

Interim Report

January-March, 2014

Johan Dannelind
President and CEO

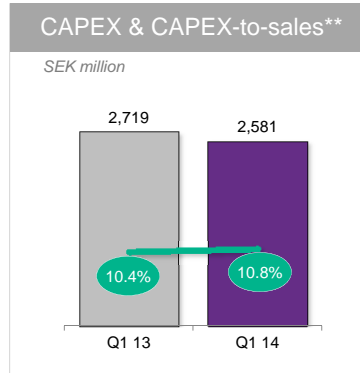
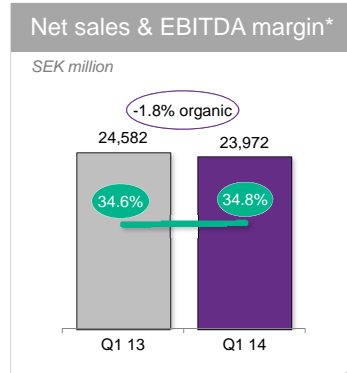


Steady margin and cash flow in the first quarter

- Top-line growth remains challenging
- Strong consumer business in the Nordics - tougher within enterprise
- Improved profitability in Eurasia
- Growing market share in Spain but high sales and marketing costs
- New country-based operating model to support strategic agenda
- Full year outlook reiterated



Stable group performance



- Positive billed revenue trend, lower equipment and interconnect revenues
- Margin supported by efficiency gains

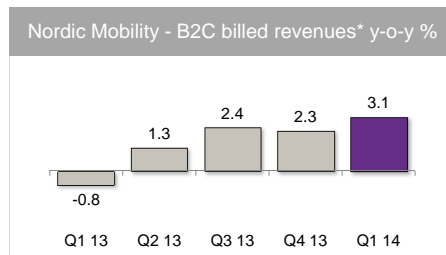
- Increasing share of 4G and fiber investments

* Excluding non-recurring items **Excluding license and spectrum fees

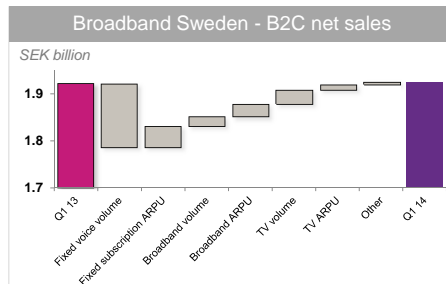
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Solid trend in Nordic consumer business



*In local currency

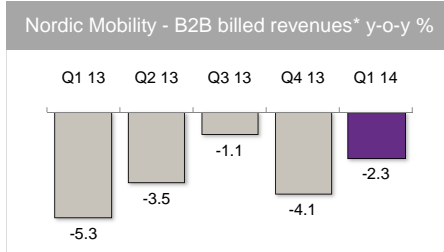


- Positive billed revenue growth in all Nordic markets within consumer
- New price models contribute positively to ARPU

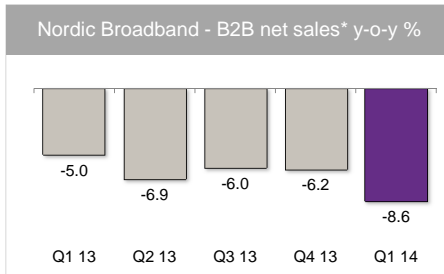
- Continued decline in traditional fixed volumes
- Positive contribution from IP-based services and price adjustments



Challenges in enterprise segment



- Slightly easing pressure on B2B billed revenues in Q1



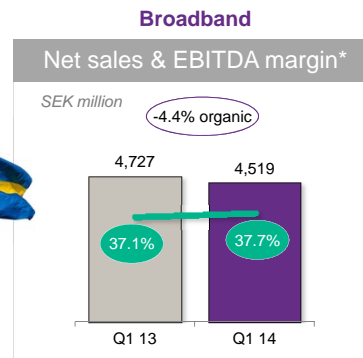
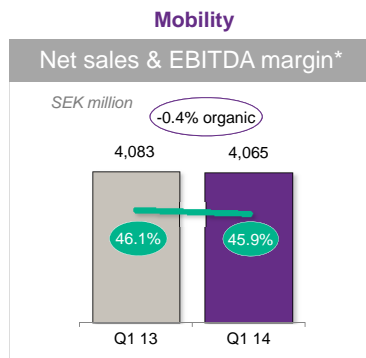
- Migration from fixed voice services and price pressure
- Several initiatives to improve position within B2B

