Dear shareholders – ladies and gentlemen.

Thank you so much for being here today. I am very delighted to meet dedicated owners. I have now been President and CEO for seven months and I am proud and happy to be leading TeliaSonera, a company that is well placed to succeed in a tough industry.

As shareholders, you can see that the past year’s share price development was positive, just above 21 percent, which was somewhat better than the OMX index of the Stockholm stock exchange. Add to that the paid dividend, and the total return on TeliaSonera’s share was 28 percent in 2013, which was higher than our peers.

Marie Ehrling, Chairman of the Board, confirms that the Board has worked hard, and the same naturally goes for us at the company. The support I have received from the Board concerning the significant, far-reaching changes that we have started has been important and the work is very inspiring.

We operate in an industry undergoing a major change. We just need to look at ourselves and our environment to see what is taking place. You too probably have a smartphone that is basically a little computer. Maybe your neighbour has one, too, or someone among your friends. The fact is that more than two thirds of the Swedish population has what is called a smartphone.

We have more and more smart devices online, we watch films on the web using services such as Netflix, YouTube, SVT Play, and now also our own Telia Play Plus. Today, nearly half of the Swedish population has a tablet device. The development looks alike in all our markets we operate. The need to invest more in our networks no longer emerges from phone calls, but from a higher demand for moving images on mobile phones, tablets, or TV.

Our customers want more and more from us, which of course is good. However, the industry’s inability to turn this huge demand into actual cash flow growth has resulted in the poor net sales development that our sector has seen in the last few years. This also applies to TeliaSonera. I am convinced that in retrospect, we will see this period as a crucial moment, both for the industry and for us. New business models are developed in the digital revolution that we are going through, there are new ways to communicate, and even new lifestyles.
Within a short space of time, we have seen the establishment of new, exciting industries and new customer behavior. The game has been changed for good.

The demand for data capacity is shooting through the roof. In Europe, more than half of today’s Internet traffic is composed of videos watched via such services as online TV and YouTube.

In 2013, TeliaSonera broke new ground. For the first time since the 19th century, we stopped charging more when people make more phone calls. We undertook this pioneering work among European carriers in what was, to put it mildly, a turbulent year in TeliaSonera’s history.

This shows the strength that lies within the company. At a time of great changes, we took important historic steps forward, maintained our focus on value creation, and delivered a solid result.

Creating shareholder value in the sector in which TeliaSonera operates is a challenge with many opportunities. We operate in the middle of a major industry revolution in which almost everything is being digitalized.

TeliaSonera is a financially stable company. In 2013, we achieved net sales of almost SEK 102 billion, basically unchanged year-on-year – when measured in terms of organic growth. Despite pressure on earnings, we achieved an underlying operating margin (EBITDA) of 35 percent, slightly above that in 2012.

We generated a strong free cash flow of about SEK 16 billion, and the return on shareholders’ equity, 15.9 percent, shows that the foundation of the company’s business is sound.

Against this background, the Board suggests a higher dividend of SEK 3 per share, an increase by 5.3 percent. Thereby, we are distributing about SEK 13 billion to you, our shareholders, corresponding to a pay-out ratio of about 87 percent after taxes. Even after the distribution, TeliaSonera’s financial position is solid, the net debt/EBITDA ratio being between 1.5 and 2.0 in accordance with our set objectives.

Now is the time for us to seize the opportunities that arise. If we do it right, we can shape the development – if we don’t, it is us who will be shaped by it. We are the ones making it possible, and historically, we have long been the driver of development. We were a pioneer in mobile telephony and we were the first in the world to provide 4G. We are globally among the two biggest providers of intercontinental Internet traffic via TeliaSonera International Carrier. Just today, we are actually No. 1. Our wholly and partially owned operations have about 190 million subscriptions!
But does this mean that we should be satisfied? Does it mean that our company will automatically be a winner in the ongoing industry transition? The answer is unquestionably no. If we want to create long-term value for TeliaSonera, we cannot rest on our laurels, but we must use our strengths and understand our weaknesses. We see a map being redrawn, roles changing, and complexity increasing. It is not self-evident who the winner will be. It is a challenging situation for us and for the industry, but as I have already said, it is also very exciting.

We must therefore restore the ability to innovate in the company. This applies to everything we do beyond the strictly technical definition of the concept. As I see it, innovation is necessary for us to survive.

We must improve our ability to add further value for the customers and learn to set the price that the customers are willing to pay. This means both big and small supplementary services that make life and business easier for our customers. We already have exciting cooperation with such players as Spotify and the TV service provider HBO. It means charging for data volumes by offering the best combinations of services and products.

Network capacity and quality will increasingly provide competitive edge as our customers watch more and more videos. This is why Sweden is now seeing one of the biggest investments ever to improve the Internet experience through the build-out of fiber and mobile coverage. In the course of three years, we will invest SEK 5 billion per year to provide a geographical 3G and 4G coverage of more than 90 percent of the country by the end of 2015, the same area that our 2G networks already today cover. Overall, we are investing heavily to develop our networks wherever we operate, since high-quality networks are the foundation of value creation in our line of business.

