Q2

TeliaSonera Interim Report
January–June 2014

TeliaSonera

All regions contribute to stable margin

SECOND QUARTER SUMMARY

- Net sales in local currencies, excluding acquisitions and disposals, decreased 1.2 percent. In reported currency, net sales decreased 1.2 percent to SEK 25,017 million (25,312). Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.4 percent.
- EBITDA, excluding non-recurring items, increased 0.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.0 percent to SEK 8,836 million (8,928). The EBITDA margin, excluding non-recurring items, was stable at 35.3 percent (35.3).
- Operating income, excluding non-recurring items, decreased 10.4 percent to SEK 6,347 million (7,086), explained by lower income from the associated companies MegaFon and Turkcell.
- Net income attributable to owners of the parent company decreased 12.1 percent to SEK 3,545 million (4,031).
- Earnings per share amounted to SEK 0.82 (0.93).
- Free cash flow decreased to SEK 2,469 million (4,462), due to higher working capital and cash CAPEX.
- Group net sales outlook for 2014 is changed, while guidance on EBITDA margin and CAPEX is reiterated.

HIGHLIGHTS

SEK in millions, except key ratios, per share data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	25,017	25,312	*-1.2*	48,990	49,894	*-1.8*
Change (%) local organic	*-1.2*			*-1.5*		
of which service revenues (external)	*22,765*	*22,904*	*-0.6*	*44,522*	*45,012*	*-1.1*
EBITDA[1] excl. non-recurring items[2]	8,836	8,928	*-1.0*	17,181	17,437	*-1.5*
Margin (%)	35.3	35.3		35.1	34.9	
Operating income	5,625	6,283	*-10.5*	11,821	12,772	*-7.4*
Operating income excl. non-recurring items	6,347	7,086	*-10.4*	12,632	13,713	*-7.9*
Income after financial items	5,001	5,519	*-9.4*	10,416	11,169	*-6.7*
Net income	3,942	4,438	*-11.2*	8,295	8,937	*-7.2*
of which attributable to owners of the parent	*3,545*	*4,031*	*-12.1*	*7,490*	*8,139*	*-8.0*
Earnings per share (SEK)	0.82	0.93	*-12.1*	1.73	1.88	*-8.0*
RoCE (%, rolling 12 months)	15.1	15.3		15.1	15.3	
CAPEX-to-sales (%)	14.1	14.0		12.4	12.5	
Net debt	67,097	66,151	*1.4*	67,097	66,151	*1.4*
Free cash flow	2,469	4,462	*-44.7*	5,025	6,876	*-26.9*

Additional information available at www.teliasonera.com.
1) Please refer to page 34 for definitions.
2) Non-recurring items; see table on page 25.

**In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the second quarter of 2013, unless otherwise stated.
New segment and reporting structure due to new organization as of April 1, 2014, for more information please see page 24.**

Comments by Johan Dennelind, President and CEO

”I am pleased to present the first interim report reflecting our new country based operating model implemented in April.

In the second quarter, group profitability remained steady with an underlying EBITDA margin of 35.3 percent. Net sales continued to be affected by lower equipment sales, while group service revenues were stable.

Our strategic framework was further outlined during the spring, with a clear aim to enhance our core operations and also explore opportunities in closely related areas.

In early July, we took an important step in our targeted direction by announcing the acquisition of Tele2’s Norwegian operations. The transaction is a great strategic fit and will reinforce our number-two position in the country, enhance our customer offerings and generate significant cost synergies.

In order to have the most satisfied and loyal customers, there is a need to further simplify our operations and transform legacy to create agility and cost efficiency across our company.

Demand for mobile data services remains strong and it is important for us to monetize on this opportunity. We continue to develop our data-centric price models and see further positive effects from customers migrating to new price plans. In this context it is encouraging to note that the number of subscriptions increased and churn decreased in all of our Nordic mobile operations in the second quarter.

In Sweden, net sales remained stable compared to last year and underlying EBITDA margin improved slightly to 39.8 percent, supported by solid consumer operations and cost saving activities. We continue to expand 4G and fiber coverage by investing SEK 5 billion annually over a three year period to ensure our customers a superior internet experience.

In region Europe, a key priority for us is to improve competitive positions in our Nordic and Baltic markets. In Spain, margin recovered in the second quarter, but the business remains sub-scale with a market share around 7 percent. Competition is fierce, forced by a strong convergence trend that puts pressure on our mobile-only business. Consequently, we are reviewing our future presence in the Spanish market.

In Eurasia our new management team has increased focus on governance, control and new business initiatives. The region continues to deliver strong profitability, with an EBITDA margin improving to 54.4 percent, supported by solid development in Kazakhstan and Nepal. Organic revenue growth was 7 percent, propelled by 35 percent growth in data revenues which now accounts for 14 percent of sales in the region.

Creating a long term sustainable business is a central part of our daily agenda. We have continued to roll out our anti-corruption awareness and training across the company during the quarter. Further, we have engaged in dialogue with key stakeholders on Freedom of Expression in several of our Eurasian countries.

As a result of lower revenues in Spain, mainly equipment related, we revise our full-year organic net sales outlook from previously flat to slightly below the level in 2013. We reiterate our forecast of EBITDA margin at around last year’s level and CAPEX-to-sales of around 15 percent.”

Stockholm, July 17, 2014

Johan Dennelind
President and CEO

Group outlook for 2014 (Changed)

Net sales in local currencies, excluding acquisitions and disposals, are expected to be slightly below the level in 2013. Currency fluctuations may have a material impact on reported figures in Swedish krona. *(Changed from "around the same level")*

The EBITDA margin, excluding non-recurring items, is expected to be around the same level as in 2013 (35 percent). *(Unchanged)*

The CAPEX-to-sales ratio is expected to be approximately 15 percent, excluding license and spectrum fees. *(Unchanged)*

Review of the Group, second quarter 2014

SALES AND EARNINGS

Net sales in local currencies, excluding acquisitions and disposals, decreased 1.2 percent. In reported currency, net sales decreased 1.2 percent to SEK 25,017 million (25,312). The negative effect of exchange rate fluctuations was 0.2 percent and the positive effect of acquisitions and disposals was 0.2 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.4 percent.

In region Sweden, net sales excluding acquisitions and disposals were unchanged. Net sales including acquisitions and disposals increased 0.3 percent to SEK 9,099 million (9,069).

In region Europe, net sales in local currencies, excluding acquisitions and disposals, decreased 6.6 percent. In reported currency, net sales decreased 2.4 percent to SEK 9,829 million (10,067).

In region Eurasia, net sales in local currencies, excluding acquisitions and disposals, increased 6.7 percent. Net sales in reported currency decreased 3.0 percent to SEK 5,041 million (5,198).

The number of subscriptions in the subsidiaries increased by 0.3 million from the end of the second quarter of 2013 to 71.4 million. During the second quarter, the total number of subscriptions increased by 0.2 million.

EBITDA, excluding non-recurring items, increased 0.1 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.0 percent to SEK 8,836 million (8,928). The EBITDA margin, excluding non-recurring items, was stable at 35.3 percent (35.3).

Income from associated companies, excluding non-recurring items, declined to SEK 756 million (1,471).

Operating income, excluding non-recurring items, decreased 10.4 percent to SEK 6,347 million (7,086).

Non-recurring items affecting operating income totaled SEK -721 million (-802), mainly related to write-downs of network-related assets in Eurasia and efficiency measures.

Financial items totaled SEK -625 million (-764) of which SEK -630 million (-721) related to net interest expenses.

Income taxes decreased to SEK 1,059 million (1,081). The effective tax rate was 21.2 percent (19.6). The effective tax rate has been impacted by increased withholding taxes.

Non-controlling interests in subsidiaries decreased to SEK 397 million (407).

Net income attributable to owners of the parent company decreased 12.1 percent to SEK 3,545 million (4,031) and earnings per share to SEK 0.82 (0.93).

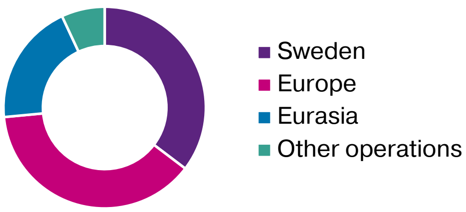
CAPEX decreased to SEK 3,516 million (3,539) and the CAPEX-to-sales ratio increased to 14.1 percent (14.0). CAPEX excluding license and spectrum fees increased to SEK 3,498 million (3,348) and the CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 14.0 percent (13.2).

Free cash flow decreased to SEK 2,469 million (4,462), due to working capital changes and higher cash CAPEX.