*In local currency

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Steady margin development in Sweden



- Stable top-line and margin development
- Continued positive contribution from new price models

- Margin supported by cost savings
- Top-line impacted by weakness in B2B

Continued investments in 4G and fiber

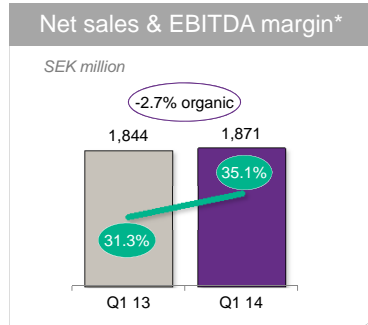
* Excluding non-recurring items

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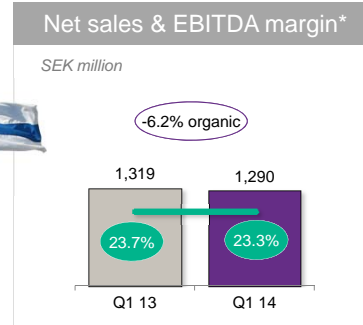
Improved profitability in Finland

Mobility



- Back to positive billed revenue growth
- Solid margin trend helped by cost initiatives

Broadband



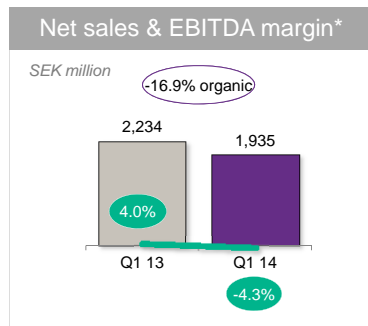
- Continued challenges within B2B
- Relatively stable margin due to cost savings

* Excluding non-recurring items

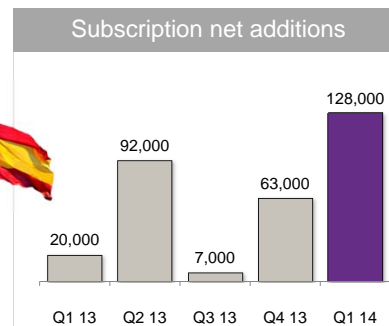
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Spain affected by costs for subscriber acquisitions



- Flat billed revenues y-o-y, sales drop due to lower equipment and interconnect revenues
- Profitability impacted by higher costs for subscriber acquisitions



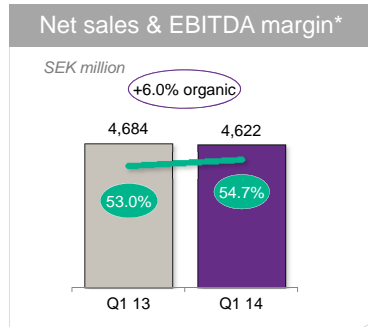
- Subscription base surpassed 4 million

* Excluding non-recurring items

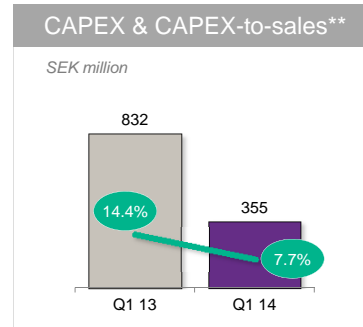
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Continued strong profitability in Eurasia



- Mobile data main growth driver
- Strong margin performance backed by cost efficiency and interconnect



