

Telia Company

Q4 2023

January 26, 2024



A strong end to the year

Solid Q4 financial and operational Telco performance

- Mobile growth improved to +3.9% and fixed service revenue increased by +2.5%
- Consumer growth was solid (+3.2%) as was Enterprise (+3.0%)
- EBITDA growth remained strong at +5.4%

EBITDA from continuing operations grew +7.3% despite a continued weak Ad market

Structural OFCF of SEK 2.3bn for Q4 and SEK 7.3bn full-year

- Leverage declined to 2.32x

Strategic progress

- 5G population coverage increased to 89%
- NPS trending in the right direction
- Again, awarded best mobile network and TV service in Sweden
- Continued progress on plan to return TV and Media to profitability

Non-cash impairments of SEK 4.1bn

Dividend of SEK 2.00/share proposed for 2023

+3.3%

Service revenue growth
(Telco operations, LFL)

+5.4%

Adjusted EBITDA growth
(Telco operations, LFL)

2.3bn

Structural part of OFCF
(In SEK billions)



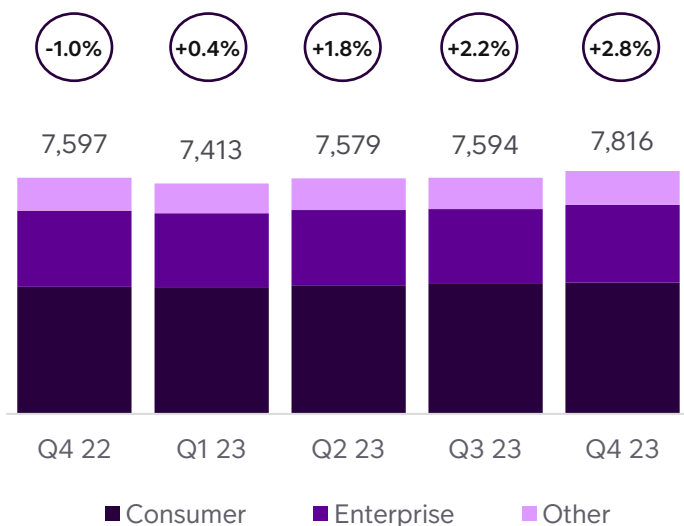
Telco operations



Sweden financials

Service revenue

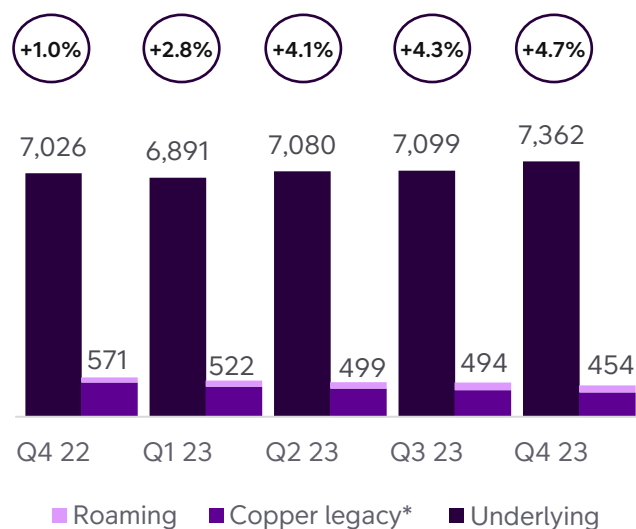
Reported currency, in SEK millions, like for like growth



- Clear 5G leader with pop. coverage now at 82% and again awarded for best network
- Service revenue growth continued to accelerate
- Enterprise was again strong (+2.3%)
- Mobile +1.5%, Broadband +5.5%, TV +20.8%

Service revenue split

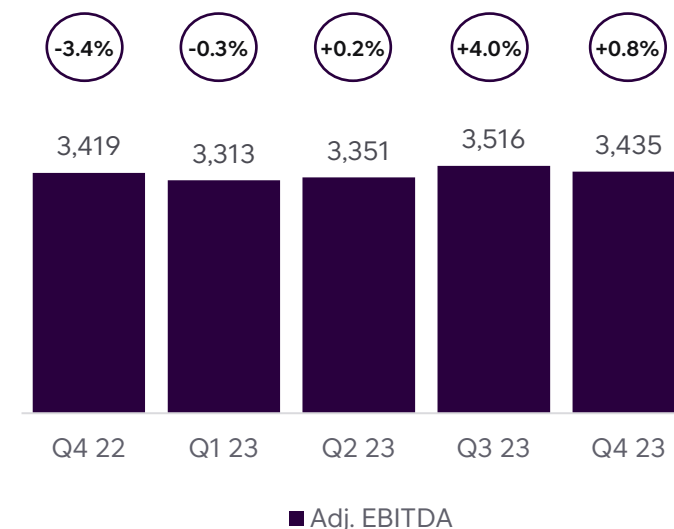
Reported currency, in SEK millions, like for like growth



- Copper legacy headwind of ~ SEK 140m
- Underlying service revenue growth improved sequentially driven by consumer

Adj. EBITDA

Reported currency, in SEK millions, like for like growth



- EBITDA growth driven by service revenue growth and operational FX, offset mainly by content and employee bonuses

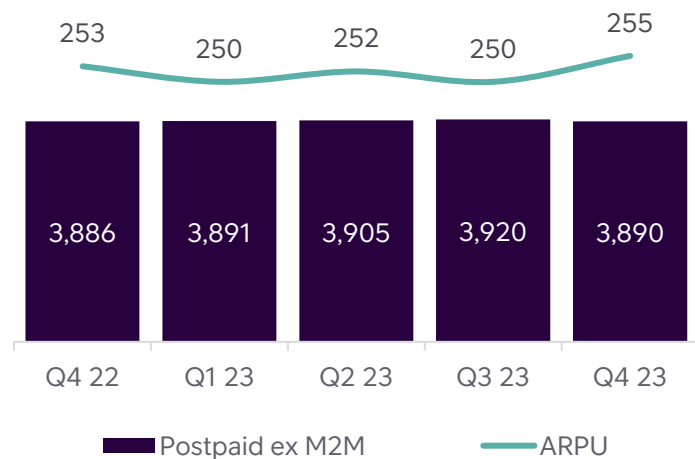
* Copper legacy = end customer revenue from telephony & xDSL



Sweden KPIs

Mobile postpaid subs. and ARPU

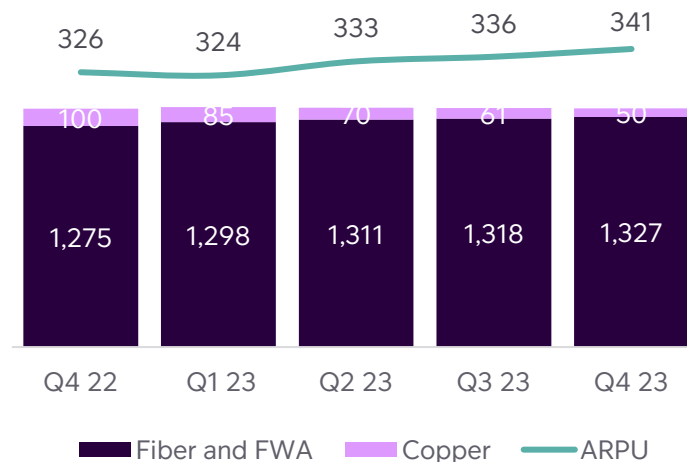
Subscriptions '000, ARPU in SEK



- Subscriber base decline in Q4 driven by Enterprise; stable vs. LY
- ARPU relatively stable as product mix partly offsets pricing

Broadband subs. and ARPU

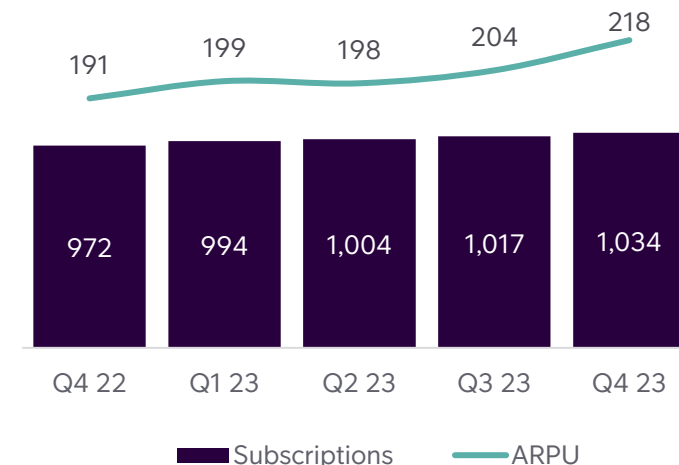
Subscriptions '000, ARPU in SEK



- Subscriber base stable despite copper shutdown
- Fiber and FWA compensating for copper decline
- ARPU supported by pricing, with fiber service revenue growth remaining strong (+10%)

TV subs. and ARPU

Subscriptions '000, ARPU in SEK



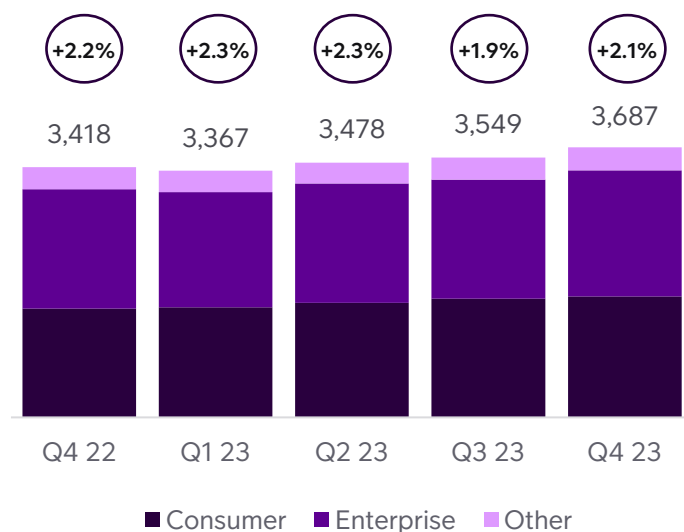
- Telia TV again #1 according to SKI
- Subscriber base continued to expand (+17k)
- ARPU growth of 14% partly driven by pricing



