

TeliaSonera January-March 2009

Strong cash generation and record-high first quarter EBITDA

- Net sales increased 11.5 percent to SEK 27,204 million (24,398). Organic growth in local currencies was 0.6 percent.
- EBITDA, excluding non-recurring items, increased 13.7 percent to SEK 8,821 million (7,755) and the margin to 32.4 percent (31.8).
- Operating income, excluding non-recurring items, increased 10.8 percent to SEK 7,477 million (6,750).
- Net income attributable to owners of the parent company was SEK 4,440 million (4,465) and earnings per share SEK 0.99 (0.99).
- Free cash flow rose to SEK 4,282 million (1,110).
- During the quarter the number of subscriptions grew by more than 2.2 million, whereof 0.9 million new subscriptions in the majority-owned operations and over 1.3 million in the associated companies, to 137.0 million in total.
- Group outlook for net sales 2009 revised from the Year-end Report 2008.

Financial highlights

SEK in millions, except key ratios, per share data and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	27,204	24,398	12	103,585
EBITDA ¹⁾ excl. non-recurring items ²⁾	8,821	7,755	14	32,954
Margin (%)	32.4	31.8		31.8
Operating income	7,251	6,570	10	28,648
Operating income excl. non-recurring items	7,477	6,750	11	30,041
Net income	5,018	4,992	1	21,442
of which attributable to owners of the parent	4,440	4,465	-1	19,011
Earnings per share (SEK)	0.99	0.99	0	4.23
Return on equity (%), rolling 12 months)	17.0	18.8		17.2
CAPEX-to-sales (%)	11.3	13.2		15.2
Free cash flow	4,282	1,110	286	11,328

1) Please refer to page 13 for definitions.

2) Non-recurring items; see table on page 17.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the first quarter of 2008, unless otherwise stated.

Comments by Lars Nyberg, President and CEO

“The macroeconomic environment worsened during the first quarter and although the telecom services industry has been less affected than other industries there are signs of changed customer behavior in several of our markets. Still, we were able to grow net sales for the Group in local currencies and our efforts to reduce operational expenditures successfully improved our margins and cash flow compared to last year. I am especially pleased with the developments within Broadband Services where the margin improved considerably from the fourth quarter. In Eurasia, the economic downturn became more evident and sales growth slowed in the first quarter. Still, we managed to increase profitability from an already high level.

In Mobility Services, cost efficiency has to improve. We need to safeguard our profitability as sales are lowered in several markets by weaker equipment sales and reduced roaming due to less business travel. Regulatory intervention is also putting pressure on prices in all markets. At the same time it is very encouraging to see that the usage of mobile data is increasing substantially. This also requires us to meet the new and different needs of our customers. Therefore we have launched new, differentiated mobile broadband subscriptions in Sweden and Norway that better suit our customers' individual needs. As one of the first operators in the world, we also plan to launch 4G-services next year for dramatically increased speed.

Looking ahead, it is essential for TeliaSonera to reduce cost especially in a period of increasing unemployment and we will also continue to scrutinize ways to reduce capital expenditure to preserve a strong cash generation. The macroeconomic trends are hard to predict but as a strong and financially balanced company TeliaSonera is very well equipped to meet the demands presented by a difficult economic environment and capture any opportunities that may arise.”

Group outlook for 2009 (revised from the Year-end Report 2008)

Net sales in local currencies and excluding acquisitions are expected to be around the same level in 2009 compared to 2008. Currency fluctuations may to an increasing extent influence the reported figures in Swedish krona.

TeliaSonera will continue to invest in future growth and in the quality of networks and services, although the intention is to keep the addressable cost base for 2009 unchanged compared to SEK 33.8 billion in 2008, in local currencies and excluding acquisitions. The ambition for 2009 is to maintain the EBITDA-margin level of 2008, excluding non-recurring items.

Capital expenditures will be driven by continued investments in broadband and mobile capacity as well as in network expansion in our acquired operations. The CAPEX-to-sales ratio is expected to be somewhat lower in 2009 than in 2008. In order to preserve strong cash generation, capital expenditures may be reduced further if the economy continues to deteriorate.

Efficiency measures

As stated in the Year-end Report 2008, the intention is to keep the addressable cost base for 2009 unchanged compared to SEK 33.8 billion in 2008, in local currencies and excluding acquisitions, and that the number of employees will be lower than 31,200 by year-end 2009 (32,171). In the first quarter 2009, the addressable cost base in local currencies and excluding acquisitions decreased 2.4 percent compared to the previous year. The number of employees was 31,549 at the end of the first quarter.

Restructuring costs, reported as non-recurring items, are estimated to be lower than SEK 3 billion, of which about SEK 1.6 billion in 2008. These ongoing efficiency measures affect 2,900 employees in Sweden and Finland, of which about 1,300 in 2008 and about 1,600 in 2009, as announced in February 2008.

Review of the Group, first quarter 2009

Net sales increased 11.5 percent to SEK 27,204 million (24,398). Organic growth in local currencies was 0.6 percent. The positive net effect of acquisitions was 1.3 percent and of exchange rate changes 9.6 percent.

In Mobility Services, net sales rose 9.2 percent to SEK 12,578 million (11,519) with higher reported sales in most markets. Net sales in local currencies decreased 0.8 percent due to regulatory intervention, lower equipment sales and roaming revenues. In Sweden, the strong trend for mobile data and mobile broadband continued and in Spain the number of subscriptions nearly doubled.

In Broadband Services, net sales increased 5.0 percent to SEK 10,964 million (10,446) with higher reported sales in all markets except Sweden. Net sales in local currencies decreased 2.1 percent. In Wholesale, however, sales in local currencies grew driven by increased voice and IP traffic in the international carrier operations.

