

# Telia Company

# Q4 2024

January 30, 2025



# Delivering on our agenda

## Change program executed

Executed on change program in line with plan with new operating model implemented from December 1, 2024

## Growth momentum in line with expectations

Consumer growth continues while the slow momentum in Enterprise market remains

## 2024 outlook achieved

Delivered on all outlook metrics for 2024

## 2025 outlook reiterated

Full focus on delivering on the 2025 outlook announced at the Investor update in September 2024

## Full year 2024 outlook:

### Service revenue\*

Outlook: Low single digit growth  
→ **Outcome: 1.8%**



### Adjusted EBITDA\*

Outlook: Mid-single digit growth  
→ **Outcome: 4.3%**



### Booked CAPEX\*\*

Outlook: <SEK 14 billion  
→ **Outcome: SEK 13.5 billion**



### Structural OFCF

Outlook: SEK 7-8 billion  
→ **Outcome: SEK 7.5 billion**



\* Like for like

\*\* Excluding licenses, spectrum, and right of use assets (booked)

# Q4 highlights

- **Service revenue** increased +1.5% supported by Sweden, Baltics and Other operations
  - Telco: +1.7% (Consumer +1.9% and Enterprise +0.9%)
- **Mobile** increased +0.9% and **Fixed** increased +1.8%
  - Mobile revenue increased in all markets except Sweden
  - Continued strong growth for TV revenue in Sweden (+20%)
- **EBITDA** increased +5.8% supported by all units except Norway
- **Structural OFCF** of SEK 2.3bn in Q4 and SEK 7.5bn for the full year
- BoD proposes an unchanged **dividend** of SEK 2.00/share



+1.5%

Service revenue growth  
(LFL)

+5.8%

Adjusted EBITDA growth  
(LFL)

2.3bn

Structural part of OFCF  
(SEK)

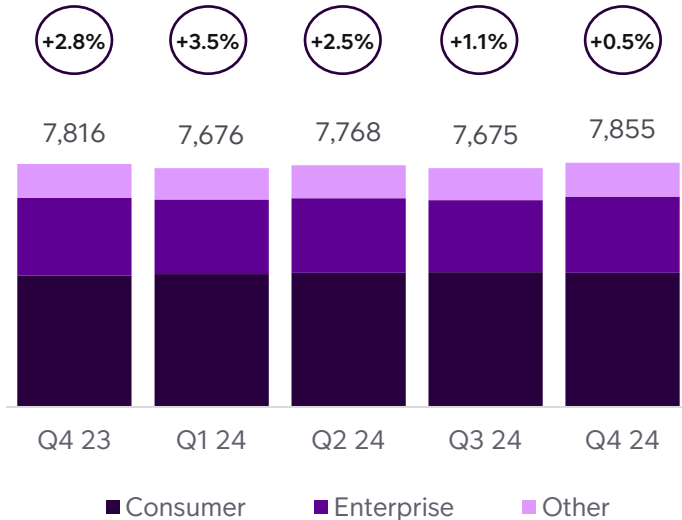
# Telco operations



# Sweden financials

## Service revenue

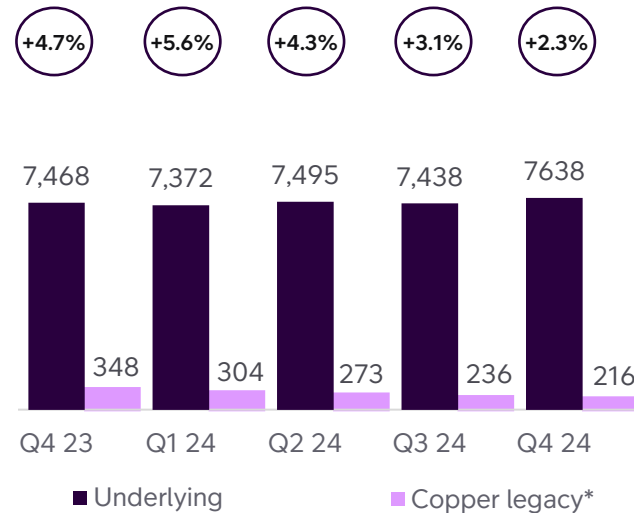
Reported currency, in SEK millions, like for like growth



- Service revenue growth of +0.5%
- Healthy growth in Consumer (+2.3%) was partly offset by negative Enterprise (-2.2%)
- Mobile -1.8%, Broadband +1.7%, and TV +20%

## Service revenue split

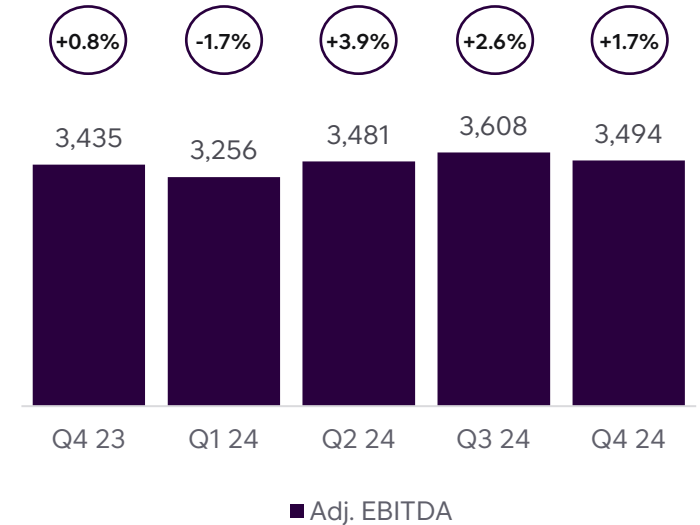
Reported currency, in SEK millions, like for like growth



