095	129,864	35,110	108,603
Assets and liabilities held for sale	5,021	717	4,799	560
Total assets/liabilities, group	271,550	165,336	248,592	146,197

1) Restated for comparability, see Note 1.

NOTE 6. NET SALES

SEK in millions	Jan-Mar 2019								Total
	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	Other operations	Eliminations	
Mobile subscription revenues	3,201	1,617	1,732	714	265	226	306	–	8,062
Interconnect	156	97	117	46	40	18	37	–	512
Other mobile service revenues	140	191	223	68	7	2	8	–	639
Total mobile service revenues	3,497	1,904	2,072	829	312	246	352	–	9,213
Telephony	584	53	50	49	71	32	0	–	839
Broadband	1,125	180	338	62	140	139	–	–	1,984
TV	458	161	490	38	76	60	–	–	1,284
Business solutions	704	614	128	44	53	55	17	–	1,614
Other fixed service revenues	957	347	39	19	72	88	1,169	–	2,691
Total fixed service revenues	3,828	1,356	1,045	212	412	374	1,186	–	8,412
Other service revenues	95	13	14	7	–	7	88	–	224
Total service revenues¹	7,421	3,273	3,130	1,048	724	627	1,625	–	17,848
Total equipment revenues¹	1,157	535	471	299	183	138	215	–	2,998
Total external net sales	8,578	3,808	3,601	1,347	907	766	1,841	–	20,847
Internal net sales	32	55	4	18	19	24	361	-514	–
Total net sales	8,610	3,863	3,605	1,365	926	790	2,202	-514	20,847

Jan-Mar 2018									
SEK in millions	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	Other operations	Eliminations	Total
Mobile subscription revenues	3,262	1,524	1,734	725	235	207	284	–	7,970
Interconnect	160	119	121	55	36	16	39	–	545
Other mobile service revenues	131	186	238	62	6	3	7	–	633
Total mobile service revenues	3,552	1,829	2,093	842	277	226	330	–	9,149
Telephony	703	56	36	45	81	34	–	–	953
Broadband	1,142	178	0	66	139	127	0	–	1,652
TV	458	130	–	42	63	52	–	–	745
Business solutions ³	691	549	–	43	50	47	17	–	1,397
Other fixed service revenues ³	998	342	0	20	117	76	1,171	–	2,723
Total fixed service revenues	3,991	1,254	36	216	450	335	1,188	–	7,471
Other service revenues	78	1	0	8	–	10	79	–	176
Total service revenues¹	7,622	3,084	2,129	1,065	727	571	1,597	–	16,795
Total equipment revenues¹	1,301	524	461	326	162	119	164	–	3,056
Total external net sales	8,923	3,608	2,590	1,391	889	689	1,761	–	19,852
Internal net sales	75	49	5	24	12	23	380	-567	–
Total net sales	8,997	3,657	2,595	1,415	901	712	2,141	-567	19,852

Jan-Dec 2018									
SEK in millions	Sweden	Finland	Norway ²	Denmark	Lithuania	Estonia	Other operations	Eliminations	Total ²
Mobile subscription revenues ²	13,115	6,309	7,212	2,936	1,018	871	1,200	–	32,662
Interconnect	636	481	535	230	147	71	133	–	2,234
Other mobile service revenues ²	634	779	988	335	44	18	48	–	2,845
Total mobile service revenues	14,386	7,569	8,735	3,500	1,209	960	1,382	–	37,741
Telephony ²	2,614	224	148	178	313	132	–	–	3,610
Broadband ²	4,537	713	261	263	570	531	0	–	6,874
TV ²	1,838	555	418	165	268	222	–	–	3,466
Business solutions ²	2,770	2,275	114	177	203	200	65	–	5,804
Other fixed service revenues ²	4,317	1,558	28	66	420	316	4,559	–	11,264
Total fixed service revenues	16,075	5,325	968	850	1,774	1,401	4,624	–	31,018
Other service revenues	371	20	12	28	–	38	324	–	794
Total service revenues¹	30,833	12,914	9,716	4,377	2,983	2,399	6,330	–	69,553
Total equipment revenues¹	5,513	2,426	2,165	1,698	804	582	817	–	14,006
Total external net sales	36,346	15,341	11,881	6,075	3,788	2,982	7,147	–	83,559
Internal net sales	332	171	17	92	61	95	1,596	-2,364	–
Total net sales	36,677	15,512	11,898	6,167	3,849	3,077	8,743	-2,364	83,559

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

2) Restated for comparability, see Note 1.

