

Year-end Report January – December 2014

Johan Dannelind
President & CEO

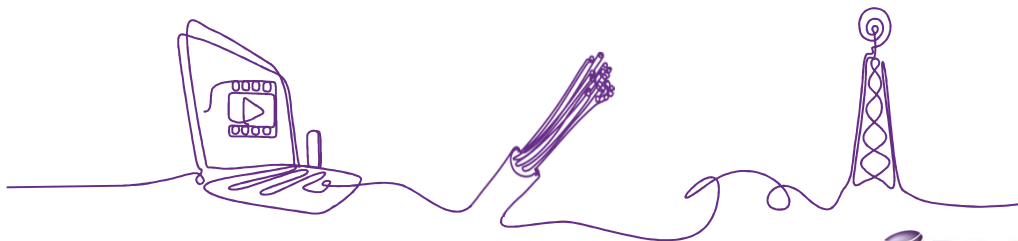


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4G population coverage now exceeds 99 percent in Sweden

4G traffic now surpasses 3G traffic in Sweden

4 new villas per hour connected to Telia's Swedish fiber network in 2014



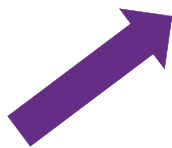
2014 – Foundation laid out, execution started

- Country-based operating model implemented
- Updated strategy in place with “Winning 2018” framework
- Commitments made to Invest-to-Save and Invest-to-Grow
- Strengthened governance – operational assessment in Eurasia
- Active in Nordic M&A



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Fourth quarter high- and lowlights



- Improved growth in Swedish mobile service revenues
- Good execution of fiber and 4G network roll-outs
- Continued strong performance in Nepal

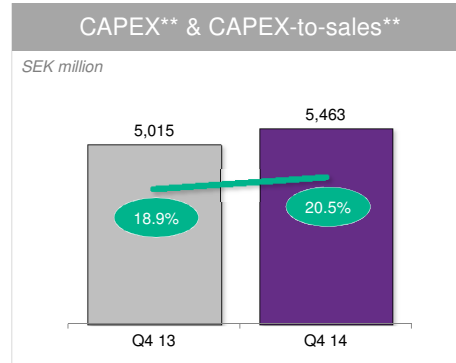
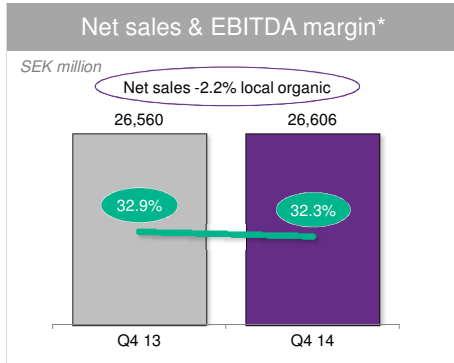


- Weaker profitability in Finland
- Pressure on service revenues in Kazakhstan and Azerbaijan
- Results impacted by write-downs



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Slightly lower group net sales and EBITDA in Q4



- Sales growth impacted by slower service revenue development in Spain and Eurasia
- EBITDA* decreased 3.5 percent

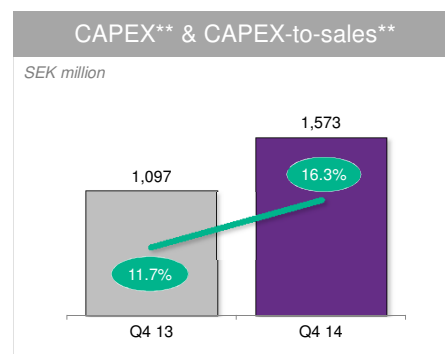
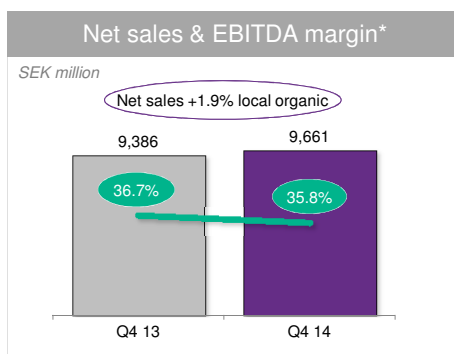
- Continued investments to support data growth

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



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Steady performance in Sweden...