We must continue to build on our history of reacting rapidly to anything new that our customers want to have. As we now develop the services of the future, we must focus more on our customers’ safety and security. It is important today, but it will be even more important tomorrow. Our customers’ data are extremely valuable. They may never disappear or be unavailable when needed, and they may never get into the wrong hands.

At this point, I would like to tell you about the strategy that we are establishing.

Much of TeliaSonera’s potential was already visible to me when I started prematurely on 1 July, two months before formally taking over as President and CEO. When making observations during those first two months, my idea of the company’s challenges started to emerge.

It was about weakened competitiveness, a complexity in some parts of our business and organization, a culture in which our leadership and our values have to be strengthened, and the customer focus necessary to make our customers increasingly satisfied and, ultimately, ambassadors for TeliaSonera.
Since then, we have striven to highlight these issues within the framework of our program to build tomorrow's TeliaSonera. The program is the part of the strategic process, based on the Board’s work, where we have conducted and still conduct a dialogue regarding the outside world, the industry and what TeliaSonera will become.

I pointed out early on that TeliaSonera has lost market share for several years in most of our markets. We must reverse this trend. It is not acceptable to lose ground month in and month out. The key goal of the strategy we are now establishing is to change this development.

The strategy that is starting to form is not about a revolution in what we should do. It is based on the following principles:

One - Strengthen and develop the core business in the Nordic and Baltic countries.

Two - Take Eurasia to the next level. Today, voice in the mobile network. Tomorrow, data via mobile and, where possible, also via fiber.

Three - Look into new income opportunities in sectors close to ours, the starting point being that the closer it is to our industry, the greater are the chances to succeed.

Geographically, TeliaSonera will continue to develop our business where we already have presence, but with clear and strict demands for profit. If the occasion arises, we are also interested in, first and foremost, consolidation in the existing markets, but also in new markets where the circumstances are right.

We are naturally also working hard to resolve the situation regarding Turkcell, in which we have a 38 percent holding. I share the view that many of you owners have told me: that there is great potential for value creation in the resolution of the gridlock in Turkcell, where the owners are, for instance, waiting for dividend distribution from previous years. We are aiming for a dialogue, but the issue is complex and will take time to resolve.

As I said, no revolution in terms of what we will do, even though clarity is needed. But how we do it requires a radical change. In order to enable this, we have launched a new operating model as from April 1. It will be essential to how we implement the strategy we now have decided on. By allowing more local decision-making and accountability – combined with centralized management and the utilization of the benefits a large Group can offer – we will be able to create long-term value for you, the owners.

The new model is based on the customer. We move from an organization based on different technologies – mobile and broadband – to one based on the customer in our countries. All this to be able to better meet our customers’ different needs for services and products. This means that the countries are the most important dimension – we meet the customers and create value locally, in our different countries.
I want all the heads of countries to have full responsibility for the results of their market and customers, both business and private, regardless of whether they make mobile calls or watch broadband TV. But the countries are not isolated entities: The centralized management of important functions will be strengthened as will be the opportunity to learn from each other. The countries can draw on the global resources, if needed, and the global functions can also assume leadership, when necessary.

In order to ensure the best possible compliance with the rules, the critical business decisions are now made at a central level. We will, of course, spell out what this strategy means in financial terms as we now take the next step of implementation.

People’s confidence in TeliaSonera as a company is crucial. Our confidence capital is a competitive factor that we cannot afford to be without. It is a necessary prerequisite for building future values. If confidence in the company falters, we take it very seriously. This has been the case regarding our investments in Eurasia. And quite rightly so.

You have just heard Marie Ehrling, Chairman of the Board, talk about the extensive work and the decisive action we have taken together. In addition to the actions just mentioned, we have carried out major changes in how we manage the company.

We have introduced:

- A new operating model that brings clarity to the responsibilities, locally and centrally
- A Group Management Team with a mix of old and new members and a strong focus on building leadership and values
- New functions in the Group Management Team with increased focus on strategy, control and compliance with rules
- New, clear demands on the employees through a shared code of conduct
- A new, strengthened anti-corruption policy
- A new, strengthened process for mergers and acquisitions, which is documented in a manual that must be followed to the letter.
- Since March, we also have a new “Speak-Up Line” offering everybody, not just employees, the opportunity to anonymously report any mistakes they see being made.
- We have also adopted a completely new and unique Policy on Freedom of Expression, and a new Sponsorship Policy.

Good policies and instructions are a necessary prerequisite for doing the right thing, but that is not enough. Today, we have six persons working full time with ethics and compliance at the head office alone. Before I started, in September, that function did not even exist. Work is now in full swing to get the message across and implement our policies and instructions.
Let me give a few examples of our work with freedom of expression.