3) Restated for comparability, see Note 1.

NOTE 7. INVESTMENTS

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
CAPEX	3,237	2,785	16,361
Intangible assets	663	622	4,342
Property, plant and equipment	2,447	2,163	12,019
Right-of-use assets	127	–	–
Acquisitions and other investments	58	854	30,186
Asset retirement obligations	57	10	64
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	–	817	30,037
Equity instruments	0	28	85
Total continuing operations	3,294	3,639	46,547
Total discontinued operations	28	173	862
<i>of which CAPEX</i>	<i>27</i>	<i>173</i>	<i>861</i>
Total investments	3,322	3,812	47,409
<i>of which CAPEX</i>	<i>3,264</i>	<i>2,958</i>	<i>17,223</i>

NOTE 8. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings ¹ SEK in millions	Mar 31, 2019		Dec 31, 2018	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	45,409	50,181	49,963	55,014
Interest rate swaps	118	118	162	162
Cross-currency interest rate swaps	2,428	2,428	1,792	1,792
Subtotal	47,955	52,728	51,917	56,968
Open-market financing program borrowings	37,899	47,328	32,267	39,767
Other borrowings at amortized cost	1,707	1,707	1,443	1,443
Subtotal	87,561	101,762	85,626	98,177
Lease liabilities ^{2, 3}	12,586	12,586	1,363	1,363
Total long-term borrowings	100,147	114,348	86,990	99,541
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	7,405	7,624	3,018	3,019
Interest rate swaps	26	26	45	45
Cross-currency interest rate swaps	182	182	292	292
Subtotal	7,614	7,833	3,355	3,357
Open-market financing program borrowings	1,769	1,773	1,771	1,776
Other borrowings at amortized cost	4,370	4,370	4,378	4,378
Subtotal	13,753	13,976	9,505	9,512
Lease liabilities ^{2, 3}	2,537	2,537	46	46
Total short-term borrowings	16,289	16,512	9,552	9,558

1) For financial assets, fair values equal carrying values. For information on fair value estimation, see the Annual and Sustainability Report 2018, Note C3 to the consolidated financial statements.

2) For lease liabilities the carrying value approximates fair value as the impact of discounting using market interest rates at the end of the reporting period is insignificant.

3) For 2018 Lease liabilities relate to finance lease agreements under IAS 17 Leases.

Financial assets and liabilities by fair value hierarchy level ¹ SEK in millions	Mar 31, 2019				Dec 31, 2018			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments at fair value through OCI ²	272	–	–	272	272	–	–	272
Equity instruments at fair value through income statement	13	–	–	13	13	–	–	13
Long- and short-term bonds at fair value through OCI	12,555	10,355	2,200	–	7,780	7,780	–	–
Derivatives designated as hedging instruments ³	3,703	–	3,703	–	2,402	–	2,402	–
Derivatives at fair value through income statement ³	57	–	57	–	777	–	777	–
Total financial assets at fair value by level	16,600	10,355	5,960	286	11,244	7,780	3,179	286
Financial liabilities at fair value								
Derivatives designated as hedging instruments	2,363	–	2,363	–	2,000	–	2,000	–
Derivatives at fair value through income statement	539	–	539	–	392	–	392	–
Total financial liabilities at fair value by level	2,902	–	2,902	–	2,392	–	2,392	–

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2018, Note C3 to the consolidated financial statements and the section below.

2) Equity instruments at fair value through OCI have been restated by SEK 49 million in 2018.

3) For 2018, carrying value of SEK 546 million has been reclassified from Derivatives at fair value through income statement to Derivatives designated as hedging instruments.

