Investor Day 2011
Modernia Museet,
Stockholm June 14

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   - Lars Nyberg, President and CEO
3 Business area Broadband Services
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   - Håkan Dahlström, President
5 Business area Eurasia
   - Tero Kivisaari, President
6 Review of financials
   - Per-Arne Blomquist, Executive Vice President and CFO
Program

09:30 TeliaSonera Group
Lars Nyberg, President and CEO

10:00 Business area Broadband Services
Malin Frenning, President BA Broadband Services

10:45 Coffee break

11:15 Business area Mobility Services
Håkan Dahlström, President BA Mobility Services

12:00 Lunch

13:00 Business area Eurasia
Tero Kivisaari, President BA Eurasia

13:45 Review of the financials
Per-Arne Blomquist, Executive Vice President and CFO

14:30 Closing remarks
Lars Nyberg, President and CEO

Program

15:00 Breakout sessions
Håkan Dahlström, President BA Mobility Services
Ulrika Steg, Head of Mobility Services Sweden
August Baumann, Head of Mobility Services Norway
Malin Frenning, President BA Broadband Services
Stefan Trampus, Head of Broadband Services Sweden
Erik Hallberg, Head of International Carrier
Tero Kivisaari, President BA Eurasia
Veyssel Aral, CEO Kcell and Regional Head of Central Asia
Halim Ates, Regional Head of Caucasus
Pasi Koistinen, CEO Ncell
Per-Arne Blomquist, Executive Vice President and CFO
Oskar Nilsson, Head of Group Procurement

17:00 Mingle
TeliaSonera
Lars Nyberg
President and CEO

Achievements since last Investor Day

- World’s first operator to launch 4G
- Increased ownership in core holdings
- Efficiency measures
- Increased dividends and buyback
- Yoigo breakeven
- Rebranding under common brand identity
Changing competitive dynamics
Investor Day 2009

Mobile data volumes continue to explode

* 4 quarters rolling. Excluding licenses and spectrum fees
Pricing models have to be developed

- Manage the decline in voice revenues
  - Charge for Mobile VoIP services
  - Ensure that MTR's are maintained at an acceptable level
- Increase data revenues
  - Access fees
  - Tiered pricing based on volume, speed and quality

MTR = Mobile termination rates
Fixed networks remain competitive

Migration from PSTN to triple-play…
Requires

- Significant investments in fiber
  - More than SEK 8 billion until 2014, of which SEK 5 billion in Sweden

- Change in business model
  - Speed based access fees
  - Tiered pricing based on volume and quality

Mobile data potential in Eurasia

<table>
<thead>
<tr>
<th>Operator</th>
<th>Data Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telia</td>
<td>15%</td>
</tr>
<tr>
<td>Sonera</td>
<td>17%</td>
</tr>
<tr>
<td>NetCasa</td>
<td>22%</td>
</tr>
</tbody>
</table>

*Business area: Broadband Services*
Much has been achieved

One Company approach and performance based culture have been implemented over the past three years

- Clear strategy with three focus areas
  - World class service company
  - Quality in networks
  - Cost efficiency
- Group wide performance management system
- Code of Ethics and Conduct
- Renewed Mission and Vision Statements
- Reinforced Shared values
- Cross border – One Company way of working
International and Local strength

The demand for our services is larger than ever
Challenges

1. Changing competitive environment
   - New players, different business logic

2. Requires new pricing models
   - For both mobile and fixed communication

3. Investments directed to fiber and capacity

Access
- an attractive business
Q&A

Broadband Services
Malin Frenning
President Business Area Broadband Services
Challenges

- Declining PSTN business
- Data volumes rapidly increasing, generated by demand for triple play and capacity hungry applications
- Develop new business models to meet customer demand and safeguard profitability
- Extensive fiber roll-out required

Different strategy in different markets

- Incumbent
- Attacker
- IP Services revenues
- Classic revenues
### Controlled decline in consumer PSTN

**Consumer PSTN development**

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK million</td>
<td>3,000</td>
<td>2,500</td>
<td>2,000</td>
<td>1,500</td>
<td>1,000</td>
<td>500</td>
</tr>
</tbody>
</table>

**Initiatives to increase revenues**

- Revenue drop
- Increased traffic charges
- Invoice fees

**2010 Revenue drop**
- Increased traffic
- Invoice fees

**CAGR**
- -11%

*Example from Consumer segment Sweden*

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### Real-time events drive exponential traffic growth

