Interim Report January-June, 2014

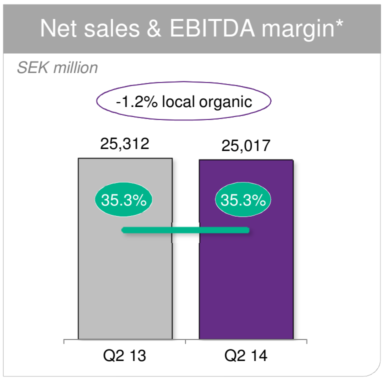
Johan Dennelind
President and CEO

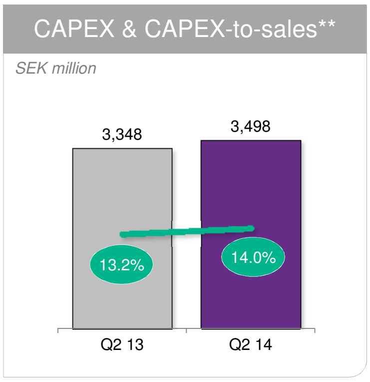
TeliaSonera

All regions contribute to stable margin

- Group service revenues flat - net sales negatively impacted by Spain
- Underlying EBITDA maintained in local currencies and Group margin steady
- Continued growth in Nordic Consumer operations - Enterprise segment remains challenging
- Improved growth and margin development in Eurasia
- Continued upgrade of corporate governance
- Strategy further outlined and new operating model implemented - acquisition of Tele2 Norway

Steady group development





- Two-thirds of organic net sales decline related to lower equipment sales, mainly in Spain
- EBITDA* SEK 8,836 million – flat in local currencies
- Continued investments to improve customers' internet experience

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

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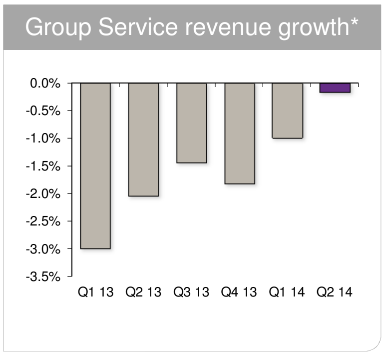
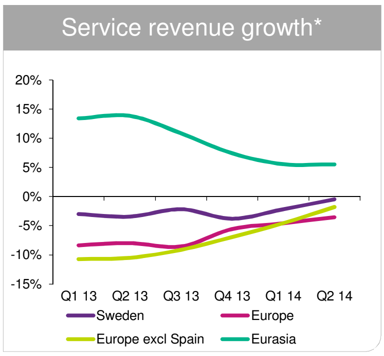
3

Improving service revenue trend





- Service revenue trend supported by easing pressure in fixed, helped by fiber roll-out
- All regions contribute to better service revenue development in the quarter

** In local currencies*

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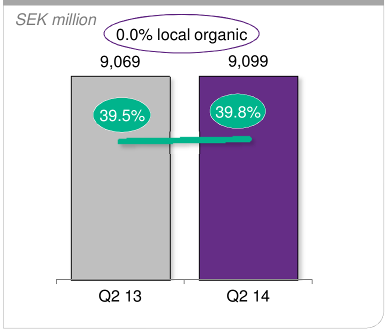
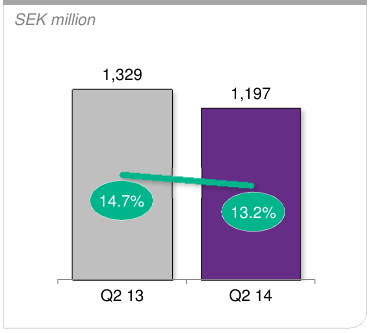
4

Solid absolute performance in Sweden

Net sales & EBITDA margin*



CAPEX & CAPEX-to-sales**



- B2C supports service revenue growth in both mobile and fixed - pressure in B2B
- Margin supported by cost savings

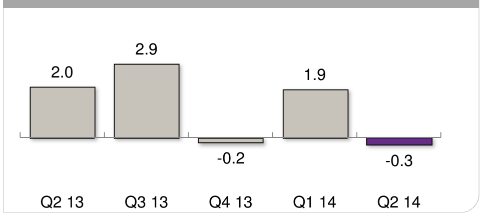
- CAPEX focused on 4G and fiber - 4G coverage currently 92 percent of population
- Investments around SEK 5 billion annually 2013-15