- Sales supported by higher equipment revenues
- EBITDA* flat compared to same period last year

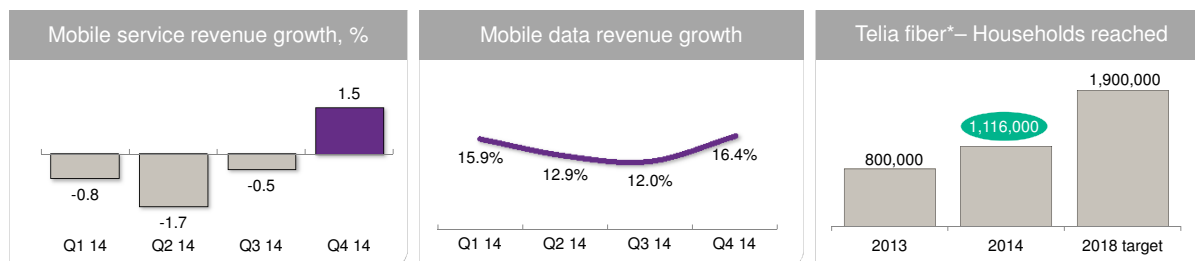
- Continued expansion of mobile and fiber networks

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



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...supported by higher mobile service revenues



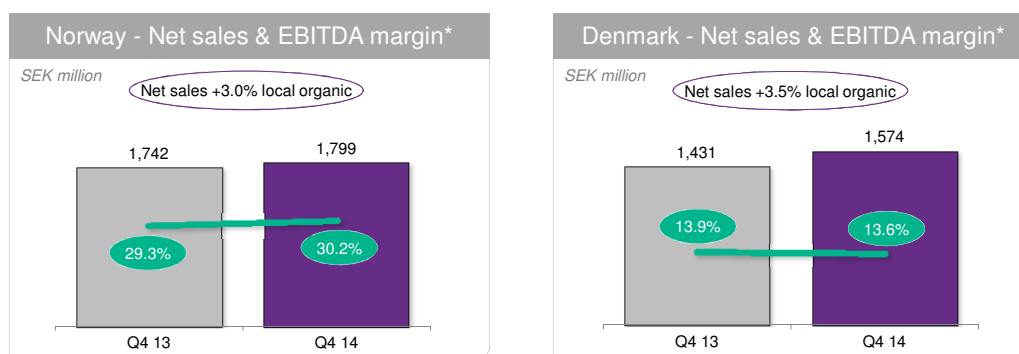
- Growth supported by improved performance in consumer segment
- 4G coverage now exceeds 99 percent of population
- 4G traffic now exceeds 3G in our network
- Further revenue contribution from data top-ups
- More than 36,000 new villas connected in 2014
- The acquisition of Zitius during the year added 180,000 households reached

* Including communications operator

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Stable development in Norway and Denmark...



- Service revenues stabilized in Q4, supported by higher roaming revenues
- Margin improved slightly due to lower sales-related costs as a result of more sales in own channels
- Flat service revenues as a higher subscriber base offset an ARPU decline
- Stable profitability

* Excluding non-recurring items

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...to be further strengthened by recent M&A activities

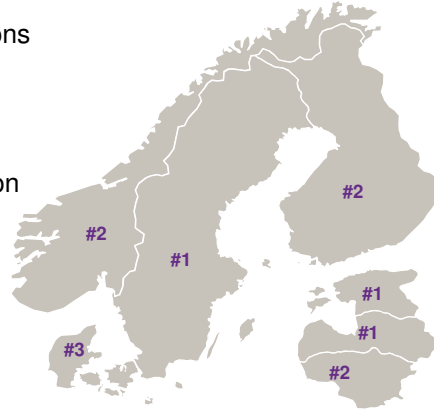
Denmark

- TeliaSonera and Telenor to merge Danish operations in a 50/50 owned joint venture
- Creating a robust mobile challenger with major synergy potential
- Subject to approval from the European Commission - expected closing in 2015

Norway

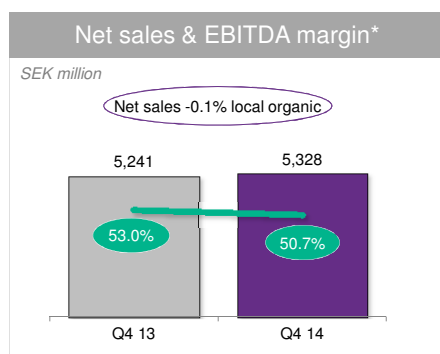
- Regulatory approval of Tele2 Norway acquisition in final stage
- Outcome expected on February 5 at the latest

TeliaSonera – Mobile market positions

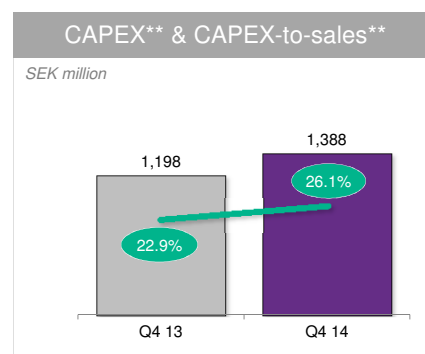


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Slowdown in Eurasia...