In Eurasia, net sales rose 37.7 percent to SEK 3,741 million (2,717) with higher reported sales in all markets. The acquisition of operations in Nepal and Cambodia, consolidated in the fourth quarter 2008, contributed to the rise. In Uzbekistan, net sales more than tripled and in Tajikistan they almost doubled. Organic growth in local currencies was 6.1 percent for the business area.

The number of subscriptions rose by 17.7 million from the end of the first quarter 2008 to 137.0 million, of which approximately 6.9 million to 44.3 million in the majority-owned operations and 10.8 million to 92.7 million in the associated companies.

EBITDA, excluding non-recurring items, rose to SEK 8,821 million (7,755). EBITDA in local currencies increased 2.1 percent. Maintained high profitability in Eurasia and higher EBITDA in Broadband Services, driven by efficiency measures mainly in Sweden and Finland, contributed to most of the rise. The margin rose to 32.4 percent (31.8).

Operating income, excluding non-recurring items, rose to SEK 7,477 million (6,750) mainly due to higher EBITDA.

Non-recurring items affecting operating income totaled SEK -226 million (-180). Non-recurring items included charges of SEK -226 million (-233) related to efficiency measures.

Financial items decreased to SEK -859 million (-13), of which SEK -700 million (-52) related to net interest expenses. Financial items were negatively affected by higher net debt. The first quarter 2008 was positively affected by penalty interest of SEK 275 million related to a court decision on historical interconnect fees in Sweden.

Income taxes amounted to SEK -1,374 million (-1,565). The effective tax rate decreased to 21.5 percent (23.9).

Minority interests in subsidiaries were SEK 578 million (527), of which SEK 377 million (318) related to operations in Eurasia and SEK 195 million (201) to Eesti Telekom, LMT and TEO.

Net income attributable to owners of the parent company was SEK 4,440 million (4,465) and earnings per share were SEK 0.99 (0.99).

CAPEX was reduced to SEK 3,074 million (3,230) and the CAPEX-to-sales ratio to 11.3 percent (13.2).

Free cash flow rose to SEK 4,282 million (1,110) mainly as a result of higher EBITDA and lower working capital.

Net debt amounted to SEK 45,026 million at the end of the first quarter (48,614 at year-end 2008).

The equity/assets ratio was 50.3 percent at the end of the first quarter (50.5 at year-end 2008).

Significant events in the first quarter

- TeliaSonera on January 15, 2009, announced its plan to build 4G city-networks in Stockholm, Sweden, and Oslo, Norway. Ericsson was chosen to deliver the initial network in Stockholm and Huawei in Oslo. The evaluation of suppliers for 4G networks in other parts of the Nordic and Baltic countries is in progress.
- TeliaSonera, through its subsidiary Fintur Holdings B.V., on January 30, 2009, increased its holding in Geocell to 100 percent from 97.5 percent by acquiring 2.5 percent of the shares in the Georgian mobile operator from the Government of Georgia.
- TeliaSonera on March 2, 2009, issued a Eurobond of EUR 550 million under its existing EUR 7 billion EMTN (Euro Medium Term Note) program.
- TeliaSonera introduced new, differentiated pricing for mobile broadband in Sweden on March 23, 2009, and in Norway on March 26, in order to better reflect varying levels of customer usage.

Significant events after the end of the first quarter

- TeliaSonera Finland on April 9, 2009, reached an agreement with Elisa Oyj and DNA Finland Oy on new mobile interconnection fees for the years 2010-2011. Under the agreement, the parties will adopt symmetrical interconnect pricing in December 2009. The new pricing is estimated to have a combined positive effect on EBITDA in Mobility Services Finland of approximately SEK 65 million (EUR 6 million) in 2010-2011, assuming 2008 traffic volumes.
- TeliaSonera's Swedish infrastructure company Skanova Access on March 5, 2009, announced higher prices for access to the copper network following a change in the price regulation. Consequently, Telia raised the price for fixed telephony in Sweden on April 14, 2009. The increase, from SEK 125 to SEK 145 per month (SEK 132, excluding VAT, for Telia business subscriptions), was the first for fixed telephony subscriptions since 2001. The price increases will have a gradual impact starting in the second quarter 2009.

Economic downturn visible in Mobility Services

Business area Mobility Services provides personal mobility services to the consumer and enterprise mass markets. Products and services include mobile voice and data, mobile content, WLAN Hotspots, mobile over broadband, mobile/PC convergence and Wireless Office. The business area comprises mobile operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.

- The impact of the economic downturn has been visible in some countries in terms of lower equipment sales, reduced roaming due to less business travel, and lower usage. Volume growth continued for mobile data in all markets in the first quarter. The mobile market in Sweden showed continued strength and the underlying subscriber intake in Spain remained high.
- Regulatory intervention remains a prime cause of price pressure in all markets. There is a risk that the regulator in Sweden will impose a larger reduction in interconnect fees on July 1, 2009, than it had previously signaled. The earnings impact on Broadband Services from such intervention would, however, be positive.

