

Speech to the AGM on April 8, 2015 by President and CEO Johan Dannelind

Dear shareholders,

Ten years ago we used our mobile phones for making calls and sending text messages. Our 3G network remained largely unused. Today we watch Charlotte Kalla's race in the World Ski Championships live on our smartphones over the 4G network, and the volume of 4G traffic has now exceeded that of 3G in our network in Sweden. Ten years ago there were a billion internet users and two billion mobile subscriptions globally. At present, the number of internet users has tripled, and there are now as many mobile subscriptions as there are people in the world. This means that, in only a decade, the information society has revolutionized the world and brought people closer to each other.

Our services connect people. We make it possible for people all over the world to create, learn and develop. We are responsible for seeing to it that digitalization does not shut people out and that the future will not become less digital. Many people feel already now that they are forced to learn new things and to buy new things in order to be able to continue watching TV, do online banking and keep in touch with everyone – from the authorities to their family and friends. We can and we must do more to make the change simple and pleasant. This is also the foundation of our new “digital involvement” initiative, which we call “All in”. It's about getting more people involved and also fully exploit the possibilities by being connected.

I would now like to give you a few examples of our last year's operations that deserve extra attention. In 2014, we connected four Swedish single-family houses per hour to our fiber network, and this year we believe this figure will be five per hour. Five years ago we were the first in the world with 4G and today 99 percent of the Swedish population have now access to our fast 4G network where they live. We have absolutely the best coverage in Sweden.

TeliaSonera is a large and stable company with its roots far back in time. We have 26,000 competent employees in over thirty countries. We have networks, licences, subcontractors and all other infrastructure in place so that we can offer a superior product. We have a strong balance sheet and have money to invest. We are now well positioned to develop new innovative products and to establish partnerships with exciting companies and entre-preneurs. We are intensively looking for companies and services that are close to our core business and that can grow together with us and contribute to the creation of a next generation telco.

Let me also say a few words about our inputs to connected health solutions – e-health – which I think is a good example of what we can do. These solutions refer to equipment that allows patients to carry out simpler examinations at home and send the results to the doctor over the network without needing to spend half a day for a visit to the health centre. This is a clear example of how technology continues to change our lives. The market for e-health is enormous, and it will keep growing, as the population all over the world grows older. The fact that people live longer, means higher nursing costs, but with new, smarter solutions we can increase the efficiency and, at the same time, also make life easier for the users. Many people have understood this, and politicians have shown a great interest in connected care, as they have realized that it can be a solution to one of the biggest welfare challenges of our time. According to an independent survey, smart e-health solutions could save 99 billion euros in health care costs. This corresponds to the treatment of 25 million patients and to half a million working days of doctors. And these figures include only the EU countries.

Company information

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During the year, we also announced two major transactions: the acquisition of Tele2 in Norway and the merger with Telenor in Denmark. Both of these transactions strengthen us in our current home markets at the same time that the synergy effects reduce our costs dramatically in the markets in question, by up to 1 billion per year according to our estimate once the full effect has been reached. These transactions play a very important role in achieving better return on investments, which in turn allows meet customers' demands in the future. Good investments and structural transactions are important parts for us to creating value.

To sum up the last year's result, I can say that, despite the intense competition and the heavy investments we have made, we can report a stable margin and pay handsome dividends to you, our shareholders. We implemented our new country based organization on April 1, last year, with the regions Sweden, Europe and Eurasia. Sweden performed well with a good balance of fixed and mobile services and reported an EBITDA somewhat lower than in 2013. Europe was hit by changes in Spain and reported an EBITDA at the same level as in 2013. Eurasia continued to grow with high margins although the years ended by macro-economic challenges due to problems in Russia and a falling ruble. Our proposed dividend of SEK 3 corresponds to a total shareholder return of almost six percent. This puts us clearly among the top companies on the Stockholm stock exchange. Our total shareholder return in 2014 amounted to zero percent compared with the 9.9 percent of the stock exchange. It's not for me to comment the share valuation. But we in the Management Executive Team have a long-term view on the development of TeliaSonera that we think will add shareholder value.

It can be stated that we are moving in the right direction in many ways. As you who follow TeliaSonera know, we have had to deal with several concerns, and some of our markets are facing severe problems. I'm thinking particularly on the situation in Turkcell, in Azercell in Azerbaijan, in Ucell in Uzbekistan and in Ncell in Nepal. As you have heard before, there are deadlocks between the principal shareholders of Turkcell, and therefore the company has not been able, for example, to pay dividends during the past few years. However, we took an important step two weeks ago when we agreed on the distribution of dividends for the past five years. During the next few months, we will receive dividends of about SEK 4.9 billion in total. We received the first tranche of SEK 1.8 billion this week. The ownership problems as well as the structure in the Board are complex and still unsolved. But the settlement regarding the dividend is an important step in the right direction.

Despite our persistent efforts, we still have not been able to get a clear picture of our co-owning partner in Azercell. Our approach is based some time ago on that we have a minority owner who is close to the ruling power in Azerbaijan. We are still unable to repatriate money from Uzbekistan and Nepal. This is problematic and not long-term sustainable.

