



**TeliaSonera**  
January - December 2010  
Lars Nyberg  
President and CEO

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## Growth continued in Q4 2010

- Net sales SEK 26,774 million (27,549)
  - Increased 4.2 percent in local currencies
- EBITDA\* SEK 9,024 million (9,039)
  - Increase of 5.2 percent in local currencies
  - EBITDA margin improved to 33.7 percent (32.8)
- Earnings per share SEK 1.18 (1.09)
  - Increase of 8.3 percent

\* Excluding non-recurring items

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## Solid growth lead to record earnings in 2010

- Net sales SEK 106,582 million (109,161)
  - Increased 3.5 percent in local currencies
- EBITDA\* SEK 36,977 million (36,666)
  - Increase of 6.1 percent in local currencies
  - EBITDA margin improved to 34.7 percent (33.6)
- Earnings per share SEK 4.73 (4.20)
  - Increase of 12.7 percent

\* Excluding non-recurring items

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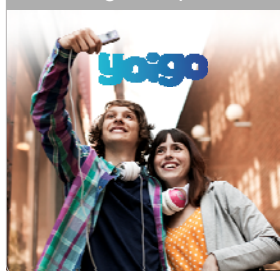


## Several growth drivers in 2010

Mobile data



Yoigo in Spain



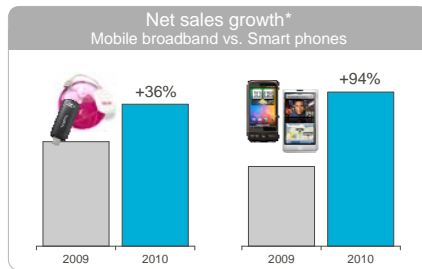
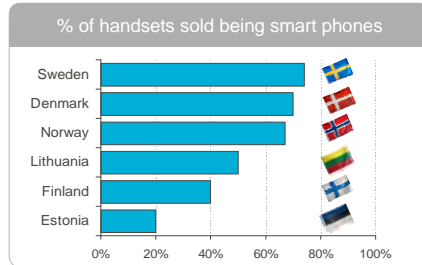
Eurasia



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## Smart phones drive data revenues



\* In Sweden

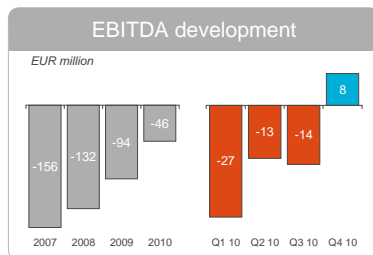
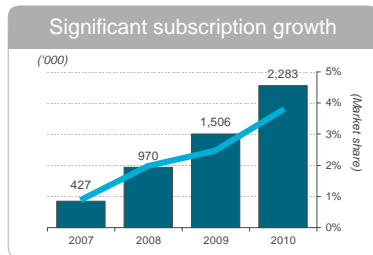


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## Yoigo reaching EBITDA breakeven

yoigo



\* In local currency and excluding acquisitions

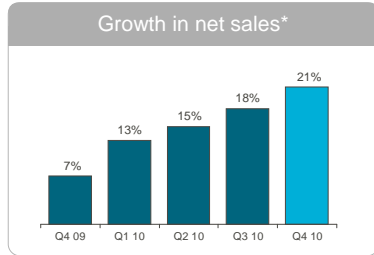
- Revenue growth 63% in 2010\*
- EBITDA breakeven in Q4 2010
- Cash flow positive by end 2011
- Maximizing shareholder value



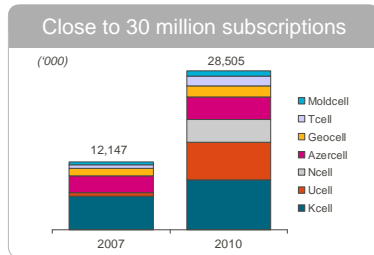
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## Accelerated growth in Eurasia



- Kcell in Kazakhstan was awarded a 3G license
- Ncell in Nepal launched 3G services in the Mount Everest area
- The EBITDA margin improved to 52.0% (50.8) in 2010