Net debt increased to SEK 67,097 million at the end of the second quarter (52,879 at the end of the first quarter of 2014). The net debt/EBITDA ratio was 1.90 (1.49 at the end of the first quarter of 2014.)

The equity/assets ratio was 41.0 percent (39.6 percent at the end of the first quarter of 2014).

NET SALES BY REGION



Review of the Group, first half 2014

SALES AND EARNINGS

Net sales in local currencies, excluding acquisitions and disposals, decreased 1.5 percent. In reported currency, net sales decreased 1.8 percent to SEK 48,990 million (49,894). The negative effect of exchange rate fluctuations was 0.3 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 0.5 percent.

EBITDA, excluding non-recurring items, increased 0.2 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.5 percent to SEK 17,181 million (17,437). The EBITDA margin, excluding non-recurring items, increased to 35.1 percent (34.9).

Income from associated companies, excluding non-recurring items, decreased to SEK 1,847 million (2,794).

Operating income, excluding non-recurring items, decreased 7.9 percent to SEK 12,632 million (13,713).

Non-recurring items affecting operating income totaled SEK -811 million (-941), mainly related to write-downs of network-related assets in Eurasia and efficiency measures.

Financial items totaled SEK -1,405 million (-1,603) of which SEK -1,356 million (-1,527) related to net interest expenses.

Income taxes decreased to SEK 2,121 million (2,232). The effective tax rate was 20.4 percent (20.0). The effective tax rate has been impacted by increased withholding taxes.

Non-controlling interests in subsidiaries increased to SEK 805 million (798).

Net income attributable to owners of the parent company decreased 8.0 percent to SEK 7,490 million (8,139) and earnings per share to SEK 1.73 (1.88).

CAPEX decreased to SEK 6,098 million (6,258) and the CAPEX-to-sales ratio decreased to 12.4 percent (12.5). CAPEX excluding license and spectrum fees increased to SEK 6,079 million (5,908) and the CAPEX-to-sales ratio, excluding license and spectrum fees, increased to 12.4 percent (11.8).

Free cash flow decreased to SEK 5,025 million (6,876), mainly explained by higher cash CAPEX.

SIGNIFICANT EVENTS IN THE SECOND QUARTER

- On April 1, 2014, TeliaSonera announced the acquisition of Síminn Danmark A/S, a Danish IT and system integrator. The acquisition will strengthen Telia's position on the Danish market and enables Telia to provide its corporate customers with a wide selection of traditional telecom services in combination with integrated and cloud based services.
- On April 2, 2014, TeliaSonera held its Annual General Meeting where all ordinary members of the Board; Marie Ehrling, Olli-Pekka Kallasvuo, Mats Jansson, Mikko Kosonen, Nina Linander, Martin Lorentzon, Per-Arne Sandström and Kersti Strandqvist were re-elected. Marie Ehrling was elected Chair of the Board and Olli-Pekka Kallasvuo was elected Vice-Chair of the Board.
- On April 11, 2014, TeliaSonera announced that Christian Luiga acting CFO had been appointed CFO.
- On April 24, 2014, TeliaSonera announced that it had acquired 124,541 own shares to an average price of SEK 46.0244 to cover commitments under the "Long Term Incentive Program 2011/2014."
- On May 2, 2014, TeliaSonera announced that Henriette Wendt had been appointed Head of Group Corporate Development. It is a new function with responsibility for, among other things, strategy, business development, mergers and acquisitions across the group. Ms. Wendt will be a member of Group Executive Management. At the same date TeliaSonera also announced that Karin Eliasson would leave her position as Head of Group Human Resources.
- On May 14, 2014, TeliaSonera announced that the acquisition of the operator Zitius had been approved by the Swedish Competition Authority. In addition to Zitius the acquisition also comprised Quadracom Networks and the service provider Riksnet. In total, the purchase price amounted to SEK 473 million on a cash and debt-free basis.
- On May 27, 2014, TeliaSonera announced that it had appointed Cecilia Lundin new Head of Human Resources and member of Group Executive Management.

SIGNIFICANT EVENTS AFTER THE END OF THE SECOND QUARTER

- On July 7, 2014, TeliaSonera announced the acquisition of Tele2's Norwegian operations and will accelerate nationwide 4G roll-out. The price was at an enterprise value was SEK 5.1 billion on a cash and debt free basis. The company had also committed itself to 98 percent population coverage for 4G by 2016, two years ahead of its obligations. The acquisition is subject to approval from the Norwegian Competition Authorities and is expected to be finalized in the first quarter of 2015 at the latest.

Solid performance in Sweden

- Net sales remained unchanged and underlying EBITDA margin improved slightly to 39.8 percent, supported by steady development in the consumer segment and general cost savings.
- Mobile data growth improved in the quarter and data volumes of B2C post-paid increased by 44 percent compared to the corresponding period last year. Around 40 percent of the consumer subscription base has been migrated to data-centric pricing models contributing positively to ARPU growth. The expansion of the 4G network continues and coverage currently exceeds 92 percent of the population.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	9,099	9,069	*0.3*	17,810	17,930	*-0.7*
Change (%) local organic	*0.0*			*-0.8*		
of which service revenues (external)	*8,289*	*8,363*	*-0.9*	*16,290*	*16,545*	*-1.5*
EBITDA excl. non-recurring items	3,617	3,581	*1.0*	7,214	7,229	*-0.2*
Margin (%)	39.8	39.5		40.5	40.3	
Income from associated companies	-2	-4	*-37.8*	-5	-9	*-46.3*
Operating income	2,464	2,149	*14.7*	5,096	4,803	*6.1*
Operating income excl. non-recurring items	2,643	2,466	*7.2*	5,273	5,122	*2.9*
CAPEX	1,197	1,329	*-9.9*	2,179	2,167	*0.6*
CAPEX-to-sales ratio	13.2	14.7		12.2	12.1	
EBITDA-CAPEX	2,420	2,252	*7.5*	5,034	5,062	*-0.6*
Subscriptions, (thousands)						
Mobile	6,511	6,615	*-1.6*	6,511	6,615	*-1.6*
Fixed telephony	2,134	2,270	*-6.0*	2,134	2,270	*-6.0*
Broadband	1,230	1,188	*3.5*	1,230	1,188	*3.5*
TV	663	604	*9.8*	663	604	*9.8*
Employees	6,763	6,847	*-1.2*	6,763	6,847	*-1.2*

Net sales, excluding acquisitions and disposals, were unchanged. Net sales including acquisitions and disposals increased 0.3 percent to SEK 9,099 million (9,069). The positive effect of acquisitions and disposals was 0.3 percent. Service revenues, excluding acquisitions and disposals, decreased 1.2 percent, due to a weak performance in the B2B segment.

EBITDA, excluding non-recurring items, acquisitions and disposals, increased 0.8 percent. EBITDA, excluding non-recurring items, increased 1.0 percent to SEK 3,617 million (3,581). The EBITDA margin increased to 39.8 percent (39.5), supported by cost savings.

CAPEX decreased to SEK 1,197 million (1,329) and CAPEX, excluding licenses and spectrum fees, decreased to SEK 1,197 million (1,329).

Mobile service revenues decreased 1.7 percent due to lower interconnect revenues, while billed revenues remained unchanged. Mobile subscriptions increased by 5,500 in the quarter and churn declined to 16 percent.

Fixed service revenues decreased 1.8 percent as growth in broadband and TV revenues were not enough to offset the decline in telephony. The customer base increased in all IP-based services. The number of fiber connected homes reached 685,000, corresponding to 15 percent of the Swedish households.

The acquired companies Zitius, Quadracom Networks and Riksnet were consolidated in May.