Finland

Service revenue

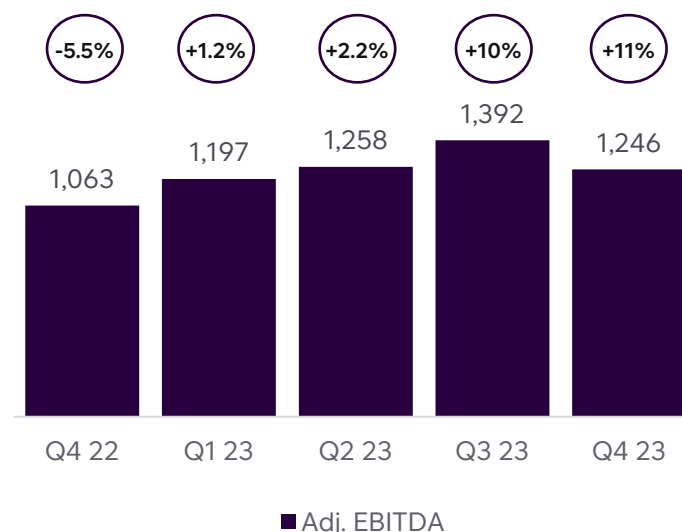
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 90%
- Mobile growth improved to +4.1% and fixed remained flat

Adj. EBITDA

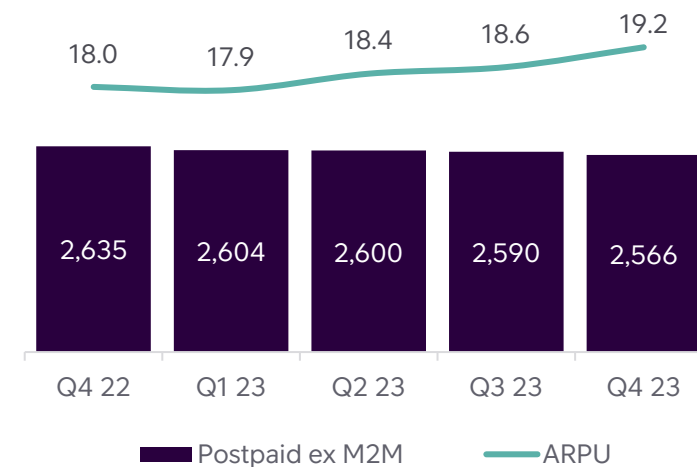
Reported currency, in SEK millions, like for like growth



- Double digit EBITDA growth supported by service revenue growth and a lower cost level related mainly energy and marketing

Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in EUR



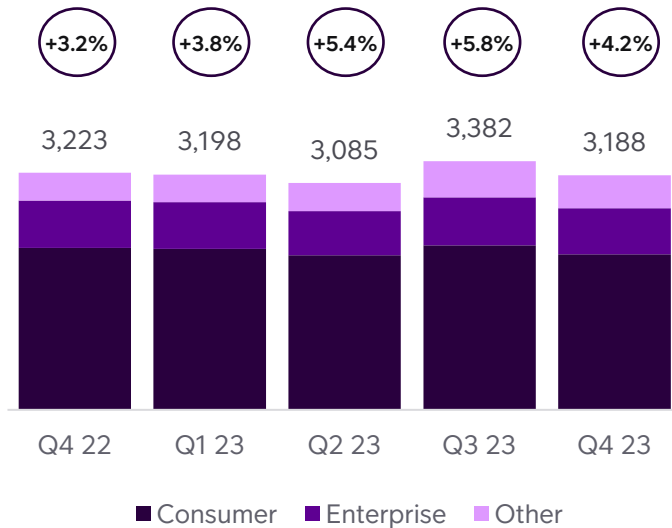
- Churn remained well below last year
- Subs. base decreased predominantly in Consumer
- Consumer ARPU growth accelerated to +12%, slight decline in Enterprise (-1%)



Norway

Service revenue

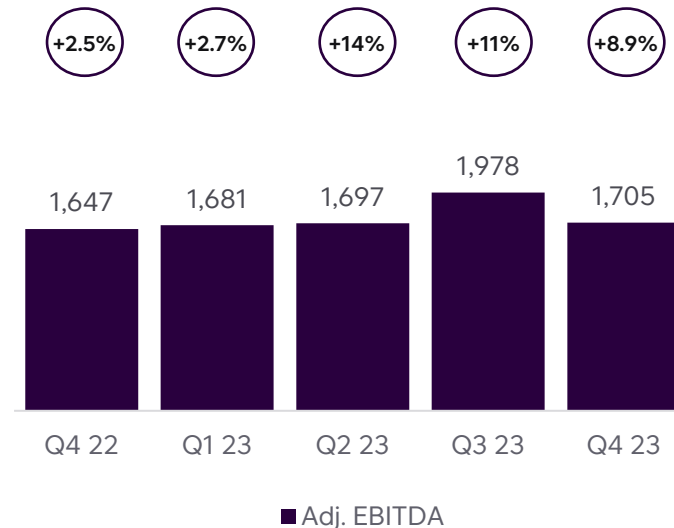
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 94%
- Growth in all segments, Consumer (+1.1%), Enterprise (+2.4%) and Wholesale (+22%)

Adj. EBITDA

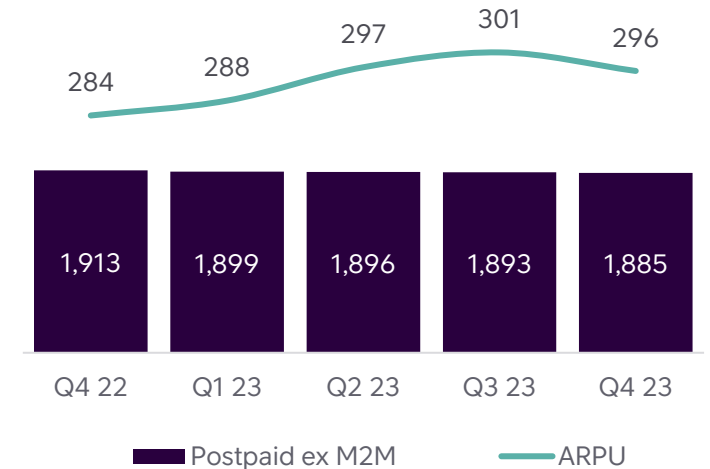
Reported currency, in SEK millions, like for like growth



- EBITDA growth supported by solid service revenue development and lower costs related to energy and resources
- Resource costs include a positive SEK 70m impact related to pensions

Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in NOK



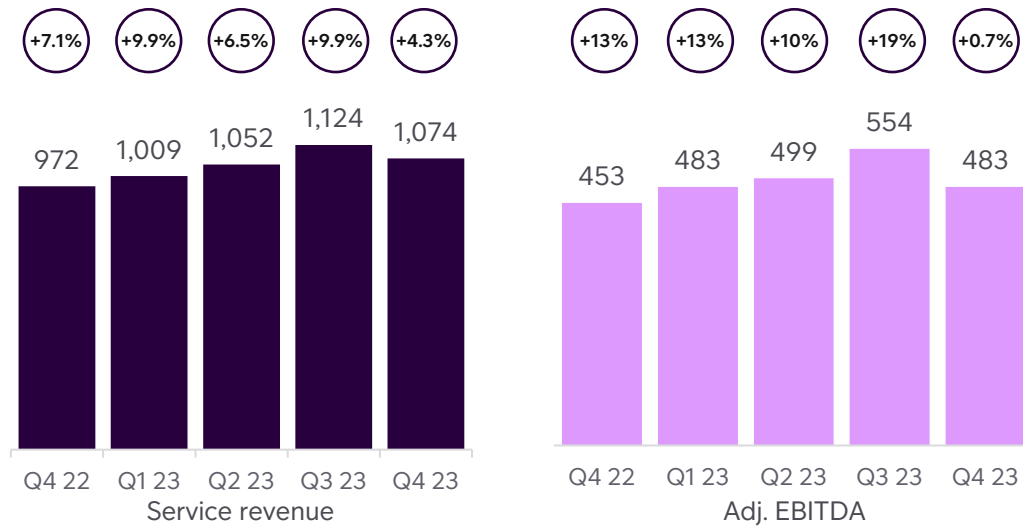
- Flat subscriber base in relatively stable market
- ARPU improvement (+4.2%) driven by Consumer



Lithuania & Estonia

Lithuania

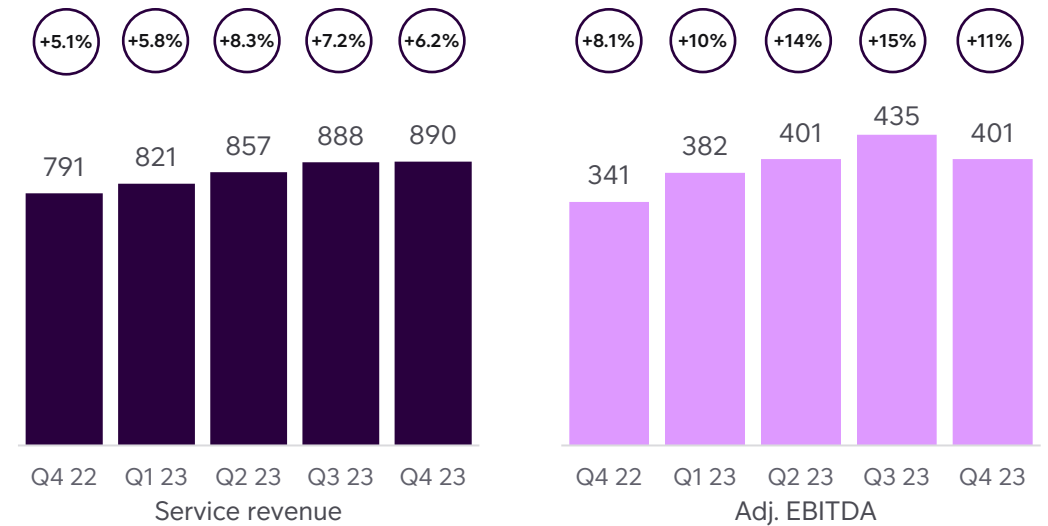
Reported currency, in SEK millions, like for like growth