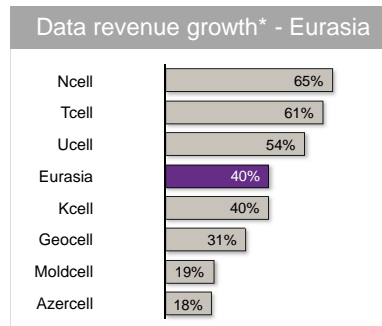
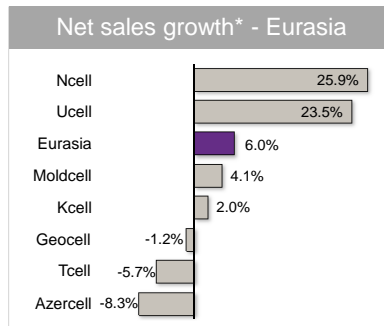
- Low CAPEX in Q1, to be normalized over the year

* Excluding non-recurring items ** Excluding license and spectrum fees

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Data drives growth in Eurasia



- Subscriber additions drive growth in Nepal, higher ARPU supports in Uzbekistan
- Increased price competition in Azerbaijan following introduction of number portability
- Strong data revenue growth
- Data share of revenues increased from 11 to 15 percent y-o-y

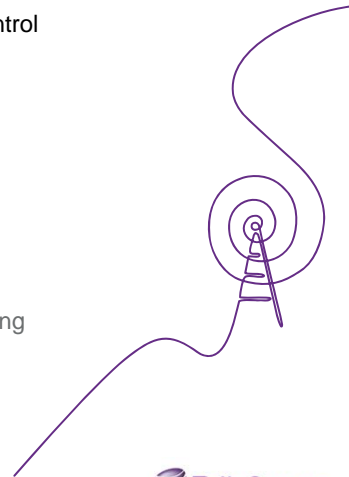
* In local currencies and excl. acquisitions and disposals

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Focus on corporate governance and sustainability

- The Board's review of past transactions in Eurasia finalized in the quarter
- Several measures implemented to transform control systems and improve corporate governance
- Further attention to our sustainability agenda
 - Roll-out of our code of ethics and conduct training, focus on anti-corruption
 - Sponsorship and donation policy adopted
 - Several actions taken within the freedom of expression and privacy field
 - Sustainability officers appointed in all operating companies



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Our core remains key in our strategy ahead



- New operating model will support strategic agenda
- Strengthen and develop core operations in the Nordics and Baltics
- Take Eurasia to the next level by monetizing on data
- Examine opportunities in closely related adjacent industries
- Secure a prudent but pragmatic M&A approach - mainly targeting consolidation opportunities in current markets



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Full year 2014 outlook reiterated

	Outlook 2014	Q1 2014
Net sales growth*	➔ Around 2013 level (0%)	-1.8%
EBITDA margin**	➔ Around 2013 level (35%)	34.8%
CAPEX-to-sales ratio***	➔ Around 15%	10.8%



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

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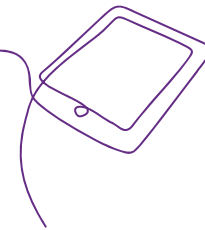
Interim Report January-March, 2014

Christian Luiga
CFO



Summary first quarter 2014

- Net sales SEK 23,972 million (24,582)
 - Decline of 1.8 percent in local currency, excluding acquisitions and disposals
- EBITDA* SEK 8,345 million (8,509)
 - Unchanged in local currency, excluding acquisitions and disposals
- EBITDA margin* 34.8 percent (34.6)
- Earnings per share SEK 0.91 (0.95)
- Free cash flow SEK 2,556 million (2,414)

