Interim Report
January – June 2012

Lars Nyberg
President and CEO

MegaFon transaction improves free cash flow

- Net sales SEK 26,294 million (26,003)
  - Unchanged compared with last year
- EBITDA* SEK 9,006 million (9,186)
  - Decrease of 3.5% in local currencies
  - EBITDA margin of 34.3% (35.3)
- Earnings per share SEK 0.98 (0.89)
  - Includes a net capital gain of SEK 3.0 billion from MegaFon and SEK 3.1 billion in goodwill impairment in Norway and Lithuania
- Free cash flow SEK 14,788 million (1,440)
  - Includes a dividend of SEK 11,726 million from MegaFon net of taxes

* Excl. non-recurring items
Revenues at the same level as last year

Net sales growth*

* In local currencies and excl. acquisitions

Stable trends within Broadband and Eurasia

Mobility Services

Broadband Services

Eurasia

* Net sales in local currencies and excl. acquisitions
Stable billed revenues, slower equipment sales

<table>
<thead>
<tr>
<th></th>
<th>Volume y/y</th>
<th>Revenue y/y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice</td>
<td>0%</td>
<td>-8%</td>
</tr>
<tr>
<td>Messaging</td>
<td>-5%</td>
<td>-10%</td>
</tr>
<tr>
<td>Mobile data</td>
<td>+88%</td>
<td>+29%</td>
</tr>
<tr>
<td>Billed revenues</td>
<td>-</td>
<td>0%</td>
</tr>
</tbody>
</table>

Net sales growth** - Mobility Services

![Graph showing net sales growth]

* Q2 2012 compared to Q2 2011
** Stable FX rates
*** Excluding equipment sales, interconnect and inbound roaming

Industry leader in changing our business model

- New offers where customers are being charged on data usage rather than voice minutes
- Significant lower international data roaming prices*
- Premium partnership with companies such as Spotify

* EU, EES, Switzerland, Thailand, Turkey, USA, Canada and Croatia
Strong customer demand for fiber

- Strong customer demand for our fiber offerings – 4 out of 10 sign up for our services*
- Improved internal processes and additional resources

* During Q2 2012. Example for single-dwelling households (SDU) in Sweden

Healthy balance between Eurasian markets

- Double-digit revenue growth
- Less dependency on one single country within Eurasia
- Ncell in Nepal passed 8 million subscriptions

* During Q2 2012. Example for single-dwelling households (SDU) in Sweden
Looking ahead

Outlook for 2012 (revised)

• Growth in net sales* expected to be 0-1%
• EBITDA margin** to be around 35%
• CAPEX-to-sales*** ratio between 13-14%

* In local currencies and excl. acquisitions  
** Excl. non-recurring items  
*** Excl. license and spectrum fees

Realizing value in MegaFon

• Governance disputes in MegaFon resolved  
• TeliaSonera’s liquidity significantly improved  
  – SEK 11.7 billion in dividend net of taxes in Q2  
  – SEK 1.2 billion in total investment since 1994  
• Preparations for an Initial Public Offering (IPO) continue  
• Keeping a long term strategic ownership in MegaFon
Dead-lock situation in Turkcell remains

- Regret the postponement of the Annual General Meeting in June
- TeliaSonera provided full support for:
  - Distributing dividends
  - Adding more independent members to the Board of Directors

Corporate governance

Framework

- UN, OECD & ILO standards and guidelines
- Core values and Code of Ethics and Conduct
- Corporate governance systems
- Risk management and internal audit
Our current focus

- Need to comply with legal and license-based requirements in each market
- 'Human Rights Impact Assessment' together with the Danish Institute for Human Rights
- Systematic implementation of Group Privacy Policy
- Actively drive the industry dialogue on freedom of expression and privacy
Higher Net sales and Free cash flow in H1 2012

