Record result SEK 6.3 billion in Q2

- Growth **4.5%**
- EBITDA\(^1\) margin **35% (33)**
- EPS **0.94 (0.44)**
40% improvement of Operating income

SEK million

Operating income excl. non-recurring Q2 2005

Sweden: -166
Finland: +364
Norway: +286
Denmark: +184
Eurasia: +280
Russia & Turkey: +740
Other: +104

Operating income excl. non-recurring Q2 2006: 6,316
Sweden - Continued strong mobile and broadband volume growth but earnings in fixed lower as restructuring did not compensate sales decline

+ Customer intake
+ Reasonable margins
- Not yet sales increase

![Graph showing Net Sales and Operating income](image_url)
Finland - Good margin development

+ Turn around progress
- Margin improvement takes time

![Graph showing net sales and operating income over time]

- Net Sales: SEK 4,171
- Operating income: SEK 418

Note: Data from Q1 2002 to Q2 2006.
Norway - Continued strong development

+ Chess integration/synergies
+ NextGenTel acquisition

![Graph showing Net Sales and Operating income growth from Q1 2002 to Q2 2006](image)

- Net Sales: 732 to 2,389 SEK million
- Operating income (excl. non-recurring items): 0 to 220 SEK million

Q1 2002 to Q2 2006
Denmark - Improved profitability

- Orange integration/synergies
- Margin improvement takes time
The Baltics - Continued good development and increased marketing activities

+ Sales increase
+ Compensation for fixed voice decline

Net Sales
Operating income excl. non-recurring items

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2,507</td>
<td>1,500</td>
<td>1,200</td>
<td>1,800</td>
<td>2,000</td>
</tr>
<tr>
<td>Q2</td>
<td>765</td>
<td>650</td>
<td>700</td>
<td>800</td>
<td>900</td>
</tr>
</tbody>
</table>

SEK million
Spanish mobile opportunity

+ Robust business case
+ Benchmark low cost
+ Sharp business focus
+ 3G license/2G roaming

Mobile market in Spain

Source: Merill Lynch estimates June 2006

- Yearly growth rate 10%
- Churn: ~20% (~8 million subs.)

Total quarterly sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total sales (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>11,086</td>
</tr>
<tr>
<td>2003</td>
<td>12,565</td>
</tr>
<tr>
<td>2004</td>
<td>14,180</td>
</tr>
<tr>
<td>2005</td>
<td>15,951</td>
</tr>
</tbody>
</table>

Source: Merill Lynch estimates June 2006
International Mobile – Continued strong growth and profitability

Profit development

SEK million

Operating income excl. non-recurring items

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2

2002 2003 2004 2005 2006

-1,000 -500 0 500 1,000 1,500 2,000 2,500

2,010
Summary

**Strong performance continued in Q2**

- Close to 5% growth
- Result from operations increased more than 40% to new record of SEK 6.3 billion
- Two acquisitions utilizing strengths of current operations
  - NextGenTel
  - Spanish mobile
Interim report
January-June 2006

Kim Ignatius
Executive Vice President and
Chief Financial Officer
## Key financials – Income statement and Cash flow

<table>
<thead>
<tr>
<th></th>
<th>Apr - Jun 2006</th>
<th>Apr – Jun 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>22,737</td>
<td>21,752</td>
</tr>
<tr>
<td><strong>EBITDA excl. non-recurring items</strong></td>
<td>7,928</td>
<td>7,200</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>34.9</td>
<td>33.1</td>
</tr>
<tr>
<td><strong>Operating income excl. non-recurring items</strong></td>
<td>6,316</td>
<td>4,385</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>27.8</td>
<td>20.2</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4,213</td>
<td>2,023</td>
</tr>
<tr>
<td><strong>Earnings per share (SEK)</strong></td>
<td>0.94</td>
<td>0.44</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>2,631</td>
<td>3,689</td>
</tr>
<tr>
<td><strong>In relation to net sales (%)</strong></td>
<td>11.6</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>4,018</td>
<td>4,628</td>
</tr>
<tr>
<td><strong>Free cash flow per share (SEK)</strong></td>
<td>0.89</td>
<td>1.03</td>
</tr>
<tr>
<td><strong>Free cash flow/market capitalization (%)</strong></td>
<td>8.8</td>
<td>11.1</td>
</tr>
</tbody>
</table>

1) Attributable to shareholders of the parent company  
2) EPS calculated on net income attributable to shareholders of the parent company, divided by the number of shares  
3) Annualized
Q2 2006 Net sales +4.5%