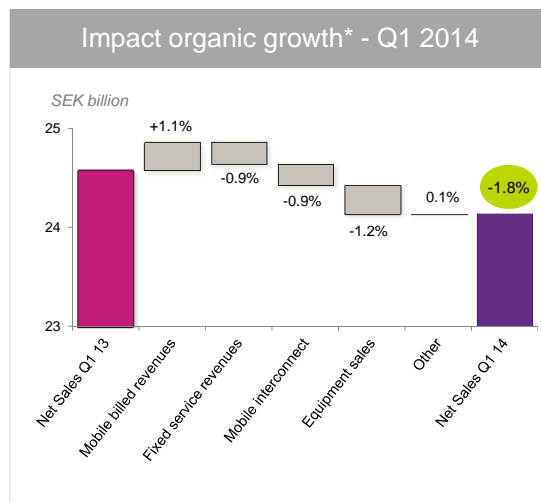


* Excluding non-recurring items

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Organic sales growth impacted by reduced equipment and interconnect revenues



- Stable group service revenues, excluding interconnect and low margin equipment sales

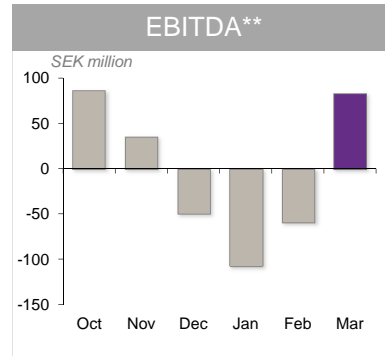
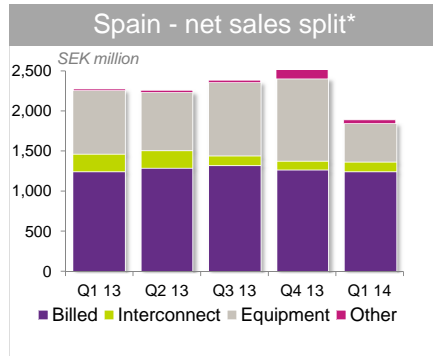


* In local currencies and excl. acquisitions and disposals

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Lower equipment sales in Spain



- Billed revenues in Spain remained flat
- Reported growth impacted by reduced equipment and interconnect revenues

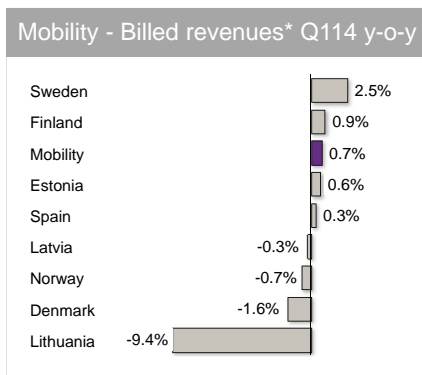
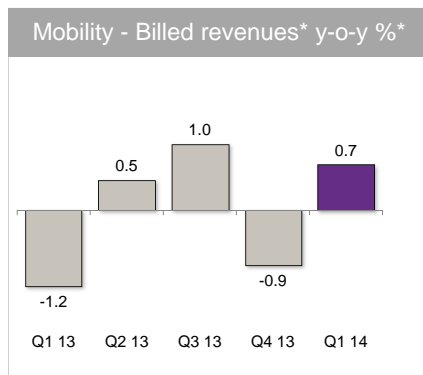
- Profitability in past two quarters impacted by increased cost for subscriber acquisitions

* Stable FX ** Excluding non-recurring items and gains from tower sales

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Improved billed revenue growth in Mobility



- Billed revenues returned to growth

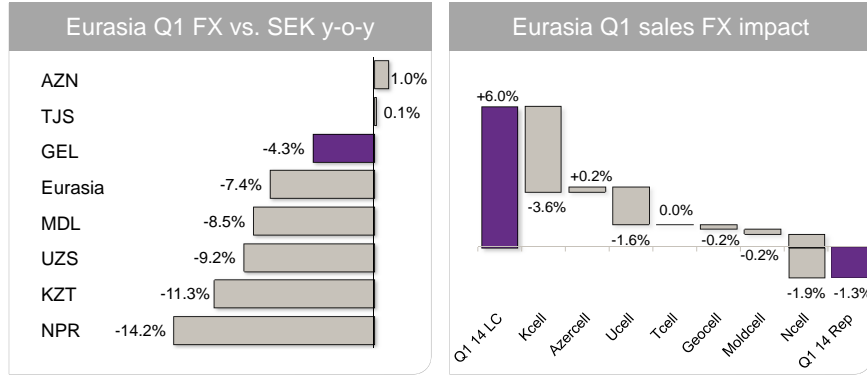
- Improvement led by better trend in Sweden and Finland