- Organic sales growth turned negative in the quarter due to weaker service revenues
- Still high margin, albeit lower than last year



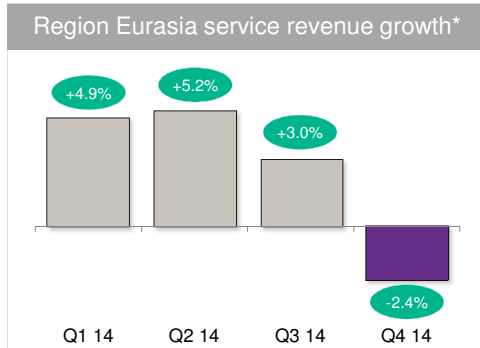
- Continued network expansion to support increasing data demand

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

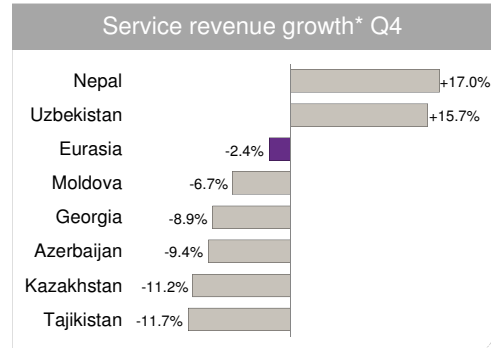
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...with a more challenging macro picture



- Service revenue growth impacted by slower performance in some of the major markets



- Continued strong performance in Nepal and Uzbekistan
- Price erosion in Kazakhstan and Azerbaijan

* In local currencies, excluding acquisitions and disposals

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Governance and sustainability actions in 2014

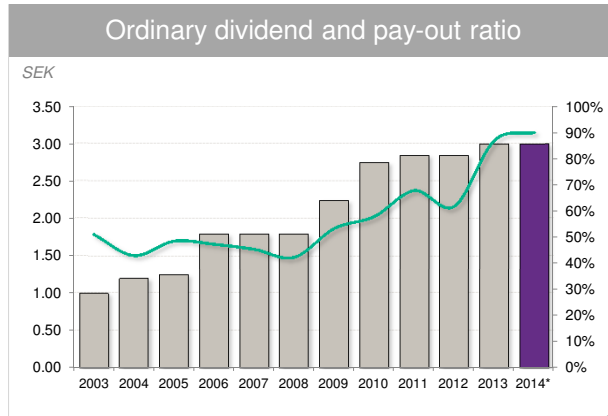
- Focus on control systems and corporate governance
- Compliance framework introduced - risk assessment conducted
- Development and update of governing documents
- roll-out of training and awareness activities
- Implementation of Speak-Up Line - Special Investigation office established
- First transparency report published in August
- Global network established within Anti-corruption, Privacy and Occupational Health and Safety



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Maintained dividend proposed



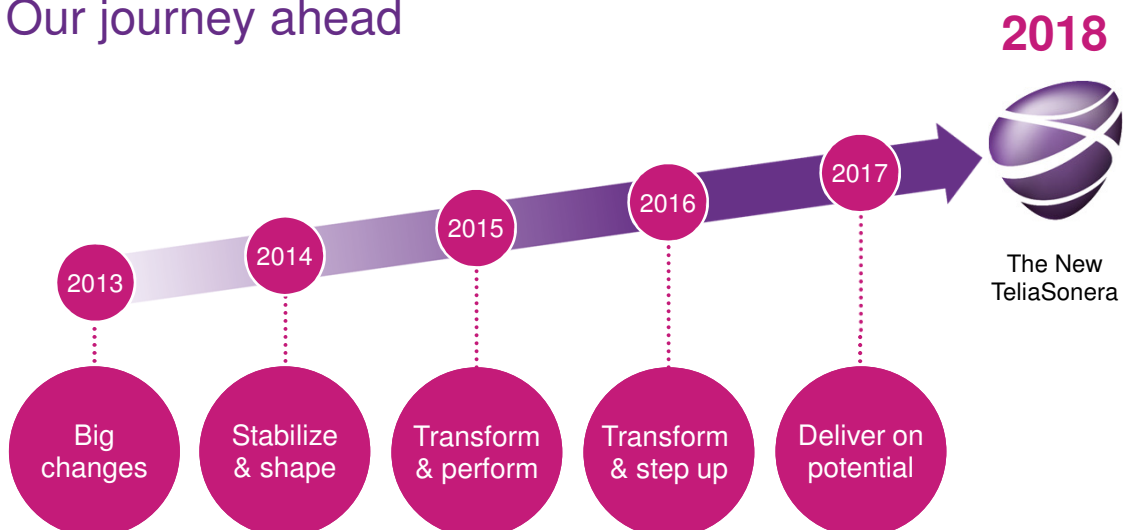
- The board proposes dividend of SEK 3.00 per share for 2014
- Proposed level correspond to a dividend yield of almost 6 percent

