Investing in future growth

Year 2007 in brief

• Good top-line growth and bottom-line development throughout the year
• EBITDA under pressure in each quarter
  – Investments in growth, incl. Spain
  – Price erosion and regulatory intervention
  – Fixed-voice decline
  – Acquisitions
• Expanded presence in Eurasia
• Strong market positions

Fundamentals for success

• Quality of networks and services
• Successfully manage migration, mainly in Sweden
• Continue growing in Eurasia
• Continue executing our plan in Spain
• Improve efficiency
Intensified efficiency measures

- Efficiency measures to be implemented primarily in Sweden and Finland during 2008 and 2009 are estimated to give an annual gross savings of approx. SEK 5 billion compared to the cost base of 2007

- About 2/3 will be implemented during 2008 and 1/3 during 2009

- It is expected to result in a reduction of approx. 2,900 employees, of whom about 2/3 in Sweden and 1/3 in Finland

- Related restructuring costs, to be reported as non-recurring items, are estimated to be around SEK 4 billion, of which approx. 2/3 in 2008

- Following the agreed processes with the labor unions – for each separate subproject
Yoigo in Spain – first year targets reached

- Continue executing our plan in Spain, according to communicated targets
  - Operation expected to be cash flow positive and earnings accretive within five years
  - Target to reach just below 1 million subscriptions by end of 2008
  - Estimated EBITDA* loss for 2008 less than SEK 1 billion
  - 2009 EBITDA* loss estimated significantly smaller

* Excl. non-recurring items
Group Outlook for 2008

Net Sales
are expected to show stable growth in the financial year 2008 compared to the previous year.

EBITDA-margin
despite continued aggressive investments in future growth and in the quality of our networks and services,
TeliaSonera’s ambition for 2008 is to maintain the EBITDA-margin level of 2007, excluding non-recurring items.

Net Income
is estimated to be somewhat higher than in 2007, excluding the positive one-off items of approx. SEK 2.0 billion in 2007 and potential positive one-off items in 2008.

CAPEX
will be driven by continued investments in broadband and mobile capacity and is expected to be around SEK 15 billion in 2008.
Capital structure and proposed dividend

- Target a solid investment grade long-term credit rating (A- to BBB+)
- TeliaSonera’s dividend policy is to distribute at least 40% of net income attributable to shareholders of the parent company
- Excess capital shall be returned to shareholders, after the BoD has taken into consideration the company’s cash at hand, cash flow projections and investment plans in a medium term perspective, as well as capital market conditions

Proposed dividend SEK 4.00 per share (6.30)
- of which ordinary dividend SEK 1.80 per share (1.80)
- of which extraordinary dividend SEK 2.20 per share (4.50)
Year-end Report 2007

Kim Ignatius
Executive Vice President and
Chief Financial Officer
Investing in future growth

<table>
<thead>
<tr>
<th>SEK million</th>
<th>FY 2007</th>
<th>Q4 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Net sales</td>
<td>96,344 (91,060)</td>
<td>24,921 (23,187)</td>
</tr>
<tr>
<td>– Net sales in local currencies</td>
<td>+6.3%</td>
<td>+6.8%</td>
</tr>
<tr>
<td>• EBITDA-margin</td>
<td>32.2% (35.4)</td>
<td>28.9% (33.5)</td>
</tr>
<tr>
<td>• Income from associated companies and JVs</td>
<td>7,697 (5,579)</td>
<td>1,964 (1,555)</td>
</tr>
<tr>
<td>• Net financials</td>
<td>-904 (-263)</td>
<td>-289 (-90)</td>
</tr>
<tr>
<td>• Income taxes</td>
<td>-4,953 (-5,943)</td>
<td>-560 (-1,562)</td>
</tr>
<tr>
<td>• EPS SEK</td>
<td>3.94 (3.78)</td>
<td>0.99 (0.90)</td>
</tr>
<tr>
<td>• CAPEX</td>
<td>13,531 (11,101)</td>
<td>4,537 (3,688)</td>
</tr>
<tr>
<td>– CAPEX-to-sales</td>
<td>14.0% (12.2)</td>
<td>18.2% (15.9)</td>
</tr>
<tr>
<td>• Free Cash Flow</td>
<td>13,004 (16,596)</td>
<td>1,839 (2,865)</td>
</tr>
</tbody>
</table>
FY2007 Net Sales +5.8%