- 5G pop. coverage >99% and the clear market leader
- Continued strong mobile growth (+10.1%) but fixed declined (-0.5%)
- EBITDA growth slowed from lower service revenue growth and a higher cost level due to higher employee bonuses

Estonia

Reported currency, in SEK millions, like for like growth



- 5G pop. coverage now at 77%
- Strong service revenue growth in both mobile (+4.8%) and fixed (+7.1%)
- Continued strong conversion to EBITDA



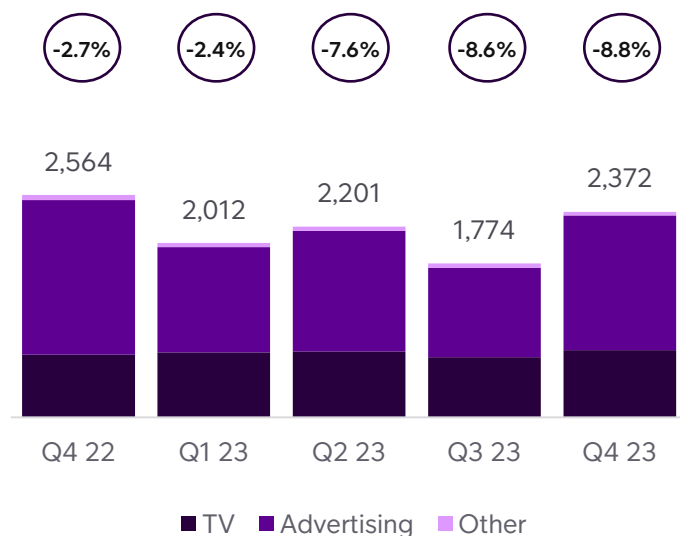
TV & Media



TV & Media

Service revenue

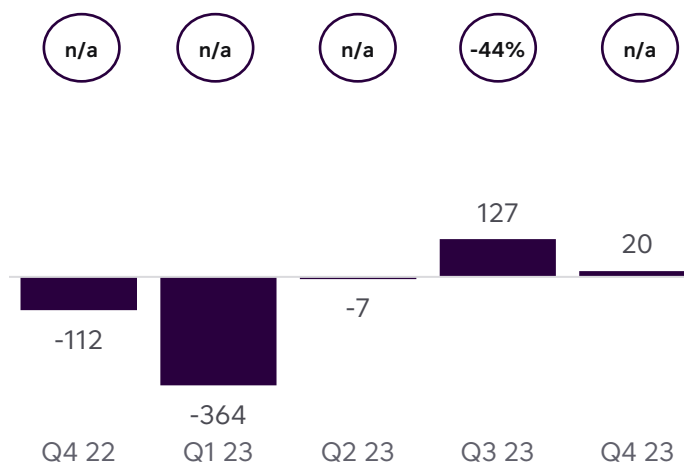
Reported currency, in SEK millions, like for like growth



- Advertising market remained challenging with ad revenue declining -14%
- Direct OTT revenue increased +8%

Adj. EBITDA

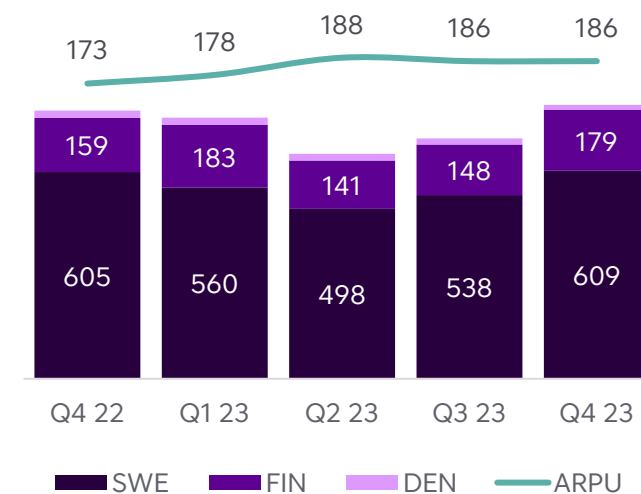
Reported currency, in SEK millions, like for like growth



- EBITDA improved driven by lower content and operational expenses

Direct OTT subs. and ARPU

Subscriptions '000, ARPU in SEK



- Subscriber base grew 14% driven by new HVOD in both Sweden and Finland
- ARPU increased (+7.5%) as pricing performed earlier in the year offset a negative mix impact from HVOD growth



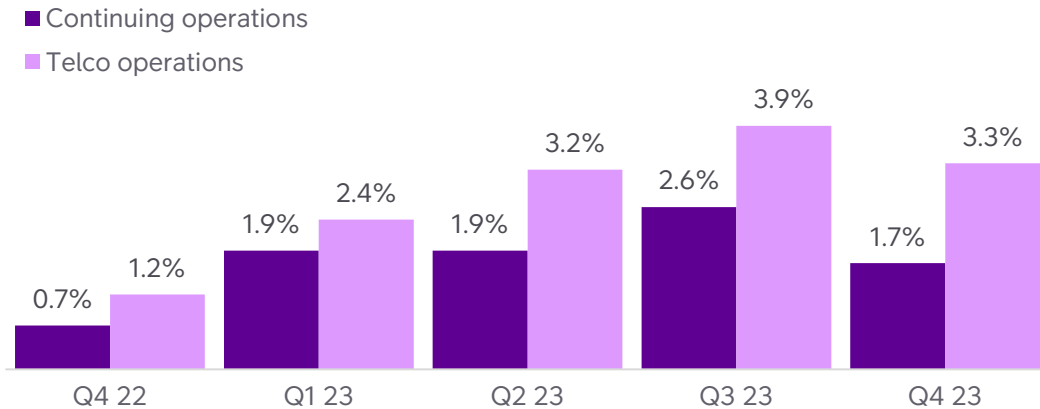
Financials



Service Revenue & EBITDA

Service revenue

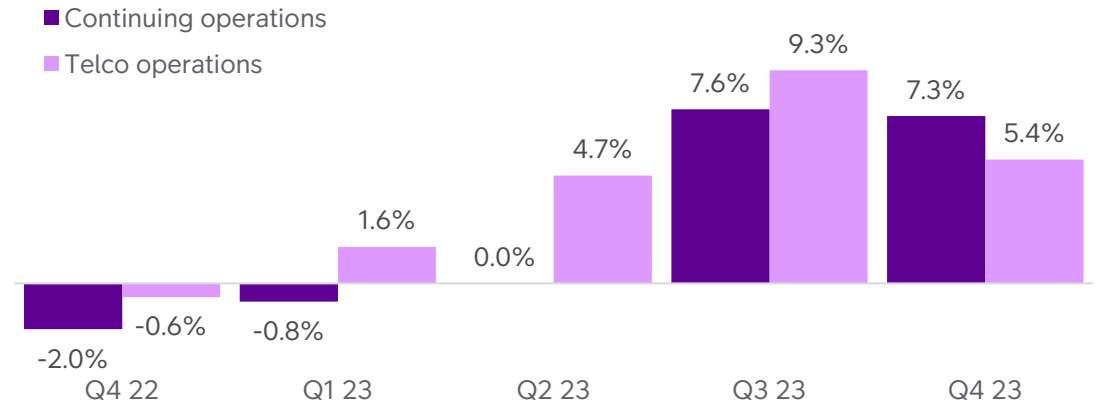
Like for like growth



- All Telco markets increased service revenue
- Growth in both Telco Consumer (+3.2%) and Enterprise (+3.0%)
- Growth for both mobile (+3.9%) and fixed (+2.9%)
- Continuing operations service revenue growth hampered by lower advertising revenue in TV & Media

Adjusted EBITDA

Like for like growth



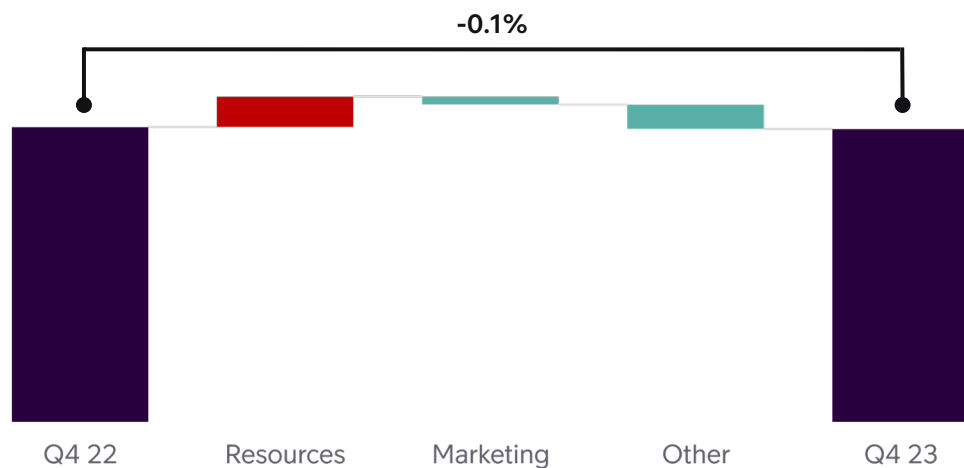
- Telco EBITDA growth remained strong at +5.4%
- EBITDA affected positively by lower energy costs (~SEK 190m) and negatively by higher employee bonuses at about a similar level
- EBITDA in TV and Media improved by ~SEK 130m compared to Q4 LY