SEK in millions, except margins, operational data and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	12,578	11,519	9	48,673
EBITDA excl. non-recurring items	3,412	3,388	1	14,399
Margin (%)	27.1	29.4		29.6
Operating income	2,194	2,253	-3	9,526
Operating income excl. non-recurring items	2,297	2,294	0	9,926
CAPEX	749	825	-9	4,467
MoU	189	191	-1	195
ARPU, blended (SEK)	220	222	-1	223
Churn, blended (%)	29	26		27
Subscriptions, period-end (thousands)	16,120	14,797	9	15,900
Employees, period-end	8,111	8,018	1	8,339

Additional segment information available at www.teliasonera.com/ir

- **Net sales** rose 9.2 percent to SEK 12,578 million (11,519). Net sales in local currencies decreased 0.8 percent, and the negative impact from regulatory intervention was at least 3 percent. The positive effects from acquisitions and exchange rate fluctuations were 0.7 percent and 9.3 percent, respectively. In reported currency, Spain, Finland, Sweden and Denmark made the largest contributions to net sales growth in absolute terms.

In local currencies, net sales grew in Sweden and Spain. Net sales in Sweden rose 7.5 percent of which more than half can be explained by the strong growth in mobile data and an increasing number of paying mobile-broadband subscribers. Voice traffic increased, inbound roaming grew, supported by a weaker local currency, and equipment sales were higher. Regulatory intervention concerning interconnect and roaming, however, put downward pressure on prices.

In Spain, Yoigo strengthened its market position further by offering low-price services that continued to attract new customers. As in the previous quarter, revenue drew additional support from the decision in 2008 to purchase terminals directly from vendors and sell them to the distribution channels.

Net sales in local currency fell in Finland, mainly as a result of significantly lower equipment sales. Mobile traffic revenues also declined due to lower revenues from domestic calls, and roaming was negatively impacted by decreased business travel.

In the three Baltic countries, the economic recession caused a substantial sales decline in local currencies, of which half can be explained by the continued fall in equipment sales and half by declining traffic revenues and volumes. Net sales in Lithuania were negatively affected by an approximately 20 percent interconnect-fee reduction on January 1, 2009.

- **Interconnect fees** that TeliaSonera receives from other mobile operators were lowered in Denmark from DKK 0.72 to DKK 0.62 on May 1, 2008, in Sweden from SEK 0.55 to SEK 0.43 on July 1, 2008, and on the same date in Norway from NOK 0.70 to NOK 0.60. In Finland, fees were lowered from EUR 0.066 to EUR 0.051 on January 1, 2008, and further to EUR 0.049 on January 1, 2009. On the same date, fees in Lithuania were lowered from LTL 0.337 to LTL 0.267.

In Norway, the reduction of the interconnect fees and symmetric prices with Telenor as of July 1, 2008, and the effect of losing the national roaming agreement with Network Norway have, as previously estimated, a total annualized negative effect of approximately SEK 600 million on sales as of the fourth quarter 2008.

- **The number of subscriptions** rose by 1.3 million from the first quarter 2008 to 16.1 million, with increases in all markets. Growth was strongest in Spain with a rise of 541,000 to 1.1 million despite the elimination of more than 100,000 inactive subscriptions during the first quarter. Sweden followed with 478,000 new subscriptions and Finland with 173,000. During the quarter the total number of subscriptions rose by 220,000, with Spain and Sweden showing the largest increases.
- **EBITDA**, excluding non-recurring items, increased 0.7 percent to SEK 3,412 million (3,388). Addressable costs in local currencies and excluding acquisitions increased 3.6 percent compared to last year mainly due to high customer intake in Spain. The EBITDA margin declined to 27.1 percent (29.4).

In Sweden, EBITDA increased to SEK 1,240 million (1,123) as a result of higher sales and cost efficiency. Consequently the margin increased to 37.1 percent (36.1).

The EBITDA loss in Spain narrowed to SEK -340 million (-388) but widened compared to the fourth quarter 2008 due to more gross additions and a higher intake of postpaid subscribers.

The EBITDA margin in Finland and Denmark decreased as a result of lower net sales in local currencies and unchanged cost levels. In Denmark, a successful intake of mobile broadband subscribers also had a negative effect on the margin. Despite lower operating expenses in Lithuania, the margin fell as a result of a substantial decline in net sales.

- **CAPEX** was SEK 749 million (825) and the CAPEX-to-sales ratio 6.0 percent (7.2). Cash flow, measured as EBITDA minus CAPEX, increased to SEK 2,663 million (2,563).

SEK in millions, except margins and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	12,578	11,519	9	48,673
of which Sweden	3,342	3,109	8	13,334
of which Finland	2,653	2,411	10	9,917
of which Norway	2,252	2,280	-1	9,433
of which Denmark	1,866	1,660	12	6,845
of which Lithuania	577	677	-15	2,722
of which Latvia	652	646	1	2,635
of which Estonia	517	525	-2	2,262
of which Spain	843	335	152	2,050
EBITDA excl. non-recurring items	3,412	3,388		14,399
Margin (%), total	27.1	29.4		29.6
Margin (%), Sweden	37.1	36.1		37.1
Margin (%), Finland	29.9	33.6		31.0
Margin (%), Norway	34.1	35.0		35.3
Margin (%), Denmark	14.8	18.0		20.1
Margin (%), Lithuania	32.4	39.0		34.6
Margin (%), Latvia	46.2	44.7		43.0
Margin (%), Estonia	36.6	37.1		38.1
Margin (%), Spain	neg	neg		neg

Efficiency measures improved margin in Broadband Services

Business area Broadband Services provides mass-market services for connecting homes and offices. Products and services include broadband over copper, fiber and cable, IPTV, voice over internet, home communications services, IP-VPN/Business internet, leased lines and traditional telephony. The business area operates the group common core network, including the data network of the international carrier business. The business area comprises operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia (49 percent), Estonia and international carrier operations.