SEK million

- Increased sales in Sergel and other Holding entities
- Internal trade growing in line with external sales
- Acquisition of Cygate, Didata and Crescom +845
- Growth in Kazakhstan and Azerbaijan
- Acquisitions in Tajikistan and Uzbekistan +323
- Decline in fixed voice partly offset by growth for broadband services
- Growth in Wholesale +531
- Growth in Baltic +347
- Sweden +499 through volume growth
- Denmark +928 mainly through acquisition of debitel
- Growth in Spain +583
- Growth in Baltic +466
- Acquisitions +2.7% and FX -0.5%
FY2007 Operating Income

SEK million

- Net sales +2,570
- Improved earnings in Finland and Sweden
- Declined earnings in Norway, Denmark and Lithuania
- Expanding in Spain

- Decreased margins in sales to large corporate
- Higher income from associated companies in Russia +1,400 and Turkey +687
- Increased earnings in consolidated operations

- Net sales +393 incl acquisition of DLG Tele
- Cost savings in Sweden and Finland
- Increased cost for growth initiatives in Sweden and Finland
- Increased costs for interconnect volumes
- Price adjustment on regulated national products

- Restructuring measures in Sweden and Finland
- Access network write-down in Finland

Operating income excl. non-recurring 2006: 26,751
Mobility Services: -612
Broadband Services: -389
Integrated Enterprise Services: -634
Eurasia: +2,356
Other: +6
Operating income excl. non-recurring 2007: 27,478
Non-recurring 2007: -1,323
Operating income 2007: 26,155
Q4 2007 Net Sales +7.5% Year-on-Year

SEK million

• Acquisition of Cygate, didata and Crescom +295
• Increased sales in Holding entities +622
• Internal trade growing in line with external sales +79
• Growth in Kazakhstan and Azerbaijan +180
• Acquisitions in Tajikistan and Uzbekistan +138

Sweden -295, decline in fixed voice only partly offset by growth in broadband services +1,049
Growth in Wholesale +54
Growth in Baltic +138

• Sweden +131 through volume growth +291
• Denmark +498 mainly through acquisition of debitel +223
• Start-up in Spain +100
• Growth in Baltic +100

Acquisitions +3.3% and FX +0.6%
### Q4 2007 Operating Income Year-on-Year

<table>
<thead>
<tr>
<th>Category</th>
<th>Q4 2006</th>
<th>Q4 2007</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility Services</td>
<td>6,504</td>
<td>6,358</td>
<td>-147</td>
</tr>
<tr>
<td>Broadband Services</td>
<td>-455</td>
<td>-300</td>
<td>155</td>
</tr>
<tr>
<td>Integrated Enterprise Services</td>
<td>+143</td>
<td>+517</td>
<td>374</td>
</tr>
<tr>
<td>Eurasia</td>
<td>+311</td>
<td>-40</td>
<td>271</td>
</tr>
<tr>
<td>Other</td>
<td>+517</td>
<td>-300</td>
<td>217</td>
</tr>
<tr>
<td>Operating income excl. non-recurring Q4 2006</td>
<td>6,058</td>
<td>6,058</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Key Points:
- **Net sales** increased by SEK 1,049 million:
  - Price erosion and volume growth decreased gross margin.
  - Increased sales and marketing costs in several markets.
  - Norway decreased due to lower termination revenues and higher S&M costs.
  - Denmark higher interconnect, roaming and S&M costs as well as one-off corrections.
  - Sweden release of interconnect provisions +106 (net).
  - Start-up costs in Spain.
- **Non-recurring**:
  - Higher income from associated companies in Russia +272 and Turkey +189.
  - Limited EBIT-growth in subsidiaries due to increased competition with price erosion and higher sales and marketing costs.
- **Cost savings** in Sweden and Finland.
- **Increased cost** for growth initiatives in Sweden and Finland.
- **Higher cost** in several markets.
- **Swedish** decreased due to lower termination revenues and higher S&M costs.
- **Danish** higher interconnect, roaming and S&M costs as well as one-off corrections.
- **Swedish** release of interconnect provisions +106 (net).
- **Start-up** costs in Spain.
- **Decreased margins** in large corporate customers sales.
- **Restructuring measures**.
# Statement of cash flows