*In local currency

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Currency headwind in Eurasia

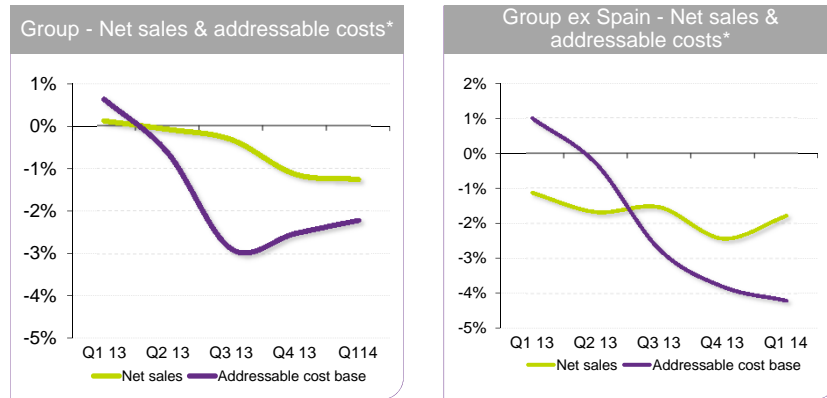


- Approximately 20 percent devaluation of Kazakhstan tenge in February, full impact in Q2
- FX impacted Eurasia's reported sales growth negatively by roughly 7 percent



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Continued balance between sales and cost

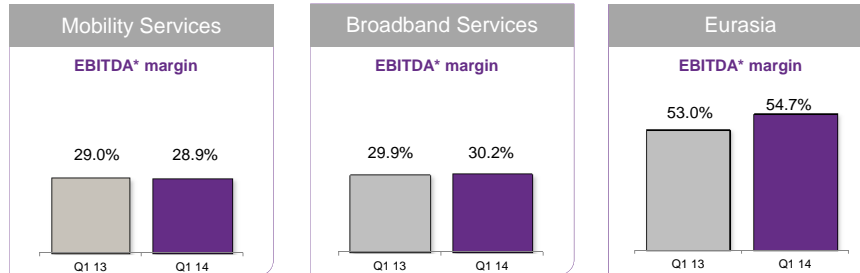


*Rolling 12m, stable fx rates, excluding non-recurring items

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Steady margin trend across the group



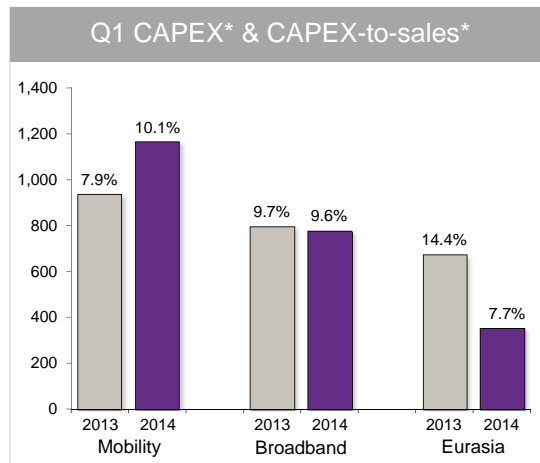
- Higher profitability in five out of eight markets
- OPEX* up 4 percent, but down 3.4 percent excluding Spain
- Higher margins in five out of six units
- OPEX* down almost 8 percent due to lower personnel expenses
- Margin supported by strong performance in Kazakhstan
- OPEX* down 1 percent, mainly due to lower marketing spend

* Excluding non-recurring items

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Investing in improved internet experience