Fair value measurement of level 3 financial instruments

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

Telia Company's primary valuation technique used for estimating the fair value of unlisted equity instruments in level 3 is based on the most recent transaction for the specific company if such transaction has been recently done. If there have been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of Telia Company, would have a material impact on the fair value, the carrying value is adjusted to reflect the changes.

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

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

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

The table below presents the movements in level 3 instruments for the three-month period ended March 31, 2019. The change in fair value and the disposals of equity instruments 2018 relate mainly to the disposal of Telia Company's holding in Spotify.

Movements within Level 3, fair value hierarchy SEK in millions	Jan-Mar 2019		Total
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	
Level 3, opening balance	272	13	286
Changes in fair value	–	–	–
Level 3, closing balance	272	13	286

Movements within Level 3, fair value hierarchy SEK in millions	Jan-Dec 2018		Total
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	
Level 3, opening balance¹	1,949	19	1,968
Changes in fair value	554	–	554
<i>of which recognized in other comprehensive income</i>	554	–	554
Purchases/capital contributions	39	0	39
Disposals	-2,269	-6	-2,275
Level 3, closing balance	272	13	286

1) Equity instruments at fair value through OCI 2018 have been restated by SEK 49 million.

NOTE 9. TREASURY SHARES

On April 20, 2018, the Board of Directors decided on a share buy-back program. The intention is to buy back shares for an annual amount of SEK 5 billion over a three-year period, totaling SEK 15 billion, subject to the annual general meeting approving necessary mandates for such buy-backs in 2020. As of March 31, 2019, Telia Company held 120,544,406 treasury shares. The total price for the repurchased shares during the fifteen-

month period was SEK 5,000 million and transaction costs amounted to SEK 6 million of which SEK 874 million and SEK 4 million, respectively, related to the first three months 2019.

As of March 31, 2019, the total number of issued and outstanding shares were 4,330,084,781 and 4,209,540,375, respectively. As of December 31, 2018, the total numbers of issued and outstanding shares were 4,330,084,781 and 4,230,806,818, respectively.

NOTE 10. RELATED PARTY TRANSACTIONS

In the three-month period ended March 31, 2019, Telia Company purchased goods and services for SEK 5 million (7) and sold goods and services for SEK 4 million

(4). These related party transactions are based on commercial terms.

NOTE 11. NET DEBT, CONTINUING AND DISCONTINUED OPERATIONS

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

SEK in millions	Mar 31, 2019	Dec 31, 2018
Long-term borrowings	100,256	86,990
<i>of which lease liabilities, non-current</i>	12,695	1,363
Less 50 percent of hybrid capital ¹	-7,938	-7,861
Short-term borrowings	16,315	9,552
<i>of which lease liabilities, current</i>	2,563	46
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-3,660	-2,946
Less long-term bonds at fair value through OCI	-5,180	-7,267
Less short-term investments	-4,806	-513
Less cash and cash equivalents	-25,002	-22,591
Net debt, continuing and discontinued operations	69,985	55,363

1) 50 percent of hybrid capital is treated as equity, consistent with market practice for this type of instrument, and reduces net debt.

Derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA) are part of the balance sheet line items Long-term interest-bearing receivables and Short-term interest-bearing receivables. Hybrid capital is part of the balance sheet line item Long-term borrowings. Long-term bonds at fair value through OCI are part of the balance sheet line item Long-term interest-bearing receivables. Short-term investments are part of the balance sheet line item Short-term interest-bearing receivables.

the existing EUR 12 billion EMTN (Euro Medium Term Note) program. The main rationale behind the issues is to re-finance maturing debt and to tap long-dated duration at attractive levels which fits well into Telia Company's long-term funding strategy.

NOTE 12. LOAN FINANCING AND CREDIT RATING

The credit rating of Telia Company remained unchanged during the first quarter. Moody's rating for long-term borrowings is Baa1 and P-2 for short-term borrowings, both with a stable outlook. The Standard & Poor long-term rating is BBB+ and the short-term rating is A-2, both with a stable outlook.

