Good growth with improved EBITDA

Q1 2008 in brief

• Satisfactory set of numbers, with strong market positions
• Net sales SEK 24,398 million (22,724)
  – In local currency +6.6%
• EBITDA* growth in absolute terms
• EPS SEK 0.99 (0.89)

* Excl. non-recurring items
What will drive investments

**Acquisition opportunities**
- Eurasia - expansion in the region
  - Emerging markets
  - Cultural fit
  - Utilization of existing experience and resources
  - Co-operation with strong local partners
- Mobility Services - the leading mobile operator in Latvia, LMT

**CAPEX**
- Mobility Services - network coverage and capacity
- Broadband Services - platforms and common infrastructure, incl. core network and gradual fiber roll-out in Sweden and Finland
- Eurasia - capacity, improved coverage and high service quality in the networks
Outlook for 2008 unchanged

Main contributors for the ambition to maintain EBITDA* margin level of 2007

• Eurasia - growth engine of the Group
  – Strong development to continue

• Spain to meet its set targets
  – Improvements expected quarter by quarter

• Denmark to improve its profitability

• Efficiency measures, primarily in the Swedish and Finnish operations

* Excl. non-recurring items
Interim Report
January – March 2008

Kim Ignatius
Executive Vice President and
Chief Financial Officer
**Good growth with improved EBITDA**

<table>
<thead>
<tr>
<th><strong>SEK million</strong></th>
<th><strong>Q1 2008</strong></th>
<th><strong>Q1 2007</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Net sales</td>
<td>24,398</td>
<td>22,724</td>
</tr>
<tr>
<td>– Net sales in local currencies</td>
<td>+6.6%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>• EBITDA excl. non-recurring items</td>
<td>7,755</td>
<td>7,583</td>
</tr>
<tr>
<td>– EBITDA margin</td>
<td>31.8%</td>
<td>33.4%</td>
</tr>
<tr>
<td>• Income from associated companies and JVs</td>
<td>1,867</td>
<td>1,461</td>
</tr>
<tr>
<td>• Financial items</td>
<td>-13</td>
<td>-129</td>
</tr>
<tr>
<td>• Income taxes</td>
<td>-1,565</td>
<td>-1,350</td>
</tr>
<tr>
<td>• EPS SEK</td>
<td>0.99</td>
<td>0.89</td>
</tr>
<tr>
<td>• CAPEX</td>
<td>3,230</td>
<td>2,337</td>
</tr>
<tr>
<td>– CAPEX-to-sales</td>
<td>13.2%</td>
<td>10.3%</td>
</tr>
<tr>
<td>• Free Cash Flow</td>
<td>1,110</td>
<td>2,529</td>
</tr>
</tbody>
</table>
Q1 2008 Net Sales +7.4% 

SEK million

- Decline in traditional fixed line services in Sweden only partly offset by growth in IP services, International Carrier and the acquisition of DLG Tele in Denmark
- Increase mainly driven by the acquisitions of Cygate, Didata and Crescom
- Growth in local currency, incl. acquisitions, +39%
- Sales rose in all markets
- Main growth drivers
  - customer intake in Spain
  - acquisition of debitel
  - overall data usage
- FX had a positive effect

Acquisitions +2.5% and FX +0.8%
Q1 2008 Operating Income

**SEK million**

- **Net sales** +989, offset by increased OPEX
- **Increased competition**
- **Increased costs in Spain**
- **Increased costs in Denmark due to debitel acquisition, growing traffic volumes and 3G roll-out**
- **Release of interconnect provisions in Sweden in Q1 2007 -140**
- **Cost savings**

**Operating income excl. non-recurring Q1 2007**

- **Mobility Services**
- **Broadband Services**
- **Eurasia**
- **Other**

**Operating income excl. non-recurring Q1 2008**

- **Non-recurring Q1 2008**
- **Operating income Q1 2008**

- **Higher income from associated companies in Russia +244 and Turkey +184**
- **Increased EBIT also in the consolidated operations**

- **Net sales -47**
- **Reduced costs for**
  - growth initiatives
  - sales & marketing
  - cost savings
  - storm-related costs in Q1 2007
- **Depreciation, especially in Finland**
- **Release of interconnect provision in Sweden in Q1 2007 -60**

**Notes:**
- Mainly restructuring measures

**Q1 2008 Operating Income**

- **$6,191**
- **-38**
- **+143**
- **+528**
- **-74**
- **6,750**
- **-180**
- **6,570**
## Statement of cash flows Q1 2008