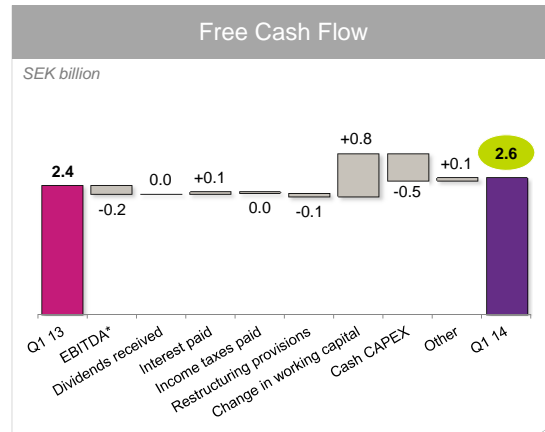
- Strong focus on expanding 4G coverage
- Fiber close to 40 percent of Broadband CAPEX
- Low CAPEX in Eurasia, to normalize over the year

* Excluding spectrum and license fees

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Slightly higher Free Cash Flow



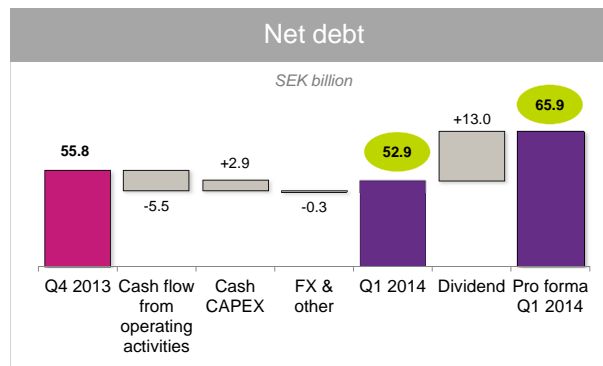
- Positive impact from working capital

* Excluding non-recurring items

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Reduced Net debt

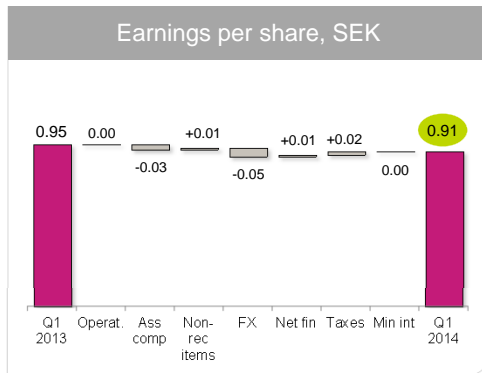


- Gross debt SEK 87.7 billion and Net debt SEK 52.9 billion
- Net debt to EBITDA of 1.49x (1.86x adjusted for dividend paid of SEK 13 billion in April) within the target range of 1.5-2.0x

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EPS impacted mainly by FX



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 Teliasonera

New reporting structure as from second quarter

- Teliasonera's second quarter report is due on July 17
- Financial reporting will be aligned to our new operating model
- Three main reporting regions
 - Sweden
 - Europe
 - Eurasia
- The countries in the regions will be our reporting units



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 Teliasonera

First quarter summary

- Stable organic revenues excluding equipment and interconnect
- Flat EBITDA in local currencies and steady free cash flow
- Profitability in core operations backed by lower cost
- Full year outlook reiterated



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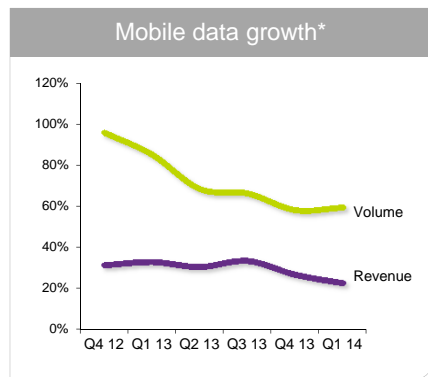
Q&A



Appendix



Maintained focus on capturing mobile data growth



* Mobility Services

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Organic revenue growth Q1 2014