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

5

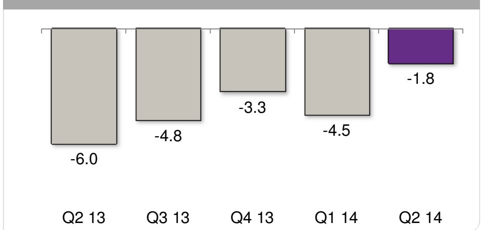
Positive growth in Swedish B2C, weak in B2B

Sweden – Mobile billed revenue growth y-o-y %



- Further pressure within B2B
- Continued positive effect in B2C from new price models - migration to higher buckets

Sweden - Fixed service revenue growth y-o-y %

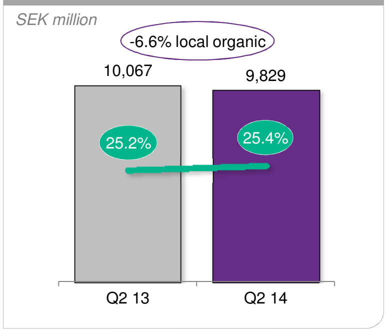


- Positive growth in B2C, backed by price adjustments and growth in broadband and TV
- Higher momentum in fiber roll-out supports revenue development
- B2B affected by lower fixed voice revenues

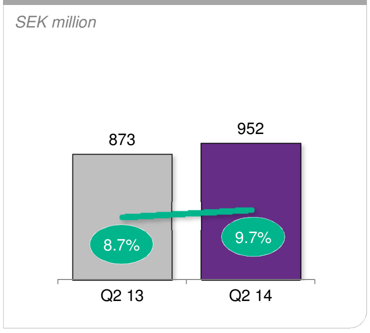
6

Stable margin in region Europe

Net sales & EBITDA margin*



CAPEX & CAPEX-to-sales**



- Net sales growth mainly impacted by lower equipment sales in Spain
- Slightly positive margin development, supported by Spain and Latvia

- Continued expansion of 4G networks across the region

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

7

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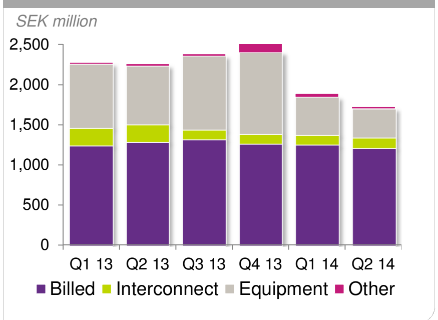
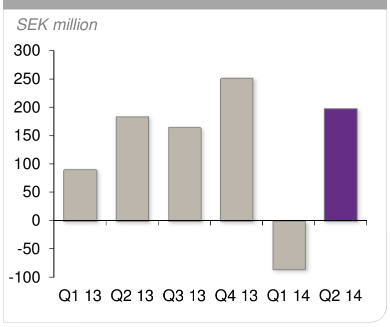
Slow sales trend but higher profitability in Spain

Spain - net sales split*



EBITDA**



- Net sales impacted by almost 50 percent decline in equipment sales
- Billed revenues decreased by 5.8 percent in local currency

- Lower subscriber acquisition costs lifts EBITDA

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

8

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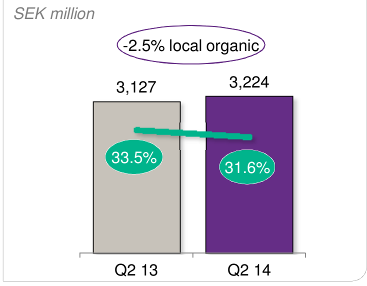
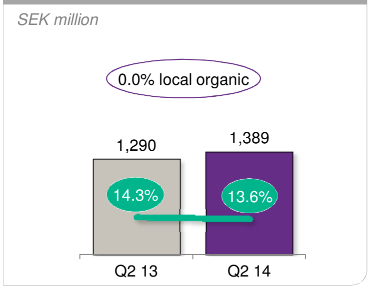
Consumer trend supporting Finland and Denmark

Finland – Net sales & EBITDA margin*



Denmark – Net sales & EBITDA margin*



- Billed revenue growth in B2C mobile remains positive
- Positive underlying margin trend - EBITDA Q2 2013 boosted by SEK +127 million one-off

- Positive growth in B2C mobile billed revenues despite intensified price pressure
- Mobile subscription base increased 5 percent year-over-year, supported by lower churn