* Proposed dividend for fiscal year 2014 by the Board of Directors For 2005, 2006 and 2007, EO dividends per share of SEK 2.25, SEK 4.50 and SEK 2.20 were paid. In April, 2011 a share buyback of SEK 10 billion was completed

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Our journey ahead

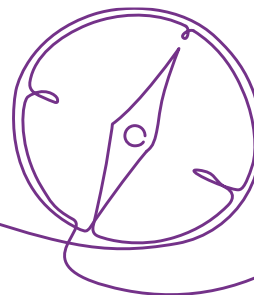


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Outlook 2015

- EBITDA* - Around 2014 level
- CAPEX** - Around SEK 17 billion
- Dividend - Target at least SEK 3 per share



* Excluding non-recurring items, in local currencies, excluding acquisitions and disposals
** Excluding license and spectrum fees, currency fluctuations may impact the reported number in Swedish krona

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Year-end Report January – December 2014

Christian Luiga

Senior Vice President and CFO



Flat margin in full year 2014

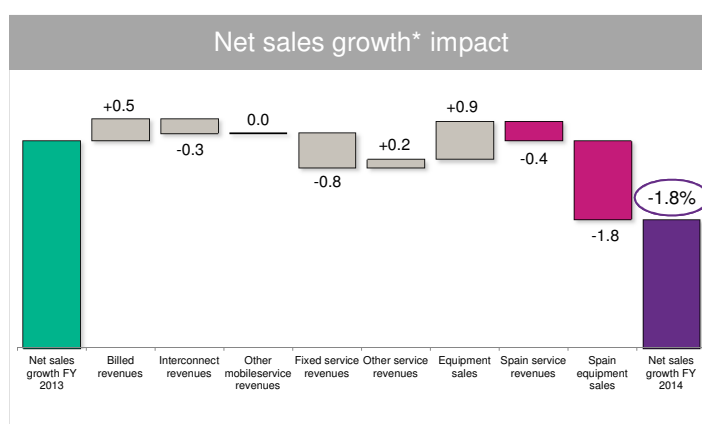
	Jan-Dec 2014	Jan-Dec 2013	Change (%)
Net sales (SEK million)	101,060	101,870	-0.8
Change local organic (%)	-1.8		
EBITDA* (SEK million)	35,223	35,583	-1.0
Change local organic (%)	-1.0		
EBITDA* Margin (%)	34.9	34.9	
CAPEX-to-sales (%)	15.2	14.3	

* Excluding non-recurring items



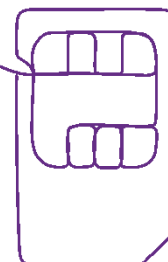
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Sales impacted by lower revenues in Spain...



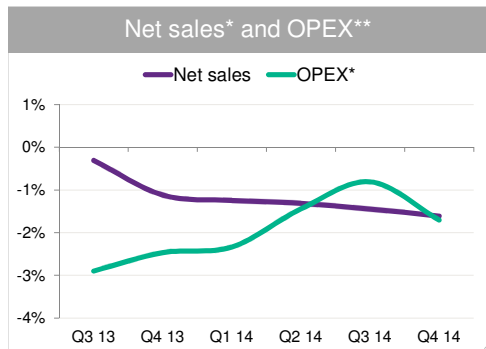
- Spanish drop largely related to reduced equipment sales
- Group service revenues decreased 1.0 percent*