On February 12, 2019, Telia Company issued a bond of EUR 500 million (SEK 5.3 billion) in a 15-year deal maturing in February 2034 with a coupon of 2.125 percent. Further, on February 13, 2019, Telia Company issued a private placement bond of JPY 10 billion (SEK 0.8 billion) in a 20-year deal maturing in March 2039 with a coupon of 1.069 percent. Both issues were made under

NOTE 13. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of March 31, 2019, the maximum potential future payments that Telia Company (continuing operations) could be required to make under issued financial guarantees totaled SEK 310 million (304 at the end of 2018), of which SEK 295 million (289 at the end of 2018) referred to guarantees for pension obligations. Collateral pledged (continuing and discontinued operations) totaled SEK 47 million (45 at the end of 2018). For ongoing legal proceedings, see Note C29 in the Annual and Sustainability Report 2018.

NOTE 14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of March 31, 2019, contractual obligations (continuing operations) totaled SEK 4,042 million (3,364 at the end of 2018), of which SEK 2,267 million (1,870 at the end of 2018) referred to contracted build-out of Telia Company's fixed networks in Sweden. Total contractual obligations per March 31, 2019 and December 31, 2018 include upgrade of network equipment in Norway.

The purchase price of SEK 9.2 billion corresponds to an EV/EBIT multiple of 15.4x, based on the last 12-month period as of March 31, 2018. Including full run-rate synergies, the EV/EBIT multiple is 7.7x.

The acquisition of TV4, C More and MTV is of strategic importance to Telia Company as it strengthens the company in the fast-growing area of video content consumption. With this acquisition, Telia Company will establish a new business area, where both Telia Company's existing TV business and the Bonnier Broadcasting businesses will be included.

NOTE 15. BUSINESS COMBINATIONS

Minor business combinations

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

Business combinations after the reporting period

Bonnier Broadcasting

On July 20, 2018, Telia Company announced that it had signed an agreement to acquire Bonnier Broadcasting, including the brands TV4, C More and Finnish MTV, from Bonnier AB at an enterprise value of SEK 9.2 billion, with a contingent consideration of maximum SEK 1 billion. The contingent consideration will be based on future operational performance on revenues and EBITA.

Bonnier Broadcasting had revenues of SEK 7.5 billion in the last 12-month period as of March 31, 2018, and an EBIT of SEK 0.6 billion. The operational free cash flow amounted to SEK 0.3 billion. The transaction is expected to generate synergies as per 2020 with a full run-rate of SEK 0.6 billion in 2022. The integration costs are expected to amount to SEK 0.4 billion on an aggregated level in 2020 and 2021. The transaction is expected to contribute by SEK 0.5 billion to Telia Company's operational free cash flow 2020. The pro forma impact on net debt to EBITDA equals 0.2x. The transaction is subject to approvals by the European Commission and the merger filing was submitted March 15, 2019. The transaction is expected to be completed during the second half of 2019.

Minor business combinations after the reporting period

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

NOTE 16. FINANCIAL KEY RATIOS

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

	Mar 31, 2019	Dec 31, 2018
Return on equity (% , rolling 12 months) ¹	6.2	3.6
Return on capital employed (% , rolling 12 months) ¹	5.6	4.7
Equity/assets ratio (%) ¹	34.4	37.3
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) ^{2, 3}	2.52	2.07
Parent owners' equity per share (SEK) ¹	23.99	23.01

¹) Equity is adjusted by weighted ordinary dividend, see the Annual and Sustainability Report 2018 section Definitions for key ratio definitions.

²) Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2019 including Get and TDC Norway adjusted EBITDA April 1, 2018 - March 31, 2019, was 2.44x. Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2018 including Get and TDC Norway adjusted EBITDA January 1- October 15, 2018, was 1.97x.

³) The implementation of IFRS 16 impacted Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2019 by 0.5x. The lease liability, amounting to SEK 15.3 billion, is fully included while the EBITDA impact from IFRS 16 is only included for the first 3 months 2019 (of the rolling 12 months). Based on a steady state assumption, i.e. including 12 months EBITDA effect, the net impact would be approximately 0.3x.