- The impact of the economic downturn has so far had a limited impact on net sales. Over-all price erosion is still evident in all markets and the migration from traditional fixed voice services persists. The promotion of mobile broadband continued to affect penetration growth of DSL. Investments are directed into the backbone and transmission networks to support services requiring higher bandwidth, such as IPTV and broadband. TeliaSonera has strengthened its market position in IPTV, particularly in the Baltic countries but also in Sweden.

SEK in millions, except margins, operational data and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	10,964	10,446	5	42,625
EBITDA excl. non-recurring items	3,497	3,049	15	11,705
Margin (%)	31.9	29.2		27.5
Operating income	1,997	1,591	26	5,285
Operating income excl. non-recurring items	2,116	1,784	19	6,568
CAPEX	1,080	1,071	1	5,810
Broadband ARPU (SEK)	309	268	15	274
Subscriptions, period-end (thousands)				
Broadband	2,479	2,368	5	2,434
Fixed voice	5,660	6,121	-8	5,806
Associated company, total	773	764	1	777
Employees, period-end	14,937	16,002	-7	15,410

Additional segment information available at www.teliaSonera.com/ir

- Net sales** increased 5.0 percent to SEK 10,964 million (10,446) with growth in all markets except Sweden. Net sales in local currencies decreased 2.1 percent. The positive effect from exchange rate fluctuations was 7.1 percent. Sales of IP-based services increased 16 percent in reported currency and now represent one third of Broadband Services' total net sales.

In Sweden, net sales decreased 2.0 percent to SEK 4,709 million (4,804). Growth in IP services was strong and revenues from IPTV tripled compared to the first quarter last year but could not fully compensate for the decline in traditional fixed-voice services and equipment sales. The price increases in fixed telephony in Sweden that were announced in March will have a gradual impact starting in the second quarter.

- The number of subscriptions** for broadband access rose to 2,300,000, an increase of 84,000 from the first quarter 2008 and 16,000 from year-end 2008.

The total number of TV subscriptions rose by 100,000 from the first quarter 2008 to 688,000, of which 509,000 were IPTV subscriptions, up 102,000. More than 20 percent of TeliaSonera's broadband customers now also subscribe to the TV service. The total number of IPTV subscriptions increased by 32,000 during the quarter, of which 9,000 in Sweden.

The number of fixed-voice subscriptions decreased by 461,000 from the first quarter 2008 to 5,660,000, and was down by 146,000 from year-end 2008.

- **EBITDA**, excluding non-recurring items, increased to SEK 3,497 million (3,049), with approximately half of the rise coming from cost savings and half from currency fluctuations. Addressable costs in local currencies and excluding acquisitions fell 6.0 percent compared to last year. The EBITDA margin improved to 31.9 percent (29.2).

The margin improvement in Sweden was due to lower operating expenses as a result of efficiency measures and reduced costs of goods sold related to lower volumes and lower interconnect costs.

In Finland, price increases, improved cost efficiency and lower maintenance and sub-contractor costs lifted the margin.

In Wholesale, the margin narrowed to 24.9 percent (30.7) partly due to higher sales of low-margin international voice traffic.

- **CAPEX** was SEK 1,080 million (1,071) and the CAPEX-to-sales ratio 9.9 percent (10.3). Cash flow, measured as EBITDA minus CAPEX, increased to SEK 2,417 million (1,978).

SEK in millions, except margins and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	10,964	10,446	5	42,625
of which Sweden	4,709	4,804	-2	19,283
of which Finland	1,783	1,561	14	6,321
of which Norway	238	231	3	913
of which Denmark	290	266	9	994
of which Lithuania	651	563	16	2,302
of which Estonia	533	485	10	2,163
of which Wholesale	3,085	2,784	11	12,010
EBITDA excl. non-recurring items	3,497	3,049	15	11,705
Margin (%), total	31.9	29.2		27.5
Margin (%), Sweden	34.1	29.4		27.3
Margin (%), Finland	32.8	20.4		23.1
Margin (%), Norway	21.0	23.4		20.0
Margin (%), Denmark	9.7	1.5		neg
Margin (%), Lithuania	45.8	45.6		42.7
Margin (%), Estonia	30.8	29.9		26.7
Margin (%), Wholesale	24.9	30.7		27.9

Maintained high profitability in Eurasia

Business area Eurasia comprises mobile operations managed by Fintur in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal and Cambodia and a shareholding of 12 percent in Afghanistan's largest operator Roshan. The business area is also responsible for developing TeliaSonera's shareholding in Russian MegaFon (44 percent) and Turkish Turkcell (37 percent). The main responsibility is to create shareholder value and to exploit penetration growth in the respective countries.

- Eurasia continued to show solid growth in terms of traffic volumes. Regulatory intervention, higher penetration and increasing competition put pressure on prices and margins in the region. In addition, the economic downturn became more evident during the quarter, particularly in Kazakhstan, Azerbaijan and Georgia. Mobile usage was not affected dramatically but the average price per minute declined as a result of price pressure and promotion campaigns.
- TeliaSonera maintained market leadership in Kazakhstan, Azerbaijan, Tajikistan and Georgia, and maintained its positions in all other markets.

SEK in millions, except margins, operational data and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	3,741	2,717	38	13,204
EBITDA excl. non-recurring items	1,865	1,339	39	6,553
Margin (%)	49.9	49.3		49.6
Income from associated companies				
Russia	1,202	1,017	18	5,070
Turkey	741	848	-13	3,991
Operating income	3,132	2,802	12	13,731
Operating income excl. non-recurring items	3,132	2,802	12	13,731
CAPEX	1,028	1,223	-16	4,595
Subscriptions, period-end (thousands)				
Subsidiaries	19,168	13,304	44	18,416
Associated companies	91,936	81,168	13	90,558
Employees, period-end	4,732	4,142	14	4,780

Additional segment information available at www.teliaSonera.com/ir

Consolidated operations

- **Net sales** rose 37.7 percent to SEK 3,741 million (2,717) with revenue growth in all markets. Organic growth in local currencies was 6.1 percent. The positive effect from exchange rate fluctuations was 25.0 percent.