** Excluding non-recurring items*

9

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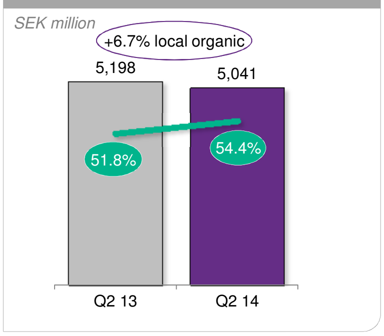
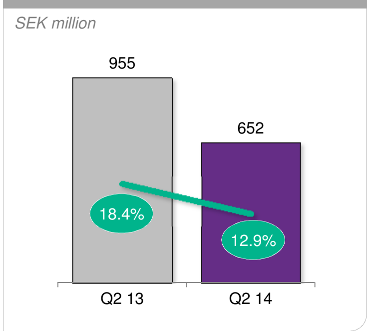
Improved growth in Eurasia

Net sales & EBITDA margin*



CAPEX & CAPEX-to-sales**



- Margin supported by strong development in Kazakhstan and Nepal

- CAPEX low in the quarter but is expected to normalize in the second half of the year

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

10

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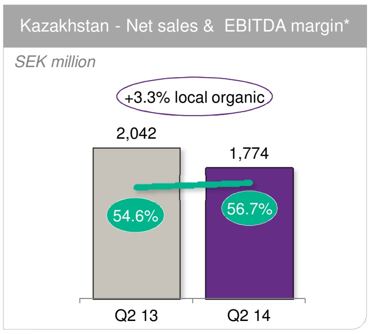
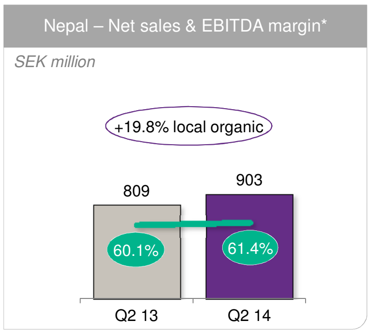
Solid development in Kazakhstan and Nepal





- Data revenue growth above 40 percent - launch of iPhone supports organic sales growth by around 2 percentage points
- Reported sales impacted by currency devaluation in February
- Profitability supported by cost control

- Continued good growth with EBITDA margin above 60 percent
- Accelerated subscriber intake with 628,000 new subscriptions in the quarter, total base 11.8 million

** Excluding non-recurring items*

11

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Continued actions within corporate governance and sustainability

- New management and increased focus in Eurasia leading to improved control
- Anti-corruption risk assessment completed in region Eurasia and initiated in region Europe and International Carrier
- Continued roll-out of anti-corruption awareness and training
- Dialogue with key stakeholders on Freedom of Expression continued

12

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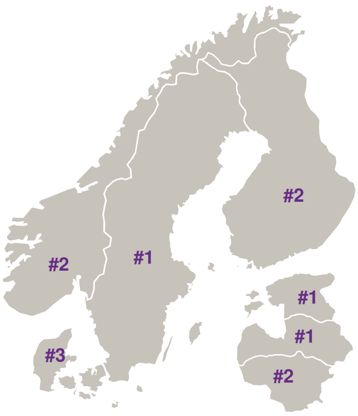
Acquisition of Tele2 Norway

- Transaction in line with strategic ambition to strengthen and develop core operations
  - ✓ Improves TeliaSonera's #2 mobile position in Norway
  - ✓ Reinforces overall customer offering
  - ✓ Generates significant synergies of at least SEK 800 million annually – supports transaction enterprise value of SEK 5.1 billion
- Expected closing at the latest in the first quarter of 2015 – pending regulatory approval

TeliaSonera – Mobile market positions



13

Updated 2014 outlook

		Outlook 2014	H1 2014
Net sales*	→	Slightly below 2013 level	*-1.5%*
EBITDA margin**	→	Around 2013 level *(35%)*	*35.1%*
CAPEX-to-sales ratio***	→	Around 15%	*12.4%*

- Revenue outlook revised from previously "around 2013 level" due to lower equipment sales
- EBITDA margin and CAPEX guidance unchanged

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

14

Interim Report January-June, 2014

Christian Luiga
Senior Vice President and CFO

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Stable first half 2014 despite top-line pressure