- Copper legacy headwind of ~SEK -130m
- Underlying service revenue growth remained healthy at around +2%

## Adj. EBITDA

Reported currency, in SEK millions, like for like growth



- EBITDA growth slowed somewhat due to lower service revenue growth

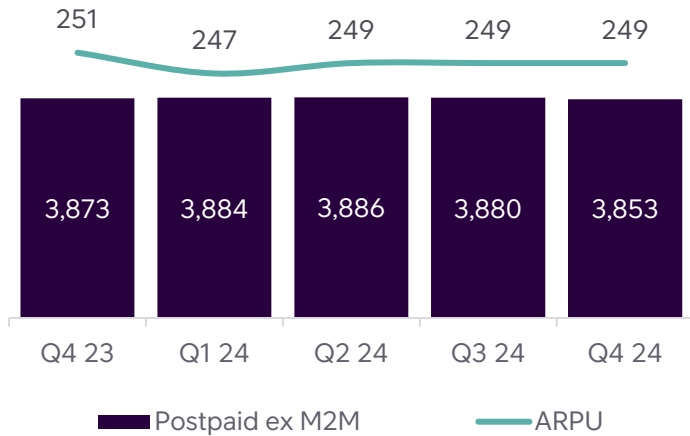
\* Copper legacy = end customer revenue from telephony & xDSL



# Sweden KPIs

## Mobile postpaid subs. and ARPU

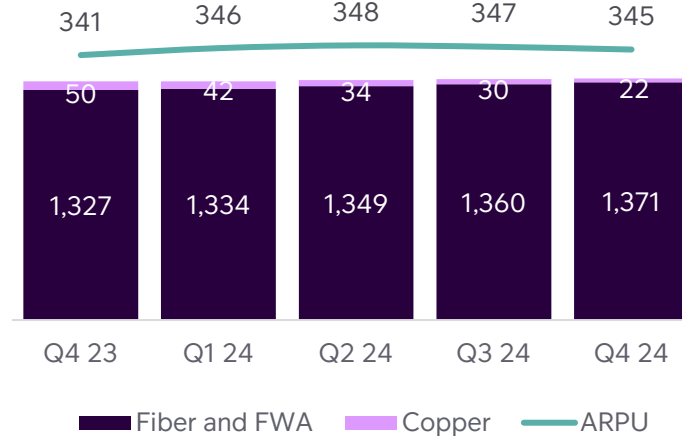
Subscriptions '000, ARPU in SEK



- Subscriber base declined 27k due to mainly a few low ARPU mobile only contracts in Enterprise
- ARPU declined -1% due to Enterprise
- Back book pricing announced to support from Q1

## Broadband subs. and ARPU

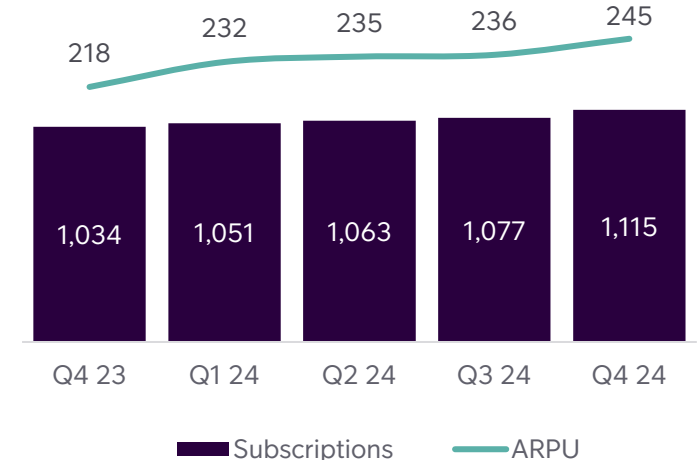
Subscriptions '000, ARPU in SEK



- Subscriber base increased by 4k as mainly fiber more than compensated for copper decline
- Continued healthy fiber revenue growth

## TV subs. and ARPU

Subscriptions '000, ARPU in SEK



- Another strong quarter for TV with subs. base growing +38k and ARPU +12%



# 5 years of consistent TV growth for Telia Sweden



## Broadest content portfolio

	4	NETFLIX	viaplay	max	Disney+	prime video	sky WTIME	brit box
Telia Play	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple	Dark Purple
Peer 1	Grey	White	Grey	Grey	White	White	Grey	White
Peer 2	Grey	White	Grey	Grey	White	Grey	Grey	White
Peer 3	Grey	White	Grey	White	Grey	White	Grey	White

- SKI winner 9 of the last 10 years
- Subscriber base up >40% and ARPU from SEK 180 to SEK 245 over 5 years
- Supporting converged household strategy by driving demand and sharply reducing churn

## Unique packaging and good value for money

Selected examples

 <p>SEK 299/month</p> <p>Select</p> <p>Streaming</p>	 <p>SEK 999/month</p> <p>Select</p> <p>Sports</p>
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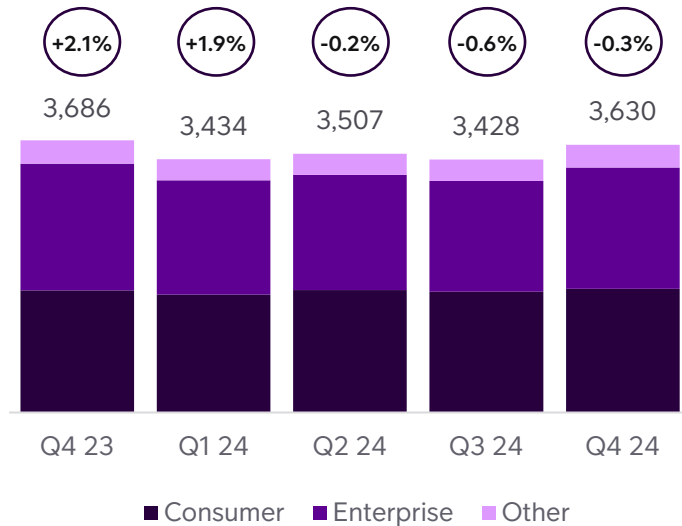
- One-stop-shop experience in a fragmented market
- Combinations of channels and streaming services that appeal to a wide audience