* In local currencies, excluding acquisitions and disposals

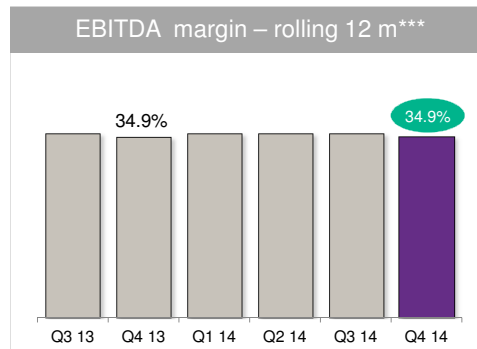


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...but lower OPEX supported margin



- Reduced OPEX in Sweden and Europe while costs in Eurasia increased



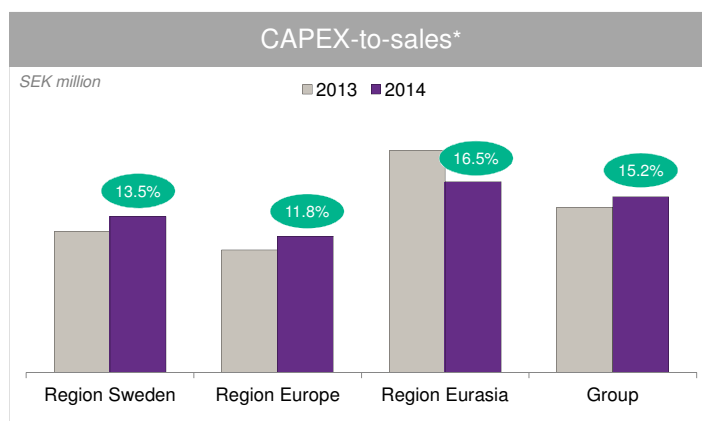
- EBITDA margin maintained at last year's level

* Stable fx-rates, rolling 12 months ** Excluding non-recurring items & stable fx-rates, rolling 12 months *** Excluding non-recurring items

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Higher CAPEX related to fiber and 4G....



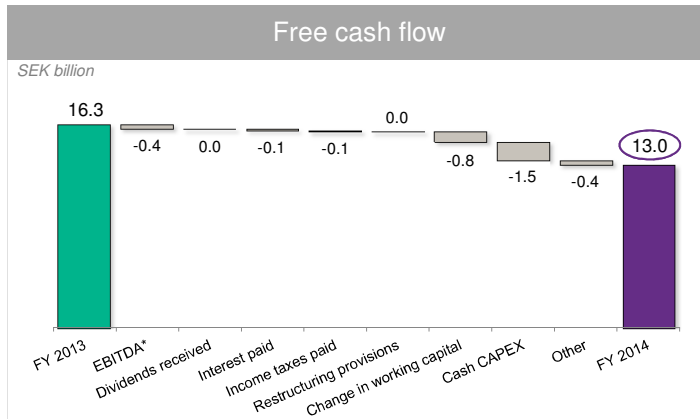
- Majority of investments in Sweden related to fiber and 4G
- Higher CAPEX in Europe mainly explained by 4G roll-out in the Nordic region
- Almost 90 percent of CAPEX in Eurasia dedicated to coverage and capacity

* Excluding license and spectrum fees

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...affecting cash flow generation

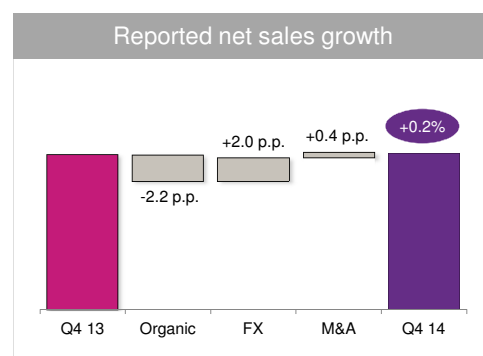
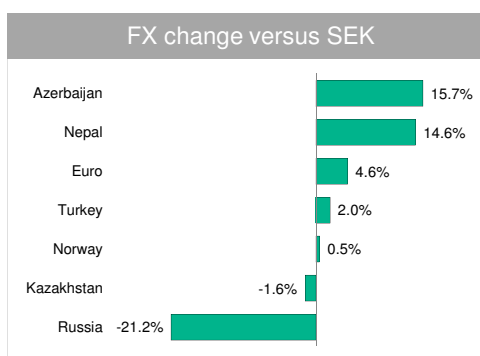


- Higher cash CAPEX in 2014
- Change in working capital mainly due to impact in Spain and Kazakhstan

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Major currency fluctuations in the fourth quarter