Revenue growth (%) Q1 2014	Reported growth	of which currency	of which acquisitions and disposals	of which organic
Mobility Services	-3.5	1.0	-	-4.5
Broadband Services	-2.3	1.4	-0.9	-2.8
Eurasia	-1.3	-7.3	-	6.0
The Group	-2.5	-0.4	-0.3	-1.8

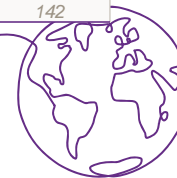


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Statement of cash flows Q1 2014

SEK million	Q1 2014	Q1 2013	Diff
EBITDA excluding non-recurring items	8,345	8,509	-164
Dividends received from ass companies	0	0	0
Interest paid (net)	-1,306	-1,350	44
Income taxes paid	-579	-561	-18
Payment of restructuring provisions	-293	-224	-69
Diff between paid/recorded pensions	-12	58	-70
Changes in working cap and other items	-674	-1,598	924
Cash flow from operating activities	5,480	4,834	646
Cash CAPEX	-2,924	-2,420	-504
Free cash flow	2,556	2,414	142



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Financial key ratios

	Mar 31, 2014	Dec 31, 2013
Return on equity*	15.9%	15.9%
Return on capital employed*	13.9%	13.9%
Equity/assets ratio	39.6%	39.5%
Net debt/equity ratio	53.5%	55.8%
Net debt/EBITDA rate* multiple	1.49	1.57
Net debt/assets ratio	21.2	22.1



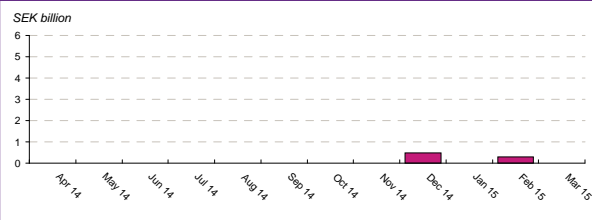
* Rolling 12 months

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Debt maturity schedule

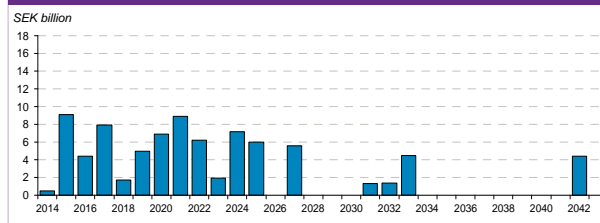
Debt Maturing next 12 months – 2014 and onwards



Debt per Q1 2014

- Gross debt SEK 87.7 bn
- Net debt SEK 52.9 bn
- Net debt/EBITDA 1.49x

Debt Portfolio Maturity Schedule – 2014 and onwards



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Liquidity position TeliaSonera Group

Cash and cash equivalents, less blocked funds approx. SEK 26.4 billion

Committed bank lines	Maturity	Size	Amount undrawn
Syndicated revolving credit facility	Dec 2017	EUR 1 billion	EUR 1 billion



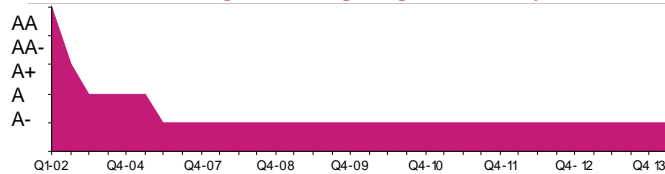
March 31, 2014

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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
- May 4, 2012, Outlook changed from Negative to Stable
- May 7, 2013, rating confirmed, **Outlook Stable**

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

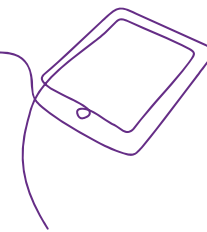
- February 5, 2003, lowered long-term debt rating to A
- October 28, 2005, lowered long-term debt rating to **A-** and short-term debt rating to **A-2**
- January 28, 2013, ratings confirmed Outlook: Stable
- January 27, 2014, ratings confirmed **Outlook Stable**

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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% 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 Teliasonera.



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