



# TELIA COMPANY DIVESTS ITS INTEREST IN AZERCELL

March 5, 2018



*“It is satisfying that we are able to announce a joint agreement with Turkcell to sell Azercell in Azerbaijan. This is the fourth divestment in our effort to, over time, leave Eurasia and focus on the Nordic and Baltic regions within the framework of our New Generation Telco strategy.”*

*– Johan Dennelind, March 5, 2018*



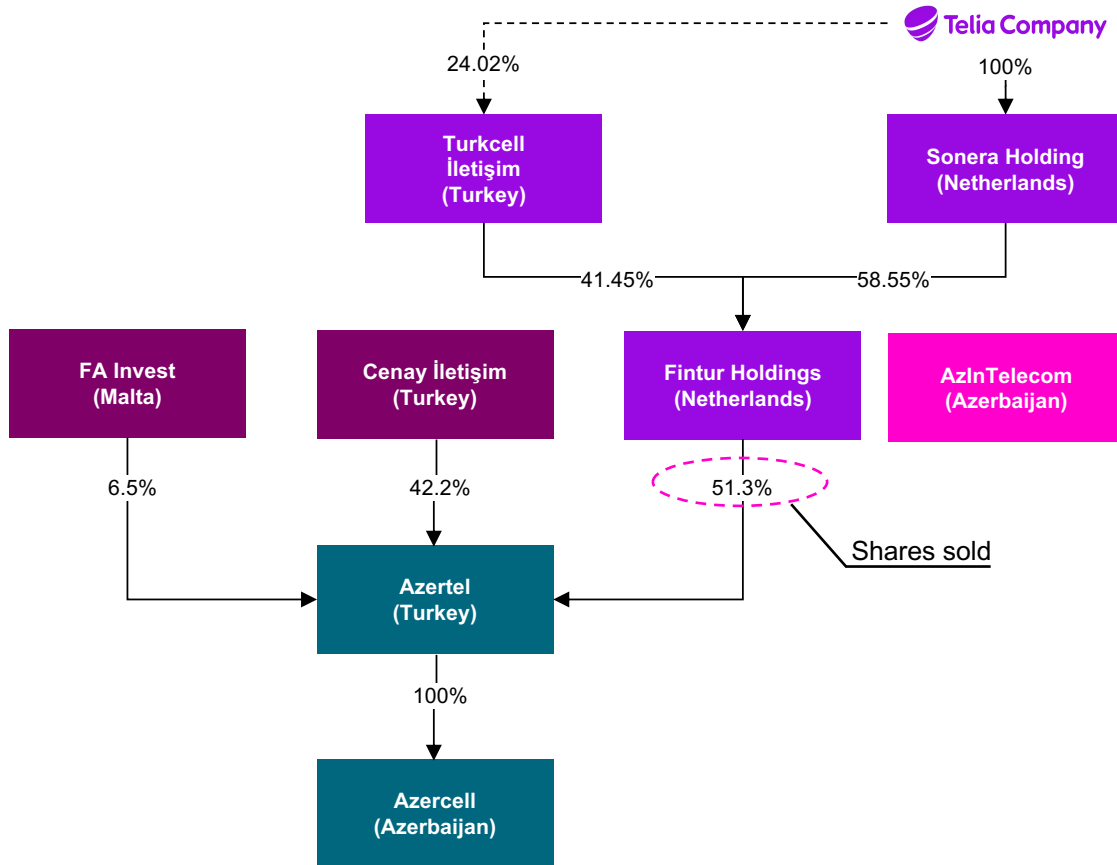
# TRANSACTION HIGHLIGHTS

Rationale	<ul style="list-style-type: none"><li>• The next step in our effort to over time leave Eurasia</li></ul>
Target company	<ul style="list-style-type: none"><li>• 51.3% in Azertel Telekomunikasyon Yatırım Dış Ticaret A.Ş. (Azertel), which owns 100% in the Azeri mobile operator Azercell Telecom LLC (Azercell)</li></ul>
Valuation	<ul style="list-style-type: none"><li>• Fintur Holdings B.V. is selling 51.3% in Azertel for a purchase price of EUR 222 million (approximately SEK 2.2 billion of which SEK 1.3 billion attributable to Telia Company)</li><li>• Net cash position of Azertel and Azercell is approximately SEK 2.8 billion (100%)</li><li>• Purchase price corresponds to an EV of EUR 197 million, which implies an EV/EBITDA of 2.1x</li></ul>
Financial effects	<ul style="list-style-type: none"><li>• Negative net cash effect for Telia Company of SEK 1.5 billion, leaving the transaction to increase net debt to EBITDA by an estimated 0.1x</li><li>• Estimated negative effect on Net income of SEK 3.0 billion, with no material impact on equity</li></ul>
Time table	<ul style="list-style-type: none"><li>• The transaction has been completed today and the proceeds have been delivered to Fintur Holdings B.V.</li></ul>