OPEX & CAPEX

OPEX excl. energy

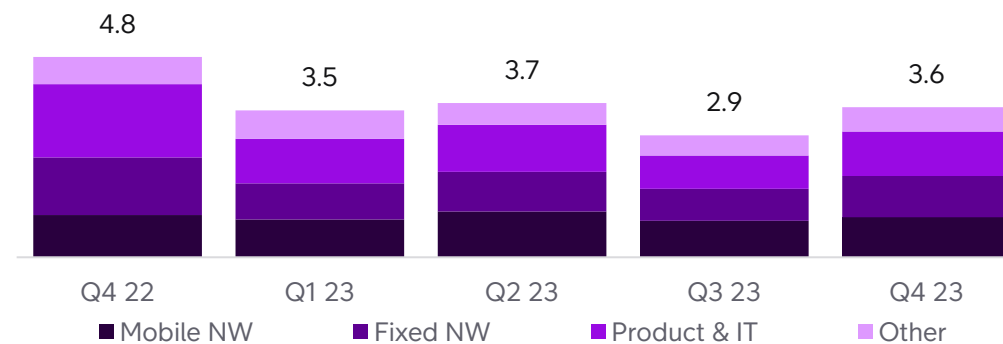
Like for like growth



- OPEX remained unchanged as increased resource costs, due to higher employee bonuses, was largely offset by lower marketing spend and various other items
- Cumulative net reductions since 2021 of SEK 1.1bn, driven mainly by lower resource cost, IT and marketing spend

CAPEX excl. licenses

Reported currency, in SEK billions



- Reduction of SEK 1.2bn compared to Q4 LY driven mainly by lower investments in fixed network and in product development
- Full year CAPEX excl. licenses in line with expectations at SEK 13.6bn



Cash Flow

Reported currency, in SEK billions	Q4 23	Q4 22	Change
Adjusted EBITDA	7.5	7.0	0.5
Restructuring and other adj. items	-0.7	-0.3	-0.4
Repayment of leasing liabilities	-0.7	-0.6	-0.1
Cash CAPEX excl. licenses	-2.8	-5.0	2.2
Interest paid net	-0.9	-0.6	-0.3
Taxes paid	-0.1	-0.1	0.0
Other items	0.1	-0.1	0.2
Structural part of OFCF	2.3	0.3	2.1
Working capital	4.7	0.0	4.6
Operational free cash flow	7.0	0.3	6.7

Cash flow Q4 improved vs. LY

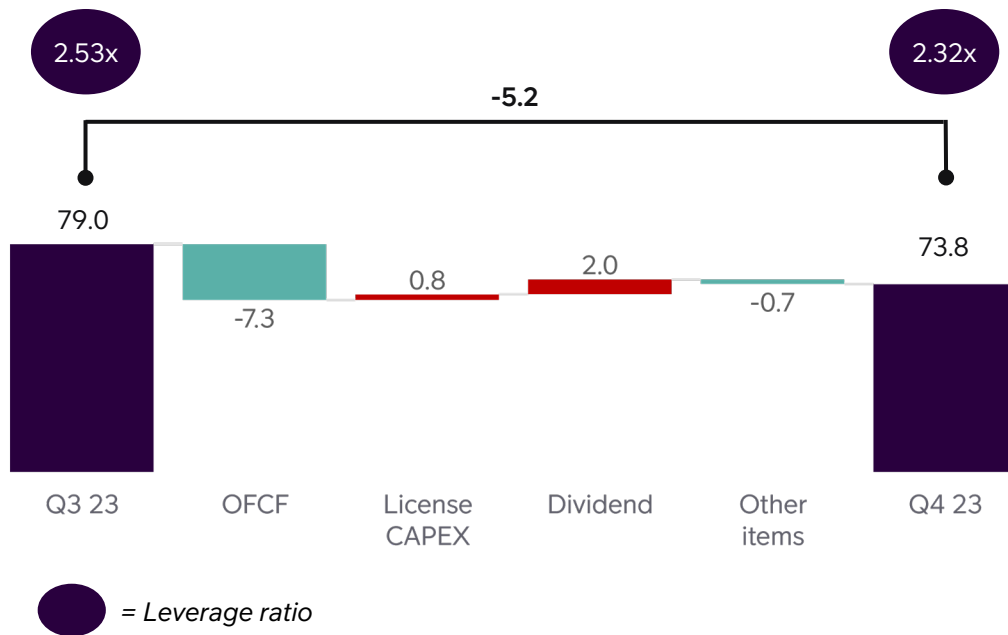
- EBITDA improved SEK 0.5bn from strong telco performance
- Cash CAPEX declined significantly as planned
- Restructuring up SEK 0.4bn due to one-off Norwegian VAT provision (fully offset in Other items)
- Interest paid up SEK 0.3bn due to higher market rates
- Structural OFCF increased by SEK 2.1bn in Q4 and reached SEK 7.3bn for the full year, with Telco at SEK 7.9bn
- Significant contribution from WC due to the as expected vendor financing phasing, with end of year balance at SEK 11.5bn
- OFCF increased by SEK 6.7bn in Q4 and reached SEK 6.7bn for the full year



Net Debt & Leverage

Net debt and leverage

Total operations, reported currency, in SEK billions and leverage ratio



- Net debt decreased by SEK 5.2bn driven by strong OFCF generation, partly offset by dividend distribution and license CAPEX
- Leverage declined as expected, ending the year well within the range at 2.32x
- Proceeds from the divestment of Telia Denmark is expected to reduce leverage by ~0.2x in 2024



Strategy



We reinvent better connected living

through our...

Digital connectivity

Accelerating the connected lives of everyone

Digital experiences

Accelerating customer loyalty and revenue growth beyond connectivity

Digital infrastructure

Growing the digital infrastructure of the Nordic and Baltic region

by excelling at...



Inspiring customers

With brands and experiences that go beyond connectivity



Connecting everyone

Through the most trusted, reliable and efficient modern networks



Transforming to digital

To be simpler, faster, data driven and with lower cost



Delivering sustainably

Through an accountable and empowered organization

so that we have the...

Most loyal customers

Most engaged employees

Most satisfied shareholders

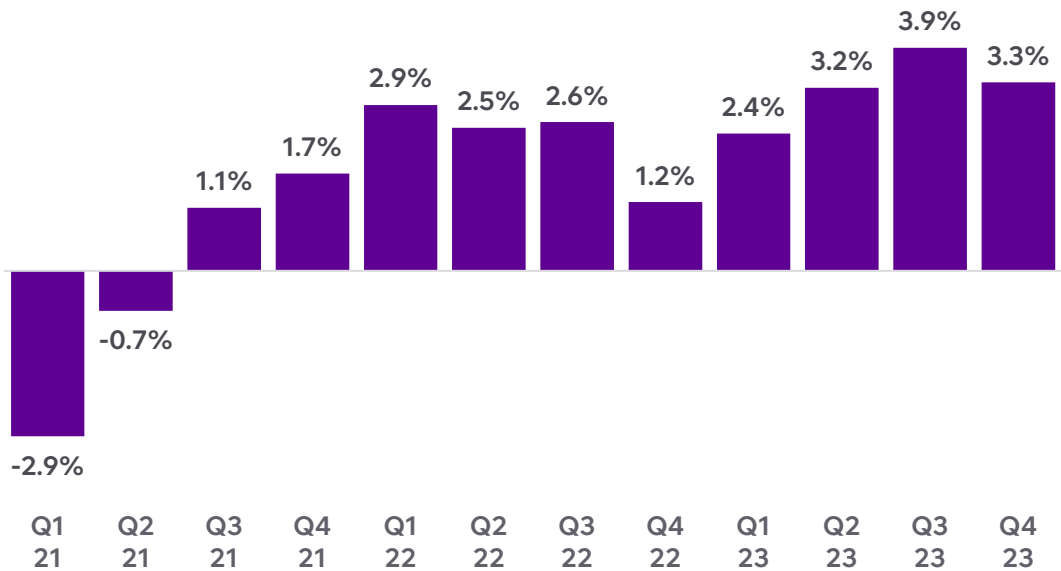
Most empowered societies



Return to growth confirmed

Service revenue development

Like for like growth, telco operations



10 quarters

of consecutive service revenue growth in Telco

6 quarters

of consecutive mobile NPS growth in Consumer

11% growth

in enterprise non-connectivity revenue in 2023, e.g., cloud, security, IoT

#1 position

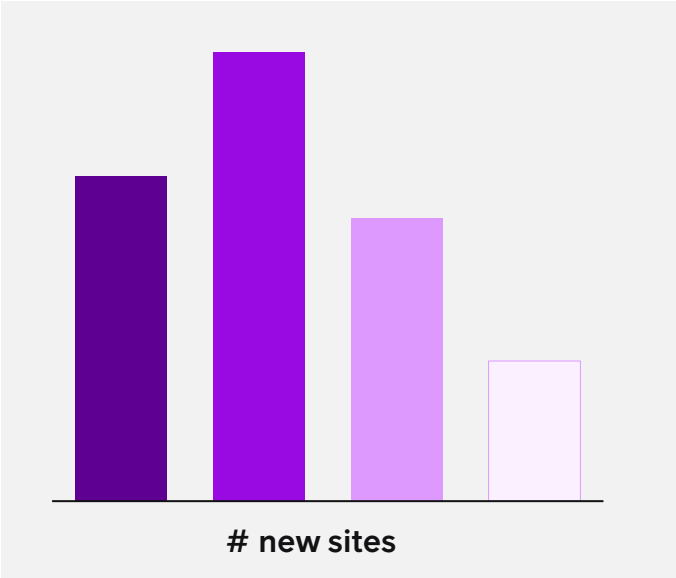
in mobile wholesale Norway, EMN Nordics, TV aggregator, critical national infra customers