# Finland

## Service revenue

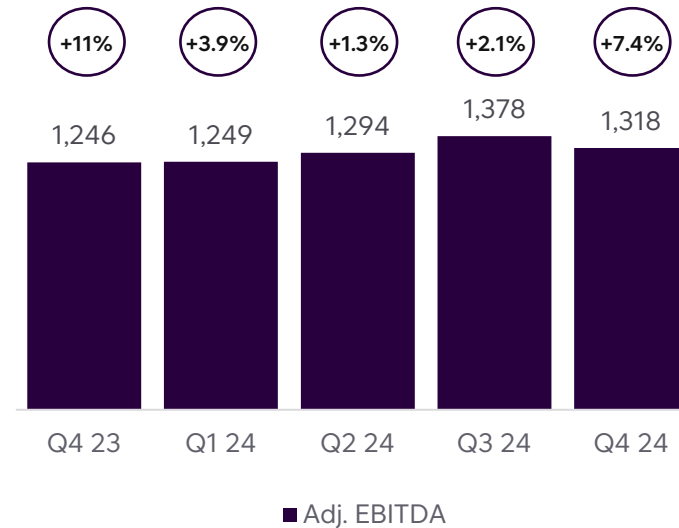
Reported currency, in SEK millions, like for like growth



- Mobile growth of +1.2%, offset by -2.3% for fixed
- Continued pressure on fixed from ramp-down of e-invoicing, regulation and legacy services
- Headwind from e-invoicing and legacy to continue in 2025 but regulatory now ending

## Adj. EBITDA

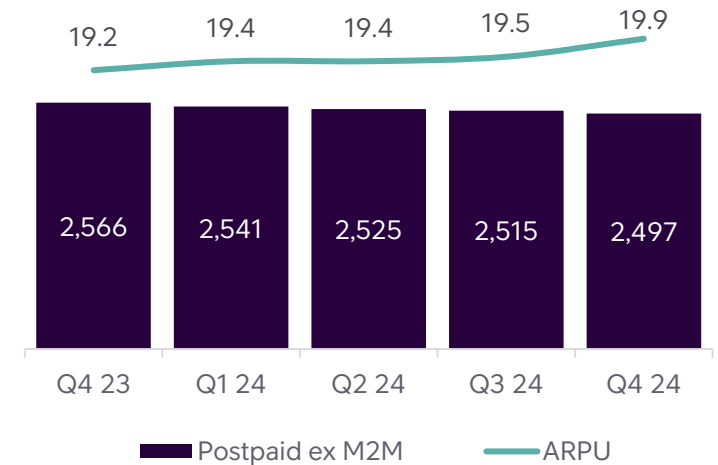
Reported currency, in SEK millions, like for like growth



- EBITDA growth accelerated mainly from lower resource costs due to change program as well as lower bonus and energy costs

## Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in EUR



- Subscriber base decreased by 19k mainly due to mobile broadband in Consumer
- ARPU increased +4% due to Consumer (5%) and Enterprise (+1%)

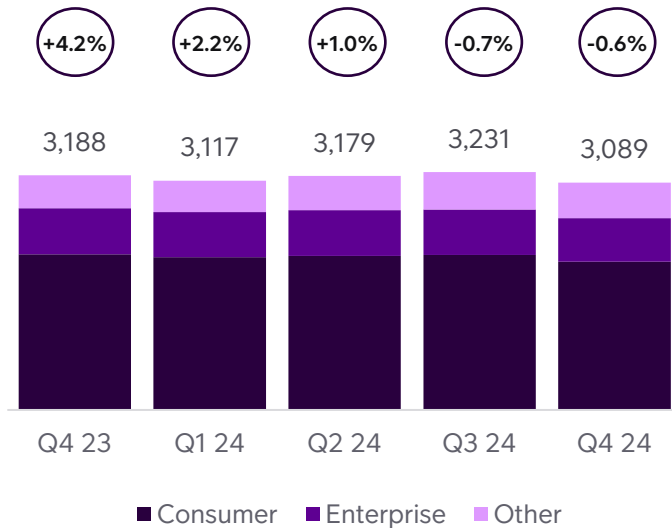




# Norway

## Service revenue

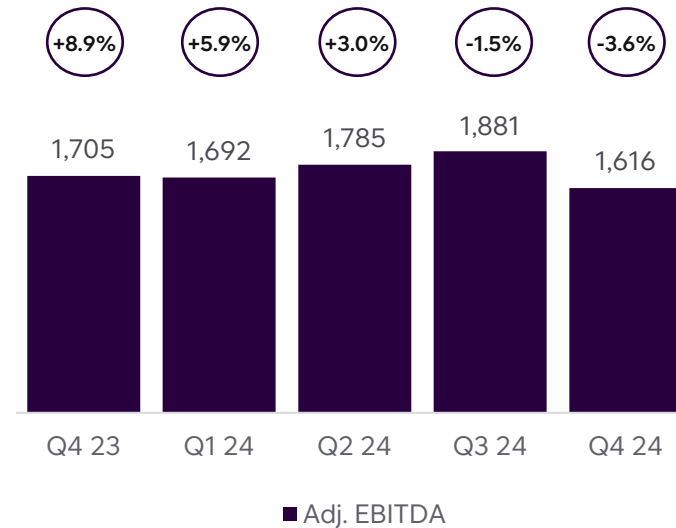
Reported currency, in SEK millions, like for like growth



