Interim Report
January - March, 2007

Anders Igel
President and CEO
TeliaSonera group
Strong sales and net income but margin dip in Broadband
SEK million

Jan-Mar, 2007
- Net sales in local currencies +5%
- Strong development in Mobility and Eurasia but margin drop in Broadband
- Additional efficiency measures needed on top of the ongoing efficiency programs to improve profitability
- EPS SEK 0.89 (0.82)

<table>
<thead>
<tr>
<th></th>
<th>Jan-Mar 2006</th>
<th>Jan-Mar 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>21,979</td>
<td>22,724</td>
</tr>
<tr>
<td>Net income</td>
<td>3,692</td>
<td>3,976</td>
</tr>
</tbody>
</table>

Net sales in local currencies +5%
More than 100,000,000 customers in total

Million subscriptions

- Associated companies
  - Mar 2006: 84,432
    - Majority-owned operations: 29,147
    - Ongoing: 55,285
  - Mar 2007: 100,158
    - Majority-owned operations: 30,973
    - Ongoing: 69,185
Mobility Services
Good development of sales and profitability

**Scope:**
Personal mobility services for consumer and enterprise mass markets

**Jan-Mar, 2007**
- 6% growth *in local currencies*
- Improving margins, especially in Finland
- Yoigo, 100,000 customers
- Usage increase

**Target**
- Increased usage of voice/data to outweigh price pressure
- Maintained good profitability

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<thead>
<tr>
<th></th>
<th>Jan-Mar 2006</th>
<th>Jan-Mar 2007</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>9,971</td>
<td>10,391</td>
</tr>
<tr>
<td>Operating income excl. non recurring items</td>
<td>2,158</td>
<td>2,440</td>
</tr>
</tbody>
</table>
Positive mobile usage trend

- Mobile minutes of use: Average per month and customer (Group)
  - Q1 2005: 163
  - Q1 2006: 173
  - Q1 2007: 179

- Non voice percentage of ARPU (Group)
  - Q1 2005: 11%
  - Q1 2006: 13%
  - Q1 2007: 16%

Chart shows an increasing trend in mobile minutes of use and non-voice percentage of ARPU from Q1 2005 to Q1 2007.
Broadband Services
Growth initiatives and fixed voice migration affected margins

SEK million

Scope:
Mass market services for connecting homes and offices and for home communications

Jan-Mar, 2007
+ IPTV exceeds expectations
- Efficiency improvements not sufficient to offset fixed voice decline

Target
• Exploit triple play services and migrate services
• High broadband growth and over time small total growth
• Maintained good profitability
Communications services life cycle

Traditional services

Sales

Cost

0

Services with strong future…

Sales

Cost

TeliaSonera
### Integrated Enterprise Services

*Laying the foundation for future growth*

**SEK million**

<table>
<thead>
<tr>
<th>Scope: Management of enterprise IT and telecom infrastructure</th>
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<table>
<thead>
<tr>
<th>Jan-Mar</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3,250</td>
</tr>
<tr>
<td>2007</td>
<td>3,259</td>
</tr>
</tbody>
</table>

#### In focus
- Industrialize solutions
- Grow the business
- Improve efficiency
- Complementary acquisitions

#### Jan-Mar, 2007
+ Acquisition of Cygate
+ Strong position among multinational customers
- Margins below peer group

#### Target
- Build leading Nordic and Baltic IT and Telecom systems integrator
- Significant growth over time
- Improved profitability
Integrated Enterprise Services

- Consultation
- Systems integration and migration to IP solutions
- Service desk (single point of contact)
- End to end management (service guarantees)
- Security solutions
- Call Center management
- Telecom/IT infrastructure applications (voice, e-mail etc)
- Managed work stations/devices
- Managed Servers
- Local Area Network
- Mass market Wide Area Network
Integrated Enterprise Services

- Adapted solutions and Systems integration for larger demanding customers (relationship selling)
- Modular standard solutions for broader market (sales force)
- Standard packages solutions to SME segment (distribution channels)
Eurasia
Continued strong growth and profitability
*SEK million*

**Jan-Mar, 2007**

**MegaFon** (43.8% holding)
- Effect on Operating income
  SEK 773 million (437)

**Turkcell** (37.3% holding)
- Effect on Operating income
  SEK 664 million (569)

**Target**
- Penetration growth
- Enhanced shareholder value

**Scope:**
Russia, Turkey and Fintur operations
Outlook

Net Sales
expected to continue to grow, reaching the target of approx. SEK 100 billion during 2008 with maintained good profitability

