

**Press release**  
**June 23, 2000**

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## **Telia acquires Netcom ASA in Norway**

- Today, Telia acquired more than 51 percent of the Norwegian mobile operator Netcom ASA. The company was sold by SEC, Orkla and KLP Forsikring, among others. Telia intends to make a cash bid corresponding to NOK 470 per share to purchase the remaining shares outstanding in Netcom ASA.
- The total value of the transaction is SEK 22,852 million.
- The acquisition of Netcom ASA strengthens Telia's competitiveness in the Nordic region. After the acquisition, Telia's share of customers in the Nordic mobile market will be about 28 percent.

**"The acquisition of Netcom ASA strengthens Telia's position as the leader in the Nordic region, the most developed mobile telephone market in the world," commented Jan-Åke Kark, Telia's Chief Executive Officer, in a statement.**

By acquiring Netcom Telia is taking an important step in its ongoing program to implement its strategy in the mobile telecommunications field. After the purchase of Netcom, which is part of the rapid consolidation of the mobile market in the region, Telia is by far the largest operator in the Nordic mobile market today with close to four million of the region's 14 million mobile customers and the only mobile operator with an active presence in all Nordic countries.

Netcom ASA is the second largest mobile operator in Norway with approximately 750,000 customers and a market share of 28.6 percent at the end of the first quarter of 2000.

"Netcom is an ideal partner for Telia and has a good market position, a strong brand and operations on a high technological level. The acquisition strengthens Telia's competitiveness in the Nordic region and provides synergies in production, the development of services and investments. The purchase of Netcom also consolidates Telia's position as the most attractive cooperation partner for suppliers such as content service providers in the Nordic mobile market," said Jan-Åke Kark.

A condition for the acquisition is approval by relevant authorities.

Carnegie is Telia's advisor on the acquisition.

Telia will be hosting a teleconference on June 26, 4.00 PM CET. Ph: +44 208 240 82 44.  
Password: Telia

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**For further information journalists can contact:  
Telia's Press Office, phone +46 8 713 58 30.**

## Background to the acquisition

Telia's strategy is to become the leading mobile operator in the Nordic region by being present as a network operator in all markets in the Nordic countries and becoming the largest operator in terms of the number of subscribers and sales. The reasons for this strategy are increased competitiveness in all markets, lower production and development costs as a result of economies of scale and other synergistic benefits, and a higher attraction value as a cooperation partner for other operators and companies, including content providers.

The consolidation of the Nordic mobile market has just gained momentum. As a consequence of this consolidation process, the opportunity arose for Telia to acquire more than 51 percent of Netcom ASA. Netcom ASA, listed on the Oslo Stock Exchange and SEAQ today, is the second largest mobile operator in the Nordic region after Telenor and has a market share of 28.6 percent.

Norway is the only market in the Nordic region where Telia does not conduct mobile operations. The acquisition of Netcom immediately gives Telia a position as the second largest operator and adds a customer base of around 750,000 subscribers to Telia's approximately three million mobile customers in the other Nordic countries.

Netcom ASA has a strong brand name in Norway and is at the cutting edge of technological and business developments in the mobile market. The company has a strong position in mobile Internet, among other areas. The managements of both companies share the same view about the development of the mobile communications market.

## Summary of main points

- Telia will become the only mobile operator in the Nordic region with operations in all Nordic countries.
- Telia will become the largest mobile operator with a market share corresponding to approximately 28 percent of the mobile customers in the Nordic region.
- The acquisition will enhance Telia's attractiveness as a strong Nordic partner for content providers and other market players.
- Synergies are expected to be realized in Netcom and in Telia's other mobile operations in the Nordic region in the form of economies of scale in production, billing and other support systems, marketing, the development of services and the purchase of infrastructure.
- Netcom ASA has considerable potential for achieving additional growth and fits in well with Telia's Nordic strategy.
- The acquisition will strengthen Telia's Nordic competitiveness and secure long-term growth.

## Financial effects

Based on information for the full year 1999, sales of the Telia Group will increase 5 percent as a result of the acquisition of Netcom ASA. The corresponding increase in net sales (internal and external sales) is 25 percent for Telia Mobile in the Nordic region, based on information for the full year 1999, and 24 percent, based on information for the first quarter of 2000. Net sales will total SEK 13,080 million as a result, based on the full year 1999, and SEK 3,490 million for the first quarter of 2000. The operating margin before depreciation in the Mobile business area will increase from 28.2 percent in the first quarter of 2000 to 29.3 percent.

Telia's net interest-bearing liabilities will increase from SEK 7,623 million to SEK 32,719 million, based on information at March 31, 2000. The Group's debt/equity ratio will increase from 0.22 till 0.97 as a consequence.

The estimated effects on the balance sheet exclude the new share issue that provided Telia with SEK 12,750 million (SEK 85 per share, 150 million shares) before the transaction costs of the initial public offering.