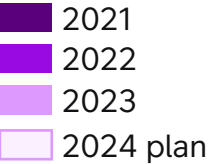
Ahead in network modernization

Modernization

peak roll-out passed in 2022

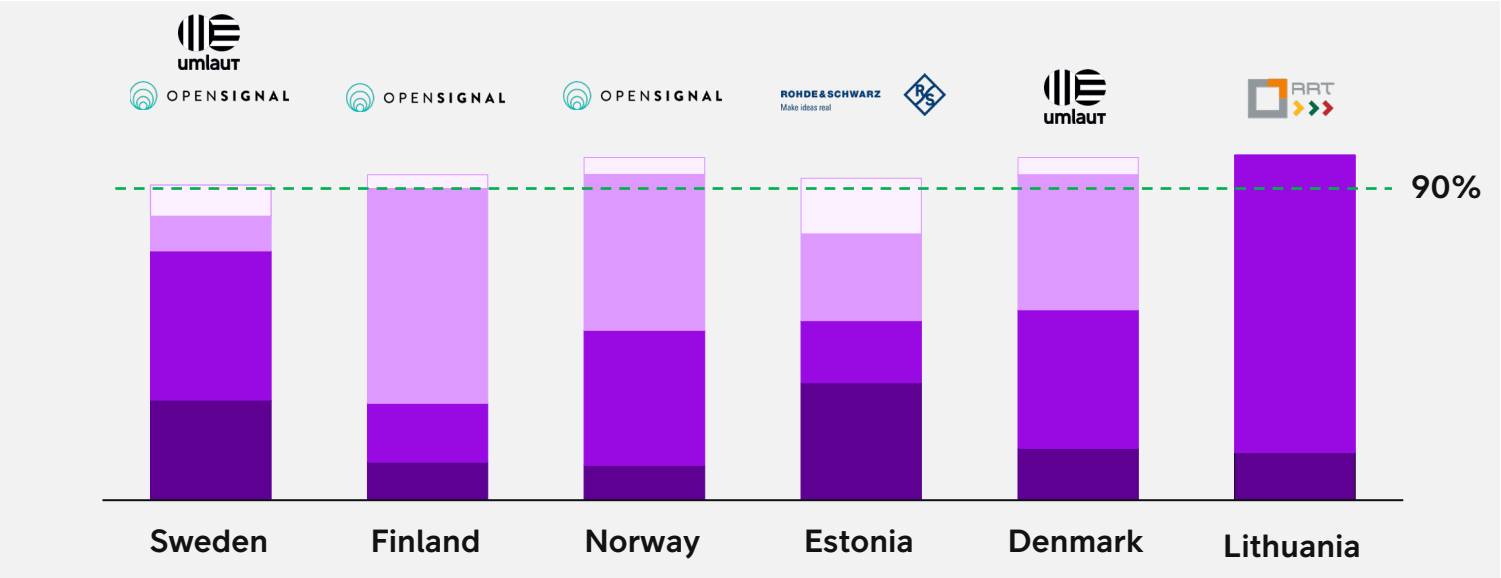


- Successfully front-loaded delivery
- Passed peak in network modernization, 2024 focus on Sweden



Leading network position

5G pop. coverage and network quality over delivered



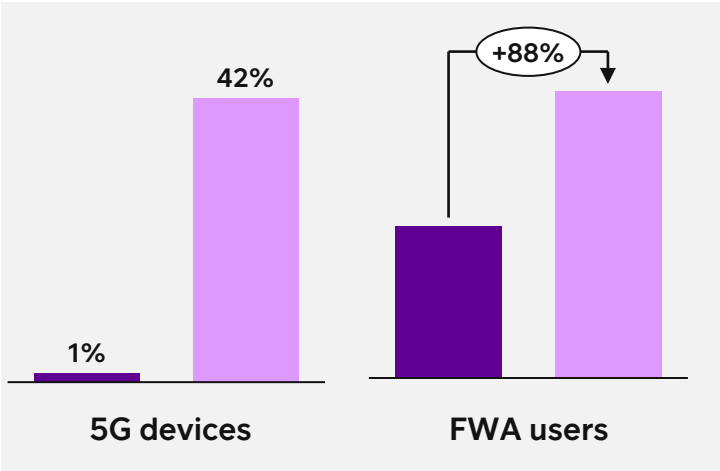
- Best in class network within several categories by umlaut, OpenSignal and Rohde-Schwarz
- Secured leading 5G spectrum position in the region
- 7x capacity increase with 5G and modernized 4G and optimized operating efficiency
- Successful infrastructure monetization with Pan-Nordic tower business delivering above plan, Fiber JV in Finland taking market leadership and supporting our wholesale business in Norway



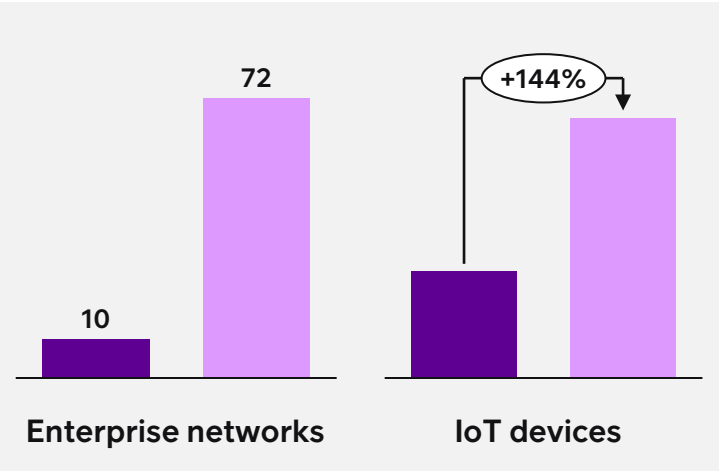
Monetizing our connectivity – increasingly digital



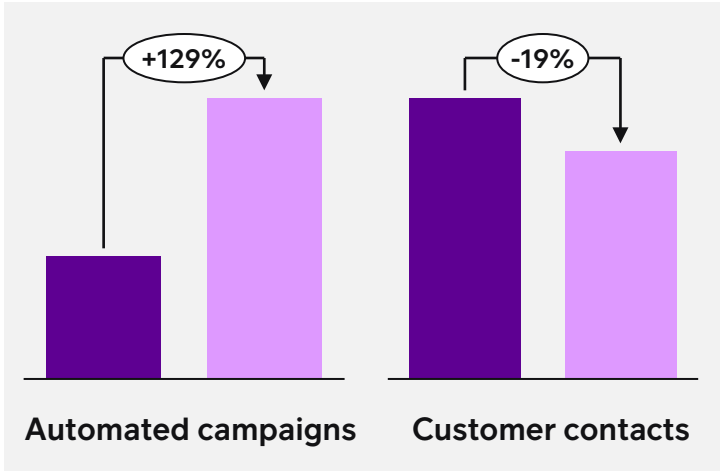
Monetizing our connectivity
 leveraging our 5G and modernized 4G networks



Building on our digital foundation
 adding value as pioneer in enterprise mobile networks (EMNs) and Internet of Things (IoT)



Selling & servicing digitally
 unlocking value potential of our network investments, through targeted and efficient customer interactions



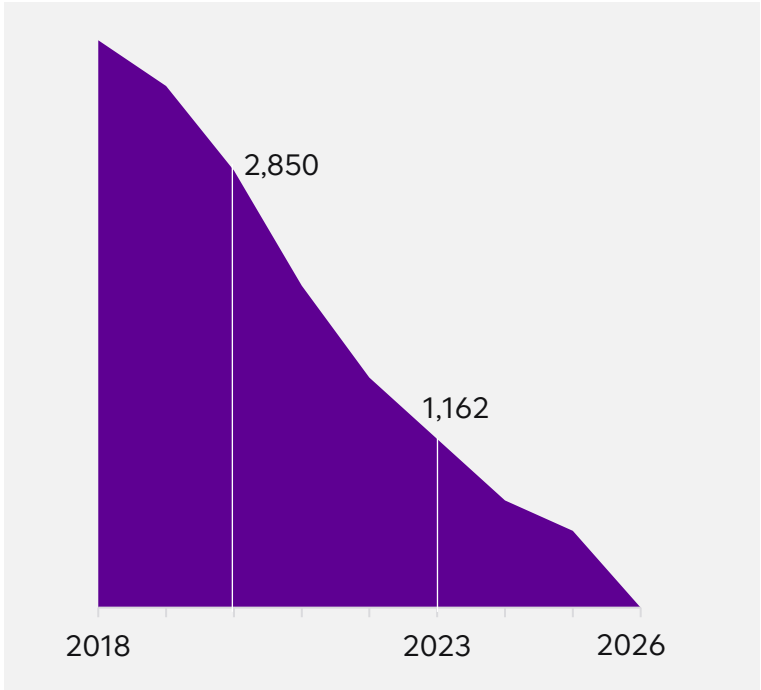
- Strengthened portfolio and monetization of our 5G, FWA, EMN and IoT assets
- Digital sales & service customer journeys live, delivering better customer experiences and value