**Bandwidth – long-term trend**

- Traffic growth >65% y/y (2008-2010)
  - Sweden – CAGR 69%
  - Finland – CAGR 90%
  - International – CAGR 74%

- Traffic patterns are changing due to live media
Need for high speed fixed access

- Advanced TV services: On-demand, HD, 3D TV
- Over the top services: E-commerce, Gaming
- Cloud applications: Storage and backup

Unified Communication: Video Conferencing
Digital signage: Moving images and dynamic messages
Cloud applications: Enterprise applications, End-to-end security

A business model based on volume and quality

Current model is flat fee for end user:
- OTT content players
- Paying for: Access speed, Extra services

Future model is two-sided:
- OTT content players
- Paying for: High quality
- Paying for: Access speed, Extra services, Data volumes, Extra quality

New business model required in fixed broadband:
End user

Business

Consumer
Selective build-out strategy key to success

Ambitious plans for fiber roll-out

Year 2014
2.3 million (1.3) fiber connected homes and 1.0 million active VDSL customers
High number of active customers

Active customers in accessible market*

<table>
<thead>
<tr>
<th>Company</th>
<th>Active Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td></td>
</tr>
<tr>
<td>KPN</td>
<td></td>
</tr>
<tr>
<td>Reggefiber</td>
<td></td>
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<tr>
<td>Verizon</td>
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</tbody>
</table>

* Connected homes

A fiber network open to others

Other Service Providers ➔ TeliaSonera’s Service Provider ➔ Communication Operator ➔ Skanova* fiber ➔ Other fiber

* 100% owned by TeliaSonera
Strict criteria for SDU roll-out

Penetration

Criteria for SDU roll-out

- Good technical base to build on
  - Fiber and duct availability
  - Synergies with other platforms
- Good co-operation with the municipality
  - Allows efficient building methods
  - Willing to connect own buildings/institutions
- Strong potential customer base
  - High demand for bandwidth
  - High density area

Example from Sweden

A typical Swedish SDU fiber offer and payback

Current SDU Offer

- One time fee: SEK 14,000–25,000
- Basic triple-play: SEK 478 per month*
  - Broadband 100/10
  - Telephony (VoIP)
  - Basic TV package (17 channels)
- Extra TV channels
  - 40 channels SEK 159
  - Premium channels SEK 300 – 400

SDU payback ~10 years

- Final utilization level of 60%
  - Including other Service Providers through our Communication Operator model
- ARPU = SEK 550 per month
- ARPU = SEK 250 per month from other Service providers to Communication Operator

* Including VAT
Fiber leads to higher market share and usage

Still some regulatory uncertainties

**Negatives**

- Unclear if fiber to apartment buildings (FTTB) is regulated in Sweden
  - A decision from the administrative court is expected during 2011
- Absence of a long-term approach to price regulation of residential fiber (SDU) in Sweden
  - New analysis of price level by PTS in 2013
- Potential price regulation of fiber in Finland

**Positives**

- The Swedish regulator (PTS) has acknowledged the need for a price model for SDU to partially compensate for low initial penetration
- The regulation allows TeliaSonera to charge for fiber based on level of usage (e.g. apartments connected to a fiber)

Selective roll-out to reach a good return on investment
Fiber roll-out large portion of planned CAPEX

Fiber investments of SEK 8.3 billion*

Fiber investments of SEK 5.0 billion*

* Between 2011-2014

Defending the EBITDA margin

EBITDA margin*

• EBITDA margin excluding non-recurring items almost at the same level

CAPEX-to-sales*

• Somewhat higher CAPEX-to-sales ratio due to fiber investments

* 4 quarters rolling
Production costs cut by SEK 2.3 billion

Sweden and Finland

Broadband Services' priorities

1. Grow IP service revenues
2. Defend the profitability level
3. Improve customer experience
Q&A

Mobility Services
Håkan Dahlström
President Business Area Mobility Services
Business trend and drivers

Business drivers
1. Mobile behavior
2. Smartphones
3. Mobile data
4. Fixed Mobile Substitution
5. Applications

Business drivers
1. Interconnect
2. Roaming
3. Price pressure

Net sales

* Growth in Net sales for Mobility Services during 2010

Continued strong growth in Smartphone users

Smartphone penetration

* Growth in Net sales for Mobility Services during 2010
More devices get connected

Active devices measured, Sweden April 2011 compared to last year
* M2M not included

Continued strong growth in mobile data

Active devices measured, Sweden April 2011 compared to last year
* M2M not included
Data a larger part of revenues

![Bar chart showing data as a larger part of revenues in various countries like Spain, Estonia, Latvia, Denmark, Lithuania, Norway, Finland, and Sweden.]