	Jan-Jun 2014	Jan-Jun 2013	*Change (%)*
Net sales *(SEK million)*	48,990	49,894	*-1.8*
Change local organic (%)	*-1.5*		
EBITDA* *(SEK million)*	17,181	17,437	*-1.5*
Change local organic (%)	*+0.2*		
EBITDA* Margin *(%)*	35.1	34.9	*+0.02*
EPS *(SEK)*	1.73	1.88	*-8.0*
Free cash flow *(SEK million)*	5,025	6,876	*-26.9*

** Excluding non-recurring items*

16

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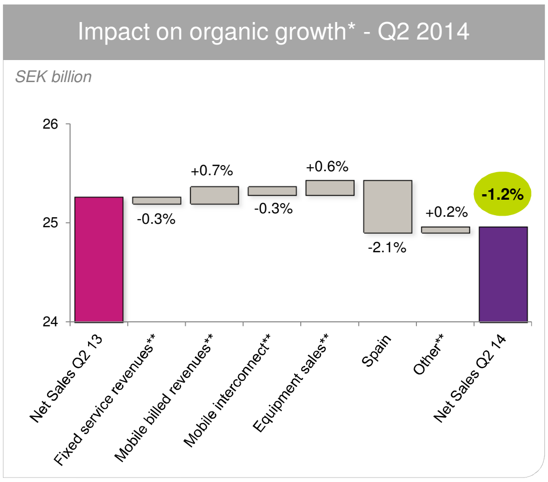
Flat service revenues in core operations



- Main part of Spanish revenue impact related to reduced equipment sales and interconnect
- Service revenues continues to develop positively

* In local currencies and excl. acquisitions and disposals ** Excluding Spain

17

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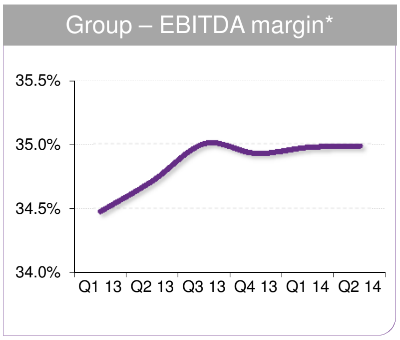
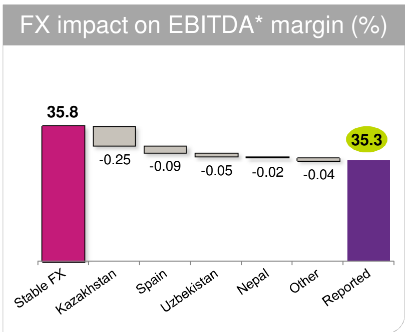
Stable margin despite negative FX effects





Margin supported by:

- Continued cost savings
- Strong development in Eurasia
- Lower equipment sales

- FX changes have negative impact on group margin

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

18

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Margin improvement in all regions

Q2 2014	Sweden	Europe	Eurasia
Net sales, *change y-o-y local organic (%)*	0.0	-6.6	+6.7
OPEX, *change y-o-y local organic (%)*	-2.7	-3.5	+6.4
EBITDA* Margin, *change y-o-y (p.p.)*	+0.3	+0.2	+2.6
EBITDA*, *change y-o-y local organic (%)*	+0.8	-7.2	*+12.3*

- All regions contribute to improved Group margin
- Continued balance between sales and cost
- Lower personnel expenditures and marketing costs

** Excluding non-recurring items*

19

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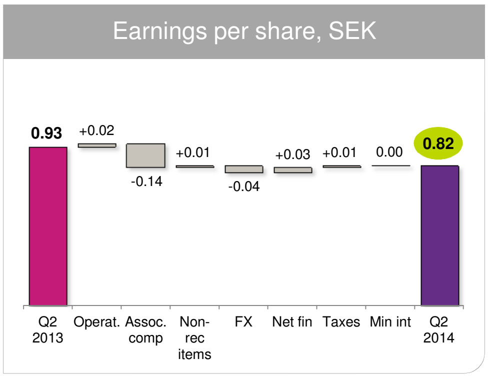
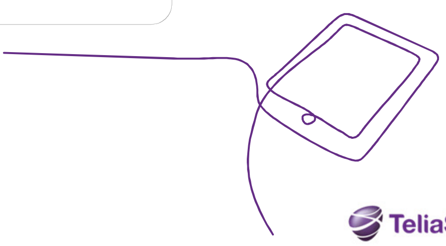
EPS impacted by associated companies



