Year-end Report 2006

Anders Igel
President and CEO
2006 - Record earnings

Full Year 2006
- Sales +3.9%
- EBITDA\(^1\) margin 35.4% (33.6)
- EPS SEK 3.78 (2.56)
- Dividends\(^2\) SEK 6.30/share (3.50)

**EPS +47%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales SEK million</th>
<th>Operating income excl. non recurring items SEK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>9,911</td>
<td>18,810</td>
</tr>
<tr>
<td>2003</td>
<td>80,979</td>
<td>20,859</td>
</tr>
<tr>
<td>2004</td>
<td>81,772</td>
<td>20,107</td>
</tr>
<tr>
<td>2005</td>
<td>81,979</td>
<td>26,751</td>
</tr>
<tr>
<td>2006</td>
<td>87,661</td>
<td>91,060</td>
</tr>
</tbody>
</table>

1) excl. non-recurring items 2) proposed
All operations contributed to record result

Operating income
excl. non-recurring items

SEK million

<table>
<thead>
<tr>
<th>Group FY 2005</th>
<th>Sweden</th>
<th>Finland</th>
<th>Norway</th>
<th>Denmark</th>
<th>Baltic countries</th>
<th>Eurasia</th>
<th>Russia &amp; Turkey</th>
<th>Other</th>
<th>Group FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,107</td>
<td>+439</td>
<td>+1,333</td>
<td>+622</td>
<td>+777</td>
<td>+478</td>
<td>+1,002</td>
<td>+1,863</td>
<td>+130</td>
<td>26,751</td>
</tr>
</tbody>
</table>

+33%
2006 - Strengthened positions in home markets and successful launch in Spain

**Home markets**
- Acquisition of debitel (2007)
  - Strengthened position in Denmark
- Improved sales channels in Denmark, Norway and Baltics
- Acquisition of Cygate
  - Strengthened position in managed services
- Acquisition of NextGenTel
  - Broadband services in Norway

**Yoigo**
- Successful launch in Spain

**FreeMove**
- Joined the world leading mobile alliance - improved simplicity for international customers
Strong development in Q4 impacted by seasonality

Oct-Dec 2006
- Sales +1.4% in local currencies +3.9%
- EBITDA\(^1\) margin 33.5% (31.0)
- EPS SEK 0.90 (0.61)

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1) excl. non-recurring items
Share price performance

Dec 31, 2003
TLSN Mkt Cap
SEK 175.8 billion

Dec 31, 2004
TLSN Mkt Cap
SEK 186.1 billion

Dec 31, 2005
TLSN Mkt Cap
SEK 191.7 billion

Dec 31, 2006
TLSN Mkt Cap
SEK 252.6 billion
2006 - Record dividend proposal

- Proposed dividends SEK 6.30 per share (3.50)
  - of which ordinary dividend SEK 1.80 per share (1.25)
  - of which extraordinary dividends SEK 4.50 per share (2.25)

*) Proposed
Sweden - Full year profitability maintained

- Customer intake
- Volume growth
  - Not yet sales increase
  - Decline in fixed volumes

In focus
- IPTV and broadband roll-out
- Mobile data
- Managed services

Graph showing Net Sales and Operating income from Q1 2002 to Q4 2006.

Net Sales:
- 9,359 SEK million
- 2,816 SEK million

Operating income (excl. non-recurring items):
- 14,000 SEK million
- 0 SEK million
Finland - Turnaround measures strongly improved profitability

- Turnaround progress
- Increase in underlying mobile sales
  - Margin improvement takes time

In focus
- Broadband reach
- Mobile data
- Managed services

Graph showing Net Sales and Operating income (excl. non-recurring items) from Q1 2002 to Q4 2006.
Norway - Record year

- Increased postpaid customers
- NextGenTel consolidated

In focus
- Triple play
- Wireless Family

Graph:
- Net Sales: SEK million
- Operating income: excl. non-recurring items

Q1 2002 to Q4 2006

2,366
666
Denmark - Strong earnings improvement, driven by Mobile communications

In focus
- Home Free
- Debitel acquisition

Synergy and efficiency gains
- Margin improvement takes time

SEK million

Net Sales

Operating income excl. non-recurring items

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
2002 2003 2004 2005 2006

1,712
124
The Baltics - Good development

The graph shows the increase in Net Sales and Operating income from 2002 to 2006. Net Sales have increased significantly, while Operating income has also shown growth, excluding non-recurring items.