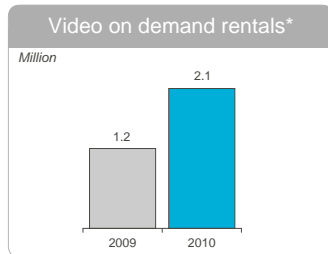
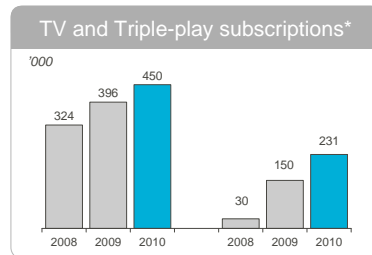
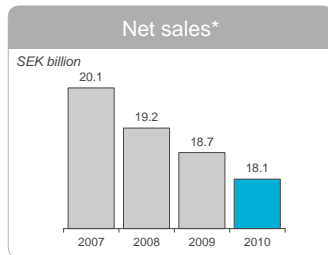
\* In local currencies and excluding acquisitions



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## Challenging transition in Broadband Services



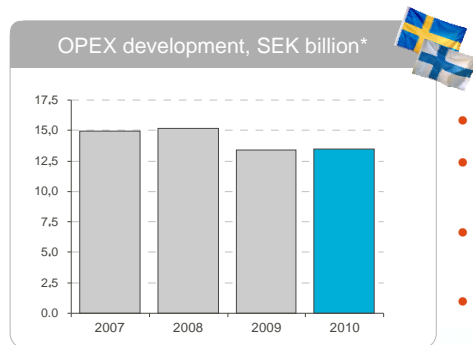
\* In Sweden



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## New competence required – further efficiencies identified



- A need to recruit new competence
- Common operating model within Mobility and Broadband in place
- Further efficiencies identified by the organization
- Creating a culture of being a cost efficient operator

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## Reduction in the number of employees



### Sweden

- Reducing the number of employees by around 640
- Need to recruit around 170 employees
- *Total reduction of around 470 employees*



### Finland

- Reducing the number of employees by around 165
- Need to recruit around 30 employees
- *Total reduction of around 135 employees*

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## Proposed dividend and capital structure

- Proposed dividend of SEK 2.75 per share (2.25)
  - Corresponding to 58 percent (54) of Net income\*
  - Increase of 22 percent compared to 2009
- Repurchase of own shares
  - Total amount of approximately SEK 10 billion
  - All shareholders offered to participate in a public offering
  - Further information expected in late February

\* Net income attributable to owners of the parent company

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## Outlook for 2011

### Outlook 2011

Growth in Net sales*	➡	Around 4%
Addressable cost base*	➡	Growth in cost base below the growth in net sales
EBITDA margin**	➡	Improved compared with 2010 (34.7%)
CAPEX-to-sales ratio***	➡	13-14%

\* In local currencies and excluding acquisitions  
 \*\* Excluding non-recurring items  
 \*\*\* Excluding license and spectrum fees

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# TeliaSonera

January - December 2010

Per-Arne Blomquist

Executive Vice President and CFO

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## Financial highlights

SEK million	Oct – Dec 2010	Oct – Dec 2009	Change %	Local ccy %
Net sales	26,774	27,549	-3	4
<b>EBITDA*</b>	<b>9,024</b>	<b>9,039</b>	<b>0</b>	<b>5</b>
Depreciation, amortization	-3,189	-3,284	-3	
Income from associated companies	2,144	1,803	19	
Operating income*	7,991	7,573	6	
<b>EPS, SEK</b>	<b>1.18</b>	<b>1.09</b>	<b>8</b>	
Free Cash Flow	1,742	4,118	-58	

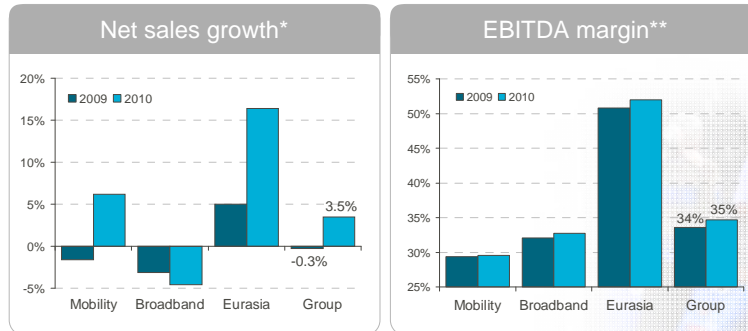
SEK million	Jan – Dec 2010	Jan – Dec 2009	Change %	Local ccy %
Net sales	106,582	109,161	-2	4
<b>EBITDA*</b>	<b>36,977</b>	<b>36,666</b>	<b>1</b>	<b>6</b>
Depreciation, amortization	-13,479	-12,932	4	
Income from associated companies	7,821	8,015	-2	
Operating income*	32,015	31,679	1	
<b>EPS, SEK</b>	<b>4.73</b>	<b>4.20</b>	<b>13</b>	
Free Cash Flow	12,901	16,643	-22	

