Interim Report January-September, 2005
Anders Igel
President and CEO
TeliaSonera
Highlights – Third Quarter

• Net sales +8.5%
• Operating income excl. non-recurring items +4.5%, to SEK 6,162 million
  - Swedish margins maintained in competitive market
  - Strong sales and earnings growth in Norway, Denmark and the Baltic operations
  - Very strong sales and earnings growth in Eurasia, Russia and Turkey
• EBITDA margin decreased to 37% (40%) due to the fall in earnings in Finland
• Proposed extraordinary dividend of approx. SEK 10 billion
Strong customer growth, year on year

Nordic and Baltic

22.6 million
+4%

Nordic and Baltic

+0.9 million

Eurasia, Russia¹ and Turkey¹

52.7 million
+46%

Eurasia, Russia¹ and Turkey¹

+2 million in Eurasia
+14.8 million in MegaFon
and Turkcell

1) Associated companies
**Strong third quarter results**

### Net sales

<table>
<thead>
<tr>
<th></th>
<th>Jul-Sep 2004</th>
<th>Sweden</th>
<th>Finland</th>
<th>All other operations</th>
<th>Jul-Sep 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>20,496</td>
<td>-491</td>
<td>-475</td>
<td>+2,699</td>
<td>22,229</td>
</tr>
</tbody>
</table>

+8.5% increase

### Operating income

Excl. non-recurring items

<table>
<thead>
<tr>
<th></th>
<th>Jul-Sep 2004</th>
<th>Sweden</th>
<th>Finland</th>
<th>All other operations</th>
<th>Jul-Sep 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>5,898</td>
<td>-167</td>
<td>-775</td>
<td>+1,206</td>
<td>6,162</td>
</tr>
</tbody>
</table>

+4.5% increase

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*October 25, 2005*
Nordic and Baltic home markets
Performance
July-September, 2005

- Strong mobile volume growth and efficiency measures sustained margin in Sweden
- Strong mobile customer growth in Finland
- Increasing share of postpaid customers drives volume growth in Norway
- Improved performance in all Danish operations
- Strong mobile and broadband growth in the Baltics

Customer growth Q3, 2005 y-o-y

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile cust.</th>
<th>Fixed cust.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>+5%</td>
<td>+10%</td>
</tr>
<tr>
<td>Finland</td>
<td>+9%</td>
<td>+2%</td>
</tr>
<tr>
<td>Norway</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>+38%</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>+16%</td>
<td>+2%</td>
</tr>
<tr>
<td>Estonia</td>
<td>+17%</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>+142%</td>
<td>+10%</td>
</tr>
</tbody>
</table>

1) Orange Denmark consolidated as of October 11, 2004 2) Associated company
Continued strong sales and earnings growth in International Mobile

**Eurasia – High growth and margins**
- +2 million customers Q3, 2005 y-o-y, total 5.5 million
- EBITDA margin excl. non-recurring items 56.4%
- Penetration 26% (16)

**Strong development in Turkcell**
- +5.3 million customers in Q2, 2005 y-o-y, total 26.2 million (incl. Ukraine)
- Contribution to TeliaSonera Q3, 2005 Operating income SEK 672 million (125)

**Russia – MegaFon increased market share**
- +9.5 million customers in Q3, 2005 y-o-y, total 21 million
- Increased revenue market share
- Contribution to TeliaSonera Q3, 2005 Operating income SEK 390 million (271)

1) Reported with a one quarter lag. 2) Q2 2004 including legal provisions
Competitive Cost Levels

**Sweden**
- 1,325 of about 3,000 employees in transition
- Measures implemented by end of Q3 estimated to reduce annual costs by SEK 1.2 billion as of 2006

**Finland**
- Turn-around program under review by new President TeliaSonera Finland

**Denmark**
- Telia Mobile and Telia Networks operations will be merged
- Approx. 110 full-time positions affected
- Annual cost savings approx. SEK 110 million as of 2006
- Implementation cost about SEK 100 million

**Norway**
- Efficiency program launched
- 60-80 employees affected
- Annual cost savings approx. NOK 50 million as of 2006
- Implementation cost NOK 30-40 million
New service initiatives

Easy-to-use services

△ Increase in mobile data traffic and customer growth

• Roll out in Home markets
  - SurfPort
  - Mobile TV
  - Connect and Connect Pro
• Mobile over broadband – tested in DK

Always Best Connected

LAN
WLAN
GSM
GPRS
EDGE
UMTS
New service initiatives

Attractive Broadband offerings

⇒ Strong market position

• High quality connection and capacity
• Firewalls and virus protection as standard (Sweden)
• Bundling and Flat rate
New service initiatives

**Outsourcing, IP-VPN and managed services**

- Increased demand

  - TeliaSonera DataNet
    - Nordic IP-VPN solution based on MPLS
    - Global reach through partners
  - WM-data, Fortum, City of Malmö and other municipalities
Dual opportunities

