Good growth with improved margins

Q2 2008 in brief

• Satisfactory set of numbers with improved margins

• Net sales SEK 25,274 million (23,901)
  – In local currencies +5.9%

• EBITDA* SEK 7,978 million (7,516)
  – EBITDA-margin* 31.6% (31.4)

• EPS SEK 0.92 (0.85)

* Excl. non-recurring items
Strong business

• Attractive industry with high barriers to entry

• Success based on providing high quality networks and first class services

• Unique position in the Nordic and Baltic region

• Well positioned in high growth emerging markets
Outlook for 2008 unchanged

**Net Sales**
- expected to show stable growth in the financial year 2008 compared to the previous year
- H1 2008 +6.5% and in local currencies +6.2%

**EBITDA-margin**
- TeliaSonera’s ambition for 2008 is to maintain the EBITDA-margin level of 2007, excl. non-recurring items, despite continued aggressive investments in future growth and in the quality of our networks and services
- H1 2008 31.7%

**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
- H1 2008 approx. +9%

**CAPEX**
- will be driven by continued investments in broadband and mobile capacity and is expected to be around SEK 15 billion in 2008
- H1 2008 SEK 7,705 million
Q2 2008 Net Sales +5.7%

**SEK million**

- Growth in broadband services, international carrier sales and the acquisition of DLG Tele offset the continued decline for traditional fixed line services

- Total growth in local currencies 25% through continued volume growth, partly offset by price pressure
- Acquisitions in Tajikistan and Uzbekistan +201

- Strong growth in the quarter driven by
  - customer intake in Spain
  - volume growth in Sweden
  - acquisition of DLG and increased usage in Denmark
  - wholesale revenues in Norway
  - non-voice revenues
  - FX

Acquisitions +2.7% and FX -0.2%
Q2 2008 Operating Income Year-on-Year

**SEK million**

**Q2 2007**
- Operating income excl. non-recurring: 6,575
- Mobility Services: +420
- Broadband Services: -256
- Eurasia: +629
- Other: +42

**Q2 2008**
- Operating income excl. non-recurring: 7,410
- Non-recurring Q2 2008: -592
- Operating income Q2 2008: 6,818

**Q2 2008 Operating Income Year-on-Year**
- Primarily restructuring measures
  - Early retirement and other personnel reductions
  - Terminating premises contracts

**Net sales +770**
- Improved margins in
  - Sweden, as a result of cost savings
  - Norway, due to lower sales commissions
  - Denmark, lower cost of goods sold for handsets
- The loss in Spain decreased in line with plan, as the revenue base grew

**Net sales +35**
- Lower sales in Sweden and Finland not compensated by cost reductions
- Migration to low margin international carrier sales in Wholesale
- Growth related costs in Denmark

**EBITDA-margin maintained at close to 50% in consolidated operations despite increasing competition**
- Higher income from associated companies in Russia (+166) and Turkey (+431). In Russia positive one-off items in Q2 2007 (140)

**Net sales +35**
- Lower sales in Sweden and Finland not compensated by cost reductions
- Migration to low margin international carrier sales in Wholesale
- Growth related costs in Denmark

**Operating income Q2 2008**
- +629
- +42
- 7,410
- -592
- 6,818

**Q2 2007 Operating Income Year-on-Year**
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Good growth with improved margins

<table>
<thead>
<tr>
<th></th>
<th>Q2 2008</th>
<th>Q2 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>25,274</td>
<td>23,901</td>
</tr>
<tr>
<td>- Net sales in local currencies</td>
<td>+5.9%</td>
<td>+6.0%</td>
</tr>
<tr>
<td><strong>EBITDA excl. non-recurring items</strong></td>
<td>7,978</td>
<td>7,516</td>
</tr>
<tr>
<td>- EBITDA-margin</td>
<td>31.6%</td>
<td>31.4%</td>
</tr>
<tr>
<td><strong>Income from associated companies and JVs</strong></td>
<td>2,331</td>
<td>1,865</td>
</tr>
<tr>
<td><strong>Financial items</strong></td>
<td>-631</td>
<td>-151</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-1,547</td>
<td>-1,351</td>
</tr>
<tr>
<td><strong>EPS SEK</strong></td>
<td>0.92</td>
<td>0.85</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>4,475</td>
<td>3,318</td>
</tr>
<tr>
<td>- CAPEX-to-sales</td>
<td>17.7%</td>
<td>13.9%</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>2,471</td>
<td>3,558</td>
</tr>
</tbody>
</table>
# Statement of cash flows Q2 2008