\* Excluding non-recurring items

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## Improved profitability in all Business areas

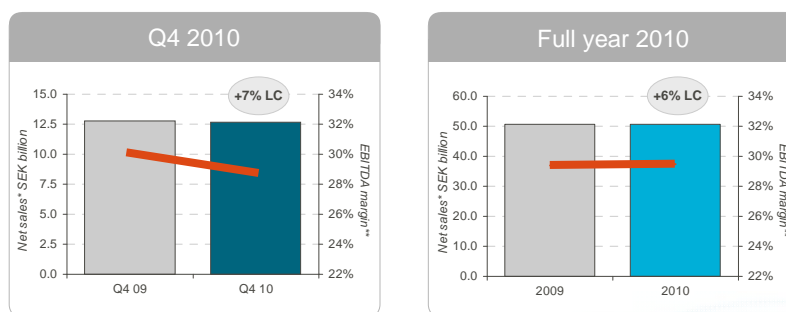


\* In local currencies and excluding acquisitions  
 \*\* Excluding non-recurring items

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## Business area – Mobility Services



- Growth in Net sales driven by Spain and Sweden. Lower EBITDA margin mainly due to Finland, Denmark and Lithuania

- Net sales increased 6% due to Spain, Sweden and Finland. EBITDA margin of 29.5% (29.4)

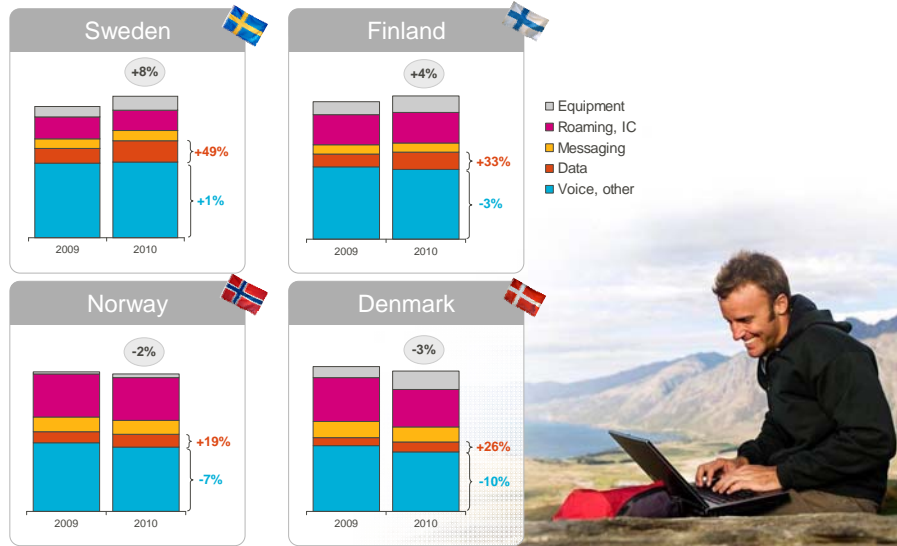
\* In local currencies and excluding acquisitions  
 \*\* Excluding non-recurring items

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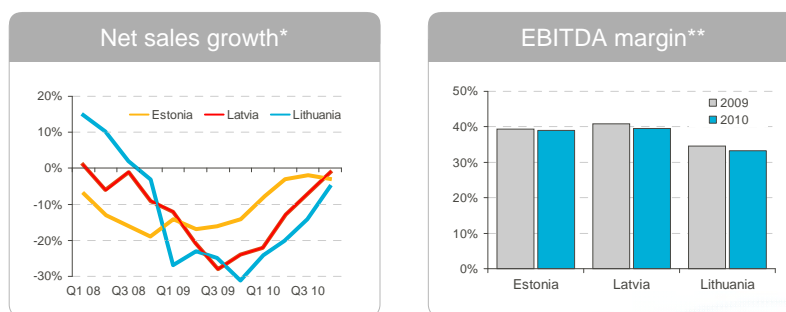
## Mobile data growth continues in the Nordics