Stable profitability in region Europe

- Organic net sales declined by 6.6 percent, largely explained by lower equipment sales and reduced regulated mobile interconnect revenues. Underlying EBITDA margin improved slightly to 25.4 percent.
- The number of mobile subscriptions increased in Finland and Denmark, helped by reduced churn rates in both markets. Sales growth turned positive in Latvia and profitability improved, supported by strong growth for data services. In Spain, sales growth continued to be impacted by high competition and lower equipment sales and interconnect revenues, while profitability recovered due to reduced subscriber acquisition costs.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	9,829	10,067	*-2.4*	19,473	20,252	*-3.8*
Change (%) local organic	*-6.6*			*-6.6*		
of which service revenues (external)	*8,249*	*8,197*	*0.6*	*16,223*	*16,387*	*-1.0*
EBITDA excl. non-recurring items	2,492	2,538	*-1.8*	4,589	4,737	*-3.1*
Margin (%)	25.4	25.2		23.6	23.4	
Income from associated companies	27	27	*-1.4*	47	50	*-6.2*
Operating income	1,258	1,228	*2.5*	2,126	2,183	*-2.6*
Operating income excl. non-recurring items	1,363	1,409	*-3.2*	2,269	2,481	*-8.6*
CAPEX	952	880	*8.3*	1,820	1,686	*7.9*
CAPEX-to-sales ratio	9.7	8.7		9.3	8.3	
EBITDA-CAPEX	1,539	1,659	*-7.2*	2,769	3,051	*-9.2*
Subscriptions, (thousands)						
Mobile	14,090	14,108	*-0.1*	14,090	14,108	*-0.1*
Fixed telephony	1,008	1,069	*-5.7*	1,008	1,069	*-5.7*
Broadband	1,342	1,220	*10.0*	1,342	1,220	*10.0*
TV	833	766	*8.8*	833	766	*8.8*
Employees	10,734	11,527	*-6.9*	10,734	11,527	*-6.9*

Net sales in local currencies, excluding acquisitions and disposals, decreased 6.6 percent. In reported currency, net sales decreased 2.4 percent to SEK 9,829 million (10,067). The positive effect of exchange rate fluctuations was 4.0 percent and the positive effect of acquisitions and disposals was 0.2 percent. Service revenues in local currencies, excluding acquisitions and disposals, decreased 3.8 percent.

EBITDA, excluding non-recurring items, decreased 7.2 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, decreased 1.8 percent to SEK 2,492 million (2,538). The EBITDA margin increased to 25.4 percent (25.2).

CAPEX increased to SEK 952 million (880) and CAPEX, excluding licenses and spectrum fees, increased to SEK 952 million (873).

Finland

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	Chg (%)	Jan-Jun 2014	Jan-Jun 2013	Chg (%)
Net sales	3,224	3,127	3.1	6,323	6,258	1.0
Change (%) local organic	*-2.5*			*-3.8*		
of which service revenues (external)	*2,931*	*2,813*	*4.2*	*5,731*	*5,609*	*2.2*
EBITDA excl. non-recurring items	1,019	1,048	-2.8	1,985	1,940	2.3
Margin (%)	31.6	33.5		31.4	31.0	
Subscriptions, (thousands)						
Mobile	3,362	3,281	2.5	3,362	3,281	2.5
Fixed telephony	98	116	-15.5	98	116	-15.5
Broadband	550	518	6.2	550	518	6.2
TV	475	421	12.8	475	421	12.8

Service revenues in local currency, excluding acquisitions and disposals, decreased 1.3 percent. Mobile service revenues were virtually unchanged while fixed service revenues decreased, burdened by lower voice revenues.

Mobile blended ARPU was sequentially stable, but decreased 5 percent compared to the corresponding quarter last year.

The EBITDA margin decreased to 31.6 percent (33.5), explained by a positive one-off effect of SEK 127 million supporting the EBITDA margin by around 4 percentage points in the comparable results 2013.

The number of fixed broadband subscriptions increased by 20,000 in the quarter and the number of TV subscriptions increased by 34,000, mainly due to the acquisition of AinaCom's consumer operations and fixed network, which was consolidated in April.

Norway

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	Chg (%)	Jan-Jun 2014	Jan-Jun 2013	Chg (%)
Net sales	1,685	1,739	-3.1	3,291	3,567	-7.7
Change (%) local organic	*-1.1*			*-0.8*		
of which service revenues (external)	*1,409*	*1,480*	*-4.8*	*2,757*	*3,016*	*-8.6*
EBITDA excl. non-recurring items	516	541	-4.6	999	1,040	-3.9
Margin (%)	30.6	31.1		30.3	29.1	
Subscriptions, (thousands)						
Mobile	1,605	1,640	-2.1	1,605	1,640	-2.1

Mobile service revenues decreased 2.8 percent, in local currency, excluding acquisitions and disposals, mainly due to a lower subscription base, compared to the corresponding period last year.

The EBITDA margin decreased slightly to 30.6 percent (31.1) explained by a lower gross margin due to higher equipment sales.

The number of subscriptions increased by 15,000 during the quarter, supported by positive development in both pre-paid and post-paid.

In the consumer segment, almost four out of five subscriptions are now on the new data-centric price models.

Denmark

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	1,389	1,290	*7.7*	2,723	2,574	*5.8*
Change (%) local organic	*0.0*			*-0.4*		
of which service revenues (external)	*1,055*	*1,016*	*3.8*	*2,067*	*2,011*	*2.7*
EBITDA excl. non-recurring items	189	184	*2.2*	353	334	*5.7*
Margin (%)	13.6	14.3		13.0	13.0	
Subscriptions, (thousands)						
Mobile	1,557	1,476	*5.5*	1,557	1,476	*5.5*
Fixed telephony	128	123	*4.3*	128	123	*4.3*
Broadband	108	91	*18.8*	108	91	*18.8*
TV	18	16	*13.1*	18	16	*13.1*

Service revenues in local currency, excluding acquisitions and disposals, decreased 4.2 percent. Mobile service revenues were burdened by reduced B2B billed revenues and lower interconnect revenues, while fixed service revenues remained stable.

The EBITDA margin, excluding non-recurring items, decreased to 13.6 percent (14.3), affected by a lower gross margin as a consequence of higher equipment sales.

The number of mobile subscriptions increased by 23,000 during the quarter, partly explained by 12,000 subscriptions related to the acquisition of Síminn Danmark in April, which will strengthen Telia's position in the B2B segment.

Lithuania

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	723	711	*1.7*	1,419	1,433	*-0.9*
Change (%) local organic	*-3.8*			*-5.6*		
of which service revenues (external)	*623*	*616*	*1.2*	*1,221*	*1,248*	*-2.2*
EBITDA excl. non-recurring items	232	262	*-11.5*	485	527	*-8.0*
Margin (%)	32.0	36.8		34.2	36.8	
Subscriptions, (thousands)						
Mobile	1,579	1,950	*-19.0*	1,579	1,950	*-19.0*
Fixed telephony	483	522	*-7.5*	483	522	*-7.5*
Broadband	461	393	*17.3*	461	393	*17.3*
TV	176	170	*3.5*	176	170	*3.5*

Service revenues in local currency, excluding acquisitions and disposals, decreased 4.2 percent. Mobile service revenues were down 5.7 percent due to price erosion while fixed service revenues decreased 3.5 percent, impacted by lower voice revenues.

The EBITDA margin decreased to 32.0 percent (36.8), mainly due to lower mobile billed revenues.

Omnitel and TEO launched a joint multi-screen TV solution to their customers during the quarter.

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Latvia

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	384	349	*10.0*	745	731	*1.9*
Change (%) local organic	*4.5*			*-2.6*		
of which service revenues (external)	*295*	*264*	*11.7*	*565*	*544*	*3.8*
EBITDA excl. non-recurring items	122	102	*19.5*	229	203	*12.7*
Margin (%)	31.8	29.3		30.7	27.8	
Subscriptions, (thousands)						
Mobile	1,091	1,069	*2.1*	1,091	1,069	*2.1*

Mobile service revenues increased 6.2 percent in local currency, excluding acquisitions and disposals, supported by strong data revenue growth and higher interconnect revenues, the latter driven by increased number of flat-rate subscriptions in the market.

Mobile blended ARPU grew 6 percent sequentially and 5 percent compared to the corresponding quarter last year.

The EBITDA margin improved to 31.8 percent (29.3) supported by higher revenues and a favorable product mix with a smaller part of low margin equipment sales.

The number of subscriptions increased by 11,000 during the quarter, while churn levels improved sequentially.

Estonia

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	640	639	*0.1*	1,274	1,261	*1.0*
Change (%) local organic	*-5.3*			*-3.8*		
of which service revenues (external)	*521*	*507*	*2.8*	*1,026*	*1,008*	*1.8*
EBITDA excl. non-recurring items	217	217	*0.0*	425	419	*1.3*
Margin (%)	33.9	34.0		33.3	33.2	
Subscriptions, (thousands)						
Mobile	873	873	*0.0*	873	873	*0.0*
Fixed telephony	299	308	*-2.9*	299	308	*-2.9*
Broadband	223	218	*2.3*	223	218	*2.3*
TV	164	159	*3.1*	164	159	*3.1*

Service revenues in local currency, excluding acquisitions and disposals, decreased 2.7 percent. Mobile service revenues remained stable with higher data revenues compensating for lower voice and wholesale revenues. Fixed service revenues decreased due to lower fixed voice traffic and subscription revenues.