Alternative performance measurements

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

measures are described in this note and in the Annual and Sustainability Report 2018. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

EBITDA and adjusted EBITDA

Telia Company considers EBITDA as a relevant measure to be able to understand profit generation before investments in tangible, intangible and right-of-use assets. To assist the understanding of Telia Company's underlying financial performance we believe it is also useful to analyze adjusted EBITDA. Adjustment items within EBITDA are specified in Note 3.

Continuing operations

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating income	3,227	3,398	13,238
Income from associated companies and joint ventures	-373	-145	-835
Total depreciation/amortization/write-down	4,355	3,053	13,638
EBITDA	7,209	6,305	26,042
Adjustment items within EBITDA (Note 3)	259	189	607
Adjusted EBITDA	7,468	6,495	26,649

Discontinued operations

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating income	-82	659	1,696
Income from associated companies and joint ventures	–	-10	267
Total depreciation/amortization/write-down	-2	-10	-218
Capital gain/loss on disposals	–	-3,306	-6,545
EBITDA	-84	-2,667	-4,800
Adjustment items within EBITDA (Note 3)	118	3,354	7,141
Adjusted EBITDA	34	687	2,341

Adjusted operating income, continuing operations

Telia Company considers Adjusted operating income, continuing operations, as a relevant measure to be able to understand the underlying financial performance of

Telia Company. Adjustment items within operating income, continuing operations are specified in Note 3.

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating income	3,227	3,398	13,238
Adjustment items within Operating income (Note 3)	259	189	908
Adjusted operating income, continuing operations	3,486	3,588	14,146

CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees and Cash CAPEX

Telia Company considers CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees and Cash CAPEX as relevant measures to understand the group's investments in intangible, tangible

and right-of-use assets (excluding goodwill, assets acquired in business combinations and asset retirement obligations).

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Continuing operations			
Investments in intangible assets	663	622	4,342
Investments in property, plant and equipment	2,447	2,163	12,019
CAPEX excluding right-of-use assets	3,110	2,785	16,361
Investments in right-of-use assets	127	–	–
CAPEX	3,237	2,785	16,361
Excluded: Right-of-use assets	-127	–	–
Net of not paid investments and additional payments from previous periods ¹	1,217	59	-2,587
Cash CAPEX	4,327	2,844	13,774
CAPEX	3,237	2,785	16,361
Excluded: Investments in license and spectrum fees	–	–	-1,378
CAPEX excluding license and spectrum fees	3,237	2,785	14,984
Excluded: Investments in right-of-use assets	-127	–	–
CAPEX excluding license, spectrum fees and right-of-use assets	3,110	2,785	14,984

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Discontinued operations			
Investments in intangible assets	–	27	203
Investments in property, plant and equipment	27	146	658
CAPEX excluding right-of-use assets	27	173	861
Investments in right-of-use assets	–	–	–
CAPEX	27	173	861
Excluded: Right-of-use assets	–	–	–
Net of not paid investments and additional payments from previous periods	-27	146	158
Cash CAPEX	0	319	1,020

1) First quarter of 2019 relates mainly to spectrums in Sweden, which were acquired in 2018 and paid in 2019. Full year 2018 was also impacted by SEK 1.2 billion related to the Telia Helsinki Data Center.

Free cash flow

Telia Company considers Free cash flow as a relevant measure to be able to understand the group's cash flow from operating activities and after CAPEX.

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Cash flow from operating activities	6,384	7,546	26,696
Cash CAPEX (paid intangible and tangible assets)	-4,327	-3,163	-14,794
Free cash flow, continuing and discontinued operations	2,057	4,383	11,902

Operational free cash flow

Telia Company considers Operational free cash flow as a relevant measure to be able to understand the cash flows that Telia Company is in control of. From the reported free cash flow from continuing operations dividends from associated companies are deducted, as these are dependent on the approval of boards and the annual general meetings of the associated companies. Licenses and spectrum payments are excluded as they generally refer to a longer period than just one year. In connection to the implementation of IFRS 16 Telia Company changed its definition of operational free cash flow. From January 1, 2019, repayments of lease liabilities are

included, since these are considered to be part of Telia Company's normal daily operations. Telia Company has implemented IFRS 16 using the modified retrospective approach, and comparatives have therefore not been restated. The changed definition implies that IFRS 16 has no material impact on this cash flow measure. Operational free cash flow in continuing operations represents Telia Company's outlook. Telia Company intends to distribute a minimum of 80 percent of operational free cash flow from continuing operations including dividends from associated companies, net of taxes.