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## Baltic trends showing signs of stabilization



- Trends in net sales have stabilized, mainly due to higher equipment sales

- EBITDA margins\*\* almost at the same level as in 2009

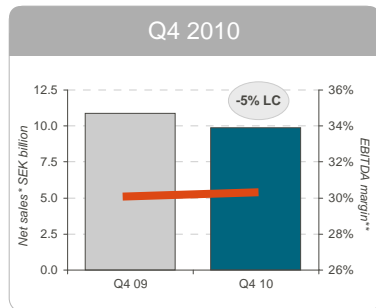
\* In local currencies and excluding acquisitions

\*\* Excluding non-recurring items

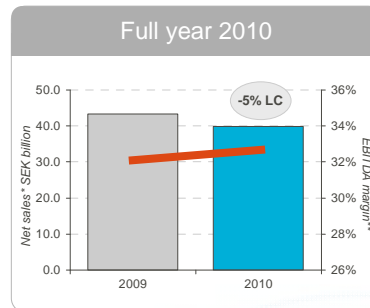
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## Business area – Broadband Services



- Trends in Sweden improved compared with the third quarter. Price erosion in International Carrier continued



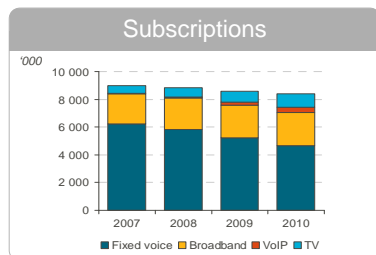
- Cost reductions compensated for the decline in Net sales. EBITDA margin improved to 32.7% (32.1)

\* In local currencies and excluding acquisitions  
 \*\* Excluding non-recurring items

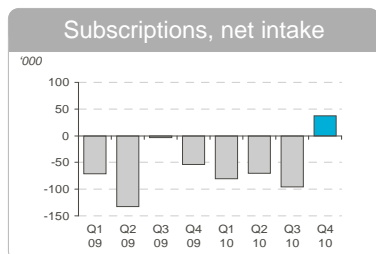
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## Positive subscription intake in Broadband



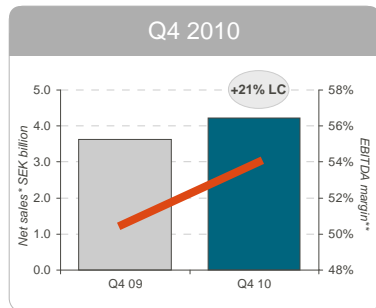
- Efforts to improve customer loyalty visible
- Customer satisfaction improved
- New VoIP subscriptions compensated for more than 50% of PSTN decline in Q4, 2010



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## Business area – Eurasia



- Growth in net sales improved for the fifth consecutive quarter. EBITDA margin improved to 53.8% (50.5)



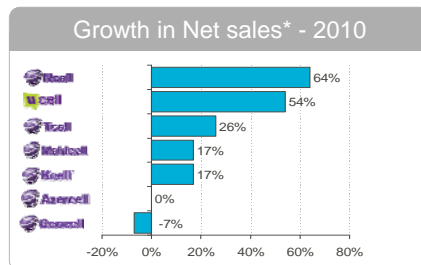
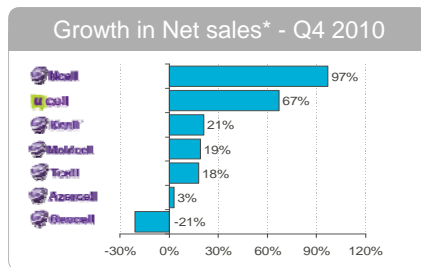
- Net sales increased 16% due to strong subscription growth and improved macroeconomic situation

\* In local currencies and excluding acquisitions  
 \*\* Excluding non-recurring items

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## Ncell in Nepal doubled net sales