- Continued mobile growth (+1.3%) driven by wholesale
- Fixed declined -4.0% mainly driven by Business solutions, Broadband and TV
- Mobile pricing announced with impact from Q1
- Partner agreement signed with Chilimobil

## Adj. EBITDA

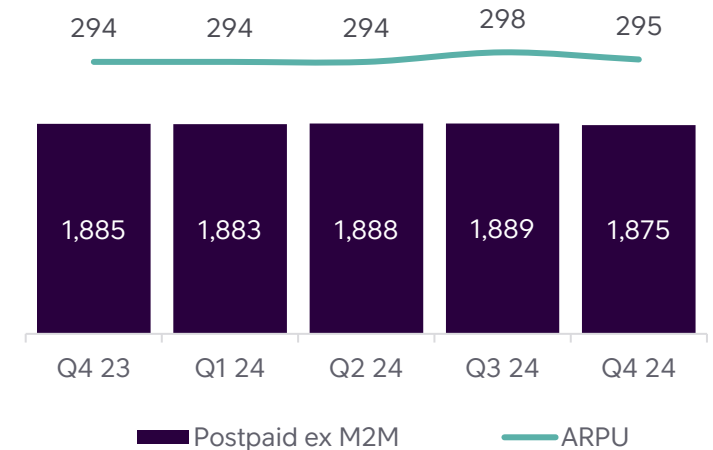
Reported currency, in SEK millions, like for like growth



- EBITDA declined from a tough comparison (settling of a pension scheme with SEK 70m positive impact LY)
- Underlying EBITDA growth was somewhat positive

## Mobile postpaid subs. and ARPU

Subscriptions '000, ARPU in NOK



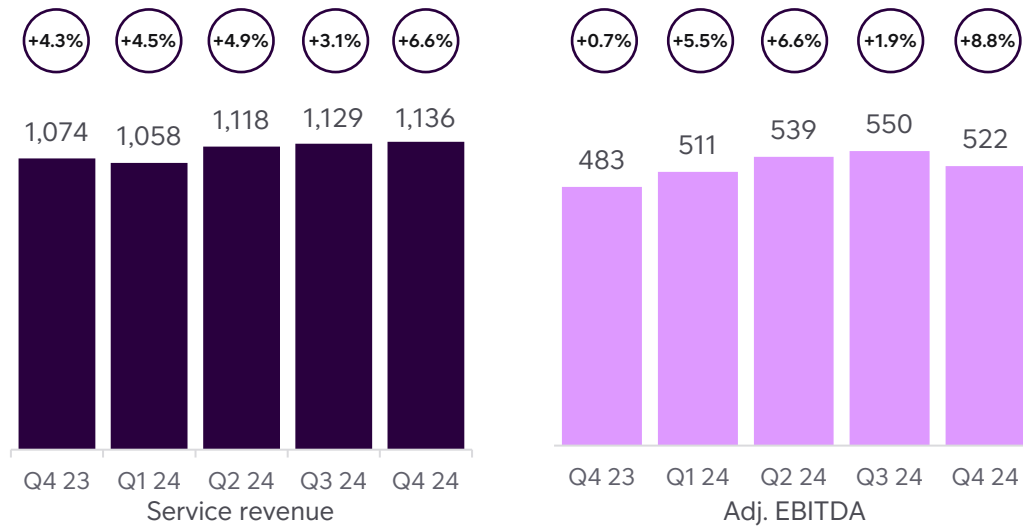
- Subscriber base declined somewhat due to Consumer
- ARPU remained rather unchanged, pricing to support from Q1



# Lithuania and Estonia

## Lithuania

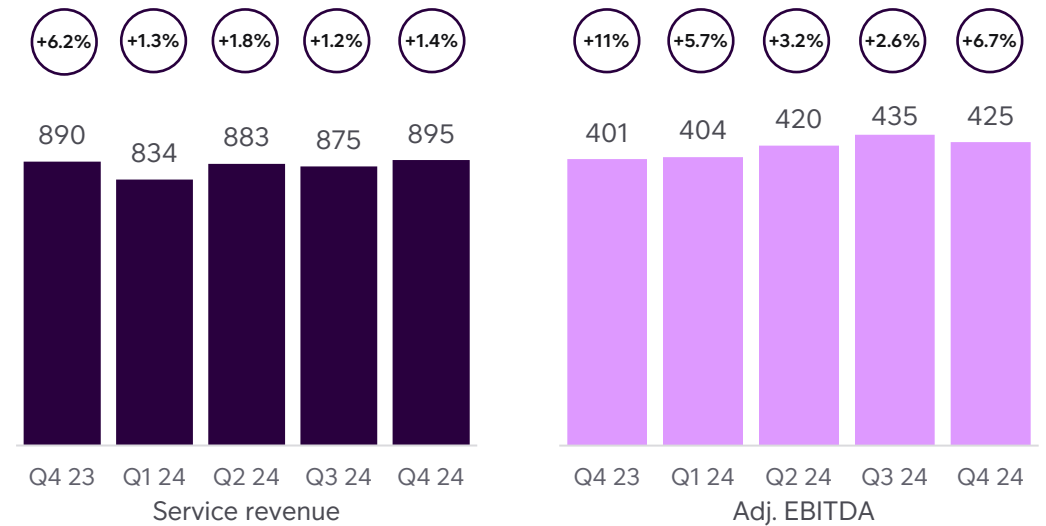
Reported currency, in SEK millions, like for like growth