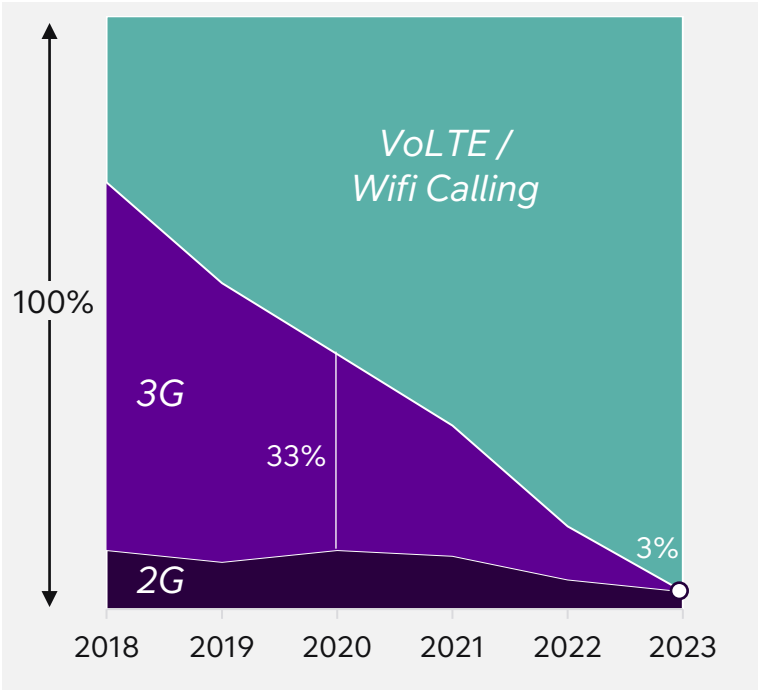
Driving out network legacy



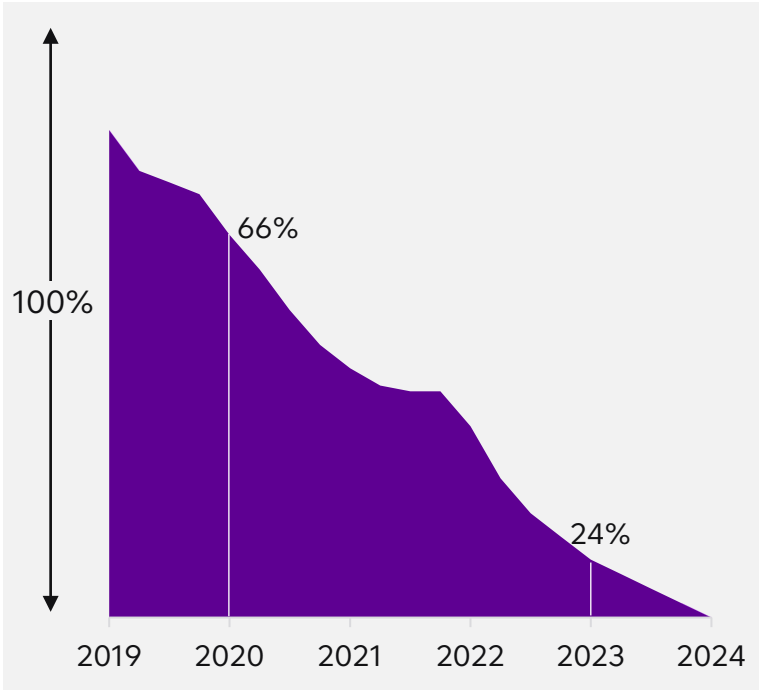
Copper retirement on track
copper central offices, Sweden



3G voice drive out on track
% voice traffic, Sweden



Legacy network systems
% service nodes



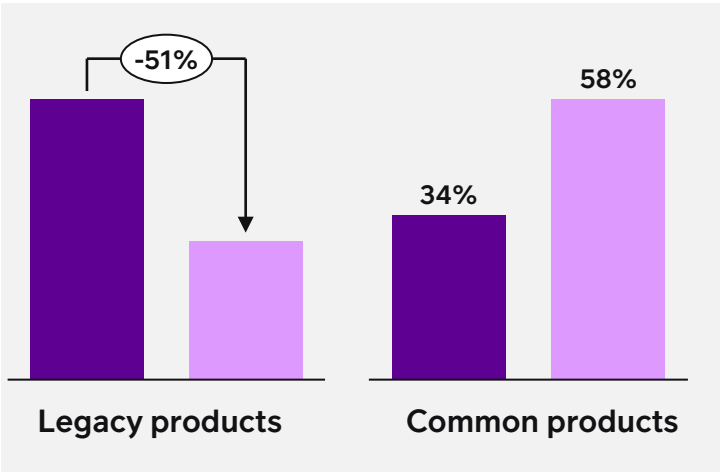
- 3G shutdown successfully completed in Norway, Estonia and Lithuania
- Legacy shut-down proceeding according to plan – reducing complexity and cost base



Transforming to simplify, automate and scale

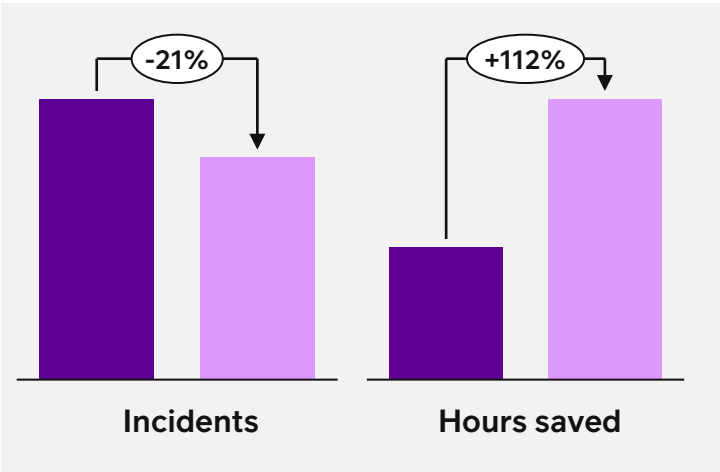
Products

Simplify and scale
from bespoke solutions to common standard products



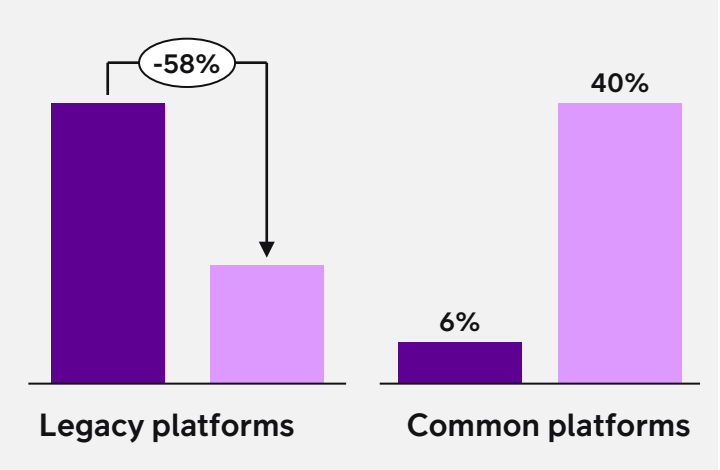
Processes

Improve and automate
from fractured processes to zero-touch journeys



Platforms

Simplify and re-use
from complex legacy to modular, scalable and future proof architecture



- **Approach to simplify, standardize, and scale** paying off, crossed 50% of legacy shut-down, scaling target products
- **Continued automation agenda** to maximize efficiency and quality
- **B2B Sweden transformation on track**, scaling customer, quality and value benefits, e.g., order time reduced from weeks to minutes

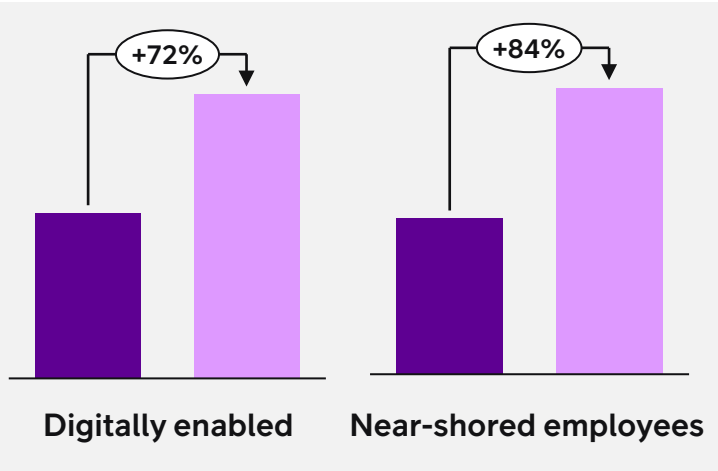


Fueling improved productivity

People

Upskill and empower

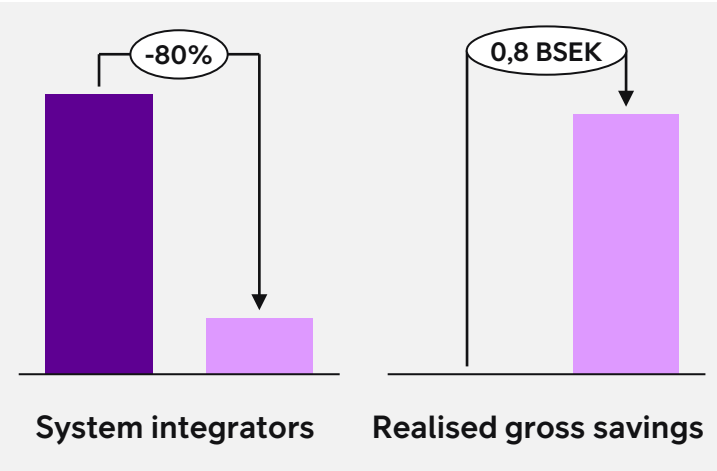
From siloed to agile, efficient, and digitally enabled



Partners

Focus and embed

from transactional to being part of Telia’s success



- Further **scaled digital savviness and near-shoring capacity** reaping efficiencies with future skills and agility
- **Group wide sourcing and partner optimization** delivering significant savings

2020
2023

Notes: “Digitally enabled” = active users of online analytics & dashboards; “Realised gross savings” = from system integrator consolidation and group wide sourcing program, counted since 2021