Efficiency Measures
to be implemented during the rest of 2007 from the ongoing programs in Sweden and Finland are estimated to give an annual gross savings effect of approximately SEK 2.3 billion as of 2008. The restructuring cost for the rest of 2007 is estimated at about SEK 1.5 billion to be reported as non-recurring items

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 in 2007 due to increased investments in broadband and mobile capacity
Kim Ignatius
Executive Vice President and
Chief Financial Officer
New versus old reporting structure
New versus old reporting structure - FY 2006

- Integrated Enterprise Services, acts as a distributor to Mobility and Broadband for mass market services to selected corporate customers
- Wholesale and international carrier businesses reported as a separate unit
- Mobile terminal sales move to Mobility from Fixed communications/Other in Sweden

Changes mainly within Sweden and Finland
Internal sales flows – New structure

Mobility Services
- Mainly mobile interconnect
  - Broadband Services
- Mobile services
  - Integrated Enterprise Services

Broadband Services
- Mainly fixed interconnect and transmission capacity
  - Mobility Services
- Fixed voice, Internet and data services
  - Integrated Enterprise Services

Integrated Enterprise Services
- Mainly server capacity and workplace solutions
  - Mobility Services
  - Broadband Services
January-March, 2007
# Key Financials – Income Statement and Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>Jan - Mar 2007</th>
<th>Jan - Mar 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>22,724</td>
<td>21,979</td>
</tr>
<tr>
<td><strong>Gross income</strong></td>
<td>10,181</td>
<td>10,350</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>44.8</td>
<td>47.1</td>
</tr>
<tr>
<td><strong>EBITDA excl. non-recurring items</strong></td>
<td>7,583</td>
<td>7,816</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>33.4</td>
<td>35.6</td>
</tr>
<tr>
<td><strong>Operating income excl. non-recurring items</strong></td>
<td>6,191</td>
<td>6,129</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>27.2</td>
<td>27.9</td>
</tr>
<tr>
<td><strong>Net financials</strong></td>
<td>-129</td>
<td>101</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-1,350</td>
<td>-1,268</td>
</tr>
<tr>
<td><strong>Net income(^1)</strong></td>
<td>3,976</td>
<td>3,692</td>
</tr>
<tr>
<td><strong>Earnings per share(^2) (SEK)</strong></td>
<td>0.89</td>
<td>0.82</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>2,337</td>
<td>2,039</td>
</tr>
<tr>
<td><strong>In relation to net sales (%)</strong></td>
<td>10.3</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>2,529</td>
<td>4,843</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
Q1 2007 Net Sales +3.4% 

**SEK million**

- Acquisition of Cygate, +115 MSEK
- Price decline and migration from traditional data services to IP put pressure sales to large corporate customers

- Declining internal trade due to volume decline for traditional fixed services

- Continued strong volume growth of 18% in local currency

- Decline in fixed voice mainly in Sweden and Finland partly offset by growth in broadband services and consolidation of NextGenTel

- Volume growth in Sweden +107 MSEK
- Price increases and increased equipment sales in Finland +96 MSEK
- Volume growth and increased equipment sales in Latvia +65 MSEK
- Volume growth in Estonia +56 MSEK
- Start-up in Spain +76 MSEK

Acquisitions +2.1% and FX -1.6%
Q1 2007 Operating Income Year-on-Year

SEK million

- Net sales +420 MSEK
- Reversal of interconnect provision in Sweden +140 MSEK
- Lower interconnect and sales and marketing costs in Finland
- Start-up activities in Spain –319 MSEK EBITDA
- Russia +336 MSEK, includes capital gain +100 MSEK
- Turkey +95 MSEK

+282
-509
-159
+447
+1
-130

6,129
6,191
6,061

Operating income excl. non-recurring Q1 2006
Mobility Services
Broadband Services
Integrated Enterprise Services
Eurasia
Other
Operating income excl. non-recurring Q1 2007
Non-recurring Q1 2007
Operating income Q1 2007

• Fixed voice sales incl. wholesale –300 MSEK, mainly in Sweden
• Increased sales of low margin products in Finland
• Investments in IP TV in Sweden -100 MSEK
• Increased storm related costs in Sweden -130 MSEK
• Cost base not compensated by sufficient efficiency measures
• Reversal of interconnect provision in Sweden +60 MSEK
• Strong earnings in Q1-06 in Sweden
• Restructuring costs
• Provision for pensions
Q1 2007 Net Sales Compared to Q4 2006