Other: Currency fluctuations may impact the final result of the transaction



# SHAREHOLDER STRUCTURE



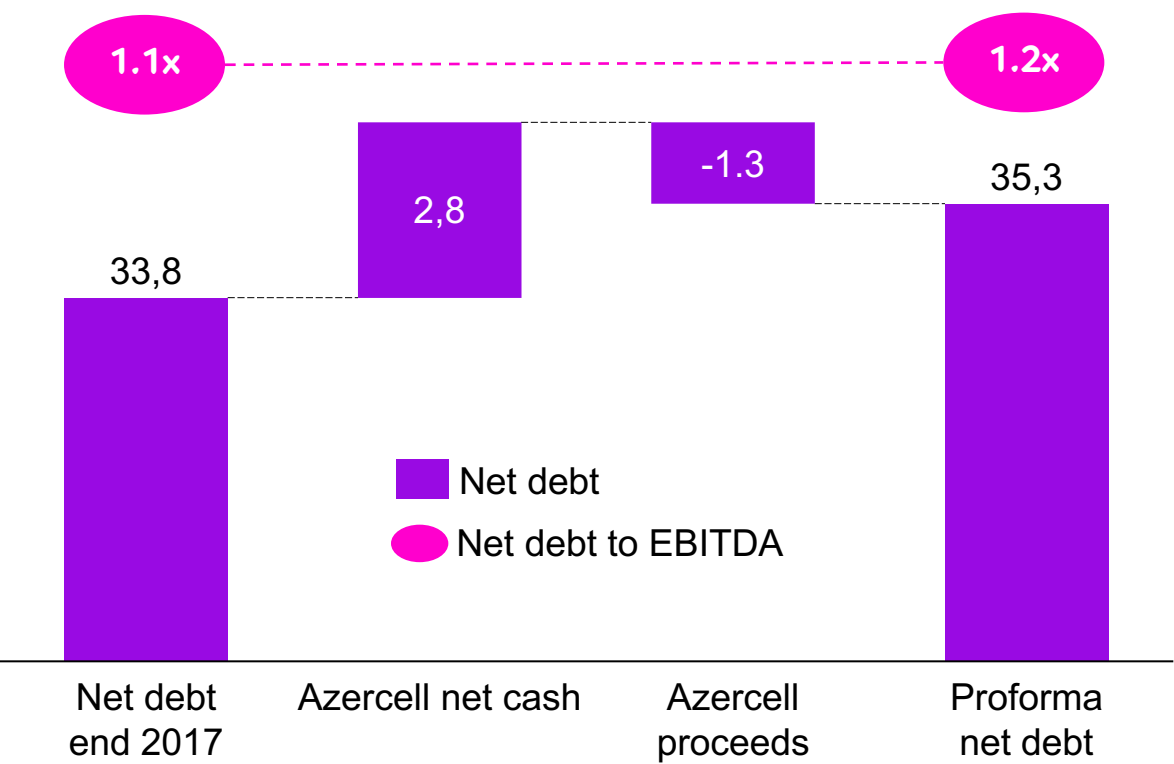
- Telia Company's total economic interest in Azercell is 35.14% (or 30.04% excluding the interest owned through Turkcell)
- Turkcell has an economic interest in Azercell of 21.24%
- UBOs of FA Invest and Cenay İletisim are not known to Telia Company
- Purchaser is Azerbaijan International Telecom (AzInTelecom) LLC, a wholly-state owned company