- Turkcell's and MegaFon's results impacted by currency losses
- Non-recurring items include write-down in Eurasia, operational asset assessment ongoing



20

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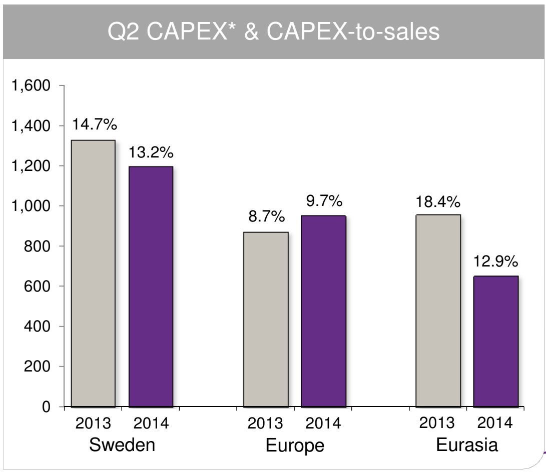
Investing in improved internet experience



- Strong focus on expanding 4G coverage and expanding fiber networks
- Low CAPEX in Eurasia, to normalize over the year

* *Excluding license and spectrum fees*

21

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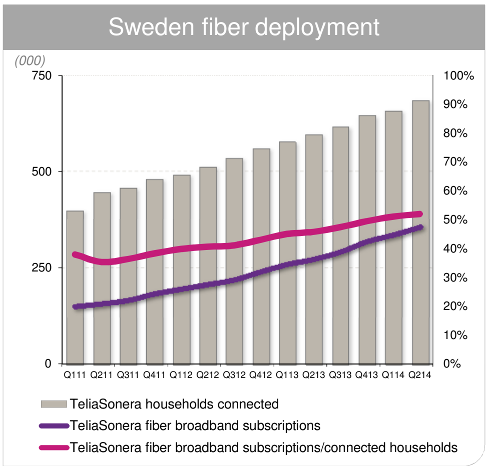
Increasing demand for fiber services in Sweden



- The ratio of active subscriptions to connected households is increasing
- Around 570,000 MDUs and 115,000 SDUs connected
- Still only around 25 percent of the SDU market penetrated
- Improved position in the communication operator area following the acquisition of Zitius

22

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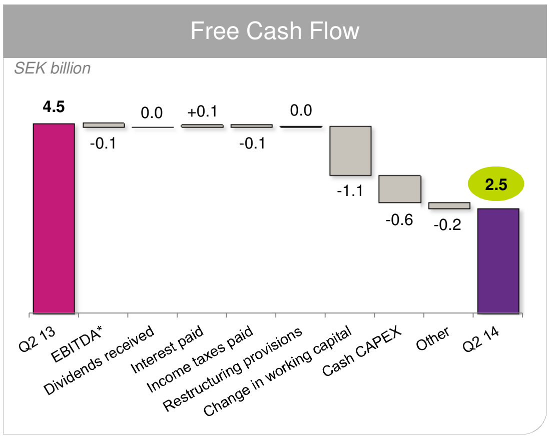
Free Cash Flow affected by working capital

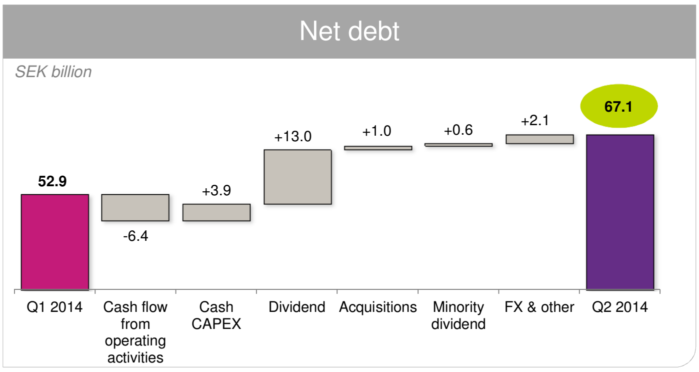


- Negative impact from working capital
- Higher cash CAPEX

* Excluding non-recurring items

23

Dividend payment explains net debt increase



- FX & other mainly related to currency impact on Euro denominated debt
- MegaFon dividend of close to SEK 2 billion and payment from AF Telecom of close to SEK 2 billion expected in the third quarter
- Net debt/EBITDA 1.90x