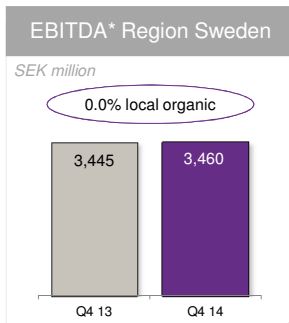
- Swedish krona weakened against the majority of key currencies y-o-y, with the Russian ruble as main exception
- Teliasonera's associates in Russia and Turkey are reported with one quarter lag

- Currencies boosted reported sales by around 2 percent in the fourth quarter

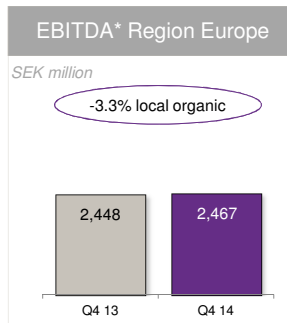
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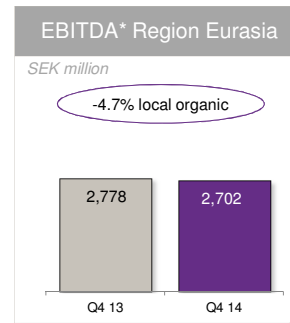
Mixed regional earnings performance in Q4



- EBITDA maintained at last year's level, supported by stable service revenues



- Profitability impacted by somewhat higher costs in Finland



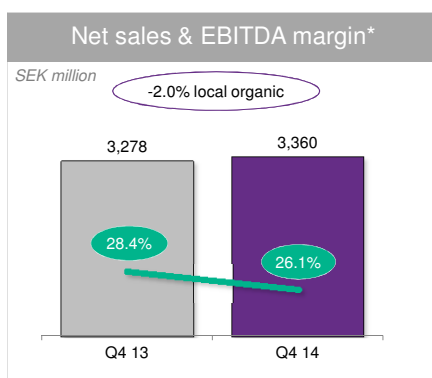
- Profitability mainly impacted by reduced service revenues in Kazakhstan and Azerbaijan

* Excluding non-recurring items

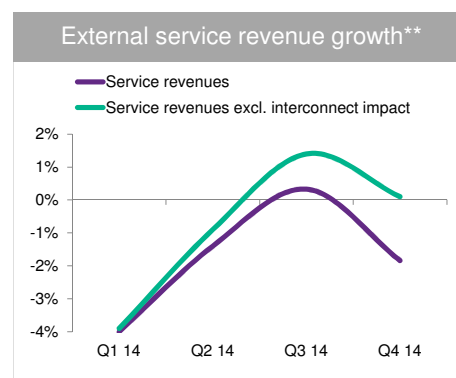
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Some margin pressure in Finland



- Profitability impacted by higher costs, partly related to customer operations



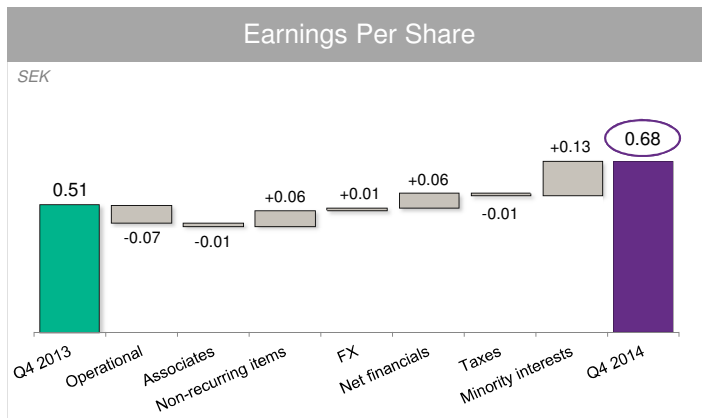
- Service revenues stable excluding interconnect impact

* Excluding non-recurring items **In local currency

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EPS impacted by non-recurring items in Q4

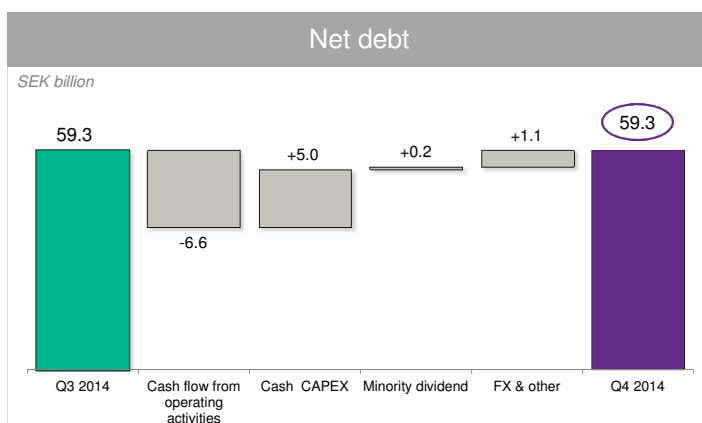


- Write-downs and other non-recurring items impacted EPS by SEK -0.52 in Q4 2014 vs. SEK -0.58 in Q4 2013
- Minority interest affected by non-recurring items in Eurasia