In reported currency, the largest contributions in absolute terms came from Kazakhstan, Azerbaijan and Uzbekistan. In Uzbekistan, net sales more than tripled and Tajikistan reported growth of more than 90 percent. Consolidated since October 1, 2008, the operations in Nepal and Cambodia affected net sales positively by 6.6 percent.

- **The number of subscriptions** rose by 5.9 million, or 44.1 percent, from the first quarter 2008 to 19.2 million, including 2.0 million subscriptions from the acquired operations in Nepal and Cambodia. Subscription growth excluding acquisitions was 29.3 percent, with the largest increase in Uzbekistan, mainly driven by a successful rebranding that helped grow the subscription base by 2.1 million. During the quarter the total number of subscriptions rose by over 0.8 million.

- **EBITDA**, excluding non-recurring items, increased 39.3 percent to SEK 1,865 million (1,339) as a result of higher reported net sales. The margin rose to 49.9 percent (49.3), driven by a balanced-growth approach and efficient cost control. The profitability improvement came despite price erosion that was caused by growing competition and higher promotional spending.
- **CAPEX** was SEK 1,028 million (1,233) and included continued investments in capacity, coverage and higher service quality in the networks, particularly in Uzbekistan. The CAPEX-to-sales ratio fell to 27.5 percent (45.0). Cash flow, measured as EBITDA minus CAPEX, increased to SEK 837 million (116).

SEK in millions, except changes	Jan-Mar	Jan-Mar	Chg	Jan-Dec
	2009	2008	(%)	2008
Net sales	3,741	2,717	38	13,204
of which Kazakhstan	1,665	1,419	17	6,673
of which Azerbaijan	988	741	33	3,563
of which Uzbekistan	283	76	272	496
of which Tajikistan	171	88	94	516
of which Georgia	342	308	11	1,393
of which Moldova	122	91	34	420
of which Nepal	167	–		158
of which Cambodia	11	–		10

Associated companies – Russia

- MegaFon (associated company, in which TeliaSonera holds 43.8 percent) in Russia grew its subscriptions base to 43.7 million, an increase of 6.8 million from the first quarter 2008 and 0.2 million from year-end 2008. MegaFon maintained its market share of 23 percent during the quarter in terms of subscriptions.
- TeliaSonera's income from Russia rose to SEK 1,202 million (1,017), driven by higher sales and earnings at MegaFon. The Russian ruble depreciated 5.0 percent against the Swedish krona which had a negative impact of SEK 63 million.

Associated companies – Turkey

- Turkcell (associated company, in which TeliaSonera holds 37.3 percent, reported with a one-quarter lag) in Turkey grew its subscription base to 37.0 million, an increase of 1.6 million from the corresponding period the previous year, and 0.7 million during the quarter. In Ukraine, the number of subscriptions rose 2.4 million compared to the previous year and 0.5 million during the quarter.
- TeliaSonera's income from Turkey decreased to SEK 741 million (848). The Turkish lira depreciated 6.0 percent against the Swedish krona, which had a negative impact of SEK 48 million.
- Turkcell has proposed to the Annual General Meeting 2009, to be held on May 8, a cash dividend of approximately SEK 5.8 billion (TRY 1.1 billion), corresponding to 50 percent of Turkcell's distributable net income for the 2008 fiscal year. TeliaSonera's share of the proposed dividend will be approximately SEK 2.1 billion (the dividend received in 2008 was approximately SEK 1.1 billion).

Other operations

Other operations comprise Other Business Services, TeliaSonera Holding and Corporate functions. Other Business Services is responsible for sales and production of managed-services solutions to business customers.

	Jan-Mar	Jan-Mar	Chg	Jan-Dec
SEK in millions, except changes	2009	2008	(%)	2008
Net sales	1,355	1,133	20	4,906
EBITDA excl. non-recurring items	57	-2		333
Income from associated companies	22	8	175	6
Operating income	-67	-65	3	106
Operating income excl. non-recurring items	-62	-119	-47	-184
CAPEX	217	111	94	919

Additional segment information available at www.teliaSonera.com/ir

- **Net sales** increased 19.6 percent to SEK 1,355 million (1,133). In local currencies net sales increased 3.9 percent.

Net sales of the cable-TV company Stofa, which was transferred from Broadband Services Denmark to Other operations on January 1, 2009, increased 21 percent to SEK 361 million (299). In local currency, net sales grew 3.4 percent. The number of subscriptions for broadband access decreased by 3,000 to 149,000 and subscriptions for cable TV increased by 2,000 to 211,000.

Stockholm, April 24, 2009

Lars Nyberg
President and CEO

This report has not been subject to review by TeliaSonera's auditors.

TeliaSonera AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 07:30 CET on April 24, 2009.

Financial Information

TeliaSonera on April 8, 2009, restated its historical financial information for the fiscal years 2006-2008 for business area Broadband Services as well as for Other operations. The retail chain Veikon Kone was moved from Broadband Services Finland to Other operations. The cable-TV company Stofa was moved from Broadband Services Denmark to Other operations. In addition, the business of selling backhaul to mobile operators, e.g. capacity to the base stations, was transferred to Broadband Services Wholesale from Broadband Services in Sweden, Finland and Denmark.