In focus:
- Triple play
- Connect services

Sales increase and compensation for fixed voice decline are highlighted as positive developments.
Spain - Successful launch
Customer intake exceeding expectations

Customer orders
78 512
498

- Good reception in Spain
- Very fast roll-out
- Total financing need – less than SEK 9 bn
- Operation expected to be cash flow positive and earnings accretive within five years
International Mobile – Record year with continued strong growth and profitability

- Value creation
- Eurasia business
- MegaFon development
- Uncertainty in Turkey
- Liquidity in shareholding

TeliaSonera’s agreement on purchase of Turkcell shares valid
Profitable growth and implementation speed through business focus and reduced complexity

New Business Areas

- **Mobility**
  - **Mobility Services**
    - Personal mobility services for consumer and enterprise mass markets
    - Increase usage – voice/data

- **Broadband**
  - **Broadband Services**
    - Mass market services for connecting homes and offices and for home communications
    - Exploit triple play and migrate services

- **Managed Services**
  - **Integrated Enterprise Services**
    - Management of enterprise IT and telecom infrastructure
    - Build leading Nordic/Baltic IT/telecom systems integrator
    - Exploit penetration growth
    - Enhance shareholder value

- **Eastern growth markets**
  - **Eurasia**
    - Benchmarking for efficiency improvements
    - Cross-border synergies
    - Customers meet one company
Profitable growth and implementation speed through business focus and reduced complexity

TeliaSonera’s focus will be on:

- Developing the operations in the home markets
- Developing the investment in Spain
- Creating value related to the eastern positions
Group outlook 2007

- **Net sales**
  expected to continue to grow, reaching the target of approximately SEK ~100 billion in two years with maintained good profitability

- **Net income**
  for 2007 is estimated to be somewhat higher than in 2006, excluding the positive one-off items of approx. SEK 1.7 billion in 2006

- **CAPEX-to-sales**
  expected to grow due to increased investments in broadband and mobile capacity
2006 - Record year

- Record sales
- Record earnings
- Record proposed dividends
- Strengthened position in home markets
- More potential to improve longer term
## Key financials – Income statement and Cash flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>23,187</td>
<td>22,876</td>
</tr>
<tr>
<td><strong>Gross income</strong></td>
<td>9,918</td>
<td>9,943</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>42.8</td>
<td>43.5</td>
</tr>
<tr>
<td><strong>EBITDA excl. non-recurring items</strong></td>
<td>7,766</td>
<td>7,098</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>33.5</td>
<td>31.0</td>
</tr>
<tr>
<td><strong>Operating income excl. non-recurring items</strong></td>
<td>6,504</td>
<td>4,890</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>28.1</td>
<td>21.4</td>
</tr>
<tr>
<td><strong>Net financials</strong></td>
<td>-90</td>
<td>-145</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-1,562</td>
<td>-535</td>
</tr>
<tr>
<td><strong>Net income</strong>¹</td>
<td>4,029</td>
<td>2,734</td>
</tr>
<tr>
<td><strong>Earnings per share² (SEK)</strong></td>
<td>0.90</td>
<td>0.61</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>3,688</td>
<td>3,091</td>
</tr>
<tr>
<td><strong>In relation to net sales (%)</strong></td>
<td>15.9</td>
<td>13.5</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>2,865</td>
<td>3,191</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
Q4 2006 Net sales +1.4%

**SEK million**

- Acquisition of NextGenTel +220 MSEK
- Strong growth in local currency for mobile as a result of revenue synergies from Chess acquisition

- Decreased mobile terminal sales and interconnect fees
- Fixed communications was stable, as a result of Cable TV growth

- Mobile increased 5% in local currency
- Increased sales of equipment +120 MSEK of which half is related to acquisitions
- The continued decline for traditional data services was offset by growth in Broadband services

- Decrease in fixed voice -410 MSEK
- Broadband increased +115 MSEK, while Internet Dial-up decreased -50 MSEK
- Decrease in mobile -40 MSEK due to price pressure in the SME segment

- Strong customer growth, +1.2 million y-o-y
- Strong growth in mobile +160 MSEK
- Comliet divestment