The EBITDA margin, excluding non-recurring items, was more or less unchanged at 33.9 percent (34.0), helped by cost saving activities.

The number of broadband and TV subscriptions remained stable during the quarter, while the number of mobile subscriptions decreased slightly.

Spain

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	1,805	2,237	*-19.3*	3,740	4,470	*-16.3*
Change (%) local organic	*-23.7*			*-20.3*		
of which service revenues (external)	*1,414*	*1,501*	*-5.8*	*2,856*	*2,951*	*-3.2*
EBITDA excl. non-recurring items	198	184	*7.5*	114	274	*-58.6*
Margin (%)	11.0	8.2		3.0	6.1	
Subscriptions, (thousands)						
Mobile	4,024	3,819	*5.4*	4,024	3,819	*5.4*

Mobile service revenues decreased 10.9 percent in local currency, excluding acquisitions and disposals, mainly explained by lower interconnect revenues and billed ARPU erosion.

Equipment revenues almost halved to SEK 385 million compared to the corresponding quarter last year.

The EBITDA margin improved to 11.0 percent (8.2) explained by reduced low margin handset sales as well as lower subsidies and subscriber acquisition costs.

The number of added subscriptions remained positive, but slowed down on a sequential basis.

Churn declined to the lowest level since the end of 2012. Yoigo launched a new portfolio of subscriptions focused on data in the beginning of June, which has been replicated by the competitors.

Improved margin in Eurasia

- Organic growth was 6.7 percent and EBITDA margin improved to 54.4 percent, supported by strong demand for data services and good cost control. Reported revenue growth was impacted by the devaluation of the Kazakhstan Tenge in early 2014.
- Data revenue growth was 35 percent and accounted for around 14 percent of sales.

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	5,041	5,198	*-3.0*	9,664	9,881	*-2.2*
Change (%) local organic	*6.7*			*6.4*		
of which service revenues (external)	*4,807*	*5,031*	*-4.5*	*9,255*	*9,584*	*-3.4*
EBITDA excl. non-recurring items	2,741	2,691	*1.9*	5,268	5,172	*1.9*
Margin (%)	54.4	51.8		54.5	52.3	
Income from associated companies	22	5		22	4	
Operating income	1,573	1,719	*-8.5*	3,336	3,394	*-1.7*
Operating income excl. non-recurring items	1,986	1,930	*2.9*	3,768	3,604	*4.5*
CAPEX	670	1,140	*-41.2*	1,025	1,972	*-48.0*
CAPEX-to-sales ratio	13.3	21.9		10.6	20.0	
EBITDA -CAPEX	2,071	1,551	*33.5*	4,243	3,201	*32.6*
Subscriptions, (thousands)						
Mobile	43,549	43,219	*0.8*	43,549	43,219	*0.8*
Employees	5,181	5,016	*3.3*	5,181	5,016	*3.3*

Net sales in local currencies, excluding acquisitions and disposals, increased 6.7 percent. In reported currency, net sales decreased 3.0 percent to SEK 5,041 million (5,198). The negative effect of exchange rate fluctuations was 9.7 percent. Service revenues in local currencies, excluding acquisitions and disposals, increased 5.2 percent.

EBITDA, excluding non-recurring items, increased 12.3 percent in local currencies, excluding acquisitions and disposals. In reported currency, EBITDA, excluding non-recurring items, increased 1.9 percent to SEK 2,741 million (2,691). The EBITDA margin improved to 54.4 percent (51.8).

CAPEX decreased to SEK 670 million (1,140) and CAPEX, excluding licenses and spectrum fees, decreased to SEK 652 million (955).

Management focus is to improve control of the Eurasian operations and to address the new strategy in supporting high data growth, which will entail an assessment of operational assets. It cannot be excluded that this may lead to non-cash impacts of accelerated depreciation or impairment of part of the operational assets. Costs of SEK 412 million were recorded as non-recurring items in the quarter, primarily from a write-down related to a fiber contract in Uzbekistan.

Kazakhstan

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	1,774	2,042	*-13.1*	3,499	3,901	*-10.3*
Change (%) local organic	*3.3*			*2.6*		
of which service revenues (external)	*1,729*	*2,041*	*-15.3*	*3,452*	*3,899*	*-11.5*
EBITDA excl. non-recurring items	1,005	1,114	*-9.8*	2,004	2,129	*-5.9*
Margin (%)	56.7	54.6		57.3	54.6	
Subscriptions, (thousands)						
Mobile	12,883	14,077	*-8.5*	12,883	14,077	*-8.5*

Mobile service revenues in local currency, excluding acquisitions and disposals, increased 0.8 percent supported by strong data revenue growth.

In June, Kcell started to offer the iPhone in the market, which impacted net sales growth positively to 3.3 percent.

The EBITDA margin, excluding non-recurring items, increased to 56.7 percent (54.6).

The number of subscriptions decreased by 609,000 during the quarter, due to a clean-up of 762,000 subscriptions.

Azerbaijan

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	929	977	*-4.9*	1,752	1,865	*-6.1*
Change (%) local organic	*-5.3*			*-6.8*		
of which service revenues (external)	*926*	*973*	*-4.9*	*1,745*	*1,857*	*-6.0*
EBITDA excl. non-recurring items	523	406	*28.8*	957	858	*11.5*
Margin (%)	56.3	41.5		54.6	46.0	
Subscriptions, (thousands)						
Mobile	4,289	4,370	*-1.9*	4,289	4,370	*-1.9*

Mobile service revenues in local currency, excluding acquisitions and disposals, decreased 5.3 percent mainly due to a very competitive market that started in connection with number portability launch in the first quarter.

The EBITDA margin, excluding non-recurring items, increased to 56.3 percent (41.5), explained by continued cost saving activities and a charge of SEK 103 million affecting the comparable result in 2013 related to a lost interconnection court case.

The number of subscriptions decreased by 24,000 during the quarter.

Uzbekistan

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	Chg (%)	Jan-Jun 2014	Jan-Jun 2013	Chg (%)
Net sales	899	783	*14.9*	1,686	1,484	*13.6*
Change (%) local organic	*25.5*			*24.5*		
of which service revenues (external)	*899*	*782*	*14.9*	*1,684*	*1,483*	*13.6*
EBITDA excl. non-recurring items	493	438	*12.7*	*944*	*821*	*15.1*
Margin (%)	54.8	55.9		56.0	55.3	
Subscriptions, (thousands)						
Mobile	8,410	8,178	*2.8*	8,410	8,178	*2.8*

Mobile service revenues in local currency, excluding acquisitions and disposals, increased 25.5 percent supported by positive ARPU trend.

The EBITDA margin, excluding non-recurring items, decreased to 54.8 percent (55.9), due to higher sales and commission expenses.

The number of subscriptions decreased by 53,000 during the quarter.

Tajikistan

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	Chg (%)	Jan-Jun 2014	Jan-Jun 2013	Chg (%)
Net sales	211	236	*-10.5*	410	446	*-8.2*
Change (%) local organic	*-8.7*			*-7.3*		
of which service revenues (external)	*172*	*185*	*-7.4*	*342*	*375*	*-8.7*
EBITDA excl. non-recurring items	94	121	*-22.6*	183	225	*-18.4*
Margin (%)	44.5	51.5		44.7	50.3	
Subscriptions, (thousands)						
Mobile	3,265	3,247	*0.6*	3,265	3,247	*0.6*

Mobile service revenues decreased 5.4 percent in local currency, excluding acquisitions and disposals, due to a 50 percent decrease in interconnect revenues, explained by increased price competition on international traffic.

Billed revenues increased 2.4 percent in local currency, excluding acquisitions and disposals, supported by strong data revenue growth.

The EBITDA margin, excluding non-recurring items, decreased to 44.5 percent (51.5) mainly driven by a heavy decline of international incoming calls.

The number of subscriptions increased by 85,000 during the quarter helped by regional campaigns and the launch of 4G services.

Georgia

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	208	225	*-7.8*	410	440	*-6.7*
Change (%) local organic	*-1.2*			*-1.2*		
of which service revenues (external)	*193*	*222*	*-13.1*	*374*	*433*	*-13.6*
EBITDA excl. non-recurring items	82	100	*-18.2*	165	191	*-13.6*
Margin (%)	39.5	44.6		40.1	43.3	
Subscriptions, (thousands)						
Mobile	1,866	1,832	*1.9*	1,866	1,832	*1.9*

Mobile service revenues decreased 6.9 percent in local currency, excluding acquisitions and disposals, due to lower interconnect revenues. Billed revenue grew 1.9 percent, supported by strong data growth.