Interim Report January–June 2009	July 24, 2009
Interim Report January–September 2009	October 28, 2009
Year-end Report January–December 2009	February 11, 2010
Interim Report January–March 2010	April 23, 2010
Interim Report January–June 2010	July 23, 2010
Interim Report January–September 2010	October 28, 2010

Questions regarding the reports:

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Definitions

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

ARPU, blended: Average monthly revenue per subscription.

Churn, blended: The number of lost subscriptions (postpaid and prepaid) expressed as a percentage of the average number of subscriptions (postpaid and prepaid).

MoU: Minutes of usage per subscription and month.

DSL: Digital Subscriber Line is a family of technologies that provide digital data transmission over the wires of a local telephone network.

Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	Jan-Mar 2009	Jan-Mar 2008	Chg (%)	Jan-Dec 2008
Net sales	27,204	24,398	12	103,585
Cost of sales	-15,399	-13,687	13	-57,853
Gross profit	11,805	10,711	10	45,732
Selling, admin. and R&D expenses	-6,425	-5,965	8	-25,400
Other operating income and expenses, net	-91	-43	112	-780
Income from associated companies and joint ventures	1,962	1,867	5	9,096
Operating income	7,251	6,570	10	28,648
Finance costs and other financial items, net	-859	-13		-2,237
Income after financial items	6,392	6,557	-3	26,411
Income taxes	-1,374	-1,565	-12	-4,969
Net income	5,018	4,992	1	21,442
Foreign currency translation differences	1,750	-6,596		13,814
Income from associated companies	215	-32		-37
Cash flow hedges	-18	-12		-331
Available-for-sale financial instruments	15	-29		-97
Income taxes relating to other comprehensive income	-34	-11	209	390
Other comprehensive income	1,928	-6,680		13,739
Total comprehensive income	6,946	-1,688		35,181
Net income attributable to:				
Owners of the parent	4,440	4,465	-1	19,011
Minority interests	578	527	10	2,431
Total comprehensive income attributable to:				
Owners of the parent	7,262	-1,742		31,075
Minority interests	-316	54		4,106
Earnings per share (SEK), basic and diluted	0.99	0.99	0	4.23
Number of shares (thousands)				
Outstanding at period-end	4,490,457	4,490,457		4,490,457
Weighted average, basic and diluted	4,490,457	4,490,457		4,490,457
EBITDA	8,611	7,575	14	31,658
EBITDA excl. non-recurring items	8,821	7,755	14	32,954
Depreciation, amortization and impairment losses	-3,322	-2,872	16	-12,106
Operating income excl. non-recurring items	7,477	6,750	11	30,041

Condensed Consolidated Statements of Financial Position

SEK in millions	Mar 31, 2009	Dec 31, 2008
Assets		
Goodwill and other intangible assets	103,965	100,968
Property, plant and equipment	61,446	61,946
Investments in associates and joint ventures, deferred tax assets and other non-current assets	63,197	62,265
<i>Total non-current assets</i>	<i>228,608</i>	<i>225,179</i>
Inventories	1,553	1,673
Trade receivables, current tax assets and other receivables	22,559	23,434
Interest-bearing receivables	1,760	2,147
Cash and cash equivalents	19,137	11,826
<i>Total current assets</i>	<i>45,009</i>	<i>39,080</i>
<i>Non-current assets held-for-sale</i>	<i>42</i>	<i>27</i>
Total assets	273,659	264,286
Equity and liabilities		
Equity attributable to owners of the parent	137,649	130,387
Minority interests	10,072	11,061
<i>Total equity</i>	<i>147,721</i>	<i>141,448</i>
Long-term borrowings	60,322	54,178
Deferred tax liabilities, other long-term provisions	25,074	24,594
Other long-term liabilities	2,039	2,565
<i>Total non-current liabilities</i>	<i>87,435</i>	<i>81,337</i>
Short-term borrowings	9,269	11,621
Trade payables, current tax liabilities, short-term provisions and other current liabilities	29,234	29,880
<i>Total current liabilities</i>	<i>38,503</i>	<i>41,501</i>
Total equity and liabilities	273,659	264,286

Condensed Consolidated Statements of Cash Flows

SEK in millions	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Cash flow before change in working capital	6,516	5,005	28,480
Change in working capital	944	-787	-1,394
Cash flow from operating activities	7,460	4,218	27,086
Cash CAPEX	-3,178	-3,108	-15,758
Free cash flow	4,282	1,110	11,328
Cash flow from other investing activities	-451	94	-3,876
Total cash flow from investing activities	-3,629	-3,014	-19,634
Cash flow before financing activities	3,831	1,204	7,452
Cash flow from financing activities	3,274	4,920	-4,359
Cash flow for the period	7,105	6,124	3,093
Cash and cash equivalents, opening balance	11,826	7,802	7,802
Cash flow for the period	7,105	6,124	3,093
Exchange rate differences	206	-107	931
Cash and cash equivalents, closing balance	19,137	13,819	11,826

Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Mar 2009			Jan-Mar 2008		
	Owners of the parent	Minority interests	Total equity	Owners of the parent	Minority interests	Total equity
Opening balance	130,387	11,061	141,448	117,274	9,783	127,057
Dividends	–	-644	-644	-17,962	–	-17,962
Transactions with minority interests	–	-29	-29	–	-115	-115
Total comprehensive income	7,262	-316	6,946	-1,742	54	-1,688
Closing balance	137,649	10,072	147,721	97,570	9,722	107,292