Progress towards a more sustainable Telia



Climate and circularity

Target:
 Net zero by 2040
 CO2 emissions halved by 2030
 Zero waste by 2030



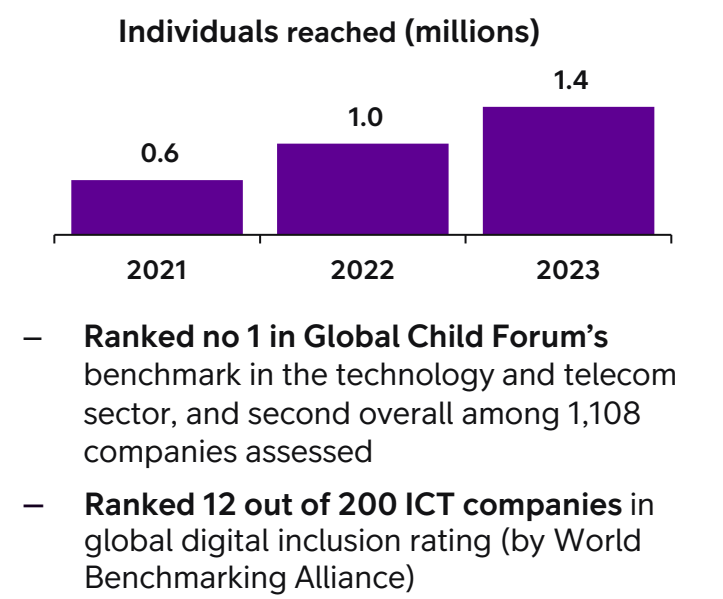
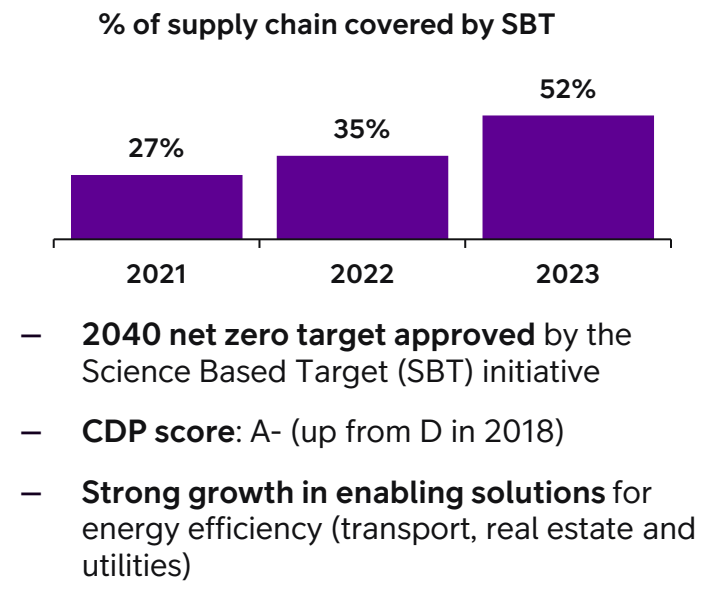
Digital inclusion

Target:
 2 million individuals reached through digital inclusion initiatives 2021-2025



Privacy and security

Target:
 Top tier positions/
 preferred supplier in all markets



Ranked as #1 or #2

on privacy in 3/6 markets

- Several contract-wins with elevated security requirements (e.g. Norwegian Military and Swedish Civil Contingencies Agency)
- White House recognition for Telia’s high security standards during the NATO meeting in Vilnius



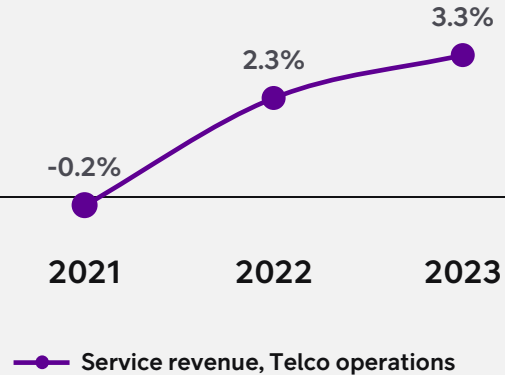
A solid foundation



Inspiring customers

With brands and experiences that go beyond connectivity

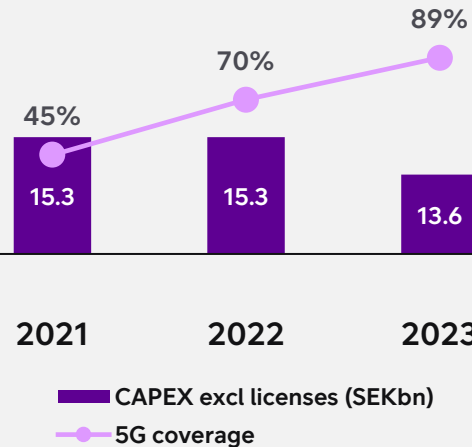
Returned to consistent growth



Connecting everyone

Through the most trusted, reliable and efficient modern networks

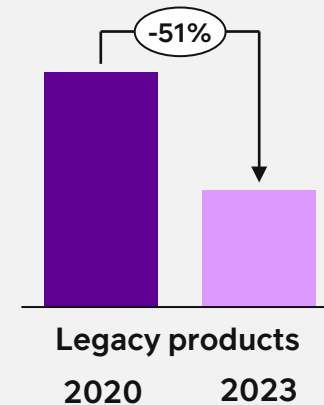
Passed peak CAPEX, leading infrastructure position



Transforming to digital

To be simpler, faster, data driven and with lower cost

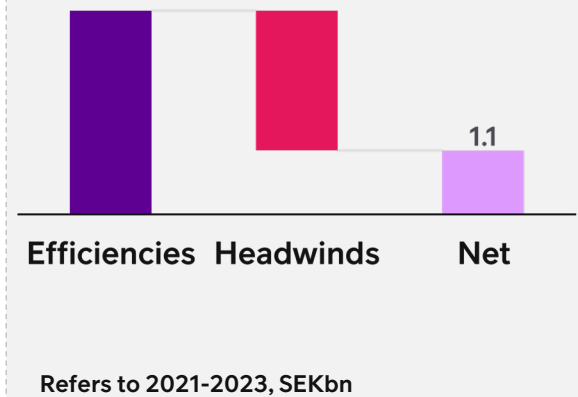
Simpler, more automated and increasingly digital



Delivering sustainably

Through an accountable and empowered organization

OPEX efficiencies despite inflationary headwinds



Looking ahead



Outlook 2024

Service revenue*
Low single digit growth

Adjusted EBITDA*
Low to mid-single digit growth

CAPEX excl. licenses and spectrum**
Around SEK 14 billion

Structural part of Operational Free Cash Flow
In the range of SEK 7-8 billion

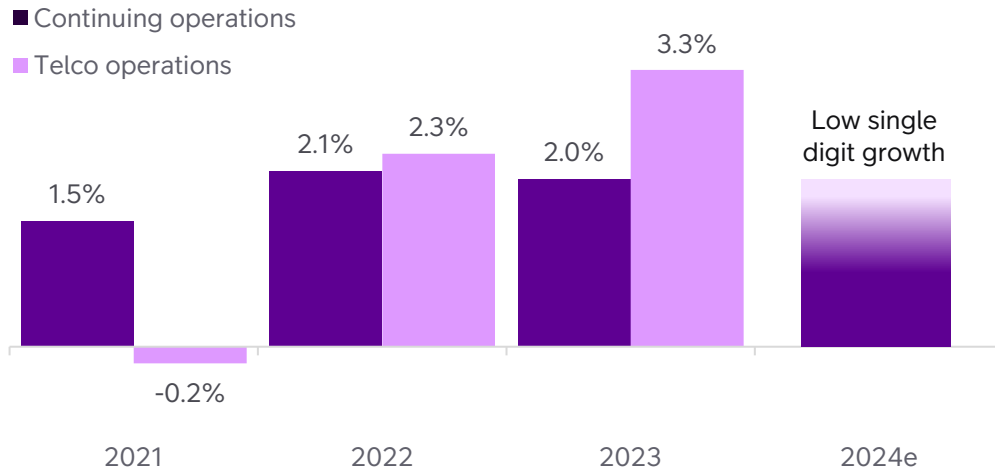
* Like for like

** Excluding CAPEX related to right of use assets



Multiple levers to sustain service revenue growth

Service revenue development
Like for like growth, illustrative 2024e



Multiple levers in place to support 2024 growth ambitions

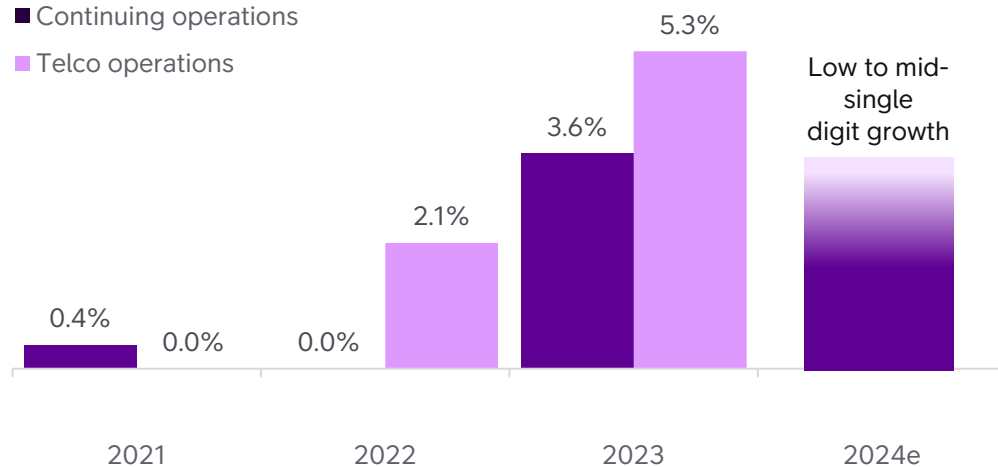
- A more structural approach to pricing implemented. Pricing expected to have a similar or slightly lower impact as in 2023
- Sweden back to growth in all segments
- Legacy pressure stable to somewhat lower
- New revenue streams developing positively, e.g. IoT, security and cloud
- Wholesale business growing driven by price and volume with #1 position reached in Norway
- TV and Media positioned to benefit when the advertising market improves