The EBITDA margin decreased to 39.5 percent (44.6), burdened by a weaker gross margin as a result of the introduction of equipment sales.

The number of subscriptions increased by 25,000 during the quarter.

Moldova

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	121	130	*-6.6*	233	247	*-5.6*
Change (%) local organic	*2.5*			*3.2*		
of which service revenues (external)	*109*	*119*	*-8.0*	*216*	*231*	*-6.5*
EBITDA excl. non-recurring items	40	49	*-19.5*	55	88	*-37.0*
Margin (%)	32.6	37.9		23.8	35.6	
Subscriptions, (thousands)						
Mobile	1,038	1,168	*-11.1*	1,038	1,168	*-11.1*

Mobile service revenues increased 0.9 percent in local currency, excluding acquisitions and disposals, supported by growing data revenues and interconnect revenues.

The EBITDA margin decreased to 32.6 percent (37.9), explained by increased interconnection expenses.

The number of subscriptions increased by 12,000 during the quarter.

Nepal

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	903	809	*11.6*	1,683	1,507	*11.7*
Change (%) local organic	*19.8*			*22.6*		
of which service revenues (external)	*777*	*707*	*9.9*	*1,439*	*1,304*	*10.3*
EBITDA excl. non-recurring items	554	486	*14.1*	1,036	918	*12.8*
Margin (%)	61.4	60.1		61.6	60.9	
Subscriptions, (thousands)						
Mobile	11,797	10,347	*14.0*	11,797	10,347	*14.0*

Mobile service revenues increased 18.0 percent in local currency, excluding acquisitions and disposals, explained by strong data revenue growth and continued growth in voice and messaging revenues, supported by a higher subscription base.

The EBITDA margin increased to 61.4 percent (60.1), explained by cost saving activities.

The number of subscriptions increased by 628,000 during the quarter and by 1.45 million compared to the corresponding quarter last year.

Other operations

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2014	Apr-Jun 2013	*Chg (%)*	Jan-Jun 2014	Jan-Jun 2013	*Chg (%)*
Net sales	1,784	1,662	*7.4*	3,451	3,157	*9.3*
Change (%) local organic	*4.6*			*6.9*		
of which International Carrier	*1,505*	*1,386*	*8.6*	*2,914*	*2,630*	*10.8*
EBITDA excl. non-recurring items	-12	114		111	294	*-62.1*
of which International Carrier	*76*	*112*	*-31.8*	*169*	*193*	*-12.4*
Margin (%)	-0.7	6.9		3.2	9.3	
Income from associated companies	709	1,442	*-50.8*	1,782	2,750	*-35.2*
of which Russia	*381*	*754*	*-49.4*	*923*	*1,445*	*-36.1*
of which Turkey	*327*	*687*	*-52.4*	*855*	*1,304*	*-34.4*
Operating income	330	1,183	*-72.1*	1,264	2,387	*-47.0*
Operating income excl. non-recurring items	356	1,277	*-72.1*	1,324	2,500	*-47.0*
CAPEX	710	195	*265.1*	1,074	449	*139.2*
Employees	3,528	3,403	*3.7*	3,528	3,403	*3.7*

Net sales in local currencies, excluding acquisitions and disposals, increased 4.6 percent. In reported currency, net sales increased 7.4 percent to SEK 1,784 million (1,662). The positive effect of exchange rate fluctuations was 2.8 percent.

EBITDA, excluding non-recurring items, decreased to SEK -12 million (114). The EBITDA margin declined to -0.7 percent (6.9).

In International Carrier, net sales increased 8.6 percent to SEK 1,505 million (1,386) and the EBITDA margin, excluding non-recurring items, decreased to 5.1 percent (8.1).

Income from associated companies, excluding non-recurring items, decreased to SEK 709 million (1,442). The decline is explained by lower contribution from MegaFon and Turkcell in the quarter (both reported with one quarter lag) as these companies' results were impacted by currency losses.

The Board of Directors and the President and CEO certify that the Interim Report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 17, 2014

Marie Ehrling
Chair of the Board

Olli-Pekka Kallasvuo
Vice-Chair of the Board

Agneta Ahlström
Board member,
employee representative

Stefan Carlsson
Board member,
employee representative

Mats Jansson
Board member

Mikko Kosonen
Board member

Nina Linander
Board member

Martin Lorentzon
Board member

Per-Arne Sandström
Board member

Kersti Strandqvist
Board member

Peter Wiklund
Board member,
employee representative

Johan Dennelind
President and CEO

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

Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	Apr-Jun 2014	Apr-Jun[1] 2013	Chg (%)	Jan- Jun 2014	Jan-Jun[1] 2013	Chg (%)
Net sales	25,017	25,312	-1.2	48,990	49,894	-1.8
Cost of sales	-13,901	-14,108	-1.5	-27,161	-27,952	-2.8
Gross profit	**11,116**	**11,204**	**-0.8**	**21,829**	**21,942**	**-0.5**
Selling, admin. and R&D expenses	-5,776	-5,725	0.9	-11,363	-11,228	1.2
Other operating income and expenses, net	-470	-667	-29.6	-491	-737	-33.4
Income from associated companies and joint ventures	756	1,471	-48.6	1,847	2,794	-33.9
Operating income	**5,625**	**6,283**	**-10.5**	**11,821**	**12,772**	**-7.4**
Finance costs and other financial items, net	-625	-764	-18.2	-1,405	-1,603	-12.4
Income after financial items	**5,001**	**5,519**	**-9.4**	**10,416**	**11,169**	**-6.7**
Income taxes	-1,059	-1,081	-2.1	-2,121	-2,232	-5.0
Net income	**3,942**	**4,438**	**-11.2**	**8,295**	**8,937**	**-7.2**
Items that may be reclassified to net income:						
Foreign currency translation differences	2,916	1,715		1,724	-530	
Income from associate companies and joint ventures	28	-55		-4	-74	
Cash flow hedges	-171	-10		-474	270	
Available-for-sale financial instruments	2	2		2	0	
Income tax relating to items that will be reclassified	412	642		457	209	
Items that will not be reclassified to net income:						
Remeasurements of defined benefit pension plans	-638	994		-1,703	1,795	
Income tax relating to items that will not be reclassified	90	-219		373	-395	
Associates' remeasurements of defined benefit pension plans	-1	9		4	9	
Other comprehensive income	**2,638**	**3,078**		**378**	**1,284**	
Total comprehensive income	**6,580**	**7,516**		**8,674**	**10,221**	
Net income attributable to:						
Owners of the parent	3,545	4,031		7,490	8,139	
Non-controlling interests	397	407		805	798	
Total comprehensive income attributable to:						
Owners of the parent	6,046	7,085		7,927	9,394	
Non-controlling interests	534	431		747	827	
Earnings per share (SEK), basic and diluted	0.82	0.93		1.73	1.88	
Number of shares (thousands)						
Outstanding at period-end	4,330,085	4,330,085		4,330,085	4,330,085	
Weighted average, basic and diluted	4,330,085	4,330,085		4,330,085	4,330,085	
EBITDA	8,209	8,126	1.0	16,463	16,518	-0.3
EBITDA excl. non-recurring items	8,836	8,928	-1.0	17,181	17,437	-1.5
Depreciation, amortization and impairment losses	-3,339	-3,313	0.8	-6,489	-6,541	-0.8
Operating income excl. non-recurring items	6,347	7,086	-10.4	12,632	13,713	-7.9

1) Certain restatements have been made, see reference on page 24.