• Net sales SEK 51,987 million (50,838)
  – Increase of 1.5% in local currencies

• EBITDA* SEK 17,830 million (18,076)
  – Decrease of 2.5% in local currencies
  – EBITDA margin of 34.3% (35.6)

• Earnings per share SEK 1.88 (1.93)
  – Includes a net capital gain of SEK 3.0 billion from MegaFon and SEK 3.1 billion in goodwill impairment in Norway and Lithuania

• Free cash flow SEK 16,981 million (4,087)
  – SEK 5,255 million excluding dividend of SEK 11,726 million from MegaFon net of taxes

* Excl. non-recurring items

Group result Q2 2012

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>26,294</td>
<td>26,003</td>
<td>1</td>
</tr>
<tr>
<td>COGS</td>
<td>-9,684</td>
<td>-9,296</td>
<td>4</td>
</tr>
<tr>
<td>Gross margin, %</td>
<td>63.2</td>
<td>64.3</td>
<td></td>
</tr>
<tr>
<td>OPEX</td>
<td>-7,679</td>
<td>-7,771</td>
<td>-1</td>
</tr>
<tr>
<td>EBITDA*</td>
<td>9,006</td>
<td>9,186</td>
<td>-2</td>
</tr>
<tr>
<td>Margin, %</td>
<td>34.3</td>
<td>35.3</td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortization</td>
<td>-3,291</td>
<td>-3,230</td>
<td>2</td>
</tr>
<tr>
<td>Income from associated companies</td>
<td>847</td>
<td>1,029</td>
<td>-18</td>
</tr>
<tr>
<td>EBIT*</td>
<td>6,561</td>
<td>6,985</td>
<td>-6</td>
</tr>
</tbody>
</table>

* Excl. non-recurring items

• Net sales in local currencies unchanged vs. last year

• EBITDA* in local currencies decreased 3.5% due to lower gross margin
**Group result Q2 2012**

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT*</td>
<td>6,561</td>
<td>6,985</td>
<td>-6</td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>-241</td>
<td>-537</td>
<td>-55</td>
</tr>
<tr>
<td>EBIT</td>
<td>6,320</td>
<td>6,448</td>
<td>-2</td>
</tr>
<tr>
<td>Financial net</td>
<td>-871</td>
<td>-584</td>
<td>66</td>
</tr>
<tr>
<td>Tax</td>
<td>-822</td>
<td>-1,324</td>
<td>-38</td>
</tr>
<tr>
<td>Net income</td>
<td>4,527</td>
<td>4,540</td>
<td>0</td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>4,247</td>
<td>3,860</td>
<td>10</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>280</td>
<td>680</td>
<td>-59</td>
</tr>
<tr>
<td>EPS, SEK</td>
<td>0.98</td>
<td>0.89</td>
<td>10</td>
</tr>
<tr>
<td>CAPEX</td>
<td>4,458</td>
<td>3,897</td>
<td>14</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>14,788</td>
<td>1,440</td>
<td></td>
</tr>
</tbody>
</table>

* Excl. non-recurring items

**• Including net capital from MegaFon of SEK 3.0 billion and impairment of goodwill of SEK 3.1 billion**

**• Free cash flow SEK 3,062 million excl. the dividend of SEK 11.7 billion net of taxes from MegaFon**

**Slower growth within Mobility Services**

**Net sales growth***

* In local currencies and excluding acquisitions
Several reasons behind slowdown in Mobility

- Less positive impact from equipment sales
- Lower interconnect and loss of wholesale revenues in Norway
- Slower growth in billed revenues despite data growth

![Mobility Services chart](chart)

**Mobility Services**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Billed revenues</th>
<th>IC, Roaming and Wholesale</th>
<th>Equipment sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 11</td>
<td>+2.6%</td>
<td>+3%</td>
<td></td>
</tr>
<tr>
<td>Q1 12</td>
<td>+18%</td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td>Q2 11</td>
<td></td>
<td>-1.4%</td>
<td></td>
</tr>
<tr>
<td>Q2 12</td>
<td></td>
<td>+7%</td>
<td></td>
</tr>
</tbody>
</table>