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA excluding non-recurring items</td>
<td>31,021</td>
<td>32,266</td>
<td>7,208</td>
<td>7,766</td>
</tr>
<tr>
<td>Dividends received from associated companies</td>
<td>2,684</td>
<td>1,789</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid (net)</td>
<td>-886</td>
<td>-595</td>
<td>-304</td>
<td>-68</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-5,142</td>
<td>-2,382</td>
<td>-1,506</td>
<td>-1,083</td>
</tr>
<tr>
<td>Payment of restructuring provisions</td>
<td>-381</td>
<td>-1,210</td>
<td>-98</td>
<td>-446</td>
</tr>
<tr>
<td>Difference between paid/recorded pensions</td>
<td>-225</td>
<td>-456</td>
<td>-148</td>
<td>-966</td>
</tr>
<tr>
<td>Changes in working capital and other items, net</td>
<td>-542</td>
<td>-1,911</td>
<td>1,180</td>
<td>1,253</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>26,529</td>
<td>27,501</td>
<td>6,332</td>
<td>6,456</td>
</tr>
<tr>
<td>Cash CAPEX</td>
<td>-13,525</td>
<td>-10,905</td>
<td>-4,493</td>
<td>-3,591</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>13,004</td>
<td>16,596</td>
<td>1,839</td>
<td>2,865</td>
</tr>
<tr>
<td>Cash flow from other investing activities</td>
<td>-2,180</td>
<td>-2,179</td>
<td>-242</td>
<td>-599</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td>10,824</td>
<td>14,417</td>
<td>1,597</td>
<td>3,464</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-14,726</td>
<td>-19,382</td>
<td>491</td>
<td>524</td>
</tr>
<tr>
<td><strong>Change in cash &amp; cash equivalents</strong></td>
<td>-3,902</td>
<td>-4,965</td>
<td>2,088</td>
<td>3,988</td>
</tr>
</tbody>
</table>
Strengthened positions and influence in Eurasia

- In December 2007, TeliaSonera finalized the negotiations to introduce a local partner to its Uzbek mobile operator Coscom
  - In the transaction TeliaSonera received certain assets, in exchange for 26% of TeliaSonera’s 100% ownership in Coscom and a net cash consideration of approx. SEK 200 million (USD 30 million)
  - The Uzbek partner was also granted a put option giving the partner the right to sell the 26% stake back to TeliaSonera after December 31, 2009, when certain pre-agreed criteria are fulfilled

- In January 2008, Fintur (TeliaSonera’s direct and indirect ownership 74%) acquired an additional 14.3% interest in Geocell for a total consideration of approx. SEK 210 million, increasing Fintur’s ownership in Geocell to 97.5%
## Strong financial key ratios

<table>
<thead>
<tr>
<th></th>
<th>Dec 31, 2007</th>
<th>Dec 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>18.6%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>19.4%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Equity/asset ratio</td>
<td>50.3%</td>
<td>49.9%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>31.8%</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