Condensed Consolidated Statements of Financial Position

SEK in millions	Jun 30, 2014	Dec 31, 2013
Assets		
Goodwill and other intangible assets	83,629	81,522
Property, plant and equipment	65,654	64,792
Investments in associates and joint ventures, deferred tax assets and other non-current assets	38,049	38,073
Long-term interest-bearing receivables	10,222	9,479
Total non-current assets	*197,554*	*193,866*
Inventories	1,879	1,582
Trade receivables, current tax assets and other receivables	21,270	19,346
Short-term interest-bearing receivables	5,556	6,313
Cash and cash equivalents	21,091	31,721
Total current assets	*49,795*	*58,962*
Total assets	**247,350**	**252,828**
Equity and liabilities		
Equity attributable to owners of the parent	103,291	108,324
Equity attributable to non-controlling interests	4,643	4,610
Total equity	*107,934*	*112,934*
Long-term borrowings	80,898	80,089
Deferred tax liabilities, other long-term provisions	23,080	21,781
Other long-term liabilities	1,219	1,356
Total non-current liabilities	*105,197*	*103,226*
Short-term borrowings	10,342	10,634
Trade payables, current tax liabilities, short-term provisions and other current liabilities	23,876	26,034
Total current liabilities	*34,218*	*36,668*
Total equity and liabilities	**247,350**	**252,828**

Condensed Consolidated Statements of Cash Flows

SEK in millions	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Cash flow before change in working capital	6,847	7,071	12,950	13,328
Change in working capital	-429	700	-1,052	-723
Cash flow from operating activities	**6,418**	**7,771**	**11,898**	**12,605**
Cash CAPEX	-3,949	-3,309	-6,873	-5,729
Free cash flow	***2,469***	***4,462***	***5,025***	***6,876***
Cash flow from other investing activities	-927	384	-917	-884
Total cash flow from investing activities	**-4,876**	**-2,925**	**-7,790**	**-6,613**
Cash flow before financing activities	***1,541***	***4,846***	***4,107***	***5,992***
Cash flow from financing activities	**-12,729**	**-12,942**	**-14,954**	**-17,566**
Cash flow for the period	**-11,188**	**-8,096**	**-10,846**	**-11,574**
Cash and cash equivalents, opening balance	**31,894**	**25,900**	**31,721**	**29,805**
Cash flow for the period	-11,188	-8,096	-10,846	-11,574
Exchange rate differences	385	324	216	-103
Cash and cash equivalents, closing balance	**21,091**	**18,128**	**21,091**	**18,128**

Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Jun 2014			Jan-Jun 2013		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
Opening balance	108,324	4,610	112,934	105,149	3,956	**109,105**
Dividends	-12,990	-713	-13,703	-12,340	-744	**-13,084**
Repurchased treasury shares	-6	–	-6	-4	–	**-4**
Total comprehensive income	7,927	747	8,674	9,394	827	**10,221**
Share-based payments	8	–	8	9	–	**9**
Effect of equity transactions in associates	27	–	27	212	–	**212**
Closing balance	**103,291**	**4,643**	**107,934**	**102,420**	**4,039**	**106,459**

Basis of Preparation

GENERAL

As in the annual accounts for 2013, TeliaSonera's consolidated financial statements of and for the six-month period ended June 30, 2014, 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. The parent company TeliaSonera AB's financial statements have been prepared in accordance with the Swedish Annual Reports Act as well as standard RFR 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. The accounting policies adopted are consistent with those of the previous financial year, except as described below. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

NEW ACCOUNTING STANDARDS (NOT YET ADOPTED BY THE EU)

During the second quarter, the IASB published one new standard: IFRS 15 Revenue from Contracts with Customers and amended three: IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IFRS 11 Joint Arrangements.

IFRS 15 Revenue from Contracts with Customers is effective January 1, 2017, with earlier application permitted, and among others gives detailed guidance on the accounting for:
Bundled offerings: TeliaSonera's current accounting and recognition of revenue for bundled offerings and allocation of the consideration between equipment and service is in line with IFRS 15. However, possibly the model currently used must be refined.
Incremental costs for obtaining a contract: Sales commissions and equipment subsidies granted to dealers for obtaining a specific contract should be capitalized and deferred over the contract term if the contract is beyond one year. Deferral related to contracts with shorter terms is allowed but not mandatory. TeliaSonera currently does not capitalize such costs. The potential effects are dependent on e.g. the mix between short-term and long-term contracts, to what extent current commissions and subsidies are "incremental," etc. and will be analyzed further.
Financing: If the period between payment and transfer of goods and services is beyond one year, adjustments for the time value of money should be made at the prevailing interest rates in the relevant market. TeliaSonera currently apply discounting, using the group's average borrowing rate. This discount rate might have to be adjusted. The potential effects will be analyzed further.
Contract modifications: Guidance is included on when to account for modifications retrospectively or progressively. The effects, if any, will be analyzed further.
Disclosures: IFRS 15 adds a number of disclosure requirements in annual and interim reports, e.g. to disaggregate revenues into categories that depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.
Transition methods: Either a full retrospective approach with adjustments to all periods presented or a modified approach with only the current period adjusted which however requires disclosures of all financial statement line items in the year of adoption as if prepared under current standards, i.e. effectively requiring two sets of accounting records during the year of adoption. TeliaSonera has yet to decide which method to apply.

The amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets are applicable prospectively from January 1, 2016, with earlier application permitted. The amendment to IAS 16 explicitly prohibits using revenues as a basis to depreciate property, plant and equipment. The amendment to IAS 38 is very similar to that for IAS 16 but also clarifies that when choosing the amortization period for an intangible asset, the predominant limiting factor (such as contract term) sets out the end of the amortization period. The amendments/clarifications are expected to have no impact on TeliaSonera's financial statements.

The amendment to IFRS 11 Joint Arrangements clarifies that the principles and disclosure requirements in IFRS 3 Business Combinations are also applicable to an acquired share in a joint operation. TeliaSonera will have to apply the amendment to any acquisitions of shares in joint operations on or after January 1, 2016, at the latest.

See also TeliaSonera's Interim Report January-March 2014 for standards published in the first quarter.

CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD CLASSIFICATION ERROR

For information, see corresponding section in TeliaSonera's Interim Report January-March 2014.

SEGMENTS

Comparative period figures have been restated to reflect the new organization effective April 1, 2014. The restatement is based on the assumption that the new organization would have been in place during all periods presented.

Non-recurring Items

SEK in millions	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Within EBITDA	**-627**	**-802**	**-717**	**-919**
Restructuring charges, synergy implementation costs, etc.:				
Region Sweden	-179	-317	-177	-319
Region Europe	-104	-147	-143	-278
Region Eurasia	-297	-211	-316	-211
Other operations	-26	-94	-60	-113
Capital gains/losses	-21	-33	-21	2
Within Depreciation, amortization and impairment losses	**-94**	**–**	**-94**	**-22**
Impairment losses, accelerated depreciation:				
Region Sweden	–	–	–	–
Region Europe	–	–	–	-22
Region Eurasia	-94	–	-94	–
Other operations	–	–	–	–
Within Income from associated companies and joint ventures	**–**	**–**	**–**	**–**
Impairment losses	–	–	–	–
Capital gains/losses	–	–	–	–
Total	**-721**	**-802**	**-811**	**-941**

Deferred Taxes

SEK in millions	Jun 30, 2014	Dec 31, 2013
Deferred tax assets	5,508	5,493
Deferred tax liabilities	-10,132	-10,063
Net deferred tax liabilities (-)/assets (+)	**-4,624**	**-4,570**

Segment and Group Operating Income

SEK in millions	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Region Sweden	2,464	2,149	5,096	4,803
Region Europe	1,258	1,228	2,126	2,183
Region Eurasia	1,573	1,719	3,336	3,394
Other operations	330	1,183	1,264	2,387
Total segments	**5,626**	**6,280**	**11,822**	**12,766**
Eliminations	-1	4	-1	5
Group	**5,625**	**6,283**	**11,821**	**12,772**

Investments

SEK in millions	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
CAPEX	**3,516**	**3,539**	**6,098**	**6,258**
Intangible assets	293	565	521	983
Property, plant and equipment	3,224	2,974	5,576	5,275
Acquisitions and other investments	**897**	**20**	**948**	**1,195**
Asset retirement obligations	6	3	52	47
Goodwill and fair value adjustments	863	7	863	986
Equity holdings	28	10	33	162
Total	**4,413**	**3,559**	**7,046**	**7,453**

Financial Instruments – Fair Values

Long-term and Short-term Borrowings[1] SEK in millions	Jun 30, 2014		Dec 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	26,683	30,673	19,289	20,225
Interest rate swaps	268	268	254	254
Cross currency interest rate swaps	1,026	1,026	1,630	1,630
Subtotal	**27,977**	**31,967**	**21,173**	**22,109**
Open-market financing program borrowings	51,125	51,407	57,026	60,698
Other borrowings at amortized cost	1,739	1,739	1,834	1,834
Subtotal	**80,841**	**85,113**	**80,033**	**84,641**
Finance lease agreements	57	57	56	56
Total long-term borrowings	**80,898**	**85,170**	**80,089**	**84,697**
Short term borrowings				
Open-market financing program borrowings in fair value hedge relationships	6,900	7,161	2,735	2,818
Interest rate swaps	–	–	31	31
Cross currency interest rate swaps	466	466	17	17
Subtotal	**7,366**	**7,627**	**2,783**	**2,866**
Utilized bank overdraft and short-term credit facilities at amortized cost	1,469	1,469	811	811
Open-market financing program borrowings	817	832	5,954	5,995
Other borrowings at amortized cost	687	687	1,083	1,083
Subtotal	**10,339**	**10,615**	**10,631**	**10,755**
Finance lease agreements	3	3	3	3
Total short-term borrowings	**10,342**	**10,618**	**10,634**	**10,758**

1) For financial assets, fair values equal carrying values. For information on fair value estimation, see TeliaSonera's Annual Report 2013, Note C3 to the consolidated financial statements.