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Cash flow from operating activities from continuing operations	8,290	7,057	25,330
Cash CAPEX from continuing operations	-4,327	-2,844	-13,774
Free cash flow, continuing operations	3,963	4,213	11,555
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	1,129	45	188
Excluded: Dividends from associates from continuing operations	-0	-1	-968
Excluded: Taxes paid on dividends from associates from continuing operations	-	-	41
Repayments of lease liabilities	-684	-	-
Operational free cash flow	4,409	4,256	10,816
Dividends from associated companies, net of taxes	0	1	927
Operational free cash flow that forms the basis for dividend	4,409	4,257	11,743

Net debt

Telia Company considers Net debt to be a relevant measure to be able to understand the group's indebtedness. Net debt is specified in Note 11.

Net debt/Adjusted EBITDA ratio (multiple, rolling 12 months)

Telia Company considers net debt in relation to adjusted EBITDA as a relevant measure to be able to understand the group's financial position.

SEK in millions, except for multiple	Mar 31, 2019	Dec 31, 2018
Net debt	69,985	55,363
Adjusted EBITDA continuing operations accumulated current year	7,468	26,649
Adjusted EBITDA continuing operations previous year	20,154	-
Adjusted EBITDA discontinuing operations accumulated current year	34	2,341
Adjusted EBITDA discontinuing operations previous year	1,655	-
Excluding: Disposed operations	-1,574	-2,259
Adjusted EBITDA rolling 12 months excluding disposed operations	27,738	26,731
Net debt/adjusted EBITDA ratio (multiple)	2.52x	2.07x

Adjusted EBITDA margin

Telia Company considers Adjusted EBITDA in relation to net sales as a relevant measure to be able to understand the group's profit generation and to be used as a comparable benchmark.

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	20,847	19,852	83,559
Adjusted EBITDA	7,468	6,495	26,649
Adjusted EBITDA margin (%), continuing operations	35.8	32.7	31.9

PARENT COMPANY

Condensed income statements

SEK in millions	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	156	118	417
Gross income	156	118	417
Operating expenses and other operating income, net	1,647	-286	-1,477
Operating income	1,803	-168	-1,060
Financial income and expenses	6,328	-3,254	16,996
Income after financial items	8,131	-3,422	15,936
Appropriations	1,644	3,237	7,284
Income before taxes	9,775	-184	23,220
Income taxes	-40	-44	-563
Net income	9,735	-228	22,657

Operating expenses and other operating income, net, amounted to SEK 1,647 million (-286). On March 19, 2019 Telia Company AB's subsidiary in the Netherlands, Sonera Holding B.V., paid the remaining part of the settlement amount regarding the Uzbekistan investigations to the Dutch Public Prosecution Service (Openbaar Ministerie, OM). As a consequence of the payment, Telia Company AB reversed the short-term provision, resulting in a positive effect on Operating expenses and Other operating income, net of SEK 1,931 million in 2019. See Note 4 for further information.

Financial income and expenses in the first quarter of 2019 were positively impacted by increased dividends from the subsidiaries Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V. partly off-set, as a consequence, by impairments of the same subsidiaries amounting to SEK 12,911 million and SEK 1,180 million, respectively. Financial income and expenses were further positively impacted by reduced exchange rate losses in 2019.

Condensed balance sheets

SEK in millions	Mar 31, 2019	Dec 31, 2018
Assets		
Non-current assets	196,828	176,064
Current assets	45,155	47,512
Total assets	241,984	223,577
Equity and liabilities		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	88,392	79,477
Total shareholders' equity	104,105	95,189
Untaxed reserves	6,561	6,882
Provisions	534	534
Long-term liabilities	85,871	84,199
Short-term liabilities and short-term provisions	44,914	36,772
Total equity and liabilities	241,984	223,577

Non-current assets increased to SEK 196,828 million (176,064) mainly impacted by increased long-interest-bearing intra-group receivables and investment in subsidiaries partly off-set by impairments of the subsidiaries Telia Finland Oyj and TeliaSonera Kazakhstan Holding B.V., respectively.