*Rolling 12 months

---

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

**High yielding share**
Appendix
## Key Financials – Income Statement and Cash Flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>96,344</td>
<td>91,060</td>
<td>24,921</td>
<td>23,187</td>
</tr>
<tr>
<td>Gross profit</td>
<td>42,148</td>
<td>42,420</td>
<td>10,313</td>
<td>9,918</td>
</tr>
<tr>
<td><em>Margin (%)</em></td>
<td>43.7</td>
<td>46.6</td>
<td>41.4</td>
<td>42.8</td>
</tr>
<tr>
<td>EBITDA excl. non-recurring items</td>
<td>31,021</td>
<td>32,266</td>
<td>7,208</td>
<td>7,766</td>
</tr>
<tr>
<td><em>Margin (%)</em></td>
<td>32.2</td>
<td>35.4</td>
<td>28.9</td>
<td>33.5</td>
</tr>
<tr>
<td>Operating income excl. non-recurring items</td>
<td>27,478</td>
<td>26,751</td>
<td>6,358</td>
<td>6,504</td>
</tr>
<tr>
<td><em>Margin (%)</em></td>
<td>28.5</td>
<td>29.4</td>
<td>25.5</td>
<td>28.1</td>
</tr>
<tr>
<td>Net financials</td>
<td>-904</td>
<td>-263</td>
<td>-289</td>
<td>-90</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-4,953</td>
<td>-5,943</td>
<td>-560</td>
<td>-1,562</td>
</tr>
<tr>
<td>Net income(^1)</td>
<td>17,674</td>
<td>16,987</td>
<td>4,467</td>
<td>4,029</td>
</tr>
<tr>
<td>Earnings per share(^2) (SEK)</td>
<td>3.94</td>
<td>3.78</td>
<td>0.99</td>
<td>0.90</td>
</tr>
<tr>
<td>CAPEX</td>
<td>13,531</td>
<td>11,101</td>
<td>4,537</td>
<td>3,688</td>
</tr>
<tr>
<td>In relation to net sales (%)</td>
<td>14.0</td>
<td>12.2</td>
<td>18.2</td>
<td>15.9</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>13,004</td>
<td>16,596</td>
<td>1,839</td>
<td>2,865</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 2007 Net Sales vs Q3 2007 +0.5%

SEK million

- Normal seasonality for corporate customers
- One-offs in Swedish Wholesale, mainly related to price adjustment on regulated national products -120 partly offset by strong sales in International Carrier
- Normal negative seasonality improved by the Danish and Spanish operations

Net sales Q3 2007: 24,798
- Mobility Services: -95
- Broadband Services: -12
- Integrated Enterprise Services: +226
- Eurasia: 0
- Other: +36
- Eliminations: -32

Net sales Q4 2007: 24,921

Q4 2007 Net Sales vs Q3 2007 +0.5%
Q4 2007 Operating Income vs Q3 2007

SEK million

- Increased Opex due to seasonality in wages, sales and marketing
- Release of interconnect provisions in Q4 +389

- Mainly restructuring charges
- Capital gain from Telefos’ sale of Eltel in Q3 -631
- Seasonal increase of personnel related expenses
- Additional costs for one-off balance sheet corrections in Denmark -135
- Release of interconnect provisions +185
- Increased Opex due to seasonality in wages, sales and marketing

<table>
<thead>
<tr>
<th>Operating income excl. non-recurring Q3 2007</th>
<th>Mobility Services</th>
<th>Broadband Services</th>
<th>Integrated Enterprise Services</th>
<th>Eurasia</th>
<th>Other</th>
<th>Operating income excl. non-recurring Q4 2007</th>
<th>Non-recurring Q4 2007</th>
<th>Operating income Q4 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,354</td>
<td>-761</td>
<td>-171</td>
<td>-327</td>
<td>-13</td>
<td>-724</td>
<td>6,358</td>
<td>-300</td>
<td>6,058</td>
</tr>
</tbody>
</table>

TeliaSonera
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.