<table>
<thead>
<tr>
<th></th>
<th>Apr-Jun 2008</th>
<th>Apr-Jun 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEK million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA excluding non-recurring items</td>
<td>7,978</td>
<td>7,516</td>
</tr>
<tr>
<td>Dividends received from associated companies</td>
<td>674</td>
<td>607</td>
</tr>
<tr>
<td>Interest paid (net)</td>
<td>-344</td>
<td>-171</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-949</td>
<td>-811</td>
</tr>
<tr>
<td>Payment of restructuring provisions</td>
<td>-99</td>
<td>-159</td>
</tr>
<tr>
<td>Difference between paid/recorded pensions</td>
<td>-132</td>
<td>-146</td>
</tr>
<tr>
<td>Changes in working capital and other items, net</td>
<td>-63</td>
<td>72</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>7,065</strong></td>
<td><strong>6,908</strong></td>
</tr>
<tr>
<td>Cash CAPEX</td>
<td>-4,594</td>
<td>-3,350</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>2,471</strong></td>
<td><strong>3,558</strong></td>
</tr>
<tr>
<td>Cash flow from other investing activities</td>
<td>392</td>
<td>-873</td>
</tr>
<tr>
<td><strong>Cash flow before financing activities</strong></td>
<td><strong>2,863</strong></td>
<td><strong>2,685</strong></td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-10,467</td>
<td>-23,529</td>
</tr>
<tr>
<td><strong>Change in cash &amp; cash equivalents</strong></td>
<td><strong>-7,604</strong></td>
<td><strong>-20,844</strong></td>
</tr>
</tbody>
</table>
### Strong financial key ratios

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2008</th>
<th>Dec 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>18.5%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>17.2%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Equity/assets ratio</td>
<td>49.3%</td>
<td>50.3%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>46.5%</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

* Rolling 12 months

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

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Apr-Jun 2008</th>
<th>Apr-Jun 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>25,274</td>
<td>23,901</td>
</tr>
<tr>
<td>Gross income</td>
<td>11,420</td>
<td>10,221</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>45.2</td>
<td>42.8</td>
</tr>
<tr>
<td>EBITDA excl. non-recurring items</td>
<td>7,978</td>
<td>7,516</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>31.6</td>
<td>31.4</td>
</tr>
<tr>
<td>Operating income excl. non-recurring items</td>
<td>7,410</td>
<td>6,575</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>29.3</td>
<td>27.5</td>
</tr>
<tr>
<td>Net financials</td>
<td>-631</td>
<td>-151</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-1,547</td>
<td>-1,351</td>
</tr>
<tr>
<td>Net income$^1$</td>
<td>4,130</td>
<td>3,832</td>
</tr>
<tr>
<td>Earnings per share$^2$ (SEK)</td>
<td>0.92</td>
<td>0.85</td>
</tr>
<tr>
<td>CAPEX</td>
<td>4,475</td>
<td>3,318</td>
</tr>
<tr>
<td>CAPEX in relation to net sales (%)</td>
<td>17.7</td>
<td>13.9</td>
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<td>3,558</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
Q2 2008 Net Sales vs Q1 2008 +3.6%

SEK million

- Strong revenue growth in the acquired businesses and Azerbaijan
- Growth primarily in international carrier operations
- Seasonally higher sales in Q2 accelerated by the increase in Spain
- Seasonally higher sales to corporate customers in Other Business Services and the acquisition of Avansys

Net sales Q1 2008: 24,398
Net sales Q2 2008: 25,274

- Mobility Services: +552
- Broadband Services: +66
- Eurasia: +141
- Other: +105
- Eliminations: +12

Net sales Q2 2008: 25,274
Q2 2008 Operating Income vs Q1 2008

SEK million

- Net sales +66
- Higher costs for
  - interconnection (international carrier operations)
  - marketing mainly in Sweden and Finland
  - sub-contracted work and network capacity
    driven by volume growth for broadband services
    (incl. mobile broadband)
- Lower net cost for Head Office &
  Common functions
- Improved result in Holding
- Higher income from associated companies:
  Russia (+327) and Turkey (+185)
- Seasonal increase in net sales +552
- Decreased loss in Spain in line with plan
- Margin improvements in Sweden and Norway
- Primarily restructuring measures
  - Early retirement and other personnel reductions
  - Terminating premises contracts

Operating income excl. non-recurring Q1 2008:
6,750

Operating income excl. non-recurring Q2 2008:
7,410

Operating income excl. non-recurring Q2 2008:
6,818

Non-recurring Q2 2008:
-592

Operating income Q2 2008:
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Net sales +66
Higher costs for
- interconnection (international carrier operations)
- marketing mainly in Sweden and Finland
- sub-contracted work and network capacity
  driven by volume growth for broadband services
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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.