Financial Assets and Liabilities by Fair Value Hierarchy Level[1)] SEK in millions	Jun 30, 2014				Dec 31, 2013			
		of which				of which		
	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments available-for-sale	197	–	–	197	190	–	–	190
Equity instruments held-for-trading	74	–	–	74	70	–	–	70
Convertible bonds available-for-sale	37	37	–	–	162	160	–	2
Derivatives designated as hedging instruments	1,825	–	1,825	–	1,533	–	1,533	–
Derivatives held-for-trading	864	–	864	–	1,374	–	1,374	–
Total financial assets at fair value by level	**2,997**	**37**	**2,689**	**271**	**3,329**	**160**	**2,907**	**262**
Financial liabilities at fair value								
Borrowings in fair value hedge relationships	33,583	–	33,583	–	22,025	–	22,025	–
Derivatives designated as hedging instruments	412	–	412	–	1,090	–	1,090	–
Derivatives held-for-trading	1,349	–	1,349	–	1,013	–	1,013	–
Total financial liabilities at fair value by level	**35,343**	**–**	**35,343**	**–**	**24,128**	**–**	**24,128**	**–**

1) For information on fair value hierarchy levels and fair value estimation, see TeliaSonera's Annual Report 2013, Note C3 to the consolidated financial statements.

Related Party Transactions

In the six-month period ended June 30, 2014, TeliaSonera purchased services for SEK 76 million, and sold services for SEK 98 million. Related parties in these transactions were mainly MegaFon, Turkcell and Lattelecom.

Net Debt

SEK in millions	Jun 30, 2014	Dec 31, 2013
Long-term and short-term borrowings	91,240	90,723
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-2,785	-2,878
Less short-term investments, cash and bank	-21,358	-32,071
Net debt	**67,097**	**55,774**

Loan Financing and Credit Rating

The underlying operating cash flow continued to be positive also in the second quarter of 2014.

The rating from Standard & Poor's and Moody´s, respectively, remained unchanged with a credit rating on TeliaSonera AB of A-/A3 for long-term borrowings and A-2/P-2 for short-term borrowings with a stable outlook.

The corporate credit markets in Europe have continued to offer very favorable new issue conditions. This gave a robust second quarter with new issuance supply above second quarter last year.

TeliaSonera has not made any major funding during the second quarter. With limited funding needs for the remainder of the year, the opportunistic strategy remains to take advantage of attractive funding opportunities when they appear with a special focus on diversifying the investor base. The EMTN program has been increased to EUR 12,000 million and the prospect was updated in May, in line with earlier years to ensure that the program is available for funding at all times.

During the second quarter an additional 3 year Revolving Credit Facility of EUR 1,000 million was signed, to enable an alternative interim funding source if and when needed.

Financial Key Ratios

	Jun 30, 2014	Dec 31, 2013
Return on equity (%, rolling 12 months)	15.9	15.9
Return on capital employed (%, rolling 12 months)	15.1	13.9
Equity/assets ratio (%)	41.0	39.5
Net debt/equity ratio (%)	66.1	55.8
Net debt/EBITDA rate excl. non-recurring items (multiple, rolling 12 months)	1.90	1.57
Net debt/assets ratio	27.1	22.1
Owners' equity per share (SEK)	23.85	25.02

Collateral Held

TeliaSonera has sold all its shares in Telecominvest (TCI) to AF Telecom Holding (AFT). The purchase price has not been fully paid by AFT and in order to secure the value of TeliaSonera's receivable, presently SEK 6,145 million, MegaFon shares held by TCI, representing 4.9 percent of the shares in MegaFon, are presently pledged to TeliaSonera. The proper payment of the receivable is guaranteed by certain companies within the AFT Group and the bank accounts where TCI will collect dividends on the pledged shares have also been pledged to TeliaSonera.

Guarantees and Collateral Pledged

As of June 30, 2014, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 316 million, of which SEK 288 million referred to guarantees for pension obligations. Collateral pledged totaled SEK 205 million.

Contractual Obligations and Commitments

As of June 30, 2014, contractual obligations totaled SEK 2,358 million, of which SEK 1,254 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden.

Business Combinations in the Second Quarter

The cost of all business combinations and fair values below were determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustments.

AINACOM'S CONSUMER OPERATIONS

In April 2014, TeliaSonera acquired AinaCom's consumer operations and fixed network with related assets to strengthen Sonera's position on the Finnish market.

The results of the acquired operations were included in the consolidated financial statements as of April 1, 2014. Goodwill consists of the knowledge of transferred personnel and expected synergies from the assets merged to the network and operations of TeliaSonera Finland.

ZITIUS

In May, TeliaSonera acquired 100 percent of the shares in the Swedish operator Zitius Service Delivery AB. The acquisition also comprised 100 percent of the shares in Quadracom Networks AB and 100 percent of the shares in the service provider Riksnet (Rätt Internet Kapacitet i Sverige AB). Goodwill is explained by a strengthened position in the market for open fiber networks and economies of scale as well as other synergies in the end-user business. The results of the acquired subsidiaries are included in the consolidated financial statements as of May 20, 2014.

MINOR BUSINESS COMBINATIONS

For minor business combination in the second quarter of 2014, the cost of combination totaled SEK 40 million and the net cash outflow SEK 37 million. Goodwill was SEK 41 million, allocated to Denmark by SEK 38 million and Finland by SEK 3 million. Goodwill is explained by strengthened market positions.

SEK in millions	AinaCom	Zitius
Cost of combination		
Cash consideration	347	446
Contingent consideration	–	–
Total cost of the combination	**347**	**446**
Fair value of net assets acquired		
Intangible assets (mainly customer contracts)	123	283
Property, plant and equipment	100	114
Inventories, receivables and other current assets	27	53
Cash and cash equivalents	–	46
Total assets acquired	***250***	***496***
Deferred income tax liabilities	-23	-61
Other liabilities	-27	-177
Total liabilities assumed	***-50***	***-238***
Total fair value of net assets acquired	**200**	**258**
Goodwill	**147**	**187**

SEK in millions	AinaCom	Zitius
Total cost of the combination paid in cash	347	446
Less cash and cash equivalents	–	-46
Repayment of certain borrowings	–	73
Net cash outflow from the combination	347	**473**

Parent Company

Condensed Income Statements SEK in millions	Apr-Jun 2014	Apr-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Net sales	1	3	2	5
Operating income	-142	-151	14	-212
Income after financial items	-36	9,980	-432	11,084
Income before taxes	1,966	12,496	3,059	15,305
Net income	2,020	12,739	2,863	14,918

Income after financial items fell significantly as dividends from subsidiaries did not compensate for non-cash write-downs of holdings in subsidiaries.

Condensed Balance Sheets SEK in millions	Jun 30, 2014	Dec 31, 2013
Non-current assets	150,525	179,378
Current assets	64,883	64,302
Total assets	**215,408**	**243,680**
Shareholders' equity	76,164	86,661
Untaxed reserves	11,465	11,246
Provisions	510	571
Liabilities	127,269	145,202
Total equity and liabilities	**215,408**	**243,680**

Total investments in the period were SEK 595 million (24), of which SEK 65 million (18) referred to shareholder contributions to subsidiaries.

In 2012, the parent company's shares in Telecominvest (TCI) were sold to AF Telecom Holding (AFT). The purchase price has not been fully paid by AFT and in order to secure the value of the parent company's receivable, presently SEK 6,145 million, MegaFon shares held by TCI, representing 4.9 percent of the shares in MegaFon, are presently pledged to the parent company. The proper payment of the receivable is guaranteed by certain companies within the AFT Group and the bank accounts where TCI will collect dividends on the pledged shares have also been pledged to the parent company.

Risks and Uncertainties

TeliaSonera operates in a broad range of geographical 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.

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

See Notes C26 and C34 to the consolidated financial statements in TeliaSonera's Annual Report 2013 for a detailed description of some of the factors that may affect TeliaSonera's business, brand perception, financial position, results of operations or the share price from time to time. Risks and uncertainties that could specifically impact the quarterly results of operations during 2014 include, but may not be limited to:

World economy changes. Changes in the global financial markets and 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 severe or 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 aimed to be evenly distributed over several years, and refinancing is expected to be made by 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, TeliaSonera's cost of funding might be higher, should there be changes in the global financial markets or the world economy.