Basis of Preparation

General. As in the annual accounts for 2008, TeliaSonera's consolidated financial statements as of and for the three-month period ended March 31, 2009, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and, given the nature of TeliaSonera's transactions, with IFRSs as adopted by the European Union. As of January 1, 2009, TeliaSonera applies the revised presentation provisions of IAS 1 *Presentation of Financial Statements* (2007). All non-owner changes in equity are now presented in the statement of comprehensive income, while changes in equity resulting from transactions with owners in their capacity as owners remain presented in the statement of changes in equity. The revisions also include changes in the titles of the other financial statements. The parent company TeliaSonera AB's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2.2 *Accounting for Legal Entities* and other statements issued by the Swedish Financial Reporting Board. This report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

New accounting standards (not yet adopted by the EU). Amendments on embedded derivatives to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* (effective for annual periods ending on or after June 30, 2009; to be applied retrospectively) were issued on March 12, 2009. The amendments clarify that on reclassification of a financial asset out of the "at fair value through profit or loss" category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. Currently, TeliaSonera is not considering the reclassification of any financial assets.

The second annual *Improvements to IFRSs* (mostly effective for annual periods beginning on or after January 1, 2010; earlier adoption permitted) were issued on April 16, 2009. These improvements to 12 IFRSs make necessary, but non-urgent, amendments that have not been included as part of other major projects. TeliaSonera is currently assessing the effects of the improvements, if any, on its results or financial position.

For additional information, see corresponding section in TeliaSonera's Annual Report 2008.

Non-recurring Items

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
SEK in millions			
Within EBITDA	-210	-180	-1,296
Restructuring charges, synergy implementation costs, etc.:			
Mobility Services	-102	-41	-397
Broadband Services	-103	-193	-1,189
Other operations	-5	54	290
<i>of which TeliaSonera Holding</i>	-2	56	378
Within Depreciation, amortization and impairment losses	-16	-	-97
Impairment losses, accelerated depreciation:			
Mobility Services	-	-	-3
Broadband Services	-16	-	-94
Within Income from associated companies and joint ventures	-	-	-
Within Finance costs and other financial items, net	-	-	290
Penalty interest:			
Tele2	-	275	290
Total	-226	95	-1,103

Deferred Taxes

	Mar 31, 2009	Dec 31, 2008
SEK in millions		
Deferred tax assets	12,807	13,206
Deferred tax liabilities	-11,847	-11,260
Net deferred tax assets	960	1,946

Segment and Group Operating Income

	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
SEK in millions			
Mobility Services	2,194	2,253	9,526
Broadband Services	1,997	1,591	5,285
Eurasia	3,132	2,802	13,731
Other operations	-67	-65	106
Total segments	7,256	6,581	28,648
Elimination of inter-segment profits	-5	-11	0
Group	7,251	6,570	28,648

Related Party Transactions

MegaFon. As of March 31, 2009, TeliaSonera had interest-bearing claims of SEK 387 million on its associated company OAO MegaFon. OAO Telecominvest (TCI), 26.1 percent owned by TeliaSonera, owns 31.3 percent of the shares in MegaFon. TeliaSonera has signed agreements with TCI and a TCI shareholder in order to secure TeliaSonera's ownership in MegaFon, including an agreement under which TCI has pledged 8.2 percent of the shares in MegaFon to TeliaSonera.

Svenska UMTS-nät. In the three-month period ended March 31, 2009, TeliaSonera purchased services from its 50 percent-owned joint venture Svenska UMTS-nät AB worth SEK 182 million, and sold services worth SEK 127 million.

Investments

SEK in millions	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
CAPEX	3,074	3,230	15,795
Intangible assets	253	235	2,528
Property, plant and equipment	2,821	2,995	13,267
Acquisitions and other investments	93	239	9,060
Asset retirement obligations	12	–	443
Goodwill and fair value adjustments	73	233	8,578
Equity holdings	8	6	39
Total	3,167	3,469	24,855

Net Debt

SEK in millions	Mar 31, 2009	Dec 31, 2008
Long-term and short-term borrowings	69,591	65,799
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings	-4,945	-4,327
Less short-term investments, cash and bank	-19,620	-12,858
Net debt	45,026	48,614

Loan Financing and Credit Rating

The underlying cash flow generation was positive during the first quarter of 2009.

Conditions for funding activities have continued to improve during the early part of the year and, in early March, TeliaSonera issued longer dated bond financing including a EUR 550 million five-year public syndicated Eurobond at reasonable terms. No shorter dated debt issuance was made during the first quarter. Even taking into consideration the dividend payout to the shareholders in April and maturing debt, TeliaSonera is now well funded for the remainder of the year.

Massive government liquidity injections in the financial system alongside radical cuts of official central bank lending rates have helped to improve credit market conditions, but it is not clear whether the worst effects of the financial turmoil are behind us, since real economy effects and credit losses tend to lag. The Swedish krona strengthened somewhat by the end of the quarter, but remains weak. During the quarter, TeliaSonera increased the debt volume allocated to hedging of net investments to some EUR 1.5 billion in total.

In February, Moody's Investors Service confirmed its A-3 long-term credit rating with a Stable Outlook on TeliaSonera AB.

Financial Key Ratios

	Mar 31, 2009	Dec 31, 2008
Return on equity (% , rolling 12 months)	17.0	17.2
Return on capital employed (% , rolling 12 months)	16.9	17.3
Equity/assets ratio (%)	50.3	50.5
Net debt/equity ratio (%)	32.7	36.5
Shareholders' equity per share (SEK)	30.65	29.04

Guarantees and Collateral Pledged

Guarantees at March 31, 2009, totaled SEK 2,278 million, of which SEK 1,996 million referred to credit guarantees on behalf of Svenska UMTS-nät. Under certain third-party agreements, the credit guarantees on behalf of Svenska UMTS-nät are capped at SEK 2,400 million. Collateral pledged totaled SEK 1,136 million, mainly referring to blocked funds in bank accounts related to Ipse 2000 S.p.A.'s future license payments, certain court proceedings and deposits from customers.