# FINANCIAL IMPACTS

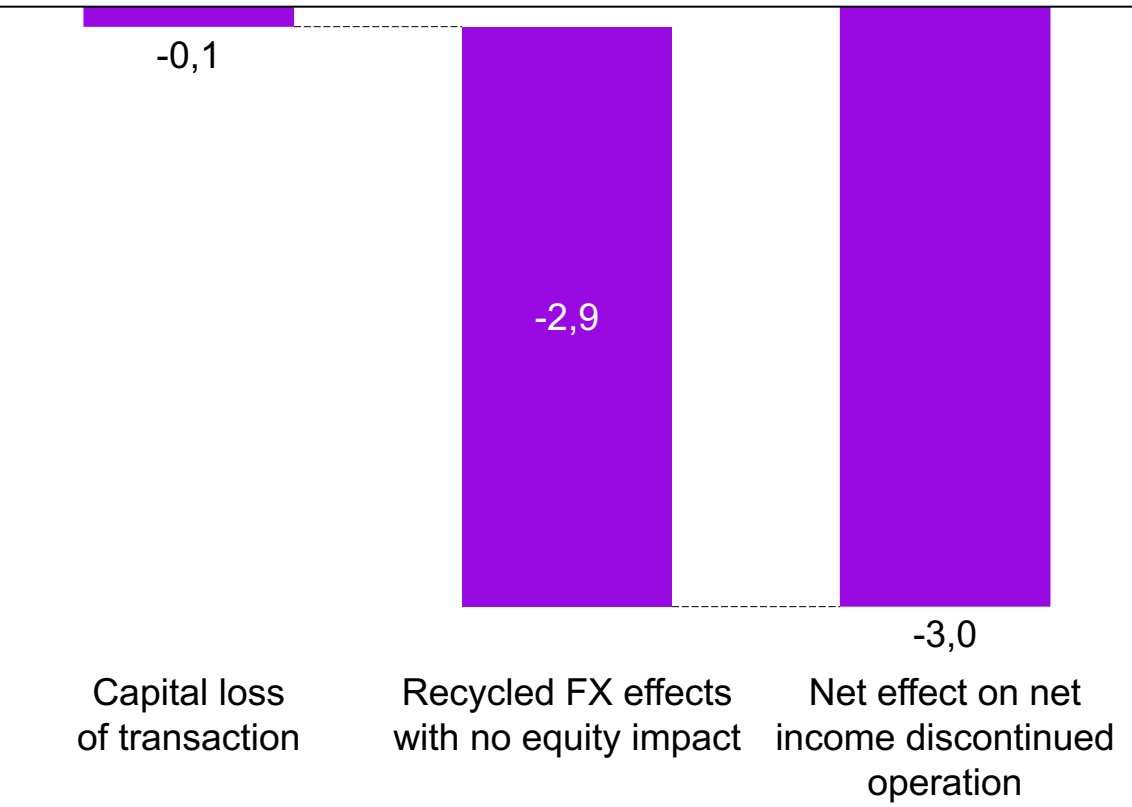
## IMPACT ON NET DEBT AND FINANCIAL LEVERAGE

SEK in billions



## IMPACT ON NET INCOME

SEK in billions



# COMPLIANCE REVIEW AND DUE DILIGENCE OF BUYER

## Compliance and responsible business

- Azercell has over the years implemented a well-functioning Ethics and Compliance function and necessary processes and procedures to manage the key Ethics and Compliance risks
- A Human Rights Impact Assessment of our operations in Azerbaijan has been conducted

## Due diligence

- The purchasing entity has undergone a thorough due diligence process, conducted by both internal and external expertize
- Key individuals have been screened
- Anti-money laundering control over a source and flow of funds has been conducted


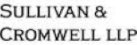






# ANOTHER PROOF-POINT OF OUR STRATEGY TO FOCUS ON THE NORDICS AND BALTICS

Date	Company	Amount	Valuation
December 2015	Ncell	SEK 9,100 million	Enterprise value
April 2017	Tcell	SEK 238 million	Enterprise value
May 2017	Turkcell	SEK 4,426 million	Equity value
September 2017	Turkcell	SEK 4,127 million	Equity value
October 2017	MegaFon	SEK 3,200 million	Equity value
October 2017	MegaFon	SEK 8,600 million	Equity value
January 2018	Geocell	SEK 700 million	Enterprise value
March 2018	Azercell	SEK 1,600 million	Enterprise value



# TELIA COMPANY ADVISORS

	Transaction advisor
	Lead transaction counsel
	Turkish legal counsel
	Dutch legal counsel
	Azeri legal counsel
	Swiss legal counsel

- Due to the complex nature of the transaction with several parties involved, Telia Company has (in addition to internal resources) engaged a number of well-known advisors
- These cover both financial, tax, legal and compliance aspects