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Unchanged net debt in the fourth quarter



- Net debt/EBITDA 1.68x
- SEK 4 billion bond issued in November – a 5 year deal at 1.185 percent

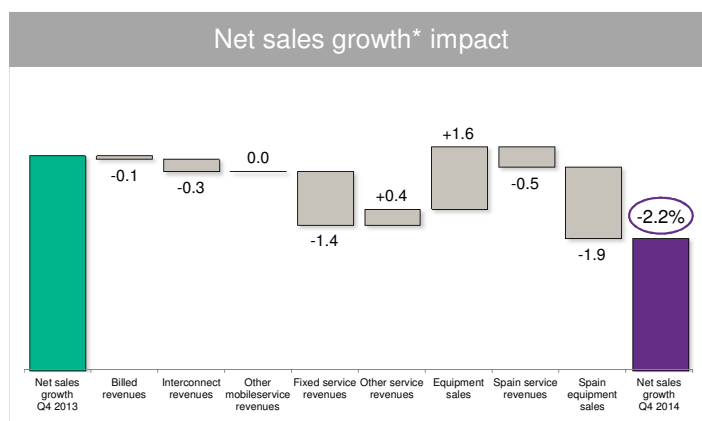
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Q&A



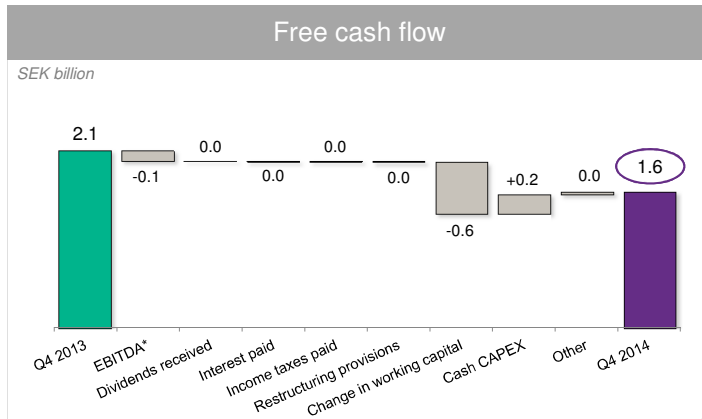
Net sales growth fourth quarter



* In local currencies, excluding acquisitions and disposals



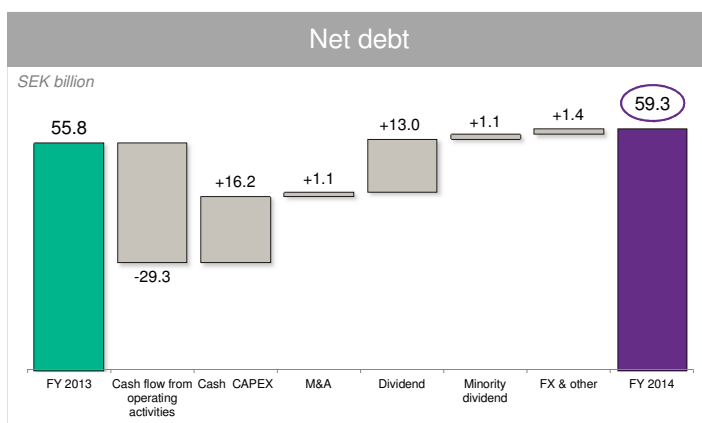
Free cash flow fourth quarter



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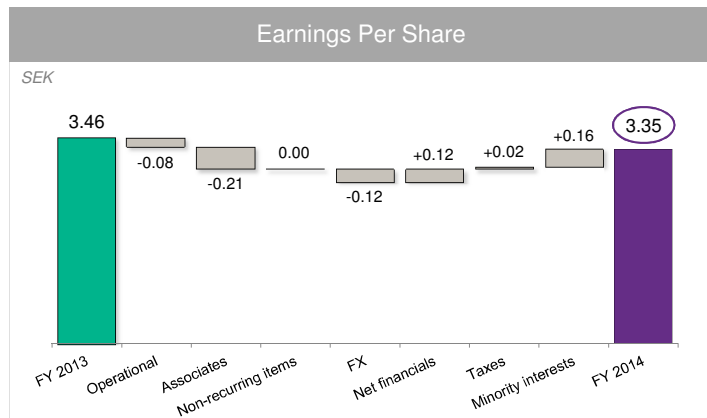
Net debt development full year 2014