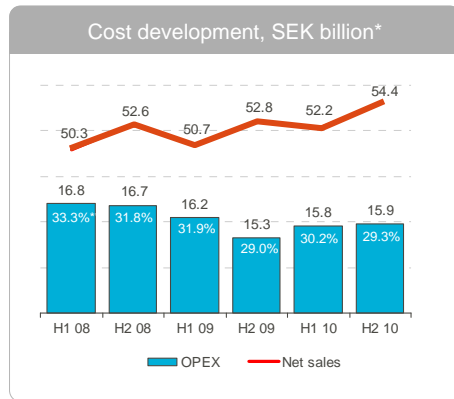
\* In local currencies and excluding acquisitions



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## Cost development under control



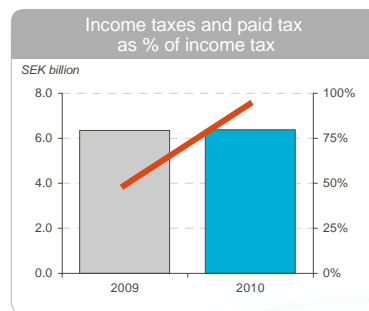
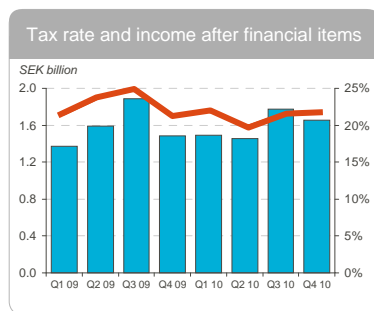
\* In stable FX rates  
\*\* OPEX to Net sales ratio



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## Higher paid tax during 2010



- The effective tax rate decreased to 21.3% (22.9) during 2010

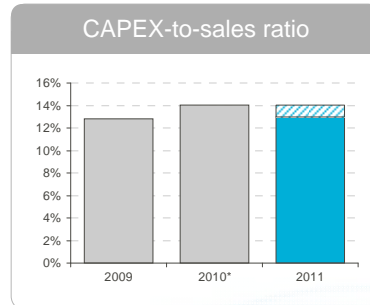
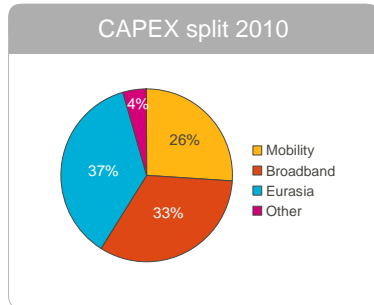
- Paid tax 94% of reported tax in 2010. Expected to decrease during 2011

\* In local currencies and excluding acquisitions  
\*\* Excluding non-recurring items

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## Stable CAPEX-to-sales ratio expected



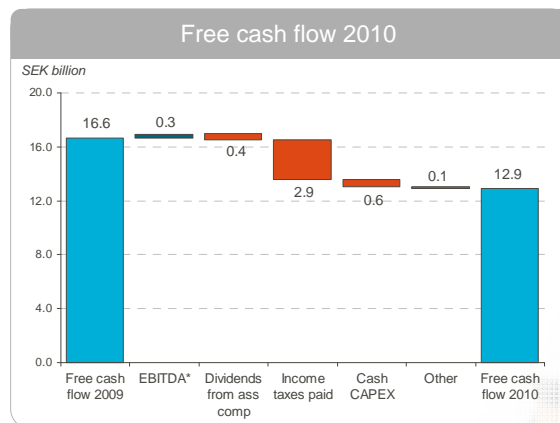
- Total CAPEX amounted to SEK 14.9 billion (14.0)
- CAPEX-to-sales for 2011 is expected to be approx. 13-14%, excl. license and spectrum fees

\* 13.6% excluding the acquisition of a 3G license in Kazakhstan and additional LTE frequencies in Uzbekistan

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## Free cash flow reduced by higher taxes

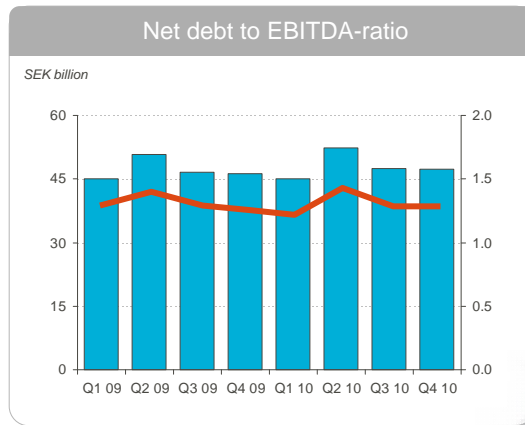


\* Excluding non-recurring items

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## Net debt to EBITDA below target