*In stable FX rates
Billed revenues, excluding equipment, interconnect, inbound roaming and wholesale revenues

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Strong growth in billed revenues in Spain

- Continued market share gains for Yoigo in Spain
- 22nd quarter of growth within Mobility Sweden

![Mobility Services chart](chart)

**Mobility Services – Billed revenues Q2 12**

- Yoigo Spain: +18%
- Mobility Sweden: +3%
- Others**: +7%
- Mobility Services: 0%

* Excluding equipment, interconnect, inbound roaming and wholesale revenues, compared to Q2 2011
** Mobility in Finland, Norway, Denmark, Estonia, Latvia and Lithuania
Sequential improvement in gross margin

- Positive impact from less growth in equipment sales within Mobility Services
- Mix shift from classic to IP revenues and International Carrier within Broadband
- Higher interconnect costs driven by volume increase within Eurasia

![Gross Margin Chart]

Continued decline in addressable cost base

- In stable FX

![Addressable Cost Base Chart]

Addressable cost base*
Positive ratio between sales and cost growth

Net sales and addressable cost base*

* In local currencies and excluding acquisitions

EBITDA margin impacted by lower gross margin

* Excl. non-recurring items
Lower income from associated companies

- Income from associated companies down 19% to SEK 0.8 billion (1.0)*
- MegaFon’s contribution fell to SEK 0.2 billion (1.1) impacted by lower economic ownership, higher interest expenses due to dividend payment and FX loss of SEK 654 million
- Turkcell’s contribution increased to SEK 0.6 billion (0) due to improved operations and less negative one-off items

* Excluding a net capital gain of SEK 3,013 million from MegaFon in Q2 2012
Turkcell is reported with one-quarter lag

Significant non-recurring items in Q2

MegaFon transaction
- Divestment of 8.2% in MegaFon in April
- Net capital gain of SEK 3.013 million

Non-cash goodwill impairment
- Total goodwill impairment of SEK 3,070 million
  - SEK 2,752 million in Mobility Norway (NetCom)
  - SEK 318 million in Mobility Lithuania (Omnitel)
- Based on long-term assessments
EBIT at the same level as last year

**EBIT Q2 2012 – SEK million**

<table>
<thead>
<tr>
<th>Component</th>
<th>Q2 2012</th>
<th>Q2 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT Q2 2011</td>
<td>6,448</td>
<td></td>
</tr>
<tr>
<td>EBITDA*</td>
<td>+3,013</td>
<td></td>
</tr>
<tr>
<td>D&amp;A</td>
<td>-180</td>
<td>42</td>
</tr>
<tr>
<td>Ass. comp.</td>
<td>-182</td>
<td></td>
</tr>
<tr>
<td>MegaFon net gain</td>
<td>-3,070</td>
<td></td>
</tr>
<tr>
<td>Goodwill writedown</td>
<td>+353</td>
<td></td>
</tr>
<tr>
<td>Other non-recurring</td>
<td></td>
<td>6,320</td>
</tr>
<tr>
<td>EBIT Q2 2012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Excluding non-recurring items

Higher gross debt impacts net financials

**Net financial items – Q2 2012**

<table>
<thead>
<tr>
<th>Component</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK million</td>
<td>-584</td>
<td>-371</td>
</tr>
<tr>
<td>Interest net</td>
<td>-186</td>
<td>-117</td>
</tr>
<tr>
<td>FX effects</td>
<td>-84</td>
<td></td>
</tr>
<tr>
<td>Other Fin. items</td>
<td>-117</td>
<td></td>
</tr>
</tbody>
</table>

- Net financials impacted by an increase in gross debt to SEK 85.7 billion (75.3)
- FX effects mainly in Eurasia
Low effective tax rate due to MegaFon