We work hard on solving the problems. You remember that we had a hard time a few years ago, when TeliaSonera's operations in Central Asia were reviewed, and that the ownership in Ucell was criticized. We continue to cooperate with a number of countries, US, Sweden and the Netherlands and authorities to get answers to questions about what in fact happened in Uzbekistan. Like many others, we hope to get the answers soon.

But we are not just waiting. We work hard on reducing the risk of new business ethical deficiencies to occur in our operations. We have worked hard during the past two years in order to improve, for instance with an extensive compliance program. Let me touch on two key elements in the program. One of the areas we have addressed is freedom of expression and integrity. We now have a clear set of rules that tell us how to act when we receive requests from the authorities to limit access to the network, when they ask us to disclose customer data, or when they wish to install surveillance equipment in our network. In such a case, we must offer resistance and do everything we can in order to minimize, delay or hinder

any violation of the freedom of expression. We now have a clear standpoint and we know what we think. We express our standpoint to politicians and rulers as often as possible. It is now known on all of our markets that TeliaSonera wants to protect the freedom of expression and that decisions related to this is not made on country level but on group- or region level. Like all people and companies, TeliaSonera is subject to the laws of the different countries. We are doing our best, but we cannot yet fully act as we would like to.

The other area is the question about corruption. Some of the countries where we operate clearly rank among the bottom countries in the world in terms of corruption. This sets high requirements for us. We have therefore worked very hard to train our personnel. Almost five thousand employees in Central Asia have completed our internal training in corruption issues. We have increased internal control and audit. Employees who betrayed our trust have left the company. We have taken the first steps, but we still have a long way to go. It will be a continuous battle to operate in the right way in those of our markets that are permeated with corruption. Basically, it is a question of seeing to it that all of our employees share the same ethical compass regardless of where we work. In the next 12 months, we aim to focus more on the audit of our subcontractors to ensure sustainable business throughout the whole value chain.

I am often asked whether TeliaSonera's continued presence in Eurasia is appropriate. I think like this: When TeliaSonera decided to start conducting business in Central Asia, we assumed a responsibility. We have customers and employees who count on us. Normal honest people consider it an advantage that a Scandinavian company with a strong conviction has presence in their countries. TeliaSonera is now involved in building up society in these countries. Our investments and services pave the way for growth and improved competitiveness, but perhaps the most important thing is that we contribute to openness and development in society. We are now part of these countries, just like Telia is part of Sweden and Sonera is part of Finland. Our services make it possible for people to communicate with the surrounding world. They get an opportunity to see how society is organized more freely in other countries. They gain access to the knowledge that is needed to change things for the better. Even if we are forced to compromise on our conviction, TeliaSonera has the will to do the right thing, and we make efforts every day to be able to do so to an even greater extent in the future. That is not self-evident. Not everybody does so. I am convinced that Telia-Sonera's presence and responsible way of acting make a difference for the better, even if it takes time.

Let us look ahead. Last autumn we presented our strategy for returning to the path of growth and improved profitability. Quality and service are the keys to winning our customers. TeliaSonera must continue to strengthen its core business so as to remain the natural choice for those who want to have a reliable, well-functioning connection at work, at home and on the move. We must not focus only on having the best networks. To be able to meet our customers' digital needs, we must understand how the different technologies – both fixed and mobile – best work together. We must learn to better understand the needs and be able to offer comprehensive solutions that combine the best features of telecommunications and IT. When the customers ask for our help, we must be able to give them good service to minimize their efforts and inconvenience. Our customers often use our different services in combination. When the services work smoothly together, the customers want to do more business with us, remain our customers, and recommend us to others.

In Eurasia, our customers do not yet use data services to the same extent as in the Nordic and Baltic countries. Our role in Eurasia is to be a driver and to provide support, so that the countries there can take the next development step and make use of the opportunities our services offer.

We invest to save and we invest to grow. We are currently investing 2 billion to cut costs. Old and expensive technology is removed, and outdated systems are upgraded to more modern and efficient ones. As a consequence, we can cut our costs by two billion annually starting from 2018. In addition, we are investing 4 to 5 billion extra in better networks, services and customer relations to return to the growth path. All this lays a solid foundation on which to build when we address the rapidly changing future. For the digital revolution is still ongoing. New companies offering new solutions emerge every day. Functioning business models may be shattered in a matter of weeks. All of a sudden people abandon products and brands they could not live without just a while ago. It happens so quickly!

Just as people have started to accept that cars no longer require petrol or diesel to operate, we now realize that cars can soon operate even without a driver. The market for connected devices and machines will simply explode in the years to come. As a consequence, demand for our core products, connectivity and data, will increase dramatically. But I believe that we should try to play an even bigger role in the change. We should pave the way and dare to develop new services that go beyond today's core business. To name a few examples: streamed TV and music, financial services, e-health services and machines communicating with one another. Then we will have become a new generation telco. The journey has only just begun, but in a couple of years' time, we will be there.

So, to sum up: Many things are going well, and we have many opportunities – but we also have challenges. We have a plan for finding growth and improving profitability. We are investing to be able to offer better services, and at the same time we are cutting our costs. We have big challenges in Eurasia. It is an ongoing process, and we will continue working relentlessly to improve. We are in the middle of strong digitalization, which opens opportunities for new business and growth.

In addition to understanding where development is headed, TeliaSonera must also take a lead on the front line of technology. That is our way ahead. That is how we will become a new generation telco.

Thank you for your attention!