- Solid development on both mobile (+6.3%) and fixed (+6.9%)
- EBITDA growth of +9% driven by service revenue growth re-acceleration

## Estonia

Reported currency, in SEK millions, like for like growth



- Service revenue growth remained stable and EBITDA growth accelerated to a healthy +7% on lower costs
- Full run-rate excepted from Q1 for a public contract previously on hold



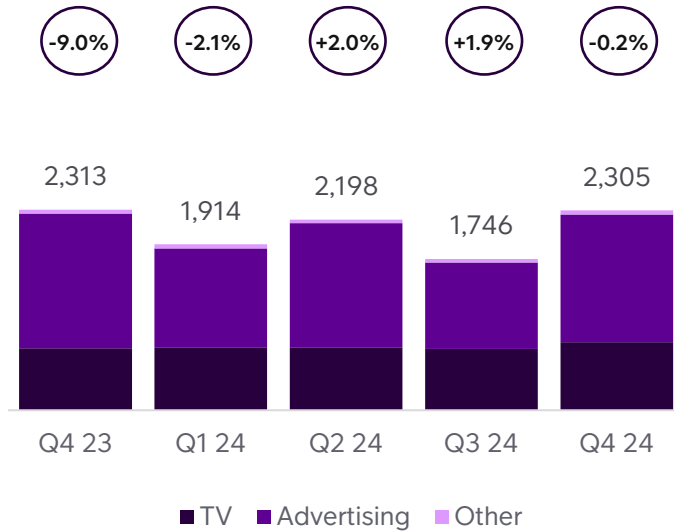
# TV & Media



# TV and Media

## Service revenue

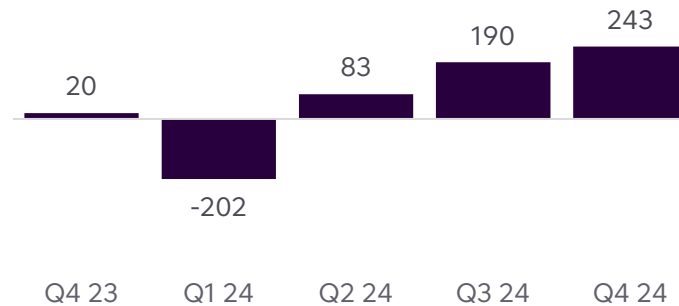
Reported currency, in SEK millions, like for like growth



- Flat service revenue as pressure on linear ad was offset by digital ad and streaming
- Non-ad continued to grow (+10%) supported by mainly subscriber base growth

## Adj. EBITDA

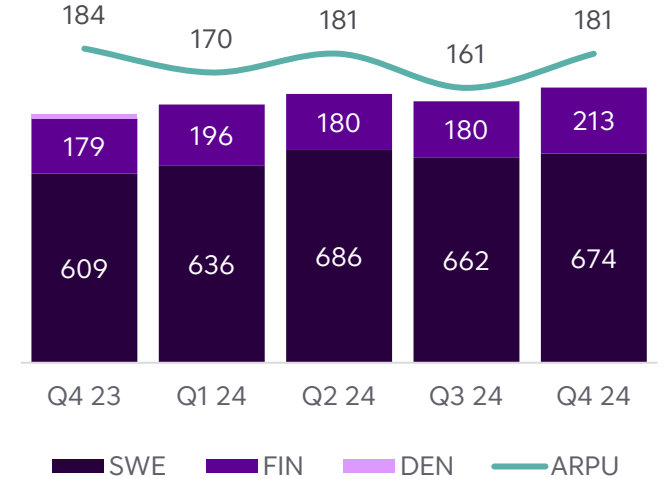
Reported currency, in SEK millions



- EBITDA up by ~SEK 220m driven by lower content cost (largely UCL related) and OPEX
- Reached profitability in Finland

## Direct OTT subs. and ARPU

Subscriptions '000, ARPU in SEK



- Subscriber base increased by 45k driven mainly by HVOD non-sports in Finland
- ARPU remained fairly unchanged y-o-y despite a growing share of HVOD subscribers