- Effective tax rate 15.4% (22.6) due to lower withholding taxes and capital gain from MegaFon
- Partly off-set by non-tax deductible goodwill impairment in Norway and Lithuania
- Underlying tax rate of 24.2% (22.6)

Increase in Earnings Per Share

- Non-recurring items include SEK 3,013 million in net capital gain in MegaFon, SEK 3,070 million from goodwill impairment and lower restructuring costs vs. Q2 2011

* Adjusted EPS Q2 2012 excludes all effects from MegaFon transaction and goodwill impairment in Norway and Lithuania.
Stable CAPEX-to-sales ratio expected

- CAPEX amounted to SEK 4.5 billion (3.9) whereof SEK 209 million (401) for licenses and spectrum fees

- CAPEX-to-sales ratio for 2012 is expected to be approx. 13-14%, excl. license and spectrum fees

CAPEX-to-sales ratio*  

Underlying increase in Free cash flow

- Reported Free cash flow increased to SEK 14.8 billion, positively impacted by the dividend from MegaFon of SEK 11.7 billion net of taxes

Free cash flow Q2 2012

* Excl. license and spectrum fees
Increased focus on working capital

- Working capital impacted by change in business mix and new offers
- More expensive handsets sold and migration from prepaid to postpaid
- Reviewing of new customer offers, payment terms to suppliers etc.

Stable Net debt to EBITDA

- Gross debt of SEK 85.7 billion and Net debt of SEK 73.8 billion
- SEK 12.3 billion in dividends to shareholders in Q2 2012
- MegaFon dividend of SEK 11.7 billion net of taxes in Q2 2012

* Excl. non-recurring items, 4 quarters rolling
Second quarter highlights

Net sales unchanged compared to last year*
- Slowdown within Mobility Services
- Stable trends within Broadband Services and Eurasia

EBITDA margin impacted by lower gross margin
- Due to mix shift and more equipment sales
- EBIT more or less unchanged vs. last year

Underlying increase in free cash flow
- Reported free cash flow impacted by dividend of SEK 11.7 billion from MegaFon
- Preparation for MegaFon and Kcell IPO’s continues

* In local currencies and excluding acquisitions

Outlook for 2012 – revised

<table>
<thead>
<tr>
<th></th>
<th>Previous outlook</th>
<th>Outlook</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in Net sales*</td>
<td>1-2%</td>
<td>0-1%</td>
<td>1.5%</td>
</tr>
<tr>
<td>EBITDA margin**</td>
<td>Same level as 2011 (35.5%)</td>
<td>Around 35%</td>
<td>34.3%</td>
</tr>
<tr>
<td>CAPEX-to-sales ratio***</td>
<td>13-14%</td>
<td>13-14%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

* In local currencies and excluding acquisitions
** Excluding non-recurring items
*** Excluding license and spectrum fees
Mobility Services – Migration to bucket prices

- Continued market share gains for Yoigo in Spain and 22nd quarter of growth within Mobility Sweden
- Loss of wholesale revenues in Norway
- Spotify, the leading provider of music streaming, launched in all Nordic countries

**Excluding licenses and spectrum fees**

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<table>
<thead>
<tr>
<th></th>
<th>Q2 2011</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and EBITDA margin*</td>
<td>31.6%</td>
<td>29.4%</td>
</tr>
</tbody>
</table>

* Excl. non-recurring items

<table>
<thead>
<tr>
<th></th>
<th>Q2 2011</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPEX and CAPEX-to-sales ratio**</td>
<td>8.6%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

** Excluding licenses and spectrum fees
Broadband Services – Strong demand for fiber

- IP revenues now exceed traditional revenues for the first time
- 23% of broadband subscribers connected with fiber access
- Play+ launched in Sweden

Eurasia – All countries contributing to growth

- Double-digit revenue growth with maintained high profitability
- Ncell in Nepal passed 8 million subscriptions
- Governance disputes solved in MegaFon
### Organic revenue growth