Contractual Obligations

Contractual obligations at March 31, 2009, totaled SEK 1,890 million, of which SEK 1,541 million referred to contracted build-out of TeliaSonera's mobile networks in Sweden, Finland and Spain as well as its fixed network in Sweden.

Parent Company

Condensed Income Statements (SEK in millions)	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Net sales	3,841	4,019	16,132
Gross profit	604	531	2,778
Operating income	128	20,603	21,697
Income after financial items	-104	20,388	18,280
Income before taxes	-22	30,257	30,317
Net income	-23	30,260	30,306

Net sales, primarily related to fixed network services and broadband application services in Sweden, declined due to migration to mobile services and lower-priced IP-based services. Out of the total net sales in the period, SEK 3,048 million (3,103) was billed to subsidiaries. In the first quarter of 2008, operating income was heavily impacted by capital gains on assets transferred to the subsidiary TeliaSonera Skanova Access AB (Skanova Access) and income before taxes by a related reversal of excess depreciation.

Condensed Balance Sheets (SEK in millions)	Mar 31, 2009	Dec 31, 2008
Non-current assets	170,889	170,852
Current assets	46,567	40,246
Total assets	217,456	211,098
Shareholders' equity	74,994	75,017
Untaxed reserves	7,943	8,024
Provisions	694	708
Liabilities	133,825	127,349
Total equity and liabilities	217,456	211,098

Total investments in the period were SEK 345 million (35,124), of which SEK 285 million (293) in property, plant and equipment primarily for the fixed network. Other investments totaled SEK 60 million (34,831). In 2008, other investments included a capital contribution of SEK 34,000 million provided in kind in exchange for new shares issued by Skanova Access.

Risks and Uncertainties

TeliaSonera operates in a broad range of geographic product and service markets in the highly competitive and regulated telecommunications industry. As a result, TeliaSonera is subject to a variety of risks and uncertainties. TeliaSonera has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals.

Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities. Additionally, these risks may affect TeliaSonera's share price from time to time.

TeliaSonera has an established risk management process in place to regularly identify, analyze and assess, and report business and financial risks and uncertainties, and to mitigate such risks when appropriate. Risk management is an integrated part of TeliaSonera's business planning process.

See "Report of the Directors – Risks and risk management" in TeliaSonera's Annual Report 2008 for a detailed description of some of the factors that may affect TeliaSonera's business, financial position and results of operations. TeliaSonera believes that the risk environment has not materially changed from the one described in the Annual Report 2008.

Risks and uncertainties that could specifically impact the quarterly results of operations during the remainder of 2009 include, but may not be limited to:

- *Current downturn in the world economy.* The length of the current turmoil in the global financial markets and the sharp decline in the world economy are difficult to predict. TeliaSonera has a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a long-term recession in the countries in which TeliaSonera operates would have an impact on its customers and may have a negative impact on its growth and results of operations through reduced telecom spending. The maturity schedule of TeliaSonera's loan portfolio is evenly distributed over several years, and the refinancing is expected to be made using uncommitted open-market debt financing programs and bank loans, alongside the company's free cash flow. In addition, TeliaSonera has committed lines of credit with banks that are deemed to be sufficient and may be utilized if the open-market refinancing conditions are poor. However, the cost of funding might be higher, should the financial turmoil and the downturn in the economy continue for a long time or become even more severe.
- *Investments in future growth.* TeliaSonera is currently investing in future growth through, for example, sales and marketing expenditures to retain and acquire customers in most markets, building up its customer base in start-up operations and investments in infrastructure in all markets to improve capacity and access. While TeliaSonera believes that these investments will improve market position and financial results in the long term, they may not have the targeted positive effects yet in the short term and related expenditure may impact the results of operations between quarters.
- *Efficiency programs.* TeliaSonera is in the process of adjusting its cost base to reflect the shift from traditional to new services, especially from fixed-voice services to mobile and IP-based services. In the short term, depending on when the related decisions are made and carried out, these efficiency programs may not yet bring the cost savings that will be visible in the long term. Additionally, related amounts of restructuring costs and their timing may increase the volatility of quarterly results in the short term.
- *Non-recurring items.* In accordance with their nature, non-recurring items such as capital gains and losses, restructuring costs, write-downs, etc. may impact the quarterly results in the short term with amounts or timing that deviate from those currently expected. Depending on external factors or internal developments, TeliaSonera might also experience non-recurring items that are not currently anticipated.
- *Associated companies.* A significant part of TeliaSonera's results derives from MegaFon and Turkcell, which TeliaSonera does not control and which operate in growth markets but also in more volatile political, economic and legal environments. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.
- *Acquisitions.* TeliaSonera has made a number of targeted acquisitions in accordance with its strategy. The efficient integration of these acquisitions and the realization of related cost and revenue synergies, as well as the positive development of the acquired operations, are significant for the results of operations both in the long and short term. Integration of acquired companies always includes certain risks, and the integration process may increase the volatility of quarterly earnings in the short term.

Forward-Looking Statements

This report contains statements concerning, among other things, TeliaSonera's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent TeliaSonera's future expectations. TeliaSonera believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include, but may not be limited to: TeliaSonera's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of TeliaSonera, its associated companies and joint ventures, and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, TeliaSonera undertakes no obligation to update any of them in light of new information or future events.