Acquisitions +1.7% and FX -2.5%
### Q4 2006 Operating income year-on-year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>4,890</td>
<td>+258</td>
<td>+678</td>
<td>-388</td>
</tr>
<tr>
<td>Finland</td>
<td>+460</td>
<td>+181</td>
<td>+205</td>
<td>+180</td>
</tr>
<tr>
<td>Norway</td>
<td>+205</td>
<td>+180</td>
<td>+40</td>
<td>-388</td>
</tr>
<tr>
<td>Denmark</td>
<td>+181</td>
<td>+205</td>
<td>+678</td>
<td>-388</td>
</tr>
<tr>
<td>Baltic countries</td>
<td></td>
<td>+180</td>
<td>+678</td>
<td>-388</td>
</tr>
<tr>
<td>Eurasia</td>
<td></td>
<td>-388</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia &amp; Turkey</td>
<td></td>
<td>-388</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>-388</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,504</td>
<td>-314</td>
<td>6,190</td>
<td></td>
</tr>
</tbody>
</table>

**Operating income excl. non-recurring Q4 2006**
- **Lower sales & marketing costs +100 MSEK**
- **Synergies from Chess acquisition**

**Operating income excl. non-recurring Q4 2005**
- **Streamlining effects +220 MSEK**
- **Lower depreciation +180 MSEK**
- **Sales of old receivables +70 MSEK**

**Non-recurring Q4 2006**
- **Release of provision for West Ferry Road, +500 MSEK**
- **Provisions for restructuring in Sweden, Finland and Denmark, -780 MSEK**

**Other**
- **Start up activities in Spain -280 MSEK**
- **Remaining part mainly from non-operational items in Holding**

**Volume growth 20%**
- **EBITDA margins declined due to sales & marketing activities**

**Lower net sales -380 MSEK**
- **OPEX development**
  - Restructuring effects +230 MSEK
  - Increased volume related expenses, incl. 3G, increased costs for customer intake, storm related costs, -100 MSEK

**Lower depreciation +170 MSEK**
- **Release of reserve for historical interconnect fees, +390 MSEK**

**Net sales increased with maintained EBITDA margin**
- **Lower depreciation +160 MSEK**

**Russia** - Strong sales and earnings growth. In addition non-operational items impacted the comparison favorable by +265 MSEK

**Turkey** - Continued strong growth in usage and subscriptions but TeliaSonera income impacted by depreciation of Turkish lira
### Q4 2006 Net sales compared to Q3 2006

**SEK million**

<table>
<thead>
<tr>
<th>Country</th>
<th>Net sales Q3 2006</th>
<th>Net sales Q4 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>23,157</td>
<td>23,187</td>
</tr>
<tr>
<td>Finland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltic countries</td>
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<td></td>
</tr>
<tr>
<td>Eurasia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,157</td>
<td>23,187</td>
</tr>
</tbody>
</table>

- **Increase in terminal sales**
- **Seasonality effect in mobile sales**
- **Increased equipment sales**
- **Positive seasonal effects in fixed voice and equipment sales, +150 MSEK**
- **Volume growth for Internet services, +40 MSEK**
- **Mobile declined due to price pressure, -40 MSEK**
- **Increased voice sales in the carrier operations**

**Q4 2006 Net sales compared to Q3 2006**

- Decrease in terminal sales
- Seasonality effect in mobile sales
- Increased equipment sales
- Positive seasonal effects in fixed voice and equipment sales, +150 MSEK
- Volume growth for Internet services, +40 MSEK
- Mobile declined due to price pressure, -40 MSEK
- Increased voice sales in the carrier operations
Q4 2006 Operating income vs Q3 2006

SEK million

- Operating income excl. non-recurring Q3 2006: 7,802
  - Sweden: -217
  - Finland: -188
  - Norway: +188
  - Denmark: -35
  - Baltic countries: -183
  - Eurasia: -180
  - Russia & Turkey: +298
  - Other: -981

- Operating income excl. non-recurring Q4 2006: 6,504
  - Sweden: +6,190
  - Finland: -314

Postponed sales and marketing activities from Q3
Lower customer acquisition costs
Increased equipment sales did not contribute to operating income
Seasonality incl. marketing and personnel
Start up activities in Spain -180 MSEK
Divestment of MTN Uganda in Q3 -562 MSEK
Carrier -160 MSEK
Other -80 MSEK
Release of reserve for historical interconnect fees
Continued good development in the operations
Release of provision for West Ferry Road, +500 MSEK
Provisions for restructuring in Sweden, Finland and Denmark, -780 MSEK