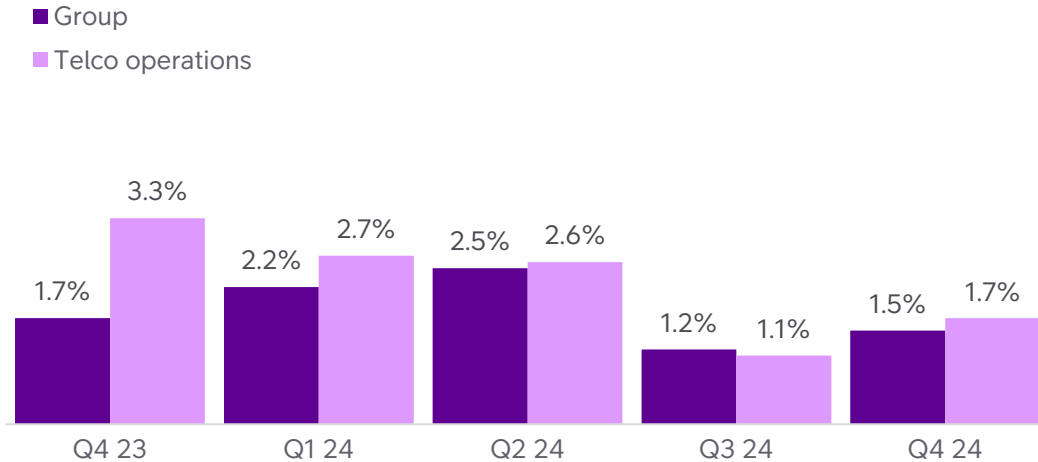
# Financials



# Service Revenue & EBITDA

## Service revenue

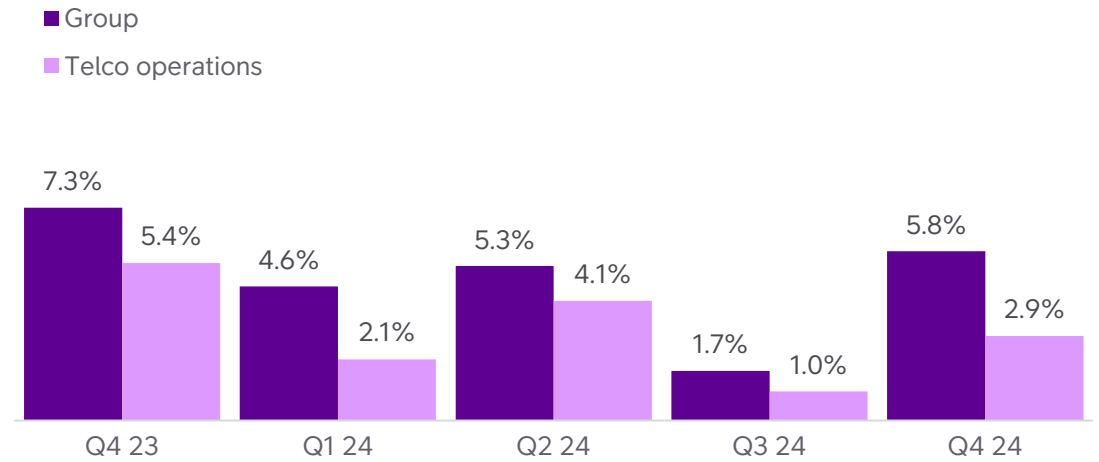
Like for like growth



- As expected, growth remained slightly below mid-term ambition of 2%
- Group growth of +1.8% for the full year 2024, and +2.0% for Telco
- Growth expected to be slightly below mid-term ambition also in H1 2025 and slightly above in H2 2025

## Adjusted EBITDA

Like for like growth



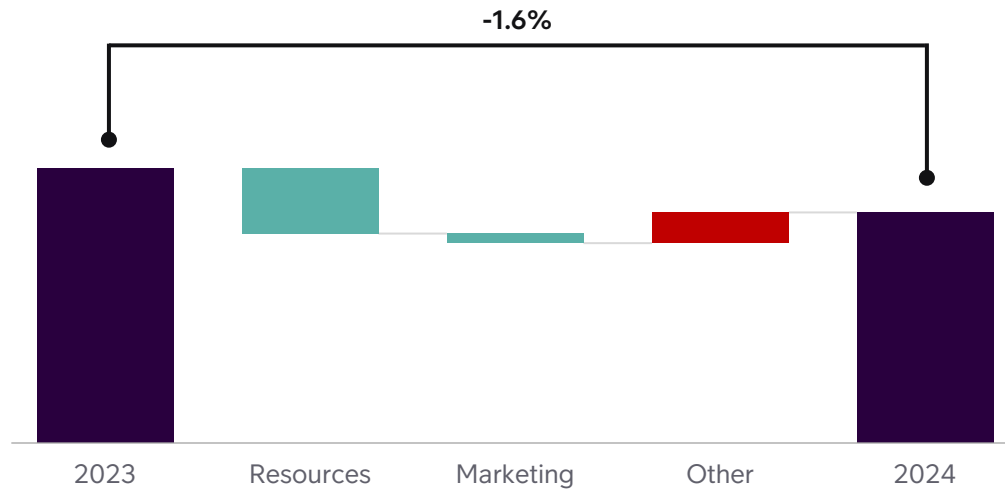
- EBITDA grew +5.8% supported by all units except Norway
  - Strong growth in TV and Media and profitable growth in Telco
  - Some positive impact already in Q4 from the change program
  - Norlys TSA continued to support profitable growth
- EBITDA margin improved by 1p.p. to 35.2% for the full year



# OPEX & CAPEX

## OPEX

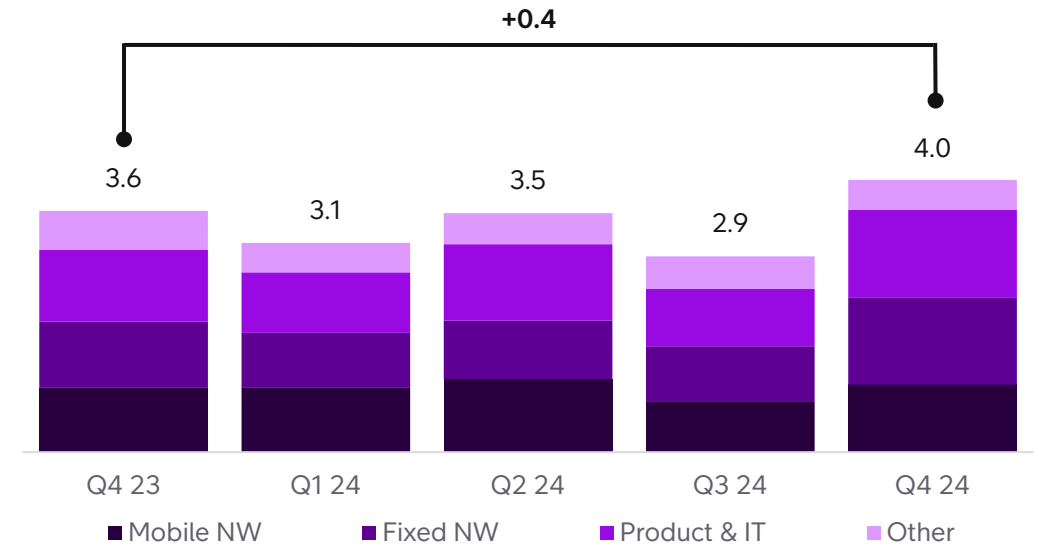
Like for like growth



- Lower resource and energy costs in 2024 was partly offset by increased costs for mainly IT and some bad debt
- OPEX as % of service revenue declined to 31.8% in 2024 vs. 32.9% for 2023