All types of revenues not included.

Rebalancing of pricing model needed

![Diagram showing the rebalancing of pricing model needed with network investments and revenues.]

Financial reality vs. portfolio change.
Continued development of price models for data

Drive adoption
eliminate uncertainty in invoice

Right capacity at the right price

Focus

Evolution of
price models

Profitability

Example from Sweden

Portfolio of offerings
Buckets based on
Speed and Volume
SEK 369, 20GB, 22Mbp/s

One offering for all
On peak SEK 15/MB
Off-peak SEK 89 flat rate

Portfolio of offerings
Voice and Data buckets
based on Speed and Volume
SEK 98, 1GB, 6Mbp/s

One offering for all
Flat rate
SEK 9/day
Voice volume based

Voice

Voice and Data buckets
based on Speed and Volume
SEK 98, 1GB, 6Mbp/s

Data

Voice

Willingness to pay for:
• Speed
• Usage
• Quality
• New services
  – Multi-SIM
  – Rich Com
  – mVoIP

mVoIP will be charged for

Example from Sweden

Profitability

2006 2008 2009/2010

Continued development of price models for data

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eliminate uncertainty in invoice

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• Speed
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• New services
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mVoIP will be charged for

Example from Sweden

Profitability

2006 2008 2009/2010
CAPEX under control despite data growth

1. **Technology**
   - 4G eight times more efficient than 3G

2. **Spectrum**
   - 2.6 GHz used for capacity, 800 MHz used for coverage

3. **Existing mobile and fixed infrastructure**
   - 70% of existing sites in Sweden re-used for 4G

**Strengthened Multi Market Operation**

- Country organization designed for Multi Market Operation
- One common commercial development unit
- Strengthened common product management function
- One common production unit
Potential savings in production cost

SEK 25.3 billion

Ongoing activities, examples
- Simplicity in support systems and processes
- One network operations center
- Mobile messaging
- Network sharing

Other*

SEK 9 billion

* Other includes depreciation, interconnect, roaming, handsets etc.

Simplicity in support systems and processes

6 Business rules

2 Multiplied with

800 Products

200 Multiplied with

10 Processes

5 Multiplied with

48,000 Variants to manage

2,000 Results in
From six to one Network Operations Center

Reducing complexity in value added services
Example from messaging

- **2011**
  - 9 Vendors
  - 16 Systems
  - 78 Cabinets

- **2015**
  - 1 Vendor
  - <6 Systems
  - <16 Cabinets

- Re-negotiate contracts
- Consolidate & migrate existing systems
- Central messaging node in operation

Graph showing SEK million from 2007 to 2015:
- 2007: 70
- 2008: 60
- 2009: 50
- 2010: 40
- 2011: 30
- 2012: 20
- 2013: 10
- 2014: 5
- 2015: 2
Network sharing agreement in Denmark

- Network sharing agreement with Telenor in Denmark
- Radio access network
- 2G, 3G and 4G
- Joint venture to operate the infrastructure
- CAPEX within joint venture

Stable EBITDA margin and CAPEX

- EBITDA margin excluding non-recurring items unchanged at 30%
- CAPEX-to-sales ratio kept below 10% despite 4G roll-out

* 4 quarters rolling. CAPEX excluding licenses
Mobility Services’ priorities

1. Top line growth above market
   - Leverage on mobile behavior – smartphones, price models

2. Excellent customer experience
   - Set and meet customer expectations

3. Cost leadership
   - Multi Market Operations, reduce complexity, network sharing

Q&A
Our footprint in Eurasia

- Kcell
- Geocell
- Moldcell
- TURKCELL
- Azercell
- Ucell
- Tcell
- Ncell

Eurasia
Tero Kivisaari
President Business Area Eurasia
History of delivering profitable growth

- More than 31 million subscriptions today
- 22% growth in net sales in Q1 2011
- Keeping EBITDA margin above 50%

*In local currencies and excluding acquisitions

A balanced asset portfolio

- >30 million subscriptions

<table>
<thead>
<tr>
<th>Market share</th>
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<tbody>
<tr>
<td>Azercell</td>
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<tr>
<td>Kcell</td>
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<tr>
<td>Geocell</td>
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<tr>
<td>Ncell</td>
</tr>
<tr>
<td>Ucell</td>
</tr>
<tr>
<td>Kcell</td>
</tr>
<tr>
<td>Moldcell</td>
</tr>
</tbody>
</table>