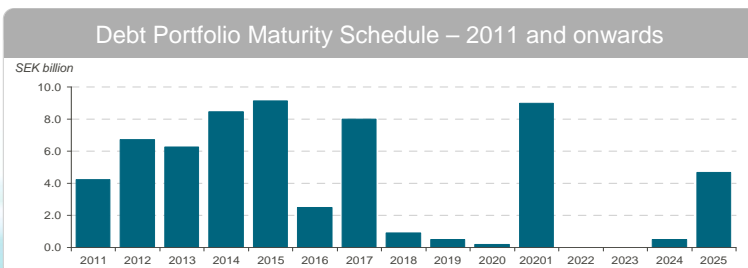
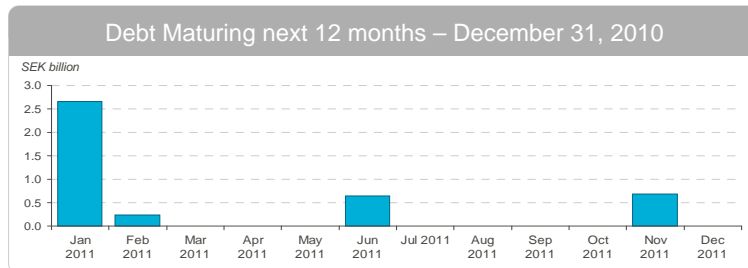


- Net debt to EBITDA-ratio at 1.28x at year-end
- Share repurchase of approximately SEK 10 billion will add 0.27x to the Net debt to EBITDA-ratio
- Sector average of 1.9x

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## Debt maturity schedule



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## Optimizing our asset portfolio

 **Ucell** - Increased ownership in Ucell to 94% (74)

 **Ncell** - Increased ownership in Ncell to 60.4% (40.8)

 **Star Cell** - Merged with Latelz Co. Ltd. in Cambodia

 **Digitel** - Sale of all shares in Digitel in the Philippines

**Stofa** - Sale of Telia Stofa in Denmark to Ratos

- Continue to look for new opportunities within or neighboring to our existing footprint



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## Looking ahead

- Growth in net sales\* expected to be around 4%
  - Driven by mobile data in the Nordic region, Spain and Eurasia
- EBITDA margin\*\* to improve compared with 2010 (34.7%)
- CAPEX-to-sales\*\*\* ratio between 13-14%
- Repurchase of own shares
- Solid financial position with low refinancing need



\* In local currencies and excluding acquisitions

\*\* Excluding non-recurring items

\*\*\* Excluding license and spectrum fees

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### Outlook 2010

	Outlook 2010	Actuals 2010
Net sales*	Growth in line with the first nine months of 2010 (3.4%)	3.5%
Addressable cost base*	Somewhat higher in 2010 compared to 2009	1.3%
EBITDA margin**	Higher compared to 2009 (33.6%)	34.7%
CAPEX-to-sales ratio	Around 13.5% (12.8%)	14.0%

\* In local currencies and excluding acquisitions  
 \*\* Excluding non-recurring items  
 \*\*\* 13.6% excluding the acquisition of a 3G license in Kazakhstan and additional LTE frequencies in Uzbekistan



## Strong financial key ratios

	Dec 31, 2010	Dec 31, 2009
Return on equity*	17.8%	15.2%
Return on capital employed*	16.9%	15.5%
Equity/assets ratio	48.0%	49.1%
Net debt/equity ratio	39.3%	34.9%
Net Debt/EBITDA rate* multiple	1.28x	1.26x

\* Rolling 12 months, EBITDA excl. non-recurring items

One of the best rated Telecom Operators in Europe

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## Liquidity position TeliaSonera Group

Cash and cash equivalents, less blocked funds approx. SEK 13 billion

Committed bank lines	Maturity	Size	Amount undrawn
Syndicated revolving credit facility	Dec 2011	EUR 1 billion	EUR 1 billion
Bilateral credit facility	Apr 2013	SEK 1.4 billion	SEK 1.4 billion