EBITDA growth underpinned by both service revenue and efficiency improvements

Adjusted EBITDA development

Like for like growth, illustrative 2024e



Multiple levers in place to support 2024 growth ambitions

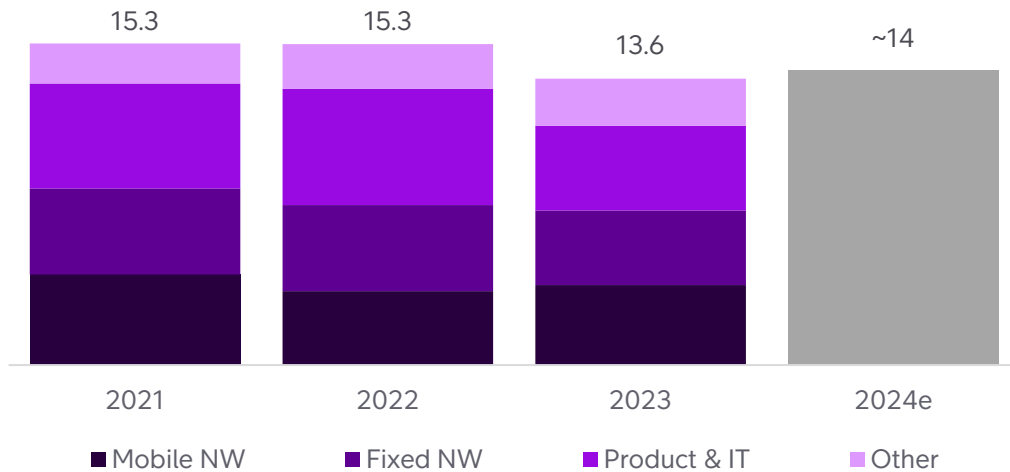
- Service revenue momentum to continue
- Lower general inflationary cost headwinds including energy
- Continued realisation of transformation benefits
- TV and Media restructuring including content portfolio rationalisation to benefit H2



CAPEX level supports continued business momentum

CAPEX excl. licenses development

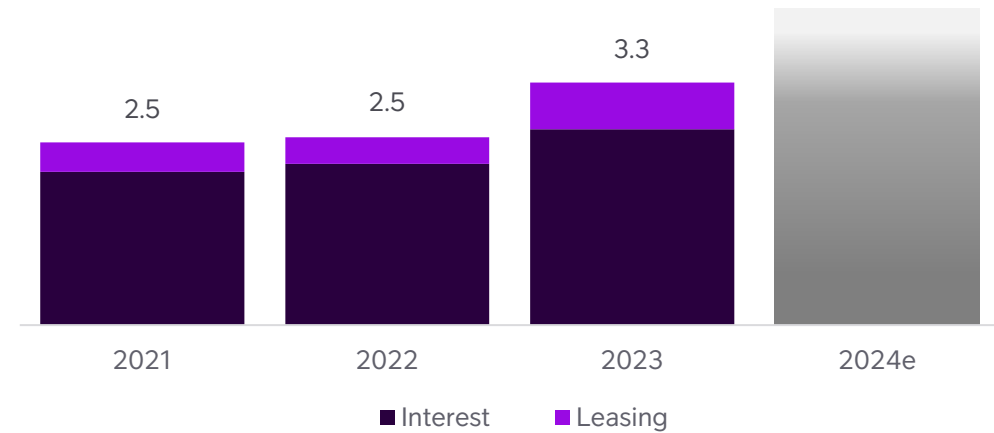
Booked CAPEX, reported currency, in SEK billions



- CAPEX expected to grow broadly in line with revenue
 - Customer driven investments into connectivity
 - Continued 5G build-out and dismantling of 3G and copper
 - Transformation continuing
 - Inflation and FX

Interest paid development

Reported currency, in SEK billions, illustrative 2024e



- Fixed/floating ambition of ~50/50 (+/- 10)
- Interest paid expected to increase by ~SEK 1bn in 2024 due to
 - Higher interest rates
 - Phasing effects
 - Leasing expected to be rather stable



EBITDA drives cash flow growth

SEK billion	2021	2022	2023	2024e	Comments on 2024
Adjusted EBITDA	28.7	29.0	30.3	▲	– To increase from revenue growth and efficiencies
Cash CAPEX excl. licenses	-13.9	-14.7	-13.6	▼	– To increase broadly in-line with revenue growth
Interest costs	-2.5	-2.5	-3.3	▼	– ~SEK 1 bn higher due to market rates and phasing
Other items	-5.2	-5.6	-6.1	=/▼	– To be stable or slightly negative
Structural OFCF	7.1	6.1	7.3	7-8bn	
Working capital (change)	2.7	-1.0	-0.6	▲	– Positive full year contribution expected
OCF	9.7	5.1	6.7	▲	
CAPEX for licenses	-1.2	-0.4	-1.0	▲	– No material spectrum auctions expected
Minorities and associates	-0.1	-0.3	-0.3	▼	– Due to growth in our Pan-Nordic Tower platform

▲ = Positive y-o-y development
▼ = Negative y-o-y development

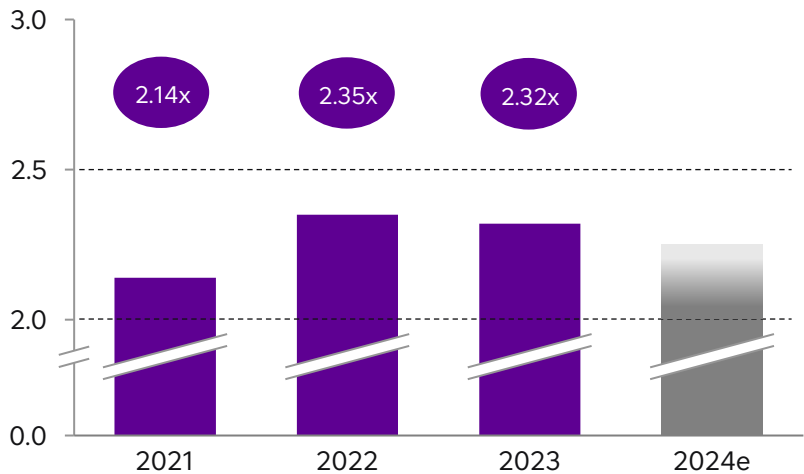


Financial framework reconfirmed

Financial framework

Strong balance sheet	Leverage* 2.0-2.5x
	Credit rating A- to BBB+
Attractive shareholder renumeration	DPS floor of 2.00 with an ambition for low to mid- single digit growth

Leverage*



— Proceeds from the Denmark divestment to be used for further de-leveraging

Dividend proposal to AGM

2.00

SEK per share
paid in four tranches

* Net debt to adjusted EBITDA



Conclusion



In summary....

- Service revenue growth built and sustained throughout 2023 with multiple levers in place to support continued low single digit growth
- EBITDA growth also expected to continue underpinned by both service revenue growth and further efficiencies
- Digital transformation foundations laid enabling further efficiencies and CX improvements
- Network and spectrum leadership positions confirmed
- Restructuring and content rationalization within our TV and Media unit continues
- Leverage now comfortably within the target range, with Danish proceeds expected to reduce it further



Inspiring customers

With brands and experiences that go beyond connectivity



Connecting everyone

Through the most trusted, reliable and efficient modern networks



Transforming to digital

To be simpler, faster, data driven and with lower cost



Delivering sustainably

Through an accountable and empowered organization



Q&A



Thank you



Appendix



Strategy highlights



Inspiring customers

With brands and experiences that go beyond connectivity

- Broad-based **return to growth**, reversing multi year declines
- Positive trend shift in **NPS**
- Significant **churn reduction** in Sweden and Finland
- **ARPU-led mobile growth** accelerating c 4%-pts 2021-2023
- **Enterprise back to growth** in 2022, accelerated in 2023
- Strategic shift in **TV and Media** with brand consolidation and new HVID offering
- **Strong performance within non-connectivity revenue** for Enterprise



Connecting everyone

Through the most trusted, reliable and efficient modern networks

- **5G roll-out ahead of plan**, reaching 89% pop coverage
- **Fiber and coax homes passed** now exceeds 6.5m
- Successful **infrastructure monetization** with Pan-Nordic tower business delivering above plan
- **Fiber JV in Finland** taking market leadership with HP up 10x to c250k
- Our network **supports wholesale business** in Norway
- Legacy shutdown accelerated, with **>90% of copper** network now closed in Sweden



Transforming to digital

To be simpler, faster, data driven and with lower cost

- Removed >50% of **legacy products**
- Dismantled ~60% of **targeted legacy platforms**
- **Key system integrators** down >80%
- Scaled **common products** to ~60% across target portfolio
- Launched **target products on fully modernized IT** in Sweden B2B
- Scaled **automation hours** with 3-fold increase
- One of the **EU early leaders on Office Copilot** rollout



Delivering sustainably

Through an accountable and empowered organization

- Structured approach to **pricing implemented**
- **OPEX** reduced by SEK 1.1bn despite significant inflationary pressure
- **Workforce (FTE/FTCs)** reduced by 3.2k
- **Sustainability** fully integrated, and **delivering** across priority areas
- **Successful capital re-allocation** continues with DK monetization



Telia's climate commitments

2022

2024 2025 2026

2030

2040



Achieve Net Zero by reducing value chain CO₂e emissions (scope 1, 2 and 3) by 90%, in line with the new SBTi Net Zero Corporate Standard, and offset (neutralize) residual emissions*



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



- Reduce CO₂e emissions in the whole value chain (scope 1, 2 and 3) by at least 50%, offset the rest
- Reduce CO₂e emissions in own operations (scope 1 and 2) by 90%



Electricity consumption to increase by max 5-7% between 2022-2026



10% of phones (B2C) are sold as pre-owned , 15% buy-back of phones (B2C) and 35% of phones (B2B) sold as DaaS by 2026

Science Based Targets (*near-term*) – approved by SBTi in 2020 (baseline 2018):

- Reduce CO₂e emissions in Telia's own operations by 50%
- Reduce CO₂e emissions related to use of sold and leased products by 29%
- 72% of supply chain emissions covered by Science Based Targets



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



All markets, CPS and DivX have climate transition/reduction plans in place by 2024



100% renewable electricity



Carbon offsetting of remaining emissions from Telia own operations

For a full overview of progress, please refer to the Annual and Sustainability Report 2022



Latest ESG awards and ratings

MSCI ESG rating
“AAA” (highest)



EcoVadis
“Platinum supplier” rating



Sustainalytics
19.5 Low Risk, Industry rank 12 out of 228



World Benchmark Alliance
No 12 on digital inclusion in an assessment of 200 global tech companies



CDP Climate Rating
A-



ISS ESG rating
-B (Prime status)



FTSE4Good
(Included in FTSE4Good)



Global Child Forum
No. 1 in our industry, No. 2 among all companies assessed (1,108)