## Booked CAPEX excl. licenses and right of use assets

Reported currency, in SEK billions



- As expected, CAPEX increased compared to Q4 2023
- CAPEX for full year 2024 was SEK 13.5bn, comfortably below SEK 14bn
- CAPEX for 2025 is expected to remain below SEK 14bn



# Cash Flow

Reported currency, in SEK billions	2024	2023	Change
Adjusted EBITDA	31.3	30.3	1.1
Restructuring and other adj. items	-1.8	-1.8	0.0
Repayment of leasing liabilities	-3.0	-2.8	-0.2
Cash CAPEX excl. licenses	-13.5	-13.6	0.1
Interest paid net	-4.0	-3.3	-0.7
Taxes paid	-1.6	-1.3	-0.3
Other items	0.0	-0.2	0.2
<b>Structural part of OFCF</b>	<b>7.5</b>	<b>7.3</b>	<b>0.3</b>
Working capital	-3.1	-0.6	-2.5
<b>Operational free cash flow</b>	<b>4.4</b>	<b>6.7</b>	<b>-2.2</b>
Cash CAPEX for licenses	-0.2	-1.0	0.9
Dividends from associates and to minorities	-0.5	-0.3	-0.1
PPE divested	0.2	0.0	0.2
<b>Free cash flow</b>	<b>4.0</b>	<b>5.3</b>	<b>-1.3</b>
<i>Free cash flow per share, R12 (SEK)</i>	<i>1.02</i>	<i>1.35</i>	

- Adjusted EBITDA up SEK 1.1bn (and 1.3 bn in constant currency)
- Interest increased but somewhat less than expected at the start of the year
- **Structural part of OFCF** ended at SEK 7.5bn, mid-range vs. 7-8bn outlook
- Working capital contributed negatively by SEK 3.1bn as vendor financing down-sizing was partly offset mainly by accounts payable
- License CAPEX declined by SEK 0.9bn as 2023 included the Swedish multiband auction
- PPE of SEK 0.2bn in 2024 due to the first proceeds from divestment of copper related real estate in Sweden
- **Free cash flow** of SEK 4.0bn equal to 1.02 SEK per share

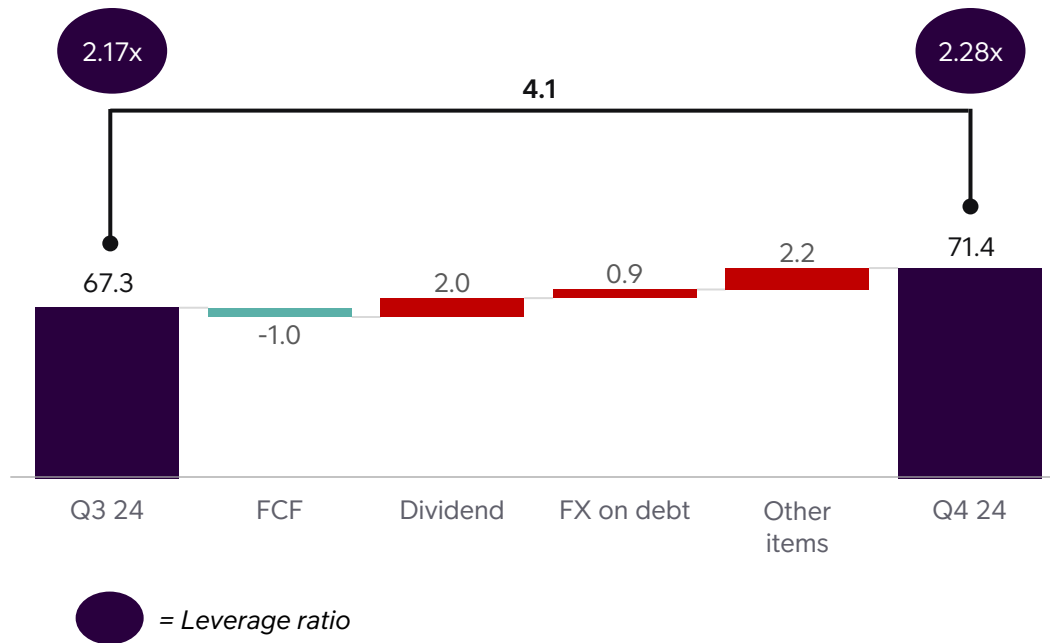




# Net Debt & Leverage

## Net debt and leverage

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

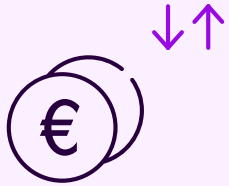


- Leverage increased to 2.28x in Q4 (2.17x in Q3) driven by net debt increasing by SEK 4.1bn, mainly due to
  - Vendor financing down-sizing SEK 3.3bn
  - Paid dividend of SEK 2.0bn
  - FX impact on debt of SEK 0.9bn
  - Other items of SEK 2.2bn from closed hedging arrangements and increased leasing balance
- Down-sizing of vendor financing program now completed with outstanding balance at SEK 5.6bn
- Leverage lower compared to 2.32x in Q4 2023