CAGR: +40%
CAGR*: +18%
CAGR*: +15%
Mobile penetration and data opportunity

Mobile penetration, %
- Azerbaijan
- Kazakhstan
- Moldova
- Tajikistan
- Uzbekistan
- Georgia
- Nepal

VAS as % of revenues
- 14%
- 22%
- 23%
- 25%

Sources: IHS Global Insight, AC&M Consulting. Data from Russia Q4 2010

Significant growth opportunities
Overall telecom spend in our footprint (USD billion)

Sources: Delta Partners, TeliaSonera estimates

• Estimates significantly depending on regulatory changes in the region
Still untapped potential in voice revenues

Voice revenues driven by:
- Penetration growth (e.g. Nepal)
- Economy (e.g. Kazakhstan)

Voice revenue growth, %
Mobile penetration, %

Q1 2011 y-o-y. Source: IHS Global Insight

Revenues have doubled in Ncell

- >5 million subscriptions today
- Revenues doubled in Q1 2011 y-o-y
- EBITDA margin well above 50%
From start-up to GSM market leader in Nepal

**Significant network expansion**
- Increasing population coverage to 80% (44) since 2008
- 5 times increase in number of base stations to 1,500 (300)

**Brand image**
- From youth brand Mero Mobile to Ncell
- Focus on distribution - more than 4,000 Point of Sales

**Our people**
- 500 Nepalese employees and 25 expats
- Union supporting Ncell

Defending a leading position in Kazakhstan

**Strong brand image**

**Best distribution**

**Best network coverage**
Strong revenue growth in Kcell

- Increasing revenue market share
- 28% revenue growth in Q1 2011 y-o-y
- EBITDA margin kept above 50%

* In local currency

Subscription market share

- Tele2, 2%
- Altel, 6%
- Beeline, 42%
- Kcell, 50%

Kcell is dominating the sales channels

- New distribution structure to improve control
- Sales tracking system
- Providing immediate margin to its partners
- Increasing number of e-payment partners
- Above 8,000 point of sales and 344 exclusive retail points

Fast Moving Consumer Goods
Kcell’s offer competitive but not price leader

**APPM, Kazakh Tenge**

<table>
<thead>
<tr>
<th></th>
<th>Kcell</th>
<th>Beeline</th>
<th>Tele2</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.7</td>
<td>8.9</td>
<td>8.5</td>
<td></td>
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</tbody>
</table>

- APPM will decrease due to new price offerings and introduction of per second billing
- Gradual reduction in interconnect fees expected
- Focus on quality rather than price

KZT 10 = USD 0.07
APPM - Average Price Per Minute

Kcell has the best network coverage

- 42% geographical coverage
- 83% population coverage
- 79% EDGE/3G coverage
- CAPEX of USD 185 million in 2011
Kcell well positioned in non-voice

Products
- Promotion of USB modems
- >1.5 million 3G handsets in use
- Flexible pricing

Usage
- 3.8 million subscribers use Kcell data services every month
- Data penetration over 50 percent
- Data ARPU above USD 2

Mobile data potential but also challenges

Positive drivers
- Young population
- Limited fixed infrastructure

Challenges
- Affordability of handsets
- Frequencies
Investments allocated to growth areas

Eurasia’s priorities

1. Double digit revenue growth*
2. Defend the EBITDA margin
3. Take a leading position in mobile data
4. Increase ownership in core holdings

*In local currencies and excluding acquisitions
Q&A

Review of financials

Per-Arne Blomquist
Executive Vice President & CFO
Review of the past five years

Net sales growth

- **Growth in local currencies and excluding acquisitions**
- **Excluding non-recurring items**

OPEX growth

EBITDA margin**

Net sales driven by Spain and Eurasia

- **In local currencies and excluding acquisitions**

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*Note: The diagrams and data provided are representative and may not reflect the actual figures or context of the document.*
Developments in the Nordics and Baltics

- Mostly impacted by negative growth in Broadband and the Baltic countries
- Somewhat higher increase in addressable cost base in Q1 2011
- EBITDA margin maintained at around 36%

* In local currencies and excluding acquisitions
** Excluding non-recurring items
*** 4 quarters rolling