Competition and price pressure. TeliaSonera is subject to substantial and historically increasing competition and price pressure. Competition from a variety of sources, including current market participants, new entrants and new products and services, may adversely affect TeliaSonera's results of operations. Transition to new business models in the telecom industry may lead to structural changes and different competitive dynamics. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, may affect TeliaSonera's customer relationships, service offerings and position in the value chain, and adversely impact its results of operations.

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, build-up of 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 expenditures may impact the results of operations both in the long and short term.

Non-recurring items. In accordance with their nature, non-recurring items such as capital gains and losses, restructuring costs, impairment charges, 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.

Emerging markets. TeliaSonera has made significant investments in telecom operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal, Russia and Turkey. Historically, the political, economic, legal and regulatory systems in these countries have been less predictable than in countries with more mature institutional structures. The future political situation in each of the emerging market countries may remain unpredictable, and markets in which TeliaSonera operates may become unstable, even to the extent that TeliaSonera has to exit a country or a specific operation within a country. Another implication may be unexpected or unpredictable litigation cases. Other risks associated with operating in emerging market countries include foreign exchange restrictions, which could effectively prevent TeliaSonera from repatriating cash, e.g. by receiving dividends and repayment of loans, or from selling its investments. One example of this is TeliaSonera's business in Uzbekistan in which the group has a net exposure of approximately SEK 7.9 billion, including group companies' receivables totaling approximately SEK 5.7 billion and cash and cash equivalent balances of approximately SEK 1.4 billion. Another risk is the potential establishment of foreign ownership restrictions or other potential actions against entities with foreign ownership, formally or informally. Such negative political or legal developments or weakening of the economies or currencies in these markets might have a significantly negative effect on TeliaSonera's results of operations and financial position.

Impairment losses and restructuring charges. TeliaSonera could be required to recognize impairment losses with respect to assets if management's expectation of future cash flows attributable to these assets change, including but not limited to goodwill and fair value adjustments that TeliaSonera has recorded in connection with acquisitions that it has made or may make in the future. TeliaSonera has undertaken a number of restructuring and streamlining initiatives which have resulted in substantial restructuring and streamlining charges. Similar initiatives may be undertaken in the future. In addition to affecting TeliaSonera's results of operations, impairment losses and restructuring charges may adversely affect TeliaSonera's ability to pay dividends.

Shareholder matters in partly-owned subsidiaries. TeliaSonera conducts some of its activities, particularly outside of the Nordic region, through subsidiaries in which TeliaSonera does not have a 100 percent ownership. Under the governing documents for certain of these entities, the holders of non-controlling interests have protective rights in matters such as approval of dividends, changes in the ownership structure and other shareholder-related matters. One example where TeliaSonera is dependent on a minority owner is Fintur Holdings B.V. (Fintur's minority share-holder is Turkcell) which owns the operations in Kazakhstan, Azerbaijan, Georgia and Moldova. As a result, actions outside TeliaSonera's control and adverse to its interests may affect TeliaSonera's position to act as planned in these partly owned subsidiaries.

Supply chain. TeliaSonera is reliant upon a limited number of suppliers to manufacture and supply network equipment and related software as well as terminals, to allow TeliaSonera to develop its networks and to offer its services on a commercial basis. TeliaSonera cannot be certain that it will be able to obtain network equipment or terminals from alternative suppliers on a timely basis if the existing suppliers are unable to satisfy TeliaSonera's requirements. In addition, like its competitors, TeliaSonera currently outsources many of its key support services, including network construction and maintenance in most of its operations. The limited number of suppliers of these services, and the terms of TeliaSonera's arrangements with current and future suppliers, may adversely affect TeliaSonera, including by restricting its operational flexibility. In connection with signing supplier contracts for delivery of terminals, TeliaSonera may also grant the supplier a guarantee to sell a certain number of each terminal model to its customers. Should the customer demand for a terminal model under such a guarantee turn out to be smaller than anticipated, TeliaSonera's results of operations may be adversely affected.

Associated companies. A significant portion of TeliaSonera's results derives from associated companies, in particular MegaFon and Turkcell, which TeliaSonera does not control and which operate in growth markets but also in more volatile political, economic and legal environments. TeliaSonera has limited influence over the conduct of these businesses. Under the governing documents for certain of these entities, TeliaSonera's partners have control over or share control of key matters such as the approval of business plans and budgets, and decisions as to the timing and amount of cash distributions. The risk of actions outside TeliaSonera's or its associated companies' control and adverse to TeliaSonera's interests, or disagreement or deadlock, is inherent in associated companies and jointly controlled entities. One example of this is the current deadlock at the board level of Turkcell. TeliaSonera might not be able to assure that the associated companies apply the same corporate responsibility principles, increasing the risk for wrongdoings and reputational and financial losses. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.

Regulation. TeliaSonera operates in a highly regulated industry. The regulations to which TeliaSonera is subject impose significant limits on its flexibility to manage its business. Changes in legislation, regulation or government policy affecting TeliaSonera's business activities, as well as decisions by regulatory authorities or courts, including granting, amending or revoking of licenses to TeliaSonera or other parties, could adversely affect TeliaSonera's business and results.

Ethics and sustainability. TeliaSonera is subject to a number of ethics and sustainability related risks, including but not limited to, human rights, corruption, network integrity, data security and environment. Especially, the risk is high in emerging markets where historically, the political, economic, legal and regulatory systems have been less predictable than in countries with more mature institutional structures. Failure or perception of failure to adhere to TeliaSonera's ethics and sustainability requirements may damage customer or other stakeholders' perception of TeliaSonera and negatively impact TeliaSonera's business operations and its brand.

Review of Eurasian transactions. In April 2013, the Board of Directors assigned the international law firm Norton Rose Fulbright (NRF) to review transactions and agreements made in Eurasia by TeliaSonera in the past few years with the intention to give the Board a clear picture of the transactions and a risk assessment from a business ethics perspective. For advice on implications under Swedish legislation, the Board assigned two Swedish law firms. In consultation with the law firms, TeliaSonera has promptly taken steps, and will continue to take steps, in its business operations as well as in its governance structure and with its personnel which reflect concerns arising from the review. In addition to the NRF review, the Swedish Prosecution Authority's investigation with respect to Uzbekistan is ongoing and TeliaSonera continues to cooperate with and provide assistance to the Prosecutor. As TeliaSonera will carry on assessing its positions in the Eurasian jurisdictions, there is a risk that future actions taken by the company as a consequence of either the NRF review, the Swedish Prosecution Authority's investigation, or TeliaSonera's own successive improvements to its ethical standards and procedures may adversely impact the results of operations and financial position in TeliaSonera's operations in the Eurasian jurisdictions. Another risk is presented by the Swedish Prosecution Authority's notification in the beginning of 2013 within the investigation of TeliaSonera's transactions in Uzbekistan, that the Authority is separately investigating the possibility of seeking a corporate fine against TeliaSonera, which under the Swedish Criminal Act can be levied up to a maximum amount of SEK 10 million, and forfeiture of any proceeds to TeliaSonera resulting from the alleged crimes. The Swedish Prosecution Authority may take similar actions with respect to transactions made or agreements entered into by TeliaSonera relating to operations in its other Eurasian markets. Further, actions taken, or to be taken, by the police, prosecution or regulatory authorities in other jurisdictions against TeliaSonera's operations or transactions, or against third parties, whether they be Swedish or non-Swedish individuals or legal entities, might directly or indirectly harm TeliaSonera's business, results of operations, financial position or brand reputation.

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.

TeliaSonera in brief

TeliaSonera has its roots in the Nordic telecom market and holds strong positions in the Nordic and Baltic countries, Eurasia and Spain. Our core business is to create better communication opportunities for people and businesses through mobile and broadband communication services.

For more information about TeliaSonera, see www.teliasonera.com.

Financial calendar

Capital Markets Day 2014
September 30, 2014

Interim Report January–September 2014
October 17, 2014

Year-end Report January–December 2014
January 29, 2015

Definitions

Billed revenues are defined as voice, messaging, data and content.

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

Net debt/assets ratio: Net debt expressed as a percentage of total assets.

Non-recurring items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs) or other costs with the character of not being part of normal daily operations.

Service revenues (external): External net sales excluding equipment sales.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the second quarter of 2013, unless otherwise stated.

Questions regarding the reports

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