# Progress on value creation agenda in 2024

## Grow FCF per share to cover the dividend



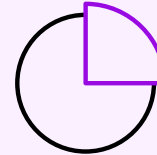
- EBITDA growth of +4.3% and margin up 100bps
- Booked CAPEX at SEK 13.5bn
- FCF generation held back by vendor financing right-sizing

## Active portfolio management



- Sale of Telia Denmark closed
- Agreement to sell stake in Marshall Group\*
- First proceeds from legacy technical real estate

## Actively manage our balance sheet



- Vendor financing balance right-sized (-50%)
- Working capital improvement
- Gross debt decreased SEK 16bn

## Grow DPS and return excess cash to shareholders



- Unchanged dividend proposal of SEK 2.00/share
- On track to deliver FCF > SEK 10bn by 2027

\* Divested on January 24, 2025



# Summary & Outlook



# Q4 summary and outlook

- **Ending 2024** in line with our expectations
- **Change program** executed and new operating model implemented on December 1<sup>st</sup> to drive improved commercial execution, faster decision-making and clearer accountability
- Delivered on **2024 outlook**
- Full focus now on delivering the **2025 outlook**
- **Dividend of SEK 2.00/share** proposed by the Board of Directors for the upcoming AGM

## Outlook 2025

### Service revenue\*

Growth of around 2%

### Adjusted EBITDA\*

Growth of at least 5%

### Booked CAPEX excl. licenses\*\*

To be below SEK 14 billion

### Free cash flow\*\*\*

To be around SEK 8 billion

\* Like for like

\*\* Excluding licenses, spectrum, and right of use assets (booked)

\*\*\* Based on the assumption of spectrum related CAPEX of SEK 650m

# Q&A



**Thank you**



# Appendix



## Our 2025 outlook

**Service revenue**  
Like for like growth

 **Around 2%**

**Adjusted EBITDA**  
Like for like growth

 **At least 5%**

**Booked CAPEX excl.  
licenses\*\***

SEK  
**<14bn**

**Free cash flow\*\*\***

SEK  
**Around 8bn**

## Our 2025-2027 ambitions

**Service revenue\***  
2025-2027, CAGR

 **2%**

**Adjusted EBITDA\***  
2025-2027, CAGR

 **4%**

**Booked CAPEX excl.  
licenses\*\***  
2025-2027

SEK  
**<14bn per year**

**Free cash flow\*\*\***  
by 2027

SEK  
**>10bn**

\* Based on 2024 as starting point, like for like growth

\*\* Excluding licenses, spectrum, and right of use assets (booked)

\*\*\* Based on the assumption of spectrum related CAPEX of SEK 650m





# Our sustainability progress and ambitions

## Key highlights 2024

### Full Year

- Suppliers responsible for 62% of emissions have approved SBTi targets or equivalent
- 2.3 million individuals reached by digital inclusion initiatives, up by 500.000 during 2024
- Privacy perception target reached in 4 markets

### Q4

- More than 10,000 seniors attended digital safety webinars and trainings in Finland
- Telia Norway launched a "pause box" as part of an initiative to support children's screen health
- Focused digital safety activities in most markets led to a record high digital inclusion reach
- Telia Estonia conducted Green Friday instead of Black Friday to drive share of refurbished devices

## Ambitions



### Climate and circularity

- Net zero emissions in value chain by 2040
- Zero waste by 2030



### Human rights and ethics

- Safe, just and inclusive business operation and practices



### Digital inclusion

- 2.2 million individuals reached through digital inclusion initiatives by 2026



### Privacy and security

- Top-tier position in privacy
- Preferred supplier due to the security measures



# Our climate commitments

## 2022

- Carbon balancing remaining emissions from Telia own operations by purchase of voluntary carbon credits
- 100% renewable electricity

## 2025

Short term Science Based Targets:

- Reduce GHG emissions in Telia's own operations (scope 1 and 2) by 50% (achieved already in 2020)
- Reduce GHG emissions related to use of sold and leased products by 29%
- Suppliers responsible for 72% of emissions from purchased goods and services and capital goods have set science-based targets

**Circularity:** 84% of waste from Telia's own and network operations to be reused or recycled

## 2026

- Achieve an A score in CDP's external climate disclosure
- Limit the electricity consumption increase to 7% compared to 2022, while mobile data traffic in own networks is expected to double
- Extend the lifetime of devices through an increase of sales of refurbished smartphones (B2C) and an increase of sales of smartphones provided as "Device as a Service" (B2B)

## 2030

- Reduce GHG emissions in the value chain (scope 3) by at least 50%
- Reduce GHG emissions in own operations (scope 1 and 2) by 90%

**Circularity:** 100% of waste from Telia's own and network operations to be reused or recycled

## 2040

**Achieve Net Zero:**

- Reducing value chain GHG emissions (scope 1, 2 and 3) by 90% in line with the SBTi Net Zero Corporate Standard
- Offset (neutralize) residual emissions



# Our key sustainability ratings

## MSCI ESG rating

“AAA” (highest)



## Ecovadis

“Platinum supplier” rating



## ISS ESG rating

-B (Prime status)



## Global Child Forum

No. 1 in Sweden, No. 14 among all companies assessed (1,802)



## CDP Climate Rating

A-



## Sustainalytics

Rated

## FTSE4Good

Included



## World Benchmark Alliance

Joint 2nd place in ICT industry in Social benchmark of 2,000 companies assessed