<table>
<thead>
<tr>
<th></th>
<th>Jan-Mar 2008</th>
<th>Jan-Mar 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA excluding non-recurring items</strong></td>
<td>7,755</td>
<td>7,583</td>
</tr>
<tr>
<td><strong>Dividends received from associated companies</strong></td>
<td>-</td>
<td>530</td>
</tr>
<tr>
<td><strong>Interest paid (net)</strong></td>
<td>-517</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Income taxes paid</strong></td>
<td>-1,379</td>
<td>-1,900</td>
</tr>
<tr>
<td><strong>Payment of restructuring provisions</strong></td>
<td>-97</td>
<td>-113</td>
</tr>
<tr>
<td><strong>Difference between paid/recorded pensions</strong></td>
<td>-355</td>
<td>243</td>
</tr>
<tr>
<td><strong>Changes in working capital and other items, net</strong></td>
<td>-1,189</td>
<td>-1,445</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>4,218</strong></td>
<td><strong>4,896</strong></td>
</tr>
<tr>
<td><strong>Cash CAPEX</strong></td>
<td>-3,108</td>
<td>-2,367</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>1,110</strong></td>
<td><strong>2,529</strong></td>
</tr>
<tr>
<td><strong>Cash flow from other investing activities</strong></td>
<td>94</td>
<td>-186</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td><strong>1,204</strong></td>
<td><strong>2,343</strong></td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>4,920</td>
<td>11,995</td>
</tr>
<tr>
<td><strong>Change in cash &amp; cash equivalents</strong></td>
<td><strong>6,124</strong></td>
<td><strong>14,338</strong></td>
</tr>
</tbody>
</table>
## Strong financial key ratios

<table>
<thead>
<tr>
<th>Metric</th>
<th>March 31, 2008</th>
<th>Dec 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>18.8%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>18.7%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Equity/assets ratio</td>
<td>48.4%</td>
<td>50.3%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>32.3%</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

* Rolling 12 months

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**One of the best rated Telecom Operators in Europe**
Interim Report
January – March 2008
Appendix
## Key Financials – Income Statement and Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>Jan - Mar 2008</th>
<th>Jan - Mar 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>24,398</td>
<td>22,724</td>
</tr>
<tr>
<td><strong>Gross income</strong></td>
<td>10,934</td>
<td>10,181</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>44.8</td>
<td>44.8</td>
</tr>
<tr>
<td><strong>EBITDA excl. non-recurring items</strong></td>
<td>7,755</td>
<td>7,583</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>31.8</td>
<td>33.4</td>
</tr>
<tr>
<td><strong>Operating income excl. non-recurring items</strong></td>
<td>6,750</td>
<td>6,191</td>
</tr>
<tr>
<td><strong>Margin (%)</strong></td>
<td>27.7</td>
<td>27.2</td>
</tr>
<tr>
<td><strong>Net financials</strong></td>
<td>-13</td>
<td>-129</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-1,565</td>
<td>-1,350</td>
</tr>
<tr>
<td><strong>Net income(^1)</strong></td>
<td>4,465</td>
<td>3,976</td>
</tr>
<tr>
<td><strong>Earnings per share(^2) (SEK)</strong></td>
<td>0.99</td>
<td>0.89</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>3,230</td>
<td>2,337</td>
</tr>
<tr>
<td><strong>In relation to net sales (%)</strong></td>
<td>13.2</td>
<td>10.3</td>
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<td><strong>Free cash flow</strong></td>
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<td>2,529</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 2008 Net Sales vs Q4 2007 -2.1%

SEK million

- Seasonality
- Lower sales to corporate customers in Other Business Services in Q1
- Seasonality and continued decline in traditional fixed line services mainly in Sweden
- Provision for changed LLUB pricing in Wholesale Sweden in Q4 2007 +120
- Seasonally lower sales in Q1 partly offset by the increase in Spain

Net sales Q4 2007: 24,921
- Mobility Services: -69
- Broadband Services: -186
- Eurasia: -194
- Other operations: -129
- Eliminations: +55
Net sales Q1 2008: 24,398
Q1 2008 Operating Income vs Q4 2007

**SEK million**

- **Net sales -186**
- **Lower costs for subcontracting and sales and marketing**
- **Release of interconnect provisions in Q4 2007 -389**
- **Provision for changed LLUB pricing in Wholesale Sweden in Q4 2007 +120**

- **Mainly restructuring measures**

- **Seasonal decrease in net sales**
- **Lower costs for sales and marketing and costs for sold equipment**
- **Decreased loss in Spain**
- **Release of interconnect provisions in Sweden in Q4 2007 -185**
- **Provision for changed interconnect fees in Estonia in Q4 2007 +37**
- **Additional costs for one-off balance sheet corrections in Denmark in Q4 2007 +135**

- **Lower income from associates -83**
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.