*Assumptions behind the estimates:*

- The estimates are based on the assumption that 100 percent of the shares in Netcom ASA are acquired.
- The entire purchase sum will be financed with loans.
- The purchase price has been estimated with all shares fully diluted.
- The SEK/NOK exchange rate at March 31, 2000 (SEK/NOK 1.0275) has been used for estimating the effects on the balance sheet.
- Net interest-bearing liabilities and the debt/equity ratio have been estimated using the definitions in each company's quarterly report.
- The effects on Telia's balance sheet after the acquisition have been estimated using a purchase price of NOK 22,626 million (SEK 23,248 million, based on the exchange rate at March 31, 2000), which results in a goodwill item in the amount of approx. SEK 22,820 million before transaction costs. Amortization of goodwill is estimated to total SEK 1,141 million per year.

**Telia Mobile (Nordic region)**

*1999 figures in millions of SEK*

	<b>Telia Mobile (Nordic region)</b>	<b>Netcom ASA</b>	<b>Telia Mobile (Nordic region) +Netcom ASA</b>
<i>Sales</i>	10,436	2,644	13,080
<i>Change</i>			+ 25 percent
<i>Operating income before depreciation</i>	3,475	870	4,345
<i>Change</i>			+25 percent
<i>Margin operating income before depreciation</i>	33.3 percent	32.9 percent	33.2 percent

**Telia Mobile (Nordic region)**

*Figures for the first quarter of 2000, in millions of SEK*

	<b>Telia Mobile (Nordic region)</b>	<b>Netcom ASA</b>	<b>Telia Mobile (Nordic region) +Netcom ASA</b>
<i>Sales</i>	2,824	666	3,490
<i>Change</i>			+ 24 percent
<i>Operating income before depreciation</i>	797	224	1,021
<i>Change</i>			+28 percent
<i>Margin operating income before depreciation</i>	28.2 percent	33.6 percent	29.3 percent

### Telia Group, effects on balance sheet

First quarter of 2000, figures in millions of SEK

	<b>Telia</b>	<b>Netcom ASA</b>	<b>Telia+Netcom ASA</b>
<i>Total assets</i>	83,305	3,267	109,392
<i>Net interest-bearing liabilities</i>	7,623	1,848	32,719
<i>Debt-equity ratio</i>	0.22		0.97

### Number of mobile customers

In thousands, first quarter of 2000

	<b>Telia Mobile</b>				<b>Netcom ASA</b>	<b>Total</b>
	<i>SE</i>	<i>DK</i>	<i>FI</i>	<i>Total</i>		
<i>GSM, contract</i>	1,478	59	78	1,615	373	1,988
<i>GSM, prepaid</i>	1,039	120		1,159	381	1,540
<i>NMT 900</i>	105			105		105
<i>NMT 450</i>	156			156		156
<b>Total number of customers</b>						3,789

## Background facts

### About Telia

Telia is the leading Internet and communications company in the Nordic region and Baltic Sea area. Telia's business operations are organized into five business areas: Mobile, People Solutions, Business Solutions, Carrier and Networks, and Enterprises.

Today, Sweden is one of the most sophisticated IT/telecommunications markets in the world, and as a result of early liberalization, it has become one of the most competitive telecommunications markets in Europe. Telia adapted to the competition at an early stage and has maintained its position as the market leader in all segments of the telecommunications market by offering a competitive range of products and services.

Telia's has a long tradition of leading technological developments and introducing innovative services and products which has helped the company capture a leading position today within a number of growth areas, including mobile communications, broadband/Internet services and IP-based network services.

Telia aims to exploit its strong position in Sweden to develop advanced services for customers in Sweden and other Nordic markets, and to pursue targeted international business opportunities in key growth areas such as mobile communications, the Internet and IP-based networks and services.

Jan-Åke Kark is Chief Executive Officer of the Telia Group.

### About Telia Mobile

Telia Mobile offers a comprehensive range of mobile communications services for residential and business customers in Sweden, other Nordic markets and the Baltics.

In addition to traditional mobile telephony, Telia Mobile offers mobile Internet, satellite telephony, wireless local area networks (LANs) and a number of services related to mobile telephony such as Unified Messaging, voicemail and short message services (SMS). In 1999, Telia launched one of the world's first WAP portals, MyDOF, enabling mobile connection to the Internet.

Telia is one of three licensed providers of GSM digital mobile telephony services in Sweden. At December 31, 1999, Telia's GSM network covered the major part of Sweden's geographical area and over 99 percent of the country's population.

Telia believes that mobile data will be the fastest-growing segment of the telecommunications market over the next few years. To meet this growth, Telia is developing content and services in cooperation with leading media companies and recently launched its WAP portal, which Telia plans to make accessible to all of its subscribers throughout the Nordic region. Telia intends to build on its strengths in mobile communications by being a driving force in the development of next-generation mobile systems and services, including UMTS, in the Nordic and Baltic markets.

Kenneth Karlberg is head of Business Area Mobile

#### **About Netcom ASA**

Netcom ASA is the second largest mobile operator in Norway and has about 750,000 customers. The company has slightly more than 470 employees

Netcom ASA offers a number of products related to telecommunications and the Internet that are focused on mobile solutions. Netcom's strategy is to become a leader in mobile telephony and mobile Internet in Norway. Netcom's MotHer mobile portal, for example, has 70,000 users.

Netcom ASA was formed in 1989 by Orkla and Kinnevik as the first private operator in Norway. The company launched commercial services in 1993 and has been noted on the Oslo Stock Exchange and SEAQ since May 1996.

Terje Christoffersen is President of Netcom ASA.