Current assets decreased to SEK 45,155 million (47,512) mainly due to reclassification of current interest-bearing intra-group receivables to long interest-bearing intra-group receivables.

Equity increased to SEK 104,105 million (95,189) due to positive effects from net income, partly off-set by repurchased shares related to the share buy-back program.

Short-term liabilities and short-term provisions increased to SEK 44,914 million (36,772) impacted by a reclassification from long-term liabilities, partly off-set by a reversal of the short-term provision for the final settlement amount with the US and Dutch authorities, see Note 4.

Financial investments during 2019 amounted to SEK 11,294 million (1,062). The financial investments were mainly impacted by the shareholder contributions made to Telia Towers AB and Telia Sverige AB, while previous year was mainly impacted by the acquisition of Inmics Oy.

RISKS AND UNCERTAINTIES

Telia Company operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. Telia Company has defined risk as anything that could have a material adverse effect on the achievement of Telia Company's goals. Risks can be threats, uncertainties or lost opportunities relating to Telia Company's current or future operations or activities. Telia Company has an established risk management framework in place to regularly identify, analyze, assess and report business, financial as well as ethics and sustainability risks and

uncertainties, and to mitigate such risks when appropriate. Telia Company's risk universe consists of four categories and over thirty risk areas used to aggregate and categorize risks identified across the organization within the risk management framework, see below.

For further information regarding details on risk exposure and risk management, see the Annual and Sustainability Report 2018, Directors Report, section Risk and uncertainties.

Telia Company's risk universe			
Strategic & emerging risks Risks that can have a material impact on the strategic objectives arising from internal or external factors	Financial risks Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization	Operational & societal risks Risks that may affect or compromise execution of business functions or have an impact on society	Legal & regulatory risks Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives

Stockholm, April 25, 2019

Johan Dannelind
President & CEO

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

FORWARD-LOOKING STATEMENTS

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

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

DEFINITIONS

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

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

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

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

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

Like for like (%): The change in net sales, external service revenues and adjusted EBITDA, excluding exchange rate effects but including acquisitions and excluding disposals, both in the current and the corresponding period previous year.

EBITDA: An abbreviation of "Earnings before Interest, Tax, Depreciation and Amortization." Equals operating income before depreciation, amortization and impairment losses and before income from associated companies and joint ventures.

Employees: Total headcount excluding hourly paid employees.

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

Interconnect revenues: External net sales related to mobile termination.

Internal net sales: Group internal net sales.

Mobile subscription revenues: External net sales related to voice, messaging, data and content (including machine-to-machine).

Net debt: Interest-bearing liabilities less derivatives recognized as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA), less 50 percent of hybrid capital (which, consistent with market practice for the type of instrument, is treated as equity), less short-term investments, long-term bonds at fair value through OCI and cash/cash equivalents.

Net debt/adjusted EBITDA ratio (multiple): Net debt divided by adjusted EBITDA rolling 12 months and excluding disposed operations.

Operational free cash flow: Free cash flow from continuing operations excluding cash CAPEX for licenses and spectrum fees, dividends from associated companies net of taxes and including repayment of lease liabilities.

Other fixed service revenues: External net sales of fixed services including fiber installation, wholesale and other infrastructure services.

Other mobile service revenues: External net sales related to visitors' roaming, wholesale and other services.

Return on capital employed: Operating income, including impairments and gains/losses on disposals, plus financial revenues excluding foreign exchange gains expressed as a percentage of average capital employed.

Telephony revenues: External net sales related to fixed telephony services.

Total equipment revenues: External equipment net sales.

Total service revenues: External net sales excluding equipment sales.

TV revenues: External net sales related to TV services.

For definitions of other alternative performance measures, see the Annual and Sustainability Report 2018.

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

FINANCIAL CALENDAR

Interim Report January-June 2019
July 18, 2019

Interim Report January-September 2019
October 17, 2019

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

QUESTIONS REGARDING THE REPORT

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