- **Georgia:** For some time now, we have worked closely with responsible politicians to try to change the legislation on surveillance to make it more transparent and increase the security of our customers. A proposal for new legislation is about to be considered by the parliament. We do not interfere with politics – for us, this is a way of safeguarding our customers’ interests.

- **Moldova:** The government has demanded our company Moldcell to increase capacity in order for the authorities to be able to tap our customers in real time. We have said no. This has led to a more fruitful dialogue on issues related to the individual’s right to integrity. The talks are still at the initial stage, but we have been very clear about our position.

- **Uzbekistan:** The ranking is clear when it comes to human rights – we have challenges here. We have 800 employees in Uzbekistan, and several millions of customers. We have met with responsible ministers and started a dialogue on issues where our position can be considered challenging from the counterpart’s perspective. We are convinced that dialogue is better than closing the door, and so are our employees. In this way, we assume responsibility and increasingly take part in the social debate in our local markets. We have an important role to play. Let us not underestimate it.

Let me continue on the subject of restoring confidence in us. We are now implementing changes in the parts of our business operations that need to be changed.

Erik Hallberg, the new Head of Region Eurasia, has kick-started this work. He has visited all our countries, and, on site, seen with his own eyes what needs to be done and he has not hesitated to make tough decisions.

I have personally been to many of our countries. What is required of our top management is presence and commitment to take on the challenges our employees face. We will no doubt detect flaws and we will never be able to guarantee that we will never make mistakes. All we can guarantee is that we will do our utmost to avoid it.

It is the way we address mistakes and irregularities, when they take place, that distinguishes good companies from bad ones. We have high ambitions in this field. We must simply – in plain language – behave ourselves!

To me, confidence is about meeting or exceeding the expectations of the operating environment. It is not until others say that TeliaSonera sets an example that we have fully succeeded. One of our large owners who left us during the turbulence a year ago put it like this: “I will invest in TeliaSonera again when I am confident that you keep tabs with the sustainability issues and in particular the corruption issues.”

That is the kind of pressure we need. We will not take any short cuts – we will be methodical and determined, and I think we have come a long way and know what needs to be done.
I am convinced that clear accountability is decisive for both questions of ethical nature and actual business issues.

Now that the Board’s investigation with respect to Eurasia has been finalized and I as President and CEO take on the responsibility, the focus on these issues will not diminish. On the contrary, we are making this an integral part of how we lead and manage the company from day to day.

An example of this is that:

- I have established a new leadership forum where the top management together with Internal Audit and the Chief Ethics and Compliance Officer will review the operations from the perspectives of risk, ethics and sustainability. That work is already well established and functioning.
- Leadership expectations will always be placed and managerial appointments will always be made through an ethical lens, as we strive to make leadership and culture more important than policies and frameworks.

In future, we shall conduct ourselves in a manner everyone has the right to expect from us.

There is an enormous amount of competence and pride among our employees. Looking ahead, that is one of our most important assets. Our employees welcome the actions we are taking, they want a clear framework. On the one hand, it helps them develop the business, and on the other, it helps them make the right decisions when facing dilemmas. That is the case on all levels of the company: for me in my role as President and CEO, and in all our markets, from Norway to Nepal.

We can already see results from moving decision-making to the correct level so that the right decision can be made on the right level. This serves to show the organization that we are not afraid of the issues, but want to participate and assume responsibility for the difficult decisions that sometimes have to be made.

With our new Policy on Freedom of Expression we have undertaken to stand up for our opinions. If we see laws and regulations that fall short when it comes to freedom of speech and integrity, laws and regulations that are not reasonable for our customers, then we will speak up and work towards a change. We will inform all our counterparts and stakeholders of how we look at things. But we also realize that we must comply with the laws and regulations that apply wherever we operate.

By making our voice heard, we can contribute to a positive development not just through the power of our operations, telecommunications, but also through the power of our values. To inform our stakeholders of our view is not always a matter of light discussion, but we do it because we are convinced that it is right, and hope that it encourages reflection.
Therefore, our commitment within the scope of the Telecommunication Industry Dialogue continues and we hope that more participants will join it.

The work we do regarding these issues sets a standard for our way of doing business. It must be an integral part of the whole company. These things are an essential part of the overall approach that, together with our business strategy, shall make TeliaSonera successful in the long term.

My ambition is for TeliaSonera to set an example, but also to be a leading company within selected sustainability areas, or as we say, Ethical Business Practices. Our focus right now is on freedom of expression and anti-corruption, areas where we have the burden of proof.

I would say that as a result of resolute action, we now have a TeliaSonera that is on the right track. Much time and effort has been spent to restore confidence in the company, and this will continue. But we will now also step up the pressure on the business issues in our new operating model.

Much remains to be done. Now we will continue to build a TeliaSonera where all parts work together in an effort to create sustainable values in the long term for all shareholders. It will be tough and challenging, but very exciting.

Thank you for your attention.