SEK million

- Continued decline in fixed voice and seasonal drop in Sweden and Finland
- Seasonality and FX effects
- Normal seasonality partly offset by start-up in Spain
- Seasonality and declining internal trade due to volume decline for traditional fixed services

<table>
<thead>
<tr>
<th>Category</th>
<th>Q4 2006</th>
<th>Q1 2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>23,187</td>
<td>22,724</td>
<td>-46</td>
</tr>
<tr>
<td>Mobility Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband Services</td>
<td>-301</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Enterprise</td>
<td>-39</td>
<td>-224</td>
<td>-85</td>
</tr>
<tr>
<td>Eurasia</td>
<td></td>
<td>+117</td>
<td></td>
</tr>
<tr>
<td>Other and eliminations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales Q1 2007</td>
<td>22,724</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q1 2007 Operating Income vs Q4 2006

SEK million

- Reversal of interconnect provision net +60 MSEK
- Lower sales (seasonality)
- Restructuring costs
- Provision for pensions
- Lower fixed voice sales
- Higher release of provisions for interconnect in Sweden in Q4 (net -250 MSEK)
- Lower D&A +61 MSEK

Operating income excl. non-recurring Q4 2006: 6,504
- Mobility Services: +138
- Broadband Services: -286
- Integrated Enterprise Services: -45
- Eurasia: -135
- Other: +15

Operating income Q1 2007: 6,061
- Operating income excl. non-recurring Q1 2007: 6,191
- Non-recurring Q1 2007: -130
Cost efficiency programs

- Responsibilities of the ongoing programs in Sweden and Finland are divided between respective business areas
  - Measures to be implemented during the rest of 2007 are est. to give annual gross savings effect of approx. SEK 2.3 billion with full effect as of 2008
  - Restructuring costs estimated at about SEK 1.5 billion (non-recurring) for the rest of 2007

Restructuring measures to be implemented in **Sweden** during rest of 2007 are est. to give an annual gross savings effect of approx. **SEK 1.4 billion** as of 2008

Turnaround measures to be implemented in **Finland** during rest of 2007 are est. to give an annual gross savings effect of approx. **SEK 0.9 billion** as of 2008

- A total of approx. SEK 7.2 billion in annual gross savings expected as of 2008, compared to the set target of SEK 7-8 billion
- Due to the necessary profound reengineering, mainly in the Swedish and Finnish legacy businesses, further efficiency measures in addition to the ongoing programs will be taken
# Statement of cash flows

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<tr>
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<th>Jan-Mar 2007</th>
<th>Jan-Mar 2006</th>
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</thead>
<tbody>
<tr>
<td><strong>EBITDA excluding non-recurring items</strong></td>
<td>7,583</td>
<td>7,816</td>
</tr>
<tr>
<td><strong>Dividends received from associated companies</strong></td>
<td>530</td>
<td>663</td>
</tr>
<tr>
<td><strong>Income taxes paid</strong></td>
<td>-1,900</td>
<td>-840</td>
</tr>
<tr>
<td><strong>Payment of restructuring provisions</strong></td>
<td>-113</td>
<td>-262</td>
</tr>
<tr>
<td><strong>Difference between paid/recorded pensions</strong></td>
<td>243</td>
<td>82</td>
</tr>
<tr>
<td><strong>Changes in working capital and other items, net</strong></td>
<td>-1,447</td>
<td>-645</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>4,896</td>
<td>6,814</td>
</tr>
<tr>
<td><strong>Cash CAPEX</strong></td>
<td>-2,367</td>
<td>-1,971</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>2,529</td>
<td>4,843</td>
</tr>
<tr>
<td><strong>Cash flow from other investing activities</strong></td>
<td>-186</td>
<td>229</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td>2,343</td>
<td>5,072</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>11,995</td>
<td>-4,293</td>
</tr>
<tr>
<td><strong>Net cash flow for the period</strong></td>
<td>14,338</td>
<td>779</td>
</tr>
</tbody>
</table>
Strong financial position and cash flow generation

One of the best rated Telecom Operators in Europe

* Using the Moody’s approach and 2006YE figures
### Strong financial key ratios

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 2007</th>
<th>Dec 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>16.3%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>18.6%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Equity/asset ratio</td>
<td>48.9%</td>
<td>49.9%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>12.1%</td>
<td>15.0%</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.