** In local currencies and excluding acquisitions
** Excluding non-recurring items
*** 4 quarters rolling

Efficiency measures according to plan

- Total reduction of around 550 employees
- Total reduction of around 170 employees
- Restructuring charges of approx. SEK 550 million will be booked in Q2 2011

* Other and International Carrier excluded
Continued improvement in gross margin

Main areas of improvement
- Cross functional cost reduction through multimarket operations
- Platform rationalization in Broadband
- Economies of scale in Eurasia

Managing costs from two different angles

* Other includes Goods/services purchased, Network capacity, Subcontractors, Other expenses
CAPEX-to-sales at 8-12% in mature markets

- High quality in our networks
- Technology leadership
- CAPEX-to-sales ratio to remain at 10-15%
  - Mature markets 8-12%
  - Eurasia 15-25%

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td>Mobility Services</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Broadband Services</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Eurasia</td>
<td>27%</td>
<td>31%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>SEK billion</th>
<th>2010</th>
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<tbody>
<tr>
<td>Network related</td>
<td>9.8</td>
</tr>
<tr>
<td>Other</td>
<td>4.2</td>
</tr>
<tr>
<td>Licenses</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>14.9</td>
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</table>

Of which IT 40%

Network CAPEX driven by capacity and coverage

<table>
<thead>
<tr>
<th>SEK billion</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobility</td>
<td>2.7</td>
</tr>
<tr>
<td>Broadband</td>
<td>3.5</td>
</tr>
<tr>
<td>Eurasia</td>
<td>3.6</td>
</tr>
<tr>
<td>Network related</td>
<td>9.8</td>
</tr>
</tbody>
</table>

- of which capacity and coverage 83%
- of which fiber 36%
- of which capacity and coverage 85%

<table>
<thead>
<tr>
<th>SEK billion</th>
<th>2010</th>
</tr>
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<tbody>
<tr>
<td>4G</td>
<td></td>
</tr>
<tr>
<td>Fiber</td>
<td></td>
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Predictable M&A strategy

**Criteria when considering M&A**

- Decision
- Strategic and geographical fit
- TeliaSonera’s financial position
- Stand-alone valuation (DCF)
- Acquisition vs. share buyback
- Return on investment
- Management capacity
- Market multiples

**Priorities**

- Increase ownership in core holdings
- Complementary acquisitions in existing footprint
- Selectively looking at new markets neighbouring current footprint

**More focus on return on operating capital**

- Maintain positive trend for fast growing assets such as Nepal and Spain
- Sustain high returns in markets like Sweden, Finland, Kazakhstan and Azerbaijan

![Graph showing return on operating capital (RoOC) vs. return on operating capital (RoOC) difference]

- TeliaSonera
- Nepal
- Difference between RoOC and WACC, p.p.
Excess capital will be returned to shareholders

Dividend policy
• Rating A- to BBB+
• Ordinary dividend at least 50% of net income*
• Excess capital shall be returned to shareholders

* Net income attributable to owners of the parent company

Debt maturity schedule

Debt per Q1 2011
• Gross debt SEK 72.1 bn
• Net debt SEK 45.0 bn
• Net debt/EBITDA 1.22x
• Net debt/EBITDA adjusted for dividend and share buyback 1.82x
Active on the debt market

- May 2010 - EUR 250 million tap of 2021 benchmark
- September 2010 - EUR 500 million new 15 year benchmark
- February 2011 - EUR 750 million new 9 year benchmark
- March 2011 - SEK 4,000 million 18 month FRN

Medium-term financial targets

**Addressable cost base**
- Addressable cost base to grow less than Net sales
  - Cross country synergies and production costs

**CAPEX**
- CAPEX-to-sales of 10-15%
  - 8-12% in mature markets and 15-25% in Eurasia

**Dividend**
- At least 50% of net income
  - Excess cash to be returned to shareholders

**Leverage**
- Net debt to EBITDA of 1.5-2.0x
  - Solid investment grade, long term credit rating of A- to BBB+

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* Net sales in local currencies and excluding acquisitions
** CAPEX-to-sales excluding license and spectrum fees
*** EBITDA excluding non-recurring items
Outlook 2011 - reiterated

- Growth in net sales* expected to be around 3%
- Growth in addressable cost base below the growth in net sales
- EBITDA margin** to improve compared with 2010 (34.7%)
- CAPEX-to-sales*** ratio between 13-14%

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

Financial priorities

1. Managing our cost base
2. Increasing focus on RoOC
3. Keeping an efficient balance sheet
Q&A

Closing remarks
Lars Nyberg
President and CEO
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.