SEK million

- Acquisition of Chess approx. +330 MSEK and NextGenTel +74 MSEK
- Customer base and usage increased

- Strong growth in mobile +170 MSEK and broadband +40 MSEK

- Mobile customer base and usage increased
- Increased mobile terminal sales +130 MSEK

- Decreased mobile wholesales -200 MSEK
- Increased sales of broadband and equipment +60 MSEK

- Mainly due to decreased fixed voice sales -520 MSEK
- Slight decrease in mobile communications -60 MSEK

Strong customer growth, +1.9 million y-o-y

Acquisitions +1.6% and FX +1.2%

Net sales Q2 2005
- Sweden
- Finland
- Norway
- Denmark
- Baltic countries
- Eurasia
- Other

Net sales Q2 2006
21,752
-597
22,737
21,752
-125
+604
+215
+221
+583
+84

22,737
Q2 2006 Operating income year-on-year

SEK million

- Lower net sales -597 MSEK
- OPEX development
  - Restructuring effects +500 MSEK
  - Lower storm costs +50 MSEK
  - Increased volume related, incl. 3G expenses
  - Pensions and other pers. related exp. -120 MSEK
- Lower depreciation +130 MSEK

- Net sales growth
- Lower depreciation

- Volume growth
- Improved margins

- Russia - strong sales and earnings growth, non operative gains 342 MSEK
- Turkey - strong earnings growth

- Organic growth
- Efficiency measures, lower sales and marketing expenses
- Lower depreciation

- Lower net sales -125 MSEK
- Increased volume related expenses
- Streamlining effects +200 MSEK
- No “one-offs” (Q2/05 net -242 MSEK)
- Lower depreciation +160 MSEK

- Organic growth
- Chess synergies +200 MSEK
- Efficiency measures +15 MSEK

Mainly restructuring costs in Finland and Sweden

Operating income excl. non-recurring Q2 2005

Sweden: 6,316
Finland: +740
Norway: +104
Denmark: +364
Baltic countries: +184
Eurasia: +139
Russia & Turkey: +280
Other: +286

Operating income excl. non-recurring Q2 2006

Sweden: 6,179
Finland: -137
Norway: -136
Denmark: -137
Baltic countries: 6,179
Eurasia: 6,179
Russia & Turkey: 6,179
Other: 6,179

Non-recurring Q2 2006

Operating income Q2 2006

Organic growth
Chess synergies +200 MSEK
Efficiency measures +15 MSEK

Russia - strong sales and earnings growth, non operative gains 342 MSEK
Turkey - strong earnings growth

Operating income Q2 2006

6,316
6,179

+280
+139
+286

-137
-136
-137
6,179
6,179

4,385
-166
+364
+286

TeliaSonera
Q2 2006 Net sales compared to Q1 2006

SEK million

- Higher ARPU and seasonality
- Acquisition of NextGenTel
- Mobile sales +110 MSEK (handsets and price increases)
- Equipment sales and broadband +70 MSEK
- Fixed voice -45 MSEK
- Mobile sales +150 MSEK, seasonality
- Fixed voice sales -160 MSEK

Net sales Q1 2006
- Sweden: -23
- Finland: +158
- Norway: +260
- Denmark: +64
- Baltic countries: +170
- Eurasia: +177
- Other: -48

Net sales Q2 2006: 22,737

Customer growth
Customer base and usage increased
Q2 2006 Operating income vs Q1 2006

SEK million

Sales growth

Higher sales and higher EBITDA margin

Higher sales but lower margins

Higher results in minor holdings

Mainly restructuring costs in Sweden and Finland

• Russia – non-operative gains 342 MSEK
• Turkey – revaluation of tax assets -100 MSEK

Operating income excl. non-recurring Q1 2006
Sweden 6,129
Finland -609
Norway +183
Denmark +151
Baltic countries +13
Eurasia +52
Russia & Turkey +125
Other +116

Operating income excl. non-recurring Q2 2006
Sweden 6,316
Finland -137
Norway +156
Denmark +116
Baltic countries +6,179
Eurasia
Russia & Turkey
Other

OPEX development
• Restructuring effects +150 MSEK
• Volume related and seasonal -250 MSEK
• Pensions and other personnel related -130 MSEK
• Higher marketing expenses, increased IT development
• Higher depreciation in Q2 -120 MSEK due to certain one-offs
## Competitive Cost Level programs