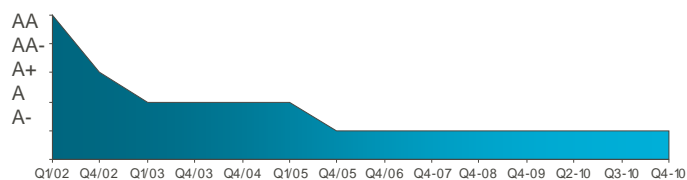
December 31, 2010

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## TeliaSonera AB credit ratings (A3/A-)

TeliaSonera AB long-term ratings migration history 2002-to-today



### Moody's (A3/P-2)

- January 8, 2003, lowered long-term debt rating to A2
- November 1, 2006, outlook changed to Negative
- October 30, 2007, lowered long- and short-term debt rating to **A3** and **P-2** respectively
- April 7, 2010, debt ratings confirmed
- **Outlook: Stable**

### Standard & Poor's (A-/A-2)

- February 5, 2003, lowered long-term debt rating to A
- October 28, 2005, lowered long-term debt rating to A- and short-term debt rating to A-2
- September, 2010, debt ratings confirmed
- **Outlook: Stable**

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## Organic revenue growth

Revenue growth (%) Q4 2010	Reported growth	of which currency	of which disposals	of which organic
Mobility Services	-0.8	-7.7	-	6.9
Broadband Services	-9.0	-4.0	-	-5.0
Eurasia	16.8	-4.0	-	20.8
<b>The Group</b>	<b>-2.8</b>	<b>-5.6</b>	<b>-1.4</b>	<b>4.2</b>

Revenue growth (%) 2010	Reported growth	of which currency	of which acquisitions	of which organic
Mobility Services	-0.1	-6.3	-	6.2
Broadband Services	-8.0	-3.8	0.4	-4.6
Eurasia	16.8	-4.0	-	20.8
<b>The Group</b>	<b>-2.4</b>	<b>-5.5</b>	<b>-0.4</b>	<b>3.5</b>

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## Net sales - Group and by Business area

SEK million	Oct - Dec 2010	Oct - Dec 2009	Change %
Mobility Services	12,661	12,759	-1
Broadband Services	9,880	10,859	-9
Eurasia	4,226	3,619	17
Other operations	1,266	1,537	-18
<b>The Group</b>	<b>26,774</b>	<b>27,549</b>	<b>-3</b>

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## EBITDA\* - Group and by Business area

EBITDA* SEK million	Oct - Dec 2010	Oct - Dec 2009	Change %
Mobility Services	3,644	3,842	-5
Broadband Services	2,991	3,268	-8
Eurasia	2,273	1,827	24
Other operations	116	104	12
<b>The Group</b>	<b>9,024</b>	<b>9,039</b>	<b>-0</b>

EBITDA* margin, %	Oct - Dec 2010	Oct - Dec 2009	Change % point
Mobility Services	28.8	30.1	-1.3
Broadband Services	30.3	30.1	0.2
Eurasia	53.8	50.5	3.3
Other operations	9.2	6.8	2.4
<b>The Group</b>	<b>33.7</b>	<b>32.8</b>	<b>0.4</b>

\* Excluding non-recurring items

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## Statement of cash flows

SEK million	Q4 2010	Q4 2009	Diff
EBITDA excluding non-recurring items	9,024	9,039	-15
Dividends received from ass companies	894	0	894
Interest paid (net)	-589	-140	-449
Income taxes paid	-1,916	-617	-1,299
Payment of restructuring provisions	-87	-317	230
Diff between paid/recorded pensions	-321	-405	84
Changes in working cap and other items	748	1,200	-452
<b>Cash flow from operating activities</b>	<b>7,753</b>	<b>8,760</b>	<b>-1,007</b>
Cash CAPEX	-6,011	-4,642	-1,699
<b>Free cash flow</b>	<b>1,742</b>	<b>4,118</b>	<b>-2,376</b>

\* As of Q1 2010, cash flows from settlement of foreign exchange derivative contracts used for economic hedges of cash-pool balances are reported within financing activities (previously reported within operating activities). Previous periods have been restated.

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## Dividend policy

- The company shall target a solid investment grade long-term credit rating (A- to BBB+) to secure the company's strategically important financial flexibility for investments in future growth, both organically and by acquisitions.
- The ordinary dividend shall be at least 50 percent of net income attributable to owners of the parent company.
- Excess capital shall be returned to shareholders, after the Board of Directors 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.



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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 TellaSonera.