24

Summary

- Flat service revenues in local currencies – net sales growth impacted by lower equipment revenues, mainly in Spain
- Positive consumer Nordic - challenging in enterprise
- Eurasia improved performance and strong governance focus
- Underlying EBITDA unchanged in local currencies and group margin steady – good balance sales and cost development
- All regions contribute to stable group margin
- Full year revenue outlook adjusted for lower equipment sales – margin and CAPEX guidance unchanged

25

Welcome to
TeliaSonera's Capital Market Day
2014

September 30, in Stockholm

26

Q&A

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Organic revenue growth Q2 2014

Revenue growth (%) Q2 2014	**Reported growth**	*of which currency*	*of which acquisitions and disposals*	*of which organic*
Region Sweden	**+0.3**	-	*+0.3*	*0.0*
Region Europe	**-2.4**	*+4.0*	*+0.2*	*-6.6*
Region Eurasia	**-3.0**	*-9.7*	-	*+6.7*
The Group	**-1.2**	*-0.2*	*+0.2*	*-1.2*

28

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Statement of cash flows Q2 2014

SEK million	Q2 2014	Q2 2013	*Diff*
EBITDA excluding non-recurring items	**8,836**	**8,928**	*-92*
Dividends received from associates	133	126	*7*
Interest paid (net)	-147	-200	*53*
Income taxes paid	-1,104	-1,046	*-58*
Payment of restructuring provisions	-231	-251	*20*
Diff between paid/recorded pensions	-509	-379	*-130*
Changes in working cap and other items	-559	593	*-1,152*
Cash flow from operating activities	**6,418**	**7,771**	*-1,353*
Cash CAPEX	-3,949	-3,309	*-640*
Free cash flow	**2,469**	**4,462**	*-1,993*

29

Financial key ratios

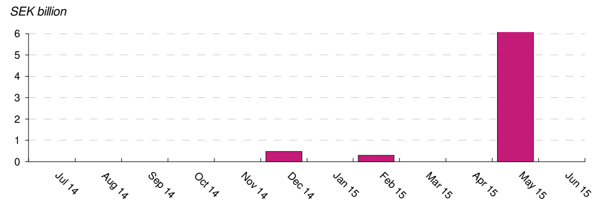
	Jun 30, 2014	Dec 31, 2013
Return on equity*	15.9	15.9
Return on capital employed*	15.1	13.9
Equity/assets ratio	41.0	39.5
Net debt/equity ratio	66.1	55.8
Net debt/EBITDA rate* multiple	1.90	1.57
Net debt/assets ratio	27.1	22.1

** Rolling 12 months*

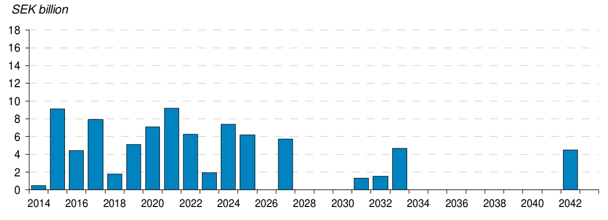
30

Debt maturity schedule

Debt Maturing next 12 months – 2014 and onwards



Debt Portfolio Maturity Schedule – 2014 and onwards



Debt per Q2 2014

- Gross debt SEK 91.2 bn
- Net debt SEK 67.1 bn
- Net debt/EBITDA 1.90

31

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Liquidity position TeliaSonera Group

Cash and cash equivalents, less blocked funds approx. SEK 15.1 billion

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

June 30, 2014

32

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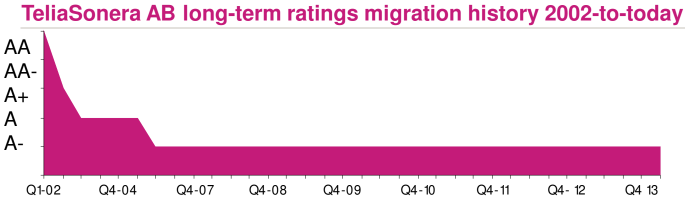
TeliaSonera AB credit ratings (A3/A-)



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
- 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**

33

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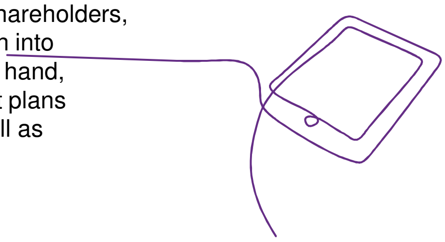
Dividend policy

- 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



34

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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.

35

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