### Sweden

- Program proceeds as planned  
  - Realized cost savings est. 600 MSEK in Q2 2006  
  - Est. annual savings effect 2.4 GSEK as of Q2 2006 from measures taken by end of Q1 2006  
  - 1,651 employees of approx. 3,000 in transition, of which 1,342 have left
- 3.1 GSEK of the est. around 5 GSEK implementation costs provided for by end Q2 2006

#### Sweden est. to reduce annual costs by SEK 4-5 billion as of 2008

### Finland

- Streamlining efforts initiated 2005 est. to lower annual costs 1 GSEK as of 2006, fully effective
- Additional initiatives taken and turnaround program launched in Q4 2005
  - Includes commercial excellence and cost management  
  - New pricing models introduced and new sales in Tele Finland stopped  
  - A new interconnect agreement with Elisa  
  - Competence pool established (302 employees transferred, about 85 remain)
- Additional target to reduce annual costs by 2 GSEK as of 2008
  - During Q2 2006, savings effect marginal
  - 215 MSEK of the est. 1-1.5 GSEK implementation costs provided for by end Q2 2006 and none of the est. about 0.5 GSEK CAPEX

#### Finland est. to reduce annual costs by SEK 3 billion as of 2008

### Norway

- Efficiency program and new organization launched in Q4 2005
- Annual cost savings approx. 60 MSEK as of 2006, fully effective

### Denmark

- Integration of fixed and mobile operations announced in Q4 2005
- Annual cost savings approx. 110 MSEK, fully effective in 2006
- Implementation cost approx. 110 MSEK of which 86 MSEK provided for by end of Q2 2006
## Statement of cash flows

<table>
<thead>
<tr>
<th></th>
<th>Apr-Jun 2006</th>
<th>Apr-Jun 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA excluding non-recurring items</td>
<td>7,928</td>
<td>7,200</td>
</tr>
<tr>
<td>Dividends received from associated companies</td>
<td>447</td>
<td>456</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-1,096</td>
<td>-300</td>
</tr>
<tr>
<td>Payment of restructuring provisions</td>
<td>-395</td>
<td>-145</td>
</tr>
<tr>
<td>Difference between paid/recorded pensions</td>
<td>170</td>
<td>662</td>
</tr>
<tr>
<td>Changes in working capital and other items, net</td>
<td>-641</td>
<td>522</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>6,413</strong></td>
<td><strong>8,395</strong></td>
</tr>
<tr>
<td>Cash CAPEX</td>
<td>-2,395</td>
<td>-3,767</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>4,018</strong></td>
<td><strong>4,628</strong></td>
</tr>
<tr>
<td>Cash flow from other investing activities</td>
<td>-2,537</td>
<td>168</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td><strong>1,481</strong></td>
<td><strong>4,796</strong></td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-13,550</td>
<td>5,679</td>
</tr>
<tr>
<td><strong>Net cash flow for the period</strong></td>
<td><strong>-12,069</strong></td>
<td><strong>10,475</strong></td>
</tr>
</tbody>
</table>
The investments in Xfera and NextGenTel do not affect the assessment that the additional shareholder distribution would be on the same level as the current one.
Q2 effect of Xfera acquisition

• In line with strategy to exploit opportunities where strengths of current operations can be profitably utilized

• An earn-out model has been agreed with the selling shareholders and put/calls options between the existing shareholders

• Consolidated as of June 14 (fair value of the minority shareholders put option recorded as a liability, therefore no minority interest)
  – Marginal impact in Q2 (operating loss SEK 14 million and CAPEX SEK 6 million)

• Goodwill SEK 1.1 billion (represents the fair value of est. earn-out and put option)

• Interest bearing liabilities SEK 3.8 billion (mainly reflecting accrued spectrum fees 2001-2006, of which SEK 1.7 billion is a contractual receivable from the selling shareholders and Vivendi)

• Fair value of the 3G license SEK 1.1 billion

• Net deferred tax asset of SEK 0.8 billion
Q2 effect of NextGenTel acquisition

• Strengthens our Nordic offering and broadens our presence in Norway

• Consolidated as of June 1
  – With no minority interest, as TeliaSonera effectively controls 100% after announcing the compulsory acquisition of remaining shares
  – Net sales contribution SEK 74 million and EBITDA margin 22%

• Goodwill SEK 1.8 billion
Group outlook 2006 – unchanged

- Group net sales expected to grow
- Results before tax expected to grow
- CAPEX to Sales ratio - somewhat higher than for 2005
- Free cash flow expected to remain strong

Home markets
- Continued migration from fixed voice to mobile and IP
- Continued strong competition in all product areas
- Mobile and broadband volume growth is expected to continue

International Mobile
- Income from International Mobile expected to grow
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.