Source: TeliaSonera
## Statement of cash flows

<table>
<thead>
<tr>
<th></th>
<th>Oct-Dec 2006</th>
<th>Oct-Dec 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA excluding non-recurring items</td>
<td>7,766</td>
<td>7,098</td>
</tr>
<tr>
<td>Dividends received from associated companies</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-1,083</td>
<td>-552</td>
</tr>
<tr>
<td>Payment of restructuring provisions</td>
<td>-446</td>
<td>-240</td>
</tr>
<tr>
<td>Difference between paid/recorded pensions</td>
<td>-966</td>
<td>-864</td>
</tr>
<tr>
<td>Changes in working capital and other items, net</td>
<td>1,185</td>
<td>751</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>6,456</strong></td>
<td><strong>6,219</strong></td>
</tr>
<tr>
<td>Cash CAPEX</td>
<td>-3,591</td>
<td>-3,028</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>2,865</strong></td>
<td><strong>3,191</strong></td>
</tr>
<tr>
<td>Cash flow from other investing activities</td>
<td>599</td>
<td>-3,068</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td><strong>3,464</strong></td>
<td><strong>123</strong></td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>524</td>
<td>-421</td>
</tr>
<tr>
<td><strong>Net cash flow for the period</strong></td>
<td><strong>3,988</strong></td>
<td><strong>-298</strong></td>
</tr>
</tbody>
</table>
### Strong financial position and cash flow generation

**SEK billion**

<table>
<thead>
<tr>
<th></th>
<th>Net debt Dec 31, 2005</th>
<th>Free cash flow</th>
<th>Net cash paid for acquisitions</th>
<th>Sales of assets</th>
<th>Dividend</th>
<th>Minority dividends</th>
<th>Net debt in acquired businesses</th>
<th>Other</th>
<th>Net debt Dec 31, 2006</th>
<th>Pension obligation less plan assets*</th>
<th>Operating leases*</th>
<th>Contingencies, blocked cash and other contractual obligations*</th>
<th>Adjusted net debt Dec 31, 2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net debt</strong> Dec 31,</td>
<td>8.4</td>
<td>16.6</td>
<td>3.3</td>
<td>0.6</td>
<td>15.7</td>
<td>1.5</td>
<td>4.1</td>
<td>0.8</td>
<td>15.0</td>
<td>10.6</td>
<td>2.6</td>
<td>3.4</td>
<td>31.6</td>
</tr>
<tr>
<td><strong>2005</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

* Using the Moody’s approach and 2006YE figures

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**One of the best rated Telecom Operators in Europe**

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TeliaSonera
# Key financials – Balance sheet Dec 31, 2006

## Condensed consolidated balance sheets

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill and other intangible fixed assets</td>
<td>74,172</td>
<td>74,367</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>48,195</td>
<td>48,201</td>
</tr>
<tr>
<td>Investments in associated, deferred tax assets and other financial assets</td>
<td>41,826</td>
<td>40,526</td>
</tr>
<tr>
<td>Inventories</td>
<td>997</td>
<td>765</td>
</tr>
<tr>
<td>Trade receivables, current tax assets, assets held-for-sale and other receivables</td>
<td>20,641</td>
<td>20,675</td>
</tr>
<tr>
<td>Interest-bearing receivables</td>
<td>1,958</td>
<td>2,407</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11,603</td>
<td>16,834</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>199,392</strong></td>
<td><strong>203,775</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUITY &amp; LIABILITIES</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>119,217</td>
<td>127,049</td>
</tr>
<tr>
<td>Minority interest</td>
<td>8,500</td>
<td>8,645</td>
</tr>
<tr>
<td>Deferred tax liability, other long-term provisions</td>
<td>14,635</td>
<td>14,948</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>2,382</td>
<td>2,343</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>24,311</td>
<td>20,520</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>3,418</td>
<td>6,215</td>
</tr>
<tr>
<td>Trade payables, current tax liabilities, short-term provisions and other current liabilities</td>
<td>26,929</td>
<td>24,055</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>199,392</strong></td>
<td><strong>203,775</strong></td>
</tr>
</tbody>
</table>
## Strong financial key ratios

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2006</th>
<th>Dec 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>17.2%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>19.5%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Equity/asset ratio</td>
<td>49.9%</td>
<td>58.9%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>15.0%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

*Rolling 12 months

**High yielding share**
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.