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EPS bridge full year 2014



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Net sales growth fourth quarter 2014

Net sales growth (%) Q4 2014	Reported growth	of which currency	of which acquisitions and disposals	of which organic
Region Sweden	+2.9	-	+1.0	+1.9
Region Europe	-4.2	+3.7	+0.1	-8.0
Region Eurasia	+1.7	+1.8	0.0	-0.1
The Group	+0.2	+2.0	+0.4	-2.2

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Financial key ratios

	Dec 31, 2014	Dec 31, 2013
Return on equity*	15.0	15.9
Return on capital employed*	12.2	13.5**
Equity/assets ratio	38.0	39.5
Net debt/equity ratio	57.4	55.8**
Net debt/EBITDA*** ratio	1.68	1.57**
Net debt/assets ratio	21.8	22.1**



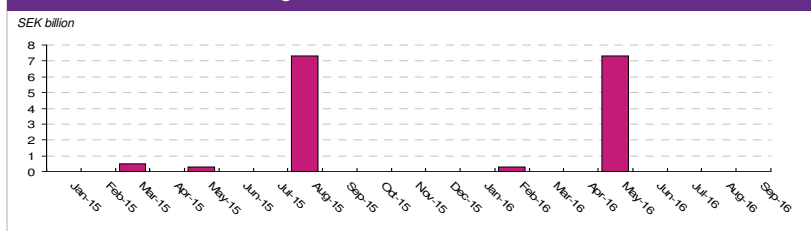
* Rolling 12 months ** Changed definitions as of the fourth quarter of 2014 and historical data have been restated
 *** Rolling 12 months, excluding non-recurring items

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Debt maturity schedule

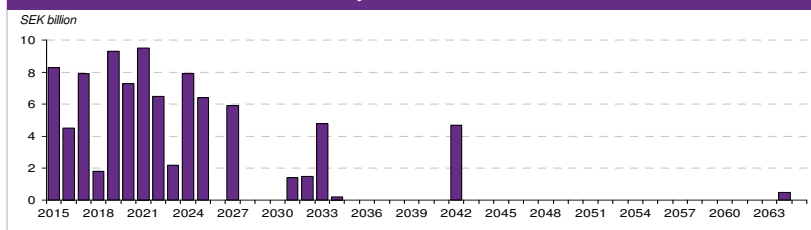
Debt Maturing next 12 months – 2015 and onwards



Debt per Q4 2014

- Gross debt SEK 101.4 bn
- Net debt SEK 59.3 bn
- Net debt/EBITDA 1.68

Debt Portfolio Maturity Schedule – 2015 and onwards

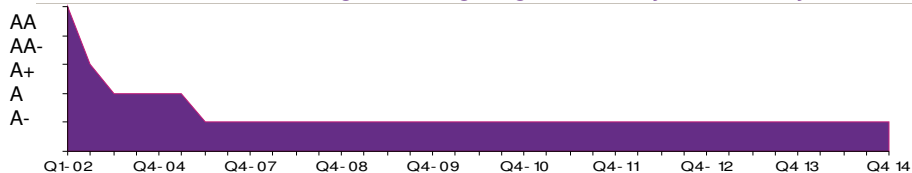


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TeliaSonera AB credit ratings (A3/A-)

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
- Oct 22, 2014, Outlook changed from Stable to **Negative**

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

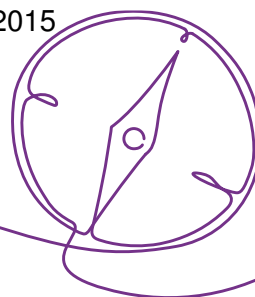
- February 5, 2003, lowered long-term debt rating to A
- October 28, 2005, lowered long-term debt rating to **A-** and short-term debt rating to **A-2**
- January 28, 2013, rating confirmed Outlook: Stable
- January 27, 2014, rating confirmed Outlook: Stable
- January 23, 2015, rating confirmed Outlook: **Stable**

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Dividend policy

- The company shall target a solid investment grade long-term credit rating (A- to BBB+)
- Teliasonera shall target to distribute an annual dividend of at least SEK 3 per share for the fiscal years 2014 and 2015



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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.