Home markets

- Mature markets?
- 100% mobile penetration

Create growth – Keep profitability

International Mobile

- Strong growth markets
  - Sales
  - Earnings
  - Customers

Exploit growth – Enhance value

Based on strengths in the regions, complementary acquisitions can be considered
Kim Ignatius
Executive Vice President and
Chief Financial Officer

TeliaSonera
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<tbody>
<tr>
<td>Net sales</td>
<td>22,229</td>
<td>20,496</td>
</tr>
<tr>
<td>EBITDA excl. non-recurring items</td>
<td>8,224</td>
<td>8,212</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>37.0</td>
<td>40.1</td>
</tr>
<tr>
<td>Operating income excl. non-recurring items</td>
<td>6,162</td>
<td>5,898</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>27.7</td>
<td>28.8</td>
</tr>
<tr>
<td>Net income</td>
<td>4,367</td>
<td>4,739</td>
</tr>
<tr>
<td>Earnings per share(^1) (SEK)</td>
<td>0.84</td>
<td>0.92</td>
</tr>
<tr>
<td>CAPEX</td>
<td>2,530</td>
<td>2,599</td>
</tr>
<tr>
<td>In relation to net sales (%)</td>
<td>11.4</td>
<td>12.7</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>4,088</td>
<td>5,068</td>
</tr>
<tr>
<td>Free cash flow per share (SEK)</td>
<td>0.91</td>
<td>1.08</td>
</tr>
<tr>
<td>Free cash flow(^2)/market capitalization (%)</td>
<td>9.9</td>
<td>12.2</td>
</tr>
</tbody>
</table>

1) EPS is calculated on reported net income less minority interest divided with number of shares.
2) Annualized
Operating income

SEK million

- Net sales SEK -475 million
- Increased marketing and other volume-related expenses

Very good sales and earnings growth in International Mobile operations

Strong improvement in Lietuvos Telekomas and consolidation of Eesti Telekom

Mainly restructuring costs in Sweden

Operating income excl. non-recurring Q3 2004

Operating income excl. non-recurring Q3 2005

Non-recurring Q3 2005

Operating income Q3 2005
### Operating income

**SEK million**

<table>
<thead>
<tr>
<th>Description</th>
<th>Q3 2004</th>
<th>Q3 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income excl. non recurring</td>
<td>5,898</td>
<td>6,162</td>
</tr>
<tr>
<td>Net sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opex, other revenues &amp; expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from associated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income excl. non-recurring Q3 2005</td>
<td>6,162</td>
<td>5,642</td>
</tr>
<tr>
<td>Non-recurring Q3 2005</td>
<td>-520</td>
<td></td>
</tr>
<tr>
<td>Operating income Q3 2005</td>
<td>5,642</td>
<td></td>
</tr>
</tbody>
</table>

**Key Points**

- **Growth in Eurasia and Norway**
- **Consolidation of Orange in Denmark and Eesti Telekom in Estonia**
- **Increased number of customers and traffic volumes**
- **Price erosion in Finland and Sweden**
- **Results from Turkey and Russia**
- **Partly offset by consolidation of Eesti Telekom**
- **Mainly restructuring costs in Sweden**
CAPEX

Switzerland
• Capacity expansion due to volume growth
• Investments in EDGE
• Expansion of GSM coverage

Finland
• CAPEX decreased Y-o-Y

Norway
• Investments in EDGE and 3G

Denmark
• Expansion of coverage and capacity

Baltic countries
• Consolidation of Eesti Telekom and investments in capacity

Eurasia
• Customer growth and network roll-out
• Currency effects

CAPEX to sales 2005 expected to be somewhat higher than for 2004
Strong financial position and cash flow generation

- Distribution of approximately SEK 10 billion as an extraordinary dividend to be proposed to the AGM in April 2006

<table>
<thead>
<tr>
<th></th>
<th>Sep 30, 2005</th>
<th>Dec 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>9.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>10.7%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Equity/asset ratio</td>
<td>64.8%</td>
<td>63.8%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>7.4%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

* Rolling 12 months
## Outlook

### Sales
- Strong mobile volume growth expected to continue but price pressure will limit sales growth in home markets
- Sweden, decline in sales of traditional fixed services will partly be compensated by sales of other services
- In Eurasia, strong sales growth is expected to continue

### Margins
- Group EBITDA margin excl. non-recurring items is expected to be approx. 34% for the full year 2005

### Restructuring programs
- New focused service portfolio
- Reduction of annual costs by SEK 5-6 billion in the latter part of the three year transition period
- Restructuring total non-recurring costs are estimated at approx. SEK 5 billion – Restructuring costs for Q4 2005 expected to be at the same level as for Q3 2005

### CAPEX
- Due to increased number of customers, CAPEX to sales for 2005 is expected to be somewhat higher than for 2004
Forward-looking statements

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of TeliaSonera.
The Nordic and Baltic leader in Telecommunications

TeliaSonera