<table>
<thead>
<tr>
<th>Revenue growth (%)</th>
<th>Reported growth</th>
<th>of which currency</th>
<th>of which disposals</th>
<th>of which organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobility Services</td>
<td>-2.3</td>
<td>-0.2</td>
<td>-</td>
<td>-2.1</td>
</tr>
<tr>
<td>Broadband Services</td>
<td>-0.8</td>
<td>+0.2</td>
<td>-</td>
<td>-1.0</td>
</tr>
<tr>
<td>Eurasia</td>
<td>+18.9</td>
<td>+6.7</td>
<td>-</td>
<td>12.2</td>
</tr>
<tr>
<td>The Group</td>
<td>+1.1</td>
<td>+1.0</td>
<td>-</td>
<td>+0.1</td>
</tr>
</tbody>
</table>

### Statement of cash flows

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 2012</th>
<th>Q2 2011</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA excluding non-recurring items</td>
<td>9,006</td>
<td>9,187</td>
<td>-181</td>
</tr>
<tr>
<td>Dividends received from ass companies</td>
<td>12,515</td>
<td>120</td>
<td>12,395</td>
</tr>
<tr>
<td>Interest paid (net)</td>
<td>-310</td>
<td>-100</td>
<td>-210</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-1,790</td>
<td>-1,172</td>
<td>-618</td>
</tr>
<tr>
<td>Payment of restructuring provisions</td>
<td>-147</td>
<td>-195</td>
<td>48</td>
</tr>
<tr>
<td>Diff between paid/recorded pensions</td>
<td>-345</td>
<td>-360</td>
<td>15</td>
</tr>
<tr>
<td>Changes in working cap and other items</td>
<td>-56</td>
<td>-1,211</td>
<td>1,155</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>18,873</strong></td>
<td><strong>6,269</strong></td>
<td><strong>12,604</strong></td>
</tr>
<tr>
<td>Cash CAPEX</td>
<td>-4,085</td>
<td>-4,829</td>
<td>744</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>14,788</strong></td>
<td><strong>1,440</strong></td>
<td><strong>13,348</strong></td>
</tr>
</tbody>
</table>
Financial key ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on equity*</td>
<td>18.0%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Return on capital employed*</td>
<td>16.1%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Equity/assets ratio</td>
<td>41.2%</td>
<td>44.0%</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>73.9%</td>
<td>58.2%</td>
</tr>
<tr>
<td>Net Debt/EBITDA rate* multiple</td>
<td>2.00x</td>
<td>1.75x</td>
</tr>
</tbody>
</table>

* Rolling 12 months

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% 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.
Debt maturity schedule

Debt per Q2 2012
- Gross debt SEK 85.7 bn
- Net debt SEK 73.8 bn
- Net debt/EBITDA 2.00x

Debt Portfolio Maturity Schedule – 2012 and onwards

Liquidity position TeliaSonera Group

Cash and cash equivalents, less blocked funds approx. SEK 8 billion

<table>
<thead>
<tr>
<th>Committed bank lines</th>
<th>Maturity</th>
<th>Size</th>
<th>Amount undrawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicated revolving credit facility</td>
<td>Dec 2017</td>
<td>EUR 1 billion</td>
<td>EUR 1 billion</td>
</tr>
<tr>
<td>Bilateral credit facility</td>
<td>Jun 2013</td>
<td>SEK 1.4 billion</td>
<td>SEK 1.4 billion</td>
</tr>
<tr>
<td>Committed credit facility</td>
<td>Sep 2013</td>
<td>EUR 665 million</td>
<td>EUR 572 million</td>
</tr>
</tbody>
</table>
TeliaSonera AB credit ratings (A3/A-)

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
- May 4, 2012, Outlook changed from Negative to 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
- July 2012, debt ratings confirmed
- Outlook: Stable

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.